



**STATEMENT BY THE BOARD OF DIRECTORS OF  
BANCA PICCOLO CREDITO VALTELLINESE S.P.A.**

in accordance with article 103, paragraphs 3 and 3-*bis* of the Legislative Decree of 24 February 1998, No. 58, as subsequently amended and supplemented, and article 39 of the CONSOB Regulations, adopted with resolution No. 11971 of 14 May 1999 as subsequently amended and supplemented, regarding the

**TOTALITARIAN VOLUNTARY TENDER OFFER  
PROMOTED BY CRÉDIT AGRICOLE ITALIA S.P.A.**

in accordance with articles 102, paragraph 1, and 106, paragraph 4, of the Legislative Decree of 24 February 1998, No. 58, as subsequently amended and supplemented

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ORIGINAL ITALIAN VERSION OF THE ISSUER'S STATEMENT SHALL PREVAIL OVER  
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28 March 2021

THE BOARD OF DIRECTORS OF CREVAL, AFTER CAREFUL EVALUATION OF THE OFFER DOCUMENT AND THE AVAILABLE DOCUMENTATION, CONSIDERS THAT CONSIDERATION OF 10,500 EUROS PER CREVAL SHARE, (CUM DIVIDEND) IS NOT FAIR FOR CREVAL'S SHAREHOLDERS, POINTING OUT THE FOLLOWING:

- (i) **The Consideration of 10,500 euros per Creval Share (*cum dividend*) is inadequate from a financial point of view** for the reasons given in Section 7 of this Issuer's Statement;
- (ii) **Creval has various distinctive elements of value from a *stand-alone* perspective that it is believed must be adequately valued and considered:**

**a) A high capital surplus due to a *best-in-class* capital endowment**

Creval can count on a best-in-class capital endowment in the Italian banking context, thanks to a CET 1 ratio at 31 December 2020 of 23.9% on a phased-in basis and equal to 19.6% on a *fully-loaded* basis (both already net of the proposal to distribute the 2021 Dividend of around 16 million euros), a level equal to twice the SREP restriction notified by the Bank of Italy (equal to 8.55%). This capital ratio is moreover significantly higher than the average fully loaded CET 1 ratio of the leading Italian listed banks, equal to 14.4%<sup>1</sup> and equivalent to a capital surplus of more than 400 million euros on the basis of the values at 31 December 2020<sup>2</sup>. The high capital position also creates the condition for a potential strengthening of the dividends policy following the expiry of the current limits set by the ECB until 30 September 2021. For more information, refer to Section 5, Paragraph 5.2.1(i) of this Issuer's Statement.

**b) Significant improvement of the risk profile in anticipation of target set for 2023 by the Business Plan**

Creval, from the outset and in line with the strategic priorities of the Business Plan, has gradually improved its risk profile thanks to the definition of new underwriting and monitoring policies and the implementation of the reduction plan of gross non-performing loans, cut by more than 50% between 30 June 2019 to 31 December 2020. The NPE ratio (on a gross basis) decreased from 11.4% at 30 June 2019 to 5.8% at 31 December 2020, reaching a better level and significantly in advance of the target set for 2023 by the Business plan (<6,5%). In the same period, the texas ratio (meaning the ratio between net NPE/fully loaded CET 1) improved from 57.5% to 30.5%, standing at a lower level than the average of the leading Italian listed banks. For more information, refer to Section 5, Paragraph 5.2.1(ii) of this Issuer's Statement.

**c) Improvement of operational efficiency with a great reduction of the operating costs in the financial year at 31 December 2020, in advance of the targets set by the Business plan**

Creval, from the outset and in line with the strategic priorities of the Business plan, recorded a *trend* of constant reduction of the operating costs which stood at around 393 million euros in the financial year at 31 December 2020, with a fall of 9% compared to the financial year at 31 December 2019, enabling it also to reach, a year in advance, a lower level of costs than that envisaged by the Business plan for 2021. For more information, refer to Section 5, Paragraph 5.2.1(iii) of this Issuer's Statement.

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<sup>1</sup> Average at 31 December 2020 of the leading Italian listed banks i.e. Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition transactions of a bank branch from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit).

<sup>2</sup> Calculated as the difference between the *fully loaded CET 1 ratio* and the average of the *fully loaded CET 1 ratio* of the main Italian listed banks (i.e. Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition of a banking going concern from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit) multiplied by the RWA of the Bank as at 31 December 2020.

**d) Gradual improvement of the commercial activity in support of the goal of sustainable profitability**

The Bank, consistent with the strategic lines of the Business Plan, launched a process of relaunching the commercial platform in support of the generation of operational revenues, focusing in particular on the contribution (i) of the retail mortgage and consumer finance sectors and (ii) of the wealth management area, in a framework of gradual but already appreciable increase of the stock that is also translated in a continuous and more visible contribution to the revenues. The combined effect of the improved levels of efficiency and the positive indications of the commercial front gives substance to and supports the gradual generation of sustainable profitability. For more information, refer to Section 5, Paragraph 5.2.1(iv) of this Issuer's Statement.

**e) Potential benefits of the entering Deferred Tax Assets (DTA) on a stand-alone basis**

At 31 December 2020, Creval had off balance sheet DTAs from tax losses and ACE surpluses of around 181 million euros. The income expectations should allow the possibility of entering these DTAs in future financial years for an amount estimated at around 30 million euros a year in the period (2021-2026). For more information, refer to Section 5, Paragraph 5.2.1(v) of this Issuer's Statement.

**f) The need to consider Creval's significant capitalisation level in order to sufficiently appreciate the Bank's actual profitability in comparative terms**

The Bank's profitability indicators (RoE, RoTE and RoATE) reflect the significant surplus of capital. For illustrative purposes, on the basis of a normalised capital position that enables the maintenance of a fully-loaded CET 1 ratio of around 14.4% (the average fully-loaded CET 1 ratio of the leading listed Italian banks at 31 December 2020<sup>3</sup>), Creval's RoE, equal to 6.4% at 31 December 2020, would be 8.4%. For more information, refer to Section 5, Paragraph 5.2.1(vi) of this Issuer's Statement.

**(iii) Creval has various distinctive elements of value from an M&A perspective that it is believed must be adequately valued and considered in the Voluntary Tender Offer:**

**a) Tax benefits arising from conversion of Deferred Tax Assets (DTA) to tax credits in the context of the possible aggregation between CAI and Creval based on the provisions of the Budget Law 2021, approved after the announcement of the Offer.**

The Budget Law 2021, published in the Official Gazette on 30 December 2020 (so after the Offer announcement on 23 November 2020), would enable the conversion into tax credits of both Creval's DTAs of around 249 million euros at 31 December 2020, and those of CAL of around 136 million euros at 31 December 2020. This benefit, significantly higher than could be obtained on a stand-alone basis by the two companies, estimated on the basis of the aforementioned data, would amount, net of the respective conversion commission and the respective tax benefits, to around 321 million euros and would be obtainable almost immediately or, in any event, in the short term. These tax benefits would enable an increase of the capital position for the combined entity and, therefore, for the Bidder, both from the accounting point of view, as regards the off balance sheet DTAs, and the regulatory point of view, as regards the on and off balance sheet DTAs. For more information, refer to Section 5, Paragraph 5.2.2(i) of this Issuer's Statement.

**b) Significant potential synergies and relevant positive effects on the profit and loss account attainable through the aggregation of CAI with Creval**

The possible acquisition operation of Creval could lead to significant potential synergies and significant positive effects on the profit and loss account for CAI. According to what is reported in the Offer Document: (i) the annual run-rate synergies could stand at around 95 million euros (before tax)

<sup>3</sup> Average at 31 December 2020 of the main Italian listed banks i.e. Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition of a banking going concern from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit.

and (ii) the additional positive effects on the profit and loss account generated by the integration of Creval in the CAI Group are estimated at about 35 million euros, achievable in at least four years and (iii) the so-called "integration and restructuring" costs are indicated as at least 345 million euros, equal to around 7 times the annual run-rate cost synergies before tax a value well above that announced in recent combinations in the Italian banking sector (around twice the annual run-rate cost synergies,<sup>4</sup>), even though the Bidder states that it is not planning to implement redundancy plans, workforce cuts or other organisational measures. For more information, refer to Section 5, Paragraph 5.2.2(ii) of this Issuer's Statement.

**c) An additional capital buffer that can potentially be used in strategic initiatives considering the target capital ratios of Crédit Agricole**

In addition to the surplus capital on a stand-alone basis as previously shown, it is fitting to underline that if the fully-loaded target CET 1 ratio declared by Crédit Agricole in its 2019-2022 business plan (equal to 11% in 2022), Crédit Agricole and the Bidder's other shareholders could potentially benefit from an additional capital buffer of around 280 million euros<sup>5</sup>, incremental to the aforementioned capital surplus of more than 400 million euros compared to the average of the main Italian listed banks<sup>6</sup>, for an overall total of more than 700 million euros (even before the benefits from DTA conversion), which could potentially be used in the implementation of the Group's strategic initiatives. For more information, refer to Section 5, Paragraph 5.2.2(iii) of this Issuer's Statement.

**(iv) Various elements of value and distinctive elements regarding Creval, both from a stand-alone and M&A perspective, are also highlighted by a number of institutional investors, Creval's shareholders and certain financial analysts**

Various elements of value and distinctive elements regarding Creval indicated in this Issuer's Statement both from a stand-alone and an M&A perspective (the implementation of the Bank's Business Plan with the attainment of certain relevant targets in advance of the times envisaged, the Bank's high capitalization, the benefits regarding the DTAs, the significant synergies for the buyer in the context of integration with Creval etc.) have been highlighted, from the period after the Offer's announcement, by various institutional investors, Creval's Shareholders and by financial analysts. For more information, refer to Section 5, Paragraph 5.2.3 of this Issuer's Statement.

**(v) The Creval share, following the announcement of the Offer, has constantly traded at a significant premium compared to the Consideration**

The Creval share, following the announcement of the Offer, has traded constantly at a significant premium compared to the Consideration, an aspect that shows that the market appears to believe that the Offer Consideration does not express an adequate valuation of Creval. For more information, refer to Section 5, Paragraph 5.2.3(iii) of this Issuer's Statement.

**(vi) CAI could benefit from significant negative goodwill deriving from the possible acquisition of Creval**

CAI could benefit from negative goodwill, estimated on a preliminary basis by the Bidder itself, of more than 1 billion euros, deriving from the significant difference between Creval's tangible net equity and the Bank's value recognised by the Consideration. Moreover, it is noted that this preliminary estimate of

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<sup>4</sup> Purely for information purposes, in the case of integration between Intesa Sanpaolo and UBI Banca, at the announcement of the transaction the acquirer declared integration costs for an amount of 1,276 million euros (before taxes) equal to around 2.3x the annual run-rate cost synergies (before taxes) estimated at 545 million euros and, thereafter, the same costs at 1,378 million euros (before taxes) equal to around twice the annual run-rate cost synergies (before taxes) revised at 700 million euros.

<sup>5</sup> Calculated as the difference between the fully loaded CET 1 ratio and the average of the fully loaded CET 1 ratio stated by Credit Agricole in its business plan 2019-2022 (11% at 2022).

<sup>6</sup> *i.e.* Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition of a banking going concern from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit.

negative goodwill could increase further due to the effect of entering the Issuer's DTAs, currently off balance sheet, on the balance sheet (equal to around 181 million euros) mentioned by the Bidder itself in the Offer Document. For more information, refer to Section 5, Paragraph 5.3 of this Issuer's Statement.

**(vii) The premium declared by CAI has a limited informative value for Creval's Shareholders**

The premium of 21.4% compared to the official Share price at 20 November 2020 (that is the Trading Day before the Announcement Date, as with the other premiums declared by CAI with regard to the various average market prices of Creval indicated in the Offer Document, has a limited informative value for the following reasons: (i) the announcement of the Offer took place in a period when the Creval share was undergoing a process of gradual appreciation, (ii) the various time periods used by CAI in the Offer Document to express the implicit premium have limited significance since they were significantly influenced by the impact of the spread of the COVID-19 pandemic, including the respective most acute phases, or did not yet reflect the gradual appreciation by the market of the implementation of the strategic initiatives laid down by the Business Plan and (iii) the Creval share on a stand-alone basis could have benefited from the positive trend recorded by the banking sector in general in the period after the Offer's promotion, especially after the announcement of the new Draghi government. For more information, refer to Section 5, Paragraph 5.4 of this Issuer's Statement.

For more details on the evaluations of the Board of Directors summarised above, refer to Sections 5 and 7 of this Issuer's Statement.

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**IN THE EVENT THE VOLUNTARY TENDER OFFER IS SUCCESSFUL, CREVAL'S SHAREHOLDERS WHO DO NOT ACCEPT THE OFFER WOULD BE PROTECTED BY CERTAIN SAFEGUARDS LAID DOWN BY THE LAW:**

- (i) The Merger, which represents a central element of the Bidder's future plans, requires a quorum for passing resolutions equal to 2/3 of Creval's share capital with the right to vote represented in the Shareholders' General Meeting.**
- (ii) The Merger, if resolved before Creval's Delisting, would be subject to the regulations on transactions with related parties of "major relevance", which require the activation of specific and stringent controls aimed at ensuring the correctness and transparency, from a substantial and procedural standpoint, of the Merger.**
- (iii) According to the provisions governing the Merger (a) the Shareholders that do not agree to the Merger resolution, if resolved before Creval's Delisting, would have a withdrawal right and (b) the exchange ratio must necessarily be fair.**
- (iv) Minority shareholders would be protected by certain rights and safeguards recognised by the applicable regulations to protect the profitability and value of their shareholdings.**

For more information, refer to Section 5, Paragraphs 5.5 and 5.6 of this Issuer's Statement.

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## 1. DEFINITIONS

Below is a list of the definitions and terms used within this Issuer's Statement. These definitions and terms, unless otherwise specified, have the meanings set forth below.

<b>2021 Dividend</b>	A dividend of 0.23 euro for each Creval Share (excluding Treasury Shares), for an overall amount of 16,134,428 euros, the distribution of which was submitted for the approval of the Shareholders Ordinary General Meeting of the Issuer by the Issuer's Board of Directors meeting on 8 February 2021.
<b>Acceptance Period</b>	The period for accepting the Offer, agreed with Borsa Italiana, corresponding to fifteen Open Trading Days, which shall commence at 8.30 a.m. (Italian time) on 30 March 2021 and shall end at 5.30 p.m. (Italian time) on 21 April 2021, inclusive, unless extended in accordance with applicable law.
<b>Authorisations Condition</b>	The condition of effectiveness of the Offer set out in Paragraph 3.5(viii) of the Offer Notification and set out in Section A, Paragraph A.1, sub-paragraph A.1.6 of the Offer Document.
<b>Bank of Italy</b>	The Central Bank of Italy, with registered office in Rome, Via Nazionale, No. 91.
<b>Board of Directors</b>	The Board of Directors of Creval.
<b>Board of Statutory Auditors</b>	The Board of Statutory Auditors of Creval.
<b>BofA Securities</b>	Bank of America Europe Designated Activity Company, with branch office in Via A. Manzoni 5, 20121, Milan, Italy, appointed on 1 December 2020 as Creval's financial advisor for the purposes of the Offer.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., with registered office in Piazza degli Affari, No. 6, Milan.
<b>Business Plan</b>	Creval's 2019 - 2023 business plan approved by the Board of Directors on 18 June 2019.
<b>CAA</b>	Crédit Agricole Assurances S.A., a company incorporated under French law, with registered office in Paris, Boulevard de Vaugirard No. 16/18.
<b>CAI or Bidder</b>	Crédit Agricole Italia S.p.A., a public limited company incorporated under the laws of Italy, with registered office in Parma, Via Università, No. 1, VAT, Tax Code and Parma Register of Companies No. 02113530345, listed on the Register of Banks maintained by the Bank of Italy at No 5435 and, in its capacity as parent company of the "Crédit Agricole Italia Banking Group", on the Register of Banking Groups at No. 6230.7, listed the Register of Insurance and Reinsurance Intermediaries maintained by IVASS under section D, No. D000027023, share capital of 979,235,316 euros, divided into 979,235,316 ordinary shares with a nominal value of 1.00 euro.



<b>Cappelli RCCD</b>	Studio Legale Cappelli RCCD with registered office in via Boschetti No. 1, Milan, appointed on 1 December 2020 as Creval's legal advisor for the purposes of the Offer.
<b>CET 1</b>	Common Equity Tier 1, made up of elements of Common Equity Tier 1 after the application of: (i) the adjustments laid down by articles 32 to 35 of the Regulation (EU) of the European Parliament and the Council of 26 June 2013, no. 575; (ii) of the deductions laid down by article 36 of the Regulation (EU) of the European Parliament and the Council of 26 June 2013, no. 575; and (iii) the exemptions and alternatives referred to in articles 48, 49 and 79 of the Regulation (EU) of the European Parliament and Council of 26 June 2013, no. 575.
<b>CET 1 ratio</b>	The solvency ratio expressed by the ratio between the CET 1 and the risk-weighted assets (RWA), calculated in application of the provisions of the Regulation (EU) of the European Parliament and Council of 26 June 2013, no. 575, the Directive (EU) of the European Parliament and the Council of 26 June 2013, no. 36 and the Bank of Italy's Circular of 17 December 2013, no. 285.
<b>Conditions of Effectiveness of the Offer</b>	Each of the suspensive conditions to which the effectiveness of the Offer is subject indicated in Section A, Paragraph A.1, of the Offer Document, that is, the Minimum Threshold Condition, the MAC Condition, the Defensive Measures Condition, the Relevant Acts Condition and the Authorisations Condition.
<b>Consideration</b>	The price of 10,500 euros (cum dividend, that is, inclusive of the couples regarding any dividends distributed by the Issuer) which will be paid by CAI to the Shareholders for each Creval Share forming part of the Offer and acquired by the Bidder, as indicated in Section E, Paragraph E.1, of the Offer Document.
<b>CONSOB</b>	Commissione Nazionale per le Società e la Borsa (The National Commission for Companies and the Stock Exchange), with registered office in Rome, Via G.B. Martini No. 3.
<b>Consolidated Act or TUB</b>	<b>Banking</b> Legislative Decree No. 385 of 1 September 1993, as subsequently amended and supplemented.
<b>Consolidated Finance or TUF</b>	<b>Law on</b> Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented.
<b>Crédit Agricole</b>	Crédit Agricole S.A, a company incorporated under French law, with corporate registered office in Montrouge, Place Des États-Unis No. 12, parent company of the Crédit Agricole Group.
<b>Creval Group</b>	Creval and subsidiary companies in accordance with article 2359 of the Civil Code and article 93 of the Consolidated Law on Financial Brokerage.

<b>Creval or Issuer or Bank</b>	Banca Piccolo Credito Valtellinese S.p.A., a public limited company incorporated under Italian law, with registered office in Sondrio, Piazza Quadrivio No. 8, VAT, Tax Code and Sondrio Register of Companies No. 00043260140, listed on the Register of Banks maintained by the Bank of Italy at No. 489 and, in its capacity as parent company of the "Credito Valtellinese Banking Group", on the Register of Banking Groups at No. 5216.7, listed on the Register of Insurance and Reinsurance Intermediaries maintained by IVASS under section D, No. D000074883, share capital of 1,643,508,053.06 euros, fully subscribed and paid up, divided into 70,149,694 ordinary shares, without indication of the nominal value, admitted to trading on the Electronic Share Market organised and managed by the Italian Stock Market.
<b>Creval Shares</b>	70,149,694 ordinary shares of the Issuer, with no indication of nominal value, listed on the Electronic Equity Market (MTA), corresponding to the entire share capital of the Issuer as at the Issuer's Statement Date.
<b>Date of the Issuer's Statement</b>	28 March 2021, the date of approval of the Issuer's Statement by the Board of Directors.
<b>Date of the Offer Document</b>	22 March 2021, the date the Offer Document was published in accordance with articles 102 of the Consolidated Law on Financial Brokerage and 38 of the Issuers' Regulations.
<b>Defensive Condition Measures</b>	The condition of effectiveness of the Offer set out in Paragraph 3.5(iv) of the Offer Notification and set out in Section A, Paragraph A.1, sub-paragraph A.1.4 of the Offer Document.
<b>Delisting</b>	Withdrawal of the Creval Shares from listing on the MTA.
<b>Electronic Equity Market or MTA</b>	The Electronic Equity Market organised and operated by Borsa Italiana S.p.A.
<b>European Central Bank or ECB or Supervisory Authority</b>	The European Central Bank, with registered office in Frankfurt am Main (Germany), Sonnemannstrasse No 20.
<b>Intermonte</b>	Intermonte SIM S.p.A. with registered office in Galleria de Cristoforis No. 7/8, 20122, Milan, appointed on 1 December 2020 as Creval's financial advisor for the purposes of the Offer.
<b>Issuer's Statement</b>	This statement drawn up in accordance with article 103, paragraphs 3 and 3-bis, of the Consolidated Law on Financial Brokerage 39 of the Issuer's Regulations, approved by the Board of Directors meeting on 28 March 2021.
<b>Issuers' Regulations</b>	The Regulations issued by Consob with resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented.
<b>Italian Civil Code or C.C.</b>	Royal Decree of 16 March 1942, No. 262, as subsequently amended and supplemented.

