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### **INTESA SANPAOLO S.P.A.**

Company included in the National Register of Banks with no. 5361.

Parent Company of the Intesa Sanpaolo Banking Group

included in the National Register of Banking Groups

Registered address in Turin, Piazza San Carlo, 156

Secondary registered office in Milan, Via Monte di Pietà, 8

Share Capital Euro 9,085,663,010.32

Registration number on the Turin Company Register and fiscal code: 00799960158

Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund

### **SUPPLEMENT TO THE PROSPECTUS**

This document constitutes a supplement (the “**Supplement**”) to the prospectus consisting of the registration document of Intesa Sanpaolo S.p.A., submitted to Consob on 26 June 2020 after notification that Consob had issued its approval of the Registration Document with a notice on 25 June 2020, protocol no. 0609568/20 (the “**Registration Document**”), the securities note of Intesa Sanpaolo S.p.A., submitted to Consob on 26 June 2020 after notification that Consob had issued its approval of the Securities Note with a notice on 25 June 2020, protocol no. 0609570/20 (the “**Securities Note**”), and the Summary of Intesa Sanpaolo S.p.A., submitted to Consob on 26 June 2020, after notification that Consob had issued its approval of the Summary with a notice on 25 June 2020, protocol no. 0609570/20 (the “**Summary**”). Publication of the Supplement does not imply any judgement by Consob on the appropriateness of the proposed investment and on the validity of the data and information contained in the document.

This Supplement was submitted to Consob on 21 July 2020 after its approval with a notice on 21 July 2020, protocol no. 0706293/20.

This Supplement, prepared in compliance with Regulation (EU) 1129/2017 and Commission Delegated Regulation (EU) 979/2019, is available at the registered office of Intesa Sanpaolo S.p.A. in Turin, Piazza San Carlo 156 and at the secondary registered office of Intesa Sanpaolo S.p.A. in Milan, Via Monte di Pietà 8, as well as on the website of the Issuer ([group.intesasnpaolo.com](http://group.intesasnpaolo.com)).

This Supplement must be read together with the Registration Document, the Securities Note and the Summary.

Complete information about Intesa Sanpaolo S.p.A. can only be obtained through joint consultation of the Supplement and the Registration Document, the Securities Note and the Summary (which together comprise the “**Prospectus**”).

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## **REASONS FOR THE SUPPLEMENT, RIGHT OF WITHDRAWAL, PERSONS RESPONSIBLE, AND DECLARATION OF RESPONSIBILITY**

This Supplement is being published to amend the Prospectus after (i) the increase of the Offer consideration (the “**Consideration**”) to: (a) 1.7000 newly issued ordinary shares of the Issuer (the “**Consideration in Shares**”) and (b) a cash amount equal to Euro 0.57 (the “**Cash Consideration**”), in exchange for each UBI Share tendered in acceptance of the Offer, (ii) the decision adopted at the meeting on 14 July 2020 and notified to ISP on 16 July 2020 (the “**AGCM Decision**”), pursuant to which the Italian Antitrust Authority (*Autorità Garante della Concorrenza e del Mercato – AGCM*), at the end of the proceeding pursuant to Art. 16 of Law no. 287/90, approved the acquisition of the exclusive control of UBI Banca by ISP (the “**AGCM Authorisation**”), and (iii) the press release issued on 16 July 2020, by which the Issuer, having assessed the implementation measures prescribed by AGCM, announced to make its own as prescribed by the AGCM, to consider anyhow satisfied the Antitrust Condition listed as one of the Conditions Precedent of the Offer and, in any case, for all intents and purposes, to waive the aforementioned Antitrust Condition.

This Supplement only contains the Paragraphs of the Registration Document, the Securities Note and the Summary, respectively, that have been amended in consequence of the foregoing. The words highlighted in this Supplement with bold type and underlined have been changed and/or added with respect to the text contained in the Registration Document, the Securities Note and the Summary, respectively, while the struck out text has been eliminated. Any references to the Registration Document, the Securities Note and the Summary, respectively, contained in this Supplement must be construed as referring to the Registration Document, the Securities Note and the Summary, respectively, as amended after publication of this Supplement. The terms used in this Supplement with capital letters and not otherwise defined have the same meaning given to them in the Registration Document, the Securities Note and the Summary.

The investors who accepted the Offer prior to the publication date of this Supplement are entitled to withdraw their own acceptance pursuant to Article 23, paragraph 2, of Regulation (EU) 1129/2017. The right of withdrawal may be exercised by the second business day after the publication date of this Supplement and, therefore, no later than 23 July 2020, with a written order to be delivered to one’s own bank or intermediary.

### **Persons responsible for the Supplement. Declaration of Responsibility**

The Issuer, with registered office in Turin, Piazza San Carlo, 156, is responsible for the completeness and truthfulness of the data and information contained in the Supplement. The Issuer declares that, having exercised all reasonable diligence for this purpose, the information contained in the Supplement is, to the extent of its knowledge, consistent with the facts and does not contain omissions that would alter its meaning.

## 1. AMENDMENTS TO THE REGISTRATION DOCUMENT

### 1.1 Amendments to Part A, Section A.1, Paragraph A.1.1 of the Registration Document

Part A, Section A.1, Paragraph A.1.1 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

#### A.1.1 Risks associated with the forecast targets set in the 2018-2021 Business Plan and the Strategic Targets of the Transaction, including with regard to the COVID-19 pandemic

On 17 February 2020, the Board of Directors of the Issuer adopted the decision to launch the Public Exchange Offer for the Acquisition of control of UBI Banca (the “Offer”). The Offer was announced by means of two press releases published by the Issuer on the same date, in accordance, respectively, with Article 102, paragraph 1, of the Consolidated Law on Finance and Article 37, paragraph 1, of the Issuers’ Regulation and Article 17 of Market Abuse Regulation. **On 17 July 2020, the Board of Directors of the Issuer, having considered the strategic relevance of the transaction for all stakeholders, the aim of strengthening the support for the real and social economy of Italy by promoting local activities and the assessments of its own financial advisor, resolved to increase the Consideration for the Offer by adding a Cash Consideration to the Consideration in Shares for each UBI Share tendered in acceptance. On the same date, the Issuer published a press release, pursuant to Articles 36 and 43 of the Issuers’ Regulation, to acknowledge the increase in the Consideration for the Offer and the consequent change in the terms of the Offer.** The Public **Purchase and** Exchange Offer is made for a maximum total of no. 1,144,285,146 UBI Shares – including the treasury shares held by UBI Banca – representing the entire share capital of UBI Banca and provides that for each UBI Share tendered in acceptance of the Offer, the Issuer will pay a Consideration consisting ~~of~~ **(1) of the Consideration in Shares equal to n. 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), and (2) of the Cash Consideration equal to Euro 0.57.** The ISP Shares tendered as **part of the** Consideration will be issued through a share capital increase of ISP, without the pre-emption rights pursuant to Article 2441, paragraph 4, of the Italian Civil Code, reserved to the acceptors of the Offer, to be executed through (and in compensation of) the contribution in kind of the UBI Shares tendered in acceptance of the Offer, by issuing a maximum of no. 1,945,284,755 New Shares, with regular entitlement to dividends and having the same characteristics as the ordinary shares already outstanding at the date of issuance.

On 17 February 2020, the Issuer and BPER signed the BPER Agreement, which provides for BPER’s commitment to acquire a business unit composed of bank branches of the ISP Group, as integrated upon completion of the Offer (that 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. On the same date, the Issuer and Unipol signed the Unipol Agreement, which provides for a commitment by Unipol to acquire, directly or through subsidiaries, the business units referring 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 entered into by the customers of the Banking Business Unit and the related assets, liabilities and legal relationships. On 19 March 2020 – for the purpose of reviewing the mechanism for calculating the consideration for the Banking Business Unit making it variable based on the market conditions existing on the date of completion of the Public Exchange Offer – the parties signed a supplementary agreement to the BPER Agreement. Then, on 15 June 2020, the Issuer, in order to remove the specific critical antitrust issues evidenced by AGCM (the Italian Antitrust Authority) in the Notification of the Results of the Review served on 5 June 2020, 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 quantities involved.

**With a decision adopted at the meeting held on 14 July 2020 and notified to ISP on 16 July 2020 (the “AGCM Decision”), the Italian Antitrust Authority (Autorità Garante della Concorrenza e del Mercato – AGCM), having considered the corrective measures proposed by ISP adequate to resolve the competitive issues found during the investigation, approved the acquisition of control of UBI Banca by the Issuer (the “AGCM Authorisation”) subject to the execution of the structural disposals in accordance with the provisions of the BPER Agreement and the ISP Commitments (jointly, the “AGCM Measures”), as set out in the dispositive part of the AGCM Decision (available on the AGCM website (<https://www.agcm.it/>)).**

[...OMISSIS...]

~~(3) Any authorisation issued by the AGCM that would prescribe 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 (for example, the sale of additional bank branches) might — in the case of waiver by the Issuer of the relevant condition precedent of the Public Exchange Offer and if the transaction is completed notwithstanding the imposition of those additional and/or different corrective measures — negatively and significantly impact the process of integration of UBI Banca in the ISP Group and its timing and, therefore, the pursuit of the revenue growth prospects underlying the Strategic Targets of the Acquisition. These risks would be accentuated (with potential adverse effects, even material, on the ISP Group's future earnings performance) in the event that (for reasons that cannot be identified now) the BPER Agreement was not executed or was executed at times, terms and conditions different from those envisaged and the Issuer were required to take actions, possibly after the launch of non-compliance proceedings before the AGCM, aimed at resolving the antitrust issues that the BPER Agreement seeks to prevent and/or resolve, at potentially worse terms and conditions than those envisaged in the BPER Agreement. **If the disposals prescribed in the AGCM Measures are not executed (and, therefore, the BPER Agreement and/or the sale of the Additional UBI Branches covered by the ISP Commitments are not executed) or they are executed at times, in ways and at conditions different from those prescribed, pursuant to the provisions of the AGCM Decision, the Issuer would be required to sell its own branches so as to produce, on the interested markets, effects at least equivalent to those deriving from the sales envisaged in the AGCM Measures according to the terms and conditions prescribed in the AGCM Decision, with potential negative effects on the pursuit of the revenue growth prospects underlying the Strategic Targets of the Transaction.**~~

[...OMISSIS...]

It is evidenced that the strategic and quantitative targets of the Acquisition have been calculated on the assumption that the transaction will be completed and, therefore, that 100% of the share capital of UBI Banca will be acquired and that UBI Banca will be subsequently merged with Intesa Sanpaolo (although, even in the absence of the Merger, it is believed that about 87% of the forecast synergies can be realised and that most of the value creation can be achieved even if ISP acquires only 50% of the share capital + 1 share of UBI Banca. For more information, see Part B, Section 5, Paragraph 5.1.6.1, as well as to Section 7, Paragraph 7.4 of the Registration Document). In particular, this combination is the result of a process of prospective simulation of several operating, capital and financial measures referring to the ISP Group and the UBI Group (net of the sale of the Banking Business Unit and the Insurance Business Units to BPER and Unipol, respectively). Although the Issuer deems that the Strategic Targets of the Acquisition have been developed on the basis of assumptions deemed valid at the Date of the Registration Document **Supplement**, there is no guarantee that the Strategic Targets of the Acquisition represent the future consolidated economic results, balance sheet and financial situation of the ISP Group upon completion of the Acquisition and the sale of the Banking Business Unit and Insurance Business Units (see Part B, Section 7, Paragraph 7.4, of the Registration Document); and this is applicable even if, in spite of the sale of the Banking Business Unit and, if necessary, the Additional UBI Branches covered by the ISP Commitments (see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document), the concentration communicated by ISP to the Italian Antitrust Authority (Autorità Garante della Concorrenza e del Mercato — AGCM) is deemed capable to establish or reinforce a dominant position on the market and, therefore, the AGCM might prohibit it, or authorise it on condition of compliance with corrective measures in addition to and/or different from the sales of bank branches covered by the BPER Agreement and the ISP Commitments (e.g. the sale of additional bank branches). In this regard, it is noted that any authorisation issued by the AGCM that was not conditioned on completion only of the sales prescribed in the BPER Agreement and covered by the ISP Commitments, but prescribed additional and/or different corrective measures might — if the Issuer waives the relevant condition precedent of the Public Exchange Offer and in the case of completion of the transaction notwithstanding the imposition of those additional and/or different corrective measures — negatively and significantly impact the prospects and the economic results, balance sheet and financial situation of the Issuer and the ISP Group. That said, the **The** Issuer estimates that the contribution made by the UBI Group to the results of the entity created upon completion of the Merger will not exceed, on average, about 11.5% in terms of the annual operating margin of the combined entity for the years 2021 and 2022.

[...OMISSIS...]

## 1.2 Amendments to Part A, Section A.1, Paragraph A.1.2 of the Registration Document

Part A, Section A.1, Paragraph A.1.2 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

### A.1.2 Risks associated with the earnings performance of the ISP Group

[...OMISSIS...]

Moreover, with regard to the Acquisition, although the Issuer believes that the Strategic Targets of the Acquisition have been developed on the basis of assumptions deemed valid at the Date of the ~~Registration Document~~ **Supplement (also taking into account the increase in the Consideration announced by the Issuer with a press release pursuant to articles 36 and 43 of the Issuers' Regulation on 17 July 2020)**, there is no guarantee that the Strategic Targets of the Acquisition represent the future consolidated capital, financial position and operating results of the ISP Group upon completion of the Acquisition and the sale of the Banking Business Unit and Insurance Business Units (see Part B, Section 7, Paragraph 7.4, of the Registration Document); ~~it should be noted that the assumptions underlying the Strategic Targets of the Transaction do not include the case whereby the concentration reported by ISP to the Italian Antitrust Authority (Autorità Garante della Concorrenza e del Mercato – AGCM) is deemed capable to establish or reinforce a dominant position on the market and, therefore, the AGCM might prohibit it, or authorise it on condition of compliance with corrective measures in addition to and/or different from the sales of bank branches covered by the BPER Agreement and the ISP Commitments (e.g. the sale of additional bank branches).~~ That said, the Issuer estimates that the contribution made by the UBI Group to the results of the entity created upon completion of the Merger will not exceed, on average, about 11.5% in terms of the annual operating margin of the combined entity for the years 2021 and 2022.

[...OMISSIS...]

### 1.3 Amendments to Part A, Section A.2, Paragraph A.2.1 of the Registration Document

Part A, Section A.2, Paragraph A.2.1 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

#### A.2.1 Risks associated with completion of the Acquisition of UBI Banca, the consequent process of integration and failure to realise the expected synergies

[...OMISSIS...]

##### *The Acquisition of UBI Banca through the Public Exchange Offer*

First of all, it is noted that: (i) on 17 February 2020, the Issuer announced, pursuant to Article 102, paragraph 1, of the Consolidated Law on Finance, and Article 37, paragraph 1, of the Issuers' Regulation, that it had decided to launch a Public Exchange Offer for all UBI Shares; (ii) also on 17 February 2020, the Issuer and BPER signed the BPER Agreement, pursuant to which BPER undertook to acquire the Banking Business Unit (see Part B, Section 14, Paragraph 14.1.1 of the Registration Document). On that date, the Issuer and Unipol entered into the Unipol Agreement, pursuant to which Unipol undertook, directly or through its subsidiaries, to acquire the Insurance Business Units (see Part B, Section 14, Paragraph 14.1.2 of the Registration Document); (iii) on 6 March 2020, the Issuer submitted to Consob, pursuant to Article 102, paragraph 3, of the Consolidated Law on Finance and Article 37-ter of the Issuers' Regulation, a copy of the Offer Document for publication; (iv) on 27 April 2020, the shareholders' meeting of the Issuer was held in ordinary and extraordinary session, which decided, *inter alia*, to delegate authority to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital in one or more divisible tranches, without the option rights pursuant to Article 2441, paragraph 4, first line of the Italian Civil Code, issuing a maximum number of 1,945,284,755 New Shares to be paid for through contribution in kind to service the Public Exchange Offer; and (v) on 16 June 2020, the Board of Directors of the Issuer, exercising the authority granted it by the Shareholders' Meeting, decided that the Public Exchange Offer Share Capital Increase be executed for a nominal maximum of 1,011,548,072.60 euro, through the issuance of a maximum of 1,945,284,755 New Shares, to be paid up through the contribution in kind of UBI Shares tendered in acceptance of the Public Exchange Offer (see Part B, Section 12, Paragraph 12.1.2 of the Registration Document); **(vi) the Issuer received the AGCM Authorisation on 16 July 2020; and (vii) on 17 July 2020, the Board of Directors of the Issuer, having considered the strategic relevance of the transaction for all stakeholders, the aim of strengthening the support for the real and social economy of Italy by promoting local activities and the assessments of its own financial advisor, resolved to increase the Consideration for the Offer by adding a Cash Consideration (equal to Euro 0.57) to the Consideration in Shares (equal to no. 1.7000 newly issued ISP Shares) for each UBI Share tendered in acceptance.**

[...OMISSIS...]

##### *Completion of the Acquisition of UBI Banca*

[...OMISSIS...]

~~Moreover, although the BPER Agreement has been signed to prevent the manifestation of potentially significant antitrust issues arising from the integration of the UBI Group into the ISP Group, it might not be adequate to realise that aim (for more information, see Part B, Section 14, Paragraph 14.1.1 of the Registration Document). At the Date of the Registration Document, the Issuer has not yet obtained unconditional approval of the Acquisition from the Italian Antitrust Authority (AGCM).~~

~~Any authorisation issued by the AGCM that prescribes corrective measures in addition to and/or different from those of the sales of bank branches covered by the BPER Agreement and the ISP Commitments (for example, the sale of additional bank branches) might — in the case of waiver by the Issuer of the relevant condition precedent of the Public Exchange Offer and if the transaction is completed notwithstanding the imposition of those additional and/or different corrective measures — negatively and significantly impact the process of integration of UBI Banca in the ISP Group and its timing and, therefore, the pursuit of the revenue growth prospects underlying the Strategic Targets of the Acquisition. These risks would be accentuated (with potential adverse effects on the ISP Group's future earnings performance) in the event that (for reasons that cannot be identified now) the BPER Agreement was not executed or was executed at times, terms and conditions different from those envisaged and the Issuer were required to take actions, possibly after the commencement of non-compliance proceedings before the AGCM, aimed at resolving the antitrust issues that the BPER Agreement seeks to prevent and/or resolve, at potentially worse terms and conditions than those envisaged in the BPER Agreement~~

**If the disposals prescribed in the AGCM Measures are not executed (and, therefore, the BPER Agreement and/or the sale of the Additional UBI Branches covered by the ISP Commitments are not**

**executed) or they are executed at times, in ways and at conditions different from those prescribed, pursuant to the provisions of the AGCM Decision, the Issuer would be required to sell its own branches so as to produce, on the interested markets, effects at least equivalent to those deriving from the sales envisaged in the AGCM Measures according to the terms and conditions prescribed in the AGCM Decision, with potential negative effects on pursuit of the revenue growth prospects underlying the Strategic Targets of the Transaction.**

[...OMISSIS...]

