

Global Credit Research - 11 Jun 2015

Uzbekistan

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits	B2/NP
Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b2

Contacts

Analyst	Phone
Olga Ulyanova/Moscow	7.495.228.6060
Lev Dorf/Moscow	
Yves Lemay/London	44.20.7772.5454
Polina Krivitskaya/Moscow	7.495.228.6060

Key Indicators

Uzbek-Turkish Bank (Consolidated Financials)[1]

	[2]12-14	[2]12-13	[2]12-12	[2]12-11	[2]12-10	Avg.
Total Assets (UZS million)	160,338.3	135,540.7	128,053.4	202,806.1	137,437.5	[3]3.9
Total Assets (USD million)	66.2	61.5	64.5	113.0	83.8	[3]-5.7
Tangible Common Equity (UZS million)	62,654.1	56,427.4	44,407.0	37,377.9	18,621.2	[3]35.4
Tangible Common Equity (USD million)	25.9	25.6	22.4	20.8	11.4	[3]22.9
Problem Loans / Gross Loans (%)	0.5	1.0	-	1.2	0.4	[4]0.8
Tangible Common Equity / Risk Weighted Assets (%)	54.5	52.2	34.7	15.7	19.3	[5]35.3
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	0.3	0.3	-	0.1	0.1	[4]0.2
Net Interest Margin (%)	6.0	4.7	2.3	1.5	1.3	[4]3.2
PPI / Average RWA (%)	6.7	8.6	4.3	3.1	2.7	[5]5.1
Net Income / Tangible Assets (%)	3.5	6.5	5.5	2.0	1.3	[4]3.7
Cost / Income Ratio (%)	46.4	33.5	35.6	39.4	49.2	[4]40.8
Market Funds / Tangible Banking Assets (%)	12.5	2.8	0.0	0.1	10.7	[4]5.2
Liquid Banking Assets / Tangible Banking Assets (%)	45.1	57.6	84.4	95.4	92.1	[4]74.9
Gross Loans / Total Deposits (%)	50.7	19.7	5.9	1.9	4.2	[4]16.5

Source: Moody's

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

Opinion

SUMMARY RATING RATIONALE

We assign B2/Not Prime global local currency (GLC) deposit ratings to "UTBANK" Joint Stock Company (UTBANK).

The ratings incorporate one-notch uplift from UTBANK's baseline credit assessment (BCA) of b3 due to our assessment of a moderate probability of support from the bank's foreign (Turkish) shareholder, TC Ziraat Bankasi (local and foreign currency deposits Baa3 negative; BCA ba1), which owns a 49.98% stake in UTBANK. Another member of the TC Ziraat Bankasi group, Germany-based Ziraat Bank International AG, owns a 0.02% stake in UTBANK.

At the same time, we do not incorporate any probability of support to UTBANK from its local shareholder, Agrobank (one of the largest government-controlled banks in Uzbekistan, with a 50% stake in UTBANK), because of the local shareholder's very limited financial flexibility to render support to its subsidiary, as indicated by Agrobank's low rating level (deposits Caa1 stable; BCA ca).

UTBANK's BCA of b3 is constrained by the bank's low market shares in the context of Uzbekistan, and the low diversification of its business operations (in terms of assets and liabilities). At the same time, we note positively that UTBANK's standalone rating is underpinned by the bank's low risk appetite, its sustainable profits generation and sound capital adequacy levels.

Moody's has assigned a Counterparty Risk Assessment (CR Assessment) of B1(cr) / Not Prime(cr) to UTBANK.

UTBANK's RATING IS CONSTRAINED BY UZBEKISTAN's MACRO PROFILE OF VERY WEAK+

Major challenges to Uzbek banks' operating conditions are posed by the country's very low institutional strength and high susceptibility to event risk stemming from Uzbekistan's domestic political situation. At the same time, the country's small but relatively resilient and diversified economy helps to support local banks' operations. Credit conditions do not trigger excessive risks: despite relatively rapid credit growth, the economy remains under-banked. Bank funding benefits from a relatively stable and growing supply of domestic deposits, particularly corporate deposits. The short-term nature of these deposits is partially offset by long-term facilities that the government and international financial institutions provide to banks for long-term investment projects.

