


TEMPO

STRUCTURED PRODUCTS

AN ALPHA REAL CAPITAL GROUP COMPANY

- TICS -
TEMPO ISSUER & COUNTERPARTY SCORECARDS
- AUGUST 2019 -

FOR PROFESSIONAL ADVISER USE ONLY
- NOT FOR USE WITH CLIENTS -

KEY ALPHA STATISTICS:

(as at 31 Mar 2019)

£3.0bn+

AUM and capital
commitments

100+

Professional team

10

Platforms

5

International
offices

4

Core business
areas

Alpha Real Capital LLP is an international co-investing fund management group.

Established in 2005, and headquartered in London, Alpha comprises an international network of offices in the UK, Europe and Asia. A 100+ strong professional team, combining experience and expertise with research, analysis and market knowledge, operates through 10 platforms, across diversified investment markets, offering listed and unlisted property vehicles, open and closed-ended property vehicles, and UK and international funds, products and wealth management services. Alpha engages with institutional investors, family offices, wealth managers and professional advisers / IFAs, as well as UHNW, HNW and private investors.

TIME Investments is the authorised wealth management and investment services arm of Alpha. TIME specialises in ground rent and other 'long income' property funds (having acquired the real estate asset management business of Close Brothers Group in 2011), Inheritance Tax Services, including Business Relief (BR), and investment services, including Enterprise Investment Schemes (EIS).

Tempo Structured Products is a new Alpha platform, with four areas of focus: i) Retail: focusing on straightforward, lower risk structured products, for distribution through TIME Investments to UK Professional Advisers (IFAs and wealth managers); ii) Institutions / Pension funds: working with institutions / pension fund consultants, to develop 'smart structured products' (fusing structured, passive and smart beta strategies together); iii) HNW / UHNW / Family Offices: working with Alpha contacts to design bespoke structured product solutions for Family Offices, UHNW and HNW Individuals; iv) Strategic Alliances: partnering with other institutions, offering our expertise and issuer relationships as a specialist structured products unit, for the benefit of their clients and customers.

- **As part of Alpha Real Capital, our philosophy, approach and USPs are founded upon a commitment to straightforward, lower risk products, underpinned by operational strength and robust governance, presented with transparency and integrity, with exemplary support and service for professional advisers / investors**
- **At the heart of our approach our aim is to be known for straightforward, lower risk products and ‘doing the right things - and doing simple well’:**
 - providing professional advisers and their clients with a high calibre structured product provider, a carefully considered approach to structured products and a level of support and service that they can be genuinely confident in
- **Our entire emphasis is on working closely with professional advisers to advance and enhance the value that can be gained from structured products, for the benefit of their clients**

- **Issuer / counterparty risk is the most fundamental risk of structured products:**
 - both the potential returns of a structured product and the repayment of capital usually depend upon the financial stability of the issuer / counterparty throughout the investment term

- **So, we think it's straightforward - and important - to state the obvious: *professional advisers and investors should seek to identify structured products backed by strong issuers / counterparties***

- **There are a number of metrics that are widely considered relevant in identifying and assessing the financial strength / credit risk of a prospective issuer / counterparty (our Academy 'Module 4: Issuer / Counterparty due diligence' explains credit ratings, CDS and fundamentals, etc.)**

- **Generally speaking, we think the UK retail structured products sector and professional advisers have 'upped their game' over recent years, since the global financial crisis:**
 - there is reasonable knowledge of and attention paid to credit ratings
 - there is some knowledge and awareness of credit default swap (CDS) spread levels
 - and there is some - albeit less - knowledge and consideration of 'fundamentals' (Tier 1 capital ratios, etc.)

- **But, we also think some complacency may have crept in, over the years: and that more could and should be done by the sector's providers to prompt professional advisers to carefully consider this critical aspect of structured products and to support them in their research and due diligence:**
 - the importance of this aspect of adviser due diligence should still be considered absolutely key

- Professional advisers are expected to undertake robust issuer / counterparty due diligence
- The regulatory expectations incumbent upon professional advisers are explicit - the following extracts are taken from the FCA Retail Product Development and Governance: Structured Product Review, 2012 Thematic Review:

“Firms should carry out sufficient due diligence into the counterparty and not rely solely on credit rating agencies ...”

“We expect firms to look more broadly than just the credit rating, such as the rating, outlook, credit default swap (CDS) spreads and other market information, as well as ‘fundamentals’ on the issuer’s balance sheet.”

- **Our approach as an independent Plan Manager, able to select and deal with issuers / counterparties without bias, is that we seek to identify and deal with strong issuers / counterparties**

- **The FT Banker Database identifies approximately 3,400 banks globally. As a first step, we have chosen to deal with banking groups that are regulatorily categorised as ‘Global Systemically Important Banks’ (G-SIBs) and / or, as a minimum, ‘Domestic Systemically Important Banks’ (D-SIBs):**
 - as the name details, G-SIBs / are fundamentally the more important (and usually the bigger, deeper and stronger) banking groups, globally, regionally
 - as a result, they are subject to *higher supervisory expectations*, including for risk management, risk governance and internal controls; and capital adequacy requirements, including higher Tier 1 capital ratios and further incoming rules regarding Total Loss Absorbency Capacity (TLAC)
 - it’s hard to argue with the rationale of recognising G-SIBs as bigger / stronger banking groups
 - however, simply having G-SIB, or D-SIB, status is not sufficient for us to engage with any / all of the G-SIBs or D-SIBs

- **As a second step, we have developed a suite of proprietary ‘Scorecards’ that help us analyse, assess, compare, consider and understand prospective issuer / counterparties within the banks universe:**
 - for full details of our Scorecards, please see our ‘Introduction and overview’ and ‘Methodology: scoring and weighting’ presentation packs

TICS Categories and Amalgamated: weightings summary ...

