IBL Banca SpA

Rating report

Issuer
BBB
Outlook
Stable

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Summary and Outlook

IBL Banca SpA (IBL)'s issuer rating of BBB reflects the following assessments:

Business model assessment: Consistent (Low). IBL is a small bank that enjoys a strong market position in the Italian PDL sector, a low-risk business segment. Business diversification, particularly into the NPE business, has reduced earnings volatility across the cycle.

Operating environment assessment: Supportive (Low). Italy has a large and diversified economy but is constrained by high debt levels and limited fiscal flexibility. Being part of the European banking union, the regulatory and supervisory environment is considered highly supportive for the financial stability of banks.

Long-term sustainability assessment (ESG factor): Developing. The assessment reflects IBL's commitment to digitalisation to increase efficiency and respond to competitive pressures. As far as governance is concerned, we highlight the key person risk related to the bank's CEO who has held its position since 1998 and owns 50% of the bank. Social and environmental considerations are not material for the ratings.

Earnings and risk exposures assessment: Supportive. Historically, IBL enjoyed strong profitability driven by high margins and low cost of risk. But in a higher interest rate environment, core performance has come under pressure due to the slow repricing of the PDL portfolio and soaring funding costs. We expect earnings to rebound in the next three years, as the PDL portfolio will be repriced and funding cost will decline. Cost savings via several management initiatives will also support the bottom line.

Asset quality remains very strong, reflecting the low-risk nature of the PDL business. The group's exposure to Italian government bonds is material but does not constrain the assessment. Bonds are used as collateral for short-term repo financing.

Financial viability assessment: Adequate. The group maintains a sound solvency profile, with a minimum buffer of more than 300 bp to regulatory requirements as of December 2024.

The lack of a large captive deposit base is a disadvantage for IBL. IBL is primarily funded by a mix of repos, customer deposits, and self-securitisation.

The upside scenario for the ratings and Outlooks:

- A significant improvement in IBL's financial profile, including stronger prudential ratios and a greater weight of stable retail funding

The downside scenarios for the ratings and Outlooks:

- Failure to materially improve profitability in the medium term, or evidence that the group's risk appetite has increased in order to achieve its return targets
- Tighter management of buffers to minimum capital requirements
- Challenges to the bank's funding profile, as market conditions may hinder the ability to extensively use Italian sovereign debt securities for repo funding purposes

Table 1: Rating drivers

<table>
<tr><th colspan="2">Rating drivers</th><th colspan="30">Assessment</th></tr>
<tr><td rowspan="7">STEP 1</td><td>Operating environment</td><td colspan="6">Very constraining</td><td colspan="6">Constraining</td><td colspan="6">Moderately supportive</td><td colspan="6">Supportive</td><td colspan="6">Very supportive</td></tr>
<tr><td>Low/High</td><td colspan="15">Low</td><td colspan="15">High</td></tr>
<tr><td>Business model</td><td colspan="6">Narrow</td><td colspan="6">Focused</td><td colspan="6">Consistent</td><td colspan="6">Resilient</td><td colspan="6">Very resilient</td></tr>
<tr><td>Low/High</td><td colspan="15">Low</td><td colspan="15">High</td></tr>
<tr><td>Initial mapping</td><td colspan="30">bbb-</td></tr>
<tr><td>Long-term sustainability</td><td colspan="6">Lagging</td><td colspan="6">Constrained</td><td colspan="6">Developing</td><td colspan="6">Advanced</td><td colspan="6">Best in class</td></tr>
<tr><td>Adjusted anchor</td><td colspan="30">bbb-</td></tr>
<tr><td rowspan="4">STEP 2</td><td>Earnings capacity & risk exposures</td><td colspan="6">Very constraining</td><td colspan="6">Constraining</td><td colspan="6">Neutral</td><td colspan="6">Supportive</td><td colspan="6">Very supportive</td></tr>
<tr><td>Financial viability management</td><td colspan="5">At risk</td><td colspan="5">Stretched</td><td colspan="5">Limited</td><td colspan="5">Adequate</td><td colspan="5">Comfortable</td><td colspan="5">Ample</td></tr>
<tr><td>Additional factors</td><td colspan="6">Significant downside factor</td><td colspan="6">Material downside factor</td><td colspan="6">Neutral</td><td colspan="6">Material upside factor</td><td colspan="6">Significant upside factor</td></tr>
<tr><td>Standalone rating</td><td colspan="30">bbb</td></tr>
<tr><td>STEP 3</td><td>External support</td><td colspan="30">Not applicable</td></tr>
<tr><td colspan="2">Issuer rating</td><td colspan="30">BBB</td></tr>
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Table 2: Credit ratings

		Credit rating	Outlook
Issuer	**IBL Banca SpA**		
	Issuer rating	BBB	Stable
	Short-term debt rating	S-2	Stable

1. Business model

'Consistent – low' business model assessment

Privately owned IBL Banca S.p.A. is the parent company of the IBL group, a specialised lender with total assets just shy of EUR 10bn as of YE 2024.