<b>MAC Condition</b>	The condition of effectiveness of the Offer set out in Paragraph 3.5(iv) of the Offer Notification and set out in Section A, Paragraph A.1, sub-paragraph A.1.3 of the Offer Document.
<b>Mediobanca</b>	Mediobanca – Banca di Credito Finanziario S.p.A. with registered office in Piazzetta Enrico Cuccia 1, 20121, Milan, appointed on 1 December 2020 as Creval's financial advisor for the purposes of the Offer.
<b>Merger</b>	The merger by incorporation of Creval into CAI.
<b>Minimum Threshold Condition</b>	The condition of effectiveness of the Offer set out in Paragraph 3.5(i) of the Offer Notification and set out in Section A, Paragraph A.1, sub-paragraph A.1.2 of the Offer Document.
<b>Notification of the Offer</b>	The notification to the market in accordance with articles 102, paragraph 1, of the Consolidated Law on Financial Brokerage and 37 of the Issuers' Regulations, published by the Bidder on 23 November 2020, concerning the decision to promote the Offer.
<b>Offer Document</b>	The offer document relating to the Voluntary Tender Offer, approved by CONSOB with resolution No. 21771 of 22 March 2021 and published on 22 March 2021 by the Bidder pursuant to articles 102 of the Consolidated Law on Financial Brokerage and 38 of the Issuers' Regulations.
<b>Offer or Voluntary Tender Offer</b>	The voluntary all-inclusive Voluntary Tender Offer promoted by CAL, in accordance with articles 102, paragraph 1, and 106, paragraph 4, of the Consolidated Law on Financial Brokerage and the applicable implementation provisions contained in the Issuers' Regulations.
<b>Payment Date</b>	The date when payment of the Consideration is made, at the same time as the transfer – in favour of the Bidder – of the ownership right over Creval Shares forming part of the Offer, corresponding to the third day of trading following the Acceptance Period and, therefore, on 26 April 2021 (without prejudice to any extensions of the Acceptance Period in compliance with the applicable regulations), as indicated in Section F, Paragraph F.5, of the Offer Document.
<b>People who Act in Concert</b>	In the Offer Document, it is shown that the following that the following people are acting in concert with the Bidder with regard to the Offer: (i) <i>Crédit Agricole</i> , which acts in concert with the Bidder in accordance with article 101- <i>bis</i> , paragraph 4- <i>bis</i> , letter b), of the Consolidated Law on Financial Brokerage, as the company that directly controls the Bidder; and (ii) CAA, which acts in concert with the Bidder in accordance with article 101- <i>bis</i> , paragraph 4- <i>bis</i> , letter c), of the Consolidated Law on Financial Brokerage, as a company subject to common control with the Bidder.
<b>Related Parties Transactions Procedure</b>	The procedure relating to " <i>Creval S.p.A.'s transactions with related parties and connected persons</i> ", adopted by the Board of Directors on 3 December 2020.

<b>Related Transactions Regulations</b>	<b>Parties</b>	The "Regulations containing provisions relating to transactions with related parties" adopted by CONSOB with resolution No. 17221 of 12 March 2010, as subsequently amended and supplemented.
<b>Relevant Acts Condition</b>		The condition of effectiveness of the Offer set out in Paragraph 3.5(vi) of the Offer Notification and set out in Section A, Paragraph A.1, sub-paragraph A.1.5 of the Offer Document.
<b>Shareholders</b>		The Issuer's shareholders.
<b>Shares involved in the Offer</b>		68.428.903 Creval Shares, representing 97.547% of the Issuer's share capital at the Date of the Issuer's Statement (here including Treasury Shares, that is, the entirety of the Creval Shares after deducting 1,720,791 Creval Shares held by the Bidder at the Date of the Offer Document, representing 2.453% of the Issuer's share capital.
<b>SREP, Review and Evaluation Process</b>	<b>Supervisory</b>	The prudential process of review and evaluation of the banks periodically conduct by the European Central Bank and the Bank of Italy – for the banks under their respective responsibility – for the purpose of confirming that the banks and the banking groups are furnished with appropriate safeguards of an equity, organisational and liquidity management nature with regard to the risks assumed, including in stress scenarios, ensuring the overall managerial balance.
<b>Trading Day</b>		Each open day of the Italian regulated markets according to the trading calendar established annually by Borsa Italiana.
<b>Treasury Shares</b>		6 Creval Shares held by the Issuer, representing 0.0000085% of the Issuer's share capital at the date of this Issuer's Statement.

## 2. RECITALS

### 2.1 The Offer

On 23 November 2020, the Bidder notified the market, by means of the publication of the Offer Notification, of the decision to promote a voluntary all-inclusive Voluntary Tender Offer pursuant to and in accordance with articles 102, paragraph 1, and 106, paragraph 4, of the Consolidated Law on Financial Brokerage and the respective implementation provisions contained in the Issuers' Regulations concerning the date of the Offer Document No. 68,428,903 Creval Shares, representing 97.547% of the Issuers' share capital – including Treasury Shares – that is, the entirety of the Creval Shares after deducting the Creval Shares held by the Bidder at the Date of the Offer Document (the “**Shares involved in the Voluntary Tender Offer**”).

Following the promotion of the Offer, the Board of Directors appointed Cappelli RCCD as legal adviser and, separately, BofA Securities, Mediobanca and Intermonte as financial advisors of the Issuer with the purpose of assisting the Company in the review and analysis of the Offer, providing, each for the area of their responsibility, considerations, elements, data and references in support of the evaluations of the Board of Directors.

In the Offer Document, CAI stated it was the owner, at the Date of the Offer Document, of 1,720,791 Creval Shares representing 2.453% of the Issuer's share capital acquired after the publication of the Offer Notification of 23 November 2020 through the following transactions:

- (i) on 18 January 2021, CAA sold to the Bidder 10 Creval Shares it held, representing 0.00001% of the Issuer's share capital, in execution of a purchase/sale contract signed on the same date between the two parties;
- (ii) on 19 March 2021, CAI, in execution of two purchase/sale contracts of blocks signed, respectively, on 19 February and 1 March 2021, acquired 1,720,781 Creval Shares, representing 2.453% of the Issuer's share capital, for a price per Creval Share equal to the Consideration. In this regard, it is observed that (a) these purchase transactions were carried out for a consideration lower than the average market price of Creval Shares in the period following the announcement of the results of the financial year ending on 31 December 2020, which took place on 9 February 2021, and (b) the Bidder did not make the identity of the seller known nor the existence of any additional agreements or economic or commercial agreements in force between the parties.

The Bidder subsequently obtained the authorisations of the European Central Bank and the Bank of Italy required by the applicable regulations with regard to the Offer, that is: (i) the prior authorisation for the acquisition of a controlling stake in the Issuer, in accordance with articles 22 and subsequent of the Directive (EU) of the European Parliament and Council on 26 June 2013, no. 36 of the articles 19 and 22 of the Consolidated Banking Act issued by the ECB with the provision of 16 March 2021; and (ii) the prior authorisation for the indirect acquisition of a 100% stake in Creval Più Factor S.p.A. and a qualified holding in Generalfinance S.p.A., in accordance with articles 19, 22 and 110 of the Consolidate Banking Law, issued by the Bank of Italy with the provisions of 16 March 2021.

On 22 March 2021, CONSOB approved the Offer Document with resolution no. 21771. On the same date, CAI published the Offer Document.

As indicated in Section E, Paragraph E.1, of the Offer Document, the Consideration of 10,500 euros for each Share concerned in the Voluntary Tender Offer tendered in acceptance of the Offer and is to be understood as *cum dividend* from the fact that it includes the coupons regarding any dividends distributed by the Issuer.

The Offer is subject to verifications (or withdrawal by CAI within the periods indicated in the Offer Document) of the following Conditions of Effectiveness: the Minimum Threshold Condition, the MAC Condition, the Defensive Measures Condition, the Relevant Acts Condition and the Authorisation Condition. For further information regarding the evaluations of the Board of Directors of Creval regarding the Conditions of Effectiveness of the Offer, please refer to Section 6 of this Issuer's Statement.

The purpose of the Offer, as reflected in the Bidder's motivations and future plans as specified in the Offer Document, is to acquire the entire share capital of the Issuer, delist the Creval Shares from the MTA ("*Delisting*") in the context of the Offer and carry out the Merger by incorporation of Creval into CAI. The Bidder states that it intends to pursue the Merger both in the case that, on the outcome of the Offer, Borsa Italiana orders the Delisting, and in the case that this revocation does not take place.

The Offer does not come under the cases referred to in article 39-bis of the Issuers' Regulations and, therefore, does not require the preparation of a reasoned opinion by Creval's independent directors who are not related parties of the Bidder, containing the evaluations on the Offer and the fairness of the Consideration, pursuant to and in accordance with the aforementioned Article.

## **2.2 The purposes of the Issuer's Statement**

This Issuer's Statement, approved by the Issuer's Board of Directors at the meeting held on 28 March 2021, was drawn up pursuant to and for the purposes of article 103, paragraphs 3 and 3-bis of the Consolidated Law on Financial Brokerage and article 39 of the Issuers' Regulations.

The Issuer's Statement is aimed at supplementing the information provided to Shareholders with respect to the information already provided by CAI in the Offer Document, expressing, *inter alia*, the assessments and considerations of the Board of Directors of Creval regarding the Voluntary Tender Offer, the reasons for it, the programmes drawn up by CAI and the Consideration offered to Creval Shareholders.

## **2.3 Preview of the conclusions of the Board of Directors on the unfairness of the Offer**

For the reasons described in Sections 5 and 7 of this Issuer's Statement, the Board of Directors, after careful evaluation of the available information and in particular the fairness opinions produced by the advisors BofA Securities and Mediobanca, decided that the Consideration offered by CAI of 10,500 euros per Creval Share (*cum dividend*) is unfair.

\*\*\* \*\*

Creval's Shareholders are invited to carefully read the Issuer's Statement, in order to benefit from a wealth of information including the assessments of Creval's Board of Directors on the Voluntary Tender Offer.

In any event, it should be noted that, for a full and complete understanding of the assumptions, terms and conditions of the Offer, reference should be made to the Offer Document published and made available by the Bidder pursuant to the applicable provisions of law and regulations.

This Issuer's Statement does not in any way constitute, nor can it be construed as, a recommendation to accept or not to accept the Offer nor does it replace the opinion of each Shareholder in relation to the Offer.

### 3. DESCRIPTION OF THE BOARD OF DIRECTORS' MEETING WHICH APPROVED THE ISSUER'S STATEMENT

#### 3.1 Participants at the Board of Directors meeting

Creval's Board of Directors in office on the Issuer's Statement Date consisted of 15 members and was appointed by the Shareholders' Meeting on 12 October 2018, with the exception of directors Jacob Frans Kalma and Maria Giovanna Calloni who were co-opted, pursuant to Art. 2386, paragraph 1, of the Italian Civil Code, by the Issuer's Board of Directors, respectively, during the meetings of 21 January 2019 and 24 February 2019 (and subsequently confirmed by the Shareholders' Meeting on 30 April 2019).

At the meeting of the Board of Directors held on 28 March 2021, when the Offer was examined and the Issuer's Statement approved in accordance with article 103, paragraphs 3 and 3-bis, of the Consolidated Law on Financial Brokerage and article 39 of the Issuers' Regulation, the following directors took part in person or by audio conference:

Name and Surname	Office
Alessandro Ludovico Trotter	Chairman of the Board of Directors
Stefano Caselli	Deputy Chairperson of the Board of Directors (*)
Luigi Lovaglio	Chief Executive Officer
Livia Aliberti Amidani	Director (*)
Paola Bruno	Director (*)
Maria Giovanna Calloni	Director (*)
Anna Doro	Director (*)
Fausto Alberto Edoardo Galmarini	Director (*)
Serena Gatteschi	Director (*)
Stefano Gatti	Director (*)
Jacob Frans Kalma	Director (*)
Teresa Naddeo	Director (*)
Massimiliano Scrocchi	Director

(\*) Directors in possession of the independence prerequisites laid down by article 148 of the Consolidated Law on Financial Brokerage and the implementation regulation of article 26 of the Consolidated Banking Act, currently applicable to members of the Board of Directors as well as the Corporate Governance Code.

The Directors Elena Beccalli and Carlo Crosara have not taken part in the meeting.

For the Board of Auditors, the following were present: Dr Francesca Michela Maurelli, Chairman, Dr Paolo Cevolani and Dr Alessandro Stradi, Statutory Auditors.

Also taking part in the board's work, as invited, subject to the prior unanimous consent of those in attendance, the representatives of the financial advisors BofA Securities, Mediobanca and Intermonte and of the legal advisor Cappelli RCCD.

### **3.2 Specification of own or third-party interests related to the Offer**

Before the start of the discussion of the item on the agenda relating to the examination of the Offer and the approval of the Issuer's Statement, the following directors of Creval declared that they had a personal interest or an interest on behalf of third parties, in relation to the Offer, also pursuant to article 2391 of the Italian Civil Code, article 53, paragraph 4 of the Consolidated Banking Law and article 39, paragraph 1, letter b) of the Issuers' Regulations:

- (i) the Chairman, Dr Alessandro Ludovico Trotter, as holder, in his own right, of 40,010 Creval Shares;
- (ii) the Chief Executive Officer and General Manager, Dr Luigi Lovaglio, as holder, in his own right, of 110,000 Creval Shares;
- (iii) the Director, Dr Fausto Alberto Edoardo Galmarini, as owner, in his own right, of 10,000 Creval Shares;
- (iv) the Director, the lawyer, Massimiliano Scrocchi, as owner, in his own right, of 40,060 Creval Shares.

The Board of Directors, having assessed and taken note of the aforementioned declarations, considered them for the purposes of its own analysis regarding the Offer and the approval of the Issuer's Statement.

### **3.3 Documentation Examined**

The Board of Directors, in its evaluation of the Offer and the Consideration and for the purposes of this Issuer's Statement, reviewed the following documentation:

- the Offer Notification of 23 November 2020, with which CAI announced its decision to promote the Offer in accordance with article 102, paragraph 1, of the Consolidated Act on Financial Brokerage and article 37 of the Issuers' Regulations;
- CAI's press release of 18 January 2021 entitled "Communication pursuant to article 41, paragraph 2, letter C, of the Issuers' Regulations";
- CAI's press release of 5 February 2021 entitled "Fulfilment of the antitrust condition";
- CAI's press release of 15 February 2021 entitled "Fulfilment of the golden power condition";
- CAI's press release of 19 February 2021 entitled "Communication pursuant to article 41, paragraph 2, letter C, of the Issuers' Regulations";
- CAI's press release of 1 March 2021 entitled "Communication pursuant to article 41, paragraph 2, letter C, of the Issuers' Regulations";



- the essential information in accordance with article 130 of the Issuers' Regulations regarding the shareholders' agreement concerning Creval's ordinary shares concluded between CAI and CAA and published by CAI, also on behalf of CAA, on 12 March 2021;
- CAI's press release of 16 March 2021 entitled "Amendment of agreement with Algebris";
- CAI's press release of 17 March 2021 entitled "Authorisations of the ECB and the Bank of Italy for the acquisition of a qualifying holding in Creval and indirect qualifying holdings in Creval Piùfactor and Generalfinance";
- CAI's press release of 18 March 2021 entitled "Fulfilment of the condition regarding the issuing of the prior authorisations";
- the essential information in accordance with article 130 of the Issuers' Regulations regarding the shareholders' agreement concerning Creval's ordinary shares concluded between CAI and Algebris UK Ltd and published by CAI, also on behalf of Algebris UK Ltd, on 18 March 2021;
- CAI's press release of 22 March 2021 entitled "approval by Consob of the offer document and publication by the bidder";
- the Offer Document, as approved by CONSOB on 22 March 2021;
- the fairness opinion provided on 28 March 2021 by BofA Securities;
- the fairness opinion provided on 28 March 2021 by Mediobanca;

#### **3.4 Outcome of the Board of Directors' meeting**

As a result of the Board meeting held on 28 March 2021, the Board of Directors approved, by unanimous vote of those in attendance, this Issuer's Statement.

#### **4. DATA AND ELEMENTS USEFUL FOR THE EVALUATION OF THE OFFER CONTAINED IN THE OFFER DOCUMENTATION**

For a complete and analytical awareness of all the terms and conditions of the Offer, please refer to the contents of the Offer Document and the additional documentation made available on CAI's website at the address: <https://gruppo.credit-agricole.it/opa-creval>. In particular, the following Paragraphs of the Offer Document should be noted:

- Section A - "Warnings";
- Section B - Paragraph B.1 - "The Bidder";
- Section C - "Categories and quantities of the financial instruments involved in the Offer";
- Section D - "Financial instruments of the Issuer or underpinned by these instruments possessed by the Bidder and by persons who act in concert, including by means of trust companies or third parties";
- Section E - "Consideration for the financial instruments and its justification";
- Section F - "Methods and terms of accepting the Offer, dates and payment methods of the Consideration and return of the securities involved in the Offer";
- Section G - "Methods of financing, guarantees of exact fulfilment and future plans of the Bidder";
- Section H - "Any agreements and transactions between the Bidder and the Issuer, or the relevant shareholders or members of the administrative and control bodies of the Issuer".

## **5. EVALUATIONS BY THE BOARD OF DIRECTORS OF THE REASONS FOR THE OFFER AND THE PLANS DRAWN UP BY THE BIDDER**

Firstly, the Board of Directors calls the attention of Shareholders to the circumstance that the Voluntary Tender Offer, aimed at acquiring the Issuer's entire share capital and obtain the Delisting and the Merger of Creval in CAI, was not agreed in advance with Creval by CAI.

The reasons for the Offer and the Bidder's plans for Creval are reported in Section G, Paragraph G.2 of the Offer Document, to which full reference should be made for more information.

In this regard, the Board of Directors points out that important benefits that the Bidder states it will be able to achieve on the outcome of any integration with Creval (such as, for example, the strengthening of its own competitive position in the Italian market and significant financial solidity) derive in a significant way from the contribution that would be brought by Creval to the CAI Group. The Board agrees that the integration of CAI with a solid commercial bank, with a low risk profile and a strong national footprint, like Creval, could generate significant benefits for the Bidder that must, therefore, be adequately valued and considered.

### **5.1 The Consideration is unfair from a financial point of view for Creval's shareholders**

It is made clear in advance that Creval's Board of Directors, after careful evaluation of the available information, the analyses and the fairness opinions issued by the financial advisors BofA Securities and Mediobanca deemed that the Consideration offered by CAI of 10,500 euros (*cum dividend*, that is, inclusive of the coupons regarding any dividends distributed by the Issuer) per Creval Share is unfair from a financial point of view for Creval's Shareholders.

For further information on the fairness opinions of the financial advisors and the evaluations of the Board of Directors on the unfairness of the Consideration, refer to Section 7 of this Issuer's Statement.

### **5.2 Creval has various elements of value from a stand-alone and M&A perspective, and distinctive elements that it is held must be valued and considered adequately**

Without prejudice to the provisions in Section 7 with regard to the fundamental valuation of Creval, the Board of Directors submits for the attention of Shareholders some considerations with regard to various elements of value of Creval, both from a stand-alone and an M&A perspective, and additional distinctive elements that it believes must be adequately valued and considered.

#### **5.2.1 Distinctive element of value of Creval from a stand-alone perspective**

In line with the mission of the Business Plan ("*A solid Commercial Bank, with a low risk profile, focused on families and Small and Medium Enterprises in our territories*"), presented in June 2019, the Bank implemented a series of initiatives targeted at the reduction of the risk profile, the improvement of efficiency and the relaunch of the commercial business from a perspective of generating sustainable long-term profitability and a constant capital strengthening aimed at ensuring a distinctive resilience including in situations of adverse shocks.

The financial year 2020 marked the attainment of major stages of the Business Plan despite a context severely impacted by the spread of the COVID-19 pandemic. Specifically, the cost efficiency and reduction of the non-performing loans stock targets were attained in advance and progress was made in the development of the commercial activities in support of a profitability that has begun to give signs of improvement, also enabling the return to the proposal for a dividend to the Shareholders' General Meeting.

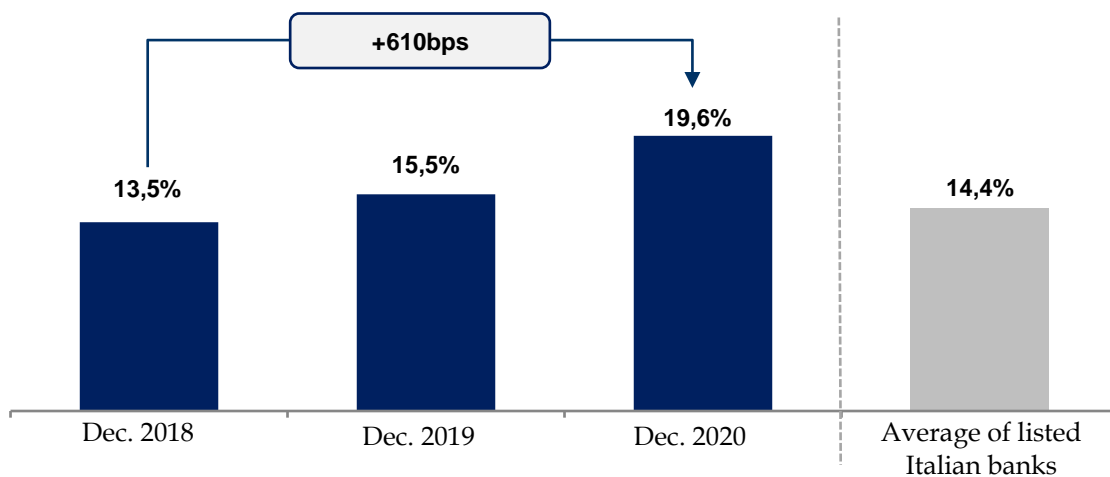
The consistency of the actions implemented with the strategic directions of the Business Plan, also in terms of the optimisation of the asset mix and regulating the use of the capital, enabled the attainment of a high capital solidity, at the top of the Italian banking system, and to furnish itself with a liquidity position at a level never attained in the recent past.

In the light of the process of delivering the Business Plan, it is deemed, in particular, that from a stand-alone perspective, there are distinctive elements of value that should be adequately valued and considered. (i) the high capital surplus, thanks to a best-in-class capital endowment, (ii) the significant improvement of the risk profile ahead of the target set for 2023 by the Business Plan, (iii) the improvement of the operational efficiency with a great reduction of operational costs in the financial year 2020, ahead of the targets set by the Business Plan, (iv) the gradual improvement of the commercial activity in support of the goal of sustainable profitability, (v) the potential benefits deriving from the entry of the DTA on a stand-alone basis, and (vi) the need to consider the significant level of Creval's capitalisation for the purpose of adequately evaluating the Bank's actual profitability in comparative terms.

