



Moody's Investors Service

Credit Opinion: Caja España de Inversiones

Global Credit Research - 23 Jun 2009

Leon, Spain

Ratings

Category	Moody's Rating
Outlook	Negative
Bank Deposits	Baa1/P-2
Bank Financial Strength	E+
Senior Unsecured -Dom Curr	Baa1
Subordinate -Dom Curr	Baa2
Jr Subordinate MTN -Dom Curr	Ba1
Caja Espana de Invers.Soc.de Particip.Pref.	
Outlook	Negative
Bkd Preference Stock	B2

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Key Indicators

Caja Espana de Inversiones	[1][2]2008	2007	2006	2005	2004	[3]Avg.
Total assets (EUR billion)	25.02	22.38	20.94	18.05	15.17	[4]13.45
Total capital (EUR billion)	1.79	1.83	1.84	1.65	1.40	[4]9.71
Return on average assets	0.19	0.68	0.54	0.71	0.35	0.50
Recurring earnings power [5]	1.25	0.97	1.22	1.12	1.22	1.15
Net interest margin	1.70	1.81	1.75	1.92	2.06	1.85
Cost/income ratio (%)	52.51	59.22	54.21	58.39	60.28	56.92
Problem loans % gross loans	6.07	1.75	1.42	0.81	0.84	2.18
Tier 1 ratio (%)	7.46	7.37	7.19	8.65	10.08	8.15

[1] As of December 31. [2] Statement period in which the bank switched to Basel II accounting framework. [3] The average calculations are based on Basel I and Basel II data where applicable. [4] Compound annual growth rate. [5] Preprovision income % average assets.

Opinion

SUMMARY RATING RATIONALE

(15 June 2009. This section will be updated shortly - see "Recent results and Company Events")

Moody's assigns a bank financial strength rating (BFSR) of C- to Caja España de Inversiones (Caja España), which translates into a Baseline Credit Assessment (BCA) of Baa2. The rating is based on Caja España's strong regional franchise with improved geographic diversification, adequate profitability and comfortable liquidity levels, which should allow the bank to withstand a prolonged disruption of the wholesale markets.

However, the BFSR is constrained by the bank's relatively high, albeit declining, exposure to Spanish property developers and a rapid deterioration in asset quality and high level of problem loans compared with those of its peers (mainly attributable to the real estate exposure). The rating also reflects the challenges the bank faces in terms of further increasing revenue diversification and efficiency in the context of intense competition and the correction of the Spanish real estate market.

Caja España's long-term global local currency (GLC) deposit rating of A3 reflects our assumption of a high probability of systemic support and a low probability of support from the savings bank group. This results in a two-notch uplift for the GLC deposit rating from the BCA of Baa2.

Caja España's debt ratings are A3/P-2.

Credit Strengths

- Strong shares in its home market
- Increasing geographic diversification with a relatively strong presence in the capital, Madrid
- Comfortable liquidity levels thanks to ample liquid assets on balance sheet and with a low reliance on short-term funding
- Prudent provisioning policies

Credit Challenges

- Rapid deterioration in asset quality and higher level of problem loans than that of peers
- Relatively high borrower concentration and exposure to the real estate sector
- To maintain adequate core Tier 1 capital levels
- To increase profitability and diversification of income sources
- Efficiency lags behind that of better performing peers

Rating Outlook

The outlook on all ratings is negative, excepting short-term.

What Could Change the Rating - Up

(15 June 2009. This section will be updated shortly - see "Recent results and Company Events")

Upward pressure on the rating could be exerted by: (i) a significant reduction of the bank's exposure to the real estate and construction sector, both in terms of lending and top-name concentration; and/or (ii) improvement in the bank's core profitability level, with recurring earnings power and risk adjusted net income moving close to or above 2.4% and 1.7%, respectively, a reduction of its problem loans ratio to below 0.8% and a significant reduction of its borrower and industry concentration - in particular of its exposure to the real estate sector - as a percentage of Tier 1.

