



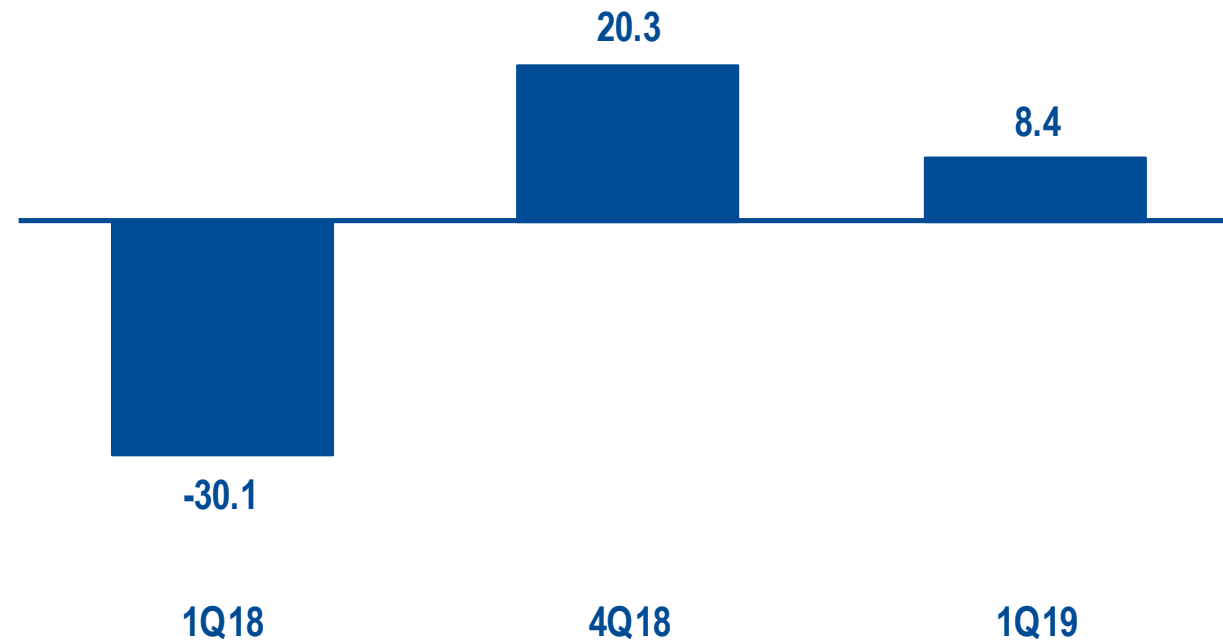
1Q19 FINANCIAL RESULTS

Setting the stage for the new Business Plan

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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.

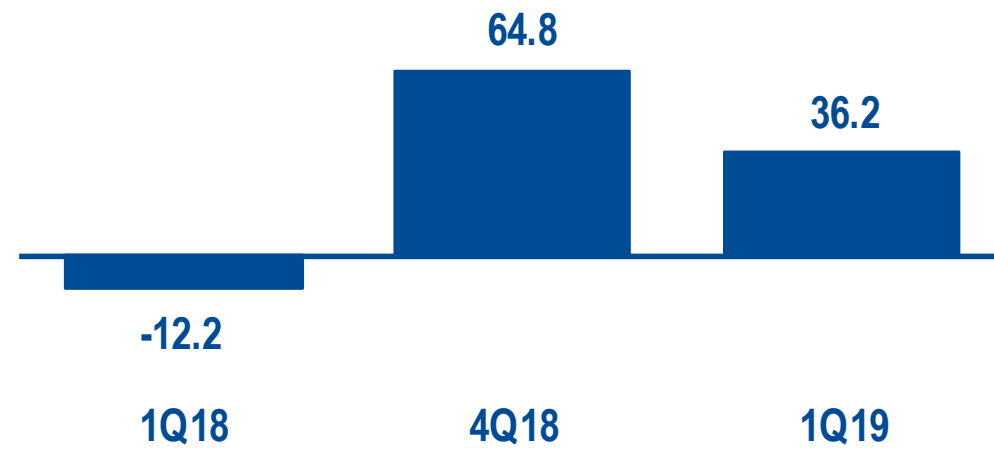
- **Net profit of €8.4m compared to €30.1m loss previous year**
- **Deposits up by 5.6% q/q and 12.4% y/y**
- **Costs slightly down on comparable basis**
- **Further improvement of NPE coverage to 56.5%**
- **Solid liquidity position well above regulatory requirements**
- **Draft SREP letter requirements 2019: CET1 at 8.25% vs.14% CET1 FL as at end of March, confirming strong Creval Group capital position**

€/m

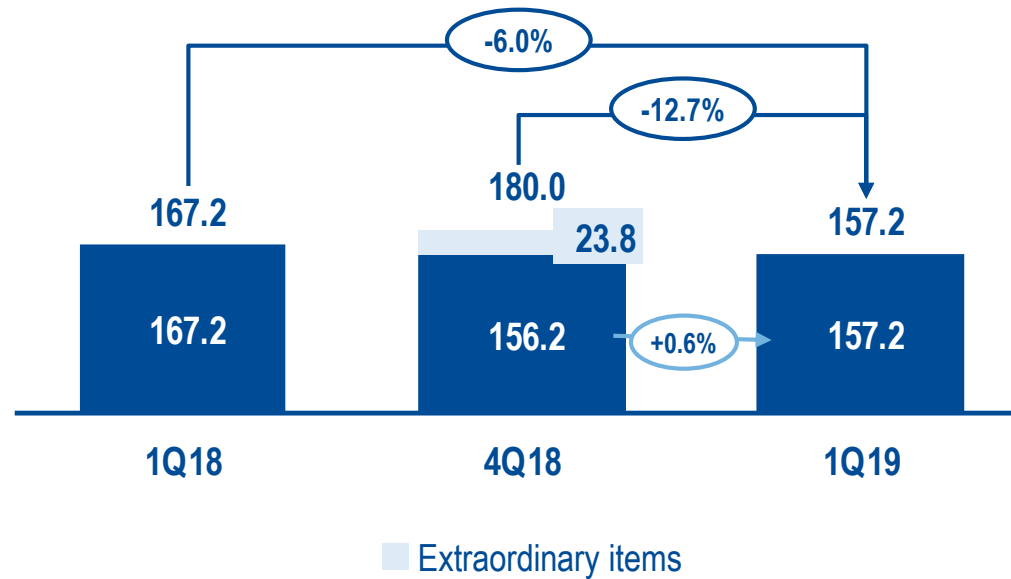


- 1Q19 Net profit of €8.4m compared to €30.1m net loss previous year

€/m



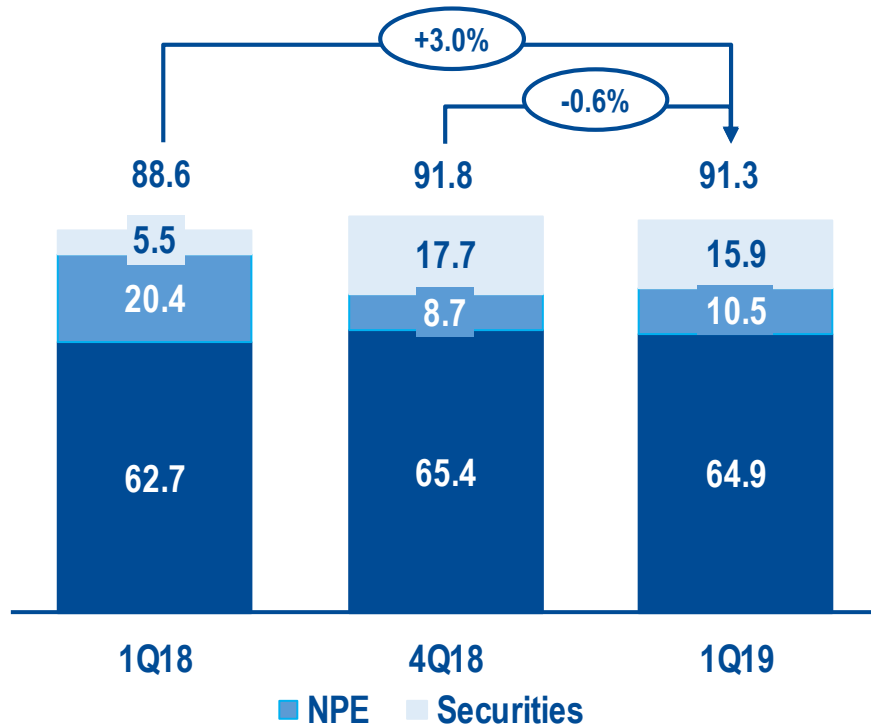
- Net operating income reported at €36.2m compared to the loss of last year of €12.2m