The core business has always been payroll-deductible loans (PDLs), where the group serves both working and retired borrowers. Over the past 20 years, the group has diversified its product offering, first within the PDL segment by targeting private employees and introducing TFS loans[1], and more recently beyond PDLs into other consumer credit products. As of the end of 2024, PDLs (including TFS loans) accounted for over 80% of the group's total loan portfolio (see Figure 1).

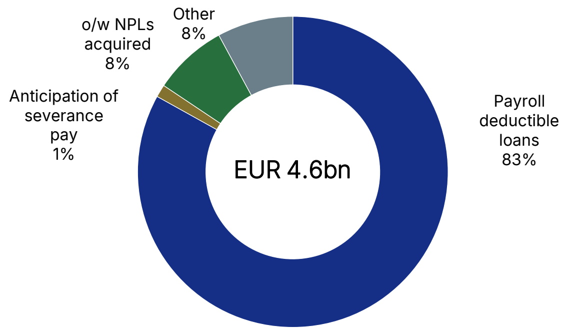
The low-risk nature of PDLs is a key positive

Although PDLs are classified as consumer credit products, they are much less risky than other personal loans because they are guaranteed by the borrower's employer (e.g. the Italian government in the case of civil servants and pensioners). In addition, the product benefits from third party insurance against the risk of loss of employment or death.

Leading position in PDLs but competition has increased

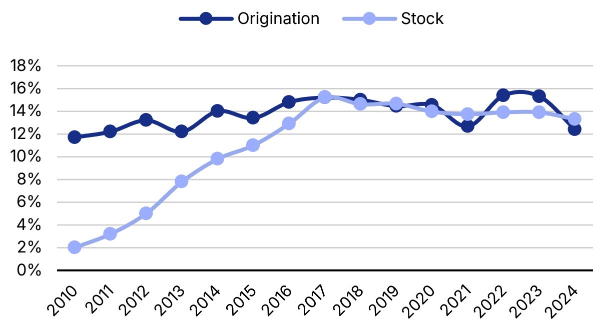
The group has the highest market share in the Italian PDL market, both in terms of origination and year-end outstandings (Figure 2). However, pricing power is limited due to sector fragmentation and increased competition. The market has traditionally had high barriers to entry due to the specificity of the product, which entails a lengthy origination process and multiple participants. But in 2020, Capital Requirements Regulation II halved the capital requirement for PDLs, making the product more attractive to larger players.

Figure 1: IBL - Loan book breakdown, as of YE 2024



Sources: IBL, Scope Ratings.

Figure 2: IBL – Market shares in the PDL segment



Sources: Scope's estimates based on IBL and Assofin data

Diversification of activities beyond the core business has gained ground

Faced with margin erosion in the PDL market, IBL has been diversifying its revenues through strategic partnerships and acquisitions outside of its core business, particularly in non-performing exposures. Investment of capital and resources in these new ventures is well managed and has steadily grown over the past years. Today, the NPE business is under the group's subsidiary BCA, which invests directly in NPEs, mostly secured single-ticket names. In turn, BCA holds a 50% stake in Credit Factor, a 50/50 joint venture created by IBL and Europa Factor in 2018 to purchase and manage small-ticket unsecured non-performing loans originated by other banks.

Additionally, IBL holds a 39% stake in Net Insurance, a well-established and growing player specialised in a few niches, including the PDL insurance market. The related earnings stream is de-correlated from the PDL profitability cycle and contributes to revenue stability.

The group's medium-term strategy includes initiatives to strengthen IBL's position in PDLs, while broadening its offer of consumer credit products (including personal loans). In H1 2025, IBL signed an agreement for the acquisition of Creditis, a consumer credit financial company with total assets of around EUR 600m and c. 60,000 clients. IBL expects to close the transaction by YE 2025.

[1] TFS (anticipo del trattamento di fine servizio) loans are extended in anticipation of the severance pay that public sector employees are entitled to at the end of their career.

