Nordic Credit Rating

FINANCIAL INSTITUTION

Sweden

23 Mar. 2023

Resurs Bank AB (publ)

Full Rating Report

LONG-TERM RATING

BBB

OUTLOOK

Stable

SHORT-TERM RATING

N3

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RATING RATIONALE

Our 'BBB' long-term issuer credit rating on Sweden-based Resurs Bank AB (publ) reflects the bank's strong risk-adjusted earnings, sound liquidity position, demonstrated access to deposit and capital market financing, and long track record within its consumer banking niche. Strong creditor rights in its core markets provide powerful incentives for borrowers to repay debt and result in higher collection rates than in other European regions.

The rating is constrained by higher-than-average risk appetite associated with consumer loans and short-term payment lending. We also view the consumer lending market as having high levels of competitive pressure and low customer loyalty. In addition, we believe that consumer lending is under intensified regulatory scrutiny in all Nordic countries, which could negatively affect the bank's business model and profitability over time.

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that Resurs Bank will expand its portfolio at a more moderate pace as conditions in the wider economy decline. We believe recent margin pressure will soften due to the return of growth in Norway and that an intensified cost efficiency focus will support pre-provision earnings. Resurs Bank's capital flexibility and strong earnings make it resilient to an economic downturn, though we project a material increase in loss provisions in 2023 and 2024 as borrowers with already weak financial profiles are more likely to be affected by food and energy price inflation.

POTENTIAL POSITIVE RATING DRIVERS

- Materially higher capital ratios, with the Tier 1 ratio sustainably above 18%.
- Improved economic and regulatory environment for consumer lenders.
- Improved business and revenue diversity.

POTENTIAL NEGATIVE RATING DRIVERS

- Higher-than-expected credit provisions.
- Regulatory changes affecting the bank's business model and recovery prospects for consumer loans.
- Reduced access to deposit and/or capital market financing.
- Tier 1 ratio continuously below 15%.

Figure 1. Resurs Bank key credit metrics, 2019–2025e

%	2019	2020	2021	2022	2023e	2024e	2025e
Net interest margin	8.0	7.5	6.5	6.1	6.1	6.0	5.9
Loan losses/net loans	2.26	2.75	2.01	2.24	3.22	2.79	2.52
Pre-provision income/REA	7.1	6.6	5.7	5.6	5.9	5.8	5.8
Return on equity	18.9	13.0	13.3	11.2	7.8	9.1	10.4
Loan growth	12.1	-1.6	8.1	11.5	4.0	4.0	6.0
CET1 ratio	13.6	15.1	14.7	14.9	14.4	14.6	14.7
Tier 1 ratio	14.5	16.1	15.7	15.8	15.3	15.5	15.5

Based on NCR estimates and company data. e–estimate. REA–risk exposure amount. CET1–common equity Tier 1. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

Resurs Bank is owned by Resurs Holding, a Helsingborg-based company listed on the Stockholm stock exchange. The bank provides consumer loans via point-of-sale payment solutions for retail and e-commerce partners as well as direct marketing channels in Sweden, Norway, Denmark and Finland. The bank was founded in 1977 and has been licenced in Sweden since 2001. It operates through two divisions; Payment Solutions and Consumer Loans. Within Payment Solutions, the bank offers credit cards and retail financing, and engages in partnerships with retailers and travel agents to provide financing for big-ticket consumer goods and services. The bank sees growth opportunities in SME lending and factoring services and as of end-2022 classified 3% of net loans as business-to-business loans. Within Consumer Loans, the bank offers standard unsecured consumer loans and recently launched second-lien mortgages in Norway.

OPERATING ENVIRONMENT

Operating environment assessment 'bbb-'