TICS CREDIT RATINGS: WEIGHTINGS						AMALGAMATED SCORECARD WEIGHTING
S&P (LT) Rating	S&P Outlook	Moody's (LT) Rating	Moody's Outlook	Fitch (LT) Rating	Fitch Outlook	
33.3%		33.3%		33.3%		40%
TICS CREDIT DEFAULT SWAP (CDS): WEIGHTINGS						AMALGAMATED SCORECARD WEIGHTING
5 Year CDS	1 Year CDS	Direction of 5 Year CDS	5 Year CDS Volatility			
60%	15%	15%	10%			15%
TICS FUNDAMENTALS (BALANCE SHEET): WEIGHTINGS						AMALGAMATED SCORECARD WEIGHTING
Tier 1 Capital Ratio	Leverage Ratio (Asset / Equity)	Loan-to-Deposit Ratio	Price-to-Book Ratio	Tier 1 Size (BLN \$)	Total Assets (BLN \$)	
40%	15%	15%	15%	10%	5%	30%
TICS FUNDAMENTALS (MARKET INDICATORS): WEIGHTINGS						AMALGAMATED SCORECARD WEIGHTING
Market Cap (BLN \$)	260 Day Share Price Volatility	5 YR Beta	Direction of 1 Year share price	Consensus Analyst Views		
50%	15%	15%	15%	5%		10%
TICS SYSTEMIC IMPORTANCE: WEIGHTINGS						AMALGAMATED SCORECARD WEIGHTING
G-SIB Status	Additional Tier 1 Capital Ratio	Total Deposits (BLN \$)	Sovereign S&P Rating	Sovereign S&P Outlook	Number of employees	
50%	15%	15%	10%	5%	5%	5%

We explain our methodology: but support other views / interests ...

- **The weightings we have applied to our Scorecards reflect our views of the relative importance of the categories factors in assessing and considering issuer / counterparty financial strength / credit risk:**
 - but we highlight that we can readily support professional advisers who may have different views and / or want to apply or explore different weightings

- **We developed our Scorecards for internal purposes: as part of our process of considering and selecting issuers and counterparties. We publish our Scorecards as part of our approach to providing transparency - and to support professional advisers in their research and due diligence responsibilities:**
 - but it is important that professional advisers using them understand what they are and what they are not
- **WHAT THEY ARE: the primary purpose of our scorecards is to compile multiple factors that potentially measure or indicate financial strength / credit risk, with a scoring system that provokes and supports more objective and detailed analysis, assessment, comparison, consideration and understanding of prospective issuers and counterparties**
- **WHAT THEY ARE NOT: the scoring system ranks the issuers and counterparties, but it is important that professional advisers understand that this is NOT their intended purpose:**
 - *the purpose of our scorecards, including the rankings, and multiple data points, at an amalgamated, category and factor level, is to provoke and support **analysis**, **assessment** and **comparison** of the data, to aid more objective **consideration** and **understanding** of relative issuer / counterparty financial strength / credit risk*
- **It is also important that professional advisers understand that our Scorecards are not independent research or an investment recommendation:**
 - we do not provide any warranty regarding the data, methodology, scores or rankings: and we expressly exclude any liability for any judgement or interpretation based upon or influenced by our Scorecards
 - professional advisers should reach their own judgement of issuer / counterparty financial strength / credit risk

A : ANALYSIS

A : ASSESSMENT

C : COMPARISON

C : CONSIDERATION

U : *AND UNDERSTANDING*

- Our Scorecards are NOT about the rankings per se. All of the issuers / counterparties (with one or two exceptions) are strong banks, in the top percentile (based on criteria we assess) of the banking universe:
 - our Scorecards are designed to provoke and support **analysis** and **assessment** of the data, including **comparison** and **consideration**, leading to better **understanding** of prospective issuers and counterparties

TICS

TEMPO ISSUER & COUNTERPARTY SCORECARDS

> August 2019

TICS Amalgamated: August 2019...

