



**Creval**

**Building up the plan delivery**

# 9M 2020 Financial Results

Milan, 6<sup>th</sup> November 2020



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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.

# 9M 2020 Financial Highlights

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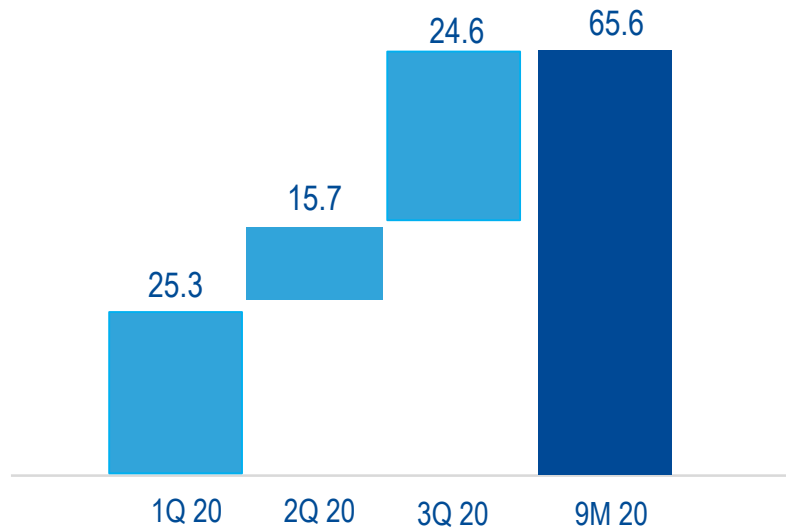
- Net profit 9M 2020 at €65.6m, almost doubled y/y, with Q3 at €24.6m, +57% q/q
- Revenues in Q3 up by 8.6% q/q driven by core revenues, -6.3% y/y affected by lockdown
- 9M total costs down by 9.0% y/y supported by Q3 cost discipline, offsetting y/y revenues lockdown impact
- Retail loans up by +2.8% q/q and +6.0% y/y enabling further improvement of asset mix
- Net NPE ratio improved to 3.5%, gross NPE ratio confirmed at 6.4% almost 50% down y/y
- Further strengthening of capital with CET1 ratio FL increased to 17.2%, +250 bps y/y and +50bps q/q

# Net profit



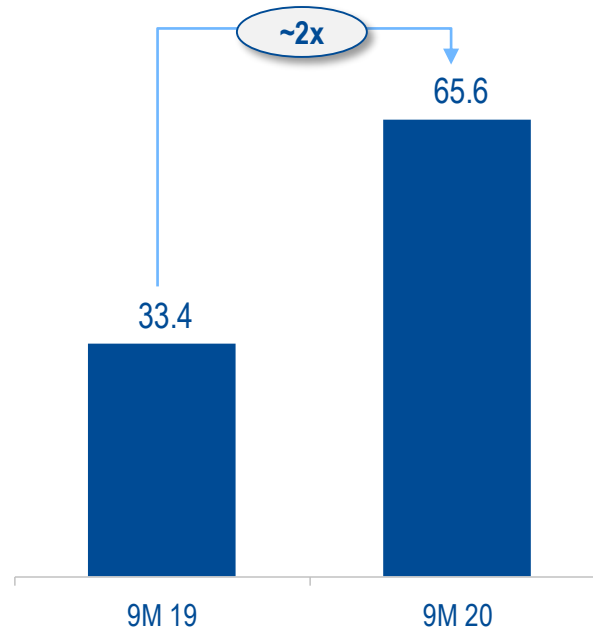
## Quarterly evolution

€/m



## Yearly evolution

€/m



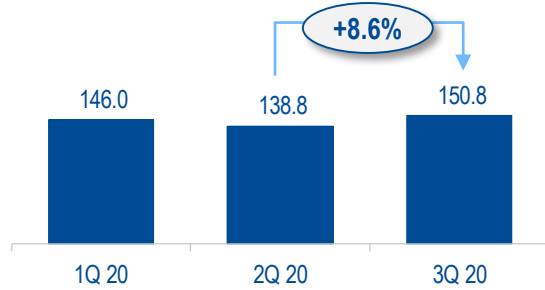
- 9M net profit at €65.6m, almost doubled y/y, with Q3 contribution of 24.6m, +57% q/q

# Net operating income quarterly evolution

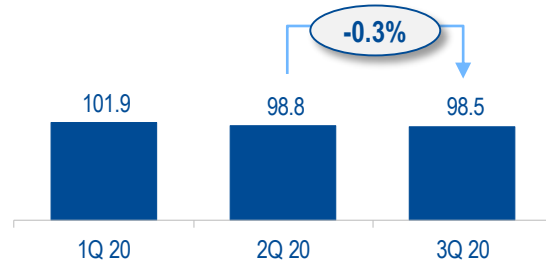


## Operating income

€/m

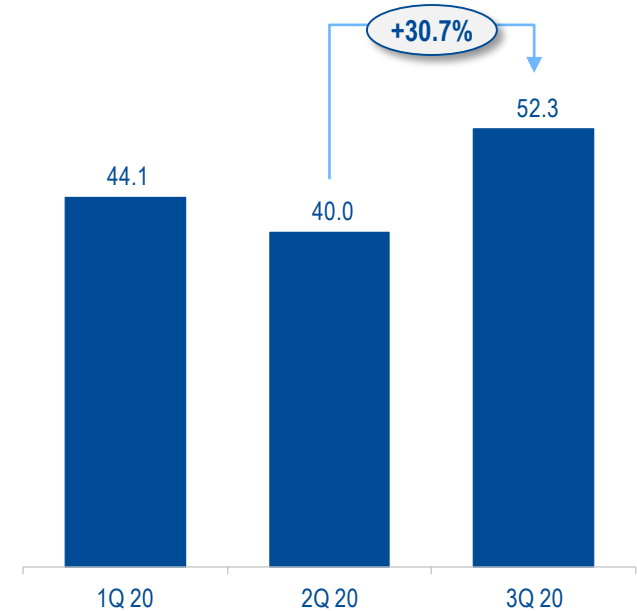


## Total operating costs



## Net operating income

€/m



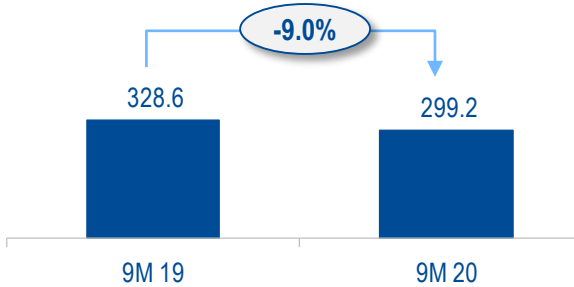
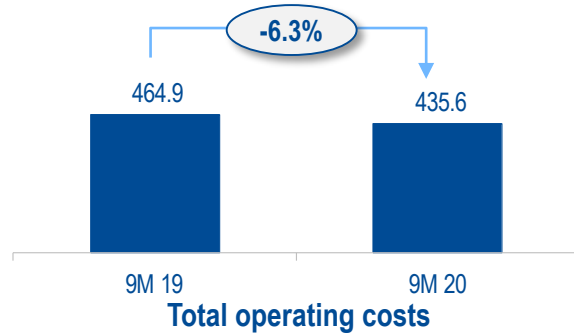
- Net operating income increased to €52.3m, +30.7% q/q, driven by core revenues and TLTRO contribution while maintaining strong costs discipline