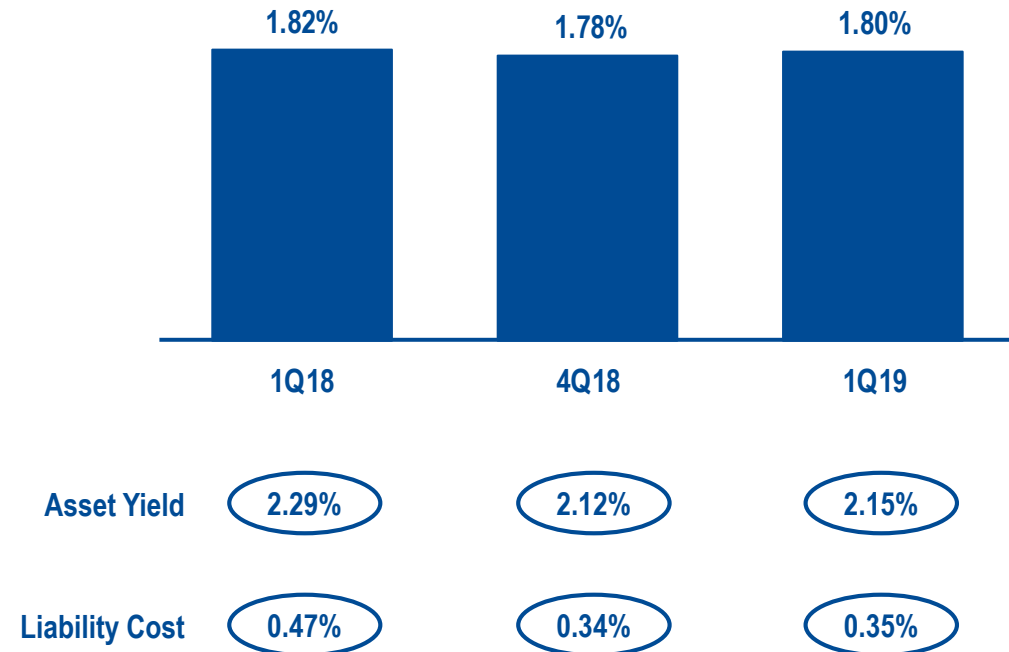
- Operating income at €157.2m confirming Q418 level on comparable basis

€/m

Net interest income



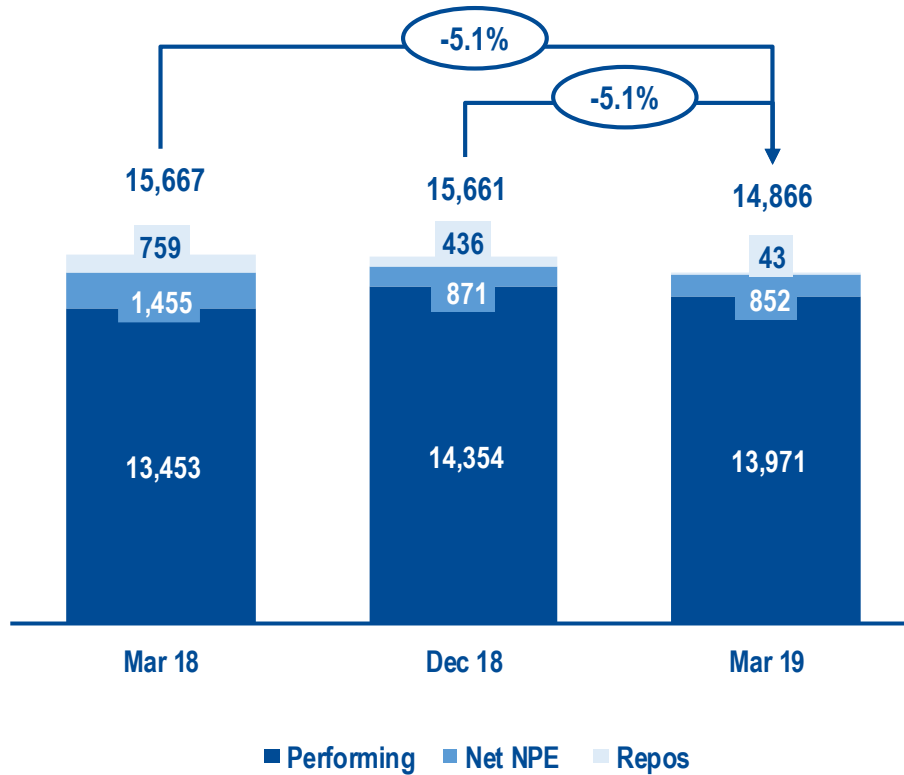
Net interest spread



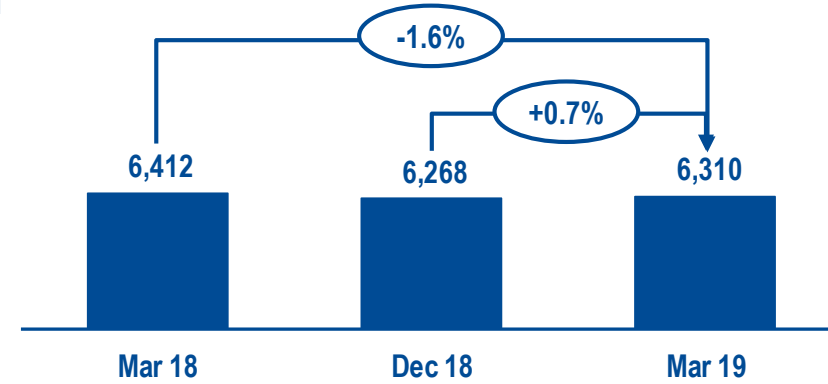
- Positive development of Net Interest Income both q/q and y/y driven by core business and positive spread trend, despite negative impact IFRS 16

