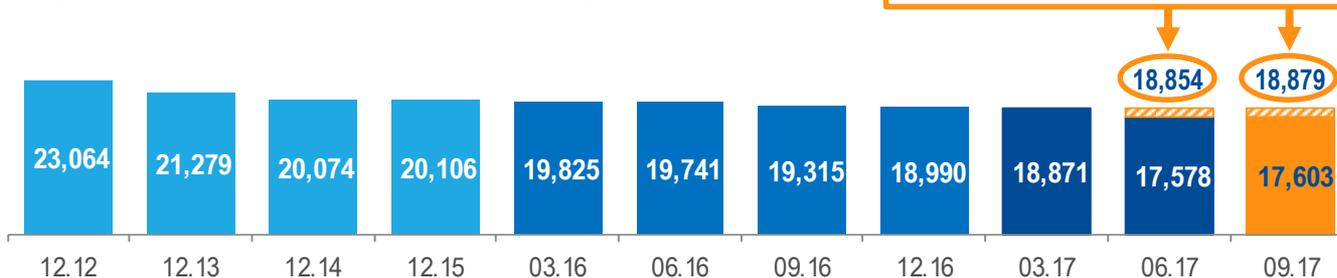


# Consolidated Results as at September 30<sup>th</sup> 2017

- This document has been prepared by Credito Valtellinese for information purpose only and does not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect of such securities or other financial instruments.
- The information, opinions, estimates and forecasts contained herein have not been independently verified. They have been obtained from, are based upon, sources that company believes to be reliable but makes no representations (either express or implied) or warranty on their completeness, timeliness or accuracy.
- The document may contain forward-looking statements, which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to significant risks and uncertainties, many of which are outside the company's control. There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the date hereof and are subject to change without notice.
- 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.

- 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. Annexes**

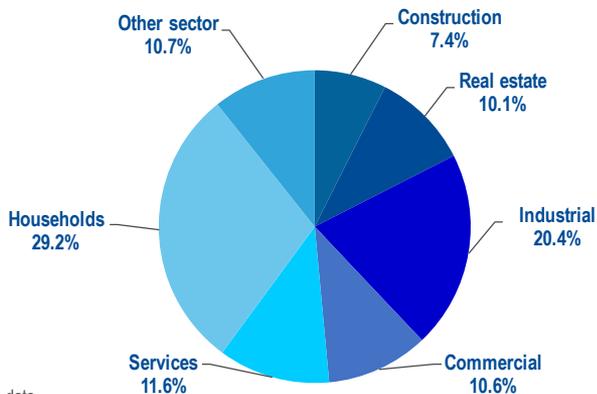
## Quarterly trend (€mn) Commercial Loans \* (gross amounts)



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

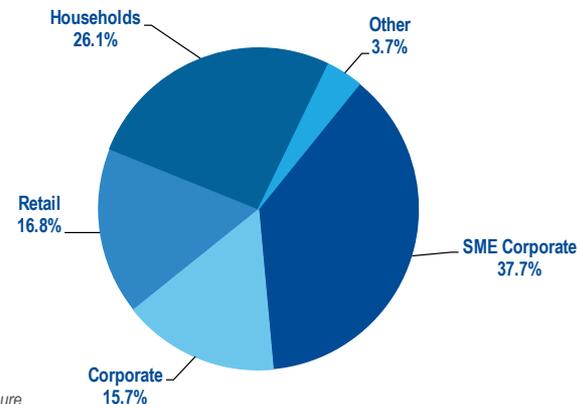
<sup>1</sup> Net of collections and other movement (expenses, time value, etc.) recorded from 30 November 2016 to 30 June 2017.

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



## Total gross loans by asset class\*\*

~ 70% 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

~ **1,662 mn** of newly granted loans (Individuals and SMEs/Corporate) over the period  
Expected Loss performing portfolio -5 bps since June 2017



	Amount	Chg % YoY	% Fixed	Average Rate*
Individuals	478 mn	-20.4 %	33.1 %	2.54 %
	Of which substitutions («surroghe»): 36.7 mn			

Expected Loss new performing exposures disbursed in the period

Individual: 31 bps  
Corporate: 52 bps  
Retail: 60 bps

Total new originated loans Portfolio 3Q 2017: **48 bps**



	Amount	Chg % YoY	
Mortgage	203 mn	-5.7 %	Average Rate 2.24 %*
Other secured	344 mn	-19.1 %	
Unsecured	637 mn	+15.5 %	
<b>Total amount</b>	<b>1,184 mn**</b>	<b>-0.7 %</b>	

\*Average rate from the beginning of the year

\*\*Net of institutional loans

Source: internal data

Mn €

## Bad loans



## Unlikely to pay



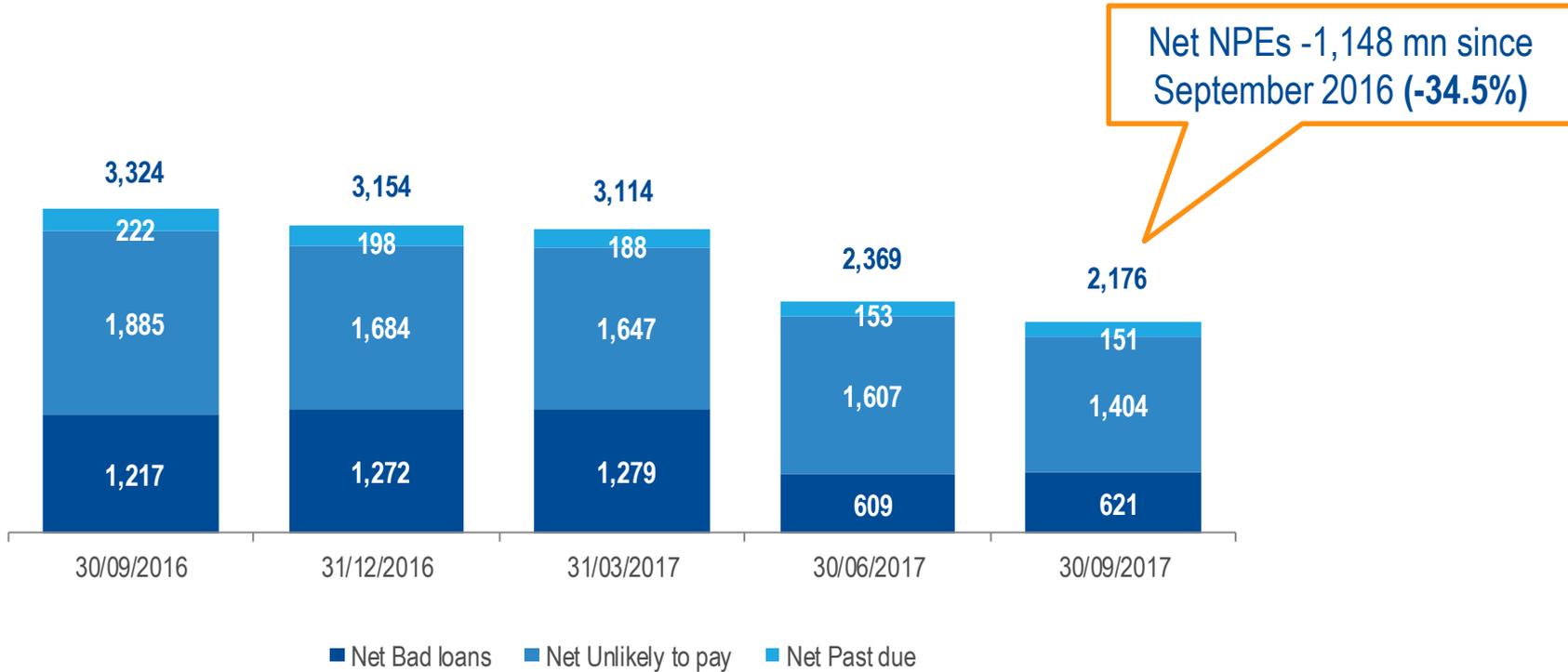
## Past due



## Non-performing exposures



Mn €



Mn €

Coverage Ratios	31/12/2016	30/09/2017
Bad loans	54.4%	61.5%
Unlikely to pay	29.4%	37.1%
Past due	8.2%	8.0%

64.7% proforma including write off (3.2%)

