



SPAFID CONNECT

Informazione Regolamentata n. 0105-47-2020	Data/Ora Ricezione 06 Agosto 2020 10:42:51	MTA
--	--	-----

Societa' : CREDITO VALTELLINESE

Identificativo : 135979

Informazione
Regolamentata

Nome utilizzatore : CRVALTELN05 - CAMOZZI

Tipologia : 1.2

Data/Ora Ricezione : 06 Agosto 2020 10:42:51

Data/Ora Inizio : 06 Agosto 2020 10:42:52

Diffusione presunta

Oggetto : Creval 1H 20 Financial Results

Testo del comunicato

Vedi allegato.



Creval

Costs and NPEs down, CET1 up - delivering the Plan

1H 2020 Financial Results

Milan, 6th August 2020



- This document has been prepared by Credito Valtellinese for information purpose only and does not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect of such securities or other financial instruments.
- The information, opinions, estimates and forecasts contained herein have not been independently verified. They have been obtained from, are based upon, sources that company believes to be reliable but makes no representations (either express or implied) or warranty on their completeness, timeliness or accuracy.
- The document may contain forward-looking statements, which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to significant risks and uncertainties, many of which are outside the company's control. There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the date hereof and are subject to change without notice.
- 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.

1H 2020 Financial Highlights



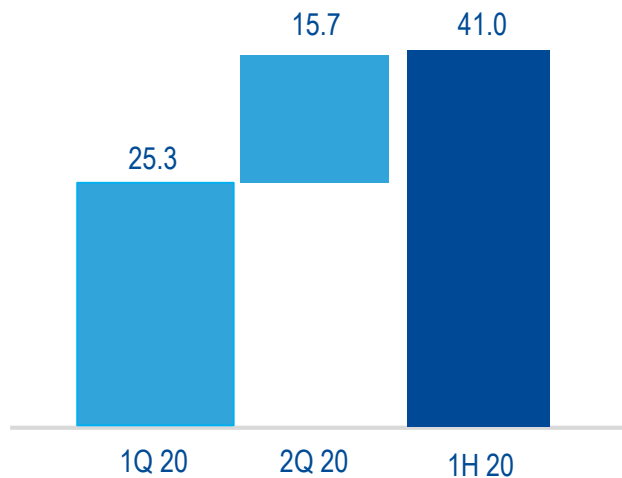
- Net profit H1 2020 at €41.0m up by 74% y/y, with Q2 at €15.7m
- Pervasive focus on efficiency with H1 total costs down by 9.9% y/y thanks also to Q2 further savings
- Acceleration in commercial asset mix optimization driven by retail loans up by +3.6% y/y, with +49% y/y growth of H1 new consumer lending
- Additional €300m NPEs sold (reaching >€800m Ytd), delivering ahead of time one of the Key Pillars of the Plan despite the challenging environment
- NPEs stock reduced by almost 50% y/y, NPE ratio down to 6.4%, 500 bps lower y/y, keeping coverage ratio in line with sector average
- Further strengthening of capital ratios with CET1 ratio fully loaded at 16.7%, +270 bps y/y with >800bps buffer vs. SREP 2020

Net profit



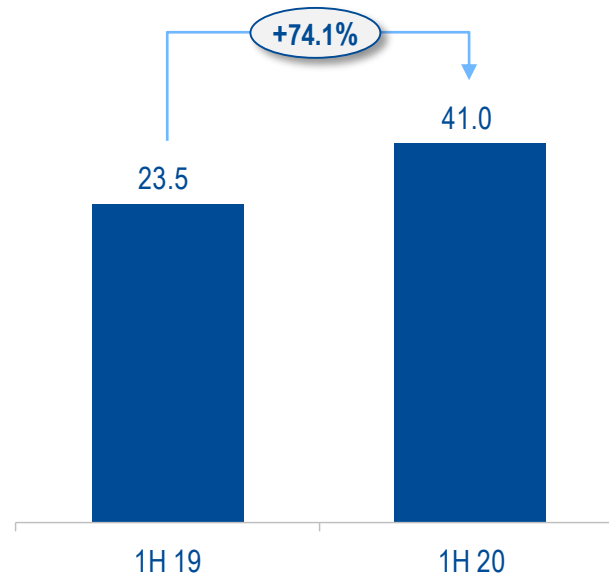
Quarterly evolution

€/m



Yearly evolution

€/m



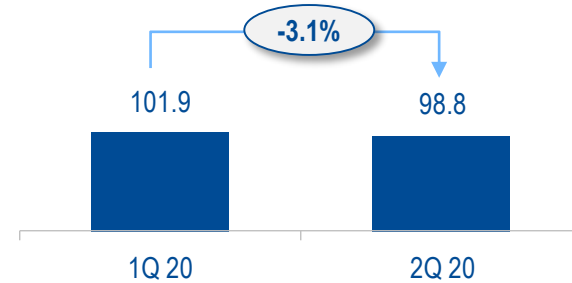
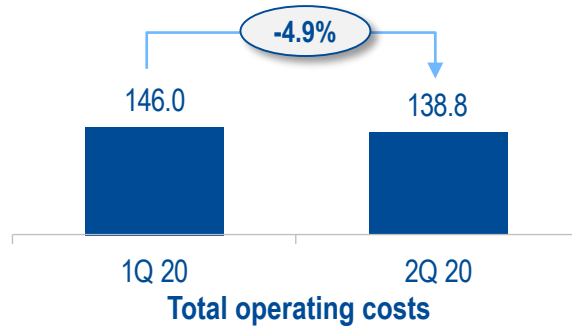
- H1 net profit at €41.0m, + 74% y/y with Q2 at €15.7m

Net operating income quarterly evolution



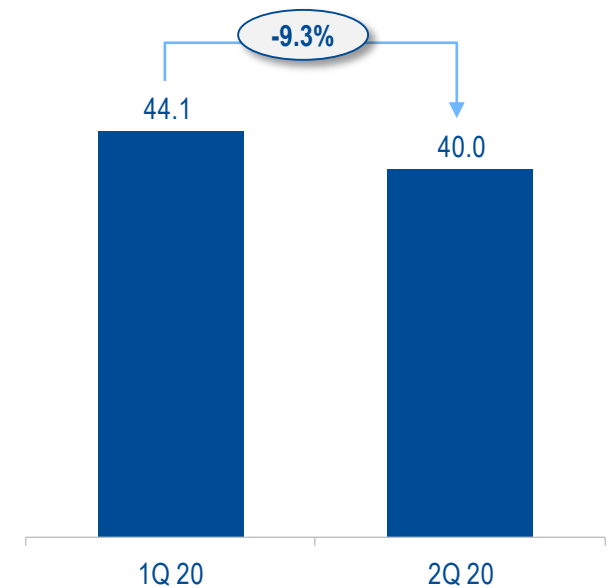
Operating income

€/m



Net operating income

€/m



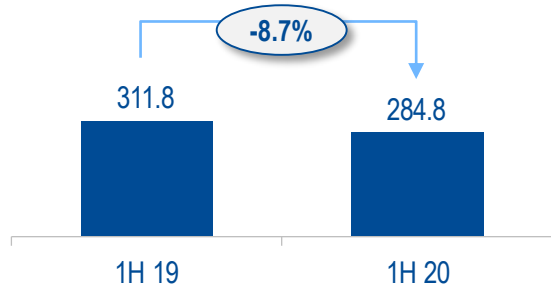
- Net operating income at €40m, almost flat on comparable basis (considering disposals of Pawn business and NPE portfolios in Q1) thanks to costs reduction and TLTRO contribution offsetting lockdown pressure on fees