€/m

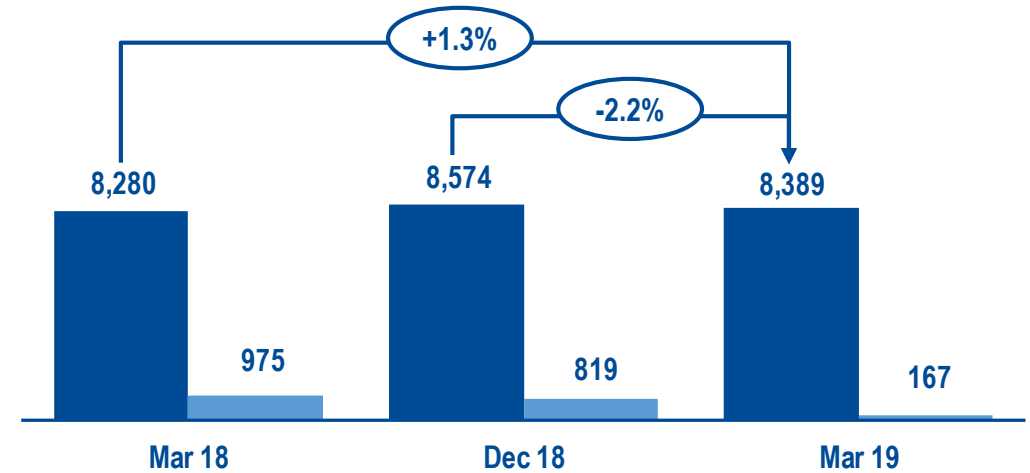
Net loans ⁽¹⁾



Retail



Corporate and institutional

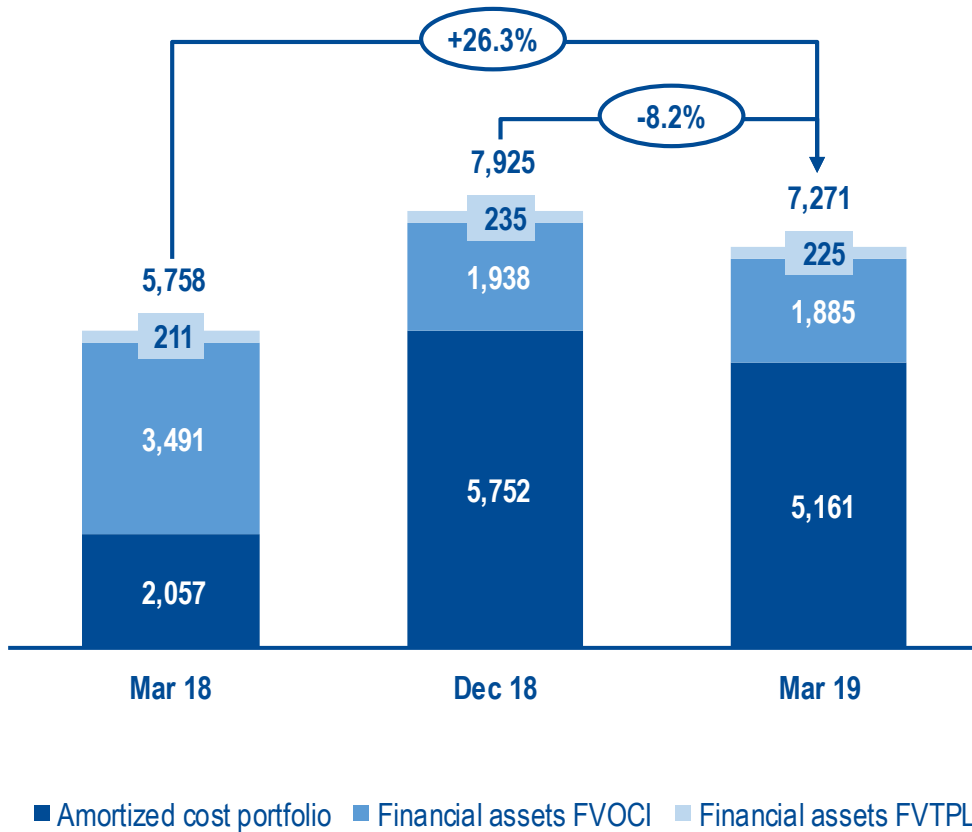


- Positive y/y evolution of performing loans with total net loans dynamics affected by NPEs and repos
- First positive signals in retail volumes

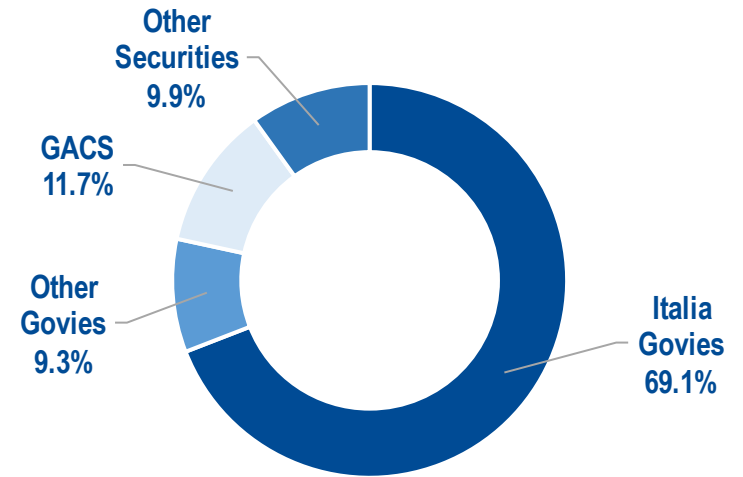
(1) Excluding securities (€2.1bn as at Mar. '18; €5.8bn as at Dec. '18; €5.2bn as at Mar. '19).

€/m

Securities portfolio¹



Portfolio Breakdown as at 31/03/2019



Evolution of Government Bond portfolio (€/m)

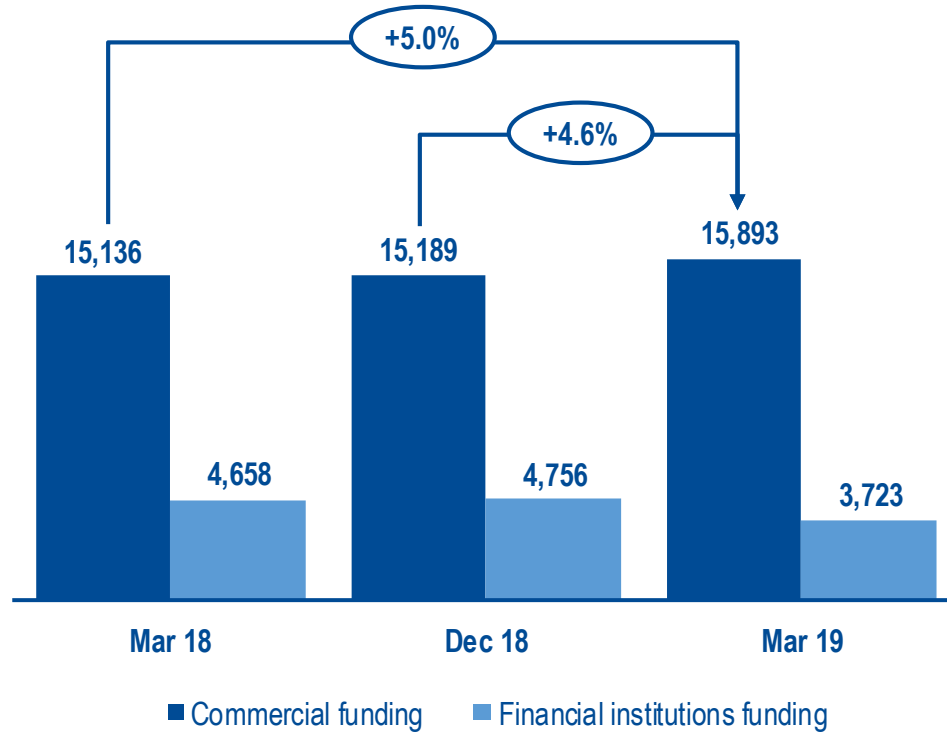
	Mar 19	Dec 18	Chg.
Govies ITA	5,025	5,295	-270
Other govies	675	974	-299
Total	5,700	6,268	-569
FVTOCI reserve	-12	-20	+8

- Reduction in the quarter of securities portfolio by more than €600m driven by government bonds

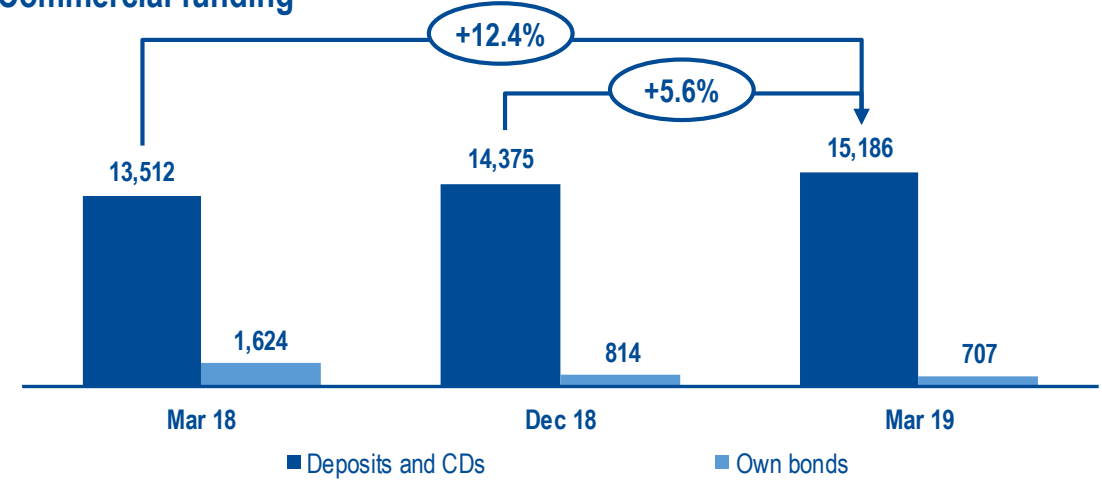
(1) Excluding loans and receivables with Banks.