2. Operating environment

Focus on IBL's main operating environment: Italy

Economic assessment

- Italy is the world's eighth largest economy and the EU's third largest economy after Germany and France. It is the second largest manufacturer in the EU, with a significant trade surplus that has increased over the past decade.
- The economy is diversified, although one of its defining traits is the prevalence of small and micro enterprises, which are often family owned. This is mirrored in banks' loan books, where SME loans often account for the lion's share.
- As of YE 2024, the country's real GDP per capita was in line with the EU average. However, wealth is concentrated in the north, while southern regions are behind in many social and economic aspects, such as growth, employment, infrastructure development and education.
- The country has been suffering from low GDP growth, low growth potential, an ageing population and a lack of investment and structural reform.
- The rapid economic recovery after the Covid-19 pandemic was short-lived. In 2024, GDP grew by only 0.7%. Over the next few years, Scope expects growth to converge towards the long-term potential of 1%. However, there is upside potential from efficient implementation of public investment and reforms related to the Next Generation EU funds (Italy will receive EUR 191.5bn by 2026).
- Chronically weak public finances, with high government debt of around 137% of GDP in 2024 and high financing needs of around 24% of GDP, limit the government's ability to support the economy in times of need. In addition, historically low productivity, a lack of effective structural reforms and a weak demographic trend limit Italy's GDP growth potential.
- Italy is renowned for its chronic political instability (the country has had 68 governments in 77 years). Political turmoil can weigh on investor confidence and influence the spread between 10-year Italian bond yields and their German equivalent, with repercussions for banks' funding costs.

Key economic indicators	2022	2023	2024	2025F	2026F
Real GDP growth, %	5.0	0.8	0.5	0.9	1.1
Inflation (HICP), % change	8.7	5.9	1.1	2.0	2.2
Unemployment rate, %	8.1	7.7	6.6	6.4	6.2
Policy rate, %	2.0	4.0	3.0	2.3	2.0
Public debt, % of GDP	138	135	137	138	138
General government balance, % of GDP	-8.1	-7.2	-4.0	-3.3	-3.0

Source: Scope Ratings' macroeconomic forecasts

Soundness of the banking sector

- Less significant banks, like IBL, are supervised by the Bank of Italy. Banking regulations in the country are largely in line with the latest international standards agreed by the Basel Committee.
- We estimate that the stock of PDLs was EUR 25.4bn as of YE 2024 (around 1.5% of total customer loans in Italy). The market has steadily grown over the past decade. Flows have only contracted in 2020 due to the Covid-19 pandemic. Five players combined have a market share of more than 50%. These include large Italian banking groups, either directly or through subsidiaries. The remainder is distributed among several competitors, including foreign banking groups that have entered the market in recent years.
- The Italian banking sector has long been characterised by low margins, high provisions (due to non-performing loans in the wake of the Global Financial Crisis) and weak profitability. However, after cleaning up their balance sheets, banks are now enjoying a period of increased profitability, driven by widening interest margins and low credit costs.
- The Italian banking system is still relatively fragmented, with a handful of banks competing at the national level alongside regional and cooperative banks. As of YE 2024, the share of the five largest credit institutions in the sector total assets was just under 50%. However, consolidation is underway, especially among the largest players, and current bids (notably Unicredit's bid for Banco BPM and MPS's for Mediobanca) could reshape the domestic competitive landscape.

Banking system indicators	2019	2020	2021	2022	2023
ROAA, %	0.5	-0.3	0.5	0.3	0.9
ROAE, %	3.8	-2.4	4.9	3.3	9.1
Net interest margin, %	1.5	1.1	1.1	1.1	1.8
CET1 ratio, %	21.6	21.9	22.2	NA	NA
Problem loans/gross customer loans, %	5.4	6.2	5.6	4.4	4.8
Loan-to-deposit ratio, %	96.9	84.8	72.4	67.3	67.0

Note: The loan/deposit ratio includes debt securities at amortised cost as loans.
Source: SNL, Scope Ratings

3. Long-term sustainability (ESG-D)

'Developing' long-term sustainability assessment

The 'developing' long-term sustainability assessment reflects our view that IBL is adequately managing ESG risks. Furthermore, while IBL has made tangible progress in digital transition, this does not warrant further credit differentiation.

Digitalisation

Historically, material barriers to entry in the PDL business have led to soft competition and, in turn, a lower level of digitalisation than in more commoditised banking products. But with the growing presence of established consumer finance players (often bank captives) with inherently stronger IT capabilities, there has been a push towards higher levels of digitalisation.

IBL has proactively established leaner back- and front-office processes to reduce the time to market and cut costs over the medium term. We deem these to be crucial steps to remain competitive in an increasingly digitalised sector.

