

Credit Opinion: Promsvyazbank

Global Credit Research - 27 Dec 2011

Moscow, Russia

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits	Ba2/NP
Bank Financial Strength	D
Baseline Credit Assessment	(Ba2)
Adjusted Baseline Credit Assessment	(Ba2)
Senior Unsecured	Ba2
Subordinate	Ba3
Other Short Term	(P)NP

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Key Indicators

Promsvyazbank (Consolidated Financials)[1]

	[2]6-11[2]	12-10[2]	12-09[2]	12-08[2]	12-07	Avg.
Total Assets (RUB billion)	484.7	475.1	471.2	461.8	293.2[3]	13.4
Total Assets (USD billion)	17.4	15.6	15.5	15.1	12.0 [3]	9.8
Tangible Common Equity (RUB billion)	43.5	42.1	35.6	36.3	25.3[3]	14.5
Tangible Common Equity (USD billion)	1.6	1.4	1.2	1.2	1.0[3]	10.8
Net Interest Margin (%)	3.9	4.4	5.7	5.7	5.2 [4]	5.0
PPI / Avg RWA (%)	2.6	3.4	5.6	4.6	3.6 [5]	3.9
Net Income / Avg RWA (%)	0.5	0.6	-0.2	0.5	1.7 [5]	0.6
(Market Funds - Liquid Assets) / Total Assets (%)	4.1	0.6	-7.0	11.9	17.1 [4]	5.4
Core Deposits / Average Gross Loans (%)	82.1	90.7	92.7	86.2	84.8[4]	87.3
Tier 1 Ratio (%)	10.1	10.0	9.9	9.7	9.4 [5]	9.8
Tangible Common Equity / RWA (%)	10.1	10.0	9.8	9.6	9.4 [5]	9.8
Cost / Income Ratio (%)	59.6	52.9	40.0	46.2	51.3[4]	50.0
Problem Loans / Gross Loans (%)	9.5	10.9	16.8	4.7	0.8 [4]	8.5
Problem Loans / (Equity + Loan Loss Reserves) (%)	41.6	45.9	66.6	26.0	5.0[4]	37.0

Source: Moody's

[1] All ratios are adjusted using Moody's standard adjustments [2] Basel I; IFRS [3] Compound Annual Growth Rate based on IFRS reporting periods [4] IFRS reporting periods have been used for average calculation [5] Basel I & IFRS reporting periods have been used for average calculation

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a standalone bank financial strength rating (BFSR) of D to Promsvyazbank (PSB), mapping to Ba2 on the long-term scale. The rating reflects: (i) the bank's entrenched market franchise in the corporate segment, along with some diversification of its business to SME and retail segments, (ii) its significant geographical coverage, with a sizeable proportion of business volume attributable to the regional network, (iii) favourable liquidity profile and sound liquidity management, and (iv) the bank's well-diversified operating income streams.

The factors constraining PSB's ratings are: (i) the bank's historically modest capital levels, (ii) the significant single-name concentration of the bank's loan book and customer funding base, as well as (iii) the persisting need to work-out problem loans that have crystallised in the aftermath of the financial crisis in Russia.

PSB's Global Local Currency (GLC) deposit ratings of Ba2/Not Prime do not incorporate any element of systemic support given the bank's relatively low market shares in the context of the overall Russian banking market. Nor do PSB's deposit ratings factor in any support from the bank's shareholders. Although, in Moody's view, such support cannot be ruled out, its scope and timeliness are uncertain. PSB's GLC deposit ratings, therefore, are based solely on its standalone rating of Ba2.

Credit Strengths

- Solid and sustainable market positions in corporate banking and long-standing business relationships with a variety of large corporate clients
- Diversification into retail and SME segments, as well as good geographic coverage of the branch network
- Strong fee-generating capacity; however, overall profitability remains weak
- Stable and well-diversified (by sources) funding base and sound liquidity management
- Comprehensive risk management framework and low risk appetite

Credit Challenges

- Low underlying profitability and efficiency
- High single-name concentration of the bank's loan book and customer deposits
- Modest capitalisation levels, particularly in terms of economic capital
- The still significant share of non-performing loans that requires efficient work-out

Rating Outlook

All of PSB's global scale ratings carry a stable outlook.

