

CREDITO VALTELLINESE BANKING GROUP

2011 – 2014 STRATEGIC PLAN APPROVED

THE VALUE OF THE COOPERATIVE BANK MODEL AS AN ENTITY WITH CLOSE LINKS TO ITS LOCAL COMMUNITY IS REAFFIRMED

SIGNIFICANT GROWTH OBJECTIVES IDENTIFIED THROUGH A PROGRAMME PLANNED TO CREATE SUSTAINABLE VALUE OVER THE MEDIUM-LONG TERM

- **Return to profitability and efficiency**
 - **Simplification of the corporate and organisational structure**
 - **Optimisation of capital allocation**
 - **Improvement in liquidity**
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- **profits attributable to the Parent Company: EUR 178 million by 2014, with average growth of 27.2% (CAGR¹ 2010-2014)**
 - **EPS of EUR 0.43 by 2014, with CAGR of 19.4%**
 - **significant reduction of the cost/income ratio, 51.3% by 2014**
 - **Tier I ratio at 7.5% by 2014 (Basel 3)**
 - **liquidity coverage ratio of 103% by 2014 (Basel 3)**
 - **growth in aggregate deposits and loans significantly higher than expected market growth rates**
 - **further improvements in asset quality supervision**

22 February 2011 – The Board of Directors of Credito Valtellinese, in a meeting held today chaired by Mr. Giovanni De Censi, approved the 2011–2014 Strategic Plan that was presented by the Managing Director, Miro Fiordi. The Plan sets out the guidelines for growth of the Credito Valtellinese Group over the next four years, and establishes what must be done to achieve significant goals in efficiency, competitiveness and income with the objective of creating sustainable value in the medium-long term period for the benefit of all its stakeholders.

The basic premises underlying the establishment of the new Strategic Plan are founded on the idea of capitalising on the opportunities offered by the cooperative bank model with its strong links to the local community. This model has shown that its ability to react well to crises, due in part to a strong shareholder base and well-distributed, loyal customers.

¹ See glossary on the last page

The new industrial plan will permit the Creval Group to clearly reassert its identity as a cooperative bank with close ties to its community, and to pursue significant objectives:

- consolidation of the Group structure, and the drawing of value obtained from the growth path followed between 2007 and 2010;
- simplification of the Group corporate structure in order to improve economic efficiency;
- full compliance with the Basel 3 equity and liquidity requirements.

The significant expansion of the operating network over the last few years, and the growth achieved in volumes traded – with growth rates consistently higher than the sector average – and more especially, the significant changes underway in the competitive arena, mean that certain consolidation and efficiency improvement measures have to be taken. This is in full compliance with a business model to which strong strategic importance was attributed.

The forecast scenario

The Plan will develop in accordance with an expected scenario² that predicts moderate growth rates in the sector between 2011 and 2014, both for direct deposits (CAGR 2010-2014: 3.9%) and for loans (CAGR 4.7%), and higher for managed savings (CAGR 7.5%). The spread is expected to improve slightly, while doubtful loans are expected to increase, with a CAGR of 16.3%.

We must also take the new Basel 3 regulatory system into account, which will have significant effects on the banking system once it is in effect: liquidity management and capital management policies will be variables that take on increasing strategic significance.

Strategic growth guidelines

The Plan sets out the following specific growth strategy guidelines within the context described above:

- efficiency of the commercial network and the central structures of the group;
- introduction of a new sales network coordination structure with the establishment of nine “regional areas” in order to increase the links to the local community, commercial support, and faster decision-making;
- review of credit procedures, with the introduction of stricter credit policies and the adoption of risk adjusted pricing models;
- growth of internal lines and optimisation of the links with the local community by opening 50 Branches in the most interesting areas, mainly in northern and central Italy;
- development of new planning and control procedures with a view towards value based management.

The following summarises the main objectives planned for the 2011-2014 period:

- net profits attributable to the Parent Company: EUR 178 million by 2014 with a CAGR of 27.2%
- cost/income ratio expected to be 51.3% by 2014, down by about 13.8 percentage points
- Tangible ROE at 10.2%, up by over 4 percentage points
- EPS of EUR 0.43 by 2014, with CAGR of 19.4%

² Source: consensus estimates - October 2010 (processed by Prometeia, Bloomberg, Economist intelligence unit, Eurisko, the Bank of Italy, ISTAT (National Statistical Institute), Chambers of Commerce)

- direct deposits: EUR 30.4 billion by 2014 with a CAGR of 8.7%
- indirect deposits: EUR 18.1 billion with a CAGR of 9.5%
- loans to customers: EUR 29.4 billion by 2014 with a CAGR of 7.6%
- Risk weighted assets: EUR 28.3 billion by the end of 2014
- Tier I ratio expected to be 7.5% by the end of 2014 (Basel 3)

The above mentioned objectives assume (a) the optional conversion by the bondholders of the first tranche of the "2009/2013 Credito Valtellinese fixed-rate loan convertible with the right of redemption in shares" bond loan in 2011, and in compliance with the provisions of art. 6 - "Bondholders' right to convert" in the loan regulations, of 75% of the par value falling due, with an equity increase expected of EUR 156 million (b) early redemption by delivery of the Creval shares (as provided under the loan regulations, and specifically, by art. 10 - "Issuer's redemption options") of the remaining portion of the convertible bond loan in the first half of 2012, with an equity increase expected of EUR 416 million, and (c) the repayment of EUR 200 million of the Tremonti Bond in 2012 (with recoupment of EUR 17 million of interest on an annual basis), (d) capitalisation of the Plan's profits, net of the dividends distributed, and further plan shares, for a total of EUR 315 million, (e) exercise by the holders of the "2014 Creval Ordinary Share Warrants" of the right to subscribe to the new Creval shares in compliance with the provisions of art. 2 of the warrant regulations, for 75% of the warrants in circulation, with an estimated equity increase of EUR 109 million by 2014. In addition (f) takes account of the effects of the recent amendments to the tax regulations in the decree known as the "Milleproroghe" decree, pending approval.

