

## Investor Presentation

# Run<sup>2</sup>

Restart Under New-Normality

November 2017

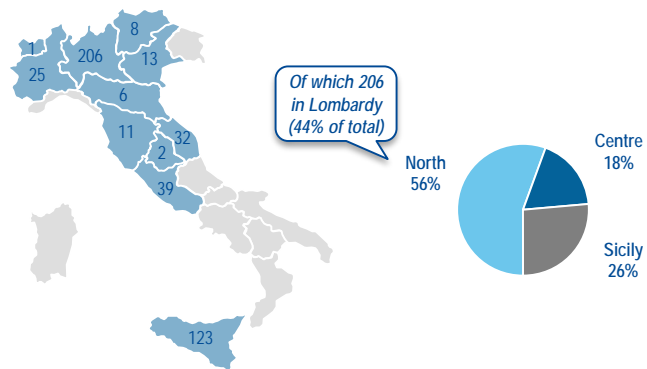
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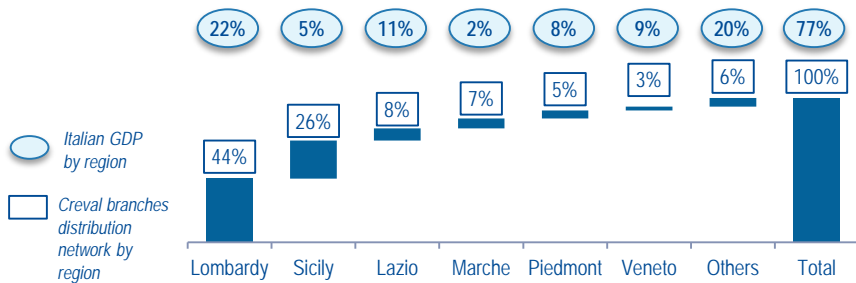
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1. **Executive Summary**
2. Creval Business Plan 2018 – 2020
3. Consolidated Results as at September 30<sup>th</sup> 2017

## Geographical footprint<sup>(1)</sup>



## Correlation: distribution network vs. Italian GDP by region<sup>(2)</sup>



## Overview

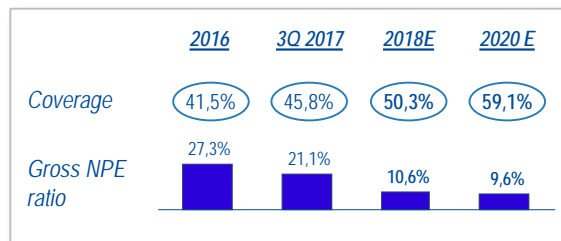
- Credito Valtellinese Group (“Creval” or the “Group”) is a medium-size banking group, ranking 10 in terms of total assets, and is listed in the Italian stock exchange
- Parent company Credito Valtellinese was established in 1908 as a “popolare” bank in Sondrio, Lombardy, one of the wealthiest region 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 on lone, last available data; 2) Source: Eurostat, Regional gross domestic product, 2015 data (last available)

1

## Asset quality and coverage ratio

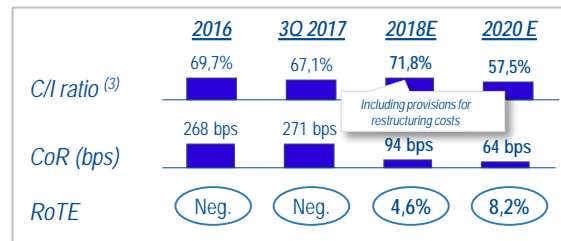
- Actions for decisive balance sheet derisking through:
  - NPEs disposal with GACS (1,60€bn GBV)
  - Other NPEs disposal (0,5€bn GBV)
  - Increase of NPEs coverage ratios



2

## Relaunch efficiency and profitability

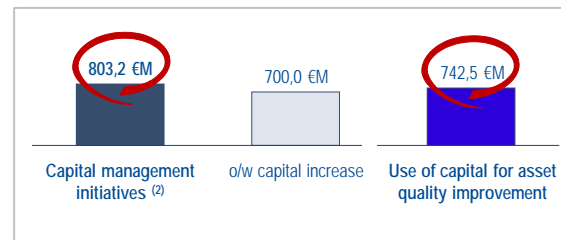
- Improve operational efficiency
- Redundancy fund
- Cost of risk reduction
- Further actions aimed at strengthening business profitability



3

## Capital strengthening

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



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.. 4) Subject to regulatory approval



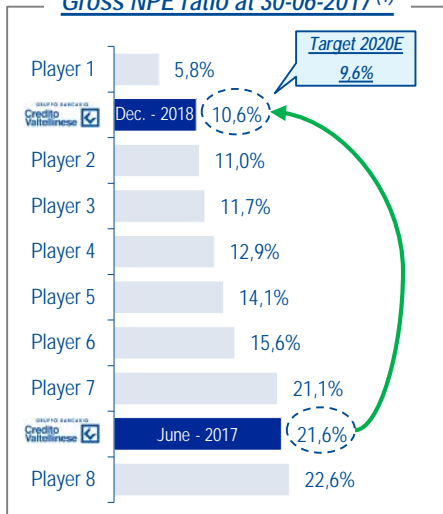
## Key business plan targets

	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%
Net NPE ratio	12,7%	5,5%	4,2%
Gross 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%



# Improvement of Creval's risk profile

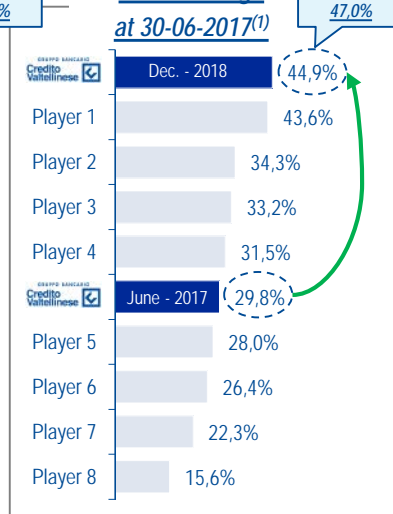
Gross NPE ratio at 30-06-2017<sup>(1)</sup>



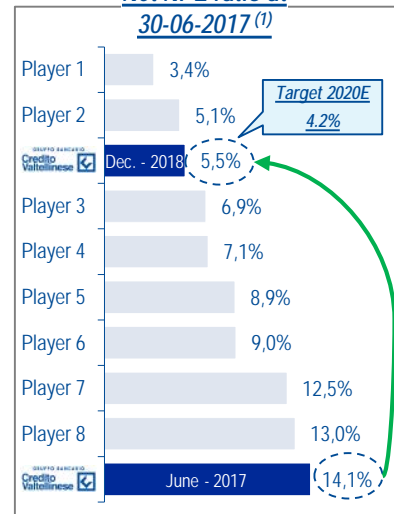
BAD Loans coverage ratio at 30-06-2017<sup>(1)</sup>



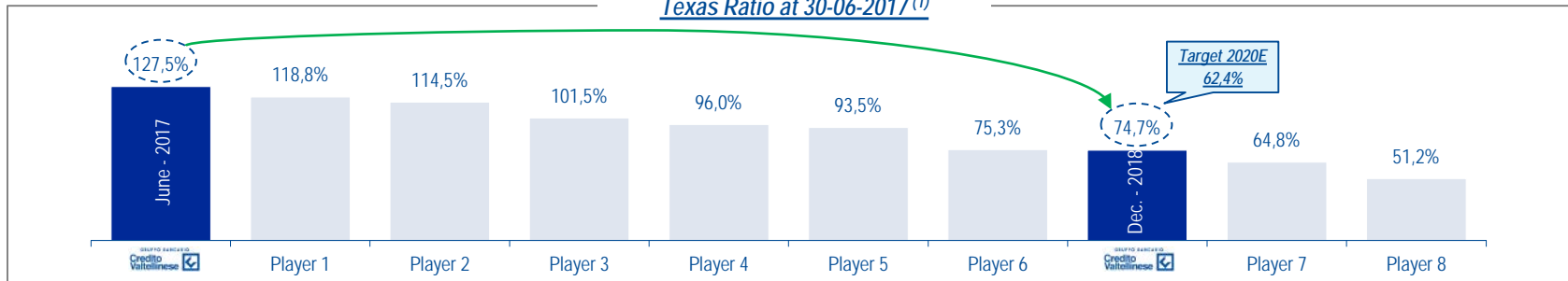
UTP coverage at 30-06-2017<sup>(1)</sup>



Net NPE ratio at 30-06-2017<sup>(1)</sup>

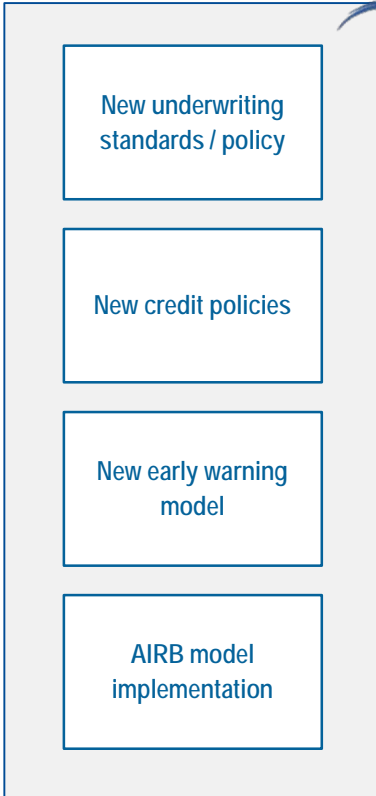


Texas Ratio at 30-06-2017<sup>(1)</sup>



Notes: 1) Data including write-offs

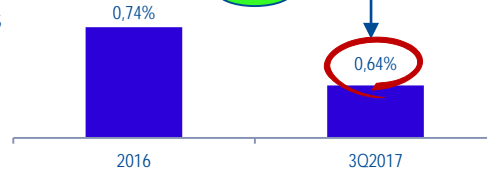
Source: Data as of June, 30<sup>th</sup> 2017 for other Italian banks. Player : Unicredit, Intesa Sanpaolo, Banco BPM, Bper, Cariparma, Banca Popolare di Sondrio, Credem, Ubi Banca



## Results achieved

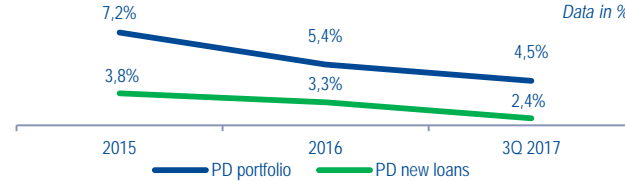
### Expected loss

Data in %



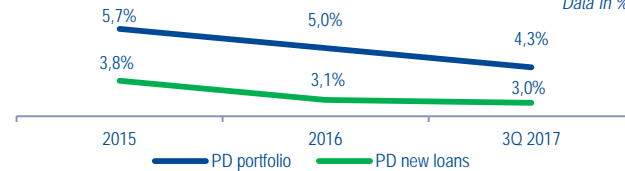
### PD loans Corporate

Data in %



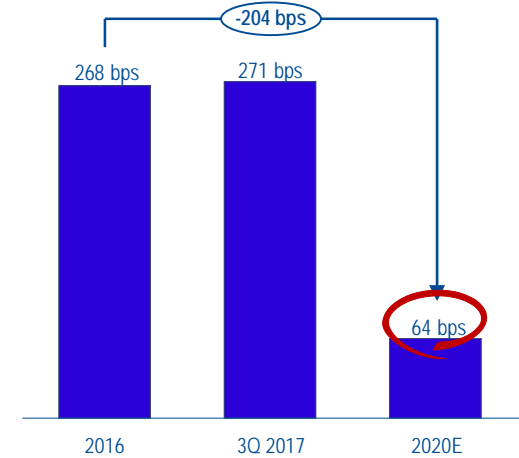
### PD loans Retail

Data in %



## Cost of risk evolution

Data in bps

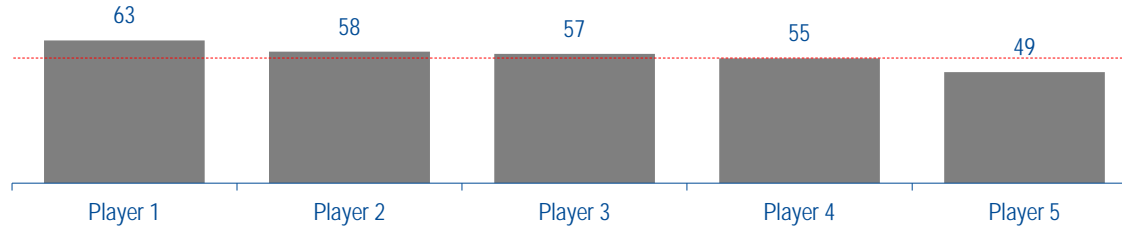


*Thanks to the actions envisaged in the Business Plan, a strong reduction of the cost of credit is expected*

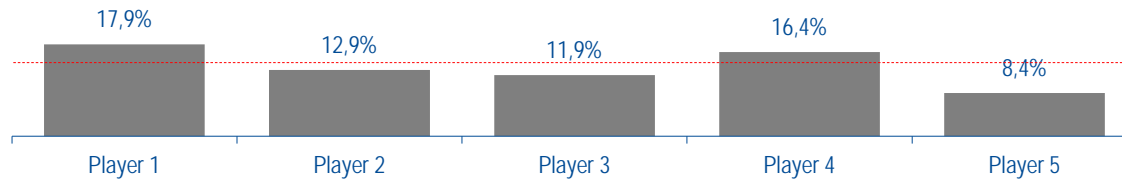


## Benchmarking: Target cost of risk and asset quality

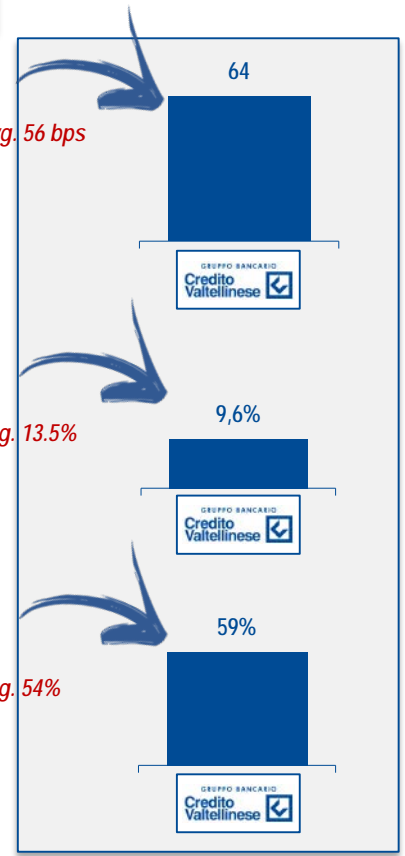
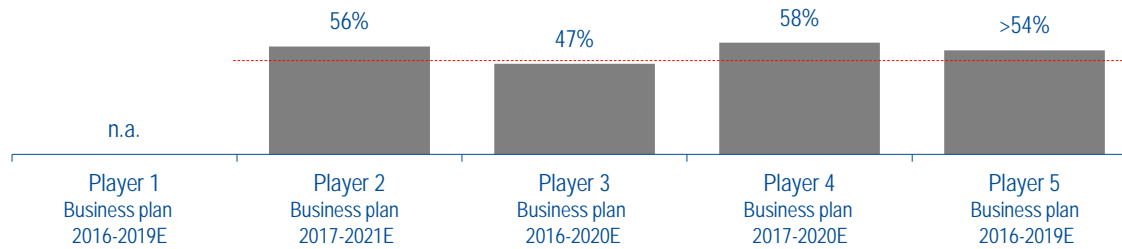
Cost of risk (bps)



Gross NPE ratio



NPE coverage



Source: Company disclosure

## 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

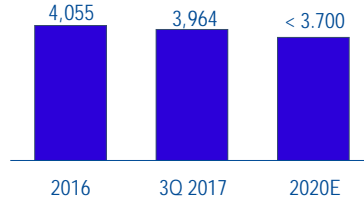
- Development of Creval Sistemi e Servizi, also through partnership, in order to optimize the cost base, improve the time to market and to face the investment needed in the future (blockchain, cyber security...)

## Industrial transformation

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

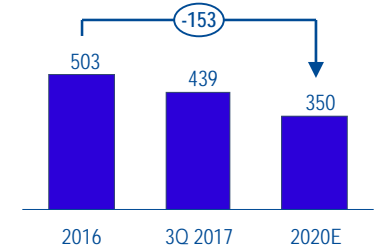
### Personnel evolution

# of employees



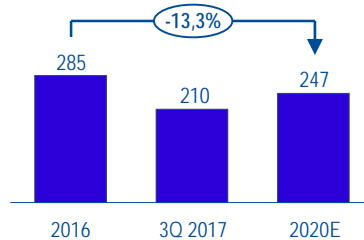
### Branch network evolution

# of Branch



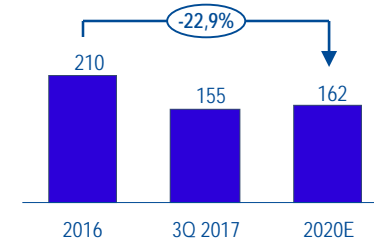
### Personnel expenses

Data in €M



### Other administrative expenses

Data in €M



## 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

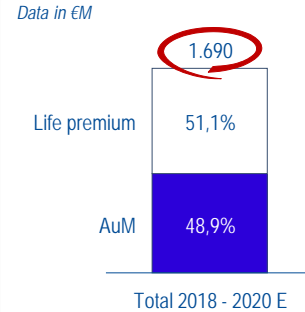
## Value lending

- "Value lending" development (i.e. personal loans)

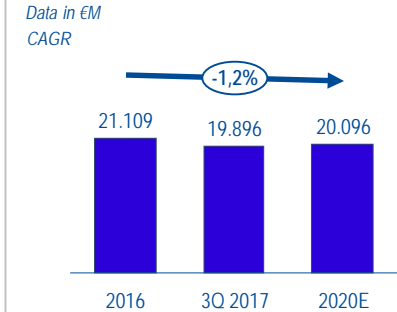
## High value product

- 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



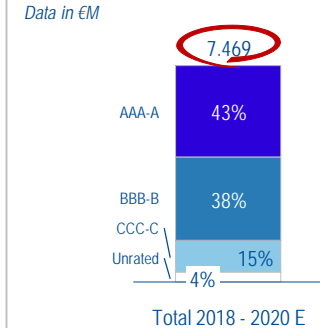
### Customer deposits evolution



### Loans disbursement by segment

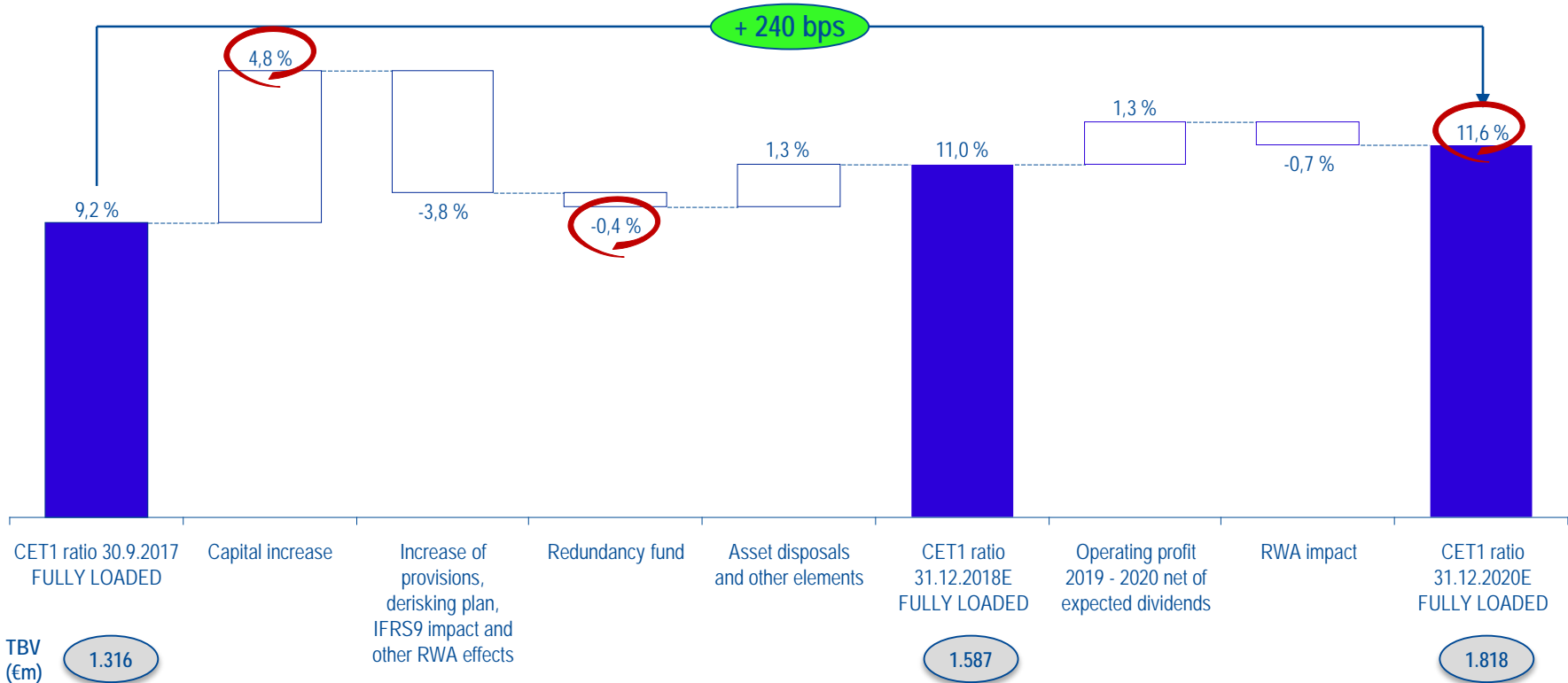


### Loans disbursement by rating



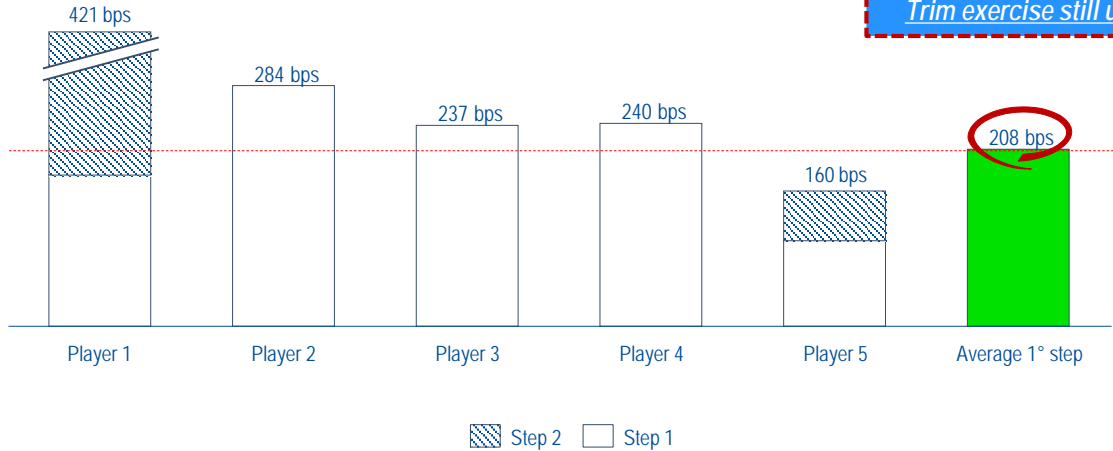
Action	Description	CET1 Impact <sup>(1)</sup>
<p>Capital increase</p>	<ul style="list-style-type: none"> <li>• 700€m rights issue fully pre-underwritten by Mediobanca – Banca di Credito Finanziario S.p.A.<sup>(2)</sup></li> <li>• Issue of new ordinary shares with pre-emptive rights to current shareholders</li> <li>• Timetable:               <ul style="list-style-type: none"> <li>– EGM to approve transaction: December, the 19<sup>th</sup> 2017</li> <li>– Launch expected in 1Q2018 subject to market conditions and regulatory approval</li> </ul> </li> </ul>	<p>+480 bps</p>
<p>Disposal of non core assets</p>	<ul style="list-style-type: none"> <li>• Disposal of non core assets / minority stakes with a positive impact on CET1 capital for c.60€m and c.40€m RWA release</li> </ul>	<p>+ 47 bps</p>
		<p>+ 527 bps</p>

Notes: 1) Impact calculated on 30.9.2017 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.