Net operating income yearly evolution

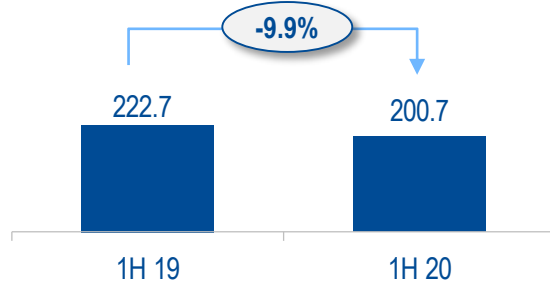


Operating income

€/m

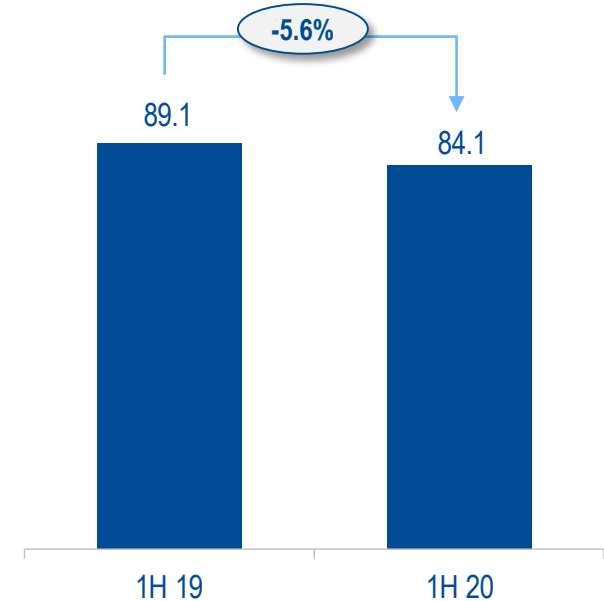


Total operating costs



Net operating income

€/m



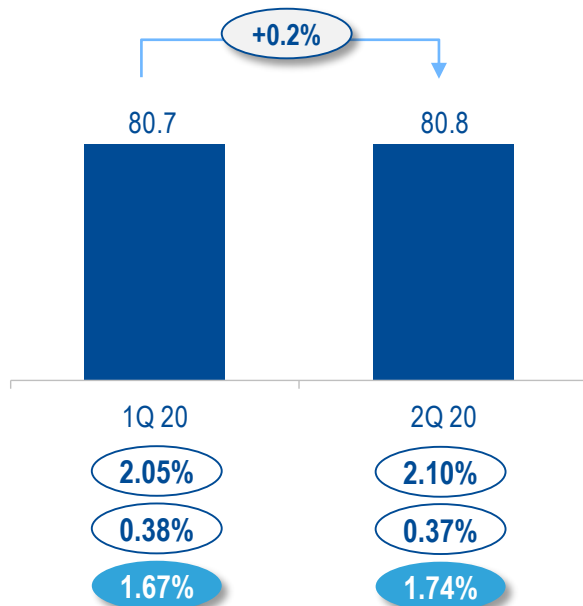
- H1 net operating income at €84.1m, resilient with lockdown pressure offset by continued costs reduction -9.9% y/y

Net interest income



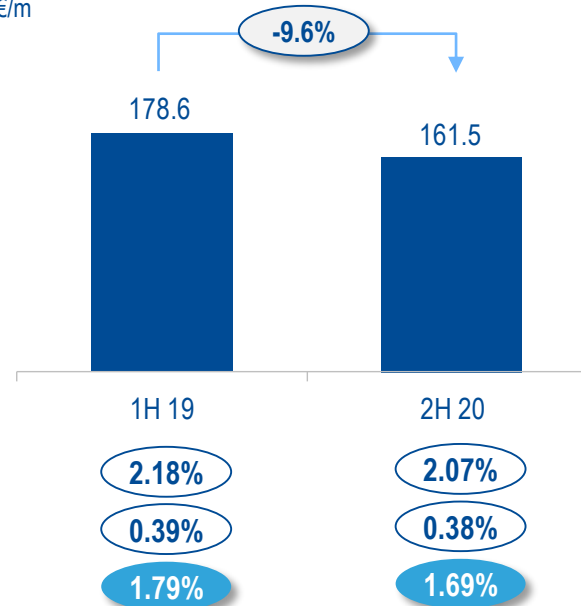
Quarterly evolution

€/m



Yearly evolution

€/m

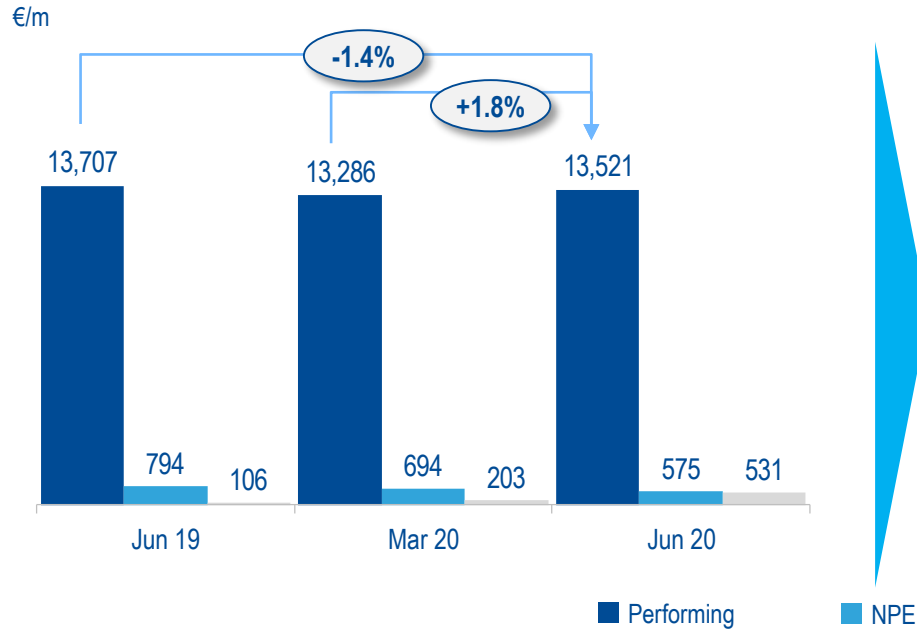


- H1 NII at €161.5m, with signs of stabilisation thanks to the ongoing improvement in the asset mix and TLTRO support

