Moody's Investors Service

Global Credit Research
Credit Opinion
11 AUG 2008

Credit Opinion: Ringkjobing Landbobank A/s

Ringkjobing Landbobank A/s

Denmark

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits	A1/P-1
Bank Financial Strength	C+

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Key Indicators

Ringkjobing Landbobank A/s

	[1]**2008**	**2007**	**2006**	**2005**	**2004**	**Avg.**
Total assets (DKK billion)	**18.21**	**19.63**	**17.27**	**13.36**	**9.46**	[2]**27.06**
Total assets (EUR billion)	**2.44**	**2.63**	**2.32**	**1.79**	**1.27**	**--**
Total capital (DKK billion)	**2.48**	**2.25**	**2.19**	**1.72**	**1.37**	[2]**18.24**
Return on average assets	**2.12**	**1.93**	**2.82**	**2.32**	**2.52**	**2.40**
Recurring earnings power [3]	**2.88**	**2.46**	**3.29**	**3.12**	**3.63**	**3.13**
Net interest margin	**3.14**	**2.75**	**2.87**	**3.12**	**4.03**	**3.19**
Cost/income ratio (%)	**30.00**	**34.54**	**29.25**	**34.77**	**37.42**	**33.72**
Problem loans % gross loans	**2.05**	**1.89**	**2.14**	**3.27**	**4.59**	**2.97**
Tier 1 ratio (%)	**--**	**11.20**	**10.40**	**11.60**	**12.20**	**12.10**

[1] As of June 30. [2] Compound annual growth rate. [3] Preprovision income % average assets

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a C+ Bank Financial Strength Rating (BFSR) to Ringkjøbing Landbobank A/S, which translates into Baseline Credit Assessment (BCA) of A2. The rating reflects the Danish bank's strong intrinsic financial strength and solid regional presence. It also takes into account the challenges facing the bank such as borrower concentration and exposure to selected niche sectors.

Ringkjøbing Landbobank is among the 15 largest banking groups in Denmark. Headquartered in Ringkøbing in western Denmark, the bank is a full-service regional bank, and has a total of 16 branches and around 280 full-time employees. The bank's core operations concentrate on retail, SME and corporate banking as well as specialised/niche products, in particular financing of wind turbines and private banking.

Moody's believes that the probability of systemic support for Ringkjøbing Landbobank in case of need is moderate, given its strong regional franchise, which results in a one-notch uplift in the deposit ratings to A1/Prime-1 from the A2 BCA. Thus the deposit and debt ratings of Ringkjøbing Landbobank incorporate three elements: (1) the bank's BFSR of C+, (2) Moody's assessment of a moderate probability of systemic support (a component of Joint-Default Analysis, referred to as JDA), and (3) the seniority of its deposits and debt.

Credit Strengths

- Strong local brand in western Jutland region

- Stable and healthy earnings from core operations

- High operating efficiency

- Solid capitalisation

- Improved asset quality

Credit Challenges

- Maintaining profitability levels

- High borrower concentration

- Concentrated credit exposure to electricity production by wind turbines and also to other niche sectors

- Reducing reliance on interbank funding

- Further integration and upgrade of risk management practices

- Preserving asset quality across the economic cycle

Rating Outlook

All the ratings of Ringkjøbing Landbobank have a stable outlook.

What Could Change the Rating - Up

The BFSR could enjoy positive rating pressure if there was an improvement in the bank's risk positioning including a significant reduction in borrower concentration and an improvement in both liquidity and risk management practices. However, given the bank's current rating profile we do not see an upgrade of the BFSR likely in the medium term.

The global local currency (GLC) deposit rating could be upgraded if the BFSR was upgraded.

What Could Change the Rating - Down

A downgrade of Ringkjøbing Landbobank's BFSR would likely be triggered by any material franchise erosion, increase in either market or credit risk appetite, any problems with large exposures or a softening of its current strong financial fundamentals to less than a B category.

The GLC deposit rating could be downgraded if the probability of systemic support were to decrease or if the BFSR were to be downgraded.