What Could Change the Rating - Up

PSB's BFSR is already at a relatively high level (in Russia's context), and its upgrade, as well as an upgrade of the bank's deposit ratings is unlikely to materialise in the foreseeable future. For any upgrade to be warranted, we would expect to observe further diversification of PSB's business (in terms of geographical location of clients, contribution of different business segments to overall results and more granular single-name concentrations), accompanied by sustainable strong financial fundamentals, including more solid capital cushion to bolster the bank's business diversification and expansion.

What Could Change the Rating - Down

Moody's may consider a downgrade of PSB's ratings in case of a significant worsening of the bank's financial fundamentals, such as asset quality and/or profitability, especially if these negative trends are not sufficiently offset by capital support from shareholders.

Recent Results and Company Events

As of end-June 2011, PSB reported total IFRS assets of RUB485 billion (US\$17.3 billion), just 2% up from RUB475 billion at end-2010. Over the same period, the bank's total equity grew to RUB45.9 billion (US\$1.63 billion) from RUB44.8 billion (US\$1.47 billion). PSB posted net profits of RUB1.2 billion (US\$41 million) in H1 2011 (2010: RUB2.5 billion (US\$81 million)).

DETAILED RATING CONSIDERATIONS

Detailed considerations for PSB's currently assigned ratings are as follows:

Bank Financial Strength Rating

Moody's assigns a BFSR of D to PSB, mapping to Ba2 on the long-term scale. The rating reflects: (i) the bank's entrenched market franchise in the corporate segment, along with some diversification of its business to SME and retail segments, (ii) its significant geographical coverage, with a sizeable proportion of business volume attributable to the regional network, (iii) favourable liquidity profile and sound liquidity management, and (iv) the bank's well-diversified operating income streams.

The factors constraining PSB's ratings are: (i) the bank's historically modest capital levels, (ii) the significant single-name concentration of the bank's loan book and customer funding base, as well as (iii) the persisting need to work-out problem loans that have crystallised in the aftermath of the crisis.

As a point of reference, the assigned BFSR is at the same level as the D outcome of Moody's bank financial strength scorecard.

Qualitative Rating Factors (70%)

Factor 1: Franchise Value

Trend: Neutral

As of end-September 2011, PSB ranked 10th in terms of total assets and 14th in terms of own capital in Russia, according to Interfax. The bank has been historically strong in corporate banking, having established long-standing partnership relations with a large number of mid- and upper-mid-size companies, and also serving some of the Russian top-100 names. PSB's corporate banking activities are fairly well diversified as the bank offers a full range of services to clients. In particular, PSB is a recognised leader in factoring, holding 21% of Russia's total factoring market (according to Association of factoring companies), and a visible player in international trade finance business.

In 2011, corporate segment remained PSB's major business line, accounting for 56% of the bank's total assets (54% of total operating income). PSB also continues to develop higher-yielding (albeit also more

costly) services for Small- and Medium-size Entities (SMEs): although this business line is still not sizeable - accounting for 6.6% of total assets at H1 2011 - its contribution to the bank's operating income is more prominent at 13.8% of the total over the same reporting period.

Retail lending was frozen throughout the crisis due to a particular surge in problem loans in this segment. In 2010, PSB launched several new retail lending programmes; however, these efforts started to bring notable effect only in H2 2011, when the bank's retail loan book increased by just over 20% after a shrinkage observed earlier. On the liability side, the retail franchise has somewhat weakened, as private deposits decreased 5.5% in H1 2011.

The bank's widespread distribution network was maintained throughout the crisis (255 branches and points of sales at H1 2011). As regards foreign operations, PSB has a branch in Cyprus and representative offices in China, India, Ukraine and Kazakhstan.

PSB's investment banking business line mainly targets fee-generating products (e.g. debt origination, corporate finance, consulting) to meet the demands of its corporate clients.

