PRESS RELEASE

Shareholders' General Meeting 2020

Milan, 31st March 2020 – With reference to the recommendation dated 27th March 2020 (made by the ECB to banks that it supervises) to refrain from payment of dividends at least until 1st October 2020, the Board of Directors of UBI Banca, which met today, has resolved not to submit to the General Meeting of the Shareholders - called for the 8th April 2020 - the proposal on item two of the agenda "*The allocation of profit for the financial year 2019 and the distribution of a dividend to shareholders*" because it would be incompatible with the above-mentioned prudential recommendation made by the supervisory authority.

After 1st October 2020 and in the absence of different indications by the ECB, the Board of Directors reserves the right to convene a Shareholders' General Meeting to address this matter.

The maximum amount of the dividend that had originally been proposed by the Board of Directors for the financial year 2019 (€0.13 per share for a maximum total payout of €147.6 million) will be written to equity reserves.

AT1 coupons will be regularly paid.

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It is the first time in the over one hundred-year history of UBI that the payment of a dividend has been suspended. It should also be recalled that, since 2007, a year in which many bank concentrations took place, only UBI has paid a cash dividend even in the worst years of the crisis.

This year too, the Bank was able to increase its dividend thanks to the substantial improvements generated in all the key indicators of solidity used by the market. More specifically, a significant reduction in non-performing exposures has been achieved thanks to an effective combination of disposals at prices among the best on the market, a deep knowledge of territories and the very high degree of professionalism deployed by the internal credit recovery platform (in fact, unlike banks even larger in size, UBI has kept in-house all its systemic solutions and all its staff specialising in the management of non-performing exposures. This approach does not therefore commit the Bank to the future payment of commissions to outsourced servicers).

As for the disposal prices, which as already mentioned are among the best on the market, these are the result of a dynamic which sees the level of loan coverage consistent with a substantial amount of collateral that sets UBI apart from most of its competitors. As a result of that dynamic, the disposals have been made with a low impact on the income statement, thereby allowing growth in recurring income and strengthening of the capital position.

That strategy has permitted the Bank to achieve a ratio of gross non-performing loans to total loans of 7.8% at end 2019, and even as low as 6.9% if this is calculated pro forma to take account of the wholesale disposal currently in progress. This latter ratio would place UBI Banca in second place after Unicredit among major banks in Italy.

This significant repositioning in terms of credit quality has therefore been accompanied by a substantial improvement in the fully loaded CET1 ratio, which has risen to 12.3% (from 11.3% at the end of 2018) or to 12.6% net of dividends. As already reported, UBI's CET 1 ratio takes no account of future capital optimisation operations, DTAs, etc.

The Bank’s proven track record, demonstrated year-after-year, to reduce operating costs even while continuing to grow its investments in technology (which, for example, has allowed at this tragic moment in history to enable smartworking for all staff in little more than 10 working days; today, 80% of all central staff works in smartworking), represents an additional fundamental pillar of a solid bank, well-prepared to meet even the most complex challenges.

Per ulteriori informazioni/ For further information please contact :
UBI Banca – Investor relations – Tel. +39 035 3922217
Email: investor.relations@ubibanca.it
UBI Banca – Media relations – Tel. +39 027781 4213 - 4938
Email: media.relations@ubibanca.it
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