

Global Credit Research - 27 Jan 2011

Frankfurt am Main, Germany

Ratings

Category	Moody's Rating
Outlook	Negative
Bank Deposits	A1/P-1
Bank Financial Strength	D+
Senior Unsecured	A1
Subordinate -Dom Curr	*A2
Other Short Term -Dom Curr	(P)P-1
Parent: DZ BANK AG Deutsche Zentral-Genossenschaftsb.	
Outlook	Stable
Bank Deposits	Aa3/P-1
Bank Financial Strength	C-
Senior Unsecured	Aa3
Subordinate	*A1
Commercial Paper -Dom Curr	P-1
Other Short Term -Dom Curr	(P)P-1

* Placed under review for possible downgrade on December 16, 2010

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Key Indicators

DVB Bank S.E. (Consolidated Financials)[1]

	[2]6-10	[2]12-09	[2]12-08	[3]12-07	[3]12-06	Avg.
Total Assets (EUR million)	20,289.00	17,268.60	17,376.80	13,154.50	11,099.10	[4]16.28
Tangible Common Equity (EUR million)	970.20	967.87	932.37	705.97	615.77	[4]12.04
Total Assets (USD million)	24,852.09	24,775.97	24,154.57	19,232.57	14,635.85	[4]14.15
Tangible Common Equity (USD million)	1,188.40	1,388.65	1,296.05	1,032.17	811.99	[4]9.99
PPI / Avg RWA	1.53%	2.29%	1.57%	1.25%	1.15%	[5]1.80%
Net Income / Avg RWA	1.36%	1.10%	1.42%	0.99%	0.87%	[5]1.29%
(Market Funds - Liquid Assets) / Total Assets	67.48%	61.23%	55.36%	44.31%	48.17%	[6]55.31%
Core Deposits / Average Gross Loans	26.46%	30.08%	41.00%	45.80%	45.19%	[6]37.71%
Tier 1 Ratio	13.70%	14.20%	13.90%	6.40%	6.80%	[5]13.93%
Tangible Common Equity / RWA	13.58%	13.84%	12.75%	5.97%	5.91%	[5]13.39%
Cost / Income Ratio	59.88%	48.56%	58.28%	51.16%	51.05%	[6]53.78%
Problem Loans / Gross Loans	--	3.90%	3.24%	3.20%	3.85%	[6]3.55%
Problem Loans / (Equity + Loan Loss Reserves)	--	46.30%	41.24%	35.04%	40.63%	[6]40.80%

Source: Moody's

[1] All ratios are adjusted using Moody's standard adjustments [2] Basel II; IFRS [3] Basel I; IFRS [4] Compound Annual Growth Rate based on IFRS reporting periods [5] Basel II & IFRS reporting periods have been used for average calculation [6] IFRS reporting periods have been used for average calculation

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a BFSR of D+ to DVB, which translates into a baseline credit assessment (BCA) of Baa3. The assigned D+ BFSR is constrained by the banks' vulnerability to the aftermath of the recent global economic downturn given its focused and concentrated business model. However, the BFSR is supported by DVB's solid capitalisation, global brand name and leading franchise in the global transport industry.

DVB's global local currency (GLC) deposit ratings are at the A1/Prime-1 level, based on the bank's own BCA of Baa3 and our assumption of (i) very high probability of parental support from DVB's majority shareholder DZ Bank Deutsche Zentral-Genossenschaftsbank AG (DZ Bank AG, rated C-/Aa3/P-1); (ii) high probability of support as a member of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR; unrated), resulting in an Adjusted BCA of A2; and (iii) the moderate probability of systemic support.

Under Moody's joint default analysis (JDA) methodology, our support assessment as highlighted above give DVB's GLC long-term deposit rating an overall five-notch uplift from its Baa3 BCA.

Germany is considered a medium-support country.

Credit Strengths

- Global brand name in transport finance with solid franchise and considerable market expertise, especially in shipping and aviation finance
- Well diversified loan book by asset type and geography with additional sub-segment diversification within shipping and aviation lending
- Proven track record to manage asset quality through different economic cycles and prudent underwriting policy for new business lending
- Solid capitalisation which is considered a prerequisite to operate banking activities in highly cyclical industries

Credit Challenges

- Focused business model on the global transport industry with vulnerable profitability to a prolonged economic downturn
- Business model inherent industry concentrations, predominately from the shipping and aviation operations, in addition to single name risks and some large equity stakes from its investment management business unit
- High reliance on wholesale funding, with alternative funding access outside the German co-operative sector only slowly emerging

Rating Outlook

The outlook on all ratings is negative. The negative outlook on the D+ BFSR reflects (i) the risks of the lagged nature of non-performing loans and its potential negative impact on DVB's risk-adjusted operating earnings; (ii) the potential pressure from structural over-capacities in container shipping expected in 2011; and (iii) DVB's relatively large equity stakes from its investment management operations. The negative outlook on the senior unsecured debt and deposit ratings reflects the sensitivity of these ratings to a possible BFSR downgrade.

