

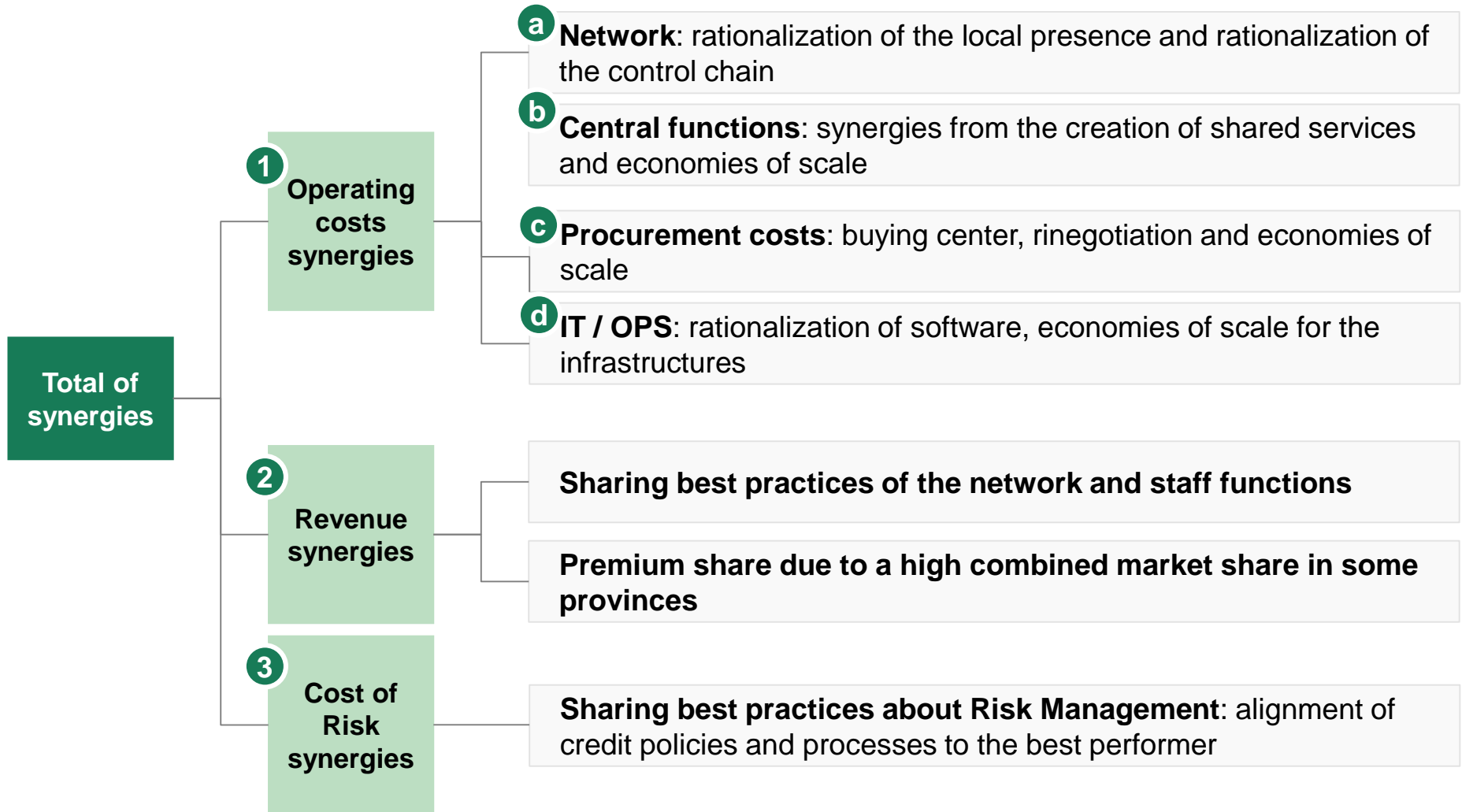


Italian banking market and M&A scenarios

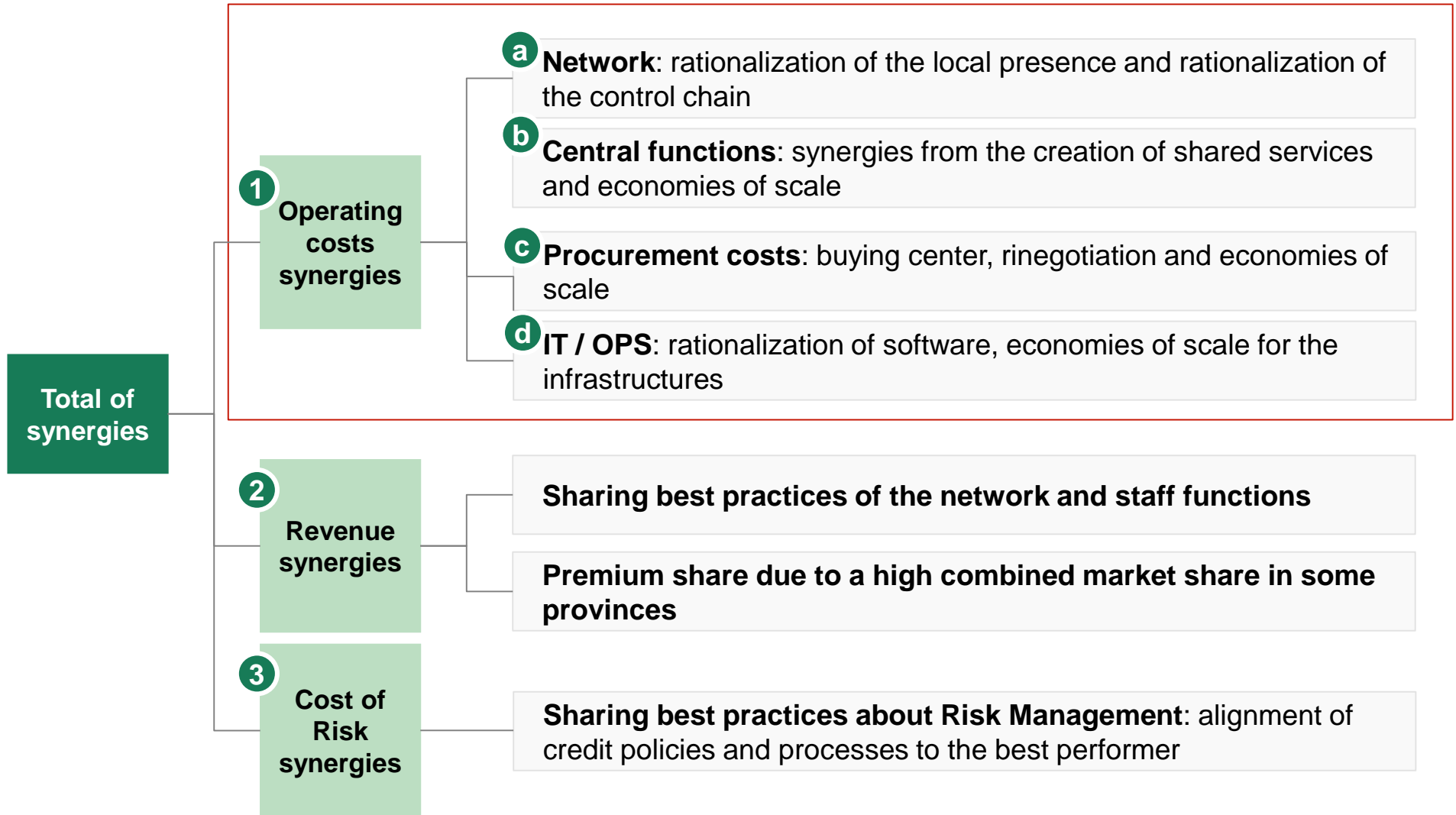
Focus on potential synergies

