

Consolidated Results as at December 31st 2016

- 1. Executive summary**
- 2. Credit policies and asset quality**
- 3. Funding, liquidity and securities portfolio**
- 4. Capital ratio**
- 5. Revenues development**
- 6. Cost management and Net profit development**
- 7. Annexes**

- **Asset Quality:**
 - Net NPEs decreasing (-6% YTD), including disposals of NPEs
 - Disposals of NPEs for approx. Euro 557 mn
 - Increase in impairments on loans and receivables with the objective to lift up the coverage levels of total NPEs
 - NPEs proforma* Coverage ratio at 45.2% (41.5% stated)
- **Sound Capital position:**
 - CET1 ratio at 11.8% “phased-in”
- **Liquidity position**
 - Total Counterbalancing capacity of Euro 5 billion, of which Euro 3 billion unencumbered (at 27 December 2016)
 - LCR and NSFR well above the minimum regulatory levels set for 2018
- **Economic Trend:**
 - Net interest income and net fee and commission income growing q-o-q, despite the pressures from the extremely expansive monetary policy and weakness in loans demand
 - Operating costs - net of extraordinary contribution -2.4%

* Non-performing exposures Coverage including write-off on bad loans and NPE disposals

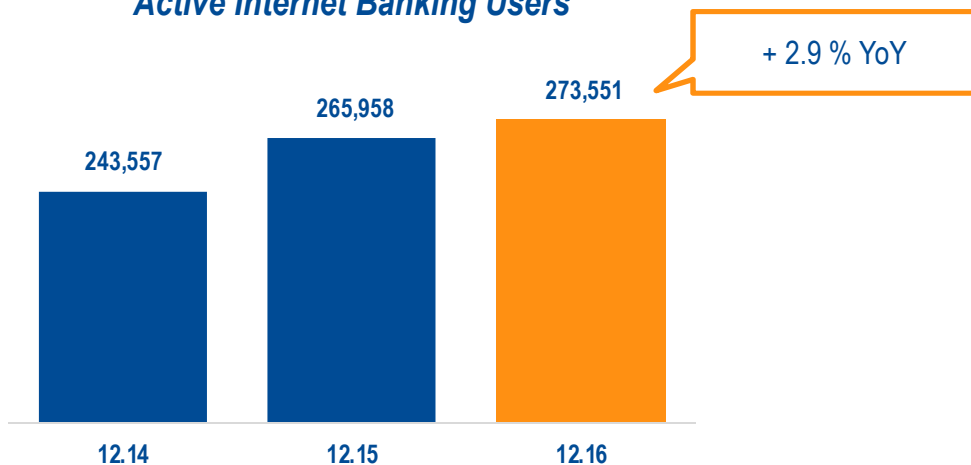
€ mn (Gross of taxes)	31/12/2016
Sale of Anima	21,437
Sale of other investment (Earn Out Visa)	33,896
Solidarity Fund	-60,995
DTA Fees	-4,200
SRF - extraordinary contribution	-5,421
Sale of NPL's	-81,564
Write-off Goodwill (CGU CS)	-68,797
Write-off of Investments (Atlante Fund and others)	-24,810
EXTRAORDINATY ITEMS	-190,454

* (Coverage Dec. 2016 – Coverage March 2016) * (NPL Dec. 2016)

bancaperta

982 k customers (+0.3% YoY)
Cross selling ~ 4.19
Retention rate ~ 94.8%**

Active Internet Banking Users



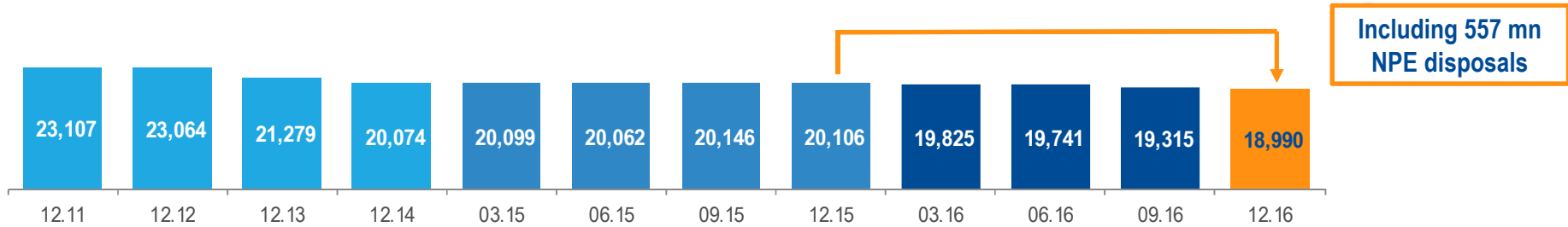
~ 170,000 downloaded apps*
+75% YoY

**Source: customer satisfaction survey - households

*As at 31/12/2016; source: internal data

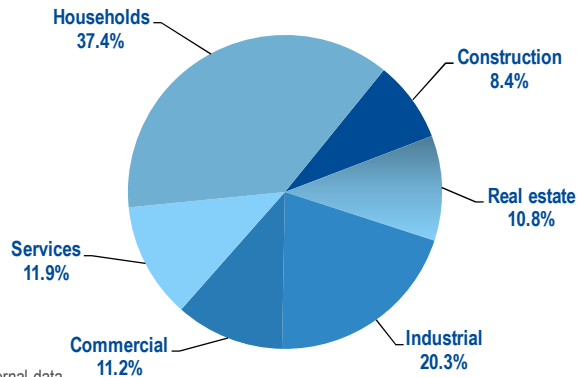
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Quarterly trend (€mn) Commercial Loans * (gross amounts)



* Total gross loans to customers net of exposures with institutions, mainly CCG (Cassa Compensazione e Garanzia) and CDP (Cassa Depositi e Prestiti)

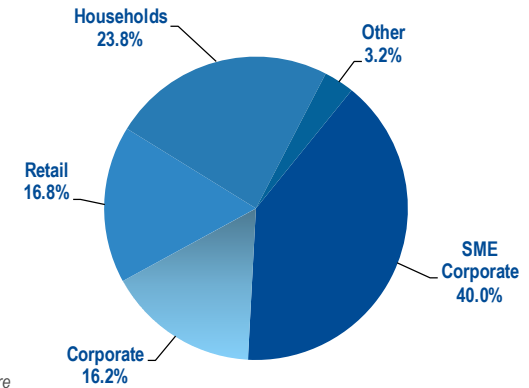
Performing loans by sector (ATECO classification)**



**Source: internal data

Total gross loans by asset class**

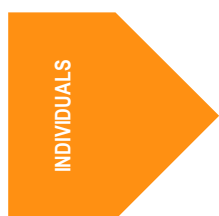
~ 73% of total loan book to SMEs



- > SME corporate: revenue or total assets < 25 mn
- > Corporate: revenue or total asset ≥ 25 mn
- > Retail: Small Retail exposure ≥ 100k, Micro Retail < 100k exposure

Credit policies and asset quality - Focus on new loans

~2,453 mn of newly granted loans (Individuals and SMEs/Corporate) over the period + 14% YoY
Expected Loss performing portfolio -23 bps since December 2015



	Amount	Chg % YoY	% Fixed	Average Rate*
Individuals	796 mn	- 3 %	33.6 %	2.66 %



Of which substitutions («surroghe»): 93.6 mn

Expected Loss new performing exposures disbursed in the period

32 bps



	Amount	Chg % YoY
Mortgage	311 mn	-17 %
Other secured	439 mn	+20 %
Unsecured	907 mn	+54 %
Total amount	1,657 mn	+25 %

Average Rate

2.28 %*

Expected Loss new performing exposures disbursed in the period

Corporate: 60 bps
Retail: 55 bps

Positive results of the outstanding remix
Individuals + 3% YoY
Real Estate - 12% YoY

*Average rate from the beginning of the year

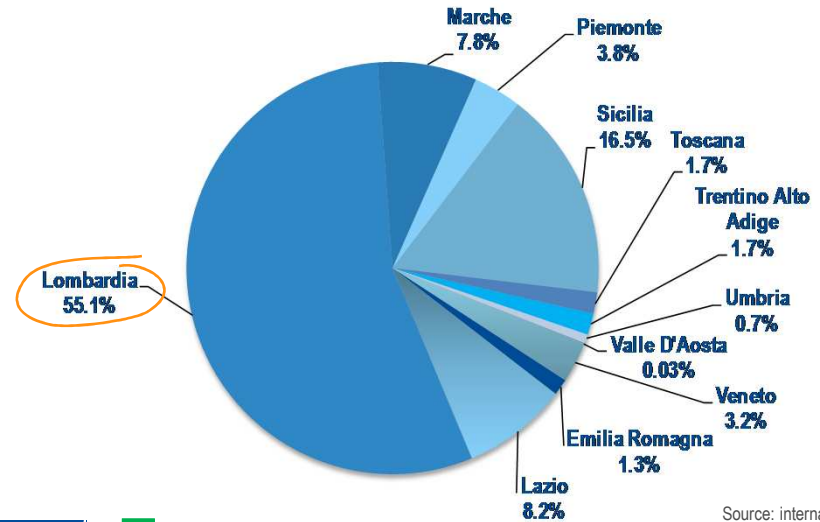
Source: internal data

Credit policies and asset quality - Loan portfolio diversification

Gross loan book breakdown by geography (%)