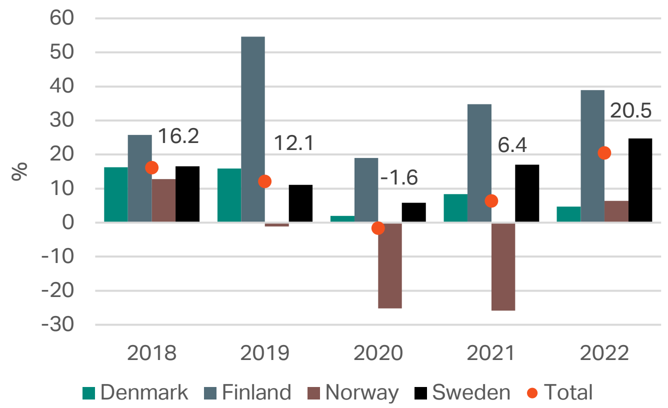
Resurs Bank operates across the Nordic region, with half of its lending exposures in Sweden, 19% in both Norway and Finland, and 12% in Denmark. Our assessment of the operating environment reflects our view that consumer and payment loans will be more sensitive to an economic downturn in the bank's core markets. It also reflects our view that Resurs Bank and its peers are under significant pressure from regulators and consumer protection agencies. As a result, we assess risk in the operating environment as higher than in our national banking assessments.

Robust Nordic economies benefit banking sector

National factors 'a-'

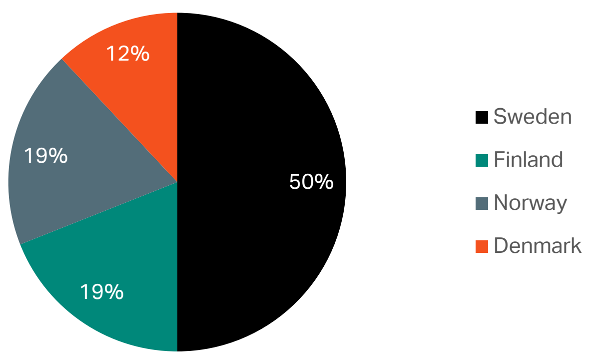
Resurs Bank's primary focus is on the Swedish consumer lending market, but the bank has operations across the Nordic region. In our national banking assessment, we apply a score of 'a-' given the primary focus on the Swedish market and our assessment that the Swedish national operating environment score is relevant for Resurs Bank's other core countries of operation. The operating environment for banks has changed dramatically in the past year, partly due to rising interest rates, stronger earnings and stable labour markets. However, we believe a moderate technical recession is likely in Sweden in 2023 and corporate bankruptcy concerns are increasing.

Figure 2. Resurs Bank loan growth by country, 2018-2022



Source: bank reports.

Figure 3. Resurs Bank geographic distribution of loans, 2022



Source: bank reports.

Cost inflation and lower demand increase sector risk

Regional, sectoral, and cross-border factors 'bb+'

NCR views Resurs Bank's consumer lending as more sensitive to shifts in the economy than a typical retail loan portfolio in the Nordic markets and we give more weight to the characteristics of consumer lending. In addition, the target customer tends to be more financially constrained than holders of higher quality accounts, as demonstrated by higher losses and a high ratio of non-performing loans (NPLs). We expect inflation and interest rates to have a greater impact on consumer banks and their customers before stabilising later in 2023. Banks have been raising interest rates on customer loans, and individuals with already weak financial profiles are also negatively affected by inflationary pressure. Homeowners face material increases in interest costs, and housing prices are coming off record highs, dampening customer sentiment. We believe these factors could impact consumption patterns and demand for consumer loans through 2023.

Resurs Bank's private loans are extended primarily to borrowers in Sweden, Norway and Finland, which have strong legal frameworks that benefit creditors and incentivise borrowers to repay debt. However, rising indebtedness has sharpened the regulatory focus on consumer lending in the Nordic markets and subjected the sector to regulatory risk factors such as more cumbersome underwriting requirements and the possibility of interest rate ceilings. In June 2023, the Swedish government is expected to present the findings of a special investigation into the domestic consumer credit market. The review will consider the introduction of more comprehensive national debt registers, more extensive underwriting, marketing restrictions, and possible debt relief for borrowers.

RISK APPETITE

Risk appetite assessment 'bbb'

In our opinion, Resurs Bank has higher-than-average risk appetite than most Nordic banks given its higher-margin lending and internal limits for credit risk. However, the bank has a longer track record than many of its closest peers and has demonstrated that it is willing to take a patient approach to growth. In 2021, Resurs Holding revised its financial targets to focus on profitable growth (rather than loan growth) and improved cost efficiency.

