Scope Ratings

Aegean Baltic Bank S.A.

Rating report

Issuer rating

BB

Outlook

Stable

Summary and Outlook

Aegean Baltic Bank S.A. (ABBank)'s issuer rating of BB reflects the following assessments:

- **Business model assessment: Focused (Low)**. ABBank is a small, specialised lender focused on shipping finance. While shipping is a highly cyclical activity, it is largely decoupled from the Greek economy; this enabled the bank to weather the domestic sovereign crisis. The bank's recent expansion into onshore corporate lending adds to its business diversification.
- **Operating environment assessment**: **Moderately Supportive (High).** Our assessment acknowledges the moderate level of wealth in Greece, the effective institutional support mechanisms within the euro area and the strong regulatory and supervisory framework for Greek banks within the European Banking Union.
- **Long-term sustainability assessment (ESG factor): Developing**. In our view, intrinsically high governance risks are well managed, as evidenced by the bank's strong track record.

  Prompted by the Central Bank of Greece, ABBank has started working on an action plan to address the first four ECB supervisory expectations related to the management of environmental risks. We believe that ABBank is prepared for this challenge, as it has long experience managing environmental risks that can affect the value of ships used as collateral.
- **Earnings and risk exposures assessment: Supportive.** ABBank has a robust capacity to generate earnings due to its competitive operating leverage and low cost of risk.

  Increased lending capacity, driven by improved funding conditions for the Greek banking sector, has enabled ABBank to grow quickly and achieve record results since 2020. Loan losses have also remained low. At the same time, the bank's customer base and credit exposures are highly concentrated.

  Asset quality metrics are solid, reflecting not only management's clean-up efforts, but also a prudent risk appetite, high levels of collateralisation and a favourable economic cycle. The gross non-performing exposure ratio stood at 0.8% as of YE 2023, well below the national average.
- **Financial viability assessment: Adequate**. The bank has maintained a sound capital position in a context of significantly increasing risk-weighted assets. Funding risk is relatively high due to the reliance on large, uninsured deposits, although liquidity buffers are ample.

The **Stable Outlook** reflects Scope's view that the risks to the current rating are balanced.

The upside scenario for the rating and Outlook:

- Well managed growth, both in the shipping and in onshore corporate segments, coupled with increasing diversification of funding sources.

The downside scenarios for the rating and Outlook:

- Material worsening of asset quality metrics, potentially from rapid expansion into industry sectors where the bank does not have a long track record.
- Evidence of a less prudent approach to capital management and/or a decline in liquidity buffers, leading to a lower assessment of financial viability management.

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Related publications

Scope assigns to Aegean Baltic Bank a first-time issuer rating of BB/Stable, June 2024

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Credit ratings

		Credit rating	Outlook
Issuer	**Aegean Baltic Bank SA**		
	Issuer rating	BB	Stable

Business model

'Focused– Low' business model assessment

ABBank is a privately owned Greek corporate bank with total assets of EUR 1.1bn as of YE 2023. The bank was founded in 2002 as a joint venture between HSH Nordbank AG (now Hamburg Commercial Bank AG) and a group of individual investors with long-standing experience in shipping finance. Since 2018, the bank has been primarily owned by its CEO and an investor.

The bank specialises in shipping finance (lending, trade finance, treasury solutions and advisory). Originally, the bank focused on the arrangement and management of syndicated shipping loans, but after the global financial crisis, activity has shifted towards bilateral lending.

Shipping is higher risk but largely delinked from domestic economy

Most of the bank's shipping exposure is in the tanker and the dry bulk segments, which are the largest shipping sectors globally and where Greek firms have the largest presence. The shipping sector is highly cyclical and sensitive to global economic conditions, in particular economic growth, industrial production, trade, supply chain dynamics, and oil prices (see Box A for details).

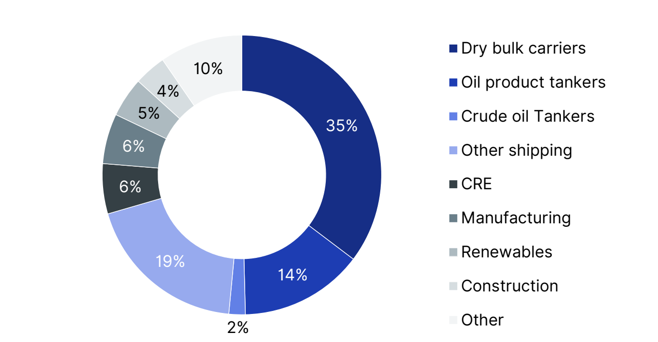
Credit concentration is high due to the small number of borrowers and relatively large loan sizes. Positively, credit performance is largely decoupled from the domestic economy due to the international nature of the shipping business, and high asset-collateralisation mitigates credit risks. These factors enabled ABBank to weather the Greek sovereign crisis without recapitalisation.

