GRUPPO BANCARIO
Credito Valtellinese

PRESS RELEASE

CONSOLIDATED RESULTS AS AT 31 DECEMBER 2016

✓ LOAN TREND AND ASSET QUALITY

- NEW LENDING OF APPROXIMATELY EUR 2.5 BILLION WITH A SIGNIFICANT IMPROVEMENT OF QUALITY
- STOCK OF NON-PERFORMING LOANS DOWN FROM EUR 5.6 BILLION TO EUR 5.4 BILLION AT THE END OF DECEMBER 2016
- THE FLOW OF NEW ENTRIES OF NON-PERFORMING LOANS COMING FROM PERFORMING LOANS DECREASED
- COVERAGE RATIO UP FROM 37.1% AS AT 31 MARCH 2016 TO 41.5%, PRO-FORMA FIGURES AT 43.2% (INCLUDING WRITE OFFS)
- SALES OF NON-PERFORMING LOANS FINALISED FOR EUR 557 MILLION OF GROSS BOOK VALUE

✓ EQUITY POSITION

- COMMON EQUITY TIER1 PHASED-IN RATIO AT 11.8% (RWA CALCULATED WITH THE STANDARD METHOD)

✓ LIQUIDITY INDICATORS

- TOTAL COUNTERBALANCING CAPACITY EQUAL TO EUR 5 BILLION (OF WHICH EUR 3 BILLION UNENCUMBERED) AS AT THE END OF 2016 [1]
- LCR AND NSFR WELL ABOVE THE REGULATORY MINIMUM LEVELS REQUIRED FOR 2018

✓ OPERATING RESULTS

- CORE REVENUES (NET INTEREST INCOME AND FEE AND COMMISSION INCOME) RESILIENT DESPITE THE PRESSURES INDUCED BY THE ULTRA-EXPANSIVE MONETARY POLICY AGAINST SUBSTANTIALLY STABLE VOLUMES
- OPERATING COSTS DOWN BY 2.4% Y-O-Y, IN COMPARABLE TERMS [2]
- NON-RECURRING EXPENSES, RECORDED IN THE FOURTH QUARTER, OF EUR 61 MILLION FOR THE IMPLEMENTATION OF THE SOLIDARITY FUND AND RETIREMENT INCENTIVES, AS ENVISAGED IN THE 2017-2018 ACTION PLAN
- ORDINARY AND EXTRAORDINARY CONTRIBUTIONS TO THE RESOLUTION FUNDS[3] OF EUR 32 MILLION
- ADJUSTMENTS TO LOANS OF EUR 467 MILLION (COST OF CREDIT RISK OF 268 BASIS POINTS), WITH THE PURPOSE OF INCREASING THE COVERAGE RATIO OF NON-PERFORMING ASSETS ALSO IN VIEW OF PLANNED SALES

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[1] At 27 December 2016.

[2] Details in the next note 4.

[3] Single Resolution Fund and Deposit Guarantee Schemes (SRF and DGS).

GRUPPO BANCARIO Credito Valtellinese

PRESS RELEASE

- IMPAIRMENT LOSSES OF OTHER FINANCIAL ASSETS OF EUR 25 MILLION (OF WHICH EUR 17.6 MILLION REFERRED TO FONDO ATLANTE) AND OF GOODWILL OF EUR 69 MILLION

KEY BALANCE-SHEET FIGURES

- Operating income: EUR 708 million (- 17.2% y-o-y, incorporating the losses on the sale of loans)
- Operating costs: EUR 590 million (- 2.4% y-o-y, in comparable terms[4])
- Operating profit: EUR 117 million
- Impairment losses on loans and other financial assets: EUR 491 million
- Net gains on sales of investments (earn out VISA Europe): EUR 31 million
- Goodwill impairment losses (at the outcome of the impairment test): EUR 69 million
- Net loss for the period: EUR - 333 million

- Loans and receivables with customers: EUR 17.4 billion (- 8.5% compared to 31 December 2015)
- Direct funding: EUR 21.1 billion (- 2.7% compared to 31 December 2015)
- Indirect funding: EUR 11.6 billion (- 4% compared to 31 December 2015)
- "Managed" funds: EUR 7.3 billion (+ 7.3% compared to 31 December 2015)

