



Creval

Strong quarter, strong year - on track to 2021 and 2023 targets

FY 2020 Financial Results

Milan, 9th February 2021

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- Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2), Simona Orietti, in her capacity as manager in charge of financial reporting declares that the accounting information contained in this Presentation reflects the group's documented results, financial accounts and accounting records.



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Strong Set of Results in 2020

Financial Highlights



Net Profit

€113m

~ 2x year over year

Net Operating Income

€201m

+8% year over year

Operating Costs

-9%

year over year decrease

Retail Loans

+8.2%

year over year growth

Gross NPE Ratio

5.8%

reduced from 9.4% year ago

CET1 Ratio FL

19.6%

materially above 8.6% SREP requirement

Clear Track Record of Delivery on Business Plan Pillars



Business Plan Pillars

Sustainable Profitability

- On track to deliver **targeted sustainable profitability**, notwithstanding changes in the macroeconomic environment
- Highly disciplined new lending practices, with **shift in mix out of large corporates into retail mortgages and consumer loans**
- **Strong track record of delivery** in the implementation of efficiency initiatives envisaged in the plan

Attractive Dividends

- €0.23 per share minimum dividend distribution proposal, in line with temporary regulatory guidance
- **Ample room for further distribution to shareholders**, on the back of **substantial amount of excess capital**

Fortress Capital

- **Best-in-class capital position** in the Italian banking sector
- 410 bps CET1 capital generation vs. 2019, with over 11 p.p. buffer over SREP

Cleaner Balance Sheet

- **Asset quality profile improved one year in advance** compared to business plan targets, with €113m of Net Bad Loans
- Gross NPE Ratio of 5.8% in 2020, down 3.6 p.p. vs. 2019
- **Further reduction recorded in the securities portfolio** in line with strategy, with **significant unrealised gains**

Upside Elements

- **Additional upside** with c. €180m of **off-balance sheet DTA**, to be utilised either over time on a standalone basis or through the accelerated path in the context of M&A combination
- Ability to further support lending and net interest income growth with further €2bn of undrawn TLTRO III facility

“A solid, low-risk and value-oriented Commercial Bank, focused on Retail and SME Clients in our Regions”



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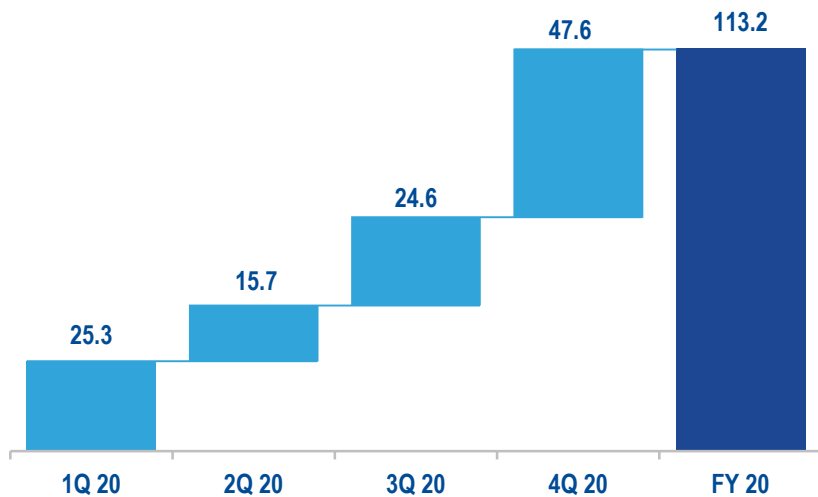
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Net Profit

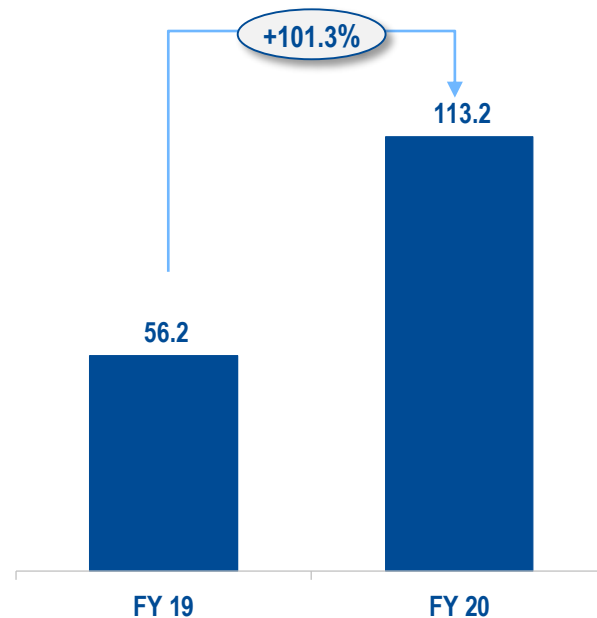
Quarterly evolution

€/m



Yearly evolution

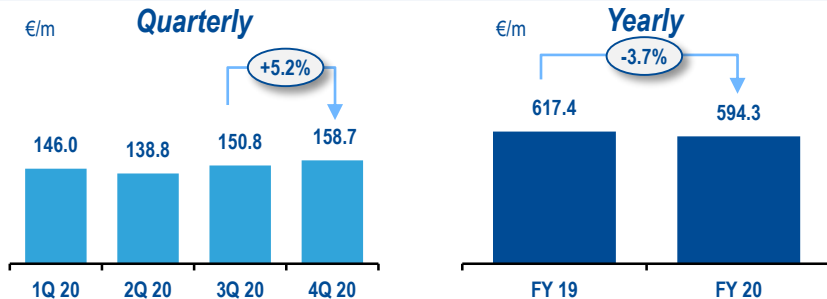
€/m



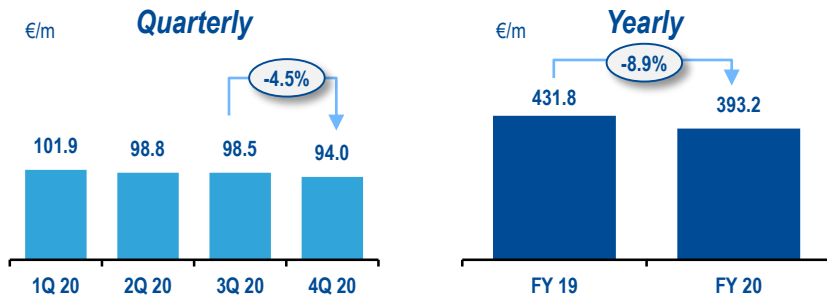
- Net profit at €113.2m, more than doubled y/y supported by operating income acceleration in H2, costs efficiency and TLTRO contribution
- Strong Q4 net profit at €47.6m, supported by net operating income growth