Governance

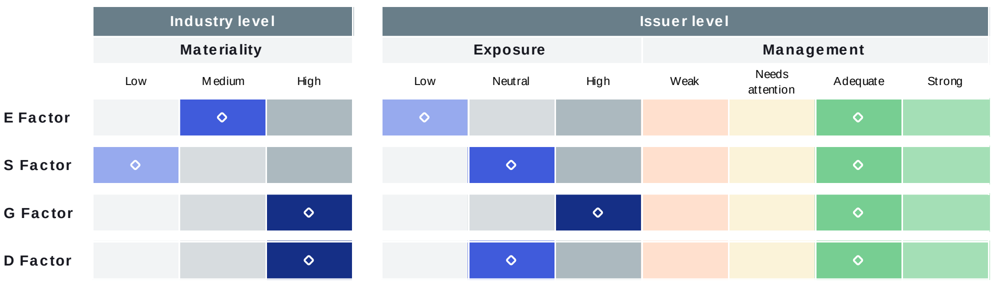
The 'high' exposure to governance risk reflects IBL's concentrated shareholder base and key person risk in the management team. Mario Giordano, the bank's CEO since 1998 (when IBL was known as Istituto Finanziario del Lavoro), controls 50% of the shares through the holding company Delta 6. He has led the group through several cycles of transformation, including the acquisition of a banking licence in 2004 and the move to a balance sheet model from an 'originate to distribute' model. His partners, the D'Amelio family, control the other 50% of the shares through the holding company Sant'Anna Srl and sit on the board of directors. While unlikely, a change in top management could lead to significant uncertainties in terms of governance and strategy.

We believe that risks are adequately managed through an appropriate governance structure, which provides checks and balances in decision making. Moreover, the long record of positive results and measured growth indicates a prudent approach to risk-taking.

Environment and social

Environmental risk is 'low' given the specificities of the PDL product. Social considerations are 'neutral' based on the size of the group and the limited availability of the PDL product for the general population.

Figure 3: Long-term sustainability overview table[2]



Source: Scope Ratings

[2] The overview table illustrates how each factor informs our overall assessment. Materiality refers to our assessment of the credit relevance of each factor for the banking industry. Exposure refers to what extent the bank is exposed to risks or benefits from opportunities compared to peers, given its business model and countries of operation. Management refers to how we view the bank's navigation through transitions.

4. Earnings capacity and risk exposures

'Supportive earnings capacity and risks exposures' assessment

Over the last decade, the group has enjoyed high profitability underpinned by the strong risk/return characteristic of PDLs. Earnings have also been supported by gains on regular disposals of Italian government bonds. The return on equity averaged around 18% between 2014 and 2022, significantly higher than the average for Italian commercial banks.

Core profitability has been under pressure since 2022 ...

Since 2021, profitability has declined significantly, primarily due to the impact of increased policy rates. Unlike larger commercial groups, which can rely on a low-cost deposit base, IBL's funding is primarily made up of rate-sensitive deposits and repos. Therefore, liabilities have repriced much faster than assets (PDLs are fixed rate). The issuance of a €65 million subordinated Tier 2 bond has also increased funding costs since 2023.

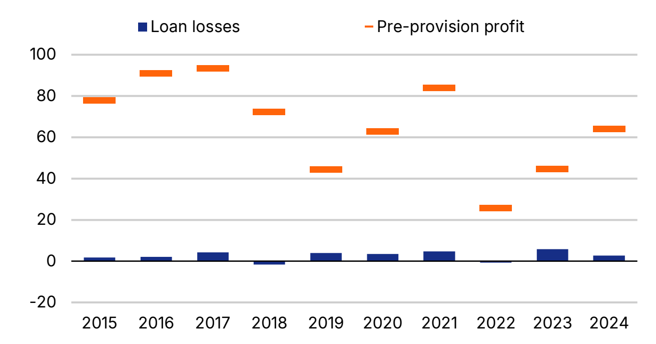
This added to the longer-term trend of increased competition in the PDL market, which has gradually eroded commercial spreads. Historically, PDL spreads were higher than those for plain vanilla consumer credit, but this is no longer the case. While assets have grown by more than 60% over the past eight years, the group has not been able to achieve the same level of peak profitability, which was reached in 2016 (net profit of EUR 61m).

In this context, IBL managed to mitigate the fall in core profitability through diversification and partly from trading income, achieving a return on average equity between 5-8% over the past three years. The NPE business is constantly growing – BCA's net income reached EUR 24m in 2024, up from EUR 9m in 2022 - as is the contribution from stake in Net insurance.

... but recovery has begun.

