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Oggetto	:	Consolidated results as at 30 June 2020

Testo del comunicato

Vedi allegato.

PRESS RELEASE

CREVAL: CONSOLIDATED RESULTS AS AT 30 JUNE 2020

ONE YEAR INTO THE PLAN, THE NPL STOCK HAS HALVED, THE COMMERCIAL PLATFORM HAS BEEN RELAUNCHED, THE COST BASE IS DOWN DOUBLE DIGIT AND THE CET 1 RATIO FULLY LOADED ROSE TO 16.7%

1H NET INCOME OF 41 MILLION EURO, UP 74% OVER 1H 2019

SOLID GROWTH IN RETAIL LOANS AND DEPOSITS IN KEEPING WITH THE PLAN GUIDELINES

- **Retail loans: +3.6% y/y**
- **New personal loans (+74% y/y)**
- **Retail deposits: +6.3% y/y**

FURTHER DROP IN OPERATING COSTS (-10% Y/Y) DRIVEN BY RELENTLESS EFFICIENCY ACTIONS

- **Personnel expenses: -9% y/y**
- **Other administrative expenses: -14% y/y**

COMPLETED YESTERDAY THE SALE OF AN ADDITIONAL NPE POOL WITH A GBV OF 300 MILLION EURO (ABOUT 50% UTP), SO THAT THE NPE DISPOSAL ENVISAGED IN THE PLAN WAS CARRIED THROUGH AHEAD OF SCHEDULE

GROSS NPE RATIO DOWN BY 500BPS TO 6.4% VS. 11.4% AT JUNE 2019

- **NPL stock brought down to 1 billion euro, almost halved in one year**
- **Bad loan stock -66% y/y**
- **UTP stock -30% y/y**

NPE COVERAGE STILL AT HIGH LEVELS EVEN AFTER THE ABOVE-MENTIONED DISPOSAL

- **Bad loan coverage: 62%**
- **UTP coverage: 39%**
- **Total NPE coverage: 45% (bad loans accounting for only 28% of gross NPE)**

1H COST OF CREDIT AT 75BPS, INCLUDING COVID-19 LOAN LOSS PROVISIONS

BEST-IN-CLASS CAPITAL POSITION:

- **Fully-loaded CET 1 at 16.7% not including net income for the period, up by 100bps compared to 31/03/20 (15.7%) and 270bps compared to 30/06/19 (14.0%)**
- **Ample capital buffer in excess of more than 800bps compared to the SREP minimum requirement**

STRONG LIQUIDITY POSITION:

- **LCR and NSFR well above 150% and 100%, respectively**
- **4.6[1] billion euro of eligible unencumbered assets**

[1] As at 1 July 2020

Sondrio, 6 August 2020 - Late yesterday evening, the Board of Directors of Creval examined and approved the consolidated results as at 30 June 2020, reporting a net income of 41 million euro, up 74% compared to a net income of 23.5 million euro reported in H1 2019.

"*Little more than one year after the launch of the Business Plan and despite a scenario strongly impacted by COVID-19, thanks to the commitment of all our People, Creval presents itself as a renewed, resilient and solid bank. The 1H results show a good increase in commercial volumes, a concrete sign of our commitment to serve and retain customers, both households and SMEs, as well as of our ability to proactively manage costs, thus ensuring a good profitability level. In particular, the new offering of personal loans also through the online channel has reported a very positive dynamic, boosting the relaunch of our commercial platform*", said **Luigi Lovaglio**, **Chief Executive Officer of Creval**. "*The acceleration in the implementation of the plan, driven by the achieved operational agility, allows us to present ourselves with a stronger capital structure and a low risk profile, also thanks to the NPE disposal we've just finalized. We have halved our non-performing loans, reduced the NPE ratio by 500 basis points to 6.4%, and at the same time raised our capital ratio to the best-in-class level of 16.7%, and equipped the bank with a liquidity position unprecedented in our history*".

NPE disposal

Late yesterday evening Creval entered agreements with MBCredit Solutions S.p.A. (Gruppo Mediobanca), AMCO - Asset Management Company S.p.A. and Italian NPL Opportunities Fund II, (whosei advisor is Eidos Partners) to sell without recourse 3 NPL pools (the Deal) with an outstanding nominal value of about 400 million euro. The Deal, that has a gross book value of about 300 million euro, will drive the NPE ratio down to 6.4%, with a 200bps reduction over 31 March 2020.

