Investor Presentation

Run²

Restart Under New-Normality

February 2018

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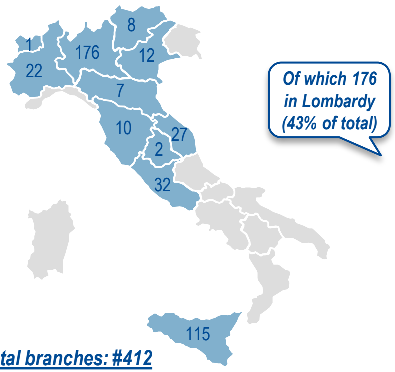
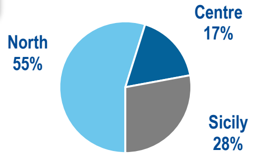
Agenda

1. **Executive Summary and 4Q2017 results**
2. Creval Business Plan 2018 – 2020
3. Consolidated Results as at September 30th 2017

Credito Valtellinese at a glance

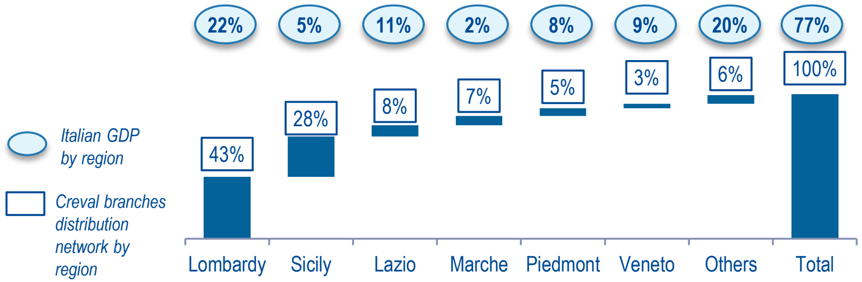
Geographical footprint[1]





Total branches: #412

Correlation: distribution network vs. Italian GDP by region[2]



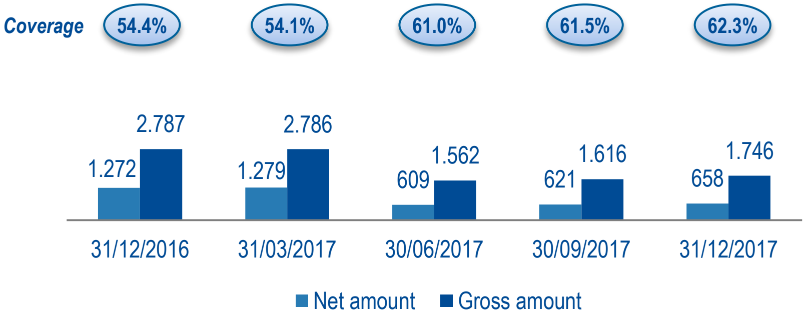
Overview

- Credito Valtellinese Group ("**Creval**" or the "**Group**") is a medium-size banking group, ranking 10 in terms of total assets, and is listed in the Italian stock exchange
- Parent company Credito Valtellinese was established in 1908 as a "popolare" bank in Sondrio, Lombardy, one of the wealthiest region of Italy
- Group branch network is primarily focused on northern regions
  - 65% of loans to customers are in North Italy, and 54% in Lombardy
  - Creval exposure to 77% of the Italian GDP
- Creval has important partnerships with top financial institutions in the asset management, consumer credit and leasing sectors. Additionally, the Group is finalising a bancassurance partnership with a top insurance player
- In 2016, Creval shareholders' meeting approved the transformation into joint-stock company

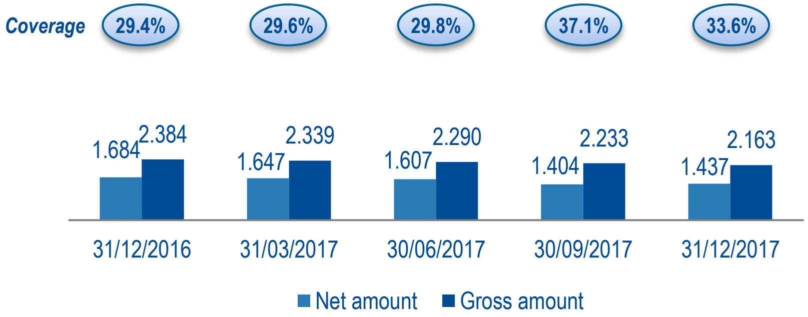
Notes: 1) Source: ABI online, last available data; 2) Source: Eurostat, Regional gross domestic product, 2015 data (last available)

Credit policies and asset quality – Non performing exposures (1/2)

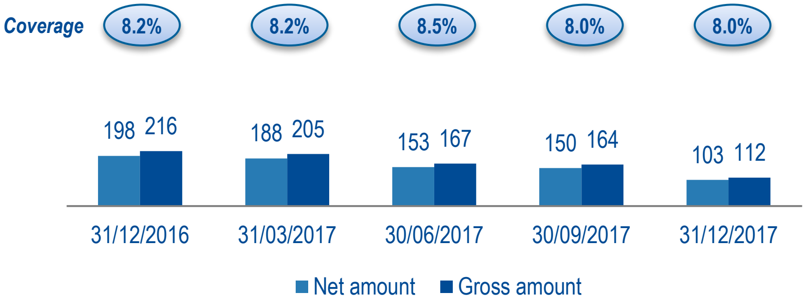
Bad loans evolution (€m)



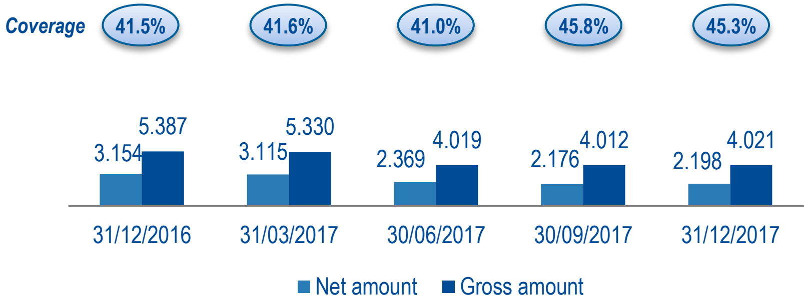
Unlikely to pay evolution (€m)



Past due evolution (€m)

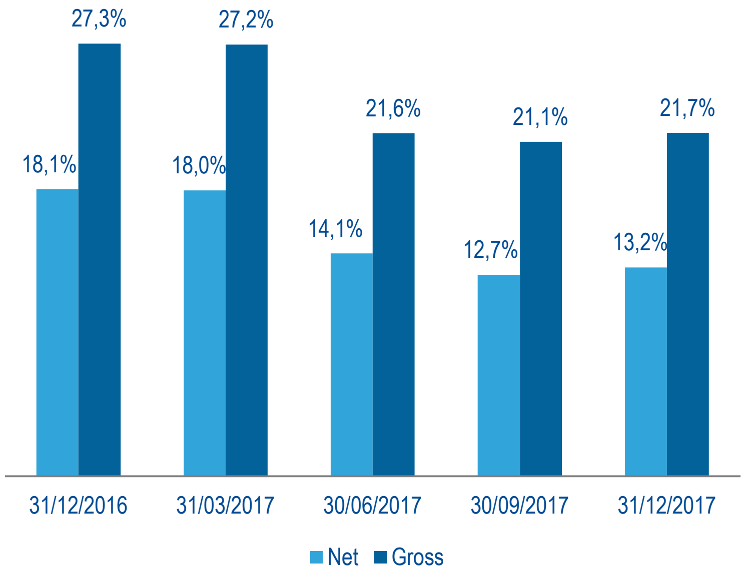


NPE exposures evolution (€m)

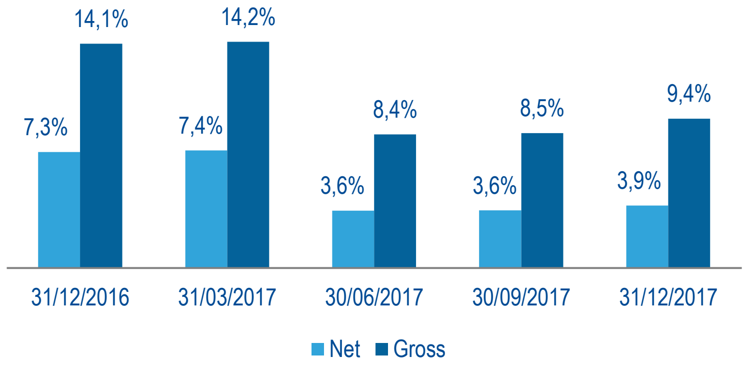


Credit policies and asset quality – Non performing exposures (2/2)

NPE ratio evolution (%)

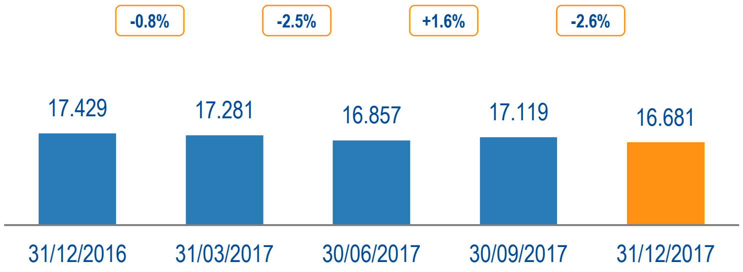


Bad loans ratio evolution (%)

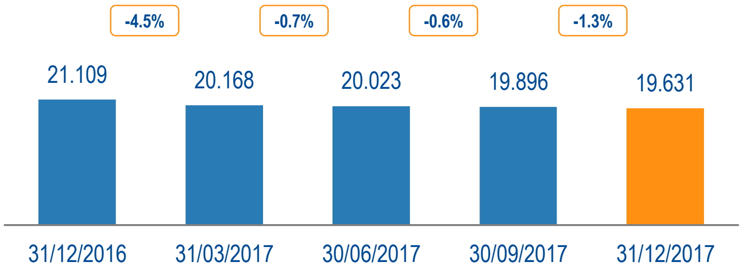


Balance sheet and funding

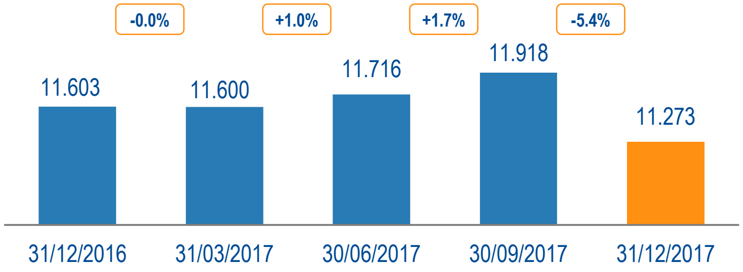
Customer loans evolution (€m)



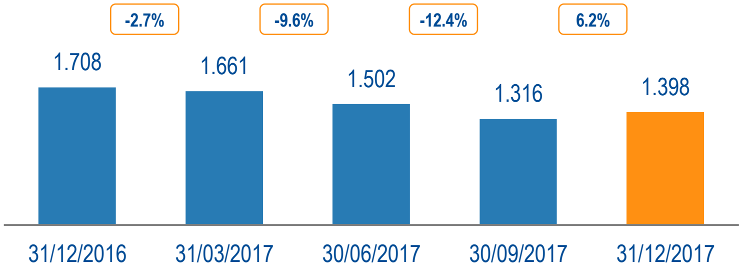
Direct funding evolution (€m)



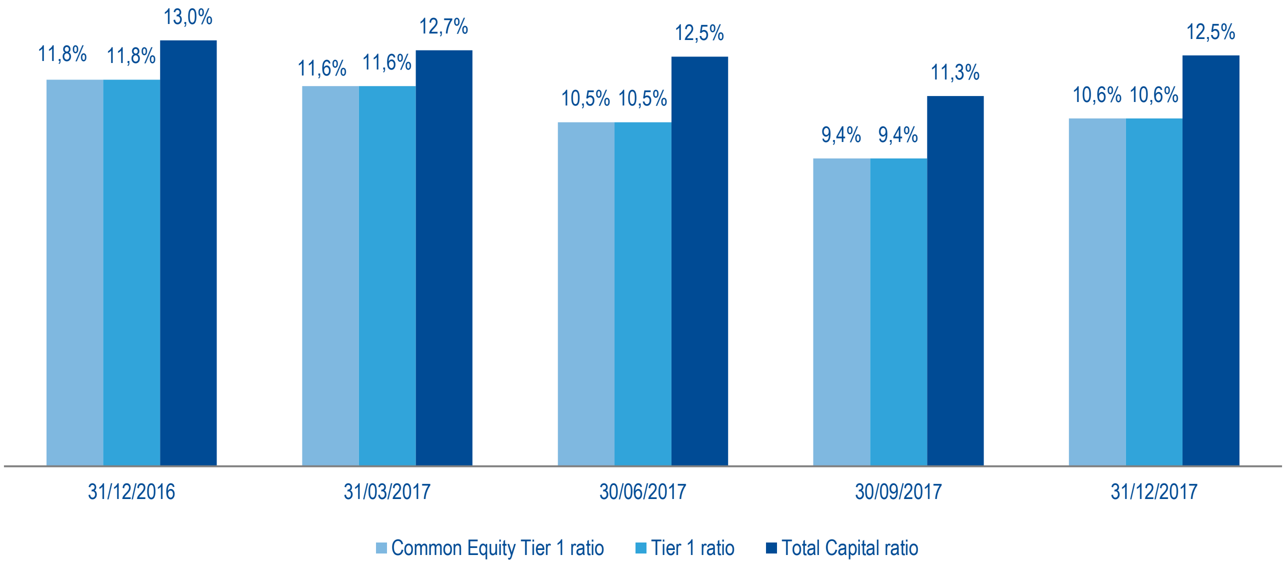
Indirect funding evolution (€m)



Tangible book value evolution (€m)

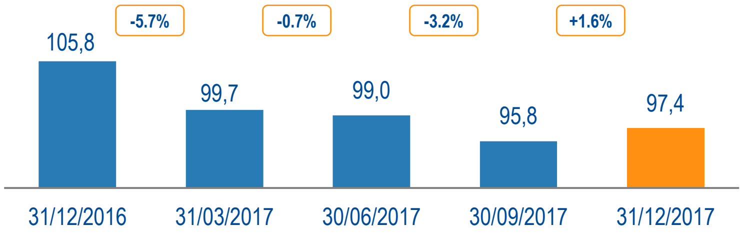


Capital ratios evolution – Phased in

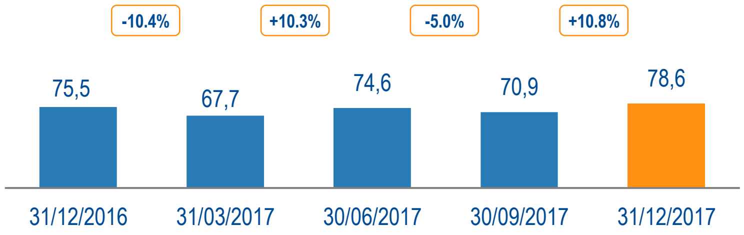


Key P&L indicators

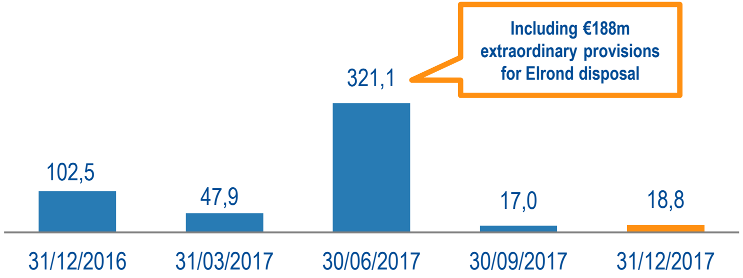
Net interest income evolution (€m)



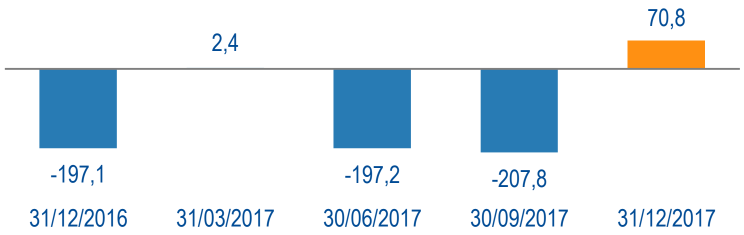
Fees & commissions evolution (€m)



Net impairment losses on loans and other fin. assets (€m)



Net income evolution (€m)



P&L 2017 – Stated and adjusted figures

Data in €m	Dec-17	Dec-17 adjusted
Net interest income	392.0	392.0
Net fees and commissions	291.8	291.8
Net interest & comm. income	**683.7**	**683.7**
Dividends and similar income	2.9	2.9
Profit (loss) of equity-accounted investments	1.3	1.3
Net trading and hedging income (expense) and profit (loss) on sales/purchases	-200.2	46.6
Other operating net income	20.4	18.4
Operating income	**508.1**	**752.9**
Personnel expenses	-270.4	-277.9
Other administrative expenses	-193.6	-186.6
Depreciation/amortization and net impairment losses on property equipment and investment property and intangible assets	-28.2	-28.2
Operating costs	**-492.3**	**-492.8**
Operating profit	**15.8**	**260.1**
Net impairment losses on loans and receivables and other financial assets	-404.9	-171.8
Net accruals to provisions for risks and charges	-4.0	-4.0
Value adjustments of goodwill	0.0	0.0
Net gains (losses) on sales of investments	68.9	-0.8
Pre-tax profit (loss) from continuing operations	**-324.2**	**83.5**
Income taxes	-4.0	-4.0
Post-tax profit (loss) from continuing operations	**-328.2**	**79.5**
Total profit or loss after tax from discontinued operations	0.0	0.0
Profit (loss) for the period attributable to non-controlling interests	-3.7	-3.7
Profit (loss) for the period	**-331.8**	**75.9**

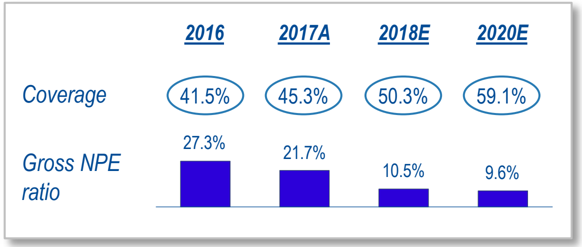
Extraordinary items (€m)

Extraordinary Items	December 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	-39.4
Effects of the adoption of a new credit value adjustment policy and minor Elrond effects	-193.7
Profit from sale of investment	69.7
Extraordinary Items	**-407.7**
Pre-Tax Result	-324.2
Restated Pre-Tax Result	**83.5**

The three business plan pillars

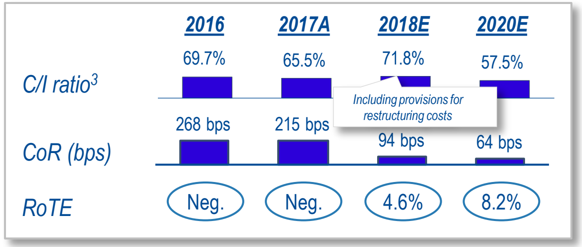
1 Asset quality and coverage ratio

- Actions for decisive balance sheet derisking through:
  - NPEs disposal with GACS (1.60€bn GBV)
  - Other NPEs disposal (0.5€bn GBV)
  - Increase of NPEs coverage ratios



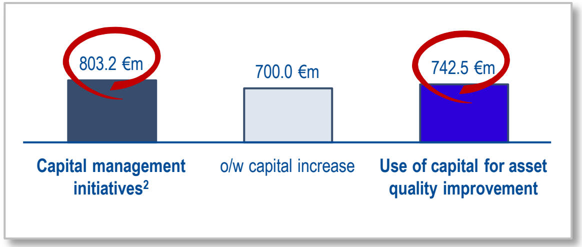
2 Relaunch efficiency and profitability

- Improve operational efficiency
- Redundancy fund
- Cost of risk reduction
- Further actions aimed at strengthening business profitability



3 Capital strengthening

- 700€m rights issue fully pre-underwritten[1]
- Non core assets disposals under way
- *On top of the capital plan: AIRB models adoptions[4], and IFRS 9 FTA*



Notes: 1) Pre-underwriting commitment subject to conditions in line with market practice for similar transactions and other specific provisions – See the press release for details; 2) Including 2018 expected net earnings; 3) Cost income adjusted calculated as adjusted operating costs divided by adjusted operating income; 4) Subject to regulatory approval

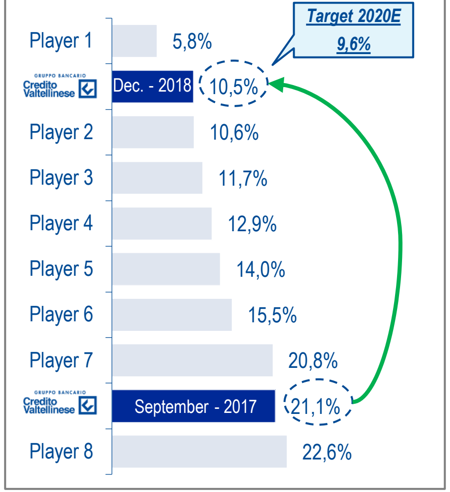
Key business plan targets

	2017A	2018E	2020E
CET1 pre AIRB (fully loaded)	10.4%	11.0%	11.6%
Texas ratio	124.8%	74.7%	62.4%
LCR	259%	>100%	>100%
Net NPE ratio	13.2%	5.5%	4.2%
Gross NPE ratio	21.7%	10.5%	9.6%
NPE coverage	45.3%	50.3%	59.1%
C/I ratio	65.5%[1]	71.8%	57.5%
RoTE	Neg.	4.6%	8.2%

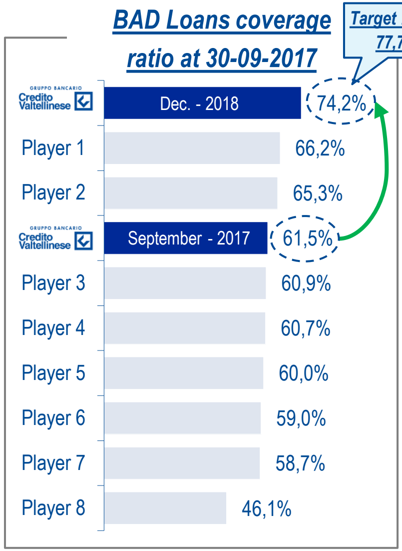
Note: 1) Calculated on adjusted figures

Improvement of Creval's risk profile

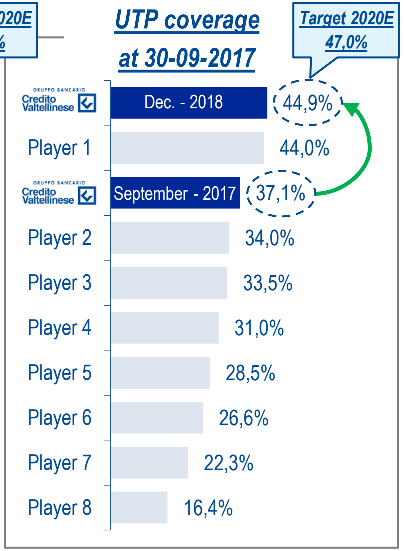
Gross NPE ratio at 30-09-2017



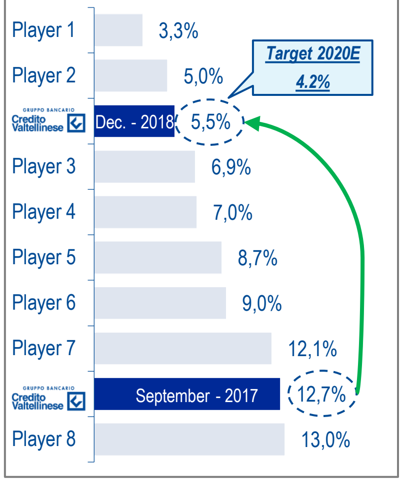
BAD Loans coverage ratio at 30-09-2017



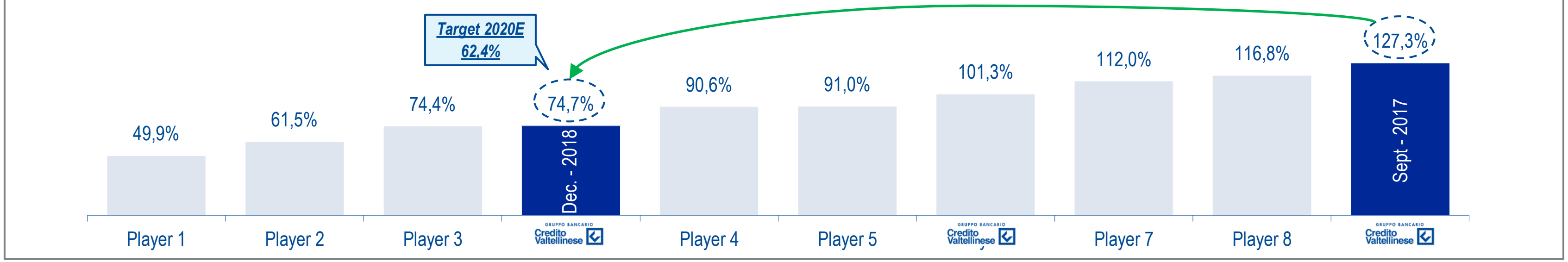
UTP coverage at 30-09-2017



Net NPE ratio at 30-09-2017



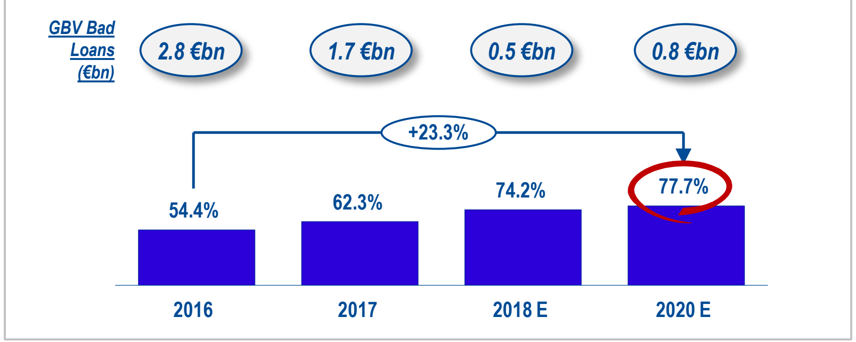
Texas Ratio at 30-09-2017 (1)



