

Ratings

Category	Moody's Rating
Outlook	Rating(s) Under Review
Bank Deposits	*A1/*P-1
Bank Financial Strength	*C
Senior Unsecured -Dom Curr	*A1
Other Short Term -Dom Curr	*(P)P-1

* Placed under review for possible downgrade on November 25, 2011

Contacts

Analyst	Phone
Oscar Heemskerck/London	44.20.7772.5454
Richard (Blake) B. Foster/London	
Simon Harris/London	
Anton Mahkats/London	

Key Indicators

Aktia Bank p.l.c. (Consolidated Financials)[1]

	[2]9-11	[2]12-10	[2]12-09	[2]12-08	Avg.
Total Assets (EUR million)	9,655.7	9,924.3	9,539.5	9,519.9	[3]0.5
Total Assets (USD million)	12,955.1	13,313.9	13,686.7	13,233.1	[3]-0.7
Tangible Common Equity (EUR million)	321.0	318.0	309.3	300.0	[3]2.3
Tangible Common Equity (USD million)	430.7	426.7	443.7	417.0	[3]1.1
Net Interest Margin (%)	1.4	1.5	1.7	0.4	[4]1.2
PPI / Avg RWA (%)	1.4	2.3	2.5	-0.7	[5]1.4
Net Income / Avg RWA (%)	0.8	1.5	1.1	-0.5	[5]0.7
(Market Funds - Liquid Assets) / Total Assets (%)	30.7	26.8	26.6	11.6	[4]23.9
Core Deposits / Average Gross Loans (%)	52.4	52.5	52.1	56.8	[4]53.5
Tier 1 Ratio (%)	10.8	10.1	9.5	9.3	[5]9.9
Tangible Common Equity / RWA (%)	8.8	8.7	8.9	9.1	[5]8.9
Cost / Income Ratio (%)	71.5	59.3	56.8	204.9	[4]98.1
Problem Loans / Gross Loans (%)	1.5	1.2	1.3	1.0	[4]1.2
Problem Loans / (Equity + Loan Loss Reserves) (%)	23.6	20.2	20.8	17.4	[4]20.5

Source: Moody's

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

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a bank financial strength rating (BFSR) of C (on review for downgrade) to Aktia Bank plc, which translates into a baseline credit assessment (BCA) of A3. The rating is supported by Aktia Bank's established - albeit small - franchise, prudent risk and liquidity management and good financial fundamentals, particularly asset quality and capital adequacy. Key elements constraining the BFSR include the bank's limited position in the competitive banking market, which is likely to lead to continued pressure on its profitability and a high borrower risk concentration.

Aktia Bank is the fourth-largest bank in Finland by total assets, with a focus on the retail market. In addition, it acts as a strategic partner for independent savings banks and local co-operative banks.

Aktia Bank's global local currency (GLC) deposit ratings of A1/Prime-1 and (P)A1 unsecured debt rating are supported not only by the bank's A3 BCA, but also by the Aaa local currency deposit ceiling of Finland, which we consider the underlying support provider. As a result of Aktia Bank's importance to the Finnish economy, mainly via its role as the central financial institution for independent savings banks and local co-operative banks, Moody's assesses a high probability of systemic support for the bank in the event of a stress situation. Consequently, Aktia Bank's GLC deposit rating benefits from a two-notch uplift from the BCA.

Credit Strengths

- Stable regional franchise and good customer penetration of the bilingual coastal areas of Finland
- Key role as the central financial institution and product provider for independent savings banks and local co-operative banks
- Satisfactory capitalisation
- Good asset quality

Credit Challenges

- High borrower risk concentration
- A small player with a modest national market share
- Weakening net interest income due to the expiration of some of the beneficial interest rate hedges
- Pressure on margins and income generation in a competitive operating environment
- Increasing reliance on market funding

Rating Outlook

Moody's placed the standalone bank financial strength rating (BFSR) of C, the A1 long-term debt and deposit ratings and the Prime-1 short-term debt and deposit ratings of Aktia Bank on 25 November 2011.

The review was primarily prompted by Moody's concerns related to weakening net interest income due to the expiration of some of the bank's long-term interest-rate hedges and the increasing reliance on market funding.

What Could Change the Rating - Up

Given the review for downgrade we view upward movement of the ratings as unlikely in the short to medium term.

What Could Change the Rating - Down

Refer to the Rating Outlook section above.

