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OFFER DOCUMENT

VOLUNTARY PUBLIC EXCHANGE OFFER

pursuant to articles 102 and 106, paragraph 4, of Legislative Decree 58 of 24 February 1998
as amended

on all the ordinary shares of

ISSUER



OFFEROR



Securities Subject of the Offer

a maximum of no. 1,144,285,146 ordinary shares of Unione di Banche Italiane S.p.A.

Consideration Offered

no. 1.7000 newly-issued ordinary shares of Intesa Sanpaolo S.p.A. listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. for each ordinary share of Unione di Banche Italiane S.p.A. tendered in acceptance of the Offer

Duration of the Acceptance Period for the Offer agreed with Borsa Italiana S.p.A.

from 8:30 a.m. (Italian time) on 6 July 2020 to 5:30 p.m. (Italian time) on 28 July 2020, inclusive (subject to extension)

Payment Date of the Consideration

3 August 2020, subject to extension

Financial Advisors of the Offeror



MEDIOBANCA

J.P.Morgan

Morgan Stanley



UBS



EQUITA

Intermediary Appointed to Coordinate the Acceptances



BANCA IMI

Global Information Agent

M O R R O W
S O D A L I

The approval of the Offer Document, which took place by means of CONSOB resolution no. 21422 of 25 June 2020, does not imply any judgement by CONSOB on the appropriateness of the acceptance and on the validity of the data and information contained in said document.

26 June 2020

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LIST OF MAIN DEFINITIONS

Below is a list of the main definitions used in this Offer Document. Where required by the context, terms defined in the singular also have the same meaning in the plural and vice versa.

BPER Agreement

The agreement signed by the Offeror and BPER on the Announcement Date, as subsequently supplemented by the parties, on 19 March 2020 and 15 June 2020, respectively, under which BPER agreed to purchase a business unit consisting of a group of branches and other relationships of the ISP Group as integrated upon completion of the Offer, if and insofar as the latter is carried out, all at the terms and conditions set forth therein and described in Section H, Paragraph H.1.1.1, of the Offer Document.

Unipol Agreement

The agreement signed by the Offeror and Unipol on the Announcement Date, under which Unipol agreed to purchase business units comprising certain assets and liabilities of the bancassurance vehicles held by UBI Banca, if and insofar as the Offer is carried out, and following the possible acquisition of control of Lombarda Vita S.p.A. and/or Aviva Vita S.p.A. by the Issuer, and subject, inter alia, to the completion of the sale of the Banking Business Unit to BPER in accordance with the BPER Agreement, all at the terms and conditions set forth therein and described in Section H, Paragraph H.1.1.2, of the Offer Document.

Acceptors

The holders of the UBI Shares entitled to accept the Offer, who have validly tendered the UBI Shares in acceptance of the Offer in accordance with the Offer Document.

AGCM

Autorità Garante della Concorrenza e del Mercato (Italian Antitrust Authority), based in Piazza G. Verdi no. 6/a, Rome.

Share Capital Increase for the Offer

The increase of ISP's share capital to service the Offer, against payment and to be carried out on one or more tranches, without option right pursuant to article 2441, paragraph 4, first line of the Italian Civil Code, for a maximum nominal amount of 1,011,548,072.60 euro approved by the Board of Directors of the Offeror on 16 June 2020 – in exercise of the delegated powers assigned to the Board by the extraordinary shareholders' meeting of the Offeror of 27 April 2020 pursuant to article 2443 of the Italian Civil Code – to be carried out by issuing a maximum of 1,945,284,755 ISP Shares, to be paid for by the contribution in kind of the UBI Shares

tendered in acceptance of the Offer.

ISP Shares

The maximum number of 1,945,284,755 newly-issued ordinary shares of ISP resulting from the Share Capital Increase for the Offer, with no nominal value, regular dividend entitlement and the same characteristics as the ordinary shares of ISP already outstanding at the issue date, which will be listed on the MTA market, offered in exchange to the Acceptors on the basis of the Exchange Ratio.

Own shares

The Issuer's own shares, amounting, as at the Date of the Offer Document, to 9,251,800 representing 0.8085% (rounded down to the fourth decimal place) of the Issuer's share capital as at the Date of the Offer Document.

UBI Shares

Each of the maximum 1,144,285,146 ordinary shares of UBI Banca subject of the Offer (including the Own Shares), without nominal value, listed on the MTA market and representing the entire share capital of the Issuer as at the Date of the Offer Document.

Bank of Italy

The Bank of Italy, based in Via Nazionale no. 91, Rome.

European Central Bank or ECB

The European Central Bank, based in Sonnemannstrasse no. 20, Frankfurt (Germany).

Borsa Italiana

Borsa Italiana S.p.A., based in Piazza degli Affari no. 6, Milan.

BPER

BPER Banca S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, with registered office in Via San Carlo no. 8/20, Modena, registration number in the Modena Company Register and Tax Code 01153230360, National Register of Banks no. 4932, ABI (Italian Banking Association) no. 5387.6, and National Register of Banking Groups no. 5387.6, Parent Company of the "BPER Banca S.p.A. Banking Group", a member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund.

Italian Civil Code

Royal Decree no. 262 of 16 March 1942, as amended.

Corporate Governance Code

The Corporate Governance Code for listed companies drawn up by the Corporate Governance Committee of Borsa Italiana, in the version in force as at the Date of the Offer Document.

Common Equity Tier 1 Capital

In compliance with article 26 of Regulation (EU) 575/2013, the items of Common Equity Tier 1 Capital

of an institution are as follows: (a) capital instruments, provided the conditions set forth in article 28 of Regulation (EU) 575/2013 or, where applicable, article 29 are met; (b) share premium accounts related to the instruments referred to in point (a); (c) retained earnings; (d) accumulated other comprehensive income; (e) other reserves; and (f) funds for general banking risk.

The items referred to in points (c) to (f) shall be recognised as Common Equity Tier 1 only where they are available to the institution for unrestricted and immediate use to cover risks or losses as soon as these occur. In general, as specified by article 50 of Regulation (EU) 575/2013, the Common Equity Tier 1 Capital of an institution shall consist of Common Equity Tier 1 items after the application of the adjustments required by articles 32 to 35 of the Regulation (EU) 575/2013, the deductions pursuant to article 36 of Regulation (EU) 575/2013 and the exemptions and alternatives set forth in articles 48, 49 and 79 of the Regulation (EU) 575/2013.

CET 1 Ratio or Common Equity Tier 1 ratio

Solvency ratio expressed by the ratio of Common Equity Tier 1 Capital to risk-weighted assets (RWA) calculated in application of Regulation (EU) 575/2013, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 and Bank of Italy Circular no. 285 of 17 December 2013, as amended.

Issuer's Announcement

The announcement that the Board of Directors of the Issuer is required to publish, in accordance with the provisions of article 103, paragraph 3, of the Consolidated Law on Finance and article 39 of the Issuers' Regulation, containing all the information necessary for the evaluation and its assessment of the Offer.

Notification of the Final Results of the Offer

The notification relating to the final results of the Offer, which will be published, in accordance with article 41, paragraph 6, of the Issuers' Regulation, by the Offeror before the Payment Date.

Offeror's Announcement

The announcement by the Offeror required by article 102, paragraph 1, of the Consolidated Law on Finance and article 37, paragraph 1, of the Issuers' Regulation, published on the Announcement Date and attached to the Offer Document as Appendix M.1.

Conditions Precedent of the Offer

The conditions described in Section A, Paragraph A.1, of the Offer Document, the fulfilment of which (or

the waiver by the Offeror of all or some of which, where provided for) is conditional on the successful completion of the Offer.

Financial Advisors

Collectively: (i) Mediobanca - Banca di Credito Finanziario S.p.A., with registered office in Piazzetta Enrico Cuccia no. 1, Milan; (ii) J.P. Morgan Securities plc, with registered office in 25 Bank Street, Canary Wharf, London, E14 5JP; (iii) Morgan Stanley & Co. International plc, with registered office in 25 Cabot Square, Canary Wharf, London, E14 4QA; (iv) UBS Investment Bank, with registered office in 5 Broadgate, London, EC2M 2QS; and (v) Equita SIM S.p.A., with registered office in Via Turati no. 9, 20121, Milan, as financial advisors of the Offeror in relation to the Offer.

CONSOB

Commissione Nazionale per le Società e la Borsa (Italian stock exchange authority), based in Via G.B. Martini no. 3, Rome.

Consideration

The consideration paid by the Offeror to the Acceptors for each UBI Share tendered in acceptance of the Offer, equal to the Exchange Ratio.

Full Cash Consideration

The cash consideration pursuant to article 50-ter of the Issuers' Regulation, which will be offered by the Offeror, as an alternative to the Consideration, in the event that, in the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or the Joint Procedure, one or more shareholders of UBI Banca requests full payment in cash, in accordance with article 108, paragraph 5, of the Consolidated Law on Finance, which will be determined: (i) by valuing the ISP Shares on the basis of the weighted average of the official prices recorded during the five Trading Days prior to the Payment Date of the Consideration, in the event that, in the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance or the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, the purchase price of UBI Shares is equal to the Consideration pursuant to article 108, paragraph 3, of the Consolidated Law on Finance and article 50-ter of the Issuers' Regulation; or (ii) as an amount equal to the valuation in monetary terms carried out by CONSOB, in the event that, in the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance or the Compulsory

	<p>Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, the purchase price of the UBI Shares is determined by CONSOB in accordance with article 108, paragraph 4, of the Consolidated Law on Finance and articles 50 and 50-bis of the Issuers' Regulation.</p>
Date of the Offer Document	<p>The date of publication of the Offer Document, namely 26 June 2020.</p>
Announcement Date	<p>17 February 2020, the date on which the Offeror's Announcement was published.</p>
Payment Date	<p>The date on which the payment of the Consideration will be made to the Acceptors for each UBI Share tendered in acceptance of the Offer and on which the transfer of those UBI Shares to the Offeror will take place, corresponding to the fourth Trading Day following the last day of the Acceptance Period and, therefore, on 3 August 2020 (unless extended in accordance with the applicable regulations), subject to the provisions regarding any Fractional Parts and the related payment of the Cash Amount of the Fractional Part (as defined in Section F, Paragraph F.6, of the Offer Document).</p>
Delisting	<p>The delisting of the ordinary shares of UBI Banca from the Mercato Telematico Azionario.</p>
The Right of Squeeze-Out	<p>The Offeror's right to buy the remaining UBI Shares, pursuant to article 111, paragraph 1, of the Consolidated Law on Finance, if the Offeror comes to hold a total amount of more than 95% of the Issuer's share capital, as a result of the acceptances of the Offer and/or any purchases made outside of the Offer in accordance with the applicable regulations (including those made through the Private Placement) during the Acceptance Period, as well as during, and/or as a result of, the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance.</p>
Offer Document	<p>This offer document.</p>
Registration Document	<p>The registration document relating to ISP, approved by CONSOB by means of note of 25 June 2020, Protocol No. 0609568/20.</p>
Issuer or UBI Banca	<p>Unione di Banche Italiane S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, with registered office in Piazza Vittorio Veneto no. 8, Bergamo, registration number in the Bergamo Company Register and Tax Code 03053920165, National Register of Banks no. 5678, -</p>

	ABI (Italian Banking Association) no. 3111.2 and National Register of Banking Groups no. 3111.2, Parent Company of the “Unione di Banche Italiane Banking Group”, a member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund.
Trading Day	Each day of opening of the MTA market according to the trading calendar established annually by Borsa Italiana.
Global Information Agent	Morrow Sodali S.p.A., with registered office in Via XXIV Maggio no. 43, Rome, as the entity appointed to provide information regarding the Offer to all the shareholders of UBI Banca.
ISP Group	The “Intesa Sanpaolo Banking Group”, entered in the National Register of Banking Groups under no. 3069.2, which the Offeror is a part of.
UBI Group	The “Unione di Banche Italiane Banking Group”, entered in the National Register of Banking Groups under no. 3111.2, which the Issuer is part of.
ISP Commitments	The commitments of a structural nature involving the disposal of 17 bank branches of UBI Banca that the Offeror has agreed to make in the event that, also following the sale of the Banking Business Unit to BPER, in the opinion of AGCM, there may still be any antitrust issues in certain local areas (where there are no branches being sold to BPER).
Depository Intermediaries	Authorised intermediaries that are members of the central depository system at Monte Titoli (such as banks, stockbrokers, investment companies, stockbrokers) with which the UBI Shares are deposited from time to time.
Appointed Intermediaries	The intermediaries appointed to collect the acceptances of the Offer, detailed in Section B, Paragraph B.3, of the Offer Document.
Intermediary Appointed to Coordinate the Acceptances	Banca IMI S.p.A., an ISP Group company, wholly-owned by the Offeror, with registered office in Largo Mattioli no. 3, Milan, tax code and registration number in the Milan, Monza-Brianza, Lodi Company Register 04377700150, enrolled in the National Register of Banks under no. 5570-ABI (Italian Banking Association) 32490, as an intermediary appointed to coordinate the collection of acceptances to the Offer. In this regard, it is noted that, by resolution of the Board of Directors of 5 May 2020, the Offeror approved the merger by incorporation of Banca IMI S.p.A. into the Offeror, in accordance with

article 2505, paragraph 2, of the Italian Civil Code, as permitted by article 18.2.2. letter m) of the Offeror's articles of Association. On 6 May 2020, the merger by incorporation was also approved by the extraordinary shareholders' meeting of Banca IMI S.p.A.. The completion of the merger by incorporation, with the consequent assumption by the Offeror of the role of Intermediary Appointed to Coordinate the Acceptances, is expected by 20 July 2020.

Stock Exchange Instructions

The instructions to the Stock Exchange Regulations, in force as at the Date of the Offer Document.

MAR

Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), as amended, in force as at the Date of the Offer Document.

Mercato Telematico Azionario or MTA market

The Mercato Telematico Azionario (electronic stock exchange) organised and managed by Borsa Italiana.

Summary

The summary relating to ISP, approved by CONSOB by means of note of 25 June 2020, Protocol no. 0609570/20.

Securities Note

The securities note relating to ISP, approved by CONSOB by means of note of 25 June 2020, Protocol no. 0609570/20.

Compulsory Squeeze-Out pursuant to article 108 paragraph 1 of the Consolidated Law on Finance

The Offeror's obligation to buy the remaining UBI Shares from those who request it, pursuant to article 108, paragraph 1, of the Consolidated Law on Finance, if the Offeror comes to hold a total amount of more than 95% of the Issuer's share capital, as a result of the acceptances of the Offer and/or any purchases made outside of the Offer in accordance with the applicable regulations (including those made through the Private Placement) during the Acceptance Period, and during, and/or as result of, the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance.

Compulsory Squeeze-Out pursuant to article 108 paragraph 2 of the Consolidated Law on Finance

The Offeror's obligation to buy the remaining UBI Shares from those who request it, pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, if the Offeror comes to hold a total amount of more than 90% of the Issuer's share capital, but less than 95% of its share capital, as a result of the acceptances of the Offer and/or any purchases made outside of the Offer in accordance with the applicable

regulations (including those made through the Private Placement) during the Acceptance Period.

Offeror or ISP

Intesa Sanpaolo S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, with registered office in Piazza San Carlo no. 156, Turin, registration number in the Turin Company Register and Tax Code 00799960158, National Register of Banks no. 5361 – Italian Banking Association no. 3069.2, and National Register of Banking Groups no. 3069.2, Parent Company of the ISP Group, a member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund.

Offer

The voluntary public exchange offer on all the UBI Shares, made by the Offeror, in accordance with articles 102 and 106, paragraph 4, of the Consolidated Law on Finance, and the applicable implementing provisions contained in the Issuers' Regulation, as described in the Offer Document.

Excluded Countries

The United States (subject to the provisions of Section F, Paragraph F.4.2, of the Offer Document), Japan, Canada, Australia and any other jurisdictions where making the Offer or tendering therein would not comply with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority.

Fractional Part

The fractional part of the non-whole numbers resulting from the application of the Exchange Ratio to the UBI Shares tendered in acceptance of the Offer by the individual Acceptors.

Acceptance Period

The period of acceptance of the Offer, agreed with Borsa Italiana, corresponding to 17 Trading Days, which will start at 8:30 a.m. (Italian time) on 6 July 2020 and will end at 5:30 p.m. (Italian time) on 28 July 2020, inclusive, subject to extension in accordance with the applicable regulations.

Private Placement

The exchange offer of UBI Shares at the same Consideration for the Offer reserved to "qualified institutional buyers", as defined in Rule 144A of the U.S. Securities Act, which the Offeror reserves the right to make in the United States through a "private placement memorandum".

Joint Procedure

The joint procedure for (i) the fulfilment of the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance and (ii) the exercise of the Right of Squeeze-Out,

	agreed with CONSOB and Borsa Italiana in accordance with article 50-quinquies, paragraph 1, of the Issuers' Regulation.
Prospectus	Together, the Registration Document, the Securities Note and the Summary.
ECB Recommendation 2020/19	The European Central Bank Recommendation of 27 March 2020 (ECB/2020/19), entitled " <i>Recommendation on dividend distributions during the COVID-19 pandemic repealing Recommendation ECB/2020/1 (ECB/2020/19)</i> ", addressed to significant banks and banking groups, regarding dividend distribution policies in the situation resulting from the COVID-19 pandemic.
Exchange Ratio	The ratio of 1.7000 ISP Shares for each UBI Share, as described in Section E, Paragraph E.1, of the Offer Document.
Stock Exchange Rules	The rules governing the markets organised and managed by Borsa Italiana in force as at the Date of the Offer Document.
Issuers' Regulation	The regulation implementing the Consolidated Law on Finance and governing issuers, adopted by CONSOB by means of resolution no. 11971 of 14 May 1999, as amended, in force as at the Date of the Offer Document.
Regulation on Related Parties	The regulation governing related-party transactions adopted by CONSOB by means of resolution no. 17221 of 12 March 2010, as amended, in force as at the Date of the Offer Document.
Regulation (EU) 575/2013	Regulation (EU) 575/2013 of the European Parliament and Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended, in force as at the Date of the Offer Document.
RWAs	Risk-weighted assets (including for credit risks, operational risks and other risks) in accordance with banking regulations issued by supervisory authorities for the calculation of solvency ratios.
Acceptance Form	The acceptance form that the Acceptors must sign and deliver to an Appointed Intermediary, duly completed in all its parts, accompanied by the deposit of the UBI Shares with said Appointed Intermediary.
Consolidated Law on Banking	Legislative Decree no. 385 of 1 September 1993 – Consolidated Law on Banking, as amended, in force as at the Date of the Offer Document.

Consolidated Law on Finance

Legislative Decree no. 58 of 24 February 1998, as amended, in force as at the Date of the Offer Document.

Unipol

UnipolSai Assicurazioni S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, with registered office in Via Stalingrado no. 45, Bologna and registration number in the Bologna Company Register and Tax Code 00818570012.

U.S. Securities Act

The United States Securities Act of 1933, as amended.

Per Share Monetary Value of the ISP Shares prior to the Date of the Offer Document

The cash value of 1.669 euro assigned (solely for illustrative purposes in the Offer Document) to each ISP Share and corresponding to the official price of the ISP ordinary shares on the last Trading Day prior to the Date of the Offer Document. **Please note that the official stock exchange prices of the ISP Shares may vary (also during the Acceptance Period and up to the Payment Date) from the price of the ISP ordinary shares used to determine the Per Share Monetary Value of the ISP Shares prior to the Date of the Offer Document.**

Per Share Monetary Value of the Consideration prior to the Date of the Offer Document

The Per Share Monetary Value of the ISP Shares prior to the Date of the Offer Document multiplied by 1.7000 (corresponding to the Exchange Ratio) – i.e. 2.837 for each UBI Share. **Please note that the official stock exchange prices of the ISP Shares may vary (also during the Acceptance Period and up to the Payment Date) from the price of the ISP ordinary shares used to determine the Per Share Monetary Value of the ISP Shares Prior to the Date of the Offer Document and, therefore, the Per Share Monetary Value of the Consideration prior to the Date of the Offer Document.**

Per Share Monetary Value of the Consideration Prior to the Announcement Date

The cash value of 4.254 euro assigned (solely for illustrative purposes in the Offer Document) to the Consideration due for each UBI Share, equal to the official price of the ISP ordinary shares on the last Trading Day prior to the Announcement Date, i.e. 2.502 euro multiplied by 1.7000 (corresponding to the Exchange Ratio). **Please note that the official stock exchange prices of the ISP Shares may vary (also during the Acceptance Period and up to the Payment Date) from the price of the ISP ordinary shares used to determine the Per Share Monetary Value of the Consideration Prior to the Announcement Date.**

INTRODUCTION

The following Introduction briefly describes the transaction subject of this offer document (the “**Offer Document**”).

Pursuant to Part One, Chapter I, Paragraph 2 of Annex 2A to the Issuers’ Regulation, this Offer Document incorporates the Registration Document, the Securities Note and the Summary (together, the “**Prospectus**”) by reference, including the risk factors specific to the Offeror and the ISP Shares described therein. The Offer Document must be read together with (and in addition to) the Prospectus and it should be noted that some information relating to the Offeror referred to in Paragraph B.1, Section B, of the Offer Document is omitted from the latter but is contained in the Prospectus.

In order to fully assess the terms and conditions of the transaction, it is recommended that you carefully read Section A “Notices”, as well as the entire Offer Document.

The data and information relating to the Issuer (and the UBI Group) contained in this Offer Document are based exclusively on data and information available to the public as at the Date of the Offer Document (including those available on UBI Banca’s website, www.ubibanca.com).

1. Subject of the Offer

The transaction described in the Offer Document consists of a full voluntary public exchange offer (the “**Offer**”), made by Intesa Sanpaolo S.p.A. (the “**Offeror**” or “**ISP**”) – pursuant to and for the purposes of articles 102 and 106, paragraph 4, of Legislative Decree no. 58 dated 24 February 1998, as amended (the “**Consolidated Law on Finance**”), as well as the applicable implementing provisions contained in the regulation, regarding the rules for issuers, adopted by CONSOB by means of resolution no. 11971 of 14 May 1999, as amended (the “**Issuers’ Regulation**”) – on all of the ordinary shares of Unione di Banche Italiane S.p.A. (“**UBI Banca**” or the “**Issuer**”), listed on the Mercato Telematico Azionario (the “**Mercato Telematico Azionario**” or “**MTA market**”) organised and managed by Borsa Italiana S.p.A., and namely a maximum of no. 1,144,285,146 ordinary shares of UBI Banca (the “**UBI Shares**”), i.e. all the ordinary shares issued by UBI Banca as at the Date of the Offer Document (including the no. 9,251,800 own shares held by the Issuer as at the Date of the Offer Document), corresponding to around 0.8085%, rounded down to the fourth decimal place (the “**Own Shares**”).

Please note that the UBI Shares cannot be tendered in acceptance of the Offer if they are held, directly or indirectly (including through trust companies or third parties), by the Offeror and, therefore, such shares will not be considered as subject of the Offer. As at the Date of the Offer Document said shares, amounting to 288,204 ordinary shares of UBI Banca, are equal to 0.0252% of the share capital of the Issuer. For more details about the UBI Shares subject of the Offer, see Section C, Paragraph C.1, of the Offer Document.

The objective of the Offer, in light of the reasons for the Offer and of the future plans relating to the Issuer, as further specified in Section G, Paragraph G.2, of the Offer Document, is to acquire the entire share capital of the Issuer and to merge the Issuer into the Offeror (the “**Merger**”), fostering the objectives of integration, creation of synergies and growth of the ISP Group. Please note that the Merger may be carried out, upon completion of the Offer, both in the case of Delisting of the shares or where such Delisting does not occur. For more information, see Section A, Paragraphs A.7A.7 and A.9, and Section G, Paragraph G.2, of the Offer Document.

The Offer was announced by means of the two press releases published by the Offeror on 17 February 2020 (the “**Announcement Date**”), respectively, in accordance with article 102, paragraph 1, of the Consolidated Law on Finance and article 37, paragraph 1, of the Issuers’ Regulation and article 17 of Regulation (EU) no. 596/2014 (the “**MAR**”). In particular, these announcements, among other

things, announced the Offeror's decision to make the Offer by virtue of a resolution passed by the Offeror's Board of Directors on 17 February 2020, which also approved the calling of an extraordinary shareholders' meeting of ISP on 27 April 2020, in single call, to resolve on the proposal to delegate the approval of the Share Capital Increase for the Offer (as described below) to the management body of ISP, in accordance with article 2443 of the Italian Civil Code. In addition, on 18 February 2020 ISP published a presentation to the market relating to the Offer, available on the Offeror's website (group.intesasanpaolo.com; Investor Relations section).

On 23 April 2020, at the request of CONSOB, ISP published a *"Report of the Board of Directors Extraordinary Part - Item 1 on the Agenda"* (to which reference should be made for more details) in which, among other things, the Offeror provided its own assessment, based on the available information, of the impact of the COVID-19 pandemic on the conditions precedent of the Offer and the earnings prospects of the ISP Group.

Subsequently, in the press release of 5 May 2020 regarding the results of the ISP Group as at 31 March 2020 (and, then, in the interim statement as at 31 March 2020 and published on 12 May 2020), ISP noted that *"in the aftermath of the COVID-19 epidemic, the strategic rationale underlying the voluntary public exchange offer for all the ordinary shares of UBI Banca takes on even stronger significance, specifically when considering synergies, above all in terms of costs, increased NPL coverage and reduction of unlikely-to-pay loans and bad loans – all key elements in respect of which the announcement made to the market on 17 February 2020 is confirmed"*.

Lastly, in its press release of 5 June 2020, the Offeror announced that it had obtained the prior authorisation from the European Central Bank for the direct acquisition of a controlling interest – equal to at least 50% of the share capital plus one share – in UBI Banca, as well as for the indirect acquisition of a controlling interest in IW Bank S.p.A., pursuant to articles 22 and 23 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 and articles 19 and 22 of the Consolidated Law on Banking. With regard to the COVID-19 pandemic and its material effects for the MAC/MAE Condition, on the other hand, in the same press release of 5 June 2020, the Offeror stated that: *"following the authorisation received from the European Central Bank, Intesa Sanpaolo believes, although it does not currently have information on possible adverse effects of the COVID-19 pandemic on UBI Banca, that reasonably the pandemic should not bear such effects as to negatively affect the activity of UBI Banca and/or the financial, capital, economic and income situation of UBI Banca and/or the companies of the UBI Group (in addition to not bearing similar effects for both the Offer and Intesa Sanpaolo); consequently, Intesa Sanpaolo will not include the COVID-19 pandemic and its effects as indicated at point (v) of paragraph 1.5 of the announcement published by the Bank on 17 February 2020 pursuant to article 102, paragraph 1, Consolidated Law on Finance, and article 37 of the Issuers' Regulation among the conditions for enforceability of the Offer"*. For more information, see Section A, Paragraphs A.1 and A.10, and Section C, Paragraph C.2, of the Offer Document.

2. Legal conditions and characteristics of the Offer

The Offer is being made in Italy in accordance with articles 102 and 106, paragraph 4, of the Consolidated Law on Finance.

On the Announcement Date, the Offeror's Board of Directors took the decision to make the Offer and the Offer was announced to CONSOB and the market by means of the announcement published in accordance with article 102, paragraph 1, of the Consolidated Law on Finance and article 37, paragraph 1, of the Issuers' Regulation (the **"Offeror's Announcement"**). In addition, on the same date, the Offeror: (i) pursuant to and for the purposes of article 102, paragraph 2, of the Consolidated Law on Finance, informed the employees' representatives of the publication of the Offeror's

Announcement, and (ii) pursuant to article 16, paragraph 5, of Law no. 287 of 10 October 1990, as amended ("**Law No. 287/1990**"), notified AGCM of the Offer, as it was a transaction giving rise to a concentration subject to the disclosure obligation under article 16, paragraph 1, of Law No. 287/1990.

On 6 March 2020, the Offeror filed the Offer Document with CONSOB in accordance with article 102, paragraph 3, of the Consolidated Law on Finance and announced it to the market by means of a press release.

The Offer is subject to the Conditions Precedent described in Section A, Paragraph A.1, of the Offer Document and is addressed to all shareholders of the Issuer, without distinction and on equal terms, subject to the provisions of Section F, Paragraph F.4, of the Offer Document.

As consideration for the Offer, the Offeror will pay to each Acceptor a consideration consisting of 1.7000 newly-issued ordinary shares of ISP, with no nominal value, regular dividend entitlement and the same characteristics as the ordinary ISP shares already outstanding on the issue date, which will be listed on the Mercato Telematico Azionario (the "**ISP Shares**"), for each UBI Share tendered in acceptance of the Offer (the "**Consideration**"): therefore, for each 10 (ten) UBI Shares tendered in acceptance of the Offer, 17 (seventeen) ISP Shares will be paid. Acceptance of the Offer may take place, as further specified in Section F of the Offer Document, even if less than 10 (ten) UBI Shares or a number of UBI Shares other than a whole multiple of 10 (ten) are tendered to the Offer.

The ISP Shares issued to service the Offer come from the Share Capital Increase for the Offer approved by the Offeror's Board of Directors on 16 June 2020, in exercise of the power granted by the extraordinary shareholders' meeting of ISP on 27 April 2020, in accordance with article 2443 of the Italian Civil Code (for further details on the resolutions passed by the extraordinary shareholders' meeting of ISP on 27 April 2020, see the press release issued by the Offeror to the market on the same date and available on ISP's website (group.intesasanpaolo.com; Investor Relations section).

In the event of full acceptance of the Offer, i.e. if all the 1,144,285,146 UBI Shares subject to the Offer are tendered in acceptance (or in any event transferred to ISP in implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or the Joint Procedure, where the conditions are met), the Acceptors will be allotted, based on the Consideration, a total of no. 1,945,284,755 ISP Shares deriving from the Share Capital Increase for the Offer, corresponding – as at the Date of the Offer Document – to approximately 10% of the Offeror's shares, calculated assuming full subscription and settlement of the Share Capital Increase for the Offer (i.e. fully diluted).

The Share Capital Increase for the Offer is subject to the provisions of articles 2440 and 2343-ter and following of the Italian Civil Code, with regard to share capital increases performed through contribution in kind.

Specifically, the Offeror resolved, pursuant to article 2440, paragraph 2, of the Italian Civil Code, to avail itself of the provisions of articles 2343-ter and 2343-quater of the Italian Civil Code for the estimate of the UBI Shares to be transferred. These provisions do not require a sworn valuation of the assets transferred by an expert appointed by the Court whose district is located where the transferring company has its registered office (i.e., the Court of Turin), if the value assigned to the assets transferred, for the purpose of determining the share capital and the share premium (if any), is equal to or lower than the value resulting from a valuation referring to a date no more than six months prior to the transfer, which has been made in compliance with the generally recognised principles and criteria for the valuation of the assets to be transferred, and provided that this valuation was performed by an expert that is independent from the transferring party, the transferring company and the shareholders that individually or jointly exercise control over the transferring party or the company, and that possesses adequate and proven professional expertise (for more details, see article 2343-ter, paragraph 2, letter b), of the Italian Civil Code).

The Offeror therefore appointed PricewaterhouseCoopers Advisory S.p.A., as an independent expert pursuant to article 2343-ter, paragraph 2, letter b), of the Italian Civil Code, to prepare the valuation of the UBI Shares to be contributed in kind. On 13 March 2020, PricewaterhouseCoopers Advisory S.p.A. issued its valuation report on the UBI Shares, referring to 17 February 2020 and subsequently confirmed with an addendum dated 31 March 2020, concluding that, on the above-mentioned reference date, the per share value attributable to the UBI Shares was not less than 3.577 euro cum dividend and including the control premium. Subsequently, on 15 June 2020, PricewaterhouseCoopers Advisory S.p.A., at the request of the Offeror's Board of Directors, issued a further updated valuation report, which was prepared taking into account the data and information available as at 31 March 2020, which therefore constitutes the new reference date (the "**PwC Report**"). In the PwC Report, PricewaterhouseCoopers Advisory S.p.A. concluded that as at 31 March 2020 the fair value per share of UBI Banca was within the range of 3.577 euro to 4.406 euro (cum dividend and including the control premium). The independent expert therefore again confirmed that the fair value of each UBI Share that may be contributed under the Share Capital Increase for the Offer, is not below 3.577 euro, cum dividend and including the control premium, the lower limit of the range identified. In accordance with the law, the value assigned, for the purposes of determining the share capital and the share premium, to the UBI shares tendered in acceptance must be equal to or lower than the value indicated in the aforementioned report from the independent expert.

In addition, on 25 March 2020, KPMG S.p.A., the company appointed to perform the independent audit of the Offeror's accounts, submitted a voluntary report (*ISAE 3000 Revised*) to the extraordinary shareholders' meeting of ISP of 27 April 2020 on the criteria used by ISP's Board of Directors to determine the Exchange Ratio for the Offer (for more details about these methods, see Section E, Paragraph E.1 of the Offer Document). In that report, KPMG S.p.A. concluded, based on the documentation examined and the analysis performed, that the valuation methods adopted by ISP's Board of Directors were adequate because they were reasonable and not arbitrary and had been properly applied for the purposes of determining the Exchange Ratio.

Finally, on 16 June 2020, KPMG S.p.A. issued its report on the adequacy of the price of the newly issued ISP Shares servicing the Offer ("*parere sulla congruità del prezzo di emissione*"), as determined by the Offeror's Board of Directors, in accordance with the combined provisions of articles 2441, paragraph 4, first period and paragraph 6, of the Italian Civil Code and 158, paragraph 1, of the Consolidated Law on Finance.

Article 2443, paragraph 4, of the Italian Civil Code establishes that, if the transferee company has opted to value the assets transferred in accordance with the rules set forth in articles 2343-ter and 2343-quater of the Italian Civil Code, one or more shareholders that represent and that at the time of the board resolution approving the share capital increase represented at least one twentieth of the share capital prior to the increase, may request, within 30 (thirty) days from the registration in the company register of the board resolution approving the share capital increase (*i.e.*, by 20 July 2020), that a new valuation of the transferred assets be carried out, upon instruction by the directors and in accordance with article 2343 of the Italian Civil Code, by means of a sworn valuation by an expert appointed by the competent Court (*i.e.*, the Court of Turin).

Furthermore, the above-mentioned provisions of articles 2343-ter and 2343-quater of the Italian Civil Code, applied together with the provisions of the Italian Civil Code governing the share capital increase delegated by the Shareholders' Meeting to the Board of Directors (see in particular article 2443, paragraph 4, first period, of the Italian Civil Code), establish that the Offeror's Board of Directors, pursuant to the combined provisions of articles 2343-quater and 2440 of the Italian Civil Code, is required to issue a statement – within 30 days from the execution of the transfer or, if later, from the date of registration in the Turin Company Register of the board resolution approving the Share Capital Increase for the Offer – containing the information set out in letters a), b), c) and e) of

article 2343-quater, paragraph 3, of the Italian Civil Code, *i.e.*:

- a) a description of the assets subject of the transfer (in this case, the UBI Shares) for which the report referred to in article 2343, paragraph 1, of the Italian Civil Code has not been prepared;
- b) the value assigned to those assets, the source of that valuation and, where applicable, the method of valuation;
- c) a declaration that this value is at least equal to that assigned to those assets for the purposes of determining the share capital and any share premium; and
- e) the declaration that the expert meets the requirements of professional capability and independence laid down in article 2343-ter, paragraph 2, letter b) of the Italian Civil Code.

With regard to the statement containing the information set out in the above-mentioned letters a), b), c) and e) of article 2343-quater, paragraph 3, of the Italian Civil Code, this statement was issued by the Offeror's Board of Directors on 16 June 2020 and is contained in the Board resolution approving the Share Capital Increase for the Offer registered with the Turin Company Register on 19 June 2020.

With regard to letter d) of article 2343-quater, paragraph 3, of the Italian Civil Code, on the other hand, article 2443, paragraph 4, last sentence, of the Italian Civil Code establishes that "*the statement that no exceptional or significant circumstances affecting the valuation referred to in letter b) have arisen*" shall be filed by the directors of the transferee in the company register only after the expiry of the term of 30 (thirty) days, described above, granted to the qualified minority shareholders of the transferee company to request a new valuation in accordance with article 2343 of the Italian Civil Code (*i.e.*, by 20 July 2020).

In addition, in consideration of the provisions of article 2343-quater, paragraph 4, of the Italian Civil Code, until the statement of ISP's directors with the content set out in letter d) of that article has been filed in the Turin Company Register, the ISP Shares issued in execution of the Share Capital Increase for the Offer, which will be allotted to the Acceptors as Consideration for the Offer, will be unavailable (and therefore cannot be sold) and must remain deposited with the Offeror.

In this regard, the meeting of the Offeror's Board of Directors called to perform these checks and to issue the statement from ISP's directors pursuant to article 2343-quater, paragraph 3, letter d) of the Italian Civil Code, is expected to take place by the Payment Date of the Consideration and, in any case, in time for the fulfilment of the obligations related to that payment. It is also envisaged that this statement from ISP's directors will be filed in the relevant Company Register in due time within the Payment Date to enable the unrestricted availability for the Acceptors of the ISP Shares that will be allotted to them as Consideration for the Offer on the Payment Date.

If, prior to the Payment Date of the Consideration, the Offeror's Board of Directors determines that exceptional circumstances or significant new circumstances have arisen that materially alter the value of the assets transferred (*i.e.*, the value assigned to the UBI Shares for the purposes of the Share Capital Increase for the Offer) and prevent the issuance of the above-mentioned statement pursuant to letter d), the Offeror's Board of Directors must perform a new valuation of the contribution in kind (*i.e.*, the UBI Shares) in accordance with article 2343 of the Italian Civil Code and therefore initiate the ordinary procedure for the valuation of the contribution in kind in accordance with article 2343 of the Italian Civil Code, requesting the competent Court (*i.e.*, the Court of Turin) to appoint an expert that will prepare a sworn valuation of the assets transferred, in compliance with the applicable regulations. In addition, also pursuant to article 2343 of the Italian Civil Code, if the Board of Directors' review of the sworn report reveals that the value of the assets transferred was more than 1/5 lower than the value at which the transfer was made, ISP shall apply the relevant provisions of article 2343 of the Italian Civil Code.

Bearing in mind the above, as at the Date of the Offer Document, the Offeror's Board of Directors has

not identified any exceptional or significant new circumstances that necessitate a further update of the PwC Report prepared in accordance with article 2343-ter, paragraph 2, letter b), of the Italian Civil Code or, in any event, that entail the need, as at the Date of the Offer Document, to initiate the ordinary procedure for the valuation of the contributions in kind, which, as described above, requires a sworn valuation by an expert appointed by the competent Court in accordance with article 2343 of the Italian Civil Code.

For more information regarding the Share Capital Increase for the Offer, see Section A, Paragraph A.5, of the Offer Document.

3. Reasons for the Offer and summary of future plans

The Offeror has decided to launch the Offer in order to further consolidate, through the contribution of the Issuer's customers and network, its position in the Italian banking sector.

The Offer represents a market transaction directly addressed to all the shareholders of the Issuer, and aimed at enabling the integration of the Issuer into the Offeror that will enable the full exploitation of the potentialities of the two groups through the creation of an entity capable of:

- strengthening the position of the stakeholders of the two groups on the European banking scene;
- creating value for the shareholders through the distribution of dividend flows that are sustainable over time also by means of the synergies deriving from the combination; regarding the estimate of these synergies, the Offeror envisages that, in the event of the Merger, the proposed integration of the UBI Group into the ISP Group can generate synergies (i) for the year 2023, of 662 million euro before tax, and (ii) when fully implemented, from 2024 (inclusive) of 700 million euro before tax per year;
- integrating the Issuer's management into the first lines of management of a leading company in Italy and of European dimensions;
- providing strong support to the real economy of local communities, with the full engagement of UBI Banca's Local Foundations and also focusing in particular on social impacts, achieved also by entering into agreements that benefit local communities involving initiatives such as: real estate and art assets, funding for local areas, innovation and scientific research, welfare, social housing and health care.

The Offeror considers that in terms of market position, size and business profile of the Issuer, the combination resulting from the successful completion of the Offer will allow the full exploitation of the Issuer's potential, generating a high capacity to create value for the shareholders, the bank's customers and all the other stakeholders.

In view of the above, the objective of the Offer, in light of the reasons for the Offer and of the future plans relating to the Issuer, as further specified in Section G, Paragraph G.2, of the Offer Document, is to acquire the entire share capital of the Issuer and carry out the Merger, fostering the objectives of integration, creation of synergies and growth of the ISP Group. Please note that the Merger may be carried out, upon completion of the Offer, both in the case of Delisting of the shares or where such Delisting does not occur.

To accelerate and thereby increase the efficiency of the integration of the Issuer into the ISP Group and, therefore, of the achievement of the industrial objectives, as well as to prevent the emergence of potentially significant antitrust situations, the Offeror, on 17 February 2020 – as disclosed to the market on the same date through the press releases of the Offeror and BPER Banca S.p.A. ("**BPER**"), and of Unipol Gruppo S.p.A. with UnipolSai Assicurazioni S.p.A. ("**Unipol**") respectively – entered into

an agreement with BPER (as subsequently supplemented, on 19 March 2020 and on 15 June 2020, respectively) (the “**BPER Agreement**”) and an agreement with Unipol (the “**Unipol Agreement**”).

Lastly, with specific regard to the situation resulting from the COVID-19 (so-called coronavirus) pandemic, the Offeror considers that the strategic rationale underlying the Offer takes on even stronger significance, specifically when considering the synergies, above all in terms of costs, increased NPL coverage and reduction of unlikely-to-pay loans and bad loans – all key elements in respect of which the announcement made to the market by the Offeror on 17 February 2020 in the Offeror’s Announcement is confirmed.

In addition, with regard to the expected benefits of the integration of the UBI Group into the ISP Group for stakeholders resulting from the transaction, the Offeror declared in a press release published on 5 May 2020 that the entity resulting from the integration of the UBI Group into the ISP Group could realise net income of no lower than 5 billion euro in 2022.

For further information regarding the reasons for the Offer and the future plans drawn up by the Offeror in relation to the Issuer, the BPER Agreement and the Unipol Agreement, the decisions taken by the Offeror in relation to the dividend policy in compliance with ECB Recommendation 2020/19 following the COVID-19 pandemic, as well as in relation to the forward-looking and/or objective information concerning the Offeror, see to Section A, Paragraphs A.7, A.8, A.9, Section G, Paragraphs G.2 and G.3, Section H, Paragraph H.1 of the Offer Document, as well as to Part B, Section 5, Paragraph 5.1.6.1. and, in relation to the strategic targets of the transaction, Section 7, Paragraph 7.4 of the Registration Document.

4. Prospectus for the public offer; inclusion by reference in the Offer Document

In relation to the ISP Shares to be allotted to the shareholders of the Issuer that accept the Offer, the Offeror published a Prospectus, on 26 June 2020, pursuant to Regulation (EU) 1129/2017, consisting of the following documents:

- (i) the registration document of the Offeror, approved by CONSOB by means of note of 25 June 2020, Protocol No. 0609568/20 and filed with CONSOB on 26 June 2020 (the “**Registration Document**”);
- (ii) the securities note approved by CONSOB by means of note of 25 June 2020, Protocol No 0609570/20 and filed with CONSOB on 26 June 2020 (the “**Securities Note**”); and
- (iii) the summary approved by CONSOB by means of note of 25 June 2020, Protocol No 0609570/20 and filed with CONSOB on 26 June 2020 (the “**Summary**”).

The Prospectus is available at the registered office of the Offeror, in Piazza San Carlo no. 156, Turin - 10121, and on the Offeror’s website (group.intesasanpaolo.com).

This Offer Document includes, by reference, certain parts of the Prospectus pursuant to Annex 2A of the Issuers’ Regulation (see the initial paragraphs of this Introduction to the Offer Document).

Finally, please note that the ISP Shares resulting from the Share Capital Increase for the Offer will be traded on the same market where – at the time of their issue – the ordinary ISP Shares already outstanding are traded. The listing of the ISP Shares will take place automatically, in accordance with the provisions of the Stock Exchange Rules, as well as article I.A.2.1.9 of the Stock Exchange Instructions, because they will be interchangeable with, and have the same characteristics as, the ISP ordinary shares that are already listed. The ISP Shares will represent, over a period of 12 months, less than 20% of the number of ordinary ISP Shares already admitted to trading on the same regulated market and, consequently, in accordance with article 1, paragraph 5, letter a) of Regulation (EU) 1129/2017, there is no obligation to publish a prospectus for the listing of the ISP Shares.

5. Table of the main events related to the Offer

To enable a better understanding of the transaction within which the Offer is being made, the table below provides a summary in chronological order of the main events relating to the transaction and the Offer.

DATE	EVENT	METHOD OF ANNOUNCEMENT
17 February 2020	Resolution of the Offeror's Board of Directors concerning the decision to make the Offer	Offeror's Announcement to the market pursuant to article 17 MAR
	Call of the extraordinary shareholders' meeting of the Offeror to resolve on the granting of powers to the Board of Directors pursuant to article 2443 of the Italian Civil Code to resolve on the Share Capital Increase for the Offer	
	Signing of BPER Agreement	Offeror's Announcement to the market and BPER's announcement to the market pursuant to article 17 MAR
	Signing of Unipol Agreement	Offeror's Announcement to the market and Unipol's announcement to the market pursuant to article 17 MAR
	Offeror's Notification to CONSOB and to the public of the decision to make the Offer	Offeror's Notification pursuant to article 102, paragraph 1, of the Consolidated Law on Finance and article 37 of the Issuers' Regulations
	Offeror's Announcement to its employees' representatives pursuant to article 102, paragraph 2, of the Consolidated Law on Finance	-
6 March 2020	Offeror's Notification to the AGCM pursuant to article 16, paragraph 5, of Law no. 287/1990	-
	Submission by the Offeror of the application to the ECB and the Bank of Italy for (i) the prior authorisations for the direct acquisition of a controlling interest in the Issuer, as well as the indirect acquisition of a controlling interest in IW Bank S.p.A.; (ii) the prior verification that the amendments to the Offeror's articles of Association related to the Share Capital Increase for the Offer do not conflict with the principle of sound and prudent management of the Offeror; (iii)	-

DATE	EVENT	METHOD OF ANNOUNCEMENT
	<p>the authorisation for the inclusion of the new shares issued in the aforementioned Share Capital Increase for the Offer in the Offeror's own funds as common equity tier 1 capital; and (iv) the prior authorisation for the indirect acquisition of a 25% interest in Zhong Ou Asset Management Company Ltd China; accompanying transmission to the ECB and the Bank of Italy of the prior notice for the purposes of the acquisition of interests involving changes to the composition of the banking group</p> <p>Submission by the Offeror of the application to the Bank of Italy for prior authorisations for the indirect acquisition of a controlling interest in Pramerica SGR S.p.A., UBI Leasing S.p.A., UBI Factor S.p.A. and Prestitalia S.p.A.</p> <p>Submission by the Offeror of the application to IVASS (the Italian insurance supervisory authority) for prior authorisations for the indirect acquisition of a controlling interest in BancAssurance Popolari S.p.A. and a qualifying interest in Aviva Vita S.p.A. and Lombarda Vita S.p.A.</p> <p>Submission by the Offeror of the application to the <i>Commission de Surveillance du Secteur Financier</i> for the authorisation of the indirect acquisition of a controlling interest in Pramerica Management Company Sa</p>	
6 March 2020	Notification to the Commission for Protection of Competition of the Republic of Serbia of the concentration contemplated by the Offer	-
6 March 2020	Notification to the Competition Authority of Albania of the concentration contemplated by the Offer	-
6 March 2020	Filing of the Offer Document and the Acceptance Form with CONSOB	Offeror's Announcement to the market pursuant to article 102, paragraph 3, of the Consolidated Law on Finance and article 37-ter, paragraph 3, of the Issuers' Regulation
19 March 2020	Signing of the first supplementary agreement to the BPER Agreement	Offeror's Announcement to the market and BPER's announcement to the market pursuant to article 17 MAR

DATE	EVENT	METHOD OF ANNOUNCEMENT
24 March 2020	Submission by the Offeror of a supplement to the application submitted on 6 March 2020 to the Bank of Italy for the prior authorisation for the indirect acquisition of a qualifying interest in Polis Fondi SGR S.p.A.	-
25 March 2020	<p>Publication of the following by the Offeror, pursuant to article 70, paragraph 7, letter a) of the Issuers' Regulation and article 2441, paragraph 6, of the Italian Civil Code:</p> <ul style="list-style-type: none"> the explanatory report by the Offeror's Board of Directors on the Share Capital Increase for the Offer; the valuation by the independent expert, PricewaterhouseCooper Advisory S.p.A., certifying the value of the UBI Shares, prepared in accordance with article 2343-ter, paragraph 2, letter b), of the Italian Civil Code (subsequently supplemented with an addendum dated 31 March 2020); and the voluntary report issued by KPMG S.p.A. regarding the criteria used by the Offeror's Board of Directors to determine the Exchange Ratio for the Offer 	Offeror's Announcement to the market pursuant to article 17 MAR
2 April 2020	Amendment to the notice of call of the shareholders' meeting of the Offeror to take account of the provisions of the ECB Recommendation 2020/19 on the distribution of dividends	-
3 April 2020	Authorisation of the concentration contemplated by the Offer from the Commission for Protection of Competition of the Republic of Serbia	-
6 April 2020	Filing with CONSOB of the application for approval of the Registration Document, the Securities Note and the Summary	-
27 April 2020	Formal submission of the notification form to the AGCM, pursuant to article 16 of Law No 287/1990, following pre-notification (supplemented by letter dated 30 April 2020)	-
27 April 2020	Extraordinary and ordinary shareholders' meeting of the Offeror that approved the granting of powers to the Board of Directors	Offeror's Announcement to the market pursuant to article 17 MAR

DATE	EVENT	METHOD OF ANNOUNCEMENT
	for the approval of the Share Capital Increase for the Offer, and also approved the financial statements as at 31 December 2019	
6 May 2020	Authorisation of the concentration contemplated by the Offer from the Competition Authority of Albania	-
2 June 2020	Authorisation from the ECB in relation to the amendments to the Offeror's Articles of Association related to the Share Capital Increase for the Offer and the inclusion of the new shares issued in the aforementioned Share Capital Increase for the Offer in the Offeror's own funds as common equity tier 1 capital	-
5 June 2020	<p>Authorisation from the ECB for the direct purchase of the controlling interest in the Issuer and, indirectly, in IW Bank S.p.A.</p> <p>Authorisation from the ECB for indirect acquisition of a 25% interest in Zhong Ou Asset Management Company Ltd China</p> <p>Authorisation from the Bank of Italy (Offeror's announcement of 8 June 2020) for the indirect acquisition of 100% interests in UBI Leasing S.p.A., UBI Factor S.p.A. and Prestitalia S.p.A.</p>	Offeror's announcement to the market pursuant to article 17 of the MAR (regarding the authorisation from the Bank of Italy for the indirect acquisition of 100% interests in UBI Leasing S.p.A., UBI Factor S.p.A. and Prestitalia S.p.A., see row below).
8 June 2020	Authorisation from the Bank of Italy for the indirect acquisition of a controlling interest in Pramerica SGR S.p.A. (65%) and a qualifying interest (19.6%) in Polis Fondi SGR S.p.A.	Offeror's announcement to the market pursuant to article 36 of the Issuers' Regulation (also in relation to the authorisation from the Bank of Italy for the indirect acquisition of 100% interests in UBI Leasing S.p.A., UBI Factor S.p.A. and Prestitalia S.p.A.)
10 June 2020	Authorisation from the <i>Commission de Surveillance du Secteur Financier</i> for the indirect acquisition of a controlling interest in Pramerica Management Company Sa	-
15 June 2020	Signing of the second supplementary agreement to the BPER Agreement	Offeror's Announcement to the market and BPER's announcement to the market pursuant to article 17 MAR
16 June 2020	<p>Approval of the Share Capital Increase for the Offer by the Offeror's Board of Directors.</p> <p>Publication of the following by the Offeror, pursuant to article 2441, paragraph 6, of the Italian Civil Code, article 70, paragraph 4, of</p>	Offeror's Announcement to the market pursuant to article 17 MAR

DATE	EVENT	METHOD OF ANNOUNCEMENT
	<p>the Issuers' Regulation and article 158 of the Consolidated Law on Finance:</p> <ul style="list-style-type: none"> the explanatory report by the Offeror's Board of Directors on the Share Capital Increase for the Offer; the additional valuation by the independent expert, PricewaterhouseCooper Advisory S.p.A., certifying the value of the UBI Shares, prepared in accordance with article 2443-ter, paragraph 2, letter b), of the Italian Civil Code; and the report on the adequacy of the price of the newly issued shares of ISP Shares ("<i>parere sulla congruità del prezzo di emissione</i>") from the independent auditors (KPMG S.p.A.) pursuant to article 2441, paragraph 6, of the Italian Civil Code and article 158 of the Consolidated Law on Finance. 	
17 June 2020	Authorisation from IVASS (the Italian Insurance Supervisory Authority) for the indirect acquisition of a controlling interest in BancAssurance Popolari S.p.A. (100%) and qualifying interests in Aviva Vita S.p.A. (20%) and Lombarda Vita S.p.A. (40%)	Offeror's Announcement to the market pursuant to article 36 of the Issuers' Regulation (also regarding the authorisation from the <i>Commission de Surveillance du Secteur Financier</i> for the indirect acquisition of a controlling interest in Pramerica Management Company Sa)
17 June	Receipt of a note from the President of the Council of Ministers confirming that the proposed transaction does not fall within the scope of the golden power rules	-
19 June 2020	Registration with the Turin Company Register of the resolution of the Board of Directors approving the Share Capital Increase for the Offer containing, among other things, the information set out in letters a), b), c) and e) of article 2343-quater, paragraph 3, of the Italian Civil Code	-
25 June 2020	Authorisation from CONSOB to publish the Prospectus	Offeror's Announcement to the market pursuant to article 17 MAR
25 June 2020	Approval of the Offer Document by CONSOB	Offeror's Announcement to the market pursuant to article 36 of the Issuers' Regulation
26 June 2020	Publication of the Registration Document, Securities Note and Summary	Offeror's Announcement to the market pursuant to article 17 MAR

DATE	EVENT	METHOD OF ANNOUNCEMENT
26 June 2020	Publication of the Offer Document	Offeror's Announcement published in accordance with article 38, paragraph 2 of the Issuers' Regulation Publication of the Offer Document pursuant to articles 36, paragraph 3, and 38, paragraph 2, of the Issuers' Regulation
By 3 July 2020	Approval of the Issuer's Announcement by the Issuer's Board of Directors	Issuer's Announcement pursuant to article 103 of the Consolidated Law on Finance and article 39 of the Issuers' Regulation
6 July 2020	Start of the Acceptance Period	-
20 July 2020	Expiry of the deadline set in accordance with article 2443, paragraph 4, of the Italian Civil Code, for any request by one or more shareholders of the Offeror representing at least one twentieth of the share capital of ISP to carry out a new valuation of the UBI Shares by means of a sworn valuation by an expert appointed by the competent Court	-
By 25 July 2020	Authorisation of the concentration contemplated by the Offer from the AGCM	Offeror's Announcement to the market pursuant to article 17 MAR
28 July 2020 (subject to extension of the Acceptance Period in accordance with the applicable regulations)	End of the Acceptance Period	-
By the evening of the last day of the Acceptance Period and in any event by 7:59 a.m. (Italian time) on the first Trading Day after the end of the Acceptance Period	Offeror's Notification of the provisional results of the Offer, which will also indicate the fulfilment/non-fulfilment or waiver of the Percentage Threshold Condition (as defined below)	Offeror's Announcement to the market pursuant to article 36 of the Issuers' Regulation
By 7:59 a.m. (Italian time) on the Trading Day prior to the Payment Date of the Consideration for the UBI Shares tendered in acceptance of the Offer, i.e. (unless the Acceptance Period is extended in accordance with the applicable regulations) by 31 July 2020	Notification of (i) the final results of the Offer, (ii) the fulfilment/non-fulfilment or waiver of the Antitrust Condition (unless the fulfilment/non-fulfilment or waiver has already been previously communicated by the Offeror), as well as of the MAC/MAE Condition, (iii) of the fulfilment or waiver of all or some of the Conditions Precedent, other than the Percentage Threshold Condition, the MAC/MAE Condition, the Antitrust Condition and (iv) of the existence of any conditions for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance or of the existence of the conditions for the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on	Publication of the notification pursuant to article 41, paragraph 6 of the Issuers' Regulation

DATE	EVENT	METHOD OF ANNOUNCEMENT
	Finance and of the Right of Squeeze-Out	
3 August 2020	Restoration of the availability of the UBI Shares tendered in acceptance of the Offer if the Conditions Precedent have not been fulfilled and all or part of them have not been waived by the Offeror	-
The fourth Trading Day following the end of the Acceptance Period, i.e. 3 August 2020 (the “ Payment Date ”) (unless the Acceptance Period is extended in accordance with the applicable regulations)	<p>Filing with the Turin Company Register of the statement from the Offeror's directors pursuant to article 2343-quater, paragraph 3, letter d) of the Italian Civil Code (unless the process is initiated for the ordinary valuation of the contribution in kind pursuant to article 2343 of the Italian Civil Code)</p> <p>Payment of the Consideration to the holders of the UBI Shares tendered in acceptance of the Offer.</p> <p>Immediate availability of the ISP Shares assigned as Consideration for the Offer (unless the process is initiated for the ordinary valuation of the contribution in kind pursuant to article 2343 of the Italian Civil Code)</p> <p>The ISP Shares will be issued on the Payment Date of the Consideration and will be traded on that date on the MTA market. The listing of the ISP Shares will take place automatically, in accordance with the provisions of the Stock Exchange Rules, as well as article I.A.2.1.9 of the Stock Exchange Instructions, because they will be interchangeable with, and have the same characteristics as, the ISP ordinary shares that are already listed</p>	-
From the fulfilment of the legal requirements	If the conditions for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance are met, publication of a notification containing the information necessary for the fulfilment of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance (including the amount in Euro of the Full Cash Consideration), together with details of the timing of the Delisting of the UBI Shares	Offeror's Announcement pursuant to article 50-quinquies of the Issuers' Regulation
From the fulfilment of the legal requirements	If the conditions are met for the Compulsory Squeeze-Out pursuant to article 108, paragraph	Offeror's Announcement pursuant to article 50-quinquies of the

DATE	EVENT	METHOD OF ANNOUNCEMENT
	1, of the Consolidated Law on Finance, and for the Right of Squeeze-Out, publication of a notification containing the information necessary for the fulfilment of the obligations relating to the Right of Squeeze-Out and, at the same time, of the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance, triggering the Joint Procedure (including the amount in Euro of the Full Cash Consideration), together with details of the timing of the Delisting of the UBI Shares	Issuers' Regulation

Note: all the announcements and notifications listed in the table above, unless otherwise specified, shall be understood as having been made in the manner set forth in article 36, paragraph 3, of the Issuers' Regulation; announcements and notifications relating to the Offer will be published immediately on the Offeror's website (www.intesasanpaolo.com).

6. Markets in which the Offer is made

The Offer is being made exclusively in Italy, because the UBI Shares are listed solely on the MTA market, and it is addressed, on a non-discriminatory basis and on equal terms, to all the shareholders of the UBI Shares.

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 comply with the securities or other laws or regulations in those jurisdictions or would require any registration, approval or filing with any regulatory authorities. These jurisdictions, including the United States, Canada, Japan and Australia, are referred to in the Offer Document as the **"Excluded Countries"**. The Offer has not been and will not be made using national or international instruments of communication or commerce of the Excluded Countries (including, for example, the postal network, fax, telex, e-mail, telephone and internet), or through any structure of any financial intermediary of the Excluded Countries, or in any other way. No action has been or will be taken to enable the Offer to be made in any of the Excluded Countries. Notwithstanding that the Offer has not been and 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 exclusively to "Qualified Institutional Buyers", as defined in Rule 144A of the U.S. Securities Act of 1933, as amended (the **"U.S. Securities Act"**), and subject to the 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 other of the Excluded Countries.

Acceptance of the Offer by persons residing in countries other than Italy may be subject to specific obligations or restrictions imposed by the applicable legal or regulatory provisions of those countries. It is the sole responsibility of the addressees of the Offer to comply with those rules and, therefore, before accepting the Offer, to verify their existence and applicability by contacting their legal or other advisors. The Offeror does not assume or accept any liability arising from a breach of the above restrictions by any person.

For a full description of the markets in which the Offer is being made and the restrictions that apply in those markets, see Section F, Paragraph F.4, of the Offer Document.

A. NOTICES

A.1 Conditions Precedent of the Offer

A.1.1. Conditions Precedent

The enforceability of the Offer is conditioned on fulfilment of each of the following conditions (the “**Conditions Precedent**” and each one a “**Condition Precedent**”, with it being acknowledged that they are listed in a non-mandatory chronological sequence as follows):

- (i) that the acquisition of control of the Issuer by the Offeror has obtained, by the second Trading Day prior to the Payment Date of the Consideration, unconditional approval by AGCM (Italian Competition Authority) pursuant to article 16 of Law 287 of 10 October 1990 or the approval conditional on the execution of the sales in accordance with the provisions of the BPER Agreement and the ISP Commitments (as defined below) without the imposition of additional and/or different measures, even where relating to implementation only (the “**Antitrust Condition**”);
- (ii) that the Offeror comes to possess, upon conclusion of the Offer — through the acceptances of the Offer and/or any acquisitions made outside of the Offer itself pursuant to applicable laws (including those made through the Private Placement) — a total interest equal to at least 66.67% of the share capital of the Issuer (the “**Percentage Threshold Condition**”);
- (iii) that, between the Announcement Date and the Payment Date of the Consideration, the corporate bodies of the Issuer (and/or of one of its direct or indirect subsidiaries or associates) do not carry out or undertake to carry out (including through conditional agreements and/or partnerships with third parties) any acts or transactions: (x) that might cause a significant deterioration, even prospectively, in the capital, company assets, operating results and financial position of the Issuer as represented in the quarterly report of the Issuer at 31 March 2020 and/or the activity of the Issuer (and/or of one of its direct or indirect subsidiaries or associates), (y) that limit the free operations of the branches and networks in the sale of products to customers (including through the renewal, extension – *inter alia* in consequence of failure to cancel – or renegotiation of the relevant and outstanding and/or expiring agreements, including distribution agreements), or (z) that are in any event inconsistent with the Offer and with underlying business and commercial reasons, unless this is required in compliance with statutory obligations and/or on request by the supervisory authorities, and without prejudice in any case to what is required by the condition imposed at the following point (v) (the “**Material Acts Condition**”);
- (iv) that between the Announcement Date and the Payment Date of the Consideration, the Issuer and/or its direct or indirect subsidiaries and/or associates not resolve and otherwise not execute (or undertake to execute) acts or transactions that might conflict with realisation of the objectives of the Offer pursuant to article 104 Consolidated Law on Finance, even if they have been authorised by the ordinary or extraordinary shareholders’ meetings of the Issuer or are decided and implemented independently by the ordinary or extraordinary shareholders’ meeting and/or by the management bodies of the subsidiaries and/or associates of the Issuer (the “**Defensive Measures Condition**”);
- (v) that, by the Payment Date of the Consideration, (x) no extraordinary circumstances or events have occurred at the domestic and/or international level, involving or that may involve material adverse changes in the political, financial, economic, currency, regulatory (including accounting and supervisory regulations) or market situation having substantially prejudicial effects on the Offer and/or the capital, financial position, operating results or profits of the Issuer (and/or of its subsidiaries and/or associates) and of the Offeror, as represented in the quarterly reports of the Issuer and the Offeror, respectively, at 31 March 2020; and (y) no facts

or situations have occurred involving the Issuer and/or companies of the UBI Group unknown to the market at the Announcement Date and having a prejudicial effect on the activity of the Issuer and/or the companies of the UBI Group and/or its capital, financial position, operating results or profits as represented in the quarterly report of the Issuer at 31 March 2020 (**"MAC/MAE Condition"**).

