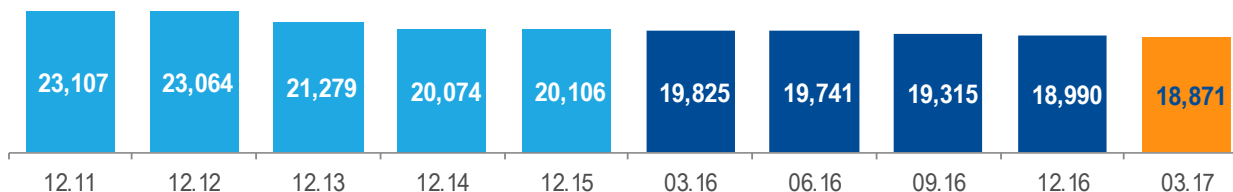


# Consolidated Results as at March 31<sup>st</sup> 2017

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

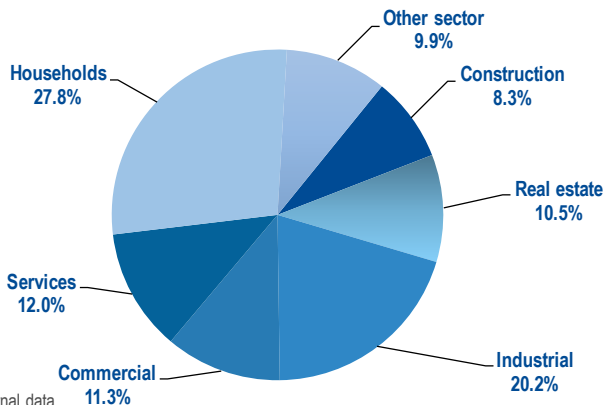
## Quarterly trend (€mn) Commercial Loans \* (gross amounts)



Outstanding gross loans substantially flat since Q1 2016, considering sale of NPLs

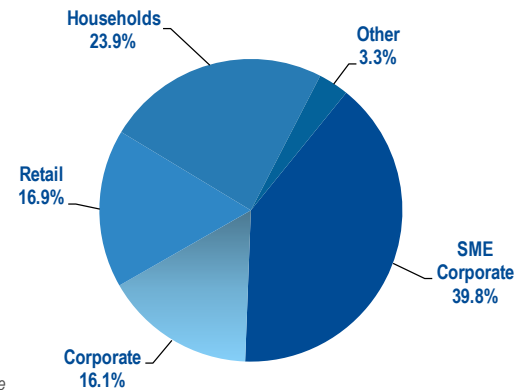
\* Total gross loans to customers net of exposures with institutions, mainly CCG (Cassa Compensazione e Garanzia) and CDP (Cassa Depositi e Prestiti)

## Performing loans by sector (ATECO classification)\*\*



## 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

\*\*Source: internal data

~ 625 mn of newly granted loans (Individuals and SMEs/Corporate) over the period - 0.1% YoY  
Expected Loss performing portfolio -3 bps since December 2016

INDIVIDUALS

	Amount	Chg % YoY	% Fixed	Average Rate*
Individuals	170 mn	- 11.3 %	40.3 %	2.60 %

Of which substitutions («surroghe»): 19.4 mn (34.2 mn previous year)

Expected Loss new performing exposures disbursed in the period

33 bps

SME & CORPORATE

	Amount	Chg % YoY
Mortgage	71 mn	-12 %
Other secured	61 mn	-56 %
Unsecured	323 mn	+50 %
<b>Total amount</b>	<b>455 mn</b>	<b>+0.05 %</b>

Average Rate

2.27 %\*

Expected Loss new performing exposures disbursed in the period

Corporate: 47 bps  
Retail: 75 bps

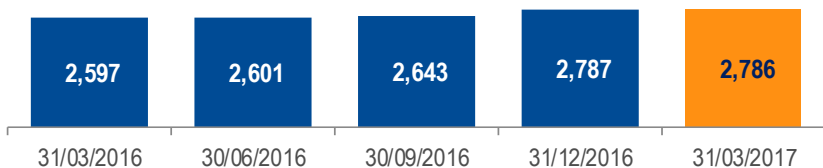
Positive results of the outstanding remix  
Real Estate -1.5% YtD

