Credit Opinion: Jyske Bank A/S

Jyske Bank A/S

Silkeborg, Denmark

Ratings

Category	Moody's Rating
Outlook	Negative
Bank Deposits	Aa2/P-1
Bank Financial Strength	B-
Senior Unsecured	Aa2
Subordinate	A2
Jr Subordinate	A3
Other Short Term	P-1

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Key Indicators

Jyske Bank A/S

	[1][2]**2008**	**2007**	**2006**	**2005**	**2004**	[3]**Avg.**
Total assets (DKK billion)	**236.85**	**214.28**	**160.66**	**141.57**	**125.17**	[4]**15.26**
Total assets (EUR billion)	**31.82**	**28.74**	**21.55**	**18.98**	**16.83**	**--**
Total capital (DKK billion)	**14.00**	**13.02**	**12.95**	**12.04**	**10.60**	[4]**7.66**
Return on average assets	**0.44**	**0.95**	**1.41**	**1.28**	**1.16**	**1.05**
Recurring earnings power [5]	**1.04**	**1.28**	**1.62**	**1.68**	**1.73**	**1.47**
Net interest margin	**1.93**	**2.03**	**2.26**	**2.40**	**2.72**	**2.27**
Cost/income ratio (%)	**61.83**	**58.46**	**60.65**	**59.85**	**59.21**	**60.00**
Problem loans % gross loans	**0.81**	**0.47**	**0.40**	**0.69**	**1.17**	**0.71**
Tier 1 ratio (%)	**9.93**	**8.10**	**9.70**	**10.90**	**10.00**	**9.73**

[1] As of December 31. [2] Statement period in which the bank switched to Basel II accounting framework. [3] The average calculations are based on Basel I and Basel II data where applicable. [4] Compound annual growth rate. [5] Preprovision income % average assets.

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a B- bank financial strength rating (BFSR) to Jyske Bank A/S, which translates to a baseline credit assessment (BCA) of A1. The rating reflects Jyske Bank's good domestic franchise and relatively low risk profile. However, it is constrained by the bank's limited profitability and volatile earnings as well as the ongoing need for it to focus on managing its asset quality, particularly with regard to its large single-name exposures, through the economic downturn.

At the end of 2008, Jyske Bank's assets totalled around DKK240 billion (EUR 32 billion), making it the third-largest bank in Denmark, with a national market share of around 7% in terms of deposits and 6% in terms of bank loans. Jyske Bank concentrates on its core customer base of retail and small-to-medium-sized corporates and provides a full range of banking services either in-house or through the distribution of third-party products, such as mortgage and insurance products. The bank holds a dominant position in terms of market share in the region of Jutland, where its corporate headquarters are also based.

The Aa2 deposit and debt ratings of Jyske Bank incorporate three elements: (i) the bank's BCA of A1; (ii) Denmark's local currency deposit ceiling (LCDC) of Aaa; and (iii) Moody's assessment of a very high probability of systemic support for the bank in the event of a stress situation (a component of Moody's Joint Default Analysis methodology). As a result of the support assessment, the Aa2 ratings enjoy a two-notch uplift from the A1 BCA.

Credit Strengths

- Good domestic franchise

- Adequate core profitability

- Good liquidity profile

Credit Challenges

- Offsetting the decline in fee generating income and loan impairment with increased net interest income

- Efficiency remains an ongoing challenge

- Some credit concentration in the lending portfolio

- Preserving asset quality across the economic cycle

Rating Outlook

In November 2008, Moody's changed the outlook on Jyske Bank's ratings to negative reflecting a weakening of its financial strength during 2008, as well as our expectation of a further increase in impairments in its loan portfolio. In addition, the recession in Denmark is likely to result in lower profitability and deteriorating asset quality, reducing the bank's ability to generate capital and reserves internally

What Could Change the Rating - Up

As the outlook for the ratings is negative, an upgrade in the medium-to-long term is unlikely, unless there are sustainable improvements in the financials, particularly achieving and maintaining improved profitability and capital and a reduction in single-name credit exposures.

What Could Change the Rating - Down

The BFSR could be adversely affected by further deterioration in asset quality and any subsequent softening of earnings that may weaken the bank's ability to replenish capital in a stress event to levels compatible with those of a B- rated bank. A tightening of its liquidity profile given the current challenging market conditions facing the banking sector or an erosion of the bank's core regional franchise might also exert downward pressure on the BFSR.