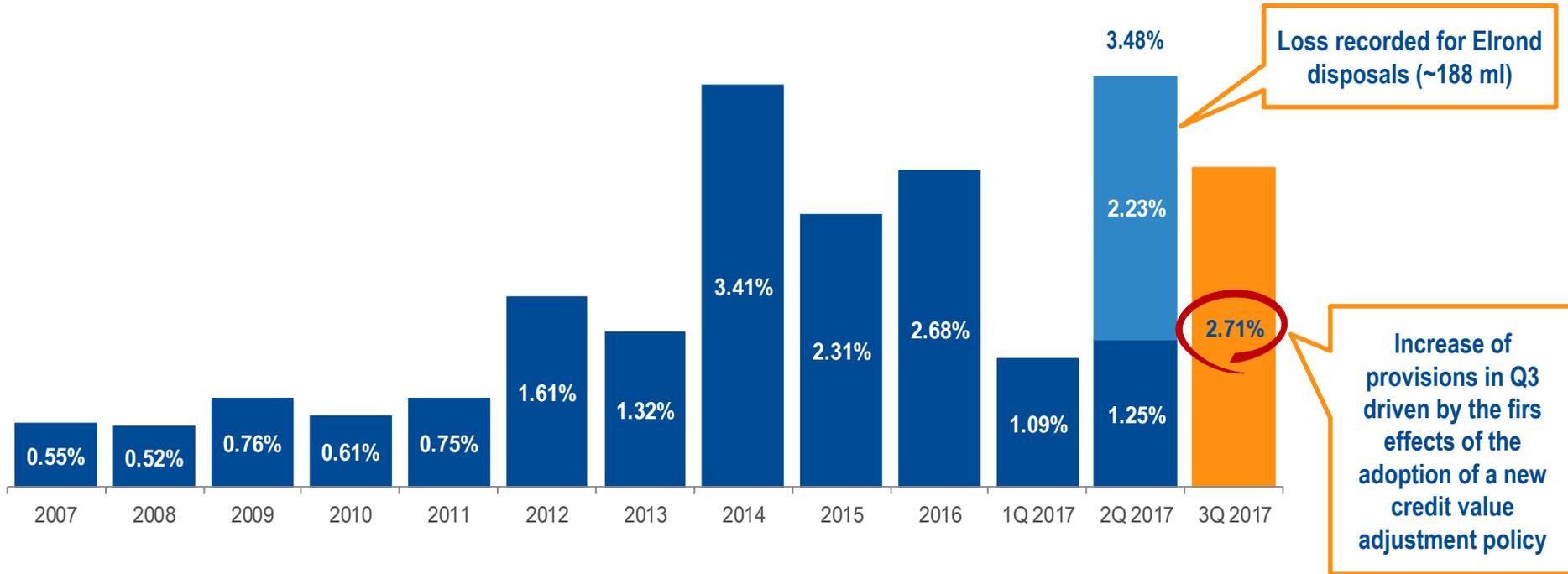
## Non-performing exposures Coverage



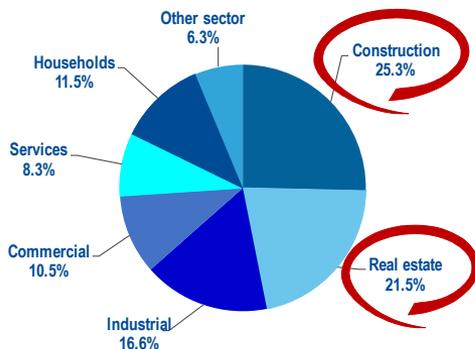
## Coverage Bonis



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

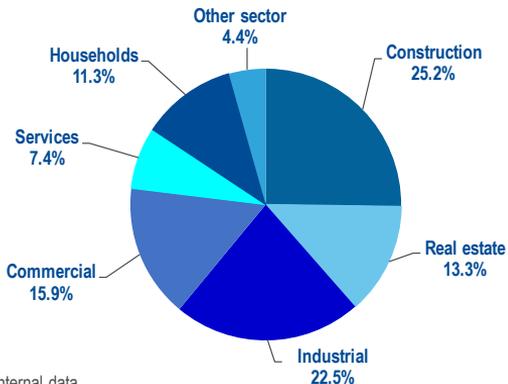


## Breakdown Npe by sector (ATECO classification)\*\*

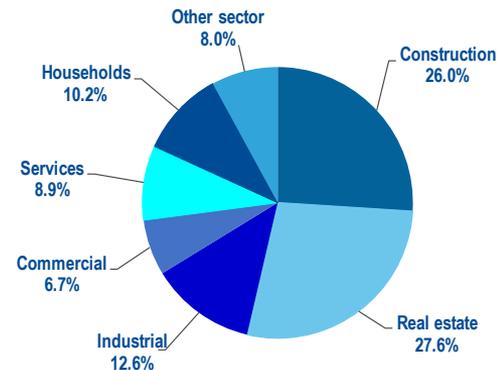


~ 47% of gross NPE  
real estate related

## Breakdown bad loans by sector (ATECO classification)\*\*

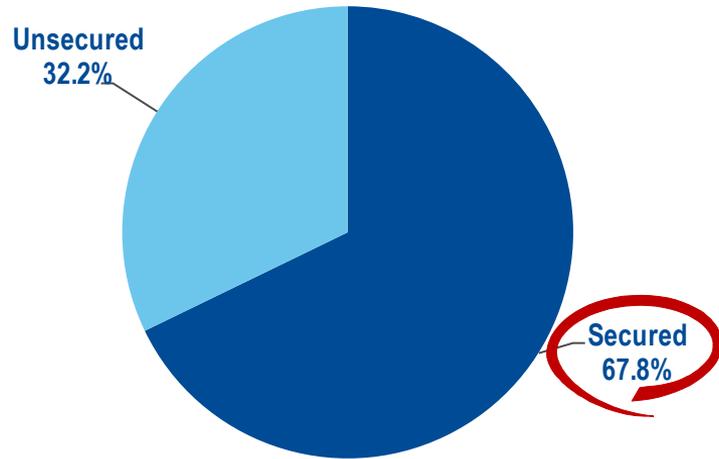


## Breakdown UTP by sector (ATECO classification)\*\*

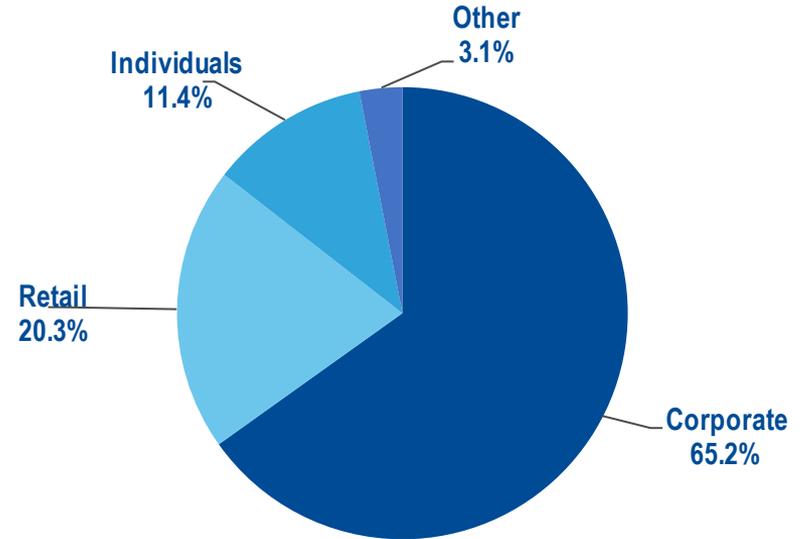


\*\*Source: internal data

## Gross Npe – Guarantees



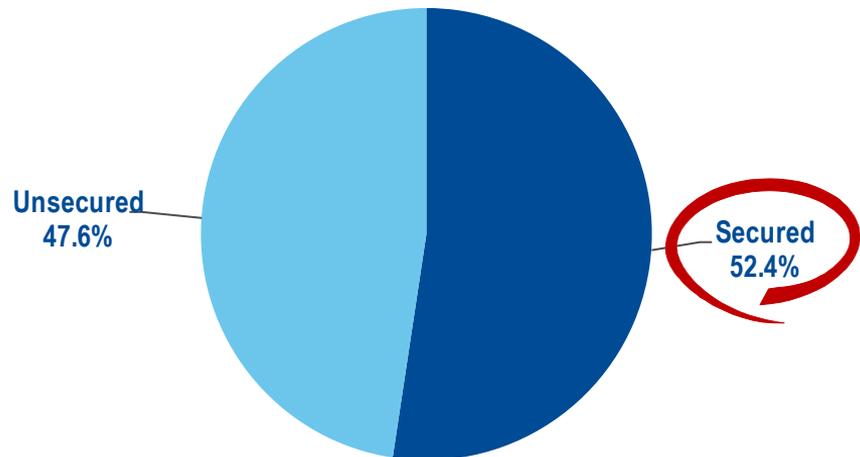
## Gross Npe - Segment



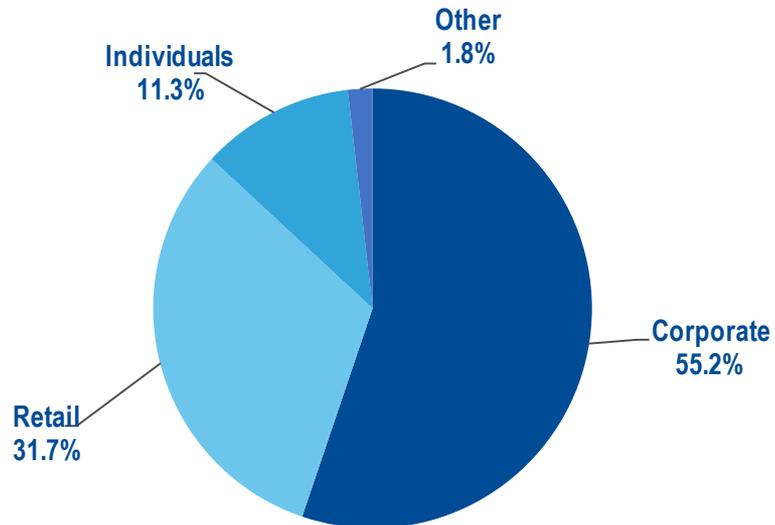
Personal guarantees not included

Source: internal data

## Gross BAD LOANS – Guarantees



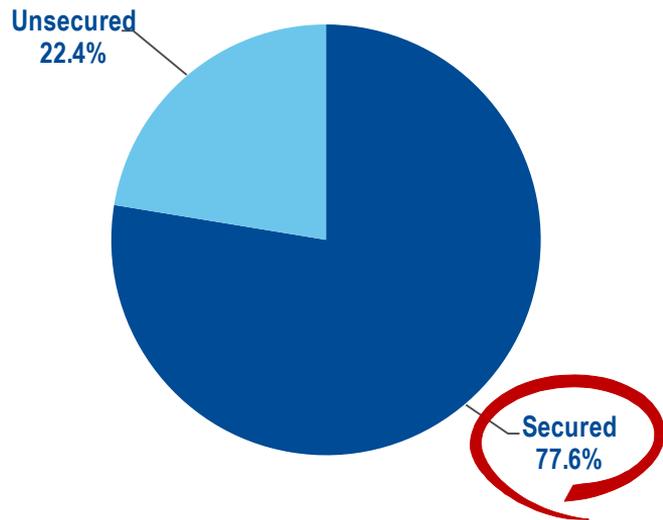
