

Credit Opinion: Hypo Tirol Bank AG

Hypo Tirol Bank AG

Innsbruck, Austria

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits	Aa1/P-1
Bkd Bank Deposits	Aaa/P-1
Bank Financial Strength	C
Bkd Senior Secured -Dom Curr	Aaa
Senior Unsecured -Dom Curr	Aa1
Subordinate MTN -Dom Curr	Aa2
Other Short Term -Dom Curr	P-1

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Key Indicators

Hypo Tirol Bank AG

	[1]2007	2006	2005	2004	2003	Avg.
Total assets (EUR billion)	12.68	11.76	10.05	8.56	7.85	[2]12.72
Total capital (EUR billion)	0.67	0.65	0.57	0.49	0.43	[2]11.43
Return on average assets	0.21	0.32	0.33	0.42	--	0.32
Recurring earnings power [3]	0.32	0.52	0.67	0.80	--	0.58
Net interest margin	0.63	0.89	1.28	1.24	--	1.01
Cost/income ratio (%)	69.77	60.65	57.88	58.53	58.75	61.12
Problem loans % gross loans	3.35	2.83	3.23	--	--	3.14
Tier 1 ratio (%)	6.16	6.65	7.03	6.77	6.62	6.65

[1] As of December 31. [2] Compound annual growth rate. [3] Preprovision income % average assets.

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a bank financial strength rating (BFSR) of C to Hypo Tirol Bank AG (Hypo Tirol), which translates into a Baseline Risk Assessment of A3. The rating reflects Hypo Tirol's strong regional franchise in the State of Tyrol and adjacent regions. The bank's financial fundamentals are acceptable with an adequate capitalisation. However, the bank's profitability and asset quality leave some room for improvement.

The debt and deposit ratings of Hypo Tirol benefit from Moody's assessment that the probability of regional support for the bank from the State of Tyrol (not rated), its 100% owner, in the case of need is very high and that the probability of systemic support is high. Based on these support elements, the debt and deposit ratings are Aa1/Prime-1, which is a five-notch uplift from the A3 Baseline Risk Assessment.

Credit Strengths

- Stable regional franchise in Tyrol and Southern Tyrol

- Cautious regional growth strategy
- Acceptable financial fundamentals, but some profitability challenges
- Satisfactory operating cost containment
- Limited structured product portfolio

Credit Challenges

- Intense competition and strong margin pressure in the bank's domestic market
- Diversifying the revenue mix and improving operating profitability
- Maintaining balanced risk profile, in particular in terms of market risk
- Improving asset quality and reducing concentrations in the loan portfolio

Rating Outlook

The outlook on all of the bank's ratings is stable.

What Could Change the Rating - Up

Improved asset quality would have positive implications for the BFSR, as would an improvement in operating efficiency and particularly profitability provided a balanced risk profile is maintained. Higher profitability if fed through to retained earnings and hence a stronger capital base would further underpin a positive rating move. In short, once the main scores progress into regions commensurate with better-rated international peers, the rating for Hypo Tirol would need to be adjusted upwards.

What Could Change the Rating - Down

Deterioration in the bank's revenue generating capacity or asset quality would have negative implications for the BFSR, as would an increase in credit or market risk appetite. Moody's observes with concern the ongoing deterioration in profitability and cautions that if not reversed in the very near future, would lead to a lower rating. Even maintaining the current profitability ratios at the same level would most likely be insufficient, ceteris paribus.

Recent Developments

According to the agreement between the EC and the Austrian Government, the guarantee in favour of Landes-Hypothekenbanken - including Hypo Tirol - was phased out on 1 April 2007. For all liabilities undertaken in the transitional period (after 2 April 2003 and before 1 April 2007) and maturing before 30 September 2017, the existing guarantees remain in place ("grandfathering"). All liabilities existing at 2 April 2003 are guaranteed until they mature. All "grandfathered" liabilities continue to be rated Aaa. The ratings of "grandfathered" debt remain closely correlated to the implied ratings of the guarantor.

Since 1 April 2007, new instruments are no longer covered by the deficiency guarantee (Ausfallbürgschaft). The ratings of non-guaranteed debt are Aa1 for deposits and Aa2 for subordinated debt, primarily underpinned by the expected support provided by the State of Tyrol. In assessing the support provided, we note the state's 100% ownership of the bank, which we expect to be maintained in the foreseeable future and the well-established banking relationship between the state and Hypo Tirol.

