Informazione Regolamentata n. 0033-13-2020	Data/Ora Ricezione 17 Febbraio 2020 23:27:42	MTA

Societa'	:	INTESA SANPAOLO
Identificativo Informazione Regolamentata	:	127751
Nome utilizzatore	:	BINTESAN01 - Tamagnini
Tipologia	:	2.2
Data/Ora Ricezione	:	17 Febbraio 2020 23:27:42
Data/Ora Inizio Diffusione presunta	:	17 Febbraio 2020 23:27:43
Oggetto	:	INTESA SANPAOLO: COMBINATION WITH UBI BANCA TO ENHANCE VALUE CREATION OF A EUROPEAN LEADER THROUGH A STRONGER ITALIAN FOOTPRINT

Testo del comunicato

Vedi allegato.

INTESA SANPAOLO

PRESS RELEASE

INTESA SANPAOLO: COMBINATION WITH UBI BANCA TO ENHANCE VALUE CREATION OF A EUROPEAN LEADER THROUGH A STRONGER ITALIAN FOOTPRINT

Turin - Milan, 17 February 2020 – A voluntary public exchange offer has been launched by Intesa Sanpaolo in respect of all ordinary shares of UBI Banca, as announced by the communication issued today pursuant to Article 102 of Legislative Decree 24 February 1998, no. 58 and Article 37 of CONSOB Regulation no. 11971 of 14 May 1999. This offer has the **strategic objective of strengthening the sustainability of value creation for all stakeholders through a combination based on similar business models and shared values, which does not show significant complexity also in view of Intesa Sanpaolo's proven ability to carry out integrations**.

The finalisation of the transaction is expected to take place by the end of this year and is subject to the regulatory authorisations being received, as well as to the conditions to be met as indicated in the above-mentioned communication of today, which will be further detailed in the Offer Document. The transaction will enable the combined Group to **strengthen its support to the real economy and the social economy reinforcing its position as the first Bank in Italy with market shares of around 20% in all main business activities, enhancing creation and distribution of value by achieving significant synergies with no social impact and reducing risk profile at no extraordinary cost to shareholders**.

Intesa Sanpaolo considers **UBI Banca amongst the best Italian banks**. **UBI Banca has local entrenchment in the most dynamic regions of the country, enjoys outstanding results that have been achieved thanks to the excellent job of both its CEO and its management team**, and has **a sound Business Plan. All this can continue to be achieved and be indeed further enhanced in the combined Group**. UBI Banca stands out for its **similarities with Intesa Sanpaolo**, specifically as regards the business model and the corporate values – many UBI Banca managers have had previous job experience at the Intesa Sanpaolo Group. In view of the shared corporate values in terms of **sustainability and inclusion and social and environmental responsibility**, a new unit of the combined Group's **Impact Bank** will be based in **Brescia** and in **Bergamo**. **The presence of the large number of Italian shareholders of UBI Banca, specifically the foundations,** among the shareholders of the combined Group **would reinforce the shared values, including in terms of shareholder base**.

In order to pre-emptively address **antitrust** issues, the transaction includes **a binding agreement signed by Intesa Sanpaolo with BPER Banca**. The agreement provides for **the disposal of a portion** of the combined Group's **branch network** (in the region of around 400-500 branches) **and related staff and customer relationships for a cash consideration corresponding to 55% of the Common Equity Tier 1 capital of the branches** (subject to adjustments at the time of finalisation). BPER Banca, which Intesa Sanpaolo considers **amongst the best Italian banks** as well, with a successful management team, corporate values aligned with Intesa Sanpaolo's own values and with a strong Italian component in its shareholder base will in this way **contribute to reinforcing the support to the economy of the country**. Furthermore, the transaction includes a binding agreement with UnipolSai Assicurazioni, which provides for the disposal of insurance activities related to the aforementioned portion of the branch network against a cash consideration.

