

---



# TEMPO

## STRUCTURED PRODUCTS

AN ALPHA REAL CAPITAL GROUP COMPANY

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

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

## KEY ALPHA STATISTICS:

(as at 31 Mar 2018)

**£2.4bn+**

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%		<b>40%</b>
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%		<b>15%</b>
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%	<b>30%</b>
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%		<b>10%</b>
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%	<b>5%</b>

- **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

### > February 2019

# TICS Amalgamated: February 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	3.75	3.15	2.95	2.29	351.7
2	Nordea	Europe	Sweden	N	2.67	4.05	4.60	5.55	8.20	401.9
3	ICBC	Asia	China	Y	5.67	N/A	3.95	1.75	2.50	441.7
4	BONYM	North America	USA	Y	5.00	2.35	4.60	5.10	3.80	443.3
5	Bank of China	Asia	China	Y	5.67	4.15	3.95	2.90	2.50	448.9
6	JP Morgan	North America	USA	Y	5.67	4.40	4.25	2.05	1.80	449.7
7	Mitsubishi	Asia	Japan	Y	5.92	2.30	3.80	5.80	2.76	457.0
8	UBS AG	Europe	Switzerland	Y	5.33	3.60	3.95	5.50	3.35	457.6
9	CCB	Asia	China	Y	5.67	N/A	4.10	2.55	2.95	459.1
10	Wells Fargo	North America	USA	Y	6.08	4.30	3.85	2.55	2.35	460.6
11	RBC	North America	Canada	Y	4.33	4.65	5.75	3.60	3.15	467.3
12	Credit Agricole	Europe	France	Y	4.92	4.45	4.35	6.00	3.25	470.2
13	Sumitomo	Asia	Japan	Y	5.92	3.30	3.90	5.20	3.41	472.2
14	State Street	North America	USA	Y	5.00	N/A	4.10	6.00	4.00	474.1
15	Bank of America	North America	USA	Y	6.33	4.40	4.20	2.20	2.40	479.3
16	BNP Paribas	Europe	France	Y	4.92	4.95	4.85	5.35	2.60	482.9
17	Mizuho	Asia	Japan	Y	6.25	3.70	3.90	5.60	3.46	495.8
18	ABC	Asia	China	Y	5.67	6.40	4.60	2.75	2.95	502.9
19	BPCE_Natixis	Europe	France	Y	5.00	5.15	4.90	6.80	3.40	509.3
20	Citi	North America	USA	Y	7.33	4.70	3.70	3.35	2.25	519.6
21	Societe Generale	Europe	France	Y	5.58	5.10	4.70	6.35	3.40	521.3
22	Standard Chartered	UK	UK	N	6.67	5.35	3.55	6.05	3.64	532.1
23	MSIP	UK	UK	N	5.00	N/A	5.43	N/A	8.81	542.5
24	Morgan Stanley	North America	USA	Y	7.00	5.15	3.85	5.20	3.95	544.5
25	Santander	Europe	Spain	Y	6.33	5.20	5.00	5.00	3.71	549.9
26	Lloyds	UK	UK	N	6.67	5.10	4.20	4.45	8.04	553.9
27	Prudential	UK	UK	Y	6.00	4.20	N/A	5.20	7.54	561.0
28	Goldman Sachs	North America	USA	N	7.00	6.05	4.25	5.20	3.55	568.0
29	ING Bank	Europe	Netherlands	Y	6.67	5.85	5.30	6.00	3.20	589.4
30	Barclays	UK	UK	N	8.33	5.75	3.45	5.25	3.04	590.8
31	Danske Bank	Europe	Denmark	Y	6.25	6.00	4.85	6.35	8.45	591.3
32	Aviva	UK	UK	Y	5.92	5.40	N/A	5.90	7.49	591.5
33	Credit Suisse	Europe	Switzerland	N	7.92	5.70	3.70	6.30	3.55	593.9
34	Nomura	Asia	Japan	Y	7.42	3.95	4.15	7.00	9.11	596.0
35	Commerzbank	Europe	Germany	N	6.75	6.45	3.95	7.50	8.05	600.5
36	Investec Bank plc	UK	UK	N	6.50	N/A	5.05	6.85	8.94	618.0
37	RBS	UK	UK	Y	8.17	7.00	3.70	5.10	8.04	633.9
38	Deutsche Bank	Europe	Germany	N	7.83	8.85	3.85	7.25	2.40	646.1
39	Unicredit Group	Europe	Italy	N	8.83	8.80	3.90	6.60	4.39	690.3
40	Bank of Ireland	Europe	Ireland	Y	9.50	4.75	4.35	7.15	9.20	699.3