Recent Results

Hypo Tirol reported a net income of EUR 25 million for 2007 (FY 2006: EUR 35 million). Pre-provision income was significantly lower in 2007 at EUR 39 million, down by 31% from EUR 57 million as at year-end 2006. While costs remained under control, net interest income saw a substantial reduction and was the main factor for this poor result. In 2007 total assets reached EUR 12.7 billion, up by 8% from EUR 11.8 billion at year-end 2006, with gross loans up by 8.3% to EUR 5.9 billion (vs. EUR 5.5 billion). The Tier 1 capital ratio decreased to 6.2% as at year-end 2007, down from 6.7% at end-2006.

DETAILED RATING CONSIDERATIONS

Detailed considerations for Hypo Tirol Bank AG's currently assigned ratings are as follows:

Bank Financial Strength Rating

Moody's assigns a BFSR of C to Hypo Tirol, reflecting its strong regional franchise in the State of Tyrol and adjacent regions and acceptable financial fundamentals as well as the fierce level of competition and strong margin pressure in the bank's domestic market and the need to diversify its revenue mix and improve operating profitability.

Qualitative Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

Hypo Tirol enjoys a strong position as an important player in its regional home market, a growing geographical diversification in neighbouring markets and a stable and diversified earning profile in terms of customer segments.

Hypo Tirol's traditional home market is the Austrian state of Tyrol, which is the fifth-largest state in Austria with a dynamic economy and relatively high wealth levels. GDP growth rates in recent years have been at or above the average for Austria as a whole. The solid level of Tyrol's economic development is further underlined by a growing population, a relatively high GDP per capita and low unemployment figures compared to the average for Austria and to levels in Europe more broadly. Employment is mainly centred on industrial manufacturing and the service sector, which is dominated by tourism - in particular, alpine winter tourism. In Tyrol, Hypo Tirol has a solid market position among SMEs and private individuals. It has banking relations with around a third of Tyrolian corporates and 19% of private clients and the self-employed. The bank's market share in lending (including the leasing business) is approximately 30% in the region and even higher in some local areas. As a public sector bank Hypo Tirol has close relationships with public-sector clients. Its share of public lending in the region is approximately 55%. Traditionally Hypo Tirol has also been an active mortgage lender, holding a good market position in real estate lending to private clients and small enterprises in the tourism sector - as well as to commercial property developers.

Although the State of Tyrol is a wealthy and dynamic region offering an attractive economic environment, Hypo Tirol's domestic market is also marked by low interest margins and strong competition. Its main competitors are the large Austrian banks, as well as other regionally focused players such as the cooperative and savings banks. To open up more growth potential and to counterbalance the low interest margins of its home market, Hypo Tirol started expanding beyond this region some years ago. A natural choice for geographic expansion was the area of South Tyrol (Alto Adige), a part of the autonomous region of Trentino-Alto Adige in the north of Italy. South Tyrol is one of the very few Italian provinces holding political and financial autonomy and bilingual status (Italian and German). Historically and culturally, Tyrol and South Tyrol retain very close ties - despite being spread over two countries. In addition, Hypo Tirol is active in other provinces in the north of Italy - especially Veneto and Lombardy. Apart from direct lending to private and commercial clients, leasing and commercial real estate finance constitute core activities in the bank's Italian business. Other areas of geographical expansion are the south of Germany, in particular Bavaria; Switzerland; and the eastern states of Austria, predominantly Vienna and the areas close to the capital, namely parts of Niederösterreich, Burgenland and Steiermark. Expansion beyond the domestic market offers further growth potential and is enabling Hypo Tirol to diversify its revenue sources. As a result of the regional growth strategy, around a quarter of the bank's operating profit is generated outside its traditional home market.

In recent years, Hypo Tirol has also built up its capabilities in private banking. The activities are supported by a separate entity called Hypo Tirol Swiss. In addition to a growing number of clients in Zurich, Hypo Tirol is offering private banking products and services in Austria, Italy and Germany. These are targeted at affluent individuals and, in particular, the bank's sizeable number of self-employed clients.

The bank's current score for franchise value is C+.