Recent Results and Company Events

Aktia Bank reported pre-tax profit of EUR 31.6 million in Q3 2011, compared to EUR 57.8 million for the same period in 2010. The decrease was mainly due to the decline in net interest income and an increase in operating expenses. Net interest income, which accounted for around 75% of total operating income, decreased to EUR 99.8 million in Q3 2011 from EUR 113.4 in Q3 2010 at the back of low interest rates and with long term interest rate hedges expiring; the positive effect from hedging has decreased to an average of EUR 9.3 million in 2011 from a quarterly average of EUR 14.5 million in 2010 and we expect a further decline. The bank's net commission income grew by around 3% year on year.

Aktia Bank's capitalisation improved slightly since end December 2010; the bank's Tier 1 and total capital adequacy ratios stood at 10.8% and 16.6% respectively at end March, up from 10.1% and 15.9%.

The bank has continued to report good asset quality through the financial crisis. Aktia Bank's problem loans (i.e. individually impaired and over 90 days past due) increased slightly in Q3 2011 and accounted for around 1.5% of gross loans at end September 2011, up from 1.2% at YE2010.

DETAILED RATING CONSIDERATIONS

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

Bank Financial Strength Rating

Moody's assigns a BFSR of C to Aktia Bank which is at the same level as the C outcome of Moody's bank financial strength scorecard. The main elements underpinning the BFSR are the bank's good asset quality and satisfactory capitalisation. Key elements constraining the BFSR include its limited market position in the competitive banking market, which is likely to lead to sustained pressure on its profitability and high borrower risk concentration.

Qualitative Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

Aktia Bank's franchise value is underpinned by a good product range, tailored services and its focus on proximity banking.

Aktia Group's organisational structure was changed in late 2008 and early 2009. The banking business of Aktia Savings Bank was transferred to

Aktia Bank, which was simultaneously converted into a public limited liability company. As a result, Aktia plc, which owns 100% of the shares in Aktia Bank, ceased to conduct banking operations and has continued as the holding company of the Aktia Group. Aktia Bank accounted for around 90% of Aktia Group's total assets at end 2010 and encompasses branch office operations, mortgage lending, corporate finance and fund management activities. In February 2009, Aktia Bank sold its life insurance operations to its parent company. In addition to the operations carried out by Aktia Bank, the Aktia Group now covers non-life insurance, life insurance and real estate agency activities.

Aktia Bank has more than 70 own branches, located mainly in the coastal areas of Finland, around Helsinki and the country's largest inland towns. It is a relatively small player and the fourth-largest bank in the market by total assets, which is dominated by three larger banks. The bank's market share in retail mortgages is around 5% but is still not significant in corporate loans at around 1%. The bank also had a market share of around 8% in mutual funds at end 2010.

The bank remains focused on retail banking, particularly mortgage lending and savings products, as well as lending to SMEs. About 80% of the loan portfolio is to retail customers, 12% to corporates and 4% to housing associations.

Given the focus on retail lending Moody's estimates that approx. 70% of Aktia Bank's earnings stem from more stable sources such as the retail banking and asset management operations. This reflects Aktia's role as product provider for savings banks and cooperative banks, which also use Aktia Mortgage Bank to fund their mortgage loans.

In light of these factors, the overall score for Aktia Bank's franchise value is C.

Factor 2: Risk Positioning

Trend: Neutral

The bank's risk profile is sound and its risk management practices are in line with its limited risk appetite. The group has an independent risk function which reports to the managing director. In addition, no major control issues have arisen in recent years.

Aktia Group's largest shareholders include the Stiftelsen Tre Smeder (which holds a 18.5% of votes), Life Annuity Institution Hereditas with 10.3% of votes and Pension Insurance Company Veritas with 10.4% of votes. In addition, 3% of votes are held by savings banks and POP banks with which Aktia cooperates and the remainder is substantially owned by saving bank foundations. Since end-September 2009, the company has been listed on the Helsinki Stock Exchange. We do not see any corporate governance issues for Aktia Bank and the practices it follows are in line with Finnish regulations. The bank's related-party exposure is insignificant.

The bank's market risk appetite is limited. Market risk mainly consists of interest risk that the bank actively hedges against potential changes. Conservative limits on interest rate and foreign exchange risks are calculated on the basis of budgeted net interest income and the capital base, respectively. At year - end 2010, a 100-basis-point increase in interest rates would have reduced the net interest income of the banking business for the next 12 months by 4.9% (target maximum -6.1).

The bank's equity and currency risks are limited. Moreover, we note that proprietary trading has not resulted in significant volatility in the past.

The overall score for Aktia Bank's risk positioning is C- and is constrained by its high credit risk concentration.

Factor 3: Regulatory Environment

For a discussion of the regulatory environment, please see Moody's latest Banking System Outlook on Finland.

Factor 4: Operating Environment

Trend: Neutral

Our assessment of a bank's operating environment is based on a measurement of economic stability, the power and efficiency of the legal system and the level of integrity in the country's business culture. The score for the Finnish operating environment is B+.