Targeting a 70/30 shipping/non-shipping loan split

Since 2018, the bank has been diversifying its business by lending to Greek onshore firms, mostly operating in the commercial real estate, manufacturing, renewables, and construction sectors (Figure 1). ABBank targets a 70/30 loan book split between shipping and non-shipping.

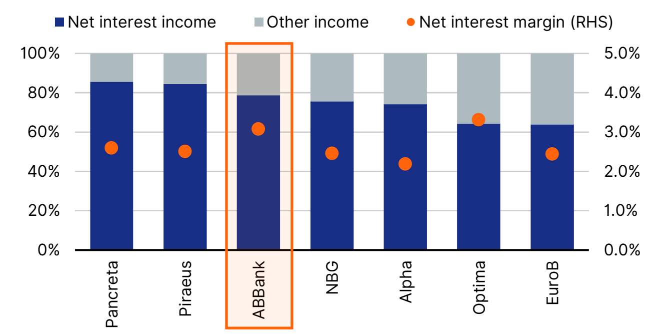
Net interest income is ABBank's main source of revenue, accounting for roughly 79% of total revenues on average for the past three years (Figure 2). This reflects a business model centred around traditional banking activities. Due to its small size, the bank's market share is below 1% in both the Greek shipping sector and the Greek onshore corporate segment.

Figure 1: Credit lines by segment, YE 2023



Sources: ABBank, Scope Ratings

Figure 2: Revenue profile – Greek banks



Sources: SNL, Scope Ratings.
Note: Three-year averages based on 2021-2023

Ambitious growth strategy

From 2019 to 2021, the bank experienced rapid growth due in part to the gradual improvement in funding conditions for the Greek banking sector. Since December 2021, the loan book has declined by 11% as shipping customers repaid loans early given sharply rising interest rates and excess liquidity. Nevertheless, management expects growth to resume in 2024, with loan volumes set to double by 2026, alongside rising customer deposits and greater funding diversification. Management foresees profitability remaining very strong, while maintaining a sound asset quality and capital profile.

We consider these targets to be ambitious given growing macroeconomic uncertainty, particularly due to rising geopolitical tensions, which could have a negative impact on the Greek shipping industry. And while the bank has a strong track record in shipping finance across multiple economic cycles, its track record in onshore finance is limited, and it remains to be seen whether a rapid growth in volumes could be sustained without materially impacting the bank's risk profile. Successful strategic execution, leading to greater business diversification and significantly higher volumes and market shares, without a material change in the bank's risk profile would be credit positive.

New shareholder structure brings some uncertainty

In April 2024, ABBank announced the signing of a sale and purchase agreement for a majority stake in the bank between its principal shareholders and a company owned by Aristotelis Mistakidis, who also owns a 4% stake in Piraeus Bank. The transaction is expected to be completed by the end of 2024. While the change in ownership brings some uncertainty in terms of strategy and key management, we do not expect the current strategic direction to change.

Box A: Focus on the Greek shipping sector

The shipping industry is tied to global economic trends as it plays a crucial role in transporting goods around the world. Within the industry there are three main segments: dry bulk carriers, which carry commodities such as coal and grain; tankers, which transport or store liquids and gases; and container ships, which carry packaged goods. Each segment has its own cycle, which is partly correlated with the others (e.g. dry bulk carriers are mostly affected by supply/demand imbalances in the commodities market). The industry is capital-intensive and predominantly US dollar denominated.

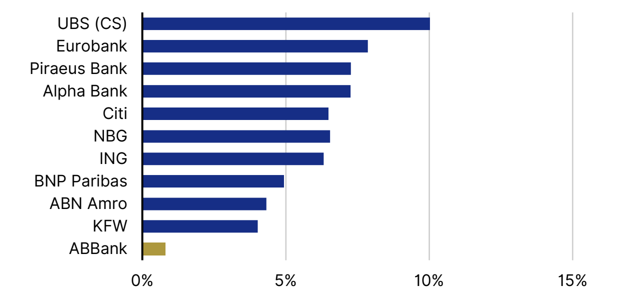
Shipping finance consists mainly of secured lending, with collateral typically comprising vessels, pledged cash, personal guarantees, financial assets, and insurance. The capital-intensive nature of the industry, combined with a relatively small number of large firms, leads to concentration risks, both in credit exposures and customer deposits.

Greece is one of the top ten providers of shipping services in the world[1]. Shipping is the country's largest industry in terms of value. Greek-owned shipping companies have established a stronger presence in the dry bulk and tanker segments.

Over the past fifteen years, Greek shipping companies have maintained their global relevance despite the domestic sovereign crisis. According to Petrofin Research, the deadweight tonnage transported by Greek ships almost doubled between 2010 and 2022. However, the Greek sovereign crisis has impacted the ship finance market. Bank lending to the shipping sector has shrunk since its 2008 peak, partly replaced by alternative sources of funding, such as leasing, the bond market, and own private capital.