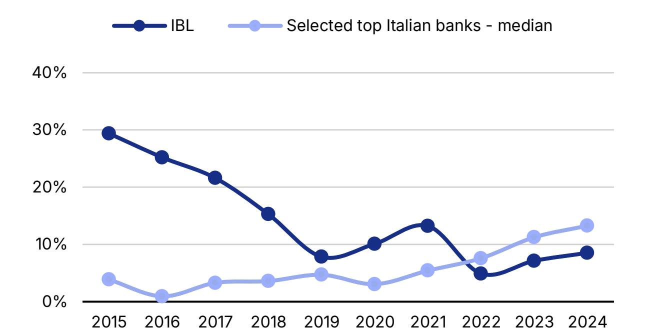
Going forward, we see IBL's core profitability rebounding as the stock of PDLs fully reprices and funding cost declines. The management's focus on cost containment should also bear fruit; initiatives include the merger of the subsidiary Banca di Sconto into the parent company and a hiring freeze. For the 2025-27 period, we project the group's return on average equity to be above 10%.

Figure 4: IBL - Pre-provision profit and loan-loss provisions, EUR m



Sources: SNL, Scope Ratings
Note: Last four years' credit and financial impairment data have been adjusted for the reversal of provisions on purchased NPEs (moved to revenues).

Figure 5: IBL - Return on average equity



Sources: SNL, Scope Ratings
Note: The peer group comprises the top 15 Italian commercial banks by assets, excluding CDP.

Asset quality is strong

The asset quality of the core business is solid, with a gross NPL ratio of 2.8% as of December 2024. The low coverage ratio by industry standards (21%) reflects high recovery rates thanks to insurance coverage. Over the past years, the pandemic and the increase in living and borrowing costs have had a negligible impact on IBL's asset quality. We do not expect this trend to change.

Loan losses remain low despite the growing portfolio of personal loans. In 2024, the bank recorded around EUR 2m of provisions, equivalent to a cost of risk of 5 bps of commercial loans. In contrast to plain vanilla personal loans, the credit risk associated with PDLs stems not from the borrower, but from the employer or the pension provider in the first instance and from the insurance company in the second given the mandatory insurance coverage for loss of employment or death. Consequently, asset quality indicators have shown little sensitivity to economic downturns.

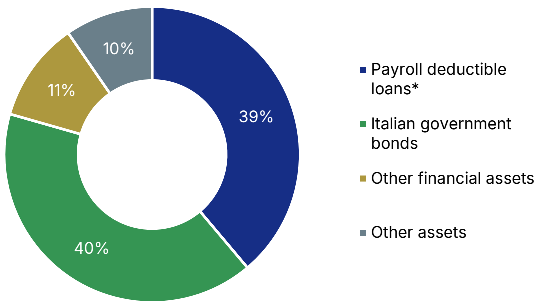
PDL portfolio is granular and diversified by counterparty

Commercial loans comprise around 40% of the group's total assets. The PDL portfolio is adequately diversified by counterparty. In 2024, the composition of new loans was around 32% from public sector employees, 29% from private sector employees and 39% from pensioners. The portfolio is highly granular given the small average loan size.

The weight of private sector employees has increased slightly over time. However, this has not translated into an increase in credit risk, as the default rates of private sector borrowers have declined markedly to levels below those of the public sector.

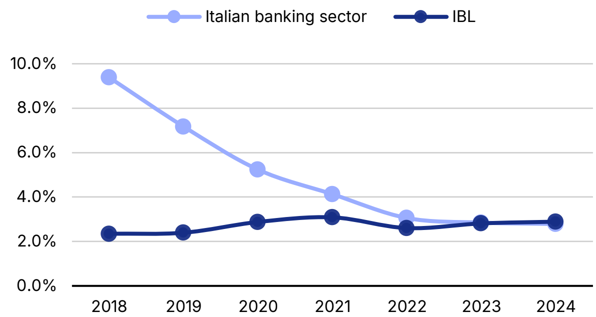
That said, there may be concentration risk in terms of employer or insurance counterparty. IBL has agreements with the five largest Italian life and non-life insurance companies and Net Insurance.

Figure 6: IBL - Composition of total assets (YE 2024)



Sources: IBL, Scope Ratings
*PDLs including TFS loans

Figure 7: IBL - Gross NPE ratio*



Sources: IBL, Bank of Italy, Scope Ratings
*Excluding purchased NPEs for IBL

Large Italian government bond portfolio contributes to earnings

The Italian government bond portfolio is a large component of IBL's balance sheet and is used to support earnings as well as for funding and liquidity purposes. Italian government bonds have long been an important source of carry trade income and trading profits for IBL. As of YE 2025, the portfolio was approximately EUR 3.5bn, equivalent to more than eight times the group's Tier 1 capital, a very high level.

While the entire portfolio was classified as held to maturity in 2020, IBL started building a fair-value portfolio in 2021, which represented 15% of the total portfolio as of YE 2024.