	Bank / Institution	Region	Sovereign	FSB G-SIB Status	Credit Rating Score	CDS Score	Fundamentals (Bal. Sheet) Score	Fundamentals (Mkt. Indicators) Score	Systemic Importance Score	Amalgamated Scorecard
WEIGHTINGS APPLIED TO AMALGAMATED SCORECARD:					40%	15%	30%	10%	5%	
1	HSBC	UK	UK	Y	4.00	2.70	3.25	2.95	2.29	338.9
2	Credit Agricole	Europe	France	Y	4.92	1.80	4.10	5.85	3.35	421.9
3	Bank of China	Asia	China	Y	5.67	2.65	4.05	2.45	2.50	424.9
4	JP Morgan	North America	USA	Y	5.67	3.20	4.25	1.75	1.80	428.7
5	CCB	Asia	China	Y	5.67	N/A	3.40	2.25	2.95	430.9
6	UBS AG	Europe	Switzerland	Y	5.33	1.80	3.95	6.00	3.35	435.6
7	BNP Paribas	Europe	France	Y	4.67	2.40	4.95	5.35	2.60	437.7
8	ICBC	Asia	China	Y	5.67	N/A	3.95	1.45	2.50	438.2
9	RBC	North America	Canada	Y	4.33	2.85	5.70	3.60	3.15	438.8
10	Sumitomo	Asia	Japan	Y	5.92	2.10	3.35	5.70	3.46	443.0
11	Bank of America	North America	USA	Y	6.00	3.05	4.20	2.20	2.40	445.8
12	Nordea	Europe	Sweden	N	4.00	2.30	5.00	6.05	8.25	446.3
13	Mitsubishi	Asia	Japan	Y	5.92	1.90	3.75	5.50	2.76	446.5
14	Wells Fargo	North America	USA	Y	6.17	3.05	3.85	2.75	2.35	447.2
15	BONYM	North America	USA	Y	5.00	2.35	4.60	5.60	3.80	448.3
16	State Street	North America	USA	Y	5.00	N/A	3.95	6.50	4.00	474.7
17	Mizuho	Asia	Japan	Y	6.25	2.35	3.90	5.75	3.46	477.1
18	ABC	Asia	China	Y	5.67	6.40	3.90	2.30	2.95	477.4
19	Societe Generale	Europe	France	Y	5.58	2.25	4.70	6.85	3.40	483.6
20	BPCE_Natixis	Europe	France	Y	5.00	4.35	4.65	6.85	3.40	490.3
21	Citi	North America	USA	Y	7.00	3.80	3.70	3.35	2.10	492.0
22	Santander	Europe	Spain	Y	6.33	2.35	5.00	5.20	3.71	509.1
23	Standard Chartered	UK	UK	Y	6.67	4.15	3.55	5.75	3.64	511.1
24	Morgan Stanley	North America	USA	Y	7.00	3.65	3.55	5.20	3.95	513.0
25	Goldman Sachs	North America	USA	Y	7.00	3.80	3.85	4.70	3.55	517.3
26	MSIP	UK	UK	N	5.00	N/A	4.86	N/A	8.81	519.7
27	ING Bank	Europe	Netherlands	Y	6.67	3.15	4.75	5.85	3.20	530.9
28	Lloyds	UK	UK	N	6.67	3.20	4.20	5.25	8.04	533.4
29	Danske Bank	Europe	Denmark	N	6.25	2.25	4.85	6.35	8.40	534.8
30	Prudential	UK	UK	N	6.00	3.90	N/A	5.05	7.54	552.4
31	Aviva	UK	UK	N	5.67	4.95	N/A	5.90	7.49	567.6
32	Barclays	UK	UK	Y	8.25	4.25	3.65	5.40	3.04	572.4
33	Commerzbank	Europe	Germany	N	6.75	3.60	4.50	7.35	8.05	572.8
34	Credit Suisse	Europe	Switzerland	Y	7.92	3.05	4.45	6.15	3.55	575.2
35	Investec Bank plc	UK	UK	N	6.50	N/A	4.90	6.55	8.94	609.1
36	RBS	UK	UK	N	7.92	5.65	3.80	5.40	8.19	610.4
37	Nomura	Asia	Japan	N	7.67	3.50	4.55	7.15	9.11	612.7
38	Deutsche Bank	Europe	Germany	Y	8.08	6.95	4.10	6.85	2.40	631.1
39	Unicredit Group	Europe	Italy	Y	8.75	6.05	4.90	6.30	4.39	672.7
40	Bank of Ireland	Europe	Ireland	N	9.50	4.60	4.60	7.30	9.20	706.0

TICS Credit ratings: August 2019 ...

	Bank / Institution	Region	Sovereign	S&P Rating	S&P Outlook	Moody's Rating	Moody's Outlook	Fitch Rating	Fitch Outlook	Credit Rating Score
WEIGHTINGS APPLIED TO CREDIT RATING CATEGORY SCORECARD:				33.3%		33.3%		33.3%		
1	Nordea	Europe	Sweden	AA-	STABLE	Aa3	STABLE	AA-	STABLE	4.00
2	HSBC	UK	UK	AA-	STABLE	Aa3	STABLE	AA-	STABLE	4.00
3	RBC	North America	Canada	AA-	STABLE	A2	STABLE	AA	STABLE	4.33
4	BNP Paribas	Europe	France	A+	STABLE	Aa3	STABLE	A+	STABLE	4.67
5	Credit Agricole	Europe	France	A+	STABLE	A1	POSITIVE	A+	STABLE	4.92
6	BONYM	North America	USA	A	STABLE	A1	STABLE	AA-	STABLE	5.00
7	State Street	North America	USA	A	STABLE	A1	STABLE	AA-	STABLE	5.00
8	BPCE_Natixis	Europe	France	A+	STABLE	A1	STABLE	A+	STABLE	5.00
9	MSIP	UK	UK	A+	STABLE	A1	STABLE	NULL	NULL	5.00
10	UBS AG	Europe	Switzerland	A-	STABLE	Aa3	STABLE	A+	STABLE	5.33
11	Societe Generale	Europe	France	A	POSITIVE	A1	STABLE	A	STABLE	5.58
12	ICBC	Asia	China	A	STABLE	A1	STABLE	A	STABLE	5.67
13	CCB	Asia	China	A	STABLE	A1	STABLE	A	STABLE	5.67
14	Bank of China	Asia	China	A	STABLE	A1	STABLE	A	STABLE	5.67
15	JP Morgan	North America	USA	A-	STABLE	A2	STABLE	AA-	STABLE	5.67
16	ABC	Asia	China	A	STABLE	A1	STABLE	A	STABLE	5.67
17	Aviva	UK	UK	A	STABLE	A2	STABLE	A+	STABLE	5.67
18	Mitsubishi	Asia	Japan	A-	POSITIVE	A1	STABLE	A	STABLE	5.92
19	Sumitomo	Asia	Japan	A-	POSITIVE	A1	STABLE	A	STABLE	5.92
20	Prudential	UK	UK	A	STABLE	A2	STABLE	A	STABLE	6.00
21	Bank of America	North America	USA	A-	STABLE	A2	STABLE	A+	STABLE	6.00
22	Wells Fargo	North America	USA	A-	NEGATIVE	A2	NEGATIVE	A+	STABLE	6.17
23	Danske Bank	Europe	Denmark	A	NEGATIVE	A2	NEGATIVE	A	NEGATIVE	6.25
24	Mizuho	Asia	Japan	A-	POSITIVE	A1	STABLE	A-	STABLE	6.25
25	Santander	Europe	Spain	A	STABLE	A2	STABLE	A-	STABLE	6.33
26	Investec Bank plc	UK	UK	NULL	NULL	A1	STABLE	BBB+	STABLE	6.50
27	Standard Chartered	UK	UK	BBB+	STABLE	A2	STABLE	A	STABLE	6.67
28	Lloyds	UK	UK	BBB+	STABLE	A3	STABLE	A+	STABLE	6.67
29	ING Bank	Europe	Netherlands	A-	STABLE	Baa1	STABLE	A+	STABLE	6.67
30	Commerzbank	Europe	Germany	A-	NEGATIVE	A1	STABLE	BBB+	STABLE	6.75
31	Morgan Stanley	North America	USA	BBB+	STABLE	A3	STABLE	A	STABLE	7.00
32	Goldman Sachs	North America	USA	BBB+	STABLE	A3	STABLE	A	STABLE	7.00
33	Citi	North America	USA	BBB+	STABLE	A3	STABLE	A	STABLE	7.00
34	Nomura	Asia	Japan	BBB+	STABLE	Baa1	STABLE	A-	STABLE	7.67
35	Credit Suisse	Europe	Switzerland	BBB+	STABLE	Baa2	STABLE	A-	POSITIVE	7.92
36	RBS	UK	UK	BBB	STABLE	Baa2	POSITIVE	A	STABLE	7.92
37	Deutsche Bank	Europe	Germany	BBB+	STABLE	A3	NEGATIVE	BBB	EVOLVING	8.08
38	Barclays	UK	UK	BBB	STABLE	Baa3	POSITIVE	A	STABLE	8.25
39	Unicredit Group	Europe	Italy	BBB	STABLE	Baa1	STABLE	BBB	NEGATIVE	8.75
40	Bank of Ireland	Europe	Ireland	BBB-	POSITIVE	Baa3	POSITIVE	BBB	STABLE	9.50