Refer to Moody's latest Banking System Outlook on Finland for a discussion of the bank's operating environment.

Factor 5: Profitability

Trend: Weakening

Aktia Bank reports moderate profitability in line with its focus on retail banking. 2010 pre-tax profit amounted to EUR 70.9 million, up from EUR 54.2 million in 2009 mainly reflecting an increase in net fee and commission income which increased by EUR 10 million to EUR 51 million and accounted for 25% of total operating income. Net interest income accounted for 74% of total operating income at YE 2010 and remained practically unchanged at EUR 149 million. The bank's net interest margin (in relation to earning assets) was 1.5% in 2010, slightly down from 1.7% in 2009 reflecting the current low interest rate environment in Finland, strong competition and the bank's long term interest rate hedges running off.

Loan loss impairments accounted for 16% of pre-provision income in 2010, substantially lower than the corresponding 37% in 2009 reflecting the stabilization of problem loan level in the bank's loan portfolio and hence reduced requirement for further increases in provision levels.

The profitability ratios on the scorecard, which are expressed in relation to average risk-weighted assets, have been computed using Basel II risk-weighted assets based on Aktia's two year average for 2009-2010. The score for Aktia's profitability is C.

The weakening trend reflects our view that the current low interest rate environment and strong competition, and the continuing run off of Aktia's long term interest rate hedges, will put more pressure on core earnings. We note the positive impact of the lower provisions on the income but stress that this is a temporary effect and will not increase earnings going forward.

Factor 6: Liquidity

Trend: Weakening

Aktia Bank's funding profile has shifted from deposits - which had contributed up to 80% of funding in the 1990s and 60% in the mid-2000s - to market funding. Still, deposits remain the most important source of funding accounting for around 40% in at end December 2010 (up from 35% in 2009 despite reducing slightly in absolute numbers).

Interbank funds accounted for around 20% of total funding at end December 2010 down from 30% in 2009. We note that interbank deposits are typically a more volatile funding source, but co-operation with savings and local co-operative banks is deemed to be a mitigating factor.

The remaining 40% of total funding comprises market funding. Due to strong historic loan growth, the proportion of market funding has increased over the years from around 20% in 2005 to the current 40%. Covered bonds issued by Aktia Real Estate Mortgage Bank represent a growing proportion of market funds, almost 80% as at end 2010 (EUR 3 billion), and help to diversify the bank's funding sources.

In regards to market funding, we note that the covered bonds (rated Aa1 by Moody's) issued via the subsidiary Aktia Real Estate Mortgage Bank are included in Aktia Bank's market funding as a whole, although a part of the loans were granted and are managed by independent savings banks and local co-operative banks. Aktia Bank has 70% of votes and 49.9% of shares in Aktia Real Estate Mortgage Bank with the rest owned by 30 savings banks (37.9% of equity and 20% of votes) and 39 local cooperative banks (12.2% of equity and 10% of votes). This reflects the origination of mortgage loans that are distributed by the branch network of the co-operating banks and funded through the Mortgage Bank.

The bank's liquid assets account for 30% of total assets (end December 2010) and historically have consisted mainly of highly rated covered bonds and senior bonds of financial institutions.

In our scorecard we use the difference of the market funding and liquid assets as a percentage of the total assets to assess the degree of reliance on non-core funding (i.e. other than customer deposits). Because of the increasing reliance on covered bonds funding, Aktia's ratio has increased from around 13% at YE2008 to 30% at YE2010.

The bank scores C for liquidity management and E for its liquidity ratio, resulting in an overall liquidity score of D+.

Factor 7: Capital Adequacy

Trend: Improving

At end December 2010, Aktia Bank's capital ratio stood at 15.9% and Tier 1 at 10.1% up from 15.9% and 9.5% respectively at YE2009. The bank is applying the standardised Basel II approach when assessing the capital requirements for credit risk. The Bank targets a capital ratio, both on consolidated and unconsolidated basis, of 12% and a Tier 1 capital of 9%.

A possible deterioration in asset quality is reflected through scenario analysis to capture the potential impact of asset quality deterioration on earnings and capitalisation. The assumptions behind our scenario analysis are described in more detail in a Special Comment entitled "Moody's Approach to Estimating Nordic Banks' Credit Losses" published on 16 July 2009. The results of Moody's scenario analysis showed that Aktia's key credit drivers, in particular its capital adequacy, showed a good resilience to its base scenario, which is the key ratings determinant. This is primarily a reflection of the bank's retail oriented loans (mainly mortgages), which account for 80% of the total loan portfolio.

