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CREDIT OPINION
8 April 2024

Update

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RATINGS

Ibercaja Banco SA

Domicile	ZARAGOZA, Spain
Long Term CRR	A2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Baa1
Type	Senior Unsecured - Dom Curr
Outlook	Stable
Long Term Deposit	Baa1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Ibercaja Banco SA

Update following rating upgrade

Summary

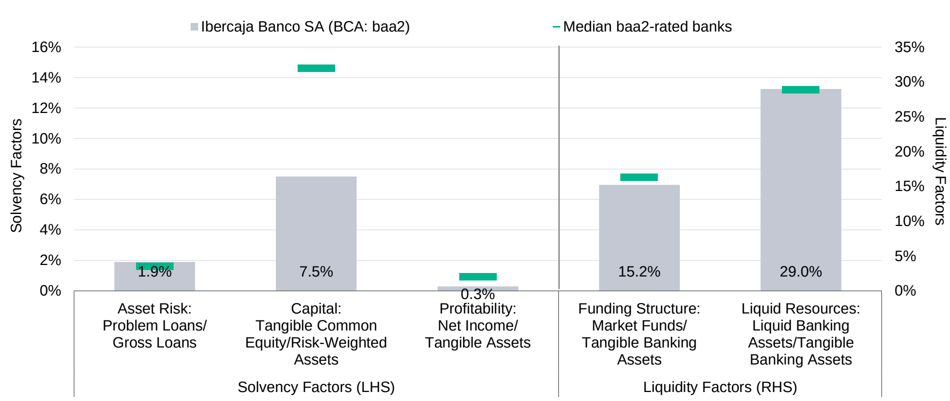
On 19 March, we upgraded Ibercaja Banco SA's (Ibercaja) long-term deposit and senior unsecured debt ratings to Baa1 from Baa2, with a stable outlook on both ratings.

The upgrade of Ibercaja's long-term deposit and senior unsecured debt ratings to Baa1 reflects the bank's Baseline Credit Assessment (BCA) of baa2; one notch of rating uplift for both instruments under our Advanced Loss Given Failure (LGF) analysis; and our assessment of a low probability of support from the Government of Spain (Baa1 positive), which leads to no uplift.

Ibercaja's BCA of baa2 reflects its strong market position in its home region (Aragon, Spain), which supports stable and recurrent earnings; improved asset-quality metrics after substantial balance-sheet de-risking in recent years; and a sound funding profile, supported by a large and stable customer deposit base. The BCA also takes into account the bank's modest capital position, although its solvency has improved following access to a reserve fund to cover potential capital shortfalls; and its modest recurring profitability despite recent improvement. The ratings incorporate our expectation of a moderate increase in problem loans amid pressures on debt affordability from the high interest rates, high cost of living and economic growth deceleration.

Exhibit 1

Rating Scorecard - Key financial ratios



Source: Moody's Ratings

Credit strengths

» Strong market position in its home region, which supports stable and recurring earnings

» Improved asset quality following substantial balance-sheet de-risking

» Recapitalisation fund constituted by Ibercaja's main owner, which will provide access to additional capital if needed

» Solid funding profile, underpinned by a large and granular customer deposit base

Credit challenges

» Likely deterioration in asset quality amid a rising debt burden, high cost of living and economic growth deceleration

» Profitability to remain modest despite tailwinds from rising interest rates

» Modest capital position, weighed down by a large volume of deferred tax assets (DTA)

Outlook

The stable outlook on Ibercaja's long-term deposit and senior unsecured debt ratings reflects our view that the bank's expected credit performance over the next 12-18 months, which assumes a moderate increase in problem loans and strengthening of earnings, is already captured in the current ratings.

Factors that could lead to an upgrade

Ibercaja's BCA could be upgraded further principally as a result of stronger capital ratios. A substantial and sustained improvement in the bank's recurrent profitability could also trigger a BCA upgrade.

Because the bank's deposit and debt ratings are linked to its BCA, a positive change in its BCA would likely lead to a rating upgrade. The deposit and senior debt ratings could also be upgraded following a significant increase in the stock of more junior bail-in-able liabilities.

Factors that could lead to a downgrade

Downward pressure on Ibercaja's BCA could principally result from an increase in problem loans significantly above our current expectations, or a change in the bank's funding structure, with increased reliance on market funding.

