Financial Institutions

CREDIT OPINION
11 June 2025

Update

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RATINGS

Svenska Handelsbanken AB

Domicile	STOCKHOLM, Sweden
Long Term CRR	Aa1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa2
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Aa2
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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Svenska Handelsbanken AB

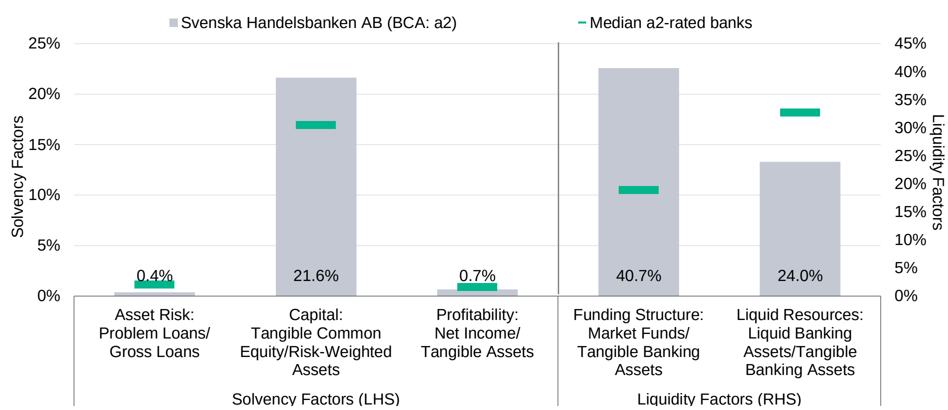
Update to credit analysis

Summary

Svenska Handelsbanken AB's (Handelsbanken) Aa2 long-term deposit and senior unsecured debt ratings reflect the bank's a2 Baseline Credit Assessment (BCA); our Advanced Loss Given Failure (LGF) analysis, which leads to two notches of rating uplift; and our assumption of a moderate likelihood of support from the Government of Sweden (Aaa stable), which results in an additional one notch uplift.

Handelsbanken's a2 BCA reflects the bank's consistently strong asset quality, robust capital and its moderate but historically stable profitability. The BCA is also supported by the bank's conservative risk management, which despite its very large concentration to the real estate sector has translated into very low level of problem loans and below-market credit costs over numerous credit cycles. The BCA is constrained by Handelsbanken's high reliance on market funding, similar to many Nordic peers but mitigated by an ample liquidity buffer and excellent access to diverse debt capital markets.

Exhibit 1
Key financial ratios



These are our Banks Methodology scorecard ratios. Asset Risk and Profitability reflect the weaker of either the latest figure or the three-year and latest figure average. Capital is the latest reported figure. Funding Structure and Liquid Resources reflect the latest fiscal year-end figures.
Source: Moody's Ratings

Credit strengths

» Very strong asset quality supported by conservative risk management practices and proven track record of low credit losses

» Robust capitalisation well in excess of requirements

» Moderate but historically stable profitability

» Ample and diversified funding sources

Credit challenges

» Very large exposure to the real estate sector elevates the bank's asset risk

» Weaker leverage ratio when compared to peers

» High reliance on confidence-sensitive market funding

Outlook

The stable outlook on Handelsbanken's long-term deposit, senior unsecured and issuer ratings reflects our view that the bank's robust creditworthiness is expected to remain broadly unchanged over the next 12 to 18 months. High asset risks stemming from the bank's large exposure to the real estate sector will be tempered by its consistently conservative good underwriting practices and strong collateral buffers as well as by its strong capitalization and stable profitability.

Factors that could lead to an upgrade

» Handelsbanken's BCA and ratings could be upgraded if the bank materially improves its solvency position, namely by reducing its sector concentration, improving its leverage ratio and stronger profitability, along with its funding and liquidity profile on a sustained basis.

Factors that could lead to a downgrade

» Handelsbanken's BCA and long-term ratings could be downgraded if changes in its business model were likely to compromise its historically excellent underwriting standards or weaken its profitability. The bank's BCA could also be downgraded in the event of a deterioration of its asset quality and capital or in its funding or liquidity position.