The transaction will benefit **stakeholders**. Specifically:

- **shareholders**: **high and sustainable cash dividends**, bearing in mind that the dividends distributed by Intesa Sanpaolo have enabled **the foundations that are among its shareholders to grant more than half of the total funds granted by all Italian banking foundations**; **additional value creation** by enhancing **revenue generation** as a result of an **enlarged customer base**, **improving asset quality** and achieving **synergies without adding any complexity**;
- **customers**: **unique customer reach in all Italian regions**; **strengthening of product and service offering** through the development of technology, product innovation, time-to-market for the offering of new products, thanks to greater investment capacity; **€30 billion of additional loan granting in the 2021-2023 period** to support Italy's real economy, enabled by enhanced proximity to the local economy;
- **the Group's people**: **hiring 2,500 young people** to support the Group's growth, enabling generational change and supporting employment, through one new hire for every two voluntary exits; **improved capability to attract** new talents and **more professional development opportunities**;
- **community and environment**: a Group that operates as an **engine of sustainable and inclusive growth** (creating a leading Impact Bank) and is committed to becoming a reference model in terms of **sustainability and social and cultural responsibility** and supporting **circular and green economy**; **promoting local economies**; a **€10 billion increase in new lending to the green economy** (from €50 to €60 billion), a **€1 billion increase** in the **Circular Economy credit Plafond** (from €5 to €6 billion), **increase of the Fund for Impact lending capacity** (from around €1.2 billion to €1.5 billion euro), **strengthening** of the 2018-2021 Business Plan **initiatives to reduce child poverty and support people in need**, delivering **each year over 4 million meals (around €1 million more), around 90,000 dormitory beds (around 20% more) and around 90,000 medicine prescriptions and items of clothing (around 20% more)**.

The combined Group will benefit from its capability of **revenue generation of a European scale** that leverages a **resilient business model focused on Wealth Management & Protection**, with footprint in Italy **which enhances the country's savings.** The combined Group will have over **€1,100 billion in customer financial assets** with around **three million UBI Banca customers,** who hold around **€200 billion in financial assets**.

Once the transaction is finalised, Intesa Sanpaolo **will create additional value** also thanks to the **synergies** delivered, continue to pursue a policy that envisages **high shareholder remuneration**, maintain **solid capital ratios,** and **improve its asset quality further at no extraordinary cost to shareholders**, using the **negative goodwill** of around **€2 billion** (1) arising from the transaction to **cover, in 2020, the integration charges, as well as the loan loss provisions to accelerate NPL reduction**. Specifically, Intesa Sanpaolo envisages:

- **EPS accretion**, with run-rate synergies, of around **6%** (2) **on the Intesa Sanpaolo 2019 EPS**;
- commitment to distributing a cash **DPS** of **€0.20 for the financial year 2020 and above €0.20 for the financial year 2021**;
- pro-forma fully loaded **Common Equity Tier 1 ratio** expected to be at a level above 13% in **2021** (3), in line with the Intesa Sanpaolo 2018-2021 Business Plan estimates;
- a reduction of gross **NPL ratio** to a level **below 5%**, **below 4% based on the EBA definition, in 2021** improving the Intesa Sanpaolo 2018-2021 Business Plan target (below 6%, below 5% based on the EBA definition).

The combined Group's profitability will benefit from expected run-rate pre-tax synergies of **€730 million per year**, €680 million by 2023 and a further €50 million by 2024, of which **€510 million from costs** (equal to around 5% of the combined Group's 2019 pro-forma costs) and, taking revenue attrition into account, **€220 million from revenues** (equal to around 1% of the combined Group's 2019 pro-forma revenues).

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(1) Based on the current prices of the Intesa Sanpaolo share and the UBI Banca share.
(2) Taking into account Intesa Sanpaolo 2019 net income, plus 2019 UBI Banca adjusted net income, plus synergies, after the disposal to BPER of the branches and related staff and customer relationships.
(3) Estimated by applying the fully loaded parameters, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward. Above 12% excluding the aforementioned DTA absorption.

Cost synergies of around **€340 million** are expected to derive **from personnel expenses** (equal to around 5% of the 2019 pro-forma personnel expenses of the combined Group). This results from the **exits**, **exclusively on a voluntary basis, of around 5,000 people** – a figure which includes the 1,000 applications received by Intesa Sanpaolo as part of the agreement reached on 29 May 2019 with the trade unions and the 300 headcounts as provided for in the agreement signed by UBI Banca with the trade unions on 14 January 2020 – and **hiring of 2,500 young people** through one new hire for every two voluntary exits. The remaining cost synergies of around **€170 million** relate to **other administrative expenses** (equal to around 6% of the 2019 pro-forma other administrative expenses of the combined Group).