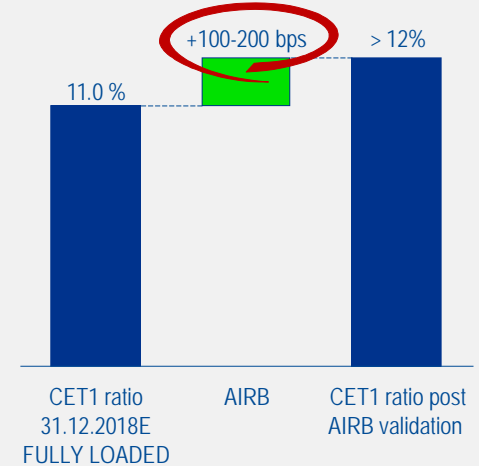
Note: 1) Impact calculated on 30.9.2017

## Benchmark: Impact in terms of CET1 Ratio –AIRB Approach <sup>(1)</sup>



*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 the AIRB model expected in 2018 <sup>(2)</sup>*

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

1. Executive Summary
2. **Creval Business Plan 2018 – 2020**
3. Consolidated Results as at September 30<sup>th</sup> 2017

## Creval Business Plan 2018 – 2020

Run<sup>2</sup>

Restart Under New-Normality

November, 7<sup>th</sup> 2017



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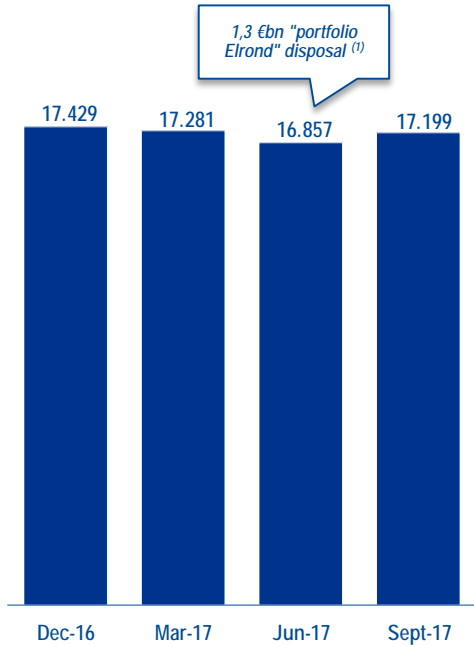
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1. 3Q 2017 results
2. Background
3. The three business plan pillars
4. Capital management initiatives
5. Asset quality
6. Relaunch efficiency and profitability
7. Economic and financial projections 2018 - 2020

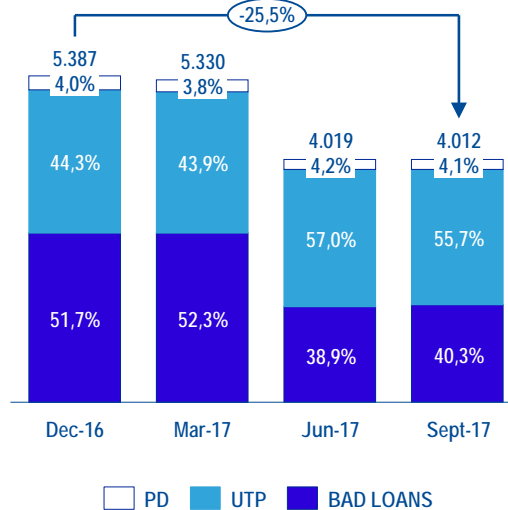
## Net customer loans evolution

Data in €M



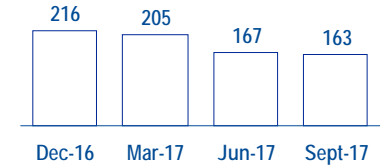
## NPE evolution

Data in €M



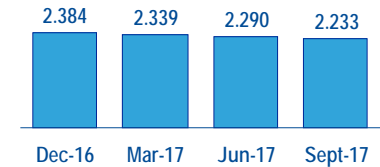
## Past due

Data in €M



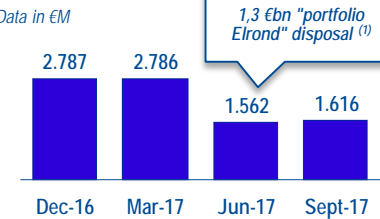
## UTP

Data in €M



## Bad Loans

Data in €M



Note: 1) Net of collection and other movement recorded from November, 30<sup>th</sup> 2016 to June, 30<sup>th</sup> 2017

## Coverage Ratio

Data in %

	December, 31 <sup>st</sup> 2016	March, 31 <sup>st</sup> 2017	June, 30 <sup>th</sup> 2017	September, 30 <sup>th</sup> 2017
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NPEs  
Coverage ratio

	41,5%	41,6%	41,0%	45,8%
			+4,8 pp	

Increase of provisions in Q3  
in relation to the new credit  
value adjustments policy

Bad loans  
Coverage ratio

	54,4%	54,1%	61,0%	61,5%
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UTP  
Coverage ratio

	29,4%	29,6%	29,8%	37,1%
			+7,3 pp	

Past due  
Coverage ratio

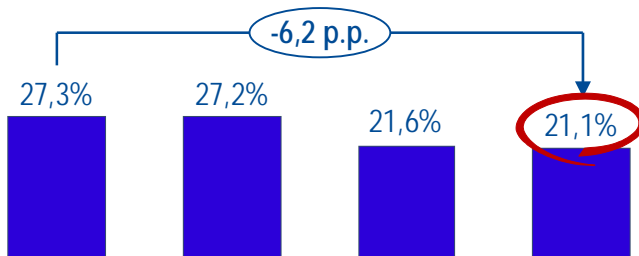
	8,2%	8,2%	8,5%	8,0%
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## NPE Ratio

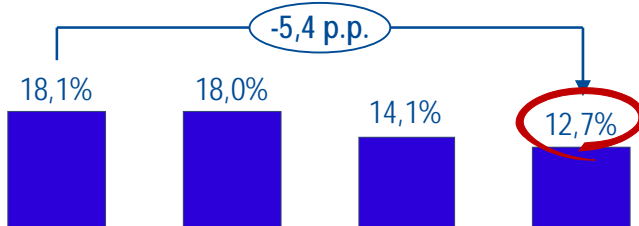
Data in %

	December, 31 <sup>st</sup> 2016	March, 31 <sup>st</sup> 2017	June, 30 <sup>th</sup> 2017	September, 30 <sup>th</sup> 2017
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Gross  
NPE Ratio

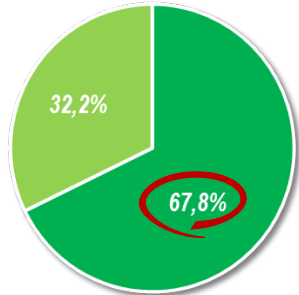


NET  
NPE Ratio



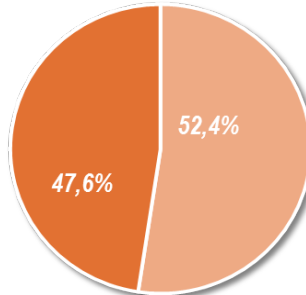
Data in %

Secured/Unsecured NPEs



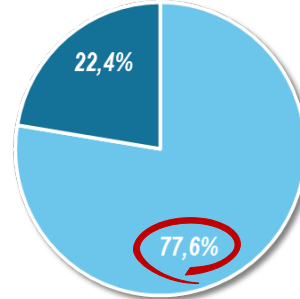
■ Unsecured  
■ Secured

Secured/Unsecured Bad loans



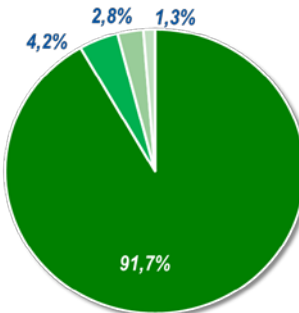
■ Unsecured  
■ Secured

Secured/Unsecured UTP



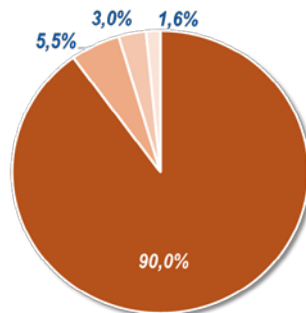
■ Unsecured  
■ Secured

Focus Secured NPEs



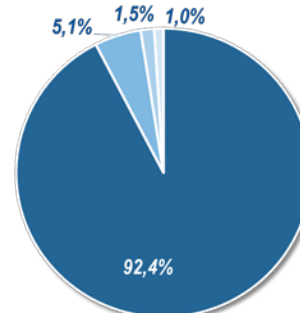
■ Mortgage  
■ Other real collateral  
■ Other collateral (Confidi)  
■ Asset Protection Scheme (APS)

Focus Secured Bad loans



■ Mortgage  
■ Other real collateral (Confidi)  
■ Other collateral (Confidi)  
■ Asset Protection Scheme (APS)

Focus Secured UTP



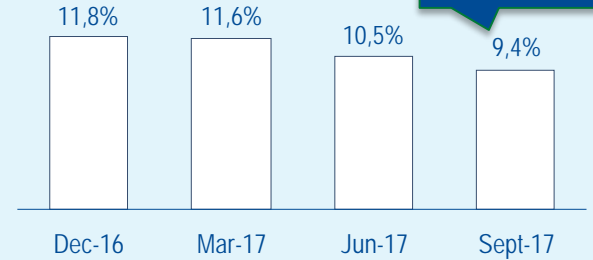
■ Mortgage  
■ Other real collateral (Confidi)  
■ Other collateral (Confidi)  
■ Asset Protection Scheme (APS)

Data in €M

	December, 31 <sup>st</sup> 2016	March, 31 <sup>st</sup> 2017	June, 30 <sup>th</sup> 2017	September, 30 <sup>th</sup> 2017
<b>CET 1 – phased in</b>	1.713	1.702	1.511	1.295
<b>TIER 2 – phased in</b>	180	156	284	262
<b>TCR – phased in</b>	1.893	1.858	1.795	1.567
<b>RWA – phased in</b>	14.539	14.664	14.361	13.739

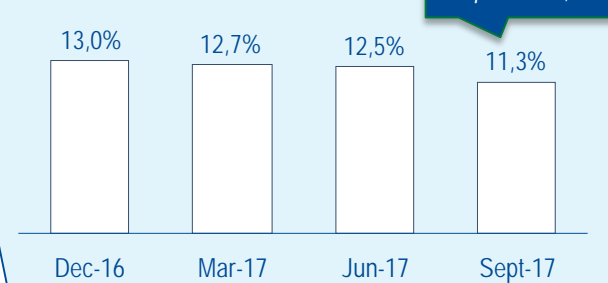
## TIER 1 Ratio – phased in

Data in %



## TCR Ratio – phased in

Data in %





## Breakdown P&L stated

Data in €M

	December, 31 <sup>st</sup> 2016	March, 31 <sup>st</sup> 2017	June, 30 <sup>th</sup> 2017	September, 30 <sup>th</sup> 2017
Net interest income	421,7	99,7	198,7	294,6
Net commission income	280,4	67,7	142,3	213,2
Net interest and commission income	702,1	167,4	341,0	507,8
Other revenues <sup>(1)</sup>	5,6	17,4	24,6	-211,5
Operating Revenues	707,7	184,8	365,6	296,3
Operating costs	-590,2	-130,7	-255,9	-379,0
of which personnel expenses	-346,2	-75,1	-134,3	-202,4
of which other administrative expenses	-210,1	-48,2	-107,7	-155,4
of which impairment on tangible and intangible assets	-33,9	-7,4	-13,9	-21,2
Gross operating income	117,5	54,1	109,7	-82,7
Credit value adjustments	-491,2	-47,9	-369,0	-386,1
Other elements <sup>(2)</sup>	-26,8	-1,1	68,8	68,2
Gross income	-400,5	5,1	-190,5	-400,6

Loss Elrond switch from credit value adjustments to trading profit. Elrond effect in Q3 for about 22€M

Top up provision in Q3 for the new credit value adjustments policy

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 adjustments for credits impairment, net reserves to risks and costs fund and profit from investments and shareholdings transfer



## Extraordinary Items (as of September, 30<sup>th</sup> 2017)

Data in €M

Loss for NPE disposal (Elrond)	-242,7
Loss for UTP disposal (Algebris)	-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
Effect of the new credit value adjustments policy, Elrond residual effect	-193,7
Profit from sale of investment	69,7
<b>Extraordinary Items</b>	<b>-407,6</b>

## Adjusted P&L (as of September, 30<sup>th</sup> 2017)

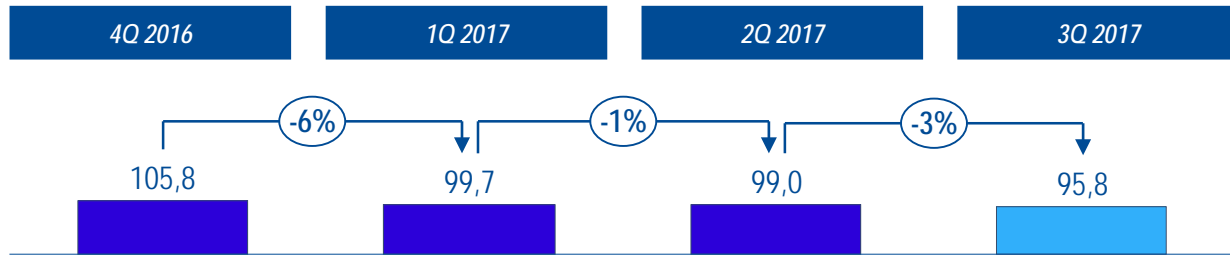
Data in €M

Net interest income	294,6
Net commission income	213,2
Net interest and commission income	507,8
Other revenues <sup>(1)</sup>	33,3
Operating Revenues	541,2
Operating costs	-379,6
of which personnel expenses	-209,9
of which other administrative expenses	-148,5
of which impairment on tangible and intangible assets	-21,2
Gross operating income	161,6
Credit value adjustments	-153,1
Other elements <sup>(2)</sup>	-1,5
<b>Gross income</b>	<b>7,0</b>

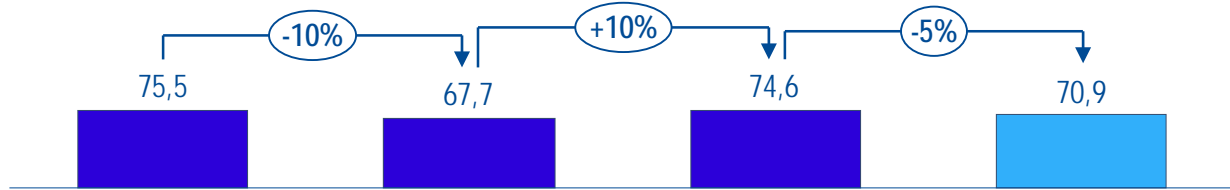
Notes: 1) It considers: other management fees / incomes, share of profits and similar incomes, outcome of net assets evaluated shareholdings, finance profits; 2) It considers adjustments for credits impairment, net reserves to risks and costs fund and profit from investments and shareholdings transfer



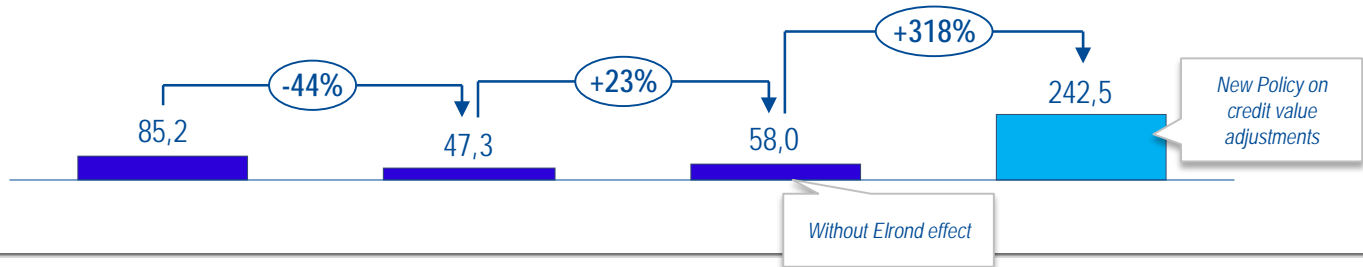
*Interest income, quarterly figures*  
Data in €M



*Net commission income, quarterly figures*  
Data in €M



*Credit value adjustments, quarterly figures*  
Data in €M



December, 31<sup>st</sup> 2016

March, 31<sup>st</sup> 2017

June, 30<sup>th</sup> 2017

September, 30<sup>th</sup> 2017

*Net interest income / Loans*

Data in %

2,4%

2,3%

2,4%

2,3%

*Net commission income / Loans*

Data in %

1,6%

1,6%

1,7%

1,7%

*Cost of credit risk*

Data in %

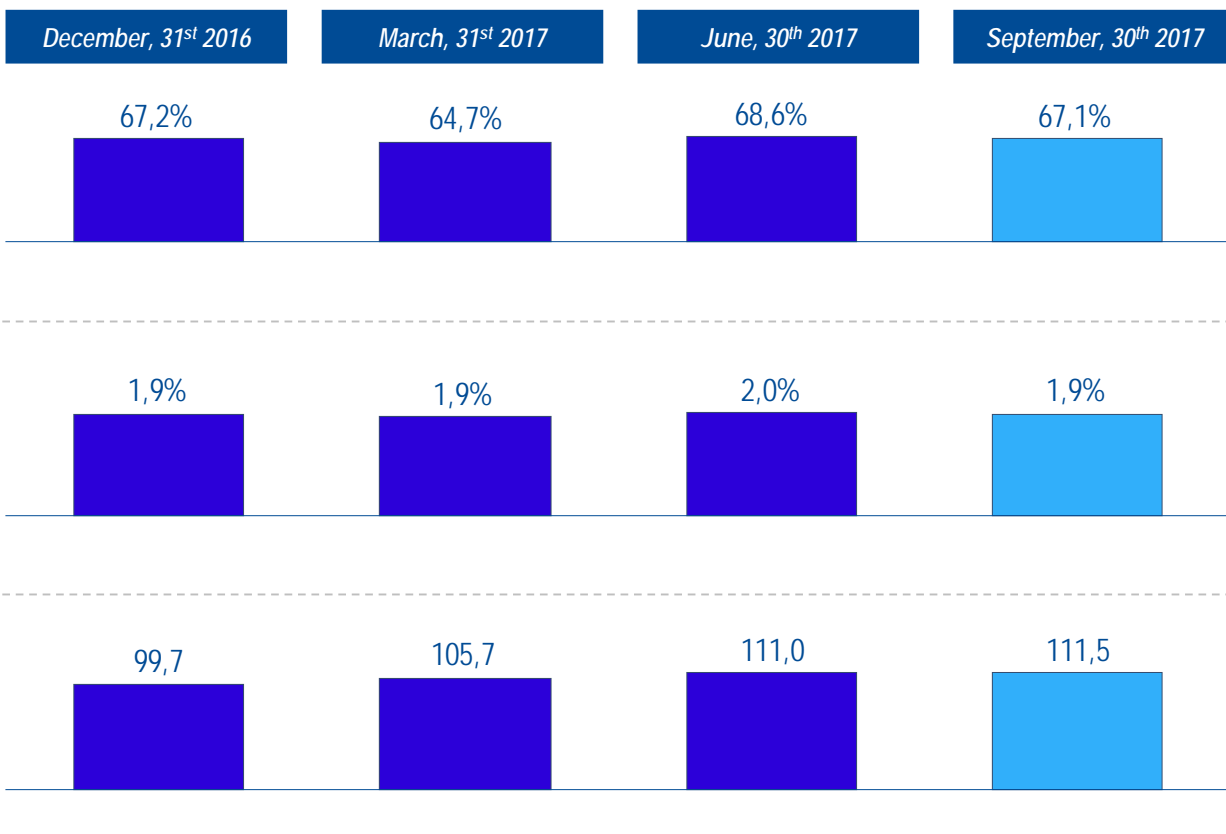
2,7%

1,1%

3,5%

2,7%

Provisions for Elrond  
disposal -188 €M

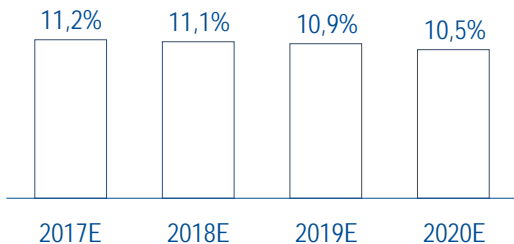


Notes: 1) Adjusted 31.12.2016 not includes redundancy fund, SRF, DGS, DTA fee and additional fees; Adjusted 31.3.2017 not includes SRF; Adjusted 30.6.2017 not includes SRF, DTA fee, Elrond expenses, NASPI; Adjusted 30.9.2017 not includes SRF, DTA fee, Elrond expenses, NASPI. 2) Calculated as: Direct deposit + Indirect funding + Customer loans

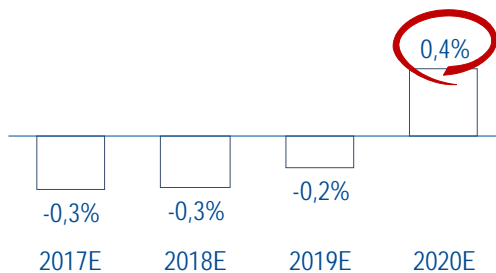


1. 3Q 2017 results
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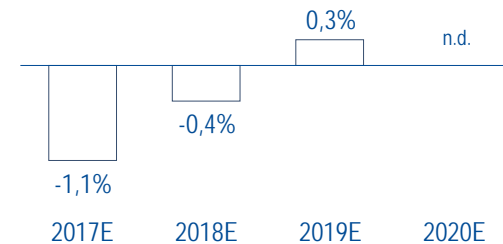
## Unemployment <sup>(1)</sup>



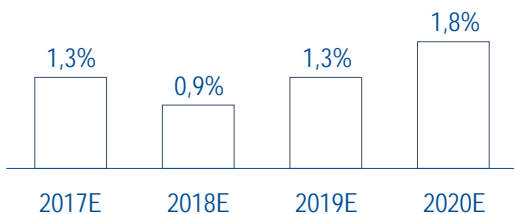
## Euribor <sup>(1)(2)</sup>



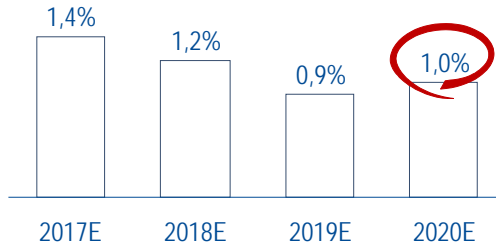
## House price index <sup>(2)</sup>



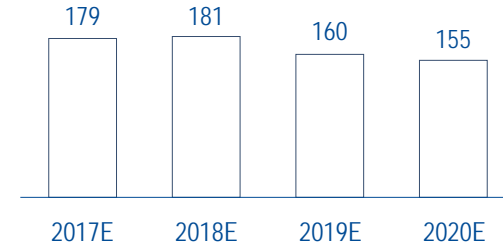
## Inflation (consumer prices) <sup>(1)</sup>



## GDP (average annual data) <sup>(1)</sup>



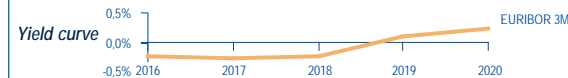
## Spread BTP-BUND (in bps) <sup>(1)</sup>



Source: (1) PROMETEIA – "Rapporto di Previsione Tavole dettagliate della previsione" - September 2017 ; (2) Nomisma – "Osservatorio sul mercato immobiliare 2° rapporto 2016"  
Note: (2) Data as at 4Q

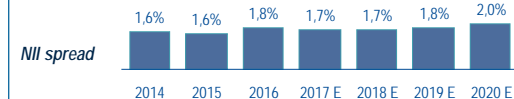
## Pressure on interest rates

- Expected increase of the Euribor post 2019



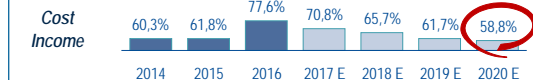
## Pressure on revenues and review of the business model

