



SPAFID CONNECT

Informazione Regolamentata n. 1615-43-2019	Data/Ora Ricezione 07 Maggio 2019 07:18:12	MTA
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Societa' : FINECOBANK
Identificativo : 117976
Informazione
Regolamentata
Nome utilizzatore : FINECOBANKN01 - Spolini
Tipologia : 2.2
Data/Ora Ricezione : 07 Maggio 2019 07:18:12
Data/Ora Inizio : 07 Maggio 2019 07:18:13
Diffusione presunta
Oggetto : PR_UNICREDIT.FINECO

Testo del comunicato

Vedi allegato.

JOINT PRESS RELEASE

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UniCredit and FinecoBank lay the foundations for FinecoBank's full independence

UniCredit S.p.A. ("**UniCredit**") and FinecoBank S.p.A. ("**Fineco**") announce that their respective Boards of Directors approved certain actions and procedures to be implemented by UniCredit and Fineco, in order to allow Fineco to operate as a fully independent entity from a regulatory, liquidity and operational standpoint, also potentially outside the UniCredit Group in the future.

Today Fineco enjoys limited synergies with the rest of the UniCredit Group. As a fully independent company, Fineco would be able to fully focus on its own strategic development and standalone growth prospects. This would have no implications for Fineco business model and customer base and no material impacts on its capital and liquidity strength nor on its profitability.

This agreed arrangement would allow UniCredit to seize any market opportunity in relation to Fineco, including in the short term and, in this respect, UniCredit and Fineco have entered into a framework agreement providing for, amongst others, the following actions:

- UniCredit to grant collateral in favour of Fineco in order to neutralise Fineco's credit risk exposure vis-à-vis UniCredit

Following the 3Q2018 results press release disseminated by UniCredit on 8 November 2018, UniCredit and its other Group entities (including Fineco) in 4Q2018 started a review of the actions needed to make all the UniCredit Group legal entities self-funded by progressively minimising intragroup exposures.

As at 6 May 2019, Fineco holds approximately Euro 8.3bn of UniCredit bonds. From a regulatory capital perspective, Fineco's current regulatory exposure *vis-à-vis* UniCredit is zero, being part of the same Group. In order to keep substantially the same regulatory exposure in case of a possible future exit of Fineco from the UniCredit Group, UniCredit will grant financial collateral in favour of Fineco in order to secure the credit risk exposures of Fineco *vis-à-vis* UniCredit until the UniCredit bonds entirely run off in 2024. As a result, the RWA absorption and the risk concentration limit usage for Fineco will remain substantially unaffected by a potential future exit from the UniCredit Group. Therefore, Fineco confirms its current liquidity investment strategy, with no expected material impacts on its profitability.

As announced by Fineco to the market at time of the FY2017 results presentation on 6 February 2018 – and in subsequent market presentations – Fineco has been progressively replacing UniCredit bonds as they mature with a widely diversified government bond portfolio. The portfolio of UniCredit bonds held by Fineco has decreased by Euro 3.5bn from 1Q2017 to 1Q2019, and will run-off by 2024.

- UniCredit and Fineco to maintain in force the existing trademark license agreement

Notwithstanding full business, regulatory and operational independence, UniCredit and Fineco have also agreed that, in case of a potential future exit of Fineco from the UniCredit Group, Fineco would, under the existing trademark license agreement, be allowed to carry on the use of certain words and figurative marks containing the term “Fineco” which are owned by UniCredit. The new agreement will continue at the current conditions– to allow Fineco to continue the use of its recognized brand– and will include the option for Fineco to buy the brand in the future (at a number of given call option windows up to 2032).

UniCredit will also continue to provide, certain services to Fineco for a certain amount of time in line with the current operations and terms, for example ATMs and administrative services.

The Board of Directors of UniCredit has also committed, subject to the possible future exit of Fineco from the UniCredit Group, to waive any administrative rights - attached to any remaining stake held in Fineco – to appoint or revoke the Board of Directors of Fineco or in respect of other matters arising at the ordinary shareholders meetings, including the approval of Fineco’s financial statements. In addition, UniCredit will refrain from entering into any kind of arrangements aiming at pursuing the same goals. For the sake of completeness, as of the date of this communication, no arrangement of this kind, which relates to Fineco or Fineco’s shares, is in place.

Standard change of control provisions in case of acquisition of the control of Fineco by other qualified Italian and European competitors are envisaged¹.

Expected impacts on Fineco

Following the implementation of the above mentioned transitional arrangements, no material impacts are envisaged on Fineco’s profitability and capital adequacy ratios. The Leverage Ratio will be close to 3 per cent on a pro forma basis following a potential full independence of Fineco and further strengthened comfortably above 3 per cent, via the possible issuance, in the next months, of securities eligible as

¹ Namely, UniCredit’s right to terminate the relevant agreements within pre-agreed terms after the occurrence of the acquisition of the control of Fineco (pursuant to article 2359 of the Italian Civil Code, article 93 of the Italian Finance Act or article 23 of the Italian Banking Act) is set forth:

- 1) in the Amended and Restated Trademark License Agreement, in the Pledge Agreement and the Servicing Agreement related to payment system and ATMs, in case the control is acquired by (i) one of the top 5 (five) Italian asset gatherers (other than Fineco) – by total financial assets (line items in the Assoreti publication: “*totale consistenze patrimoniali dei prodotti finanziari e servizi di investimento*” and/or “*patrimonio dei prodotti finanziari e servizi di investimento*”, as resulting from the latest data published by Assoreti at the time of the acquisition of the control (on the basis of the most recent of the following publication “*Relazione Annuale*” and/or “*Rapporto Trimestrale - L’attività delle reti di consulenti finanziari abilitati all’offerta fuori sede*” and/or “*Consistenze patrimoniali dei prodotti finanziari e servizi di investimento distribuiti dalle imprese aderenti ad Assoreti*”, as the case may be, or any other publication that would replace each of the aforementioned publications) – and/or by any other entity belonging to the group to which one of the aforementioned asset gatherers belongs to; or by (ii) an entity belonging to a European group headed by an entity from time to time qualified as “Global Systemically Important Financial Institution (G-SIFI)” according to the list annually published by the Financial Stability Board (FSB); or by (iii) an entity under UniCredit’s significant influence, as resulting from the latest financial statements of UniCredit published at the time of the acquisition of the control (or by an entity belonging to the same group to which the entity under UniCredit’s significant influence belongs to), and
- 2) in the Master Services Agreement and in the various services agreements to be renewed, in case the control is acquired by any third party not belonging to the UniCredit Group.

In respect of the Pledge Agreement, in case of change of control as defined above, UniCredit is entitled to terminate the collateral arrangement with Fineco, only after that a 365-day period is elapsed from a relevant change of control event and prior consultation with the Supervisory Authorities in charge of Fineco.

Additional Tier 1 capital under the CRD IV for an amount of up to Euro 200m (the “AT1 Instruments”). The related costs are not expected to have a material impact on Fineco’s capital.

Milan, May 7, 2019

Enquiries

Media Relations:

Tel. +39 02 88623569; e-mail: MediaRelations@unicredit.eu

Investor Relations:

Tel: +39 02 88621028; e-mail: InvestorRelations@unicredit.eu

Fineco - Media Relations

Tel.: +39 02 2887 2256

mediarelations@finecobank.com

Fineco - Investor Relations

Tel. +39 02 2887 3736/2358

investors@finecobank.com

Fine Comunicato n.1615-43

Numero di Pagine: 5