



**Consolidated Results as at  
30<sup>th</sup> September 2018**

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- Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2), Simona Orietti, in her capacity as manager in charge of financial reporting declares that the accounting information contained in this Presentation reflects the group's documented results, financial accounts and accounting records.

- 1. Update on Business Plan execution**
- 2. Asset quality**
- 3. Funding, liquidity and securities portfolio**
- 4. Capital ratios**
- 5. Consolidated P&L results**
- 6. Annexes**

The turnaround of the bank put in place in the 9M 2018 resulted in a significant improvement in the overall risk profile

### Capital

- **Solid capital position, further strengthened by the validation of AIRB models:** CET1 ratio phased-in proforma<sup>(1)</sup> increased to **17.6%** (vs. 15.0% in Q2 18) and CET1 ratio FL proforma<sup>(1)</sup> increased to **12.8%** (vs. 11.2% in Q2 18)
- CET1 ratio fully loaded capital buffer vs. SREP min. requirement equal to +510bps, at the highest levels among the main Italian banks

### Asset quality

- **2018 derisking plan completed: Finalized NPE disposals for more than €2bn GBV of which €1.6bn through GACS**
- **Gross NPE ratio<sup>(2)</sup>:** 11.3% the lowest since 12/2011. Well on track to achieve the 2020 target (9.6%)
- **Gross NPE stock:** €2.0bn (-50% YTD) the lowest since December 2010
- **Coverage ratios of total NPE equal to 50.4% (53.6% including write-offs). Bad loans coverage at 71.3% (75.5% including write-offs)**

### Liquidity

- **Satisfactory liquidity position: LCR >100%, NSFR >100%. well above the minimum regulatory level. Unencumbered eligible assets at €3.2bn<sup>(3)</sup>**

### Profitability

- **Further increase of the NII in Q3 18: €95.5m, +6% q/q**
- **Operating costs, excluding non-recurrent items: -8.9% y/y**
- **Annualized cost of risk at 75bps<sup>(4)</sup> (vs. 215bps FY 2017)**

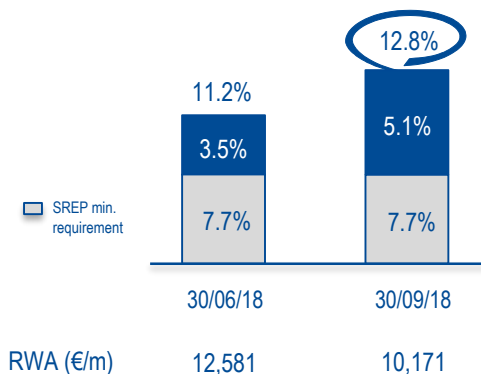
(1) Including the closing of the NPE portfolio disposal (GIMLI 2) dated on 8 October 2018 and the partnerships in the bancassurance and consumer credit sectors to be finalized in Q4 2018

(2) Excluding Government bonds (3) As of 6 November 2018

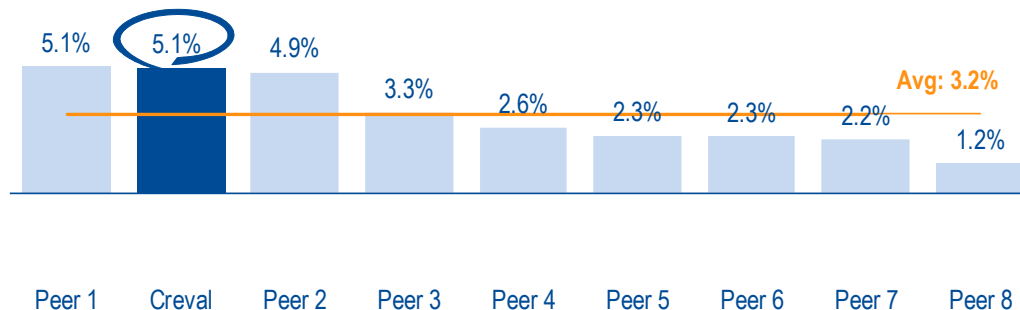
(4) Annualized; calculated on recurring LLPs of the period on net customer loans (excluding Government bonds)

- On 26 September 2018, Creval obtained the authorization from the Bank of Italy to use its “A-IRB” internal credit risk measurement system for prudential purposes for the regulatory classes “corporate exposures” and “retail exposures”
- The benefits stemming from the adoption of the A-IRB models further strengthened credit discipline (asset quality and pricing of lending) and the solidity of the bank, which today has one of the highest capital buffer vs. SREP minimum requirement (+510bps) among the main Italian banks

### CET1 ratio proforma Fully Loaded\*



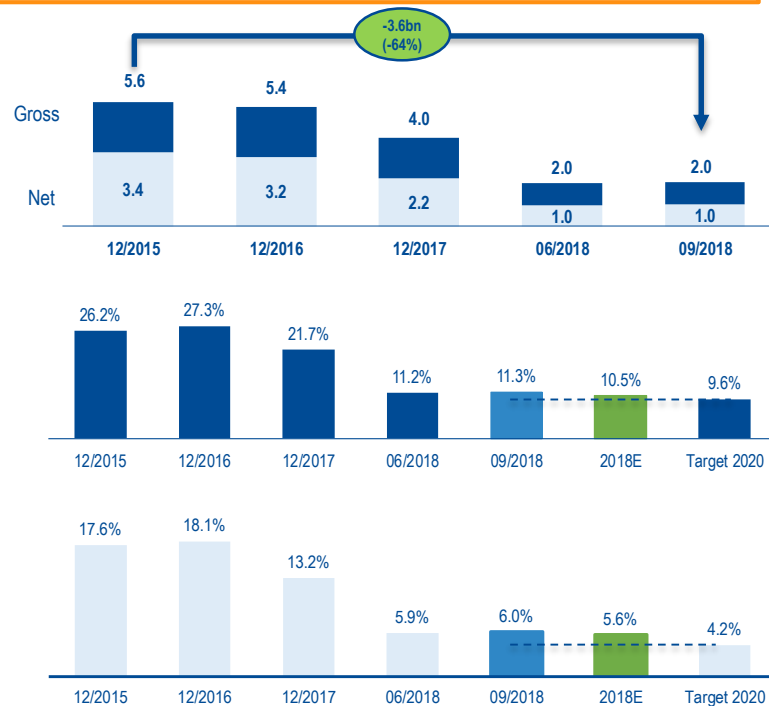
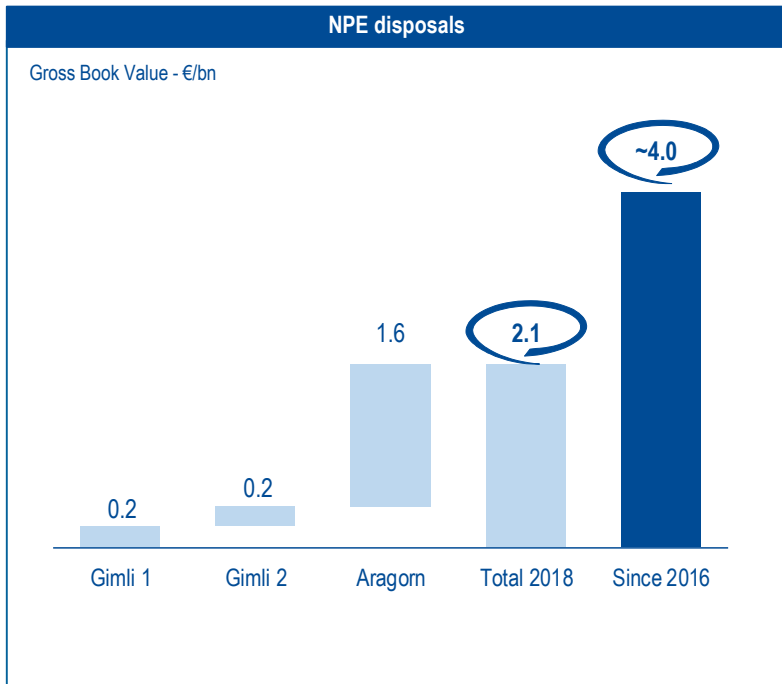
### Capital buffer vs. SREP min. requirement



Source: Company presentations as at 30/09/18. Peers: Unicredit, Intesa Sanpaolo, MPS, UBI, BancoBPM, BPER, POPSO (data as at 30/06/2018), Credem

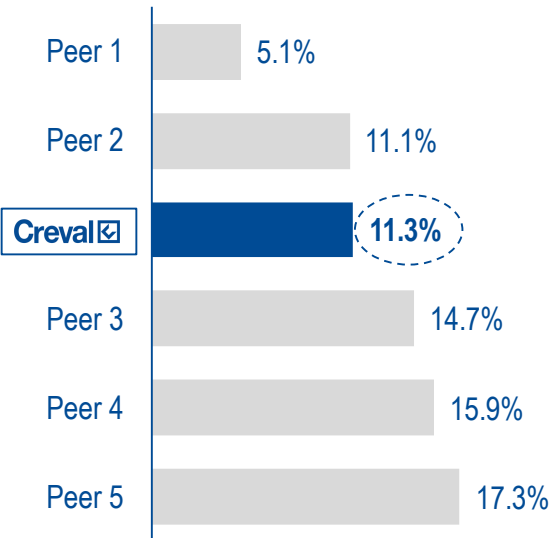
\* Including the closing of the NPE portfolio disposal (GIMLI 2) dated on 8 October 2018 and the partnerships in the bancassurance and consumer credit sectors to be finalized in Q4 2018

- Following the GACS obtained in September 2018 on the senior tranche related to the securitization of bad loans portfolio (project Aragorn) and the closing of the sale of the NPE portfolio (project Gimli 2) signed on 8 October 2018, the de-risking plan envisaged for 2018 - which was characterized by the sale of NPE for a GBV of over €2bn - was completed in line with the timing and objectives of the 2018-2020 Business Plan.

