Credit Opinion: DeltaCredit Bank

DeltaCredit Bank

Moscow, Russia

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits -Fgn Curr	Baa2/P-2
Bank Deposits -Dom Curr	Baa2/--
NSR Bank Deposits -Dom Curr	Aaa.ru/--
Bank Financial Strength	D
Parent: Societe Generale	
Outlook	Negative
Bank Deposits	Aa2/P-1
Bank Financial Strength	C+
Senior Unsecured	Aa2
Subordinate	Aa3
Jr Subordinate -Fgn Curr	A1
Jr Subordinate -Dom Curr	A1
Preferred Stock	A1
Other Short Term	P-1

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Key Indicators

DeltaCredit Bank

	[1]2008	2007	2006	2005	2004	Avg.
Total Assets (US$ million)	**1903.54**	**1181.31**	**484.72**	**200.49**	**125.50**	[2]**86.36**
Shareholders' Equity (US$ million)	**164.52**	**122.77**	**51.56**	**43.77**	**40.87**	[2]**40.84**
Return on Average Assets	**1.60**	**1.94**	**2.27**	**1.78**	**2.33**	**1.98**
Recurring Earnings Power [3]	**2.97**	**3.14**	**3.10**	**3.03**	**3.41**	**3.13**
Net Interest margin	**4.05**	**4.53**	**5.35**	**6.82**	**8.12**	**5.77**
Cost/Income ratio (%) [4]	**33.28**	**42.09**	**51.94**	**60.37**	**64.92**	**50.52**
Problem Loans % Gross Loans	**0.56**	**0.29**	**5.19**	**--**	**--**	**2.01**
Equity % Assets	**8.64**	**10.39**	**10.64**	**21.83**	**32.57**	**16.81**

[1] As of December 31. [2] Compound annual growth rate. [3] Preprovision income % average assets. [4] Non-Interest Expense % Operating Income.

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a bank financial strength rating (BFSR) of D to Bank DeltaCredit (DeltaCredit), which translates into a Baseline Credit Assessment (BCA) of Ba2. The bank's ratings are underpinned by (i) its strong positioning on the Russian mortgage market; (ii) its strict approach to credit underwriting and modest risk appetite, resulting in satisfactory asset quality to date; (iii) its stable financial performance and favourable cost efficiency metrics; (iv) adequate economic capitalisation, while future capitalisation prospects are backed by the financial power of a

strong shareholder and sound internal revenue generation power; and (v) strong oversight and controls on the part of DeltaCredit's parent - Société Générale.

DeltaCredit's ratings are constrained by (i) the bank's still modest franchise value and the limitations on further rapid expansion of the Russian mortgage market in the foreseeable future imposed by the current harsh economic conditions; (ii) the relatively unseasoned nature of the bank's loan book and untested performance of the portfolio in a prolonged economic downturn accompanied with rising unemployment levels and substantial depreciation of the national currency; (iii) additional risks stemming from the likely decline of residential real estate prices; and (iv) already high and further increasing dependence on parental funding with lack of alternative sources of long-term financing.

DeltaCredit's long-term global local currency (GLC) deposit rating of Baa2 enjoys a three-notch uplift from the bank's BCA of Ba2 in line with Moody's assessment of the very high probability that the bank's parent - Société Générale (C+ BFSR, with negative outlook) - will provide support to its Russian subsidiary in case of distress. DeltaCredit's short-term local currency deposit rating of Prime-2 is mapped to the bank's long-term GLC deposit rating. No systemic support is factored in the bank's ratings.

Credit Strengths

- 100% ownership by Société Générale (SG), which results in strong corporate governance and risk management standards

- Enhanced access to capital and funding from the bank's parent

- Relatively long-term expertise in the bank's niche business segment and historically robust credit underwriting standards

- Stable positioning and good brand recognition on the Russian mortgage market

- Stable financial performance and favourable cost efficiency metrics

- Adequate economic capitalisation

Credit Challenges

- The still non-mature state of Russia's mortgage lending practices and legal system

- Dependence on a single business line renders the bank vulnerable to sector-specific risks and limits opportunities for risk diversification

- Relatively unseasoned nature of the mortgage loan book and untested performance of the portfolio in a prolonged economic downturn

- Financial resilience of many of the bank's borrowers is rapidly deteriorating following rising unemployment levels and substantial depreciation of national currency

- Potential plunge of the market value of collateral and hampered foreclosure process

Rating Outlook

All of the bank's ratings carry a stable outlook.