Net Operating Income

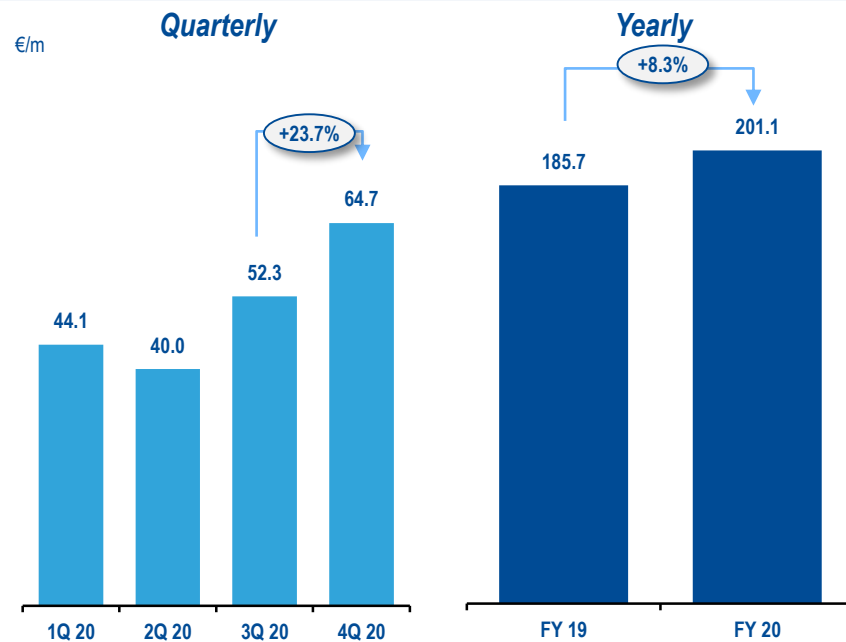
Operating Income



Total Operating Costs



Net Operating Income

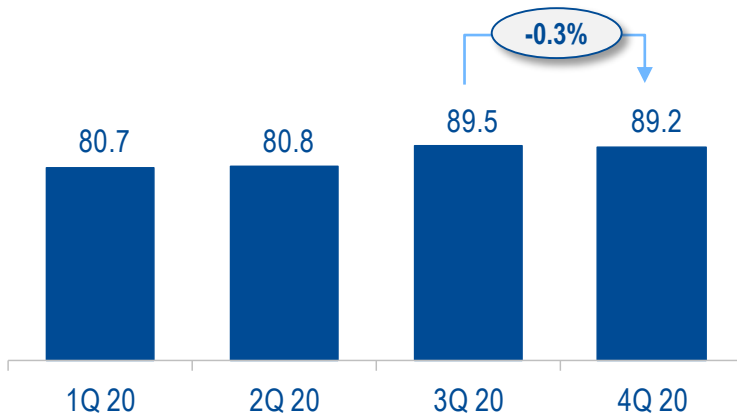


- Net operating income at €64.7m, +23.7% q/q with strong contribution of both revenues and costs, resulting in positive jaws
- FY net operating income crossing €200m, +8.3% y/y thanks to decisive costs reduction, ahead of the schedule, more than offsetting lockdown driven, sector wide pressure on revenues

Net Interest Income

Quarterly evolution

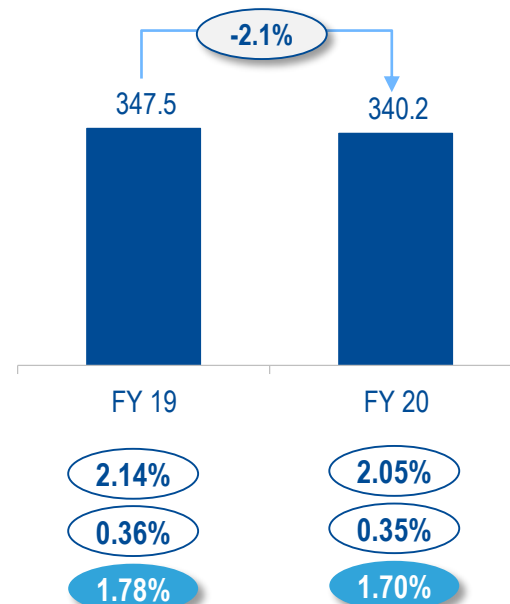
€/m



	1Q 20	2Q 20	3Q 20	4Q 20
Asset Yield	2.05%	2.10%	2.05%	2.00%
Liability Cost	0.38%	0.37%	0.34%	0.32%
Net Interest Spread	1.67%	1.74%	1.71%	1.68%

Yearly evolution

€/m

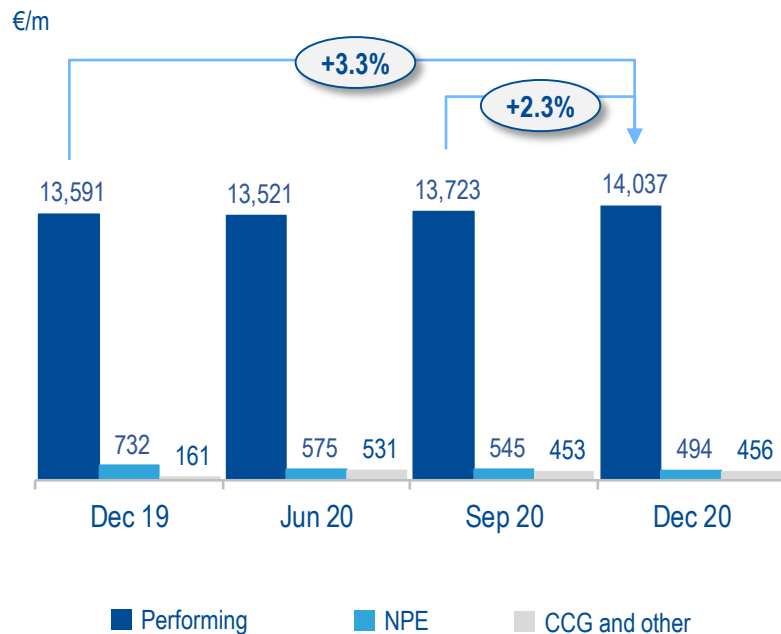


	FY 19	FY 20
Asset Yield	2.14%	2.05%
Liability Cost	0.36%	0.35%
Net Interest Spread	1.78%	1.70%

- Stabilisation of NII in Q4 at €89m with improving asset mix reducing pressure on lending yields
- FY NII at €340m, strongly supported by the 2H results

Net Customer Loans

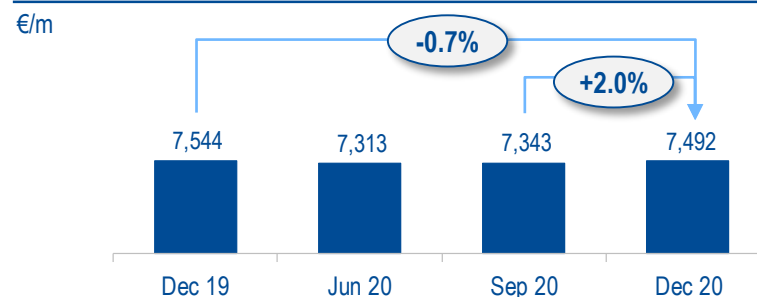
Net loans (1)