- ~ 84% of loans in North / Center Italy, of which ~ 55.1% in Lombardy
- Average loan granted to real estate and construction sectors ("ATECO") ~ 197k€
- Conservative LTV (~ 54%), both for households and SMEs

Average EUR 86,000 per loan



Source: internal data

Source: internal data

Loan Concentration	% Total Loans				
	31/12/2015	31/03/2016	30/06/2016	30/09/2016	31/12/2016
Top 20 exposures	5.9%	6.1%	5.8%	5.1%	5.0%



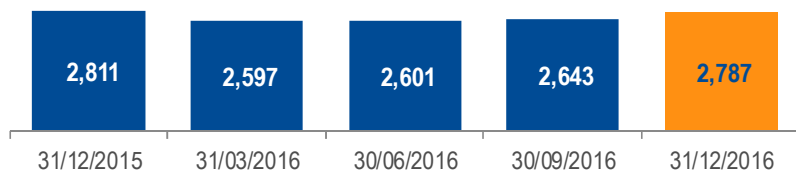
	% LTV (as at 31/12/2016)
Retail – Secured on real estate property	53.6%
Retail – Secured on real estate property of which SME	50.4%
Retail – Secured on real estate property of which non SME	54.6%



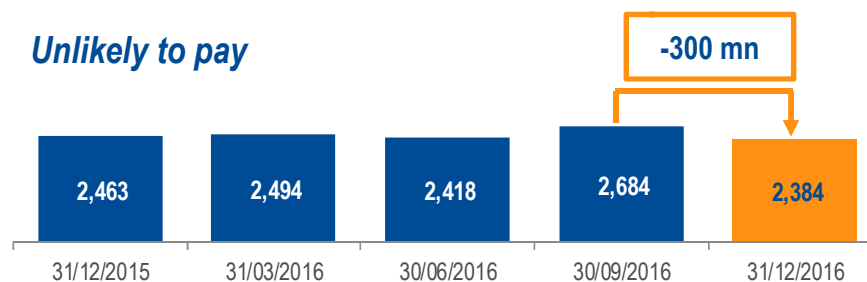
Credit policies and asset quality - Non performing exposures (Gross amount)

Mn €

Bad loans



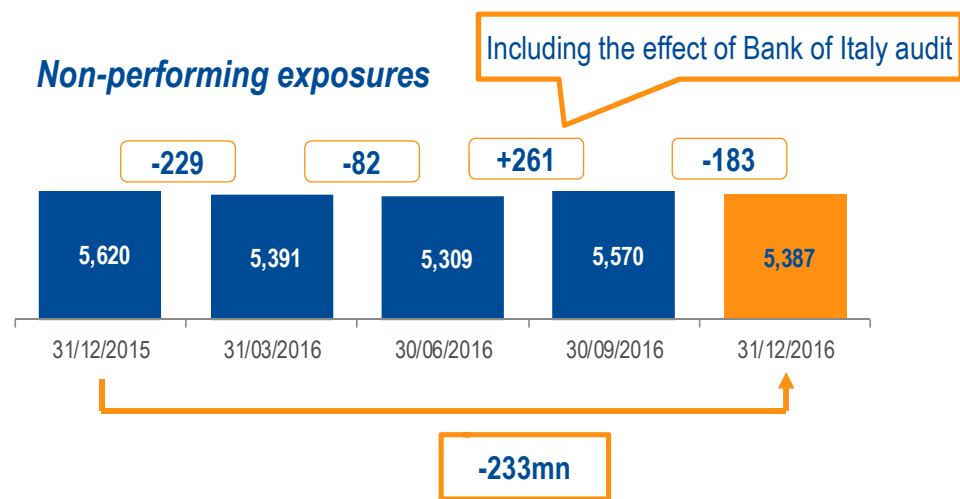
Unlikely to pay



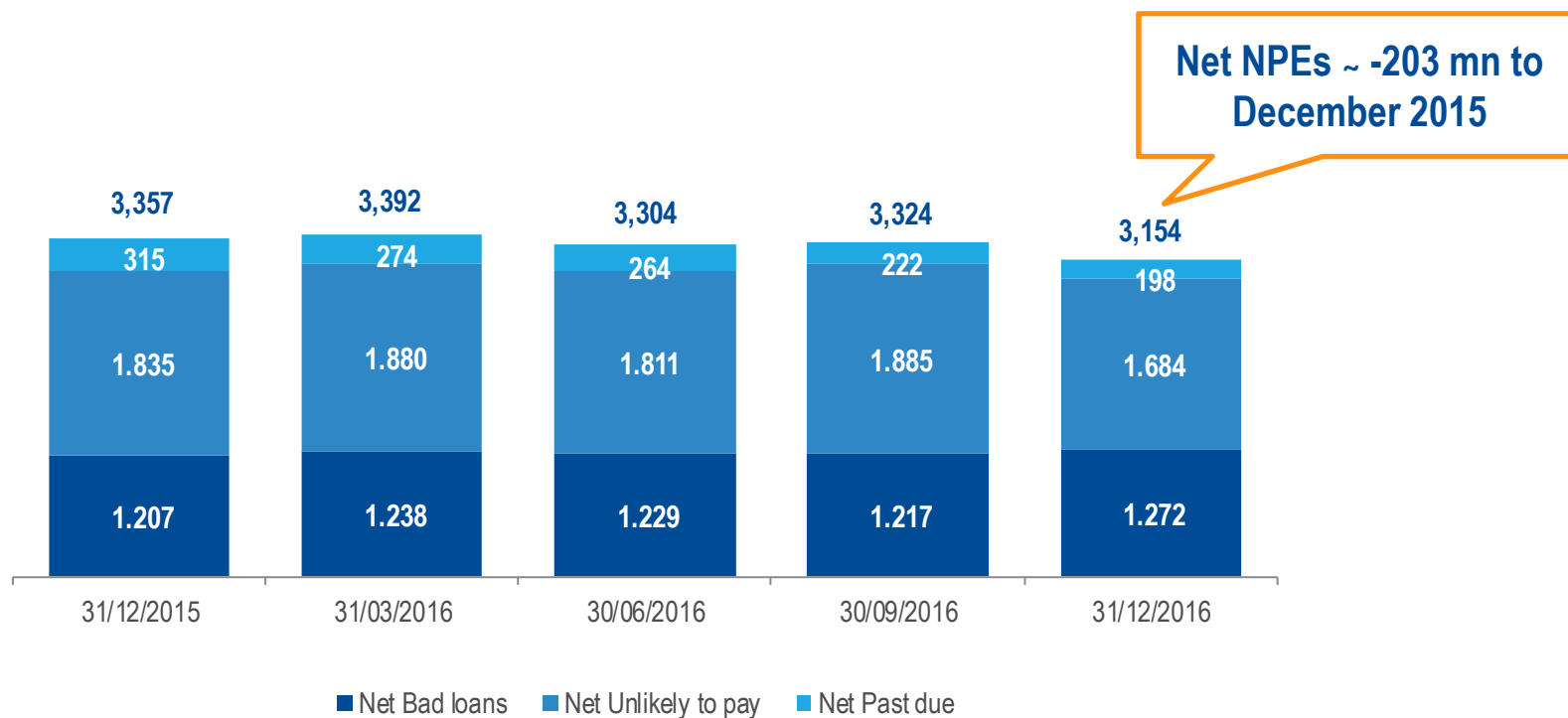
Past due



Non-performing exposures



Mn €

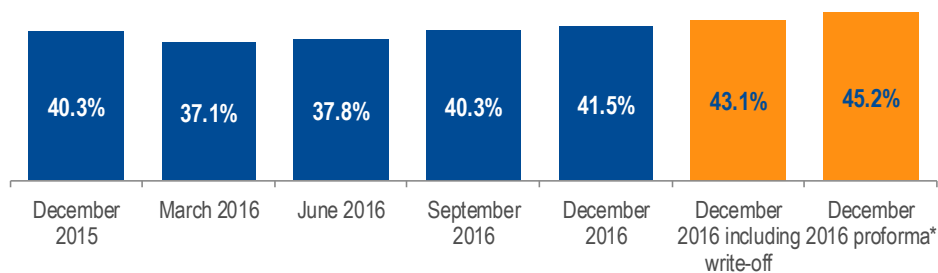


Mn €

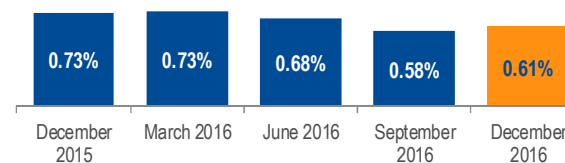
Coverage Ratios	31/12/2015	31/12/2016
Bad loans	57.1%	54.4%
Unlikely to pay	25.5%	29.4%
Past due	9.0%	8.2%