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[4] Net of the following components:
- compared to 2015, ordinary and extraordinary contribution to the SRF/DGS Funds (EUR - 28 million) and impairment losses at the outcome of the impairment test on customer list (EUR - 18 million);
- compared to 2016, ordinary and extraordinary contribution to the SRF/DGS Funds (EUR - 32 million), DTA fee, determined in accordance with the principles of Italian Law Decree 59/2016 converted into Italian Law no. 119 of 30 June 2016 (EUR - 4.2 million, corresponding to the fee on Deferred Tax Assets that can be transformed in tax asset due for 2015 and 2016), provision to the Solidarity Fund and retirement incentives as a result of the Trade union agreement of 21 December 2016 (EUR - 61 million).

Sondrio, 9 February 2017 - The Board of Directors of Credito Valtellinese approved the results at 31 December 2016, which were conditioned by the weakness of economic recovery and by pressures on operating margins also as a result of the ultra-expansionary policy of the ECB. The loss for the period of EUR 333 million is also affected by different factors of discontinuity, related to the gradual implementation of the actions envisaged by the 2017-2018 Action Plan (Solidarity Fund and retirement incentives), to the implementation of the disposal plan of the NPLs (losses from disposal and strengthening of the coverage ratios) as well as to the known "system" transactions (contribution to the Resolution funds, impairment of Fondo Atlante).

Statement of financial position aggregates

At 31 December 2016, **loans and receivables with customers** amounted to EUR 17.4 billion compared to EUR 19 billion at the end of December 2015, also due to the increase in the coverage level and to the sales of NPLs during the year.

However, the positive trend in new medium-long term loans continued: during the year, they amounted to EUR 2.5 billion, with an increase of almost 14% compared to 2015. The new mortgages to private individuals reached approximately EUR 800 million, with a limited percentage of subrogations. The new loans to businesses of EUR 1.6 billion increased by 25%.

The growth in loans to households increased in strength, whereas the trend in loans to businesses was substantially flat, with considerable differences related to the economic activity. Demand was driven by loans for inventories and working capital or for refinancing-restructuring and re-negotiating the debt, favoured by low interest rates, but the demand for new investments was slow in recovering.

At the end of the period, Non-Performing Exposure (NPE), net of impairment losses, totalled EUR 3.2 billion (-6% compared to the end of December 2015), with a total coverage ratio of 41.5%, up compared to 40.3% at the end of December 2015. The transfers completed from the beginning of the year amounted to approximately EUR 557 million of gross book value.

In detail, net bad loans amounted to EUR 1.27 billion, compared to EUR 1.21 billion at the end of December 2015, with a coverage ratio of 54.4%. The unlikely to pay amounted to EUR 1.68 billion, compared to EUR 1.83 at the end of 2015, with a coverage ratio of 29.4%, whereas approximately EUR 200 million were represented by past due and/or overdue non-performing loans compared to EUR 315 million at the end of December 2015.

The trend showed clear signs of improvement. The increase in non-performing loans further decreased in 2016 (gross EUR 314 million, net of transfers, in 2016 compared to EUR 538 million in 2015 and EUR 950 last year) and reported the lowest value since 2010.

Direct funding amounted to EUR 21.1 billion, down by 2.7% compared to EUR 21.7 billion at the end of December 2015, mainly due to the reduction in funding in securities, which decreased from EUR 4 billion to EUR 3 billion (-24.7%). The "commercial" component of the funding remained substantially stable year on year.

Indirect funding amounted to EUR 11.6 billion, compared to EUR 12.1 billion at the end of December 2015. The more pronounced reduction concerned the "*safe custody*" component. Vice versa, assets "under management ", amounting to EUR 7.3 billion compared to EUR 6.8 million at the end of December 2015, increased by 7.3%, driven by the increase in insurance funds (EUR 2.6 billion, compared to EUR 2.1 million at the end of 2015).

