MOODY'S INVESTORS SERVICE

Credit Opinion: Bausparkasse Mainz AG

Global Credit Research - 03 Nov 2011

Mainz, Germany

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits	Baa1/P-2
Bank Financial Strength	C-
Baseline Credit Assessment	Baa1
Adjusted Baseline Credit Assessment	Baa1

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Key Indicators

Bausparkasse Mainz AG (Unconsolidated Financials)[1]

	[2]**6-11**	[2]**12-10**	[2]**12-09**	[2]**12-08**	[3]**12-07**	**Avg.**
Total Assets (EUR million)	**2,577.8**	**2,548.5**	**2,477.7**	**2,492.7**	**2,430.3**	[4]**1.5**
Total Assets (USD million)	**3,737.4**	**3,418.9**	**3,554.8**	**3,465.0**	**3,553.2**	[4]**1.3**
Tangible Common Equity (EUR million)	**104.9**	**115.2**	**112.1**	**100.8**	**97.7**	[4]**1.8**
Tangible Common Equity (USD million)	**152.1**	**154.5**	**160.8**	**140.1**	**142.8**	[4]**1.6**
Net Interest Margin (%)	**1.3**	**1.4**	**1.2**	**1.3**	**1.4**	[5]**1.3**
PPI / Avg RWA (%)	**--**	**1.4**	**0.8**	**0.8**	**0.2**	[6]**1.0**
Net Income / Avg RWA (%)	**--**	**0.0**	**0.1**	**0.2**	**-0.1**	[6]**0.1**
(Market Funds - Liquid Assets) / Total Assets (%)	**20.9**	**7.5**	**15.7**	**31.9**	**49.0**	[5]**25.0**
Core Deposits / Average Gross Loans (%)	**--**	**82.1**	**72.0**	**58.0**	**44.6**	[5]**64.2**
Tier 1 Ratio (%)	**--**	**8.6**	**8.3**	**7.4**	**6.5**	[6]**8.1**
Tangible Common Equity / RWA (%)	**--**	**9.6**	**9.0**	**7.9**	**6.8**	[6]**8.8**
Cost / Income Ratio (%)	**77.7**	**65.7**	**76.5**	**74.5**	**92.4**	[5]**77.4**
Problem Loans / Gross Loans (%)	**--**	**2.2**	**2.2**	**1.8**	**1.4**	[5]**1.9**
Problem Loans / (Equity + Loan Loss Reserves) (%)	**--**	**33.5**	**36.0**	**36.4**	**31.3**	[5]**34.3**

Source: Moody's

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

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a bank financial strength rating (BFSR) of C- to Bausparkasse Mainz (BKM), which translates into a Baseline Credit Assessment (BCA) of Baa1. The rating reflects BKM's: (i) defensible franchise in its niche market; (ii) good credit and liquidity management framework; (iii) acceptable capitalisation; and (iv) low credit risk. The rating is constrained by: (i) BKM's poor profitability, resulting in a lack of internal capital-generation capacity; (ii) the possibility of a rise in risk charges, which could exert more pressure on its capital adequacy; (iii) BKM's comparatively marginal operating efficiency and (iv) credit and market risk inherent in the bank's securities portfolio.

BKM's long-term global local-currency (GLC) deposit ratings are Baa1/P-2, based on its intrinsic credit strength as reflected in its Baa1 BCA. Following the introduction of a resolution regime in Germany, Moody's assessment of a low probability of systemic support for smaller institutions, does not translate in any rating uplift for BKM.

BKM's debt rating is Baa1.