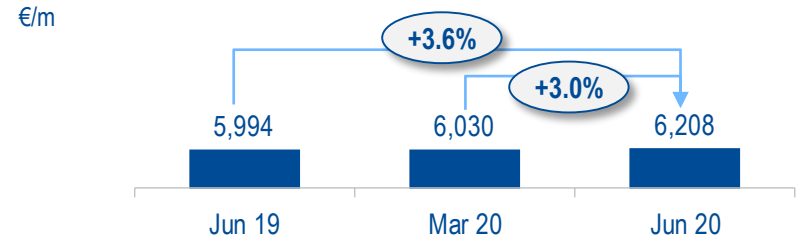
Net customer loans



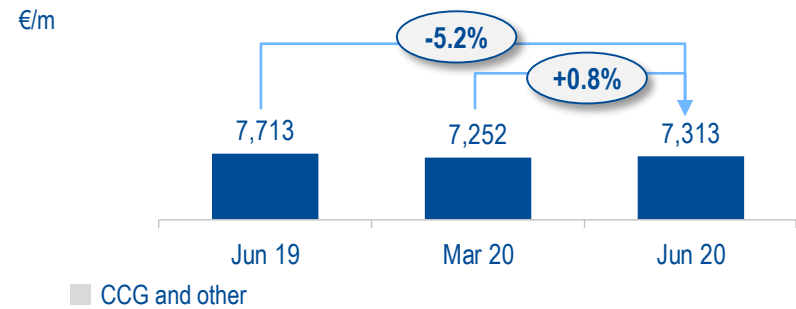
Net loans ⁽¹⁾



Retail



Corporate and other



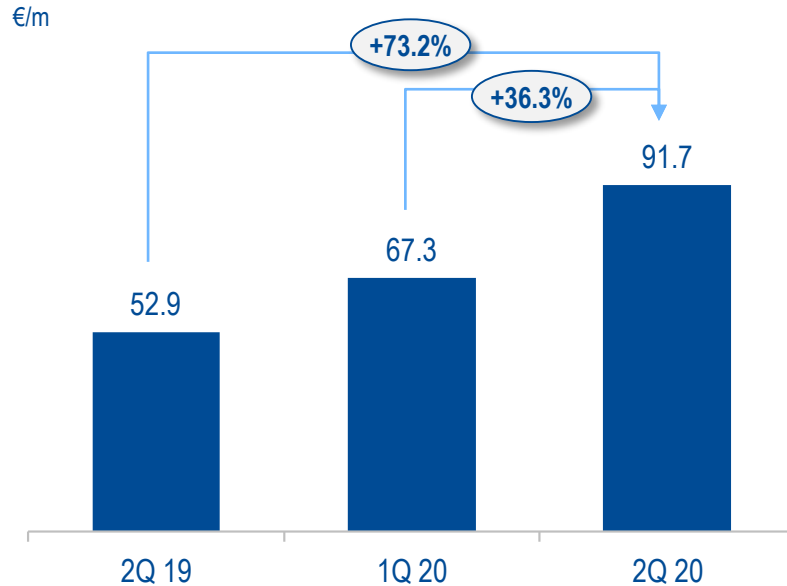
- Acceleration in retail loans growth to +3.6% y/y, driven by +3% in the quarter

(1) Excluding securities (€5.1bn as at Jun19; €5.0bn as at Mar20; €5.0bn as at Jun20).

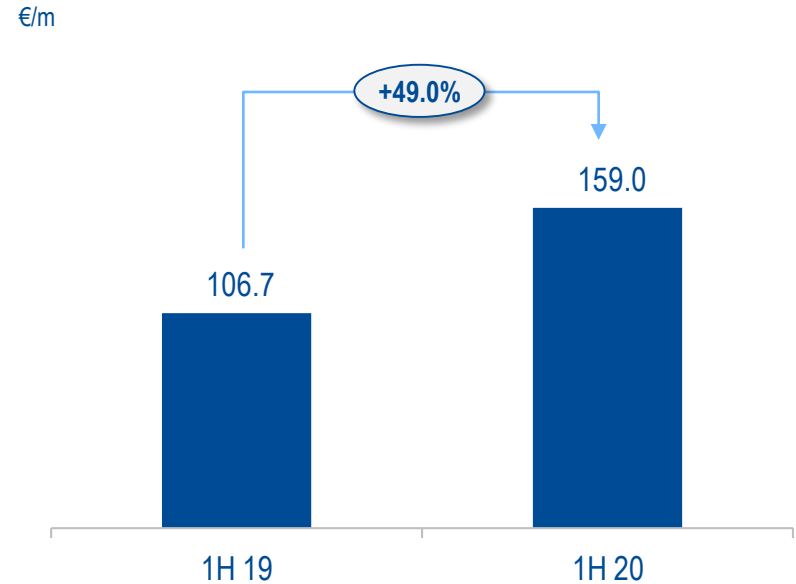
New production of consumer loans



Quarterly evolution



Yearly evolution

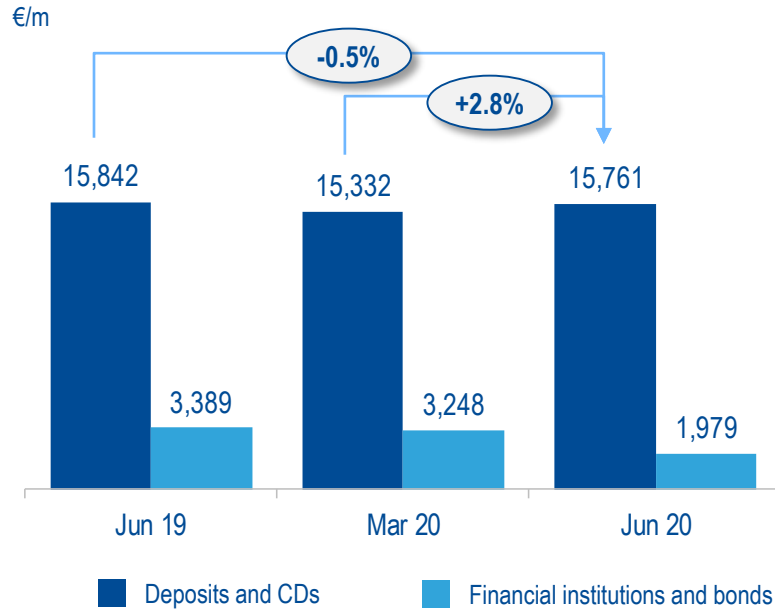


- +49% increase y/y in new consumer loans in H1 thanks to complete redesign of the process since the start of the new business plan, further quickly adapted to face Covid-19 constraints