Financial assets amounted to EUR 5.5 billion. Of these, EUR 4.9 billion were represented by Italian Government bonds, mainly classified in the AFS (Available for sale) portfolio, with a duration of approximately 2.8 years, considering the interest-rate risk hedging. The valuation reserve on AFS securities, recorded among equity items net of tax effects, was negative by EUR 15 million. The negative reserve relating to Government bonds amounted to EUR 23 million (EUR 27 million at the end of December 2015).

The **liquidity position was largely positive**. The counterbalancing capacity up to 3 months amounted to EUR 5.3 billion (of which EUR 3.3 billion unencumbered), equal to 12.8% of total assets. The exposure to the ECB for refinancing operations TLTRO2 (Targeted Longer-Term Refinancing Operations) stood at EUR 1.5 billion.

The liquidity requirements – LCR and NSFR – were already well above the minimum levels required by the regulations.

Equity and capital ratios

The equity attributable to the owners of the parent at 31 December 2016 totalled EUR 1,753 million, compared to EUR 2,183 million at 31 December 2015.

In pursuance of the phased-in transitional regime, Common Equity Tier1 (CET1) amounted to EUR 1,713 million against risk-weighted assets (RWAs), calculated with the standard method, of EUR 14.5 billion. Total own funds amounted to EUR 1,893 million.

The phased-in capital ratios amounted to:

- 11.8% for **Common Equity Tier1 ratio**,
- 11.8% for **Tier1 ratio**,
- 13.0% for **Total capital ratio**.

Income statement

In 2016, the **net interest income** stood at EUR 422 million, decreasing by 9.2%, compared to EUR 465 million in 2015. The decline was affected both by the fall in the market parameters (from December 2015 to December 2016, Euribor decreased by additional 19 bps, determining a parallel reduction of the commercial spread, currently 2.41%), and by the lower contribution of interests from "carry trade", related to the reorganisation of the securities portfolio.

Net fee and commission income totalled EUR 280 million, aligned to the value of 2015. Net fee and commission income of the finance sector increased on an annual basis (+8%), commissions for current account management were also recovering (+1.6%), whereas other commissions decreased, in particular, those related to the credit sector, which were affected by the weakness in volumes.

Net trading and hedging expense and loss on sales/repurchases of EUR 16 million represented the difference between gains on sales of AFS of EUR 64 million and losses on sales of non-performing loans of approximately EUR 81 million.

Operating income totalled EUR 708 million, down by 17.2% compared to EUR 855 million of the same corresponding period.

Operating costs totalled EUR 590 million compared to EUR 551 million of 2015. Personnel expenses amounted to EUR 346 million (compared to EUR 295 million in 2015) and include extraordinary expenses of EUR 61 million for the implementation of the Solidarity Fund and retirement incentives as a result of the Trade union agreement signed in December 2016. Net of this component, personnel expenses decreased by 3.3%. Other administrative expenses totalled EUR 210 million (compared to EUR 202 million in 2015) and included EUR 32 million for the ordinary and extraordinary contribution to the SRF/DGS resolution funds[5] and the fee on the DTAs that can be transformed in tax asset, envisaged by Article 11 of Italian Law Decree no. 59 of 3 May 2016 converted into Italian Law no. 119 of 30 June 2016 of EUR 4.2 million (fee for 2015 and 2016).

The **operating profit** reached EUR 117 million compared to EUR 304 million in 2015.

Net impairment losses on loans and receivables and other financial assets totalled EUR 491 million compared to EUR 442 million of 2015. The increase took account of the indications of the Bank of Italy at the outcome of the inspection carried out during 2016, also in line with the aim of raising the coverage levels of total non-performing assets in view of transfers and more incisive actions for managing the NPE outlined in the 2017-2018 Action Plan. The amount also included impairment losses of Fondo Atlante of approximately EUR 17.6 million (corresponding to a 36% impairment loss on EUR 48.7 million paid during the financial year valid for a commitment of EUR 60 million).

Accruals to provisions for risks and charges of EUR 10 million included the reversal to the income statement of the provision made in 2015 of approximately EUR 12 million to cover the additional contribution for the four banks in resolution, called in by the Single Resolution Fund at the end of 2016.