## Gross BAD LOANS – Segment



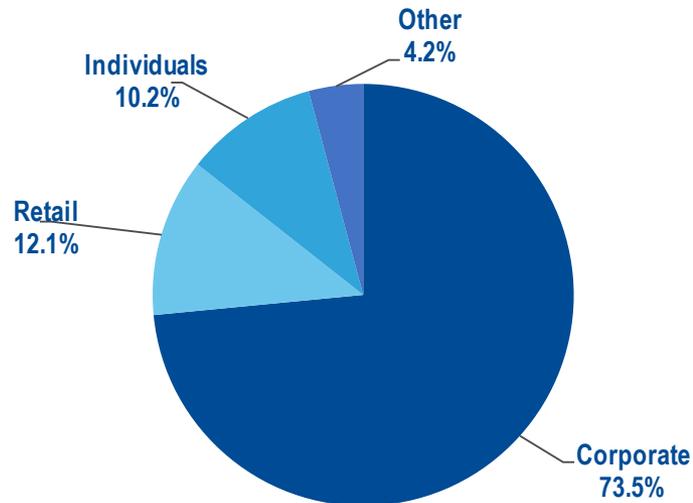
Personal guarantees not included

Source: internal data

## Gross UTP – Guarantees



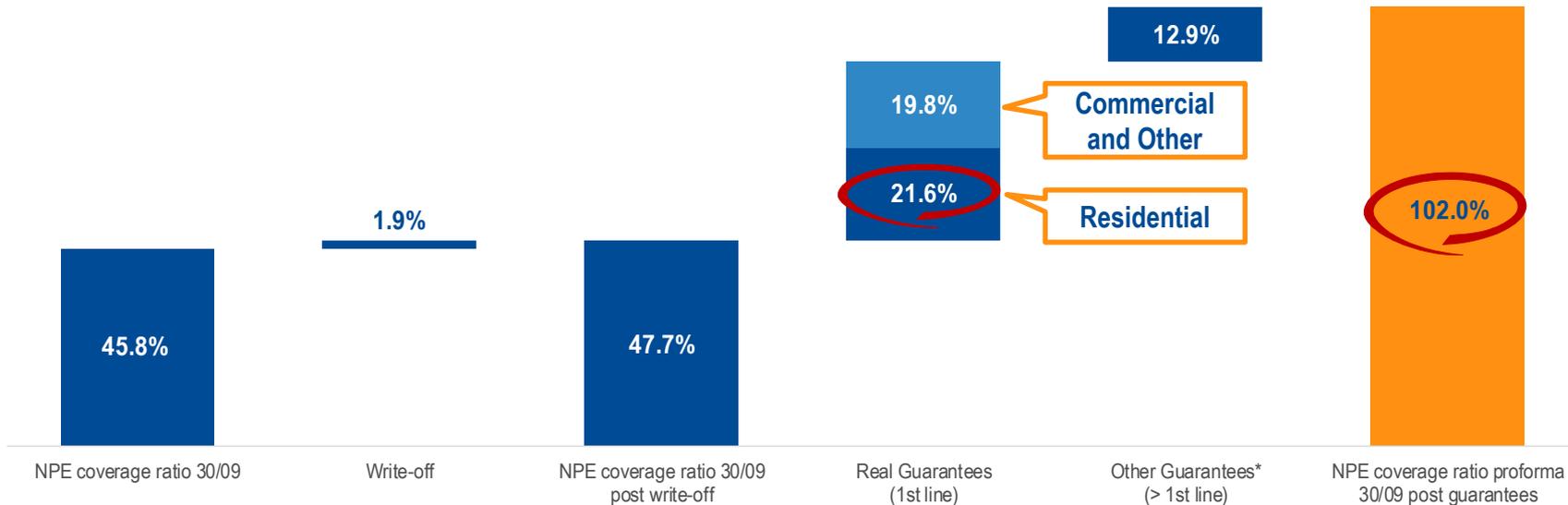
## Gross UTP - Segment



Personal guarantees not included

Source: internal data

## NPE Coverage Ratio (%)



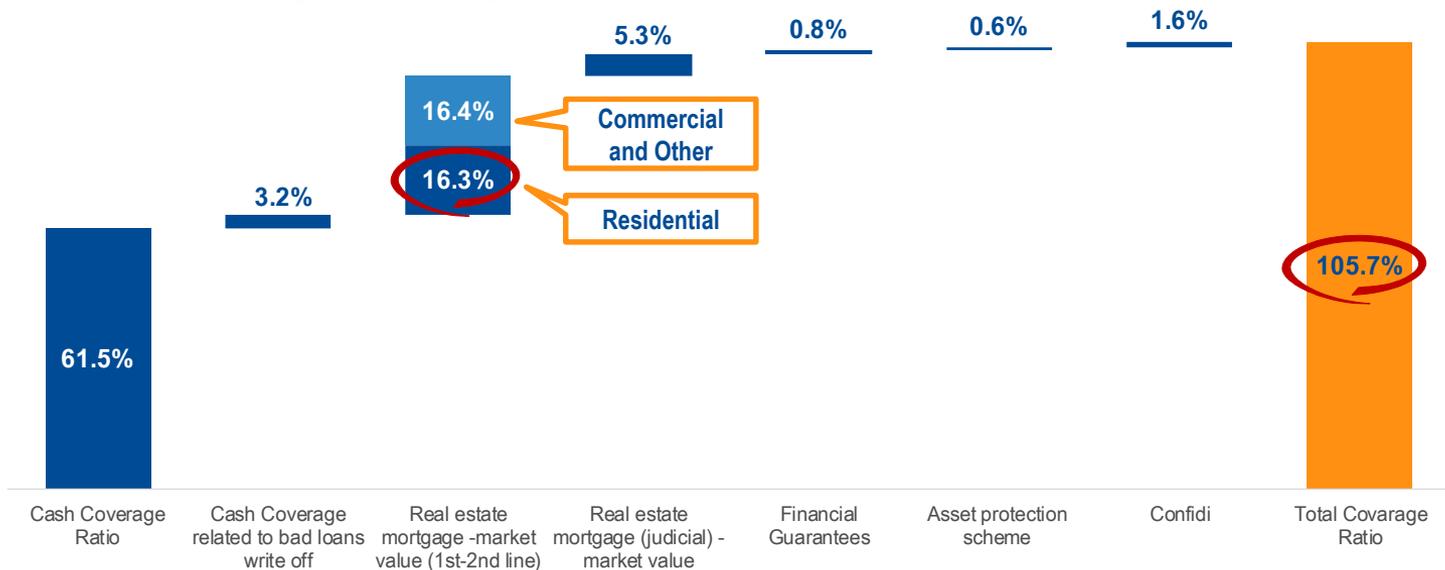
Source: internal data

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

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.**

## Bad Loans – Total Coverage Ratio (%)



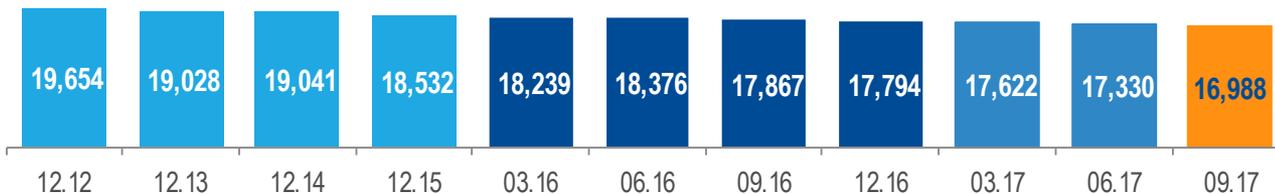
Source: internal data

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.**

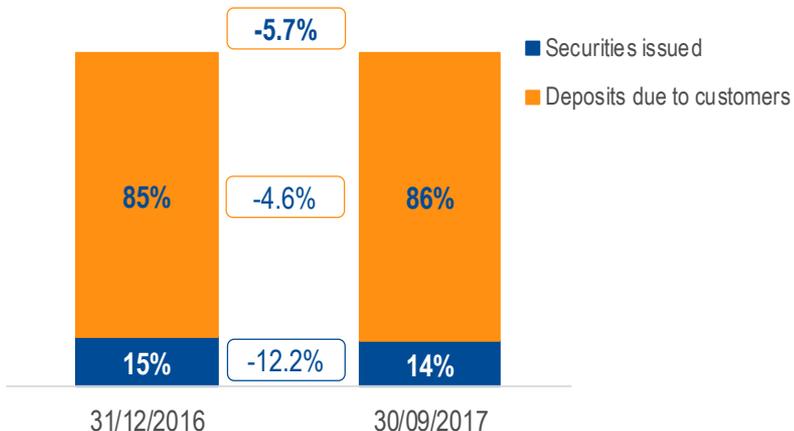
1. Credit policies and asset quality
2. Funding, liquidity and securities portfolio
3. Capital ratio
4. Revenues development
5. Cost management and Net profit development
6. Annexes