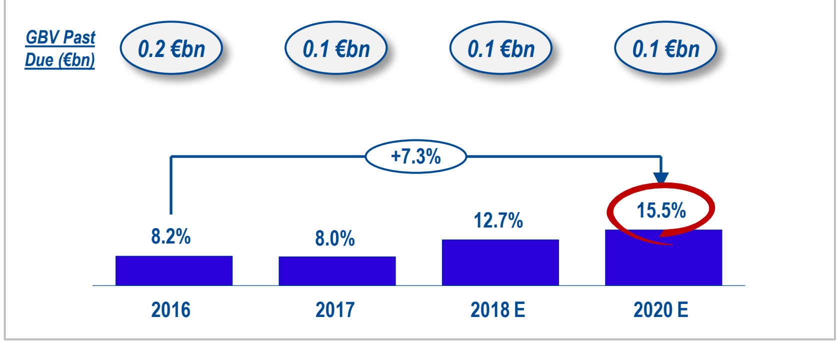
Source: Data as of September, 30th 2017 for other Italian banks. Player : UniCredit, Intesa Sanpaolo, Banco BPM, Bper, Cariparma, Banca Popolare di Sondrio, Credem, Ubi Banca

NPE plan – evolution of coverage ratio

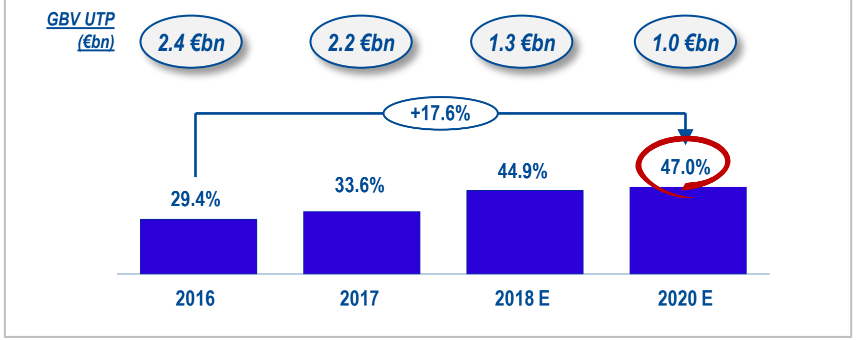
Bad loans coverage ratio



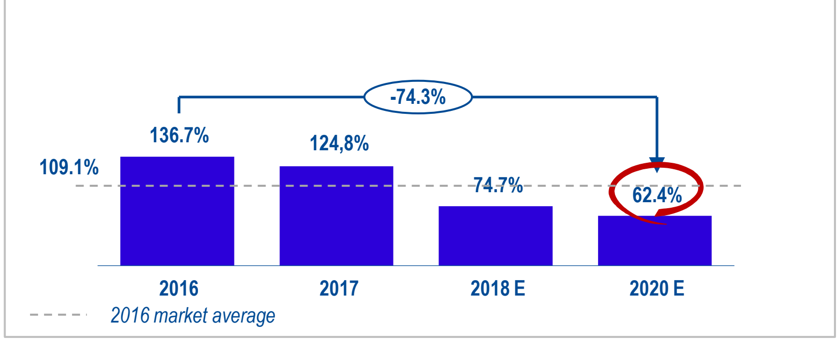
Past due coverage ratio



UTP coverage ratio



Texas ratio[1]



Note: 1) Calculated as = Gross NPE / (tangible book value + analytics adjustment funds)

GRUPPO BANCARIO Credito Valtellinese

Asset quality and derisking – track record and new transactions

Total disposal 2017 - 2020 more than 3.65 €bn

Year	Disposal	Description	Disposed assets	Status
2017	Small portfolio disposal	• Disposed **74 €m** GBV secured bad loans (of which 24 €m in December 2017) at (**48.5% average valorization**)	74€m	✓
2017	Project Elrond	• Disposed **1.4€bn** bad loans through securitization in 2017 **through GACS** - Portfolio composition: 73.5% secured and 26.5% unsecured - **Price/gross book value: 34.5%**	1,400 €m	✓
2018	Project Aragorn	• **1.6€bn** bad loans portfolio to be disposed in 2018 **through GACS** • **Expected price in the range 30-35%**	1,600 €m	Started
2018	Project Gimli	• **0.5€bn bad loans** portfolio to be disposed in **second half of 2018** • **Expected price in the range 20-25%**	500 €m	To be activated
2019 – 2020	Single name disposal	• **Single Name NPE** disposal for 80€m (UTP and bad loans) in 2019 - 2020	80€m	To be activated

2.2 €bn

Capital buffer against deviations vis-à-vis the expected prices: FTA phasing in regime, recurring profitability, AIRB validation effect (subject to regulatory approval)

Cost of risk reduction through new credit policies, new early warning model and AIRB

New underwriting standards / policy

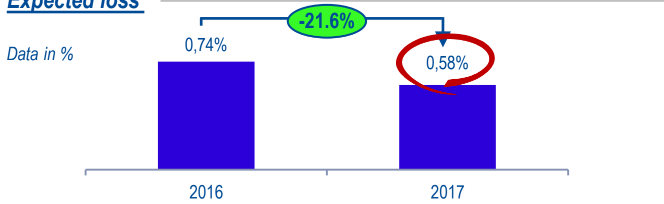
New credit policies

New early warning model

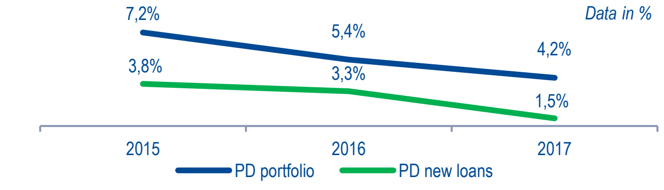
AIRB model implementation

Results achieved

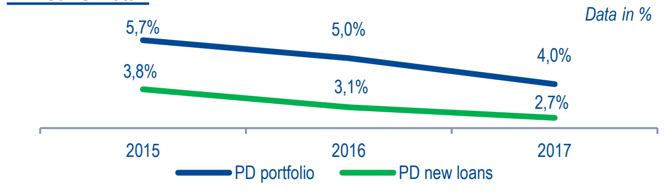
Expected loss



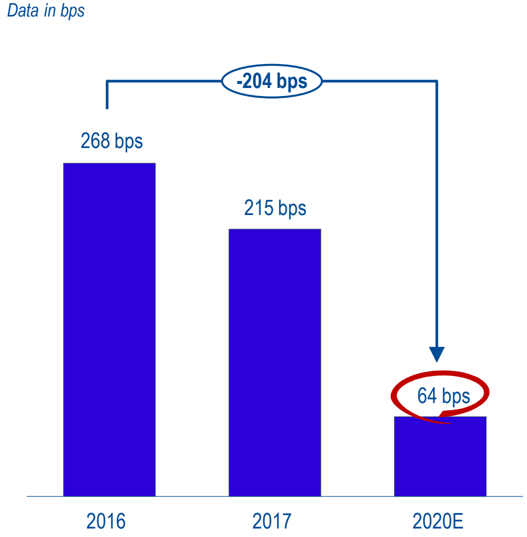
PD loans Corporate



PD loans Retail



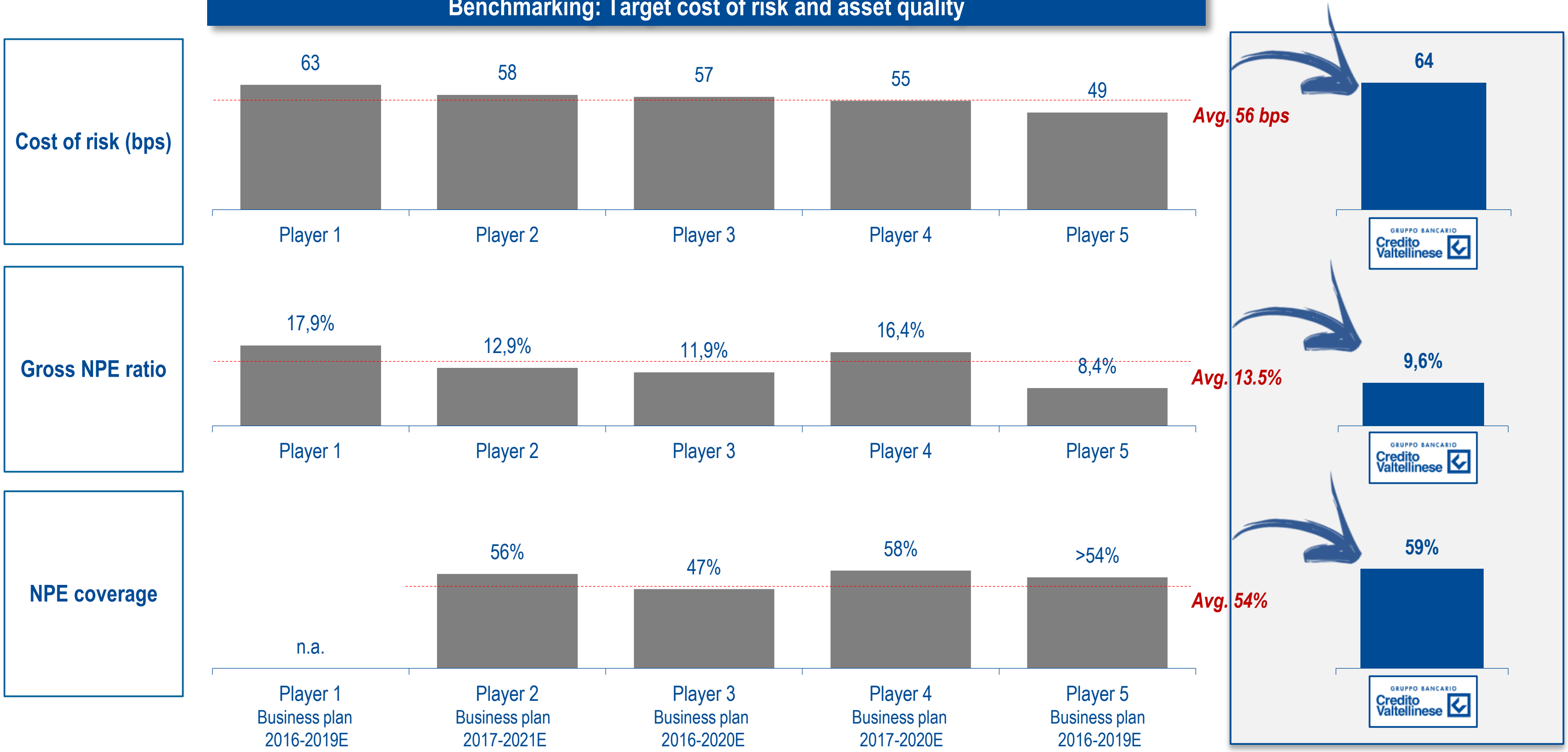
Cost of risk evolution



Thanks to the actions envisaged in the Business Plan, a strong reduction of the cost of credit is expected

Achievable and conservative cost of risk target

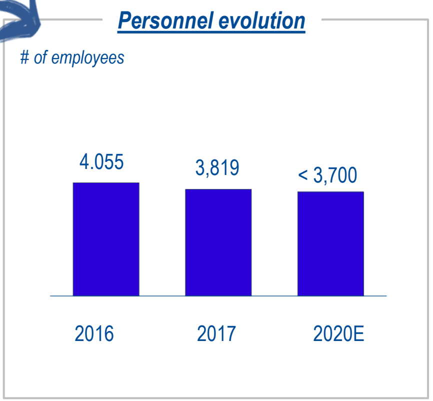
Benchmarking: Target cost of risk and asset quality

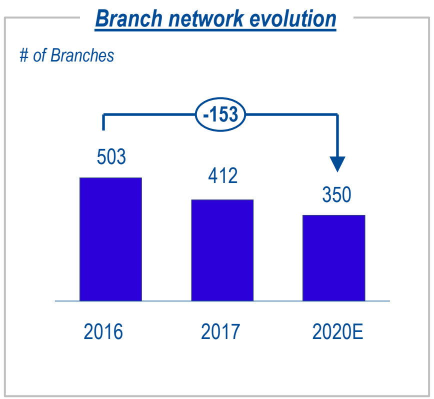


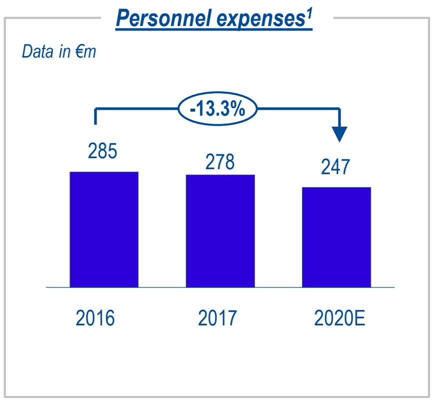
Source: Company disclosure

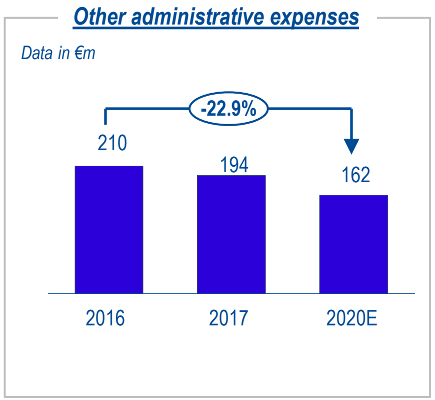
Group simplification through reduction of personnel, branches and other costs

Lean banking	• Lean banking model through further organizational simplification and a specific cost optimization program
Digital migration	• Migration from traditional channel to digital ones also through the development of an advanced online banking and innovative self-branches concept
ICT management	• Development of Creval Sistemi e Servizi, also through partnership, in order to optimize the cost base, improve the time to market and to face the investment needed in the future (blockchain, cyber security…)
Industrial transformation	• IT Investments for around 44€m to support the industrial transformation and evolution of the Group







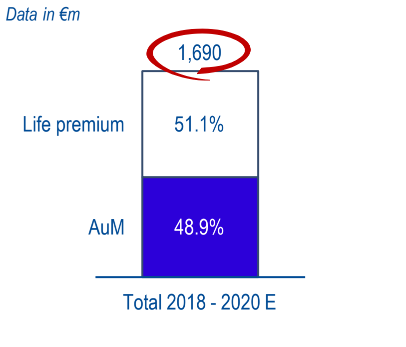


Note: 1) Net of extraordinary expenses

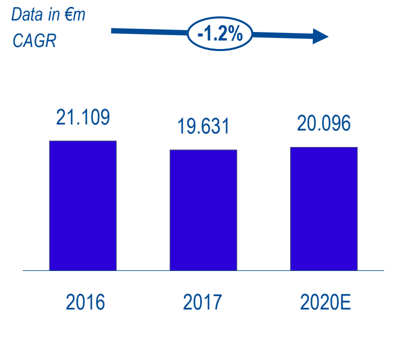
Commercial improvement

Bancassurance and AUM	• Improvement of the bancassurance performance also through the partnership with major insurance players • Further development of the strategic partnership with ANIMA
Big data	• Big data management through CRM development
Digital banking	• Further improvement of the digital offer strategy (Bancaperta)
Performance management	• Development of performance management tools designed for real time monitoring
Value lending	• "Value lending" development (i.e. personal loans)
High value product	• Factoring business already put in place; strengthening of the trade finance business through dedicated resources and budget and development of a dedicated offering for the agriculture sector

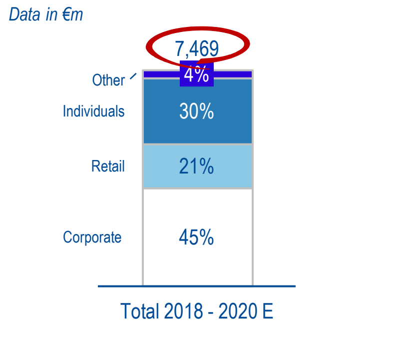
Indirect funding net inflows



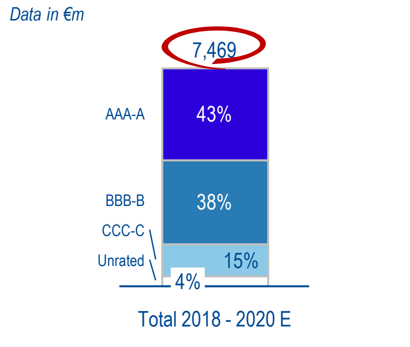
Direct funding evolution



Loans disbursement by segment

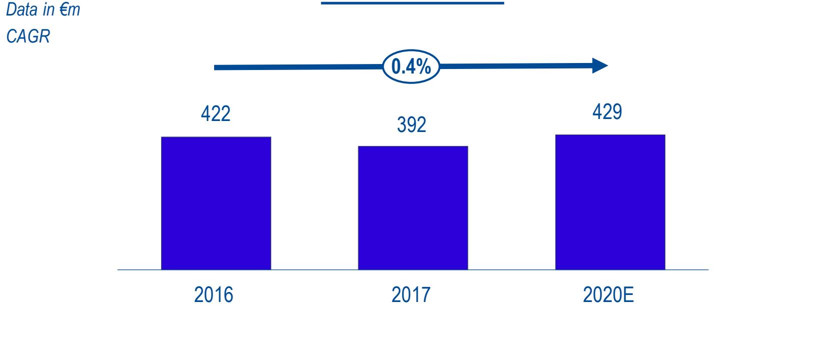


Loans disbursement by rating

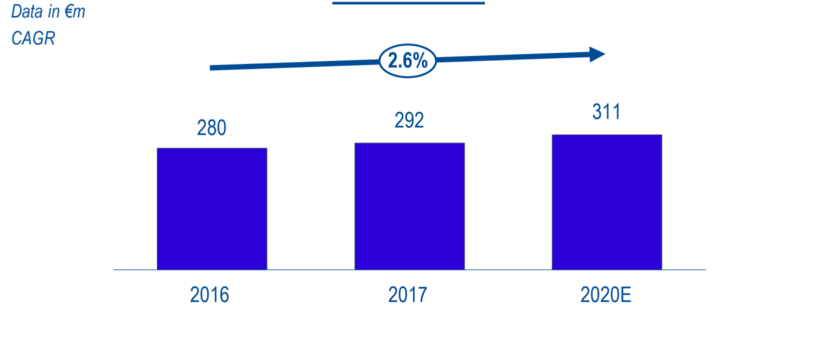


Net interest income and net commission evolution

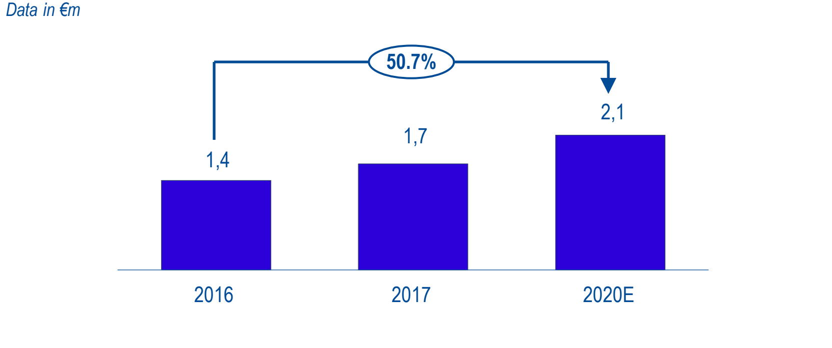
Net interest income



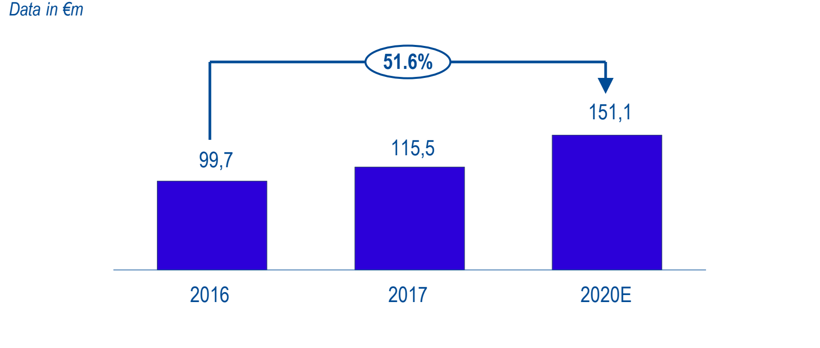
Net commission



Net interest and commission income by branch



Gross banking asset[1] by branch



Legend: xx CAGR %

Note: 1) Calculated as: Direct deposit + Indirect funding + Customer loans

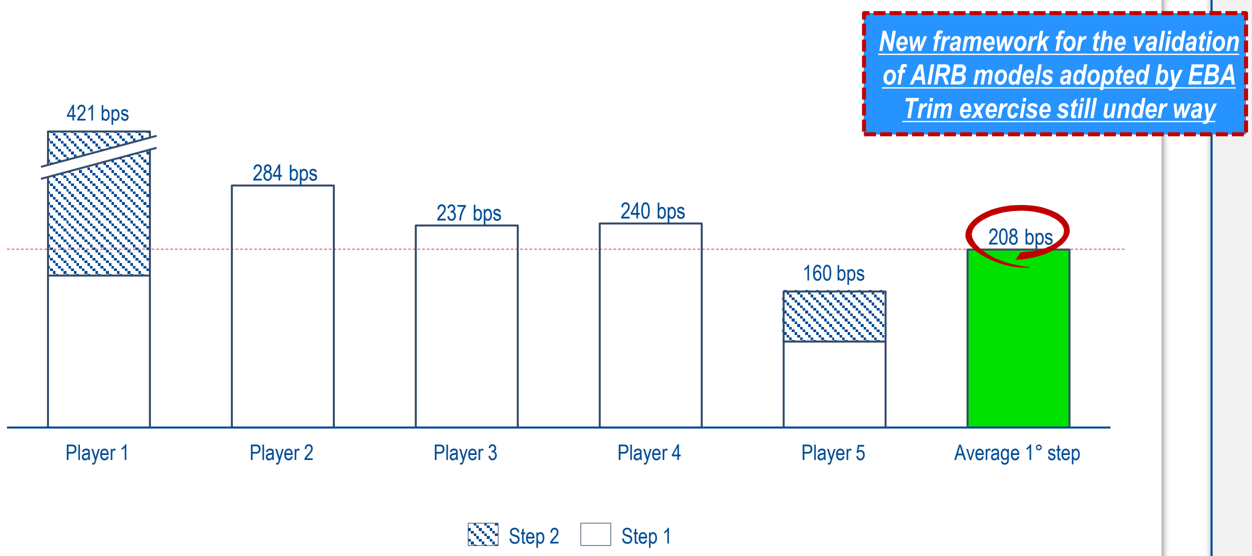
Capital increase and disposal of non core asset

Action	Description	CET1 Impact [1]
Capital increase	• **700€m rights issue** fully pre-underwritten by a Syndicate of banks[2] • Issue of new ordinary shares with pre-emptive rights to current shareholders • Timetable: Launch expected in 1Q2018 subject to market conditions and regulatory approval • Syndicate structure: Mediobanca (Sole Global Coordinator and JBR), Banco Santander, Barclays, Citi, Credit Suisse (Co-Global Coordinators and JBR), Commerzbank and Jefferies (Senior Joint Bookrunners) and KBW and Equita SIM (Joint Bookrunners)	**+510 bps**
Disposal of non core assets	• Disposal of non core assets / minority stakes with a positive impact on CET1 capital for c.60€m and c.40€m RWA release	**+ 50 bps**
		+ 560 bps

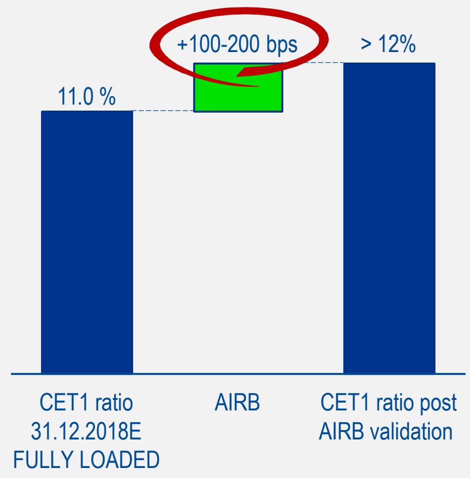
Notes: 1) Impact calculated on 31.12.2017 expected; ratios estimated pre AIRB validation. 2) Pre-underwriting commitment subject to conditions in line with market practice for similar transactions and other specific provisions – See the press release for details.

