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In 2017 losses decrease slightly to €332 million. Funding slows.

Creval beats expectations

Towards a capital increase. Shares flying high (+5%)

Credito Valtellinese (Creval) ended 2017 with a net loss of €332 million, slightly less than that of the previous year (€333.1 million). Interest income declined by 7%, to €392 million. Direct deposits also slowed in pace, to €19.6 billion (€21.1 billion) and indirect funding fell by 3%, to €11.3 billion. Operating income decreased to €508 million, from €708 million in 2016, with operating costs amounting to €492 million, compared with €590 million the previous year.

Pending the launch of the capital increase of €700 million, the group's net assets amounted to €1,442 billion compared with €1,753 billion in 2016. Applying the transitional phased-in scheme, CET1 was €1,374 billion compared with risk-weighted assets, calculated using the standard method, of €12,944 billion. Consequently, the phased-in CET1 ratio was 10.6%, like Tier 1, while the total capital ratio was 12.5%. These data are higher than the specific minimum Supervisory Review and Evaluation Process (SREP) capital requirements established for the Valtellina-based banking group.

In the stock market, Creval jumped by 5.04% to €11.17: the market appreciated its results for 2017. Angelo Meda, head of equities at Banor SIM, points out that the "underlying trend was better than expected", even though the market's attention is entirely focused on the capital increase, which is now a certainty. However, if the markets were to enter a downwards spiral, "risks could emerge again".

In the last few days the institution has announced that Commerzbank and Jefferies, as senior joint bookrunners, and Keefe, Bruyette & Woods and Equita SIM, as joint bookrunners, had joined the underwriting consortium for the increase, signing a pre-underwriting agreement in line with the one signed by other banks in the consortium. The recapitalisation will have a positive impact of 510 basis points on the Group's CET 1 capital. In addition, the disposal of non-core assets will bring in 50 points. The total benefit will therefore amount to 560 basis points.