Recent Results

Ringkjobing Landbobank's core earnings decreased by 7% in H1 2008 from the same period in 2007. The result was affected by lower trading income, fee and commission income as well as negative writedowns. On the other hand, the bank has been able to retain its high cost efficiency demonstrated by the cost-to-income ratio of 32%. Pre-tax profit was 5% higher compared to H1 2007 and was positively affected by a profit of DKK32 million related to the bonus agreement connected to the sale of Totalkredit shares. The value of the bond portfolio and listed shares continued to decrease. Credit quality has softened somewhat and resulted in writedowns compared to writebacks in 2007. Net lending remained stable in the first six months of 2008. Capital adequacy is strong demonstrated by the Tier 1 ratio of 12.4% and the total capital ratio of 15.5%.

As regards funding, deposits still represent about 50% of total funding although the proportion has been decreasing over the past years. At end-June 2008, liquid assets represent about 20% of the balance sheet.

DETAILED RATING CONSIDERATIONS

Detailed considerations for Ringkjøbing Landbobank's currently assigned ratings are as follows:

Bank Financial Strength Rating

Ringkjøbing Landbobank's C+ BFSR is primarily underpinned by the bank's solid financial fundamentals - in particular, good profitability that is higher than its peers, although risk-weighted recurring earning power in 2007 was not as high as in the previous years. Other strengths are high operating efficiency, good capital adequacy and the bank's solid regional positioning. The BFSR is constrained by the bank's limited national market share, low geographic diversification, high credit risk concentration, as well as concentrations in financing niche sectors.

Moody's believes the assigned C+ rating is an appropriate measure of the bank's intrinsic financial strength, given still strong financials and the continuing good operating and regulatory environments in Denmark.

As a point of reference, the assigned rating of C+ is in line with the outcome of Moody's bank financial strength scorecard.

Qualitative Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

Ringkjøbing Landbobank is a regional bank and among the 15 largest banking groups in Denmark in terms of assets. Headquartered in Ringkøbing, its main region of operation is central and western Jutland. At the end of 2007, the bank held a market share of over 40% for both corporate and retail lending in western Jutland. Overall, the bank enjoys a well-established market position in its region, but also lacks geographical diversification - Ringkjøbing Landbobank's country-wide market share in retail lending is estimated to be close to 1%. In addition, Moody's notes that, although the area in which the bank operates is the largest local government area in Denmark in terms of size, the population is sparse and also competitive pressure is strong.

It is a full-service bank, with a total of 16 branches, and around 280 full-time employees at year-end 2007. The bank's core operations can be divided into two business areas. The first is banking in the local area of central and western Jutland, for which it serves private and business customers and banking in the central Jutland towns of Herning, Holstebro and Viborg, where it serves private customers and, to a lesser extent, business customers. The second is banking in niche areas concentrating on financing of wind turbines, private banking/asset management, financing doctors in private practices, first-priority financing of lending properties, primarily in Germany, and financing purchases of vacation homes, outside Denmark.

Around 55% of the bank's loan portfolio is classified as retail (includes some SMEs), 14% is corporate, and the remainder is specialised lending, including financing for wind turbines (14% of the loan portfolio), most of which carry state guarantees. Moody's views earnings driven by corporate and specialised lending as less predictable in the long term than earnings from retail-based lending. Nonetheless, we consider that the overall stability of Ringkjøbing Landbobank's core earnings is satisfactory and fares well in comparison to its domestic peers.

A franchise value score of D+ reflects our view of the bank's strong regional presence, moderate nationwide position and satisfactory earnings stability.

Factor 2: Risk Positioning

Trend: Neutral

Ringkjøbing Landbobank has no corporate governance issues and operates in accordance with the general guidelines set forth by the OMX Nordic Exchange Copenhagen. The bank is owned by over 18,000 shareholders (most of which are customers), with Denmark's largest pension fund, ATP, its largest shareholder, owning a stake of over 5%. Approximately 70% of the share capital is owned by private investors, approximately 20% is owned by Danish institutional investors, and foreign institutional investors own approximately 10%. Under the bank's Articles of Association, "a shareholding of up to and including nom. DKK500 carries one vote, and shareholdings exceeding that level carry two votes". These limitations would make a hostile takeover extremely difficult; however, this protection has not led to a relaxed management style or a departure from its prudent risk management.