Credit Strengths

- BKM has a defensible franchise in Germany's niche market of residential mortgage savings and loan contracts ("Bausparvertrag")

- Its risk-management framework is adequate, credit risk is low overall, due to strict regulations and BKM's focus on residential real-estate lending

- BKM has a good franchise and brand recognition for attracting retail deposits via the internet

- Acceptable capitalisation which is additionally supported by silent reserves according to §340f HGB

Credit Challenges

- Poor profitability curtails BKM's ability to earn its cost of capital and/or to pay dividends, as well as imparing its internal capital-generation capacity

- Credit and market risks inherent in the bank's EUR440 million (diversified and highly rated) securities portfolio of sovereign, financial institutions and corporate bonds

- BKM seeks to maintain a funding profile that is less reliant on price-sensitive market funds

- Adverse macroeconomic developments could put more pressure on BKM's profitability and asset quality

Rating Outlook

The outlook on the BFSR is stable, reflecting BKM's defensible franchise in its niche market.

What Could Change the Rating - Up

We see limited upside potential for BKM's ratings at this time. However, a stronger financial profile, reflected in recurring earnings power above 1%, might, if the current risk profile is maintained, have positive implications for the C- BFSR. Nevertheless, we do not expect any upward pressure on BKM's long-term debt and deposit ratings for the time being.

What Could Change the Rating - Down

BKM's C- BFSR, or the mapping to the Baa1 BCA, could come under downward pressure if its financial profile weakens, in particular if increased loan losses exert undue strain on capital. The BFSR rating would also come under pressure if BKM's ability to earn its cost of capital remains constrained .

Any adverse change in the C- BFSR or the mapping to the Baa1 BCA could exert immediate downward pressure on BKM's long-term debt and deposit rating.

Recent Results and Company Events

For FY 2010, BKM reported a moderate 2.8% increase in total assets to EUR 2.54 billion, compared with year-end 2009. BKM's mortgage savings and loan-contract offerings traditionally suffer low demand during periods of low interest rates. Thus, on the back of a surge in customer deposits to EUR 1.7 billion (customer deposits almost doubled since 2006) and a moderate decline in loans to EUR 2 billion (-2.3% 2010 vs year-end 2009) BKM built up a securities portfolio that peaked at EUR 440 million, as at YE 2010.

BKM is not allowed to invest in structured credit products and was not active in sub-prime assets, showing a prudent investment style that is supported by tight regulation. Therefore, its excess liquidity was predominantly invested in repo-eligible securities, rated single-A or higher.

As of YE 2010, BKM reported moderate earnings of EUR 0.1 million while expensing EUR 11.2 million (2009: EUR 9.4 million) for credit-risk charges. However, BKM's 2010 net profits understated its financial strength (and overstated its cost of risk), as it took advantage of building up an additional EUR 3.0 million fully-taxed reserve under §340f HGB, taking its entire reserve to EUR 11.1 million.

As a member of the German association of private building societies, in 2009 BKM together with 13 other members, took over Quelle Bausparkasse (unrated). The takeover followed the insolvency of the mail-order company Quelle AG (unrated). Although the two companies were not affiliated, the name identification led to a complete shut-off of Quelle Bausparkasse from funding and debt refinancing and could have caused a liquidity crisis for it. As a result, BKM now owns 5% of Quelle Bausparkasse. Given the small size of Quelle Bausparkasse with total assets of EUR 1.4 billion as of year-end 2009, BKM's exposure to Quelle Bausparkasse is very limited and in our view manageable in the context of BKM's overall financial profile. At year-end 2010, BKM's Tier 1 ratio increased to 8.6% up from 8.3% in 2009.

DETAILED RATING CONSIDERATIONS

Our detailed rating considerations for BKM's currently assigned ratings are as follows.

Bank Financial Strength Rating

BKM's C- BFSR is in line with the outcome generated by Moody's BSFR scorecard. Moody's believes the C- rating is an appropriate measure of BKM's intrinsic financial strength, given its defensible franchise in its select niche market, its good risk-management capability and low credit risk.

The rating is constrained by: (i) poor profitability, which curtails internal capital-generation capacity; (ii) the possibility of a rise in risk charges, which could put more pressure on capital adequacy; and (iii) BKM's comparatively low operating efficiency.