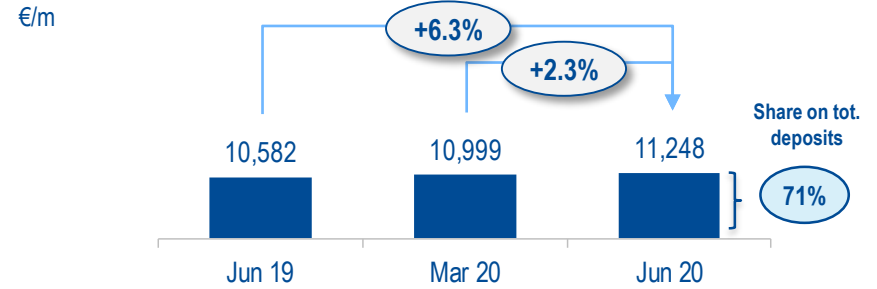
Funding composition



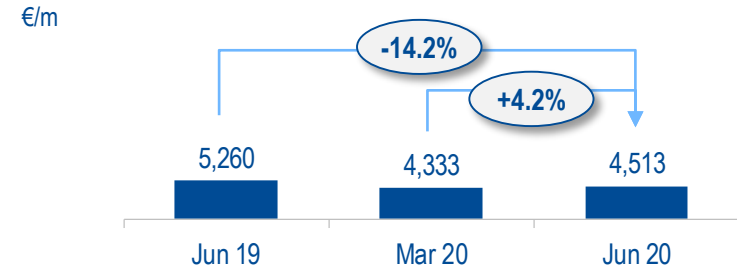
Direct funding



Retail deposits



Corporate and other deposits



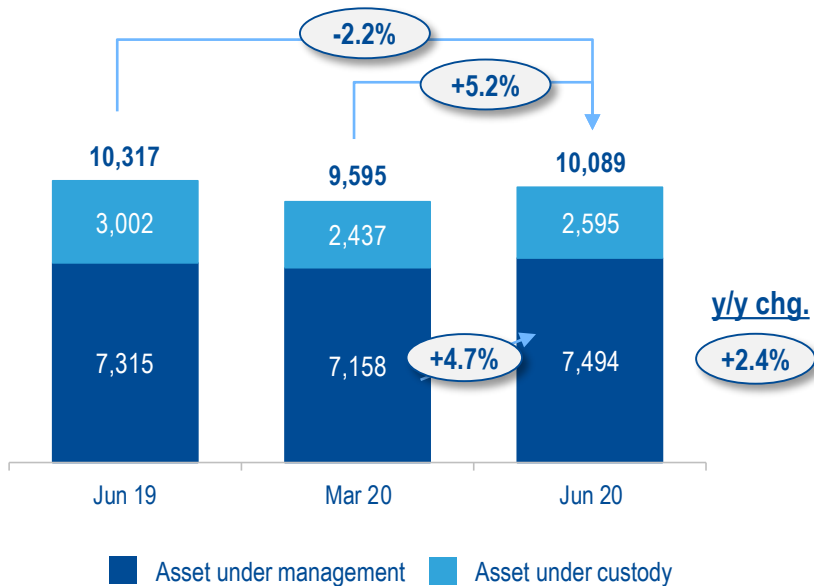
- Retail deposits up 6.3% y/y, increasing share in total deposits to 71%, in line with Plan strategic directions

Indirect funding

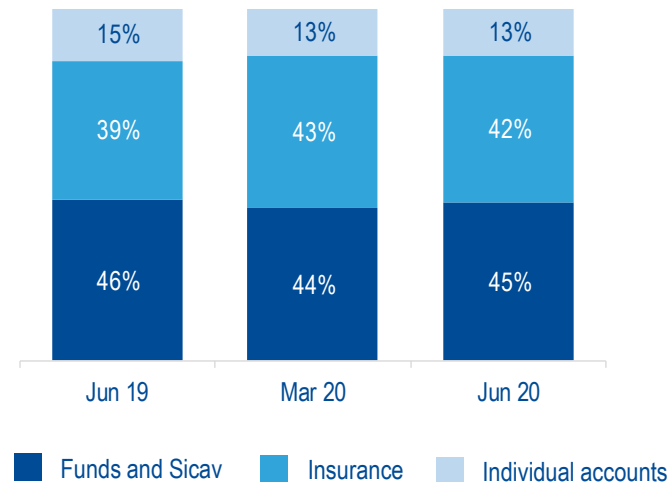


Indirect funding breakdown

€/m



AuM breakdown

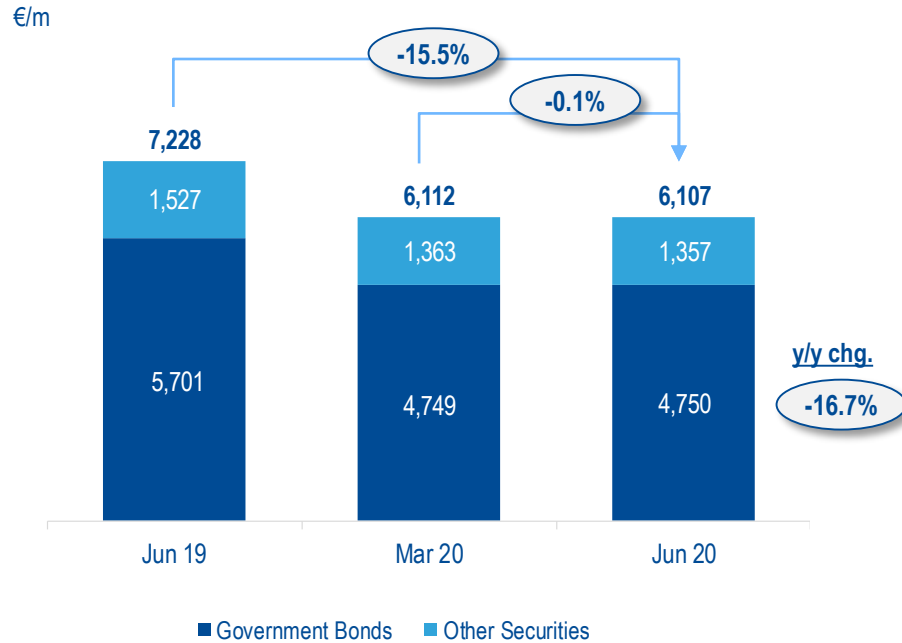


- Indirect funding rebounded by 5.2% q/q, with AUM +2.4% y/y recovering and crossing last year level
- Share of insurance products up from 39% year ago to 42% currently