\*Average rate from the beginning of the year

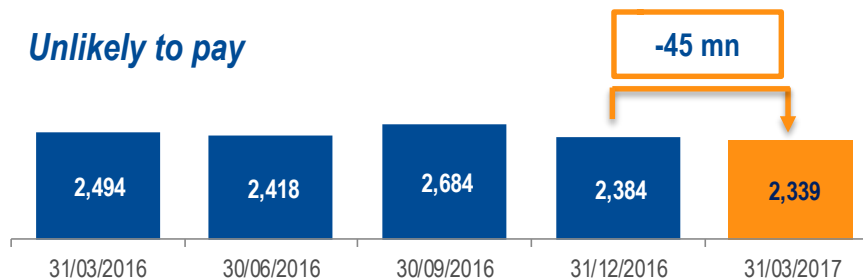
Source: internal data

Mn €

## Bad loans



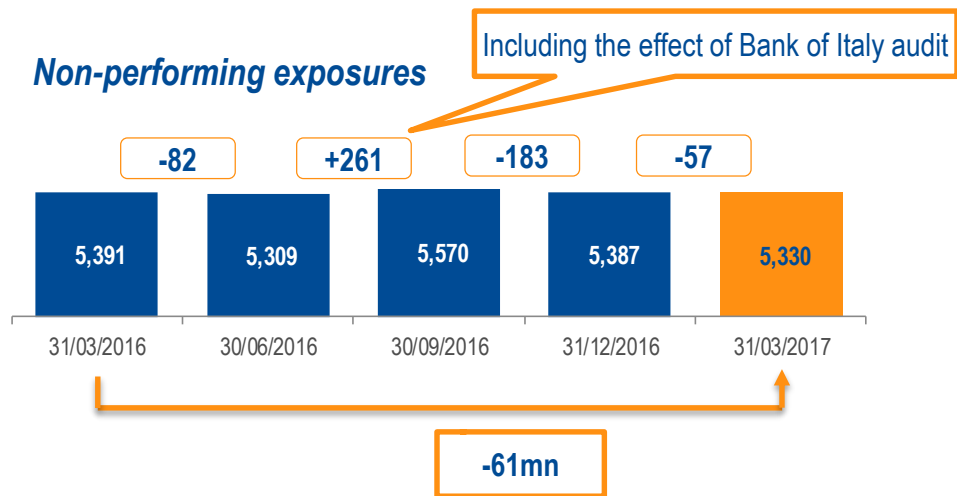
## Unlikely to pay



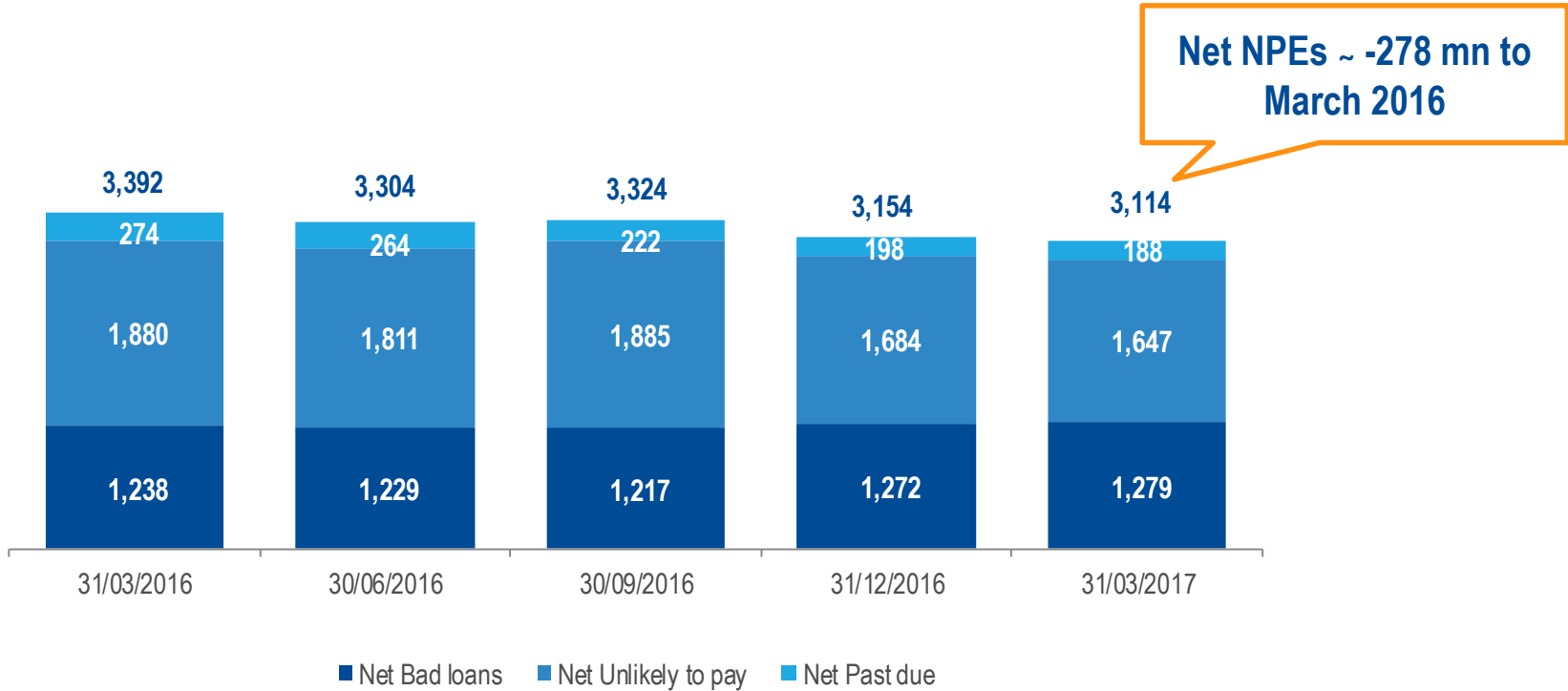
## Past due



## Non-performing exposures



Mn €

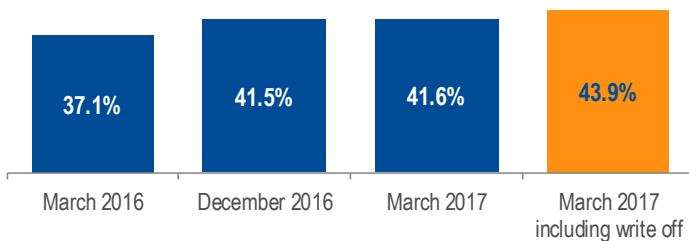


Mn €

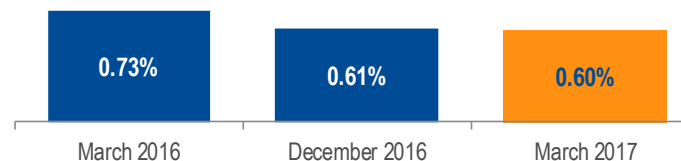
Coverage Ratios	31/12/2016	31/03/2017
Bad loans	54.4%	54.1%
Unlikely to pay	29.4%	29.6%
Past due	8.2%	8.2%