What Could Change the Rating - Down

(15 June 2009. This section will be updated shortly - see "Recent results and Company Events")

Negative rating pressure could arise from one or more of the following factors: (i) a higher-than-expected deterioration in Caja España's asset quality indicators, such as a problem loans ratio of over 7.5%, which would trigger significant growth in the bank's provisioning requirements; (ii) a lack of improvement in reducing exposure and top-name concentration to real estate developers and/or weakening in the bank's risk absorption capacity in absolute or relative terms; (iii) consistent deterioration of the bank's recurring earnings power to significantly below 1.4% and/or risk-weighted net income to significantly below 1.0%; and (iv) erosion of the bank's franchise in its traditional market.

Recent Results and Company Events

On June 15, 2009 Moody's concluded the review of Caja España downgrading the BFSR to E+ (B1) from C- and the long-term debt and deposit rating to Baa1 from A3, as well as the senior subordinated debt to Baa2, junior subordinated debt to Ba1 and hybrids to B2. The short-term rating was affirmed at P-2. The outlook on all ratings is negative, excepting short-term.

The rating action reflects the expectation that the asset quality of Spanish banks will continue to deteriorate, leading to significantly higher credit losses than previously incorporated in the ratings and straining capitalisation. Pressure on asset quality across all asset classes is coming from the now deep recession in Spain, which is expected to continue throughout 2009 and into 2010, coupled with very negative prospects for the labour market and the continued abrupt adjustment in the real estate and construction sector.

While expecting increased pressure on many banks' financial fundamentals, we also believe that the likelihood of support by the Spanish government has increased during this period of exceptional systemic stress in the banking sector. This has resulted in a far more moderate impact on the senior debt and deposit ratings of many, even small banks and savings banks in Spain, compared to a more severe rating impact on BFSRs, which are measures solely of stand-alone financial strength.

On November 11, 2008, Moody's downgraded the long-term bank deposit and senior debt ratings of Caja España to A3 from A2 and the BFSR to C- from C. The short-term debt and deposit ratings were also downgraded, to Prime-2 from Prime-1. The outlook on the long-term debt and deposit ratings and the BFSR was changed to negative.

The downgrades of Caja España's ratings were prompted by a combination of the following factors:

- (i) The rapid deterioration in the bank's asset quality indicators, particularly in the real estate development and construction sectors, but also in lending to individuals. The overall problem loans ratio increased to 5.54% in September 2008, from 1.75% in December 2007;
- (ii) The bank's high top-name concentration and lending exposure to the real estate and construction sectors (which is now more in line with A3/C- rated peers than A2/C); and
- (iii) Its relatively modest capacity to absorb risk (such as a significant further deterioration in asset quality or the default of a top exposure), which is also now more in line with A3/C- rated peers.

The negative outlook assigned to Caja España's ratings reflects the pressure that is likely to arise in the event of the deterioration in asset quality recorded in the first three quarters of 2008 continuing at the same pace during the first few months of 2009.

Caja España posted pre-provision income of EUR 137 million for the first nine months of 2008, down by 13% on an annualised basis. Net interest income, on an annualised basis, was roughly flat, while fee and commission income was down by 5% and operating expenses were up by 5.5%. Loan loss provisions were up by 27%, to EUR 137 million.

The sale of available-for-sale (AFS) securities - mostly in Q1 2008 - served as a cushion for bottom-line profitability. Net income was EUR 62 million for the first nine months of 2008, down by 44% on an annualised basis. In June 2008, as Spanish banks started reporting under Basel II, Caja España announced Tier 1 and total capital ratios of 7.79% and 12.4%, respectively.

DETAILED RATING CONSIDERATIONS

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

Bank Financial Strength Rating

(15 June 2009. This section will be updated shortly - see "Recent results and Company Events")

Moody's BFSR of C- for Caja España is supported by the bank's strong franchise in the region of Castilla y León, its comfortable liquidity levels and adequate, albeit declining, profitability. It is constrained by the challenges that bank faces in terms of increasing its revenue diversification and efficiency in a very competitive market. In addition, the BFSR also reflects the relatively high lending exposure and borrower concentration of Caja España's loan book, in particular to Spanish property developers.

As a point of reference, the assigned BFSR is one notch below the C outcome of Moody's bank financial strength scorecard, which produced a C. This primarily reflects the fact that the scorecard does not fully capture the high

borrower concentration and rapid deterioration of some indicators (such as asset quality).