Factor 2: Risk Positioning

Trend: Neutral

Hypo Tirol faces significant insider and related-party risks, reflecting its sole ownership by the State of Tyrol and its resultant exposure to the state. However, given that Hypo Tirol was established to perform the function as a house bank for the regional government of Tyrol, an exposure to its owner is an inevitable part of its nature as a Landes-Hypothekenbank. The exposure to Tyrol is mitigated by the fact that the borrower is of very high creditworthiness and, more important, remains the guarantor for most of the bank's outstanding debt.

Hypo Tirol has a number of concentration risks in its loan portfolio as well as in its investment portfolio, which predominantly consists of securities issued by large international banks or public sector entities with average ratings higher than A3. The financial sector is the largest single sector to which the bank is exposed, but this is mitigated by the large proportion of covered bonds, meaning that the sector concentration risk relates more to the public or real estate sector.

Hypo Tirol's loan portfolio breaks down as follows: 15% represents exposure to public sector entities and financial institutions in Western Europe, 22% is exposure to private individuals and self-employed and the largest proportion

of lending exposure (60%) is to small and medium-sized corporates. In light of the high proportion of loans to private individuals, the self-employed and SMEs, the portfolio is adequately diversified. The bank endeavours to limit concentrations in terms of sectors with the exception of public sector borrowers, where concentration risks exist but only with high-rated entities. However, given the regional focus of the bank and the fact that large parts of the regional economy in Tyrol and South Tyrol are directly or indirectly related to the tourism sector, the lending activities of Hypo Tirol are clearly exposed to this industry. While direct exposure to tourism is around 13%, indirect exposure is around 35%. Moreover, there is traditionally a substantial exposure to real estate with a particular focus on property developers. The bulk of lending to the real estate sector is covered by mortgages. Some 52.4% of the total loan portfolio is secured. This sector adds to concentration risks. While it is currently not a major issue in Austria, this area needs to be monitored. This concentration is somewhat mitigated by the bank's strategy to diversify in terms of geography and industries. When entering into new lending commitments outside its Tyrolian home market, Hypo Tirol avoids sectors with already existing concentrations. Accordingly, Hypo Tirol's lending exposure to the tourism sector is less significant in the south of Germany, Vienna and the north of Italy.

As a consequence of improvements in risk management systems and more stringent underwriting criteria including stronger internal limits in respect of borrower and sector concentration, depending on the rating class and available collateral, the asset quality of the bank has improved in recent years. The introduction of risk-adjusted pricing tools (RORAC) as a basis for lending decisions has also contributed to an improved asset quality. New business with private clients, as well as with corporate clients, is strictly underwritten in accordance with the guidelines of the risk-adjusted pricing model in order to achieve more adequate risk-adjusted margins. At the same time, most longstanding problem loans have been worked out over recent years. As part of the preparations for Basel II, a new internal rating system was introduced in 2005. According to these internal ratings, 47% of the total loan portfolio is in the investment-grade area.

Hypo Tirol's liquidity management is appropriate and the liquidity position is very good. In order to prepare for the termination of the deficiency guarantee, the bank has built up a sizeable liquidity reserve, predominantly consisting of securities with adequate liquidity and of good credit quality.

The securities portfolio represented close to 40% of total assets as of year-end 2007. Nearly half of it is government bonds of high-rated countries, mainly in the EU. The rest is made up of covered bonds and bank bonds, with generally high ratings. Corporate bonds, asset backed securities and structured products that might contain a higher credit risk represent less than 10% of the securities portfolio. In this connection, nonetheless, Hypo Tirol has only a small exposure to ABS and structured products. This has heightened risk positioning somewhat, although nowhere near the same extent as for some German entities.

The bank's market risk appetite appears to be slightly less conservative than that of some other regional banks. Market risk primarily consists of interest rate risk, rather than foreign exchange or market price risks. In recent periods, Hypo Tirol has also improved its market risk management and controlling systems. Credit and market risks are monitored regularly on a Value-at-Risk basis and subjected to regular stress tests. Overall, interest rate exposure appears to be well monitored and managed.

As at year-end 2006, for the first time, Hypo Tirol reported according to IAS/IFRS accounting standards and published its first semi-annual report for 30 June 2007.

The overall score for Hypo Tirol's risk positioning is D.

Factor 3: Regulatory Environment

Trend: Neutral

All Austrian banks are subject to the same score on the 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.