The A2 senior subordinated debt rating is on review for possible downgrade as a result of the introduction of a bank resolution regime in Germany, having become effective on January 1st, 2011.

What Could Change the Rating - Up

If DVB is able to manage the lagged nature of non-performing loans without a major impact on risk-adjusted earnings and the negative impact from structural over-capacities in container shipping expected in 2011, we would consider moving the assigned BFSR more in line with the scorecard outcome. A reduction in the bank's equity stakes resulting from DVB's investment management operations would also be beneficial to its BFSR. However, given Moody's re-assessment of systemic support in view of the German government's weakening preparedness to support systemically less relevant banks, we would not expect an improvement in fundamentals to immediately have a positive impact on DVB's long-term global local currency debt and deposit ratios.

What Could Change the Rating - Down

A prolonged global economic downturn with its most likely severe impact on global trade and the global transportation markets exceeding Moody's worst-case scenario for the development of DVB's loan losses would put pressure on both the bank's BFSR and its debt and deposit ratings. In addition, unexpected losses from DVB's investment management business unit where the bank still carries relatively large equity stakes with its immediate impact on capital ratios could also lead to rating pressure.

Recent Results and Company Events

DVB reported a profit before tax of EUR 119 million in 9M 2010, compared with EUR 78 million over the same time period in 2009, reflecting (i) improved net interest income to EUR 147 million (9M 2009: EUR 126 million) due to the neutralisation of money market distortions that had impacted last year's 9m 2009 interest expense by EUR 21 million; (ii) an increase of net fee and commission income to EUR 79 million from EUR 69 million due to the closing of several new transactions and (iii) operating expenses that only increased by 6% yoy to EUR 123 million from EUR 116 million leading to a cost-income ratio improvement to 48.2% (54.9%).

DVB's loan loss provisions (LLP) decreased to EUR 13 million (9M 2009: EUR 17 million) due to less shipping related net additions but is expected to rise in 4Q210.

The increase in total assets by 10% since the beginning of the year to EUR 19.1 billion is attributable to the EUR / USD currency exchange rate. In USD-terms, DVB's total assets remained stable at \$25.1bn as of September 2010. EUR 15.8 billion of the total assets comprise loans outstanding.

DVB's Tier 1 capital ratio improved to 15.5% as of September 2010 from 14.2% in 2009 while the total capital ratio increased to 18.8% (18.0%).

These results were better than our baseline assumptions for the group's performance, especially from better than expected asset quality and operating earnings. However, we remain cautious given the lagged nature of rising non-performing loans and its impact on DVB's risk-adjusted

earnings.

DETAILED RATING CONSIDERATIONS

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

Bank Financial Strength Rating

Moody's assigns a D+ BFSR to DVB. Key positive elements driving the BFSR include the bank's solid global franchise, its brand name in the international transport industry, its comfortable capitalisation, and its ample geographic diversification. The BFSR also takes into account the bank's historical adequate risk appetite.

Key elements constraining the BFSR are the bank's concentrated credit risk exposures to the highly cyclical international transport industry and the heavy dependence on wholesale funding provided at arm's length from the major shareholder DZ Bank AG.

As a point of reference, the assigned BFSR is two notches below the C outcome of Moody's bank financial strength scorecard. The D+ BFSR better reflects our concerns about the bank's vulnerability to the aftermath of the recent global economic downturn given its focused and concentrated business model.

Qualitative Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

DVB is a leading specialist in international transport finance. The bank is a well known brand name for collateralized asset based financing in shipping, aviation and land transport and provides structured finance, advisory services and investment management services through its global presence in all key transport markets, including Hamburg, Rotterdam, Singapore, and Curacao. Through its investment management operations which were started in 2001 the bank wants to benefit from its proven track record and by providing third party investors access to equity-related transport finance investment opportunities.

