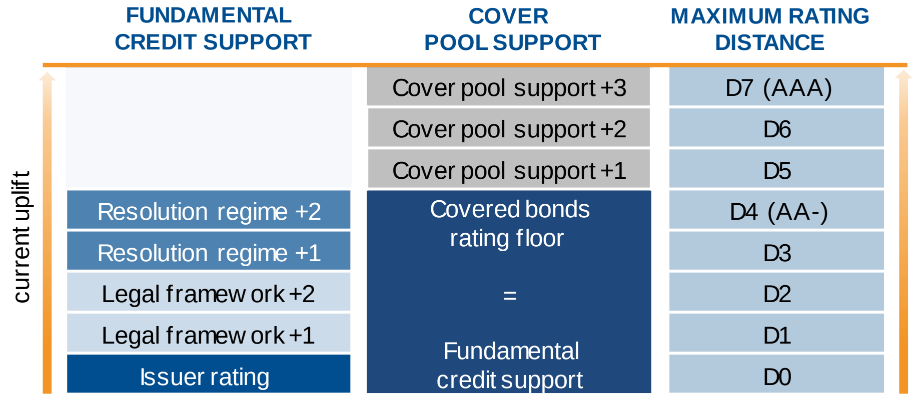
Verd Boligkreditt AS Mortgage Covered Bonds
Norwegian Covered Bonds – Performance Update

The AAA rating with a Stable Outlook assigned to the Norwegian mortgage-covered bonds issued out of Verd Boligkreditt AS (Verd) is based on the bank's private issuer rating enhanced by seven notches of cover pool support. Four notches thereof reflect our assessment of the strong fundamental credit support provided by the Norwegian legal covered bond and resolution frameworks.

Cut-off date	Cover pool	Cover asset type	Covered bonds	Rating/Outlook
31 Dec 2020	NOK 10.89bn	Residential mortgage loans	NOK 9.16bn	AAA/Stable

Verd is a specialised credit institution dedicated to providing secured covered bond funding to its owners – nine local banks in southern and western Norway (the owner banks). Verd's investment grade credit quality is based on the investment grade credit profiles of its owner banks, which are well-established in their local markets and maintain reassuring prudential metrics.

Fundamental credit support factors from the Norwegian legal and resolution framework provide a four-notch uplift above the bank's rating. This forms a rating floor at AA-. Cover pool support enables the programme to be rated AAA. The programme does not benefit from a rating buffer against an issuer downgrade as the maximum theoretical uplift of seven notches is needed to reach the highest rating.



Stable Outlook

The Stable Outlook on the covered bond rating reflects our expectations that: i) the credit performance of Verd and its member banks will continue to be stable; ii) the issuer will maintain its covered bond programme's prudent risk profile; and iii) both Verd's member banks and direct issuer will remain willing and able to provide sufficient overcollateralisation and equity to support the covered bonds' very high credit quality.

Changes since the last performance update

Since the last performance update in March 2020, the amount of residential mortgage assets in the cover pool has increased to NOK 10.14bn (+6.9%). At the same time, the programme's average loan-to-value (LTV) ratio has slightly improved to 51.7% (0.9pp). Despite lower LTV levels, the contribution of stressed credit risk to overcollateralisation has grown, reflecting that Norwegian house prices have risen beyond the point we consider sustainable. We reflect the risk of price correction by applying higher market value declines, which results in a lower stressed recovery rate of 77.2% (from 81.3%). The bank has updated its shareholder and transfer and service agreements to strengthen the cohesiveness among its owners.

Ratings & Outlook

Issuer rating	**Not disclosed**
Outlook	Not disclosed
Covered bond rating	**AAA**
Outlook	Stable
Rating action	Affirmation
Last rating action date	24 March 21

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Related Research

Scope affirms AAA ratings to Norwegian Verd Boligkreditt's mortgage-covered bonds – Outlook Stable
March 2020

Earnings outlook for Norwegian banks more nuanced than zero interest rates suggest
Oct 2020

Norway first out of the blocks to align with EU covered bond directive
Jan 2020

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The issuer

Established in 2009, Verd is a covered bond issuer owned by nine independent savings banks in southern and western Norway. The ownership structure is unusual as most covered bond issuers are owned by a single parent bank. The owner banks are part of De Samarbeidende Sparebankene (DSS), an alliance which enhances negotiating power with suppliers and operational efficiencies and enables expertise-sharing. As seen throughout Norway, banking alliances are important for sustaining the efficiency and business franchises of the individual banks. This includes the shared ownership of companies offering a range of financial products such as insurance, leasing and securities services.

