



MEDIOBANCA

CheBanca!

Press release

Mediobanca doubles its presence in retail asset management

CheBanca! moves to next level in terms of size by acquiring a selected perimeter of Barclays Italian retail business

The Mediobanca Group (“Mediobanca”) and Barclays Bank PLC (“Barclays”) have signed an agreement for the acquisition of a selected perimeter of Barclays retail Italian business by CheBanca!.

The deal will allow CheBanca! to significantly speed up its growth process, with indirect funding to double from €3.1bn to €6.2bn, and the client base to increase by 40% to 770,000. Strengthening Mediobanca’s role in the asset management segment via CheBanca! is one of the key points of the Group’s strategic plan, which is focused on allocating an increasing share of capital to low capital absorption, high fee-generating activities.

The acquisition, which has a strong industrial rationale, confirms the validity of the CheBanca! business model as a specialist sector operator, with integrated and innovative multi-channel distribution and a simple and transparent product offering.

The deal builds on the significant investments made in the past eighteen months to develop a strongly innovative Digital Banking e Customer Relation platform, in which the digital advisory service soon to be launched (Yellow Advisory) will be the only one of its kind on the international panorama in terms of customer experience and accessibility.

Under the terms of the agreement, CheBanca! is acquiring a selected retail business line operating in Italy from Barclays with:

- ◆ 220,000 clients, over 50,000 of which in the premium bracket¹
- ◆ residential mortgage loans totalling €2.9bn, with no non-performing items and aligned with CheBanca! quality standards
- ◆ direct funding worth €3.0bn
- ◆ indirect funding worth €3.1bn, €2.1bn of which in AuM
- ◆ 89 branches
- ◆ approx. 550 commercial staff and 70 financial promoters.

The impact on EPS for the Mediobanca Group will be neutral from the first year of consolidation, as the business unit being acquired operates at breakeven, and positive thereafter once the cost and revenue synergies deriving from integration have been developed, and as the branch network rationalization process continues. Under the terms of the deal, Barclays will pay CheBanca! €237m in respect of a business unit with balanced assets and liabilities. The consolidation of an additional €1bn in risk-weighted assets will entail capital absorption of approx. 20 bps, an amount which will gradually be recovered from the growth in earnings post-integration and application of the funds received.

¹ Customers with a balance of over €50,000 in the past three years.



For CheBanca! the deal represents an important change of gear in the growth process:

- ◆ no. of clients to rise 40% to reach 770,000
- ◆ indirect funding to double to €6.2bn
- ◆ mortgage loans up 60% to €7.6bn
- ◆ direct funding to rise 30% (to €13.5bn)
- ◆ distribution channels strengthened and diversified with the number of branches rising to 146 and the FAs network to be integrated with the CheBanca! Yellow Advisory digital advisory model

	Barclays perimeter	CheBanca!	New CheBanca!	Chg. %
No. of clients	220,000	550,000	770,000	+40%
Direct funding (€bn)	3.0	10.5	13.5	+30%
Indirect funding (€bn)	3.1	3.1	6.2	+100%
Residential mortgages (€bn)	2.9	4.7	7.6	+60%
No. of staff	~550	952	1.502	+60%
No. of branches	89	57	146	n.m.

Data as at 30 September 2015

“This deal confirms the Mediobanca Group’s desire to push CheBanca! to become the Italian householders’ asset management partner of choice through a material enhancement of both distribution platform and customer base”, said Mediobanca CEO Alberto Nagel. “CheBanca! has confirmed its position as an important asset for us, both in terms of its contribution to Group revenues, and the innovativeness of its unique strategic and distribution model, which continues to anticipate developments in the macroeconomic and regulatory scenario of the financial services industry”.

“With this deal we wanted to provide some strong impetus to the CheBanca! growth plan”, added GianLuca Sichel, CheBanca! CEO. “Acquisition of Barclays’ Italian retail activities will enable us to significantly enhance our client base while maintaining high quality levels, and to strengthen our capabilities and multi-channel business model which is unique on the market in terms of innovation and accessibility.”

The deal, which is subject to clearance from the authorities required by law, is expected to be completed by 30 June 2016.

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