**(i) A high capital surplus due to a best-in-class capital endowment**

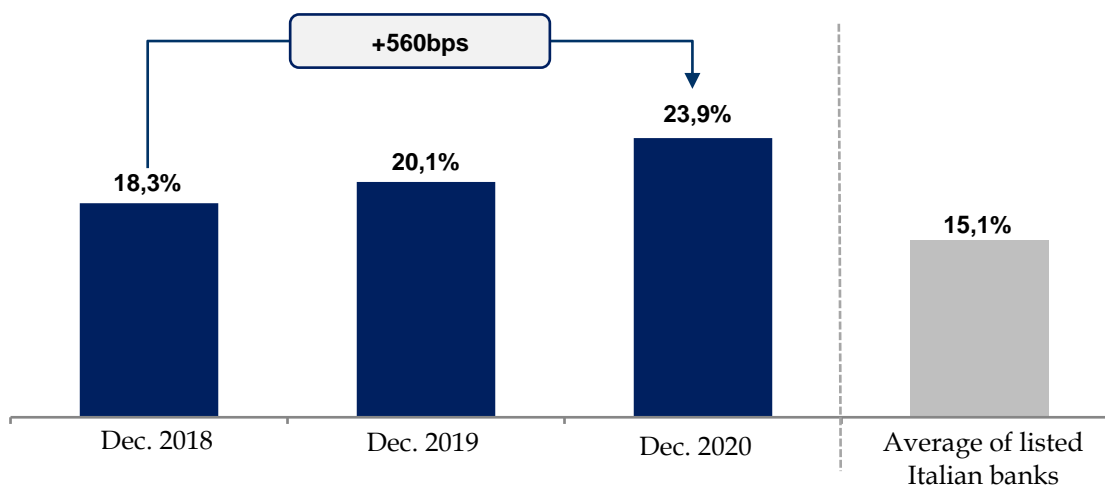
Creval can count on a best-in-class capital endowment in the Italian banking context, thanks to a CET 1 ratio at 31 December 2020 of 23.9% on a phased-in basis and equal to 19.6% on a fully-loaded basis (both already net of the proposal to distribute the 2021 Dividend of around 16 million euros), a level equal to twice the SREP restrictions notified by the Bank of Italy (equal to 8.55%). This capital ratio is also significantly higher than the average fully loaded CET 1 ratio for the leading Italian listed banks, equal to 14.4%<sup>7</sup> and equivalent to a capital surplus of approximately 420 million euros on the basis of the values at 31 December 2020.<sup>8</sup>

**Development of Creval's fully loaded 1 ratio (%)**



<sup>7</sup> Average at 31 December 2020 of the leading Italian listed banks (i.e. Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition transactions of a bank branch from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit.

<sup>8</sup> Calculated as the difference between the fully loaded CET 1 ratio and the average of the fully loaded CET 1 ratio of the leading Italian listed banks i.e. Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition transactions of a bank branch from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit) multiplied by the Bank's RWA at 31 December 2020.

**Development of Creval's phased in CET 1 ratio (%)**

The high capital position also creates the condition for a potential strengthening of the dividends policy following the expiry of the current limits set by the ECB until 30 September 2021.

**(ii) Significant improvement of the risk profile in anticipation of the target set for 2023 by the Industrial Plan**

The Bank, from the outset and in line with the strategic priorities of the Business Plan, has gradually improved its risk profile. At 31 December 2020:

- (i) the default rate has almost halved, positioning itself on system levels:<sup>9</sup>
- (ii) the stock of NPEs was reduced by more than 50%, passing from around 1,933 million euros at 30 June 2019 and around 956 million euros at 31 December 2020;
- (iii) the NPE ratio (on a gross basis) decreased from 11.4%<sup>10</sup> at 30 June 2019 to 5.8%<sup>11</sup> at 31 December 2020, with an improvement of around 560 base points, reaching a better level and significantly in advance of the target set for 2023 by the Business Plan (<6,5%);

The application of new credit worthiness policies, greater discipline on the monitoring activities and the development and consolidation of the internal rating system enabled a continuously more effective activity in the period of distribution and management of the credit, facilitated by a strengthened awareness of the relevance of its quality for the Bank's sustainable development.

The selected growth of loans, mainly to the families sector, enabled, through a standardised approach, the improvement of the quality of new disbursements, in addition to a further fragmentation of the risks also favoured by the targeted reduction of corporate exposure also contributed.

<sup>9</sup> Source Bank of Italy

<sup>10</sup> Excluding the government bonds classified according to the amortized cost criterion.

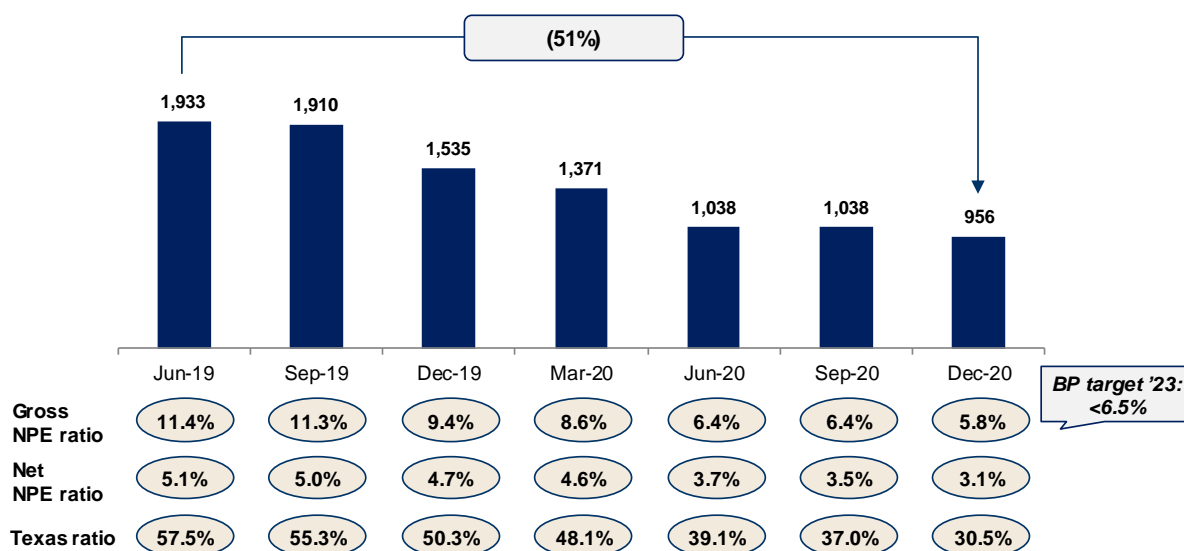
<sup>11</sup> Excluding the government bonds classified according to the amortized cost criterion.

The rapid implementation of the reduction plan of the stock of non-performing loans contributed fundamentally to the improvement of the Bank's risk profile. The NPE stock at the 31 December 2020, in fact, amounted to around 956 million euros, an amount more or less halved from the start of the Business Plan, and is made up of only 305 million euros from bad debts (with an incidence of only of 32% on the total NPE, the lowest among the leading Italian listed banks, the average of which is 44%). The coverage ratio of the bad debts stands at 62.8% (average of the leading listed banks at 66.1%) while the probable defaults are equal to 42.7% (average of the leading Italian listed banks equal to 40.7%).

Creval's gross NPE ratio is substantially in line with the average of the leading Italian listed banks<sup>12</sup>.

In the same period, the Texas ratio (meaning the ratio between net NPE/fully loaded CET 1) has improved from 57.5% at 30 June 2019 to 30.5% at 31 December 2020, standing at a level lower than the average of the leading Italian listed banks equal to 32.5%.

**Development of Creval's stock of gross non-performing loans (€m) of the Gross/Net NPE ratio and the Texas ratio of Creval (%)<sup>13</sup>**



The improvement of the quality of the portfolio, due to more effective underwriting and monitoring activities as well as the reduction of the NPE stocks, contributed to the recording in 2020 of a cost of the risk equal to 71 base points. This value is substantially in line with the average level of the banks most similar to Creval (Banca Popolare di Sondrio, BPER, Credem and CAI), equal to around 74 base points, while it is lower than the average cost of the risk of the leading Italian listed banks, equal to 91 base points.

In 2020, the adjustments/recoveries of value for credit risk<sup>14</sup> were equal overall to around 113.2 million euros compared to a 2019 level of around 157.1 million euros that incorporated, as mentioned above, the extraordinary effect connected to the inclusion, in the evaluation of the non-performing loans, of sale scenarios in line with the forecasts of divestments finalised in the financial year 2020.

<sup>12</sup> Average at 31 December 2020 of the leading Italian listed banks (i.e. Banca Popolare di Sondrio, BPER Banca, Banco BPM, Banca Monte dei Paschi di Siena, Credem, Intesa Sanpaolo, Unicredit).

<sup>13</sup> Without considering the assets under disposal.

<sup>14</sup> Including also profits / loss from contractual amendments.

The improvement actions implemented allowed Creval to tackle the health emergency underway better prepared and equipped to manage its impacts, also mitigated by the government interventions in support of the economy. From the start of the COVID-19 pandemic, a set of particular actions and dedicated task forces were activated to monitor the risks connected to the exposures belonging to the most impacted sectors as well as those subject to moratoria.

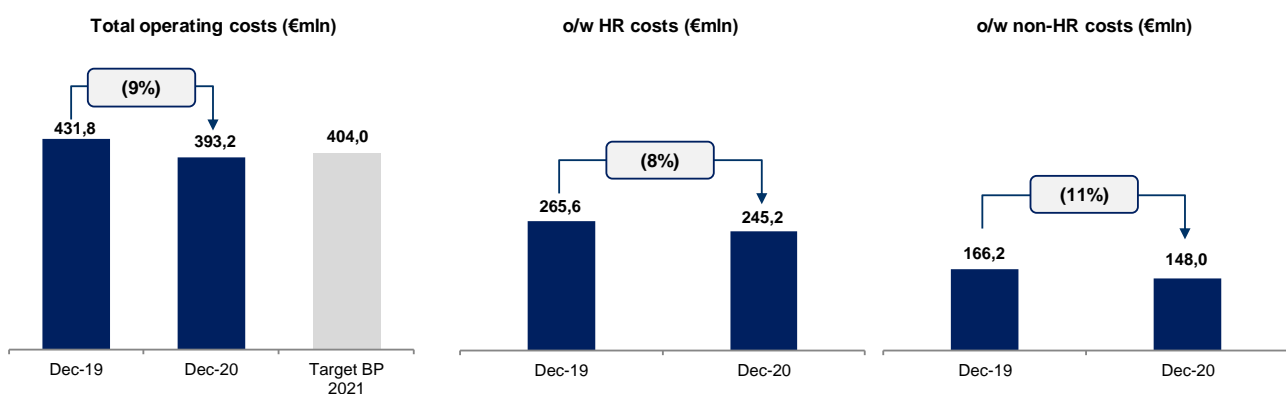
We note that the incidence of Creval's moratoria at 31 December 2020, equal to 15% on the total loan portfolio, compares with a sector average of 17%, as shown in the Kepler Chevreux study published on 25 February 2021<sup>15</sup>.

**(iii) Improvement of operational efficiency with a great reduction of the operating costs in the financial year at 31 December 2020, in advance of the targets set by the Business Plan**

Creval, from the outset and in line with the strategic priorities of the Business Plan, recorded a trend of constant reduction of the operating costs which, in the financial year at 2020 stood at 393 million euros<sup>16</sup>, with a fall of 9% compared to the financial year at 31 December 2019, enabling it to reach, a year in advance, a level lower of costs than that envisaged by the Business Plan for 2021.

The package of measures adopted regarded both the personnel costs and the other administrative costs. On one hand, the efficiency was achieved by containment of the workforce and the adoption of smart working solutions, a result also of the management of the enduring COVID-19 pandemic as well as greater rationalisation of internal mobility. On the other, regarding the administrative costs, the savings achieved are the outcome both of interventions on the cost management processes, through centralisation and the adoption of the zero-based budget logic, and interventions targeted at the main expenditure items such as the increasingly selective and targeted use of specialist external consultancy and body-rental support, the optimisation of the management costs related to properties and the reduction of the management costs of non-performing loans. All accompanied by a constant and systematic renegotiation of the supply contracts.

**Development of Creval's operating costs and Target Business Plan 2021 (€mln)<sup>17</sup>**



<sup>15</sup> "Moratoriums down and public guarantees up in Italy" by Anna-Maria Benassi.

<sup>16</sup> Excluding system costs of 26 million euros.

<sup>17</sup> Operative costs that exclude system charges.

*(iv) Gradual improvement of the commercial activity in support of the goal of sustainable profitability*

The Bank, consistent with the strategic lines of the Business Plan, launched a process of gradual improvement in the generation of sustainable profitability, as the combined effect of the streamlining of the operational activity and the development of the commercial activity in support of the generation of revenues of the operational management, focusing in particular, in this regard, on the contribution (i) of the retail mortgage and consumer finance sectors and (ii) of the wealth management area.

The development of revenues, as regards the interest margin, was focused in particular on the improvement of the positioning in the area of loan products for households, as well as the market of Small and Medium Enterprises, the results of which, in part already visible in 2020, will continue to have in prospect a greater impact on the revenues thanks to the gradual increase of the business volumes.

In particular, consumer credit, concentrated on the existing clients, in 2020 practically doubled the contribution to the interest margin compared to 2019, rising from an incidence of 1.7% to one of 3.3% and it is expected to reach an even higher percentage in coming financial years. This is thanks to a gradual increase of the stock due to new disbursements, which, in 2020, saw a growth rate equal to more than 3 times that of 2019. Still in the area of household loans, the stock of mortgages to private individuals exceeded 4 billion euros with a growth of 300 million euros in the year.

With reference to the net commissions, the financial year 2020 reflected the reduced operations of the clients due to the lockdown measures implemented as a consequence of the health emergency deriving from the COVID-19 pandemic, although displaying a certain recovery in the second part of the year guided by the gradual resumption of operations by clients. In particular, positive signs were encountered in the wealth management area, which is one of the areas of the Bank's strategic growth.

The combination of the aforementioned initiatives for the development of the revenues with the continuous work carried out to improve the operational efficiency brought an improvement of the commercial activity and the operations of the Bank during 2020, marking a performance that bucked the trend compared to those of other Italian banks. By way of reference, it is pointed out that, notwithstanding the negative effects of the COVID-19 pandemic, Creval recorded an increase in the results of the operational and commercial management (meaning the interest margin, net commissions and operating costs) during 2020, a rise of 7.6% compared to the level recorded in 2019, while the leading Italian listed banks<sup>18</sup> recorded an average reduction in line with 2019 and CAI recorded a reduction of around 8.3%.<sup>19</sup>

*(v) Potential benefits of the entry of Deferred Tax Assets (DTA) on a stand-alone basis*

As highlighted in the context of the last presentation to the market of Creval's results for the financial year 2020 at 31 December 2020, at the end of 2020 Creval had DTAs from tax losses and ACE surpluses of around 180 million not entered in the financial statement. The income expectations should make it possible to enter these DTAs on the financial statement in future financial years (in the period 2021-2026), for an amount equal to around 30 million euros a year to be recorded in the profit and loss account at net profit level. It is noted that CAI's Offer does not fully reflect this important potential benefit for Creval.

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<sup>18</sup> Average at 31 December 2020 of the leading Italian listed banks (i.e. Banca Popolare di Sondrio, Banco BPM, Credem, Intesa Sanpaolo, UniCredit). Campione excludes BPER Banca due to the non-comparability of 2020 and 2019.

<sup>19</sup> Operating costs exclude the contributions to the Resolution Fund and the Deposit Guarantee Fund for the banks in the sample.



**(vi) *The need to consider Bank's significant level of capitalisation in order to sufficiently appreciate the Bank's actual profitability in comparative terms***

It is made clear that the significant level of the Bank's capitalisation does not allow a full appreciation of the Bank's profitability, since the return on capital indicators (e.g. RoE, RoTE and RoATE) are compressed by the presence of a significant level of capital in the net equity of reference. For illustrative purposes, on the basis of a normalised capital position that enables the maintenance of a fully-loaded CET 1 ratio of around 14.4% (the average fully-loaded CET 1 ratio of the leading listed Italian banks at 31 December 2020<sup>20</sup>), Creval's RoE, equal to 6.4% at 31 December 2020, would be 8.4%.

**5.2.2 *Creval has various distinctive elements of value from an M&A perspective that it is believed must be adequately valued and considered in the Voluntary Tender Offer:***

The Board of Directors highlights the presence of various elements of value attainable in an M&A context such as (i) tax benefits deriving from the conversion of the DTA into tax credits in the context of a possible aggregation between CAI and Creval on the basis of the provisions of the Budget Law 2021, approved after the announcement of the Offer (ii) the significant potential synergies and relevant positive effects on the profit and loss account achievable through the aggregation of CAI with Creval and (iii) an additional capital buffer that can be potentially used for strategic initiatives if the target capital ratios of Crédit Agricole are taken as reference.

**(i) *Tax benefits arising from conversion of Deferred Tax Assets (DTA) to tax credits in the context of the possible aggregation between CAI and Creval based on the provisions of the Budget Law 2021, approved after the announcement of the Offer.***

The Budget Law 2021, published in the Official Gazette on 30 December 2020 (so after the date the Offer was announced on 23 November 2020), outlined the methods and scope of application of the tax benefit arising from the potential of conversion of on/off balance sheet deferred tax assets (DTA) into tax credits in the context of potential operations of corporate aggregation carried out through merger, demerger or company transfer resolved during 2021 and, in the case of subjects between which a relationship of control exists, if the control was acquired through an operation other than previous ones during 2021 and, within a year of the date of acquisition of control, one of the aforementioned operations has taken legal effect (in the specific case, the prospective Merger of Creval with the Bidder).

Specifically, the text of the law provides for the conversion into a tax credit of deferred tax assets relating to tax losses and the amounts regarding the notional surplus income for the purposes of the regulation of Aid for Economic Growth) accrued up to the tax period prior to that in progress on the date that control was acquired, even if these are not entered in the financial statements, up to a maximum limit of 2% of the total assets of the smaller entity. Deferred tax assets relating to temporary differences are therefore excluded.

Therefore, as a result of the 2021 Budget Law, in the context of business aggregations (such as the prospective Merger of Creval with the Bidder), the entity resulting from such operations shall be able to benefit from the conversion into a tax credit of deferred tax assets relating to prior tax losses from past ACE surpluses (both recorded on and off the balance sheet). This regulatory provision allows these DTAs to be converted into tax credits that may be immediately used to offset tax liabilities to the Revenue Office and Tax Authorities with

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<sup>20</sup> Average at 31 December 2020 of the leading Italian listed banks (i.e. Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition transactions of a bank branch from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit).

an important benefit both in terms of cash position and in terms of the capital position, since the component of deductions from its regulatory provisions relating to this particular type of asset is cancelled.

In the event of aggregation between Creval and CAI, the benefit regarding the conversion of the DTAs in tax credit would be equal to around 385 million euros (that is, 321 million euros net of the respective commission to be paid to the Revenue Office and Tax Authorities in order to benefit from the conversion taking account of the respective deductions) of which around 249 million euros (that is, around 207 million euros net of the respective commission to be paid to the Revenue Office in order to benefit from the conversion taking account of the respective deductions) only for the component contributed by Creval. This benefit would be attainable by the Bidder almost immediately or, in any event, in the short term.

Specifically, the aforementioned amount of around 385 million euros is made up of (i) 249 million euros attributable to the conversion in tax credit and the respective entry in the financial statement among the assets of the DTA currently off the balance sheet of Creval (regarding the tax losses and previous ACE surpluses) with a consequent increase of the regulatory fully loaded CET 1 capital of the combined entity and (ii) 136 million euros attributable to the conversion in tax credit of the DTAs entered in CAI's financial statement (regarding previous tax losses), with the consequent increase of the regulatory fully loaded CET 1 capital of the combined entity.

It is underlined that these tax benefits, net of the commission to be paid to the Revenue Office and Tax Authorities taking account of the respective tax deduction, would enable an increase of an equal amount of the capital position for the combined entity and therefore for the Bidder (both from an accounting point of view, as regards the off balance sheet DTA, and regulatory, as regards the DTA on and off the balance sheet).

With regard to the fact that – as indicated in the Offer Document – in order to benefit from the measures on the DTAs contained in the Budget Law 2021, it is necessary to carry out the Merger within a year from the Payment Date (that is, from the date when, in the event of the completion of the Offer, the Bidder acquires control of Creval), it is observed that the Bidder has stated its intention to start the respective corporate procedure as soon as possible after the conclusion of the Offer.

It is also noted that the Bidder stated in the Offer Document the existence of possible positive impacts regarding the DTAs even in the absence of the application of the measures of the Budget Law 2021, an aspect that seems to further highlight the relevance for the Bidder of the benefits regarding the DTAs attainable following any acquisition of Creval. For further considerations of the potential relevant amount of negative goodwill deriving from the possible acquisition of Creval of which CAI could benefit, refer to Section 5, Paragraph 5.3 of this Issuer's Statement.

*(ii) Significant potential synergies and relevant positive effects on the profit and loss account attainable through the aggregation of CAI with Creval*

The possible aggregation operation between Creval and CAI, as indicated in the Offer Document, could lead to the attainment of significant synergies and significant benefits for the Bidder.

In particular, according to what is reported in the Offer Document, the synergies and additional positive benefits on the profit and loss account generated by the integration of Creval in the CAI Group are divided as follows:

- (i) 50 million euros (before taxes) of cost synergies attainable in 3 years, which, in the light of what is reported in Section G, Paragraph G.2.2, Subparagraph 2.2.1, of the Offer Document, would not be attributable to redundancy plans or cuts to the personnel;

- (ii) 36 million euros (before taxes) of revenue synergies attainable in 4 years;
- (iii) 9 million euros (before taxes) attainable in 3 years, deriving from the positive impact of 24 million euros regarding the alignment of the Issuer's funding cost to the (lesser) funding cost of the Bidder, net of the recurring negative impact of at least 15 million euros due to the alignment of the "asset and liability management" policies;
- (iv) 35 million euros (before taxes) of positive economic impacts connected to the alignment of the credit policies, including the provisioning, attainable in at least 4 years, against an accelerated prior process of "cleaning" the combined credit portfolio of the new Group with higher coverage levels.