DVB's competitive advantages are a research driven investment approach across its three major markets shipping, aviation, and land transport and a balanced and diversified credit portfolio by assets, borrowers, and regions. Although DVB's global market share is only around 3% the bank is recognized as a reliable partner which is underpinned by various industry specific awards gained during 2010 and last year demonstrating DVB's ability to provide liquidity, financing and restructuring advice to its clients during difficult times. DZ Bank AG's 95% ownership stake and DVB's close relationships to the German co-operative sector are indispensable prerequisites for the bank's core operations.

DVB's franchise value is constrained by the cyclical nature of its core businesses, the potential negative impact from money market and foreign currency distortions and the highly competitive and fragmented asset based finance markets - however, the latter has diminished somewhat recently as domestic and foreign competitors have reduced or stopped their lending operations. Due to the lack of alternative financing and less price sensitive competition, DVB was not only able to offset higher refinancing costs with higher interest margins but also to re-negotiate financing and collateralisation structures that are even more conservative than the bank's already high underwriting standards.

Despite the widespread effects of the financial crisis and the impact on the global transportation markets, DVB's earnings remained relatively stable which - according to Moody's view - was not only a function of the massive global economic stimulus programmes but also because of DVB's active risk management, its research driven underwriting process and its globally diversified business profile.

However, although we consider the bank's risk-adjusted earnings profile appropriate given the highly cyclical markets it is operating in, we remain mindful of the potential impact from asset quality deterioration and funding distortions a deep and more prolonged economic downturn could have on DVB.

The overall score for franchise value is C.

Factor 2: Risk Positioning

Trend: Neutral

DVB's main risk drivers are credit risk, given the high concentration and long-term lending commitments to the asset-based transport finance industry, and also a level of market risk due to its large USD exposure, while capital and large parts of funding are denominated in EUR. The bank's risk culture and risk management expertise are very sound and have a proven track record covering a number of credit cycles and event-risk-induced downturns since the bank transformed into its current business profile in 1998. However, the bank has started to enhance an already diversified set of tools to early recognize, monitor and manage (i.e. restructure) delinquent loans or non-performing loans and adjusted the stress tests to assess the bank's capitalisation and risk-bearing capacity. That means all individual exposures are now subject to multi-dimensional parameter changes (such as loan-to-value ratio and rating migration) while previously only assessed at the overall portfolio level.

DVB has no exposures to ABS- or CDO-related investments. Further, it had not applied for guaranteed facilities from the German Financial Markets Stabilisation Fund (SoFFin) as it had adequate liquidity buffers and benefited from its membership of the German co-operative banking sector.

Market risk is limited at DVB as interest rate fluctuations are reduced by swapping assets and liabilities to floating rates leaving the bank with some form of basis risk and foreign currency movements, particularly from the USD. However, as 85% of the bank's assets are denominated in USD, DVB is impacted by rising RWA as the USD strengthens vs. the Euro. To mitigate this impact over time, the bank has started to issue increasing portions of new funding in USD.

The bank's industry and borrower concentration risks are high by definition of its business model but mitigated through diversification via asset types, sub-segments of asset types, regional distribution of borrowers and through projects and borrower lending limits.

The above-mentioned results in a C- score for risk positioning.

Factor 3: Regulatory Environment

All German banks are subject to the same score on the regulatory environment. This factor does not address bank-specific issues; instead, it evaluates whether or not regulatory bodies are independent and credible, demonstrate enforcement powers and adhere to global standards of best practices for risk control. Refer to Moody's latest Banking System Outlook for Germany for a detailed discussion on the regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is also common to all German banks. Moody's assigns a B score for the overall operating environment. Refer to Moody's latest Banking System Outlook for Germany for a detailed discussion on the operating environment.

Quantitative Factors (50%)

Factor 5: Profitability

Trend: Neutral

During the course of the financial crisis DVB showed stable and positive net income despite its exposures to highly cyclical sectors like shipping, aviation and transport finance. In the first nine months of 2010, DVB earned EUR 98m after EUR 75m for 2009 and EUR 105m for 2008. Although loan-loss-provisions (LLP) almost quadrupled in 2009 to EUR 72m from EUR 17m in 2008 the bank's pre-provision income remained high enough to mitigate this impact (2009: EUR 161m; 2008: EUR 117m - according to Moody's calculation). Net interest income which is DVB's most important revenue driver and net fee and commission income equally contributed with annual levels of EUR 194m and EUR 100m, respectively. Operating expenses were almost unchanged at EUR 157m p.a.