» The bank's junior senior unsecured debt ratings could also be downgraded if the stock of subordinated debt instruments were to fall more than we currently expect in relation to the nominal balance sheet, resulting in higher loss-given-failure for this liability class.

Key indicators

Exhibit 2
Svenska Handelsbanken AB (Consolidated Financials) [1]

	03-25[2]	12-24[2]	12-23[2]	12-22[2]	12-21[2]	CAGR/Avg.[3]
Total Assets (SEK Million)	3,702,024.0	3,493,387.0	3,537,727.0	3,414,740.0	3,322,607.0	3.4[4]
Total Assets (USD Million)	368,540.3	316,165.1	351,039.9	327,725.9	367,262.7	0.1[4]
Tangible Common Equity (SEK Million)	174,710.0	200,524.0	195,802.0	185,084.0	171,531.0	0.6[4]
Tangible Common Equity (USD Million)	17,392.6	18,148.2	19,428.9	17,763.2	18,960.1	(2.6)[4]
Problem Loans / Gross Loans (%)	0.4	0.3	0.2	0.2	0.2	0.3[5]
Tangible Common Equity / Risk Weighted Assets (%)	21.6	24.3	23.4	22.8	22.2	22.9[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	5.0	3.8	2.8	2.3	3.0	3.4[5]
Net Interest Margin (%)	1.3	1.4	1.4	1.2	0.9	1.2[5]
PPI / Average RWA (%)	3.9	4.0	4.3	3.2	3.2	3.7[6]
Net Income / Tangible Assets (%)	0.7	0.8	0.9	0.5	0.7	0.7[5]
Cost / Income Ratio (%)	46.0	45.5	42.5	47.8	45.1	45.4[5]
Market Funds / Tangible Banking Assets (%)	39.6	40.7	40.5	39.4	36.8	39.4[5]
Liquid Banking Assets / Tangible Banking Assets (%)	27.8	24.0	22.3	20.2	14.2	21.7[5]
Gross Loans / Due to Customers (%)	159.0	174.0	175.3	174.8	167.3	170.1[5]

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [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

Svenska Handelsbanken AB was founded in 1871, and is a universal bank offering the full spectrum of banking services, including consumer banking, corporate transactions, asset management and life insurance. As of end-March 2025, the bank had an average number of employees of 11,854.

Handelsbanken is the second-largest bank (in terms of assets) in Sweden with a branch network of 417 units as of end-March 2025. The bank's operations are diversified across Sweden, Norway (Aaa stable) the United Kingdom (Aa3 stable), and the Netherlands (Aaa stable), which accounted for 70%, 14%, 10% and 4% of the bank's lending as of end-March 2025, respectively (excluding the remaining Finnish operations which are up for divestment). The bank is listed on the Nasdaq Stockholm Exchange.

Recent developments

The sale of Handelsbanken's Danish operations to Jyske Bank A/S (A2/A2 stable, baa1) was completed at year-end 2022. The divestment of the bank's operations in Finland (private customers, life insurance and SMEs) was also completed during the latter part of 2024, while the sales process of the remaining operations in Finland (mainly comprising lending to residential property companies and other corporate lending) is ongoing. Overall, these divestments are credit positive because the bank struggled with higher cost-to-income ratios in these countries.

