

CREDIT ANALYSIS

Landesbank Baden-Wuerttemberg

Stuttgart, Germany

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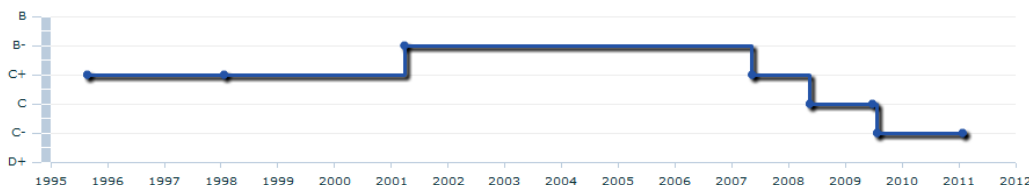
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Summary Rating Rationale

Rating History – Bank Financial Strength Rating



Rating History – Long-Term Deposit Rating



Moody's assigns a bank financial strength rating (BFSR) of C- (negative outlook) to Landesbank Baden-Wuerttemberg (LBBW), and global local currency (GLC) debt and deposit ratings of Aa2/Prime-1

The C- BFSR translates into a baseline credit assessment (BCA) of Baa2. The rating remains underpinned by LBBW's strong regional franchise in both commercial and retail banking. However, the rating also factors in the risks posed by the ongoing downsizing and restructuring, which is required in order to comply with the terms set by the European Commission (EC) in compensation for state aid. Moreover, the rating is constrained by the bank's relatively high earnings volatility. The higher risk profile resulting from the acquisition of Landesbank Sachsen AG (SachsenLB) in 2008 and its currently weak performance are only partly offset by the fresh capital and other support measures provided during 2009.

This Credit Analysis provides an in-depth discussion of credit rating(s) for Landesbank Baden-Wuerttemberg and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on [Moody's website](#).

LBBW's global local currency (GLC) debt and deposit ratings of Aa2/Prime-1 are based on the bank's own BCA of Baa2 and Moody's assessment that the probability of LBBW receiving support is very high, including (i) cross-sector support from German public-sector banks, resulting in an adjusted BCA of A3; (ii) support from its public-sector owners, most prominently the State of Baden-Wuerttemberg (rated Aaa), the City of Stuttgart (unrated) and the Savings Bank Association of Baden-Wuerttemberg (rated Aa3); and (iii) systemic support. The outlook on the Aa2 senior debt and deposit ratings is negative. Under Moody's joint default analysis (JDA) methodology, our support assessment as highlighted above gives LBBW's GLC long-term debt and deposit ratings a six-notch uplift from its Baa2 BCA.

Moody's regards the financial support that was provided to LBBW by its public sector owners in 2009 (including a substantial capital increase), as a strong sign of commitment from the bank's public-sector owners. It should be noted that, once support is given, we typically factor it into the BFSR and, subsequently, the probability of further future support is assessed anew. Moody's believes that this very high probability of support will likely continue as long as the current ownership structure is maintained, which benefits from relatively uniform stakeholder interests.

The outlook on the C- BFSR and the Aa2 senior debt and deposit ratings has been negative since 23 July 2009. The negative outlook reflects a combination of adverse short and medium-term factors, including (i) the risks posed by the ongoing transition period of downsizing and restructuring; (ii) pressure on profits from the costs of support provided, which is worsened by (iii) earnings volatility that stems from LBBW's large investments in credit-spread-sensitive products. These pressures remain high in the context of continued uncertainty in international financial markets and possible changes in the Landesbank (state bank) sector.

The Aa3 rating for senior subordinated debt is currently on review for possible downgrade as a result of the introduction of a bank resolution regime in Germany – effective since 1 January 2011.

Moody's maintains the bank's Aaa rating for debt qualifying for the grandfathering by the states of Baden-Wuerttemberg and Saxony.

Group Structure

LBBW is Germany's largest Landesbank and among the top five German banks, with total consolidated assets of €414 billion as of 30 September 2010 (end-2009: €412 billion). LBBW is a fully licensed bank, subject to the rules and regulations of the German Banking Act (Kreditwesengesetz or KWG) and supervised by the German regulator (Bundesanstalt für Finanzdienstleistungsaufsicht or BaFin).

Strong ownership structure

The bank's current stakeholders are the Savings Bank Association of Baden-Wuerttemberg (SVBW) with a share of 40.534%, the State of Baden-Wuerttemberg with (directly and indirectly) 37.828%, the City of Stuttgart with 18.932% and Landeskreditbank Baden-Wuerttemberg (L-Bank, in turn fully owned by the State of Baden-Wuerttemberg) with 2.706%.

Until 2009, the Savings Banks and Giro Association of Rhineland-Palatinate (SGV RP) held a stake of 4.923%, which it sold to its sister association, SVBW, after the regional savings banks in Rhineland-

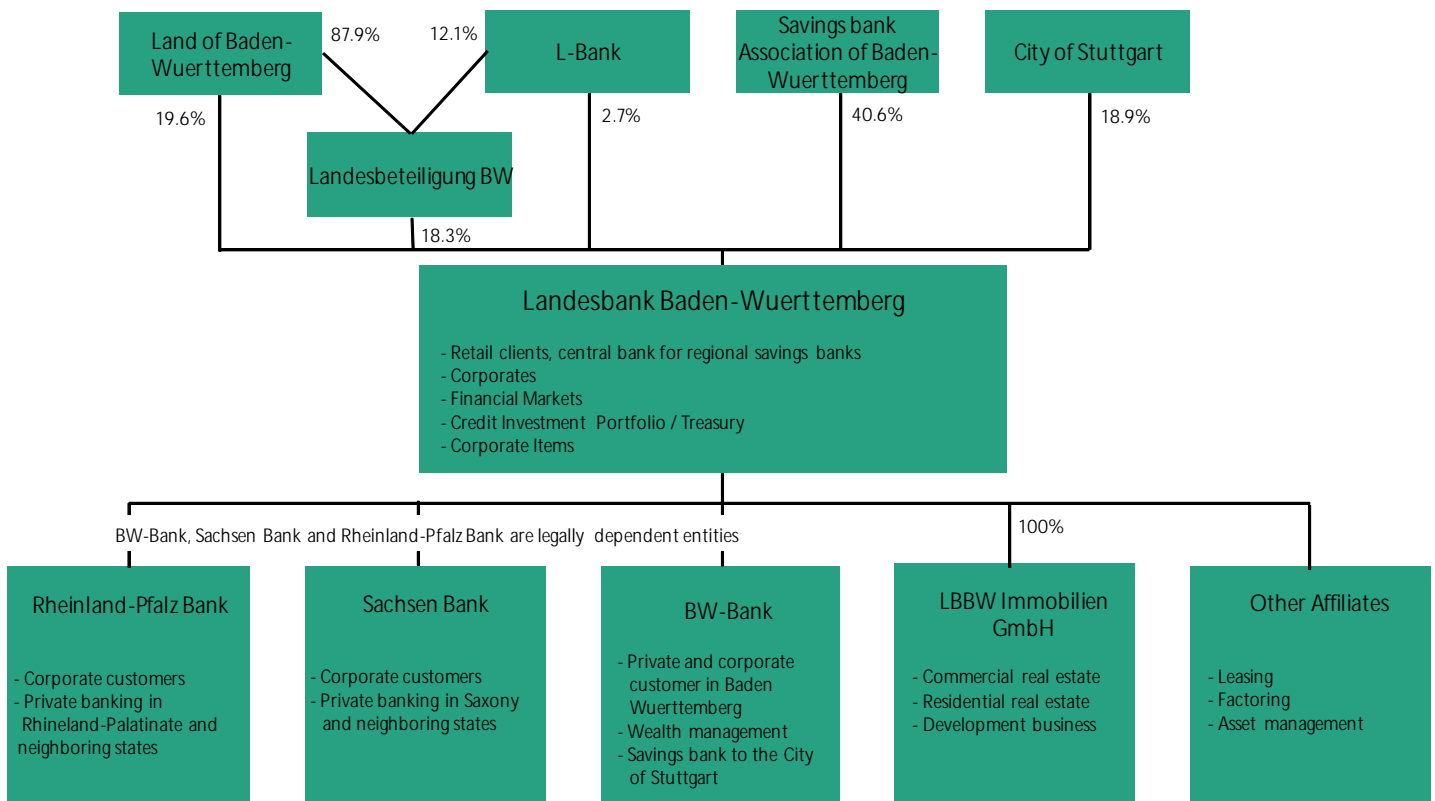
Palatinate could not agree on the proposed recapitalisation and other support measures for LBBW. The acquisition of this stake left SVBW with a larger share in these support measures.

