Ordinary and Extraordinary Shareholders' Meeting
24 April 2020

REPORT ON THE PROPOSALS CONCERNING THE ITEMS ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

AGENDA

Extraordinary Session

1. Reverse split of Credito Valtellinese S.p.A. ordinary shares. Related resolutions.
2. Voluntary reduction of the share capital to cover losses carried forward, based on prior use of the available reserves for this purpose. Related resolutions.

ITEM 1 ON THE AGENDA OF THE EXTRAORDINARY SESSION
Reverse split of Credito Valtellinese S.p.A. ordinary shares. Related resolutions.

Dear Shareholders,

The Board of Directors of Banca Piccolo Credito Valtellinese - Società per Azioni (the "Bank", the "Company" or "Creval") has called you to an Extraordinary Shareholders' Meeting on 24 April 2020, in single call, to discuss and resolve - in the first item on the agenda - on the proposed reverse split of the Bank's ordinary shares in the ratio of 1 new ordinary share, enjoying regular rights, for every 100 existing ordinary shares, enjoying regular rights, subject to the cancellation of ordinary shares in the minimum number necessary for the overall reconciliation of numbers without reducing the capital (the "Reverse split").

This report, drawn up by the Bank's Board of Directors in accordance with Article 125-*ter* of Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (the "Italian Consolidated Law on Financial Intermediation"), and Article 72 of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the "Issuers' Regulation"), as well as in compliance with Annex 3A, scheme no. 3 of the Issuers' Regulation, is intended to illustrate and motivate the proposed Reverse split.

1. *The Reverse split transaction and the reasons for the proposed changes to the Articles of Association*
The ordinary shares of Creval, traded on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A., also in relation to the characteristics of the capital increase carried out by the Bank in early 2018, have long been quoted at a price below a euro. Currently, Creval is the financial institution listed on Borsa Italiana with the lowest price per share. Other financial institutions, which quote at a price per share of less than one Euro, all have capitalisation of less than EUR 150 million.
In this context, the Bank's Board of Directors, also following the complex turnaround of the Group, intends to submit the proposed Reverse split to the shareholders, which would allow Creval, in particular, to improve the market perception of its listed share and to reposition itself, in terms of price per share, among comparable institutions.
Furthermore, although the Reverse split is a financially neutral transaction and, in an efficient market, has no influence - with all other conditions being equal - on the value of the holdings in the portfolio, the reverse split could bring benefits in terms of volatility and liquidity of the security and also be appreciated in particular by institutional investors, who currently represent the majority of the Bank's shareholders.
The proposal submitted to the Extraordinary Shareholders' Meeting therefore provides for the allocation of 1 (one) newly issued share for every 100 (one hundred) shares held. This ratio allows for an adequate distance from "penny stocks", facilitating adequate trading conditions for the stock and also has the advantage of the immediacy of the calculation.
With reference to the proposed reverse stock ratio, as is the practice in similar transactions, the Board of Directors of Creval has taken into account the following two profiles.

The first concerns the numerical reconciliation of the transaction in relation to the current 7,014,969,446 shares, without nominal value, into which the Bank's share capital is divided. In this regard, it should be noted that a shareholder has already waived a number of shares (up to a maximum of 99, and in the present case 46 shares) to exclude the reverse split from being prevented in mathematical terms.
In view of the foregoing waiver, immediately before the reverse split execution, the outstanding ordinary shares of Creval will therefore be equal to a multiple of 100. The shares renounced will be cancelled by the company, without reduction of the share capital. In fact, the absence of the nominal value of the Creval shares shall determine an infinitesimal increase in the implied nominal value of the remaining shares against the cancellation of said shares.
The second aspect concerns the treatment to be reserved to those Shareholders who, at the time of the aggregation, did not have a number of shares equal to a multiple of 100.
In this regard, in accordance with best practice for similar transactions, the Bank has appointed a specialist intermediary to manage the fractions (or remnants) of new shares in order to facilitate the treatment of such post-reverse split fractions held by shareholders. Moreover, the same operational practice has already been followed by the Bank in the past during previous reverse split transactions.