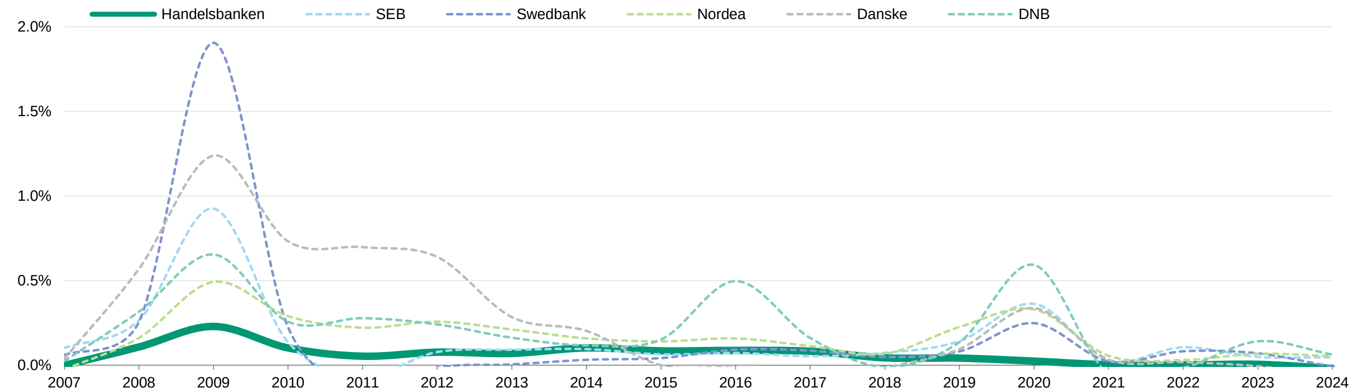
Detailed credit considerations

Very strong asset quality, underpinned by a conservative risk appetite; but high concentration in real estate poses risks

We assign an Asset Risk score of a1 to Handelsbanken, three notches below the macro-adjusted score. The assigned score reflects the bank's very large concentration to the property market, which elevates its asset risk profile. However, these risks are tempered by Handelsbanken's prudent risk management practices and the relatively low loan-to-value (LTV) ratios of the real estate portfolio.

The bank's asset risk is supported by its very low level of problem loans — among the lowest for European banks. As of end-March 2025, the ratio of problem loans (IFRS 9 Stage 3) to gross loans was a low 0.3%[1]. Handelsbanken has also demonstrated a very strong track record in terms of loan losses, particularly during times of economic and financial crises, when the bank faced significantly lower provisions than its peers.

Exhibit 3
Handelsbanken has a strong through-the-cycle loan performance
Loan loss provisions/average gross loans



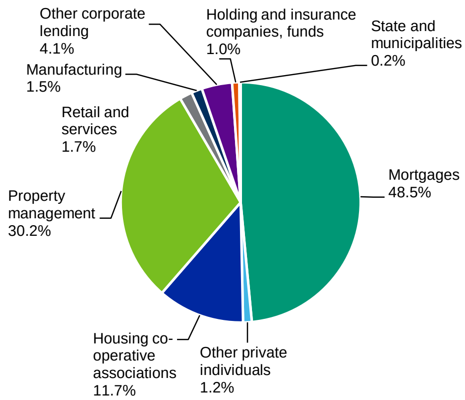
Source: Moody's Ratings

As of end-March 2025, 50% of Handelsbanken's loan portfolio comprised mortgages and retail lending. The bank is significantly concentrated in the property management sector, comprising 30% of the total loan book as of end-March 2025. Credit risk in the heavily indebted Swedish real estate sector, which was negatively affected by the strong rise in interest rates that began in 2022, has improved but remains elevated. Refinancing risks are gradually subsiding, and the sector has resumed debt issuance. However, operating risks are growing because of higher vacancy rates, primarily in the office rental market. Stage 2 loans in the bank's property management exposure have improved to 3.8% of loans to the sector as of end-March 2025 from 5.1% as of the end of 2024, and considerably lower than the level of 11.2% as of the end of 2023. Stage 3 loans remained low at 0.4% as of end-March 2025. Handelsbanken's UK expansion has been predominantly in property-related lending, bringing the bank's exposure to the real estate sector to 64% of its UK lending portfolio as of end-March 2025.

The bank's sizable concentration in the real estate sector weighs negatively on our asset risk assessment. However, we recognize that these risks are mitigated by the bank's relatively low LTV ratios in its real estate portfolio. As of end-March 2025, the average LTV ratio was 46% for commercial real estate exposure and 48% for residential real estate exposure, with only 0.2% and 0.1% of these exposures, respectively, having an LTV ratio exceeding 75%.[2] The bank's prudent underwriting approach, focusing on cash flow and repayment ability under stressed conditions, also mitigates these risks. Like other large Swedish banks, Handelsbanken's major property management clients hedge against interest rate increases, reducing immediate pressure on their repayment capabilities.

