

GRUPPO BANCARIO

**Credito
Valtellinese**



Consolidated Results as at March 31st 2016



-
- **Executive summary**
 - Credit policies and asset quality
 - Funding, liquidity and securities portfolio
 - Capital ratio
 - Revenues development
 - Cost management and Net profit development
 - Annexes
-

Asset Quality:

- **Decrease in Gross Bad loans (-7.6% vs Dec 2015)**, including the result of a Bad Loans portfolio disposal
- **Significant decrease in the cost of credit (-28% YoY from 1.45% to 1.05%)**

Strong capital position:

- **CET1 ratio at 13.4% “fully loaded”**
- solid “Basel 3” **leverage ratio at 7.4%***

Sound liquidity position

- counterbalancing capacity of €4.6bn, of which **€4.2bn unencumbered**
- LCR and NSFR well above the minimum required

Economic Trend:

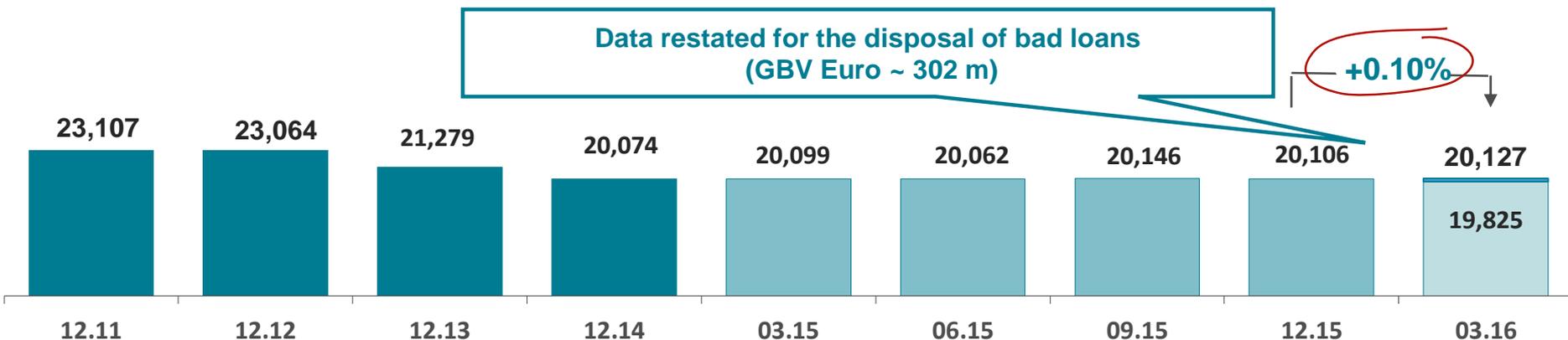
- Decrease in NII (-8.2% YoY) mainly due to **reduction in carry trade and euribor**.
- **Resilience of net commission income (-1.1 YoY%)** related to the 1Q16 market turmoil
- Net income proforma, **without bad loans disposal effect and Single Resolution Fund (SRF) contribution ~ € 14.9 mn**

* As at 31 December 2015 (Fully loaded)



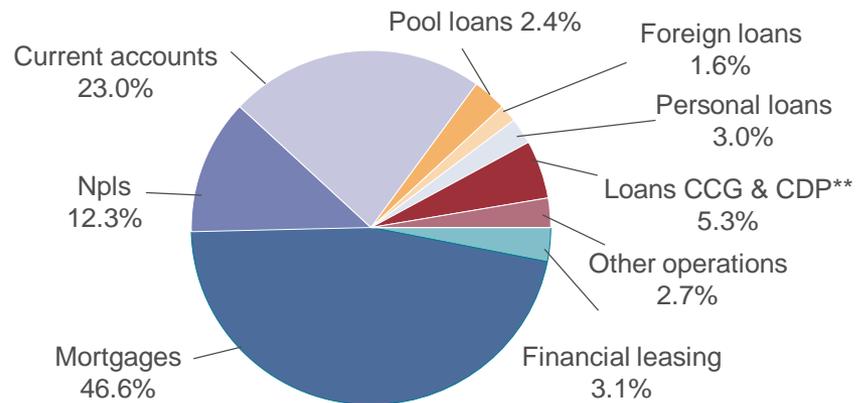
-
- Executive summary
 - **Credit policies and asset quality**
 - Funding, liquidity and securities portfolio
 - Capital ratio
 - Revenues development
 - Cost management and Net profit development
 - Annexes
-

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

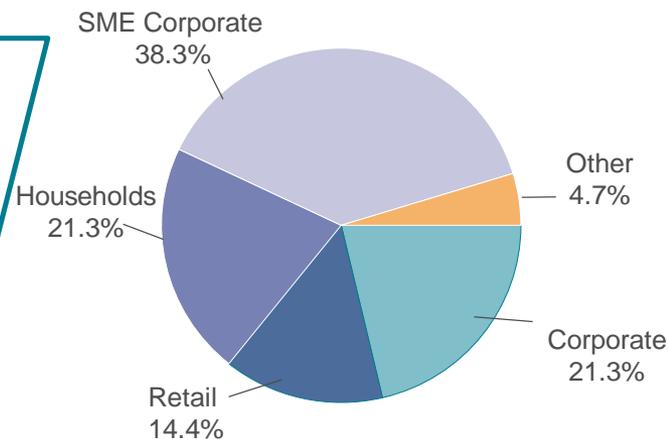


* Total gross loans to customers net of exposures with institutions

Total gross loans by technical classification Total gross loans by business segment



~ 73% of total loan book to SMEs



** CCG: Cassa Compensazione e Garanzia CDP: Cassa depositi e prestiti



**625 mn of new loans disbursed (individuals and SMEs/Corporate)
over the period +72.5% YoY**

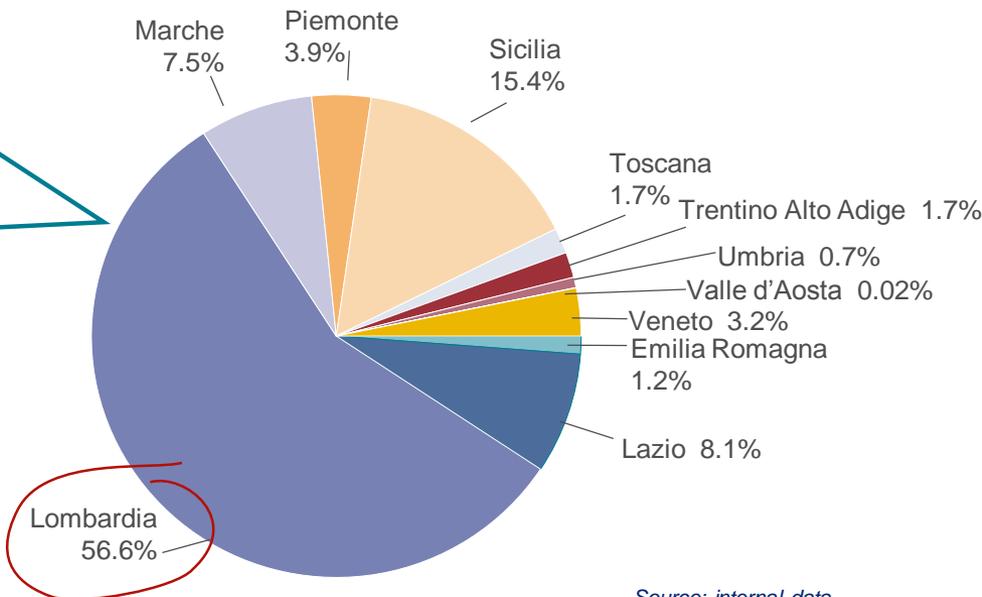
INDIVIDUALS	Amount	Chg % YoY	% Fixed	Average Rate
	Individuals	192 mn	+ 45.7%	28.8%
Of which net substitutions («surroghe»): 29 mn				

SME & CORPORATE	Amount	Chg % YoY	Average Rate
	Mortgage	80 mn	
Other secured	137 mn	+151.2%	
Unsecured	216 mn	+108.4%	
Total amount	433 mn	+87.7%	2.50%

**Positive results of the outstanding remix
Individuals + 6.6% YoY
Real Estate - 7.0% YoY**

Gross loan book breakdown by geography (%)

- ~ **85%** of loans in North/ Center Italy, of which ~ **57%** of loans in Lombardy
- Average loan granted to real estate and construction sectors (“ATECO”) ~ **213k**
- Very conservative **LTV (~54%)**, both for households and SMEs



Source: internal data

Average EUR 87,000 per loan

Source: internal data

LTV %
(as of 31/03/2016)

Loan concentration

% Total loans

Top 20 exposures	6.1%
------------------	------

Retail – Secured on real estate property

54.1%

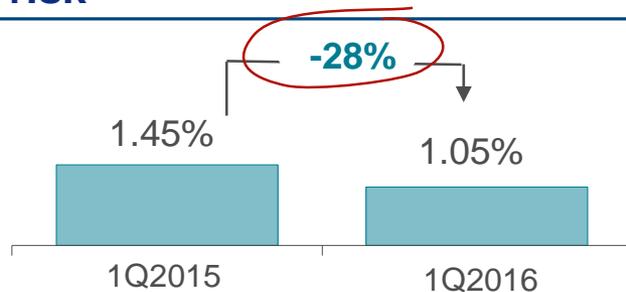
Retail – Secured on real estate property of which SME

51.1%

Retail – Secured on real estate property of which non SME

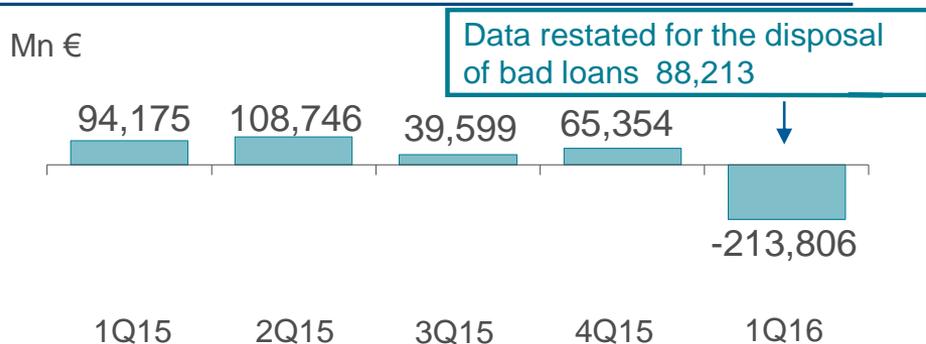
55.1%

Cost of credit risk

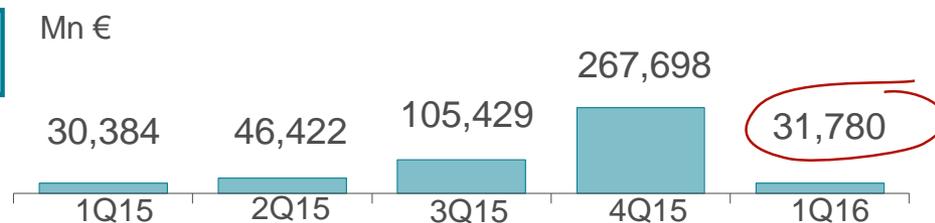


Significant reduction
in the cost of risk
YoY

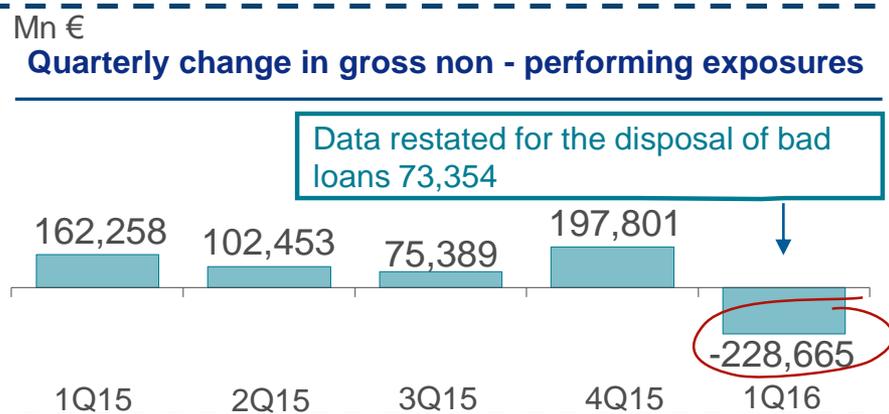
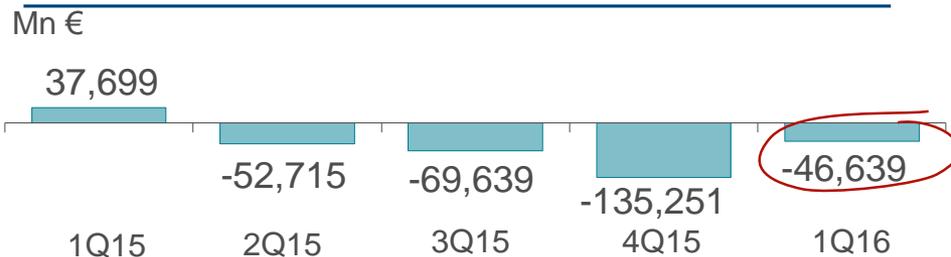
Quarterly change in gross bad loans



