

UBI Banca issues the Social Bond “UBI Comunità per la Fondazione L'Albero della Vita onlus” (“UBI Comunità for the Tree of Life Foundation) and helps implement the “Varcare la Soglia” (Cross the Threshold) project.

0.50% of the face value of the bonds will go to support activities designed to improve the overall well-being of families in Italy suffering from severe poverty. The project involves measurement of the social benefit generated by means of SROI.

Milan, 4th September 2017 - UBI Banca announces the issue of a social bond to help implement *Fondazione L'Albero della Vita Onlus*'s programme entitled “*Varcare la Soglia*” (Cross the Threshold). This project was one of the winning the initiatives of the 2017 edition of “Sodalitas Social Innovation”, a programme organised by *Fondazione Sodalitas*, with support from UBI Banca, designed to improve project capabilities in the third sector.

The project and the background context

ISTAT (Italian office for National statistics) estimates for 2016 showed that 1,619,000 families live below the absolute poverty line in Italy (i.e. families only able to afford monthly spending less than or at least equal to that needed to purchase essential goods).

The project “*Varcare la Soglia*” (Cross the Threshold) is set against this background. It was started to fight economic poverty and poor relationships in families with children, conditions such as job-loss or unemployment by adults, the risk of losing a home, the inability to pay bills and difficulties at school and with the education of minors. The families that take part in the programme start from a condition of chronic or temporary social and economic exclusion and, together with the workers from the *Fondazione l'Albero della Vita*, they build and follow a path to exit from a condition of difficulty and vulnerability. Since its inception, the project “*Varcare La Soglia*” has given support to 1,058 beneficiaries, 661 of whom are minors. Work is being done to-date in the outer city areas of Milan, Genoa, Rome, Palermo and Catanzaro and is currently starting up also in Naples.

Measurement of the social impact of the project by means of SROI

As has already happened when donations have been made in connection with previous issuances, the value of the social benefit for the recipients and the communities connected with the social bond will also be calculated for the “*Varcare la Soglia*” project by the *Fondazione l'Albero della Vita*. The method chosen for the calculation is the social return on an investment (SROI), the most widespread and appreciated by the international community. The purpose of SROI is to quantify the social or environmental value generated by a project, an initiative, or social organisation in economic terms. An SROI analysis is designed to “capture” the value of a vast range of expected or actual results in monetary terms, by adding a numerical indicator to the report of how an

organisation creates value for determined categories of stakeholders, ranging from the direct beneficiaries to local communities, public institutions and supporters. SROI measures change by adopting the perspective of the people and organisations who benefit from it, or contribute to it.

UBI Banca provides methodological and operational support and technical assistance delivered in co-operation with the Human Foundation in its capacity as an independent third party company to assist with the process of quantifying the social results of projects in monetary terms by using SROI as a tool. The *Fondazione Albero della Vita* has estimated *ex ante* that in the case of the “*Varcare la Soglia*” project, each euro invested in it will produce approximately €5.16 of economic value by reducing social and educational expenses incurred by families and expenses for caring for and assisting children and also through the economic value of the services generated through the involvement of volunteers.

The bonds, issued by UBI Banca have a minimum subscription price of €1,000, a life of three years, half yearly coupons and a fixed gross annual yield of 0.55% (0.407% per annum, net). They may be subscribed from 4th September 2017 until 29th September 2017, unless the offer period is closed early or is extended.

UBI Banca will make a donation to the association equal to 0.50% of the face value of the bonds subscribed. The total charitable donation made by UBI Banca to *Fondazione L'Albero della Vita Onlus* could reach €100,000 if the entire face value of the bond offered is subscribed.

“Co-operation between for-profit companies and nonprofit organisations is also proving its usefulness in supporting and promoting the desire of those going through difficulties to achieve a normal life”, said Frederik Geertman, Chief Commercial Officer at UBI Banca. *“Social bonds are instruments that combine the rational allocation of savings with social aims. They have shown that they are increasingly able to assist with opportunities to develop incisive and sustainable projects, that are very different from the traditional welfare approach, and are in fact able to bring together energies and expertise that can produce true and genuine social innovation, with precise accountability.”*

