

CONSIDERATIONS REGARDING THE STATEMENT OF CREVAL'S BOARD OF DIRECTORS ON THE VOLUNTARY TENDER OFFER ON CREVAL ORDINARY SHARES

Milano/Parma, 31 March 2021 – Crédit Agricole Italia S.p.A. (the “**Offeror**”) reviewed the statement of CreVal’s Board of Directors published on 29 March 2021 (“**Issuer’s statement**”) relating to the voluntary tender offer on the ordinary shares of Banca Piccolo Credito Valtellinese S.p.A. (“**CreVal**”) disclosed to market on 23 November 2020 (the “**Offer**”).

The Offeror welcomes CreVal CEO statement regarding the strategic rationale of the Offer and confirms that the integration of CreVal and the Offeror may lead to the creation of a solid Italian banking group, producing positive effects on the economy of the areas concerned and a benefit for all stakeholders.

In relation to the assessment of the Offer completed by CreVal’s Board of Directors, the Offeror makes the following remarks:

- **CreVal is characterized by a limited recurring profitability with year-end 2020 normalized net profit of c.€40mm (vs. €113mm reported) and a RoE in the 2% area⁽¹⁾**
 - Normalised RoE of c.2% is well below i) the RoE of 6.4% reported in the Issuer’s statement, ii) CreVal’s business plan targets (RoE of ~6% in 2021 and >8% in 2023) and iii) an estimated cost of equity of c.11%, as per analysis of brokers covering CreVal’s stock⁽²⁾;
 - CreVal’s profitability has been under pressure in a competitive environment characterized by low interest rates, ongoing consolidation, the need to constantly improve efficiency, the requirement to continue investing in the digital sphere and the increasingly complex and constantly evolving regulatory framework – a potential deterioration of the macro environment and CreVal’s asset quality may have a further negative impact on current profitability levels;
 - The structurally low profitability was reflected by the share price dynamics pre-Offer, e.g. by a 6M-VWAP pre-Offer of €6.825 and 6M-VWAP pre-Covid-19 outbreak (namely February 21, 2020) of 6.989 in relation to which the Offer price of €10.5 represents a significant premium (53.9% and 50.2%, respectively).

⁽¹⁾ Based on disclosure published by CreVal on 9 February 2021: normalized net profit obtained by applying a 33% tax rate to a normalized profit before tax of c.€60mm, i.e. deduction from the €104mm figure reported by CreVal of the components related to non-recurring items (preliminarily identified as follows: (i) net profit on derecognition of assets at the amortised cost and net profits on other assets at fair value through profit or loss, equal to €13mm; and (ii) net gains on sales of investments and impairment losses on property, equipment and investment property and intangible assets, equal to €30mm)

⁽²⁾ Based on Kepler Cheuvreux, UBS, KBW and Intesa Sanpaolo

- **Notwithstanding the Covid-19 pandemic and market expectations⁽³⁾, CreVal reported a cost of credit for 2020 significantly lower than that of the main Italian listed comparable banks** (71 basis points compared to an average of 91 basis points), despite a gross NPE ratio higher than the average of comparable banks (5.8% vs. 5.6%)
 - Creval is the only bank whose cost of credit in the fourth quarter of 2020 was lower than that of the third quarter of the same year (67 basis points against 71 basis points)⁽⁴⁾;
 - CreVal experienced a decrease of the coverage on performing exposure from 2019 to 2020 (from 0.56% to 0.44%), driven by a decrease of stage 2 loans by €0.3bn in contrast with sector trends (as reference, CreVal's stage 2 exposures represented 6.8% of total gross loans to customers as of year-end 2020, down from 8.5% in 2019, while the sample of comparable banks reported a significant increase from c.10% to c.14%)⁽⁵⁾.