Quarterly change in gross unlikely to pay

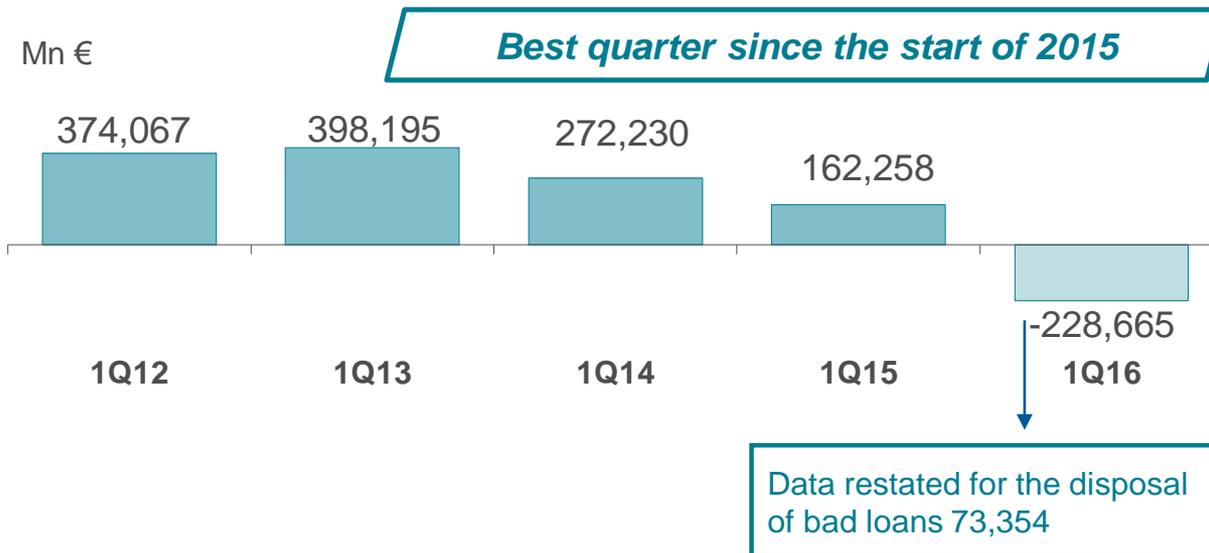


Quarterly change in gross past due



Net flow trend of NPL (gross amounts) – end of 1Q

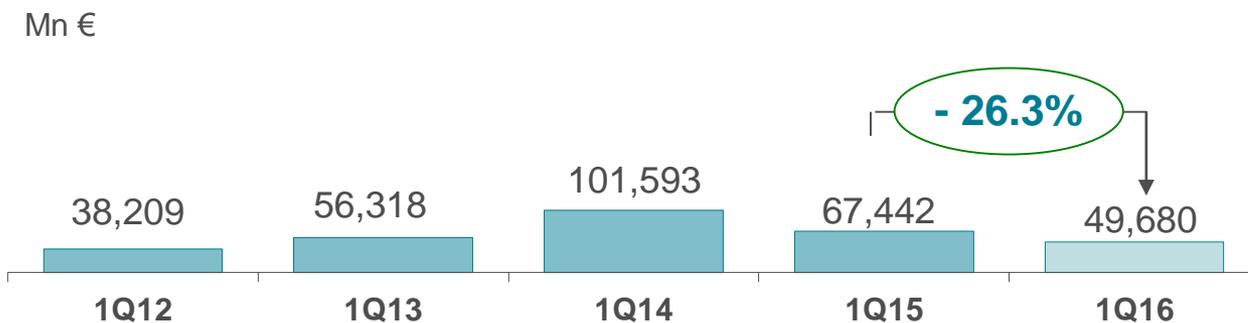
Change in NPL loans



Bad loans transaction in Q1 Key Figures

Gross bad loans reduction	302.0 mn
Impact on gross bad loans ratio	-1.1%
Impact on bad loans coverage	-4.5%
Loss recorded in Q1	5.9 mn

Net loan loss provisions



Credit risk profile (mn €)	31/03/2016	31/12/2015	31/03/2015	Chg % March. 2016 vs March. 2015
Net Bad loans	1,238	1,207	1,160	+ 6.7
Net Unlikely to pay	1,880	1,835	1,603	+ 17.3
Net Past due	274	315	549	- 50.1
Total net non-performing exposures	3,392	3,357	3,312	+ 2.4
Net non-performing exposures/ Loans to customers	18%	18%	18%	

Limited increase in the Net NPLs
Net NPLs ratio almost stable YoY

Coverage Ratios

31/03/2016

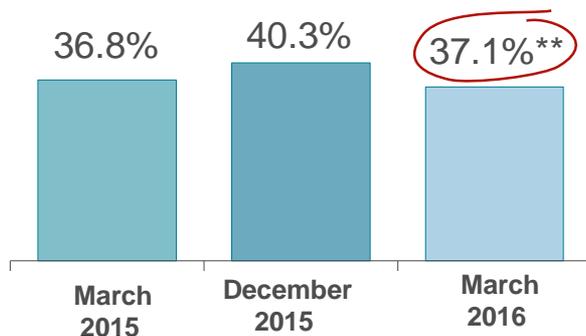
31/12/2015

31/03/2015

	31/03/2016	31/12/2015	31/03/2015
Bad loans	52.3%*	57.1%	55.3%
Unlikely to pay	24.6%	25.5%	21.5%
Past due	8.3%	9.0%	9.2%

* Coverage pro-forma on bad loans (gross of bad loans disposal) ~ 57%

Non-performing exposures Coverage



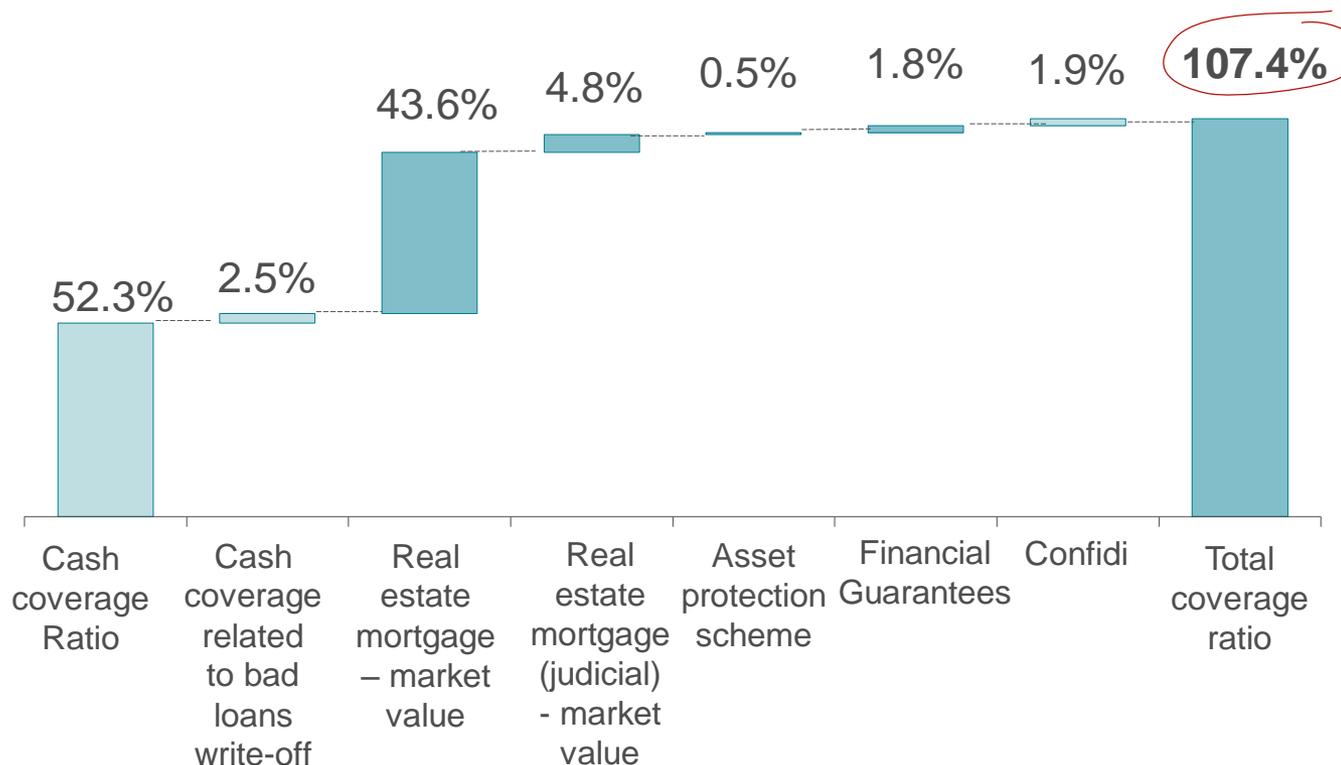
** Coverage pro-forma on bad loans (gross of bad loans disposal) ~ 40 %

Coverage Bonis



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

Bad Loans – Total Coverage Ratio (%)



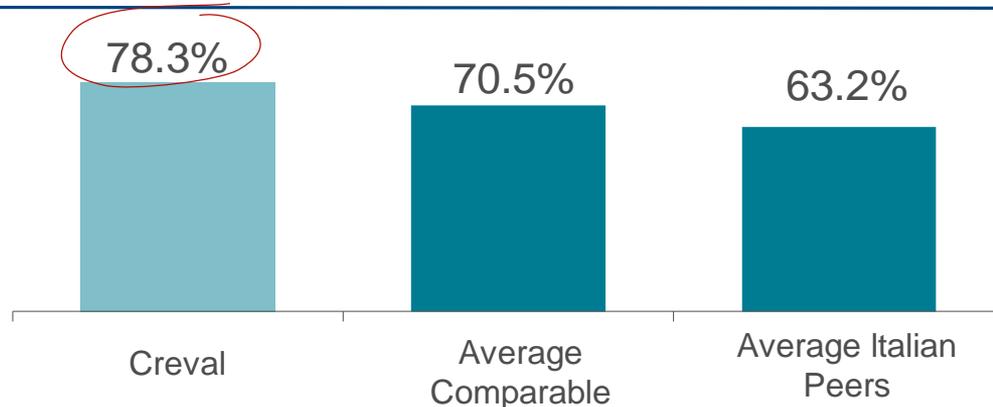
*Real estate value equal to the last **market value** (according to the specific appraisal, delivered by **third party** appraiser), **capped** at the maximum amount represented by the value of the loans.*

Only «cash guarantees» considered, like financial guarantees, APS.

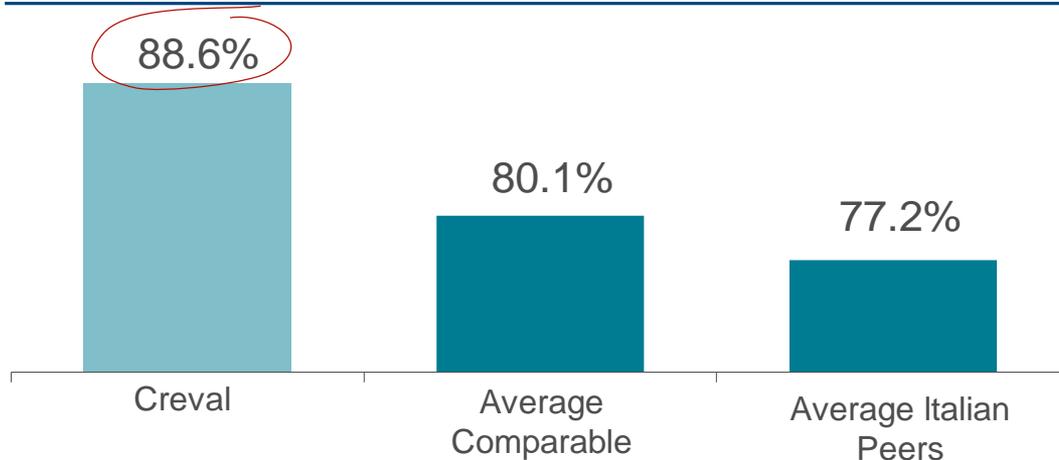
No consideration at all for personal guarantees.

Source: internal data.

Real estate and personal guarantee / Loans to customers



Real estate and personal guarantee non performing / Net NPL



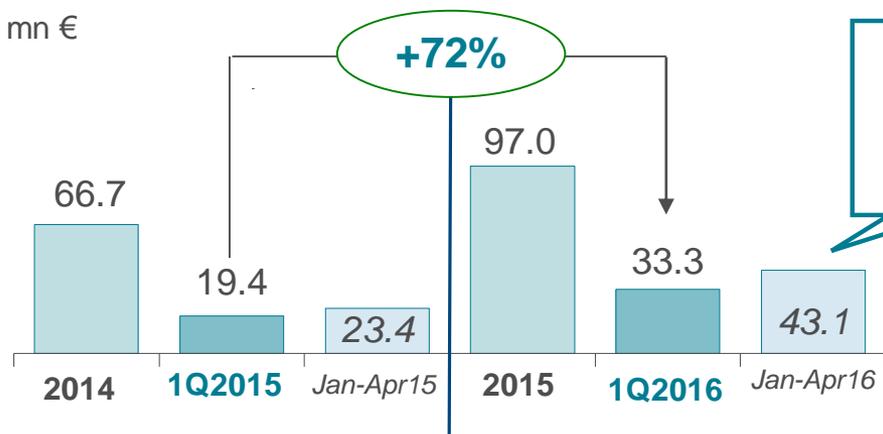
**Collateral value
higher than
Italian Peers
and
Comparables**

Note: Peers comparable: BPM, Carige, BPS, Credem, Banco Desio, Veneto Banca; BPVI; Italian Peers: Unicredit, Intesa SanPaolo, MPS, Banco Popolare, UBI, BPER

Source: Financial Reports

Collections on Bad Loans*

mn €



Partnership with Cerved in line with expectations

*–
strong increase of collection on bad loans*

Stelline RE - REOCO

Partnership between Stelline Real Estate and Cerved for the starting up of a Reoco activity (sept – 2015).