Moreover, it is highlighted that, in Section G, Paragraph G.2.2, Subparagraph G.2.2.1, of the Offer Document, it is indicated that in order to achieve the possible synergies and in order to obtain the advantages deriving from the alignment of the Issuer's funding cost with that of the Bidder in the framework of a more general alignment to the "assets and liability management" policies, defined costs of "integration and restructuring" would be envisaged of at least 345 million euros, the composition of which was not provided or commented on within the Offer Document.

By way of information, it is stated that these costs would be equal to around 7 times the annual pre-tax cost synergies when operational, a value that lies well above that announced in recent aggregation operations in the Italian banking sector (around 2 times the annual cost synergies on operation<sup>21</sup>) and approximately equal to the operating costs recorded by the Issuer in the financial year 2020, even though the Bidder states it does not envisage implementing redundancy plans, personnel costs or other organisational measures that could significantly impact the Issuer's activity and the people who work there.

**(iii) *An additional capital buffer that can potentially be used in strategic initiatives considering the target capital ratios of Crédit Agricole***

In addition to the surplus capital on a stand-alone basis as previously shown, it is fitting to underline that if the fully-loaded target CET 1 ratio declared by Crédit Agricole in its 2019-2022 industrial plan (equal to 11% in 2022), Crédit Agricole and the Bidder's other shareholders could potentially benefit from an addition capital buffer of around 280 million euros<sup>22</sup>, incremental to the aforementioned capital surplus of more than 400 million euros compared to the average of the leading Italian listed banks<sup>23</sup>, for an overall total of more than 700 million euros (even before the benefits from the conversion of the DTA), which can be used in the implementation of the Group's strategic initiatives.

The Issuer, for the purposes of a greater appreciation of the contribution made by Creval to the CAI Group, finally believes that it would be of interest, from an information point of view, to include in the Offer Document the information concerning the regulatory capital position of the Bidder following the completion

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<sup>21</sup> Purely for information purposes, in the case of integration between Intesa Sanpaola and UBI Banca, the purchaser declared at the announcement of the transaction integration costs for an amount of 1,276 million euros (before taxes) equal to around 2-3 times the annual cost synergies when operational (before taxes) estimated at 545 million euros and, thereafter, revised those costs at 1,378 million euros (before taxes) equal to around twice the annual cost synergies when operational (before taxes) revised at 700 million euros.

<sup>22</sup> Calculated as the difference between the fully loaded CET 1 ratio and the average of the fully loaded CET 1 ratio declared by Credit Agricole in its business plan 2019-2022 (11.5% at 2022).

<sup>23</sup> *i.e.* Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition transactions of a bank branch from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit)

of the operating, taking account of the benefits brought by Creval's capital surplus and the possible effects regarding the conversion of the DTAs into tax credits.

**5.2.3 Various elements of value and distinctive elements regarding Creval, both from a stand-alone and an M&A perspective, are also highlighted by certain institutional investors, Shareholders of Creval, and by a number of independent financial analysts.**

Various elements of value and distinctive elements concerning Creval indicated in the Issuer's Statement both from a stand-alone and an M&A perspective (implementation of the Bank's Business Plan with the achievement of a number of significant targets ahead of schedule, the high capitalisation of the Bank, the benefit relating to DTAs, significant synergies for the purchaser in the context of an integration with Creval, etc.), have been highlighted, since the period following the announcement of the Offer, by several institutional investors, Shareholders of Creval and by financial analysts.

**(i) Elements of value of Creval highlighted by a number of institutional investors, Shareholders of Creval**

As reported by the press, some institutional investors, Shareholders of Creval (Alta Global, Hosking Partners, Kairos, Melqart and Petrus Advisers<sup>24</sup>) have publicly given their opinions regarding the inadequacy of the Consideration of the Offer, highlighting elements such as Creval's significant capitalisation, the benefits regarding the DTA, the value of the synergies and the progress in the implementation of the Business Plan.

**(ii) Elements of value of Creval highlighted by various independent financial analysts**

In the same way, the same elements of value referred to in Paragraph 5.2.3(i) including Creval's significant capitalisation, the benefits regarding the DTA, the value of the synergies and the progress achieved in implementing the Business Plan, are also highlighted by various financial analysts that cover the Creval Share, whose institutions are not involved in advisory roles (both as regards the Bidder and Creval), in the context of the Offer. It is noted in this regard that the target prices and the evaluations from an M&A perspective that can be inferred from the most recent surveys by the aforementioned analysts highlight evaluations of the Bank higher than the Consideration.

<i>Equity research</i> <sup>25</sup>	Date	Target price (Euro per share)	M&A Valuation <sup>26</sup> (Euro per share)
Banca Akros	20-Jan-21	13.0	13.0
Keefe, Bruyette & Woods	9-Feb-21	13.2	13.2
Kepler Cheuvreux	9-Feb-21	10.7	11.5 - 14.0
UBS	16-Feb-21	12.4	18.6

With reference to the synergies, it is noted that there are financial analysts that follow the Creval share<sup>27</sup> that had deemed to be prudent the preliminary synergies reported by the Bidder in the Offer Document, also indicating that the integration costs reported by the Bidder in the Offer Document appear high.

<sup>24</sup> Petrus Advisers has published on its website certain documents regarding its position on the Offer (<https://petrusadvisers.com/en/active-investments/>).

<sup>25</sup> La tabella include unicamente le ricerche pubblicate da analisti finanziari appartenenti a società che non ricoprono il ruolo di advisor dell'Offerente o dell'Emittente in relazione all'OPA.

<sup>26</sup> Valutazioni in ottica di M&A riportate nelle pubblicazioni di *equity research* o, in assenza, *target price* che considerano, anche parzialmente, elementi di valore in ottica di M&A.

<sup>27</sup> Study by Kepler Cheuvreux of 24 March 2021.

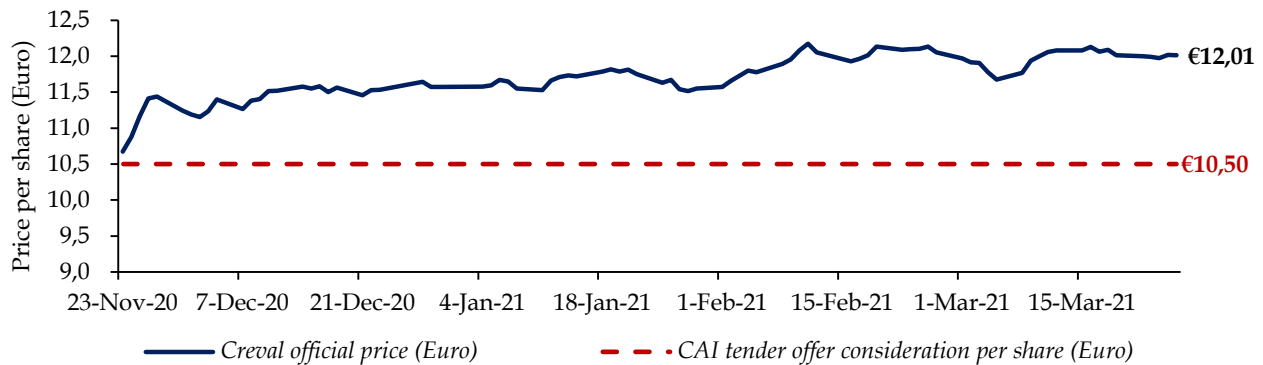
*(iii) The Creval share, following the announcement of the Offer, has constantly traded at a significant premium compared to the Consideration*

As further confirmation of what is highlighted in the preceding Paragraphs regarding the positions expressed by certain institutional investors, Shareholders of Creval, and by various financial analysts, the Creval share, following the announcement of the Offer by CAI, has constantly traded on the market at a significant premium compared to the Consideration<sup>28</sup>, therefore highlighting that the market appears to believe the Consideration of the Offer does not express an adequate valuation of the Bank.

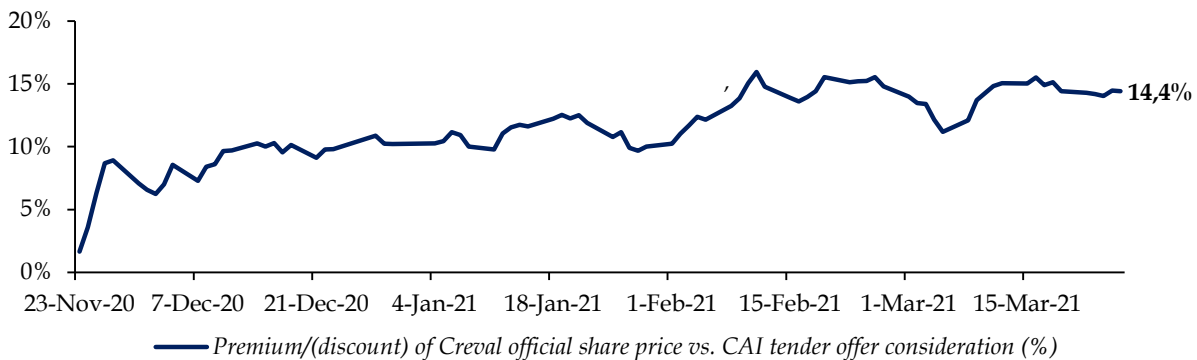
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<sup>28</sup> Graphics source: processing of FactSet data (from 23 November 2020 to 26 March 2021). Note: series calculated on the basis of the official prices of the Creval share.

**Development of the official price of the Creval share from the announcement of the Offer**



**Development of the premium of the official price of the Creval share compared to the Consideration of the Voluntary Tender Offer**



**5.3 CAI could benefit from significant negative goodwill deriving from the possible acquisition of Creval**

The significant difference between Creval’s net equity and the evaluation of the Bank resulting from the Consideration (so-called negative goodwill), would bring a benefit for CAI estimated on a preliminary basis by the Bidder at more than 1 billion euros<sup>29</sup>. It is noted that this preliminary estimate of negative goodwill could further increase due to the entry on the balance sheet of the DTA of the Issuer currently not entered (equal to around 181 million euros).

As indeed underlined by the Bidder in the Offer Document, including without recourse to the measures of the Budget Law 2021 and without sustaining additional charges, these DTA could reasonably be entered on the balance sheet immediately, even if deducted by the capital, then being recovered through the gradual absorption based solely on the Bidder's future income.

<sup>29</sup> Difference of around 1.038 million euros between 100% of Creval’s net equity at 31 December 2020 of around 1.774 million euros and the valuation of 100% of the Bank recognised by the Consideration, equal to around 737 million euros. This difference assumes the absence of any effects connected to the so-called “purchase price allocation” effects envisaged by the international accounting principles and the absence of additional accounting effects.

It is also noted that other elements could bring adjustments upwards of the negative goodwill, such as, for example, to fair market value of certain assets such as government bonds, should the capital gain currently inherent for these instrument remain in being in the light of the recent market rally.

It is therefore reasonable to believe that, in any case, the benefit for CAI arising from the entry of the negative goodwill is of a significant amount.

#### **5.4 The premium declared by CAI has a limited informative value for Creval's Shareholders**

The premium of 21.4% compared to the official price of the Creval Shares at 20 November 2020 (that is, the Trading Day before the Announcement Date), as with the other premiums declared by CAI compared to the various averages of market prices of Creval illustrated in the Offer Document, has a limited information value for the following reasons:

- (i) The announcement of the Offer occurred in a period when the Creval share was going through a process of gradual appreciation. In particular, it is highlighted that:
  - a) the Creval share, from the beginning of 2020 until 20 November 2020 (the last Trading Day prior to the date of announcement of the Offer), recorded a performance of +19.9%, significantly higher than the average performance of other major listed Italian banks<sup>30</sup> (equal to -21.5%) and the FTSE Italy Banks index (-22.1%);
  - b) the stock's evaluation process was particularly evident following the publication of Creval's results as at 30 June 2020 and, above all, as at 30 September 2020: from 5 November 2020 (the date of publication of the results as at 30 September 2020) to 20 November 2020 (the last Trading Day prior to the announcement of the Offer), the Creval share recorded a positive performance of +29.0% compared to the +14.6% recorded by the FTSE Italy Banks.
- (ii) The various time periods used by CAI in the Offer Document to express the premium implicit in the Consideration (refer to Section E of the Offer Document for greater details) have limited significance:
  - a) the official prices of the Creval share taken as reference by CAI in the period before the announcement of the Offer, as with the prices for the banking sector in general, were significantly influenced by the impact of the spread of the COVID-19 pandemic, here including the respective more acute phases;
  - b) the official prices of the Creval share taken as reference by CAI in the period before the spread of the COVID-19 pandemic cover a period immediately after the presentation of the Business Plan announced on 18 June 2019 and so still did not reflect the gradual evaluation by the market of the implementation of the strategic initiatives envisaged by the Plan; in this regard, it is noted that, following the publication of the presentation of Creval's 2019 results on 6 February 2020, the Issuer's share price reached a maximum intra-day level in the following Trading sessions equal to 9.93 euros for share (recorded on 18 February 2020) and a maximum official price equal to 9.48 euros per share (recorded on the same day).
- (iii) Finally, it is highlighted that the Creval Share on a stand-alone basis would have benefited from the positive trend recorded by the banking sector in general in the period following the promotion of the

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<sup>30</sup> The sample includes Banca Popolare di Sondrio, Banco BPM, BPER Banca, Credem, Intesa Sanpaolo and UniCredit.

Offer, in particular following the announcement of the new Draghi Government; in this regard, it is observed that:

- a) even after the fall of the returns of the Italian state bonds, the shares of the banking sector recorded in the period after the announcement of the Offer a significantly positive overall performance: from 20 November 2020 to 26 March 2021, the FTSE Italy Banks index<sup>31</sup> recorded a performance equal to around +21.8%; purely for illustrative purposes, it is highlighted that if the Creval share had benefited from a valuation simply in line with that of the sector, then it would have almost entirely absorbed the premium of 21.4% compared to the official price of the Creval shares at 20 November 2020 notified by CAI;
- b) the Italian banking sector recorded a major re-rating in terms of increase of the average multiples for the leading Italian listed banks

### Development of the P/E and P/TBV multiples of the leading Italian listed banks<sup>32</sup>

	P/E 2021E			P/E 2022E			P/TBV		
	20-Nov-20	26-Mar-21	Var.	20-Nov-20	26-Mar-21	Var.	20-Nov-20	26-Mar-21	Var.
Average Multiples	10.1x	11.1x	+10%	7.8x	9.6x	+22%	0.43x <sup>33</sup>	0.53x <sup>34</sup>	+22%

## 5.5 Considerations on the objective of the Delisting and the Merger

Without prejudice to what is stated by the Bidder in Section A, Paragraph A.11, of the Offer Document, it is considered useful to submit to the attention of Shareholders certain considerations with regard to the scenarios of the Delisting of the Bank and the Merger of Creval in CAI.

### 5.5.1 Creval's Delisting

According to what is stated in the Offer Document, the Offer is aimed at acquiring the entire share capital of the Issuer and obtaining the Delisting of Creval Shares.

As illustrated in detail in the Sections A.8 and A.11, Subparagraph A.11.1.2(C) of the Offer Document in the event that, on the outcome of the Offer – due to the acceptance of the Offer and/or other acquisitions – should the Bidder and the People who Act in Concert come to hold an overall stake of at least 95% of the Issuer's share capital, the Bidder stated it intended to make use of the right to purchase the remaining Creval Shares in circulation (that is, the right to purchase all the remaining Creval Shares), pursuant to and in accordance with article 111 of the Consolidated Law on Financial Brokerage. The Bidder, should the presupposition arise, by exercising the right of purchase in accordance with article 111 of the Consolidated Law on Financial Brokerage,

<sup>31</sup> The sample includes Banca Popolare di Sondrio, Banco BPM, BPER Banca, Credem, Intesa Sanpaolo and UniCredit.

<sup>32</sup> Multiples calculated on the basis of the official prices from Borsa Italian at the indicated dates (i.e. 20 November 2020 and 26 March 2021). The sample includes Intesa Sanpaolo, Unicredit, Banco BPM, BPER Banca, Credem and Banca Popolare di Sondrio on the basis of the consensus provided by Factset on the indicated dates (i.e. 20 November 2020 and 19 March 2021) and regarding the estimates issued following the publication of the latest financial results of reference.

<sup>33</sup> Calculated on the tangible net equity at 30 September 2020.

<sup>34</sup> Calculated on the tangible net equity at 31 December 2020.



will also fulfil the purchase obligation referred to in article 108, paragraph 1, of the Consolidated Law on Financial Brokerage, with regard to the Shareholders who so request, according to a procedure agreed with CONSOB and the Borsa Italiana in accordance with the Issuers' Regulations.

In the scenario illustrated in Section A, Paragraphs A.7 and A1, Subparagraph A.11.1.2(B) of the Offer Document in which the Bidder and the People who Act in Concert come to hold an overall stake of more than 90% but less than 95% of the Issuer's share capital, the Bidder has stated that it will fulfil the obligation of purchasing the remaining Creval Shares referred to in article 108, paragraph 2, of the Consolidated Law on Financial Brokerage, with regard to the Issuer's Shareholders who so request, and will not reconstitute a sufficient free float to ensure the regular progress of the negotiations of Creval Shares. Borsa Italiana, as a consequence, could order the suspension of Creval Shares from listing and/or the Delisting in accordance with the current regulations of the markets organised and managed by Borsa Italiana.

Finally, even should CAI not obtain the Delisting in the context of the Offer by the aforementioned procedures, the Bidder could in any case proceed with the Merger by incorporation of the Issuer in the Bidder and the consequent assignment by share swap with the Shareholders of Creval of the Bidder's shares that are not traded on a regulated market, nor on a multilateral trading facility, nor through other means. In this scenario, as stated in more detail in Section 5, Paragraph 5.5.2 of the Issuer's Statement, a right of withdrawal would be granted to Shareholders who do not agree to the adoption of the Shareholders' General meeting resolution approving the Merger, in accordance with article 2437-*quinquies* of the Civil Code.

In the light of the scenarios summarised above, the Shareholders that do not accept the Offer (and which do not sell their shares pursuant to the procedure set out in articles 108 and 111 of the Consolidated Law on Financial Brokerage or, as the case may be, exercise the withdrawal right) could find themselves holders of not listed shares.

In this regard, the Shareholders should, in our opinion, take into account, among other things, the following elements:

- (i) The shareholding in Creval (or, following the Merger, in CAI) would therefore become highly illiquid, with consequent difficulty or even impossibility of transferring it to third parties. Disinvestment would involve finding and identifying a buyer and negotiating a transfer price on an individual basis.
- (ii) depending, among other things, on the number of Shareholders (other than the Bidder) that would own Creval Shares following the Delisting, Creval would become an unlisted company or a so-called "public company". Unlisted companies or so-called "public companies" have much less information obligations to shareholders than those of listed companies;
- (iii) the thresholds laid down by the law for the exercise of certain relevant rights of the minority (such as, for example, the right to object to the resolutions of the Shareholders' General Meeting in accordance with article 2377 of the Civil Code or the right to take action for liability against the directors referred to in article 2393-bis of the Civil Code) are higher in unlisted companies than those laid down for companies that make recourse to risk capital (listed or public company).

### **5.5.2 Merger of Creval in CAI**

According to what is stated, among other things, in Section A, Paragraph A.5, Subparagraph A.5.3 and in Section G, Paragraph G.2, Subparagraph G.2.4, of the Offer Document, as soon as possible after the conclusion of the Voluntary Tender Offer, should the presuppositions arise, the Bidder will undertake the activities necessary to proceed to the Merger by incorporation of the Issuer.

The Merger is a central element of the Bidder's future plans for the pursuit in particular of synergies (and for the schedules of achieving them) as well as the obtaining of additional positive effects when operational that may derive for the profit and loss account.

The necessary quorum for passing resolutions to approve the Merger in the Extraordinary General Meeting is equal to two thirds of the Issuer's share capital with the right to vote. Precisely because of its centrality in the complex operation that CAI intends to carry out, it has made the effectiveness of the Voluntary Tender Offer conditional on attaining a stake in Creval of no less than 66.67% of the share capital (Minimum Threshold Condition) in order to be able to cast a number of votes in the Issuer's Shareholders Extraordinary General Meeting sufficient to approve the Merger. The Bidder, however, reserved the right to waive the Minimum Threshold Condition and, therefore, to complete the Voluntary Tender Offer as long as the stake acquired was at least equal to 50% + 1 Creval Share of Creval's share capital.

The following is also noted:

- (i) to the degree in which the Bidder decided to propose the Merger to the Shareholders' Extraordinary General Meeting before the Delisting of Creval Shares, the Issuer's Shareholders that do not agree to the adoption of the general meeting's resolution approving the Merger would have the right to withdrawal pursuant to and in accordance with article 2437-*quinquies* of the Civil Code since, as mentioned, due to the Merger they would receive by share swap the Bidder's shares that are not traded either in a regulated market, or on a multilateral trading system or by other means. The liquidation value of Creval Shares subject to withdrawal would be determined, in accordance with the law "*making reference to the arithmetical average of the closing prices in the six months before publication or the receipt of the notice of convocation of the general meeting, the resolutions of which legitimise the right of withdrawal*" (article 2437-*ter*, paragraph 3, of the Civil Code);
- (ii) on the other hand, should the Merger be resolved by the Shareholders' Extraordinary general meeting after the Delisting of the Creval Shares, the Shareholders that do not agree to the respective approval would not benefit from the right of withdrawal under article 2437-*quinquies* of the Civil Code. According to a certain interpretation, the right of withdrawal could also be recognised to Shareholders even in the scenario in question if, due to the effect of the incorporation, the Articles of Association of the company of which they would become shareholders contained clauses, the introduction of which would constitute a legal cause for withdrawal pursuant to article 2437 of the Italian Civil Code. The liquidation value of the Creval Shares subject to withdrawal would be determined in accordance with the law "*taking into account the capital amount of the Issuer and its income prospects, as well as any market value of the Shares*" (article 2437-*ter*, paragraph 2, of the Civil Code); For completeness, it is noted that, in the Offer Document, CAI stated, with reference to the scenario in question, its intention to carry out the Merger with methods such as not to give rise to the right of withdrawal;

Finally, the Merger would be subject to the positive completion of the Voluntary Tender Offer procedure for the operations of "greatest relevance" in accordance with the Voluntary Tender Offer Regulations and the Voluntary Tender Offer Procedure. For more information in this regard, refer to Paragraph 5.6.1(ii).