Ibercaja's ratings could also be downgraded by changes in the liability structure that indicate a higher loss given failure to be faced by deposits or debt instruments.

Key indicators

Exhibit 2
Ibercaja Banco SA (Consolidated Financials) [1]

	12-23[2]	12-22[2]	12-21[2]	12-20[2]	12-19[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	54,516.5	54,636.1	58,631.4	58,400.8	55,422.0	(0.4)[4]
Total Assets (USD Million)	60,221.9	58,310.2	66,435.6	71,456.6	62,211.1	(0.8)[4]
Tangible Common Equity (EUR Million)	1,878.7	1,809.9	1,883.2	1,768.6	1,761.3	1.6[4]
Tangible Common Equity (USD Million)	2,075.3	1,931.6	2,133.9	2,164.0	1,977.1	1.2[4]
Problem Loans / Gross Loans (%)	1.7	1.7	2.4	3.4	4.2	2.7[5]
Tangible Common Equity / Risk Weighted Assets (%)	7.5	7.3	7.8	7.8	7.2	7.5[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	20.6	21.9	29.6	41.9	53.7	33.5[5]
Net Interest Margin (%)	1.3	0.8	0.9	1.0	1.1	1.0[5]
PPI / Average RWA (%)	2.3	1.5	1.4	1.2	1.3	1.6[6]
Net Income / Tangible Assets (%)	0.4	0.3	0.3	0.0	0.2	0.2[5]
Cost / Income Ratio (%)	54.6	61.4	65.0	72.1	65.3	63.7[5]
Market Funds / Tangible Banking Assets (%)	15.2	9.4	15.7	16.3	16.8	14.7[5]
Liquid Banking Assets / Tangible Banking Assets (%)	29.0	28.6	34.4	32.9	26.5	30.3[5]
Gross Loans / Due to Customers (%)	86.2	79.6	79.6	82.7	94.1	84.4[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Ratings and company filings

Profile

Ibercaja is a medium-sized bank, ranking as the 10th-largest bank in Spain with €54.5 billion in total assets as of the end of December 2023. The bank is based primarily in its home region of Aragon, with a solid presence in other Spanish provinces, such as Badajoz, Guadalajara, La Rioja and Burgos. As of the end of December 2023, the bank's combined market share in these regions was 19% for loans and 32% for deposits. National market shares were around 2.4% and 3.3% for loans and deposits, respectively, as of December 2023.

Ibercaja is a traditional retail bank, which provides a wide range of banking services to individuals and corporates (mainly small and medium-sized enterprises). The bank has traditionally focused on residential mortgages, which, as of the end of December 2023, constituted the bulk of its loan book (61% of total loans). The bank holds a strong franchise in asset management as well, with a 6.5% domestic market share in mutual funds as of December 2023.

In June 2022, Fundacion Bancaria Ibercaja, Ibercaja's main owner, with 88% of the bank's shares, received approval from the Bank of Spain to constitute a reserve fund to comply with savings banks' regulation implemented in 2013 (law 26/2013). According to this regulation, foundations owning commercial banks must constitute a reserve fund to cover potential capital shortfalls, unless they reduce their stake in the commercial bank to less than 50%. The reserve fund amounts to 1.75% of Ibercaja's risk-weighted assets (RWA), with the end of 2025 as deadline for constitution. The fund was constituted for €260 million, almost 80% of the total amount, at the end of December 2023.

Detailed credit considerations

Improved asset quality following substantial balance-sheet de-risking, but we expect a moderate increase in problem loans

