

QUARTERLY RESULTS AS AT 31 MARCH 2011

Positive development of balance sheet aggregates and income margins, despite the weakness of the economic scenario.

- ✓ **net profit for the period: EUR 22.4 million (+9.4% y/y)**
- ✓ **operating income: EUR 215 million (+8.7% y/y)**
- ✓ **operating costs: EUR 137 million (+3.1% y/y)**
- ✓ **net operating margin: EUR 78 million (+20% y/y)**
- ✓ **income before tax from continuing operations: EUR 45 million (+6.8% y/y)**

- ✓ **loans to customers: EUR 22.4 billion (+1.9% compared to December 2010, +8.8% yoy)**
- ✓ **direct deposits: EUR 21.8 billion (+0.8% compared to December 2010, +5.8% yoy)**
- ✓ **indirect deposits: EUR 12.7 billion (+1.1% compared to December 2010, -1.2% yoy)**
- ✓ **total deposits: EUR 34.6 billion (+0.9% compared to December 2010, +3% yoy)**

Sondrio, 10 May 2011 – The Board of Directors of Credito Valtellinese – the Parent Company of the Banking Group of the same name – met today, chaired by Mr. Giovanni De Censi. The Board approved the results as at 31 March 2011, which were reported by the Managing Director, Miro Fiordi. The development of balance sheet aggregates and income margins were positive, despite the continuing fragility of the economic scenario.

Balance sheet aggregates

At the end of March 2011, **direct deposits** totalled EUR 21,841 million, up by 0.8% compared to the end of December 2010, and 5.8% on a year-on-year basis. **Indirect deposits** amounted to EUR 12,748 million, up by 1.1% compared to December last year, due to the positive trend (4.8%) of the administered component. Managed savings, amounting to EUR 5,830 million, decreased by approximately 3% compared to the end of 2010. **Total deposits** amounted to EUR 34,589 million, up by 0.9% compared to December 2010 and by more than 3% compared to the same period last year.

Loans to customers amounted to EUR 22,426 million, an increase of 1.9% compared to December 2010 and of 8.8% compared to March 2010.

At the end of the quarter, impaired loans totalled EUR 1,348 million, net of value adjustments, as compared to EUR 1,222 million in December 2010 (up by 10.3%).

In detail, doubtful loans net of value adjustments totalled EUR 481 million (compared to EUR 465 million) and are up by 3.6%, with a 2.1% impact on the loans portfolio and a hedging degree of the loans equal to 60%, unchanged compared to December 2010.

Other doubtful loans totalled EUR 867 million (EUR 758 million in December 2010) and are up by 14.5%, representing 3.9% of loans portfolio (3.4% in December 2010). Hedging is equal to 7.2%, unchanged compared to December 2010.

Said indicators showed a limited credit risk profile, despite the physiological increase in impaired loans, due to the ongoing weakness of the economic cycle.

Shareholders' equity – which still includes the profit of the previous year – totalled EUR 2,044 million.

Economic results

As at 31 March 2011, the **interest margin** reached EUR 126 million compared to EUR 119 million of the first quarter of 2010, increasing by 6% on a year-on-year basis, benefiting from the slight recovery in market rates that began in the fourth quarter of the previous year.

Net fee and commission income totalled EUR 75 million, up by 12.6% (EUR 66.7 million in the same period last year).

Profit from investments measured at equity amounted to EUR 5.8 million (EUR 2.8 million in the comparative period). Positive the profit (loss) on trading, hedging and disposal/repurchase activities totalling EUR 4.4 million, whilst the other operating income totalled EUR 4 million.

Total **operating income** amounted to EUR 215 million, recording an increase of 8.7% against the EUR 198 million recorded in the first quarter of the previous year.

Operating costs amounted to EUR 137 million, an increase of 3.1% year on year. A closer look at the elements of cost reveal a 4.9% increase in personnel expenses, up by approximately 100 units on an annual basis, due to the expansion of the territorial network (opening of 25 branches) and amounting to EUR 86 million. Other administrative expenses totalled EUR 41 million, down by 1%. Net adjustments to/recoveries on property, plant and equipment and intangible assets reached EUR 10.2 million, up by 6.5%.