2. *Estimated timeframes for the execution of the reverse split*

As is well known, the Extraordinary Shareholders' Meeting of Creval is also called to approve the reduction, on a voluntary basis, of the share capital to cover losses carried forward.
The reduction transaction does not concern the number of outstanding shares, as they have no par value. In fact, the reduction of the capital will take place by modifying only the total amount of the capital itself (without any cancellation of shares).
Therefore, the two transactions (Capital Reduction and Reverse split) do not interfere with each other. In any case, it is planned to implement the Reverse split on a date, which will be agreed with Borsa Italiana, following the finalisation of the voluntary reduction in share capital.
The Reverse split, involving an amendment to the articles of association, was authorised by Bank of Italy through order of 17 March 2020.

3. *The proposed amendment to the modified Articles of Association*

In order to implement the Reverse split transaction, the Bank's Board of Directors proposes to fully replace the current paragraph 4 of Article 5 on share capital (relating to the resolution passed by the Extraordinary Shareholders' Meeting of 19 December 2017, now fully executed) with a new paragraph as follows:
"The Extraordinary Shareholders' Meeting of [24 April 2020] passed a resolution:
- to approve the reverse split of outstanding ordinary shares without nominal value according to the following ratio: 1 ordinary share for every 100 existing ordinary shares of the Company, subject to cancellation of the minimum number of shares necessary, in any case not exceeding 99, to ensure the numerical reconciliation of the transaction, without reducing the share capital;
- to grant the Board of Directors the power to proceed with such cancellation, subject to the identification of one or more shareholders willing to renounce said shares before the reverse split transaction is carried out;

- to implement the reverse split transaction, on the date agreed with Borsa Italiana and relevant competent authorities, in any case by 31 December 2020;
- to make a service available to shareholders to facilitate the treatment of any fractions of new ordinary shares held post-reverse split".

4. *Information on the recurrence of the right of withdrawal: non-existence of withdrawal in relation to the statutory amendment envisaged to implement the Reverse split*
The assumption of the resolution relating to the Reverse split referred to in this report does not give rise to the right of withdrawal pursuant to Article 2437 of the Italian Civil Code.

5. *Draft resolution to the Extraordinary Shareholders' Meeting*

Dear Shareholders,
In light of the above, if you agree with the proposals made by the Board of Directors, we invite you to adopt the following resolution:

"The Shareholders' meeting of Credito Valtellinese S.p.A. [24 April 2020] resolves to
(i) approve the reverse split of outstanding Creval ordinary shares without nominal value according to the following ratio: 1 ordinary share for every 100 existing ordinary shares of the Company, subject to cancellation of the minimum number of shares necessary, in any case not exceeding 99, to ensure the numerical reconciliation of the transaction, without reducing the share capital;
(ii) implement the reverse split transaction, on the date agreed with Borsa Italiana and relevant competent authorities by 31 December 2020;
(iii) make a service available to shareholders to facilitate the treatment of any fractions of new ordinary shares held post-reverse split;
(iv) amend the Articles of Association, by introducing a new paragraph 4, replacing the current paragraph 4, in Article 5, with the following wording:
"The Extraordinary Shareholders' Meeting of [24 April 2020] passed a resolution:
- to approve the reverse split of outstanding ordinary shares without nominal value according to the following ratio: 1 ordinary share for every 100 existing ordinary shares of the Company, subject to cancellation of the minimum number of shares necessary, in any case not exceeding 99, to ensure the numerical reconciliation of the transaction, without reducing the share capital;
- to grant the Board of Directors the power to proceed with such cancellation, subject to the identification of one or more shareholders willing to renounce said shares before the reverse split transaction is carried out;
- to implement the reverse split transaction, on the date agreed with Borsa Italiana and relevant competent authorities, in any case by 31 December 2020;
- to make a service available to shareholders to facilitate the treatment of any fractions of new ordinary shares held post-reverse split";
(v) to mandate the Board of Directors and, on its behalf, the Chairperson, as well as the Chief Executive Officer, acting separately, to carry out, with the broadest powers, all acts necessary for the completion and implementation of this resolution, in compliance with the provisions of the law, including that of