# TICS Credit ratings: February 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	NULL	STABLE	AA-	STABLE	2.67
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	Credit Agricole	Europe	France	A+	STABLE	A1	POSITIVE	A+	STABLE	4.92
5	BNP Paribas	Europe	France	A	POSITIVE	Aa3	STABLE	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	Mitsubishi	Asia	Japan	A-	POSITIVE	A1	STABLE	A	STABLE	5.92
18	Sumitomo	Asia	Japan	A-	POSITIVE	A1	STABLE	A	STABLE	5.92
19	Aviva	UK	UK	A-	POSITIVE	A2	STABLE	A+	STABLE	5.92
20	Prudential	UK	UK	A	STABLE	A2	STABLE	A	STABLE	6.00
21	Wells Fargo	North America	USA	A-	STABLE	A2	NEGATIVE	A+	STABLE	6.08
22	Danske Bank	Europe	Denmark	A	NEGATIVE	A2	NEGATIVE	A	NEGATIVE	6.25
23	Mizuho	Asia	Japan	A-	POSITIVE	A1	STABLE	A-	STABLE	6.25
24	Bank of America	North America	USA	A-	STABLE	A3	STABLE	A+	STABLE	6.33
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	Baa1	STABLE	A	STABLE	7.33
34	Nomura	Asia	Japan	A-	NEGATIVE	Baa1	STABLE	A-	STABLE	7.42
35	Deutsche Bank	Europe	Germany	BBB+	STABLE	A3	NEGATIVE	BBB+	NEGATIVE	7.83
36	Credit Suisse	Europe	Switzerland	BBB+	STABLE	Baa2	STABLE	A-	POSITIVE	7.92
37	RBS	UK	UK	BBB-	POSITIVE	Baa2	POSITIVE	A	STABLE	8.17
38	Barclays	UK	UK	BBB	STABLE	Baa3	STABLE	A	STABLE	8.33
39	Unicredit Group	Europe	Italy	BBB	NEGATIVE	Baa1	STABLE	BBB	NEGATIVE	8.83
40	Bank of Ireland	Europe	Ireland	BBB-	POSITIVE	Baa3	POSITIVE	BBB	STABLE	9.50