Factor 4: Operating Environment

Trend: Neutral

In general, this factor is also common to all Austrian banks, i.e. Moody's assigns an A- score for the overall operating environment. However, in the case of Hypo Tirol Bank AG, an adjustment of this factor to B+ better reflects the bank's geographical diversification with operations in Italy, Germany and Switzerland.

Quantitative Factors (50%)

Factor 5: Profitability

Trend: Weakening

Hypo Tirol's domestic market is characterised by tough competition and depressed interest margins. Margins on lending to Austrian SMEs are in general low, but in Tyrol the banks face particularly narrow margins, which are among the lowest in Europe. Hypo Tirol's dominating revenue source is interest both from client transactions and securities and leasing income, of which the largest proportion is still generated in the home market of Tyrol. Hypo Tirol is trying to mitigate these by expanding its lending and leasing activities in neighbouring areas, although the markets in the east of Austria and the south of Germany also face high margin pressure. However, the contribution of activities from outside the domestic market is growing, which should support the bank's overall level of profitability going forward. In addition to the low margin environment in its home market, Hypo Tirol's operating profitability is burdened by the securities portfolio, which grew substantially in recent periods. This portfolio is generating additional interest income but, first and foremost, it is used as a kind of liquidity reserve. This liquidity is predominantly invested in high-rated bonds typically offering only modest margins and consequently weighing on the profitability. To mitigate the low margins in its home market and its liquidity reserve, Hypo Tirol is generating additional interest income from maturity mismatches, which have become a moderate but regular proportion of total interest income and a meaningful driver in this area in recent years, even though the contribution in 2007 halved on 2006.

Hypo Tirol's fee and commission income has been more or less stable in recent years. However, given the bank's focus on increasing revenues from client-related activities, i.e. private banking, which has yet to be fully exploited, in particular in the region of Vienna and Zurich, fee and commission income should increase over time, and thus further diversify the bank's revenue mix and support its profitability.

Another factor should be taken into account when assessing the bank's profitability. The State of Tyrol, as the sole owner of the bank, is less demanding in terms of shareholder value than private shareholders would probably be. Consequently - as for many other public sector banks - profit maximisation is not the primary aim. In addition, Hypo Tirol's profitability is constrained by the fee that the bank pays on an annual basis (until the guarantee finally runs out in 2017) to the State of Tyrol as a compensation for the deficiency guarantee. However, although Hypo Tirol's risk-adjusted profitability is moderate, as reflected by the score of D+, it compares fairly with that of its peers.

The 2007 result underlines the margin pressures affecting the bank. Looking both at the net interest margin or the return on risk-weighted assets, margin pressures show through as both declined again in 2007.

Factor 6: Liquidity

Trend: Neutral

Hypo Tirol has a good liquidity position. Although the bank's funding is dominated by market funds, accounting for 69% of total funding at year-end 2007, a certain proportion of these funds are bonds, distributed via the bank's network to retail clients and thus are more similar to deposits in nature. Moreover, the bank has increased its debt issuance programme in 2006 (to Euro 6.5bn from Euro 2bn) and has been increasing issuance under it. Customer deposits account for 26% at year-end 2007, with their proportion as a funding source having remained very stable over the years. In addition, Hypo Tirol is able to use covered bonds (Pfandbriefe, fundierte Schuldverschreibungen) for refinancing its real estate lending and also part of its public sector lending activities. Although the proportion of covered bonds has decreased in recent years, Hypo Tirol will continue to issue covered bonds either as an issuer on a standalone basis or via the Pfandbriefstelle der Österreichischen Landes-Hypothekenbanken. We expect secured funding to become more significant in the bank's funding mix going forward.

In recent years Hypo Tirol has built up a sizeable securities portfolio to refinance the targeted growth in lending after the termination of the guarantee. Overall, the portfolio accounts for around 38% of the balance sheet. Most of these securities are highly rated, very liquid securities, dominated by government bonds and covered bonds.

The overall score of C+ for the bank's liquidity reflects its funding profile and the extensive liquidity reserve.

Factor 7: Capital Adequacy

Trend: Neutral

Hypo Tirol's growth in total assets in recent years has been supported by adequate growth in capital. Risk-weighted capital ratios have been consistent over the past years, with a Tier 1 ratio of 6.6%. The quality of the Tier 1 capital is high given that it exclusively comprises core capital; no hybrid Tier 1 capital has been issued to date. The bank is targeting to maintain a Tier 1 ratio of 6.6-6.9% in the near-term. The bank's C+ score for capital adequacy reflects the overall stability of the bank's earnings, its low dividend payout ratio and some hidden reserves.