The structure of the banking industry in Uzbekistan creates certain risks. Five large state-controlled institutions dominate the sector, which raises entry barriers for other participants and distorts competition. These state-controlled banks are heavily exposed to state-controlled companies, with a substantial portion of loans disbursed in response to government policy initiatives rather than pure business considerations. Given the aggregate market share of state-controlled banks, these deficient credit underwriting practices have a negative effect on the sector as a whole. The government also regularly intervenes in the strategies and day-to-day activities of both state-owned and other local banks.

Rating Drivers

- Low business diversification
- Good asset quality to date, despite the rapid lending growth; risk profile benefits from close oversight effected by UTBANK's Turkish shareholder
- Strong capital adequacy metrics and commitment of the shareholders
- Profitability metrics remain comfortable and stem from recurring income sources
- UTBANK's liquidity profile could be impaired both by significant concentration in sources of funding and by its short-term duration

Rating Outlook

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

What Could Change the Rating - Up

UTBANK's standalone BCA could be upgraded if the bank improves its business diversification and expands its product mix and customer funding base, while simultaneously maintaining sustainable and good financial fundamentals, including asset quality, profitability and capital levels.

We could incorporate higher uplift to UTBANK's deposit ratings as a result of an assumption of higher parental support to the bank from its financially stronger Turkish parent TC Ziraat Bankasi (a government-owned financial institution), if the latter increased its holding in UTBANK to a controlling stake while clearly demonstrating a

strategic fit of this Uzbek subsidiary to the group's operations. However, we understand that the acquisition of a controlling stake in UTBANK by TC Ziraat Bankasi is not expected in the next 12 to 18 months.

What Could Change the Rating - Down

Negative pressure could be exerted on UTBANK's standalone BCA (1) if asset quality, profitability and/or capital levels significantly weaken as a result of any mismanagement of the bank's growth; or (2) if the bank is unable to maintain an adequate liquidity profile because of sizeable depositor outflows.

UTBANK's supported ratings could be downgraded if we lower our assessment of the probability of parental support to UTBANK from TC Ziraat Bankasi.

DETAILED RATING CONSIDERATIONS

UTBANK was founded in 1993 as the first bank in Uzbekistan to be established with foreign investments.

LOW BUSINESS DIVERSIFICATION

UTBANK is domiciled in Tashkent, the capital of Uzbekistan. The bank does not currently have any branches, but runs one mini-bank in Tashkent and is going to gradually expand its distribution network going forward. There is a perception among local market participants that UTBANK focuses on serving Uzbek-Turkish operations, but management of both TC Ziraat Bankasi and Agrobank have confirmed to us that they see UTBANK's future as being a bank for local (Uzbek) clientele. The bank's assets are funded by local customer accounts, and it receives no parental funding (from either TC Ziraat Bankasi or Agrobank) other than regular capital injections.

UTBANK predominantly maintains interest-free customer settlement accounts and re-channels them into either low-risk interbank loans (mainly to large state-owned Uzbek banks) or corporate loans. The volume of UTBANK's commercial lending and leasing operations is gradually expanding, but still comprises a modest proportion of the bank's total assets - just ca.27% as of 1 January 2015, up from 11% reported a year earlier.

A material portion of UTBANK's customer accounts is formed of the clients' local currency funds reserved - by UTBANK on behalf of these clients - with the Central Bank of Uzbekistan (CBU) for conversion into foreign currency in order for the clients to serve their import/export operations: the respective customer balances are blocked at the CBU until the conversion is processed (in Uzbekistan, the volume of these conversion operations are limited by the authorities and may take up to several months to be processed).

UTBANK's overall market shares are now very limited, even in the context of Uzbekistan: as of year-end 2014, we estimate its share in the sector total assets and total loans to be at 0.29% and 0.07%, respectively. We, therefore, apply a downward adjustment to UTBANK's BCA, as generated by Moody's Bank Scorecard, on the "Business Diversification" factor. In 2014, the bank's total assets, as reported under IFRS, increased 18% to UZS160.3 billion (\$66.2 million). This growth pace lags slightly behind the sector average asset growth. UTBANK's efforts to further grow its business are not constrained by capital, and the shareholders are targeting an increase in market shares; however, we believe that UTBANK will be challenged to compete with those more prominent players which already run expanded branch networks and enjoy brand names that are widely recognized in the country.