60.2% proforma including write off (2.5%) and disposal (3.4%) effect

Non-performing exposures Coverage



Coverage Bonis

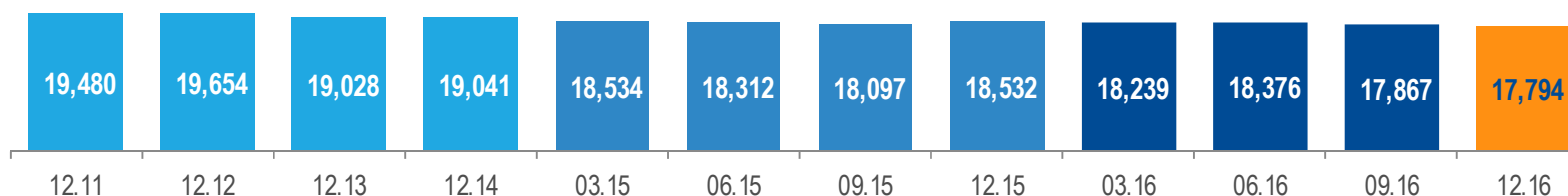


Annual trend in line with the portfolio improvement effect and new credit policy

* Non-performing exposures Coverage including write-off on bad loans and NPE disposals.

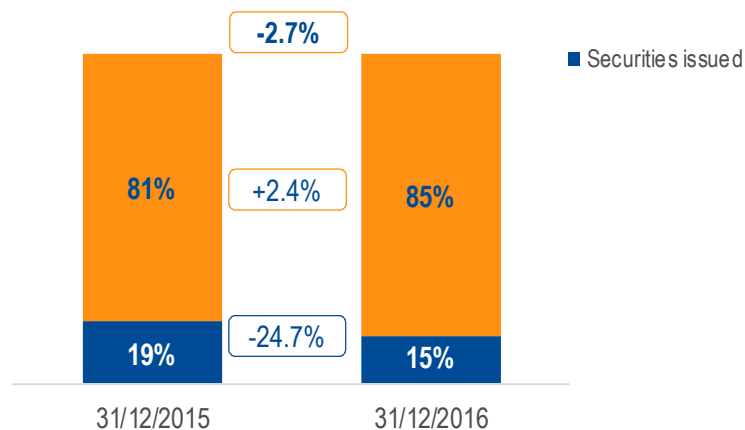
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Quarterly trend (€mn) Retail funding *



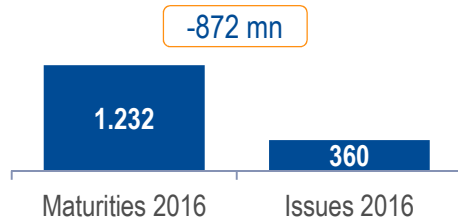
* Total funding net of CCG, CDP and institutionals

Composition of Direct Funding

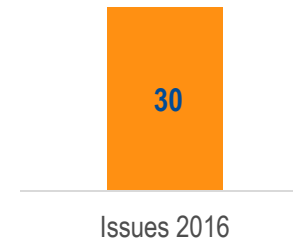


(mn €)	31/12/2015	31/12/2016	Chg. %
Saving Deposits	519	503	-3.1%
Time deposits	1,413	1,528	8.2%
Current accounts	13,073	13,118	0.3%
Securitized	471	304	-35.6%
Wholesale bonds (senior + subordinated)	107	133	24.8%
Senior retail bonds	2,695	2,090	-22.5%
Subordinated retail bonds	642	375	-41.6%
Deposit certificates	111	110	-1.3%
Deposits CCG & CDP	2,481	2,754	11.0%
Other	183	194	6.1%
DIRECT FUNDING	21,695	21,109	-2.7%

Retail bonds senior + subordinated (€ mn)



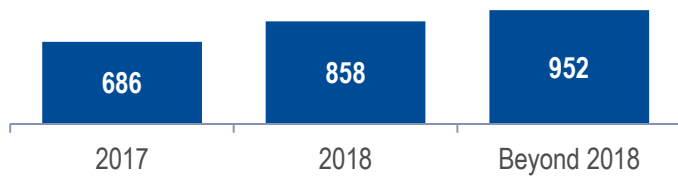
Wholesale bonds (€ mn)



ECB funding Creval
December 2016 (€ mn)



2017 – 2018 Maturities* Retail + Wholesale (€ mn)



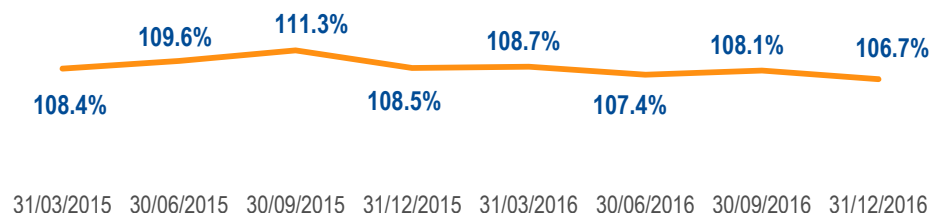
TLTRO 2:

- Residual callable amount: estimated EUR 3.1 bn

* As at 27 December 2016, residual maturities

Source: internal data

Gross commercial loans / Retail funding



LCR as at
31 December 2016
168%

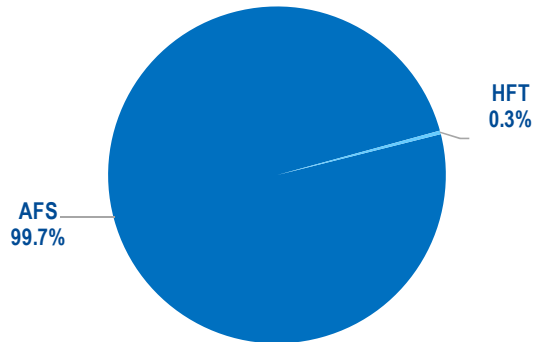
NSFR as at
30 September 2016
117%

Short-term liquidity position – December, 27th 2016 (€ mn)

	1d	2d	3d	4d	5d	2w	3w	1m	2m	3m
Net balance of cumulative expiring positions	251	86	- 76	- 81	- 94	- 331	- 716	- 1,458	- 1,512	- 2,075
Counterbalancing Capacity	3,280	3,280	3,280	3,280	3,410	3,746	4,172	4,591	4,726	5,329
Net balance of overall liquidity	3,531	3,366	3,204	3,199	3,316	3,415	3,456	3,133	3,214	3,254

Net liquidity balance ~ 13.9%
of the Total Asset of the Group

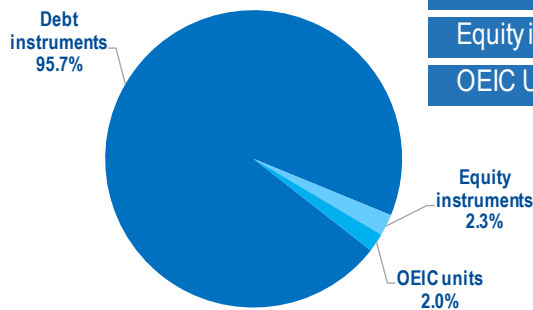
Breakdown by accounting portfolio



	31/12/2015	31/03/2016	30/06/2016	30/09/2016	31/12/2016	Chg. % vs Dec. 2015
HFT Portfolio	52	47	43	29	19	-63%
AFS Portfolio	5,321	4,876	5,813	5,422	5,436	2%
HTM Portfolio	-	-	-	-	-	-

Current Average Duration of Govie's AFS portfolio* 2.85

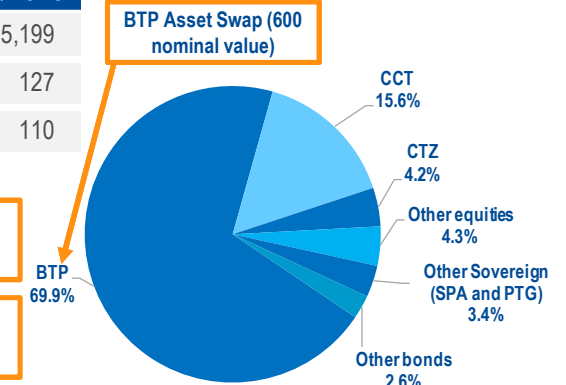
Breakdown of AFS portfolio



	31/12/2015	31/03/2016	30/06/2016	30/09/2016	31/12/2016
Debt instruments	5,112	4,680	5,624	5,214	5,199
Equity instruments	156	143	99	119	127
OEIC Units	53	53	89	89	110

