

**Credito  
Valtellinese**



**ORDINARY SHAREHOLDERS'  
MEETING  
19 APRIL 2021**

**BOARD OF DIRECTORS' REPORT  
ON THE AGENDA**

## ITEM 1 ON THE AGENDA

### Financial year at 31 December 2020

#### 1.A Presentation of the consolidated financial statements and approval of the parent company's financial statements

#### 1.B Allocation of the profit for the year

Dear Shareholders,

You have been convened to this Ordinary Shareholders' Meeting to approve the 2020 financial statements of Credito Valtellinese S.p.A.

In compliance with the regulations in force, the file containing the 2020 draft financial statements and the 2020 consolidated financial statements with the reports of the Directors, the Board of Statutory Auditors and the audit company KPMG S.p.A., the certification as required in Article 154-bis, paragraph 5, Italian Legislative Decree no. 58 of 24 February 1998, as well as the Consolidated Non-Financial Statement prepared pursuant to Article 4 of Italian Legislative Decree no. 254 of 30 December 2016 and the report drawn up by the audit company pursuant to Article 3, paragraph 10 of Italian Legislative Decree no. 254 of 30 December 2016, are made available to the public at the registered office, on the Company's website and with other methods envisaged by the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999 as amended and supplemented on 28 March 2021.

We are therefore submitting for your approval the following resolution proposal.

#### **Proposal for a resolution to the Shareholders' Meeting**

"The Ordinary Shareholders' Meeting of Credito Valtellinese S.p.A. of 19 April 2021, acknowledging the contents and the reasoning of the Board of Directors' Report, given the contents of the Board of Statutory Auditors and of the Audit Company Reports,

resolves:

to approve the financial statements at 31 December 2020 of Credito Valtellinese S.p.A.".

## 1.B Allocation of the profit for the year

Dear Shareholders,

Credito Valtellinese S.p.A. has posted, in the financial statements at 31 December 2020, a profit for the year of EUR 109,329,170.62.

Therefore, we are also submitting for your approval the following proposal for the allocation of the 2020 financial year profit of EUR 109,329,170.62:

Profit for the year	109,329,170.62
- to unavailable reserve (art. 6 of Italian Legislative Decree 38/05)	9,095,076.36
Profit for the year net of the amount allocated to unavailable reserve pursuant to art. 6 of Italian Legislative Decree no. 38/05	100,234,094.26
- to legal reserve (5%)	5,011,704.71
- as a dividend distribution to the shareholders in the amount of EUR 0.23 for each of the 70,149,688 outstanding ordinary shares (except for no. 6 treasury shares)	16,134,428.24
- to extraordinary reserve	79,087,961.31

### Proposal for a resolution to the Shareholders' Meeting

"The Ordinary Shareholders' Meeting of Credito Valtellinese S.p.A. of 19 April 2021, in accordance with the decisions made together with the approval of the financial statements at 31 December 2020,

resolves:

- to allocate the profit for the year 2020, equal to EUR 109,329,170.62,
- to unavailable reserve (art. 6 of Italian Legislative Decree 38/05) EUR 9,095,076.36
  - to legal reserve EUR 5,011,704.71
  - as a dividend distribution to the shareholders in the amount of EUR 0.23 for each of the 70,149,688 outstanding ordinary shares (except for no. 6 treasury shares), EUR 16,134,428.24
  - to extraordinary reserve EUR 79,087,961.31."

## ITEM 2 OF THE AGENDA

### **Appointment of the Board of Directors for the three-year period 2021-2023:**

#### **2.A Appointment of the Directors**

#### **2.B Determination of the fee**

Dear Shareholders,

The current Board of Directors ends its mandate in conjunction with the Ordinary Shareholders' Meeting, convened for 19 April 2021.

Therefore you are invited to appoint the new Board of Directors, in compliance with the Articles of Association and the applicable laws.

In particular, the Shareholders' Meeting is invited to:

- a) appoint the Directors of the Board according to the list voting mechanism pursuant to the law and the Articles of Association, for the three-year period 2021-2023;
- c) determine their annual fee.

#### **2.A Appointment of the Directors**

Pursuant to art. 16 of the Articles of Association, the Board of Directors of the Company is composed of 15 members.

The appointment of the Board of Directors is based on lists, in compliance with the terms and the provisions of the applicable laws and of art. 18 of the Articles of Association, available for consultation on the website [www.gruppocreval.com](http://www.gruppocreval.com) – section Governance.