The income objectives will also be achieved by regaining a significant measure of efficiency through the simplification of the corporate and organisational structure.

The corporate reorganisation project

The Board of Directors of the Parent Company, in today's meeting, therefore approved a structured reorganisation plan for the Creval Group and, subject to obtaining all the necessary resolutions by the shareholders and corporate bodies, will provide specifically for the following:

- the merger by incorporation of the subsidiaries Bancaperta S.p.A., Credito Piemontese S.p.A. and Banca dell'Artigianato e dell'Industria S.p.A. into the parent company, Credito Valtellinese S.c.;
- the merger by incorporation of Banca Cattolica S.p.A., Credito del Lazio S.p.A. and Carifano - Cassa di Risparmio di Fano S.p.A. into the listed subsidiary Credito Artigiano S.p.A., and the subsequent transfer of the branches in the Marches and Umbria regions into a new company that will be established specifically, maintaining its presence in these regions using the "Carifano" brand name;
- the overall reorganisation of the network and establishment of Regional Areas, with the aim of giving a further boost to one of the most competitive advantages of local banks, especially cooperative banks, represented by their links to the local community. To that end, the brands with greater commercial goodwill will be protected and their value enhanced in the areas in which the merged banks are located.

This corporate reorganisation project may be fully implemented this year, subject to obtaining the necessary authorisations from the Authorities.

RESOLUTIONS OF THE BOARD OF DIRECTORS OF CREDITO ARTIGIANO

The Board of Directors of Credito Artigiano also met today, and approved the new Strategic Plan of the Credito Valtellinese Group. Therefore, the Board of Directors in turn, made the necessary decisions with respect to implementation of the process to finalise the merger by incorporation project involving Credito Artigiano di Banca Cattolica S.p.A., Credito del Lazio S.p.A. and Carifano S.p.A., and the subsequent transfer of the branches in the Marches and Umbria regions into a newly established, fully controlled company.

This entire project is expected to be fully implemented this year, subject to obtaining the necessary authorisations from the Authorities.

The Managing Director, Miro Fiordi will present the new Strategic Plan to the financial community during a conference call planned for today, 22 February 2011 at 3.00 p.m.

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Main Objectives 2011 -2014

	2011E	2012E	2013E	2014E	CAGR 10-14 % / Δ pp
Profit attributed to the Parent Company (consolidated net profit) € million	103 ⁽¹⁾ [129]	97 [121]	132 [163]	178 [217]	27,2% [28,1%]
Cost/Income (%)	65,3%	59,6%	55,4%	51,3%	-13,8pp
ROE (%)	5,1%	4,3%	5,5%	7,1%	+3,5pp
Tangible ROE (%)	8,2%	6,5%	8,0%	10,2%	+4,2pp
Consolidated base EPS (€)	0,35	0,24	0,33	0,43	19,4%

(1) Net profit includes approximately € 46 million for non-recurring income components related to extraordinary transactions

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(€ Billion)	2010F	2014E	CAGR 10-14 % / Δ pp
Loans to customers	22,0	29,4	7,6%
Group direct deposits	21,7	30,4	8,7%
Group indirect deposits	12,6	18,1	9,5%
— managed	6,0	9,8	13,1%
— administered	6,6	8,3	5,9%

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(€ Million)	2010F	2014E	CAGR 10-14 % / Δ pp
Revenues			
– Interest margin	482	789	13,1%
– commissions	290	400	8,3%
Operating expenses			
– Personnel expenses	330	380	3,6%
– Other administrative expenses	225	273	5,0%
Credit quality			
– Cost of credit risk ¹	0,61%	0,71%	+0,10pp
– Net doubtful loans/net loans to customers	2,1%	1,9%	-0,2pp

(1) Net adjustments of loans/loans to customers

(%)	Target 2014E
Risk Weighted Asset (€ mld)	28,3
Tier 1	7,5%
Liquidity Ratio <i>(100% higher from 2015)</i>	103%
Net Stable Funding Ratio <i>(100% higher from 2018)</i>	101%
Leverage ratio <i>(on an experimental basis starting from 2013)</i>	5,7%

GLOSSARY

CAGR - Compound Annual Growth Rate

Average annual growth rate for 2010 - 2014

EPS base – Earnings per share

The basic earnings per share are calculated as the ratio between the profit or loss attributable to ordinary equity holders to the weighted average number of ordinary shares outstanding during the period.

COST/INCOME RATIO

Indicator calculated as the ratio between the operating costs and operating income.

ROE – Return on equity

Indicator calculated as the ratio between the profit attributed to the Parent Company and the average net equity of the Group for the current year and the previous year net of the profits for the period.

Tangible ROE

ROE excluding goodwill

RWA - Risk weighted assets:

Assets weighed for risk

TIER 1 RATIO

Ratio between tier 1 equity and the total assets weighted for risk (RWA)