We believe that PSB will be able to maintain and entrench its share of the corporate banking segment going forward, including SME lending, while retail operations will likely lag behind in terms of growth. PSB's D+ score is a fair assessment for franchise value.

Factor 2: Risk Positioning

Trend: Neutral

PSB is beneficially owned by brothers Dmitry and Alexey Ananievs (who - as at 26 December 2011 - together control 73.885% of the bank's shares on a parity basis). Commerzbank AG (CB; rated A2/Prime-1/C with stable(m) outlook) and the European Bank for Reconstruction and Development (EBRD; rated Aaa/Prime-1, with stable outlook) hold 14.37% and 11.75% stakes, respectively, as at the same date. There are currently two independent directors on PSB's board.

The risk management and control procedures at PSB are generally robust and subject to ongoing improvements involving upgrades of IT applications and risk analysis approaches. Related-party lending remained modest in recent years and stood at 2.8% of the gross loan portfolio and 23.4% of Tier 1 capital as at H1 2011 (YE2010: 2.4% and 20%, respectively).

PSB's focus on larger corporate customers leads to a significant single-party credit risk concentration. As at H1 2011, the aggregate share of 20 largest customer credit exposures (including guarantees) amounted to 26% of the bank's gross loan book or 265% of its Tier 1 capital, essentially flat compared with 26% and 258%, respectively, at YE2010. Servicing mid-sized and large corporate clients remains a strategic priority for PSB; however, the lessons learnt from the crisis demonstrate that in a hostile operating environment even those companies deemed to be financially strong may encounter prolonged financial difficulties, hence the high level of credit concentration could potentially lead to weaker asset quality.

The industrial diversification of PSB's loan book is fairly good; however, the aggregate exposure to borrowers operating in different sub-sectors of real estate management and construction industries (which are largely subject to highly correlating real estate/rental price risks) remains a concern: these accounted for 17% of the loan book and 142% of Tier 1 capital at YE2010. On the contrary, we do not hold any unfavourable view on PSB's high exposure to various trading sectors (30% of the total loan book), as they are well diversified, and these loans are commonly of shorter durations, while many are also a part of trade finance and factoring transactions.

PSB's proprietary trading position is historically modest and is aligned with liquidity management purposes, whereby the bank maintains a portfolio of predominantly fixed-income (and mostly repo-able)

instruments to maintain a better balance between liquidity and profits-generation. As at end-June 2011, the securities portfolio accounted for 9.3% of the bank's total assets.

The unadjusted score for risk positioning is D.

Factor 3: Regulatory Environment

This factor does not address bank-specific issues; instead, it evaluates whether regulatory bodies are independent and credible, demonstrate enforcement powers and adhere to global standards of best practices for risk control (as per World Bank guidance). Refer to Moody's Banking System Outlook for Russia, published in October 2011, to obtain a detailed discussion on the regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is common to all Russian banks. Moody's assigns an E+ score for the overall operating environment. Refer to Moody's Banking System Outlook for Russia, published in October 2011, to obtain a detailed discussion on the operating environment.

Quantitative Rating Factors (30%)

Factor 5: Profitability

Trend: Neutral

PSB reported consolidated unaudited IFRS net income of RUB1.162 billion (US\$41 million) in H1 2011 - a two-fold increase compared to the RUB562 million posted for the same period in 2010. That said, IFRS profits for the whole 2010 made up RUB2.5 billion, and therefore in 1H 2011 we've observed some decline of return on average assets (ROAA) ratio to 0.48% (annualised) from 0.54% posted in 2010. The bank has historically had modest earnings-generating capacity, which in recent years was further pressured by heavy loan loss provisions. The provisioning charges also remained at elevated level in H1 2011 (having eroded almost 30% of net revenue for this period) and further increased in Q3 2011, although the latter move was mainly attributable to 14% devaluation of local currency and the high - 42% - share of foreign currency denominated loans in PSB's portfolio.

