

APPROVED CONSOLIDATED RESULTS AS AT 31 DECEMBER 2019

NET INCOME OF 56.2 MILLION EURO, UP 77% FROM 31.7 MILLION EURO IN FY 2018

NET OPERATING PROFIT UP 20%, DRIVEN BY A SUBSTANTIAL DROP IN OPERATING COSTS (-16% Y/Y) WITH PERSONNEL EXPENSES DOWN 19% Y/Y AND OTHER ADMINISTRATIVE EXPENSES DOWN 10% Y/Y

THESE EXPENSE SAVINGS REPRESENT A FIRST TANGIBLE RESULT ACHIEVED BY THE COST BASE OPTIMIZATION ACTIONS IMPLEMENTED UNDER THE PLAN

DEPOSITS (+12%) AND RETAIL LOANS (+1.8%) KEEP ON GROWING, BUOYED BY THE FOCUS ON HOUSEHOLDS AND SMEs IN LINE WITH THE PLAN'S STRATEGY

SIGNED AGREEMENT TO SELL AN UNSECURED BAD LOAN PORTFOLIO WITH A GROSS BOOK VALUE OF 357 MILLION EURO

THE DEAL, AHEAD OF THE EXPECTED SCHEDULE, HAD NO P&L IMPACT AND REPRESENTS THE FIRST TRANCHE OF THE 800 MILLION NPE DISPOSAL SET IN THE PLAN BY 2020

**GROSS NPL STOCK REDUCED BY 22% Y/Y
AND GROSS NPE RATIO AT 9.4% FROM 11.3% AT 30/09/19**

SIGNIFICANT BOLSTERING OF THE GROUP'S CAPITAL SOLIDITY, WITH A FURTHER INCREASE IN CAPITAL BUFFER

- Fully-loaded CET 1 at 15.5% (13.5% at 31/12/18) and phase-in at 20.1% (18.3% at 31/12/18)
- Ample capital buffer over the SREP minimum requirement

ROBUST LIQUIDITY POSITION, WITH GREATER DIVERSIFICATION THANKS TO THE SUCCESS OF THE RECENT BOND ISSUANCE ON THE WHOLESALE MARKET

- LCR and NSFR well above regulatory requirements
- 3.3 billion euro of eligible unencumbered assets

THE BANK IS DETERMINED TO FORGE AHEAD TOWARDS THE ACHIEVEMENT OF THE PLANNED TARGETS, WITH IMPORTANT RESULTS ALREADY VISIBLE IN TERMS OF IMPROVEMENTS IN OPERATIONAL EFFICIENCY AND RISK PROFILE

Sondrio, 6 February 2020 - The Board of Directors of Creval examined and approved yesterday late in the evening, the consolidated results as at 31 December 2019, reporting a net income of 56.2 million euro, up by 77%, as compared to a net income of 31.7 million euro reported in FY 2018.

"2019 represents a very important year for Creval: in 7 months after the business plan presentation, the bank achieved significant results in terms of efficiency, improving its risk profile with a strong focus on profitability. This allowed us to achieve a strong increase in net profit compared to the last year. Commercial volumes reported a positive trend quarter after quarter, reflecting our ability to grow in the areas we operate and where we want to continue serving households and SMEs providing also asset management products. We are working at full speed on the NPE stock reduction and yesterday we signed an agreement selling a bad loan portfolio with a GBV of about 357 million, with no P&L effect and bringing the NPL ratio down to 9.4%. We are giving evidences of our capability to generate capital, with a fully loaded CET1 ratio reaching 15.5% at the end of December, more than 200 bps higher than last year", remarked **Luigi Lovaglio, Creval's CEO**. *"Together with all our people, we will continue to implement the plan with determination and discipline. We trust we are heading the right direction to deliver on the intermediate targets for 2021, when the bank is expecting to start once again paying out dividends based on the 2020 net income. This year has started off with a positive momentum, considering the completion of the sale of the pawn business that generated a significant capital gain, making a substantial contribution to the bottom line".*

The 2019 results reflect the effects produced by the implementation of the first actions set out in the new 2019-2023 "Sustainable Growth" Business Plan (the "Plan") approved last June with the double aim of improving the Bank's risk profile while maintaining a high capital level, and of laying the groundwork for an increase in profitability.