Initiatives already in place to take part in auctions for around 10 mn.

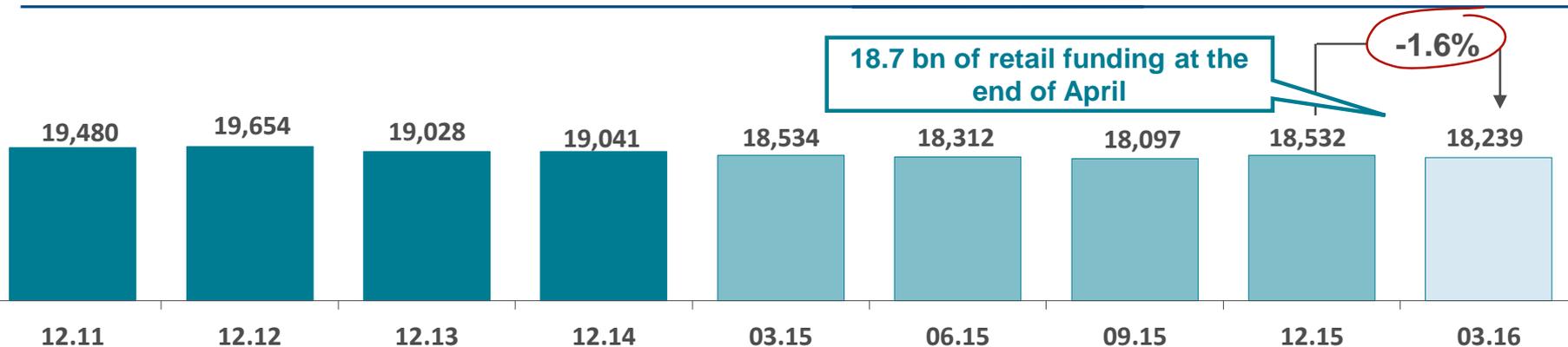
Assets already bought by REOCO or third parties for around 10 mn.

* Source: Internal data



-
- Executive summary
 - Credit policies and asset quality
 - **Funding, liquidity and securities portfolio**
 - Capital ratio
 - Revenues development
 - Cost management and Net profit development
 - Annexes
-

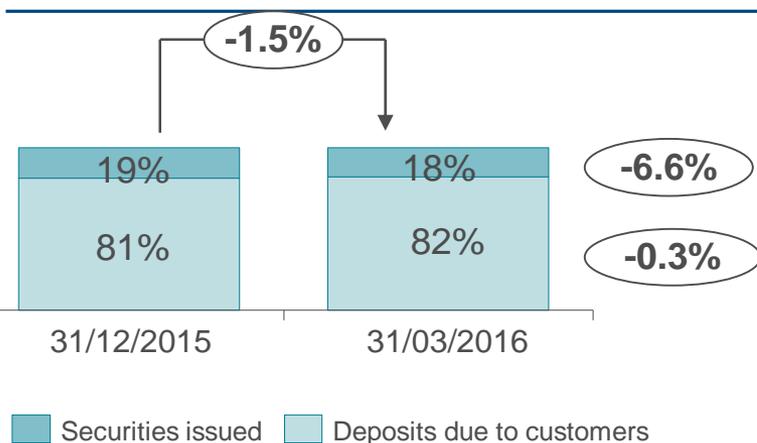
Quarterly trend (€mn) Retail funding*



* Total funding net of funding with institutional

Remix from customer deposit to assets under management and liquidity

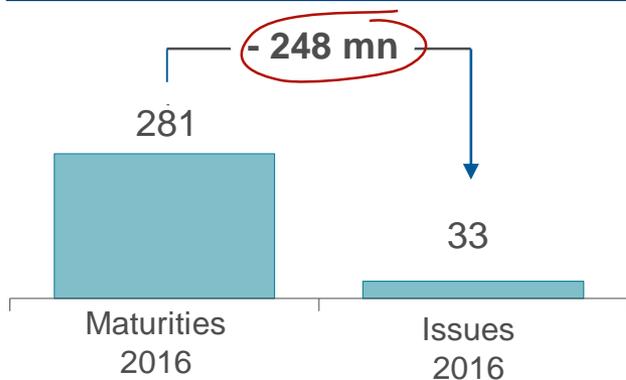
Composition Direct Funding



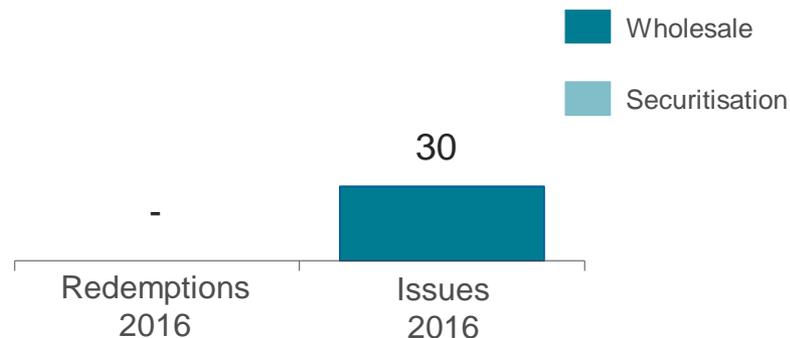
Securities issued Deposits due to customers

mn €	31/12/2015	31/03/2016	Chg.%
Deposits	519	510	-1.8%
Time deposits	1,413	1,414	+0.1%
Current accounts	13,073	13,060	-0.1%
Securitized	471	424	-10.0%
Wholesale bonds	107	138	+29.1%
Retail Bonds	3,337	3,096	-7.2%
Deposit certificates	111	99	-10.8%
Deposits CCG & CDP	2,481	2,478	-0.1%
Other	183	148	-19.0%
DIRECT FUNDING	21,695	21,367	-1.5%

Retail bonds – 2016 Q1 (€mn)



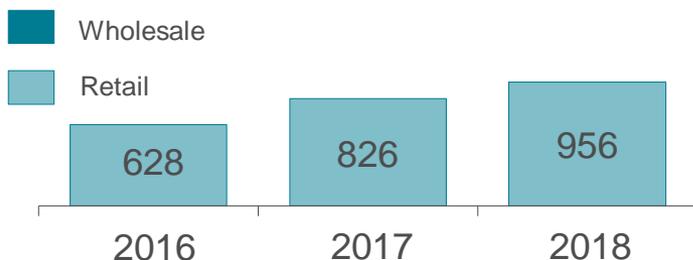
Wholesale funding – 2016 Q1



Securitization's name

Securitization's name	Outstanding Notional 31/03/2016	Net Placement Cost (DM) over EU3M
Quadrivio RMBS 2011 S.r.l.-A1	169,776,849	EU3M + 115 bps
Quadrivio RMBS 2011 S.r.l.-A2	180,000,000	EU3M + 116,7 bps
Quadrivio SME 2014 S.r.l.-A2A	64,469,073	EU3M + 180 bps
Quadrivio SME 2014 S.r.l.-A2B	35,457,990	EU3M + 180 bps

2016 - 2018 Maturities* (€mn)



* As at 3 May 2016, residual maturities

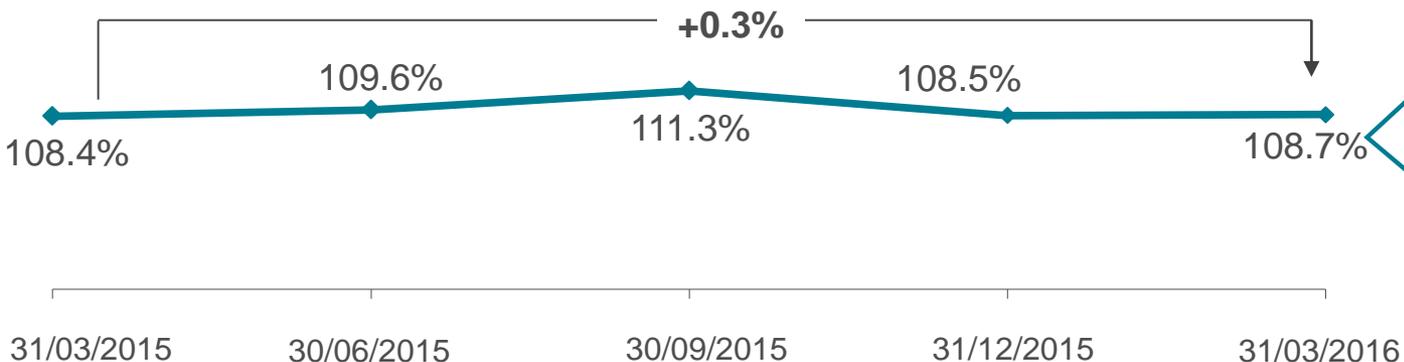
ECB funding Creval 31 March 2016 (€mn)



TLTRO 2:

- **Max callable amount: estimated EUR 4.6 bn including the TLTRO 1 in place at present**
- **Expected reduction in cost of funding due to the use of TLTRO 2**

Gross commercial loans / Retail funding



**LCR as at
31 March 2016
> 100%**

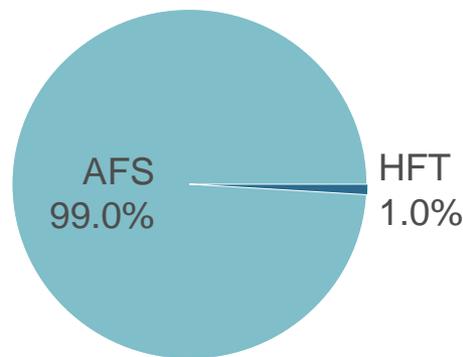
**NSFR as at 31 March
2016
> 100%**

Short-term liquidity position – May, 3rd 2016 (€/1,000)

	1d	2d	3d	4d	5d	2w	3w	1m	2m	3m
Net balance of cumulative expiring positions	15	7	229	218	218	290	1	-10	-103	-430
Counterbalancing capacity	4,156	4,196	3,952	3,952	3,952	3,941	4,019	4,216	4,305	4,591
Net balance of overall liquidity	4,171	4,203	4,181	4,170	4,170	4,231	4,020	4,206	4,202	4,161

Net liquidity balance ~ 16% of the Total Asset of the Group

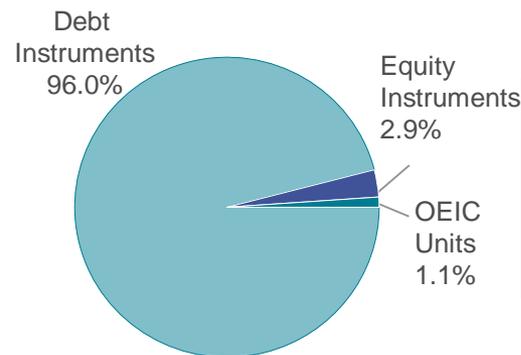
Breakdown by accounting portfolio



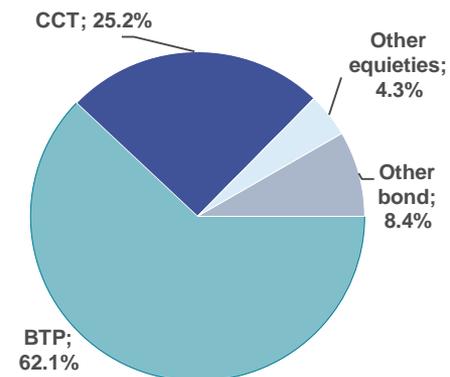
€mn	31/03/2016	31/12/2015	31/03/2015	Chg.% March. 16 vs March. 15
HFT Portfolio	47	52	412	-88.6%
AFS Portfolio	4,876	5,321	7,437	-34.4%
HTM Portfolio	-	-	-	-

Breakdown of AFS portfolio

Current Average Duration of AFS Portfolio 2.40



mn €	31/03/2016	31/12/2015
Debt Instruments	4,680	5,112
Equity Instruments	143	156
OEIC Units	53	53

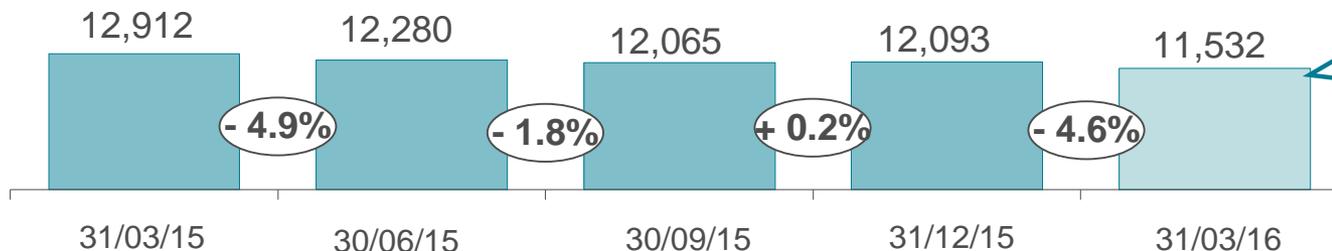


- AFS reserve as at 31 March +58.5 mn €
- AFS reserve on Govies, as at 31 March, ~ +28.1 mn €