# Net operating income yearly evolution



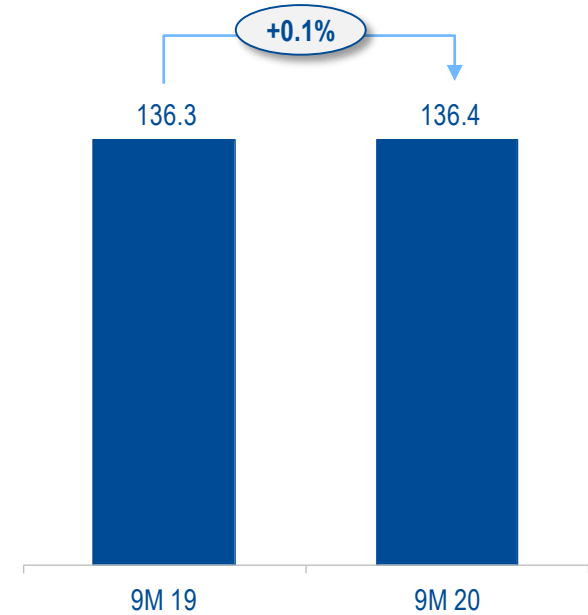
## Operating income

€/m



## Net operating income

€/m



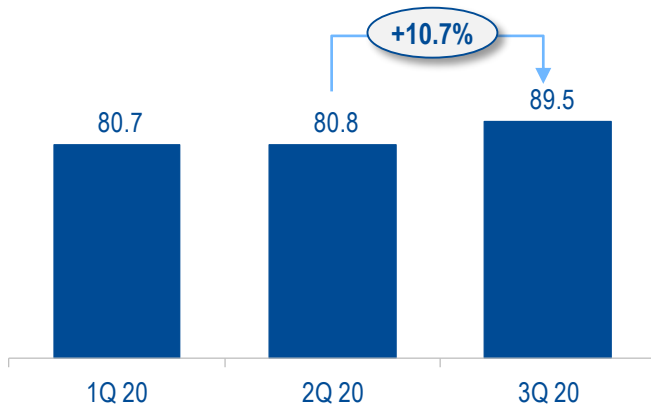
- 9M net operating income at €136.4m, reaching last year level with costs reduction fully offsetting lockdown driven pressure on revenues

# Net interest income



## Quarterly evolution

€/m



Asset Yield

2.05%

2.10%

2.05%

Liability Cost

0.38%

0.37%

0.34%

Net Interest Spread

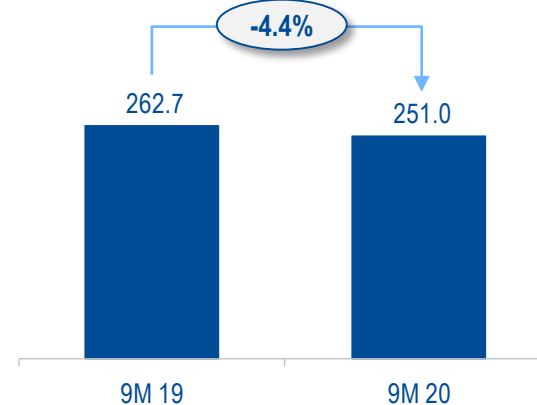
1.67%

1.74%

1.71%

## Yearly evolution

€/m



2.15%

2.06%

0.42%

0.36%

1.73%

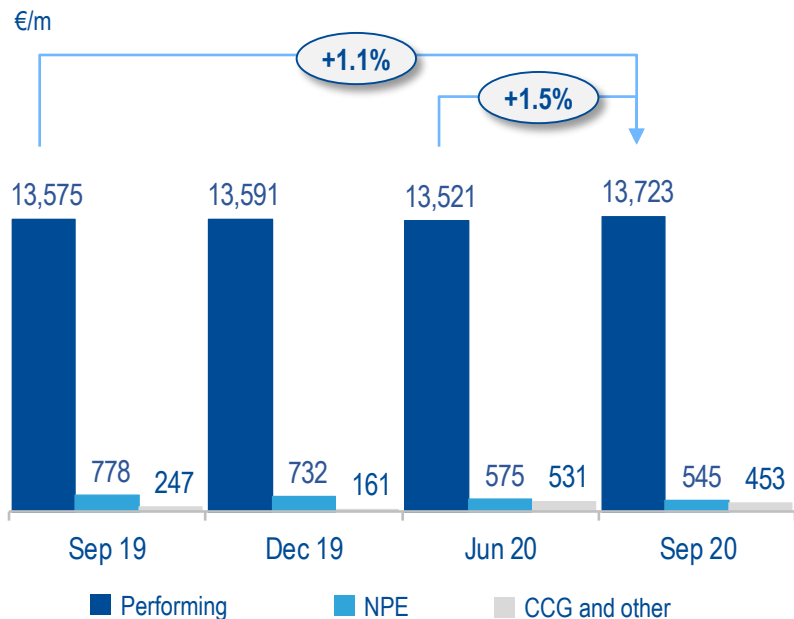
1.70%

- Q3 NII at €89.5m, +10.7% q/q thanks both to commercial activity and TLTRO, contributing to limit y/y reduction due to interest rate drop and portfolios disposals

# Net customer loans



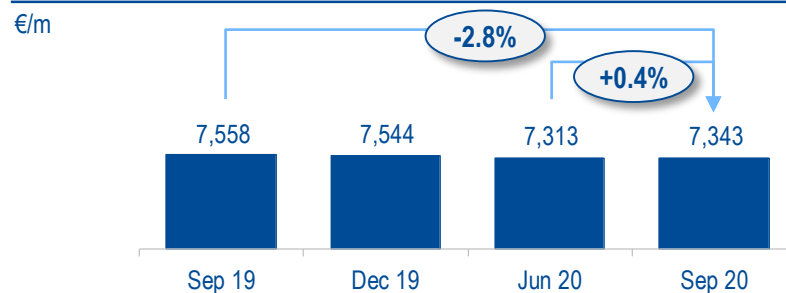
## Net loans <sup>(1)</sup>



## Retail



## Corporate and other



- Retail loans up by +2.8% q/q and +6.0% y/y enabling further improvement of asset mix