## Quarterly trend (€mn) Retail funding \*



\* Total funding net of CCG, CDP and institutionals

## Composition of Direct Funding



(mn €)	31/12/2016	30/09/2017	Chg. %
Saving Deposits	503	443	-12.0%
Time deposits	1,528	877	-42.6%
Current accounts	13,118	13,474	2.7%
Securizations	304	227	-25.2%
Wholesale bonds (senior + subordinated)	133	278	108.3%
Senior retail bonds	2,090	1,771	-15.3%
Subordinated retail bonds	375	221	-41.1%
Deposit certificates	110	131	19.4%
Deposits CCG & CDP	2,754	2,287	-17.0%
Other	194	187	-3.6%
<b>DIRECT FUNDING</b>	<b>21,109</b>	<b>19,896</b>	<b>-5.7%</b>

## Retail: bonds senior + subordinated (€ mn)



## Wholesale bonds (€ mn)



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

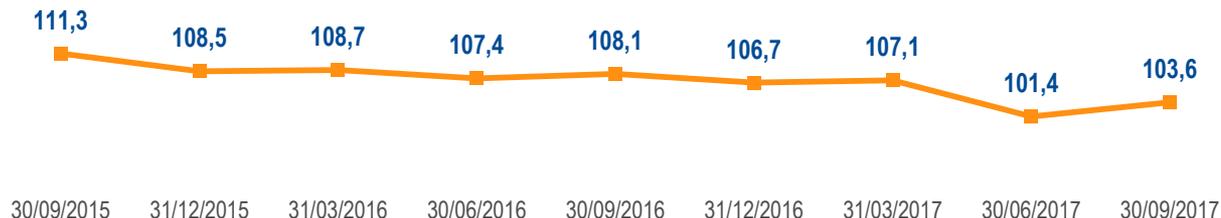


## ECB funding Creval September 2017 (€ mn)



Source: internal data

## Gross commercial loans / Retail funding



LCR as at  
30<sup>th</sup> September 2017

**191%**

NSFR as at  
30<sup>th</sup> June 2017

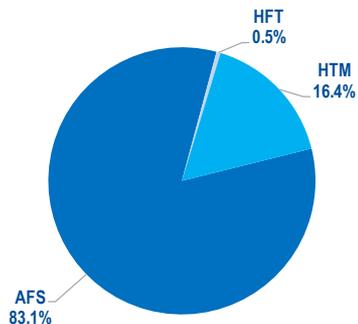
**112%**

## Short-term liquidity position – September, 27<sup>th</sup> 2017 (€ mn)

	1d	2d	3d	4d	5d	2w	3w	1m	2m	3m
Net balance of cumulative expiring positions	- 208	- 154	- 633	- 617	- 555	- 555	- 579	- 849	- 1,068	- 1,278
Counterbalancing Capacity	3,351	3,291	3,746	3,857	3,757	3,737	3,805	3,901	4,060	4,210
Net balance of overall liquidity	3,142	3,136	3,113	3,240	3,203	3,182	3,226	3,052	2,992	2,932

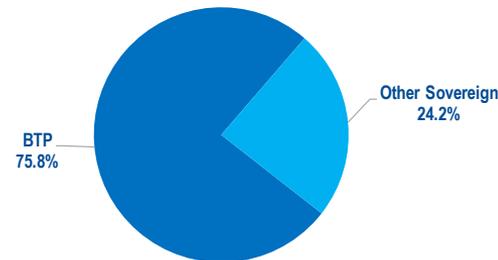
Net liquidity balance ~ 12.6%  
of the Total Asset of the Group

## Breakdown by accounting portfolio



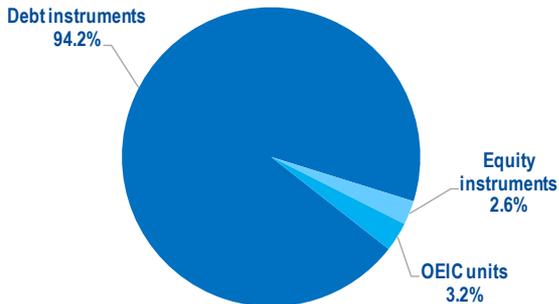
	31/12/2016	30/06/2017	30/09/2017
HFT Portfolio	19	20	27
AFS Portfolio	5,436	4,496	4,475
HTM Portfolio	-	810	885

## Breakdown of HTM portfolio



Current Average Duration of Govie's AFS portfolio\* **3.21**

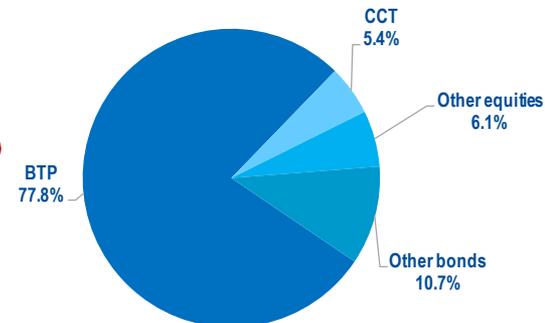
## Breakdown of AFS portfolio



	31/12/2016	30/06/2017	30/09/2017
Debt instruments	5,199	4,293	4,217
Equity instruments	127	118	117
OEIC Units	110	85	141

- AFS reserve as at 30 September -18.5 mn €
- **AFS reserve on Govies, as at 30 September ~ - 22.2 mn €**
- AFS reserve as at 03 November ~ 15.3 mn €

- AFS reserve as at 30 June -37.7 mn €
- **AFS reserve on Govies, as at 30 June ~ - 38.4 mn €**



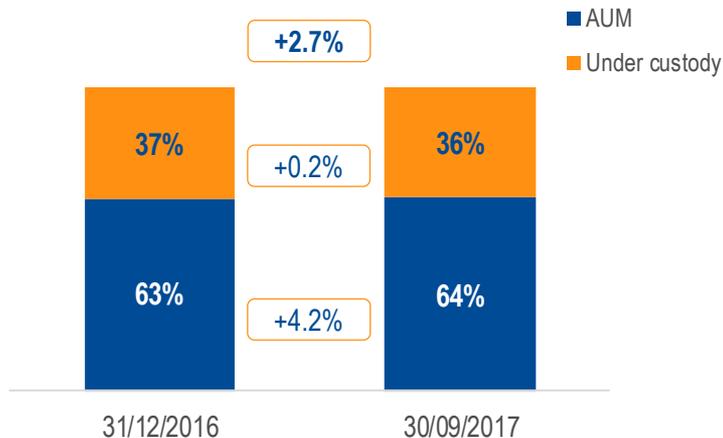
\* As at 30<sup>th</sup> September 2017: Italian, Spanish and Portuguese government bonds.

## Quarterly trend (€mn) Indirect Funding



Placement of "PIR":  
91.2 mn

## Indirect deposits breakdown



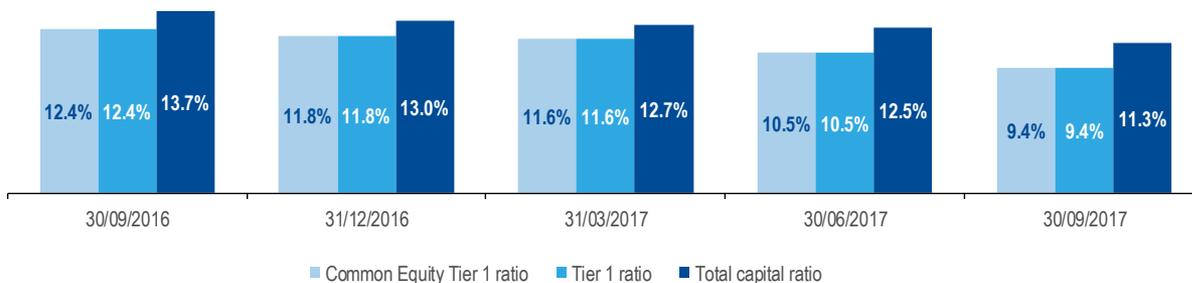
Development of the strategic partnership with ANIMA SGR



(mn €)	31/12/2016	30/09/2017	Chg. %
Funds & Sicav	2,550	2,982	17.0%
Custody	4,312	4,321	0.2%
Individual accounts	2,149	1,907	-11.2%
Insurance	2,592	2,708	4.5%
<b>Total</b>	<b>11,603</b>	<b>11,918</b>	<b>2.7%</b>

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. Annexes

## Capital ratios evolution, phased-in calculation



Capital ratio	30/09/2016	31/12/2016	31/03/2017	30/06/2017	30/09/2017
COMMON EQUITY (€ mn)	1,839	1,713	1,702	1,511	1,295
TIER 1 (€ mn)	1,839	1,713	1,702	1,511	1,295
TIER 2 (€ mn)	195	180	156	284	262
TOTAL CAPITAL (€ mn)	2,033	1,893	1,858	1,795	1,557
RWA (€ mn)	14,819	14,539	14,664	14,361	13,739
<b>TIER 1 RATIO</b>	<b>12.4%</b>	<b>11.8%</b>	<b>11.6%</b>	<b>10.5%</b>	<b>9.4%</b>