With the legal integration of the former Sachsen LB and the erstwhile subsidiary LRP Landesbank Rheinland-Pfalz in 2008, LBBW now displays a more streamlined structure in its German operations, although a number of specialised businesses (e.g. asset management, leasing, real estate) continue to operate as wholly owned subsidiaries.

Subsidiaries and sub-groups remain important contributors to group results

Besides LBBW, 36 subsidiaries and two sub-groups are fully included in the group's consolidated financial statements along with 21 special-purpose entities (SPEs).

FIGURE 1
LBBW Group Structure



Source: Moody's Investors Service based on Company's report

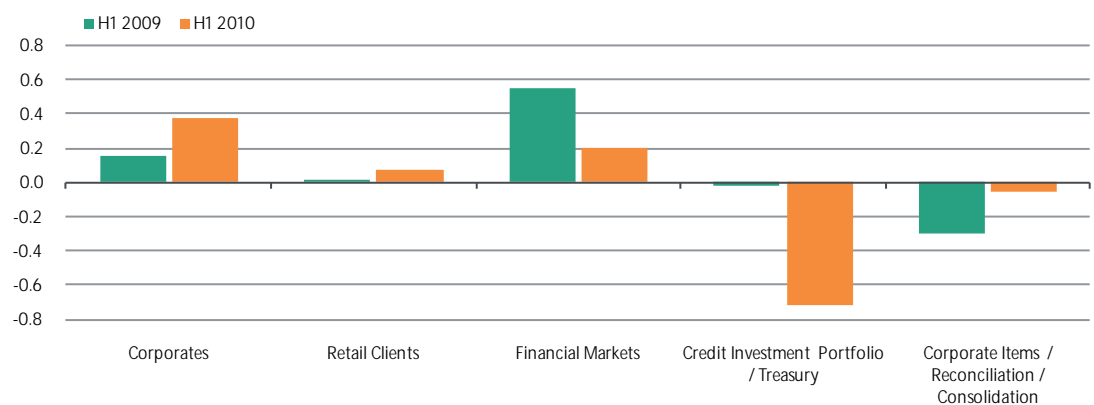
LBBW functions as a universal, regional commercial bank with a strong international wholesale business. Furthermore, it is the central banking institution for the savings banks in Baden-Wuerttemberg, Saxony and Rhineland-Palatinate and an important financier of the home state's regional and local governments. BW-Bank's focus is on the group's retail and corporate clients in the Baden-Wuerttemberg region and also operates as a savings bank in the City of Stuttgart. The former LRP and Sachsen LB now operate as legally dependent units in their respective states under the names Rheinland-Pfalz Bank and Sachsen Bank, and they both cover the corporate markets of their neighbouring states. They continue to engage in a mix of middle market corporate banking and are

focused on SMEs and private banking, while the wholesale banking business has been largely centralised at LBBW in Baden-Wuerttemberg.

Segment structure reflects LBBW's main client groups

LBBW organises its operations in three major business segments, complemented by the separate Credit Investment Portfolio (CIP) segment, which is largely being phased out, and Corporate Items. Figure 2 below shows the contribution to operating profit by the individual segments: Losses and valuation charges in the CIP segment had a major negative impact on earnings in H1 2010, while *Corporates* and *Retail Clients*, show some recovery.

FIGURE 2
Profit and Loss from operating activities by business segment (in € billion; H1 2009 and H1 2010)



Source: Moody's Investors Service based on Company's report

Corporates:

The Corporates segment includes business with medium-sized corporate customers, and has a focus on the core markets of Baden-Württemberg, Saxony and Rhineland-Palatinate, selected key multi-national accounts, real estate companies and the public sector. These client groups are served with a relatively broad product portfolio, including classic lending, structured and off-balance sheet financing, international business, cash management, interest rate, currency and commodities management, asset and pension management. Additionally, the segment covers products related to LBBW's primary capital markets business for corporates, commercial property financing and other specialised product areas, particularly the equity investment, leasing and factoring businesses.

Retail Clients:

This segment comprises all business with retail, investment, private banking and wealth management customers as well as LBBW's activities with respect to its function as the central bank for the regional savings banks. Products include residential real estate financing, investment advice and specialised services – particularly for wealth management customers – such as financial planning, asset management and securities account management.

Financial Markets:

This segment includes all classic trading operations as well as all customer-driven business activities with credit institutions, sovereigns, insurance companies and pension funds. The product portfolio includes financial instruments for the management of interest rates, currency, credit risk and liquidity. LBBW offers financing solutions in equity and debt, along with asset management services. The

Corporates segment includes all results from financial market transactions with corporate customers. Funding is also mainly included in this segment.

Credit Investment Portfolio/Treasury:

This segment comprises the group's results from strategic investments and its secondary market business (which is being phased out and is also referred to as the group's credit substitute portfolio), including the bank's investments in plain vanilla bonds, structured securitisations and credit derivatives.

Corporate Items:

This segment covers all business activities not included in the operating segments. It notably consists of equity investments not included in the consolidated financial statements, income from the central investments of LBBW's own funds (as far as not assigned to other segments), loans to special-purpose entity Sealink Funding and extraordinary expenses in connection with the restructuring plan approved by the EU (e.g. restructuring expenses).

Key Issues

The acquisition of SachsenLB came at a high price...

By acquiring a distressed bank very early on in the 2007-09 financial crisis, LBBW paid a high price for a relatively small addition to its client franchise. As the true risk posed by the former Landesbank Sachsen (SachsenLB) was underestimated when the acquisition was negotiated, LBBW itself required support from its owners, which was received in 2009. The measures consisted of €5.0 billion in cash capital and €12.7 billion in guarantees ("the risk shield"); the latter currently continues to protect LBBW's higher-risk structured credit portfolios from losses.

With the announcement of the takeover of SachsenLB in August 2007 and the acquisition in January 2008, LBBW had played a critical role in the rescue of the small, troubled bank in Saxony. LBBW injected €250 million of equity, paid an acquisition price of €328 million, continues to participate with 50% in a liquidity facility of (initially) €17.3 billion provided by German public sector banks and took over €11.8 billion (as of 31 December 2007) in structured credit products. This high-risk portfolio was a key driver in the subsequent deterioration of LBBW's credit profile and its need for support in 2009.

...as the compensation for state aid represents a major burden on future earnings

On 15 December 2009, the EC finally approved the bank's 2009 support measures. The EC's consent was given based on a mutual agreement on downsizing and restructuring measures, including (i) a 40% reduction of total assets with a focus on reducing non-strategic activities and divesting participations; (ii) saving costs of around €700 million per annum, i.e. more than a third of total costs - partly through a gradual reduction by 2,500 staff; (iii) change its corporate governance structure to ensure that the group will be adequately and professionally controlled by external bodies that include independent individuals.

A number of these requirements have already been met and interim milestones have been complied with, including the reduction of non-core asset portfolios and the adoption of the major structural elements and governance of a joint stock corporation (the conversion is to be finalised by the end of 2013). In addition, the headcount reduction is proceeding according to plan, and we expect a visible

relief on the income statement in 2011 and 2012. However, the additional costs linked to the support measures will continue to weigh heavily on the group's income statements for several years. A rather substantial €336 million per annum needs to be paid for the €12.7 billion in guarantees, and relatively high returns on the €5 billion fresh capital have been agreed upon, subject to sufficient profits. These additional costs will depress the bank's internal capital generation in the medium term. That being said, the required downsizing, de-risking and disentangling of the complex group structure also has major credit-positive elements that underpin LBBW's ratings at current levels.

EC approval for equity increase reflects acknowledgment of LBBW's long-term viability

The EC gave its approval of the equity increase and risk shield after a short period (and without an in-depth investigation) on the basis of the restructuring plan drawn up by the bank. We consider this an important achievement given that three fellow Landesbanks continue to await a decision from the EC, with adverse implications not only for their strategic options, but also investor confidence. LBBW's success in obtaining EC approval and thus higher clarity and predictability for the future enables the bank to continue its operations with limited implications for its core franchise.

We understand that the swift decision was aided by LBBW's healthy core franchise, its fair prospects for a proper recovery and, eventually, a performance that will ensure the long-term viability of the group. While much of the work under the restructuring plan has yet to be completed, and although related costs will be a heavy burden for many years, we expect that LBBW will emerge as one of the more successful players among the German Landesbanken.

The potential risks and challenges that LBBW may face on its route to recovery are described in further detail in the analysis below.