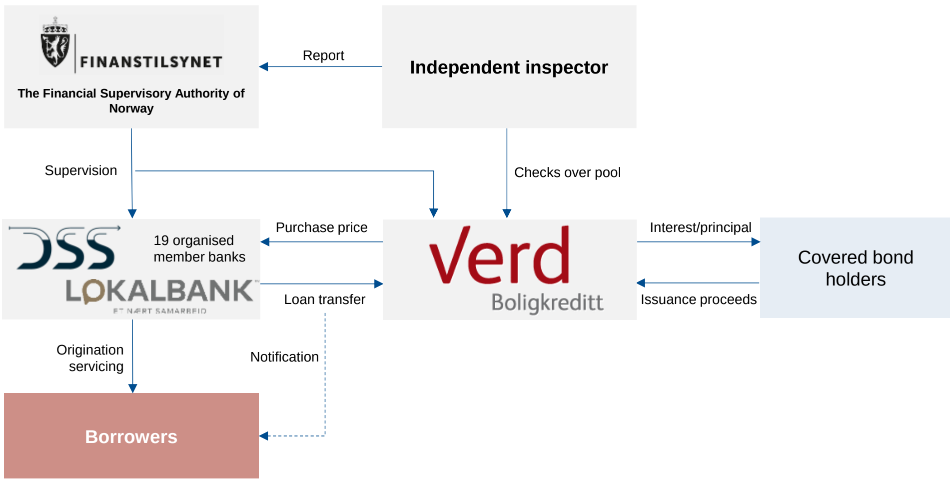
On December 2020, Verd announced that it entered into an agreement to affiliate 10 banks organised under the Lokalbankallianse (LBA) as additional owners of Verd. This agreement will allow the LBA banks to refinance eligible mortgage loans with covered bonds issued by Verd. Any effect on the credit quality of Verd's cover pool and covered bonds will only emerge slowly as only newly originated mortgage loans can currently be added. This is because the LBA banks' eligible mortgage loans, currently held with Eika Boligkreditt, can only be released when the corresponding covered bonds mature. The process of transferring the existing loan portfolio from Eika Boligkreditt to Verd is expected to take around five years.

As of 18 March 2021, Verd is yet to purchase loans from the LBA banks.

Programme structure

The Norwegian legal covered bond framework is mainly based on the relevant section on covered bonds in the Financial Institutions Act together with a related regulation on mortgage credit institutions, both introduced in 2007. Under this framework, issuance is permitted only through specialist covered bond issuers. Most issuers of covered bonds (called Boligkreditt, or specialised residential mortgage institutions) are subsidiaries that rely on loans originated by their respective parent banks. In contrast, Verd is a funding platform jointly owned by its owner banks. A Boligkreditt issues covered bonds whose proceeds are used to purchase mortgage assets from its parent bank(s), thereby financing the latter's lending business.

Current issuance structure



Source: Scope Ratings

Fundamental credit support analysis

Fundamental credit support factors enhance Verd's covered bond rating by four notches above our credit view on the issuer. This is based on our view of: i) Norway's covered bond legal framework (two notches); and ii) the resolution regime and systemic importance of Verd and its covered bonds (two notches).

Two notches of uplift based on legal framework analysis…

We consider the Norwegian covered bond framework to be one of Europe's strongest, meeting our criteria for protecting investors. Therefore, we assign the highest credit differentiation of two notches.

… on top of two notches of uplift reflecting credit benefits from the resolution regime and systemic importance

Verd's covered bonds benefit from an additional two-notch uplift reflecting a bail-in exemption and support from a strong external stakeholder community. The uplift is constrained by the combination of: i) the low likelihood that the covered bond issuer will be maintained in a resolution scenario; ii) the low visibility of Verd as a covered bond issuer; and iii) the support of the owner banks, which provides investors with limited documented or public commitments on minimum levels of liquidity or overcollateralisation. However, we acknowledge that the updated transfer and service agreements between the member banks and Verd have strengthened the cohesiveness between the member banks. For more information, see our related research.

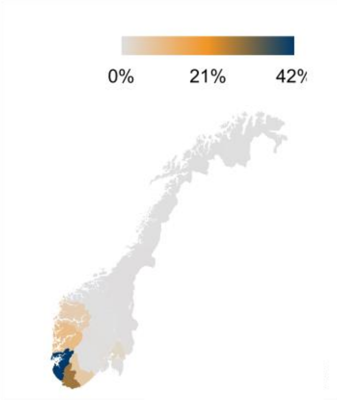
Cover pool analysis

Verd's mortgage-covered bond ratings are cover pool-supported. The cover pool provides the maximum seven-notch uplift to our credit view on the issuer. Fundamental credit support provides a four-notch rating uplift and, effectively, a floor against a deterioration in cover pool credit quality. Since our last review in 2020, the minimum overcollateralisation needed to support the highest rating has increased to 5.0% from 4.0%. Credit loss accounts for 2.8pp of the rating-supporting overcollateralisation (up from 1.2pp) and market risk for the remaining 2.2pp. Market risks reflect i) the programme's exposure to interest rate mismatches; ii) asset sales owing to maturity mismatches; and iii) carry costs resulting from high asset prepayments.