The pools include secured and unsecured bad loans, with a gross book value of about 160 million, and UTP loans, with a gross book value of about 140 million euro. About 7,000 positions were sold overall, represented mainly by corporate loans.

The Deal follows the sales carried out in the first part of 2020, and it enables us to achieve the NPE disposal targets under the Business Plan ahead of schedule.

The Deal was structured with the assistance of Rothschild & Co Italia S.p.A. acting as financial advisor and the law firm Chiomenti as legal advisor.

Consolidated results at 30 June 2020

The first half of the year was characterized by the health emergency tied to the global Covid-19 pandemic which caused heavy economic, financial, and social repercussions.
The necessary restrictive measures adopted at domestic level during the months of lockdown required that all non-essential businesses remain closed, with a very heavy fallout affecting the entire production system. Inevitably, these measures have impacted the Bank's activities, and right from the start the Bank has put in place initiatives aimed at guaranteeing business continuity while protecting our Employees and Clients and adopting measures to financially support households and businesses in our reference territories.

Despite the challenging escalating external environment, one year after the launch of the Business Plan Creval has already reached major strategic targets in terms of credit risk reductions, cost base rationalization and capital solidity.
With regard to credit quality, we widely exceeded the planned 2020 NPL deleveraging target through the sale since the beginning of the year of several portfolios for a gross book value totaling more than 800 million euro.
Thanks to these disposals and to the improved internal workout activity, which brought the default rate down from 2.1% to a level below 1.4%, total gross NPLs fell by 46.3% year on year (-66.3% reduction in the bad loan stock), thus reducing the gross NPL to total customer loan ratio from 11.4% at 30/06/19 to 6.4%, while the coverage ratio remained in line with that of leading Italian banks.
As far as costs are concerned, the effectiveness and swiftness of the actions that were implemented to curb expenses and streamline processes led to a significant reduction in operating costs (-10% y/y) ahead of the Plan's schedule, in particular as a result of the rationalization of 'other administrative expenses', which dropped by 14% y/y.
As to our capital position, today Creval can count on a stronger capital solidity that places it among the best in class within the Italian banking industry. The CET1 ratio comes in at 16.7%, up by more than 270 bps from 14% at 30 June 2019, with a capital buffer exceeding the SREP minimum requirement by more than 800 bps, thus enabling the bank to face the uncertainties tied to the evolution of the economic scenario.

During this emergency phase, Creval has not failed to support households and businesses. In Q2 2020, and in particular during the months of lockdown, our commercial activity focused on the implementation of liquidity measures adopted at industry level and on specific initiatives put in place by the Bank in favor of its clientele, as reflected by the increase in retail customer loans (+3.0% compared to the previous quarter and +3.6% year on year). Also personal loans have contributed to this growth (+36% over the previous quarter and 74% year on year), thanks to the consumer credit acceleration attained by the Bank, by giving clients the possibility to take out this product and complete the process also on-line through the remote document exchange facility.
With regard to measures to support the economy, Creval granted more than 34,000 loan moratoria corresponding to about 760 million euro of suspended installments and more than 500 million euro of state-guaranteed corporate loans to about 15,000 customers.

Key balance sheet items

Total **direct funding** came to 17.7 billion euro, compared to 19.2 billion euro in the same period last year and to 19.0 billion euro at 31 December 2019. Within this line-item, retail funding (households and SMEs) added up to 11.2 billion euro, up by 6.3% year on year and by 2.3% compared to the previous quarter. Corporate funding came to 4.5 billion euro, down compared to the same period last year (5.3 billion euro) and up by 4.2% compared to the end of March 2020 (4.3 billion euro). Wholesale and bond funding amounted to 2.0 billion euro, down compared to 3.4 billion euro at 30 June 2019 and to 3.2 billion euro in the previous quarter driven by the reduction in repurchase agreements standing at 742.9 million euro (-58.6% q/q and -60.7% y/y).