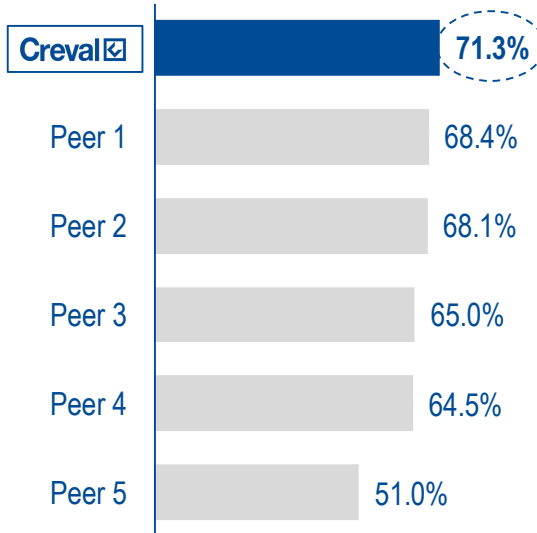


\* Excluding Government bonds

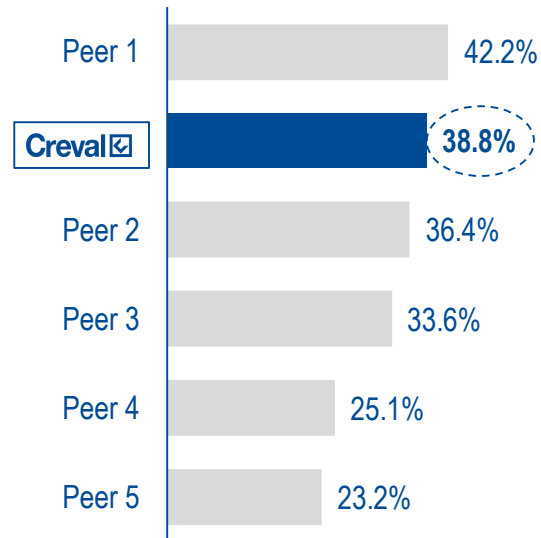
## Gross NPE ratio



## BAD Loans coverage ratio



## UTP coverage ratio



				9M 18	TARGET 2018	TARGET 2020
Capital Strengthening	Best in class capital position	<ul style="list-style-type: none"> <li>€700m capital increase completed</li> <li>Extraordinary transactions with positive impact on capital (NPE disposals, new commercial partnerships)</li> <li>Approval of AIRB models to calculate the credit risks</li> </ul>	CET 1 ratio proforma <sup>(1)</sup> fully loaded	12.8%	11.0% ✓	11.6% ✓
Asset quality improvement and derisking	Significant reduction of the NPE ratio	<ul style="list-style-type: none"> <li>In 2018 finalized NPE disposals for more than €2bn GBV</li> <li>Gross NPE stock decreased by €2.0bn YTD (-50%)</li> <li>Coverage ratios of total NPE equal to 50.4% (53.6% including write-offs). Bad loans coverage at 71.3% (75.5% including write-offs)</li> </ul>	Gross NPE ratio	11.3%	10.5% WELL ON TRACK	9.6% WELL ON TRACK
	Increase in the coverage ratios		NPE coverage ratio	50.4%	50.3% ✓	59.1% WELL ON TRACK
Efficiency improvement	Simplification of the Group structure	<ul style="list-style-type: none"> <li>Merger of Credito Siciliano and CSS<sup>(2)</sup> into the Parent company</li> <li>Reorganization of bancassurance activities<sup>(2)</sup></li> <li>50 branches closed during 9M 2018</li> <li>Agreement signed with the trade unions for the incentivised exit of 219 employees (vs. 170 initially expected) who left the Bank on 1 July '18.</li> </ul>	Branches	363		350 WELL ON TRACK
	Rationalization of the operating machine		Headcount	3,694		<3,700 ✓

(1) Closing of the disposal of NPE portfolio GIMLI 2 occurred on 8 October 2018 and transactions already signed and to be finalized in Q4 2018 (bancassurance and consumer credit partnerships)

(2) Effectiveness expected in Q4 2018

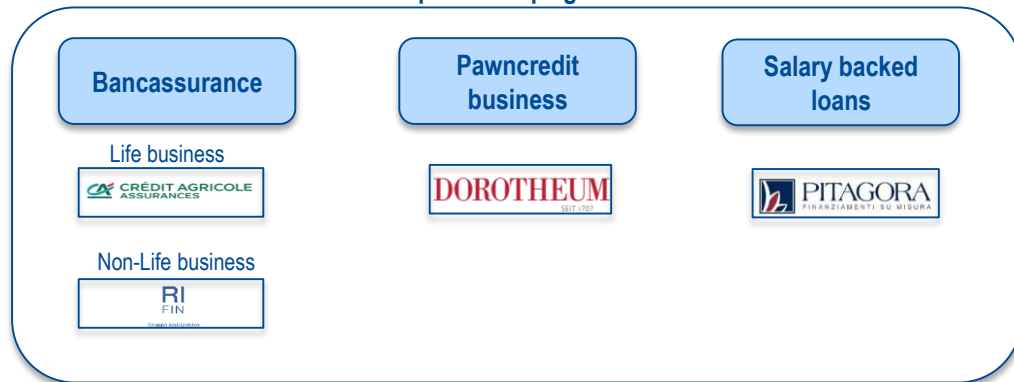


- After the significant improvement in the overall risk profile of the bank achieved thanks to the actions put in place during the 9M 2018 in terms of capital strengthening, derisking and rationalization of the operating machine, today the bank is focused on the recovery of a sustainable profitability

- In this regard, in July 2018 new commercial partnerships have been signed in the bancassurance and consumer credit sectors with leading specialized operators, that will allow Creval to increase the "fee based" business areas with low capital absorption and to strengthen its retail products offer

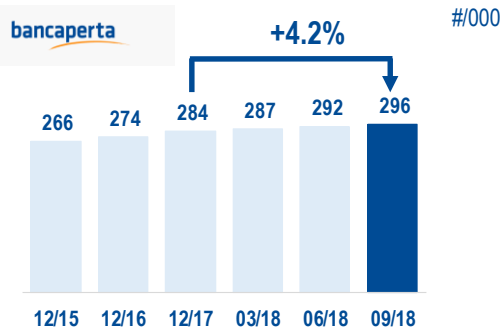


### New partnership agreements

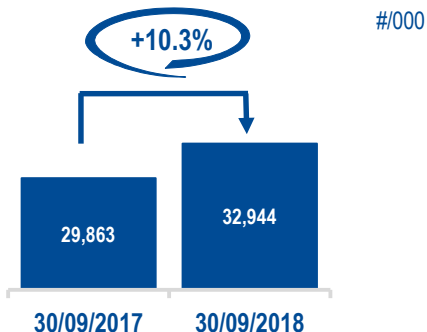


- Furthermore, the merger of Claris Factor (acquired in June 2018) into Creval Più Factor (100% owned by Creval) approved in August 2018, will allow Creval to speed up the factoring activity development targets (expected turnover of about €800m in 2018, more than €1.5bn in 2020) with positive contribution to the revenues base.

## Active Internet Banking Users



## Bancaperta access: Sep-18 vs Sep-17

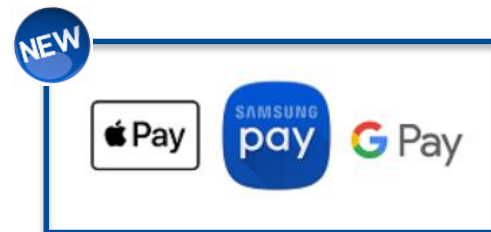


## Bancaperta branches



10 digital-only branches of which 2 opened in Q3 2018.  
Further 4 new opening expected by end 2018

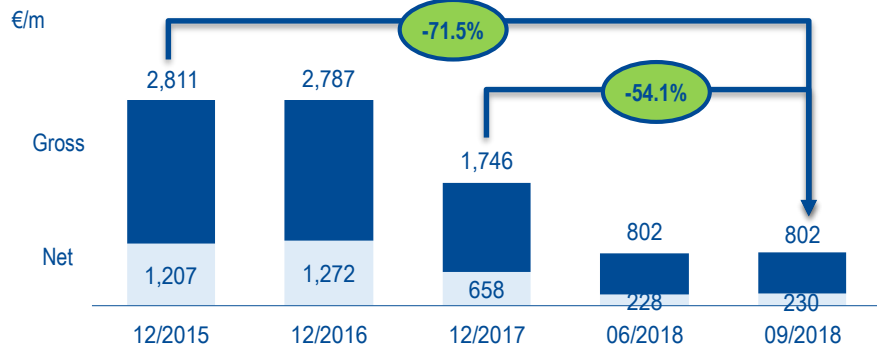
## # online operations



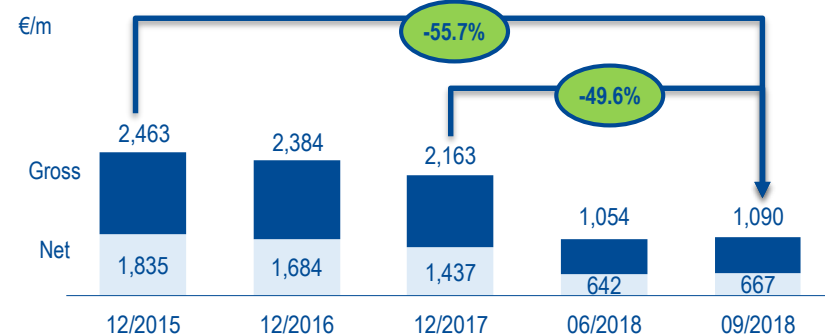
Since November the bank's credit cards are enabled for mobile payment

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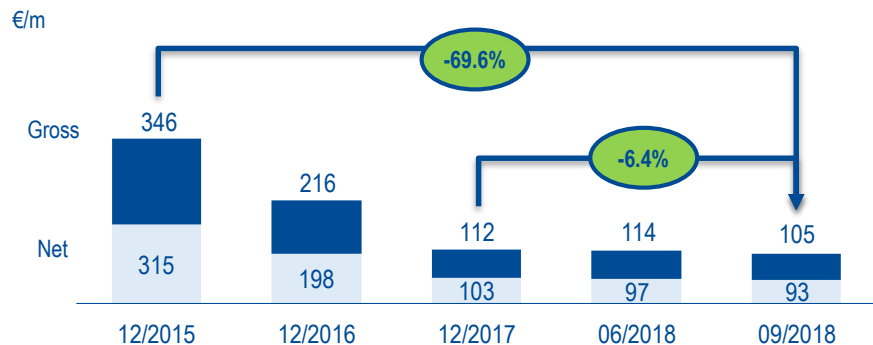
## Bad loans