Qualitative Rating Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

BKM is a "Bausparkasse", a specialist financial institution providing residential housing-related savings and loan products. Its traditional loan product is the "Bauspardarlehen", on which depositors acquire a call option if they have saved a specific amount over a certain period of time. BKM is subject to the conservative provisions of the "Bausparkassengesetz", a special banking act for German home savings and loan institutions, under which: (i) commercial real-estate financing is limited to 3% of aggregate loans; and (ii) maximum loan exposure to un-allotted large contracts (contracts exceeding EUR 300,000) is limited to 15% of the total un-allotted credit volume. Moody's recognises that BKM is not active in CRE financing.

BKM has a very modest national market share of around 1%, but a sustainable share in its core operating niche. It is positioned as a provider of housing-related financial services and affordable housing (pre-fabricated houses in differing stages of completion) to a lower/middle-income target group. Moody's notes that BKM has a particularly strong foothold among its Turkish/Italian/Spanish/Portuguese clientele, with a dominant 40-50% market share in Germany.

Notwithstanding its very modest national market share, BKM is active throughout Germany mainly via independent sales representatives (with a predominant focus in the Western German regions). It has no activities outside Germany. BKM contends with intense competition from other Bausparkassen and deposit-taking retail banks, and although it has historically derived much of its franchise strength from its ability to provide housing finance at low and stable interest rates, the current low interest-rate environment has intensified competition between mortgage providers overall. BKM also offers insurance products on behalf of its main shareholder, INTER-Versicherungsgruppe which owns 87% following a capital increase of EUR 10 million in 2009.

Over the past four to five years, BKM was successful in building up a retail-funding franchise by offering money-market and term-deposits to private customers at competitive rates via the internet. Although we regard these deposits as less sticky (stable) compared with deposits at retail-branch banks, we regard this measure as an important diversification to BKM's traditionally whole-sale-dominated funding profile.

Although BKM has the benefit of a very granular retail-customer base, we view its earnings stability as modest, given its low earnings-generation capacity, which is driven by poor profitability and a possible increase in risk charges due to the deteriorating macroeconomic environment in Germany.

As BKM is almost exclusively dependent on one business line -- namely mortgage savings and loan contracts -- we classified BKM as monoline bank being vulnerable to potential changes in market dynamics which could be sudden and unpredicted with no offsetting earnings stream. As a result, BKM scores E for earnings diversification.

Overall, BKM's franchise value scores a D+, with a neutral trend.

Factor 2: Risk Positioning

Trend: Neutral

In our view, BKM has an adequate risk-management framework with which it identifies, monitors, limits and manages the various risks in its core residential real-estate lending operations. Risks arising from its operations are summarised in a monthly risk report, which identifies the areas that need corrective action. The bank also analyses the business risks inherent in sales, the development of contractual savings and loans, its profitability, liquidity and interest-rate risk, the credit risk and other business/operational risks. Moody's believes these reports provide a sufficiently sophisticated tool to manage and monitor risk (i.e., liquidity risk or credit risk in the core residential real-estate activities).

The credit-risk concentration (borrower and industry concentration) of BKM's loan book is low, as reflected by the institution's focus on residential real-estate lending (accounting for 80% of total assets) and portfolio granularity. However, the securities portfolio further increased by 4.8% to EUR 440 million or 17% of total assets as of YE 2010 compared with year-end 2009. The portfolio mostly comprises sovereigns and highly rated financial institutions and corporate exposures with adequate credit-limit management. The inherent risk of the financial portfolio is further mitigated by the fact that the securities are predominantly rated single-A or higher. The borrower concentration is best reflected by a D score as TOP 20 exposures account for 193% of Tier 1 capital.

Industry concentration is also mainly to financial institutions, and we take comfort from BKM's very conservative investment guidelines for its securities portfolio.

BKM's market risk is below 20% of Tier 1 capital and is predominantly driven by interest-rate risk. Its strategy is to keep market-risk low, using hedging if necessary. BKM is a non-trading institution, according to German regulations, and cannot invest in equity or hybrid capital, according to the Bausparkassengesetz (the special banking act for the Bausparkassen).