Potential AIRB impact on CET1 Ratio

Benchmark: Impact in terms of CET1 Ratio –AIRB Approach[1]



Creval potential impact after the implementation of the derisking plan



Approval the AIRB model expected in 2018[2]

Note: 1) Only validations after 2009 are considered; capital impact calculated as the difference between the ratio between the reporting date before and after AIRB approval announcement.
2) Subject to regulatory approval

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Economic and financial projections 2017 – 2020E

		2017A Adj	2018E	2020E	CAGR 2017 Adj – 2020E
Income statement (€m)	Net interest income	392	394	429	+3,0%
	Net fees and commission income	292	296	311	+2,2%
	Net interest and commission income	**684**	**690**	**740**	**+2,7%**
	Other revenues[1]	69	33	24	-29,3%
	Operating costs	**-493**	**-520**	**-440**	**-3,7%**
	Net impairment losses on loans and other assets	-172	-161	-113	-13,0%
	Other elements[2]	-5	52	-2	-31,1%
	Income before taxes	**83**	**95**	**210**	**+36,0%**
	Taxes	-4	-18	-60	n.m.
	Net income[3]	**76**	**73**	**150**	**+25,4%**
Balance sheet (€m)	Direct deposits	19.631	20.068	20.096	+0,8%
	Indirect deposits	11.273	12.799	14.050	+7,6%
	Customer loans	**16.681**	**16.832**	**17.417**	**+1,4%**
	Book value	**1.442**	**1.603**	**1.834**	**+8,3%**
	Tangible book value	**1.398**	**1.587**	**1.818**	**+9,2%**

Legend: Bankit Schemes

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Notes: 1) Includes dividends and similar income, profit of equity-accounted investments, net trading and hedging income and profit on sales/purchases and other operating income; 2) Includes net accruals to provisions for risks and charges, value adjustments of goodwill and net gains on sales of investments; 3) P&L prepared taking into considerations all the estimated impairment increase on stage 3 financial assets related to First Time Adoption (FTA) of the new IFRS9 principle (reported in equity), net of minority interests

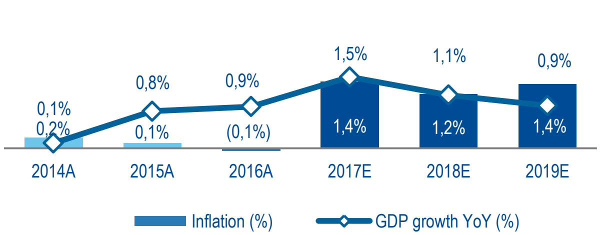
Annexes – Italian macroeconomic overview

Macroeconomic context

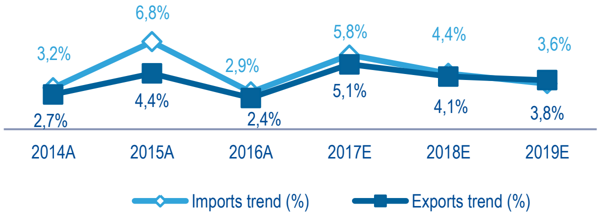
- The macroeconomic conditions in Italy have improved **for the fourth consecutive year**
- **GDP growth is projected to remain in positive territory, it is expected to reach 1.1% in 2018 and 0.9% in 2019**
  - Private consumption and business investments are expected to remain the main growth drivers
- Following zero annual average consumer price inflation, **the inflation will average 1.3% in the next three years**, driven largely by higher global energy prices
- **The growth of business investment has increased due to generous investment tax incentives** and companies' need to renew their productive capacity
- **The pace of exports of goods and services growth picked up through much of 2017**, supporter demand in the wider euro zone
- Leading indicators for manufacturing and services, and rising business and consumer confidence, point towards robust economic activity in the near term
- **The public debt ratio has stabilised in the last years but remains at high level, it is expected to decelerate from 2017**

Key macroeconomic data[2]

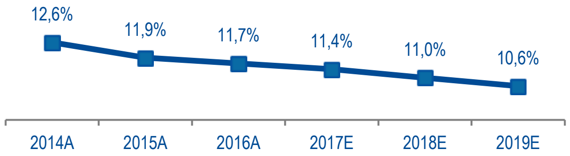
Inflation and GDP growth



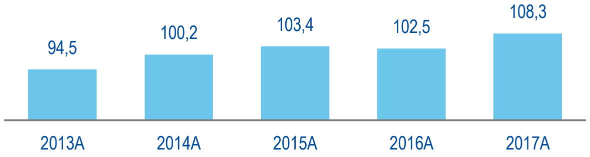
Exports and Imports trend



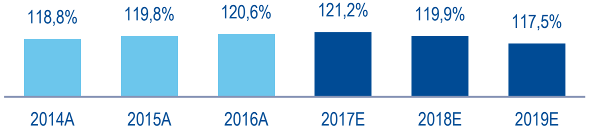
Unemployment rate



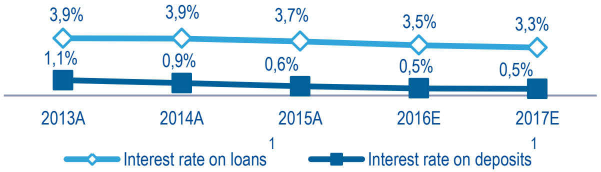
Business confidence index



Public debt / GDP



Interest rate trend



Note: 1. Interest rate on loans to households and deposits of households; 2. 2017 data as of October
Source: ECB, IMF, Bank of Italy

Annexes – Reclassified balance sheet – quarterly figures (€’000)

Assets	31/12/2017	30/09/2017	30/06/2017	31/03/2017	31/12/2016
Cash and cash equivalents	197.829	152.978	156.385	150.632	170.735
Financial assets held for trading	20.681	27.282	20.280	22.797	18.999
Available-for-sale financial assets	4.419.352	4.474.735	4.495.735	4.908.900	5.436.165
Held-to-maturity investments	-	885.186	810.229	624.471	-
Loans and receivables with banks	2.033.413	851.891	916.938	1.347.802	821.748
Loans and receivables with customers	16.680.944	17.119.206	16.857.488	17.281.485	17.429.196
Hedging derivatives	199	82	-	-	-
Equity Investments	24.371	25.130	23.268	9.742	9.559
Property, equipment and investment property and intangible assets	439.842	441.388	449.962	480.553	483.816
Non-current assets and disposal groups held for sale	3.955	6.928	507.709	32.071	1.498
Other assets	1.136.238	992.806	1.155.950	1.125.569	1.097.743
Total assets	**24.956.824**	**24.977.612**	**25.393.944**	**25.984.022**	**25.469.459**

Liabilities and Equity	31/12/2017	30/09/2017	30/06/2017	31/03/2017	31/12/2016
Due to banks	3.143.189	2.728.082	2.655.250	2.805.884	1.661.670
Direct funding from customers	19.631.283	19.896.215	20.023.354	20.168.413	21.108.765
Financial liabilities held for trading	713	1.827	674	411	1.468
Hedging derivatives	138.691	265.684	263.821	286.390	294.137
Other liabilities	431.330	552.140	727.207	802.722	437.838
Provisions for specific purpose	164.172	169.795	171.722	209.463	208.111
Equity attributable to non-controlling interests	5.352	2.844	3.378	3.586	4.040
Equity	1.442.094	1.361.025	1.548.538	1.707.153	1.753.430
Total liabilities and equity	**24.956.824**	**24.977.612**	**25.393.944**	**25.984.022**	**25.469.459**

Annexes – Reclassified consolidated income statement – quarterly figures (€'000)

Income statement	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net interest income	**97.353**	**95.838**	**99.047**	**99.725**	**105.769**
Net fee and commission income	78.561	70.881	74.646	67.670	75.545
Dividends and similar income	11	24	2.586	290	33
Profit (loss) of equity-accounted investments	289	832	-16	174	142
Net trading and hedging income (expense) and profit (loss) on sales/repurchases	29.506	-240.543	-1.282	12.092	-36.062
Other operating net income	6.065	3.669	5.795	4.905	3.375
Operating income	**211.785**	**-69.299**	**180.776**	**184.856**	**148.802**
Personnel expenses	-68.060	-68.068	-59.193	-75.122	-127.358
Other administrative expenses	-38.169	-47.741	-59.494	-48.217	-69.494
Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets	-7.010	-7.363	-6.455	-7.399	-9.474
Operating costs	**-113.239**	**-123.172**	**-125.142**	**-130.738**	**-206.326**
Operating profit	**98.546**	**-192.471**	**55.634**	**54.118**	**-57.524**
Net impairment losses on loans and receivables and other financial assets	-18.810	-17.047	-321.102	-47.911	-102.541
Net accruals to provisions for risks and charges	-3.350	-639	1.024	-1.066	11.493
Value adjustments of goodwill	-	-	-	-	-68.797
Net gains (losses) on sales of investments	-13	97	68.798	-18	5.105
Pre-tax profit (loss) from continuing operations	**76.373**	**-210.060**	**-195.646**	**5.123**	**-212.264**
Income taxes	-4.115	2.603	-801	-1.676	16.622
Post-tax profit (loss) from continuing operations	**72.258**	**-207.457**	**-196.447**	**3.447**	**-195.642**
Profit (loss) for the period attributable to non-controlling interests	-1.491	-331	-739	-1.089	-1.415
Profit (Loss) for the period	**70.767**	**-207.788**	**-197.186**	**2.358**	**-197.057**

Annexes – Focus on asset quality

Data in €m, unless otherwise stated	31/12/2016	31/03/2017	30/06/2017	30/09/2017	31/12/2017
Gross bad loans	2,787	2,786	1,562	1,616	1,746
Gross unlikely to pay	2,384	2,339	2,290	2,233	2,163
Gross past due	216	205	167	164	112
Gross NPE	5,387	5,330	4,019	4,012	4,021
Gross customer loans	19,750	19,582	18,584	19,027	18,566
Gross NPE ratio	**27.3%**	**27.2%**	**21.6%**	**21.1%**	**21.7%**
Gross bad loans ratio	**14.1%**	**14.2%**	**8.4%**	**8.5%**	**9.4%**

Data in €m, unless otherwise stated	31/12/2016	31/03/2017	30/06/2017	30/09/2017	31/12/2017
Net bad loans	1,272	1,279	609	621	658
Net unlikely to pay	1,684	1,647	1,607	1,404	1,437
Net past due	198	188	153	150	103
Net NPE	3,154	3,115	2,369	2,176	2,198
Net customer loans	17,429	17,281	16,857	17,119	16,681
Net NPE ratio	**18.1%**	**18.0%**	**14.1%**	**12.7%**	**13.2%**
Net bad loans ratio	**7.3%**	**7.4%**	**3.6%**	**3.6%**	**3.9%**

Agenda

1. Executive Summary and 4Q2017 results
2. **Creval Business Plan 2018 – 2020**
3. Consolidated Results as at September 30th 2017

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Credito Valtellinese

Creval Business Plan 2018 – 2020

Run^2

Restart Under New-Normality

November, 7th 2017

Disclaimer

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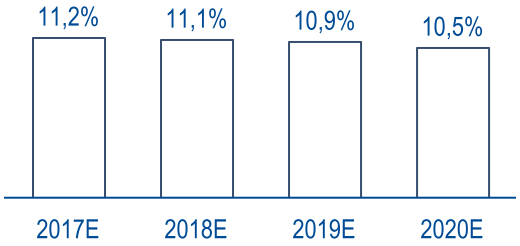
Agenda

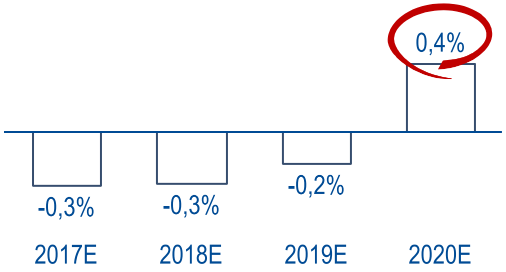
1. **Background**
2. The three business plan pillars
3. Capital management initiatives
4. Asset quality
5. Relaunch efficiency and profitability
6. Economic and financial projections 2018 - 2020

Macro-economic scenario included in the projections

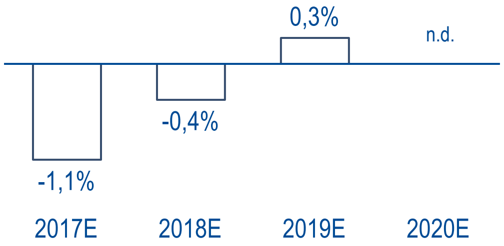
Unemployment (1)



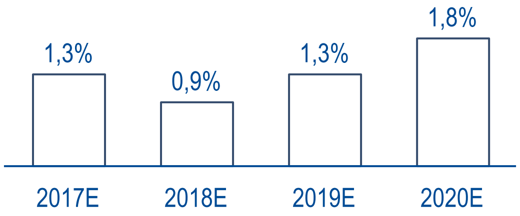
Euribor (1)



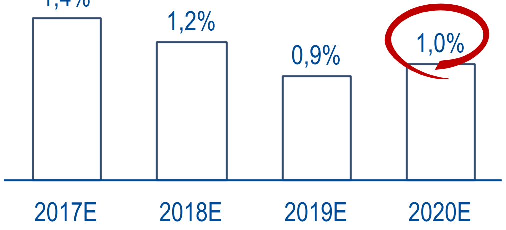
House price index (2)



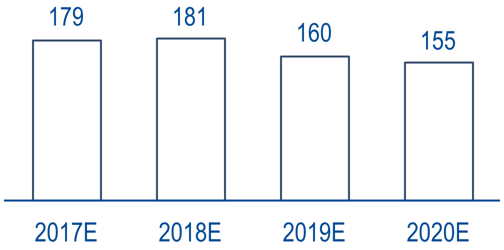
Inflation (consumer prices) (1)



GDP (average annual data) (1)



Spread BTP-BUND (in bps) (1)

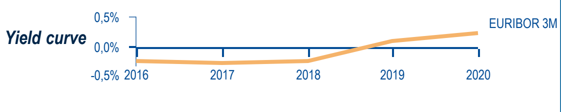


Source: (1) PROMETEIA – "Rapporto di Previsione Tavole dettagliate della previsione" - September 2017 ; (2) Nomisma – "Osservatorio sul mercato immobiliare 2° rapporto 2016"

Competitive background

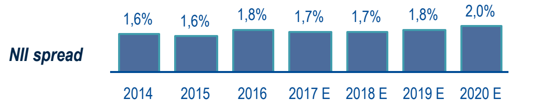
Pressure on interest rates

- Expected increase of the Euribor post 2019



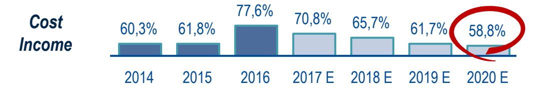
Pressure on revenues and review of the business model

- Focus on fee based revenue generation
- Review of the business and customer engagement model
- Research of new products/services



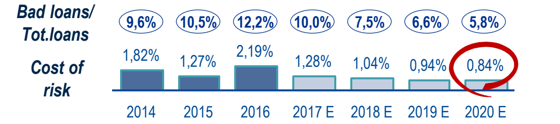
Improvement in operating efficiency

- Simplification and automation of processes
- Redesign and efficiency of front-end and back office processes
- "Obsessive" cost management



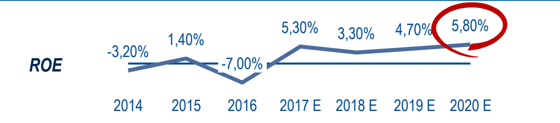
Progressive asset quality improvement

- Non performing stock expected decreasing from 2017
- Cost of risk expected under 100 basis point starting from 2019



Pressure on profitability

- ROE expected equal to approx. 6% in 2020, still with a significant gap with the cost of capital of the Italian banking sector and focusing banks on potential extraordinary operations to boost productivity



Regulatory impact

- Introduction of several new guidelines and principles shaping different aspect of the bank operations and business model
- Heavy adaptations needed in order to comply with new regulations

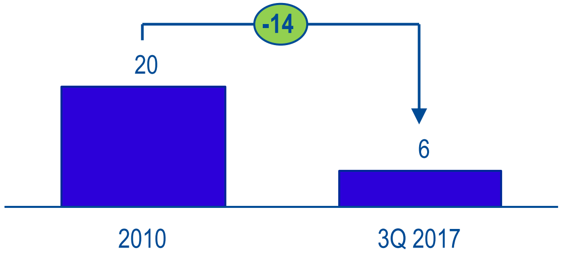
- *SREP*
- *MIFID 2*
- *Riforma Popolari*
- *IFRS 9*
- *BRRD*
- *MREL*
- *PSD2*
- *Guidance on NPL*
- *Guidelines on NPL for Less Significant*
- *Calendar provisioning*

Source: Analysis on Prometeia Forecast Report – July 2017

Creval – main recent evolution

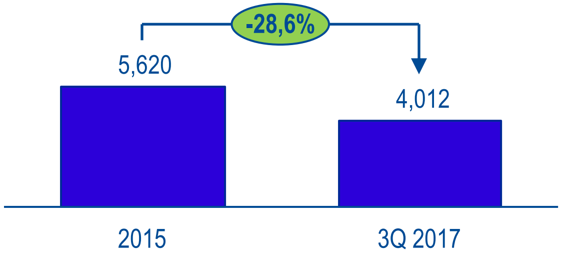
Creval Group Entities

Data in #



Gross NPE

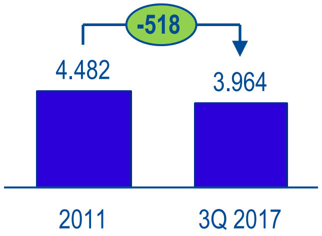
Data in €M



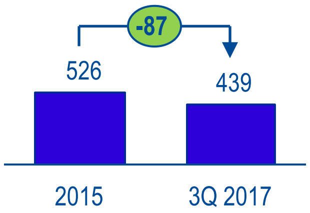
HR and Branches evolution

Data in #

Employees



N° of branches



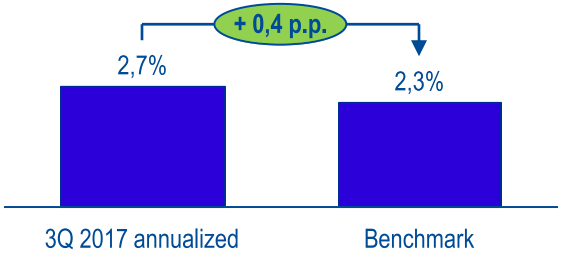
Operating Costs

Data in €M

Creval has to improve asset quality and efficiency

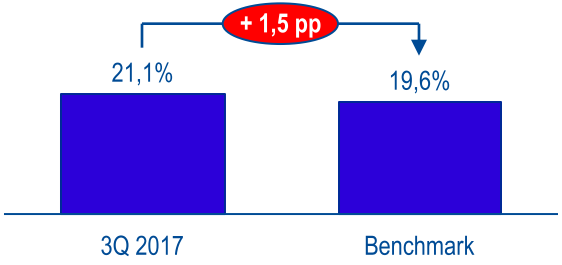
Net Interest and Commission Income / Total asset

Data in %



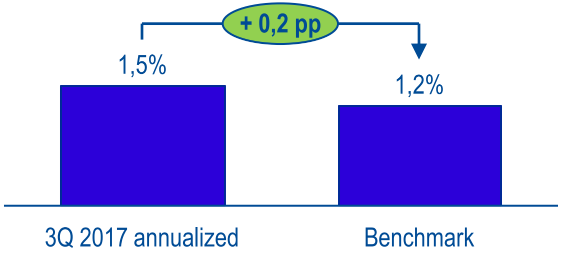
NPE Ratio

Data in %



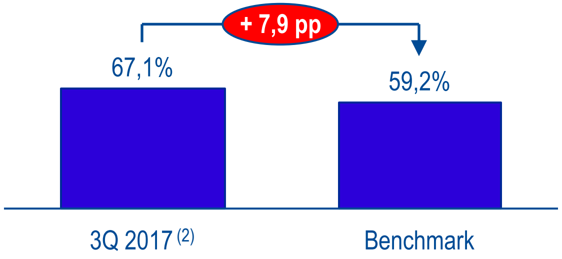
Operating income adjusted / Gross banking asset (1)

Data in %



Cost-income adjusted

Data in %



Notes: 1) Calculated as: Direct funding deposit + Indirect funding + Customer loans. 2) See page 9 for detail of adjustments

Source benchmark: Financial Statements 2016. Credem, Unicredit, Intesa San Paolo, Banca Popolare di Sondrio, UBI, Banco Desio, Banco BPM, MPS, BPER, Carige

1. Background
2. **The three business plan pillars**
3. Capital management initiatives
4. Asset quality
5. Relaunch efficiency and profitability
6. Economic and financial projections 2018 - 2020

The three business plan pillars

1 Capital strengthening

- 700€m rights issue fully pre-underwritten [(1)]
- Non core assets disposals
- *On top of the capital plan: AIRB models adoptions, subject to regulatory approval*

Capital management initiatives [(2)]	o/w capital increase	Use of capital for asset quality improvement
803,2 €M	700,0 €M	742,5 €M

2 Asset quality and coverage ratio

- Actions for decisive balance sheet derisking through:
  - NPEs disposal with GAGS (1,60€bn GBV)
  - Other NPEs disposal (0,5€bn GBV)
  - Increase of NPEs coverage ratios

	2016	3Q 2017	2018E	2020 E
Coverage	41,5%	45,8%	50,3%	59,1%
Gross NPE ratio	27,3%	21,1%	10,6%	9,6%

3 Relaunch efficiency and profitability

- Improve operational efficiency
- Redundancy fund
- Cost of risk reduction
- Further actions aimed at strengthening business profitability

	2016	3Q 2017	2018E	2020 E
C/I ratio [(3)]	69,7%	67,1%	71,8%	57,5%
CoR (bps)	268 bps	271 bps	94 bps	64 bps
RoTE	Neg.	Neg.	4,6%	8,2%

Including provisions for restructuring costs

Notes: 1) Pre-underwriting commitment of Mediobanca subject to conditions in line with market practice for similar transactions and other specific provisions – See the press release for details. 2) Including 2018 expected net earnings. 3) Cost income adjusted.

Agenda

1. Background
2. The three business plan pillars
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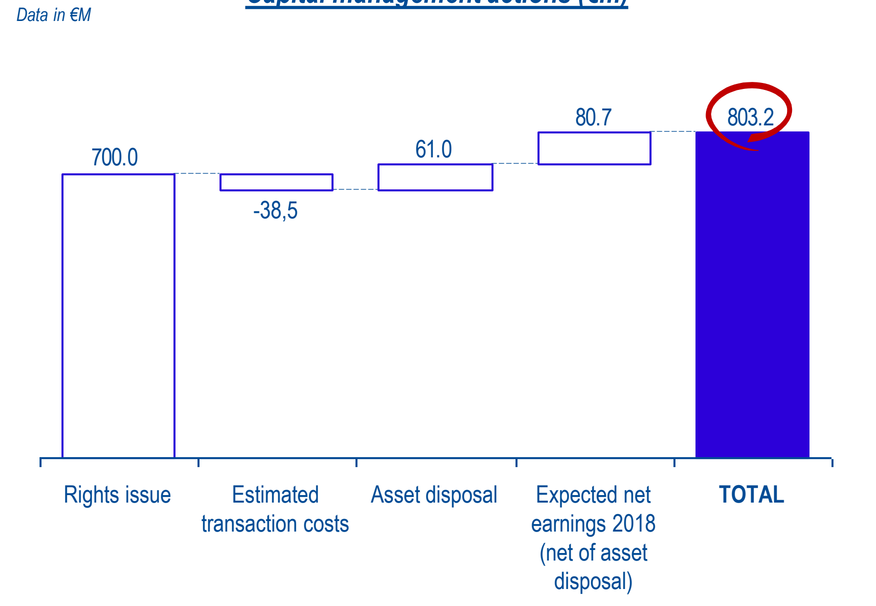
1 Capital increase and disposal of non core asset

Action	*Description*	*CET1 Impact (1)*
Capital increase	• **700€m rights issue** fully pre-underwritten by Mediobanca – Banca di Credito Finanziario S.p.A.(2) • Issue of new ordinary shares with pre-emptive rights to current shareholders • Timetable: – EGM to approve transaction: December, the 19th 2017 – Launch expected in 1Q2018 subject to market conditions and regulatory approval	**+480 bps**
Disposal of non core assets	• Disposal of non core assets / minority stakes with a positive impact on CET1 capital for c.60€m and c.40€m RWA release	**+ 47 bps**
		+ 527 bps

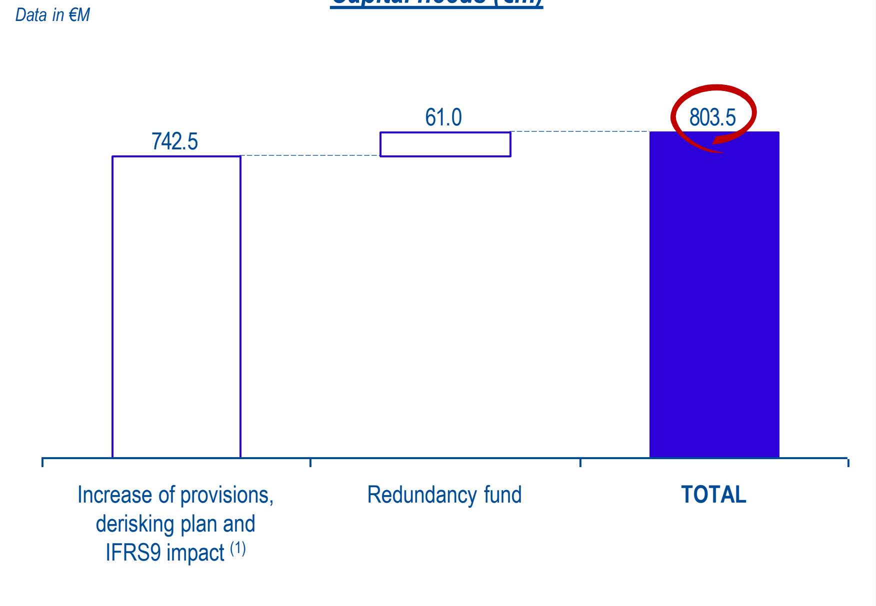
Notes: 1) Impact calculated on 31.9.2017 Expected; ratios estimated pre AIRB validation. 2) Pre-underwriting commitment of Mediobanca subject to conditions in line with market practice for similar transactions and other specific provisions – See the press release for details.