The implemented actions focused on the strategic priorities pinpointed by the Plan, namely credit risk reduction, optimization of the operational structure, cost rationalization and refocusing of marketing and sales activities targeting households and SMEs.

Summarized below are the main actions implemented after the Plan approval:

Bad loan portfolio disposal:

Today an agreement was signed to sell without recourse a portfolio of unsecured bad loans with a gross book value of roughly 357 million euro, to Hoist Finance ("Deal").

The NPL portfolio under disposal comprises some 8,000 loans, mostly extended to corporate clients; a significant share of the sold loans was classified as bad before 2011.

The Deal, that gives rise to no P&L impact, is part of the 800 million euro GBV disposal plan to be carried out by 2020 set out by the Group in the 2019-2023 "Sustainable Growth" Business Plan, and it will bring the gross NPE ratio down to 9.4% from 11.3% at 30 September 2019, thus accelerating the journey towards the achievement of the Plan target scheduled for 2021 (<7%).

The Deal will be completed in the first quarter of the current year and it has been structured with the assistance of Rothschild & Co Italia S.p.A. as financial advisor and of the legal firm Chiomenti, through their partner Gianrico Giannesi, as legal advisor.

Credit risk:

With respect to credit risk management, an NPE portfolio made up of UTPs and bad loans was set apart in a newly created non-core division dedicated to NPL management, which was beefed up with new dedicated resources, in particular in the field of UTP monitoring and recovery through a pro-active management based on targeted actions and clear objectives.

The loan monitoring system has been bolstered with dedicated teams, both at regional and central level, to guarantee more timely and effective actions already in the first 30 days of arrears. Moreover, all lending processes have been revised along a more prudential approach.

These actions helped drive the default rate down to 1.7% from 2.1% in 2018 and increase the cure rate to 3.0% from 2.0% last year.

Operational structure and cost base:

The implemented actions involved in particular the administrative expenses area, which saw the launch of a significant cost optimization process, with the revision of all expenditure processes along a more rigorous approach, the renegotiation of existing contracts and the optimization of external advisory services.

In order to streamline processes and improve operational efficiency, the various cost centers were centralized in a single division, and procurement was kept separate.

As a result of the above actions and thanks to the savings obtained over last year, operating costs dropped by 16% on a yearly basis.

Sales platform:

In keeping with the Plan's strategic objective aiming at relaunching the sales platform and strengthening Creval's role as the reference bank across its served territories, the Bank refocused its sales activities on retail customers, i.e., households and SMEs.

The main initiatives tied to this area covered the broadening of the loan product range by leveraging also primary external partnerships, the redefinition of consumer lending processes by reducing the decision-making time, and the enhancement of our digital offering with new innovative products.

Moreover, in order to leverage the wide growth margins the bank enjoys in the asset management area, (i) a *Wealth Management* division was set up, in charge of managing this area's development strategy, (i) the private banking platform was enhanced in the Bank's served areas featuring a higher potential, and (i) new tools were introduced to support our relationship managers in managing their portfolios.

These initiatives favored the recovery of sales volumes. In particular retail customer loans increased by 1.8% y/y driven by the increase in new mortgage and consumer loans, which grew by 16% and 27%, respectively.

Key balance sheet items

Commercial funding came to 16.4 billion euro, up 7.8% on a yearly basis, driven by the increase in deposits and checking accounts (+12%), as a result of the good performance of the implemented activities. Total direct funding stood at 19.0 billion euro, down by 4.9% y/y, driven by the dynamic of wholesale funding (2.6 billion euro) which declined by 45% owing to the drop in repos (-65%), partly offset by the successful issuance completed in November of a 300 million euro senior preferred bond aimed at institutional investors. This issue is part of the funding strategy under the 2019-2023 Business Plan. Its aim is to achieve a wider diversification of funding sources. In particular, its purpose is to replace part of the retail bonds expired in 2019.