## UTP



## Past Due

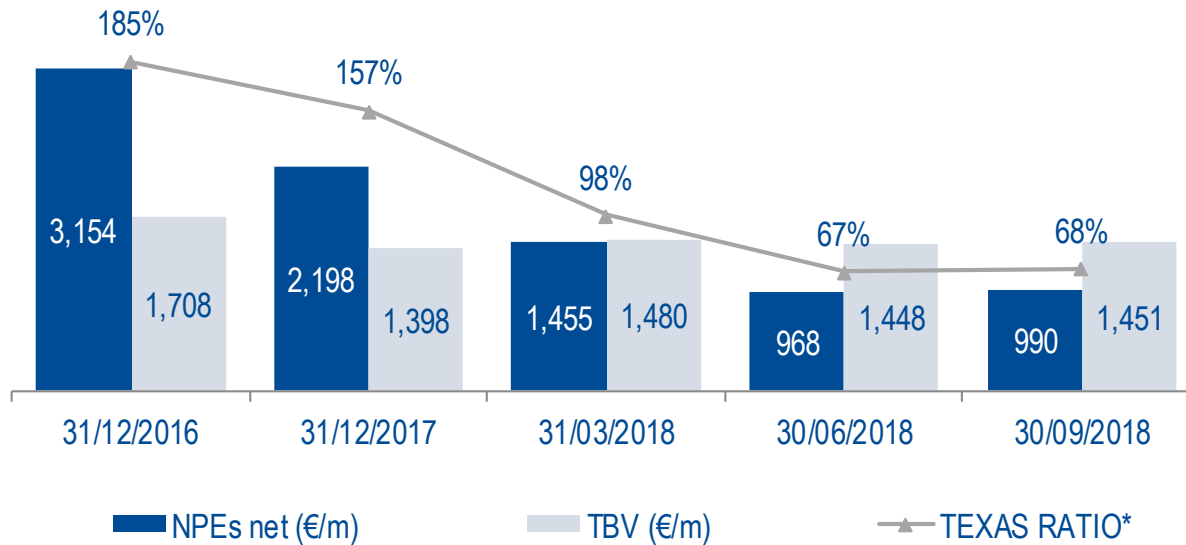


## Coverage ratio

	31/12/2017	30/06/2018	30/09/2018	Peer avg. <sup>(1)</sup>
<b>NPEs</b>	<b>45.3%</b>	<b>50.9%</b>	<b>50.4%</b>	<b>50.4%</b>
<i>including write offs</i>	47.2%	53.8%	53.6%	
<b>Bad Loans</b>	<b>62.3%</b>	<b>71.5%</b>	<b>71.3%</b>	<b>63.4%</b>
<i>including write offs</i>	65.2%	75.3%	75.5%	
<b>UTP</b>	<b>33.6%</b>	<b>39.1%</b>	<b>38.8%</b>	<b>32.1%</b>
<b>Past Due</b>	<b>8.0%</b>	<b>15.0%</b>	<b>11.4%</b>	<b>14.2%</b>
<b>Bonis</b>	<b>0.43%</b>	<b>0.75%<sup>(2)</sup></b>	<b>0.69%<sup>(2)</sup></b>	

(1) Data as of September, 30<sup>th</sup> 2018. Peers: Banco BPM, Bper, Credem, Ubi Banca, Banca Popolare di Sondrio (data as of June, 30<sup>th</sup> 2018). Source: company presentations

(2) Excluding Government bonds

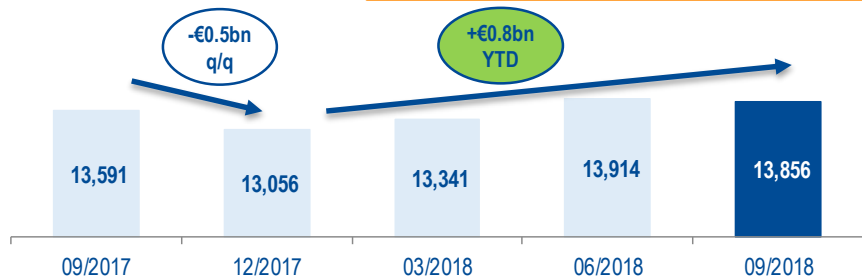


\* Net NPE / Tangible Book Value

## Performing commercial customer loans\* – Quarterly trend

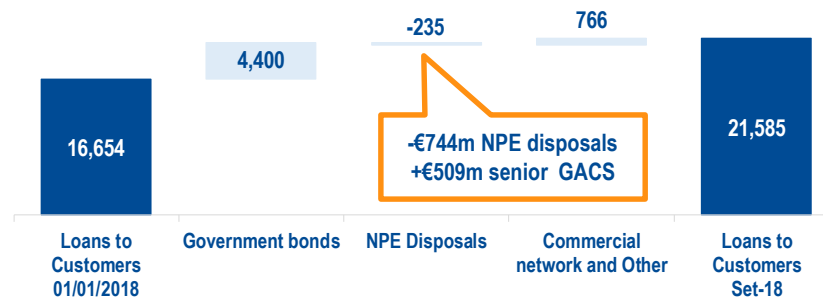
€/m - Gross amount

Recovery in the commercial activity in 2018



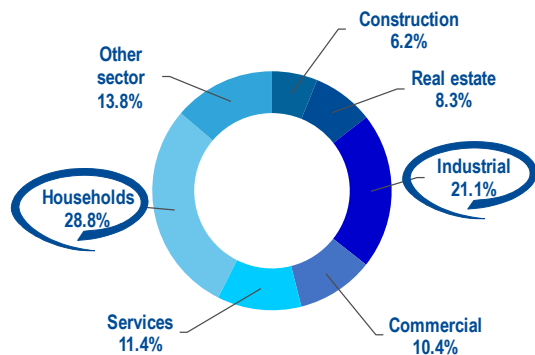
## Net customer loans

€/m



## Performing customer loans breakdown by sector

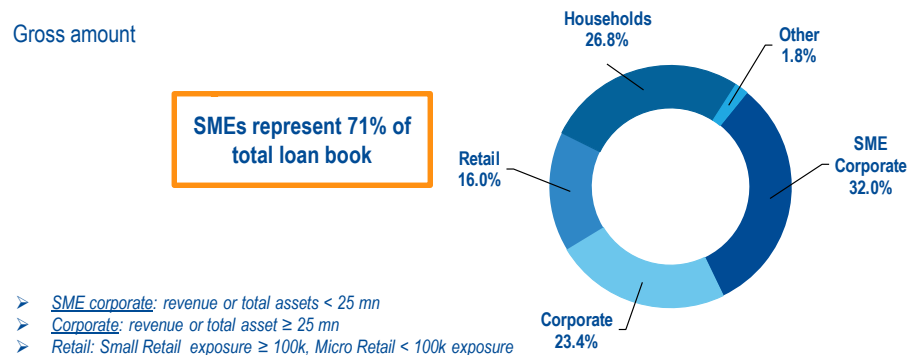
Gross amount



## Total customer loans by customer segment

Gross amount

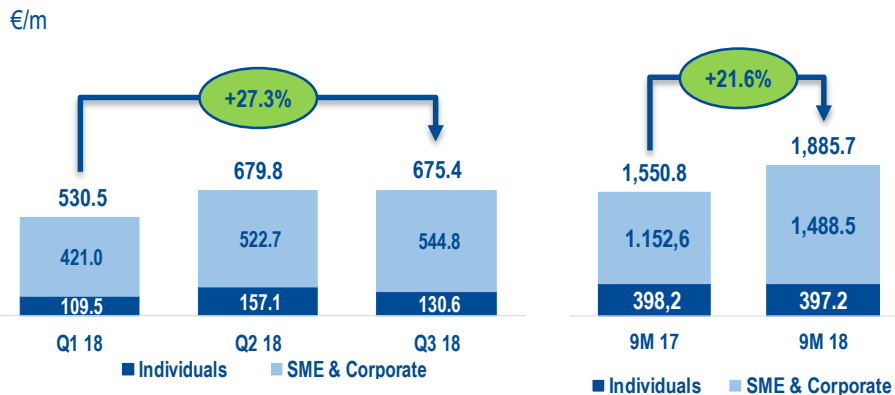
SMEs represent 71% of total loan book



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

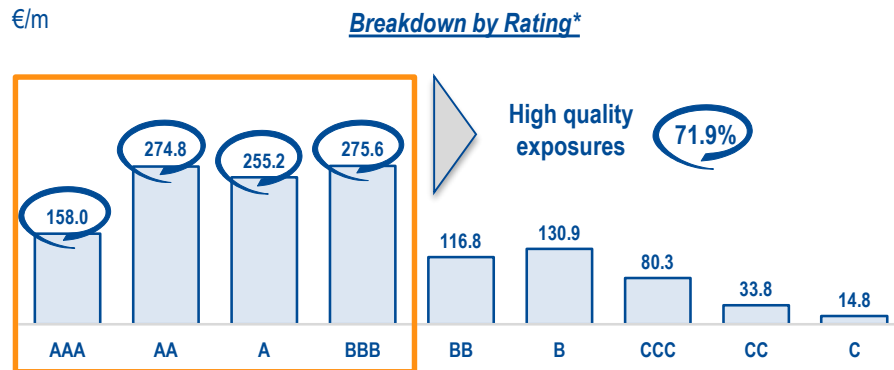
\* Performing gross customer loans net of exposures with institutions (mainly CCG - Cassa Compensazione e Garanzia) and securities (HTC financial assets).

## New commercial lending flows as at 30/09/2018 – quarterly trend



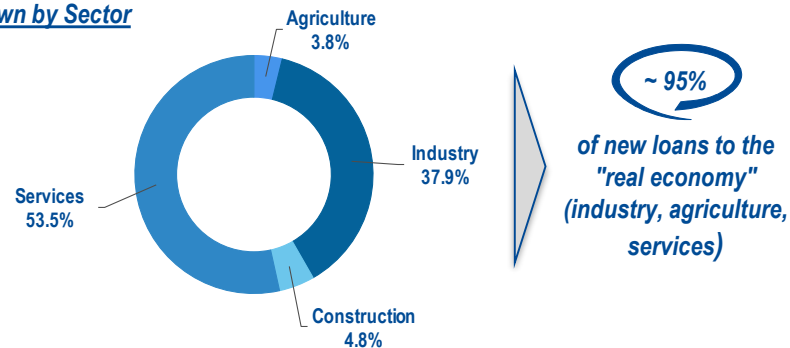
- €1,886m of newly granted commercial loans to Individuals (€397m) and SMEs/Corporate (€1489m) as at September 2018 (+21.6% y/y)
- Average rate Individuals equal to **2.28%** (vs. 2.57% as at September 2017)
- Average rate SME & Corporate equal to 1.87% (vs. 2.24% as at September 2017)

## Focus on new lending to SME & Corporate



\* Excluding unrated and rating undefined

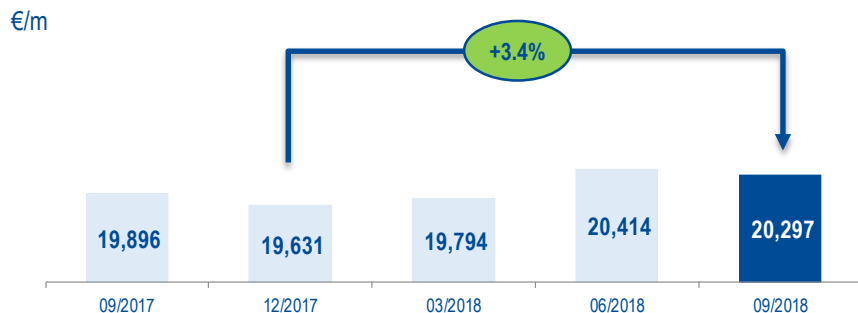
### Breakdown by Sector



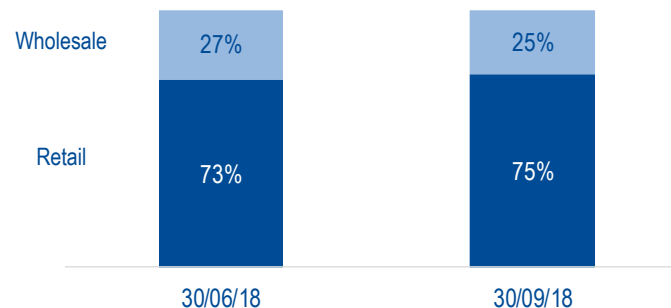
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## Direct funding trend