The **net income from banking activities** reached EUR 78 million, marking an increase of 20% against the EUR 65 million recorded for the corresponding period of the previous year.

Net losses/recoveries on loans and other financial assets totalled EUR 33.6 million, up compared to EUR 38.5 million in the fourth quarter of 2010 and stable compared to the third quarter of the previous year. The "cost of credit" amounted to approximately 60 basis points, unchanged compared to the end of the previous year.

Having taken into account profit (losses) on disposal of investments (EUR 1 million), the **income (loss) before tax from continuing operations** totalled EUR 45 million, up by 6.8% compared to the first quarter of 2010.

Income tax for the year, estimated at EUR 19 million and minority interests amounting to EUR 4 million fix the net profit for the period to EUR 22.4 million, up by 9.4% compared to the result of the first quarter of 2010.

Business Outlook

The Board of Directors forecasts a positive development of balance sheet aggregates and a further increase in the profit trend, thanks to the actions set out in the new Strategic Plan and, in particular, to the synergies from corporate restructuring transactions, that will be implemented during the year, having also taken into account the positive effects resulting from the interest rate trend.

The Executive in charge of drawing up the corporate accounting documents, Ms. Simona Orietta, hereby declares that pursuant to Article 154 bis, paragraph 2, of the Consolidated Law on Finance, the accounting information provided in this release matches the information reported on the documents, books and accounting records.

The Executive in charge of drawing up the
corporate accounting documents
(signed) Simona Orietta

The highlights and reclassified consolidated Statement of Financial Position and Income Statement are provided below.

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STATEMENT OF FINANCIAL POSITION DATA	31/03/2011	31/12/2010	% change	31/03/2010	% change
(in thousands of EUR)					
Loans to customers	22,425,856	22,004,043	1.92	20,618,047	8.77
Financial assets and liabilities	1,583,594	1,458,423	8.58	616,941	n/a
Investments in associates and companies subject to joint control	217,097	230,079	-5.64	246,507	-11.93
Total assets	27,269,394	26,760,794	1.90	25,260,471	7.95
Direct deposits from customers	21,840,887	21,664,000	0.82	20,647,631	5.78
Indirect deposits from customers	12,748,302	12,609,464	1.10	12,909,931	-1.25
of which:					
- Managed savings	5,830,317	6,008,353	-2.96	6,206,214	-6.06
Total deposits	34,589,189	34,273,464	0.92	33,557,562	3.07
Shareholders' equity	2,043,798	2,002,868	2.04	1,929,809	5.91

FINANCIAL STATEMENT RATIOS	31/03/2011	31/12/2010
Indirect deposits from customers / Total deposits	36.9%	36.8%
Managed savings / Indirect deposits from customers	45.7%	47.6%
Direct deposits from customers / Total liabilities	80.1%	81.0%
Customer loans / Direct deposits from customers	102.7%	101.6%
Customer loans / Total assets	82.2%	82.2%

CREDIT RISK	31/03/2011	31/12/2010	% change
Net doubtful loans (in thousands of EUR)	481,188	464,538	3.58
Other net doubtful loans (in thousands of EUR)	867,485	757,541	14.51
Net doubtful loans / Loans to customers	2.1%	2.1%	
Other net doubtful loans / Loans to customers	3.9%	3.4%	
Hedging of doubtful loans	60.0%	60.4%	
Hedging of other doubtful loans	7.2%	7.2%	
Cost of credit (*)	0.60%	0.61%	

(*) Calculated as the annualised ratio between the net value adjustments due to deterioration of loans and year-end loans.

