Rating Report
Istituto per il Credito Sportivo

DBRS Morningstar
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Ratings

Debt	Rating	Rating Action	Trend
Long-Term Issuer Rating	BBB	Confirmed Jul. '22	Stable
Short-Term Issuer Rating	R-2 (high)	Confirmed Jul. '22	Stable

Rating Drivers

Factors with Positive Rating Implications

- An upgrade of the Republic of Italy's ratings would likely lead to an upgrade of ICS's ratings.
- An upgrade of ICS's Long-Term Issuer Rating could also be driven by an explicit guarantee and commitment of support to ICS from the Italian government.

Factors with Negative Rating Implications

- A downgrade of ICS's ratings could result from a downgrade of Italy's Sovereign rating.
- Any indication of a weakening of the commitment from the Italian government and/or a change of control in the Bank's ownership structure could also lead to a downgrade.

Rating Considerations

Franchise Strength

- Public bank, controlled by the Italian government, with a leading market position in the financing of Italian sporting facilities, and growing role in the field of culture.

Earnings Power

- Moderate earnings power, primarily constrained by modest revenue diversification, low interest margins and high cost of risk.

Risk Profile

- Although continuing to improve, asset quality remains relatively weak. Risk is, however, mitigated by the use of public and bank guarantees. High single-name concentration. Sizeable sovereign bond portfolio.

Funding and Liquidity

- Sound funding profile, which benefits from access to ECB, shareholders' support, and growing and low cost funding from multilateral institutions. Strong liquidity position.

Capitalisation

- Robust capitalisation, in light of high capital base and moderate capital absorbing business model, driven by the concentration of assets in the public sector and use of public guarantees. Modest internal capital generation.

Financial Information

	2021Y	2020Y	2019Y	December 2018*	February 2018*
EUR Millions					
Total Assets	3,373	3,130	3,217	2,933	2,836
Equity Attributable to Parent	919	920	916	860	947
Income Before Provisions and Taxes (IBPT)	34	45	40	28	286
Net Attributable Income	15	11	17	13	106
IBPT over Avg RWAs (%)	3.11	4.41	4.42	3.97	5.31
Cost / Income ratio (%)	53.25	40.86	39.53	43.05	31.36
Return on Avg Equity (ROAE) (%)	1.62	1.18	1.96	1.74	1.99
Gross NPLs over Gross Loans (%)	9.69	10.26	11.67	15.38	17.26
CET1 Ratio (%)	79.45	87.31	92.50	101.80	102.76

Source: DBRS Morningstar Analysis. Note: (*) data as of February 2018 and December 2018 refer to the extraordinary administration period January 2012-February 2018, and the 10-month period of restored ordinary administration March-December 2018, respectively. Ratios for these two periods have been annualised when needed.

Issuer Description

Istituto per il Credito Sportivo (ICS or the Bank) is a small public bank and independently managed public body, responsible for ensuring sustainable support to sport and culture in Italy.

Rating Rationale

ICS's ratings reflect a Support Assessment of SA1, which implies the expectation of predictable support from its main shareholder, the Italian government. DBRS Morningstar currently rates the Republic of Italy's Long-Term Foreign and Local Currency – Issuer Ratings at BBB (high) with a Stable trend (for more details on the rationale for the Sovereign rating action, please refer to the press release DBRS Morningstar Confirms Republic of Italy at BBB (high), Stable Trend).

The BBB Long-Term Issuer Rating of ICS is one notch below the Long-Term Issuer Rating of Italy, reflecting that, despite the expectation of predictable support, there is not a government guarantee or explicit commitment from the government to maintain the capitalisation of the Bank. Nevertheless, DBRS Morningstar expects support to ICS from the Italian State to be forthcoming in case of need, as a result of the Bank's ownership and its strategic public mission. The Stable trend mirrors the trend on the Republic of Italy's ratings.

Franchise Strength

Established in 1957, Istituto per il Credito Sportivo is an Italian public bank pursuant to and for the purposes of Article 151 of the Legislative Decree of 1 September 1993, no. 385, and an independently managed public body. ICS is directly supervised by the Bank of Italy as a less significant institution (LSI).

With total assets of around EUR 3.4 billion and 209 employees at end-2021 (Exhibit 1), ICS is responsible for ensuring sustainable support to sport and culture in Italy. ICS is a leader in the niche sector of financing Italian sport facilities.

Banking business with public and private customers remains ICS's core activity, mainly conducted through medium/long-term lending and more recently mortgages for liquidity purposes. In addition, the Bank acts as an exclusive manager of special funds ("Fondi Speciali") on behalf of the Italian State, to support sport, and more recently, also culture. Since 2020 the Italian State has also provided additional sources to address the liquidity needs of consumers, including ICS's customers, due to the economic fallout stemming from the pandemic. As part of its 2020-2023 Strategic Plan, ICS aims to diversify towards advisory & structured finance, factoring, leasing, and tax credits as well as to expand operations in culture.

