

Rating Action: Moody's rates Ba3 Banco Cruzeiro do Sul's proposed subordinated notes

Global Credit Research - 09 Sep 2010

Approximately US\$250 million in debt securities affected

Sao Paulo, September 09, 2010 -- Moody's Investors Service assigned a Ba3 foreign currency debt rating to the 10-year subordinated unsecured notes in the amount of approximately US\$ 250 million to be issued by Banco Cruzeiro do Sul S.A. (BCSul). The outlook on the notes' rating is stable.

Assignments:

Issuer: Banco Cruzeiro do Sul S.A.

Subordinate Regular Bond/Debenture, Assigned Ba3

RATINGS RATIONALE

The rating agency noted that the subordination of the notes was taken into consideration by applying a one notch differential off BCSul's Ba2 global local currency deposit rating, as per Moody's notching convention. These notes are subject to the Central Bank's approval to be qualified as Tier II capital.

The last rating action on Banco Cruzeiro do Sul was on June 02nd, 2010, when Moody's changed all ratings outlook to stable, from negative. All ratings remained unchanged. On July 1st, 2010, Moody's rated Ba2 the bank's US\$200 million 7% senior unsecured notes due in July 2013.

The principal methodologies used in rating Banco Cruzeiro do Sul S.A. 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. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

Banco Cruzeiro do Sul is headquartered in São Paulo, Brazil and had total consolidated assets of R\$8.3 billion (US\$4.61 billion) and equity of R\$1.1 billion (US\$616 million) as of June 30, 2010.

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Information sources used to prepare the credit rating are the following: parties involved in the ratings, public information, confidential and proprietary Moody's Investors Service's information.

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