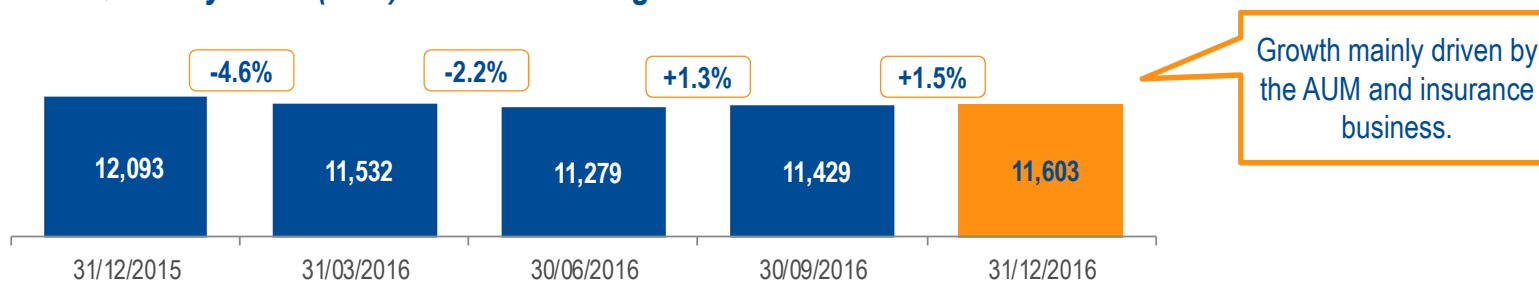
- AFS reserve as at 31 December -14.9 mn €
- AFS reserve on Govies, as at 31 December, ~ - 23.1 mn €

- AFS reserve as at 30 Sept. +28.4 mn €
- AFS reserve on Govies, as at 30 Sept., ~ + 23.8 mn €

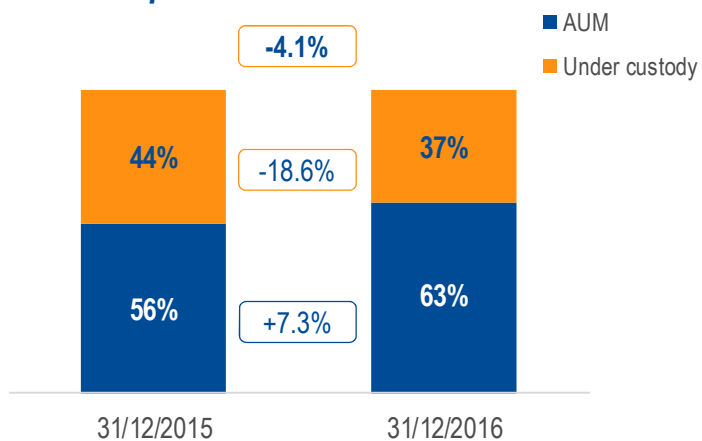


* As at 30 December 2016: Italian, Spanish and Portuguese government bonds.

Quarterly trend (€mn) Indirect Funding



Indirect deposits breakdown



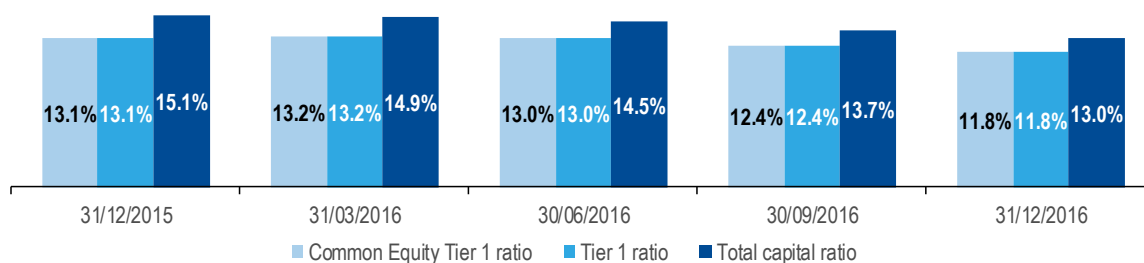
Development of the strategic partnership with ANIMA SGR



(mn €)	31/12/2015	31/12/2016	Chg. %
Funds & Sicav	2,408	2,550	5.9%
Custody	5,300	4,313	-18.6%
Individual accounts	2,267	2,149	-5.2%
Insurance	2,118	2,591	22.4%
Total	12,093	11,603	-4.1%

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Capital ratios evolution, phased-in calculation



Fully loaded calculation at
Dec. 31st, 2016
(considering the "SME supporting factor"):

CET 1 ratio
11.5% (12.4% at 30.09.2016)

Tier 1 ratio
11.5% (12.4% at 30.09.2016)

Total capital ratio
12.7% (13.7% at 30.09.2016)

Capital ratio	31/12/2015	31/03/2016	30/06/2016	30/09/2016	31/12/2016
COMMON EQUITY (€ mn)	2,034	2,034	1,999	1,839	1,713
TIER 1 (€ mn)	2,035	2,034	1,999	1,839	1,713
TIER 2 (€ mn)	310	266	228	194	180
TOTAL CAPITAL (€ mn)	2,345	2,300	2,227	2,033	1,893
RWA (€ mn)	15,479	15,430	15,335	14,819	14,539
TIER 1 RATIO	13.1%	13.2%	13.0%	12.4%	11.8%

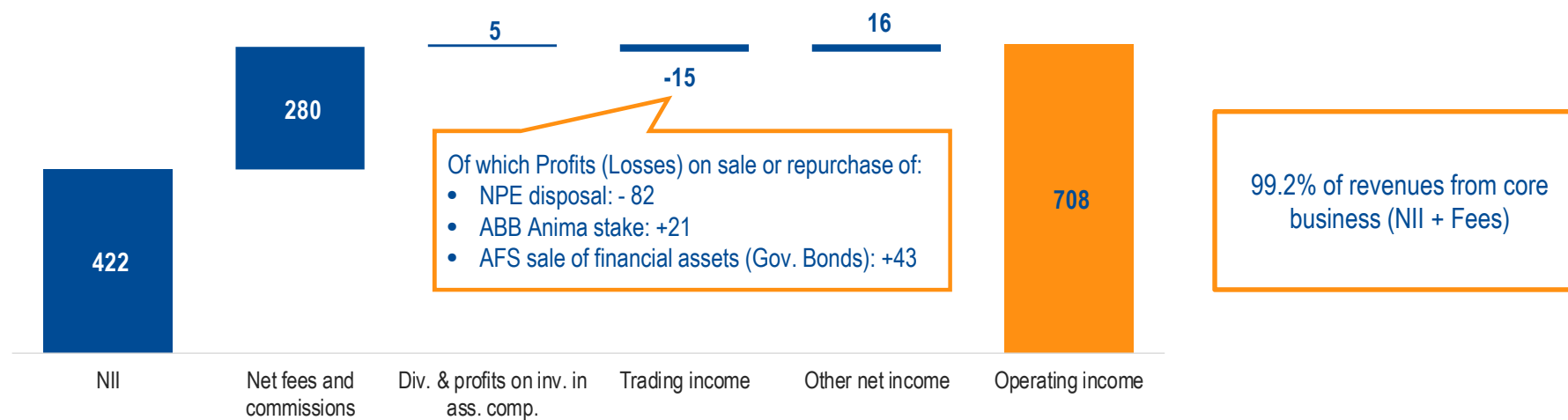
Indicator	31/12/2015	31/03/2016	30/06/2016	30/09/2016	31/12/2016
Gross Loan Risk weighted	65.0%	66.4%	67.0%	66.4%	64.1%
RWA/Assets	57.5%	58.0%	56.5%	56.8%	57.1%

Leverage ratio as at 30/09/2016
6.8% (fully loaded)

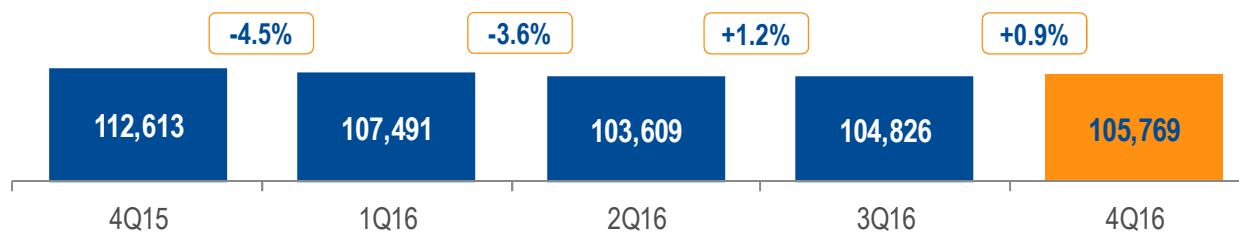
Requirements	31/12/2015	31/03/2016	30/06/2016	30/09/2016	31/12/2016
Credit	90.6%	90.6%	90.5%	90.2%	90.3%
CVA	0.2%	0.2%	0.2%	0.2%	0.2%
Market	0.1%	0.1%	0.1%	0.02%	0.04%
Operational	9.1%	9.1%	9.2%	9.5%	9.5%