#### **5.6 Creval Shareholders who do not adhere to the Voluntary Tender Offer would be protected by the safeguards provided by the applicable regulations.**

In the event the Voluntary Tender Offer is successful, Creval's Shareholders who do not accept the Offer would be protect by certain safeguards laid down by the applicable regulations, including: (i) in the event of the Merger, the necessary fairness of the exchange ratio and the protections laid down by the regulations of

transactions with related parties and (ii) the rights recognised to minority shareholder to protect the profitability and value of their shareholdings.

#### **5.6.1 Regulatory safeguards for Creval Shareholders in the event of the Merger**

In addition to what has already been highlighted in Section 5, Paragraph 5.5.2, of the Issuer's Statement regarding the Merger, some additional regulatory safeguards applicable in the event of the Merger are highlighted below.

##### **(i) Fairness of the Merger's exchange ratio**

Creval's Board of Directors specifies that, if resolved, the Merger will take place on the basis of an exchange ratio determined in accordance with Art. 2501-ter of the Italian Civil Code, using, as is standard practice, uniform methodologies and assumptions in the valuation of the companies involved.

By force of the current legal provisions, the exchange ratio of the Merger must be fair and, therefore, must adequately express the real value of Creval. Therefore, should the Merger's exchange ratio not be fair, Creval's Shareholders that do not accept the Voluntary Tender Offer will be protected by the safeguards, of a substantial and procedural nature, imposed by corporate law to guarantee its fairness, without prejudice in any case to the considerations expressed in Section 5, Paragraph 5.5.1 of the Issuer's Statement regarding the attribution by share swap to Creval's Shareholders of the Bidder's shares that are not traded on a regulated market, nor on a multinational trading system nor by other means.

In this regard, it is noted that the exchange ratio of the Merger must be: (i) adequately explained and justified by the boards of directors of both Creval and CAI; and (ii) the subject of a fairness report, prepared by one or more experts appointed by the Court, which must indicate, among other things, the methods used to determine the proposed exchange ratio and the values resulting from the application of each of them, as well as containing an opinion on the adequacy of the methods used and the relative importance attributed to each of them in determining the value.

Should the proposed exchange ratio not reflect Creval's actual value, the minority Shareholder would be entitled to challenge the shareholders' meeting resolution approving the planned Merger, if they did not agree with the approval, and request compensation for the damage sustained by effect of the application of an unfair exchange ratio.

All of the aforementioned initiatives and safeguards are fully within the scope of the rights and prerogatives that the law attributes to minority shareholders in order to protect them from any abusive and/or prejudicial conduct that the majority shareholder might engage in.

In the light of the foregoing, the exchange ratio of any Merger, to be "fair", must, among other things, adequately reflect Creval's real value.

##### **(ii) Safeguards laid down by the regulations on transactions with related parties**

Should the Merger take place before Creval's Delisting, it would constitute a transaction with related parties "of major relevance" in accordance with the Related Parties Transactions Regulations and the Related Parties Transactions Procedure adopted by Creval since:

- (i) CAI would control Creval through a shareholding of at least 50% of the share capital + 1 Creval Share and would therefore qualify as a related party of it in accordance with Related Parties Transactions Regulations; and
- (ii) given the size of the transaction, the relevant indices set out in Annex A to the Related Parties Transactions Regulation would be exceeded.

The Merger would therefore be subject to the relevant rules, which require the activation of specific and stringent controls to ensure the transparency and correctness, from a substantial and procedural standpoint, of the Merger. In particular, with regard to the preliminary investigation that the Board of Directors will have to conduct on the Merger and the consequent resolution to be taken:

- a) the Creval Related Parties Committee must be involved in the preliminary investigation and negotiation phases. In more detail, the aforementioned committee will be provided with a timely and complete flow of information and will be able to request information and make observations for the bodies of the Bank in charge of the Merger negotiations; and
- b) the resolution of the Board of Directors on the Merger project must be adopted on the basis of a reasoned opinion issued by the Related Parties Committee - which may also avail itself of the support of appropriate independent advisors appointed by the Committee - on Creval's interest in completing the Merger as well as on the appropriateness and substantial correctness of the Merger and, therefore, also of its exchange ratio.

Moreover, if the aforementioned opinion of the Related Parties Committee is negative in relation to the Merger, without prejudice to the ordinary quorums for resolutions at the Shareholders' Meeting, it will be necessary for the resolution approving the Merger not to be passed with the dissenting vote of the majority of the voting unrelated shareholders, provided that the unrelated shareholders present at the Meeting represent at least 10% of the Bank's share capital with voting right (so-called "whitewash").

Therefore, in the event of a negative opinion from the Related Parties Committee, the Merger cannot go ahead if the majority of Creval Shareholders other than CAI (and its related shareholders) present at the Shareholders' Meeting vote against the Merger (provided that the unrelated shareholders present at the Shareholders' Meeting represent at least 10% of the Bank's share capital).

In other words, if the Merger were to be brought to the Shareholders' Meeting despite the negative opinion of the Related Parties Committee, the minority Shareholders of Creval could in fact have veto power over the completion of the transaction.

#### **5.6.2 *Regulatory safeguards for Creval Shareholders in the absence of the Merger***

In the event the Public Office is successful, Creval shareholders who do not adhere to the Offer will be adequately protected even if the Bidder does not succeed in carrying out the Merger and Creval continues to operate separately from CAI, even though it is subject to its management and coordination.

CAI would be liable – with regard to Creval's minority shareholders - for damages caused to the profitability and value of their shareholdings in Creval in the event of actions taken in violation of the principles of correct corporate and entrepreneurial management of Creval. Indeed, the existence of a controlling shareholder, who intends to direct the management of the subsidiary, cannot entail the abandonment of the fundamental legal

principle by virtue of which every company must be managed by its own directors pursuing and protecting the interest of all the shareholders, including minority shareholders.

In addition, further safeguards would be applied to protect Creval's minority shareholders, such as:

- (i) the special regulations of the banking sector, which prevent, in the cases provided for therein, shareholders and directors with a conflict of interest from voting at shareholders' meetings and on the board of directors respectively;<sup>35</sup>
- (ii) the provisions in relation to "transactions with related parties", which require that such transactions be carried out on market terms and applying special governance procedures;<sup>36</sup>
- (iii) the right to challenge the resolutions of the Shareholders' Meeting<sup>37</sup> as well as those of the Board of Directors;<sup>38</sup>
- (iv) the right of minority shareholders to take legal action to enforce the liability of directors in the event of a breach of their duties;<sup>39</sup>
- (v) the right to lodge a complaint with the Bank of Italy if there is a well-founded suspicion that the directors, in breach of their duties, have committed serious irregularities in the management of the Bank that may be detrimental to it<sup>40</sup>; and
- (vi) the "voice" rights that shareholders may exercise in listed companies (e.g., the right to ask questions before the Shareholders' Meeting, to make additions to the Shareholders' Meeting agenda, to submit a list for the appointment of directors).

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The Board of Directors makes clear in any case that the Shareholders that do not accept the Voluntary Tender Offer would remain exposed to the risk of an investment in listed shares as well as, particularly in the case of the failure to complete the Voluntary Tender Offer, to the risk of possible oscillations, especially in the short term, of the Creval Share associated, among other things, with the level or incorporated by the market of the prospects of the Bank in a stand-alone perspective - that it is in any event believed could be appreciated in the medium term - as well as any possible future scenarios of aggregation regarding the Bank following the outcome of the Offer and in the light of the shareholding structure after the Offer.

In this regard, it is observed that, as indicated in Section H, Paragraph H.2, of the Offer Document, the Shareholder Algebris UK Ltd., following an amendment of the terms of the purchase agreement signed with CAI on 22 November 2020, which occurred on 16 March 2021 in coincidence with the event to which the sale was subordinate (that is, obtaining the regulatory authorisations of the ECB), would benefit - in the case of the failure to complete the Voluntary Tender Offer and differently from the other Shareholders - of a protection on the price of Creval's Shares brought in acceptance of the Offer since, in the event the official price of Creval Shares on the day previous to the date envisaged for the transfer is less than the Consideration of the Offer, the shareholder would, in any event, be obliged to sell its shares to CAI for an amount equal to the Consideration of the Offer. On the other hand, in the event the official price of Creval Shares at this date is higher than the Consideration of the Offer, in which case the Bidder shall have the right to buy the Shares at this official price.

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<sup>35</sup> See article 53, paragraph 4, of the Consolidated Banking law and article 6, paragraph 2-novies of the Consolidated Law on Financial Brokerage.

<sup>36</sup> See article 136 of the Consolidated Banking Law and the OPC Regulations.

<sup>37</sup> See article 2377-2379 of the Civil Code.

<sup>38</sup> See article 2388 of the Civil Code.

<sup>39</sup> See article 2393-bis and 2395 of the Civil Code.

<sup>40</sup> See article 70, paragraph 7, of the Consolidated Banking Law.

## 6. EVALUATIONS BY THE BOARD OF DIRECTORS OF THE CONDITIONS FOR THE EFFECTIVENESS OF THE OFFER

In accordance with what is stated in Section A, Paragraph A.1, of the Offer Document, the Voluntary Tender Offer is subject to the fulfilment of the Conditions of Effectiveness listed below.

The Conditions for the Effectiveness of the Offer are numerous and have a subject matter which, in some cases, is very broad and general such as to give the Bidder significant discretion in deciding whether or not to launch the Offer.

Furthermore, according to what is indicated in the Offer Document, such conditions can be waived or amended, wholly or in part, by the Bidder.

The Conditions of Effectiveness of the Offer are reported here with comments in the same order as they are laid out in the Offer Document.

### A. The Minimum Threshold Condition

According to what is indicated in Section A, Paragraph A.1, Subparagraph A.1.2 of the Offer Document, CAI will purchase the Creval Shares under the Offer only if "*the shareholding that the Bidder will hold in the Issuer's share capital, after completion of the Offer and taking into account the Shares already held by the Bidder, is at least 66.67% of the Issuer's share capital with voting rights*" (the "**Minimum Threshold Condition**").

The Bidder reserves the right to partially waive the Minimum Threshold Condition, provided that the shareholding that the Bidder will hold in the Issuer's share capital with voting rights, after completion of the Offer and taking into account the Creval Shares already held by the Bidder, is in any event at least equal to 50% of the share capital with voting rights plus 1 (one) Creval Share (this latter threshold cannot be waived).

### B. The MAC Condition

According to what is indicated in Section A, Paragraph A.1, Subparagraph A.1.3 of the Offer Document, CAI made the offer conditional on the "*non-occurrence or non-emergence, by the Payment Date, of: (i) extraordinary events or situations causing serious changes to the political, financial, economic, currency or market situation, national or international, that may have substantially prejudicial effects on the Offer and/or the capital, economic, financial or income situation of the Issuer and/or the Bidder (that is, the respective subsidiary and/or associate companies) as represented, respectively, in the consolidated results of the Issuer or Bidder at 31 December 2020; or (ii) events or situations regarding the Issuer, not communicated to the public by the Issuer or, in any event, not known to the Bidder and/or the market at the Date of Announcement or that lead, or could reasonably lead to substantially prejudicial changes to the capital, economic or financial profile of the Issuer with regard to the Issuer's consolidated results at 31 December 2020, the economic progress and prospects of the Issuer at that date*".

In light of the scope of the MAC Condition, the Board of Directors, also in view of the continuation of the Covid-19 pandemic (in this regard, it should be noted that the Bidder has specified that the MAC Condition also includes events occurring as a consequence of, or in connection with, the spread of the Covid-19 pandemic), notes the existence of margins of uncertainty regarding their possible occurrence which cannot be excluded.

The Issuer will continue to monitor and communicate, in line with applicable regulations, developments in the health situation and any impact the pandemic may have on the Issuer.

### C. The Defensive Measures Condition

According to what is indicated in Section A, Paragraph A.1, Subparagraph A.1.4, of the Offer Document, CAI has made the Offer conditional on the fact that, between the Date of the Offer Notification and the Date of Payment "the Issuer and/or its directly or indirectly controlled companies and/or associate companies do not resolve and in any event do not carry out, nor undertake to carry out acts or transactions that could impede the attainment of the objectives of the Offer in accordance with article 104 of the Consolidated Act on Financial Brokerage, even if these have been authorised by the ordinary or extraordinary Shareholders' General Meeting of the Issuer".

At the date of this Issuer's Statement, the Board of Directors does not believe that any acts or transactions have been resolved or executed which may impede the attainment of the objectives of the Offer pursuant to article 104 of the Consolidated Act on Financial Brokerage and, therefore, could prevent the fulfilment of the Defensive Measures Condition.

### D. The Relevant Acts Condition

According to what is indicated in Section A, Paragraph A.1, Subparagraph A.1.5, of the Offer Document, CAI makes the Offer conditional on the fact that, between the date of the Offer Notification and the Payment Date "the corporate bodies of the Issuer (and/or one of its directly or indirectly controlled of associate companies) do not carry out or undertake to carry out (including with conditional agreements and/or partnerships with third parties) acts or transactions:

- (i) *from which a significant deterioration or change could derive, even prospective, of the capital, the equity, the economic and financial situation of the Issuer, as represented in the consolidated results of the Issuer at 31 December 2020, and/or of the activity and/or the strategic directions of the Issuer (and/or of one of its directly or indirectly controlled or associated companies);*
- (ii) *that limit the free operation of the branches and the networks in the placement of products to the clients or that, in any case, bind the Creval Group to distributing products of third parties to clients (including through the termination, renewal, extension - including by effect of the failure to cancel - or the renegotiation of commercial agreements); or*
- (iii) *that are, in any case, inconsistent with the Offer or the underlying industrial or commercial reasons, without prejudice, in any event, with the provisions of the MAC Condition.*

The Relevant Acts Condition is particularly broad and generic in its formulation.

The Bidder sets as the subject of the Relevant Acts Condition, acts or transactions that the Credito Valtellinese Banking Group may carry out on the basis of legitimate management choices. In fact, the Bidder has reserved the right to not complete the Offer only in the case of acts or transactions which may have a significant negative impact on the equity or economic-financial situation of the Issuer and its group, but also in relation to other circumstances defined in a generic manner, such as acts or transactions which restrict the free operation of the branches and networks in the placement of products to customers or which are in any case inconsistent with the Offer and with the underlying industrial and commercial reasons.

It is sufficient to consider that it would be CAI itself that would judge which of Creval's management choices were consistent with the plans that CAI itself had drawn up for the transaction. Ultimately, there are no parameters or objective elements to understand in which specific cases CAI might not pursue the Offer.

Certain acts indicated as "*merely by way of example*" do not seem to limit the scope of the Relevant Acts Condition, since the excessive generality of the Relevant Acts Condition remains, which allows CAI not to implement the Offer on the basis of autonomous and partly discretionary assessments.

In addition, the Board of Directors believes that it should be noted that the scope of the Relevant Acts Condition is such that it is not possible to exclude that acts of management that the Issuer's current management considers to be within the scope of ordinary administration may be considered as facts capable of triggering it.

#### **E. The Authorisations Condition**

According to what is indicated in Section A, Paragraph A.1, Subparagraph A.1.6, of the Offer Document, CAI finally makes it a condition of the Offer, among other things, that, between the Offer Notification and the Payment Date "*facts, events or circumstances do not occur that: (a) cause or could cause a change of the assumptions and circumstances that have been communicated to, and have been subject to evaluation by, the ECB and the Bank of Italy for the purposes of the issuing of the EC Authorisation and/or the Bank of Italy Authorisation: and (b) constitute the subject of written communication or the start of proceedings, by the ECB and/or the Bank of Italy, due to any revocation or suspension of the ECB Authorisation and/or Bank of Italy Authorisation*".

#### **F. Other Authorisations**

According to what is indicated in Section A, Paragraph A.1, Subparagraph A.6.2, of the Offer Document, notice is give, for completeness, that:

- (i) on 4 February 2021, the European Commission issued its authorisation to the concentration operation between the Crédit Agricole Italia Group and the Creval Group, in accordance with the Regulation (EC) of the Council of 20 January 2004, no. 139, on the control of concentrations between businesses. As a consequence, the antitrust condition of effectiveness of the Offer laid down in Paragraph 3.5, point (ii), of the Offer Notification was deemed to have been satisfied by the Bidder and has not, therefore, been included among the Conditions of Effectiveness in the Offer Document; and
- (ii) on 15 February 2021, the Presidency of the Council of Ministers notified the Bidder of the decision, taken by the Council of Ministers on 13 February 2021, not to exercise the special powers laid down by the Decree Law of 8 April 2020, no. 23, and the Decree Law of 15 March 2012, no. 12, with reference to the concentration operation between the CAI Group and the Creval Group. As a consequence, the golden power condition of effectiveness of the Offer laid down in Paragraph 3.5, point (iii), of the Offer Notification was deemed to have been satisfied by the Bidder and has not, therefore, been included among the Conditions of Effectiveness in the Offer Document.



## 7. EVALUATION BY THE BOARD OF DIRECTORS OF THE FAIRNESS OF THE CONSIDERATION

### 7.1 Main information on the Consideration contained in the Offer Document

The Board of Directors acknowledges that the Voluntary Tender Offer Consideration, as indicated in Section E, Paragraph E.1, of the Offer Document is equal to 10,500 euros (*cum dividend*, and therefore inclusive of the coupons regarding any dividends distributed by the Issuer) for each Voluntary Tender Offer Share accepted.

In this regard, it is observed that, on 8 February 2021, the Issuer's Board of Directors resolved to submit to Creval's Shareholders' Ordinary General Meeting the proposal to distribute a dividend of 0.23 euro for each Creval Share (excluding Treasury Shares) ("**2021 Dividend**"), for an overall amount of 16,134,428 euros. The proposal to distribute the 2021 Dividend will be submitted for approval to the Issuer's Ordinary Shareholders' General Meeting which will be held on 19 April 2021.

CAI also stated that:

- (i) should the proposal to distribute the 2021 Dividend be approved by the Issuer's Shareholders' Ordinary General Meeting convoked for 19 April 2021:
  - a) in the absence of extensions of the Acceptance Period, the Payment Date will fall before the record date of the 2021 Dividend and, therefore, the Shareholders who accept the Offer during the Acceptance Period will deliver to the Bidder Creval Shares *cum dividend* (that is to say, inclusive of the coupon regarding the 2021 Dividend) and, therefore, will have the right to receive an amount of 10,500 euros for each Creval Share offered;
  - b) in the case of an extension of the Acceptance Period in compliance with the applicable law, the Payment Date will fall after on the record date of the 2021 Dividend and, therefore, the Shareholders who accept the Offer during the Acceptance Period will deliver to the Bidder Creval Shares *ex dividend* (that is to say, not inclusive of the coupon regarding the 2021 Dividend) and, therefore, will have the right to receive an amount of 10,270 euros for each Creval Share offered; and
  - c) if, on the outcome of the Offer, the presuppositions exist for the fulfilment of the purchase obligation in accordance with article 108, paragraph 2, of the Consolidated Law on Financial Brokerage or for the fulfilment of the purchase obligation in accordance with article 108, paragraph 1, of the Consolidated Law on Financial Brokerage and for the simultaneous exercise the right of purchase under article 111 of the Consolidated Law on Financial Brokerage, the payment date of the consideration regarding the Creval Shares offered during this procedure will fall after the record date of the 2021 Dividend and, as a consequence, the Shareholders who offer their Creval Shares during these procedures will deliver to the Bidder Creval Shares *ex dividend* (that is to say, not inclusive of the coupon regarding the 2021 Dividend);
- (ii) on the other hand, should the proposal to distribute the 2021 Dividend not be approved by Creval's Shareholders' Ordinary General Meeting, the Shareholders who offer their Creval Shares to the Offer during the Acceptance Period (as may be extended in compliance with the applicable law) shall in any case have the right to receive an amount of 10,500 euros for each Creval Share offered.

The Consideration offered by CAI is net of Italian tax on financial transactions, stamp duty and registration tax, if due, and of fees, commissions and expenses, which shall be borne by the Bidder. Any income tax, withholding tax and substitute tax, if due in relation to any capital gain realised, shall be borne by the participants in the Offer;

The payment of the Consideration will take place, upon the simultaneous transfer to the Bidder of ownership of the Creval Shares offered, by the third Trading Day following the closing date of the Acceptance Period (*i.e.* 26 April 2021), except for any extensions or changes to the Offer that may occur in accordance with applicable regulations.

Finally, it is noted that the DDM does not come within the evaluation methods applied by CAI and reported in Section E of the Offer Document. Conversely, it is believed, as well as recognised by the doctrine and international practices, that this method is the most analytical for the evaluation of banks since it enables the economic-financial projections to be fully taken into account and the specific prospects of growth and distribution of dividends in the medium- to long-term to be understood.

For further information on the Consideration and the criteria used by CAI to determine it, see Section E of the Offer Document.

## **7.2 Fairness opinion of the financial advisors**

### **7.2.1 Appointment of the financial advisors**

The Board of Directors, in order to be able to more fully assess the fairness of the Consideration, has separately appointed BofA Securities, Mediobanca and Intermonte as financial advisors to the Issuer in relation to the Voluntary Tender Offer with the aim of providing useful elements, data and financial references to support its assessments. BofA Securities and Mediobanca, conducting their own independent analyses, provided their fairness opinions for the benefit of the Board of Directors on 28 March 2021.

Copies of the above fairness opinions (which include the assumptions on which they are based, the procedures adopted, the scenarios examined and the limitations on the analyses carried out in relation to such opinions), to which reference should be made for further information, are attached to this Issuer's Statement as Annex A and Annex B.

