Banca Popolare di Sondrio SpA

Rating report

Issuer
BBB
Outlook
Positive

Summary and Outlook

Banca Popolare di Sondrio (BPS)'s issuer rating of BBB reflects the following assessments:

Business model assessment: Consistent (Low). BPS has an established retail and commercial banking franchise, with solid market shares in the wealthy Italian region of Lombardy. Although its national market share is low, BPS enjoys a dominant position in Sondrio and has a significant market presence in the provinces of Lecco and Como. This supports moderately stable and predictable revenues and earnings over 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. The assessment also considers the historically weak but now improving performance of the Italian banking sector.

Long-term sustainability assessment (ESG factor): Developing. The assessment reflects the group's commitment to enhance digitalisation by tripling its IT investments over the next three years, as digital banking gains momentum in Italy. BPS' cooperative roots and its attention to the territories where it operates, indicates strong social responsibility and responsiveness to the interests of various stakeholders. We also acknowledge BPS' improvements in corporate governance in recent years, and the growing efforts to manage environmental risks.

Earnings and risk exposures assessment: Neutral. BPS has demonstrated the ability to generate earnings throughout the cycle. And in a higher rate environment, the group's results have significantly increased. We expect the group's profitability to remain robust in the short-medium term, barring a marked fall in interest rates.

With a gross NPE ratio below 3% and a high coverage on performing loans, asset quality risks have now declined significantly.

Financial viability assessment: Comfortable. BPS maintains healthy capital buffers, reflecting strong earnings generation and prudent management of financial viability. The group is primarily funded by customer deposits, which is credit positive.

The Positive Outlook reflects our view that the risks to the current rating are tilted to the upside.

The upside scenario(s) for the rating and Outlook:

- High acceptance of the BPER exchange offer, with BPS becoming a subsidiary of a stronger group.
- Evidence of a structurally higher profitability without a significant increase in the risk profile over the medium/long term

The downside scenario(s) for the rating and Outlook:

- BPER's failure to secure a controlling majority of BPS could lead Scope to revise the Outlook to Stable.
- A material increase in non-performing loans linked to weaker operating conditions
- A significant reduction in capital buffers

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Table 1: Rating drivers

	Rating drivers	Assessment					
STEP 1	Operating environment	Very constraining	Constraining	Moderately supportive		Supportive	Very supportive
	Low/High	*Low*			*High*		
	Business model	Narrow	Focused	Consistent		Resilient	Very resilient
	Low/High	*Low*			*High*		
	Initial mapping	**bbb-**					
	Long-term sustainability	Lagging	Constrained	Developing		Advanced	Best in class
	Adjusted anchor	**bbb-**					
STEP 2	Earnings capacity & risk exposures	Very constraining	Constraining	Neutral		Supportive	Very supportive
	Financial viability management	At risk	Stretched	Limited	Adequate	Comfortable	Ample
	Additional factors	Significant downside factor	Material downside factor	Neutral		Material upside factor	Significant upside factor
	Standalone rating	**bbb**					
STEP 3	External support	Not applicable					
Issuer rating		**BBB**					

Table 2: Credit ratings

		Credit rating	Outlook
Issuer	**Banca Popolare di Sondrio SpA**		
	Issuer rating	BBB	Positive

1. Business model

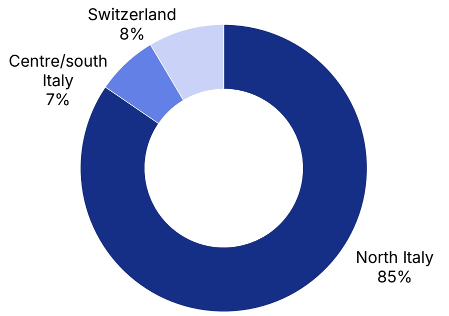
'Consistent - Low' business model assessment

At the core of BPS' business model is commercial banking with local entrepreneurs and households. The group enriches its offer with leasing, asset management, life and non-life insurance products developed by companies in which it holds stakes (Alba Leasing 19.3%, Arca Vita 14.8%, Arca Holding 34.7%). It is also active in the field of payroll/pension-deducted loans through its subsidiary BNT Banca. Finally, BPS owns one of the country's largest players in the factoring market, Factorit, which has contributed significantly to loan growth since 2022.

