Creditreform Bank Rating

Intesa Sanpaolo S.p.A. (Group) as parent of Všeobecná úverová banka, a.s.

Long-Term Issuer Rating: BBB-
Outlook: stable

Short-Term Rating: L3

Preferred Sen. Unsec. Debt: BBB-
Non-Preferred Sen. Unsec. Debt: BB+
Tier 2 Capital: B+
AT1 Capital: B

12 October 2022

Rating Action:

Creditreform Rating affirms the Long-Term Issuer Rating of Intesa Sanpaolo S.p.A. (Group) at 'BBB-' (Outlook: stable)

Creditreform Rating (CRA) has affirmed the Long-Term Issuer Rating of Intesa Sanpaolo S.p.A. at 'BBB-' and the Short-Term Rating at 'L3'. The rating outlook is stable.
At the same time, CRA also affirms the ratings of Preferred Senior Unsecured debt at 'BBB-', the Non-Preferred Senior Unsecured debt at 'BB+', the Tier 2 capital at 'B+' and AT1 capital at 'B'.
Concurrently we affirm the Long-Term Issuer Rating of the Group's subsidiaries Intesa Sanpaolo-Bank Ireland Plc and Intesa Sanpaolo Bank Luxembourg S.A., which reflect the Long-Term Issuer Rating of Intesa Sanpaolo S.p.A. (Group), in line with our methodology.
It further sets the initial Long-Term Issuer Rating for Všeobecná úverová banka, a.s. at 'BBB-', reflecting the Long-Term Issuer Rating of its parent institution.

Please find a complete list of rating actions regarding the bank and its affected subsidiaries at the end of this rating update.

Key Rating Driver

CRA has revised the rating of Intesa Sanpaolo S.p.A. (Group) and its bank capital and debt instruments as a result of its periodic monitoring process for the following reasons:

- Convincing rebound of profitability after the impact of COVID-19 crisis and acquisition and integration of UBI Banca, producing Italy's largest banking group
- Impressive de-risking of portfolio, continuously improving asset-quality
- New strategic business plan 2022-2025, emphasis on further de-risking, operational efficiency, growth in commissions and strengthened ESG focus
- Solid capitalization
- High existing sovereign exposure to home market limits rating, exposure increased with acquisition of UBI Banca

Company Overview

Intesa Sanpaolo S.p.A. (hereafter ISP) is a banking group formed by the merger of Banca Intesa and Sanpaolo IMI in 2007. Moreover, Intesa Sanpaolo acquired control of UBI Banca (fifth largest bank in Italy) and merged it by incorporation on April 12, 2021. The group's headquarters are in Torino. With 97,698 employees (thereof 77% in Italy) as of December 2021 and about 4,719 branches (thereof 3,740 in Italy), ISP is the leading banking group in Italy following the acquisition of UBI Banca.

The group is divided into six business segments in addition to its Corporate Centre. Banca dei Territori focuses on the domestic commercial banking activities such as lending and deposit collecting in Italy. IMI Corporate & Investment Banking deals with corporate banking, investment banking and public finance in Italy and abroad. International Subsidiary Banks is responsible for the group's commercial operations on international markets through subsidiary and affiliated banks primarily involved in retail banking businesses. The Private Banking division of ISP serves the private client and high net worth individuals' customer segment. The business segment Insurance represents the subsidiaries of the insurance group such as Intesa Sanpaolo Vita, and

Fideuram Vita. Asset Management is tasked with the development of asset management solutions for the group and is present on the open market segment through the subsidiary Eurizon Capital and its subsidiaries with assets under management of about 474.4 billion. In addition, the groups Corporate Centre is responsible for guidance, coordination and control of the group as a whole as well as the management of assets and liabilities, the treasury and the NPE Department (former Capital Light Bank), which deals with the group's bad loans and repossessed assets as well as the sale of non-strategic investments.