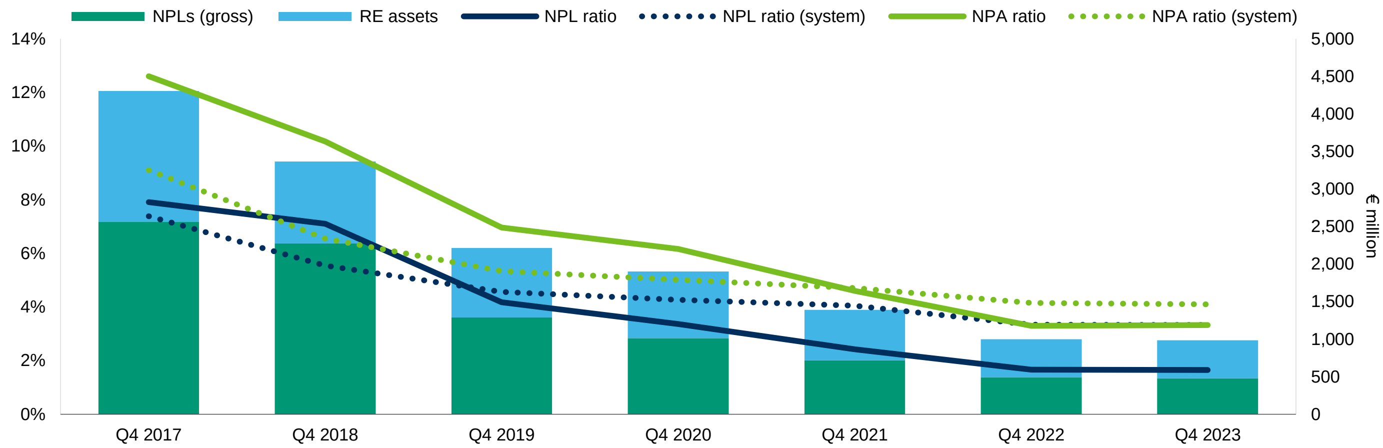
We assign Ibercaja an Asset Risk score of baa1, two notches below its Macro-Adjusted score. Our Asset Risk score reflects our expectation of a moderate increase in problem loans from relatively low levels as a rising debt burden, high cost of living and economic growth deceleration exert pressure on the repayment capacity of households and enterprises. The bank's Asset Risk score also reflects Ibercaja's exposure to other problematic assets, namely foreclosed real estate assets.

Ibercaja has achieved substantial reduction in the stock of problem loans from the high levels reached in the past global financial crisis, leading to a nonperforming loan (NPL) ratio that, at 1.7% as of the end of December 2023, compared positively with the system average of 3.4%. The bank's NPL ratio remain stable from year-end 2022, with NPLs reducing by 2.5% over this period in line with the decline in the loan book (2.1% decline). The bank's exposure to stage 2 loans, broadly stable since year-end 2022 at around 5% of total loans, also compares favourably with the 6.9% average for Spanish banks according to the European Banking Authority data (as of September 2023, latest available data).

Ibercaja has also achieved a substantial reduction in the exposure to repossessed real estate assets, but to a lower extent compared with the decline in NPLs. Still, in line with the decrease in problem loans, the bank was able to reduce its total exposure to nonperforming assets (NPA; NPLs + foreclosed real estate assets) in 2023 (a 6.5% decline). At 3.2%, the bank's NPA ratio as of December 2023 was below the 4.1% average ratio for rated banks.

Ibercaja's loan loss coverage ratio (defined as loan loss reserves as a percentage of NPLs) was 93.6% as of the end of December 2023, above the system average of 68%. The stock of provisions includes a €50 million buffer to protect against a worsening of macroeconomic conditions. The bank's cost of risk (annualised) stood at 32 bps in 2023, slightly above the bank's medium-term guidance of 30 bps.

Exhibit 3
Ibercaja's asset quality has improved substantially in recent years, comparing positively with the system average



Sources: Ibercaja, Bank of Spain and Moody's Ratings

Modest capital position, weighed down by a large volume of DTA

We assess Ibercaja's Capital Adequacy at ba1, three notches above its Macro-Adjusted score. Our assessment reflects our key capital metrics — tangible common equity (TCE) ratio of 8.4% and leverage ratio (TCE/tangible assets) of 3.9% as of December 2023 — and takes into account the reserve fund that the bank's owner is constituting to comply with the current legal framework (see the Profile section). When added to the TCE, the reserve fund constituted as of December 2023 increases the TCE ratio by around 100 bps.