TICS CDS: August 2019...

	Bank / Institution	Region	Sovereign	5 Year CDS	1 Year CDS	5 Year CDS relative to 12 month low	5 Year CDS volatility	Overall CDS Score
WEIGHTINGS APPLIED TO CDS CATEGORY SCORECARD:				60%	15%	15%	10%	
1	Credit Agricole	Europe	France	24.27	5.89	16%	59%	1.80
2	UBS AG	Europe	Switzerland	19.02	5.73	15%	51%	1.80
3	Mitsubishi	Asia	Japan	29.14	11.98	0%	0%	1.90
4	Sumitomo	Asia	Japan	32.49	14.11	8%	27%	2.10
5	Danske Bank	Europe	Denmark	34.95	6.96	1%	57%	2.25
6	Societe Generale	Europe	France	28.40	7.58	10%	54%	2.25
7	Nordea	Europe	Sweden	27.51	5.12	15%	47%	2.30
8	BONYM	North America	USA	40.35	8.62	0%	0%	2.35
9	Mizuho	Asia	Japan	33.93	11.36	12%	34%	2.35
10	Santander	Europe	Spain	28.08	4.22	12%	99%	2.35
11	BNP Paribas	Europe	France	26.41	7.96	13%	51%	2.40
12	Bank of China	Asia	China	49.59	6.80	1%	35%	2.65
13	HSBC	UK	UK	31.25	9.51	34%	58%	2.70
14	RBC	North America	Canada	48.64	16.44	2%	22%	2.85
15	Bank of America	North America	USA	43.25	18.35	10%	47%	3.05
16	Credit Suisse	Europe	Switzerland	42.98	10.29	12%	44%	3.05
17	Wells Fargo	North America	USA	43.14	14.96	10%	40%	3.05
18	ING Bank	Europe	Netherlands	43.54	11.04	10%	50%	3.15
19	JP Morgan	North America	USA	38.56	15.41	10%	41%	3.20
20	Lloyds	UK	UK	42.24	11.57	27%	50%	3.20
21	Nomura	Asia	Japan	50.74	17.72	11%	15%	3.50
22	Commerzbank	Europe	Germany	56.22	10.74	9%	61%	3.60
23	Morgan Stanley	North America	USA	56.10	19.90	9%	46%	3.65
24	Citi	North America	USA	51.29	20.06	8%	43%	3.80
25	Goldman Sachs	North America	USA	59.45	22.88	6%	49%	3.80
26	Prudential	UK	UK	50.28	13.32	29%	58%	3.90
27	Standard Chartered	UK	UK	54.93	16.40	24%	85%	4.15
28	Barclays	UK	UK	58.43	23.40	32%	44%	4.25
29	BPCE_Natixis	Europe	France	50.30	37.50	19%	56%	4.35
30	Bank of Ireland	Europe	Ireland	57.10	27.31	58%	33%	4.60
31	Aviva	UK	UK	69.66	16.29	46%	54%	4.95
32	RBS	UK	UK	91.57	26.12	27%	97%	5.65
33	Unicredit Group	Europe	Italy	106.64	31.43	21%	49%	6.05
34	ABC	Asia	China	153.00	22.00	0%	0%	6.40
35	Deutsche Bank	Europe	Germany	138.85	74.96	29%	50%	6.95
36	CCB	Asia	China	N/A	N/A	N/A	N/A	N/A
N/A	ICBC	Asia	China	N/A	N/A	N/A	N/A	N/A
N/A	Investec Bank plc	UK	UK	N/A	N/A	N/A	N/A	N/A
N/A	MSIP	UK	UK	N/A	N/A	N/A	N/A	N/A
N/A	State Street	North America	USA	N/A	N/A	N/A	N/A	N/A

TICS Credit ratings (65%) | CDS (35%) combined: August 2019 ...