ISP is currently pursuing its new 2022-2025 plan. The massive de-risking of the previous plan is continued. It further pursues a structural cost reduction by means of digitization, growth in commissions through wealth management and advisory and significant ESG commitment. In this sense, the new business plan is in our view a continuation of the previous plan. ISP targets, amongst others, a net income of €6.5 billion (ROTE 13.9%), a cost-income ratio (CIR) of 46.4% and cost of risk at 38bp, an NPL ratio (EBA definition) of 1.6% (0.8% net) as well as a CET1 ratio of >12% and a leverage ratio of 6.2%. In addition, ISP envisions cash dividends of 70% per annum plus share buybacks of €3.4 billion in 2022. As of H1 2022, already half of the buyback is already underway, and there has been a gross NPL reduction of €4.1 billion, reducing the net NPL ratio to 1% (EBA definition).

The shareholder structure of Intesa Sanpaolo S.p.A. (Group) is ordinary and at free float. The most significant shareholders are Compagnia di San Paolo (6.0%) and Fondazione Cariplo (4.9%).

Rating Considerations and Rationale

Continued, heavy de-risking of its NPL portfolio and the rebound of profitability primarily explain the affirmation of the Long-Term Issuer Rating of UniCredit S.p.A. (Group) after the initial COVID-19 impact in 2020. The new strategic plan puts emphasis on further de-risking as well as operational efficiency to enhance profitability. In addition, further growth in fees and commissions is sought. The solid capitalization currently enables generous investor disbursements.

The bank's rating remains negatively impacted by the high dependence on the Italian home market and the low rating of the Italian Republic ('BBB- (stable)', CRA Sovereign Rating as of February 11, 2022).

Profitability

ISP was able to report good fundamental results in fiscal year 2021. The bottom line was just under €4.2 billion in net profit attributable to owners, compared with only €3.3 billion in the previous year. Please note that Creditreform Rating follows a structural approach in the presentation of the balance sheet and income statement, i.e. financial statements of different banks are standardized as far as possible. Interim results such as Operating Income and various line items may thus have different values than the Bank's published values.

The development of operating profit, which returned to the level of the pre-Corona crisis years, is encouraging. Operating income showed a significant increase, mainly due to a sharp rise in fee and commission income. Operating expenses, on the other hand, rose to a lesser extent, which apart from exit incentives leading to extraordinary charges in the previous year in particular, resulted mainly from increased expenses for wages and salaries. Net risk costs decreased sharply, but remained elevated compared with previous years. The bottom line was an increase in pre-tax income of almost EUR 3 billion, but due to lower tax expense and without earnings from discontinued operations this only resulted in a higher bottom-line delta of around EUR 0.9 billion.

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In detail, on the income side net interest income increased only slightly by around a quarter of a billion euros. It should be noted that an increase of around EUR 0.8 billion alone resulted from extended participation in the ECB's TLTRO III program. However, the increase in fees and commissions was broad-based, with the most notable increases in absolute terms occurring in financial instruments, collective portfolio management and payment services. The cost of risk was significantly lower than in 2020. Recoveries were more than half a billion higher, while at the same time risk provisioning was around €1 billion lower, particularly in the area of Stages 1 and 2, so that in the end almost €1.6 billion less net risk provisioning had to be recognized. Derecognition of deferred tax liabilities netted the bank just under half a billion euros.

The key indicators of earnings strength also developed in line with the good results. Following the sharp increase in the cost/income ratio in the previous year, it decreased again significantly. Net profit-dependent indicators such as return on equity increased strongly, but were not yet able to reach the level of the previous year.

The half-year figures showed an improvement on the prior-year period. Operating profit increased by 4.2%, mainly due to lower operating costs. Net income decreased by 22.1%, but this is mainly explained by risk provisions in connection with the war between Russia and Ukraine, which amounted to €1.1 billion in the first half of 2022, without which net profit would have been 8.4% higher than in the prior-year half. For the full year, the bank is targeting a profit of over €4 billion, assuming no significant deterioration in commodity and energy supplies. Based on a very conservative calculation with regard to the exposure in Russia and Ukraine, the bank expects a net profit in excess of €3 billion.

Under the new Business Plan 2022-2025, the bank targets a net profit of €6.5 billion in 2025.