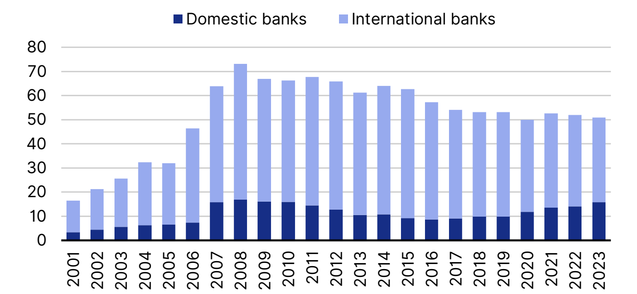
Several foreign banks exited or reduced their presence in the market, while the domestic economic crisis forced struggling domestic banks to deleverage and relinquish market share. In 2023, 50 banks were lending to the Greek shipping sector, with none holding more than 10% loan market share. Since 2017, domestic players have increased their presence again and are keen to further grow their loan market share.

Figure 3: Greek shipping sector loan market share - ABBank vs top ten players



Sources: Petrofin Bank Research, Scope Ratings
Note: Estimated market shares for 2023

Figure 4: Greek shipping sector – Bank financing (USD bn)*, historical



Sources: Petrofin Bank Research, Scope Ratings
*Including undrawn funds

[1] Based on exported value in USD (source: International Trade Centre)

Operating environment

Box B: Focus on ABBank's main operating environment: Greece (BBB-/Stable)

Economic assessment

- With a population of 10.4m and a GDP of USD 242bn, Greece is a small economy in the EU. Its GDP per capita is around 45% below the EU average.
- The economy is gradually recovering from a severe, decade-long debt crisis that saw bailout programmes, sovereign debt restructurings and austerity.
- Since 2020, Greek economic growth has been high, supported by strong private consumption and the recovery in private investment, government measures, and Greece's National Recovery and Resiliency Plan. However, growth potential is still comparatively low due to investment gaps and low innovation.
- For 2024, Scope expects the Greek economy to grow 2.2% due to increases in tourism revenues, fixed investments, business turnover and manufacturing volumes. Employment and wages are also set to improve.
- Scope rates the Hellenic Republic at BBB-/Stable, reflecting effective European institutional support, a strong public debt profile, a prudent fiscal policy and ongoing structural reforms.
- The high level of public debt could constrain the Greek government from providing support to the economy during downturns. At the same time, we also acknowledge the reduction in the country's public-debt ratio and general government deficit on the back of sustained economic growth, elevated inflation, and primary budget surpluses.

Key economic indicators	2021	2022	2023	2024E	2025F
Real GDP growth, %	8.4	5.6	2.1	2.2	2.3
Inflation (HICP), % change	0.6	9.3	4.2	2.7	2.3
Unemployment rate, %	14.8	12.4	10.6	9.1	8.5
Pocily rate, %	-0.5	2.0	4.0	3.3	2.3
Public debt, % of GDP	195	173	160	155	149
General government balance, % of GDP	-7.0	-2.3	-2.0	-1.5	-1.6

Source: Scope Ratings

Soundness of the banking sector

- Following significant consolidation during the decade of severe crisis in which banking assets shrank by 60%, four banks now dominate and together hold over 90% of assets: the National Bank of Greece, Eurobank, Alpha Bank and Piraeus.
- Greece is part of the European Banking Union, and its four largest banks are directly supervised by the ECB. Greek banking regulations are largely aligned with the latest international standards as set by the Basel Committee.
- Lending is concentrated on non-financial companies. Cyclical sectors, such as shipping and hospitality, are more prominent than the EU average.
- Banks are increasingly funded by customer deposits while interbank and wholesale funding make up a small portion of total funding. The system is no longer reliant on central bank funding, with TLTRO III loans expected to be fully repaid by mid-2024.
- The financial performance of Greek banks is strong. Profitability has greatly improved due to widening interest spreads. At the same time, the non-performing loan ratio has reached a low of 7.9% after years of de-risking while the average CET1 ratio is above 14%. Strong earnings are also improving the sector's capital quality.

Banking system indicators	2019	2020	2021	2022	2023
ROAA, %	0.1	-0.7	-1.6	1.1	1.2
ROAE, %	1.0	-7.4	-19.1	13.6	13.2
Net interest margin, %	2.7	2.5	2.1	2.0	3.1
CET1 ratio, %	16.2	14.9	13.5	14.4	15.7
Problem loans/gross customer loans, %	31.5	25.4	8.3	5.9	5.3
Loan-to-deposit ratio, %	100.0	88.4	71.9	71.6	69.6

Source: SNL, Scope Ratings

Long-term sustainability (ESG-D)

'Developing' long-term sustainability assessment

We consider the exposure to governance risk to be high, given the bank's concentrated shareholder base and key man risks. At the same time, the bank's performance record in a very challenging environment points to a prudent approach to risk and adequate management of governance risks.