What Could Change the Rating - Up

Upward pressure could be exerted on DeltaCredit's BFSR in the long term as a result of further strengthening of its positions on Russia's mortgage market (along with the overall growth of this market segment against the country's GDP) and significant geographical diversification of the bank's business coupled with sustainable robust quality of the bank's loan book and preserved track record of good financial performance.

An upgrade of the BFSR of the bank's parent bank could drive an upgrade of DeltaCredit's GLC deposit ratings in accordance with Moody's Joint-Default Analysis Methodology.

What Could Change the Rating - Down

DeltaCredit's BFSR might be downgraded if the bank were to experience significant deterioration of asset quality as a result of either deepening of the current economic downturn or failure to ensure adequate internal controls. A

downgrade might also be caused by the bank's deteriorating liquidity profile and/or worsening financial performance, although Moody's considers these events as unlikely in the short-to-medium term.

A downgrade of SG's BFSR could potentially cause downgrade of DeltaCredit's GLC deposit ratings.

Recent Results and Company Events

As at YE2008, DeltaCredit reported - under IFRS - (unaudited) total assets of USD1.9 billion, up from USD1.18 billion a year earlier. The increase largely resulted from the growth of the bank's mortgage book (by more than 70%) which, in turn, was fuelled by expanded financing facilities from the bank's parent. Net IFRS income increased in 2008 to USD25 million from USD16 million a year before.

In December 2008 DeltaCredit secured a RUB1.15 billion (approximately USD38 million) capital injection from SG.

DETAILED RATING CONSIDERATIONS

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

Bank Financial Strength Rating

Moody's assigns a BFSR of D to DeltaCredit, which translates into a BCA of Ba2. The bank's ratings are underpinned by (i) its strong positioning on the Russian mortgage market; (ii) its strict approach to credit underwriting and modest risk appetite, resulting in satisfactory asset quality to date; (iii) its stable financial performance and favourable cost efficiency metrics; (iv) adequate economic capitalisation, while future capitalisation prospects are backed by the financial power of a strong shareholder and sound internal revenue generation power; and (v) strong oversight and controls on the part of DeltaCredit's parent - Société Générale.

DeltaCredit's ratings are constrained by (i) the bank's still modest franchise value and the limitations on further rapid expansion of Russian mortgage market in the foreseeable future imposed by the current hostile economic conditions; (ii) the relatively unseasoned nature of the bank's loan book and untested performance of the portfolio in a prolonged economic downturn accompanied with rising unemployment levels and substantial depreciation of the national currency; (iii) additional risks stemming from the likely decline of residential real estate prices; and (iv) already high and further increasing dependence on parental funding with lack of alternative sources of long-term financing.

As a point of reference, the assigned BFSR is at the same level as the D outcome of Moody's unadjusted bank financial strength scorecard. Moody's believes the D rating is an appropriate measure of DeltaCredit's stand-alone financial strength given the bank's mono-line business model, the risks stemming from the non-mature operating environment in Russia (particularly as regards mortgage lending business), as well as currently deteriorating economic conditions leading to weakening of the quality of the bank's loan book and lack of alternative funding opportunities.

Qualitative Factors (70%)

Factor 1: Franchise Value

Trend: Neutral

DeltaCredit is one of the largest mortgage lenders in Russia, ranking - as at YE2008 - third among primary mortgage market players in terms of the volume of loan portfolio, outpaced only by state-owned Sberbank and Bank VTB24. As one of the pioneers of Russia's mortgage market, DeltaCredit benefits from its relatively long-standing 11-year experience of operations. DeltaCredit targets the prime client segment and enjoys strong market positions in a number of regions.

The core customer segment for the bank is the emerging middle class, which was growing rapidly in Russia until recently and is likely to maintain its consumer potential through today's low economic cycle. In the recent years, the bank rapidly augmented its mortgage loan book year-on-year (72% and 128% growth in 2008 and 2007, respectively), reflecting both the generally robust economic environment and the prompt access to relatively cheap and flexible parental funding against the background of a deepening liquidity deficit experienced by some players in 2H2007 and 2008.

Lack of a branch network, which led to a sizeable concentration of DeltaCredit's operations in Moscow City and Moscow Region (YE2008: 56% of total loan book), is largely compensated by the widespread network of agent banks, although the growth of indirect sales was somewhat hampered in 2008 due to deteriorating economic conditions.