Asset Situation and Asset Quality

The balance sheet extended by €66.3 billion in 2021. Loans to customers increased only marginally, also as a result of continued massive de-risking. 5 billion in non-performing loans were reduced in 2021. In 2021, NPL outstanding (Stage 3 + POCI) amounted to €19.7 billion, of which €4.5 billion was classified as discontinued operations. The majority of the increase was due to an increase in cash and cash equivalents totaling €60.5 billion.

Asset quality continued to improve significantly, in particular due to massive de-risking. Risk-weighted assets (RWA) decreased sharply in absolute terms, with a simultaneous sharp increase in total assets, so that the RWA ratio fell sharply at the bottom line. As mentioned above, NPLs continued to decline sharply in absolute terms. Excluding discontinued operations, the NPL ratio was 3.2% (4.2% incl.), pro forma excluding a further €4.8 billion already funded even below 2%. This is a remarkable development, as the NPL stock in 2015 was still €64.5 billion/17.2%. Potential problem loans (measured by Stage 2 exposures) also declined sharply by €15 billion. Similar to other banks, risk provisioning was very conservative at the height of the Corona crisis. However, the cost of risk compared with RWA remained high at 88 basis points.

As of H1 2022, the NPL stock is reported to be as low as €11.1 billion. In the course of this de-risking, ISP has now reached the level of major banks in France or Germany.

Refinancing, Capital Quality and Liquidity

The bank's capitalization was little changed in 2021 compared with the previous year. The strong increase in cash and cash equivalents combined with a high payout ratio reduced the balance sheet equity ratio to just under 6% of total assets. The leverage ratio also fell sharply by one percentage point to 6.2%. By contrast, the regulatory capital ratios remained largely unchanged due to the reduction in RWA. Furthermore, the buffer to the CET1 minimum ratio remained very comfortable at over 5%; in February 2022, the bank received the buffer requirement of 8.81% in total, including an O-SII buffer of 0.75% and a Pillar 2 requirement of 1%.

For 2021, €2.9 billion cash dividend was budgeted (70% payout ratio), additionally a share buy-back of €3.4 billion was decided, of which €1.7 billion is already underway. The new business plan estimates 70% payout ratio in for the duration. The CET1 ratio is not expected to fall below 12% and the leverage ratio is expected to be 6.2% in 2025. The liquidity situation was comfortable with a Liquidity Coverage Ratio (LCR) at 184.5% and a Net Stable Funding Ratio (NSFR) at 127.3%.

Environmental, Social and Governance (ESG) Score Card

Intesa Sanpaolo S.p.A. has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive due to Intesa Sanpaolo's resilient economic development as well as significant de-risking and greatly enhanced asset-quality.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating drivers. While Green Financing / Promoting is rated neutral due to relatively low amount of issued green bonds, Corporate Behaviour is rated positive due the bank's business activities which are in line with applicable laws and moral beliefs of the society.

ESG Score

3,9 / 5

ESG Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of Intesa Sanpaolo S.p.A. is 'stable'. The good result of the past fiscal year and the good half-year figures, in particular the further massive improvement in asset quality, indicate good crisis resilience. Inflation, which had already risen at the end of the previous year in the wake of supply bottlenecks, was further fueled by the Russian invasion of Ukraine due to supply shortages of oil and gas. Central banks responded to the high inflation with sharp interest rate hikes, the end of which is not yet in sight. So far, it is difficult to assess what impact the sharp rise in the interest rate environment in combination with high inflation will have on profitability on the one hand and risk development and asset quality on the other.

Scenario Analysis

Best-case scenario: BBB

Worst-case scenario: BB+

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank is able to reach an long-term issuer rating of 'BBB' in the best-case scenario and a rating of 'BB+' in the worst-case scenario. The ratings of bank capital and senior unsecured debt would behave similarly based on our rating mechanism. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

Given ISP's exposure due to its home market Italy, we see an upgrade of the long-term issuer rating and the bank capital and debt instruments only through an upgrade of the rating of the Italian Republic (currently BBB-, stable).

By contrast, a downgrade of the Group's long-term issuer credit rating and its bank capital and debt instruments is only likely if the rating of the Italian Republic is downgraded.

As long as the bank maintains a significant sovereign exposure towards Italy (and the rating of the Italian Republic remains low), the ratings of the bank will be limited by the sovereign rating.