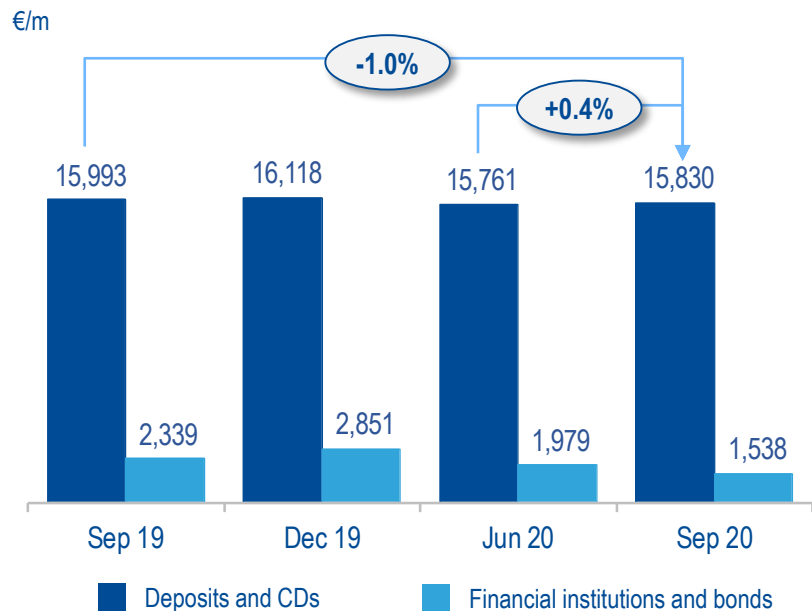
(1) Excluding securities (€5.1bn as at Sep19; €5.0bn as at Dec19; €5.0bn as at Jun20; €4.8bn as at Sep20).



# Funding composition



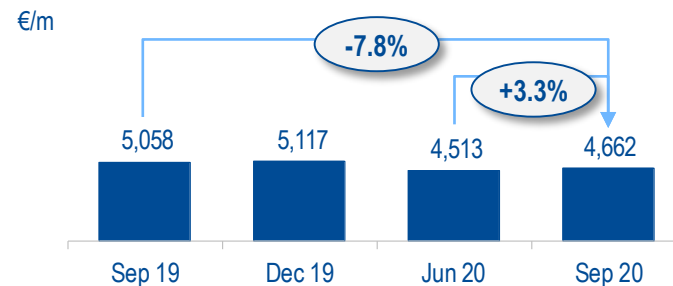
## Direct funding



## Retail deposits



## Corporate and other deposits

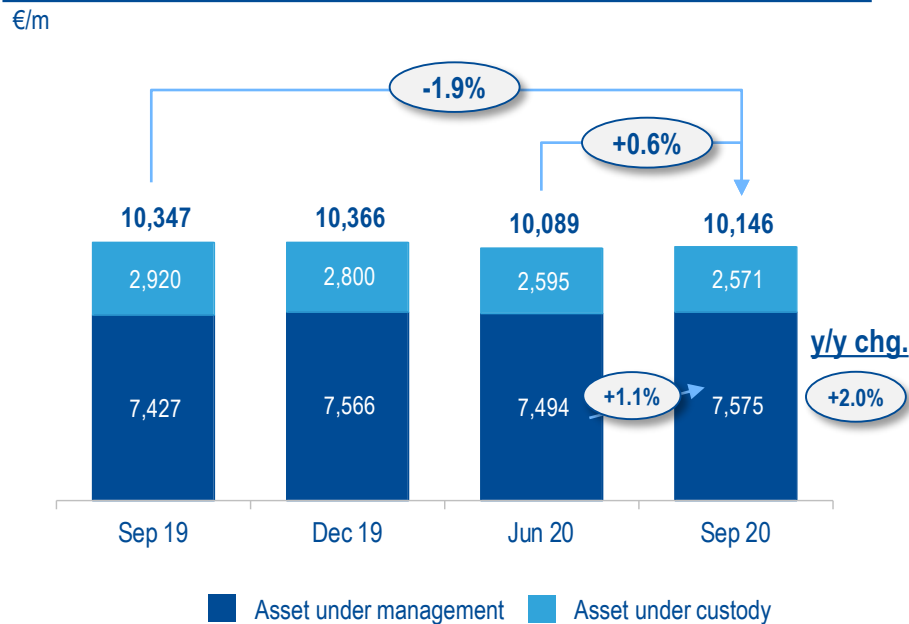


- Retail deposits up 2.1% y/y, almost flat q/q, while Corporate deposits -7.8% y/y, reflecting selective and price driven approach
- Corporate Q3 20 dynamics driven by Government liquidity measures