making any non-substantial amendments to these resolutions that may be required when the resolutions are entered in the Company Register or by the competent authorities, and also including the power to indicate in the Articles of Association, once the reverse split transaction has been carried out, the new number of shares into which the share capital will be divided, also providing for the removal of the transitional clause as inserted above in Article 5, repealed as a result of the completion of the reverse split.".

ITEM 2 ON THE AGENDA OF THE EXTRAORDINARY SESSION
Voluntary reduction of the share capital to cover losses carried forward, based on prior use of the reserves available for this purpose. Related resolutions.

Dear Shareholders,

The Board of Directors of Banca Piccolo Credito Valtellinese - Società per Azioni (the "Bank", the "Company" or "Creval") has called you to an Extraordinary Shareholders' Meeting, on 24 April 2020, in single call, to discuss and resolve - in the second item on the agenda - on the proposal to reduce, on a voluntary basis, the share capital of the Bank due to the elimination of previous and carried forward losses (the "Capital Reduction").

This report has been prepared by the Bank's Board of Directors in accordance with Article 125-*ter* of Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (the "Italian Consolidated Law on Financial Intermediation"), and, as far as necessary, also pursuant to Articles 72 and 74 of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the "Issuers' Regulation"), as well as in accordance with the schemes set out in Annex 3A of the Issuers' Regulation, and is intended to illustrate and justify the proposed Capital Reduction.

1. *Introduction: the reasons behind the Capital Reduction proposal*
First of all, it should be noted that over the past few years, Creval has implemented a fundamental turnaround that, thanks in part to the capital increase carried out in early 2018, has enabled the Bank to return to a capital ratio of significance in the national banking landscape.
Nevertheless, the Bank's shareholders' equity, as also indicated in the annual financial report of Creval as at 31 December 2019, approved by the Board of Directors of the Bank on 10 March 2020 (the "2019 Annual Financial Report"), shows negative items - which mainly originate from the losses recorded, most recently, in 2016 and 2017 and the negative effects of the first application of IFRS 9 - Financial Instruments, recorded on 1 January 2018 - of a significant amount.
These negative items, considering the reserves available - as should be noted from the outset - do not exceed one third of the share capital.
The proposed Capital Reduction, therefore, does not result from the application of the provisions of Article 2446 of the Italian Civil Code, but is submitted by the Board of Directors to the Shareholders on an exclusively voluntary basis.
The objective of Capital Reduction is twofold.
On the one hand, the proposal aims to bring the amount of Creval's share capital back to its actual book value, it being understood that the Bank's shareholders' equity, as well as its capital ratios, will clearly not be affected. From this point of view, as with the share reverse split transaction also submitted to the Extraordinary Shareholders' Meeting of 24 April 2020, these are actions aimed at better representing the Bank's situation to the market.
On the other hand, the reduction, if carried out in 2020, would make it possible, if the conditions are met, to return to dividend distribution as early as the financial year ending on 31 December 2020, without

prejudice, of course, to any evaluation of opportunities that will be the responsibility of the Board of Directors and then of the Shareholders' Meeting when the draft financial statements for that year are approved.

From an accounting and legal point of view, it should be noted in summary that:

(a) as explained in greater detail below, the losses carried forward and other negative equity items resulting from the 2019 Annual Financial Report, net of the portion covered by the 2019 net profit allocated for this purpose by the Ordinary Shareholders' Meeting, are proposed to be eliminated from the Bank's balance sheet by *(i)* using all the reserves available for this purpose (including, in particular, the share premium reserve) and, for the remaining part, *(ii)* a reduction of the share capital of Creval by the same amount;

(b) the provisions of Article 2446 of the Italian Civil Code on pre-assembly disclosures are applied to this capital reduction, on a prudential basis and insofar as compatible, with particular reference to the need to prepare an updated balance sheet.