Exhibit 1 Evolution of Total Assets and Number of Employees (2011-2021)

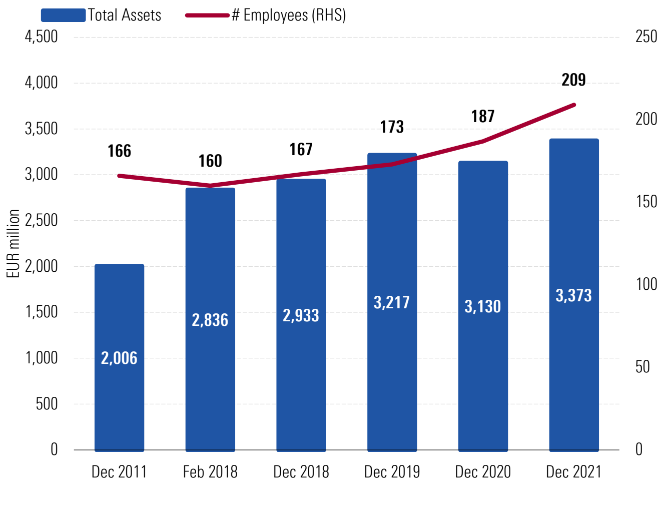
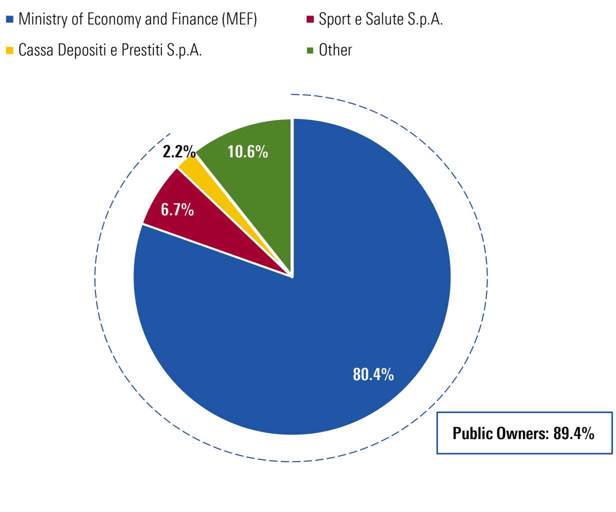


Exhibit 2 Ownership Structure (end-2021)



Source: DBRS Morningstar, Company Documents.

Owing to material corporate governance issues affecting the ability to ensure sound and prudent management of the Bank, ICS was placed under extraordinary administration by a Decree of the Italian Minister of Economy and Finance (MEF) from January 2012 to February 2018. In general, corporate governance issues arose from inconsistency between the Bank's shareholders structure at that time, with the Italian government ultimately owning around 27% of ICS's share capital, and the composition of its board of directors, where most members were appointed by the Italian government. This resulted in the dismissal of the General Manager in December 2011 and in a number of law suits. In addition, as part of the investigation, the extraordinary commissioners found inconsistencies between the share value attributed to shareholders and their effective capital contribution paid over time. As a result, for the years 2005-2010, the Bank's shareholders benefited from inconsistent distributions of profits. In this regard, the Bank has already received a capital restoration by around EUR 58 million from the shareholders of that period, out of an expected total amount of EUR 70-80 million, which remains subject to the resolution of pending litigation proceedings.

In light of the past corporate governance issues, new bylaws were issued for ICS in 2014, resulting in a significant change in its shareholder structure. Since then, the Bank has been ultimately 89.4% owned by the Italian State (Exhibit 2), with an 80.4% direct ownership through the MEF and around 9% indirect ownership through Sport e Salute, and Cassa Depositi e Prestiti (CDP). The remaining 10.6% is held by banking and insurance players, including Dexia Crédit Local, Banca Nazionale del Lavoro, Banca MPS, Assicurazioni Generali, Intesa Sanpaolo, UniCredit, and Banco di Sardegna. As the main reference shareholder, the Italian State is represented on the board of directors, with members appointed by the government, other public shareholders or by the MEF.

Earnings Power

DBRS Morningstar views the Bank's earnings power as moderate, primarily constrained by the modest revenue diversification, low interest margins and high cost of risk. In addition the Bank has showed significant reliance on volatile gains in the portfolio of Italian sovereign bonds over the years. DBRS Morningstar expects the Bank's revenue base to gradually become more diversified with an increase in net fee and commission income, in line with the strategy to pursue advisory/structured finance, factoring and leasing business opportunities, while consolidating the mortgage business.

Exhibit 3 Evolution of Net Income and ROE (2011-2021)