DVB's three major business lines reported stable operating earnings in 2008 and 2009 while its investment management and treasury results were impacted by mark-to-market losses on investment securities recognized under IAS 39.

DVB increased new business volume to EUR 3bn year-to-date after EUR 2bn last year to benefit from a favourable margin environment that is two to three times larger - depending on the segment - than the trough levels seen in 2006/2007.

The score for profitability is C (based on a two year average).

Factor 6: Liquidity

Trend: Neutral

DVB's liquidity position is modest, reflecting the bank's high dependence on long-term wholesale funding, predominantly in the form of bank loans and promissory notes ("Schuldscheine"). More than 70% of the bank's funding needs for which DVB has to pay market prices are provided by its parent DZ Bank AG, which in turn relies on members of the German co-operative banking sector that are typically highly liquid retail banks.

In November 2010, DVB issued its first shipping covered bond with a notional value of EUR 250 million to broaden its investor base and to benefit from its strong brand name. However, given limitations on the cover pool Moody's understands that this type of covered bond will not develop into a major new funding tool but highlights DVB's improved access to debt capital markets.

The D+ score for liquidity reflects the bank's limited proprietary access to secured and unsecured funding channels and its high dependence on the German co-operative banking sector.

Factor 7: Capital Adequacy

Trend: Neutral

We consider DVB's current capital base to be comfortable for a bank that carries large borrower concentrations and operates in a highly cyclical industry. As of September 2010, DVB reported a Tier 1 ratio of 15.5% and a total capital ratio of 18.8% which strongly underpins the D+ BFSR. DVB's capital adequacy is further supported by the high quality of the EUR 1bn Tier 1 capital as it does only include limited hybrid capital components and by the quality of asset collateral pools that got initial regulatory recognition when introducing Basel II in 2008. At that time, DVB's risk-weighted assets (RWA) almost halved to EUR 7.3bn from EUR 15bn under Basel I and have remained at a comparable level since then.

In July 2008, DVB increased its share capital by EUR 150m raising DZ Bank AG's stake to 95.44% as the sole underwriter. The main purposes were to bolster capitalisation against USD driven balance sheets valuation movements (DVB only does cash flow hedging) and to fund portfolio growth. We would not be surprised to see another round of capital raising going forward indicating (i) DZ Bank AG's continued commitment; (ii) DVB's small market share but good access to attractive investment opportunities; and (iii) DVB's limited internal capital-generating capability in light of its 30% dividend-payout-ratio policy.

The tangible common equity ratio (TCE) stood at 13.3% based on a two year average to year-end 2009.

The score for capital adequacy is A with a neutral trend (based on a two year average).

Factor 8: Efficiency

Trend: Neutral

Since 2006, DVB was able to keep its cost-income ratio (CIR) at the targeted level of 50%. In 2010, the bank started to strengthen its franchise by adding new hires including transport finance experts and service unit staff as well as investments into IT and offices. However, despite these additional expenses DVB's CIR decreased slightly to 48% through the first nine months of 2010 reflecting the benign operating revenue

environment.

DVB scores B for efficiency with a neutral trend.

Factor 9: Asset Quality

Trend: Neutral

DVB's asset quality is mainly driven by its EUR 18.4bn credit risk exposure as of September 2010, including irrevocable commitments and guarantees. The EUR 9.8bn exposure to shipping finance represents the highest sector concentration, followed by EUR 5.4bn exposure to aviation finance and EUR 1.5bn exposure to land transport finance. The remainder consists of each EUR 700m exposure from the investment management unit and ITF Suisse, DVB's wholly owned subsidiary for interbank market syndications.

DVB's non-performing loans (NPL, Moody's definition) have increased from EUR 260m in 2007 to EUR 713m in 2009 while the NPL ratio (based on gross loans) increased from 2.6% to 4.9% and is expected to have improved somewhat since then. Roughly 65% of NPL are driven by shipping finance, 25% by aviation finance and 5% by investment management with a similar breakdown for LLP ranging from EUR 17m in 2008, EUR 72m in 2009 and EUR 13m since the beginning of the year 2010.

As of 2009, DVB's EUR 159m loan-loss-reserves (LLR) accounted for 22% of NPL which seems to be low compared to other banks. However, as almost 100% of DVB's credit risk exposure is collateralised and roughly 80% of loans fall into the equal or less than 60% loan-to-value bucket, we regard the bank as adequately reserved. In addition, it should be noted that DVB is required to accrue specific LLR for still performing loans which form a major portion of the EUR 713m NPL at year-end 2009. According to the bank's own definition (i.e. only loans past due >90 days) NPLs were EUR 200m in 2009 and EUR 4m in 2008.