Risk governance and environmental, social and governance

Risk governance 'bbb'

We view Resurs Bank's risk governance framework in the light of its appetite for higher credit risk and higher-margin loans. The bank has robust internal risk monitoring and reporting arrangements, which increase transparency in terms of risk appetite, and enable it to adapt its underwriting to minimal changes in the risk performance of its credit portfolios. Resurs Bank has established risk appetites, risk indicators and limits for all identified risk areas and compares its financial risk exposure across risk types.

In February 2022, Resurs Bank (and some other consumer lenders) received written notice from the Swedish financial supervisory authority that preliminary findings indicated that their credit assessment procedures failed to comply with the EU's Consumer Credit Act. The review led to a SEK 50m fine for Resurs Bank, which the bank has appealed, arguing that implementation of the act in Sweden has been unclear. However, over the last 18 months the bank has improved its underwriting processes on the basis of feedback from regulators in Sweden and Denmark.

In September 2021, Resurs Bank outlined new sustainability goals. These seek to improve customers' financial knowledge, introduce more sustainable products, and reduce the bank's climate impact by 50% by 2030. As part of these efforts the bank has increased its focus on advisory activities and transparency with respect to payment notices. In November 2022, Resurs Bank signed the UN's principles for responsible banking, a framework and partnership among global banks based on the UN's Environment Programme Finance Initiative.

With these measures, Resurs Bank seeks to counter criticism of irresponsible credit lending given concerns about rising debt levels and an increased volume of loans and cases being handled by collection agencies. The bank claims that less than 0.1% of purchases by Resurs Bank customers end up at collection agencies. Despite these efforts, the bank reports 13.8% gross Stage 3 NPLs, a significant level compared with market averages across the Nordic region. The bank is increasing NPL sales to external parties to offset the impact of the EU's NPL backstop regulations, which is a shift from its previous approach of maintaining relationships with problem customers.

Strong earnings and lower growth likely to support capital ratios

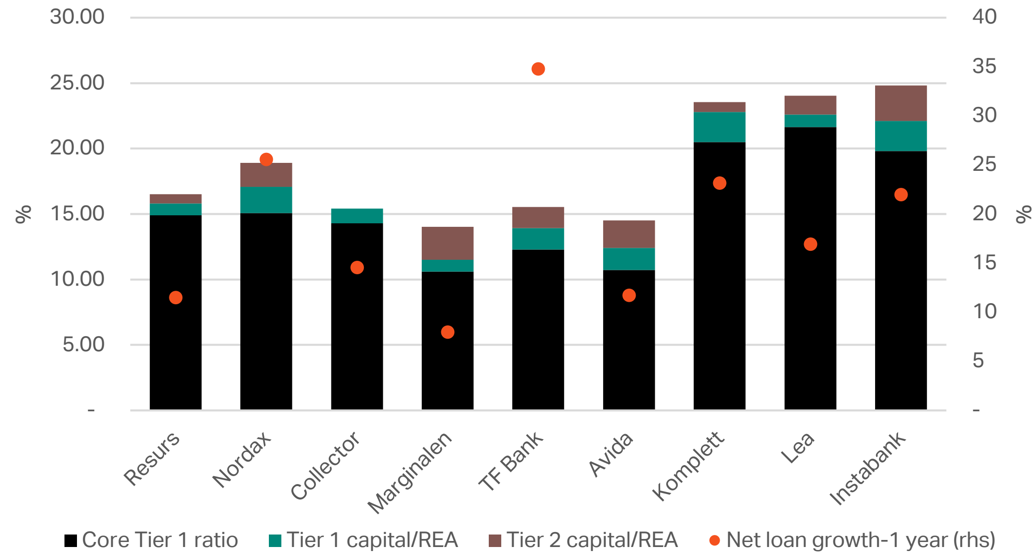
Capital 'bbb'

We consider Resurs Holding's consolidated capital in our capital assessment. The consolidated group reported a CET1 ratio of 14.9% as of 31 Dec. 2022. We project the group's CET1 ratio will remain at 14-15% through 2025. We take into consideration Tier 1 capital instruments, which add 0.9pp to the CET1 ratio. We also expect annual growth of 4-6% over the next few years as new products offset lower demand for consumer loans. We expect profitability will be sufficient to allow the bank to continue to pay dividends in line with its 50% payout ratio policy.