Cover pool composition

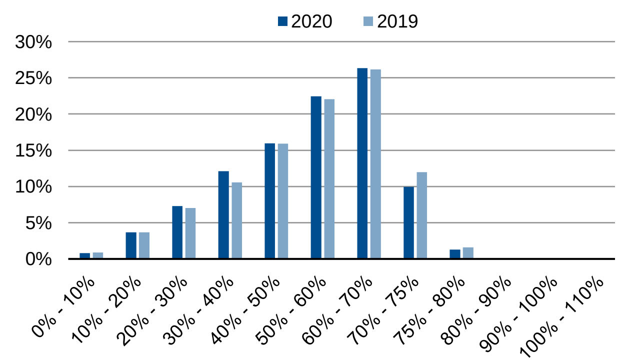
The cover pool comprises Norwegian granular, first-lien residential mortgage loans denominated in Norwegian krone. As of December 2020, the mortgage portfolio accounted for 6,573 borrowers[1]. The average loan size remains small at NOK 1.5m (around EUR 150,000). The top 10 largest borrowers account for 0.7%.

Regional distribution



Source: Scope Ratings, Verd

LTV distribution (by maximum drawable amount)



Source: Scope Ratings, Verd

[1] per borrower as aggregated by Scope

Cover pool characteristics

Reporting date	Dec 2020	Mar 2020
Balance (NOK bn)	10.89	10.89
Residential (%)	93.1	87.1
Substitute (%)	6.9	12.9

Repayment type (% max commitment)

Reporting date	Dec 2020	Mar 2020
Flexilån	20.3	21.2
Annuity	79.2	78.3
Linear	0.5	0.5

Property type (%)

Reporting date	Dec 2020	Mar 2020
Single-family house	79.1	80.0
Apartment	13.7	14.4
Others	7.2	5.6

Property location (%)

Reporting date	Dec 2020	Mar 2020
Rogaland	42.0	43.5
Vest-Agder	28.2	27.6
Hordaland	9.7	10.5
Others	20.1	18.3

General information

Reporting date	Dec 2020	Mar 2020
No. of obligors*	6,573	6,181
Avg. size (NOK m)	1.5	1.5
Top 10 (%)	0.7	0.7
Remaining term (y)	19.2	18.5
LTV (%)	51.7	52.6

*per Scope aggregated borrower

Asset interest rate type (%)

Reporting date	Dec 2020	Mar 2020
Floating	100	100
Fixed	0.0	0.0

Verd's current cover pool is concentrated in Norwegian oil regions, which, however, are also home to diversified, export-oriented businesses and sectors like fisheries, ship building, tourism and hydro power. Exposures in Rogaland, Hordaland and Vest/Aust-Adger and Sogn og Fjordane account for 91% of the cover pool, unchanged since the last review. Exposures outside of the core region are driven by the bank's provision of financing to local customers. These are exceptions and only granted to borrowers with above-average credit quality.

The weighted average Scope-calculated LTV is 52.6%. This compares to 53.1% from one year ago and is similar among the owner banks. While the average LTV has remained relatively stable, the share of loans exceeding 70% continue to drop to 12% from 14% as of the last analysis. This is driven by loan amortisation and property price indexation.

The LTV is calculated based on the maximum drawable amount for re-drawable loans (flexible loans), which make up 20% (down from 21%) of the cover pool. These loans have an embedded credit line that can be redrawn without new credit approval. Flexible loans will only be granted if the loan's LTV does not exceed 60%. The drawdown on existing flexible loans is limited to 60%.

Asset risk analysis

The cover pool's credit quality remains strong. We assume an unchanged cumulative probability of default of 10.5% over the life of the loans (or 57bps annually). In addition, we considered an average base cure rate of 55%, which effectively reduces the annual default probability to 26bps.

The unchanged volatility of default (weighted average coefficient of variation) was assumed to be 55%. This factors in the higher sensitivity to economic shocks in the western regions of Norway but also considers the diversification within these areas compared to more concentrated peers.

Our projection of default on mortgage loans uses an inverse Gaussian distribution, based on available credit performance data provided by the bank (including IFRS9 reporting, delinquency histories, and loan-level probabilities of default) and benchmarking.