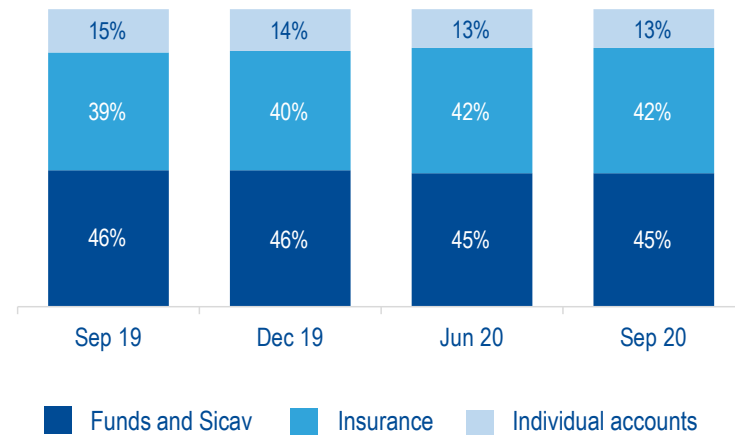
# Indirect funding



## Indirect funding breakdown



## AuM breakdown

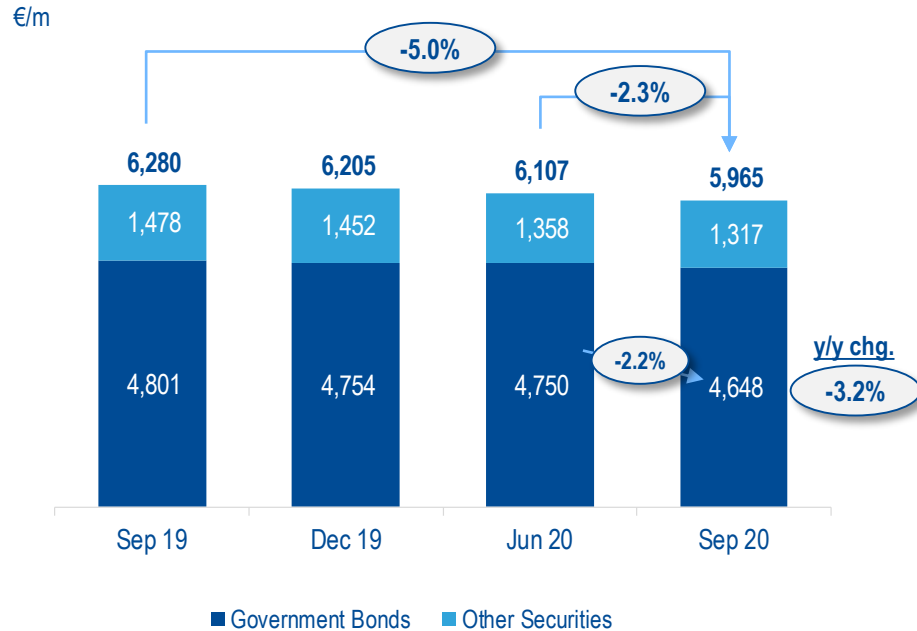


- Indirect funding up by 0.6% q/q, supported by AUM +2.0% y/y

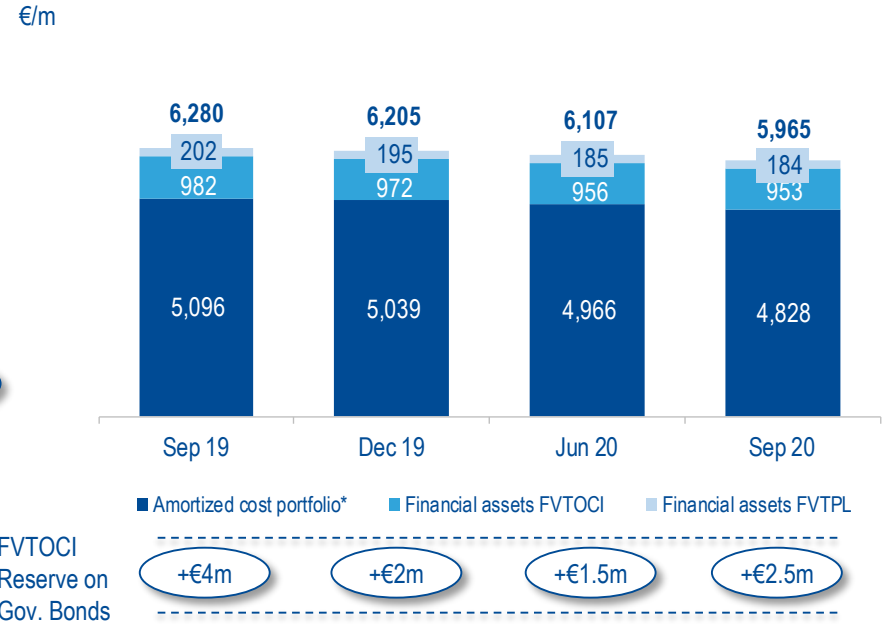
# Securities portfolio breakdown



## Securities portfolio (1)



## Breakdown by classification



- Securities portfolio down 5.0% y/y further reduced q/q (-2.3%), driven by the decrease in the government bonds, in line with strategy

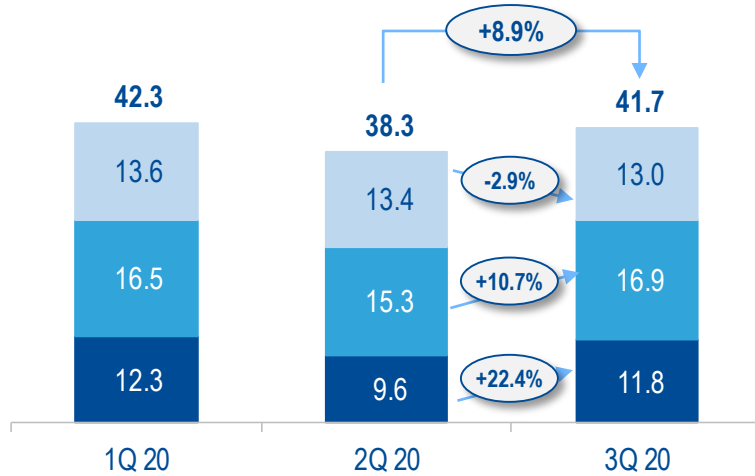
(1) Excluding loans and receivables with Banks.