Net loans and advances with retail customers stood at 6.4 billion euro, up by 1.8% as compared to 31/12/2018, having benefitted from a commercial action aimed at improving the mix in favor of loans to households and SMEs, set out by the new Business Plan. **Total net loans with customers**, excluding debt securities (5.0 billion euro), amounted to 14.5 billion euro, down by 7.5% compared to 31/12/18, due to aforementioned NPE disposal, as well as to a strategy aiming at both reducing non-core exposures, in particular repos (-76% over 31/12/2018), and at adopting a more risk-price adjusted approach when lending to corporate clients.

Including debt securities (mainly Government bonds), total net loans and advances added up to 19.5 billion euro, down by 8.8% on a yearly basis, driven by the securities portfolio reduction started at the beginning of the year, leading to a 12.4% shrinkage.

Net non-performing exposures totaled 732.5 million euro, down by 15.9% over 31/12/18 (871.2 million euro), driven by the above-mentioned NPL disposal as well as by the positive performance delivered by internal work-out actions.

Net of government bonds (4.0 billion euro), the net NPL to customer loans ratio stood at 4.7%, down from 5.0% at 30/09/2019. The gross ratio came in at 9.4%, reporting a significant drop from 11.3% at 30/09/2019.

In particular, **bad loans** came to 144 million euro, down by 29.6% as compared to 31/12/18 (204 million euro); **unlikely-to-pay** added up to 547 million euro, down by 9.7% as compared to 31/12/18 (605 million euro); **past-due non-performing loans** stood at 42 million euro, down by 32% as compared to 31/12/18 (62 million euro).

The **bad loans** coverage ratio stood at 74.2% (82.7% at 30/09/19), still at a high level and at the sector's top end, in spite of the abovementioned disposal.

The **unlikely-to-pay coverage** came in at 41.3% (41.7% at 30/09/19) and **past-due non-performing loans coverage** stood at 10.7% (11.2% at 30/09/19).

As a result, the **NPL coverage ratio** came to 52.3% (59.3% at 30/09/19), in line with the leading banks average.

The performing loan coverage ratio (excluding government bonds) was 0.6%, in line with 31/12/18.

Indirect funding ran at 10.4 billion euro, up by 3.0% as compared to 31/12/18, driven by the increase in assets under management, totaling 7.6 billion euro (+7.2% since year-end 2018). Assets under administration came to 2.8 billion euro, down by 6.7% as compared to 31/12/18.

Financial assets represented by securities stood at 6.2 billion euro, down by 21.7% as compared to 31/12/18, owing to the above-mentioned securities portfolio reduction currently underway, in line with the 2019-2023 Business Plan. Breaking down this line-item, government bonds stood at 4.8 billion euro, down by 24.2% as compared to 31/12/18. The reserve of Italian government bonds measured at FVTOCI (net of tax effect) is positive by 2.1 million euro, reporting an improvement compared to 31/12/18 (-20.5 million euro).

The bank continues to enjoy a solid liquidity position. Total eligible unencumbered assets added up to 3.3 billion euro, and the liquidity ratios (LCR and NSFR) were well above the regulatory requirements.

In 2019, the Group's liquidity could benefit from the increase in funding from retail customers – in particular checking accounts and deposits – which still represent the main funding source, as well as from the mentioned bond placement.

Shareholders' equity and capital ratios

The Group's **Shareholders' equity** at 31 December 2019 stood at 1,656 million euro, from 1,566 million euro at 31 December 2018.

Under the phase-in regime, the CET1 at 31 December 2019 was 1,897 million euro, against 9,423 billion euro of risk-weighted assets (RWA). Total own funds added up to 2,078 million euro.

Shown below are the Bank's capital ratios:

- CET1 ratio 20.1%
- Tier 1 ratio 20.1%
- Total Capital ratio 22.1%

Our capital ratios run well above the SREP minimum requirements Creval has to comply with.

The fully loaded CET1 ratio at 31 December 2019 stood at 15.5%, up compared to the previous quarter (14.7%), due to the inclusion of the net income of FY 2019 and the reduction in loans, in particular corporate loans, in line with the Plan's strategic guidelines.