Retail



Corporate and other



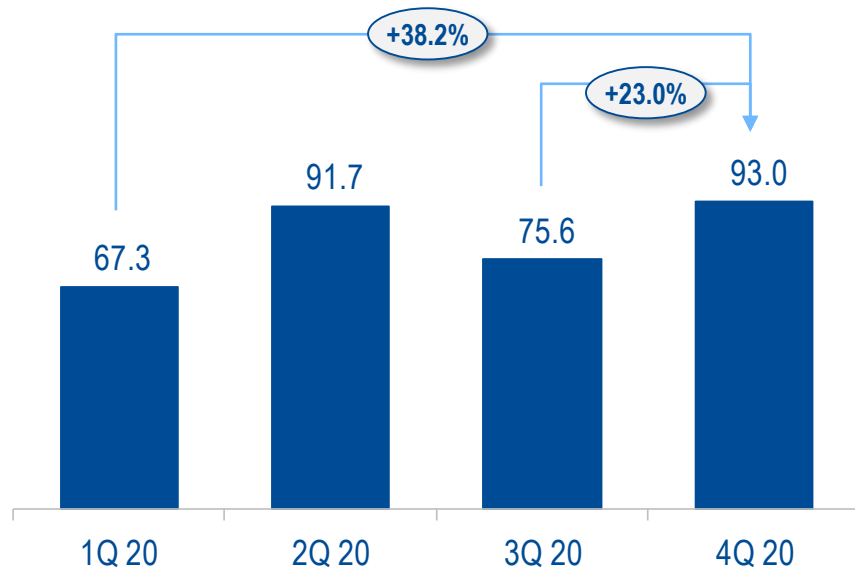
- Retail loans up by 8.2% y/y supported by the growth in Q4 by 2.6%, driving total loans dynamic to 3.3% y/y

(1) Excluding securities (€5.0bn as at Dec19; €5.0bn as at Jun20, €5.0bn as at Sep20 €4.8bn, €4,7bn Dec20).

New Production of Consumer Loans

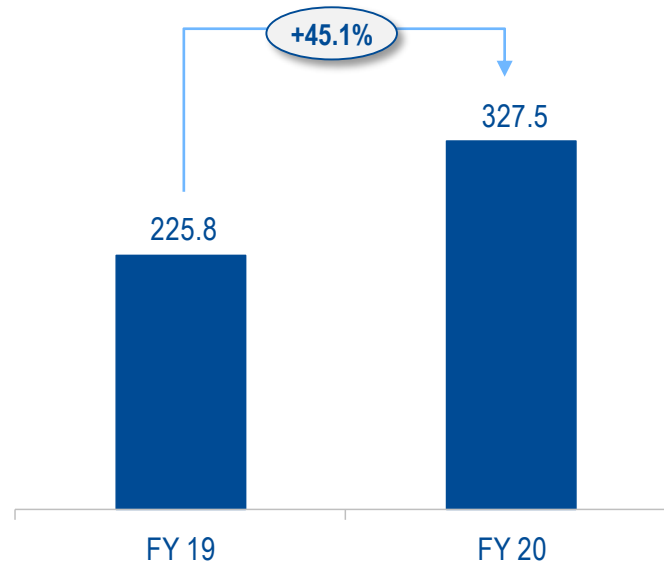
Quarterly evolution

€/m



Yearly evolution

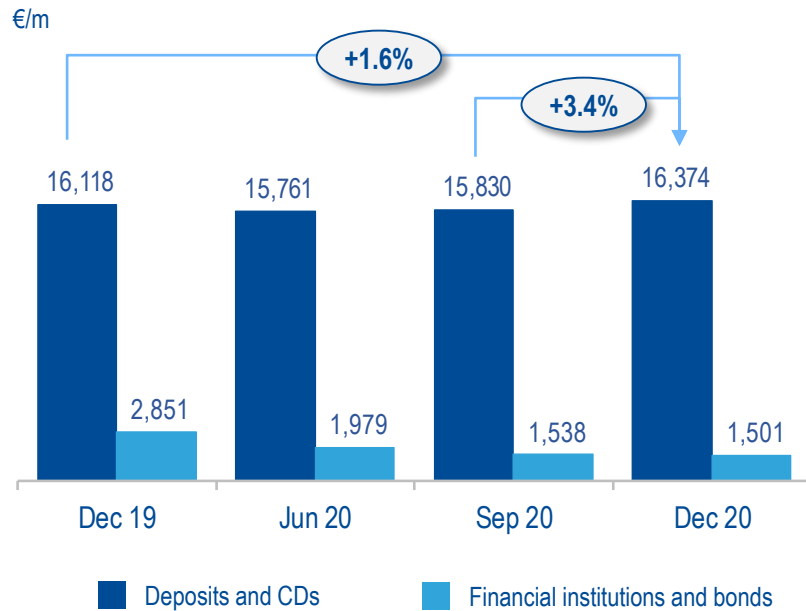
€/m



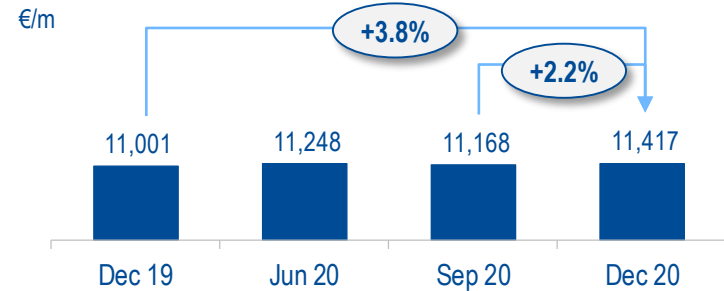
- New consumer loans up by 45.1% y/y thanks to strong commercial focus