Analysis of Rating Considerations

Moody's assigns a C- BFSR to LBBW. Key positive elements driving the BFSR are LBBW's strong regional franchise and sustainable market positioning among both retail and corporate customers in the region, satisfactory liquidity and adequate risk management capabilities. Key negative elements constraining the BFSR are (i) the implications of the support provided by the bank's owners in 2009; (ii) our expectation of depressed risk-weighted profitability and poor capital generation capacity over the next two to three years; (iii) high concentration risks inherent in the bank's business model; and (iv) volatile income from its capital markets business and credit investment portfolio. The positive effects of the support measures on the bank's capital position have also been factored into the BFSR.

Discussion of Qualitative Rating Drivers

Franchise Value

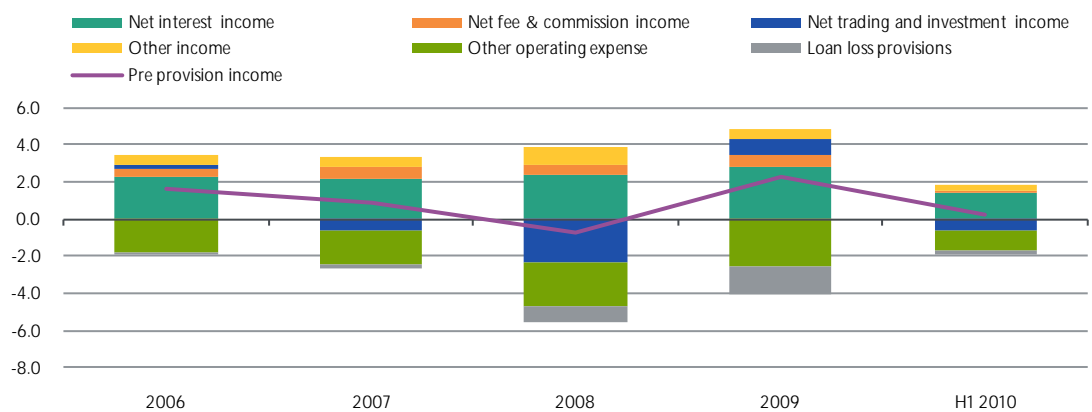
LBBW is considered to be one of the strongest of the German Landesbanken in terms of its franchise, given its profile as a fully fledged universal bank with a well-entrenched regional franchise and high market shares among medium-sized and large corporates in the German State of Baden-Wuerttemberg. In addition, its franchise is underpinned by Baden-Wuerttembergische Bank (BW-Bank), which assumes the function of the local savings bank in the Stuttgart area and claims a market share among the city's retail customers of approximately 50% across different products. BW-Bank also has a solid franchise in private banking in the larger cities of Baden Wuerttemberg. Rheinland-Pfalz Bank and Sachsen Bank add to the group's geographic reach of corporate banking within Germany. At the same time, the majority of the group's assets continue to be allocated to areas of wholesale banking,

given that only one third of the total exposure is represented by loans and advances to corporates and retail clients.

Despite the wholesale banking bias and the bank's current pressures and limitations, we continue to believe that LBBW is a critically important Landesbank, not only for Baden-Wuerttemberg but for an increasingly broader economic region. We also consider the bank's client-driven franchise to be intact and its level of entrenchment in regional markets and value to the regional savings banks to be high. In addition, the bank is committed to reducing its secondary market operations and related assets going forward, which is one of the EC-imposed compensation measures that LBBW has to comply with. According to the bank, the prospective business model will more strongly focus on stable and client-focused business and restricts opportunistic risk taking. We consider this trend to be credit-positive for the franchise, particularly if the bank can demonstrate an increasing level of earnings stability.

The graph below shows the volatility of the group's pre-provision income (orange line) over recent years, which was largely driven by net trading and investment income.

FIGURE 3
Breakdown of Operating Income (2006-H1 2010)

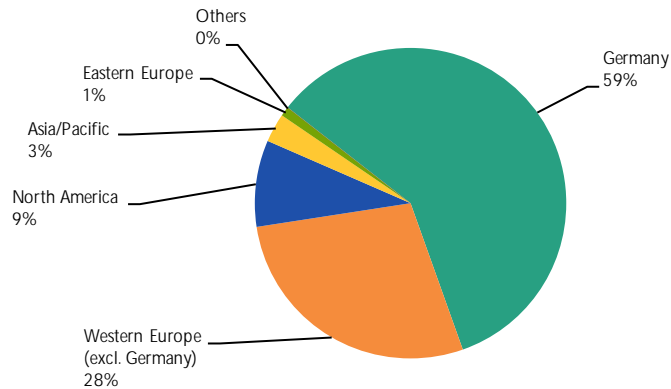


Source: Moody's Investors Service based on Company's report

Good geographic reach across southern Germany, but falling international presence

Geographically, LBBW has significant operations in the State of Baden-Wuerttemberg, which is Germany's third-largest state by GDP (€344 billion in 2009). The state stands out as recording a rate of economic growth above the German average, enjoying very low levels of unemployment and high levels of productivity, and a relatively large share of German exports. However, its share of exports is also vulnerable to more pronounced business cycles relative to other regions. Nevertheless, thanks to the activities in neighbouring federal states and Saxony, this effect is somewhat mitigated, and overall geographical diversification is considered strong.

FIGURE 4
Geographical Diversification of Group Exposure (2009)



Source: Moody's Investors Service based on Company's report

Besides expanding the business with corporate and retail clients, LBBW had originally planned to use Sachsen Bank to enter new markets in Central and Eastern Europe. However, in accordance with the EC's restrictions associated with its aid package, the bank will continue to scale down its international ambitions. That said, international operations have never been strong contributors to the group's earnings.

Risk Positioning

LBBW's overall risk positioning benefits from proactive and capable risk management; however, the bank concedes that it has allowed too much growth in non-core investments, resulting in high levels of market risk and exacerbated by the acquisition of the former SachsenLB. As a result, the bank is currently reducing several of its non-core risk positions, including ABS products, stocks, mutual fund investments, money market exposures and proprietary trading positions. LBBW also needs to optimise its risk-weighted assets (RWA) and capital management in accordance with reduction targets set by the EC. The reduction is expected to be achieved gradually over several years, thus potentially restricting new business opportunities and dictating prudent allocation of resources. That said, growth in its core business is allowed under the restructuring plan.

LBBW shows a commitment to addressing concerns over its risk culture

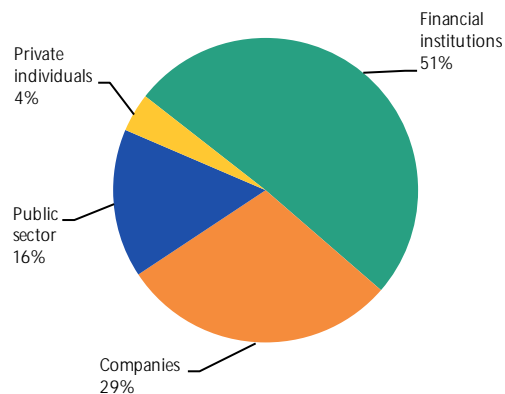
In our view, LBBW has to re-examine its risk culture and adjust previous underwriting standards, given that recent developments in its loan portfolios reflect a somewhat higher risk position than we had previously anticipated. Based on recent adjustments of its corporate governance structure, LBBW has shown commitment to addressing these concerns.

Concentration risks, especially in commercial real estate and FI exposures, are high ...

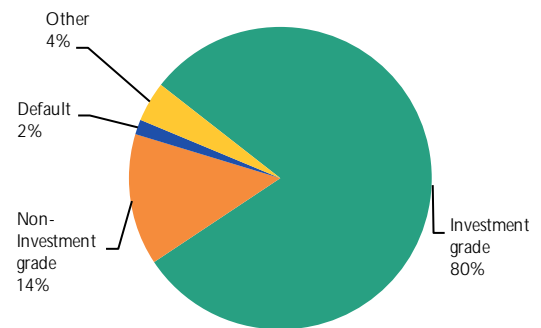
We remain concerned about sizeable risk concentrations to both corporates and financial institutions. The loan book contains sizeable concentrations to single borrower groups, which is a result of the bank's continued focus on wholesale banking, albeit with a strengthening client focus.

FIGURE 5

Distribution by segments (€512 bn, 2009)



Distribution by rating class (€512 bn, 2009)



Source: Moody's Investors Service based on Company's report

LBBW's high concentrations in certain industries also raise concerns as several of these are expected to remain under severe pressure, even as the global economy recovers. In this context, we note that the group has a €24.1 billion gross exposure to the commercial real estate sector, another €9.3 billion to the construction industry and €16.7 billion to the automotive industry (as at end-June 2010). These three sectors account for €50 billion or one-third of LBBW's €145 billion exposure to corporate customers. Given the high cyclicity that these sectors have in common, these exposures can trigger large losses during downturns, as was recently the case. While we acknowledge a substantial reduction in exposures over the past 12 months as well as the availability of considerable collateral, these concentrations continue to constrain LBBW's ratings.