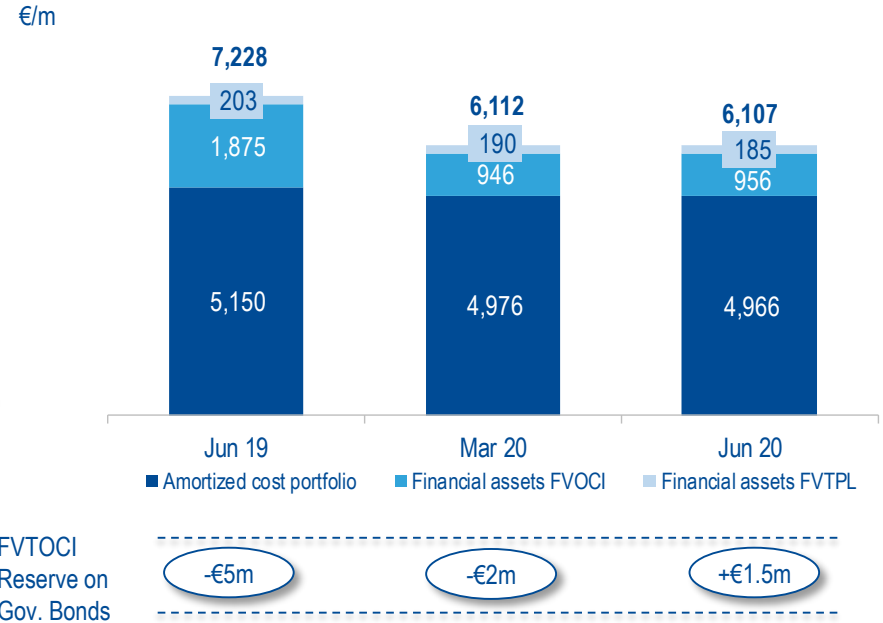
Securities portfolio breakdown



Securities portfolio (1)



Breakdown by classification



- Securities portfolio stable q/q, with a reduction of the government bonds by 16.7% y/y

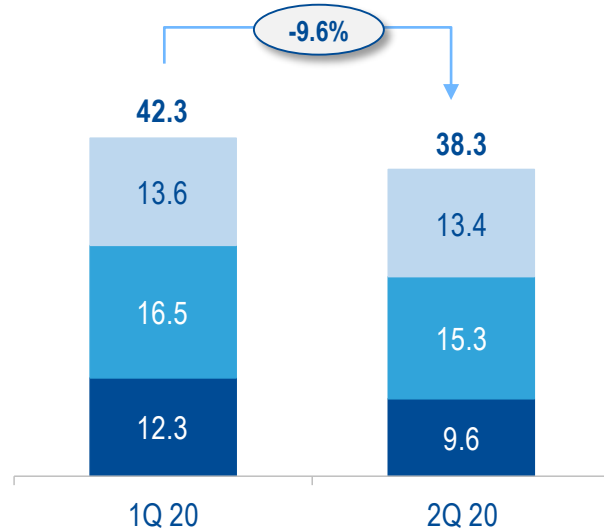
(1) Excluding loans and receivables with Banks.

Net fee and commission income quarterly evolution



Banking fees

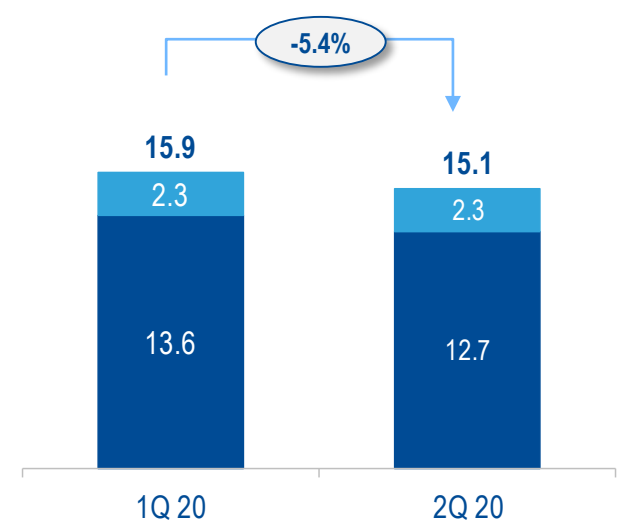
€/m



■ Payment and collection services ■ Current accounts and other ■ Loans

AuM fees

€/m



■ Management fees ■ Up-front fees

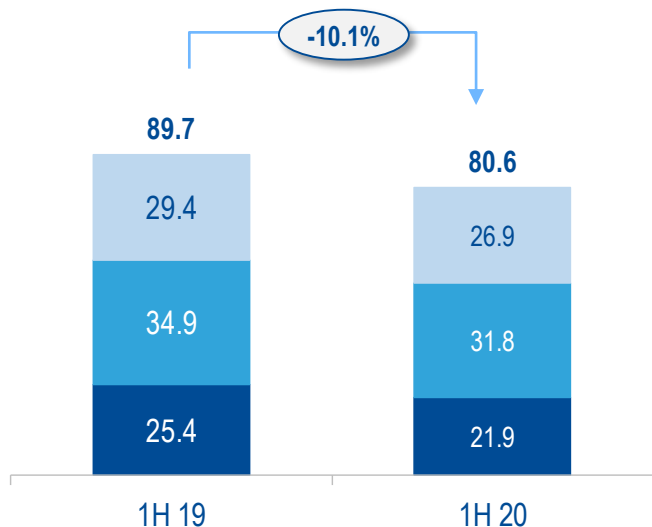
- Banking fees at €38.3m reflecting mainly impact of the lockdown on customers activity
- AuM affected by decrease in management fees while up-front fees stable thanks to some rebound in June

Net fee and commission income yearly evolution



Banking fees

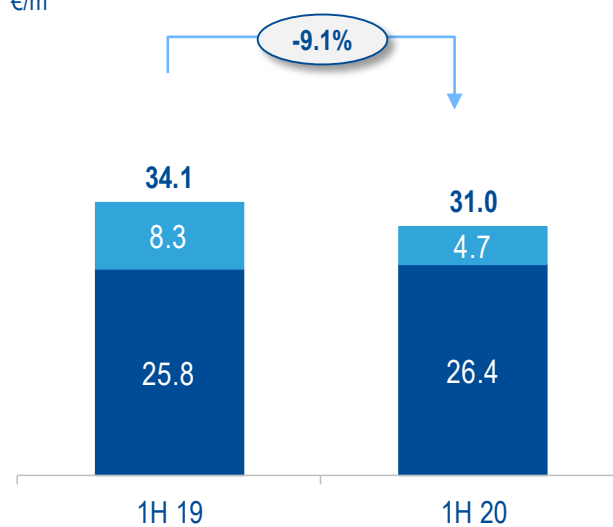
€/m



■ Payment and collection services ■ Current accounts and other ■ Loans

AuM fees

€/m



■ Management fees ■ Up-front fees

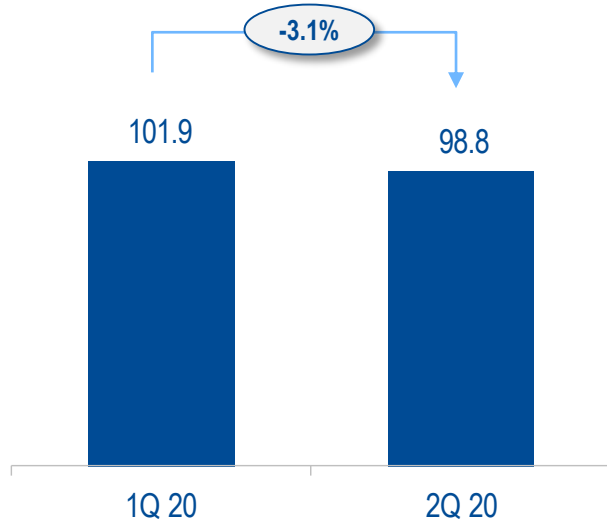
- Banking fees H1 dynamic reflects mainly impact of the lockdown on customers activity
- Management fees in positive trend y/y while upfront fees affected by lockdown