## Breakdown by customer segment



## Breakdown by funding source

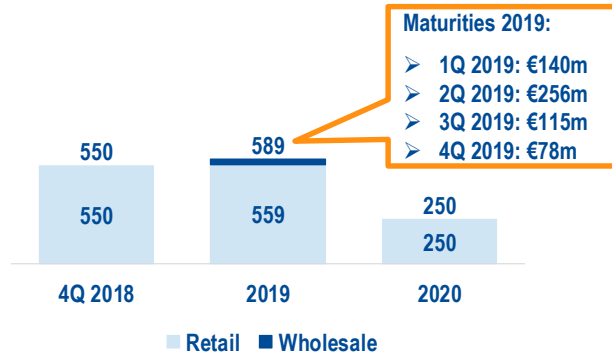
Core Deposits  
+5.1% YTD

€/m	30/09/2017	31/12/2017	30/06/2018	30/09/2018	Chg. % Ytd
Saving Deposits	443	366	326	320	-12.6%
Time deposits	877	769	903	1,107	44.0%
Current accounts	13,474	11,947	12,126	12,323	3.1%
Securitized	227	586	171	358	-38.9%
Wholesale bonds (senior + subordinated)	278	281	277	277	-1.4%
Senior retail bonds	1,771	1,527	1,263	1,195	-21.7%
Subordinated retail bonds	221	206	175	177	-14.3%
Deposit certificates	131	120	105	92	-23.5%
Deposits CCG & CDP	2,289	3,633	4,889	4,282	17.8%
Other	187	195	179	167	-14.4%
<b>Total direct funding</b>	<b>19,896</b>	<b>19,631</b>	<b>20,414</b>	<b>20,297</b>	<b>3.4%</b>

- Direct deposits increased by **3.4%** YTD
- Positive trend in the c/a and deposits confirmed (**+5.1%** YTD and **+2.9%** q/q)
- Large base of retail funding which represents **75%** of total direct funding (vs. 73% in Q2 2018)
- Retail and institutional bonds decreased **-23%** YTD, in line with the policy of reducing the most onerous forms of funding
- The reduction on a quarterly basis is due to the decrease in the repos transactions with CC&G

## Bond maturities

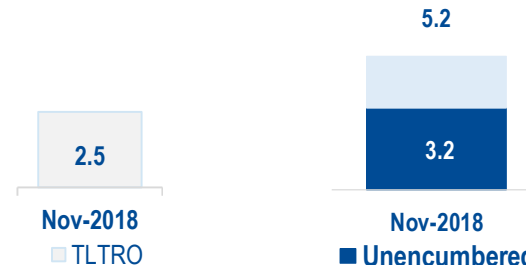
€/m



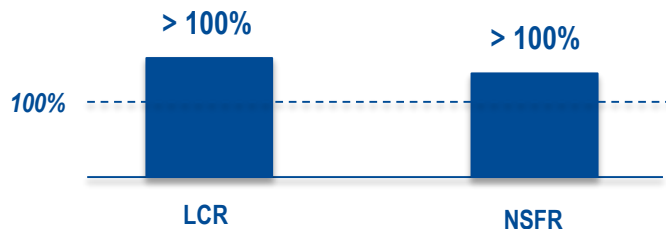
## CBC and ECB funding

€/bn

Counterbalancing capacity 3M



## Liquidity regulatory requirements



- Satisfactory liquidity situation that allow the Bank to manage the bond maturities over the business plan horizon
- The 3-months counterbalancing capacity as at 6 November 2018 is equal to €5.2bn (of which €3.2bn unencumbered) and benefited from the securitisation of the mortgage performing loans granted to SMEs finalized on 30 July 2018 for a total amount of €1.5bn.
- The liquidity requirements - LCR and NSFR - are well above the regulatory minimum requirements.

## Securities portfolio breakdown

€/m

	30/06/18	30/09/18	Chg Q/Q
FVOCI portfolio	2,027	2,224	+197
FVTPL portfolio	243	246	+3
Amortized cost portfolio <sup>(1)</sup>	4,977	5,121	+144
<b>Total</b>	<b>7,247</b>	<b>7,591</b>	<b>+344</b>
Senior notes with GACS <sup>(2)</sup>	921	900	-21
<b>Total with GACS</b>	<b>8,168</b>	<b>8,491</b>	<b>+323</b>

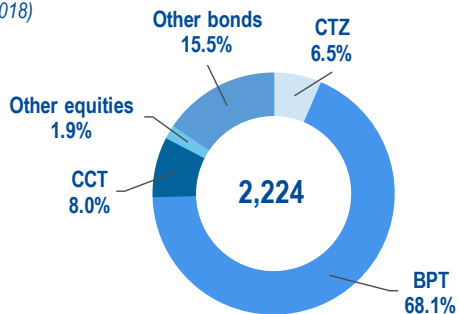


### Of which Italian government bonds

	30/06/18	30/09/18	Chg Q/Q
FVOCI portfolio	1,755	1,802	+47
FVTPL portfolio	11	11	+0
Amortized cost portfolio	3,895	3,979	+84
<b>Total</b>	<b>5,661</b>	<b>5,792</b>	<b>+131</b>
Valuation reserve <sup>(3)</sup>	-32	-46	-13
Spread 10y BTP-Bund	238	268	+30

## FVOCI portfolio breakdown

(As at 30/09/2018)



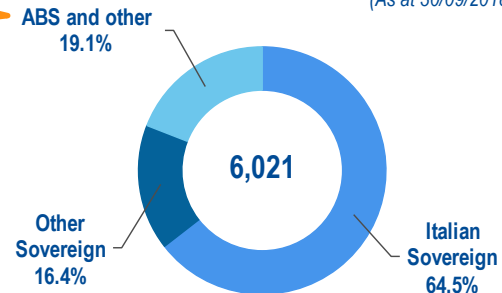
Average Duration : 2.4y

Italia Government bonds duration: 2.2y

## Amortized cost portfolio breakdown

(As at 30/09/2018)

Includes €0.9bn of senior notes with GACS



6,021

<sup>(1)</sup> Excluding loans and receivables with Banks.

<sup>(2)</sup> Data as at 30/06/18 includes senior notes related to securitization of Aragom portfolio whose GACS has been obtained in September.

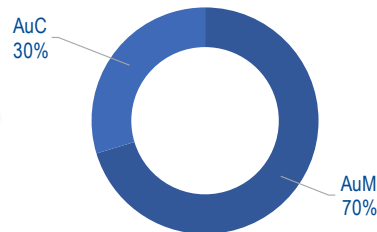
<sup>(3)</sup> Net of fiscal effect.

## Indirect deposits

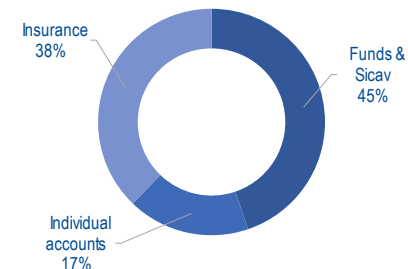
€ m	30/06/2018	30/09/2018	Chg. %
Assets under Custody	3,107	3,070	-1.2%
Assets under Management	7,331	7,278	-0.7%
Funds & Sicav	3,251	3,258	0.2%
Individual accounts	1,350	1,269	-6.0%
Insurance	2,730	2,751	0.8%
<b>Total</b>	<b>10,438</b>	<b>10,348</b>	<b>-0.9%</b>

The negative trend in the indirect deposits was mainly due to the negative performance of the financial markets, which affected both the assets under management and assets under custody