Moody's believes that DeltaCredit's targeted client segment, the bank's multi-control credit underwriting process and the strict requirements introduced to both individual borrowers and partnering banks, in combination with the

current rapidly deteriorating financial standing of many households in Russia and lack of mortgage refinancing opportunities, are likely to constrain the bank's market positions at current levels, although DeltaCredit is already a visible player in its market niche. The points stated above justify a C+ score for franchise value, along with a neutral trend.

Factor 2: Risk Positioning

Trend: Neutral

DeltaCredit displays a very clear ownership structure as a 100% subsidiary of SG, and exhibits good practices of corporate governance and managerial oversight with well-established reporting lines. Moody's does not observe any dependence of the bank's business on any particular key manager(s), although the agency notes that the majority of senior management have been working for the bank for a long time and demonstrate unique expertise. There are no independent directors on the board, but the related-party business is minimal due to the specifics of the business model. The bank has not yet appointed an independent Credit Risk Officer that reports to the Board of Directors; however, the results of risk analysis are prepared and sent regularly and in a standard format to the bank's oversight body in SG.

The bank has relatively modest risk appetite, which distinguishes it favourably from many competitors. This is reflected in better-than-average (for Russia) credit underwriting standards with a relatively low loan-to-value (LTV) of around 70% (defined as "at the point of loan origination") and the current obligation-to-income (OTI) ratio requirement not exceeding 40%-50%. However, we also note that the bank used to slacken its underwriting standards in the more benign 2006-1H2008 period when the LTV ratio reached 85% and OTI requirements were in the 50%-60% range. Thorough data and documents verification procedures ensure selection of higher-quality borrowers, for qualifying borrowers the ratio of loan approvals to loan applications is currently less than 60%. With regard to the loans originated through agent banks, DeltaCredit has a recourse condition into its standard agreement effective during the first year from the date of purchase of the loan.

DeltaCredit's business model ensures high granularity of the loan book and, therefore, stability of earnings. At the same time, Moody's notes that the business line which is concentrated on one niche (which, in its turn, is highly dependant on various macroeconomic conditions beyond the bank's control) does itself expose DeltaCredit to the risks specific for this particular segment. DeltaCredit's earnings stability could potentially be impaired by the immature nature of the mortgage market in Russia, and with the mechanisms for residential mortgage foreclosure having been tested only on a limited scale to date.

Other substantial external credit risk factors materialising in today's economic downturn are: (i) significant growth of layoffs and unemployment rates and/or reduction of salaries in real terms, leading to rapid deterioration of financial standing of an average household; (ii) depreciation of the national currency against major foreign currencies - US dollar and euro - by more than 30% since its peak value in mid-2008 leading to a significant increase of a debt burden of the borrowers whose mortgage loans are denominated in foreign currency (such loans account for 49% of DeltaCredit's loan book as at 1 April 2009) and not matched with the currency structure of these individuals' income; and (iii) significant fluctuation of benchmark interest rates (Libor, MosPrime) applied for pricing some of DeltaCredit's floating-rate mortgage products (these account for 9.3% of the bank's loan book as at 1 April 2009) and leading to increased obligations of the borrowers as the benchmark interest rates increase.

Some additional risks stem from (i) the geographical concentration of the bank's credit exposure to Moscow City and Moscow Region (comprising together more than 50% of the total mortgage book as at 1 April 2009), where the highest growth of real estate prices observed in 2006-2008 may potentially lead to the higher risks of decline in the value of collateral; and (ii) concentration of indirect sales to a limited number of agent banks, with few originators (out of total of 31 currently) making a substantial contribution to the total volume of indirect sales.

DeltaCredit is averse to market risks (except for risk of decline of real estate market value), taking adequate steps to match the currency and interest rate structures of its assets and liabilities and to hedge sizeable gaps.

The bank's liquid assets and committed funding are maintained at adequate levels to ensure its continued operations without a reduction in business for a minimum of one year; the bank also enjoys the option to resort to its parent's funds in case of need.

The scorecard generates a D score for risk positioning, which we consider to be a fair reflection of DeltaCredit's overall corporate governance and risk management approaches. We attach a neutral trend to the score.

Factor 3: Regulatory Environment

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

Factor 4: Operating Environment

Trend: Weakening

This factor is common to all Russian banks. Moody's assigns an E+ score for the overall operating environment. Refer to Moody's Banking System Outlook for Russia, published in September 2008, to obtain a detailed discussion on the operating environment.