Operating results

In Q4 2019 **net interest income** added up to 84.8 million euro, up by 0.9% over the previous quarter, mainly driven by the decline in the commercial funding cost.

Year on year, net interest income stood at 347.5 million euro, down compared to 31 December 2018 (366.2 million euro), mainly driven by the interest rate dynamic and by the marketing campaign on deposits rolled out in the first half of the year.

In Q4, **net fees and commissions** amounted to 63.1 million euro, up by 1.4% over the previous quarter. More specifically, core banking fees added up to 46.9 million euro, up by 1.2%, mainly

driven by fees from checking account management (+2.0%) and loans (+2.1%). Asset management fees came to 16.2 million euro, up by 2.3% over the previous quarter.

On a yearly basis, net fees and commissions totaled 249.1 million euro, down from 274.8 million euro in 2018. The decline is partly attributable to the deconsolidation of Global Assicurazioni and Global Broker at the end of December 2018, entailing a change in the accounting of the P&L contribution of the two companies.

More specifically, core banking fees amounted to 183.0 million euro against 185.9 million euro reported last year. Asset management fees came in at 66.1 million euro, down from 74.2 million in 2018, mainly owing to up-front fees tied to a special marketing campaign rolled out in the first half of last year.

Net income from **trading, hedging, and disposal/repurchase activities** came in at 28.0 million euro, up from 8.1 million euro in 2018, mainly driven by the capital gain from the sale of the stake in Nexi S.p.A..

Operating income reached 637.4 million euro, compared to 689.5 million euro in 2018.

Personnel expenses added up to 265.6 million euro, down by 18.8% from 327.1 million euro in 2018, that included the cost tied to the early termination plan implemented last year. In Q4 2019, personnel expenses came to 63.6 million euro, down by 2.3% from 65.2 million euro in the prior quarter.

The total headcount is 3,634, as compared to 3,668 at the end of 2018. The cut took place mainly in the second half of 2019.

Other administrative expenses added up to 141.9 million euro, down by 22.4% over last year (182.9 million euro), as a result of the savings achieved through the cost optimization and rationalization actions, as well as of the adoption of IFRS 16. In Q4 2019, they came to 28.6 million euro, down by 24.6% over the previous quarter. After stripping the contribution to the Interbank Deposit Guarantee Scheme from both quarters, other administrative expenses report a 5.3% drop q/q.

Systemic costs for 2019 totaled 20.6 million euro, of which 11.2 million euro tied to the contribution to the Resolution Fund and 9.4 million euro to the contribution to the Interbank Deposit Guarantee Scheme.

Depreciations/Amortisations and net impairment losses on property, equipment and investment property and intangible assets amounted to 44.9 million euro, up from 25.9 million euro in 2018, owing to the impact of the adoption of IFRS 16.

Thus, total **operating costs** added up to 452.4 million euro, down by 15.6% y/y.

Net operating profit worked out to 185.0 million euro, up by 20.4% compared to last year.

Impairment or reversal of impairment for credit risk and modification gain/losses stood at 157.1 million euro. It includes the recognition of non-recurring impairments carried out in Q2 2019 to strengthen the coverage ratio in view of the NPL sale.

Profit on derecognition of financial assets valued at the amortised cost amounted to 8.3 million euro and is basically related to the sale of Government bonds held in portfolio carried out since the beginning of the year. This figure compares with a loss of 107.3 million euro last year, tied to the NPL disposals carried out in the first 9M of 2018.

Net accruals to provisions for risks and charges added up to 10.2 million euro, down by 35.6% compared to 15.8 million euro in the same period last year.

Net gains on sales of investments and valuation differences on property and equipment at fair value were 4.0 million euro, as compared to loss of 1.3 million euro reported last year.

The **income from continuing operations before tax** stood at 30.1 million euro, as compared to a loss of 99.2 million euro reported in 2018.

Income taxes for the period posted a positive contribution of 26.2 million euro, mainly as a result of the recognition in Q2 of DTAs, tied to the partial reassessment of deferred taxes on past unrecognized tax losses and the recent changes introduced in the 2020 Budget Law.