... and market risk is also substantial, albeit falling with the run-off of investments

We consider LBBW's total market risk to be substantial, with €3.7 billion in economic capital required to cover market risk accounting for one quarter of Tier 1 capital. Interest-rate risk and credit-spread risk represent the key market risks to which LBBW is exposed, with the latter being a result of the bank's large holdings of fixed-income products and derivatives. Related risks recently increased (+50% in the six months to June 2010, based on 10-day VAR values), partly as LBBW's investments include major exposures to the countries of Europe's periphery that have been under varying pressures. The lion's share is related to Italy and Spain (with a net exposure to the sovereigns of €3.7 billion and €3.4 billion respectively), while the sovereign exposures relating to the two weaker countries, Greece (€1.3 billion) and Ireland (€0.1 billion), are relatively modest and manageable for the group. We are concerned, however, that such positions continue to cause major volatility in the bank's income statement. Despite its falling size, LBBW's CDS portfolio had a notional value of €87 billion as of June 2010, with protection-sold positions accounting for two thirds of the total, which has significant negative implications for earnings when spreads widen.

The table on the next page (Figure 6) shows that spread risk is the main driver of LBBW's market risk.

FIGURE 6

Market price risks (VaR 99%/10 days)

	Average	Maximum	Minimum	Dec. 30, 2009	Dec. 30, 2008
LBBW Group overall	877	1167	602	623	941
LBBW Bank overall	792	1100	592	620	760
Interest rate risks (incl. credit spread risks)	780	1087	575	611	745
Equity risks	32	41	21	23	34
Currency risks	48	98	4	40	65

Source: Moody's Investors Service based on Company's report

Operating Environment

The operating environment for LBBW is strongly driven by the performance of the German economy, which has been enjoying a robust recovery since early 2010. This positive trend has reflected the export power of corporate Germany. In fact, the diversification and technological leadership of middle market corporates – in particular in the south of the country - should support LBBW's recovery. However, the country's high export dependence makes the economy somewhat vulnerable to downturns in export markets, including China. Please refer to Moody's report *Banking System Outlook: Germany*, published in October 2010, for further details.

Discussion of Quantitative Rating Drivers

Profitability

On a global comparison, LBBW's risk-weighted profitability was modest even during the more favourable years before the crisis. While we note positively that LBBW has shown a very stable operating performance during the cycle, we believe that the bank has been somewhat under-exploiting the full potential of its franchise. Moreover, LBBW has been among those German banks most heavily affected by losses attributable to the global financial crisis, driven by its credit risk and its market risk.

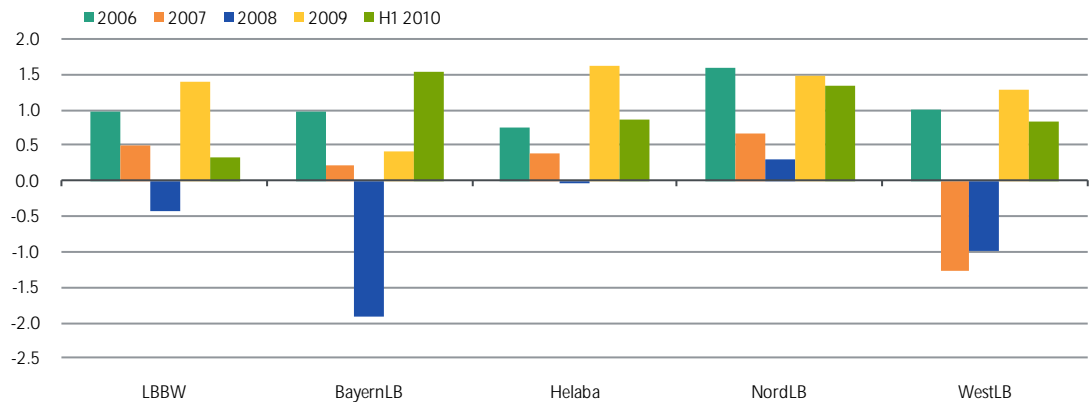
LBBW should become profitable in 2011...

The bank continues to post losses driven by (i) increasing costs related to the aid measures provided by the bank's owners in June 2009; (ii) volatility of credit-spread sensitive products in the context of continued uncertainty in international financial markets; (iii) pronounced impairment charges on loans (albeit strongly decreasing in 2010) and participations; and (iv) subdued revenue. That said, the group posted a positive result for Q3 2010, and we expect LBBW to be consistently profitable again from 2011 onwards.

... although our outlook for risk-adjusted returns is modest...

Moody's continues to be concerned about (i) the high volatility of earnings, largely driven by the unstable valuation of the credit investment portfolio that can only be gradually reduced over time; and (ii) the continued disproportionate performance of group earnings in the context of its risk profile. At the same time, we acknowledge that the majority of 2008-09 losses were contributed by its former subsidiaries – in particular SachsenLB – and that LBBW is committed to reducing secondary market and other non-core investments.

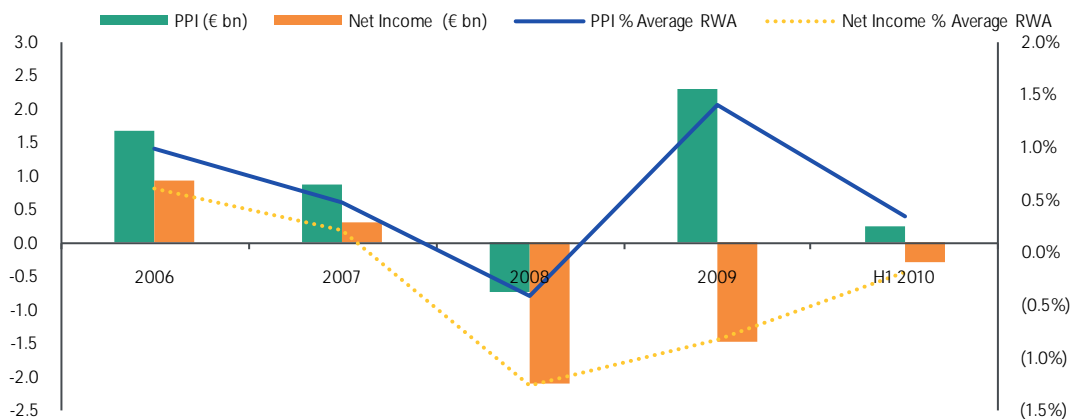
FIGURE 7
Pre-Provision Income (PPI) % Average Risk Weighted Assets compared to Peers (2006 - H1'10, %)



Note: 2006 and 2007 RWA based on Basel I
Source: Moody's Investors Service based on Company's report

Major negative one-off effects that have caused recent losses (see Figure 8 below) are not expected to be repeated in 2011 and beyond, especially write-downs on structured credit investments. In addition, restructuring charges, if any, should be negligible, after €54 million was required in the nine months to September 2010. However, further impairment charges on participations are possible and credit risk provisions on the group's core lending exposure may remain at elevated levels for several quarters, but should be well within pre-provision income in 2011.

FIGURE 8
PPI and Net Income in € billion and in % to Average Risk Weighted Assets (2006-H1 2010)



Note: 2006 and 2007 RWA based on Basel I
Source: Moody's Investors Service based on Company's report

...partly due to the costs for state aid

However, additional costs will be high, and are likely to absorb all earnings for several years. LBBW will have to continue to pay €336 million per annum in fees and interest expenses for the €12.7 billion guarantee provided by the federal state and, once LBBW returns to profitability, a preferred dividend of around €400 million per annum on the €5 billion fresh capital (as agreed with the EC) that was provided by its owners. Moreover, cumulative coupons on hybrid instruments (profit participation certificates and silent participations) not paid for 2009 will need to be paid retroactively, depending on

whether LBBW posts profits based on local GAAP accounts. It will thus take several years for LBBW's profitability to return to more normal levels, and – more importantly – for profits to be eventually made available for internal capital generation.