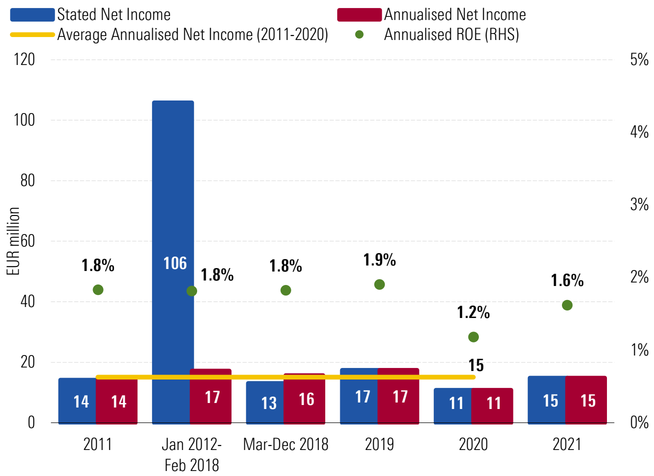
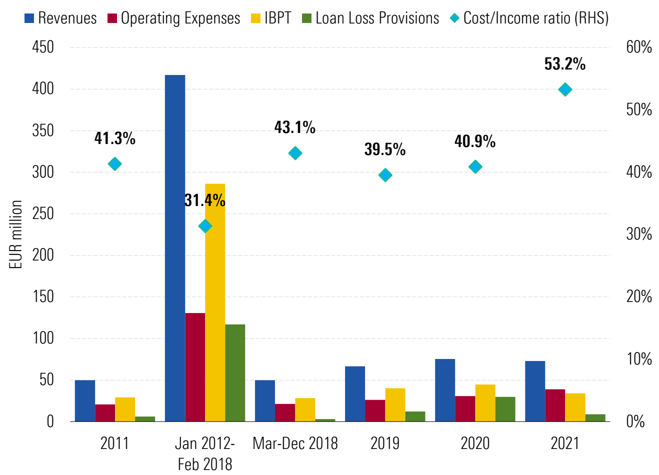


Exhibit 4 Evolution of Main Profitability Items (2011-2021)



Source: DBRS Morningstar, Company Documents.

ICS reported a net profit of EUR 14.9 million in 2021, up 37% Year-on-Year (YoY) and in line with the average annualised net profit reported in 2011-2020 (Exhibit 3). The improvement YoY in the Bank's net result was largely driven by lower loan loss provisions (LLPs) as 2020 incorporated the expectation of deterioration in ICS's loan portfolio due to COVID-19. Therefore, in 2021 the Return on Equity (ROE) was 1.6%, up from 1.2% one year earlier and almost in line with the average level reported in 2011-2019, which also reflects ICS's high capitalisation.

Total revenues were down 3% YoY in 2021, largely due to lower gains on the sale of Italian government bonds. Core revenues (net interest income and net fees), instead, were up 6% YoY, supported by lower funding costs. In light of the sizeable profits from the securities portfolio, the proportion of core revenues has progressively decreased to 75% of total revenues in 2021, from 97% in 2011. Core revenues are almost entirely represented by net interest income (NII).

ICS demonstrated good cost discipline, with an average cost-to-income ratio of around 39% in 2011-2020 (Exhibit 4), or 48% when calculated on core revenues. However, in 2021 the cost-to-income ratio significantly increased to 53.2%, or 70.6% based on core revenues, mostly due to higher headcount and lower revenues. In DBRS Morningstar's view, this still compares well with the Italian average, and also reflects the Bank's niche business model.

LLPs were down 70% YoY in 2021 and the resulting cost of risk stood at 44 bps, down from 157 bps in 2020, and below the 78 bps reported as the average annualised cost of risk in 2011-2020. This reflects an improvement in the Bank's risk profile and a lower than expected deterioration in asset quality due to COVID-19.

Risk Profile

ICS's risk profile is mainly linked to credit risk from its customer loan portfolio (61% of total assets at end-2021) and exposure to Italian sovereign bonds (24%). The lending portfolio was almost entirely comprised of mortgages, with a gross book value totalling around EUR 2.2 billion at end-2021, up 7% YoY (Exhibit 5). DBRS Morningstar notes that around 54% of outstanding loans were concentrated on local authorities, with the rest mostly attributable to corporates, non-profit companies, sporting public entities and loans for working capital and liquidity purposes. Notwithstanding the effort demonstrated in recent years, single-name concentration remains relatively high in DBRS Morningstar's view, however we note that most of ICS's loan portfolio benefits from public and bank guarantees.

New loan generation was at a record high of EUR 342 million in 2021, up 6% YoY, mostly driven by disbursements to local authorities, corporates and non-profit organisations operating in sports and culture. While remaining material, loans for liquidity purposes granted to ICS's customers to alleviate the impact of COVID-19 were down 25% YoY. Over 52% of new volumes targeted local authorities, given they retain ownership over most of the sporting facilities in Italy. Also, originations to local authorities included higher volumes in culture, in line with the strategy.

Since the end of the Bank's extraordinary administration, the quality of ICS's loan portfolio has significantly improved, and the gross stock of NPEs totalled EUR 212 million at end-2021, down from EUR 316 million at end-February 2018. This was primarily achieved by loan workouts and improved lending standards, and to a lesser extent, by disposals. Despite a slight increase in the gross stock of NPEs in 2021 (+1% YoY), the gross and net NPE ratios continued to reduce to 9.7% and 4.4% respectively at end-2021 (Exhibit 6), supported by increased lending volumes. However, this level of asset quality ratios still compares unfavourably with the Italian average. Non-performing loans have mainly arisen from ICS's exposure to the private sector. We note that the stock of NPEs is comprised of bad loans (68.8% of total), unlikely-to-pay (UtP, 31.1%), and past-due (0.1%). Total NPE coverage was around 57% at end-2021, up from 13% at end-2011, with bad loans reserved by 65%. The proportion of unreserved NPEs over the Bank's CET1 Capital confirmed low at 10% at end-2021.