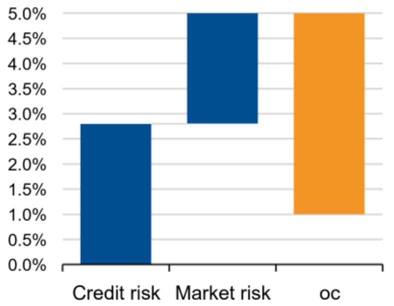
Mortgage recovery rates range between 98.1% (unchanged from last analysis) in the base case and 77.2% (from 81.3%) in the most stressed scenario. Lower recoveries are driven by the increased risk of price correction, reflected in the higher market value declines of 2.5pp-5.0pp from those applied since the last analysis.

We have also applied a fire-sale discount of 30%, resulting in stressed security value haircuts ranging between 52.5% and 67.5%. The fire-sale discount is applied to properties sold under non-standard market or distressed conditions. For Verd, we assume a higher discount than for Norwegian peers. This is justified by the bank's internal analysis (IFSR9) and the fact that the member banks' core markets are in more rural parts of Norway, for which liquidity may be lower.

Cash flow risk analysis

Overall, credit risk accounted for 2.8pp (up from 1.2pp) of the 5.0% rating-supporting overcollateralisation. Credit risk has increased since our earlier analysis because Norwegian house prices continue to rise above the level we consider sustainable. We have reflected the increased risk of price correction by applying higher market value declines. Market risk accounts for 2.2% (down from 2.8%) of the revised 5.0% rating-supporting overcollateralisation. Market risks are related to interest-rate and asset-liability mismatches and are driven by the programme's sensitivity to high prepayments, which generate large cash balances. This cash reduces the transaction's available excess spread – especially in scenarios featuring both margin-compression and front-loaded default timings.

Rating-supporting overcollateralisation (oc), breakdown



Source: Scope Ratings

The rating-supporting overcollateralisation reflects further sensitivity tests. These include margin compression to 80 bps to reduce excess spread, higher refinancing spreads, and front-loaded defaults.

As of Q4 2020, the weighted average life (WAL) of the outstanding and extended covered bonds is 3.6 years, up from 3.3 years. This compares to an unchanged and unstressed WAL of the cover assets of 11.1 years. This has kept the WAL gap relatively stable at 7.6 years (from 7.8 years).

The NOK 9,160m in covered bonds are predominantly issued at floating rates, with Verd hedging the 4.8% of the fixed-rate coupon bonds into floating rate until the bonds' scheduled maturity date. During the extension period, the fixed-rate bonds pay a floating coupon according to the respective terms and conditions.

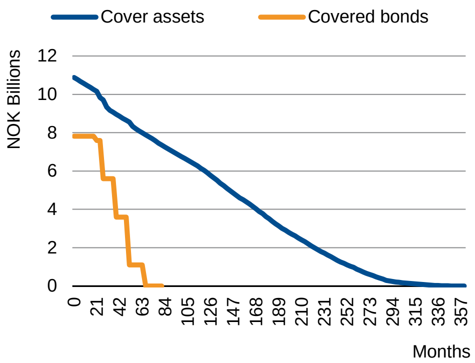
Our analysis does not take the hedging into account, mainly because the termination events in the swap agreements apply to Verd. The issuer, however, recently amended the hedging documents, which would apply to new hedges for additional issues of fixed-rate bonds. We are likely to give benefit to future hedges that rectify the current limitations.

Asset-liability mismatches

	Assets	Liabilities
NOK	100%	100%
Fixed	0.0%	4.8%
Floating	100%	100%
WAL (years)	11.1	3.6

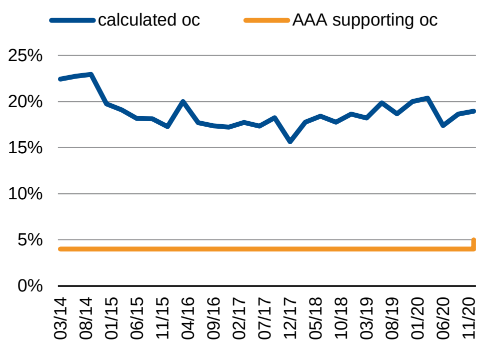
There is no foreign exchange risk as assets and liabilities are denominated in Norwegian krone. At this stage, we do not expect foreign currency-denominated issuances.

Amortisation profile



Source: Scope Ratings, Verd

Available overcollateralisation



Source: Scope Ratings, Verd

Availability of overcollateralisation

Overcollateralisation fully taken into account

Our current credit view of Verd and its owner banks allows us to fully account for the provided overcollateralisation. We are not aware of plans that would significantly change the risk profile or reduce available overcollateralisation to levels that no longer support the rating uplift.