BPS is a small player in the fragmented Italian banking market but has a dominant position in its home province of Sondrio (more than 50% of branches) and relevant shares in Lecco and Como (around 25% in both). Its branch market share in the region of Lombardy is close to 10%. Over the years, BPS has developed solid customer relationships, especially in its home province.

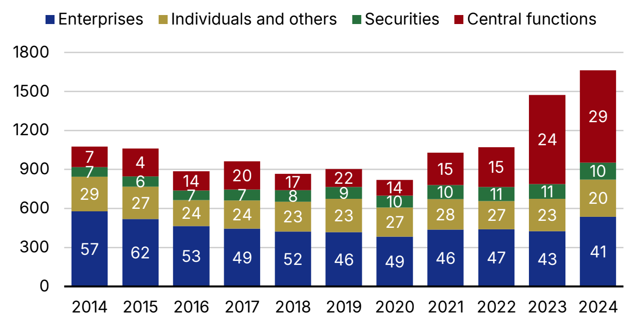
The group operates in Switzerland through BPS Suisse, which focuses on residential mortgages and private banking. Swiss activities account for approximately 8% of the group's revenue and have a low risk profile.

Figure 1: BPS – 2024 revenue split by geographic area



Source: Company data, Scope Ratings

Figure 2: Revenue breakdown by segment (EUR m, %)



Note: Segment results are affected by funding cost allocation
Source: Company data, Scope Ratings

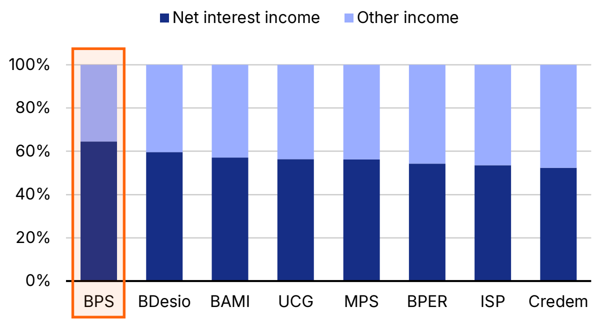
Net interest income represents a comparatively high portion of BPS' revenues, reflecting its gearing towards lending activities and lower penetration in bancassurance/wealth management products.

The group has a solid record of operating performance over the cycle, which we believe reflects the strength of its business model and more prudent underwriting standards than other regional banks in Italy.

BPS eyes organic growth in its new standalone plan

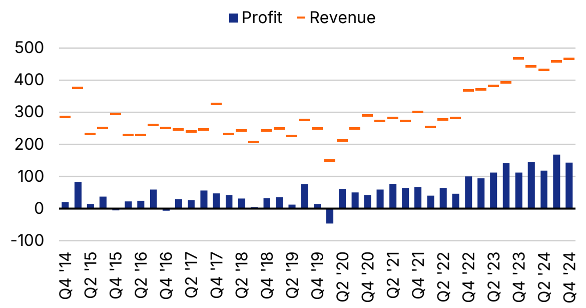
Under the new 2025-27 standalone plan, BPS pursues organic growth by leveraging on its strong local presence and customer proximity. It targets a 3.3% CAGR in loan volumes and higher penetration in wealth management and bancassurance (CAGR of 11% and c. 16% respectively).

Figure 3: 2022-24 revenue breakdown – Peer comparison



Source: SNL, Company data, Scope Ratings

Figure 4: BPS – Quarterly results record, EUR m



Source: SNL, Scope Ratings

2. Operating environment

Focus on Intesa'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 2023, 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

- Significantly important banks, like Intesa, are directly supervised by the ECB under the Single Supervisory Mechanism. Banking regulations in the country are largely aligned to the most recently agreed international standards, as set by the Basel Committee.
- 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 2023, 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.
- The 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.
- Customer deposits are the main source of funding for the system, while reliance on wholesale issuance has greatly diminished since the Global Financial Crisis. During the pandemic, Italian banks widely used the ECB's targeted longer-term refinancing operations (TLTRO III).
- Domestic banks are large buyers of Italian sovereign bonds, feeding market concerns about the bank-sovereign doom loop. Periods of sovereign market turmoil, such as in 2018, can hamper banks' access to capital markets, which in turn negatively impacts funding costs. We calculate that Italian sovereign securities represent about 16% of the sector's aggregate balance sheet as of December 2024.