Liquidity

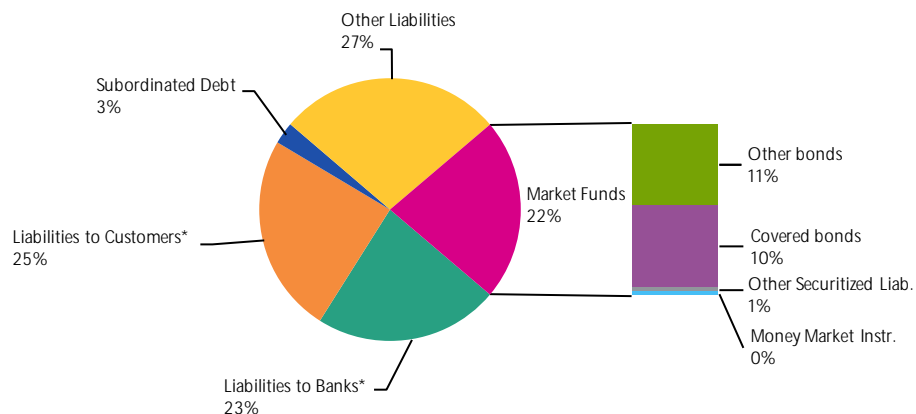
Relatively sound liquidity profile despite its dependence on wholesale funding

Despite its partial dependence on wholesale funding, we consider LBBW's liquidity profile and liquidity management to be satisfactory and a positive factor for the C- BFSR. This view is based on (i) LBBW's dedicated and comprehensive liquidity management; (ii) its good access to debt capital markets even in times of stress, as well as to the excess liquidity of the regional savings banks; and (iii) the maintenance of a sufficient liquidity reserve, albeit somewhat reduced from 2008-09. Moreover, LBBW has access to funding support from the State of Baden-Wuerttemberg in the unlikely event that this would be necessary. Importantly, funding requirements will remain modest over the foreseeable future, given that total assets will continue to decrease over the next two years. Therefore, we are not concerned about the reported €25.9 billion (as of June 2010) in securitised liabilities that will mature within 12 months; this amount represents just 6.4% of the group's total liabilities, and will not need to be fully refinanced with new issues as major non-core assets will run off.

LBBW maintains good access to debt capital markets...

LBBW has maintained good access to market funding throughout the crisis and continued to issue comparatively large tranches of new debt, including Pfandbriefe (covered bonds), reflecting a high level of financial flexibility and resilience to adverse market conditions.

FIGURE 9
Funding Mix (H1 2010)



* Liabilities to Customers and Banks also include Covered bonds to the amount of €16.9 billion and €6.5 billion respectively. Source: Moody's Investors Service based on Company's report

...and, at the same time, is reducing its reliance on market funds

More recently, the group materially reduced its reliance on market funds, reflected by the 10% reduction in securitised liabilities in the six months to June 2010 to €90 billion. Amounts due to financial institutions decreased even more rapidly, by 29% to €91 billion over the same period, reducing its position as a net borrower in the interbank market to a mere €3.5 billion (from €39.4 billion as of December 2009). Importantly, funding costs have remained more favourable than for

many peers in the German market, and currently the bank has no need to use ECB tenders for its short-term funding.

Liquidity reserves, albeit reduced, remain adequate

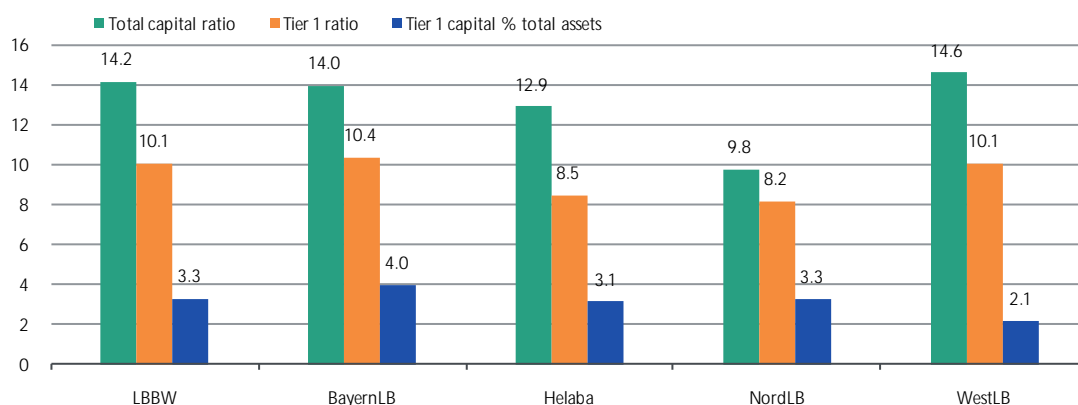
The group's liquidity reserves (i.e. funding available on the same day via the ECB and the federal state based on unencumbered, eligible securities) remained at a high level throughout the period and was reported at almost €42 billion at the end of December 2009. This has fallen slightly in 2010, which, however, broadly corresponds with the overall reduction in long-term assets and thus lower liquidity risk. With ECB-eligible, unencumbered assets of currently around €35 billion, LBBW can cover funding needs of at least three months. The regulatory requirements were adhered to at all times during 2009 and 2010, with a liquidity ratio of 1.51x at the end of June 2010 (broadly stable since 2008).

Capital Adequacy

Regulatory capitalisation is satisfactory and improving on the back of RWA reduction

Despite a €1.3 billion decrease of Tier 1 capital in the nine months to September, LBBW group was able to gradually improve its regulatory capital ratios in the year to date. The Tier 1 ratio reached a satisfactory 10.8% as of end-September 2010 (after 9.8% as of December 2009) and the total capital ratio 14.8% (13.3%), which reflects levels considerably above the bank's earlier expectations.

FIGURE 10
Total Capital Ratio, Tier 1 Ratio and Tier 1 Capital % total Assets (H1 2010, %)



Source: Moody's Investors Service based on Company's report

The improvement has been achieved on the back of a remarkable 17% reduction in RWA in the nine-month period to €128 billion. In view of the €50 billion total RWA reduction since December 2008 (decrease of 28%), we consider the overall progress in de-risking the balance sheet to be very satisfactory. The ratios as well as the de-risking achievements strongly underpin the C- BFSR of LBBW.

Downside risk is limited thanks to aid measures in 2009

After the group's capitalisation eroded substantially in 2008, LBBW's public-sector owners supported LBBW with €5.0 billion cash capital injection (core Tier 1) and a €12.7 billion guarantee in 2009. The latter breaks down into (i) a €6.7 billion second loss guarantee (after a €1.9 billion first-loss piece remaining with LBBW) on a portfolio of structured credit products; and (ii) a €6.0 billion guarantee

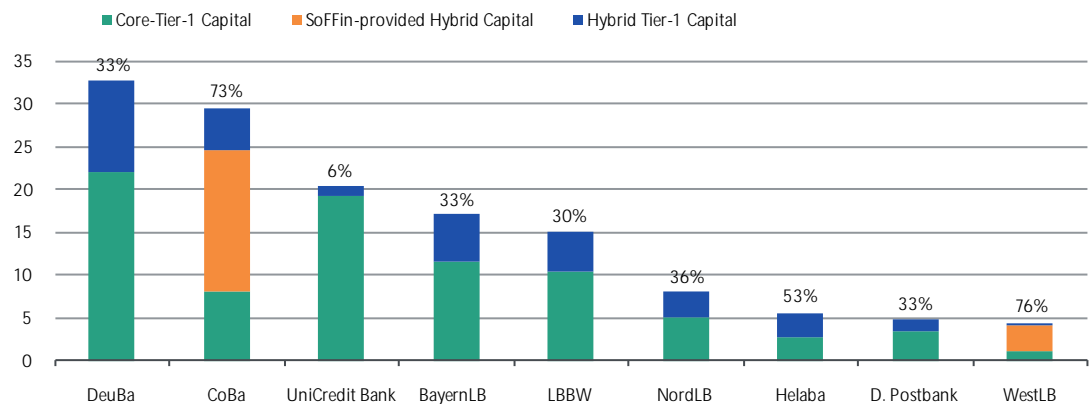
to cover a junior loan of LBBW to the SPV Sealink Funding Ltd. Given the structure and comprehensive coverage of these guarantees, the 100% provision made on the €1.9 billion first-loss piece in 2009, and the low-risk profile of the bank's unguaranteed ABS portfolios, we take the view that further pressure on capital from the group's structured product investments should be limited.

Basel III compliance may pose challenges...

That said, the higher minimum capital requirements under Basel III present challenges for LBBW, and the group will need to prudently manage its capital position in the coming years in order to comply with the stricter regulatory regime. We are concerned with regard to the following key drivers that will affect LBBW's regulatory ratios:

- i) Expected increase in RWA for market risk, based on the higher capital requirements under a new capital directive ("CRD III") starting from January 2012;
- ii) LBBW's modest quality of regulatory capital; the group relies on €3.9 billion (28%, as of June 2010) in hybrid Tier 1 instruments for its €13.8 billion Tier 1 capital; recognition of these instruments as core capital will fade-out under the Basel III rules starting from 2013;

FIGURE 11
Hybrid Tier 1 Capital and Core Tier 1 (2009, € billions); Hybrids as Part of Tier 1 (%)



Source: Moody's Investors Service based on Company's report

- iii) LBBW holds equity investments and participations with a book value of €5.5 billion as of December 2009 (based on local GAAP), which we expect will lead to considerable capital deductions;
- iv) The potential for internal capital generation will remain weak for several years, leaving mostly the reduction of RWA as a tool for managing regulatory capital;
- v) LBBW and its owners will likely wish to keep the current ownership structure unchanged, or at least avoid entry of private investors, which effectively rules out the option of obtaining additional capital through equity capital markets.