- AFS reserve as at 31 December +71.0 mn €
- AFS reserve on Govies, as at 31 December, ~ +27.2 mn €

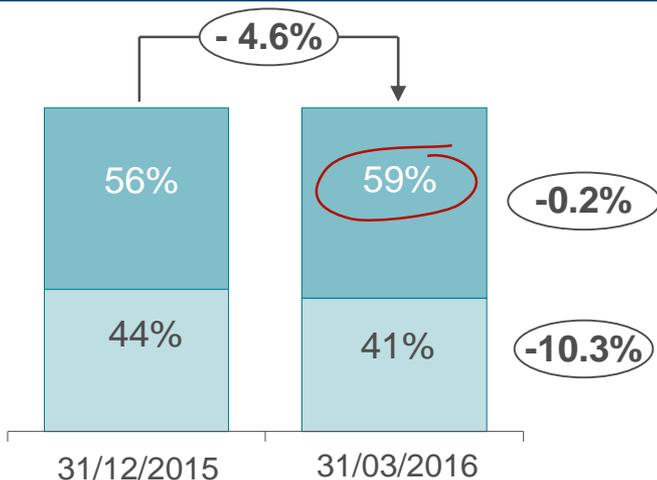
Quarterly trend (€mn)

€/1,000



Reduction QoQ mainly driven by the Custody trend. AUM almost stable during the quarter

Indirect deposits breakdown



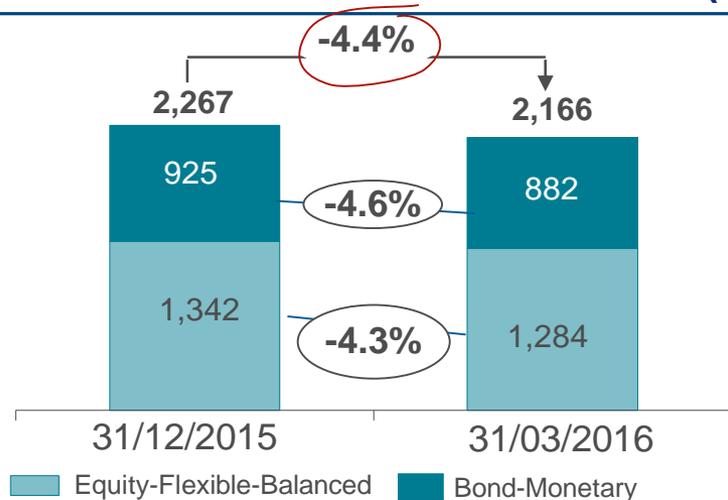
AuM under custody

Development of the strategic partnership with ANIMA SGR

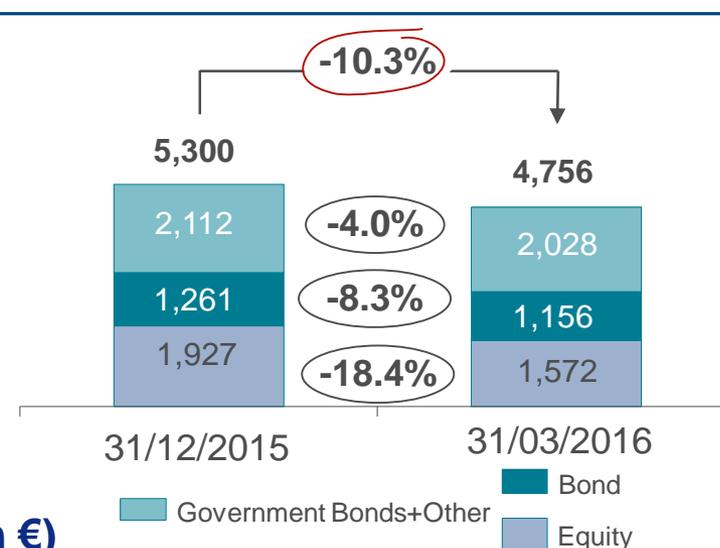
ANIMA

€mn	31/12/2015	31/03/2016	Chg.%
Funds & Sicav	2,408	2,366	-1.7%
Custody	5,300	4,756	-10.3%
Individual accounts	2,267	2,166	-4.4%
Insurance	2,118	2,244	+5.9%
Total	12,093	11,532	-4.6%

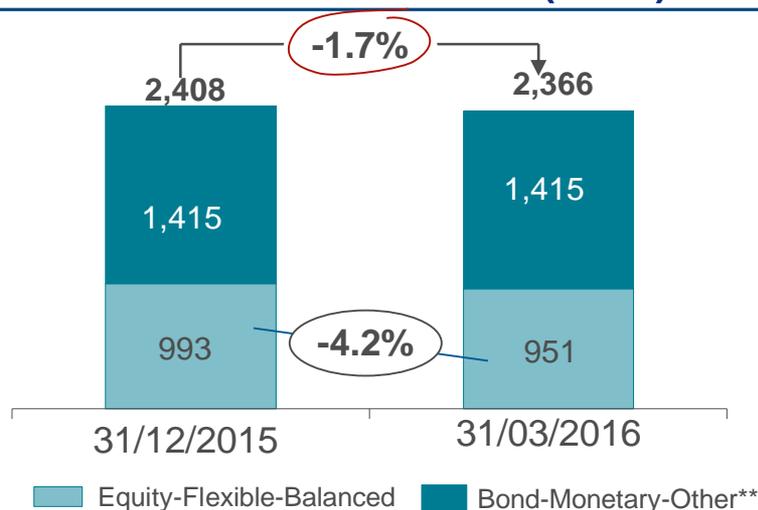
Breakdown Individual accounts (mn €)



Breakdown Custody (mn €)



Breakdown Funds & Sicav* (mn €)



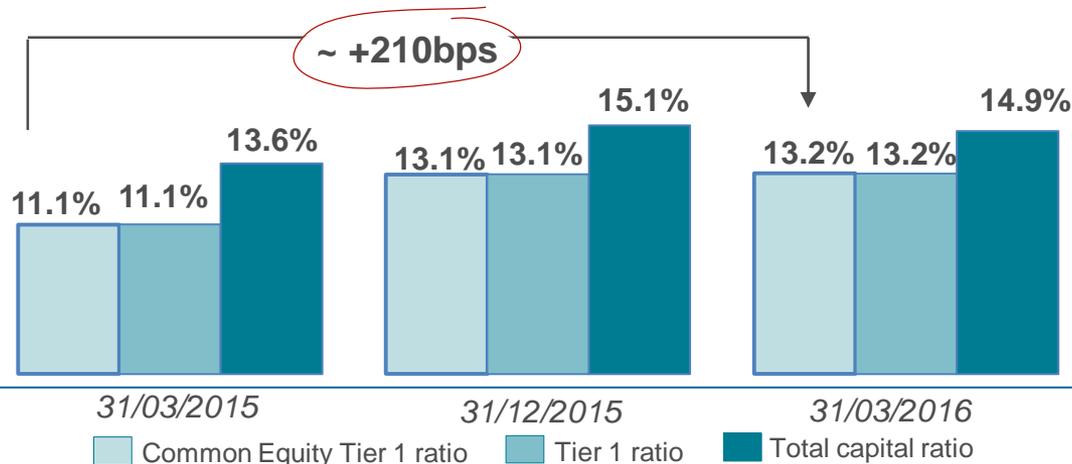
* At 31/03/2016

** Other including funds not of our placement



-
- Executive summary
 - Credit policies and asset quality
 - Funding, liquidity and securities portfolio
 - **Capital ratio**
 - Revenues development
 - Cost management and Net profit development
 - Annexes
-

Capital ratios evolution – phased-in calculation



SREP ratio	Buffer (phased-in)
- CET1 ratio: 8,3%	+489 bps
- T1 ratio: 9,8%	+339 bps
- TC ratio: 12,7%	+221 bps

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

CET 1 Ratio
13.4% (13.5% at 31.12.2015)

Tier 1 Ratio
13.4% (13.5% at 31.12.2015)

Total capital ratio
15.0% (15.2% at 31.12.2015)

Leverage Ratio as at
31/12/2015
7.4% (fully loaded)

Capital ratio	31/03/2016	31/12/2015	31/03/2015
COMMON EQUITY (mn €)	2,034	2,034	1,845
TIER 1 (mn €)	2,034	2,035	1,845
TOTAL CAPITAL (mn €)	2,300	2,345	2,271
RWA (mn €)	15,430	15,479	16,678
TIER 1 RATIO	13.2%	13.1%	11.1%
TOTAL CAPITAL RATIO	14.9%	15.1%	13.6%

Indicator	31/03/2016	31/12/2015	31/03/2015
Loan Risk weighted*	78.4%	78.4%	83.5%
RWA/Assets	58.0%	57.5%	56.7%

* RWA related to credit risk / Loans to customers at the end of the period (net CCG)

Requirements	31/03/2016	31/12/2015	31/03/2015
Credit	90.6%	90.6%	90.8%
CVA	0.2%	0.2%	0.2%
Market	0.1%	0.1%	0.4%
Operations	9.1%	9.1%	8.7%



-
- Executive summary
 - Credit policies and asset quality
 - Funding, liquidity and securities portfolio
 - Capital ratio
 - **Revenues development**
 - Cost management and Net profit development
 - Annexes
-



mn €

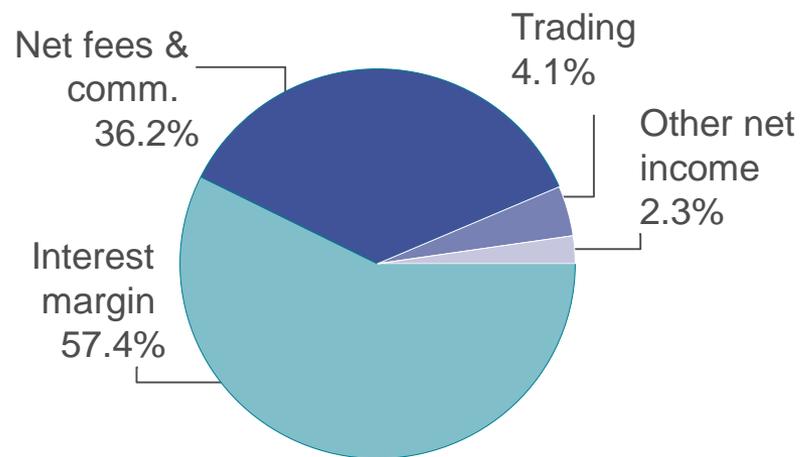


Chg %

2016 Q1–2015 Q1

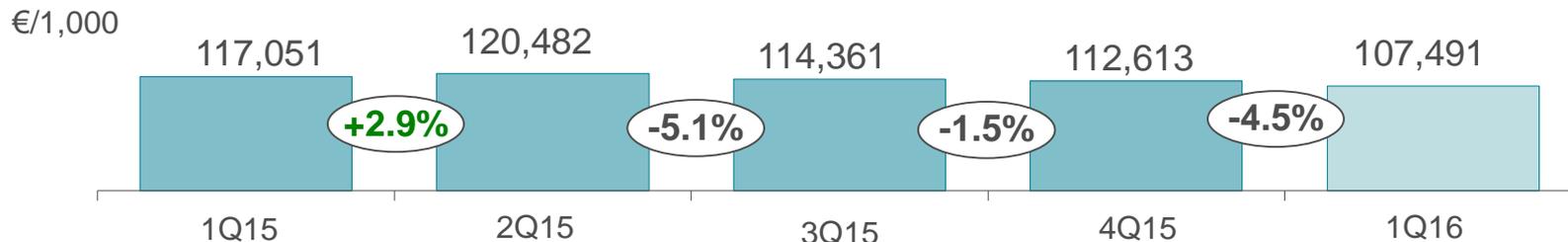


93.6% of revenues from core business (NII + Fees)

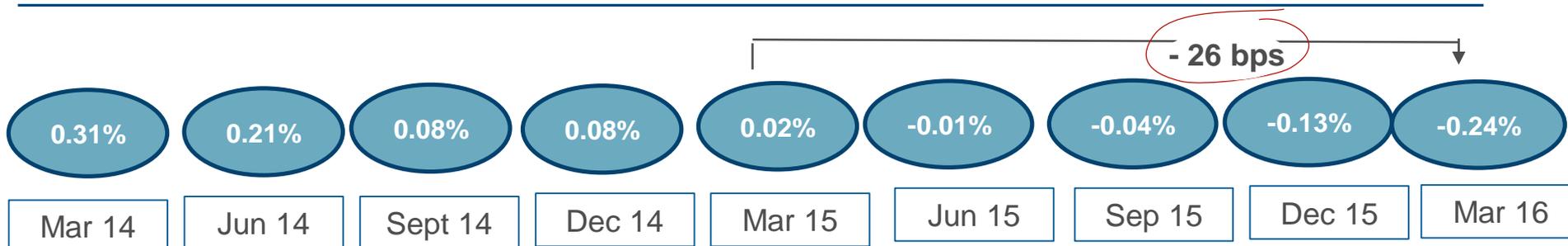




Quarterly figures



Trend euribor quarterly (2014-2016)