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

Digital

As a former cooperative with strong ties to the local community, BPS still values customer proximity and a physical presence in its territory. Instead of closing branches, the group has modernised them to meet changing customer needs. At the same time, however, BPS acknowledges some gaps with its direct competitors in terms of penetration of digital channels and digital sales. This could become a weakness, especially with the younger, digital native generations.

In its 2025-27 plan, the group targets higher penetration of digital channels, the launch of a digital onboarding process and new sales mechanisms. Investments in digital transformation will increase threefold to EUR 62m.

Governance

BPS is on a gradual and steady path of improving governance. In 2021, it completed the transformation into a joint stock company, which allows for greater participation by institutional investors. Meanwhile, it reorganised its management team, aligning it with market norms for listed companies. We believe there is room for further improvement, for instance with respect to the staggered election of the members of the board directors and the number of independent directors (currently one third of the board).

Social

With respect to the 'social' factor, we view positively the group's strong ties to its territory and its community as well as its stated mission to support the fabric of the local economy. We do not expect the social DNA of the group to change materially despite the change in its legal form. However, we believe the group has more to do with respect to gender diversity in top management and the gender pay gap.

Environmental

BPS has increased its efforts to manage environmental risks and keep up with the sector developments. We highlight actions such as the approval in 2021 of a climate policy to reduce direct impact and to manage the impact from lending/investing and in 2022 defining a path towards carbon neutrality and portfolio alignment. In 2024, the group joined the UN Principles for Responsible Banking and the Net-zero Banking Alliance initiatives. The group has also integrated ESG factors into its models to assess expected lifetime credit losses for loans.

So far, BPS has set group-wide emission reduction targets (by 2030) in relation to proprietary lending exposure to four sectors: power, oil & gas, agriculture, and transportation.

As detailed in its new plan, BPS aims at EUR 2.4 bn in new financing with positive E and S impacts and EUR 1 bn in new sustainability bonds by 2027.

Figure 5: Long-term sustainability overview table [1]

	Industry level			Issuer level						
	Materiality			Exposure			Management			
	Low	Medium	High	Low	Neutral	High	Weak	Needs attention	Adequate	Strong
E Factor		◇			◇				◇	
S Factor	◇				◇				◇	
G Factor			◇		◇				◇	
D Factor			◇		◇			◇		

Source: Scope Ratings

[1] 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

'Neutral earnings capacity and risks exposures' assessment

BPS has a solid earnings record. In the wake of the Global Financial Crisis, the group remained profitable while several domestic and international peers failed and needed recapitalisation. We believe that this was due to a mix of factors, including (i) a less opportunistic approach to lending, as reflected in a controlled cost of risk, (ii) resilient income from fees and commissions, which partly offset the decline in interest margins and, (iii) the absence of restructuring and legal costs.

Since 2021, the group's earnings have materially increased. The rise in policy rates has boosted margins on lending and the returns from the proprietary portfolio (primarily inflation-linked and floating rate notes). At the same time, fee and commission income has continued to rise (+ 8% YoY in 2024) thanks to the contribution of several segments, including payments, lending, current accounts, and distribution of third-party products. Revenue growth has outpaced the increase in costs, which was mostly inflation driven. Credit losses have remained under control, with a low default rate while the impact from NPL disposals has been marginal.

