

## ADDENDUM

to the BOARD OF STATUTORY AUDITORS' REPORT on the ANNUAL REPORT as at 31 December 2019, released on 26 March 2020

The Statutory Auditors' Board deems it appropriate to remind you that, on 27 March 2020, the Bank of Italy, acknowledging the European Central Bank (ECB)'s invitation, extended the ECB's Recommendation aimed at larger banks, also to the less significant banks subject to its direct supervision.

The aim of the Bank of Italy's recommendation is to allocate profits towards the strengthening of own funds so as to put the financial system in a better position to absorb the losses resulting from the COVID 19 health emergency and to continue supporting the economy. This recommendation reinforces the decision to allow intermediaries to temporarily operate below the target level assigned following the SREP process (Pillar 2 Guidance -P2G), the Capital Conservation Buffer (CCB) and the Liquidity Coverage Ratio (LCR).

The Bank of Italy therefore recommends that all banks and banking groups falling under its supervision:

1. Do not pay dividends, including the distribution of reserves, or make any irrevocable commitment to pay dividends for the 2019 and 2020 financial years;

and

2. Refrain from repurchasing shares for the purpose of remunerating shareholders; at least until 1 October 2020.

Further details on this have been provided by the ECB in its document '*FAQs on ECB supervisory measures in reaction to the coronavirus - Section 4 - Other clarifications*' updated on 29 March 2020.

In this context, the Board of Statutory Auditors attended the extraordinary meeting of the Bank's Board of Directors held on 1 April 2020 to examine the Bank of Italy's recommendation.

The Board of Directors resolved to amend its previous proposal of 12 March 2020, proposing to the Shareholders' Meeting convened for April 23 to postpone the distribution of dividends from 2019 at least until 1 October 2020 and then to proceed with payment of these after that date should no impeding regulatory provisions or recommendations have been issued by Supervisory authorities in the meantime. It was further recommended, also by the Board of Statutory Auditors, to closely monitor changes in the effects of the uncertainty caused by COVID-19 and, should the emergency not be over by 1 October 2020, it was strongly suggested that the Board of Directors carry out a comprehensive re-evaluation.

The Board of Statutory Auditors, which met on 6 April 2020, examined the proposed resolution, submitted to you, the Shareholders, in the **new version** of the DIRECTORS' EXPLANATORY REPORT ON THE PROPOSALS REGARDING ITEMS ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING CONVENED IN SINGLE CALL FOR 23 APRIL 2020 and set out below:

*'The Ordinary Shareholders' Meeting, having heard and approved the Board of Directors' proposal re item 1 on the agenda, as amended, and having taken note of the Bank of Italy's recommendation (and that of the European Central Bank) of 27 March 2020 regarding the distribution of dividends by the less significant Italian banks during the COVID-19 pandemic,*

### *resolves*

- a) To approve the Annual report as at 31 December 2019, with the Directors' report presented by the Board of Directors;
- b) To allocate to Shareholders a cash dividend (gross of statutory deductions) of €1,10 per ordinary

- share, including the portion attributable to the treasury shares held by the company. This dividend will be paid by allocating for this purpose the profit for the year of €27.346.365,86 (twenty-seven million, three hundred and forty-six thousand, three hundred and sixty-five point eighty-six Euros) and, for the remaining part, by distributing available profit reserves from previous years;*
- c) To postpone payment of the dividends referred to in the above resolution at least until 1 October 2020, and then to proceed with said payment after this date if no impeding regulatory provisions or recommendations from Supervisory Authorities have been issued before then;*
  - d) To grant the Board of Directors the powers necessary to implement the above resolutions, giving the Chief Executive Officer and the Head of Legal and Corporate Affairs, separately from each other, the right to sub-delegate, within the limits of the law, all rights and powers to do what is necessary to execute the above resolutions, as well as fulfil the formalities necessary for payment of dividends to be made after 1 October 2020 where no impeding regulatory provisions or recommendations from Supervisory Authorities have been issued before then.'*

In light of the above, the Board of Statutory Auditors invites the Shareholders' Meeting to approve the Annual report as at 31 December 2019 and to take into due consideration the Bank of Italy's recommendation in order to pass a resolution on the destination and distribution of profits and part of the reserves for the financial year.

Venice - Mestre, 6 April 2020

For the Board of Statutory Auditors  
President  
Giacomo Bugna