CRA's rating actions at a glance

Intesa Sanpaolo S.p.A. (Group):

- Long-Term Issuer Rating affirmed at 'BBB-', stable outlook
- Short-Term Rating affirmed at 'L3'
- Preferred Senior Unsecured Debt affirmed at 'BBB-'
- Non-Preferred Senior Unsecured Debt affirmed at 'BB+'
- Tier 2 Capital affirmed at 'B+'
- AT1 Capital affirmed at 'B'

Intesa Sanpaolo Bank Ireland Plc:

- Long-Term Issuer Rating affirmed at 'BBB-', stable outlook
- Short-Term Rating affirmed at 'L3'
- Preferred Senior Unsecured Debt affirmed at 'BBB-'

Intesa Sanpaolo Bank Luxembourg S.A.:

- Long-Term Issuer Rating affirmed at 'BBB-', stable outlook
- Short-Term Rating affirmed at 'L3'
- Preferred Senior Unsecured Debt affirmed at 'BBB-'
- Tier 2 Capital affirmed at 'B+'

Všeobecná úverová banka, a.s.:

- Long-Term Issuer Rating set at 'BBB-', stable outlook

Ratings Detail

Bank ratings

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

LT Issuer / Outlook / Short-Term **BBB- / stable / L3**

Bank Capital and Debt Instruments Ratings

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the Long-Term Issuer Rating of the bank.

Preferred Senior Unsecured Debt (PSU):	**BBB-**
Non-Preferred Senior Unsecured Debt (NPS):	**BB+**
Tier 2 (T2):	**B+**
Additional Tier 1 (AT1):	**B**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	16.04.2018	BBB / stable / L3
Rating Update	02.07.2019	BBB / stable / L3
Monitoring	28.03.2020	BBB / NEW / L3
Rating Update	15.09.2020	BBB- / stable / L3
Rating Update	09.11.2021	BBB- / stable / L3
Rating Update	12.10.2022	BBB- / stable / L3
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	16.04.2018	BBB / BB- / B+
PSU / T2 / AT1	02.07.2019	BBB / BB- / B+
PSU / T2 / AT1	28.03.2020	BBB / BB- / B+ (NEW)
PSU / NPS / T2 / AT1	15.09.2020	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	09.11.2021	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	12.10.2022	BBB- / BB+ / B+ / B
Intesa Sanpaolo Bank Ireland Plc		
Initialrating	16.04.2018	BBB / stable / L3
Rating Update	02.07.2019	BBB / stable / L3
Monitoring	28.03.2020	BBB / NEW / L3
Rating Update	15.09.2020	BBB- / stable / L3
Rating Update	09.11.2021	BBB- / stable / L3
Rating Update	12.10.2022	BBB- / stable / L3

Bank Capital and Debt Instruments of Intesa Sanpaolo Bank Ireland Plc		
Senior Unsecured / T2 / AT1 (Initial)	16.04.2018	BBB / BB- / B+
PSU / T2 / AT1	02.07.2019	BBB / BB- / B+
PSU / T2 / AT1	28.03.2020	BBB / BB- / B+ (NEW)
PSU / NPS / T2 / AT1	15.09.2020	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	09.11.2021	BBB- / n.r. / n.r. / n.r.
PSU	12.10.2022	BBB-
Intesa Sanpaolo Bank Luxembourg S.A.		
Initialrating	16.04.2018	BBB / stable / L3
Rating Update	02.07.2019	BBB / stable / L3
Monitoring	28.03.2020	BBB / NEW / L3
Rating Update	15.09.2020	BBB- / stable / L3
Rating Update	09.11.2021	BBB- / stable / L3
Rating Update	12.10.2022	BBB- / stable / L3
Bank Capital and Debt Instruments of Intesa Sanpaolo Bank Luxembourg S.A.		
Senior Unsecured / T2 / AT1 (Initial)	16.04.2018	BBB / BB- / B+
PSU / T2 / AT1	02.07.2019	BBB / BB- / B+
PSU / T2 / AT1	28.03.2020	BBB / BB- / B+ (NEW)
PSU / NPS / T2 / AT1	15.09.2020	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	09.11.2021	BBB- / n.r. / B+ / n.r.
PSU / T2	12.10.2022	BBB- / B+
Všeobecná úverová banka, a.s.		
Initialrating	12.10.2022	BBB- / stable / L3