5. Financial viability management

'Adequate' financial viability management assessment

IBL maintains an adequate solvency position, with healthy buffers over capital requirements. As of YE 2024, the group's phased-in Common Equity Tier 1 (CET1) ratio was 13.5%, around 520 bps above the minimum requirement. As the group does not issue CRD-IV compliant AT1 capital, the buffer to the total capital requirement is lower but still solid. In 2023, IBL issued a EUR 65m Tier 2 note with the aim of increasing the minimum buffer to above 300 bps (from below 230 bps as of YE 2022).

In 2024, capital requirements increased by circa 45 bps following the Bank of Italy's decision to introduce a systemic risk buffer on Italian credit and counterparty risk weighted assets (0.5% in H2 2024, and another 0.5% from June 2025).

After peaking at 16.1% in 2020[3], IBL's CET1 ratio has declined due to a business-driven growth in risk weighted assets. From 2023, CET1 capital includes a deduction related to the concentrated exposure to Net Insurance (39% stake).

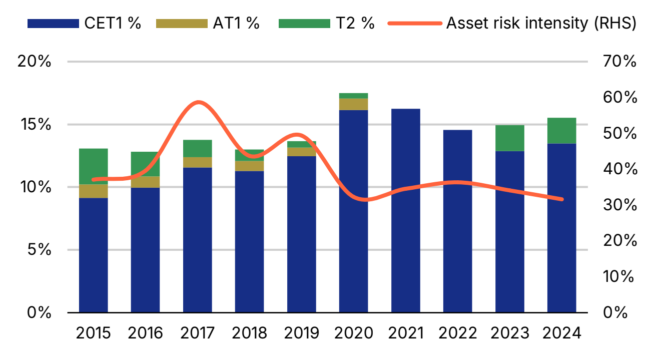
As a specialised lender, the group does not benefit from a captive deposit base and must offer attractive yields on current accounts and time deposits to attract customer funds. This is a disadvantage compared to more established commercial banking groups. Retail deposits are granular and represent around two-thirds of the total, with the remainder coming from highly concentrated corporate and institutional deposits. Since 2020, deposits have grown by more than 40%, a trend that we expect to continue as IBL needs to fund growth. As of YE 2024, customer deposits account for one-third of IBL's total funding.

Customer deposits and repos are main funding sources

Despite its relatively small size, IBL has developed in-house expertise in repurchase agreements and securitisations for funding. This has enabled the group to finance business growth and increase diversification. Currently, repo transactions, both bilateral and via central clearing, represent the largest proportion of IBL's funding. The group uses both retained ABS tranches from PDL securitisations and Italian government bonds for repos.

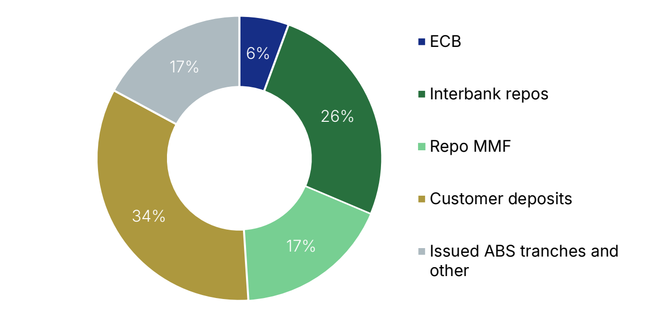
IBL's securitisation programmes typically do not involve the derecognition of the segregated assets, which remain on the bank's balance sheet (i.e. self-securitisations). Since H2 2023, the group has completed several issues of senior ABS tranches to institutional investors to maintain adequate medium-term funding sources. Management projects a significant increase in issuance activity through 2025-2027.

Figure 8: IBL - Key capital metrics



Sources: SNL, IBL, Scope Ratings

Figure 9: IBL - Funding profile, YE 2024



Sources: IBL, Scope Ratings

[3] This was driven by the implementation of Capital Requirements Regulation II, which reduced the risk weigh of PDLs under standardised models from 75% to 35%.

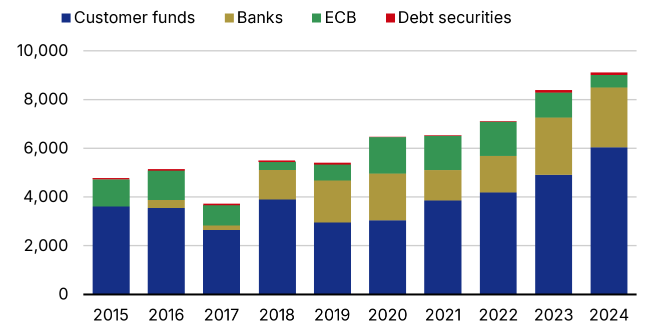
Over the past two years, funding from the central bank has declined alongside the phase-out of TLTRO III and now accounts for just 6% of the total. IBL posts loan portfolios directly as collateral with the Central Bank via the ABACO programme.