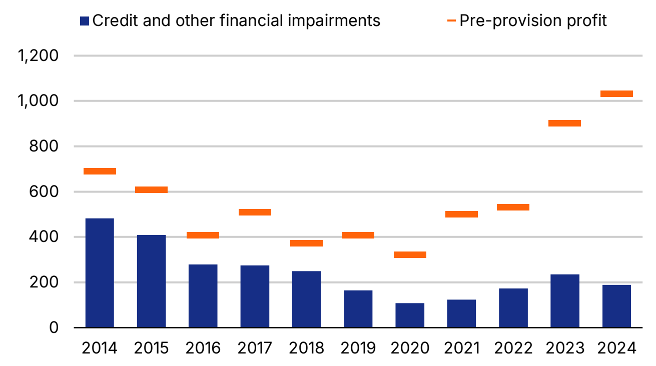
Strong earnings expected under the new strategic plan

Assuming the 3-month Euribor above 2% from 2025 to 2027, management envisages a return on equity of above 14% by the end of the plan (16% in 2024), underpinned by:

- Resilient net interest income (CAGR of -1.9%) thanks to limited interest rate sensitivity and strong loan growth of 3.3% per year. The ambitious lending target is supported by the group's strong track record and specific strategic initiatives to expand the commercial network.
- Fee income growth of 5.1% CAGR, primarily on the back of the higher penetration of bancassurance and wealth management products.
- Cost growth of 1.9% CAGR due to the expansion in the commercial network, higher IT investments and inflation.
- A moderate increase in the cost/income ratio from 39% in 2024 to around 42% in 2027.
- Cost of risk further declining to below 40 bps, reflecting the group's focus on early detection of delinquencies and the overall strengthening of credit risk management.

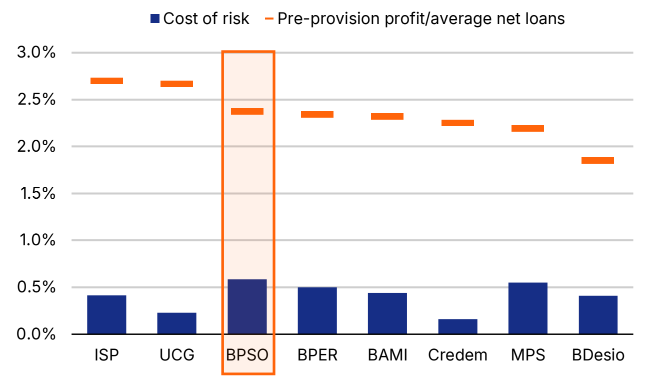
While we deem these targets to be achievable in a supportive environment, we caution that a few downside risks persist in a highly uncertain macroeconomic scenario. These include a weaker than-expected economic growth in the EU, which could push the ECB into further rate cuts and adverse geopolitical developments affecting growth and borrower creditworthiness in some sectors.

Figure 6: BPS - Pre-provision income and provisions (EUR m)



Source: Company data, Scope Ratings

Figure 7: Peer comparison



Note: Three-year averages based on 2022-2024.
Source: SNL, Scope Ratings

BPS' customer loan book is skewed towards business customers, particularly SME companies, like for most Italian peers. Short term factoring loans and Swiss mortgages, which are relatively low risk, make up around 30% of lending.

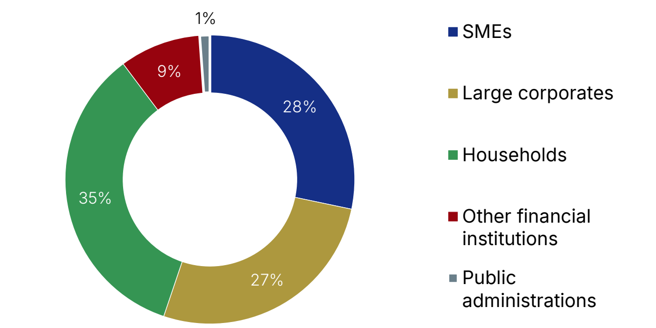
We note that business loan book is adequately diversified across economic sectors. Over the years, the group has developed expertise in serving specific customer groups, such as export-oriented companies and private pension schemes. At the same time, it has reduced the exposure to cyclical sectors, such as construction and commercial real estate.

