



## STREAMLINING OF GROUP FRAMEWORK IN THE BANKING SECTOR

### Approval of the restructuring plan of the banking sector

Bologna, 28 July 2017

The Boards of Directors of Unipol Gruppo S.p.A. ("Unipol") and UnipolSai Assicurazioni S.p.A. ("UnipolSai") - which met on 27 July 2017 – approved the restructuring plan, for matters under their respective responsibility, of the Unipol Group's banking sector (the "Restructuring Plan" or "Plan"), whose guidelines and strategic motivations had been disclosed by Unipol to the market on 30 June. The approval by UnipolSai's Board of Directors was preceded by the issuance – on a voluntary basis – of a favourable opinion of the Committee for Related Party Transactions of UnipolSai.

The Restructuring Plan, among other things, provides for the transfer of corporate assets (the "Transferred Assets") by proportional partial demerger (the "Demerger") of Unipol Banca ("Unipol Banca" or the "Bank") to a newly incorporated company ("NewCo"), including, *inter alia*, the Bank's entire non-performing loan portfolio as at the date of approval the financial position as at 30 June 2017, except for loans under finance lease agreements and unsecured loans, amounting to approximately €3bn (the "Non-Performing Loans").

The Restructuring Plan was also approved on the date hereof by the Board of Directors of Unipol Banca for matters under its responsibility, with the prior favourable opinion of the Bank's Committee for Associated Party Transactions.

More in detail, the Restructuring Plan provides for the completion of the Demerger after:

- increase in the Bank's average claims coverage ratio with effect from 30 June 2017 – assuming that Non-Performing Loans only will be transferred from the assets of the Bank – equal to: (i) 80% for Non-Performing Loans, (ii) 40% for customer loans classified as "Unlikely to Pay", and (iii) 15% for those classified as "Outstanding";
- early termination of the indemnification agreement currently in place between Unipol and Unipol Banca in relation to a specific loan portfolio amounting to approximately €900m gross
- included among the Non-Performing Loans being transferred to NewCo (the

“**Indemnification Agreement**”), under which Unipol undertook to pay an amount of approximately €670m to the Bank;

- following the above-mentioned write-downs, full payment of capital contributions for a total amount of €900m to the Bank by Unipol and UnipolSai by the date of approval of the half-yearly results as at 30 June 2017, in proportion to the equity share held by the shareholders in Unipol Banca, in order to maintain the latter’s assets – also in consideration of the Bank’s capital to be transferred to NewCo at the time of the Demerger – at least in line with the Bank’s capital ratios in place prior to the aforementioned write-downs;
- disbursement by Unipol and UnipolSai, in proportion to their respective equity shares held in the capital of the Bank, prior to the completion of the Demerger but after obtaining the necessary authorisations by the Bank of Italy, of a shareholder loan for the benefit of the Bank itself, to be later included in the Transferred Assets, for a total amount of €300m.

In consideration of the proportional nature of the Demerger, the shares of NewCo will be assigned to Unipol and UnipolSai in proportion to their respective equity shares held in the Bank, without share swap. The completion of the Demerger will in any case be subject to approval by Unipol Banca’s Extraordinary Shareholders’ Meeting and to the mandatory approvals by the competent Authorities.

After the Demerger – which is expected to become effective for accounting and tax purposes in 2018 – the Non-Performing Loans transferred to NewCo will be derecognised from the Bank’s statutory financial statements.

Due to the ongoing controlling relationship between Unipol, UnipolSai and Unipol Banca and the existing link between UnipolSai and Unipol Banca, the three companies are related parties. However, in consideration of the specific characteristics of the transaction as a whole, both Unipol and UnipolSai considered the Restructuring Plan and the individual transactions contemplated therein as exempted from the rules on related parties pursuant to Article 14, paragraph 2, of C.O.N.S.O.B. Regulation No. 17221/2010. Notwithstanding the foregoing, considering the significance of the Plan as a whole, as a further guarantee of the substantive and procedural correctness of the decision-making process, UnipolSai in any case applied the safeguards laid down for transactions with related parties on a voluntary basis.