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



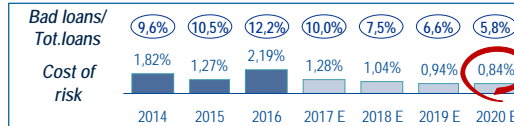
## Improvement in operating efficiency

- 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



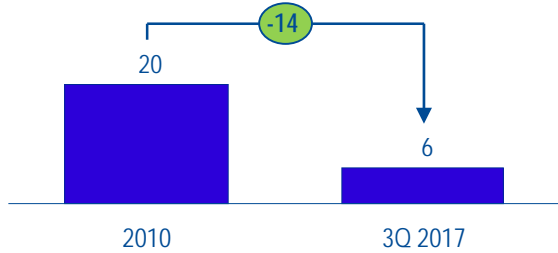
## Regulatory impact

- 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

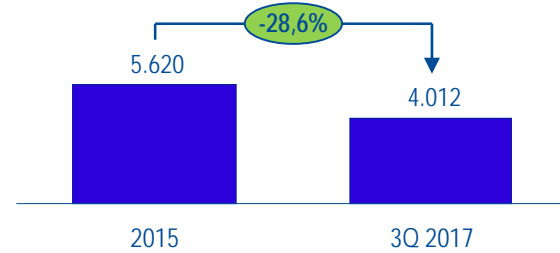
## Creval Group Entities

Data in #



## Gross NPE

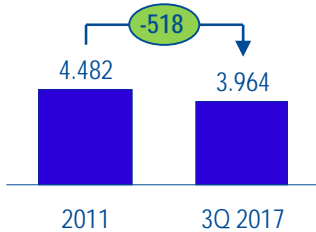
Data in €M



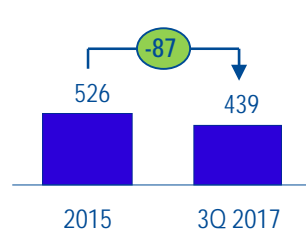
## HR and Branches evolution

Data in #

### Employees

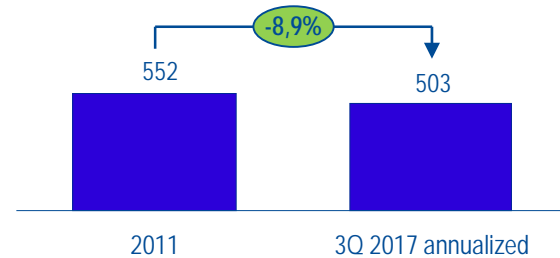


### N° of branches



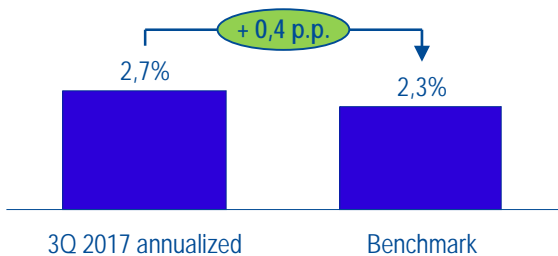
## Operating Costs

Data in €M



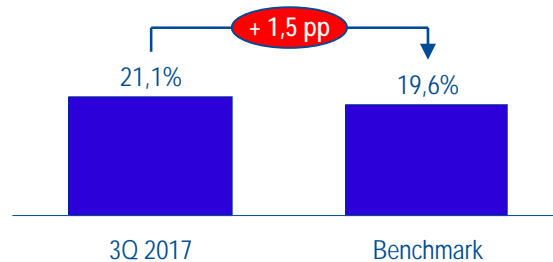
## Net Interest and Commission Income / Total asset

Data in %



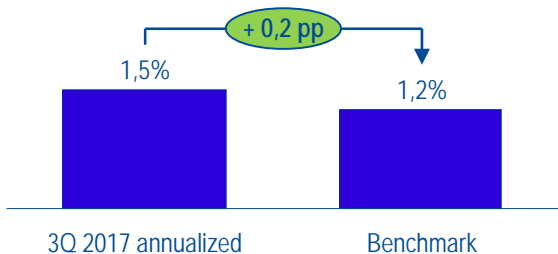
## NPE Ratio

Data in %



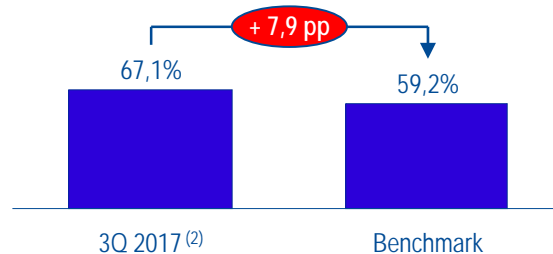
## Operating income adjusted / Gross banking asset <sup>(1)</sup>

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

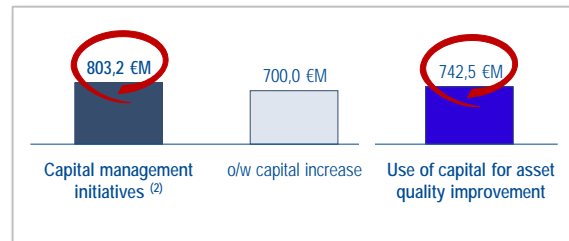


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1

## Capital strengthening

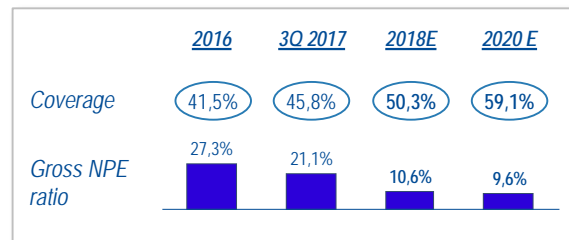
- 700€m rights issue fully pre-underwritten <sup>(1)</sup>
- Non core assets disposals
- *On top of the capital plan: AIRB models adoptions, subject to regulatory approval*



2

## Asset quality and coverage ratio

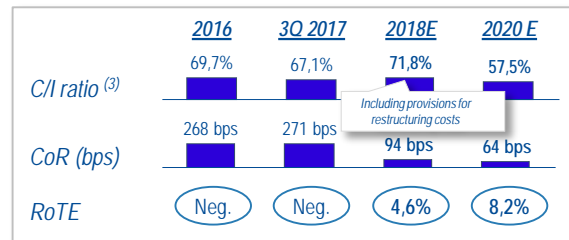
- Actions for decisive balance sheet derisking through:
  - NPEs disposal with GAGS (1,60€bn GBV)
  - Other NPEs disposal (0,5€bn GBV)
  - Increase of NPEs coverage ratios



3

## Relaunch efficiency and profitability

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



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.

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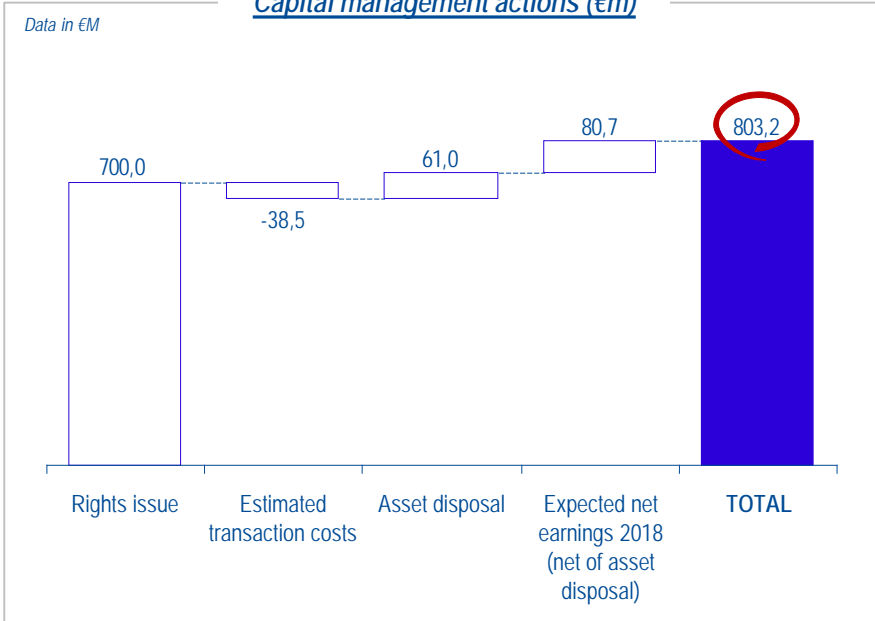


Action	Description	CET1 Impact <sup>(1)</sup>
<p>Capital increase</p>	<ul style="list-style-type: none"> <li>• <b>700€m rights issue</b> fully pre-underwritten by Mediobanca – Banca di Credito Finanziario S.p.A.<sup>(2)</sup></li> <li>• Issue of new ordinary shares with pre-emptive rights to current shareholders</li> <li>• Timetable:               <ul style="list-style-type: none"> <li>– EGM to approve transaction: December, the 19<sup>th</sup> 2017</li> <li>– Launch expected in 1Q2018 subject to market conditions and regulatory approval</li> </ul> </li> </ul>	<p>+480 bps</p>
<p>Disposal of non core assets</p>	<ul style="list-style-type: none"> <li>• Disposal of non core assets / minority stakes with a positive impact on CET1 capital for c.60€m and c.40€m RWA release</li> </ul>	<p>+ 47 bps</p>
		<p>+ 527 bps</p>

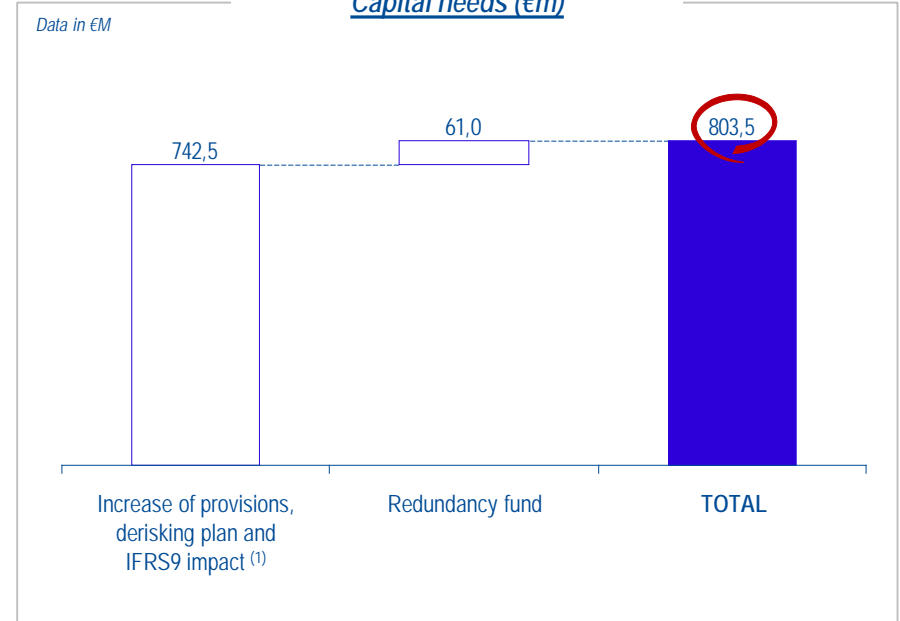
Notes: 1) Impact calculated on 30.9.2017 Expected; ratios estimated pre AIRB validation. 2) Pre-underwriting commitment of Mediobanca subject to conditions in line with market practice for similar transactions and other specific provisions – See the press release for details.



Capital management actions (€m)

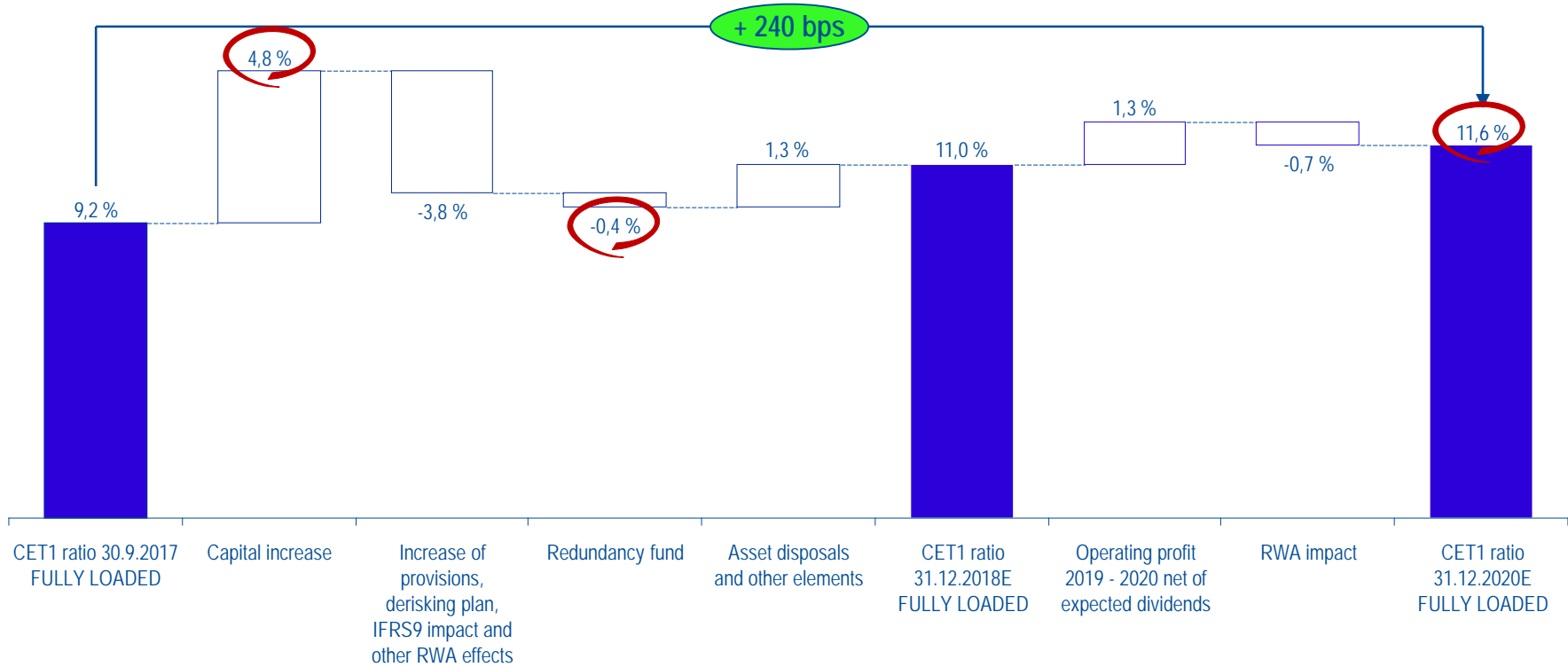


Capital needs (€m)



*Capital reinforcement measures aimed at decisive derisking*

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



Note: 1) Impact calculated on 30.9.2017



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
<i>PD</i>	✓	✓	✓
<i>LGD</i>		✓ Unique model for the different regulatory asset classes	
<i>EAD</i>		✓ 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

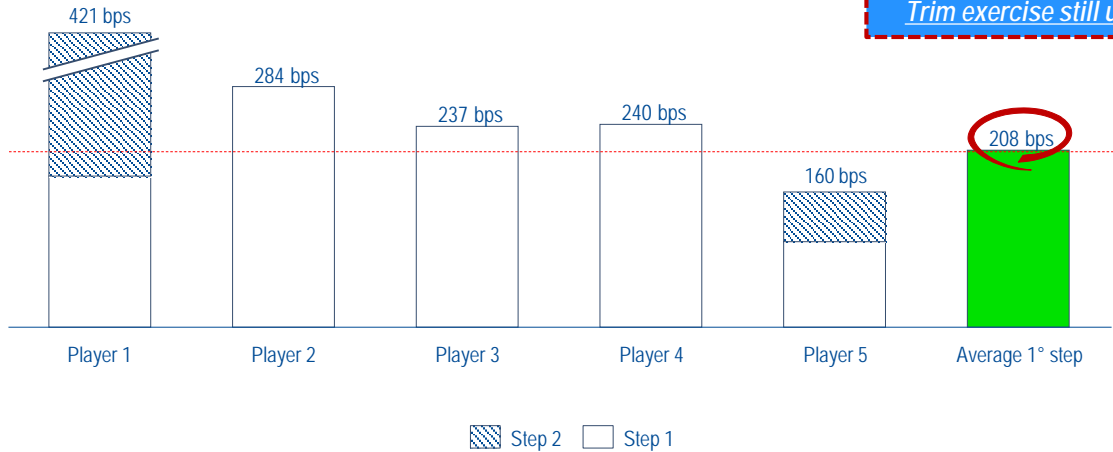
RAF & Strategic Planning	Pricing Risk Based
Credit Processes	Performance Management System
Reporting risk management	Credit Policy
Generic and Specific provisions	MBO
Credit Monitoring	

3

Information System

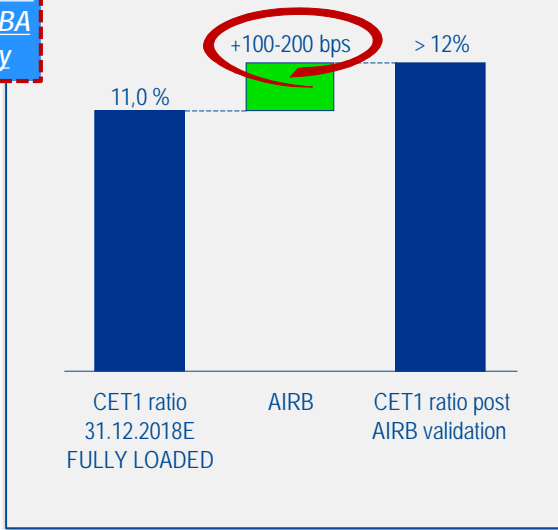
Ad hoc AIRB architecture has been implemented in order to allow both the internal models development and the subsequent release into the production environment for their effective use across Bank's internal processes

*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 -*

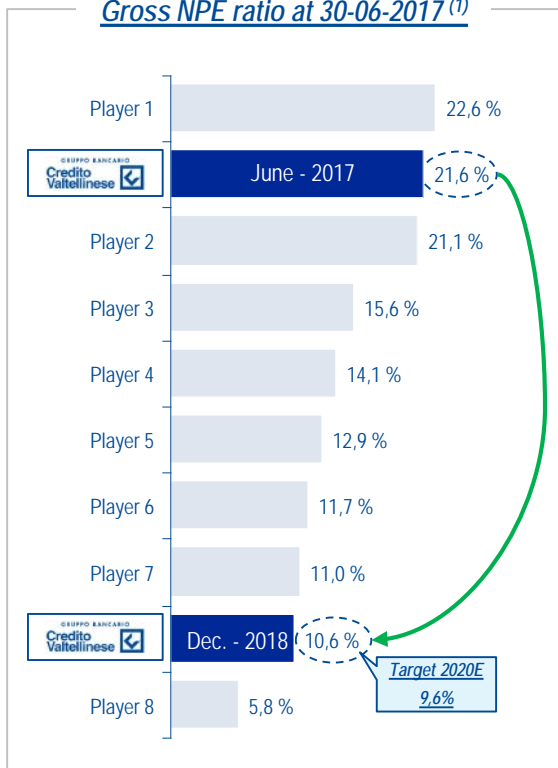
Note: 1) Only validations after 2009 are considered; capital impact calculated as the difference between the ratio between the reporting date before and after AIRB approval announcement



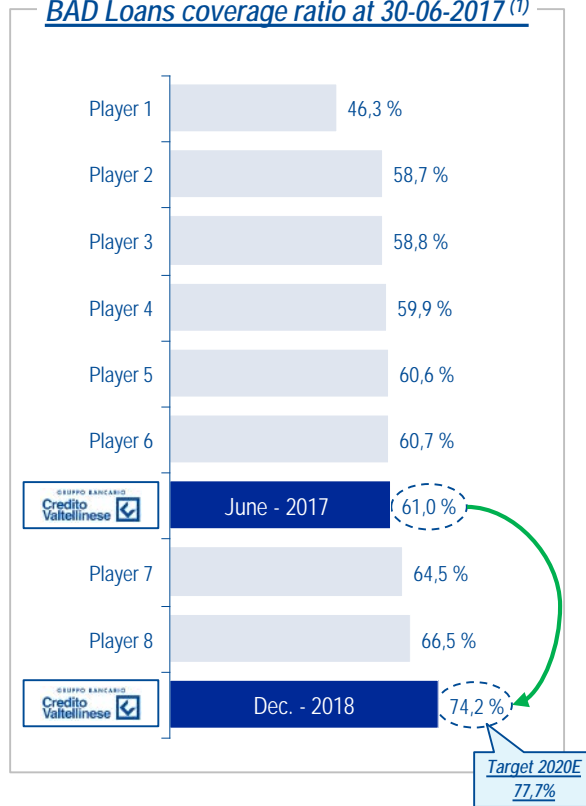
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## 2 Improvement of the Creval's risk profile

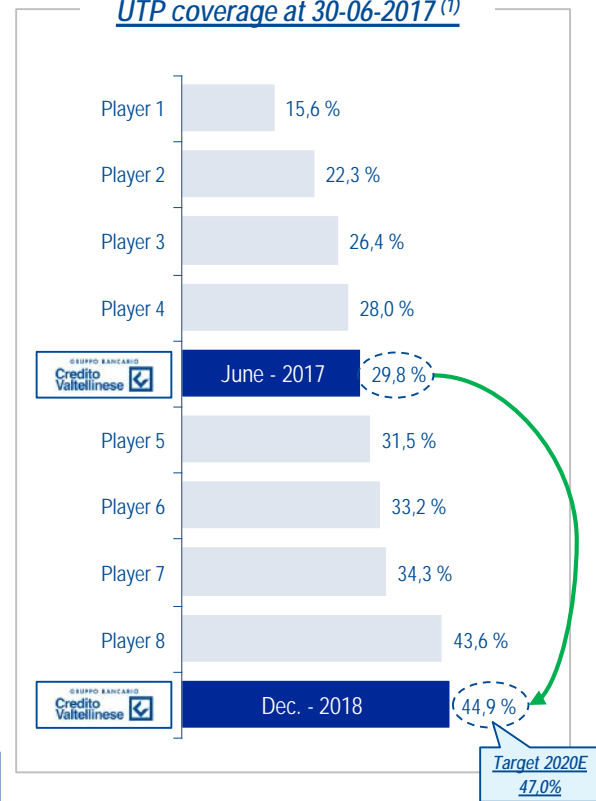
Gross NPE ratio at 30-06-2017<sup>(1)</sup>



BAD Loans coverage ratio at 30-06-2017<sup>(1)</sup>



UTP coverage at 30-06-2017<sup>(1)</sup>



Notes: 1) Data including write-offs

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

Driver	Background and rationale	Main impacts															
<p>Deleveraging of NPE</p>	<p>Disposal of:</p> <ul style="list-style-type: none"> <li>- 1,6 €bn NPEs via a GACS securitization in the first half of 2018;</li> <li>- 0,5 €bn through other disposal operations in the second half of 2018.</li> </ul>	<p><b>Gross NPE</b></p> <table border="1"> <tr> <th>Year</th> <th>Gross NPE (€bn)</th> <th>Gross NPE ratio</th> </tr> <tr> <td>2016</td> <td>5,4</td> <td>27,3%</td> </tr> <tr> <td>3Q 2017</td> <td>4,0</td> <td>21,1%</td> </tr> <tr> <td>2018 E</td> <td>1,9</td> <td>10,6%</td> </tr> <tr> <td>2020 E</td> <td>1,8</td> <td>9,6%</td> </tr> </table>	Year	Gross NPE (€bn)	Gross NPE ratio	2016	5,4	27,3%	3Q 2017	4,0	21,1%	2018 E	1,9	10,6%	2020 E	1,8	9,6%
Year	Gross NPE (€bn)	Gross NPE ratio															
2016	5,4	27,3%															
3Q 2017	4,0	21,1%															
2018 E	1,9	10,6%															
2020 E	1,8	9,6%															
<p>Coverage</p>	<p>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:</p> <ul style="list-style-type: none"> <li>- Additional ~280€m provisions on UTP (including project Aragorn)</li> <li>- Additional ~180€m provisions on bad loans (including project Aragorn and other disposal)</li> <li>- Additional provisions in relation to IFRS 9 (Stage1+ Stage2)</li> </ul>	<p><b>NPE coverage</b></p> <table border="1"> <tr> <th>Year</th> <th>NPE coverage (%)</th> </tr> <tr> <td>2016</td> <td>41,5%</td> </tr> <tr> <td>3Q 2017</td> <td>45,8%</td> </tr> <tr> <td>2018 E</td> <td>50,3%</td> </tr> <tr> <td>2020 E</td> <td>59,1%</td> </tr> </table>	Year	NPE coverage (%)	2016	41,5%	3Q 2017	45,8%	2018 E	50,3%	2020 E	59,1%					
Year	NPE coverage (%)																
2016	41,5%																
3Q 2017	45,8%																
2018 E	50,3%																
2020 E	59,1%																
<p>NPE management model</p>	<ul style="list-style-type: none"> <li>- Concentration of the NPE Unit on a smaller portfolio</li> <li>- Increasing UTP and Bad Loans Recovery Rate with less loans to manage</li> <li>- Cash flow on "going concern" basis from restructured loans and under restructuring</li> <li>- Incremental cash flow projections in relation to a positive Real Estate market development</li> <li>- Bad Loans recovery rate increased for the effect of the partnership with Cerved</li> </ul>	<p><b>Recovery rate</b></p> <table border="1"> <tr> <th>Year</th> <th>UTP (%)</th> <th>Bad loans (%)</th> </tr> <tr> <td>2016</td> <td>3,9%</td> <td>3,9%</td> </tr> <tr> <td>2017 (1)</td> <td>4,7%</td> <td>3,3%</td> </tr> <tr> <td>2018 E</td> <td>5,6%</td> <td>1,7%</td> </tr> <tr> <td>2020 E (2)</td> <td>11,9%</td> <td>6,5%</td> </tr> </table>	Year	UTP (%)	Bad loans (%)	2016	3,9%	3,9%	2017 (1)	4,7%	3,3%	2018 E	5,6%	1,7%	2020 E (2)	11,9%	6,5%
Year	UTP (%)	Bad loans (%)															
2016	3,9%	3,9%															
2017 (1)	4,7%	3,3%															
2018 E	5,6%	1,7%															
2020 E (2)	11,9%	6,5%															
<p>Credit strategy and Early Warning</p>	<ul style="list-style-type: none"> <li>- Adoption of a new credit policy model, in order to strongly oversee the credit quality</li> <li>- Further reinforcement of credit quality KPIs in the performance management model</li> <li>- Reinforcement of the Early Warning system to promptly manage any problematic situations</li> <li>- Adoption of AIRB model</li> </ul>	<p><b>Default rate</b></p> <table border="1"> <tr> <th>Year</th> <th>Default rate (%)</th> </tr> <tr> <td>2016</td> <td>4,6%</td> </tr> <tr> <td>2017 (1)</td> <td>2,4%</td> </tr> <tr> <td>2018 E</td> <td>1,6%</td> </tr> <tr> <td>2020 E</td> <td>1,3%</td> </tr> </table>	Year	Default rate (%)	2016	4,6%	2017 (1)	2,4%	2018 E	1,6%	2020 E	1,3%					
Year	Default rate (%)																
2016	4,6%																
2017 (1)	2,4%																
2018 E	1,6%																
2020 E	1,3%																