*The integration process and synergies*

[...OMISSIS...]

The Acquisition poses specific risks related, inter alia, to the coordination of management and staff, integration of the existing IT systems, structures and services of the UBI Group in the ISP Group. Achievement of the objectives of the Acquisition also depends on the capacity of the ISP Group to achieve, inter alia: (i) an increase in the critical mass and cost synergies; (ii) revenue synergies; (iii) up-selling and cross-selling of the product catalogue; (iv) reinforcement of its own position in the areas of environmental social governance and impact banking and (v) the capacity to attract new talent. The realisation of those objectives will depend in particular on the capacity of the ISP Group to integrate the UBI Group efficiently, while preserving the existing sales network and customer portfolio, improving productivity and simultaneously streamlining costs. Moreover, the risk connected with the possible failure to achieve synergies (estimated to amount before tax to 700 million euro per year upon full implementation in 2024) might assume significance if one considers the non-recurring costs of integration of the UBI Group into the ISP Group, which have been calculated at the Date of the Registration Document to be about 1.3 billion euro and which largely relate to the streamlining of product factories and the branch network, the migration and integration of information systems, and the charges for voluntary staff exits. **Despite the fact that the Issuer made its Offer having viewed the guidance provided by the management of UBI Banca on the economic/financial targets of the UBI Group communicated to the market on 17 February 2020, with particular reference to initiatives to improve the operating efficiency of the UBI Group, as described in the press release and related presentation to the market of the “2022 Business Plan” of the UBI Group, published by UBI Banca on the same date, and the economic and financial targets of the UBI Group communicated to the market on 3 July 2020, as described in the press release and related presentation to the market of the “Update to the 2022 Business Plan” of the UBI Group published by UBI Banca on the same date, the Issuer did not have, and still lacks, instruments or detailed information enabling an evaluation of the effects that they may generate on the Acquisition and on the strategic targets thereof hypothesised by the Issuer. Given the foregoing, inter alia considering the increase in the Consideration for the Offer resolved by the Board of Directors on 17 July 2020, the Issuer believes that the Strategic Targets of the Transaction are valid at the Date of the Supplement.**

[...OMISSIS...]

*Failure to complete the Acquisition of UBI Banca*

[...OMISSIS...]

At the Date of the Registration Document, the Issuer has not yet obtained unconditional approval of the Acquisition from the Italian Antitrust Authority (AGCM). **With reference to the Antitrust Condition, the following should be noted:** (AGCMi) ~~With~~ **with** an order issued on 11 May 2020, the AGCM ordered the investigation prescribed in Article 16, paragraph 4, of Law no. 287/90 (“Phase 2 Analysis”) 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: **(ii) on** 5 June 2020, the AGCM sent ISP the “Notification of the Results of the Review” (“NRR”) 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;~~ **(iii) after** having received the NRR, the Issuer, in order to remove the specific antitrust issues identified therein, negotiated and entered into an agreement with BPER, on 15 June 2020, supplementing the 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 Part B, Section 14, Paragraph 14.1.1, of the Registration Document. The



contents of this supplementary agreement were reported in a specific notice sent to the AGCM on 15 June 2020, within the process initiated by the latter pursuant to Article 16, paragraph 4, of Law no. 287/90. Moreover, in the event that the AGCM found any critical antitrust issues remaining in certain local areas (where there are no branches to be sold to BPER) even after the sale of the Banking Business Unit to BPER, Intesa Sanpaolo engaged to make structural commitments for the sale of Additional UBI Branches. In particular, again in the abovementioned 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 after settlement of the Offer, for the sale of Additional UBI Branches (the “**ISP Commitments**”). ~~ISP believes that the sale of those bank branches will remove the remaining antitrust issues identified by the NRR.~~

~~The AGCM will issue its final order at the end of the Phase 2 Analysis. If it finds that, notwithstanding the sales of the bank branches object of the BPER Agreement and the ISP Commitments, the abovementioned combination entails the creation or reinforcement of a dominant market position that eliminates or substantially reduces competition in a lasting manner, the AGCM could: (i) block the transaction, or (ii) authorise the transaction, prescribing additional and/or other corrective measures other than the sales of bank branches object of the BPER Agreement and ISP Commitments (e.g. the sale of additional bank branches), or (iii) where the transaction has already been finalised, order the measures deemed necessary to restore conditions of effective competition, eliminating the competition-distorting effects of the transaction. Issuance by the AGCM of one of the aforementioned orders might prevent completion of the Acquisition (if the transaction is blocked or the Issuer does not waive the relevant condition precedent of the Public Exchange Offer) or negatively impact, even significantly, the process of integration of UBI Banca into the ISP Group and its timing if the transaction is completed notwithstanding imposition of corrective measures in addition to and/or different from the BPER Agreement and the ISP Commitments. Pending the authorisation proceedings before the;~~ **(iv) with the AGCM Decision, the AGCM, having considered the corrective measures proposed by ISP adequate to resolve the competition issues found during the investigation, approved the acquisition of control of UBI Banca by the Issuer subject to the execution of the AGCM Measures, as set out in the dispositive part of the AGCM Decision (available on the AGCM website (<https://www.agcm.it/>)); and (v) also on 16 July 2020, the Issuer might still complete the Offer after waiving the Antitrust Condition. In that case, the AGCM might suspend execution of the concentration until the investigation is concluded. However, this would not prejudice the possibility, having assessed the implementation measures prescribed by the AGCM, announced through a press release to make its own as prescribed by the AGCM, to consider anyhow satisfied the Antitrust Condition listed as one of the Conditions Precedent** of the Issuer to complete the Offer on condition of not exercising the voting rights connected with the acquired shares until issuance of the authorisation (see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document). If an authorisation decision is issued on condition of the implementation of corrective measures in addition to and/or different from the sales of bank branches object of the BPER Agreement and the ISP Commitments (e.g. the sale of additional bank branches), Intesa Sanpaolo reserves the right, **and in any case, for all intents and purposes, to waive** that it waived, in full or in part, the **abovementioned** Antitrust Condition, which is included exclusively in its interest. In this regard, it is noted that any authorisation for the transaction issued by the AGCM that is not conditional only on the completion of only 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 of the Antitrust Condition by Intesa Sanpaolo and completion of the transaction notwithstanding the imposition of additional and/or different corrective measures — have a significant adverse effect on the process of integration of UBI Banca into the ISP Group and its timing and, therefore, on the pursuit of the earnings growth prospects underlying the Strategic Targets of the Transaction.

If the AGCM issues an order authorising the concentration conditioned on performance of the ISP Commitments and the BPER Agreement (which provides 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)~~ **and/or the sale of the Additional UBI Branches is not executed or executed at times, in ways and at conditions different from those envisaged, pursuant to the provisions of the AGCM Decision, ISP would be required to sell its own branches so as to produce effects on the interested markets at least equivalent to those deriving from the sales envisaged in the AGCM Measures according to the terms and conditions prescribed in the AGCM Decision. In the event of non-compliance with the AGCM Measures and failure to sell its own branches at the conditions indicated hereinabove,** ISP might be found non-compliant with the ~~authorisation~~ **AGCM 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 Issuer, if the Issuer were to be found non-compliant, and the need to prescribe any measures as necessary to restore effectively competitive conditions, inter alia in light of any commitments that ISP might have presented during the proceedings. ~~This might entail potential uncertainties over the timing, procedures and conditions of any corrective measures potentially with consequently significant negative effects on the~~ **Moreover, if the AGCM Decision were appealed to the Lazio Regional Administrative Court by the deadline of 60 days after its notification or publication, the possible final annulment of the AGCM Decision by the Lazio Regional Administrative Court or, in a subsequent appeal, by the Council of State, would require the AGCM to conduct a new analysis to assess the competitive impact of the Acquisition (without prejudice to the completion of the Offer, which would not be precluded). The possible occurrence of these circumstances might modify, potentially in a negative manner, the process of integration of UBI Banca into the ISP Group and its timing and, therefore, the pursuit of the and the revenue growth prospects underlying the Strategic Targets of the Transaction, inter alia due to the potential uncertainties over the timing, procedures and conditions of the eventual corrective measures required.**

[...OMISSIS...]

#### 1.4 Amendments to Part A, Section A.2, Paragraph A.2.4 of the Registration Document

Part A, Section A.2, Paragraph A.2.4 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

##### A.2.4 Risks associated with the valuation methods used to determine the Consideration for the Public Purchase and Exchange Offer

*If the Conditions Precedent of the Public Purchase and Exchange Offer are fulfilled (or, according to the case, they are entirely or partly waived by the Issuer), the Issuer will pay, for each UBI Share tendered in acceptance of the Public Purchase and Exchange Offer, a Consideration represented ~~by~~ **(1) by the Consideration in Shares equal to 1.7000 New Shares per unit, that is not subject to adjustment, and (2) by the Cash Consideration equal to Euro 0.57.** Since the market prices of the ordinary shares of the Issuer and UBI Banca have been and are subject to volatility and fluctuations in consequence of the general performance of the capital markets, even in the context of the COVID-19 pandemic, there is the risk that, while the Consideration remains fair (according to the methods used to determine it), the value of the Consideration **in Shares** upon completion of the Acquisition might be higher or lower than the market value that the ISP Shares and/or the UBI Shares had on the date when the value of the Consideration **in Shares** was determined.*

The Issuer believes that the likelihood of occurrence of the events described for the risk in question is medium-high. Considering the magnitude of any negative impact, the Bank estimates that this risk is of medium significance.

The Consideration **in Shares** was set by the Board of Directors of the Issuer on 17 February 2020, after examining the valuations of its own financial advisor.

**On 17 July 2020, the Board of Directors of the Issuer, having considered the strategic relevance of the transaction for all stakeholders, the aim of strengthening the support for the real and social economy of Italy by promoting local activities and the assessments of its own financial advisor as highlighted hereunder, resolved to increase the Consideration for the Offer by adding a Cash Consideration (equal to Euro 0.57) to the Consideration in Shares (equal to no. 1.7000 newly issued ISP Shares) for each UBI Share tendered in acceptance<sup>(1)</sup>.**

In this regard, it is noted that the valuations made to determine the Consideration highlighted the typical limitations and difficulties of valuation inherent in this type of analysis and, in particular, the fact that the Issuer did not have access to detailed forecast information and data that would have made it possible to prepare analytical financial valuations concerning the UBI Shares. To determine the exchange ratio **and the Cash Consideration**, the Issuer used a valuation approach based on market methods, consistently with what is prescribed by best valuation practice at the domestic and international levels. In particular, the Board of Directors of the Issuer decided to use the following as its main valuation methods: (i) the Stock Market quoted price method, (ii) the method based on linear regression of Stock Market price multiples 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 Stock Market multiples method, in the variant based on the market prices of comparable listed companies as multiples of their prospective earnings, while it decided to use the following control methods: (i) the method based on target prices set by research analysts and (ii) the dividend discount model method in the excess capital variant.

The following main limitations and difficulties are noted with regard to the valuation analyses performed ~~on~~ **17 February 2020** to determine the Consideration: (i) the Issuer only used public data and information for its analyses taken mainly from the consolidated financial statements UBI Banca, (ii) the Issuer has not performed any financial, legal, commercial, tax, industrial or any kind of due diligence on UBI Banca; (iii) the absence (a) for the Issuer of a medium-to-long-term stand-alone business plan updated at the Announcement Date and (b) for UBI Banca, of annual a detailed annual forecast of the main income and balance sheet items over the time horizon of the business plan entitled "2022 Business Plan", approved by the board of directors of UBI Banca on 17 February **2020, as subsequently amended on 3 July 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 Issuer and for UBI Banca have been based on the estimates provided by research analysts. ~~In addition, it should be noted that it was only possible to take~~

<sup>(1)</sup> It is noted that on the basis of the official price of the ISP Shares recorded at the market close on 14 February 2020 (equal to Euro 2.502), the Consideration corresponds to a value equal to Euro ~~4.25~~ **4.824** (rounded to the third decimal place) for each ordinary share of UBI Banca and, therefore, incorporates a premium of ~~27.644.7%~~ with respect to the official price of the UBI Shares recorded at the market close on 14 February 2020 (equal to Euro 3.333).

account of the forecast data published by UBI Banca after 17 February 2020; (iv) the absence of specific information concerning the Banking Business Unit to be sold to BPER; (v) the absence of specific information concerning the Insurance Business Units to be sold to Unipol; (vi) the limited information for identification and estimate of the synergies and restructuring costs and the additional adjustments to the non-performing loan portfolio of UBI Banca; (vii) the absence of recent, comparable previous transactions capable of expressing an applicable valuation parameter.

**The following point of attention are highlighted specifically with regard to the analyses performed by the Board of Directors on 17 July 2020 in view of the increase of the Consideration: (i) in the methods of stock market quoted price, linear regression and the trading market multiples, in order to reflect the changed macroeconomic context due to the COVID-19 pandemic, the 7 July 2020 has been used as the reference date and the market prices of UBI ordinary shares after the Offer announcement date (i.e., 17 February 2020) have been adjusted by the implicit premium recognised by the Issuer, equal to 27.6%; (ii) the target price method has not been used since the prices highlighted by research analysts at 7 July 2020 do not indicate if (whether or not) they incorporate the implicit premium offered by ISP; (iii) the projections for future economic and financial performance used for ISP and UBI Banca have been inferred from the estimates provided by the research analysts due to the absence (a) for the Issuer of a stand-alone medium-long term business plan adjusted at the revised valuation date (i.e., 7 July 2020) and (b) for UBI Banca of an annual detail of the economic and financial projections covering the timeframe of the business plan named “Update of the 2022 Business Plan”, published on 3 July 2020 by UBI Banca.**

**For more information about the analyses conducted by the Board of Directors, please refer to the press release published on 17 July 2020, which is available to the public on the website of the Issuer (link: <https://group.intesasanpaolo.com/it/investor-relations/comunicati-stampa-price-sensitive/2020>).**

## 1.5 Amendments to Part A, Section A.2, Paragraph A.2.7 of the Registration Document

Part A, Section A.2, Paragraph A.2.7 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

### A.2.7 Risks associated with the inclusion of pro-forma financial information

[...OMISSIS...]

Correct interpretation of the information provided by the Pro-Forma Consolidated Financial Statements entails consideration of the following aspects: (i) as they constitute representations constructed on the basis of hypotheses, the same results represented in the Pro-Forma Consolidated Financial Statements would not necessarily have been achieved if the Acquisition had actually been carried out at the stated reference dates used to prepare the Pro-Forma Consolidated Financial Statements; (ii) the pro-forma figures do not in any way intend to represent a forecast of future results and thus must not be interpreted in that sense; (iii) the pro-forma representations reflect a hypothetical situation and thus do not in any way intend to represent the current or prospective balance sheet and income statement effects of the Acquisition and Public Exchange Offer Share Capital Increase; and (iv) in consideration of the different purposes of the pro-forma figures with respect to those of normal financial statements, the effects of the Acquisition and the Public Exchange Offer Share Capital Increase have been calculated in a different way in reference to the pro-forma consolidated balance sheet and the pro-forma consolidated income statement, which must thus be read and interpreted separately, without seeking accounting links between them. Inter alia, it must be noted that the Pro-Forma Consolidated Financial Statements and, in particular, the pro-forma adjustments related to the Public Exchange Offer Share Capital Increase, and thus to the Negative goodwill, were determined on the basis of the official closing price of the ISP Shares on 14 February 2020 (2.502 euro), i.e. the date corresponding to the last Trading Day prior to the date on which ISP announced the Public Exchange Offer (i.e. 17 February 2020). In contrast, consistently with the provisions of IFRS 3, which regulates inter alia the accounting treatment of business combinations, such as the Acquisition of the UBI Group by the Issuer, ISP will have to recognise the New Shares issued in execution of the Public Exchange Offer Share Capital Increase at fair value, corresponding to the stock market price of the ISP Shares at the trading date immediately preceding the settlement date of the Public **Purchase and** Exchange Offer. Therefore, the increase in the shareholders' equity of ISP after issuance of the New Shares and, therefore, the Acquisition cost, **whose calculation will also include the amount of the Cash Consideration (fixed and predetermined)**, will be known only on the day when control of UBI Banca is acquired by ISP. The final value of the Negative goodwill will be known only after the completion of the Purchase Price Allocation (PPA) required by IFRS 3.

Therefore, investors are requested not to rely exclusively on the Pro-Forma Consolidated Financial Statements when making their own investment decisions.

The Pro-Forma Consolidated Financial Statements included in the ~~Registration Document~~ **Supplement** have been examined by the Independent Auditors, who issued their own report on 49 June **17 July** 2020.

## 1.6 Amendments to Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document

Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

### 5.1.6.1 Voluntary Public Purchase and Exchange Offer

#### The potential Acquisition of UBI Banca through the Public **Purchase and Exchange Offer**

On 17 February 2020, the Board of Directors of the Issuer took the decision to make the Public Exchange Offer for the Acquisition of UBI Banca, 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. **On 17 July 2020, the Board of Directors of the Issuer, having considered the strategic relevance of the transaction for all stakeholders, the aim of strengthening the support for the real and social economy of Italy by promoting local activities and the assessments of its own financial advisor, resolved to increase the Consideration for the Offer by adding a Cash Consideration to the Consideration in Shares for each UBI share tendered in acceptance.**

The Public Purchase and Exchange Offer is made for a maximum total of no. 1,144,285,146 UBI Shares – including the treasury shares held by UBI Banca – representing the entire share capital of UBI Banca and prescribes that for each UBI Share tendered in acceptance of the Offer, the Issuer will pay a Consideration consisting of **(1) of the Consideration in Shares equal to no. 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), and (2) the Cash Consideration equal to Euro 0.57.**

The ISP Shares tendered as **part of the** Consideration will be issued through a share capital increase without the pre-emption rights of ISP pursuant to Article 2441, paragraph 4, of the Italian Civil Code, reserved to the acceptors of the Offer, to be executed through (and in compensation of) the contribution in kind of the UBI Shares tendered in acceptance of the Offer, by issuing a maximum of no. 1,945,284,755 New Shares, with regular entitlement to dividends and having the same characteristics as the ordinary shares already outstanding at the date of issuance.