# Net fee and commission income quarterly evolution



## Banking fees

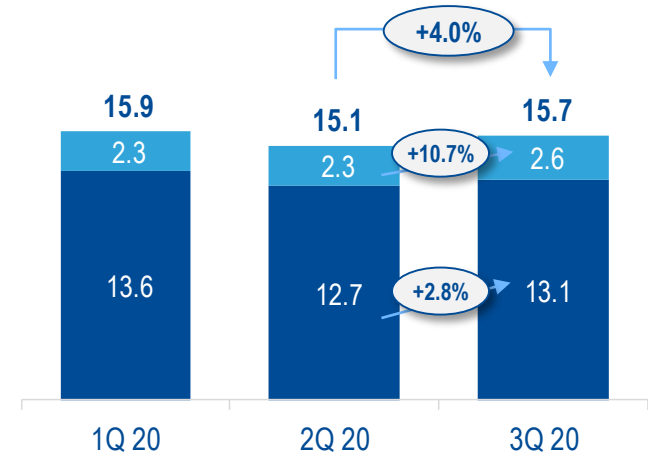
€/m



■ Payment and collection services 
 ■ Current accounts and other 
 ■ Loans

## AuM fees

€/m



■ Management fees 
 ■ Up-front fees

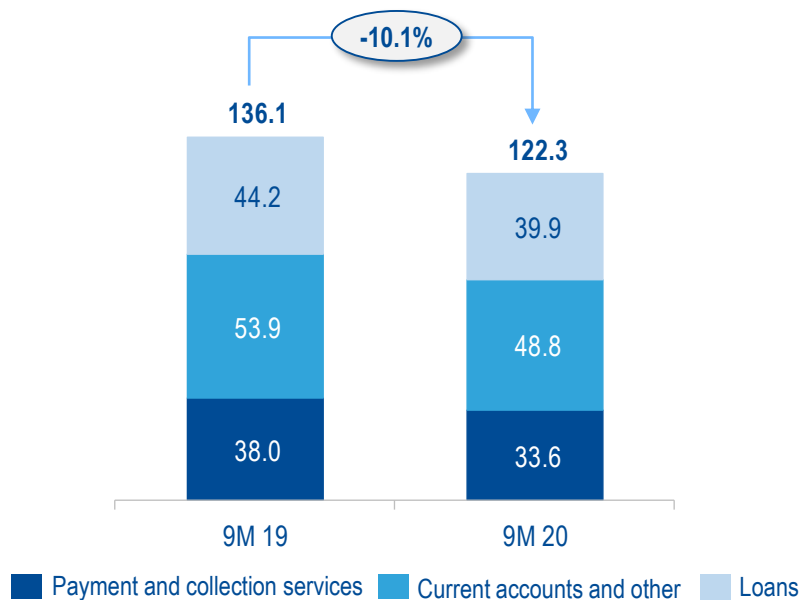
- Banking fees rebounded 8.9% q/q to €41.7m reflecting gradual recovery of customers activity
- AuM fees up 4.0% q/q, supported by both management fees +2.8% q/q and up-front fees +10.7%

# Net fee and commission income yearly evolution



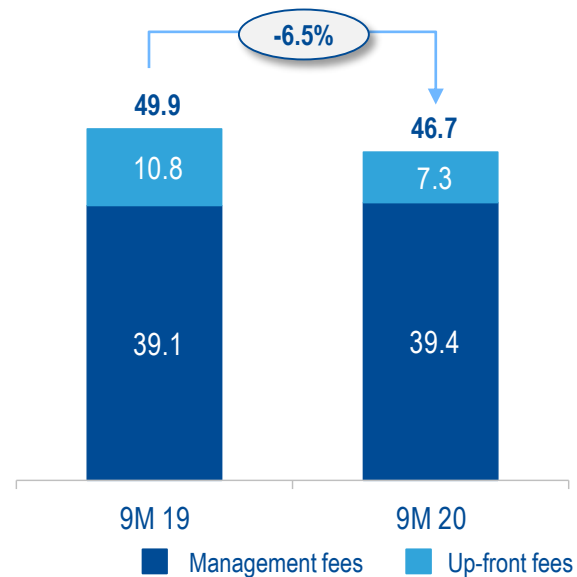
## Banking fees

€/m



## AuM fees

€/m



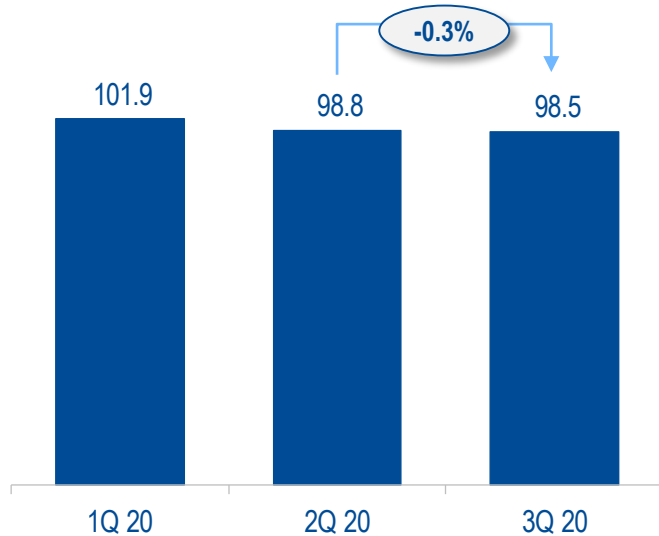
- 9M fees affected by the lockdown both in banking and AuM fees, recovering in Q3

# Total Operating Costs



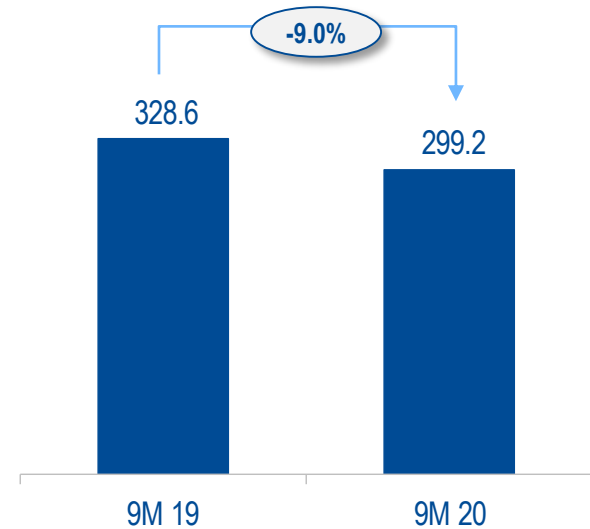
Quarterly evolution

€/m



Yearly evolution

€/m



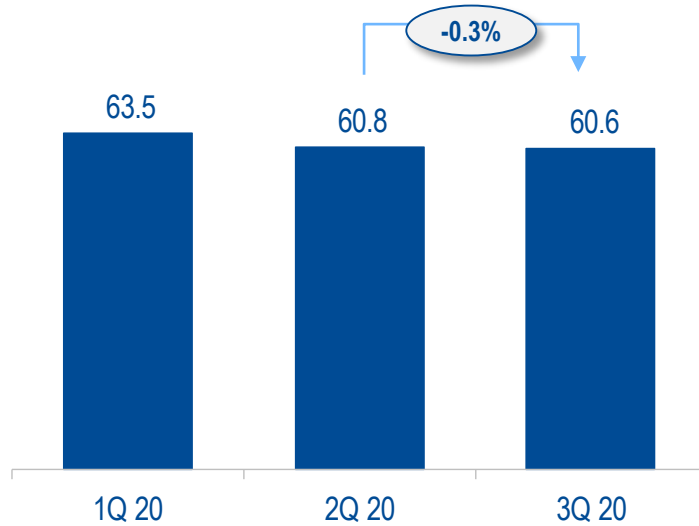
- 9M costs -9.0% y/y supported by continued costs discipline in Q3

