MOODY'S
INVESTORS SERVICE

Credit Opinion: Pohjola Bank plc

Global Credit Research - 18 Dec 2014

Helsinki, Finland

Ratings

Category	Moody's Rating
Outlook	Negative(m)
Bank Deposits	Aa3/P-1
Bank Financial Strength	C-
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	a3
Issuer Rating	Aa3
Senior Unsecured	Aa3
Subordinate	Baa1
Jr Subordinate MTN -Dom Curr	(P)Baa1
Pref. Stock Non-cumulative	Baa3 (hyb)
Commercial Paper -Dom Curr	P-1
Other Short Term -Dom Curr	(P)P-1
Parent: OP-Pohjola Group	
Outlook	Stable
Bank Financial Strength	C
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3

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Key Indicators

POHJOLA BANK PLC (Consolidated Financials)[1]

	[2]**9-14**	[3]**12-13**	[3]**12-12**	[3]**12-11**	[3]**12-10**	**Avg.**
Total Assets (EUR million)	**47,738.0**	**43,720.0**	**44,623.0**	**41,069.0**	**36,149.0**	[4]**7.2**
Total Assets (USD million)	**60,304.9**	**60,243.6**	**58,830.6**	**53,313.5**	**48,495.5**	[4]**5.6**
Tangible Common Equity (EUR million)	**3,027.0**	**2,070.0**	**1,780.0**	**1,677.1**	**1,606.5**	[4]**17.2**
Tangible Common Equity (USD million)	**3,823.9**	**2,852.3**	**2,346.7**	**2,177.2**	**2,155.2**	[4]**15.4**
Net Interest Margin (%)	**0.6**	**0.5**	**0.6**	**0.8**	**0.8**	[5]**0.7**
PPI / Average RWA (%)	**1.6**	**3.3**	**2.9**	**2.3**	**3.2**	[6]**1.6**
Net Income / Average RWA (%)	**2.4**	**2.7**	**2.0**	**1.6**	**1.8**	[6]**2.4**
(Market Funds - Liquid Assets) / Total Assets (%)	**2.8**	**5.0**	**2.5**	**9.1**	**20.7**	[5]**8.0**
Core Deposits / Average Gross Loans (%)	**65.4**	**70.3**	**79.8**	**63.5**	**35.1**	[5]**62.8**
Tier 1 Ratio (%)	**13.1**	**12.7**	**12.4**	**10.6**	**12.5**	[6]**13.1**
Tangible Common Equity / RWA (%)	**14.3**	**12.9**	**11.6**	**11.6**	**11.9**	[6]**14.3**
Cost / Income Ratio (%)	**37.9**	**52.8**	**57.1**	**62.4**	**55.2**	[5]**53.1**
Problem Loans / Gross Loans (%)	**2.2**	**2.3**	**2.4**	**2.5**	**2.9**	[5]**2.5**
Problem Loans / (Equity + Loan Loss Reserves) (%)	**9.4**	**9.8**	**10.8**	**12.1**	**13.6**	[5]**11.1**

Source: Moody's

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

Opinion

SUMMARY RATING RATIONALE

Pohjola Bank plc is rated Aa3/P-1/C-.

The C- bank financial strength rating (BFSR) of Pohjola Bank plc, which translates into a baa2 baseline credit assessment (BCA), reflects the bank's strong national franchise, its sound risk management as well as the good asset quality in its loan book. The BFSR is constrained by the bank's credit concentration risks and high reliance on market funding.

Pohjola Bank is the main subsidiary of the Finnish co-operative banking group, OP-Pohjola Group, to which we assign a BFSR of C, translating into an a3 BCA. Pohjola Bank is the corporate banking arm of OP-Pohjola Group, and accounts for around 20% of the group's total loan portfolio. The bank fully owns Pohjola Insurance Ltd, to which we assign an A3 insurance financial strength rating. Moody's publishes separate credit opinions on OP-Pohjola Group and Pohjola Insurance Ltd.

Pohjola Bank's long term global local currency (GLC) deposit rating is Aa3, based on (1) its baa2 stand-alone credit strength rating; (2) a joint and several guarantee from OP-Pohjola Group; and (3) our assessment that the probability of systemic support for Pohjola Bank in the event of need is very high. Consequently, there is a five-notch uplift for Pohjola Bank's GLC deposit rating from its baa2 stand-alone rating.

