SPAFID CONNECT

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Testo del comunicato

Vedi allegato.

Creval

PRESS RELEASE

THE BOARD OF DIRECTORS OF CREVAL APPROVE THE ISSUER'S STATEMENT WITH REGARD TO THE VOLUNTARY PUBLIC OFFER LAUNCHED BY CRÉDIT AGRICOLE ITALIA FOR ALL CREVAL SHARES AND DEEMS THAT THE CONSIDERATION OF 10,500 EUROS PER CREVAL SHARE (CUM DIVIDEND) OFFERED BY CRÉDIT AGRICOLE ITALIA IS INADEQUATE FROM A FINANCIAL POINT OF VIEW

Sondrio, 29 March 2021 - The Board of Directors of Credito Valtellinese S.p.A. ("**Creval**" or the "**Bank**"), convened late yesterday evening, unanimously approved the Issuer's Statement (the "**Issuer's Statement**") drawn up pursuant to article 103, paragraphs 3 and 3-bis, of Legislative Decree 58/1998 (the "**Italian Consolidated Financial Act**") and art. 39 of Consob Regulation 11971/1999 (the "**Issuers Regulation**"), relating to the voluntary tender offer on all the ordinary shares of Creval (the "**Tender Offer**" or the "**Offer** ") launched by Crédit Agricole Italia S.p.A. (the "**Offeror**" or "**CAI**") pursuant to and for the purposes of Articles 102 and 106, paragraph 4, of the Italian Consolidated Financial Act and the applicable implementing provisions contained in the Issuers' Regulation..

The Board of Directors, having examined the terms and conditions of the Tender Offer described in the Offer Document, taking into account the fairness opinions issued by the financial advisors BofA Securities and Mediobanca attached to the Issuer's Statement, while acknowledging that the integration of a solid commercial bank and well positioned as Creval with a banking group such as CAI can generate benefits, deems that the consideration of the Offer of 10,500 Euros per Creval share (cum dividend) is inadequate from a financial point of view.

Intermonte as financial advisor and Cappelli RCCD as legal advisor also supported the Board of Directors.

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The conclusions of the Issuer's Statement are reported below. For complete information, refer to – as is recommended – a full reading of the Issuer's Statement, as well as the Offer Document published by CAI on 22 March 2021; this documentation is available, among others, on the Bank's website, section Investor Relations/voluntary public tender offer of Crédi Agricole for Creval shares (www.gruppocreval.com).

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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%[1] and equivalent to a capital surplus of more than 400 million euros on the basis of the values at 31 December 2020[2]. 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 that 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.

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.

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[1] 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).
[2] 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.

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[3]), 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) 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

[3] 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.

recent combinations in the Italian banking sector (around twice the annual run-rate cost synergies,[4]), 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 addition capital buffer of around 280 million euros[5], incremental to the aforementioned capital surplus of more than 400 million euros compared to the average of the main Italian listed banks[6], 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 envisages, 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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[4] 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.

[5] 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).

[6] *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 Plant 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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PRESS RELEASE

This communication does not constitute an offer or a solicitation or an invitation to subscribe or acquire shares. The shares have not been and will not be registered in the United States in accordance with the United States Securities Act, as subsequently amended (the "Securities Act") or in Australia, Canada of Japan, or in any other country in which this is subject to the authorisation of the local authorities or, in any event, prohibited in accordance with the law, unless this takes place in compliance with the applicable regulations in these countries. This communication cannot be distributed, disseminated, transmitted or in any way communicated in countries in which this constitutes a breach of the applicable regulations.

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