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Testo del comunicato

Vedi allegato.

PRESS RELEASE

CONSOLIDATED RESULTS AS AT 31 DECEMBER 2020

CREVAL ACCELERATES THE GROWTH PROCESS: NET INCOME OF 113.2 MILLION EURO, MORE THAN DOUBLE THE NET INCOME OF 56.2 MILLION EURO IN THE 2019

ON THE BACK OF THE BUSINESS PLAN GUIDELINES IMPLEMENTATION, CREVAL RANKS TODAY AMONG THE LEADING BANKS IN TERMS OF CAPITAL STRENGTH, (FULLY LOADED CET 1 RATIO AT 19.6%) AND RISK PROFILE WITH A GROSS NPE RATIO OF 5.8%

THE 2020 FINANCIAL STATEMENTS MARK THE RETURN TO DIVIDEND DISTRIBUTION: 0.23 EURO PER SHARE FOR A TOTAL OF 16.1 MILLION EURO, IN COMPLIANCE WITH THE SUPERVISORY AUTHORITY GUIDELINES

NET OPERATING PROFIT UP BY 8% Y/Y AND ACCELERATING IN Q4, CHARACTERIZED BY AN INCREASE IN REVENUES AND AN ADDITIONAL DECLINE IN COSTS

OPERATING COSTS DOWN BY 9%, DRIVEN BY A STRICT DISCIPLINE THAT MADE IT POSSIBLE TO MEET THE PLAN TARGET ONE YEAR AHEAD OF SCHEDULE

- **Personnel costs: -7.7% y/y**
- **Other administrative expenses: -13.7% y/y**

RETAIL LOANS UP BY 8.2% Y/Y THANKS TO THE BANK'S COMMITMENT TO SUPPORT HOUSEHOLDS AND SMEs

- **Personal loans: +45% y/y**

RETAIL CUSTOMER DEPOSITS UP BY 3.8% Y/Y

SIGNIFICANTLY IMPROVED CREDIT QUALITY DRIVEN BY THE NPL STOCK CUTBACK (-38% Y/Y) WITH A GROSS NPE RATIO OF 5.8% (3.1% NET) THUS WIDELY EXCEEDING THE PLAN TARGET FOR 2023 (<6.5%)

TOTAL NPE COVERAGE INCREASED FURTHER IN THE FOURTH QUARTER

- **Bad loan coverage: 62.8%**
- **UTP coverage: 42.7%**
- **Total NPE coverage: 48.3%**

COST OF CREDIT AT 71 BPS, DOWN COMPARED TO THE PREVIOUS YEAR (100 BPS) ORDINARY COST OF CREDIT AT 55 BPS

CAPITAL STRENGTH BOLSTERED FURTHER AND AT BEST-IN-CLASS LEVELS

- **Fully loaded CET 1 ratio at 19.6%, up from 15.5% at 31/12/2019 (+410 bps y/y)**
- **Large excess capital well above the minimum SREP requirement**

STRONG LIQUIDITY POSITION

- **LCR and NSFR well above 200% and 100%, respectively**
- **4.8 billion euro of unencumbered eligible assets**

WITH ITS Q4 RESULTS, CREVAL MARKS A SUSTAINABLE PROFIT GROWTH TREND IN LINE WITH THE ACHIEVEMENT OF PLAN TARGETS FOR 2021 AND 2023

Creval

Sondrio, 9 February 2021 – Yesterday evening, the Board of Directors of Creval examined and approved the consolidated results as at 31 December 2020, delivering a net income of 113.2 million euro, more than double the net income of 56.2 million euro reported in financial year 2019.

The Board of Directors also decided to submit to the Shareholders approval at the next general meeting the proposal to distribute a DPS of 0.23 euro for each of the no. 70,149,688 ordinary shares (excluding no. 6 own shares), corresponding to a total amount of dividends of 16,134,428 euro, within the maximum threshold of 20 basis point of the consolidated CET 1 ratio at 31 December 2020, recommended by the Bank of Italy in its communication of 16 December 2020. The dividend will be clipped at the first available weekly ex-dividend date following the date of the Shareholders Meeting, which according to our financial calendar will be convened between 15 and 30 April 2021.