# TICS CDS: February 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	Mitsubishi	Asia	Japan	29.14	11.98	23%	16%	2.30
2	BONYM	North America	USA	40.35	8.62	0%	0%	2.35
3	Sumitomo	Asia	Japan	36.72	14.90	48%	20%	3.30
4	UBS AG	Europe	Switzerland	33.38	9.24	107%	65%	3.60
5	Mizuho	Asia	Japan	40.05	15.41	57%	34%	3.70
6	HSBC	UK	UK	32.53	11.20	95%	60%	3.75
7	Nomura	Asia	Japan	52.70	25.43	22%	13%	3.95
8	Nordea	Europe	Sweden	40.39	10.10	73%	53%	4.05
9	Bank of China	Asia	China	70.16	13.19	12%	37%	4.15
10	Prudential	UK	UK	52.75	15.58	39%	60%	4.20
11	Wells Fargo	North America	USA	56.57	20.15	41%	39%	4.30
12	Bank of America	North America	USA	55.58	24.33	44%	45%	4.40
13	JP Morgan	North America	USA	53.61	22.89	46%	41%	4.40
14	Credit Agricole	Europe	France	44.45	13.87	151%	80%	4.45
15	RBC	North America	Canada	60.61	22.64	80%	23%	4.65
16	Citi	North America	USA	63.02	27.19	58%	42%	4.70
17	Bank of Ireland	Europe	Ireland	57.24	25.47	62%	33%	4.75
18	BNP Paribas	Europe	France	51.69	14.51	153%	68%	4.95
19	Lloyds	UK	UK	52.49	20.29	84%	50%	5.10
20	Societe Generale	Europe	France	52.90	19.58	144%	68%	5.10
21	BPCE_Natixis	Europe	France	51.36	29.98	85%	50%	5.15
22	Morgan Stanley	North America	USA	71.91	29.45	49%	45%	5.15
23	Santander	Europe	Spain	56.92	16.05	140%	79%	5.20
24	Standard Chartered	UK	UK	78.41	20.07	58%	96%	5.35
25	Aviva	UK	UK	69.37	19.09	71%	58%	5.40
26	Credit Suisse	Europe	Switzerland	75.35	18.76	101%	51%	5.70
27	Barclays	UK	UK	68.14	30.38	90%	46%	5.75
28	ING Bank	Europe	Netherlands	75.96	21.14	121%	56%	5.85
29	Danske Bank	Europe	Denmark	66.14	29.05	173%	65%	6.00
30	Goldman Sachs	North America	USA	83.76	33.43	66%	49%	6.05
31	ABC	Asia	China	153.00	22.00	0%	0%	6.40
32	Commerzbank	Europe	Germany	93.35	24.65	120%	59%	6.45
33	RBS	UK	UK	113.07	34.94	76%	94%	7.00
34	Unicredit Group	Europe	Italy	151.21	73.06	187%	79%	8.80
35	Deutsche Bank	Europe	Germany	154.13	77.49	162%	71%	8.85
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: February 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	2.67	4.05	3.15
2	HSBC	UK	UK	4.00	3.75	3.91
3	BONYM	North America	USA	5.00	2.35	4.07
4	RBC	North America	Canada	4.33	4.65	4.44
5	Mitsubishi	Asia	Japan	5.92	2.30	4.65
6	UBS AG	Europe	Switzerland	5.33	3.60	4.73
7	Credit Agricole	Europe	France	4.92	4.45	4.75
8	BNP Paribas	Europe	France	4.92	4.95	4.93
9	State Street	North America	USA	5.00	N/A	5.00
10	MSIP	UK	UK	5.00	N/A	5.00
11	Sumitomo	Asia	Japan	5.92	3.30	5.00
12	BPCE_Natixis	Europe	France	5.00	5.15	5.05
13	Bank of China	Asia	China	5.67	4.15	5.14
14	JP Morgan	North America	USA	5.67	4.40	5.22
15	Mizuho	Asia	Japan	6.25	3.70	5.36
16	Prudential	UK	UK	6.00	4.20	5.37
17	Societe Generale	Europe	France	5.58	5.10	5.41
18	Wells Fargo	North America	USA	6.08	4.30	5.46
19	Bank of America	North America	USA	6.33	4.40	5.66
20	ICBC	Asia	China	5.67	N/A	5.67
21	CCB	Asia	China	5.67	N/A	5.67
22	Aviva	UK	UK	5.92	5.40	5.74
23	ABC	Asia	China	5.67	6.40	5.92
24	Santander	Europe	Spain	6.33	5.20	5.94
25	Lloyds	UK	UK	6.67	5.10	6.12
26	Danske Bank	Europe	Denmark	6.25	6.00	6.16
27	Nomura	Asia	Japan	7.42	3.95	6.20
28	Standard Chartered	UK	UK	6.67	5.35	6.21
29	Morgan Stanley	North America	USA	7.00	5.15	6.35
30	ING Bank	Europe	Netherlands	6.67	5.85	6.38
31	Citi	North America	USA	7.33	4.70	6.41
32	Investec Bank plc	UK	UK	6.50	N/A	6.50
33	Commerzbank	Europe	Germany	6.75	6.45	6.65
34	Goldman Sachs	North America	USA	7.00	6.05	6.67
35	Credit Suisse	Europe	Switzerland	7.92	5.70	7.14
36	Barclays	UK	UK	8.33	5.75	7.43
37	RBS	UK	UK	8.17	7.00	7.76
38	Bank of Ireland	Europe	Ireland	9.50	4.75	7.84
39	Deutsche Bank	Europe	Germany	7.83	8.85	8.19
40	Unicredit Group	Europe	Italy	8.83	8.80	8.82