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Revenues development – Operating income development



Interest Income, Quarterly figures (€/1,000)



-19 bps
since Dec2015

Trend euribor quarterly (2014-2016)

Jun 14	Sept 14	Dec 14	Mar 15	Jun 15	Sept 15	Dec 15	Mar 16	Jun 16	Sept 16	Dec 16
0.21%	0.08%	0.08%	0.02%	-0.01%	-0.04%	-0.13%	-0.24%	-0.29%	-0.30%	-0.32%

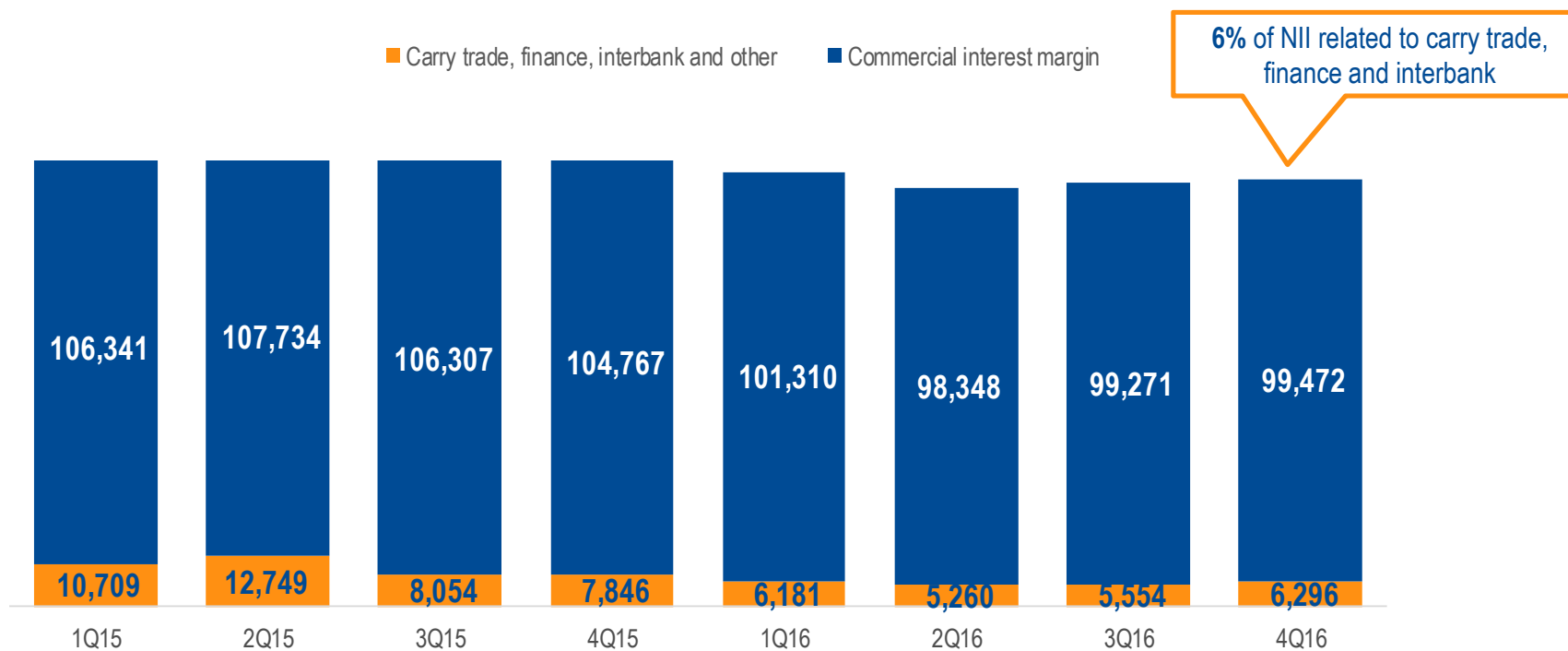
Commercial spread trend* (2014-2016)

Jun 14	Sept 14	Dec 14	Mar 15	Jun 15	Sept 15	Dec 15	Mar 16	Jun 16	Sept 16	Dec 16
2.53%	2.56%	2.55%	2.65%	2.65%	2.64%	2.60%	2.47%	2.44%	2.42%	2.41%

*Quarterly retail customer spread

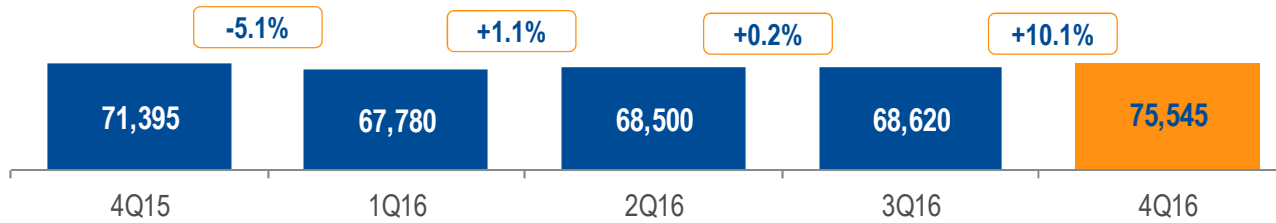
Revenues development – Focus on interest income

YoY decrease of the net interest margin mainly due to negative trend of market rates (euribor)

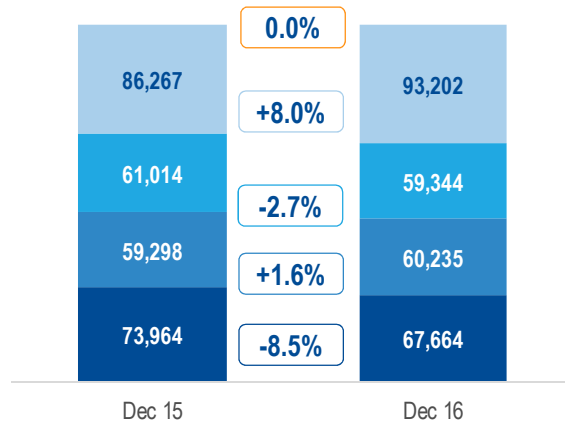


*Interest financial assets – Interest due to central counterparties – Interest term deposits with central bank – Hedging results – Interest loans to banks – Interest income securities – Interest banks – Other interest

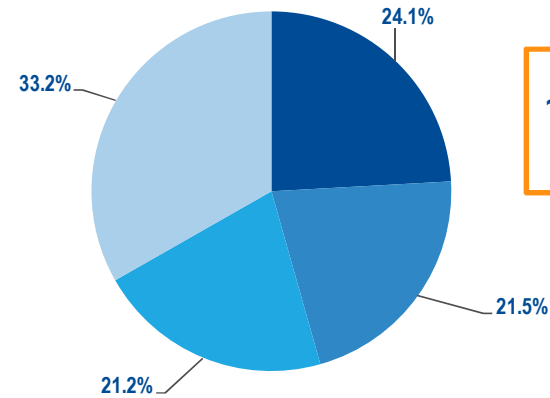
Net fees quarterly trend (€/1,000)



Net fees breakdown - YoY



- Asset management, trading and advisory services
- Payment and collection services
- Current account
- Loans and other