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

Total disposal 2017  
- 2020 3,5€bn

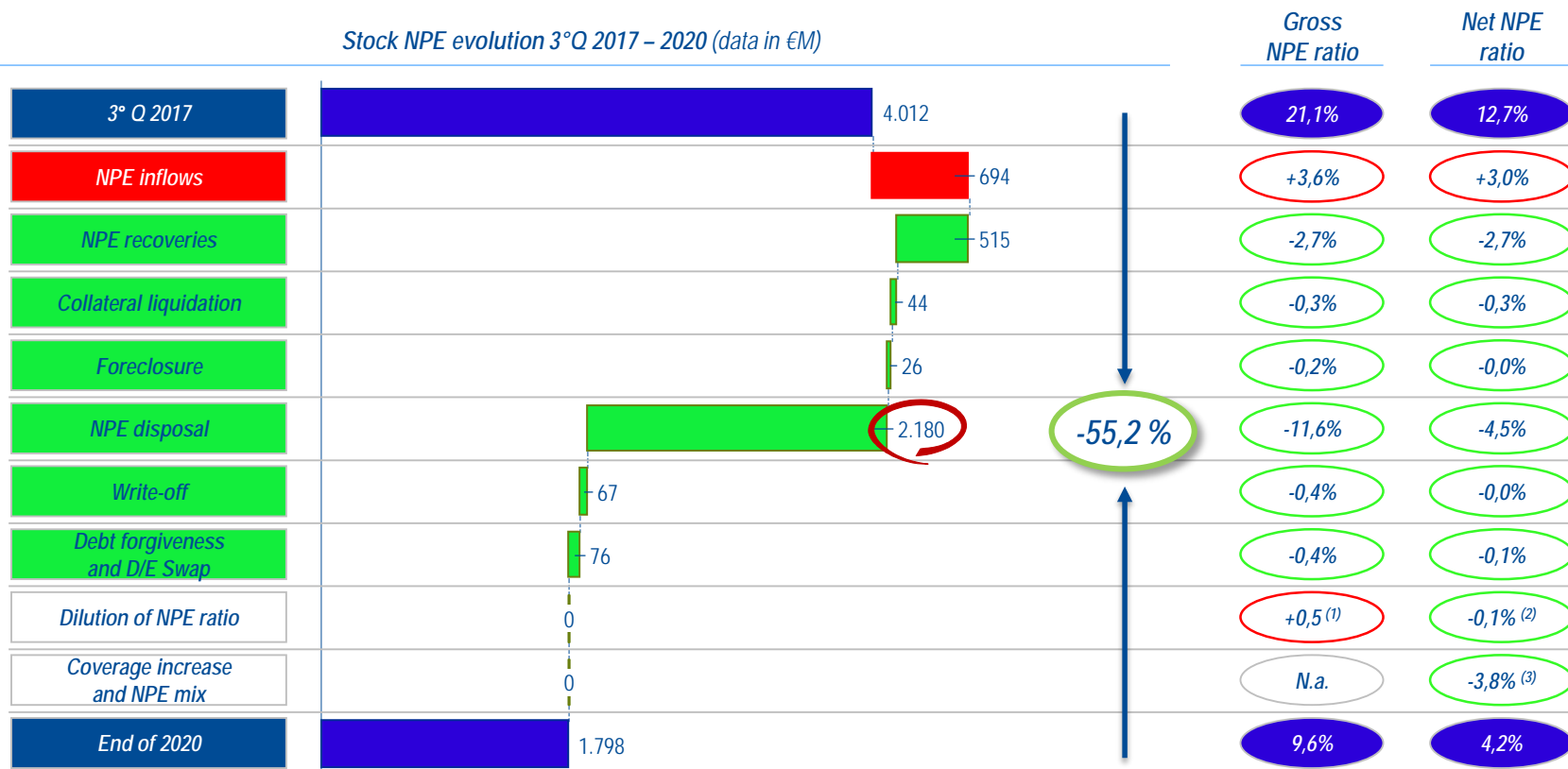
Year	Disposal	Description	Disposed assets	Status
2017	Small portfolio disposal	<ul style="list-style-type: none"> <li>Disposed <u>50€m</u> GBV secured bad loans at <u>(44% valorization)</u></li> </ul>	50 €m	✓
	Project Elrond	<ul style="list-style-type: none"> <li>Disposed <u>1,4€bn</u> bad loans through securitization in 2017 through GACS</li> <li>- Portfolio composition: 73,5% secured and 26,5% unsecured</li> <li>- <u>Price/gross book value: 34,5%</u></li> </ul>	1.400 €m	✓
2018	Project Aragorn	<ul style="list-style-type: none"> <li>1,6€bn bad loans portfolio to be disposed in 2018 through GACS</li> <li><u>Expected price in the range 30-35%</u></li> </ul>	1.600 €m	<u>Started</u>
	Project Gimli	<ul style="list-style-type: none"> <li>0,5€bn bad loans portfolio to be disposed in second half of 2018</li> <li><u>Expected price in the range 20-25%</u></li> </ul>	500 €m	<u>To be activated</u>
2019 – 2020	Single name disposal	<ul style="list-style-type: none"> <li>Single Name NPE disposal for 80€m (UTP and bad loans) in 2019 - 2020</li> </ul>	80 €m	<u>To be activated</u>

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

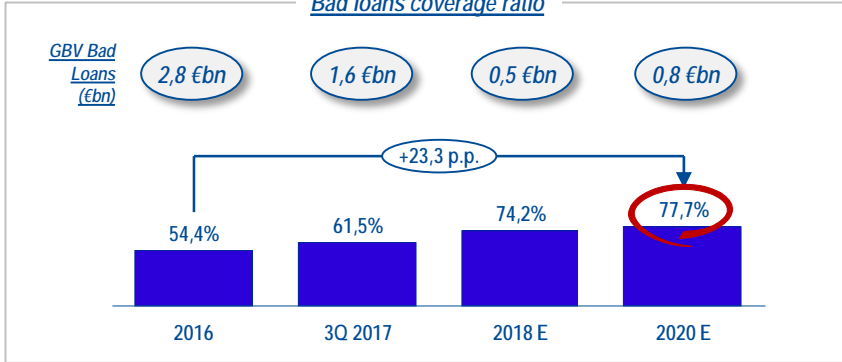
Stock NPE evolution 3°Q 2017 – 2020 (data in €M)



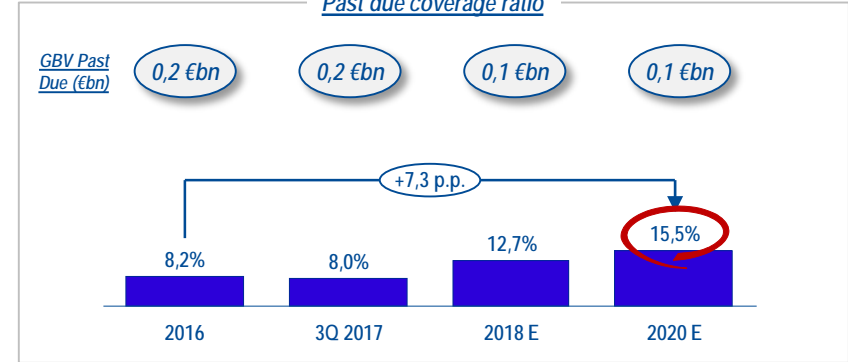
Notes: 1) Increase of the gross NPE ratio due to growth of gross performing exposures (-1,2% the effect on NPE ratio) and decrease of gross NPE (+1,7% the effect on NPE ratio). 2) Decrease of the net NPE ratio due to growth of net performing exposures (-0,7% the effect on NPE ratio) and decrease of net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

## 2 NPE plan – evolution of coverage ratio

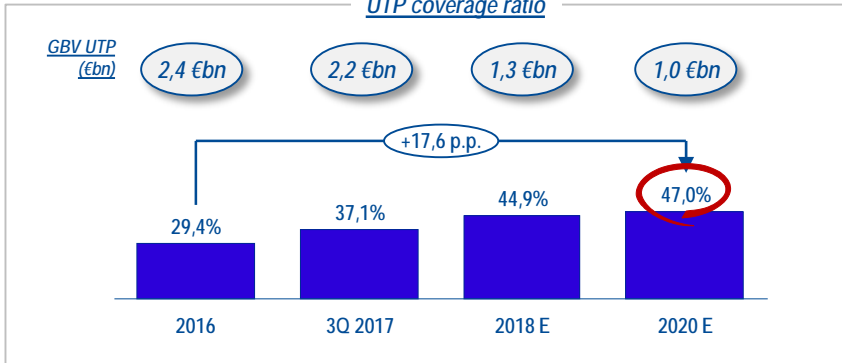
Bad loans coverage ratio



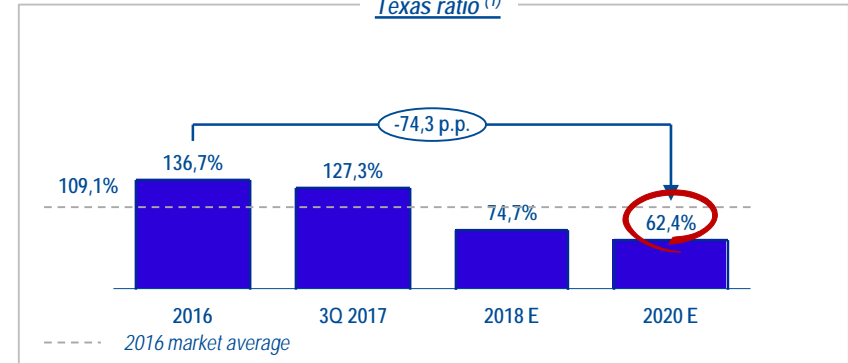
Past due coverage ratio



UTP coverage ratio

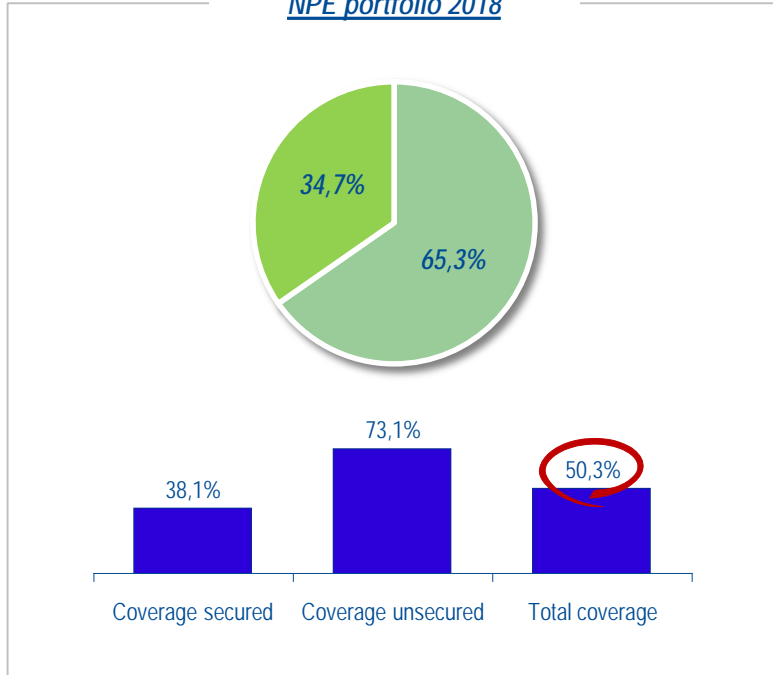


Texas ratio <sup>(1)</sup>

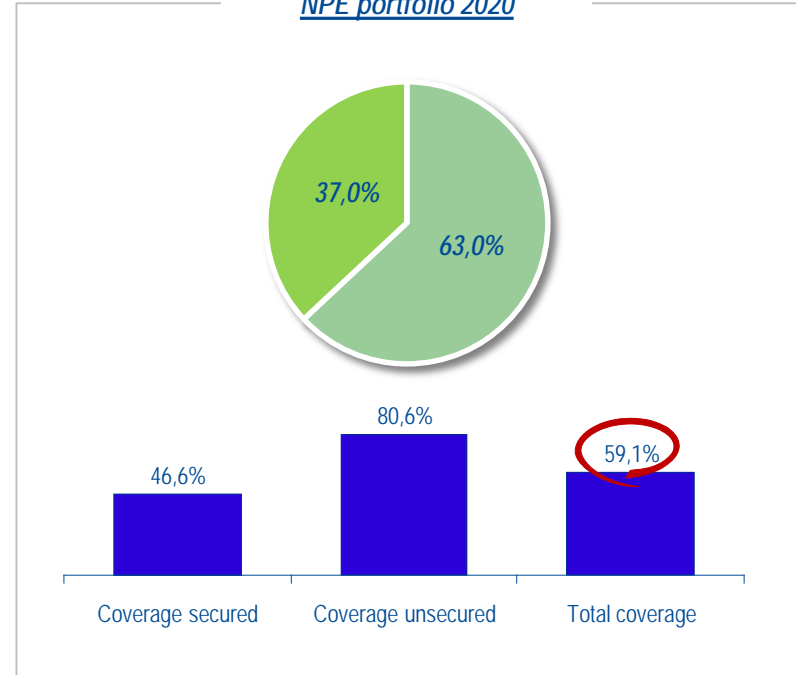


Note: 1) Calculated as = Gross NPE / (tangible book value + analytics adjustment funds)

NPE portfolio 2018



NPE portfolio 2020



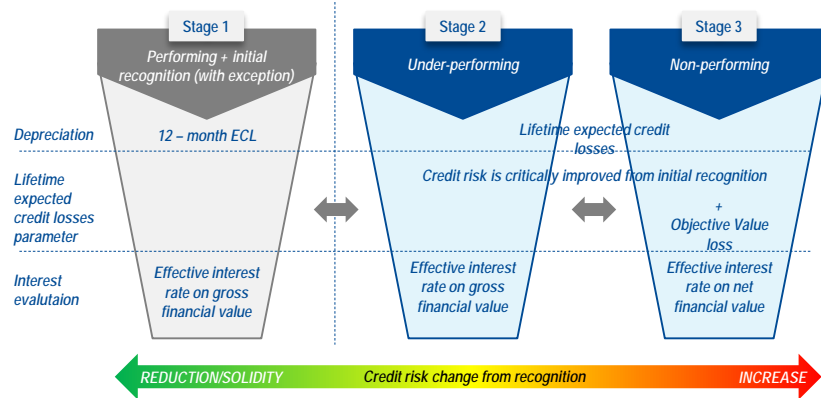
■ Unsecured

■ Secured

- 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<sup>(1)</sup> 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

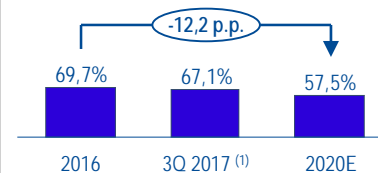


1. 3Q 2017 results
2. Background
3. The three business plan pillars
4. Capital management initiatives
5. Asset quality
6. **Relaunch efficiency and profitability**
7. Economic and financial projections 2018 - 2020

### 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

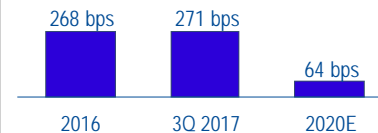
*Cost income ratio (%)*



### 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

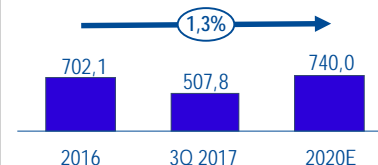
*CoR (bps)*



### Further commercial improvement

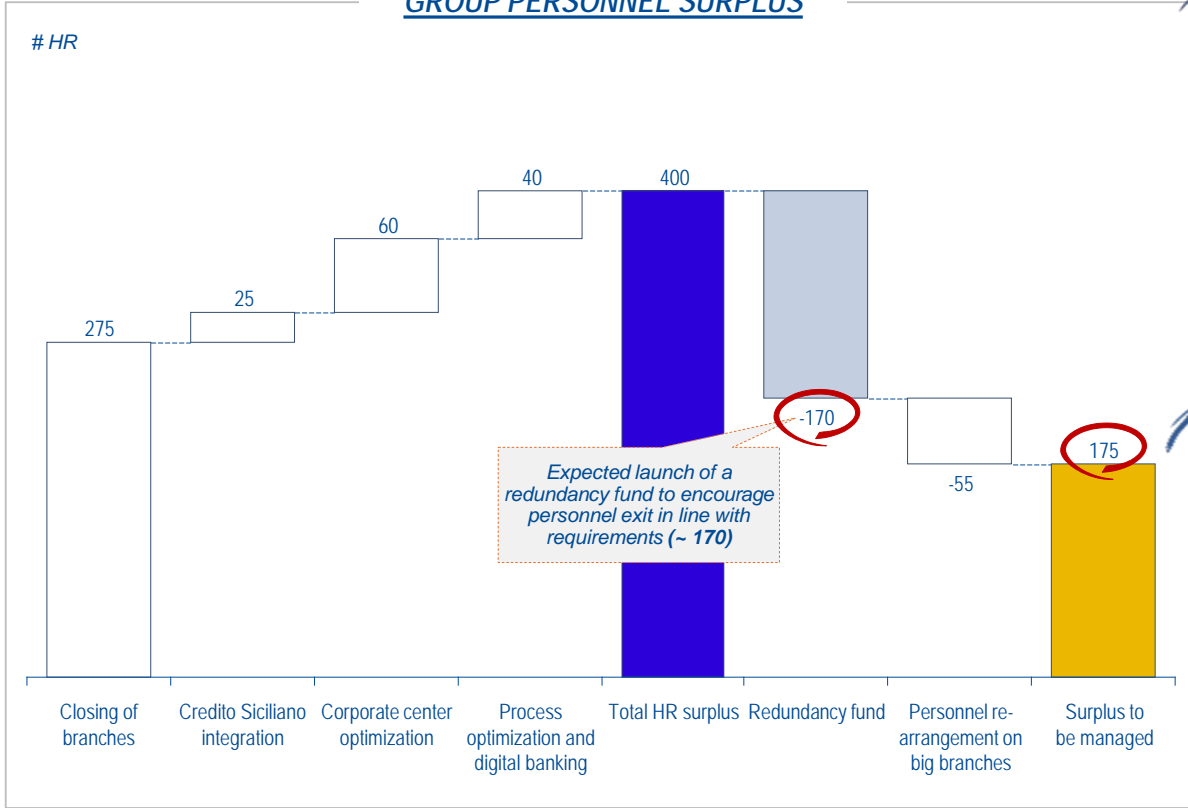
- Bancassurance agreement with best in class player
- Asset management improvement (1,7 €bn of net inflows over the horizon)
- 'Value lending' (i.e. personal loans) development
- Reinforcement of the international and agricultural business
- Development and implementation of performance management tools

*Net interest and commission income (€M)  
CAGR*

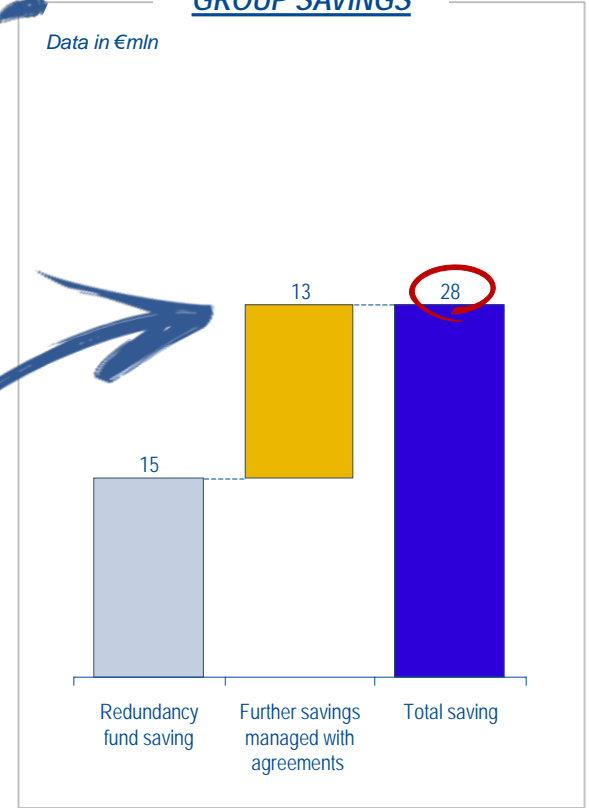


Note: 1) See page 10 for detail of adjustments

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

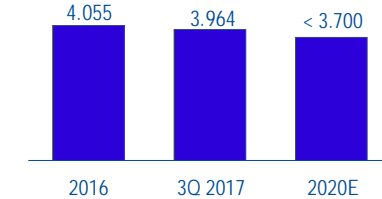
- Development of Creval Sistemi e Servizi, also through partnership, in order to optimize the cost base, improve the time to market and to face the investment needed in the future (blockchain, cyber security...)