	Bank / Institution	Region	Sovereign	Credit rating Score	CDS Score	Combined Credit Rating (65%) and CDS (35%) Score
WEIGHTINGS APPLIED TO CREDIT RATING AND CDS SCORECARDS COMBINED:				65%	35%	
1	Nordea	Europe	Sweden	4.00	2.30	3.41
2	HSBC	UK	UK	4.00	2.70	3.55
3	RBC	North America	Canada	4.33	2.85	3.81
4	Credit Agricole	Europe	France	4.92	1.80	3.83
5	BNP Paribas	Europe	France	4.67	2.40	3.87
6	BONYM	North America	USA	5.00	2.35	4.07
7	UBS AG	Europe	Switzerland	5.33	1.80	4.10
8	Societe Generale	Europe	France	5.58	2.25	4.42
9	Mitsubishi	Asia	Japan	5.92	1.90	4.51
10	Sumitomo	Asia	Japan	5.92	2.10	4.58
11	Bank of China	Asia	China	5.67	2.65	4.61
12	BPCE Natixis	Europe	France	5.00	4.35	4.77
13	JP Morgan	North America	USA	5.67	3.20	4.80
14	Danske Bank	Europe	Denmark	6.25	2.25	4.85
15	Mizuho	Asia	Japan	6.25	2.35	4.89
16	Santander	Europe	Spain	6.33	2.35	4.94
17	Bank of America	North America	USA	6.00	3.05	4.97
18	State Street	North America	USA	5.00	N/A	5.00
19	MSIP	UK	UK	5.00	N/A	5.00
20	Wells Fargo	North America	USA	6.17	3.05	5.08
21	Prudential	UK	UK	6.00	3.90	5.27
22	Aviva	UK	UK	5.67	4.95	5.42
23	ING Bank	Europe	Netherlands	6.67	3.15	5.44
24	Lloyds	UK	UK	6.67	3.20	5.45
25	Commerzbank	Europe	Germany	6.75	3.60	5.65
26	ICBC	Asia	China	5.67	N/A	5.67
27	CCB	Asia	China	5.67	N/A	5.67
28	Standard Chartered	UK	UK	6.67	4.15	5.79
29	Morgan Stanley	North America	USA	7.00	3.65	5.83
30	Citi	North America	USA	7.00	3.80	5.88
31	Goldman Sachs	North America	USA	7.00	3.80	5.88
32	ABC	Asia	China	5.67	6.40	5.92
33	Nomura	Asia	Japan	7.67	3.50	6.21
34	Credit Suisse	Europe	Switzerland	7.92	3.05	6.21
35	Investec Bank plc	UK	UK	6.50	N/A	6.50
36	Barclays	UK	UK	8.25	4.25	6.85
37	RBS	UK	UK	7.92	5.65	7.12
38	Deutsche Bank	Europe	Germany	8.08	6.95	7.69
39	Bank of Ireland	Europe	Ireland	9.50	4.60	7.79
40	Unicredit Group	Europe	Italy	8.75	6.05	7.81

TICS Fundamentals (balance sheet): August 2019...