Appendix

Figure 2: Group income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2021	%	2020	2019	2018
Income					
Net Interest Income	7.993	+3,4	7.732	6.924	7.342
Net Fee & Commission Income	9.364	+17,4	7.978	7.499	7.525
Net Insurance Income	1.786	+18,8	1.503	1.468	1.458
Net Trading & Fair Value Income	1.368	+3,4	1.323	1.953	1.181
Equity Accounted Results	138	< -100	-16	53	177
Dividends from Equity Instruments	161	+87,2	86	117	94
Other Income	1.483	+22,8	1.208	1.002	950
Operating Income	**22.293**	**+12,5**	**19.814**	**19.016**	**18.727**
Expense					
Depreciation and Amortisation	1.593	+14,1	1.396	1.221	1.026
Personnel Expense	7.187	+16,7	6.156	5.825	5.932
Tech & Communications Expense	1.292	+9,1	1.184	935	883
Marketing and Promotion Expense	154	+8,5	142	126	141
Other Provisions	374	-52,8	793	73	35
Other Expense	3.932	+6,0	3.709	3.006	3.241
Operating Expense	**14.532**	**+8,6**	**13.380**	**11.186**	**11.258**
Operating Profit & Impairment					
Operating Profit	**7.761**	**+54,4**	**5.028**	**7.830**	**7.469**
Cost of Risk / Impairment	2.869	-35,5	4.445	2.210	2.535
Net Income					
Non-Recurring Income	289	-88,9	2.606	182	532
Non-Recurring Expense	-	-	2.387	130	79
Pre-tax Profit	**5.181**	**> +100**	**2.208**	**5.672**	**5.387**
Income Tax Expense	1.138	> +100	59	1.564	1.363
Discontinued Operations	-	-	1.136	64	48
Net Profit	**4.043**	**+23,1**	**3.285**	**4.172**	**4.072**
Attributable to minority interest (non-controlling interest)	-142	< -100	8	-10	22
Attributable to owners of the parent	4.185	+27,7	3.277	4.182	4.050

Figure 3: Group key earnings figures| Source: eValueRate / CRA

Income Ratios (%)	2021	%	2020	2019	2018
Cost Income Ratio (CIR)	65,19	-2,34	67,53	58,82	60,12
Cost Income Ratio ex. Trading (CIRex)	69,45	-2,91	72,36	65,56	64,16
Return on Assets (ROA)	0,38	+0,05	0,33	0,51	0,52
Return on Equity (ROE)	6,31	+1,36	4,95	7,42	7,49
Return on Assets before Taxes (ROAbT)	0,48	+0,26	0,22	0,70	0,68
Return on Equity before Taxes (ROEbT)	8,09	+4,76	3,33	10,09	9,91
Return on Risk-Weighted Assets (RORWA)	1,23	+0,29	0,94	1,39	1,48
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,58	+0,95	0,63	1,89	1,96
Net Financial Margin (NFM)	1,16	-0,05	1,22	1,47	1,44
Pre-Impairment Operating Profit / Assets	0,73	+0,32	0,40	0,96	0,95
Cost of Funds (COF)	0,32	-0,03	0,35	0,57	0,56
Change in %Points					

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets| Source: eValueRate / CRA

Assets (EUR m)	2021	%	2020	2019	2018
Cash and Balances with Central Banks	145.844	+70,9	85.359	26.496	47.427
Net Loans to Banks	21.277	-17,7	25.858	23.207	21.138
Net Loans to Customers	440.591	+0,7	437.484	360.486	355.413
Total Securities	141.700	+4,3	135.818	122.969	95.365
Total Derivative Assets	25.244	-24,5	33.433	31.000	29.019
Other Financial Assets	31.401	+17,3	26.760	39.824	44.192
Financial Assets	**806.057**	**+8,2**	**744.712**	**603.982**	**592.554**
Equity Accounted Investments	1.652	-17,2	1.996	1.240	943
Other Investments	798	+5,1	759	282	247
Insurance Assets	207.093	+16,0	178.474	168.842	150.518
Non-current Assets & Discontinued Ops	1.422	-95,0	28.702	494	1.297
Tangible and Intangible Assets	19.336	+5,7	18.285	17.807	16.266
Tax Assets	18.808	-3,6	19.503	15.467	17.258
Total Other Assets	13.837	+35,9	10.183	7.988	8.707
Total Assets	**1.069.003**	**+6,6**	**1.002.614**	**816.102**	**787.790**