Industrial transformation

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

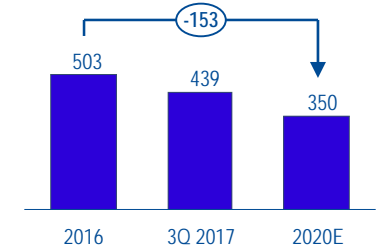
#### Personnel evolution

# of employees



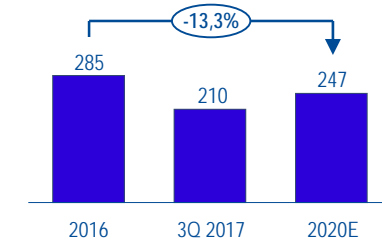
#### Branch network evolution

# of Branch



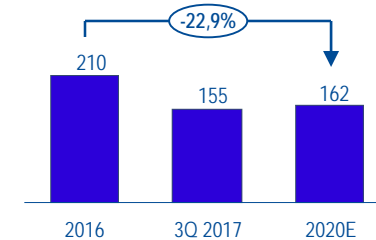
#### Personnel expenses

Data in €M



#### Other administrative expenses

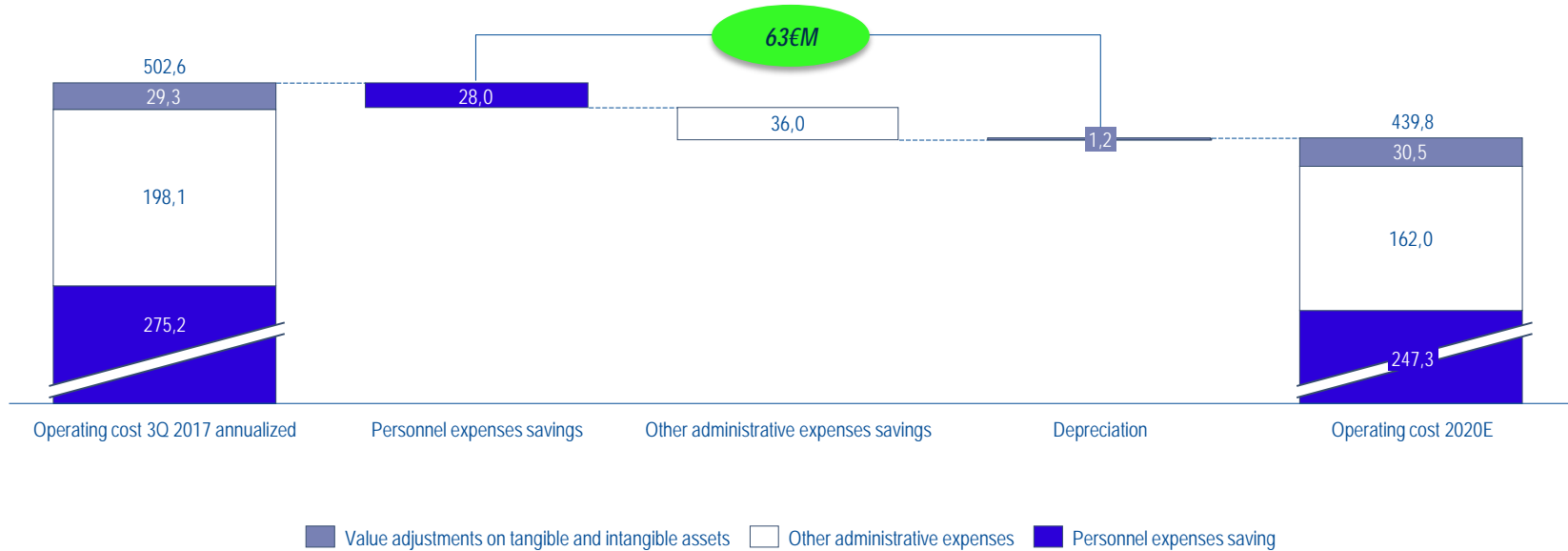
Data in €M

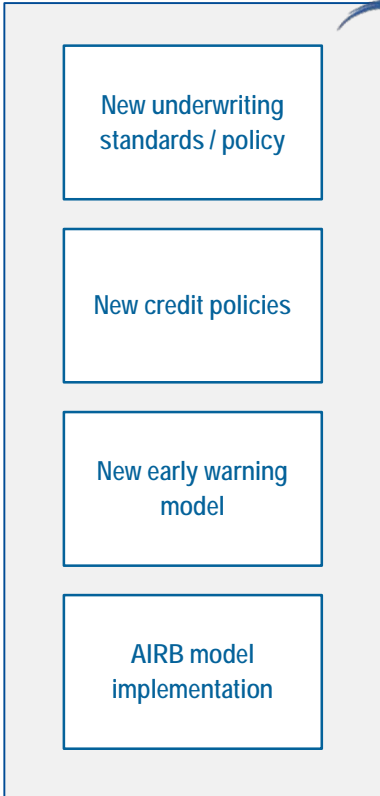


### 3 Cost saving program ("LightBank60")

#### Operating cost savings

Data in €M

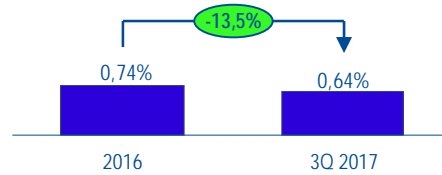




Results yet achieved

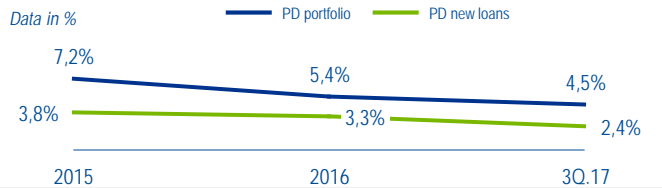
Expected loss

Data in %



PD loans Corporate

Data in %



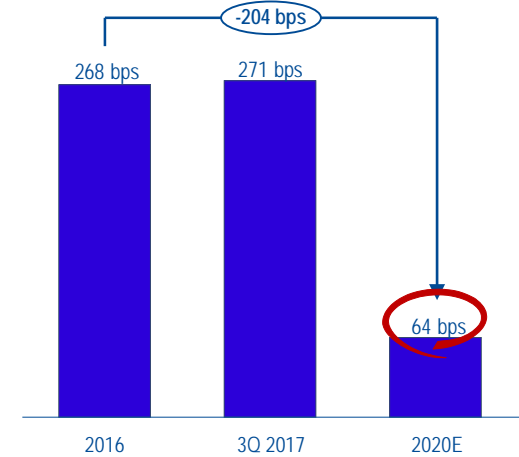
PD loans Retail

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*

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

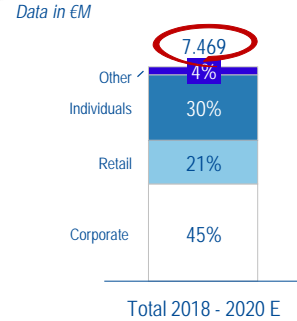
Bancaperta

- Further improvement of the digital offer strategy (Bancaperta)

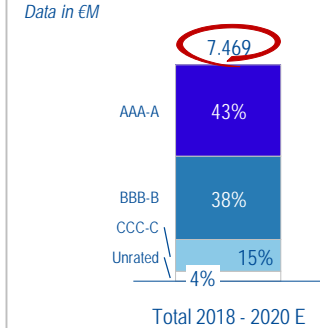
Performance management

- Development of performance management tools designed for real time monitoring

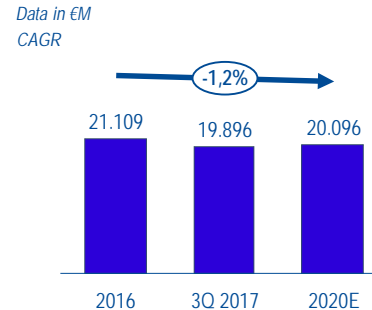
Loans disbursement by segment



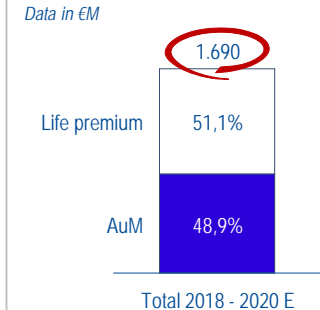
Loans disbursement by rating

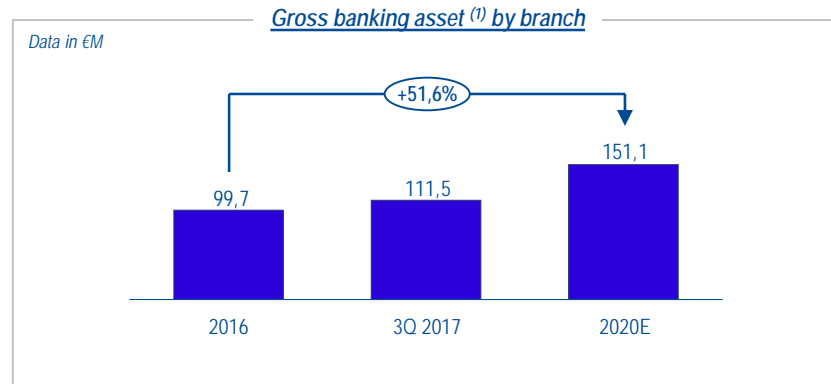
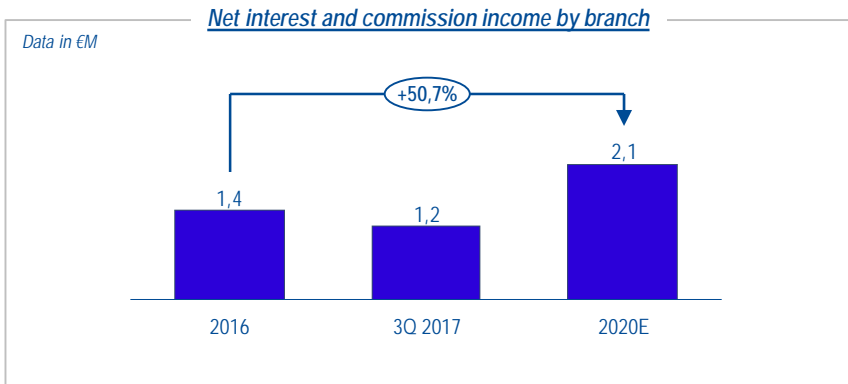
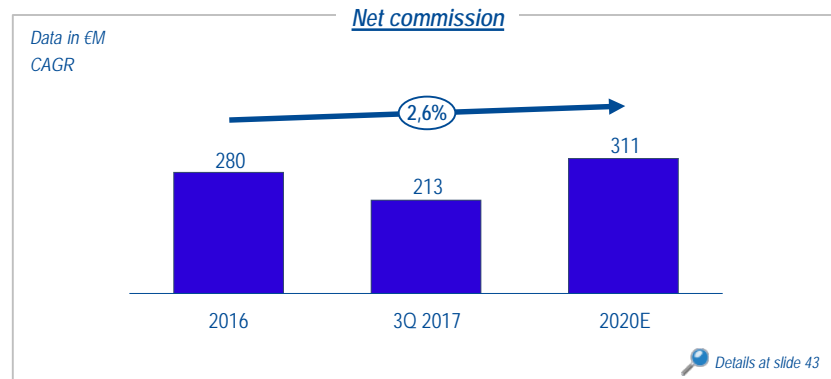
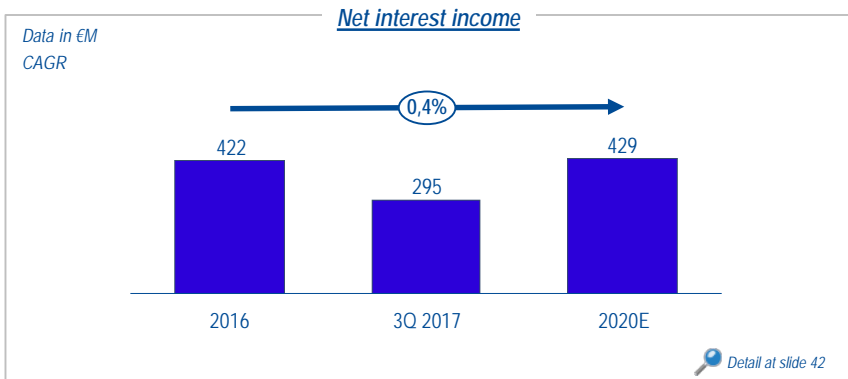


Customer deposits evolution



Indirect funding net inflows



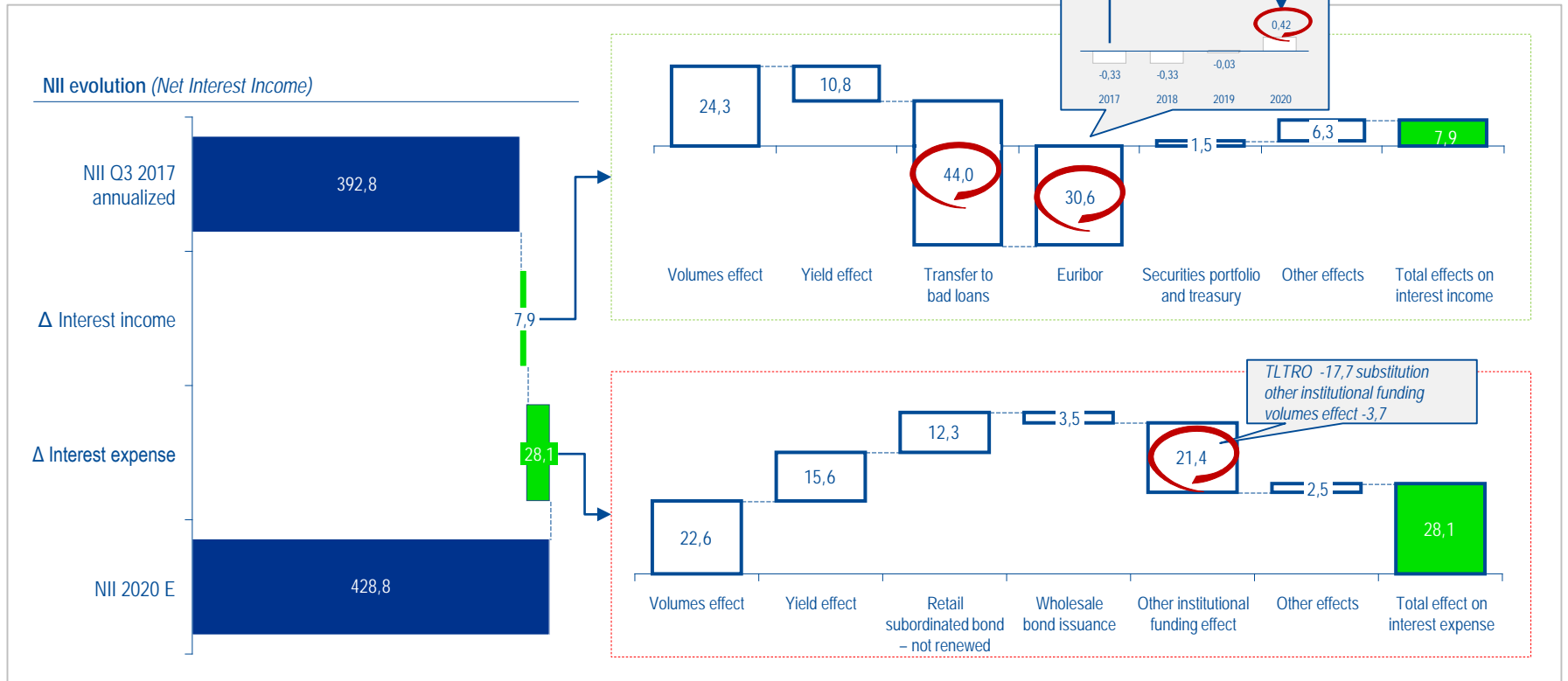


Legend: CAGR %

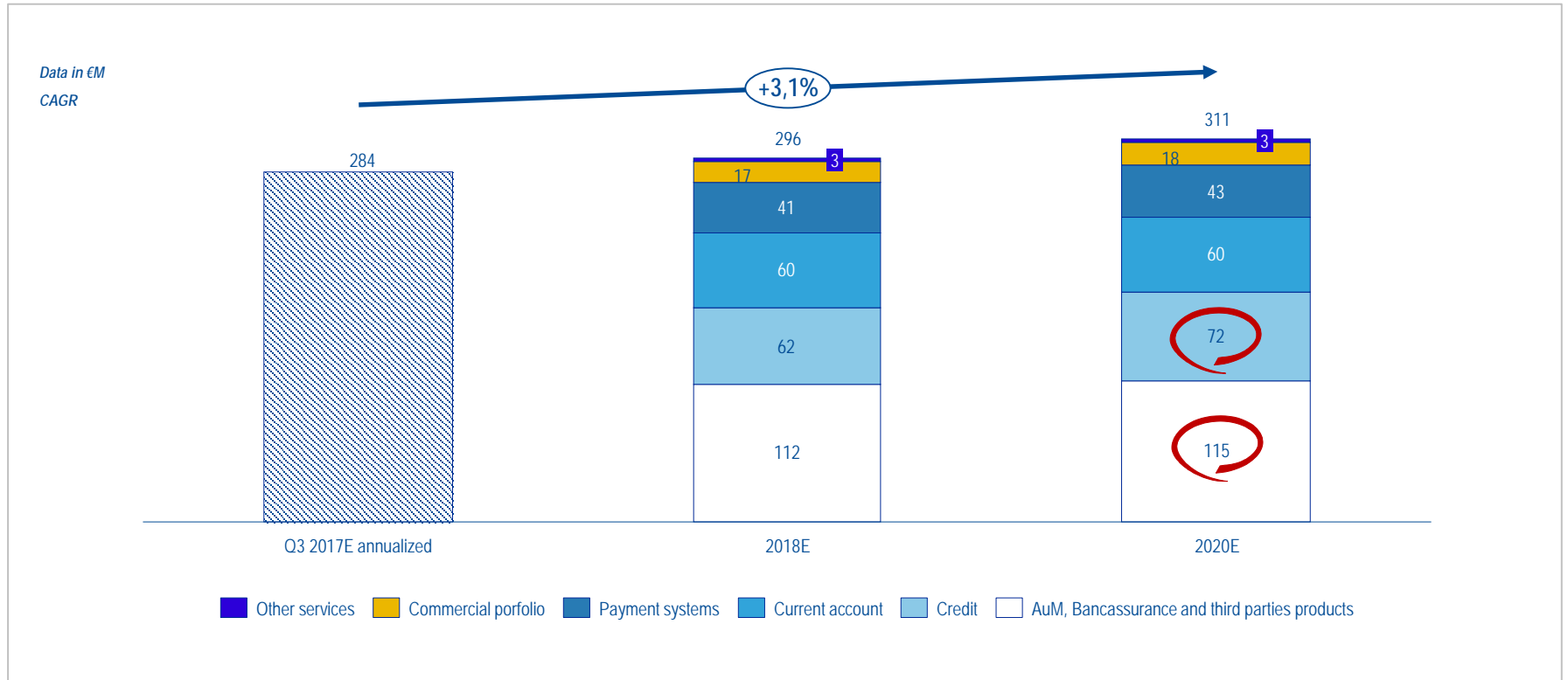
Note: 1) Calculated as: Direct deposit + Indirect funding + Customer loans



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

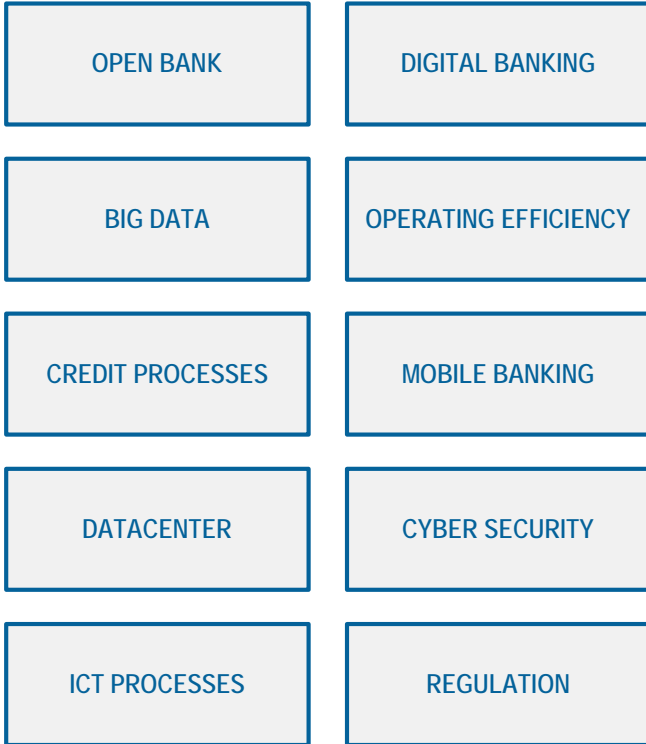


Note: 1) Euribor annual average rate



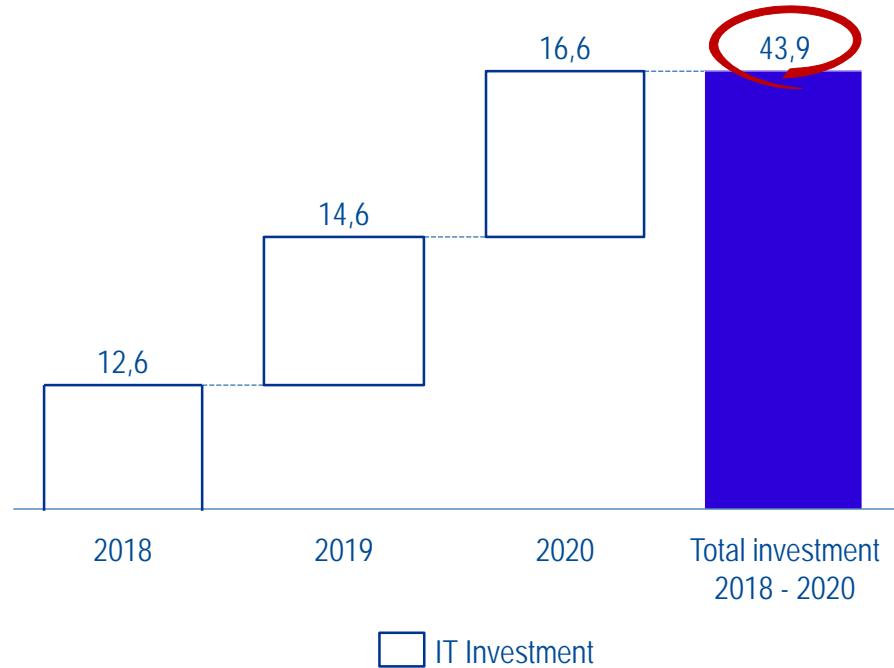
### 3 Creval Group investments between 2018 and 2020

#### Actions



#### Capex

Data in €M



1. 3Q 2017 results
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6. Relaunch efficiency and profitability
7. **Economic and financial projections 2018 - 2020**



	3Q 2017 Adj	2018E	2020E	CAGR 3Q 2017 Annualized - 2020E	
<b>Income statement</b> (€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 <sup>(1)</sup>	33	33	24	n.a.
	Operating costs	-380	-520	-440	-2,6%
	Value adjustments	-153	-161	-113	-39,1%
	Other elements <sup>(2)</sup>	-2	52	-2	n.a.
	Income before taxes	7	95	210	n.a.
	Taxes	-	-18	-60	n.a.
Net income <sup>(3)</sup>	-	73	150	n.a.	
<b>Balance sheet</b> (€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)



	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<sup>2</sup>

Restart Under New-Normality

November, 7<sup>th</sup> 2017

1. Executive Summary
2. Creval Business Plan 2018 – 2020
3. Consolidated Results as at September 30<sup>th</sup> 2017

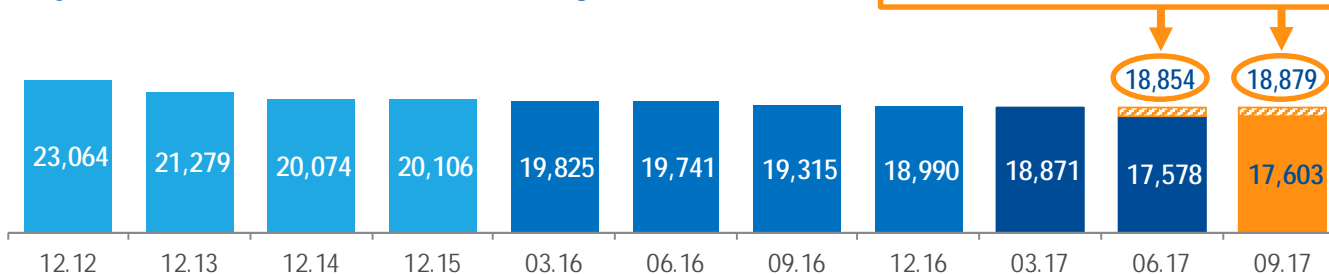


# Consolidated Results as at September 30<sup>th</sup> 2017

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- The document may contain forward-looking statements, which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to significant risks and uncertainties, many of which are outside the company's control. There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the date hereof and are subject to change without notice.
- Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2), Simona Orietti, in her capacity as manager in charge of financial reporting declares that the accounting information contained in this Presentation reflects the group's documented results, financial accounts and accounting records.

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

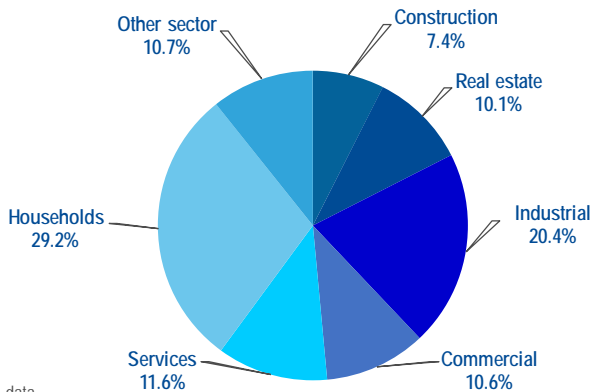
## Quarterly trend (€mn) Commercial Loans \* (gross amounts)



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

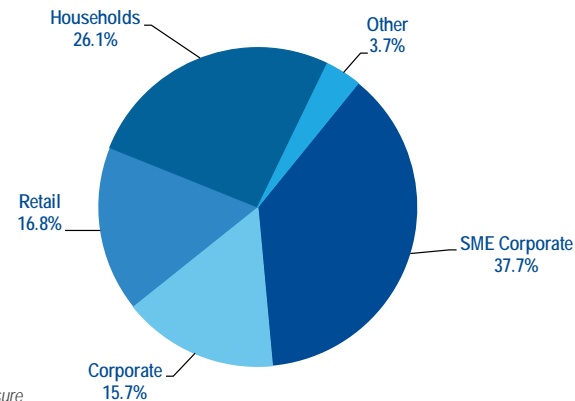
<sup>1</sup> Net of collections and other movement (expenses, time value, etc.) recorded from 30 November 2016 to 30 June 2017.