	Bank / Institution	Region	Sovereign	Tier 1 Capital Ratio	Leverage Ratio (Asset / Equity)	Loan to Deposit Ratio	Price-to-Book Ratio	Tier 1 Cap Size (BLN \$)	Total Assets BLN \$)	Overall Bal. Sheet Score
WEIGHTINGS FOR FUNDAMENTALS (BALANCE SHEET) CATEGORY SCORECARD:				40%	15%	15%	15%	10%	5%	
1	HSBC	UK	UK	20%	15.6	74.9	0.86	147.1	2558.1	3.25
2	Sumitomo	Asia	Japan	21%	18.9	63.8	0.48	96.7	1836.1	3.35
3	CCB	Asia	China	17%	11.7	76.8	0.88	287.5	3390.2	3.40
4	Standard Chartered	UK	UK	22%	13.8	73.9	0.55	43.4	688.8	3.55
5	Morgan Stanley	North America	USA	22%	11.9	80.2	0.90	70.6	853.5	3.55
6	Barclays	UK	UK	21%	18.1	88.3	0.41	67.1	1434.5	3.65
7	Citi	North America	USA	17%	10.8	69.2	0.81	158.1	1917.4	3.70
8	Mitsubishi	Asia	Japan	16%	19.2	59.6	0.41	146.7	2805.1	3.75
9	RBS	UK	UK	23%	15.2	83.8	0.57	45.9	878.8	3.80
10	Wells Fargo	North America	USA	17%	11.0	75.0	1.04	167.9	1895.9	3.85
11	Goldman Sachs	North America	USA	18%	11.8	80.8	0.85	83.7	931.8	3.85
12	Mizuho	Asia	Japan	19%	22.9	63.1	0.45	83.2	1810.2	3.90
13	ABC	Asia	China	15%	14.2	65.9	0.72	242.9	3300.7	3.90
14	State Street	North America	USA	16%	9.7	14.3	0.81	15.3	244.6	3.95
15	ICBC	Asia	China	15%	12.3	72.0	0.82	337.5	4043.7	3.95
16	UBS AG	Europe	Switzerland	20%	18.1	78.5	0.77	46.3	958.5	3.95
17	Bank of China	Asia	China	15%	14.1	80.2	0.63	230.0	3104.7	4.05
18	Credit Agricole	Europe	France	20%	27.6	111.9	0.50	100.9	2131.9	4.10
19	Deutsche Bank	Europe	Germany	18%	20.1	71.7	0.23	63.3	1549.6	4.10
20	Bank of America	North America	USA	15%	11.6	71.0	1.02	189.0	2355.0	4.20
21	Lloyds	UK	UK	23%	16.0	106.6	0.77	47.5	1009.6	4.20
22	JP Morgan	North America	USA	16%	11.4	69.0	1.37	209.1	2622.5	4.25
23	Credit Suisse	Europe	Switzerland	18%	17.5	76.1	0.69	47.0	784.6	4.45
24	Commerzbank	Europe	Germany	16%	16.4	83.7	0.27	27.7	531.5	4.50
25	Nomura	Asia	Japan	19%	15.6	108.9	0.47	23.5	369.4	4.55
26	BONYM	North America	USA	15%	9.8	23.6	1.04	21.0	363.0	4.60
27	Bank of Ireland	Europe	Ireland	19%	13.4	100.2	0.45	8.8	142.1	4.60
28	BPCE_Natixis	Europe	France	20%	24.9	123.9	0.56	71.9	1464.3	4.65
29	Societe Generale	Europe	France	17%	21.5	97.2	0.30	58.4	1505.1	4.70
30	ING Bank	Europe	Netherlands	17%	17.4	101.6	0.73	52.5	1019.6	4.75
31	Danske Bank	Europe	Denmark	21%	21.9	186.3	0.53	23.1	548.8	4.85
32	MSIP	UK	UK	15%	4.6	N/A	N/A	19.1	446.2	4.86
33	Investec Bank plc	UK	UK	17%	12.5	79.9	0.96	2.5	29.1	4.90
34	Unicredit Group	Europe	Italy	16%	14.9	100.2	0.41	58.0	955.7	4.90
35	BNP Paribas	Europe	France	15%	20.1	92.3	0.51	97.6	2345.8	4.95
36	Nordea	Europe	Sweden	20%	16.8	163.8	0.75	31.0	633.8	5.00
37	Santander	Europe	Spain	15%	15.1	111.8	0.64	89.3	1677.3	5.00
38	RBC	North America	Canada	15%	18.1	72.5	1.80	48.3	1018.9	5.70
N/A	Aviva	UK	UK	n/a	26.0	n/a	0.95	n/a	549.2	N/A
N/A	Prudential	UK	UK	n/a	29.5	n/a	2.56	n/a	662.9	N/A

TICS Fundamentals (market indicators): August 2019 ...

	Bank/Institution	Region	Sovereign	Market Cap (BLN \$)	260 Day share price Volatility	5 Year Beta	Prevailing share price relative to 12 month high	Consensus Analyst Rec	Overall Mkt. Indicators Score
WEIGHTINGS APPLIED TO FUNDAMENTALS (MARKET INDICATORS) SCORECARD:				50%	15%	15%	15%	5%	
1	ICBC	Asia	China	274.40	20.86	0.63	91%	BUY	1.45
2	JP Morgan	North America	USA	366.37	19.35	1.16	95%	BUY	1.75
3	Bank of America	North America	USA	274.50	23.99	1.55	92%	BUY	2.20
4	CCB	Asia	China	207.51	25.30	0.91	92%	BUY	2.25
5	ABC	Asia	China	176.39	19.44	0.62	90%	BUY	2.30
6	Bank of China	Asia	China	184.82	17.72	0.70	90%	BUY	2.45
7	Wells Fargo	North America	USA	211.50	20.25	1.08	79%	HOLD	2.75
8	HSBC	UK	UK	164.24	17.41	0.97	90%	HOLD	2.95
9	Citi	North America	USA	158.06	24.69	1.77	91%	BUY	3.35
10	RBC	North America	Canada	112.33	11.79	0.99	95%	BUY	3.60
11	Goldman Sachs	North America	USA	77.41	26.27	1.33	86%	BUY	4.70
12	Prudential	UK	UK	53.90	23.84	1.10	88%	BUY	5.05
13	Santander	Europe	Spain	69.75	22.21	1.49	80%	BUY	5.20
14	Morgan Stanley	North America	USA	72.22	25.37	1.31	84%	BUY	5.20
15	Lloyds	UK	UK	45.28	20.51	0.65	76%	BUY	5.25
16	BNP Paribas	Europe	France	59.31	23.82	1.35	75%	BUY	5.35
17	Barclays	UK	UK	32.69	22.87	0.70	78%	BUY	5.40
18	RBS	UK	UK	31.92	24.88	0.77	77%	BUY	5.40
19	Mitsubishi	Asia	Japan	66.41	20.11	1.69	70%	BUY	5.50
20	BONYM	North America	USA	44.02	22.05	1.07	85%	HOLD	5.60
21	Sumitomo	Asia	Japan	48.74	18.27	1.44	78%	BUY	5.70
22	Mizuho	Asia	Japan	36.93	14.13	1.29	76%	HOLD	5.75
23	Standard Chartered	UK	UK	27.42	24.38	1.36	91%	HOLD	5.75
24	Credit Agricole	Europe	France	34.54	25.25	1.45	79%	BUY	5.85
25	ING Bank	Europe	Netherlands	42.46	25.02	1.38	70%	BUY	5.85
26	Aviva	UK	UK	19.51	19.52	0.99	79%	BUY	5.90
27	UBS AG	Europe	Switzerland	47.46	22.59	1.36	67%	BUY	6.00
28	Nordea	Europe	Sweden	25.97	24.21	1.18	62%	HOLD	6.05
29	Credit Suisse	Europe	Switzerland	34.09	23.97	1.86	72%	BUY	6.15
30	Unicredit Group	Europe	Italy	26.40	34.01	1.78	70%	BUY	6.30
31	Danske Bank	Europe	Denmark	12.82	34.03	0.70	51%	BUY	6.35
32	State Street	North America	USA	20.71	28.07	1.45	62%	BUY	6.50
33	Investec Bank plc	UK	UK	5.93	28.21	1.13	80%	BUY	6.55
34	BPCE_Natixis	Europe	France	12.89	30.62	1.42	66%	HOLD	6.85
35	Societe Generale	Europe	France	22.07	27.11	1.44	59%	HOLD	6.85
36	Deutsche Bank	Europe	Germany	16.24	34.85	1.49	64%	HOLD	6.85
37	Nomura	Asia	Japan	12.13	30.13	1.70	66%	HOLD	7.15
38	Bank of Ireland	Europe	Ireland	4.78	34.49	1.36	50%	BUY	7.30
39	Commerzbank	Europe	Germany	8.58	38.15	1.42	62%	HOLD	7.35
N/A	MSIP	UK	UK	N/A	N/A	N/A	N/A	N/A	N/A