# TICS Fundamentals (balance sheet): February 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	21%	15.0	74.0	0.90	151.0	2521.8	3.15
2	Barclays	UK	UK	22%	17.7	86.9	0.43	72.9	1531.4	3.45
3	Standard Chartered	UK	UK	21%	12.9	77.7	0.52	44.9	663.5	3.55
4	Credit Suisse	Europe	Switzerland	21%	19.0	74.4	0.72	52.5	812.5	3.70
5	RBS	UK	UK	24%	15.3	84.4	0.61	53.5	997.4	3.70
6	Citi	North America	USA	18%	10.8	71.8	0.78	164.8	1842.5	3.70
7	Mitsubishi	Asia	Japan	17%	19.2	61.0	0.46	153.0	2890.5	3.80
8	Deutsche Bank	Europe	Germany	19%	21.7	69.9	0.24	69.4	1776.8	3.85
9	Morgan Stanley	North America	USA	22%	12.4	90.4	0.93	70.0	851.7	3.85
10	Wells Fargo	North America	USA	17%	11.0	72.8	1.14	178.2	1951.8	3.85
11	Mizuho	Asia	Japan	18%	22.6	63.5	0.50	86.6	1930.8	3.90
12	Sumitomo	Asia	Japan	19%	19.2	62.6	0.52	99.9	1874.5	3.90
13	Unicredit Group	Europe	Italy	18%	14.1	99.1	0.41	65.9	1008.2	3.90
14	Commerzbank	Europe	Germany	18%	15.7	76.6	0.28	31.3	545.2	3.95
15	ICBC	Asia	China	15%	12.7	71.4	0.89	324.1	4007.2	3.95
16	UBS AG	Europe	Switzerland	22%	18.0	80.2	0.89	44.3	934.3	3.95
17	Bank of China	Asia	China	14%	13.9	79.3	0.69	224.4	2990.4	3.95
18	CCB	Asia	China	16%	12.4	81.1	0.92	272.2	3398.5	4.10
19	State Street	North America	USA	16%	9.7	12.6	1.09	15.4	238.5	4.10
20	Nomura	Asia	Japan	18%	14.7	86.0	0.53	25.1	403.5	4.15
21	Bank of America	North America	USA	16%	11.6	75.7	1.04	191.5	2281.5	4.20
22	Lloyds	UK	UK	21%	16.6	109.9	0.86	49.1	1097.4	4.20
23	JP Morgan	North America	USA	16%	11.4	66.3	1.32	208.6	2533.6	4.25
24	Goldman Sachs	North America	USA	17%	10.4	86.3	0.82	78.3	916.8	4.25
25	Credit Agricole	Europe	France	19%	27.2	115.3	0.49	101.6	2124.3	4.35
26	Bank of Ireland	Europe	Ireland	20%	13.8	104.3	0.62	9.2	147.7	4.35
27	BONYM	North America	USA	15%	9.9	25.1	1.24	22.0	371.8	4.60
28	Nordea	Europe	Sweden	23%	17.5	170.0	0.98	33.7	700.7	4.60
29	ABC	Asia	China	14%	15.6	62.4	0.80	218.1	3234.0	4.60
30	Societe Generale	Europe	France	17%	21.8	96.9	0.36	59.7	1536.3	4.70
31	BNP Paribas	Europe	France	15%	19.6	95.1	0.51	101.7	2361.7	4.85
32	Danske Bank	Europe	Denmark	23%	21.0	187.3	0.64	24.3	570.0	4.85
33	BPCE_Natixis	Europe	France	19%	26.3	125.7	0.72	71.7	1517.9	4.90
34	Santander	Europe	Spain	15%	15.1	112.5	0.69	93.1	1740.1	5.00
35	Investec Bank plc	UK	UK	17%	12.1	79.8	1.04	2.5	27.2	5.05
36	ING Bank	Europe	Netherlands	15%	16.8	103.2	0.82	54.5	1019.7	5.30
37	MSIP	UK	UK	13%	3.8	N/A	N/A	17.0	461.4	5.43
38	RBC	North America	Canada	14%	18.1	69.0	1.80	45.6	947.5	5.75
N/A	Aviva	UK	UK	n/a	26.1	n/a	1.00	n/a	641.2	N/A
N/A	Prudential	UK	UK	n/a	30.7	n/a	2.42	n/a	646.4	N/A