More conservative assumptions on the evaluation parameters implied the recognition of goodwill impairment losses of EUR 69 million, at the outcome of the impairment test carried out at the end of the period on goodwill recorded in the consolidated financial statements (of EUR 102 million as at 31 December 2015). Therefore, residual goodwill of approximately EUR 30 million was recognised in the 2016 financial statements.

Net gains on sales of investments of EUR 31 million included mainly the additional sales price component of ICBPI to be paid to the seller banks on the basis of the agreements signed, by

[5] Of which 18 million for the process of resolution of the four “good banks” started in November 2015 (including EUR 12 million already set aside to provisions for risks and charges in the 2015 financial year).

way of earn-out for the sale of the equity investment in VISA Europe held by Cartasì (controlled by ICBPI) to VISA Inc.

Thus, the period reported a negative **pre-tax profit from continuing operations** amounting to EUR 401 million.

Considering income taxes for the period - positive for EUR 72 million - and profit attributable to minority interests of EUR 4 million, **the net loss for the financial year** stood at EUR 333 million.

Current-year outlook

The world economy is improving but prospects remain uncertain. In Europe, growth accelerated at the end of the year with encouraging signs on prospects for further consolidation; however, risks on the outlook tend downwards, mainly because of many political uncertainties. 2017 is full of electoral events in Europe, including Italy, in case of early elections.

The Italian economy continues to grow moderately. Forecasts indicate the continuation of growth in the next three years, driven by domestic demand and, starting from 2017, by the gradual strengthening of foreign demand. Monetary policy continues to provide an important support to the Italian banking system, whose market evaluations are affected by the high level of non-performing loans in the financial statements and the related effects on the expected prospects for growth. The issue of non-performing loans is central to most of the banks, also considering the urgent requests of regulators to define specific management plans of NPLs to be implemented in a very short time horizon.

In 2017, loans and receivables should slightly grow, supported by the expected nominal GDP growth rates. The lending conditions should become easier, with favourable funding conditions. However, the rates will remain low for a still long period of time, putting pressures on margins.

In the above situation, the profitability of Italian banks will remain modest and confirms two main areas of intervention: firstly, the management of non-performing loans and the reduction in the cost of credit risk, secondly, the improvement of operating efficiency, in a context characterised by an increasingly quick development of technology and by the required consequent interventions of optimisation of the physical structures and of development of service models.

The management of the bank during the financial year will be focused on achieving the objectives outlined in the 2017-2018 Action Plan, consistent with the guidelines indicated above, with the aim of achieving a sustainable profitability in the medium term.

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Declaration of the Manager in charge of financial reporting

The Manager in charge of financial reporting, Simona Orietti, hereby declares that, pursuant to Article 154-bis, paragraph 2 of the Consolidated Finance Act, the accounting information provided in this report matches the information reported in the company's documents, books and accounting records.

Signed Simona Orietti

The General Manager, Mauro Selvetti, will present the consolidated results at 31 December 2016 to the financial community, during a conference call scheduled for 10 February at 10.00 a.m. (CET).

Consolidated and separate highlights and reclassified Statement of financial position and Income Statement are set below. The audit activities are currently being carried out by the audit company.

Company contacts

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GRUPPO BANCARIO Credito Valtellinese

PRESS RELEASE

FINANCIAL STATEMENT HIGHLIGHTS AND PERFORMANCE INDICATORS

STATEMENT OF FINANCIAL POSITION DATA	31/12/2016	31/12/2015	change
(in thousands of EUR)			
Loans and receivables with customers	17,429,196	19,049,750	-8.51%
Financial assets and liabilities	5,159,559	5,101,809	1.13%
Total assets	25,469,459	26,882,632	-5.26%
Direct funding from customers	21,108,765	21,694,956	-2.70%
Indirect funding from customers	11,602,693	12,092,772	-4.05%
of which:			
- Managed funds	7,290,205	6,792,593	7.33%
Total funding	32,711,458	33,787,728	-3.19%
Equity	1,753,430	2,183,348	-19.69%

SOLVENCY RATIOS	31/12/2016	31/12/2015
Common Equity Tier 1 capital/Risk-weighted assets (CET1 capital ratio)	11.8%	13.1%
Tier 1 capital/Risk-weighted assets (Tier1 capital ratio)	11.8%	13.1%
Total own funds/Risk-weighted assets (Total capital ratio)	13.0%	15.1%

Figures calculated provisionally pending the submission to the Supervisory Authority.