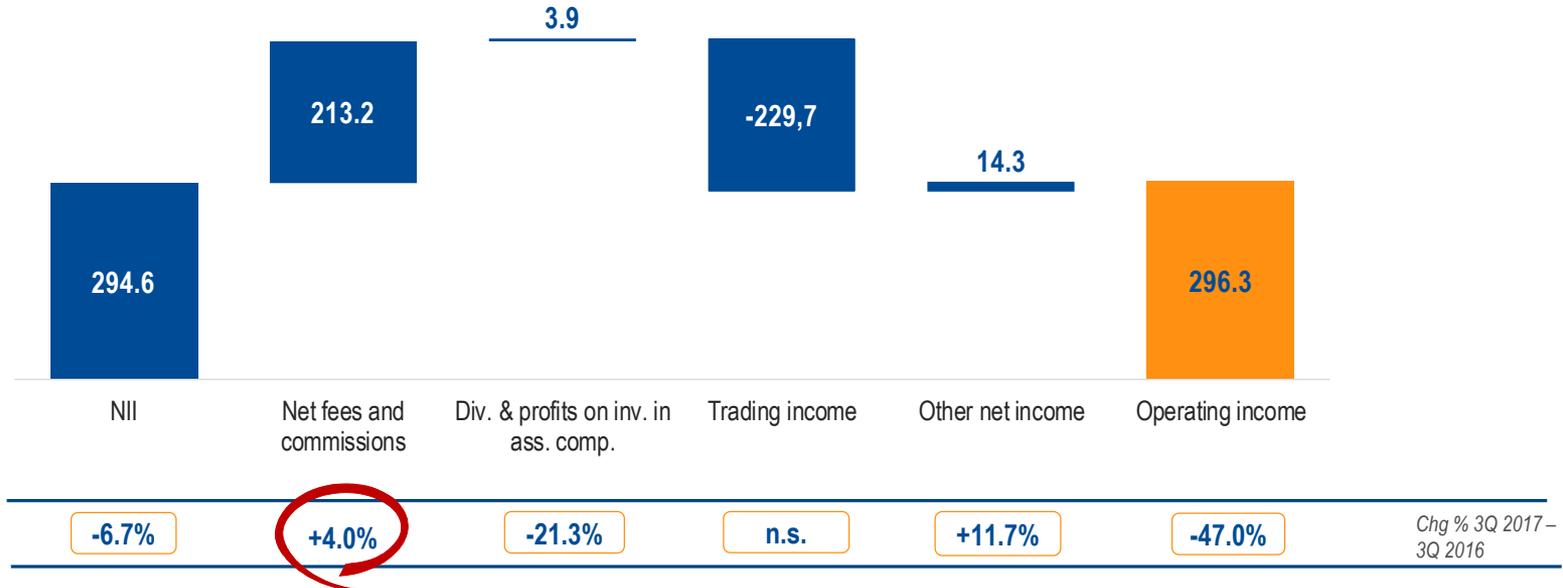
Obtainment of the GACS  
guarantee and incremental  
provisions on NPEs

Leverage ratio as at  
30/06/2017  
5.5% (fully loaded)

Indicator	30/09/2016	31/12/2016	31/03/2017	30/06/2017	30/09/2017
Gross Loan Risk weighted	66.4%	64.1%	65.3%	65.5%	62.0%
RWA/Assets	56.8%	57.1%	56.4%	56.6%	55.0%

Requirements	30/09/2016	31/12/2016	31/03/2017	30/06/2017	30/09/2017
Credit	90.3%	90.3%	90.2%	90.1%	88.8%
CVA	0.2%	0.2%	0.2%	0.2%	0.2%
Market	0.04%	0.02%	0.1%	0.1%	0.9%
Operational	9.5%	9.5%	9.5%	9.7%	10.1%

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. Annexes



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



## Trend euribor quarterly (2014-2017)

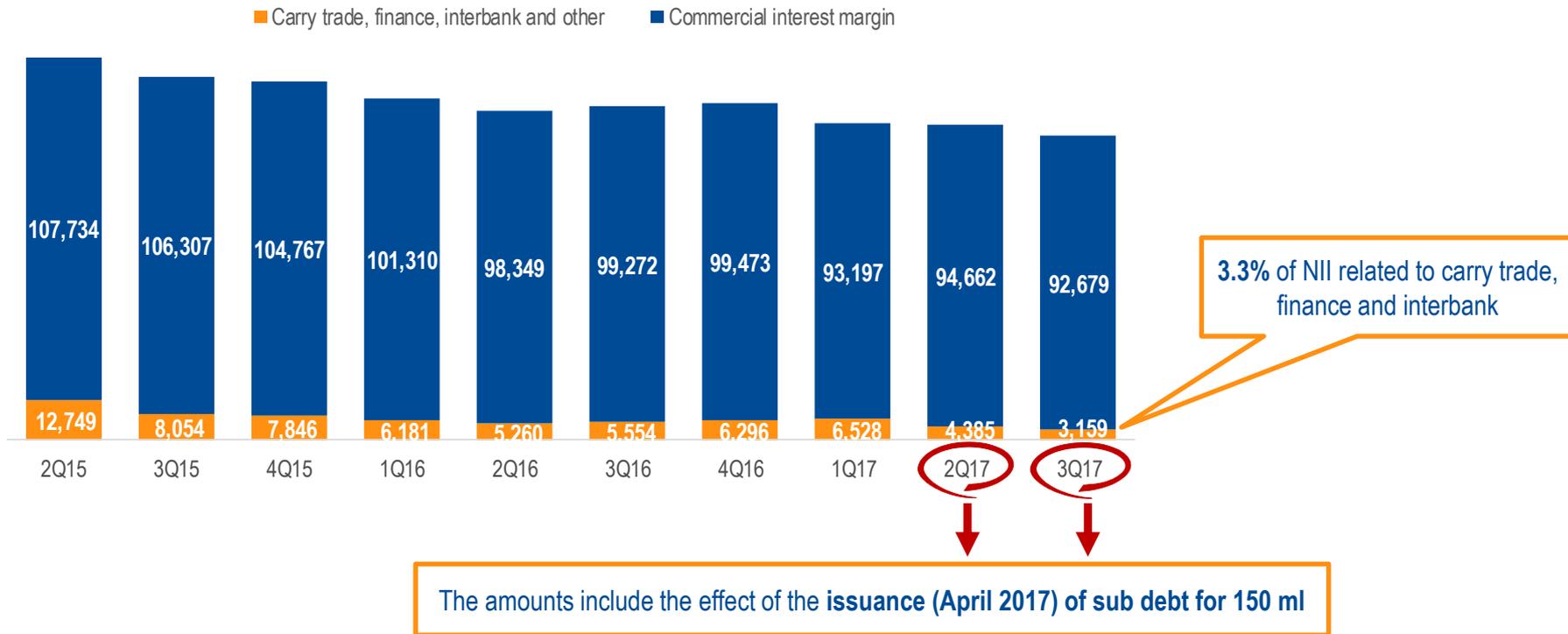


## NIM\* (2014-2017)



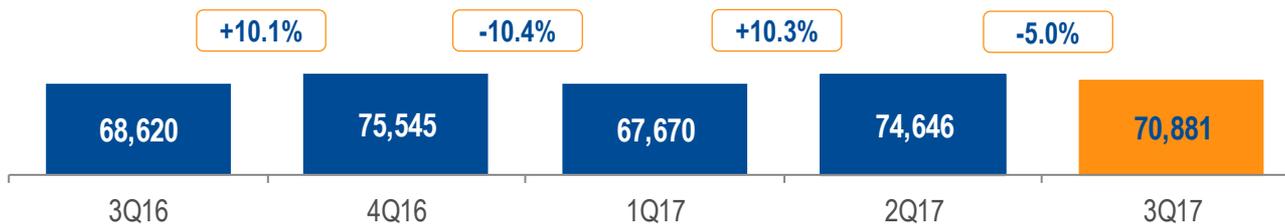
\* NIM = Interest income / Loans to customers

# Revenues development – Focus on interest income (2/2)

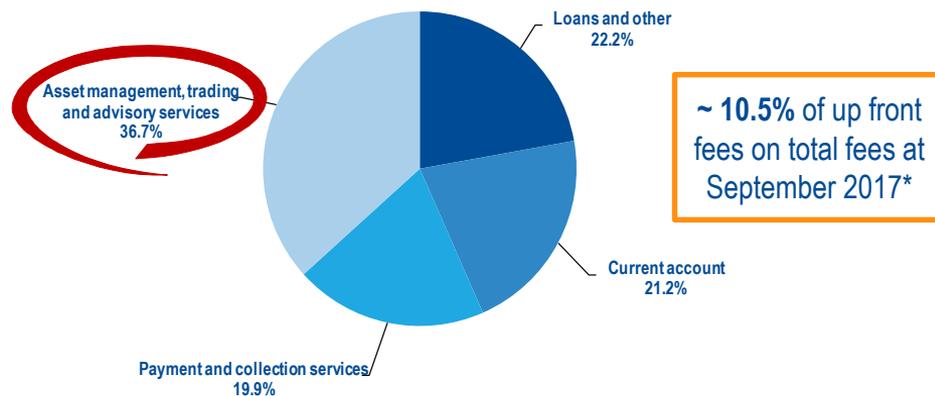
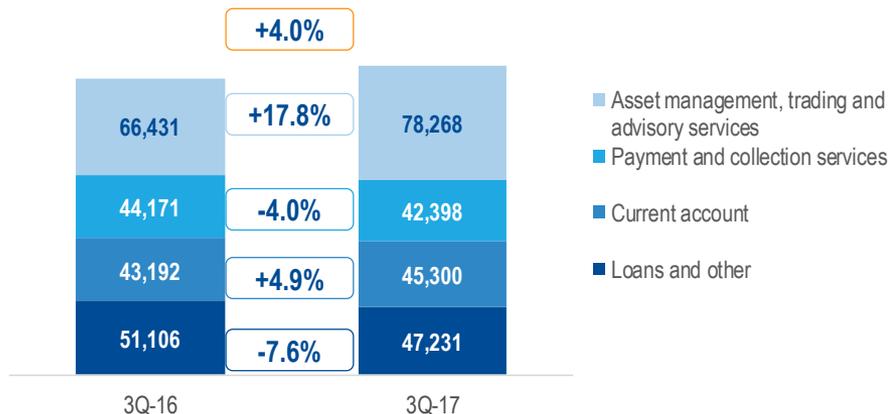