# TICS Fundamentals (market indicators): February 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	291.83	25.61	0.67	73%	BUY	1.75
2	JP Morgan	North America	USA	344.18	22.09	1.10	88%	BUY	2.05
3	Bank of America	North America	USA	275.28	25.81	1.46	87%	BUY	2.20
4	CCB	Asia	China	237.94	29.99	0.95	72%	BUY	2.55
5	Wells Fargo	North America	USA	230.23	23.62	1.09	74%	BUY	2.55
6	ABC	Asia	China	190.35	23.79	0.65	77%	BUY	2.75
7	Bank of China	Asia	China	159.02	20.11	0.74	76%	BUY	2.90
8	HSBC	UK	UK	167.71	18.32	0.96	83%	HOLD	2.95
9	Citi	North America	USA	157.42	25.10	1.67	81%	BUY	3.35
10	RBC	North America	Canada	110.17	12.41	0.94	95%	BUY	3.60
11	Lloyds	UK	UK	53.98	18.50	0.67	82%	BUY	4.45
12	Santander	Europe	Spain	77.08	22.11	1.46	67%	BUY	5.00
13	RBS	UK	UK	38.03	25.43	0.69	81%	BUY	5.10
14	BONYM	North America	USA	51.73	22.96	1.02	90%	HOLD	5.10
15	Sumitomo	Asia	Japan	50.38	19.95	1.47	77%	BUY	5.20
16	Goldman Sachs	North America	USA	73.65	27.40	1.22	72%	BUY	5.20
17	Morgan Stanley	North America	USA	72.76	28.02	1.20	72%	BUY	5.20
18	Prudential	UK	UK	50.47	23.57	1.11	77%	BUY	5.20
19	Barclays	UK	UK	35.51	22.62	0.64	72%	BUY	5.25
20	BNP Paribas	Europe	France	58.82	20.65	1.27	60%	BUY	5.35
21	UBS AG	Europe	Switzerland	56.76	23.24	1.36	67%	BUY	5.50
22	Nordea	Europe	Sweden	36.78	21.57	1.22	83%	BUY	5.55
23	Mizuho	Asia	Japan	40.08	14.64	1.26	82%	HOLD	5.60
24	Mitsubishi	Asia	Japan	71.37	22.43	1.71	66%	BUY	5.80
25	Aviva	UK	UK	21.17	19.05	1.02	75%	BUY	5.90
26	Credit Agricole	Europe	France	32.80	20.72	1.45	64%	BUY	6.00
27	ING Bank	Europe	Netherlands	46.11	22.06	1.33	64%	BUY	6.00
28	State Street	North America	USA	26.94	28.73	1.38	64%	BUY	6.00
29	Standard Chartered	UK	UK	26.61	23.29	1.34	72%	HOLD	6.05
30	Credit Suisse	Europe	Switzerland	35.18	24.53	1.77	65%	BUY	6.30
31	Societe Generale	Europe	France	25.19	20.73	1.49	56%	HOLD	6.35
32	Danske Bank	Europe	Denmark	16.62	29.18	0.75	50%	BUY	6.35
33	Unicredit Group	Europe	Italy	25.85	32.18	1.76	54%	BUY	6.60
34	BPCE_Natixis	Europe	France	16.19	25.50	1.55	60%	BUY	6.80
35	Investec Bank plc	UK	UK	6.62	30.00	1.14	76%	BUY	6.85
36	Nomura	Asia	Japan	13.53	23.01	1.68	59%	HOLD	7.00
37	Bank of Ireland	Europe	Ireland	6.61	29.46	1.56	65%	BUY	7.15
38	Deutsche Bank	Europe	Germany	18.39	33.77	1.41	50%	SELL	7.25
39	Commerzbank	Europe	Germany	9.01	35.17	1.28	46%	HOLD	7.50
N/A	MSIP	UK	UK	N/A	N/A	N/A	N/A	N/A	N/A