Governance factor

Since 2018, the bank has been owned primarily by Costanus Ltd., Cyprus, around 48% stake, and Mr Theodoros Afthonidis (the bank's CEO since inception), around 41%. This ownership structure has resulted in the Afthonidis family having relatively tight control over the bank. As mentioned above, this structure will change with Mr. Mistakidis assuming control.

This shareholder structure has several advantages, such as a focus on longer-term value creation, business strategy continuity, and reduced conflict between management and shareholders – although it may increase the risk of agency problems between management and shareholders on the one hand and debtholders on the other.

Mr. Afthonidis, 76, is the bank's founder, key shareholder and CEO since its inception. His succession will be a key matter, potentially creating uncertainty both in terms of governance and the bank's strategy.

Environmental factor

ABBank has long experience in managing environmental risks, as the shipping sector has been subject to evolving environmental regulations for decades, such as those relating to emissions and ballast water management. New requirements can affect companies' operations and the value of vessels (i.e. collateral).

In May 2023, the Bank of Greece requested that all less-significant institutions develop action plans to gradually address the first four (out of 13) ECB supervisory expectations. In December 2023, ABBank submitted the required action plan ("roadmap") which foresees the implementation of certain actions, policies and KPIs in 2024.

Digital factor

Digital considerations are not material for ABBank's rating. Shipping finance is a relationship-based business, where in-depth knowledge of the customer and human interaction are key. As a consequence, the risk of product commoditisation or competition from digital-only players is limited.

Social factor

Similarly, we consider the bank's exposure to social factors to be lower than peers, given the bank's limited size, workforce and lack of exposure to retail clients.

Figure 5: 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.

Earnings capacity and risk exposures

'Supportive' earnings capacity and risk exposures assessment

Thanks to its focus on globally exposed shipping firms, ABBank outperformed the rest of the Greek banking sector in the 2010s. The bank weathered the domestic sovereign crisis without capital injections. Nevertheless, it was forced to reduce lending activity and shrink its balance sheet for several years, generally resulting in losses between 2016 and 2019.

Since 2020, ABBank's earnings have risen sharply on the back of growing loan volumes and rising spreads. Interest margins bottomed out in 2021 before rising rapidly in the following two years, reflecting higher policy rates. In both 2022 and 2023, the increase in margins more than offset the decline in loan volumes. Improved funding conditions and lower funding costs have also contributed to better performance.

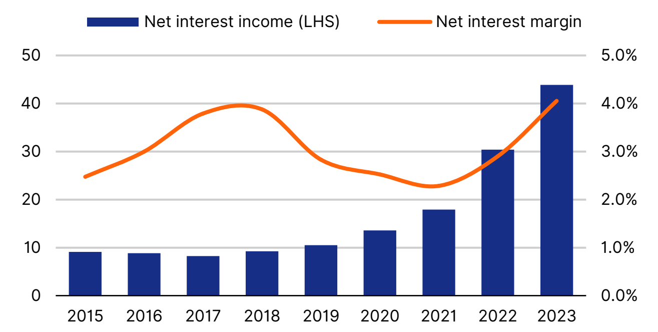
In 2023, the bank's return on average equity was nearly 24%, well above the average of the past five years. For the three-year period ending 2026, management is targeting a return on equity above 15% and an average cost-income ratio of less than 40%.

Remarkable improvement in operating leverage

Revenue growth has outpaced the increase in operating expenses since 2019 (+300% and 44% respectively), leading to a sharp decline in the cost-income ratio (Figure 7). The increase in expenses was mainly driven by business growth and the expansion into onshore corporate lending, which required new staff. Total headcount increased by 17 in four years to 112.

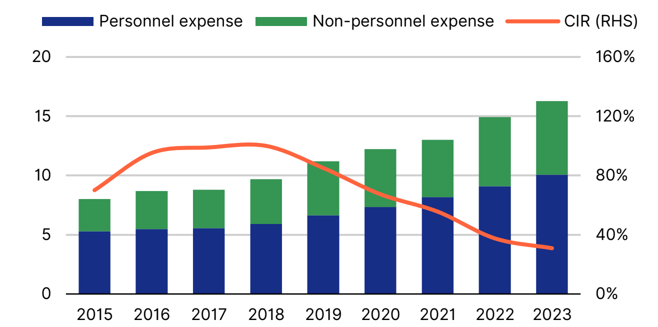
In our view, cost discipline remains critical given the uncertainty surrounding the sustainability of current revenue levels. We estimate that the bank's cost-income ratio would remain below 80% if revenues were to be halved.