Compared to other banks, DVB's credit risk provisioning is characterised by an above-average accounting driven volatility with frequent releases of LLR while realized losses from its lending operations have so far been remarkably low, totalling only EUR 15.8 million in 2009 and EUR 0.8 million in 2008. Although these losses are significantly below our stress test assumptions - even in the base case - we continue to expect DVB to suffer from asset quality pressures given the time lag in the transition from NPLs to real losses.

In addition to its regular lending business DVB also carries risk through equity stakes from its investment management unit. The total amount of the bank's proprietary capital invested was EUR 580 million in 2009 with roughly 60% exposure to shipping and transport related funds (Shipping & Intermodal Investment Management - SIIM) and 40% to aviation funds (Deucalion). While this portfolio is very granular which is for example indicated by an average deal size of roughly USD8 million Moody's understands that the bank's collateral position is materially different to its core lending operations given the equity nature of these investments and this business unit exhibits increased earnings volatility driven by fair-value accounting for financial instruments which underpins - to some extent - the more trading oriented approach with an average investment horizon of 24 month.

The average asset quality ratios for three years to 2009 result in a D+ score for asset quality.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns a global local currency (GLC) deposit rating of A1 to DVB. The rating is supported by (i) DVB's BCA of Baa3; (ii) the very high probability of parental support from its majority shareholder DZ Bank AG; (iii) the high probability of support as a member of the German co-operative banking sector, resulting in an Adjusted BCA of A2; and (iv) the moderate probability of support from the central government of Germany.

These support assumptions result in a five-notch uplift for the long-term ratings to A1 from the Baa3 BCA.

Germany is considered a medium support country. Whereas the German banking market is highly fragmented, Moody's acknowledges the favourable track record for systemic support to financial institutions in times of financial distress.

Notching Considerations

Moody's assigns a A2 local currency debt rating for senior subordinated debt.

The A2 senior subordinated debt rating is on review for possible downgrade as a result of the introduction of a bank resolution regime in Germany, having become effective on January 1st, 2011.

Foreign Currency Deposit Rating

DVB's long-term foreign currency deposit rating is A1/P-1.

Foreign Currency Debt Rating

DVB's long-term foreign currency debt rating is A1/P-1. It is unconstrained given that Germany has a country ceiling of Aaa.

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 honour 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 Credit 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

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country.

AAaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

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

DVB Bank S.E.

Rating Factors [1]	A	B	C	D	E	Total Score	Trend
Qualitative Factors (50%)						C	
Factor: Franchise Value						C	Neutral
Market Share and Sustainability			x				
Geographical Diversification	x						
Earnings Stability					x		
Earnings Diversification [2]							
Factor: Risk Positioning						C-	Neutral
Corporate Governance [2]							
- Ownership and Organizational Complexity							
- Key Man Risk							
- Insider and Related-Party Risks							
Controls and Risk Management		x					
- Risk Management			x				
- Controls	x						
Financial Reporting Transparency		x					
- Global Comparability	x						

- Frequency and Timeliness	x						
- Quality of Financial Information		x					
Credit Risk Concentration	--	--	--	--	--		
- Borrower Concentration	--	--	--	--	--		
- Industry Concentration	--	--	--	--	--		
Liquidity Management			x				
Market Risk Appetite		x					
Factor: Operating Environment						B	Neutral
Economic Stability			x				
Integrity and Corruption		x					
Legal System	x						
Financial Factors (50%)						C	
Factor: Profitability						C	Neutral
PPI / Average RWA- Basel II			1.93%				
Net Income / Average RWA- Basel II			1.26%				
Factor: Liquidity						D+	Neutral
(Mkt funds-Liquid Assets) / Total Assets					53.63%		
Liquidity Management			x				
Factor: Capital Adequacy						A	Neutral
Tier 1 Ratio - Basel II	14.05%						
Tangible Common Equity / RWA- Basel II	13.30%						
Factor: Efficiency						B	Neutral
Cost / Income Ratio		52.66%					
Factor: Asset Quality						D+	Neutral
Problem Loans / Gross Loans			3.56%				
Problem Loans / (Equity + LLR)				40.86%			
Lowest Combined Score (15%)						D+	
Economic Insolvency Override						Neutral	
Aggregate Score						C	
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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