Figure 5: Development of asset quality| Source: eValueRate / CRA

Asset Ratios (%)	2021	%	2020	2019	2018
Net Loans/ Assets	41,22	-2,42	43,63	44,17	45,12
Risk-weighted Assets/ Assets	30,67	-4,09	34,76	36,82	34,98
NPLs*/ Net Loans to Customers	3,49	-1,28	4,77	8,69	10,23
NPLs*/ Risk-weighted Assets	4,69	-1,30	5,99	10,42	13,19
Potential Problem Loans**/ Net Loans to Customers	12,77	-3,78	16,55	12,17	12,75
Reserves/ NPLs*	69,26	+7,07	62,19	60,03	60,51
Reserves/ Net Loans	2,42	-0,55	2,97	5,21	6,19
Cost of Risk/ Net Loans	0,65	-0,36	1,02	0,61	0,71
Cost of Risk/ Risk-weighted Assets	0,88	+0,87	0,00	0,74	0,92
Cost of Risk/ Total Assets	0,27	-0,17	0,44	0,27	0,32
Change in %Points					

* NPLs are represented by Stage 3 Loans where available.
** Potential Problem Loans are Stage 2 Loans where available.

Figure 6: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2021	%	2020	2019	2018
Total Deposits from Banks	175.360	+47,4	119.003	74.024	85.176
Total Deposits from Customers	455.552	+7,4	424.247	329.124	302.413
Total Debt	93.687	-6,0	99.683	91.237	87.689
Derivative Liabilities	35.506	-23,0	46.088	41.613	38.470
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	14.851	+34,9	11.011	38.429	49.712
Total Financial Liabilities	**774.956**	**+10,7**	**700.032**	**574.427**	**563.460**
Insurance Liabilities	205.212	+16,6	175.953	165.897	149.407
Non-current Liabilities & Discontinued Ops	30	-99,9	35.676	41	258
Tax Liabilities	2.285	-24,6	3.029	2.321	2.391
Provisions	6.815	-4,9	7.164	5.131	6.254
Total Other Liabilities	15.639	+8,3	14.439	12.070	11.670
Total Liabilities	**1.004.937**	**+7,3**	**936.293**	**759.887**	**733.440**
Total Equity	**64.066**	**-3,4**	**66.321**	**56.215**	**54.350**
Total Liabilities and Equity	**1.069.003**	**+6,6**	**1.002.614**	**816.102**	**787.790**

Figure 7: Development of capital ratios and liquidity | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2021	%	2020	2019	2018
Total Equity/ Total Assets	5,99	-0,62	6,61	6,89	6,90
Leverage Ratio	6,20	-1,00	7,20	6,70	6,30
Common Equity Tier 1 Ratio (CET1)*	14,00	+0,00	14,00	13,00	12,00
Tier 1 Ratio (CET1 + AT1)*	15,90	-0,30	16,20	14,30	13,80
Total Capital Ratio (CET1 + AT1 + T2)*	18,90	-0,30	19,20	17,00	16,50
SREP/ CET1 Minimum Capital Requirements	8,81	+0,37	8,44	9,18	8,13
MREL / TLAC Ratio	-	-	-	-	-
Net Loans/ Deposits (LTD)	96,72	-6,40	103,12	109,53	117,53
Net Stable Funding Ratio (NSFR)	127,30	-	-	-	-
Liquidity Coverage Ratio (LCR)	184,50	+25,40	159,10	160,60	163,00
Change in %Points					

* Fully-loaded where available

Figure 8: Income statement of Všeobecná úverová banka, a.s.| Source: eValueRate / CRA