The Directors of the Board to be appointed must meet the integrity, professionalism, independence, knowledge and fairness requirements set forth by the law, as well as all other requirements stated in the governing laws and regulations to guarantee a healthy and prudent management of the Bank.

At least four Directors must meet the independence requirements set forth in the Articles of Association and the applicable governing laws.

In order to ensure gender balance within the Board of Directors, at least two-fifths of the Directors must belong to the less represented gender. If the application of the gender distribution criterion does not result in a whole number of members of the administrative bodies belonging to the less represented gender, the result is rounded up to the nearest whole number.

The lists for the appointment of the Directors must have a number of candidates no less than three and no more than fifteen.

Each list must be compiled in such a way as to guarantee gender balance among candidates, and must therefore ensure that at least two-fifths of candidates on the list are of the less represented gender. To this end, by analogy, art. 144-undecies.1, paragraph 3, of the Regulation

approved with Consob resolution no. 11971 of 14 May 1999 ("Issuers' Regulation") applies, where it states that "*should the application of gender quotas not result in a whole number of the members of the administrative or control bodies belonging to the less represented gender, this number shall be rounded up to the nearest whole number, except for the corporate bodies [as in this case that uses the list mechanism] composed of three members for whom the rounding shall be down to the lower unit*".

In compliance with the provisions set forth by Consob in its Directors' Decision no. 44 of 29 January 2021, the shareholders, to be able to present a list of candidates, must own, alone or jointly with other shareholders, an investment that represents at least 2.50% of the share capital. The Board of Directors has resolved not to use the option to present its own list of candidates as provided for in art. 18 of the Articles of Association.

To be noted is that in order to ensure full transparency about any associative relationships among the candidates of the submitted lists, Consob has provided detailed recommendations for the shareholders who present a list for the appointment of members of the administrative bodies. In particular, Consob requires that, together with the list, the shareholders must state the absence of any associative relationships, even if indirect, pursuant to art. 147-ter, paragraph 3, of the Consolidated Finance Act and art. 144-quinquies of the Issuers' Regulation, with those who hold, alone or jointly with others, a controlling or a relative majority investment, if identifiable on the basis of the communication on relevant shareholdings under art. 120 of the Consolidated Finance Act or of the publication of the Shareholders' Agreements pursuant to art. 122 of the Consolidated Finance Act, specifying: (i) the absence of significant relationships with the latter or (ii) any existing relationship, if relevant, together with the reasons why said relationships were not deemed to qualify as associative relationships.

The methods and the terms for the submission of the lists are detailed in the notice of call of the Shareholders' Meeting and in the "*Guidelines for the submission of the lists for the appointment of the Board of Directors of Creval S.p.A.*", both of them available on the website of the company at [www.gruppocreval.com](http://www.gruppocreval.com), section Governance - Ordinary Shareholders' Meeting 19 April 2021.

In compliance with the Supervisory provisions applicable to corporate governance (Bank of Italy Circular no. 285 of 17 December 2013 - Part I, Title IV, Chapter 1) - in addition to the recommendations provided in the Corporate Governance Code of listed companies, to which the Bank adheres - the Board of Directors has identified and explained the theoretical profile of the Directors in order to guarantee an optimal quali-quantitative composition of the Board, without prejudice to the possibility for the shareholders to make their own assessments on the optimal composition of the Board and submit lists that are consistent with said assessments. The document prepared by the Board of Directors is available on the website of the Company at [www.gruppocreval.com](http://www.gruppocreval.com) section Governance - Ordinary Shareholders' Meeting 19 April 2021. Therefore, the shareholders are invited to review and take into account the contents of the document prepared by the Board of Directors on the qualitative composition of the Board that is

deemed to be optimal, where the theoretical profile is identified and explained - including the characteristics of professionalism and independence of its members - and considered to be appropriate in terms of an effective performance of the role and tasks assigned to this body.

Moreover, according to the recommendations stated in the Corporate Governance Code, the shareholders who are submitting a list containing a number of candidates exceeding half of the members to be elected (rounded down, in this case) are invited to provide appropriate information about the compliance of the list with the guidelines issued by the Board of Directors and to indicate their candidate for the position of Chairman of the Board, to be appointed according to the methods set forth in the Articles of Association.

