

Rating Action: Moody's assigns A3.za/P-2.za ratings to Bidvest Bank Limited (South Africa)

Global Credit Research - 19 May 2010

First-time ratings

Limassol, May 19, 2010 -- Moody's Investors Service today assigned first time national scale issuer ratings of A3.za/P-2.za to Bidvest Bank Limited, a South Africa-based bank. All ratings carry a stable outlook.

The ratings reflect Bidvest Bank's niche franchise within the foreign exchange sector, where the bank offers a comprehensive range of products to both retail clients -- via its Rennie's Foreign Exchange brand -- and corporate clients. The ratings also reflect the bank's strong financial fundamentals, notably its strong capitalisation (equity-to-assets ratio of 38% as at December 2009), robust asset quality (non-performing loans at just 0.1% of gross loans), high profitability (with a 2009 RoE of 21.9%), and ample liquidity (liquid assets at 40% of total assets).

In addition, as a wholly owned subsidiary of The Bidvest Group Limited (rated A1.za/P-1.za), the bank's ratings incorporate a high probability of parental support.

Bidvest Bank remains, however, a small institution at an early stage of its development, and with a narrow franchise, while maintaining high credit concentrations and related-party exposures. Any potential acquisition activity -- which Moody's understands that the bank is contemplating -- could also present implementation risks, while the bank's strong market position is challenged by the more established banks in the country, as they aim to further penetrate the foreign exchange market ahead of the 2010 World Cup.

Moody's National Scale Ratings (NSRs) are intended as relative measures of creditworthiness among debt issues and issuers within a country, enabling market participants to better differentiate relative risks. NSRs in South Africa are designated by the .za suffix. NSRs differ from Moody's global scale ratings in that they are not globally comparable to the full universe of Moody's rated entities, but only with other rated entities within the same country.

The principal methodologies used in rating Bidvest Bank Limited are Moody's "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 and available on www.moody.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.

Headquartered in Johannesburg, South Africa, Bidvest Bank Limited had total assets of ZAR1.7 billion (US\$233 million) as at end-December 2009.

Limassol
Mardig Haladjian
General Manager
Financial Institutions Group
Moody's Investors Service Cyprus Limited
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Limassol
Constantinos Kypreos
Vice President - Senior Analyst
Financial Institutions Group
Moody's Investors Service Cyprus Limited
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

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. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. 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.

MIS, 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 MIS have, prior to assignment of any rating, agreed to pay to MIS 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.moodys.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

Any publication into Australia of this Document is by MOODY'S affiliate MOODY'S Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. 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 and its affiliates 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).