### **7.2.2 Valuation methodologies used by the financial advisors**

For the purposes of drawing up the fairness opinions - and in accordance with the standard practices applied by leading international investment banks in issuing similar opinions and carrying out similar valuations - BofA Securities and Mediobanca have used data, information and documents provided by the Issuer and/or in the public domain, and carried out a series of financial analyses based on the application of valuation methodologies, in order to determine whether or not the Consideration was fair from a financial point of view.

The process of drawing up a fairness opinion is a complex analytical process, which involves selecting the most appropriate methodologies of financial analysis for the case and then applying them to the concrete circumstances. None of the valuation methodologies set out below should therefore be considered individually, but each valuation methodology should be considered as part of the overall valuation analysis of the Consideration carried out for the purpose of issuing the fairness opinion.

In particular, the financial advisors have used the following methodologies on a stand-alone perspective:

#### Dividend Discount Model (analytical method)

The value of a bank's capital is estimated as the sum of the net present value (or "NPV") between (i) the flow of future dividends hypothetically distributable to shareholders within a predetermined time horizon, maintaining an adequate CET 1 ratio; and (ii) the terminal value, calculated as the NPV of a flow of distributable and normalised dividends in perpetuity, subsequent to the forecast time horizon, assuming a perpetual and constant long-term growth rate. These future dividend flows are discounted to present value using as reference, among other data, an appropriate range of cost of the capital. It is noted that this methodology is deemed by international valuation practices to be the most analytical for the valuation of banks and the only one that allows the economic-financial projections to be fully taken into account and the specific prospects of growth and distribution of dividends in the medium- to long-term to be understood, taking account of the level of the Bank's capitalisation.

#### Regression analysis (market method)

A bank's capital value is estimated on the basis of the correlation, if statistically significant, between (A) the expected profitability of the company subject to valuation (expressed in the case in point by the ratio between the prospective net profit and the peak value, *return on tangible equity* or RoTE, or average value, *return on average tangible equity* or RoATE, for the period of the so-called tangible net equity) and (B) the ratio between the market capitalisation and the tangible net equity (P/TBV) of the bank. Once calculated for a sample of comparable companies (i.e. operating in the same industry and selected based on certain additional factors including business model, size and market segment), the resulting regression parameters are applied to the expected profitability and tangible net equity of the company subject to valuation.

#### Analysis of stock market multiples of comparable listed companies (P/E) (market method)

The value of a bank's capital is estimated by applying a price-to-earnings (P/E) multiple, taken from an identified sample of comparable companies (i.e. operating in the same sector and selected on the basis of certain additional factors including business model, size and market segment), to the corresponding parameters of the bank subject to valuation.

For further details on the methodologies applied by the financial advisor, refer to the contents of the respective fairness opinions.

### **7.2.3 Summary of the financial advisors' findings**

#### **(i) BofA Securities**

In accordance with article 39, paragraph 1, letter (d) of the Issuers' Regulations, the Board of Directors used BofA Securities as financial advisor to the Issuer, which issued its fairness opinion on 28 March 2021 (attached hereto as Annex A). According to the fairness opinion provided by BofA Securities, at that date and based on the factors and assumptions specified therein, the Consideration offered to Shareholders pursuant to the Offer Notification and the Offer Document is inadequate for these Shareholders from a financial point of view.

That said, and while referring to the fairness opinion (attached hereto as Annex A) for all further details, it should be noted that BofA Securities has conducted certain financial analyses to estimate the ranges of the implied value of the Consideration, summarised below.

- Dividend Discount Model (analytical method): In application of this method, the value per Creval share is between 18.4 euros and 22.7 euros per Creval Share.

- Regression analysis (market method): In application of this method, the value per Creval share is between 15.2 euros and 19.0 euros per Creval Share.
- Analysis of stock market multiples of comparable listed companies (P/E) (market method) in application of this method, the value per Creval share was between 15.2 euros and 19.3 euros per Creval Share.

(ii) **Mediobanca**

In accordance with article 39, paragraph 1, letter (d) of the Issuers' Regulations, the Board of Directors used Mediobanca as financial advisor to the Issuer, which issued its fairness opinion on 28 March 2021 (attached hereto as Annex A). According to the fairness opinion provided by Mediobanca, at that date and based on the factors and assumptions specified therein, the Consideration offered to Shareholders pursuant to the Offer Notice and the Offer Document is inadequate for those Shareholders from a financial point of view.

That said, and while referring to the fairness opinion (attached hereto as Annex B) for all further details, it should be noted that Mediobanca conducted certain financial analyses to estimate the ranges of the implied value of the Consideration, summarised below.

- Dividend Discount Model (analytical method): In application of this method, the value per Creval share is between 12.95 euros and 19.08 euros per Creval Share.
- Regression analysis (market method): in application of this method, the value per Creval share is between 13.30 euros and 18.85 euros per Creval Share.
- Analysis of stock market multiples of comparable listed companies (P/E) (market method) in application of this method, the value per Creval share was between 13.47 euros and 19.36 euros per Creval Share.

### 7.3 Unfairness, from the financial point of view, of the Consideration

The Board of Director has done the work carried out by the financial advisors BofA Securities and Mediobanca and identified the following ranges of value per Creval Share, respectively obtained through the use of the three methodologies illustrated above:

	MIN (Euro / Creval Share)	MAX (Euro / Creval Share)
<i>Dividend Discount Model</i>	12.95	22.7
Linear regression	13.30	19.0
Stock market multiple P/E	13.47	19.36

On the basis of these evaluations, we evidence a valuation of Creval higher than the valuation implicit in the Consideration offered by CAI of 10,500 euros per Creval Share.

Therefore, in line with the results of the fairness opinions from the financial advisors BofA Securities and Mediobanca, the Board of Directors believe that the Consideration offered by CAI of 10,500 euros per Share subject to the Voluntary Tender Offer (*cum dividend*) is unfair from a financial point of view.

**8. INDICATION REGARDING THE PARTICIPATION OR OTHERWISE OF MEMBERS OF THE BOARD OF DIRECTORS IN THE NEGOTIATIONS FOR THE DEFINITION OF THE TRANSACTION**

No member of the Board of Directors participated in any capacity whatsoever in the negotiations for the definition of the Offer.

**9. UPDATING THE INFORMATION AVAILABLE TO THE PUBLIC AND COMMUNICATION OF SIGNIFICANT EVENTS PURSUANT TO ART. 39 OF THE ISSUERS' REGULATIONS**

**9.1 Information on significant events occurring after the approval of the latest financial statement or the latest interim accounting situation published**

On 4 March 2021, the Board of Directors approved the consolidated financial statement and the draft financial statement at 31 December 2020. The consolidated financial statement and the draft financial statement at 31 December 2020, together with the connected documentation in accordance with the law, are available at the Issuer's corporate office and on Creval's website at the address *www.gruppocreval.it*. There are no relevant facts subsequent to the approval of the draft financial statement by the Board of Directors.

**9.2 Information on the recent performance and prospects of the Issuer, if not included in the Offer Document**

There is no further information on the recent progress and prospects of the Issuer, including for the purposes of CONSOB's call for attention no. 1/21 of 16 February 2021 with reference to the impacts of the COVID-19 pandemic, with regard to what is reported in the annual financial report at 31 December 2020 approved by the Board of Directors on 4 March 2021, to which full reference should be made.

## **10. EFFECTS OF THE POTENTIAL SUCCESS OF THE OFFER ON CREVAL GROUP'S EMPLOYMENT LEVELS AND LOCATION OF PRODUCTION SITES**

As indicated in Section G, Paragraph G.2, Subparagraph G.2.2.1, of the Offer Document, CAI does not envisage the implementation of redundancy plans, cuts to the personnel or other organisational measure that could significantly impact on the activity of the Bank and the people who work there. The Bidder expects, in fact, to obtain greater efficiency from this perspective exclusively on a voluntary basis.

Creval's Board of Director acknowledges the statements made by the Bidder, not however being in the conditions, in the light of the information made available in the Offer Document, to make a truly autonomous complete evaluation of the future impact of the Offer on the employment levels and the branches.

The Offer Notification and the Offer Document have been sent to the employees' representatives in accordance with article 102, paragraphs 2 and 5, of the Consolidated Law on Financial Brokerage.

At the Date of the Issuer's Statement, the opinion of the Issuer's employee representatives had not been received, which, if issued, will be made available to the public in accordance with applicable laws and regulations.

The Issuer's Statement was sent to the employees' representatives pursuant to article 103, paragraph 3-bis, of the Consolidated Law on Financial Brokerage.

## 11. CONCLUSIONS OF THE BOARD OF DIRECTORS

The Board of Directors, on the outcome of the evaluations conducted, after careful analysis of the documentation indicated in Section 3, Paragraph 3.3, and also taking into account what was expressed by the financial advisors BofA Securities and Mediobanca in their fairness opinions, believes that the Consideration is unfair from a financial point of view (for further information, see Section 7 of the Issuer's Statement).

It is also believed that each Creval Shareholder, in order to make its own evaluations, should consider the following:

- (i) Creval has various distinctive elements of value from a stand-alone perspective that it is held must be valued and considered adequately:
  - a) as illustrated in Section 5, Paragraph 5.2.1(i) of this Issuer's Statement, Creval can count on a best-in-class capital endowment in the Italian banking context, thanks to a CET 1 ratio at 31 December 2020 of 23.9% on a phased-in basis and equal to 19.6% on a fully-loaded basis (already net of the proposal to distribute the 2021 Dividend of around 16 million euros), a level equal to twice the SREP restriction notified by the Bank of Italy (equal to 8.55%). This capital ratio is significantly higher than the average of the fully loaded CET 1 ratio of the leading Italian listed banks of 14.4%<sup>41</sup> and equivalent to a capital surplus of more than 400 million euros on the basis of the values at 31 December 2020<sup>42</sup>. The high capital position also creates the condition for a potential strengthening of the dividends policy following the expiry of the current limits set by the ECB until 30 September 2021;
  - b) as illustrated in Section 5, Paragraph 5.2.1(ii) of this Issuer's statement, Creval, from the outset and in line with the strategic priorities of the Business Plan, has gradually improved its risk profile thanks to the definition of new underwriting and monitoring policies and the implementation of the plan to reduce the gross non-performing loans, reduced by 50% from 30 June 2019 to 31 December 2020. The NPE ratio on a gross basis) was reduced from 11.4% on 30 June 2019 to 5.8% on 31 December 2020, reaching an improved level and in significant advance of the target set for 2023 by the Business Plan (>6.5%). In the same period, the texas ratio (meaning the ratio between net NPE/fully loaded CET 1) improved from 57.5% to 30.5%, standing at a level lower than the average of the leading Italian listed banks.
  - c) as illustrated in Section 5, Paragraph 5.2.1(iii) of this Issuer's Statement, Creval, from the outset and in line with the strategic priorities of the Business Plan, recorded a trend of constant reduction of the operating costs which, in the financial year at 31 December 2020 stood at around 393 million euros, with a fall of 9%, enabling it also to reach, a year in advance, a level lower than that envisaged by the Business Plan for 2021.
  - d) as illustrated in Section 5, Paragraph 5.2.1(iv) of this Issuer's Statement, the Bank, consistent with the strategic lines of the Industrial Plan, began a process of relaunching the commercial platform in support of revenue generation, focusing in particular on the contribution (i) of the retail mortgage and consumer finance sectors and (ii) of the wealth management area, in a framework of gradual but

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<sup>41</sup> Average at 31 December 2020 of the leading Italian listed banks (i.e. Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition transactions of a bank branch from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit.

<sup>42</sup> Calculated as the difference between the fully loaded CET 1 ratio and the average of the fully loaded CET 1 ratio of the leading Italian listed banks (i.e. Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition transactions of a bank branch from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit), multiplied by the Bank's RWA at 31 December 2020.



already appreciable increase of the business volumes that is also translated in a continuous and more visible contribution of revenues. The combined effect of the improved levels of efficiency and the positive indications of the commercial capacity gives substance to and supports the gradual generation of sustainable profitability;

- e) as illustrated in Section 5, Paragraph 5.2.1(v) of this Issuer's Statement, at 31 December 2020, Creval had DTAs not entered on the balance sheets from tax losses and ACE surpluses for around 181 million euros had not been entered in the DTA financial statement. The incomes expectation should enable a the possibility of entering the DTA in future financial years for around 30 million euros a year (in the period 2021-2026).
  - f) as illustrated in Section 5. Paragraph 5.2.1(vi) of this Issuer's Statement, the Bank's profitability indicators (RoE, RoTE and RoATE) reflect the significant level of capital. For illustrative purposes, on the basis of a normalised capital position that enables the maintenance of a fully-loaded CET 1 ratio of around 14.4% (the average fully-loaded CET 1 ratio of the leading listed Italian banks at 31 December 2020<sup>43</sup>), Creval's RoE, equal to 6.4% at 31 December 2020.
- (ii) Creval has various distinctive elements of value from an M&A perspective that it is believed must be adequately valued and considered in the Voluntary Tender Offer:
- a) as illustrated in Section 5, Paragraph 5.2.2(i) of this Issuer's Statement, the Budget Law 2021, published in the Official Gazette on 30 December 2020 (so after the Offer announcement date of 23 November 2020), would enable the conversion into tax receivables of both Creval's DTA of around 249 million euros on a gross basis at 31 December 2020, and those of CAL of around 136 million euros gross at 31 December 2020. This benefit, significantly higher than those that could be obtained on a stand-alone basis by the two companies, estimated on the basis of the aforementioned data, would amount, net of the respective conversion commission, to around 321 million euros and would be obtainable immediately or, in any event, over the short term. These tax benefits would enable an increase of the capital position for the combined entity and, therefore, for the Bidder, both from the accounting point of view, as regards the off balance sheet DTAs, and the regulatory point of view, as regards the on and off balance sheet DTAs.
  - b) as illustrated in Section 5. Paragraph 5.2.2(ii) of this Issuer's Statement, the possible transaction of Creval's acquisition could lead to significant potential synergies and positive effects on the profit and loss account for CAI. According to what is reported in the Offer Document: (i) the synergies could stand at around 95 million euros a year when operational (before taxes) and (ii) additional positive effects on the profit and loss account generated by the integration of Creval in the CAI Group are expected, when operational, to be around 35 million euros a year (before taxes) attainable in at least four years and (iii) the so-called "integration and restructuring" costs amounting to at least 345 million euros, equal to around 7 times the annual cost synergies before tax, when operational, equal to around 7 times the cost synergies a year before tax, a value well above that announced in recent aggregation operations in the Italian banking sector (around twice the annual cost synergies, when operational<sup>44</sup>),

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<sup>43</sup> Average at 31 December 2020 of the leading Italian listed banks (i.e. Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition transactions of a bank branch from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, Unicredit.

<sup>44</sup> Purely for information purposes, in the case of integration between Intesa Sanpaola and UBI Banca, the purchaser declared at the announcement of the transaction integration costs for an amount of 1,276 million euros (before taxes) equal to around 2-3 times the annual cost synergies when operational (before taxes) estimated at 545 million euros and, thereafter, revised those costs at 1,378 million euros (before taxes) equal to around twice the annual cost synergies when operational (before taxes) revised at 700 million euros.

even though the Bidder states that it is not planned to implement redundancy plans, workforce cuts or other organisational measures.

- c) as illustrated in Section 5, Paragraph 5.2.2(iii) of this Issuer's Statement, in addition to the capital surplus on a stand-alone basis previously highlighted, it should be underlined that, were the target fully loaded CET 1 ratio declared by Crédit Agricole in its 2019-2022 Business Plan (equal to 11% at 2022) to be taken into account as a comparison, Crédit Agricole and the Bidder's other shareholders could potentially benefit from an additional capital buffer of 280 million euros<sup>45</sup>, incremental to the aforementioned capital surplus of more than 400 million euros compared to the average of the leading Italian listed banks<sup>46</sup>, making a total capital buffer of around 700 million euros (even before the benefits from the conversion of DTA) that could be used in the implementation of the Group's strategic initiatives.
- (iii) as illustrated in Section 5, Paragraph 5.2.3(iii) of this Issuer's Statement, various elements of value and distinctive elements regarding Creval indicated in this Issuer's Statement both from a stand-alone and M&A perspective (the implementation of the Bank's Business plan with the attainment of significant targets in advance of the times envisaged, the high capitalisation of the Bank, the benefit regarding the DTA, the significant synergies for the buyer in the context of integration with Creval etc.), were highlighted, after the period following the Offer's announcement, by a number of institutional investors, Creval's Shareholders, and by financial analysts;
- (iv) as illustrated in Section 5, Paragraph 5.2.3(iii) of this Issuer's Statement, the Creval Share, following the announcement of the Offer, has constantly traded at a significant premium compared to the Consideration, an aspect that shows that the market appears to deem the Offer's Consideration does not express an adequate valuation of Creval.
- (v) as illustrated in Section 5, Paragraph 5.3 of this Issuer's Statement, CAI could benefit from negative goodwill, estimated by the Bidder itself on a preliminary basis at more than 1 billion euros, deriving from the significant difference between Creval's net equity and the Bank's value as recognised by the Consideration. Moreover, it is noted that this preliminary estimate of negative goodwill could potentially be increased due to the effect of the entry on the balance sheet of the Issuer's DTAs currently not entered (equal to around 181 million euros) mentioned by the Bidder itself in the Offer Document;
- (vi) as illustrated in Section 5, Paragraph 5.4 of this Issuer's Statement, the premium of 21.4% with regard to the official price of 20 November 2020 (that is, the Trading Day before the Announcement Date), as with the other premiums declared by CAI with regard to the various averages of the market prices of Creval illustrated in the Offer Document, has limited informative value for the following reasons: (i) the announcement of the Offer took place in a period when the Creval share was going through a process of gradual appreciation; (ii) the various time periods used by CAI in the Offer Document to express the implicit premium have limited significance since they were strongly influenced by the spread of the COVID-19 pandemic, including the respective most acute phases, or, in the previous period, did not by then reflect the gradual appreciation by the market of the implementation of the strategic initiatives envisaged by the Business Plan and (iii) the Creval share on a stand-alone basis could have benefited from

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45 Calculated as the difference between the fully loaded CET 1 ratio and the average of the target fully loaded CET 1 ratio declared by Crédit Agricole in its 2019-2022 business plan (equal to 11% in 2022).

46 i.e. Banca Popolare di Sondrio, BPER Banca (pro-forma for the acquisition transactions of a bank branch from Intesa Sanpaolo), Banco BPM, Credem, Intesa Sanpaolo, UniCredit.

the positive trend recorded in the banking sector in general in the period after the promotion of the Offer, in particular following the announcement of the Draghi government.

At the Date of the Issuer's Statement, Creval owns 6 Treasury Shares overall. Taking into account the considerations expressed regard the unfairness of the Consideration, the Board of Directors, during the meeting of 28 March 2021 resolved not to submit its Treasury Shares for acceptance of the Offer.

The Board of Directors points out, in any event, that (i) the economic convenience of adhering to the Offer must be assessed by the individual Shareholder at the time of adhesion, taking into account all of the above, the performance of the Creval Shares and the information contained in the Offer Document; and (ii) this Issuer's Statement does not in any way constitute, nor can it be construed as, a recommendation to adhere or not to adhere to the Offer.

### **Annexes**

**Annex A - Fairness Opinion of the Issuer's financial advisor BofA Securities.**

**Annex B - Fairness Opinion of the Issuer's financial advisor Mediobanca.**

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This Issuer's Statement, together with its annexes, is published on the Issuer's website at [www.gruppocreval.it](http://www.gruppocreval.it), and has been sent, at the same time as its publication, to the Bidder in accordance with the provisions of Art. 36, paragraph 4, of the Issuers' Regulations.

**Annex A – Fairness Opinion of BofA Securities**

*[see attached]*

28 March 2021

The Board of Directors  
Credito Valtellinese S.p.A.  
Piazza Quadrivio n. 8,  
Cap. 23100,  
Sondrio,  
Italy

Members of the Board of Directors:

On 23 November 2020 Crédit Agricole Italia S.p.A. (“**CAI**”) published a notice (the “**Notice**”) pursuant to Article 102 of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented (the “**Consolidated Law on Finance**”) and to Article 37 of the regulation adopted by CONSOB by resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented (the “**Issuers Regulation**”) relating to a voluntary public tender offer (the “**Offer**”) for all the ordinary shares, without par value per share, of Credito Valtellinese S.p.A. (“**CreVal**”), listed on the “*mercato telematico azionario*” organized and managed by Borsa Italiana S.p.A., outstanding as at the date of the Notice (the “**Shares**” and each a “**Share**”), at a price of €10.50 per Share in cash (the “**Consideration**”<sup>1</sup>), excluding the 1,720,791 shares owned by CAI at the date of publication of the Offer Document and representing 2.453% of CreVal’s share capital (the “**CAI Shares**”). According to the Offer Document, Crédit Agricole Assurances S.A. (an affiliate of CAI) undertook to tender its Shares (representing 9.847% of CreVal’s share capital) (the “**CAA Shares**”) to the Offer. Algebris (UK) Limited, also undertook to tender to the Offer the Shares owned by the funds managed by it (representing in aggregate 5.380% of CreVal’s share capital) (the “**Algebris Shares**”), or otherwise sell the Algebris Shares to CAI if the Offer is not successfully completed as described in more detail in the Offer Document (the CAI Shares, the CAA Shares and the Algebris Shares being the “**Excluded Shares**”).

The Offer will be made upon the terms and subject to the conditions described in CAI’s offer document approved by CONSOB with resolution no. 21771 dated 22 March 2021 as published pursuant to applicable laws and regulations on 22 March 2021 (the “**Offer Document**”).

In light of the above, pursuant to Article 103 of the Consolidated Law on Finance, the Board of Directors of CreVal is under the obligation to issue a statement containing all information useful to evaluate the Offer, as well as its own evaluation of the Offer (the “**Issuer’s Statement**”).