Quantitative Factors (30%)

Factor 5: Profitability

Trend: Weakening

DeltaCredit's profitability is still adequate, with ROAA accounting for 1.60% and ROAE for 17.36% (2007: 1.87% and 18.54%, respectively).

The bank's core profitability is mainly driven by net interest income (90% and 81% of total operating income in 2008 and 2007, respectively) which has been benefiting from low cost of funding. Another source of stable income - fees and commissions - was not significant (accounting for 7.7% and 7.3% of total operating income in 2008 and 2007, respectively).

As regards non-core income generation, we note that DeltaCredit was successful in placement of some of its spare liquidity on an extremely high-yielding in 1Q2009 interbank market where the bank is likely to make good - albeit one-off and admittedly non-recurring - profit. We also note that the foreign exchange translation gain in 2007 - 11% of total operating income - was of a purely accounting nature and was largely eliminated in 2008 financials following the bank's transfer to reporting in Russian roubles (previously in US dollars).

Moody's considers DeltaCredit's income structure to be of a healthy and stable nature. However, the bottom-line profitability may be somewhat undermined going forward if the necessity for higher loan loss provisioning charges arises (which cannot be ruled out given the current deterioration of the bank's loan book). We also note that an A score for profitability generated by Moody's BFSR scorecard stems from the Risk-Weighted Asset- (RWA)-based ratios, while the lower risk weight for mortgage loans at times of global economic downturn and mass foreclosure on real estate collateral may require a downward analytical adjustment. We maintain the A score for this group of factors for the time being, but assign a weakening trend and we will continue to monitor closely any further potential increase in the bank's cost of risk.

Factor 6: Liquidity

Trend: Neutral

DeltaCredit's funding structure is not diversified; reliance on funding provided by its parent was on an increasing trend throughout 2008, totalling 71% of non-equity funding at YE2008, from 43% a year earlier. Purely market sources of funding (unsecured market debt, securitisations, bilaterals) remain unavailable for DeltaCredit (at least, at reasonable cost), but this is similar to many other local and international players. However, we note that in addition to the over-dependence on one single source of funding (we generally consider SG to be a stable and reliable source), other characteristics of DeltaCredit's liquidity profile are fairly good with liquid assets comprising 14% of total assets at YE2008 (given fairly granular and predictable operating cash flows) and a satisfactory maturity match of the bank's assets and liabilities: as at YE2008 the maturity analysis did not display any negative cumulative gaps. We assign a D score, along with a neutral trend, to this group of factors.

Factor 7: Capital Adequacy

Trend: Neutral

DeltaCredit has been historically enjoying adequate economic capitalisation. In 2008, thanks to good profitability and a capital injection in December 2008 amounting to RUB1.15 billion (approximately USD38 million), the bank largely compensated for 60% asset growth and its Tier 1 ratio stood at 18.03%, slightly lower than 25.62% a year before. In terms of Tier 2 capital increase, DeltaCredit received an eight-year RUB1.25 billion subordinate loan from SG in May 2008.The bank scores A for capital adequacy, with a neutral trend.

Factor 8: Efficiency

Trend: Neutral

DeltaCredit has been constantly improving its cost efficiency, with the cost-to-income ratio declining from 42% in 2007 to 33% in 2008, and net interest margin - as the major driver of the bank's profitability - at the level of 4.05% (2007: 4.53%), covering more than twice the ratio of operating expense to average assets (2008: 1.48%; 2007: 2.29%). The bank scores A for efficiency with a neutral trend.

Factor 9: Asset Quality

Trend: Weakening

DeltaCredit's asset quality has been historically robust as specified by its business model and strict credit underwriting standards, particularly as regards the high granularity of the loan book and modest risk appetite. Since 2004, and until recently, loans overdue by more than 30 days did not exceed 1% of the total gross loan portfolio (although we note that the rapid growth of the loan book also contributed to masking the deterioration of these metrics).

As at YE2008, 90+ days delinquent loans (hereinafter taken in full, principal plus interest payment) amounted to 0.56% of the gross loan book (YE2007: 0.29%), a comfortable level for a stable economic cycle. However, the early-alarming indicators of economic downturn in Russia, which were already apparent at year-end 2008, started to reflect the stresses generated by rising sharply in late 2008 and escalating in 2009: 30+ days delinquent loans accounted for 0.99% of the gross loan book as at YE2008 (compared to 0.57% at YE2007), in accordance with IFRS, and further soared to 2.41% as at 1 April 2009, according to management accounts. IFRS loan loss reserves were much lower: 0.84% at YE2008 (YE2007: 0.54%), reflecting the bank's assumption of adequate coverage of impaired loans by collateral (although this assertion may be challenged given the lack of liquidity of the real estate market and the decline of property prices).