Net loans and advances with customers, excluding debt securities (5.0 billion euro), stood at a 14.6 billion euro, in line with the same period last year (14.6 billion euro) and with 31

December 2019 (14.5 billion euro). The loan dynamic in 1H of this year, right from the start of the Covid crisis, has seen the Bank focused on its extraordinary actions to support its Customers and on the implementation of the liquidity support measures for households and businesses made available at industry level.

Within this aggregate, retail customer loans (households and SMEs) amounted to 6.2 billion euro, up by 3.6% year on year and by 3.0% compared to the previous quarter, sustained also by credit facilities to the territory under the liquidity support measures made available by the Government to counteract the Covid-19 emergency. Corporate loans came in at 7.3 billion euro, down by 5.2% year on year, mainly driven by the strategy aiming at reducing non-core exposures that was implemented in particular in Q2 2019 in keeping with the Business Plan guidelines. In the comparison with the previous quarter this item posted a slight increase of 0.8%.

Including debt securities (mainly Government bonds), total net loans and advances added up to 19.6 billion euro, down compared to 19.8 billion euro in the same period last year and to 19.5 billion euro at year-end 2019.

As regards credit quality, **gross non-performing loans** totaled 1,038 million euro, down 46.3% compared to the same period last year (-24.2% compared to the end of March 2020), mainly driven by the actions envisaged in the Plan, which on the one side produced an improvement of the work-out activities, and on the other were conducive to the disposal of more than 800 million euro of non-performing loans since the beginning of the year, in spite of the challenging external economic environment.

Net non-performing exposures totaled 575 million euro, down by 27.6% compared to 30 June 2019 and 21.5% year to date.

The NPL to total customer loan ratio, excluding government bonds (4.0 billion euro), stood at 6.4% gross and at 3.7% net, down from 11.4% and from 5.1% respectively at 30 June 2019.

Net bad loans came to 110 million euro, down by 32% compared to 30 June 2019 (161 million euro), mainly as a result of the sales finalized in 2020; **net unlikely-to-pay loans** added up to 427 million euro, down by 26% compared to 30 June 2019 (576 million euro); **net past-due exposures** amounted to 37 million euro, compared to 56 million euro at 30 June 2019.

The **bad loans** coverage ratio stood at 62.3%, in line with the industry average, notwithstanding the abovementioned bad loan disposals.

The **unlikely-to-pay** coverage ratio came in at 39.2% and the **past due** coverage stood at 12.0%.

Hence, the **NPE coverage ratio** came to 44.6%, reporting a slight reduction compared to the end of March 2020 (49.4%) due to the finalized disposals.

The performing loan coverage ratio (excluding government bonds) was 0.6%, in line with 31 December 2019.

Indirect funding ran at 10.1 billion euro, up 5.2% compared to the end of March (10.3 billion euro at 30 June 2019). Within this line-item, asset management inflows added up to 7.5 billion euro, up by 4.7% compared to the previous quarter, also thanks to the positive performance reported by the markets. In the year to year comparison, this line-item was up 2.4%. Assets under administration came to 2.6 billion euro, up 6.5% compared to the previous quarter (3.0 billion euro at 30 June 2019).

Financial assets represented by securities stood at 6.1 billion euro, in line with the previous quarter and down compared to same period last year (7.2 billion euro), mainly driven by the government bond reduction (in keeping with the Business Plan's guidelines), totaling 4.7 billion euro (5.7 billion euro at 30 June 2019). The reserve of Italian government bonds measured at FVTOCI (net of tax effect) is positive by 1.5 million euro, unchanged when compared to year-end 2019 and on the rise when compared to the end of March 2020, when it was negative by 1.7 million euro.

The Bank continues to enjoy a solid liquidity position, with 4.6 billion euro of eligible unencumbered assets, up compared to 3.3 billion euro at year-end 2019. The LCR and NSFR liquidity ratios are well above 150% and 100%, respectively.

The ECB funding component came to 3.5 billion euro, fully represented by TLTRO-III funds. To this regard, note that Creval took part in the TLTRO-III auction last June with a take-up of 2.5 billion euro, while repaying 1.5 billion euro of TLTRO-II funds. As a result, the TLTRO funds have the following maturities:

- December 2022: 1.0 billion euro;

- June 2023: 2.5 billion euro.