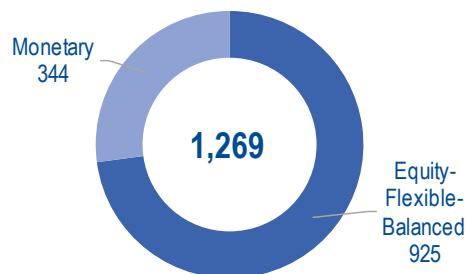
Indirect deposit breakdown



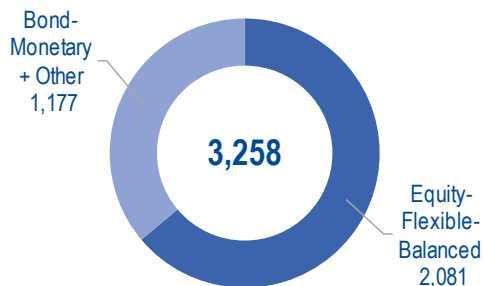
AUM breakdown



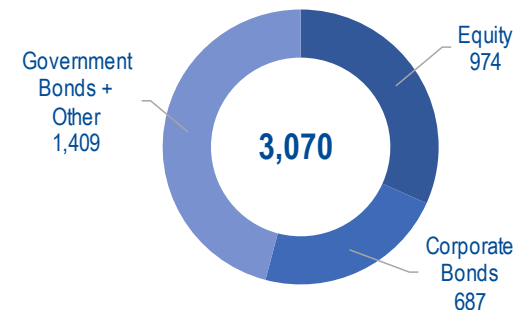
**Breakdown Individual accounts (€/m)**



**Breakdown Funds & Sicav (€/m)**

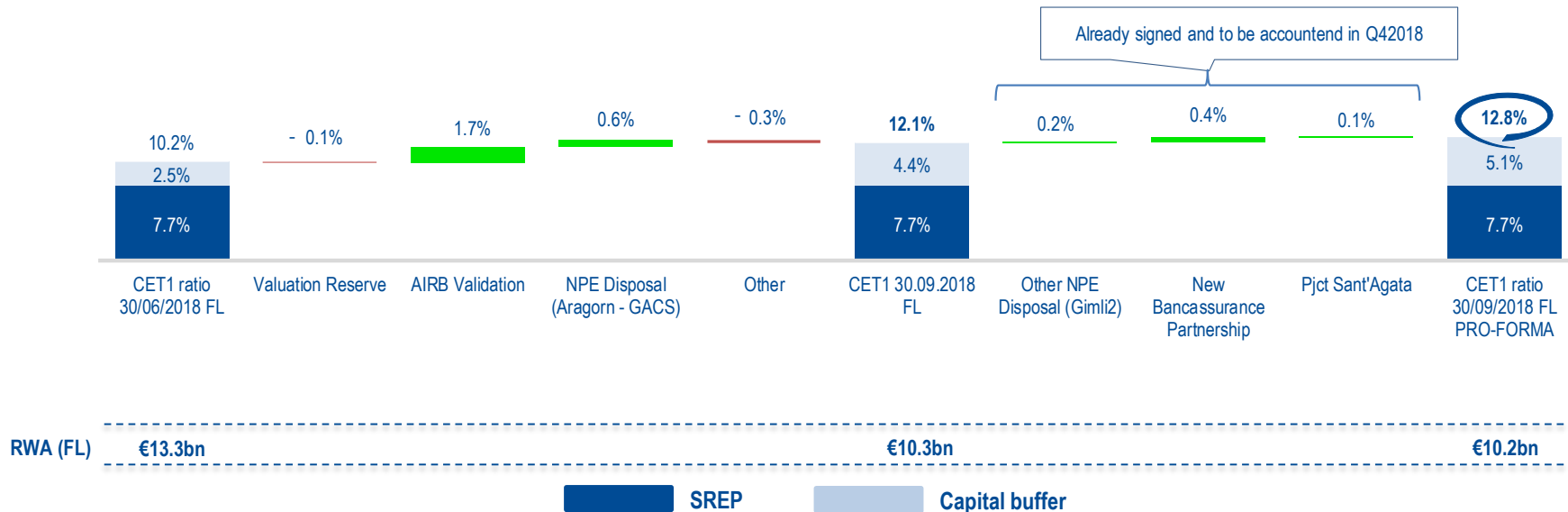


**Breakdown Custody (€/m)**



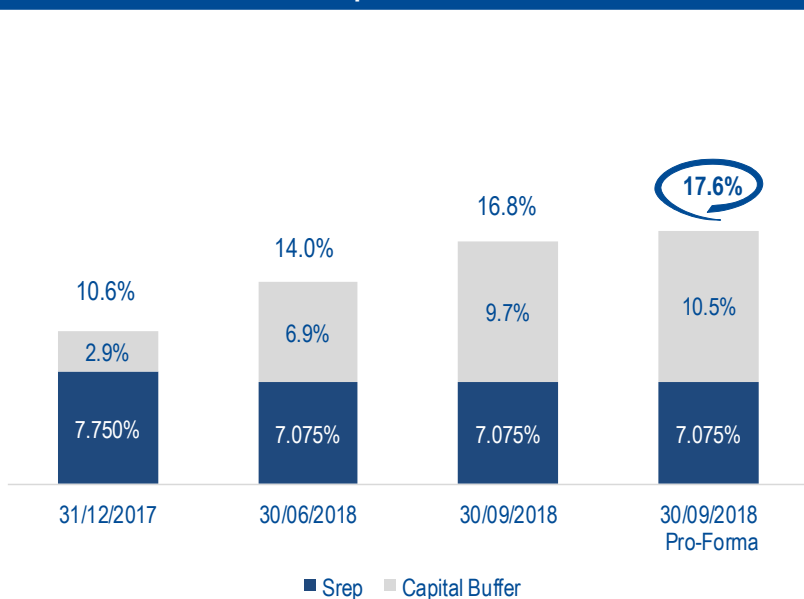
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## CET1 ratio Fully loaded - q/q trend



- CET1 ratio FL as at 30 September 2018 equal to 12.1% increased from 10.2% as at 30 June 2018 mainly thanks to the validation of AIRB models which had a positive impact of 167bps
- Including the impacts of the transactions which will take effect in Q4 2018 (closing of the NPE portfolio disposal GIMLI 2 and new partnerships in the bancassurance and consumer credit sectors) **the CET1 ratio FL proforma further increases to 12.8% vs. 7.7% minimum SREP requirement (+510bps)**
- Very limited impact in the valuation reserve from widening in the spread of Italian sovereign bonds.

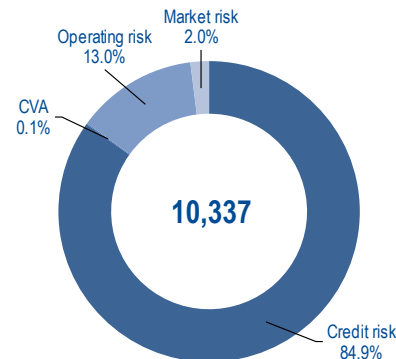
## CET1 ratio phased-in evolution



## Capital ratios phased-in

	31/12/2017	30/06/2018	30/09/2018
COMMON EQUITY (€ mn)	1,374	1,939	1,739
TIER 1 (€ mn)	1,374	1,939	1,739
TOTAL CAPITAL (€ mn)	1,623	2,158	1,936
RWA (€ mn)	12,944	13,892	10,337
<b>CET1 RATIO</b>	<b>10.6%</b>	<b>14.0%</b>	<b>16.8%</b>
<b>TIER 1 RATIO</b>	<b>10.6%</b>	<b>14.0%</b>	<b>16.8%</b>
<b>TOTAL CAPITAL RATIO</b>	<b>12.5%</b>	<b>15.5%</b>	<b>18.7%</b>

## RWA phased-in breakdown



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€/m

Income statement	P&L stated			
	Q1 18	Q2 18	Q3 18	9M 2018
Net interest income	88.6	90.3	95.5	274.4
Net fee and commission income	70.6	68.8	66.3	205.8
Net trading, hedging income (expense) and profit (loss) on sales/repurchases	5.3	11.1	-0.6	15.9
Other income (1)	1.3	4.9	4.3	10.5
<b>Operating income</b>	<b>165.9</b>	<b>175.1</b>	<b>165.6</b>	<b>506.5</b>
Personnel expenses	-121.9	-71.5	-66.4	-259.8
Other administrative expenses	-51.3	-49.7	-40.9	-141.8
Depreciation/amortisation	-6.2	-6.3	-6.5	-19.1
<b>Operating costs</b>	<b>-179.4</b>	<b>-127.6</b>	<b>-113.8</b>	<b>-420.7</b>
<b>Net operating profit</b>	<b>-13.5</b>	<b>47.5</b>	<b>51.8</b>	<b>85.8</b>
Net impairment losses for credit risk and gains/losses from amendments to contracts	-27.8	50.0	-35.3	-13.1
Losses on sale/repurchase of financial assets at amortised cost	0.0	-95.2	0.5	-94.7
Net accruals to provisions for risks and charges	-5.0	0.4	-5.8	-10.4
Badwill	0.0	15.4	0.0	15.4
<b>Pre-tax profit (loss) from continuing operations</b>	<b>-46.4</b>	<b>18.1</b>	<b>11.2</b>	<b>-17.0</b>
Income taxes	17.0	13.7	0.1	30.9
<b>Post-tax profit (loss) from continuing operations</b>	<b>-29.3</b>	<b>31.9</b>	<b>11.3</b>	<b>13.8</b>
Profit (loss) for the period attributable to non-controlling interests	-0.8	-1.0	-0.7	-2.4
<b>Profit (Loss) for the period</b>	<b>-30.1</b>	<b>30.9</b>	<b>10.6</b>	<b>11.4</b>

Details of Extraordinary Items			
Q1 18	Q2 18	Q3 18	Description
	0.8	-0.7	Project Aragon
	<b>0.8</b>	<b>-0.7</b>	
-57.5	-6.0		Redundancy fund
	-9.5		3.4m for SRF extraord. contribution and 6.1m costs related to the Project Aragon
-57.5	-15.5		
-57.5	-14.7	-0.7	
	-13.9		LLPs related to the NPE disposals
-1.2			Extraordinary provision related to the pawnbroker business
	15.4		Badwill for the Acquisition of Claris Factor
-57.5	-13.2	-0.7	

P&L adjusted			
Q1 18	Q2 18	Q3 18	9M 18
88.6	90.3	95.5	274.4
70.6	68.8	66.3	205.8
5.3	11.1	-0.6	15.9
1.3	4.1	5.0	10.4
<b>165.9</b>	<b>174.3</b>	<b>166.3</b>	<b>506.4</b>
-64.4	-65.5	-66.4	-196.3
-51.3	-40.2	-40.9	-132.3
-6.2	-6.3	-6.5	-19.1
<b>-121.9</b>	<b>-112.1</b>	<b>-113.8</b>	<b>-347.7</b>
<b>44.0</b>	<b>62.2</b>	<b>52.5</b>	<b>158.7</b>
-27.8	63.9	-35.3	0.8
0.0	-95.2	0.5	-94.7
-3.8	0.4	-5.8	-9.2
0.0	0.0	0.0	0.0
12.4	31.3	11.9	55.6

-€94m  
cost of  
risk

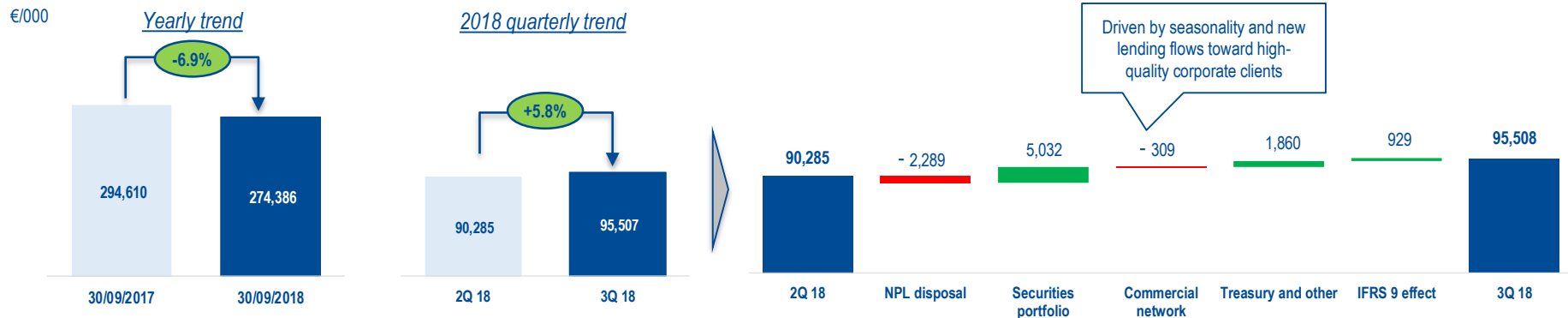
-17.0

55.6



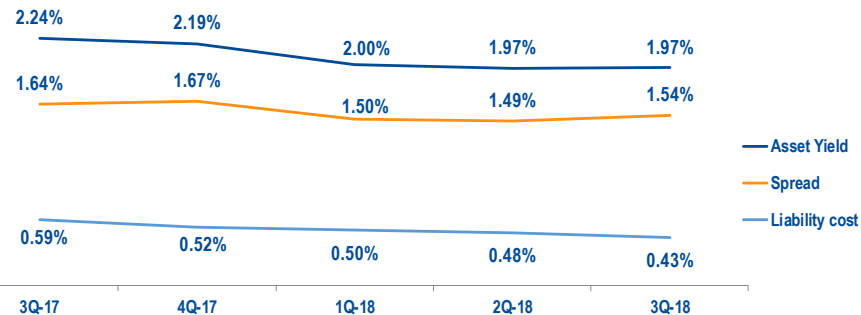
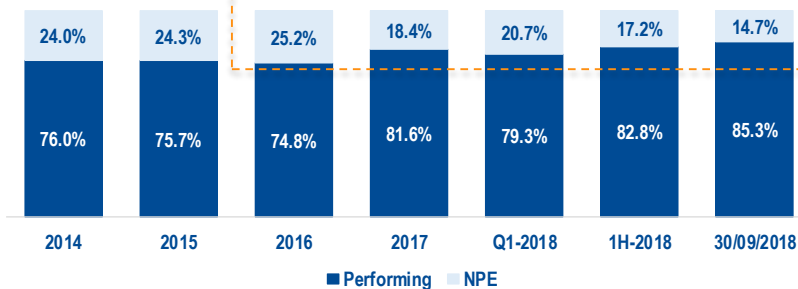
(1) Includes the following P&L items: 'Dividends and similar income', 'Profit of equity-accounted investments', 'Other operating net income'.