The score for capital adequacy is B+ reflecting an average of 2008-2010 figures.

Factor 8: Efficiency

Trend: Weakening

In 2008 Aktia's organisational setup changed with the insurance business being transferred to the holding level, reducing cost volatility at the bank level. Cost efficiency at end December 2010 was 59%, a slightly deterioration from 57% at YE2009.

The score for efficiency based on full year 2010-2009 figures is C. The weakening outlook reflects the continuing decline in operating income due to falling net interest income which will put pressure on this factor.

Factor 9: Asset Quality

Trend: Neutral

Despite some single-name concentrations, Aktia Bank enjoys relatively good asset quality, reflecting its focus on the retail sector (around 72% of its loan portfolio is related to residential mortgages with another 12% to other retail). In addition, 4% of the loans are to housing associations, which we generally regard as relatively low-risk. Geographically, over half of all mortgage loans are in Southern Finland.

Aktia Bank's total loan book was some EUR 6.6 billion at end December 2010, with EUR 3 billion of this on the balance sheet of its mortgage company, which is consolidated into Aktia Bank's accounts. Lending growth in 2010 for Aktia Bank (including loans in the mortgage company) was 10% (13% for 2009). Excluding the loans from savings and cooperative banks the loan growth was 5%.

Aktia Bank's total problem loans (i.e. individually impaired and over 90 days past due) accounted for 1.2% of gross loans at end December 2010, down from 1.3% at YE2009. 70% of the problem loans are covered by loan loss reserves; this ratio has improved over the past two years and is higher than the bank's Nordic peers.

The borrower concentration risk - as measured by the 20 largest exposures in relation to Tier 1 capital or pre-provision profit - is high, and is placed in the "E" category in our scorecard. Although this is a constrain on the overall risk positioning score, it is in line with many other Nordic banks of similar size. When excluding exposures rated above A3, the adjusted borrower concentration is more limited at around 50% of Tier 1 capital. Industry concentration risk is relatively well contained due to the bank's dominating focus on the retail sector, which accounted for around 80% of total loans at end December 2010. The largest industry sector is commercial real estate, which represents around 4% of total lending and around 70% of Tier 1 capital.

The score for asset quality is B reflecting the three year average of 2008-2010 and remains a positive rating factor.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns a long-term GLC deposit rating of A1 (on review for downgrade) to Aktia Bank.

This rating is supported by (i) the bank's A3 BCA and (ii) the Aaa local currency deposit ceiling of Finland, its underlying support provider. In view of Aktia Bank's moderate market shares in both deposits and loans and its role as the central financial institution to independent savings banks and local co-operative banks, Moody's assesses a high probability of systemic support for the bank in the event of a stress situation, resulting in a two-notch uplift from the A3 BCA.

Foreign Currency Deposit Rating

The A1 foreign currency deposit rating and (P)A1 unsecured debt rating of Aktia Bank are unconstrained given that Finland 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. 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

Aktia Bank p.l.c.

Rating Factors [1]	A	B	C	D	E	Total Score	Trend
Qualitative Factors (50%)						C+	
Factor: Franchise Value						C	Neutral
Market Share and Sustainability			x				
Geographical Diversification				x			
Earnings Stability		x					
Earnings Diversification [2]							
Factor: Risk Positioning						C-	Neutral
Corporate Governance [2]							
- Ownership and Organizational Complexity							
- Key Man Risk							
- Insider and Related-Party Risks							
Controls and Risk Management		x					
- Risk Management			x				
- Controls	x						
Financial Reporting Transparency		x					
- Global Comparability	x						
- Frequency and Timeliness	x						
- Quality of Financial Information		x					
Credit Risk Concentration					x		
- Borrower Concentration					x		
- Industry Concentration		x					
Liquidity Management			x				
Market Risk Appetite		x					
Factor: Operating Environment						B+	Neutral
Economic Stability			x				
Integrity and Corruption	x						
Legal System	x						
Financial Factors (50%)						C	
Factor: Profitability						C	Weakening
PPI / Average RWA- Basel II			2.41%				
Net Income / Average RWA- Basel II			1.29%				
Factor: Liquidity						D+	Weakening
(Mkt funds-Liquid Assets) / Total Assets					21.66%		
Liquidity Management			x				
Factor: Capital Adequacy						B+	Neutral
Tier 1 Ratio - Basel II		9.63%					
Tangible Common Equity / RWA- Basel II	8.88%						
Factor: Efficiency						C	Weakening
Cost / Income Ratio			58.07%				
Factor: Asset Quality						B	Neutral
Problem Loans / Gross Loans		1.16%					
Problem Loans / (Equity + LLR)		19.49%					
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



© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT

OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make

any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.