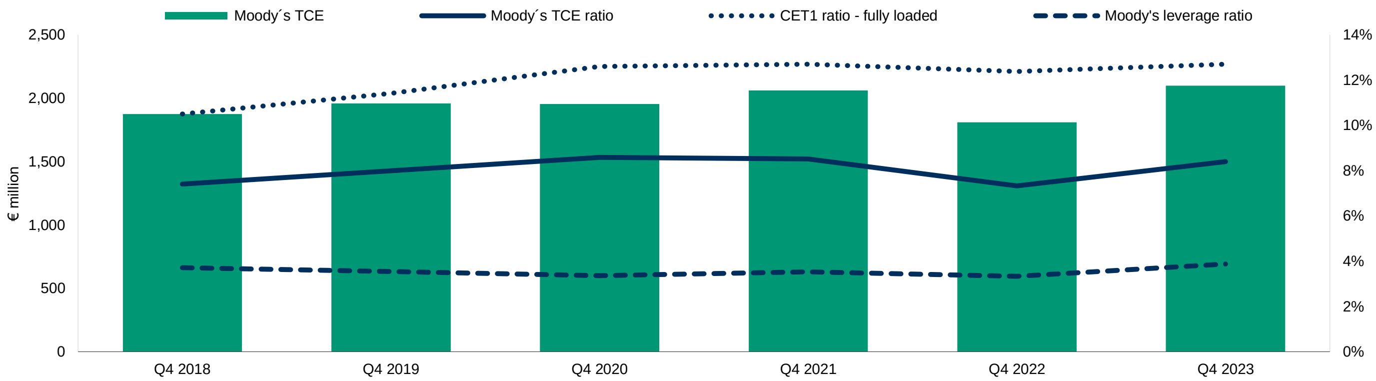
Despite some improvement in recent years because of a combination of earnings retention and a decline in RWA, Ibercaja's TCE ratio is low. However, from a regulatory capital standpoint, Ibercaja benefits from stronger capital ratios. The bank's Common Equity Tier 1 (CET1) capital ratio (fully loaded) was 12.7% as of the end of December 2023 after growing by 33 bps during 2023 because of earnings retention and by around 11 bps because of the first-time implementation of IFRS 17. The CET1 ratio is above the bank's capital guidance of 12.5% for 2023, and it is significantly above the bank's Supervisory Review and Evaluation Process requirement of 8.125% prescribed by the European Central Bank (ECB) for 2024.

DTA (net of deferred tax liabilities), which amounted to €1.1 billion as of December 2023, or 45% of Ibercaja's CET1 capital (phased-in), weigh negatively on our assessment of the bank's capital because we consider DTA as relatively low-quality assets. Ibercaja's TCE ratio differs substantially from its CET1 ratio because of our more conservative assessment of DTA that are eligible for conversion into tax credits. Regulators do not deduct convertible DTA from the capital base, while we provide benefit as a capital component to only a part of them. The difference is additionally exacerbated by the more conservative risk weighting that we apply to the sovereign exposure (50% for Spain's sovereign bonds), compared with regulators' risk weighting of 0%.

As of the end of December 2023, Ibercaja held a fixed-income portfolio at amortised cost amounting to €10.8 billion (excluding the securities attached to the insurance activity), whose value has been hurt by the increase in rates. These securities are categorised as high-quality liquid assets and could be monetised via repo in the market or at the ECB. Consequently, we do not expect Ibercaja to be required, under most plausible scenarios, to dispose of these securities at a loss, which would significantly hit its capital.

Exhibit 4

Despite some improvement in recent years, Ibercaja's TCE ratio remains low



Sources: Ibercaja and Moody's Ratings

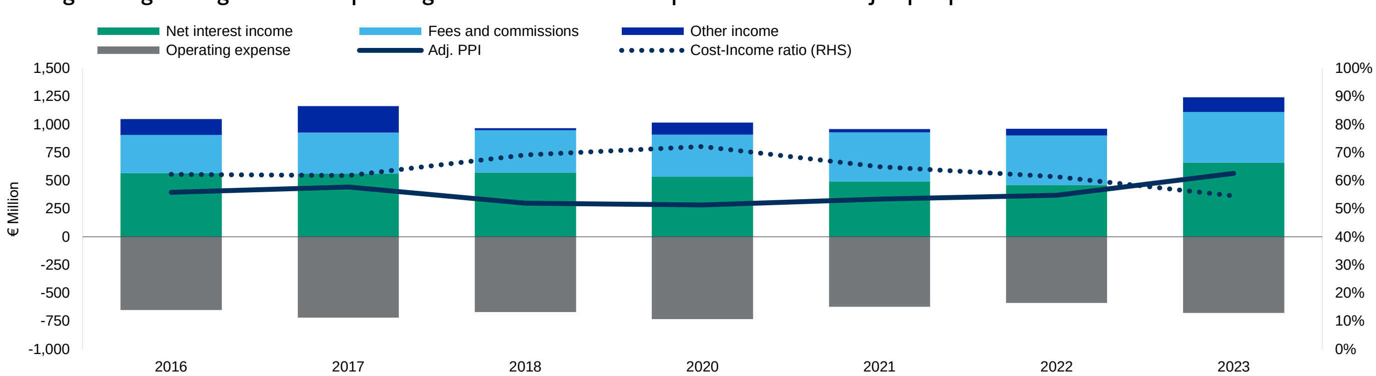
Modest profitability to benefit from rising interest rates and contained credit costs