## Net interest income trend



## Breakdown of NII contribution

### NPE Contribution



Asset yield calculated as annualized interest income / interest bearing assets

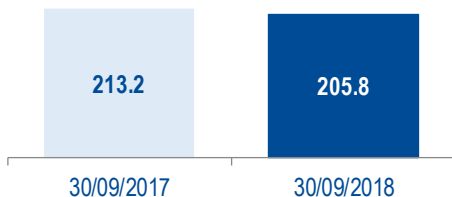
Liability cost calculated as annualized interest expenses / interest bearing liabilities

Net fees

€/m

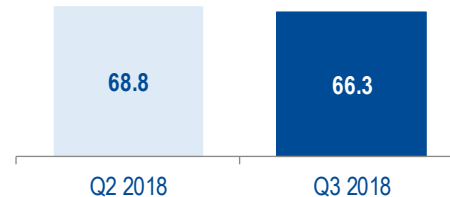
Yearly trend

-3.5%



Quarterly trend

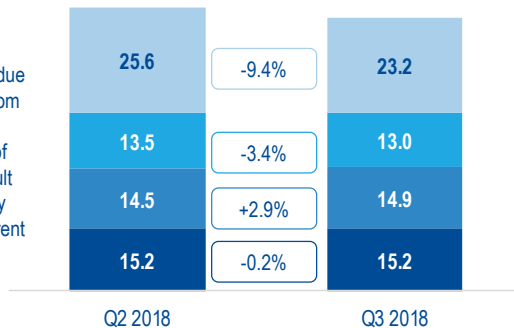
-3.6%



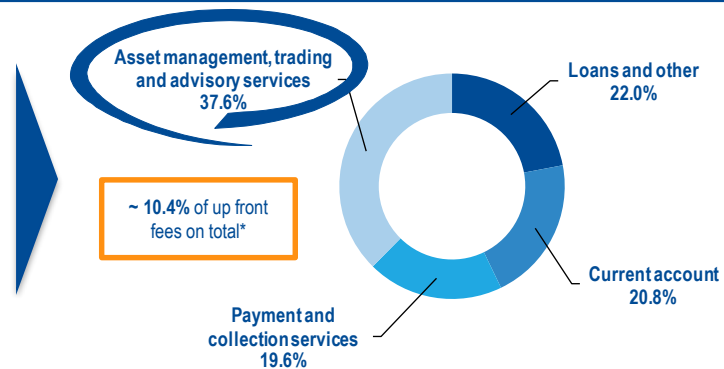
Drivers of Q3 2018 trend

€/m

- The -3.6% q/q decrease was mainly due to the lower contribution stemming from the 'Asset management, trading and advisory services' component (38% of total net fees) impacted by the difficult market conditions, which was partially offset by the positive trend in the current account related commissions

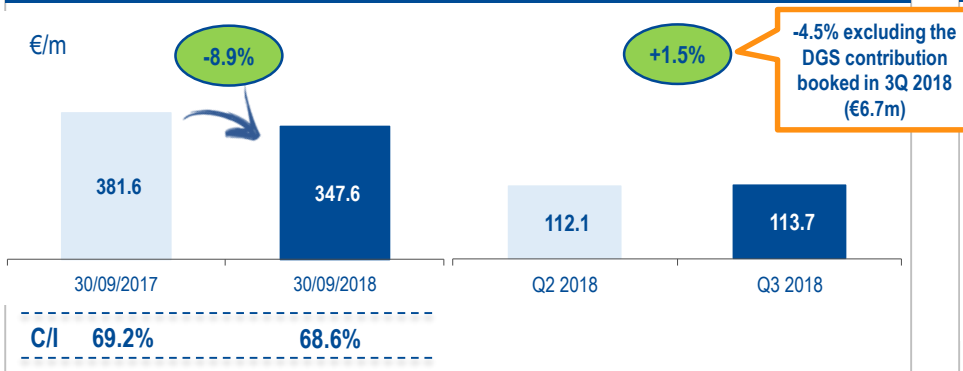


- Asset management, trading and advisory services
- Payment and collection services
- Current account
- Loans and other

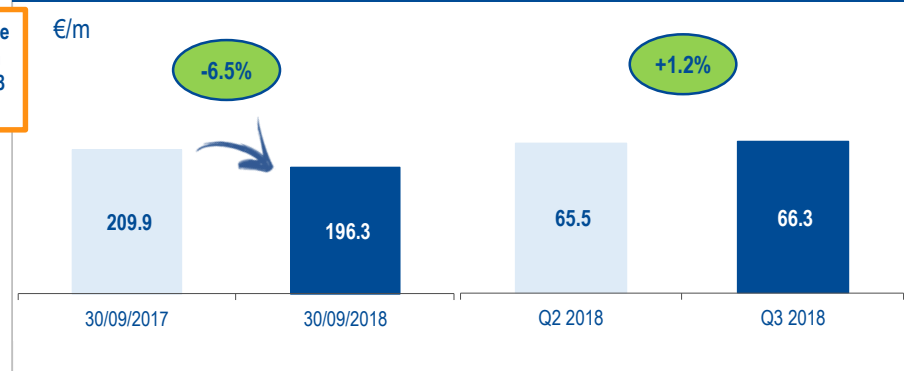


\* Up front fees: placement of insurance and AUM, fees received from commercial partners (Alba Leasing, Compass, IBL) and Factoring fees.

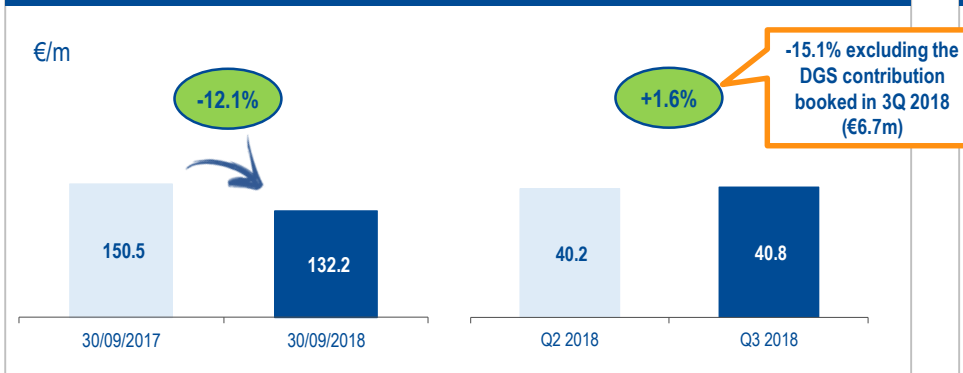
## Core operating Costs trend



## Focus on Core personnel costs



## Focus on Core other Administrative costs



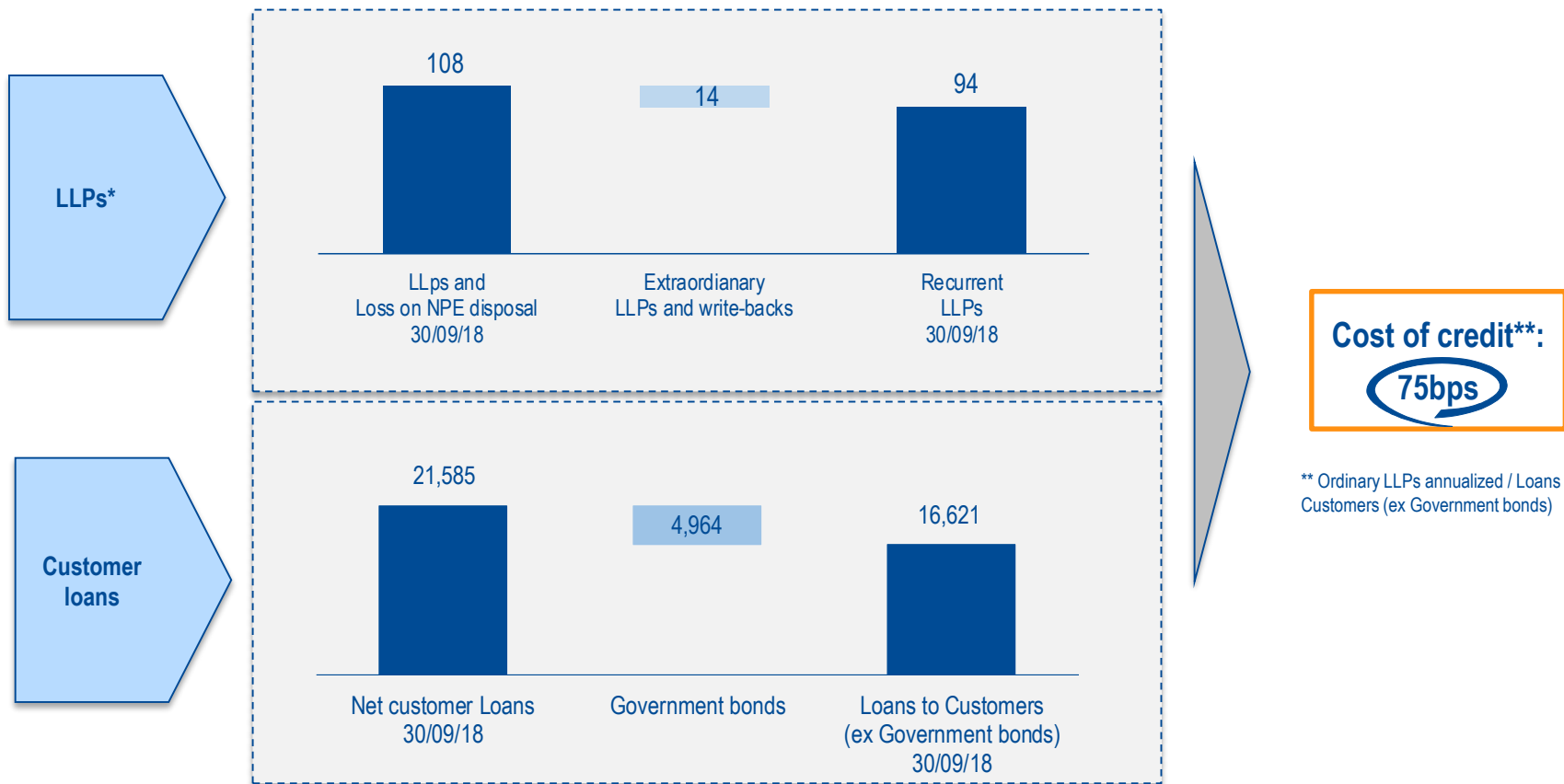
## Extraordinary Items

€/m

P&L item	Description	30/09/2017	30/09/2018
Other operating net income	Project Elrond	-2.0	
Other operating net income	Project Aragon		0.1
Personnel expenses	Redundancy fund	7.5	-63.5
Other administrative expenses	Cost related to Elrond	-5.0	
Other administrative expenses	Costs related to Aragon		-6.2
Other administrative expenses	SRF extraordinary contribution		-3.4