Also on 17 February 2020, the Issuer and BPER signed the BPER Agreement, which provides for BPER's commitment to acquire a business unit composed of bank branches of the ISP Group, as integrated upon completion of the Offer (that 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. On the same date, the Issuer and Unipol signed the Unipol Agreement, which provides for a commitment by Unipol to acquire, directly or through subsidiaries, the business units referring 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. On 19 March 2020 – for the purpose of reviewing the mechanism for calculating the consideration for the Banking Business Unit, making it variable based on the market conditions existing on the date of completion of the Public Exchange Offer – the parties signed a supplementary agreement to the BPER Agreement. Then, on 15 June 2020, the Issuer, in order to remove the specific critical antitrust issues identified by AGCM (the Italian Antitrust Authority) in the Notification of the Results of the Review served on 5 June 2020, 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 quantities involved (see Part B, Section 14, Paragraphs 14.1.1 and 14.1.2 of the Registration Document). For more information about the Banking Business Unit and the Insurance Business Units, reference is made to the following sub-paragraph "*Information on the Banking Business Unit (BPER Agreement), the Additional UBI Branches (ISP Commitments) and the Insurance Business Units (Unipol Agreement)*".

**With the AGCM Decision notified to ISP on 16 July 2020, the AGCM approved the transaction for acquisition of control of UBI Banca by ISP. For more information, see the sub-paragraph "*Summary of the authorisation process connected with the Acquisition of UBI Banca through the Public Exchange Offer*" under this Paragraph 5.1.6.1. In addition, after assessing the implementation measures prescribed by the AGCM, the Issuer announced on 16 July 2020 to make its own as prescribed by the AGCM, to consider anyhow satisfied the Antitrust Condition listed as one of the Conditions Precedent and, in any case, for all intents and purposes, to waive the aforementioned Antitrust Condition, through the publication of a press release.**

[...OMISSIS...]

[...OMISSIS...]

With regard to the antitrust issues, it is noted that the antitrust authorities of Serbia (Republic of Serbia – Commission for Protection of Competition) and Albania (Competition Authority of Albania) have already decided to authorise the Acquisition of UBI Banca by the Issuer with orders issued before the Date of the ~~Registration Document~~ **Supplement**, i.e. on 3 April 2020 and 6 May 2020, respectively.

With reference ~~instead~~ to the proceedings 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 UBI Banca by the Issuer, ~~at the Date of the Registration Document these proceedings 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 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, the AGCM sent ISP the “Notification of the Results of the Review” (“NRR”) 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 Issuer, in order to remove the specific antitrust issues identified therein, negotiated and entered into an agreement with BPER, on 15 June 2020, supplementing the 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 Part B, Section 14, Paragraph 14.1.1, of the Registration Document. The contents of this supplementary agreement were reported in a specific notice sent to the AGCM on 15 June 2020, within the procedure initiated by the latter pursuant to Article 16, paragraph 4, of Law no. 287/90. Moreover, in the event that the AGCM found any critical antitrust issues remaining in certain local areas (where there are no branches to be sold to BPER) even after the sale of the Banking Business Unit to BPER, Intesa Sanpaolo engaged to make structural commitments for the sale of Additional UBI Branches. In particular, again in the abovementioned 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 after the payment date of the Offer, for the sale of Additional UBI Branches (the “**ISP Commitments**”). ~~ISP believes that the sale of those bank branches is adequate to remove~~

**With the AGCM Decision, the AGCM, having considered the corrective measures proposed by ISP adequate to resolve the remaining antitrust issues identified by the NRR, competition issues found during the investigation, approved the acquisition of control of UBI Banca by the Issuer subject to the execution of the AGCM Measures, as set out in the dispositive part of the AGCM Decision which is copied here:**

**“The Italian Antitrust Authority (“Autorità Garante della Concorrenza e del Mercato”)**

**[...]**

**RESOLVES**

**to authorise the announced concentration transaction, on condition that Intesa Sanpaolo S.p.A. fully implement the following measures, adopted pursuant to Article 6, paragraph 2, of Law no. 287/90:**

**1) the disposal of [over 500] bank branches, listed in an appendix to this decision;**

**2) the assets object of the disposal must include all the assets that contribute to their current management and/or that are necessary to guarantee their profitability and competitiveness over time. Specifically, contracts for sale of one or more business units must be entered into, including [omissis];**

**3) the buyer of the business unit(s) must fulfil the following prerequisites: be independent, not be a shareholder of the new post-merger banking entity, possess adequate financial resources and the necessary technical expertise, and be authorised by the competent Supervisory Authority;**

**4) the sale must be made according to the following terms and conditions: i) after being submitted to the Authority for approval of the identity of the buyer(s) and of the contracts themselves, the sale agreements of the identified branches must be executed within [omissis]; ii) if all of the selected branches have not been sold by [omissis], the Parties will have to grant an irrevocable mandate to an independent and qualified party approved in advance by the Authority to transfer control of the remaining selected branches, within [omissis];**

**5) if not all or some of the UBI branches mentioned at point 1) have been sold by [omissis], ISP, acting through the trustee selected in accordance with point 4), must sell by [omissis] its own branches that can generate effects on the affected markets that are at least equivalent to those deriving from the disposals referred to at point 1), reporting this to the Authority, which must approve in advance the branches selected by ISP for sale, the identity of the buyer(s) and the sale agreements;**

**6) in any event, the disposal of all the selected branches must be fully valid and effective by, and not later than, [omissis];**

**7) Intesa Sanpaolo S.p.A. (or the independent party entrusted for the sale) must provide sufficient information about the selected branches so that potential buyers can assess their value and estimate their presumable commercial capacity;**

**8) during the period between the transaction authorisation date and the full validity and effectiveness of disposal of the branches, Intesa Sanpaolo S.p.A. must preserve the economic operation, marketability and competitiveness of the selected branches in accordance with good commercial practice;**

**9) Intesa Sanpaolo S.p.A. may not [omissis];**

**10) once [omissis] have passed, Intesa Sanpaolo S.p.A. will have to send the Authority a report on its implementation of the prescribed measures.”**

**The AGCM Decision is available on the AGCM website (<https://www.agcm.it/>).**

[...OMISSIS...]

Conditions Precedent of the Public Exchange Offer

[...OMISSIS...]

With regard to the Antitrust Condition, it is noted—first of all that **(i)** the antitrust authorities of Serbia (Republic of Serbia – Commission for Protection of Competition) and Albania (Competition Authority of Albania) have already decided to authorise the Acquisition of UBI Banca by the Issuer with orders issued before the Date of the Registration Document **Supplement**, i.e. on 3 April 2020 and 6 May 2020, respectively. With reference instead to the proceedings before the Italian Antitrust Authority (AGCM) pursuant to Article 16, paragraph 4, of Law no. 287/90 for the approval of the **and (ii) with the AGCM Decision notified to ISP on 16 July 2020, the AGCM approved the** acquisition of control of UBI Banca by the Issuer, at the Date of the Registration Document these proceedings had not yet concluded. 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 Issuer of the UBI Shares tendered in acceptance of the Offer. Accordingly, **ISP. For more information, see the previous sub-paragraph “Summary of the authorisation process connected with the Acquisition of UBI Banca through the Public Exchange Offer” under this Paragraph 5.1.6.1. Also on 16 July 2020,** the Issuer reserves the right, even if the above procedure is not concluded by the second Trading Day prior to the Payment Date of the Consideration, **after assessing the implementation measures prescribed by the AGCM, announced through the publication of a press release to make its own as prescribed by the AGCM, to consider anyhow satisfied the Antitrust Condition listed as one of the Conditions Precedent and, in any case, for all intents and purposes, to waive,** that it waived the **mentioned** Antitrust Condition or to invoke 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 Intesa Sanpaolo does not exercise the voting rights associated with the shares of UBI Banca 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 additional and/or different measures with respect to the disposals envisaged by the BPER Agreement and ISP Commitments, Intesa Sanpaolo 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 the AGCM that is not conditional only on 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 of the Antitrust Condition by Intesa Sanpaolo and completion of the transaction notwithstanding the imposition of additional and/or different corrective measures – have a significant adverse effect on the process of integration of UBI Banca into the ISP Group and its timing and, therefore, on the pursuit of the revenue growth prospects underlying the Strategic Targets of the Transaction.~~

~~[...OMISSIS...]~~

~~Amendment or waiver of the Conditions Precedent and related terms~~

~~[...OMISSIS...]~~

ISP 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).

**Furthermore, as regards the Antitrust Condition, after assessing the implementation measures prescribed by the AGCM, the Issuer announced on 16 July 2020 to make its own as prescribed by the AGCM, to consider anyhow satisfied the Antitrust Condition listed as one of the Conditions Precedent and, in any case, for all intents and purposes, to waive the aforementioned Antitrust Condition, through the publication of a press release.**

~~[...OMISSIS...]~~

~~Possible impacts on the Issuer connected with the failure to fulfil or waiver one or more of the Conditions Precedent of the Public **Purchase and Exchange Offer**~~

~~[...OMISSIS...]~~

If the Acquisition is completed after waiver of the Percentage Threshold Condition, the following table shows a summary of the estimates made by ISP in regard to certain parameters (i) in the scenario where ISP owns a shareholding equal to al 100% of the share capital of UBI Banca and proceeds with the merger of UBI Banca into ISP and (ii) in the scenario where ISP obtains the minimum stake of 50% + 1 share in the share capital of UBI Banca.

(billions of euro)	Fully achieved synergies	Negative goodwill <sup>(1)</sup>	Dilution(%) <sup>(2)</sup>	Minorities	Choice of Targets for the Acquisition
<b>Scenario 1</b> <b>100% shareholding in UBI Banca and completion of the Merger</b>	0.7	4.6 <u>3.6</u>	10%	0.1 <sup>(3)</sup>	Corporate merger Integration of IT systems Sale of branches De-risking
<b>Scenario 2</b> <b>50% + 1 share stake in UBI Banca and failure to complete the Merger</b>	0.6	4.6 <u>3.6</u>	5.3%	4.6 <u>2.1</u> <sup>(4)</sup>	Integration of IT systems Sale of branches De-risking Integration of the activities of the two banking groups

- (1) Value rounded to 4,629,624 million euro, calculated based on the price of the ISP Share as at 15 June 7 July 2020 before allocation to the Banking Business Unit **and considering the Cash Consideration.**
- (2) Percentage of dilution of present shareholders in the share capital of the Issuer.
- (3) Equal to the Minority interest in shareholders' equity reported in the Consolidated Financial Statements of UBI Banca at 31 December 2019.
- (4) Minority interest in shareholders' equity of UBI Banca, representing the UBI Shares not exchanged for the ISP Shares, stated at fair value, as allowed by IFRS 3, on the basis of ~~stock market prices~~ **of the amount of the Consideration – and taking into account, with regard to the Consideration in Shares, the stock market price of ISP Shares at 15 June 7 July 2020 –** plus the Minority interest in shareholders' equity reported in the Consolidated Financial Statements of UBI at 31 December 2019.

In reference to the Negative goodwill, it is noted that even if the Public **Purchase and Exchange Offer** is not fully subscribed, ~~without prejudice~~ **without prejudice** to the Conditions Precedent of the Offer, given the possibility allowed by IFRS 3 to measure at fair value any minority interest in the acquired entity, and in the specific case representing any remaining UBI Shares that were not exchanged for the ISP Shares, the amount of Negative goodwill recognised in the Consolidated Financial Statements of ISP would nonetheless be determined in reference to all of the UBI Shares, with it thus being the same amount as the one in the hypothesis that the Public **Purchase and Exchange Offer** be fully subscribed.

[...OMISSIS...]

Information on the Banking Business Unit (BPER Agreement), the Additional UBI Branches (ISP Commitments) and the Insurance Business Units (Unipol Agreement)

[...OMISSIS...]

#### The Additional UBI Branches

The Issuer has agreed to make commitments of a structural nature — for the possibility that even after the sale of the Banking Business Unit to BPER, in the opinion of the 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. **The AGCM Decision prescribes that the AGCM Authorisation be conditioned, *inter alia*, on the sale to third parties of the 17 bank branches of UBI Banca located in the aforementioned areas covered by the ISP Commitments.** For more information, see the sub-paragraph “Summary of the authorisation process connected with the Acquisition of UBI Banca through the Public Exchange Offer” in Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document. The characteristics of the Additional UBI Branches used to make the estimates presented in this paragraph are as follows:

- number of branches: 17;
- net loans to customers of approximately 0.5 billion euro;
- direct deposits from banking business of approximately 0.8 billion euro;

Based on the figures indicated for the Banking Business Unit and for the UBI Additional Branches, the figures for the combined Banking Business Unit and Additional UBI Branches are shown as follows:

- total number of branches: 549;
- net loans to customers estimated at approximately 26.7 billion euro, of which approximately 1.1 billion euro represented by non-performing loans;

- direct deposits from banking business of approximately 30.1 billion euro;
- indirect customer deposits of approximately 34.7 billion euro;
- total RWAs of approximately 15.3 billion euro;
- ~~Negative goodwill of approximately 4.3~~**1.0** billion euro (based on market prices as at ~~15 June~~**7 July** 2020, rounded value of ~~4,250~~**1,048** million euro), **taking into account the Cash Consideration (together with the figurative loss pertaining to the disposal of some ISP branches, equal to 31 million euro)** resulting from the application of the mechanism used to calculate the consideration for the Banking Business Unit (~~at the same date~~ **(i.e. assuming a multiple of about 0.33**~~0.44~~<sup>(2)</sup>) applied to the estimated Common Equity Tier 1 of the Banking Business Unit, i.e. 78% of the implicit multiple calculated ~~at 15 June~~**at the reference date of 7 July** 2020 **between the price that Intesa Sanpaolo will pay for the acquisition of UBI Banca (inclusive of the Cash Consideration) and the Common Equity Tier 1 of UBI Banca**)<sup>(23)</sup>;
- operating income of approximately 1.0 billion euro;
- operating costs of approximately 0.7 billion euro;
- operating margin of approximately 0.3 billion euro.

Moreover, since the Issuer is not in possession of detailed accounting information and data about the Banking Business Unit and the Additional UBI Branches, their profits and loss account and balance sheet figures could deviate, even significantly, from the actual income and balance sheet data of the Banking Business Unit and Additional UBI Branches, inter alia considering the fact that it is not possible to ensure that the estimated profitability of the Banking Business Unit and the Additional UBI Branches reflects the actual composition of the branches, their geographic location and the products placed to the customers (e.g. retail customers, SMEs, etc.). Therefore, given the level of approximation of these data, it was deemed that the figures relating to the Banking Business Unit and the Additional UBI Branches shown above do not meet the minimum requirements to be included in the Pro-Forma Consolidated Financial Statements, as they are not confirmed by objective and verifiable evidences (See Part B, Section 11, Paragraph 11.5 of the Registration Document).

Taking into account the above, the assumptions and the figures of certain items / parameters of the Banking Business Unit and the Additional UBI Branches, the following impacts connected with the sale of the Banking Business Unit and the Additional UBI Branches on the corresponding pro-forma items / parameters at 31 December 2019 resulting from the Pro-Forma Financial Statements shown in Part B, Section 11, Paragraph 11.5 of the Registration Document were assumed:

- reduction of net loans to customers to 453.4 billion euro, compared to a pro-forma figure of 480.1 billion euro;
- reduction of net non-performing loans to customers to 17.3 billion euro, compared to a pro-forma figure of 18.4 billion euro;
- Gross NPE ratio of 7.7%;
- NPE coverage at 52.5% (the ISP's Group figure as at 31 December 2019 was equal to 54.6%);
- reduction of direct customer deposits to approximately 490.8 billion euro, compared to a pro-forma figure of 520.9 billion euro;
- reduction of indirect customer deposits to 601.1 billion euro, compared to a pro-forma figure of 635.8 billion euro;
- reduction of the Negative goodwill to ~~3.4~~<sup>(3)</sup>**2.5** billion euro <sup>(4)</sup>after allocation of the relevant Negative goodwill only to the Banking Business Unit, compared with ~~4.6~~<sup>(4)</sup>**3.6** billion euro <sup>(5)</sup>on the basis of the market prices at ~~15 June~~**7 July** 2020;

**(2) The change in the multiple from 0.33 to 0.44 stems from the change in the acquisition price of UBI Banca due to the increase in the Consideration for the Offer (inclusive of the Cash Consideration) and the change in the reference date (which changed from 15 June 2020 at the date of the Registration Document to 7 July 2020 at the Date of the Supplement).**

<sup>(23)</sup> A hypothetical sale price calculated by using the same mechanism prescribed for the Banking Business Unit pursuant to the BPER Agreement has been used to calculate the negative goodwill for the Additional UBI Branches.

<sup>(3)</sup> Rounded value equal to 3,379 million euro, calculated on the basis of the price of the ISP Share as at 15 June 2020, taking into account the allocation of the Negative Goodwill relating solely to the Banking Business Unit of 1,250 million

- reduction of the operating income to 20.7 billion euro, compared to a pro-forma figure of 21.7 billion euro;
- reduction of the operating costs to 10.9 billion euro, compared to a pro-forma figure of 11.6 billion euro;
- reduction of the operating margin to 9.8 billion euro, compared to a pro-forma figure of 10.1 billion euro.

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euro. Please note that the value of Negative Goodwill indicated in Paragraph 11.5 of the Registration Document, equal to 2.9 billion euro, was calculated on the basis of the price of the ISP Share as at 14 February 2020 and does not take into account the allocation of the Negative Goodwill relating to the Banking Business Unit.

**(4) Rounded value equal to 2,545 million euro, calculated on the basis of the price of the ISP Share as at 7 July 2020, taking into account the allocation of the Negative Goodwill relating solely to the Banking Business Unit of 1,048 million euro (and the figurative loss resulting from the disposal of several ISP branches, amounting to 31 million euro), relating solely to the Banking Business Unit of 1,079 million euro. Please note that the value of Negative Goodwill indicated in Paragraph 11.5 of the Registration Document, equal to 2.2 billion euro, was calculated on the basis of price of the ISP Share as at 14 February 2020 and does not take into account the allocation of the Negative Goodwill relating to the Banking Business Unit.**

~~(4) Rounded value equal to 4,629 million euro, calculated on the basis of the price of the ISP Share as at 15 June 2020, before the allocation to the Banking Business Unit. As at 14 February 2020, the value of Negative Goodwill was 2.9 billion euro, as resulting from the Pro-Forma Consolidated Financial Statements shown in Paragraph 11.5 of the Registration Document.~~

**(5) Rounded value equal to 3,624 million euro, calculated on the basis of the price of the ISP Share as at 7 June 2020, before the allocation to the Banking Business Unit. As at 14 February 2020, the value of Negative Goodwill was 2.2 billion euro, as resulting from the Pro-Forma Consolidated Financial Statements shown in Paragraph 11.5 of the Registration Document.**

For more details, see the table below.