The information in the annual and quarterly accounts is in line with other regional Nordic banks and we note that the level of information on risk and asset quality has improved.

Although the bank has an independent Chief Risk Manager, and risk management practices are adequate for the level and type of risk in the bank, the risk systems and procedures lack the sophistication of other regional players in the Nordic region. In addition, operating in and being supportive to its small operating region means that the bank has relatively large customer exposures when compared to its European peers. The 20 largest exposures represent over 150% of Tier 1 capital but Moody's notes that concentrations are mitigated by prudent collateral. There is also some industry concentration in the loan portfolio but we note that several of these exposures would not be deemed corporate exposures under the Basel II framework. The two largest industry sectors are investment credits (15% of loans at year-end 2007) and wind turbines (14%). As regards wind turbines, the bank has over 20 years' experience in financing for wind turbines and there have not occurred any losses so far. Agricultural loans include loans to cattle farming, pig farming and mink farming. We also note that the exposure to real estate is relatively small - 6% of the loan portfolio.

Loans to private customers account for around 45% of Ringkjøbing Landbobank's loan portfolio. As with most Danish regional and local banks, Ringkjøbing Landbobank can transfer its mortgage loans to the specialised mortgage lenders Totalkredit/Nykredit and DLR. Before mortgages were guaranteed for eight years by the originating bank for loan-to-value ratios over 60%. However, from 1 April 2008 Ringkjøbing Landbobank has converted this guarantee to an agreement with Totalkredit in which loan losses will be set off by commissions earned by the bank. It is important to note that the agreement is limited to set-off of commissions. The new agreement is not limited to eight years per loan, but will remain in place until the loan matures. The guarantees to Totalkredit amounted to DKK1.2 billion at year-end 2007.

The bank's liquid assets amounted to DKK3.7 billion at end-June 2008 compared to DKK5.3 billion at year-end 2007. However, liquid assets as a percentage of total assets has remained pretty stable at about 20%. In addition, the bank has committed credit facilities worth DKK1.4 billion, which are not normally used. The bank's bond portfolio of DKK893 million at end-June 2008 includes mainly Danish bonds and its shareholdings, valued at DKK253 million, consist largely of strategic stakes.

The bank's funding structure is divided between customer deposits, more than 50% of total funding, interbank funding almost 45% and long-term market funding 5%. Of the interbank funding, almost half matures after one year. The level of interbank funding with a maturity of less than one year has been decreasing but remains high and may add some volatility to the bank's overall funding structure. The bank has satisfactory liquidity management by showing a positive figure of outflows in the form of scheduled payments and inflows over 12 months, with non-access to the capital market being covered by liquid assets, a repoable securities portfolio and undrawn committed back-up lines. Under this stress scenario, the loan portfolio remains unchanged. However, Moody's will continue to monitor the bank's efforts to shift its funding structure towards more long-term funding.

The bank started developing and using a Value at Risk (VaR) model in 2007. Its total VaR, a statistical measurement of market risk, with a 10-day holding period and 99% confidence interval, varied from possible losses of DKK3.2 million to DKK12.5 million in H1 2008 (0.2 - 0.6% of Tier 1 capital). Although according to the bank's own calculations the market risk is low, in Moody's opinion the bank's VaR measure lacks a track record and we therefore take a conservative view with regard to it. We also note that the diversification gain due to spreading the risk across various asset classes is quite high, which reduces the bank's VaR considerably. The bank's total interest rate risk in relation to 100 bps change in interest rates was DKK16 million at year-end 2007 or 1% of Tier 1 capital. Currency risk of the bank is negligible.

The score for risk positioning is C and is constrained by high credit risk concentration.

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 current Banking System Outlook on Denmark for an analysis of the country's 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, which includes economic stability, integrity and corruption, and the legal system. Refer to Moody's current Banking System Outlook on Denmark for an analysis of the country's operating environment.