We assign Ibercaja a Profitability score of ba1, equivalent to an annual return on assets (calculated as net income/tangible assets) in the 0.375%-0.5% range and two notches above the Macro-Adjusted score. Our assessment reflects improved profitability metrics compared with its past performance on the back of stronger net interest income (NII) from rising interest rates, solid fee and commission (F&C) income, and contained credit costs and operating expenses. Despite our expectation of an increase in problem loans, a €50 million macro-related loss provision will help the bank absorb related losses without a significant impact on its P&L account.

After years of downward pressure in light of the historically low interest rates, Ibercaja's profitability has substantially improved since Q2 2022 driving by the rising interest rates. The bank's average customer margin grew to 3.2% in Q4 2023 from 1.8% in Q4 2022, with NII growing by 43% during this 12-month period. The customer margin has benefited from a low deposit beta[1], which, according to the bank, is a consequence of an active management of customers' savings needs through the use of off-balance-sheet products. As of Q4 2023, Ibercaja's average deposit remuneration stood at a low 0.5%. We expect further growth in NII as the loan book continues to reprice at higher rates but of more limited size, as a higher deposit beta put pressure on customer margins and business volume remains constrained by weak loan demand (the bank's loan book shrank by 2.1% in 2023).

Exhibit 5

Earnings strengthening and lower operating costs have driven an improvement in Ibercaja's pre-provision income since 2020



Source: Ibercaja's financial statements

Ibercaja's profitability has also benefited from improvement in operating efficiency, following the application of a number of cost-cutting initiatives, which led to a 6% decline in operating costs between 2021 and 2022. This, combined with revenue growth, led to an improvement in the bank's cost-to-income ratio to 55% in 2023, from levels at or above 61% in 2022 and precedent years. Still, Ibercaja's efficiency was below the system average, which stood at 47% as of the same date.

Despite the improvement in recurrent earnings and improved efficiency, Ibercaja's recurring profitability remains modest, with pre-provision income/tangible assets of 1.0% in 2023. Weighing on the bank's profits, Ibercaja is subject to the bank tax introduced by the Spanish government as of year-end 2022. The tax payment amounted to €29 million in 2023 and was fully recorded against Q1 2023 results. Ibercaja's reported net income of €304 million in 2023 also includes a €66 million tax benefit from the liquidation of the bank's real estate subsidiary.

Sound funding profile, underpinned by a large and granular deposit base and low reliance on market funding

Ibercaja's funding profile benefits from a large retail deposit base that covers most of its funding needs (81% as of December 2023). The customer deposit base benefits from high granularity, with top 20 depositors accounting for 3.8% of total deposits as of December 2023, and a high coverage by the Spanish deposit guarantee fund, which stood at 87% as of the same date.

After growing consistently for a number of years, customer deposits declined substantially by 9.6% in 2023, as customers sought higher-yielding investment alternatives or used deposits to early amortise loans. A big share of customer deposits was moved to off-balance-sheet positions in the bank during the period, with Ibercaja reporting an increase of 3.6% in the volume of customer resources (which include on- and off-balance-sheet positions). Despite the decline in deposits, the bank's loan-to-deposit ratio was a low 86% as of December 2023, up from 80% as of year-end 2022.