DBRS Morningstar notes that the unprecedented support measures granted by the Italian government, including the implementation of debt moratoria and State-guaranteed loans, have been a key factor in limiting the impact on ICS's asset quality due to COVID-19 to date. However, we note that gross Stage 2 loans (loans whose credit risk has increased since origination) were EUR 665 million as of end-2021, significantly up from EUR 86 million at end-2019, accounting for around 30% of the total gross loan portfolio, up from 5% at end-2019, reflecting the deterioration in the macroeconomic environment. As of end-2021, around EUR 205 million of loans were still subject to debt moratorium, representing around 9% of total gross loans. In addition, around EUR 270 million of loans were benefiting from State-guarantee or other forms of support, accounting for 12% of gross loans in total. Potential deterioration in asset quality might materialise in the medium-term, given the inflationary pressures and higher energy prices connected with Russia's invasion of Ukraine. However, ICS should be able to continue with the workout of its legacy non-performing exposures as well as with the origination of good quality and higher diversified loans, which will also start benefiting from the European Recovery and Resilience Facility (RRF) funds.

Exhibit 5 Evolution of Gross and Net Customer Loans (2016-2021)

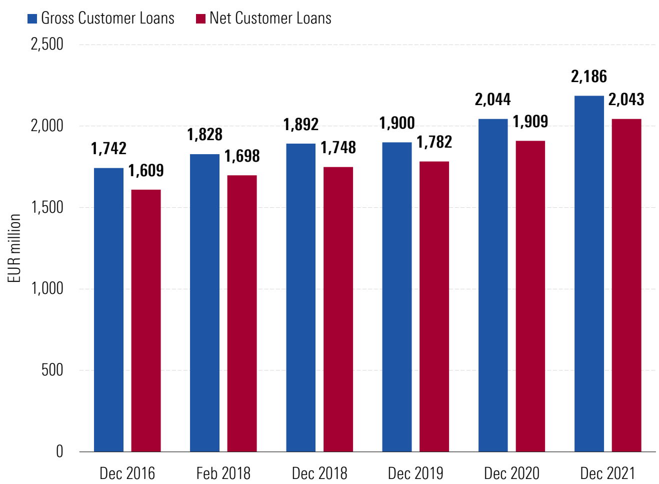
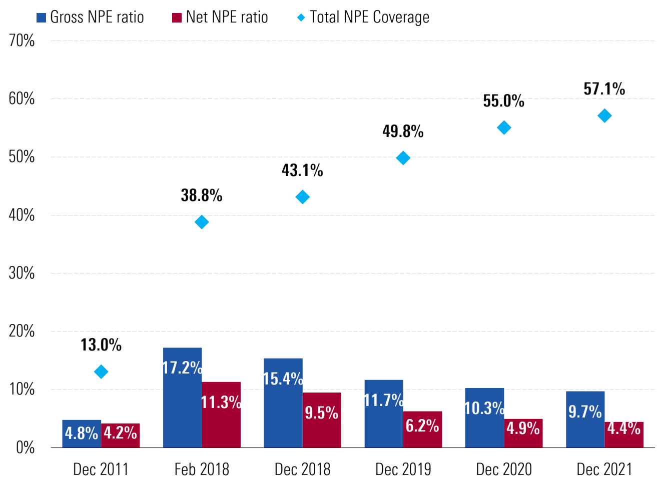


Exhibit 6 Evolution of NPE Ratios and Total NPE Coverage (2011-2021)

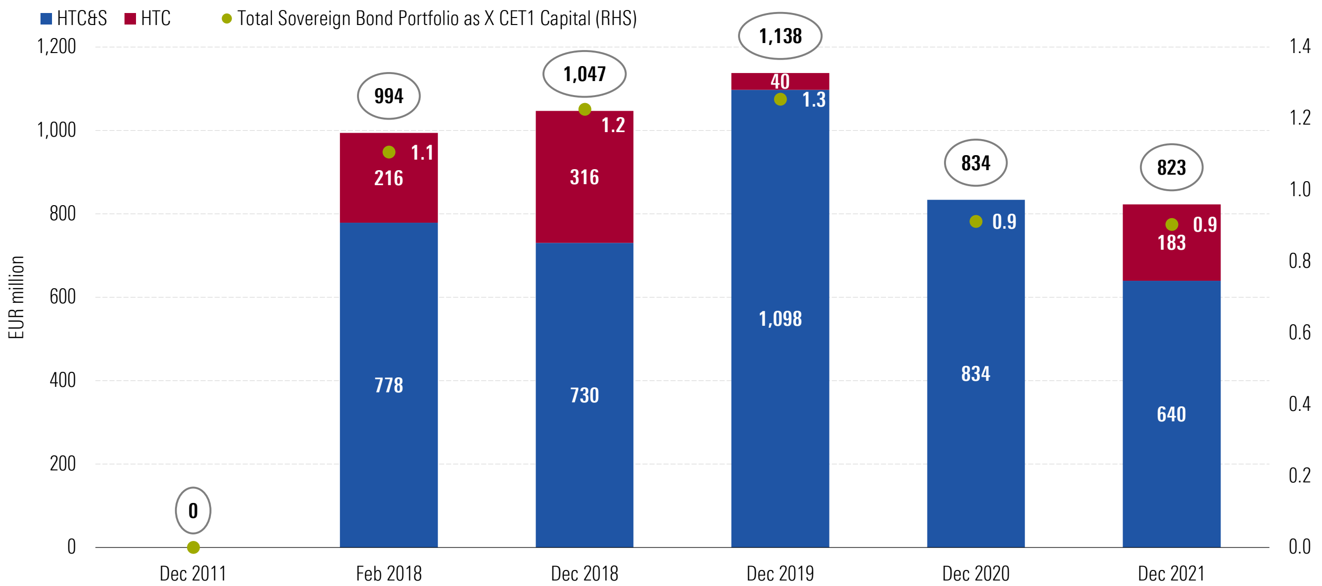


Source: DBRS Morningstar, Company Documents.