Total Operating Costs



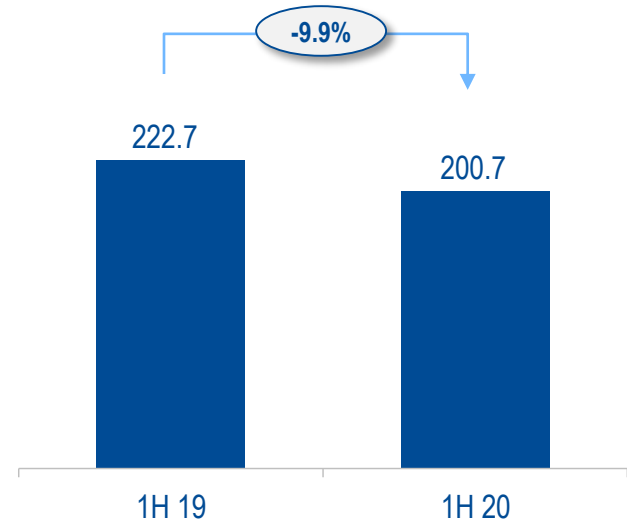
Quarterly evolution

€/m



Yearly evolution

€/m



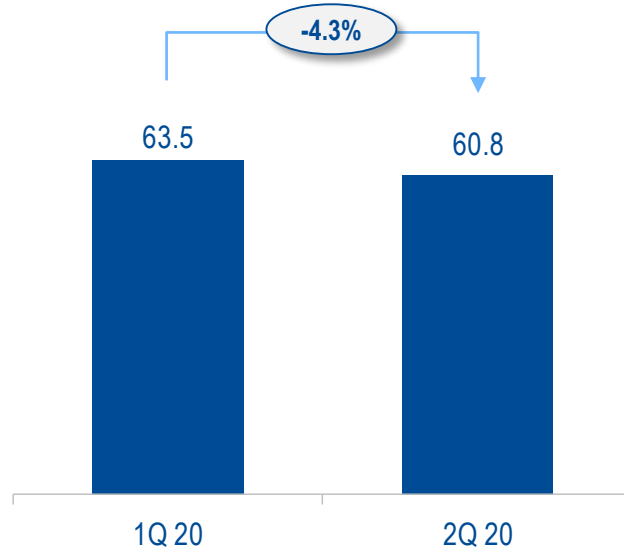
- Further decrease of costs, -9.9% y/y confirming bank's commitment and ability to improve efficiency

HR Costs



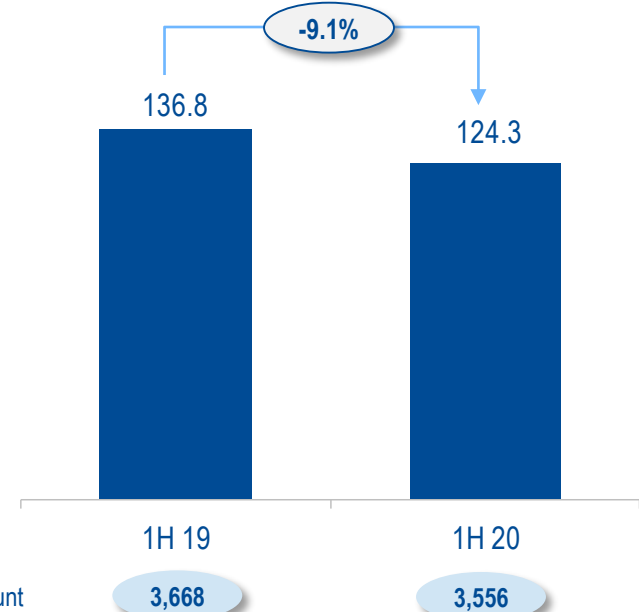
Quarterly evolution

€/m



Yearly evolution

€/m



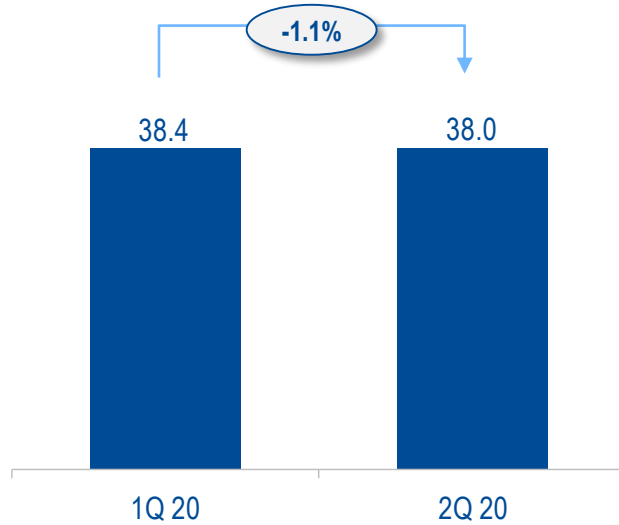
- HR costs -9.1% y/y after 6 months, with further reduction reported in Q2

Non-HR Costs



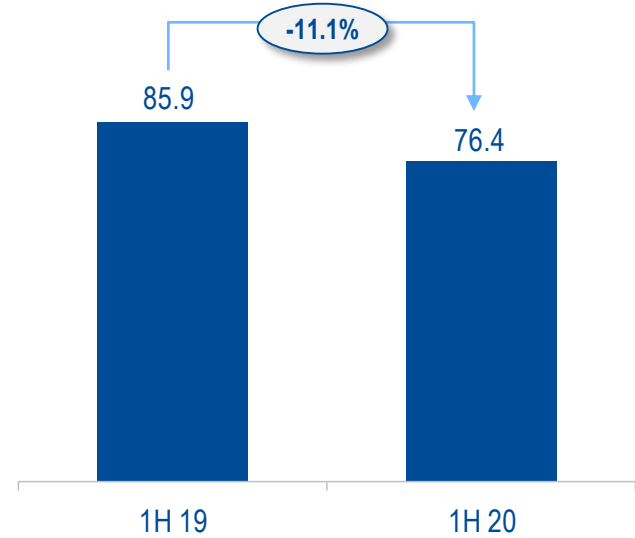
Quarterly evolution

€/m



Yearly evolution

€/m



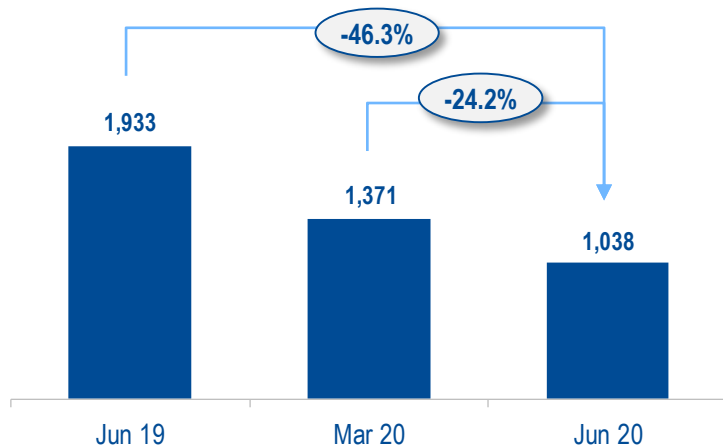
- 1H Non-HR costs decreasing by -11.1 % y/y, with Q2 marginally lower despite Covid related expenditures