Other risk considerations

Counterparty risk mitigated by alignment of interests

The rated covered bonds have counterparty exposure to the issuer and to the issuer's member banks as loan originator and servicer. Further, there is an exposure to Sparebank Vest as bank account and deposit account as well as paying agent. Most of Sparebank Vest's roles have replacement mechanisms that would shield the covered bonds from its credit deterioration. However, no such mechanism is in place for the member banks.

Cohesiveness of members strengthened

However, we believe the strong alignment of interests among the issuer, its member banks and covered bond holders would prevent any negative impact from such risks before regulatory intervention became necessary. Verd updated its shareholder agreement and its transfer and service agreement with the member banks at the end of 2020. This strengthened the position of Verd because a bank terminating the shareholder agreement remains obligated to contribute capital and uphold its mortgage portfolio in line with the redemptions of Verd's funding. Further, any losses from Verd's cover assets will now be offset against the commission of all owners irrespective of the initial originator. This concatenates the members' risk exposures and accordingly strengthens the support as a group because the banks are not focused on their individual needs.

We also take a positive view of the use of direct debit for collections, which ensures payments are made on accounts and in the name of the issuer from day one.

Sovereign risk does not affect the ratings

Sovereign risk does not limit the ratings of Verd's mortgage-covered bonds. We believe the risks of an institutional framework meltdown, legal insecurity or currency-convertibility problems are currently remote.

No impact from ESG

We have not directly included ESG aspects into the rating. Environmental aspects, in particular Norwegian energy efficiency standards, are often not recorded in the bank's main underwriting databases – which is typical for most banks. We were therefore unable to perform a specific analysis of environmental or social factors and their impact on the cover assets' probability of default or their recovery proceeds. At the same time, we have indirectly included environmental aspects because collateral valuations reflect the condition of the collateral. Governance aspects, however, are a vital element of our fundamental analysis. Our fundamental analysis factors in the legal framework and the countries' resolution regime, with the issuer and its owner banks supervised by Finanstilsynet.

Sensitivity analysis

No buffer against potential change in issuer rating

Verd's mortgage-covered bond ratings do not benefit from a buffer against an issuer downgrade as the maximum uplift of seven notches granted to the programme was needed to reach the rating. The covered bond ratings may be downgraded if: i) our view on the issuer deteriorates by one notch or more; ii) risk in the covered bond programme increases and the overcollateralisation provided no longer supports a seven-notch uplift; or iii) there is a deterioration in our view on the fundamental support factors relevant to the issuer and Norwegian mortgage-covered bonds in general

Reporting date	31 December 2020	31 March 2020
Issuer name	Verd Boligkreditt AS	
Country	Norway	
Covered bond name	Obligasjoner med fortrinnsrett (Norwegian mortgage-covered bonds)	
Covered bond legal framework	Norwegian legal covered bond framework	
Cover pool type	Residential mortgage loans	
Composition	Residential = 93.1% Substitute = 6.9%	Residential = 94.3% Substitute = 5.7%
Issuer rating	Not disclosed	Not disclosed
Current covered bond rating	AAA/Stable	AAA/Stable
Covered bond maturity type	Soft bullet	Soft bullet
Cover pool currencies	NOK (100%)	NOK (100%)
Covered bond currencies	NOK (100%)	NOK (100%)
Fundamental cover pool support	3	3
Maximum achievable covered bond uplift	7	7
Potential covered bond rating buffer	0	0
Cover pool (NOK bn)	10.89	9.94
thereof, substitute assets and deposits (NOK bn)	0.75	0.57
Covered bonds (NOK bn)	9.16	8.25
Overcollateralisation: current / legal minimum	18.9% / 2.0%	20.1% / 2.0%
Overcollateralisation to support current rating	5.0%	4.0%
Overcollateralisation upon a one-notch issuer downgrade	5.0% (AA+)	4.0% (AA+)
Weighted average life of assets	11.1 years	11.1 years
Weighted average life of liabilities[2]	3.6 years	3.3 years
Weighted average life gap	7.6 years	7.8 years
Number of borrowers[3]	6,573	6,181
Average loan size per borrower (NOK m)	1.6	1.5
Top 10 residential borrowers	0.7%	0.7%
Interest rate type – assets	Floating 100% Fixed 0%	Floating 100% Fixed 0%
Interest rate type – liabilities	Floating 95.2% Fixed 4.8%	Floating 94.7% Fixed 5.3%
Weighted average LTV (indexed)	51.7%	52.6%
Geographic split (top 3)	Rogaland = 42.0% Vest-Agder = 28.2% Hordaland = 9.7%	Rogaland = 43.5% Vest-Agder = 27.6% Hordaland = 10.5%
Default measure	Inverse Gaussian	Inverse Gaussian
Weighted average default rate (mortgage) (annualised/cumulative)	57bps / 10.5%	57bps / 10.5%
Cure rate	55%	55%
Coefficient of variation (mortgage)	50%	50%
Weighted average recovery assumption (D0/D7)[4] **(mortgage)**	98.1% / 77.2%	98.1% / 81.3%
Share of loans > three months in arrears (NPL)	0.0%	0.0%
Interest rate stresses (max./min.; currency-dependent)	-1 to 10%	-1 to 10%
FX stresses (max./min.; currency-dependent)	n/a	n/a
Max. liquidity premium	150bps	150bps
Average servicing fee	25bps	25bps