TICS Systemic importance: August 2019 ...

	Bank/Institution	Region	Sovereign	FSB G-SIB Status	GSIB Additional Tier 1 Capital Ratio (%)	Total Deposits (BLN \$)	Sovereign S&P Rating	Sovereign S&P Outlook	Number of employees	Systemic Importance score
WEIGHTINGS APPLIED TO SYSTEMIC IMPORTANCE SCOREACRD:				50%	15%	15%	10%	5%	5%	
1	JP Morgan	North America	USA	Y	2.5%	1470.67	AA+	STABLE	249,632	1.80
2	Citi	North America	USA	Y	2.0%	1013.23	AA+	STABLE	217,058	2.10
3	HSBC	UK	UK	Y	2.0%	1418.97	AA	NEGATIVE	235,217	2.29
4	Wells Fargo	North America	USA	Y	1.5%	1286.48	AA+	STABLE	258,686	2.35
5	Bank of America	North America	USA	Y	1.5%	1381.59	AA+	STABLE	201,834	2.40
6	Deutsche Bank	Europe	Germany	Y	2.0%	648.74	AAA	STABLE	91,737	2.40
7	ICBC	Asia	China	Y	1.5%	3125.39	A+	STABLE	449,296	2.50
8	Bank of China	Asia	China	Y	1.5%	2401.12	A+	STABLE	310,119	2.50
9	BNP Paribas	Europe	France	Y	1.5%	1006.28	AA	STABLE	189,509	2.60
10	Mitsubishi	Asia	Japan	Y	1.5%	1624.34	A+	POSITIVE	143,400	2.76
11	CCB	Asia	China	Y	1.0%	2706.01	A+	STABLE	345,971	2.95
12	ABC	Asia	China	Y	1.0%	2666.07	A+	STABLE	473,691	2.95
13	Barclays	UK	UK	Y	1.5%	585.27	AA	NEGATIVE	83,500	3.04
14	RBC	North America	Canada	Y	1.0%	610.54	AAA	STABLE	81,870	3.15
15	ING Bank	Europe	Netherlands	Y	1.0%	709.91	AAA	STABLE	52,233	3.20
16	UBS AG	Europe	Switzerland	Y	1.0%	430.80	AAA	STABLE	66,888	3.35
17	Credit Agricole	Europe	France	Y	1.0%	991.21	AA	STABLE	73,707	3.35
18	BPCE_Natixis	Europe	France	Y	1.0%	708.03	AA	STABLE	105,458	3.40
19	Societe Generale	Europe	France	Y	1.0%	561.79	AA	STABLE	149,022	3.40
20	Sumitomo	Asia	Japan	Y	1.0%	1102.82	A+	POSITIVE	77,205	3.46
21	Mizuho	Asia	Japan	Y	1.0%	1120.73	A+	POSITIVE	59,179	3.46
22	Goldman Sachs	North America	USA	Y	1.5%	157.92	AA+	STABLE	36,600	3.55
23	Credit Suisse	Europe	Switzerland	Y	1.0%	386.88	AAA	STABLE	45,680	3.55
24	Standard Chartered	UK	UK	Y	1.0%	420.73	AA	NEGATIVE	85,402	3.64
25	Santander	Europe	Spain	Y	1.0%	923.94	A-	POSITIVE	202,713	3.71
26	BONYM	North America	USA	Y	1.0%	238.97	AA+	STABLE	51,300	3.80
27	Morgan Stanley	North America	USA	Y	1.0%	187.82	AA+	STABLE	60,348	3.95
28	State Street	North America	USA	Y	1.0%	180.36	AA+	STABLE	40,142	4.00
29	Unicredit Group	Europe	Italy	Y	1.0%	630.12	BBB	NEGATIVE	86,786	4.39
30	Aviva	UK	UK	N	N/A	n/a	AA	NEGATIVE	31,232	7.49
31	Prudential	UK	UK	N	N/A	n/a	AA	NEGATIVE	23,792	7.54
32	Lloyds	UK	UK	N	N/A	538.48	AA	NEGATIVE	66,613	8.04
33	Commerzbank	Europe	Germany	N	N/A	342.75	AAA	STABLE	48,891	8.05
34	RBS	UK	UK	N	N/A	482.91	AA	NEGATIVE	65,400	8.19
35	Nordea	Europe	Sweden	N	n/a	214.01	AAA	STABLE	28,990	8.25
36	Danske Bank	Europe	Denmark	N	N/A	160.36	AAA	STABLE	20,683	8.40
37	MSIP	UK	UK	N	N/A	N/A	AA	NEGATIVE	344	8.81
38	Investec Bank plc	UK	UK	N	N/A	19.50	AA	NEGATIVE	10,000	8.94
39	Nomura	Asia	Japan	N	N/A	32.16	A+	POSITIVE	28,186	9.11
40	Bank of Ireland	Europe	Ireland	N	N/A	91.20	A+	STABLE	10,595	9.20