\*Interest financial assets – Interest due to central counterparties – Interest term deposits with central bank – Hedging results – Interest loans to banks – Interest income securities – Interest banks – Other interest

## Net fees quarterly trend (€/1,000)



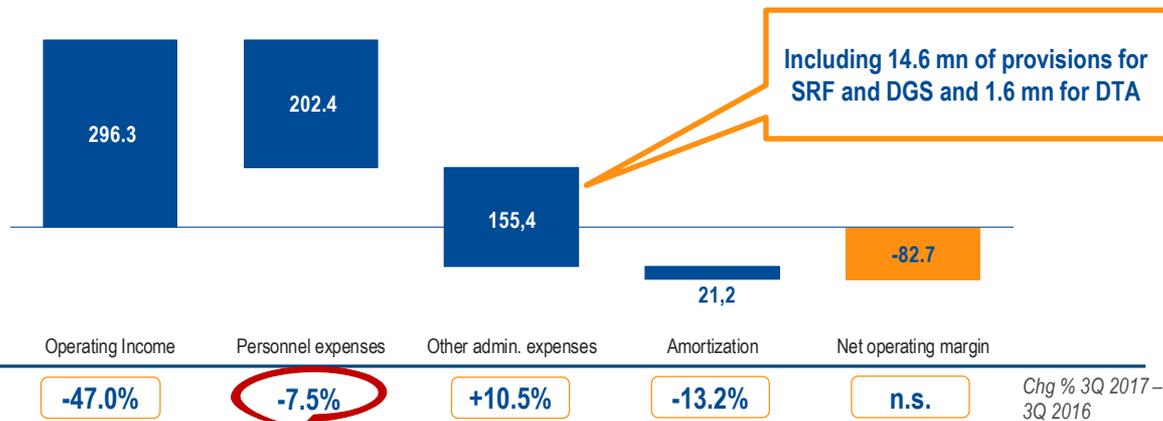
## Net fees breakdown - YoY



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

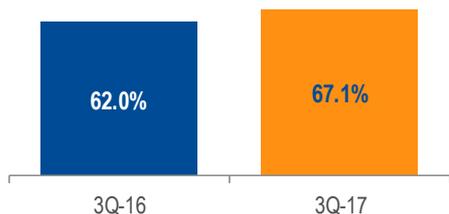
1. Credit policies and asset quality
2. Funding, liquidity and securities portfolio
3. Capital ratio
4. Revenues development
5. Cost management and Net profit development
6. Annexes

## Operating result development (€ mn)

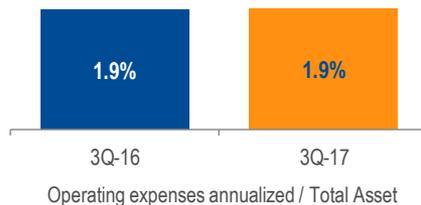


**Action plan Creval 2017-2018:**  
87 branches closed  
(of which 23 in 2016 and 64 in 2017)

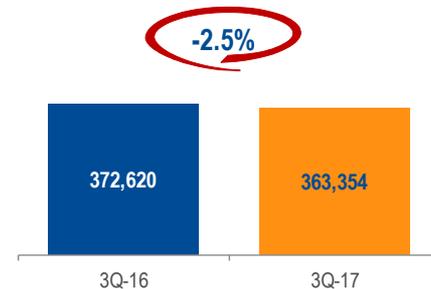
## Cost income ratio\*



## Cost to asset ratio\*

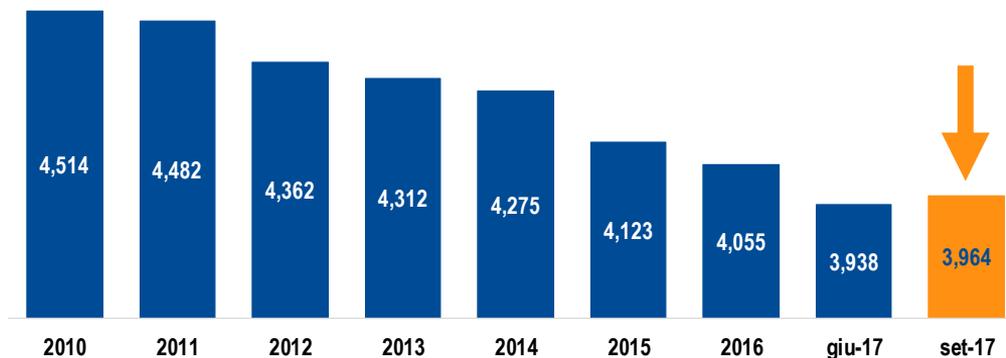


## Operating expenses\* (€ /1,000)



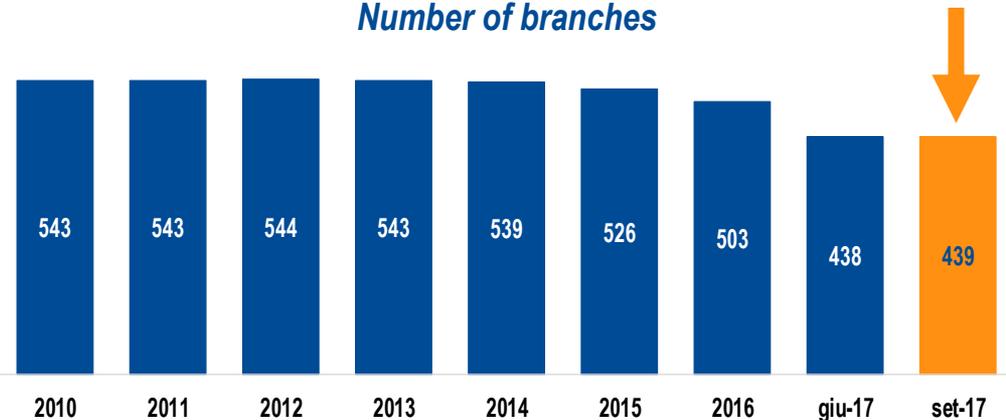
\* Pro-forma indicators (excluding extraordinary items in both periods).

## Number of employees



**-550 employees  
since 2010 (-12%)**

## Number of branches

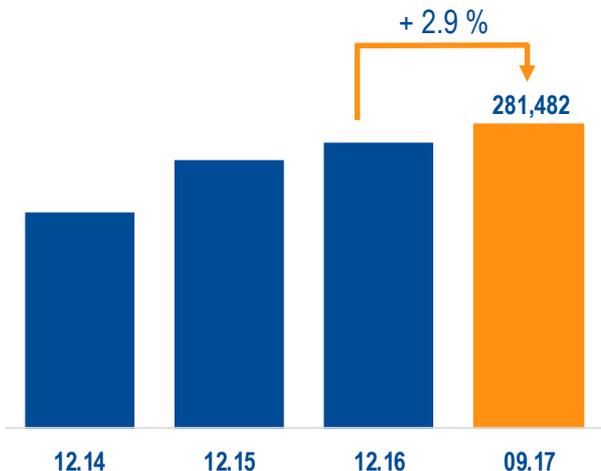


**-104 branches since  
2013 (-19%)**

**967 k customers**  
**Cross selling ~ 4.2**  
**Retention rate\*\* ~ 94.3%**

**bancaperta**

*Active Internet Banking Users*



*Bancaperta access 3Q 2017*



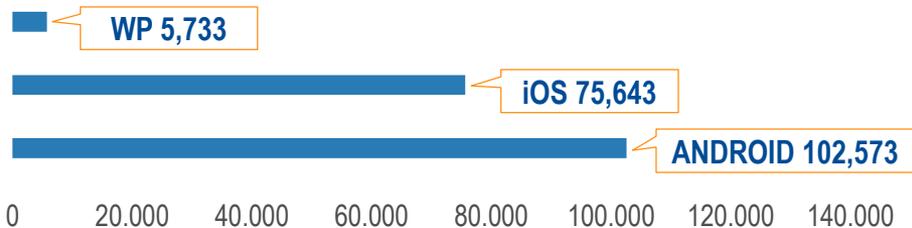
~ 183,949 downloaded apps\*

+8% YtD

\*\*Source: customer satisfaction survey – households – as at 30.09.2017

\*As at 30/09/2017; source: internal data

**Active app as at September 30, 2017: more than 183.000**  
(at least one access in the last 180 days)



**From app the 44% average daily access**

**Bancaperta considered by users the best banking app**

	Google play		Apple iTunes		Microsoft Store		Average rank
	Reviews	Rank	Reviews	Rank	Reviews	Rank	
<b>Credito Valtellinese</b>	<b>2,432</b>	<b>4.5</b>	<b>164</b>	<b>4.2</b>	<b>143</b>	<b>4.4</b>	<b>4.5</b>
Fineco	30,260	4.5	8,284	4.2	588	4.1	4.4
Unicredit	69,913	4.3	9,475	4.1	1,950	3.9	4.3
Credem	1,961	4.3	454	3.0	117	4.3	4.1
Banca Pop. Sondrio	1,827	4.2	438	4.0	n.d.	n.d.	4.2
Banca Pop. Milano	6,781	3.8	1,091	3.5	n.d.	n.d.	3.8
BPER	2,737	3.9	388	3.0	n.d.	n.d.	3.8
UBI Banca	5,905	3.7	989	2.5	n.d.	n.d.	3.5
Mediolanum	6,525	4.1	1,112	2.5	234	2.3	3.8
Intesa Sanpaolo	28,667	3.6	2,906	2.5	940	2.9	3.5
CheBanca!	11,777	4.1	1,919	3.5	423	2.5	4.0