\* Excluding extraordinary items

€/m



\* Sum of the following items of the reclassified P&L: 'Net impairment losses for credit risk and gains/losses from amendments to Contracts' and 'Losses on sale/repurchase of financial assets at amortised cost'

**Creval** 



**Annexes**

	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% <sup>(1)</sup>	71.8%	57.5%
RoTE	Neg.	4.6%	8.2%

<sup>(1)</sup> Calculated on adjusted figures

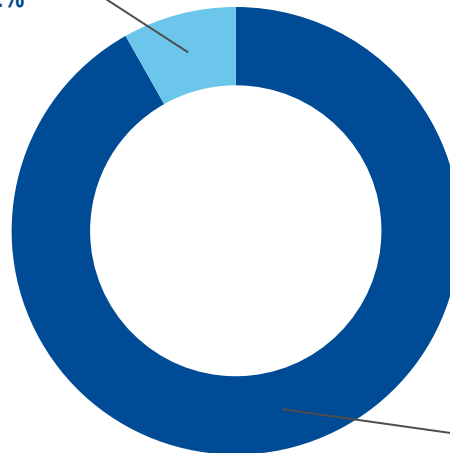
## Breakdown stage 1-2 (net amount)

**Classification in Stage 2 for:**

- Significant Increase in Credit Risk (SICR);
- 30 days Past Due;
- Forbearance

STAGE 1	18,910
STAGE 2	1,685

Stage 2  
8.2%

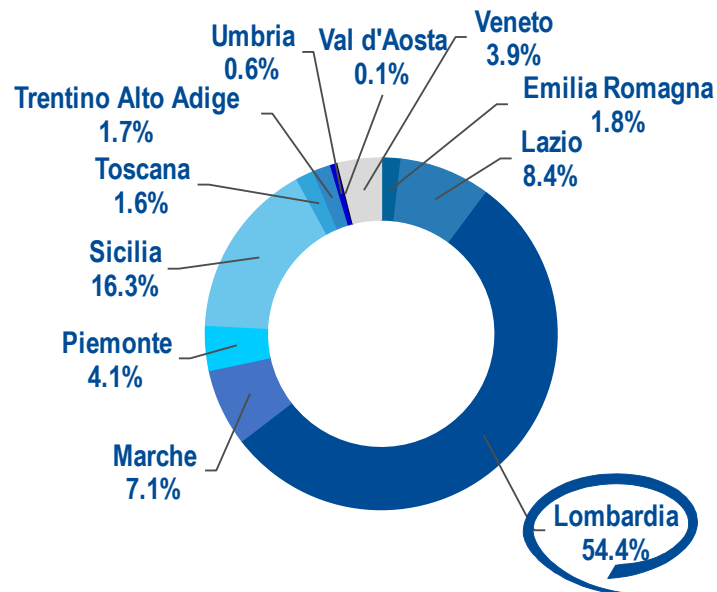


Stage 1  
91.8%



## Gross loan book breakdown by geography (%)

- **84%** of loans in North / Center Italy, of which **54%** in Lombardy
- Average loan granted to real estate and construction sectors ("ATECO") ~ **€186k**
- Conservative LTV **53%** both for households and SMEs

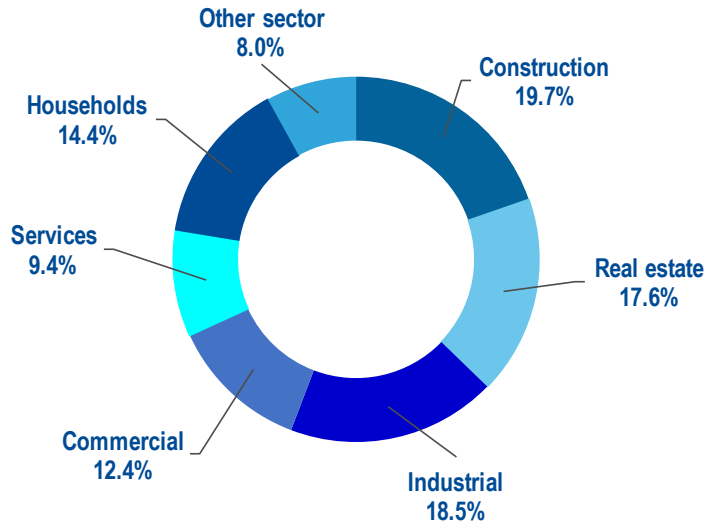


Loan Concentration	30/09/2018				
	30/09/2017	31/12/2017	31/03/2018	30/06/2018	30/09/2018
Top 20 exposures	6.8%	6.1%	6.7%	8.0%	8.5%

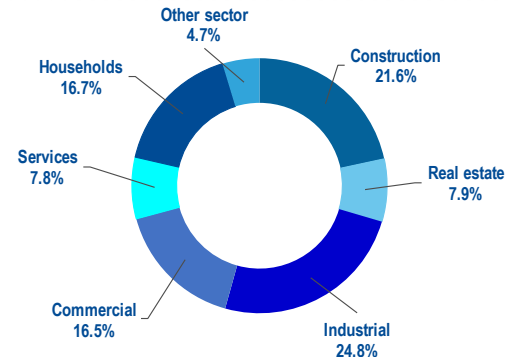
€/000

	Q1 18	Q2 18	Q3 18
<b>Gross performing</b>	<b>16,382</b>	<b>20,585</b>	<b>20,703</b>
<i>o/w securities</i>	2,062	5,904	6,030
<i>o/w institutionals</i>	979	767	817
<i>o/w commercial</i>	13,341	13,914	13,856
<b>Gross NPE</b>	<b>3,537</b>	<b>1,970</b>	<b>1,997</b>
<i>o/w bad loans</i>	1,683	802	802
<i>o/w UTP</i>	1,746	1,054	1,090
<i>o/w past due</i>	108	114	105
<b>NPE provisions</b>	<b>-2,082</b>	<b>-1,002</b>	<b>-1,007</b>
<b>Performing exposure provisions</b>	<b>-112</b>	<b>-119</b>	<b>-109</b>
<b>Net customer loans</b>	<b>17,724</b>	<b>21,435</b>	<b>21,585</b>

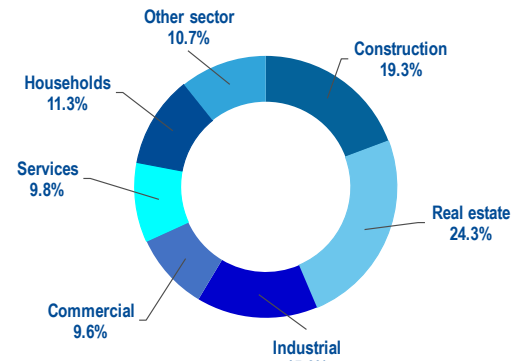
NPE breakdown by sector (ATECO classification)\*