“The continuous growth of poverty in the population in our country, above all amongst the most vulnerable groups (today one child in eight lives in absolute poverty), is an issue of the greatest urgency which requires prompt intervention that is different to that proposed until now”, said **Ivano Abbruzzi, President of Fondazione L'Albero della Vita onlus.** *“Co-operation between for-profit and nonprofit organisations are proving an increasingly more effective alliance for the pursuit of social-interest objectives with sustainable profitability because they are able to support themselves independently. The methodology employed with Varcare La Soglia, which aims at investing in the potential of people, may represent a key approach in the fight against poverty”.*

From April 2012 until August 2017 the UBI Banca Group has issued 85 UBI Comunità social bonds for a total value of over €913.2 million. These have made it possible to make charitable donations of over €4.2 million designed to support initiatives of social interest and they have been subscribed by over 32,000 UBI Group customers. Furthermore, loan pools have been created for loans of over €20.5 million destined to social consortia, enterprises and co-operatives.

The bonds will not be listed on any regulated market or multilateral trading system: they will be traded by the Placement Agent directly, without intermediary, as part of its own-account trading service in accordance with Art. 1, paragraph 5, letter a) of Legislative Decree No. 58/1998 (Consolidated Finance Act). The Placement Agent makes no commitment to repurchase the bonds. Therefore in these cases, investors run the risk of not being able to sell the bonds before their natural maturity date. More detailed information on the conditions, costs and risks involved in the investment is contained in the "Definitive Conditions" and in the "Summary Note" and in the section on "Risk Factors" in particular, which may be consulted.

We underline in particular that the bonds in question could reduce in value (by as much as 100% of their value), or be converted into a capital instrument of the issuer (e.g. shares), or undergo a reduction in the interest, or a temporary suspension in the payment of interest for a transitory period, due to, amongst other things, the application of a "bail-in" and, more generally, to banking crisis resolution procedures in accordance with the regulations currently in force concerning the resolution of banking crises.

UBI Banca is the fourth largest commercial banking group in Italy by market cap, with a market share of over 5%, 1,948 branches located mainly in the wealthiest regions of the country and more than 22,000 employees. In 2013 UBI Banca was awarded a prize for innovation in banking services in the "Charitable bank" category by the Italian Banking Association and the National Prize for Innovation awarded by the President of the Republic.

UBI Comunità, through its Third Sector and Civil Economy Service, is the commercial division of the UBI Banca Group specifically dedicated to the third sector and the civil economy. Composed of a team of specialists present at local level, it has an innovative and customised approach to this sector in terms, amongst other things, of providing banking and credit support for the management of daily activities, projects and investments. With UBI Comunità, UBI Banca adds to a range of services designed for simplified banking operations that are secure and economical, with diversified credit solutions to pay advances on contributions and revenues, together with a range of flexible and customisable financing solutions to support the pursuit of institutional aims and to launch or accelerate economically sustainable paths to growth and social innovation.

Fondazione L'Albero della Vita is a registered charity and a nonprofit organisation established in Italy in 1997 with the goal of promoting effective action designed to ensure well-being and to protect and promote human rights and assist with the development of children, their families and the communities to which they belong. It does this by providing services to protect minors suffering hardship, care facilities, networks of foster parents, maternity support services, remote support for children in developing countries and educational campaigns on the issue of children's rights in Italy and in the world. Fondazione L'Albero della Vita operates today in Italy, Europe, India, Bangladesh, Nepal, Peru, Kenya and Haiti with both its own staff and in partnership with various local organisations and institutions.

This document is a press release and it contains information for the media and the newspapers to which it is addressed. It is published for the same purposes on the Bank's corporate website, www.ubibanca.it, expressly and solely in the section entitled "Sala Stampa" in the Italian version and "Press" in the English version.

This message is of a promotional nature for potential subscribers of the investment and it does not constitute an offer or an invitation to invest in the bonds, nor does it constitute financial advice or a recommendation to invest. The bonds may be subscribed from 4th September 2017 until 29th September 2017, unless the issuer exercises its right to close the offer period early or to extend it. For more detailed information on the conditions and on the costs and risks involved in the investment, you are invited, before subscribing, to read the Basic Prospectus, the Registration Document and the Definitive Conditions and the Summary Note, with particular attention paid to the section "Risk Factors" relating to the issuance. The Basic Prospectus filed with the Consob (Italian securities market authority) on 6th February 2017 following the approval notified by the Consob with Note No. 0015917/17 of 2nd February 2017 and the relative Supplements and Definitive Conditions relating to the issuance are available free of charge in branches and on the website of the Issuer (www.ubibanca.it), and in the branches of IWBanck, which also act as Placement Agents.



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