Recent Results and Company Events

In March 2009, Moody's downgraded subordinated and hybrid debt issued by Danish banks. Jyske Bank's subordinated debt was downgraded to A2 from Aa3 and its hybrid debt to A3 from A1. The action was prompted by our observation of a lack of systemic support for these instruments in Denmark. Going forward, in most cases, the anchor for the subordinated and hybrid debt notching will be the BCA, which maps from the BFSR.

On 18 December 2008, Moody's announced that Aaa-backed ratings will be assigned to certain senior debt securities of the rated Danish banks, reflecting the unconditional and irrevocable guarantee that has been put in place by the Aaa-rated Kingdom of Denmark. The guarantee scheme covers deposits and senior unsecured debt of the participating Danish banks, both existing and new instruments, for a two-year period that expires on 30 September 2010. The outlook on the backed Aaa ratings is stable, in line with that on the rating of Denmark.

A second government support scheme was announced in January 2009. It includes a recapitalisation scheme, which totals approximately DKK100 billion (EUR 13 billion) and encompasses all solvent banks and mortgage credit institutions in Denmark, as well as Danish Ship Finance. The institutions have until 30 June 2009 to apply for the capital injection, which will be in the form of hybrid core capital. Jyske Bank has not thus far announced that it requires any capital, but has not ruled out applying for the injection going forward.

Jyske Bank's revenue base remains relatively diversified and the operating result before provisioning for the full year of 2008 was DKK2.3 billion, flat compared with 2007. Profit was positively affected by a solid increase in net interest income given improved lending margins, but constrained by a decrease in fee and commission income, lower profit from Jyske Bank's investment-related activities (including losses on structured credits and bonds) and increased funding costs. Also, profit was negatively affected by the DKK 231million payment to the Danish private contingency association, as part of the government support scheme.

Deposits increased by 8% in 2008 and the loan book contracted by around 3%, in line with the figures for the larger Danish banks.

Mark-to-market adjustments were positive at DKK685 million for the full year of 2008 (vs DKK352 million in 2007). Moody's notes that Jyske Bank is using IAS 39 to reclassify around 25% of the assets in the trading portfolio, one of the few Danish banks to do so.

Without the reclassification, profit before tax for 2008 would have been around DKK490 million lower and equity at end-year would have been DKK368 million lower.

Moody's notes that Jyske Bank's CDO portfolio had a market value of DKK1.5 billion at the end of December 2008, down from DKK2.2 billion at year-end 2007.

Provisioning for loan impairments and guarantees for 2008 amounted to DKK1.082 billion - up from DKK74 million in 2007. The ratio of problem loans (defined as individually impaired loans) to gross loans increased to above 0.8% in 2008 from just below 0.5% in 2007. We also note that Jyske Bank's coverage ratio of loss reserves to problem loans remained good, at 128%; the level was stable in comparison with year-end 2007.

At the end of December 2008, under Basel II transitional rules, Jyske Bank's Tier 1 ratio stood at 9.93%, with a total capital ratio of 11.44% (vs 8.99% and 10.32%, respectively ,at the end of June 2008).

DETAILED RATING CONSIDERATIONS

Detailed considerations for Jyske Bank's currently assigned ratings are as follows:

Bank Financial Strength Rating

Moody's assigns a B- BFSR to Jyske Bank A/S, reflecting the bank's good qualitative factors and solid regulatory practices, but constrained by factors such as its loan portfolio concentration, particularly single loan exposures and the less benign Danish economy.

For reference, the BFSR is in line with the outcome of Moody's bank financial strength scorecard. However, we note that when only looking at 2008 the scorecard outcome is C+, reflecting the negative outlook on Jyske Bank's rating.

Qualitative Rating Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

Jyske Bank enjoys a solid franchise as the third-largest commercial bank in Denmark after Danske Bank and Nordea Bank Denmark, with total assets of almost DKK240 billion at end-December 2008. When looking at the overall size of Jyske Bank's balance sheet, it is important to note that a large proportion of the bank's mortgage loans are financed by Totalkredit, DLR Kredit and Nykredit Realkredit A/S and that these loans have been transferred to the three entities.

Jyske Bank has had approximately a 7% market share of total deposits and 6% of total loans in Denmark over the past few years. The bank has a nationwide presence, with its strongest franchise in Jutland, where the majority of its branches and its headquarters are located.

Jyske Bank's main operations are in Denmark, but around 10% of the group's earning stem from its foreign operations in Switzerland and Gibraltar, as well as branches in London, Cannes (France) and Hamburg. These are primarily aimed at developing private banking and the asset management business. In addition to these subsidiaries and branches, Jyske Bank has asset management operations in the Netherlands via its 60% stake in the asset management firm Berben's Effectenkantoor (Berben).