Qualitative Rating Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

Caja España is the leading player in the northern Spanish region of Castilla y León where it had market shares of 13.1% and 18.5% for lending and deposits, respectively, as of September 2008. The bank maintained a particularly strong franchise in its traditional home markets, the provinces of León, Zamora, Palencia and Valladolid, with a 19% market share in lending and a 30% market share in deposits.

Like other savings banks, Moody's believes that Caja España's support for local cultural and social projects through its community welfare projects (the Obra Social foundation) enhances its franchise value in its core region.

In terms of diversification, Caja España derives some of its revenues from outside its home markets, mostly Madrid but also northern, eastern and southern Spain. Should the bank manage to secure a higher share of profits from larger markets, this might positively affect our diversification score of D, although we see this as difficult to achieve in the current context. The bank's mix of retail activities leads to a relatively stable flow of earnings.

Moody's believes that the scorecard outcome of C+ is an adequate reflection of Caja España's franchise value.

Factor 2: Risk Positioning

Trend: Neutral

In terms of corporate governance, the bank's structures do not indicate any particular risk. In common with other Spanish savings banks, voting rights at the general assembly are equally split between public and private entities. We also note the lack of corporate governance or control problems. In risk management, Caja España's practices are broadly satisfactory and commensurate with the bank's activities. The risk-reporting function is independent, although split between credit and operational risk on one side and market risk on the other. While adequate information systems, limits and procedures are in place for credit and market risk, the operational risk management structure is still developing. We note that the bank is developing its risk tools and systems in conjunction with CECA - the Spanish savings bank group.

In terms of reporting transparency, Caja España has reported under IFRS since 2005 on a semi-annual basis, with quarterly public updates. The detail of financial information provided is adequate, although public accounts do not contain as much information as that provided to CECA and the Bank of Spain.

As regards credit risk, the bank's loan book shows high levels of borrower concentration. While we recognise the bank's progressive reduction of the real estate sector's weight in 2007, in anticipation of the real estate market slowdown, Caja España still has a relatively high exposure to property developers and the construction sector, which account for 28% and 5% of the total loan book, respectively.

Top-name concentration is in line with that of peers. That said, the risk content of the real estate book is moderate in comparison with that of peers. In addition, most of the exposure to developers, for example, is on a secured basis and exposure to second home mortgages is virtually non-existent. On the other hand, we caution that Caja España still has a relatively large exposure to land financing in comparison with that of peers.

The bank engages very little in pure trading and in this respect has virtually no trading risk. Some market risk derives from Caja España's investment and securities portfolio, which the bank has been growing to improve its liquidity and diversify its revenue sources. Caja España has built up a portfolio of equity investments of around EUR 700 million (as at September 2008). While this has declined as a result of divestments, the fixed income portfolio has grown in size, to EUR 2.71 billion from EUR 1.77. We view positively that 70% of these stakes are long-term investments and that the bank has set a conservative limit that contains the size of the portfolio.

We believe that the scorecard outcome of D+ correctly reflects Caja España's risk positioning.

Factor 3: Regulatory Environment

This factor does not address bank-specific issues; instead it evaluates whether regulatory bodies are independent and credible, have demonstrable enforcement powers and adhere to global standards of best practices for risk control. Refer to Moody's Banking System Outlook on Spain, published in April 2008, for a detailed discussion of the Spanish regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is common to all Spanish banks. Please refer to the most recent Banking System Outlook on Spain, published in April 2008, to obtain a detailed discussion of the operating environment.

Quantitative Rating Factors (50%)

Factor 5: Profitability

Trend: Weakening

While the loan book represents a comparatively small proportion of the bank's total assets compared with the ratio for its peers, Caja España shows a good yield on earning assets, aided by the interest from the investment portfolio. Despite continued increases in fee and commission income - reaching 20% of operating income in 2007 - recurring earnings power remains below that of similarly rated Spanish peers due to the bank's comparatively modest efficiency levels. We notice, however, that overall profitability levels are adequate.