(billions of euro)

items/parameters	ISP Group	UBI Group	Pro-forma	Estimated impacts of sale of the Banking Business Unit and the Additional UBI Branches	Total aggregate after the sale of the Banking Business Unit and the Additional UBI Branches
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
Net loans to customers	395.2	84,8 <sup>(1)</sup>	480.1	-26.7	453.4
Net non-performing loans to customers	14.2	4.2	18.4	-1.1	17.3
Gross non-performing loans to customers (a)	31.3	6.8	38.1	-1.8	36.3
Gross loans to customers (b)	414.0	88,0 <sup>(2)</sup>	502.0	-27.5	474.5
Gross NPE ratio (a:b)	7.6%	7.8%	7.6%	6.6%	7.7%
Adjustments to non-performing loans to customers (c)	17.1	2.7	19.7	-0.7	19.0
NPE coverage (c:a)	54.6%	39.0%	51.8%	40.0%	52.4%
Direct deposits from banking business	425.5	95,4 <sup>(3)</sup>	520.9	-30.1	490.8
Indirect customer deposits	534.3	101.5	635.8	-34.7	601.1
Operating income	18.1 <sup>(4)</sup>	3.6	21.7	-1.0	20.7
Operating costs	-9.4 <sup>(4)</sup>	-2,2 <sup>(4)</sup>	-11.6	0.7	-10,9 <sup>(5)</sup>
Operating margin	8.7	1,4 <sup>(6)</sup>	10.1	-0.3	9.8
<b>Impacts on regulatory capital<sup>(7)</sup></b>					
Common Equity Tier 1 Ratio (Common Equity Tier 1 Capital after filters and deductions / Risk-Weighted Assets)	13.9%	12.3%	13.7%	Difference 0-10.2%	13.8%
Tier 1 Ratio (Tier 1 Capital after filters and deductions / Risk-Weighted Assets)	15.3%	12.3%	14.8%	0.2%0.3%	15.0%
Total Capital Ratio (Total Own Funds / Risk-Weighted Assets)	17.7%	15.9%	17.4%	0.3%0.4%	17.7%
			<b>13.5%</b>		<b>13.7%</b>
			<b>14.6%</b>		<b>14.9%</b>
			<b>17.2%</b>		<b>17.6%</b>

(1) Includes the items: i) Loans and advances to customers measured at fair value through profit or loss (Items 20. 2) of the Reclassified Consolidated Assets of UBI Banca) and ii) Loans and advances to customers measured at amortised cost (Items 40. 2) of the Reclassified Consolidated Assets of UBI Banca).

(2) This figure takes into account the loans and advances to customers measured at fair value through profit or loss (Items 20. 2) of the Reclassified Consolidated Assets of UBI Banca.

(3) Includes items 10 b) Due to customers and 10 c) securities issued in the Consolidated Liabilities of UBI Banca.

(4) Compared to that resulting from the reclassified consolidated income statement of UBI Banca as at 31 December 2019, the figure does not consider the ordinary and extraordinary contributions paid to the Resolution Fund and the Deposit Guarantee Scheme.

(5) Approximately -11.2 billion euro, considering the incidental expenses pertaining to the execution of the Acquisition.

(6) Figure calculated as the difference between operating income and operating expenses shown in the table.

(7) The impacts on regulatory capital were calculated starting with the capital ratios of the Intesa Sanpaolo Group published at 31 December 2019, which consider the net income for 2019 net of the component that the Issuer's Board of Directors, during its session of 25 February 2020, had proposed be allocated to dividends for a total of 3,362 million euro.

(\*) ISP management figures.

[...OMISSIS...]

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

## 1.7 Amendments to Part B, Section 5, Paragraph 5.2.1.3 of the Registration Document

Part B, Section 5, Paragraph 5.2.1.3 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

### 5.2.1.3 Principal investments for which a firm commitment has already been made at the Date of the ~~Registration Document~~Supplement

On 17 February 2020, the Board of Directors of the Issuer resolved, inter alia, to launch the Public Exchange Offer for the acquisition of control of UBI Banca by the Issuer. ~~The consideration for the Public Exchange Offer is represented by the New Shares resulting from the Public Exchange Offer Capital Increase~~ On 17 July 2020, the Board of Directors of the Issuer, having considered the strategic relevance of the transaction for all stakeholders, the aim of strengthening the support for the real and social economy of Italy by promoting local activities and the assessments of its own financial advisor, resolved to increase the Consideration for the Offer by adding a Cash Consideration (equal to 0.57 euro) to the Consideration in Shares for each UBI share tendered in acceptance. Please note that the Issuer has estimated non-recurring charges for integration tied to the Acquisition for 1.3 billion euro, before tax. For more information about the Public Purchase and Exchange Offer, see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document.

## 1.8 Amendments to Part B, Section 7, Paragraph 7.1 of the Registration Document

Part B, Section 7, Paragraph 7.1 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

### 7.1 Introduction

[...OMISSIS...]

#### The Acquisition through Public Exchange Offer and the Strategic Targets of the Transaction

On 17 February 2020, the Issuer and BPER signed the BPER Agreement, which provides for BPER's commitment to acquire a business unit composed of bank branches of the ISP Group, as integrated upon completion of the Offer (that will consist of by 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. On the same date, the Issuer and Unipol signed the Unipol Agreement, which provides for a commitment by Unipol to acquire, directly or through subsidiaries, the business units referring 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. On 19 March 2020 – for the purpose of reviewing the mechanism for calculating the consideration for the Banking Business Unit, making it variable based on the market conditions existing on the date of completion of the Public Exchange Offer – the parties signed a supplementary agreement to the BPER Agreement. Then, on 15 June 2020, the Issuer, in order to remove the specific critical antitrust issues identified by the AGCM (the Italian Antitrust Authority) in the Notification of the Results of the Review served on 5 June 2020, **(i)** 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 quantities involved (see Part B, Section 14, Paragraphs 14.1.1 and 14.1.2 of the Registration Document)-

~~Moreover, in the event that the AGCM found any critical antitrust issues remaining in certain local areas (where there are no branches to be sold to BPER) even after the sale of the Banking Business Unit to BPER, the Issuer engaged to make structural commitments for the sale of Additional UBI Branches. In particular, **and (ii)** in the notification sent to the AGCM on 15 June 2020, ISP made the commitment to enter into contracts with one or more independent third parties, within 9 months after settlement of the Offer, for the sale of Additional UBI Branches (the "ISP Commitments") (see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document).~~

**With the AGCM Decision, the AGCM approved the transaction for acquisition of control of UBI Banca by ISP (see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document).**

[...OMISSIS...]

Once the transaction is finalised, Intesa Sanpaolo will create additional value also thanks to the synergies delivered, continue to pursue a policy that envisages high shareholder remuneration, maintain solid capital ratios, and improve its credit quality further at no extraordinary cost to shareholders, using the Negative Goodwill (of approximately **3.42.5** billion euro <sup>(56)</sup>), which will be determined as a result of the purchase price allocation process envisaged by IFRS 3 to cover, in 2020, the charges for integration, as well as the adjustments to loans to accelerate NPL reduction.

[...OMISSIS...]

The Negative Goodwill shown above, of approximately **3.42.5** billion euro (which is not relevant for tax purposes), will make it possible to cover charges for integration of 0.9 billion euro, net of the tax effect (equal to approximately 1.3 billion euro pre-tax) and adjustments to loans of approximately 1.2 billion euro net of the tax effect (equal to approximately 1.8 billion euro pre-tax) in 2020, with an increase in the coverage ratio of non-performing loans of UBI Banca, and subsequently sell approximately 4 billion euro in non-performing loans of UBI Banca at a price in line with the carrying amount.

[...OMISSIS...]

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<sup>(56)</sup> Value rounded up from **3,379,545** million euro, calculated based on the price of the ISP Share at ~~15 June~~ **7 July** 2020, taking account of the allocation of the Negative Goodwill relating to the Banking Business Unit of ~~1,250,104~~ **1,048** million euro **(and the theoretical loss resulting from the disposal of some ISP branches, amounting to 31 million euro)**. Please note that the value of Negative Goodwill indicated in Paragraph 11.5 of the Registration Document, amounting to ~~2,92.2~~ billion euro, was calculated based on the price of the ISP Share as at 14 February 2020 and does not take account of the allocation of the Negative Goodwill relating to the Banking Business Unit.

## 1.9 Amendments to Part B, Section 7, Paragraph 7.4 of the Registration Document

Part B, Section 7, Paragraph 7.4 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

### 7.4 Information regarding the Strategic Targets of the Transaction

[...OMISSIS...]

Despite the fact that the Issuer made its Offer having taken on board the guidance provided by the management of UBI Banca on the economic/financial targets of the UBI Group communicated to the market on 17 February 2020, with particular reference to initiatives to improve the operating efficiency of the UBI Group, as described in the press release and associated presentation to the market of the **“2022 Business Plan” of the UBI Group, published by UBI Banca on the same date, and the economic and financial targets of the UBI Group communicated to the market on 3 July 2020, as described in the press release and related presentation to the market of the “Update to the 2022 Business Plan” of the UBI Group published by UBI Banca on the same date, the Issuer did not have, and still lacks, tools or detailed information enabling an evaluation of the effects that they may generate on the Acquisition and on the strategic targets thereof hypothesised by the Issuer. Given the foregoing, inter alia considering the increase in the Consideration for the Offer resolved by the Board of Directors on 17 July 2020, the Issuer believes that the Strategic Targets of the Transaction are valid at the ~~Date of the Registration Document~~Date of the Supplement. Moreover, please note that when the net prospective result of the “combined entity” was calculated, ISP prudently considered the consolidated prospective estimates of UBI Banca elaborated by the research analysts after publication of the first quarter 2020 results (source: Factset), which showed a net profit for 2022 lower than both what was indicated by UBI Banca in the “2022 Business Plan” presented on 17 February 2020 and the subsequent “Update to the 2022 Business Plan” of 3 July 2020 which, moreover, envisaged a net profit lower than what was forecast in the “2022 Business Plan”. In regard to the aforementioned estimates prepared by the research analysts, at the date of the updated valuation (i.e., 7 July 2020), the Issuer is unaware of any significant revisions to them since publication of the “Update to the 2022 Business Plan” with respect to what was previously published and that would generate a significant impact on the valuation analyses carried out.**

[...OMISSIS...]

*Main assumptions underpinning the development of the Strategic Targets of the Transaction*

[...OMISSIS...]

The grounds for the Issuer’s decision to subsequently sell branches from the Banking Business Unit and, if appropriate, the Additional UBI Branches covered by the ISP Commitments, are to provide the most complete representation of the Acquisition transaction and its effects ~~and to prevent/eliminate the occurrence of situations of potential relevance for antitrust purposes deriving from the integration of the UBI Group into the ISP Group~~**considering the AGCM Measures required by the AGCM Decision.** The determination of such effects, but also the sole estimate thereof based on the market trend over the coming months, would require accurate information on the operations of both the Issuer and UBI Banca.

[...OMISSIS...]



## 1.10 Amendments to Part B, Section 11, Paragraph 11.5 of the Registration Document

Part B, Section 11, Paragraph 11.5 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

### 11.5 Pro-forma financial information

#### Introduction

This Paragraph contains the pro-forma consolidated balance sheet and the pro-forma consolidated income statement for the year ended 31 December 2019, and the explanatory notes, of the ISP Group (the “**Pro-Forma Consolidated Financial Statements**”), prepared essentially to illustrate the retroactive effects of the proposed Acquisition of UBI Banca, to be carried out through the Public **Purchase and Exchange Offer** for all UBI Shares, whose launch was approved by the Board of Directors of Intesa Sanpaolo on 17 February 2020; **on 17 July 2020, the Board of Directors of the Issuer resolved to increase the Consideration for the Offer by adding a Cash Consideration to the Consideration in Shares for each UBI Share tendered in acceptance.**

It is noted in this regard that, unlike the cases that ordinarily entail preparation of pro-forma data, the represented circumstances have not effectively materialised at the ~~preparation date~~ **Date** of this ~~Registration Document~~ **the Supplement**. Notwithstanding these limits, the Issuer has decided to prepare the Pro-Forma Consolidated Financial Statements by using the base assumptions and hypothetical assumptions referring to certain events and circumstances that had not materialised at the preparation date of the Pro-Forma Consolidated Financial Statements. The Pro-Forma Consolidated Financial Statements have been prepared solely for the purpose of including them in the Registration Document. ~~This Registration Document~~ **The Supplement** presents the Pro-Forma Consolidated Financial Statements prepared by the Issuer, although the materiality thresholds prescribed in Commission Delegated Regulation (EU) 980/2019 have not been exceeded.

The Pro-Forma Consolidated Financial Statements, prepared in compliance with the provisions of CONSOB notice no. DEM/1052803 of 5 July 2001, were drawn up in order to simulate, according to measurement criteria consistent with the historical data and compliant with reference regulations, the effects of the Acquisition on the financial position and results of the ISP Group, as if the Acquisition had virtually taken place on 31 December 2019 in relation to the effects on the balance sheet and on 1 January 2019 in relation to those on the pro-forma consolidated income statement-

#### Summary description of the Acquisition and Public **Purchase and Exchange Offer**

The Acquisition is to be carried out through the Public **Purchase and Exchange Offer** made by ISP – pursuant to and for the purposes of Articles 102 and 106, paragraph 4, of the Consolidated Law on Finance, and the applicable implementing provisions contained in the Issuers' Regulation – on all of the UBI Shares, and specifically a maximum of 1,144,285,146 ordinary shares, i.e. all the ordinary shares issued by UBI Banca as at the Date of the ~~Registration Document~~ **Supplement** (including the 9,251,800 own shares held by UBI Banca). 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 Issuer and, therefore, such shares will not be considered as subject of the Offer.

If all the Conditions Precedent of the Offer are fulfilled **(or, as applicable, they are waived in full or in part by the Issuer)** and the Offer is finalised, the Issuer will pay **a Consideration**, for each UBI Share tendered in acceptance of the Offer, not subject to any adjustment, represented by **(1) a Consideration in Shares equal to 1.7000 newly issued ISP Shares (arising from the Public Exchange Offer Share Capital Increase), and (2) a Cash Consideration equal to 0.57 euro.**

Therefore, in case of total acceptance of the Offer, the shareholders of UBI Banca will receive a maximum 1,945,284,755 newly issued Shares of the Issuer arising from the Public Exchange Offer Share Capital Increase **and a total cash consideration equal to approximately 652 million euro will be paid.**

#### Pro-Forma Consolidated Financial Statements

##### *Basis of preparation of the Pro-Forma Consolidated Financial Statements*

The information contained in the Pro-Forma Consolidated Financial Statements represents a simulation, provided merely for illustrative purposes, of the possible effects that might result from the Acquisition. More specifically, as the pro-forma data were prepared to retroactively reflect the effects of subsequent transactions, despite compliance with the generally accepted rules and the use of reasonable assumptions, there are limitations inherent in the nature of these pro-forma figures. By their very nature, they are unable to offer a representation of the prospective financial position and results of the ISP Group. Therefore, the

following aspects have to be considered for proper interpretation of the information provided by the Pro-Forma Consolidated Financial Statements:

- since these consist of representations constructed on hypotheses, the same results represented in the Pro-Forma Consolidated Financial Statements would not necessarily be obtained if the Acquisition were actually realised at the reference dates used for preparation of the Pro-Forma Consolidated Financial Statements;
- in no way do the pro-forma data attempt to represent a forecast of future results. Therefore, they must not be used in that sense: the pro-forma data do not reflect the prospective data, since they are prepared only to represent the effects of the Acquisition that can be isolated and objectively measured, without considering the potential effects deriving from changes in the management policies and operational decisions of the Issuer in consequence of the outcome of this transaction. Hence, the pro-forma representations do not aim to illustrate a present or prospective financial position and results of the effects of the Acquisition;
- given the different purposes of the pro-forma data from those of normal financial statements, and since the effects are calculated differently in reference to the pro-forma consolidated balance sheet and the pro-forma consolidated income statement, they must be read and interpreted separately, without seeking any links between them at the accounting level.

In accordance with the provisions of Consob Communication no. DEM/1052803 of 5 July 2001, the Pro-Forma Consolidated Financial Statements do not show either the costs or synergies that will derive from the proposed transaction for the entity resulting from the integration of the UBI Group into the ISP Group. In particular, the costs for integration of the UBI Group in the ISP Group, which are estimated to be about 1.3 billion (before tax and one-off) have not been subjected to pro-forma adjustments because they involve hypothetical future actions which forecasts state might be carried out only if the Acquisition is completed through the Public **Purchase and** Exchange Offer, in order to achieve the objectives of the transaction (which also include the aforementioned synergies), on the basis of agreements and contracts that will also be signed only if the aforementioned Acquisition is completed.

The Pro-Forma Consolidated Financial Statements have been prepared both on the basis of the 2019 Consolidated Financial Statements of the ISP Group and of the 2019 Consolidated Financial Statements of the UBI Group, in compliance with the IAS/IFRS endorsed by the European Union, and the measures issued in implementation of Article 9 of Legislative Decree 38/05 and Article 43 of Legislative Decree 136/15, and applying the pro-forma adjustments as described in the following paragraphs. The reader is referred to the contents of the respective consolidated financial statements at 31 December 2019 ("Part A – Accounting Policies") in regard to the accounting standards implemented by the ISP Group and the UBI Group for the preparation of consolidated historic data. In this regard, please note that preliminary analyses show that at 31 December 2019, the two banking groups essentially apply the aforementioned standards in the same manner. Nevertheless, certain differences might exist due to the possibility of choosing between different options provided for by IAS/IFRS or arising from the use of different methods or parameters to measure assets and liabilities. In this regard, the ISP Group implemented the revaluation model for owner-occupied properties and valuable art assets in its 2019 Consolidated Financial Statements, while the UBI Group used the cost method in its 2019 Consolidated Financial Statements. Then, the ISP Group used the fair value method, while the UBI Group used the cost method for investment properties. Moreover, beginning 1 January 2018, the date on which IFRS 9 came into force, the ISP Group decided to exercise the option of adopting the Deferral Approach, according to which the financial assets and liabilities of the subsidiary insurance companies continue to be recognised in accordance with the provisions of IAS 39. In contrast, the UBI Group recognises the values of the assets and liabilities and results for the period from subsidiary insurance companies in its own Consolidated Financial Statements in accordance with IFRS 9. Regardless, in the case of the 2019 Consolidated Financial Statements of the ISP Group, the differences represented hereinabove will be eliminated during application of the purchase price allocation method prescribed in IFRS 3, through a process of alignment of the options, allowed by IAS/IFRS, adopted by the ISP Group and through recognition of the fair value of the assets and liabilities of the acquired entity, considering valuation parameters and techniques consistent with those used by the Issuer.