The bank's financial policy targets capital ratios 150-300bps above regulatory requirements (CET1 requirement of 9.2% and total capital requirement of 13.5% as of end-2022). This will increase by nearly 1pp when Sweden increases its regulatory countercyclical capital buffer to 2% at end-June 2023. The bank is still waiting for the Swedish regulator to define its Pillar 2 guidance, which we expect to be higher than the 1-1.5pp increase to the CET1 requirement indicated for most banks given the outcome for consumer bank peers thus far. Resurs Bank uses standardised capital models and received approval for new operational risk calculations in 2022. At end-2022 the bank had a leverage ratio of 10.9%.

In March 2023, Resurs Bank issued a SEK 300m tier 2 capital instrument, a similar instrument was called in January 2022.

Figure 4. Selected Nordic niche banks' capitalisation and lending growth, 2022



Source: bank reports.

Strong liquidity buffers and funding across debt instruments and currencies

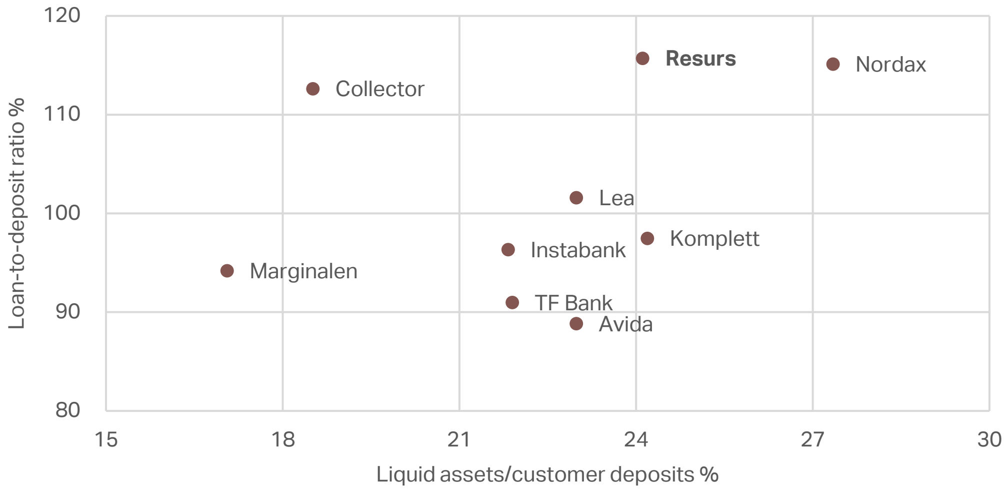
Funding and liquidity 'bbb'

Resurs Bank is funded by Swedish, Norwegian and German depositors who have chosen the bank primarily because it offers higher interest rates than their transactional banks. Collecting deposits in three currencies helps to mitigate foreign exchange risk, including the Danish krone peg to the euro, and about 95% of customer deposits are protected by the Swedish and Norwegian deposit insurance schemes.

The bank uses senior unsecured lending via a SEK 10bn medium-term note programme, of which about SEK 4.5bn was outstanding at end-2022. In recent years, the bank has used senior unsecured financing to add longer-term funding in Swedish kronor and Norwegian kroner, however the bank elected not to issue in 2022 due to capital market uncertainty and elevated spreads, reducing its loan to deposit ratio to 116% at end-2022 from 127% a year earlier.

Given the price-sensitive nature of Resurs Bank's deposit base, we view the bank's funding profile as somewhat weaker than that of a typical Nordic bank, which tends to rely on relational deposits and stable covered bond issuance. However, we note that Resurs Bank has a high level of liquid assets, including deposits held by highly rated banks, which represented 24% of the deposit base as of end-2022. Resurs Bank's liquidity exposures are of high quality and fulfil both regulatory liquidity coverage requirements and the bank's internal liquidity stress requirements by good margins. At end-2022 the bank's reported liquidity coverage ratio stood at 276% and the net stable funding ratio was 115%.

Figure 5. Selected Nordic niche banks' funding and liquidity ratios, 31 Dec. 2022



Source: bank reports.

In addition, the bank has SEK 2bn in asset-backed financing backed by SEK 2.5bn in consumer loans. This was originated in 2015 and has an 18-month revolving maturity with the next renewal scheduled for December 2023. If the asset-backed financing is not extended, amortisation begins and is repaid using customer loan instalments from the encumbered loans.