€/m

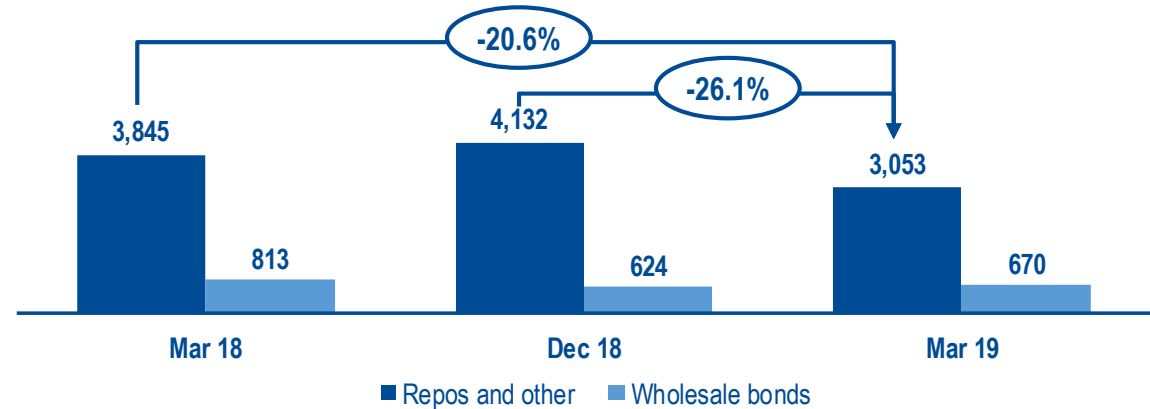
Direct funding



Commercial funding

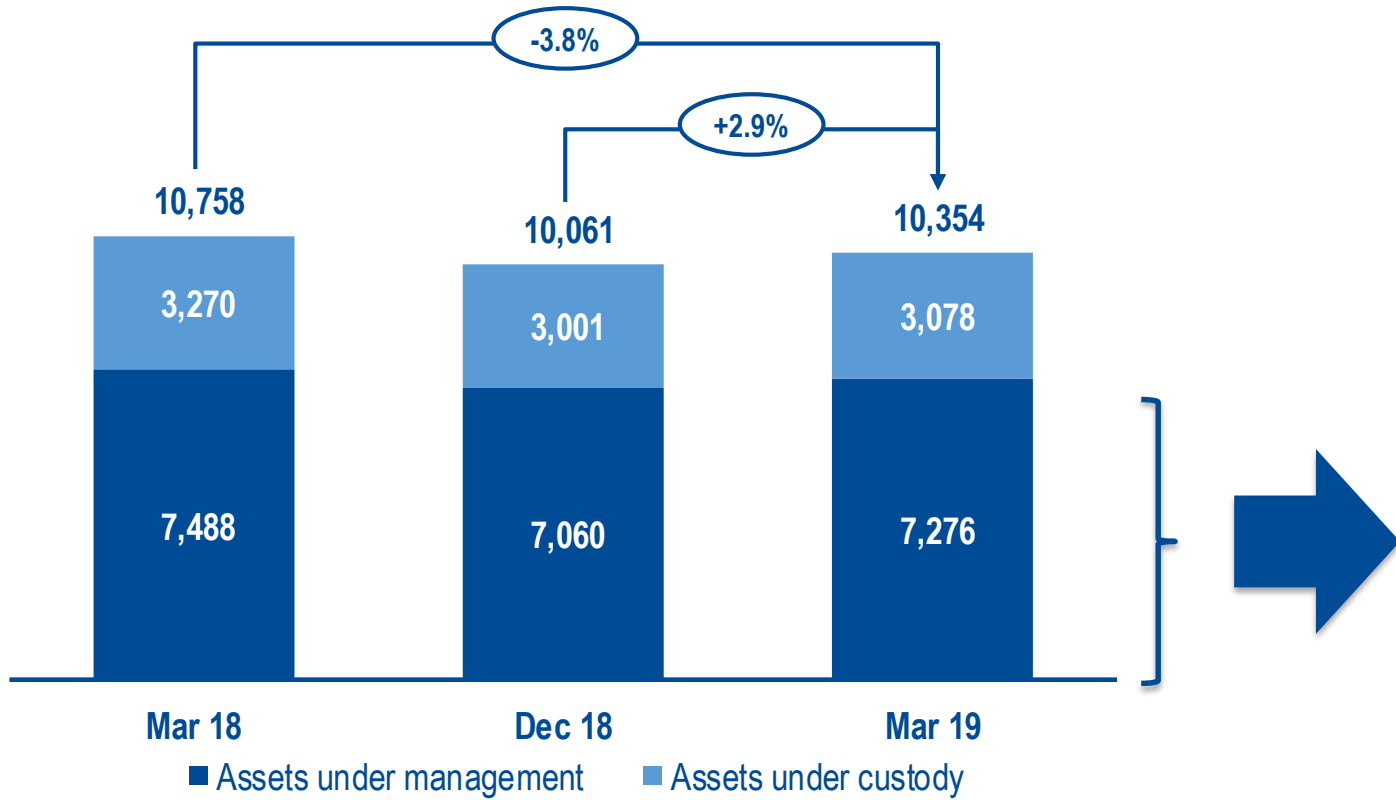


Financial institutions funding

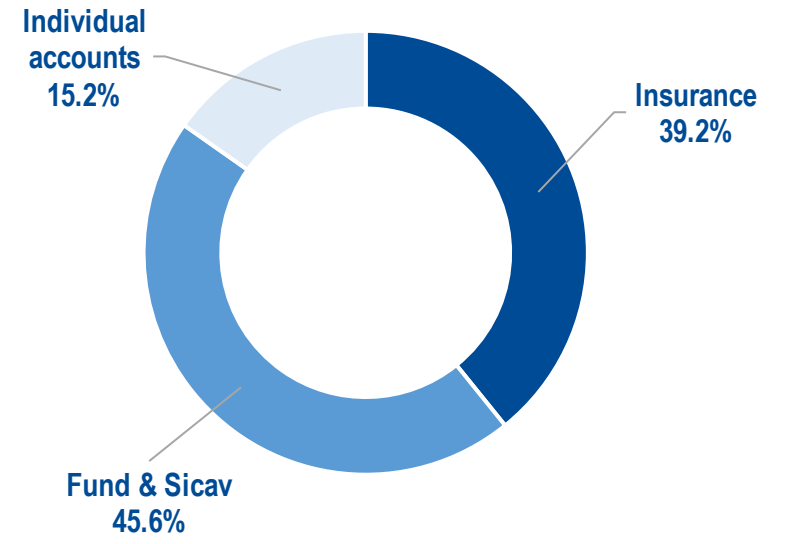


- Positive dynamics of commercial funding up by +4.6% q/q thanks to deposits, bringing the growth y/y to 12.4%