"2020 was a transformational year for Creval, that achieved a step change, as clearly reflected by all the key operating and financial indicators. Indeed, we are a renewed bank, among the most solid in Europe, with a credit quality significantly improved and a growing core business. A resilient bank oriented towards a sustainable profitability, operating along nimble and lean processes, and with an efficient organizational structure also with respect to costs, which reported an additional 4.5% reduction in Q4 last year", remarked ***Luigi Lovaglio, Chief Executive Officer of Creval****. "Ahead of plan, and amid a highly challenging environment hit by a global pandemic, Creval displays a solid capital position, with a CET1 ratio at 19.6%, a strong liquidity, and a well rebalanced risk profile with a gross NPE ratio reduced to 5.8%. We are confidently looking ahead to the Bank's future growth proceeding on the marked path, for a constant generation of value. At last dividends are back and our outstanding capital position will guide us in the future towards a greater shareholder remuneration*".

Consolidated results as at 31 December 2020

Financial year 2020 has been characterized by the Covid-19 health emergency, which caused profound economic, financial, and social repercussions. Despite the highly challenging environment, the Bank continued to put effectively in place the actions mapped out in the 2019-2023 Business Plan "*Sustainable Growth*", achieving impressive results that allowed Creval to stand among the best banks in terms of risk profile and capital solidity, and to reach sustainable profitability levels that place the Bank on a development path that is in line with the net income targets for 2021 and 2023.

From an operational viewpoint, during the year Creval continued to carry out its activities, implementing all the necessary measures to guarantee the utmost protection to its People and Customers, and at the same time it did not fail to support the economy of its served territories. Commercial activities with customers progressively picked up again after having suffered a slowdown due to lockdown, and focused on the implementation of the liquidity measures made available by the Government to help households and SMEs deal with the crisis, as reflected by the performance of retail loans, which rose 8% y/y. The loan growth was supported also by personal loans, thanks to the consumer credit acceleration attained by the Bank, where lending increased by 45% over the previous year.

Despite the macroeconomic deterioration, operating profitability held up well, with revenues gradually improving in the second half of the year, driven on the one side by net interest income, that benefitted from both the ECB measures and the growing contribution of the consumer finance business, and on the other side by the pickup of net fees and commissions thanks to the resumption of client transactions.

As to costs, the unrelenting implementation of efficiency measures, coupled with the savings generated by an operational model that is more highly focused on remote working and process digitalization, drove operating costs on a steady downtrend, leading to a decline of 9% y/y, thus making it possible to meet the Plan targets one year ahead of schedule.
Also credit quality reported a strong improvement, following the NPL stock reduction, which at the end of 2020 stood at –38% y/y, mainly driven by the NPL sales carried out throughout the year and totaling more than 800 million euro, thus hitting the Plan target.
The decline in NPEs drove down the gross NPE ratio, which at the end of 2020 stood at 5.8%, below the target set for 2023 (<6.5%). A positive contribution towards this outcome was also made by a more disciplined lending process, a stronger monitoring activity and improved NPL work-out actions, which drove the default rate down from 2.1% at the beginning of 2019 to roughly 1% at the end of 2020.
As to our capital position, at present Creval displays a more robust capital strength that confirms its positioning among the best in class within the Italian banking industry, with a fully loaded CET1 ratio of 19.6%, up by more than 400 bps compared to 31 December 2019 and well above the 2023 plan target (14.5%).

Key balance sheet items

Total **direct funding** came to 17.9 billion euro, compared to 19.0 billion euro at 31 December 2019. Within this line-item, retail funding (households and SMEs) added up to 11.4 billion euro, up by 3.8% y/y; corporate funding came to 5.0 billion euro, slightly down compared to year-end 2019 (5.1 billion euro) also on the back of the cutback in more expensive corporate deposits; wholesale and bond funding amounted to 1.5 billion euro, down from 2.9 billion euro at 31 December 2019, driven by the reduction in repos.

Net loans and advances with customers, excluding debt securities (4.7 billion euro), stood at 15.0 billion euro, up by 3.5% over 31 December 2019 (14.5 billion euro), having benefitted in particular from a commercial activity focused on supporting the Bank’s served territories through the implementation of the liquidity support measures put in place by the banking industry at large to help households and businesses tackle the Covid-19 emergency.

Within this aggregate, retail customer loans (households and SMEs) amounted to 6.5 billion euro, up by 8.2% y/y, driven also by consumer loans. Corporate loans came in at 7.5 billion euro, reporting a slight decline (-0.7%) compared to the end of 2019, mainly due to the strategy aiming at reducing non-core exposures (mainly large corporate), in keeping with the Business Plan guidelines.