Sovereign Risk

ICS is exposed to sovereign risk via its government bond portfolio, which accounted for 95% of the Bank's total securities portfolio at end-2021. The portfolio was established in 2012 with the aim to create a liquidity reserve, to support revenue generation, and establish a collateral pool to be used for refinancing transactions with the ECB, and ALM purposes. At end-2021, ICS held approximately EUR 823 million of Italian government bonds, down 1% YoY, and equivalent to around 24% of its total assets and 0.9 times its CET1 capital (Exhibit 7). The portfolio was mostly classified as Hold to Collect & Sell (HTC&S) at end-2021 (78% of total), with the remainder classified as Held to Collect (HTC). In 2021, the Bank sold part of the HTC&S portfolio in order to take advantage of market conditions and replenished the total government bond portfolio as HTC to support net interest income.

Exhibit 7 Evolution of Italian Sovereign Bond Holdings and as X of CET1 Capital (2011-2021)



Source: DBRS Morningstar, Company Documents.

Funding and Liquidity

ICS's funding profile has expanded significantly over the years to around EUR 2.3 billion at end-2021 from EUR 1.1 billion at end-2011 (Exhibit 8). The growth mostly reflects the increase in ECB and other bank financing and the higher contribution from the special funds administered on behalf of the Italian State, amidst declining recourse to the shareholder Cassa Depositi e Prestiti (CDP). In DBRS Morningstar's view, the likelihood of receiving funding support from its shareholders remains high for ICS in light of its public policy mission. We also note that the Bank has demonstrated strong commitment in reducing funding concentration by counterparty in recent years.

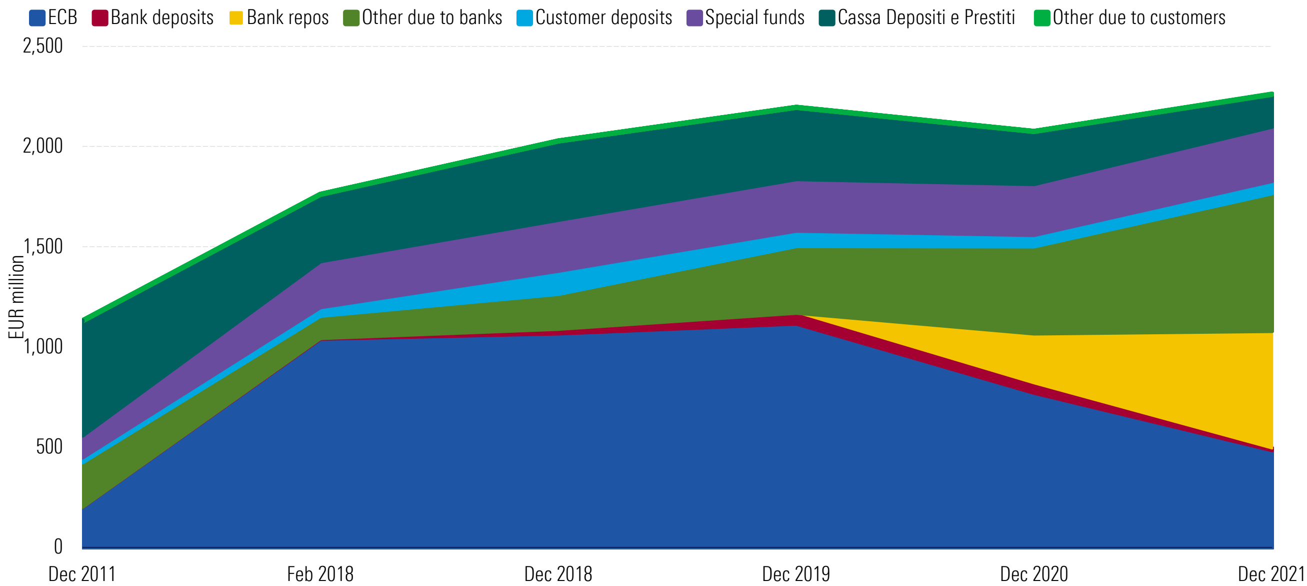
The Bank's exposure to the ECB reduced significantly in 2021 (-37% YoY), accounting for 22% of total funding as of end-2021. ICS's take up of TLTRO 3 program sources reached the maximum allowance whereas most of the Pandemic Emergency Longer-Term Refinancing Operations (PELTRO) were redeemed and replaced by bank repo transactions with the aim to increase funding diversification, optimise funding costs and to better manage the securities portfolio.