We affirmed all Pohjola Bank's ratings in February 2014 following the announcement of a tender offer by OP-Pohjola Group for the remaining shares in Pohjola Bank that it does not already directly own. We believe that the impact of the transaction on the bank will be minimal with the benefits of a more simplified group structure counteracting the negative impact of the removal of the bank's access to possible capital funding through the open market. The tender offer was successful and from end-September 2014, Pohjola Bank is wholly-owned by OP-Pohjola Group.

As part of the reorganisation process, starting from 1 January 2015, OP-Pohjola Group will be renamed as OP Financial Group. In the future, the banking, non-life insurance and wealth management businesses will all come under the OP brand. The new management system is founded on three business segments: Banking, Non-life Insurance and Wealth Management. As already announced, certain business functions of Pohjola Bank plc and Helsinki OP Bank Plc will be combined and the Group is reviewing different options with regards to plans that these two entities will come together to form a new bank for the Helsinki region, OP Bank Plc. Pohjola Insurance will become OP Insurance in the future.

Rating Drivers

- Strong domestic franchise in corporate banking and fully-owned by OP-Pohjola Group; benefits from joint and several liability guarantee among member credit institutions in OP-Pohjola Group Central Cooperative

- A structural reorganisation is currently taking place at Pohjola Bank and in the wider OP-Pohjola Group which will lead to a number of changes in the credit profile of Pohjola Bank; we are assessing the longer term impact of these changes

- High reliance on short-term wholesale funding although central credit institution role results in large liquidity buffer

- Efficiency programme helping profitability although earnings remain volatile

- High borrower concentrations although industry concentrations are more moderate and capital ratios remain strong

Rating Outlook

The negative outlook on Pohjola Bank's supported ratings takes into account the recent adoption of the Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism (SRM) regulation in the EU. In particular, this reflects that, with the legislation underlying the new resolution framework now in place and the explicit inclusion of burden-sharing with unsecured creditors as a means of reducing the public cost of bank resolutions, the balance of risk for banks' senior unsecured creditors has shifted to the downside. Although our support assumptions are unchanged for now, the probability has risen that they will be revised downwards to reflect the new framework. For further details, please refer to our Special Comment entitled "Reassessing Systemic Support for EU Banks," published on 29 May 2014.

What Could Change the Rating - Up

Upward pressure on the ratings could develop following: (1) an improvement in the bank's profitability levels without increasing its risk profile; (2) a further sustained extension in its funding maturity profile combined with an increasing share of deposit funding; and/or (3) a sustained reduction in its concentration risk, particularly related to real estate.

What Could Change the Rating - Down

Pohjola Bank's standalone ratings could be lowered following: (1) i weakening financing conditions and/or operating environment; (2) a material weakening of the bank's franchise, and/or; (3) weakening economic fundamentals, particularly with respect to the bank's profitability and capital position.

The bank's long-term supported ratings could be negatively impacted by (1) a weakening of the currently very strong group support mechanisms; (2) a weakening in the standalone profile of OP-Pohjola Group, and/or; (3) our perception of a reduction in systemic support for Finnish banks.

DETAILED RATING CONSIDERATIONS

Detailed considerations for Pohjola Bank currently assigned ratings are as follows:

Bank Financial Strength Rating

- STRONG DOMESTIC FRANCHISE IN CORPORATE BANKINGAND FULLY-OWNED BY OP-POHJOLA GROUP; BENEFITS FROM JOINT AND SEVERAL LIABILITY GUARANTEE AMONG MEMBER CREDIT INSTITUTIONS IN OP-POHJOLA GROUP CENTRAL CO-OPERATIVE

Pohjola Bank's franchise value is underpinned by its strong domestic market position in corporate banking where it reports a market share of around 20% in lending. It is also a leading player in non-life insurance, reporting a market share of around 30%.

The bank also benefits from being part of OP-Pohjola Group, a leading banking group in Finland with a wide customer base. Since end-September 2014, OP-Pohjola Group Central Cooperative is the sole shareholder in the bank after a successful tender offer which was launched in February 2014 to purchase the 63% of shares which the Central Cooperative did not own. The co-operative member banks that belong to the OP-Pohjola Group are independent, owned by their members and together enjoy a strong nationwide market share in retail banking. The wider group benefits from this structure in terms of cross-selling of products between non-life insurance and the member banks which is supported by a loyalty benefit system for private customers. As well as simplifying the shareholder structure, we believe the full-ownership by OP-Pohjola Group enables Pohjola Bank to maintain a longer-term perspective on their investments and profitability.