**57.4% proforma including write off (3.3%)**

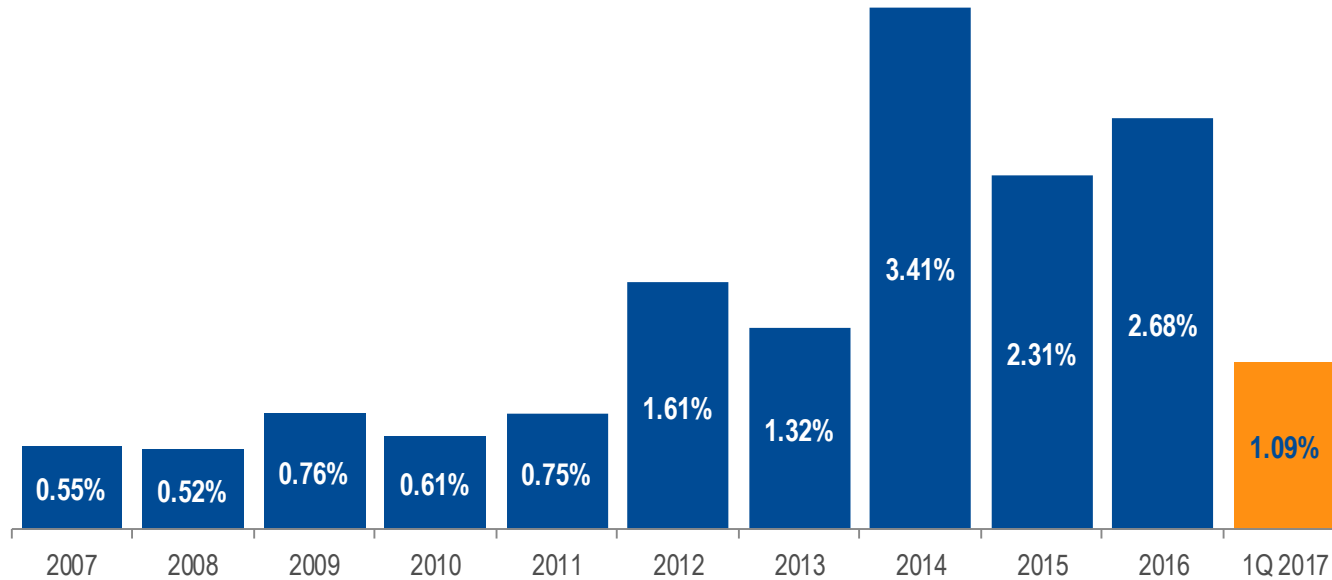
## Non-performing exposures Coverage



## Coverage Bonis

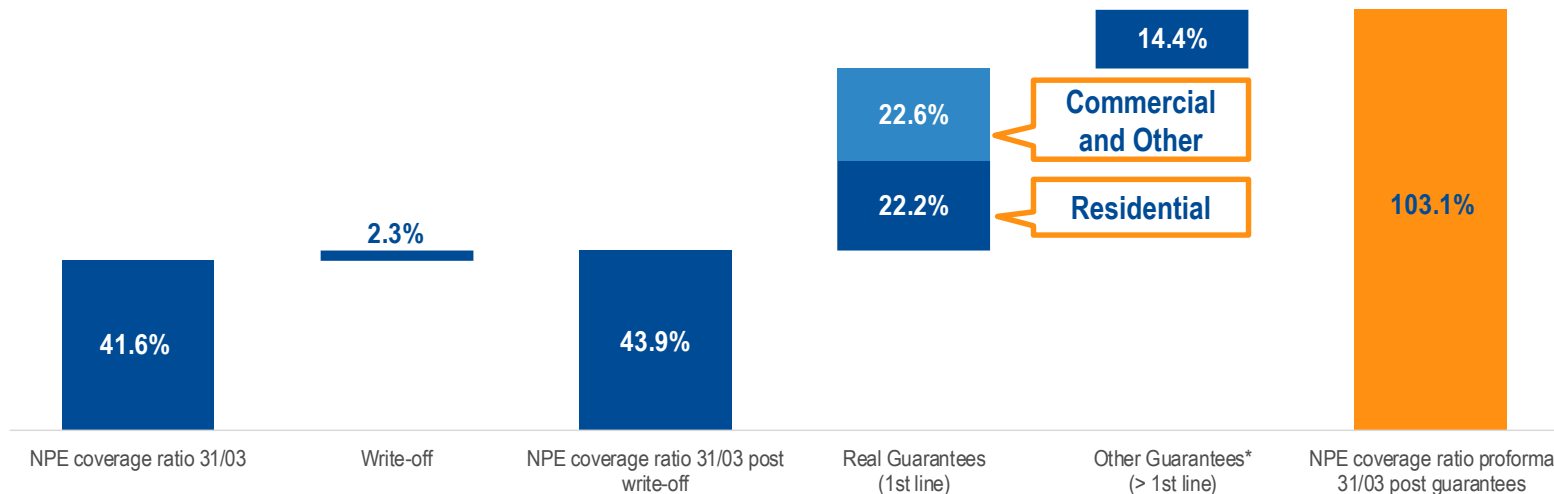


**Annual trend in line with the portfolio improvement effect and new credit policy**





## NPE - Total Coverage Ratio (%)



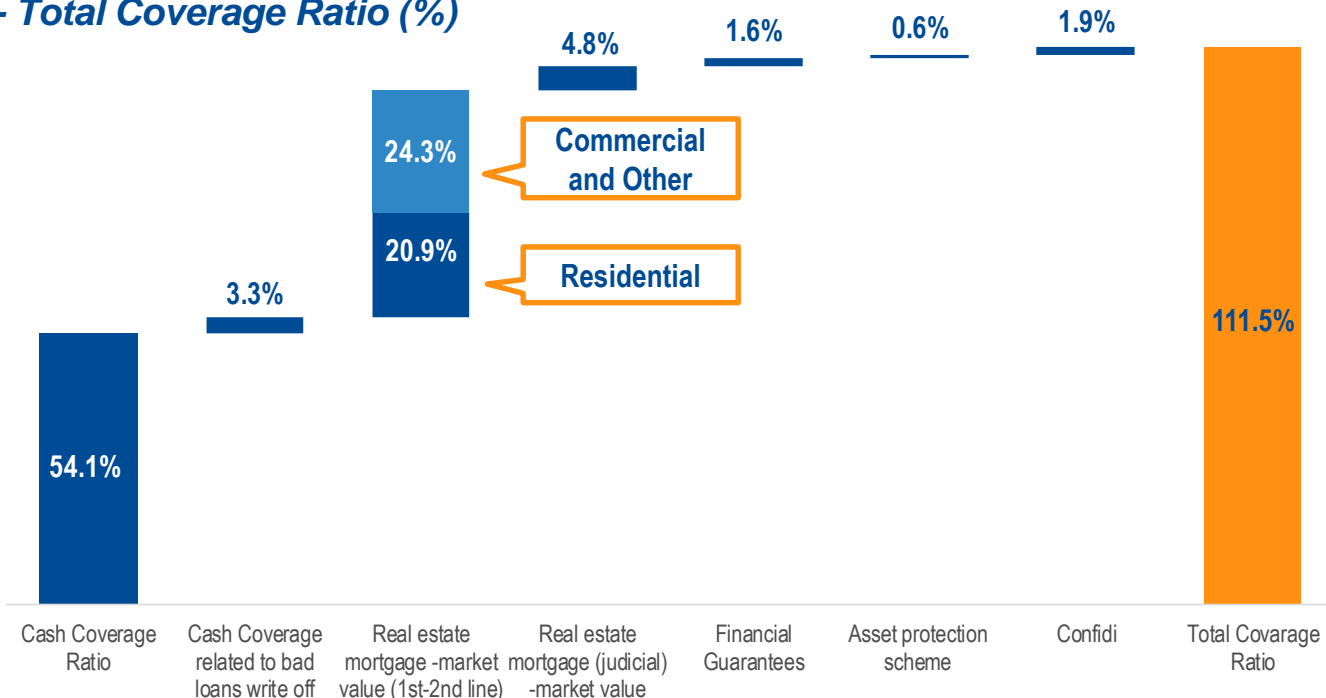
Real estate value equal to the last **market value** (according to the specific appraisal, delivered by **third party** appraiser), **capped** at the maximum amount represented by the value of the loans.

**Only «cash guarantees» considered**, like financial guarantees, APS. **No consideration at all for personal guarantees.**

Source: internal data

\* Real estate 2<sup>nd</sup> line + judicial + financial + APS + Confidi

## Bad Loans - Total Coverage Ratio (%)



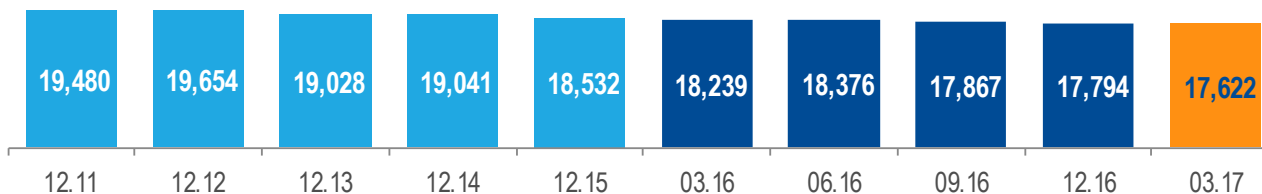
Source: internal data

Real estate value equal to the last **market value** (according to the specific appraisal, delivered by **third party** appraiser), **capped** at the maximum amount represented by the value of the loans.

**Only «cash guarantees» considered**, like financial guarantees, APS. **No consideration at all for personal guarantees.**

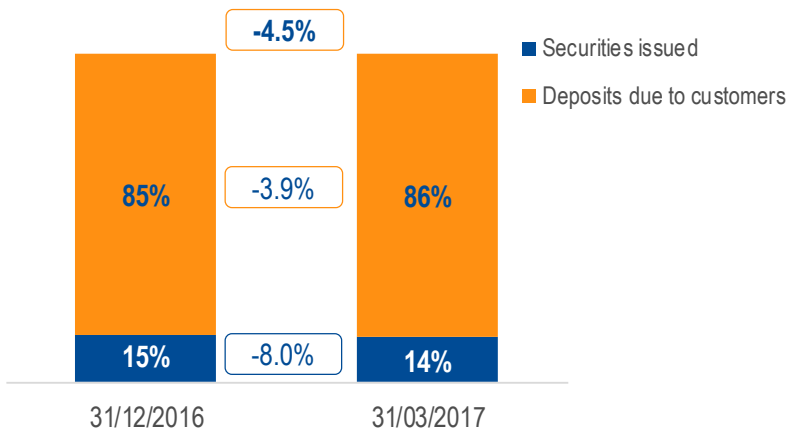
1. Credit policies and asset quality
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## Quarterly trend (€mn) Retail funding \*



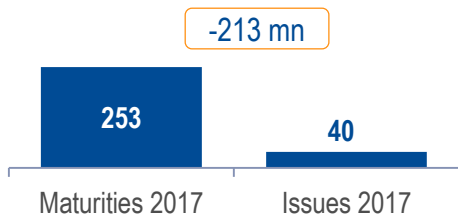
\* Total funding net of CCG, CDP and institutionals

## Composition of Direct Funding



(mn €)	31/12/2016	31/03/2017	Chg. %
Saving Deposits	503	479	-4.9%
Time deposits	1,528	1,486	-2.8%
Current accounts	13,118	13,212	0.7%
Securitized	304	257	-15.5%
Wholesale bonds (senior + subordinated)	133	134	0.6%
Senior retail bonds	2,090	1,907	-8.7%
Subordinated retail bonds	375	345	-7.9%
Deposit certificates	110	120	10.0%
Deposits CCG & CDP	2,754	2,050	-25.6%
Other	194	178	-8.2%
<b>DIRECT FUNDING</b>	<b>21,109</b>	<b>20,168</b>	<b>-4.5%</b>

## Retail bonds senior + subordinated (€ mn)



## Wholesale bonds (€ mn)



## 2017 – 2019 Maturities\* Retail + Wholesale (€ mn)



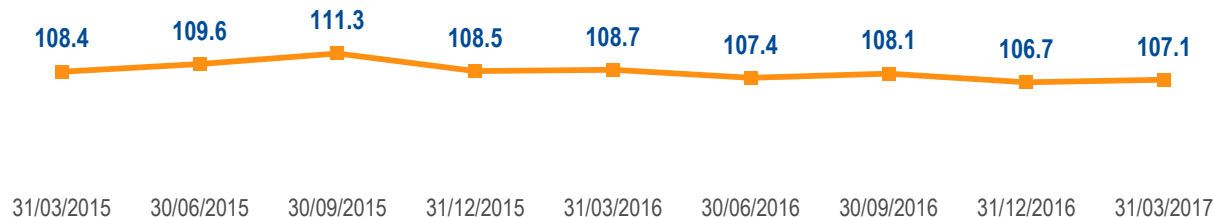
## ECB funding Creval March 2017 (€ mn)



\* As at 28 March 2017, residual maturities

Source: internal data

## Gross commercial loans / Retail funding



**LCR as at  
31 March 2017  
271%**

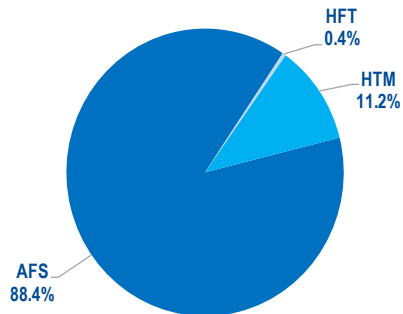
**NSFR as at  
31 December 2016  
115%**

## Short-term liquidity position – March, 28<sup>th</sup> 2017 (€ mn)

	1d	2d	3d	4d	5d	2w	3w	1m	2m	3m
Net balance of cumulative expiring positions	590	635	644	830	830	573	229	181	426	572
Counterbalancing Capacity	3,075	3,037	3,037	3,080	3,080	3,262	3,667	3,885	4,090	4,090
Net balance of overall liquidity	3,666	3,672	3,681	3,910	3,910	3,835	3,896	3,704	3,664	3,518

Net liquidity balance ~ 14.1%  
of the Total Asset of the Group

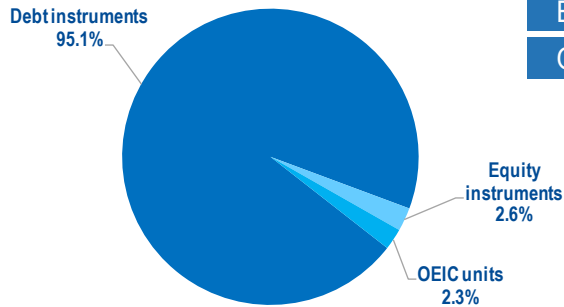
## Breakdown by accounting portfolio



	31/03/2016	31/12/2016	31/03/2017	Chg. % vs Dec. 2016
HFT Portfolio	47	19	23	20%
AFS Portfolio	4,876	5,436	4,909	-10%
HTM Portfolio	-	-	624	n.s.