Jyske Bank has co-operation agreements with mortgage providers Nykredit Realkredit and DLR Kredit for the supply of their mortgage products through the bank's branch network. Jyske Bank also has agreements with Pensionsforsikringsselskaber (PFA) for the supply of PFA's life insurance products through Jyske Bank's network and Letpension., We believe that Jyske Bank will continue to develop its co-operation with these strategic partners and we view this as a positive factor. The co-operation agreements will enable Jyske Bank to create synergies, improve cost efficiency and better establish its position in the market with larger market shares, ultimately creating a counterbalance to Danske and Nordea Group.

Moody's believes that the overall score of C+ for franchise value adequately reflects these strengths and challenges.

Factor 2: Risk Positioning

Trend: Neutral

As of December 2008, the bank had more than 251,000 shareholders, of which more than 215,000 are customers. Each share carries one vote, with a maximum of 4,000 votes permitted for any one shareholder. At year-end 2008, the only two shareholders with more than 5% of total shares were Nykredit Realkredit, with a stake of approximately 8.6%, and Jyske Bank itself. However, the recent cancellation of shares has reduced Jyske Bank's relative holding. Given the high proportion of shareholders with a relatively low stake in Jyske Bank, and the restriction in voting rights, a hostile takeover would be highly unlikely. Positively, we note that the comfort of shareholder protection has not led to relaxation on the part of management, which has continuously delivered satisfactory financial results to date. Jyske Bank largely complies with the corporate governance rules set by the Copenhagen Stock Exchange. However, the rules relating to voting rights are not in line with the bank's strategy and thus are not followed.

Jyske Bank has, over the years, enhanced the information that is publicly available in its accounts and on its website.

Jyske Bank's main source of funding is retail deposits, representing around 55% of total funding at year-end 2008, almost flat compared with end-2007, Interbank funding accounts for more than 15% of Jyske Bank's funding, with market funding accounting for the balance. Interbank funding remained relatively low compared with that of other Danish banks. We view this positively given the relatively volatile nature of these deposits and the bank continues to have a large portfolio of repo-able securities to dampen the more volatile funding sources (30% of total assets).

In addition, Jyske Bank continues to place its mortgage loans via Nykredit Realkredit, Totalkredit and DLR. Since 2007, Jyske Bank has no longer been granting asset quality guarantees to Totalkredit, which has led to an improvement in the bank's capital ratios and a reduction in its risk-weighted assets. Furthermore, in the future, any losses arising from Jyske Bank's transferred loan portfolio to Totalkredit will be deducted from the fees earned by Jyske Bank.

The bank utilises a Value-at-Risk (VaR) model with a holding period of one day and a 99% confidence level, defined as approximately 99% of daily earnings at risk. Jyske's VaR for interest-rate, currency and stock-market risk amounted to DKK33 million in 2008 compared with DKK30 million in 2007. Despite this increase, we view the overall level of VaR as acceptable given the size of the bank's equity.

Jyske Bank had a portfolio of CDOs valued at DKK1.5 billion at the end of 2008 (DKK2.2 billion at the end of 2007). Around DKK400 million of this portfolio was rated non-investment grade at the end of 2008.

In order to comply with Basel II, the bank has adopted the advanced internal ratings-based (IRB) approach for credit and the standardised approach for market risk and operational risk. Overall, the IRB approach applies to around 83% of Jyske Bank's total loan balance. Owing to the bank's relatively low risk profile and high collateralisation levels on mortgage lending, the implementation of the IRB approach resulted in a decrease of almost 30% in risk-weighted assets in 2008

We note that Jyske Bank, like other Nordic banks, has relatively large single-name exposures.

Jyske Bank scores C- for risk positioning. In Moody's views positively the continued improvement of the bank's risk management systems.

Factor 3: Regulatory Environment

This factor does not address bank-specific issues; instead, it evaluates whether regulatory bodies are independent and credible, demonstrate enforcement powers and adhere to global standards of best practices for risk control. Refer to Moody's most recent Banking System Outlook on Denmark to obtain a detailed discussion of the regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is common to all Danish banks. Moody's assigns an A score for the overall operating environment. Refer to Moody's most recent Banking System Outlook on Denmark to obtain a detailed discussion of the operating environment.

Quantitative Rating Factors (50%)

Factor 5: Profitability

Trend: Weakening

Pre-provision income for 2008 was almost flat compared with 2007. However, Moody's notes that Jyske Bank has used IAS 39 to redefine part of its portfolio as "held to maturity" - without this reclassification, the results before provisioning would have been DKK490 million lower due to adverse mark-to-market valuations.