Pohjola Bank is responsible for OP-Pohjola Group's liquidity management and international operations. Under the Cooperative Bank Act, OP-Pohjola Group's Central Cooperative, Pohjola Bank, Helsinki OP Bank, OP- Card Company Plc, OP Mortgage Bank, OP-Process Services Ltd and the member cooperative banks together are jointly responsible for liabilities of members being in liquidation that cannot be met by the relevant member's funds.

- A STRUCTURAL REORGANISATION IS CURRENTLY TAKING PLACE AT POHJOLA BANK AND IN THE WIDER OP-POHJOLA GROUP WHICH WILL LEAD TO A NUMBER OF CHANGE IN THE CREDIT PROFILE OF POHJOLA BANK; WE ARE ASSESSING THE LONGER TERM IMPACT OF THESE CHANGES

As part of a structural reorganisation following the acquisition by OP-Pohjola Group Central Cooperative of minority shareholders' interest in Pohjola Bank, the Non-Life Insurance and Asset Management segments of Pohjola Bank Plc will be transferred to, and directly owned by, OP-Pohjola Group Central Cooperative in the future. These two segments accounted for 45% of the first nine months 2014 pretax profit and 11% of Pohjola Bank plc's assets at end-September 2014. In addition, certain business functions of Pohjola Bank plc and retail-focused Helsinki OP Bank Plc will be combined and the Group is reviewing different options with regards to plans that these two entities will come together to form a new bank for the Helsinki region, OP Bank Plc, in the future. The parent to these entities, OP-Pohjola Group, will change its name to OP Financial Group as of 1 January 2015.

We are analysing the changes at Pohjola Bank plc in order to assess how the transfer of the non-life insurance and asset management segments from Pohjola Bank plc to the OP-Pohjola Group Central Cooperative and combining of certain business functions of Pohjola Bank plc and Helsinki OP Bank Plc will impact its longer term credit profile.

- HIGH RELIANCE ON SHORT-TERM WHOLESALE FUNDING ALTHOUGH CENTRAL CREDIT INSTITUTION ROLE RESULTS IN LARGE LIQUIDITY BUFFER

As OP-Pohjola Group's central financial institution, Pohjola Bank is the central banking and treasury entity for the OP-Pohjola Group. As such, the bank is responsible for securing sufficient liquidity in the Group and manages a liquidity buffer amounting to 13% of the OP-Pohjola Group's total assets and 29% of Pohjola Bank's assets (including discontinuing operations) at end-September 2014. The liquidity buffer comprises largely cash, government bonds, senior bonds of financial institutions as well as covered bonds; most of the assets included in the liquidity buffer are eligible for central bank refinancing, helping to support the bank's, and OP-Pohjola Group's, liquidity position. However, OP-Pohjola Group announced in November 2014 that the Group is currently conducting a strategic review with regards to different options relating to the restructuring of OP-Pohjola Group Central Cooperative and the implementation of legal structures of the organisation and as part of this is considering to separate central banking operations, being presently part of Pohjola Bank plc, as a detached subsidiary fully owned by OP-Pohjola Group Central Cooperative.

Around 67% of the bank's funding is market-based at end-Septenber 2014, and this market-based funding consists of 18.5% interbank funding, 23% commercial paper and certificates of deposit, 40% long-term bonds and 3.5% subordinated liabilities. We note that a very large share of interbank funding consists of deposits from the cooperative banks. Overall, we view Pohjola Bank as having a high reliance on short-term wholesale funding. Although we note that the bank taken steps to lengthen its wholesale funding duration during 2013 and 2014 through the issuance of more long-term bonds while reducing its balance of short-term funding (including commercial paper and certificates of deposit) More negatively, Pohjola Bank has limited access to deposits which are generally held at the cooperative bank level within the group. At end-September 2014, deposits represented around 25% of total funding.

We acknowledge that following the acquisition of minority shareholders' stake by OP-Pohjola Group in September 2014, Pohjola Bank no longer has access to equity capital markets for funding. Nevertheless, we view positively that the bank's single owner will enable it to maintain a longer-term perspective on investments and profitability.

- EFFICIENCY PROGRAMME HELPING PROFITABILITY ALTHOUGH EARNINGS REMAIN VOLATILE

Pohjola Bank's profitability has been historically strong relative to Nordic peers reflecting the relatively high risk/reward of corporate banking as compared to retail banking for example. As such, Pohjola Bank is a key driver of the group's overall profitability.