[2] Including the 12-month extension
[3] By Scope aggregation
[4] D0 and D7 denote the stresses commensurate with the rating distance between our credit view on the issuer and the covered bond ratings

I. Appendix: Verd Boligkreditt – issuer credit view

Summary credit view

Verd's issuer rating reflects its low-risk busines model and the investment grade credit profile of its owner banks.

Focused business model on low-risk residential mortgage lending

As dictated by its legislative status and strategic purpose, Verd pursues a restricted and low-risk business. It issues covered bonds whose proceeds are used to selectively purchase residential mortgage assets from its owner banks, thereby financing the latter's lending business.

Well-established owner banks with investment grade credit profiles

The investment grade credit profiles of the owner banks form the basis for Verd's issuer rating. The owner banks are well-established in their local markets and maintain reassuring prudential metrics. The focus on retail customers and mortgage lending underpins the sound levels of capitalisation and good asset quality. The banks operate in the southern and western regions of Norway, which are more exposed to the cyclical oil and gas industry. However, the additional banks joining Verd later this year will gradually diversify the assets of the cover pool.

The relationship between Verd and its owner banks over more than 10 years has been highly cooperative and successful. This has ensured that Verd suffers no credit losses and maintains a sound financial profile. The alliance and the various support mechanisms, however, have yet to be tested under more difficult conditions.

Outlook and rating change drivers

Onboarding of LBA banks not expected to be credit-negative

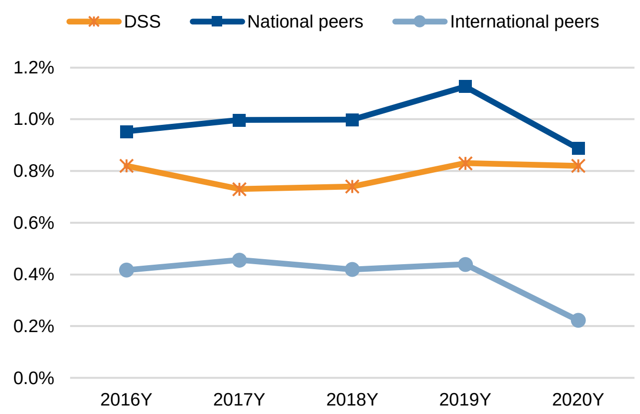
The Stable Outlook reflects the continuation of the resilient operating performance of both Verd and its owner banks. The onboarding and addition of the LBA is expected to proceed smoothly and eventually add to the cover pool's diversification.

Potential rating-change drivers include:

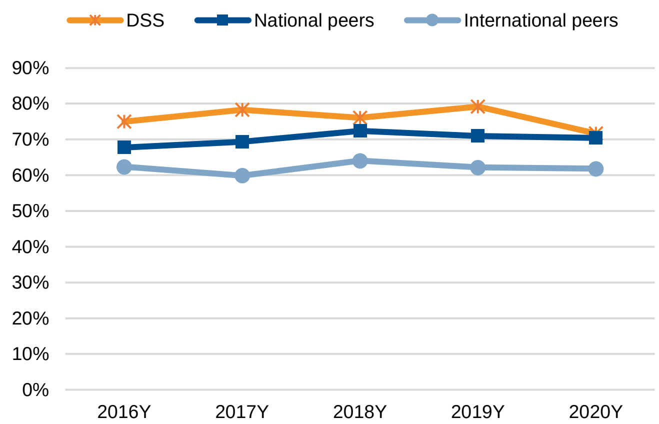
- Material changes in the credit fundamentals of the owner banks
- Change in the composition of the owner banks. Existing banks could leave, or new banks could join, affecting the composition of the mortgage assets available for transfer
- Further clarity and details on the owner banks' duties and obligations to support the credit fundamentals of Verd in situations of need