Including debt securities (mainly Government bonds), total net loans and advances added up to 19.6 billion euro, slightly up (+0.6%) compared to year-end 2019.

Turning to credit quality, **gross non-performing loans** totaled 956 million euro, down by 38% over 31 December 2019, having benefitted from both the sale during the year of more than 800 million euro of NPE (bad loans and UTPs), that made it possible to attain the deleveraging target under the Plan ahead of schedule, despite the challenging external economic environment, and the gradual improvement of the internal work-out activity.

Net non-performing exposures added up to 494 million euro, down by 33% compared to 31 December 2019.

The NPL to total customer loan ratio, excluding government bonds (3.8 billion euro), stood at 5.8% gross and 3.1% net, down from 9.4% and 4.7% respectively at 31 December 2019.

Net bad loans came to 113 million euro, down by 21% compared to 31 December 2019 (144 million euro), mainly driven by the disposals completed throughout the year; **net unlikely-to-pay loans** totaled 360 million euro, down by 34% compared to 31 December 2019 (547 million euro); **net past due loans** amounted to 21 million euro, down by 50% from 42 million euro at 31 December 2019.

The **bad loans** coverage ratio stood at 62.8%, down compared to 74.2% in the previous year, as a result of the disposals carried out throughout the year.

The coverage ratio of **UTP loans** was 42.7%, up compared to year-end 2019 (41.3%), and that of **past dues** came to 9.9%, compared to 10.7% at the end of 2019.

Consequently, the **NPL coverage ratio** came to 48.3%, compared to 52.3% in the previous year. It is worth pointing out that the gross bad loan to total NPL stock ratio stood at 32%, among the lowest across the leading Italian banks.

The **performing loan coverage ratio** (excluding government bonds) was 0.44%.

Indirect funding ran at 10.4 billion euro, up by 2.9% q/q (+0.7% y/y). Within this line-item, asset management inflows added up to 7.8 billion euro, up by 3.2% compared to the previous quarter (+3.3% y/y). Assets under administration came to 2.6 billion euro, up by 2.1% compared to the previous quarter (-6.3% y/y).

Financial assets represented by securities stood at 5.7 billion euro, down by 8% compared to 31 December 2019 (6.2 billion euro). Within this line-item, government bonds amounted to 4.4 billion euro, down by 7.4% compared to year-end 2019. The reserve of Italian government bonds measured at FVTOCI (net of tax effect) comes to a positive 3.0 million euro.

The Bank continues to enjoy a solid liquidity position, with 4.8 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 200% and 100%, respectively.

The ECB funding component came to 3.5 billion euro, fully represented by TLTRO-III funds, of which 2.5 billion euro coming due in June 2023 and 1.0 billion euro coming due in December 2022.

Shareholders' equity and capital ratios

The Group's **Shareholders' equity** at 31 December 2020 stood at 1,774 million euro.

Under the phase-in regime, the CET1 capital was 1,979 million euro, against 8,277 million euro of risk-weighted assets (RWA). Total own funds added up to 2,142 million euro.

The Bank's capital ratios, including the eligible net income for the year, report the following values, that are well above the minimum SREP requirements:

- 23.9% CET1 ratio compared to a minimum SREP requirement of 8.55%;

- 23.9% Tier 1 ratio compared to a minimum SREP requirement of 10.05%;

- 25.9% Total Capital ratio compared to a minimum SREP requirement of 12.05%.

The fully loaded CET1 ratio at 31 December 2020 stood at 19.6%, up compared to 31 December 2019 (15.5%).

Operating results

Net interest income added up to 340.2 million euro, compared to 347.5 million euro reported in the previous year. The y/y comparison was affected by the further decline in Euribor rates, as well as by the lower contribution from NPLs on the back of the disposal plan implemented in 2020, partly offset by the benefits from TLTRO-III funds. In Q4 2020, NII stood at 89.2 million euro, in line with the previous quarter (89.5 million euro), sustained by the development of the commercial activity.

Net fees and commissions amounted to 230.4 million euro, down from 249.1 million euro reported in the previous year, due to the slowdown in customer transactions on the back of the lockdown measures adopted in 2020 to tackle the Covid-19 health emergency. In Q4 2020, fees and commissions added up to 61.4 million euro, up by 7.0% compared to the prior quarter. Within this line-item, core banking fees stood at 44.5 million euro, up by 6.7% compared to Q3 2020 (41.7 million euro), confirming that they are already recovering as customer transactions pick up again. Asset management fees came to 16.9 million euro, up by 7.8% compared to the prior quarter.