The bank's 2013 results showed a strong performance, recording a net income of EUR424 million which was up 50% on 2012. This improvement was largely driven by the performance of the insurance and investment operations of the non-life sector as well as one-off items such as the impact of the reduction in the corporate tax rate to 20.0% from 24.5%. However, Pohjola Bank's earnings have showed volatility on a quarterly basis for several years. The continued profitability of Pohjola Bank is particularly important currently given the significance of its earnings to the recapitalisation strategy of OP-Pohjola Group following the tender offer transaction.

In September 2012, OP-Pohjola Group announced a reorganisation programme as part of the continued integration of the banking and non-life businesses and with the aim of achieving annual cost savings of EUR150 million by the end of 2015 (one third of which is expected to be achieved through job cuts). As part of this strategy, Pohjola Bank is aiming to reduce costs by EUR50 million, split approximately 60% non-life insurance, 30% banking and 10% asset management. If successful, such cost measures will have a positive impact on the bank's efficiency. During 2013, the bank achieved 55% of the EUR50 million target and plans to achieve 24% in 2014 and the rest by the end of 2015.

2013 loan impairments remained low at EUR37 million (2012: EUR57 million), as the operating environment remained subdued but stable. We do not anticipate any significant improvement in operating conditions in the near future and expect the intense competition which is a feature of the Finnish banking market to continue although we do note that Pohjola Bank managed to improve its margins slightly during 2013.

In the first nine months of 2014, Pohjola Bank reported an increase in pre-provision profit from continuing operations (ie excluding the results from the asset management and non-life insurance segments) of EUR252 million relative to EUR214 million for the same period in 2013. The improvements were broad based and reflected improved net interest income from segments Corporate and Baltic Banking (+22 EUR million) and Markets (+26 EUR millions), and improved net fees and commissions (+13 EUR million) and improved trading profit (+14 EUR million). All of these improvements were more than enough to overcome an EUR18 million increase in expenses, and a part of this increase was one-off, relating to the tender offer for minority shares. Loan loss provisions reduced to EUR18 million from EUR31 million. On a net profit basis including discontinued operations, profit for the period improved by EUR80 million reflecting partly a EUR37 million increase in profit from discontinued operations to EUR188 million.

- HIGH BORROWER CONCENTRATIONS ALTHOUGH INDUSTRY CONCENTRATIONS ARE MORE MODERATE AND CAPITAL RATIOS REMAIN STRONG

We view Pohjola Bank's asset quality as constrained by its high borrower concentration risk although exposure by industry sector is less concentrated. The largest exposures relate to: (1) renting and operating of residential real estate, (2) wholesale and retail trade and (3) manufacture of machinery and equipment (incl. services). We view the bank's exposure to the real estate and construction sectors as the highest risk, which together accounted for EUR 6.4 billion or about 30% of the corporate exposure at end-2013. As a mitigating factor, real estate sector-related exposure (EUR 5.0 billion at end-2013) includes a significant portion of housing associations related exposures, which have historically performed better than other real estate related exposures. Moreover, at end-2013, 49% of the EUR 2.0 billion exposure to renting and operating of residential real estate benefited from guarantees from the government, cities or municipalities and 17% of the EUR 1.8 billion of exposure to renting and operating of other real estate also benefitted from guarantees.

We also note that the bank's leveraged finance portfolio and structured portfolio may carry higher risk but that, more positively, Pohjola Bank's exposure to Baltic countries remains negligible, accounting for less than 2% of the bank's loan and guarantee portfolio.

In terms of capital adequacy, Pohjola Bank's 2013 ratios increased slightly on the year, resulting in a tier 1 ratio of 12.7% (Basel II with transitional floors) compared with 12.4% at end-2012. We expect the bank's capital ratios to increase in 2014 regardless of the underlying economic position. This is because under the CRD IV/CRR banking regulations which are being phased in this year, Pohjola Bank will benefit from the Finnish FSA's decision to temporarily allow the bank to treat insurance holdings within the conglomerate as risk weighted assets. Pohjola Bank estimate that the changes in CET 1 calculation would have a positive impact of around 60bps on its 2013 tier 1 ratio as at December 2013.

Pohjola Bank's Tier 1 capital at end-2013 included EUR274 million of hybrid capital (14% of total Tier 1 capital) which are assessed based on their relative debt and equity characteristics and assigned to a particular hybrid basket giving Pohjola additional equity credit ranging from 0%-50%.