More specifically, the updated balance sheet of the Company pursuant to Article 2446 of the Italian Civil Code is represented, in the circumstances, by the 2019 Annual Financial Report, approved by the Board of Directors at the meeting held on 10 March 2020, which showed, at 31 December 2019, the existence of total negative items for EUR 1,018,827 thousand.

2. *The balance sheet and income statement prepared on a recent date compared to the date scheduled for the Shareholders' Meeting*

The balance sheet and income statement of the Bank underlying the considerations of the Board of Directors for the assessment of the proposed Capital Reduction are represented by the 2019 Annual Financial Report made available to shareholders and the market, pursuant to Article 154-*ter* of the Italian Consolidated Law on Financial Intermediation, on 2 April 2020 on the company's website, www.gruppocreval.com, and on the website of the authorised storage mechanism "eMarket Storage" (www.emarketstorage.com).

Without prejudice to the overall reference to this exhaustive information ([1]), the balance sheet and income statement of Creval at 31 December 2019 compared with the same information for the year ended 31 December 2018 are provided below.

([1]) Detailed information will be made available in full compliance with the terms set out in Article 74 of the Issuers' Regulations on measures pursuant to Article 2446 of the Italian Civil Code.

Table 1

(In EUR)

ASSETS		31/12/2019		31/12/2018
10. Cash and cash equivalents		190,432,996		200,153,263
20. Financial assets at fair value through profit or loss		195,112,560		235,378,215
a) financial assets held for trading	2,221,029		40,009,848	
c) other financial assets mandatorily measured at fair value	192,891,531		195,368,367	
30. Financial assets at fair value through other comprehensive income		971,750,151		1,937,516,022
40. Financial assets at amortised cost		21,318,730,119		22,511,643,189
a) loans and receivables with banks	1,717,870,524		1,054,884,118	
b) loans and receivables with customers	19,600,859,595		21,456,759,071	
70. Equity investments		63,441,061		72,149,734
80. Property, equipment and investment property		528,388,091		380,039,781
90. Intangible assets		19,590,019		-
100. Tax assets		753,653,175		733,138,312
a) current	67,715,787		66,446,341	
b) deferred	685,937,388		666,691,971	
110. Non-current assets held for sale and disposal groups		92,237,769		74,773,231
120. Other assets		142,964,740		181,654,379
Total assets		**24,276,300,681**		**26,326,446,126**

(In EUR)

LIABILITIES AND EQUITY		31/12/2019		31/12/2018
10. Financial liabilities at amortised cost		21,809,085,216		23,924,251,820
a) due to banks	2,896,989,036		4,097,104,282	
b) due to customers	18,019,079,903		18,619,897,240	
c) securities issued	893,016,277		1,207,250,298	
20. Financial liabilities held for trading		25,789		63,728
40. Hedging derivatives		153,051,185		134,545,261
60. Tax liabilities		7,408,733		1,543,248
a) current	6,773,107		1,543,248	
b) deferred	635,626		-	
70. Liabilities included in disposal groups classified as held for sale		3,580,580		2,270,776
80. Other liabilities		460,829,464		501,697,906
90. Post-employment benefits		36,681,137		34,611,341
100. Provisions for risks and charges:		167,714,158		176,808,035
a) commitments and guarantees given	14,132,680		15,909,451	
b) pension and similar obligations	36,063,863		33,332,120	
c) other provisions for risks and charges	117,517,615		127,566,464	
110. Valuation reserves		-5,583,634		-32,732,033
140. Reserves		-971,075,709		-989,817,066
150. Share premium reserve		638,667,217		638,667,217
160. Share capital		1,916,782,887		1,916,782,887
170. Treasury shares (-)		-99,812		-99,812
180. Profit for the year		59,233,470		17,852,818
Total liabilities and equity		**24,276,300,681**		**26,326,446,126**