**Current Average Duration of Govie's AFS portfolio\* 3.08**

## Breakdown of AFS portfolio



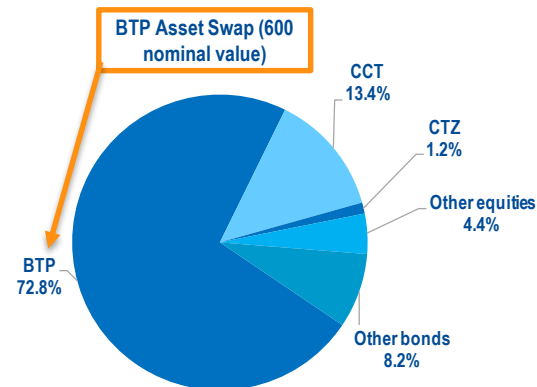
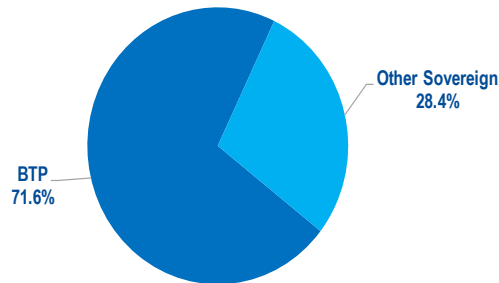
	31/03/2016	31/12/2016	31/03/2017
Debt instruments	4,680	5,199	4,669
Equity instruments	143	127	126
OEIC Units	53	110	114

- AFS reserve as at 31 March -60.9 mn €
- **AFS reserve on Govies, as at 31 March, - 63.2 mn €**

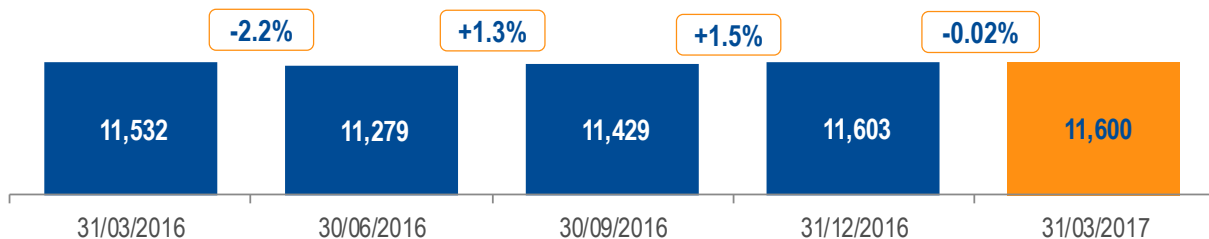
- AFS reserve as at 31 December -14.9 mn €
- **AFS reserve on Govies, as at 31 December, - 23.1 mn €**

\* As at 31 March 2017: Italian, Spanish and Portuguese government bonds.

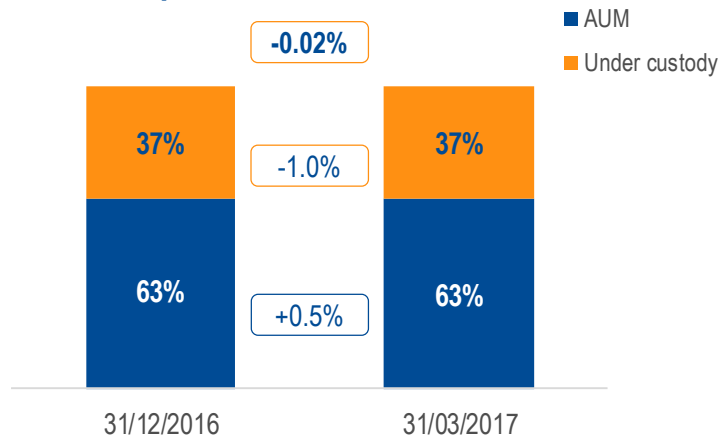
## Breakdown of HTM portfolio



## Quarterly trend (€mn) Indirect Funding



## Indirect deposits breakdown



Development of the strategic partnership with ANIMA SGR

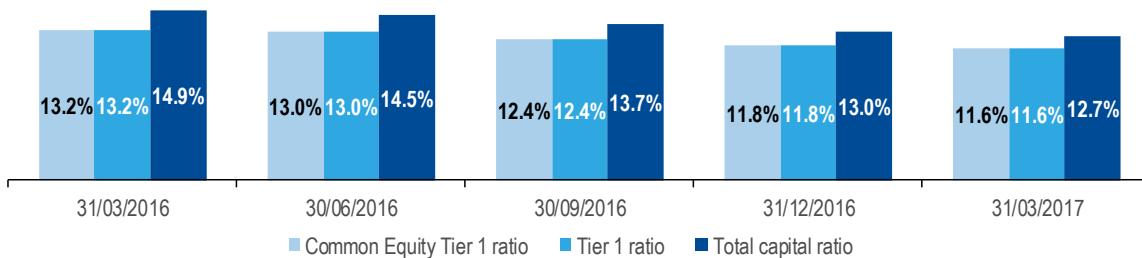


(mn €)	31/12/2016	31/03/2017	Chg. %
Funds & Sicav	2,550	2,675	4.9%
Custody	4,313	4,271	-1.0%
Individual accounts	2,149	2,017	-6.2%
Insurance	2,591	2,637	1.8%
<b>Total</b>	<b>11,603</b>	<b>11,600</b>	<b>-0.02%</b>



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## Capital ratios evolution, phased-in calculation



Fully loaded calculation at  
March, 31<sup>st</sup>, 2017  
(considering the "SME supporting factor"):

**CET 1 ratio**  
11.1% (11.5% at 31.12.2016)

**Tier 1 ratio**  
11.1% (11.5% at 31.12.2016)

**Total capital ratio**  
12.2% (12.7% at 31.12.2016)

**Leverage ratio as at 31/12/2016**  
6.3% (fully loaded)

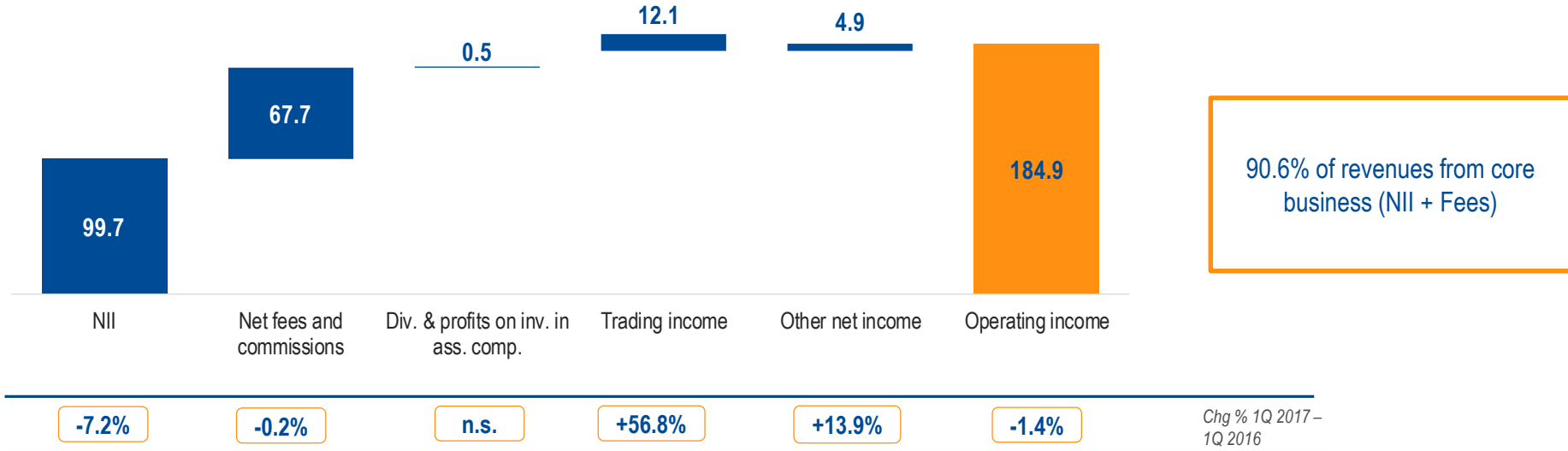
Capital ratio	31/03/2016	30/06/2016	30/09/2016	31/12/2016	31/03/2017
COMMON EQUITY (€ mn)	2,034	1,999	1,839	1,713	1,702
TIER 1 (€ mn)	2,034	1,999	1,839	1,713	1,702
TIER 2 (€ mn)	266	228	194	180	156
TOTAL CAPITAL (€ mn)	2,300	2,227	2,033	1,893	1,858
RWA (€ mn)	15,430	15,335	14,819	14,539	14,664
<b>TIER 1 RATIO</b>	<b>13.2%</b>	<b>13.0%</b>	<b>12.4%</b>	<b>11.8%</b>	<b>11.6%</b>