1 Capital reinforcement to cover derisking actions and improve efficiency levels

Capital management actions (€m)



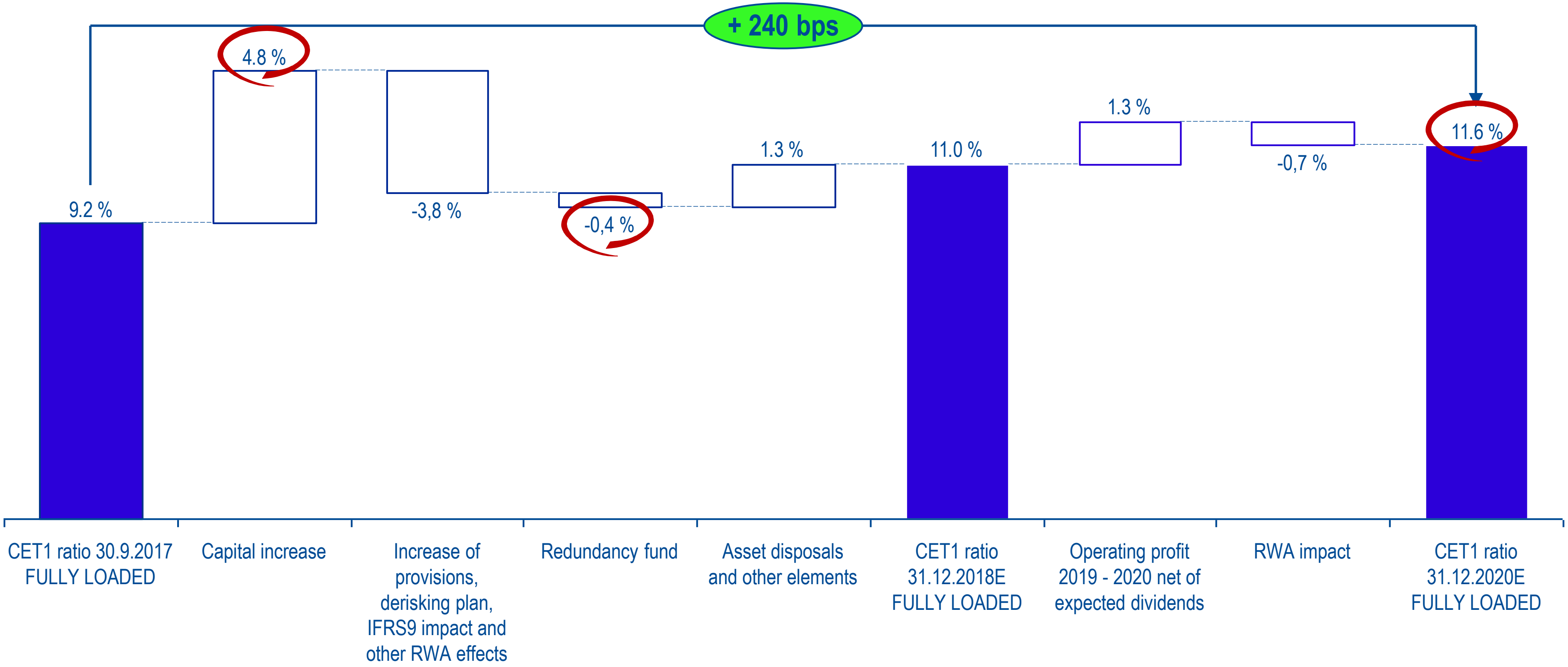
Capital needs (€m)



Capital reinforcement measures aimed at decisive derisking

Note: 1) Excluding the recurring cost of risk expected in 2018

1 Evolution of the CET1 Ratio[1] fully loaded before AIRB validation



Note: 1) Impact calculated on 31.9.2017

1 Creval AIRB framework

AIRB FRAMEWORK

1 Internal Models

CREVAL deploys credit models since 2007.
Internal models cover all relevant asset classes and have been or are being updated in order to include data as of 31/12/2016

	Corporate	SME Retail	Private individuals
PD	✓	✓	✓
LGD	✓ Unique model for the different regulatory asset classes		
EAD	✓ Unique model for the different regulatory asset classes		

2 Bank's core processes

In coherence with the progressive deployment of internal parameters, all the relevant risk management, credit approval and decision making processes have been refined accordingly

- RAF & Strategic Planning
- Credit Processes
- Reporting risk management
- Generic and Specific provisions
- Credit Monitoring
- Pricing Risk Based
- Performance Management System
- Credit Policy
- MBO

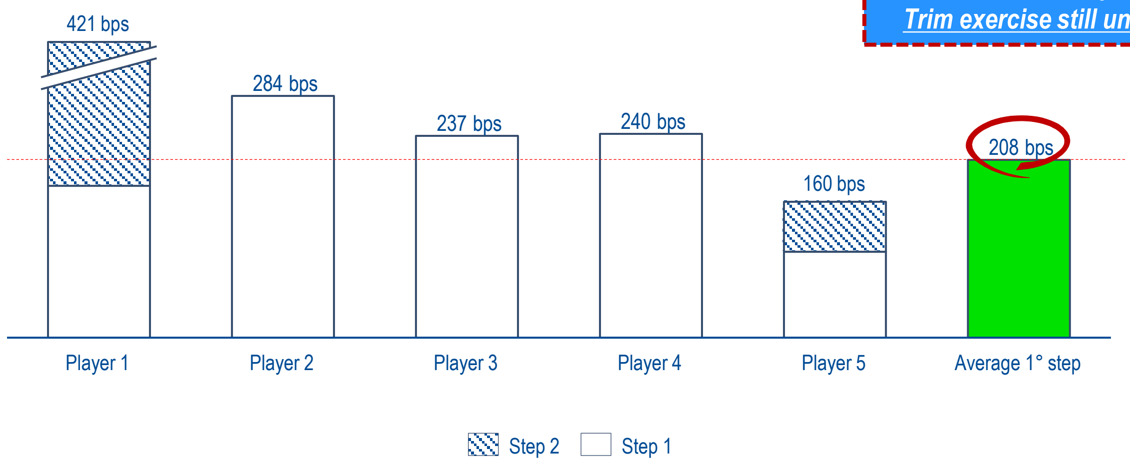
3 Information System

Ad hoc AIRB architecture has been implemented in order to allow both the internal models development and the subsequent release into the production environment for their effective use across Bank's internal processes

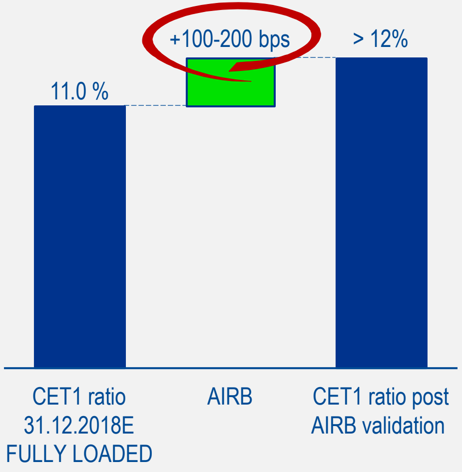
1 Potential AIRB impact on CET1 Ratio

Benchmark: Impact in terms of CET1 Ratio –AIRB Approach (1)

New framework for the validation of AIRB models adopted by EBA Trim exercise still under way



Creval potential impact after the implementation of the derisking plan



Approval of the internal model expected in 2018

- subject to regulatory approval -

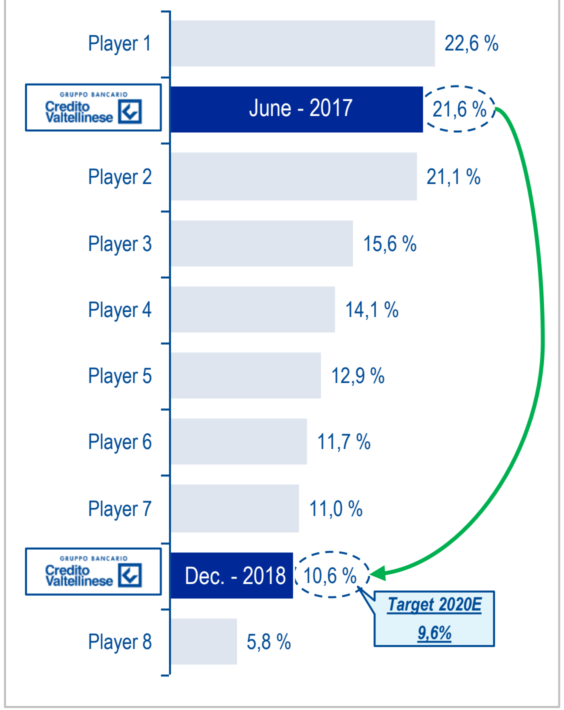
Note: 1) Only validations after 2009 are considered; capital impact calculated as the difference between the ratio between the reporting date before and after AIRB approval announcement

Agenda

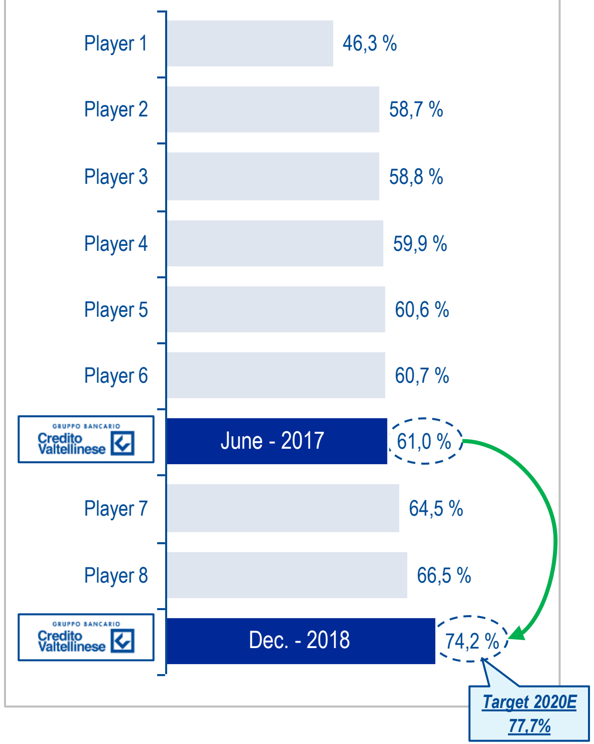
1. Background
2. The three business plan pillars
3. Capital management initiatives
4. **Asset quality**
5. Relaunch efficiency and profitability
6. Economic and financial projections 2018 - 2020

2 Improvement of the Creval's risk profile

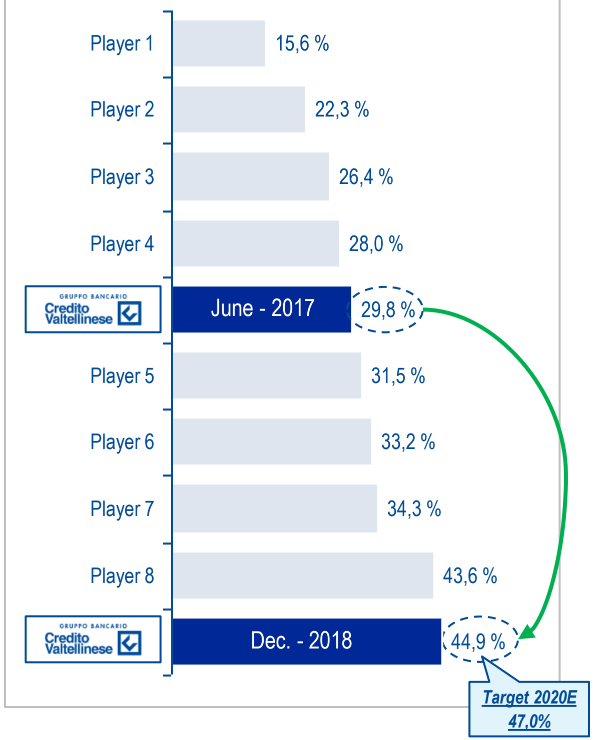
Gross NPE ratio at 30-06-2017 (1)



BAD Loans coverage ratio at 30-06-2017 (1)



UTP coverage at 30-06-2017 (1)



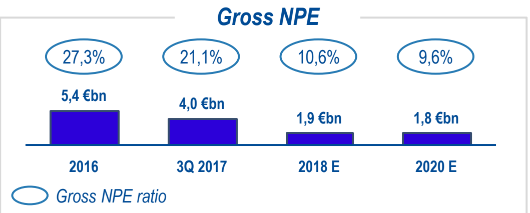
Notes: 1) Data including write-offs

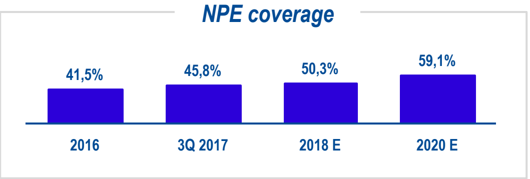
Source: Data as of June, 30th 2017 for other Italian banks. Player : Unicredit, Intesa Sanpaolo, Banco BPM, Bper, Cariparma, Banca Popolare di Sondrio, Credem, Ubi Banca

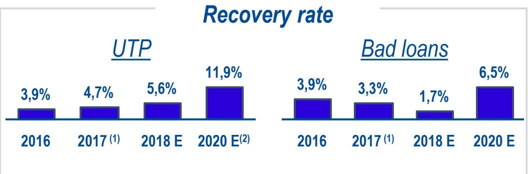
2 Asset quality and derisking

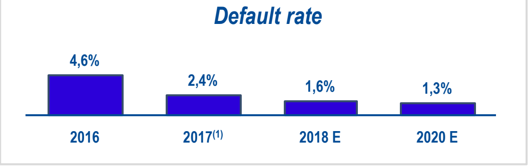
Driver	Background and rationale
Deleveraging of NPE	Disposal of: - 1,6 €bn NPEs via a GACS securitization in the first half of 2018; - 0,5 €bn through other disposal operations in the second half of 2018.
Coverage	Envisaged a series of initiatives to increase the coverage of the NPEs portfolio up to about 59% in order to reduce significantly Credito Valtellinese's risk profile: - Additional ~280€m provisions on UTP (including project Aragorn) - Additional ~180€m provisions on bad loans (including project Aragorn and other disposal) - Additional provisions in relation to IFRS 9 (Stage1+ Stage2)
NPE management model	- Concentration of the NPE Unit on a smaller portfolio - Increasing UTP and Bad Loans Recovery Rate with less loans to manage - Cash flow on "going concern" basis from restructured loans and under restructuring - Incremental cash flow projections in relation to a positive Real Estate market development - Bad Loans recovery rate increased for the effect of the partnership with Cerved
Credit strategy and Early Warning	- Adoption of a new credit policy model, in order to strongly oversee the credit quality - Further reinforcement of credit quality KPIs in the performance management model - Reinforcement of the Early Warning system to promptly manage any problematic situations - Adoption of AIRB model

Main impacts









Notes: 1) Data June, 30th 2017 annualized; 2) 2020 influenced by significant outflows to performing exposure related to restructuring of 'going concern' positions

2 Asset quality and derisking – track record and new transactions

Total disposal 2017 - 2020 3,5€bn

Year	Disposal	Description	Disposed assets	Status
2017	Small portfolio disposal	• Disposed **50€m** GBV secured bad loans at (**44% valorization**)	50 €M	✓
2017	Project Elrond	• Disposed **1,4€bn** bad loans through securitization in 2017 **through GACS** - Portfolio composition: 73,5% secured and 26,5% unsecured - **Price/gross book value: 34,5%**	1.400 €M	✓
2018	Project Aragorn	• **1,6€bn** bad loans portfolio to be disposed in 2018 **through GACS** • **Expected price in the range 30-35%**	1.600 €M	Started
2018	Project Gimli	• **0,5€bn bad loans** portfolio to be disposed in **second half of 2018** • **Expected price in the range 20-25%**	500 €M	To be activated
2019 – 2020	Single name disposal	• **Single Name NPE** disposal for 80€m (UTP and bad loans) in 2019 - 2020	80 €M	To be activated

2,2 €bn

Capital buffer against deviations vis-à-vis the expected prices: FTA phasing in regime, recurring profitability, AIRB validation effect (subject to regulatory approval)

2 NPE plan – main expected results

Stock NPE evolution 3°Q 2017 – 2020 (data in €M)

	Stock NPE evolution 3°Q 2017 – 2020 (data in €M)	Gross NPE ratio	Net NPE ratio
3° Q 2017	4.012	21,1%	12,7%
NPE inflows	694	+3,6%	+3,0%
NPE recoveries	515	-2,7%	-2,7%
Collateral liquidation	44	-0,3%	-0,3%
Foreclosure	26	-0,2%	-0,0%
NPE disposal	2.180	-11,6%	-4,5%
Write-off	67	-0,4%	-0,0%
Debt forgiveness and D/E Swap	76	-0,4%	-0,1%
Dilution of NPE ratio	0	+0,5 (1)	-0,1% (2)
Coverage increase and NPE mix	0	N.a.	-3,8% (3)
End of 2020	1.798	9,6%	4,2%

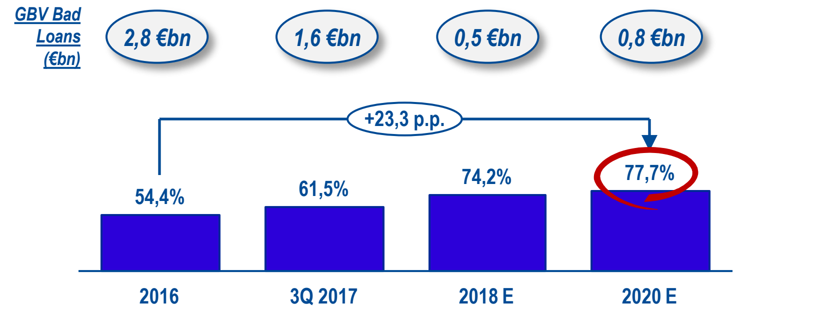
-55,2 %

Notes: 1) Increase of the gross NPE ratio due to growth of gross performing exposues (-1,2% the effect on NPE ratio) and decrease of gross NPE (+1,7% the effet on NPE ratio). 2) Decrease of the net NPE ratio due to growth of net performing exposues (-0,7% the effect on NPE ratio) and decrease of net NPE (+0,6% the effet on NPE ratio). 3) Decrease of net NPE ratio due to coverage increase and variation in the NPE mix.

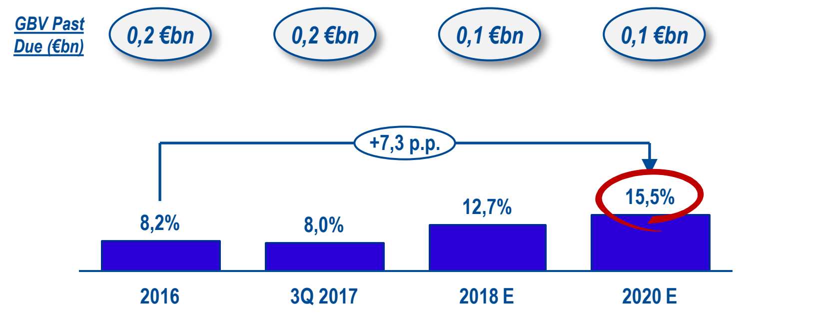
GRUPPO BANCARIO Credito Valtellinese

2 NPE plan – evolution of coverage ratio

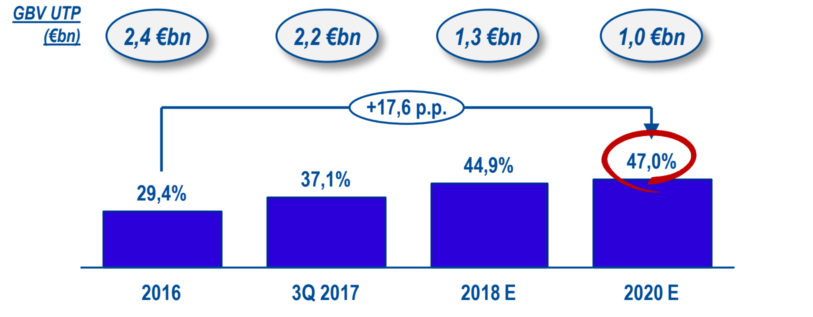
Bad loans coverage ratio



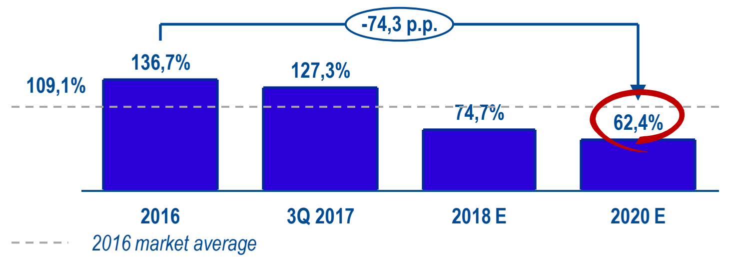
Past due coverage ratio



UTP coverage ratio



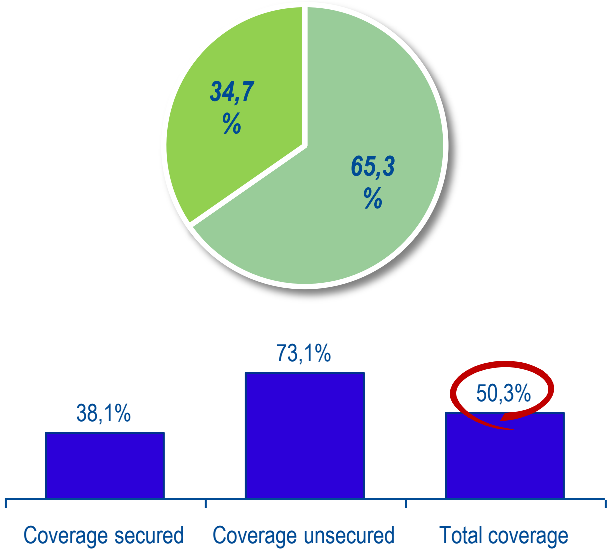
Texas ratio (1)



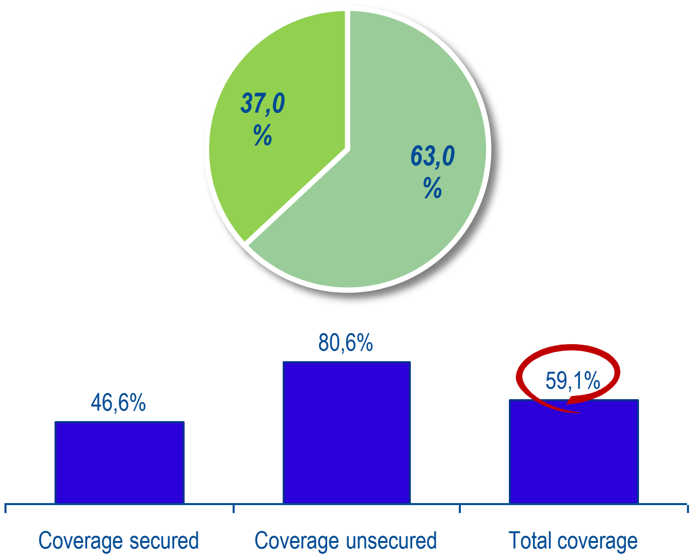
Note: 1) Calculated as = Gross NPE / (tangible book value + analytics adjustment funds)

2 NPE portfolio breakdown

NPE portfolio 2018



NPE portfolio 2020

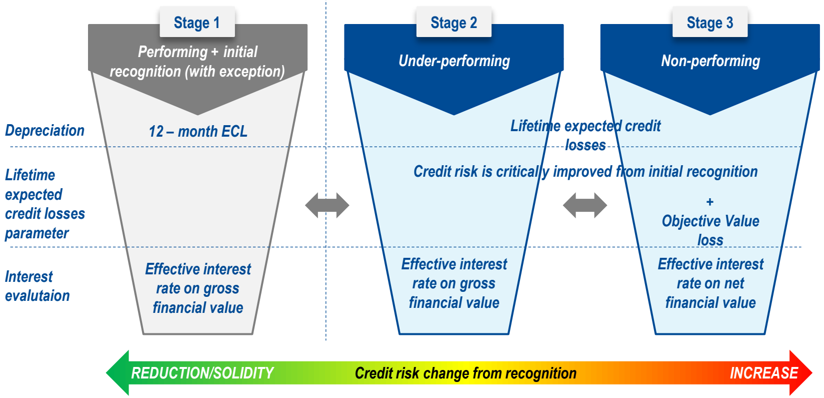


Unsecured ***Secured***

2 IFRS9 and Phasing-in of the FTA reserves

- P&L in the Creval's Business Plan prepared in continuity with IAS 39 principle, taking into considerations all the estimated impacts related to First Time Adoption (FTA) of the new IFRS9 principle
- No material impacts expected on the estimated cost of risk during the Business Plan horizon – for stage 1, stage 2 loans – due to the conservative approach to be adopted on FTA process

IFRS9



PHASING-IN OF FTA RESERVES

- **Credito Valtellinese is evaluating to activate – when all the framework will be finally determined and stabilized - the Phasing-in(1) option for the FTA regulatory treatment, in order to increase provisions and, at the same time, to achieve the maximum capital flexibility.**

