



MOODY'S EN SU PRIMERA CALIFICACIÓN A CAJASTUR LE ASIGNA A2 A LARGO PLAZO Y 1 A CORTO

La agencia internacional de rating bancario Moody's ha calificado por primera vez a Cajastur asignándole las calificaciones crediticias de A2 a largo plazo y 1 a corto plazo.

Moody's resalta los elevados niveles de solvencia y la buena posición de liquidez de Cajastur, así como la sólida calidad de sus indicadores, entre los que destaca la baja morosidad y la ratio de cobertura superior a la media del sector. La agencia de calificación motiva la asignación de perspectiva negativa en el entorno recesivo de la economía española, así como por las previsiones negativas para el mercado laboral español y el abrupto ajuste del sector inmobiliario.

En su nota, la agencia Moody's destaca de Cajastur la "elevada calidad de la cartera de préstamos hipotecarios", así como la solidez de su posición de liquidez y la capacidad de resistencia en escenarios de crisis. En ese sentido, Moody's pone de manifiesto tres aspectos positivos de Cajastur en los stress test aplicados: primero, que tiene una elevada capitalización, con un Tier 1 del 12 por ciento a junio de 2009; segundo, que la expectativa de pérdidas es inferior al conjunto de instituciones financieras españolas; y, finalmente, que la entidad ha constituido unas importantes provisiones.

Oviedo, 15 de abril de 2010

Moody's assigns A2/P-1/C ratings to Cajastur; negative outlook

First-time ratings

Moody's Investors Service today assigned A2 long-term and Prime-1 short-term local and foreign currency deposit ratings and foreign currency debt ratings to Spanish savings bank Caja de Ahorros de Asturias (Cajastur), as well as a bank financial strength rating (BFSR) of C. The BFSR maps to a baseline credit assessment (BCA) of A3. The outlook on all ratings is negative.

The ratings are underpinned by the bank's strong franchise in its home region of Asturias, its strong solvency levels and its overall good liquidity position. Weighing on the ratings are the bank's relatively high level of credit risk concentration by borrower and sector combined with relatively low recurring earnings power and weakening asset quality.

Moody's views positively Cajastur's retail banking focus and its emphasis on lending to individuals and SMEs, which represented 80% of the loan book as of June 2009 and which support a relatively stable revenue flow. Its bottom-line profitability benefits from good efficiency indicators, with net income at 1.54% of risk-weighted assets as of December 2008. However, the bank shows weak earnings stability, due to its sizeable share of earnings from dividends and large sales of shareholdings, which we consider inherently more volatile and not sustainable in the case of the latter," explains Alberto Postigo, lead analyst at Moody's for Cajastur. The analyst adds that pre-provision income was equivalent to 2.25% of risk-weighted assets as of December 2008 but that this drops to 1.42% if large equity sales are reclassified as non-recurring earnings.

Moody's views Cajastur's asset quality indicators as strong. The bank had a non-performing loan ratio of 2.6% at the end of June 2009, which is low when compared with a system-wide average of 5.0%, although the gap with its domestic peers has narrowed since December 2007. The problem loan coverage ratio of 75% also compared positively with the Spanish savings banks' sector average of 53%. "Cajastur's good asset quality indicators are underpinned by the high quality of the residential mortgage portfolio, which exhibited a non-performing loan ratio of 1% as of June 2009, as well as its low exposure to riskier unsecured lending to individuals. However, negative pressure on asset quality indicators does arise from its relatively high exposure to real estate and construction sectors, which collectively represented 29% of the loan book as of June 2009, and especially from its exposure to real estate developers for the purpose of acquiring land (9% of total lending)," Mr Postigo adds.

However, the rating agency views positively the fact that, with the exception of a joint-venture with the regional government of Asturias, Cajastur has not invested in the capital of any real estate developers. Beyond its exposure to the volatility of its large equity portfolio (EUR1.5 billion as of June 2009), market activities do not exert any additional pressure on its risk positioning, as the remainder of its securities portfolio largely comprises public debt and covered bonds, its trading activities are relatively limited and its exposure to structured products is almost negligible.

Cajastur displays a strong liquidity position. Most of its funding is obtained from a granular deposit base and through covered bond issuances, which collectively represent 82% of total funding. Remaining funding sources include a wide range of instruments, which provide Cajastur with a large liquidity cushion to address upcoming maturities (specifically from short-term instruments). The rating agency also highlights the savings bank's low dependence on public support liquidity programmes.

Cajastur's credit profile shows a strong resilience to various stress scenarios of further asset quality deterioration – which is the basis for Moody's ratings in the current operating environment – implying that the bank would comfortably withstand Moody's anticipated scenario of a continued deterioration in asset quality over the next few years, and would be only moderately challenged in maintaining adequate capital ratios under a more severe scenario. Moody's assessment of the bank's overall good resilience stems primarily from: (i) its strong capitalisation levels, with a Tier 1 ratio of 12% (which equals the core capital ratio) as of June 2009; (ii) an expectation of relatively low losses compared with other Spanish institutions; and (iii) the bank's constituted loan loss provisions.

Moody's currently assesses the probability of systemic support for Cajastur in the event of a stress situation as high, based on the bank's strong regional franchise and its relative importance to Spain's banking system. It also assesses a low probability of support from the Spanish savings banks group in the event of need, the same as for the other savings banks, reflecting the loose sector support mechanisms in place. Therefore, Cajastur's A2 long-term ratings are supported not only by its BCA of A3 but also by the Aaa local currency deposit ceiling of the underlying support provider, Spain.

The negative outlook on all ratings reflects Moody's view that Cajastur's ratings could come under pressure if: (i) portfolio losses rise above the rating agency's current stress scenarios (€639 million in our base scenario and €1.4 billion in our severely stressed scenario); or (ii) capital and earnings are affected more severely than anticipated and thus weaken the bank's risk absorption capacity beyond what is captured in Moody's stress tests. All asset classes are encountering pressure on asset quality as a result of the recession in Spain, which is expected to continue throughout 2010, along with very negative prospects for the labour market and the continued abrupt adjustments in the construction and real estate sector, as well as in real estate prices.

The principal methodologies used in rating Cajastur were "Bank Financial Strength Ratings: Global Methodology" published in February 2007 and "Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology" published in March 2007, available on www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

Cajastur is headquartered in Oviedo, Spain. At the end of December 2009, it had total assets of EUR15.8 billion.