Financial transparency is low. Although BKM publishes interim reports, these disclosures do not contain notes and management discussion or further analysis sections. According to Moody's definitions, the non-reporting of ratios that give a fair picture of its risk profile - such as the number of problem loans and loan loss provisions - results in a weak score for financial reporting quality, though these disclosures are not mandatory in the disclosure report according to Basel 2.

Overall, BKM's risk positioning scores a D+, with a neutral trend.

Factor 3: Regulatory Environment

All German banks are subject to the same score for the regulatory environment. This factor does not address bank-specific issues; instead, it evaluates whether or not regulatory bodies are independent and credible, whether they demonstrate enforcement power and whether they adhere to global standards of best practice for risk control. Please refer to Moody's Banking System Outlook for Germany, published in October 2010, for a detailed discussion about the regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is also common to all German banks. Moody's assigns a B score for the overall German operating environment. Please refer to

Moody's Banking System Outlook for Germany, published in October 2010, for a detailed discussion about the operating environment.

Quantitative Rating Factors (50%)

Factor 5: Profitability

Trend: Weakening

In Moody's opinion, BKM's earnings are poor, but stable, reflecting its low-risk profile and low event risk. However, its very modest earnings-generation capacity also reduces its capacity to strengthen its existing franchise, and to withstand the negative impact of competitive challenges and the risks intrinsic to its business model. Moody's notes positively that, starting 2008, BKM benefited from the positive effects of its restructuring and cost-saving program. Driven by a considerable reduction in personnel expenses, total operating expenses declined to EUR 33 million in 2010 compared to EUR 41 million in 2007. While this led to a boost in pre-provision income, the improvement was, by-and-large, offset by an increase in risk charges (EUR 11 million in 2010) which included an allocation of EUR3.0 million to discretionary silent reserves according to 340f HGB in 2010 compared to EUR 1.7 in 2009. On top of that, BKM's profitability indicators suffer from the fact, that the bank applies the credit risk standard approach according to Basel II to measure risk weighted assets (RWA) - given the high level of collateralisation in BKM's loan book, RWA would be significantly lower if an advanced approach would be applied.

In 2011 and 2012, we expect that the low interest-rate environment will continue to hamper BKM's credit volume and hence its profitability prospects, given that the mortgage products from Bausparkassen are designed to work best in a higher-interest-rate environment. In a low-interest-rate environment, the comparative advantage for a mortgage provider diminishes and leads to intensified competition. A deteriorating macroeconomic environment could also put more pressure on new business, as fewer customers will be prepared to invest in residential real estate. Despite the ongoing pressure on profitability, we expect BKM to remain profitable in the short-term due to the benefits of the previous cost-reduction program. Longer-term, we believe that further cost-and-efficiency efforts will be required unless interest rates rise.

The assessment above is reflected by an E+ score for profitability, with a weakening trend.

Factor 6: Liquidity

Trend: Neutral

In general, BKM relies on price-sensitive customer deposits, which account for EUR 1.7 billion or 72% of total funding, and on inter-bank financing (German development banks followed by German cooperative banks and insurance companies), which currently accounts for EUR 623 million or 27%. Moody's notes positively that BKM has been successful in moving away from a whole-sale-dominated funding structure by attracting deposit-based funding, particularly via the internet.

There is some concentration within interbank funding, as 49% relates to five counterparts only. Nevertheless, although interbank funding is more credit-sensitive, particularly as it is largely sourced via brokers, we take comfort from the fact that it is largely long-term, relates to promissory notes (Schuldscheindarlehen) and also encompasses funding sources related to promotional lending.

Overall, we consider BKM's liquidity as adequate, because it has successfully diversified its funding sources with a majority meanwhile provided via rather stable funding sources.

BKM scores C for liquidity.