Net income for the period stood at 56.2 million euro, up by 77% over a net income of 31.7 million euro reported in 2018.

Operational outlook

The most recent data on European economic growth fall slightly short of the predictions expressed in December, which expected growth to hold up also in the last quarter of 2019. Based on Eurostat calculations, growth in 2019 stood at +1% as compared with a projection brushing 1.2%. Although trade tensions in the last months of the year have mitigated, it was not enough to give way to a final year-end improvement. Expectations are still pointing at an improvement that should gain momentum during the first half of 2020.

However, the international and Italian scenarios are still marked by prevailing downside risks. In addition to the well-known US-China trade tensions, the new US-EU negotiation round is still in the making and unexpected geo-political issues emerged in January. An additional impact on global economic growth that is hard to quantify comes from the uncertainty as to how severe and how long the recent Coronavirus outbreak will last.

Central banks are still playing a leading role on markets and their expansionary monetary policies, led by the FED and the ECB, are the one constant characterizing also 2020 projections. Italian GDP proved resilient throughout 2019, however it was not enough to raise performance closer to the EMU average, which hovers around 1%. Preliminary GDP data for Q4 2019 reported a negative growth rate of -0.3% q/q, and the year average growth rate as expected came to roughly 0.2% y/y, which can basically be described as stagnation.

Recovery expectations are postponed to 2020, with an estimated GDP growth of 0.5%, once again well below the EMU average.

Against this backdrop, throughout the year the Bank will continue to implement the guidelines set out in the 2019-2023 Business Plan, which in general pursue an increase in profitability, a constant improvement of the Group's risk profile, and a stable solid capital base.

Commercial activities will continue to be focused on retail customers, with a special tilt towards loans to households and SMEs, that are expected to grow further.

The profitability of operations should benefit from both a fee-based revenue stream dynamic that is expected to trend up, in particular with regard to the asset management business, as well as from a further cost reduction driven by the rationalization and efficiency gain actions currently underway.

Credit quality will continue to be under the spotlight. The bad loan stock is expected to keep shrinking thanks to the additional disposal of an NPE portfolio, and to the internal work-out activities that have been strengthened in 2019. The cost of credit dynamic should benefit from the improvement currently reported by the default rate.

Please find below the key financial highlights and alternative performance indicators, together with the reclassified consolidated Statement of Financial Position and Income statement.

Audits by the external Auditing firm are still underway.

Statement of the financial reporting officer

The financial reporting officer, Mrs. Simona Orietti, in compliance with paragraph two of art. 154 *bis* of the "Consolidated act for financial intermediation", hereby states that the accounting information illustrated in this press release is consistent with documental evidence, accounting books and book-keeping entries.

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CONSOLIDATED FINANCIAL HIGHLIGHTS AND ALTERNATIVE PERFORMANCE INDICATORS

STATEMENT OF FINANCIAL POSITION DATA	31/12/2019	31/12/2018	Change
(in thousands of EUR)			
Loans and receivables with customers	19,523,742	21,413,093	-8.82%
Financial assets and liabilities measured at fair value	1,013,801	2,038,300	-50.26%
Total assets	24,340,000	26,472,669	-8.06%
Direct funding from customers	18,968,871	19,944,672	-4.89%
Indirect funding from customers	10,365,993	10,060,828	3.03%
of which:			
- Managed funds	7,565,554	7,059,571	7.17%
Total funding	29,334,864	30,005,500	-2.24%
Equity	1,656,269	1,566,242	5.75%

SOLVENCY RATIOS	31/12/2019	31/12/2018
Common Equity Tier 1 capital / Risk-weighted assets (CET1 capital ratio)	20.1%	18.3%
Tier 1 capital / Risk-weighted assets (Tier 1 capital ratio)	20.1%	18.3%
Total own funds / Risk-weighted assets (Total capital ratio)	22.1%	20.2%

Figures calculated provisionally pending the submission to the Supervisory Authority