FVOCI assets trading, hedging, and disposal/repurchase activities amounted to 3.4 million euro, compared to 8.0 million euro in the same period of the previous year.

Operating income stood at 594.3 million euro from 617.4 million euro reported in 2019.

Personnel expenses added up to 245.2 million euro, down by 7.7% y/y, even though they include the costs tied to the national bargaining agreement. The reduction was mainly due to the headcount reduction (113 resources), that was driven among others by the sale of the pledge loans business line in Q1 this year (43 resources). In Q4 2020, personnel expenses came to 60.3 million euro, slightly less (-0.5%) compared to the prior quarter (60.6 million euro).

Other administrative expenses amounted to 104.6 million euro, down by 13.7% compared to the same period of the previous year (121.3 million euro), notwithstanding Covid-19 related costs, as they benefitted from the steady cost base optimization actions. In Q4 2020 this line-item came in at 22.6 million euro, down by 16.5% compared to the previous quarter (27.1 million euro).

Amortization on property, equipment and investment property and intangible assets amounted to 43.4 million euro, down by 3.3% compared to the previous year.

Thus, total **operating costs** stood at 393.2 million euro, down by 9% y/y.

Net operating profit worked out to 201.1 million euro, up by 8.3% from 185.7 million euro reported in 2019.

Systemic charges added up to 26.3 million euro (20.6 million euro in 2019) and were represented by the 13.3 million euro contribution to the Resolution Fund and the 9.1 million euro contribution to the Deposit Guarantee Fund, plus 3.9 million euro tied to the estimated to the Mandatory Scheme vis-à-vis the interventions aimed at supporting the banking industry.

Impairment or reversal of impairment for credit risk and modification gain/losses stood at 113.2 million euro, compared to 157.1 million euro reported in 2019. It includes an update of the macro-economic assumptions tied to the calculation of loan loss provisions under IFRS9. In Q4 2020 it came in at 27.2 million euro, in line with the previous quarter (27.3 million euro).

Net accruals to provisions for risks and charges added up 600 thousand euro, reporting a sharp decline from 10.2 million euro reported in the previous year.

Net profit on derecognition of assets at the amortized cost and net profits on other assets at fair value through profit or loss were 13.5 million euro, compared to 28.3 million euro in the previous year.

Net gains on sales of investments and impairment losses on property, equipment and investment property and intangible assets were 29.6 million euro, compared to 4 million euro in 2019. The increase was mainly driven by the capital gain of roughly 33 million euro gross generated by the disposal of the pledge loans business finalized in January 2020.

Income from continuing operations before tax stood at 104.1 million euro, reporting a steep increase from 30.1 million euro reported in the previous year.

Income taxes for the period came in at 9.1 million 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 2020, making it possible to recognize additional DTAs of the same amount and kind.

Net income for the year stood at 113.2 million euro, double the result reported last year (56.2 million euro).

<u>Outlook</u>

The growth outlook is still dependent on how the pandemic will evolve. Although in Q3 2020 the economic recovery in the Euro area turned out to be livelier than initially expected, sustained by a strong recovery of all the components of internal demand, preliminary Q4 2020 data hint at a new GDP contraction caused by the resurgence of Covid-19 infections and the attendant containment measures. Yet, the fallout on the economy is expected to be more contained than in the first phase of the pandemic, since the containment measures have mostly affected the service industry, where the activities have been strongly slowed down by the increase in infection rates and by the new restrictions to social interactions and mobility, while the activities in the manufacturing and industrial sectors showed a greater resilience, albeit differing across sectors and within the same sectors. In the medium term the recovery of the Euro area will continue to be supported by the ECB's expansionary monetary policies, which will help preserve favorable funding terms during the pandemic, by the implementation of the European multiannual NextGen

EU plan which includes the Recovery Facility, as well as by the gradual lifting of containment measures. The Euro area's macroeconomic projections, produced in December 2020 by the Eurosystem experts, as a base scenario indicate a 7.3% GDP decrease in 2020, followed by an increase of 3.9% in 2021 and of 4.2% in 2022. In Italy, the latest estimates published by the Bank of Italy report a GDP recovery in 2021 of 3.5%, rising to 3.8% in the following year. Although news on vaccine distribution is encouraging, there are still downside risks to growth prospects tied to the evolution of the pandemic and its implications on the financial conditions of households and businesses.