€/m

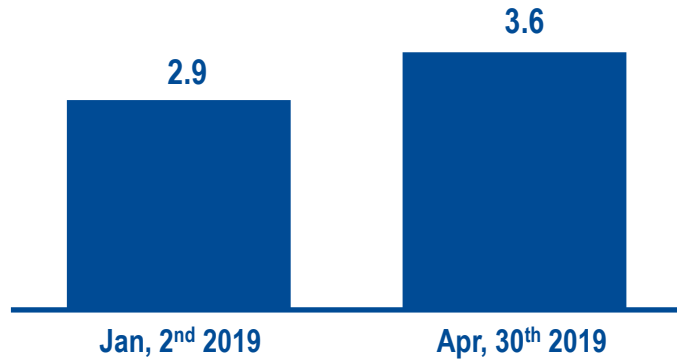


AUM breakdown as at 31/03/2019

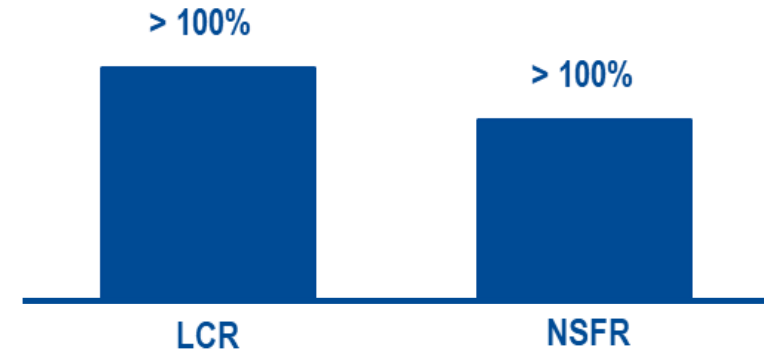


- Positive quarterly performance in assets management driving total volumes +2.9% q/q

Unencumbered assets 3M (€/bn)

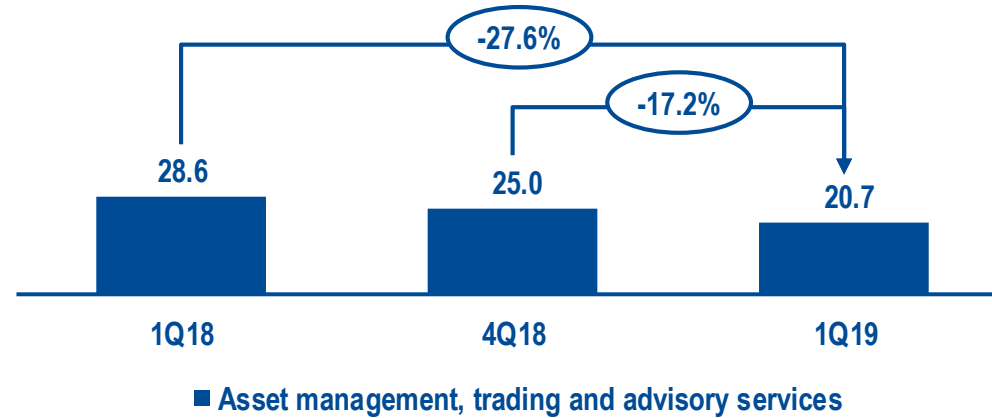
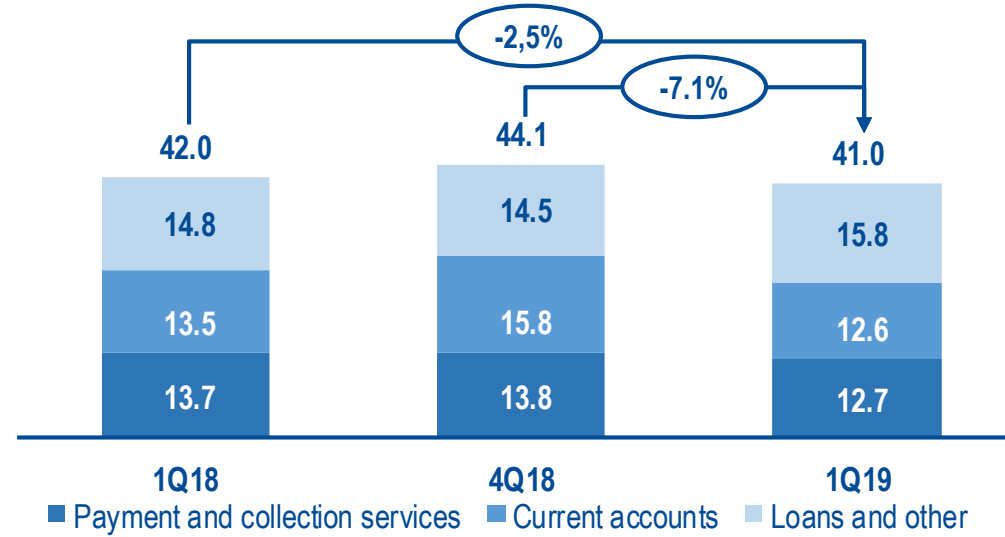


Liquidity regulatory requirements



- Solid liquidity position with eligible unencumbered assets growing to €3.6bn and liquidity regulatory requirements well above the minimum

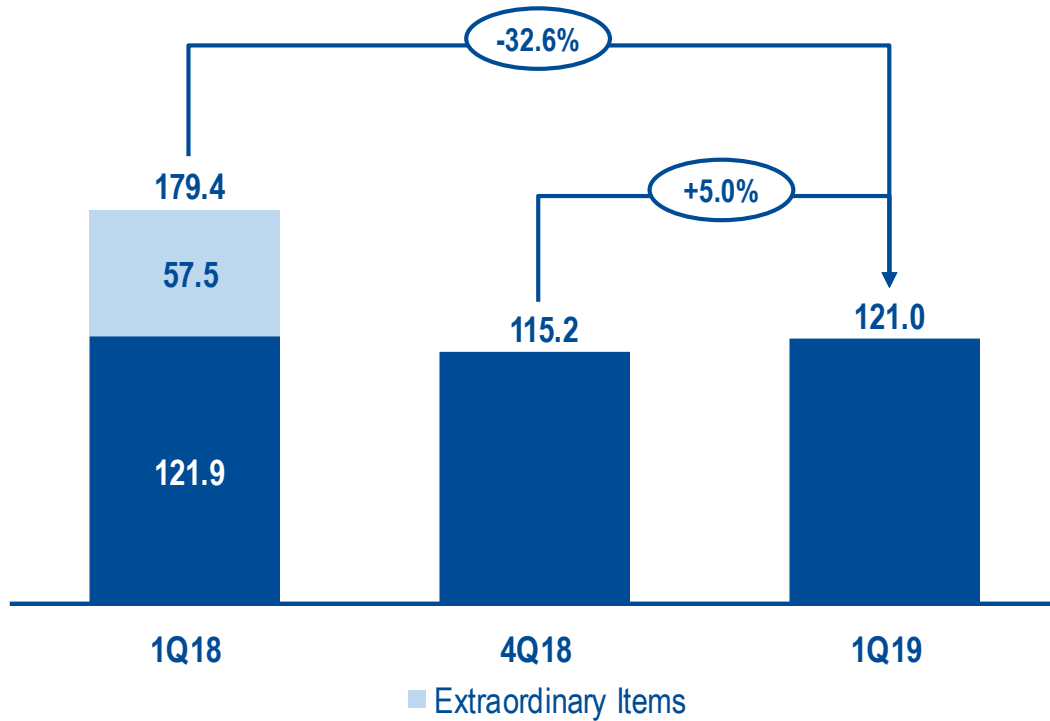
€/m



- Q1 fees income excluding AM almost on the level of last year, seasonally lower q/q
- AM related fees affected by special campaigns last year.