Net interest income accounts for almost 60% of overall income and Jyske Bank has, like other European banks, seen an increase in this figure as lending margins have increased, mitigating the negative loan growth. However, the cost of funding has also risen, resulting in a continued softening of the net interest margin to 1.9% in 2008 from 2.0% in 2007.

Fee and commission income declined in 2008 compared with 2007, but it is important to note the diversity of Jyske Bank's fee and commission income, a large proportion of which is independent from market activity, which led to less of a decline than that recorded by entities more focused on investment banking.

Despite efforts, the results of the cost efficiency programmes still need to filter through the accounts.

Impairments increased during 2008 and (mainly in Q4) resulted in impairments moving to around DKK0.9 billion billion at end-2008 from DKK74 million at end-2007. Problems loans as a percentage of total loans were still below 1% at end-2008, albeit almost double the level at end-2007.

Going forward, it will be important for Jyske Bank to improve the top-line results to mitigate further deterioration of the loan portfolio and cost in relation to the Danish government support scheme.

Jyske Bank scores D+ for profitability with a weakening trend as Moody's expects further pressure on the bank's profitability.

Factor 6: Liquidity

Trend: Neutral

The bank's primary source of funding is deposits, which accounted for around 55% of total funding, almost 30% market funding and 15% interbank funding at the end of December 2008.

We will continue to monitor the intensifying competition for deposits in Denmark with a view to determining whether there will be any major changes in market share. However, we do not expect any immediate pressure for the larger banks.

Jyske Bank's market funding is diversified; it also continues to fund its mortgage loans via Nykredit Realkredit, Totalkredit and DLR.

At the end of December 2008, the bank's liquid assets stood at almost 30% of total assets, giving it a satisfactory liquidity profile since most of these assets can be used for repoing with the central bank.

Moody's notes that the Danish support scheme has been helpful in terms of maintaining activity levels in the interbank markets and is also a stabilising factor for deposits; thereby it supports most of the Danish banks.

We believe a score of B- is appropriate for the bank's liquidity.

Factor 7: Capital Adequacy

Trend: Neutral

At end December 2008, Jyske Bank's Tier 1 ratio stood at 9.93%, with a total capital adequacy ratio of 11.44%, according to the transition rules to Basel II. Jyske Bank's rated outstanding hybrid debt is classified as having a 25% and 50% capital element, according to Moody's methodology. Jyske Bank has also maintained its strategy of a zero dividend payout - and even if the bank wanted to depart from this strategy it would not be able to pay out dividends given the restrictions placed on Danish banks in relation to the government's support package.

Jyske Bank's capital levels are good and leave room for covering further loan impairments. However, should the Danish recession be longer or deeper than currently forecasted; the capital levels may decline to levels below that of a B- rated entity.

Moody's notes positively that Jyske Bank is able to use the government's offer for hybrid capital.

Factor 8: Efficiency

Trend: Weakening

Jyske Bank's cost-to-income ratio deteriorated slightly in 2008 compared with 2007 (61% from 58%), mainly due to lower income. Moody's views positively the bank's focus on cost efficiency, organisational changes and enhanced IT investments, but it remains to be seen whether these measures will be enough to decrease cost growth.

We believe the score of C for efficiency is appropriate, but due to the challenging environment we foresee a weakening trend.

Factor 9: Asset Quality

Trend: Weakening

Provisioning at year-end 2008 increased significantly to DKK975 million from DKK292 million at the end of Q3 and up from DKK74 million at year-end 2007. The ratio of problem loans to total loans was above 0.8% at year-end 2008, almost double the figure at end-2007. (Problem loans are defined as an individual impairment and the sum thereof together with the collective impairment form the loan loss reserve.)

However, Moody's notes that Jyske Bank's ratio of loss reserves to problem loans remained prudent, at around 128% at year-end 2008, flat compared with end-2007.

Only around 30% of total lending and guarantees was to private individuals at year-end 2008. The main reason for this is that the mortgage loans financed via Totalkredit, Nykredit and DLR do not appear on Jyske Bank's balance sheet. The corporate portfolio is well diversified and Moody's notes that Jyske Bank's definition of corporate lending incorporates what many European banks view as retail.

Jyske Bank's largest industry exposures include finance and insurance at 21%, property administration & services at 16% and agriculture and commerce at 8%.

Jyske Bank's loan book is mainly focused on Denmark (almost 90%). The current weakening outlook for the Danish economy that we expect to lead to increased corporate bankruptcies and higher unemployment (although we recognise that Danish unemployment is still lower than that of most European countries) will lead to further weakening of the asset quality of Jyske Bank's loan portfolio.