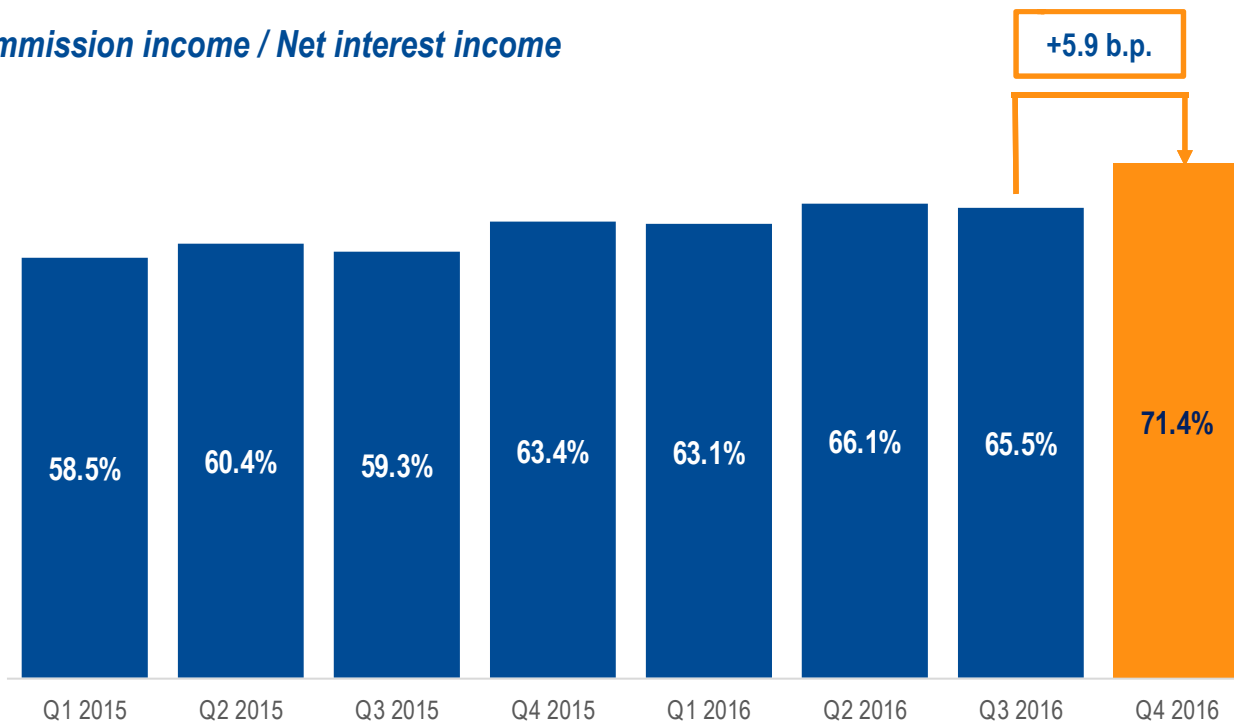


~8% of up front fees on total fees at 2016*

* Up front fees: placement of insurance and AUM, fees received from commercial partners (Alba Leasing, Compass, IBL)

Net fee and commission income / Net interest income

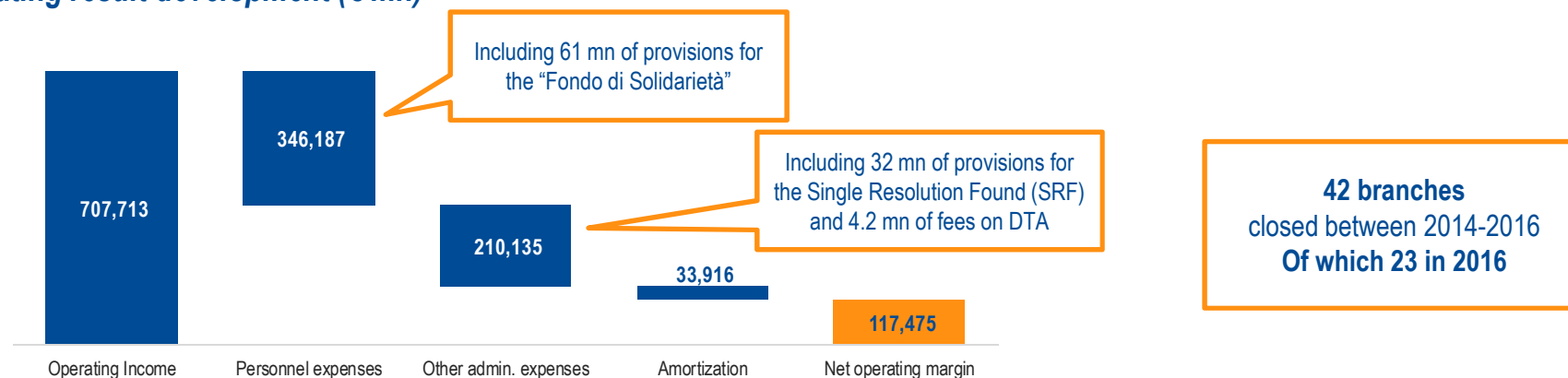
Net fee and commission income / Net interest income



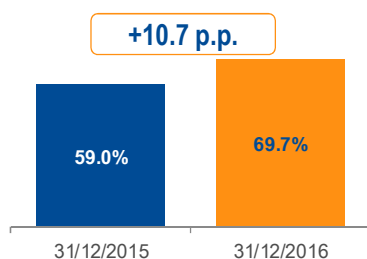
Increase of the importance of the net commission on the recurring profitability, compensating the decrease of NII, mainly due to the lack of volume and the effects of the monetary policy of ECB

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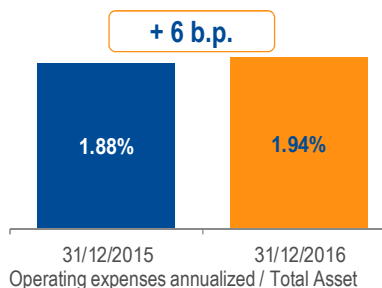
Operating result development (€ mn)



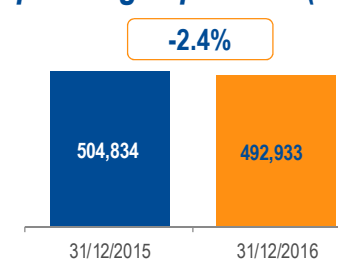
Cost income ratio*



Cost to asset ratio*



Operating expenses* (€ /1,000)



* 2016: pro-forma indicators (excluding the provision SRF, DGS for 32 mn, fees on DTA for 4.2 mn and the provision for the so called "Fondo di Solidarietà" for 61 mn)

Including the effect of
Bank of Italy audit

Write off goodwill Cash
Generating Unit Credito
Siciliano after impairment test

€ mn	31/12/2016	31/12/2015
Net operating margin	117.475	304.314
Value adjustments	- 491.232	- 442.342
Net accruals to provisions for risks and charges	10.665	- 17.655
Impairment of Goodwill	- 68.797	- 70.194
Net gains on sales of investments*	31.366	250.065
Income before taxes	- 400.523	24.188
Tax for the period	71.791	78.000
Investment disposal	-	20.070
Minorities	- 4.371	- 3.981
Net income	- 333.103	118.277

Details on "Tax for the period"

- 54 mn DTA related to fiscal loss (deducted from CET1 – phased in, 60% in 2016, 100 % in 2018 – according to CRR)
- 10 mn DTA related to ACE benefit
- 7 mn DTA

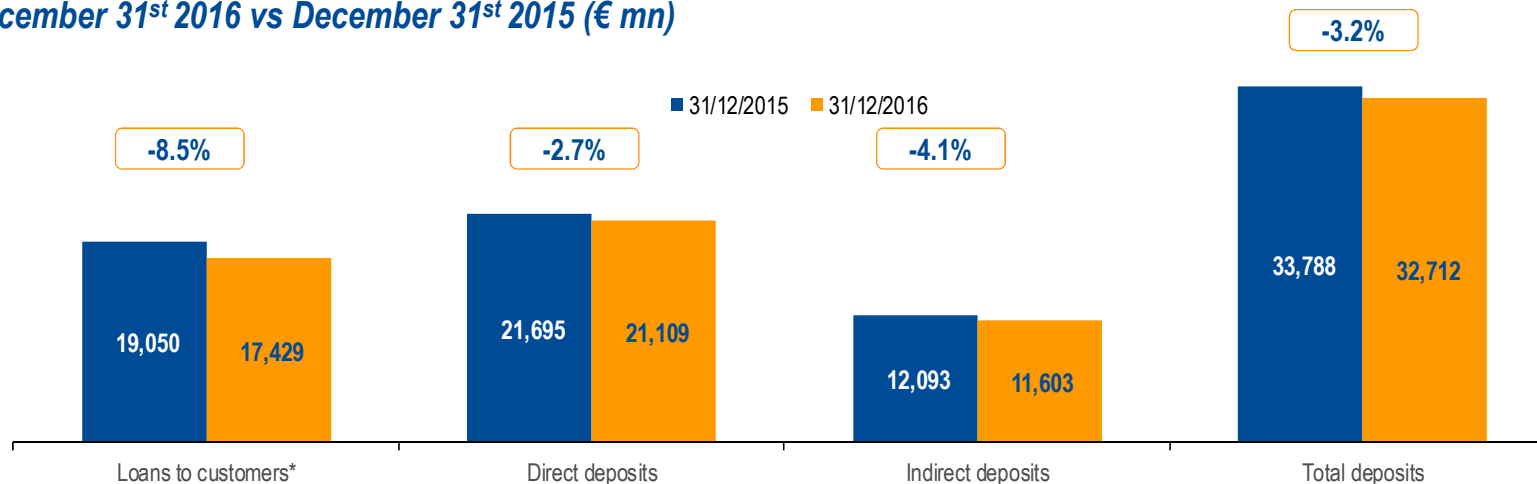
Around 42 mn euro of tax related to the fiscal loss of the year not recognized to P&L (potential future P&L benefit subject to future profitability)

* Cash component related to the earn out Visa as defined in the agreement for the disposal of ICBP

