



PRESS RELEASE

INTESA SANPAOLO: CLARIFICATION REGARDING THE ANNOUNCEMENT OF UBI BANCA'S BOARD OF DIRECTORS RELATING TO THE PRIOR PUBLIC EXCHANGE OFFER FOR ALL UBI BANCA ORDINARY SHARES

Turin - Milan, 6 July 2020 – With reference to the voluntary public exchange offer for maximum 1,144,285,146 ordinary shares of Unione di Banche Italiane S.p.A. (“**UBI Banca**”), which was communicated on 17 February 2020 and updated by a press release on 6 March 2020 concerning the filing of the offer document with Consob (the “**Offer**”), in relation to the announcement of UBI Banca’s Board of Directors published on 3 July 2020 pursuant to Article 103, paragraphs 3 and 3-bis of the Consolidated Law on Finance (*TUF*) and Article 39 of the Issuers’ Regulation, Intesa Sanpaolo clarifies the following (reserving the right to additional clarification and reply):

- **the allocation of value and synergies deriving from the transaction in favour of the current UBI Banca shareholders is higher than the amount estimated by UBI Banca’s Board of Directors**, equal to 10% of the present value of the overall synergies net of the integration costs (that is, around €320 million, compared with a total of €3.2 billion, calculated taking into account that the current shareholders of UBI Banca would own a shareholding of around 10% of the combined Group’s capital). It must also be taken into account the value represented by the premium offered (equal to around €1.1 billion at the prices of 14 February 2020, that is the difference between the valuation of UBI Banca with the Offer’s premium at €4.9 billion, compared with the market capitalisation, at the same date, of €3.8 billion), which leads to **an amount pertaining to UBI Banca shareholders equal to more than 40% of the present value of the overall synergies net of the integration costs** (that is, more than €1.3 billion, consisting of the sum of the aforementioned premium of €1.1 billion and 10% of the remaining synergies, equal to €210 million, calculated as 10% of the difference between the total present value of €3.2 billion and the aforementioned amount of around €1.1 billion allotted to UBI Banca shareholders when the exchange ratio was set).
- the Updated Business Plan of UBI Banca, announced on 3 July 2020 and referred to in the announcement of UBI Banca’s Board of Directors, despite profitability has been revised downwards - and in contrast with UBI Banca’s track record - indicates an increase, compared with the previous disclosure, of the target in terms of **cumulated dividend distribution in the 2020-2022 three-year period** (excluding dividends for 2019). This becomes 60% higher than that originally quantified in the Plan and, in the Updated Business Plan, is estimated to be around **€840 million, of which €350 million deriving from extraordinary and non-recurring components following sales of equity stakes**.
- UBI Banca’s Board of Directors remarks that the merger will not assign any premium to minority shareholders not tendering their shares in the Offer. Intesa Sanpaolo points out that law and practice establish that the exchange ratio for a merger (and therefore the valuation of the merging entity and the merged entity, obviously without control premium) is set using criteria and methodologies that follow, above all, the principle of consistency and comparability of the elements under consideration – a principle which ensures that the exchange ratio is fair and adequate (as reported in paragraph G.2.4. of the Offer Document). Rather, **UBI Banca’s Board of Directors should have reminded its shareholders that, if they did not tender their shares in the Offer, they would hold shares characterised by a price not including the premium implicitly recognised as part of the Offer to those tendering their shares** (equal to around 28% on the basis of the prices on 14 February 2020).

- **the merger is one of the instruments to maximise the value creation of the transaction, but even without a merger the strategic objectives and the synergies are largely achievable** (without a merger taking place, around 87% of the synergies foreseen if the merger takes place would be achieved). **Intesa Sanpaolo, by acquiring at least 50% of the capital plus one share of UBI Banca (the threshold for a controlling interest authorised by the ECB) can exercise the majority of voting rights at the shareholders' meeting, be entitled to appoint a new Board of Directors** (with independent directors sitting on the Board as established by law and by UBI Banca's Articles of Association) and, also pursuant to Article 61 of Italian Consolidated Banking Act (*TUB*), **exercise management and coordination over UBI Banca in accordance with the principles of proper company and business management from the overall perspective of the Group**. The management and coordination may consist of directives concerning, for example, the scope of strategic, organisational and, more generally, management control.
- **in relation to the assessments of UBI Banca's Board of Directors as to the inadequacy of the Offer's exchange ratio, the approaches adopted for Intesa Sanpaolo and for UBI Banca are not comparable**. As regards UBI Banca, reference has been made to the Updated Business Plan, while, as regards Intesa Sanpaolo, reference has been made to research analysts' estimates published after the disclosure of the results as at 31 March 2020. By adopting this inconsistent approach, on one hand, **the estimates of UBI Banca's Board of Directors have been fully valued without any appraisal being made by the market and research analysts as to the feasibility of these estimates** (which, typically, takes account of both market conditions and the management's track record in achieving the targets set), while, on the other hand, research analysts' estimates regarding Intesa Sanpaolo have been used. It must be taken into account **that analysts' estimates^(*) of UBI Banca's net income foreseen for 2022 were by around 30% lower than the figure indicated in UBI Banca's previous Business Plan**. Furthermore, in contrast with what reported in chapter E of the Offer Document, **UBI Banca's Board of Directors: (i) has not considered, among the valuation methods, the use of stock prices**, despite Intesa Sanpaolo and UBI Banca are listed companies with liquidity levels which make it possible the price formation on the basis of a wide range of available information on growth prospects, risk profile and earnings generation **and (ii) has not shown in a clear manner the implicit premium assigned in the Offer on the market prices of UBI Banca shares** on the different time horizons usually taken as reference. Finally, UBI Banca's Board of Directors **has not compared this premium recognised with the amount paid on average in other similar market transactions** (Public Exchange Offers, Public Purchase and Exchange Offers and Public Purchase Offers).