€/m

Operating costs



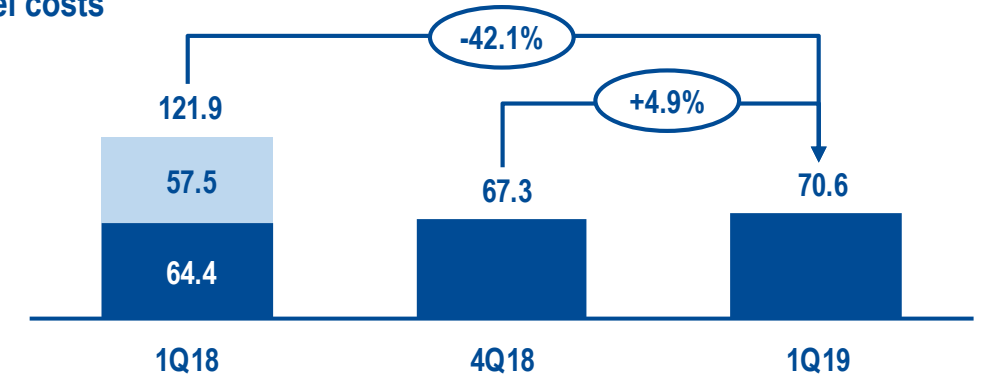
Cost/Income¹

72.9%

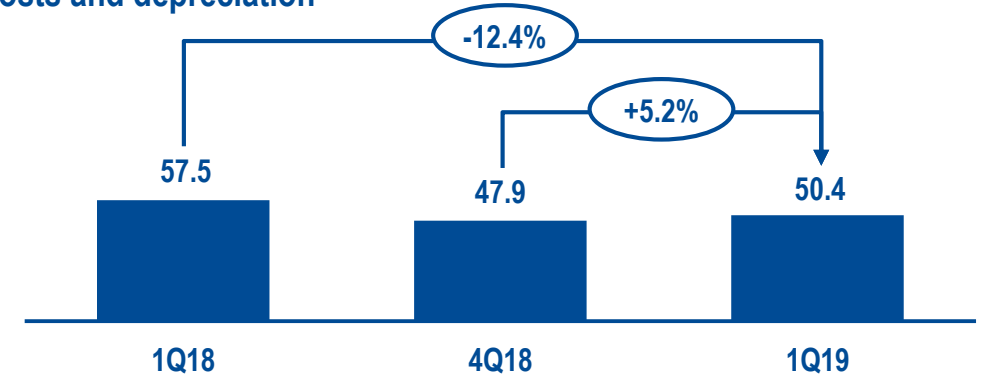
73.8%

77.0%

Personnel costs



Other costs and depreciation



SRF + DGS

9.1

1.0

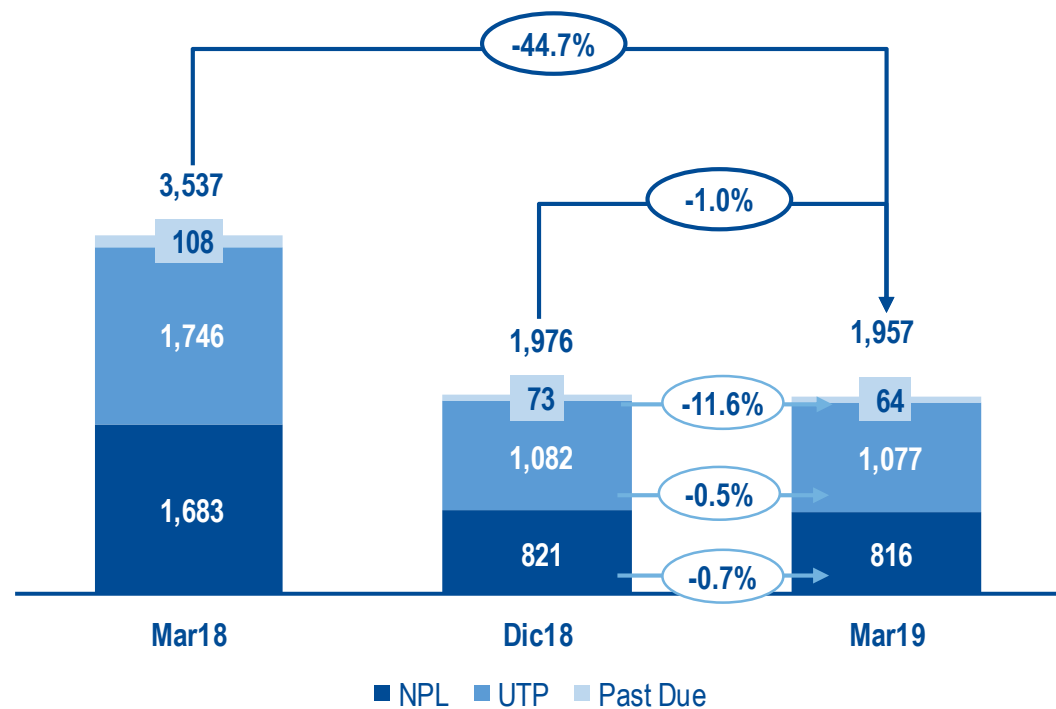
8.2

- Operating costs on comparable basis slightly decreased q/q both on HR costs and non HR costs