FINANCIAL STATEMENT RATIOS	31/12/2016	31/12/2015
Indirect funding from customers / Total funding	35.5%	35.8%
Managed funds / Indirect funding from customers	62.8%	56.2%
Direct funding from customers / Total liabilities	82.9%	80.7%
Customer loans / Direct funding from customers	82.6%	87.8%
Customer loans / Total assets	68.4%	70.9%

CREDIT RISK	31/12/2016	31/12/2015	change
Net bad loans (in thousands of EUR)	1,272,106	1,207,157	5.38%
Other net doubtful loans (in thousands of EUR)	1,881,922	2,150,475	-12.49%
Net non-performing loans (in thousands of EUR)	3,154,028	3,357,632	-6.06%
Net bad loans / Loans and receivables with customers	7.3%	6.3%	
Other net doubtful loans / Loans and receivables with customers	10.8%	11.3%	
Net non-performing loans / Loans and receivables with customers	18.1%	17.6%	
Coverage ratio of bad loans	54.4%	57.1%	
Coverage ratio of other doubtful loans	27.6%	23.4%	
Coverage ratio of net non-performing loans	41.5%	40.3%	
Cost of credit (*)	2.68%	2.31%	

(*) Calculated as the ratio between the net impairment losses due to deterioration of loans and year-end loans.

ORGANISATIONAL DATA	31/12/2016	31/12/2015	change
Number of employees	4,055	4,123	-1.65%
Number of branches	503	526	-4.37%

OTHER FINANCIAL INFORMATION	2016	2015
Cost/Income ratio	69.7%	59.0%

2016 figure calculated net of non-recurring expenses related to the implementation of the "Solidarity Fund" (60,995 thousands of EUR), ordinary and extraordinary contributions paid for SRF, NRF and DGS (32,110 thousands of EUR), and DTA fee (4,200 thousands of EUR); 2015 figure calculated net of ordinary and extraordinary contributions paid for SRF and DGS (28,067 thousands of EUR) and of the impairment of the customer list (17,909 thousands of EUR).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(*figures in thousands of EUR*)

ASSETS	31/12/2016	31/12/2015	change
Cash and cash equivalents	170,735	175,462	-2.69%
Financial assets held for trading	18,999	51,751	-63.29%
Available-for-sale financial assets	5,436,165	5,321,413	2.16%
Loans and receivables with banks	821,748	713,089	15.24%
Loans and receivables with customers	17,429,196	19,049,750	-8.51%
Equity Investments	9,559	9,464	1.00%
Property, equipment and investment property and intangible assets (1)	483,816	572,882	-15.55%
Non-current assets held for sale and disposal groups	1,498	2,478	-39.55%
Other assets (2)	1,097,743	986,343	11.29%
Total assets	**25,469,459**	**26,882,632**	-5.26%

(1) Include the items "120. Property, equipment and investment property" and "130. Intangible assets".
(2) Include the items "140. Tax assets" and "160. Other assets".

(*figures in thousands of EUR*)

LIABILITIES AND EQUITY	31/12/2016	31/12/2015	change
Due to banks	1,661,670	2,040,112	-18.55%
Direct funding from customers (1)	21,108,765	21,694,956	-2.70%
Financial liabilities held for trading	1,468	1,859	-21.03%
Hedging derivatives	294,137	269,496	9.14%
Other liabilities	437,838	508,132	-13.83%
Provisions for specific purpose (2)	208,111	180,347	15.39%
Equity attributable to non-controlling interests	4,040	4,382	-7.80%
Equity (3)	1,753,430	2,183,348	-19.69%
Total liabilities and equity	**25,469,459**	**26,882,632**	-5.26%

(1) Includes the items "20. Due to customers" and "30. Securities issued".
(2) Include the items "80. Tax liabilities", "110. Post-employment benefits" and "120. Provisions for risks and charges".
(3) Includes items "140. Valuation reserves", 170. Reserves", "180. Share premium reserve", "190. Share Capital", "200. Treasury shares" and "220. Profit (Loss) for the year".