This sharp fall of asset quality mirrors the overall deterioration of financial standing of the dominant proportion of Russian households. Weakening asset quality is especially attributable to foreign-currency-denominated loans: at 1 April 2009 the proportion of the bank's 30+ delinquent loans for USD-denominated portfolio reached 2.7% compared to 1.9% for rouble-denominated loans. Asset quality deterioration is also attributable to the loans originated in the regions hardest hit by mass layoffs resulting from layoffs imposed by major regional employers. DeltaCredit has developed a number of standard approaches to address financial difficulties of defaulting borrowers; these approaches range from loan restructuring to foreclosure on collateral. To date, the bank has ensured high recovery rates on delinquent loans - through both out-of-court activities and litigation procedures - although maintaining these results in an economic downturn may prove to be a challenging task.

We note that banks in Russia lack long-term history of borrower behaviour, particularly during economic downturn (although DeltaCredit's statistics dating back to 2000 is one of the most complete); we also cannot predict precisely the extent of a further downturn of Russian national economy. Therefore, we believe that the quality of DeltaCredit's assets will not be immune from a further deteriorating trend, although the bank's historically good credit underwriting standards, its approach towards collateral approval and - as a last resort - its adequate capitalisation level provide some comfort. We assign a weakening trend to the C score for asset quality generated by Moody's BFSR scorecard.

Global Local Currency Deposit Rating (Joint Default Analysis)

DeltaCredit's long-term global local currency (GLC) deposit rating of Baa2 enjoys a three-notch uplift from the bank's BCA of Ba2 in line with Moody's perceptions as to the very high probability that the bank's parent - Société Générale (C+ BFSR, with negative outlook) - will provide support to its Russian subsidiary in case of distress. DeltaCredit's short-term local currency deposit rating of Prime-2 is mapped to the bank's long-term GLC deposit rating. No systemic support is factored in the bank's ratings.

National Scale Rating

DeltaCredit is rated Aaa.ru by Moody's Interfax on Russia's National Rating Scale. National Scale Ratings (NSRs) are intended as relative measures of creditworthiness among debt issues and issuers within a country, enabling market participants to better differentiate relative risks.

Foreign Currency Deposit Rating

DeltaCredit's long-term and short-term foreign currency deposit ratings of Baa2/Prime-2 are at the same levels as the bank's local currency deposit ratings.

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

DeltaCredit Bank

Rating Factors [1]	**A**	**B**	**C**	**D**	**E**	**Total Score**	**Trend**
Qualitative Factors (70%)						**D-**	
Factor: Franchise Value						**C+**	**Neutral**
Market Share and Sustainability		**x**					

Geographical Diversification		**x**					
Earnings Stability	**x**						
Earnings Diversification [2]					**x**		
Factor: Risk Positioning						**D**	**Neutral**
Corporate Governance [2]				**x**			
- Ownership and Organizational Complexity							
- Key Man Risk							
- Insider and Related-Party Risks				x			
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						**E+**	**Weakening**
Economic Stability					**x**		
Integrity and Corruption					**x**		
Legal System				**x**			
Financial Factors (30%)						**C+**	
Factor: Profitability						**A**	**Weakening**
PPP % Avg RWA - Basel I	6.92%						
Net Income % Avg RWA - Basel I	4.35%						
Factor: Liquidity						**D**	**Neutral**
(Mkt funds-Liquid Assets) % Total Assets					65.54%		
Liquidity Management			x				
Factor: Capital Adequacy						**A**	**Neutral**
Tier 1 ratio (%) - Basel I	20.26%						
Tangible Common Equity / RWA - Basel I	20.26%						
Factor: Efficiency						**A**	**Neutral**
Cost/income ratio	42.44%						
Factor: Asset Quality						**C**	**Weakening**
Problem Loans % Gross Loans			3.22%				
Problem Loans % (Equity + LLR)			24.89%				
Lowest Combined Score (9%)						**D**	
Economic Insolvency Override						**Neutral**	
Aggregate Score						**D**	
Assigned BFSR						**D**	

[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