Net interest income (NII), accounting for 69% of total operating income, dropped 7.3% year-on-year in H1 2011 on the backdrop of shrinking net interest margin (NIM) - this has narrowed to 3.9% in H1 2011 from 4.4% in 2010. In line with the banking sector, PSB has seen a downward trend in lending rates, which, together with large share of non-performing assets in the bank's portfolio, drove interest income down 18% compared to H1 2010. The concurrent 25% decrease in funding costs offset negative pressure on NIM, albeit only partially. More positively, PSB continued to strengthen its fee and commission income, which has increased both in nominal value and in terms of the contribution to operating income (25.5% in H1 2011 up from 21.4% in 2010).

In the medium term, we do not expect any substantial improvement in profitability. Margins will continue to face pressure as funding costs resumed upward trend and are likely to remain high amid global market turbulence. Additionally, the bank's substantial holdings of liquid assets, whilst prudent, also have a negative effect on NIM due to their low returns. PSB is seeking to improve profitability via an accelerated expansion of high-margin SME and retail lending, but these segments still make only a modest contribution to the bank's financial result.

Overall, despite the recent improvements in the quality of earnings, we view the bank's underlying profitability and efficiency as relatively weak. We assign a D+ score for profitability factor (as adjusted from the C+ score generated by the bank financial strength scorecard).

Factor 6: Liquidity

Trend: Neutral

Thanks to its established positions in the corporate segment and on the wholesale debt markets, both domestic and international, PSB is benefiting from a diversified liability structure.

The bank mainly funds its operations through client accounts (66% of liabilities at mid-2011). However, corporate deposits (which form two-thirds of total current accounts and deposits from customers) are rather concentrated and relatively short-term: the top 10 deposits accounted for 31% of total client funds at mid-2011, and 22% of total customer funds carried less than one month contractual maturity as of the same reporting date. We note that PSB enjoys long-standing good relationships with its corporate depositors, who demonstrated their stickiness to the bank in stressful 2008-09, however, due to the above mentioned concentration and maturity mismatches the risks of an outflow of sizeable customer funds still remain. Retail deposits shrank 5.5% in H1 2011 (a marked contrast to system average growth of 7.1%) after a rather modest (compared to 31% in other banks) 12% growth in 2010.

Wholesale market funding accounts for 28% of liabilities. Out of the total, only 36% of wholesale funds have maturity exceeding one year. The predominantly short-term structure of market borrowings is a risk factor to which PSB is exposed, especially given unfavourable global market conditions. That said, potential refinancing risk is mitigated by a fair portion of liquid assets (26% as at end-June 2011) and a conservative growth strategy. Overall, we do not see immediate risks for the bank's liquidity, therefore the unadjusted score of C with neutral trend is a fair assessment of this factor, in our view.

Factor 7: Capital Adequacy

Trend: Neutral

PSB's capital adequacy has been historically modest. The bank's Basel I Tier 1 ratio and total capital adequacy ratio (CAR) were 10.1% and 13.9%, respectively, at H1 2011 (compared to 10.0% and 14.4%, respectively, at YE2010, and 9.9% and 14.3%, respectively, at YE2009). Furthermore, PSB's economic capital is somewhat impaired by the sizeable proportion of the bank's investments in fixed assets, which includes not only property and equipment used for core banking activities (58% of the bank's Tier 1 capital at H1 2011), but also some non-core investments in land and property (although we note that the share of the latter component declined to approximately 8% of Tier 1 capital as of June 2011, following some divestitures in early 2011).

In December 2011 PSB increased its share capital by RUB4 billion. As part of this capital replenishment transaction, the EUR65 million (circa RUB2.7 billion) subordinated loan received from the majority shareholders in August 2011 was converted into new equity. Also in December, PSB received a RUB3.5 billion subordinated loan from the EBRD, due in 2018. Fresh capital injections came just in time to back PSB's strong growth in H2 2011. However, we believe that higher capitalisation may be merited in order to strengthen the bank's capital buffer against any unforeseen losses that may arise due to the downturn in the local economy, especially given the high concentrations in its loan book.