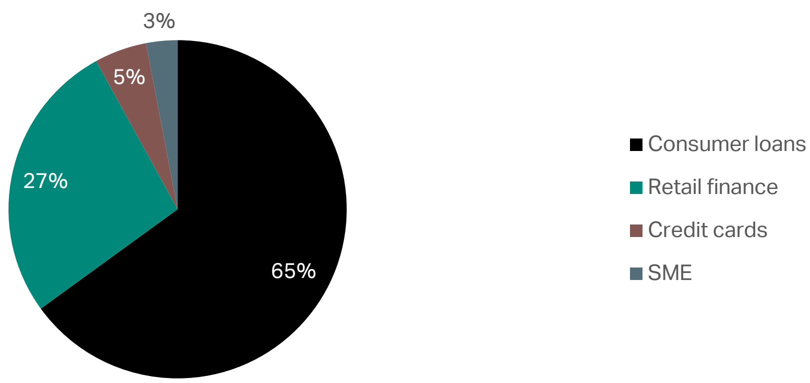
Underwriting revisions based on regulatory criticism

Credit risk 'bbb-'

Our credit risk assessment balances our view of the granularity and unsecured nature of the loan book against our expectations of loan growth. We note the differences between the small average size and short average maturity of the Payment Solutions portfolio (average loan under SEK 2,000) and the Consumer Loans portfolio (average loan over SEK 100,000). We view the high granularity of the Payment Solutions portfolio as positive for overall credit risk in the portfolio, though we note increased regulatory scrutiny of small-ticket loans. The bank is increasing its product offering, adding SME lending, factoring and other financing solutions to merchant customers of the Payment Solutions division. It is also introducing secured lending via second-lien mortgages in Norway and has a partnership with Swedish insurance company Skandia to offer green domestic loans to Swedish homeowners.

The review by Swedish and Danish regulators in 2022 has led to improvements in Resurs Bank's underwriting processes. Regardless of the outcome of the appeal against the related fine, we believe the bank will continue to maintain a lower risk appetite than its niche lending peer group.

Figure 6. Resurs Bank net lending by loan type, 2022



Source: Resurs Bank.

Resurs Bank's growth has been driven by its Consumer Loans division, larger loan sizes, and expansion across the Nordic markets. Finland and Sweden continued to drive growth during 2022, in particular during the second half. In addition, the bank reported 6% annual growth in Norway, reversing a trend of declining growth since the implementation of an official debt register and underwriting restrictions designed to slow the growth of consumer lending. Combined with higher loan limits and improved credit automation, Finland remains the bank's fastest growing market despite proposed legislation to impose maximum interest rates and previous efforts to restrict direct marketing.

Other risks

Other risks 'bbb'

Resurs Bank's relationships with third-party collectors and forward-flow agreements with a small group of partners are negatively affected by market stress and higher yield requirements. Several collection partners are highly leveraged companies financed in the high-yield capital markets, which could affect demand for NPL acquisitions. Resurs Bank mitigates this risk by maintaining at least two partners in each of its Nordic markets. We also expect pricing of NPLs in the secondary market to be affected by the increasing proportion of loans qualifying under the EU's NPL backstop. This increases the risk that Resurs Bank and its peers will need to increase their current NPL provisioning levels.

We do not view market risk as a significant factor for Resurs Bank, apart from the currency risk described in the funding section. Most of the bank's interest rates are variable within three months, resulting in modest interest rate risk in the banking book.

COMPETITIVE POSITION

Competitive position assessment 'bb+'

Resurs Bank has a long history of providing consumer finance products in Sweden and is now well-established within all of its Nordic markets. We see relative strength in the bank's retail relationships in which it can maintain multi-year contracts and tailored payment solutions for in-store and e-commerce transactions. However, fierce competition exists in the consumer loan and credit card markets and we believe that it is difficult for banks to gain an advantage in terms of driving pricing or attracting stronger customers on the basis of reputation.

Efforts to maintain retail partnerships and pressures on Nordic retail partners from global retailers could affect Resurs Bank more than most Nordic banks. The bank has a diverse range of merchant customers, which mitigates the related risk.