(1) Excluding extraordinary items

€/m

Gross NPE



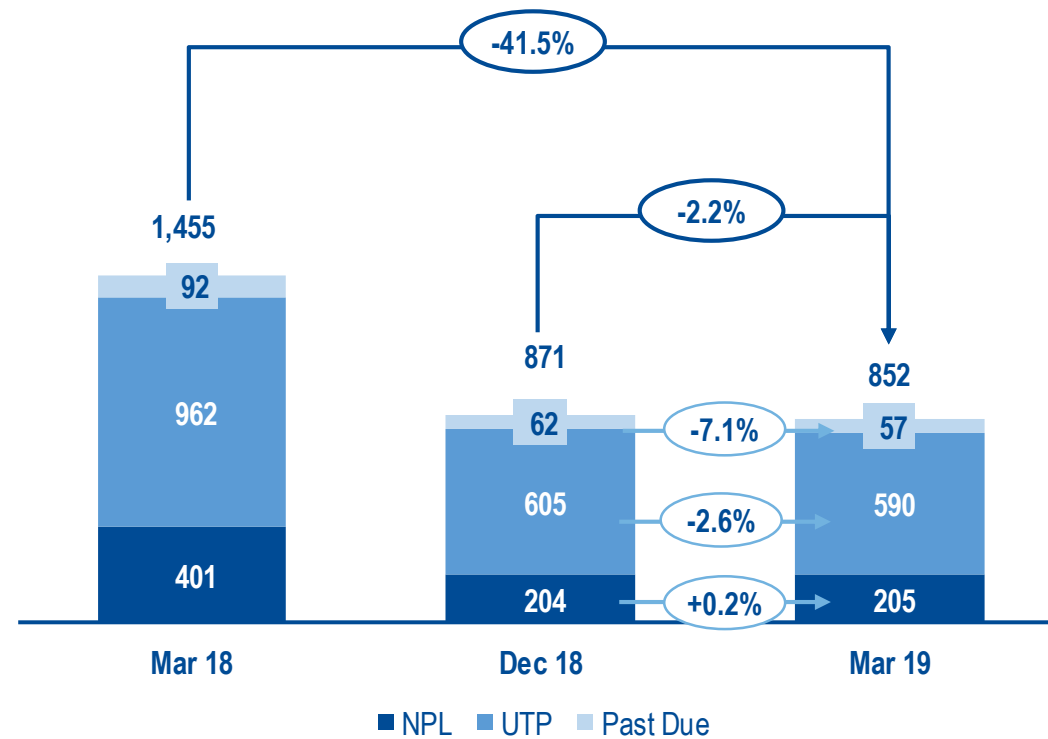
Gross NPE ratio¹

19.3%

11.0%

11.4%

Net NPE



Net NPE ratio¹

9.0%

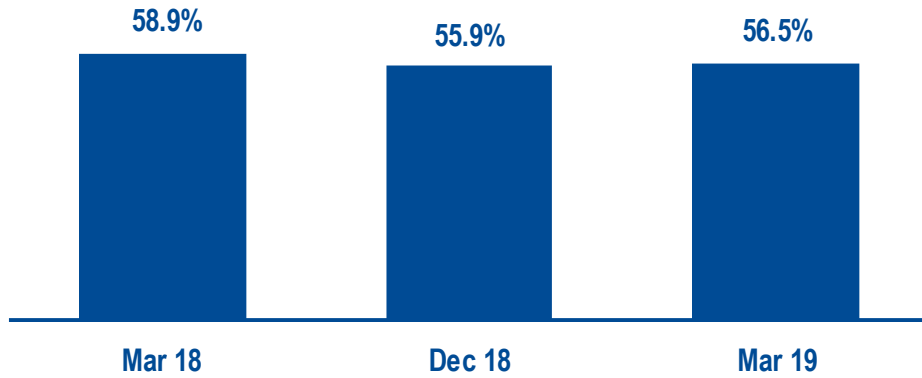
5.2%

5.3%

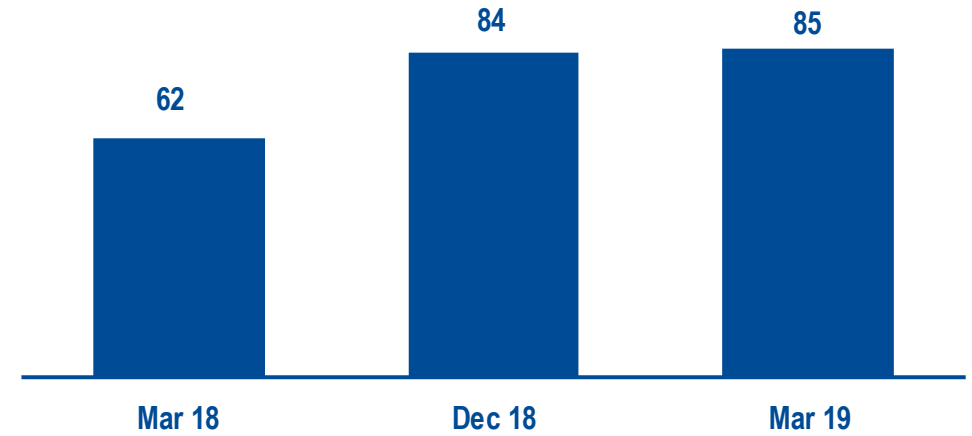
- Gross and net NPE decreasing q/q bringing the total drop y/y above 40%
- NPE ratio slightly affected by no core volume decrease

(1) Excluding Government bonds

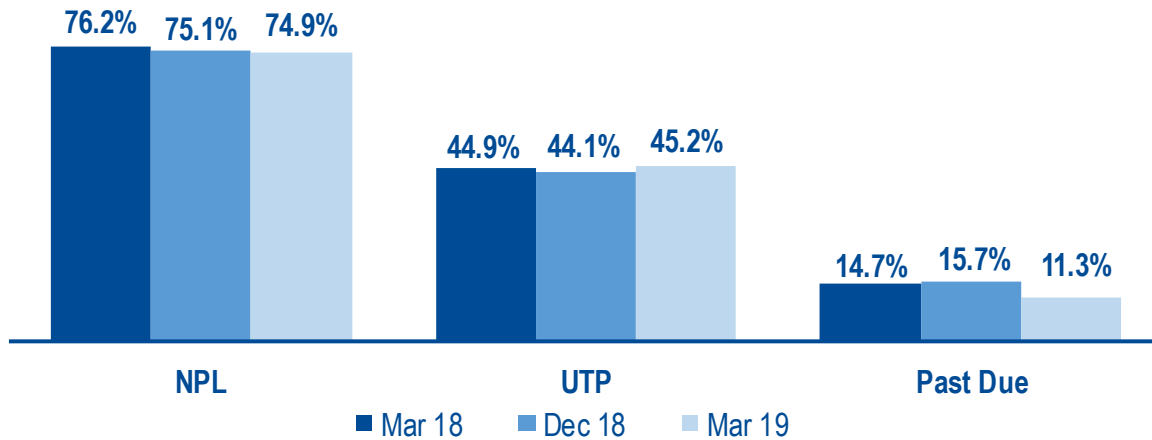
Total NPE coverage



Cost of risk¹ (bps)



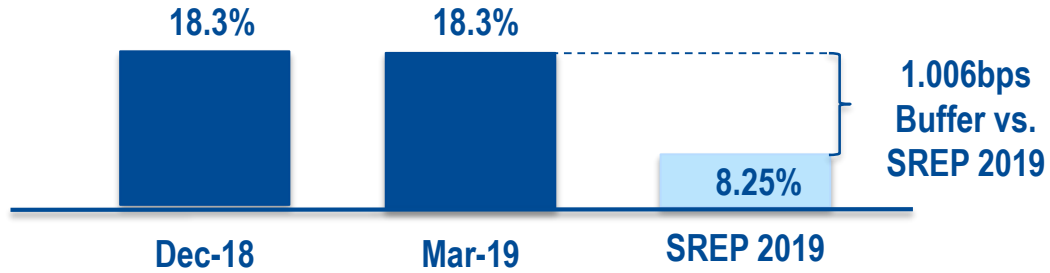
NPE coverage breakdown



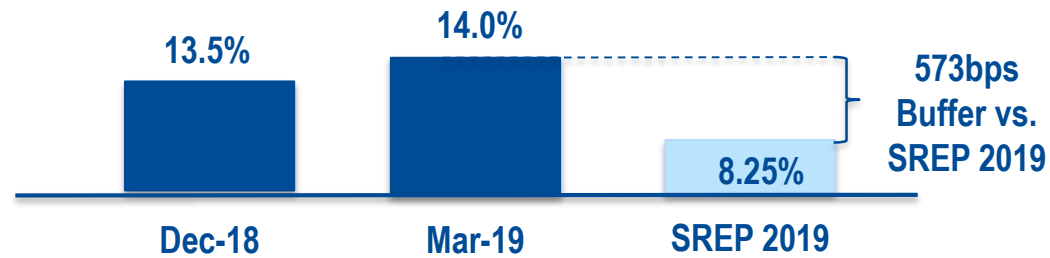
- Total coverage improved to 56.5%, with cost of risk at the level of previous quarter

(1) Recurrent LLPs/Net Customer loans (excluding Government bonds)

CET1 ratio Phased-in



CET1 ratio Fully-Loaded

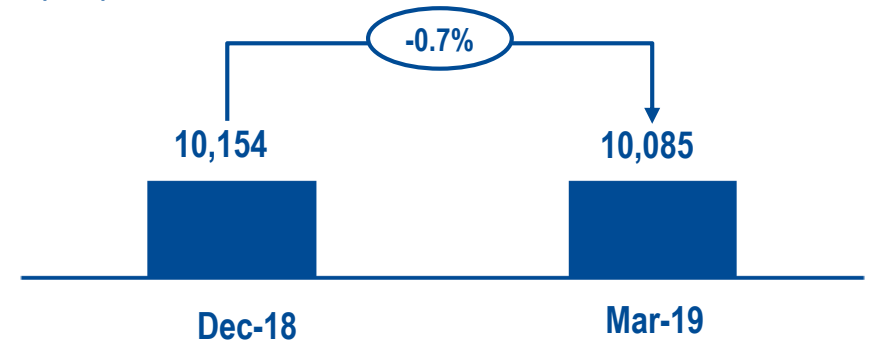


CET1 Capital (€/m)	Dec-18	Mar-19
	1,369	1,410

Regulatory capital ratios - Phased-in

	Dec-18	Mar-19	2019 SREP
CET1 ratio (%)	18.3%	18.3%	8.25%
Tier 1 ratio (%)	18.3%	18.3%	9.75%
Total Capital ratio (%)	20.2%	20.2%	11.75%

RWA Evolution (€/m)



- New draft SREP letter: CET1 at 8.25%, CET1 Fully-Loaded 14.0% from 13.5% last quarter

- **Q1 closed with 8 million net profit and positive deposit trend.**
- **Capital position, liquidity and asset quality are confirming bank's solidity and give a good base for the bank development.**
- **Bank is progressing in preparation of the new Strategic Plan, which will be focused on the recovery of a sustainable profitability by a sound development of the core business, a responsible risk approach and increasing operational efficiency.**
- **The new Plan will be presented on 18th June 2019.**

