

UBI Banca: transformation into Joint Stock Company – focus on the right of withdrawal

12 October 2015

Transformation into Joint Stock Company. Right of withdrawal

Right of withdrawal

- The right of withdrawal is recognized to all shareholders (registered and not registered) who did not participate with a favorable vote to the resolution regarding the transformation of the Bank into joint stock company
- The amount which will be paid for each UBI Banca share subject to withdrawal was set at Euro 7.2880 (however please see limit to redemption below and as detailed in following pages)

Limit to redemption

- Law No. 3 of 24 January 2015, converted into Law No. 33 of 24 March 2015, amended some of the provisions of the Consolidated Banking Act (Legislative Decree No. 385/93, TUB) on the question of “popular” co-operative banks.
-*“The right in ‘popular’ banks to the redemption of shares in the event of withdrawal..... is limited according to the provisions made by the Bank of Italy, even as an exception to the provisions of the law, where that is necessary to ensure the inclusion of the shares in the Common Equity Tier 1 regulatory capital of the bank.”*

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Criteria for the limit to redemption

- UBI Banca has decided, as allowed by law provisions, to **limit** the redemption of the shares subject to withdrawal to a maximum given by the **difference between the UBI Banca CET1 ratio fully loaded and a certain threshold**
- The threshold is calculated as the **arithmetic mean** of the following:
 - a) SREP decision for UBI + 150 bps¹
 - b) European average CET1r recorded by the ECB with reference to banks subject to the SSM²
- Elements which may **vary in the course of the withdrawal procedure**: SREP decision for UBI, the European average of CET1, CET1r fully loaded for UBI

1. The buffer is an estimated prudential assessment of the margin needed to withstand both growth in lending and potential market shocks.

2. Source ECB, Supervisory Statistics,
<https://www.bankingsupervision.europa.eu/banking/supervisory-statistics/html/index.en.html>

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EXAMPLE OF CALCULATION OF THE LIMIT TO REIMBURSEMENT

- At the date of this document, the **threshold** is :

$$\frac{(9.50\% + 1.50\%) + 12.48\%^1}{2} = 11.74\% \text{ CET1r fully loaded}$$

- Last data on UBI Banca's CET1r fully loaded: **12.33% (30 June 2015)**.
- **Maximum limit to reimbursement:** 12.33% - 11.74% = **0.59%** of CET1 or approx. 350 million Euro representing approx. 4% of tangible equity

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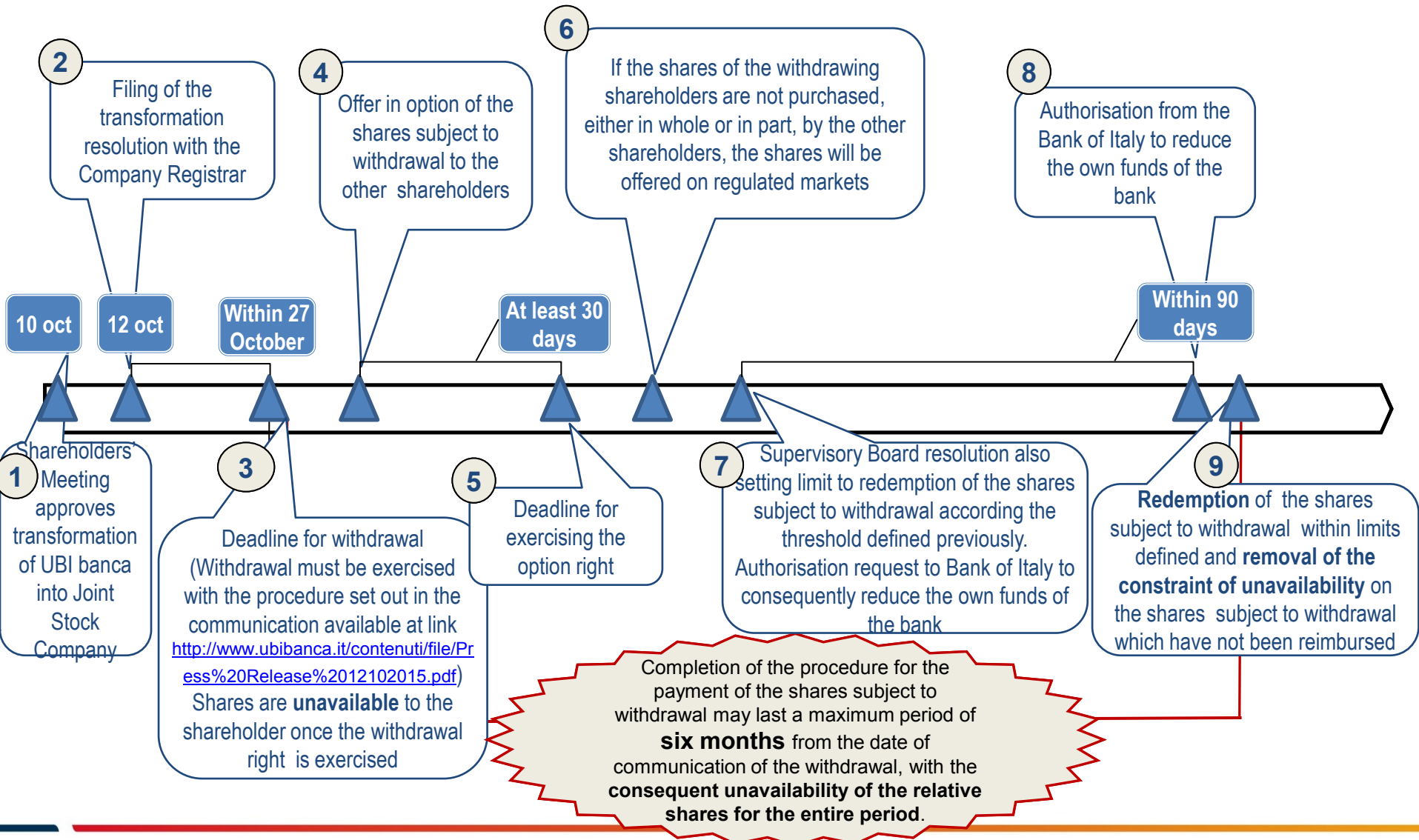
- It is important to remember that **all shares** presented for withdrawal by withdrawing shareholders **are made unavailable (blocked)** at the time the right of withdrawal is exercised **for a maximum of six months** (see next page for timing)
- If the total amount of shares subject to withdrawal implies a **countervalue higher than the maximum calculated as previously described**, the following will apply:

at the end of the procedure, which, again, may take up to **six months**,

A) shares will be reimbursed **proportionally** to the withdrawing shareholders, up to the maximum countervalue

B) the shares in excess of point A) will be made available to the withdrawing shareholders who will be able to dispose of them

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 For more details please read the documents at the following links

<http://www.ubibanca.it/contenuti/file/Press%20Release%2012102015.pdf>

<http://www.ubibanca.it/pagine/October%202015%20Shareholders'%20Meeting.aspx>