A.1.2. Antitrust Condition

With regard to the Antitrust Condition, it is noted, first of all, that the antitrust authorities of Serbia (Republic of Serbia – Commission for Protection of Competition) and Albania (Competition Authority of Albania), by means of decisions adopted prior to the Date of the Offer Document, on 3 April 2020 and 6 May 2020 respectively, have already approved the authorisation of the acquisition of control of the Issuer by the Offeror.

With reference instead to the proceeding before the Italian Antitrust Authority (AGCM) pursuant to article 16, paragraph 4, of Law no. 287/90 for the approval of the acquisition of control of the Issuer by the Offeror, as at the Date of the Offer Document this proceeding had not yet concluded.

In particular, with an order issued on 11 May 2020, the AGCM ordered the investigation prescribed in article 16, paragraph 4, of Law no. 287/90 be performed to determine in greater detail the effects of the announced concentration operation, holding that the operation could result in *"the creation or strengthening of a dominant position in certain provincial markets as regards the taking of deposits, loans to consumers, and loans to small family businesses [...], in the markets of loans to medium-large enterprises and public entities, in the markets of the asset management sector [...], in the assets under administration market, and in the insurance products distribution markets [...], such as to eliminate or substantially reduce competition on those markets in a lasting manner"*. On 5 June 2020, AGCM sent ISP the Notification of the Results of the Review (**"NRR"** – *Comunicazione delle Risultanze Istruttorie*) in which the Offices of AGCM, in line with the affirmation already made in the above-mentioned order initiating the investigation, held that, as things stand, the notified transaction could potentially fall within the prohibition set forth in article 6 of Law no. 287/90.

After having received the NRR, the Offeror, in order to remove the specific antitrust issues identified therein, negotiated and entered into an agreement with BPER, on 15 June 2020, supplementing the BPER Agreement signed on 17 February 2020 (and already supplemented on 19 March 2020), through which the number of branches to be transferred was increased to 532, with the precise identification of the addresses and consequent redefinition of the estimated amounts involved, as described in more detail in Section H, Paragraph H.1.1.1, of the Offer Document. The contents of this supplementary agreement were reported in a specific notice sent to AGCM on 15 June 2020, within the procedure initiated by the latter pursuant to article 16, paragraph 4, of Law no. 287/90. In addition, the Offeror engaged to make commitments of a structural nature – for the event that even after the sale of the Banking Business Unit to BPER, in the opinion of AGCM, there may still be any antitrust issues in certain local areas (where there are no branches being sold to BPER) – involving the disposal of 17 bank branches of UBI Banca located in the aforementioned areas. In particular, again in the above-mentioned notice sent to AGCM on 15 June 2020, ISP made the commitment to enter into contracts with one or more independent third parties, within 9 months of the Offer Payment Date, for the sale of a total of 17 bank branches of UBI Banca (the **"ISP Commitments"**). ISP believes that the sale of these bank branches is adequate to remove the remaining antitrust issues identified by the NRR.

With regard to the above, please note that, pursuant to Law no. 287/1990, the fact that the procedure is pending before AGCM does not preclude the completion of the Offer, and in particular the purchase by the Offeror of the UBI Shares tendered in acceptance of the Offer. Accordingly, the Offeror reserves the right, even if the above procedure is not concluded by the second Trading Day prior to

the Payment Date of the Consideration, to waive the Antitrust Condition or to invoke it and not carry out the Offer. If the Antitrust Condition is waived, please note that AGCM, pursuant to article 17, paragraph 1, of Law no. 287/90, could order the suspension of the execution of the concentration until the investigation is concluded. Were this to occur, it would still be possible, pursuant to article 17, paragraph 2, of Law no. 287/90, to finalise the Offer, provided that ISP does not exercise the voting rights associated with the Issuer's shares purchased until the authorisation decision is issued. Furthermore, it is possible that the AGCM may issue a decision prohibiting the transaction or an authorisation decision conditional on the execution of corrective measures in addition to and/or different from the sales of bank branches prescribed in the BPER Agreement and the ISP Commitments (such as, for example, the sale of additional bank branches). If an authorisation decision is issued conditional upon the execution of measures in addition to and/or different from the disposals envisaged by the BPER Agreement and ISP Commitments, the Offeror reserves the right to waive the Antitrust Condition, in whole or in part, which has been included exclusively in its interest, as described in Paragraph A.1.6 below. In this regard, it is noted that any authorisation for the transaction issued by AGCM that is not conditional only on the completion of the sales envisaged in the BPER Agreement, and subject of the ISP Commitments, but prescribes additional and/or different corrective measures may – in the event of waiver by the Offeror of the Antitrust Condition and completion of the transaction notwithstanding the imposition of those additional and/or different corrective measures – have a significant adverse effect on the process of integration of UBI Banca in the ISP Group and its timing and, therefore, on the pursuit of the earnings growth prospects underlying the strategic targets of the Offer (for more details, see Section G, Paragraph G.2, of the Offer Document).

A.1.3. Percentage Threshold Condition

With regard to the Percentage Threshold Condition, the Offeror – in compliance with the limits imposed by the applicable regulations (and in particular within the limits and according to the procedures set out in article 43 of the Issuers' Regulation) – also in order to reach the Percentage Threshold, reserves the right to request an extension of the Acceptance Period, the maximum duration of which may not in any case be more, pursuant to article 40, paragraph 2, of the Issuers' Regulation, than forty Trading Days.

Moreover, given the objectives of the Offer and the future plans of the Offeror for the Issuer, and the present ownership structure of the Issuer, if the Percentage Threshold Condition is not fulfilled, the Offeror reserves the right to waive such Condition Precedent entirely or in part and to proceed with the acquisition of all UBI Shares tendered in acceptance of the Offer, even if it involves a quantity of UBI Shares that is less than what is indicated above. Any waiver of such Condition Precedent will be decided by the Offeror only if, upon conclusion of the Offer – through the acceptances of the Offer and/or any acquisitions made outside of the Offer itself pursuant to applicable laws (including those made through the Private Placement) – it comes to hold a total interest equal to at least 50% plus 1 (one) UBI Share of the share capital of the Issuer (the “**Minimum Threshold Condition**”), with it being noted that this condition is set in the exclusive interest of the Offeror.

A.1.4. Material Acts Condition

With regard to material acts or transactions (or the omission of material acts and/or transactions) which are considered to be included in the Material Acts Condition, these include in general and merely by way of non-limiting example, capital increases or capital reductions, distributions of reserves, extraordinary dividend payments (i.e., dividends in excess of the profit reported in the last approved financial statements at the time of distribution), utilisation of own funds, purchases or acts involving own shares for any purpose, mergers, demergers, transformations, amendments to the by-laws in general, disposals, acquisitions, contributions or transfers, even on a temporary basis, of strategic assets, equity investments (or related property or participation rights), companies or business units.

In addition, with specific regard to acts or transactions that might cause – or the omission of which may prevent the occurrence of – *“a significant deterioration, even prospectively, in the capital, company assets, operating results and financial position of the Issuer (and/or of one of its direct or indirect subsidiaries or associates)”*, the Offeror specifies – again by way of non-limiting example only – that the Material Acts Condition must be considered to include acts and/or transactions that are not part of normal day-to-day operations and that comply with the rules of sound and prudent management, which are not considered normal and are not envisaged by the Issuer's current business plan called “2022 Business Plan” from a standalone perspective and which may result in a decrease or increase in the scope and/or operations of the distribution network, the scope of the UBI Group, the organisational and control structure of the Issuer and its subsidiaries, and/or the procedures for the exercise of management and coordination within the UBI Group, even if such acts and/or transactions are not subject to the provisions of article 104 of the Consolidated Law on Finance and are therefore not included in the Defensive Measures Condition set out in Paragraph A.1.1, letter (iv) above.

With regard to acts and/or transactions *“that limit the free operations of the branches and networks in the sale of products to customers or [...] which are in any case inconsistent with the Offer and the underlying industrial and commercial reasons”*, the Offeror specifies – again and only by way of non-limiting example – that the Material Acts Condition must be considered to include the assumption of commitments, the signing of agreements (also as a result of renegotiations, extensions or non-cancellation) or the termination of existing and/or expiring agreements, of whatever content, that:

- (a) are intended to (or in any case may) prejudice or in any case have a significant negative impact on the full achievement of the revenue synergies envisaged by the Offeror in relation to the integration of the UBI Group into the ISP Group as described in Section G, Paragraph G.2.2, of the Offer Document. Nevertheless, in regard to the existing “bancassurance” agreements with Cattolica Assicurazioni Group and Aviva Italia Group, in light of what the Issuer announced to the market on 5 June 2020, the Offeror does not consider the Material Acts Condition applicable to the mere postponement to 30 June 2021 of the expiration of the existing distribution agreements and to 31 March 2021 of the deadline for one of the parties to give notice of cancellation of the agreements, with consequent postponement of the deadline for notification of any exercise of call and put options in consequence of termination of such agreements; and/or
- (b) impose long-term restrictions on the Issuer and/or its subsidiaries (including for servicing, insourcing or outsourcing agreements) and/or are likely to significantly alter the type, composition and/or amount of the costs connected with the operations of the Issuer and/or the UBI Group; as a further specification, again solely by way of example, these also include agreements relating to the IT system of the UBI Group or the credit recovery platform, the signing, amendment and/or termination of which may have a negative and significant impact on the cost synergies envisaged by the Offeror in relation to the integration of the UBI Group into the ISP Group as described in Section G, Paragraph G.2.2, of the Offer Document or which may compromise the integration of said IT system with that of the Offeror; and/or
- (c) involve, also as part of the transfer of business units, the transfer or closure of a significant number of branches (not provided for in the Issuer's current business plan called “2022 Business Plan”), the termination or renegotiation of the related lease agreements (including finance leases), as well as the transfer and establishment of rights *in rem* on one or more properties where the branch operations are currently carried out.

Please note that the above examples are provided for illustrative purposes only and are not exhaustive and are based on the information publicly available regarding the Issuer and/or the UBI Group as at the Date of the Offer Document. Please also note that in the event of the performance of

one or more of the acts (including omissions) or transactions given as examples above (as well as any other act falling under the Material Acts Condition), the Offeror shall have the right to amend, invoke or waive, at its discretion, all or part of such Condition Precedent as further specified in Paragraph A.1.6 below (which is included in the exclusive interest of the Offeror).

With regard to the press release issued on 11 June 2020 by UBI Banca in relation to the agreements entered into, between UBI Banca, Coima SGR and a number of leading institutional investors, for the implementation of the project for the logistical-organisational reorganisation of the UBI Group in Milan, the Offeror notes that the Issuer has not disclosed sufficient information to enable the Offeror to assess whether, as at the Date of the Offer Document, the above transaction constitutes a material act included in the Material Acts Condition or in the Defensive Measures Condition. The Offeror reserves the right to carry out all necessary assessments, giving appropriate and timely notice of such in accordance with the law, once UBI Banca has provided the information required to enable a proper understanding of this transaction.

As at the Date of the Offer Document, the Issuer has not issued any other press releases concerning acts or transactions that may be relevant for the purposes of the Material Acts Condition (and/or the Defensive Measures Condition).

A.1.5. MAC/MAE Condition

In reference to the MAC/MAE Condition, it is noted that this Condition Precedent generally includes *“extraordinary circumstances or events [...] that involve or may involve material adverse changes [...] and that have substantially prejudicial effects on the Offer and/or on the capital, financial position, operating results or net income of the Issuer (and/or of its subsidiaries and/or associates) and of the Offeror”*. Therefore, any failure to satisfy the MAC/MAE Condition concerns the occurrence of a circumstance or an extraordinary event and its substantially prejudicial effects, if any.

That said, it is noted, for example but not limited to the following, that among the extraordinary circumstances and events and their effects whose occurrence might be invoked by the Offeror as failure to fulfil the MAC/MAE Condition, may include a major credit crisis or financial market crisis, inter alia due to the possible consequences of the withdrawal of Great Britain from the European Union in the “no-deal Brexit” scenario; the withdrawal of one or more European countries from the “eurozone”; acts of war, terrorism or individual calamities (other than the COVID-19 pandemic); significant distortions in the banking system, suspensions or serious limitations in general or sharp fluctuations in the trading of financial instruments on major financial markets; significant changes (inter alia in interpretation) in laws and regulations, including accounting and supervisory regulations, moratoria in the bank payments system declared by the competent authorities; any prejudicial public health and economic impacts, inter alia considered prospectively, by any epidemic or pandemic situation (other than COVID-19).

Moreover, for illustrative and non-exhaustive purpose only, an example of what might be the possible *“substantially prejudicial effects”* that, if they occurred in consequence of an extraordinary circumstance or event (including an epidemic or pandemic emergency other than the COVID-19 pandemic), might cause the failure to fulfil the MAC/MAE Condition, we note that the following events might be considered by the Offeror:

- (a) in reference to the financial, economic, currency or market situation of Italy, a spread in the return on 10-year Italian government bonds and 10-year German government bonds exceeding 350 bps recorded for more than five consecutive trading days during the Acceptance Period; and/or
- (b) in reference to the capital, financial position, operating results or net income of the Issuer (and/or of its subsidiaries and/or associates), reduction by the UBI Group of its fully loaded CET1 ratio below 9.25%.

This example is merely illustrative and not exhaustive, and the aforementioned indicators must be assessed as a whole in reference to any and all circumstances and/or possible extraordinary events that might contribute to determining any substantially prejudicial effects indicated in the MAC/MAE Condition.

With regard to the COVID-19 pandemic and its material effects for the MAC/MAE Condition, on the other hand, reference is made to what the Offeror announced on 5 June 2020: *“following the authorisation received from the European Central Bank, Intesa Sanpaolo believes, although it does not currently have information on possible adverse effects of the COVID-19 pandemic on UBI Banca, that reasonably the pandemic should not bear such effects as to negatively affect the activity of UBI Banca and/or the financial, capital, economic and income situation of UBI Banca and/or the companies of the UBI Group (in addition to not bearing similar effects for both the Offer and Intesa Sanpaolo); consequently, Intesa Sanpaolo will not include the COVID-19 pandemic and its effects as indicated at point (v) of paragraph 1.5 of the announcement published by the Bank on 17 February 2020 pursuant to article 102, paragraph 1, Consolidated Law on Finance, and article 37 of the Issuers’ Regulation among the conditions for enforceability of the Offer”*.

Notwithstanding the foregoing, with reference to any epidemic (other than the COVID-19 pandemic) and any prejudicial effects that might be produced by such an epidemic (other than the COVID-19 pandemic), it is noted that — similarly to any event or circumstance that is relevant for the MAC/MAE Condition — any failure to fulfil such Condition Precedent requires both the occurrence of the epidemic and manifestation of the effects of the epidemic, that are *“substantially prejudicial to the Offer and/or to the capital, financial position, operating results or net income of the Issuer (and/or of its subsidiaries and/or associates) and of the Offeror”*.

As stated in the Paragraph A.1.6 below, the MAC/MAE Condition is established as a Condition Precedent that may be amended, invoked or waived only by the Offeror (therefore, set in the exclusive interests of the Offeror) when the *“extraordinary circumstances or events”* cause any effects considered for the purposes of the MAC/MAE Condition, and therefore, have caused it not to be fulfilled *“by 07:59 on the Trading Day before the Payment Date of the Consideration [(…), in the absence of any extension of the Acceptance Period [(…)]”*.

A.1.6. Amendment or waiver of the Conditions Precedent

In accordance with article 43, paragraph 1 of the Issuers’ Regulation, the Offeror reserves the right to amend and/or to waive, entirely or in part, or to rely on the non-satisfaction of one or more of the Conditions Precedent, with notification to be given in the manners set out in article 36 of the Issuers’ Regulation.

The Offeror shall give notice of the fulfilment or non-fulfilment, as applicable, of the individual Condition Precedent – or of any total or partial waiver thereof – by giving notice in the forms provided for in article 36 of the Issuers’ Regulation, within the following deadlines, as applicable:

- (i) with reference to the Percentage Threshold Condition (and the Minimum Threshold Condition) with the notification of the provisional results of the Offer to be published by the evening of the last Trading Day of the Acceptance Period and, in any case, by 7:59 a.m. on the first Trading Day after the end of the Acceptance Period (i.e., 29 July 2020, unless the Acceptance Period is extended in accordance with the applicable regulations), and confirmed by the Notification of the Final Results of the Offer to be issued by 7:59 a.m. on the Trading Day prior to the Payment Date of the Consideration (i.e., 31 July 2020, unless the Acceptance Period is extended in accordance with the applicable regulations);
- (ii) with regard to the Antitrust Condition and the MAC/MAE Condition, by 7:59 a.m. on the Trading Day prior to the Payment Date of the Consideration (i.e., 31 July 2020, unless the Acceptance Period is extended in accordance with the applicable regulations);

- (iii) with regard to all the other Conditions Precedent, by means of the Notification of the Final Results of the Offer, which will be published by 7:59 a.m. on the Trading Day prior to the Payment Date of the Consideration (i.e., 31 July 2020, unless the Acceptance Period is extended in accordance with the applicable regulations).

In the event of communication by the Offeror of its decision to invoke the non-fulfilment of one or more of the Conditions Precedent, without such Condition(s) Precedent being waived by the Offeror, the Offer shall not be completed and shall be deemed to have lapsed. In such case, the UBI Shares tendered in acceptance of the Offer will be returned, through the Depositary Intermediaries, to the respective Acceptors, without any charges or expenses to be borne by them, by the first Trading Day following the date on which the failure to fulfil one or more of the Conditions Precedent and the ineffectiveness of the Offer is notified (as indicated above).

For more information see Section F of the Offer Document.

A.1.7. Other information

On 26 May 2020, the Board of Directors of UBI Banca announced that it had resolved to *"pursue a declaratory action aimed at ascertaining that, due to the occurrence of the "material adverse change" (MAC) condition affecting the public exchange offer launched by Intesa Sanpaolo S.p.A. ("ISP") – determined by the "Covid-19" pandemic – and ISP's failure to waive that condition in a timely way, the effects of the Notice issued by ISP on 17th February 2020, pursuant to Art. 102 of the Italian Consolidated Finance Law, have ceased, with all the relative consequences, including the application of the "passivity rule" to UBI Banca"*.

Subsequently, with a writ of summons notified on 28 May 2020, the Board of Directors of UBI Banca initiated an ordinary action seeking a declaratory judgement before the Court of Milan, requesting that it find that the condition had been allegedly fulfilled and the Offeror's Announcement had allegedly become unenforceable.

With regard to the Defensive Measures Condition, the Offeror considers the petitions made by the Issuer in the above-mentioned proceedings to be completely unfounded (moreover in the absence of prior authorisation from the UBI Banca shareholders) and does not intend to invoke this Condition Precedent of the Offer in that regard, while reserving the right to take any measures to protect its own interests, as well as those of the market and of the UBI Banca shareholders whom the Offer is aimed at, also against the Issuer's management and control bodies in relation to this action, which has been brought unlawfully.

In any case, with regard to the MAC/MAE Condition, reference is made to what has been illustrated in Paragraph A.1.5, of this Section A of the Offer Document. With regard to the COVID-19 pandemic and its material effects for the purposes of the above-mentioned MAC/MAE Condition, on the other hand, reference is made to the announcement made by the Offeror on 5 June 2020, as described in Paragraph A.1.5, of this Section A of the Offer Document.

A.2 Consolidated and separate financial statements of the Issuer as at 31 December 2019, consolidated interim statement as at 31 March 2020 and half-yearly report as at 30 June 2020

On 10 February 2020, the Board of Directors of the Issuer approved the individual and consolidated results for the year ended 31 December 2019. On 28 February 2020, the Board of Directors of the Issuer approved the draft individual financial statements and the consolidated financial statements for the year ended 31 December 2019. The individual financial statements of the Issuer for the year ended 31 December 2019 were approved by the shareholders' meeting of the Issuer on 8 April 2020. The financial report for the year ended 31 December 2019, including the consolidated financial

statements and individual financial statements of the Issuer for the year ended 31 December 2019, together with the annexes required by law, have been published by the Issuer on its website www.ubibanca.com.

With respect to the above, please note that, with regard to the ECB Recommendation of 27 March 2020 (ECB/2020/19) addressed to significant banks and banking groups and concerning dividend distribution policies in the aftermath of the COVID-19 pandemic (the “**ECB Recommendation 2020/19**”), the Issuer announced, by means of a press release of 31 March 2020 (published on the Issuer’s website www.ubibanca.com), that the Board of Directors of UBI Banca, which met on 31 March 2020, “*resolved not to submit to the General Meeting of the Shareholders - called for 8th April 2020 - the proposal on item two of the agenda “The allocation of profit for the financial year 2019 and the distribution of a dividend to shareholders”, because it would be incompatible with the above-mentioned prudential recommendation made by the supervisory authority. After 1st October 2020 and in the absence of different indications by the ECB, the Board of Directors reserves the right to convene a Shareholders’ General Meeting to address this matter. The maximum dividend that had originally been proposed by the Board of Directors for 2019 (€0.13 per share for a maximum dividend of €147.6 million) will be written to equity reserves. AT1 coupons will be regularly paid*”. In view of the above, the minutes of the shareholders’ meeting of UBI Banca of 8 April 2020 (published on the Issuer’s website www.ubibanca.com) stated that “[the] net profit for the year 2019 was therefore written to equity reserves. After 1st October 2020 and in the absence of different indications by the European Central Bank, the Board of Directors reserved the right to convene a Shareholders’ General Meeting to address the matter of the remuneration of shareholders”.

On 8 May 2020, the Board of Directors of the Issuer approved the interim statement as at 31 March 2020. This document has been published by the Issuer on its website www.ubibanca.com.

According to the Issuer’s financial calendar available on its website www.ubibanca.com, the Board of Directors of the Issuer is scheduled to approve the half-yearly financial report as at 30 June 2020 on 4 August 2020. The half-yearly report, together with the annexes required by law, is expected to be published by the Issuer on its website www.ubibanca.com.

For more details, see Section B, Paragraph B.2.5 and Section N, Paragraph N.2, of the Offer Document.

A.3 Related parties

To the best of the Offeror’s knowledge, neither the Offeror, nor its significant shareholders, nor the members of its management and control bodies, are related parties of the Issuer pursuant to the Regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010, as amended (the “**Related Parties Regulation**”).

For more information, see Section B, Paragraph B.1, of the Offer Document.

A.4 Valuation criteria underlying the determination of the Consideration

For each UBI Share tendered in acceptance of the Offer, the Offeror will pay a Consideration consisting, based on the Exchange Ratio, of 1.7000 ISP Shares.

In view of the nature of the Consideration, consisting of newly-issued ordinary shares of the Offeror offered in exchange for the UBI Shares tendered in acceptance of the Offer, the valuation analyses underlying the determination of the Exchange Ratio, and therefore of the Consideration, have been carried out by the Offeror in order to produce a comparative estimate of the economic values of ISP Group, on the one hand, and of UBI Group, on the other hand.

Therefore, according to a consolidated principle applied when carrying out this type of valuation, the Offeror has adopted a valuation approach that gives preference to the principle of ensuring the relative uniformity and comparability of the valuation criteria applied, in order to identify uniform and comparable ranges of values for the Issuer and the Offeror. Accordingly, the estimates of the value of the economic capital of the Issuer and the Offeror underlying the determination of the Consideration are only meaningful in relative terms.

The valuation analyses conducted by the Offeror on 17 February 2020 for the purposes of determining the Exchange Ratio had the following main limitations and difficulties:

- (i) for the purposes of its analysis, the Offeror has solely used data and information of a public nature, mainly taken from the consolidated financial statements of UBI Banca;
- (ii) the Offeror has not performed any financial, legal, commercial, tax, business or other due diligence on the Issuer;
- (iii) the absence (a) for the Offeror of a medium-to-long-term stand-alone business plan updated as at the Announcement Date and (b) for the Issuer of annual details of financial performance and position forecasts over the time horizon of the business plan entitled “2022 Business Plan” approved by the Issuer’s Board of Directors on 17 February 2020. Accordingly, where relevant for the purposes of application of the valuation methods, the forecasts relating to future financial performance and financial position used for the Offeror and the Issuer have been based on the estimates provided by research analysts; in addition, it should be noted that it was only possible to take account of the forecast data published by UBI Banca after 17 February 2020;
- (iv) the absence of specific information regarding the Banking Business Unit subject to sale to BPER pursuant to the BPER Agreement entered into by the Offeror and BPER as at the Announcement Date (for further information, see Section H, Paragraph H.1.1.1, of the Offer Document);
- (v) the absence of specific information regarding the Insurance Business Units subject to sale to Unipol pursuant to the Unipol Agreement entered into by the Offeror and Unipol as at the Announcement Date (for further information, see Section H, Paragraph H.1.1.2, of the Offer Document);
- (vi) the limited nature of the information for identifying and estimating synergies, restructuring costs and other adjustments to the Issuer’s non-performing loan portfolio;
- (vii) the absence of recent, comparable previous transactions capable of expressing an applicable valuation parameter.

Therefore, in view of the above limitations and valuation difficulties and in particular of the fact that the Offeror did not have access to forecast information and data that enabled it to produce analytical financial valuations of the UBI Shares, the Offeror, for the purposes of determining the Exchange Ratio, used a valuation approach based on market methods, in line with best valuation practices adopted at national and international level.

In particular, the Offeror’s Board of Directors decided to use:

- (i) as main valuation methods:
 - (a) the stock market price method;
 - (b) the method based on linear regression between multiples of the stock market price on the tangible equity of comparable listed companies and their respective prospective profitability levels expressed by the return on average tangible equity (RoATE) for the

period; and

- (c) the trading market multiples method, in the variant based on the market prices of comparable listed companies as multiples of their prospective earnings;
- (ii) as control methods:
 - (a) the target prices method as provided for by research analysts; and
 - (b) the dividend discount model method in the so-called variant of the excess capital.

The table below shows the comparison between (i) the implicit Consideration offered (rounded to the third decimal place), calculated taking into account the Exchange Ratio, and the official price of the ISP ordinary shares recorded on 14 February 2020, (the “**Reference Date**”) (corresponding to the last Trading Day prior to the Announcement Date) and the weighted averages of the official prices of the ISP ordinary shares for 1, 3 and 6 months and 1 year prior to the Reference Date (included), and (ii) the official price of the UBI Shares recorded on the Reference Date, and the weighted averages of the official prices of the UBI Shares relating to 1, 3 and 6 months and 1 year prior to the Reference Date (included), together with the related implicit premiums.

	Implicit Consideration offered (€)	Market prices UBI Banca (€)	Implicit premium vs. market prices
	(a)	(b)	(c= a/b-1)
Values based on prices on 14 February 2020	4.254	3.333	27.6%
Values based on weighted average prices - 1 month	4.027	2.968	35.7%
Values based on weighted average prices - 3 months	3.999	2.939	36.0%
Values based on weighted average prices - 6 months	3.801	2.743	38.6%
Values based on weighted average prices - 1 year	3.644	2.602	40.1%

Source: Factset, official prices

Please note in particular that as a result of ECB Recommendation 2020/19, the Board of Directors of ISP, in its meeting held on 31 March 2020, decided to suspend the proposal to distribute dividends to shareholders of approximately 3.4 billion euro, equal to 19.2 euro cents per ISP ordinary share (for more details see Paragraph A.8, of this Section A of the Offer Document). On the same date, the Board of Directors of UBI Banca decided to suspend the proposal to distribute dividends to shareholders of approximately 147.6 million euro, equal to 13.0 euro cents for each UBI Share (for more details, see Paragraph A.2 of this Section A of the Offer Document). In this regard, it should be noted that – despite the suspension of the 2020 dividend on the 2019 profits, whose distribution in the future (subject to approval by the ECB) will also benefit the shareholders of the Issuer that accept the Offer – ISP has confirmed the Exchange Ratio at 1.7000 ISP Shares for each UBI Share. Therefore, the total Consideration offered to the shareholders of UBI Banca incorporates a greater value equal to the difference between the dividends declared by the Offeror implicit in the Offer (i.e., 0.192 euro per ISP Share multiplied by the Exchange Ratio) and those of the Issuer (0.13 euro per UBI Share). Based on the official prices of the ISP ordinary shares and UBI Banca ordinary shares recorded at the close of 14 February 2020, this difference would correspond to a greater value of approximately 5% compared to the equivalent ex dividend Consideration (i.e. adjusted to take account of the payment of the above-mentioned dividend), as referred to in the Offeror’s Announcement.

For more information, see Section E, Paragraph E.1, of the Offer Document.

A.5 Share Capital Increase for the Offer

A.5.1. Corporate procedure applicable to Share Capital Increase for the Offer

The Consideration for the Offer consists of ISP Shares to be issued in execution of the Share Capital Increase for the Offer.

The Share Capital Increase for the Offer is subject to the provisions of articles 2440 and 2343-ter et seq. of the Italian Civil Code regarding share capital increases to be executed through transfers of assets in kind.

Specifically, the Offeror decided, pursuant to article 2440, paragraph 2, of the Italian Civil Code, to adopt the provisions of articles 2343-ter and 2343-quater of the Italian Civil Code for the estimate of the UBI Shares to be transferred. These provisions do not require a sworn valuation of the assets transferred performed by an expert appointed by the Court whose district is located where the transferring company has its registered office (i.e., the Court of Turin), if the value assigned to the assets transferred, for the purpose of determining the share capital and any share premium, “*is equal to or lower*” than the value resulting from a valuation referring to a date no more than six months prior to the transfer, which has been made in compliance with the generally recognised principles and criteria for the valuation of the assets to be transferred, and provided that this valuation has been performed by an expert that is independent (from the transferring party, the transferring company and the shareholders that individually or jointly exercise control over the transferring party or the company), and that possesses adequate and proven professional expertise (for more details, see article 2343-ter, paragraph 2, letter b), of the Italian Civil Code).

Bearing in mind the above, PricewaterhouseCoopers Advisory S.p.A., in its capacity as independent expert pursuant to article 2343-ter, paragraph 2, letter b), of the Italian Civil Code, issued its valuation of the UBI Shares on 13 March 2020, referring to 17 February 2020 and subsequently confirmed with an addendum dated 31 March 2020, concluding that, on the above-mentioned reference date, the unit value attributable to the UBI Shares was not less than 3.577 euro cum dividend and including the control premium. Subsequently, on 15 June 2020, PricewaterhouseCoopers Advisory S.p.A., at the request of the Offeror's Board of Directors, issued the PwC Report, which was prepared taking into account the data and information available as at 31 March 2020, which therefore constitutes the new reference date. Specifically, in the PwC Report, PricewaterhouseCoopers Advisory S.p.A. concluded that as at 31 March 2020 the fair value per share of UBI Banca was within the range of 3.577 euro to 4.406 euro (cum dividend and including the control premium). The independent expert therefore again confirmed that the fair value of each UBI Share that may be contributed under the Share Capital Increase for the Offer, is not below 3.577 euro, cum dividend and including the control premium, the lower limit of the range identified. In accordance with the law, the value assigned, for the purposes of determining the share capital and the share premium, to the UBI shares tendered in acceptance must be equal to or lower than the value indicated in the aforementioned report from the independent expert.

In addition, on 25 March 2020, KPMG S.p.A., the company appointed to perform the independent audit of the Offeror's accounts, submitted a voluntary report (ISAE 3000 Revised) to the extraordinary shareholders' meeting of ISP of 27 April 2020 on the criteria used by ISP's Board of Directors to determine the Exchange Ratio for the Offer, as described in more detail in Section E, Paragraph E.1, of the Offer Document. In that report, KPMG S.p.A. concluded, based on the documentation examined and the analysis performed, that the valuation methods adopted by ISP's Board of Directors were adequate, because they were reasonable and not arbitrary, and had been correctly applied for the purposes of determining the Exchange Ratio.

Finally, on 16 June 2020, KPMG S.p.A. issued its report on the adequacy of the price of the newly

issued ISP Shares servicing the Offer (*"parere sulla congruità del prezzo di emissione"*), as determined by the Offeror's Board of Directors, in accordance with the combined provisions of articles 2441, paragraph 4, first period and paragraph 6, of the Italian Civil Code and 158, paragraph 1, of the Consolidated Law on Finance.

Article 2443, paragraph 4, of the Italian Civil Code establishes that, if the transferee company has opted to value the assets transferred in accordance with the special rules laid down in articles 2343-ter and 2343-quater of the Italian Civil Code, one or more shareholders that represent and that at the time of the board resolution approving the share capital increase represented at least one twentieth of the share capital prior to the increase, may request, within 30 (thirty) days from the registration in the company register of the board resolution approving the share capital increase (i.e., by 20 July 2020), that a new valuation of the transferred assets be carried out, upon instruction by the directors and in accordance with article 2343 of the Italian Civil Code, by means of a sworn valuation by an expert appointed by the competent Court (i.e., the Court of Turin).

In addition, the Offeror's Board of Directors, pursuant to the combined provisions of articles 2343-quater and 2440 of the Italian Civil Code, is required to issue a statement – within 30 days from the execution of the transfer or, if later, from the date of registration in the Turin Company Register of the board resolution approving the Share Capital Increase for the Offer – certifying, among other things, that the expert that performed the valuation meets the requirements and professional capability and independence laid down in article 2343-ter, paragraph 2, letter b), of the Italian Civil Code. This statement, together with the information required by the above-mentioned letters a), b) and c) of article 2343-quater, paragraph 3, of the Italian Civil Code, was issued by the Offeror's Board of Directors on 16 June 2020 and is contained in the Board resolution approving the Share Capital Increase for the Offer registered with the Turin Company Register on 19 June 2020.

Furthermore, if, within 30 days of the filing in the Turin Company Register of the resolution approving the Share Capital Increase for the Offer, the request pursuant to article 2443, paragraph 4, of the Italian Civil Code (i.e. by 20 July 2020) has not been made, the Offeror's Board of Directors will file, for registration in the Turin Company Register by the Payment Date, together with the certification pursuant to article 2444 of the Italian Civil Code, the additional statement envisaged by article 2343-quater, paragraph 3, letter d), of the Italian Civil Code, namely the statement that no exceptional circumstances or new significant circumstances have arisen that affect the valuation referred to in letter b) above (i.e., in this case, the value assigned to the UBI Shares for the Share Capital Increase for the Offer), after the reference date of the valuation produced by the independent expert pursuant to article pursuant to article 2343-ter, paragraph 2, letter b) of the Italian Civil Code.

In this regard, the meeting of the Offeror's Board of Directors called to perform these checks and to issue the statement from ISP's directors pursuant to article 2343-quater, paragraph 3, letter d) of the Italian Civil Code, is expected to take place by the Payment Date of the Consideration and, in any case, in time for the fulfilment of the obligations related to that payment. It is also envisaged that this statement from ISP's directors will be filed in the relevant Company Register in due time by the Payment Date to enable the unrestricted availability for the Acceptors of the ISP Shares that will be allotted to them as Consideration for the Offer on the Payment Date. The ISP Shares resulting from the Share Capital Increase for the Offer will be traded on the same market where – at the time of their issue – the ISP ordinary shares already outstanding are traded. The listing of the ISP Shares will take place automatically, in accordance with the provisions of the Stock Exchange Rules, as well as article I.A.2.1.9 of the Stock Exchange Instructions, because they will be interchangeable with, and have the same characteristics as, the ISP ordinary shares that are already listed. The ISP Shares will represent, over a period of 12 months, less than 20% of the number of ISP ordinary shares already admitted to trading on the same regulated market and, consequently, in accordance with article 1, paragraph 5, letter a) of Regulation (EU) 1129/2017, there is no obligation to publish a prospectus for

the listing of the ISP Shares.

Until the statements from ISP's directors envisaged by article 2343-quater, paragraph 3, of the Italian Civil Code have been filed in the Turin Company Register, the ISP Shares, issued in execution of the Share Capital Increase for the Offer, which will be allotted to the Acceptors as Consideration for the Offer, will be unavailable (and therefore will not be able to be sold) and must remain deposited with the Offeror.

If, prior to the Payment Date of the Consideration, the Offeror's Board of Directors determines that exceptional circumstances or significant new circumstances have arisen that materially alter the value of the assets transferred (*i.e.*, the value assigned to the UBI Shares for the purposes of the Share Capital Increase for the Offer) and prevent the issuance of the above-mentioned statement from the directors of ISP pursuant to letter d), the Offeror's Board of Directors must perform a new valuation of the contributions in kind (*i.e.*, the UBI Shares) in accordance with article 2343 of the Italian Civil Code and therefore initiate the ordinary procedure for the valuation of the contributions in kind, requesting the competent Court (*i.e.*, the Court of Turin) to appoint an expert that will prepare a sworn valuation of the assets transferred, in compliance with the applicable regulations. In addition, also pursuant to article 2343 of the Italian Civil Code, if the Board of Directors' review of the sworn report reveals that the value of the assets transferred was more than 1/5 lower than the value at which the transfer was made, ISP shall apply the relevant provisions of article 2343 of the Italian Civil Code (including, where applicable, the reduction in the amount of the share premium and the nominal share capital of the Share Capital Increase for the Offer).

Notwithstanding the above, as at the Date of the Offer Document, the Offeror's Board of Directors has not identified any exceptional or significant new circumstances that necessitate a further update of the PwC Report prepared in accordance with article 2343-ter, paragraph 2, letter b), of the Italian Civil Code or, in any event, that entail the need, as at the Date of the Offer Document, to initiate the ordinary procedure for the valuation of the contributions in kind, which requires a sworn valuation by an expert appointed by the competent Court in accordance with article 2343 of the Italian Civil Code.

For more details regarding the Share Capital Increase for the Offer and the procedure pursuant to articles 2440 and 2343-ter et seq. of the Italian Civil Code, see the Introduction to the Offer Document.

A.5.2. Absence of impacts on the Consideration for the Offer

Please note that, because the ordinary shares of the Offeror (including the ISP Shares issued in execution of the Share Capital Increase for the Offer) have not been assigned any nominal value, the implementation of the ordinary procedure for the valuation of the contributions in kind in accordance with article 2343 of the Italian Civil Code – either as a result of a request from minority shareholders pursuant to article 2443, paragraph 4, of the Italian Civil Code, or of the failure to issue the statement from ISP's directors pursuant to article 2343-quater, paragraph 3, letter d) of the Italian Civil Code (for more details, see Paragraph A.5.1 of this Section A of the Offer Document) – would not have any impact on the Exchange Ratio and, consequently, on the Consideration, as well as the right of the Acceptors to be allotted the corresponding number of ISP Shares as Consideration for the Offer. This would also be the case if the ordinary valuation process pursuant to article 2343 of the Italian Civil Code were to find that the value assigned to the UBI Shares to be transferred is lower than the value indicated in the PwC Report (as updated where necessary), because in the hypothetical scenario referred to above, in compliance with the opinion issued by the independent auditors, this would result, where applicable, in the reduction of the amount of the share premium and of the nominal share capital of the Share Capital Increase for the Offer, but not of the number of ISP Shares to be issued as Consideration for the Offer.

A.5.3. Unavailability, where applicable, of the ISP Shares offered as Consideration

Taking into account the regulations applicable to the Share Capital Increase for the Offer and the

procedures set out in articles 2440 and 2343-ter et seq. of the Italian Civil Code (for more information, see Paragraph A.5.1 above of this Section A of the Offer Document), it should be noted that in the case of implementation of the ordinary procedure for the valuation of the UBI Shares in accordance with article 2343 of the Italian Civil Code, by means of a sworn valuation report prepared by an expert appointed by the competent Court (the Court of Turin) - either as a result of a request from ISP minority shareholders pursuant to article 2443, paragraph 4, of the Italian Civil Code (by 20 July 2020), or of the failure to issue the statement from ISP's directors pursuant to article 2343-quater, paragraph 3, letter d) of the Italian Civil Code – if the aforesaid ordinary valuation procedure is not completed by the Payment Date, the ISP Shares allotted to the Acceptors of the Offer as Consideration for the Offer at the Payment Date will remain unavailable up to the completion of the ordinary procedure for the valuation of the UBI Shares in accordance with article 2343 of the Italian Civil Code, a procedure whose timing of completion cannot be determined in advance.

For more information see Section F of the Offer Document.

A.6 Management of fractional ISP Shares offered as Consideration

Given that 1.7000 ISP Shares will be allotted for each UBI Share tendered in acceptance of the Offer, based on the Exchange Ratio, the result of the application of the Exchange Ratio to the UBI Shares tendered in acceptance by an Acceptor may not be a whole number of ISP Shares (i.e. where an Acceptor does not tender at least 10 UBI Shares to the Offer, or a number of UBI Shares equal to an integer multiple of 10). These fractional parts of the ISP Shares will be treated in accordance with Section F, Paragraph F.6, of the Offer Document.

A.7 Reasons for the Offer and summary of the Offeror's future plans in relation to the Issuer

A.7.1. Reasons for the Offer and summary of future plans

The Offeror has decided to launch the Offer in order to further consolidate, through the contribution of the Issuer's customers and network, its position in the Italian banking sector.

The objective of the Offer, in light of the reasons for the Offer and of the future plans relating to the Issuer, as further specified in Section G, Paragraph G.2, of the Offer Document, is to acquire the entire share capital of the Issuer and carry out the Merger, fostering on the objectives of integration, creation of synergies and growth of the ISP Group. Please note that the Merger may be carried out, upon completion of the Offer, both in the case of Delisting of the shares or where such Delisting does not occur.

To accelerate and thereby increase the efficiency of the integration of UBI into the ISP Group and, therefore, of the achievement of the industrial objectives, as well as to prevent the emergence of potentially significant antitrust situations, the Offeror signed the BPER Agreement and the Unipol Agreement on 17 February 2020, which provide for the following in particular:

I. BPER Agreement

The BPER Agreement was signed on 17 February 2020 and was subsequently supplemented on 19 March 2020 and 15 June 2020, respectively.

The BPER Agreement provides for BPER's commitment to purchase a business unit composed of a set of branches of the ISP Group, as integrated following the Offer (i.e., 532 bank branches, also including 31 branches of the ISP Group in order to optimise the local coverage), and related staff and customer relationships (the "**Banking Business Unit**"), for a cash consideration, following the successful completion of the Offer and at the terms and

additional conditions established therein.

For more information regarding the Banking Business Unit, see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document. In addition, for more information regarding the BPER Agreement, see Section G, Paragraph G.2.2 and Section H, Paragraph H.1.1.1, of the Offer Document, as well as Part B, Section 14, Paragraph 14.1.1 of the Registration Document.

II. Unipol Agreement

The Unipol Agreement was signed on 17 February 2020.

The Unipol Agreement provides for the commitment from Unipol to acquire, directly or through subsidiaries – for a cash consideration – the business units attributable to one or more of the insurance companies currently held by UBI Banca (i.e. BancAssurance Popolari S.p.A., Lombarda Vita S.p.A. and Aviva Vita S.p.A.), composed of the life insurance policies taken out by the customers of the Banking Business Unit and the related assets, liabilities and legal relationships (the “**Insurance Business Units**”) following the successful completion of the Offer and assumption of control of Lombarda Vita S.p.A. and/or Aviva Vita S.p.A. by the Issuer; all subject, *inter alia*, to the completion of the sale to BPER of the Banking Business Unit in accordance with the BPER Agreement and at the terms and additional conditions established therein.

For information about the Insurance Business Units, see Part B, Section 5, Paragraph 5.1.6.1, of the Registration Document. In addition, for more information regarding the Unipol Agreement, see Section G, Paragraph G.2.2 and Section H, Paragraph H.1.1.2, of the Offer Document, as well as Part B, Section 14, Paragraph 14.1.2 of the Registration Document.

With regard to the reasons for the Offer and the future plans drawn up by the Offeror in relation to the Issuer, the trend for the financial and banking sector in the coming years is characterised by a consolidation in which the main operators will be champions both in Europe and outside Europe. It is in ISP's interest to reach a size that enables it to play a proactive role in the European banking scenario. The Offeror also believes that the achievement of the dimensional growth should take place through a transaction entailing the combination with another operator that has, as far as possible, similarities to the Offeror itself, so as to minimize execution risks and generate value for all the stakeholders, which is the ultimate purpose of a major player in the sector.

According to this rationale, the Issuer corresponds to the profile outlined above: the business model, the market positioning and territorial coverage, the set of shared values by the management, the strong orientation to the support of Italian economy and sustainable and inclusive growth and the significant presence of Italian stakeholders make UBI Banca a company that largely reflects a profile similar to that of the Offeror and, therefore, a company whose integration could take place smoothly and in such a way as to preserve and enhance the Issuer's resources.

The Issuer is a significant player in the sector (the fourth largest operator in Italy in terms of volumes handled); however, in the opinion of the Offeror, the market environment, which is undergoing profound change and evolution and is characterised by low interest rates and therefore low margins and the need to bear significant technological investments, means that the size and ability to operate and compete not only at national, but also at international level, are essential prerequisites for the development of the business and the value of the company in order to obtain an adequate return on capital.

The Offer represents a market transaction directly addressed to all the shareholders of the Issuer, and aimed at enabling the integration of the Issuer into the Offeror that will enable the full enhancement of the potentialities of the two groups through the creation of an entity capable of:

- strengthening the position of the stakeholders of the two groups on the European banking scene;
- creating value for the shareholders through the distribution of dividend flows that are sustainable over time also by means of the synergies deriving from the combination; regarding the estimate of these synergies, the Offeror envisages that, in the event of the Merger, the proposed integration of the UBI Group into the ISP Group can generate synergies (i) for the year 2023, of 662 million euro before tax, and (ii) when fully implemented, from 2024 (inclusive) of 700 million euro before tax per year;
- integrating the Issuer's management into the first lines of management of a leading company in Italy and of European dimensions;
- providing strong support to the real economy of local communities, with the full engagement of UBI Banca's Local Foundations and also focusing in particular on social impacts, achieved also by entering into agreements that benefit local communities involving initiatives such as: real estate and art assets, funding for local areas, innovation and scientific research, welfare, social housing and health care.

In addition, the banking, financial and insurance sectors play a crucial role in ensuring Italy's economic and financial independence by acting as a potential driver of growth in the real economy. Moreover, the Offer paves the way to the necessary consolidation of the Italian banking sector, which is still fragmented compared to the average in the European countries.

Recent experiences prove the Offeror's ability to successfully complete transactions through methods that allow for smooth integration, without social tensions and able to offer opportunities to the younger generations, while at the same time respecting the Offeror's operating standards from an economic and financial standpoint.

If the Offer is successfully completed, the Offeror will have access to over 3 million high profile customers, mainly retail, SME and private, located in some of the areas with the highest development potential, who may benefit from the wide range of products and services that the Offeror already distributes to its customers directly or through its subsidiaries. In the Offeror's opinion, the contribution of these customers and the resulting capital aggregates will be such as to consolidate the position of the Offeror in Italy, and will at the same time become the seventh largest banking group in the Eurozone for total asset.

The Offeror considers that in terms of market position, size and business profile of the Issuer, the integration of the UBI Group into the ISP Group resulting from the successful completion of the Offer will allow the full exploitation of the Issuer's potential, generating a high capacity to create value for the shareholders, the bank's customers and all the other stakeholders, mainly by achieving the following business and financial objectives:

- Consolidation of its position in Italy by strengthening ISP's active role in supporting the Italian economy;
- Increase in critical mass and simultaneous achievement of greater coverage of geographical markets previously less served, in order to achieve significant cost synergies deriving inter alia from economies of scale and which the Offeror forecasts upon full implementation from 2024 (inclusive) to be 545 million euro before tax per annum if the Merger is carried out. For the year 2023, the Offeror envisages the generation of cost synergies of 506 million euro before tax. These synergies are expected to derive from the economies of scale and the Offeror's experience and ability to operate efficiently on the market with an agile operating structure, which will also enable the freeing up of significant financial resources, including for technological investments (i.e. artificial intelligence, machine learning and advanced analytics);

these investments are necessary to operate with ever greater effectiveness and efficiency in a competitive context which is witnessing a growing role played by new types of competitors and which, being of a considerable size, require an adequate response in terms of an elevated scale and a broad customer base. The related combination costs are estimated in about 1.3 billion euro (before tax and one off) fully expensed during 2020;

- Revenue synergies that the Offeror envisages can be achieved in full from 2023 (inclusive) and which may be estimated at 156 million euro before tax per annum, deriving from the increase in productivity per customer and branch at the Offeror's levels, as well as the increase in profitability, including thanks to the efficiency gains resulting from the integration of the respective product factories of the Offeror and the Issuer in the high value-added business segments (such as wealth management, life and non-life bancassurance, where ISP is seeking to become the market leader on the non-motor retail market, leasing and factoring), by leveraging an internalised distribution and offer model.
- Complementarity in certain business sectors (consumer credit and direct banking), with the possibility of higher sales of products and/or complementary products from the catalogue;
- Strengthening of the leadership in Corporate Social Responsibility, with the aim of being a benchmark for individuals and companies in Italy;
- Improved ability to attract new talent with a strong commitment to supporting the growth of the core business through new recruitment, thus promoting generational turnover within the ISP Group without social impact;
- Alignment to the best risk management and credit policies of the Offeror;
- Maintenance of a sound capital base even at the completion of the transaction (maintaining fully-loaded pro-forma Common Equity Tier I Ratio above 13%¹ in 2021); and
- Acceleration of the de-risking of the Issuer's assets, without any charges for the shareholders.

Taking into account the above, with a view to accelerating the achievement of the business objectives of the integration between the ISP Group and the UBI Group, the Offeror's objective is to acquire the entire share capital of the Issuer and carry out the Merger, fostering the objectives of integration, creation of synergies and growth of the ISP Group.

For more information, see Paragraph A.9 of this Section A and Section G, Paragraph G.2, of the Offer Document, and Part B, Section 5, Paragraph 5.1.6.1. and, with respect to the strategic objectives of the transaction, Section 7, Paragraph 7.4 of the Registration Document.

For details of the additional information provided to UBI Banca's shareholders in relation to possible alternative scenarios regarding acceptance or non-acceptance of the Offer, see Paragraph A.15 below of this Section A of the Offer Document.

A.7.2. Situation resulting from the COVID-19 pandemic

With specific regard to the situation resulting from the COVID-19 (so-called coronavirus) pandemic, the Offeror considers, taking into account the above-mentioned business and financial objectives, that the strategic rationale underlying the Offer takes on even stronger significance, specifically when

¹ Figure referring to the pro-forma fully-loaded Common Equity Tier I ratio of ISP after the integration of UBI Banca. This ratio was 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 1,285 million euro 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. This ratio would be above 12% if the aforementioned DTA absorptions are not included.

considering the synergies, above all in terms of costs, increased NPL coverage and reduction of unlikely-to-pay loans and bad loans – all key elements in respect of which the announcement made to the market on 17 February 2020 in the Offeror's Announcement is confirmed.

In addition, with regard to the expected benefits of the integration of the UBI Group into the ISP Group for stakeholders resulting from the transaction, the Offeror declared in a press release published on 5 May 2020 that the entity resulting from the integration of the UBI Group into the ISP Group could realise net income of no lower than 5 billion euro in 2022.

In the same press release, with regard to the dividend policy of the future combined entity resulting from the integration of the UBI Group into the ISP Group, the Offeror stated that “[t]he dividend policy for the combined Group is consequently updated and envisages the distribution of cash dividends corresponding to a payout ratio of 75% of the net income for 2020 (excluding the contribution of the negative goodwill² not allocated to cover integration charges and reduce risk profile from net income) and 70% for 2021. This, too, is subject to ECB indications in respect of dividend distribution after 1 October 2020”. The Offeror also confirmed the rise in earnings per share of around 6% compared with the 2019 earnings per share of ISP³. By way of comparison, in the final year of the 2018-2021 Business Plan of the ISP Group, the dividend policy announced on 5 May 2020 equates – considering the expected net income of the ISP Group of no lower than 3.5 billion euro in 2021, as announced on the same date – to an expected dividend per share for the stand-alone ISP Group of no less than 0.14 euro, compared to 0.24 euro based on the net income of 6 billion euro announced on 6 February 2018 at the moment of approval of the 2018-2021 Business Plan, and to an expected dividend per share for the entity resulting from the integration of the UBI Group into the ISP Group of no lower than the aforesaid value projected for the ISP Group, compared to the value above 0.20 announced on 17 February 2020.

In the same press release published on 5 May 2020, the Offeror confirmed that, for the entity resulting from the integration of the UBI Group into the ISP Group, the pro-forma fully loaded Common Equity Tier 1 ratio for the future combined Group is expected to be above 13%⁴ in 2021, as disclosed on 17 February 2020.

Lastly, in the press release of 5 June 2020, following the authorisation received on the same date from the European Central Bank for the direct acquisition of a controlling interest in UBI Banca and the indirect acquisition of a controlling interest in IW Bank S.p.A. (for more details, see Section A, Paragraph A.10, and Section C, Paragraph C.2, of the Offer Document), the Offeror also announced the following: *“following the authorisation received from the European Central Bank, Intesa Sanpaolo believes, although it does not currently have information on possible adverse effects of the COVID-19 pandemic on UBI Banca, that reasonably the pandemic should not bear such effects as to negatively affect the activity of UBI Banca and/or the financial, capital, economic and income situation of UBI Banca and/or the companies of the UBI Group (in addition to not bearing similar effects for both the Offer and Intesa Sanpaolo); consequently, Intesa Sanpaolo will not include the COVID-19 pandemic and its effects as indicated at point (v) of paragraph 1.5 of the announcement published by the Bank*

² The final value of the negative goodwill will be known only after the completion of the Purchase Price Allocation (PPA) required by IFRS 3 which governs, among other things, the accounting treatment of business combinations, such as the acquisition of the UBI Group by the Offeror in the event of successful completion of the Offer.

³ Increase in net earnings per share calculated considering the net income for 2019 of ISP, the net profit for 2019 of UBI Banca and the amount of revenue and cost synergies, net of the carve out under the BPER Agreement involving the Banking Business Unit.

⁴ Figure referring to the pro-forma fully-loaded Common Equity Tier I ratio of ISP after the integration of UBI Banca. This ratio was 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 1,285 million euro 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. This ratio would be above 12% if the aforementioned DTA absorptions are not included.

on 17 February 2020 pursuant to article 102, paragraph 1, Consolidated Law on Finance, and article 37 of the Issuers' Regulation among the conditions for enforceability of the Offer."

With regard to the above, please note that, in any event, even considering the uncertainties surrounding, in particular, the public health and economic impacts and developments resulting from the COVID-19 pandemic, there is the risk that the events and/or the related effects at the basis of the strategic objectives of the merger of the UBI Group into the ISP Group (including dividend distribution objectives) do not occur to the extent and at the times illustrated. Moreover, it cannot be excluded that events may occur in the near future that would result in the extension of ECB Recommendation 2020/19 concerning the dividend policy and that would (wholly or partially) prevent or postpone the distribution of dividends and/or reserves and, therefore, achievement of the dividend and/or reserve distribution objectives. Lastly, the distribution of dividends and/or reserves might, in the future, be prevented or limited by the need to comply with the capital requirements established by the legal and/or regulatory rules applicable to the ISP Group or by other or different requirements imposed by the supervisory authority.

For more information, see Section G, Paragraph G.2.2.4 of the Offer Document and Part B, Section 7 of the Registration Document.

A.8 ECB Recommendation 2020/19 and dividend policy

On 27 March 2020, the ECB issued its ECB Recommendation 2020/19 addressed to significant banks and banking groups, regarding dividend distribution policies in the situation resulting from the COVID-19 pandemic. The same recommendation was made by the Bank of Italy to the banks under its direct supervision.

In accordance with ECB Recommendation 2020/19, on 31 March 2020 the Board of Directors of the Offeror decided to suspend the proposal to distribute cash dividends to shareholders of approximately 3.4 billion euro (equal to 19.2 euro cents for each ISP ordinary share), on the agenda of the ordinary shareholders' meeting of the Offeror of 27 April 2020. On proposal by the Board of Directors, the shareholders' meeting resolved to allocate the net income for 2019 to reserves, after having allocated the sum of 12,500,000.00 euro to the Allowance for charitable, social and cultural contributions.

Subsequently, in the press release published on 5 May 2020, following the approval by ISP's Board of Directors, on the same date, of the ISP Group's consolidated interim statement as at 31 March 2020, the Offeror made announcements regarding the dividend policy, as detailed in Paragraph A.7.2 of this Section A of the Offer Document.

As stated above, the proposal to distribute cash dividends to shareholders for 2019 has been suspended and the ordinary shareholders' meeting of ISP held on 27 April 2020 resolved to allocate the net income for 2019 to reserves. The ECB has indicated that it will consider whether the ECB Recommendation 2020/19 concerning the dividend policy will be extended beyond 1 October 2020.

Subject to the recommendations to be provided by the ECB and monitoring of the soundness of the ISP Group's capital base in relation to the evolution of the situation resulting from the COVID-19 pandemic, the Board of Directors of ISP, as stated in its explanatory report on the first item of the agenda of the ordinary shareholders' meeting of ISP of 27 April 2020, intends to call an ordinary shareholders' meeting of ISP after 1 October to implement the distribution of part of the reserves to shareholders before the end of 2020, whose amount has not yet been set and will be proposed to the shareholders by the Board of Directors of the Offeror when the shareholders' meeting is called.

With regard to the above, please note that, in any event, even considering the uncertainties surrounding, in particular, the public health and economic impacts and developments resulting from the COVID-19 pandemic, there is the risk that the events and/or the related effects at the basis of the

strategic targets of the merger of the UBI Group into the ISP Group (including dividend distribution objectives) do not occur to the extent and at the times illustrated. Moreover, it cannot be excluded that events may occur in the near future that would result in the extension of ECB Recommendation 2020/19 and that would (wholly or partially) prevent or postpone the distribution of dividends and/or reserves and, therefore, achievement of the dividend and/or reserve distribution objectives. Lastly, the distribution of dividends and/or reserves might, in the future, be prevented or limited by the need to comply with the capital requirements established by the legal and/or regulatory rules applicable to the ISP Group or by other or different requirements imposed by the supervisory authority.

A.9 Transactions as a result of the Offer

A.9.1. Merger

It should be noted that, as stated in Paragraph A.1, of this Section A, of the Offer Document, the effectiveness of the Offer is subject, *inter alia*, to the Percentage Threshold Condition, i.e. the condition that upon completion of the Offer, the Offeror holds an interest at least equal to 66.67% of the Issuer's share capital: this will allow the Offeror to hold the absolute majority at the extraordinary shareholders' meeting of UBI Banca and therefore, subject to the necessary authorisations from the competent authorities and in compliance with the applicable corporate governance rules and procedures, to resolve upon and execute the Merger by incorporation of the Issuer into the Offeror (probably not before 2021).

As at the Date of the Offer Document, the Offeror has not yet taken any decision on the possible Merger, or on the manner of its execution, even though it is an objective of the Offer in line with the reasons underlying the Offer.

Please note, also, that, if the Offeror waives the Percentage Threshold Condition and agrees to acquire a percentage below this threshold, subject to the Minimum Threshold Condition, and thus finds itself holding a total interest in the Issuer's share capital of at least 50% plus 1 (one) UBI Share, the approval of the Merger may still be proposed to the shareholders' meeting (probably starting from 2021). In such case, the Offeror's interest in the share capital of the Issuer would give - taking into account any changes in the ownership structure of the Issuer at that date, also in terms of the number of shareholders holding significant equity investments - a sufficient number of voting rights to approve the Merger (on condition that the deliberative quorum of 2/3 of the voting shares represented at the shareholders' meeting is fulfilled).

Notwithstanding the above, it should be noted that, in line with the reasons and objectives underlying the Offer and the future plans drawn up by the Offeror set out in Section G, Paragraph G.2, of the Offer Document, the Merger may be carried out both in the event that, upon completion of the Offer, the Issuer's shares are not delisted due to the final results of the Offer, and in the event that, upon completion of the Offer, the legal conditions apply for the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance, and the exercise of the Right of Squeeze-Out; in the latter case, the Merger would be carried out after the Delisting of the Issuer's shares, upon completion of the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance and the exercise of the Right of Squeeze-Out.

Whether approved, the Merger described above will take place based on an exchange ratio determined in accordance with article 2501-ter of the Italian Civil Code, using, as is customary, uniform methodologies and assumptions in the valuation of the companies involved, without the minority shareholders of the absorbed company being entitled to any premium.

If the Offeror decides to go ahead with the Merger, the shareholders of the Issuer that have not accepted the Offer and that have not contributed to the resolution approving the Merger will not in any event have the right of withdrawal pursuant to article 2437-quinquies of the Italian Civil Code, because, upon completion of the Merger, the shareholders of the Issuer would receive the ordinary shares of ISP that are listed on the Mercato Telematico Azionario in exchange.

In addition, with regard to the other withdrawal circumstances envisaged by article 2437 of the Italian Civil Code (provided that the Offeror, as at the Date of the Offer Document, has not taken any decision regarding the Merger, or the related execution procedures), the Offeror envisages that the Merger will be implemented in a way that does not give rise to the right of withdrawal pursuant to article 2437 of the Italian Civil Code for the shareholders of the Issuer that have not accepted the Offer and have not contributed to the resolution approving the Merger.

For details of the additional information provided to UBI Banca's shareholders in relation to possible alternative scenarios regarding acceptance or non-acceptance of the Offer, see Paragraph A.15 below of this Section A of the Offer Document.

A.9.2. Extraordinary transactions in addition to the Merger

A.9.2.1 Transactions subject of the BPER Agreement and the Unipol Agreement

With regard to any extraordinary transactions in addition to the (possible) Merger, which may be carried out in the event of successful completion of the Offer (therefore also where the Offeror waives the Percentage Threshold Condition, subject to the Minimum Threshold Condition), please note that, in accordance with the provisions of the BPER Agreement and the Unipol Agreement, it is envisaged that the sales of the Banking Business Unit to BPER and the Insurance Business Units to Unipol will take place in the twelve months following the Payment Date, subject to the fulfilment of the respective conditions precedent provided for therein and regardless of whether or not the Merger is carried out.

For more information relating to the Banking Business Unit and the Insurance Business Units see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document. In addition, for more information regarding the BPER Agreement and the Unipol Agreement, see Section G, Paragraph G.2.2 and Section H, Paragraph H.1, of the Offer Document, as well as Part B, Section 14, Paragraphs 14.1.1 and 14.1.2 of the Registration Document.

For details of the additional information provided to UBI Banca's shareholders in relation to possible alternative scenarios regarding acceptance or non-acceptance of the Offer, see Paragraph A.15 below of this Section A of the Offer Document.

A.9.2.2 Other transactions

Regardless of whether or not the Merger is carried out, in the event of successful completion of the Offer (and therefore where the Offeror waives the Percentage Threshold Condition, subject to the Minimum Threshold Condition), the Offeror, in line with the main objectives and terms of the future plans drawn up by the Offeror in relation to the Issuer, envisages to take, throughout 2021 measures to accelerate the de-risking of the Issuer's assets, in particular the sale of around 4 billion euro of the Issuer's non-performing loans at a price in line with their carrying amount as at the date of sale, in order to reduce the level of the ISP Group's gross non-performing loans (resulting from the integration of the UBI Group into the ISP Group, upon successful completion of the Offer). For more information, see Section G, Paragraph G.2.2, of the Offer Document.