Gross NPE stock



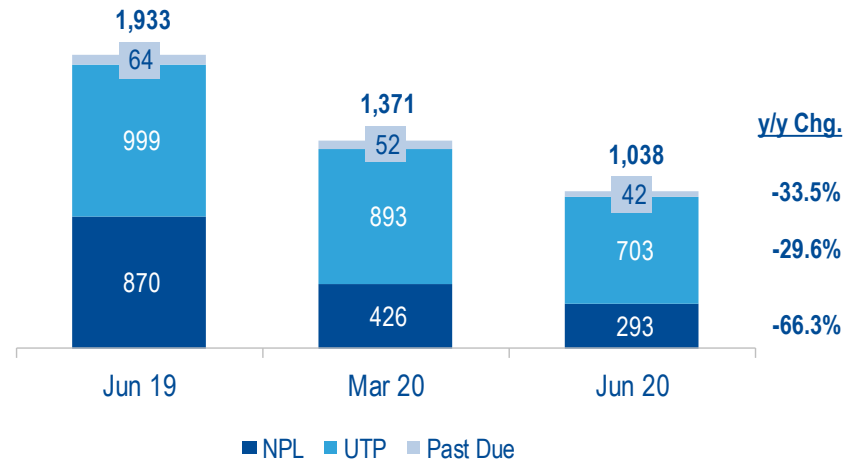
Gross NPE stock

€/m



Breakdown by category

€/m



■ NPL ■ UTP ■ Past Due

Gross NPE ratio¹

11.4%

8.6%

6.4%

Net NPE ratio¹

5.1%

4.6%

3.7%

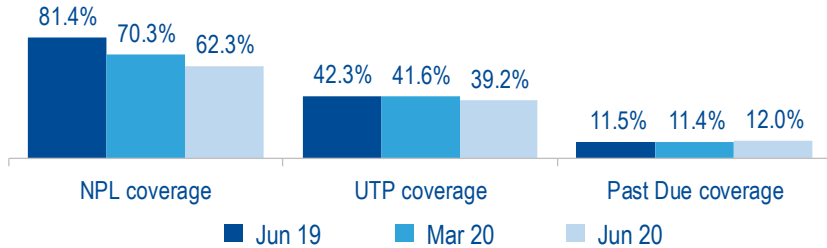
- Further reduction in NPE thanks to successful €300m NPE portfolio disposal driving NPE ratio to 6.4%* (-500 bps y/y)
- NPL stock down by 46% since Plan announcement

(1) Excluding Government bonds classified in the 'Amortized Cost' category.

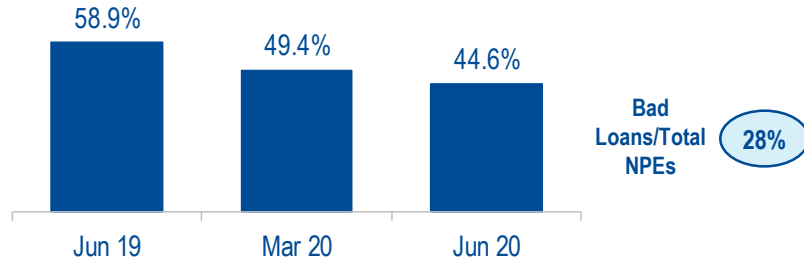
Coverage and Cost of Risk



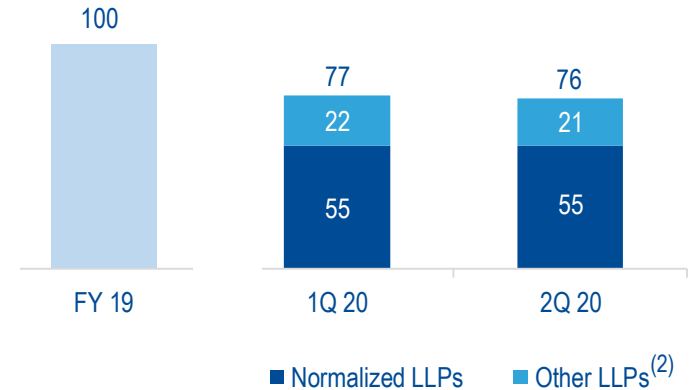
NPE coverage breakdown



Total NPE coverage



Cost of risk (bps)⁽¹⁾



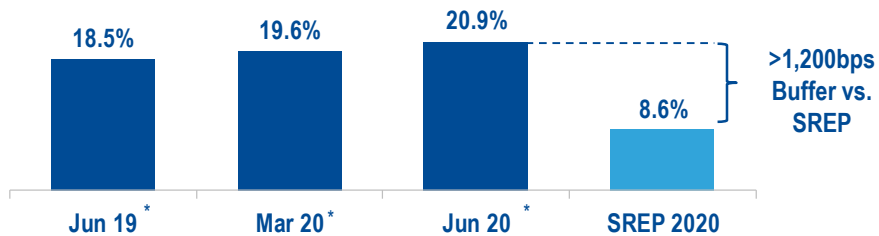
- Bad loans coverage at 62.3% after the disposal. NPE coverage at 44.6% in line with the sector
- Total CoR at 76 bps, normalized at 55bps, in line with previous quarter

(1) Quarterly data annualized; calculated on net customer loans excluding Government bonds classified in the 'Amortized Cost' category. FY 2019 includes the additional LLPs related to the implementation of the business plan NPL disposal.