Indicator	31/03/2016	30/06/2016	30/09/2016	31/12/2016	31/03/2017
Gross Loan Risk weighted	66.4%	67.0%	66.4%	64.1%	65.3%
RWA/Assets	58.0%	56.5%	56.8%	57.1%	56.4%

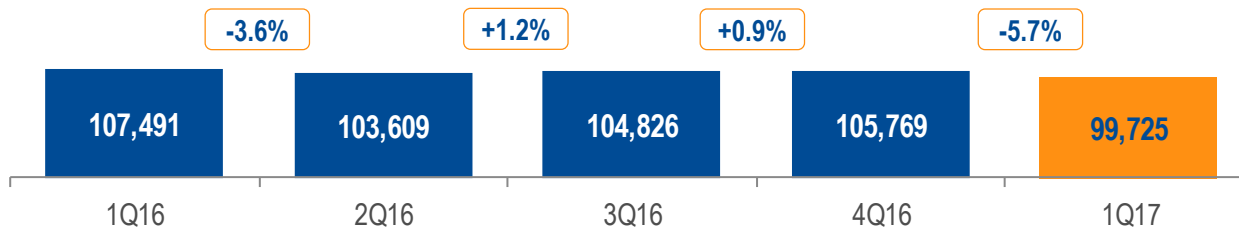
Requirements	31/03/2016	30/06/2016	30/09/2016	31/12/2016	31/03/2017
Credit	90.6%	90.5%	90.3%	90.3%	90.2%
CVA	0.2%	0.2%	0.2%	0.2%	0.2%
Market	0.1%	0.1%	0.04%	0.02%	0.1%
Operational	9.1%	9.2%	9.5%	9.5%	9.5%

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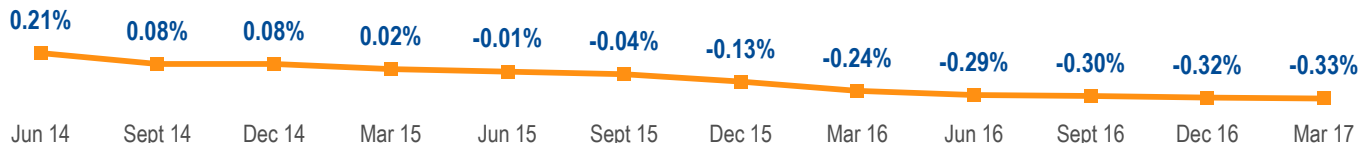
# Revenues development – Operating income development



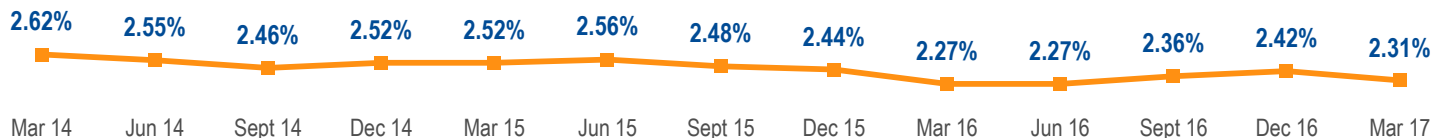
## Interest Income, Quarterly figures (€/1,000)



## Trend euribor quarterly (2014-2016)

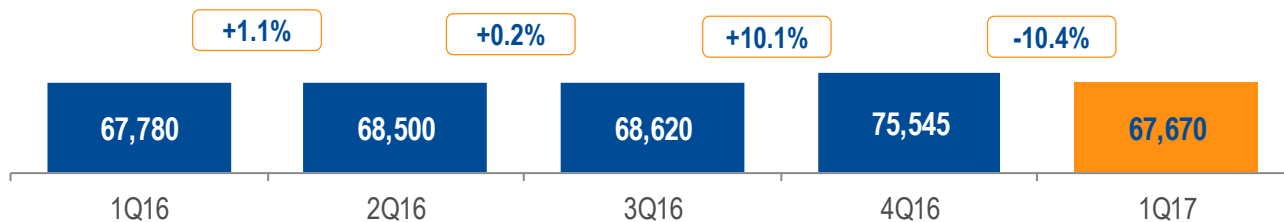


## NIM\* (2014-2017)

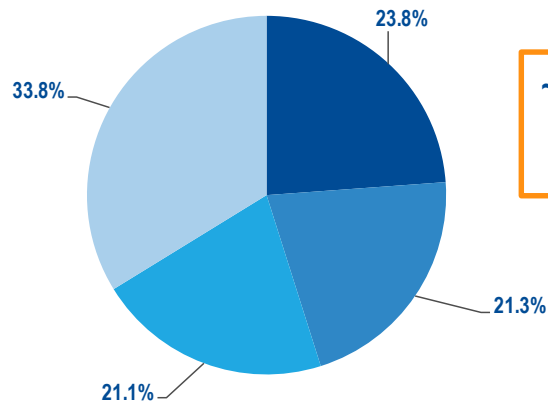
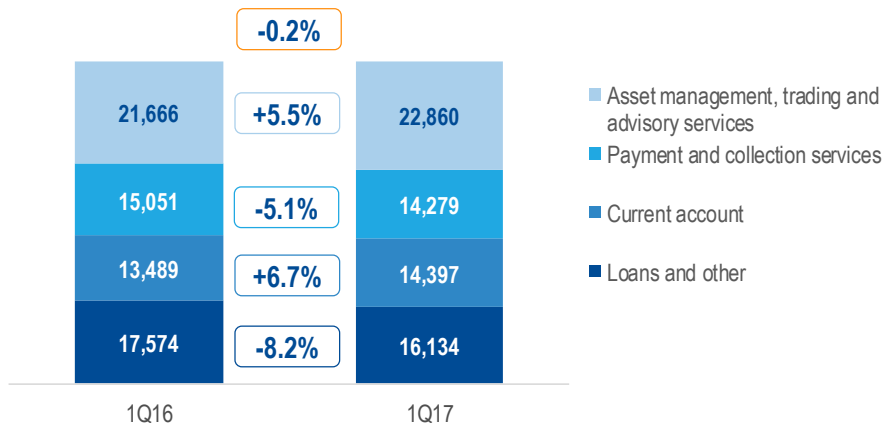


\* NIM = Interest income / Loans to customers

## Net fees quarterly trend (€/1,000)



## Net fees breakdown - YoY

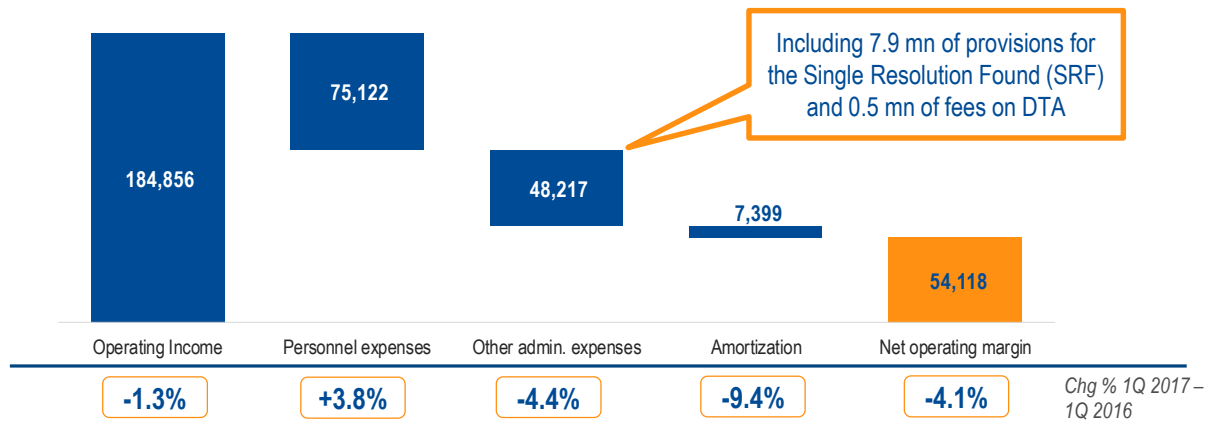


~8% of up front fees on total fees at March 2017\*

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

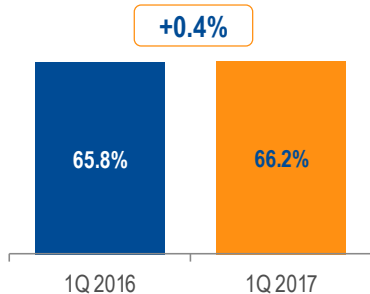
1. Credit policies and asset quality
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## Operating result development (€ mn)