Without prejudice to the need for a thorough reading of the entire document, the Board of Directors wishes to point out that the members of the Board must be suitable for performing the assigned tasks in compliance with the pro-tempore applicable laws and with the Articles of Association and in particular, they must meet the professionalism, integrity and independence requirements, as well as the knowledge, fairness and time dedication criteria and they must also comply with the specific restrictions in terms of offices accumulation as set forth in the applicable laws such as Decree no. 169 of 23 November 2020 issued by the Ministry of Economy and Finance on "Regulations applicable to the eligibility requirements and criteria for the performance of the tasks assigned to the corporate officers of banks, financial intermediaries, credit guarantee consortia, electronic money institutions, payment institutions and deposit guarantee schemes" implementing art. 26 of the Consolidated Banking Act (the "**MD 169/2020**").

It must be noted that MD 169/2020 introduces new profiles with respect to the previous regulations, such as the fairness criteria (in addition to integrity), knowledge (in addition to professionalism), independence and adequate collective composition of the Board of Directors.

Pursuant to art. 18 of the Articles of Association, for the appointment of the Directors of the Board, the following methods shall be adopted - it being understood that for the purpose of apportioning the Directors to be elected, the lists that do not receive a percentage of votes that is at least equivalent to half of the votes required for the submission of lists by the Shareholders shall not be considered:

- a) up to 12 Directors shall be taken from the list that has obtained the majority of votes (the "First List") in the consecutive order in which they are listed. The remaining 3 Directors are taken from the list that has obtained the greatest number of votes from the remaining lists (the "Second List"), in the consecutive order in which they are listed;
- b) if the First List does not have a sufficient number of candidates to reach the number of Directors to be elected according to the mechanism described in letter a) above, all the candidates from the First List shall be elected and the remaining Directors shall be taken from the Second List according to the consecutive order in which they are listed;
- c) if the Second List does not have a sufficient number of candidates to reach the number of Directors to be elected, the remaining Directors shall be taken from the list receiving the third

highest number of votes, then, if necessary, from the fourth and fifth receiving the highest number of votes, again, in the consecutive order in which the candidates are listed;

d) if the number of candidates included on the lists is less than the number of Directors to be elected, the remaining Directors shall be elected with a resolution adopted by the Shareholders' Meeting with a relative majority, in compliance with independence and gender balance requirements of the Articles of Association and governing legal and regulatory provisions. In the event of equal votes between a number of candidates, a ballot shall be held between said candidates by further shareholder vote;

e) if only one list is presented or admitted, a maximum of 12 Directors shall be taken from this list. The remaining Directors shall be elected by the Shareholders' Meeting with a relative majority, excluding the votes of the shareholders that presented the single list, on the proposal of the shareholders that have voting rights in accordance with this paragraph;

f) if no lists are submitted or accepted, the Shareholders' Meeting shall resolve under the procedure described in letter d) above, from the candidates that were submitted by the Shareholders at least 16 days prior to the date set for the first or only call of the Shareholders' Meeting, while complying with the obligation to file the documentation as set forth in art. 18, paragraph 5 of the Articles of Association;

g) if the necessary minimum number of Independent Directors and/or Directors belonging to the less represented gender is not elected, Directors from the First List from the highest sequential number who do not meet the requirements are replaced by successive candidates from the same list who meet the requirements. If in applying this criterion, no Directors are identified who meet the necessary characteristics, the replacement criterion will apply to candidates from the Second List, and continuing to the successive lists, from which the elected candidates were taken;

h) if, in applying the replacement criterion as described in letter g) above, no suitable candidates are identified, the Shareholders' Meeting will resolve with a relative majority. In these cases, the replacements will be made beginning from the list that received the most votes and the candidates from the next highest number on the list.

### **Proposal for a resolution to the Shareholders' Meeting**

Dear Shareholders,

Pursuant to and in compliance with the provisions of the Articles of Association of Creval S.p.A. and the applicable regulations, you are invited to resolve on the appointment of the Board of Directors for the financial years 2021, 2022 and 2023 (i.e. until the Shareholders' Meeting to be convened for the approval of the financial statements at 31 December 2023).

## 2.B Determination of the fee

Dear Shareholders,

You have been called to an Ordinary Shareholders' Meeting to pass a resolution on the fee to which the members of Board of Directors are entitled for the three-year period 2021-2023.