Funding Composition

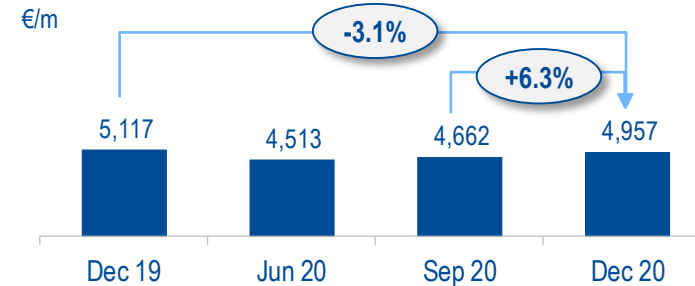
Direct funding



Retail deposits



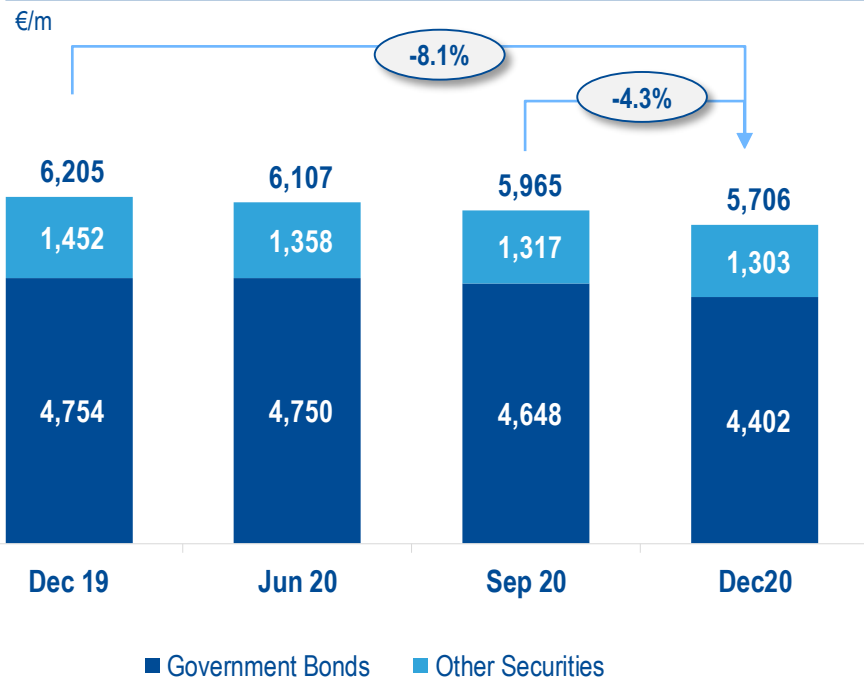
Corporate and other deposits



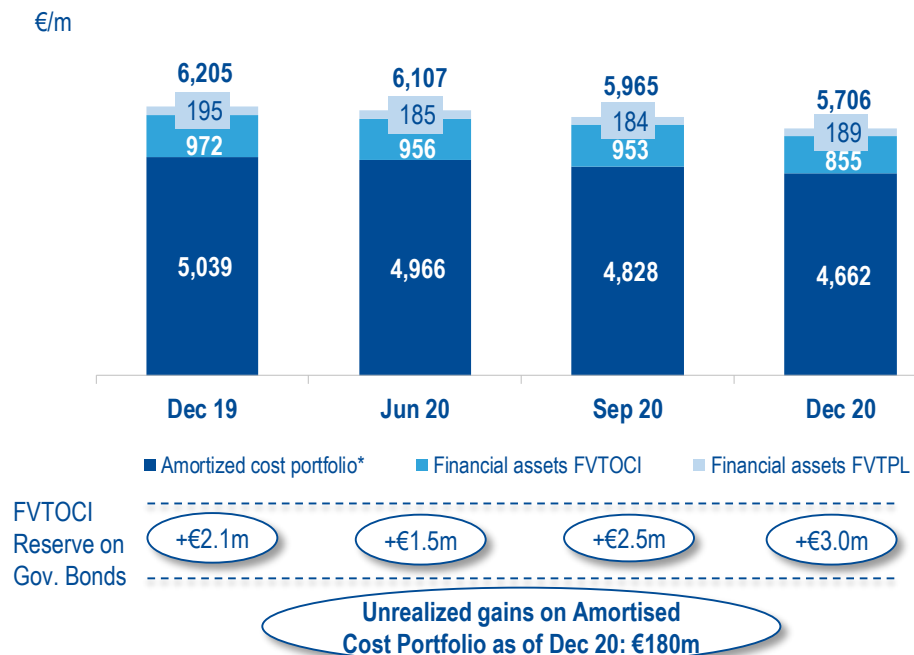
- Retail deposits up 3.8% y/y, while Corporate deposits -3.1% y/y, following selective and price driven approach, despite Q4 dynamics mainly reflecting Government liquidity measures

Securities Portfolio Breakdown

Securities portfolio (1)



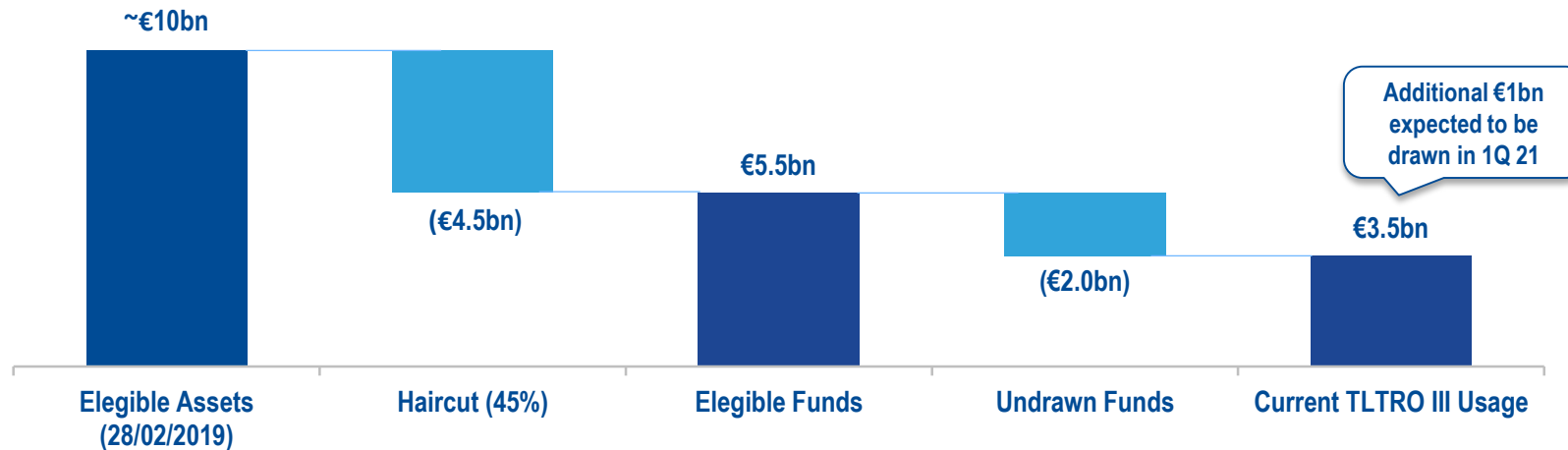
Breakdown by classification



- Continued gradual reduction in securities portfolio, -8.1% y/y, in line with Plan strategy

(1) Excluding loans and receivables with Banks.

Focus on TLTRO III



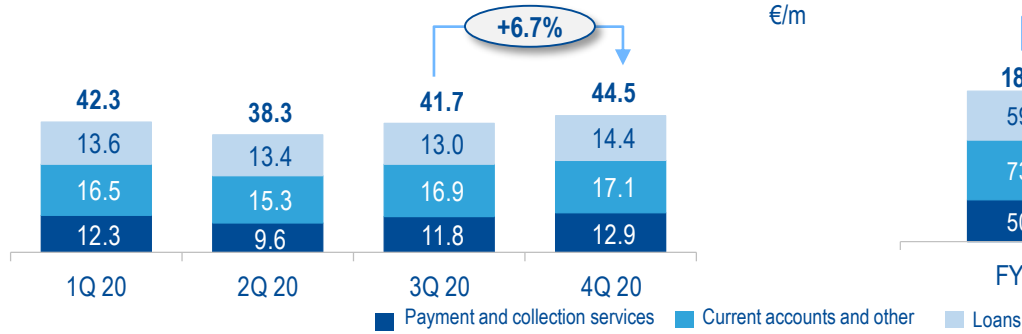
- TLTRO III facility currently drawn for an amount equal to €3.5bn (64% of the eligible funds)
- Further usage of €1bn expected in 1Q 2021, with room for additional €1bn thereon