Figure 6: ABBank – Net interest income (EUR m) and margin, historical



Sources: SNL, Scope Ratings

Figure 7: ABBank – Cost/income ratio and operating expenses (EUR m), historical



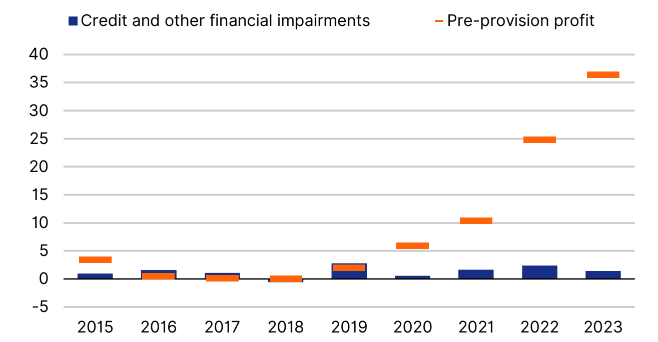
Sources: SNL, Scope Ratings

Low cost of risks reflects strong origination and shipping finance characteristics

The bank has managed to keep the cost of risk low, due to a good origination policy and a high level of asset collateralisation. Frequent pre-payments by shipping borrowers have also lead to reversals of impairments, lowering the average cost of risk. And since 2020, revenue growth has provided an increasingly comfortable cushion against credit impairments (Figure 8).

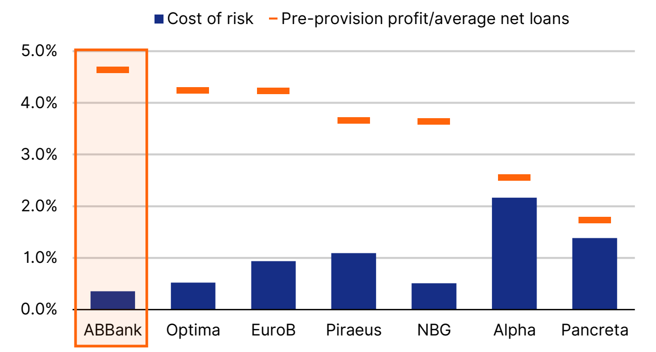
In the medium term, however, we expect the cost of risk to rise moderately due to the increased exposure to Greek onshore companies, where the bank has less expertise. ABBank will also have to demonstrate its ability to manage a significantly larger loan portfolio in the coming years. Going forward, the key challenge for the bank will be to demonstrate the ability to generate income to cover unexpected credit losses over the cycle.

Figure 8: ABBank – Pre-provisions profits vs loan-loss provisions



Sources: SNL, Scope Ratings

Figure 9: Pre-provision profitability vs cost of risk, 2021-23 average



Sources: SNL, Scope Ratings

ABBank exhibits sound asset quality, with a gross non-performing loan (NPL) ratio close to zero as of YE 2023 which is well below the domestic sector average (Figure 10). At the same time, coverage is high (above 97%), reflecting low NPL inflows.

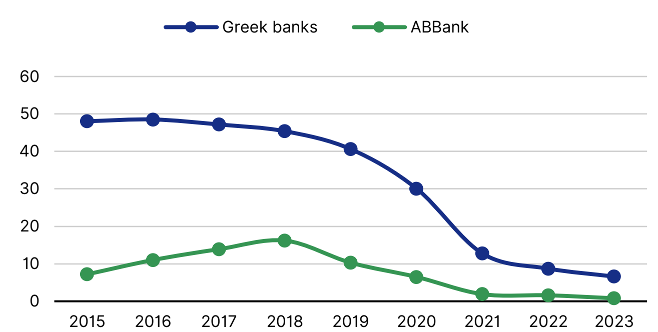
Management expects non-performing exposures to remain very low throughout the 2024-2026 period, given the favourable conditions for the Greek shipping sector and, more broadly, for the economy.

Given the nature of the business, the bank's credit exposures are relatively concentrated. The gross loan balances of the ten largest obligor groups accounted for 37% of total on-and-off balance sheet customer credit limits as of YE 2023. The bank fully centralises the origination, underwriting, approval, and monitoring of credit exposures. If a credit exposure exceeds 15% of the bank's equity, the approval of the board of directors is required.

To assess credit risk, ABBank has developed a credit rating tool based on six 'group criteria' and nine 'facility criteria'. A similar tool is used for non-shipping loans. As of YE 2023, the majority of exposures were considered to be of strong, good or satisfactory credit quality (Figure 11).

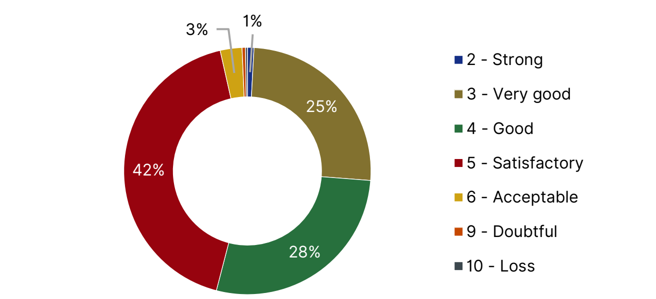
The group accepts various forms of collateral: vessel mortgages, immovable properties, assignment of earnings/insurance/pledges of receivables, financial collateral, and corporate/personal guarantees.