Table 2

(In EUR)

		2019		2018
10. Interest and similar income		440,321,809		458,845,481
of which: interest income calculated with the effective interest method		427,802,339		448,699,769
20. Interest and similar expense		(95,576,878)		(94,341,692)
30. Net interest income		**344,744,931**		**364,503,789**
40. Fee and commission income		277,915,397		288,872,617
50. Fee and commission expense		(31,238,718)		(30,324,613)
60. Net fee and commission income		**246,676,679**		**258,548,004**
70. Dividends and similar income		2,083,951		37,766,569
80. Profits (Losses) on trading		4,180,445		195,536
90. Net hedging expense		(190,717)		(259,829)
100. Profit (Loss) on sale or repurchase of:		12,296,457		(89,401,713)
a) financial assets at amortised cost	8,310,923		(107,277,802)	
b) financial assets at fair value through other comprehensive income	4,013,031		17,802,952	
c) financial liabilities	(27,497)		73,137	
110. Profits (losses) on other financial assets and liabilities at fair value through profit or loss		19,995,661		(9,685,150)
b) other financial assets mandatorily measured at fair value	19,995,661		(9,685,150)	
120. Total income		**629,787,407**		**561,667,206**
130. Net impairment losses for credit risk on:		(153,848,634)		(137,338,897)
a) financial assets at amortised cost	(154,945,108)		(133,888,030)	
b) financial assets at fair value through other comprehensive income	1,096,474		(3,450,867)	
140. Modification gains (losses) without derecognition		(2,886,583)		(1,391,856)
150. Net financial income		**473,052,190**		**422,936,453**
160. Administrative expenses:		(443,223,930)		(552,250,253)
a) personnel expenses	(263,376,025)		(291,394,884)	
b) other administrative expenses	(179,847,905)		(260,855,369)	
170. Net accruals to provisions for risks and charges:		(10,134,072)		(16,216,696)
a) commitments and guarantees given	1,768,861		(548,593)	
b) other net accruals	(11,902,933)		(15,668,103)	
180. Depreciation and net impairment losses on property, equipment and investment property		(36,469,163)		(15,822,604)
190. Amortisation and net impairment losses on intangible assets		(7,413,106)		-
200. Other operating net income		49,250,460		45,174,521
210. Operating costs		**(447,989,811)**		**(539,115,032)**
220. Net gains (losses) on equity investments		7,499,985		(3,482,688)
230. Net result of property, equipment and investment property and intangible assets at fair value		(136)		-
250. Net gains (losses) on sales of investments		873,978		233,660
260. Pre-tax profit (loss) from continuing operations		**33,436,206**		**(119,427,607)**
270. Income taxes		25,797,264		137,280,425
280. Post-tax profit from continuing operations		**59,233,470**		**17,852,818**
300. Profit for the year		**59,233,470**		**17,852,818**

Commentary on the above tables and, in general, on the draft financial statements of Creval at 31 December 2019 is contained in the 2019 Annual Financial Report prepared and published pursuant to Article 154-*ter* of the Italian Consolidated Law on Financial Intermediation and available on the company's website, www.gruppocreval.com and on the website of the authorised storage mechanism "eMarket Storage" (www.emarketstorage.com).

3. *Financial indications as at 31 December 2019*

The Statement of Cash Flow is prepared following the direct method, which indicates the main categories of gross receipts and payments, i.e. without offsetting. Cash flows during the year are presented under operating, investing and financing activities. In particular, operating activities include the income statement components and all financial assets and liabilities other than those relating to investing activities that have generated or absorbed liquidity. Investment activities, on the other hand, include cash inflows and outflows from the sale/purchase of tangible and intangible fixed assets, equity investments, businesses or subsidiaries. Financing activities include flows relating to issues or purchases of equity instruments and dividend distributions or for other purposes carried out during the year.