Income Statement (EUR k)	2021	%	2020	2019	2018
Income					
Net Interest Income	287.458	-2,5	294.819	340.172	366.813
Net Fee & Commission Income	147.378	+9,5	134.635	127.680	127.938
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	19.018	+2,4	18.581	-7.704	39.551
Equity Accounted Results	10.140	> +100	3.443	4.368	2.131
Dividends from Equity Instruments	98	+55,6	63	191	223
Other Income	7.219	+4,7	6.897	8.591	6.359
Operating Income	**471.311**	**+2,8**	**458.438**	**473.298**	**543.015**
Expense					
Depreciation and Amortisation	32.746	+11,3	29.433	27.138	30.382
Personnel Expense	126.078	-0,4	126.630	125.349	129.223
Tech & Communications Expense	21.491	+3,4	20.788	22.332	32.371
Marketing and Promotion Expense	5.110	+1,0	5.060	7.128	7.142
Other Provisions	12	< -100	-218	-4.927	340
Other Expense	71.435	-26,7	97.488	98.372	88.658
Operating Expense	**256.872**	**-8,0**	**279.181**	**275.392**	**288.116**
Operating Profit & Impairment					
Operating Profit	**214.439**	**+19,6**	**179.257**	**197.906**	**254.899**
Cost of Risk / Impairment	80.350	+26,8	63.376	38.853	54.271
Net Income					
Non-Recurring Income	9.792	> +100	696	0	3.525
Non-Recurring Expense	-	-	7.436	4.883	-
Pre-tax Profit	**143.881**	**+31,8**	**109.141**	**154.170**	**204.153**
Income Tax Expense	30.542	+15,5	26.447	34.099	43.835
Discontinued Operations	-	-	-	-	-
Net Profit	**113.339**	**+37,1**	**82.694**	**120.071**	**160.318**
Attributable to minority interest (non-controlling interest)	-	-	-	-	-
Attributable to owners of the parent	-	-	-	-	-

Figure 9: Key earnings figures of Všeobecná úverová banka, a.s.| Source: eValueRate / CRA

Income Ratios (%)	2021	%	2020	2019	2018
Cost Income Ratio (CIR)	54,50	-6,40	60,90	58,19	53,06
Cost Income Ratio ex. Trading (CIRex)	56,79	-6,68	63,47	57,25	57,23
Return on Assets (ROA)	0,49	+0,06	0,43	0,68	0,96
Return on Equity (ROE)	6,53	+1,69	4,84	7,44	9,93
Return on Assets before Taxes (ROAbT)	0,62	+0,05	0,57	0,87	1,23
Return on Equity before Taxes (ROEbT)	8,29	+1,90	6,39	9,56	12,65
Return on Risk-Weighted Assets (RORWA)	1,23	+0,32	0,91	1,33	1,74
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,56	+0,36	1,20	1,71	2,22
Net Financial Margin (NFM)	1,34	-0,32	1,66	1,93	2,49
Pre-Impairment Operating Profit / Assets	0,92	-0,01	0,93	1,12	1,53
Cost of Funds (COF)	0,17	-0,04	0,22	0,30	0,33
Change in % Points					

Figure 10: Development of assets of Všeobecná úverová banka, a.s.| Source: eValueRate / CRA

Assets (EUR k)	2021	%	2020	2019	2018
Cash and Balances with Central Banks	2.612.787	+66,2	1.571.642	996.446	1.769.134
Net Loans to Banks	1.819.392	> +100	205.420	180.491	102.454
Net Loans to Customers	16.659.876	+9,3	15.239.856	14.377.014	13.617.247
Total Securities	1.681.625	+3,5	1.624.941	1.577.336	750.414
Total Derivative Assets	86.033	-53,4	184.468	117.592	75.496
Other Financial Assets	-	-	-	-	-
Financial Assets	**22.859.713**	**+21,4**	**18.826.327**	**17.248.879**	**16.314.745**
Equity Accounted Investments	18.090	+63,6	11.058	11.635	8.758
Other Investments	-	-	-	-	-
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	515	> +100	1	645	26.922
Tangible and Intangible Assets	283.678	-0,0	283.694	262.038	213.851
Tax Assets	57.065	-29,8	81.320	94.460	71.912
Total Other Assets	23.794	-7,8	25.819	22.839	23.747
Total Assets	**23.242.855**	**+20,9**	**19.228.219**	**17.640.496**	**16.659.935**