Note: 1) Phasing-in option to be defined

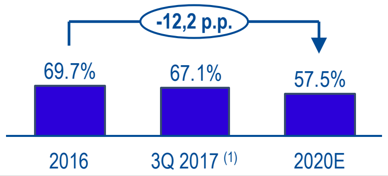
Agenda

3 Cost management and commercial improvement

Efficiency and cost base optimization

- Merge by incorporation of Credito Siciliano into Credito Valtellinese
- Personnel reduction through the activation of redundancy fund for c.170 FTE
- Review of branch network with target of c.350 branches by 2018
- Reinforcement of cost management structure
- Cost cutting plan implementation

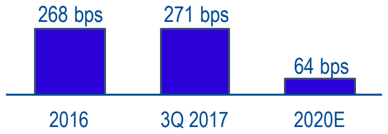
Cost income ratio (%)



Risk approach and cost of risk evolution

- Credit origination to SMEs and households with low expected loss
- Strict risk approach on new lending
- Activation of the new Early Warning model
- AIRB model implementation

CoR (bps)

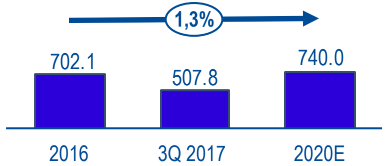


Further commercial improvement

- Bancassurance agreement with best in class player
- Asset management improvement (1,7 €bn of net inflows over the horizon)
- 'Value lending' (i.e. personal loans) development
- Reinforcement of the international and agricultural business
- Development and implementation of performance management tools

Net interest and commission income (€M)

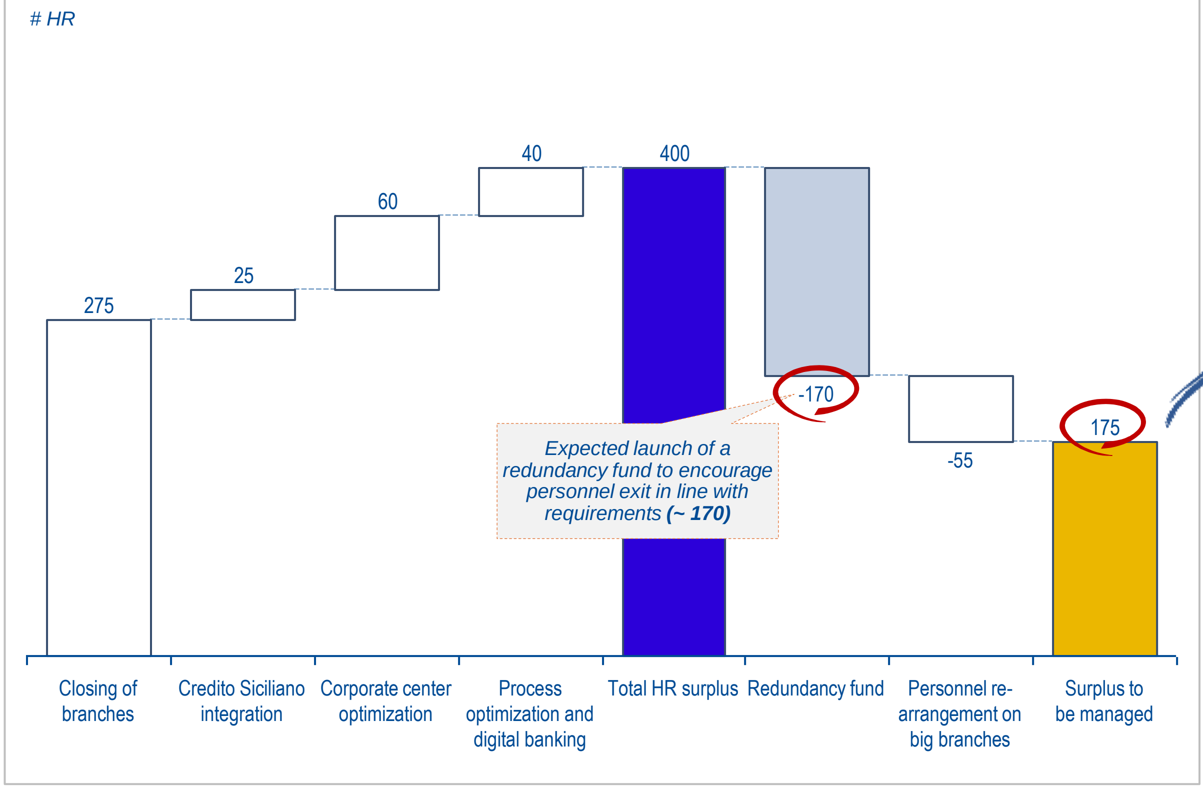
CAGR



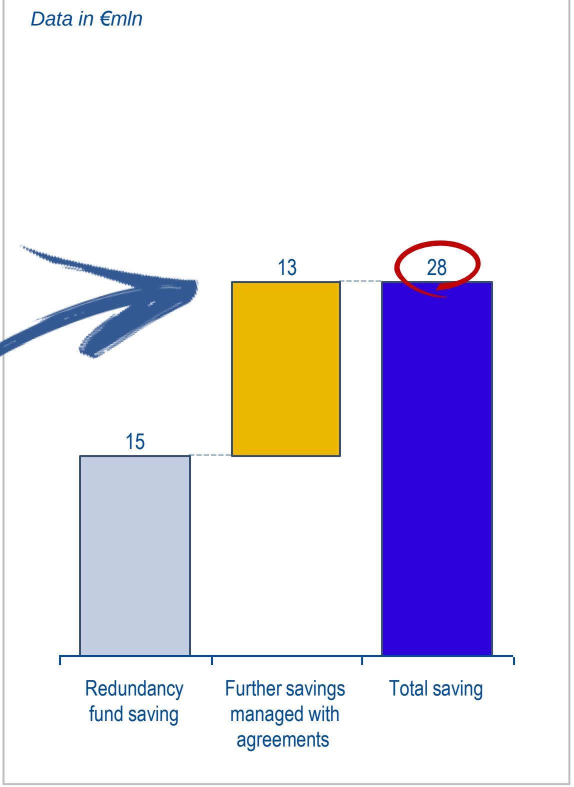
Note: 1) See page 10 for detail of adjustments

3 Personnel surplus management

GROUP PERSONNEL SURPLUS



GROUP SAVINGS



3 Group simplification through reduction of personnel, branches and other costs

Lean banking

- Lean banking model through further organizational simplification and a specific cost optimization program

Digital migration

- Migration from traditional channel to digital ones also through the development of an advanced online banking and innovative self-branches concept

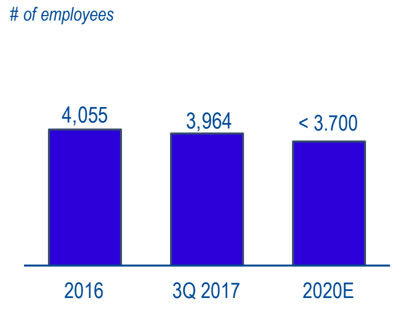
ICT management

- Development of Creval Sistemi e Servizi, also through partnership, in order to optimize the cost base, improve the time to market and to face the investment needed in the future (blockchain, cyber security…)

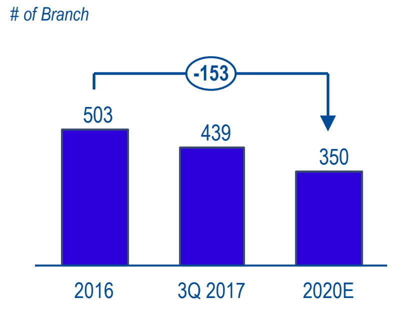
Industrial transformation

- IT Investments for around 44€M to support the industrial transformation and evolution of the Group

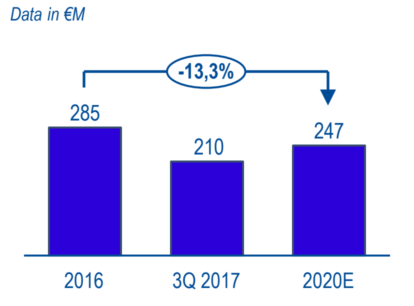
Personnel evolution



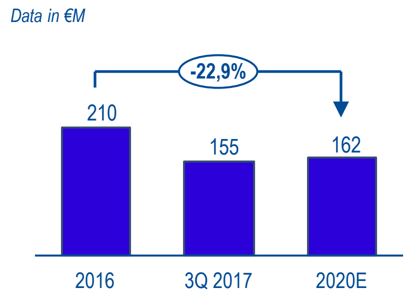
Branch network evolution



Personnel expenses

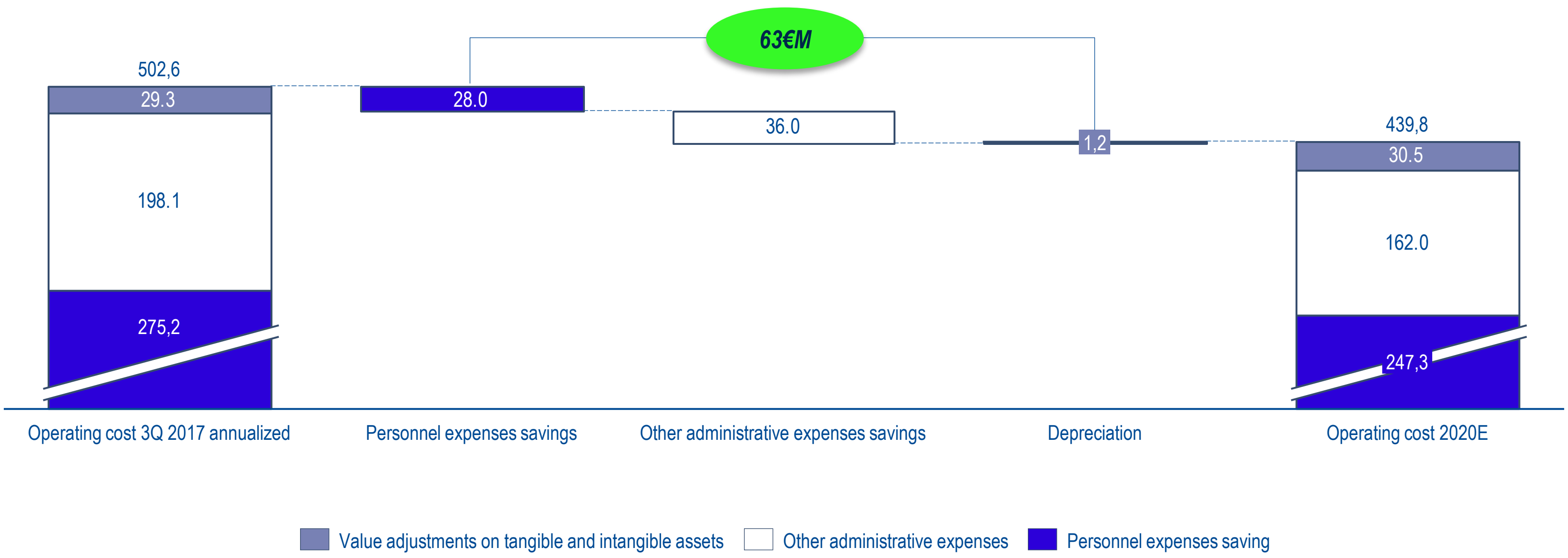


Other administrative expenses



Operating cost savings

Data in €M



3 Cost of risk reduction through new credit policies, new early warning model and AIRB

New underwriting standards / policy

New credit policies

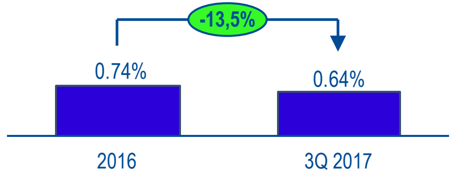
New early warning model

AIRB model implementation

Results yet achieved

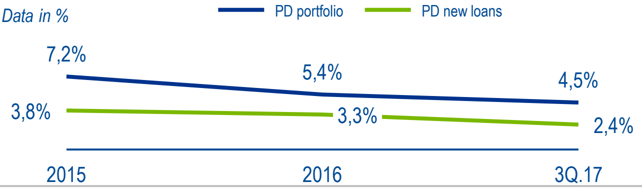
Expected loss

Data in %



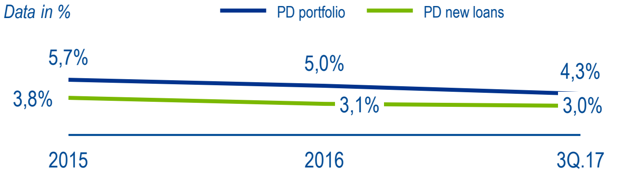
PD loans Corporate

Data in %



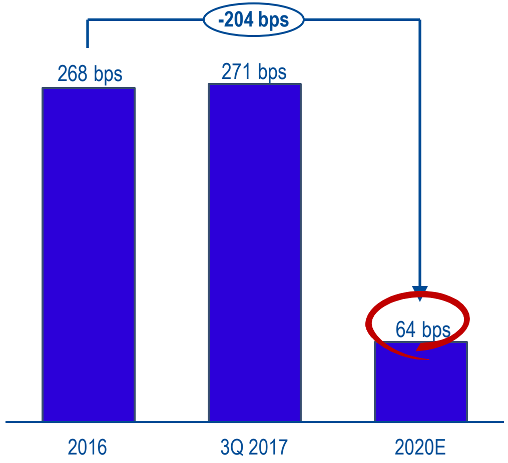
PD loans Retail

Data in %



Cost of risk evolution

Data in bps



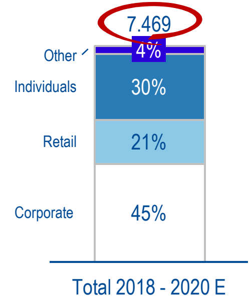
Thanks to the actions envisaged in the Business Plan is expected a strong reduction of the cost of credit

3 Commercial improvement

Value lending	• "Value lending" development (i.e. personal loans)
High value product	• Factoring business already put in place; strengthening of the trade finance business through dedicated resources and budget and development of a dedicated offering for the agriculture sector
Bancassurance	• Improvement of the bancassurance performance also through the partnership with major insurance players
Big data	• Big data management through CRM development
Bancaperta	• Further improvement of the digital offer strategy (Bancaperta)
Performance management	• Development of performance management tools designed for real time monitoring

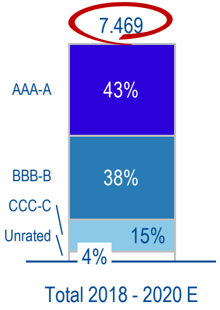
Loans disbursement by segment

Data in €M



Loans disbursement by rating

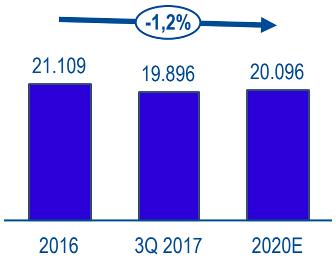
Data in €M



Costumer deposits evolution

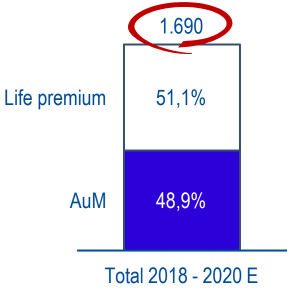
Data in €M

CAGR



Indirect funding net inflows

Data in €M

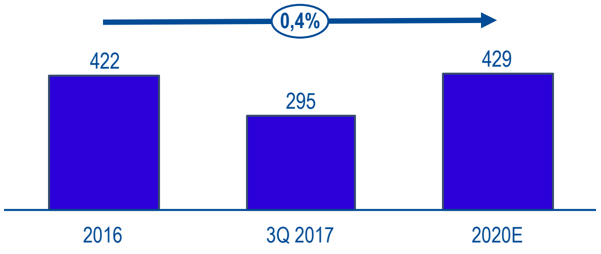


3 Net interest income and net commission evolution

Net interest income

Data in €M

CAGR

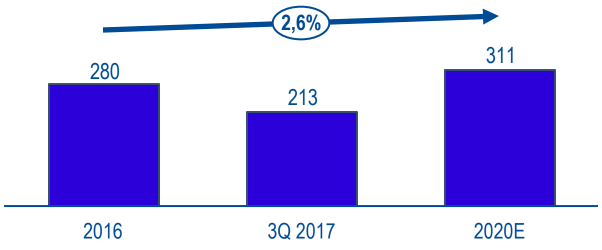


Detail at slide 42

Net commission

Data in €M

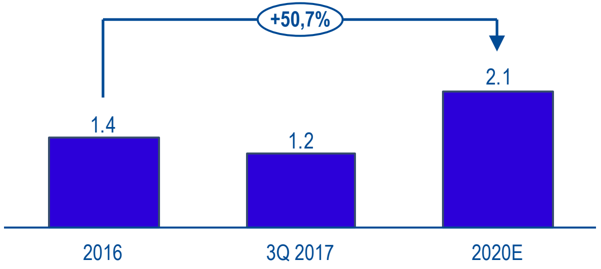
CAGR



Details at slide 43

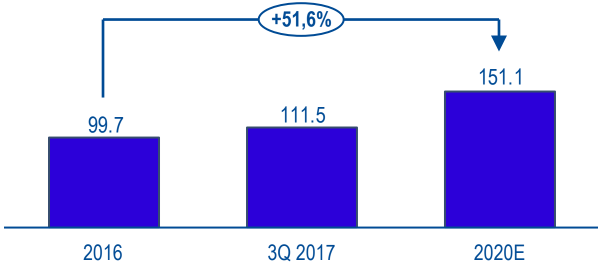
Net interest and commission income by branch

Data in €M



Gross banking asset [1] by branch

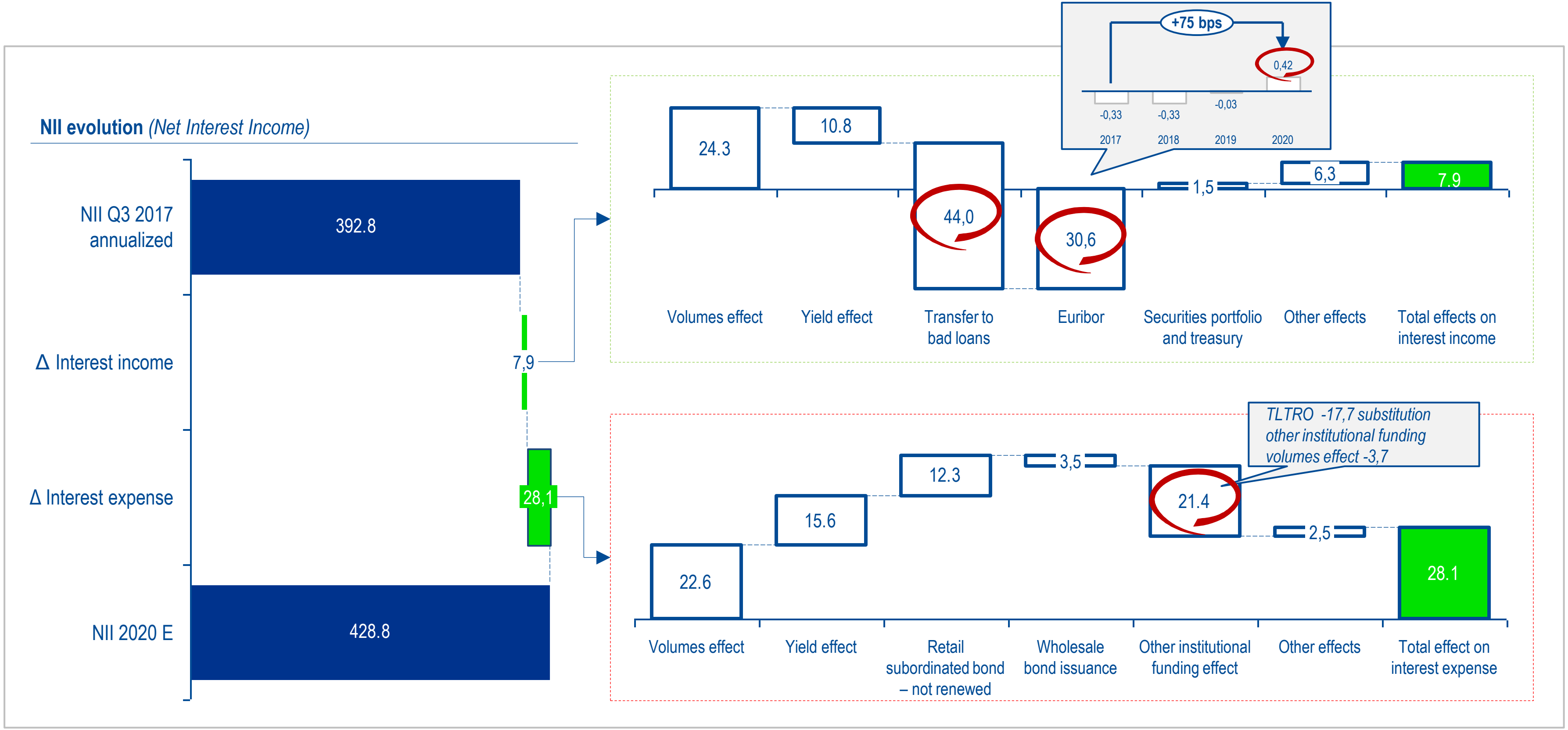
Data in €M



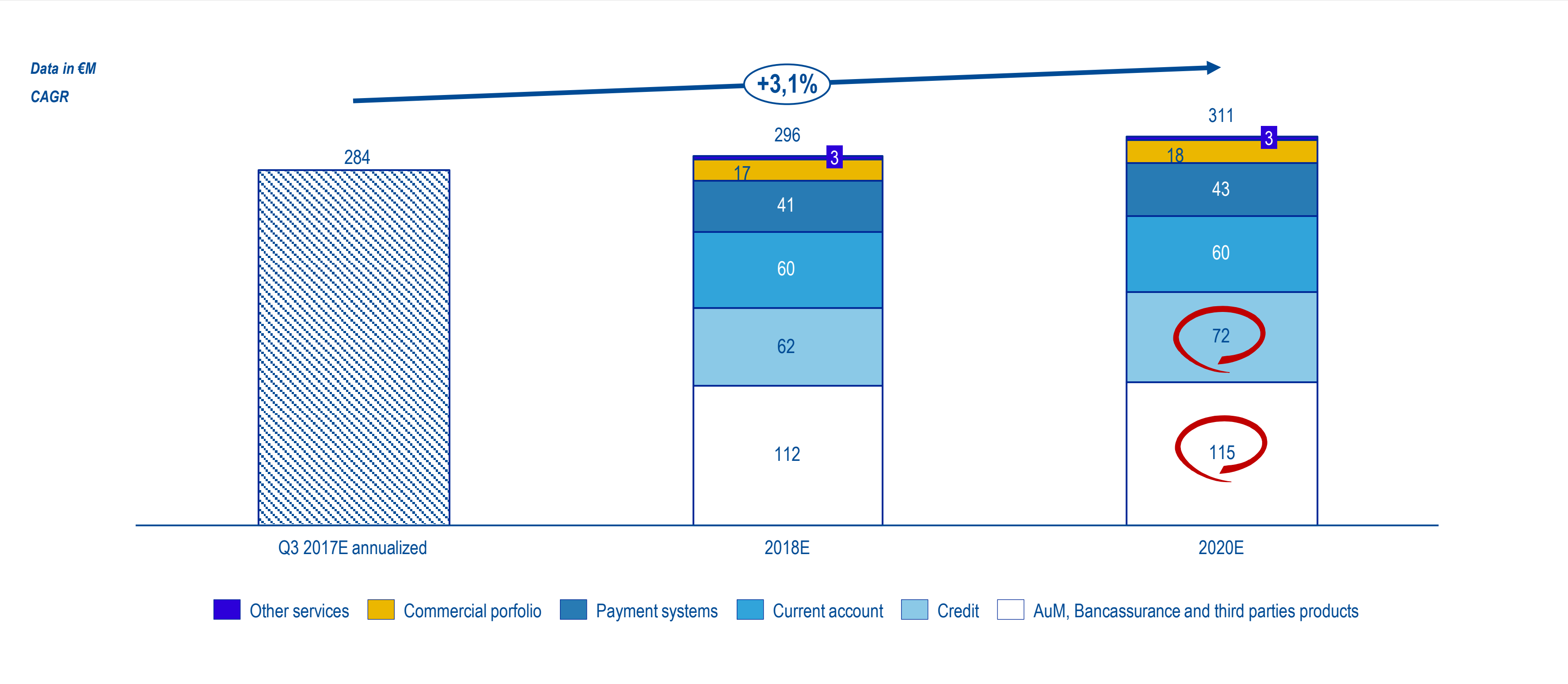
Legend: xx *CAGR %*

Note: 1) Calculated as: Direct deposit + Indirect funding + Customer loans

3 Net interest income evolution 3Q 2017 annualized – 2020E



3 Net commission evolution 3Q 2017 annualized – 2020E



Legend: xx CAGR %

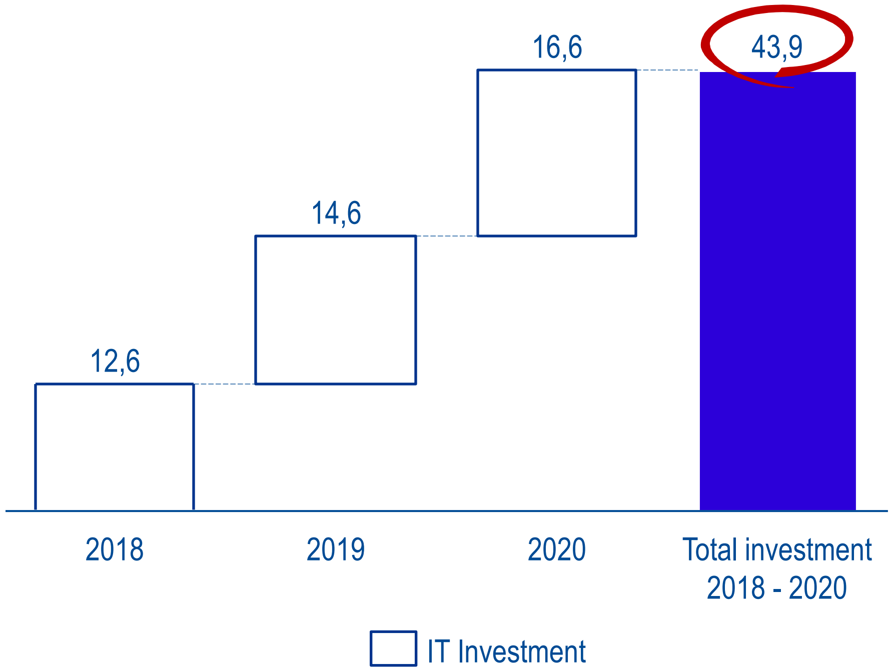
3 Creval Group investments between 2018 and 2020

Actions

OPEN BANK	DIGITAL BANKING
BIG DATA	OPERATING EFFICIENCY
CREDIT PROCESSES	MOBILE BANKING
DATACENTER	CYBER SECURITY
ICT PROCESSES	REGULATION

Capex

Data in €M



Agenda

1. Background
2. The three business plan pillars
3. Capital management initiatives
4. Asset quality
5. Relaunch efficiency and profitability
6. **Economic and financial projections 2018 - 2020**

Economic and financial projections 3Q 2017 - 2020

		3Q 2017 Adj	2018E	2020E	CAGR 3Q 2017 Annualized – 2020E
Income statement (€M)	Net interest income	295	394	429	+3,0%
	Net commission income	213	296	311	+3,1%
	Net interest and commission income	**508**	**690**	**740**	**+3,0%**
	Other revenues (1)	33	33	24	n.a.
	Operating costs	**-380**	**-520**	**-440**	**-2,6%**
	Value adjustments	-153	-161	-113	-39,1%
	Other elements (2)	-2	52	-2	n.a.
	Income before taxes	**7**	**95**	**210**	**n.a.**
	Taxes	**-**	**-18**	**-60**	n.a.
	Net income (3)	**-**	**73**	**150**	**n.a.**
Balance sheet (€M)	Direct deposits	19.896	20.068	20.096	+0,3%
	Indirect deposits	11.918	12.799	14.050	+5,6%
	Customer loans	**17.119**	**16.832**	**17.417**	**0,6%**
	Book value	**1.361**	**1.603**	**1.834**	**+10,5%**
	Tangible book value	**1.316**	**1.587**	**1.818**	**+11,4%**

Legend: Bankit Schemes

Notes: (1) It considers: other management fees / incomes, share of profits and similar incomes, outcome of net assets evaluated shareholdings, finance profits; (2) It considers, net reserves to risks and costs fund and profit from investments and shareholdings transfer (3) P&L prepared taking into considerations all the estimated impairment increase on stage 3 financial assets related to First Time Adoption (FTA) of the new IFRS9 principle (reported in equity)

Key business plan targets

	3Q 2017	2018E	2020E
CET1 pre AIRB (fully loaded)	9,2%	11,0%	11,6%
Texas ratio	127,3%	74,7%	62,4%
LCR	191%	>100%	>100%
NPE ratio	21,1%	10,6%	9,6%
NPE coverage	45,8%	50,3%	59,1%
C/I ratio	67,1%	71,8%	57,5%
RoTE	Neg.	4,6%	8,2%

Creval Business Plan 2018 – 2020

Run^2

Restart Under New-Normality

November, 7th 2017

Agenda

1. Executive Summary and 4Q2017 results
2. Creval Business Plan 2018 – 2020
3. **Consolidated Results as at September 30th 2017**

Consolidated Results as at September 30th 2017

Disclaimer

- 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.