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<sup>1</sup> According to the Offer Document, should CreVal, prior to the payment of the Consideration, pay a €0.23 per share dividend to its shareholders (as proposed by the Board of Directors of CreVal for approval to the shareholders’ meeting to be held on 19 April 2021) (the “**Dividend**”), such Consideration will be automatically decreased to a price of €10.27 per Share (i.e. by an amount equal to the amount of such dividend per share).



In connection therewith, you have requested our opinion as to the adequacy, from a financial point of view, to the holders of the Shares, other than the holders of the Excluded Shares (the "**Relevant Shareholders**"), of the Consideration to be received pursuant to the Offer (assuming that the Dividend will be paid after the payment of the Consideration, and, as such, the Consideration will be equal to €10.50).

Please be advised that while certain provisions of the Offer are summarized above, the terms of the Offer are more fully described in the Notice and in the Offer Document. As a result, the description of the Offer and certain other information contained herein is qualified in its entirety by reference to the more detailed information appearing or incorporated by reference in the Notice and the Offer Document.

In connection with this opinion, we have, among other things:

- (a) reviewed certain publicly available business and financial information relating to CreVal;
- (b) reviewed certain internal financial and operating information with respect to the business, operations and prospects of CreVal furnished to or discussed with us by the management of CreVal, including certain financial forecasts for the period 2021-2023 relating to CreVal prepared by the management of CreVal (such forecasts, the "**CreVal Forecasts**");
- (c) reviewed certain financial forecasts for the period 2021-2023 relating to CreVal prepared by the management of CreVal on the basis of publicly available research reports and other information provided to CreVal directly by certain research analysts following the publication of CreVal's FY 2020 results in February 2021 (the "**CreVal Analyst Forecasts**"); we observe that the CreVal Analyst Forecasts are more conservative than the CreVal Forecasts;
- (d) discussed the past and current business, operations, financial condition and prospects of CreVal with members of senior management of CreVal, including CreVal's regulatory capital position and amount of excess capital in the business (the "**CreVal Excess Capital**");
- (e) discussed the current stock and future evolution of certain deferred tax assets of CreVal on a standalone basis with members of senior management of CreVal (the "**CreVal Standalone DTAs**");
- (f) reviewed the trading history for CreVal Shares and a comparison of that trading history with the trading histories of other companies we deemed relevant;
- (g) compared certain financial and stock market information of CreVal with similar information of other companies we deemed relevant;
- (h) reviewed the Notice and the Offer Document;
- (i) performed such other analyses and studies and considered such other information and factors as we deemed appropriate.



In arriving at our opinion, we have assumed and relied upon, without independent verification and with the consent of CreVal, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the management of CreVal that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect.

We have relied, with the consent and at the direction of CreVal, on the CreVal Forecasts for the purpose of this opinion. With respect to the CreVal Forecasts, we have assumed, with the consent of CreVal, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of CreVal as to the future financial performance of CreVal. In addition, with the consent and at the direction of CreVal, we have taken into consideration, where relevant and applicable, the CreVal Excess Capital and the CreVal Standalone DTAs, which CreVal represented to us to be essential elements and differentiating factors of the CreVal's business.

We have not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of CreVal, nor have we made any physical inspection of the properties or assets of CreVal. We have not evaluated the solvency or fair value of CreVal under any laws relating to bankruptcy, insolvency or similar matters. We have assumed, at the direction of CreVal, that the Offer will be completed in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that no amendments or modifications, will be imposed that would materially change the terms of the Offer.

We express no view or opinion as to any terms or other aspects of the Offer (other than the Consideration to the extent expressly specified herein), including, without limitation, the form or structure of the Offer. Our opinion is limited to the adequacy, from a financial point of view, to the Relevant Shareholders, of the Consideration to be received in the context of the Offer and no opinion or view is expressed with respect to any consideration received in connection with the Offer by the holders of any class of securities different from the Shares, creditors or other constituencies of any party. In addition, no opinion or view is expressed with respect to the adequacy (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Offer, or class of such persons, relative to the Consideration. Furthermore, no opinion or view is expressed as to the relative merits of the Offer in comparison to other strategic alternatives that might be available to CreVal. In addition, we express no opinion or recommendation as to how any shareholder should act in connection with the Offer or any related matter (including in relation to any decision whether or not to tender Shares to the Offer). Finally, we do not express any opinion as to any tax or other consequences that might result from the Offer, nor does our opinion address any legal matters (including any U.S. or Italian or other relevant jurisdictions' law or compliance therewith), tax, regulatory or accounting matters.

In connection with rendering our opinion, we have performed certain financial analyses to calculate ranges of CreVal's implied equity value per share. A brief summary of the material financial analyses performed is presented below. This summary does not purport to be an exhaustive description of the financial analyses undertaken by us and the factors considered in connection with the release of this opinion. The order of the analyses described and the results of the analyses do not reflect the relative importance or the relative weight attributed by us to such analyses. In arriving at our opinion we have considered the results of all the analyses performed as a whole. In performing our analyses described below, we derived the standalone valuation of CreVal resulting from each methodology, to which we added, as relevant and applicable, the estimated



value of the CreVal Excess Capital and the CreVal Standalone DTAs. In particular, when using the Trading Multiples Based on Future Earnings and Regression Analysis, we derived the standalone valuation of CreVal excluding the CreVal Excess Capital and the CreVal Standalone DTAs resulting from such methodologies, to which we added the estimated value of the CreVal Excess Capital and the CreVal Standalone DTAs; with regards to the Excess Capital Dividend Discount Model, we derived the standalone valuation of CreVal resulting from such methodology, to which we added only the estimated value of the CreVal Standalone DTAs.

#### Trading Multiples Based on Future Earnings

This methodology is based on the stock market prices of a sample of listed companies that are deemed to be comparable with the one being valued. In order to apply this methodology, the multiples between the stock market values and future earnings of the comparable companies are calculated. The multiples obtained as described are then applied to the earnings expected for the future years of the company being valued to estimate a range of values. In this case, the sample of listed comparable companies includes a selection of listed Italian banks (the “**Selected Italian Banks**”) and the reference years for future earnings are 2021 and 2022. For each of the Selected Italian Banks, we calculated the trading multiples based on future earnings by comparing its equity value based on the one-month VWAP as of 26 March 2021 with the estimated 2021 and 2022 earnings, using publicly available data. We then multiplied the 2021 and 2022 earnings of CreVal as per the CreVal Forecasts by a range of the trading multiples derived from such analysis to obtain a range of indicative equity value for CreVal. Although none of the Selected Italian Banks is directly comparable to CreVal, the Selected Italian Banks were chosen because they are publicly traded financial institutions with operations that, for purposes of analysis, may be considered similar to certain operations of CreVal.

#### Regression Analysis

This methodology assumes that the economic value of a company can be determined based on the correlation between its expected profitability and the equity market’s valuation of its capital (expressed as a multiple of its tangible book value). This correlation is represented by a regression analysis of the following data points: Return on Average Tangible Equity (“**RoATE**”) and the price to tangible book value multiple for a panel of companies comparable to the one being valued. The valuation parameters thus determined are then applied to the expected RoATE and the tangible book value of the company being valued in order to determine the economic value which would be attributed to the company by the market on the basis of the reported correlation. In this case, using publicly available information and one-month VWAP as of 26 March 2021, we performed a regression analysis using multiples of stock market value to 2020 tangible book value (“**Price/TBV**”) for a panel of listed Italian banks compared to their 2021 and 2022 estimated RoATE, to derive regression lines reflecting the Price/TBV multiples as a function of 2021 and 2022 estimated RoATE for such panel. From such regression lines, we derived indicative Price/TBV multiples for CreVal based on the estimated 2021 and 2022 RoATE as per the CreVal Forecasts and applied them to the 2020 tangible equity of CreVal to obtain a range of indicative equity value for CreVal.





Excess Capital Dividend Discount Model

The Excess Capital Dividend Discount Model methodology is based on the assumption that a company's value is equal to the net present value of the cash flows available in the future, assumed equal to the dividends available for shareholders maintaining an appropriate capital structure, based upon considerations related to the current legislation and economic factors in order to support the expected future growth (these flows may differ from the dividend policy actually planned or adopted by the management). In this case, we performed the valuation analysis based on: (i) a minimum required common equity Tier 1 ("CET1") ratio of 14.4%, (ii) ranges of discount rates (9.5% to 10.5% for CreVal) applied to future dividends and terminal value, reflecting an estimate of CreVal's cost of equity, calculated using the Capital Asset Pricing Model and (iii) a terminal value at the end of explicit forecast period assuming a constant long term growth rate and dividend pay-out ratio. In this case, the explicit forecast period is limited to the period 2021-23 for the CreVal Forecasts and therefore the terminal value (i.e. the value of the expected cash flows beyond the explicit forecast horizon) represents a significant portion of the valuation.

The table below presents the results of the analyses summarized above:

<b>Methodology</b>	<b>Min Implied Value per Share (€)</b>	<b>Max Implied Value per Share (€)</b>
Trading Multiples Based on Future Earnings	€15.2	€19.3
Regression Analysis	€15.2	€19.0
Excess Capital Dividend Discount Model	€18.4	€22.7

We have acted as financial advisor to the Board of Directors of CreVal in connection with the Offer and will receive a fee for our services, a portion of which is payable in connection with the rendering of this opinion (whether or not the Offer is consummated) and a significant portion of which is contingent upon completion of the Offer. In addition, CreVal has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement.

We and our affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of our businesses, we and our affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or



The Board of Directors  
Credito Valtellinese S.p.A.  
Page 6

other securities or financial instruments (including derivatives, bank loans or other obligations) of CreVal, CAI and certain of their respective affiliates.

We and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to CreVal and have received or in the future may receive compensation for the rendering of these services, including having acted as joint book runner in connection with Euro 300 million senior preferred unsecured bond offering for CreVal in 2019.

In addition, we and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to CAI and affiliates and have received or in the future may receive compensation for the rendering of these services, including having acted as joint lead managers in connection with USD 1.5 billion bond offering for Credit Agricole S.A. in 2020.

It is understood that this letter is exclusively for the benefit and use of the Board of Directors of CreVal (in its capacity as such) in connection with and for purposes of its evaluation of the Offer and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of CreVal. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party, nor shall any public reference to us be made, for any purpose whatsoever except with our prior written consent in each instance. We hereby grant our consent to disclose a copy of this opinion in its entirety (and not as an abstract) as an attachment to the Issuer's Statement as provided by the Issuers Regulations.

Our opinion is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to us as of, the date hereof. As you are aware, the credit, financial and stock markets have been experiencing unusual volatility and we express no opinion or view as to any potential effects of such volatility on CreVal, CAI or the Offer. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion. The issuance of this opinion was approved by our EMEA Fairness Opinion Review Committee.

This opinion is provided on and subject to the terms of the engagement letter executed on 30 November 2020.

Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, we are of the opinion on the date hereof that the Consideration to be received in the context of the Offer by the Relevant Shareholders is inadequate, from a financial point of view, to the Relevant Shareholders.

Yours faithfully,

*BANK OF AMERICA EUROPE DAC, MILAN BRANCH*  
BANK OF AMERICA EUROPE DAC, MILAN BRANCH



**Annex B – Fairness Opinion of Mediobanca**

*[see attached]*



**MEDIOBANCA**  
*Banca di Credito Finanziario S.p.A.*

Milano, 28 marzo 2021

Spettabile Credito Valtellinese S.p.A.  
Piazza Quadrivio, 8  
23100 Sondrio  
Alla c.a. del Consiglio di Amministrazione

In data 23 novembre 2020 Crédit Agricole Italia S.p.A. ("**CA Italia**" o l'"**Offerente**") ha comunicato ai sensi dell'Articolo 102 e seguenti del Decreto Legislativo 24 febbraio 1998, n. 58, come successivamente integrato e modificato (il "**TUF**") e dell'Articolo 37 del Regolamento Consob n. 11971/1999 (il "**Regolamento Emittenti**") di aver assunto la decisione di promuovere un'offerta pubblica di acquisto volontaria totalitaria con corrispettivo in denaro (l'"**Offerta**" o l'"**Operazione**") finalizzata, come riportato nel documento di offerta approvato dalla Commissione Nazionale per le Società e la Borsa ("**Consob**") in data 22 marzo 2021 (il "**Documento di Offerta**"), ad acquisire la totalità delle azioni ordinarie (le "**Azioni**") di Credito Valtellinese S.p.A. ("**Creval**" o la "**Società**" o l'"**Emittente**" ed insieme alle società dalla stessa controllate o collegate, il "**Gruppo Creval**") ivi incluse le azioni proprie e dedotte le azioni che sono già di titolarità dell'Offerente alla data di pubblicazione del Documento di Offerta.

Secondo quanto riportato nel Documento di Offerta, l'Offerente riconoscerà un corrispettivo in denaro pari a Euro 10,500 *cum dividend* per ciascuna Azione portata in adesione all'Offerta, ossia equivalente – laddove la proposta di distribuzione del dividendo 2021 a valere sugli utili 2020 pari a Euro 0,23 per Azione dell'Emittente fosse approvata dall'assemblea convocata il 19 aprile 2021 e il periodo di adesione all'Offerta fosse prorogato – ad un corrispettivo per Azione dell'Emittente *ex dividend* pari a Euro 10,270 (il "**Corrispettivo**").

Alla data del Documento di Offerta CA Italia detiene n. 1.720.791 Azioni dell'Emittente, rappresentative del 2,453% del capitale sociale dell'Emittente e dunque l'Offerta è da intendersi promossa su massime n. 68.428.903 Azioni dell'Emittente, rappresentative del 97,547% del capitale sociale dell'Emittente<sup>1</sup>.

Secondo quanto indicato nel Documento di Offerta, l'efficacia dell'Offerta è condizionata, tra l'altro, al fatto che l'Offerente venga a detenere, all'esito dell'Offerta, una partecipazione pari ad almeno il 66,67% del capitale sociale dell'Emittente, che potrà essere ridotta al 50% più 1 azione ordinaria dell'Emittente per espressa scelta dell'Offerente.

L'Offerta è stata promossa dall'Offerente al fine di consolidare ulteriormente, attraverso l'apporto della clientela e della rete dell'Emittente, la propria presenza nel settore bancario italiano (che rappresenta il secondo mercato domestico per il gruppo Crédit Agricole), e quindi generare una creazione di valore attraverso sinergie di costo, di *funding* e di ricavo. L'Offerta ha pertanto l'obiettivo di acquisire l'intero capitale sociale dell'Emittente e, nell'ottica di accelerare il raggiungimento degli obiettivi industriali di cui sopra, l'Offerente intende procedere, nei minori tempi possibili, con il *delisting* dell'Emittente e con la successiva fusione tra l'Offerente e l'Emittente.

A seguito della promozione dell'Offerta, ai sensi dell'Articolo 103 del TUF, il Consiglio di Amministrazione di Creval è tenuto a diffondere un comunicato contenente ogni dato utile per l'apprezzamento dell'Offerta e la propria valutazione della stessa (il "**Comunicato dell'Emittente**"). A tal fine, il Consiglio di Amministrazione di Creval, avvalendosi della facoltà prevista ai sensi del

<sup>1</sup> Si segnala a titolo puramente informativo che Crédit Agricole Assurances S.A. si è impegnata a portare in adesione all'Offerta le n. 6.907.474 Azioni dell'Emittente da essa detenute (9,847% del capitale sociale dell'Emittente) e CA Italia ha siglato un contratto con Algebris (UK) Limited ai sensi del quale quest'ultima si è impegnata a far sì che i fondi da essa gestiti portino in adesione all'Offerta tutte le n. 3.774.297 Azioni dell'Emittente da essi detenute (5,380% del capitale sociale dell'Emittente).

Regolamento Emittenti di nominare un esperto indipendente, ha conferito a Mediobanca – Banca di Credito Finanziario S.p.A. (“**Mediobanca**”) un incarico di consulenza finanziaria (l’“**Incarico**”) finalizzato all’emissione di una *fairness opinion* (il “**Parere**”) con riferimento alla congruità dal punto di vista finanziario del Corrispettivo.

Il Parere è indirizzato esclusivamente al Consiglio di Amministrazione di Creval nell’ambito del processo decisionale relativo all’Offerta come rappresentata nel Documento di Offerta e si basa sull’assunto che l’Offerta venga attuata secondo termini e condizioni non significativamente difformi da quelli in esso rappresentati. In particolare, il Parere è basato sulle assunzioni riportate al Paragrafo 2.2.

Il Parere è stato redatto da Mediobanca a supporto e per uso interno ed esclusivo del Consiglio di Amministrazione dell’Emittente, che se ne potrà avvalere per le determinazioni di propria competenza nei limiti e termini contenuti nel presente Parere. Pertanto, il Parere: (i) non potrà essere pubblicato o divulgato, in tutto o in parte, a terzi o utilizzato per scopi diversi da quelli indicati nel Parere stesso, salvo preventiva autorizzazione scritta di Mediobanca ovvero ove ciò sia richiesto da leggi o regolamenti o richieste specifiche di autorità competenti, fermo restando che è autorizzata sin da ora esclusivamente la pubblicazione di una copia integrale (e non per estratto) del presente Parere quale allegato del Comunicato dell’Emittente; (ii) è indirizzato esclusivamente al Consiglio di Amministrazione dell’Emittente e, pertanto, nessuno, ad eccezione dei destinatari del Parere, è autorizzato a fare affidamento su quanto riportato nel Parere e, conseguentemente, ogni giudizio di terzi, ivi inclusi gli azionisti di Creval, sulla bontà e convenienza dell’Offerta rimarrà di loro esclusiva responsabilità e competenza. In particolare, il presente Parere non esprime alcun giudizio o valutazione in merito all’interesse di Creval e dei suoi azionisti all’Offerta e alla convenienza e correttezza sostanziale delle condizioni della stessa.

Si precisa che Mediobanca opera in qualità di consulente finanziario e pertanto non ha fornito e non fornisce alcuna prestazione consulenziale di natura, a titolo esemplificativo, ma non esaustivo, legale, attuariale, contabile, fiscale, industriale, ambientale, tecnica. È espressamente escluso un qualsiasi potere del consulente finanziario di vincolare o condizionare in alcun modo il Consiglio di Amministrazione di Creval nelle proprie decisioni in relazione all’Offerta e il Parere si basa sul presupposto che l’Offerta e i termini e condizioni della stessa vengano valutati dai membri del Consiglio di Amministrazione di Creval in autonomia di giudizio. Mediobanca riceverà ai sensi dell’Incarico (i) una commissione fissa per il rilascio del Parere e (ii) una remunerazione variabile condizionata al buon esito dell’Offerta.

Mediobanca fa parte di un primario gruppo bancario che svolge, tra l’altro, attività di *private e investment banking*, *asset management*, servizi di consulenza finanziaria, attività di negoziazione titoli e attività di finanziamento per varie tipologie di soggetti e istituzioni. Nel corso del normale esercizio di tali attività, Mediobanca potrebbe in certe occasioni effettuare operazioni e detenere posizioni in strumenti finanziari (inclusi strumenti finanziari derivati) emessi da Creval e/o dalle società coinvolte nell’Operazione e/o dai loro soci e/o dalle loro controllate e collegate, per conto proprio o per conto dei propri clienti. Nell’ambito del normale esercizio delle proprie attività, Mediobanca potrebbe inoltre svolgere le suddette attività e servizi nei confronti della Società e/o del Gruppo Creval, delle società coinvolte nell’Operazione e/o dei loro soci e/o di società controllate dalle stesse e/o collegate. Si precisa che negli ultimi due anni Mediobanca ha svolto le seguenti attività, in relazione alle quali ha percepito compensi e/o interessi: (i) attività di *capital markets*; (ii) servizi di consulenza finanziaria; (iii) contratti derivati ed altri servizi bancari, a favore della Società; (iv) servizi di *capital markets* e consulenza finanziaria, per l’Offerente e/o società del suo gruppo d’appartenenza.

Le valutazioni condotte sono riferite alla situazione economico-patrimoniale consolidata di Creval alla data del 31 dicembre 2020 tenuto conto della proposta di distribuzione dei dividendi 2021 deliberata dal Consiglio di Amministrazione dell’Emittente in relazione all’esercizio 2020. Mediobanca ha basato le proprie analisi sul fatto che nel periodo compreso la situazione economico-patrimoniale della Società al 31 dicembre 2020, tenuto conto della proposta della distribuzione dei suddetti dividendi, e la data del Parere non si siano verificati mutamenti sostanziali nel profilo economico-patrimoniale e finanziario di Creval. In ogni caso, in generale, è inteso che sviluppi successivi nelle condizioni di mercato, nel quadro normativo e regolamentare di riferimento così come in tutte le Informazioni utilizzate e nei termini e condizioni dell’Offerta, potrebbero avere un effetto anche significativo sulle conclusioni del Parere. Mediobanca peraltro non si assume né avrà alcun onere o impegno ad aggiornare o rivedere il Parere o riconfermare



le proprie conclusioni ivi presenti, anche nel caso si verificassero una o più delle variazioni sopra richiamate.

Le conclusioni esposte nel Parere (i) sono basate sul complesso delle considerazioni ivi contenute e, pertanto, nessuna parte del Parere potrà essere utilizzata disgiuntamente rispetto al Parere nella sua interezza; e (ii) devono essere considerate nel loro complesso ed esclusivamente in relazione all'Operazione effettuata alle attuali condizioni di mercato e pertanto non comprendono nessuna valutazione di merito in riferimento ai vantaggi della presente Operazione rispetto ad altre alternative strategiche che avrebbero potuto essere perseguite dalla Società e qualsiasi impatto sull'attuale o futura profittabilità della Società.

L'utilizzo parziale del contenuto del Parere e/o l'utilizzo dello stesso per scopi diversi rispetto a quelli per i quali è stato redatto può comportare un'errata interpretazione, anche in maniera significativa, di tutte le considerazioni presenti nel Parere e/o delle sue conclusioni. In nessun caso, le valutazioni riportate nel Parere sono da considerarsi in un contesto diverso da quello in esame. In particolare, il presente Parere e le conclusioni in esso contenute non configurano la prestazione di servizi e attività di investimento, ai sensi del decreto legislativo 24 febbraio 1998, n.58, come successivamente modificato ed integrato. Il Parere non costituisce né un'offerta al pubblico, né un consiglio o una raccomandazione di acquisto o vendita di un qualsiasi prodotto finanziario.