# HR Costs



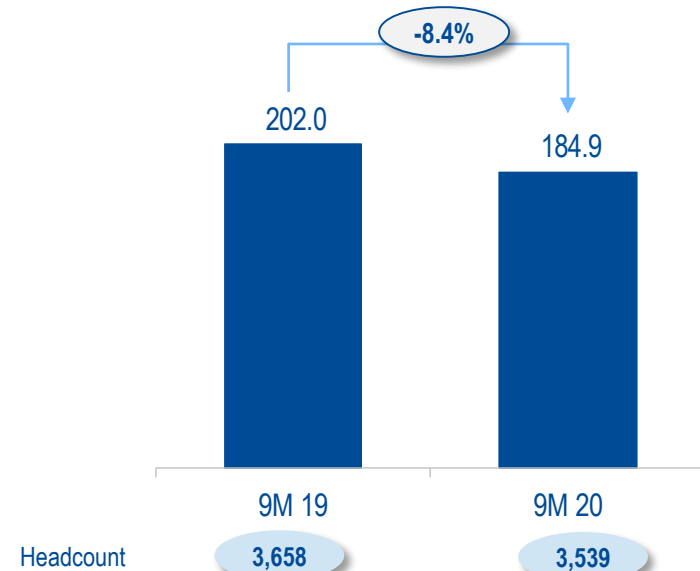
## Quarterly evolution

€/m



## Yearly evolution

€/m



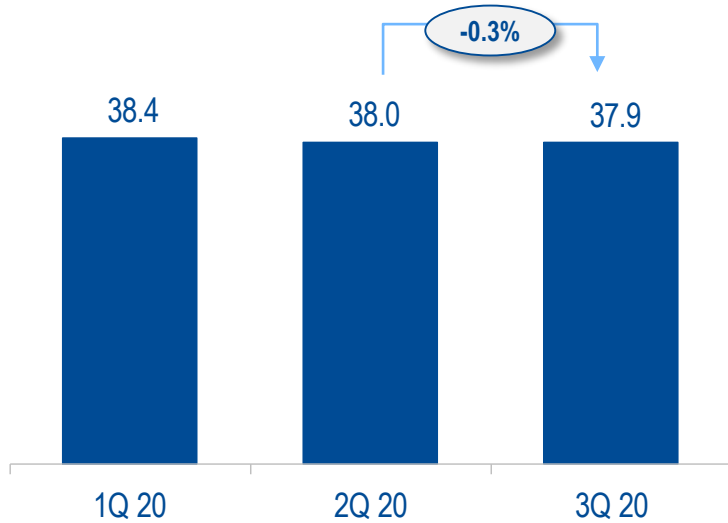
- HR costs -8.4% y/y, continuing the trend also in Q3.

# Non-HR Costs



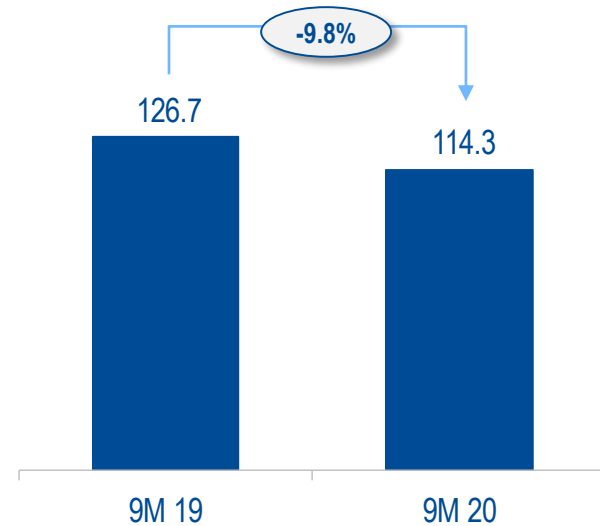
## Quarterly evolution

€/m



## Yearly evolution

€/m



- Non-HR costs decreasing by -9.8 % y/y, consolidating on the previous quarter level

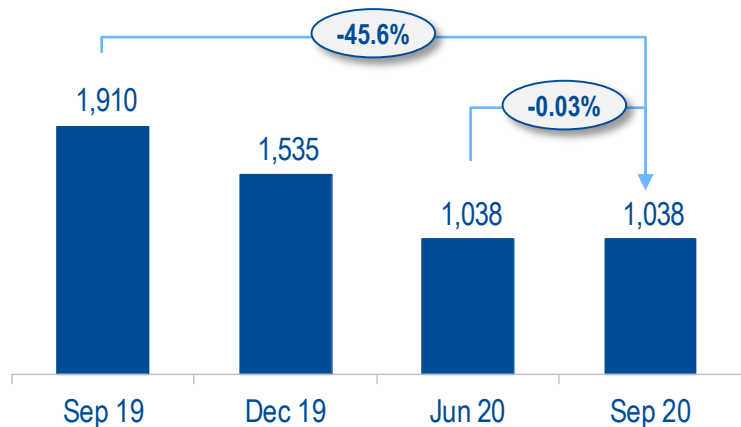


# Gross NPE stock



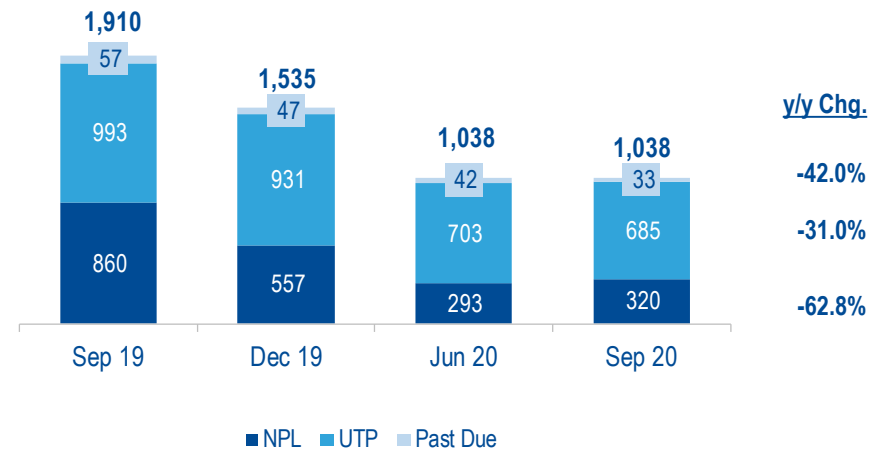
## Gross NPE stock

€/m



## Breakdown by category

€/m



Gross NPE ratio<sup>1</sup>

11.3%

9.4%

6.4%

6.4%

Net NPE ratio<sup>1</sup>

5.0%

4.7%

3.7%

3.5%

■ NPL ■ UTP ■ Past Due

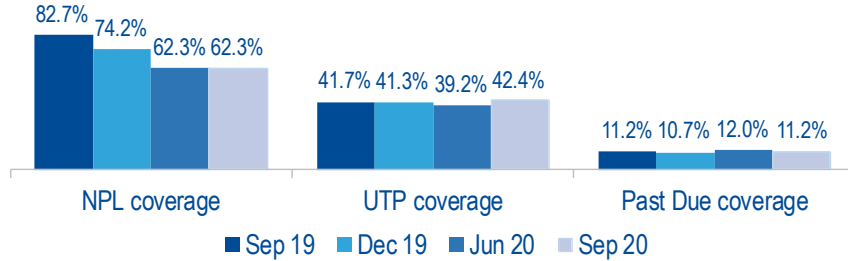
- NPE ratio confirmed at 6.4%, achieving Plan target level. Net NPE ratio improved to 3.5%

(1) Excluding Government bonds classified in the 'Amortized Cost' category.