Figure 10: ABBank vs the Greek banking sector – Gross NPL ratio



Sources: SNL, Bank of Greece, Scope Ratings

Figure 11: Credit lines by internal credit rating, YE 2023



Sources: ABBank, Scope Ratings
Note: no exposure in the 1- Excellent, 7- Vulnerable, and 8- Substandard categories

Financial viability management

'Adequate' financial viability management assessment

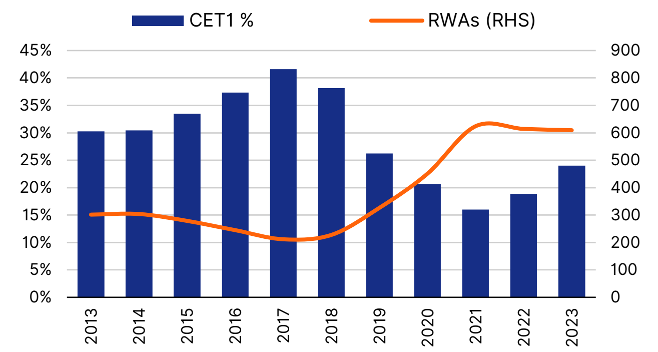
ABBank has maintained a healthy capital position over the years. More recently, the CET1 ratio has declined in line with rapid asset growth, while remaining well above the requirement. As of YE 2023, the buffer to the CET1 requirement was more than 15%. Management expects the CET1 ratio to gradually decline to around 18% by 2026 due to business growth. This would imply a minimum capital buffer of more than 400 bp, which we consider adequate. Given the concentrated nature of its funding profile, we believe it is critical for ABBank to maintain a strong capital position.

In addition to the Pillar I requirement of 8% and the capital conservation buffer of 2.5%, ABBank is subject to a Pillar II requirement of 3.08%, which is high compared to the euro area average, mainly reflecting concentration risk.

Since 2019, improving earnings generation and declining asset risk intensity have partially offset the impact of business growth on ABBank's capital ratios. The reduction in asset risk intensity reflects improved asset quality and a higher proportion of assets in domestic sovereign bonds, which are weighted at 0%.

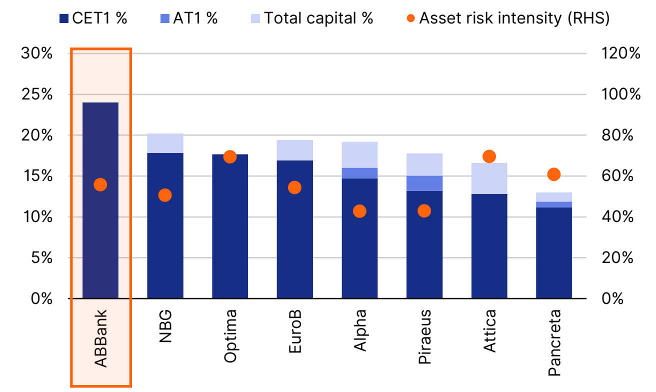
Risk-weighted assets are mostly for credit and counterparty risks, with the remainder being for operational risk. Market risk is limited, reflecting: (i) the insignificant trading book, given the bank's policy not to trade marketable securities and FX; (ii) the small number of open FX positions; and (iii) the entire customer loan portfolio being floating rate, which limits interest rate risk in the banking book.

Figure 12: Capital profile



Source: SNL, Scope Ratings

Figure 13: Capital profile – Greek banks (YE 2023)



Source: SNL, Scope Ratings

Customer deposits represent almost all of the bank's funding, as there are no outstanding bonds or interbank funding. The majority of deposits are from shipping customers, which allows the bank to closely monitor the liquidity position of borrowers.

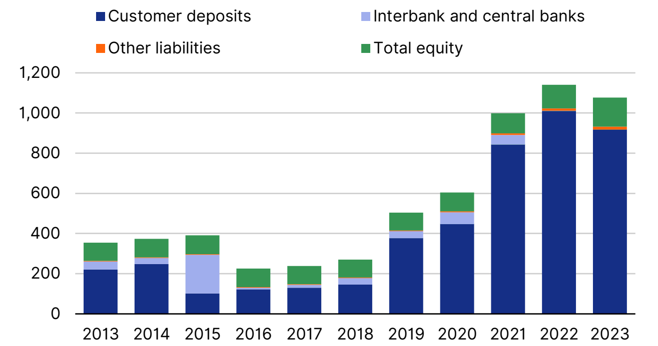
Highly concentrated funding is a risk…

The concentration of deposits is high, with the ten largest accounting for around 35% of the total as of YE 2023. This concentration reflects the bank's business and small size. To mitigate funding and liquidity risks, the bank is committed to maintaining a loan-deposit ratio well below 100%. As of YE 2023, the ratio stood at 55%.