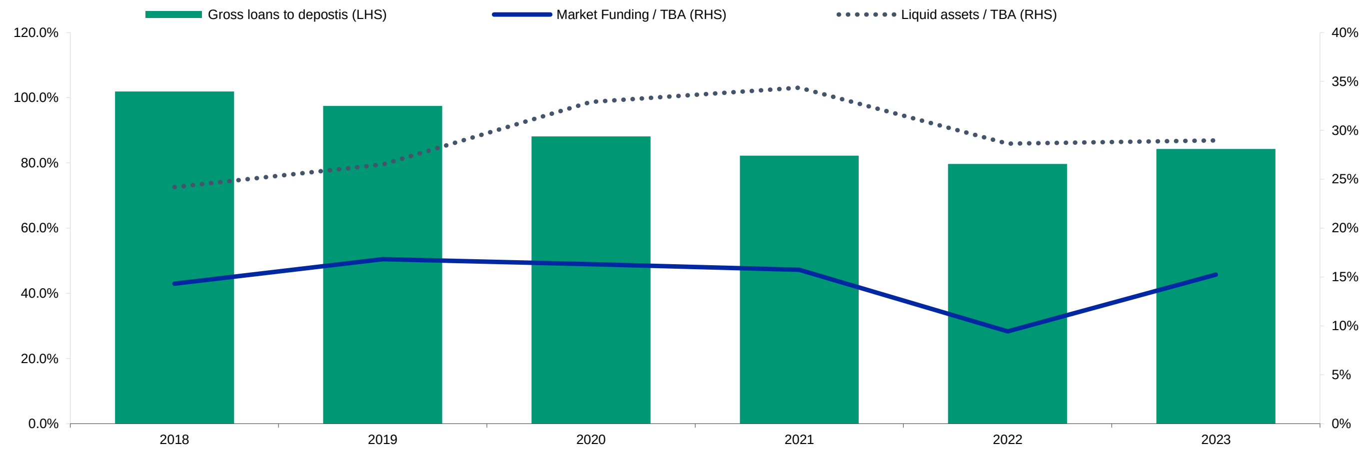
Market funds as of the end of December 2023 were mainly composed of repos with financial institutions and covered bond issuances (66% and 14% of market funding, respectively). The bank faces modest debt maturities in the coming years, with €500 million bonds maturing in 2024 and 2025, and €550 million in 2026 (excluding covered bond maturities). The bank had no resort to ECB funding as of the end of December 2023, after it repaid the ECB all the funds borrowed under the targeted longer-term refinancing operations (TLTRO) III programme by year-end 2022.

Ibercaja's minimum requirement for own funds and eligible liabilities (MREL) is set at 21.6% of RWA (excluding the combined buffer requirement of 2.5% of RWA), which is to be met by 1 January 2024. Following the issuance of €500 million of senior unsecured notes in June 2023, which are eligible for MREL purposes, the bank's MREL ratio was around 148 bps above the 2024 requirement.

Ibercaja's stock of liquid assets stems primarily from its securities portfolio, which, according to our liquidity assessment, excludes the bonds from Sareb (€1.4 billion as of the end of December 2023) because those are less liquid than other tradable securities. The bank's Liquid Resources score of baa2 incorporates a one-notch negative adjustment because of the encumbrance of part of the bank's liquid assets in repo transactions.

Ibercaja reported a stock of liquid assets of €12.1 billion as of December 2023, which increases to €20.3 billion when the covered bond issuance capacity is included. Although the bank's regulatory liquidity coverage ratio decreased substantially after the repayment of ECB funding, it remained at a high 247% as of December 2023 (306% in December 2022). The bank's net stable funding ratio was 141% as of the same date, down from 153% a year earlier.

Exhibit 6
Ibercaja's funding profile benefits from low reliance on market funding, with the loan-to-deposit ratio well below 100%