It should be noted that pursuant to art. 27 of the Articles of Association, the members of the Board of Directors, in addition to the reimbursement of any expense arising from their office, will receive a fee for holding the office itself as well as attendance fees for participating in the meetings of the Board of Directors, the Executive Committee and any other Board Committees, to be set upon resolution issued by the Shareholders' Meeting.

The Directors may not in any case be paid more than one attendance fee on the same day.

The above without prejudice to the right of the Board of Directors, pursuant to the same provision of the Articles of Association and art. 2389, paragraph 3, of the Italian Civil Code, to grant additional remuneration to the Directors who hold special offices, in compliance with the Articles of Association, including as members of Board Committees.

It must also be noted that as regards the exiting Board of Directors, the Shareholders' Meeting of 12 October 2018 had resolved, for the three-year period 2018-2020, on the fee due to the Directors as follows:

- annual fee for each member of the Board of the Directors: EUR 45,000;
- attendance fee for the Meetings of the Board of Directors, the Executive Committee, if appointed, and for the meetings of Board Committees: EUR 750.

Given that and pursuant to the provisions of the Articles of Association, the Board of Directors proposes the following as an annual fee for its members, in continuity with what was established for the previous Board:

- annual fee for each member of the Board of the Directors: EUR 45,000;
- attendance fee for the Meetings of the Board of Directors, the Executive Committee, if appointed, and for the meetings of Board Committees: EUR 750.

### **Proposal for a resolution to the Shareholders' Meeting**

"The Ordinary Shareholders' Meeting of Credito Valtellinese S.p.A. of 19 April 2021

resolves

to establish, for the three-year period 2021-2023, the fee due to the Directors as follows:

- annual fee for each member of the Board of the Directors: EUR 45,000;
- attendance fee for the Meetings of the Board of Directors, the Executive Committee, if appointed, and for the meetings of Board Committees: EUR 750.

### ITEM 3 ON THE AGENDA

#### Remuneration:

#### **3.A 2021 MBO short-term incentive plan, based on the allocation of phantom shares and intended for the representatives of the management of Credito Valtellinese S.p.A. and of companies controlled by it, pursuant to Article 2359 of the Italian Civil Code. Related resolutions.**

Dear Shareholders,

You have been convened in ordinary session to discuss and resolve – as set out in Article 114-bis, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998 – on the approval of an annual incentive plan called "2021 Bonus Pool Plan" based on the allocation of financial instruments known as Phantom Share and intended for the Chief Executive Officer and General Manager as well as for any remaining relevant staff of Credito Valtellinese S.p.A. and of companies controlled by it, pursuant to Article 2359 of the Italian Civil Code. The scheme of the 2021 Bonus Pool Plan, upon proposal by the Remuneration Committee, was decided on by the Board of Directors.

In compliance with the provisions of Article 114-bis, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998 and of Article 84-bis, paragraph 1, of Consob Resolution no. 11971 of 14 May 1999, the characteristics of the "2021 Bonus Pool Plan" are described in a special information document made available, on 20 March 2021, at the registered office, on the authorised storage device "eMarket Storage" ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the Company's website, at [www.gruppocreval.com](http://www.gruppocreval.com) to which reference is made.

We are therefore submitting for your approval the following resolution proposal.

#### **Proposal for a resolution to the Shareholders' Meeting**

Dear Shareholders,

"The Shareholders' Meeting of Credito Valtellinese S.p.A. of 19 April 2021,

resolves

1. to approve the annual incentive plan called "2021 Bonus Pool Plan", based on the allocation of Phantom Shares and intended for the Chief Executive Officer and General Manager as well as the remaining relevant staff of Credito Valtellinese S.p.A. and of companies controlled by it pursuant to Article 2359 of the Italian Civil Code, whose characteristics are described in the information document prepared pursuant to Article 114-bis, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998, and of Article 84-bis, paragraph 1, of Consob Resolution no. 11971 of 14 May 1999, and made available to the public at the registered office, on the authorised storage device "eMarket Storage" ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the Company's

website;

2. to grant the Board of Directors, with the right to sub-delegate, all the powers required for actually implementing the "2021 Bonus Pool Plan", to be exercised in accordance with the instructions of the related information document. To this end, the Board of Directors may assign, by way of example but not limited to, the rights to the beneficiaries, approve the implementing regulation of the plan and, where possible, pay the bonus".