- **In addition to the Category and Amalgamated Scorecards, our Scorecards can also be used to identify:**
 - regional scores for the US, Europe, UK and Asia
 - scores for multi-bank / institution products baskets (offered by some providers)

Regional score analysis: August 2019 ...

UK	
Bank / Institution	Overall Scorecard
HSBC	338.9
Standard Chartered	511.1
MSIP	519.7
Lloyds	533.4
Prudential	552.4
Aviva	567.6
Barclays	572.4
Investec Bank plc	609.1
RBS	610.4
AVERAGE	535.00

NORTH AMERICA	
Bank / Institution	Overall Scorecard
JP Morgan	428.7
RBC	438.8
Bank of America	445.8
Wells Fargo	447.2
BONYM	448.3
State Street	474.7
Citi	492.0
Morgan Stanley	513.0
Goldman Sachs	517.3
AVERAGE	467.29

EUROPE	
Bank / Institution	Overall Scorecard
Credit Agricole	421.9
UBS AG	435.6
BNP Paribas	437.7
Nordea	446.3
Societe Generale	483.6
BPCE_Natixis	490.3
Santander	509.1
ING Bank	530.9
Danske Bank	534.8
Commerzbank	572.8
Credit Suisse	575.2
Deutsche Bank	631.1
Unicredit Group	672.7
Bank of Ireland	706.0
AVERAGE	531.98

ASIA	
Bank / Institution	Overall Scorecard
Bank of China	424.9
CCB	430.9
ICBC	438.2
Sumitomo	443.0
Mitsubishi	446.5
Mizuho	477.1
ABC	477.4
Nomura	612.7
AVERAGE	475.11

- **Professional advisers are expected to undertake robust issuer / counterparty due diligence**

“Firms should carry out sufficient due diligence into the counterparty and not rely solely on credit rating agencies ...”

“We expect firms to look more broadly than just the credit rating, such as the rating, outlook, credit default swap (CDS) spreads and other market information, as well as ‘fundamentals’ on the issuer’s balance sheet.”

- **Our Scorecards provide easy access to multiple, widely recognised measures and indicators of financial strength / credit risk:**

- that can help provoke and support detailed and more objective analysis, assessment, comparison, consideration and understanding of prospective issuers and counterparties, as part of product research and due diligence

- **Importantly, however, professional advisers should note our explanation of what our Scorecards are and what they are not - including understand that our Scorecards were developed for internal purposes, with a scoring system and weightings that we feel are appropriate:**

- and we highlight that we can readily support professional advisers who may have different views and / or want to apply or explore different weightings

- **Issuer / counterparty risk is the most fundamental risk of structured products**
- **Our Tempo Issuer & Counterparty Scorecards have been developed for internal purposes, to aid more objective due diligence consideration and selection (or rejection) of prospective issuers / counterparties:**
 - based on the criteria that we assess, the banks that we monitor are (with one or two exceptions) in the top percentile of the global banking universe (of circa 3,400 banks)
 - our Scorecards are designed to help provoke and support detailed **analysis, assessment, comparison, consideration** and **understanding** of issuers / counterparties, based upon multiple factors that are widely recognised measures / indicators of financial strength / credit risk
- **We publish our Scorecards as part of our approach to proactively providing transparency with regard to the processes behind our products:**
 - and to support professional advisers in their product research and issuer / counterparty due diligence
- **We explain our methodology and the weightings we use for internal purposes - having given considerable thought to how to combine, balance and reflect our views of the relative importance of the factors:**
 - importantly, we highlight what our Scorecards are: and what they are not
- **We feel strongly that prompting professional advisers to carefully consider this essential aspect of structured products, supporting their research due diligence, is the right thing to be doing and a significant positive**

- **It should always be understood that:**
 - structured products are not suitable for everyone
 - past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation
 - the value of investments and the income from them can go down as well as up
 - the value of structured products may be affected by the price of their underlying investments
 - capital is at risk and investors could lose some or all of their capital

- **The ‘Important risks’ section of our website highlights the key and other risks of structured products, in addition to explaining important information for Professional Advisers who wish to access the current products area of our website and who may use our structured product plans with their clients:**
 - www.tempo-sp.com/home/important-risks

- **Professional Advisers should access and read the relevant plan documents relating to any structured product plan of interest, in particular: the plan brochure; plan application pack, including, the terms and conditions of the plan; and the issuer’s securities prospectus, final terms sheet and key information document (KID), before making a recommendation to their clients**

- **Professional advisers should not invest in, or advise their clients to invest in, any investment product unless they and their clients understand them, in particular the relevant risks**

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Tempo Structured Products
Alpha Real Capital | TIME Investments

338 Euston Road
London NW1 3BG

Adviser line: +44 (0)207 391 4551

W: www.tempo-sp.com

W: www.alpharealcapital.com

W: www.time-investments.com

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