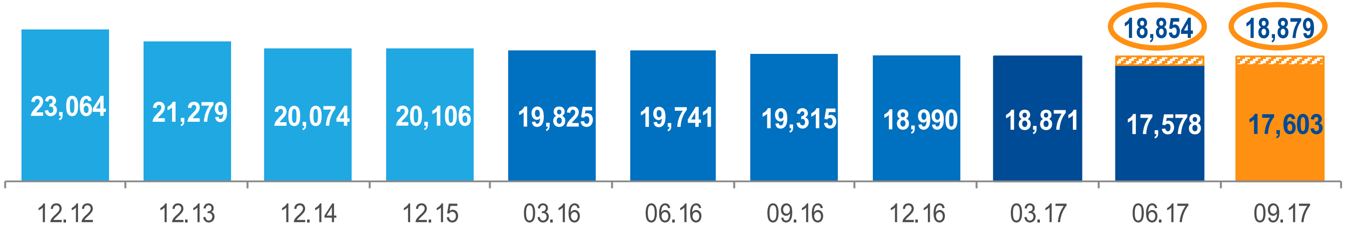
Agenda

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

Credit policies and asset quality - Loans to customers analysis

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

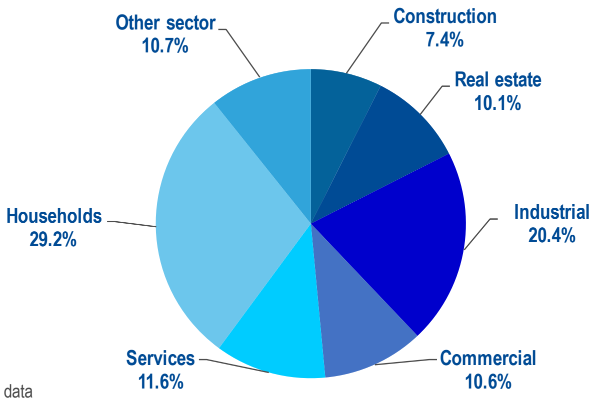
~ 1.3 € bn “Portfolio Elrond” disposal[1]



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

[1] Net of collections and other movement (expenses, time value, etc.) recorded from 30 November 2016 to 30 June 2017.

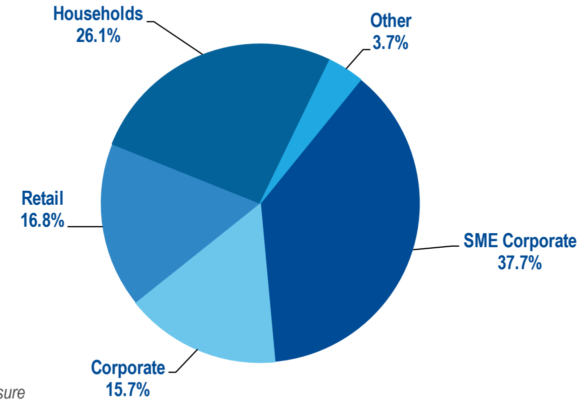
*Performing loans by sector (ATECO classification)***



**Source: internal data

*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*

Credit policies and asset quality - Focus on new loans

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

INDIVIDUALS

	Amount	Chg % YoY	% Fixed	Average Rate*
Individuals	478 mn	-20.4 %	33.1 %	2.54 %

Of which substitutions («surroghe»): 36.7 mn

SME & CORPORATE

	Amount	Chg % YoY
Mortgage	203 mn	-5.7 %
Other secured	344 mn	-19.1 %
Unsecured	637 mn	+15.5 %
Total amount	**1,184 mn****	**-0.7 %**

Average Rate

2.24 %*

Expected Loss new performing exposures disbursed in the period

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

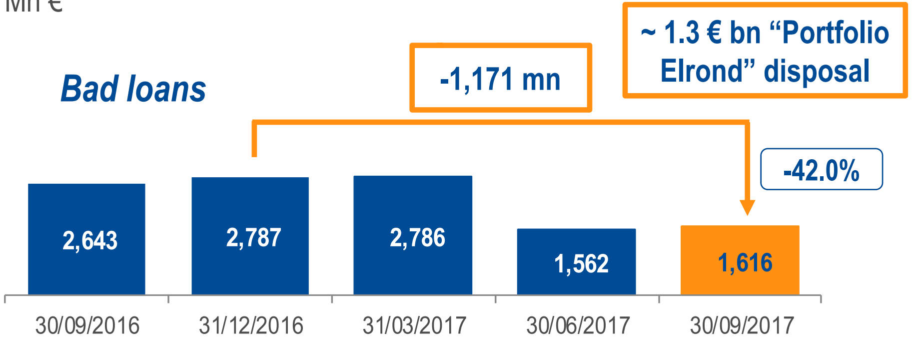
Total new originated loans Portfolio 3Q 2017: 48 bps

*Average rate from the beginning of the year **Net of institutional loans Source: internal data

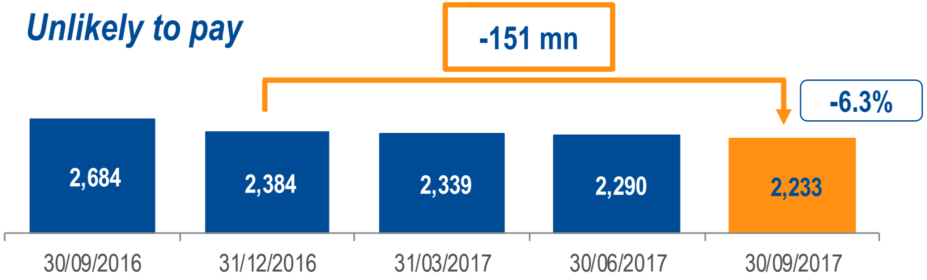
Credit policies and asset quality - Non performing exposures (Gross amount)

Mn €

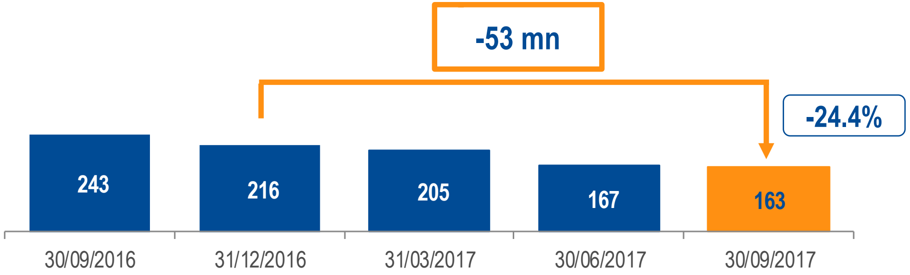
Bad loans



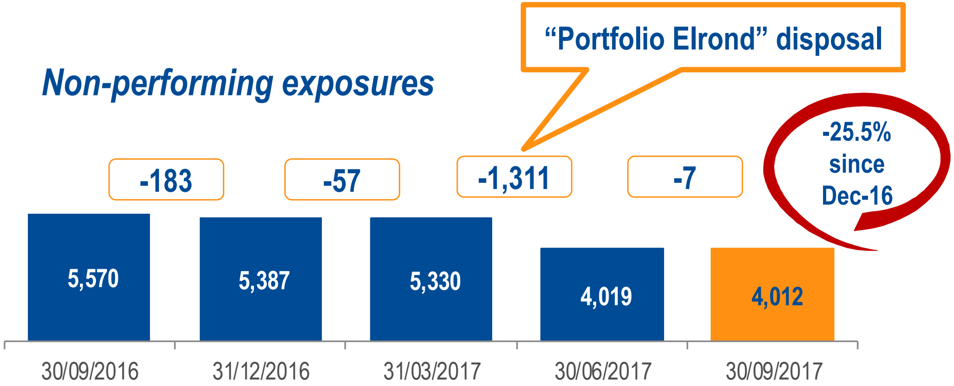
Unlikely to pay



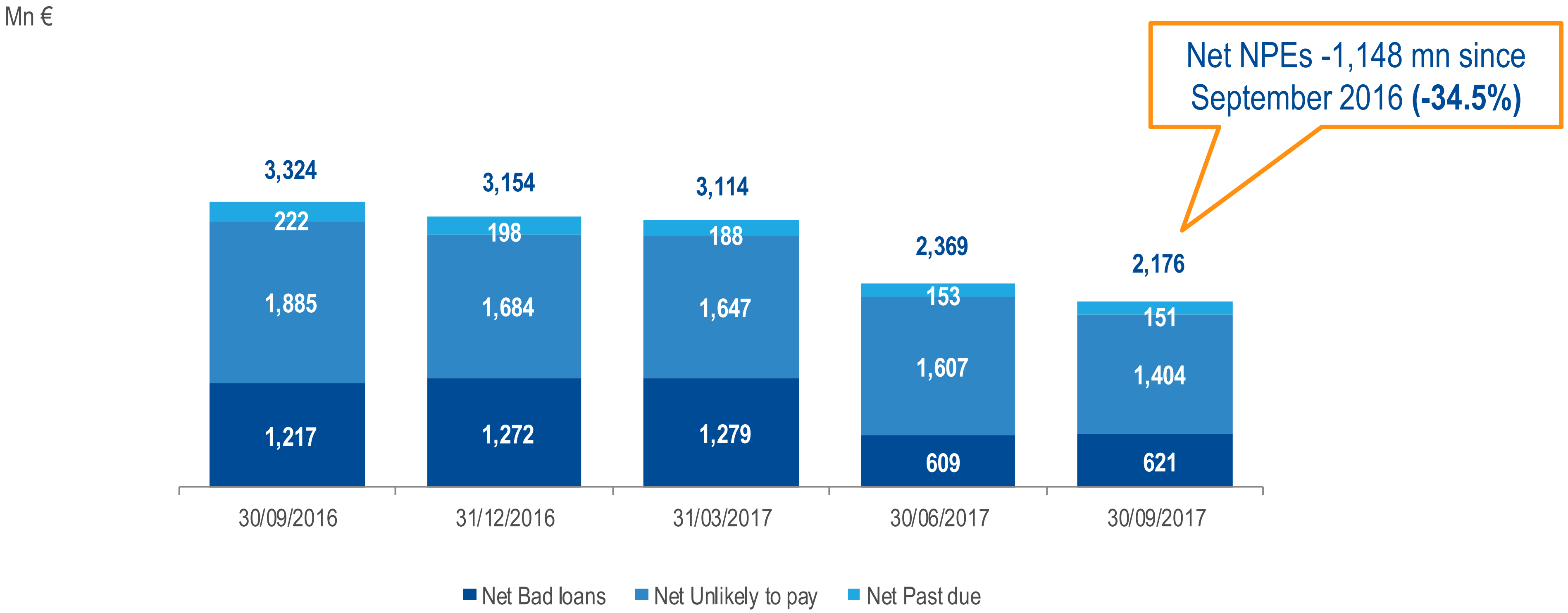
Past due



Non-performing exposures



Credit policies and asset quality – Asset quality (1/2)



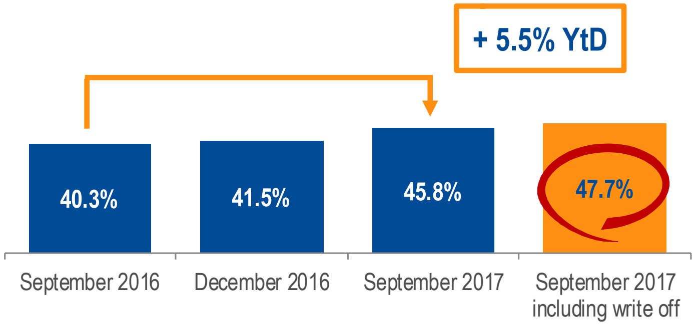
Credit policies and asset quality – Asset quality (2/2)

Mn €

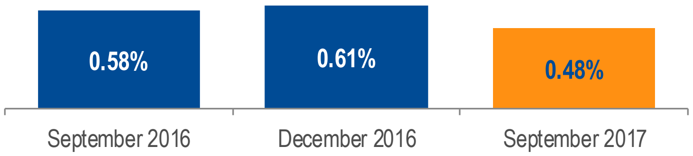
Coverage Ratios	31/12/2016	30/09/2017
Bad loans	54.4%	61.5%
Unlikely to pay	29.4%	37.1%
Past due	8.2%	8.0%

64.7% proforma including write off (3.2%)

Non-performing exposures Coverage

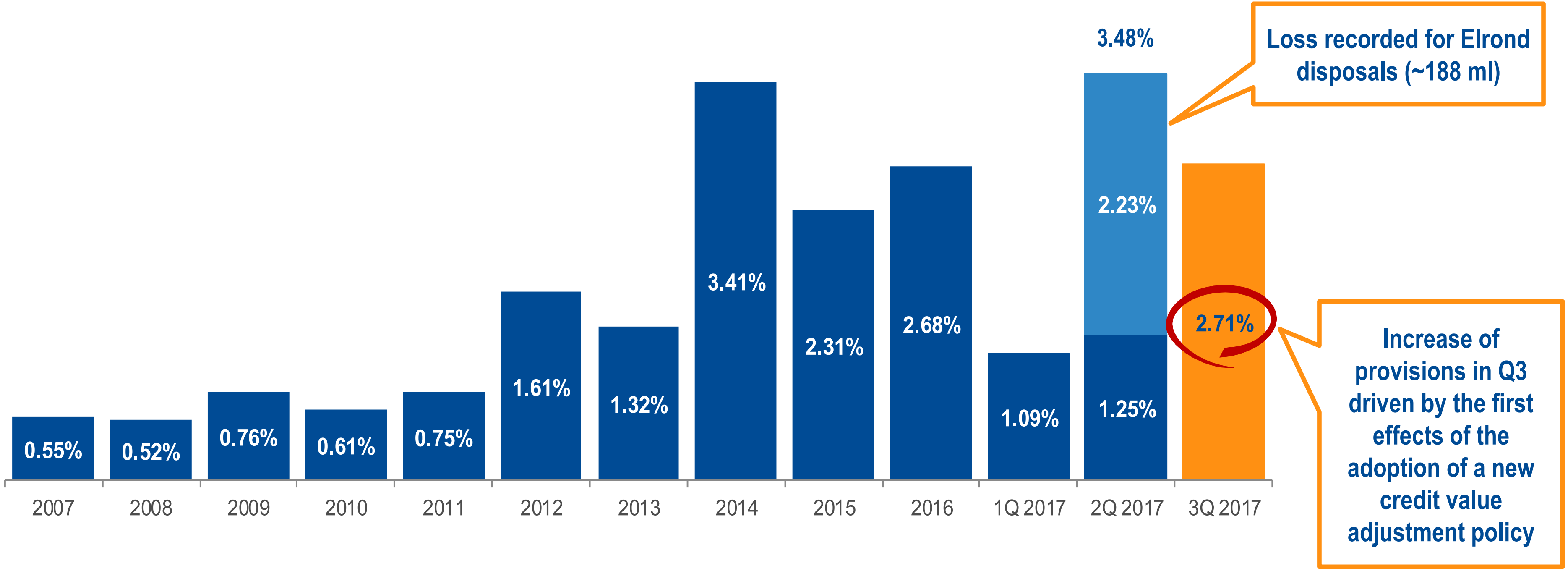


Coverage Bonis



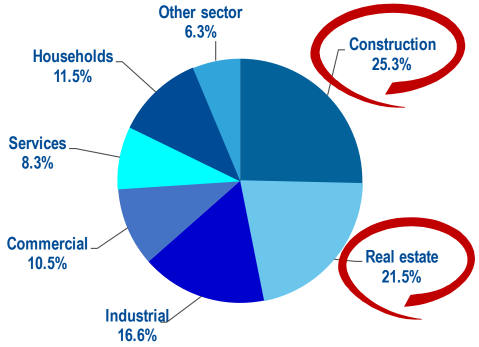
Annual trend in line with the portfolio improvement effect and new credit policy

Cost of credit – Trend



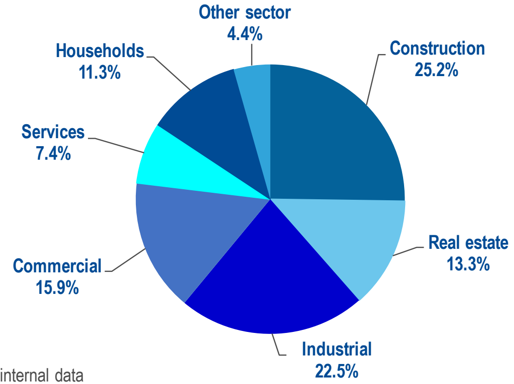
NPEs by sector – ATECO classification as at September 30, 2017

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

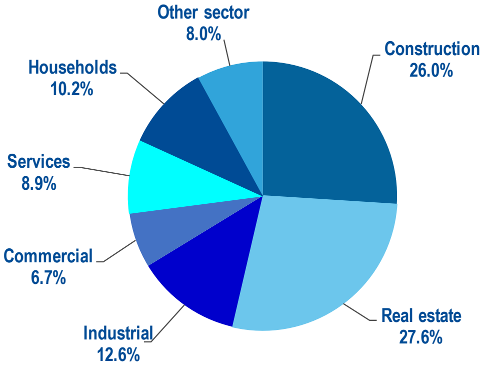


~ 47% of gross NPE real estate related

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



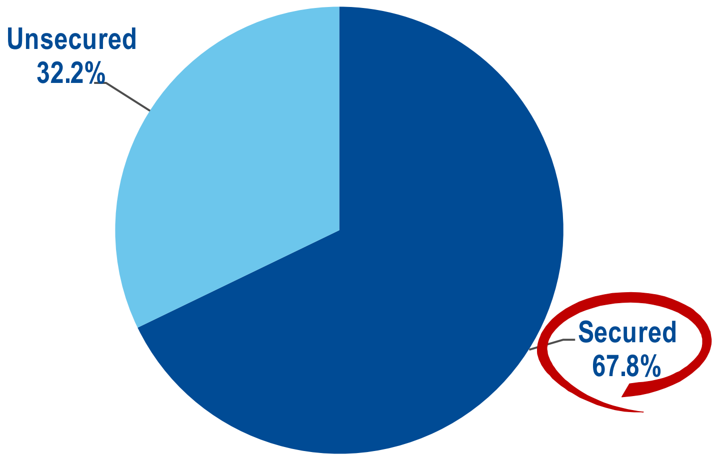
*Breakdown UTP by sector (ATECO classification)***