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



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

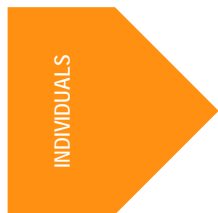
~ 70% of total loan book to SMEs



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

\*\*Source: internal data

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



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

Expected Loss new performing exposures disbursed in the period

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

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



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

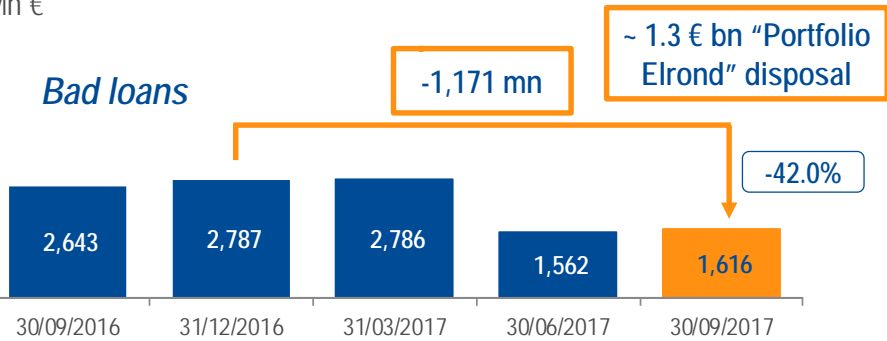
\*Average rate from the beginning of the year

\*\*Net of institutional loans

Source: internal data

Mn €

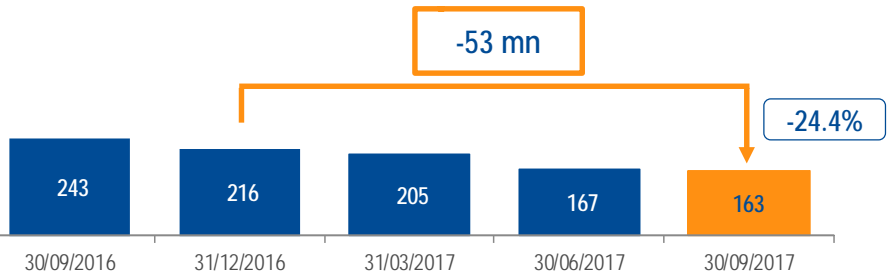
## Bad loans



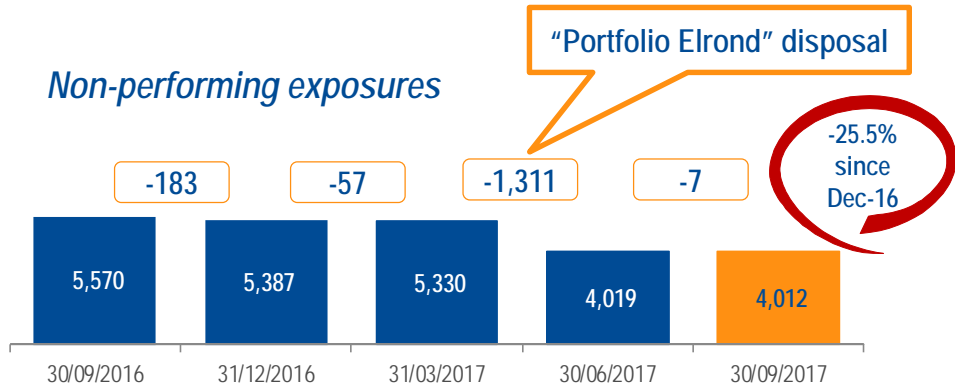
## Unlikely to pay



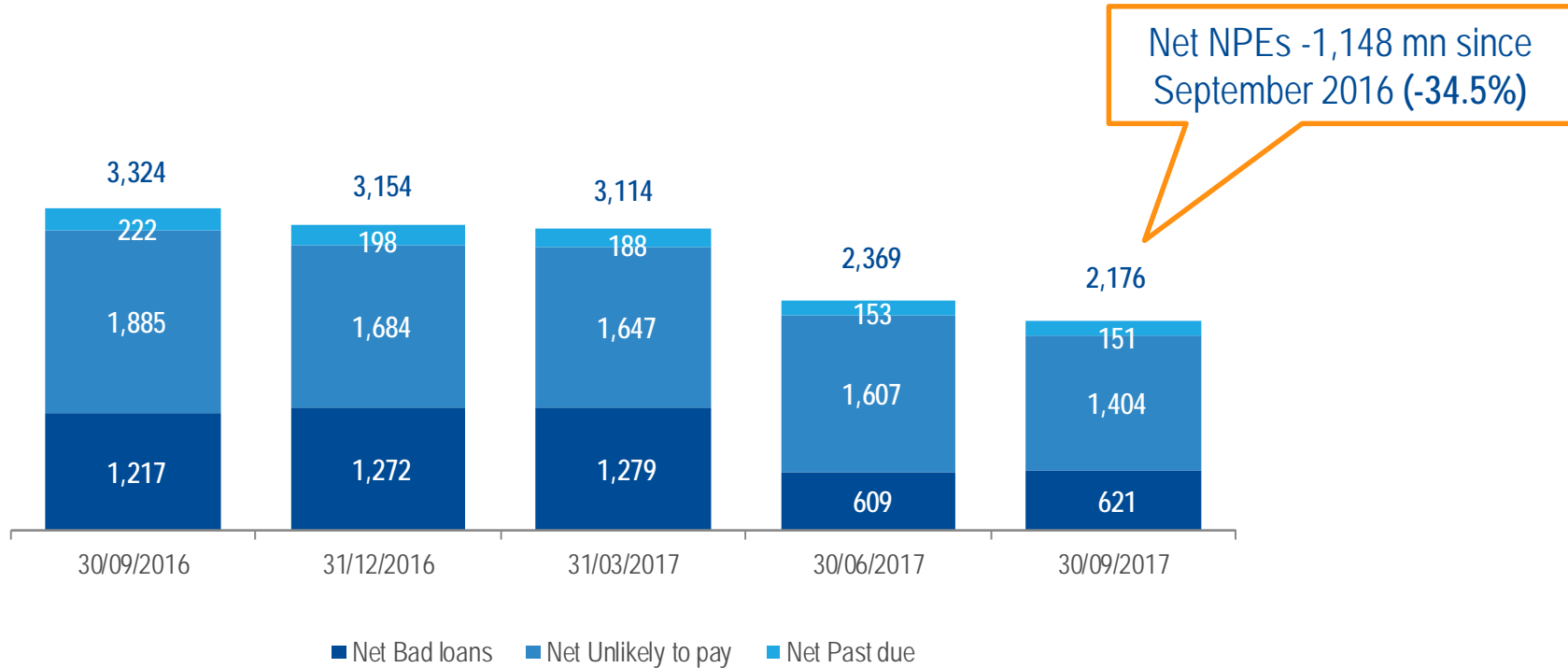
## Past due



## Non-performing exposures



Mn €

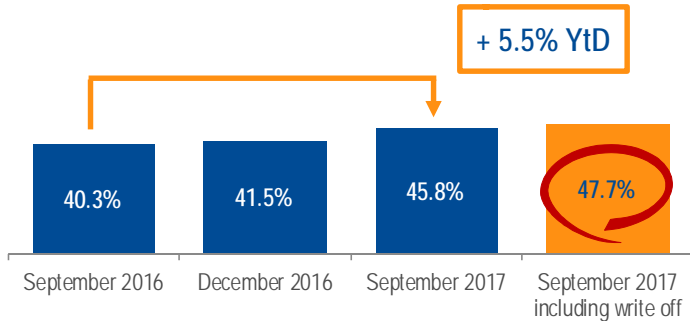


Mn €

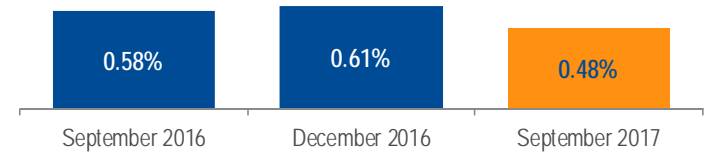
Coverage Ratios	31/12/2016	30/09/2017
Bad loans	54.4%	61.5%
Unlikely to pay	29.4%	37.1%
Past due	8.2%	8.0%

64.7% proforma including write off (3.2%)

## Non-performing exposures Coverage

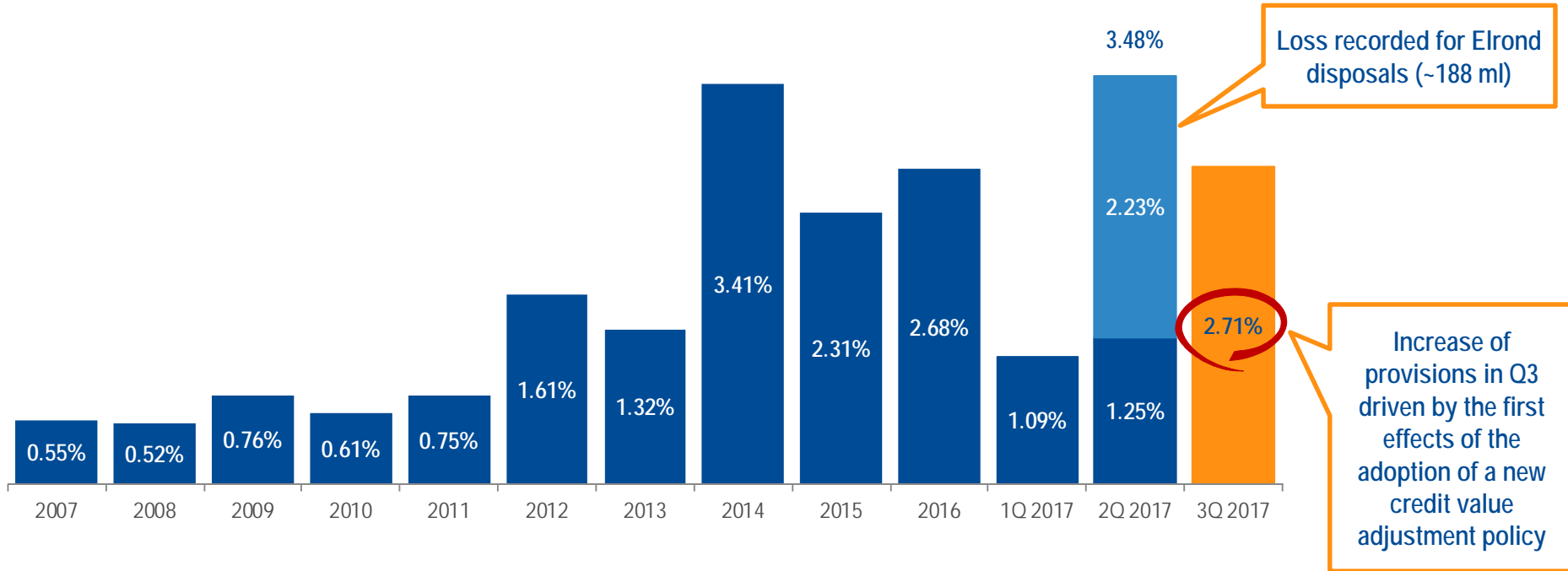


## Coverage Bonis

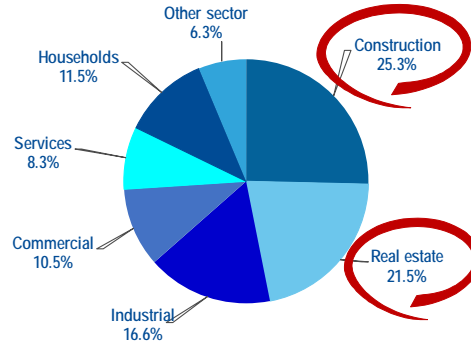


Annual trend in line with the portfolio improvement effect and new credit policy



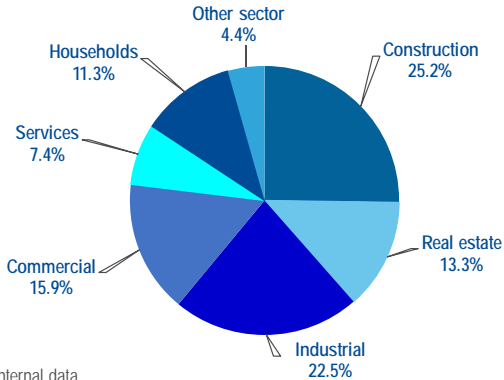


*Breakdown Npe by sector (ATECO classification)\*\**

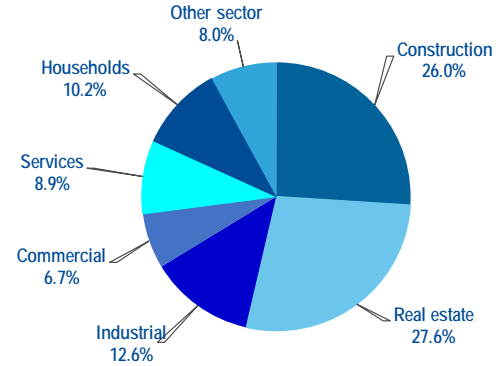


~ 47% of gross NPE real estate related

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

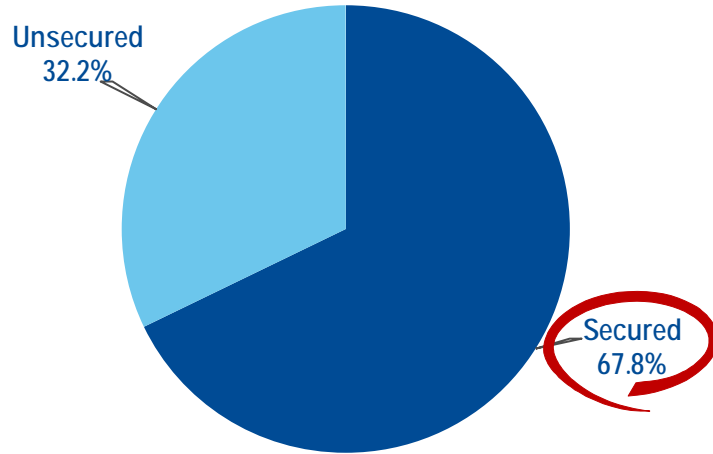


*Breakdown UTP by sector (ATECO classification)\*\**

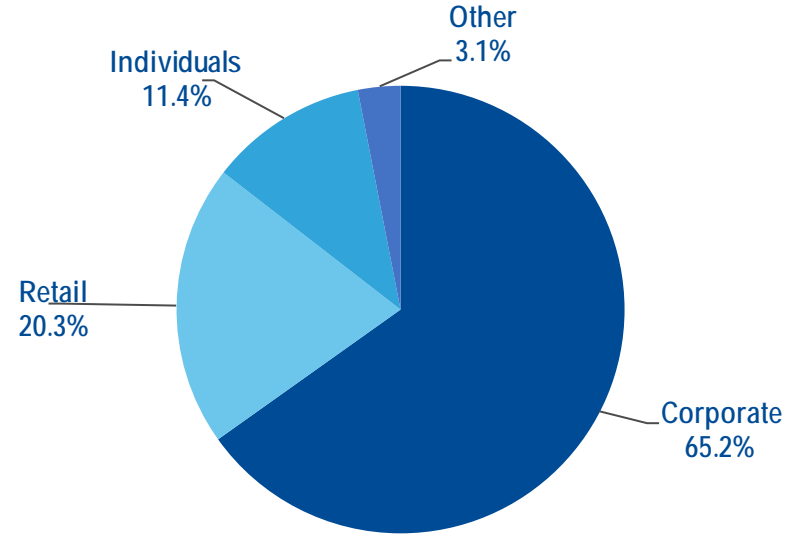


\*\*Source: internal data

## Gross Npe – Guarantees



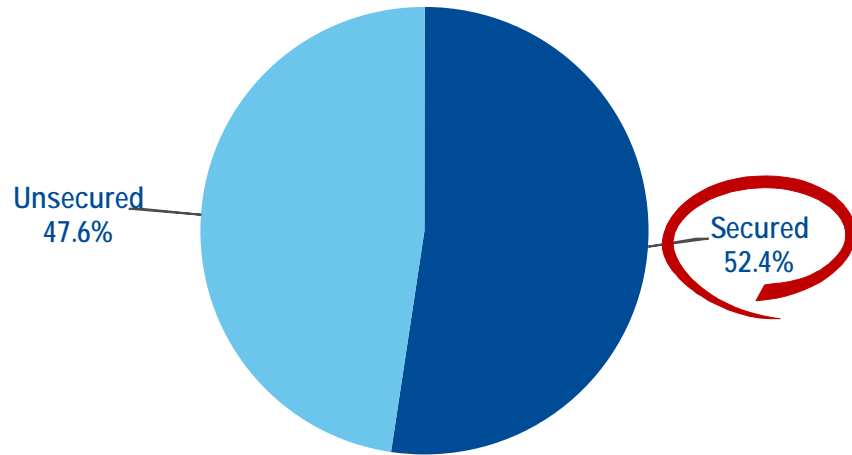
## Gross Npe - Segment



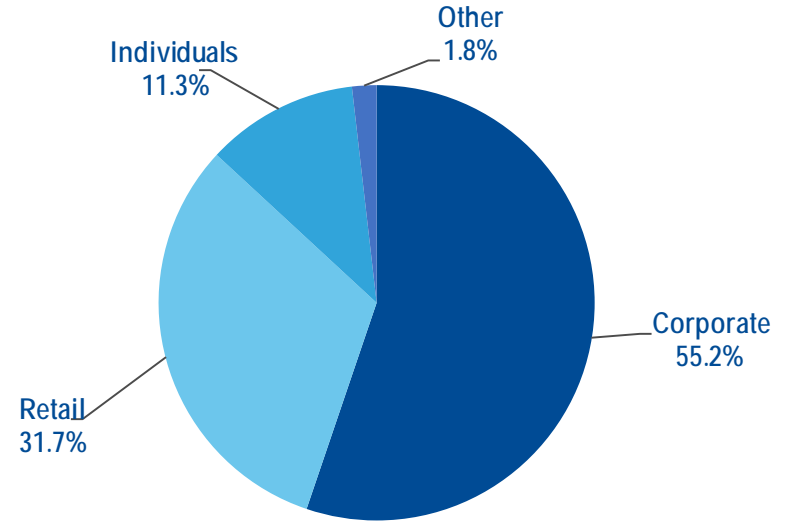
Personal guarantees not included

Source: internal data

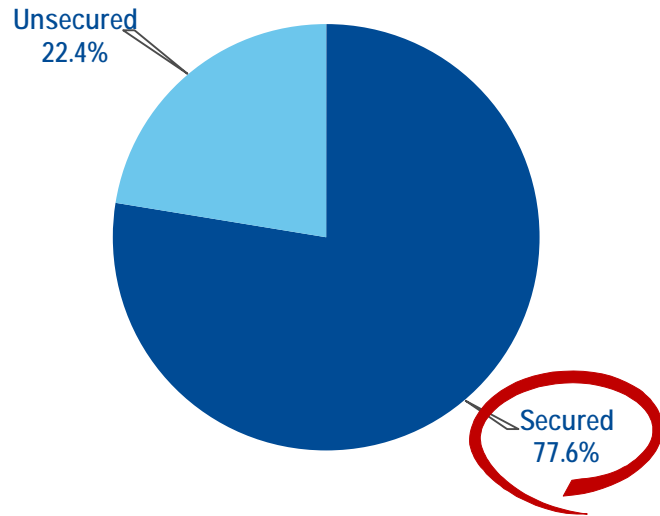
## Gross BAD LOANS – Guarantees



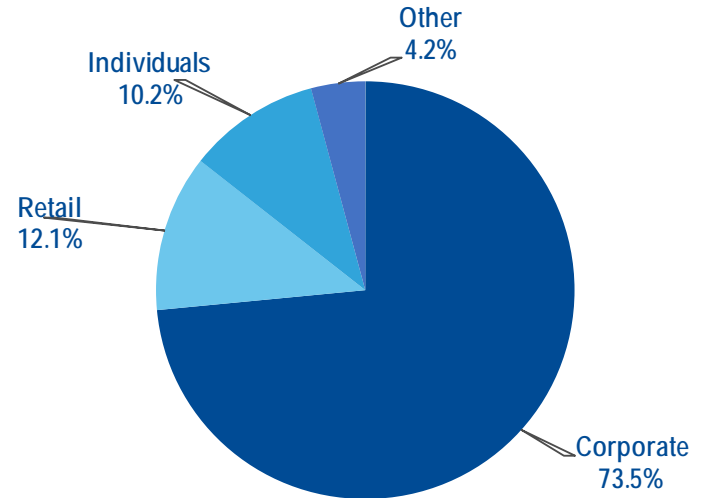
## Gross BAD LOANS – Segment



## Gross UTP – Guarantees



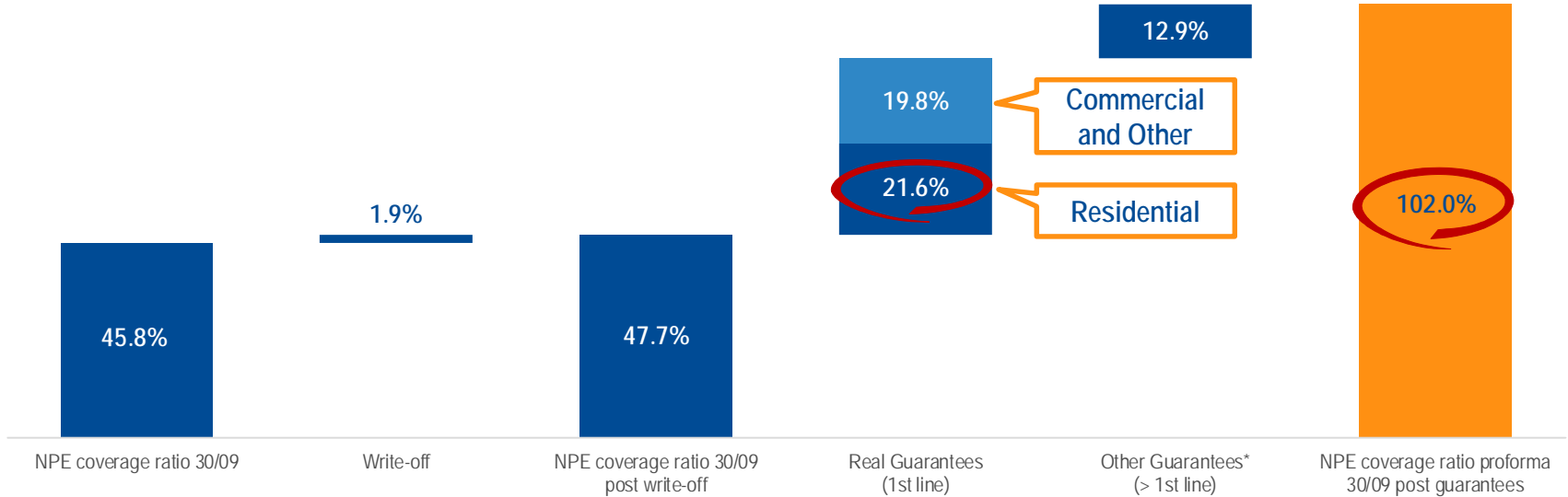
## Gross UTP - Segment



Personal guarantees not included

Source: internal data

## NPE Coverage Ratio (%)



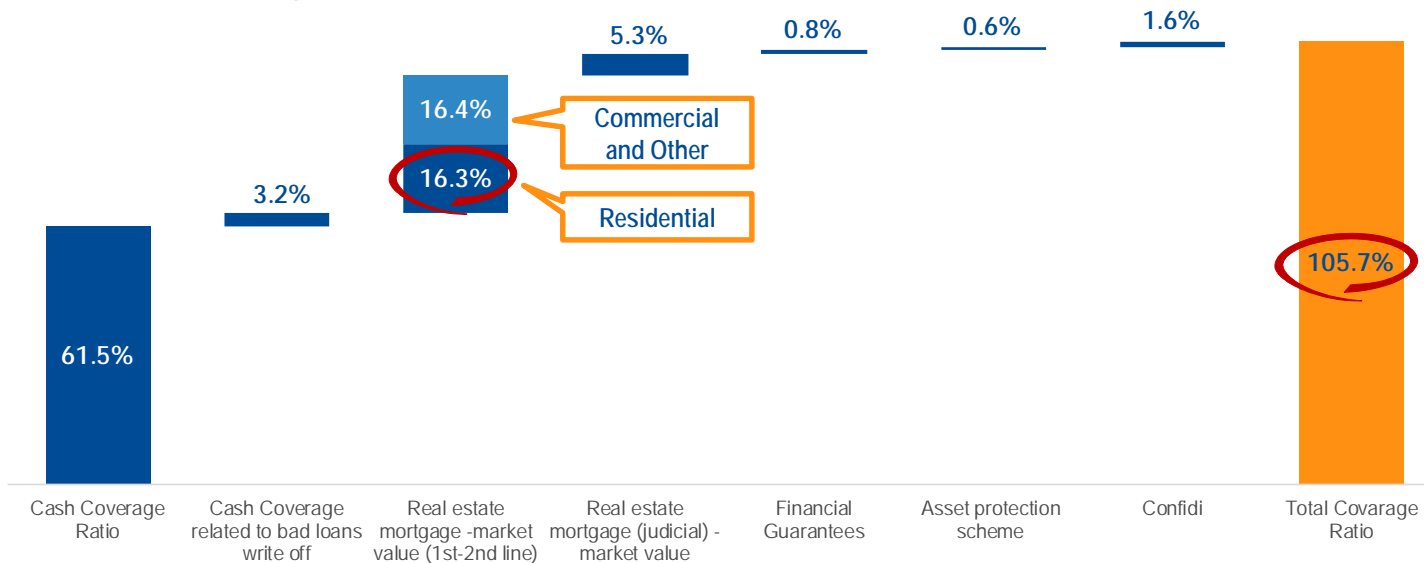
Source: internal data

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

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

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

## Bad Loans – Total Coverage Ratio (%)



Source: internal data

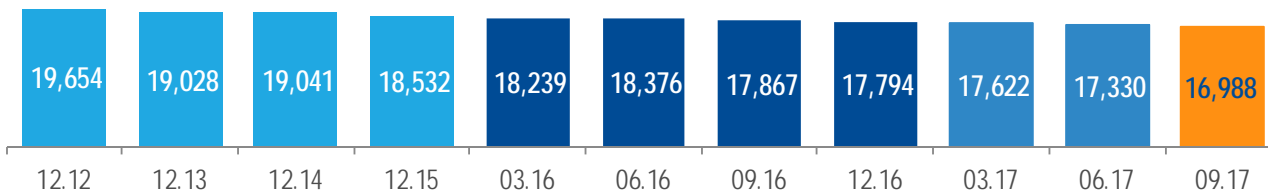
Real estate value equal to the last **market value** (according to the specific appraisal, delivered by **third party** appraiser), **capped** at the maximum amount represented by the value of the loans.