# TICS Systemic importance: February 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%	1443.98	AA+	STABLE	246,337	1.80
2	Citi	North America	USA	Y	2.0%	959.89	AA+	STABLE	223,495	2.25
3	HSBC	UK	UK	Y	2.0%	1434.38	AA	NEGATIVE	228,687	2.29
4	Wells Fargo	North America	USA	Y	1.5%	1336.32	AA+	STABLE	262,722	2.35
5	Bank of America	North America	USA	Y	1.5%	1309.84	AA+	STABLE	206,986	2.40
6	Deutsche Bank	Europe	Germany	Y	2.0%	699.77	AAA	STABLE	97,535	2.40
7	ICBC	Asia	China	Y	1.5%	3171.17	A+	STABLE	453,048	2.50
8	Bank of China	Asia	China	Y	1.5%	2316.93	A+	STABLE	311,133	2.50
9	BNP Paribas	Europe	France	Y	1.5%	1008.69	AA	STABLE	189,509	2.60
10	Mitsubishi	Asia	Japan	Y	1.5%	1669.76	A+	POSITIVE	143,400	2.76
11	CCB	Asia	China	Y	1.0%	2513.63	A+	STABLE	352,621	2.95
12	ABC	Asia	China	Y	1.0%	2637.33	A+	STABLE	487,307	2.95
13	Barclays	UK	UK	Y	1.5%	630.87	AA	NEGATIVE	79,900	3.04
14	RBC	North America	Canada	Y	1.0%	616.90	AAA	STABLE	78,210	3.15
15	ING Bank	Europe	Netherlands	Y	1.0%	710.25	AAA	STABLE	51,504	3.20
16	Credit Agricole	Europe	France	Y	1.0%	959.35	AA	STABLE	140,596	3.25
17	UBS AG	Europe	Switzerland	Y	1.0%	425.03	AAA	STABLE	61,253	3.35
18	BPCE_Natixis	Europe	France	Y	1.0%	702.45	AA	STABLE	106,463	3.40
19	Societe Generale	Europe	France	Y	1.0%	573.10	AA	STABLE	147,125	3.40
20	Sumitomo	Asia	Japan	Y	1.0%	1096.88	A+	POSITIVE	77,205	3.41
21	Mizuho	Asia	Japan	Y	1.0%	1177.90	A+	POSITIVE	59,179	3.46
22	Goldman Sachs	North America	USA	Y	1.5%	138.36	AA+	STABLE	36,600	3.55
23	Credit Suisse	Europe	Switzerland	Y	1.0%	384.26	AAA	STABLE	46,840	3.55
24	Standard Chartered	UK	UK	Y	1.0%	401.45	AA	NEGATIVE	86,021	3.64
25	Santander	Europe	Spain	Y	1.0%	946.17	A-	POSITIVE	202,251	3.71
26	BONYM	North America	USA	Y	1.0%	244.39	AA+	STABLE	52,500	3.80
27	Morgan Stanley	North America	USA	Y	1.0%	159.44	AA+	STABLE	57,633	3.95
28	State Street	North America	USA	Y	1.0%	184.90	AA+	STABLE	36,643	4.00
29	Unicredit Group	Europe	Italy	Y	1.0%	635.38	BBB	NEGATIVE	91,952	4.39
30	Aviva	UK	UK	N	N/A	n/a	AA	NEGATIVE	30,021	7.49
31	Prudential	UK	UK	N	N/A	n/a	AA	NEGATIVE	27,151	7.54
32	Lloyds	UK	UK	N	N/A	570.40	AA	NEGATIVE	69,726	8.04
33	RBS	UK	UK	N	N/A	549.34	AA	NEGATIVE	69,700	8.04
34	Commerzbank	Europe	Germany	N	N/A	353.57	AAA	STABLE	49,417	8.05
35	Nordea	Europe	Sweden	N	n/a	230.90	AAA	STABLE	30,399	8.20
36	Danske Bank	Europe	Denmark	N	N/A	172.20	AAA	STABLE	19,768	8.45
37	MSIP	UK	UK	N	N/A	N/A	AA	NEGATIVE	327	8.81
38	Investec Bank plc	UK	UK	N	N/A	17.93	AA	NEGATIVE	10,146	8.94
39	Nomura	Asia	Japan	N	N/A	34.92	A+	POSITIVE	28,186	9.11
40	Bank of Ireland	Europe	Ireland	N	N/A	92.36	A+	STABLE	11,196	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: February 2019 ...