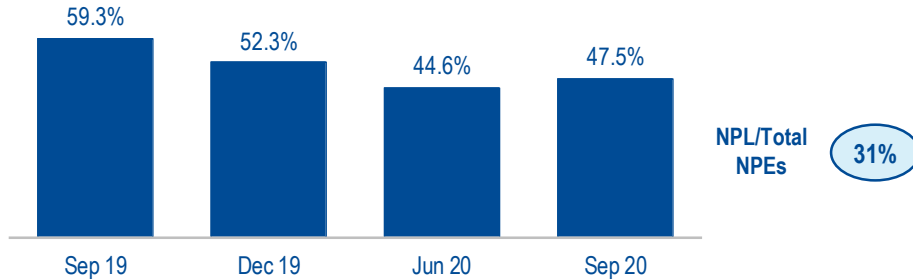
# Coverage and Cost of Risk



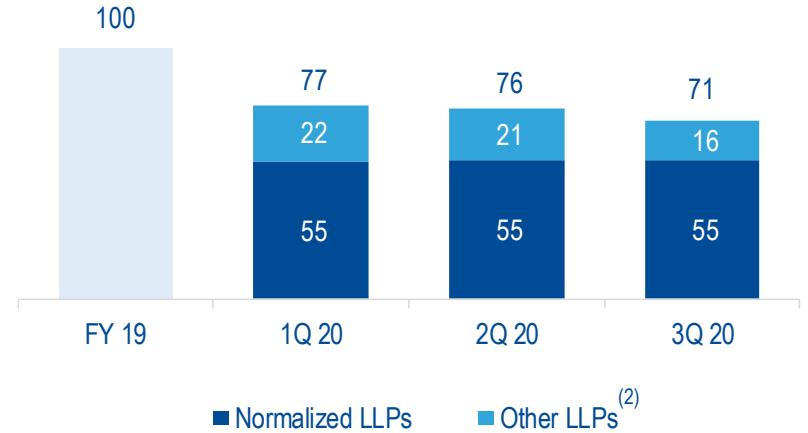
## NPE coverage breakdown



## Total NPE coverage



## Cost of risk (bps)<sup>(1)</sup>



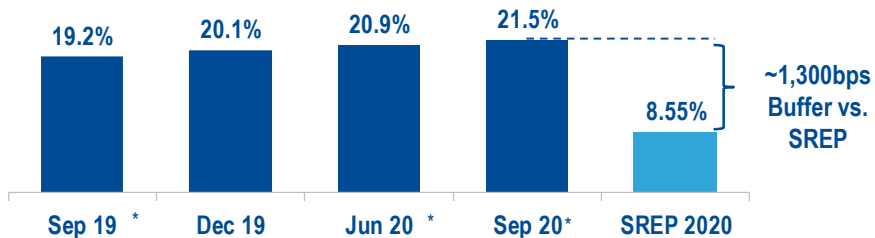
- Total coverage increased by 290 bps to 47.5% in Q3 as UTP coverage increased to 42.4% and NPL coverage stable at 62.3%
- Q3 CoR at 71 bps down q/q, normalized at 55 bps.

(1) Quarterly data annualized; calculated on net customer loans excluding Government bonds classified in the 'Amortized Cost' category. FY 2019 includes the additional LLPs related to the implementation of the business plan NPL disposal.

(2) Include Covid-19 related LLPs



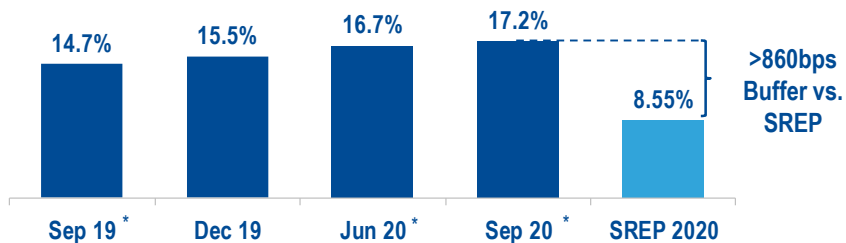
## CET1 ratio phased-in



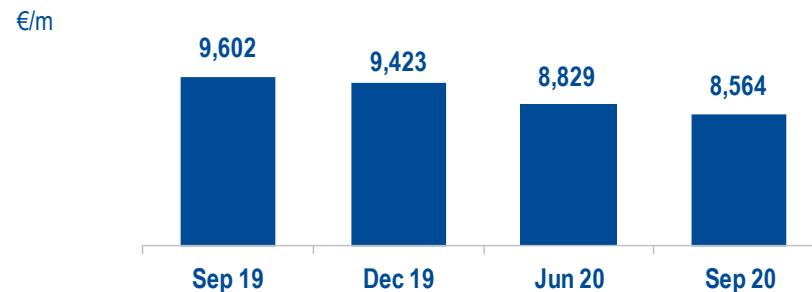
## Regulatory capital ratios phased-in

	Sep-19	Sep-20	SREP
CET1 ratio (%)	19.2%	21.5%	8.55%
Tier 1 ratio (%)	19.2%	21.5%	10.05%
Total Capital ratio (%)	21.1%	23.4%	12.05%