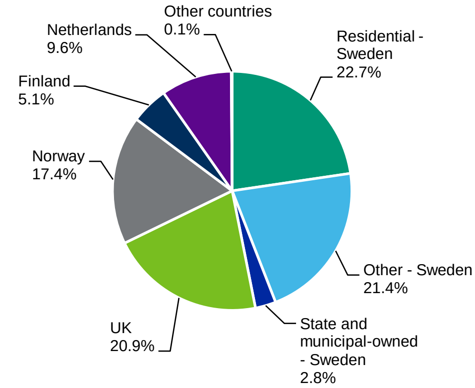
Handelsbanken's property management exposure, which remained generally unchanged in Sweden, is the highest among the four largest lenders operating in Sweden.[3] However, this reflects the bank's strategic preference for secured over unsecured lending, rather than an above-average risk appetite.

Exhibit 4
Handelsbanken's loan book is tilted towards private individuals and the property management sector
Loan book breakdown, March 2025



Includes Finnish operations and loans to the Swedish National Debt Office.
Source: Bank reports

Exhibit 5
Handelsbanken's property management exposure is mainly in Sweden and the UK
Property management breakdown, March 2025



Source: Bank reports

Robust capitalisation, well in excess of requirements

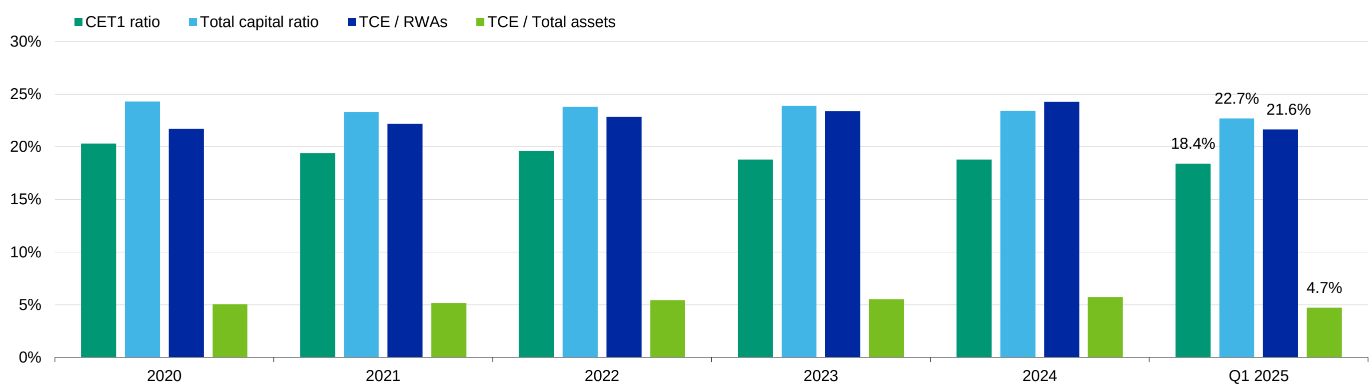
Handelsbanken's capital position is a key credit strength, with a significant buffer above regulatory requirements. We assign a Capital score of aa3 to the bank, two notches below the macro-adjusted score to reflect its comparatively lower leverage ratio and our expectation that capital levels will soften from the current high levels to get closer to the bank's management targets.

Moody's adjusted tangible common equity (TCE)/risk-weighted assets (RWA) was strong at 21.6% as of end-March 2025. Handelsbanken's leverage ratio, measured as TCE/total assets, of 4.7% as of end-March 2025 (Dec-24: 5.7%) is, however, relatively low compared with that of similarly rated global peers, with a median of 7.1% for banks with a BCA of a2.

Handelsbanken's Common Equity Tier 1 (CET1) capital ratio was 18.4% as of end-March 2025, exceeding the minimum regulatory requirement of 14.9% and the bank's own target range of 1%-3% above the minimum regulatory requirement. The requirement includes a Pillar 2 component of 1.2% and a Pillar 2 guidance of 0.5%, a 2.5% capital conservation buffer, a 4.2% systemic risk buffer and a 2.0% countercyclical buffer.

Amid an uncertain macroeconomic landscape, Handelsbanken continued to gradually lower its management capital buffer towards its target range of 100-300 bps. The bank had an additional buffer over and above its target of 50 basis points as of end-March 2025, down from 100 basis points previously.