Moreover, the Pro-Forma Consolidated Financial Statements do not reflect the effects of disposal of the Banking Business Unit, the Additional UBI Branches and the Insurance Business Units because, at the Date of the ~~Registration Document~~ **Supplement**, the Issuer does not possess detailed information or accounting figures or objective elements for the Banking Business Unit in its entirety and Insurance Business Units (the subject of the BPER Agreement and the Unipol Agreement, respectively) and the Additional UBI Branches (the subject of the ISP Commitments) that would permit the determination of the quantitative composition thereof, the accounting reconstruction of the balance sheet and income statement of the Banking Business Unit, the Insurance Business Units and the Additional UBI Branches, or the

calculation of their amounts analytically and in such a way as to permit the preparation and presentation of pro-forma consolidated financial statements designed to give a retroactive view of the effects of the proposed sale of the Banking Business Unit and the Insurance Business Units, as well as of the potential sale of the Additional UBI Branches. The only data available to ISP are those concerning its own 31 branches, included in the Banking Business Unit pursuant to the supplemental agreement to the BPER Agreement of 15 June 2020 in order to optimise the local coverage, which represent an insignificant part of the Banking Business Unit as a whole, which is composed of a total of 532 branches, of which 501 branches owned by UBI Banca. As previously mentioned, the Issuer does not have detailed information or accounting figures or objective and verifiable elements that would permit the preparation and presentation of Pro-Forma Consolidated Financial Statements designed to give a retroactive view of the effects of the proposed sale of the Banking Business Unit.

For information about the principal details concerning the Banking Business Unit, the Additional UBI Branches and the Insurance Business Units, see Part B, Section 5, Paragraph 5.1.6.1, of the Registration Document.

The consolidated accounting figures of the ISP Group and the UBI Group are published on the basis of the templates prescribed in Bank of Italy Circular 262/05.

The 2019 Consolidated Financial Statements of the ISP Group were audited by the Independent Auditors, which issued their own unqualified audit report on 18 March 2020.

The 2019 Consolidated Financial Statements of the UBI Group were audited by Deloitte & Touche S.p.A. (“**Deloitte**”), which issued its own unqualified audit report on 6 March 2020.

By setting itself the objective of achieving control of UBI Banca, the Acquisition through a Public **Purchase and Exchange Offer** represents a business combination for ISP in accordance with IAS/IFRS. More specifically, the recognition of business combinations is regulated by IFRS 3. Due to the precedence given to substance over form, that standard does not distinguish accounting treatment according to the different types of non-recurring finance transactions (merger, spin-off, contribution, etc.), but it does envisage a single accounting treatment, the “acquisition method”. This means that, from the point of view of IAS/IFRS, the legal form used to realise the transaction is irrelevant with respect to the accounting treatment to be applied to the transaction itself.

The “acquisition method” prescribed by IFRS 3 envisages that the Acquisition takes the following steps.

#### *Identifying the acquirer*

IAS/IFRS require that an acquirer be identified for any business combination. In the specific case, it is clear that the acquirer is ISP, as the offeror in the Public **Purchase and Exchange Offer**.

#### *Determining the cost of the combination*

IFRS 3 requires that the cost of a business combination be equal to the sum of the fair value, at the exchange date: (i) of the transferred assets, (ii) the liabilities incurred and (iii) the equity instruments issued by the acquirer in return for control of the acquired entity. Therefore, for the Acquisition through the Public **Purchase and Exchange Offer** made by ISP, the cost of the Acquisition will be represented **by the sum of the Consideration in Shares, represented** by the fair value of the Shares issued by the Issuer in exchange for the UBI Shares. ~~Since they are listed shares, the~~ **and by the entire amount of the Cash Consideration, equal to approximately 652 million euro. Given that they are listed shares, the** fair value of the ~~issued shares~~ **Shares** will be represented by the stock exchange price on the trading day immediately prior to the transaction execution date.

Moreover, according to IFRS 3, the business combination cost must include the fair value at the acquisition date of the stakes in the acquired company previously held by the acquirer.

#### *Allocating the cost of the combination (“Purchase Price Allocation”).*

Pursuant to IFRS 3, the Acquisition must be recognised according to the acquisition method. This method requires that at the acquisition date, the acquirer allocate the cost of the combination (the “PPA”, or “Purchase Price Allocation”) to the identifiable assets, liabilities and contingent liabilities of the acquired entity (including any intangible assets that were previously not recognised by it), recognising their fair value at that date, except for the assets that are classifiable as held for sale, which will instead be recognised at fair value net of costs of sale.

The remaining difference between the **cost of the business combination, represented by the sum of the fair value of the issued shares and the entire amount of the Cash Consideration**, and the value, measured at fair value, of the assets net of liabilities and contingent liabilities, while also considering the intangible assets not recognised in the financial statements of the acquired company:

- if positive, must be recognised as goodwill on the balance sheet;
- if negative, must be recognised as income on the income statement of the entity resulting from the business combination (negative goodwill).

Moreover, notwithstanding the Conditions Precedent of the Offer, if the Public **Purchase and Exchange** Offer is not fully subscribed, a minority interest will remain, representing the remaining UBI Shares that were not exchanged for the ISP Shares. In this regard, IFRS 3 prescribes that for each business combination, the acquirer must also recognise the value of any minority interest at fair value or in proportion to the minority investment in the net identifiable assets of the acquired company.

During preparation of the Pro-Forma Consolidated Financial Statements, no fair value measurement of the assets, including any previously unrecognised intangible assets, liabilities and identifiable contingent liabilities of the acquired entity was made because those fair values will have to be determined in reference to the future acquisition date and using valuation techniques and information sources consistent with those used by the Issuer in preparation of its own financial statements. Moreover, IFRS 3 grants an acquiring entity 12 months after the effective date of the transaction to determine the final figure for those values. All that was done to prepare the Pro-Forma Consolidated Financial Statements was to reverse the intangible assets of the UBI Group, in accordance with what will be done once the Acquisition is recognised in the accounts as part of the "Purchase Price Allocation" process pursuant to IFRS 3. More specifically, in addition to reversing the goodwill and intangible assets recognised by the UBI Group after previous Purchase Price Allocations, and considering the intention of ISP to proceed with merger by incorporation of UBI Banca, which inter alia will entail migration of the merged entity to the information systems of the Issuer, the component of intangible assets traceable to software will also be reversed. Therefore, during this phase, and except as stated in the paragraph "Pro-forma adjustments", the fair value of the assets and liabilities of the acquired entity has been assumed to be aligned with the carrying value of those same assets and liabilities as reported in the 2019 Consolidated Financial Statements of UBI Banca.

On the basis of the information available at the Date of the ~~Registration Document~~ **Supplement**, negative goodwill will appear after the Acquisition and will be recognised in the Consolidated Financial Statements of ISP. The negative goodwill shown in the Pro-Forma Consolidated Financial Statements conventionally represents the difference between the consolidated shareholders' equity of the UBI Group at the reference date (adjusted as specified in the paragraph "Pro-forma adjustments") and the preliminary cost of the combination (determined according to what is stated in the paragraph "Pro-forma adjustments"). Therefore, the final determination of negative goodwill will be subject to the changes connected with the following aspects:

- 1) the net book value of the UBI Group at the acquisition date;
- 2) determination at the acquisition date of the higher/lower value ("fair value") of the assets and liabilities of the UBI Group as compared with their book values and valuation of the additional intangible assets, liabilities and contingent liabilities, which might not be presently recognised in the balance sheet and income statement of the acquired entity, but whose recognition is required in the purchase price allocation process;
- 3) the stock market price of ISP Shares on the trading day immediately preceding the transaction execution date, which will be used to determine the final value **Consideration in Shares, which, together with the entire amount of the Cash Consideration, will constitute the final cost** of the business combination.

In relation to the impacts associated with point 2), the main balance sheet items of the UBI Group whose fair value has to be determined for comparison with their book values are represented by "Financial assets measured at amortised cost" (Loans to banks and Loans to customers), "Equity investments", "Property and equipment" (particularly owner-occupied properties, valuable art assets, and investment property) and "Securities issued". In addition, the values of any currently unrecognised intangible assets (e.g. client relationship intangibles) and contingent liabilities will also have to be recognised. Moreover, the premises for recognition of DTAs on tax losses carried forward and not yet recognised in the financial statements by the UBI Group will have to be checked.

Furthermore, it is expected that all the adjustments shown in the Pro-Forma Consolidated Financial Statements will have a permanent impact on the ISP Group after the Public **Purchase and Exchange** Offer, excluding the adjustment made to recognise negative goodwill and the incidental expenses connected with the Public **Purchase and Exchange** Offer, which will be incurred on a one-off basis to complete the Acquisition. With reference to the negative goodwill, although the IAS/IFRS provide that it has to be recognised in the income statement, for the purposes of the Pro-Forma Consolidated Financial Statements published in this Paragraph, given its non-recurrent nature and the fact that its amount can vary in

accordance with the above and pursuant to Consob Communication no. DEM/1052803 of 5 July 2001, the negative goodwill was allocated to a separate liability caption on the pro-forma consolidated balance sheet without any impact on the pro-forma consolidated income statement. The reader is referred to Part B, Section 7, Paragraph 7.3 of ~~the this~~ Registration Document concerning the observations on the use of negative goodwill, and particularly in regard to the impact on the income targets of the ISP Group for 2020.

*The sale of the Banking Business Unit, the Insurance Business Units and the Additional UBI Branches under the ISP Commitments*

ISP and BPER signed the BPER Agreement, which provides for BPER's commitment to acquire the Banking Business Unit composed of bank branches of the ISP Group, as integrated upon completion of the Offer (that 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. Note that the Banking Business Unit also includes 31 branches of the Issuer in order to optimise the local coverage. The consideration for the acquisition of the Banking Business Unit, as defined by the supplementary agreements to the BPER Agreement of 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 Intesa Sanpaolo 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 Issuer). Pursuant to the BPER Agreement, the finalisation of the transfer of the Banking Business Unit is subject to: (a) the completion of the Public **Purchase and** Exchange Offer (and, thus, fulfilment of the Conditions Precedent of the Public **Purchase and** Exchange Offer or to the waiver of all or part of these by ISP), 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 individuals drawn from the list that will be presented by Intesa Sanpaolo, (c) the participation of UBI Banca in the BPER Agreement, (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) carrying out of the trade union procedure pursuant to article 47 of Italian Law 428/1990 as subsequently amended (see Part B, Section 14, Paragraph 14.1.1 of the Registration Document).

ISP and Unipol also signed the Unipol Agreement, under which Unipol committed to acquire, directly or through subsidiaries – for a cash consideration calculated as specified below – the Insurance Business Units, i.e. the business lines referring 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, related technical reserves and associated covering assets, and the related assets, liabilities and legal relationships. 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 specific conditions, including (a) the completion of the Public **Purchase and** Exchange Offer (and, thus, in particular, upon fulfilment of the Conditions Precedent of the Public **Purchase and** Exchange Offer or to their waiver by Intesa Sanpaolo) and the resulting acquisition of control of UBI Banca by the Issuer; (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. 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 Units of BancAssurance Popolari S.p.A., referring to its equity value (see Part B, Section 14, Paragraph 14.1.2 of the Registration Document).

Moreover, ~~in the event that the AGCM found any critical antitrust issues remaining in certain local areas (where there are no branches to be sold to BPER) even after the sale of the Banking Business Unit to BPER,~~ the Issuer engaged to make structural commitments for the sale of Additional UBI Branches. In particular, in the notification sent to the AGCM on 15 June 2020, ISP made the commitment to enter into contracts with one or more independent third parties, within 9 months after settlement of the Offer, for the sale of Additional UBI Branches (the "ISP Commitments") (see Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document). **With a decision adopted at the meeting held on 14 July 2020 and notified to ISP on 16 July 2020, the AGCM approved the acquisition of control of UBI Banca by the Issuer subject to the execution of the structural disposals in accordance with the provisions of the BPER**

**Agreement and the ISP Commitments, as set out in the dispositive part of the AGCM Decision.** The Pro-Forma Consolidated Financial Statements do not reflect the effects of sale of the Banking Business Unit, the Additional UBI Branches and the Insurance Business Units. At the Date of the ~~Registration Document~~ **Supplement**, the Issuer does not possess detailed information or accounting figures or objective elements for the Banking Business Unit in its entirety and Insurance Business Units (the subject of the BPER Agreement and the Unipol Agreement, respectively) and the Additional UBI Branches (the subject of the ISP Commitments) that would permit the determination of the quantitative composition thereof, the accounting reconstruction of the balance sheet and income statement of the Banking Business Unit, the Insurance Business Units and the Additional UBI Branches, or the calculation of their amounts analytically and in such a way as to permit the preparation and presentation of pro-forma consolidated financial statements designed to give a retroactive view of the effects of the proposed sale of the Banking Business Unit and the Insurance Business Units, as well as of the potential sale of the Additional UBI Branches.

Considering (i) the business profile of ISP and the operations of its product factories, which will not experience any changes from sale of the aforementioned business units to BPER and Unipol, and (ii) the limited contribution of the sold business units to the entity resulting from the Merger (estimated to amount to about 6% of the total net loans of the combined entity), the Issuer believes that the impacts on and risks of the corporate business of the ISP Group deriving from execution of the BPER Agreement and the Unipol Agreement, as well as from the possible fulfilment of the ISP Commitments, are limited.

More specifically, the BPER Agreement identifies the branches included in the Banking Business Unit. After finalisation of the Acquisition, the Banking Business Unit will be audited on the basis of the accounting figures of UBI Banca, and in compliance with the applied accounting standards. Moreover, the consideration for the transfer is not predetermined, but rather calculated on the basis of a certain percentage applied to what will be the Common Equity Tier 1 capital of the Banking Business Unit and, therefore, cannot be determined in absolute terms at the Date of the ~~Registration Document~~ **Supplement**.

Furthermore, the scope envisaged in the Unipol Agreement is unknown because (i) it refers to business units that include certain assets and liabilities of the bancassurance vehicles in which UBI Banca has an equity interest and pertaining to the Banking Business Unit customers and (ii) as illustrated hereinabove, the branches and, therefore, the customers to be included in the Banking Business Unit have not yet been identified. Moreover, it is noted that at 31 December 2019, the reference date of the Pro-Forma Consolidated Financial Statements, two of the aforementioned bancassurance vehicles (i.e. Lombarda Vita S.p.A. and Aviva Vita S.p.A.) were not consolidated on a line-by-line basis on the balance sheet and income statement of the UBI Group at the same date. In fact, transfer of those business units is conditioned, inter alia, on reacquisition of control of the aforementioned bancassurance vehicles by UBI Banca.

For more information about the principal details concerning the Banking Business Unit, the Additional UBI Branches and the Insurance Business Units, see Part B, Section 5, Paragraph 5.1.6.1, of the Registration Document.

As previously mentioned, the Pro-Forma Consolidated Financial Statements do not intend in any way to represent a forecast of future results of the post-Acquisition ISP Group and, therefore, do not include the effects deriving from performance of the actions described above and the additional ones to be taken. For more information about the profit estimates and forecasts, see Part B, Section 7, of the Registration Document.

\* \* \*

In any event, it is noted that the balance sheet and income statement indicators of the ISP Group after the Public **Purchase and** Exchange Offer and possible execution of the aforementioned agreements will differ from what is indicated in the Pro-Forma Consolidated Financial Statements. In this regard, it is noted that once they have been identified and until the transfer completion date, the assets and liabilities pertaining to the branches included in the Banking Business Unit (the subject of the BPER Agreement) and the Additional UBI Branches (the subject of the ISP Commitments) will be classified under “Non-current assets held for sale and discontinued operations” and “Liabilities associated with non-current assets held for sale and discontinued operations” pursuant to IFRS 5 and the loss deriving from the transfer, considering that the consideration provides for a discount on the book value of the Banking Business Unit (which can be approximated with equity in terms of Common Equity Tier 1), will be allocated in the consolidated financial statements to a reduction of the negative goodwill, since the impact of the BPER Agreement will have to be included in the “Purchase Price Allocation” process of the Acquisition.

#### *Format and content of the Pro-Forma Consolidated Financial Statements*

The pro-forma consolidated balance sheet and income statement figures included in this document were prepared in accordance with Consob Communication no. DEM/1052803 of 5 July 2001 and in accordance

with the preparation guidelines set out in the technical document appended to it. Therefore, the Pro-Forma Financial Statements have been prepared by applying to the final balance sheet and income statement figures at 31 December 2019 of the ISP Group all the adjustments necessary for retroactively representing at that date the effects of the Acquisition and associated, of the Public Exchange Offer Share Capital Increase, **as well as of the entire amount of the Cash Consideration**.

The Pro-Forma Consolidated Financial Statements are composed of the Pro-Forma Consolidated Balance Sheet and the Pro-Forma Consolidated Income Statement at 31 December 2019.

Given the complexity and variety of the situations resulting from the transactions described above, the pro-forma consolidated figures are presented by showing:

- the Consolidated Financial Statements of the ISP Group for the year ended 31 December 2019 in the column "ISP Group 31.12.2019";
- the Consolidated Financial Statements of the UBI Group for the year ended 31 December 2019 in the column "UBI Group 31.12.2019";
- the estimated accounting effects connected with the Acquisition through the Public **Purchase and Exchange Offer** proposed by ISP in the column "Pro-forma adjustments";
- the effects of netting of the most important balance sheet and income statement entries between the two banking Groups in the column "Netting";
- the pro-forma consolidated balance sheet amounts at 31 December 2019 and the pro-forma consolidated income statement amounts for the year 2019 resulting from the sum of the preceding columns are shown in the column "Pro-forma 31.12.2019".