...although LBBW has considerable flexibility to proactively manage the risk of RWA add-ons and capital deductions

With a core Tier 1 capital ratio of 7.25% (as of September 2010 / Basel II, based on Moody's calculations), LBBW is already fairly well- positioned to comply with the new 4.5% Tier 1 ratio required in 2015. The 2.5% capital conservation buffer that will be phased in from 2016 will only be

fully required in 2019, leaving the group ample time to take further action (and/or delay the return of capital), if required. Importantly, we expect that capital erosion caused by losses (on a local GAAP basis) will be halted by year-end 2010, and the trend reversed, starting from 2011. Moreover, we expect that LBBW will respond to the Basel III challenges with comprehensive management action ahead of 2013.

Firstly, RWA will continue to decrease as major unguaranteed, non-core assets (€58 billion as of September 2010) mature over the coming years, potentially accelerated by asset sales and further helped by the recovery of the German economy and positive rating migration as the credit cycle has turned. Secondly, various equity holdings have already been earmarked for divestment and will likely be sold in the near term, including the bank's 14.78% stake in DekaBank, which represents LBBW's second-largest equity investment (after 100%-held LBBW Immobilien GmbH). Thirdly, we believe that LBBW can (and will) adjust trading-book and counterparty exposures over time without harming its core business. Lastly, the vast majority of Tier 1 hybrid securities is held by the bank's owners, which offers the possibility of negotiating an exchange of these instruments for common equity.

Pressures of returning capital to shareholders remain

That said, LBBW has stated that it intends to gradually return some of the capital provided by its owners in 2009, potentially from 2013 onwards. We believe that this will only be carried out very prudently, if at all, during the Basel III phase-in period, and may, perhaps, gradually repay hybrids instead, as these will not be required to the same extent under the new regulatory regime.

Efficiency

LBBW has traditionally had a relatively high cost base, but has achieved reasonable cost-income (C/I) ratios in years where revenues were supported by ample trading income, as was shown in 2006 when the C/I Ratio was 52% (based on Moody's calculations and adjustments). However, based on the two core revenue streams (net interest income and fee & commission income), the C/I ratios during the four year to 2009 ranged from 65% and 81%, which we consider weak.

Total costs have been distorted since 2008

Since 2008, the group's total costs have been inflated by the consolidation and costly integration of the former SachsenLB as well as charges for the group's ongoing restructuring programme. Moreover, efficiency metrics were somewhat distorted by rather volatile operating revenue. As a result, non-staff operating expenses increased by 4.4% to €1.3 billion despite various efforts to keep expenses under control. Staff costs rose 8% to €1.0 billion in 2009, burdened by adverse consolidation effects (as BW Immobilien was consolidated for the first time) that resulted in a rise in staff numbers. Nonetheless, the C/I ratio for 2009 was a much improved 52% (down from 146%), although this was helped by unusual trading profits and positive valuation effects.

Cost-cutting will slowly provide relief, albeit against headwinds

As part of its restructuring programme, LBBW set itself the ambitious target of cutting costs by around €700 million per annum – almost 40% of the group's 2008 total costs – partly through a gradual reduction of 2,500 staff. While this target is not unrealistic, it will take time for LBBW to improve its key efficiency metrics. Firstly, it will be challenging for the bank to reduce costs at the same pace as interest-bearing assets. Secondly, headcount reductions may be partly offset by rising performance-related payments, as we believe that bonus cuts cannot be sustained for several years. Thirdly, growth targets in selected strategic businesses and locations may require some further investment.

Nonetheless, the bank's efforts are now yielding results, with a 5.4% reduction year-on-year in total administrative expenses for the nine months to September 2010. The above-mentioned €700 million per annum in cost savings is expected to be fully achieved by 2013.

Asset Quality

LBBW's asset profile is driven by LBBW's corporate loan book and FI exposures

The main drivers of LBBW's asset quality are the group's €144.9 billion exposure to corporate clients (as of June 2010), and the €258 billion exposure to banks and other financial institutions (FIs), which represents more than half of the group's total exposure and is, in our view, oversized. At the same time, we no longer consider the exposure to structured credit products to be excessive, and we consider related risks to be manageable, as the portfolios either benefit from a guarantee from the state of Baden-Wuerttemberg, or have been appropriately downsized and provisioned.

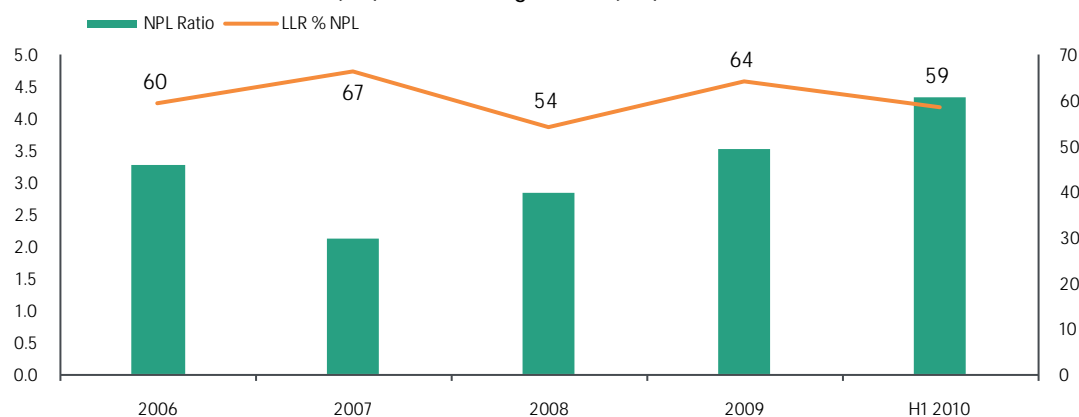
The group's total exposure of €511 billion as at end-June 2010 has decreased 5% since mid-2009, with the main reduction achieved in corporate lending (which decreased by 14%), which strongly drove the substantial RWA reduction achieved to date. The FI exposure decreased only 3% year-on-year and actually showed a rising trend during H1 2010, while the exposure to the public sector rose 4.5% to €86.2 billion.

Asset quality metrics are well in line with the German average, although LBBW has major sector concentrations in more cyclical industries

With just over 4.2% of the total corporate loan book in default as of June 2010, LBBW's assets show a quality well in line with the German average for corporate portfolios, thanks to a fair degree of diversification. Sizeable, well-performing lending exposures, such as to the utilities (€9.8 billion), insurance (€6.3 billion) and telecom sectors (€5.6 billion) continue to offset higher problem loan ratios in the bank's large commercial real estate book (€24 billion), as well as exposures to the automotive (€16.7 billion, which include approximately €3.2 billion in leveraged loans) and the construction sectors (€9.3 billion).

The latter three represent the group's largest – and, at the same time, riskiest – sector concentrations. The recent growth in the default portfolio (see Figure 12 below) was driven by these three sector exposures, with default ratios ranging between 5.9% and 7.9%.

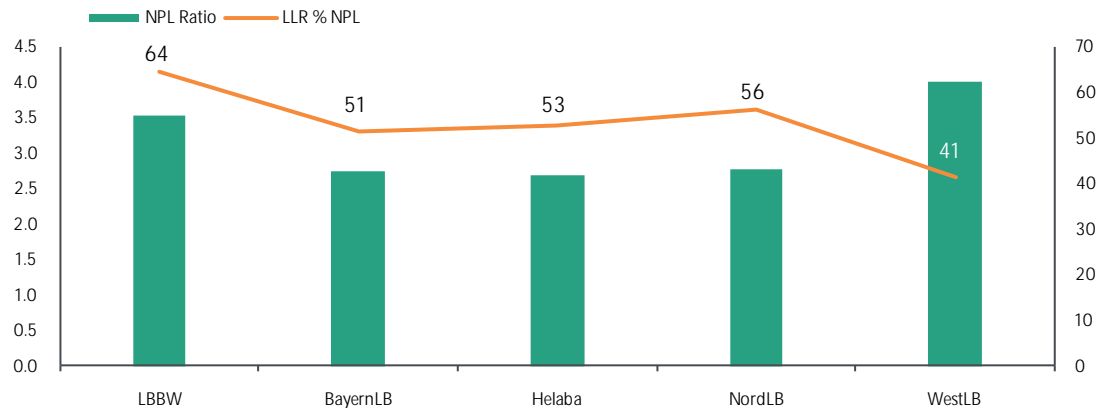
FIGURE 12
Problem Loans % Gross Loans (lhs) and Coverage Ratio (rhs)



Source: Moody's Investors Service based on Company's report

That being said, LBBW has relatively high coverage ratios (loan loss reserves in % of non-performing loans), as shown in the graph below. Our numbers exclude NPLs and LLRs relating to interbank exposures.