ORGANISATIONAL DATA	31/03/2011	31/12/2010	% change
Number of employees	4,515	4,514	0.02
Number of branches	543	543	-
Banc@perta line users	168,027	160,494	4.69

OTHER ECONOMIC INFORMATION	Q1 2011	2010	Q1 2010
Cost/Income ratio	63.7%	64.9%	67.2%

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of EUR)

ASSETS	31/03/2011	31/12/2010	% change
Cash and cash equivalents	172,088	188,314	-8.62
Financial assets held for trading	252,331	232,741	8.42
Financial assets available for sale	888,230	864,114	2.79
Financial assets held to maturity	457,373	376,218	21.57
Due from banks	913,803	1,089,160	-16.10
Loans to customers	22,425,856	22,004,043	1.92
Hedging derivatives	32	33	-3.03
Investments	217,097	230,079	-5.64
Property, plant and equipment and intangible assets (1)	1,244,704	1,249,824	-0.41
Other assets (2)	697,880	526,268	32.61
Total assets	27,269,394	26,760,794	1.90

(1) Include the items "120. Property, plant and equipment" and "130. Intangible assets".

(2) Include the items "140. Tax assets" and "160. Other assets".

LIABILITIES AND SHAREHOLDERS' EQUITY	31/03/2011	31/12/2010	% change
Due to banks	1,829,352	1,887,837	-3.10
Direct customer deposits (1)	21,840,887	21,664,000	0.82
Financial liabilities held for trading	14,372	14,683	-2.12
Other liabilities	991,824	660,283	50.21
Provisions for specific purpose (2)	264,410	247,141	6.99
Minority interests	284,751	283,982	0.27
Shareholders' equity (3)	2,043,798	2,002,868	2.04
Total liabilities and shareholders' equity	27,269,394	26,760,794	1.90

(1) Include the items "20. Due to customers" and "30. Securities issued".

(2) Include items "80. Tax liabilities", "110. Employee termination indemnities" and "120. Provisions for risks and charges".

(3) Includes items "140. Valuation reserves", "160. Equity instruments", "170. Reserves", "180. Share premium reserve", "190. Capital", "200. Treasury shares" and "220. Profit (loss) for the period".

RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of EUR)

ITEMS	Q1 2011	Q1 2010	% change
Interest margin	125,916	118,765	6.02
Net fee and commission income	75,186	66,744	12.65
Dividends and similar income	-	45	-100.00
Income from investments in associates and companies subject to joint control carried at equity (1)	5,796	2,804	106.70
Profit (losses) on trading, hedging activities and disposals/repurchases	4,357	5,149	-15.38
Other operating expenses/income (4)	4,014	4,564	-12.05
Operating income	215,269	198,071	8.68
Personnel expenses	(85,854)	(81,872)	4.86
Other administrative expenses (2)	(41,097)	(41,564)	-1.12
Net adjustments to/recoveries on property, plant and equipment and intangible assets (3)	(10,213)	(9,593)	6.46
Operating costs	(137,164)	(133,029)	3.11
Net operating margin	78,105	65,042	20.08
Net losses/recoveries on impairment of loans and other financial assets	(33,577)	(22,160)	51.52
Net provisions for risks and charges	(632)	(506)	24.90
Profit (losses) on disposal of investments in associates and companies subject to joint control	1,343	1	n/a
Income (loss) before tax from continuing operations	45,239	42,377	6.75
Taxes on income from continuing operations	(19,231)	(18,157)	5.92
Income after tax from continuing operations	26,008	24,220	7.38
Minority interests	(3,616)	(3,744)	-3.42
Profit for the period	22,392	20,476	9.36

(1) Income from investments in associates and companies subject to joint control carried at equity include the profit (loss) on investments carried at equity included in item 240 "Profits (losses) on investments in associates and companies subject to joint control". The residual amount of that item is included in profits (loss) from disposal of investments in associates and companies subject to joint control, together with item 270 "Profits (losses) on disposal of investments";

(2) Other administrative expenses include taxes and other recoveries recognised to item "220 Other operating expenses/income" (EUR 12,541 thousand as at 31 March 2011, and EUR 11,863 thousand as at 31 March 2010).

(3) Net adjustments to/recoveries on property, plant and equipment and intangible assets include items 200 "Net adjustments to/recoveries on property, plant and equipment", 210 "Net adjustments to/recoveries on intangible assets" and the accumulated depreciation of costs incurred for leasehold improvements, under item 220 "Other operating expenses/income" (EUR 1,537 thousand as at 31 March 2011, and EUR 1,547 thousand as at 31 March 2010).

(4) Other income and charges correspond to item 220 "Other operating expenses/income" net of the above reclassifications.