Against this backdrop, the Bank will continue to implement the Plan guidelines, whose strategic value has been confirmed by the FY 2020 results which evidenced the progress made in the achievement of a sustainable profitability and of a highly improved credit quality and of a considerable best-in-class solidity, while confirming the strong liquidity position, all this notwithstanding the challenging external environment.

Revenues are expected to grow fueled by both net interest income and fees and commissions. Net interest income will benefit from the expected increase in household financing, in particular consumer credit, as well as from the greater contribution from TLTRO-III funds. Fees and commissions will continue to follow the uptrend reported in Q4 thanks to the gradual resumption of operations with customers and the greater focus on asset management. Cost efficiency is also expected to progress further, in the wake of the actions that have already been implemented, and also driven by the optimization of the processes tied to the development of remote working and digitalization.

Credit quality will continue to be closely monitored, also in view of the expected evolution of the macroeconomic scenario. The cost of credit, while still affected by the pandemic evolution, is expected to remain under control and at levels not higher than those reported in 2020, thanks to a systematic strong lending discipline and to a stricter monitoring in particular with regard to exposures under moratoria.

The capital position is still expected to stay at high levels, which should allow the Bank to cope with any further deterioration of the macroeconomic scenario.

As a result, net income is expected to follow a positive trend, that could also benefit from the use of the off-balance sheet DTA stock already as of the current year, with the dividend policy set out in the Plan poised to be confirmed. Moreover, the large excess capital sets the stage for a further strengthening of this policy in the future, subject to the indications to be issued by the Supervisory Authorities after 30 September 2021.

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

PRESS RELEASE

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	31/12/2020	31/12/2019	Change
(in thousands of EUR)			
Loans and receivables with customers	19,648,291	19,523,742	0.64%
Financial assets and liabilities measured at fair value	884,993	1,013,801	-12.71%
Total assets	23,881,672	24,340,000	-1.88%
Direct funding from customers	17,875,769	18,968,871	-5.76%
Indirect funding from customers	10,440,722	10,365,993	0.72%
of which:			
- Managed funds	7,816,279	7,565,554	3.31%
Total funding	28,316,491	29,334,864	-3.47%
Equity	1,774,414	1,656,269	7.13%

SOLVENCY RATIOS	31/12/2020 (*)	31/12/2019
Common Equity Tier 1 capital / Risk-weighted assets (CET1 capital ratio)	23.9%	20.1%
Tier 1 capital / Risk-weighted assets (Tier 1 capital ratio)	23.9%	20.1%
Total own funds / Risk-weighted assets (Total capital ratio)	25.9%	22.1%

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

FINANCIAL STATEMENT RATIOS	31/12/2020	31/12/2019
Indirect funding from customers / Total funding	36.9%	35.3%
Managed funds / Indirect funding from customers	74.9%	73.0%
Direct funding from customers / Total liabilities and equity	74.9%	77.9%
Customer loans* / Direct funding from customers	88.8%	81.6%
Customer loans* / Total assets	66.4%	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 3,782,620 thousand*

CREDIT RISK	31/12/2020	31/12/2019	Change
Net bad loans (in thousands of EUR)	113,304	143,992	-21.31%
Other net doubtful loans (in thousands of EUR)	380,690	588,458	-35.31%
Net non-performing loans (in thousands of EUR)	493,994	732,450	-32.56%
Net bad loans / Customer loans*	0.7%	0.9%	
Other net doubtful loans / Customer loans*	2.4%	3.8%	
Net non-performing loans / Customer loans*	3.1%	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 3,782,620 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	31/12/2020				31/12/2019			
	Gross amount	Impairment losses	Carrying amount	% coverage	Gross amount	Impairment losses	Carrying amount	% coverage
Non-performing loans								
Bad loans	304,988	-191,684	113,304	62.8%	557,165	-413,173	143,992	74.2%
Unlikely to pay	627,920	-267,962	359,958	42.7%	930,651	-384,023	546,628	41.3%
Past due non-performing loans	23,018	-2,286	20,732	9.9%	46,839	-5,009	41,830	10.7%
Total non-performing loans	**955,926**	**-461,932**	**493,994**	**48.3%**	**1,534,655**	**-802,205**	**732,450**	**52.3%**
Performing loans excluding Government bonds	15,440,019	-68,342	15,371,677	0.44%	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	31/12/2020	31/12/2019	Change
Number of employees	3,521	3,634	-3.11%
Number of branches	355	362	-1.93%