Shareholders' equity and capital ratios

The Group's **Shareholders' equity** at 30 June 2020 stood at 1,700 million euro, compared to 1,656 million euro at 31 December 2019.

Under the phase-in regime, the CET1 at 30 June 2020 was 1,845 million euro, against 8,829 million euro of risk-weighted assets (RWA). Total own funds added up to 2,011 million euro.

The Bank's capital ratios report the following values, that are well above the minimum SREP requirements:

- 20.9% CET1 ratio compared to a minimum SREP requirement of 8.55%;

- 20.9% Tier 1 ratio compared to a minimum SREP requirement of 10.05%;

- 22.8% Total Capital ratio compared to a minimum SREP requirement of 12.05%.

The fully loaded CET1 ratio at 30 June 2020 stood at 16.7%, up compared to year-end 2019 (15.5%) and compared to 31 March 2020 (15.7%).

Operating results

Net interest income added up to 161.5 million euro, compared to 178.6 million euro reported in the same period last year. The 1H performance was affected by the NPL disposals carried out in Q1 this year and by the missing contribution from the pledge loans business sold last January. In Q2 NII stood at 80.8 million euro, reporting a slight increase compared to the previous quarter (80.7 million euro), notwithstanding the impact of the abovementioned disposals and partly benefitting from the TLTRO-III funds contribution.

Net fees and commissions amounted to 111.6 million euro, down from 123.8 million euro last year due to the Covid-19 health emergency which affected Customer banking activities. In Q2 2020, this line-item came to 53.3 million euro, compared to 58.3 million euro in the previous quarter. Within this line-item, core banking fees stood at 38,3 million euro, down compared to Q1 2020 (42.3 million euro) due to the lower contribution coming from the operating activity of the clients during the lockdown months. Asset management fees came to 15.1 million euro, reporting a slight decline compared to 15.9 million euro in Q1.

Net trading, hedging income (expense) and profit (loss) on sales/repurchases of assets at FVOCI amounted to 1.1 million euro, compared to 3.4 million euro in 1H 2019.

Operating income stood at 284.8 million euro, compared to 311.8 million euro reported in 1H 2019.

Personnel expenses added up to 124.3 million euro, down by 9.1% compared to 1H 2019 (136.8 million euro), despite the fact that they include the costs tied to the national bargaining agreement wage raise. The reduction was mainly driven by the headcount reduction that was driven among others by the sale of the pledge loans business line in Q1 this year. In Q2 2020 personnel expenses stood at 60.8 million euro, down by 4.3% over the previous quarter (63.5 million euro).

Other administrative expenses amounted to 55.0 million euro, down 14.2% compared to the same period last year (64.1 million euro), notwithstanding Covid-19-related costs, as they benefitted from the ongoing cost base optimization actions. In Q2 2020 this line-item came in at 27.4 million euro, reporting a slight decline (-0.5%) compared to the previous quarter (27.6 million euro).

Depreciations/amortization and net impairment losses on property, equipment and investment property and intangible assets amounted to 21.4 million euro, compared to 21.9 million euro in 1H 2019.

Thus, total **operating costs** stood at 200.7 million euro, down 10% year on year.

Net operating profit worked out to 84.1 million euro, compared to 89.1 million euro reported in the same period last year.

Banking systemic charges added up to 13.4 million euro (11.3 million euro in 1H 2019), and were represented by the contribution to the Resolution Fund, of which 9.8 million euro for the ordinary contribution reported in Q1 2020 and 3.6 million euro for the additional contribution reported in Q2 2020.

Impairment or reversal of impairment for credit risk and modification gain/losses stood at 58.7 million euro, compared to 101.9 million euro in 1H 2019, and include an update of the macro-economic assumptions tied to the calculation of loan loss provisions under IFRS9. In Q2 it came in at 29.2 million euro, in line with the previous quarter (29.6 million euro).

Net accruals to provisions for risks and charges added up to 2.7 million euro, down compared to 10.6 million euro reported in the same period last year.

Net gains on sales of investments and valuation differences on property and equipment at fair value were 33.4 million euro, as compared with 5.2 million euro reported in 1H 2019. The increase was driven by the capital gain of roughly 33 million euro gross generated by the sale of the pledge loans business finalized last January.