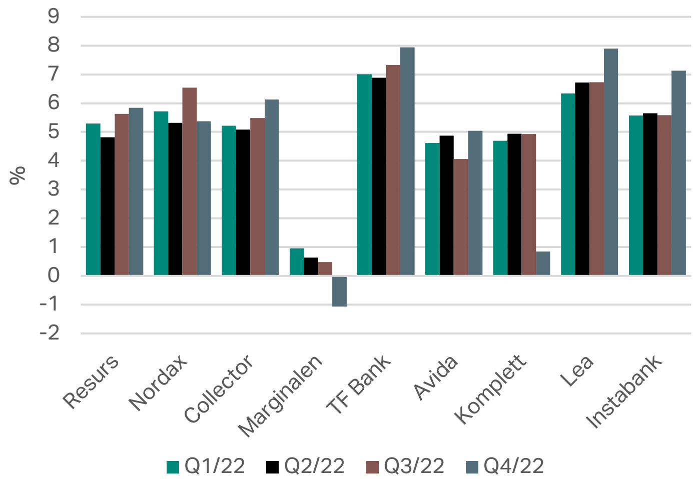
Resurs Bank is investing in a new core banking system to expand its product offering through subscription financing, partner lending, and improved checkout efficiency. In September 2022, the bank announced a cooperation agreement with Swedish insurance company Skandia to provide green loans for sustainable energy investments in consumers' homes.

PERFORMANCE INDICATORS

Performance indicators assessment 'bbb+'

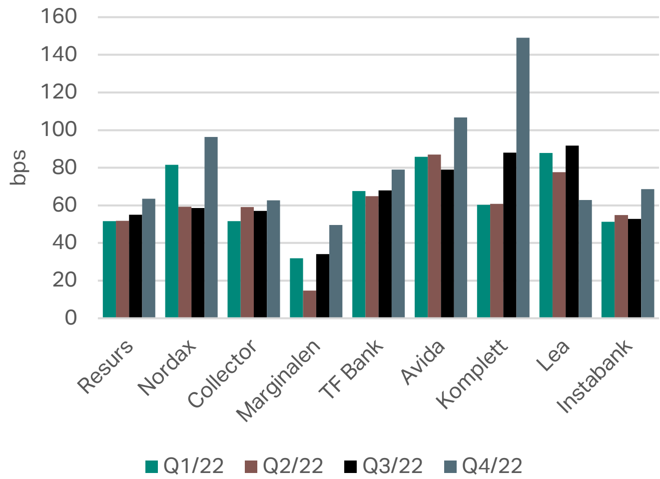
We expect Resurs Bank to continue to generate strong pre-provision profits despite margin pressure that is likely to continue as demand decreases. The bank has increased its emphasis on improving its already strong cost efficiency, thereby supporting risk-adjusted earnings. We expect the loan loss ratio to increase above its historical 2-3% band in 2023 due to the cumulative impact of cost inflation on retail customers' ability to repay high interest costs. Despite higher provisions, we project a reduction in NPLs via forward-flow arrangements and portfolio sales to reduce the impact of the EU's NPL backstop.

Figure 7. Selected Nordic niche banks' annualised pre-provision income to average REA, Q1 2022–Q4 2022



Source: bank reports.

Figure 8. Selected Nordic niche banks' loan-loss provisions to net loans, Q1 2022–Q4 2022



Source: bank reports.

Earnings likely to improve due to intensified cost efficiency plans

Earnings 'aa'

Resurs Bank's net interest margins have declined in recent years, but we expect the decline to slow somewhat. Margins are supported by the re-emergence of growth in Norway and new higher-margin products, but margin pressure remains from big-ticket, lower-margin loans in consumer lending, and a higher share of large low-margin retailers accounting for an increasing proportion of payments income.

The bank has increased its efforts to improve its already strong cost efficiency and we anticipate an improvement towards its 35% internal cost-income financial target over the next 3-5 years. We expect the bank's cost improvements will be mostly driven by improved operating efficiency resulting from investments in a new core banking platform with an increasing effect from end-2023.

