Comments of the Board of Statutory Auditors to the Shareholders' Meeting of 24 April 2020 pursuant to Article 2446 of the Italian Civil Code and Article 74(1) of Consob Regulation No. 11971 of 14 May 1999, as amended (also "Issuers' Regulation").

Dear Shareholders,

The Board of Directors (also "BoD") of Credito Valtellinese S.p.A. (also "Creval" or "Bank" or "Company") has called you to an Extraordinary Shareholders' Meeting to discuss and resolve - in the second item on the agenda - on the proposal to reduce, on a voluntary basis, the Bank's share capital as a result of the reduction to zero of previous and carried forward losses (the "Capital Reduction").

It should first of all be reiterated that the Company recorded a profit as at 31 December 2019 of EUR 59,233,470.42 and that, as also specified in the call, the proposed transaction provides for an optional and voluntary reduction of the share capital. Therefore, the Capital Reduction is not part of the (mandatory) capital reduction for losses referred to in Article 2446 of the Italian Civil Code.

However, doctrine and case law consider that this rule should be applied by analogy in any situation in which the share capital is reduced, in this case **optional**, even in the absence of the conditions laid down for the case of mandatory reduction (consisting essentially in the presence of losses affecting the shareholders' equity in such a way that the share capital is reduced by more than one third).

Having said this - reiterating that the preparation of these observations is not provided for by the aforementioned article of the Italian Civil Code and that they are prepared in accordance with the more prudent direction of doctrine and jurisprudence - the Board of Statutory Auditors (also "Board") has formulated below, as far as necessary, its considerations regarding (i) the calling of the Shareholders' Meeting, (ii) the capital, business and financial performance and the explanatory report, (iii) business continuity and (iv) the proposed resolution pursuant to Article 2446 of the Italian Civil Code and in accordance with Article 74(1) of the Issuers' Regulation.

Convening the Shareholders' Meeting

With regard to this aspect, as already indicated, the procedure provided for by Article 2446 of the Italian Civil Code is considered applicable, by way of analogy.

In the case in question, the Board of Statutory Auditors acknowledges that the Board of Directors of Creval, at the meeting held on 10 March 2020 (i) approved the 2019 Financial Report of the Bank, (ii) approved the proposal to adjust the share capital in order to recompose the balance sheet items, (iii) resolved to convene the Ordinary and Extraordinary Shareholders' Meetings to discuss and resolve, among other things, the voluntary reduction of the Bank's share capital due to the elimination of previous and carried forward losses and (iv) approved the explanatory reports on the items on the agenda of the Ordinary and Extraordinary Shareholders' Meetings pursuant to Art. 125-*ter* of Italian Legislative Decree No. 58 of 24 February 1998, including the Capital Reduction.

Capital, business and financial performance and the explanatory report

The Board of Directors of Creval, in its meeting of 10 March 2020, approved the 2019 Financial Report of the Bank, which represents the capital and business performance of the Board of Directors' considerations on the proposed transaction. The aforementioned 2019 Financial Report was made available to shareholders and the market today, in accordance with the law.

At the same Board meeting, the Board of Directors approved the explanatory report on the item discussed herein, drawn up by the Bank's directors (also "Explanatory Report"), also referring to the 2019 Financial Report, which highlights the following:

- the negative items in shareholders' equity amount to EUR 1,018,826,784.52 and originate mainly from the losses recognised in 2016 and 2017 and the negative effects of the first-time application of IFRS 9;
- the profit for the year amounts to EUR 59,233,470.42;
- available reserves amount to EUR 690,523,199.77, of which EUR 638,667,217.17 relating to the share premium reserve and EUR 51,855,982.60 relating to other reserves;
- the share capital before coverage of losses carried forward and existing negative reserves amounts to EUR 1,916,782,886.55;
- the reasons behind the proposed capital reduction, i.e. (i) to better represent the performance of the bank to the market and, consequently, its securities, reducing the amount of the Bank's share capital to its actual value and (ii) to allow the Bank, if the conditions are met, to return to dividend distribution as early as the financial year ending 31 December 2020, without prejudice, of course, to any assessment of opportunities that will be the responsibility of the Board of Directors at the time of approval of the draft financial statements for that year;
- this transaction has no impact on the Bank's equity or on its capital ratios.

The 2019 Financial Report was audited by KPMG, which today issued the "Independent Audit Report pursuant to Articles 14 of Italian Legislative Decree No. 39 of 27 January 2010 and 10 of Regulation (EU) No 537 of 16 April 2014", which concluded with no findings. During 2019, the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, monitored, among other things, the statutory audit of the annual and consolidated accounts.

Business continuity

The Board of Statutory Auditors, having examined the Explanatory Report approved on 10 March 2020 by the Board of Directors, with specific reference to the business continuity issue, found that the origin of the losses is partly attributable to 2016 and 2017 and partly to non-recurring factors such as the first-time application of IFRS 9. Also in this regard, the Board recalled the positive economic performance in 2018, confirmed and strengthened in 2019, as evidence of the positive path taken by the Company over the last two years to the extent 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 management and maintaining the Company as a going concern*".

Having said this, the Board of Statutory Auditors cannot fail to note that, compared to 31 December 2019, the reference date for the Explanatory Report, a situation resulting from the COVID-19 health emergency, which is affecting the macroeconomic environment, has materialised in Italy. The Board of Statutory Auditors, having verified with the Manager in charge of financial reporting that - as at 2 April 2020 (the most recent date possible with respect to the preparation of these observations) - there are no situations that could prejudice the conclusions reached by the Board of Directors with regard to the Capital Reduction, confirms that the transaction in question *constitutes a nominal reduction only, which, since it does not involve any change in the Company's assets, cannot damage the company's creditors* (Cass. 06/543).

Having said this, the Board of Statutory Auditors, at this stage, does not find any reasons to prevent the adoption of the Capital Reduction resolution as proposed by the Board of Directors and detailed below.

Proposed resolution pursuant to Article 2446 of the Italian Civil Code and pursuant to Article 74(1) of the Issuers' Regulation.

The Board of Directors hereby proposes:

- to reduce the share capital by the amount of the negative items resulting from the 2019 Financial Report following the allocation of the 2019 net profit, i.e. by EUR 963,798,033.26, by means of:

  - the full use of the share premium reserve, for EUR 638,667,217.17;
  - the full use of other reserves available for this purpose, for EUR 51,855,982.60;
  - use of the share capital, for the remaining part, equal to EUR 273,274,833.49, consequently reducing the share capital to EUR 1,643,508,053.06, without cancellation of shares, since the shares have no par value expressed, with the effect of reducing the so-called implicit accounting parity of each share, understood as the quotient 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;
- to approve the consequent amendments to Article 5(1) of the Articles of Association
- to delegate powers to the Board of Directors, and on its behalf to its Chairperson and the *pro-tempore* Chief Executive Officer in office, to implement the above resolutions.

Rome, 2 April 2020

FOR THE BOARD OF STATUTORY AUDITORS

Francesca Michela Maurelli (Chairperson)