Income from continuing operations before tax stood at 41.8 million euro, compared with a loss of 3.7 million euro reported in the same period last year.

Income taxes for the period came in at 806 thousand euro, thanks to the conversion of DTAs from tax losses into tax credits under the "*Cura Italia*" decree with regard to NPL disposals carried out in Q2 2020, making it possible to recognize additional DTAs of the same amount and kind.

Net income for the period stood at 41.0 million euro, up 74% compared to the net income of 23.5 million euro reported in 1H 2019.

Operational outlook

The Covid-19 pandemic wreaked havoc on the economies of all major Countries, causing a drastic deterioration of the world growth outlook. The fallout from the lockdown measures on the production activities and on most economic sectors was severe. The Euro area GDP dropped by 3.8% in Q1 this year, with heavy repercussions on the labor market as well as on consumption and investment spending. Faced with this unprecedented crisis, Governments have implemented measures to limit its economic and social impact, i.e., by issuing state guarantees on loans to businesses, and granting credit facilities and tax and credit moratoria. Central banks adopted monetary actions to contain the recessive effects of the pandemic on national economies. More specifically, the ECB carried out measures to support the liquidity of the Euro area banking system, including the easing of TLTRO-III conditions, the launch of a new series of longer-term refinancing operations (PELTRO) and the increase of the envelope and the extension of the time horizon for the Pandemic Emergency Purchase Programme (PEPP). In addition to these measures, the SSM (the ECB Single Supervisory Mechanism in charge of European banking supervision) has eased its prudential rules.

In Italy the nationwide restrictions to individual mobility and to service and manufacturing activities to contain the spread of the epidemic had a significant effect on its economy, leading to a GDP drop of 5.4% in Q1, and, according to the Italian statistics bureau (ISTAT) preliminary data, of 12.4% in Q2. The most recent 2020 projections published by the Bank of Italy forecast that GDP will decrease by 9.5% under the baseline scenario (-13.5% under the worst-case scenario) assuming that the spread of the pandemic remains under control in Italy and globally, and that therefore outbreak containment measures can be gradually lifted and thus their economic repercussions mitigated. Moreover, the measures to support businesses and household income included in the law decrees "*Cura Italia*" and "*Rilancio*" should contribute to reduce the harmful effects on the domestic economy.

Against this backdrop the Bank continued with success to implement the Plan's key actions, achieving important targets both in terms of risk profile improvement, and of operational efficiency. At the same time it has significantly bolstered its balance sheet both in terms of capital and liquidity, thus paving the way for being well prepared and relying on a more solid position to tackle the challenges posed by the economic scenario.

The difficulties affecting revenue generation in Q2 will persist and we hope they will let up in the coming quarters. We refer in particular to commissions from operating activity with customers, as well as to advisory fees, that were both impacted by the lockdown. At the same time revenues will be supported by the actions implemented by the ECB with the new TLTRO-III refinancing operations. This program is particularly important for the Bank, as up to now we could not benefit from the rewards tied to the achievement of the corporate lending benchmark, while we believe this will be possible under the new rules.

The new operational setup in response to the Covid-19 emergency and the consequent boost to on-line transactions offer an opportunity to further improve business efficiency, process streamlining and centralization, with positive effects on the cost base.

As regards commercial activities, in the second half of the year Creval will continue to support household and SME lending, also through the System-wide support measures, and to take steps to become the reference bank in the management of household savings.

Credit quality will continue to receive a careful attention considering the expected macro-economic evolution. The significant deleveraging of the NPE portfolio, which almost halved in the last 12 months, enables the Bank to face the coming months from an even stronger position. The cost of credit, still affected by the persistence of the current emergency phase, continues to be under control and to date shows no signs of deterioration for the future. Of course, its evolution shall depend upon the ability to keep the pandemic under control in Italy and globally, and on the effectiveness of the measures to support the economy.

The Bank's capital position is expected to remain high, with one of the wider capital buffers among the leading Italian banks, capable of withstanding any possible further worsening of the macroeconomic scenario.