FINANCIAL STATEMENT RATIOS	31/12/2019	31/12/2018
Indirect funding from customers / Total funding	35.3%	33.5%
Managed funds / Indirect funding from customers	73.0%	70.2%
Direct funding from customers / Total liabilities and equity	77.9%	75.3%
Customer loans* / Direct funding from customers	81.6%	84.2%
Customer loans* / Total assets	63.6%	63.4%

* Include item "40. Financial assets at amortised cost: b) loans and receivables with customers" excluding Government bonds for an amount of EUR 4,040,331 thousand

CREDIT RISK	31/12/2019	31/12/2018	Change
Net bad loans (in thousands of EUR)	143,992	204,422	-29.56%
Other net doubtful loans (in thousands of EUR)	588,458	666,761	-11.74%
Net non-performing loans (in thousands of EUR)	732,450	871,183	-15.92%
Net bad loans / Customer loans*	0.9%	1.2%	
Other net doubtful loans / Customer loans*	3.8%	4.0%	
Net non-performing loans / Customer loans*	4.7%	5.2%	

* Include item "40. Financial assets at amortised cost: b) loans and receivables with customers" excluding Government bonds for an amount of EUR 4,040,331 thousand

Loans and receivables with customers classified under non-current assets held for sale and disposal groups are not included

CREDIT QUALITY	31/12/2019				31/12/2018			
	Gross amount	Impairment losses	Carrying amount	% coverage	Gross amount	Impairment losses	Carrying amount	% coverage
Non-performing loans								
Bad loans	557,165	-413,173	143,992	74.2%	820,875	-616,453	204,422	75.1%
Unlikely to pay	930,651	-384,023	546,628	41.3%	1,082,291	-477,036	605,255	44.1%
Past due non-performing loans	46,839	-5,009	41,830	10.7%	72,952	-11,446	61,506	15.7%
Total non-performing loans	1,534,655	-802,205	732,450	52.3%	1,976,118	-1,104,935	871,183	55.9%
Performing loans - stage 1	17,487,531	-23,975	17,463,556	0.14%	19,008,566	-34,170	18,974,396	0.18%
Performing loans - stage 2	1,386,437	-58,701	1,327,736	4.23%	1,629,593	-62,079	1,567,514	3.81%
Total loans and receivables with customers	20,408,623	-884,881	19,523,742		22,614,277	-1,201,184	21,413,093	

The coverage ratio is calculated as the ratio between impairment losses and gross amount

Loans and receivables with customers classified under non-current assets held for sale and disposal groups are not included
At 31 December 2019 performing loans includes Government bond for a gross amount of EUR 4,040,519 thousand

ORGANISATIONAL DATA	31/12/2019	31/12/2018	Change
Number of employees	3,634	3,668	-0.93%
Number of branches	362	365	-0.82%

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

The consolidated results include, starting from January 1, 2019, the effects of the first time adoption of IFRS 16, which entails a different accounting for existing leasing transactions, both from an economic and an asset perspective. With regard to these transactions, the period of comparison referring to 31 December 2018 has not been restated. Therefore some elements are not perfectly comparable.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of EUR)

ASSETS	31/12/2019	31/12/2018	Change
Cash and cash equivalents	190,434	200,153	-4.86%
Financial assets at fair value through profit or loss	195,113	235,378	-17.11%
Financial assets at fair value through other comprehensive income	971,765	1,937,531	-49.85%
Loans and receivables with banks	1,835,844	1,205,925	52.24%
Loans and receivables with customers	19,523,742	21,413,093	-8.82%
Equity investments	19,074	20,269	-5.90%
Property, equipment and investment property and intangible assets (1)	595,775	447,642	33.09%
Non-current assets held for sale and disposal groups	93,196	75,548	23.36%
Other assets (2)	915,057	937,130	-2.36%
Total assets	24,340,000	26,472,669	-8.06%

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

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

(in thousands of EUR)