…but liquidity buffers are large

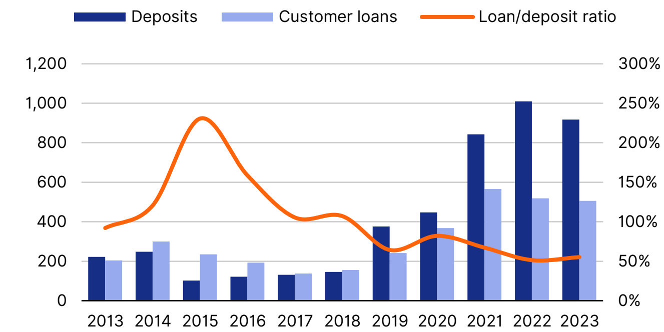
The bank also holds sizeable amounts of unencumbered liquid assets. At YE 2023, these liquid assets were equivalent to 112% of sight deposits and 139% of deposits from the top 10 customers. Although these coverage levels are reassuring, they may be sufficient in a severe scenario with rapid withdrawals and falling asset prices.

Figure 14: ABBank – Breakdown of liabilities (EUR m)



Sources: SNL, Scope Ratings

Figure 15: ABBank - Loans and deposits (EUR m), historical



Sources: SNL, Scope Ratings

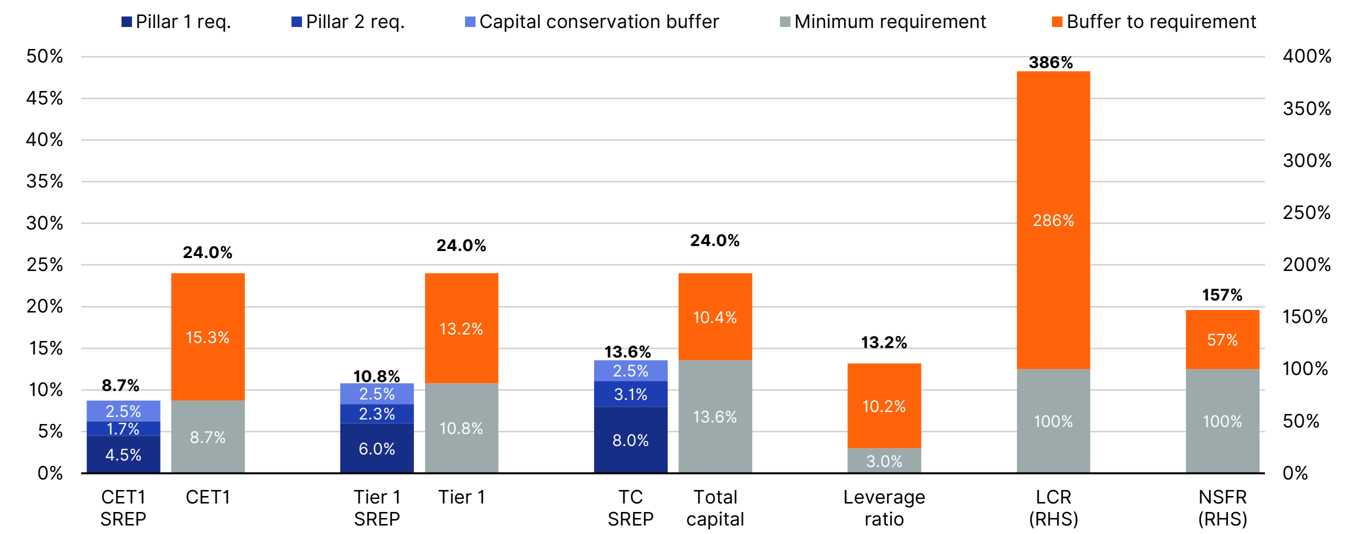
The bank minimises FX risk

More than half total assets are denominated in US dollars given the bank's focus on shipping finance. These are fully backed by USD-denominated deposits. The bank hedges the gap between liabilities and assets with open cross-currency swaps, limiting FX risks.

In the 2024-26 period, ABBank envisages deposit growth of around 50% to fund credit expansion. The bank also targets greater diversification in the customer base to reduce concentration risk.

ABBank's maintains liquidity ratios comfortably above requirements, reflecting the liquidity held with the central bank, commercial banks, and in money market instruments.