While gains from the sale of securities from the AFS portfolio have been fairly recurrent over the past few years, these have also enabled the bank to put in place more conservative provisioning policies, resulting in a neutral effect on bottom-line profitability, but an increase in solvency.

In order to improve its profitability, Caja España is focusing on developing fee-generating businesses, increasing cross-selling and widening its range of products and services, as well as rationalising the branch network and improving the profitability of the branches, particularly in the newest expansion regions. In the current context, we see this as difficult, but necessary for the bank to remain competitive. In light of the correction in the real estate market, higher funding costs and expected slower growth, we expect a weakening trend in profitability.

We believe that the D+ score adequately reflects Caja España's profitability.

Factor 6: Liquidity

Trend: Weakening

While the savings bank has traditionally benefited from a strong deposits base - a stable and cheap source of funding - its funding profile has moved more towards wholesale funding in order to support lending growth.

Caja España deposits represented a relatively modest 52% of the bank's total funding* at year-end 2007 compared with 70% at year-end 2002, with market funds increasing to 31% of total funding from 17% over the same period. While this trend is not dissimilar to that of the sector as a whole, we note that the bank's wholesale funding structure is relatively diversified and reasonably long-term focused, thus minimising the bank's refinancing risk. The wholesale funding structure consists of several types of instruments: covered bonds, asset-backed securities, senior bonds, commercial paper and bilateral loans ("schuldschein"). In terms of maturity, there are no particular concentrations, but management continually strives to improve the term structure of the bank's liabilities.

As of September 2008, the bank had around EUR 2.0 billion in net liquid assets (cash + net interbank position + fixed income portfolio and ECB qualifying assets net of repos). The first two lines of liquidity, comprised of assets that can be liquidated within 30 days, totalled EUR 3 billions. At the same time, wholesale funding maturing in the following 30 days (mostly comprised of Pagares) amounted to EUR 339 million. Similarly, conservative coverage limits are set up by the bank throughout the different maturities. Of the total wholesale funding, little is maturing in 2009, namely EUR 245 million of covered bonds and EUR 220 million of senior debt (of which EUR 120 million placed in the retail network).

As of September 2008, the EUR 5.1 billion market funding structure of Caja España was composed of:

- EUR 931 million commercial paper
- EUR 210 million "schuldschein"
- EUR 163 million public sector covered bonds
- EUR 2.6 billion covered bonds (backed by residential mortgages)
- EUR 100 million subordinated debt

- EUR 1.1 billion senior debt

As with most Spanish banks, Caja España has been building a stock of collateral that can be pledged at the ECB. This is mostly multi-issuer covered bonds, securitisation notes and other fixed income instruments and amounted to EUR 1.8 billion at September 2008, which in our view could easily be increased further. Thus, the savings bank is adequately positioned to withstand prolonged disruption to the wholesale funding markets.

We believe that the C score is a good reflection of Caja España's liquidity position and management. The weakening trend is common to the Spanish institutions, reflecting the deteriorating financing conditions.

*Including "pagares" (commercial paper) - a tax efficient alternative to time deposits - placed with the retail customers but excluding repos with retail customers. The interbank position in the denominator is not netted out.

Factor 7: Capital Adequacy

Trend: Weakening

Following the strong growth in lending over the past few years, the bank's regulatory capital ratios have declined. The Tier 1 and total capital ratios stood at 7.4% and 11.1 %, respectively, at year-end 2007, down from the 2004 levels of 10% and 13%. Excluding preference shares, core Tier 1 capital would stand at 6.4%, which we consider to be a low level in the context of the bank's risk profile. The bank is targeting a total capital ratio of 11% and a minimum Tier I ratio of 7% without additional issuance. It is worth noting, however, that the bank's economic capitalisation is enhanced by the generic provision (about EUR 90 million at September 2008).

The bank published its first capital ratios under Basel II in June, with Tier 1 and total capital ratios of 7.79% and 12.4%, respectively, versus 7.35% and 11.2%, respectively, under Basel I.

We believe that the B+ score, with a weakening trend, correctly reflects Caja España's sound capitalisation.