Factor 8: Efficiency

Trend: Neutral

The cost-income ratio continues to drift upwards. As at year-end 2007 the cost-income ratio increased to 70% from

60.7% in 2006. Hypo Tirol's operating expenses appear to be well under control, despite its regional expansion, yet, the income side is under pressure, causing the deterioration in the ratio. Hypo Tirol has forged an agreement with some other Austrian banks, whereby large parts of payment services and back office activities have been outsourced to a back office and support centre, which the bank owns together with the other participating partners. Other projects are being organised and executed together with the cooperative banks, e.g. preparations for Basel II and the internal rating systems have been developed together with ÖVAG. Particularly for medium-sized banks, such as Hypo Tirol, we see an opportunity here in sharing costs with other banks and welcome these efforts to improve efficiency while maintaining a high standard in terms of quality of systems and services. Such collaborations should enable Hypo Tirol to keep costs under control in coming years. Its current score for efficiency is C.

Factor 9: Asset Quality

Trend: Neutral

Provisioning levels appear to be conservative and sufficient. The bank has introduced an early warning system and, as a result, loan loss provisions are made at an early stage. Risk provisions have reached a satisfactory level and are now much less of a burden on profitability than they were a few years ago. However, in 2007 the NPL ratio did increase once more, with some of the increases originating in Austria as well as Italy. Further improvements in the bank's asset quality and the consequent lower risk provisions and higher profitability would undoubtedly help underpin the bank's BFSR.

The current score for asset quality is D+.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns a global local currency (GLC) deposit rating of Aa1 to Hypo Tirol Bank AG. This rating is supported by the bank's Baseline Risk Assessment of A3, the strong creditworthiness of its main support provider, the State of Tyrol (not rated), and the Aaa Local Currency Deposit Ceiling of Austria. The bank's GLC deposit rating thus receives a five-notch uplift from its Baseline Risk Assessment.

Moody's assesses the probability of support from the State of Tyrol as the sole owner of the bank as very high. This is based on Hypo Tirol's large market share and its strong link to the regional and local economy and the fact that the State of Tyrol has the legal and financial capacity to support the bank and is clearly committed to Hypo Tirol. In addition to the high degree of implicit support, exemplified by the full ownership of the state and the close ties between the state and the bank, the state has issued a strong letter of comfort in favour of the bank, stating that Tyrol is intending to maintain full ownership and to support the bank should need for support ever arise.

In addition, we view the probability of systemic support for the bank in the event of a stress situation as high. This is based on Hypo Tirol's small national market share and relative importance to the country's banking system.

Notching Considerations

In line with Moody's notching guidelines published in April 2007, Hypo Tirol's subordinated debt and supplementary capital are rated at Aa2, i.e. one notch below the bank's senior debt rating.

Foreign Currency Deposit Rating

Moody's foreign currency deposit ratings for Hypo Tirol are Aa1/Prime-1.

Foreign Currency Debt Rating

Moody's foreign currency debt ratings for Hypo Tirol are Aa1/Prime-1.

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 Ratings

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. A Aaa 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

Hypo Tirol Bank AG

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]				x			
- 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						A-	Neutral
Economic Stability	x						
Integrity and Corruption		x					
Legal System	x						
Financial Factors (50%)						C-	
Factor: Profitability						D+	Weakening
PPP % Avg RWA			1.51%				
Net Income % Avg RWA				0.83%			
Factor: Liquidity						C+	Neutral
(Mkt funds-Liquid Assets) % Total Assets				19.64%			
Liquidity Management		x					
Factor: Capital Adequacy						C+	Neutral
Tier 1 ratio (%)			6.61%				
Tangible Common Equity % RWA		6.60%					
Factor: Efficiency						C	Neutral
Cost/income ratio			62.77%				
Factor: Asset Quality						D+	Neutral
Problem Loans % Gross Loans	--	--	--	--	--		
Problem Loans % (Equity + LLR)	--	--	--	--	--		
Lowest Combined Score (15%)						D+	
Economic Insolvency Override						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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