Other bank financing totalled EUR 1.3 billion or 57% of total funding as of end-2021, with most of it raised in the form of bank loans and repos backed by government bonds, and to a lesser extent, as deposits. Bank loans included around EUR 378 million of financing from multilateral institutions, including the Council of Europe Development Bank (CEB) and the European Investment Bank (EIB), which have provided growing as well as low cost funding to ICS. Repo transactions with banks were established in 2020 and reached around EUR 590 million as of end-2021, including domestic and international financial institutions. ICS also continued to expand and further diversify its bank financing through two new credit lines with domestic counterparties.

Reliance on CDP has reduced over the years, reaching EUR 159 million at end-2021 or 7% of total funding, down from 50% at end-2011, reflecting ICS's strategy to diversify its funding mix. ICS's funding also includes public resources (i.e. "special funds") exclusively managed by the Bank on behalf of the Italian State, with the aim to issue guarantees and contributions for sporting and culture purpose loans. At end-2021, special funds totalled EUR 272 million, equivalent to 12% of total funding. The funding profile also includes customer deposits raised from institutional counterparties.

The Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were solid at 2,477% and 120.6% respectively as of end-2021.

Exhibit 8 Evolution of Funding Mix (2011-2021)



Source: DBRS Morningstar, Company Documents.

Capitalisation

DBRS Morningstar views ICS's capitalisation as robust, in light of its high capital base and moderate capital absorbing business model, driven by the concentration of its assets to public sector clients, which attract low risk weights, as well as the use of public guarantees. However, ICS's internal capital generation remains relatively modest. The Bank's capital position should weaken over the coming years in DBRS Morningstar's view, primarily driven by growth in mortgage lending and new businesses, however we expect it to remain solid.

ICS's regulatory own funds consist of Common Equity Tier 1 (CET1) capital only, meaning that the CET1, Tier 1 and Total Capital ratios were all 79.5% as of end-2021 (Exhibit 9), down from 87.3% one year earlier due to an increase in Risk-Weighted Assets (RWAs) from higher loan volumes, and a negative impact in the valuation reserve connected with the sovereign debt securities portfolio. The current level of capital ratios provides sizeable cushions over the Bank's SREP requirements of 8.98% for CET1 ratio, and 13.65% for the Total Capital ratio (Exhibit 10). SREP minimum requirements include a Pillar 2 Requirement (P2R) of 2.65% (of which 1.48% to be held as CET1 ratio), and a Pillar 2 Guidance (P2G) of 50 bps.

ICS's bylaws provides that 45% of net income generated every year is available for dividend distributions. However, 80.4% of funds available for dividend distributions, which corresponds to the Ministry of Economy and Finance's share, is used to support the interest relief fund in order to ensure stability in the origination of loans at preferential conditions until 2022, at least.

Exhibit 9 Evolution of Capital Ratios (2011-2021)

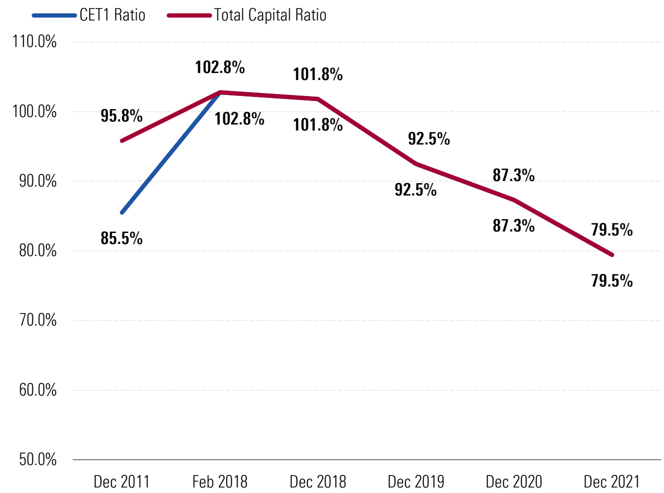
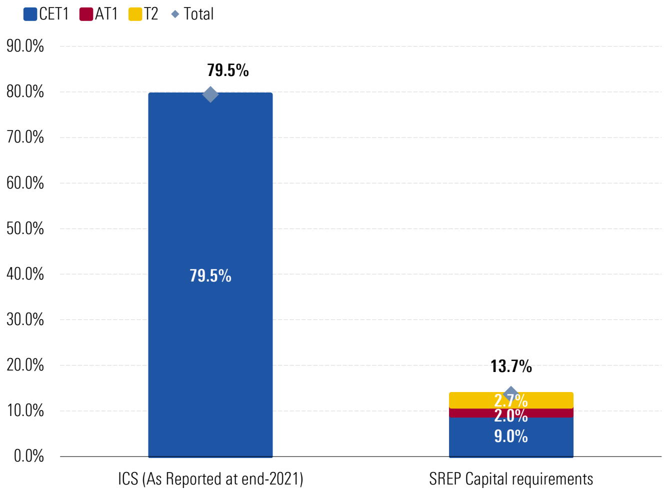


Exhibit 10 Reported Capital Ratios (end-2021) vs SREP Requirements



Source: DBRS Morningstar, Company Documents.