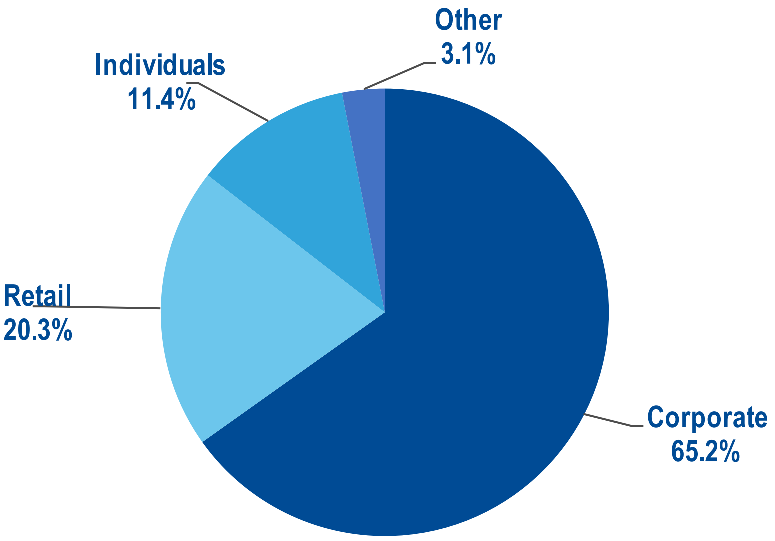
**Source: internal data

Breakdown on Npe as at September 30, 2017

Gross Npe – Guarantees



Gross Npe - Segment

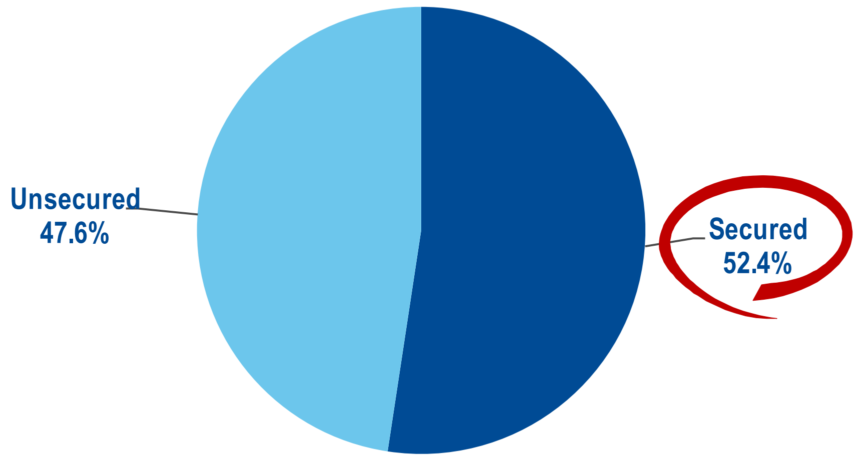


Personal guarantees not included

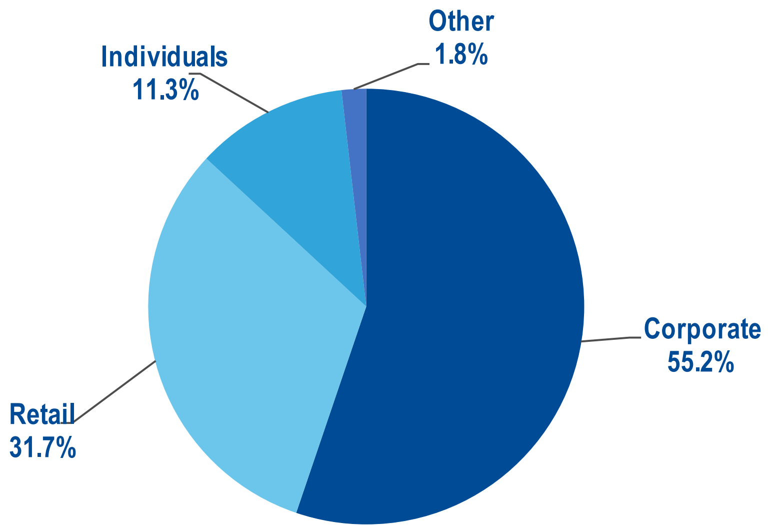
Source: internal data

Breakdown of bad loans as at September 30, 2017

Gross BAD LOANS – Guarantees



Gross BAD LOANS – Segment

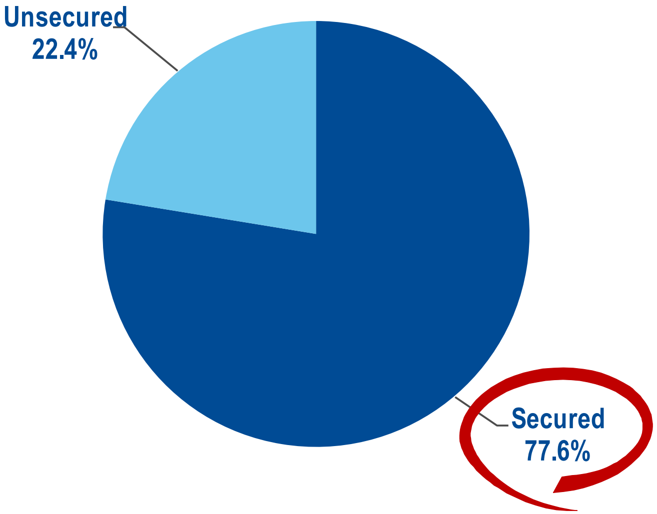


Personal guarantees not included

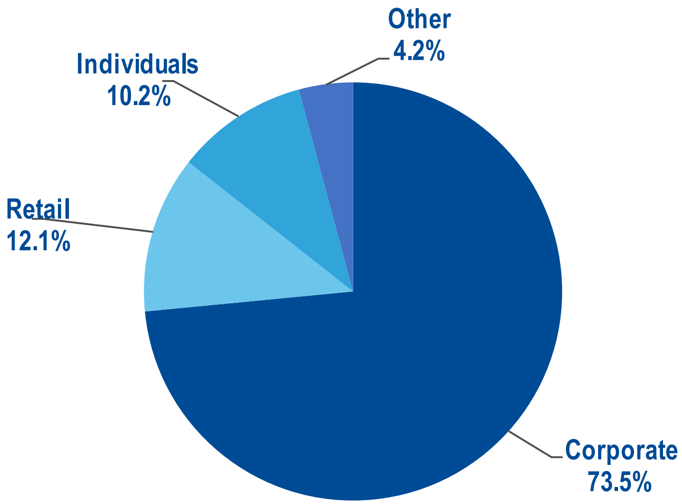
Source: internal data

Breakdown of UTP as at September 30, 2017

Gross UTP – Guarantees



Gross UTP - Segment

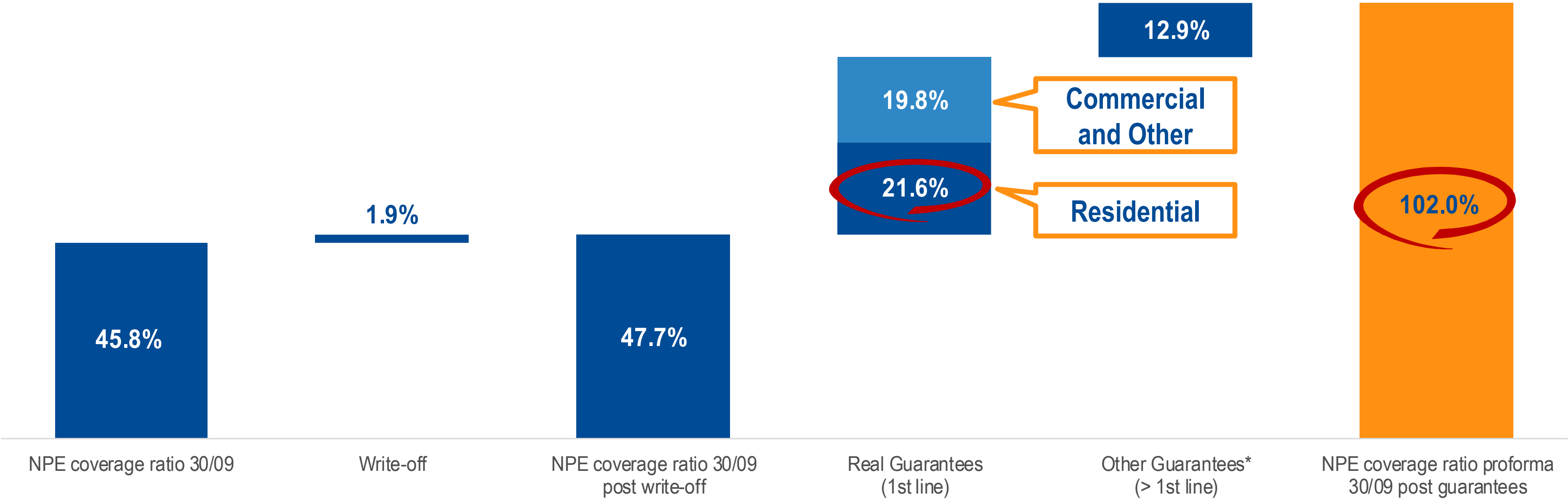


Personal guarantees not included

Source: internal data

Credit policies and asset quality – NPE's analysis including collateral

NPE Coverage Ratio (%)

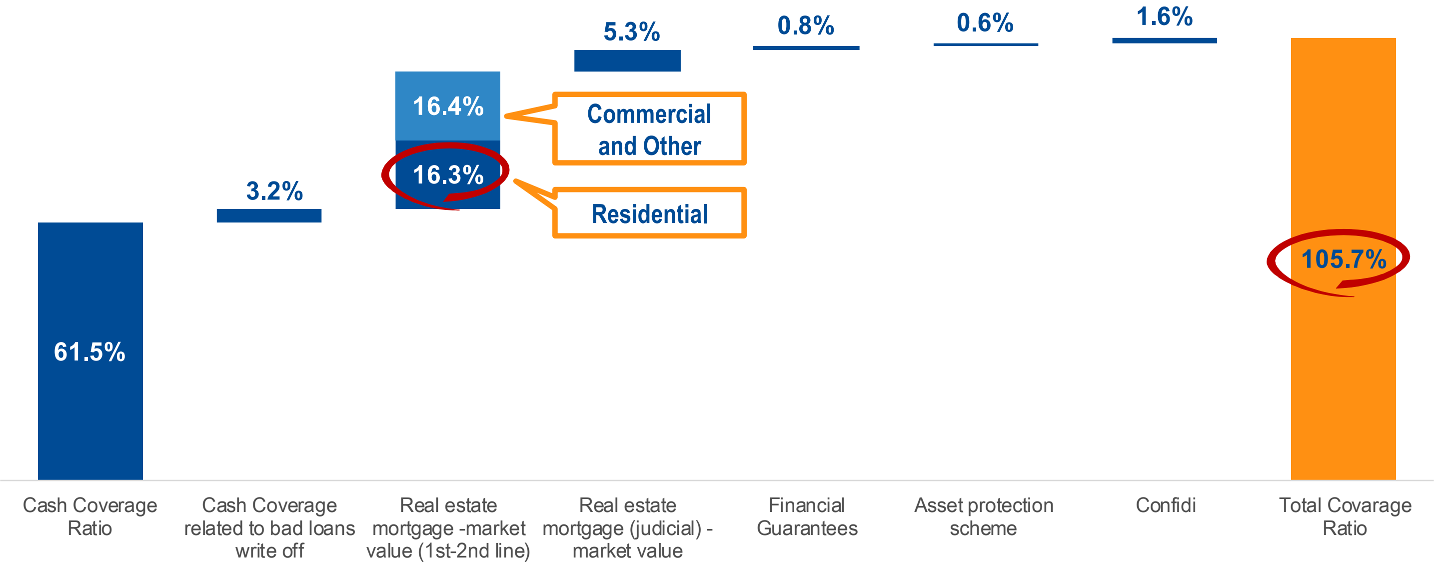


Source: internal data

* Real estate 2nd 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

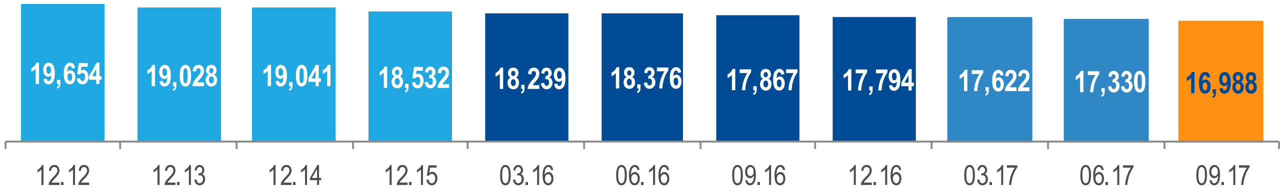
Real estate value equal to the last **market value** (according to the specific appraisal, delivered by **third party** appraiser), **capped** at the maximum amount represented by the value of the loans.
Only «cash guarantees» considered, like financial guarantees, APS. **No consideration at all for personal guarantees.**

Agenda

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

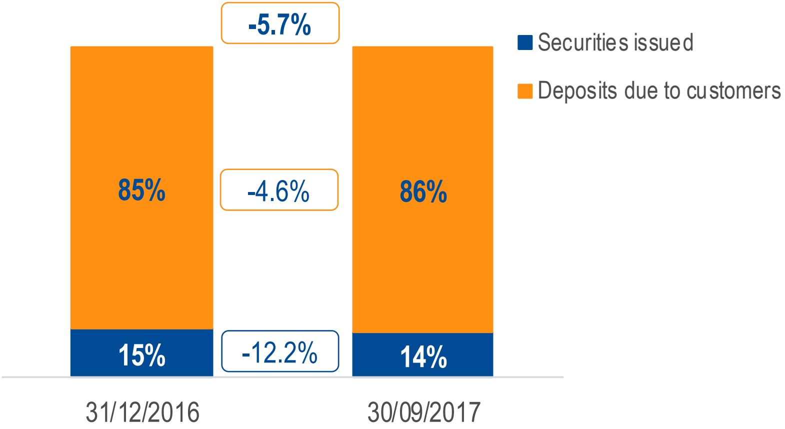
Funding, liquidity and securities portfolio - Direct deposits

*Quarterly trend (€mn) Retail funding **



* Total funding net of CCG, CDP and institutionals

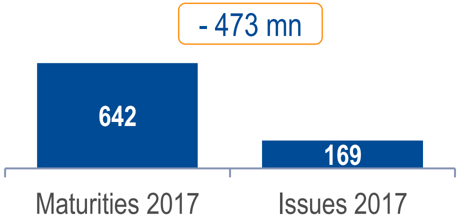
Composition of Direct Funding



(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%
Securitizations	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%
DIRECT FUNDING	**21,109**	**19,896**	-5.7%

Funding, liquidity and securities portfolio - Bonds by maturities and ECB funding

Retail: bonds senior + subordinated (€ mn)



Wholesale bonds (€ mn)

Issue 150 mn Tier 2
on April 5, 2017

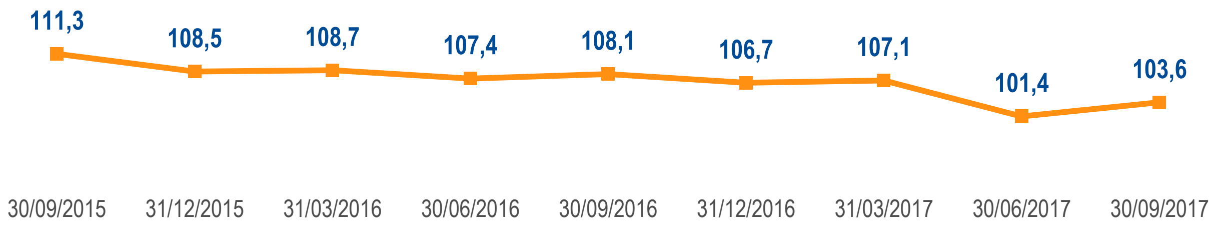
2017 – 2019 Maturities Retail + Wholesale (€ mn)

ECB funding Creval September 2017 (€ mn)

Source: internal data

Funding, liquidity and securities portfolio – Liquidity position

Gross commercial loans / Retail funding



LCR as at
30th September 2017
191%

NSFR as at
30th June 2017
112%

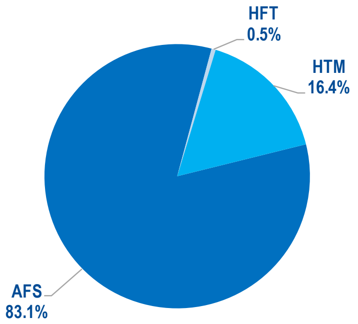
Short-term liquidity position – September, 27th 2017 (€ mn)

	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

Funding, liquidity and securities portfolio - Securities portfolio diversification

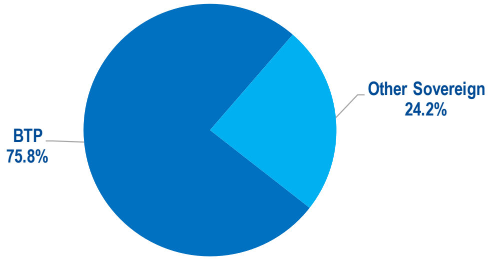
Breakdown by accounting portfolio



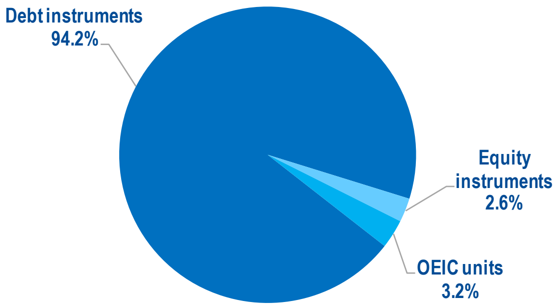
	31/12/2016	30/06/2017	30/09/2017
HFT Portfolio	19	20	27
AFS Portfolio	5,436	4,496	4,475
HTM Portfolio	-	810	885

Current Average Duration of Govie's AFS portfolio* 3.21

Breakdown of HTM portfolio



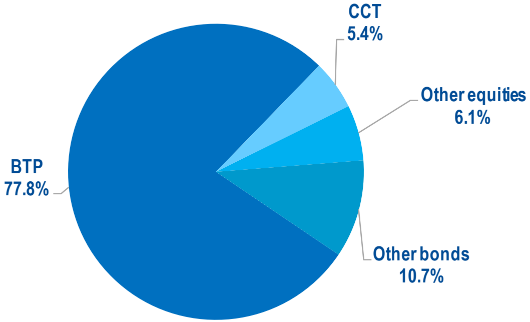
Breakdown of AFS portfolio



	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 €

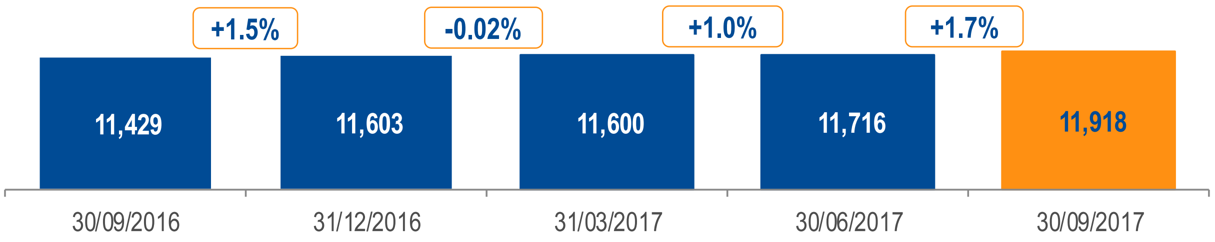
- AFS reserve as at 30 June -37.7 mn €
- **AFS reserve on Govies, as at 30 June ~ - 38.4 mn €**



* As at 30th September 2017: Italian, Spanish and Portuguese government bonds.

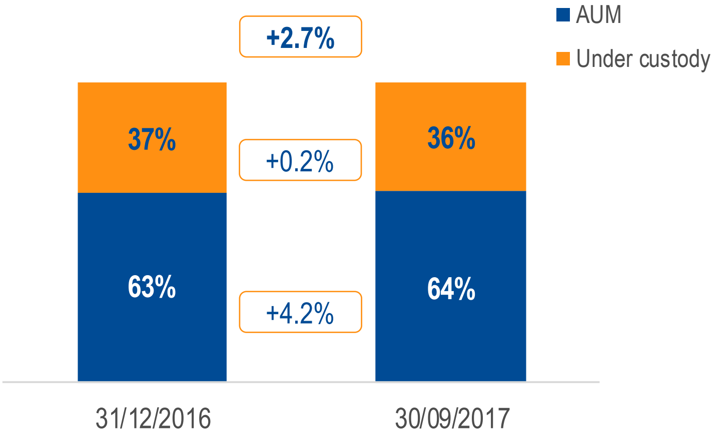
Funding, liquidity and securities portfolio - Indirect deposits analysis

Quarterly trend (€mn) Indirect Funding



Placement of "PIR": 91.2 mn

Indirect deposits breakdown



Development of the strategic partnership with ANIMA SGR

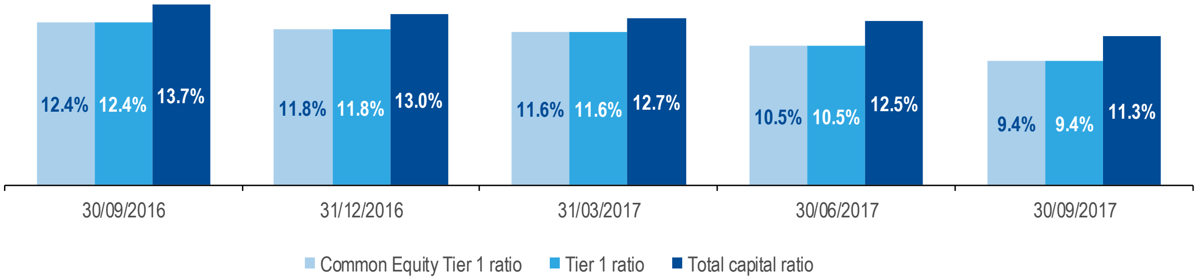
ANIMA

(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%
Total	**11,603**	**11,918**	**2.7%**

Agenda

Capital ratio- Capital ratios evolution

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
TIER 1 RATIO	**12.4%**	**11.8%**	**11.6%**	**10.5%**	**9.4%**

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%

Agenda

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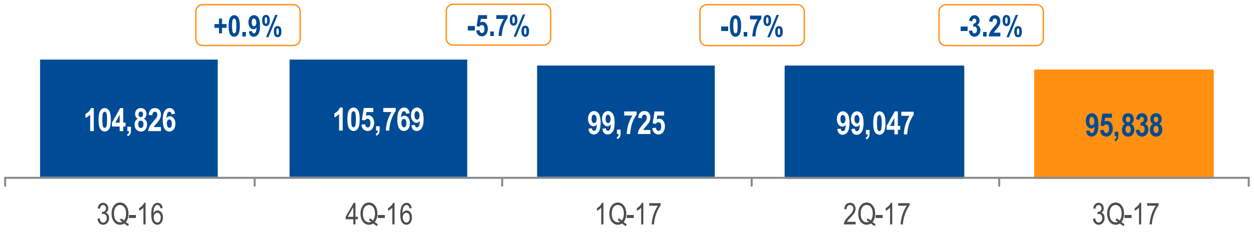
Revenues development – Operating income development

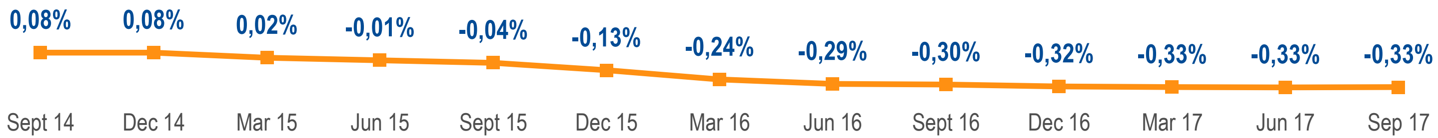
NII	Net fees and commissions	Div. & profits on inv. in ass. comp.	Trading income	Other net income	Operating income	
-6.7%	+4.0%	-21.3%	n.s.	+11.7%	-47.0%	*Chg % 3Q 2017 – 3Q 2016*

Revenues development – Focus on interest income (1/2)

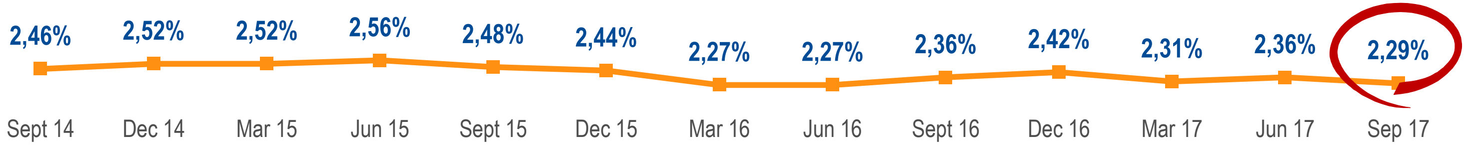
Interest Income, Quarterly figures (€/1,000)



Trend euribor quarterly (2014-2017)

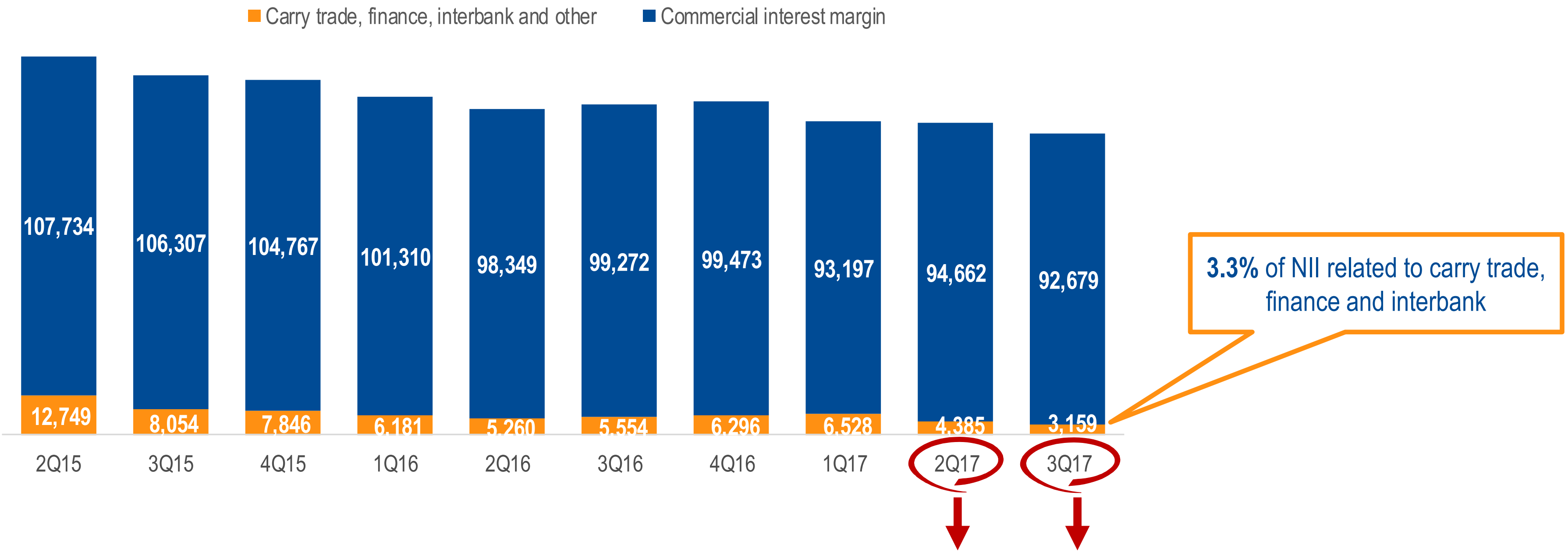


NIM (2014-2017)*



* NIM = Interest income / Loans to customers

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

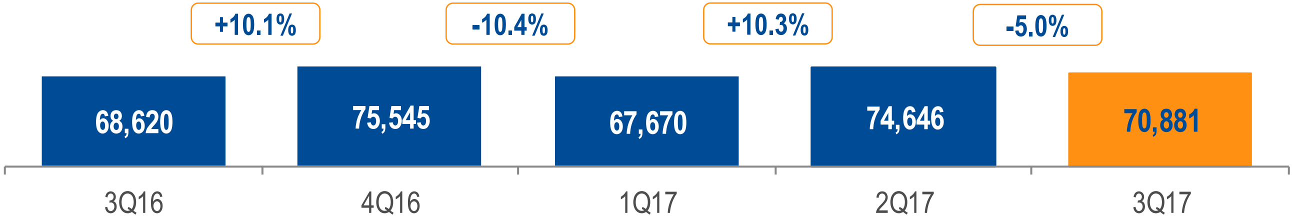


The amounts include the effect of the **issuance (April 2017) of sub debt for 150 ml**