## CET1 ratio fully phased



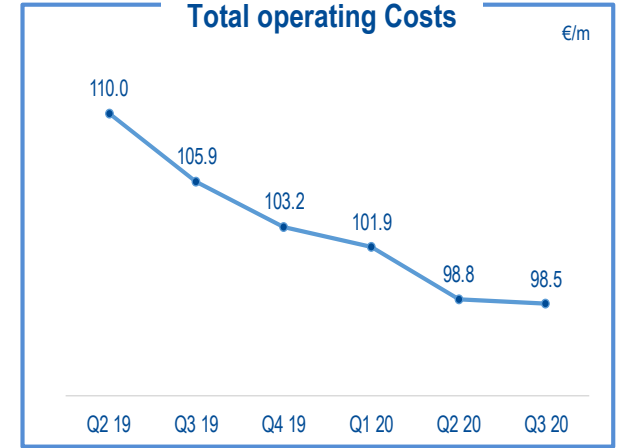
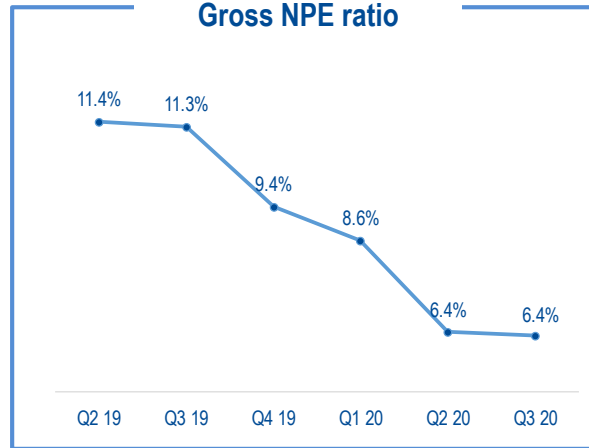
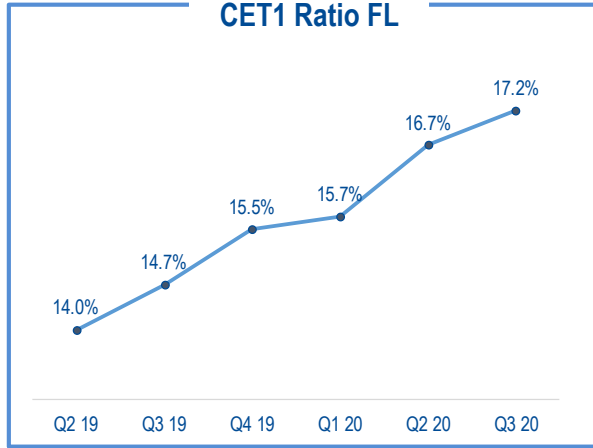
## RWA – phased-in



- CET1 FL at 17.2% up by 50 bps q/q.
- Large capital buffer giving additional comfort in the challenging scenario

\* Net result of the period not included

# Steady improvement of solidity, risk profile and efficiency



» Key targets achieved ahead of the Plan despite the difficult external scenario:

- 2023 target CET 1 ratio: 14.5%
- 2023 target Gross NPE ratio: <6.5%
- Costs trend enabling achieving in 2020 the 2021 target (€400m)



- **Net profit at €65.6m after 9 months, almost doubled y/y supported by strong Q3 (+57% q/q)**
- **Continued focus on growing retail business (+6% y/y), resulting in the improvement of the loan portfolio mix and rebound in core revenues**
- **Persistent effort on operational efficiency (-9% y/y total costs)**
- **Quarterly improvement in cost of risk to 71bps, NPE coverage to 47.5% and net NPE ratio to 3.5%, confirming gross NPE ratio at 6.4% achieving Plan target level 2023**
- **CET1 FL ratio further improved to 17.2%**

**Key targets achieved ahead of the Plan make us well equipped to face also the challenging scenario**



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**Annexes**

# Reclassified Balance Sheet - Assets



€/000

ASSETS	30/09/2020	31/12/2019	Change
Cash and cash equivalents	158,792	190,434	-16.6%
Financial assets at fair value through profit or loss	184,342	195,113	-5.5%
Financial assets at fair value through other comprehensive income	952,920	971,765	-1.9%
Loans and receivables with banks	1,218,509	1,835,844	-33.6%
Loans and receivables with customers	19,549,103	19,523,742	0.1%
Equity investments	19,679	19,074	3.2%
Property, equipment and investment property and intangible assets (1)	565,639	595,775	-5.1%
Non-current assets held for sale and disposal groups	54,295	93,196	-41.7%
Other assets (2)	956,116	915,057	4.5%
<b>Total assets</b>	<b>23,659,395</b>	<b>24,340,000</b>	<b>-2.8%</b>

(1) Includes items "90. Property, equipment and investment property" and "100. Intangible assets"

(2) Includes items "110. Tax assets" and "130. Other assets"

# Reclassified Balance Sheet – Liabilities and equity



€/000

LIABILITIES AND EQUITY	30/09/2020	31/12/2019	Change
Due to banks	3,550,014	2,896,993	22.5%
Direct funding from customers (1)	17,368,361	18,968,871	-8.4%
Financial liabilities held for trading	132	26	n.s.
Hedging derivatives	164,962	153,051	7.8%
Liabilities included in disposal groups classified as held for sale	-	3,581	n.s.
Other liabilities	649,293	438,267	48.2%
Provisions for specific purpose (2)	199,621	222,919	-10.5%
Equity attributable to non-controlling interests	22	23	-4.3%
Equity (3)	1,726,990	1,656,269	4.3%
<b>Total liabilities and equity</b>	<b>23,659,395</b>	<b>24,340,000</b>	<b>-2.8%</b>

(1) Includes item "10. Financial liabilities measured at amortised cost: b) due to customers; c) securities issued"

(2) Includes items "60. Tax liabilities", "90. Post-employment benefits" and "100. Provisions for risks and charges"

(3) Includes items "120. Valuation reserves", "150. Reserves", "160. Share premium reserve", "170. Capital", "180. Treasury shares", and "200. Profit for the period"



# Reclassified Income Statement



€/000

ITEMS	9M 2020	9M 2019	Change
Net interest income	250,979	262,656	-4.4%
Net fee and commission income	169,015	186,006	-9.1%
Dividends and similar income	761	1,093	-30.4%
Profit of equity-accounted investments	1,815	1,357	33.8%
Net trading, hedging income (expense) and profit (loss) on sales/repurchases of assets at FVOCI	1,714	7,001	-75.5%
Other operating net income	11,351	6,824	66.3%
<b>Operating income</b>	<b>435,635</b>	<b>464,937</b>	<b>-6.3%</b>
Personnel expenses	(184,942)	(201,967)	-8.4%
Other administrative expenses	(82,034)	(93,431)	-12.2%
Depreciations/amortisations and net impairment losses on property, equipment and investment property and intangible assets	(32,242)	(33,249)	-3.0%
<b>Operating costs</b>	<b>(299,218)</b>	<b>(328,647)</b>	<b>-9.0%</b>
<b>Net operating profit</b>	<b>136,417</b>	<b>136,290</b>	<b>0.1%</b>
Impairment or reversal of impairment and modification gains (losses)	(86,006)	(129,239)	-33.5%
Net profit on derecognition of assets at the amortised cost and net profits on other assets at fair value through profit or loss	5,776	28,408	-79.7%
Net accruals to provisions for risks and charges	(1,664)	(10,061)	-83.5%
Net gains on sales of invest. and valuation differences on property and equipment at FV	33,765	5,236	n.s.
Banking System Charges	(25,855)	(19,869)	30.1%
<b>Pre-tax profit (loss) from continuing operations</b>	<b>62,433</b>	<b>10,765</b>	<b>n.s.</b>
Income taxes	3,189	22,681	-85.9%
Loss for the period attributable to non-controlling interests	2	0	-
<b>Profit for the period</b>	<b>65,624</b>	<b>33,446</b>	<b>96.2%</b>