The aforementioned **negative goodwill** of around **€2 billion** (not taxable) will enable the combined Group to cover, in 2020, **integration charges of €880 million net of tax** (corresponding to around €1,270 million pre-tax)**.** It will also cover **loan loss provisions** of around **€1.2 billion net of tax** (corresponding to around €1.8 billion pre-tax), enabling to **increase** the **NPL coverage ratio** of UBI Banca and, subsequently, **dispose of an NPL portfolio of UBI Banca worth around €4 billion for a price in line with the carrying value**, reducing the combined Group's NPL ratio to a level below 5% in 2021, as indicated above**.**

For the years following 2021 - the time horizon of the Business Plan currently under implementation - Intesa Sanpaolo foresees a **net income** of the combined Group above **€6 billion starting in 2022** and **intends to pursue a strategy still focused on rewarding shareholders, while maintaining solid capital ratios and focusing on asset quality**.

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Managing Director and CEO Carlo Messina will illustrate the transaction in a **conference call at 10:30 a.m. on Tuesday 18 February 2020**: audiocasting www.group.intesasanpaolo.com.

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The public voluntary exchange Offer described in this Notice will be promoted by Intesa Sanpaolo over the totality of the ordinary shares of UBI Banca.

This Notice does not constitute an offer to buy or sell UBI Banca's shares.

Before the beginning of the Tender Period, as required by the applicable regulations, the Offeror will publish the Offer Document which UBI Banca's shareholders shall carefully examine.

The Offer will be launched exclusively in Italy and will be made on a non-discriminatory basis and on equal terms to all shareholders of UBI Banca. The Offer will be promoted in Italy as UBI Banca's shares are listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. and, except for what is indicated below, is subject to the obligations and procedural requirements provided for by Italian law.

The Offer is not and will not be made in the United States (or will not be directed at U.S. Persons, as defined by the U.S. Securities Act of 1933, as subsequently amended), Canada, Japan, Australia and any other jurisdictions where making the Offer therein would not be allowed without any approval by any regulatory authority or without any other requirements to be complied with by the Offeror (such jurisdictions, including the United States, Canada, Japan and Australia, are jointly defined the "**Other Countries**"), neither by using national or international instruments of communication or commerce of the Other Countries (including, for example, postal network, fax, telex, e-mail, telephone and internet), nor through any structure of any of the Other Countries' financial intermediaries or in any other way.

A copy of any document that the Offeror will issue in relation to the Offer, or portions thereof, is not and shall not be sent, nor in any way transmitted, or otherwise distributed, directly or indirectly, in the Other Countries. Anyone receiving such documents shall not distribute, forward or send them (neither by postal service nor by using national or international instruments of communication or commerce) in the Other Countries.

Any tender in the Offer resulting from solicitation carried out in violation of the above restrictions will not be accepted.

This Notice and any other document issued by the Offeror in relation to the Offer do not constitute and are not part neither of an offer to buy or exchange, nor of a solicitation to offer to sell or exchange financial instruments in the United States or in the Other Countries. Financial instruments cannot be offered or sold in the United States unless they have been registered pursuant to the U.S. Securities Act of 1933, as subsequently amended, or are exempt from registration. Financial instruments offered in the context of the transaction described in this Notice will not be registered pursuant to the U.S. Securities Act of 1933, as subsequently amended, and Intesa Sanpaolo does not intend to carry out a public offer of such financial instruments in the United States. No financial instrument can be offered or transferred in the Other Countries without specific approval in compliance with the relevant provisions applicable in such countries or without exemption from such provisions.

This Notice may only be accessed in or from the United Kingdom (i) by persons having professional experience in matters relating to investments falling within the scope of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as subsequently amended (the "**Order**"), or (ii) by companies having high net assets and by persons to whom the Notice can be legitimately transmitted because they fall within the scope of Article 49(2) paragraphs from (a) to (d) of the Order (all these persons are jointly defined "**relevant persons**"). Financial Instruments described in this Notice are made available only to relevant persons (and any solicitation, offer, agreement to subscribe, purchase or otherwise acquire such financial instruments will be directed exclusively at such persons). Any person who is not a relevant person should not act or rely on this document or any of its contents.

Tendering in the Offer by persons residing in jurisdictions other than Italy may be subject to specific obligations or restrictions imposed by applicable legal or regulatory provisions of such jurisdictions. Recipients of the Offer are solely responsible for complying with such laws and, therefore, before tendering in the Offer, they are responsible for determining whether such laws exist and are applicable by relying on their own advisors. The Offeror does not accept any liability for any violation by any person of any of the above restrictions.

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Fine Comunicato n.0033-13	Numero di Pagine: 7