The extensive use of repos for funding purposes results in a high asset encumbrance ratio of more than 60%, more than double of the average for the Italian banking sector according to the Bank of Italy. This ratio increases to 88% for the securities portfolio, which is comprised almost entirely of Italian government bonds.

High asset encumbrance poses risks

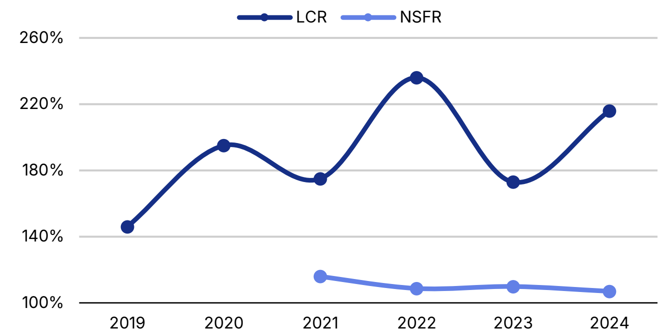
A deterioration in sovereign credit quality, accompanied by a widening of credit spreads, could have negative impact on repo transactions and, in turn, on IBL's liquidity position. At the same time, we acknowledge that IBL has demonstrated its ability to manage liquidity during periods of market turbulence, such as in the autumn of 2018.

Figure 10: IBL - Breakdown of funding sources (EUR m)



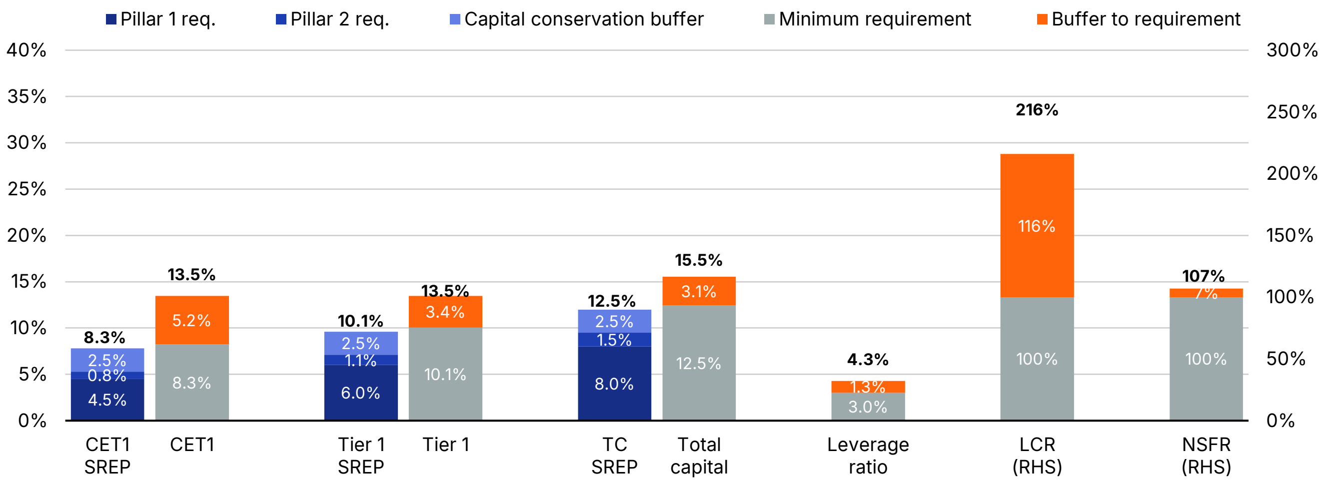
Note: Customer funds include retail and corporate deposits, repos and ABS tranches issued in the capital market.
Source: IBL, Scope Ratings