Going forward, we expect that the shareholders will be demonstrating their ability and willingness to inject new capital to the bank to maintain adequate regulatory capitalisation, but we adjust downward to C the B+ score for capital adequacy generated by the bank financial strength scorecard to allow for PSB's weak economic capitalisation level (especially if we compare PSB's capital metrics with those of other similarly rated banks in Russia).

Factor 8: Efficiency

Trend: Neutral

PSB managed its cost base successfully during the crisis times, taking into consideration the bank's countrywide profile and diversified product mix. However, its cost-to-income ratio surged to 53% in 2010, from 40% in 2009, and increased further to 60% in H1 2011 due to an increase in staff costs against the backdrop of a diminished operating income. Concurrently, the ratio of administrative and general expense to average assets grew to 3.4% in H1 2011 from 2.9% in 2009. We acknowledge PSB's long-standing history and culture of effective cost-control, although we also note challenges faced by the bank to restore the underlying profitability. We believe the score for cost efficiency of B, together with a neutral trend, is a fair measure of the bank's position in respect to this factor.

Factor 9: Asset Quality

Trend: Neutral

Similar to the whole banking sector, throughout 2009 we witnessed a dramatic deterioration of the quality of PSB's corporate and retail loan books. However, by mid-2010 the weakening trend had largely stabilised, while the bank continued to build up loan loss reserves. The share of 90+ days overdue corporate loans (loans to SME reported separately) declined to 5.9% at H1 2011, from 7.02% at YE2010. This was driven by an increase in the corporate loan book coupled with some reduction of 90+ days overdue corporate loans in nominal terms. Although loan loss reserves (for the corporate loans, excluding SME) declined to 7.5% of the gross corporate loan book from 7.9% reported at YE2010, these reserves still demonstrate 100%+ coverage of 90+ days delinquent corporate loans.

In the SME segment (representing 11% of the bank's total gross loans extended to legal entities), 90+ days overdue loans reduced to 13.8% as at H1 2011, from 19.0% at YE2010, mostly as a result of 34% growth of SME loan portfolio in the first half of 2011. The loan loss reserves accumulated with regard to SME loans as of mid-2011 accounted for 11.2% of the total gross SME portfolio, and we believe more provisioning charges will be warranted as the rapidly accumulated loan book starts to season.

Asset quality indicators on the retail loan portfolio improved only marginally and remained weak in H1 2011: 90+ days delinquent loans stood at 36.3% at end-June 2011 compared to 38.4% at YE2010 due to the stagnation of new retail lending (the gross retail loan book shrank by 20% in 2010 and grew only 2% in the first half of 2011, having accounted for 9% of the bank's total gross loan portfolio at end-June 2011). We derive some comfort from the adequate level of loan loss reserves accumulated by PSB with regard to retail loan book (32% of gross retail loan book both at H1 2011 and YE2010).

Notwithstanding some concerns over non-conservative levels of loan loss reserve (especially as regards SME and partially loans to larger corporate), we are currently satisfied that the ratio of interest income received in cash (as per IFRS Cash Flow Statement) to those accrued (as per IFRS Profile & Loss Statement) improved to 96% in both H1 2011 and 2010 from 83% in 2009, thus indirectly demonstrating the declining proportion of borrowers who are not able to serve their obligations. We do not expect to observe any further significant deterioration of PSB's asset quality in 2011 - H1 2012, and therefore maintain D score for asset quality generated by the bank financial strength scorecard, and attach a neutral trend to this score.

Global Local Currency Deposit Rating (Joint Default Analysis)

PSB's Ba2/Not Prime global local currency deposit ratings are directly linked to the bank's standalone rating and do not incorporate any element of government support, given that the bank's systemic importance for the Russian banking system and economy is relatively modest. The likelihood of support, in case of need, from the bank's shareholders cannot be ruled out; however, the timeliness and scope of such support are uncertain. Therefore, parental support has not been factored into PSB's ratings.

Notching Considerations

PSB's senior unsecured debt ratings are at the same level as its GLC deposit rating, while the bank's

subordinated debt ratings are notched off its GLC deposit rating.