Resurs Bank's risk-adjusted earnings performance remains solid, with a pre-provision income/REA ratio of 5.6% for 2022, somewhat below the levels of its higher-risk peers, but well above those of most Nordic banks. We project this ratio will improve to 5.8-5.9% though 2025. We also anticipate annual loan growth of 4-6%% due to lower demand and a likely decline in consumption in 2023 and 2024, but note the potential of new product offerings. Strong capital generation also provides a considerable cushion for our expectations of rising credit losses, allowing for 50% dividend payments while maintaining existing capital ratios.

Loan losses likely to rise in 2023, but remain manageable given strong earnings

Loss performance 'bb'

Resurs Bank has undergone periods of severe financial stress since its foundation in 1977, while managing to maintain loss ratios of 2-3%. However, the loan book has evolved, with increased cross-border exposures, larger average loan sizes, and an increase in the level of borrower indebtedness.

We project loan losses will rise to 3.2% in 2023 and remain elevated at 2.8% through 2024. This reflects our expectations that the current economic downturn will have a larger impact on employment and consumption and add to financial pressure on households through rising costs and interest rates. Our forecast assumes a modest increase in credit provisions due to higher reserving rates for NPLs due to the EU's NPL backstop and increasing yield requirements for NPL portfolios.

Gross Stage 3 NPLs stood at 13.7% of total lending at end-2022, 7.9% net of reserves, and we project further declines as the bank sells NPLs via forward- flow arrangements and one-off sales to minimize the impact of the NPL backstop on its capitalisation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Neutral aggregate ESG impact

ESG factors are considered throughout our analysis, where material to the credit assessment. In aggregate, we view the bank's ESG profile as having a neutral impact on its creditworthiness.

Figure 9. Resurs Bank's priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Responsible lending	Regulatory scrutiny. Media attention. Reputational brand damage. Impact of NPL backstop.	Operating environment (-) Risk governance (-) Other risks (-)
Anti-money laundering capacity	Risk of sanctions and fraud. Insufficient control of customers.	Risk governance (0)
Green lending	Increasing demand for sustainable or green loans.	Competitive position (+)

*Defined on a 5-step scale ranging from double minus (--) to double plus (++), with (--) representing the most negative impact and (++) the most positive. See **ESG factors in financial institution ratings**.

ADJUSTMENT FACTORS

Support analysis

Support analysis neutral

We do not adjust the rating on Resurs Bank to reflect expectations of additional support from its owner, Resurs Holding, or the group's shareholders. The group's largest owner is Waldakt AB, an investment company owned by Sweden's prominent Bengtsson family.

Figure 10. Resurs Holding ownership structure, 31 Dec. 2022

Owner	Share of capital
Waldakt AB	28.9%
Avanza Pension	5.6%
Vanguard	2.4%
Tredje AP-fonden	2.0%
Others	61.0%
Total	100.0%

Source: Resurs Holding.

ISSUE RATINGS

Our rating on Resurs Bank's unsecured senior debt is in line with the 'BBB' issuer rating. We rate Resurs Bank's Tier 2 instruments two notches below the issuer rating at 'BB+'.

METHODOLOGIES USED

(i) Financial Institutions Rating Methodology, 18 Feb. 2022.
(ii) Rating Principles, 24 May 2022.
(iii) Group and Government Support Rating Methodology, 18 Feb. 2022.

RELEVANT RESEARCH

(i) Nordic consumer banks improve margins to offset higher loss provisions, 29 Nov. 2022.
(ii) Nordic consumer banks face higher financing costs, 31 Aug. 2022.
(iii) Nordic consumer banks report steady first-quarter 2022 results, 1 Jun. 2022.