Istituto per il Credito Sportivo

ESG Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis:	Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental	**Overall:**	**N**	**N**
Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N
Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	N	N
Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N
	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by a 2°C rise in temperature?	N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social	**Overall:**	**Y**	**S**
Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services could pose a financial or regulatory risk to the issuer?	N	N
Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts that could result in a material financial or operational impact?	N	N
	Do violations of rights create a potential liability that could negatively affect the issuer's financial wellbeing or reputation?	N	N
	Human Capital and Human Rights:	**N**	**N**
Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could result, in financial penalties or client attrition to the issuer?	N	N
Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	Y	S
Governance	**Overall:**	**Y**	**S**
Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
	Are there any political risks that could impact the issuer's financial position or its reputation?	N	N
	Bribery, Corruption, and Political Risks:	**N**	**N**
Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
Corporate / Transaction Governance	Does the issuer's corporate structure limit appropriate board and audit independence?	N	N
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N
	Does the board and/or management have a formal framework to assess climate-related financial risks to the issuer?	N	N
	Corporate / Transaction Governance:	**N**	**N**
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	Y	S
	Consolidated ESG Criteria Output:	**Y**	S

* A **Relevant Effect** means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
A **Significant Effect** means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

Environmental

DBRS Morningstar does not view the Environmental ESG factor as impacting the ratings or trend of ICS. The Bank has not signed up for the TCFD disclosures. ICS's current strategy mainly aims to exploit the European resources intended for energy efficiency as well as to develop sustainability-linked financing products.

DBRS Morningstar also notes that, according to the results of the ECB economy-wide climate stress test published in September 2021, banks located in south European countries, such as Italy, are significantly more exposed to firms that are subject to high physical risk, not only in comparison with other countries, but also when compared with the euro area average.

Social

The Social factor impacts ICS as the ESG factors for the Republic of Italy are passed-through to ICS. At the Bank level ICS remains committed to diversity and inclusion in hiring practices, internal policies, human capital management and training. DBRS Morningstar acknowledges the social relevance of ICS's operations in sports and culture. ICS did not report any significant episode of potential violation of customers' personal data. However, since the invasion of Ukraine, there is a heightened risk of cyber-attacks targeted towards banks, and any significant data breach or cybersecurity attack could have significant reputational and financial consequences.

Governance

The Governance factor impacts ICS as the ESG factors for the Republic of Italy are passed-through to ICS. As the main reference shareholder, the Italian State is represented on ICS's Board of Directors (BoD), with BoD members appointed by the government, other public shareholders or by the Italian Ministry of Economy and Finance (MEF).

* ESG Factors affecting the rating of the Republic of Italy are also likely to have an impact on the rating of ICS. https://www.dbrsmorningstar.com/research/395945

	Istituto per il Credito Sportivo	Istituto per il Credito Sportivo	Istituto per il Credito Sportivo	Istituto per il Credito Sportivo	Istituto per il Credito Sportivo
EUR Millions	2021Y	2020Y	2019Y	December 2018*	February 2018*
Balance Sheet					
Cash and Deposits with Central Banks	180	170	15	0	0
Lending to/Deposits with Credit Institutions	127	42	140	50	81
Financial Securities	955	937	1,211	1,047	994
Financial Derivatives Instruments	1	0	0	0	0
Net Lending to Customers	2,043	1,909	1,782	1,748	1,698
- Gross Lending to Customers	2,186	2,044	1,900	1,892	1,828
- Loan Loss Reserves	143	135	118	144	130
Investment in Associates or Subsidiaries	0	0	0	0	0
Total Intangible Assets	0	0	0	0	0
Fixed Assets	28	28	29	28	29
Other Assets	38	44	40	60	34
Assets	**3,373**	**3,130**	**3,217**	**2,933**	**2,836**
Deposits from Banks	1,769	1,504	1,505	1,266	1,158
- Deposits from Central Banks	488	774	1,119	1,070	1,043
- Deposits from Credit Institutions	1,281	730	386	196	115
Deposits from Customers	492	572	691	761	603
Issued Debt Securities	0	0	0	0	0
Issued Subordinated Debt	0	0	0	0	0
Financial Derivatives Instruments	84	1	2	2	3
Other Liabilities	110	132	103	44	125
Equity Attributable to Parent	919	920	916	860	947
Minority Interests	0	0	0	0	0
Liabilities & Equity	**3,373**	**3,130**	**3,217**	**2,933**	**2,836**

EUR Millions	2021Y	2020Y	2019Y	Mar-Dec 2018	Jan 2012-Feb 2018
Income Statement					
Interest Income	68	69	70	56	499
Interest Expenses	14	17	18	14	156
Net Interest Income	**54**	**51**	**52**	**42**	**344**
Net Fees and Commissions	1	1	1	1	-1
Results from Financial Operations	17	23	14	7	69
Equity Method Results	0	0	0	0	0
Other Operating Income	1	1	1	0	5
Total Operating Income	**73**	**76**	**67**	**50**	**417**
Staff Costs	23	18	16	13	84
Other Operating Costs	15	12	10	8	41
Depreciation/Amortisation	1	1	1	1	6
Total Operating Expenses	**39**	**31**	**26**	**21**	**131**
Income Before Provisions and Taxes (IBPT)	**34**	**45**	**40**	**28**	**286**
Loan Loss Provisions	9	30	12	3	117
Securities & Other Financial Assets Impairments	0	-2	1	2	0
Other Impairments	0	0	0	0	0
Other Non-Operating Income (Net)	-3	-1	-2	-4	0
Income Before Taxes (IBT)	**22**	**16**	**26**	**20**	**169**
Tax on Profit	7	5	8	7	63
Discontinued Operations	0	0	0	0	0
Other After-tax Items	0	0	0	0	0
Minority Interest	0	0	0	0	0
Net Attributable Income	**15**	**11**	**17**	**13**	**106**