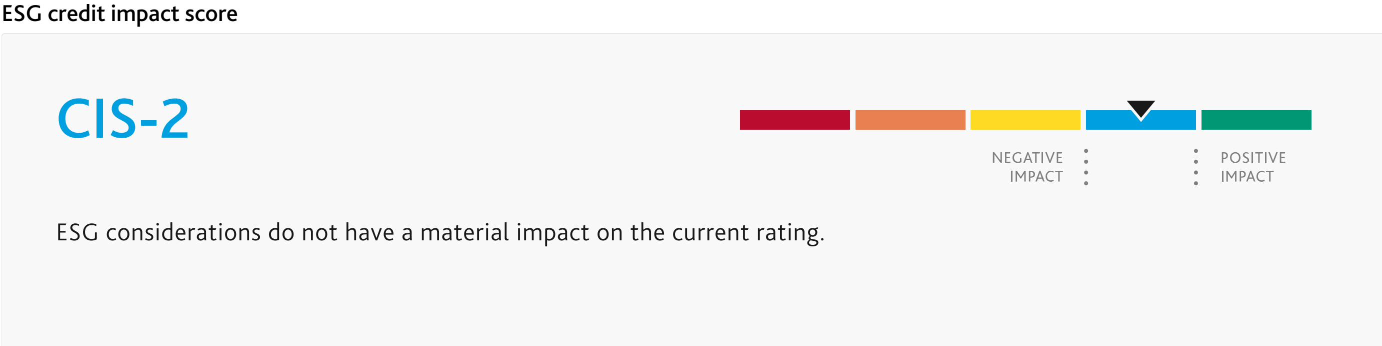


Source: Ibercaja's financial reports

ESG considerations

Ibercaja Banco SA's ESG credit impact score is CIS-2

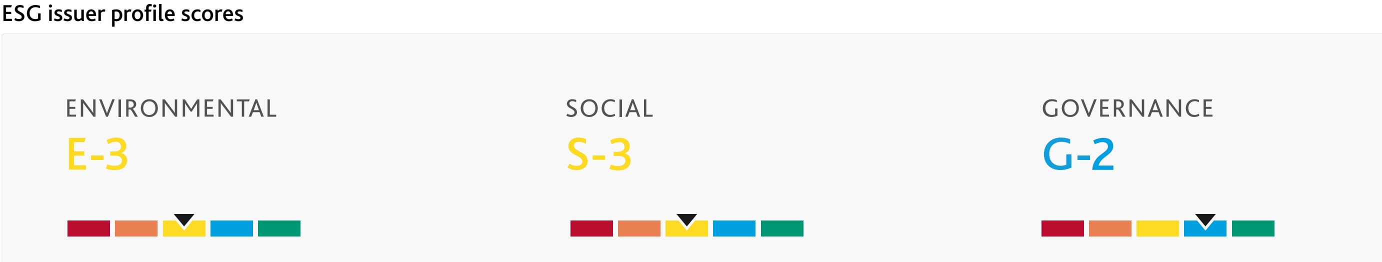
Exhibit 7
ESG credit impact score



Source: Moody's Ratings

Ibercaja's **CIS-2** indicates that ESG considerations do not have a material impact on the current rating.

Exhibit 8
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Ibercaja faces moderate environmental risks primarily because of its portfolio exposure to carbon transition risk as a diversified bank. In line with its peers, the bank is exposed to mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, Ibercaja is developing its climate risk and portfolio management capabilities, and is actively transitioning its lending portfolios to achieve carbon neutrality targets.

Social

Ibercaja faces moderate social risks mainly related to customer relations as well as to demographic and societal trends. The bank's developed policies and procedures mitigate conduct risk associated with the distribution of financial products such as regulatory and reputational risks, as well as exposure to litigation. Continued investments in technology and the bank's long track record of handling sensitive customer data, as well as appropriate culture and governance that ensure adherence to regulatory standards, help to manage high cyber and personal data risks. Ibercaja operates mainly in Spain, which faces challenges from adverse demographic trends affecting long-term economic growth prospects and impacting the demand for certain banking products. Product diversity as well as an ability to adapt to consumer preferences, regulatory changes and societal trends such as digitization are key to address these risks.

Governance

Ibercaja faces low governance risks. The bank demonstrates sound corporate governance and risk management practices, further supported by the good track record of its management team in improving the bank's financial fundamentals over the past few years. Ibercaja is 88% owned by Fundacion Bancaria Ibercaja, therefore exposed to potential outsized influence by the controlling shareholder on the bank's management and board. The risk is however mitigated by the presence of independent directors in the board and Spain's developed institutional framework.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

Ibercaja is subject to the EU Bank Recovery and Resolution Directive, which we consider an operational resolution regime. We assume a residual TCE of 3% and the percentage of post-failure losses over TBA following a truncated normal distribution, with a mean value of 8%, a 25% run-off in junior wholesale deposits, a 5% run-off in preferred deposits and a 10% proportion of junior deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These metrics are in line with our standard assumptions.

For Ibercaja's deposits and senior unsecured debt, our LGF analysis indicates a low loss given failure, which leads us to position the bank's Preliminary Rating (PR) Assessment one notch above its Adjusted BCA for both instruments.