Quantitative Factors (50%)

Factor 5: Profitability

Trend: Neutral

Ringkjøbing Landbobank's core earnings before write-downs for H1 2008 increased by 4% to DKK251 million. Net interest income continued to increase - by 14% in H1 2008 vs. H1 2007 - but fee and commission income decreased. Loan growth has also slowed down in the first six months of 2008 and was only 0.8%.

Writedowns on loans were negative (DKK9 million) in H1 2008 compared to writebacks (DKK11 million) in 2007. The increase in loan loss provisions was however relatively smaller than for some other regional Danish banks. It is also important to note that the bonus agreement connected to the sale of Totalkredit shares had a positive impact on the results H1 2008 (DKK32 million).

At year-end 2007, the bank's risk-adjusted profitability measured by pre-provision income as a percentage of risk-weighted assets stood at 2.9% and has been steadily declining since 2004 when it was 3.6%; however, it still compares well to that of its peers. Net interest income is the most important component of earnings representing close to 70% of operating income. Lower profitability therefore reflects declining net interest margins - 2.8% in 2007 compared to 4.0% in 2004. The pressure on net interest margins has been somewhat mitigated by the bank's expanding loan book but in the near future we expect to see slow loan growth which combined with higher lending costs could put pressure on profitability. In the recent years Ringkjøbing Landbobank's profitability has also been supported by the sale of niche products which have relatively low overhead costs. In addition, there have been positive loan loss provisions in 2004-2007 which have reversed in 2008.

Overall, we believe the B+ score is an adequate representation of the bank's profitability.

Factor 6: Liquidity

Trend: Neutral

About 20% of the bank's total assets are in liquid assets. In addition, as with most Danish regional and local banks, Ringkjøbing Landbobank can secure its mortgage loan financing via the specialised mortgage lenders Totalkredit/Nykredit and DLR. The loans funding by the specialised mortgage lender will not show on the banks balance as they are transferred to the mortgage lenders.

The bank's funding structure at year-end 2007 is divided between customer deposits (53% of total funding), interbank funding (43%) and long-term market funding (4%). The interbank funding can be further divided into money market operations and bilateral credits maturing within 1 year (58% of interbank funding) and bilateral credits with a maturity over 1 year (42%).

In 2007, the deposit growth considerably outpaced the loan growth, at 30% and 10% respectively. This is a different picture from 2004-2006, when the loan growth ranged from almost 40% to 25% and the deposit growth from 12% to 22%. In the first six months of 2008 however, the deposits decreased by 3% and loan portfolio remained close to year-end level.

The bank is currently working on diversifying its funding profile. Moody's will continue to monitor the existing funding trends of Ringkjøbing Landbobank, especially considering the volatility of interbank funds.

Moody's views a score of C- as appropriate for the bank's liquidity.

Factor 7: Capital Adequacy

Trend: Neutral

The bank's capital adequacy ratios have been relatively stable over recent years, partly helped by a DKK200 million subordinated loan issued in H1 2008, a DKK300 million subordinated loan issued in 2006 and a DKK200 million hybrid core capital loan issued in 2005.

The total capital and Tier 1 ratios were 15.5% and 12.4%, respectively at end-June 2008, compared to 13.0% and 11.2% at year-end 2007. The Tier 1 ratio without hybrid capital was 11.2% at end-June 2008.

Under the new capital adequacy rules under the Basel II framework Ringkjøbing Landbobank has experienced a relief in its risk-weighted assets due to (a) a lower risk weight of retail customers, (b) security in financial collaterals (credit risk reducing method - financial collaterals), and (c) a lower risk weight of loans with collateral in private homes. Ringkjøbing Landbobank has also used its option to end the agreement with Totalkredit on providing loss guarantees which has led to a further reduction in the bank's risk-weighted assets in 2008.

The bank scores A for capital adequacy but when the Tier 1 ratio is adjusted for hybrid capital the score becomes B+.

Factor 8: Efficiency

Trend: Weakening

Ringkjøbing Landbobank's cost efficiency is one of the best in Denmark. Its cost-to-income ratio was 30% in H1 2008 and 35% in 2007. A slight decline in efficiency in 2007 was due to a combination of lower operating income and higher operating expenses (growing number of employees). Furthermore, operating expenses have been declining steadily as a percentage of average assets over the recent years to 1.3% at year-end 2007, also one of the best levels among Danish banks.