Exhibit 6
Handelsbanken has significant buffers over regulatory requirements but comparatively lower leverage ratio



Source: Moody's Ratings

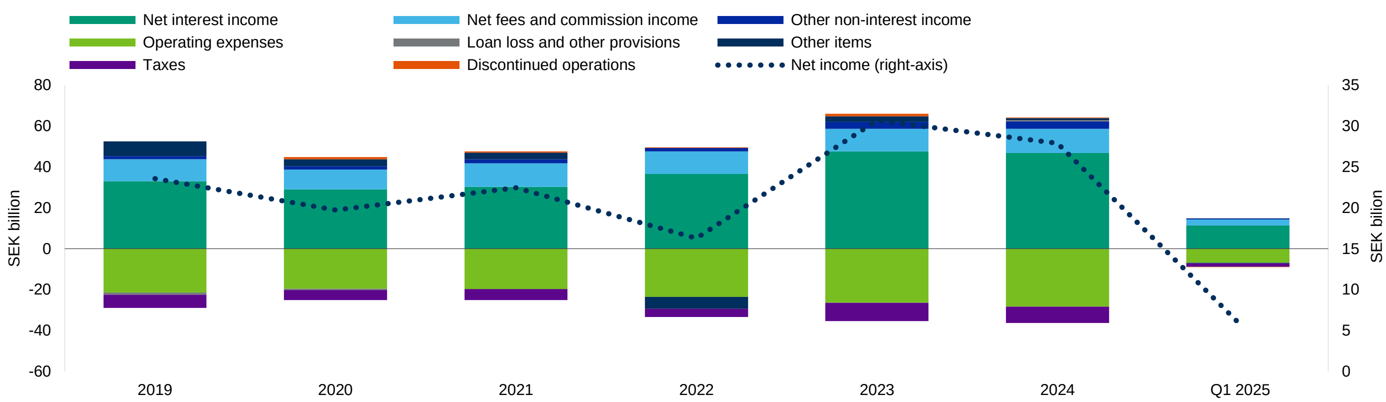
Moderate but historically stable profitability

We assign a baa1 Profitability score to Handelsbanken, one notch higher than the Macro-Adjusted score. This score balances our view that the bank's profitability will soften following strong profits in 2024 and 2023 as a result of easing monetary policy but will remain close to historical levels. Our assessment also takes into account the relative stability in the bank's pre-provision earnings over an extended period, a result of the bank's conservative strategy, a strength which we expect will be preserved going forward.

Handelsbanken reported net profits equivalent to 0.7% of tangible assets[4] in the first quarter of 2025, down from 0.8% and 0.9% in 2024 and 2023 respectively as lower policy rates[5] and muted lending volumes weigh on the bank's net interest income. Handelsbanken's profitability is more sensitive to lower rates than its peers, given its high reliance on net interest income (77% of total operating income in the first three months of 2025). However, the bank focuses on growing its capital light business, with its saving business in Sweden performing relatively strongly. The bank's profitability will also continue to be supported by low credit costs and ongoing focus on containing costs. The bank took several streamlining measures in 2024 to enhance efficiency, including a reduction in its employee head count, mainly impacting central overhead functions as the branch network was strengthened. However, if the prevailing uncertainties following the escalation of trade tensions persist, this could heighten profitability pressures for the bank.

Exhibit 7

Handelsbanken's profitability will decline because of lower rates and muted loan volumes



Based on reported figures.
Source: Bank reports

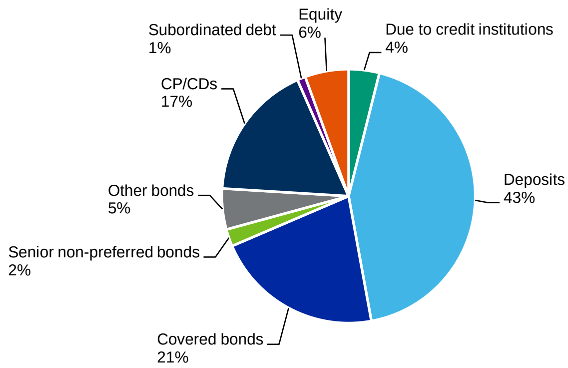
High reliance on confidence-sensitive market funding mitigated by its proven access to capital markets and good liquidity buffers

We assign a baa3 score to the bank's Funding Structure, four notches higher than the Macro-Adjusted score. The assigned score balances Handelsbanken's high reliance on market funding but also its well-diversified funding by instrument, investor type and markets, which mitigates the inherent risks associated with its large stock of confidence-sensitive wholesale funds. In addition, the positive adjustment reflects the bank's diversified funding profile with no material maturity mismatches and its track record of having strong access to the funding markets even in times of stress.