- **There are several additional elements that should be taken into account when assessing the potential capital surplus of CreVal, such as:**
 - the information as of year-end 2020 reflects neither the potential deterioration of asset quality in the current Covid-19 environment nor the future regulatory headwinds and constraints;
 - CreVal reported €26k of distributable reserves⁽⁶⁾ in its year-end 2020 financial statements and consequently it is not currently in the position to distribute any significant portion of the potential capital surplus;
 - CreVal has distributed dividends only 3 times over the last decade for a total cumulative amount of €75m⁽⁷⁾;
 - CreVal 2019-2023 Business Plan does not envisage any extraordinary distribution of the capital surplus, which would be subject to ECB approval also taking into account the limited organic capital generation of CreVal and the necessity to maintain adequate buffers.

- **The valuation ranges included in the Issuer's statement are considerably wide and fail to clearly explain the underlying assumptions that produced such valuations, thus being potentially misleading and not providing to CreVal's shareholders any reliable and**

⁽³⁾ e.g. KPMG is estimating impacts of 100/200bps as regards to the default rate and €50/100bn new NPL in the Italian market in the context of the possible end of moratoria, KPMG Report "L'impatto sulle banche Italiane della fine del regime delle "moratorie Covid-19" (March 2021)

⁽⁴⁾ The system data and the data relating to comparable banks were estimated on the basis of public data relating to the 2020 financial year published in February 2021 by Intesa Sanpaolo S.p.A., UniCredit S.p.A., Banco BPM S.p.A., BPER Banca S.p.A., Banca Monte dei Paschi di Siena S.p.A., Credito Emiliano S.p.A., Banca Popolare di Sondrio S.C.p.A.

⁽⁵⁾ Peer set including banks for which the 2020 Annual Report is already publicly available (as of March 29, 2021): Intesa Sanpaolo S.p.A., UniCredit S.p.A., Banco BPM S.p.A., Banca Monte dei Paschi di Siena S.p.A.

⁽⁶⁾ 2020 individual accounts, excluding the contribution of 2020 net income

⁽⁷⁾ Data refers to dividends paid out in the reference period of 10 years between 2011 and 2020

objective appreciation of the Offer:

- The valuation methodologies have been applied to a set of financial estimates also based on management forecasts for the 2021-23 period. The Issuer’s statement indicates that management forecasts are higher than current research analysts’ forecasts and the Offeror notes that analysts’ estimates of CreVal 2021 net income are c.30% lower than CreVal 2019-23 Business Plan⁽⁸⁾;
- The valuation results of the two financial advisors diverge significantly – although there is a lack of information to understand and make an assessment of the drivers underpinning the divergence;
- CreVal’s Board of Directors has not considered, among the valuation methods, the use of stock prices, despite CreVal being a listed company, and has not shown in a clear manner the implicit premium offered in comparison with the market prices of CreVal shares;
- CreVal’s Board of Directors has not compared the premium recognised with the amount paid on average in other similar market transactions;
- CreVal share price, as highlighted in the Issuer statement, recorded a performance of +19.9% from the beginning of 2020 until 20 November 2020 (the last trading day prior to the date of announcement of the Offer), significantly higher than the FTSE Italy Banks index (-22.1%), already reflecting a significant M&A upside (e.g. an increase above 15% from CreVal CEO interview and press speculations on M&A at the end of September until 20 November 2020). This should be considered when assessing the premium recognised by the Offer.

Considering all the points above, the Offeror, who is and will remain the largest shareholder of CreVal, having already secured a 17.7% stake, confirms the strategic rationale of the transaction aimed at integrating CreVal and the Offeror and remains confident that CreVal shareholders will seize the opportunity represented by the Offer.

*

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN ANY COUNTRY WHERE THE RELEASE, PUBLICATION OR DISTRIBUTION OF THIS NOTICE MAY CONSTITUTE A VIOLATION TO THE LAWS OR REGULATIONS APPLICABLE IN SUCH JURISDICTION (INCLUDING CANADA, AUSTRALIA AND JAPAN).

The public global voluntary tender Offer described in this notice is promoted by the Offeror over the totality of the ordinary shares of CreVal (the “**Shares**” and, in general, the “**Offer**”).

This notice does not constitute an offer to buy or sell CreVal’s shares.