Le valutazioni esposte nel Parere sono state condotte in ottica *stand-alone* e di *going concern* pertanto i risultati dell'analisi prescindono da ogni considerazione concernente eventuali sinergie operative e/o impatti fiscali e/o contabili e/o finanziari e/o operativi dell'Operazione, salvo che sono stati altresì presi in considerazione gli impatti derivanti dalla valorizzazione (i) dei benefici fiscali derivanti dalle attività fiscali differite iscritte e fuori bilancio e dipendenti da profittabilità futura, per come stimate dalla Società ("**DTA**") e (ii) dell'*excess capital* rispetto a un livello di CET1 *capital ratio target c.d. fully loaded* in linea con la media di un campione di banche quotate italiane ("**Excess Capital**"), e includendo il dividendo 2021 a valere sugli utili 2020 dell'Emittente c.d. valutazione *cum dividend*. Il Parere contiene altresì assunzioni e stime considerate ragionevolmente appropriate da Mediobanca anche con riferimento alla prassi italiana e internazionale, e determinate sulla base delle Informazioni.

Inoltre, va rilevato che le analisi valutative sono state effettuate in un'ottica di valorizzazione della Società nel medio-lungo termine ed al solo scopo di valutare la congruità del Corrispettivo proposto. Pertanto, con il presente Parere, Mediobanca non esprime alcun giudizio né il presente Parere può o potrà essere considerato una garanzia o un'indicazione circa: (i) il valore economico e/o il prezzo di mercato pre o post Operazione che Creval potrebbe avere in futuro o in un contesto diverso rispetto a quello in esame, ivi incluso in ipotesi di realizzazione dell'Operazione con termini e condizioni diversi rispetto a quelli ad oggi proposti nel Documento di Offerta ovvero in caso di mancata realizzazione della stessa, né nulla di quanto indicato nel Parere può o potrà essere considerato una garanzia o un'indicazione dei risultati economici, patrimoniali e finanziari prospettici di Creval o (ii) la situazione finanziaria e/o la solvibilità di Creval in futuro e/o in un contesto macroeconomico diverso da quello considerato nel Parere. Mediobanca non si assume alcuna responsabilità diretta e/o indiretta per danni che possano derivare da un utilizzo improprio e/o parziale delle informazioni contenute nel Parere.

## 1. Documentazione utilizzata

Nello svolgimento dell'Incarico e nell'elaborazione del Parere, Mediobanca ha fatto riferimento a informazioni pubblicamente disponibili ritenute rilevanti ai fini dell'applicazione delle varie metodologie valutative selezionate, a documenti, dati ed informazioni forniti dalla Società sulle attese di sviluppo delle attività del Gruppo e dei relativi risultati economici e patrimoniali (complessivamente, le "**Informazioni**").

Tra le Informazioni, si evidenzia la seguente documentazione (la "**Documentazione Rilevante**"):

- a) relazioni finanziarie annuali e infra-annuali, comunicati stampa e presentazioni alla comunità finanziaria, ove disponibili, del Gruppo Creval per l'esercizio 2020;

- b) il piano industriale 2019-2023 approvato dal Consiglio di Amministrazione della Società e pubblicato il 18 giugno 2019 (il "**Piano Industriale**") e l'aggiornamento delle proiezioni economico-patrimoniali per il periodo 2021-2022 predisposto dalla Società in data 8 febbraio 2021 (le "**Proiezioni Economico-Patrimoniali della Società**");
- c) le proiezioni economico-finanziarie per il periodo 2021-2023 relative alle principali voci economiche, patrimoniali e di capitale regolamentare di Creval desunte dai *report* degli analisti di ricerca forniti dalla Società e rilasciati a seguito della pubblicazione dei risultati finanziari consolidati 2020 di Creval (il "**Consensus**");
- d) le stime elaborate dalla Società sull'evoluzione futura dei benefici fiscali per Creval derivanti dall'utilizzo delle DTA;
- e) la bozza del Comunicato dell'Emittente ex Articolo 103 del TUF;
- f) i comunicati stampa relativi all'Operazione resi disponibili sul sito web di CA Italia;
- g) il Documento di Offerta approvato da Consob e pubblicato da CA Italia in data 22 marzo 2021;
- h) per un campione di istituti bancari quotati italiani ritenuti comparabili a Creval, dati di mercato e informazioni relative a dati economici e patrimoniali attuali e di consensus disponibili attraverso i provider FactSet e Bloomberg al 26 marzo 2021;
- i) il *report* a cura di Damodaran per la stima dell'*equity risk premium* riferibile a un mercato maturo e del *country risk premium* Italia;
- j) le altre informazioni pubblicamente disponibili ritenute rilevanti ai fini dell'applicazione delle metodologie di valutazione selezionate;
- k) il numero di azioni ordinarie della Società emesse alla data del presente Parere pari a 70.149.694, incluse le n. 6 azioni proprie.

Sono stati inoltre realizzati approfondimenti con il *management* di Creval finalizzati ad ottenere chiarimenti sulle principali assunzioni sottostanti le proiezioni economico-finanziarie utilizzate e in particolare con riferimento:

- (i) alle attese della Società relativamente all'andamento del *business* e del proprio settore di riferimento;
- (ii) alle assunzioni ed ai criteri per la determinazione dell'ammontare dell'Excess Capital della Società e alla possibilità della stessa di distribuire tale ammontare in futuro;
- (iii) ai benefici fiscali derivanti dall'utilizzo delle DTA di Creval su base *stand-alone*.

Nell'espletamento dell'incarico, nella predisposizione del Parere e in tutte le elaborazioni effettuate, Mediobanca ha:

- (i) confidato (a) sulla veridicità, completezza ed accuratezza delle Informazioni utilizzate, ivi inclusa la Documentazione Rilevante, senza effettuare né direttamente né indirettamente alcuna autonoma verifica, accertamento e/o analisi, e (b) sul fatto che non vi siano dati, informazioni o fatti non rivelati la cui omissione renda ingannevoli le Informazioni;
- (ii) fatto affidamento (a) sugli aspetti legali, contabili, fiscali e tecnici dell'Operazione così come riportati nelle Informazioni e nella Documentazione Rilevante e (b) sul fatto che le Proiezioni Economico-Patrimoniali della Società nonché le stime sui benefici fiscali derivanti dalle DTA su base *stand-alone* elaborate dalla Società e ricevute da Mediobanca, siano state redatte sulla base di assunzioni ragionevoli e che riflettano le stime più accurate possibili effettuate dalla Società in relazione allo sviluppo futuro del *business* e dei risultati economico-patrimoniali della stessa.

Mediobanca non si assume, pertanto, alcuna responsabilità relativamente alla veridicità, completezza ed accuratezza delle Informazioni utilizzate per le proprie analisi e per l'elaborazione e la stesura del Parere.

## **2. Principali difficoltà e limiti della valutazione e assunzioni sottostanti il Parere**

### **2.1 Principali difficoltà e limiti della valutazione**

Tra i limiti e le principali difficoltà di valutazione si segnalano i seguenti aspetti:

- 1) le Proiezioni Economico-Patrimoniali della Società, il Consensus nonché le stime relative ai benefici fiscali derivanti dall'utilizzo delle DTA su base *stand-alone* elaborate dalla Società, per loro natura, presentano elementi di incertezza e soggettività e dipendono dall'effettiva realizzazione delle ipotesi e delle assunzioni utilizzate nella formulazione delle previsioni;
- 2) le proiezioni del Consensus si discostano dalle Proiezioni Economico-Patrimoniali della Società. Pertanto, l'utilizzo sia delle proiezioni del Consensus che delle Proiezioni Economico-Patrimoniali della Società determina l'ampiezza dei *range* di valutazione;
- 3) il Consensus fa riferimento ad un numero contenuto di *report* pubblicati dagli analisti di ricerca contenenti proiezioni economiche e finanziarie esplicite di medio-lungo termine per Creval;
- 4) ai fini delle analisi valutative, l'Excess Capital di Creval è stato stimato utilizzando come CET1 *ratio target* c.d. *fully loaded* il valore medio di tale parametro per un campione di banche italiane quotate, che per definizione riflette la specificità dei profili patrimoniali delle banche stesse nonché le prescrizioni regolamentari in termini di distribuzione dei dividendi successive alla diffusione della pandemia da Covid-19; ed esula da potenziali impatti derivanti da eventuali future modifiche regolamentari;
- 5) l'assenza di transazioni precedenti in cassa recenti e comparabili che possano esprimere un parametro valutativo applicabile;
- 6) il grado di affidabilità dei metodi di valutazione adottati dipende da un appropriato adattamento del metodo stesso alla specifica valutazione in oggetto. Inoltre, con riferimento al metodo della regressione lineare e dei multipli di mercato, risulta essere particolarmente rilevante l'affinità da un punto di vista operativo, patrimoniale e finanziario tra le società incluse nel campione di riferimento e Creval;
- 7) l'attuale scenario macroeconomico influenzato dalla diffusione della pandemia da Covid-19.

### **2.2 Principali assunzioni sottostanti il Parere**

In relazione a quanto sopra riportato, si rappresenta che ai fini della predisposizione del presente Parere sono state effettuate le seguenti principali assunzioni:

- a) si è assunto che le Proiezioni Economico-Patrimoniali della Società siano conseguibili da Creval;
- b) la capacità della Società di distribuire dividendi in linea con i target di *pay-out ratio* indicati nel Piano Industriale;
- c) la capacità della Società di distribuire l'Excess Capital in futuro;
- d) la capacità di Creval di conseguire i benefici fiscali derivanti dall'utilizzo di DTA su base *stand-alone*;
- e) l'assenza di mutamenti sostanziali all'attuale quadro normativo e regolamentare nonché macroeconomico e finanziario, oltre a quelli relativi alla diffusione della pandemia da Covid-19.

Occorre pertanto segnalare che, qualora, successivamente alla data di emissione del Parere, si manifestino modifiche rispetto a quanto sopra ipotizzato, le conclusioni del Parere potrebbero modificarsi anche in maniera significativa. Mediobanca, come già indicato in premessa, non si



assume né avrà alcun onere o impegno ad aggiornare o rivedere il Parere o riconfermare le proprie conclusioni, anche nel caso si verificassero una o più delle variazioni sopra richiamate.

### 3. Individuazione del percorso valutativo condotto e della congruità del Corrispettivo

#### 3.1 Finalità del parere: tratti caratteristici delle valutazioni

Le conclusioni esposte sono basate sul complesso delle considerazioni effettuate. Tali valutazioni non debbono essere considerate singolarmente, bensì interpretate come parte inscindibile di un processo di valutazione unico. Infatti, l'analisi dei risultati ottenuti da ciascuna metodologia in modo indipendente e non alla luce del rapporto di complementarietà che si crea con gli altri criteri comporta la perdita di significatività dell'intero processo di valutazione. Pertanto, in nessun caso, singole parti del presente Parere possono essere utilizzate separatamente dal Parere stesso nella sua interezza.

#### 3.2 Il percorso valutativo

##### 3.2.1 Metodologie valutative

Tenuto conto, oltre che delle Informazioni disponibili, della tipologia di Operazione, del settore di riferimento in cui opera Creval, delle caratteristiche specifiche del Gruppo Creval e della tipologia di operatività dello stesso, della prassi valutativa in linea con gli *standard* nazionali e internazionali, sono stati individuati i seguenti metodi valutativi:

- a) *Dividend Discount Model*, applicato sulla base dei dividendi attesi secondo la politica distributiva prevista dalla Società nel Piano Industriale;
- b) *Analisi di regressione lineare* tra i multipli del prezzo di Borsa sul patrimonio netto tangibile di società comparabili quotate e i rispettivi livelli di redditività prospettica espressi dal rendimento sul patrimonio netto tangibile di periodo ("**RoTE**");
- c) *Multipli di mercato* nella variante del prezzo di Borsa di società comparabili quotate sui relativi utili prospettici.

Nel condurre le analisi valutative a supporto del presente Parere non è stato considerato il metodo delle quotazioni di Borsa in diversi periodi temporali antecedenti la data di annuncio dell'Offerta (23 novembre 2020), in quanto, sebbene tale metodo sia riconosciuto dalla dottrina e dalla prassi internazionale quale metodologia valutativa per società quotate, i prezzi di Borsa di Creval antecedenti la data di annuncio dell'Offerta non fattorizzano: (i) il progressivo miglioramento dei risultati registrati dalla Società e delle prospettive espresse dal *consensus*; (ii) una maggiore visibilità e l'evoluzione del contesto macroeconomico in relazione alla pandemia da Covid-19, anche a seguito dell'avvio della campagna vaccinale, e (iii) la recente riduzione degli *spread* BTP/Bund<sup>2</sup>. Inoltre, le quotazioni di Borsa in diversi periodi temporali antecedenti la data di annuncio dell'Offerta sono state influenzate dagli impatti negativi dovuti alla diffusione della pandemia da Covid-19.

##### 3.2.2 Metodo del *Dividend Discount Model* ("**DDM**")

Il DDM è riconosciuto dalla dottrina e dalla prassi internazionale come la metodologia più analitica per la valutazione di banche e l'unica, fra i metodi selezionati, che consente di recepire pienamente le proiezioni economico-finanziarie, di coglierne le specifiche prospettive di crescita e di distribuzione dei dividendi nel medio-lungo termine.

La metodologia del DDM si fonda sull'assunto che il valore economico di una società sia pari alla somma del valore attuale di:

- flussi di cassa futuri distribuibili agli azionisti generati nell'orizzonte temporale prescelto (c.d. *cash flows*). Si precisa che ai fini del presente Parere sono stati considerati i dividendi attesi

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<sup>2</sup> Si fa riferimento alla riduzione del differenziale di rendimento tra i Buoni del Tesoro italiani con scadenza a 10 anni e i titoli di stato tedeschi di uguale durata.

nell'arco temporale 2021-2023 secondo la politica dei dividendi prevista dalla Società nel Piano Industriale e stimati applicando il *pay-out ratio target* indicato nel Piano Industriale agli utili netti desunti dalle proiezioni economico-finanziarie utilizzate;

- valore di lungo periodo della società ("**Terminal Value**") calcolato quale valore attuale di una rendita perpetua stimata sulla base di un flusso di cassa distribuibile normalizzato, economicamente sostenibile e coerente con la profittabilità e il tasso di crescita di lungo periodo della Società. Ai fini del presente Parere, il Terminal Value è stato stimato moltiplicando (i) il patrimonio netto tangibile stimato al 2023 al netto dell'Excess Capital al (ii) c.d. multiplo di uscita ("**Multiplo di Uscita**"), sinteticamente definito secondo la seguente formula del c.d. *Gordon Growth model*:

$$\text{Multiplo di Uscita} = \frac{\text{ROTE}_n - \text{LTG}}{\text{CoE} - \text{LTG}}$$

dove:

- "**RoTE<sub>n</sub>**" rappresenta il ritorno di lungo termine sul patrimonio netto tangibile al netto dell'Excess Capital;
- "**CoE**" rappresenta il costo opportunità del capitale determinato sulla base del *Capital Asset Pricing Model* e ricorrendo alle stime di *consensus* fornite dagli analisti di ricerca;
- "**LTG**", rappresenta il tasso di crescita di lungo periodo.

Al fine di pervenire alla valutazione complessiva di Creval e quindi all'individuazione di un *range* di valutazione, il valore economico della Società è stato determinato dalla somma dei seguenti elementi:

- la valorizzazione della Società applicando la suddetta metodologia sulla base delle Proiezioni Economico-Patrimoniali della Società nonché del Consensus, escludendo a fini meramente valutativi la Valorizzazione dell'Excess Capital come di seguito definita;
- la valorizzazione dell'Excess Capital di Creval (la "**Valorizzazione dell'Excess Capital**") determinata, a fini meramente valutativi, sulla base dei seguenti scenari:
  - a) per il valore minimo del *range* di valutazione, è stato utilizzato il valore attuale netto dei futuri flussi annui distribuibili agli azionisti fino ad esaurimento dell'ammontare dell'Excess Capital stesso, ove tali flussi sono stati stimati (su base annua) come la differenza fra l'utile netto prospettico di Creval oltre il periodo esplicito e il dividendo implicito ricavato applicando il *pay-out ratio* sostenibile di lungo periodo<sup>3</sup> all'utile netto prospettico considerato;
  - b) per il valore massimo del *range* di valutazione, è stata assunta la piena distribuzione dell'Excess Capital di Creval al termine del periodo esplicito, attualizzando tale ammontare alla data del presente Parere;
- la valorizzazione dei benefici da DTA determinata come il valore attuale netto dei benefici fiscali derivanti dalle DTA su base *stand-alone*, dal momento che gli stessi non sono stati considerati nelle proiezioni economico-finanziarie utilizzate (la "**Valorizzazione dei Benefici da DTA stand-alone**").

Sulla base dei risultati ottenuti dall'applicazione del metodo del DDM si ottiene un *range* di valori per azione compreso tra Euro 12,95 e 19,08 (equivalente a una valutazione della Società compresa tra Euro 909 e 1.339 milioni).

### 3.2.3 Metodo della Regressione Lineare

Il metodo stima il valore del capitale economico di una società sulla base della correlazione esistente sul mercato tra la redditività prospettica del capitale proprio (espressa dal *Return on*

<sup>3</sup> Il *pay-out ratio* sostenibile di lungo periodo è stato stimato secondo la seguente formula:  $1 - (\text{LTG} / \text{RoTE}_n)$

Tangible Equity atteso o RoTE) di un campione significativo di società comparabili e il relativo premio, o sconto, espresso dai prezzi di Borsa rispetto al patrimonio netto tangibile delle stesse società. Tale relazione lineare, rappresentata tramite l'equazione di una regressione lineare, è applicata alla redditività e al patrimonio netto tangibile della società oggetto di valutazione.

L'applicazione della metodologia della regressione lineare è stata effettuata prendendo a riferimento, per un campione di società ritenute comparabili, la media dei prezzi di Borsa ponderati per i volumi negli ultimi 3 mesi alla data del 26 marzo 2021 e il RoTE 2021E-2022E di Creval calcolato sulla base del patrimonio netto tangibile al netto dell'Excess Capital. Il multiplo risultante dall'applicazione della regressione, come precedentemente descritta, è stato applicato al patrimonio netto tangibile di Creval al netto dell'Excess Capital del periodo di riferimento.

Al fine di pervenire alla valutazione complessiva di Creval e quindi all'individuazione di un range di valutazione, il valore economico della Società è stato determinato dalla somma dei seguenti elementi:

- la valorizzazione della Società applicando la suddetta metodologia sulla base delle Proiezioni Economico-Patrimoniali della Società nonché del Consensus, escludendo a fini meramente valutativi la Valorizzazione dell'Excess Capital;
- la Valorizzazione dell'Excess Capital così come descritta al Paragrafo 3.2.2;
- la Valorizzazione dei Benefici da DTA *stand-alone* così come descritta al Paragrafo 3.2.2.

Dall'applicazione del Metodo della Regressione Lineare si ottiene un range di valori per azione compreso tra Euro 13,30 e 18,85 (equivalente a una valutazione della Società compresa tra Euro 933 e 1.323 milioni).

### 3.2.4 Metodo dei Multipli di Mercato

Il metodo è basato sull'analisi delle quotazioni di Borsa di un campione di società ritenute comparabili a quelle oggetto di valutazione. Per l'applicazione del criterio si calcolano una serie di rapporti (c.d. multipli) - riferiti al campione di aziende comparabili selezionate - fra il valore di Borsa e alcuni parametri significativi selezionati. La media dei rapporti (o multipli) così ottenuti viene quindi applicata ai fondamentali della azienda oggetto di valutazione al fine di ottenere il valore teorico attribuito dal mercato. Ai fini del presente Parere sono stati utilizzati il rapporto Prezzo/Utile netto 2021E e 2022E e la media dei prezzi di Borsa ponderati per i volumi delle società comparabili negli ultimi 3 mesi alla data del 26 marzo 2021.

Si precisa inoltre che al fine di mantenere una coerenza metodologica nell'intero percorso valutativo, per tale metodo è stato utilizzato il medesimo campione di società paragonabili adottato nel metodo della regressione lineare.

Nel caso in esame, tra i limiti e le difficoltà della valutazione si segnala la limitata significatività del P/E per alcune banche quotate italiane selezionate nel campione, la cui profittabilità prospettica, così come espressa dal consensus degli analisti di ricerca, risulta *inter alia* essere particolarmente influenzata dagli impatti negativi causati dal prolungarsi del Covid-19.

Al fine di pervenire alla valutazione complessiva di Creval e quindi all'individuazione di un range di valutazione, il valore economico della Società è stato determinato dalla somma dei seguenti elementi:

- la valorizzazione della Società applicando la suddetta metodologia sulla base delle Proiezioni Economico-Patrimoniali della Società nonché del Consensus, escludendo a fini meramente valutativi la Valorizzazione dell'Excess Capital;
- la Valorizzazione dell'Excess Capital così come descritta al Paragrafo 3.2.2;
- la Valorizzazione dei Benefici da DTA *stand-alone* così come descritta al Paragrafo 3.2.2.



Dall'applicazione del metodo dei Multipli di Mercato si ottiene un *range* di valori per azione compreso tra Euro 13,47 e 19,36 (equivalente a una valutazione della Società compresa tra Euro 945 e 1.358 milioni).

#### **4. Conclusioni**

Sulla base di tutto quanto sopra esposto, si ritiene che nel contesto dell'Operazione, il Corrispettivo non sia congruo da un punto di vista finanziario.

L'emissione del presente Parere è stata specificatamente approvata dal Comitato Fairness Opinion di Mediobanca.

MEDIOBANCA

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Francisco Bachiller  
Co-Head of Corporate & Investment Banking  
Managing Director

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Francesco Rossitto  
Co-Head of FIG EMEA  
Managing Director

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