In the interests of completeness, please note that, if for any reason the Merger is not approved by the respective extraordinary shareholders' meetings of the Issuer and/or the Offeror or the Merger is not carried out – a scenario in which the Offeror could still achieve around 87% of the total synergies envisaged in the event of the Merger and a large part of the objectives subject of the future plans

drawn up by the Offeror in relation to the Issuer – the Offeror does not exclude the possibility that, even in the absence of the Merger, transactions are carried out, in compliance with the applicable regulations, that are deemed necessary (also to comply with the legal, regulatory or supervisory provisions) and/or in line with the objectives of and reasons for the Offer, such as, for example, the implementation of de-risking actions of the Issuer's assets and the adoption of all the actions that enable the entity resulting from the integration of the UBI Group into the ISP Group to still benefit from the synergies and value creation resulting from the successful completion of the Offer.

Although the effects of such transactions will be assessed on a case-by-case basis, please note that if, for example, actions are taken to de-risk the assets and/or to ensure the efficient integration of the UBI Group into the ISP Group (including the effects of the BPER Agreement and the Unipol Agreement) and the optimisation of the operations of the subsidiary UBI Banca with the ISP Group, those actions, as a result of the related costs and charges, may adversely affect the Issuer's earnings prospects and remuneration of capital, subject to ISP's commitment to guarantee that the capitalisation of the subsidiary UBI Banca is in line with the standards of the ISP Group.

The Offeror will not make any further purchases of UBI Shares in the 12 months following the Payment Date and, where applicable, on the subsequent settlement date of any purchases of UBI Shares that the Offeror may make in execution of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or the Joint Procedure.

For details of the additional information provided to UBI Banca's shareholders in relation to possible alternative scenarios regarding acceptance or non-acceptance of the Offer, see Paragraph A.15 below of this Section A of the Offer Document.

A.10 Communications and authorisations for the implementation of the Offer

The conduct of the Offer is not itself subject to the obtainment of any authorisation.

However, it should be noted that the Offer is conditional on, inter alia, the Antitrust Condition, i.e. the unconditional approval of the transaction for the acquisition of exclusive control of the Issuer by the Offeror by AGCM pursuant to article 16 of Law no. 287/90, or the approval conditional on the execution of the sales in accordance with the provisions of the BPER Agreement and the ISP Commitments without the imposition of additional and/or different measures even only of an implementing nature.

In this respect, the following should be noted:

- (i) on 17 February 2020, the Offeror notified its decision to launch the Offer to AGCM, pursuant to article 16, paragraph 5, of Law no. 287 of 10 October 1990; the form was then filed with AGCM on 27 April 2020. On 11 May 2020, AGCM issued its decision authorising the commencement of an investigation pursuant to article 16, paragraph 4, of Law 287/90. On 5 June 2020, AGCM sent ISP the NRR, in which the reviewing Offices of AGCM, in line with the affirmation already made in the above-mentioned order initiating the investigation, held that, as things stand, the notified transaction could potentially fall within the prohibition set forth in article 6 of Law no. 287/90, because it could lead to the creation or strengthening of a dominant position in some of the relevant markets concerned;
- (ii) after having received the NRR, ISP, in order to remove the specific antitrust issues identified therein, negotiated and entered into an agreement with BPER, on 15 June 2020, supplementing the BPER Agreement signed on 17 February 2020 (and already supplemented on 19 March 2020), through which the number of branches to be transferred was increased to 532, with precise identification of the addresses and consequent redefinition of the estimate of the amounts involved (for more details, see Section H, Paragraph H.1.1.1, of the Offer

Document). The contents of this supplementary agreement were reported in a specific notice sent to AGCM on 15 June 2020, within the procedure initiated by the latter pursuant to article 16, paragraph 4, of Law no. 287/90. In addition, ISP has agreed to make the ISP Commitments – for the event that even after the sale of the Banking Business Unit to BPER, in the opinion of AGCM, there may still be some antitrust issues in certain local areas (where there are no branches being sold to BPER) – involving the disposal of 17 bank branches of UBI Banca;

- (iii) on 6 March 2020, the Offeror reported its decision to launch the Offer to the Serbian antitrust authority (Republic of Serbia – Commission for Protection of Competition) pursuant to national legislation on the control of concentrations, and the said authority, by decision issued on 3 April 2020, unconditionally authorised the transaction;
- (iv) on 6 March 2020, the Offeror reported its decision to launch the Offer to the Albanian antitrust authority (Competition Authority of Albania) pursuant to national legislation on the control of concentrations, and the said authority, by decision issued on 6 May 2020, unconditionally authorised the transaction.

In the interests of full disclosure, please also note that all other relevant authorisations for the implementation and completion of the Offer were obtained before the Date of the Offer Document, consisting in particular of:

- (i) decision no. ECB-SSM-2020-ITISP-18 (QLF-2020-0018 e QLF-2020-0024) of 5 June 2020, according to which the ECB, on the proposal of the Bank of Italy, granted ISP authorisation for the direct acquisition of a controlling interest in the Issuer, as well as for the indirect acquisition of a controlling interest in IW Bank S.p.A., pursuant to articles 22 and 23 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 and articles 19 and 22 of the Consolidated Law on Banking;
- (ii) decision no. 126133/20 of 17 June 2020, according to which IVASS (the Insurance Supervisory Authority) granted ISP authorisation for the indirect purchase of (a) a controlling interest in BancAssurance Popolari S.p.A. (100% of the share capital) and (b) qualifying interests in Aviva Vita S.p.A. (20% of the share capital) and Lombarda Vita S.p.A. (40% of the share capital) pursuant to article 68 of Legislative Decree 209 of 7 September 2005;
- (iii) decision protocol no. 750343/20 of 8 June 2020, according to which the Bank of Italy granted ISP authorisation for the indirect purchase of a controlling interest (65% of the share capital) in Pramerica SGR S.p.A. and qualifying interest (19.6% of the share capital) in Polis Fondi SGR S.p.A. pursuant to article 15 of the Consolidated Law on Finance and Title IV, Chapter I, of the Collective Asset Management Regulations;
- (iv) decision protocol no. 746125/20 of 5 June 2020, according to which the Bank of Italy granted ISP authorisation for the indirect purchase of the 100% interests in UBI Leasing S.p.A., UBI Factor S.p.A. and Prestitalia S.p.A. pursuant to articles 19 and 110 of the Consolidated Law on Banking and Title II, Chapter I, of Bank of Italy Circular 288 of 3 April 2015;
- (v) decision no. ECB-SSM-2020-ITISP-19 of 5 June 2020, according to which the ECB, in concert with the Bank of Italy, granted ISP authorisation for the indirect purchase of a 25% interest in Zhong Ou Asset Management Company Ltd China, a financial company based in the People's Republic of China, pursuant to articles 53 and 67 of the Consolidated Law on Banking, and pursuant to Part III, Chapter 1, Section V, of Bank of Italy Circular 285 of 17 December 2013;
- (vi) decision no. OPC.20/34372-DRJ/SAW 676 GFI-OT of 10 June 2020, according to which the *Commission de Surveillance du Secteur Financier* granted ISP authorisation for the indirect

purchase of a controlling interest in Pramerica Management Company S.A., based in Luxembourg (Grand Duchy of Luxembourg), in accordance with the relevant applicable legislation;

- (vii) decision no. ECB-SSM-2020-ITISP-17 of 2 June 2020, according to which the ECB authorised: (a) the amendment of ISP's Articles of Association in connection with the Share Capital Increase for the Offer and its execution pursuant to articles 56 and 61 of the Consolidated Law on Banking; and (b) the eligibility for inclusion in Common Equity Tier 1 Capital of the ISP Shares to be issued in execution of the Share Capital Increase for the Offer pursuant to articles 26, paragraph 3, and 28 of Regulation (EU) 575/2013.

Lastly, it should be noted that after the Offeror's Announcement of 17 February 2020, with which the Offeror announced its decision to make the Offer, article 15 of Law Decree 23/2020 extended the notification obligations prescribed in Law Decree 21/2012, converted with amendments by Law 56/2012, substituting article 4-bis, paragraph 3, of Decree Law 105/2019, converted with amendments by Law 133/2019 (constituting a part of the golden power rules).

In the spirit of full transparency and as a precautionary measure – in view of the recent issuance of the Law Decree no. 23/2020 – ISP notified the Offer to the Office of the President of the Council of Ministers on 3 June 2020. In response to the notification submitted by the Offeror, on 17 June 2020 the President of the Council of Ministers sent ISP a note confirming that the proposed transaction does not fall within the scope of the golden power rules.

A.11 Offeror's declaration regarding the restoration of the free float, where applicable, and compulsory squeeze-out pursuant to article 108 paragraph 2 of the Consolidated Law on Finance

If, upon completion of the Offer, the Offeror comes to hold a total amount of more than 90% of the Issuer's share capital, but less than 95% of the Issuer's share capital – as a result of the acceptances of the Offer and/or any purchases made outside of the Offer in accordance with the applicable regulations (including those made through the Private Placement) during the Acceptance Period – the Offeror hereby declares that it will not restore the free float and that it will fulfil the obligation to purchase the remaining UBI Shares from the shareholders of the Issuer that request it, in accordance with article 108, paragraph 2, of the Consolidated Law on Finance (the "**Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance**") with consequent Delisting.

Please note that, for the purposes of calculating the thresholds envisaged by article 108 of the Consolidated Law on Finance, the Own Shares held by the Issuer will be included in the Offeror's holding (numerator) without being subtracted from the share capital of the Issuer (denominator).

The Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance will be carried out by the Offeror by paying the Issuer's shareholders that request it a consideration for each UBI Share determined in accordance with article 108, paragraphs 3, 4 and/or 5, of the Consolidated Law on Finance, and articles 50, 50-bis and/or 50-ter of the Issuers' Regulation (as applicable). For more details regarding the criteria for determining the Consideration, see Paragraph A.12 of this Section A of the Offer Document.

The Offeror will provide notification if the conditions apply for the Compulsory Squeeze-Out pursuant to article 108 paragraph 2 of the Consolidated Law on Finance in the Notification of the Final Results of the Offer. If the conditions do apply, the Notification of the Final Results of the Offer will contain information on (a) the number of remaining UBI Shares (in absolute and percentage terms), (b) the manner and timing according to which the Offeror will perform the Compulsory Squeeze-Out pursuant

to article 108, paragraph 2, of the Consolidated Law on Finance and (c) the manner and timing of the Delisting. Before carrying out the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, through the related procedure, the Offeror will publish an additional notification containing the information regarding the determination of the consideration for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, as well as the calculation and the value of the Full Cash Consideration that will be offered as a cash alternative in that procedure in accordance with the provisions referred to above.

Please note that, following the occurrence of the conditions for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, Borsa Italiana, in accordance with article 2.5.1, paragraph 6, of the Stock Exchange Rules, will order the Delisting of the Issuer's ordinary shares from the Mercato Telematico Azionario with effect from the Trading Day after the date of payment of the consideration for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, subject to the provisions set out below regarding the Joint Procedure in Paragraph A.12, of this Section A, of the Offer Document.

Therefore, after the events referred to in the paragraph above (Delisting) have occurred, the holders of the UBI Shares that have not accepted the Offer and have not requested the Offeror to purchase the UBI Shares held by them, in execution of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance (subject to the provisions of Paragraph A.12 below, of this Section A, of the Offer Document), will be holders of securities that are not traded on any regulated market, with consequent difficulty in liquidating their investment (subject to the provisions of Paragraph A.9.1 above, of this Section A of the Offer Document).

For more information, see Section G, Paragraph G.3, of the Offer Document.

In addition, for details of the other information provided to UBI Banca's shareholders in relation to possible alternative scenarios regarding acceptance or non-acceptance of the Offer, see Paragraph A.15 below of this Section A of the Offer Document.

A.12 Offeror's declaration regarding the implementation of the compulsory squeeze-out pursuant to article 108 paragraph 1 of the Consolidated Law on Finance and simultaneous exercise of the right of squeeze-out pursuant to article 111 of the Consolidated Law on Finance

If, upon completion of the Offer, the Offeror comes to hold a total amount of 95% or more of the Issuer's share capital – as a result of acceptances of the Offer and/or any purchases made outside of the Offer in accordance with the applicable regulations (including those made through the Private Placement) during the Acceptance Period, as well as during, and/or as a result of, the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance – the Offeror hereby declares its intention to exercise the right of squeeze-out on the remaining UBI Shares in accordance with article 111 of the Consolidated Law on Finance (the **"Right of Squeeze-Out"**).

In this case, the Offeror will be required, in accordance with article 108, paragraph 1, of the Consolidated Law on Finance, to purchase the UBI Shares, from anyone that requests it, that have not been tendered in acceptance of the Offer and/or purchased by the Offeror during, and/or as a result of, the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance (the **"Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance"**).

Therefore, the Offeror, in exercising the Right of Squeeze-Out, will also implement the Compulsory Squeeze-Out pursuant to article 108 paragraph 1 of the Consolidated Law on Finance, consequently

giving rise to a single procedure (the “**Joint Procedure**”).

Please note that, for the purposes of calculating the thresholds established in articles 108 and 111 of the Consolidated Law on Finance, the Own Shares held by the Issuer will be included in the Offeror's holding (numerator) without being subtracted from the share capital of the Issuer (denominator).

The consideration due for the UBI Shares purchased as a result of the exercise of the Right of Squeeze-Out and the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance, in execution of the Joint Procedure, will be determined in accordance with the combined provisions of article 108, paragraphs 3, 4 and/or 5, of the Consolidated Law on Finance, as referred to in article 111 of the Consolidated Law on Finance, as well as the provisions of articles 50, 50-bis and 50-ter of the Issuers' Regulation as referred to in article 50-quater of the Issuers' Regulation. Specifically:

- (i) if, as a result of the Offer, the Offeror has acquired at least 90% of the share capital with voting rights included in the Offer, the consideration for the UBI Shares purchased as a result of the Joint Procedure will be identical to the Consideration for the Offer in accordance with the provisions of articles 108, paragraphs 3 and 5, of the Consolidated Law on Finance and articles 50 and 50-ter of the Issuers' Regulation. However, in this case, in accordance with article 108, paragraph 5, of the Consolidated Law on Finance and article 50-ter, paragraph 1, letter a) of the Issuers' Regulation, the remaining shareholders of UBI Banca may request to receive the Full Cash Consideration, as an alternative to the Consideration consisting of 1.7000 ISP Shares for each UBI Share held. For more details on how the Full Cash Consideration is determined, see Paragraph A.11 above, of this Section A, of the Offer Document; or
- (ii) in the other cases, the consideration for the UBI Shares purchased as a result of the Joint Procedure will be determined as the amount established by CONSOB in accordance with article 108, paragraph 4, of the Consolidated Law on Finance and articles 50 and 50-bis of the Issuers' Regulation. However, in this case, in accordance with article 108, paragraph 5, of the Consolidated Law on Finance and article 50-ter, paragraph 1, letter b) of the Issuers' Regulation, the remaining shareholders of UBI Banca may request to receive the Full Cash Consideration, as an alternative to the Consideration consisting of 1.7000 ISP Shares for each UBI Share held. For more details on how the Full Cash Consideration is determined, see Paragraph A.11 above, of this Section A, of the Offer Document.

The Offeror will disclose whether or not the legal conditions apply for the exercise of the Right of Squeeze-Out and, therefore, for the execution of the Joint Procedure in the Notification of the Final Results of the Offer, or in the notification relating to the results of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance. If the conditions do apply, the Notification of the Final Results of the Offer, or the notification relating to the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, will contain information on (a) the number of remaining UBI Shares (in absolute and percentage terms), (b) the manner and timing according to which the Offeror will exercise the Right of Squeeze-Out and simultaneously carry out the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance, thereby implementing the Joint Procedure and (c) the manner and timing of the Delisting.

The Offeror will implement the Joint Procedure as soon as possible after the completion of the Offer or the implementation, where applicable, of the Compulsory Squeeze-Out pursuant to article 108 paragraph 2 of the Consolidated Law on Finance.

Please note that, following the occurrence of the conditions for the Right of Squeeze-Out and the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance,

Borsa Italiana, in accordance with article 2.5.1, paragraph 6, of the Stock Exchange Rules, will order the suspension from trading and/or Delisting of the Issuer's ordinary shares from the Mercato Telematico Azionario, taking into account the time required for the exercise of the Right of Squeeze-Out.

For more information, see Section G, Paragraph G.3, of the Offer Document.

In addition, for details of the other information provided to UBI Banca's shareholders in relation to possible alternative scenarios regarding acceptance or non-acceptance of the Offer, see Paragraph A.15 below of this Section A of the Offer Document.

A.13 Possible shortage of free float

Subject to the provisions set out in Paragraphs A.11 and A.12 above, of this Section A, of the Offer Document, if, upon completion of the Offer, there is a shortage of the free float that prevents normal trading of the Issuer's ordinary shares, also in view of the possibility of the continued presence in the Issuer's shareholder base of shareholders with significant holdings in accordance with the applicable provisions, Borsa Italiana may order the suspension and/or Delisting of the Issuer's ordinary shares pursuant to article 2.5.1, paragraph 6, of the Stock Exchange Rules, unless the Offeror decides to restore a free float capable of ensuring normal trading.

If such a shortage of free float occurs, the Offeror declares that it does not intend to implement measures aimed, in terms of timing and procedures, at restoring the minimum free float conditions for the normal trading of the Issuer's ordinary shares, as there is no obligation in this regard under the applicable regulations. If the Issuer's ordinary shares are delisted pursuant to article 2.5.1, paragraph 6, of the Stock Exchange Rules without right of withdrawal, the holders of UBI Shares that have not accepted the Offer will be holders of securities not traded on any regulated market, with consequent difficulty in liquidating their investment (subject to the provisions set out in Paragraph A.9.1 above regarding the Merger in the event it is carried out following the Delisting).

In addition, for details of the other information provided to UBI Banca's shareholders in relation to possible alternative scenarios regarding acceptance or non-acceptance of the Offer, see Paragraph A.15 below of this Section A of the Offer Document.

A.14 Potential conflicts of interest

With regard to the relationships existing between the parties involved in the Offer, please note the following.

- (i) The Offeror and its subsidiaries, in the normal course of business, have provided, are providing or may provide in the future or on an ongoing basis lending, advisory, investment banking, corporate finance and/or investment services to the parties directly or indirectly involved in the transaction and/or their respective shareholders and/or their respective affiliated companies and/or other companies operating in the same business sector, or may at any time trade on behalf of customers in equity or debt instruments, of the Issuer or of other parties involved in the Offer, or of their parent, subsidiary or associated companies;
- (ii) Mediobanca - Banca di Credito Finanziario S.p.A. acts as Financial Advisor of the Offeror for the Offer and the transaction. Mediobanca - Banca di Credito Finanziario S.p.A., the parent company of the Mediobanca Banking Group and its subsidiaries, in the normal course of their business, have provided, are providing or may provide in the future or on an ongoing basis lending, advisory, investment banking and corporate finance services to parties directly or indirectly involved in the transaction and/or their respective shareholders and/or their

respective affiliated companies and/or other companies operating in the same business sector;

- (iii) Equita SIM S.p.A. acts as Financial Advisor of the Offeror in relation to the Offer and the transaction. This Financial Advisor, as well as its parent or associated companies, may have provided or may in the future, during the normal course of their business, provide financial, commercial or investment advisory or financial services to the Offeror, the Issuer or other parties involved in the Offer, or to their parent, subsidiary or associated companies, in addition to having investment or commercial or fiduciary banking relationships with those companies, or at any time holding short or long positions and, if permitted by the applicable regulations, trading or otherwise carrying out transactions, on its own account or on behalf of customers, in equity or debt instruments, loans or other securities (including derivatives) of those companies;
- (iv) J.P. Morgan Securities plc ("**J.P. Morgan**") acts as Financial Advisor of the Offeror in relation to the Offer. J.P. Morgan, as well as its parent, subsidiary or associated companies (collectively the "**J.P. Morgan Group**"), provides a wide range of companies and individuals with financial and commercial banking services and is engaged in securities trading and brokerage, as well as the provision of investment banking services, including asset management, financing and financial advice and other investment and commercial banking products and services. In the normal course of its investment banking, trading, financial intermediation, asset management and financing activities, the J.P. Morgan Group may have provided or may in the future, in the normal course of its business, provide financial, investment or commercial advisory or financial services to the Offeror, the Issuer or other parties involved in the Offer, or to their parent, subsidiary or associated companies, in addition to having investment or commercial banking relationships with those companies, or at any time holding short or long positions and, if permitted by the applicable regulations, negotiating or otherwise carrying out transactions, on its own account or on behalf of customers, in equity or debt instruments, loans or other securities (including derivatives) of those companies;
- (v) Morgan Stanley & Co. International plc acts as Financial Advisor of the Offeror in relation to the Offer and the transaction. This Financial Advisor, as well as its parent, subsidiary or associated companies, may have provided or may in the future, during the normal course of their business, provide financial or investment advisory or financial services to the Offeror, the Issuer or other parties involved in the Offer, or to their parent, subsidiary or associated companies, in addition to having investment or fiduciary banking relationships with those companies, or at any time holding short or long positions and, if permitted by the applicable regulations, trading or otherwise carrying out transactions, on its own account or on behalf of customers, in equity or debt instruments, loans or other securities (including derivatives) of those companies;
- (vi) UBS Investment Bank acts as Financial Advisor of the Offeror in relation to the Offer and the transaction. This Financial Advisor, UBS AG, as well as its parent, subsidiary or associated companies, may have provided or may in the future, during the normal course of their business, provide financial, commercial or investment advisory or financial services to the Offeror, the Issuer or other parties involved in the Offer, or to their parent, subsidiary or associated companies, in addition to having investment or commercial or fiduciary banking relationships with those companies, or at any time holding short or long positions and, if permitted by the applicable regulations, trading or otherwise carrying out transactions, on its own account or on behalf of customers, in equity or debt instruments, loans or other securities (including derivatives) of those companies;
- (vii) In addition to the activities indicated in point (i), Banca IMI S.p.A., a company of the ISP Group

wholly owned by the Offeror, is the Intermediary Appointed to Coordinate the Acceptances in relation to the Offer and will receive a fee for the service provided. In addition, it is noted that, by resolution of the Board of Directors of 5 May 2020, the Offeror approved the merger by incorporation of Banca IMI S.p.A. into the Offeror, in accordance with article 2505, paragraph 2, of the Italian Civil Code, as permitted by article 18.2.2. letter m) of the Offeror's articles of Association. On 6 May 2020, the merger by incorporation was also approved by the extraordinary shareholders' meeting of Banca IMI S.p.A.. The completion of the merger by incorporation, with the consequent assumption by the Offeror of the role of Intermediary Appointed to Coordinate the Acceptances, is expected by 20 July 2020.

For more information, see Section B, Paragraphs B.1 and B.3, as well as Section H, Paragraph H.1, of the Offer Document.

A.15 Possible alternative scenarios for the shareholders of UBI Banca

In the interests of clarity, details are provided below of the possible alternative scenarios for the shareholders of the Issuer in the situation where the Offer:

- (i) is carried out (a) as a result of the fulfilment of the Conditions Precedent of the Offer, or (b) where one or more Conditions Precedent are not fulfilled, as a result of the waiver of those conditions by the Offeror, distinguishing between the scenario of acceptance of the Offer and the scenario of non-acceptance of the Offer; or
- (ii) is not carried out due to one or more of the Conditions Precedent not having been fulfilled without the Offeror having waived those conditions.

A.15.1. Scenarios in the event of successful completion of the Offer

A.15.1.1 Acceptance of the Offer

In the event of fulfilment of the Conditions Precedent (or the waiver by the Offeror of all or some of the Conditions Precedent) and, therefore, of successful completion of the Offer, the Issuer's shareholders that have accepted the Offer during the Acceptance Period will receive the Consideration equal to 1.7000 ISP Shares for each UBI Share held by them and tendered in acceptance of the Offer and will, therefore, become shareholders of ISP.

It should be noted that, in relation to the ISP Shares to be allotted to the Acceptors as Consideration for the Offer, on 26 June 2020 the Offeror published, in accordance with Regulation (EU) 1129/2017, the Prospectus, consisting of the Registration Document, the Securities Note and the Summary, which is available at the registered office of the Offeror, in Piazza San Carlo no. 156, Turin - 10121, and on the Offeror's website (group.intesasanpaolo.com).

In the event of the successful completion of the Offer, the ISP Shares will be allotted to the Acceptors on the Payment Date. For information on the unavailability of the ISP Shares offered as Consideration in the event of implementation of the ordinary procedure for the valuation of UBI Shares pursuant to article 2343 of the Italian Civil Code, see Paragraph A.5.3 of this Section A of the Offer Document. For details of the treatment of the fractions of ISP Shares resulting from the application of the Exchange Ratio, see Section F, Paragraph F.6, of the Offer Document.

The shareholders of UBI Banca are also reminded that tendering the UBI Shares in acceptance of the Offer, if the Offer is successfully completed, will result in an investment in ISP which, like the Issuer, is an Italian-registered bank with shares listed on the Mercato Telematico Azionario.

Moreover, in the event of successful completion of the Offer, the Acceptors will be holders of shares (i.e., the ISP Shares) that are liquid and have the capacity to distribute value with a pay-out ratio of the

Offeror that has been higher in recent years than that of the Issuer.

In this regard, as mentioned in Paragraphs A.7 and A.8 of this Section A of the Offer Document, it should be noted that in the press release on 5 May 2020, the Offeror stated that “[t]he dividend policy for the combined Group is consequently updated and envisages the distribution of cash dividends corresponding to a payout ratio of 75% of the net income for 2020 (excluding the contribution of the negative goodwill⁵ not allocated to cover integration charges and reduce risk profile from net income) and 70% for 2021. This, too, is subject to ECB indications in respect of dividend distribution after 1 October 2020”.

With regard to the future plans drawn up by the Offeror in relation to the Issuer, set out in Section G, Paragraph G.2, of the Offer Document, it should be noted that, in the event of successful completion of the Offer, the Offeror has the objective, inter alia, of carrying out the Merger, fostering the objectives of integration, creation of synergies and growth of the ISP Group. Notwithstanding that the Offeror, as at the Date of the Offer Document, has not taken any decision regarding the possible Merger, or regarding its manner of execution, please note that the Merger may be carried out, upon completion of the Offer, both in the event of Delisting of the shares or in the event that such Delisting does not occur. For more information, see Paragraph A.9.1 above of this Section A, as well as Section G, Paragraph G.2.4, of the Offer Document.

Lastly, in the event of successful completion of the Offer (therefore also where the Offeror waives the Percentage Threshold Condition, subject to the Minimum Threshold Condition), the Offeror envisages the execution of extraordinary transactions in addition to the Merger, including: the sales of the Banking Business Unit to BPER and the Insurance Business Units to Unipol in accordance with the BPER Agreement and the Unipol Agreement (for more information see Paragraph A.9.2 above of this Section A, as well as Section G, Paragraph G.2.2, and Section H, Paragraph H.1, of the Offer Document); measures to accelerate the de-risking of the Issuer's assets, of around 4 billion euro of the Issuer's non-performing loans at a price in line with their carrying amount as at the date of sale; and, if the Merger is not carried out for any reason, any transactions that – in accordance with the applicable regulations – are considered necessary (also to comply with the legal, regulatory or supervisory provisions) and/or consistent and in line with the objectives of and reasons for the Offer. These transactions may involve, purely as an example, the de-risking of the Issuer's assets and the adoption of all the actions that enable the entity resulting from the integration of the UBI Group into the ISP Group to still benefit from the synergies and value creation resulting from the completion of the Offer. For more information, see Paragraph A.9.2 above of this Section A, as well as Section G, Paragraph G.2.4, of the Offer Document.

A.15.1.2 Non-acceptance of the Offer

In the event of fulfilment of the Conditions Precedent (or the waiver by the Offeror of all or some of the Conditions Precedent) and, therefore, of successful completion of the Offer, the shareholders of the Issuer that have not accepted the Offer during the Acceptance Period will be faced with one of the possible scenarios described below, also bearing in mind that the alternative scenarios described in points (A), (B) and (C) may each occur jointly with scenario (D) described below.

(A) Acquisition by the Offeror of a holding of less than 90% of the Issuer's share capital

If, upon completion of the Offer – as a result of acceptances of the Offeror and/or any purchases of UBI Shares made outside the Offer during the Acceptance Period in accordance with the applicable

⁵ The final value of the negative goodwill will be known only after the completion of the Purchase Price Allocation (PPA) required by IFRS 3 which governs, among other things, the accounting treatment of business combinations, such as the acquisition of the UBI Group by the Offeror in the event of successful completion of the Offer.

regulations (including those made through the Private Placement) – the Offeror comes to hold a total interest of less than 90% of the Issuer's share capital and there is a shortage of the free float that prevents normal trading (also in view of the possibility of the continued presence in the Issuer's shareholder base of shareholders with significant shareholdings in accordance with the applicable provisions), Borsa Italiana may order the suspension and/or Delisting of the Issuer's ordinary shares pursuant to article 2.5.1, paragraph 6, of the Stock Exchange Rules, unless the Offeror decides to restore a free float capable of ensuring normal trading.

If there is such a shortage of free float, the Offeror reiterates that it does not intend to implement measures aimed, in terms of timing and procedures, at restoring the minimum free float conditions for normal trading of the Issuer's ordinary shares, as there is no obligation in this regard under the applicable regulations. If the Issuer's ordinary shares are delisted pursuant to article 2.5.1, paragraph 6, of the Stock Exchange Rules without right of withdrawal, the holders of UBI Shares that have not accepted the Offer will be holders of securities that are not traded on any regulated market, with consequent difficulty in liquidating their investment (subject to the provisions set out in Paragraph A.9.1 above regarding the Merger in the event it is carried out following the Delisting).

(B) Acquisition by the Offeror of a holding of more than 90%, but less than 95%, of the Issuer's share capital

If, upon completion of the Offer – as a result of acceptances of the Offer and/or any purchases made outside the Offer during the Acceptance Period in accordance with the applicable regulations (including those made through the Private Placement) – the Offeror comes to hold a total interest of more than 90%, but less than 95% of the Issuer's share capital, the Offeror, given that it does not wish to restore a sufficient free float to ensure normal trading, will be required to carry out the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance. In such case, therefore, the holders of UBI Shares that have not accepted the Offer shall have the right to request the Offeror to buy their UBI Shares, pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, at the consideration determined in accordance with article 108, paragraphs 3, 4 and/or 5, of the Consolidated Law on Finance, and articles 50, 50-bis and/or 50-ter of the Issuers' Regulation (as applicable). Specifically:

- (i) if, as a result of the Offer, the Offeror has acquired at least 90% of the share capital with voting rights included in the Offer, the consideration for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance will be identical to the Consideration for the Offer in accordance with the provisions of articles 108, paragraphs 3 and 5, of the Consolidated Law on Finance and articles 50 and 50-ter of the Issuers' Regulation, subject to the fact that the holders of the UBI Shares can request payment in the form of the Full Cash Consideration; or
- (ii) in the other cases, the consideration for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance will be determined as the amount established by CONSOB in accordance with article 108, paragraph 4, of the Consolidated Law on Finance and articles 50 and 50-bis of the Issuers' Regulation, subject to the fact that the holders of the UBI Shares can request payment in the form of the Full Cash Consideration.

Following the occurrence of the conditions for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, Borsa Italiana, in accordance with article 2.5.1, paragraph 6, of the Stock Exchange Rules, will order the Delisting of the Issuer's ordinary shares from the Mercato Telematico Azionario with effect from the Trading Day after the date of payment of the consideration for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, subject to the provisions regarding the Joint Procedure set out in point (C) below.

In such case, the holders of the UBI Shares that have not accepted the Offer and have not requested the Offeror to purchase the UBI Shares held by them, in execution of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance (subject to the provisions set out in point (C) below), will be holders of securities that are not traded on any regulated market, with consequent difficulty in liquidating their investment (subject to the provisions of Paragraph A.9.1 regarding the Merger in the event it is carried out following the Delisting).

(C) Acquisition by the Offeror of a holding of at least 95% of the Issuer's ordinary share capital

If, upon completion of the Offer – as a result of acceptances of the Offer and/or any purchases made outside of the Offer in accordance with the applicable regulations (including those made through the Private Placement) during the Acceptance Period, as well as during, and/or as a result of, the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance – the Offeror comes to hold a total amount of 95% or more of the Issuer's share capital, the Offeror will implement the Joint Procedure for the exercise of the Right of Squeeze-Out and the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance.

In such case, the holders of the UBI Shares that have not accepted the Offer will be required to transfer the ownership of all the UBI Shares held by them to the Offeror and, as a result, will receive a consideration for each UBI Share held by them determined in accordance with article 108, paragraphs 3, 4 and/or 5 of the Consolidated Law on Finance, as referred to in article 111 of the Consolidated Law on Finance, as well as the provisions of articles 50, 50-bis and 50-ter of the Issuers' Regulation as referred to in article 50-quater of the Issuers' Regulation. Specifically:

- (i) if, as a result of the Offer, the Offeror has acquired at least 90% of the share capital with voting rights included in the Offer, the consideration for the UBI Shares purchased as a result of the Joint Procedure will be identical to the Consideration for the Offer in accordance with the provisions of articles 108, paragraphs 3 and 5, of the Consolidated Law on Finance and articles 50 and 50-ter of the Issuers' Regulation, on the understanding that the holders of the UBI Shares can request payment in the form of the Full Cash Consideration; or
- (ii) in the other cases, the consideration for the UBI Shares purchased as a result of the Joint Procedure will be determined as the amount established by CONSOB in accordance with article 108, paragraph 4, of the Consolidated Law on Finance and articles 50 and 50-bis of the Issuers' Regulation, on the understanding that the holders of the UBI Shares can request payment in the form of the Full Cash Consideration.

Following the occurrence of the conditions for the Right of Squeeze-Out and the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance, and the Right of Squeeze-Out, Borsa Italiana, in accordance with article 2.5.1, paragraph 6, of the Stock Exchange Rules, will order the suspension from trading and/or Delisting of the Issuer's ordinary shares from the Mercato Telematico Azionario, taking into account the time required for the exercise of the Right of Squeeze-Out.

(D) Transactions as a result of the Offer

With regard to the future plans drawn up by the Offeror in relation to the Issuer, set out in Section G, Paragraph G.2, of the Offer Document, it should be noted that, in the event of successful completion of the Offer, the Offeror has the objective, inter alia, of carrying out the Merger, fostering the objectives of integration, creation of synergies and growth of the ISP Group. Notwithstanding that the Offeror, as at the Date of the Offer Document, has not taken any decision regarding the possible Merger, or regarding its manner of execution, please note that the Merger may be carried out, upon completion of the Offer, both in the event of Delisting of the shares or in the event that such Delisting does not occur.

In this regard, it is noted that if the Offeror decides to go ahead, the Merger described above will take place based on an exchange ratio determined in accordance with article 2501-ter of the Italian Civil Code, using, as is customary, uniform methodologies and assumptions in the valuation of the companies involved, without the minority shareholders of the Issuer that have not accepted the Offer being entitled to any premium.

In addition, the shareholders of the Issuer that have not accepted the Offer and that have not contributed to the resolution approving the Merger will not in any event have the right of withdrawal pursuant to article 2437-quinquies of the Italian Civil Code, as well as article 2437 of the Italian Civil Code. For more information, see Paragraph A.9.1 above of this Section A, as well as Section G, Paragraph G.2.4, of the Offer Document.

In addition, in the event of successful completion of the Offer (therefore also where the Offeror waives the Percentage Threshold Condition, subject to the Minimum Threshold Condition), the Offeror envisages the execution of extraordinary transactions in addition to the Merger, including: the sales of the Banking Business Unit to BPER and the Insurance Business Units to Unipol in accordance with the BPER Agreement and the Unipol Agreement (for more information see Paragraph A.9.2 above of this Section A, as well as Section G, Paragraph G.2.2, and Section H, Paragraph H.1, of the Offer Document); measures to accelerate the de-risking of the Issuer's assets, of around 4 billion euro of the Issuer's non-performing loans at a price in line with their carrying amount as at the date of sale; and, if the Merger is not carried out for any reason, any transactions that – in accordance with the applicable regulations – are considered necessary (also to comply with the legal, regulatory or supervisory provisions) and/or consistent and in line with the objectives of and reasons for the Offer. These transactions may involve, purely as an example, the de-risking of the Issuer's assets and the adoption of the actions that enable the entity resulting from the integration of the UBI Group into the ISP Group to still benefit from the synergies and value creation resulting from the completion of the Offer. For more information, see Paragraph A.9.2 above of this Section A, as well as Section G, Paragraph G.2.4, of the Offer Document.

Although the effects of any such transactions will be assessed on a case-by-case basis, please note that if, for example, actions are taken to de-risk the assets and/or ensure the efficient integration of the UBI Group into the ISP Group (including the effects of the BPER Agreement and the Unipol Agreement) and the optimisation of the operations of the subsidiary UBI Banca with the ISP Group, those actions, as a result of the related costs and charges, may affect the Issuer's earnings prospects and remuneration of capital, subject to ISP's commitment to guaranteeing that the capitalisation of the subsidiary UBI Banca is in line with the standards of the ISP Group. However, shareholders of UBI Banca that do not accept the Offer may find themselves holding shares whose price does not reflect the premium implicitly awarded to the Acceptors under the Offer.

* * * *

Solely for illustrative purposes, the table below summarises the main possible alternative scenarios for the shareholders of the Issuer in the event that the Offer is successfully completed.

The scenarios below are based, among other things, on certain assumptions about potential future events that may occur, and potential actions that the Offeror may decide to take, and there is no guarantee that such potential events will actually occur or that such potential actions will actually be taken. Consequently, potential investors should not overly rely on the scenarios set out below.

Outcome of the Offer	Acceptance of the Offer	Non-Acceptance of the Offer
Interest of the Offeror equal to <u>at least 50% + 1 (one) UBI Share</u> but less than 66.67% of the share	On the Payment Date, the shareholder of UBI Banca will receive the Consideration (in addition to any Cash Amount of	Listing of the UBI Shares maintained at the end of the Offer In the event of a subsequent

Outcome of the Offer	Acceptance of the Offer	Non-Acceptance of the Offer
capital of the Issuer	the Fractional Part)	Merger ⁽¹⁾ by incorporation of UBI Banca into ISP, it will be implemented without giving rise to a right of withdrawal and based on an exchange ratio that will not incorporate any premium for the Issuer's minority shareholders
Interest of the Offeror equal to <u>at least 66.67% of the Issuer's share capital</u> but less than 90% of the Issuer's share capital pursuant to article 108, paragraph 2, of the Consolidated Law on Finance	On the Payment Date, the shareholder of UBI Banca will receive the Consideration (in addition to any Cash Amount of the Fractional Part)	Listing of the UBI Shares maintained at the end of the Offer, unless there is insufficient free float to ensure the normal trading of the ordinary shares of the Issuer Subsequent Merger ⁽¹⁾ by incorporation of UBI Banca into ISP, which will be implemented without giving rise to a right of withdrawal and based on an exchange ratio that will not incorporate any premium for the Issuer's minority shareholders
Interest of the Offeror <u>greater than 90% of the Issuer's share capital</u> pursuant to article 108, paragraph 2, of the Consolidated Law on Finance but less than 95% of the Issuer's share capital pursuant to article 108, paragraph 1, and article 111 of the Consolidated Law on Finance	On the Payment Date, the shareholder of UBI Banca will receive the Consideration (in addition to any Cash Amount of the Fractional Part)	Compulsory Squeeze-Out pursuant to article 108 paragraph 2 of the Consolidated Law on Finance with the consequent purchase of the UBI Shares from the shareholders of UBI Banca that request them at a consideration equal to (as applicable): (i) where the Offeror has acquired at least 90% of the share capital with voting rights included in the Offer: the Consideration or, alternatively, the Full Cash Consideration ⁽²⁾ ; (ii) in the other cases: the consideration determined by CONSOB, or, alternatively, the Full Cash Consideration determined by CONSOB Delisting of the Issuer Subsequent Merger ⁽¹⁾ by incorporation of UBI Banca into ISP, which will be implemented without giving rise to a right of withdrawal and based on an exchange ratio that will not incorporate any premium for the Issuer's minority shareholders
Interest <u>at least equal to 95% of the Issuer's share capital</u> pursuant to articles 108, paragraph 1, and 111 of the Consolidated Law on Finance	On the Payment Date, the shareholder of UBI Banca will receive the Consideration (in addition to any Cash Amount of the Fractional Part)	Joint Procedure with consequent purchase of all the UBI Shares owned by the Issuer's minority shareholders at a consideration equal to (as applicable): (i) where the Offeror has acquired at least 90% of the share capital with voting rights included in the Offer: the Consideration or, alternatively, the Full Cash

Outcome of the Offer	Acceptance of the Offer	Non-Acceptance of the Offer
		<p>Consideration⁽²⁾;</p> <p>(ii) in the other cases: the consideration determined by CONSOB, or, alternatively, the Full Cash Consideration determined by CONSOB</p> <p>Delisting of the Issuer</p> <p>Subsequent Merger⁽¹⁾ by incorporation of UBI Banca into ISP, which will be implemented without giving rise to a right of withdrawal and based on an exchange ratio that will not incorporate any premium for the Issuer's minority shareholders</p>

⁽¹⁾ Please note that as at the Date of the Offer Document, the Offeror has not yet taken any decision on the possible Merger, or on the manner of its execution.

⁽²⁾ In this case, the Full Cash Consideration will be determined by valuing the ISP Shares on the basis of the weighted average of the official prices recorded in the five Trading Days prior to the Payment Date of the Consideration.

Furthermore, again solely for illustrative purposes, the table below provides an indication of the “cash” value of the Consideration that an Issuer's shareholder could receive in the event of disinvestment of their UBI Shares in the three potential disinvestment scenarios (among others) set out below in the event of successful completion of the Offer. Potential investors should bear in mind that the table below does not illustrate all the possible divestment scenarios that could arise in the context of the Offer or subsequent to it. The scenarios below are based, among other things, on certain assumptions about potential future events that may occur, and potential actions that the Offeror may decide to take, and there is no guarantee that such potential events will actually occur or that such potential actions will actually be taken. Consequently, potential investors should not overly rely on the scenarios set out below.

Scenarios	Possible disinvestment scenario in the event of successful completion of the Offer	Cash value of the consideration for each UBI Share
Acceptance of the Offer by UBI Shareholder	The UBI Banca shareholder tenders their UBI Shares in acceptance of the Offer and receives the Consideration in exchange (plus any Cash Amount of the Fractional Part)	Per Share Monetary Value of the Consideration prior to the Date of the Offer Document ⁽¹⁾ (i.e., 2.837 per UBI Share)
Non-Acceptance of the Offer by UBI Shareholder and interest of the Offeror of more than 90% of the share capital of the Issuer	<p>(i) The UBI Banca shareholder does not tender their UBI Shares in acceptance of the Offer, (ii) the Offeror comes to hold an interest pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, and (iii) the UBI Banca shareholder asks the Offeror to purchase their UBI Shares as part of the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance.</p> <p><u>or</u></p> <p>(i) The UBI Banca shareholder does not tender their UBI Shares in acceptance of the Offer, (ii) the Offeror comes to hold an interest pursuant to article 108, paragraph 1, of the Consolidated Law on Finance and exercises the Right of Squeeze-Out,</p>	<p>Full Cash Consideration calculated as follows:</p> <p>(i) if the Offeror has acquired at least 90% of the share capital with voting rights included in the Offer: the weighted average of the official prices of the ISP Shares recorded in the five Trading Days prior to the Payment Date of the Consideration <i>multiplied by</i> the Exchange Ratio;</p> <p>(ii) in the other cases: the valuation in monetary terms carried out by CONSOB.</p>

Scenarios	Possible disinvestment scenario in the event of successful completion of the Offer	Cash value of the consideration for each UBI Share
	purchasing all the outstanding UBI Shares through the Joint Procedure.	
Non-Acceptance of the Offer by UBI Shareholder and interest of the Offeror equal to or less than 90% of the share capital of the Issuer	(i) The UBI Banca shareholder does not tender their UBI Shares in acceptance of the Offer, (ii) the Offeror does not reach a shareholding established by article 108, paragraph 2, of the Consolidated Law on Finance and the Merger is carried out, and (iii) the UBI Banca shareholder does not participate with their vote in the resolution of the extraordinary shareholders' meeting of UBI Banca approving the Merger.	Implicit cash value of the ISP ordinary shares ⁽¹⁾ that will be issued to service the Merger, which will be implemented without giving rise to any right of withdrawal and on the basis of an exchange ratio that will not incorporate any premium for the Issuer's minority shareholders

⁽¹⁾ Please note that the official stock exchange prices of the ISP ordinary shares may vary from the price of the ISP Shares used, solely for illustrative purposes, to determine the Per Share Monetary Value of the ISP Shares Prior to the Date of the Offer Document and, therefore, the Per Share Monetary Value of the Consideration prior to the Date of the Offer Document.

A.15.2. Scenarios in the event that the Offer is not successfully completed

In the event of communication by the Offeror of its decision to invoke the non-fulfilment of one or more of the Conditions Precedent, without such Condition(s) Precedent being waived by the Offeror, the Offer shall not be completed and shall be deemed to have lapsed. In such case, the UBI Shares tendered in acceptance of the Offer will be returned, through the Depositary Intermediaries, to the respective Acceptors, without any charges or expenses to be borne by them, by the first Trading Day following the Offeror's announcement of the non-fulfilment of the Conditions Precedent and the absence of the waiver by the Offeror of all or some of those conditions, as specified in Section F, Paragraph F.8, of the Offer Document.

As a result, in such case, the UBI Shares would remain admitted to trading on the Mercato Telematico Azionario and the shareholders of the Issuer would remain owners of securities traded on a regulated market.

Several reports issued by financial analysts and rating agencies in the weeks preceding the Date of the Offer Document provided opinions regarding UBI Banca's prospects, also taking the Offer into account⁶.

Fitch Ratings downgraded UBI Banca's long-term Issuer Default Rating from BBB- to BB+, with a consequent reduction in status from lower investment grade to speculative grade. This negative rating was based on assessments which highlight the *"relative weakness of its [UBI Banca] credit profile compared with its higher-rated domestic peers, which mainly arises from a less-diversified business model, weaker profitability and smaller capital buffers"*. Fitch Ratings also stressed that *"UBI's ability to generate revenue in its main business line will weaken in the deteriorated economic environment. Lower revenue and higher LICs will further damage the bank's already weak profitability"*; as a result, *"it will be difficult for management to achieve the targets outlined in the new strategic plan for 2020-2022"*.

In contrast, Fitch Ratings has confirmed that UBI Banca's ratings remain in Rating Watch Positive (RWP) status as a result of the ISP Offer, regarding which it has stated the following: *"If the*

⁶ The equity analysts and rating agencies that follow UBI Banca are listed on UBI Banca's website at the following addresses respectively <https://www.ubibanca.it/pagine/Copertura-titolo-IT-2.aspx> and <https://www.ubibanca.it/pagine/Ratings-IT.aspx>. The rating agencies' reports can also be viewed at the following links: <https://www.fitchratings.com/entity/unione-di-banche-italiane-spa-80603592>; <https://www.dbrsmorningstar.com/issuers/19032>; <https://www.moodys.com/credit-ratings/Unione-di-Banche-Italiane-ScpA-credit-rating-600033530>; https://www.standardandpoors.com/en_US/web/guest/ratings/ratings-actions.

*transaction is successful, UBI could benefit from institutional support from higher-rated [ISP] as its majority shareholder, or see improvements in its standalone profile from being part of a stronger group. We expect to resolve the RWP on UBI's ratings once the exchange offer is completed"*⁷. For more information about the Fitch Ratings report, see Paragraph B.2.7, of the Offer Document.

A.16 Rights of the shareholders of UBI Banca that tender their UBI Shares in acceptance of the Offer

In the event of fulfilment of the Conditions Precedent (or in the event of waiver by the Offeror of all or some of the Conditions Precedent) and, therefore, of successful completion of the Offer, the UBI Shares tendered in acceptance of the Offer will be transferred to the Offeror on the Payment Date.

Until the Payment Date, the Issuer's shareholders will retain and may exercise the financial and administrative rights deriving from ownership of the UBI Shares tendered in acceptance of the Offer. However, shareholders that have accepted the Offer will not be able to transfer their UBI Shares tendered in acceptance of the Offer, except for the acceptance of any competing offers or counter offers pursuant to article 44 of the Issuers' Regulations.

In addition, in accordance with article 23, paragraphs 1 and 2, of Regulation EU 2017/1129, if a supplement to the Prospectus is published to announce "*a significant new factor, material mistake or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the closing of the offer period*", the holders of the UBI Shares that have accepted the Offer prior to the publication of that supplement will have the right to cancel their acceptances, by means of notification to that effect, within two business days from the date of its publication, provided that the new factor, material mistake or material inaccuracy that gave rise to that publication has emerged or has been discovered prior to the final deadline for the Offer or the delivery of the ISP Shares (offered as Consideration), if it occurs beforehand. In such case, the UBI Shares tendered in acceptance of the Offer will be returned to the respective holders, without charge or expense, without delay and in any event by the first Trading Day following the cancellation request.

For more information, see Section F, Paragraphs F.2 and F.8, of the Offer Document.

A.17 Issuer's Announcement

Pursuant to article 103, paragraph 3, of the Consolidated Law on Finance and article 39 of the Issuers' Regulation, the Issuer's Board of Directors is required to issue a press release, by the Trading Day prior to the first day of the Acceptance Period, containing all information necessary for the evaluation of the Offer and its assessment of the Offer (the "**Issuer's Announcement**").

The Issuer's Announcement, pursuant to article 103, paragraph 3-bis of the Consolidated Law on Finance, must also contain an assessment of the effects that the successful completion of the Offer will have on the interests of the business, and on the employment conditions and location of business premises.

At the time of its publication, the Issuer's Announcement will be sent to the Issuer's employee representatives, who, in accordance with article 103, paragraph 3-bis, of the Consolidated Law on Finance and article 39, of the Issuers' Regulation, will have the right to issue an independent opinion on the repercussions of the Offer on the employment conditions.

B. PARTIES INVOLVED IN THE TRANSACTION

B.1 The Offeror

B.1.1. Name, legal form, registered office and listing market

The company name of the Offeror is "Intesa Sanpaolo S.p.A.".

The Offeror is a joint stock company incorporated under the laws of the Republic of Italy, with registered office in Piazza San Carlo no. 156 Turin and Turin Company Register number and tax code 00799960158. The secondary offices are located in Milan, Via Monte di Pietà no.8.

The Offeror is also registered with the Banking Register kept by the Bank of Italy with No. 5361 and, as the parent company of the ISP Group, in the National Register of Banking Groups under no. 3069.2, and is a member of the National Interbank Deposit Guarantee Fund and the National Guarantee Fund.

The Offeror's ordinary shares are listed on the Mercato Telematico Azionario.

B.1.2. Establishment and duration

The Offeror was established on 10 October 1925 by deed no. 17272 of the Notary Baldassarre Conti of Livorno.

Pursuant to article 3 of the Offeror's Articles of Association, the duration of the Offeror has been established as until 31 December 2100 and may be extended.

B.1.3. Applicable legislation and place of jurisdiction

The Offeror is an Italian-registered company and operates under Italian law.

The jurisdiction for resolving disputes between the Offeror and its shareholders lie with the courts of the place where the Offeror has its registered office, in accordance with the applicable legal provisions.

B.1.4. Corporate purpose

Pursuant to article 4 of the Offeror's Articles of Association, the corporate purpose of the Offeror is as follows:

"4.1.- The purpose of the Company is the deposit-taking and the carrying out of all forms of lending activities, both directly and through its subsidiaries. To this end, the Company may, in compliance with applicable regulations and subject to being granted the required authorisations, directly and also through its subsidiaries, carry out all the banking and financial transactions and provide all the banking and financial services, including the establishment and management of open-end and closed-end pension schemes as well as carry out any other transactions that are instrumental for, or related to, the achievement of its corporate purpose.

4.2.- Acting in its capacity as Parent Company of the "Intesa Sanpaolo" banking group, pursuant to article 61 of Legislative Decree 385 of 1 September 1993, the Company issues, in connection with its management and coordination capacity, instructions to the Group companies, including with respect to the implementation of the instructions of the Supervisory Authorities in the interest of the Group's stability.

4.3 - The Company acts in the capacity of Parent Company of the financial conglomerate, pursuant to article 3 of Legislative Decree 142 of 30 May 2005."

B.1.5. Share capital

As at the date of the Offer Document, the Offeror's subscribed and paid-in share capital amounted to 9,085,663,010.32 euro, represented by 17,509,728,425 ordinary shares without nominal value.

The Offeror's ordinary shares are listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana with ISIN Code IT0000072618 and are traded in dematerialized form pursuant to article 83-bis of the Consolidated Law on Finance.

The following significant transactions on the Offeror's share capital were carried out or approved in the twelve months prior to the Date of the Offer Document in addition to the Share Capital Increase for the Offer: (a) on 27 May 2019, the issuance of 247,398 ISP ordinary shares, with regular dividend entitlement and without nominal value, in execution of the share capital increase from 9,085,534,363.36 euro to 9,085,663,010.32 euro to service the merger by incorporation of Banca Apulia S.p.A. into ISP; and (b) on 25 February 2019, the issuance of 124,061 ISP ordinary shares, with regular dividend entitlement and without nominal amount, in execution of the share capital increase from 9,085,469,851.64 euro to 9,085,534,363.36 euro to service the merger by incorporation of Cassa di Risparmio di Pistoia e della Lucchesia S.p.A. into ISP.

As at the Date of the Offer Document, the Offeror had not issued any convertible or exchangeable bonds, or bonds with warrants. On 27 February 2020, the Offeror issued a total of 1.5 billion euro of Additional Tier 1 instruments (AT1).

As at the Date of the Offer Document, the Offeror held 25,859,474 own shares, equal to 0.1477% (rounded to the fourth decimal place) of ISP's share capital.

B.1.6. Main Shareholders

As at the Date of the Offer Document, based on the information received pursuant to article 120 of the Consolidated Law on Finance and Part III, Title III, Chapter I, Section I of the Issuers' Regulation, the entries in the shareholders' register, and the other information available to the Offeror, the shareholders that have a stake or voting rights in the Offeror of more than 3% of the Offeror's ordinary share capital are those listed in the table below⁸.

Reporting person or entity at the top of the participation chain	Direct shareholder	% of the Offeror's share capital
Compagnia di San Paolo	Compagnia di San Paolo	6.790%
BlackRock Inc.	Blackrock (Netherlands) B.V.(*)	0.013%
	Blackrock Fund Advisors(*)	1.176%
	Blackrock Advisors LLC(*)	0.202%
	Blackrock Asset Management Deutschland AG(*)	0.572%
	BlackRock Investment Management (UK) LTD(*)	0.182%
	Blackrock Investment Management LLC(*)	0.367%
	Blackrock Investment Management (Australia) LTD(*)	0.039%
	Blackrock Financial Management INC.(*)	0.008%
	BlackRock Institutional Trust Company National Association(*)	1.272%
	BlackRock Advisors (UK) LTD(*)	0.978%
	BlackRock (Singapore) LTD(*)	0.001%

⁸ Shareholders that are fund management companies may be exempted from disclosure up to the 5% threshold.

	Blackrock International LTD(*)	0.067%
	Blackrock Japan Co LTD(*)	0.065%
	Blackrock Asset Management Canada LTD(*)	0.062%
	Blackrock Asset Management North Asia LTD(*)	0.003%
	Total	5.009%**
Fondazione Cariplo	Fondazione Cariplo	4.381%

(*) BlackRock Inc. holds, as an asset management company, an aggregate interest equal to 5.048% of the share capital as notified on 6 May 2020 pursuant to article 119, paragraph 2, of the Issuers' Regulation, through Form 120/B as per Annex 4 of the Issuers' Regulation.

(**) Any lack of reconciliation is due to rounding.

Moreover, on 9 April 2020, with resolution no. 21326 (which abrogated the preceding CONSOB resolution no. 21304 of 17 March 2020), CONSOB adopted, pursuant to article 120, paragraph 2-bis of the Consolidated Law on Finance, a measure that introduces, for a three-month period beginning from the time the aforementioned resolution enters into force, and unless it is revoked early, the additional threshold of 1% beyond which notice must be given pursuant to article 120, paragraph 2, Consolidated Law on Finance for the companies indicated in the special list attached to the aforementioned resolution, which also include ISP. Therefore, the following table indicates the shareholders that have a stake or voting rights in the Offeror of between 1% and 3% of the ordinary share capital of ISP:

Reporting person or entity at the top of the participation chain	Direct shareholder	% of the Offeror's share capital
JP Morgan Chase & CO. (*)	J.P. Morgan Securities plc	1.780%
	J.P. Morgan Securities LLC	0.043%
	Total	1.823%
Fondazione Cariparo	Fondazione Cariparo	2.022%
Norges Bank (**)	Norges Bank	2.001%
Fondazione CR Firenze	Fondazione CR Firenze	1.848%
Fondazione Carisbo	Fondazione Carisbo	1.393%

(*) Shareholder holding an aggregate investment of 6.580% as per form 120 B dated 24 June 2020. JPMorgan Chase & Co. made the original disclosure on 16 July 2018 (through form 120 B) in view of the positions held in relation to the issue of LECOIP 2.0 Certificates, having as underlying instruments Intesa Sanpaolo ordinary shares, that the Intesa Sanpaolo Group's employees received under the 2018-2021 LECOIP 2.0 Long-term Investment Plan based on financial instruments.

(**) Also on behalf of the Government of Norway.

As at the Date of the Offer Document, the Offeror had issued only ordinary shares and no shares had been issued that award special voting or other rights, other than ordinary shares.

As at the Date of the Offer Document, no person or entity controlled the Offeror pursuant to article 93 of the Consolidated Law on Finance.

As at the Date of the Offer Document, to the best of the Offeror's knowledge, there were no shareholders' agreements concerning the Offeror that were material pursuant to article 122 of the Consolidated Law on Finance.

For more information regarding the Offeror, see Section 9 of the Registration Document.

B.1.7. Management and control bodies

The Offeror has adopted a one-tier corporate governance system pursuant to articles 2409-sexiesdecies et seq. of the Italian Civil Code. It is therefore managed by a Board of Directors, some

members of which are also members of the Management Control Committee, which acts as a body performing the control function.

Board of Directors of the Offeror

Pursuant to article 13 of the Offeror's Articles of Association, the Offeror's Board of Directors is composed of a number of directors varying from a minimum of 15 to a maximum of 19 members, appointed by the shareholders' meeting, which determines their number on each occasion. The Board of Directors is appointed on the basis of lists submitted by shareholders in accordance with the procedures set out in the Articles of Association and the applicable law, including the rules on maintaining gender balance. Minority shareholders may appoint five or four Directors based on the total number of members of the Board of Directors.

The directors remain in office for the period established by the shareholders' meeting at the time of their appointment and, in any case, for no more than three financial years, and their term of office ends on the date of the shareholders' meeting of the Offeror called to approve the financial statements for the last financial year of their office. The board members may be re-elected.

The Board of Directors in office as at the Date of the Offer Document is composed of 19 members, of whom 17 were elected by the ordinary shareholders' meeting of the Offeror held on 30 April 2019 and two (Andrea Sironi and Roberto Franchini) were appointed by the ordinary shareholders' meeting of ISP held on 27 April 2020, after the resignation of two directors.

In particular, the ordinary shareholders' meeting of ISP of 27 April 2020: (i) approved the appointment of Andrea Sironi as member of the Board of Directors, after he had been co-opted by the Board of Directors on 2 December 2019, pursuant to article 2386 of the Italian Civil Code and article 15.3 of the Offeror's Articles of Association, following the resignation of the Director Giovanni Gorno Tempini on 8 November 2019; and (ii) appointed Roberto Franchini as member of the Board of Directors and the Management Control Committee, in substitution of Director Corrado Gatti, who resigned on 2 March 2020 for personal reasons.

The directors will remain in office for three financial years (or, in the case of Directors Andrea Sironi and Roberto Franchini, for the remainder of the term) until approval of the financial statements at 31 December 2021. The current composition of the Board of Directors of the Offeror is as follows:

DIRECTOR	OFFICE HELD AT THE OFFEROR
Gian Maria Gros-Pietro	Chairman
Paolo Andrea Colombo(*)	Deputy Chairperson
Carlo Messina	Managing Director and Chief Executive Officer
Franco Ceruti	Member of the Board of Directors
Anna Gatti(*)	Member of the Board of Directors
Andrea Sironi(*)(**)	Member of the Board of Directors
Rossella Locatelli(*)	Member of the Board of Directors
Maria Mazzearella(*)	Member of the Board of Directors
Luciano Nebbia	Member of the Board of Directors
Bruno Picca	Member of the Board of Directors
Livia Pomodoro(*)	Member of the Board of Directors
Maria Alessandra Stefanelli(*)	Member of the Board of Directors

DIRECTOR	OFFICE HELD AT THE OFFEROR
Guglielmo Weber(*)	Member of the Board of Directors
Daniele Zamboni(*)	Member of the Board of Directors
Alberto Maria Pisani(*)	Member of the Board of Directors and Chairman of the Management Control Committee
Fabrizio Mosca(*)	Member of the Board of Directors and Member of the Management Control Committee
Milena Teresa Motta(*)	Member of the Board of Directors and Member of the Management Control Committee
Maria Cristina Zoppo(*)	Member of the Board of Directors and Member of the Management Control Committee
Roberto Franchini(*)(***)	Member of the Board of Directors and Member of the Management Control Committee

(*) Independent Director pursuant to article 148, paragraph 3, of the Consolidated Law on Finance, paragraph 13.4.3 of the Articles of Association, and article 3 of the Corporate Governance Code.

(**) Appointed by the ordinary shareholders' meeting of ISP on 27 April 2020 after co-option by the Board of Directors on 2 December 2019 in substitution of Director Giovanni Gorno Tempini.

(***) Appointed by the ordinary shareholders' meeting of ISP on 27 April 2020 in substitution of Director Corrado Gatti.

The directors are domiciled for service at the address indicated in the relevant Company Register.

To the best of the Offeror's knowledge, as at the Date of the Offer Document, none of the members of the Offeror's Board of Directors held any offices or positions with the Issuer or other companies of the UBI Group or held shares and/or other economic interests in the Issuer and/or in companies of the UBI Group, except for:

- (i) the director Milena Teresa Motta, who held 1,031 ordinary shares of the Issuer, representing 0.00009% (rounded to the fifth decimal place) of the Issuer's share capital; and
- (ii) the director Paolo Andrea Colombo, who held bonds of the Issuer for a total nominal value of 39,000 euro and specifically: (a) holdings of the bond called UBI 18-21 BDS 1.55% (ISIN IT0005342081) with a nominal value of 20,000 euro and (b) holdings of the bond called UBI BANCA 1.3% 2021 (ISIN IT0005339319) with a nominal value of 19,000 euro.

Management Control Committee of the Offeror

Pursuant to article 13 of the Offeror's Articles of Association, the Offeror's Management Control Committee, which performs the functions assigned by the applicable regulations to the control body within ISP, is composed of 5 members, who are also members of the Offeror's Board of Directors.