In 2024, asset quality further improved thanks to asset disposals and the low inflow of new non-performing exposures. The group's gross NPE ratio stood at 2.9%, pro form a EUR 109m (net) asset disposal. After trailing the sector for years, BPS has finally caught up with peer average.

Loan book performance has been resilient

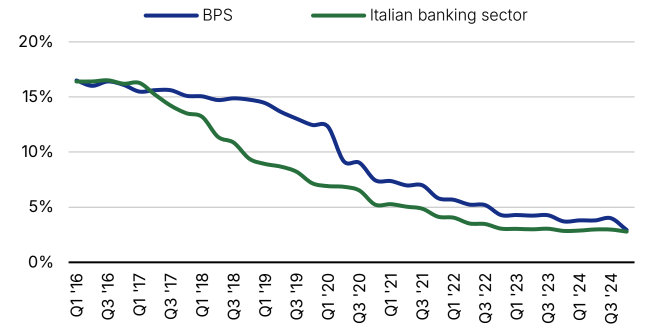
Loan performance has been resilient under a challenging macroeconomic backdrop characterized by high borrowing costs and sluggish economic growth. In 2024, the group's default ratio was very low at 1.1%, stable YoY. Nonetheless, BPS increased the performing loan coverage from 0.73% to 0.85%, a relatively high level.

Figure 8: BPS – Gross loan book split by customer type, December 2024



Note: EUR 35.5bn as of YE 2024.
Source: Company data, Scope Ratings

Figure 9: Gross NPL ratio, historical



Source: Company data, Bank of Italy, Scope Ratings

Among large and mid-tier Italian banks, BPS has one of the largest exposures to Italian sovereign bonds. As of December 2024, the group held EUR 5.8bn in Italian government bonds, accounting for 45% of the total bond portfolio and equivalent to about 159% of Tier 1 capital. Most of the Italian government bonds are held at amortised cost, limiting the sensitivity of the group's regulatory capital ratios to sovereign spread volatility. Moreover, the modified duration of the sovereign bond portfolio is contained as most of the exposure is floating notes.

We do not consider credit exposure to sovereign risk as a constraint for the assessment of BPS' earnings capacity and risk exposures. We estimate that the group could withstand significant losses on its sovereign bond portfolio in the unlikely event of a sovereign default while retaining its regulatory viability. Further, the Italian sovereign rating of BBB+ is one notch above BPS' rating.

5. Financial viability management

'Comfortable' financial viability management assessment

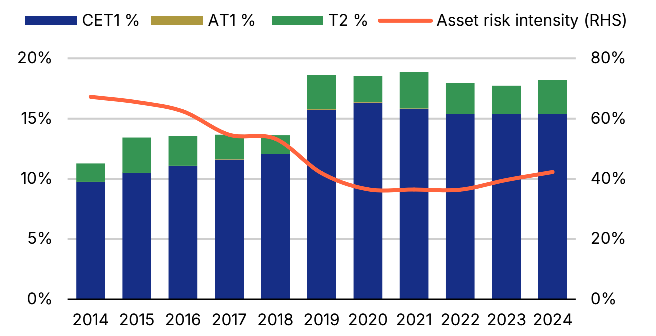
The group adopts a prudent approach to capital management, having set a minimum threshold for its CET1 ratio of 14%. Following the ECB's approval of the bank's AIRB models for retail and corporate exposures in 2019, BPS has indeed maintained large buffers to minimum capital requirements. This has also given the group more flexibility to accelerate balance sheet de-risking and pursue business growth.

Given strong organic capital generation and unfavorable pricing, the group has not issued AT1 securities. Instead, the group uses CET1 capital and Tier 2 bonds to fulfill its requirements. For this reason, the tightest buffer is at the Tier 1 level (470 bps as of December 2024).

Over the 2025-27 plan horizon, BPS is committed to maintain a solid capital position, targeting a CET1 ratio above 14.5%. Regulatory headwinds related to the implementation of the final Basel III rules amount to 75 bps. In a worse-case scenario, management retains levers to improve its capital ratio; these includes synthetic securitisations and the optimisation of equity investments.