GOOD ASSET QUALITY TO DATE, DESPITE THE RAPID LENDING GROWTH; RISK PROFILE BENEFITS FROM CLOSE OVERSIGHT EFFECTED BY UTBANK'S TURKISH SHAREHOLDER

UTBANK's commercial lending activities are not sizeable, whereas its interbank lending is disbursed mainly to the largest Uzbek banks that are backed by the government; therefore, UTBANK has, to date, avoided any material asset quality problems.

Furthermore, UTBANK's asset quality benefits from the bank's oversight structure whereby its two institutional shareholders - TC Ziraat Bankasi (which is 100% owned by the Turkish government) and Uzbekistan-based Agrobank (controlled by the Uzbek government) hold 49.98% and 50% stakes in UTBANK, respectively, and have equal representation on UTBANK's six-member Supervisory Board. We believe that the participation of much larger and advanced Turkish shareholder TC Ziraat Bankasi is especially beneficial for UTBANK, from the point of view of operational and strategic assistance. (The Turkish shareholder reported total consolidated (audited local GAAP) assets of \$108 billion as of year-end 2014 and it operates an expanded network of branches, representative offices and subsidiaries outside of its domicile country.)

The above being said, we note that UTBANK's gross loan book tripled in both 2014 and 2013, albeit from a very

low base, which poses some asset quality risks as the rapidly augmented portfolio starts to mature. As per the bank's year-end 2014 IFRS, its problem (i.e. individually impaired) loans stood at a low level of 0.5% of the gross loan-and-leasing book. In this context, the bank's loan loss reserve-to-total gross loans ratio of 0.7% reported at year-end 2014 under IFRS looks comfortable. However, we note that the very fast expansion of the bank's lending activities and lack of credit underwriting and collection experience may potentially result in an increase in the level of problem loans going forward, which drives our downward adjustment to the currently strong asset quality score generated by Moody's Bank Scorecard.

STRONG CAPITAL ADEQUACY METRICS AND COMMITMENT OF THE SHAREHOLDERS

UTBANK's capital adequacy level is high and provides an adequate buffer against potential unexpected losses in the future and for further asset growth. According to the bank's 2014 IFRS report, the Basel I Tier 1 and total capital adequacy ratios improved to 49.6% and 54.5%, respectively, from the already strong 44.1% and 52.1%. This increase was due to the retained earnings. Going forward, we expect that strong profitability will continue to support the bank's capital adequacy, despite the gradual utilization of capital through lending expansion.

PROFITABILITY METRICS REMAIN COMFORTABLE AND STEM FROM RECURRING INCOME SOURCES

In 2014, despite the need to maintain an ample liquidity cushion and despite the still moderate (albeit increasing) proportion of commercial lending, UTBANK continued to report solid bottom-line profits reflected in strong Return on average assets (ROAA) and return on average equity (ROAE) ratios of 3.83% and 9.48% (according to IFRS). Recurring income sources remain the main drivers of the bank's healthy profitability, the dominant components being (1) interest income on corporate lending and interbank placements (63% of total operating income, according to 2014 IFRS); and (2) commissions mainly relating to settlement transactions (20%).

UTBANK's cost-to-income ratio somewhat weakened in 2014 to 46% from 33.5% reported in 2013, due to the investments in distribution network. That being said, the bank's cost-efficiency metrics continue to be among the best in the Uzbek banking sector, due to the concentration - currently - of all operations in Tashkent region. In our opinion, with this income and expense structure, UTBANK will be able to preserve reasonable profitability metrics going forward.

UTBANK'S LIQUIDITY PROFILE COULD BE IMPAIRED BOTH BY SIGNIFICANT CONCENTRATION IN SOURCES OF FUNDING AND BY ITS SHORT-TERM DURATION

Our downward adjustments to UTBANK's funding and liquidity scores are mainly driven by the dominant proportion of short-term funding sources in the bank's funding structure and very high level of single-name concentration in its liabilities.