The Management Control Committee of the Offeror in office as at the Date of the Offer Document was appointed by the ordinary shareholders' meeting of the Offeror on 30 April 2019. Please also note that, the Director Corrado Gatti, appointed by the ordinary shareholders' meeting of the Offeror held on 30 April 2019, took leave from the office of member of the Management Control Committee of the Offeror with effect from 13 December 2019 and, on 2 March 2020, submitted his resignation with immediate effect. The ordinary shareholders' meeting of ISP held on 27 April 2020 appointed, pursuant to article 15.3 of the Offeror's Articles of Association, in compliance with the principle of necessary representation of minorities and the other requirements imposed by applicable statutes, regulations and the Offeror's articles of association, Roberto Franchini as Director and member of the Management Control Committee, in replacement of the resigned Director, Corrado Gatti.

The members of the Management Control Committee of the Offeror will remain in office for three

financial years until approval of the financial statements at 31 December 2021. The current composition of the Management Control Committee of the Offeror is as follows:

DIRECTOR	POSITION
Alberto Maria Pisani	Chairman
Roberto Franchini	Director
Fabrizio Mosca	Director
Milena Teresa Motta	Director
Maria Cristina Zoppo	Director

Additional internal committees of the Board of Directors of the Offeror

As provided for by articles 24, 25, 26, 27 and 28 of the Offeror's Articles of Association and in compliance with the legal provisions, the Offeror's Board of Directors has established the following internal committees:

- (a) *Nomination Committee* – which performs assessment and advisory functions in support of the Board of Directors regarding the nomination and co-option of members, as well as the composition of the Board, and also performs the additional duties assigned to it by the applicable regulations and the Board of Directors. As at the Date of the Offer Document, the Committee had the following members: Livia Pomodoro (Chairman), Paolo Andrea Colombo, Gian Maria Gros-Pietro, Maria Mazzarella and Bruno Picca.
- (b) *Remuneration Committee* – which performs assessment, proposal and advisory functions in support of the Board of Directors regarding the remuneration and incentive systems and performs the additional duties assigned to it by the applicable regulations and the Board of Directors. As at the Date of the Offer Document, the Committee had the following members: Paolo Andrea Colombo (Chairman), Franco Ceruti, Anna Gatti, Luciano Nebbia and Andrea Sironi.
- (c) *Risk Committee* – which performs the duties assigned to it by the applicable regulations and the Board of Directors. As at the Date of the Offer Document, the Risk Committee had the following members: Rossella Locatelli (Chair of the Risk Committee), Franco Ceruti, Bruno Picca, Guglielmo Weber and Daniele Zamboni.
- (d) *Committee for Transactions with Related Parties of ISP* – which performs the functions and tasks assigned to it by the “Group Procedures regulating the conduct of transactions with related parties of Intesa Sanpaolo S.p.A., associated entities of the Group and relevant persons pursuant to article 136 of the Consolidated Law on Banking” (the “**RPT Procedures of the ISP Group**”), in accordance with the applicable regulations. In particular, it has advisory functions which it performs by issuing its own reasoned opinion on transactions falling within the scope of the above-mentioned RPT Procedures of the ISP Group. As at the Date of the Offer Document, the Committee had the following members: Daniele Zamboni (Chairman), Rossella Locatelli, Maria Mazzarella, Maria Alessandra Stefanelli and Andrea Sironi.

Independent Auditors

By resolution dated 10 May 2011, the ordinary shareholders' meeting of the Offeror awarded the independent auditors KPMG S.p.A. the engagement for the independent audit of the accounts for the financial years 2012 to 2020.

For further information on the corporate bodies and key managers of the Offeror, see Section 8 of the Registration Document.

B.1.8. Summary description of the group headed by ISP

For information on the ISP Group, see Section 5 of the Registration Document.

B.1.9. Offeror's Business Activities

For information on the Offeror's business activities, see Section 5, Paragraph 5.1 of the Registration Document.

B.1.10. Accounting standards

For information on the accounting standards applied by ISP for the preparation of its consolidated financial statements, see Section 11, Paragraph 11.1 of the Registration Document.

B.1.11. Consolidated financial information

For the consolidated financial information of ISP as at 31 December 2019, see Section 11, Paragraph 11.1 of the Registration Document.

B.1.12. Pro-forma financial information of the ISP Group as at 31 December 2019 and for the financial year ended on that date

For the pro-forma consolidated financial information of the ISP Group, which includes the pro-forma consolidated income statement as at 31 December 2019, the pro-forma consolidated balance sheet as at 31 December 2019 and the related explanatory notes, see Section 11, Paragraph 11.5, of the Registration Document.

B.1.13. Recent events

On 27 March 2020, the ECB issued the ECB Recommendation 2020/19 addressed to significant banks and banking groups, regarding dividend distribution policies in the aftermath of the COVID-19 pandemic. The same recommendation was made by the Bank of Italy to the banks under its direct supervision. The ECB has indicated that it will consider whether the ECB Recommendation 2020/19 concerning the dividend policy will be extended beyond 1 October 2020.

In accordance with the ECB Recommendation 2020/19, on 31 March 2020 the Board of Directors of ISP decided to suspend the proposal to distribute cash dividends to shareholders of approximately 3.4 billion euro (equal to 19.2 euro cents for each ISP ordinary share), on the agenda for the ordinary shareholders' meeting of the Offeror of 27 April 2020, which, on proposal from the Board of Directors, resolved to allocate the net income for 2019 to reserves, after having allocated the sum of 12,500,000.00 euro to the Allowance for charitable, social and cultural contributions.

In its press release published on 5 May 2020, following the approval by the ISP Board of Directors, on the same date, of the consolidated interim statement of the ISP Group as at 31 March 2020, the Offeror stated that the currently available information only enabled the establishment of a general outline a scenario for the aftermath of the COVID-19 epidemic, even though it is susceptible to unforeseeable developments in view of the significant uncertainty generated by the extraordinary nature of the COVID-19 pandemic.

This hypothetical scenario can be summarised in the forecasts for Italian GDP, which is expected to decrease in the range of 8%-10.5% in 2020 and rebound by around 4.5%-7% in 2021⁹.

In this scenario, which confirmed the soundness of the strategic actions envisaged in the Offeror's

⁹ Source: the GDP estimates shown here are the result of internal analysis performed by ISP's Research Department.

"2018-2021 Business Plan", the ISP Group will be able to continue to count on its strengths, which consist of its resilient and well-diversified business model, focused on wealth management & protection services and in particular on the development of non-motor P&C insurance products, in addition to strategic flexibility in managing operating costs and proactive management of non-performing loans.

Furthermore, in 2020, the ISP Group can count on a buffer to be used to face possible negative impacts that may be generated by the COVID-19 pandemic, consisting of 300 million euro in provisions for risks and charges set aside in the first quarter of 2020 as a result of the reduction in non-performing loans and the cost of risk compared with 2019, and the capital gain of about 900 million euro on the Nexi transaction over the year. This would make it possible to use a total of around 1.5 billion euro of pre-tax adjustments to loans for the full year.

Considerations relating to the possible macroeconomic scenario and the Offeror's inherent strengths lead to an estimated net income for the ISP Group that may be no lower than around 3 billion euro in 2020 and no lower than around 3.5 billion in 2021, assuming a potential cost of risk of up to around 90 basis points in 2020 and up to around 70 basis points in 2021.

In addition, also in the press release published on 5 May 2020, the Offeror stated that *"The dividend policy indicated in the 2018-2021 Business Plan, envisaging the distribution of cash dividends corresponding to a payout ratio of 75% of net income for 2020 and 70% for 2021, is confirmed. This is subject to ECB indications in respect of dividend distribution after 1 October 2020, the deadline indicated in the recommendation of 27 March 2020"*. In the same press release, the Offeror also stated that *"[t]he Business Plan projection of a pro-forma fully loaded Common Equity Tier 1 ratio above 13%¹⁰ in 2021 is also confirmed, even taking into account the potential distribution of the 2019 suspended dividend, subject to ECB indications in respect of dividend distribution after 1 October 2020"*.

In addition, subject to the recommendations to be provided by the ECB and monitoring of the soundness of the ISP Group's capital base in relation to the evolution of the situation resulting from the COVID-19 pandemic, the Board of Directors of ISP, as stated in its explanatory report prepared by the Board of Directors of ISP on the first item of the agenda of the ordinary shareholders' meeting of ISP of 27 April 2020, intends to call an ordinary shareholders' meeting of ISP after 1 October to implement the distribution of part of the reserves to shareholders before the end of 2020, whose amount has not yet been set and will be proposed to the shareholders by the Board of Directors of the Offeror when the shareholders' meeting is called.

Lastly, it is noted that in the press release of 5 June 2020, following the authorisation received on the same date from the European Central Bank for the direct acquisition of a controlling interest in UBI Banca and the indirect acquisition of a controlling interest in IW Bank S.p.A. (for more details, see Section A, Paragraph A.10, and Section C, Paragraph C.2, of the Offer Document), the Offeror also announced the following: *"following the authorisation received from the European Central Bank, Intesa Sanpaolo believes, although it does not currently have information on possible adverse effects of the COVID-19 pandemic on UBI Banca, that reasonably the pandemic should not bear such effects as to negatively affect the activity of UBI Banca and/or the financial, capital, economic and income situation of UBI Banca and/or the companies of the UBI Group (in addition to not bearing similar effects for both the Offer and Intesa Sanpaolo); consequently, Intesa Sanpaolo will not include the COVID-19*

¹⁰ "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 1,285 million euro 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% when excluding the aforementioned DTA absorptions".

pandemic and its effects as indicated at point (v) of paragraph 1.5 of the announcement published by the Bank on 17 February 2020 pursuant to article 102, paragraph 1, Consolidated Law on Finance, and article 37 of the Issuers' Regulation among the conditions for enforceability of the Offer."

For more information regarding the recent events involving the Offeror, see Section 6, Paragraph 6.3 of the Registration Document.

B.2 Company issuing the securities subject of the Offer

B.2.1. Name, legal form, registered office and trading market

The company name of the Issuer is "Unione di Banche Italiane S.p.A."

UBI Banca is a joint-stock company incorporated under the laws of the Republic of Italy, with registered office in Bergamo, Piazza Vittorio Veneto no. 8, and registered in the Bergamo Company Register under no. 03053920165.

The Issuer is registered with the Banking Register kept by the Bank of Italy with no. 5678 and, as parent company of the UBI Group, in the National Register of Banking Groups under no. 3111.2, and is a member of the National Interbank Deposit Guarantee Fund and the National Guarantee Fund.

The Issuer's ordinary shares are listed on the Mercato Telematico Azionario.

B.2.2. Share capital

As at the Date of the Offer Document, the share capital of the Issuer, fully subscribed and paid-in, amounted to 2,843,177,160.24 euro, divided into 1,144,285,146 ordinary shares with no nominal value.

The Issuer's ordinary shares are listed on the Mercato Telematico Azionario operated by Borsa Italiana S.p.A. with ISIN Code IT0003487029 and are traded in dematerialized form pursuant to article 83-bis of the Italian Consolidated Financial Act.

As at the Date of the Offer Document, the Issuer held 9,251,800 own shares representing 0.8085% (rounded down to the fourth decimal place) of the Issuer's share capital.

With regard to the last capital transactions carried out or approved by the Issuer prior to the Date of the Offer Document, by resolutions dated 6 and 7 June 2017, the Issuer's Management Board – subject to authorisation from the Issuer's Supervisory Board and in execution of the powers granted to it pursuant to article 2443 of the Italian Civil Code by the extraordinary shareholders' meeting of UBI Banca on 7 April 2017 – resolved to increase the Issuer's share capital through the issuance of 167,006,712 UBI Banca ordinary shares, without nominal value, for a maximum total value of 399,981,075.00 euro. On 7 July 2017, the Issuer communicated the full subscription of the capital increase.

As at the Date of the Offer Document, to the best of the Offeror's knowledge, the Issuer had not issued shares other than ordinary shares or bonds convertible into shares, nor was there any commitment for the issuance of convertible bonds or any powers granted to the Issuer's Board of Directors to approve the issuance of bonds convertible into UBI Shares.

As at the Date of the Offer Document, the Offeror and its subsidiaries held a total of 288,204 ordinary shares of the Issuer, representing 0.0252% (rounded down to the fourth decimal place) of the Issuer's share capital. The calculation does not include the UBI Shares held by investment funds and/or other collective investment undertakings managed by companies of the ISP Group with full autonomy from ISP and in the interest of the relevant customers.

B.2.3. Significant shareholders and shareholders' agreements

This is a free courtesy translation into English of the Offer Document: the Italian version of the Offer Document is the only document approved by CONSOB.

As at the Date of the Offer Document, based on the information disclosed pursuant to article 120 of the Consolidated Law on Finance and Part III, Title III, Chapter I, Section I of the Issuers' Regulation, and the figures published by the Issuer, the shareholders holding a stake of more than 3% of the Issuer's ordinary share capital are those listed in the table below.

Reporting person or entity at the top of the participation chain	Direct shareholder	% of the Issuer share capital
Mercadante Edoardo	Parvus Asset Management Europe Limited (*)	7.933%
Fondazione Cassa di Risparmio di Cuneo	Fondazione Cassa di Risparmio di Cuneo	5.908%(**)
Silchester International Investors LLP (*)	Silchester International Investors International Value Equity Trust (3.740%) Silchester International Investors International Value Equity Group Trust (1.954%) Silchester Intern. Inv. Int. Value Equity Taxable Trust (1.281%) The Calleva Trust (0.906%) Silchester Intern. Inv. Tobacco Free Int. Value Equity Trust (0.729%)	8.609%(***)
Fondazione Banca del Monte di Lombardia	Fondazione Banca del Monte di Lombardia	3.951%(****)
HSBC Holdings PLC	HSBC BANK PLC. (4.842%) (*****) HSBC Global Asset Management (UK) Limited (0.038%) INKA Internationale Kapitalanlagegesellschaft mbh (0.012%) (*****)	4.886%(****)

(*) by way of discretionary asset management

(**) Updated based on the content of the minutes of the Ordinary Shareholders' Meeting of the Issuer held on 8 April 2020.

(***) Updated based on the content of the minutes of the Ordinary Shareholders' Meeting of the Issuer held on 8 April 2020.

(****) Updated based on the content of the minutes of the Ordinary Shareholders' Meeting of the Issuer held on 8 April 2020.

(*****) Updated based on the content of the minutes of the Ordinary Shareholders' Meeting of the Issuer held on 8 April 2020.

(*****) By way of non-discretionary asset management.

Moreover, on 9 April 2020, with resolution no. 21326 (which abrogated the preceding CONSOB resolution no. 21304 of 17 March 2020), CONSOB adopted, pursuant to article 120, paragraph 2-bis of the Consolidated Law on Finance, a measure that introduces, for a three-month period beginning from the time the aforementioned resolution enters into force, and unless it is revoked early, the additional threshold of 1% beyond which notice must be given pursuant to article 120, paragraph 2, Consolidated Law on Finance for the companies indicated in the special list attached to aforementioned resolution, which also include the Issuer. Therefore, the following table indicates, based on the information published on CONSOB's website (www.consob.it), the shareholders that have a stake or voting rights in the Issuer of between 1% and 3% of the ordinary share capital of UBI Banca:

Reporting person or entity at the top of the participation chain	Direct shareholder	% of the Issuer share capital
Bosatelli Domenico	Polifin S.p.A.	2.797%
Pilenga Giuseppe	P4P International S.r.l. (0.539%) Pilenga Giuseppe (0.503%)	1.042%
UPIFRA S.a.	UPIFRA S.a.	1.025%
Andreoletti Gianfranco	COSPA di Andreoletti S.p.A. (0.210%)	1.014%

Reporting person or entity at the top of the participation chain	Direct shareholder	% of the Issuer share capital
	Scame S.n.c. (0.778%)	
	Andreoletti Gianfranco (0.027%)	
Società Cattolica di Assicurazioni Soc. Cooperativa	Società Cattolica di Assicurazioni Soc. Cooperativa	1.010%
Bombassei Alberto	Next Investments S.r.l.	1.004%

As at the Date of the Offer Document, based on the information published in the Issuer's website (www.ubibanca.com), the following shareholders' agreements concerning UBI Banca had been published in accordance with article 122 of the Consolidated Law on Finance:

- (i) the shareholders' agreement known as "CAR", involving the Issuer's shares, signed on 19 September 2019 and entered into, on 13 March 2020, by 21 shareholders of the Issuer, holders of a total of 216,858,422 of the Issuer's Shares equal to 18.951% of UBI Banca's share capital; this shareholders' agreement has been declared significant pursuant to article 122, paragraph 1 and article 122, paragraph 5, letters a) and b), of the Consolidated Law on Finance, and governs, *inter alia*: (a) the consultation between the participants with regard to the decisions reserved to the shareholders of UBI Banca; (b) the agreement on UBI Banca's prospects, the economic, financial and regulatory scenarios and the monitoring of the Issuer's performance and management; (c) the exchanges with the Issuer's management, also for the purpose of the previous point (c); and (d) limits to the transfer of UBI Banca's ordinary shares or any financial instruments that assign voting rights in the shareholders' meeting of the Issuer;
- (ii) the "Patto dei Mille" agreement, signed on 27 January 2016, as subsequently renewed, and entered into, on 18 September 2019, by 75 shareholders of the Issuer, holders of a total of 18,342,999 of the Issuer's Shares equal to 1.603% of UBI Banca's share capital; this shareholders' agreement has been declared significant pursuant to article 122, paragraph 1 and article 122, paragraph 5, letters a) and b), of the Consolidated Law on Finance, and governs, *inter alia*: (a) the prior consultation between the holders of the syndicated shares; (b) the exercise of the voting rights assigned to the syndicated shares, in the ordinary and extraordinary shareholders' meetings; and (c) certain limits to the transfer of the syndicated shares;
- (iii) the "Sindacato Azionisti UBI Banca S.p.A." agreement, signed on 17 February 2016, and entered into, on 13 March 2020, by 166 shareholders of the UBI Banca, holders of a total of 87,823,326 of the Issuer's Shares equal to 7.67% of the Issuer's share capital; this shareholders' agreement has been declared significant pursuant to article 122, paragraph 1 and article 122, paragraph 5, letters a) and b), of the Consolidated Law on Finance, and governs, *inter alia*: (a) the submission of the list for the appointment of the Board of Directors of the Issuer and the exercise of voting rights assigned to the syndicated shares for the appointment of the Board; (b) the requirement of prior consultation between the holders of the syndicated shares; (c) the exercise of the voting rights in the extraordinary shareholders' meeting; and (d) certain limits to the transfer of the syndicated shares.

B.2.4. Management and control bodies

UBI Banca has adopted a one-tier corporate governance system pursuant to articles 2409-sexiesdecies et seq. of the Italian Civil Code. It therefore conducts its operations through a Board of Directors, some members of which are also members of the Management Control Committee, which acts as a body performing the control function.

Board of Directors of the Issuer

In accordance with article 19 of UBI Banca's Articles of Association, the Board of Directors of the Issuer is composed of 15 members. The Board of Directors is appointed on the basis of lists submitted by shareholders, designed to ensure that the minority shareholders are able to appoint at least one director, in accordance with the procedures specified in the Articles of Association and the applicable legal provisions, including the rules on maintaining gender balance.

The directors remain in office for the period established by the shareholders' meeting at the time of their appointment and, in any case, for no more than three financial years, and their term of office ends on the date of the shareholders' meeting of the Issuer called to approve the financial statements for the last financial year of their office. The board members may be re-elected.

The Board of Directors of the Issuer in office as at the Date of the Offer Document was appointed by the ordinary shareholders' meeting of the UBI Banca on 12 April 2019. The directors will remain in office for three financial years until approval of the financial statements at 31 December 2021. The current composition of the Board of Directors of the Issuer is as follows:

DIRECTOR	OFFICE HELD AT THE ISSUER
Letizia Brichetto Arnaboldi Moratti	Chairwoman
Roberto Nicastro (*)	Deputy Chairman
Victor Massiah	Managing Director and CEO
Letizia Bellini Cavalletti (*)	Member of the Board of Directors
Paolo Boccardelli (*)	Member of the Board of Directors
Paolo Bordogna (*)	Member of the Board of Directors
Alberto Carrara (*)	Member of the Board of Directors and Member of the Management Control Committee
Francesca Culasso (*)	Member of the Board of Directors and Member of the Management Control Committee
Ferruccio Dardanella (*)	Member of the Board of Directors
Silvia Fidanza	Member of the Board of Directors
Pietro Gussalli Beretta	Member of the Board of Directors
Alessandro Masetti Zannini (*)	Member of the Board of Directors and Chairman of the Management Control Committee
Simona Pezzolo De Rossi (*)	Member of the Board of Directors and Member of the Management Control Committee
Osvaldo Ranica	Member of the Board of Directors
Monica Regazzi (*)	Member of the Board of Directors and Member of the Management Control Committee

(*) Independent Director pursuant to article 148, paragraph 3, of the Consolidated Law on Finance, and paragraphs 20.10 and 21 of UBI Banca's Articles of Association.

The directors are domiciled for service at the address indicated in the relevant Company Register.

Below are the *"Shares held in UBI Banca and in subsidiaries by members of the management and supervisory bodies and by the Chief Executive Officer, Senior Deputy General Manager, Deputy General Managers and "Other Identified staff" of UBI Banca (pursuant to Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments)"* as disclosed by the Issuer in

the "Report on Remuneration Policies and Wages of the Issuer" attached to the 2019 Annual Financial Report and published by the Issuer on its website www.ubibanca.com:

Surname and Name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2018	Number of shares purchased	Number of shares sold	Number of shares owned as at 31/12/2019 (or as at the termination of office date)
Moltrasio Andrea	Chairman of the Supervisory Board (until 12/4/2019)	UBI Banca	direct	full ownership	152,284			152,284
		UBI Banca	indirect	full ownership	58,568			58,568
		UBI Banca	spouse (directly)	full ownership	41,052			41,052
Cera Mario	Senior Deputy Chairman of the Supervisory Board (until 12/4/2019)	UBI Banca	direct	full ownership	120,149			120,149
Santus Armando	Deputy Chairman of the Supervisory Board (until 12/4/2019)	UBI Banca	direct	full ownership	392.42			392.42
Bazoli Francesca	Member of the Supervisory Board (until 12/4/2019)	UBI Banca	direct	full ownership	37,338			37,338
		UBI Banca	direct	legal title only	101,422			101,422
		UBI Banca	spouse (directly)	full ownership	5,252			5,252
		UBI Banca	children - minors (directly)	full ownership	584			584
Comandini Pierpaolo	Member of the Supervisory Board (until 12/4/2019)	UBI Banca	direct	full ownership	300,200			300,200
		UBI Banca	spouse (directly)	full ownership	1,168			1,168
		UBI Banca	children - minors (directly)	full ownership	2,236			2,236
Del Boca Alessandra	Member of the Supervisory Board (until 12/4/2019)	UBI Banca	direct	full ownership	250			250
Fiori Giovanni	Member of the Supervisory Board (until 12/4/2019)				-			-
Giangualano Patrizia Michela	Member of the Supervisory Board (until 12/4/2019)	UBI Banca	direct	full ownership	11,998			11,998
Giannotti Paola	Member of the Supervisory Board (until 12/4/2019)				-			-

Surname and Name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2018	Number of shares purchased	Number of shares sold	Number of shares owned as at 31/12/2019 (or as at the termination of office date)
	12/4/2019)							
Lucchini Giuseppe	Member of the Supervisory Board (until 12/4/2019)	UBI Banca	direct	full ownership	475,262			475,262
		UBI Banca	direct	usufruct	1,086,544			1,086,544
Pizzini Flavio	Deputy Chairman of the Management Board (until 12/4/2019)	UBI Banca	direct	full ownership	15,028			15,028
		UBI Banca	spouse (directly)	full ownership	1,168			1,168
Brichetto Arnaboldi Letizia Maria	Chairwoman of the Management Board (until 12/4/2019) / Chairwoman of the Board of Directors (from 12/4/2019)				-			-
Nicastro Roberto	Deputy Chairman of the Board of Directors (from 12/4/2019)				-			-
Massiah Victor	Chief Executive Officer (from 1/1/2019 to 12/4/2019 and from 16/4/2019) / General Manager	UBI Banca	direct	full ownership	671,342	24,082 (1)		695,424
Bellini Cavalletti Letizia	Member of the Supervisory Board (until 12/4/2019) / Board Member (from 12/4/2019)	UBI Banca	direct	full ownership	168,704			168,704
		UBI Banca	spouse (directly)	full ownership	7,191			7,191
		UBI Banca	children - minors (directly)	full ownership	584			292 (2)
Boccardelli Paolo	Board Member (from 12/4/2019)				-			-
Bordogna Paolo	Board Member (from 12/4/2019)	UBI Banca	direct	full ownership	70,986			70,986
		UBI Banca	indirect	full ownership	94,263			94,263
		UBI Banca	spouse (directly)	full ownership	8,569			8,569
Dardanella Ferruccio	Member of the Supervisory Board (until 12/4/2019) / Board Member (from 12/4/2019)	UBI Banca	direct	full ownership	1,934			1,934

Surname and Name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2018	Number of shares purchased	Number of shares sold	Number of shares owned as at 31/12/2019 (or as at the termination of office date)
Fidanza Silvia	Member of the Management Board (until 12/4/2019) / Board Member (from 12/4/2019)	UBI Banca	direct	full ownership	9,525			9,525
		UBI Banca	spouse (directly)	full ownership	1,648			1,648
		UBI Banca	children - minors (directly)	full ownership	584			584
Gussalli Beretta Pietro	Deputy Chairman of the Supervisory Board (until 12/4/2019) / Board Member (from 12/4/2019)	UBI Banca	direct	full ownership	492			492
Ranica Osvaldo	Member of the Management Board (until 12/4/2019) / Board Member (from 12/4/2019)	UBI Banca	direct	full ownership	52,073	33,959 (3)		86,032
		UBI Banca	spouse (directly)	full ownership	7,026	17,974		25,000
Masseti Zanini Alessandro	Member of the Board of Directors and Chairman of the Management Control Committee (from 12/4/2019)	UBI Banca	direct	full ownership	20,637			20,637
		UBI Banca	spouse (directly)	full ownership	1,610			1,610
Carrara Alberto	Member of the Supervisory Board (until 12/4/2019) / Board Member and Member of the Management Control Committee (from 12/4/2019)	UBI Banca	direct	full ownership	3,394			3,394
Culasso Francesca	Board Member and Member of the Management Control Committee (from 12/4/2019)				-			-
Pezzolo De Rossi Simona	Board Member and Member of the Management Control Committee (from 12/4/2019)	UBI Banca	direct	full ownership	14,277			14,277
Regazzi Monica	Board Member and Member of the	UBI Banca	direct	full ownership	2,000			2,000

Surname and Name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2018	Number of shares purchased	Number of shares sold	Number of shares owned as at 31/12/2019 (or as at the termination of office date)
	Management Control Committee (from 12/4/2019)							
Pivato Sergio	Member of the Supervisory Board (until 12/4/2019) - Chairman of the Supervisory Body (from 16/4/2019)	UBI Banca	direct	full ownership	346			346
Troyer Luca	Member of the Supervisory Body (from 16/4/2019)				-			-
Sonnino Elvio	Member of the Management Board (until 12/4/2019) / Senior Deputy General Manager	UBI Banca	direct	full ownership	56,998	15,440 (1)		72,438
		UBI Banca	spouse (directly)	full ownership	348			348
Stegher Elisabetta	Member of the Management Board (until 12/4/2019) / Senior Manager (*)							
Leidl Rossella	Deputy General Manager	UBI Banca	direct	full ownership	26,285	5,428 (1)		31,713
		UBI Banca	spouse (directly)	full ownership	1		1	-
		UBI Banca	children - minors (directly)	full ownership	400			- (2)
Geertman Frederik Herman	Deputy General Manager	UBI Banca	direct	full ownership	21,200			21,200
No. 18 Identified Staff (**)		UBI Banca	direct	full ownership	226,934	17,935 (4)	31,306	213,563
		UBI Banca	spouse (directly)	full ownership	7,151	33		7,184

(*) Since the position was no longer held on the Management Board of the Issuer, the number of shares held were inserted in the overall data for Identified Staff.

(**) The balance as at 31/12/2018 for ownership of the shares is different from the figure published in the 2018 Annual Report of the Issuer because changes in the perimeter of Identified staff occurred in 2019.

(1) Grant of shares under the prior year incentive schemes.

(2) The change is due to the fact that one of the children came of age.

(3) Grant of shares as part of an early termination of employment relationship agreement.

(4) Of which 17,192 shares granted under prior year incentive schemes.

Management Control Committee of the Issuer

Pursuant to article 20 of the Issuer's Articles of Association, the Issuer's Management Control Committee, which performs the functions assigned by the applicable regulations to the control body within UBI Banca, is composed of 5 members, who are also members of the Issuer's Board of Directors.

The Management Control Committee of the Issuer in office as at the Date of the Offer Document was appointed by the ordinary shareholders' meeting of the Issuer on 12 April 2019. The members of the Management Control Committee of the Issuer will remain in office for three financial years until approval of the financial statements at 31 December 2021. The current composition of the Management Control Committee of the Issuer is as follows:

DIRECTOR	POSITION
Alessandro Masetti Zannini	Chairman
Alberto Carrara	Director
Francesca Culasso	Director
Simona Pezzolo De Rossi	Director
Monica Regazzi	Director

Additional internal committees of the Board of Directors of the Issuer

As provided for by article 31 of the Issuer's Articles of Association and in compliance with the law, the Issuer's Board of Directors has established the following internal committees:

- (a) *Nomination Committee* – which performs assessment, advisory and proposal functions concerning the members and composition of the Board of Directors, as well as the additional duties assigned to it by the applicable regulations and the Board of Directors. As at the Date of the Offer Document, the Nomination Committee had the following members: Letizia Bellini Cavalletti (Chairwoman), Ferruccio Dardanella, Pietro Gussalli Beretta, Roberto Nicastro, and Osvaldo Ranica.
- (b) *Remuneration Committee* – which performs advisory, proposal and assessment functions concerning the remuneration and incentive policies and practices, as well as the additional duties assigned to it by the applicable regulations and by the Board of Directors. As at the Date of the Offer Document, the Remuneration Committee had the following members: Paolo Boccadelli (Chairman), Letizia Bellini Cavalletti and Osvaldo Ranica.
- (c) *Risk Committee* – which has the task of assisting the Board of Directors, by performing assessment, advisory and proposal functions, in carrying out the functions assigned to the Board by the supervisory regulations in force (in particular Bank of Italy Circular No. 285 of 17 December 2013) on the following matters: risk and the internal control system, including the determination of the risk appetite framework (RAF) and the risk management policies; the approval of the draft individual and consolidated financial reports; and the examination of the half-yearly financial report and the quarterly financial reports, when prepared. As at the Date of the Offer Document, the Risk Committee had the following members: Roberto Nicastro (Chairman), Paolo Bordogna and Simona Pezzolo De Rossi.
- (d) *Related Parties and Connected Persons Committee* – which performs the functions and tasks assigned to it by the RPT Procedures of the UBI Group, in accordance with the

applicable regulations. In particular, it has advisory functions which it performs by issuing its own reasoned opinion on transactions falling within the scope of the above-mentioned RPT Procedures of the UBI Group. As at the Date of the Offer Document, the Related Parties and Connected Persons Committee had the following members: Monica Regazzi (Chairwoman), Francesca Culasso and Simona Pezzolo De Rossi.

Independent Auditors

By resolution dated 13 April 2011, the ordinary shareholders' meeting of the Issuer awarded the independent auditors Deloitte & Touche S.p.A. the engagement for the independent audit of the accounts for the financial years 2012 to 2020.

B.2.5. Issuer's Business Activities

The Issuer is authorised by the Bank of Italy to operate banking activity pursuant to Italian law.

The purpose of UBI Banca is to take deposits and provide credit in its various forms, both directly and through subsidiaries. For that purpose, and in compliance with applicable provisions of law and after obtaining the necessary authorisations, it may perform, both directly and indirectly through subsidiaries, all banking and financial transactions and services, and the other activities permitted for credit institutions, including the issuance of bonds and granting of loans regulated by special laws.

The Issuer is the parent company of the UBI Group and, as the parent company, it engages not only in banking activity but also performs, pursuant to article 61, paragraph 5, of the Consolidated Law on Banking, management and coordination functions and unified control of the banking, financial and instrumental subsidiaries belonging to the UBI Group.

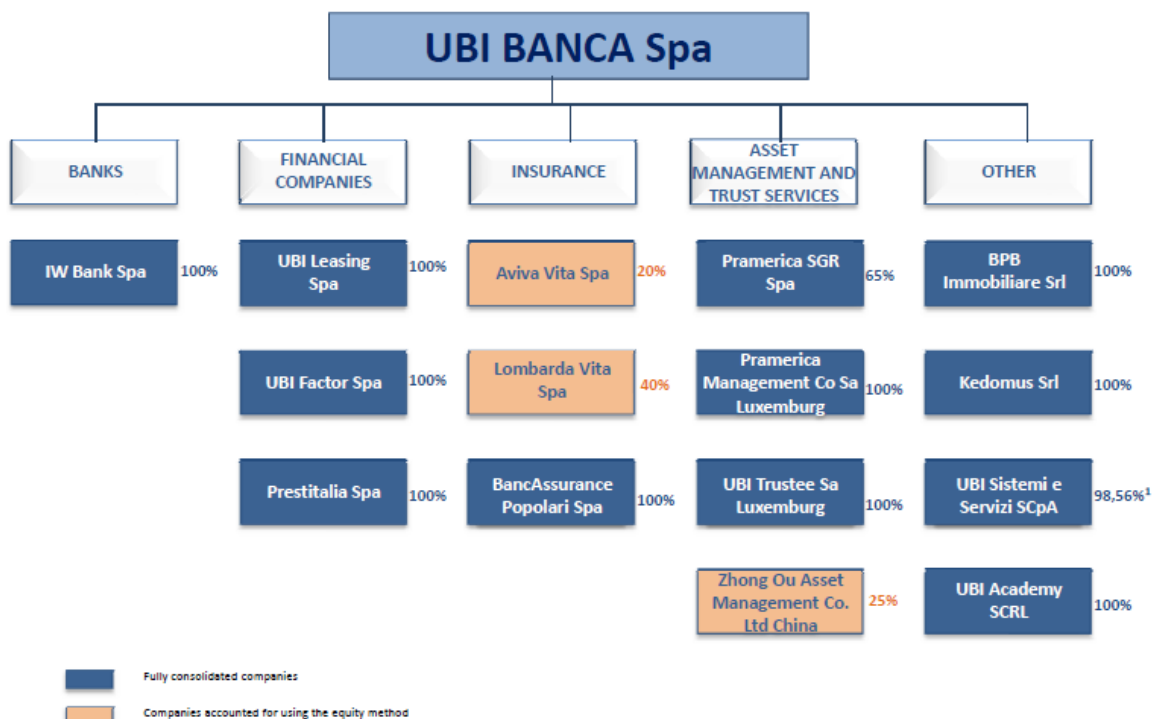
The Issuer, acting within the scope of its powers of management and coordination, issues instructions to UBI Group companies, inter alia with respect to the implementation of instructions issued by supervisory authorities and in the interest of the UBI Group's stability.

Pursuant to articles 2497 et seq. of the Italian Civil Code, the Issuer also manages and coordinates the Italian companies belonging to the UBI Group and directly or indirectly controlled by the Issuer.

As at the Date of the Offer Document, the UBI Group operated through the following structure:

- (i) Unione di Banche Italiane S.p.A., parent company of the UBI Group;
- (ii) IW Bank S.p.A., an online bank integrated with a network of financial advisers;
- (iii) product companies operating mainly in the area of asset management (Pramerica SGR S.p.A., Pramerica Management Company SA Luxembourg, UBI Trustee SA Luxembourg and Zhong Ou Asset Management Company Ltd China), life bancassurance (Aviva Vita S.p.A., Lombarda Vita S.p.A., BancAssurance Popolari S.p.A.), consumer finance (Prestitalia S.p.A.), leasing (UBI Leasing S.p.A.) and factoring (UBI Factor S.p.A.);
- (iv) UBI Sistemi e Servizi S.c.p.A, a company that provides services and products for the operation of business activities; a group corporate university, UBI Academy S.c.r.l., which provides training and professional/managerial development services to the affiliated companies;
- (v) two companies operating in the real estate sector (BPB Immobiliare S.r.l. and Kedomus S.r.l.).

A graphic illustration of the main UBI Group companies at the Date of the Offer Document is shown below.



(1) The remaining 1.44% is held by Cargeas Assicurazioni Spa (the former UBI Assicurazioni Spa)

The percentages related to the total interests held (directly or indirectly) by the Group in the entire share/quota capital.

The following table lists the companies that are directly or indirectly controlled by the Issuer or associated with it and included in the UBI Group scope of consolidation as at 31 December 2019, showing their names and registered office address.

Company name	Registered office	% held
Unione di Banche Italiane S.p.A. – UBI Banca (Parent Company)	Bergamo	-
IW Bank S.p.A.	Milan	100%
UBI Leasing S.p.A.	Brescia	100%
Unione di Banche Italiane per il Factoring S.p.A. - UBI Factor S.p.A.	Milan	100%
Prestitalia S.p.A.	Bergamo	100%
Aviva Vita S.p.A.	Milan	20%
Lombarda Vita S.p.A.	Brescia	40%
BancAssurance Popolari S.p.A.	Milan	100%
Pramerica SGR S.p.A.	Milan	65%
Pramerica Management Company S.A.	Luxembourg	100%
UBI Trustee S.A. Lussemburgo	Luxembourg	100%
Zhong OU Asset Management Company Ltd China	Shanghai (China)	25%
Kedomus S.r.l.	Brescia	100%
BPB Immobiliare S.r.l.	Bergamo	100%

Company name	Registered office	% held
UBI Sistemi e Servizi SCpA	Brescia	98.56%
UBI Academy SCRL	Bergamo	100%
Oro Italia Trading S.p.A., in liquidation	Arezzo	100%
UBI Finance S.r.l.¹¹	Milan	60%
UBI Finance CB 2 S.r.l.¹²	Milan	60%
24-7 Finance S.r.l.¹³	Brescia	10%
UBI Finance 2 S.r.l. - in liquidation¹⁴	Brescia	10%
UBI SPV Group 2016 S.r.l.¹⁵	Milan	10%
UBI SPV Lease 2016 S.r.l.¹⁶	Milan	10%
Mecenate S.r.l. - in liquidation¹⁷	Arezzo	95%
Marche M6 S.r.l.¹⁸	Conegliano Veneto (TV)	-
UBI Sicura S.p.A.	Milan	100% controlled by BancAssurance Popolari S.p.A.
Polis Fondi SGR S.p.A.	Milan	19.6%
SF Consulting S.r.l.	Mantua	35%
UFI Servizi S.r.l.	Rome	23.1667%
Montefeltro Sviluppo SCRL	Urbania (PU)	26.3699%

Source: UBI Banca 2019 Annual Financial Report.

¹¹ Vehicle company pursuant to Law 130/1999, entered in the general list of intermediaries pursuant to article 106 Consolidated Law on Banking, incorporated on 18 March 2008 to permit activation by UBI Banca of its First Covered Bond Programme backed by residential mortgage loans.

¹² Vehicle company pursuant to Law 130/1999, incorporated on 20 December 2011 to permit activation by UBI Banca of its Second Covered Bond Programme mainly backed by non-residential commercial mortgage loans.

¹³ Vehicle company used pursuant to Law 130/1999 for the securitisations concluded by the former Banca 24-7 in 2008. This entity is consolidated, insofar as it is subject to substantial control in consequence of its assets and liabilities having been originated by a UBI Group company. According to the consolidated financial statements at 31 December 2019, UBI Banca holds a 10% equity investment in the entity.

¹⁴ Vehicle company used pursuant to Law 130/1999 as part of the securitisation of a portfolio of performing loans of Banco di Brescia at the beginning of 2009. This entity is consolidated, insofar as it is subject to substantial control in consequence of its assets and liabilities having been originated by a Group company. According to the consolidated financial statements at 31 December 2019, UBI Banca holds a 10% equity investment in the entity.

¹⁵ Vehicle company incorporated pursuant to Law 130/1999 for the securitisation of residential mortgage loans carried on the books of the former Network Banks (BPB, BBS, BPCI, BRE, BPA, CARIME) carried out in August 2016. This entity is consolidated, insofar as it is subject to substantial control in consequence of its assets and liabilities having been originated by Group companies. According to the consolidated financial statements at 31 December 2019, UBI Banca holds a 10% equity investment in the entity.

¹⁶ Vehicle company incorporated pursuant to Law 130/1999 for the securitisation of performing loans carried out by UBI Leasing in July 2016. This entity is consolidated, insofar as it is subject to substantial control in consequence of its assets and liabilities having been originated by a Group company. According to the consolidated financial statements at 31 December 2019, UBI Banca holds a 10% equity investment in the entity.

¹⁷ Vehicle company used pursuant to Law 130/1999 for the securitisations carried out by the former Banca dell'Etruria e del Lazio in 2007, 2009 and 2011, involving performing residential mortgage loans. The securitisations were terminated prematurely. On 29 November 2019, the shareholders' meeting of UBI Banca resolved to place it in liquidation with a deed filed with the Companies Register on 2 December 2019.

¹⁸ Vehicle company incorporated pursuant to Law 130/1999 for the RMBS securitisation carried out by the former Banca delle Marche in 2013, involving a portfolio of performing residential mortgage loans. This entity is consolidated, insofar as it is subject to substantial control in consequence of its assets and liabilities having been originated by a UBI Group company. The UBI Group does not have any equity investment in the company.

B.2.6. Main financial information

The information presented below has been taken from information available to the public as at the Date of the Offer Document and contained in particular: (i) in the consolidated annual financial report of the UBI Group as at 31 December 2019 (the “**2019 Annual Financial Report**”) (compared with the figures for the previous year); and (ii) in the consolidated interim statement of the UBI Group as at 31 March 2020 (the “**Interim Statement**”). The Offeror has not taken any additional and/or independent review of the data and information concerning the UBI Group. Therefore, the Offeror may not be aware of current, potential, contingent or prior liabilities, or operational problems affecting the UBI Group, and it will be exposed to the risks of assuming unforeseen liabilities and/or recognising lower asset values of the UBI Group (for example, greater non-performing loans) than those recognised in the balance sheets of UBI Group, as a result, for example, of incorrect valuations made in the phase prior to the Offer.

The 2019 Annual Financial Report, prepared in accordance with the IAS/IFRS, was approved by the Issuer’s Board of Directors on 28 February 2020 and was audited by the independent auditors Deloitte & Touche S.p.A., which, on 6 March 2020, issued their report pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27 January 2010. In this regard, Deloitte & Touche S.p.A. issued its positive opinion without any qualifications or emphases of matter.

The Interim Statement, prepared in accordance with the IAS/IFR, was approved by the Issuer’s Board of Directors on 8 May 2020.

The 2019 Annual Financial Report and the Interim Statement, including (where present) the related reports issued by the independent auditors and the reports on operations of the Issuer and the UBI Group, to which reference should be made for further information, are available on the Issuer’s website at www.ubibanca.com (“Investor Relations” section).

B.2.6.1 2019 Annual Financial Report

The tables below present the consolidated balance sheet, the consolidated income statement, the consolidated statement of cash flows and the statement of changes in consolidated shareholders’ equity as at and for the years ended 31 December 2019 and 31 December 2018. The figures shown in the tables below have been extrapolated from the 2019 Annual Financial Report, compared with the figures for the previous year.

Consolidated balance sheet of the UBI Group as at 31 December 2019 and 31 December 2018

	31.12.2019	31.12.2018
Figures in thousands of Euro		
ASSETS		
10. Cash and cash equivalents	694,750	735,249
20. Financial assets measured at fair value through profit or loss	1,758,730	1,463,529
a) financial assets held for trading	427,980	405,716
b) financial assets designated at fair value	10,278	11,028
c) other financial assets mandatorily measured at fair value	1,320,472	1,046,785
30. Financial assets measured at fair value through other comprehensive income	12,221,616	10,726,179
40. Financial assets measured at amortised cost	101,736,289	102,798,587
a) loans and advances to banks	11,921,289	10,065,881

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b) loans and advances to customers	89,815,000	92,732,706
50. Hedging derivatives	35,117	44,084
60. Fair value change in hedged financial assets (+/-)	547,019	97,429
70. Equity investments	287,353	254,128
90. Property, plant and equipment	2,298,145	1,965,234
100. Intangible assets	1,739,903	1,729,727
<i>of which: goodwill</i>	<i>1,465,260</i>	<i>1,465,260</i>
110. Tax assets	3,740,039	4,210,362
a) current	1,084,413	1,376,567
b) deferred	2,655,626	2,833,795
<i>- of which pursuant to Law No. 214/2011</i>	<i>1,794,331</i>	<i>1,804,988</i>
120. Non-current assets and disposal groups held for sale	265,370	2,972
130. Other assets	1,200,966	1,278,717
Total assets	126,525,297	125,306,197
LIABILITIES AND EQUITY		
10. Financial liabilities measured at amortised cost	109,795,016	109,445,664
a) due to banks	14,367,985	17,234,579
b) due to customers	72,577,255	68,421,387
c) debt securities issued	22,849,776	23,789,698
20. Financial liabilities held for trading	555,296	410,977
30. Financial liabilities designated at fair value	197,610	105,836
40. Hedging derivatives	386,778	110,801
50. Fair value change in hedged financial liabilities (+/-)	145,191	74,297
60. Tax liabilities	170,937	162,272
a) current	64,547	30,287
b) deferred	106,390	131,985
70. Liabilities associated with assets held for sale	2,331	-
80. Other liabilities	2,735,807	3,092,941
90. Provision for post-employment benefits	289,641	306,697
100. Provisions for risks and charges	489,485	505,191
a) commitments and guarantees granted	54,005	64,410
b) pension and similar obligations	86,756	91,932
c) other provisions for risks and charges	348,724	348,849
110. Technical reserves	2,210,294	1,877,449
120. Valuation reserves	(79,938)	(298,616)
150. Reserves	3,207,751	2,923,589
160. Share premiums	3,294,604	3,294,604
170. Share capital	2,843,177	2,843,177

180. Treasury shares (-)	(28,111)	(25,074)
190. Minority interests (+/-)	58,230	50,784
200. Profit (loss) for the year (+/-)	251,198	425,608
Total liabilities and equity	126,525,297	125,306,197

At the end of 2019, the total assets of the UBI Group amounted to 126.5 billion euro, substantially stable compared to the end of 2018, with a slight increase of 1.0%.

Financial assets measured at amortised cost, which amounted to 101.7 billion euro and therefore represented the most significant item of the consolidated assets, decreased by 1.0% compared to the previous year, as a result of a 3.1% year-on-year decrease in loans to customers (89.8 billion euro) and an 18.4% year-on-year increase in amounts due from banks (11.9 billion euro). With regard to loans to customers at amortised cost, UBI Banca reported a net level of non-performing loans as at 31 December 2019 of 4.9%, down on 6.7% recorded at the end of 2018, and a coverage ratio for these loans of 39.0%, up on 38.5% at the end of 2018.

Financial liabilities measured at amortised cost, which amounted to 109.8 billion euro and therefore represented the most significant item of the consolidated liabilities, were stable compared to the previous year with a slight increase of 0.3%, as a result of: (i) a year-on-year increase in direct deposits, in particular in the items 10.b) due to customers and 10.c) securities issued, totalling 95.4 billion euro (+3.5% year-on-year), and (ii) a 16.6% year-on-year decrease in amounts due to banks (amounting to 14.4 billion euro).

Based on the information contained in the 2019 Annual Financial Report, the UBI Group recorded a loan/deposit ratio at the end of 2019, calculated as the ratio of net loans to customers at amortised cost to direct deposits from customers of 88.5%, down on 96.1%¹⁹ recorded at the beginning of 2019.

The equity attributable to the parent company, UBI Banca, amounting to the sum of items 120, 150, 160, 170, 180 and 200 of the balance sheet liabilities, amounted to 9,488.7 million euro at the end of 2019, up 3.6% compared to the previous year. The tangible equity attributable to the parent company UBI Banca, equal to the difference between the equity attributable to the Issuer and the intangible assets, amounted to 7,748.8 million euro at the end of 2019, up 4.2% on the previous year.

Consolidated income statement of the UBI Group for the years ended 31 December 2019 and 31 December 2018

Figures in thousands of Euro	31.12.2019	31.12.2018
10. Interest and similar income	2,180,444	2,220,104
of which: interest income calculated using the effective interest method	1,971,018	2,028,730
20. Interest and similar expense	(377,933)	(346,819)
30. Net interest income	1,802,511	1,873,285
40. Fee and commission income	1,894,864	1,779,150
50. Fee and commission expense	(229,295)	(198,233)

¹⁹ The figure differs from the 96.5% figure disclosed in the 2019 Annual Financial Report, because it was recalculated on total direct deposits as at 1 January 2019, as restated on first-time adoption of IFRS 16.

60	Net fee and commission income	1,665,569	1,580,917
70.	Dividends and similar income	8,514	24,779
80.	Net trading income (loss)	28,692	54,866
90.	Net hedging income (loss)	(15,429)	(10,325)
100.	Profits (Losses) from disposal or repurchase of:	(21,171)	(12,752)
	a) financial assets measured at amortised cost	(50,827)	(76,657)
	b) financial assets measured at fair value through other comprehensive income	33,580	69,477
	c) financial liabilities	(3,924)	(5,572)
110.	Net income (loss) from other financial assets and liabilities measured at fair value through profit or loss	114,812	(27,974)
	a) financial assets and liabilities designated at fair value	569	893
	b) other financial assets mandatorily measured at fair value	114,243	(28,867)
120.	Gross income	3,583,498	3,482,796
130.	Net impairment losses for credit risk relating to:	(744,098)	(638,277)
	a) financial assets measured at amortised cost	(740,755)	(639,003)
	b) financial assets measured at fair value through other comprehensive income	(3,343)	726
140.	Profits/losses from contractual modifications without derecognition	(25,283)	(37,383)
150.	Financial income	2,814,117	2,807,136
160.	Net insurance premiums	314,314	373,776
170.	Other income/expenses of insurance operations	(337,153)	(396,096)
180.	Net income from banking and insurance operations	2,791,278	2,784,816
190.	Administrative expenses	(2,493,634)	(2,570,557)
	a) staff costs	(1,561,333)	(1,545,909)
	b) other administrative expenses	(932,301)	(1,024,648)
200.	Net provisions for risks and charges	(24,835)	19,432
	a) commitments and guarantees granted	(26)	23,923
	b) other net provisions	(24,809)	(4,491)
210.	Depreciation and net impairment losses on property, plant and equipment	(157,609)	(90,868)
220.	Amortisation and net impairment losses on intangible assets	(77,585)	(75,579)
230.	Other net operating income/expense	283,120	293,471
240.	Operating expenses	(2,470,543)	(2,424,101)
250.	Profits (Losses) of equity investments	40,343	24,602
280.	Profit (loss) from disposal of investments	6,101	5,344
290.	Profit (loss) before tax on continuing operations	367,179	390,661
300.	Taxes on income for the year for continuing operations	(82,133)	60,841
310.	Profit (loss) after tax from continuing operations	285,046	451,502
330.	Profit (Loss) for the year	285,046	451,502
340.	(Profit) loss attributable to minority interests	(33,848)	(25,894)
350.	Profit (loss) for the year attributable to the shareholders of the Parent	251,198	425,608

The gross income (net interest and other banking income) at the end of 2019 amounted to 3,583.5 million euro, up 2.9% year-on-year, mainly due to a 3.8% year-on-year reduction in net interest income

(which stood at 1,802.5 million euro) and a 5.4% increase year-on-year in net fee and commission income (which stood at 1,665.6 million euro).

Net impairment losses for credit risk relating to financial assets measured at amortised cost at the end of 2019 amounted to (740.8) million euro and were up 15.9% on the previous year. The ratio of these adjustments to loans to customers at amortised cost (the cost of risk) declared by UBI Banca on the basis of the reclassified financial statements figures was 87 basis points, up on 72 basis points for the previous year.

The net income from banking and insurance operations at the end of 2019 amounted to 2,791.3 million euro, substantially stable compared to the previous year, with a slight year-on-year increase of 0.2%.

Operating expenses at the end of 2019 amounted to (2,470.5) million euro, a year-on-year increase of 1.9%. The cost/income ratio, calculated as the ratio of operating expenses to operating income on the reclassified financial statement figures, declared by UBI Banca was 65.1%²⁰, down on 69.6% declared for the previous year.

Profit before tax on continuing operations for 2019 amounted to 367.2 million euro, down 6.0% compared to the previous year. After taxes of (82.1) million euro, compared to a figure of 60.8 million euro, the profit from continuing operations after tax amounted to 285.0 million euro, of which 251.2 million euro attributable to UBI Banca, down 36.9% year-on-year at Group level and down 41.0% at the level of the parent company UBI Banca.

The return on equity, calculated as the ratio of the income for the period attributable to UBI Banca to the equity attributable to the parent, UBI Banca, was 2.6%, down on 4.6% for the previous year.

Consolidated statement of cash flows of the UBI Group for the years ended 31 December 2019 and 31 December 2018

<i>(in thousands of euro)</i>	31.12.2019	31.12.2018
A. OPERATING ACTIVITIES		
1. Ordinary activities	1,405,699	1,124,896
- profit (loss) for the year (+/-)	285,046	451,502
- gains/losses on financial assets held for trading and on other assets/liabilities measured at fair value through profit or loss (+/-)	(135,935)	(17,132)
- gains/losses on hedging activities (-/+)	15,429	10,325
- net impairment losses for credit risk (+/-)	769,381	638,277
- depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets (+/-)	235,194	166,447
- net provisions for risks and charges and other expense/income (+/-)	24,835	(19,432)
- net premiums not received (-)	1,501	(1,046)
- other insurance income/expenses not received (-/+)	3,566	16,729
- outstanding taxes, duties and tax credits (+/-)	82,133	(104,474)
- net impairment losses on discontinued operations net of tax (-/+)	-	-
- other adjustments (+/-)	124,549	(16,300)
2. Net cash flow from / used by financial assets	(1,381,404)	556,341
- financial assets held for trading	6,428	535,053
- financial assets designated at FV	1,319	1,041

²⁰ Source: UBI Banca 2019 Annual Financial Report, page 5.

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- financial assets measured at fair value through other comprehensive income	(1,166,974)	1,478,007
- other financial assets mandatorily measured at FV	(163,306)	(2,689)
- financial assets measured at amortised cost	296,260	(1,641,784)
- other assets	(355,131)	186,713
3. Net cash flow from / used by financial liabilities	461,989	(1,263,479)
- financial liabilities measured at amortised cost	(39,648)	(1,737,112)
- financial liabilities held for trading	144,319	(676)
- financial liabilities designated at FV	91,774	62,815
- other liabilities	265,544	411,494
Net cash flows from/used in operating activities	486,284	417,758
B. INVESTING ACTIVITIES		
1. Cash flows from	28,837	26,912
- disposals of equity investments	6,551	-
- dividends received on equity investments	8,514	24,779
- disposals of property, plant and equipment	13,253	2,001
- disposals of intangible assets	519	132
- disposals of subsidiaries and lines of business	-	-
2. Cash flows used in	(385,421)	(325,706)
- purchases of equity investments	(35,950)	-
- purchases of property, plant and equipment	(261,447)	(247,807)
- purchases of intangible assets	(88,024)	(77,899)
- purchases of subsidiaries and lines of business	-	-
Net cash flows from/used in investing activities	(356,584)	(298,794)
C. FINANCING ACTIVITIES		
- issues/purchases of treasury shares	(3,037)	(15,256)
- issues/purchases of equity instruments	-	-
- distribution of dividends and other uses	(167,162)	(170,136)
- sale/purchase of minority interests (*)	-	(9,901)
Net cash flows from/used in financing activities	(170,199)	(195,293)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,499)	(76,329)
RECONCILIATION		
Balance sheet items (figures in thousands of euro)		
Cash and cash equivalents at beginning of period	735,249	811,578
Total net cash flows from/used during the period	(40,499)	(76,329)
Cash and cash equivalents at end of period	694,750	735,249
Key		
+ Cash flow generated		
(-) Cash flow used		

(*) The item "sale/purchase of minority interests" refers to the outlay for the purchase of the remaining third-party interest in BancAssurance Popolari S.p.A..

With regard to cash flow, the 2019 financial year recorded a use of 40.5 million euro, with cash and

cash equivalents at the end of the period amounting to 694.7 million euro, down 5.5% compared to the closing figure for the previous year.

This use of cash was determined by a generation of cash from operating activities of 486.3 million euro (up 16.4% year-on-year), the use of cash by investing activities of (356.6) million euro (up 19.3% year-on-year) and the use of cash by financing activities of (170.2) million euro (down 12.8% year-on-year).

Statement of changes in consolidated equity of the UBI Group for the years ended 31 December 2019 and 31 December 2018

Statement of changes in consolidated equity of the UBI Group for the year ended 31 December 2019

(Figures in thousands of euro)	Balance as at 31/12/2018		Restatement in opening balances		Balance as at 01/01/2019		Allocation of prior year profit		Changes during the year								Equity attributable to shareholders of the Parent as at 31/12/2019	Equity attributable to minority interests as at 31/12/2019	Total equity as at 31/12/2019
									Changes in reserves	Equity transactions						Consolidated comprehensive income			
										Reserves	Dividends and other uses	New shares issues	Repurchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments				
Share capital:	2,852,571	-	2,852,571	-	-	-	-	-	-	-	-	-	(1,653)	-	2,843,177	7,741	2,850,918		
a) ordinary shares	2,852,571	-	2,852,571	-	-	-	-	-	-	-	-	-	(1,653)	-	2,843,177	7,741	2,850,918		
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Share premiums	3,294,704	-	3,294,704	-	-	-	-	-	-	-	-	-	(4)	-	3,294,604	96	3,294,700		
Reserves	2,939,068	-	2,939,068	284,340	-	641	-	-	-	-	-	-	343	-	3,207,751	16,641	3,224,392		
a) of profits	1,035,354	-	1,035,354	284,340	-	(1,026)	-	-	-	-	-	-	337	-	1,302,370	16,635	1,319,005		
b) other	1,903,714	-	1,903,714	-	-	1,667	-	-	-	-	-	-	6	-	1,905,381	6	1,905,387		
Valuation reserves	(298,699)	-	(298,699)	-	-	(339)	-	-	-	-	-	-	-	219,004	(79,938)	(96)	(80,034)		
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Treasury shares	(25,074)	-	(25,074)	-	-	-	493	(3,530)	-	-	-	-	-	-	(28,111)	-	(28,111)		
Profit/loss for the year	451,502	-	451,502	(284,340)	(167,162)	-	-	-	-	-	-	-	-	285,046	251,198	33,848	285,046		
Equity:	9,214,072	-	9,214,072	-	(167,162)	302	493	(3,530)	-	-	-	-	(1,314)	504,050	9,488,681	58,230	9,546,911		
attributable to the shareholders of the Parent	9,163,288	-	9,163,288	-	(142,088)	302	493	(3,530)	-	-	-	-	-	470,216	x	x	9,488,681		
attributable to minority interests	50,784	-	50,784	-	(25,074)	-	-	-	-	-	-	-	(1,314)	33,834	x	x	58,230		

Statement of changes in consolidated equity of the UBI Group for the year ended 31 December 2018

(Figures in thousands of euro)	Balances as at 31/12/2017 Restatement in opening balances Balance as at 01/01/2018			Allocation of prior year profit		Changes during the year										Equity attributable to shareholders of the Parent as at 31/12/2018	Equity attributable to minority interests as at 31/12/2018	Total equity as at 31/12/2018
						Reserves	Dividends and other uses	Changes in reserves	Equity transactions						Consolidated comprehensive income			
				New shares issued	Repurchase of treasury shares				Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Change in shareholdings					
Share capital:	2,859,257	-	2,859,257	-	-	-	-	-	-	-	-	-	(6,686)	-	2,843,177	9,394	2,852,571	
a) ordinary shares	2,859,257	-	2,859,257	-	-	-	-	-	-	-	-	-	(6,686)	-	2,843,177	9,394	2,852,571	
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share premiums	3,323,321	-	3,323,321	(12,023)	-	(10)	-	-	(16,584)	-	-	-	-	-	3,294,604	100	3,294,704	
Reserves	3,229,985	(866,855)	2,363,130	729,015	(151,341)	3,830	-	-	(2,211)	-	-	-	(3,355)	-	2,923,589	15,479	2,939,068	
a) of profits	1,329,642	(866,855)	462,787	729,015	(151,341)	459	-	-	(2,211)	-	-	-	(3,355)	-	960,828	74,526	1,035,354	
b) other	1,900,343	-	1,900,343	-	-	3,371	-	-	-	-	-	-	-	-	1,962,761	(59,047)	1,903,714	
Valuation reserves	(114,866)	80,076	(34,790)	-	-	(4)	-	-	-	-	-	-	-	(263,905)	(298,616)	(83)	(298,699)	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Treasury shares	(9,818)	-	(9,818)	-	-	-	508	(15,764)	-	-	-	-	-	-	(25,074)	-	(25,074)	
Profit/loss for the year	716,992	-	716,992	(716,992)	-	-	-	-	-	-	-	-	-	451,502	425,608	25,894	451,502	
Equity:	10,004,871	(786,779)	9,218,092	-	(151,341)	3,816	508	(15,764)	(18,795)	-	-	-	(10,041)	187,597	9,163,288	50,784	9,214,072	
attributable to the shareholders of the Parent	9,925,183	(786,779)	9,138,404	-	(125,415)	3,816	508	(15,764)	-	-	-	-	-	161,739	x	x	9,163,288	
attributable to minority interests	79,688	-	79,688	-	(25,926)	-	-	-	(18,795)	-	-	-	(10,041)	25,858	x	x	50,784	

As at 31 December 2019, the shareholders' equity of the UBI Group, including the profit for the year, amounted to 9,488.7 million euro, an increase of 325.4 million euro compared to 9,163.3 million euro at the beginning of the year.

This change was mainly due to the recognition of the profit for the year of 251.2 million euro, the allocation of the consolidated net profit for 2018 to dividends and other allocations of (142.1) million euro and the increase of 218.7 million euro in the valuation reserves (mainly generated by the revaluation of financial assets other than equities measured at fair value through other comprehensive income of 236.3 million euro).

B.2.6.2 Interim Statement

The tables below present the consolidated balance sheet, the consolidated income statement, the statement of cash flows and the statement of changes in consolidated equity of the UBI Group as at 31 March 2020, as taken from the Interim Statement as at 31 March 2020, compared with the figures for the relevant previous periods (31 March 2019 or 31 December 2019, as applicable).

From 31 March 2020, the UBI Group changed the basis of measurement for its real estate assets, adopting fair value instead of cost.

As a consequence of the foregoing, the "restated" comparative periods differ from what was published at the reporting date for those periods, because, in compliance with the provisions of IAS 8, the comparative figures for previous periods were restated following the retrospective application of the

change in the basis of measurement for investment properties²¹ governed by IAS 40. In contrast, the change in the basis of measurement for owner-occupied properties, in accordance with IAS 16, was applied prospectively from 31 March 2020, in compliance with IAS 8.