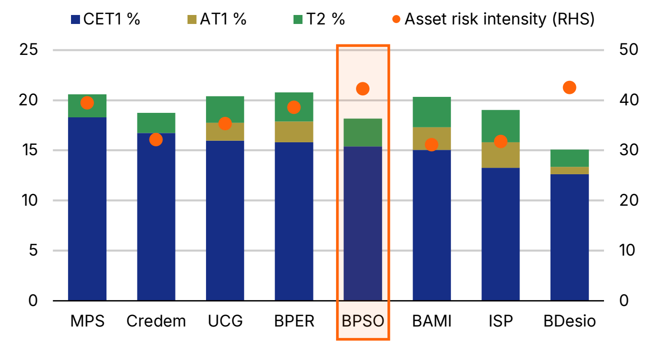
In line with the market trend, BPS has lifted its pay-out ratio to 85% for the next three years.

Figure 10: BPS - Capital profile



Source: Company data, Scope Ratings

Figure 11: Capital profile – Peer comparison, December 2024



Source: SNL, Scope Ratings

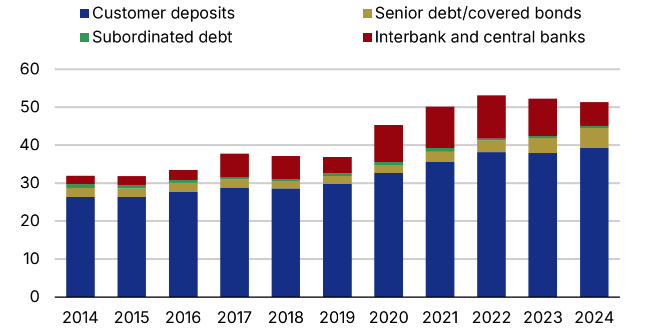
The group funds itself primarily via current accounts and sight deposits, a common feature among Italian commercial banks. Deposits accounted for more than two-thirds of total funding as of December 2024. Over the past decade, the growth of the deposit base has gone hand in hand with the expansion of the balance sheet, and the loan/deposit ratio has remained stable at around 90%.

Outstanding debt (retail + wholesale) stands at EUR 5.8bn, making less than 10% of the group's total funding. BPS aims to become a regular issuer in the institutional market in the coming years, as it needs to increase bond funding for MREL purposes. After the end of the ECB's TLTRO III programme, the group has reduced to the minimum the reliance on the central bank funding.

BPS expects increased issuance over the next three years to finance growth. As detailed in its new business plan, it expects to issue around EUR 5bn of bonds, including around EUR 1bn to retail customers. Deposits from customers will decrease as the group aims for a higher conversion rate into assets under management.

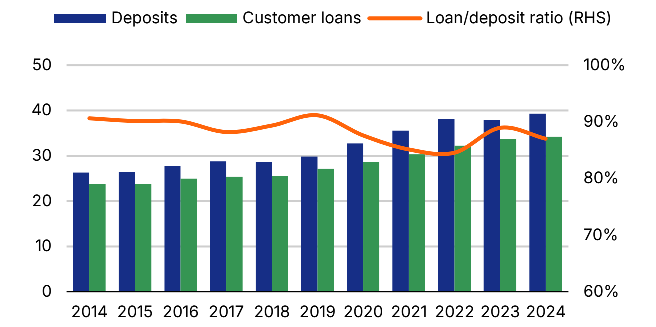
Despite the planned change in the funding mix, we expect BPS's profile to remain solid over the next few years. By 2027, the group targets a liquidity coverage ratio at 170% and a net stable funding ratio at 131%, both well above the minimum requirements.