II. Appendix: Peer comparison – Verd (DSS) banks vs peers

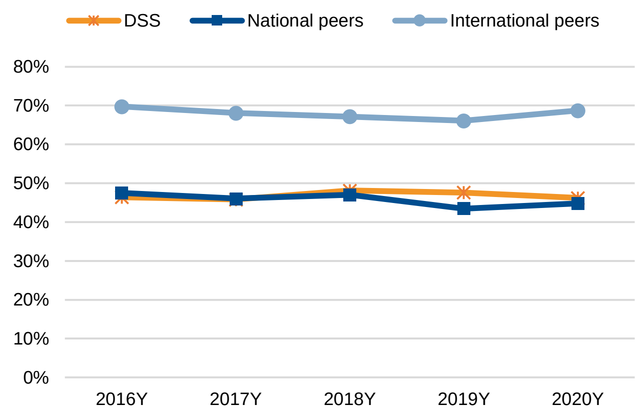
Return on average assets (%)



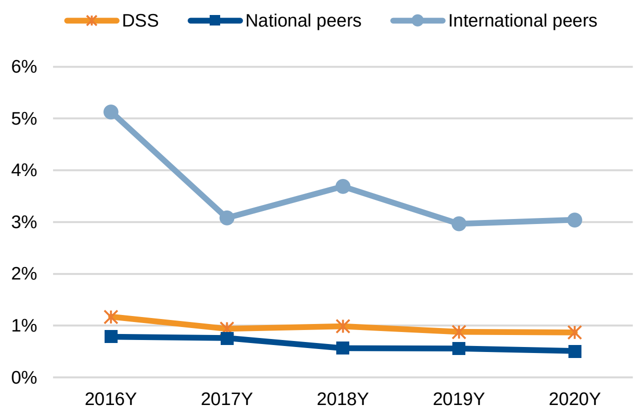
Net interest income % operating income



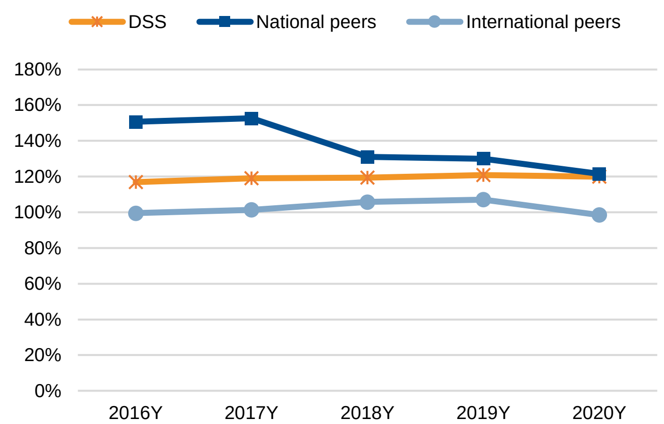
Costs % income



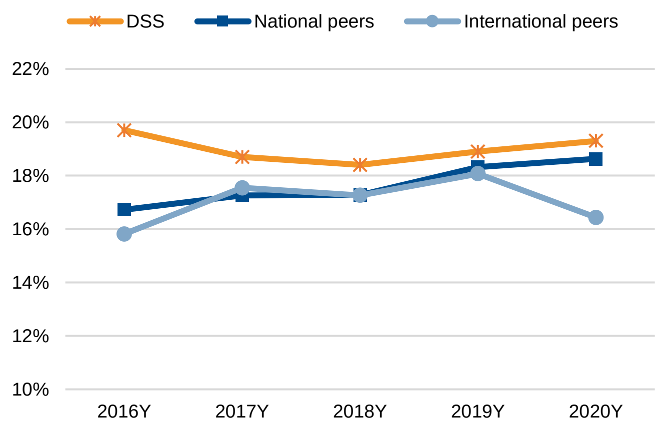
Problem loans (NPLs) % gross customer loans



Net loans % deposits



CET1 capital ratio (%, transitional basis)



Note: Figures for the DSS banks are weighted averages based on each bank's ownership interest in Verd.
National peers: BN Bank, Sparebanken More, Surnadal Sparebank, Jaeren Sparebank, Sparebank 1 SMN, Landkreditt Bank, Sandes Sparebank, Totens Sparebank, Sparebank 1 Nordvest.
International peers: Oberbank, Bausparkasse Wustenrot, Banca Popolare di Sondrio, Credito Emiliano, Kutxabank, Unicaja, TSB Banking Group plc, Principality Building Society, Sparebanken Skane AB.
Source: SNL, Scope Ratings.