FIGURE 13
Problem Loans % Gross Loans (2009, % lhs) and Coverage Ratio (2009, % rhs)



Source: Moody's Investors Service based on Company's report

Problem loans have likely peaked

LBBW recorded a massive €2.4 billion in risk charges and write-offs in 2008-09, firstly and primarily on structured products, and subsequently on the loan book. However, a stabilising trend in asset quality emerged as at H1 2010. This trend also applies to corporate loans, even though loan exposures categorised as 'in default' rose another 10% in the six months to June 2010, reaching €5.9 billion.

Problem loans have likely peaked (at €8.5 billion in June 2010, across all types of exposure), as ratings – on average – were slightly stronger, and the portion rated B2 and below was lower by a substantial €4.3 billion, or 29%, to €10.3 billion in the six months to June 2010, reflecting strong positive rating migration from the lowest rating categories.

The expected recovery in asset quality may be delayed by further pressure in CRE

Although we expect a visible improvement in 2011, the strong economic recovery in Germany will not support the quality of LBBW's entire exposure, given that substantial amounts relate to international lending and asset-based finance activities. We remain particularly cautious with regard to the group's international €24 billion CRE exposure. The US market exposure represents the single-largest regional concentration internationally. Given persistently difficult market conditions in many parts of the US and the fact that a part of the total CRE book relates to projects under construction, which generally display above-average risk, these sub-portfolios will likely remain under pressure and may cause further losses over the next few quarters.

Even after collateral and hedges, LBBW's FI exposure remains large and risk dynamics hard to judge in the medium term

We note that €2.2 billion (or 26%) of the total €8.5 billion loans in default relate to exposures to banks and non-bank FIs. Although we do not expect further bank defaults in the near future, we are concerned that – given the sheer size of the exposure – it cannot be easily reduced or hedged any

further, whereas risk dynamics in banking systems can change rapidly, as was seen in the banking systems in Europe's periphery during 2010.

This exposure concentration and LBBW's cyclical and higher-risk CRE and construction finance activities are therefore credit negatives for the group's C- BFSR.

Exposure to structured credit products is gradually falling and risks appear contained

LBBW is still exposed to substantial structured credit product portfolios, reported at €23.7 billion as of June 2010 (a 14% decrease year-on-year). However, only €8.4 billion of this amount represents credit default risk for LBBW, given that the State of Baden-Wuerttemberg holds available a €6.7 billion guarantee (provided in June 2009) for a portfolio of €15.3 billion; i.e. covering 65% of the total. The guarantee is a second loss-guarantee, but as LBBW's owns €1.9 billion first-loss piece was fully provisioned in 2009, we understand that all risk relating to this sub-portfolio is effectively contained.

With regards to the €8.4 billion uncovered exposure, we note positively (i) the rapid reduction in collateralised debt obligations (CDOs) to below €2 billion (a decrease of 56% in the 12 months to June 2010); and (ii) the strong decrease in the portion rated non-investment grade to €756 million (a decrease of 71%). The latter amount relates almost exclusively to CDOs and may cause some additional write-downs in the next few quarters, depending on market conditions for this asset class; however, it is now within the bank's recurring earnings power (i.e., the annual pre-provision income), and we therefore consider the remaining credit risk as manageable.

Discussion of Support Considerations

Moody's assigns global local currency (GLC) deposit ratings of Aa2/Prime-1 to LBBW. The ratings are supported by four main elements. They are:

- i) LBBW's baseline credit assessment of Baa2;
- ii) The very high probability of cross-sector support from public-sector banks, resulting in an adjusted BCA of A3;
- iii) The very high probability of regional government support from the State of Baden-Wuerttemberg; and
- iv) The very high probability of systemic support from the central Government of Germany.

Moody's assessment of these support probabilities results from LBBW's important role in the regional economy, given its strong franchise among the region's medium and large enterprises. Additionally, the fully integrated BW-Bank claims a market penetration of around 50% in the Stuttgart area. These factors, along with the bank's size and its integration into the public-sector support mechanisms, make support from the various sources highly likely in the event of a stress scenario. Germany is considered a medium support country, and we recognise the strong track record of systemic support for banks in Germany during the crisis. However, adverse rating implications could result from a reassessment of systemic support against the background of the government's weakening preparedness to fully support all debtors of even systemically relevant banks.

Discussion of Support Considerations

EXHIBIT 14:

Mapping the BFSR to the Baseline Credit Assessment (BCA)

The discussions of qualitative and quantitative rating drivers presented in this report forms the analytical basis for assigning a Bank Financial Strength Rating (BSFR) of C- to **Landesbank Baden-Wuerttemberg**.

BFSRs are Moody's opinions on the intrinsic safety and soundness of a bank enterprise and, in effect, address the susceptibility of a particular institution to financial distress.

The BFSR array of ratings is not on Moody's traditional rating scale (Aaa, Aa, etc.). There is a useful method, however, for translating BFSRs to Moody's traditional scale – the baseline credit assessment. In effect, the baseline credit assessment measures a bank's stand-alone default risk assuming there is no systemic or other external support.

Landesbank Baden-Wuerttemberg's C- BFSR maps to a baseline credit assessment of Baa2, yet, considering external support factors, its deposit ratings are Aa2.

**BFSR/Baseline Risk Assessment Mapping for
Landesbank Baden-Wuerttemberg**

BFSR	Baseline Credit Assessment (BCA)
A	Aaa
A-	Aa1
B+	Aa2
B	Aa3
B-	A1
C+	A2
C	A3
C-	Baa1
C-	Baa2
D+	Baa3
D+	Ba1
D	Ba2
D-	Ba3
E+	B1
E+	B2
E+	B3
E	Caa1
E	Caa2
E	Caa3

Company Annual Statistics

Landesbank Baden-Wuerttemberg

	30-Jun-2010 Euro (Millions) Basel II IFRS	31-Dec-2009 Euro (Millions) Basel II IFRS	31-Dec-2008 Euro (Millions) Basel II IFRS	31-Dec-2007 Euro (Millions) Basel II IFRS	31-Dec-2006 Euro (Millions) Basel II IFRS
Analyst-Adjusted - Consolidated Financials					
BALANCE SHEET					
ASSETS					
Cash and Balances with Central Bank	3,093.00	1,878.00	3,480.00	1,477.00	1,578.00
Loans due from banks and other financial institutions	86,725.00	87,503.00	119,997.00	143,628.00	150,607.00
Securities and Investments	178,944.00	163,819.00	163,008.00	141,990.00	135,257.00
Financial Assets held for trading	89,508.00	66,997.00	63,197.00	51,096.00	41,065.00
Other financial assets designated at fair value through profit or loss (FVTPL)	6,546.00	6,610.00	7,415.00	4,735.00	4,011.00
Financial Investments/ Investment Securities	82,890.00	90,212.00	92,396.00	86,159.00	90,181.00
Fair value of hedging derivative financial instruments / Portfolio hedge valuation adjustment (IFRS)	6,655.00	3,947.00	4,678.00	5,648.00	5,947.00
Loans and advances to Customers (Gross) - Net of Allowance for Loan Losses	134,528.00	146,313.00	147,528.00	144,457.00	119,239.00
Loans to Customers (Gross)	137,963.00	149,633.00	149,788.00	146,408.00	121,391.00
Allowance for loan losses	3,435.00	3,320.00	2,260.00	1,951.00	2,152.00
Property, plant and equipment, net	761.00	854.00	922.00	768.00	756.00
Investments in associates and joint ventures	1,059.00	1,125.00	1,339.00	1,205.00	831.00
Goodwill and other intangible assets	608.00	589.00	1,129.00	112.00	97.00
Other assets	1,251.00	1,272.00	1,387.00	1,361.00	461.00
Total assets	417,412.00	411,655.00	447,626.00	443,398.99	417,284.00
LIABILITIES					
Due to Customers	98,758.00	105,212.00	103,232.00	96,451.00	85,436.00
Due to Banks and other Financial Institutions	90,787.00	127,536.00	140,013.00	157,446.00	142,043.00
Fair value of derivative financial instruments used for hedging / Portfolio hedge valuation adjustments (IFRS)	6,166.00	4,912.00	6,363.00	5,783.00	5,880.00
Trading liabilities	95,380.00	36,694.00	40,028.00	15,276.00	11,541.00
Other financial liabilities at fair value through profit and loss	11,341.00	11,963.00	14,497.00	16,482.00	21,200.00
Short-term Borrowings	2,210.00	4,077.00	17,140.00	15,453.00	17,373.00
Senior Bonds, Notes and Other Long-term Borrowings	87,909.00	95,991.00	105,180.00	111,421.00	109,463.00
Other liabilities - Total	4,031.04	4,221.31	3,139.43	3,185.51	3,140.00
Subordinated Debt (IFRS)	5,054.08	4,844.00	5,742.02	5,740.44	5,089.44
Minority interest - liability	10.00	12.00	20.00	121.00	103.00
Total liabilities	404,516.61	400,042.45	440,554.57	431,850.65	405,800.13
CAPITAL/SHAREHOLDERS' EQUITY					
Minority interest	0.00	0.00	0.00	0.00	0.00
Common shares	9,494.00	9,494.00	4,494.00	4,494.00	4,494.00
Retained earnings - Total	1,144.00	1,317.02	2,770.02	5,160.06	4,790.00
Accumulated other comprehensive income	-663.04	-431.33	-1,425.45	661.42	967.00
Foreign currency translation adjustments	-7.00	-17.00	-17.00	-6.00	0.00