Figure 12: BPS – Funding breakdown (EUR bn)



Source: Company data, Scope Ratings

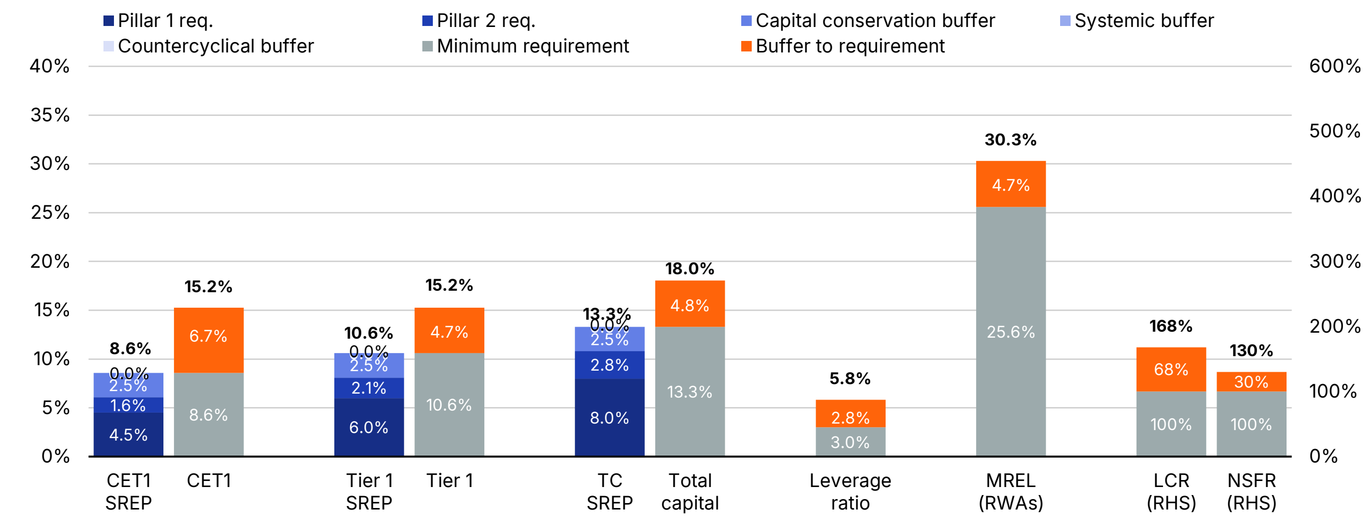
Figure 13: BPS – Loan and deposit volumes (EUR bn)



Source: SNL, Scope Ratings

From 1 January 2025, the group must meet an MREL requirement of 25.7% of risk-weighted assets and 5.90% of leverage exposure on a consolidated basis. As of YE 2024, the group's MREL ratios comfortably exceeded both requirements. The group has not received a subordination requirement.

Figure 14: Overview of distance to requirements as of Q4 2024



Source: Company data, Scope Ratings
Note: capital and MREL requirements as of December 2024. Fully loaded capital ratios.

Appendix 1. Selected financial information – BPS

	2020	2021	2022	2023	2024
Balance sheet summary (EUR m)					
Assets					
Cash and interbank assets	8,687	8,929	8,856	6,669	5,874
Total securities	3,496	4,130	3,447	3,602	3,398
of which, derivatives	60	29	63	24	NA
Net loans to customers	35,900	39,845	42,368	43,712	43,323
Other assets	1,724	2,111	3,183	3,739	4,033
Total assets	**49,808**	**55,016**	**57,854**	**57,722**	**56,629**
Liabilities					
Interbank liabilities	9,827	10,875	11,382	9,918	6,229
Senior debt	2,132	2,716	3,135	3,963	5,154
Derivatives	40	107	116	72	19
Deposits from customers	32,728	35,603	38,122	37,916	39,346
Subordinated debt	699	984	514	514	621
Other liabilities	1,286	1,356	1,198	1,530	1,103
Total liabilities	**46,712**	**51,641**	**54,467**	**53,912**	**52,472**
Ordinary equity	2,998	3,270	3,387	3,809	4,156
Equity hybrids	0	0	0	0	0
Minority interests	98	105	0	0	0
Total liabilities and equity	**49,808**	**55,016**	**57,854**	**57,722**	**56,629**
Core tier 1/ common equity tier 1 capital	*2,967*	*3,163*	*3,240*	*3,513*	*3,681*
Income statement summary (EUR m)					
Net interest income	490	529	681	937	1,090
Net fee & commission income	316	358	381	403	435
Net trading income	2	131	5	131	127
Other income	95	113	122	149	148
Operating income	**904**	**1,131**	**1,189**	**1,619**	**1,800**
Operating expenses	583	631	657	717	767
Pre-provision income	**321**	**500**	**532**	**903**	**1,033**
Credit and other financial impairments	108	124	173	235	188
Other impairments	7	2	5	7	4
Non-recurring income	0	0	0	0	0
Non-recurring expense	49	0	0	0	0
Pre-tax profit	**157**	**375**	**354**	**660**	**841**
Income from discontinued operations	0	0	0	0	0
Income tax expense	47	100	103	199	266
Other after-tax Items	0	0	0	0	0
Net profit attributable to minority interests	3	6	0	0	0
Net profit attributable to parent	**107**	**269**	**251**	**461**	**575**