Net Fee and Commission Income

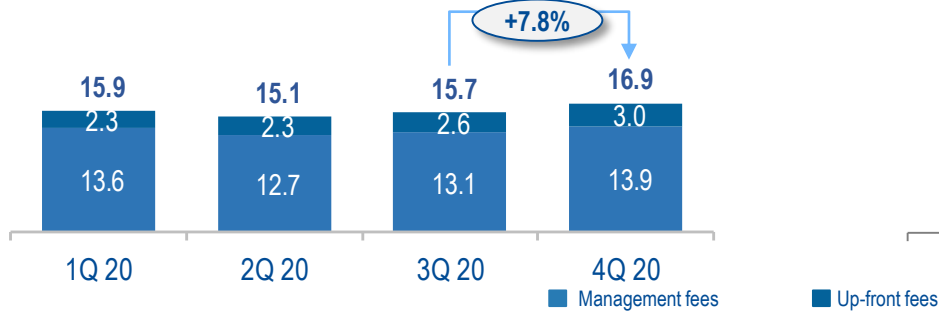
Quarterly Evolution

€/m

Banking Fees

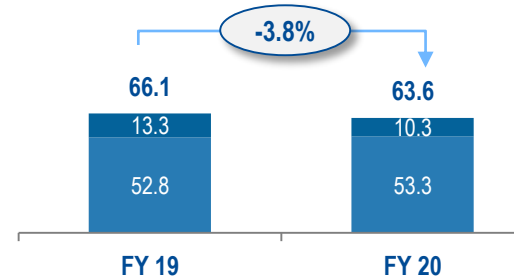
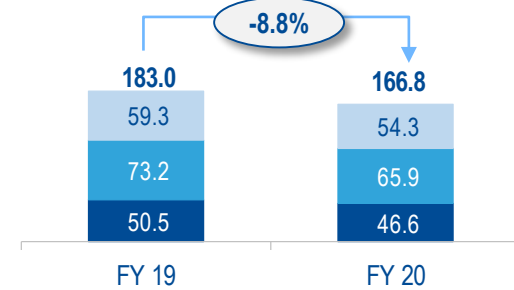


AuM Fees



Yearly Evolution

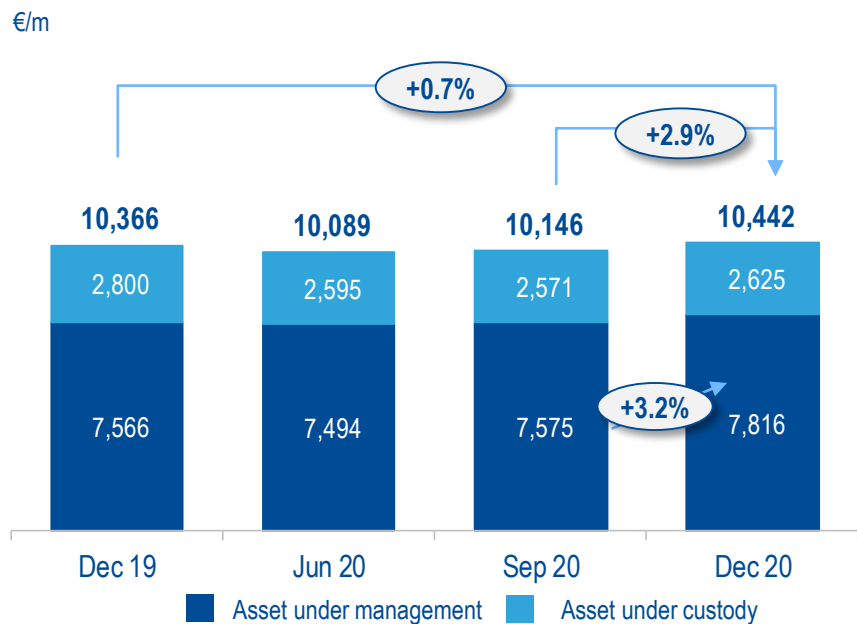
€/m



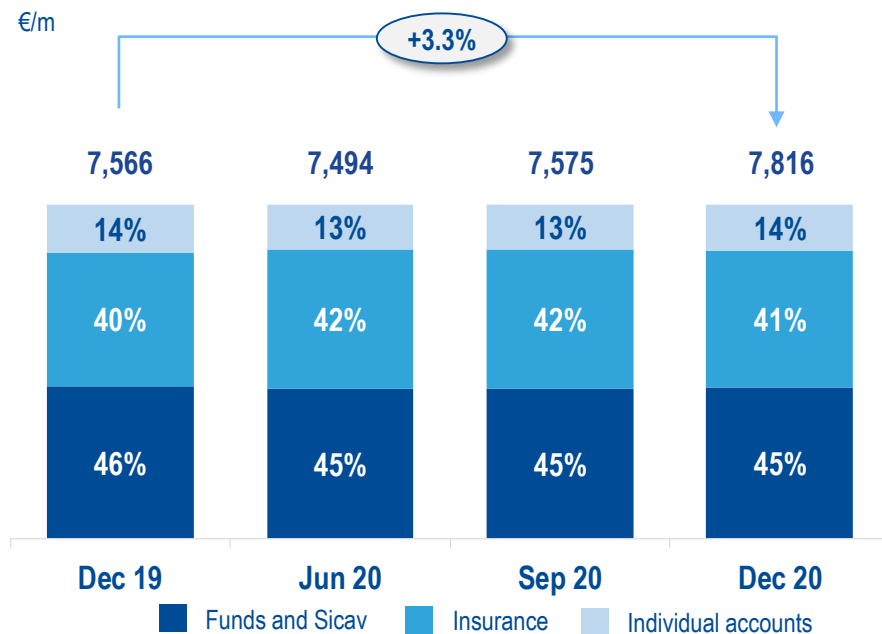
- Strong rebound of both banking and AuM fees in Q4, driven by growth in all key categories thanks to increased customers' activity
- FY fees dynamic reflects lockdown impact