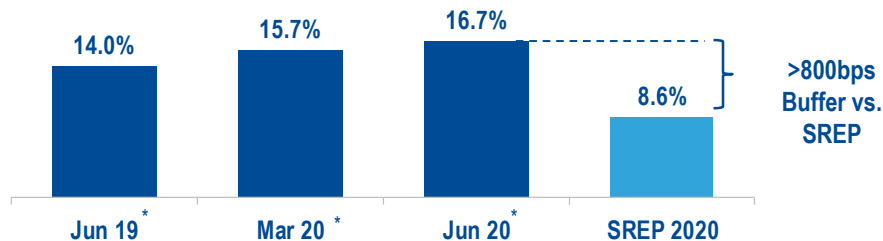
(2) Include Covid-19 related LLPs booked in Q2 20



CET1 ratio phased-in



CET1 ratio fully phased

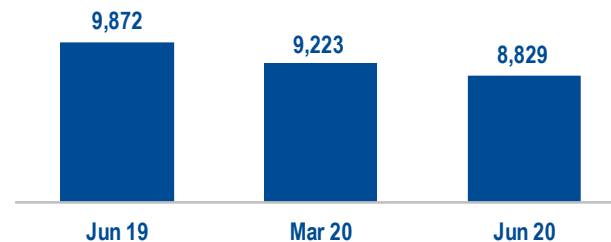


Regulatory capital ratios phased-in

	Jun-19	Jun-20	SREP
CET1 ratio (%)	18.5%	20.9%	8.55%
Tier 1 ratio (%)	18.5%	20.9%	10.05%
Total Capital ratio (%)	20.3%	22.8%	12.05%

RWA – phased-in

€/m



- CET1 FL at 16.7% up by 100bps t/t. CET1 Phase-in at 20.9% up by 130bps t/t.
- Large capital buffer giving additional comfort in the challenging scenario

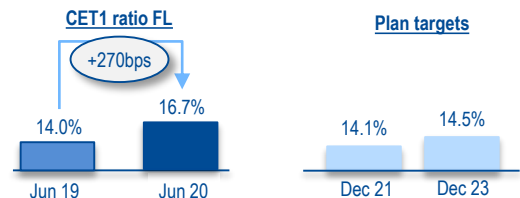
* Net result of the period not included

After one year - stronger, cleaner, more efficient



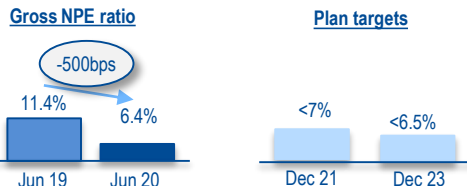
Stronger solidity

- » Solid capital position further strengthened
- » One of the highest buffer vs. SREP in EU: +815bps



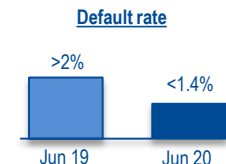
Cleaner Balance sheet

- » €800m NPE sold reducing NPE -46% y/y and NPE ratio to 6.4% -500bps y/y



Credit risk management improved

- » Reshaping of credit underwriting
- » Strengthening in the monitoring and early warning system
- » Improvement in the NPE management process



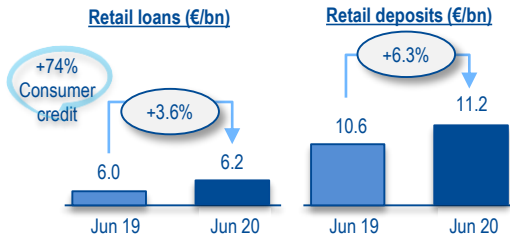
More efficient

- » Significant savings thanks to cost optimization and operations streamline
- » Reduction trend ahead of the Plan



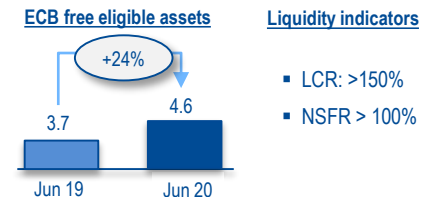
Commercial focused

- » Commercial network refocused on retail clients (households and SME)



Robust liquidity

- » Robust liquidity with regulatory indicators well above min. regulatory requirements





- H1 profit at €41m, + 74% y/y
- Continued transformation of the bank with acceleration in revamping the commercial activity and changing the asset mix
- Continued cost savings and processes simplification
- NPE down by almost 50% and NPE ratio decreased by 500 bps to 6.4% in one year, thanks to new disposal of €300m GBV NPE
- CET1 further improved to 16.7%
- Since one year of the plan already achieved key risk and costs targets making the bank stronger, cleaner, more efficient and commercially focused



Creval

Annexes

Reclassified Balance Sheet - Assets



€/000

ASSETS	30/06/2020	31/12/2019	Change
Cash and cash equivalents	158,666	190,434	-16.7%
Financial assets at fair value through profit or loss	184,749	195,113	-5.3%
Financial assets at fair value through other comprehensive income	956,314	971,765	-1.6%
Loans and receivables with banks	1,530,064	1,835,844	-16.7%
Loans and receivables with customers	19,594,042	19,523,742	0.4%
Equity investments	19,070	19,074	-
Property, equipment and investment property and intangible assets (1)	576,378	595,775	-3.3%
Non-current assets held for sale and disposal groups	91,011	93,196	-2.3%
Other assets (2)	924,577	915,057	1.0%
Total assets	24,034,871	24,340,000	-1.3%

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

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

Reclassified Balance Sheet – Liabilities and equity



€/000

LIABILITIES AND EQUITY	30/06/2020	31/12/2019	Change
Due to banks	3,586,074	2,896,993	23.8%
Direct funding from customers (1)	17,740,105	18,968,871	-6.5%
Financial liabilities held for trading	79	26	n.s.
Hedging derivatives	163,097	153,051	6.6%
Liabilities included in disposal groups classified as held for sale	-	3,581	n.s.
Other liabilities	642,243	438,267	46.5%
Provisions for specific purpose (2)	203,220	222,919	-8.8%
Equity attributable to non-controlling interests	22	23	-4.3%
Equity (3)	1,700,031	1,656,269	2.6%
Total liabilities and equity	24,034,871	24,340,000	-1.3%

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

(2) Includes 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 Income Statement



€/000

ITEMS	H1 2020	H1 2019	Change
Net interest income	161,512	178,573	-9.6%
Net fee and commission income	111,645	123,807	-9.8%
Dividends and similar income	759	924	-17.9%
Profit of equity-accounted investments	1,203	817	47.2%
Net trading, hedging income (expense) and profit (loss) on sales/repurchases of assets at FVOCI	1,139	3,378	-66.3%
Other operating net income	8,590	4,326	98.6%
Operating income	284,848	311,825	-8.7%
Personnel expenses	(124,328)	(136,811)	-9.1%
Other administrative expenses	(54,975)	(64,083)	-14.2%
Depreciations/amortisations and net impairment losses on property, equipment and investment property and intangible assets	(21,430)	(21,855)	-1.9%
Operating costs	(200,733)	(222,749)	-9.9%
Net operating profit	84,115	89,076	-5.6%
Impairment or reversal of impairment and modification gains (losses)	(58,728)	(101,862)	-42.3%
Net profit on derecognition of assets at the amortised cost and net profits on other assets at fair value through profit or loss	(888)	25,689	n.s.
Net accruals to provisions for risks and charges	(2,709)	(10,551)	-74.3%
Net gains on sales of invest. and valuation differences on property and equipment at FV	33,357	5,211	n.s.
Banking System Charges	(13,355)	(11,263)	18.6%
Pre-tax profit (loss) from continuing operations	41,792	(3,700)	n.s.
Income taxes	(806)	27,246	n.s.
Loss for the period attributable to non-controlling interests	1	-	-
Profit for the period	40,987	23,546	74.1%

Fine Comunicato n.0105-47

Numero di Pagine: 28