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

Appendix 2. Selected financial information – BPS

	2020	2021	2022	2023	2024
Funding and liquidity					
Net loans/ deposits (%)	109%	111%	110%	114%	110%
Liquidity coverage ratio (%)	252%	164%	161%	188%	168%
Net stable funding ratio (%)	128%	132%	128%	126%	130%
Asset mix, quality and growth					
Net loans/ assets (%)	72.1%	72.4%	73.2%	75.7%	76.5%
Problem loans/ gross customer loans (%)	2.9%	1.8%	1.2%	0.8%	NA
Loan loss reserves/ problem loans (%)	127.6%	157.1%	192.6%	288.2%	NA
Net loan growth (%)	7.5%	11.0%	6.3%	3.2%	-0.9%
Problem loans/ tangible equity & reserves (%)	24.3%	16.4%	11.9%	7.3%	NA
Asset growth (%)	21.1%	10.5%	5.2%	-0.2%	-1.9%
Earnings and profitability					
Net interest margin (%)	1.1%	1.0%	1.3%	1.8%	2.1%
Net interest income/ average RWAs (%)	2.8%	2.9%	3.3%	4.4%	4.7%
Net interest income/ operating income (%)	54.2%	46.8%	57.3%	57.9%	60.6%
Net fees & commissions/ operating income (%)	35.0%	31.6%	32.0%	24.9%	24.1%
Cost/ income ratio (%)	64.5%	55.8%	55.3%	44.3%	42.6%
Operating expenses/ average RWAs (%)	3.3%	3.4%	3.2%	3.4%	3.3%
Pre-impairment operating profit/ average RWAs (%)	1.8%	2.7%	2.6%	4.2%	4.5%
Impairment on financial assets / pre-impairment income (%)	33.6%	24.8%	32.5%	26.1%	18.2%
Loan loss provision/ average gross loans (%)	0.3%	0.3%	0.4%	0.5%	NA
Pre-tax profit/ average RWAs (%)	0.9%	2.0%	1.7%	3.1%	3.7%
Return on average assets (%)	0.2%	0.5%	0.5%	0.8%	1.0%
Return on average RWAs (%)	0.6%	1.5%	1.2%	2.2%	2.5%
Return on average equity (%)	3.7%	8.5%	7.6%	12.9%	14.6%
Capital and risk protection					
Common equity tier 1 ratio (%, fully loaded)	16.2%	15.7%	15.3%	15.1%	15.2%
Common equity tier 1 ratio (%, transitional)	16.3%	15.8%	15.4%	15.4%	15.4%
Tier 1 capital ratio (%, transitional)	16.4%	15.8%	15.4%	15.4%	15.4%
Total capital ratio (%, transitional)	18.5%	18.9%	18.0%	17.7%	18.2%
Leverage ratio (%)	5.4%	5.2%	5.1%	5.5%	5.8%
Asset risk intensity (RWAs/ total assets, %)	36.5%	36.4%	36.4%	39.6%	42.2%
Market indicators					
Price/ book (x)	0.3x	0.5x	0.5x	0.7x	0.9x
Price/ tangible book (x)	0.3x	0.5x	0.5x	0.7x	0.9x
Dividend payout ratio (%)	25.0%	33.9%	50.9%	54.9%	62.5%

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

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