III. Appendix: Selected financial information – Verd Boligkreditt AS

	2016Y	2017Y	2018Y	2019Y	2020Y
Balance sheet summary (NOK m)					
Assets					
Cash and interbank assets	125	109	163	205	161
Total securities	398	387	282	414	589
of which, derivatives	26	13	3	0	5
Net loans to customers	6,928	7,982	8,772	9,335	10,141
Other assets	0	0	0	0	0
Total assets	**7,451**	**8,478**	**9,216**	**9,954**	**10,892**
Liabilities					
Interbank liabilities	695	656	838	946	997
Senior debt	0	0	0	0	0
Derivatives	2	0	2	3	0
Deposits from customers	0	0	0	0	0
Subordinated debt	6,361	7,362	7,834	8,372	9,228
Other liabilities	12	21	19	22	26
Total liabilities	**7,070**	**8,039**	**8,693**	**9,343**	**10,250**
Ordinary equity	346	404	470	558	589
Equity hybrids	35	35	53	53	53
Minority interests	0	0	0	0	0
Total liabilities and equity	**7,451**	**8,478**	**9,216**	**9,954**	**10,892**
Core tier 1/ common equity tier 1 capital	*326*	*375*	*445*	*525*	*557*
Income statement summary (NOK m)					
Net interest income	56	80	91	94	116
Net fee & commission income	-23	-34	-39	-41	-51
Net trading income	2	-1	-11	0	-8
Other income	0	0	0	0	0
Operating income	**35**	**45**	**41**	**53**	**56**
Operating expenses	7	7	7	9	11
Pre-provision income	**28**	**39**	**34**	**44**	**45**
Credit and other financial impairments	0	0	0	0	2
Other impairments	0	0	0	0	0
Non-recurring income	NA	NA	NA	NA	NA
Non-recurring expense	NA	NA	NA	NA	NA
Pre-tax profit	**28**	**39**	**34**	**44**	**43**
Income from discontinued operations	0	0	0	0	0
Income tax expense	7	9	8	9	9
Other after-tax Items	0	0	0	0	0
Net profit attributable to minority interests	0	0	0	0	0
Net profit attributable to parent	**21**	**29**	**26**	**35**	**34**

Source: SNL

IV. Appendix: Selected financial information – Verd Boligkreditt AS

	2016Y	2017Y	2018Y	2019Y	2020Y
Funding and liquidity					
Net loans/ deposits (%)	NA	NA	NA	NA	NA
Liquidity coverage ratio (%)	NA	NA	NA	NA	NA
Net stable funding ratio (%)	NA	NA	NA	NA	NA
Asset mix, quality and growth					
Net loans/ assets (%)	93.0%	94.2%	95.2%	93.8%	93.1%
Problem loans/ gross customer loans (%)	0.0%	0.1%	0.0%	0.1%	0.1%
Loan loss reserves/ problem loans (%)	0.0%	0.0%	NA	0.0%	19.7%
Net loan growth (%)	32.8%	15.2%	9.9%	6.4%	8.6%
Problem loans/ tangible equity & reserves (%)	0.2%	1.9%	0.0%	1.8%	1.7%
Asset growth (%)	33.7%	13.8%	8.7%	8.0%	9.4%
Earnings and profitability					
Net interest margin (%)	0.8%	1.0%	1.0%	1.0%	1.1%
Net interest income/ average RWAs (%)	2.4%	2.9%	2.9%	2.8%	3.2%
Net interest income/ operating income (%)	159.2%	177.4%	220.3%	177.1%	206.4%
Net fees & commissions/ operating income (%)	-64.8%	-75.4%	-93.7%	-76.7%	-91.7%
Cost/ income ratio (%)	19.9%	14.5%	18.1%	17.3%	19.9%
Operating expenses/ average RWAs (%)	0.3%	0.2%	0.2%	0.3%	0.3%
Pre-impairment operating profit/ average RWAs (%)	1.2%	1.4%	1.1%	1.3%	1.2%
Impairment on financial assets / pre-impairment income (%)	0.0%	0.0%	0.0%	0.0%	4.9%
Loan loss provision/ average gross loans (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Pre-tax profit/ average RWAs (%)	1.2%	1.4%	1.1%	1.3%	1.2%
Return on average assets (%)	0.3%	0.4%	0.3%	0.4%	0.3%
Return on average RWAs (%)	0.9%	1.1%	0.8%	1.0%	0.9%
Return on average equity (%)	6.2%	6.9%	5.1%	5.9%	5.4%
Capital and risk protection					
Common equity tier 1 ratio (%, fully loaded)	NA	NA	NA	NA	NA
Common equity tier 1 ratio (%, transitional)	12.3%	12.5%	13.5%	14.9%	14.5%
Tier 1 capital ratio (%, transitional)	13.6%	13.7%	15.2%	16.4%	15.9%
Total capital ratio (%, transitional)	15.3%	15.2%	17.3%	18.4%	17.7%
Leverage ratio (%)	4.8%	4.8%	5.3%	5.7%	5.5%
Asset risk intensity (RWAs/ total assets, %)	35.5%	35.4%	35.7%	35.4%	35.2%

Source: SNL

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