



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ **See Attached.**

Multiple horizontal lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ **N/A.**

Multiple horizontal lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **See Attached.**

Multiple horizontal lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

**Sign Here**

Signature ▶ *Mauro Selvetti* Date ▶ **4/3/18**

Print your name ▶ **Mauro Selvetti** Title ▶ **Duly authorized person**

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶		Phone no.	
Firm's address ▶				

## Attachment to Form 8937: Credito Valtellinese S.p.A.

### Part II

Box 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

Credito Valtellinese S.p.A. ("Creval"), an Italian company, allotted Rights to purchase new ordinary shares of Creval to holders, at no cost to such holders, who held ordinary shares of Creval ("Existing Shares") at the close of trading on February 16, 2018. Each holder was allotted one Right for each Existing Share such holder held at the time of the allotment. The Rights were reflected in holders' accounts beginning thereafter, and in all cases by February 20, 2018, and were available for trading on the Mercato Telematico Azionario during the period from (and including) February 19, 2018 to (and including) March 2, 2018. Each Right entitled the holder to subscribe for new ordinary shares in the ratio of 631 new shares for every Right held. The price of each new share purchased through exercising the Rights was €0.10. The Rights could be exercised during the period from (and including) February 19, 2018 and March 8, 2018.

Rights that were allotted to holders on February 16, 2018 but were not exercised or sold by the holder as of March 8, 2018 were sold by Creval at public auction between March 13, 2018 and March 15, 2018. All such Rights were exercised by March 20, 2018, at the exercise price and ratio stated above.

Box 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

A holder's receipt of Rights pursuant to the offering should be treated as a non-taxable distribution with respect to the holder's Existing Shares for U.S. federal income tax purposes. The remainder of this discussion assumes such treatment.

If the Rights were obtained by a holder in a distribution with respect to such holder's Existing Shares, but were not exercised or sold by the holder, then the holder's tax bases in the corresponding Existing Shares will be the same as they were prior to the receipt of the Rights.

If the fair market value of the Rights a holder received equals 15% or more of the fair market value of its Existing Shares on the date of receipt, then, except as discussed in the preceding paragraph, the holder must allocate its basis in its Existing Shares between the Existing Shares and the Rights in proportion to their relative fair market values as determined on the date it receives the Rights. On the other hand, if the fair market value of the Rights received by a holder equals less than 15% of the fair market value of the holder's Existing Shares on the date of receipt, the Rights will be allocated a zero basis for U.S. federal income tax purposes, unless such holder affirmatively elects to allocate basis between its Existing Shares and the Rights in proportion to their relative fair market values as determined on the date of receipt. If a holder chooses to allocate basis between its Existing Shares and the Rights, it must make this election in

its tax return for the taxable year in which it receives the Rights. Such election is irrevocable once made.

Although not entirely clear, we have assumed for purposes of the illustrative calculations provided in Part II, Box 16 that the distribution occurred on February 19, 2018, the date when Rights were generally first reflected in holders' accounts and when holders could first trade and exercise their Rights.

The method for determining the fair market value of the Rights is uncertain. Creval has not obtained, and does not intend to obtain, an independent appraisal of the fair market value of the Rights on the distribution date. Please see, however, Part II, Box 16 for indicative prices based on publicly available trading information.

Box 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

The opening price for trading in the Existing Shares was €0.1091 on February 19, 2018, and the volume weighted average price ("VWAP") for that same date of the Existing Shares was €0.1054. The opening price for trading in a Right to buy 631 New Shares was €6.00 on February 19, 2018, and the VWAP for that same date of the Right was €2.7263. Based on those valuations, Creval believes that it is appropriate to treat the fair market value of a Right as more than 15% of the fair market value of the related Existing Share on the distribution date, with the result that a holder therefore is required to allocate basis in its Existing Shares to the Rights.

If we assume the holder has a tax basis of U.S. \$10.00 in an Existing Share, then the holder would allocate basis as follows (these numbers are supplied for illustrative purposes only):

Using the daily VWAP for each of the Existing Shares and the Rights, the Existing Shares would be allocated 3.7721% of the basis and the Rights would be allocated 96.2779% of the basis. These numbers were calculated by dividing the VWAP of the Existing Shares and Rights by their combined VWAPs (0.1054 divided by 2.8317 and 2.7263 divided by 2.8317, respectively). Each Existing Share would therefore be apportioned \$0.37 of basis and each Right would be apportioned \$9.63 of basis, calculated by multiplying the respective percentages by a holder's basis in an Existing Share at the time of the distribution (assumed to be \$10.00 in this example).

If a holder were instead to use the opening price, the relative values of the Rights and the Existing Shares would be different, and therefore the allocation of basis between the Rights and the Existing Shares would be different. Holders should consult their tax advisors regarding allocating basis between the Rights and the Existing Shares based on the opening price.

Box 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

The treatment of the distribution of Rights to holders of Existing Shares as a non-taxable distribution is based on section 305(a) and 305(d) of the Internal Revenue Code of 1986, as amended (the “Code”) and Treasury Regulations Section § 1.305-1. The tax basis calculations described above and elections with regard to such calculations are described in section 307 of the Code and Treasury Regulations Sections §§ 1.307-1 and 1.307-2.

Box 18. Can any resulting loss be recognized?

N/A.

Box 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

For a holder whose taxable year is the calendar year, the reportable year is 2018.