Informazione Regolamentata n. 0105-54-2017	Data/Ora Ricezione 13 Luglio 2017 22:14:11	MTA

Societa'	:	CREDITO VALTELLINESE
Identificativo Informazione Regolamentata	:	91889
Nome utilizzatore	:	CRVALTELN02 - COLOMBO
Tipologia	:	2.2
Data/Ora Ricezione	:	13 Luglio 2017 22:14:11
Data/Ora Inizio Diffusione presunta	:	13 Luglio 2017 22:14:12
Oggetto	:	Action Plan 2017-2018 - The transfer of a portfolio of non-performing loans has been completed

Testo del comunicato

Vedi allegato.

GRUPPO BANCARIO Credito Valtellinese

PRESS RELEASE

ACTION PLAN 2017-2018

THE TRANSFER OF A PORTFOLIO OF NON-PERFORMING LOANS HAVING A EUR 1.4 BILLION GBV ("PROJECT ELROND") HAS BEEN COMPLETED ON SCHEDULE THROUGH A SECURITISATION AND A GACS OVER THE SENIOR TRANCHES

- ✓ **THE GROSS NPL RATIO IS ESTIMATED AT 21.2% AS AT 30 JUNE 2017, INCLUDING THE EFFECTS OF THE TRANSACTION**

SIGNIFICANT DE-RISKING AND CONSEQUENT STRATEGIC REPOSITIONING OF CREVAL:

- ✓ **CET1 RATIO ESTIMATED AT APPROXIMATELY 11% – INCLUDING THE EXPECTED EFFECTS OF THE GACS AS WELL AS THE BENEFITS OF THE SALE & LEASE BACK TRANSACTION COMPLETED ON 29 JUNE 2017– IN LINE WITH THE INTERNAL CAPITAL GUIDANCE**

- ✓ **LARGE CAPITAL BUFFER - APPROXIMATELY 170 BPS - COMPARED WITH 9.25% TIER 1 RATIO REFERRING TO THE MINIMUM CAPITAL REQUIREMENT DETERMINED AT THE OUTCOME OF THE 2017 SREP**

- ✓ **FURTHER POTENTIAL ASSET DISPOSAL TRANSACTIONS ARE BEING CONSIDERED TO ENHANCE THE CAPITAL POSITION EVEN FURTHER**

Sondrio, 13 July 2017 – In line with the objectives set out in the 2017-2018 Action Plan regarding the reduction in non-performing loans Credito Valtellinese ("**Creval**" and, together with Credito Siciliano, the "**Originators**") hereby announces the completion of the securitisation of a non-performing loan portfolio having a Gross Book Value (the "**GBV**") of approximately EUR 1.4 billion as at the cut-off date[1] ("**Project Elrond**") through the transfer of this portfolio to an SPV established pursuant to Law 130/99 under the name Elrond NPL 2017 S.r.l., and the issue of the following three tranches of Asset-Backed Securities:

- a EUR 464 million senior tranche, with expected rating consistent with the requirements of the legislation on the state guarantee ("**GACS**");

[1] 30 November 2016

- a rated EUR 42.5 million mezzanine tranche, and a EUR 20 million junior tranche.

The senior tranche notes, having a Eu6m + 50bps return, are expected to be covered by the GACS - to be formalised by the MEF in the next few days -, and entirely retained by the Originators, whereas the mezzanine and junior tranches were placed with an institutional investor at the outcome of a competitive bid.

"The transaction - one of the main targets of the 2017-2018 Action Plan - is a key step in the plan concerning the de-risking of the bank's balance sheet, to which the management is strongly committed", states **Mauro Selvetti**, the **General Manager at Creval**. *"This important transaction improved the asset quality level of the Group by bringing the NPL Ratio back to a level that is similar to the one of Creval's direct peers and closer to the overall average of the Italian banking system. Thus we have achieved a significant de-risking of the Group and, prospectively, we expect a better market positioning. In our opinion the transaction shows the effectiveness of the instruments that were made available by the Italian Government and approved by the Italian Parliament - in this case the GACS - to implement the NPL transfer plans at this stage of restructuring of the banking system. After this transaction we are committed to continue the implementation of our strategy aimed at improving the risk profile, with a NPL ratio target of 18% by 2018 year-end, and at restructuring the business model."*

Appointment of the Special Servicer

The portfolio special servicing activities will be carried out seamlessly by Cerved Credit Management, who will also continue carrying out the outsourced management of Creval's residual NPL portfolio. Therefore, the Elrond transaction further strengthened the strategic partnership between Creval and Cerved, which was established in 2005 with a view to maximising the income resulting from the recovery of the non-performing loans, in the context of the Group's NPL strategy.

"*We are very proud of our contribution to the performance of this important transaction* - says **Andrea Mignanelli, the Managing Director of Cerved Credit Management** - *For us too, this is a milestone in the strategic agreement that we have in place with the Creval Group. Our unit will start the recovery activities immediately, and we will continue supporting Creval in the years to come, in line with CCM's growth prospects, as an independent provider of servicing activities to Italian banks*."

<u>Impact on the asset quality profile</u>

The deconsolidation of the portfolio of non-performing loans determines an improvement of the gross NPL ratio from 27.2% as at 31 March 2017 to an estimated 21.2% as at 30 June 2017, including the effects of the transaction.

The coverage ratio of total non-performing exposure (NPE) is estimated at approximately 41% as at 30 June 2017, including the effects of the transaction, compared with 41.6% as at 31 March 2017, whereas the coverage ratio of bad loans is estimated at approximately 61%.

Impacts on the capital position profile

Considering the effects:

- of the sale & lease back transaction carried out with Beni Stabili

- of the acquisition of a qualified minority interest in GeneralFinance

- of the write-off of approximately EUR 31 million to be recognised in the interim report relating to the Atlante Fund,

considering the accounting balance sheet value of the transferred assets and (i) the cash price collected, (ii) the reduction in the RWAs of the transferred portfolio, also as result of the expected positive effects of the GACS, (iii) the up-front costs associated with the transaction, and (iv) the recovery of legal and servicing costs in the interim period between the portfolio cut-off date and the transfer date, the Elrond transaction resulted in an overall negative impact of approximately 120 bps on the CET1 Ratio. The CET1 Ratio - including all of the above - is therefore estimated at approximately 11%, in line with the internal capital management guidance.

Thus, the Group maintains a large capital buffer compared to the minimum capital requirements set forth in the 2017 SREP:

- CET 1 Ratio equal to approximately 11%, compared with 7.75%
- Tier 1 Ratio equal to approximately 11%, compared with 9.25%
- Total Capital Ratio equal to approximately 13%, compared with 11.25%.

***

In the structuring of the transaction J.P. Morgan, Mediobanca and Banca IMI (Intesa Sanpaolo Group), acted as Co-Arrangers of the securitisation. Law firms BonelliErede and Chiomenti assisted Creval and the Co-Arrangers, respectively, on legal matters.

Within the transaction, Securitisation Services S.p.A. (Banca Finint Group) acts as the Master Servicer, the Corporate Servicer, the Calculation Agent and the Representative of the Noteholders, whereas Zenith Service acts as the Monitoring Agent.

GRUPPO BANCARIO
Credito Valtellinese

PRESS RELEASE

Corporate Contacts

Investor relations
Telephone + 39 02 80637471
Email: investorrelations@creval.it

Media relations
Telephone +39 02 80637403
Email: mediarelations@creval.it

Fine Comunicato n.0105-54	Numero di Pagine: 6