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

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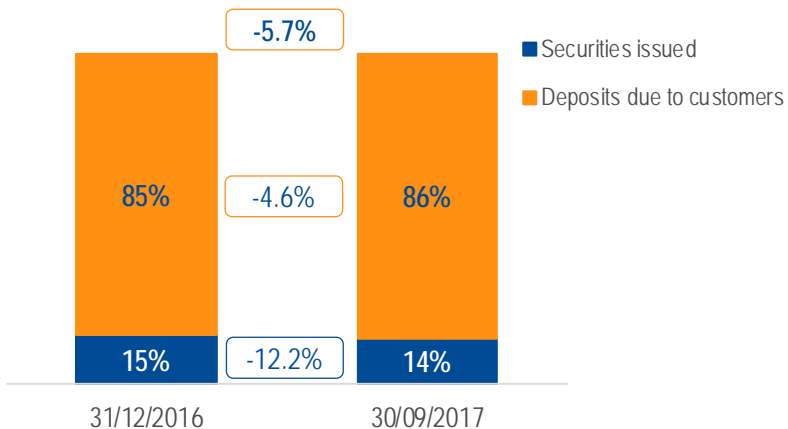


## Quarterly trend (€mn) Retail funding \*



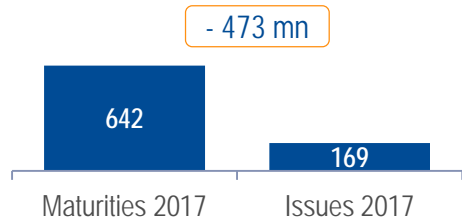
\* Total funding net of CCG, CDP and institutionals

## Composition of Direct Funding



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

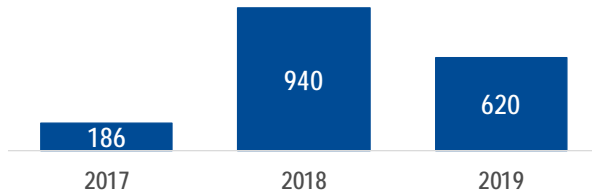
## Retail: bonds senior + subordinated (€ mn)



## Wholesale bonds (€ mn)



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

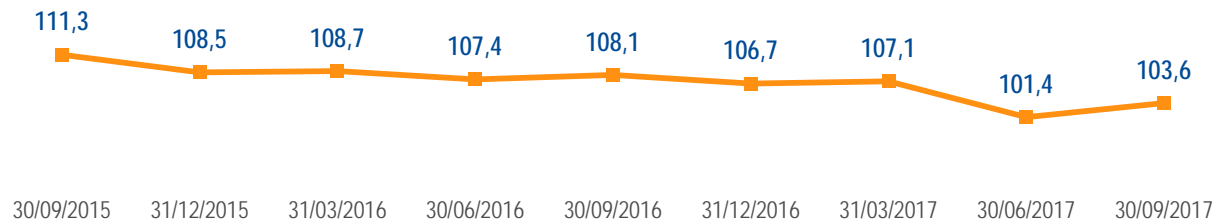


## ECB funding Creval September 2017 (€ mn)



Source: internal data

## Gross commercial loans / Retail funding



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

191%

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

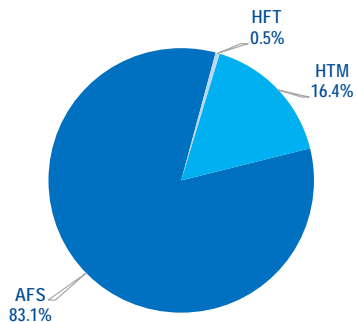
112%

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

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

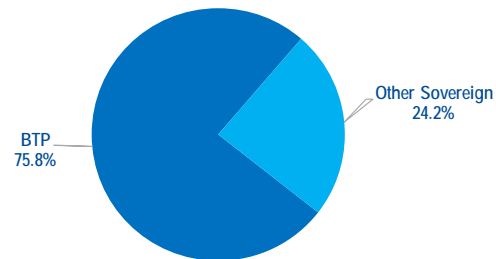
Net liquidity balance ~ 12.6%  
of the Total Asset of the Group

## Breakdown by accounting portfolio



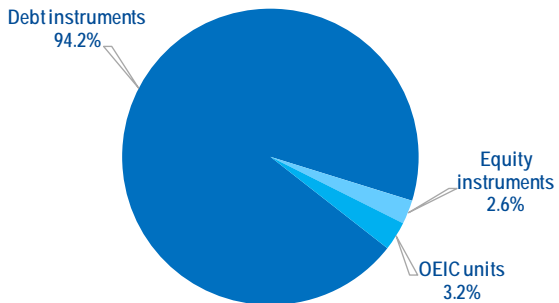
	31/12/2016	30/06/2017	30/09/2017
HFT Portfolio	19	20	27
AFS Portfolio	5,436	4,496	4,475
HTM Portfolio	-	810	885

## Breakdown of HTM portfolio



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

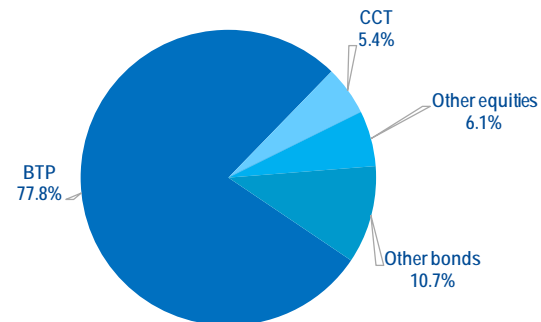
## Breakdown of AFS portfolio



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

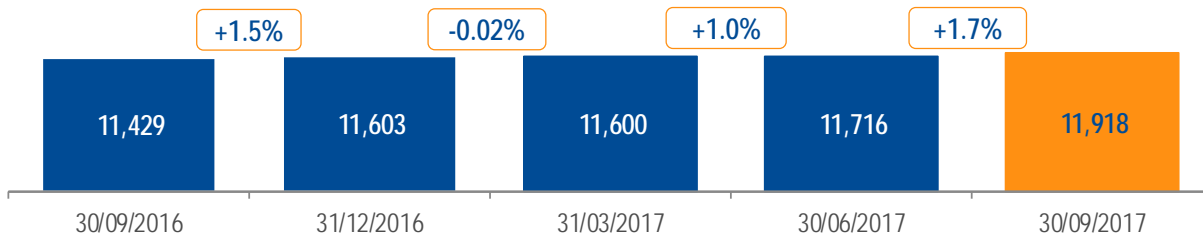
- AFS reserve as at 30 September -18.5 mn €
- **AFS reserve on Govies, as at 30 September ~ - 22.2 mn €**
- AFS reserve as at 03 November ~ 15.3 mn €

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



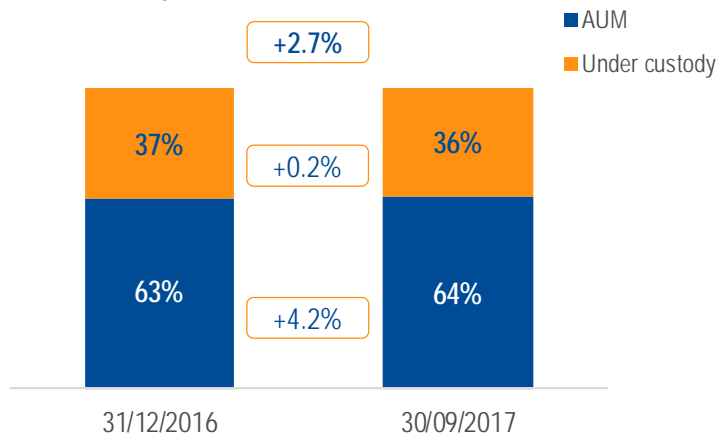
\* As at 30<sup>th</sup> September 2017: Italian, Spanish and Portuguese government bonds.

## Quarterly trend (€mn) Indirect Funding



Placement of "PIR":  
91.2 mn

## Indirect deposits breakdown



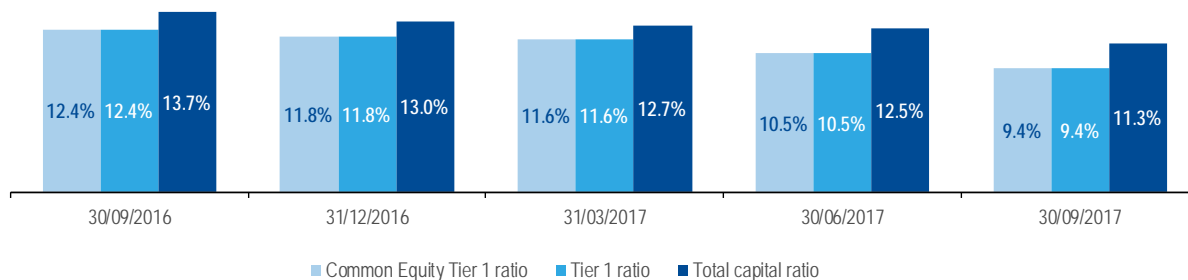
Development of the strategic partnership with ANIMA SGR



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

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

## Capital ratios evolution, phased-in calculation



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

Obtainment of the GACS  
guarantee and incremental  
provisions on NPEs

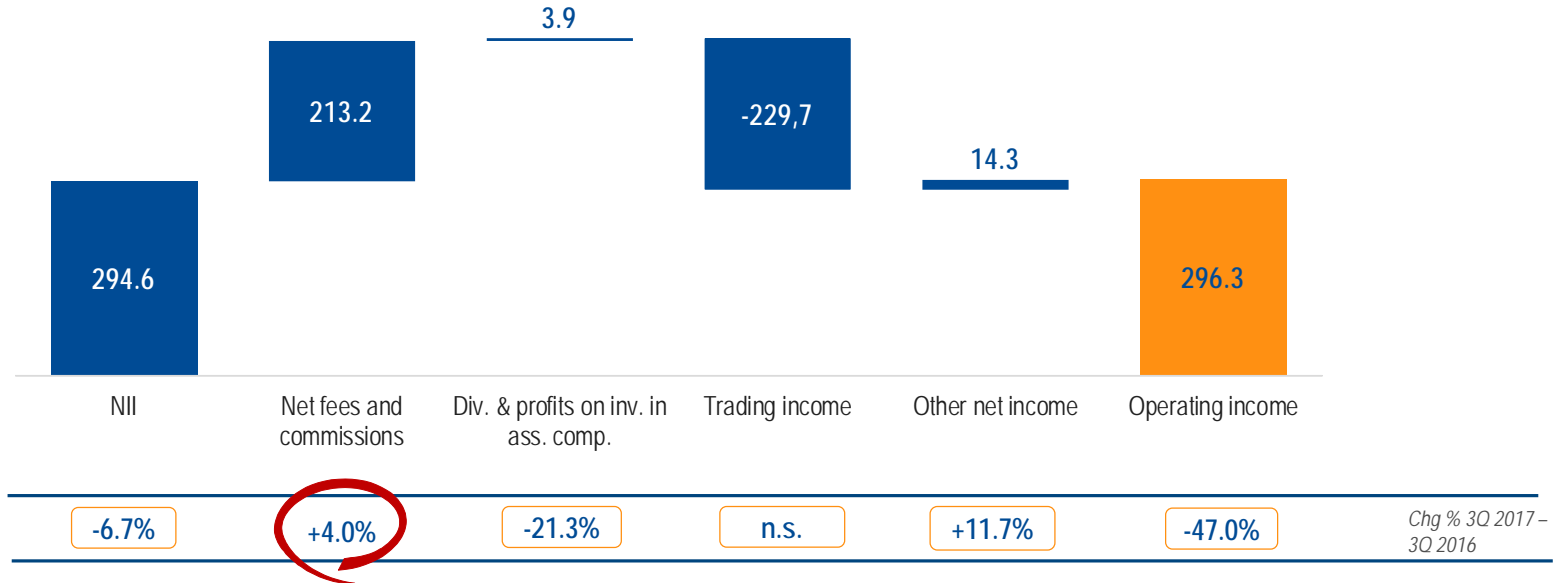
Leverage ratio as at  
30/06/2017  
5.5% (fully loaded)

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%

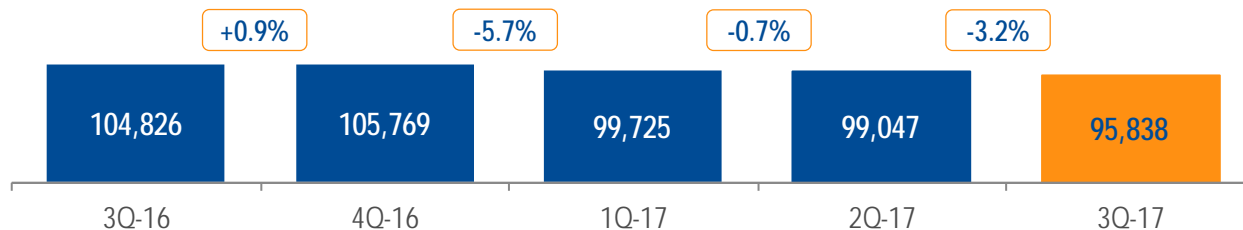
Requirements	30/09/2016	31/12/2016	31/03/2017	30/06/2017	30/09/2017
Credit	90.3%	90.3%	90.2%	90.1%	88.8%
CVA	0.2%	0.2%	0.2%	0.2%	0.2%
Market	0.04%	0.02%	0.1%	0.1%	0.9%
Operational	9.5%	9.5%	9.5%	9.7%	10.1%

1. Credit policies and asset quality
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## Interest Income, Quarterly figures (€/1,000)



## Trend euribor quarterly (2014-2017)

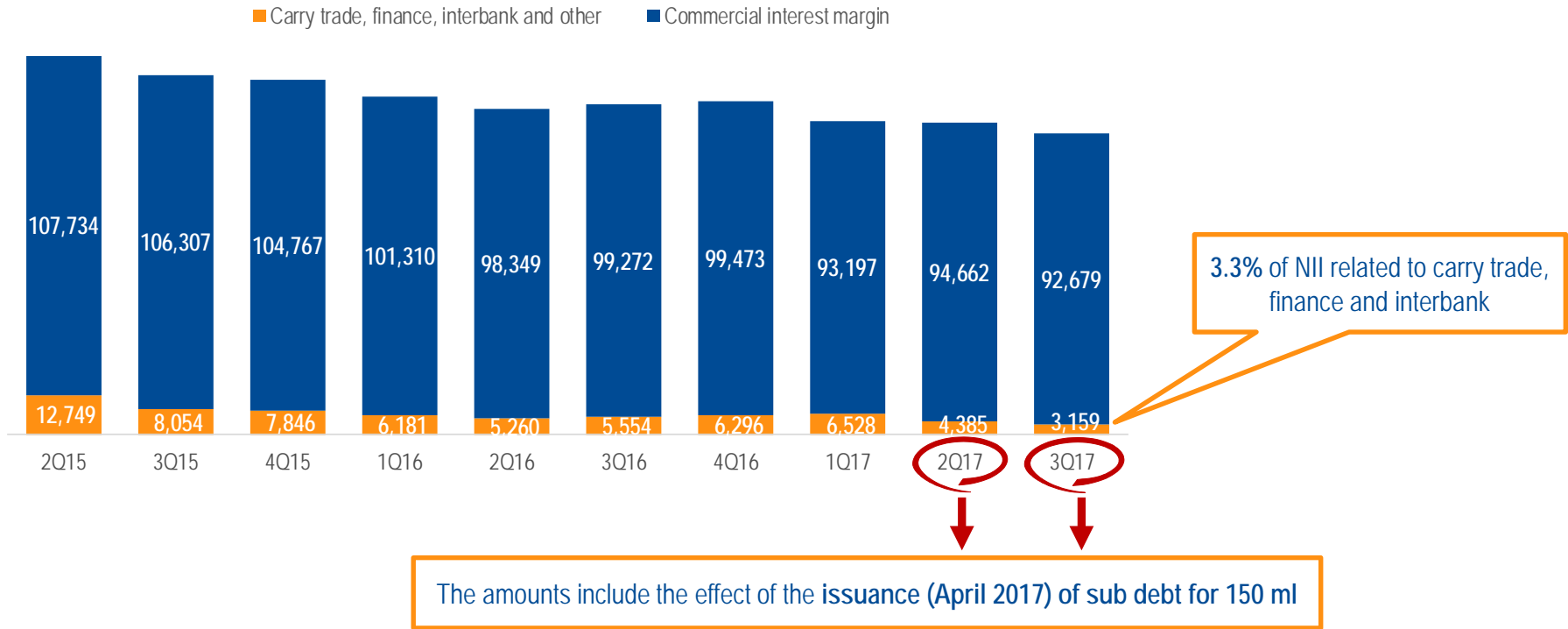


## NIM\* (2014-2017)



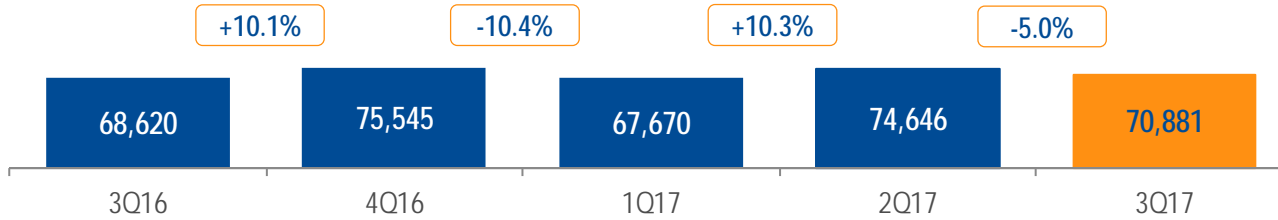
\* NIM = Interest income / Loans to customers

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

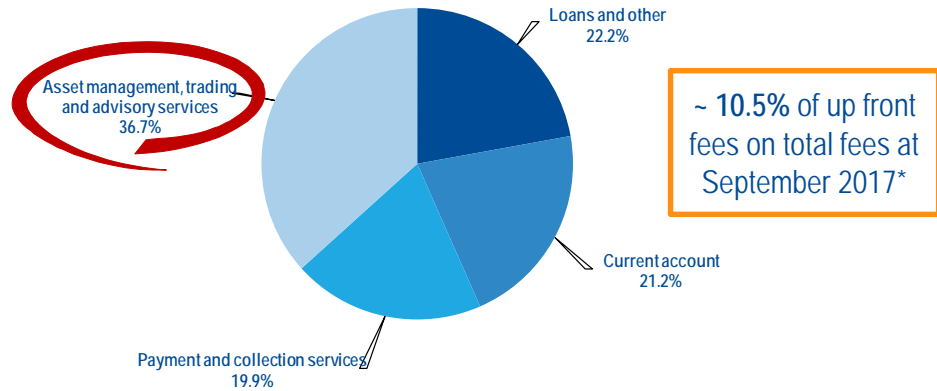
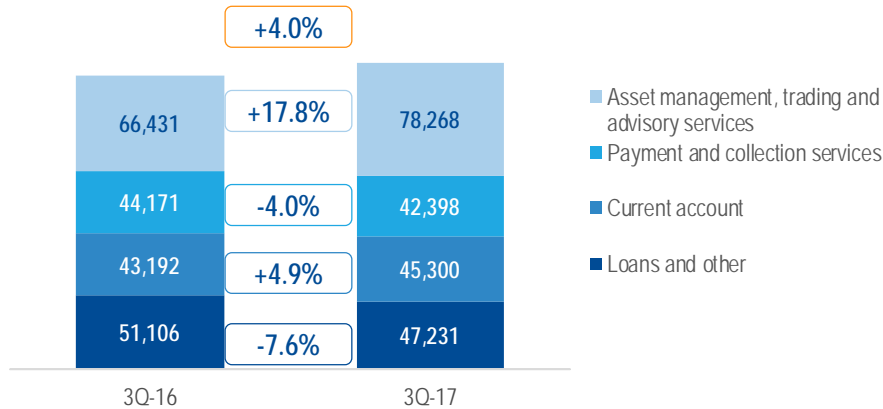


\*Interest financial assets – Interest due to central counterparties – Interest term deposits with central bank – Hedging results – Interest loans to banks – Interest income securities – Interest banks – Other interest

## Net fees quarterly trend (€/1,000)



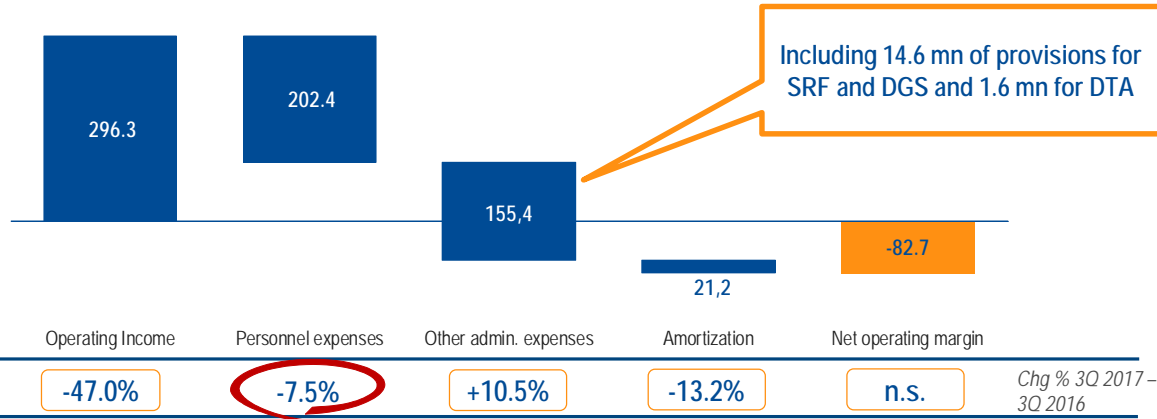
## Net fees breakdown - YoY



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

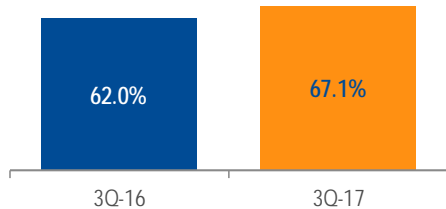
1. Credit policies and asset quality
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## Operating result development (€ mn)

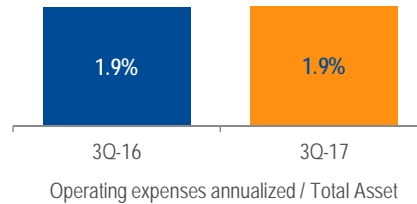


Action plan Creval 2017-2018:  
87 branches closed  
(of which 23 in 2016 and 64 in 2017)

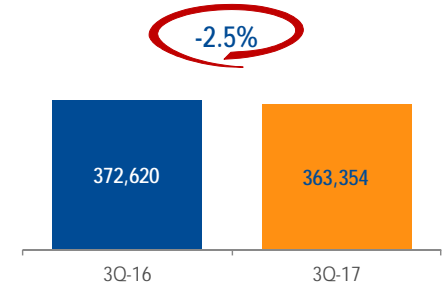
## Cost income ratio\*



## Cost to asset ratio\*

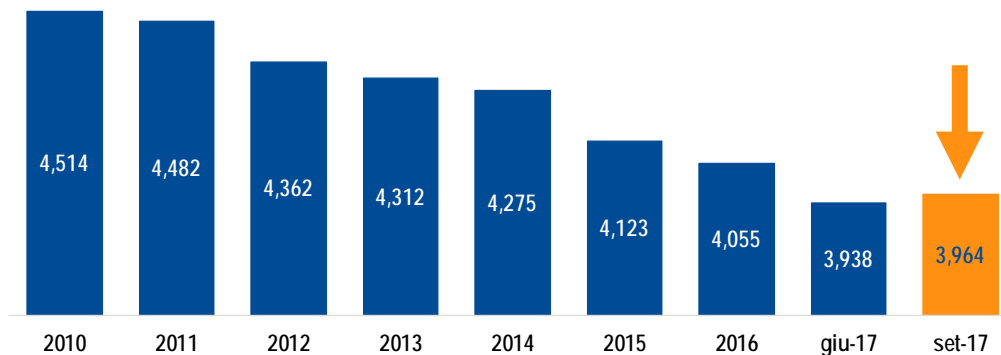


## Operating expenses\* (€ /1,000)



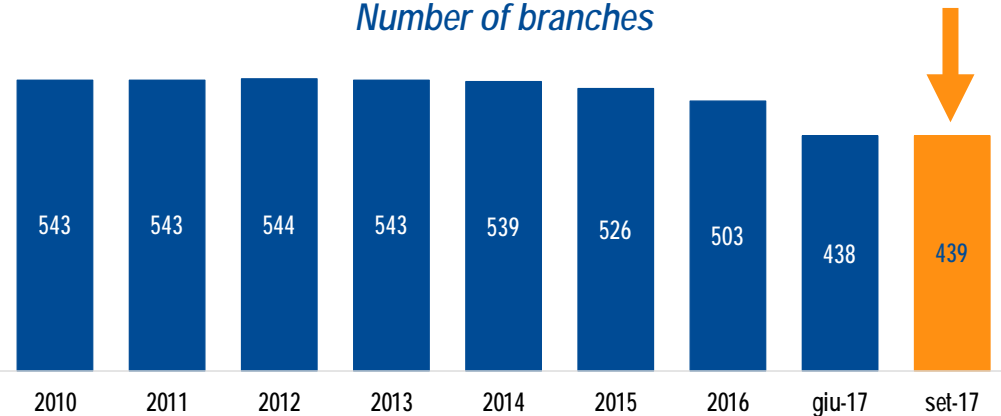
\* Pro-forma indicators (excluding extraordinary items in both periods).