Consolidated balance sheet of the UBI Group as at 31 March 2020

	31.03.2020	31.12.2019 restated
Figures in thousands of Euro		
ASSETS		
10. Cash and cash equivalents	543,344	694,750
20. Financial assets measured at fair value through profit or loss	2,445,729	1,758,730
a) financial assets held for trading	1,139,785	427,980
b) financial assets designated at fair value	8,554	10,278
c) other financial assets mandatorily measured at fair value	1,297,390	1,320,472
30. Financial assets measured at fair value through other comprehensive income	11,476,015	12,221,616
40. Financial assets measured at amortised cost	101,689,225	101,736,289
a) loans and advances to banks	9,467,195	11,921,289
b) loans and advances to customers	92,222,030	89,815,000
50. Hedging derivatives	34,039	35,117
60. Fair value change in hedged financial assets (+/-)	651,581	547,019
70. Equity investments	293,676	287,353
80. Technical reserves of reinsurers	104	-
90. Property, plant and equipment	2,590,524	2,370,247
100. Intangible assets	1,731,379	1,739,903
of which: goodwill	1,465,260	1,465,260
110. Tax assets	3,748,151	3,755,895
a) current	1,075,533	1,084,413
b) deferred	2,672,618	2,671,482
- of which pursuant to Law No. 214/2011	1,764,076	1,794,331
120. Non-current assets and disposal groups held for sale	291,766	268,100
130. Other assets	997,059	1,200,966
Total assets	126,492,592	126,615,985
LIABILITIES AND EQUITY		
10. Financial liabilities measured at amortised cost	108,386,682	109,795,016

²¹ As a result of the change in the basis of measurement for its real estate assets, UBI Banca specified that i) the item "Property and equipment" in the balance sheet includes the valuation of "owner-occupied properties" pursuant to IAS 16 and "investment properties" pursuant to IAS 40 at "revalued amount" and "fair value" respectively, that ii) the item "net adjustments to/recoveries on property, equipment and intangible assets" in the income statement only includes, for the real estate assets, the depreciation on "owner-occupied properties", because the "investment properties" measured at fair value are not depreciated and iii) the item "valuation differences on property, equipment and intangible assets measured at fair value" includes the result of the change in the fair value of the properties during the period. In accordance with the new basis of measurement adopted. As a result, the figures shown are comparable with previous periods, except for the balance sheet item "Property and equipment" and the income statement item "Valuation differences on property, equipment and intangible assets measured at FV".

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a) due to banks	14,497,500	14,367,985
b) due to customers	71,435,696	72,577,255
c) debt securities issued	22,453,486	22,849,776
20. Financial liabilities held for trading	617,709	555,296
30. Financial liabilities designated at fair value	285,439	197,610
40. Hedging derivatives	575,925	386,778
50. Fair value change in hedged financial liabilities (+/-)	156,033	145,191
60. Tax liabilities	300,268	210,882
a) current	80,165	64,547
b) deferred	220,103	146,335
70. Liabilities associated with assets held for sale	-	2,331
80. Other liabilities	3,145,785	2,735,807
90. Provision for post-employment benefits	264,793	289,641
100. Provisions for risks and charges	448,535	489,485
a) commitments and guarantees granted	54,255	54,005
b) pension and similar obligations	85,035	86,756
c) other provisions for risks and charges	309,245	348,724
110. Technical reserves	2,149,201	2,210,294
120. Valuation reserves	(14,124)	(79,938)
140. Equity instruments	397,948	-
150. Reserves	3,508,627	3,276,589
160. Share premiums	3,294,604	3,294,604
170. Share capital	2,843,177	2,843,177
180. Treasury shares (-)	(28,111)	(28,111)
190. Minority interests (+/-)	66,529	58,230
200. Profit (loss) for the period/year (+/-)	93,572	233,103
Total liabilities and equity	126,492,592	126,615,985

As at 31 March 2020, the total assets of the UBI Group amounted to 126.5 billion euro, substantially stable compared to the restated figure at the end of 2019.

Financial assets measured at amortised cost, which amounted to 101.7 billion euro and therefore represented the most significant item of the consolidated assets, were stable compared to 31 December 2019, as a result of a quarterly increase of 2.7% in loans to customers (which stood at 92.2 billion euro) and a decrease of 20.6% in loans to banks (which stood at 9.5 billion euro). With regard to loans to customers at amortised cost, UBI Banca reported a net level of non-performing loans as at 31 March 2020 of 4.7%, down on 4.9% recorded at the end of 2019, and a coverage ratio for these loans of 39.6%, up on 39.0% at the end of 2019.

Financial liabilities measured at amortised cost, which amounted to 108.4 billion euro and therefore represented the most significant item of the consolidated liabilities, were down 1.3% on a quarterly

basis compared to the previous quarter. This reduction was due to: (i) a decrease in direct deposits, in particular in the items 10.b) due to customers and 10.c) securities issued, totalling 93.9 billion euro (-1.6% on a quarterly basis compared to the previous quarter) and (ii) a slight increase of 0.9% on a quarterly basis compared to the previous quarter in amounts due to banks (which amounted to 14.5 billion euro).

Based on the information reported in the Interim Statement, the UBI Group recorded a loan/deposit ratio as at 31 March 2020, calculated as the ratio of net loans to customers at amortised cost to direct deposits from customers of 98.1% (91.2% on the reclassified figures), up on 94.1% recorded at the beginning of 2019 (88.5% on the reclassified figures).

The equity attributable to shareholders of the Parent Company, UBI Banca, amounting to the sum of items 120, 140, 150, 160, 170, 180 and 200 of the balance sheet liabilities, amounted to 10,095.7 million euro as at 31 March 2020, up 5.8% on the restated figure for the end of 2019, also as a result of the issuance of Additional Tier 1 instruments in Q1 2020 with a carrying amount as at 31 March 2020 of 397.9 million euro (item 140). The tangible equity attributable to shareholders of the parent company UBI Banca, equal to the difference between the equity attributable to the Issuer and the intangible assets, amounted to 8,364.3 million euro as at 31 March 2020, up 7.2% on the restated figure for the end of 2019, while the intangible assets were substantially unchanged.

Consolidated income statement of the UBI Group as at 31 March 2020

Figures in thousands of Euro		31.03.2020	31.03.2019 restated
10.	Interest and similar income	506,976	551,016
	of which: interest income calculated using the effective interest method	495,396	501,409
20.	Interest and similar expense	(80,429)	(87,794)
30.	Net interest income	426,547	463,222
40.	Fee and commission income	482,257	456,676
50.	Fee and commission expense	(60,527)	(55,035)
60.	Net fee and commission income	421,730	401,641
70.	Dividends and similar income	4,961	5,333
80.	Net trading income (loss)	3,963	3,711
90.	Net hedging income (loss)	(12,422)	(4,896)
100.	Profits (Losses) from disposal or repurchase of:	66,127	13,053
	a) financial assets measured at amortised cost	6,428	(658)
	b) financial assets measured at fair value through other comprehensive income	61,777	14,406
	c) financial liabilities	(2,078)	(695)
110.	Net income (loss) from other financial assets and liabilities measured at fair value through profit or loss	(20,047)	27,206
	a) financial assets and liabilities designated at fair value	26,388	172
	b) other financial assets mandatorily measured at fair value	(46,435)	27,034
120.	Gross income	890,859	909,270
130.	Net impairment losses for credit risk relating to:	(157,114)	(130,003)
	a) financial assets measured at amortised cost	(155,182)	(129,104)

	b) financial assets measured at fair value through other comprehensive income	(1,932)	(899)
140.	Profits/losses from contractual modifications without derecognition	(8,803)	(5,156)
150.	Financial income	724,942	774,111
160.	Net insurance premiums	86,121	74,453
170.	Other income/expenses of insurance operations	(75,923)	(81,011)
180.	Net income from banking and insurance operations	735,140	767,553
190.	Administrative expenses	(590,463)	(670,708)
	a) staff costs	(354,975)	(428,117)
	b) other administrative expenses	(235,488)	(242,591)
200.	Net provisions for risks and charges	(33)	(4,029)
	a) commitments and guarantees granted	(942)	(562)
	b) other net provisions	909	(3,467)
210.	Depreciation and net impairment losses on property, plant and equipment	(36,380)	(33,927)
220.	Amortisation and net impairment losses on intangible assets	(20,775)	(18,526)
230.	Other net operating income/expense	67,594	73,141
240.	Operating expenses	(580,057)	(654,049)
250.	Profits (Losses) of equity investments	7,808	6,315
260.	Net income (loss) from fair value change in property, plant and equipment and intangible assets	(8,718)	-
280.	Profit (loss) from disposal of investments	67	273
290.	Profit (loss) before tax on continuing operations	154,240	120,092
300.	Taxes on income for the period from continuing operations	(52,382)	(30,282)
310.	Profit (loss) after tax from continuing operations	101,858	89,810
330.	Profit (loss) for the period	101,858	89,810
340.	(Profit) loss for the period attributable to minority interests	(8,286)	(6,375)
350.	Profit (loss) for the period attributable to the shareholders of the Parent	93,572	83,435

The gross income (net interest and other banking income) as at 31 March 2020 amounted to 890.9 million euro, down 2.0% on 31 March 2019 (i.e., as indicated below, year-on-year), mainly due to a 7.9% year-on-year reduction in net interest income (amounting to 426.5 million euro) and a 5.0% increase year-on-year in net fee and commission income (amounting to 421.7 million euro).

Net impairment losses for credit risk relating to financial assets measured at amortised cost as at 31 March 2020 amounted to 155.2 million euro and were up 20.2% on the same period of the previous year. The annualised ratio of these adjustments to loans to customers at amortised cost (the cost of risk) declared by UBI Banca on the basis of the reclassified financial statements figures was 73 basis points, down on 87 basis points for the full year 2019.

The net income from banking and insurance operations as at 31 March 2020 amounted to 735.1 million euro, down 4.2% year-on-year.

Operating expenses in the first quarter of 2020 amounted to (580.1) million euro, representing a year-on-year decrease of 11.3%. The cost/income ratio, calculated as the ratio of operating expenses to

operating income on the reclassified financial statement figures, was 65.0%²².

Profit before tax on continuing operations for Q1 2020 amounted to 154.2 million euro, up 28.4% year-on-year. After taxes of (52.4) million euro, compared to the figure of (30.3) million euro for the same period of the previous year, the profit from continuing operations after tax as at 31 March 2020 amounted to 101.9 million euro, of which 93.6 million euro attributable to the parent company, up 13.4% year-on-year and up 12.1% at Group level.

The return on equity, calculated as the ratio of annualised profit for the period attributable to the parent company to the shareholders' equity attributable to the parent company as at 31 March 2020, was 3.7%, slightly down on 3.5% for the previous year.

Consolidated statement of cash flows of the UBI Group as at 31 March 2020

<i>(in thousands of euro)</i>	31.03.2020	31.03.2019 restated
A. OPERATING ACTIVITIES		
1. Ordinary activities	456,487	344,146
- profit/loss for the period (+/-)	101,858	89,810
- gains/losses on financial assets held for trading and on other assets/liabilities measured at fair value through profit or loss (+/-)	25,827	(10,520)
- gains/losses on hedging activities (-/+)	12,422	4,896
- net impairment losses for credit risk (+/-)	165,917	130,003
- depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets (+/-)	65,873	52,453
- net provisions for risks and charges and other expense/income (+/-)	33	4,029
- net premiums not received (-)	(867)	(1,106)
- other insurance income/expenses not received (-/+)	(3,148)	2,013
- outstanding taxes, duties and tax credits (+/-)	52,382	91,453
- net impairment losses on discontinued operations net of tax (-/+)	-	-
- other adjustments (+/-)	36,190	(18,885)
2. Net cash flow from / used by financial assets	(143,215)	(1,351,317)
- financial assets held for trading	(707,842)	(61,740)
- financial assets designated at fair value	28,112	1,865
- other financial assets mandatorily measured at fair value	(20,721)	29,814
- financial assets measured at fair value through other comprehensive income	600,633	(455,084)
- financial assets measured at amortised cost	(116,921)	(497,590)
- other assets	73,524	(368,582)
3. Net cash flow from / used by financial liabilities	(830,572)	935,706
- financial liabilities measured at amortised cost	(1,408,334)	1,569,666
- financial liabilities held for trading	62,413	50,277
- financial liabilities designated at fair value	87,829	18,460
- other liabilities	427,520	(702,697)
Net cash flows from (used in) operating activities	(517,300)	(71,465)

²² Source: UBI Banca Interim Financial Report as at 31 March 2020, page 8.

B. INVESTING ACTIVITIES		
1. Cash flows from	6,436	6,654
- disposals of equity investments	-	-
- dividends received on equity investments	4,961	5,333
- disposals of property, plant and equipment	1,475	1,192
- disposals of intangible assets	-	129
- disposals of subsidiaries and lines of business	-	-
2. Cash flows used in	(38,490)	(35,464)
- purchases of equity investments	-	-
- purchases of property, plant and equipment	(26,171)	(24,794)
- purchases of intangible assets	(12,319)	(10,670)
- purchases of subsidiaries and lines of business	-	-
Net cash flows from/used in investing activities	(32,054)	(28,810)
C. FINANCING ACTIVITIES		
- issues/purchases of treasury shares	-	(3,441)
- issues/purchases of equity instruments	397,948	-
- distribution of dividends and other uses	-	(25,074)
- sale/purchase of minority interests	-	-
Net cash flows from/used in financing activities	397,948	(28,515)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(151,406)	(128,790)
RECONCILIATION		
Balance sheet items <i>(figures in thousands of euro)</i>		
Cash and cash equivalents at beginning of period	694,750	735,249
Total net cash flows from/used during the period	(151,406)	(128,790)
Cash and cash equivalents: foreign exchange effect	-	-
Cash and cash equivalents at end of period	543,344	606,459
Key		
+ Cash flow generated		
(-) Cash flow used		

With regard to cash flow, Q1 2020 recorded a use of 151.4 million euro, with cash and cash equivalents at the end of the period amounting to 543.3 million euro, down 21.8% compared to the figure at the beginning of the period.

This use of cash was determined by: (i) use of operating activities of 517.3 million euro, (ii) the use of cash by investing activities of 32.1 million euro and (iii) the generation of net cash by financing activities of 397.9 million euro.

Statement of changes in consolidated equity of the UBI Group as at 31 March 2020

(in thousands of euro)	Balance as at 31/12/2019 restated Restatement in opening balances Balance as at 01/01/2020			Allocation of prior year profit		Changes January-March 2020								Total equity as at 31/3/2020	Equity attributable to shareholders of the Parent as at 31/3/2020	Equity attributable to minority interests as at 31/3/2020	
							Changes in reserves	Equity transactions									Consolidated comprehensive income
				Reserves	Dividends and other uses			New shares issues	Repurchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options				
Share capital:	2,850,918	-	2,850,918	-	-	-	-	-	-	-	-	-	-	2,850,918	2,843,177	7,741	
a) ordinary shares	2,850,918	-	2,850,918	-	-	-	-	-	-	-	-	-	-	2,850,918	2,843,177	7,741	
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share premiums	3,294,700	-	3,294,700	-	-	-	-	-	-	-	-	-	-	3,294,700	3,294,604	96	
Reserves	3,293,230	-	3,293,230	266,951	-	(1,066)	-	-	-	-	-	-	-	3,559,115	3,508,627	50,488	
a) of profits	1,387,843	-	1,387,843	266,951	-	1,037	-	-	-	-	-	-	-	1,655,831	1,605,348	50,483	
b) other	1,905,387	-	1,905,387	-	-	(2,103)	-	-	-	-	-	-	-	1,903,284	1,903,279	5	
Valuation reserves	(80,034)	-	(80,034)	-	-	(796)	-	-	-	-	-	-	66,624	(14,206)	(14,124)	(82)	
Equity instruments	-	-	-	-	-	-	-	-	-	397,948	-	-	-	397,948	397,948	-	
Treasury shares	(28,111)	-	(28,111)	-	-	-	-	-	-	-	-	-	-	(28,111)	(28,111)	-	
Profit (loss) for the period	266,951	-	266,951	(266,951)	-	-	-	-	-	-	-	-	101,858	101,858	93,572	8,286	
Equity	9,597,654	-	9,597,654	-	-	(1,862)	-	-	-	397,948	-	-	-	168,482	10,162,222	10,095,693	66,529
Equity attributable to shareholders of the Parent	9,539,424	-	9,539,424	-	-	(1,861)	-	-	-	397,948	-	-	-	160,182	10,095,693	x	x
Equity attributable to minority interests	58,230	-	58,230	-	-	(1)	-	-	-	-	-	-	-	8,300	66,529	x	x

As at 31 March 2020, the equity of the UBI Group, including the profit for the period, amounted to 10,095.7 million euro, an increase of 556.3 million euro compared to 9,539.4 million euro at the beginning of the year.

This change of 556.3 million euro was mainly due to the increase of 397.9 million euro related to the first issuance of Additional Tier 1 capital instruments in January 2020, the allocation to reserves of 93.6 million euro of the quarterly UBI Group net profit and the increase of 65.8 million euro in the valuation reserves (mainly generated by the impact of the change in the basis of measurement for real estate assets).

B.2.7. Recent events and outlook

With regard to the events occurring after the end of 2019, UBI Banca's 2019 Annual Financial Report states that, after 31 December 2019, the reporting date of the consolidated financial statements, and until 28 February 2020, the date of approval of those financial statements by the Issuer's Board of Directors, no events occurred that would require an adjustment to the figures presented in the financial statements in accordance with IAS 10.

For illustrative purposes only and in summary, the Issuer's Annual Financial Report mentions the following events that occurred in the period between 31 December 2019 and 28 February 2020:

- (i) 13 January 2020: issuance by UBI Banca of Additional Tier 1 instruments ("Non-Cumulative

Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes”) for a total amount of 400 million euro, aimed at institutional investors and at optimising its capital structure;

- (ii) 14 January 2020: signing of the agreement with all the trade union representatives concerning the voluntary redundancies of approximately 300 staff, including the approval of 50 applications for admission to the solidarity fund already submitted on the occasion of the redundancy plan implemented through the agreement with the trade unions signed on 26 October 2017;
- (iii) 31 January 2020: assignment by the Board of Directors of UBI Banca of a period of exclusivity to Coima SGR S.p.A. for the structuring and completion of a complex real estate transaction as part of a reorganisation of the UBI Group’s presence in the city of Milan;
- (iv) 17 February 2020: presentation of UBI Banca’s new 2020-2022 Business Plan;
- (v) 19 February 2020: assignment of the delegation by the Board of Directors to the chief executive officer for the appointment of the financial and legal advisors that will assist UBI Banca in carrying out the assessment of the information made public and the possible strategic alternatives in relation to the Offer;
- (vi) 19, 20 and 24 February 2020: announcement by S&P Global Ratings, Moody’s and Fitch Ratings of a possible revision of the ratings assigned to UBI Banca.

With regard to the outlook for consolidated operations of the UBI Group, the management of UBI Banca declared in its 2019 Annual Financial Report, prepared on the basis of the information available at the date of publication, that it envisages the following:

- (i) continuation in 2020 of the change in the mix of core revenues, with growth in net fee and commission income compared with net interest income;
- (ii) maintenance of careful control over operating expenses in 2020;
- (iii) reduction in non-performing loans to be achieved, starting from 2020, mainly through internal recovery activities;
- (iv) the implementation by the end of 2019 of a sale of SME non-performing loans for a gross amount of around 800 million euro, the study for which was initiated at the end of 2019;
- (v) a significant reduction in the loan loss rate in 2020 compared to 2019 as a result of the sharp reduction in the stock of non-performing loans achieved mainly in 2019 and the small amount of expected cash inflows;
- (vi) growth in net income in 2020 compared to 2019 and consequent growth in the related dividend to be distributed in 2021²³.

In its press release of 31 March 2020 (published on the Issuer’s website www.ubibanca.com), the Issuer announced that the Board of Directors of UBI Banca, which met on 31 March 2020 “*resolved not to submit to the General Meeting of the Shareholders - called for 8th April 2020 - the proposal on item two of the agenda “The allocation of profit for the financial year 2019 and the distribution of a dividend to shareholders”, because it would be incompatible with the above-mentioned prudential recommendation made by the supervisory authority. After 1st October 2020 and in the absence of different indications by the ECB, the Board of Directors reserves the right to convene a Shareholders’ General Meeting to address this matter. The maximum dividend that had originally been proposed by*

²³ The 2019 Annual Financial Report of UBI Banca was published prior to the issuance of the ECB Recommendation No. 2020/19 and the resolution passed by the Board of Directors of UBI Banca on 31 March 2020. For more details in this regard, see Section A.2, Paragraph A.2, of this Offer Document.

the Board of Directors for 2019 (€0.13 per share for a maximum dividend of €147.6 million) will be written to equity reserves. AT1 coupons will be regularly paid". In view of the above, the minutes of the shareholders' meeting of UBI Banca of 8 April 2020 (published on the Issuer's website www.ubibanca.com) stated that "[the] net profit for the year 2019 was therefore written to equity reserves. After 1st October 2020 and in the absence of different indications by the European Central Bank, the Board of Directors reserved the right to convene a Shareholders' General Meeting to address the matter of the remuneration of shareholders".

Also with regard to the events occurring after the end of Q1 2020, UBI Banca's Interim Statement states that, after 31 March 2020, the reporting date of that document, and until 8 May 2020, the date of approval of the interim statement by the Issuer's Board of Directors, no events occurred that would require an adjustment to the figures presented in the financial statements in accordance with IAS 10.

For illustrative purposes only and in summary, please note that the Issuer's Interim Statement mentions the following events that occurred in the period between 31 March 2020 and 8 May 2020:

- (i) 8 April 2020: Shareholders' Meeting of UBI Banca convened in single call and in ordinary session only, which passed the resolutions on the following agenda items:
 - a. approval of the draft individual financial statements of UBI Banca as at 31 December 2019 by vote of 99.9% of the share capital represented;
 - b. award of the engagement for the independent audit for the years 2021-2029 to KPMG S.p.A.;
 - c. favourable resolution with binding and non-binding opinion respectively on the first and second sections of the Report on remuneration policies and wages respectively relating to the remuneration and incentive policies for 2020 and the remuneration paid in 2019;
 - d. approval of the proposals to pay a portion of the short-term and long-term variable component of remuneration for "Identified Staff" in financial instruments, authorising the purchase of own shares and their use to service the UBI Group's incentive scheme;
 - e. resolution in favour of the criteria and limits for determining remuneration to be agreed in the event of the early termination of employment or early retirement from corporate office;
 - f. approval of the proposal to set the ratio of the variable component to the fixed component of remuneration for the personnel of Pramerica SGR S.p.A. belonging to the Investments Area up to a limit of 4:1.
- (ii) 2 April 2020: DBRS Morningstar confirmed UBI Banca's ratings and trends (Long-Term Issuer Deposit Rating of "BBB (high)" with stable trend) in the review of the ratings of nine Italian banks in the light of the growing risks and uncertainty resulting from the COVID-19 pandemic;
- (iii) 28 April 2020: Fitch Ratings announced that it had reduced the Long-Term Issuer Default Rating assigned to Italy from "BBB" to "BBB-" with stable outlook.

In relation to the "Outlook", in its press release issued on 8 May 2020, the Issuer stated that *"The Covid19 emergency is a crisis that is different from others both because of how it originated and how it might develop, which makes any type of forecast complex. However, even in this crisis, the key factor is the quality of credit. To face this unprecedented crisis, swifter and more incisive measures were taken by domestic and international authorities to mitigate its impact.*

These measures, recently implemented, should allow the Bank to preserve its level of net interest income. Weaker performance by the fee and commission component relating to transactions following the slowdown in the economy is expected, while the fee and commission component relating to assets under management will be affected by the crisis in the first part of the year, but will depend on the performance of markets in the second part of the year.

Maximum efforts will continue to be made to contain operating costs, although in a different manner, driven by remote working.

As regards the cost of credit, it will be higher than forecast for the first year under the Business Plan, although mitigated by the use of support initiatives included in the recent measures. The Bank has already made greater provisions for unlikely-to-pay loans in those sectors more exposed to the crisis with an impact on 1Q 2020 of about 50 million euro (with an overall cost of credit of 73 bps), and it will focus its attention during the year on these loans, given the high quality of performing loans (the level of high-risk performing loans fell further in 1Q 2020 to 2.7%, the default rate is expected to remain low and coverage for performing loans is among the highest for major Italian banks). The internal management strategy for non-performing loans is therefore confirmed.

In terms of capital, thanks to its capital resources, solid liquidity position and the quality of its assets, the UBI Group is able to comfortably deal with the crisis, as it has done in previous crises, continuing to support the communities where it operates and to generate profits on an ongoing basis for the benefit of all stakeholders (including dividends when authorised by the ECB)".

Finally, in the press releases dated 12 May 2020 (published on the website of the Issuer, www.ubibanca.com), the Issuer announced that (i) DBRS Morningstar had confirmed the Long Term Issuer Deposit Rating assigned to UBI Banca, changing the trend from stable to negative, and that (ii) Fitch Ratings had changed the Long Term Issuer Default Rating assigned to UBI Banca from "BBB-" to "BB+", with consequent reduction in status from lower investment grade to speculative grade. Fitch Ratings, in particular, specified in its rating report, regarding UBI Banca, that the change in rating was justified by the relative weakness of the Issuer's credit profile compared with its higher-rated domestic peers, which mainly arises from a less-diversified business model, weaker profitability and smaller capital buffers^{24 25}.

For more information, see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document.

B.3 Intermediaries

Banca IMI S.p.A., an ISP Group company, wholly owned by the Offeror, with registered office in Largo Mattioli no. 3, Milan, is the entity appointed to coordinate the acceptances of the Offer (the **"Intermediary Appointed to Coordinate the Acceptances"**). In this regard, it is noted that, by resolution of the Board of Directors of 5 May 2020, the Offeror approved the merger by incorporation of Banca IMI S.p.A. into the Offeror, in accordance with article 2505, paragraph 2, of the Italian Civil Code, as permitted by article 18.2.2. letter m) of the Offeror's Articles of Association. On 6 May 2020, the merger by incorporation was also approved by the extraordinary shareholders' meeting of Banca

²⁴ The Fitch report of 12 May 2020 "Fitch Downgrades Four Italian Banks Following Sovereign Downgrade" states: "UBI's lower Long-Term IDR and VR reflect the relative weakness of its credit profile compared with its higher-rated domestic peers, which mainly arises from a less-diversified business model, weaker profitability and smaller capital buffers."

²⁵ The Fitch report of 12 May 2020 "Fitch Downgrades Four Italian Banks Following Sovereign Downgrade" reports: "UBI's IDRs, VR, senior, subordinated and deposit ratings remain on RWP because IntesaSP recently voted to proceed with the voluntary exchange offer on the entirety of UBI's ordinary shares. If the transaction is successful, UBI could benefit from institutional support from higher-rated IntesaSP as its majority shareholder, or see improvements in its standalone profile from being part of a stronger group. We expect to resolve the RWP on UBI's ratings once the exchange offer is completed. Execution of the transaction is planned for end-July 2020. However, the resolution of the RWP could take longer if the transaction is delayed or if the potential benefits for UBI's standalone risk profile and VR are not sufficiently clear at that point".

IMI S.p.A.. The completion of the merger by incorporation, with the consequent assumption by the Offeror of the role of Intermediary Appointed to Coordinate the Acceptances, is expected by 20 July 2020.

The intermediaries appointed to collect the acceptances of the offer authorised to carry out their activities through the signing and delivery of the Acceptance Forms (the “**Appointed Intermediaries**”) are:

- (i) Banca IMI S.p.A. – Intesa Sanpaolo Group;
- (ii) Banca Monte dei Paschi di Siena S.p.A.;
- (iii) Banca Popolare di Sondrio Società cooperativa per azioni;
- (iv) Banco di Desio e della Brianza S.p.A.;
- (v) BNP Paribas Securities Services – Milan Branch;
- (vi) Cassa Centrale Banca – Credito Cooperativo Italiano;
- (vii) Crédit Agricole Italia S.p.A.;
- (viii) Credito Valtellinese S.p.A.;
- (ix) Equita SIM S.p.A.; and
- (x) Mediobanca - Banca di Credito Finanziario S.p.A.

The Acceptance Forms may also be delivered to the Appointed Intermediaries through any depositary intermediary (such as banks, securities firms, investment firms, stockbrokers) authorised to provide financial services and member of the centralised management system of Monte Titoli S.p.A. (the “**Depositary Intermediaries**”) according to the terms specified in Section F, Paragraph F.1.2, of the Offer Document.

The Appointed Intermediaries will collect the Acceptance Forms and hold the UBI Shares tendered in acceptance of the Offer in custody. The Acceptances of the Offer will be received by the Appointed Intermediaries: (a) directly through the collection of the Acceptance Forms of the Acceptors of the Offer, or (b) indirectly through the Depositary Intermediaries, which will collect the Acceptance Forms from the Acceptors of the Offer.

The Appointed Intermediaries or, in the cases referred to in point (b) above, the Depositary Intermediaries, will check that the Acceptance Forms and the related UBI Shares are correct and consistent with the terms and conditions of the Offer and will pay the Consideration in accordance with Section F, Paragraphs F.5 and F.6, of the Offer Document.

On the Payment Date or, where applicable, on the payment date of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or on the payment date of the Joint Procedure, the Intermediary Appointed to Coordinate the Acceptances will transfer the UBI Shares tendered in acceptance of the Offer to a securities account registered in the name of the Offeror.

The Offer Document, its attachments and the Acceptance Form, as well as the documents indicated in Section N of the Offer Document will be available to the public for consultation at the registered office of the Offeror, at the Intermediary Appointed to Coordinate the Acceptances and at the Appointed Intermediaries, in addition to the other means indicated in Section N of the Offer Document.

B.4 Global Information Agent

Morrow Sodali S.p.A., with registered office in Via XXIV Maggio no. 43, Rome, has been appointed by the Offeror as the global information agent (the “**Global Information Agent**”) to provide information regarding the Offer to all the shareholders of the Issuer.

For this purpose, the Global Information Agent has set up a dedicated e-mail account (ops.ubi@investor.morrowsodali.com) and telephone number 800 595 471. This telephone number will be active for the entire duration of the Acceptance Period, on weekdays, from 10:00 a.m. (Central European Time) to 7:00 p.m. (Central European Time). Those calling from outside Italy can use the number +39 0645212832.

C. CATEGORIES AND QUANTITIES OF THE FINANCIAL INSTRUMENTS SUBJECT TO THE OFFER

C.1 Categories of the financial instruments subject to the Offer and related quantities and percentages

The Offer relates, in total, to a maximum of 1,144,285,146 UBI Shares – including 9,251,800 Treasury Shares held by the Issuer, equal to 0.8085% (rounded down to the fourth decimal place) of the Issuer's share capital as at the Date of the Offer Document, representing, in total, the entire share capital of the Issuer as at the Date of the Offer Document. The UBI Shares cannot be tendered in acceptance of the Offer if they are held, directly or indirectly (including through trust companies or third parties), by the Offeror and, therefore, such shares will not be considered as subject of the Offer. As at the Date of the Offer Document said shares amount to 288,204 ordinary shares of the Issuer, equal to 0.0252% (rounded down to the fourth decimal place) of the share capital of the Issuer.

The number of UBI Shares subject to the Offer may decrease if, within the Acceptance Period, and during the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, the Offeror purchases UBI Shares outside the Offer (including those made through the Private Placement), to the extent permitted by applicable regulations and subject to the fact that any such purchases will be notified to CONSOB and to the market within the end of the day pursuant to article 41, paragraph 2, letter c), of the Issuers' Regulation.

The Offer is addressed, with the limits specified in Section F, Paragraph F.4, of the Offer Document, without distinction and on equal terms, to all the Issuer's shareholders.

As at the Date of the Offer Document, to the best of the Offeror's knowledge, the Issuer has not issued any convertible bonds, warrants and/or financial instruments that confer voting rights, including as limited to specific subject-matter, at ordinary and extraordinary shareholders' meetings, and/or any other financial instruments that may confer on third parties the right to purchase and subscribe for shares of the Issuer or even only voting rights, including in limited form, relating to the UBI Shares.

C.2 Authorisations

The conduct of the Offer is not itself subject to the obtainment of any authorisation.

However, it should be noted that the Offer is conditional on, inter alia, the Antitrust Condition, i.e. the unconditional approval of the transaction for the acquisition of control of the Issuer by the Offeror by AGCM pursuant to article 16 of Law no. 287/90, or the approval conditional on the execution of the sales in accordance with the provisions of the BPER Agreement and the Commitments without the imposition of additional and/or different measures even only of an implementing nature.

In this respect, the following should be noted:

- (i) on 17 February 2020, the Offeror reported its decision to launch the Offer to AGCM, pursuant to article 16, paragraph 5, of Law no. 287 of 10 October 1990; the form was then filed with AGCM on 27 April 2020. On 11 May 2020, AGCM issued its decision authorising the commencement of an investigation pursuant to article 16, paragraph 4, of Law 287/90. On 5 June 2020, AGCM sent ISP the NRR, in which the reviewing Offices of AGCM, in line with the affirmation already made in the above-mentioned order initiating the investigation, held that, as things stand, the notified transaction could potentially fall within the prohibition set forth in article 6 of Law no. 287/90, because it could lead to the creation or strengthening of a dominant position in some of the relevant markets concerned;
- (ii) after having received the NRR, ISP, in order to remove the specific antitrust issues identified therein, negotiated and entered into an agreement with BPER, on 15 June 2020,

supplementing the BPER Agreement signed on 17 February 2020 (and already supplemented on 19 March 2020), through which the number of branches to be transferred was increased to 532, with precise identification of the addresses and consequent redefinition of the estimate of the amounts involved (for more details, see Section H, Paragraph H.1.1.1, of the Offer Document). The contents of this supplementary agreement were reported in a specific notice sent to AGCM on 15 June 2020, within the procedure initiated by the latter pursuant to article 16, paragraph 4, of Law no. 287/90. In addition, ISP has agreed to make the ISP Commitments – for the event that, in the opinion of AGCM, even after the sale of the Banking Business Unit to BPER, there may still be some critical antitrust issues in certain local areas (where there are no branches to be sold to BPER) – involving the disposal of 17 bank branches of UBI Banca;

- (iii) on 6 March 2020, the Offeror reported its decision to launch the Offer to the Serbian antitrust authority (Republic of Serbia – Commission for Protection of Competition) pursuant to national legislation on the control of concentrations, and the said authority, by decision issued on 3 April 2020, unconditionally authorised the transaction;
- (iv) on 6 March 2020, the Offeror reported its decision to launch the Offer to the Albanian antitrust authority (Competition Authority of Albania) pursuant to national legislation on the control of concentrations, and the said authority, by decision issued on 6 May 2020, unconditionally authorised the transaction.

In reference, in particular, to the procedure before AGCM cited in point (i) above, AGCM may: (a) authorise the transaction; or (b) if it finds that the concentration entails the creation or reinforcement of a dominant market position that eliminates or substantially reduces competition in a lasting manner: (b.1) prohibit the transaction; (b.2) authorise it, prescribing the corrective measures in addition to and/or different from those of the sales of bank branches object of the BPER Agreement and the ISP Commitments (such as, for example, the sale of additional bank branches); or, (b.3), where the transaction has already been executed, order the measures deemed necessary to restore conditions of effective competition, eliminating the competition-distorting effects of the transaction. Since the Offer concerns the acquisition of control over a bank, pursuant to article 20, paragraph 5, of Law 287/90, AGCM's decision must be issued within a total of 60 business days of the date of submission of the complete notification. This period includes both "Phase 1" and "Phase 2" (where applicable); since the offer is a public exchange offer, pursuant to article 16, paragraph 6, of Law 287/90, Phase 2, where applicable, must be commenced by AGCM within 15 calendar days of the filing of the complete notification.

Moreover, pursuant to article 16, paragraph 8, of Law no. 287/90, AGCM's decision must be issued within 45 days of the start of the investigation, in accordance with article 16, paragraph 4 of the said Law 287/90. This time frame may be extended during the investigation for a period no longer than 30 days, should the companies fail to provide the information and data requested which is available to them.

Lastly, since UBI Banca also operates in the insurance sector, the AGCM procedure described above will remain suspended, for a maximum of 30 calendar days, for the issue, by IVASS, the Insurance Supervisory Authority, of the compulsory opinion pursuant to article 20, paragraph 4, of Law 287/90.

With regard to the above, please note that, pursuant to Law no. 287/90, the fact that the procedure is pending before AGCM does not preclude the completion of the Offer, and in particular the purchase by the Offeror of the UBI Shares tendered in acceptance of the Offer. Accordingly, the Offeror reserves the right, even if the above procedure is not concluded by the second Trading Day prior to the Offer Payment Date, to waive the Antitrust Condition or to it and not carry out the Offer. If the Antitrust Condition is waived, please note that, the AGCM, pursuant to article 17, paragraph 1, of Law no.

287/90, could order the suspension of the execution of the concentration until the investigation is concluded. Were this to occur, it would still be possible, pursuant to article 17, paragraph 2, of Law no. 287/90, to finalise the Offer, provided that ISP does not exercise the voting rights associated with the shares purchased until the authorisation decision is issued. Furthermore, it cannot be excluded that the AGCM may issue a decision prohibiting the transaction or an authorisation decision conditional on the execution of corrective measures in addition to and/or different from the sales of bank branches object of the BPER Agreement and the ISP Commitments (such as, for example, the sale of additional bank branches). If an authorisation decision is issued conditional upon the execution of additional and/or different measures with respect to the sales envisaged by the BPER Agreement and ISP Commitments, the Offeror reserves the right to waive the Antitrust Condition, in whole or in part, which has been included exclusively in its interest. In this regard, it is noted that any authorisation for the transaction issued by AGCM that is not conditional only on the completion of the sales envisaged in the BPER Agreement, and subject of the ISP Commitments, but prescribes additional and/or different corrective measures may – in the event of waiver by the Offeror of the Antitrust Condition and completion of the transaction notwithstanding the imposition of those additional and/or different corrective measures – have a significant adverse effect on the process of integration of UBI Banca in the ISP Group and its timing and, therefore, on the pursuit of the earnings growth prospects underlying the strategic targets of the Offer (for more details, see Section A, Paragraph A.1, and Section G, Paragraph G.2, of the Offer Document). If the AGCM issues an order authorising the concentration conditioned on execution of the ISP Commitments and the BPER Agreement (which provide for fair terms and conditions in compliance with applicable laws and in accordance with the principles of sound and prudent management, in line with the authorisation granted), and the latter is not subsequently carried out or is carried out with different timing, procedures and conditions, than that envisaged (for reasons unknown at present, with ISP as the controlling shareholder intending, in compliance with the law, to exercise the rights arising from the law and from the articles of association), ISP might be found non-compliant with the authorisation conditions granted by the AGCM. In that event, the AGCM might launch proceedings for non-compliance with Law no. 287/90, in which the AGCM would be called on to assess whether the premises exist for the imposition of a monetary fine against the Offeror, if the Offeror were to be found non-compliant, and the need to prescribe any measures necessary to restore effectively competitive conditions, inter alia in light of any commitments that ISP might have presented during such proceedings. This might entail potential uncertainties over the timing, procedures and conditions of any corrective measures, potentially with consequently significant negative effects on the process of integration of UBI Banca into the ISP Group and its timing and, therefore, the pursuit of the revenue growth prospects underlying the strategic targets of the Offer.

In the interest of completeness of information, it is clarified that prior to the Date of the Offer Document, the Offeror obtained the following authorisations regarding the purchase of qualified equity investments (direct and/or indirect) in entities subject to banking, financial and insurance supervision, which were required in view of the acquisition by the Offeror of the UBI Shares as a consequence of the Offer, if and to the extent it is finalised and, therefore, the resulting indirect acquisition by the Offeror of qualified equity investments held by UBI Banca in the share capital of certain supervised entities belonging to the UBI Group:

- (i) decision no. ECB-SSM-2020-ITISP-18 (QLF-2020-0018 e QLF-2020-0024) of 5 June 2020, according to which the ECB, on the proposal of the Bank of Italy, granted ISP authorisation for the direct acquisition of a controlling interest in the Issuer, as well as for the indirect acquisition of a controlling interest in IW Bank S.p.A., pursuant to articles 22 and 23 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 and articles 19 and 22 of the Consolidated Law on Banking;
- (ii) decision no. 126133/20 of 17 June 2020, according to which IVASS (the Insurance

Supervisory Authority) granted ISP authorisation for the indirect purchase of (a) a controlling interest in BancAssurance Popolari S.p.A. (100% of the share capital) and (b) qualifying interests in Aviva Vita S.p.A. (20% of the share capital) and Lombarda Vita S.p.A. (40% of the share capital) pursuant to article 68 of Legislative Decree 209 of 7 September 2005;

- (iii) decision protocol no. 750343/20 of 8 June 2020, according to which the Bank of Italy granted ISP authorisation for the indirect purchase of a controlling interest (65% of the share capital) in Pramerica SGR S.p.A. and qualifying interest (19.6% of the share capital) in Polis Fondi SGR S.p.A. pursuant to article 15 of the Consolidated Law on Finance and Title IV, Chapter I, of the Collective Asset Management Regulations;
- (iv) decision protocol no. 746125/20 of 5 June 2020, according to which the Bank of Italy granted ISP authorisation for the indirect purchase of the 100% interests in UBI Leasing S.p.A., UBI Factor S.p.A. and Prestitalia S.p.A. pursuant to articles 19 and 110 of the Consolidated Law on Banking and Title II, Chapter I, of Bank of Italy Circular 288 of 3 April 2015;
- (v) decision no. ECB-SSM-2020_ITISP-19 of 5 June 2020, according to which the ECB, in concert with the Bank of Italy, granted ISP authorisation for the indirect purchase of a 25% interest in Zhong Ou Asset Management Company Ltd China, a financial company based in the People's Republic of China, pursuant to articles 53 and 67 of the Consolidated Law on Banking, and pursuant to Part III, Chapter 1, Section V, of Bank of Italy Circular 285 of 17 December 2013;
- (vi) decision no. OPC.20/34372-DRJ/SAW 676 GFI-OT of 10 June 2020, according to which the *Commission de Surveillance du Secteur Financier* granted ISP authorisation for the indirect purchase of a controlling interest in Pramerica Management Company S.A., based in Luxembourg (Grand Duchy of Luxembourg), in accordance with the relevant applicable legislation.

In addition, prior to the Date of the Offer Document, the Offeror obtained the following authorisation, which was required in respect of the Share Capital Increase for the Offer, and, therefore, (a) the consequent amendment of the articles of association arising from the execution of the Share Capital Increase for the Offer and (b) the eligibility of the ISP Shares to be issued by virtue of the Share Capital Increase for the Offer for inclusion in Common Equity Tier 1 Capital:

- decision no. ECB-SSM-2020-ITISP-17 of 2 June 2020, according to which the ECB authorised: (a) the amendment of ISP's Articles of Association in connection with the Share Capital Increase for the Offer and its execution pursuant to articles 56 and 61 of the Consolidated Law on Banking; and (b) the eligibility for inclusion in Common Equity Tier 1 Capital of the ISP Shares to be issued in execution of the Share Capital Increase for the Offer pursuant to articles 26, paragraph 3, and 28 of Regulation (EU) 575/2013.

Lastly, it should be noted that after the Offeror's Announcement of 17 February 2020, with which the Offeror announced its decision to make the Offer, article 15 of Law Decree 23/2020 extended the notification obligations prescribed in Law Decree 21/2012, converted with amendments by Law 56/2012, substituting article 4-bis, of Decree Law 105/2019, converted with amendments by Law 133/2019 (constituting a part of the golden power rules).

In the spirit of full transparency and as a precautionary measure – in view of the recent issuance of the Law Decree no. 23/2020 – ISP notified the Offer to the Office of the President of the Council of Ministers on 3 June 2020. In response to the notification submitted by the Offeror, on 17 June 2020 the President of the Council of Ministers sent ISP a note confirming that the proposed transaction does not fall within the scope of the golden power rules.

D. FINANCIAL INSTRUMENTS OF THE ISSUER OR HAVING AS THEIR UNDERLYING SUCH INSTRUMENTS HELD BY THE OFFEROR, INCLUDING THROUGH FIDUCIARY COMPANIES OR NOMINEES

D.1 Number and category of financial instruments of the Issuer held by the Offeror (including through fiduciary companies or nominees) and by persons acting in concert

At the Date of the Offer Document, the Offeror held, directly and indirectly (including through fiduciary companies or nominees), a total of 288,204 ordinary shares of the Issuer, equal to 0.0252% (rounded down to the fourth decimal place) of the Issuer's share capital at the Date of the Offer Document. For the sake of clarity, the calculation does not include the UBI Shares held by investment funds and/or other collective investments undertakings managed by entities of the ISP Group with full autonomy from ISP and in the interest of the relevant customers and clients.

With no prejudice to the points laid down in Paragraph D.2 below, the Offeror does not hold, directly or through fiduciary companies or nominees, other financial derivative instruments issued by the Issuer or having as their underlying ordinary shares of the Issuer, or derivative financial instruments that confer a long position on the Issuer.

D.2 Repurchase agreements, securities lending, usufruct and pledge rights and other commitments having as their underlying the shares of the Issuer

At the Date of the Offer Document, the Offeror and ISP Group companies, in respect of loan agreements in force at the Date of the Offer Document, held pledge rights relating to a total of 2,491,507 UBI Shares, equal to 0.218% of the Issuer's share capital at the Date of the Offer Document and in relation to which, under the related pledge agreements, the voting rights associated with the pledged UBI Shares are held by the respective pledgers.

The following have been excluded from the 2,491,507 UBI Shares referred to above: (i) 22,299 UBI Shares pledged to Intesa Sanpaolo Private Banking and (ii) 79,910 UBI Shares pledged to ISP, which are included in the 288,204 UBI Shares referred to in Paragraph D.1 above and for which the voting rights are held by each of the above companies as a secured creditor.

Furthermore, it should be noted that at the Date of the Offer Document Banca IMI S.p.A., an ISP Group company entirely controlled by the Offeror, had issued the following financial instruments having as their underlying ordinary shares of the Issuer:

Issuer	Type of Instrument	Underlying	ID	Legal Entity	Scope of activity	Quantity	Equivalent in Shares	Issue Date	Maturity Date	Type of Settlement	Price of underlying /Strike Price
Banca IMI	Certificate	UBI Banca Shares	IT0005364077	Banca IMI	Market Making	-100	-4,560	14/02/2019	14/08/2020	Cash Settlement	2.193

It also bears noting that at the Date of the Offer Document Banca IMI S.p.A., an ISP Group company entirely controlled by the Offeror, in the course of its ordinary dealing activity, had issued and was trading the following financial instruments having as their underlying indices that include within their baskets financial instruments of the Issuer.

Without prejudice to the foregoing, neither the Offeror nor ISP Group companies have entered into other repurchase or securities lending agreements, formed usufruct or pledge rights or assumed additional commitments of another nature having as their underlying the ordinary shares of the Issuer (including, for example, option, future or swap contracts or forward contracts involving such financial instruments), directly or through fiduciary companies, nominees or subsidiaries.

E. CONSIDERATION OFFERED FOR THE FINANCIAL INSTRUMENTS AND ITS JUSTIFICATION

E.1 Indication and determination of the Consideration

For each UBI Share tendered in acceptance of the Offer, the Offeror will offer a Consideration, not subject to any adjustment, represented by 1.7000 ISP Shares arising from the Share Capital Increase for the Offer.

Therefore, for each 10 (ten) UBI Shares tendered in acceptance of the Offer, 17 (seventeen) ISP Shares will be paid.

The newly-issued ISP Shares resulting from the Share Capital Increase for the Offer will have regular dividend entitlement and, therefore, will confer on their holders the same rights as the ISP ordinary shares already outstanding at the issue date, which will be listed on the Mercato Telematico Azionario.

The Consideration will be paid on the Payment Date, i.e. 3 August 2020 (barring extensions of the Acceptance Period pursuant to applicable legislation).

The Consideration is understood to be net of stamp duty, expenses, fees and commissions, for which the Offeror will remain liable, whereas the Acceptors will remain liable for capital gains tax, where due.

The Consideration has been determined by the Offeror's Board of Directors on the basis of public data and with assistance and support from Mediobanca - Banca di Credito Finanziario S.p.A. as financial advisor.

In view of the nature of the Consideration, represented by newly issued ordinary shares of the Offeror offered in exchange for ordinary shares of the Issuer tendered in acceptance of the Offer, the valuation analyses conducted by the Board of Directors to determine the Exchange Ratio have been carried out on a comparative basis and by privileging the principle of relative uniformity and comparability of the valuation methods applied.

The valuations conducted by the Board of Directors refer to economic and market conditions as at the Reference Date (i.e., 14 February 2020, the Trading Day prior to the Announcement Date) and the financial performance and position of the Offeror and of the Issuer, as reported in the consolidated financial statements as at 31 December 2019, in the consolidated interim reports as at 30 September 2019, in the consolidated financial statements at 31 December 2018 and in the related press releases and presentations of results to the financial community.

In this regard, it is clarified that, in accordance with ECB Recommendation 2020/19, on 31 March 2020 the boards of directors of the Offeror and of the Issuer decided to suspend the proposal to distribute cash dividends to shareholders of approximately 3.4 billion euro (equal to 19.2 euro cents per ISP ordinary share) for the Offeror and of approximately 147.6 million euro (equal to 0.13 euro cents per UBI Banca ordinary share) for the Issuer. For further information, see Section A, Paragraphs A.2 and A.8, and Section B, Paragraphs B.1.13 and B.2.7, of the Offer Document.

In particular, in determining the Consideration, the Board of Directors of the Offeror decided to use:

- as its main valuation methods: (i) the stock market price method, (ii) the method based on linear regression between multiples of the stock market price on the tangible equity of comparable listed companies and their respective prospective profitability levels expressed by the return on average tangible equity (RoATE) for the period and (iii) the trading market multiples method, in the variant based on the market prices of comparable listed companies as multiples of their prospective earnings;
- as control methods: (i) the target prices method as provided for by research analysts and (ii) the dividend discount model method in the variant of the excess capital.

The valuation analyses conducted by the Offeror on 17 February 2020 for the purposes of determining the Consideration had the following main limitations and criticalities:

- (i) for the purposes of its analysis, the Offeror has solely used data and information of a public nature, mainly taken from the consolidated financial statements of UBI Banca;
- (ii) the Offeror has not performed any financial, legal, commercial, tax, business or other due diligence on the Issuer;
- (iii) the absence (a) for the Offeror of a medium-to-long-term stand-alone business plan updated as at the Reference Date and (b) for the Issuer of a detailed annual forecasts of the main income and balance sheet items over the time horizon of the business plan entitled the “2022 Business Plan” approved by the Issuer’s Board of Directors on 17 February 2020. Accordingly, where relevant for the purposes of application of the valuation methods, the forecasts relating to the income and balance sheet items used for the Offeror and the Issuer have been based on the estimates provided by research analysts; in addition, it should be noted that only after 17 February 2020 it has been possible to take account of the provisional financial data published by UBI Banca;
- (iv) the absence of specific information regarding the Banking Business Unit to be disposed to BPER pursuant to the BPER Agreement entered into by the Offeror and BPER as at the Announcement Date (for further information, see Section H, Paragraph H.1.1.1, of the Offer Document);
- (v) the absence of specific information regarding the Insurance Businesses subject to be disposed to Unipol pursuant to the Unipol Agreement entered into by the Offeror and Unipol as at the Announcement Date (for further information, see Section H, Paragraph H.1.1.2, of the Offer Document);
- (vi) the limited nature of the information for identifying and estimating synergies, restructuring costs and additional adjustments to the Issuer’s non-performing loan portfolio;
- (vii) the absence of recent, comparable previous transactions capable of expressing an applicable valuation parameter.

The following is a concise description of each of the methods used to determine the Consideration:

- (i) *Main valuation methods*
 - (a) *Stock Market Prices Method*: the Stock Market Prices method applies market prices as relevant information to assessing the economic value of companies, based on stock prices expressed during trading sessions recorded over intervals deemed significant and on the assumption that there is a degree of significance between the prices expressed by the market for the shares of the companies being valued and their economic value. The main characteristic of this method lies in the ability to represent, in relative terms the relationship existing between the values of the companies in question, as perceived by the market.

To the extent of this analysis was deemed appropriate to apply this method adopting the following criteria: (a) use of the official prices of the shares of the Offeror and Issuer recorded on the Reference Date; and (b) use of the average official prices weighted by the volumes of the shares of the Offeror and Issuer (the “Volume-Weighted Average Price”) with a reference period of 1 month, 3 months and 6 months prior to the Announcement Date;
 - (b) *Linear regression method*: according to the linear regression method, the economic value of a company may be determined on the basis of parameters identified through

the correlation (if statistically significant) between multiples of the stock market price on the tangible equity ("Price to Tangible Equity") for a sample of listed companies deemed comparable and the respective prospective earnings levels expressed by the return on average tangible equity for the period (RoATE).

Specifically, it has been performed (a) a linear regression using the historical Price to Tangible Equity and the expected RoATE for 2020 and (b) a linear regression using the expected Price / Tangible Equity for 2020 and the expected RoATE for 2021, in order to determine the necessary parameters to assess the companies;

- (c) *Trading multiples method:* according to the trading multiples method, the value of a company is determined by reference to the indications provided by the stock market with regard to companies with characteristics similar to the company subject to valuation.

The criterion is based on determining multiples calculated as the relationship between the market values and the income and balance sheet performance of a selected sample of comparable companies. The resulting multipliers are applied, with the appropriate additions and adjustments, to the corresponding figures of the company subject to valuation, in order to estimate a range of values. For the purposes of the Offering, on the basis of the characteristics of the banking sector and market practice, the price to 2020 and 2021 prospective earnings multiple was selected.

The degree of reliability of the linear regression valuation method and the market multiples method depends on an appropriate adaptation of the method to the specific valuation in question. In this regard, the affinity, from an operational and financial standpoint, of the companies included in the reference sample and those subject to valuation, is particularly critical. The significance of the results is in fact dependant on the comparability of the sample. In addition, the securities of the selected companies must present a good degree of liquidity and must not be related to companies whose performances could be influenced by particular contingent situations.

For the purposes of the analysis, the following sample of listed Italian and European medium and large companies was selected as similar in terms of business model, geographical presence and/or size to the companies under analysis:

- the following sample was selected for the Italian comparable listed companies: UniCredit, Banco BPM, BPER, Banca Monte dei Paschi di Siena, Credito Emiliano, Banca Popolare di Sondrio and Credito Valtellinese;
- the following sample was selected for the European comparable listed companies: BNP Paribas, Crédit Agricole, Société Générale, Santander, BBVA, CaixaBank and Commerzbank.

A brief description of each of the companies in the reference sample is provided below:

- **UniCredit:** a company listed on Borsa Italiana that primarily operates in retail banking, corporate and investment banking, wealth management, leasing and factoring; it offers insurance services through bancassurance partnerships and also has a presence in Central Eastern Europe, including Germany and Austria;
- **Banco BPM:** a company listed on Borsa Italiana, formed through the merger of Banco Popolare and Banca Popolare di Milano in 2017, that operates in Italy, mainly in retail banking, corporate and investment banking, wealth management and consumer credit, in addition to offering insurance services through bancassurance partnerships;

- **Banca Monte dei Paschi di Siena:** a company listed on Borsa Italiana that primarily operates in Italy in retail banking, corporate and investment banking, wealth management, leasing and factoring and offers insurance services through bancassurance agreements;
- **BPER:** a company listed on Borsa Italiana that primarily operates in retail banking, corporate banking, wealth management, leasing and factoring and offers insurance services through bancassurance agreements;
- **Credito Emiliano:** a company listed on Borsa Italiana that primarily operates in Italy in retail banking, wealth management and factoring and offers insurance services, including through bancassurance agreements;
- **Banca Popolare di Sondrio:** a company listed on Borsa Italiana that primarily operates in Italy in retail banking, factoring and leasing and offers insurance services through bancassurance partnerships;
- **Credito Valtellinese:** a company listed on Borsa Italiana that primarily operates in Italy in retail banking, factoring and leasing and offers insurance services through bancassurance partnerships;
- **BNP Paribas:** a company listed on Euronext Paris that operates in retail banking, corporate and investment banking, wealth management, the specialty finance segment, insurance services, payment services and real estate services. It is a European banking group with a global presence and also has banking and insurance activities in Italy;
- **Crédit Agricole:** a company listed on Euronext Paris that mainly operates in retail banking, corporate and investment banking, wealth management, the specialty finance segment, insurance services and real estate services. It is a European banking group and also has banking and insurance activities in Italy;
- **Société Générale:** a company listed on Euronext Paris that operates in retail banking, corporate and investment banking, wealth management, leasing, factoring, insurance services and global transaction banking. It is a European banking group with a global presence and also has activities in Italy;
- **Banco Santander:** a company listed on the Madrid Stock Exchange that operates in retail banking, corporate and investment banking, wealth management, consumer credit, insurance services and real estate services. It is a European banking group with a global presence, particularly in Spain, the Americas and the United Kingdom;
- **BBVA:** a company listed on the Madrid Stock Exchange that operates in retail banking, corporate and investment banking, wealth management and insurance services. It is a European banking group with a global presence, particularly in Spain, the Americas and Turkey;
- **CaixaBank:** a company listed on the Madrid Stock Exchange that operates in retail banking, corporate and investment banking, wealth management and insurance services and is present mainly in Spain and Portugal;
- **Commerzbank:** a company listed on the Frankfurt Stock Exchange that operates mainly in Germany in retail banking, corporate and investment banking and wealth management.

The market multiples were applied for the companies subject to valuation by reference to the consensus estimates of research analysts for 2020 and 2021, as provided by the info provider

FactSet as at the Reference Date, which in the case of the sample considered was after the date of publication of the results as at 31 December 2019 for all companies in the sample.

(ii) Control valuation methods

- (a) *Target prices provided by research analysts*: the target price method determines the value of a company on the basis of target valuations published by financial analysts in reference to the company concerned. Target prices are indications of value that express a view of the price that a share may reach on the stock exchange and are based on multiple valuation methods used at the discretion of the individual research analyst.

For the purposes of application of the target price method, the target prices used were those of the ordinary shares of the Offeror and Issuer as indicated by the research analysts who cover the companies, as available until the Reference Date, and published after the release of the preliminary results as at 31 December 2019 of the Offeror and the Issuer (released, respectively, on 4 February 2020 and 10 February 2020);

- (b) *The dividend discount model method in the variant of the excess capital*: the dividend discount model method in the excess capital version is based on the assumption that the economic value of a company is equal to the sum of the present value of:
- the cash flows of the potential future dividends distributable to the shareholders generated over the selected time horizon, without affecting the level of capitalisation required to maintain a predetermined long-term target level of regulatory capital. These flows are thus without regard to the dividend policy effectively planned or adopted by the management;
 - the long-term value of the company (“terminal value”) calculated as the present value of a perpetual annuity estimated on the basis of a normalised distributable cash flow that is economically sustainable and consistent with a long-term growth rate.

The valuation methods described above were applied on an individual and going concern basis for both the Offeror and Issuer and also take account of the specific characteristics of the Offer.

In consideration of the above and on the basis of the valuation approach used, the Offeror's Board of Directors identified the Exchange Ratio (ISP shares per each UBI Share) of 1.7000, within the range identified by the application of the methods set out above.

Please note that, in determining the Exchange Ratio, the Offeror's Board of Directors has taken into account a number of other elements in addition to those resulting from the application of the above-mentioned valuation methods, and in particular: (i) the lack of any due diligence carried out by the Offeror on the Issuer, (ii) the specific characteristics of the transaction as a whole, including the potential different scenarios of acceptance of the Offer by the shareholders of the Issuer, (iii) the implicit premium in the share exchange ratio that was intended to be provided with respect to the official price of the Issuer's shares on 14 February 2020, (iv) the value creation, including the synergies achievable in the various scenarios considered within the timescales envisaged and taking into account the impacts deriving from the sale of the Banking Business Unit to BPER in accordance with the BPER Agreement, (v) the qualitative and strategic aspects of the banking sector in general and of the Issuer in particular, such as, *inter alia*, the different risk profiles of the business in terms of asset quality, growth and potential earnings, future sustainability of the business model and ability to preserve capital strength and shareholder remuneration even in the presence of unfavourable or

exceptional macroeconomic conditions and (vi) the possibility of creating value for both the shareholders of the Offeror and of the Issuer.

The valuation methods described above were applied on an individual and going concern basis for both the Offeror and the Issuer. Subsequently, to take account of the specific characteristics of the Offer (which does not envisage a cash consideration) and to determine the Exchange Ratio, value ranges were identified for each valuation method, assuming two scenarios with regard to the total equity stake that the Offeror could hold in the Issuer's capital, i.e.:

- **Baseline Scenario**: the Offeror, as a result of the Offer, comes to hold a total equity stake in the Issuer's share capital equal to at least 50% plus 1 (one) UBI Share (the Minimum Threshold Condition);
- **Theoretical Scenario**: the Offeror, as a result of the Offer, comes to hold a total equity stake in the Issuer's share capital equal to all (100%) of the ordinary shares of the Issuer.

In addition, for each scenario considered, the range of values was determined as follows:

- **Minimum**: recognition of the stand-alone value of the Issuer and of the Offeror, without recognition of the value creation related to the transaction;
- **Maximum**: recognition of the stand-alone value of the Issuer and of the Offeror, with full recognition of the value creation related to the transaction, allocated entirely to the shareholders of the Issuer, i.e. with nothing allocated to the shareholders of the Offeror.

The results from the analyses carried out using the valuation criteria described above were as follows.

Method	Results			
	BASELINE SCENARIO <i>Total equity stake in the Issuer's capital 50% +1</i>		THEORETICAL SCENARIO <i>Total equity stake in the Issuer's capital 100%</i>	
	Minimum	Maximum	Minimum	Maximum
<i>Main valuation methods</i>				
Stock Market Prices Method	1.317	2.019	1.317	2.397
Linear regression method	1.598	2.417	1.598	2.859
<i>Control valuation methods</i>				
Target prices provided by research analysts	1.294	2.010	1.294	2.396
The dividend discount model method in the variant of the excess capital	1.195	1.774	1.195	2.086
<i>Range</i>	1.598 - 1.774		1.598 - 2.086	

Based on the above, the Offeror's Board of Directors identified the Exchange Ratio as 1.7x, in order to preserve an adequate level of value creation for all the shareholders also in the scenario of a total equity stake in the Issuer's capital of 50%+1.

In addition, please note that – as a result of ECB Recommendation 2020/19 and the related resolution by the Board of Directors of ISP, in its meeting held on 31 March 2020, to suspend the proposal to distribute dividends to shareholders of 19.2 euro cents per ISP ordinary share (for more details see Section A, Paragraph A.8, of the Offer Document), as well as the decision by the Board of Directors of UBI Banca (which met on the same date) to suspend the proposed distribution of dividends to shareholders of 13.0 euro cents per UBI Share (for more details, see Section A, Paragraph A.2, of the Offer Document) – the Offeror's Board of Directors on 31 March 2020 updated the valuation analyses

previously carried out (on the same valuation date, i.e., on 14 February 2020), identifying the following results.

Method	Results			
	BASELINE SCENARIO <i>Total equity stake in the Issuer's capital 50% +1</i>		THEORETICAL SCENARIO <i>Total equity stake in the Issuer's capital 100%</i>	
	Minimum	Maximum	Minimum	Maximum
<i>Main valuation methods</i>				
Stock Market Prices Method	1.265	1.908	1.265	2.254
Linear regression method	1.511	2.252	1.511	2.651
<i>Control valuation methods</i>				
Target prices provided by research analysts	1.241	1.894	1.241	2.245
The dividend discount model method in the variant of the excess capital	1.207	1.728	1.207	2.008
Range	1.511 - 1.728		1.511 - 2.008	

Based on the above, the ranges of values updated to take into account the above-mentioned suspension of dividend payments confirm the exchange ratio identified by the Offeror's Board of Directors.