The comparative figures as at December 31, 2015 were restated, compared to what had been recorded on that date, due to the offsetting of part of the tax assets, item "140. Tax assets" under Balance Sheet - Assets, with the relevant tax liabilities, item "80. Tax liabilities" under Balance Sheet – Liabilities.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(*figures in thousands of EUR*)

ITEMS	2016	2015	change
Net interest income	**421,695**	**464,508**	**-9.22%**
Net fee and commission income	280,445	280,543	-0.03%
Dividends and similar income	4,241	2,017	110.26%
Profit of equity-accounted investments (1)	878	10,972	-92.00%
Net trading and hedging income (expense) and profit (loss) on sales/repurchases	(15,782)	74,770	-121.11%
Other operating net income (5)	16,236	22,314	-27.24%
Operating income	**707,713**	**855,124**	**-17.24%**
Personnel expenses	(346,187)	(295,036)	17.34%
Other administrative expenses (2)	(210,135)	(201,631)	4.22%
Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets (3)	(33,916)	(54,143)	-37.36%
Operating costs	**(590,238)**	**(550,810)**	**7.16%**
Operating profit	**117,475**	**304,314**	**-61.40%**
Net impairment losses on loans and receivables and other financial assets	(491,232)	(442,342)	11.05%
Net accruals to provisions for risks and charges	10,665	(17,655)	-160.41%
Goodwill impairment losses	(68,797)	(70,194)	-1.99%
Net gains on sales of investments (4)	31,366	250,065	-87.46%
Pre-tax profit (loss) from continuing operations	**(400,523)**	**24,188**	**n.s.**
Income taxes	71,791	78,000	-7.96%
Post-tax profit (loss) from continuing operations	**(328,732)**	**102,188**	**-421.69%**
Profit from discontinued operations	-	20,070	-100.00%
Profit for the year attributable to non-controlling interests	(4,371)	(3,981)	9.80%
Profit (loss) for the year	**(333,103)**	**118,277**	**-381.63%**

(1) Profit of equity-accounted investments includes profit (losses) of equity-accounted investments included in item "240. Profit of investments".
(2) Other administrative expenses include recoveries of taxes and other recoveries recognised in item "220. Other operating net income" (EUR 53,581 thousand in 2016 and EUR 57,515 thousand in 2015).
(3) Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets include items "200. Depreciation and net impairment losses on property, equipment and investment property", "210. Amortisation and net impairment losses on intangible assets" and the accumulated depreciation of costs incurred for leasehold improvements, under item "220. Other operating net income" (EUR 2,025 thousand in 2016 and EUR 2,718 thousand in 2015).
(4) Net gains on sales of investments include the residual amount of item "240. Profit of investments" not included among profit of equity-accounted investments together with item "270. Net gains on sales of investments".
(5) Other income and costs correspond to item "220. Other operating net income" net of the above reclassifications.

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RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF CREDITO VALTELLINESE

During 2016 Credito Valtellinese incorporated the subsidiary Cassa di risparmio di Fano S.p.A. (Carifano S.p.A.), with legal effects as from 28 November 2016 and with effective tax and accounting date as from 1 January 2016. The comparative figures as at 31 December 2015 refer exclusively to Credito Valtellinese and do not include the figures referring to the company merged in 2016.

figures in thousands of EUR

ASSETS	31/12/2016	31/12/2015	change
Cash and cash equivalents	119,859	114,710	4.49%
Financial assets held for trading	17,292	49,042	-64.74%
Available-for-sale financial assets	5,433,525	5,318,341	2.17%
Loans and receivables with banks	757,779	992,878	-23.68%
Loans and receivables with customers	14,752,731	15,080,244	-2.17%
Equity Investments	391,952	457,128	-14.26%
Property, equipment and investment property and intangible assets (1)	356,418	344,166	3.56%
Non-current assets held for sale and disposal groups	1,498	1,894	-20.91%
Other assets (2)	928,850	779,075	19.22%
Total assets	**22,759,904**	**23,137,478**	-1.63%

(1) Include items “110. Property, equipment and investment property” and “120. Intangible assets”.
(2) Include items “130. Tax assets” and “150. Other assets".