Figure 16: Overview of distance to requirements, as of end-December 2023



Source: ABBank, Scope Ratings

Financial appendix

I. Appendix: Selected financial information – ABBank

	2019	2020	2021	2022	2023
Balance sheet summary (EUR m)					
Assets					
Cash and interbank assets	198	149	308	342	281
Total securities	47	72	107	253	263
of which, derivatives	0	0	0	0	0
Net loans to customers	242	367	566	519	506
Other assets	16	18	19	27	27
Total assets	**504**	**605**	**1,000**	**1,141**	**1,077**
Liabilities					
Interbank liabilities	34	58	49	1	0
Senior debt	1	0	0	1	1
Derivatives	0	0	0	0	0
Deposits from customers	377	447	842	1,011	917
Subordinated debt	0	0	0	0	0
Other liabilities	4	5	7	12	13
Total liabilities	**415**	**510**	**899**	**1,024**	**931**
Ordinary equity	89	95	101	117	146
Equity hybrids	0	0	0	0	0
Minority interests	0	0	0	0	0
Total liabilities and equity	**504**	**605**	**1,000**	**1,141**	**1,077**
Core tier 1/ common equity tier 1 capital	*86*	*93*	*100*	*116*	*144*
Income statement summary (EUR m)					
Net interest income	11	14	18	30	44
Net fee & commission income	3	3	4	5	5
Net trading income	0	2	2	2	2
Other income	0	0	0	2	1
Operating income	**13**	**18**	**23**	**40**	**53**
Operating expenses	11	12	13	15	16
Pre-provision income	**2**	**6**	**10**	**25**	**36**
Credit and other financial impairments	3	1	2	2	1
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	**-1**	**5**	**9**	**22**	**35**
Income from discontinued operations	0	0	0	0	0
Income tax expense	0	1	2	5	8
Other after-tax Items	0	0	0	0	0
Net profit attributable to minority interests	0	0	0	0	0
Net profit attributable to parent	**-1**	**4**	**7**	**17**	**27**

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

II. Appendix: Selected financial information – ABBank

	2019	2020	2021	2022	2023
Funding and liquidity					
Net loans/ deposits (%)	64%	82%	67%	51%	55%
Liquidity coverage ratio (%)	312%	273%	187%	287%	386%
Net stable funding ratio (%)	135%	116%	125%	147%	157%
Asset mix, quality and growth					
Net loans/ assets (%)	48.0%	60.7%	56.6%	45.5%	47.0%
Problem loans/ gross customer loans (%)	10.3%	6.5%	1.9%	1.6%	0.8%
Loan loss reserves/ problem loans (%)	40.3%	40.9%	70.4%	111.8%	161.7%
Net loan growth (%)	54.9%	51.7%	54.2%	-8.3%	-2.5%
Problem loans/ tangible equity & reserves (%)	26.7%	23.8%	10.1%	6.8%	2.8%
Asset growth (%)	85.8%	20.1%	65.2%	14.1%	-5.6%
Earnings and profitability					
Net interest margin (%)	2.8%	2.5%	2.3%	2.9%	4.1%
Net interest income/ average RWAs (%)	3.8%	3.5%	3.3%	4.9%	7.2%
Net interest income/ operating income (%)	79.8%	74.8%	76.6%	76.4%	83.3%
Net fees & commissions/ operating income (%)	20.3%	16.5%	16.4%	12.0%	9.5%
Cost/ income ratio (%)	85.1%	67.3%	55.6%	37.6%	30.9%
Operating expenses/ average RWAs (%)	4.0%	3.1%	2.4%	2.4%	2.7%
Pre-impairment operating profit/ average RWAs (%)	0.7%	1.5%	1.9%	4.0%	6.0%
Impairment on financial assets / pre-impairment income (%)	140.2%	9.4%	15.7%	9.6%	3.9%
Loan loss provision/ average gross loans (%)	1.3%	0.1%	0.4%	0.4%	0.3%
Pre-tax profit/ average RWAs (%)	-0.3%	1.4%	1.6%	3.6%	5.8%
Return on average assets (%)	-0.2%	0.7%	0.9%	1.6%	2.4%
Return on average RWAs (%)	-0.2%	1.0%	1.3%	2.8%	4.5%
Return on average equity (%)	-0.7%	4.4%	7.0%	16.0%	20.5%
Capital and risk protection					
Common equity tier 1 ratio (%, fully loaded)	NA	20.6%	16.0%	18.9%	24.0%
Common equity tier 1 ratio (%, transitional)	26.2%	20.6%	16.0%	18.9%	24.0%
Tier 1 capital ratio (%, transitional)	26.2%	20.6%	16.0%	18.9%	24.0%
Total capital ratio (%, transitional)	26.2%	20.6%	16.0%	18.9%	24.0%
Leverage ratio (%)	NA	15.1%	9.8%	NA	NA
Asset risk intensity (RWAs/ total assets, %)	64.8%	74.6%	62.4%	53.8%	55.8%
Market indicators					
Price/ book (x)	NA	NA	NA	NA	NA
Price/ tangible book (x)	NA	NA	NA	NA	NA
Dividend payout ratio (%)	NA	NA	NA	NA	NA

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

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Applied methodology

Financial Institutions Rating Methodology, 6 February 2024

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