It should be noted that for the purposes of the Share Capital Increase for the Offer, the estimate of the value of the UBI Shares to be contributed in kind was prepared by PricewaterhouseCoopers Advisory S.p.A., as independent expert pursuant to article 2343-ter, paragraph 2, letter b), of the Italian Civil Code, and KPMG S.p.A. issued its report on the adequacy of the price of the newly issued shares of ISP (*"parere sulla congruità del prezzo di emissione"*), as determined by the Board of Directors of the Offeror, pursuant to the combined provisions of articles 2441, paragraph 6, of the Italian Civil Code and 158, paragraph 1, of the Consolidated Law on Finance.

Lastly, it should be noted that, on 25 March 2020 KPMG S.p.A., the company appointed to audit the Offeror's accounts, submitted a voluntary report (*ISAE 3000 Revised*) to the extraordinary shareholders' meeting of ISP of 27 April 2020 on the criteria used by ISP's Board of Directors to determine the Exchange Ratio for the Offer, as described above. In that report, KPMG S.p.A. concluded, based on the documentation examined and the analysis performed, that the valuation methods adopted by ISP's Board of Directors were adequate, because they were reasonable and not arbitrary, and had been correctly applied for the purposes of determining the Exchange Ratio. For further details, refer to Section A, Paragraph A.5, of the Offer Document.

Cash value of the Consideration

For the purposes of this Offer Document, it is reported that, with the aim of attributing, for merely illustrative purposes, an implicit "cash" value to the Consideration offered for each UBI Share that is tendered in acceptance of the Offer (1.7000 ISP Shares per each UBI Share), the following "cash" values have been assigned:

- (i) 1.669 euro assigned (solely for illustrative purposes in the Offer Document) to each ISP Share and corresponding to the official price of the ISP ordinary shares on the last Trading Day prior to the Date of the Offer Document (the **"Per Share Monetary Value of the ISP Shares prior to the Date of the Offer Document"**);
- (ii) 2.837 euro assigned (solely for illustrative purposes in the Offer Document) to the

Consideration due to each UBI Share tendered in acceptance of the Offer, equal to the Per Share Monetary Value of the ISP Shares prior to the Date of the Offer Document multiplied by 1.7000 (corresponding to the Exchange Ratio) (the “**Per Share Monetary Value of the Consideration prior to the Date of the Offer Document**”);

- (iii) 4.254 euro assigned (solely for illustrative purposes in the Offer Document) to each UBI Share and corresponding to the official price of the ISP ordinary shares on the last Trading Day prior to the Announcement Date (i.e., 14 February 2020), namely 2.502 euro multiplied by 1.7000 (corresponding to the Exchange Ratio) (the “**Per Share Monetary Value of the Consideration Prior to the Announcement Date**”).

With regard to the foregoing, it should be noted that the official stock exchange prices of the ISP Shares may vary (also during the Acceptance Period and up to the Payment Date) from the price of the ISP ordinary shares used to determine, respectively, the Per Share Monetary Value of the ISP Shares Prior to the Date of the Offer Document, the Per Share Monetary Value of the Consideration prior to the Date of the Offer Document and the Per Share Monetary Value of the Consideration Prior to the Announcement Date.

E.2 Maximum aggregate consideration of the Offer

In the event of full acceptance of the Offer, i.e. if all the 1,144,285,146 UBI Shares subject to the Offer are tendered in acceptance, a total of 1,945,284,755 ISP Shares will be assigned to the Acceptors as the overall Consideration, based on the Exchange Ratio described in Paragraph E.1 of this Section E of the Offer Document, deriving from the Share Capital Increase for the Offer, corresponding to approximately 10% of the Offeror's shares, calculated assuming full subscription and settlement of the Share Capital Increase for the Offer (i.e. on a fully diluted basis). Accordingly, in the event of full acceptance of the Offer, i.e. if all the 1,144,285,146 UBI Shares subject of the Offer are tendered in acceptance (or are in any event transferred to ISP in implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or the Joint Procedure, where the relevant conditions apply) the total cash value of the Offer is 3,246,336,959.20 euro, i.e. the Per Share Monetary Value of the Consideration prior to the Date of the Offer Document multiplied by the maximum total number of UBI Shares subject to the Offer.

E.3 Comparison of the Consideration with several indicators relating to the Issuer

The table below presents the UBI Group's main financial performance and position indicators for the Issuer relating to the years ended 31 December 2018 and 31 December 2019.

In thousands of euro, except for values per share, indicated in euro, and the number of shares	31 December 2019	31 December 2018
Number of total shares at year-end (a)	1,144,285,146	1,144,285,146
Number of treasury shares at year-end (b)	9,251,800	7,861,190
Number of shares outstanding (c=a-b)	1,135,033,346	1,136,423,956
Weighted average number of shares outstanding	1,135,142,364	1,139,580,841

Dividends	26	136,371
Ordinary profit or loss	285,046	451,502
Net profit or loss pertaining to shareholders of the Issuer	251,198	425,608
Net profit or loss pertaining to shareholders of the Issuer per share - euro	0.221	0.373
Net "attributable" profit or loss pertaining to shareholders of the Issuer ¹	124,368	392,774
Net profit or loss pertaining to shareholders of the Issuer per share - euro	0.110	0.345
Equity attributable to shareholders of the UBI Group	9,488,681	9,163,288
Equity attributable to shareholders of the UBI Group per share - Euro	8.360	8.063

Source: consolidated financial statements of the Issuer for the years ended on 31 December 2018 and 31 December 2019.

(1) Net of the share allocated to the unavailable reserve as a loan pursuant to article 6 of Legislative Decree 38/2006

The following table shows a comparison between the Per Share Monetary Value of the Consideration prior to the Date of the Offer Document and selected financial performance and financial position figures of the Issuer for the two most recent financial years ended on 31 December 2018 and 31 December 2019, respectively.

Item	2019 Figure	2018 Figure
Equity per Share - Euro	8.360	8.063
Net Earnings per Share - Euro	0.221	0.373
Per Share Monetary Value of the Consideration prior to the Date of the Offer Document/Equity per share - x	0.34	0.35
Per Share Monetary Value of the Consideration prior to the Date of the Offer Document/Net earnings per share - x	12.8	7.6

These multipliers were compared with the analogous average figures for 2019 and with the consensus for the 2020 and 2021 relating to the sample of listed companies set out in Paragraph E.1. of this Section E of the Offer Document, deemed, in the Offeror's view, comparable with the Issuer in terms of the type of business conducted, but not always perfectly comparable in terms of company size, business model, reference markets and competitive positioning.

Market multiples of comparable companies ⁽¹⁾	Price/Tangible Equity ⁽²⁾	Price/Prospective Earnings ⁽³⁾	
		2020E	2021E
<i>Italian comparable companies</i>			
UniCredit	0.58x	7.9x	7.9x
Banco BPM	0.33x	8.4x	7.6x
BPER	0.54x	9.1x	7.8x
Banca Monte dei Paschi di Siena	0.24x	12.1x	7.2x
Credito Emiliano	0.69x	9.5x	9.3x
Banca Popolare di Sondrio	0.38x	9.8x	10.0x
Credito Valtellinese	0.36x	12.3x	7.6x
<i>European comparable companies</i>			
BNP Paribas	0.77x	8.3x	8.1x
Crédit Agricole	0.55x	9.3x	8.8x
Société Générale	0.51x	8.0x	7.5x
Santander	0.90x	8.3x	7.8x
BBVA	0.71x	8.0x	8.2x
CaixaBank	0.75x	8.3x	8.2x
Commerzbank.	0.32x	10.8x	10.1x
ISP	1.01x	10.3x	10.1x

²⁶It should be noted that, with regard to the resolution passed by the Board of Directors of UBI Banca in accordance with ECB Recommendation 2020/19, following the publication of the 2019 Annual Financial Report, by press release of 31 March 2020 UBI Banca announced that the maximum amount of the dividend for 2019 that had originally been proposed by the Issuer's Board of Directors (0.13 euro per UBI Banca ordinary share, for a maximum total dividend of 147.6 million euro) will be allocated to equity reserves. For further information, see Section A, Paragraph A.2 and Section B, Paragraph B.2.7, of the Offer Document.

UBI Banca	0.48x	9.6x	8.9x
UBI Banca at the Consideration offered ⁽⁴⁾	0.62x	12.3x	11.4x

(1) The multiples have been calculated on the basis of the number of ordinary shares issued net of treasury shares on the final available date prior to the Date of the Offer Document and on the basis of the closing price of the ordinary shares on 14 February 2020 (i.e. the Reference Date).

(2) The P/TE multiple has been calculated on the basis of the closing price of the ordinary shares on 14 February 2020 (i.e. the Reference Date) and the equity attributable to the shareholders per share in reference to the year ended on 31 December 2019.

(3) The P/Prospective Earnings multiples have been calculated on the basis of the closing price of the ordinary shares on 14 February 2020 (i.e. the Reference Date) and prospective earnings per share cited by research analysts for 2020 and 2021, as reported by the provider Factset.

(4) Calculated as the closing price of the ISP ordinary shares on 14 February 2020 (i.e. the Reference Date) multiplied by the Exchange Ratio (Per Share Monetary Value of the Consideration Prior to the Announcement Date).

The prices used to calculate the multiples refer to the market prices recorded as at the Reference Date, i.e. the session of 14 February 2020 corresponding to the Trading Day prior to the Announcement Date.

In reference to the multipliers analysed, it bears clarifying, in the interest of completeness, that: (i) in relation to the Price / Earnings multiplier, prospective, rather than historical, earnings represent the fundamental and reference parameter commonly used in valuation methods for financial and industrial companies, and (ii) the multipliers Price / Cash Flow, Enterprise Value / Revenues, Enterprise Value / EBITDA and Enterprise Value / EBIT – commonly used in valuation practice in industrial sectors – have not been represented or considered for valuation purposes as insignificant in view of the banking sector of reference, the business model and the earnings and financial position profiles of the Offeror and Issuer.

E.4 Weighted arithmetic monthly average of official prices recorded for shares of the Issuer during the twelve months prior to the launch of the Offer

The following table shows the arithmetic average official price, weighted by daily trading volumes, of the UBI Shares recorded on the respective Trading Days in each of the twelve months prior to the Reference Date (inclusive) (i.e., 14 February 2020):

Reference period	Average price (euro)	Weighted average price (euro)	Total volumes (shares)	Total values (euro)
15 - 28 February 2019	2.392	2.400	130,185,614	312,491,028
March 2019	2.452	2.460	212,988,468	524,026,831
April 2019	2.633	2.647	196,216,826	519,314,350
May 2019	2.500	2.506	190,603,903	477,597,922
June 2019	2.342	2.343	197,084,399	461,690,510
July 2019	2.512	2.508	260,562,291	653,516,873
August 2019	2.256	2.241	225,657,937	505,606,075
September 2019	2.466	2.464	242,147,724	596,729,882
October 2019	2.727	2.724	260,152,227	708,547,361
November 2019	2.846	2.848	256,209,668	729,644,540
December 2019	2.934	2.943	146,549,949	431,323,533
January 2020	2.861	2.862	182,773,512	523,105,865
3 - 14 February 2020	3.018	3.062	138,635,547	424,488,488
Last 12 months	2.600	2.602	2,639,768,064	6,868,316,216

Source: Factset, official prices

The official price of the UBI Shares recorded on the Reference Date (i.e., 14 February 2020) was 3.333 euro.

The table below shows the comparison between (i) the implicit Consideration offered (rounded to the third decimal place), calculated taking into account the Exchange Ratio, and the official price of the ISP ordinary shares recorded on the Reference Date (i.e., 14 February 2020) and the weighted averages of the official prices of the ISP ordinary shares for 1, 3 and 6 months and 1 year prior to the Reference Date (included), and (ii) the official price of the UBI Shares recorded on the Reference Date, and the weighted averages of the official prices of the UBI Shares relating to 1, 3 and 6 months and 1 year prior to the Reference Date (included), together with the related implicit premiums.

	Implicit Consideration offered (€)	Market prices UBI Banca (€)	Implicit premium vs. market prices
	(a)	(b)	(c=a/b-1)
Values based on prices on 14 February 2020	4.254	3.333	27.6%
Values based on weighted average prices - 1 month	4.027	2.968	35.7%
Values based on weighted average prices - 3 months	3.999	2.939	36.0%
Values based on weighted average prices - 6 months	3.801	2.743	38.6%
Values based on weighted average prices - 1 year	3.644	2.602	40.1%

Source: Factset, official prices

In accordance with ECB Recommendation 2020/19, the Board of Directors of ISP decided on 31 March 2020 to suspend the proposal to distribute dividends to shareholders of approximately 3.4 billion euro (equal to 19.2 euro cents per ISP ordinary share). On the same date, the Board of Directors of UBI Banca decided to suspend the proposal to distribute dividends to shareholders of approximately 147.6 million euro, equal to 13.0 euro cents for each UBI share. In this regard, it should be noted that – despite the suspension of the 2020 dividend on the 2019 profits, whose distribution in the future (subject to approval by the ECB) will also benefit the shareholders of the Issuer that accept the Offer – ISP has confirmed the Exchange Ratio at 1.7000 ISP Shares for each UBI Share. Therefore, the total Consideration offered to the shareholders of UBI Banca incorporates a greater value equal to the difference between the dividends declared by the Offeror implicit in the Offer (i.e., 0.192 euro per ISP Share multiplied by the Exchange Ratio) and those of the Issuer (0.13 euro per UBI Share). Based on the official prices of ISP ordinary shares and UBI Banca ordinary shares recorded at the close of 14 February 2020, this difference would correspond to a greater value of approximately 5% compared to the equivalent ex dividend Consideration (i.e. adjusted to take account of the payment of the aforementioned dividend), as referred to in the Offeror's Announcement.

Again for information purposes, the following table shows the average official prices of ISP ordinary shares, weighted by volume, along with the total values and total volumes, for each of the twelve months prior to the Reference Date (inclusive) (i.e., 14 February 2020):

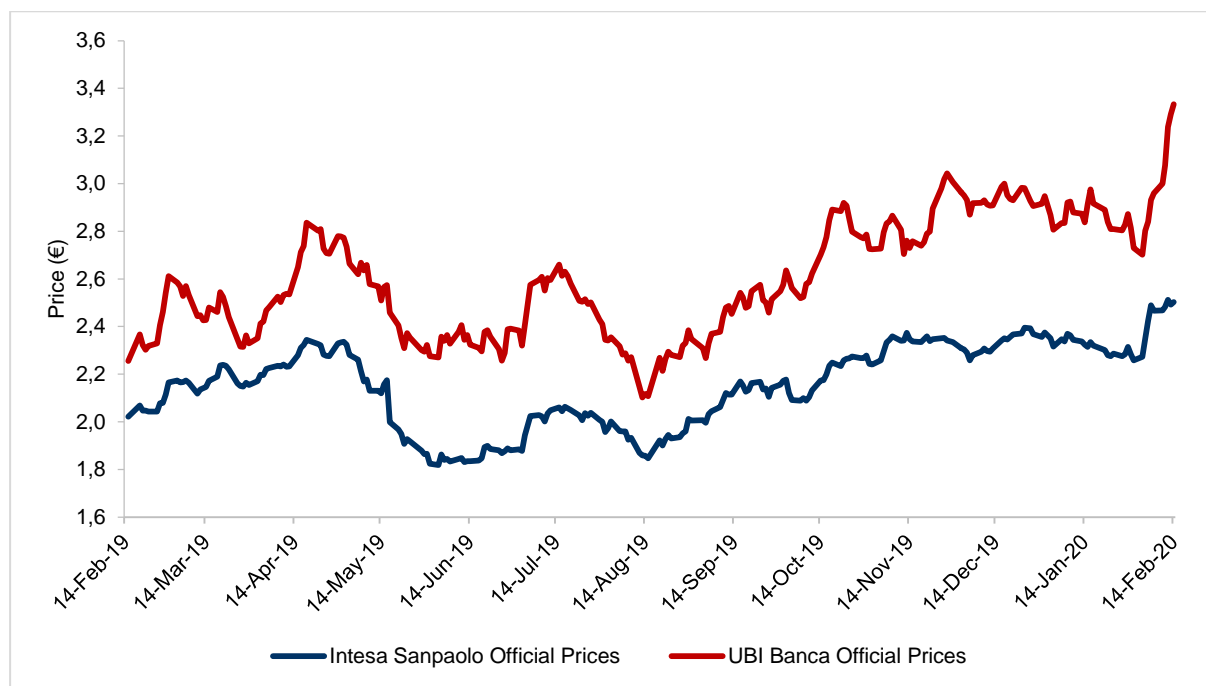
Reference period	Average price (euro)	Weighted average price (euro)	Total volumes (shares)	Total values (euro)
15 - 28 February 2019	2.071	2.077	1,355,990,990	2,816,599,058
March 2019	2.173	2.173	2,639,194,510	5,735,228,450
April 2019	2.271	2.274	2,270,046,540	5,162,136,615
May 2019	2.072	2.065	3,207,988,500	6,625,456,696

June 2019	1.857	1.861	2,164,983,330	4,029,538,479
July 2019	2.009	2.005	2,470,022,434	4,953,332,651
August 2019	1.930	1.928	2,672,337,634	5,151,871,227
September 2019	2.112	2.117	2,485,288,960	5,260,720,602
October 2019	2.197	2.202	2,531,810,430	5,574,858,177
November 2019	2.336	2.337	2,067,490,950	4,831,467,459
December 2019	2.332	2.337	1,601,229,184	3,741,909,537
January 2020	2.318	2.313	1,928,754,686	4,461,473,455
3 - 14 February 2020	2.446	2.441	1,274,663,910	3,111,367,378
Last 12 months	2.153	2.144	28,669,802,058	61,458,242,896

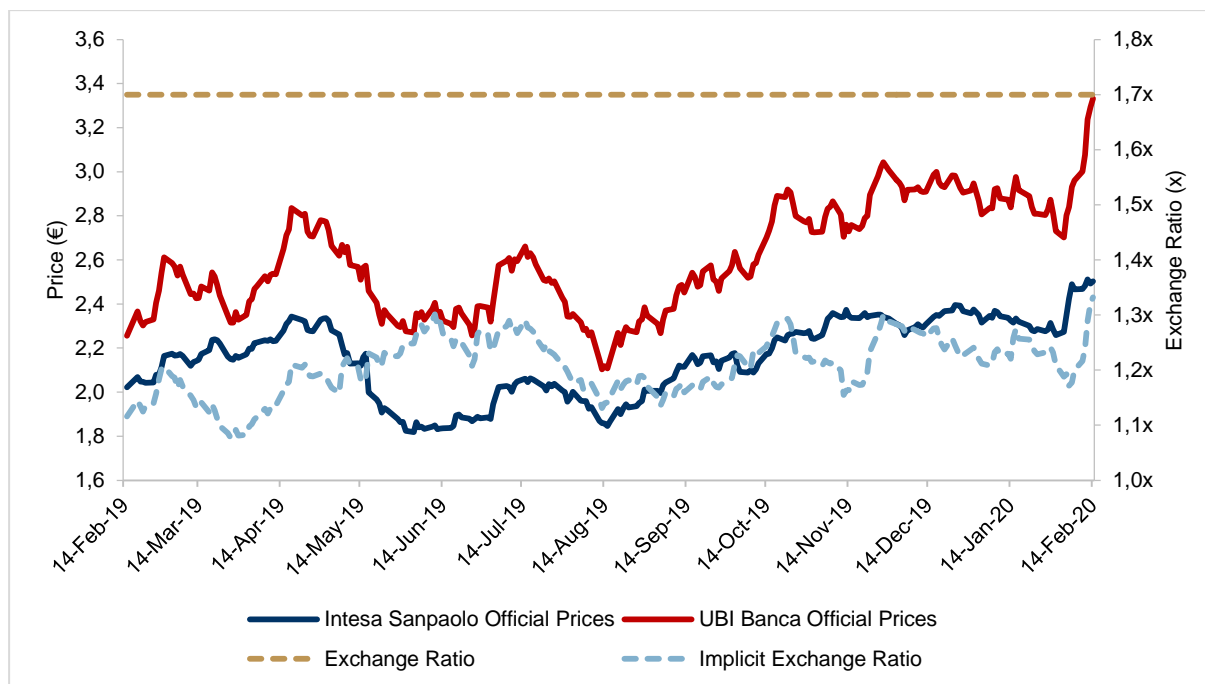
Source: Factset, official prices

The official price of the ordinary shares of the Offeror recorded on the Reference Date (i.e., 14 February 2020) was 2.502 euro.

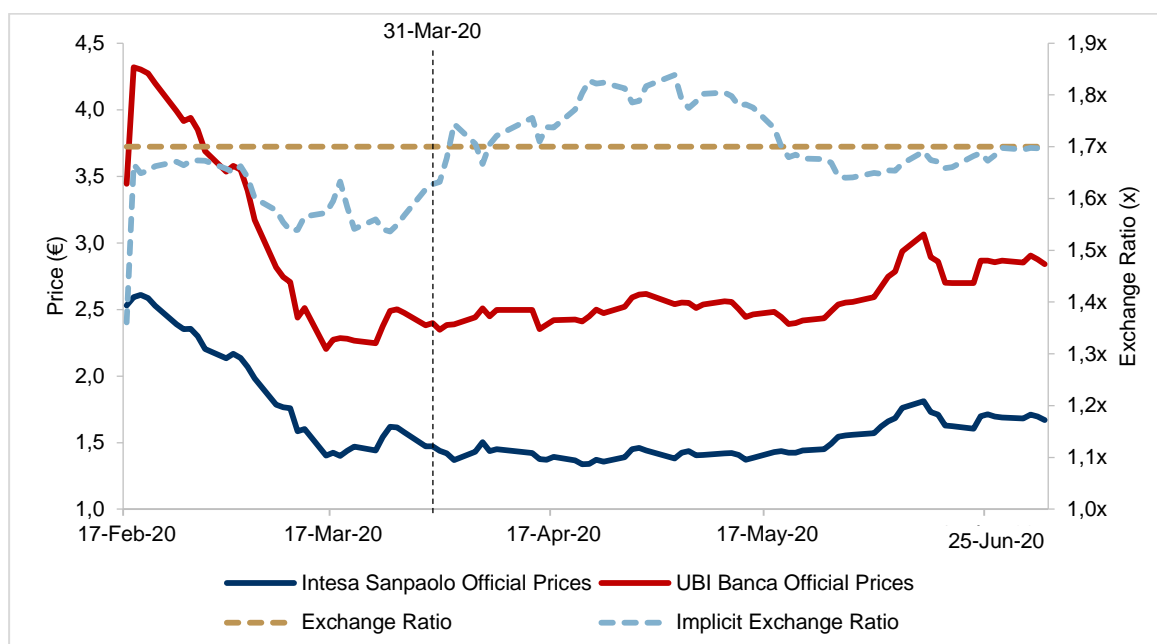
The following chart shows the performance of the official prices of the ISP ordinary shares and the official prices of the UBI Shares during the twelve months prior to the Reference Date (inclusive) (i.e., 14 February 2020), i.e. for the period from 15 February 2019 to 14 February 2020.



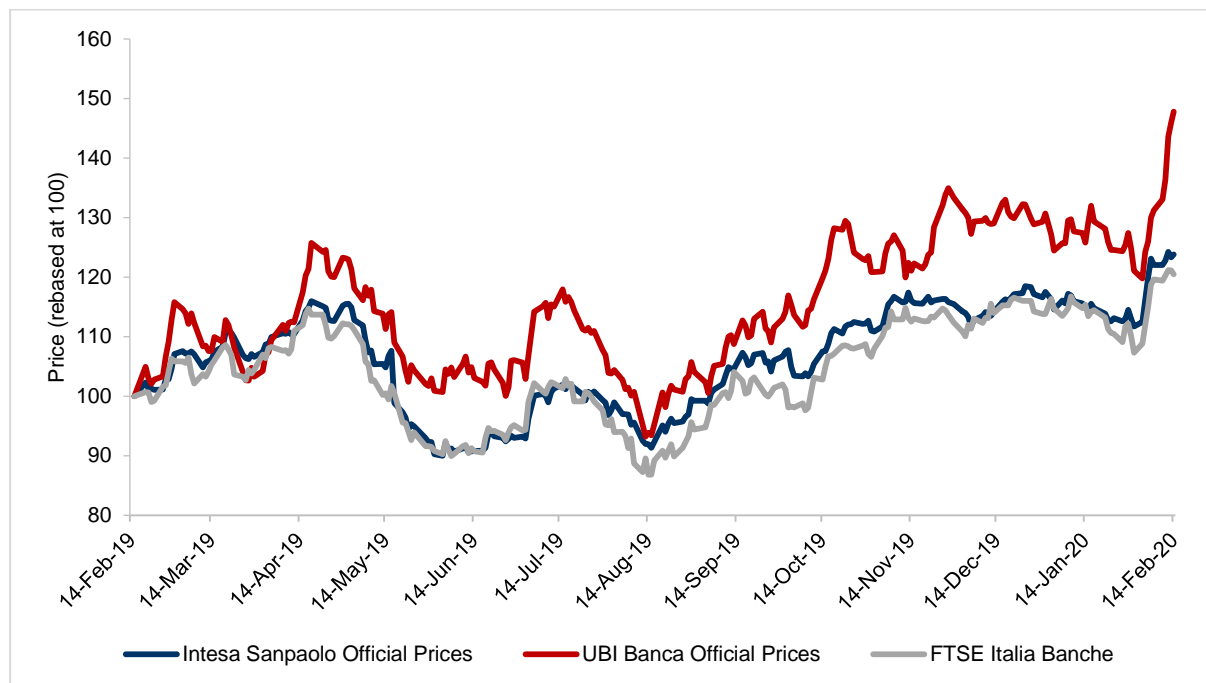
The following chart shows the performance of the official prices of the ISP ordinary shares, the official prices of the UBI Shares and the implicit exchange ratio (i.e., the ratio of the official prices of the UBI Banca Shares to the official prices of the ISP ordinary shares) during the twelve months prior to the Reference Date (inclusive) (i.e., 14 February 2020), namely for the period from 15 February 2019 to 14 February 2020, compared to the Exchange Ratio.



The following chart shows the performance of the official prices of the ISP ordinary shares, the official prices of the UBI Shares and the implicit exchange ratio (i.e., the ratio of the official prices of the UBI Banca Shares to the official prices of the ISP ordinary shares) during the months after the Announcement Date (i.e., 17 February 2020, announcement made to closed markets), namely for the period from 17 February 2020 to 25 June 2020 (the last Trading Day before the Date of the Offer Document), compared to the Exchange Ratio. In particular, the implicit exchange ratio until 31 March 2020 was aligned with the Exchange Ratio based on the prices of the Offeror and Issuer *ex dividend*. Subsequently, following the decision of the Board of Directors of Offeror and Issuer to suspend the proposal to distribute dividends to shareholders (for more information, see Section A, Paragraphs A.2 and A.8, as well as Section B, Paragraphs B.1.13 and B.2.7, of the Offer Document), the implicit exchange ratio is aligned with the Exchange Ratio based on the official prices (i.e. *cum dividend*) of the ISP ordinary shares and UBI Shares, in particular after CONSOB decision no. 21367 of 15 May 2020, which removed the ban on short selling from 23.59 on 18 May 2020.

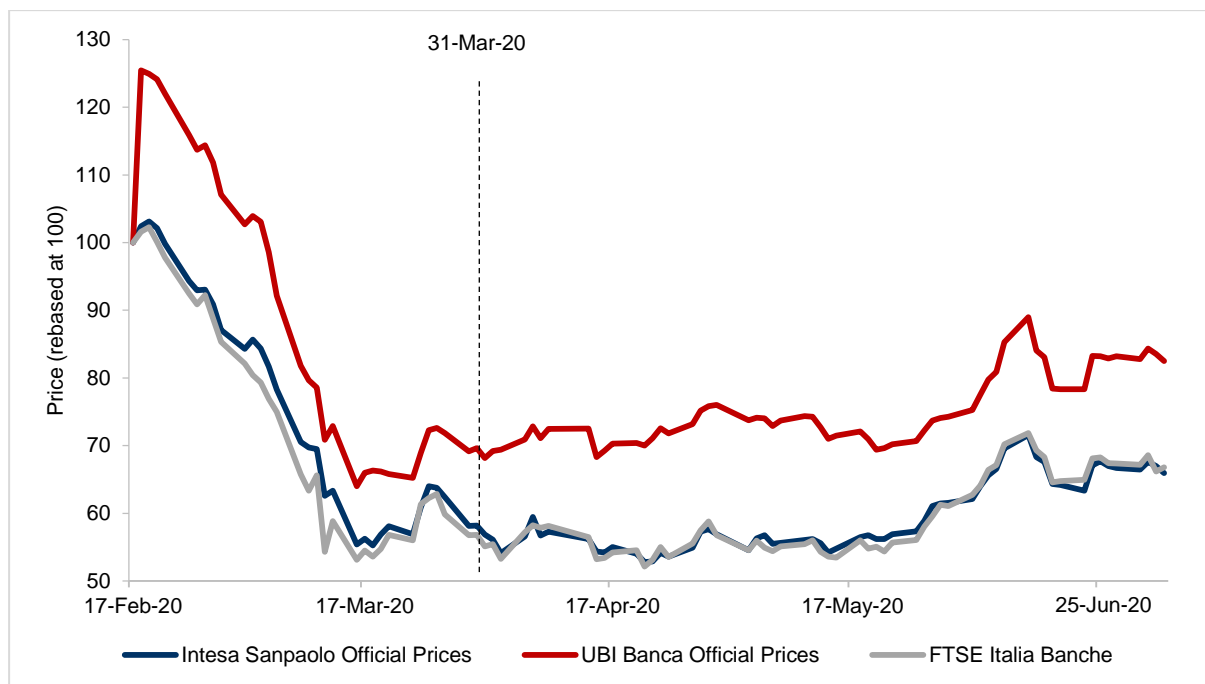


The following chart shows the performance of the official prices of ISP ordinary shares, UBI Shares and FTSE Italia Banche Stock Index rebased at 100 during the twelve months prior to Reference Date (inclusive) (i.e., 14 February 2020), namely for the period from 15 February 2019 to 14 February 2020. The performances during the period analysed were +23.8% for ISP and +47.8% for UBI, compared with +20.5% for the FTSE Italia Banche Stock Index.



The official market price of the ISP ordinary shares and the official market prices of the UBI Shares recorded on the Reference Date (i.e., 14 February 2020) were 2.502 euro and 3.333 euro, respectively.

The following chart shows the performance of the official prices of ISP ordinary shares, UBI Shares and FTSE Italia Banche Stock Index rebased at 100 during the months after the Announcement Date (17 February 2020, announcement made after market close), i.e. for the period from 17 February 2020 to 25 June 2020 (the last Trading Day before the Date of the Offer Document). The respective performances during the period analysed were -34.0% for ISP, in line with the performance of the Italian banking index (-33.2% for the FTSE Italia Banche Stock Index) and -17.5% for UBI, despite benefiting from the premium offered by ISP. The aforementioned performances were negatively influenced, *inter alia*: (i) by the uncertainties connected with the impacts and developments on public health and the economy caused by the COVID-19 pandemic (from 21 February 2020, the date when the Istituto Superiore di Sanità confirmed the first Italian case); (ii) by Recommendation ECB/2020/19 (of 27 March 2020), aimed at banks and significant banking groups, on dividend distributions during the COVID-19 pandemic and (iii) the evolution of the political and economic scenario at global level.



E.5 Indication of the values attributed to the shares of the Issuer during financial transactions undertaken in the previous and current years

To the best of the Offeror's knowledge, during the year ended 31 December 2019 and the current year, there were no financial transactions – such as mergers and de-mergers, capital increases, public offerings, warrant issues and transfers of significant holdings – that entailed a valuation of the UBI Shares.

E.6 Indication of the values at which purchase and sale transactions involving the shares subject to the Offer were undertaken in the last twelve months by the Offeror and by parties acting in coordination with the Offeror, with an indication of the number of financial instruments purchased and sold

In the last twelve months, i.e. in the twelve months prior to the Date of the Offer Document (i.e., on 26 June 2020), the Offeror and, to the best of the Offeror's knowledge, persons acting in coordination with the Offeror, undertook the purchase and/or sale transactions involving the shares of the Issuer indicated below.

Specifically, the following table shows the purchase transactions undertaken by Banca IMI S.p.A., an ISP Group company entirely controlled by the Offeror, as part of its ordinary dealing activity, during each month:

Purchases of UBI Shares (Banca IMI trading portfolio)

Reference month	Average monthly volumes	Weighted average prices	Min Price	Max Price
Jul-19	77,965	2.57	2.30	2.68
Aug-19	98,539	2.36	2.20	2.50
Sep-19	23,935	2.49	2.20	2.58
Oct-19	28,798	2.68	2.40	2.94
Nov-19	36,000	2.95	2.76	3.07
Dec-19	47,796	2.94	2.50	3.05
Jan-20	55,787	2.87	2.78	2.99
Feb-20	102,865	3.27	2.71	3.37
Mar-20	25,500	3.00	3.00	3.00
Apr-20	17,500	3.09	3.00	3.10
May-20	-	-	-	-
Jun-20	30,000	2.90	2.90	2.90

Specifically, the following table shows the sale transactions undertaken by Banca IMI S.p.A., an ISP Group company entirely controlled by the Offeror, as part of its ordinary dealing activity, during each month:

Sales of UBI Shares (Banca IMI trading portfolio)

Reference month	Average monthly volumes	Weighted average prices	Min Price	Max Price
Jul-19	85,748	2.56	2.33	2.68
Aug-19	24,857	2.30	2.05	2.41
Sep-19	74,285	2.50	2.30	2.58
Oct-19	28,835	2.61	2.50	2.90
Nov-19	39,592	2.89	2.71	3.05
Dec-19	47,872	2.94	2.60	3.08
Jan-20	70,335	2.90	2.77	3.02
Feb-20	195,432	3.42	2.71	4.30
Mar-20	47,000	2.85	2.50	3.20
Apr-20	4,000	2.80	2.70	2.90
May-20	-	-	-	-
Jun-20	-	-	-	-

F. METHODS AND TERMS OF ACCEPTANCE OF THE OFFER, DATES AND METHODS OF PAYMENT OF THE CONSIDERATION AND RETURN OF THE SECURITIES SUBJECT TO THE OFFER

F.1 Methods and terms of acceptance of the Offer and depositing of the Shares

F.1.1. Acceptance Period

The Acceptance Period, agreed with Borsa Italiana, pursuant to article 40, paragraph 2, of the Issuers' Regulation, will start at 8:30 a.m. (Italian time) on 6 July 2020 and will end at 5:30 p.m. (Italian time) on 28 July 2020 (inclusive), subject to extension of the Acceptance Period in accordance with the applicable regulations.

Accordingly, 28 July 2020, barring extensions of the Acceptance Period pursuant to applicable legislation, will be the date of closing of the Offer.

The Offeror will give notice of any amendments of the Offer pursuant to applicable laws and regulations.

F.1.2. Methods of acceptance and depositing of the UBI Shares

Acceptance of the Offer during the Acceptance Period by the holders of the UBI Shares (or by the representative that holds the relevant powers) is irrevocable. Accordingly, once the Offer has been accepted, it will not be possible to transfer or undertake other acts of disposition of the said UBI Shares for the entire period in which they remain restricted in service of the Offer. However, acceptances already made will be revocable by the accepting party that communicates its willingness to revoke the acceptance (i) in the cases of revocation permitted by applicable regulations to accept any competing offers or counter offers, pursuant to article 44 of the Issuers' Regulation, or (ii) pursuant to article 23, paragraphs 1 and 2, of Regulation (EU) No 2017/1129, within two business days of the publication of a supplement, if any, to the Prospectus, provided that the significant new factor, material mistake or material inaccuracy that has given rise to such publication emerged or was identified prior to the final term of the Offer or, if it occurs beforehand, of the delivery of the ISP Shares (offered as Consideration).

The Offer must be accepted by signing and delivering to an Appointed Intermediary a specific acceptance form (the "**Acceptance Form**"), duly completed in all its parts, accompanied by the deposit of the UBI Shares with said Appointed Intermediary.

Shareholders of the Issuer who intend to accept the Offer may also deliver the Acceptance Form to, and deposit the UBI Shares indicated therein with, the Depositary Intermediaries, provided that delivery and depositing occur in time to allow the Depositary Intermediaries to deposit the UBI Shares with the Intermediary Appointed to Coordinate the Acceptances no later than the final day of the Acceptance Period, as extended, where applicable, pursuant to Paragraph F.1.1 above in this Section F of the Offer Document.

The UBI Shares are subject to the securities dematerialisation scheme governed by articles 83-*bis et seq.* of the Consolidated Law on Finance and the Regulation adopted by CONSOB and Bank of Italy resolution of 22 February 2008, as amended.

Those who intend to tender their UBI Shares in acceptance of the Offer must be holders of the UBI Shares (in dematerialised form) duly registered in a securities account with one of the Depositary Intermediaries and must contact their respective intermediaries to deliver appropriate instructions to accept the Offer.

In consideration of the securities dematerialisation scheme, the signing of the Acceptance Form will also constitute irrevocable instructions delivered by the individual holder of UBI Shares to the Appointed Intermediary or related Depositary Intermediary with which the UBI Shares are deposited in

a securities account to transfer the said UBI Shares to the Offeror, including through suspense accounts with the intermediaries concerned, where appropriate.

The Depositary Intermediaries must sign the Acceptance Forms as agents. Shareholders retain all risk that the Depositary Intermediaries may fail to deliver the Acceptance Forms and, where appropriate, fail to deposit the UBI Shares with the Intermediary Appointed to Coordinate the Acceptances by the final valid day of the Acceptance Period, as extended, where applicable, pursuant to Paragraph F.1.1 above in this Section F of the Offer Document.

Upon the acceptance of the Offer and the depositing of the UBI Shares, through the signing of the Acceptance Form, a mandate will be granted to the Appointed Intermediary and the Depositary Intermediary, where applicable, to discharge all necessary formalities preliminary to the transfer of the UBI Shares subject to the Offeror, which will be liable for the related cost.

The UBI Shares tendered in acceptance of the Offer must be freely transferable to the Offeror and free from restrictions and encumbrances of any kind and nature, whether in rem, of the nature of an obligation or personal.

For the entire period in which the UBI Shares are restricted for the Offer and, therefore, until the Payment Date, the Acceptors of the Offer may exercise financial rights (for example, option rights) and company rights (such as voting rights) relating to the UBI Shares that they own, which will continue to be held by the Acceptors concerned.

Acceptance of the Offer during the Acceptance Period by minors or wards of guardians, pursuant to applicable legislation, signed by a person with guardianship authority, unless accompanied by authorisation from the guardianship judge, will be accepted with reserve, will not be counted when determining the percent acceptance of the Offer and will only be paid, in any event, once authorisation is granted.

Only UBI Shares that upon acceptance of the Offer are duly registered and available in a securities account held by the Acceptor with an intermediary adhering to the Monte Titoli centralised management system may be tendered in acceptance of the Offer. In particular, UBI Shares arising from purchase transactions undertaken on the market may only be tendered in acceptance of the Offer following the settlement of the transactions concerned through the settlement system.

F.2 Entitlement to and exercise of administrative and financial rights relating to the Shares tendered in acceptance during the Offer

Where the Offer is completed (and thus the Conditions Precedent have been satisfied or waived, in whole or in part, by the Offeror), the UBI Shares tendered in acceptance of the Offer during the Acceptance Period will be transferred to the Offeror on the Payment Date.

Until the Payment Date, the Issuer's shareholders will retain and may exercise the financial and administrative rights deriving from ownership of the UBI Shares tendered in acceptance of the Offer. However, shareholders that have accepted the Offer will not be able to transfer their UBI Shares tendered in acceptance of the Offer, except for the acceptance of any competing offers or counter offers pursuant to article 44 of the Issuers' Regulations.

F.3 Communications regarding the progress and result of the Offer

During the Acceptance Period, the Intermediary Appointed to Coordinate the Acceptances will inform Borsa Italiana on a daily basis, pursuant to article 41, paragraph 2, letter d), of the Issuers' Regulation, of the data on acceptances received each day and on the UBI Shares collectively tendered in

acceptance of the Offer, as well as the percentage of the UBI Shares subject to the Offer that they represent.

Borsa Italiana will publish the data concerned in a specific notice by the day after such communication.

Furthermore, where by the Payment Date, and during and/or following the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, the Offeror purchases, directly and/or indirectly, UBI Shares outside the Offer (including those made through the Private Placement), the Offeror will communicate this fact on the same day to CONSOB and the market pursuant to article 41, paragraph 2, letter c), of the Issuers' Regulation.

The final results of the Offer will be made known to the Offeror, pursuant to article 41, paragraph 6 of the Issuers' Regulation, before the Payment Date by publication of the Notification of the Final Results of the Offer.

Upon the publication of the Notification of the Final Results of the Offer, the Offeror will report the existence, if applicable, of the conditions set by law for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance or for the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance and the Right of Squeeze-Out, together with the information on the Delisting.

F.4 Markets in which the Offer is made

The Offer is being made exclusively in Italy, because the UBI Shares are listed solely on the MTA market, and it is addressed, on a non-discriminatory basis and on equal terms, to all the shareholders of the UBI Shares, as indicated and with the exceptions set out in the following paragraphs.

F.4.1. Italy

The Offer is being made in Italy in accordance with articles 102 and 106, paragraph 4, of the Consolidated Law on Finance.

F.4.2. Other countries

The Offer has not been and will not be made in any of the Excluded Countries (as further described in this Section F, Paragraphs F.4.3, F.4.4, F.4.5, F.4.6 and F.4.7 of the Offer Document for additional information regarding the United States, Canada, Japan, Australia and United Kingdom), using national or international instruments of communication or commerce of the Excluded Countries (including, for example, the postal network, fax, telex, e-mail, telephone and internet), or through any structure of any financial intermediary of the Excluded Countries, or in any other way. No action has been or will be taken to enable the Offer to be made in any of the Excluded Countries. Notwithstanding that the Offer has not been and 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, and subject to the 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 other of the Excluded Countries.

Copies of the Offer Document or parts thereof or copies of any other document issued by the Offeror in respect of the Offer, have not been and may not be sent or transmitted in any manner or otherwise distributed, directly or indirectly, in any Excluded Countries unless such document explicitly authorizes such transmission or distribution. The recipients of the above documents may not distribute, send or transmit them (by mail or by any other means of national or international communication or commerce) in the Excluded Countries.

The Offer Document does not constitute, is not part of, and may not be construed as an offer to buy or exchange, or a solicitation to offer to sell or exchange, any security in the Excluded Countries. No security may be offered, purchased or sold in any Excluded Countries, in the absence of specific approval in compliance with the relevant provisions applicable in these jurisdictions or without exemption from these provisions.

The Offeror may not accept, directly or indirectly, acceptances of the Offer undertaken in, or originating from, Excluded Countries; such acceptances will be considered null and void. The Appointed Intermediaries and Depositary Intermediaries may not accept acceptances from residents in Excluded Countries and such acceptances will be considered null and void.

UBI Banca shareholders who tender their UBI Shares in acceptance of the Offer must represent, warrant and confirm, *inter alia*, (i) that they did not receive a copy of the Offer Document, any other document relating to the Offer the acceptance form or any other information in or from Excluded Countries and (ii) that they are not in the Excluded Countries at the time of acceptance and, subject to certain exceptions as may be permitted with respect to certain Excluded Countries, are not acting on behalf of parties in the Excluded Countries.

Acceptance of the Offer by persons residing in countries other than Italy may be subject to specific obligations or restrictions imposed by the applicable legal or regulatory provisions of those countries. It is the sole responsibility of the addressees of the Offer to comply with such rules and, therefore, before accepting the Offer, to verify their existence and applicability by contacting their legal counsel and advisors. The Offeror does not assume or accept any liability arising from a breach of the above restrictions by any person.

F.4.3. United States

The Offer has not been and will not be publicly promoted in the United States.

Securities may not be offered or sold in the United States unless they have been registered pursuant to the U.S. Securities Act or are exempt from registration.

The ISP Shares have not been and will not be registered pursuant to the U.S. Securities Act or with any supervisory authority of any state or other jurisdiction in the United States and the Offeror does not intend to carry out a public offer of such securities in the United States. As noted in Section F, Paragraph F.4.2, the Offeror reserves the right to contact certain U.S. investors by way of a U.S. private placement memorandum delivered only to "Qualified Institutional Buyers," as defined in Rule 144A of the U.S. 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 other of the Excluded Countries.

Accordingly:

- (a) UBI shareholders in the United States may not tender their UBI Shares in acceptance of the Offer and acceptances of the Offer from persons residing or located in the United States will not be accepted;
- (b) no communication regarding the Offer and no invitation to accept the Offer may be sent in the United States or addressed to persons who reside or are located in the United States;
- (c) neither the Offer Document nor any other document regarding the Offer may be distributed or disseminated by intermediaries or by other parties in the United States;
- (d) the envelopes containing the acceptances of the Offer must not be sent by mail in the United States or otherwise sent from the United States, and all parties that intend to exchange UBI Shares for ISP Shares and wish to hold the said ISP Shares in registered form must indicate an address for the registration of the ISP Shares outside of the United States;

- (e) those who tender their UBI Shares in acceptance of the Offer must represent (i) that they did not receive a copy of the Offer Document, any other document relating to the Offer, the acceptance form or any other information in the United States, (ii) that they are not located in and are not acting on behalf of parties located in the United States at the time of acceptance and (iii) that they are acquiring the ISP Shares outside of the United States.

The Appointed Intermediaries and Depositary Intermediaries may not accept the UBI Shares tendered in acceptance of the Offer where they reasonably believe that such acceptance is not compliant with the above provisions and, in particular, may not accept the UBI Shares tendered in acceptance of the Offer by customers present in the United States or who have an address in the United States. Instructions that are incomplete or do not meet the above requirements will be null and void.

F.4.4. Canada

The Offer Document is not addressed to or intended for persons located or residing in Canada.

The Offer has not been and will not be promoted in Canada and is not addressed to persons located or residing in Canada and tenders of UBI Shares will not be accepted from any such persons.

The ISP Shares have not been and will not be registered for sale to the public in accordance with applicable Canadian legislation governing financial instruments and therefore may not be offered, sold, pledged, delivered or otherwise transferred in Canada. Accordingly:

- (a) UBI shareholders in Canada may not tender their UBI Shares in acceptance of the Offer and acceptances of the Offer from persons residing or located in Canada will not be accepted;
- (b) no communication regarding the Offer and no invitation to accept the Offer may be sent in Canada or addressed to persons who reside or are located in Canada;
- (c) neither the Offer Document nor any other document regarding the Offer may be distributed or disseminated by intermediaries or by other parties in Canada;
- (d) the envelopes containing the acceptances of the Offer must not be sent by mail in Canada or otherwise sent from Canada, and all parties that intend to exchange UBI Shares for ISP Shares and wish to hold the said ISP Shares in registered form must indicate an address for the registration of the ISP Shares outside of Canada;
- (e) those who tender their UBI Shares in acceptance of the Offer must represent (i) that they did not receive a copy of the Offer Document, any other document relating to the Offer, the acceptance form or any other information in Canada, (ii) that they are not located in and are not acting on behalf of parties located in Canada at the time of acceptance and (iii) that they are acquiring the ISP Shares outside of Canada.

The Appointed Intermediaries and Depositary Intermediaries may not accept the UBI Shares tendered in acceptance of the Offer where they reasonably believe that such acceptance is not compliant with the above provisions and, in particular, may not accept the UBI Shares tendered in acceptance of the Offer by customers present in Canada or who have an address in Canada. Instructions that are incomplete or do not meet the above requirements will be null and void.

The limitations relating to Canada set out above do not apply to persons outside of Canada who act on behalf of a customer in Canada who has granted them an entirely discretionary mandate and who are authorised to do so pursuant to the laws of a country other than Canada, provided that the UBI Shares being tendered by such persons outside of Canada are not shown on the books of UBI Banca as being held at an address in Canada.

F.4.5. Japan

The Offer Document is not directed to, nor intended for, access by persons residing or located in

Japan. All parties residing or located in Japan are prohibited from participating in the Offer.

The ISP Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended). Accordingly, the ISP Shares have not been and will not be offered or sold, directly or indirectly, (i) in Japan, (ii) to, or for the benefit of, any resident of Japan (which term as used herein means any person residing in Japan or any corporation or other entity organized under the laws of Japan) or (iii) to other parties for them to reoffer or resell, directly or indirectly, in Japan, or to, or for the benefit of, a resident of Japan, except in the event of exemption from the requirements for registration pursuant to, and otherwise in compliance with, the Financial Instruments and Exchange Act, as well as any laws, regulations and government guidelines applicable in Japan. Accordingly:

- (a) UBI shareholders in Japan may not tender their UBI Shares in acceptance of the Offer;
- (b) no communication regarding the Offer and no invitation to accept the Offer may be sent in Japan or addressed to persons who reside or are located in Japan;
- (c) neither the Offer Document nor any other document regarding the Offer may be distributed or disseminated by intermediaries or by other parties in Japan;
- (d) the envelopes containing the acceptances of the Offer must not be sent by mail in Japan or otherwise sent from Japan, and all parties that intend to exchange UBI Shares for ISP Shares and wish to hold the said ISP Shares in registered form must indicate an address for the registration of the ISP Shares issued as the Consideration for the Offer outside of Japan;
- (e) by deciding to tender their UBI Shares in acceptance of the Offer, it is assumed that the parties in question represent, warrant and confirm, by virtue of their decision to accept the Offer, (i) that they did not receive a copy of the Offer Document, any other document relating to the Offer, the Acceptance Form or any other information in Japan, (ii) that they do not reside, are not located in and are not acting on behalf of parties residing or located in Japan at the time of acceptance, (iii) that they are acquiring the ISP Shares outside of Japan and (iv) that they have understood and accepted all restrictions set out above.

The Appointed Intermediaries and Depositary Intermediaries may not accept the UBI Shares tendered in acceptance of the Offer where they reasonably believe that such acceptance is not compliant with the above provisions and, in particular, may not accept the UBI Shares tendered in acceptance of the Offer by customers present in Japan or who have an address in Japan. Instructions that are incomplete or do not meet the above requirements will be null and void.

F.4.6. Australia

The Offer Document does not constitute an offer of securities in Australia. No formalities have been discharged for registering or qualifying this Offer Document as an offer in Australia. The Offer Document has not been registered with the Australian Securities & Investments Commission (“ASIC”). Distribution of this Offer Document (including electronic copies) in Australia may be prohibited or restricted by law. Persons who come into possession of this Offer Document should seek advice on and observe any restriction or limitation. Any failure to comply with such restrictions or limitations may constitute a violation of the applicable securities law.

The ISP Shares have not been and will not be registered for sale to the public in Australia and therefore may not be offered, sold, pledged, delivered or otherwise transferred in Australia. Accordingly:

- (a) UBI shareholders in Australia may not tender their UBI Shares in acceptance of the Offer;
- (b) no communication regarding the Offer and no invitation to accept the Offer may be sent in Australia or addressed to persons who reside or are located in Australia;

- (c) neither the Offer Document nor any other document regarding the Offer may be distributed or disseminated (including in electronic form) by intermediaries or by other parties in Australia;
- (d) all parties that intend to exchange UBI Shares for ISP Shares and wish to hold the said ISP Shares in registered form must indicate an address for the registration of the ISP Shares outside of Australia;
- (e) upon deciding to tender their UBI Shares in acceptance of the Offer, it is assumed that such parties represent, warrant and confirm (i) that they did not receive a copy of the Offer Document, any other document relating to the Offer, the Acceptance Form or any other information in Australia, (ii) that they are not located in and are not acting on behalf of parties located in Australia and (iii) that they are acquiring the ISP Shares outside of Australia.

The Appointed Intermediaries and Depositary Intermediaries may not accept the UBI Shares tendered in acceptance of the Offer where they reasonably believe that such acceptance is not compliant with the above provisions and, in particular, may not accept the UBI Shares tendered in acceptance of the Offer by customers present in Australia or who have an address in Australia. Instructions that are incomplete or do not meet the above requirements will be null and void.

F.4.7. United Kingdom

The Offer is only addressed to and directed at persons in the United Kingdom who are “qualified investors” within the meaning of article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) (“**Qualified Investors**”). The ISP Shares are only available pursuant to the Offer to persons in the United Kingdom who are Qualified Investors.

F.5 Payment Date of the Consideration

In the event of satisfaction of the Conditions Precedent (or of the waiver of all or some of the Conditions Precedent by the Offeror) and thus of the completion of the Offer, the Consideration will be paid to the holders of the UBI Shares tendered in acceptance of the Offer upon the concurrent transfer of the ownership of the said UBI Shares to the Offeror on the fourth Trading Day after the closing of the Acceptance Period, and therefore, barring extensions of the Acceptance Period in accordance with applicable legislation, on 3 August 2020 (i.e. on the Payment Date).

On the Payment Date, the Intermediary Appointed to Coordinate the Acceptances will transfer the total UBI Shares tendered for the Offer to a securities deposit account held by the Offeror.

Interest on the Consideration is not to be paid between the date of acceptance of the Offer and the Payment Date.

For information on the unavailability of the ISP Shares offered as Consideration in the event of implementation of the ordinary procedure for the valuation of UBI Shares pursuant to article 2343 of the Italian Civil Code through a sworn appraisal report by an expert appointed by the competent court (i.e. the Court of Turin), see Section A, Paragraph A.5.3, of the Offer Document.

F.6 Methods of payment of the Consideration

The Consideration will be paid by the Offeror on the Payment Date through the Intermediary Appointed to Coordinate the Acceptances, in accordance with the instructions provided by the Acceptors of the Offer in the Acceptance Form. In particular, the ISP Shares offered in exchange will be assigned by placing the said ISP Shares in the Acceptor's securities portfolio held by the Depositary Intermediary indicated in the Acceptance Form.

If the result of the application of the Exchange Ratio to the UBI Shares tendered in acceptance of the

Offer by an Acceptor should not be a whole number of ISP Shares (i.e. where an Acceptor does not tender at least 10 UBI Shares to the Offer, or a number of UBI Shares equal to an integer multiple of 10), the Depositary Intermediary or Appointed Intermediary to which the Acceptor in question has submitted his acceptance must indicate in the Acceptance Form the fractional part of the ISP Shares to which the said Acceptor is entitled (each a **"Fractional Part"**). By the Trading Day after the closing of the Acceptance Period, each Appointed Intermediary – including on behalf of Depositary Intermediaries that have forwarded acceptances of the Offer – will inform the Intermediary Appointed to Coordinate the Acceptances of the number of ISP Shares arising from the aggregation of the Fractional Parts.

The Intermediary Appointed to Coordinate the Acceptances – in the name and on the behalf of the Acceptors and on the basis of the communications received from the Depositary Intermediaries through the Appointed Intermediaries – will aggregate the Fractional parts of the ISP Shares and then sell the whole number of ISP Shares arising from such aggregation on the Mercato Telematico Azionario. The cash proceeds of such sales will be transferred to each Appointed Intermediary, which will then credit the relevant Acceptors in proportion to their respective Fractional Parts (the cash amount corresponding to the Fractional Part being the **"Cash Amount of the Fractional Part"**). Accordingly, the sums resulting from such sales – which will be attributed to the Acceptors as the Cash Amount of the Fractional Part – will be equal to the average sale prices of the whole number of ISP Shares arising from the aggregation and will be paid to the Acceptors as follows: within ten Trading Days of the Payment Date (i.e., by 17 August 2020, barring extensions of the Acceptance Period pursuant to applicable legislation), the Intermediary Appointed to Coordinate the Acceptances will credit the amount of the sale to the Depositary Intermediaries, through the Appointed Intermediaries, allocating it so as to deliver to each Depositary Intermediary a figure equal to the total Cash Amount of the Fractional Part due to the Acceptors that have tendered their UBI Shares in acceptance of the Offer through the Depositary Intermediary concerned. The Depositary Intermediaries will in turn be required to distribute and credit the proceeds to the participating Acceptors, according to the procedures indicated in the Acceptance Form.

Acceptors will not be liable for any trading cost or fee, either in relation to the assignment of the ISP Shares or the payment of the Cash Amount of the Fractional Part. In any event, no interest of any kind will be paid on the Cash Amount of the Fractional Part.

The obligation of the Offeror to pay the Consideration pursuant to the Offer will be considered fulfilled when the related Consideration and any Cash Amount of the Fractional Part are transferred to the Appointed Intermediaries. The Acceptors retain all risk that the Appointed Intermediaries or the Depositary Intermediaries in question may fail to transfer the Consideration or any Cash Amount of the Fractional Part to the entitled parties (including their heirs, where applicable) or delay the transfer thereof.

F.7 Indication of the law governing the contracts stipulated between the Offeror and the holders of the financial instruments of the Issuer and the competent jurisdiction

In respect of acceptance of the Offer, the governing law is Italian law and the competent jurisdiction is ordinary Italian jurisdiction.

F.8 Methods and terms of return of the UBI Shares in the event of the nullity of the Offer and/or allotment

Should the Offeror communicate its decision to invoke the non-fulfilment of one or more of the Conditions Precedent of the Offer and not to exercise its right to waive such Conditions Precedent,

and therefore should the Offer not be successfully completed, the availability of the UBI Shares tendered in acceptance of the Offer will be restored, through the Depositary Intermediaries, to the respective Acceptors, without any charges or expenses to be borne by them, by the first Trading Day following the first notification declaring the Offer null.

Since the Offer is a voluntary public exchange offer, no allotment is to apply.

In addition, in accordance with article 23, paragraphs 1 and 2, of Regulation (EU) 2017/1129, if a supplement to the Prospectus is published to announce *“a significant new factor, material mistake or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the closing of the offer period”*, the holders of the UBI Shares that have accepted the Offer prior to the publication of that supplement will have the right to cancel their acceptances, by means of notification to that effect, within two business days from the date of its publication, provided the new factor, material mistake or material inaccuracy that gave rise to that publication has emerged or has been discovered prior to the final deadline for the Offer or the delivery of the ISP Shares (offered as Consideration), if it is precedent. In such case, the UBI Shares tendered in acceptance of the Offer will be returned to the respective holders, without charge or expense, without delay and in any event by the first Trading Day following the cancellation request.

G. METHODS OF FINANCING, GUARANTEES OF DUE FULFILMENT AND FUTURE PLANS OF THE OFFEROR

G.1 Methods of financing the Offer and guarantees of due fulfilment

Since the Consideration for the Offer is represented by newly issued ISP shares to be issued, the Offeror has not taken out, nor will take out, any loan in relation to the payment of the Consideration for the Offer. Specifically, the Offeror will handle covering the requirement deriving from the obligations to pay the Consideration for the Offer – calculated using the hypothesis of total subscription of the Offer based on the maximum number of UBI Shares in question, equal to a total of 1,945,284,755 ISP Shares – through the Share Capital Increase for the Offer.

In consideration of this, as a guarantee of fulfilment of the obligation to pay the Consideration (composed exclusively of shares) assumed by the Offeror according to the terms and conditions laid down in the Offer Document, the Offeror's shareholders, during the extraordinary shareholders' meeting held on 27 April 2020, resolved, inter alia, to grant the Board of Directors, pursuant to article 2443 of the Italian Civil Code, the power to carry out the Share Capital Increase for the Offer. Following the decision of the extraordinary shareholders' meeting of ISP, on 16 June 2020, ISP's Board of Directors exercised said power and approved the Share Capital Increase for the Offer, against payment and to be carried out on one or more tranches and also in one or more tranches, with the exclusion of the option right pursuant to article 2441, paragraph 4, of the Italian Civil Code, to be carried out by issuing a maximum number of 1,945,284,755 ISP Shares without nominal value, bearing regular dividend rights and having the same characteristics as the ISP ordinary shares already outstanding at the issue date, to be paid for through contribution in kind of the UBI Shares tendered in acceptance of the Offer.

For more information on the Share Capital Increase for the Offer, see Section 4, Paragraph 4.3 of the Securities Note, including through reference in the Offer Document pursuant to Appendix 2A of the Issuers' Regulation.

If, following the completion of the Offer, the legal conditions of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or of the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance and of the Right of Squeeze-Out should be fulfilled, the remaining UBI Banca shareholders will be entitled, as part of the procedure for fulfilling the Right of Squeeze-Out and in accordance with article 108, paragraph 2, of the Consolidated Law on Finance and/or the Joint Procedure, to request payment of the Full Cash Consideration instead of the Consideration. In this regard, to cover any financial requirement deriving from the obligations to pay the Full Cash Consideration instead of the Consideration, the Offeror envisages using its own resources.

G.2 Reasons for the Offer and future plans draw up in relation to the Issuer

G.2.1. Reasons for the Offer

The Offeror has decided to launch the Offer in order to further consolidate, through the contribution of the Issuer's customers and network, its position in the Italian banking sector.

The trend for the financial and banking sector in the coming years is characterised by a consolidation of the system in which the main operators may be champions both in Europe and outside Europe. It is in ISP's interest to reach a size that enables it to play a proactive role in the European banking scenario. Therefore, external growth is, currently, the compulsory strategy which will make it possible to achieve this objective. The Offeror also believes that the achievement of the dimensional growth should take place through a transaction entailing the combination with another operator that has, as far as possible, similarities to the Offeror itself, so as to increase operational capacities and generate

value for all stakeholders, which is the ultimate purpose of a major player in the sector.

According to this rationale, the Issuer corresponds to the profile outlined above: the business model, the market positioning and territorial coverage, the set of shared values by the management, the strong orientation to the support of Italian economy and sustainable and inclusive growth and the significant presence of Italian stakeholders make UBI Banca a company that largely reflects a profile similar to that of the Offeror and, therefore, a company whose integration could take place smoothly and in such a way as to preserve and enhance the Issuer's resources.

The Issuer is a significant player in the sector (the fourth largest operator in Italy in terms of volumes handled); however, in the opinion of the Offeror, the market environment, which is undergoing profound change and evolution and is characterised by low interest rates and therefore low margins and the need to bear significant technological investments, means that the size and ability to operate and compete not only at national, but also at international level, are essential prerequisites for the development of the business and the value of the company in order to obtain an adequate return on capital.

The Offer represents a market transaction directly addressed to all the shareholders of the Issuer, and aimed at enabling the integration of the Issuer into the Offeror that will enable the full exploitation of the potentialities of the two groups through the creation of an entity capable of:

- strengthening the position of the stakeholders of the two groups on the European banking scene;
- creating value for the shareholders through the distribution of dividend flows that are sustainable over time also by means of the synergies deriving from the combination; regarding the estimate of these synergies, the Offeror envisages that, in the event of the Merger, the proposed integration of the UBI Group into the ISP Group can generate synergies (i) for the year 2023, of 662 million euro before tax, and (ii) when fully implemented, from 2024 (inclusive) of 700 million euro before tax per year;
- integrating the Issuer's management into the first lines of management of a leading company in Italy and of European dimensions;
- providing strong support to the real economy of local communities, with the full engagement of UBI Banca's Local Foundations and also focusing in particular on social impacts, achieved also by entering into agreements that benefit local communities involving initiatives such as: real estate and art assets, funding for local areas, innovation and scientific research, welfare, social housing and health care.