**Pro-Forma Consolidated Financial Statements at 31 December 2019**

**Pro-Forma Consolidated Balance Sheet at 31 December 2019**

						(millions of euro)
Assets	ISP Group	UBI Group	Pro-forma adjustments	Netting	Pro-forma	
	31.12.2019	31.12.2019			31.12.2019	
10. Cash and cash equivalents	9,745	695	<b>-652</b>		<b>40,440</b>	<b>9,788</b>
20. Financial assets measured at fair value through profit or loss	49,414	1,759	-3	-1,102		50,068
<i>a) financial assets held for trading</i>	45,152	428	-3	-1,102		44,475
<i>b) financial assets designated at fair value</i>	195	10				205
<i>c) other financial assets mandatorily measured at fair value</i>	4,067	1,320				5,387
30. Financial assets measured at fair value through other comprehensive income	72,410	12,222		-179		84,453
35. Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	168,202	-		-385		167,817
40. Financial assets measured at amortised cost	467,815	101,736		-837		568,714
<i>a) due from banks</i>	49,027	11,921		-837		60,111
<i>b) loans to customers</i>	418,788	89,815				508,603
45. Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	612	-				612
50. Hedging derivatives	3,029	35				3,064
60. Fair value change of financial assets in hedged portfolios (+/-)	1,569	547				2,116
70. Equity investments	1,240	287				1,527
80. Technical insurance reserves reassured with third parties	28	-				28
90. Property and equipment	8,878	2,298				11,176
100. Intangible assets	9,211	1,740	-1,740			9,211
<i>Of which:</i>						
- goodwill	4,055	1,465	-1,465			4,055
110. Tax assets	15,467	3,740	25			19,232
<i>a) current</i>	1,716	1,084	25			2,825
<i>b) deferred</i>	13,751	2,656				16,407

120. Non-current assets held for sale and discontinued operations	494	265			759
130. Other assets	7,988	1,201		-1	9,188
<b>Total assets</b>	<b>816,102</b>	<b>126,525</b>	<b><u>-1,718-2,370</u></b>	<b>-2,504</b>	<b>938,405</b> <b><u>937,754</u></b>

(millions of euro)

<b>Liabilities and Shareholders' Equity</b>	<b>ISP Group</b>	<b>UBI Group</b>	<b>Pro-forma</b>	<b>Netting</b>	<b>Pro-forma</b>
	<b>31.12.2019</b>	<b>31.12.2019</b>	<b>adjustments</b>		<b>31.12.2019</b>
10. Financial liabilities measured at amortised cost	519,382	109,795		-1,465	627,712
<i>a) due to banks</i>	103,324	14,368		-710	116,982
<i>b) due to customers</i>	331,181	72,577			403,758
<i>c) securities issued</i>	84,877	22,850		-755	106,972
15. Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	826	-			826
20. Financial liabilities held for trading	45,226	555		-1,034	44,747
30. Financial liabilities designated at fair value	4	198			202
35. Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	75,935	-			75,935
40. Hedging derivatives	9,288	387			9,675
50. Fair value change of financial liabilities in hedged portfolios (+/-)	527	145			672
60. Tax liabilities	2,321	171		-1	2,491
<i>a) current</i>	455	65			520
<i>b) deferred</i>	1,866	106		-1	1,971
70. Liabilities associated with non-current assets held for sale and discontinued operations	41	2			43
80. Other liabilities	12,070	2,736	75	-1	14,880
90. Employee termination indemnities	1,134	290			1,424
100. Allowances for risks and charges	3,997	489			4,486
<i>a) commitments and guarantees given</i>	482	54			536
<i>b) post-employment benefits</i>	232	87			319
<i>c) other allowances for risks and charges</i>	3,283	349			3,632
110. Technical reserves	89,136	2,210			91,346
120. Valuation reserves	-157	-80	80	-2	-159
125. Valuation reserves pertaining to insurance companies	504	-			504
130. Redeemable shares	-	-			-
140. Equity instruments	4,103	-			4,103
150. Reserves	13,279	3,208	-3,169	2	13,320
160. Share premium reserve	25,075	3,295	551		28,921
170. Share capital	9,086	2,843	-1,832		10,097
180. Treasury shares (-)	-104	-28	-11		-143
190. Minority interests (+/-)	247	58			305
200. Net income (loss) (+/-)	4,182	251	-295	-3	4,135
Negative goodwill	-	-	<u>2,8832,231</u>		<u>2,8832,231</u>
<b>Total liabilities and equity</b>	<b>816,102</b>	<b>126,525</b>	<b><u>-1,718-2,370</u></b>	<b>-2,504</b>	<b>938,405</b> <b><u>937,754</u></b>

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



## Pro-Forma Consolidated Income Statement for 2019

(millions of euro)

	ISP Group 2019	UBI Group 2019	Pro-forma adjustments	Netting	Pro-forma 2019
10. Interest and similar income	10,193	2,180		-16	12,357
<i>of which: interest income calculated using the effective interest rate method</i>	10,565	1,971			12,536
20. Interest and similar expense	-3,269	-378		16	-3,631
<b>30. Interest margin</b>	<b>6,924</b>	<b>1,802</b>			<b>8,726</b>
40. Fee and commission income	9,658	1,895		-8	11,545
50. Fee and commission expense	-2,159	-229		8	-2,380
<b>60. Net fee and commission income</b>	<b>7,499</b>	<b>1,666</b>			<b>9,165</b>
70. Dividend and similar income	117	8			125
80. Profits (Losses) on trading	506	29		-3	532
90. Fair value adjustments in hedge accounting	-61	-15			-76
100. Profits (Losses) on disposal or repurchase of:	1,385	-22		-1	1,362
<i>a) financial assets measured at amortised cost</i>	97	-51			46
<i>b) financial assets measured at fair value through other comprehensive income</i>	1,218	33		-1	1,250
<i>c) financial liabilities</i>	70	-4			66
110. Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	123	115			238
<i>a) financial assets and liabilities designated at fair value</i>	-103	1			-102
<i>b) other financial assets mandatorily measured at fair value</i>	226	114			340
115. Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	3,991	-			3,991
<b>120. Net interest and other banking income</b>	<b>20,484</b>	<b>3,583</b>		<b>-4</b>	<b>24,063</b>
130. Net losses/recoveries for credit risks associated with:	-2,201	-744			-2,945
<i>a) financial assets measured at amortised cost</i>	-2,175	-741			-2,916
<i>b) financial assets measured at fair value through other comprehensive income</i>	-26	-3			-29
135. Net losses/recoveries pertaining to insurance companies pursuant to IAS 39	-9	-			-9
140. Profits/losses from changes in contracts without derecognition	-6	-25			-31
<b>150. Net income from banking activities</b>	<b>18,268</b>	<b>2,814</b>		<b>-4</b>	<b>21,078</b>
160. Net insurance premiums	10,147	314			10,461
170. Other net insurance income (expense)	-12,673	-337			-13,010
<b>180. Net income from banking and insurance activities</b>	<b>15,742</b>	<b>2,791</b>		<b>-4</b>	<b>18,529</b>
190. Administrative expenses:	-9,692	-2,493	-65		-12,250
<i>a) personnel expenses</i>	-5,825	-1,561			-7,386
<i>b) other administrative expenses</i>	-3,867	-932	-65		-4,864
200. Net provisions for risks and charges	-73	-25			-98
<i>a) commitments and guarantees given</i>	23	-			23
<i>b) other net provisions</i>	-96	-25			-121
210. Net adjustments to / recoveries on property and equipment	-523	-158			-681
220. Net adjustments to / recoveries on intangible assets	-692	-77			-769
230. Other operating expenses (income)	774	283			1,057
<b>240. Operating costs</b>	<b>-10,206</b>	<b>-2,470</b>	<b>-65</b>		<b>-12,741</b>
250. Profits (Losses) on investments in associates and companies subject to joint control	53	40			93
260. Valuation differences on property, equipment and intangible assets measured at fair value	-13	-			-13
270. Goodwill impairment	-	-			-
280. Profits (Losses) on disposal of investments	96	6			102

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

290.	Income (Loss) before tax from continuing operations	5,672	367	-65	-4	5,970
300.	Taxes on income from continuing operations	-1,564	-82	21	1	-1,624
310.	Income (Loss) after tax from continuing operations	4,108	285	-44	-3	4,346
320.	Income (Loss) after tax from discontinued operations	64	-			64
330.	Net income (loss)	4,172	285	-44	-3	4,410
340.	Minority interests	10	-34			-24
350.	Parent Company's net income (loss)	4,182	251	-44	-3	4,386

### Notes on the methods used in preparation of the Pro-Forma Consolidated Financial Statements

#### Purpose of presenting the Pro-Forma Consolidated Financial Statements

As previously mentioned, the purpose of presenting the Pro-Forma Consolidated Financial Statements is to give a retroactive representation – according to reporting standards consistent with those followed in preparation of the financial statements – of the income statement and balance sheet accounting effects of the Acquisition to be realised through the Public **Purchase and Exchange Offer**.

#### Base assumptions used to prepare the Pro-Forma Consolidated Financial Statements

The main assumptions used to prepare the Pro-Forma Consolidated Financial Statements are illustrated as follows.

The financial statements presented hereinabove were obtained by aggregating the figures published in the 2019 consolidated financial statements of the ISP Group and of the UBI Group prepared in compliance with the IAS/IFRS endorsed by the European Union, and the measures issued in implementation of Article 9 of Legislative Decree 38/05 and Article 43 of Legislative Decree 136/15. The consolidated financial statements at 31 December 2019 were audited by the Independent Auditors of ISP and by Deloitte for UBI Banca, respectively.

The accounting standards used to prepare the Pro-Forma Consolidated Financial Statements are the same as those used to prepare the consolidated financial statements at 31 December 2019 of the ISP Group and the UBI Group, i.e. the IAS/IFRS endorsed by the European Union.

The pro-forma adjustments applied to the Acquisition through the Public **Purchase and Exchange Offer**, as illustrated hereunder, were made through implementation of the general rule that the transactions referred to in the balance sheet are assumed to have taken place at the ending date of the reference period, while for the income statement, the transactions are assumed to have occurred at the beginning of that same period.

As mentioned in the introduction, at the preparation date of this pro-forma financial information, certain information ordinarily available at the preparation date of pro-forma figures is still unknown, since the Public **Purchase and Exchange Offer** has yet to begin, its conditions precedent have yet to be fulfilled and, consequently, its results are still unknown.

Several hypothetical assumptions have had to be made so that all the transactions envisaged in the Acquisition can be represented in the Pro-Forma Consolidated Financial Statements, as described below:

- success of the Public **Purchase and Exchange Offer** and, therefore, the acquisition of 100% of the share capital of UBI Banca by Intesa Sanpaolo;
- in consequence of the foregoing, the complete issuance, subscription and payment of the Public Exchange Offer Share Capital Increase **and recognition of the entire amount of the Cash Consideration**;
- to determine ~~the~~ **the part of the** total cost of the combination **represented by the Consideration in Shares**, calculation of a unit value of 2.502 euro per ISP Share, represented by the closing stock market price reported on 14 February 2020, i.e. the date corresponding to the last Trading Day prior to the date on which ISP announced the Public **Purchase and Exchange Offer** (i.e. 17 February 2020). **To determine the cost of the business combination, the amount of the Cash Consideration, equal to approximately 652 million euro, was added to the total cost represented by the Consideration in Shares.**

The cost of the combination, represented by the fair value of the New Shares to be issued **as Consideration in Shares** in service of the Public **Purchase and Exchange Offer** ~~and~~, the fair value of the UBI Shares already owned by ISP **and by the total amount of the Cash Consideration**, must be

considered a preliminary figure, since the elements necessary for its final calculation are still unknown. In particular, the fair value of the New Shares issued by ISP ~~will be represented by the~~ **as the Consideration in Shares will be determined according to the** stock exchange price **of the ISP Shares** on the trading day immediately prior to the Acquisition execution date.

The difference between the total cost of the combination and the consolidated shareholders' equity of the UBI Group at 31 December 2019 (adjusted as detailed in the paragraph "Pro-forma adjustments") has been allocated on a preliminary basis, due to its negative sign, to the specific liability caption negative goodwill on the pro-forma consolidated balance sheet, without making any allocation, because the Public **Purchase and Exchange Offer** will be accounted for using the "acquisition method", which entails identification of the fair value of the net assets and allocation of the cost of the transaction at the execution date of the Acquisition. Although the IAS/IFRS provide that negative goodwill has to be recognised in the income statement, for the purposes of the Pro-Forma Consolidated Financial Statements published in ~~the Registration Document~~ **this Paragraph**, given its non-recurrent nature and the fact that its amount can vary as previously stated, the negative goodwill was allocated to a separate liability caption on the pro-forma consolidated balance sheet without any impact on the pro-forma consolidated income statement.

#### *Pro-forma adjustments*

The preliminary cost of the Acquisition is ~~4,866~~**5,518** million euro, which is the sum of:

- the fair value of the New ISP Shares to be issued **as the Consideration in Shares** in service of the ~~Public Exchange Offer~~**Offer**, assuming that the ~~Public Exchange Offer~~**Offer** is fully subscribed, i.e. considering 1,143,120,251 UBI Shares tendered in acceptance of the Offer, equal to the total of all shares of UBI Banca (1,144,285,146 shares, including 9,251,800 treasury shares owned by UBI Banca), net of 1,164,895 UBI Shares owned by ISP at 31 December 2019, i.e. the reporting date of the Pro-Forma Consolidated Financial Statements, corresponding to 1,943,304,442 New ISP Shares. The fair value of the New ISP Shares is 4,863 million euro on the basis of the stock exchange price of ISP Shares at 14 February 2020, with 1,011 million euro recognised in share capital, ascribing it a contractual per-share nominal value of 0.52 euro to the issued shares, and a share premium of 3,852 million euro; ~~and~~
- fair value of 3 million euro at 31 December 2019 for the 1,164,895 UBI Shares already owned by ISP. The latter, recognised as "Financial assets measured at fair value through profit or loss" in the 2019 Consolidated Financial Statements of ISP, were netted as part of the pro-forma adjustments; ~~and~~
- **the amount of the Cash Consideration, equal to approximately 652 million euro. During the pro-forma adjustments, this amount was recognised as a reduction in the item "Cash and cash equivalents"**.

The preliminary cost of the Acquisition was compared with the consolidated shareholders' equity of the UBI Group at 31 December 2019, inclusive of the profit for the period, inasmuch as the Pro-Forma Consolidated Financial Statements were prepared as if the Acquisition had virtually taken place on 31 December 2019 in relation to the effects on the pro-forma consolidated balance sheet and on 1 January 2019 in relation to those on the pro-forma consolidated income statement. As previously mentioned, the shareholders' equity of the UBI Group compared with the preliminary cost of the Acquisition reflects the reversal of the intangible assets of the UBI Group, in accordance with what will be done once the Acquisition is recognised in the accounts as part of the "Purchase Price Allocation" process pursuant to IFRS 3. The shareholders' equity of the UBI Group determined in this way totals 7,749 million euro.

The difference that emerged after comparison between the preliminary cost of the Acquisition and the consolidated shareholders' equity of the UBI Group, determined as described in the preceding paragraph, totals ~~2,883~~**2,231** million euro and has been recognised on a preliminary basis in the specific liability caption *Negative goodwill* on the pro-forma consolidated balance sheet. The table below provides more details on calculation of the Negative goodwill.

	(millions of euro)
ISP capital increase – <b>Consideration in Shares</b> (a)	4,863
- of which share capital	1,011
- of which share premium	3,852
Fair value of UBI Banca shares already owned by ISP (b)	3
<b>Cash Consideration</b> (c)	<b>652</b>
<b>Total Acquisition Cost (ed) = (a) + (b) + (c)</b>	<b>4,8665,518</b>

Net book value of the UBI Group at 31 December 2019 (de) <sup>(1)</sup>	9,489
Intangible assets of the UBI Group at 31 December 2019 (ef) <sup>(2)</sup>	1,740
<b>Net book value of the UBI Group at 31 December 2019 to be compared with the Acquisition Cost (fg) = (d) – (e) – (f)</b>	<b>7,749</b>
<b>Negative goodwill (fg) - (ed)</b>	<b><u>2,8832,231</u></b>

(1) = sum of items 120. Valuation reserves, 150. Reserves, 160. Share premium reserve, 170. Share capital, 180. Treasury shares, 200. Income (Loss) under liabilities on the balance sheet of the UBI Group at 31 December 2019

(2) = caption 100. Intangible assets on the balance sheet of the UBI Group at 31 December 2019

The pro-forma adjustments also considered the effect connected with the incidental expenses of the Public **Purchase and Exchange Offer**, estimated to total 75 million euro in non-recurring charges, insofar as they are incurred exclusively for the purpose of realising the Acquisition. Of the total amount mentioned hereinabove, and on the basis of the preliminary information available at this time, 10 million euro has been considered directly ascribable to issuance of the New Shares servicing the Public **Purchase and Exchange Offer** and, on the basis of the provisions of IAS 32, allocated, net of the associated tax effect, to reduce the share premium reserve. The remainder of the estimated incidental costs, amounting to 65 million euro, has been recognised in the income statement, as prescribed by IFRS 3, under administrative expenses on the pro-forma consolidated income statement.

Moreover, as part of the pro-forma adjustments, the New ISP Shares issued to service the treasury shares owned by UBI Banca and having a value of 39 million euro have been recognised as a reduction in caption “180. Treasury shares”, based on the stock market price of ISP Shares at 14 February 2020, as a balancing entry for a corresponding increase in caption “150. Reserves”. In fact, if the treasury shares owned by UBI Banca are tendered in acceptance of the Offer, UBI Banca will receive new ISP Shares which, for the purposes of the Pro-Forma Consolidated Financial Statements, must be considered to be treasury shares.

**Finally, as previously mentioned, the amount for Cash Consideration, equal to approximately 652 million euro, was recognised as a reduction in the item “10. Cash and cash equivalents” in the context of the pro-forma adjustments.**

The scope of consolidation was not modified to include any equity interests owned by both banking groups in the same entities, if the accumulated ownership percentages establish the premises for line-by-line consolidation or consolidation by the equity method.

The elements that will imply a difference between the final Negative goodwill and the provisional amount indicated in the Pro-Forma Consolidated Financial Statements at 31 December 2019 include the price of ISP Shares on the trading day immediately prior to the execution date of the Acquisition.

The following table indicates the change in Negative goodwill in response to a change of -20 cents (up to -100 cents) in the ISP Share price from the per-share value of 2.502 euro taken as reference for the Pro-Forma Consolidated Financial Statements:

Amounts in millions of euro (excluding market price and number of shares)

	Price -100 cents	Price -80 cents	Price -60 cents	Price -40 cents	Price -20 cents	Values used for the Pro-Forma Consolidated Financial Statements
Reference price (a)	1.502	1.702	1.902	2.102	2.302	2.502
No. of shares to be issued (b)	1,943,304,442	1,943,304,442	1,943,304,442	1,943,304,442	1,943,304,442	1,943,304,442
ISP capital increase – <b>Consideration in Shares</b> (c) = (a) x (b)	2,920	3,309	3,697	4,086	4,474	4,863
Fair value of UBI Banca shares already owned by ISP (d)	3	3	3	3	3	3
<b>Cash Consideration (e)</b>	<b>652</b>	<b>652</b>	<b>652</b>	<b>652</b>	<b>652</b>	<b>652</b>
<b>Total Acquisition Cost (ef) = (c) + (d) + (e)</b>	<b>2,923,575</b>	<b>3,312,964</b>	<b>3,700,352</b>	<b>4,089,741</b>	<b>4,477,129</b>	<b>4,866,518</b>
<b>Net tangible book value of UBI Group at 31 December 2019 (fg)</b>	<b>7,749</b>	<b>7,749</b>	<b>7,749</b>	<b>7,749</b>	<b>7,749</b>	<b>7,749</b>
<b>Negative goodwill before PPA adjustments (f g) - (ef)</b>	<b>4,826,174</b>	<b>4,437,785</b>	<b>4,049,397</b>	<b>3,660,008</b>	<b>3,272,620</b>	<b>2,882,231</b>
Changes	1,943	1,554	1,166	777	389	

For every 20 cents in reduction of the per-share value of an ISP Share from the value of 2.502 euro (taken as reference for the Pro-Forma Consolidated Financial Statements), the Acquisition cost – which will be ultimately determined on the basis of the stock market price of the ISP Shares on the day prior to the one on which the Offer took statutory effect – will be reduced by 389 million euro and, consequently, the Negative goodwill will increase by the same amount.