Indirect Funding

Indirect funding breakdown



AuM breakdown

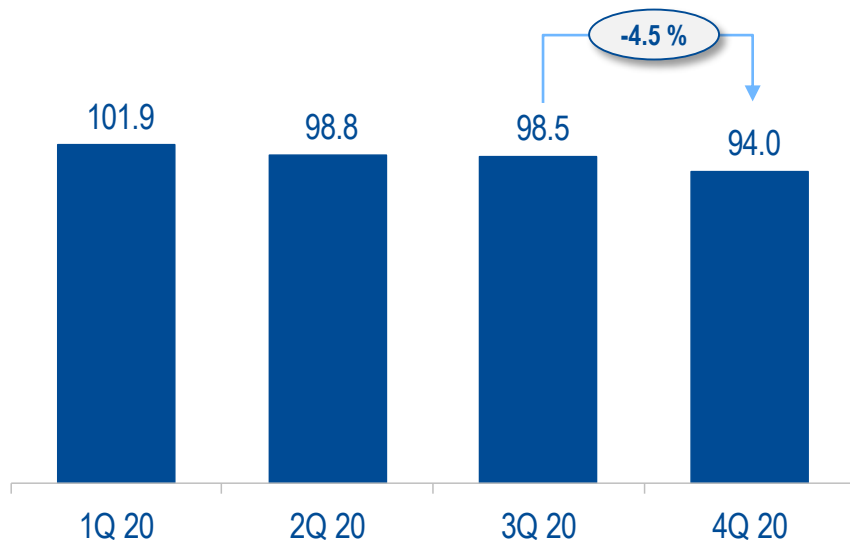


- Indirect funding up 0.7% y/y thanks to Q4 growth

Total Operating Costs

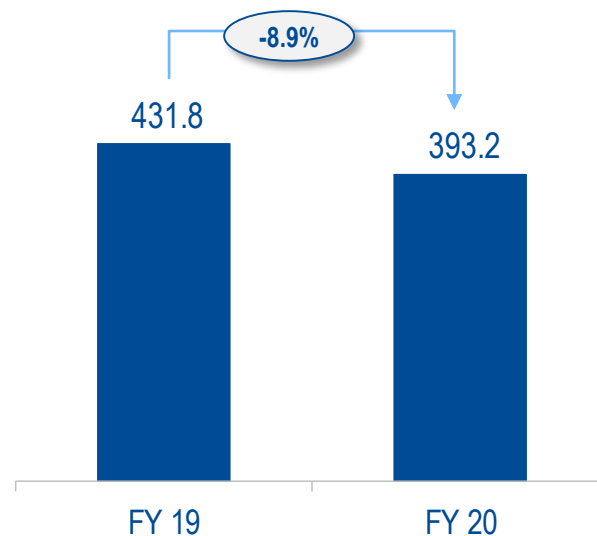
Quarterly evolution

€/m



Yearly evolution

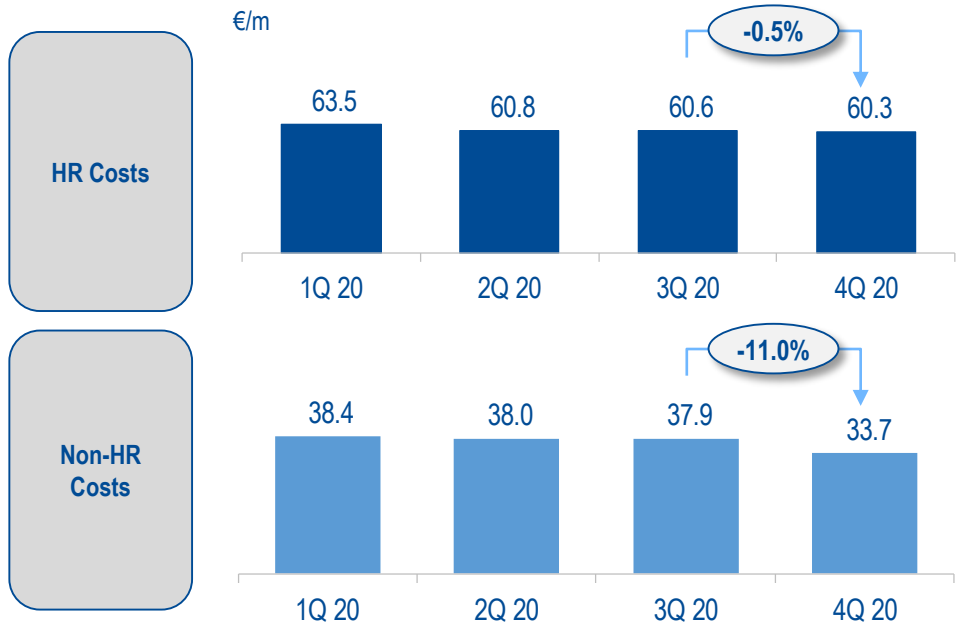
€/m



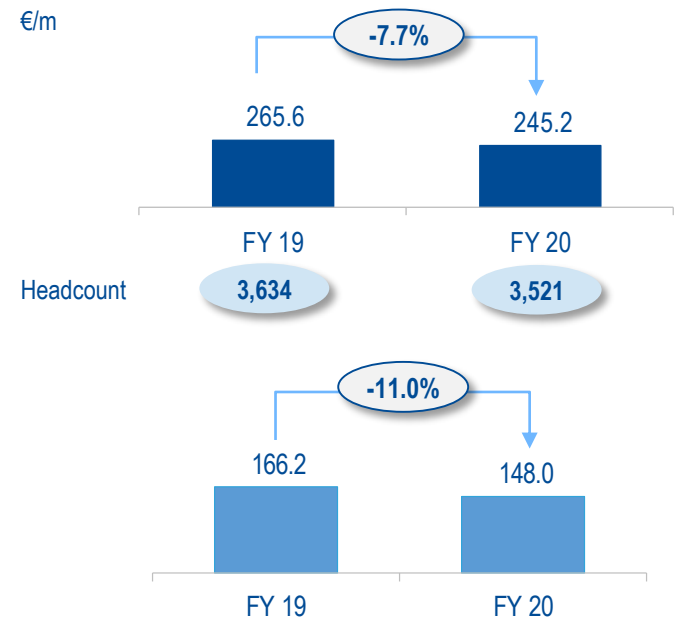
- FY costs -8.9% y/y, reaching the business plan target ahead of the schedule
- Excellent Q4 costs reduction by 4.5% q/q thanks to further operational savings

HR and Non-HR Costs Evolution

Quarterly Evolution



Yearly Evolution



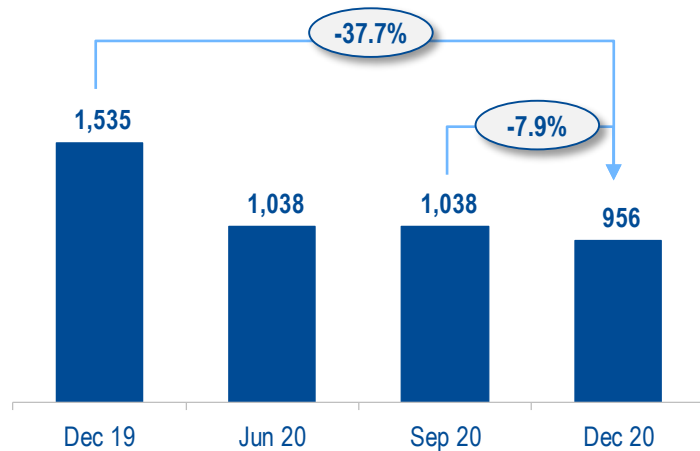
- FY HR costs -7.7% y/y leveraging on natural attrition
- Double digit y/y decrease of FY Non-HR costs thanks also to excellent Q4 (-11% q/q) mainly driven by contracts renegotiations savings

Note: Non-HR costs include the items: "Other administrative costs" and "Amortizations".

