



MEDIOBANCA

PRESS RELEASE

MEDIOBANCA ACQUIRES 100% CONTROL OF BANCA ESPERIA

The **acquisition of the other 50% of Banca Esperia not already owned by Mediobanca**, announced on 17 November 2016, **was completed today**, after the requisite authorizations were received.

The acquisition fits with the Mediobanca Group's strategy to grow in private banking (Wealth Management division, "WM") **and the mid cap segment** (Corporate & Investment Banking division, "CIB"), **specialist, highly profitable businesses, growth in which, along with Consumer Banking ("CB"), is one of the main priorities of the three-year plan approved in November** (the "Plan").

The acceleration in growth in these three divisions (CIB, CB and WM) and the simultaneous optimization of capital use and allocation will allow **Mediobanca to upgrade definitively to become a long-term value player, creating a Group with enhanced revenue generation capability, which is highly diversified, while retaining capital excellence and efficiency**.

In this growth process **the Wealth Management division is set to play a leading role**. The aim is to develop the Mediobanca Group's ambitious asset management product and service offering to include all the Group's clients, with a particular focus on **Affluent & Premier** (CheBanca!) and **Private & HNWI segments** (Banca Esperia, Spafid and CMB). A new Group **product factory** will be set up, to complement the capabilities already present in the private and institutional segment (Banca Esperia, CMB, Cairn Capital).

The WM division will benefit from attractive growth opportunities deriving from:

- ◆ **integration of the three acquisitions completed during the past twelve months** (Cairn Capital, Barclays, Banca Esperia);
- ◆ **positive market trends** such as the increasing polarization of wealth, the high propensity to save on the part of Italian households, and the increasing investor need for "protection";
- ◆ **possible further acquisitions.**

The private banking market in Italy in particular offers appealing growth margins for a player such as Mediobanca because it is:

- ◆ **substantial** (with AUM of €1tr) **with healthy growth rates** (private wealth has increased at a CAGR of 3% in the past six years, compared with 0.3% average GDP growth);
- ◆ **still largely "un-managed"**: 40% of assets are under administration not management;
- ◆ **undergoing consolidation**, with many banks restructuring their business models in favour of core markets and/or products;
- ◆ **reflecting high but recently decreasing levels of competition** as many international banks have exited the Italian markets as a result of restructuring processes.



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In this scenario, with the acquisition of 100% of Banca Esperia, and given the high degree of complementarity between the investment and private banking businesses, Mediobanca today has a new opportunity.

The integration of Banca Esperia into the Mediobanca Group will allow us to:

- ◆ **Reshape our private banking services offering in Italy**, by creating a new Mediobanca Private Banking brand;
- ◆ **Enhance our service platform for Mid-Corporate clients** as part of our CIB activities: our 75 bankers and 12 branches will work together to develop our asset management and mid cap platform activities;
- ◆ **Bolster the Group's integrated offering**: synergies will be achieved with Spafid (the Mediobanca Group company which operates as a multi-family office) in providing fiduciary services, with CheBanca! for traditional banking products, and with Mediobanca AM to extend the services provided by the Esperia product factory (Duemme SGR) to the Group as a whole;
- ◆ **Deliver major cost synergies**: over the three years of the plan estimated savings should be made equal to 20% of the Banca Esperia cost base (approx. €15m).

Milan, 4 April 2017