Bergamo, November 12th 2018

How to look at synergies

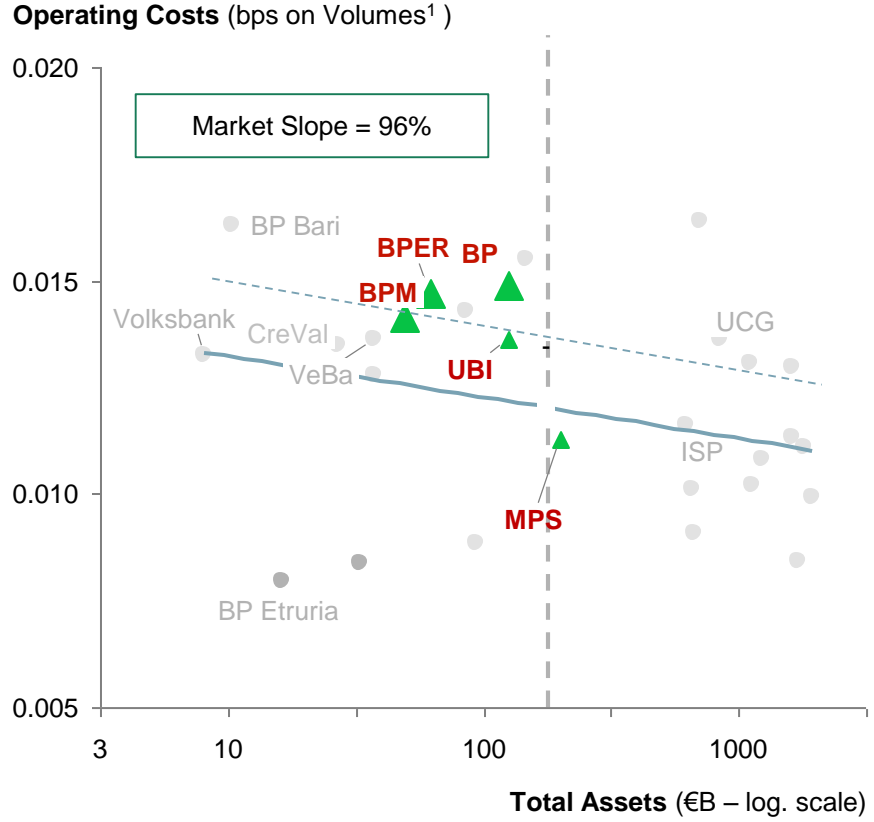


How to look at synergies: operational costs



Top-down view on economies of scale