However, Moody's expects this strong efficiency to weaken as the bank upgrades its risk management practices and thereby increases its add-on costs. Also increased funding costs are likely to affect the cost efficiency.

The bank scores A for efficiency but we have assigned a weakening trend due to factors discussed above.

Factor 9: Asset Quality

Trend: Weakening

Ringkjøbing Landbobank's asset quality has improved but the problem loan ratio (measured as impaired loans) is somewhat higher than the average for regional banks in the Nordic region. We however note that the bank has a rather conservative approach to impairments and the level of loans with suspended calculation of interest has remained very low at DKK19 million at H1 2008 corresponding to 0.1% of gross loans.

Problem loans represented 2.1% of gross loans at end-June 2008 (vs. 1.9% at year-end 2007). It is comforting that the bank's loan growth has slowed down (1% in H1 2008, 10% in 2007 and 26% in 2006). However, Moody's will continue to monitor the effect of previous years' rapid loan growth on the bank's asset quality, since many of the loans are less seasoned. Problem loans coverage by reserves has remained above 100%.

Going forward, we view Ringkjøbing Landbobank's ability to further reduce sector- and single-name concentration as an important rating driver, combined with success in preventing loan growth from impairing the asset quality. We note that Ringkjøbing Landbobank's exposure to the Danish real estate market is more limited than that of many other Danish regional banks.

The score of C+ is appropriate for the bank's current asset quality but the weakening trend reflects uncertainty in the Danish economy as well as unseasoned loan portfolio and concentration risks.

Global Local Currency Deposit Rating (Joint Default Analysis)

Ringkjøbing Landbobank's long-term global local currency (GLC) deposit and debt ratings are at the A1 level. These incorporate the following main elements: (1) its A2 Baseline Credit Assessment (BCA), and (2) Moody's opinion on the probability of systemic support for this bank.

In light of its position in the Danish market, Moody's believes that the probability of systemic support for Ringkjøbing Landbobank in the event of a financial crisis is moderate.

Under Moody's joint default analysis (JDA) methodology, the above-mentioned considerations result in a one-notch uplift in the deposit ratings to A1 from the A2 BCA. Moody's assigns a GLC deposit rating of A1 for Ringkjøbing Landbobank.

Foreign Currency Deposit Rating

The foreign currency deposit ratings of Ringkjøbing Landbobank are unconstrained given that Denmark, in common with other EU members, has a country ceiling of Aaa. The foreign currency deposit ratings of Ringkjøbing Landbobank are A1.

Foreign Currency Debt Rating

The foreign currency debt ratings of Ringkjøbing Landbobank are unconstrained given that Denmark, in common with other EU members, has a country ceiling of Aaa. The foreign currency debt ratings of Ringkjøbing Landbobank are A1.

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

Ringkjobing Landbobank A/s

Rating Factors [1]	**A**	**B**	**C**	**D**	**E**	**Total Score**	**Trend**
Qualitative Factors (50%)						**C**	
Factor: Franchise Value						**D+**	**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%)						**B-**	
Factor: Profitability						**B+**	**Neutral**
PPP % Avg RWA		3.09%					
Net Income % Avg RWA	2.47%						
Factor: Liquidity						**C-**	**Neutral**
(Mkt funds-Liquid Assets) % Total Assets				17.13%			
Liquidity Management			x				
Factor: Capital Adequacy						**A**	**Neutral**
Tier 1 ratio (%)	11.07%						
Tangible Common Equity % RWA	9.91%						
Factor: Efficiency						**A**	**Weakening**
Cost/income ratio	32.85%						
Factor: Asset Quality						**C+**	**Weakening**
Problem Loans % Gross Loans			2.44%				
Problem Loans % (Equity + LLR)		13.61%					
Lowest Combined Score (15%)						**C-**	
Economic Insolvency Override						**Neutral**	
Aggregate Score						**C+**	
Assigned BFSR						**C+**	

[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