(*) Source: Factset as at 14 February 2020.

Investor Relations
+39.02.87943180
investor.relations@intesasanpaolo.com

Media Relations
+39.02.87962326
stampa@intesasanpaolo.com

group.intesasanpaolo.com

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN (OR IN OTHER EXCLUDED COUNTRIES, AS DEFINED HEREAFTER).

The voluntary public exchange offer described in this Notice (the “**Offer**”) is promoted by Intesa Sanpaolo S.p.A. (the “**Offeror**”) over the totality of the ordinary shares of Unione di Banche Italiane S.p.A.

This notice does not constitute an offer to buy or sell Unione di Banche Italiane S.p.A.’s shares.

Before the beginning of the tender period for the Offer, as required by the applicable regulations, the Offeror will publish an Offer Document which Unione di Banche Italiane S.p.A.’s shareholders shall carefully examine.

The Offer is launched exclusively in Italy and is made on a non-discriminatory basis and on equal terms to all shareholders of Unione di Banche Italiane S.p.A. The Offer is promoted in Italy as Unione di Banche Italiane S.p.A.’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 has not been and will not be made in the United States, Canada, Japan, Australia and any other jurisdictions where making the Offer or tendering therein would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority. Such jurisdictions, including the United States, Canada, Japan and Australia are referred to as the “**Excluded Countries**”. The Offer has not been and will not be made by using national or international instruments of communication or commerce of the Excluded Countries (including, by way of illustration, the postal network, fax, telex, e-mail, telephone and internet), through any structure of any of the Excluded Countries’ financial intermediaries or in any other way. No actions have been taken or will be taken to make the Offer possible in any of the Excluded Countries.

Notwithstanding that the Offer has not been will not be made in the United States, the Offeror reserves the right to contact certain U.S. investors by way of a private placement memorandum delivered only to “qualified institutional buyers,” as defined in Rule 144A of the U.S. Securities Act of 1933, as subsequently amended (the “Securities Act”), and subject to other restrictions imposed by U.S. federal securities laws. The U.S. private placement memorandum will not be used in connection with the Offer in Italy or in any of the Excluded Countries.

This notice and any other document issued by the Offeror in relation to the Offer does not constitute an offer in Australia to any person to whom it would not be lawful to make such an offer and no action has been taken to register or qualify this notice and any other document issued by the Offeror in Australia.

The Offer has not been and will not be made to any person located or resident in any province or territory of Canada and tenders of shares of Unione di Banche Italiane S.p.A. will not be accepted from any such persons.

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 Excluded Countries unless such document explicitly authorizes such transmission or distribution. 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 Excluded 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 of an offer to buy or exchange, nor of a solicitation to offer to sell or exchange, any security in the Excluded Countries. Securities cannot be offered or sold in the United States unless they have been registered pursuant to the Securities Act or are exempt from registration. Securities offered in the context of the transaction described in this notice will not be registered pursuant to the Securities Act and the Offeror does not intend to carry out a public offer of such securities in the United States. No security can be offered or transferred in any Excluded 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 investment professionals 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 high net worth companies and by such other persons falling within the scope of Article 49(2) paragraphs from (a) to (d) of the Order, or (iii) persons to whom the Notice may otherwise be lawfully communicated (all these persons are jointly defined “**relevant persons**”). Securities described in this notice are made available only to relevant persons (and any solicitation, offer, agreement to subscribe, purchase or otherwise acquire such securities will be directed exclusively at such persons). Any person who is not a relevant person should not act or rely on this notice 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.

Fine Comunicato n.0033-184

Numero di Pagine: 5