For more junior securities, our Advanced LGF analysis indicates a high loss given failure, given the small volume of debt and limited protection from more subordinated instruments and residual equity. The resulting PR Assessment for subordinated debt is one notch below the Adjusted BCA. We also incorporate additional downward notching for preference share instruments to reflect coupon suspension risk, ahead of a potential failure.

Government support considerations

We assign a low probability of government support for all the bank's rated debt instruments, which does not translate into any rating uplift.

Counterparty Risk Ratings (CRRs)

Ibercaja's CRRs are A2, three notches above the Adjusted BCA of baa2, reflecting the very low loss given failure from the high volume of instruments that are subordinated to CRR liabilities.

Counterparty Risk (CR) Assessment

Ibercaja's CR Assessment is A3(cr), two notches above the Adjusted BCA of baa2, based on the substantial buffer against default provided to the senior obligations represented by the CR Assessment by more subordinated instruments. The main difference from our Advanced LGF approach used to determine instrument ratings is that the CR Assessment captures the probability of default on certain senior obligations, rather than expected loss. Therefore, we focus purely on subordination and take no account of the volume of the instrument class.

Ibercaja's CR Assessment is constrained by Spain's sovereign rating of Baa1. Under our “Banks” methodology, a bank's CR Assessment will typically not exceed the sovereign rating by more than one notch.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (although it has been calibrated to avoid the frequent need for strong divergence). The scorecard 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 methodology and scorecard factors

Exhibit 9

Ibercaja Banco SA

Macro Factors		
Weighted Macro Profile	**Strong**	**100%**

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	1.9%	a2	↓	baa1	Expected trend	Non lending credit risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	7.5%	b1	↔	ba1	Access to capital	
Profitability						
Net Income / Tangible Assets	0.3%	ba3	↑	ba1	Expected trend	
Combined Solvency Score		ba1		baa3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	15.2%	baa1	↔	baa1	Extent of market funding reliance	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	29.0%	baa1	↔	baa2	Asset encumbrance	
Combined Liquidity Score		baa1		baa1		
Financial Profile				baa2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Baa1		
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				0		
Adjusted BCA				baa2		

Balance Sheet	**in-scope (EUR Million)**	**% in-scope**	**at-failure (EUR Million)**	**% at-failure**
Other liabilities	9,831	21.0%	12,193	26.0%
Deposits	33,752	72.0%	31,389	66.9%
Preferred deposits	30,377	64.8%	28,858	61.5%
Junior deposits	3,375	7.2%	2,531	5.4%
Senior unsecured bank debt	1,050	2.2%	1,050	2.2%
Dated subordinated bank debt	500	1.1%	500	1.1%
Preference shares (bank)	350	0.7%	350	0.7%
Equity	1,407	3.0%	1,407	3.0%
Total Tangible Banking Assets	46,889	100.0%	46,889	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	12.5%	12.5%	12.5%	12.5%	3	3	3	3	0	a2
Counterparty Risk Assessment	12.5%	12.5%	12.5%	12.5%	3	3	3	2	0	a3 (cr)
Deposits	12.5%	4.8%	12.5%	7.1%	1	1	1	1	0	baa1
Senior unsecured bank debt	12.5%	4.8%	7.1%	4.8%	1	0	1	1	0	baa1
Dated subordinated bank debt	4.8%	3.7%	4.8%	3.7%	-1	-1	-1	-1	0	baa3
Non-cumulative bank preference shares	3.7%	3.0%	3.7%	3.0%	-1	-1	-1	-1	-2	ba2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a2	0	A2	A2
Counterparty Risk Assessment	2	0	a3 (cr)	0	A3(cr)	
Deposits	1	0	baa1	0	Baa1	Baa1
Senior unsecured bank debt	1	0	baa1	0	Baa1	
Dated subordinated bank debt	-1	0	baa3	0	Baa3	
Non-cumulative bank preference shares	-1	-2	ba2	0	Ba2 (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 10

Category	Moody's Rating
IBERCAJA BANCO SA	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	Baa1/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured -Dom Curr	Baa1
Subordinate -Dom Curr	Baa3
Pref. Stock Non-cumulative -Dom Curr	Ba2 (hyb)

Source: Moody's Ratings

Endnotes

1 Average interest rate passed on to deposit customers, reflects interest rate sensitivity of deposits to changes in interest rates.

REPORT NUMBER 1393936

CLIENT SERVICES

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