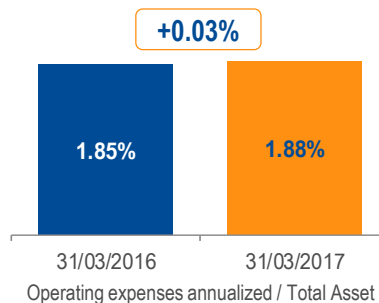


**82 branches**  
closed between 2014-2017  
Of which 23 in 2016 and 40 in  
1Q 2017

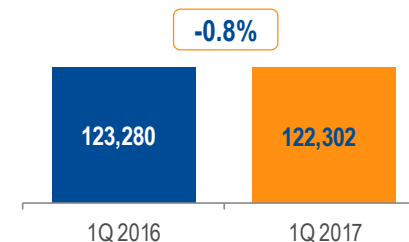
## Cost income ratio\*



## Cost to asset ratio\*



## Operating expenses\* (€ /1,000)



\* March 2017: pro-forma indicators (excluding the provision SRF for 7.9 mn, fees on DTA for 0.5 mn); March 2016 pro-forma indicators (excluding the provision SRF for 7.7 mn)



€ mn	1Q 2017	1Q 2016	Chg %
<b>Net operating margin</b>	<b>54,118</b>	<b>56,408</b>	<b>-4.1%</b>
Value adjustments	- 47,911	- 48,925	-2.1%
Net accruals to provisions for risks and charges	- 1,066	- 327	n.s.
Net gains on sales of investments	- 18	8	n.s.
<b>Income before taxes</b>	<b>5,123</b>	<b>7,164</b>	<b>-28.5%</b>
Tax for the period	- 1,676	- 930	80.2%
Minorities	- 1,089	- 1,167	-6.7%
<b>Net income</b>	<b>2,358</b>	<b>5,067</b>	<b>-53.5%</b>

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## EFFICIENCY

- The target of staff reduction (234 people) has been thoroughly achieved, with voluntary based instruments exclusively (Solidarity Fund)
  - recurring annual savings for approximately EUR 18mn, starting from 2018
  - saving for approximately EUR 9mn in 2017
- The target of network rationalization has been achieved, with the closure of 60 branches, whereas 30 branches will cease in the coming weeks, some of which has been transformed into “*Bancaperta branches*”

## ASSET QUALITY

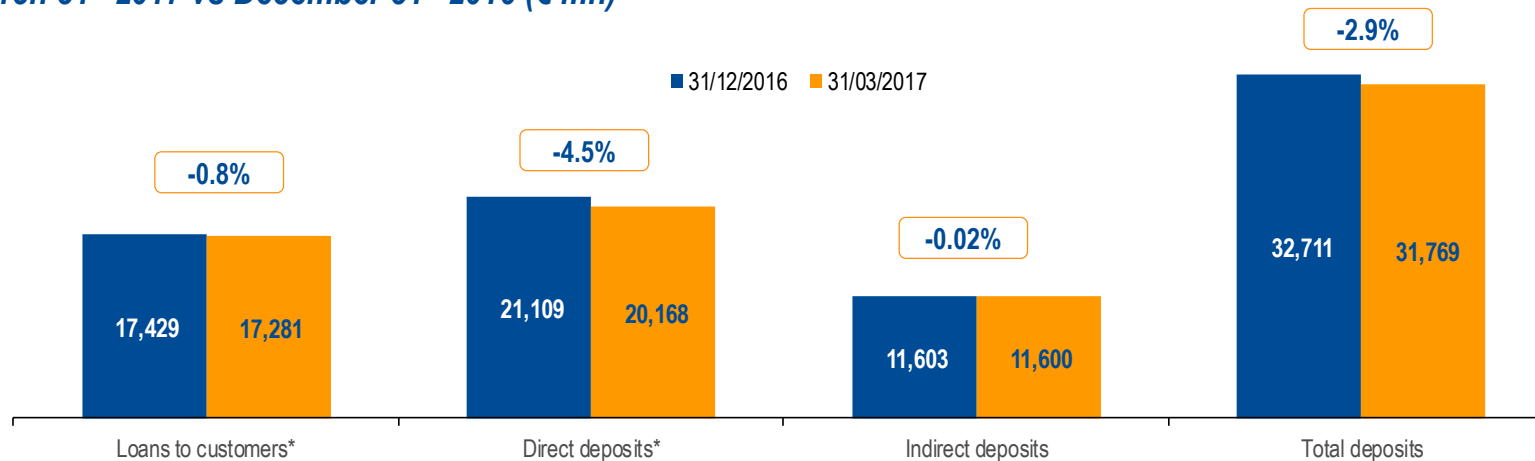
- Activities for the deconsolidation of NPLs for a gross value up to max. EUR 1.5bn (“Project Elrond”) are ongoing
- Agreement for the sale of a portfolio of secured non performing loans with a “GBV” of approximately EUR 50mn

## CAPITAL POSITION

- Initiatives to strengthen the capital position are ongoing
- Activities to adopt the AIRB rating system are being completed, with the aim of validating the model for calculating RWAs on credit risk, including for regulatory purposes

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March 31<sup>st</sup> 2017 vs December 31<sup>st</sup> 2016 (€ mn)



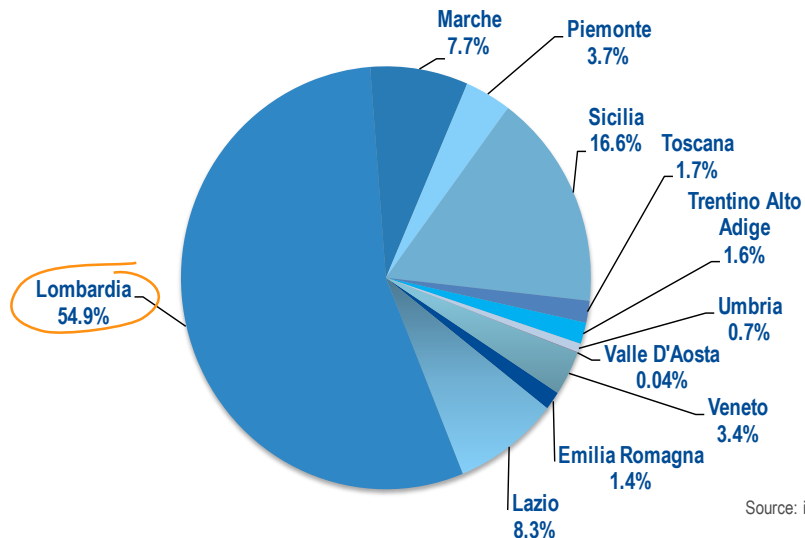
Balance sheet structure	31/12/2016	31/03/2017
Indirect deposits from customers / Total deposits	35.5%	36.5%
Direct deposits from customers / Total liabilities	82.9%	77.6%
Loans to customers/ Direct deposits from customers	82.6%	85.7%
Loans to customers / T total assets	68.4%	66.5%

\* The amounts include components referring to central counterparties and institutionals

## Gross loan book breakdown by geography (%)

- ~ 83% of loans in North / Center Italy, of which ~ 54.9% in Lombardy
- Average loan granted to real estate and construction sectors ("ATECO") ~ 198k€
- Conservative LTV (~ 53%), both for households and SMEs

Average EUR 86,000 per loan



Source: internal data

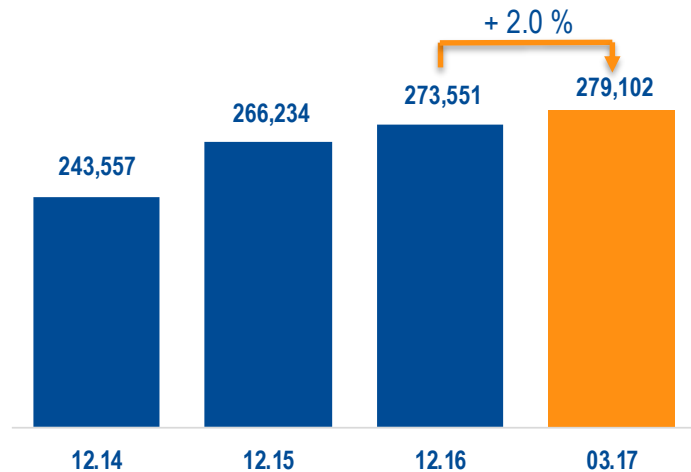
Source: internal data

Loan Concentration	% Total Loans				
	31/03/2016	30/06/2016	30/09/2016	31/12/2016	31/03/2017
Top 20 exposures	6.1%	5.8%	5.1%	5.0%	5.1%