**3.B Report on the policy on remuneration and fees paid pursuant to art. 123-ter of Italian Legislative Decree no. 58/1998: approval of Section I - 2021 Remuneration and Incentive Policy of the Creval Group**

**3.C Report on the policy on remuneration and fees paid, pursuant to art. 123-ter of Italian Legislative Decree no. 58/1998: non-binding resolution on Section II - Report on fees paid in 2020**

Dear Shareholders,

In reference to the proposal for sub-resolutions 3.B and 3.C in the agenda of the Ordinary Shareholders' Meeting, see the Report on the Policy on Remuneration and Fees Paid, drawn up pursuant to art. 123-ter of Italian Legislative Decree no. 58 of 24 February 1998 as amended, made available 28 March 2021 at the registered office, on the authorised storage device "eMarket Storage" ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the website of the Creval Group at the address [www.gruppocreval.com](http://www.gruppocreval.com).

The aforementioned document complies (i) with the provisions on remuneration and incentive policies and practices in banks and banking groups contained in Circular no. 285 of Bank of Italy of 17 December 2013, as amended and supplemented, as well as (ii) with Consob resolution no. 11971 of 14 May 1999, as per the applicable text in effect at today's date.

The Report on the Policy on Remuneration and Fees Paid is structured in two sections.

The first section ("First Section of the Policy on Remuneration and Fees Paid") describes:

- a) the policy of the company concerning the fees due to the members of the boards of directors, general managers and executives with strategic responsibilities, executives and middle managers with control functions, the so-called risk takers and the personnel with reference to the following financial year;
- b) the systems and methods used for the adoption and implementation of this policy.

The first section also includes further information on short-term (2021 Bonus Pool Plan) and medium to long-term incentive systems (2019-2021 LTI).

The second section provides the quali-quantitative information of the 2020 remuneration system, in the forms required by regulations, and, in particular, contains the most suitable representation of the items forming remuneration, illustrating its consistency with the company's policy on remuneration approved in 2020. This section also shows in detail the fees paid during the financial year of reference, individually or at aggregate level, based on the regulatory provisions (the "Second Section of the Report on the Policy on Remuneration and Fees Paid").

It should be noted that pursuant to art. 123-ter of Italian Legislative Decree no. 58 of 24 February 1998 (as amended with Italian Legislative Decree no. 49 of 10 May 2019) and the aforementioned provisions of the Bank of Italy, the Shareholders' Meeting is called to cast:

- a binding vote on the First Section of the Report on Remuneration, pursuant to article 123-ter, paragraph 3, Italian Legislative Decree no. 58 of 24 February 1998 (as amended with Italian Legislative Decree no. 49 of 10 May 2019) and the regulatory provisions issued by the Bank of Italy (sub-resolution 3.B on the agenda); as well as
- a non-binding vote on the Second Section of the Report on Remuneration, pursuant to article 123-ter, paragraph 6, Italian Legislative Decree no. 58 of 24 February 1998 (as amended with Italian Legislative Decree no. 49 of 10 May 2019) (sub-resolution 3.C on the agenda).

We are therefore submitting for your approval the following resolution proposal.

### **Proposal for resolutions to the Shareholders' Meeting**

#### **Sub-resolution 3B on the agenda**

First Section of the Report on the Policy on Remuneration and Fees Paid

"The Shareholders' Meeting of Credito Valtellinese S.p.A. of 19 April 2021,

resolves

to approve the First Section of the Report on the Policy on Remuneration and Fees paid pursuant to art. 123-ter, paragraph 3 of Italian Legislative Decree no. 58 of 24 February 1998 (as amended with Italian Legislative Decree no. 49 of 10 May 2019) and the regulatory provisions of the Bank of Italy, a document made available to the public in compliance with the applicable legislation".

#### **Sub-resolution 3.C on the agenda**

Second Section of the Report on the Policy on Remuneration and Fees Paid

"The Shareholders' Meeting of Credito Valtellinese S.p.A. of 19 April 2021,

casts

a favourable vote with respect to the Second Section of the Report on the Policy on Remuneration and Fees paid pursuant to art. 123-ter, paragraph 3 of Italian Legislative Decree no. 58 of 24 February 1998 (as amended with Italian Legislative Decree no. 49 of 10 May 2019) and the regulatory provisions of the Bank of Italy, a document made available to the public in compliance with the applicable legislation".