- **Clean up of the legacy loan book**
 - The main and substantial target for 2016 and 2017 is to **furtherly clean up the legacy book and reduce the cost base**, through increase of coverage, disposal of NPE, cost reduction, **streamline of processes, branch network and organization**
 - The major step for this year is to **sell up to 1,5 bn Euro of NPL** (the so called «**Project Elrond**»), reducing the **Gross NPE ratio below 20%**, toward the target for 2018 (~ 18%)
 - **Restructuring distribution network and Cost saving**
 - During 2017, according to the agreement signed with Trade Unions, the workforce of the bank will move **below 4,000 people** for the first time, with a **recurring positive effect of 19 mn Euro**
 - Closure of 26 branches at the end of 2016, further shutdown of 40 branches starting from March 2017 (**total cumulated closures ~ 70 in 2017, in line with the Action Plan**)
- **Rationale**
 - All initiatives aimed to **strengthen the quality of the balance sheet**, maintaining solid capital ratios, also thanks to potential disposal of non core assets
 - **The purpose is to move the bank in a better position also in connection with the consolidation of the Italian banking system**

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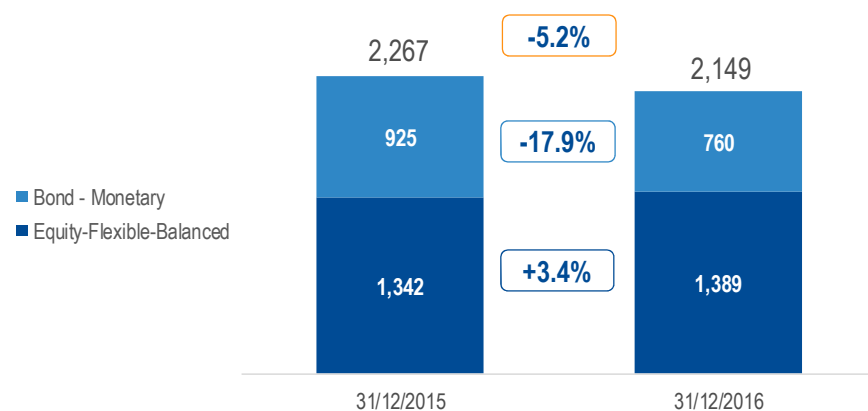
December 31st 2016 vs December 31st 2015 (€ mn)



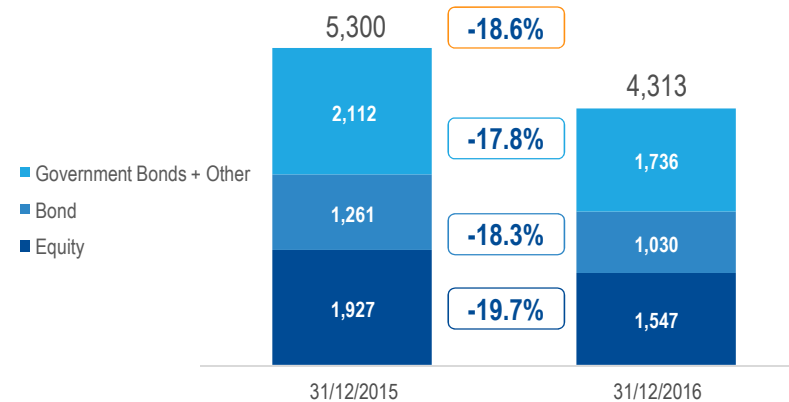
Balance sheet structure	31/12/2015	31/12/2016
Indirect deposits from customers / Total deposits	35.8%	35.5%
Direct deposits from customers / Total liabilities	80.7%	82.9%
Loans to customers/ Direct deposits from customers	87.8%	82.6%
Loans to customers / Total assets	70.9%	68.4%

* The amounts include components referring to central counterparties and institutionals

Breakdown Individual accounts (€ mn)



Breakdown Custody (€ mn)

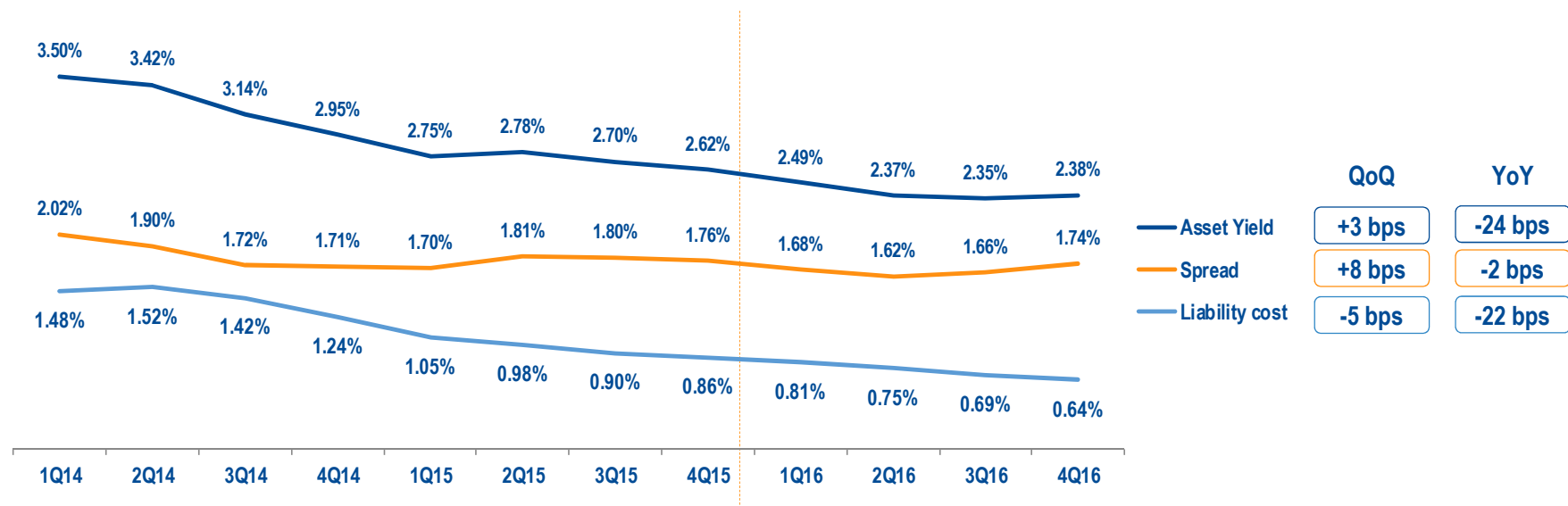


Breakdown Funds & Sicav (€ mn)



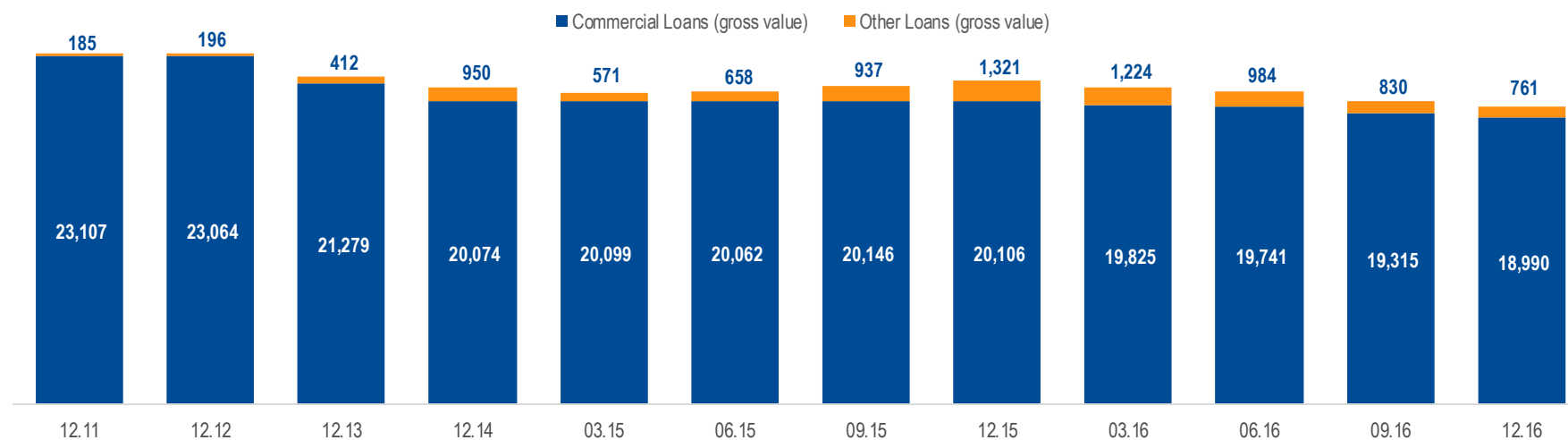
** Other including funds not of our placement