Moreover, notwithstanding the Conditions Precedent of the Offer, if the Public **Purchase and Exchange Offer** is not fully subscribed, given the possibility allowed by IFRS 3 to measure at fair value any minority interest in the acquired entity, and in the specific case representing any remaining UBI Shares that were not exchanged for the ISP Shares, the amount of Negative goodwill recognised in the Consolidated Financial Statements of ISP would nonetheless be determined in reference to all of the UBI Shares, with it thus being the same amount as the one in the hypothesis that the Public **Purchase and Exchange Offer** be fully subscribed.

#### Netting

The “Netting” column shows the most important reciprocal items from the balance sheets and income statements of the ISP Group and the UBI Group, represented by:

- “Financial assets measured at fair value through profit or loss” for 1,102 million euro that refer entirely to “Assets held for trading” (1,034 million euro represented by derivative instruments and 68 million euro represented by debt securities), “Financial assets measured at fair value through other comprehensive income” for 179 million euros (entirely represented by debt securities), “Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39” for 385 million euro (represented by debt securities held by the insurance companies of the Intesa Sanpaolo Group in support of the insured) that are netted with “Financial liabilities held for trading” for 1,034 million euro (represented exclusively by derivatives) and “Financial liabilities measured at amortised cost” represented by “securities issued” for 628 million euro. The netting of those items led to the recognition of a negative effect on the pro-forma consolidated shareholders’ equity amounting to 3 million euro (2 million euro net of tax effects) and a positive effect on the pro-forma consolidated income statement amounting to 4 million euro (3 million euro net of tax effects), where 1 million euro is ascribable to valuation gains/losses and 3 million euro to gains/losses on sale of debt securities;
- “Financial assets measured at amortised cost” totalling 837 million euro (710 million euro represented by loans to banks, of which a portion is ascribable to cash collateral and security deposits for trading in derivatives and 127 million euro represented by debt securities), which are netted with “Financial liabilities measured at amortised cost” totalling 837 million euro (710 million

euro represented by amounts due to banks and 127 million euro represented by “Securities issued”);

- “Other assets” totalling 1 million euro (represented by placement fee and commission income) that undergo netting with “Other Liabilities”;
- “Interest income” and “Interest expense” totalling 16 million euro;
- “Fee and commission income” and “Fee and commission expense” totalling 8 million euro.

The tax effects associated with the netted balance sheet and income statement amounts have been calculated on the basis of a nominal rate of 33%.

The netting of mutual relationships was determined on the basis of the net amounts and the financial statement items documented in the accounting records for ISP Group counterparties. An exact reconciliation of the corresponding net amounts of the UBI Group was impossible because the Issuer did not have access to the detailed accounting records of the UBI Group at the Date of the ~~Registration Document~~ **Supplement**. The mutual relationships may be reconciled exactly only after completion of the Acquisition.

#### **11.5.1 Independent Auditors’ Report on the examination of the pro-forma consolidated figures**

The Independent Auditors’ Report on the Pro-Forma Consolidated Financial Statements at 31 December 2019 (concerning (i) the reasonableness of the basic assumptions used to prepare the pro-forma accounts, (ii) the proper application of the method used, and (iii) the fairness of the accounting standards used to prepare the pro-forma accounts) was issued on ~~49 June~~ **17 July** 2020 and is reproduced as follows.



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**(Translation from the Italian original which remains the definitive version)**

## **Report on examination of the pro-forma consolidated balance sheet and the pro-forma consolidated income statement as at and for the year ended 31 December 2019 and related explanatory notes of the Intesa Sanpaolo Group**

*To the Board of Directors of  
Intesa Sanpaolo S.p.A.*

- 1 We have examined the pro-forma consolidated balance sheet, the pro-forma consolidated income statement and related explanatory notes of Intesa Sanpaolo S.p.A. (the “parent”) and its subsidiaries (the “Intesa Sanpaolo Group”) as at and for the year ended 31 December 2019 (the “pro-forma consolidated financial statements”) included in paragraph 1.10 of the supplement to the prospectus for the voluntary public purchase and exchange offer pursuant to articles 102 and 106.4 of the Consolidated Law on Finance (the “public purchase and exchange offer” or the “Offer”) on all of the ordinary shares of Unione Banche Italiane S.p.A. (“UBI Banca”) listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. (the “Supplement to the Prospectus”).

The Supplement to the Prospectus, prepared to amend the Prospectus published on 26 June 2020 (the “Prospectus”) after the Offer consideration was raised to: (i) 1.7000 newly issued ordinary shares of Intesa Sanpaolo S.p.A. and (ii) a cash amount equal to Euro 0.57, in exchange for each UBI share tendered in acceptance of the Offer, must be read together with the Prospectus and forms an integral part thereof.

These pro-forma consolidated financial statements have been derived from the consolidated financial statements of the Intesa Sanpaolo Group and the consolidated financial statements of UBI Banca and its subsidiaries (the “UBI Banca Group”) at 31 December 2019 prepared in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and the pro-forma adjustments thereto, which we have examined.

We audited the consolidated financial statements of the Intesa Sanpaolo Group at 31 December 2019 and issued our report thereon on 18 March 2020.



**Intesa Sanpaolo S.p.A.**

*Report on examination of the pro-forma consolidated balance sheet and the pro-forma consolidated income statement*

*31 December 2019*

Other auditors audited the consolidated financial statements of the UBI Banca Group at 31 December 2019 and issued their report thereon on 6 March 2020.

The pro-forma consolidated financial statements have been prepared on the basis of the assumptions described in the explanatory notes to retroactively present the effects of the acquisition of the UBI Banca Group (the "acquisition") to be carried out through the public purchase and exchange offer.

- 2 The pro-forma consolidated financial statements have been prepared in accordance with Commission Delegated Regulation (EU) no. 2019/980 and for the purposes of their inclusion in the Supplement to the Prospectus.

The pro-forma consolidated financial statements have been prepared to reflect, in accordance with accounting policies that are consistent with the historical data and compliant with the relevant legislation, the effects of the acquisition to be carried out through the public purchase and exchange offer on the Intesa Sanpaolo Group's financial position and financial performance as if it had occurred on 31 December 2019 and on 1 January 2019, respectively. Had the acquisition to be carried out through the voluntary public purchase and exchange offer actually occurred on such dates, the outcome may not necessarily have been that presented.

The pro-forma consolidated financial statements are the responsibility of the parent's Directors. We are responsible for expressing an opinion on the reasonableness of the assumptions adopted by the Directors in the preparation of the pro-forma consolidated financial statements and the correctness of the methodology used to prepare them. Furthermore, we are responsible for expressing an opinion on the correctness of the accounting policies applied.

- 3 We conducted our examination in accordance with the standards recommended by Consob (the Italian Commission for listed companies and the stock exchange) in Recommendation no. DEM/1061609 dated 9 August 2001, which regulates the examination of pro-forma financial information. We have carried out all the procedures which we have deemed to be necessary for the purposes of our engagement.
- 4 In our opinion, the general assumptions that Intesa Sanpaolo S.p.A. has adopted in the preparation of the pro-forma consolidated financial statements to retroactively present the effect of the acquisition to be carried out through the voluntary public purchase and exchange offer are reasonable and the methodology used to prepare them has been correctly applied for the disclosure purposes described above. Furthermore, we believe that the accounting policies applied to prepare the pro-forma consolidated financial statements are correct.

Milan, 17 July 2020

KPMG S.p.A.

(signed on the original)

Mario Corti  
Director



## 11.5.2 The capital adequacy ratios of the ISP Group at 31 December 2019 calculated on a pro-forma basis

In addition to the Pro-Forma Consolidated Financial Statements at 31 December 2019, examined by the Independent Auditors and reproduced in the preceding paragraphs, the expected pro-forma effects of the Acquisition on the regulatory position of the Intesa Sanpaolo Group as at 31 December 2019 are presented as follows. In particular, the following table shows the data concerning own funds, the risk assets of the Group, and the capital ratios at 31 December 2019, compared with the same pro-forma values calculated on the assumption that the Acquisition will be completed. The capital adequacy ratios have been calculated both in light of the transitional approach of the impact of IFRS 9 (IFRS 9 Transitional) and considering the full inclusion of the impact of IFRS 9 (IFRS 9 Fully Loaded).

### Capital ratios of the Intesa Sanpaolo Group

	31/12/2019	31/12/2019	31/12/2019	31/12/2019
(figures in thousands <del>millions</del> of euro)	IFRS 9 "Transitional"	IFRS 9 "Fully Loaded"	(pro-forma) IFRS 9 "Transitional"	(pro-forma) IFRS 9 "Fully Loaded"
Common Equity Tier 1 Capital	41,542	38,952	48,760 <b>48,108</b>	46,170 <b>45,518</b>
Additional Tier 1 Capital	4,096	4,096	4,096	4,096
Tier 1 Capital (Common Equity Tier 1 + Additional Tier 1)	45,638	43,048	52,856 <b>52,204</b>	50,266 <b>49,614</b>
Tier 2 Capital	7,057	7,905	9,113	9,961
Total Own Funds	52,695	50,953	61,969 <b>61,317</b>	60,227 <b>59,575</b>
Risk-Weighted Assets	298,524	300,510	356,610	358,564
<b>Common Equity Tier 1 Ratio (Common Equity Tier 1 Capital after filters and deductions / Risk-Weighted Assets)</b>	<b>13.9%</b>	<b>13.0%</b>	<b>13.7%</b> <b>13.5%</b>	<b>12.9%</b> <b>12.7%</b>
<b>Tier 1 Ratio (Tier 1 Capital after filters and deductions / Risk-Weighted Assets)</b>	<b>15.3%</b>	<b>14.3%</b>	<b>14.8%</b> <b>14.6%</b>	<b>14.0%</b> <b>13.8%</b>
<b>Total Capital Ratio (Total Own Funds / Risk-Weighted Assets)</b>	<b>17.7%</b>	<b>17.0%</b>	<b>17.4%</b> <b>17.2%</b>	<b>16.8%</b> <b>16.6%</b>

Note: unaudited figures.

For the sake of consistency with the capital adequacy ratios of the ISP Group at 31 December 2019, the corresponding pro-forma values contained in the preceding table have been calculated considering the net income for the year net of the component that the Issuer's Board of Directors, during its meeting on 25 February 2020, had proposed be allocated to dividends for a total of 3,362 million euro.

With regard to the figures presented hereinabove, it is noted that the pro-forma capital ratios at 31 December 2019 assume the recognition of ~~2,883~~ **2,231** million euro in Negative goodwill, based on the fair value of the total cost of the combination calculated, ~~for the~~ **as the sum of the** amount ascribable to the ~~Public Exchange Offer Share Capital Increase, on the basis of the~~ **Cash Consideration and the fair value of the New Shares issued as Consideration in Shares, for which reference was made to the** official price of the ISP Shares published at the end of trading on 14 February 2020 (2.502 euro), i.e. the date of the last Trading Day prior to the date on which ISP announced the Public **Purchase and** Exchange Offer (17 February 2020). The final calculation of the Negative goodwill will be subject to certain changes tied to the following key aspects: (i) the final amount of the Public Exchange Offer Share Capital Increase to be recognised in the accounts that will be determined on the basis of the fair value of the New Shares issued that will correspond to the price of the ISP Shares on the trading day immediately before the settlement date of the Public **Purchase and** Exchange Offer; (ii) the higher/lower values (fair value) of the assets and liabilities of the UBI Group with respect to the book values and of the additional intangible assets and contingent liabilities, which might also not be recognised in the balance sheet of the acquired entity, and which will be found after the Purchase Price Allocation process prescribed in IFRS 3.

[...OMISSIS...]

### 1.11 Amendments to Part B, Section 13, Paragraph 13.1 of the Registration Document

Part B, Section 13, Paragraph 13.1 of the Registration Document is amended as follows (~~stricken-out text eliminated~~ and bold type and underlined text added):

#### 13.1 Summary of the information communicated pursuant to Regulation (EU) 596/2014

[...OMISSIS...]

This Section provides a summary of the information communicated to the market in the last 12 months, pursuant to the Market Abuse Regulation, as well as selected information which, though not considered price sensitive by the Issuer, is deemed relevant. This information can be found on the Issuer's website, in the "Investor Relations" section (<https://group.intesasanpaolo.com/it/investor-relations/comunicati-stampa-price-sensitive>), at the authorised storage mechanism (<https://www.emarketstorage.com/bims/comunicati/comunicati.html>), and on the website of Borsa Italiana ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

<b>Date of press release</b>	<b>Category</b>	<b>Summary of content</b>
<b><u>17 July 2020</u></b>	<b><u>Strategic transactions</u></b>	<b><u>Increase in the Consideration of the prior Public Exchange Offer for all ordinary shares of UBI Banca</u></b>
<b><u>16 July 2020</u></b>	<b><u>Strategic transactions</u></b>	<b><u>Authorisation obtained from Italian Competition Authority (AGCM) for acquisition of control of UBI Banca</u></b>
<b><u>6 July 2020</u></b>	<b><u>Strategic transactions</u></b>	<b><u>Clarification regarding the announcement of UBI Banca's board of directors relating to the prior public exchange offer for all UBI Banca ordinary shares</u></b>
<b><u>30 June 2020</u></b>	<b><u>Strategic transactions</u></b>	<b><u>Strategic agreement finalised with Nexi in respect of payment systems</u></b>
<b><u>25 June 2020</u></b>	<b><u>Strategic transactions</u></b>	<b><u>Voluntary public exchange offer launched by Intesa Sanpaolo S.p.A. on all the ordinary shares of Unione di Banche Italiane S.p.A.. Approval by Consob of the Offer Document and the Prospectus. Acceptance period from 6 July 2020 to 28 July 2020</u></b>

[...OMISSIS...]

## 1.12 Amendments to Part B, Section 14, Paragraph 14.1.1 of the Registration Document

Part B, Section 14, Paragraph 14.1.1 of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

### 14.1.1 Agreement with BPER

[...OMISSIS...]

At the Date of the ~~Registration Document~~**Supplement**, the conditions precedent are still pending, except, with reference to the condition above in point e), for obtaining the authorisations from the Serbian antitrust authority (Republic of Serbia – Commission for Protection of Competition) and Albanian antitrust authority (Competition Authority of Albania) (reference is made to Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document).

**Moreover, note that with the AGCM Decision, the AGCM approved the acquisition of control of UBI Banca by ISP. For more information, see the sub-paragraph “Summary of the authorisation process connected with the Acquisition of UBI Banca through the Public Exchange Offer” in Part B, Section 5, Paragraph 5.1.6.1 of the Registration Document.**

[...OMISSIS...]

### 1.13 Amendments to Part B, Section “Definitions” of the Registration Document

Part B, Section “Definitions” of the Registration Document is amended as follows (struck out text eliminated and bold type and underlined text added):

#### DEFINITIONS

Below is a list of the main definitions and the main terms used in the Registration Document. Except where otherwise specified, these definitions and terms shall have the meaning indicated below. Please note that for the definitions set out below, where required by the context, the singular shall include the plural and vice versa.

<b><u>AGCM</u></b>	<b><u>Autorità Garante della Concorrenza e del Mercato (“Italian Antitrust Authority”), based in Piazza G. Verdi no. 6/a, Rome.</u></b>
<b><u>AGCM Authorisation</u></b>	<b><u>Authorisation for the acquisition of exclusive control of UBI Banca notified by the AGCM on 16 July 2020 with the AGCM Decision, at the end of the proceedings pursuant to Art. 16 of Law no. 287/90.</u></b>
<b>Consideration</b>	This shall mean the consideration paid by the Issuer to the subscribers for each UBI Share tendered in acceptance of the Offer, <del>equal to 1.7000</del> <b><u>represented by the Consideration in</u></b> <del>ISP Shares for each UBI Share</del> <b><u>and the Cash Consideration.</u></b>
<b><u>Consideration in Shares</u></b>	<b><u>The component of Consideration represented by ISP Shares, equal to 1.7000 ISP Shares for each UBI Share tendered in acceptance of the Offer.</u></b>
<b><u>Cash Consideration</u></b>	<b><u>The cash component of Consideration, equal to 0.57 euro for each UBI Share tendered in acceptance of the Offer.</u></b>
<b><u>Date of the Supplement</u></b>	<b><u>This shall mean the date of approval of the Supplement by Consob.</u></b>
<b>Offer Document</b>	This shall mean the offer document drawn up by the Bank in relation to the Public Exchange Offer, filed with Consob <del>published</del> <b><u>published</u></b> on pursuant to Art. 102, paragraph 3, of the Consolidated Law on Finance on 6 March 2020 for the purposes of Consob’s approval. This document will be made available to the public in accordance with the terms and methods set out by law, once approved by Consob <del>26 June 2020, after Consob granted its approval with Resolution no. 21422 of 25 June 2020.</del> <b><u>26 June 2020, after Consob granted its approval with Resolution no. 21422 of 25 June 2020.</u></b>
<b>Registration Document</b>	This shall mean the registration document relating to the Issuer, published together with the Securities Note and the Summary. The Registration Document is made available to the public on its publication date, and will be available for its entire validity period, at the registered office of Intesa Sanpaolo in Turin, Piazza San Carlo no. 156 and at the secondary registered office of Intesa Sanpaolo S.p.A. in Milan, Via Monte di Pietà no. 8, as well as on the Issuer’s website (group.intesasanpaolo.com). <b><u>This shall mean the registration document published on 26 June 2020, after receiving notice protocol no. 0609568/20 stating that Consob had issued the order approving the registration document on 25 June 2020, as amended by the Supplement.</u></b>
<b>ISP Commitments</b>	The commitments of a structural nature – <b><u>assumed by ISP with a notice transmitted to the AGCM on 15 June 2020 and</u></b> involving the disposal of the Additional UBI Branches – that the Intesa Sanpaolo has agreed to make for the possibility 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) <b><u>constitute one of the measures on which the AGCM</u></b>

**Authorisation is conditioned.**

**AGCM Measures**

**This shall mean the measures adopted pursuant to Article 6, paragraph 2, of Law no. 287/90, in accordance with the provisions of the BPER Agreement and the ISP Commitments, as prescribed in the AGCM Decision as conditions for the AGCM Authorisation.**

**Summary**

~~The summary published together with the Registration Document and the Securities Note. The Summary was made available to the public on its publication date, and will be available for its entire validity period, at the registered office of the Issuer in Turin, Piazza San Carlo no. 156 and at the secondary registered office of Intesa Sanpaolo in Milan, Via Monte di Pietà no. 8, as well as on the Issuer's website (group.intesasanpaolo.com).~~  
**This shall mean the summary published on 26 June 2020, after receiving notice protocol no. 0609570/20 stating that Consob had issued the order approving the summary on 25 June 2020, as amended by the Supplement.**

**Securities Note**

~~The securities note published together with the Registration Document and the Summary. The Securities Note was made available to the public on its publication date, and will be available for its entire validity period, at the registered office of the Issuer in Turin, Piazza San Carlo no. 156 and at the secondary registered office of Intesa Sanpaolo in Milan, Via Monte di Pietà no. 8, as well as on the Issuer's website (group.intesasanpaolo.com).~~  
**This shall mean the securities note published on 26 June 2020, after receiving notice protocol no. 0609570/20 stating that Consob had issued the order approving the securities note on 25 June 2020, as amended by the Supplement.**

**Offer or Public Purchase and Exchange Offer or Public Exchange Offer**

This shall mean the voluntary public **purchase and** exchange offer on the UBI Shares announced via the press releases published by the Issuer on 17 February 2020 in accordance with Article 102, paragraph 1, of the Consolidated Law on Finance, Article 37, paragraph 1, of the Issuers' Regulation and Article 17 of the Market Abuse Regulation.