Table 3
(In EUR)

	2019	2018
A. OPERATING ACTIVITIES		
1. Cash flow from operating activities	**252,724,500**	**268,614,044**
- interest income received (+)	467,328,490	501,045,161
- interest expense paid (-)	-105,947,617	-116,251,723
- dividends and similar income (+)	1,230,921	30,806,010
- net fee and commission income (+/-)	258,990,850	273,732,900
- personnel expenses (-)	-280,107,353	-255,343,227
- other costs (-)	-145,233,746	-223,455,267
- other revenue (+)	91,011,822	64,616,869
- taxes (-)	-34,548,867	-6,536,679
2. Cash flow generated/used by financial assets	**2,094,751,226**	**-2,142,100,643**
- financial assets held for trading	37,859,467	-24,704,906
- other assets mandatorily measured at fair value	-733,344	-18,047,730
- financial assets at fair value through other comprehensive income	1,006,137,249	1,699,242,304
- financial assets at amortised cost	1,020,651,264	-4,108,839,801
- other assets	30,836,590	310,249,490
3. Cash flow generated/used by financial liabilities	**-2,349,844,786**	**1,254,096,481**
- financial liabilities at amortised cost	-2,288,923,282	1,150,992,359
- financial liabilities held for trading	-37,939	-600,343
- other liabilities	-60,883,565	103,704,465
Cash flow generated/used by operating activities	**-2,369,060**	**-619,390,118**
B. INVESTING ACTIVITIES		
1. Cash flow generated by	**15,004,422**	**85,421,552**
- sales of equity investments	11,061,558	76,046,600
- dividends from equity investments	853,030	6,960,559
- sales of property, equipment and investment property	3.089.834	2,414,393
2. Cash flow used by	**-22,355,629**	**-49,021,876**
- purchases of equity investment	-7,356	-45,227,499
- purchases of property, equipment and investment property	-10,238,230	-3,794,377
- purchases of intangible assets	-12,110,043	-
Cash flow generated/used by investing activities	**-7,351,207**	**36,399,676**
C. FINANCING ACTIVITIES		
- issue/repurchase of equity instruments	-	658,060,947
Cash flow generated/used by financing activities	**-**	**658,060,947**
CASH FLOW GENERATED/USED DURING THE YEAR	**-9,720,267**	**75,070,505**

KEY: (+) generated (-) used

RECONCILIATION

Financial statement items	2019	2018
Cash and cash equivalents at the beginning of the year	200,153,263	125,082,758
Net liquidity generated/used during the year	-9,720,267	75,070,505
Cash and cash equivalents at the end of the year	**190,432,996**	**200,153,263**

KEY: (+) generated (-) used

For further details, please refer to Creval's 2019 Annual Financial Report and the liquidity indicators contained therein.

4. *Proposals for measures to be taken to cover losses*

Following the allocation of the 2019 profit for the year, submitted to the Shareholders' Meeting for approval in the ordinary session, the total amount of the losses therefore amounts to EUR 963,798 thousand, which the Board proposes to cover in full as follows:

- EUR 638,667 thousand, through full use of the share premium reserve;
- EUR 51,856 thousand, through the use of other reserves available for this purpose;
- for the remaining part, amounting to EUR 273,275 thousand, as a reduction of the share capital, since the Company does not have any further reserves available for this purpose.

This is summarised in the table below.

Table 4

Negative equity items	**-1,018,826,784.52**
Partial coverage of losses by allocation of profit for the 2019 year	55,028,751.26
Residual negative equity items	**-963,798,033.26**
Full use of share premium reserve	638,667,217.17
Use of other reserves (*)	51,855,982.60
Reduction of share capital	**-273,274,833.49**

(*) Reserves that are not available (pursuant to Article 6 of Italian Legislative Decree 38/2005) must be reinstated in accordance with the law if they do not become available at a later date. The amount does not include the reserve for own shares.