Factor 8: Efficiency

Trend: Neutral

With a cost-to-income ratio of around 59% and operating expenses as a proportion of risk-weighted assets at 2.0% in 2007, the bank's efficiency indicators are adequate, but lag behind those of some of its better-performing Spanish peers. Certainly, the bank's strict control over costs and improvements over the past few years have paid off (the ratios of cost to income and operating expenses as a percentage of risk-weighted assets were around 64% and 3.4%, respectively, in 2003), but current efficiency levels will be difficult to sustain as income growth stalls. Operating expenses grew by more than operating income in the first nine months of 2008 (although by less than in 2007). Better control over costs will in our view be a key differentiating element for Caja España in the very challenging environment to come.

We believe that the C score correctly reflects Caja España's position in terms of efficiency.

Factor 9: Asset Quality

Trend: Weakening

Caja España experienced rapid deterioration in asset quality throughout 2008, seeing its problem loans ratio increase from 1.75% at the start of the year to 5.54% by end-September. The increase was largely driven by the real estate sector, which accounted for about half of the problem loans stock in June 2008. The construction sector and lending to small and medium-sized enterprises and small corporates account for about 30%, while the rest is due to household mortgages. For the latter, the problem loan ratio reached 1.98% at end-September 2008, with some "pockets" of higher problem loans, such as lending to the less favoured segments of the population (around 3% of total lending) or lending through the brokerage channel.

Behind the large surge in problem loans to the property development sector is the default of some top exposures such as Martinsa-Fadesa in July 2008 (EUR 75 million, which had an impact of about 45 basis points on the problem loans ratio). Another reason for the rise in problem loans is the reclassification of loans as doubtful following a visit] by the Bank of Spain (mostly related to land exposures where all approvals were not granted; amounting to EUR 65 million in total). Finally, a significant share of lending to real estate development and construction benefits from guarantees (83% of lending to real estate development is secured) and whenever the bank is confident about its valuation, its policy is not to enter renegotiations. This contrasts with current market practices, such as the frequent renegotiation of loans or, as more recently observed, the direct purchase of assets in order to relieve the developer.

Since September 2007, the excess generic provision has declined and should fade in end 008 figures, so that the generic provision should be used in 2009. Caja España's policy has been to use one-off gains (mostly through disposal of asset) to build up provisions (e.g. a EUR 65 million substandard provision in 2007) and to continue doing so as much as possible. Loan loss reserves reached 57% of total problem loans at end-September 2008 - a low coverage compared with that of peers. It should, however, be noted that around 70% of the loans benefit from collateral and that there is therefore a potentially high recovery rate.

We believe that scorecard outcome of B+ does not capture the recent rapid deterioration in asset quality and attach a weakening trend.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns a GLC deposit rating of A3 to Caja España. The rating is supported by Caja España's BCA of Baa2 and by the Aaa local currency deposit ceiling of the underlying support provider, Spain. As a result of the bank's importance to the region of Castilla y Leon, Moody's considers that the probability of systemic support from Spain is high. In addition, Caja España benefits from a low probability of support from the savings bank group. Overall, Moody's support assessment results in a two-notch uplift for the GLC deposit rating from the BCA.

Foreign Currency Deposit Rating

Moody's foreign currency deposit ratings for Caja España are Baa1/P-2. The outlook on the long term rating is negative.

Foreign Currency Debt Rating

Moody's foreign currency deposit ratings for Caja España are Baa1/Prime 2. The outlook on the long term rating is negative.

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 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

Caja España de Inversiones

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						D+	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						D+	Weakening
PPP % Avg RWA			1.47%				
Net Income % Avg RWA				0.96%			
Factor: Liquidity						C-	Weakening
(Mkt funds-Liquid Assets) % Total Assets				13.89%			
Liquidity Management			x				
Factor: Capital Adequacy						C+	Weakening
Tier 1 ratio (%)			7.74%				
Tangible Common Equity % RWA		6.93%					
Factor: Efficiency						C	Neutral
Cost/income ratio			59.84%				
Factor: Asset Quality						B	Weakening
Problem Loans % Gross Loans		1.33%					
Problem Loans % (Equity + LLR)		11.52%					
Lowest Combined Score (15%)						C-	
<i>Economic Insolvency Override</i>						Neutral	
Aggregate Score						C	
Assigned BFSR						C-	

[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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