*Number of employees*



-550 employees  
since 2010 (-12%)

*Number of branches*

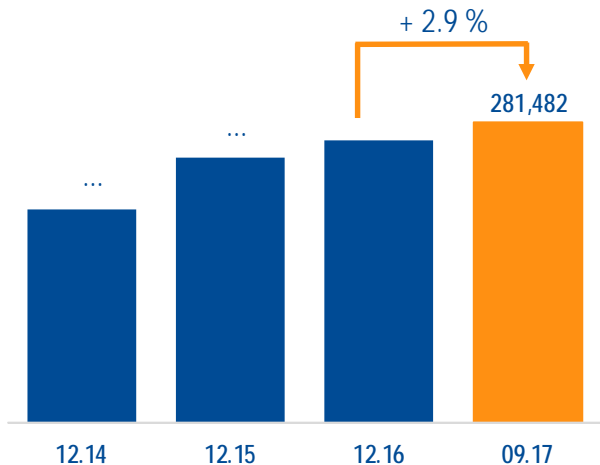


-104 branches since  
2013 (-19%)

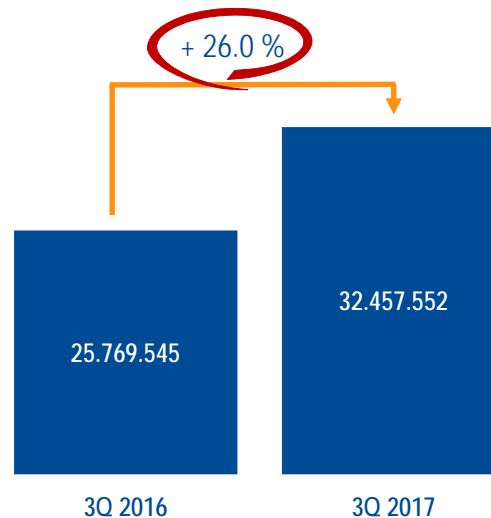
967 k customers  
Cross selling ~ 4.2  
Retention rate\*\* ~ 94.3%

**bancaperta**

*Active Internet Banking Users*



*Bancaperta access 3Q 2017*



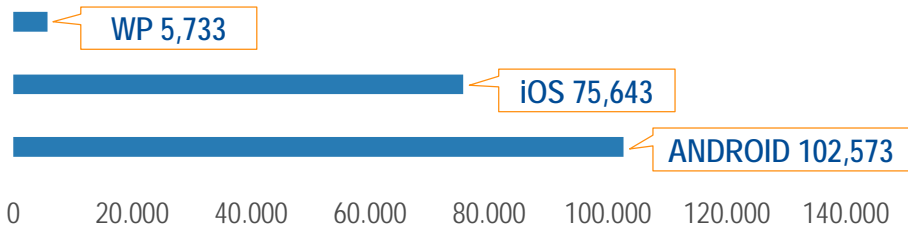
~ 183,949 downloaded apps\*  
**+8% YtD**

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

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



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



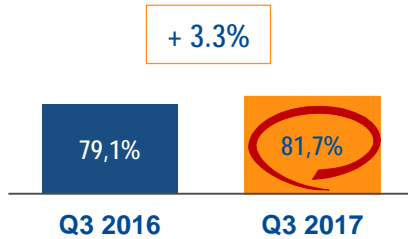
From app the 44% average daily access

Bancaperta considered by users  
the best banking app

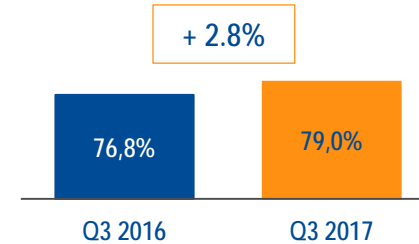
	Google play		iTunes		Microsoft Store		Average rank
	Reviews	Rank	Reviews	Rank	Reviews	Rank	
Credito Valtellinese	<b>2,432</b>	<b>4.5</b>	<b>164</b>	<b>4.2</b>	<b>143</b>	<b>4.4</b>	4.5
Fineco	30,260	4.5	8,284	4.2	588	4.1	4.4
Unicredit	69,913	4.3	9,475	4.1	1,950	3.9	4.3
Credem	1,961	4.3	454	3.0	117	4.3	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

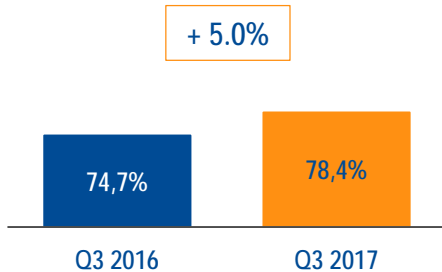
## *% money transfer online*



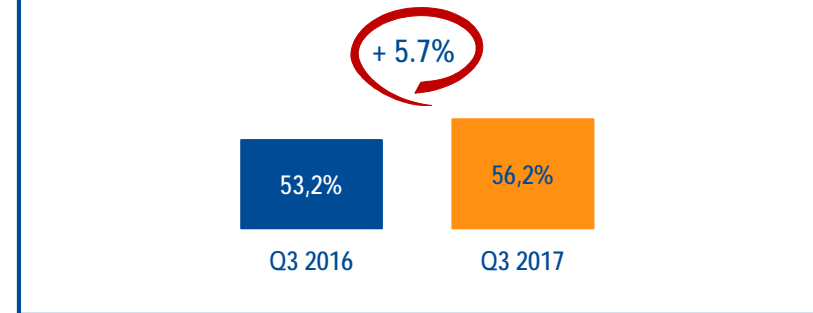
## *% F24 online*



## *% trading online*



## *Fees and commissions on trading online*



Source: internal data

Of which Atlante and other stake 39.3 mn

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

Of which real estate deal 69.7 mn

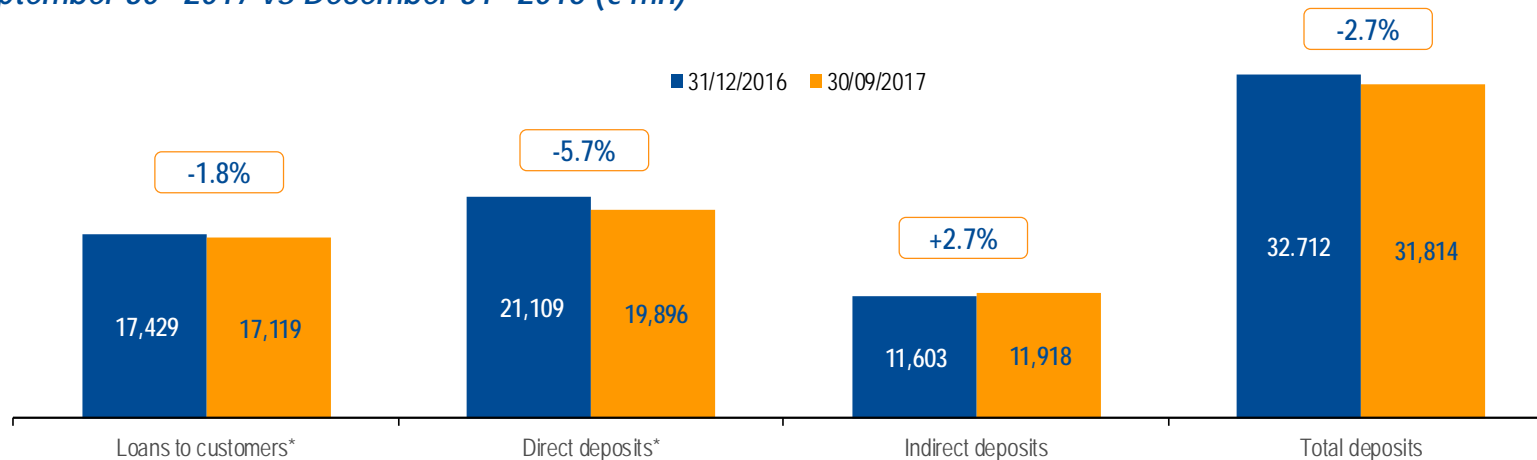
€ / 1.000	3Q 2017	3Q 2016	Chg %
Net operating margin	- 82,719	174,999	n.s.
Value adjustments	- 386,060	- 388,691	-0.7%
Net accruals to provisions for risks and charges	- 681	- 828	-17.8%
Net gains on sales of investments	68,877	26,261	n.s.
Income before taxes	- 400,583	- 188,259	n.s.
Tax for the period	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
<b>Extraordinary Items</b>	<b>-407.6</b>
Pre-Tax Result	-400.6
Restated Pre-Tax Result	7.0

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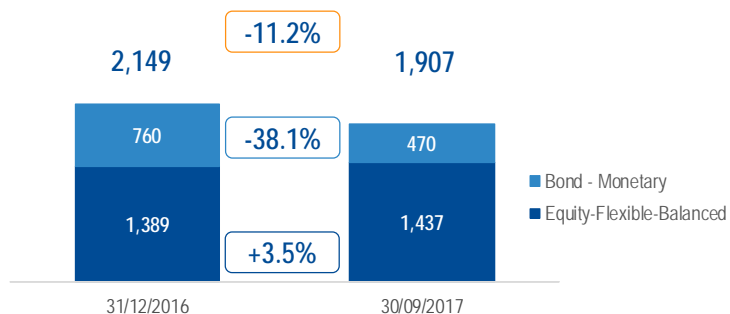
September 30<sup>th</sup> 2017 vs December 31<sup>st</sup> 2016 (€ mn)



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

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

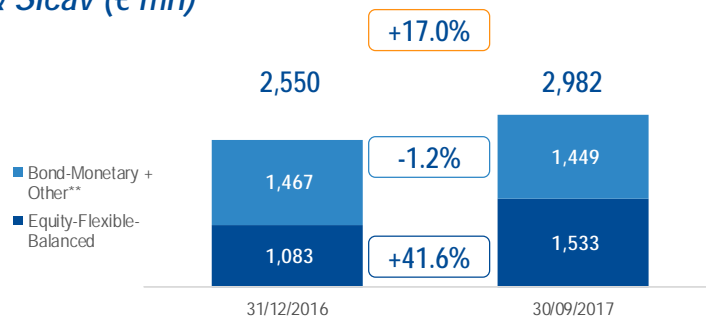
## Breakdown Individual accounts (€ mn)



## Breakdown Custody (€ mn)

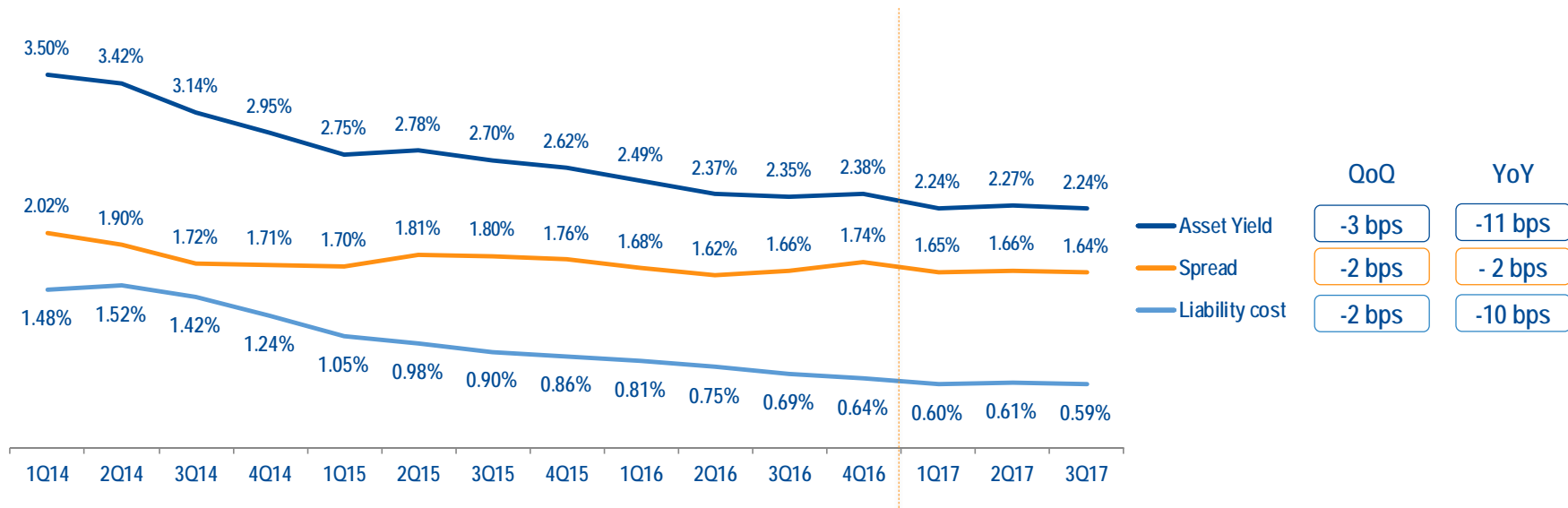


## Breakdown Funds & Sicav (€ mn)



\*\* Other including funds not of our placement

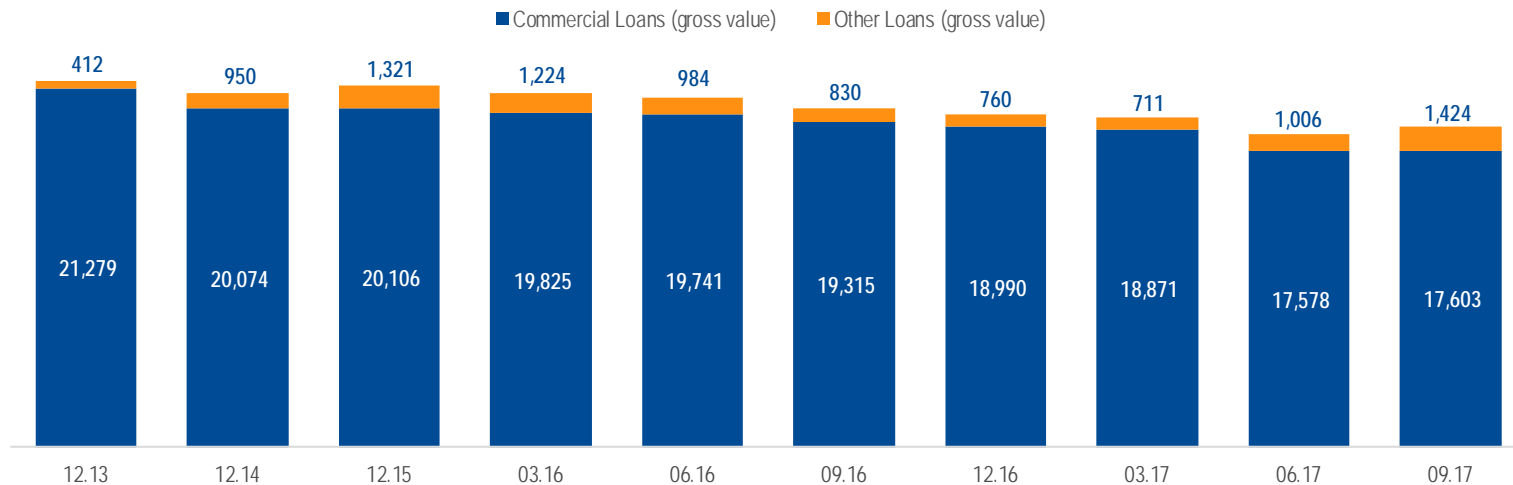
## Asset yield, liability cost and spread



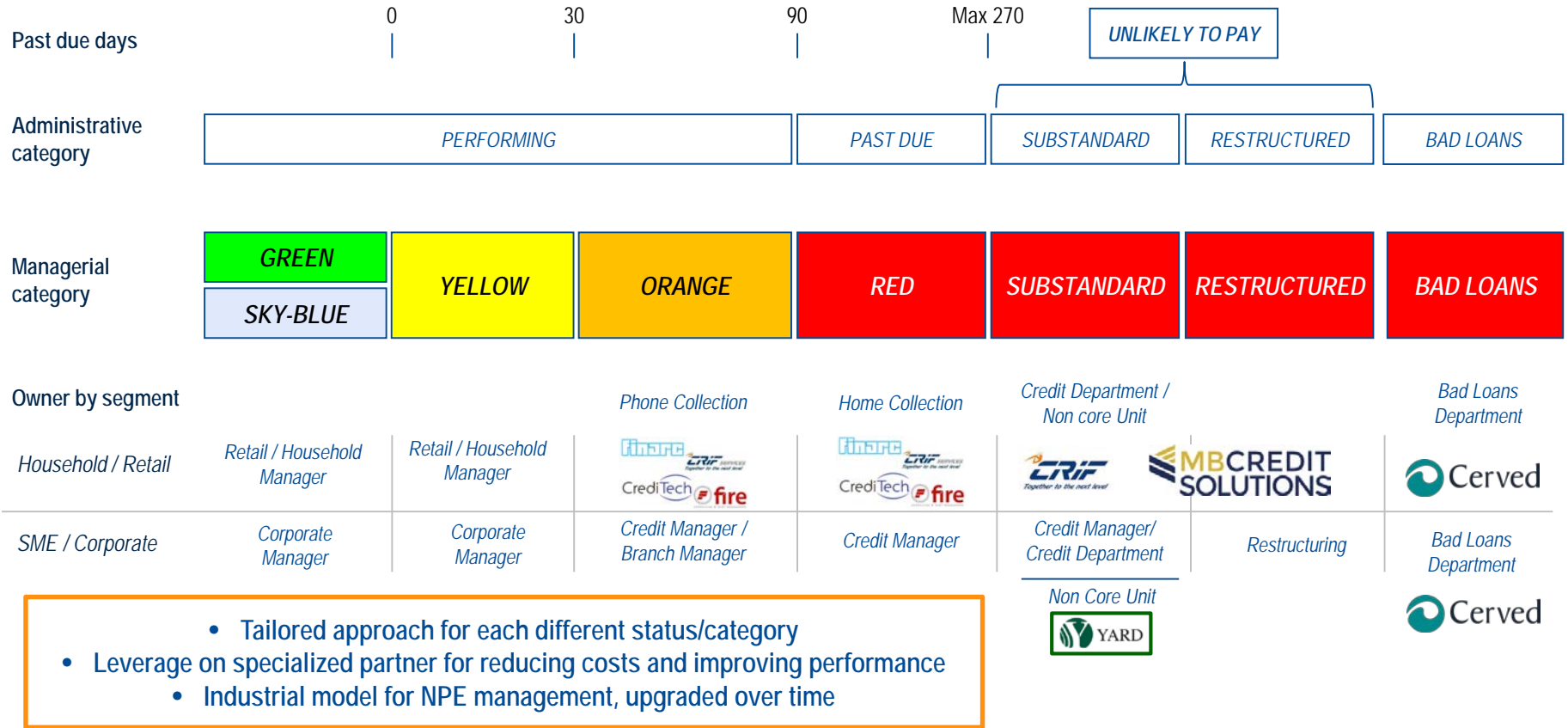
*Asset = Loans to customers, loans to banks, financial assets*  
*Asset yield = Interest income / average bearing assets of the quarter*  
*Liability = due to customers, due to banks, securities issued*  
*Liability cost = Interest expenses / average bearing liability of the quarter*



## Quarterly trend (€ mn)



# Annexes – NPEs management model



Mn €

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

## Annexes – Reclassified balance sheet – quarterly figures

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

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

## Annexes – Reclassified consolidated income statement

Income statement	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
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
<b>Operating income</b>	<b>- 69,299</b>	<b>180,776</b>	<b>184,856</b>	<b>148,802</b>	<b>162,672</b>
Personnel expenses	- 68,068	- 59,193	- 75,122	- 127,358	- 72,443
Other administrative expenses	- 47,741	- 59,494	- 48,217	- 69,494	- 41,928
Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets	- 7,363	- 6,455	- 7,399	- 9,474	- 8,389
<b>Operating costs</b>	<b>- 123,172</b>	<b>- 125,142</b>	<b>- 130,738</b>	<b>- 206,326</b>	<b>- 122,760</b>
<b>Operating profit</b>	<b>- 192,471</b>	<b>55,634</b>	<b>54,118</b>	<b>- 57,524</b>	<b>39,912</b>
Net impairment losses on loans and receivables and other financial assets	- 17,047	- 321,102	- 47,911	- 102,541	- 236,914
Net accruals to provisions for risks and charges	- 639	1,024	- 1,066	11,493	1,055
Value adjustments of goodwill	-	-	-	- 68,797	-
Net gains (losses) on sales of investments	97	68,798	- 18	5,105	9
<b>Pre-tax profit (loss) from continuing operations</b>	<b>- 210,060</b>	<b>- 195,646</b>	<b>5,123</b>	<b>- 212,264</b>	<b>- 195,938</b>
Income taxes	2,603	- 801	- 1,676	16,622	41,557
<b>Post-tax profit (loss) from continuing operations</b>	<b>- 207,457</b>	<b>- 196,447</b>	<b>3,447</b>	<b>- 195,642</b>	<b>- 154,381</b>
Profit (loss) for the period attributable to non-controlling interests	- 331	- 739	- 1,089	- 1,415	- 801
<b>Profit (Loss) for the period</b>	<b>- 207,788</b>	<b>- 197,186</b>	<b>2,358</b>	<b>- 197,057</b>	<b>- 155,182</b>

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