Factor 7: Capital Adequacy

Trend: Neutral

Capitalisation levels are moderate, as reflected by the institution's total capital ratio of 11% (2009: 11%) and Tier 1 ratio of 8.6% at year-end (2009: 8.3%). Internal capital generation is constrained by poor profitability. Nevertheless, modest capitalisation levels are mitigated by the institution's low-risk profile and defensible niche market position. Additionally, we acknowledge the high quality of BKM's Tier 1 capital, given that it has no hybrid capital and the fact, that BKM bolstered its loss absorption capacity by building up silent reserves of EUR 11 million according to §340f HGB .

The B score with a neutral trend reflects BKM's satisfactory capital adequacy.

Factor 8: Efficiency

Trend: Improving

BKM has a relatively high cost base given its small size and lack of economies of scale. It is less efficient than some of its German peers, but a comparison is difficult as many of them are part of a larger group, where most general expenses (e.g. marketing, or head-office costs) are borne by the parent. In 2010 and 2009, the cost/income ratio was around 66%, down from 77% one year earlier and 92% in 2007 reflecting the benefits of a cost-cutting programme.

The E score for efficiency reflects the average cost-to-income ratio of the past three years.

Factor 9: Asset Quality

Trend: Neutral

BKM's loan book consists of Bauspardarlehen (10%), early draw-downs (65%) ("Vor- und Zwischenfinanzierungen") and other residential real-estate loans (26%). Its securities portfolio mostly comprises financial institutions, corporate and sovereign risk. Therefore, we view its credit risk as low, given the highly-rated portfolio. The credit risk of BKM's loan book is also low, as reflected by the institution's focus on residential mortgage lending (accounting for close to 80% of total assets) and portfolio granularity.

For loans subject to the Bausparkassengesetz, the loan-to-value (LTV) ratio is at 60-80% and BKM has a subordinated claim on around two thirds of the residential mortgage portfolio (second lien). For loans not falling under the Bausparkassengesetz, BKM targets substantially lower LTV buckets. The inherent risks, however, are mitigated by the fact that Bausparkassen have historically demonstrated low credit risk, as borrowers normally have to prove their payment discipline by first building a deposit base.

Problem loans accounted for 1.2% of customer loans as of year-end 2010 while the three-year average was 1.4%, which is low compared with banking peers in Germany. In line with the expected macroeconomic developments in Germany, BKM increased its provisioning requirements to roughly EUR 11 million per year in 2010 - however this amount includes EUR 3 million allocation to discretionary silent reserves according to §340 HGB.

The average ratios of the three years to 2010 give a C score for asset quality, with a neutral trend.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns an Baa1 GLC deposit rating to BKM which is exclusively on the bank's Baa1 standalone credit profile.

Following the recent introduction of a resolution regime in Germany and given the BKM's small size, BKM's long-term ratings no longer incorporating any rating uplift. If applied, the resolution regime would allow regulators to selectively transfer assets and/or liabilities and impose losses on creditors. As a result, Moody's believes there is a decreasing willingness of the central government to support banks using taxpayer's money.

Foreign Currency Deposit Rating

BKM's foreign-currency deposit rating is Baa1.

Foreign Currency Debt Rating

BKM's senior unsecured foreign-currency debt rating is Baa1.

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 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

Bausparkasse Mainz AG

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]					x		
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				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%)						D+	
Factor: Profitability						E+	Weakening
PPI / Average RWA - Basel II				0.98%			
Net Income / Average RWA - Basel II					0.13%		
Factor: Liquidity						C+	Neutral
(Mkt funds-Liquid Assets) / Total Assets				18.35%			
Liquidity Management		x					
Factor: Capital Adequacy						B	Neutral
Tier 1 Ratio - Basel II			8.12%				
Tangible Common Equity / RWA - Basel II	8.83%						
Factor: Efficiency						D	Improving
Cost / Income Ratio				72.22%			
Factor: Asset Quality						D+	Neutral
Problem Loans / Gross Loans			2.07%				
Problem Loans / (Equity + LLR)				35.30%			
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

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.