When looking at top 20 limits for single-name exposure - not taking collateral into consideration - in relation to Tier 1 capital, Jyske Bank's borrower concentration levels are high compared with those of other European banks, but relatively in line with those of Nordic banking peers.

Due to our expectations of a further decline in asset quality indicators, we have assigned a weakening trend to this factor, with Jyske Bank scoring A on 2006-08 average asset quality ratios and B+ for 2008.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns a global local currency deposit rating of Aa2 to Jyske Bank. In view of Jyske Bank's position in Denmark and its strength in its local area of Jutland, although it has only moderate nationwide coverage, Moody's assesses the probability of systemic support for the bank from Denmark (which has an LCDC of Aaa) in the event of a stress situation as very high. Thus, the GLC deposit rating receives a two-notch from the A1 BCA.

Notching Considerations

As noted in the Recent Results and Company Events section, the ratings for Jyske Bank's junior obligations are notched off the BCA due to our observation of a lack of support in Denmark for these types of instruments.

Foreign Currency Deposit Rating

The Aa3 foreign currency deposit ratings of Jyske Bank are unconstrained given that Denmark, in common with other EU members, has a country ceiling of Aaa.

Foreign Currency Debt Rating

The Aa3 foreign currency debt ratings of Jyske Bank are unconstrained given that Denmark, in common with other EU members, has a country ceiling of Aaa.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. BFSRs do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of BFSRs include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although BFSRs exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the BFSR as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, they are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, which includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank is determined by the incorporation of external elements of support into the bank's Baseline Credit Assessment. In calculating the Global Local Currency Deposit rating for a bank, the JDA methodology also factors in the rating of the support provider, in the form of the local currency deposit ceiling for a country, Moody's assessment of the probability of systemic support for the bank in the event of a stress situation and the degree of dependence between the issuer rating and the Local Currency Deposit Ceiling.

National Scale Rating

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. A Aaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be noted that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt ratings may also be constrained by the country ceiling for foreign currency bonds and notes; however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

About Moody's Bank Financial Strength Scorecard

Moody's bank financial strength model (see scorecard below) is a strategic input in the assessment of the financial strength of a bank, used as a key tool by Moody's analysts to ensure consistency of approach across banks and regions. The model 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

Jyske Bank A/S

Rating Factors [1]	**A**	**B**	**C**	**D**	**E**	**Total Score**	**Trend**
Qualitative Factors (50%)						**C+**	
Factor: Franchise Value						**C+**	**Neutral**
Market Share and Sustainability		**x**					
Geographical Diversification			**x**				
Earnings Stability			**x**				
Earnings Diversification [2]							
Factor: Risk Positioning						**C-**	**Neutral**
Corporate Governance [2]							
- Ownership and Organizational Complexity	--	--	--	--	**--**		
- Key Man Risk	--	--	--	--	--		
- Insider and Related-Party Risks	--	--	--	--	--		
Controls and Risk Management		**x**					
- Risk Management			x				
- Controls	x						
Financial Reporting Transparency		x					
- Global Comparability	x						
- Frequency and Timeliness	x						
- Quality of Financial Information		x					
Credit Risk Concentration	**--**	**--**	**--**	**--**	**--**		
- Borrower Concentration	--	--	--	--	--		
- Industry Concentration	--	--	--	--	--		
Liquidity Management		**x**					
Market Risk Appetite		**x**					
Factor: Operating Environment						**A**	**Neutral**
Economic Stability	**x**						
Integrity and Corruption	**x**						
Legal System	**x**						
Financial Factors (50%)						**C+**	
Factor: Profitability						**D+**	**Weakening**
PPP % Avg RWA - Basel II			2.00%				
Net Income % Avg RWA - Basel II				0.83%			
Factor: Liquidity						**B-**	**Neutral**
(Mkt funds-Liquid Assets) % Total Assets			6.89%				
Liquidity Management		x					
Factor: Capital Adequacy						**B+**	**Neutral**
Tier 1 ratio (%) - Basel II		9.93%					
Tangible Common Equity / RWA - Basel II	9.01%						
Factor: Efficiency						**C**	**Weakening**
Cost/income ratio			60.31%				
Factor: Asset Quality						**A**	**Weakening**

Problem Loans % Gross Loans	0.56%						
Problem Loans % (Equity + LLR)	6.33%						
Lowest Combined Score (15%)						**C-**	
Economic Insolvency Override						**Neutral**	
Aggregate Score						**C+**	
Assigned BFSR						**B-**	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non public information
[2] - A blank score under Earnings diversification or Corporate Governance indicates the risk is neutral