(*figures in thousands of EUR*)

LIABILITIES AND EQUITY	31/12/2016	31/12/2015	change
Due to banks	2,173,948	2,792,237	-22.14%
Direct funding from customers (1)	17,991,165	17,291,234	4.05%
Financial liabilities held for trading	2,656	3,196	-16.90%
Hedging derivatives	294,137	269,496	9.14%
Other liabilities	370,954	407,437	-8.95%
Provisions for specific purpose (2)	152,134	122,664	24.02%
Equity (3)	1,774,910	2,251,214	-21.16%
Total liabilities and equity	**22,759,904**	**23,137,478**	-1.63%

(1) Includes items “20. Due to customers” and “30. Securities issued".
(2) Include items “80. Tax liabilities”, “110. Post-employment benefits” and “120. Provisions for risks and charges".
(3) Includes items “130. Valuation reserves”, “160. Reserves”, “170. Share premium reserve”, “180. Share capital”, “190. Treasury shares” and “200. Profit (loss) for the year".

The comparative figures as at December 31, 2015 were restated, compared to what had been recorded on that date, due to the offsetting of part of the tax assets, item “130. Tax assets” under Balance Sheet - Assets, with the relevant tax liabilities, item “80. Tax liabilities” under Balance Sheet – Liabilities.

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PRESS RELEASE

RECLASSIFIED INCOME STATEMENT OF CREDITO VALTELLINESE

During 2016 Credito Valtellinese incorporated the subsidiary Cassa di risparmio di Fano S.p.A. (Carifano S.p.A.), with legal effects as from 28 November 2016 and with effective tax and accounting date as from 1 January 2016. The comparative figures of 2014 refer exclusively to Credito Valtellinese and do not include the figures referring to the company merged in 2016.

(*figures in thousands of EUR*)

INCOME STATEMENT	2016	2015	change
Net interest income	**330,535**	**341,667**	**-3.26%**
Net fee and commission income	200,418	185,532	8.02%
Dividends and similar income	10,972	10,793	1.66%
Net trading and hedging income (expense) and profit (loss) on sales/repurchases	(13,033)	74,348	-117.53%
Other operating net income (3)	14,767	18,752	-21.25%
Operating income	**543,659**	**631,092**	**-13.85%**
Personnel expenses	(250,321)	(188,795)	32.59%
Other administrative expenses (1)	(194,224)	(174,553)	11.27%
Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets (2)	(19,155)	(37,534)	-48.97%
Operating costs	**(463,700)**	**(400,882)**	**15.67%**
Operating profit	**79,959**	**230,210**	**-65.27%**
Net impairment losses on loans and receivables and other financial assets	(447,295)	(365,362)	22.43%
Net accruals to provisions for risks and charges	10,096	(13,916)	-172.55%
Goodwill impairment losses	-	(70,194)	-100.00%
Net gains on sales of investments	(67,097)	342,248	-119.60%
Pre-tax profit (loss) from continuing operations	**(424,337)**	**122,986**	**-445.03%**
Income taxes	72,612	72,093	0.72%
Post-tax profit (loss) from continuing operations	**(351,725)**	**195,079**	**-280.30%**
Profit from discontinued operations	-	30,013	-100.00%
Profit (loss) for the year	**(351,725)**	**225,092**	**-256.26%**

(1) Other administrative expenses include recoveries of taxes and other recoveries recognised in item "190. Other operating net income" (EUR 43,264 thousand in 2016 and EUR 42,328 thousand in 2015).
(2) Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets include items "170. Depreciation and net impairment losses on property, equipment and investment property", "180. Amortisation and net impairment losses on intangible assets" and the accumulated depreciation of costs incurred for leasehold improvements, under item "190. Other operating net income" (EUR 1,673 thousand in 2016 and EUR 2,023 thousand in 2015).
(3) Other income and expenses correspond to item "190. Other operating net income" after the above reclassifications.