Bad loans

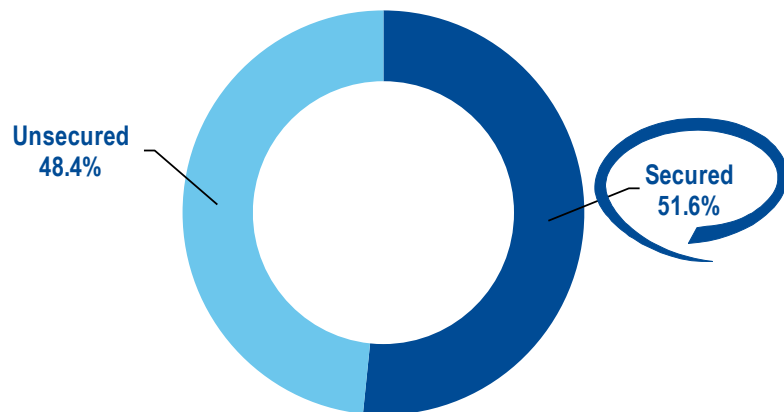


UTP

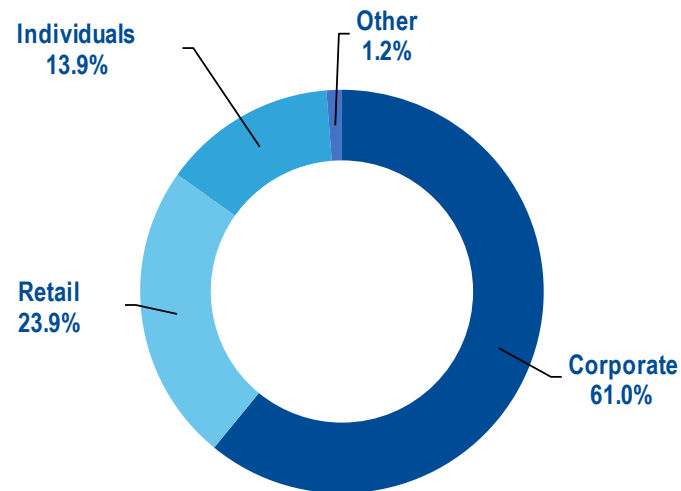


\* Gross loans

Gross NPE\* – Guarantees



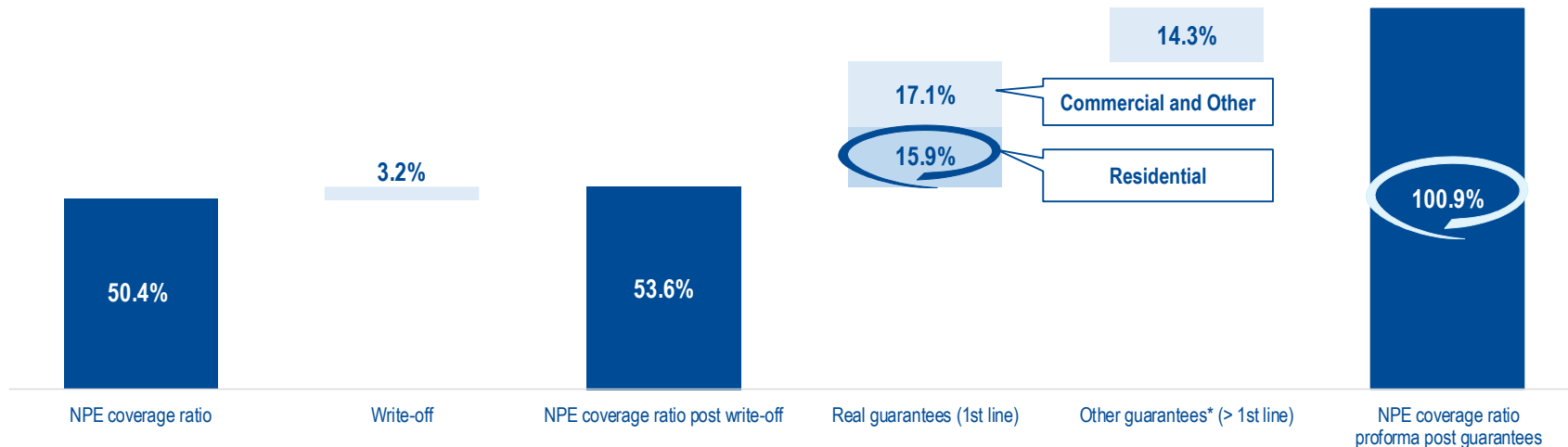
Gross NPE\* – Customer Segment



\* Including Gimli2 portfolio

Personal guarantees not included

## NPE Coverage Ratio (%)



\* 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.**

## Aragorn - Securitization with GACS

GBV	Gross Book Value: €1.6bn	PRICE	Price (% of GBV) <b>32.5%</b>
TIMING	June 2018 (GACS obtained in September)		

- Disposal of bad loans portfolio for a GBV equal to €1.6bn through a securitization whose senior tranche has been assisted by the GACS
- Portfolio composition: ~80.0% secured and ~20.0% unsecured
- Placement of 95% of the mezzanine and Junior notes entailing derecognition
- Senior tranche fully retained which will be assisted by the GACS entailing a zero risk weigh

## Project Gimli 1 - Algebris

GBV	Gross Book Value: €245m
PRICE	Price (% of GBV) <b>43%</b>
TIMING	April 2018

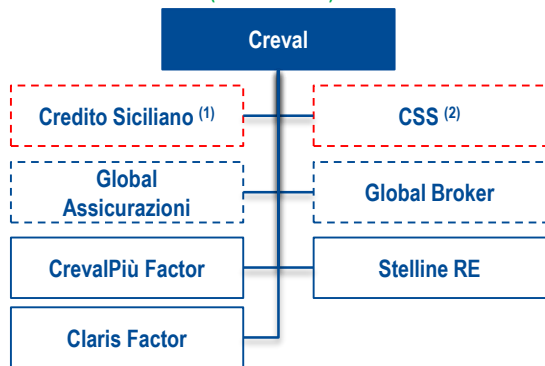
- The so-called “**Project Gimli**” for 2018 is **completed**.
- Portfolios composed for the large part by **UTP loans**
- The operations had negligible effects on the Income Statement for the current year, also considering the loans impairments to be recognized as part of the **first application of the new accounting standard IFRS9**, with effects at CET1 level through the phasing-in mechanism.

## Project Gimli 2 – Credito Fondiario

GBV	Gross Book Value: €220m
PRICE	Price (% of GBV) <b>41%</b>
TIMING	May 2018 (finalized in October)

## Simplification of the Group structure

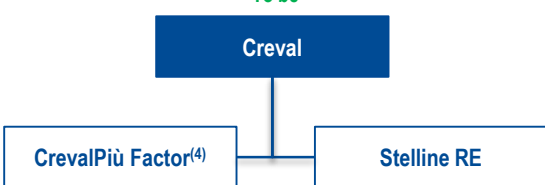
(as at 30/09/18)



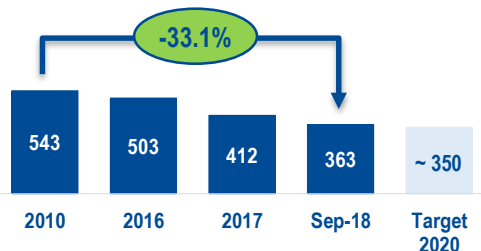
Merged into the Parent Company

Companies that will be out of the scope of the consolidation following the reorganization of the bancassurance operating model (3)

To be



## # of branches



- 180 branches closed since 2010 (33% of the total)
- With the closure of 50 branches finalized in May 2018 the commercial network restructuring process is substantially concluded and the objectives of efficiency set in the business plan reached

## Headcount



- Headcount reduced by 18% since 2010
- Since 1<sup>st</sup> July 2018, 219 employees joined the redundancy plan vs. 170 envisaged in the Business Plan which is therefore integrally reached on a voluntary basis schemes exclusively

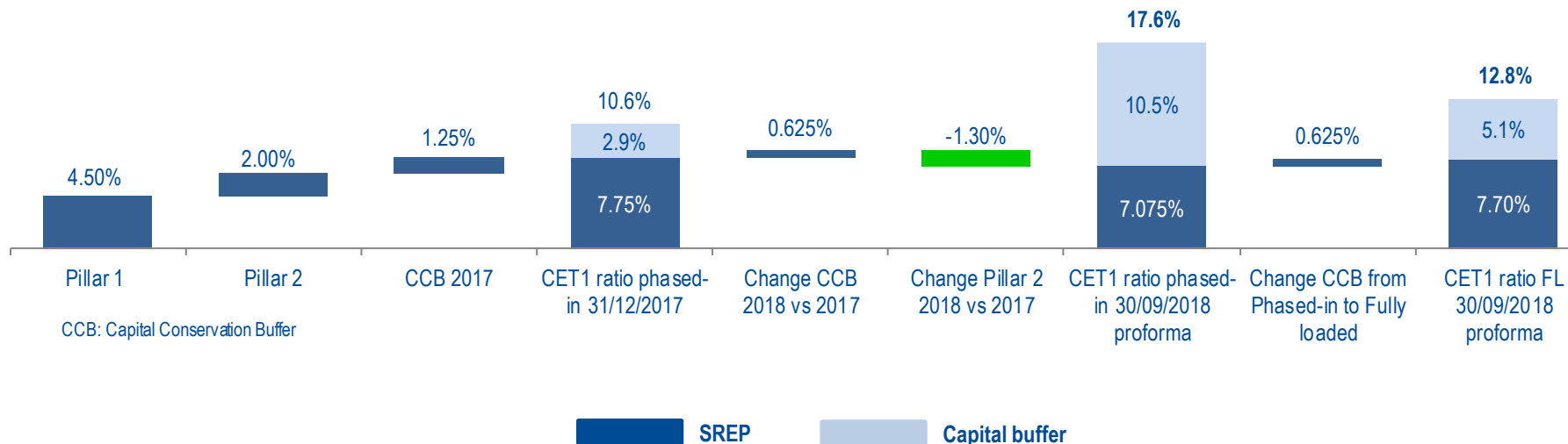
(1) Merger effective since 25<sup>th</sup> June 2018

(3) Effectiveness expected by end-2018

(2) Effectiveness of the merger expected by end-2018.

(4) Includes the merger with Claris Factor announced on 8 August 2018

## Evolution of SREP requirements on CET1 ratio





DTA as of 30 September 2018	Amount (€/m)	RWA weighting
DTA that can be converted into tax credit (pursuant to law L. 214/11)	377.0	100%
Tax losses carried forward	88.0	Deducted from own funds
Other DTA	118.9	250% or deducted from own funds
<b>Total DTA on balance sheet</b>	<b>583.9</b>	
<b>Total DTA off balance sheet</b>	<b>272.5</b>	

€/000

Assets	30/09/2018	31/12/2017
Cash and cash equivalents	152,357	197,829
Financial assets FVTPL	246,105	20,681
Financial assets FVTOCI	2,223,626	4,419,352
Loans and receivables with banks	923,443	2,033,413
Loans and receivables with customers	21,584,701	16,680,944
Hedging derivatives	-	199
Equity Investments	25,707	24,371
Property, equipment and investment property and intangible assets	478,820	486,524
Non-current assets and disposal groups held for sale	90,543	3,955
Other assets	875,394	1,089,556
<b>Total assets</b>	<b>26,600,696</b>	<b>24,956,824</b>
Liabilities and Equity	30/09/2018	31/12/2017
Due to banks	3,930,690	3,143,189
Direct funding from customers	20,297,278	19,631,283
Financial liabilities held for trading	343	713
Hedging derivatives	132,816	138,691
Other liabilities	519,078	421,399
Provisions for specific purpose	228,081	174,103
Equity attributable to non-controlling interests	515	5,352
Equity	1,491,895	1,442,094
<b>Total liabilities and equity</b>	<b>26,600,696</b>	<b>24,956,824</b>

€/000

Income statement	30/09/2018	30/09/2017
Net interest income	274,386	294,610
Net fee and commission income	205,751	213,197
Dividends and similar income	1,895	2,900
Profit (loss) of equity-accounted investments	1,931	990
Net trading, hedging income (expense) and profit (loss) on sales/repurchases	15,911	27,457
Other operating net income	6,669	14,369
<b>Operating income</b>	<b>506,543</b>	<b>553,523</b>
Personnel expenses	-259,805	-202,383
Other administrative expenses	-141,813	-155,452
Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets	-19,109	-21,217
<b>Operating costs</b>	<b>-420,727</b>	<b>-379,052</b>
<b>Net operating profit</b>	<b>85,816</b>	<b>174,471</b>
Impairment or reversal of impairment and modification gains (losses)	-13,054	-387,118
Net gains (losses) on sales or repurchase of financial assets valued at the amortised cost	-94,748	-257,190
Net accruals to provisions for risks and charges	-10,418	377
Net gains (losses) on sales of investments	15	68,877
Badwill	15,357	0
<b>Pre-tax profit (loss) from continuing operations</b>	<b>-17,032</b>	<b>-400,583</b>
Income taxes	30,856	126
<b>Post-tax profit (loss) from continuing operations</b>	<b>13,824</b>	<b>-400,457</b>
Profit (loss) for the period attributable to non-controlling interests	-2,416	-2,159
<b>Profit (Loss) for the period</b>	<b>11,408</b>	<b>-402,616</b>

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**Consolidated Results as at  
September 30<sup>th</sup> 2018**