Figure 11. Resurs Bank key financial data, 2018–2022

Key credit metrics (%)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
INCOME COMPOSITION					
Net interest income to op. revenue	82.8	83.0	83.5	82.1	81.6
Net fee income to op. revenue	11.8	11.7	10.6	11.3	12.8
Net trading income to op. revenue	-1.2	-1.2	-0.4	0.1	-1.0
Net other income to op. revenue	6.7	6.4	6.3	6.5	6.6
EARNINGS					
Net interest income to financial assets	8.7	8.0	7.5	6.5	6.1
Net interest income to net loans	10.5	9.7	9.1	7.9	7.4
Pre-provision income to REA	7.3	7.1	6.6	5.7	5.6
Core pre-provision income to REA (NII & NF&C)	6.6	6.5	5.9	5.1	5.0
Return on ordinary equity	19.6	18.9	13.0	13.3	11.2
Return on assets	3.3	3.0	2.2	2.3	1.8
Cost-to-income ratio	40.1	38.7	40.1	41.3	42.6
Core cost-to-income ratio (NII & NF&C)	42.4	40.8	42.6	44.2	45.1
CAPITAL					
CET1 ratio	13.4	13.6	15.1	14.7	14.9
Tier 1 ratio	13.4	14.5	16.1	15.7	15.8
Capital ratio	14.7	16.3	17.4	16.3	16.5
REA to assets	80.9	76.2	76.7	76.3	69.8
Dividend payout ratio	66.6	62.5		123.9	47.1
Leverage ratio	10.5	10.8	12.0	11.8	10.9
GROWTH					
Asset growth	16.6	13.0	-1.5	6.7	11.3
Loan growth	16.2	12.1	-1.6	8.1	11.5
Deposit growth	15.4	18.7	0.1	5.7	22.4
LOSS PERFORMANCE					
Credit provisions to net loans	2.06	2.26	2.75	2.01	2.24
Stage 3 coverage ratio	45.27	43.25	44.17	46.11	46.91
Stage 3 loans to gross loans	15.24	15.42	15.68	14.57	13.74
Net stage 3 loans to net loans	9.11	9.55	9.60	8.56	7.93
Net stage 3 loans/ordinary equity	44.81	47.02	41.45	40.34	39.40
FUNDING & LIQUIDITY					
Loan to deposit ratio	133.5	126.1	124.1	126.9	115.6
Liquid assets to deposit ratio	27.6	28.1	28.5	26.8	24.0
Net stable funding ratio	0.0	0.0	0.0	117.0	115.0
Liquidity coverage ratio	155.5	274.1	294.7	244.5	281.2

Key financials (SEKm)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
BALANCE SHEET					
Total assets	36,120	40,807	40,188	42,900	47,738
Total tangible assets	34,174	38,787	38,342	40,921	45,578
Total financial assets	33,728	38,329	37,952	40,382	44,911
Net loans and advances to customers	27,957	31,345	30,858	33,347	37,187
Total securities	2,038	2,726	3,066	2,453	3,131
Customer deposits	20,934	24,848	24,872	26,287	32,174
Issued securities	8,330	8,470	7,096	8,471	6,907
of which covered bonds	–	–	–	–	–
of which other senior debt	7,832	7,672	6,297	7,872	6,608
of which subordinated debt	498	798	799	600	300
Total equity	5,687	6,368	7,145	7,079	7,482
of which ordinary equity	5,687	6,368	7,145	7,079	7,482
CAPITAL					
Common equity tier 1	3,919	4,223	4,657	4,825	4,971
Tier 1	3,919	4,523	4,957	5,125	5,271
Total capital	4,281	5,071	5,367	5,345	5,513
REA	29,218	31,090	30,842	32,728	33,329
INCOME STATEMENT					
Operating revenues	3,293	3,478	3,407	3,086	3,204
Pre-provision operating profit	1,972	2,133	2,041	1,812	1,839
Impairments	536	669	854	645	789
Net Income	1,105	1,137	880	947	816

Source: company. FY–full year. YTD–year to date.

Figure 12. Resurs Bank rating scorecard

Subfactors	Impact	Score
National factors	5.0%	a-
Regional, cross border, sector	15.0%	bb+
Operating environment	20.0%	bbb-
Capital	17.5%	bbb
Funding and liquidity	15.0%	bbb
Risk governance	5.0%	bbb
Credit risk	10.0%	bbb-
Market risk	-	-
Other risks	2.5%	bbb
Risk appetite	50.0%	bbb
Market position	15.0%	bb+
Earnings	7.5%	aa
Loss performance	7.5%	bb
Performance indicators	15.0%	bbb+
Indicative credit assessment		**bbb**
Transitions		Neutral
Peer comparisons		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		**bbb**
Material credit enhancement		Neutral
Rating caps		Neutral
Support analysis		Neutral
Issuer rating		**BBB**
Outlook		Stable
Short-term rating		**N3**

Figure 13. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB
Tier 2	BB+

DISCLAIMER

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