In addition, the banking, financial and insurance sectors play a crucial role in ensuring Italy's economic and financial independence by acting as a potential driver of growth in the real economy. Moreover, the Offer paves the way to the necessary consolidation of the Italian banking sector, which is still fragmented compared to the average in the European countries.

Recent experiences prove the Offeror's ability to successfully complete transactions through methods that allow for smooth integration, without social tensions and able to offer opportunities to the younger generations, while at the same time respecting the Offeror's operating standards from an economic and financial standpoint.

G.2.2. Programmes pertaining to the management of the business

The future plans drawn up by the Offeror in relation to the Issuer in the event of completion of the Offer (including where the Offeror waives the Percentage Threshold Condition, without prejudice to the Minimum Threshold Condition) are described below.

Specifically: (i) Paragraph G.2.2.1 provides a description of the strategic and industrial targets of the Issuer within the ISP Group following completion of the Offer; (ii) Paragraph G.2.2.2. provides a description of the synergies resulting from the strategic and industrial targets of the Issuer within the ISP Group following completion of the Offer; (iii) Paragraph G.2.2.3 provides a description of the BPER Agreement and the Unipol Agreement; and (iv) Paragraph G.2.2.4 provides a description of the situation resulting from the COVID-19 pandemic and the related impacts on the Offer and on the future plans of the Offeror that are known as at the Date of the Offer Document.

G.2.2.1 Strategic and business targets of the integration of the Issuer into the ISP Group

As at the Date of the Offer Document, the Offeror has not approved a consolidated business plan for the ISP Group that reflects the completion of the Offer. In this regard, the Offeror expects that the business plan for the entity resulting from the integration of the UBI Group into the ISP Group after the completion of the Offer, if applicable, will be approved in accordance with the timing set for approval of the new business plan of the Offeror upon expiration of the “2018-2021 Business Plan” (i.e. by early 2022), which will reflect the plans prepared by the Offeror for the Issuer described below, which will be launched on completion of the Offer.

If the Offer is successfully completed, the Offeror will have access to over 3 million high profile customers, mainly retail, SME and private, located in some of the areas with the highest development potential, who may benefit from the wide range of products and services that the Offeror already distributes to its customers directly or through its subsidiaries. In the Offeror's opinion, the contribution of these customers and the resulting capital aggregates will be such as to consolidate the position of the Offeror in Italy, and will at the same time become the seventh largest banking group in the Eurozone for total asset.

The Offeror considers, in particular, that in terms of market position, size and business profile of the Issuer, the integration of the UBI Group into the ISP Group resulting from the successful completion of the Offer will allow the full exploitation of the Issuer's potential, generating a high capacity to create value for the shareholders, the customers and all the other stakeholders, mainly by achieving the following business and financial objectives:

(i) *Consolidation of the position in Italy*

In this regard, the transaction will help reinforce the active role played by ISP in supporting the Italian economy, as a point of reference for private individuals and businesses in Italy, thanks to the bolstering of its proximity to the local economy, by boosting savings, exceeding 1,100 billion euro in customer financial assets;

(ii) *Increase in critical mass and cost synergies*

One of the business and financial objectives which the Offer intends to achieve is an increase in critical mass and simultaneous securing of greater coverage of geographical markets previously less served, in order to achieve significant cost synergies also deriving from economies of scale and which the Offeror estimates upon full implementation from 2024 (inclusive) at 545 million euro before tax per year in the event of completion of the Merger. For the year 2023, the Offeror envisages the generation of cost synergies of 506 million euro before tax.

In relation to this objective, the Offeror also intends to leverage its experience and ability to operate efficiently on the market with an agile operating structure, which will enable, inter alia, the simultaneous freeing up of significant financial resources, including for technological investments (i.e. artificial intelligence, machine learning and advanced analytics). These investments are necessary to operate with ever greater effectiveness and efficiency in a competitive context which is witnessing a growing role played by new types of competitors.

Given their considerable size, these investments require an adequate response in terms of scale and a broad customer base.

In particular, the Offeror estimates the achievement of approximately 340 million euro before tax per year of cost synergies on personnel expenses, as a result of the exclusively voluntary exits of approximately 5,000 people – which include the 1,000 requests to participate in the ISP trade union agreement of 29 May 2019 and the 300 people included in the trade union agreement of UBI Banca of 14 January 2020 – and the hiring of 2,500 young people, with a ratio of one hire for every two voluntary redundancies. In addition, the improvement of the efficiency of the central functions, together with that of the distribution network, will provide further synergies of approximately 200 million euro before tax per year. In order to achieve the aforementioned objectives, gross charges for integration of around 1.3 billion euro are envisaged (before tax and as a one-off payment), fully expensed during 2020;

(iii) Revenue synergies

The Offeror believes that revenue synergies may be achieved in full from 2023 (inclusive), which can be estimated in the amount of 156 million euro before tax per year, deriving from the increase in productivity per customer at the Offeror's levels, as well as the increase in profitability, including thanks to the efficiency gains deriving from the integration of the respective product factories of the Offeror and the Issuer in the high value-added business segments (such as wealth management, life and non-life bancassurance, where ISP is seeking to become the market leader on the non-motor retail market, leasing and factoring), by leveraging an integrated distribution and offer model. Moreover, further synergies may emerge from the optimisation of funding, product innovation and credit risk management.

In particular, the integration into Wealth Management and Protection Companies of the businesses deriving from the product factories (Pramerica SGR, Aviva Vita, Lombarda Vita, BancAssurance Popolari) will enable a further focus on the insurance/pension component in the "personal", "household" and "affluent" segments, as well as the extension of the use of new technologies (big data and advanced analytics) to determine a targeted commercial offering. Consequently, the integration of the Issuer into the Offeror will allow both to benefit from a revenue generation capacity on a European scale based on a resilient business model focused on wealth management & protection, with a footprint in Italy which enhances the country's savings. The combined Group will have over 1,100 billion euro in customer financial assets, thanks to the contribution of some 150 billion euro in financial assets from UBI Banca customers;

(iv) Up-selling and cross-selling in the products catalogue

The Offeror believes that the complementarity in the consumer credit and direct banking business sectors will make it possible to capitalise on opportunities for the up-selling and cross-selling of the products catalogue. In particular, the Offeror envisages (i) an increase in the production capacity of Prestitalia S.p.A. active, in particular, in salary-backed loans and the integration of the distribution network with the multi-channel offer of the ISP Group, which, in addition to 3,600 branches, also extends to the network of financial agents (*agents for you*), to on-line banking, to the apps and to telephone banking; as well as (ii) an increase in the affluent segment, by leveraging the development of IW Bank S.p.A. through the synergistic implementation of the commercial offer of Fideuram – Intesa Sanpaolo Private Banking S.p.A.;

(v) Reinforcement of leadership in Environmental Social Governance (ESG) and Impact Banking

The Offeror believes that the integration of the Issuer into the Offeror will enable a strengthening of the leadership in ESG and Impact Banking, with the aim of becoming a benchmark for individuals and companies in Italy thanks to bolstering proximity to the local

economy. The Issuer stands out for its similarities with the Offeror, especially as regards its business model and corporate values.

Within the context of the enhancement of its presence in the local areas and communities it serves, the ISP Group, resulting from the integration of the UBI Group into the ISP Group following the completion of the Offer, will strengthen its role as a driver of the growth of the real and social economy, with a particular focus on households and businesses, especially SMEs, including thanks to the Regional Governance Centres, 'control booths' for coordinating interventions, composed of representatives of the group resulting from the completion of the Offer and important figures in the local fabric. In this regard, ISP will promote the pledge lending currently performed by UBI Banca with positive effects for local areas and households, strengthening its operations and its local coverage where necessary. The strong local roots of ISP will be developed thanks to the over 1,000 branches of the UBI Group and the creation of four new regional governance centres, with considerable lending and management autonomy, located in Bergamo, Brescia, Cuneo and Bari, each equipped with a network of hundreds of branches. Considering its appreciation of the professionalism within the UBI Group, ISP is seeking to put the finest managerial skills of UBI Banca at the head of the new governance centres. ISP also intends to locate new "Banca d'Impatto" ("Impact Bank") units in Bergamo, Brescia and Cuneo, further bolstering its initiatives in terms of sustainability and inclusion and social and environmental responsibility. The new regional governance centres will report to the "Banca dei Territori" Division of ISP located in Turin. In addition, a centre of excellence for agriculture and livestock breeding will be created and supported in Pavia to act as a reference hub, located within "Banca dei Territori", for the coordination of all the interventions in the sector of the entity resulting from the integration of the UBI Group into the ISP Group.

In addition to the above, through the integration of the UBI Group into the ISP Group following completion of the Offer, ISP proposes to strengthen its role as a driver of sustainable and inclusive growth, committed to becoming a leader in sustainability and social and cultural responsibility, promoting the role of UBI Banca's Local Foundations in ISP's social and cultural initiatives. The strengthening of leadership in the area of Environmental Social Governance (ESG) and Impact Banking will also be pursued by means of initiatives aimed at enhancing the cultural and multidisciplinary training role of university centres, which can enter into greater and closer collaboration with other similar local entities, such as the secular and prestigious University of Pavia in coordination with the other universities associated with the combined Group. The goal of aiding the strengthening of social and cultural responsibility will be pursued by supporting the circular and green economy, with a further 30 billion euro in credit disbursed during the 2021-2023 three-year period, which will support the real economy in Italy, by reinforcing the proximity to the local economy; a 10 billion euro increase in new lending to the green economy (from 50 billion euro to 60 billion euro); a 1 billion euro increase in the Circular Economy Credit Plafond (from 5 billion euro to 6 billion euro); increase in the lending capacity of the Fund for Impact (from around 1.2 billion euro to 1.5 billion euro); and strengthening of the initiatives in the ISP business plan (namely the "2018-2021 Business Plan") for the reduction of child poverty and support to people in need, delivering over 4 million meals every year (around 1 million euro more), around 90,000 dormitory beds (around 20% more) and around 90,000 medicine prescriptions and items of clothing (around 20% more). ISP proposes doubling the interventions envisaged by UBI Banca in the field of sustainability and social support for the local area.

Lastly, ISP envisages the implementation, promotion and support of artistic and cultural initiatives, both on its own and in partnership with major institutions and local authorities and local heritage bodies. This is exemplified by ISP's initiatives in the management and promotion of the bank's art assets through the "Galleria d'Italia" initiative; the safeguarding and promotion

of cultural heritage through the “Restituzioni” project, a 30-year restoration programme for works of art for public use; and the support and collaboration with top-level bodies and institutions to facilitate the enjoyment of Italy’s artistic and cultural heritage by an increasingly broad public audience;

(vi) Ability to attract new talents

The Offeror believes that the integration of the Issuer into the Offeror will enable improvement of its ability to attract new talents by promoting greater career and professional growth opportunities. In this regard, the Offeror intends to support the growth of the core business through new recruitment, thus promoting generational turnover without social impact. In particular, the Offeror believes that the integration of the Issuer into the Offeror would enable the recruitment of 2,500 young people – over half of whom from Bergamo, Brescia, Pavia, Cuneo and southern Italy – to support the growth of the ISP Group resulting from the integration of the UBI Group following the completion of the Offer, by promoting generational turnover and supporting employment, with a ratio of one hire for every two voluntary redundancies, by keeping the people at UBI Banca in their local areas. The talent development programme already in place in the ISP Group will involve around 300 people from the UBI Group;

(vii) Best lending and risk management policies

The Offeror assigns great importance to risk management and control as an essential condition for ensuring reliable and sustainable value creation in a context of controlled risk. Over the years, the Offeror has undertaken adequate initiatives for the continuous improvement of its measurement systems and associated risk management systems, by swiftly adopting the requirements of regulatory and supervisory developments and guaranteeing essential with the best practices recognised at international level.

With specific reference to the credit risk, the Offeror has completed an ambitious plan to extend the internal models to all banks within the Italian perimeter, including those most recently acquired. At 31 December 2019, the share of exposures authorised for the IRB system totalled 88.4% of the loan portfolio. The pending authorisations represented 0.4% of the portfolio, while requests to be made for the remaining portfolios of the ISP Group’s Italian and international banks represented 3.8% of the portfolio. For the residual component, totalling 7.4%, the Supervisory Authorities were notified of the permanent use of the Standardised Approach.

The internal models are also effectively used by the Offeror for management purposes and have contributed significantly over the years to improving the risk profile of the loan portfolio in terms of expected loss and distribution of loans by risk class. In this regard, it should be noted that, with a view to guiding the growth of loans by optimising risk management, the Offeror has developed a specific framework (Credit Risk Appetite Framework) aimed at identifying areas of growth for loans and areas to be monitored, using an approach based on ratings and other useful predictive statistical indicators.

In consideration of the characteristics that the Offeror and Issuer have in common (especially business model, market positioning, geographical coverage, strong focus on supporting the Italian economy and on sustainable and inclusive growth), the Offeror believes that the combination will enable the Issuer to achieve a swift alignment with the best lending and risk management practices, with positive and appreciable impacts on the enhancement of resources, with no reductions envisaged in the credit granted to performing customers common to the ISP Group and the UBI Group who maintain their creditworthiness following the completion of the transaction, but with it being significant that the entity resulting from the

integration of the UBI Group into the ISP Group will increase its credit granting capacity;

(viii) *Liquidity of the stock and capacity to distribute value*

The Offeror believes that the integration of the UBI Group into the ISP Group offers the Issuer's shareholders the chance of holding liquid shares (i.e. the ISP Shares) with the capability to distribute value. The Offeror's pay-out ratio has been greater than that of the Issuer over the last few years;

(ix) *Capital adequacy*

The Offeror believes that the integration of the UBI Group into the ISP Group will enable the maintenance of a sound capital base also following the transaction. In particular, in line with the estimates in its business plan, entitled "2018-2021 Business Plan", the Offeror predicts that the "pro-forma fully loaded Common Equity Tier 1 ratio" will exceed 13% when finalised²⁷;

(x) *De-risking of the Issuer's assets*

The Offeror envisages accelerating the de-risking of the Issuer's assets, without any charges for the shareholders. In particular, the Offeror intends to implement management actions aimed at accelerating the de-risking of the Issuer's assets through the sale, during 2021, of around 4 billion euro of the non-performing loans of the Issuer at a price in line with their carrying amount, reducing the level of the gross non-performing loans of the ISP Group resulting from the integration of the UBI Group into the ISP Group upon successful completion of the Offer.

Taking into account the above, with a view to accelerating the achievement of the strategic and business targets of the integration between the ISP Group and the UBI Group, the Offeror's objective is to acquire the entire share capital of the Issuer and carry out the Merger, fostering the objectives of integration, creation of synergies and growth of the ISP Group. Please note that the Merger may be carried out in both cases where, upon completion of the Offer, Delisting of the shares is implemented or where such Delisting does not occur. For more information, see Paragraph G.2.4.1 below of this Section G of the Offer Document.

In the interests of completeness, please note that, as a result of the completion of the Offer and the consequent inclusion of the Issuer in the ISP Group, the Offeror, as the parent company of the ISP Group, would also exercise management and coordination²⁸ over the Issuer (in addition to the companies currently included in the banking group of which the Issuer is the parent company), using the powers, and in compliance with the obligations, established by the regulations applicable to banking groups (including, in particular, the provisions in Part I, Title I, Chapter 2, of Bank of Italy Circular 285 of 17 December 2013). In this regard, the Offeror – which would perform the role of reporting entity for the Supervisory Authority for the consolidated supervision – would issue the Issuer directives necessary to implement the general and specific instructions issued by the Supervisory

²⁷ Figure referring to the pro-forma fully-loaded Common Equity Tier I ratio of ISP after the integration of UBI Banca. This ratio was 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 1,285 million euro 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. This ratio would be above 12% if the aforementioned DTA absorptions are not included.

²⁸ Management and coordination within groups of companies is provided for and governed by articles 2497 *et seq.* of the Italian Civil Code. In banking groups, the exercise of management and coordination is a specific duty of the parent company, in accordance with article 61 of the Consolidated Law on Banking, with respect to the banks and companies controlled by it. In addition to the publicity requirements set forth in articles 2497 *et seq.* of the Italian Civil Code, Italian law requires the parent company, when issuing directives to companies belonging to the group, to exercise management and coordination 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.

Authority to promote the stability of the ISP Group.

G.2.2.2 Synergies resulting from the strategic and business targets of the Issuer within the ISP Group following the completion of the Offer

In relation to the strategic and business targets described in Paragraph G.2.2.1 above, with specific regard to the cost and revenue synergies expected from the completion of the integration of the UBI Group into the ISP Group, it is noted, first of all, that the revenue synergies are expected to be achieved in their entirety, given that they derive from the distribution and service model of the ISP Group itself, regardless of whether the Merger is carried out.

The cost synergies, on the other hand, are based on the centralised management of operating costs, which is also typical of the operating model of the Offeror. In detail, the synergies for personnel expenses depend on the number of acceptances of the early retirement plan and the amount of the charges for integration that will permit the voluntary exit of 5,000 persons from the entity resulting from the integration of the UBI Group into the ISP Group (while also considering the 2,000 redundancies already budgeted in the business plan approved by UBI Banca, which ISP intends to carry out only on a voluntary basis and at the same time as the hiring of 2,500 new employees), which are also independent of the Merger, given the possibility of taking advantage of the greater dimensions and intragroup mobility, as now occurs for the legal entities of the ISP Group. Instead, with regard to the administrative expenses, it is assumed that synergies will be realised from the integration of the information systems and greater size of the entity resulting from the integration of the UBI Group into the ISP Group with consequent impact on discretionary expenses and improved efficiency of its territorial operations.

In view of the above, the cost and revenue synergies expected from completion of the integration of the UBI Group into the ISP Group (following the Merger) have been estimated (i) for the year 2023, in the amount of 662 million euro before tax, and (ii) upon full implementation beginning in 2024 (inclusive), in the amount of about 700 million euro before tax per year. This latter amount represents the overall estimate of the annual contribution to pre-tax profits of the synergies (of both cost and revenues) when fully phased in.

If the Merger is not carried out, the Offeror estimates that it can realise annual synergies upon full implementation, from 2024 (inclusive), of 611 million euro (about 87% of the synergies envisaged upon full implementation in the event of Merger, totalling around 700 million euro), of which 156 million euro in revenues (equal to 100% of the synergies that may be assumed in the case of Merger) and 455 million euro in costs (about 84% of the synergies that may be assumed in the case of Merger, equal to 545 million euro). Please note that for the year 2023 the cost and revenue synergies in the event the Merger is not carried out would correspond to 573 million euro of additional pre-tax profit, compared to 662 million euro that could be achieved in the event of the Merger. The loss of about 90 million euro in synergies has been prudently estimated for the higher costs of maintaining UBI Banca as a separate autonomous legal entity.

Although in ISP's opinion the lesser cost synergies expected in the absence of the Merger are not such as to jeopardise the achievement of the ISP Group's strategic net income target of the entity resulting from the integration of the UBI Group into the ISP Group of no less than 5 billion euro in 2022, it should be noted that regardless of the interest reached by the Offeror in UBI Banca upon completion of the Offer any delays or obstacles in relation to the occurrence of the conditions precedent of the BPER Agreement including the appointment of a new Board of Directors of UBI Banca and/or UBI Banca's accession to the BPER Agreement would entail an extension of the timescales envisaged for the integration of UBI Banca's information systems and operating model with the ISP Group, with a potential delay in realisation of the related cost savings as expected and by the expected times, and with an impact on the net income of the entity resulting from the integration of the

UBI Group into the ISP Group (based on 2023 as a reference), which could be less than forecast.

Please also note that the Offeror believes that a considerable part of the value creation will be achievable even if the Offeror waives the Percentage Threshold Condition and agrees to acquire a percentage below this threshold, subject to the Minimum Threshold Condition, and thus finds itself holding a total interest in the Issuer's share capital of at least 50% plus 1 (one) UBI Share. In that scenario, ISP intends to proceed with the initiatives planned to support value creation (i.e. integration of the IT systems, sale of branches, de-risking and integration of the activities of the two banking groups). Please note that, in this scenario, the Merger might still be realised on condition that the deliberative quorum of 2/3 of the voting shares represented at the shareholders' meeting be fulfilled; nevertheless, even if no Merger takes place, UBI Banca would join the ISP Group and ISP believes that it would still be able to proceed with its planned activities, including sales of the Banking Business Unit and the Insurance Business Units in accordance with the BPER Agreement and the Unipol Agreement (for further details, see Paragraph G.2.2.2 below), and integration of the information systems, without any particular impact on the strategic and business targets of the Offer described above.

For more information concerning the drawing up of the aforementioned strategic/quantitative targets of the integration of the UBI Group into the ISP Group resulting from the completion of the Offer (including in the event of waiver of the Percentage Threshold Condition, subject to the Minimum Threshold Condition) and the main assumptions, see Part B, Section 7, Paragraph 7.4 of the Registration Document.

G.2.2.3 BPER Agreement and Unipol Agreement

As communicated to the market on 17 February 2020, the Offeror signed the BPER Agreement and Unipol Agreement on the same date (see the BPER press release and the joint press release of Unipol Gruppo Finanziario S.p.A. with Unipol), in order to prevent any critical antitrust issues deriving from the integration of the UBI Group into the ISP Group and, with reference to the Unipol Agreement, to accelerate and thereby increase the efficiency of the integration of the UBI Group into the ISP Group and, therefore, the achievement of the strategic and business targets of the Offer; the above-mentioned agreements make provision for the following.

I. BPER Agreement

The BPER Agreement was signed on 17 February 2020 and was subsequently supplemented on 19 March 2020 and 15 June 2020, respectively.

In particular, the BPER Agreement provides for BPER's commitment to purchase the Banking Business Unit composed of 532 bank branches of the ISP Group as integrated upon completion of the Offer (i.e. that will consist of branches of the ISP Group after its integration with UBI Banca and not just of branches of the former UBI Banca) and related staff and customer relationships. In particular, in order to optimise the local coverage, the supplementary agreement to the BPER agreement signed on 15 June 2020 added selected ISP branches (31) to the Banking Business Unit for a total of 1.5 billion euro of gross loans and 2.2 billion euro of direct deposits.

The main purpose of the BPER Agreement is to prevent the occurrence of situations of potential relevance for antitrust purposes deriving from the integration of the UBI Group into the ISP Group.

It is noted that, under the BPER Agreement, the finalisation of the transfer of the Banking Business Unit is subject to: (a) the completion of the Offer (and, thus, fulfilment of the Conditions Precedent of the Offer or to the waiver of all or part of these by the Offeror, including, where applicable, the waiver of the Percentage Threshold Condition, without prejudice to the Minimum Threshold Condition); (b) the appointment of a new Board of Directors of UBI Banca, the majority of which will be persons drawn from the list that will be presented by ISP; (c) the participation of UBI Banca in the BPER Agreement in

compliance with the applicable regulations; (d) the completion of the BPER share capital increase announced on 17 February 2020 to support the acquisition of the Banking Business Unit, of a maximum amount of 1 billion euro; (e) obtaining the necessary authorisations from the competent antitrust and supervisory authorities, as well as (f) the carrying out of the trade union procedure pursuant to article 47 of Italian Law 428/1990 as subsequently amended. The condition precedent at letter b) is established in the interests of both BPER and ISP, but may be waived at the sole discretion of ISP. The condition precedent at letter d) may be waived exclusively by BPER. The conditions precedent at letter e) are established in the interests of BPER or ISP (and may therefore be waived by BPER or ISP, as the case may be). The conditions precedent at letters c) and f) (the latter corresponding to a legal obligation) cannot be waived and are set both in the interest of ISP and of BPER.

The supplementary agreement of 15 June 2020 is subject to the condition that (i) ISP obtains authorisation from the antitrust authority for the acquisition of exclusive control of UBI with the sale to BPER of the Banking Business Unit composed of the branches and the related amounts as detailed and redefined in the supplementary agreement and other commitments or remedies proposed by ISP (i.e. the ISP Commitments); and (ii) BPER obtains authorisation from the antitrust authority for the purchase of the Banking Business Unit composed of the branches and the relative amounts as detailed and redefined in the supplementary agreement and any commitments or remedies proposed by BPER. It is understood, as already provided for in the BPER Agreement, that the condition of ISP obtaining the necessary authorisation from the antitrust authorities for the acquisition of exclusive control of UBI has been included in the interest of ISP which may therefore waive (or not waive) the condition at its sole discretion and that the condition of BPER obtaining the necessary authorisation from the antitrust authorities for the purchase of the Banking Business Unit has been included in the interest of BPER which may therefore waive (or not waive) the condition at its sole discretion.

As at the Date of the Offer Document the conditions precedent provided for in the BPER Agreement are still pending, except, with reference to the condition above in point e), for obtaining the authorisations from the Commission for Protection of Competition of the Republic of Serbia and the Competition Authority of Albania (for more information, see Section C, Paragraph C.2, of the Offer Document). It should be noted that, in any case, the effectiveness of the Offer is not conditioned on completion of the transfer to BPER of the Banking Business Unit in performance of the BPER Agreement.

With regard to the above and with reference to the expected synergies as described in Paragraph G.2.2 above, please also note the impact on the process of integration of the UBI Group deriving from execution of the BPER Agreement and the Unipol Agreement. Given that the Offeror considers that the sale of the above-mentioned business units will take place at fair terms and conditions, in compliance with the applicable law and in accordance with the principles of sound and prudent management (consistently with the provisions of the authorisation granted), it should be noted that – regardless of the equity stake acquired by the Offeror in UBI Banca at the conclusion of the Offer (in any case greater than 50% + 1 of the share capital) – as a result of potential delays or obstacles in relation to the occurrence of the conditions precedent of the BPER Agreement including the appointment of a new Board of Directors of UBI Banca and/or UBI Banca's accession to the BPER Agreement (for reasons unknown at present, with ISP as the controlling shareholder intending, in compliance with the law, to exercise the rights arising from law and from the articles of association), the disposal of those business units to be transferred under the above-mentioned agreements may take place according to different timescales or terms/conditions from those envisaged by the Offeror; as a consequence, there may be a lengthening of the timescales envisaged for the integration of UBI Banca's information systems and operating model into the ISP Group, with a potential delay in the achievement of the related expected cost savings within the timescales envisaged and with an impact on the net income of the Offeror post-Merger (taking the financial year 2023 as the reference) which

may be lower than the forecasts. Please note that the BPER Agreement envisages the possibility of selling ISP Group branches, and not just former UBI Banca branches.

For more information regarding the Banking Business Unit, see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document. In addition, for more information regarding the BPER Agreement, see Section H, Paragraph H.1.1.1, of the Offer Document, as well as Part B, Section 14, Paragraph 14.1.1 of the Registration Document.

II. Unipol Agreement

The Unipol Agreement was signed on 17 February 2020.

Under the Unipol Agreement, Unipol committed to acquire, directly or through subsidiaries – for the cash consideration indicated below – the Insurance Business Units composed of the life insurance policies entered into by the customers of the Banking Business Unit and the related assets, liabilities and legal relationships.

The aim of the Unipol Agreement is to accelerate the integration of UBI Banca into the ISP Group and, therefore, the achievement of the business objectives through the transfer of the policies and insurance contracts taken out by customers of the Banking Business Unit to be transferred to BPER.

In particular, pursuant to the Unipol Agreement, the Insurance Business Units shall be accurately defined and, thus, transferred to Unipol as soon as it is possible to access the data and information of said insurance companies and the Banking Business Unit, as well as subject to the occurrence of the following conditions: (a) the completion of the Offer (and, thus, in particular, upon fulfilment of the Conditions Precedent of the Offer or to their waiver by ISP) and the resulting acquisition of control of UBI Banca by the Offeror; (b) the completion of the sale to BPER of the Banking Business Unit pursuant to the BPER Agreement; (c) the reacquisition of control of Lombarda Vita S.p.A. and/or Aviva Vita S.p.A. by UBI Banca; (d) the carrying out of the trade union procedure pursuant to article 47 of Italian Law 428/1990 as subsequently amended; as well as (e) obtaining the necessary authorisations from the competent supervisory and antitrust authorities. Please note that the condition precedent related to Unipol obtaining antitrust authorisation (i) prescribes that the antitrust authority receive notice that the review prescribed by Law 287/1990 has not been launched or, if that review has begun, that it be completed with a declaration of authorisation without conditions and/or commitments to acquire each Insurance Business Unit and (ii) is imposed in the exclusive interest of Unipol (which may therefore waive it).

As at the Date of the Offer Document, none of the conditions precedent provided for in the Unipol Agreement had been met or waived (where possible). It should be noted that, in any case, the effectiveness of the Offer is not subject to completion of the transfer to Unipol of the Insurance Business Units in performance of the Unipol Agreement.

The time frames for the accurate definition of the Insurance Business Units cannot currently be predicted since (i) they depend on access to information concerning UBI Banca which are not available to the Offeror and (ii) as pointed out, the Unipol Agreement may only be performed following the fulfilment of certain conditions which are not under the control of the Offeror, including the performance of the BPER Agreement and the re-acquisition of control of Lombarda Vita S.p.A. and/or Aviva Vita S.p.A. by UBI Banca.

For information about the Insurance Business Units, see Part B, Section 5, Paragraph 5.1.6.1, of the Registration Document. In addition, for more information regarding the Unipol Agreement, see Section H, Paragraph H.1.1.2, of the Offer Document, as well as Part B, Section 14, Paragraph 14.1.2 of the Registration Document.

G.2.2.4 Situation resulting from the COVID-19 pandemic

G.2.2.4.a The reference scenario

With specific reference to the context resulting from the COVID-19 pandemic and considering the market on which the Offeror and Issuer operate, this paragraph contains a comparative analysis of the main indicators that may be inferred from the interim reports on operations at 31 March 2020 published by the main listed Italian banks (i.e. Banca Popolare di Sondrio, Banco BPM, BPER, Credito Emiliano, Credito Valtellinese, ISP, Mediobanca, Monte dei Paschi di Siena, UBI Banca and Unicredit).

The considerations set forth analyse the typical banking sector indicators enabling a comparison between the various banks based on: (i) sustainability of activities business (growth in revenue), (ii) operating efficiency (cost/income ratio, calculated as the ratio between operating costs and operating income), (iii) asset quality (net NPE ratio, calculated as the ratio of net non-performing loans to net total loans to customers and NPE coverage, calculated as the ratio of adjustments to gross non-performing exposure) and (iv) capital soundness (Common Equity Tier 1 ratio or CET1 ratio).

The figures presented below are not complete and only represent a selection of some of the most significant and characteristic figures from a bank's operating and financial performance. The Offeror has not been able to carry out any checks on these figures, on the methods and criteria used for their preparation and on any forecast figures mentioned in this paragraph. Moreover, due to the possible lack of homogeneity of the figures across the different banks in the sample, the related indicators may also not be comparable. For more details, please refer to the documents published by each of the banks, as indicated in the notes, from which the following figures have been taken.

An analysis of the financial results at 31 March 2020 of the aforementioned banks shows an average reduction in operating income of around -2.3% compared with the same quarter of the previous year. In this context, the ISP Group is ranked second with a positive change of 11.7%, while the UBI Group has a negative change of -0.8%.

Percentage variation of operating income: Δ% Q1 2020 vs. Q1 2019		
Ranking	Bank	% Var.
1	BPER	20.4% ^(*)
2	ISP	11.7%
3	Banco BPM	8.8%
4	Credito Emiliano	3.8%
5	Mediobanca	1.2%
6	UBI Banca	(0.8%)
	Average²⁹	(2.3%)
7	UniCredit	(8.2%)
8	Creval	(8.9%)
9	Monte dei Paschi di Siena	(9.3%)
10	Banca Popolare di Sondrio	(41.5%) ^(**)

Source: Interim reports at 31 March 2020 of each bank as available on the respective websites, presentation to the financial community of the quarterly results at 31 March 2020 of each bank as available on the respective websites and the press releases³⁰ of each bank as available on the respective websites.

²⁹ Simple arithmetic average.

³⁰ Source: Consolidated Interim Report on Operations at 31 March 2020 of BPER, available on the bank's website (istituzionale.bper.it); Interim Statement as at 31 March 2020 of ISP, available on the bank's website (group.intesasanpaolo.com); Presentation of Banco BPM's Q1 2020 Results, available on the bank's website (gruppo.bancobpm.it); Additional Periodic Disclosure at 31 March 2020 of Credito Emiliano, available on the bank's website (www.credem.it); 3Q20 Results at 31 March 2020 of Mediobanca, available on the bank's website (www.mediobanca.com);

(*) This figure has also increased due to the business combinations carried out by BPER in the second half of 2019.

(**) This figure was heavily influenced by the negative performance of securities trading during the period as detailed in the Consolidated Interim Report on Operations at 31 March 2020 of Banca Popolare di Sondrio.

In terms of operating efficiency, measured using the Cost/Income ratio, the ISP Group achieved the best performance within the sample, with a ratio of 44.4%. The UBI Group, on the other hand, with a ratio of 65.0% was in line with the sector average of 64.5%.

Operating efficiency indicator: Cost/Income Ratio		
Ranking	Bank	%
1	ISP	44.4%
2	Mediobanca	46.7%
3	Banco BPM	54.7%
4	UniCredit	56.9%
5	Credito Emiliano	61.7% ³¹
	Average³²	64.5%³³
6	UBI Banca	65.0% ³⁴
7	BPER	68.9%
8	Credito Valtellinese	71.1%
9	Monte dei Paschi di Siena	75.2%
10	Banca Popolare di Sondrio	100.8% ³⁵

Source: Interim reports at 31 March 2020 of each bank as available on the respective websites, presentation to the financial community of the quarterly results at 31 March 2020 of each bank as available on the respective websites and the press releases³⁶ of each bank as available on the respective websites.

Interim Financial Report at 31 March 2020 of UBI Banca, available on the bank's website (www.ubibanca.it); Consolidated Interim Report at 31 March 2020 and Press Release of 6 May 2020 of Unicredit, available on the bank's website (www.unicreditgroup.eu); 1Q20 Financial Results at 31 March 2020 of Credito Valtellinese, available on the bank's website (www.gruppocreval.com); Consolidated Interim Report as at 31 March 2020 of Monte dei Paschi di Siena, available on the bank's website (www.gruppompis.it) and Consolidated Interim Report on Operations at 31 March 2020 of Banca Popolare di Sondrio, available on the bank's website (www.popso.it).

³¹ Source: figure reported in Credem's Additional Periodic Disclosure at 31 March 2020. The amount reported does not include amortisation and depreciation within the operating costs. If amortisation and depreciation are included in the operating costs, the cost/income ratio would be 68.8%.

³² Simple arithmetic average.

³³ If the cost/income ratio indicators of Credem, UBI Banca and Banca Popolare di Sondrio as reported in notes 31, 34 and 35 are taken as reference, the average cost/income ratio of the selected sample would be approximately 63.6%.

³⁴ Figure reported in the UBI Banca Interim Financial Report as at 31 March 2020, page 8. In the press release "UBI Group results as at 31.03.2020" of 8 May 2020 (page 5), the Issuer states that: "It is underlined that, unlike other major Italian banks, UBI Banca includes systemic contributions to the Resolution Fund and to the Deposit Guarantee Scheme within operating expenses and, more specifically, within other administrative expenses. If these contributions are included, operating expenses totalled €593.6 million in 1Q 2020, compared with €576.7 million in 4Q 2019 and €602.9 million in 1Q 2019. If these contributions are excluded (approximately €42 million in both 1Q 2020 and 1Q 2019 and €4.4 million in 4Q 2019), and therefore on a comparable basis with other major Italian banks, then operating expenses amounted to €551.6 million, down constantly (-3.6%) compared with €572.2 million in 4Q 2019 and (-1.7%) compared with €561 million in 1Q 2019." Therefore, if those systemic contributions are excluded, operating expenses would decrease from 593.6 million euro to 551.6 million euro, and UBI Banca's cost/income ratio would be approximately 60.4%.

³⁵ Figure reported in the Consolidated Interim Report on Operations of 31 March 2020 of Banca Popolare di Sondrio. The operating costs used in the calculation of the cost/income ratio also include the contributions to be made to the National Resolution Fund and the National Interbank Deposit Guarantee Fund totalling 16 million euro. If these contributions are excluded from the operating costs, the cost/income ratio of Banca Popolare di Sondrio would be approximately 88.7%.

³⁶ Source: Interim Statement as at 31 March 2020 of ISP, available on the bank's website (group.intesasanpaolo.com); 3Q20 Results at 31 March 2020 of Mediobanca, available on the bank's website (www.mediobanca.com); Presentation of Banco BPM's Q1 2020 Results of Banco BPM, available on the bank's website (gruppo.bancobpm.it); Consolidated Interim Report at 31 March 2020 and Press Release of 6 May 2020 of Unicredit, available on the bank's website (www.unicreditgroup.eu); Interim Financial Report at 31 March 2020 of UBI Banca, available on the bank's website (www.ubibanca.it); Additional Periodic Disclosure at 31 March 2020 of Credito Emiliano, available on the bank's website (www.credem.it); Consolidated Interim Report on Operations at 31 March 2020 of BPER, available on the bank's website (istituzionale.bper.it); 1Q20 Financial Results at 31 March 2020 of Credito Valtellinese, available on the bank's website (www.gruppocreval.com), the related cost/income ratio was calculated as the ratio between operating costs and operating income; Consolidated Interim Report at 31 March 2020 of Monte

In terms of credit quality, during the first quarter of 2020, the main listed Italian banks subject to analysis are in a position substantially in line with that at the end of the previous financial year with respect to the main indicators (net NPE ratio and NPE coverage). However, there is a risk that the slowdown in economic activity deriving from the COVID-19 pandemic may lead to a deterioration in credit quality on a systemic level.

More specifically, the ISP Group has a relatively low amount of net non-performing exposures (measured using the net NPE ratio) of around 3.5% (with NPE coverage of 53.6%), compared with the average figure of the main listed Italian banks subject to analysis of 4.1% (NPE coverage of 52.2%). UBI Banca has a net NPE ratio (4.7%) above the average and NPE coverage (39.6%) below the average of the sample subject to analysis.

It should be noted that, as regards UBI Banca, the figures shown do not take into account of the announced assignment of around 800 million exposures to SMEs classed as non-performing, as shown in the UBI Banca press release of 8 May 2020, which states that “[i]f that operation were included, expected to be completed in 3Q 2020, pro forma gross non-performing exposures would amount to 6.7% of total gross loans.³⁷”

Impact of net non-performing exposures		
Ranking	Bank	%
1	UniCredit	1.8%
2	Mediobanca ³⁸	1.8%
3	Credito Emiliano	1.9%
4	ISP	3.5%
	Average³⁹	4.1%
5	Credito Valtellinese	4.6%
6	UBI Banca	4.7%
7	Banco BPM	5.0%
8	Banca Popolare di Sondrio	5.4%
9	BPER	5.7%
10	Monte dei Paschi di Siena	7.1%

Source: Interim reports at 31 March 2020 of each bank as available on the respective websites, presentations to the financial community of the quarterly results at 31 March 2020 of each bank as available on the respective websites and the press releases⁴⁰ of each bank as available on the respective websites.

Note: low values of net impact of NPL indicate a better credit quality.

dei Paschi di Siena, available on the bank's website (www.gruppompis.it) and Consolidated Interim Report on Operations at 31 March 2020 of Banca Popolare di Sondrio, available on the bank's website (www.popso.it).

³⁷ The ratio of 6.7% indicated refers to the pro-forma gross NPE ratio which takes into account the reduction in non-performing loans deriving from the assignment of 800 million exposures to SMEs classed as non-performing (the gross NPE ratio of UBI at 31.03.2020 was 7.5%); for reasons of completeness, it should be noted that there is no information on the pro-forma figure of the net NPE ratio of UBI Banca which takes account of the aforementioned assignment of bad loans.

³⁸ Excluding the non-performing loans of the subsidiary MBCredit Solutions S.p.A. engaged in the management of non-performing loans.

³⁹ Simple arithmetic average.

⁴⁰ Source: Consolidated Interim Report at 31 March 2020 and Press Release of 6 May 2020 of Unicredit, available on the bank's website (www.unicreditgroup.eu); 3Q20 Results at 31 March 2020 of Mediobanca, available on the bank's website (www.mediobanca.com); Additional Periodic Disclosure at 31 March 2020 of Credito Emiliano, available on the bank's website (www.credem.it), calculated as the ratio of net non-performing loans (see p. 29) to loans with customers (see p. 28); Interim Statement at 31 March 2020 of ISP, available on the bank's website (group.intesasanpaolo.com); 1Q20 Financial Results at 31 March 2020 of Credito Valtellinese, available on the bank's website (www.gruppocreval.com); Interim Financial Report at 31 March 2020 of UBI Banca, available on the bank's website (www.ubibanca.it); Presentation of Banco BPM's Q1 2020 Results at 31 March 2020, available on the bank's website (gruppo.bancobpm.it); Consolidated Interim Report on Operations at 31 March 2020 of Banca Popolare di Sondrio, available on the bank's website (www.popso.it); Consolidated Interim Report on Operations at 31 March 2020 of BPER, available on the bank's website (istituzionale.bper.it) and Consolidated Interim Report at 31 March 2020 of Monte dei Paschi di Siena, available on the bank's website (www.gruppompis.it).

NPE coverage ratio		
Ranking	Bank	%
1	UniCredit	65.2%
2	Banca Popolare di Sondrio	59.7%
3	Mediobanca	55.1%
4	ISP	53.6%
5	Credito Emiliano	52.5%
	Average⁴¹	52.2%
6	BPER	51.9%
7	Monte dei Paschi di Siena	49.6%
8	Credito Valtellinese	49.4%
9	Banco BPM	45.0%
10	UBI Banca	39.6%

Source: Interim reports at 31 March 2020 of each bank as available on the respective websites, presentation to the financial community of the quarterly results at 31 March 2020 of each bank as available on the respective websites and the press releases⁴² of each bank as available on the respective websites.

Note: high values of the NPL coverage index indicate a better credit quality.

It should be noted that, during the first quarter of 2020, ISP accrued approximately 300 million euro on a forward-looking basis in the provision for risks and charges. Together with the Nexi Transaction capital gain expected to be realised during the year (net gain of 900 million euro, which would make it possible to absorb about 1.2 billion euro in provisions before tax), this constitutes a buffer of about 1.5 billion euro to cover itself against the possible impacts deriving from the spread of the COVID-19 pandemic; as regards UBI Banca, in March 2020 it allocated around 50 million euro⁴³ in higher loans loss provisions, mainly analytical for unlikely-to-pay exposures, in the sectors most affected by the COVID-19 emergency.

With reference to capital soundness, the main listed Italian banks benefited firstly from the suspension of the payment of 2020 dividends on profits from 2019 in compliance with ECB Recommendation 2020/19. In this regard, ISP Group, with a fully loaded Common Equity Tier 1 at 1Q20 of 13.5%, has a level of capital strength greater than the average of the sample, while the level of capitalisation of UBI Banca is 12.9%, below the average of the sample.

Capital strength indicator: "Fully Loaded" Common Equity Tier 1 ratio		
Ranking	Bank	%
1	Credito Valtellinese	15.7%
2	Banca Popolare di Sondrio	15.3%
3	ISP	13.5%
4	Unicredit	13.4%

⁴¹ Simple arithmetic average.

⁴² Source: Consolidated Interim Report at 31 March 2020 and Press Release of 6 May 2020 of Unicredit, available on the bank's website (www.unicreditgroup.eu); Consolidated Interim Report on Operations at 31 March 2020 of Banca Popolare di Sondrio, available on the bank's website (www.popso.it); 3Q20 Results at 31 March 2020 of Mediobanca, available on the bank's website (www.mediobanca.com); Interim Statement at 31 March 2020 of ISP, available on the bank's website (group.intesasanpaolo.com); Additional Periodic Disclosure at 31 March 2020 of Credito Emiliano, available on the bank's website (www.credem.it); Consolidated Interim Report on Operations at 31 March 2020 of BPER, available on the bank's website (istituzionale.bper.it); Consolidated Interim Report at 31 March 2020 of Monte dei Paschi di Siena, available on the bank's website (www.gruppompis.it); 1Q20 Financial Results at 31 March 2020 of Credito Valtellinese, available on the bank's website (www.gruppocreval.com); Presentation of Banco BPM's Q1 2020 Results, available on the bank's website (gruppo.bancobpm.it) and Interim Financial Report at 31 March 2020 of UBI Banca, available on the bank's website (www.ubibanca.it).

⁴³ Source: press release of 8 May 2020 of UBI Banca on the results at 31 March 2020 of the UBI Group.

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	average⁴⁴	13.4%
5	Credito Emiliano	13.3%
6	Banco BPM	12.9%
7	UBI Banca	12.9%
8	Mediobanca	12.7%
9	BPER	12.1%
10	Monte dei Paschi di Siena	11.9%

Source: Interim reports at 31 March 2020 of each bank as available on the respective websites, presentations to the financial community of the quarterly results at 31 March 2020 of each bank as available on the respective websites and the press releases⁴⁵ of each bank as available on the respective websites.

Following the announcement of the quarterly results, most of the Italian banks issued both guidance on the macroeconomic hypotheses (in particular the GDP growth expected for 2020 and 2021) underpinning the evolution in profitability and credit quality, and guidance on the adjustments expected over the coming years deriving from the COVID-19 pandemic. In this scenario, ISP announced a revision of its estimates of net income for 2020 and 2021 that could be no lower than around 3 billion euro in 2020 and no lower than around 3.5 billion euro in 2021, assuming a potential cost of risk of up to 90bps in 2020 and 70bps in 2021, and confirmed its dividends policy in terms of pay-out ratio of the “2018-2021 Business Plan” (for more information, see Section A, Paragraph A.8, Section B, Paragraph B.2.7 and Section G, Paragraph G.2.2.3.b, of the Offer Document). UBI Banca has not given any indications concerning the expected macroeconomic forecasts and the impacts on results for 2020 and 2021, while indicating a cost of risk predicted to be under 100bps in 2020.

Cost of Risk expected for 2020		
Ranking	Bank	Bps
1	Banco BPM	80-90
2	ISP	<90
3	Credito Valtellinese	<90-100
4	UBI Banca	<100
5	BPER	100
6	Unicredit	100-120
7	Mediobanca	n.a.
8	Banca Popolare di Sondrio	n.a.
9	Credito Emiliano	n.a.
10	Monte dei Paschi di Siena	n.a.

Source: Interim reports at 31 March 2020 of each bank as available on the respective websites, presentations to the financial community of the quarterly results at 31 March 2020 of each bank as available on the respective websites, transcript of presentations to the financial community of the quarterly results as at 31 March 2020 of each bank and the press releases of

⁴⁴ Simple arithmetic average.

⁴⁵ Source: 1Q20 Financial Results at 31 March 2020 of Credito Valtellinese, available on the bank's website (www.gruppocreval.com); Consolidated Interim Report on Operations of 31 March 2020 of Banca Popolare di Sondrio, available on the bank's website (www.popso.it); 3Q20 Results at 31 March 2020 of Mediobanca, available on the bank's website (www.mediobanca.com); Interim Statement at 31 March 2020 of ISP, available on the bank's website (group.intesasanpaolo.com); Consolidated Interim Report at 31 March 2020 and Press Release of 6 May 2020 of Unicredit, available on the bank's website (www.unicreditgroup.eu); Additional Periodic Disclosure at 31 March 2020 of Credito Emiliano, available on the bank's website (www.credem.it); Presentation of Banco BPM's Q1 2020 Results, available on the bank's website (gruppo.bancobpm.it); Interim Financial Report at 31 March 2020 of UBI Banca, available on the bank's website (www.ubibanca.it); Consolidated Interim Report on Operations at 31 March 2020 of BPER, available on the bank's website (istituzionale.bper.it) and Consolidated Interim Report on Operations at 31 March 2020 of Monte dei Paschi di Siena, available on the bank's website (www.gruppomps.it).

each bank⁴⁶ as available on their respective websites.

Lastly, it should be noted that, after the publication of the results for the first quarter of 2020, in line with the downgrading of Italy's rating to BBB- due to the negative effects of the COVID-19 pandemic on the public accounts and the country's economic prospects, the rating agency, Fitch, lowered the rating of the main Italian banks including ISP, Unicredit and Mediobanca (from BBB to BBB- with a stable outlook) and that of UBI Banca (from BBB- ("investment grade") to BB+ ("speculative"), with Rating Watch Positive (RWP) on the assumption that the Offer launched by ISP would be successful). For more information, see Section B, Paragraph B.2.7, of the Offer Document.

G.2.2.4.b The impacts that may be known on the Date of the Offer Document concerning the Offer and the future programmes of the Offeror

With specific regard to the situation resulting from the COVID-19 pandemic and with regard to the Offer and future programmes developed by the Offeror in relation to the Issuer, the Offeror considers, taking into account the business and financial objectives described in Paragraphs G.2.1 and G.2.2 above, that the strategic rationale underlying the Offer takes on even stronger significance, specifically when considering the synergies, above all in terms of costs, increased NPL coverage and reduction of unlikely-to-pay loans and bad loans – all key elements in respect of which the announcement made to the market on 17 February 2020 in the Offeror's Announcement is confirmed. This market context shows that the smaller banks have reduced opportunities of using the lever of efficiency and reducing their risk profile to face an unfavourable economic context and combat the impacts on the social fabric.

In addition, with regard to the expected benefits of the integration of the UBI Group into the ISP Group for stakeholders resulting from the transaction, the Offeror declared in a press release published on 5 May 2020 that the entity resulting from the integration of the UBI Group into the ISP Group could realise net income of no lower than 5 billion euro in 2022.

With reference to the dividends policy of the entity resulting from the integration of the UBI Group into the ISP Group, it should be noted that, in a press release published on 17 February 2020 for the announcement of the Offer, the Offeror had declared that – if the Offer is completed – it intended to propose to shareholders the distribution of a cash dividend per ISP share of 0.20 euro for the financial year ending 31 December 2020 and over 0.20 euro for the financial year ending 31 December 2021.

Subsequently, in a press release published on 5 May 2020 following the approval from the Board of Directors of ISP on the same date of the consolidated interim statement of the ISP Group at 31 March 2020, the Offeror stated that *"[t]he dividend policy for the combined Group is consequently updated and envisages the distribution of cash dividends corresponding to a payout ratio of 75% of the net income for 2020 (excluding the contribution of the negative goodwill⁴⁷ not allocated to cover integration charges and reduce risk profile from net income) and 70% for 2021. This, too, is subject to ECB indications in respect of dividend distribution after 1 October 2020"*. The Offeror also confirmed the rise in earnings per share of around 6% compared with the 2019 earnings per share of ISP⁴⁸.

⁴⁶ Source: Audio recording of the Q&A for the Presentation of Banco BPM's Q1 2020 Results; Interim Statement at 31 March 2020 of ISP, available on the bank's website (group.intesasanpaolo.com); audio recording of the Q&A for the Presentation of the 1Q20 Results at 31 March 2020 of Credito Valtellinese; audio recording of the Q&A for the Presentation of the 1Q20 Results at 31 March 2020 of UBI Banca; audio recording of the Q&A for the Presentation of the 1Q20 Results at 31 March 2020 of BPER; Consolidated Interim Report at 31 March 2020 and Press Release of 6 May 2020 of Unicredit, available on the bank's website (www.unicreditgroup.eu).

⁴⁷ The final value of the negative goodwill will be known only after the completion of the Purchase Price Allocation (PPA) required by IFRS 3 which governs, among other things, the accounting treatment of business combinations, such as the acquisition of the UBI Group by the Offeror in the event of successful completion of the Offer.

⁴⁸ Increase in net earnings per share calculated considering the net income for 2019 of ISP, the net profit for 2019 of UBI Banca and the amount of revenue and cost synergies, net of the carve out under the BPER Agreement involving the Banking Business Unit.

In the same press release published on 5 May 2020, the Offeror confirmed that, for the entity resulting from the integration of the UBI Group into the ISP Group, the pro-forma fully loaded Common Equity Tier 1 ratio for the future combined Group is expected to be above 13%⁴⁹ in 2021, as disclosed on 17 February 2020.

With regard to the above, please note that, in any event, even considering the uncertainties surrounding, in particular, the public health and economic impacts and developments resulting from the COVID-19 pandemic, there is the risk that the events and/or the related effects at the basis of the strategic objectives of the merger of the UBI Group into the ISP Group (including dividend distribution objectives) do not occur to the extent and at the times illustrated. Moreover, it cannot be excluded that events may occur in the near future that would result in the extension of ECB Recommendation 2020/19 concerning the dividend policy and that would (wholly or partially) prevent or postpone the distribution of dividends and/or reserves and, therefore, achievement of the dividend and/or reserve distribution objectives. Lastly, the distribution of dividends and/or reserves might, in the future, be prevented or limited by the need to comply with the capital requirements established by the legal and/or regulatory rules applicable to the ISP Group or by other or different requirements imposed by the supervisory authority.

Lastly, it is noted that in the press release of 5 June 2020, following the authorisation received on the same date from the European Central Bank for the direct acquisition of a controlling interest in UBI Banca and the indirect acquisition of a controlling interest in IW Bank S.p.A. (for more details, see Section A, Paragraph A.10, and Section C, Paragraph C.2, of the Offer Document), the Offeror also announced the following: *“following the authorisation received from the European Central Bank, Intesa Sanpaolo believes, although it does not currently have information on possible adverse effects of the COVID-19 pandemic on UBI Banca, that reasonably the pandemic should not bear such effects as to negatively affect the activity of UBI Banca and/or the financial, capital, economic and income situation of UBI Banca and/or the companies of the UBI Group (in addition to not bearing similar effects for both the Offer and Intesa Sanpaolo); consequently, Intesa Sanpaolo will not include the COVID-19 pandemic and its effects as indicated at point (v) of paragraph 1.5 of the announcement published by the Bank on 17 February 2020 pursuant to article 102, paragraph 1, Consolidated Law on Finance, and article 37 of the Issuers' Regulation among the conditions for enforceability of the Offer.”*

For more information, see Part B, Section 6, Paragraph 6.3 of the Registration Document.

For further information concerning the comparison between the strategic targets of the Offer and the resulting integration of the UBI Group into the ISP Group communicated to the market on 17 February 2020 and those revised on 5 May 2020, together with certain estimates of some of the main economic aggregates and indicators which take into account the effects of the transaction, see Part B, Section 7, Paragraph 7.4 of the Registration Document.

G.2.3. Investments and future sources of funding

At the Date of the Offer Document, the Board of Directors of the Offeror has not made any decision concerning investments of a particular size and/or in addition to those generally requested for the operational management of assets in the business sector in which the Issuer operates.

⁴⁹ Figure referring to the pro-forma fully-loaded Common Equity Tier I ratio of ISP after the integration of UBI Banca. This ratio was 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 1,285 million euro covering the integration and rationalisation charges relating to the acquisition of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward. This ratio would be above 12% if the aforementioned DTA absorptions are not included.

G.2.4. Transactions as a result of the Offer

G.2.4.1 Merger

It should be recalled that, as stated in Section A, Paragraph A.1, of the Offer Document, the effectiveness of the Offer is subject, inter alia, to the Percentage Threshold Condition, i.e. the condition that upon completion of the Offer, the Offeror holds an interest at least equal to 66.67% of the Issuer's share capital: this will enable the holding of the absolute majority at the extraordinary shareholders' meeting of UBI Banca and therefore, subject to the necessary authorisations from the competent authorities and in compliance with the applicable corporate governance rules and procedures, to resolve upon and execute (probably not before 2021) the Merger by incorporation of the Issuer into the Offeror. As at the Date of the Offer Document, the Offeror has not yet taken any decision on the possible Merger, or on the manner of its execution, even though it is an objective of the Offer in line with the reasons underlying the Offer.

Please note that, if the Offeror waives the Percentage Threshold Condition and agrees to acquire a percentage below this threshold, subject to the Minimum Threshold Condition, and thus finds itself holding a total interest in the Issuer's share capital of at least 50% plus 1 (one) UBI Share, the approval of the Merger may still be proposed to the shareholders' meeting (probably starting from 2021). In such case, the Offeror's interest in the share capital of the Issuer would give - taking into account any changes in the ownership structure of the Issuer at that date, also in terms of the number of shareholders holding significant equity investments - a sufficient number of voting rights to approve the Merger (on condition that the quorum of 2/3 of the voting shares represented at the shareholders' meeting is fulfilled).

Notwithstanding the above, it should be noted that, in line with the reasons and objectives underlying the Offer and the future plans drawn up by the Offeror set out in the previous Paragraphs G.2.1 and G.2.2, of the Offer Document, the Merger may be carried out both in the event that, upon completion of the Offer, the Issuer's shares are not delisted due to the final results of the Offer, and in the event that, upon completion of the Offer, they occurred, instead, the legal conditions apply for the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance, and the exercise of the Right of Squeeze-Out; in the latter case, the Merger would be carried out after the Delisting of the Issuer's shares, upon completion of the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance and the exercise of the Right of Squeeze-Out.

Whether approved, the Merger described above will take place based on an exchange ratio determined in accordance with article 2501-ter of the Italian Civil Code, using, as is customary, uniform methodologies and assumptions in the valuation of the companies involved, without the minority shareholders of the absorbed company being entitled to any premium.

If the Offeror decides to go ahead with the Merger, the shareholders of the Issuer that have not accepted the Offer and that have not contributed to the resolution approving the Merger will not in any event have the right of withdrawal pursuant to article 2437-quinquies of the Italian Civil Code, because, upon completion of the Merger, the shareholders of the Issuer would receive the ordinary shares of ISP that are listed on the Mercato Telematico Azionario in exchange.

In addition, with regard to the other withdrawal circumstances envisaged by article 2437 of the Italian Civil Code (assuming the Offeror, as at the Date of the Offer Document, has not taken any decision regarding the Merger, or the related execution procedures), the Offeror envisages that the Merger will

be implemented in a way that does not give rise to the right of withdrawal pursuant to article 2437 of the Italian Civil Code for the shareholders of the Issuer that have not accepted the Offer and have not contributed to the resolution approving the Merger.

G.2.4.2 Other transactions

In addition to the sale of the Banking Business Unit to BPER and the Insurance Business Units to Unipol (for further information, see Paragraph G.2.2 above of the Offer Document) and regardless of whether or not the Merger is carried out, in the event of successful completion of the Offer (and therefore if the Offeror waives the Percentage Threshold Condition, without prejudice to the Minimum Threshold Condition), the Offeror, in line with the main objectives and terms of the future plans drawn up by the Offeror in relation to the Issuer, envisages the sale in 2021, as one of the measures taken to accelerate the de-risking of the Issuer's assets, of around 4 billion euro of the Issuer's non-performing loans at a price in line with their carrying amount as at the date of sale, in order to reduce the level of the ISP Group's gross non-performing loans (resulting from the integration of the UBI Group into the ISP Group, upon successful completion of the Offer). For more information, see Paragraph G.2.2 above of the Offer Document.

In the interests of completeness, please note that, if for any reason the Merger is not approved by the respective extraordinary shareholders' meetings of the Issuer and/or the Offeror or the Merger is not carried out – a scenario in which the Offeror could still achieve about 87% of the total synergies envisaged in the event of the Merger and a large part of the objectives subject of the future plans drawn up by the Offeror in relation to the Issuer – the Offeror does not exclude the possibility that, even in the absence of the Merger, transactions are carried out, in compliance with the applicable regulations, that are deemed necessary (also to comply with the legal, regulatory or supervisory provisions) and/or in line with the objectives of and reasons for the Offer, such as, for example, the implementation of de-risking actions of the Issuer's assets and the adoption of all the actions that enable the entity resulting from the integration of the UBI Group into the ISP Group to still benefit from the synergies and value creation resulting from the successful completion of the Offer.

Although the effects of such transactions will be assessed on a case-by-case basis, please note that if, for example, actions are taken to de-risk the assets and/or ensure the efficient integration of the UBI Group into the ISP Group (including the effects of the BPER Agreement and the Unipol Agreement) and the optimisation of the operations of the subsidiary UBI Banca with the ISP Group, those actions, as a result of the related costs and charges, may affect the Issuer's earnings prospects and remuneration of capital, subject to ISP's commitment to guaranteeing that the capitalisation of the subsidiary UBI Banca is in line with the standards of the ISP Group. However, shareholders of UBI Banca that do not accept the Offer may find themselves holding shares whose price does not reflect the premium implicitly awarded to the Acceptors under the Offer.

The Offeror will not make any further purchases of UBI Shares in the 12 months following the Payment Date and, where applicable, on the subsequent settlement date of any purchases of UBI Shares that the Offeror may make in execution of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or the Joint Procedure.

G.2.5. Amendments envisaged in the composition of the corporate bodies and their associated remuneration

At the Date of the Offer Document, the Offeror has not yet made any decision on proposals concerning the composition of the management and control bodies of UBI Banca and UBI Group companies.

G.2.6. Amendments to the articles of association

At the Date of the Offer Document, the Offeror has not identified any specific amendment or variation to make to the text of the Issuer's articles of association in force, except: (i) for amendments resulting from the inclusion of the Issuer within the ISP Group following the completion of the Offer in compliance with the applicable regulations (and, in particular, the provisions of Part I, Title I, Chapter 2, Section IV, paragraph 2 of Bank of Italy Circular 285 of 17 December 2013), as well as (ii) for amendments which become necessary following any Delisting of the Issuer's shares to change the articles of association to those of an unlisted company. However, these articles of association will no longer apply in the event of Merger by incorporation of the Issuer into the Offeror.

G.3 Replenishing the free float

If, upon completion of the Offer, the Offeror comes to hold a total amount of more than 90% of the Issuer's share capital, but less than 95% of the Issuer's share capital – as a result of the acceptances of the Offer and/or any purchases made outside of the Offer in accordance with the applicable regulations (including those made through the Private Placement) during the Acceptance Period – the Offeror hereby declares that it will not restore the free float and that it will implement Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance with respect to any UBI Banca shareholder who requests it, with consequent Delisting.

In the case described above, the Offeror will fulfil the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, by paying a consideration for each UBI Share in accordance with article 108, paragraphs 3, 4 and/or 5, of the Consolidated Law on Finance, and articles 50, 50-bis and/or 50-ter of the Issuers' Regulation (as applicable). Specifically:

- (i) if, as a result of the Offer, the Offeror has acquired at least 90% of the share capital with voting rights included in the Offer, the consideration for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance will be identical to the Consideration for the Offer in accordance with the provisions of articles 108, paragraphs 3 and 5, of the Consolidated Law on Finance and articles 50 and 50-ter of the Issuers' Regulation, subject to the fact that the holders of the UBI Shares can request payment in the form of the Full Cash Consideration; or
- (ii) in the other cases, the consideration for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance will be determined as the amount established by CONSOB in accordance with article 108, paragraph 4, of the Consolidated Law on Finance and articles 50 and 50-bis of the Issuers' Regulation, subject to the fact that the holders of the UBI Shares can request payment in the form of the Full Cash Consideration.

The Offeror will provide notification if the conditions apply for the Compulsory Squeeze-Out pursuant to article 108 paragraph 2 of the Consolidated Law on Finance in the Notification of the Final Results of the Offer. If the conditions do apply, the Notification of the Final Results of the Offer will contain information on (a) the number of remaining UBI Shares (in absolute and percentage terms), (b) the manner and timing according to which the Offeror will perform the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and (c) the manner and timing of the Delisting. Before carrying out the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, through the related procedure, the Offeror will publish an additional notification containing the information regarding the determination of the consideration for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, as well as the calculation and the value of the Full Cash Consideration that will be offered as a cash alternative in that procedure in accordance with the provisions referred to above.