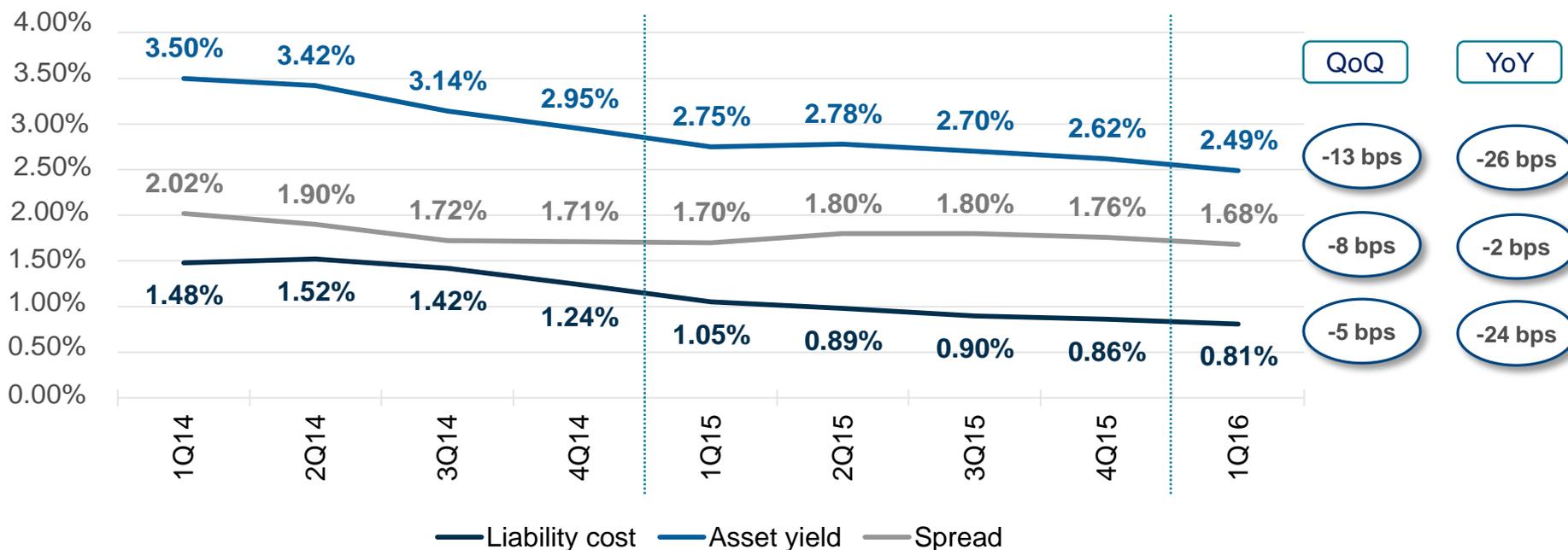
Commercial spread trend * (2014-2016)



* Monthly retail customers spread



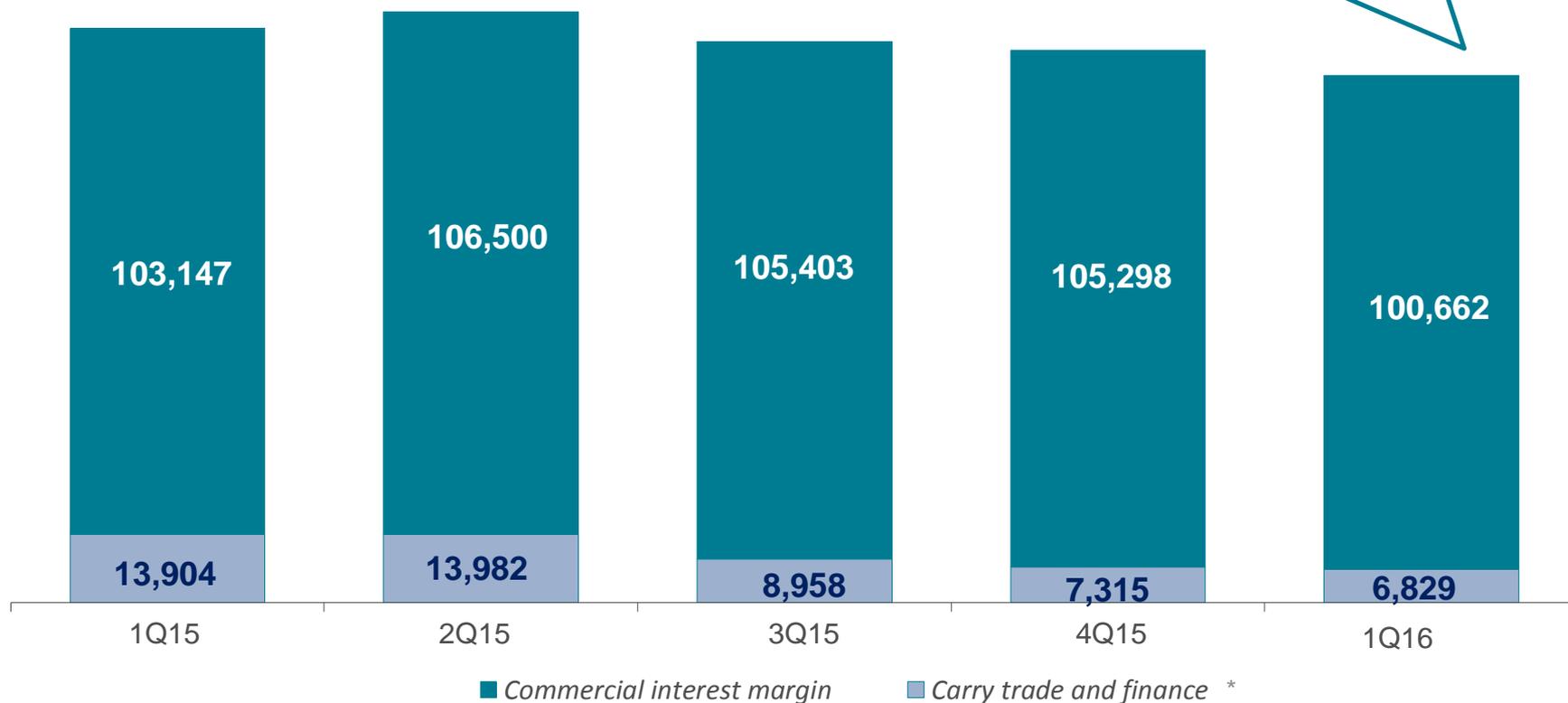
Asset yield, liability cost and spread



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

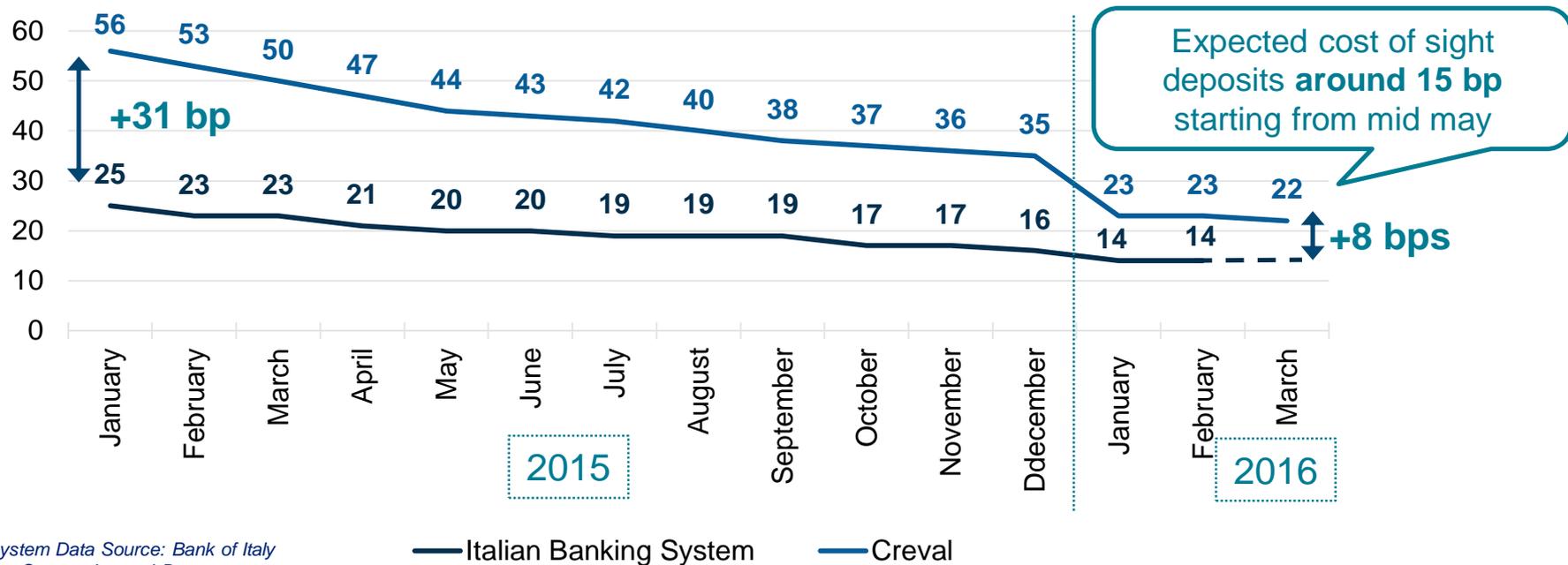
YoY decrease of the net interest margin mainly due to carry trade reduction and negative trend of market rates (euribor)

Only **6.4%** of NII related to carry trade and finance



* Interest financial assets – Interest due to central counterparties – Interest term deposits with central bank – hedging results

Average cost (basis points) - sight deposits book

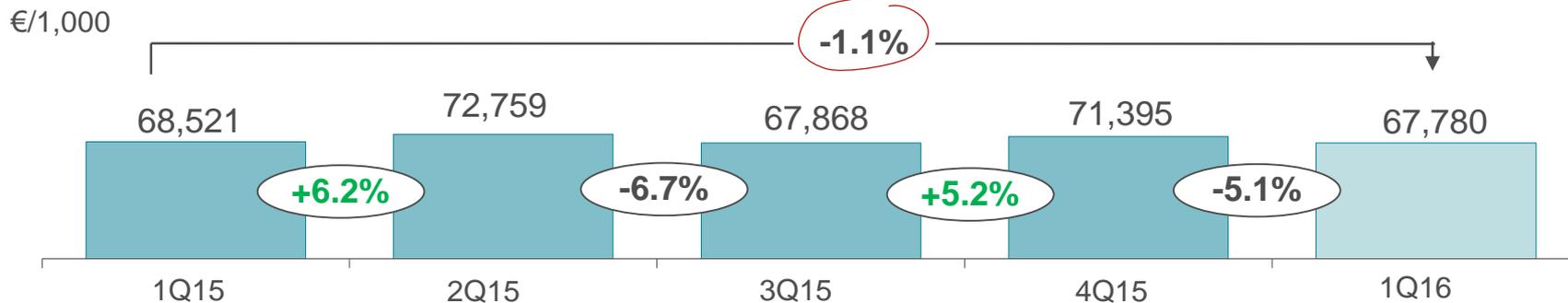


Banking system Data Source: Bank of Italy
Creval Data Source: Internal Data

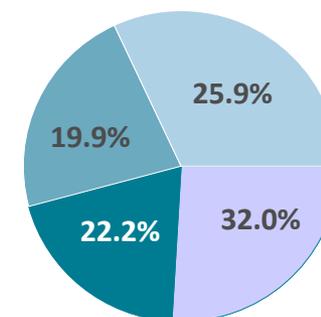
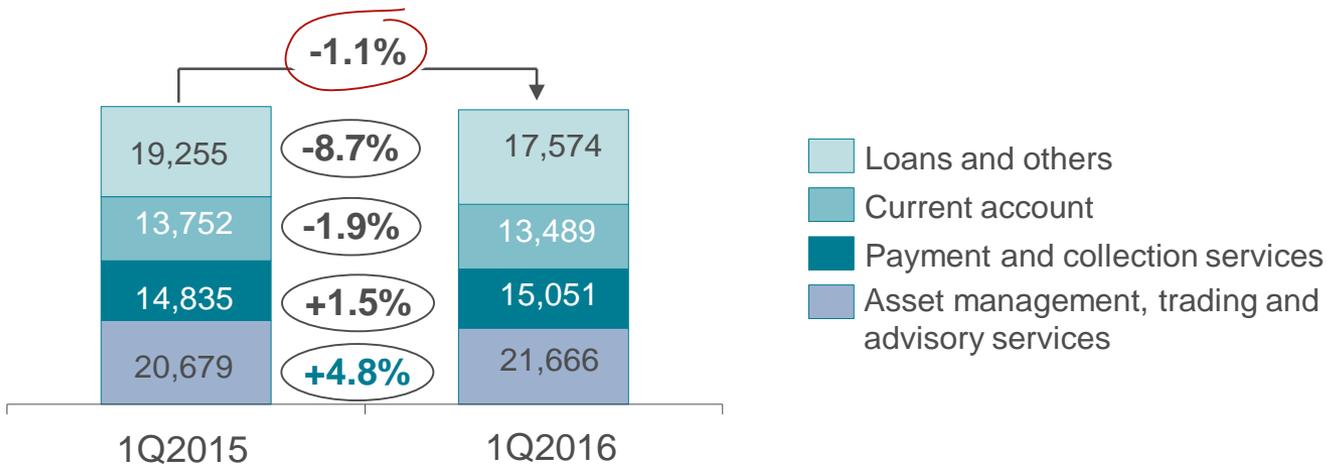
**Difference between Creval's cost and system average:
-71% (Jan 15 – Feb 16)**