Based on these considerations, the strategic guidelines and the actions envisaged in the 2019-2023 Business Plan are still viable. However, the lingering uncertainty makes it difficult to forecast the scope of the fallout from the Covid-19 emergency on the economy and on the Banking system on the medium to long term. Therefore, the Bank will continue to keep the situation closely monitored, and once we have a clearer view on its evolution, we will assess the viability of the operating and financial targets assumed in the Plan, and will take any ensuing action.

Please find below the key financial highlights, the alternative performance indicators and 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 2 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.

Simona Orietti

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CONSOLIDATED FINANCIAL HIGHLIGHTS AND ALTERNATIVE PERFORMANCE INDICATORS

STATEMENT OF FINANCIAL POSITION DATA	30/06/2020	31/12/2019	Change
(in thousands of EUR)			
Loans and receivables with customers	19,594,042	19,523,742	0.36%
Financial assets and liabilities measured at fair value	977,887	1,013,801	-3.54%
Total assets	24,034,871	24,340,000	-1.25%
Direct funding from customers	17,740,105	18,968,871	-6.48%
Indirect funding from customers	10,089,351	10,365,993	-2.67%
of which:			
- Managed funds	7,494,245	7,565,554	-0.94%
Total funding	27,829,456	29,334,864	-5.13%
Equity	1,700,031	1,656,269	2.64%

SOLVENCY RATIOS	30/06/2020 (*)	31/12/2019
Common Equity Tier 1 capital / Risk-weighted assets (CET1 capital ratio)	20.9%	20.1%
Tier 1 capital / Risk-weighted assets (Tier 1 capital ratio)	20.9%	20.1%
Total own funds / Risk-weighted assets (Total capital ratio)	22.8%	22.1%

(*) Figures calculated provisionally pending the submission to the Supervisory Authority

FINANCIAL STATEMENT RATIOS	30/06/2020	31/12/2019
Indirect funding from customers / Total funding	36.3%	35.3%
Managed funds / Indirect funding from customers	74.3%	73.0%
Direct funding from customers / Total liabilities and equity	73.8%	77.9%
Customer loans* / Direct funding from customers	87.7%	81.6%
Customer loans* / Total assets	64.7%	63.6%

** Include item "40. Financial assets at amortised cost: b) loans and receivables with customers" excluding Government bonds for a net amount of EUR 4,043,231 thousand*

CREDIT RISK	30/06/2020	31/12/2019	Change
Net bad loans (in thousands of EUR)	110,360	143,992	-23.36%
Other net doubtful loans (in thousands of EUR)	464,602	588,458	-21.05%
Net non-performing loans (in thousands of EUR)	574,962	732,450	-21.50%
Net bad loans / Customer loans*	0.7%	0.9%	
Other net doubtful loans / Customer loans*	3.0%	3.8%	
Net non-performing loans / Customer loans*	3.7%	4.7%	

** Include item "40. Financial assets at amortised cost: b) loans and receivables with customers" excluding Government bonds for a net amount of EUR 4,043,231 thousand*
Loans and receivables with customers classified under non-current assets held for sale and disposal groups are not included

(in thousands of EUR)

CREDIT QUALITY	30/06/2020				31/12/2019			
	Gross amount	Impairment losses	Carrying amount	% coverage	Gross amount	Impairment losses	Carrying amount	% coverage
Non-performing loans								
Bad loans	292,870	-182,510	110,360	62.3%	557,165	-413,173	143,992	74.2%
Unlikely to pay	702,992	-275,763	427,229	39.2%	930,651	-384,023	546,628	41.3%
Past due non-performing loans	42,451	-5,078	37,373	12.0%	46,839	-5,009	41,830	10.7%
Total non-performing loans	**1,038,313**	**-463,351**	**574,962**	**44.6%**	**1,534,655**	**-802,205**	**732,450**	**52.3%**
Performing loans excluding Government bonds	15,065,933	-90,084	14,975,849	0.60%	14,833,449	-82,488	14,750,961	0.56%

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

ORGANISATIONAL DATA	30/06/2020	31/12/2019	Change
Number of employees	3,556	3,634	-2.15%
Number of branches	355	362	-1.93%

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of EUR)