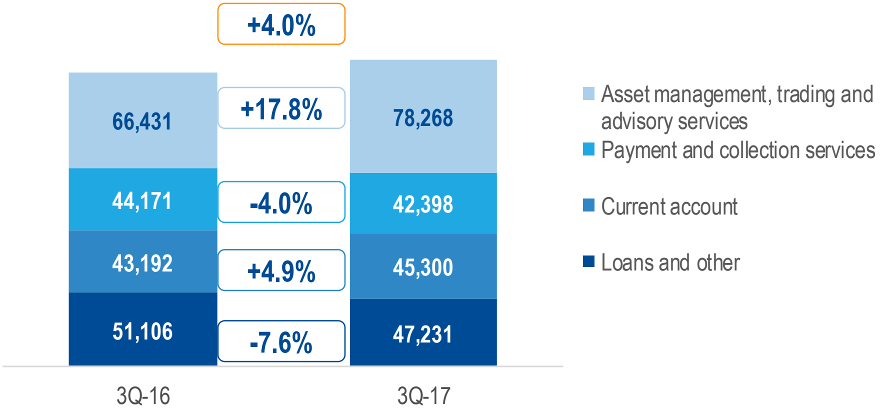
*Interest financial assets – Interest due to central counterparties – Interest term deposits with central bank – Hedging results – Interest loans to banks – Interest income securities – Interest banks – Other interest

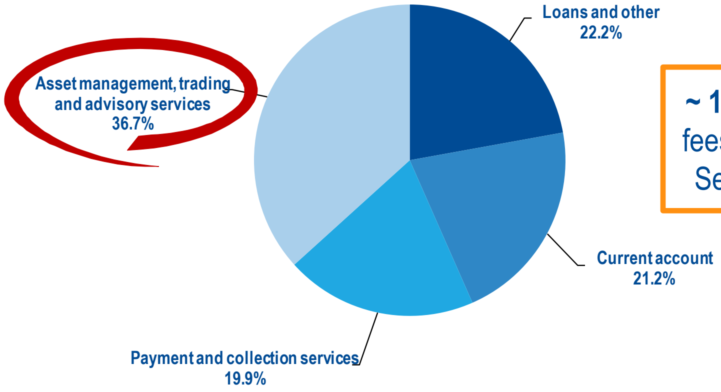
Revenues development – Focus on net fees

Net fees quarterly trend (€/1,000)



Net fees breakdown - YoY





~ 10.5% of up front fees on total fees at September 2017*

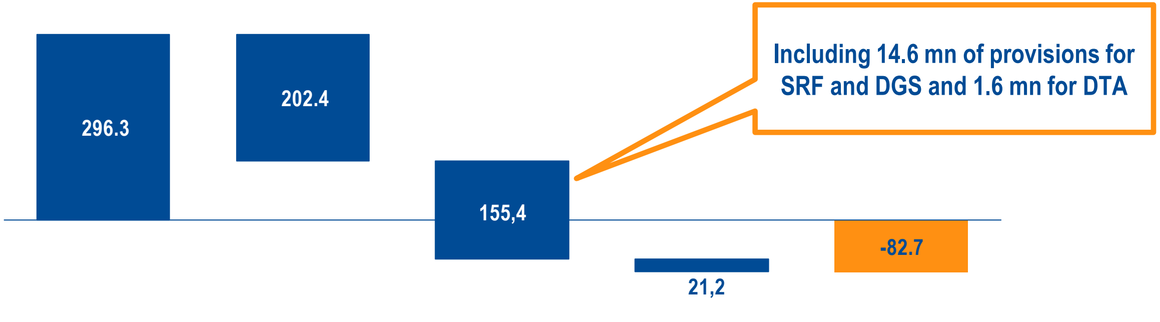
* Up front fees: placement of insurance and AUM, fees received from commercial partners (Alba Leasing, Compass, IBL) and Factoring fees

Agenda

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

Cost management and Net profit development - Operating result and cost income

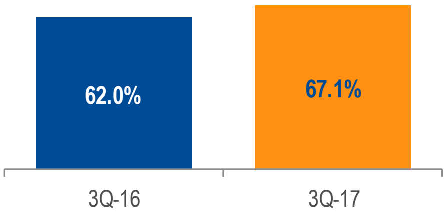
Operating result development (€ mn)



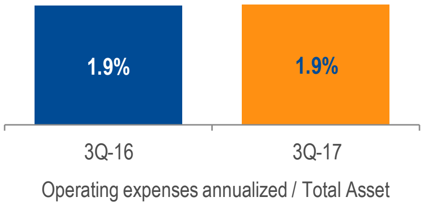
Operating Income	Personnel expenses	Other admin. expenses	Amortization	Net operating margin	
-47.0%	-7.5%	+10.5%	-13.2%	n.s.	*Chg % 3Q 2017 –3Q 2016*

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

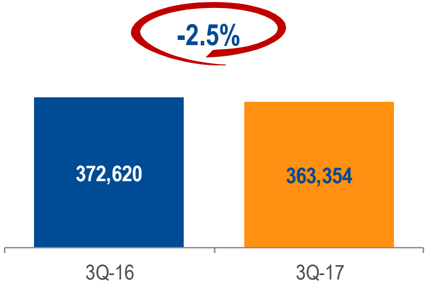
*Cost income ratio**



*Cost to asset ratio**



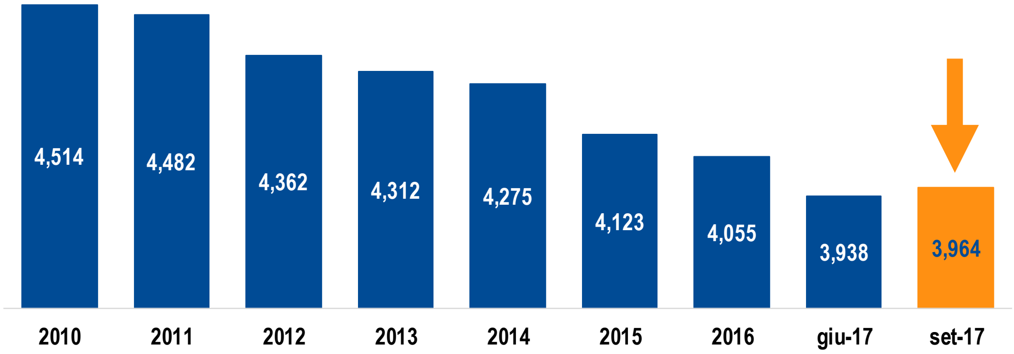
Operating expenses (€ /1,000)*



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

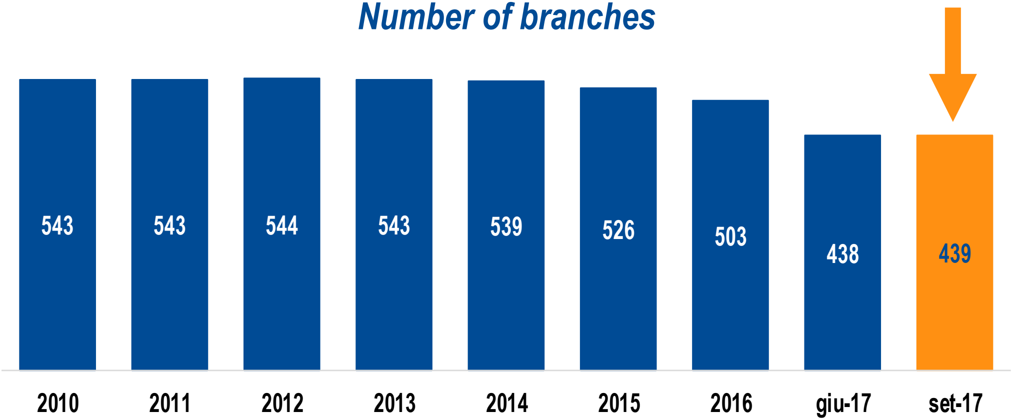
Cost management and Net profit development – branches and personnel

Number of employees



-550 employees since 2010 (-12%)

Number of branches



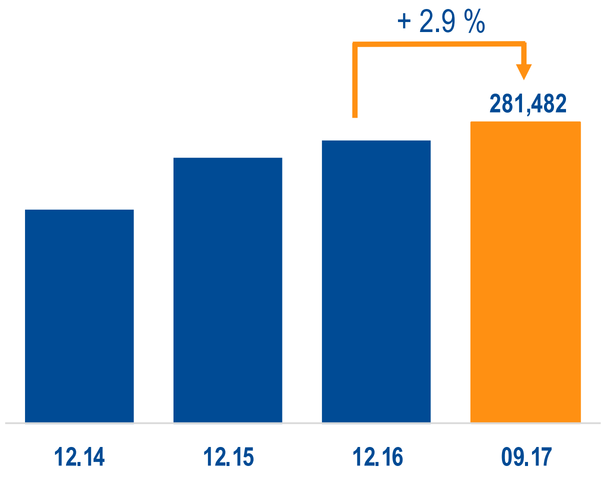
-104 branches since 2013 (-19%)

Executive summary - Strengthening “Customer base” as at 30.09.2017

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

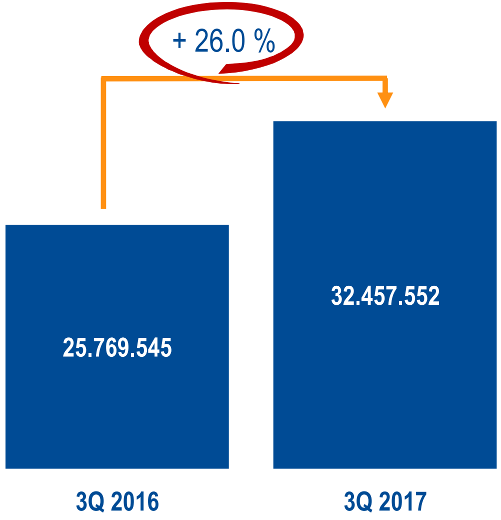
bancaperta

Active Internet Banking Users



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

Bancaperta access 3Q 2017

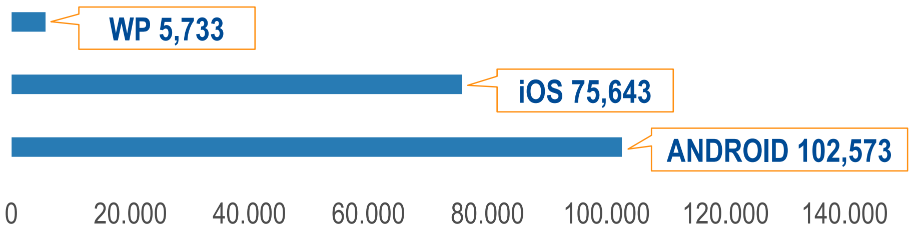


~ 183,949 downloaded apps*
+8% YtD

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

App Bancaperta: download +8% YtD

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

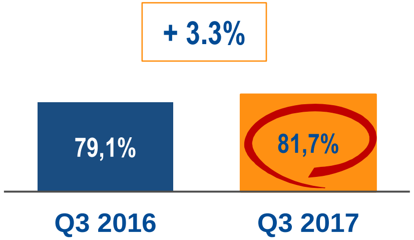
Bancaperta considered by users the best banking app

	Google play		iTunes		Microsoft Store		
	Reviews	Rank	Reviews	Rank	Reviews	Rank	Average rank
Credito Valtellinese	**2,432**	**4.5**	**164**	**4.2**	**143**	**4.4**	**4.5**
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

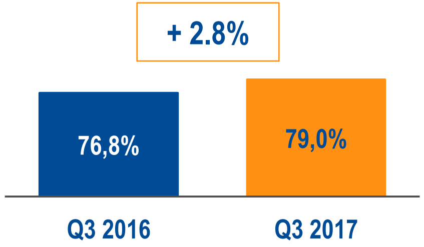
Source: internal data

Cost management and Net profit development - Online data trend

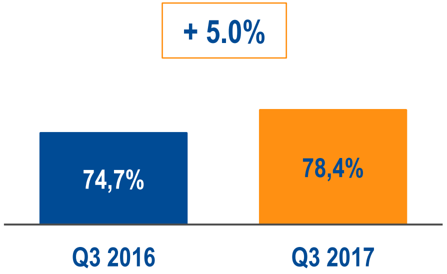
% money transfer online



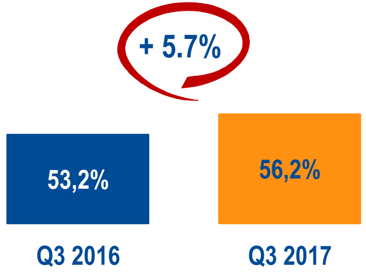
% F24 online



% trading online



Fees and commissions on trading online



Source: internal data

Cost management and Net profit development – Net profit development

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 %
Net operating margin	**- 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.
Income before taxes	**- 400,583**	**- 188,259**	**n.s.**
Tax for the period	126	55,169	n.s.
Minorities	- 2,159	- 2,956	-27.0%
Net result	**- 402,616**	**- 136,046**	**n.s.**

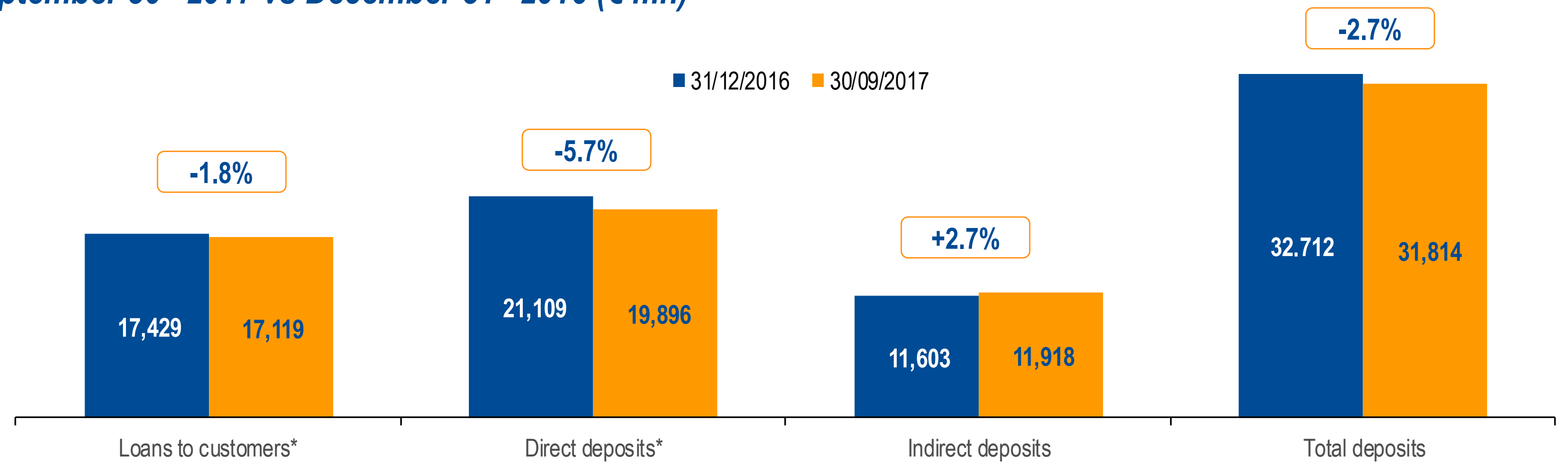
Extraordinary Items

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
Extraordinary Items	**-407.6**
Pre-Tax Result	-400.6
Restated Pre-Tax Result	**7.0**

Agenda

Annexes – Consolidated balance Sheet Data

September 30th 2017 vs December 31st 2016 (€ mn)

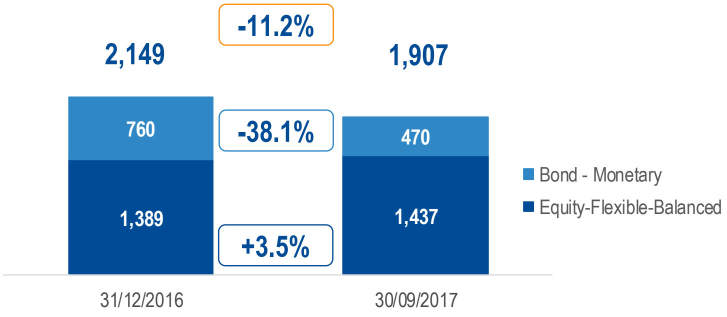


Balance sheet structure	31/12/2016	30/09/2017
Indirect deposits from customers / Total deposits	35.5%	37.5%
Direct deposits from customers / Total liabilities	82.9%	79.7%
Loans to customers/ Direct deposits from customers	82.6%	86.0%
Loans to customers / Total assets	68.4%	68.5%

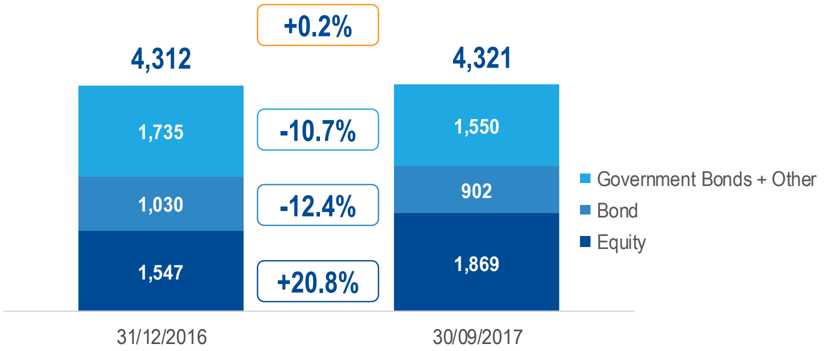
* The amounts include components referring to central counterparties and institutionals

Annexes – Breakdown indirect deposit

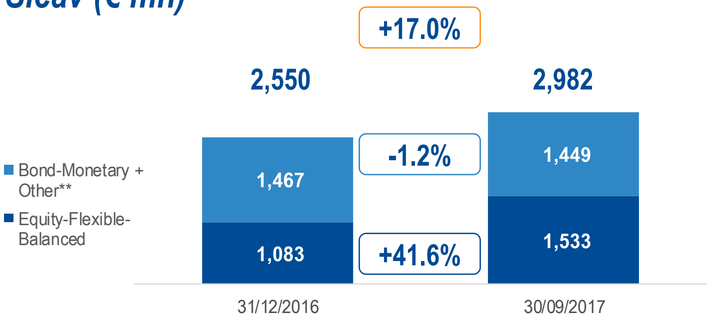
Breakdown Individual accounts (€ mn)



Breakdown Custody (€ mn)



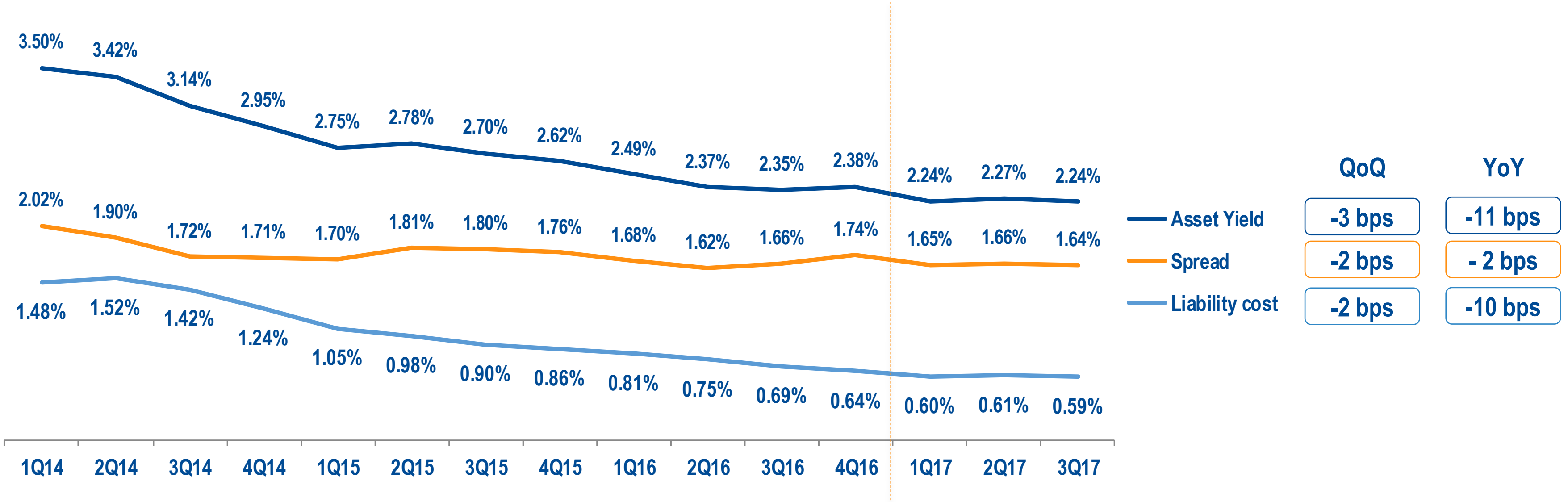
Breakdown Funds & Sicav (€ mn)



** Other including funds not of our placement

Annexes – Banking spread

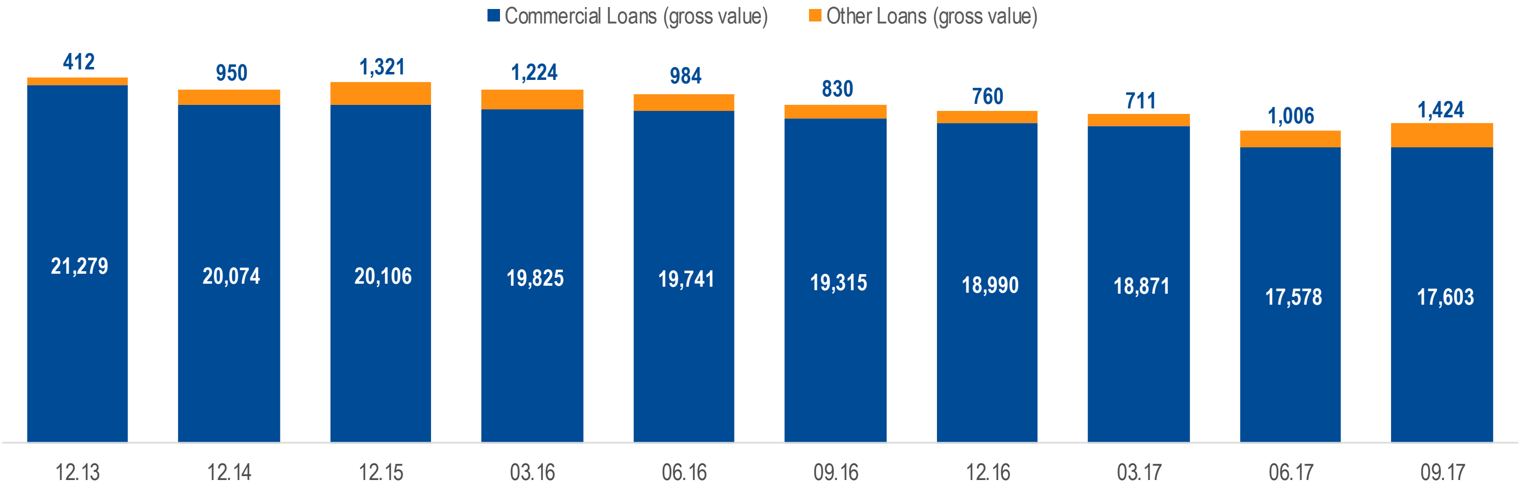
Asset yield, liability cost and spread



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*

Annexes – Loans to customers analysis

Quarterly trend (€ mn)



Annexes – NPEs management model

Past due days: 0 | 30 | 90 | Max 270

UNLIKELY TO PAY (SUBSTANDARD, RESTRUCTURED)

Administrative category	*PERFORMING*			*PAST DUE*	*SUBSTANDARD*	*RESTRUCTURED*	*BAD LOANS*
Managerial category	***GREEN*** / ***SKY-BLUE***	***YELLOW***	***ORANGE***	***RED***	***SUBSTANDARD***	***RESTRUCTURED***	***BAD LOANS***
Owner by segment			*Phone Collection*	*Home Collection*	*Credit Department / Non core Unit*		*Bad Loans Department*
Household / Retail	*Retail / Household Manager*	*Retail / Household Manager*	Finarc, CRIF, CrediTech, fire	Finarc, CRIF, CrediTech, fire	CRIF	MBCREDIT SOLUTIONS	Cerved
SME / Corporate	*Corporate Manager*	*Corporate Manager*	*Credit Manager / Branch Manager*	*Credit Manager*	*Credit Manager/ Credit Department* *Non Core Unit* YARD	*Restructuring*	*Bad Loans Department* Cerved

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

Annexes – Asset quality details

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%
Total impaired loans	**4,012**	**- 1,836**	**2,176**	**45.8%**
Performing loans	15,015	- 72	14,943	0.5%
Total loans and receivables with customers	**19,027**	**- 1,908**	**17,119**	

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
Total assets	**24,977,612**	**25,393,944**	**25,984,022**	**25,469,459**	**26,080,615**

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
Total liabilities and equity	**24,977,612**	**25,393,944**	**25,984,022**	**25,469,459**	**26,080,615**

Annexes – Reclassified consolidated income statement

Income statement	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net interest income	**95,838**	**99,047**	**99,725**	**105,769**	**104,826**
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
Operating income	**-69,299**	**180,776**	**184,856**	**148,802**	**162,672**
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
Operating costs	**-123,172**	**-125,142**	**-130,738**	**-206,326**	**-122,760**
Operating profit	**-192,471**	**55,634**	**54,118**	**-57,524**	**39,912**
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
Pre-tax profit (loss) from continuing operations	**-210,060**	**-195,646**	**5,123**	**-212,264**	**-195,938**
Income taxes	2,603	-801	-1,676	16,622	41,557
Post-tax profit (loss) from continuing operations	**-207,457**	**-196,447**	**3,447**	**-195,642**	**-154,381**
Profit (loss) for the period attributable to non-controlling interests	-331	-739	-1,089	-1,415	-801
Profit (Loss) for the period	**-207,788**	**-197,186**	**2,358**	**-197,057**	**-155,182**

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Consolidated Results as at September 30th 2017