Net fees quarterly trend



Net fees breakdown – YoY





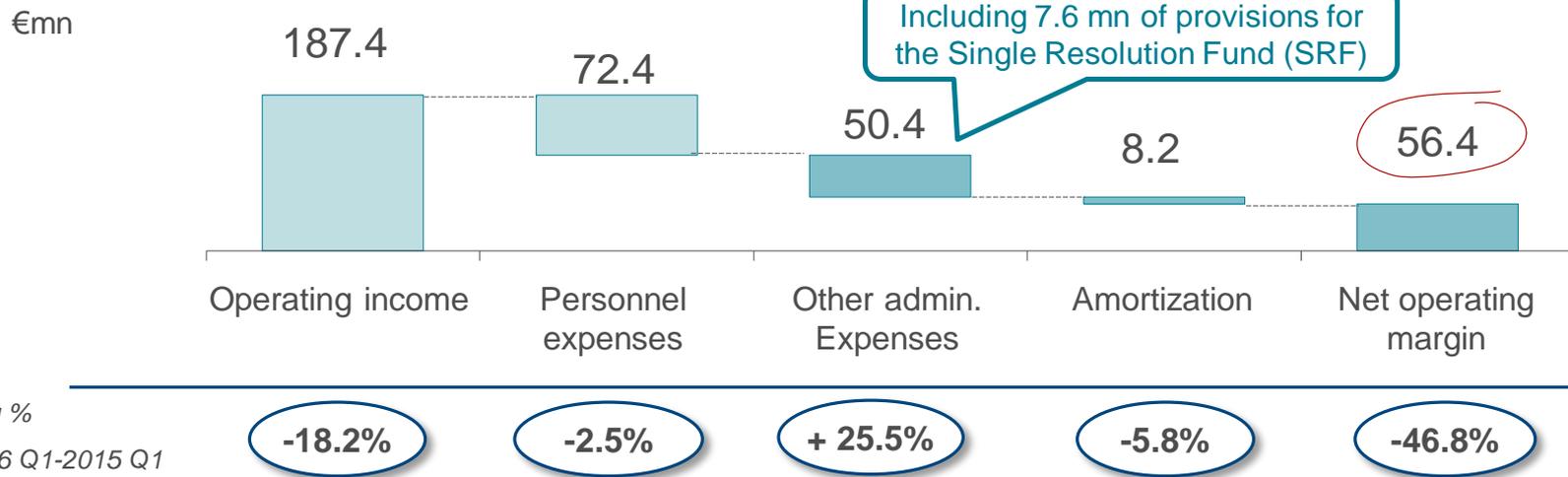
On May 3, 2016 the Decree n. 59/2016 including specific provisions for DTAs was published

- Companies will be able to continue to apply the current rules on conversion of deferred tax assets into tax credits, provided they exercise a specific irrevocable option within 30 days from the publication of the Decree and pay an annual fee for each year from 2015 until, if certain yearly conditions still apply, 2029
- As clarified by the Government's press release of April 29, these provisions are expected to overcome the exceptions raised by the European Commission on the possibility that the current legal framework relating to deferred tax assets might constitute State Aid
- The **annual fee is determined by applying the 1.5% rate to a «basis»** obtained as following:
 - (+) The difference between the convertible DTAs recorded in the annual report for that financial year and the corresponding DTAs recorded in the 2007 annual report
 - (+) The amount of DTAs converted into tax credit since 2008 (until the year in question)
 - (-) The taxes paid between that financial year and 2008
- *The Bank has **estimated the fee for 2015 for the Group at about EUR 2.6 mn before taxes, EUR 1.9 mn after taxes** (according to the Decree, the fee is fiscally deductible for IRES and IRAP purposes). This estimate was **based on the current best interpretation of the information inferred from the decree** and, therefore, is subject to be modified following the publication of specific instructions by the Italian Tax Agency, as is the foreseen accounting treatment*



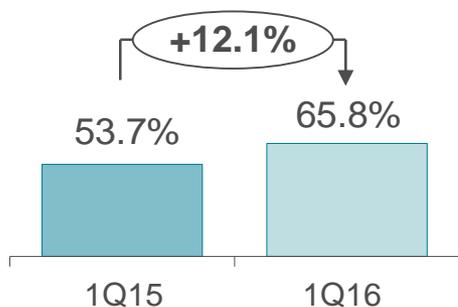
-
- Executive summary
 - Credit policies and asset quality
 - Funding, liquidity and securities portfolio
 - Capital ratio
 - Revenues development
 - **Cost management and Net profit development**
 - Annexes
-

Operating result and cost/income development

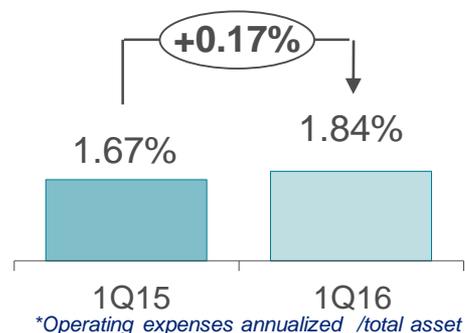


18 BRANCHES CLOSED BETWEEN 2014-2016

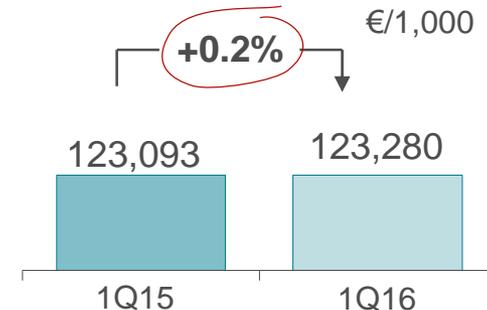
Cost Income ratio*



Cost to asset ratio*



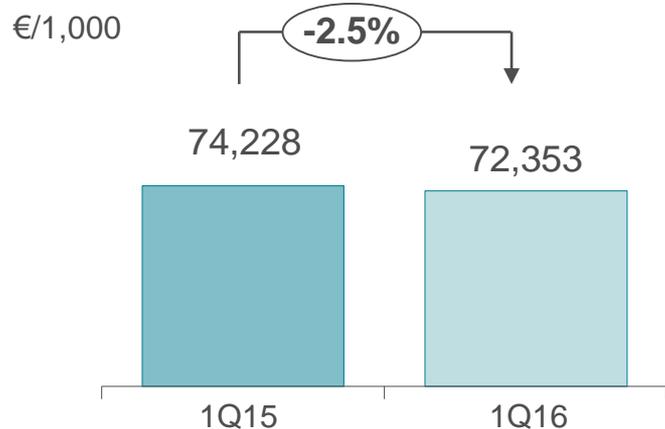
Operating expenses*



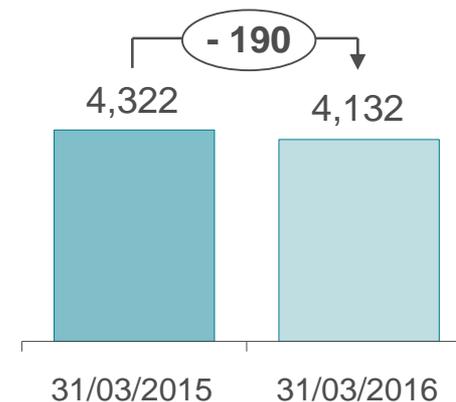
* 2016: pro-forma indicators (excluding the provision SRF for 7,6 mn)

Personnel expenses and administrative expenses (stated)