975 k customers  
Cross selling ~ 4.1  
Retention rate\*\* ~ 97.9%

**bancaperta**

*Active Internet Banking Users*

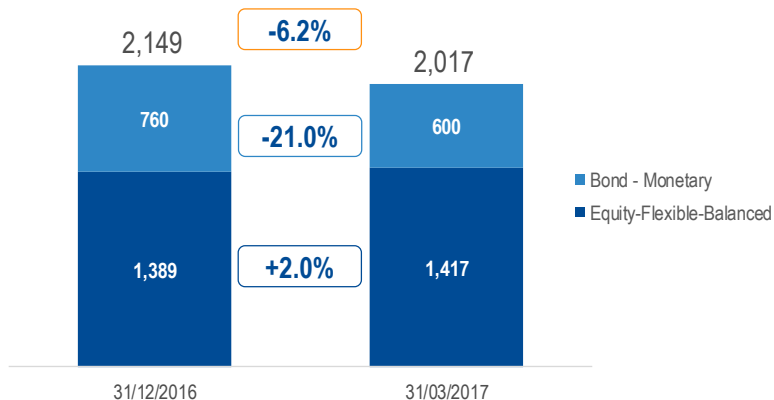


~ 175,242 downloaded apps\*  
+27% YoY

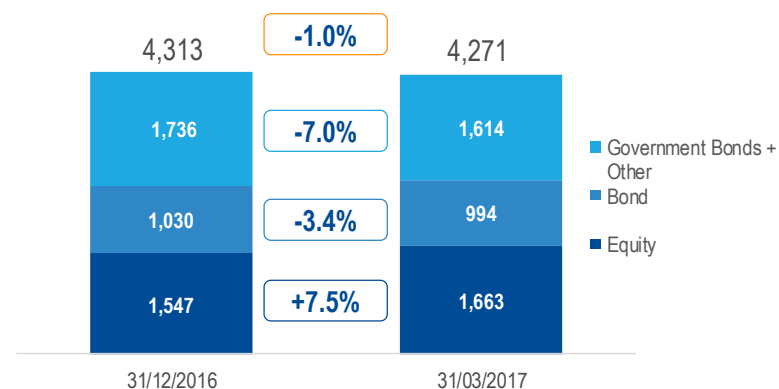
\*As at 31/03/2017; source: internal data

\*\*Source: customer satisfaction survey – households – as at 31.03.2017

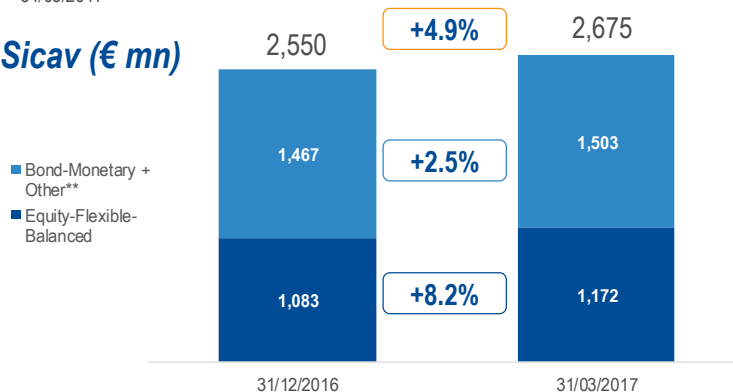
## Breakdown Individual accounts (€ mn)



## Breakdown Custody (€ mn)



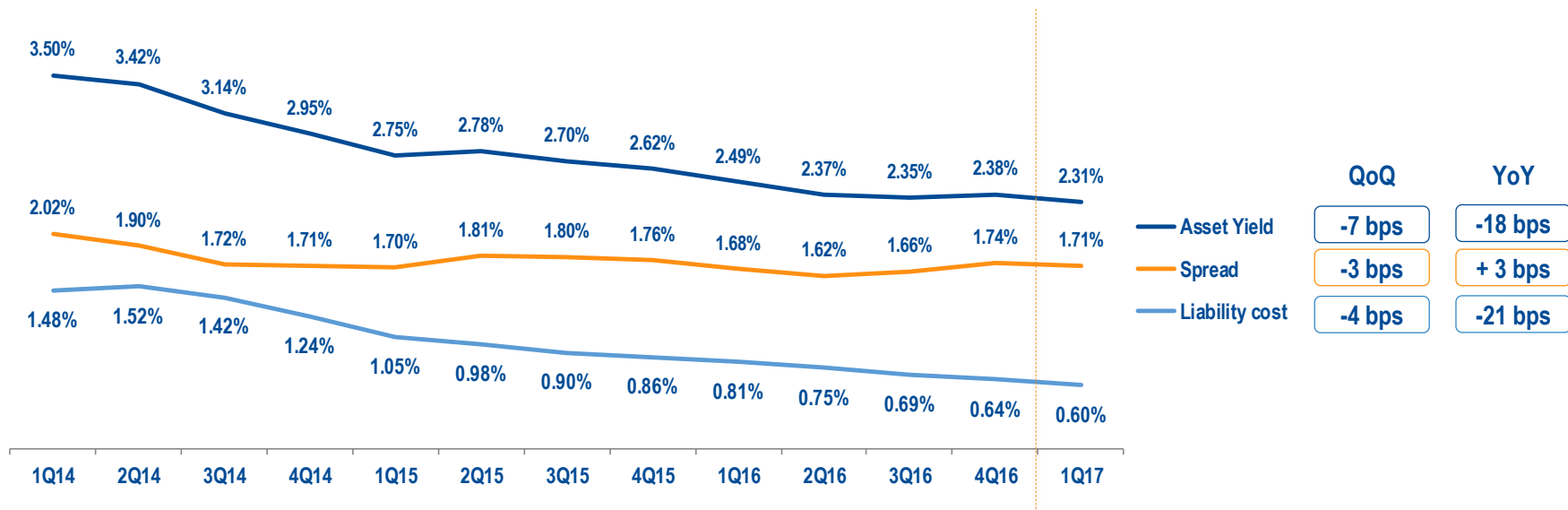
## Breakdown Funds & Sicav (€ mn)