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Annexes

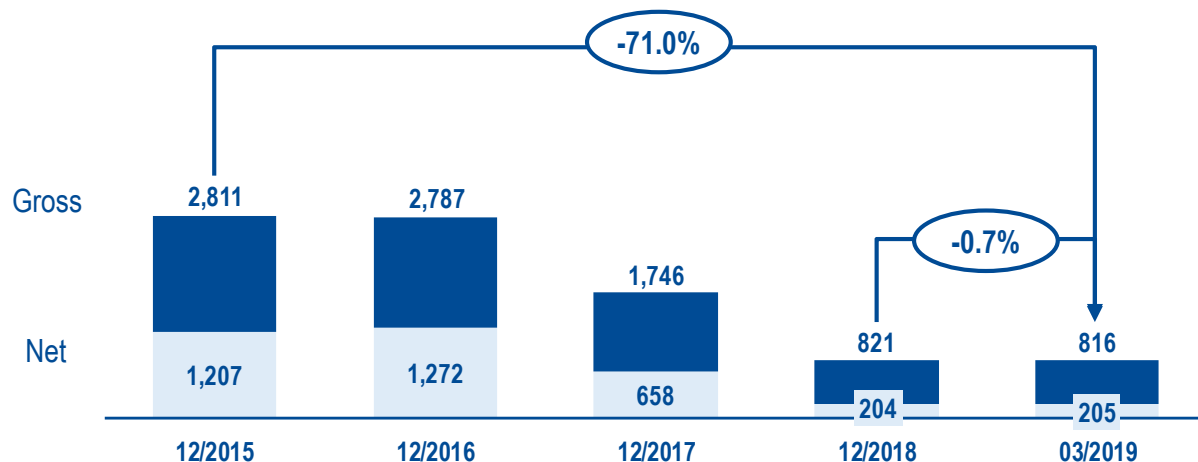
Assets	31/03/2019	31/12/2018
Cash and cash equivalents	158,741	200,153
Financial assets FVTPL	224,582	235,378
Financial assets FVTOCI	1,885,488	1,937,531
Loans and receivables with banks	1,390,162	1,205,925
Loans and receivables with customers	20,026,725	21,413,093
Equity Investments	20,599	20,269
Property, equipment and investment property and intangible assets	610,396	447,642
Non-current assets and disposal groups held for sale	74,103	75,548
Other assets	1,035,464	937,130
Total assets	25,426,260	26,472,669

Liabilities and Equity	31/03/2019	31/12/2018
Due to banks	3,336,270	4,096,231
Direct funding from customers	19,616,295	19,944,672
Financial liabilities held for trading	138	64
Hedging derivatives	151,388	134,545
Liabilities associated with assets held for sale	2,341	2,271
Other liabilities	489,699	491,739
Provisions for specific purpose	236,342	236,885
Equity attributable to non-controlling interests	20	20
Equity	1,593,767	1,566,242
Total liabilities and equity	25,426,260	26,472,669

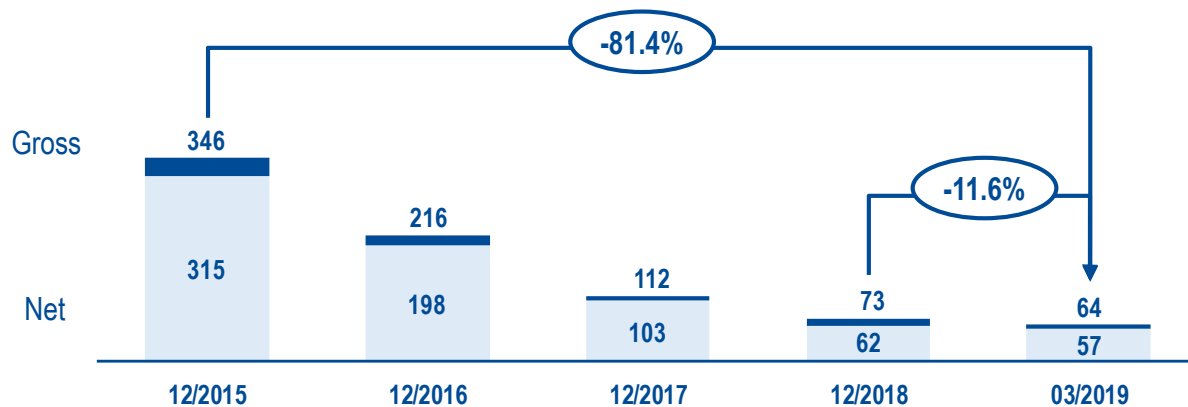
Income statement	31/03/2019	31/03/2018
Net interest income	91,273	88,594
Net fee and commission income	61,665	70,600
Dividends and similar income	633	660
Profit (loss) of equity-accounted investments	320	441
Net trading, hedging income (expense) and profit (loss) on sales/repurchases	1,327	6,685
Other operating net income	1,973	244
Operating income	157,191	167,224
Personnel expenses	-70,622	-121,906
Other administrative expenses	-39,456	-51,257
Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets	-10,899	-6,227
Operating costs	-120,977	-179,390
Net operating profit	36,214	-12,166
Impairment or reversal of impairment and modification gains (losses)	-27,303	-27,801
Net gains (losses) on sales or repurchase of financial assets valued at the amortised cost	4,840	-1,341
Net accruals to provisions for risks and charges	-4,937	-5,024
Net gains (losses) on sales of investments	3,384	-39
Pre-tax profit (loss) from continuing operations	12,198	-46,371
Income taxes	-3,813	17,037
Post-tax profit (loss) from continuing operations	8,385	-29,334
Profit (loss) for the period attributable to non-controlling interests	0	-752
Profit (Loss) for the period	8,385	-30,086

€/m

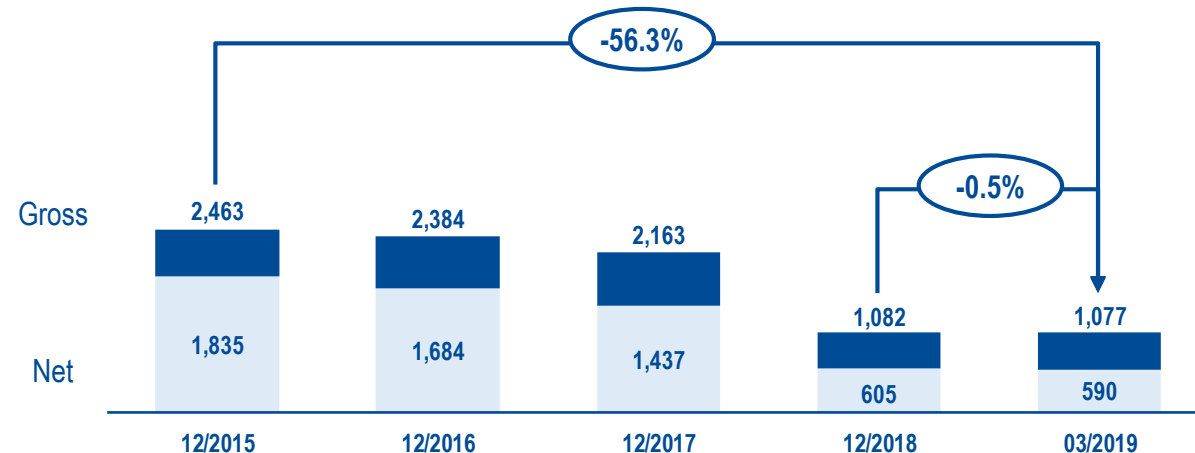
Bad Loans



Past Due



UTP



Coverage Ratio

	31/12/2017	30/09/2018	31/12/2018	31/03/2019	Peer avg. ⁽¹⁾
NPEs	45.3%	50.4%	55.9%	56.5%	48.7%
including write offs	47.2%	53.6%	58.6%	59.3%	
Bad Loans	62.3%	71.3%	75.1%	74.9%	62.3%
including write offs	65.2%	75.5%	78.5%	78.5%	
UTP	33.6%	38.8%	44.1%	45.2%	32.0%
Past Due	8.0%	11.4%	15.7%	11.3%	16.3%
Bonis	0.43%	0.69% ⁽²⁾	0.60% ⁽²⁾	0.60% ⁽²⁾	

(1) Data as of December, 31st 2018. Peers: Banco BPM, Bper, Credem, Ubi Banca, Banca Popolare di Sondrio. Source: company financial relations.

(2) Excluding Government bonds

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