5. *Initiatives that the company intends to adopt for restructuring its management*

The Board of Directors points out that the previous losses resulting from the 2019 Annual Financial Report derive from the negative results achieved by the Bank mainly in 2016 and 2017, as well as from the effects of the introduction of the new IFRS 9 accounting standard. The factors that led to the onset of past losses have therefore been remedied by the Company, as also highlighted by the profit accrued by the Bank during 2018 and then 2019.

In light of the foregoing, considering the initiatives taken by the Company in previous years and bearing in mind that, should the Shareholders' Meeting approve the proposal to cover past losses through the Capital Reduction, these past losses would be fully covered, the Company believes that it is not necessary to take any further steps aimed at restoring the Company's operations or maintaining its ability to continue as a going concern.

6. *Amendment of Article 5 of the Bank's Articles of Association*

Below is the proposed amendment to the text of Article 5, paragraph 1, of the Articles of Association, in order to initiate and as a consequence of the Capital Reduction.

Table 5

Article 5 - Creval Articles of Association	
Current text	**Text after Capital Reduction**
1. The share capital, subscribed and paid in, amounts to EUR 1,916,782,886.55 and is divided into 7,014,969,446 ordinary shares with no par value. 2. idem 3. idem 4. idem	1. The share capital, subscribed and paid in, amounts to EUR 1,643,508,053.06 and is divided into 7,014,969,446 ordinary shares with no par value. 2. idem 3. idem 4. idem

6. *Authorisations from competent authorities*

In connection with the proposed transaction, the authorisations required by law have been requested and obtained beforehand.

7. *Evaluations regarding the recurrence of the right of withdrawal*

The proposed resolution referred to in this report does not include the cases provided for the exercise of the right of withdrawal by shareholders pursuant to Article 2437 of the Italian Civil Code.

8. *Draft resolution to the Extraordinary Shareholders' Meeting*

Dear Shareholders,

In light of the above, if you agree with the proposals made by the Board of Directors, we invite you to adopt the following resolution:

"The Shareholders' extraordinary meeting of Credito Valtellinese S.p.A. of [24 April 2020],

- having regard to the financial position of the Company as at 31 December 2019, contained in the Annual Financial Report as at 31 December 2019, approved by the Board of Directors of the Company on 10 March 2020;

- having taken note of the negative equity items resulting from the balance sheet of the Bank's 2019 Annual Financial Report of EUR 1,018,826,784.52;

- having taken note of the allocation of the profit for the year to cover losses carried forward of EUR 55,028,751.26;

- having regard to the report prepared by the Board of Directors;

- taking into account the comments of the Board of Statutory Auditors;

resolves

(i) to approve the coverage of the total loss of EUR 963,798,033.26 as follows:

- *EUR 638,667,217.17, through full use of the share premium reserve;*
- *EUR 51,855,982.60, through the full use of other reserves available for this purpose;*
- *for the remaining part, equal to Euro 273,274,833.49, by reducing the share capital by a corresponding amount, which therefore amounts to EUR 1,643,508,053.06, without cancelling the shares, since they have no par value expressed, with the effect of reducing the so-called*

implicit accounting parity of each share, understood as the portion resulting from the division of the amount of the share capital by the number of shares, the latter number remaining unchanged, consequently amending the first paragraph of Article 5 of the Articles of Association as indicated below;

(ii) *to approve the consequent amendments to Article 5, paragraph 1, of the Articles of Association as set out below:*

"1. The share capital, subscribed and paid in, amounts to EUR 1,643,508,053.06 and is divided into 7,014,969,446 ordinary shares with no par value";

(iii) *to grant the Board of Directors, and on its behalf its Chairperson and the pro-tempore Managing Director in office, separately and also - within the limits of the law - by means of special proxies appointed for this purpose, all the widest powers without any exclusion, necessary or appropriate to implement the above resolutions and exercise the powers that are the subject of the same, as well as make any non-substantial changes, additions or deletions to the shareholders' resolutions that may be necessary or appropriate at the request of any competent authority or at the time of registration in the Register of Companies, representing the Bank, with any and all powers necessary and appropriate for this purpose and with a promise of approval and validity".*