Before the beginning of the offer period, as required by applicable regulations, the Offeror will publish an “**Offer Document**” which CreVal’s shareholders shall carefully examine.

The Offer is promoted exclusively in Italy and the United States of America and will be addressed on equal terms to all shareholders of CreVal. The Offer will be promoted in Italy as CreVal’s shares are listed on the Mercato Telematico Azionario

⁽⁸⁾ Based on FactSet as of March 29, 2021

organised and managed by Borsa Italiana S.p.A. and, except for what is indicated below, is subject to the obligations and procedural requirements provided for by Italian law.

The Offer is not and will not be made in Canada, Japan, Australia and any other jurisdictions where making the Offer would not be allowed without the approval by competent authorities without other requirements to be complied with by the Offeror (such jurisdictions, including Canada, Japan and Australia, jointly, the “**Other Countries**”), neither by using national or international instruments of communication or commerce of the Other Countries (including, for example, postal network, fax, telex, e-mail, telephone and internet), nor through any structure of any of the Other Countries’ financial intermediaries or in any other way.

Copies of any document that the Offeror will issue in relation to the Offer, or portions thereof, are not and shall not be sent, nor in any way transmitted, or otherwise distributed, directly or indirectly, in the Other Countries. Anyone receiving such documents shall not distribute, forward or send them (neither by postal service nor by using national or international instruments of communication or commerce) in the Other Countries.

Any tender in the Offer resulting from solicitation carried out in violation of the above restrictions will not be accepted.

This notice, as well as any other document issued by the Offeror in relation to the Offer, does not constitute and is not part of an offer to buy, nor of a solicitation of an offer to sell, financial instruments in the Other Countries. The Offeror will extend the Offer in the United States of America in reliance on the Tier I exemption set forth in Rule 14d-1(c) under the U.S. Securities Exchange Act of 1934, as amended, and is not required to comply with Regulation 14E promulgated thereunder. The Offeror and its affiliates reserve the right to purchase Shares outside of the Offer, to the extent permitted by applicable law. No financial instrument can be offered or transferred in the Other Countries without specific approval in compliance with the relevant provisions applicable in such countries or without exemption from such provisions.

Tendering in the Offer by persons residing in countries other than Italy may be subject to specific obligations or restrictions imposed by applicable legal or regulatory provisions of such jurisdictions. Recipients of the Offer are solely responsible for complying with such laws and regulations and, therefore, before tendering in the Offer, they are responsible for determining whether such laws exist and are applicable by relying on their own advisors. The Offeror does not accept any liability for any violation by any person of any of the above restrictions.

Profile of Crédit Agricole Italia

The Crédit Agricole Group, the 10th bank worldwide, with 10.5 million mutual shareholders, operates in 48 Countries, including Italy, which is its second domestic market. It operates in Italy with all its business lines: from commercial banking, to consumer lending, from corporate&investment banking to private banking and asset management, all the way to insurance and wealth management services for HNWI individuals. The cooperation between the commercial network and the business lines ensures wide-ranging and integrated operations serving 4.6 million active customers, through 1,300 points of sale and 14,000 employees, and increasing support to the economy with over Euro 78 Bln in loans.

The Group consists of the Crédit Agricole Italia Banking Group and of the entities engaged in Corporate and Investment Banking (CACIB), Specialist Financial Services (Agos, FCA Bank), Leasing and Factoring (Crédit Agricole Leasing and Crédit Agricole Eurofactor), Asset Management and Asset Services (Amundi, CACEIS), Insurance (Crédit Agricole Vita, Crédit Agricole Assicurazioni, Crédit Agricole Creditor Insurance) and Wealth Management (CA Indosuez Wealth Italy and CA Indosuez Fiduciaria).

www.credit-agricole.it

External Relations Area:

Tel. 0521 21 2826 / 2846 / 2801

Elisabetta Usuelli – Elisabetta.Usuelli@credit-agricole.it

Vincenzo Calabria – Vincenzo.Calabria@credit-agricole.it

Investor Relations:

Giuseppe Ammannato – Giuseppe.Ammannato@credit-agricole.it