At end-September 2014, Pohjola Bank reported a CET1 ratio of 12.0% and a Tier 1 ratio of 13.1%, compared to an estimated 11.3% and 12.7% at end-2013 under CRDIV. In March 2014, Pohjola Bank communicated that it has a CET1 ratio target of 15% by end-2016 and on top of this it is to meet a return on equity target of 13% by 2015. To help reach this target, Pohjola Bank will only need to pay out 30% of its profits to its owner until it reaches its CET1 target. This is relative to the at least 50% dividend policy which was the previous policy.

Unless otherwise stated, all figures shown are from the OP-Pohjola Group and Pohjola Bank's annual and interim financial reports.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns a GLC deposit rating of Aa3 to Pohjola Bank plc. The GLC rating is supported by: (i) the bank's baa2 stand-alone credit strength rating; (ii) the joint liability from the members of OP-Pohjola Group, which has stand-alone rating of A3; and (iii) the Aaa local currency deposit ceiling of Finland. Finland and OP-Pohjola Group are the underlying support providers.

In view of Pohjola Bank's important market position and importance to the country's payments system, Moody's assigns a very high probability of systemic support for the bank in the event of a stress situation. This, along with the unquestioned support from OP-Pohjola Group, results in a five-notch uplift for the GLC deposit rating from the baa2 BCA.

Notching Considerations

The ratings for the bank's hybrid obligations are notched off the stand-alone credit strength rating according to Moody's "Global Banks" Methodology released in July 2014.

On 30 May 2012, Moody's downgraded the bank's subordinated, junior subordinated and non-cumulative Tier 1 securities ratings to Baa1, Baa1(hyb) and Baa3(hyb) respectively. Pohjola Bank's junior subordinated debt has an optional interest deferral on loss of minimum capitalisation but is not junior vs. subordinated debt in liquidation and is therefore rated at the same level.

The downgrade of subordinated and junior subordinated debt securities follows the removal of systemic support for these securities and the one notch reduction in standalone credit ratings of Pohjola Bank. The removal of support for this debt class reflects Moody's view that systemic support for subordinated debt may no longer be sufficiently predictable or reliable to be a sound basis for incorporating uplift into Moody's ratings.

In addition, Pohjola Bank's non-cumulative Tier 1 securities' ratings were downgraded to Baa3(hyb) from Baa1(hyb), following the reduction in the supported standalone rating to a3 from a1 which was lowered as a result of downgrade of its parent, OP-Pohjola Group.

Foreign Currency Deposit Rating

The Aa3/P-1 foreign currency deposit ratings of Pohjola Bank are unconstrained given that Finland, in common with other EU members, has a country ceiling of Aaa.

Foreign Currency Debt Rating

The Aa3/P-1 foreign currency debt ratings of Pohjola Bank are unconstrained given that Finland, in common with other EU members, 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 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. 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

POHJOLA BANK PLC

Rating Factors [1]	A	B	C	D	E	Total Score	Trend
Qualitative Factors (50%)						C-	
Factor: Franchise Value						D-	Neutral
Market share and sustainability			x				
Geographical diversification					x		
Earnings stability					x		
Earnings Diversification [2]							
Factor: Risk Positioning						D+	Neutral
Corporate Governance [2]	--	--	--	--	--		
- 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						B+	Neutral
PPI % Average RWA (Basel II)		2.81%					
Net Income % Average RWA (Basel II)	2.12%						
Factor: Liquidity						D+	Neutral
(Market Funds - Liquid Assets) % Total Assets			5.52%				
Liquidity Management				x			
Factor: Capital Adequacy						A	Neutral
Tier 1 Ratio (%) (Basel II)	11.90%						
Tangible Common Equity % RWA (Basel II)	12.05%						
Factor: Efficiency						C	Improving
Cost / Income Ratio			57.44%				
Factor: Asset Quality						C+	Neutral
Problem Loans % Gross Loans			2.38%				
Problem Loans % (Equity + LLR)		10.88%					
Lowest Combined Financial Factor Score (15%)						D+	
Economic Insolvency Override						Neutral	
Aggregate BFSR Score						C	
Aggregate BCA Score						a3	
Assigned BFSR						C-	
Assigned BCA						baa2	

[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.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on http://www.moodys.com for the most updated credit rating action information and rating history.