Asset yield, liability cost and spread

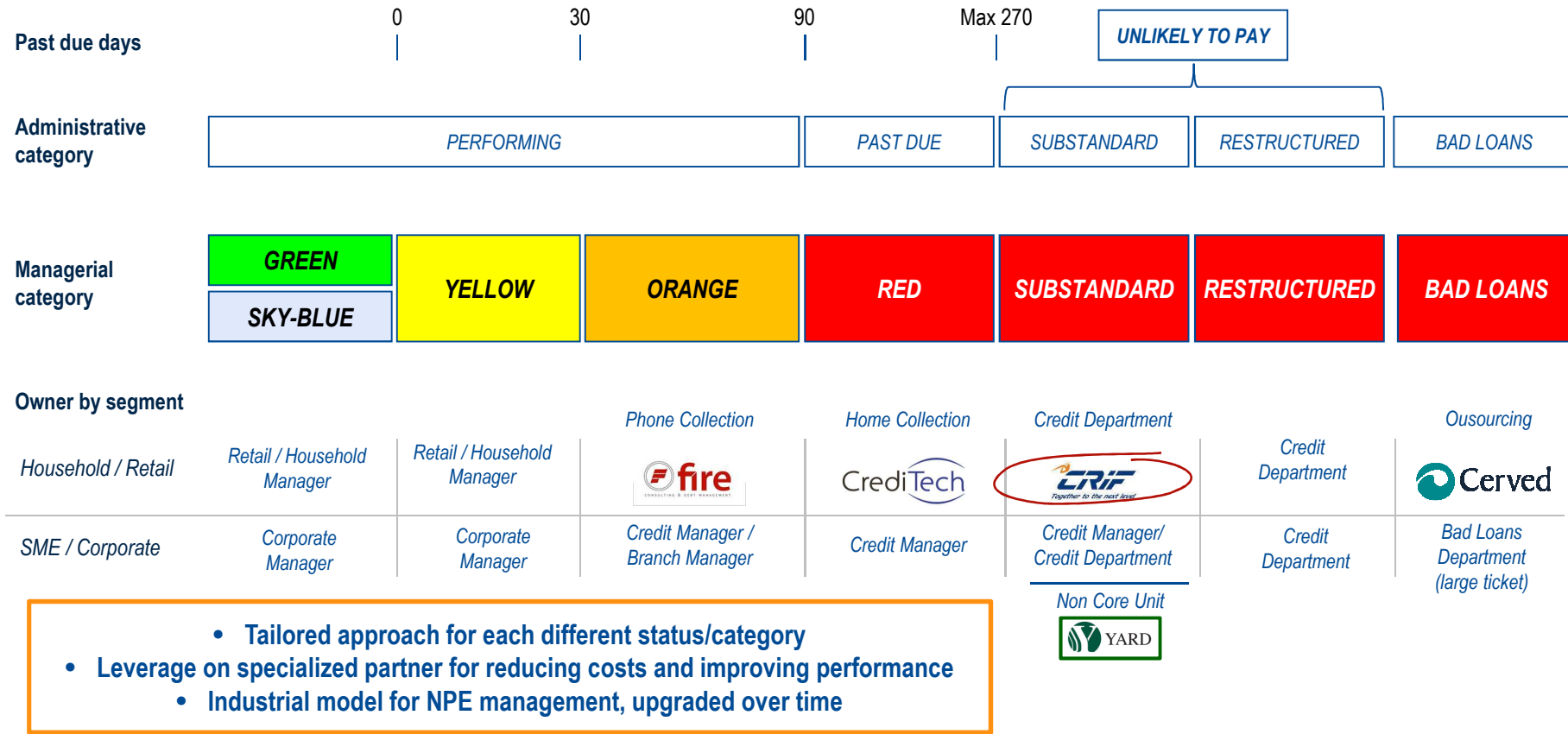


Asset = Loans to customers, loans to banks, financial assets
Asset yield = Interest income / average bearing assets of the quarter
Liability = due to customers, due to banks, securities issued
Liability cost = Interest expenses / average bearing liability of the quarter

Quarterly trend (€ mn)



Annexes – NPEs management model



Mn €

31/12/2016	Gross amount	Impairment losses	Carrying amount	Coverage ratio
Bad loans	2,787	- 1,515	1,272	54.4%
Unlikely to pay loans	2,384	- 700	1,684	29.4%
Past due exposures	216	- 18	198	8.2%
Total impaired loans	5,387	- 2,233	3,154	41.5%
Performing loans	14,363	- 88	14,275	0.61%
Total loans and receivables with customers	19,750	- 2,321	17,429	

Annexes – Reclassified balance sheet – quarterly figures

Assets	31/12/2016	30/09/2016	30/06/2016	31/03/2016	31/12/2015
Cash and cash equivalents	170,735	147,854	151,577	166,058	175,462
Financial assets held for trading	18,999	28,694	42,746	46,837	51,751
Available-for-sale financial assets	5,436,165	5,421,590	5,812,543	4,875,740	5,321,413
Held-to-maturity investments	-	-	-	-	-
Loans and receivables with banks	821,748	1,064,051	776,665	930,748	713,089
Loans and receivables with customers	17,429,196	17,813,992	18,614,840	18,936,177	19,049,750
Equity Investments	9,559	9,574	9,164	9,612	9,464
Property, equipment and investment property and intangible assets	483,816	562,903	568,623	569,518	572,882
Non-current assets and disposal groups held for sale	1,498	864	50,633	2,478	2,478
Other assets	1,097,743	1,031,093	1,122,532	1,069,394	1,005,392
Total assets	25,469,459	26,080,615	27,149,323	26,606,562	26,901,681

Liabilities and Equity	31/12/2016	30/09/2016	30/06/2016	31/03/2016	31/12/2015
Due to banks	1,661,670	1,742,354	1,770,058	1,719,645	2,040,112
Direct funding from customers	21,108,765	21,103,638	21,870,299	21,367,430	21,694,956
Financial liabilities held for trading	1,468	759	1,311	2,160	1,859
Hedging derivatives	294,137	350,170	339,042	327,318	269,496
Liabilities associated with disposal groups	-	-	-	-	-
Other liabilities	437,838	727,939	874,584	812,675	508,132
Provisions for specific purpose	208,111	187,404	182,895	196,032	199,396
Equity attributable to non-controlling interests	4,040	3,775	3,865	4,481	4,382
Equity	1,753,430	1,964,576	2,107,269	2,176,821	2,183,348
Total liabilities and equity	25,469,459	26,080,615	27,149,323	26,606,562	26,901,681

Annexes – Reclassified consolidated income statement

Income statement	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Net interest income	105,769	104,826	103,609	107,491	112,613
Net fee and commission income	75,545	68,620	68,500	67,780	71,395
Dividends and similar income	33	80	4,128	-	27
Profit (loss) of equity-accounted investments	142	480	167	89	30
Net trading and hedging income (expense) and profit (loss) on sales/repurchases	- 36,062	- 15,449	28,018	7,711	8,893
Other operating net income	3,375	4,115	4,440	4,306	6,457
Operating income	148,802	162,672	208,862	187,377	199,415
Personnel expenses	- 127,358	- 72,443	- 74,033	- 72,353	- 78,200
Other administrative expenses	- 69,494	- 41,928	- 48,264	- 50,449	- 71,580
Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets	- 9,474	- 8,389	- 7,886	- 8,167	- 27,570
Operating costs	- 206,326	- 122,760	- 130,183	- 130,969	- 177,350
Operating profit	- 57,524	39,912	78,679	56,408	22,065
Net impairment losses on loans and receivables and other financial assets	- 102,541	- 236,914	- 102,852	- 48,925	- 217,168
Net accruals to provisions for risks and charges	11,493	1,055	- 1,556	- 327	- 11,942
Value adjustments of goodwill	- 68,797	-	-	-	- 70,194
Net gains (losses) on sales of investments	5,105	9	26,244	8	250,023
Pre-tax profit (loss) from continuing operations	- 212,264	- 195,938	515	7,164	- 27,216
Income taxes	16,622	41,557	14,542	- 930	83,745
Post-tax profit (loss) from continuing operations	- 195,642	- 154,381	15,057	6,234	56,529
Gains from assets held for sale	-	-	-	-	-
Profit (loss) for the period attributable to non-controlling interests	- 1,415	- 801	- 988	- 1,167	996
Profit (Loss) for the period	- 197,057	- 155,182	14,069	5,067	55,533

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- Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2), Simona Orietti, in her capacity as manager in charge of financial reporting declares that the accounting information contained in this Presentation reflects the group's documented results, financial accounts and accounting records.

- **Ugo Colombo** CFO (Chief Financial Officer)

Mob. +39 3355761968

Email colombo.ugo@creval.it

- **Tiziana Camozzi** Head of Investor Relations

Tel. +39 0280637471

Mob. +39 3346700124

Email camozzi.tiziana@creval.it

**Consolidated Results as at
December 31st 2016**