Gross NPE Stock

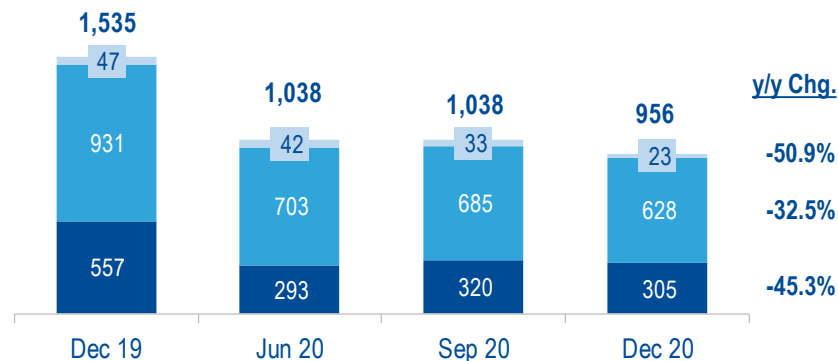
Gross NPE Stock

€/m



Breakdown by Category

€/m



■ Bad Loans ■ UTP ■ Past Due

Texas ratio²



Gross NPE ratio¹



Net NPE ratio¹



- NPE ratio improved further q/q to 5.8% and down by 360 bps y/y, ahead of the Plan target level . Net NPE ratio improved to 3.1%, -160 bps y/y
- Texas ratio improved to 28%

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

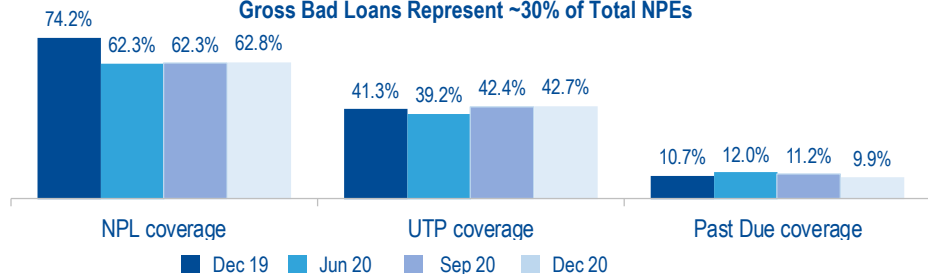
(2) Net NPE/Net Equity.

Coverage and Cost of Risk

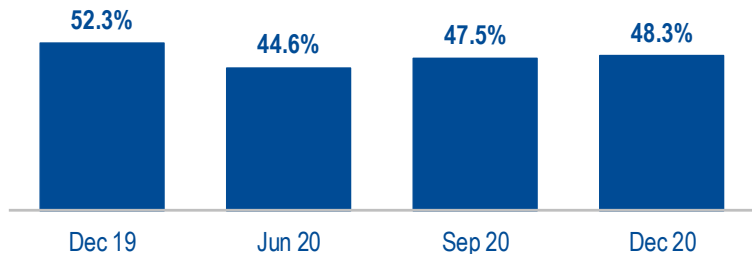


NPE Coverage Breakdown

Gross Bad Loans Represent ~30% of Total NPEs

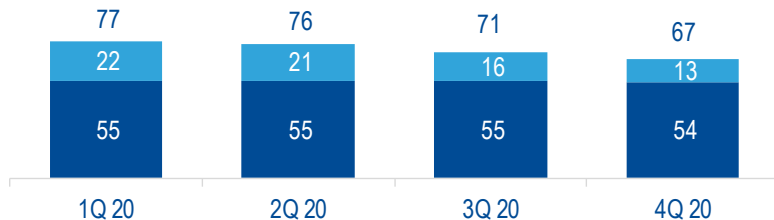


Total NPE Coverage

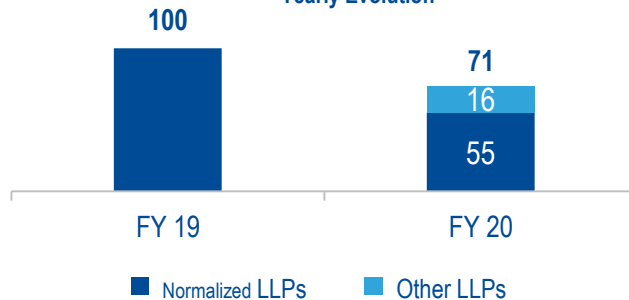


Cost of Risk (bps)⁽¹⁾

Quarterly Evolution



Yearly Evolution



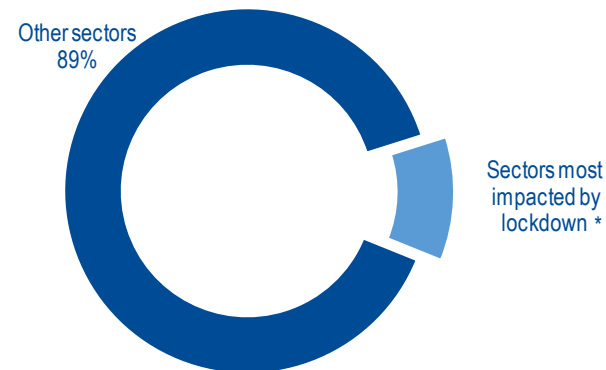
- Improvement of UTP coverage to 42.7%, Bad loans to 62.8% and Total coverage to 48.3% in Q4
- Q4 CoR at 67bps, with normalized CoR at 54 bps.

(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.

Focus on Moratoria Exposures

Moratoria Exposures

	# Clients	Instalments suspended	GBV (€bn)	% comp.
Stage 1	14,509	368	2,213	89.4%
o/w Households	5,740	40	350	
o/w SMEs	3,628	328	1,237	
Stage 2	2,079	35	254	10.3%
o/w Households	1,036	7	55	
o/w SMEs	368	28	113	
Stage 3	81	-	9	0.3%
Total	16,669	403	2,476	100%

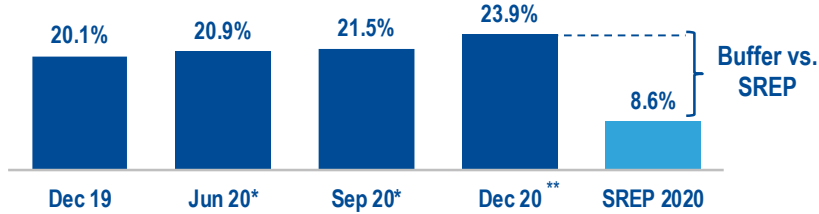


- €2.4bn loans under moratoria of which 90% in stage 1
- Special monitoring processes with dedicated teams put in place since Q2

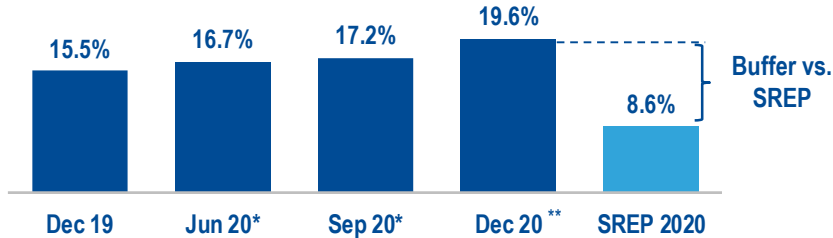
- 11% of total moratoria refer to sectors most impacted by the lockdown
- 80% moratoria granted to clients with Mid-High ratings