For the purposes of an in-depth study and functional analysis of the comprehensive implementation of the Restructuring Plan in the terms described above, all the companies involved in the Plan were assisted by leading financial advisors, namely: (i) Unipol by Deloitte Financial Advisory S.r.l.; (ii) UnipolSai by KPMG Advisory S.p.A. and Prometeia S.p.A., which also provided services to the Committee for Related Party Transactions of UnipolSai, and (iii) Unipol Banca by Cerved Credit

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Management Group S.r.l., which also provided services to the Committee for Associated Party Transactions of Unipol Banca itself.

While confirming the preliminary estimates of the overall impacts as disclosed to the market on 30 June, please note that the financial and economic results of Unipol and UnipolSai as at 30 June 2017 – which will take into account the effects of the transactions set out in the Restructuring Plan to be accrued in the reference period – will be announced next 4 August, following the respective Board meetings.

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## Corporate Governance

At yesterday's meeting, the Board of Directors of Unipol Gruppo S.p.A. took note of the resignation – with effect as of the end of the upcoming Board meeting scheduled for 3 August – of the Board member Mr. Sandro Alfredo Pierri due to intervening professional reasons. The now resigning non-executive and independent Director had been appointed by the Company's Shareholders' Meeting of 28 April 2016 from the list that came second in terms of number of votes cast, which had been submitted by some savings management companies and institutional investors. Mr. Pierri is also a member of the Control and Risks Committee and Committee for Related Party Transactions.

On the occasion of the upcoming meeting of the Board of Directors to be held on 3 August, the governing body will be taking the decisions under its responsibility for the replacement of the resigning Director in accordance with the Company's By-Laws.

## **Unipol Gruppo S.p.A.**

Unipol is one of the main insurance groups in Europe, with total premiums of roughly €14.8bn, of which €7.8bn in Non-Life and €7bn in Life (figures from 2016). Unipol adopts an integrated offer strategy and covers the entire range of insurance and financial products, operating primarily through the subsidiary UnipolSai Assicurazioni S.p.A., founded at the start of 2014 and a leader in Italy in the Non-Life business, particularly MV TPL. The Group is also active in direct MV insurance (Linear Assicurazioni), transport and aviation insurance (Siat), health insurance (UniSalute) and supplementary pensions, and maintains a presence in the bancassurance channel (Arca Vita Group and Popolare Vita Group). Lastly, it also operates in the banking realm through the network of Unipol Banca branches and manages significant diversified assets in the real estate, hotel and agricultural (Tenute del Cerro) sectors. Unipol Gruppo S.p.A. is listed on the Italian Stock Exchange.

## **UnipolSai Assicurazioni S.p.A.**

UnipolSai Assicurazioni S.p.A. is the insurance company of the Unipol Group, Italian leader in Non-Life Business, in particular in vehicle liability insurance. Also active in Life Business, UnipolSai has a portfolio of over 10 million customers and holds a leading position in the national ranking of insurance groups with a direct income amounting to approximately €12.5bn, of which €7.2bn in Non-Life Business and €5.3bn in Life Business (2016 figures). The company currently operates through 5 divisions (Unipol, La Fondiaria, Sai, Nuova MAA and La Previdente) and has the largest agency network in Italy, with more than 3,000 agencies and 6,000 sub-agencies spread across the country. UnipolSai Assicurazioni is a subsidiary of Unipol Gruppo Finanziario S.p.A. and, like the latter, is listed on the Italian Stock Exchange, being one of the most highly capitalized securities.

## **Unipol Gruppo**

*Media Relations*  
Fernando Vacarini  
T. +39 051 5077705  
pressoffice@unipol.it

*Investor Relations*  
Adriano Donati  
T. +39 051 5077933  
investor.relations@unipol.it

## **Barabino & Partners**

Massimiliano Parboni  
T. +39 335 8304078  
m.parboni@barabino.it  
Giovanni Vantaggi  
T. +39 328 8317379  
g.vantaggi@barabino.it

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