As of end-March 2025, Handelsbanken's market funding accounted for 39.6%[6] of tangible banking assets (December 2024: 40.7%), which is the highest among all large Swedish banks.

The bank's funding is well diversified (see Exhibit 8). It includes covered bonds (21% of total funding), senior — including senior non-preferred (SNP) — bonds (7%) and commercial paper/certificates of deposit (17%). We reflect the greater stability of covered bonds compared with unsecured market funding through a standard adjustment to the funding structure ratio. Given the long history of the Swedish covered bond market, strong liquidity and deep domestic investor base, we make additional (positive) adjustments for local-currency-denominated covered bonds issued in Sweden.

Exhibit 8
Breakdown of Handelsbanken's funding as of March 2025



Includes discontinued operations. Figures do not add up to 100% due to rounding.
Source: Bank reports

We assign a Liquid Resources score of baa1 to the bank, in line with the Macro-Adjusted score.

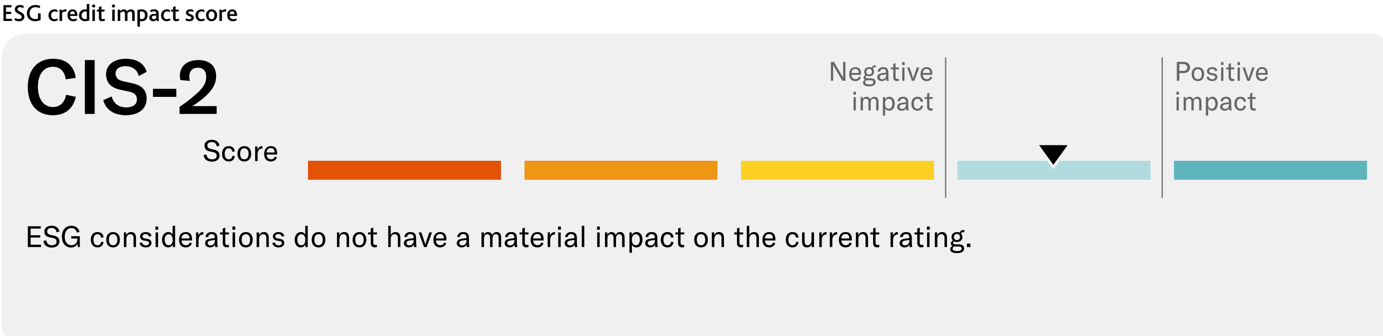
As of end-March 2025, Handelsbanken had sufficient liquid resources to cover all of its long-term funding maturing in the next 12 months. While some refinancing risk remains on its short-term funding, it is mitigated by Handelsbanken's liquidity reserves.

A significant part of the bank's liquidity stock consists of balances with banks and central banks, and also securities eligible as collateral with central banks. The bank reported that its non-encumbered cash and securities portfolio alone were sufficient to cover 100% of its unsecured funding as of March 2025. As of the same date, Moody's adjusted liquid banking assets/tangible banking assets was 27.8% (Dec-2024: 24.0%),[7] while the bank's liquidity coverage ratio was 173%, reflecting its good liquidity.