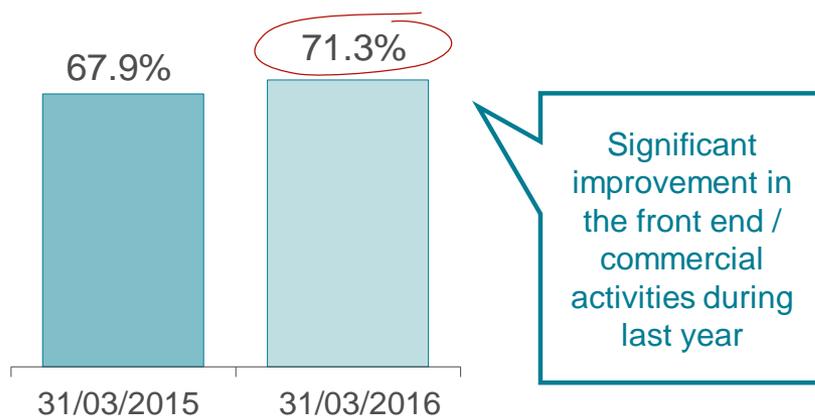
Personnel expenses



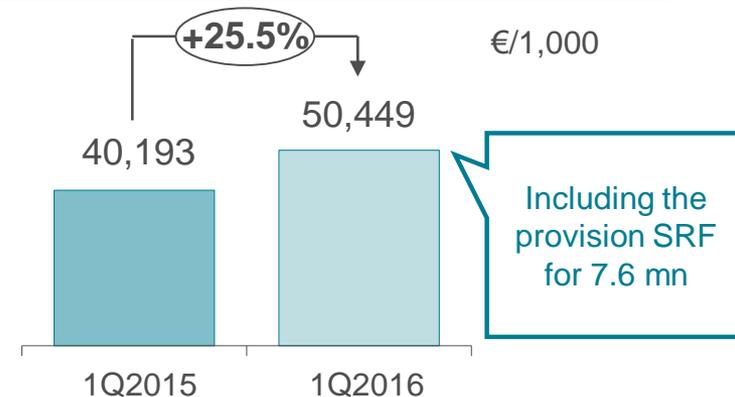
Number of employees



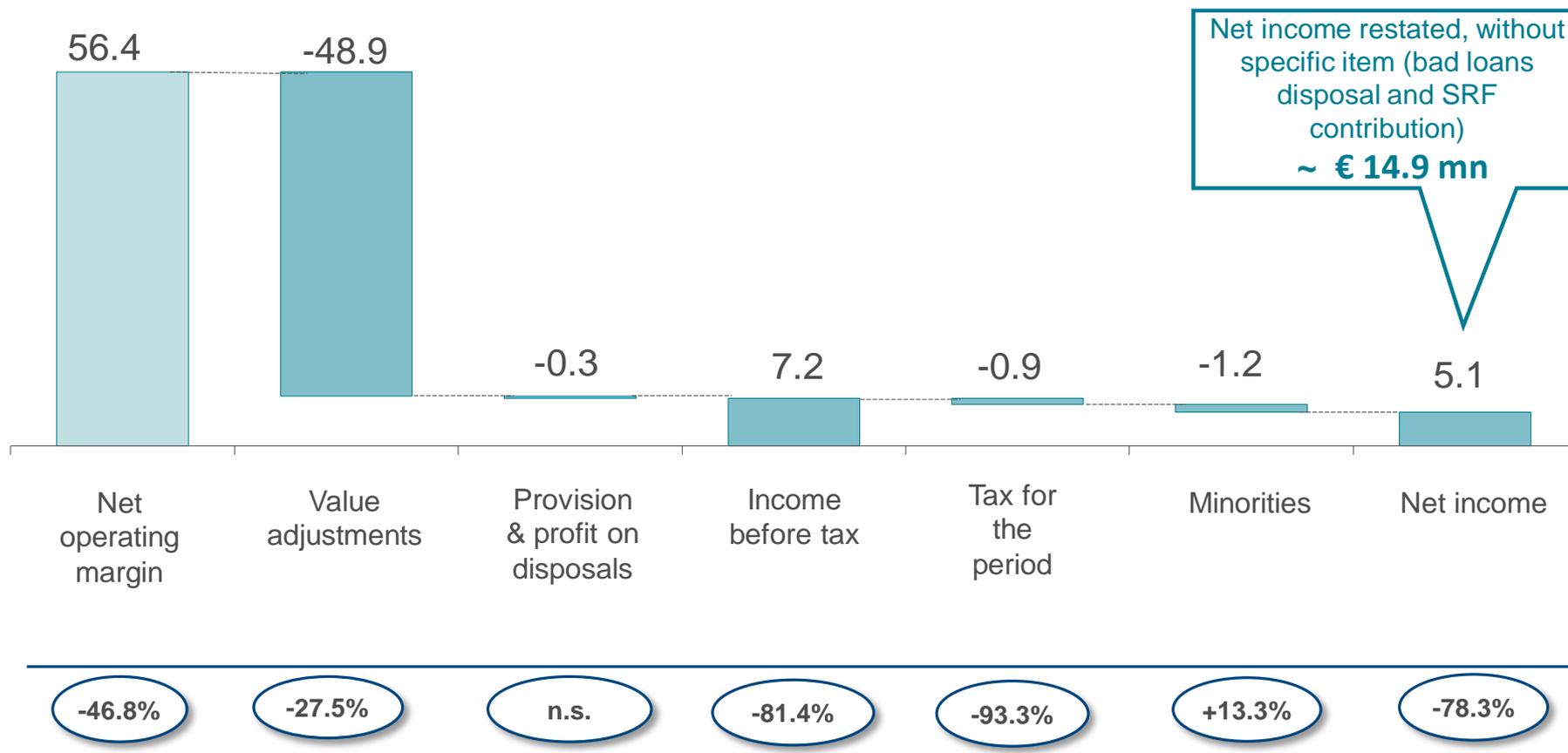
Front to back



Administrative expenses



mn €



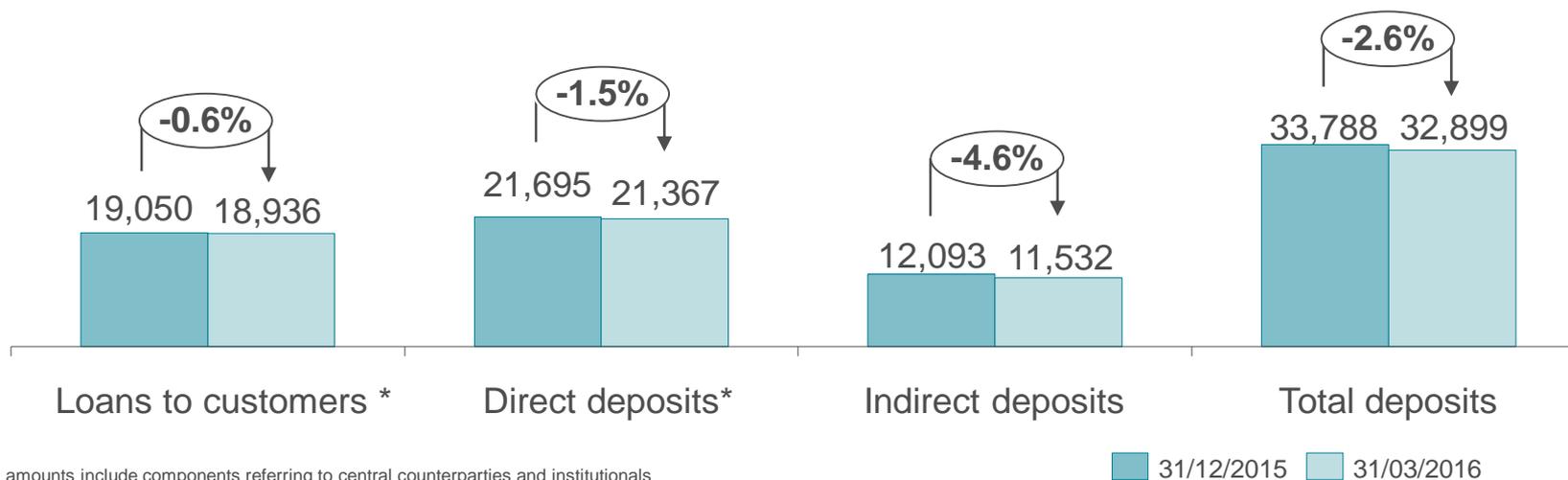
Net income restated, without specific item (bad loans disposal and SRF contribution)
~ € 14.9 mn

Chg %YoY net of the provision SRF for 7.6 mn
-45.4%



-
- Executive summary
 - Credit policies and asset quality
 - Funding, liquidity and securities portfolio
 - Capital ratio
 - Revenues development
 - Cost management and Net profit development
 - Annexes

31 March 2016 vs 31 December 2015 (€mn)



Balance sheet structure

31/03/2016

31/12/2015

Indirect deposits from customers / Total deposits	35.1%	35.8%
Direct deposits from customers / Total liabilities	80.3%	80.6%
Loans to customers/ Direct deposits from customers	88.6%	87.8%
Loans to customers / Total assets	71.2%	70.8%



980k customers
Cross selling ~ 4.2
Retention rate* ~ 100.1%

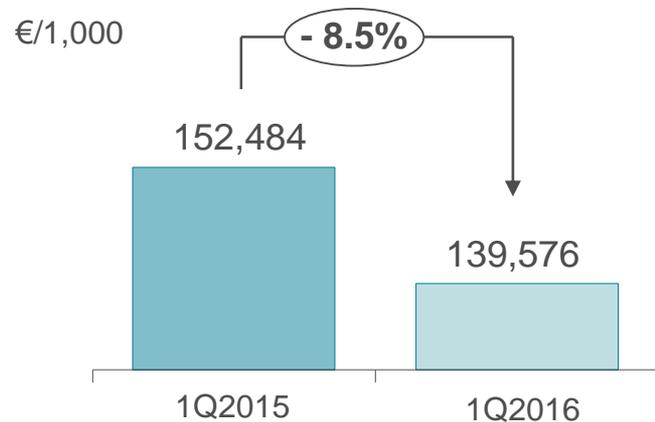
Sales results as of 31/03/2016

Current accounts	~ + 2,400	
Debt Cards	~ + 2,100	
Car insurance	~ 4,200	
Consumer Finance (Compass) – new loans	~ 12,5 mn	
Net flow AUM (mainly mutual funds)	~ - 35.6 mn	-110.3% Y/Y
Bancassurance flow	~ 140 mn	
New loans to individuals	~ 192 mn	+ 45.7%Y/Y

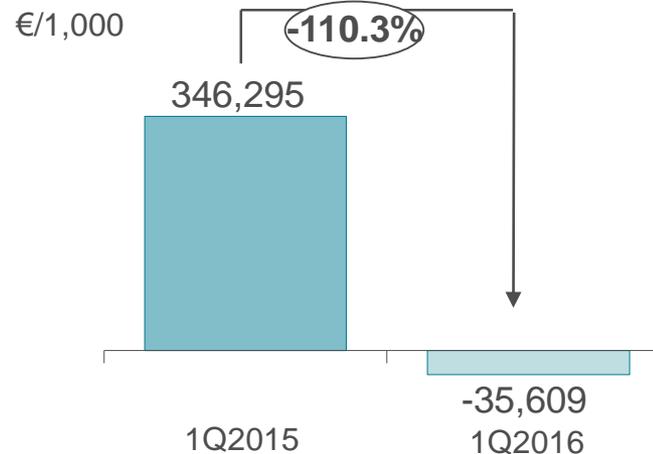
*Source: customer satisfaction survey - households



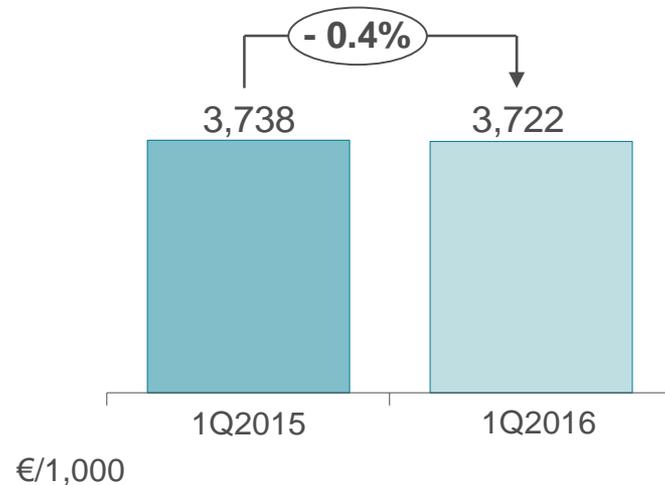
Insurance business – gross flow



Net flow AUM

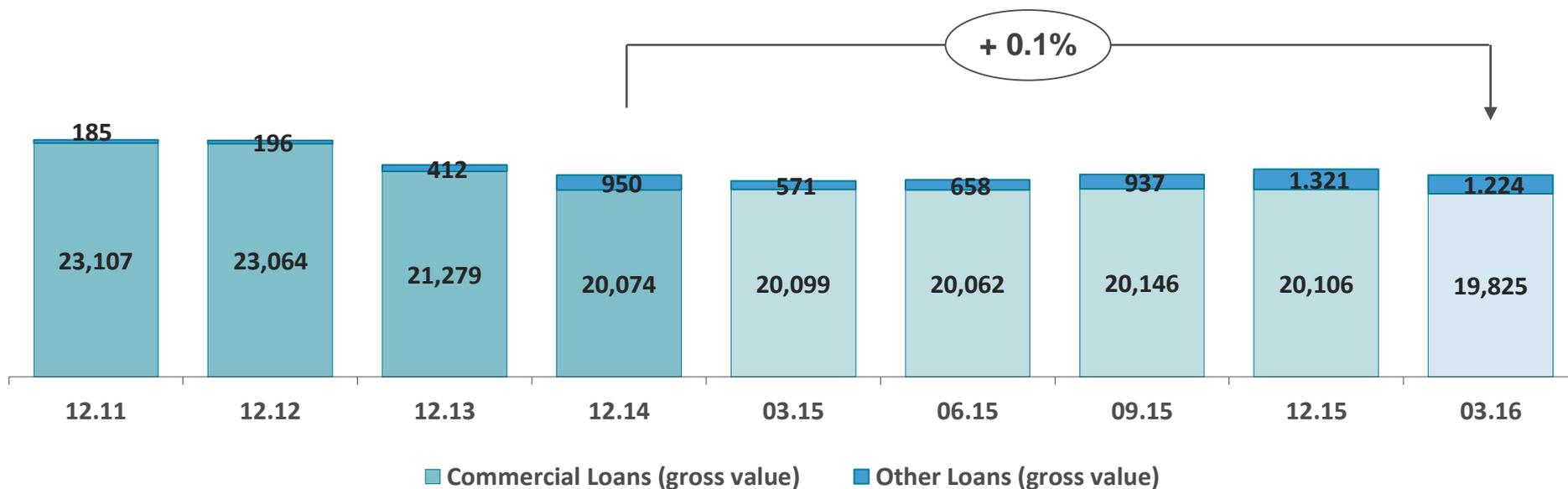


Non life insurance – collected premiums

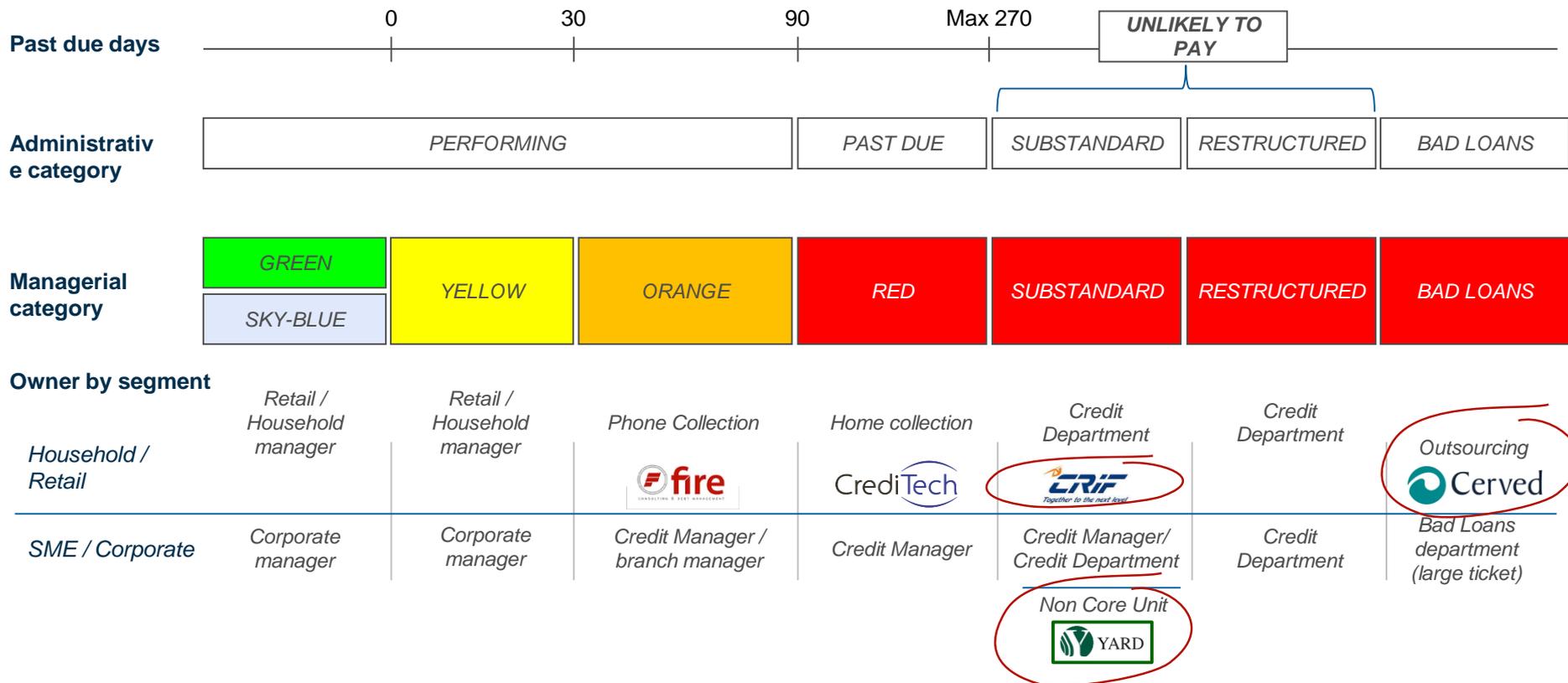




Quarterly trend (€mn)