	2021Y	2020Y	2019Y	December 2018*	February 2018*
Earnings					
Net Interest Margin (%)	1.82	1.73	1.73	1.81	2.35
IBPT over Avg RWAs (%)	3.11	4.41	4.42	3.97	5.31
Cost / Income ratio (%)	53.25	40.86	39.53	43.05	31.36
LLP / IBPT (%)	26.43	66.96	30.49	11.24	40.86
Return on Avg Equity (ROAE) (%)	1.62	1.18	1.96	1.74	1.99
Return on Avg Assets (ROAA) (%)	0.46	0.34	0.57	0.54	0.71
Internal Capital Generation (%)	0.89	0.65	1.12	0.91	1.22
Risk Profile					
Gross NPLs over Gross Loans (%)	9.69	10.26	11.67	15.38	17.26
Net NPLs over Net Loans (%)	4.45	4.94	6.25	9.47	11.37
NPL Coverage Ratio (%)	57.10	55.03	49.82	43.11	38.81
Cost of Risk (%)	0.44	1.57	0.69	0.22	1.12
Funding and Liquidity					
Net Loan to Deposit Ratio (%)	415.32	333.93	257.89	229.63	281.38
Liquidity Coverage Ratio (%)	2,477.00	NA	NA	NA	NA
Net Stable Funding Ratio (%)	120.60	NA	NA	NA	NA
Capitalisation					
CET1 Ratio (Phased-In) (%)	79.45	87.31	92.50	101.80	102.76
Tier 1 Capital Ratio (Phased-In) (%)	79.45	87.31	92.50	101.80	102.76
Total Capital Ratio (Phased-In) (%)	79.45	87.31	92.50	101.80	102.76
Dividend Payout Ratio (%)	45.00	45.00	45.00	45.00	45.00

Source: DBRS Morningstar Analysis. Notes: (*) data as of February 2018 and December 2018 refer to the extraordinary administration period January 2012-February 2018, and the 10-month period of restored ordinary administration March-December 2018, respectively. Ratios for these two periods have been annualised when needed. Average items are computed on the basis of last two years.

Rating Methodology

The applicable methodologies are the *Global Methodology for Rating Banks and Banking Organisations* (23 June 2022) and *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* (17 May 2022) which can be found on our website under Methodologies.

Ratings

Issuer	Obligation	Rating	Rating Action	Trend
Istituto per il Credito Sportivo	Long-Term Issuer Rating	BBB	Confirmed	Stable
Istituto per il Credito Sportivo	Short-Term Issuer Rating	R-2 (high)	Confirmed	Stable
Istituto per il Credito Sportivo	Long-Term Senior Debt	BBB	Confirmed	Stable
Istituto per il Credito Sportivo	Short-Term Debt	R-2 (high)	Confirmed	Stable
Istituto per il Credito Sportivo	Long-Term Deposits	BBB (high)	Confirmed	Stable
Istituto per il Credito Sportivo	Short-Term Deposits	R-1 (low)	Confirmed	Stable

Ratings History

Issuer	Obligation	Current	2021
Istituto per il Credito Sportivo	Long-Term Issuer Rating	BBB	BBB
Istituto per il Credito Sportivo	Short-Term Issuer Rating	R-2 (high)	R-2 (high)
Istituto per il Credito Sportivo	Long-Term Senior Debt	BBB	BBB
Istituto per il Credito Sportivo	Short-Term Debt	R-2 (high)	R-2 (high)
Istituto per il Credito Sportivo	Long-Term Deposits	BBB (high)	BBB (high)
Istituto per il Credito Sportivo	Short-Term Deposits	R-1 (low)	R-1 (low)

Previous Actions

- DBRS Morningstar Confirms Istituto per il Credito Sportivo's Issuer Ratings at BBB/R-2 (high); Stable Trend, 12 July 2022.
- DBRS Morningstar Revises Trend on Istituto per il Credito Sportivo to Stable After Sovereign Rating Action, 5 November 2021.

Related Research

- Italian Banks: Good Underlying Performance in Q1 but Risks From Russia's Invasion of Ukraine Remain, 12 May 2022.
- ESG Factors for Banks, Part Three: Social Factors, 11 April 2022.
- Italian Banks: FY 2021 Results Heading Towards Pre-COVID Levels as Risks from the Pandemic Remain Under Control, 14 February 2022.
- European Banks' Exposure to Potential Russia-Ukraine Conflict, 2 February 2022.
- European Banks: Rating Outlook Stable for 2022, 27 January 2022.

Previous Reports

- Istituto per il Credito Sportivo: Rating Report, 4 August 2021.

About DBRS Morningstar

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