Creval

PRESS RELEASE

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of EUR)

ASSETS	31/12/2020	31/12/2019	Change
Cash and cash equivalents	173,104	190,434	-9.10%
Financial assets at fair value through profit or loss	188,663	195,113	-3.31%
Financial assets at fair value through other comprehensive income	855,467	971,765	-11.97%
Loans and receivables with banks	1,554,955	1,835,844	-15.30%
Loans and receivables with customers	19,648,291	19,523,742	0.64%
Equity investments	20,573	19,074	7.86%
Property, equipment and investment property and intangible assets (1)	541,772	595,775	-9.06%
Non-current assets held for sale and disposal groups	11,730	93,196	-87.41%
Other assets (2)	887,117	915,057	-3.05%
Total assets	**23,881,672**	**24,340,000**	**-1.88%**

(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	31/12/2020	31/12/2019	Change
Due to banks	3,539,993	2,896,993	22.20%
Direct funding from customers (1)	17,875,769	18,968,871	-5.76%
Financial liabilities held for trading	80	26	n.s.
Hedging derivatives	159,057	153,051	3.92%
Liabilities included in disposal groups classified as held for sale	-	3,581	-100.00%
Other liabilities	384,656	438,267	-12.23%
Provisions for specific purpose (2)	147,682	222,919	-33.75%
Equity attributable to non-controlling interests	21	23	-8.70%
Equity (3)	1,774,414	1,656,269	7.13%
Total liabilities and equity	**23,881,672**	**24,340,000**	**-1.88%**

(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"

Creval

PRESS RELEASE

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in thousands of EUR)

ITEMS	2020	2019	Chg.
Net interest income	**340,185**	**347,463**	**-2.09%**
Net fee and commission income	230,416	249,103	-7.50%
Dividends and similar income	761	1,231	-38.18%
Profit of equity-accounted investments (1)	2,724	2,179	25.01%
Net trading, hedging income (expense) and profit (loss) on sales/repurchases of assets at FVOCI (2)	3,385	7,966	-57.51%
Other operating net income (3)	16,862	9,481	77.85%
Operating income	**594,333**	**617,423**	**-3.74%**
Personnel expenses	(245,245)	(265,608)	-7.67%
Other administrative expenses (4)	(104,632)	(121,291)	-13.73%
Amortizations on property, equipment and investment property and intangible assets (5)	(43,367)	(44,858)	-3.32%
Operating costs	**(393,244)**	**(431,757)**	**-8.92%**
Net operating profit	**201,089**	**185,666**	**8.31%**
Impairment or reversal of impairment and modification gains (losses) (6)	(113,244)	(157,100)	-27.92%
Net profit on derecognition of assets at the amortised cost and net profits on other assets at fair value through profit or loss (7)	13,489	28,307	-52.35%
Net accruals to provisions for risks and charges	(591)	(10,189)	-94.20%
Net gains on sales of investments and impairment losses on property, equipment and investment property and intangible assets (8)	29,607	3,985	n.s.
Banking system charges	(26,282)	(20,612)	27.51%
Pre-tax profit from continuing operations	**104,068**	**30,057**	**n.s.**
Income taxes	9,125	26,181	-65.15%
Post-tax profit from continuing operations	**113,193**	**56,238**	**101.27%**
Loss for the year attributable to non-controlling interests	3	2	50.00%
Profit for the year	**113,196**	**56,240**	**101.27%**

(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; c) financial liabilities"
(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 38,976 thousand euro in the 2020 and EUR 40,219 thousand euro in the 2019)
(5) Include the amortization charges of items "210. Depreciation and net impairment losses on property, equipment and investment property", "220. Amortization 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 626 thousand euro in the 2020 and EUR 887 thousand euro in the 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 impairment losses on property, equipment and investment property and intangible assets of items "210. Depreciation and net impairment losses on property, equipment and investment property" (EUR 1,363 thousand euro in the 2020 and EUR 50 thousand euro in the 2019), "220. Amortization and net impairment losses on intangible assets", 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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