Source: internal data



- Tailored approach for each different status / category
- Leverage on specialized partner for reducing costs and improving performance
- Industrial model for NPL management, upgraded over time



(€mn)

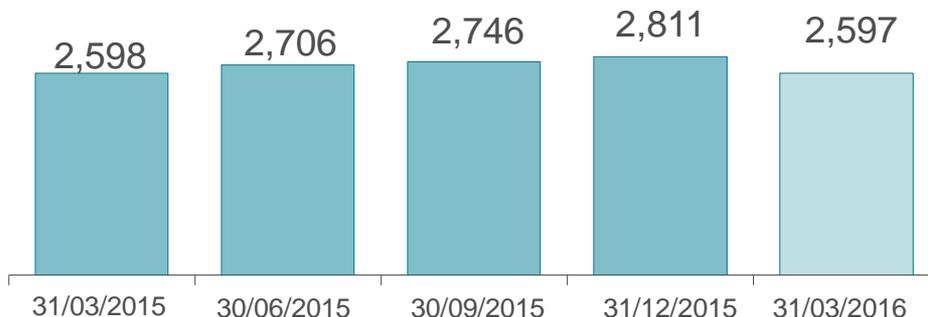
31/03/2016

	Gross amount	Impairment losses	Carrying amount	Coverage ratio
Bad loans	2,597	- 1,359	1,238	52.3%
Unlikely to pay loans	2,494	- 614	1,880	24,6%
Past due exposures	299	- 25	274	8.3%
Total impaired loans	5,390	- 1,998	3,392	37.1%
Performing loans	15,657	- 114	15,543	0.73%
Total loans and receivables with customers	21,047	- 2,112	18,935	

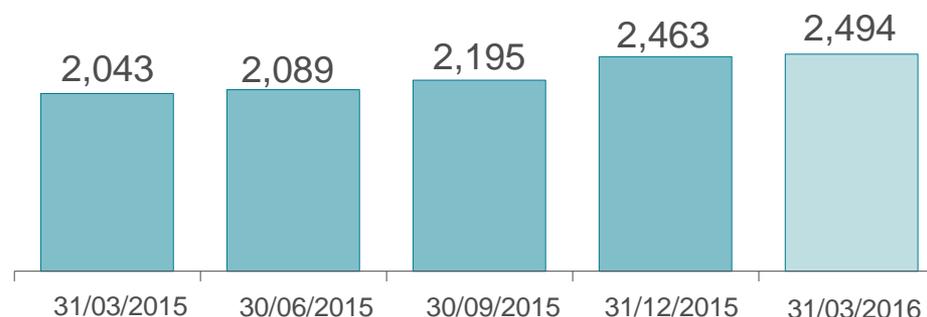


(€mn)

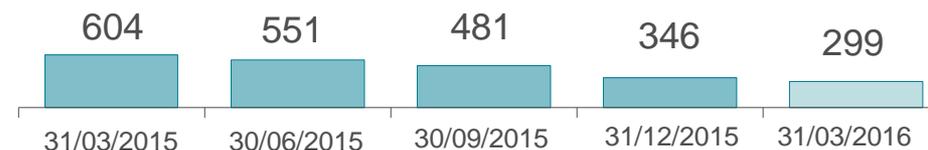
Bad loans



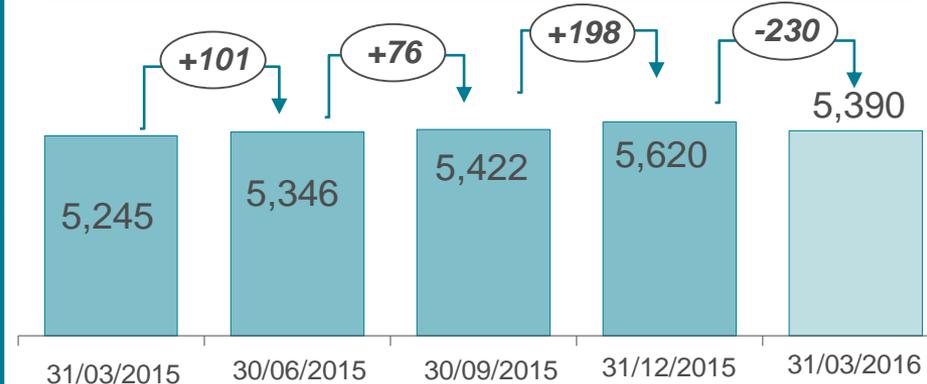
Unlikely to pay



Past due



Non-performing exposures



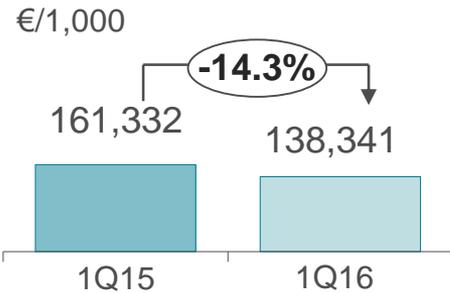
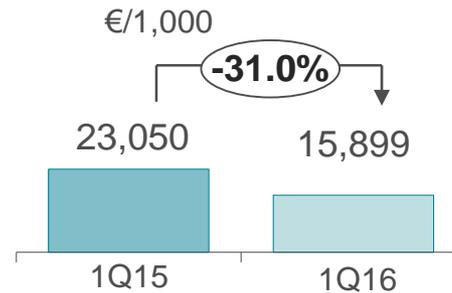
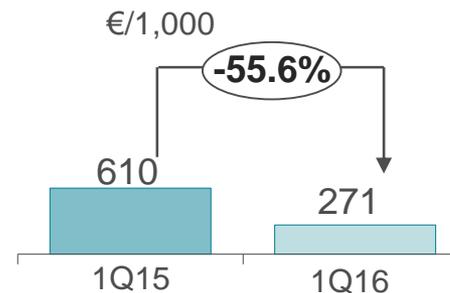
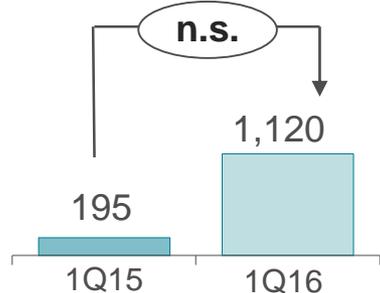
**Major investments – EQUITY INVESTMENTS PORTFOLIO**

Company	Company's activities	Share of capital held by the group (%)	Carrying amount 31/03/2016 – Mln € (CA)	Earning 2015 Pro-rate (E)	Return on investment (E/CA)
GLOBAL ASSISTANCE	Insurance and reinsurance company	40.0%	4.3	0.7	17.1%

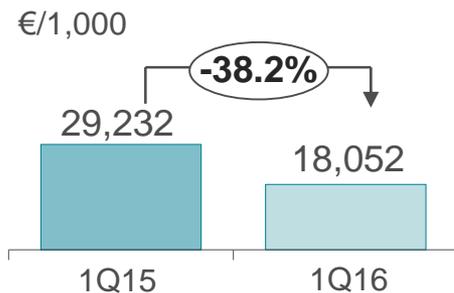
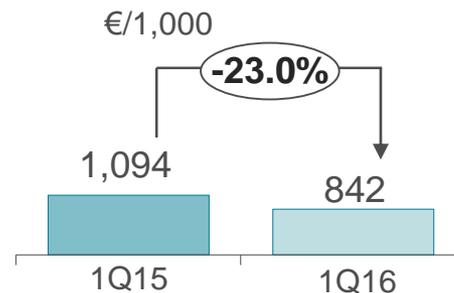
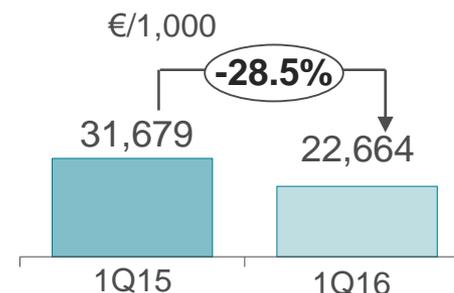
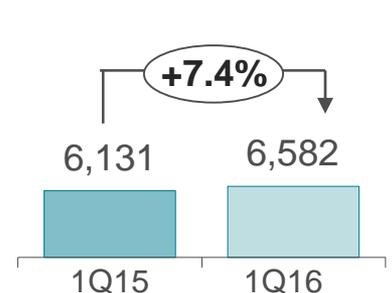
Major investments – AVAILABLE FOR SALE FINANCIAL ASSETS PORTFOLIO

Company	Company's activities	Share of capital held by the group (%)	Carrying amount 31/03/2016 – Mln €
ANIMA HOLDING	Asset management Company (Holding of Anima Group)	2.8%	53.3
ICBPI	Bank (Holding of ICBPI Group)	2,0%	43.2
ALBA LEASING	Leasing company	8.1%	33.0
BANCA POP.CIVIDALE	Bank (Holding of BPC Group)	1.0%	3.2

Focus on interest income

Interest loans to customers**Interest income financial assets****Interest loans bank****Other Interest income**

Very important commercial actions aimed to reduce the cost of the sight and time deposits

Interest due to customers**Interest due to bank****Interest securities issued****Other interest**

Reclassified balance sheet – quarterly figures

Assets	31/03/2016	31/12/2015	30/09/2015	30/06/2015	31/03/2015
Cash and cash equivalents	166,058	175,462	151,563	151,760	159,122
Financial assets held for trading	46,837	51,751	89,049	114,593	412,383
Available-for-sale financial assets	4,875,740	5,321,413	5,101,448	5,519,379	7,436,450
Held-to-maturity investments	-	-	-	-	-
Loans and receivables with banks	930,748	713,089	793,524	709,547	779,573
Loans and receivables with customers	18,936,177	19,049,750	18,903,168	18,590,813	18,614,292
Equity Investments	9,612	9,464	31,248	30,303	206,654
Property, equipment and investment property and intangible assets	569,518	572,882	661,188	657,695	658,257
Non-current assets and disposal groups held for sale	2,478	2,478	176,947	176,947	3,158
Other assets	1,069,394	1,005,392	951,793	1,111,395	1,167,989
Total assets	26,606,562	26,901,681	26,859,928	27,062,432	29,437,878
Liabilities and Equity	31/03/2016	31/12/2015	30/09/2015	30/06/2015	31/03/2015
Due to banks	1,719,645	2,040,112	1,834,858	1,759,167	2,401,288
Direct funding from customers	21,367,430	21,694,956	21,556,385	21,898,623	23,297,163
Financial liabilities held for trading	2,160	1,859	2,483	3,450	4,021
Hedging derivatives	327,318	269,496	286,227	263,292	359,525
Liabilities associated with disposal groups	-	-	-	-	736
Other liabilities	812,675	508,132	868,430	922,617	937,575
Provisions for specific purpose	196,032	199,396	203,369	200,087	302,059
Equity attributable to non-controlling interests	4,481	4,382	4,071	4,269	4,250
Equity	2,176,821	2,183,348	2,104,105	2,010,927	2,131,261
Total liabilities and equity	26,606,562	26,901,681	26,859,928	27,062,432	29,437,878



Reclassified consolidated income statement

Income statement	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Net interest income	107,491	112,613	114,361	120,482	117,051
Net fee and commission income	67,780	71,395	67,868	72,759	68,521
Dividends and similar income	-	27	1	1,989	-
Profit (loss) of equity-accounted investments	89	30	851	5,847	4,244
Net trading and hedging income (expense) and profit (loss) on sales/repurchases	7,711	8,893	15,157	15,771	34,949
Other operating net income	4,306	6,457	4,612	6,805	4,441
Operating income	187,377	199,415	202,850	223,653	229,206
Personnel expenses	-72,353	-78,200	-72,070	-70,538	-74,228
Other administrative expenses	-50,449	-71,580	-42,204	-47,654	-40,193
Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets	-8,167	-27,570	-9,044	-8,857	-8,672
Operating costs	-130,969	-177,350	-123,318	-127,049	-123,093
Operating profit	56,408	22,065	79,532	96,604	106,113
Net impairment losses on loans and receivables and other financial assets	-48,925	-217,168	-66,859	-90,803	-67,512
Net accruals to provisions for risks and charges	-327	-11,942	-1,858	-3,855	-
Value adjustments of goodwill	-	-70,194	-	-	-
Net gains (losses) on sales of investments	8	250,023	36	43	-37
Pre-tax profit from continuing operations	7,164	-27,216	10,851	1,989	38,564
Income taxes	-930	83,745	1,809	6,330	-13,884
Post-tax profit from continuing operations	6,234	56,529	12,660	8,319	24,680
Gains from assets held for sale	-	-	-	20,347	-277
Profit for the period attributable to non-controlling interests	-1,167	996	-783	-1,172	-1,030
Profit for the period	5,067	55,533	11,877	27,494	23,373



Contacts for Investor and Financial Analysts

- **Ugo Colombo** Head of Planning, Control and General Affairs

Tel. +39 0342522578

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