UK	
Bank / Institution	Overall Scorecard
HSBC	351.7
Standard Chartered	532.1
MSIP	542.5
Lloyds	553.9
Prudential	561.0
Barclays	590.8
Aviva	591.5
Investec Bank plc	618.0
RBS	633.9
<b>AVERAGE</b>	<b>552.81</b>

NORTH AMERICA	
Bank / Institution	Overall Scorecard
BONYM	443.3
JP Morgan	449.7
Wells Fargo	460.6
RBC	467.3
State Street	474.1
Bank of America	479.3
Citi	519.6
Morgan Stanley	544.5
Goldman Sachs	568.0
<b>AVERAGE</b>	<b>489.60</b>

EUROPE	
Bank / Institution	Overall Scorecard
Nordea	401.9
UBS AG	457.6
Credit Agricole	470.2
BNP Paribas	482.9
BPCE_Natixis	509.3
Societe Generale	521.3
Santander	549.9
ING Bank	589.4
Danske Bank	591.3
Credit Suisse	593.9
Commerzbank	600.5
Deutsche Bank	646.1
Unicredit Group	690.3
Bank of Ireland	699.3
<b>AVERAGE</b>	<b>557.41</b>

ASIA	
Bank / Institution	Overall Scorecard
ICBC	441.7
Bank of China	448.9
Mitsubishi	457.0
CCB	459.1
Sumitomo	472.2
Mizuho	495.8
ABC	502.9
Nomura	596.0
<b>AVERAGE</b>	<b>484.21</b>

- **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](http://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**

# Important notice

---

This document is a financial promotion issued by Tempo Structured Products and approved by TIME Investments.

This document is intended only to be presented to, and used by, FCA authorised persons, including financial advisory firms and wealth managers ('professional advisers'). It is not suitable for, and must not be distributed to, clients or potential clients of any recipient.

No investment, legal, tax recommendation or advice of any type and no suggestion of suitability of any investment for any prospective investor is given or implied in this document. The information in this document does not take account of the investment objectives, particular needs or financial situation of any client or potential client of any professional adviser to whom this document is distributed. There are risks associated with an investment in any structured product.

This document is for your information only and is not intended as an offer, or recommendation or solicitation of an offer to buy or sell any investment, security, financial instrument or other specific product, to conclude a transaction, or to provide any investment service or investment advice, or to provide any research, investment research or investment recommendation, in any jurisdiction.

By accepting this document you will be taken to have represented, warranted and undertaken that: (i) you are a professional adviser (as referred to above); (ii) that you have read, agree to and will comply with the contents of this notice; (iii) you will conduct your own analysis or other verification of the data set out in this document and will bear the responsibility for all or any costs incurred in doing so; and (iv) that you are not accessing and accepting this document from any jurisdiction other than the United Kingdom, in compliance with all laws and regulations applicable to such access and acceptance.

This document and all information herein are provided "as is", "as available" and no representation or warranty of any kind, express, implied or statutory, is made by regarding any statement or information herein or in conjunction with this document. Any opinions, market prices, estimates, forward looking statements, hypothetical statements, forecast returns or other opinions leading to financial conclusions herein reflect our subjective judgment as of the date of this document. Any forward looking information has been prepared on a number of assumptions which may prove to be incorrect and, accordingly, actual results may vary. Past performance is no guarantee of future results; nothing herein shall constitute any representation, warranty or prediction as to future performance of any issuer.

Considerable care has been taken to ensure the information in this document is accurate, however no representation or warranty is given as to the accuracy or completeness of any information and no reliance may be placed for any purpose whatsoever on the information or opinions contained in this document or on its completeness and no liability whatsoever is accepted for any loss howsoever arising from any use of this document or its contents otherwise in connection therewith.



## Contact details:

---

**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](http://www.tempo-sp.com)

**W:** [www.alpharealcapital.com](http://www.alpharealcapital.com)

**W:** [www.time-investments.com](http://www.time-investments.com)

Tempo Structured Products is a trading name of ARCSP LLP, registered in England under number OC400846, with its registered offices at 338 Euston Road, London NW1 3BG. Tempo Structured Products is an appointed representative of TIME Investments, which is a trading name of Alpha Real Property Investment Advisers LLP. Alpha Real Property Investment Advisers is authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS, under FCA No. 534723. Tempo Structured Products and TIME Investments are subsidiaries of Alpha Real Capital LLP, which is authorised and regulated by the Financial Conduct Authority, under FCA No. 436048.