**AGCM Decision**

**This shall mean the decision adopted at the meeting on 14 July 2020 and notified to ISP on 16 July 2020, whereby the AGCM approved the acquisition of exclusive control of UBI by ISP at the end of the proceedings pursuant to Art. 16 of Law no. 287/90.**

## 2. AMENDMENTS TO THE SECURITIES NOTE

### 2.1 Amendments to Part A, Section A.1, Paragraph A.1.1 of the Securities Note

Part A, Section A.1, Paragraph A.1.1 of the Securities Note is amended as follows (struck out text eliminated and bold type and underlined text added):

#### A.1.1 Risks linked to the volatility and liquidity of the Shares

On 17 February 2020, the Board of Directors of the Issuer adopted the decision to launch the Public Exchange Offer for the Acquisition of control of UBI Banca (the "**Offer**"). The Offer was announced by means of two press releases published by the Issuer on the same date, in accordance, respectively, with article 102, paragraph 1, of the Consolidated Law on Finance and article 37, paragraph 1, of the Issuers' Regulation and Article 17 of Market Abuse Regulation. **On 17 July 2020, the Board of Directors of the Issuer, having considered the strategic relevance of the transaction for all stakeholders, the aim of strengthening the support for the real and social economy of Italy by promoting local activities and the assessments of its own financial advisor, resolved to increase the Consideration for the Offer by adding a Cash Consideration to the Consideration in Shares for each UBI Share tendered in acceptance. On the same date, the Issuer published a press release, pursuant to Articles 36 and 43 of the Issuers' Regulation, to acknowledge the increase in the Consideration for the Offer and the consequent change in the terms of the Offer.** The Public **Purchase and** Exchange Offer is made for a maximum total of no. 1,144,285,146 UBI Shares – including the treasury shares held by UBI Banca – representing the entire share capital of UBI Banca and provides that for each UBI Share tendered in acceptance of the Offer, the Issuer will pay a Consideration consisting ~~of~~ **(1) of the Consideration in Shares consisting of** no. 1.7000 newly-issued ordinary shares of ISP<sub>7</sub> (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), **and (2) the Cash Consideration equal to Euro 0.57.** The ISP Shares tendered as **part of the** Consideration will be issued through a share capital increase of ISP, without the pre-emption rights pursuant to article 2441, paragraph 4, of the Italian Civil Code, reserved to the acceptors of the Offer, to be executed through (and in compensation of) the contribution in kind of the UBI Shares tendered in acceptance of the Offer, by issuing a maximum of no. 1,945,284,755 New Shares, with regular entitlement to dividends and having the same characteristics as the ordinary shares already outstanding at the date of issuance.

[...OMISSIS...]

## 2.2 Amendments to Part B, Section 3, Paragraph 3.3 of the Securities Note

Part B, Section 3, Paragraph 3.3 of the Securities Note is amended as follows (struck out text eliminated and bold type and underlined text added):

### 3.3 Working capital statement

Pursuant to the Prospectus Regulation, the Commission Delegated Regulation (EU) 980/2019 and the ESMA/2013/319 Recommendations, which define working capital as “the Group’s ability to access cash and other available liquid resources in order to meet its liabilities as they fall due”, the Issuer’s opinion is that, at the Date of the ~~Securities Note~~ **of the Supplement, inter alia in light of the increase in the Consideration for the Offer resolved by the Board of Directors on 17 July 2020**, the Group has sufficient working capital to cover the current financial requirements, to be understood as those related to the 12 month period running from the Date of the ~~Securities Note~~ **of the Supplement**.

### 2.3 Amendments to Part B, Section 5, of the Securities Note

[...OMISSIS...]

In accordance with article 43, paragraph 1, of the Issuers' Regulation, ISP 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.

**Please note that, as regards the Antitrust Condition, after assessing the implementation measures prescribed by the AGCM, the Issuer announced on 16 July 2020 announced to make its own as prescribed by the AGCM, to consider anyhow satisfied the Antitrust Condition listed as one of the Conditions Precedent of the Offer and, in any case, for all intents and purposes, to waive the aforementioned Antitrust Condition, through the publication of a press release.**

[...OMISSIS...]



## 2.4 Amendments to Part B, Section “Definitions” of the Securities Note

Part B, Section “Definitions” of the Securities Note is amended as follows (struck out text eliminated and bold type and underlined text added):

### DEFINITIONS

The terms defined in the Securities Note have the meaning given to them in the Registration Document. Below is a list of the main definitions and recurring terms used in the Securities Note. Except where otherwise specified, these definitions and terms shall have the meaning indicated below. Additional terms used in the Securities Note have the meaning given to them in the text thereof.

<b><u>AGCM</u></b>	<b><u>Autorità Garante della Concorrenza e del Mercato (Italian Antitrust Authority), based in Piazza G. Verdi no. 6/a, Rome.</u></b>
<b><u>AGCM Authorisation</u></b>	<b><u>Authorisation for the acquisition of exclusive control of UBI Banca notified by the AGCM on 16 July 2020 with the AGCM Decision, at the end of the proceedings pursuant to Art. 16 of Law no. 287/90.</u></b>
<b>Consideration</b>	This shall mean the consideration paid by the Issuer to the subscribers for each UBI Share tendered in acceptance of the Offer, <del>equal to no. 1.7000</del> <b><u>represented by the Consideration in ISP Shares for each UBI Share and the Cash Consideration.</u></b>
<b><u>Consideration in Shares</u></b>	<b><u>The component of Consideration represented by ISP Shares, equal to 1.7000 ISP Shares for each UBI Share tendered in acceptance of the Offer.</u></b>
<b><u>Cash Consideration</u></b>	<b><u>The cash component of Consideration, equal to 0.57 euro for each UBI Share tendered in acceptance of the Offer.</u></b>
<b><u>Date of the Supplement</u></b>	<b><u>This shall mean the date of approval of the Supplement by Consob.</u></b>
<b>Payment Date</b>	This shall mean the date on which the payment of the Consideration will be made to the acceptors of the Public <b><u>Purchase and</u></b> Exchange Offer for each UBI Share tendered in acceptance of the Public <b><u>Purchase and</u></b> Exchange Offer and on which the transfer of those UBI Shares to the Issuer will take place, corresponding to the <del>fifth</del> <b><u>fourth</u></b> Trading Day following the last day of the acceptance period (unless extended in accordance with the applicable regulations).
<b>Offer Document</b>	This shall mean the offer document <del>drawn up by the Bank in relation to the Public Exchange Offer, filed with Consob</del> <b><u>published</u></b> on pursuant to article 102, paragraph 3, of the Consolidated Law on Finance on 6 March 2020 for the purposes of Consob's approval. This document will be made available to the public in accordance with the terms and methods set out by law, once approved by Consob. <b><u>26 June 2020, after Consob granted its approval with Resolution no. 21422 of 25 June 2020.</u></b>
<b>Registration Document</b>	This shall mean the registration document relating to the Issuer, <del>published together with the Securities Note and the Summary. The Registration Document is made available to the public on its publication date, and will be available for its entire validity period, at the registered office of Intesa Sanpaolo in Turin, Piazza San Carlo no. 156 and at the secondary registered office of Intesa Sanpaolo S.p.A. in Milan, Via Monte di Pietà no. 8, as well as on the Issuer's website (group.intesasanpaolo.com).</del> <b><u>This shall mean the registration document published on 26 June 2020, after receiving notice protocol no. 0609568/20 stating that Consob had issued the order approving the registration document on</u></b>

**25 June 2020, as amended by the Supplement.**

**ISP Commitments**

The commitments of a structural nature ~~– assumed by ISP with a notice transmitted to the AGCM on 15 June 2020 and involving the disposal of the Additional UBI Branches –~~ that Intesa Sanpaolo has agreed to make for the possibility 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) **constitute one of the measures on which the AGCM Authorisation is conditioned.**

**AGCM Measures**

**This shall mean the measures adopted pursuant to Article 6, paragraph 2, of Law no. 287/90, in accordance with the provisions of the BPER Agreement and the ISP Commitments, as prescribed in the AGCM Decision as conditions for the AGCM Authorisation.**

**Summary**

The ~~summary published together with the Registration Document and the Securities Note.~~ The Summary was made available to the public on its publication date, and will be available for its entire validity period, at the registered office of the Issuer in Turin, Piazza San Carlo no. 156 and at the secondary registered office of Intesa Sanpaolo in Milan, Via Monte di Pietà no. 8, as well as on the Issuer's website ([group.intesasanpaolo.com](http://group.intesasanpaolo.com)). **This shall mean the summary published on 26 June 2020, after receiving notice protocol no. 0609570/20 stating that Consob had issued the order approving the summary on 25 June 2020, as amended by the Supplement.**

**Securities Note**

The ~~securities note published together with the Registration Document and the Summary.~~ The Securities Note was made available to the public on its publication date, and will be available for its entire validity period, at the registered office of the Issuer in Turin, Piazza San Carlo no. 156 and at the secondary registered office of Intesa Sanpaolo in Milan, Via Monte di Pietà no. 8, as well as on the Issuer's website ([group.intesasanpaolo.com](http://group.intesasanpaolo.com)). **This shall mean the securities note published on 26 June 2020, after receiving notice protocol no. 0609570/20 stating that Consob had issued the order approving the securities note on 25 June 2020, as amended by the Supplement.**

**Offer or Public Purchase and Exchange Offer or Public Exchange Offer**

This shall mean the voluntary public **purchase and** exchange offer on the UBI Shares announced via the press releases published by the Issuer on 17 February 2020 in accordance with article 102, paragraph 1, of the Consolidated Law on Finance, article 37, paragraph 1, of the Issuers' Regulation and article 17 of the Market Abuse Regulation.

**AGCM Decision**

**This shall mean the decision adopted at the meeting on 14 July 2020 and notified to ISP on 16 July 2020, whereby the AGCM approved the acquisition of exclusive control of UBI by ISP at the end of the proceedings pursuant to Art. 16 of Law no. 287/90.**

### 3. AMENDMENTS TO THE SUMMARY

Part B, Paragraph B.2, Sub-paragraph "Pro-forma financial information" of the Summary is amended as follows (struck out text eliminated and bold type and underlined text added):

#### 3.1 Amendments to Section B, Paragraph B.2, Sub-paragraph "Pro-forma financial information" of the Summary

[...OMISSIS...]

#### CONSOLIDATED PRO-FORMA INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

<b>Amounts in millions of euro</b>	<b>Pro-forma at 31 December 2019</b>
Net interest income	8,726
Net fee and commission income	9,165
Gross income	24,063
Parent Company's net income (loss)	4,386

#### PRO-FORMA CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

<b>Amounts in millions of euro</b>	<b>Pro-forma at 31 December 2019</b>
Total assets	938,405 <b><u>937,754</u></b>
Common Equity Tier 1 Ratio	13.7% <sup>(*)</sup> <b><u>13.5%<sup>(*)</sup></u></b>
Total Capital Ratio	17.4% <sup>(*)</sup> <b><u>17.2%<sup>(*)</sup></u></b>

(\*) Ratios calculated taking account of the transitional treatment of the impact of IFRS 9 (IFRS 9 Transitional). Considering the full inclusion of the impact of IFRS 9 (IFRS 9 Fully Loaded), as at 31 December 2019 the pro-forma Common Equity Tier 1 Ratio was ~~12.9~~**12.7**% and the pro-forma Total Capital Ratio was ~~16.8~~**16.6**%.

### 3.2 Amendments to Section B, Paragraph B.3 of the Summary

Part B, Paragraph B.3 of the Summary is amended as follows (struck out text eliminated and bold type and underlined text added):

#### A.1.1. Risks associated with the forecast targets set in the 2018-2021 Business Plan and the Strategic Targets of the Acquisition, including with regard to the COVID-19 pandemic.

On 17 February 2020, the Board of Directors of the Issuer adopted the decision to launch the Public Exchange Offer for the Acquisition of control of UBI Banca (the "Offer"). The Offer was announced by means of two press releases published by the Issuer on the same date, in accordance, respectively, with Article 102, paragraph 1, of the Consolidated Law on Finance and Article 37, paragraph 1, of the Issuers' Regulation and Article 17 of Market Abuse Regulation. **On 17 July 2020, the Board of Directors of the Issuer, having considered the strategic relevance of the transaction for all stakeholders, the aim of strengthening the support for the real and social economy of Italy by promoting local activities and the assessments of its own financial advisor, resolved to increase the Consideration for the Offer by adding a Cash Consideration to the Consideration in Shares for each UBI Share tendered in acceptance. On the same date, the Issuer published a press release, pursuant to Articles 36 and 43 of the Issuers' Regulation, to acknowledge the increase in the Consideration for the Offer and the consequent change in the terms of the Offer.** The Public **Purchase and** Exchange Offer is made for a maximum total of no. 1,144,285,146 UBI Shares – including the treasury shares held by UBI Banca – representing the entire share capital of UBI Banca and provides that for each UBI Share tendered in acceptance of the Offer, the Issuer will pay a Consideration consisting of **(1) of the Consideration in Shares equal to** n. 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), and (2) of the Cash Consideration equal to Euro 0.57.** The ISP Shares tendered as **part of the** Consideration will be issued through a share capital increase of ISP, without the pre-emption rights pursuant to Article 2441, paragraph 4, of the Italian Civil Code, reserved to the acceptors of the Offer, to be executed through (and in compensation of) the contribution in kind of the UBI Shares tendered in acceptance of the Offer, by issuing a maximum of no. 1,945,284,755 New Shares, with regular entitlement to dividends and having the same characteristics as the ordinary shares already outstanding at the date of issuance.

On 17 February 2020, the Issuer and BPER signed the BPER Agreement, which provides for BPER's commitment to acquire a business unit composed of bank branches of the ISP Group, as integrated upon completion of the Offer (that 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. On the same date, the Issuer and Unipol signed the Unipol Agreement, which provides for a commitment by Unipol to acquire, directly or through subsidiaries, the business units referring 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 entered into by the customers of the Banking Business Unit and the related assets, liabilities and legal relationships. On 19 March 2020 – for the purpose of reviewing the mechanism for calculating the consideration for the Banking Business Unit making it variable based on the market conditions existing on the date of completion of the Public Exchange Offer – the parties signed a supplementary agreement to the BPER Agreement. Then, on 15 June 2020, the Issuer, in order to remove the specific critical antitrust issues evidenced by AGCM (the Italian Antitrust Authority) in the Notification of the Results of the Review served on 5 June 2020, 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 quantities involved.

**With a decision adopted at the meeting held on 14 July 2020 and notified to ISP on 16 July 2020 (the "AGCM Decision"), the Italian Antitrust Authority (Autorità Garante della Concorrenza e del Mercato – AGCM), having considered the corrective measures proposed by ISP adequate to resolve the competitive issues found during the investigation, approved the acquisition of control of UBI Banca by the Issuer (the "AGCM Authorisation") subject to the execution of the structural disposals in accordance with the provisions of the BPER Agreement and the ISP Commitments (jointly, the "AGCM Measures"), as set out in the dispositive part of the AGCM Decision (available on the AGCM website (<https://www.agcm.it/>)).**

[...OMISSIS...]

~~(3) Any authorisation issued by the AGCM that would prescribe 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 (for example, the sale of additional bank branches) might — in the case of waiver by the Issuer of the relevant condition precedent of the Public Exchange Offer and if the transaction is completed notwithstanding the imposition of those additional and/or different corrective measures — negatively and significantly impact the process of integration of UBI Banca in the ISP Group and its timing and, therefore, the pursuit of the revenue growth prospects underlying the Strategic Targets of the Acquisition. These risks would be accentuated (with potential adverse effects, even material, on the ISP Group's future earnings performance) in the event that (for reasons that cannot be identified now) the BPER Agreement was not executed or was executed at times, terms and conditions different from those envisaged and the Issuer were required to take actions, possibly after the launch of non-compliance proceedings before the AGCM, aimed at resolving the antitrust issues that the BPER Agreement seeks to prevent and/or resolve, at potentially worse terms and conditions than those envisaged in the BPER Agreement. **If the disposals prescribed in the AGCM Measures are not executed (and, therefore, the BPER Agreement and/or the sale of the Additional UBI Branches covered by the ISP Commitments are not executed) or they are executed at times, in ways and at conditions different from those prescribed, pursuant to the provisions of the AGCM Decision, the Issuer would be required to sell its own branches so as to produce, on the interested markets, effects at least equivalent to those deriving from the sales envisaged in the AGCM Measures according to the terms and conditions prescribed in the AGCM Decision, with potential negative effects on the pursuit of the revenue growth prospects underlying the Strategic Targets of the Transaction.**~~