ESG considerations

Svenska Handelsbanken AB's ESG credit impact score is CIS-2

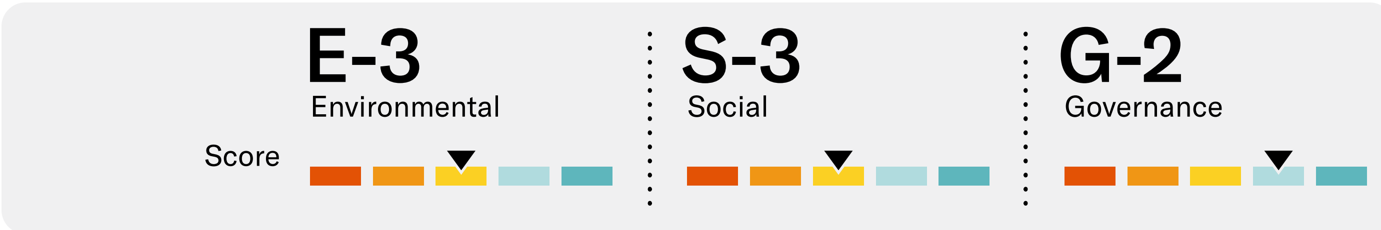
Exhibit 9
ESG credit impact score



Source: Moody's Ratings

Handelsbanken's **CIS-2** reflects that ESG considerations do not have a material impact on the current ratings.

Exhibit 10
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Handelsbanken faces moderate environmental risks, primarily because of its exposure to carbon transition risk as a diversified banking group with predominantly mortgage lending and negligible corporate lending but more meaningful commercial real estate and property lending that typically carry moderate carbon transition risk. In line with its peers, the bank is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, the bank is developing its climate risk and portfolio management capabilities, and has set targets to transform its lending and investment portfolios towards less carbon-intensive assets.

Social

Handelsbanken faces moderate exposure to social risks, including regulatory and compliance risks, in particular in the area of customer relations. A strong conduct track record demonstrates the bank's low risk tolerance while a well-developed risk management framework also mitigates related risks. The bank is also adapting to changing customer preferences (such as digitalisation and sustainable products), although initially at a slower pace than its Nordic peers.

Governance

Handelsbanken faces low governance risks. The bank's very high risk concentrations to the commercial real estate sector balances its effective risk management practices, which have supported its robust financial performance through numerous credit cycles

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

We apply our Advanced LGF analysis to Handelsbanken because the bank is domiciled in Sweden, which is an operational resolution regime because it is subject to the EU Bank Recovery and Resolution Directive (BRRD). For this analysis, we assume that equity and losses are at 3% and 8%, respectively, of tangible banking assets in a failure scenario. We also assume a 25% runoff of junior wholesale deposits and a 5% runoff of preferred deposits. Moreover, we assign a 25% probability to junior deposits being preferred to senior unsecured debt. These are in line with our standard assumptions. We apply a standard assumption for European banks that 26% of deposits are junior.

Our Advanced LGF analysis is applied to Handelsbanken at a group level (that is, including its UK subsidiary), which reflects our view that groupwide resolutions coordinated in a unified manner will be more common following the requirement to issue internal loss absorbing capital, leading to a likely transfer of losses from subsidiaries to parents at the point of failure. The Advanced LGF analysis indicates a very low loss given failure for junior depositors and senior unsecured creditors, resulting in a two-notch uplift of the relevant ratings, from the bank's a2 Adjusted BCA. For junior senior debt, the LGF analysis indicates a moderate loss given failure, which results in a rating positioned at the level of the bank's Adjusted BCA.

Government support considerations

We assess a moderate probability of government support for Handelsbanken's long-term senior unsecured and junior depositors, resulting in a one-notch uplift incorporated into the relevant Aa2 ratings, CR Assessment and CRRs.

For other junior securities, we continue to believe that potential government support is low and these ratings do not include any such uplift.

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 (though 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 11
Rating Factors

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	0.4%	aa1	↔	a1	Sector concentration	Long-run loss performance
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	21.6%	aa1	↓	aa3	Expected trend	Nominal leverage
Profitability						
Net Income / Tangible Assets	0.7%	baa2	↔	baa1	Earnings quality	
Combined Solvency Score		aa3		a1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	40.7%	b1	↑	baa3	Market funding quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	24.0%	baa1	↔	baa1	Quality of liquid assets	
Combined Liquidity Score		ba1		baa2		
Financial Profile		a2		a2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a1 - a3		
Assigned BCA				a2		
Affiliate Support notching				0		
Adjusted BCA				a2		