Figure 11: IBL - Liquidity coverage ratio and net stable funding ratio



Source: SNL, Scope Ratings

Figure 12: Overview of distance to requirements, as of end-December 2024



Source: IBL, SNL, Scope Ratings

Appendix 1. Selected financial information – IBL Banca SpA

	2020	2021	2022	2023	2024
Balance sheet summary (EUR m)					
Assets					
Cash and interbank assets	488	405	571	505	456
Total securities	30	253	748	695	695
of which, derivatives	22	28	232	187	102
Net loans to customers	6,203	6,013	5,794	7,244	8,095
Other assets	400	451	562	672	688
Total assets	**7,121**	**7,122**	**7,675**	**9,115**	**9,933**
Liabilities					
Interbank liabilities	3,419	2,664	2,906	3,378	2,958
Senior debt	0	22	24	32	39
Derivatives	67	28	0	62	105
Deposits from customers	3,041	3,852	4,181	4,908	6,045
Subordinated debt	12	0	0	65	65
Other liabilities	138	116	136	177	203
Total liabilities	**6,678**	**6,682**	**7,248**	**8,623**	**9,414**
Ordinary equity	435	431	416	465	487
Equity hybrids	0	0	0	0	0
Minority interests	8	9	12	27	32
Total liabilities and equity	**7,121**	**7,122**	**7,675**	**9,115**	**9,933**
Core tier 1/ common equity tier 1 capital	*371*	*400*	*406*	*400*	*423*
Income statement summary (EUR m)					
Net interest income	125	141	146	132	149
Net fee & commission income	14	10	7	4	-8
Net trading income	21	2	-1	5	14
Other income	2	43	17	32	40
Operating income	**163**	**195**	**168**	**173**	**195**
Operating expenses	100	113	144	134	147
Pre-provision income	**63**	**82**	**24**	**39**	**48**
Credit and other financial impairments	3	2	-3	0	-14
Other impairments	0	0	0	0	0
Non-recurring income	0	0	0	0	0
Non-recurring expense	0	0	0	0	0
Pre-tax profit	**60**	**79**	**27**	**39**	**62**
Income from discontinued operations	0	0	0	0	0
Income tax expense	17	21	5	6	18
Other after-tax Items	0	0	0	0	0
Net profit attributable to minority interests	1	0	0	3	8
Net profit attributable to parent	**42**	**58**	**21**	**29**	**35**

Source: SNL, Scope Ratings
Note: Figures above may differ from reported figures. Credit and other financial impairments include write-up of losses on acquired NPEs.

Appendix 2. Selected financial information – IBL Banca SpA

	2020	2021	2022	2023	2024
Funding and liquidity					
Net loans/ deposits (%)	204%	156%	139%	148%	134%
Liquidity coverage ratio (%)	194%	174%	234%	219%	216%
Net stable funding ratio (%)	NA	116%	109%	110%	107%
Asset mix, quality and growth					
Net loans/ assets (%)	87.1%	84.4%	75.5%	79.5%	81.5%
Problem loans/ gross customer loans (%)	1.8%	2.3%	0.6%	2.5%	3.2%
Loan loss reserves/ problem loans (%)	25.0%	24.4%	103.1%	26.6%	26.6%
Net loan growth (%)	24.4%	-3.1%	-3.6%	25.0%	11.7%
Problem loans/ tangible equity & reserves (%)	24.9%	30.8%	7.4%	35.3%	46.1%
Asset growth (%)	18.0%	0.0%	7.8%	18.8%	9.0%
Earnings and profitability					
Net interest margin (%)	2.0%	2.1%	2.1%	1.7%	1.7%
Net interest income/ average RWAs (%)	4.7%	5.9%	5.6%	4.5%	4.6%
Net interest income/ operating income (%)	76.9%	72.2%	86.8%	76.3%	76.4%
Net fees & commissions/ operating income (%)	8.9%	5.2%	4.3%	2.3%	-4.3%
Cost/ income ratio (%)	61.4%	58.1%	85.7%	77.6%	75.5%
Operating expenses/ average RWAs (%)	3.8%	4.8%	5.5%	4.6%	4.6%
Pre-impairment operating profit/ average RWAs (%)	2.4%	3.4%	0.9%	1.3%	1.5%
Impairment on financial assets / pre-impairment income (%)	5.4%	2.9%	-10.5%	-0.5%	-29.0%
Loan loss provision/ average gross loans (%)	0.1%	0.0%	0.0%	0.0%	-0.2%
Pre-tax profit/ average RWAs (%)	2.3%	3.3%	1.0%	1.3%	1.9%
Return on average assets (%)	0.6%	0.8%	0.3%	0.4%	0.5%
Return on average RWAs (%)	1.6%	2.5%	0.8%	1.1%	1.3%
Return on average equity (%)	10.1%	13.2%	4.9%	7.1%	8.5%
Capital and risk protection					
Common equity tier 1 ratio (%, fully loaded)	15.9%	16.1%	14.2%	12.8%	13.5%
Common equity tier 1 ratio (%, transitional)	16.1%	16.3%	14.6%	12.9%	13.5%
Tier 1 capital ratio (%, transitional)	17.0%	16.3%	14.6%	12.9%	13.5%
Total capital ratio (%, transitional)	17.5%	16.3%	14.6%	14.9%	15.5%
Leverage ratio (%)	5.4%	5.6%	5.5%	4.4%	4.3%
Asset risk intensity (RWAs/ total assets, %)	32.3%	34.6%	36.4%	34.1%	31.6%

Source: SNL, Scope Ratings
Note: Figures above may differ from reported figures.

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