Landesbank Baden-Wuerttemberg

	30-Jun-2010 Euro (Millions) Basel II IFRS	31-Dec-2009 Euro (Millions) Basel II IFRS	31-Dec-2008 Euro (Millions) Basel II IFRS	31-Dec-2007 Euro (Millions) Basel II IFRS	31-Dec-2006 Euro (Millions) Basel II IFRS
Analyst-Adjusted - Consolidated Financials					
Additional minimum pension liability adjustment	9.95	7.67	12.55	17.42	0.00
Asset revaluation reserves	-677.00	-434.00	-1,429.00	657.00	973.00
Cash flow hedging reserve	11.00	12.00	8.00	-7.00	-6.00
Total capital / shareholders' equity	12,895.38	11,612.55	7,071.43	11,548.35	11,483.86
Total liabilities, mezzanine and shareholders' equity	417,412.00	411,655.00	447,626.00	443,398.99	417,284.00

INCOME STATEMENT

Interest income	1,257.00	20,989.00	33,399.00	28,706.00	25,686.00
Interest expense	-162.69	18,136.62	31,030.62	26,486.62	23,426.89
Net interest income (expense)	1,419.69	2,852.38	2,368.38	2,219.38	2,259.12
Net fee and commission income (IFRS)	163.00	657.00	549.00	584.00	499.64
Income from Trading activities / Gains (Losses) on financial instruments through profit and loss (IFRS)	-686.00	762.00	-2,149.00	-632.00	252.73
Net Gains (Losses) on financial instruments designated at fair value through profit and loss (IFRS)	-24.00	52.00	-246.00	-44.00	-62.50
Net income arising from investment securities/financial investments (IFRS)	136.00	8.00	77.00	98.00	13.24
Non-interest income	319.00	512.00	1,006.00	542.00	488.23
Other income	319.00	512.00	1,006.00	542.00	488.23
Total non-interest income	-92.00	1,991.00	-763.00	548.00	1,191.35
Personnel Expense (IFRS)	495.00	1,015.00	939.00	908.00	871.49
Administrative and Other Operating Expense (IFRS)	514.00	1,344.00	1,288.00	871.00	788.77
Other operating (non-interest) expense	72.00	179.00	124.00	117.00	127.79
Depreciation and Amortization	72.00	179.00	124.00	117.00	127.79
Loan Loss Provisions (IFRS)	297.00	1,527.00	883.00	186.00	163.41
Other Provisions (IFRS)	-	15.00	13.00	19.00	24.18
Total other operating expenses / charges	1,081.00	2,538.00	2,351.00	1,896.00	1,788.05
Share of associates profit/Joint venture profit (IFRS)	-11.00	-123.00	16.00	10.00	0.77
Non-recurring charges / unusual items (as reported) (IFRS)	101.00	1,701.00	1,261.00	294.00	90.91
Pre-tax income (loss)	-162.31	-1,060.62	-2,886.62	382.38	1,384.68
Income tax (benefit) expense	-31.38	291.94	-640.60	0.82	366.39
Net Profit (Loss) After-tax Before Unusual Items	-130.93	-1,352.56	-2,246.02	381.56	1,018.30
Net income (loss)	-130.93	-1,352.56	-2,246.02	381.56	1,018.30
Cumulative effect of Moody's unusual items adjustments to net income (loss), net of tax	3.62	-55.06	208.40	18.82	-12.55
Net income (loss) after unusual items adjustments	-127.31	-1,407.62	-2,037.62	400.38	1,005.75
Minority interest expense (income)	-2.00	1.00	-24.00	8.00	5.18
Preferred dividends declared	162.69	74.38	74.38	74.38	74.38
Income available / (Loss attributable) to common shareholders	-288.00	-1,483.00	-2,088.00	318.00	926.19

Landesbank Baden-Wuerttemberg

	30-Jun-2010 Euro (Millions) Basel II IFRS	31-Dec-2009 Euro (Millions) Basel II IFRS	31-Dec-2008 Euro (Millions) Basel II IFRS	31-Dec-2007 Euro (Millions) Basel II IFRS	31-Dec-2006 Euro (Millions) Basel II IFRS
Analyst-Adjusted - Consolidated Financials					
RATIOS					
ASSET QUALITY					
Loan Loss Provisions / Gross Loans	0.43%	1.02%	0.59%	0.13%	0.13%
Loan Loss Provisions / Pre-Provision Profit	120.39%	66.24%	-118.43%	21.35%	9.83%
Allowance for Loan Losses / Gross Loans	2.49%	2.22%	1.51%	1.33%	1.77%
Problem Loans & Leases / Gross Loans	4.34%	3.52%	2.83%	2.14%	3.30%
Problem Loans & Leases / Shareholders' Equity + Loan Loss Reserves	36.67%	35.25%	45.48%	23.25%	29.37%
PROFITABILITY					
Return on Average Assets (after Tax before Unusual Items)	-0.06%	-0.31%	-0.50%	0.09%	0.24%
Return on Average Shareholders' Equity (after Tax before Unusual Items)	-2.14%	-12.95%	-24.13%	3.31%	8.87%
Net Income / Average RWA - Basel I	-	-	-	0.21%	0.60%
Net Income / Average RWA - Basel II	-0.18%	-0.82%	-1.27%	-	-
Pre-Provision Income / Average RWA - Basel I	-	-	-	0.48%	0.98%
Pre-Provision Income / Average RWA - Basel II	0.34%	1.40%	-0.42%	-	-
CAPITALIZATION					
Tier 1 Capital / RWA - Basel I	-	-	-	6.50%	7.40%
Tier 1 Capital / RWA - Basel II	10.10%	9.80%	6.90%	-	-
Total Capital / RWA - Basel I	-	-	-	9.70%	10.60%
Total Capital / RWA - Basel II	14.20%	13.30%	10.10%	-	-
TCE / RWA - Basel I	-	-	-	5.64%	6.13%
TCE / RWA - Basel II	9.45%	7.44%	4.15%	-	-
Shareholders' Equity / Total Assets	3.09%	2.82%	1.58%	2.60%	2.75%
EFFICIENCY					
Cost / Income Ratio	81.42%	52.40%	146.45%	68.51%	51.82%
LIQUIDITY AND FUNDING					
(Market Funds - Liquid Assets) / Total Assets	29.32%	32.60%	32.95%	30.65%	29.69%
Total Liquid Assets / Total Assets	42.96%	37.99%	41.70%	44.25%	46.31%

Source: Moody's

Moody's Related Research

Credit Opinions:

- » [Landesbank Baden-Wuerttemberg](#)
- » [Baden-Wuerttemberg, Land of](#)

Banking System Outlook:

- » [Banking System Outlook Germany, October 2010 \(126318\)](#)

Special Comments:

- » [German Bank Levy Is Credit Negative, but Manageable, January 2010 \(129953\)](#)
- » [European Commission's 'Bail-In' Proposals Indicate Lower Support in Future for Senior Bank Debt, January 2010 \(129951\)](#)
- » [Assessing Post-Crisis Support for German Banks, April 2010 \(124132\)](#)
- » [Moody's Approach to Estimating Bank Credit Losses and their Impact on Bank Financial Strength Ratings, May 2009 \(117326\)](#)

Rating Methodologies:

- » [Bank Financial Strength Ratings: Global Methodology, February 2007 \(102151\)](#)
- » [Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology, March 2007 \(102639\)](#)
- » [Moody's Guidelines for Rating Bank Hybrid Securities and Subordinated Debt, November 2009 \(120307\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Report Number: 130878

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