Balance Sheet	**in-scope (SEK Million)**	**% in-scope**	**at-failure (SEK Million)**	**% at-failure**
Other liabilities	1,610,556	47.1%	1,755,785	51.4%
Deposits	1,423,814	41.7%	1,278,585	37.4%
Preferred deposits	1,053,622	30.8%	1,000,941	29.3%
Junior deposits	370,192	10.8%	277,644	8.1%
Senior unsecured bank debt	172,535	5.0%	172,535	5.0%
Junior senior unsecured bank debt	73,259	2.1%	73,259	2.1%
Dated subordinated bank debt	25,472	0.7%	25,472	0.7%
Preference shares (bank)	10,045	0.3%	10,045	0.3%
Equity	102,547	3.0%	102,547	3.0%
Total Tangible Banking Assets	3,418,228	100.0%	3,418,228	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	19.4%	19.4%	19.4%	19.4%	3	3	3	3	0	aa2
Counterparty Risk Assessment	19.4%	19.4%	19.4%	19.4%	3	3	3	3	0	aa2 (cr)
Deposits	19.4%	6.2%	19.4%	11.2%	2	3	2	2	0	aa3
Senior unsecured bank debt	19.4%	6.2%	11.2%	6.2%	2	1	2	2	0	aa3
Junior senior unsecured bank debt	6.2%	4.0%	6.2%	4.0%	0	0	0	0	0	a2
Dated subordinated bank debt	4.0%	3.3%	4.0%	3.3%	-1	-1	-1	-1	0	a3
Non-cumulative bank preference shares	3.3%	3.0%	3.3%	3.0%	-1	-1	-1	-1	-2	baa2

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	aa2	1	Aa1	Aa1
Counterparty Risk Assessment	3	0	aa2 (cr)	1	Aa1(cr)	
Deposits	2	0	aa3	1	Aa2	Aa2
Senior unsecured bank debt	2	0	aa3	1		Aa2
Junior senior unsecured bank debt	0	0	a2	0		A2
Dated subordinated bank debt	-1	0	a3	0		A3
Non-cumulative bank preference shares	-1	-2	baa2	0		Baa2 (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 12

Category	Moody's Rating
SVENSKA HANDELSBANKEN AB	
Outlook	Stable
Counterparty Risk Rating	Aa1/P-1
Bank Deposits	Aa2/P-1
Baseline Credit Assessment	a2
Adjusted Baseline Credit Assessment	a2
Counterparty Risk Assessment	Aa1(cr)/P-1(cr)
Issuer Rating	Aa2
Senior Unsecured	Aa2
Junior Senior Unsecured	A2
Junior Senior Unsecured MTN	(P)A2
Subordinate	A3
Pref. Stock Non-cumulative	Baa2 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1
SVENSKA HANDELSBANKEN, NEW YORK BRANCH	
Outlook	Stable
Counterparty Risk Rating	Aa1/P-1
Bank Deposits	Aa2/--
Counterparty Risk Assessment	Aa1(cr)/P-1(cr)
STADSHYPOTEK AB	
Counterparty Risk Rating	Aa1/P-1
Counterparty Risk Assessment	Aa1(cr)/P-1(cr)
Commercial Paper	P-1

Source: Moody's Ratings

Endnotes

1 Including the Finnish operations, which are for sale. Moody's problem loans ratio for Q1 2025 includes loans relating to the Finnish operations in problem loans, but not in gross loans. The figure for YE2024 excludes the Finnish operations from both gross loans and problem loans.

2 These figures pertain to the bank's home markets.

3 Including SEB AB (Aa3/Aa3 positive, a3), Swedbank AB (Aa2/Aa2 stable, a3) and Nordea Bank Abp (Aa3/Aa3 positive, a3).

4 Moody's-adjusted figures, including an adjustment relating to defined benefit post-retirement plans.

5 The Swedish central bank's policy rate is currently 2.25%, following consecutive cuts from the peak level of 4.0% in 2024.

6 Ratios do not fully exclude the impact of discontinued operations. While the numerator — market funding — excludes these, the denominator includes assets relating to these discontinued operations. As a result, the ratio would be higher if assets relating to these operations are deducted from the denominator. We adjust for this in our assigned score.

7 The ratio does not fully exclude the impact of discontinued operations. While the numerator — liquid banking assets — excludes these, the denominator includes assets relating to these discontinued operations. As a result, the ratio would be higher if assets relating to these operations are deducted from the denominator. We adjust for this in our assigned score.

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