Capital

CET1 Ratio Phased-in



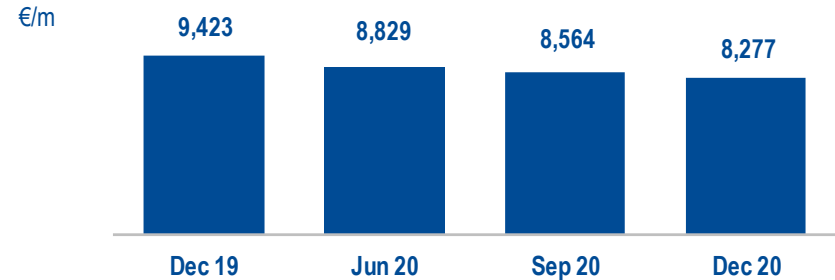
CET1 Ratio Fully Phased



Regulatory Capital Ratios Phased-in

	Dec-19	Dec-20	SREP
CET1 ratio (%)	20.1%	23.9%	8.55%
Tier 1 ratio (%)	20.1%	23.9%	10.05%
Total Capital ratio (%)	22.1%	25.9%	12.05%

RWA – Phased-in



- CET1 FL at 19.6% up by 410bps y/y
- Ample room for further future capital distribution, on the back of substantial excess capital

* Net profit of the period not included

** After dividends

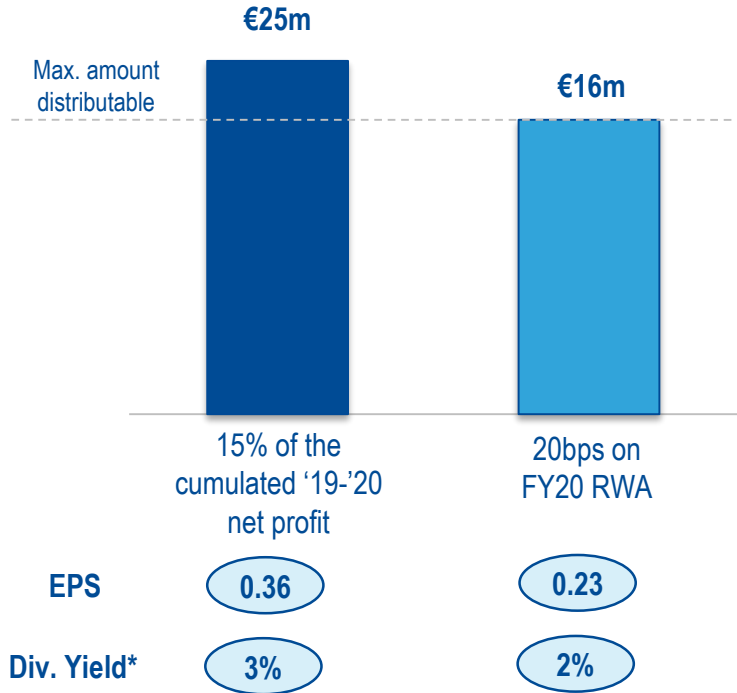
DTA Overview

- Additional upside with c. €180m of off-balance sheet DTA, to be utilised either over time on a standalone basis (~€30m yearly over the Plan horizon) or through the accelerated path in the context of M&A combination

DTAs	Definition	Regulatory treatment based on CRR / CRD IV	31/12/2020 (€m)
DTAs from tax losses carried forward	<ul style="list-style-type: none"> • DTAs from fiscal losses and from ACE deductions • Recoverable only if there is positive taxable income • Can be carried forward indefinitely 	<ul style="list-style-type: none"> • Fully Loaded: 100% deducted from Regulatory Capital (CET1) 	81
Convertible DTAs	<ul style="list-style-type: none"> • DTAs related to write-downs of loans, goodwill and other intangibles • Convertible into tax credits under Law 214/2011 	<ul style="list-style-type: none"> • Fully Loaded: Included in RWAs and risk-weighted at 100% 	377
Other DTAs	<ul style="list-style-type: none"> • DTAs from temporary differences and other DTAs • Can be used only in case of tax gains 	<ul style="list-style-type: none"> • Fully Loaded: deducted from CET1 when above thresholds for capital deductions or risk weighted at 250% for amount below threshold 	205
Total DTAs ON balance sheet			663
DTAs NOT recorded on balance sheet	<ul style="list-style-type: none"> • DTAs generated from fiscal losses • Can be reversed to balance sheet depending on profitability test 	N.A.	~180

Eligible DTA in the context of M&A following 2021 budget law (Creval portion)

Back to Dividend Distribution



- Proposed dividend within limits set by the regulators** (0.2% of RWA) amounting to €16m cash to be paid in 1H 2021
- €0.23 dividend per share with 2% dividend yield
- Significant capital excess post dividend payment, creating room for further distribution

*Calculated on closing price as of 5th Feb. 2021

** Bank of Italy recommendation published on 16th Dec. 2020



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4Q results leading to sustainable profitability on the path to deliver Business Plan '23 net profit with linear progression throughout the business plan period

	Description	2021 Outlook	2023 BP Targets Outlook	Memo: 2023 BP Targets
Revenues	<ul style="list-style-type: none"> Increase in the contribution of consumer loans to NII, AuM penetration growth, increase in customer base, TLTRO benefits 	↑	✓	€678m
Cost base	<ul style="list-style-type: none"> Strong delivery of business plan efficiency initiatives, well ahead of schedule, easing further execution 	=	✓	€380m*
Cost of Risk	<ul style="list-style-type: none"> Maintaining high standards in new lending, strong focus on customers in moratoria 	≤	✓	~50bps
Net Profit	<ul style="list-style-type: none"> Firmly on path to deliver '23 target albeit with different composition Off-balance DTA provides additional assurance for net profit Plan targets 	↑	✓	€138m

Potential to exceed the 2023 ROE target of the Plan (>8%) through excess capital distribution

* Net of System Charges consistent with the current reclassified P&L statement.



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- Net profit at €113m doubled y/y benefiting from complete change in operational model and new corporate culture
- Significant costs reduction for the second year in a row (-9% y/y)
- Gross NPE ratio cut to 5.8%, by half in comparison with the starting point of the business plan
- Strong increase in CET1 ratio FL to 19.6% thanks to business mix improvement and supportive regulatory changes
- High capital creates room for potential increase in the shareholders remuneration
- On track to deliver ambitious 2021 and 2023 business plan targets

€0.23 per share dividend proposal for 2021, in line with regulator guidance



Creval

Annexes

Reclassified Balance Sheet – Assets

€/000

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) 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	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) 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 year"

Reclassified Income Statement

€/000

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	2,724	2,179	25.01%
Net trading, hedging income (expense) and profit (loss) on sales/repurchases of assets at FVOCI	3,385	7,966	-57.51%
Other operating net income	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	(104,632)	(121,291)	-13.73%
Amortisations on property, equipment and investment property and intangible assets	(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)	(113,244)	(157,100)	-27.92%
Net profit on derecognition of assets at the amortised cost and net profits on other assets at FVTPL	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	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	002	50.00%
Profit for the year	113,196	56,240	101.27%