Foreign Currency Deposit Rating

The Ba2/Not Prime foreign currency deposit ratings of PSB factor in the foreign currency transfer risk. PSB's Ba2/Not Prime foreign currency deposit ratings are at the same level as its GLC deposit ratings and are not constrained by Russia's country ceiling for foreign currency deposits.

Foreign Currency Debt Rating

PSB's senior unsecured foreign currency obligations are rated Ba2 and the bank's subordinated foreign currency obligations are rated Ba3.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. BFSRs do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of BFSRs include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although BFSRs exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the BFSR as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, they are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, which includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank is determined by the incorporation of external elements of support into the bank's Baseline Risk Assessment. In calculating the Global Local Currency Deposit rating for a bank, the JDA methodology also factors in the rating of the support provider, in the form of the local currency deposit ceiling for a country, Moody's assessment of the probability of systemic support for the bank in the event of a stress situation and the degree of dependence between the issuer rating and the Local Currency Deposit Ceiling.

National Scale Rating

Moody's Interfax Rating Agency's National Scale Ratings (NSRs) are intended as relative measures of creditworthiness among debt issues and issuers within a country, enabling market participants to better differentiate relative risks. NSRs differ from Moody's global scale ratings in that they are not globally comparable with the full universe of Moody's rated entities, but only with NSRs for other rated debt issues and issuers within the same country. NSRs are designated by a ".nn" country modifier signifying the relevant country, as in ".ru" for Russia. For further information on Moody's approach to national scale

ratings, please refer to Moody's Rating Implementation Guidance published in August 2010 entitled "Mapping Moody's National Scale Ratings to Global Scale Ratings."

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be noted that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt ratings may also be constrained by the country ceiling for foreign currency bonds and notes; however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

About Moody's Bank Financial Strength Scorecard

Moody's bank financial strength model (see scorecard below) is a strategic input in the assessment of the financial strength of a bank, used as a key tool by Moody's analysts to ensure consistency of approach across banks and regions. The model output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating Factors

Promsvyazbank

Rating Factors [1]	A	B	C	D	E	Total Score	Trend
Qualitative Factors (70%)						D-	
Factor: Franchise Value						D+	Neutral
Market Share and Sustainability			x				
Geographical Diversification				x			
Earnings Stability				x			
Earnings Diversification [2]							
Factor: Risk Positioning						D	Neutral
Corporate Governance [2]				x			
- Ownership and Organizational Complexity					x		
- Key Man Risk							
- Insider and Related-Party Risks							
Controls and Risk Management			x				
- Risk Management			x				
- Controls			x				

Financial Reporting Transparency							
- Global Comparability	x		x				
- Frequency and Timeliness				x			
- Quality of Financial Information			x				
Credit Risk Concentration						x	
- Borrower Concentration						x	
- Industry Concentration		x					
Liquidity Management			x				
Market Risk Appetite			x				
Factor: Operating Environment						E+	Neutral
Economic Stability						x	
Integrity and Corruption						x	
Legal System				x			
Financial Factors (30%)						C	
Factor: Profitability						C+	Neutral
PPI / Average RWA - Basel I	4.53%						
Net Income / Average RWA - Basel I				0.32%			
Factor: Liquidity						C	Neutral
(Mkt funds-Liquid Assets) / Total Assets			1.87%				
Liquidity Management			x				
Factor: Capital Adequacy						B+	Neutral
Tier 1 Ratio - Basel I		9.87%					
Tangible Common Equity / RWA - Basel I	9.80%						
Factor: Efficiency						B	Neutral
Cost / Income Ratio		46.34%					
Factor: Asset Quality						D	Neutral
Problem Loans / Gross Loans				10.80%			
Problem Loans / (Equity + LLR)				46.17%			
Lowest Combined Score (9%)						D	
Economic Insolvency Override						Neutral	
Aggregate Score						D	
Assigned BFSR						D	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non public information [2] - A blank score under Earnings diversification or Corporate Governance indicates the risk is neutral



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