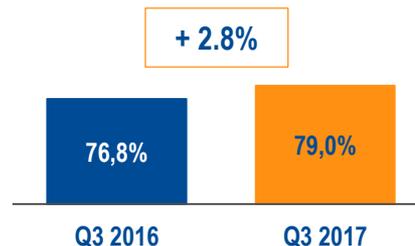
Source: internal data



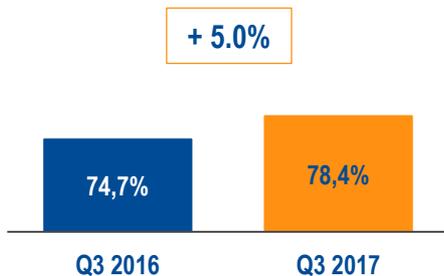
## % money transfer online



## % F24 online



## % trading online



## Fees and commissions on trading online



Source: internal data



Of which Atlante and other stake 39.3 mn

Increase of provisions in Q3 driven by the first effects of the adoption of a new credit value adjustments policy

Of which real estate deal 69.7 mn

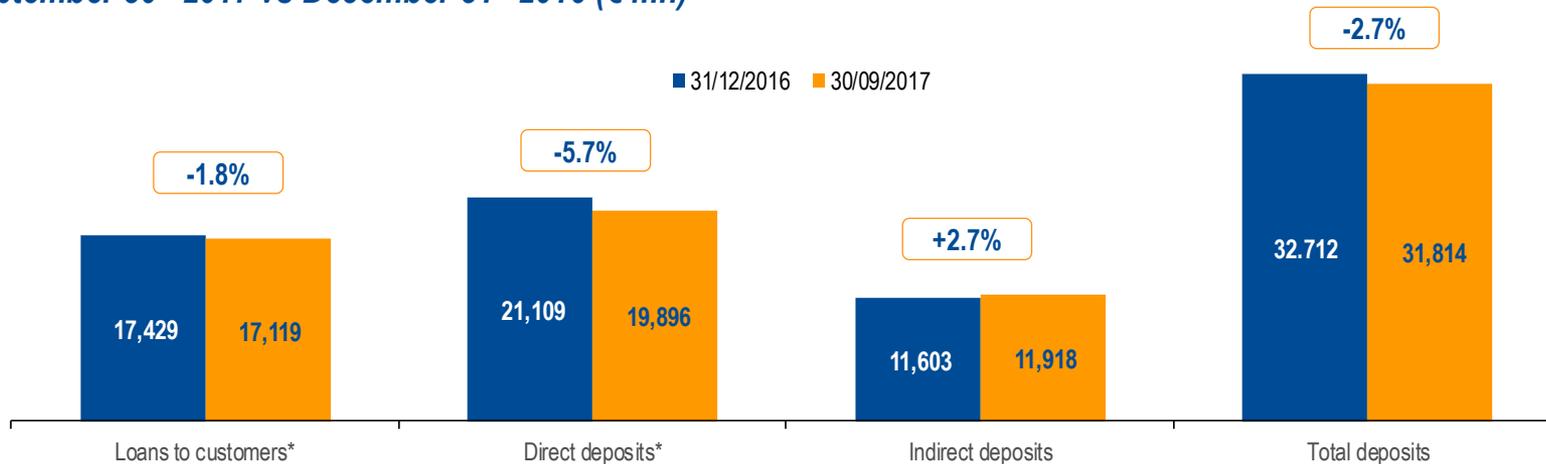
€ / 1.000	3Q 2017	3Q 2016	Chg %
<b>Net operating margin</b>	- 82,719	174,999	n.s.
Value adjustments	- 386,060	- 388,691	-0.7%
Net accruals to provisions for risks and charges	- 681	- 828	-17.8%
Net gains on sales of investments	68,877	26,261	n.s.
<b>Income before taxes</b>	- 400,583	- 188,259	n.s.
Tax for the period	126	55,169	n.s.
Minorities	- 2,159	- 2,956	-27.0%
<b>Net result</b>	- 402,616	- 136,046	n.s.

# Extraordinary Items

Extraordinary Items	September 2017
Loss for NLP disposal (Elrond)	-242.7
Loss for UTP disposal	-13.4
Sale of Anima stake	9.3
Operating income (Elrond)	5.0
Operating costs (Elrond)	-3.0
Personnel extraordinary contribution	7.5
Other administrative expenses (Elrond)	-7.0
Write off of Atlante Fund and other	-39.3
Effects of the adoption of a new credit value adjustment policy and minor Elrond effects	-193.7
Profit from sale of investment	69.7
<b>Extraordinary Items</b>	<b>-407.6</b>
Pre-Tax Result	-400.6
<b>Restated Pre-Tax Result</b>	<b>7.0</b>

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. Annexes

September 30<sup>th</sup> 2017 vs December 31<sup>st</sup> 2016 (€ mn)



Balance sheet structure	31/12/2016	30/09/2017
Indirect deposits from customers / Total deposits	35.5%	37.5%
Direct deposits from customers / Total liabilities	82.9%	79.7%
Loans to customers/ Direct deposits from customers	82.6%	86.0%
Loans to customers / Total assets	68.4%	68.5%

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

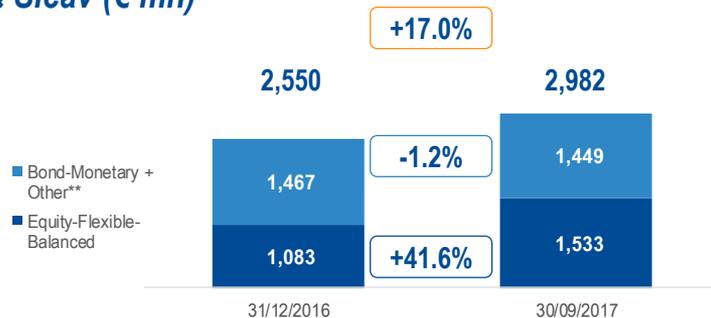
## Breakdown Individual accounts (€ mn)