LIABILITIES AND EQUITY	31/12/2019	31/12/2018	Change
Due to banks	2,896,993	4,096,231	-29.28%
Direct funding from customers (1)	18,968,871	19,944,672	-4.89%
Financial liabilities held for trading	26	64	-59.38%
Hedging derivatives	153,051	134,545	13.75%
Liabilities included in disposal groups classified as held for sale	3,581	2,271	57.68%
Other liabilities	438,267	491,739	-10.87%
Provisions for specific purpose (2)	222,919	236,885	-5.90%
Equity attributable to non-controlling interests	23	20	15.00%
Equity (3)	1,656,269	1,566,242	5.75%
Total liabilities and equity	24,340,000	26,472,669	-8.06%

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

(2) Include 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 year"

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in thousands of EUR)

ITEMS	2019	2018	Change
Net interest income	347,463	366,199	-5.12%
Net fee and commission income	249,103	274,837	-9.36%
Dividends and similar income	1,231	30,806	-96.00%
Profit of equity-accounted investments (1)	2,179	1,988	9.61%
Net trading, hedging income (expense) and profit (loss) on sales/repurchases (2)	27,962	8,126	n.s.
Other operating net income (3)	9,481	7,572	25.21%
Operating income	637,419	689,528	-7.56%
Personnel expenses	(265,608)	(327,148)	-18.81%
Other administrative expenses (4)	(141,903)	(182,907)	-22.42%
Depreciations/amortisations and net impairment losses on property, equipment and investment property and intangible assets (5)	(44,908)	(25,868)	73.60%
Operating costs	(452,419)	(535,923)	-15.58%
Net operating profit	185,000	153,605	20.44%
Impairment or reversal of impairment and modification gains (losses) (6)	(157,100)	(143,877)	9.19%
Profit (Losses) on derecognition of financial assets valued at the amortised cost (7)	8,311	(107,278)	n.s.
Net accruals to provisions for risks and charges	(10,189)	(15,822)	-35.60%
Net gains (losses) on sales of investments and valuation differences on property and equipment at fair value (8)	4,035	(1,293)	n.s.
Badwill (9)	-	15,507	n.s.
Pre-tax profit (loss) from continuing operations	30,057	(99,158)	n.s.
Income taxes	26,181	134,105	-80.48%
Post-tax profit from continuing operations	56,238	34,947	60.92%
Profit (Loss) for the year attributable to non-controlling interests	2	(3,225)	n.s.
Profit for the year	56,240	31,722	77.29%

(1) Net gains on equity-accounted investments include net gains (losses) on equity-accounted investments included in item "250. Net gains on equity investments"; the residual amount of that item is included in gains on sales of investments

(2) Includes item "80. Profit (Losses) on trading", "90. Fair value adjustments in hedge accounting", "100. Profit (loss) on sale or repurchase of: a) financial assets at amortised cost; b) financial assets at fair value through other comprehensive income; c) financial liabilities" and "110. Profits (Losses) on other assets and liabilities at fair value through profit or loss: b) other financial assets mandatorily measured at fair value through profit or loss"

(3) Other income and charges correspond to item "230. Other operating expenses/income" net of the explained reclassifications

(4) Other administrative expenses include recoveries of taxes and other recoveries recognised in item "230. Other operating expenses/income" (EUR 40,219 thousand in the 2019 and EUR 43,581 thousand in the 2018);

(5) The net impairment losses on property and equipment and intangible assets include items "210. Depreciation and net impairment losses on property and equipment", "220. Amortisation and net impairment losses on intangible assets" and the accumulated depreciation of costs incurred for leasehold improvements included in item "230. Other operating expenses/income" (EUR 887 thousand in the 2019 and EUR 1,097 thousand in the 2018)

(6) Include items "130. Impairment or reversal of impairment on; a) financial assets at amortised cost; b) financial assets at fair value through other comprehensive income" and "140. Modification gains (losses)"

(7) Include item "100. Net gains (losses) on sales or repurchase of: a) financial assets valued at the amortised cost"

(8) Include the residual amount of item "250. Net gains on equity investments" not included among net gains on equity-accounted investments, together with item "260. Net result of property, equipment and investment property and intangible assets at fair value" and item "280. Net gains on sales of investments"

(9) Include badwill accounted in item "230. Other operating expenses/income"

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