UTBANK's funding base has very short-term tenors. Customer deposits and other short-term liabilities payable "on demand and up to one month" amounted to 74% of non-equity funding as of 1 January 2015 (according to IFRS), albeit down from almost 100% of non-equity funding at year-end 2011. This lengthening of funding maturities somewhat supported UTBANK's liquidity profile, but we still note the risk that significant single-name concentration on the liabilities side might challenge the sustainability of the bank's business. For instance, in 2012, UTBANK faced customer fund outflows amounting to UZS105 billion or 63% of its customer base, as one of its major clients - "Tashkent Pipe Plant" - changed its banking service provider. The very high single-name concentration in deposits has protracted into 2015 with one largest depositor accounting for one third of the bank's total customer accounts at 1 January 2015, according to the bank's management data. UTBANK's liquidity cushion adequately addresses the potential outflows: its cash and cash equivalents stood at more than 50% of total assets at year-end 2014. As concerns UTBANK's interbank placements, we note that these largely have more than 1 month tenor and as such they cannot be considered as pure liquidity.

NOTE ON DATA

Unless noted otherwise, data in this report is sourced from company reports and our Banking Financial Metrics. All figures are based on our own chart of account, and are adjusted for analytical purposes. Please refer to the document entitled "Financial Statement Adjustments in the Analysis of Financial Institutions" published on 19 December 2013.

Notching Considerations

Affiliate Support

UTBANK's B2/Not Prime GLC deposit ratings incorporate our assessment of a moderate probability of support

from one of its shareholders - TC Ziraat Bankasi, which ultimately controls a 50% stake in UTBANK. This support assumption results in one notch of support uplift from UTBANK's BCA of b3.

Foreign Currency Deposit Rating

UTBANK's foreign currency deposit ratings are B2/Not Prime, in line with the bank's GLC deposit ratings.

CR Assessment

Moody's has assigned a Counterparty Risk Assessment (CR Assessment) of B1(cr) / Not Prime(cr) to UTBANK.

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

The CR Assessment is positioned one notch above the bank's Adjusted BCA of b2 and therefore above senior unsecured and deposit ratings, reflecting our view that its probability of default is lower than that of senior unsecured debt and deposits. We believe senior obligations represented by the CRA will be more likely preserved in order to limit contagion, minimize losses and avoid disruption of critical functions.

About Moody's Bank Scorecard

Our Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard 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

Uzbek-Turkish Bank

Macro Factors	
Weighted Macro Profile	Very Weak +

Financial Profile						
Factor	Historic Ratio	Macro Adjusted Score	Credit Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
<i>Problem Loans / Gross Loans</i>	0.9%	ba3	↓↓	b2	Loan growth	
Capital						
<i>TCE / RWA</i>	54.5%	ba1	← →	ba3	Access to capital	Capital fungibility
Profitability						
<i>Net Income / Tangible Assets</i>	3.5%	ba1	← →	ba2	Earnings quality	
Combined Solvency Score		ba2		b1		
Liquidity						
Funding Structure						
<i>Market Funds / Tangible Banking Assets</i>	12.5%	b2	← →	b3	Deposit quality	
Liquid Resources						

<i>Liquid Banking Assets / Tangible Banking Assets</i>	45.1%	b1	↓ ↓	b2	Expected trend	Quality of liquid assets
Combined Liquidity Score		b2		b3		

Financial Profile

b2

Qualitative Adjustments

Adjustment

Business Diversification
Opacity and Complexity
Corporate Behavior

-1
0
0

Total Qualitative Adjustments

-1

Sovereign or Affiliate constraint

-

Scorecard Calculated BCA range

b2 - caa1

Assigned BCA

b3

Affiliate Support notching

1

Adjusted BCA

b2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency rating	Foreign Currency rating
Deposits	0	0	b2	0	B2	B2

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



© 2015 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S

PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS FOR RETAIL INVESTORS TO CONSIDER MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

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

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

For Japan only: MOODY'S Japan K.K. ("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. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000. MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.