## Breakdown Custody (€ mn)

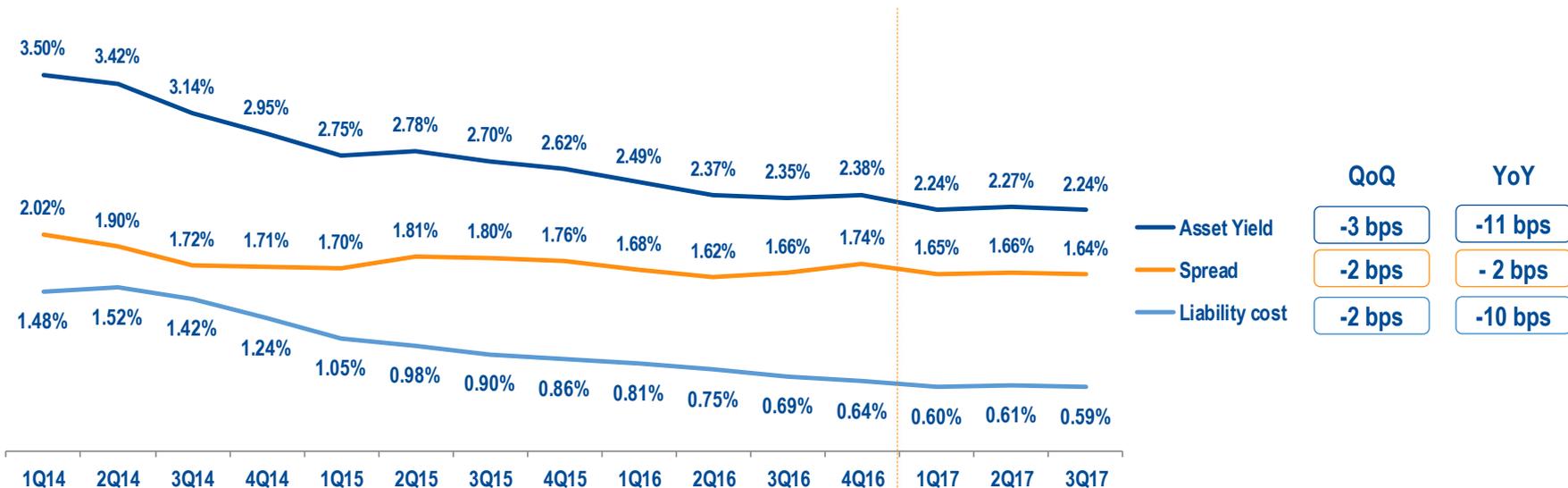


## Breakdown Funds & Sicav (€ mn)



\*\* Other including funds not of our placement

## Asset yield, liability cost and spread



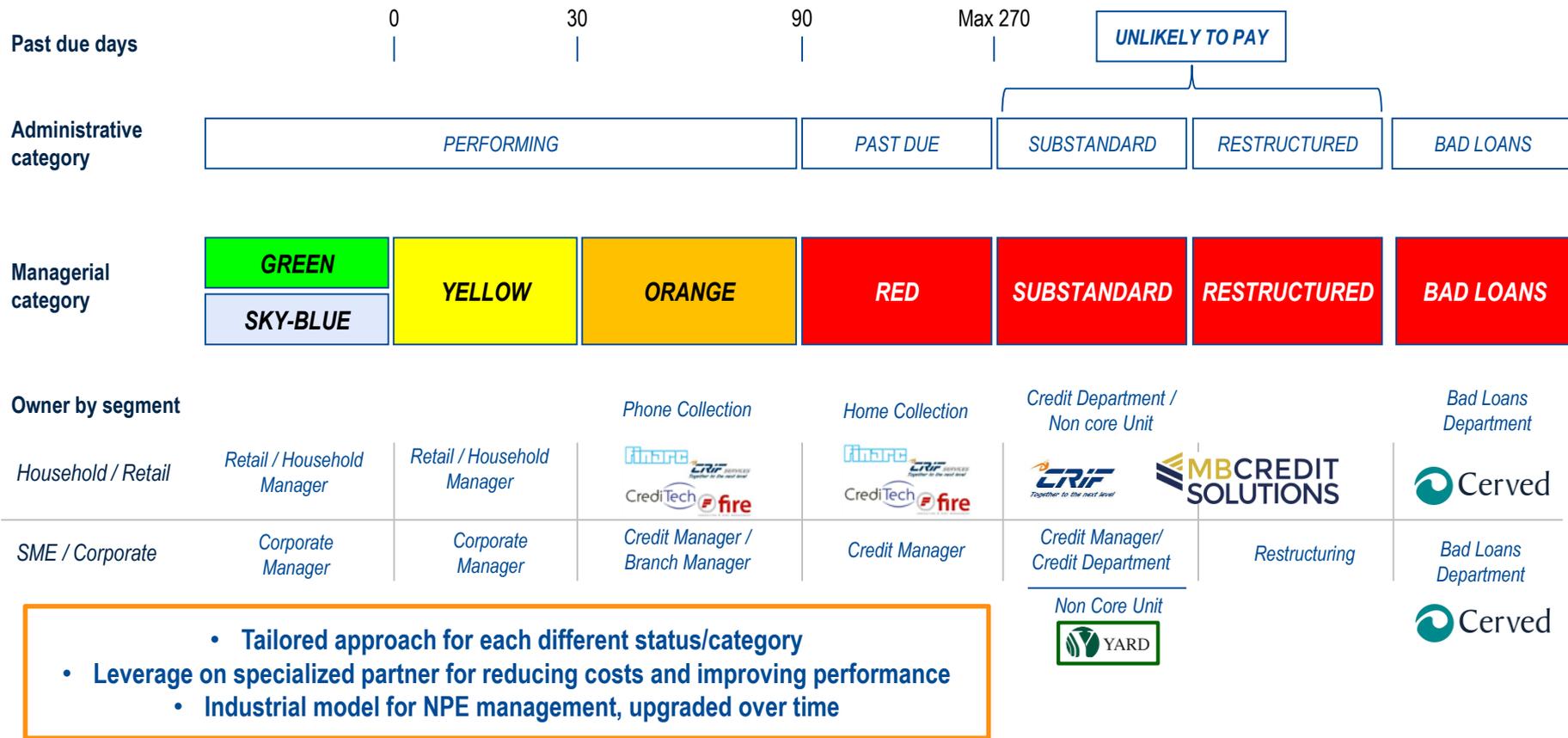
**Asset** = Loans to customers, loans to banks, financial assets  
**Asset yield** = Interest income / average bearing assets of the quarter  
**Liability** = due to customers, due to banks, securities issued  
**Liability cost** = Interest expenses / average bearing liability of the quarter



## Quarterly trend (€ mn)



# Annexes – NPEs management model



Mn €

30/09/2017	Gross amount	Impairment losses	Carrying amount	Coverage ratio
Bad loans	1,616	- 995	621	61.5%
Unlikely to pay loans	2,233	- 829	1,404	37.1%
Past due exposures	163	- 12	151	8.0%
<b>Total impaired loans</b>	<b>4,012</b>	<b>- 1,836</b>	<b>2,176</b>	<b>45.8%</b>
Performing loans	15,015	- 72	14,943	0.5%
<b>Total loans and receivables with customers</b>	<b>19,027</b>	<b>- 1,908</b>	<b>17,119</b>	

# Annexes – Reclassified balance sheet – quarterly figures

Assets	30/09/2017	30/06/2017	31/03/2017	31/12/2016	30/09/2016
Cash and cash equivalents	152,978	156,385	150,632	170,735	147,854
Financial assets held for trading	27,282	20,280	22,797	18,999	28,694
Available-for-sale financial assets	4,474,735	4,495,735	4,908,900	5,436,165	5,421,590
Held-to-maturity investments	885,186	810,229	624,471	-	-
Loans and receivables with banks	851,891	916,938	1,347,802	821,748	1,064,051
Loans and receivables with customers	17,119,206	16,857,488	17,281,485	17,429,196	17,813,992
Hedging derivatives	82	-	-	-	-
Equity Investments	25,130	23,268	9,742	9,559	9,574
Property, equipment and investment property and intangible assets	441,388	449,962	480,553	483,816	562,903
Non-current assets and disposal groups held for sale	6,928	507,709	32,071	1,498	864
Other assets	992,806	1,155,950	1,125,569	1,097,743	1,031,093
<b>Total assets</b>	<b>24,977,612</b>	<b>25,393,944</b>	<b>25,984,022</b>	<b>25,469,459</b>	<b>26,080,615</b>

Liabilities and Equity	30/09/2017	30/06/2017	31/03/2017	31/12/2016	30/09/2016
Due to banks	2,728,082	2,655,250	2,805,884	1,661,670	1,742,354
Direct funding from customers	19,896,215	20,023,354	20,168,413	21,108,765	21,103,638
Financial liabilities held for trading	1,827	674	411	1,468	759
Hedging derivatives	265,684	263,821	286,390	294,137	350,170
Other liabilities	552,140	727,207	802,722	437,838	727,939
Provisions for specific purpose	169,795	171,722	209,463	208,111	187,404
Equity attributable to non-controlling interests	2,844	3,378	3,586	4,040	3,775
Equity	1,361,025	1,548,538	1,707,153	1,753,430	1,964,576
<b>Total liabilities and equity</b>	<b>24,977,612</b>	<b>25,393,944</b>	<b>25,984,022</b>	<b>25,469,459</b>	<b>26,080,615</b>

## Annexes – Reclassified consolidated income statement

Income statement	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
<b>Net interest income</b>	<b>95,838</b>	<b>99,047</b>	<b>99,725</b>	<b>105,769</b>	<b>104,826</b>
Net fee and commission income	70,881	74,646	67,670	75,545	68,620
Dividends and similar income	24	2,586	290	33	80
Profit (loss) of equity-accounted investments	832	- 16	174	142	480
Net trading and hedging income (expense) and profit (loss) on sales/repurchases	- 240,543	- 1,282	12,092	- 36,062	- 15,449
Other operating net income	3,669	5,795	4,905	3,375	4,115
<b>Operating income</b>	<b>- 69,299</b>	<b>180,776</b>	<b>184,856</b>	<b>148,802</b>	<b>162,672</b>
Personnel expenses	- 68,068	- 59,193	- 75,122	- 127,358	- 72,443
Other administrative expenses	- 47,741	- 59,494	- 48,217	- 69,494	- 41,928
Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets	- 7,363	- 6,455	- 7,399	- 9,474	- 8,389
<b>Operating costs</b>	<b>- 123,172</b>	<b>- 125,142</b>	<b>- 130,738</b>	<b>- 206,326</b>	<b>- 122,760</b>
<b>Operating profit</b>	<b>- 192,471</b>	<b>55,634</b>	<b>54,118</b>	<b>- 57,524</b>	<b>39,912</b>
Net impairment losses on loans and receivables and other financial assets	- 17,047	- 321,102	- 47,911	- 102,541	- 236,914
Net accruals to provisions for risks and charges	- 639	1,024	- 1,066	11,493	1,055
Value adjustments of goodwill	-	-	-	- 68,797	-
Net gains (losses) on sales of investments	97	68,798	- 18	5,105	9
<b>Pre-tax profit (loss) from continuing operations</b>	<b>- 210,060</b>	<b>- 195,646</b>	<b>5,123</b>	<b>- 212,264</b>	<b>- 195,938</b>
Income taxes	2,603	- 801	- 1,676	16,622	41,557
<b>Post-tax profit (loss) from continuing operations</b>	<b>- 207,457</b>	<b>- 196,447</b>	<b>3,447</b>	<b>- 195,642</b>	<b>- 154,381</b>
Profit (loss) for the period attributable to non-controlling interests	- 331	- 739	- 1,089	- 1,415	- 801
<b>Profit (Loss) for the period</b>	<b>- 207,788</b>	<b>- 197,186</b>	<b>2,358</b>	<b>- 197,057</b>	<b>- 155,182</b>

- **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 September 30<sup>th</sup> 2017