\*\* Other including funds not of our placement

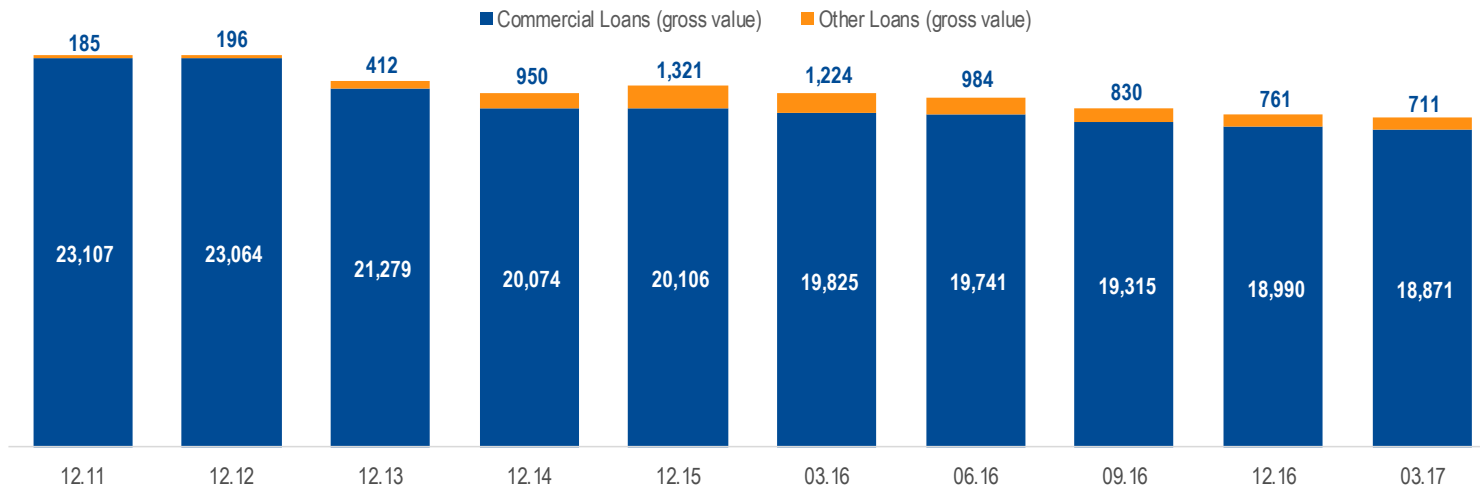


## Asset yield, liability cost and spread



**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

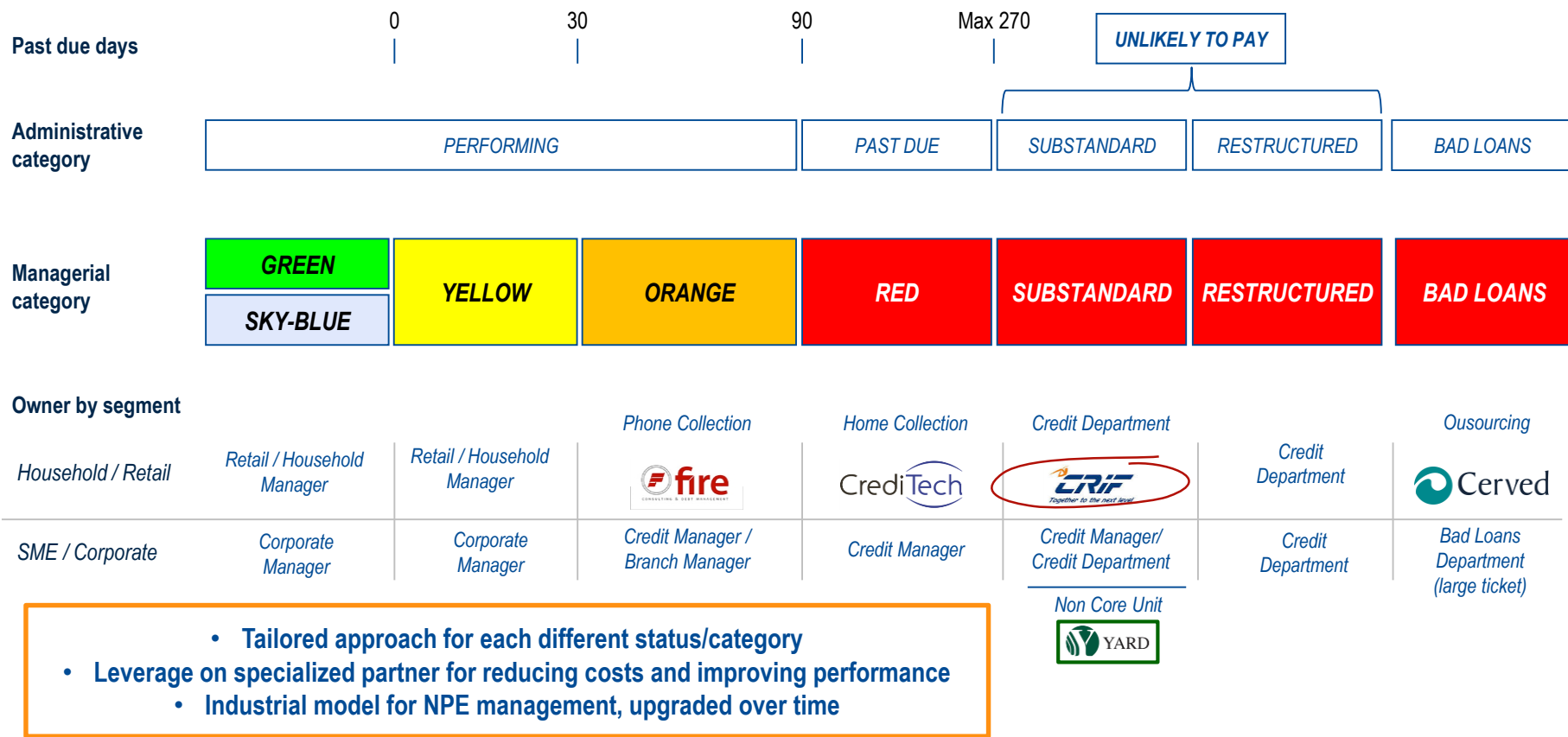
## Quarterly trend (€ mn)



Mn €

31/03/2017	Gross amount	Impairment losses	Carrying amount	Coverage ratio
Bad loans	2,786	- 1,507	1,279	54.1%
Unlikely to pay loans	2,339	- 692	1,647	29.6%
Past due exposures	205	- 17	188	8.2%
<b>Total impaired loans</b>	<b>5,330</b>	<b>- 2,216</b>	<b>3,114</b>	<b>41.6%</b>
Performing loans	14,252	- 85	14,167	0.60%
<b>Total loans and receivables with customers</b>	<b>19,582</b>	<b>- 2,301</b>	<b>17,281</b>	

# Annexes – NPEs management model



## Annexes – Reclassified balance sheet – quarterly figures

Assets	31/03/2017	31/12/2016	30/09/2016	30/06/2016	31/03/2016
Cash and cash equivalents	150,632	170,735	147,854	151,577	166,058
Financial assets held for trading	22,797	18,999	28,694	42,746	46,837
Available-for-sale financial assets	4,908,900	5,436,165	5,421,590	5,812,543	4,875,740
Held-to-maturity investments	624,471	-	-	-	-
Loans and receivables with banks	1,347,802	821,748	1,064,051	776,665	930,748
Loans and receivables with customers	17,281,485	17,429,196	17,813,992	18,614,840	18,936,177
Equity Investments	9,742	9,559	9,574	9,164	9,612
Property, equipment and investment property and intangible assets	480,553	483,816	562,903	568,623	569,518
Non-current assets and disposal groups held for sale	32,071	1,498	864	50,633	2,478
Other assets	1,125,569	1,097,743	1,031,093	1,122,532	1,069,394
<b>Total assets</b>	<b>25,984,022</b>	<b>25,469,459</b>	<b>26,080,615</b>	<b>27,149,323</b>	<b>26,606,562</b>

Liabilities and Equity	31/03/2017	31/12/2016	30/09/2016	30/06/2016	31/03/2016
Due to banks	2,805,884	1,661,670	1,742,354	1,770,058	1,719,645
Direct funding from customers	20,168,413	21,108,765	21,103,638	21,870,299	21,367,430
Financial liabilities held for trading	411	1,468	759	1,311	2,160
Hedging derivatives	286,390	294,137	350,170	339,042	327,318
Other liabilities	802,722	437,838	727,939	874,584	812,675
Provisions for specific purpose	209,463	208,111	187,404	182,895	196,032
Equity attributable to non-controlling interests	3,586	4,040	3,775	3,865	4,481
Equity	1,707,153	1,753,430	1,964,576	2,107,269	2,176,821
<b>Total liabilities and equity</b>	<b>25,984,022</b>	<b>25,469,459</b>	<b>26,080,615</b>	<b>27,149,323</b>	<b>26,606,562</b>

Income statement	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
<b>Net interest income</b>	<b>99,725</b>	<b>105,769</b>	<b>104,826</b>	<b>103,609</b>	<b>107,491</b>
Net fee and commission income	67,670	75,545	68,620	68,500	67,780
Dividends and similar income	290	33	80	4,128	-
Profit (loss) of equity-accounted investments	174	142	480	167	89
Net trading and hedging income (expense) and profit (loss) on sales/repurchases	12,092	- 36,062	- 15,449	28,018	7,711
Other operating net income	4,905	3,375	4,115	4,440	4,306
<b>Operating income</b>	<b>184,856</b>	<b>148,802</b>	<b>162,672</b>	<b>208,862</b>	<b>187,377</b>
Personnel expenses	- 75,122	- 127,358	- 72,443	- 74,033	- 72,353
Other administrative expenses	- 48,217	- 69,494	- 41,928	- 48,264	- 50,449
Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets	- 7,399	- 9,474	- 8,389	- 7,886	- 8,167
<b>Operating costs</b>	<b>- 130,738</b>	<b>- 206,326</b>	<b>- 122,760</b>	<b>- 130,183</b>	<b>- 130,969</b>
<b>Operating profit</b>	<b>54,118</b>	<b>- 57,524</b>	<b>39,912</b>	<b>78,679</b>	<b>56,408</b>
Net impairment losses on loans and receivables and other financial assets	- 47,911	- 102,541	- 236,914	- 102,852	- 48,925
Net accruals to provisions for risks and charges	- 1,066	11,493	1,055	- 1,556	- 327
Value adjustments of goodwill	-	- 68,797	-	-	-
Net gains (losses) on sales of investments	- 18	5,105	9	26,244	8
<b>Pre-tax profit (loss) from continuing operations</b>	<b>5,123</b>	<b>- 212,264</b>	<b>- 195,938</b>	<b>515</b>	<b>7,164</b>
Income taxes	- 1,676	16,622	41,557	14,542	- 930
<b>Post-tax profit (loss) from continuing operations</b>	<b>3,447</b>	<b>- 195,642</b>	<b>- 154,381</b>	<b>15,057</b>	<b>6,234</b>
Profit (loss) for the period attributable to non-controlling interests	- 1,089	- 1,415	- 801	- 988	- 1,167
<b>Profit (Loss) for the period</b>	<b>2,358</b>	<b>- 197,057</b>	<b>- 155,182</b>	<b>14,069</b>	<b>5,067</b>

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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.

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# Consolidated Results as at March 31<sup>st</sup> 2017