Figure 11: Development of asset quality of Všeobecná úverová banka, a.s.| Source: eValueRate / CRA

Asset Ratios (%)	2021	%	2020	2019	2018
Net Loans/ Assets	71,68	-7,58	79,26	81,50	81,74
Risk-weighted Assets/ Assets	39,67	-7,56	47,22	51,13	55,29
NPLs*/ Net Loans to Customers	2,18	-0,51	2,69	3,10	3,34
NPLs*/ Risk-weighted Assets	3,93	-0,58	4,52	4,94	4,94
Potential Problem Loans**/ Net Loans to Customers	5,41	-2,58	7,99	7,21	7,03
Reserves/ NPLs*	95,55	+14,81	80,73	78,29	88,93
Reserves/ Net Loans	2,08	-0,09	2,17	2,43	2,97
Cost of Risk/ Net Loans	0,48	+0,07	0,42	0,27	0,40
Cost of Risk/ Risk-weighted Assets	0,87	+0,17	0,70	0,43	0,59
Cost of Risk/ Total Assets	0,35	+0,02	0,33	0,22	0,33
Change in %-Points					

* NPLs are represented by Stage 3 Loans where available.
** Potential Problem Loans are Stage 2 Loans where available.

Figure 12: Development of refinancing and capital adequacy of Všeobecná úverová banka, a.s.| Source: eValueRate / CRA

Liabilities (EUR k)	2021	%	2020	2019	2018
Total Deposits from Banks	3.314.948	> +100	629.800	551.967	1.192.015
Total Deposits from Customers	13.952.765	+7,4	12.986.820	11.951.017	11.130.637
Total Debt	4.029.206	+11,2	3.622.880	3.320.838	2.532.434
Derivative Liabilities	65.189	-59,2	159.774	89.163	56.060
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
Total Financial Liabilities	**21.362.108**	**+22,8**	**17.399.274**	**15.912.985**	**14.911.146**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	12.018	> +100	3.411	-	10.724
Provisions	25.061	+38,9	18.036	51.282	24.723
Total Other Liabilities	108.744	+8,1	100.559	63.232	99.389
Total Liabilities	**21.507.931**	**+22,8**	**17.521.280**	**16.027.499**	**15.045.982**
Total Equity	**1.734.924**	**+1,6**	**1.706.939**	**1.612.997**	**1.613.953**
Total Liabilities and Equity	**23.242.855**	**+20,9**	**19.228.219**	**17.640.496**	**16.659.935**

Figure 13: Development of capital ratios and liquidity of Všeobecná úverová banka, a.s.| Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2021	%	2020	2019	2018
Total Equity/ Total Assets	7,46	-1,41	8,88	9,14	9,69
Leverage Ratio	-	-	-	-	-
Common Equity Tier 1 Ratio (CET1)*	17,24	+0,58	16,66	15,26	-
Tier 1 Ratio (CET1 + AT1)*	-	-	-	15,26	-
Total Capital Ratio (CET1 + AT1 + T2)*	19,51	+0,72	18,79	17,38	-
SREP/ CET1 Minimum Capital Requirements	11,84	+0,00	11,84	13,00	10,25
MREL / TLAC Ratio	-	-	-	-	-
Net Loans/ Deposits (LTD)	119,40	+2,05	117,35	120,30	122,34
Net Stable Funding Ratio (NSFR)	-	-	-	-	-
Liquidity Coverage Ratio (LCR)	-	-	-	-	-

Change in %Points
* Fully-loaded where available

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The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the rating methodology for bank ratings (v3.1), the methodology for the rating of bank capital and unsecured debt instruments (v2.1), as well as the rating methodology for Environmental, Social and Governance Score for Banks (v1.0) in conjunction with Creditreform's basic document Rating Criteria and Definitions (v1.3).

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On 12 October 2022, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Intesa Sanpaolo S.p.A. (Group) and its subsidiaries, and the preliminary rating report was made available to the bank. There was no change in the rating score.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

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