ASSETS	30/06/2020	31/12/2019	Change
Cash and cash equivalents	158,666	190,434	-16.68%
Financial assets at fair value through profit or loss	184,749	195,113	-5.31%
Financial assets at fair value through other comprehensive income	956,314	971,765	-1.59%
Loans and receivables with banks	1,530,064	1,835,844	-16.66%
Loans and receivables with customers	19,594,042	19,523,742	0.36%
Equity investments	19,070	19,074	-0.02%
Property, equipment and investment property and intangible assets (1)	576,378	595,775	-3.26%
Non-current assets held for sale and disposal groups	91,011	93,196	-2.34%
Other assets (2)	924,577	915,057	1.04%
Total assets	**24,034,871**	**24,340,000**	**-1.25%**

(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	30/06/2020	31/12/2019	Change
Due to banks	3,586,074	2,896,993	23.79%
Direct funding from customers (1)	17,740,105	18,968,871	-6.48%
Financial liabilities held for trading	79	26	n.s.
Hedging derivatives	163,097	153,051	6.56%
Liabilities included in disposal groups classified as held for sale	-	3,581	n.s.
Other liabilities	642,243	438,267	46.54%
Provisions for specific purpose (2)	203,220	222,919	-8.84%
Equity attributable to non-controlling interests	22	23	-4.35%
Equity (3)	1,700,031	1,656,269	2.64%
Total liabilities and equity	**24,034,871**	**24,340,000**	**-1.25%**

(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 period"

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in thousands of EUR)

ITEMS	1st half of 2020	1st half of 2019	Change
Net interest income	**161,512**	**178,573**	**-9.55%**
Net fee and commission income	111,645	123,807	-9.82%
Dividends and similar income	759	924	-17.86%
Profit of equity-accounted investments (1)	1,203	817	47.25%
Net trading, hedging income (expense) and profit (loss) on sales/repurchases of assets at FVOCI (2)	1,139	3,378	-66.28%
Other operating net income (3)	8,590	4,326	98.57%
Operating income	**284,848**	**311,825**	**-8.65%**
Personnel expenses	(124,328)	(136,811)	-9.12%
Other administrative expenses (4)	(54,975)	(64,083)	-14.21%
Depreciations/amortisations and net impairment losses on property, equipment and investment property and intangible assets (5)	(21,430)	(21,855)	-1.94%
Operating costs	**(200,733)**	**(222,749)**	**-9.88%**
Net operating profit	**84,115**	**89,076**	**-5.57%**
Impairment or reversal of impairment and modification gains (losses) (6)	(58,728)	(101,862)	-42.35%
Net profit on derecognition of assets at the amortised cost and net profits on other assets at fair value through profit or loss (7)	(888)	25,689	n.s.
Net accruals to provisions for risks and charges	(2,709)	(10,551)	-74.32%
Net gains on sales of investments and valuation differences on property and equipment at fair value (8)	33,357	5,211	n.s.
Banking system charges	(13,355)	(11,263)	18.57%
Pre-tax profit (loss) from continuing operations	**41,792**	**(3,700)**	**n.s.**
Income taxes	(806)	27,246	n.s.
Post-tax profit from continuing operations	**40,986**	**23,546**	**74.07%**
Loss for the period attributable to non-controlling interests	1	-	-
Profit for the period	**40,987**	**23,546**	**74.07%**

(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. Net hedging income (expense)" and "100. Profit (loss) on sale or repurchase of: b) financial assets at fair value through other comprehensive income"
(3) Other income and charges correspond to item "230. Other operating net income" net of the explained reclassifications
(4) Other administrative expenses, net of charges relating to the banking system, include recoveries of taxes and other recoveries recognised in item "230. Other operating net income" (EUR 19,570 thousand in the Q1 2020 and EUR 18,782 thousand in the Q1 2019)
(5) The net impairment losses on property and equipment and intangible assets include items "210. Depreciation and net impairment losses on property, equipment and investment property", "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 net income"(EUR 320 thousand in the Q1 2020 and EUR 441 thousand in the Q1 2019)
(6) Include items "130. Net impairment losses for credit risk on: a) financial assets at amortised cost; b) financial assets at fair value through other comprehensive income" and "140. Gains/losses from amendments to contracts without derecognition"
(7) Include item "100. Profit (loss) on sale or repurchase of: a) financial assets at the amortised cost" 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"
(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"

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