In accordance with article 2.5.1, paragraph 6, of the Stock Exchange Rules, should the conditions stipulated in article 108, paragraph 2, of the Consolidated Law on Finance be fulfilled, the ordinary shares of UBI Banca will be delisted from the Mercato Telematico Azionario with effect from the Trading Day after the date of payment of the consideration for the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, subject to the provisions regarding the Joint Procedure.

In the event of revocation of the ordinary shares of UBI Banca from listing on the Mercato Telematico Azionario (i.e. Delisting) case, the holders of the UBI Shares that have not accepted the Offer, or have not asked the Offeror to purchase the UBI Shares held by them, in execution of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, will be holders of securities that are not traded on any regulated market, with consequent difficulty in liquidating their investment (subject to the provisions of Paragraph G.2.4 above, of this Section G of the Offer Document).

Moreover, in cases where, upon completion of the Offer, the Offeror comes to hold a total amount of 95% or more of the Issuer's share capital – as a result of acceptances of the Offer and/or any purchases made outside of the Offer in accordance with the applicable regulations (including those made through the Private Placement) during the Acceptance Period, as well as during, and/or as a result of, the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance – the Offeror hereby declares its intention to exercise the Right of Squeeze-Out on the remaining UBI Shares in accordance with article 111 of the Consolidated Law on Finance.

Therefore, the Offeror, in exercising the Right of Squeeze-Out, will also implement the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance, with respect to the Issuer's shareholder who requested it, this initiating the Joint Procedure.

The consideration due for the UBI Shares purchased as a result of the exercise of the Right of Squeeze-Out and the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance, in execution of the Joint Procedure, will be determined in accordance with the combined provisions of article 108, paragraphs 3, 4 and/or 5, of the Consolidated Law on Finance, as referred to in article 111 of the Consolidated Law on Finance, as well as the provisions of articles 50, 50-bis and 50-ter of the Issuers' Regulation as referred to in article 50-quater of the Issuers' Regulation. Specifically:

- (i) if, as a result of the Offer, the Offeror has acquired at least 90% of the share capital with voting rights included in the Offer, the consideration for the UBI Shares purchased as a result of the Joint Procedure will be identical to the Consideration for the Offer in accordance with the provisions of articles 108, paragraphs 3 and 5, of the Consolidated Law on Finance and articles 50 and 50-ter of the Issuers' Regulation. However, in this case, in accordance with article 108, paragraph 5, of the Consolidated Law on Finance and article 50-ter, paragraph 1, letter a) of the Issuers' Regulation, the remaining shareholders of UBI Banca may request to receive the Full Cash Consideration, as an alternative to the Consideration consisting of 1.7000 ISP Shares for each UBI Share held; or
- (ii) in the other cases, the consideration for the UBI Shares purchased as a result of the Joint Procedure will be determined as the amount established by CONSOB in accordance with article 108, paragraph 4, of the Consolidated Law on Finance and articles 50 and 50-bis of the Issuers' Regulation. However, in this case, in accordance with article 108, paragraph 5, of the Consolidated Law on Finance and article 50-ter, paragraph 1, letter b) of the Issuers' Regulation, the remaining shareholders of UBI Banca may request to receive the Full Cash Consideration, as an alternative to the Consideration consisting of 1.7000 ISP Shares for each

UBI Share held.

The Offeror will disclose whether or not the legal conditions apply for the exercise of the Right of Squeeze-Out in the Notification of the Final Results of the Offer, or in the notification relating to the results of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance. If the conditions do apply, the Notification of the Final Results of the Offer, or the notification relating to the implementation of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance, will contain information on (a) the number of remaining UBI Shares (in absolute and percentage terms), (b) the manner and timing according to which the Offeror will exercise the Right of Squeeze-Out and simultaneously carry out the Compulsory Squeeze-Out pursuant to article 108, paragraph 1, of the Consolidated Law on Finance, thereby implementing the Joint Procedure and (c) the manner and timing of the Delisting.

Pursuant to article 2.5.1, paragraph 6, of the Stock Exchange Rules, should the Right of Squeeze-Out be exercised, Borsa Italiana will order the suspension from trading and/or Delisting of the Issuer's ordinary shares, taking into account the time required for the exercising of the Right of Squeeze-Out.

H. ANY AGREEMENTS AND TRANSACTIONS BETWEEN THE OFFEROR, PARTIES ACTING IN COORDINATION WITH THE OFFEROR AND THE ISSUER OR THE SIGNIFICANT SHAREHOLDERS OR MEMBERS OF THE MANAGEMENT AND CONTROL BODIES OF THE ISSUER

H.1 Financial and/or commercial agreements and commercial transactions executed or approved in the twelve months prior to the publication of the Offer that may have or may have had significant effects on the activity of the Offeror and/or of the Issuer

In the twelve months prior to the Date of the Offer Document, no financial and/or commercial agreements or transactions between the Offeror (or parties acting in coordination with it) and the Issuer (or its significant shareholders or members of its management and control bodies) that may have or have had significant effects on the activities of the Offeror and/or of the Issuer were concluded (or executed or approved).

H.1.1. BPER Agreement and Unipol Agreement

Notwithstanding the foregoing, it should be noted that, on 17 February 2020, as disclosed to the market on that same date in the press releases issued, respectively, by the Offeror, by BPER and by Unipol Gruppo S.p.A. with Unipol, the Offeror signed the BPER Agreement and the Unipol Agreement, as described below.

H.1.1.1 BPER Agreement

The BPER Agreement was signed on 17 February 2020 and was subsequently supplemented, respectively, on 19 March 2020 and 15 June 2020.

More specifically, the BPER Agreement provides for BPER's commitment to purchase the Banking Business Unit composed of 532 bank branches of the ISP Group as integrated upon completion of the Offer (i.e. what will consist of branches of the ISP Group after its integration with UBI Banca and not represented only by branches of the former UBI Banca) and related staff and customer relationships, for a cash consideration indicated below.

Though neither the Offeror nor BPER possesses accounting data or information that is not public relating to the Issuer, the BPER Agreement was conceived in order to anticipate the initiatives which (once the specific conditions precedent have been met) will result in the transfer of the Banking Business Unit in time frames that enable the quick, efficient integration of the UBI Group into the ISP Group upon completion of the Offer; the main purpose of the BPER Agreement is to prevent the occurrence of situations of potential relevance for antitrust purposes arising from the integration of the UBI Group into the ISP Group.

On 15 June 2020, the Offeror – in order to remove the specific antitrust issues identified by AGCM with the NRR of 5 June 2020 (for more information see Section A, Paragraphs A.1.2 and A.10, and Section C, Paragraph C.2, of the Offer Document) – negotiated and signed an agreement supplementing the BPER Agreement, through which the number of branches to be transferred was increased (from 400/500 to 532), with precise identification of the addresses and consequent redefinition of the estimate of the amounts involved: net loans to customers of 26.2 billion euro (compared to 21.5 billion euro previously forecast) and direct deposits of 29.3 billion euro (compared to 19.6 billion euro).

It should be noted that:

- in order to optimise the local coverage, selected ISP branches (31) were included in the Banking Business Unit for a total of about 1.5 billion euro of gross loans and about 2.2 billion euro of direct deposits;
- the additional loans with respect to the provisions of the BPER Agreement signed on 17

February 2020, amounting to 4.5 billion euro, consist entirely of performing loans.

The supplementary agreement of 15 June 2020 is subject to the condition that (i) ISP obtains authorisation from the antitrust authority for the acquisition of exclusive control of UBI Banca with the sale to BPER of the Banking Business Unit composed of the branches and the related amounts as detailed and redefined in the supplementary agreement and other commitments or remedies proposed by ISP (i.e. the ISP Commitments); and (ii) BPER obtains authorisation from the antitrust authority for the purchase of the Banking Business Unit composed of the branches and the relative amounts as detailed and redefined in the supplementary agreement and any commitments or remedies proposed by BPER. It is understood, as already provided for in the BPER Agreement, that the condition of ISP obtaining the necessary authorisation from the antitrust authorities for the acquisition of exclusive control of UBI Banca has been included in the interest of ISP, which may therefore waive (or not waive) the condition at its sole discretion, and that the condition of BPER obtaining the necessary authorisation from the antitrust authorities for the purchase of the Banking Business Unit has been included in the interest of BPER, which may therefore waive (or not waive) the condition at its sole discretion.

The expansion of the Banking Business Unit to be sold in no way affects the validity of the strategic targets of the transaction, particularly with regard to the expected synergies which are still estimated at 700 million euro. In addition, the redetermination of the Banking Business Unit is considered to have a marginal impact on the capital ratio CET 1 ratio, confirming an expected pro-forma fully loaded Common Equity Tier I Ratio for the Group at above 13% in 2021 as resulting from the combination.

The consideration for the acquisition of the Banking Business Unit, as defined by the supplementary agreements to the BPER Agreement signed, respectively, on 19 March 2020 and 15 June 2020, is set as a cash consideration of the lesser between 0.55 times the value of the Common Equity Tier 1 capital of the Banking Business Unit (in turn determined by applying the Common Equity Tier 1 Fully Phased ratio of UBI Banca to the RWAs of the Banking Business Unit) and 78% of the implicit multiple that ISP will pay for UBI Banca's Common Equity Tier 1 capital. In accordance with the BPER Agreement, the consideration as set above will be paid to UBI Banca (except for the 31 branches belonging to the Offeror).

The consideration for the sale of the Banking Business Unit depends on the figures for the Banking Business Unit at the reference date which are subject to change. For example, based on the mechanism for determining the consideration described above, the estimated consideration for the Banking Business Unit would be approximately 660 million euro as at 19 June 2020.

Please note that, under the BPER Agreement, the finalisation of the transfer of the Banking Business Unit is subject to: (a) the completion of the Offer (and, thus, fulfilment of the Conditions Precedent of the Offer or to the waiver of all or part of these by the Offeror, including, where applicable, the waiver of the Percentage Threshold Condition, without prejudice to the Minimum Threshold Condition); (b) the appointment of a new board of directors of UBI Banca, the majority of which will be persons drawn from the list that will be presented by ISP; (c) the participation of UBI Banca in the BPER Agreement in compliance with the applicable regulations; (d) the completion of the BPER share capital increase announced on 17 February 2020 to support the acquisition of the Banking Business Unit, of a maximum amount of 1 billion euro; (e) obtaining the necessary authorisations from the competent antitrust and supervisory authorities, as well as (f) the carrying out of the trade union procedure pursuant to article 47 of Italian Law 428/1990 as subsequently amended. The supplementary agreement of 15 June 2020 has kept all the conditions precedent provided for in the BPER Agreement of 17 February 2020.

The condition precedent at letter b) is established in the interests of both BPER and ISP, but may be waived at the sole discretion of ISP. The condition precedent at letter d) may be waived exclusively by

BPER. The conditions precedent at letter e) are established in the interests of BPER or ISP (and may therefore be waived by BPER or ISP, as the case may be). The conditions precedent at letters c) and f) (the latter corresponding to a legal obligation) cannot be waived and are set both in the interest of ISP and of BPER.

As at the Date of the Offer Document the conditions precedent provided for in the BPER Agreement are still pending, except, with reference to the condition above in point e), for obtaining the authorisations from the Commission for Protection of Competition of the Republic of Serbia and the Competition Authority of Albania (for more information, see Section C, Paragraph C.2 of the Offer Document).

It should be noted that, in any case, the effectiveness of the Offer is not conditioned on completion of the transfer to BPER of the Banking Business Unit in performance of the BPER Agreement.

The Banking Business Unit (with the assets, liabilities and relationships which comprise it) will be transferred to BPER in the state in which it is found at the date of transfer, "as is". Therefore, ISP has not issued (and UBI Banca will not issue) any representations or warranties other than those imperatively required by law in relation to the notarised deed of transfer of the branches.

With reference to the interim period, i.e. until the completion of the transfer of the Banking Business Unit, ISP has undertaken to do everything in its power and permitted by the applicable legislation, so that, following the installation of the new Board of Directors of UBI Banca appointed based on the list presented by ISP, UBI Banca will limit itself to the ordinary and proper management of the branches. The same holds true for the ISP branches included in the Banking Business Unit.

H.1.1.2 Unipol Agreement

The Unipol Agreement was signed on 17 February 2020.

The Unipol Agreement provides for a commitment by Unipol to acquire, directly or through subsidiaries, for the cash consideration indicated below, the Insurance Business Units attributable to the insurance companies currently held by UBI Banca (i.e. BancAssurance Popolari S.p.A., Lombarda Vita S.p.A. and Aviva Vita S.p.A.), composed of the life insurance policies taken out by the customers of the Banking Business Unit and the related assets, liabilities and legal relationships.

The aim of the Unipol Agreement is to accelerate the integration of the UBI Group into the Offeror's Group and, therefore, the achievement of the business objectives through the transfer of the policies and insurance policies taken out by customers of the Banking Business Unit to be transferred to BPER.

In particular, pursuant to the Unipol Agreement, the Insurance Business Units shall be accurately defined and, thus, transferred to Unipol as soon as it is possible to access the data and information of said insurance companies and the Banking Business Unit, as well as subject to the fulfilment of the following conditions: (a) the completion of the Offer (and, thus, in particular, upon fulfilment of the Conditions Precedent of the Offer or to their waiver by the Offeror); (b) the completion of the sale to BPER of the Banking Business Unit pursuant to the BPER Agreement; (c) the reacquisition of control of Lombarda Vita S.p.A. and/or Aviva Vita S.p.A. by the Issuer; (d) the carrying out of the trade union procedure pursuant to article 47 of Italian Law 428/1990 as subsequently amended; as well as (e) obtaining the necessary authorisations from the competent supervisory and antitrust authorities. Please note that the condition precedent related to Unipol obtaining antitrust authorisation (i) prescribes that the antitrust authority receive notice that the review prescribed by Law 287/1990 has not been launched or, if that review has begun, that it be interrupted with a declaration of authorisation without conditions and/or commitments to acquire each Insurance Business Unit and (ii) is imposed in the exclusive interest of the latter, which may therefore waive it. Should the condition precedent not be fulfilled with reference to an Insurance Business Unit, the Unipol Agreement will be considered

terminated with reference to that Business Unit; however, it should be noted that Unipol assumed the commitment to acquire the unit attributable to BancAssurance Popolari S.p.A. (provided, naturally, that the further conditions precedent applicable to the latter have been fulfilled) only together with one of the Insurance Business Units attributable to Lombarda Vita S.p.A. or Aviva Vita S.p.A.

As at the Date of the Offer Document, none of the conditions precedent provided for in the Unipol Agreement had been met or waived (where possible). It should be noted that, in any case, the effectiveness of the Offer is not subject to completion of the transfer to Unipol of the Insurance Business Units in performance of the Unipol Agreement.

It is specified that the consideration for the transfer of the Insurance Business Units shall be determined based on the same measurement criteria used to determine the price paid by UBI Banca for the purpose of the possible reacquisition of control of Lombarda Vita S.p.A. and Aviva Vita S.p.A., as well as, concerning the Insurance Business Unit of BancAssurance Popolari S.p.A., referring to its equity value. In accordance with the Unipol Agreement, the consideration as determined above will be paid to UBI Banca. In relation to the sale of the Insurance Business Units, please note that as at the Date of the Offer Document there is insufficient information on the related earnings, equity and actuarial metrics to provide even a preliminary value estimate. In the interests of completeness, please note that the consideration for the Insurance Business Units will be determined using the same conditions and applying the same valuation criteria to the assets and liabilities of the Insurance Business Units as those adopted to determine the price paid by UBI Banca for the exercise of the related repurchase options. The impact on the financial position and operating results of ISP Group from the sale of the Insurance Business Units is not considered to be significant and, in any event, substantially neutral, given the situation described above regarding the determination of the consideration.

With reference to the interim period, i.e. until the completion of the transfer of the Insurance Business Unit, the Offeror has undertaken to do everything in its power and permitted by the applicable legislation, so that, following the constitution of the new Board of Directors of UBI Banca appointed based on the list presented by the Offeror, UBI Banca, BancAssurance Popolari S.p.A., Lombarda Vita S.p.A. and Aviva Vita S.p.A. will undertake to perform the Unipol Agreement and each of these companies will limit itself to the ordinary and proper management of its activities.

The Insurance Business Units (with the assets, liabilities and relationships which comprise them) will be transferred to Unipol as is at the date of transfer. The Offeror has not issued (and UBI Banca will not issue) any statement or guarantee *“other than those expressly provided for by law in relation to the notarised deed of transfer of each Business Unit”*.

The time frames for the accurate definition of the Insurance Business Units cannot currently be predicted since (i) they depend on access to information concerning UBI Banca which are not available to the Offeror and (ii) as shown, the Unipol Agreement may only be performed following the fulfilment of certain conditions which are not under the control of the Offeror, including the performance of the BPER Agreement and the re-acquisition of control of Lombarda Vita S.p.A. and/or Aviva Vita S.p.A. by UBI Banca.

For more information relating to the Banking Business Unit and the Insurance Business Units see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document.

H.1.2. Other transactions

Finally, it should be noted that, in the twelve months prior to the Date of the Offer Document, Banca IMI S.p.A., an ISP Group company entirely controlled by the Offeror, in the course of its ordinary intermediation activity, acted as: (a) joint book runner in the bond issue transactions of the Issuer and (b) co-manager and co-lead manager in relation to bond issues by HSBC France and HSBC Holdings Plc (the latter the holder, indirectly through HSBC Bank Plc, of an interest in the share capital of the

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Issuer of 4.890% on the basis of the data made public by the Issuer as at the Date of the Offer Document). For more details, see Section B, Paragraph B.2.3, of the Offer Document.

It should also be noted that, under the master placement agreements entered into on 29 May 2018 between the Issuer and Banca IMI S.p.A. and on 16 April 2018 between IW Bank S.p.A. and Banca IMI S.p.A., in the last 12 months prior to the Date of the Offer Document UBI Banca and IW Bank S.p.A. distributed several certificates issued by Banca IMI S.p.A.

H.2 Agreements concerning the exercise of voting rights or the transfer of shares and/or other financial instruments of the Issuer

There are no agreements between the Offeror and Issuer or the shareholders, directors or statutory auditors of the Issuer relating to the exercise of voting rights or the transfer of ordinary shares of the Issuer.

I. COMPENSATION OF THE INTERMEDIARIES

As consideration for the functions performed within the framework of soliciting acceptances of the Offer, the Offeror will pay:

- (i) the Intermediary Appointed to Coordinate the Acceptances a fixed fee of 150,000.00 euro, as a fee inclusive of any and all compensation for its intermediation activity;
- (ii) the individual Appointed Intermediaries:
 - a) a fee amounting to 0.40% (the “**Basic Fee**”) of the value of the UBI Shares purchased directly through them and/or indirectly through the depositary intermediaries that have delivered those shares to them (“**Depositary Intermediaries**”);
 - b) in addition to the fee provided for in point a) above, a further fee amounting to 0.15% (the “**Additional Fee**”) of the value of the UBI Shares purchased directly through them and/or indirectly through the Depositary Intermediaries that have delivered those shares to them for the acceptances received within the first two weeks of the Acceptance Period;
 - c) a success fee of 0.05% (the “**Success Fee**”) of the value of the UBI Shares purchased directly through them and/or indirectly through the Depositary Intermediaries that have delivered those shares to them if, at the end of the Acceptance Period, ISP comes to hold an interest of at least 66.67% of the share capital of UBI; and
 - d) a fixed fee of 5.00 euro (five euro only) for each Acceptance Form submitted (“**Fixed Fee**”).

The Appointed Intermediaries will in turn pay the Depositary Intermediaries 50% of the fee received in respect of the value of the UBI Shares acquired through the Depositary Intermediaries in accordance with point (ii), letters a), b) and c) above and the entire Fixed Fee in respect of the Acceptance Forms received in accordance with point (ii), letter d) above.

Please note that:

- (a) the fees listed in point (ii) above will only be paid in the event of successful completion of the Offer;
- (b) the sum of the Basic Fee, the Additional Fee and the Success Fee cannot exceed the amount of 20,000.00 euro for each Acceptance Form submitted;
- (c) the fees listed in point (ii) above will be calculated on the Per Share Monetary Value of the Consideration prior to the Date of the Offer Document as defined and identified in this Offer Document;
- (d) in the event of the Compulsory Squeeze-Out pursuant to article 108, paragraph 2, of the Consolidated Law on Finance and/or the Joint Procedure, only the fee listed in point (ii), letter a) above will be paid, subject, in any event, to the maximum limit of the fees due per individual Acceptance Form as specified in point (b) above, and to the Fixed Fee.

VAT will be added to the above compensation, where due.

L. ALLOTMENT SCENARIO

Since the Offer is a voluntary public exchange offer, no form of allotment is to apply.

M. APPENDICES

M.1 Offeror's Announcement

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**VOLUNTARY PUBLIC EXCHANGE OFFER
LAUNCHED BY INTESA SANPAOLO S.P.A.
ON ALL OF THE ORDINARY SHARES OF UNIONE DI BANCHE ITALIANE S.P.A.**

Notice pursuant to article 102, paragraph 1, of Legislative Decree no. 58 dated 24 February 1998, and pursuant to article 37 of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999 (the "Notice")

Turin/Milan, 17 February 2020 - Pursuant to and for the purposes of article 102, paragraph 1, of Legislative Decree no. 58 dated 24 February 1998, as subsequently amended (the "Italian Consolidated Financial Act"), as well as pursuant to, and for the purpose of article 37 of the Regulation implementing the Italian Consolidated Financial Act, adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended (the "Issuers' Regulation"), Intesa Sanpaolo S.p.A. (the "Offeror" or "ISP") announces that as of today has adopted the decision to launch a voluntary public exchange offer pursuant to and for the purposes, of articles 102 and 106, paragraph 4, of the Italian Consolidated Financial Act (the "Offer"), on all of the ordinary shares of Unione di Banche Italiane S.p.A. (the "Issuer" or "UBI Banca") – listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. – namely, no. 1,143,425,545 ordinary shares (*i.e.*, all the shares issued by UBI Banca as of today, including the treasury shares held by UBI Banca: the "Issuer's Shares"), reduced by the no. 859,601 ordinary shares of UBI Banca owned by the Offeror as at the date hereof.

For each Issuer's Share tendered to the Offer, ISP will offer a consideration, not subject to any adjustment, equal to:

no. 1.7000 newly issued ordinary shares of the Offeror (the "Consideration").

Therefore, for each no. 10 (ten) Issuer's Shares tendered to the Offer, no. 17 (seventeen) newly issued ordinary shares of the Offeror will be paid.

On the basis of the official price of the Offeror's shares recorded at the market close on 14 February 2020 (equal to Euro 2.502), the Consideration corresponds to a value equal to Euro 4.254 (rounded to the third decimal place) for each Issuer's Share and, therefore, incorporates a premium of 27.6% with respect to the official price of the Issuer's Shares recorded at the market close on 14 February 2020 (equal to Euro 3.333).

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In the event that dividends are distributed for the 2019 financial year - if resolved by the respective shareholders' meetings of the Issuer and the Offeror to be held, on single call, on 8 April 2020 and 27 April 2020 in accordance with the proposals made by the relevant Boards of Directors of the Offeror (dividend proposal equal to Euro 0.192 per share) and the Issuer (dividend proposal equal to Euro 0.13 per share) - the official price of the Offeror's shares recorded at the market close on 14 February 2020, *ex dividend* (i.e., adjusted in order to take into account the payment of the aforesaid dividend), would be equal to Euro 2.310; therefore, in such case, the Consideration would correspond to a value equal to Euro 3.928 (rounded to the third decimal place) for each Issuer's Share and, therefore, would include a **premium of 22.6% compared to the official *ex dividend* price of the Issuer's Shares at the market close on 14 February 2020 (equal to Euro 3,203).**

The shares of ISP offered as Consideration will be issued by virtue of a share capital increase with exclusion of the pre-emption right pursuant to article 2441, paragraph 4, of the Italian Civil Code, reserved to the persons tendering the Issuer's Shares to the Offer; the Board of Directors of the Offeror has resolved today to submit such share capital increase for its approval to the extraordinary shareholders' meeting of the Offeror whose call is scheduled for 27 April 2020, as described in paragraph 3.2.3 below (the "Share Capital Increase Reserved to the Offer").

The legal conditions, terms and key elements of the Offer are described below.

For any further information for the purposes of evaluating the Offer, reference should be made to the offer document (the "Offer Document") which will be submitted by the Offeror to Consob and, therefore, published at the end of the review period by Consob pursuant to article 102, paragraph 4, of the Italian Consolidated Financial Act following the obtainment of the Authorisations referred to in paragraph 1.4 and the approval of the Share Capital Increase Reserved to the Offer referred to in paragraph 3.2.3.

The Offeror clarifies that, in drafting the Offer, it relied exclusively on information and data publicly disclosed by the Issuer.

1. LEGAL CONDITIONS AND REASONS FOR THE OFFER

1.1. Legal conditions of the Offer

The Offer consists of a voluntary public exchange offer on all of the shares of the Issuer, launched pursuant to articles 102 and 106, paragraph 4, of the Italian Consolidated Financial Act and the relevant implementing provisions set forth in the Issuers' Regulation.

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The Offer is subject to the Authorisations referred to in paragraph 1.4 and the Conditions Precedent referred to in paragraph 1.5.

1.2. Reasons for the Offer

The Offeror has decided to launch the Offer in order to further consolidate, through the contribution of the Issuer's customers and network, its leadership in the Italian banking sector, in which it operates successfully in all market segments.

The prospect of the financial and banking sector in the coming years is characterised by a consolidation in which the main operators will be champions both in Europe and outside Europe. It is in Offeror's interest to reach a dimension that will allow it to compete independently and play a proactive role in the European banking scenario. The Offeror also believes that the achievement of the dimensional growth should take place through a transaction entailing the aggregation with another operator that has, as far as possible, similarities to the Offeror itself, so as to minimize execution risks and generate value for all the stakeholders, which is the ultimate purpose of a major player in the sector.

According to this rationale, the Issuer corresponds to the profile outlined above: the business model, the market positioning and territorial coverage, the set of values shared by the management, the strong orientation to the support of Italian economy and sustainable and inclusive growth and the significant presence of Italian stakeholders make UBI Banca a company that largely reflects a profile similar to that of the Offeror and, therefore, a company whose integration could take place smoothly and in such a way as to enhance the Issuer's resources.

Although the Issuer is a significant player in the sector (the fourth largest operator in Italy in terms of volumes handled), as of today in the opinion of the Offeror it does not have the adequate scale to operate in a context that is undergoing profound change and evolution, characterised by low interests rate and therefore margins and the need to bear significant technological investments, and where the dimension and ability to operate and compete not only at a national, but also at an international level, are essential prerequisites for the development of the business and the value of the company in order to obtain an adequate return on capital.

The Offer represents a market transaction directly addressed to all the shareholders of the Issuer, such as to ensure them the possibility to be the makers, by accepting the Offer itself, of an aggregation between the Offeror and the Issuer that will enable the full exploitation of the potentialities of the two groups through the creation of a reality capable of:

- strengthening the stakeholders of the two groups, including the Italian component, on the European banking scene;
- creating value for the shareholders through the distribution of dividend flows that are sustainable over time also by means of the synergies deriving from the aggregation and estimated fully operational in approximately Euro 730 million before tax per year;

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- enhancing the value of the Issuer's corporate representatives so as to provide reputation and prestige;
- integrating the Issuer's top management into the first lines of management of a leading company in Italy and of European dimensions;
- offering the Issuer's corporate resources the opportunity to grow professionally in the new group;
- generate consolidated profits higher than Euro 6 million from 2022.

Recent experiences prove the Offeror's ability to successfully complete transactions through methods that allow for smooth integration, without social tensions and able to offer opportunities to the younger generations, while at the same time respecting the Offeror's operating standards from an economic and financial standpoint.

1.3. Industrial and strategic considerations

Upon completion of the Offer, the Offeror will have access to over 3 million high profile customers, mainly retail, SME and private, located in some of the areas with the highest development potential, who may benefit from the wide range of products and services that the Offeror already distributes to its customers directly or through its subsidiaries. The contribution of these customers and the resulting capital aggregates will be such as to consolidate the position of the Offeror in Italy, which will at the same time become the seventh largest banking group in the Eurozone for total asset.

In terms of placement, dimension and business profile of the Issuer, the aggregation resulting from the acceptance of the Offer will allow the full exploitation of its potential, generating a high capacity to create value for the benefit of shareholders, the bank's customers and all other stakeholders, mainly through the achievement of the following industrial and financial goals:

- Increase in critical mass, and simultaneous achievement of greater coverage of geographical markets previously less served, in order to achieve significant cost synergies (estimated fully operational in approximately Euro 510 million before tax per year), thanks to economies of scale, but also to the Offeror's proven ability to operate efficiently on the market with a nimble operating structure, while at the same time freeing up important resources for technological (*i.e.*, artificial intelligence, machine learning and advanced analytics) and non-technological investments. The relevant combination costs are estimated in about Euro 1,270 million before una tantum tax;
- Revenue synergies (estimated fully operational in approximately Euro 220 million before tax per year) deriving from the increase in productivity per customer and per branch at the Offeror's levels and in profitability, also thanks to the efficiency gains deriving from the integration of the respective product factories in the high value-added business segments (wealth management, bancassurance, leasing and factoring), by leveraging an internalised distribution and offer model;

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- Complementarity in certain business sectors (consumer credit and direct banking), with up-selling and cross-selling potential in the products catalogue;
- Strengthening of the leadership in Corporate Social Responsibility, with the aim of being a benchmark for individuals and companies in Italy;
- Improved ability to attract new talent with a strong commitment to supporting the growth of the core business through new recruitment, thus promoting generational turnover within the ISP Group without social impact;
- Alignment to the best risk management and credit policies of the Offeror;
- Possibility for the Issuer's shareholders to hold an extremely liquid share with a well-established capability to distribute value (pay-out ratio among the highest in the banking sector in Italy and higher than that of the Issuer);
- Maintenance of a sound capital base even at the outcome of the transaction (*Common Equity Tier I Ratio* fully operational pro forma higher than 13%¹);
- Acceleration of the de-risking of the Issuer's assets, without any charges for the shareholders.

With a view to speeding up the achievement of the above industrial purposes and objectives, the Offeror (i) deems it a priority to proceed, as soon as possible, with the delisting of the Issuer and the subsequent merger between the Offeror and the Issuer (as described in paragraph 3.5 below) and (ii) in order to prevent possible antitrust concerns entered, on the date hereof, into an agreement with BPER Banca S.p.A. (the "BPER Agreement"), which undertook to purchase (following the completion of the Offer and UBI Banca's acceptance of the BPER Agreement, as well as subject to the obtainment of the necessary authorizations) a going concern consisting of a pool of branches of the new combined entity (estimated between 400 and 500) (the "Banking Branch"), and (iii) an agreement with UnipolSai Assicurazioni S.p.A. (the "Unipol Agreement"), which undertook to purchase in the event that UBI Banca, upon completion of the Offer, will re-acquire the control of the bancassurance vehicles in which it holds a shareholding, and subject to transfer to BPER Banca S.p.A. of the Banking Branch, as well as subject to obtainment the necessary authorisations, certain going concerns including certain assets and liabilities of the aforementioned bancassurance vehicles relating to the Banking Branch's customers. For further information in relation to the agreements mentioned in points (ii) and (iii), please refer to the respective BPER Banca S.p.A. and UnipolSai Assicurazioni S.p.A. press releases issued today.

¹ Pro-forma fully loaded Basel 3 (considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks and the expected absorption of DTA on losses carried forward). Higher than 12% excluding the aforementioned DTA absorption.

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1.4. Authorisations

The Offeror, by the date of submission of the Offer Document to Consob, will file the following applications with the competent Authorities in order to obtain the authorisations required by the applicable regulations in relation to the Offer (collectively, the “Authorisations”):

- (i) application to be filed with the European Central Bank and the Bank of Italy for prior authorisations for the direct acquisition of a controlling interest in the Issuer, as well as for the indirect acquisition of a controlling interest in IW Bank S.p.A., pursuant to articles 22 et seq. of Directive (EU) 36/2013 of the European Parliament and of the Council dated 26 June 2013 and article 19 of Legislative Decree no. 385 dated 1 September 1993 (the “Italian Consolidated Banking Act”);
- (ii) application to be filed with the Bank of Italy for prior authorisations for the indirect acquisition of a controlling interest in Pramerica SGR S.p.A., UBI Leasing S.p.A., UBI Factor S.p.A. and Prestitalia S.p.A. pursuant to article 15 of the Italian Consolidated Financial Act and articles 110 and 19 of the Italian Consolidated Banking Act, respectively;
- (iii) application to be filed with the IVASS for prior authorisation for the indirect acquisition of a controlling interest in BancAssurance Popolari S.p.A. and qualifying interests in Aviva Vita S.p.A. and Lombarda Vita S.p.A. pursuant to articles 68 et seq. of Legislative Decree no. 209 dated 7 September 2005;
- (iv) application to be filed with the European Central Bank and the Bank of Italy for prior verification that the amendments to the Offeror’s by-laws resulting from the Share Capital Increase Reserved to the Offer (and the related Delegated Powers, as defined below) do not conflict with the sound and prudent management of the Issuer, pursuant to articles 56 and 61 of the Italian Consolidated Banking Act and related implementing regulations, and for the classification as the Offeror’s Common Equity Tier 1 of the new shares issued in the above mentioned Share Capital Increase Reserved to the Offer, pursuant to articles 26 and 28 of Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013;
- (v) application to be filed with the European Central Bank and the Bank of Italy for prior authorisation for the indirect acquisition of a shareholding entailing control or significant influence in Zhong Ou Asset Management Co. Ltd China, pursuant to articles 53 and 67 of the Italian Consolidated Banking, as implemented in Part Three, Chapter I, Section V, of the Bank of Italy Circular No. 285 dated 17 December 2013, containing supervisory provisions for banks, as subsequently amended;
- (vi) all other applications to be filed with the relevant Authorities to obtain the necessary authorisations in relation to the Offer, including those that may be required from the competent foreign Authorities.

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Please note that, pursuant to article 102, paragraph 4, of the Italian Consolidated Financial Act, the approval of the Offer Document by Consob may take place only after each of the Authorisations has been obtained.

Moreover, the Offeror will file, without delay after the publication of this Notice and, in any case, by the date of submission of the Offer Document to Consob, the prior notification of the transaction subject of the Offer to the Italian Antitrust Authority, pursuant to articles 16 et seq. of Law No. 287 dated 10 October 1990, and to the antitrust Authorities of Albania and Serbia.

1.5. Conditions Precedent

Without prejudice to (and in addition to) the necessary approvals of the Share Capital Increase Reserved to the Offer by the Offeror's shareholders' meeting and of the Offer Document by Consob at the end of the relevant review period in accordance with article 102, paragraph 4, of the Italian Consolidated Financial Act, the Offer is subject to the fulfilment of each of the following conditions precedent (it being understood that such conditions precedent are listed below in an order that is not mandatory), which will be further detailed in the Offer Document ("Conditions Precedent"):

- (i) within the second trading day prior to the date of payment of the Consideration, the Italian Antitrust Authority and the antitrust Authorities of Albania and Serbia give their unconditional approval to the acquisition proposed by the Offeror;
- (ii) the Offeror will hold, upon completion of the Offer - as a result of the acceptances of the Offer and/or any purchases made out of the Offer pursuant to applicable law during the Acceptance Period (as defined below) - a shareholding equal to at least 66.67% of the Issuer's share capital; the Offeror reserves the right to partially waive this Condition Precedent, provided that the shareholding that the Offeror will hold upon completion of the Offer - as a result of the acceptances of the Offer, and/or any purchases made out of the Offer in accordance with applicable law during the Acceptance Period - is in any case at least equal to 50% of the share capital plus 1 (one) ordinary share of the Issuer (this threshold cannot be waived);
- (iii) between the date of this Notice and the date of payment of the Consideration, the corporate bodies of the Issuer (and/or of its directly or indirectly controlled or associated companies) do not carry out, nor undertake to carry out (including through conditional agreements and/or partnerships with third parties) any acts or transactions: (x) which may result in a significant change, including prospective changes, in the share capital, assets, economic and financial situation and/or business of the Issuer (and/or of its directly or indirectly controlled or associated companies), (y) which restrict the free operation of branches and networks in the placement of products to customers (including through renewal, extension - also as a result of failure in the early termination - or renegotiation of existing and/or expiring distribution agreements), or (z) which are in any case inconsistent with the Offer and the underlying industrial and commercial reasons, unless this is required to comply with legal obligations and/or following a request by the Supervisory Authorities, without prejudice in any case to the condition

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set forth in point (v) below; the foregoing shall be deemed to refer, merely by way of example, to capital increases or capital reductions, distributions of reserves, extraordinary dividend payments (*i.e.*, those in excess of the profit reported in the last approved financial statements at the time of distribution), utilisation of own funds, purchases or acts involving treasury shares, mergers, demergers, transformations, amendments to the by-laws in general, disposals, acquisitions or transfers, even on a temporary basis, of assets, equity investments (or related rights), companies or going concerns, bond issues or debt assumption;

- (iv) in any case, between the date of this Notice and the date of payment of the Consideration, the Issuer and/or its directly or indirectly controlled subsidiaries and/or associated companies do not resolve and in any case do not carry out, nor undertake to carry out, acts or transactions that may hinder the achievement of the purposes of the Offer pursuant to article 104 of the Italian Consolidated Financial Act, even if such acts or transactions have been authorised by the Issuer's ordinary or extraordinary shareholders' meeting or are decided and carried out independently by the Issuer's ordinary or extraordinary shareholders' meeting and/or the management bodies of the Issuer's subsidiaries and/or associated companies;
- (v) by the date of payment of the Consideration, (x) at a national and/or international level, no extraordinary circumstances or events have occurred or may result in significant negative changes in the political, financial, economic, currency, regulatory or market situation that have a significant detrimental effect on the Offer and/or on the financial, equity, economic or income situation of the Issuer (and/or its subsidiaries and/or associated companies) and the Offeror; and (y) no facts or situations relating to the Issuer, not known to the market at the date of this Notice, which have the effect of affecting the Issuer's business and/or its financial, asset, economic or income situation in a prejudicial manner have occurred.

The Offeror may waive, wholly or partially, one or more of the Conditions Precedent (except, with respect to the Condition Precedent referred to under (ii), the minimum threshold of 50% plus 1 (one) ordinary share of the Issuer for the purpose of waiving such Condition Precedent), or amend them, wholly or partially, in accordance with the applicable rules.

2. THE SUBJECTS PARTICIPATING TO THE TRANSACTION

2.1. The Offeror

The Offeror is Intesa Sanpaolo S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, with registered office in Turin, Piazza San Carlo no. 156, registered with the Turin Companies' Register with No. 00799960158, Tax ID and VAT Reg. no. 11991500015. The secondary offices are located in Milan, Via Monte di Pietà no.8.

The Offeror is registered with the Banking Register kept by the Bank of Italy with No. 5361 and, as holding company of the Banking Group Intesa Sanpaolo (the "ISP Group"), with the

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Banking Group Register with No. 3069.2 as well as adherent to the Interbank Fund for Deposit Protection (*Fondo Interbancario di Tutela dei Depositi*) and to the National Guarantee Fund (*Fondo Nazionale di Garanzia*).

The share capital of the Offeror, as at the date hereof, is equal to Euro 9,085,663,010.32, divided into no. 17,509,728,425 ordinary shares with no face value. The Offeror holds no. 25,859,474 treasury shares, equal to 0.1477% (rounded to the fourth decimal place) of its share capital.

The Offeror's ordinary shares are listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. with ISIN Code IT0000072618 and are traded in dematerialized form pursuant to article 83-bis of the Italian Consolidated Financial Act.

As at the date of this Notice, to the extent of the Offeror's knowledge, there are no existing shareholders' agreements between the Offeror's shareholders, nor there is any natural or legal person, that controls the Offeror pursuant to article 93 of the Italian Consolidated Financial Act.

As at the date of this Notice, on the basis of the information received pursuant to article 120 of the Italian Consolidated Financial Act, the recordings in the shareholders' ledger as well as the other information available to the Offeror, the shareholders holding a participation higher than 3% of the Offeror's ordinary share capital are listed in the table here below:

Reporting person or entity at the top of the participation chain	Direct shareholder	% of the Offeror share capital
Compagnia di San Paolo	Compagnia di San Paolo	6.790%
BlackRock Inc. (*)	-	5.003%
Fondazione Cassa di Risparmio delle Provincie Lombarde	Fondazione Cassa di Risparmio delle Provincie Lombarde	4.381%

(*) by way of non-discretionary asset management

As at the date of this Notice, the Offeror and its controlled entities together hold no. 859,601 of the Issuer's Shares, equal to 0.0751% (rounded to the fourth decimal place) of the share capital of the latter. For the sake of clarity, the calculation does not include the Issuer's Shares held by investment funds and/or other collective investments undertakings managed by entities of the ISP Group with full autonomy from ISP and in the interest of the relevant customers and clients.

By way of further clarification, with regard to the Offer, there are no persons acting in concert with the Offeror for the purpose of article 101-bis, paragraphs 4, 4-bis, 4-ter of the Italian Financial Consolidated Act and of article 44-quater of the Issuers' Regulation.

2.2. The Issuer

The Issuer is "Unione di Banche Italiane S.p.A", a joint stock company incorporated under the laws of the Republic of Italy, with registered office in Bergamo, Piazza Vittorio Veneto no. 8, registered with the Bergamo Companies' Register, Tax ID and VAT Reg. no. 03053920165.

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The Issuer is registered with the Banking Register kept by the Bank of Italy with no. 5678 and, as holding company of the Banking Group UBI (the “UBI Group”), with the Banking Group Register with no. 3111.2, as well as adherent to the Interbank Fund for Deposit Protection (*Fondo Interbancario di Tutela dei Depositi*) and to the National Guarantee Fund (*Fondo Nazionale di Garanzia*).

The UBI Group is the fourth largest banking group by number of bank branches, with a market share of approximately 7%.

As of the date hereof, the share capital of the Issuer is equal to Euro 2,843,177,160.24, fully subscribed and paid in, divided into no. 1,144,285,146 ordinary shares with no face value. UBI Banca, as of the date hereof, appears to hold no. 9,251,800 treasury shares.

The Issuer’s ordinary shares are listed on the Mercato Telematico Azionario operated by Borsa Italiana S.p.A. with ISIN Code IT0003487029 and are traded in dematerialized form pursuant to article 83-*bis* of the Italian Consolidated Financial Act.

The table below lists the persons that, as at the date of this Notice – on the basis of the communications pursuant to article 120 of the Italian Consolidate Financial Act, as published on the Consob’s website – hold a share capital or voting rights higher than the 3% of the Issuer’s ordinary share capital:

Reporting person or entity at the top of the participation chain	Direct shareholder	% of the Offeror share capital
Fondazione Cassa di Risparmio di Cuneo	Fondazione Cassa di Risparmio di Cuneo	5.910%
Silchester International Investors LLP	Silchester International Investors LLP(*)	5.123%
Fondazione Banca del Monte di Lombardia	Fondazione Banca del Monte di Lombardia	4.959%
HSBC Holdings PLC	HSBC BANK PLC.	4.842%
	HSBC Global Asset Management (UK) Limited (**)	0.038%
	DNKA Internationale Kapitalanlagegesellschaft mbH (**)	0.010%
	<i>Total</i>	<i>4.890%</i>

(*) by way of discretionary asset management

(**) by way of non-discretionary asset management

Here below the list of the existing shareholders agreements which are relevant pursuant to article 122 of the Italian Consolidated Financial Act, as published on the Issuer’s internet web site pursuant to, and for the purpose of, article 130 of the Issuers Regulation, as at the date of this Notice:

- (i) the shareholders agreement regarding the Issuer’s shares, entered into on 19 September 2019, joining, as at the date of 29 November 2019, no. 22 shareholders of the Issuer,

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holding together no. 203,636,142 of the Issuer's Shares equal to 17.796% of UBI Banca's share capital; this shareholders agreement is relevant pursuant to article 122, paragraph 1 and article 122, paragraph 5, letter a) and b), of the Italian Consolidated Financial Act, and it regulates, *inter alia*: (i) the consultation between the participants with regards to the decisions included in the shareholders' competence; (ii) the sharing of UBI Banca's prospects, the economic, financial and regulatory relevant scenarios and the monitoring of the Issuer's performance and management; (iii) the exchanges with the Issuer's management, also for the purpose of the previous point (ii) as well as (iv) limits to the transfer of UBI Banca's ordinary shares or any financial instruments that attribute voting rights in the shareholders meeting of the Issuer;

- (ii) the so-called "Patto dei Mille", signed on 27 January 2016 joining, as at the date of 18 September 2019, no. 75 shareholders of the Issuer, holding together no. 18,342,999 of the Issuer's Shares equal to 1.603% of the UBI Banca share capital; this shareholders agreement is relevant pursuant to article 122, paragraph 1 and article 122, paragraph 5, letter a) and b), of the Italian Consolidated Financial Act, and it regulates, *inter alia*: (i) the prior consultation between the holders of the syndicated shares, (ii) the exercise of the voting rights attributed to the syndicated shares, in the ordinary and extraordinary shareholders meetings and (iii) certain limits to the transfer of the syndicated shares;
- (iii) the so-called "Sindacato Azionisti UBI Banca S.p.A.", signed on 17 February 2016, joining, as at the date of 1 January 2020, no. 166 shareholders of the Issuer, divided in no. 37 groups, holding together no. 85,871,626 of the Issuer's Shares equal to 7.50% of the Issuer's share capital; this shareholders agreement is relevant pursuant to article 122, paragraph 1 and article 122, paragraph 5, letter a) and b), of the Italian Consolidated Financial Act, and it regulates, *inter alia*: (i) the submission of the list for the appointment of the Board of Directors of the UBI Banca and the exercise of voting rights attributed to the syndicated share for the appointment of the same, (ii) the duty of prior consultation between the holders of the syndicated shares; (iii) the exercise of the voting rights in the extraordinary shareholders meeting, as well as (iv) certain limits to the transfer of the syndicated shares.

3. KEY ELEMENTS OF THE OFFER

3.1. Categories and quantities of the shares object of the Offer

The Offer concerns no. 1,143,425,545 ordinary shares of the Issuer, listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A., representing, as at the date hereof, the entire share capital of the Issuer including the treasury shares held by UBI Banca, less no. 859,601 UBI Banca ordinary shares held by the Offeror as of the date hereof.

The Issuer's Shares tendered to the Offer must be freely transferable to the Offeror and free from restrictions and encumbrances of any kind and nature, *in rem* or personal.

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3.2. Consideration per share

3.2.1. Consideration of the Offer

Should the Conditions Precedent of the Offer be satisfied, and, thus, upon successful completion of the Offer, the Offeror will pay, for each Issuer's Share tendered to the Offer, the Consideration, not being subject to any adjustment, represented by no. 1.7000 newly issued ordinary shares of the Offeror by virtue of the Share Capital Increase Reserved to the Offer.

Based on the official price per ordinary share of the Offeror, as recorded on 14 February 2020 (equal to Euro 2.502), the Consideration corresponds to a value equal to Euro 4.254 (rounded to the third decimal place) for each Issuer's Share and, therefore, incorporates the following premiums with reference to the arithmetic means, weighted for the daily volumes, of the official prices of the Issuer's Shares in the relevant periods:

Reference Date	Weighted average price per Issuer's Share	Premium
14 February 2020	3.333	+27.6%
1 month prior to 14 February 2020 (included)	2.968	+35.7%
3 months prior to 14 February 2020 (included)	2.939	+36.0%
6 months prior to 14 February 2020 (included)	2.743	+38.6%

The newly issued ordinary shares of the Offeror, to be delivered as Consideration to the Issuer's shareholders accepting the Offer, shall have the same characteristics as the outstanding ordinary shares of the Offeror and will be listed on Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. Please note that the newly issued ordinary shares of the Offeror will be delivered, upon simultaneous transfer to the Offeror of the Issuer's Shares delivered in acceptance of the Offer, on the fifth trading day following the end of the Acceptance Period, which will be agreed with Borsa Italiana S.p.A. and set forth in the Offer Document, save for prorogation or modification of the Offer which may occur pursuant to applicable laws.

3.2.2. Maximum aggregate consideration of the Offer

In case of total acceptance of the Offer, the shareholders of the Issuer that accepted the Offer will receive a maximum no. 1,943,823,435 newly issued ordinary shares of the Offeror issued as a result of the Share Capital Increase Reserved to the Offer which, at the date of payment of the Consideration, will represent the 10.0% of the Offeror share capital assuming that the Share Capital Increase Reserved to the Offer will be entirely subscribed and fully paid up.

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Based on the official price of the Offeror ordinary shares recorded at the closure of the last open market trading day, i.e. 14 February 2020 (equal to Euro 2.502), the maximum aggregate amount of the Offer, in case of total acceptance of the same, will be equal to Euro 4,864,132,268.43, such amount being equal to the evaluation “in cash” of the Consideration (i.e. Euro 4.254 per Share, rounded to the third decimal place).

3.2.3. Characteristics of the Share Capital Increase Reserved to the Offer

On the date of this Notice, the Board of Directors of ISP resolved to submit to the extraordinary shareholders meeting of the Offeror – whose call is scheduled 27 April 2020 – the proposal to grant the Board of Directors of ISP with the power, pursuant to article 2443 of the Italian Civil Code (the “Delegated Powers”), to resolve upon and carry out the share capital increase to be reserved to the Offer, to be carried out on one or more occasions, and also in one or more tranches, to be executed through (and in compensation of) the contribution in kind of the Issuer’s Shares delivered in acceptance of the Offer, without pre-emption rights pursuant to article 2441, paragraph 4 of the Italian Civil Code, by issuing maximum no. 1,943,823,435 ordinary shares of the Offeror, with ordinary rights and the same characteristics as the ordinary shares already outstanding at the date of issuance (the “Share Capital Increase Reserved to the Offer”).

The Offeror’s Board of Directors also resolved, pursuant to article 2440, paragraph 2, of the Italian Civil Code, to avail itself of the provisions of articles 2343-ter and 2343-quater of the Italian Civil Code for the evaluation of the Issuer’s Shares to be contributed.

Please note that such provisions do not require a sworn appraisal of the assets contributed by an expert appointed by the Court in whose district the contributing company’s registered office is located, if the value attributed to the assets in kind contributed, for the purposes of determining the share capital and any share premium, is equal to or lower than the value resulting from a valuation carried out by an expert, independent from the contributing party, the company or the shareholders who individually or jointly exercise control over the contributing party or the company itself, as well as having adequate and proven professionalism. The Board of Directors of the Offeror will appoint an independent expert pursuant to article 2343-ter, paragraph 2, letter b), of the Italian Civil Code (the “Independent Expert”). The Independent Expert will issue, in view of the resolution on the Share Capital Increase Reserved to the Offer, a report on the estimate of the Issuer’s Shares.

In addition to the aforementioned report of the Independent Expert, for the purposes of the Share Capital Increase Reserved to the Offer, also the explanatory report by the directors pursuant to article 2441, paragraph 6, of the Italian Civil Code and the opinion on the fairness of the issue price of the Offeror’s new shares will be made available to the public, in the manner and within the terms provided for by the applicable law. Such opinion will be issued by KPMG S.p.A., which was appointed to audit the Offeror, pursuant to article 2441, paragraph 6, of the Italian Civil Code and article 158 of the Italian Consolidated Financial Act.

The Offer may be launched only subject to and subsequent to (i) the approval, by the extraordinary shareholders’ meeting of the Offeror, of the proposal of Delegated Powers for the

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Share Capital Increase Reserved to the Offer, and (ii) the resolution, by the Board of Directors of the Offeror, in connection with the Share Capital Increase Reserved to the Offer, pursuant to the Delegated Powers. Such resolutions require, in turn, that the aforementioned fairness opinion issued by the Offeror's independent auditors, pursuant to article 2441, paragraph 6, of the Italian Civil Code and article 158 of the Italian Consolidated Financial Act, as well as the report of the Independent Expert, pursuant to article 2343-ter, paragraph 2, letter b), of the Italian Civil Code, have been issued; moreover, the effectiveness of such resolutions is subject to the obtainment of the Authorization referred to in point (iv) of paragraph 1.4 above.

3.2.4. Payment of the Consideration

The payment of the Consideration will be made, as indicated in the Offer Document, upon the transfer to the Offeror of the Issuer's Shares which are subject to this Offer, subject to the subscription, by the shareholders accepting the Offer, of the acceptance form, made available for this purpose by the appointed intermediaries, and to the completion of all the formalities necessary for the transfer of the Issuer's Shares to the Offeror. The payment of the Consideration will be made net of stamp duty, fees and expenses, which remain to be borne by the Offeror.

3.2.5. Fulfilment guarantee

As already mentioned, during the course of today's meeting, the Board of Directors resolved to call an extraordinary shareholders' meeting of the Offeror for the 27 April 2020 to approve the proposal of Delegated Powers for the Share Capital Increase Reserved to the Offer. The relevant notice of call is published on the Offeror's website simultaneously with this Notice.

3.3. Markets on which the Offer is promoted

The Offer shall be addressed, under the same conditions, to all the Issuer's shareholders.

Without prejudice to the foregoing, the Offer will be promoted exclusively in Italy, as the Issuer's Shares are listed exclusively on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A.. The Offer will not be promoted, either directly or indirectly, in the United States of America, Australia, Canada, Japan or any other country where such offer is not permitted without the authorization of the competent authorities.

Acceptance of the Offer by individuals who are resident in countries other than Italy may be subject to specific legal or regulatory obligations or restrictions. It is the sole responsibility of the addressees of the Offer to comply with such rules and, therefore, before accepting the Offer, to verify their existence and applicability by contacting their consultants. The Offeror shall not be held liable for the violation by any individual of any of the aforesaid restrictions.

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3.4. Provisional timing of the Offer

The Offeror will submit the Offer Document to Consob within 20 calendar days from today's date, pursuant to Article 102, paragraph 3, of the Italian Consolidated Financial Act.

Within the same term, the Offeror will submit to the competent Authorities the communications and applications for the Authorizations, as well as the prior notifications to the Italian Antitrust Authority and to antitrust Authorities of Albania and Serbia.

The proposal of Delegated Powers for the Share Capital Increase Reserved to the Offer will be subject to the approval of the extraordinary shareholders' meeting of the Offeror whose call is scheduled for 27 April 2020. The Board of Directors will resolve on the Share Capital Increase Reserved to the Offer, by exercising the Delegated Powers, as soon as feasible after obtaining the Authorizations.

The Offer Document will be published after: (i) the approval of the Share Capital Increase Reserved to the Offer by the Board of Directors of the Offeror and (ii) the approval of the Offer Document by Consob following the obtainment of the Authorizations pursuant to article 102, paragraph 4, of the Italian Consolidated Financial Act.

The period of acceptance of the Offer - which, pursuant to article 40, paragraph 2, letter b), of the Issuers' Regulation, will be arranged with Borsa Italiana S.p.A. and will last between a minimum of 15 and a maximum of 40 trading days, if not extended - will start after the publication of the Offer Document, in accordance with the law (the "Acceptance Period").

Subject to the fulfilment (or waiver) of the Conditions Precedent and the completion of the Offer, the Offeror shall proceed with the payment of the Consideration.

Please note that the Offer, being launched by a party other than those indicated in article 39-bis, paragraph 1, letter a), of the Issuers' Regulation, will not be subject to the reopening of the acceptance terms provided for by article 40-bis of the Issuers' Regulation.

3.5. Potential delisting of the Issuer's shares and merger

As specified above, the goal of the Offer is to acquire the entire share capital of the Issuer (or at least a shareholding equal to 66.67%, as indicated in the Offer's Conditions Precedent or, in any case, at least 50% of the share capital plus 1 (one) ordinary share of the Issuer) and to obtain the delisting of the relevant shares from the listing on the Mercato Telematico Azionario. It is deemed, in fact, that the delisting of the Issuer fosters the objectives of integration, creation of synergies and growth of the Group of the Offeror and the Issuer mentioned above.

Consequently, in the event that, upon completion of the Offer - as a result of the acceptances to the Offer and/or any purchases made out of the Offer in accordance with the applicable law during the Acceptance Period - the Offeror holds a total interest of more than 90%, but less than 95% of the Issuer's share capital, the Offeror hereby declares that it will not restore a sufficient free float to ensure the regular trading of the Issuer's Shares.

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The Offeror will fulfil the obligation to purchase the remaining Issuer's Shares from the shareholders who so request, pursuant to article 108, paragraph 2, of the Italian Consolidated Financial Act. The consideration to be paid to such shareholders of the Issuer will be identical to the Consideration of the Offer, or determined by Consob (as the case may be), in accordance with article 108, paragraphs 3 and 4, of the Italian Consolidated Financial Act and articles 50 and 50-bis of the Issuers' Regulation. Moreover, pursuant to article 108, paragraph 5, of the Italian Consolidated Financial Act, the same shareholders will have the right to request, as an alternative to the consideration represented by the Offeror's shares, the payment of a full cash consideration determined in accordance with article 50-ter of the Issuers' Regulation.

Following the occurrence of the conditions of the mandatory sell-out pursuant to article 108, paragraph 2, of the Italian Consolidated Financial Act, in accordance with the current regulations of the markets organized and managed by Borsa Italiana S.p.A., the latter will revoke the Issuer's Shares from the listing starting from the trading day following the day of payment of the price for the mandatory sell-out pursuant to article 108, paragraph 2, of the Italian Consolidated Financial Act. Therefore, in the event of delisting of the Issuer's Shares, the Issuer's shareholders who did not accept the Offer and who did not avail themselves of the right to request the Offeror to proceed with the purchase of their Shares in compliance with the above obligation under article 108, paragraph 2, of the Italian Consolidated Financial Act (without prejudice to what is specified below), will find themselves holders of financial instruments not traded on any regulated market, with consequent difficulties in liquidating their investment.

Moreover, in the event that, upon completion of the Offer - as a result of the acceptances to the Offer and/or purchases made out of the Offer in accordance with applicable law and/or in fulfilment of the aforesaid mandatory sell-out as set out in article 108, paragraph 2, of the Italian Consolidated Financial Act - the Offeror holds a total interest of at least 95% of the Issuer's share capital, the Offeror hereby declares its intention to exercise its right to purchase the remaining Issuer's Shares, pursuant to and for the purposes of article 111 of the Italian Consolidated Financial Act. The Offeror, by exercising the right to purchase under article 111 of the Italian Consolidated Financial Act, will also fulfil the mandatory sell-out under article 108, paragraph 1, of the Italian Consolidated Financial Act, towards the shareholders of the Issuer who request it, carrying out a joint procedure. The consideration due for the Issuer's Shares purchased in such manner will be determined in accordance with the provisions of article 108, paragraphs 3 and 4, of the Italian Consolidated Financial Act, as referred to in article 111 of the Italian Consolidated Financial Act, as well as the provisions of articles 50, 50-bis and 50-ter of the Issuers' Regulation, as referred to in article 50-quater of the Issuers' Regulation, *i.e.* at a consideration identical to the Consideration of the Offer, or determined by Consob (as the case may be). However, pursuant to article 108, paragraph 5, of the Italian Consolidated Financial Act and article 50-quater of the Issuers' Regulation, the remaining shareholders of the Issuer may, however, request to receive, as an alternative to the consideration represented by shares of the Offeror, a full cash consideration determined pursuant to article 50-ter of the Issuers' Regulations.

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Please note that, following the occurrence of the conditions of the squeeze out right pursuant to article 111 of the Italian Consolidated Financial Act and the mandatory sell-out pursuant to article 108, paragraph 1, of the Italian Consolidated Financial Act, in accordance with the current regulations of the markets organized and managed by Borsa Italiana S.p.A., the latter will suspend and/or revoke the Issuer's ordinary shares from listing (if it has not already done so), taking into account the time required to exercise the purchase right pursuant to article 111 of the Italian Consolidated Financial Act.

Taking into account the need to speed up the integration between the UBI Group and the ISP Group IS and to be able to take advantage of the best synergies and without prejudice to compliance with any potential indication received from the competent Authorities, the Offeror intends to proceed, even regardless of the delisting of the Issuer's Shares on the Mercato Telematico Azionario, with the merger by incorporation of the Issuer into the Offeror (for an exchange ratio pursuant to article 250-ter of the Italian Civil Code, which may therefore not contain any premium).

4. PUBLICATION OF THE PRESS RELEASES AND DOCUMENTS RELATING TO THE OFFER

The Offer Document, the press releases and all documents relating to the Offer shall be made available, *inter alia*, on the website of the Offeror at www.intesasanpaolo.com.

5. CONSULTANTS OF THE OFFEROR

In relation to the Offer, the Offeror is assisted by Mediobanca Banca di Credito Finanziario S.p.A., as financial advisor, and by Pedersoli Studio Legale as legal advisor.

This is a free courtesy translation into English of the Offer Document: the Italian version of the Offer Document is the only document approved by CONSOB.

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The public voluntary exchange Offer described in this Notice will be promoted by Intesa Sanpaolo S.p.A. 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, as required by the applicable regulations, the Offeror will publish the Offer Document which Unione di Banche Italiane S.p.A.'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 Unione di Banche Italiane S.p.A. The Offer will be 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 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 S.p.A. 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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Not for release, publication or distribution, in whole or in part, directly or indirectly in the United States, Australia, Canada or Japan

N. DOCUMENTS THAT THE OFFEROR MAKES AVAILABLE TO THE PUBLIC AND PLACES OR SITES IN WHICH SUCH DOCUMENTS ARE AVAILABLE

The Offer Document and documents indicated in Section N are available to the public for consultation from:

- (i) the registered office of the Offeror, in Turin, Piazza San Carlo, 156, and the secondary registered office of the Offeror in Milan, Via Monte di Pietà, 8;
- (ii) the registered office of the Intermediary Appointed to Coordinate the Acceptances, Banca IMI S.p.A., in Milan, Largo Mattioli no. 3;
- (iii) the registered office of the Appointed Intermediaries;
- (iv) the website of the Offeror, www.intesasanpaolo.com and group.intesasanpaolo.com;
- (v) the website of the Global Information Agent, www.morrowsodali-transactions.com.

It should also be noted that for any requests or information regarding the Offer, the holders of UBI Shares may use the dedicated e-mail account (ops.ubi@investor.morrowsodali.com) or call the free-phone number 800 595 471 made available by the Global Information Agent (the number +39 06 45212832 is available for those calling from abroad). This telephone number will be active for the entire duration of the Acceptance Period, on weekdays, from 10:00 a.m. (Central European Time) to 7:00 p.m. (Central European Time).

N.1 Documents relating to the Offeror

- (i) Memorandum and articles of association of the Offeror.
- (ii) Prospectus, formed by: (i) the Registration Document, (ii) Securities Note and (iii) Summary.
- (iii) Financial report for the year ended 31 December 2019, including the consolidated financial statements and individual financial statements of the Offeror for the year ended 31 December 2019, together with the annexes required by law.
- (iv) Consolidated interim statement of the Offeror as at 31 March 2020, together with the annexes.

N.2 Documents relating to the Issuer

- (i) Financial report for the year ended 31 December 2019, including the consolidated financial statements and individual financial statements of the Issuer for the year ended 31 December 2019, together with the annexes required by law.
- (ii) Consolidated interim statement of the Issuer as at 31 March 2020, together with the annexes.

DECLARATION OF RESPONSIBILITY

The Offeror bears responsibility for the completeness and truthfulness of the data and information contained in the Offer Document.

The Offeror declares that, to the best of its knowledge, the data contained in the Offer Document is accurate and there are no omissions that may alter its scope.

Intesa Sanpaolo S.p.A.

Paolo Grandi