Effects on operating costs due to the M&A transaction

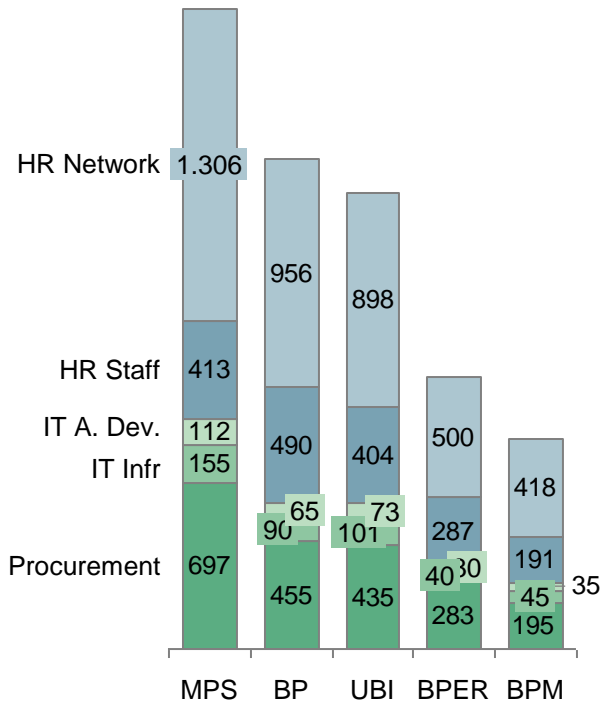


- European Banks
- Outlier
- ▲ xxx
- Italian Banks
- Combined BP

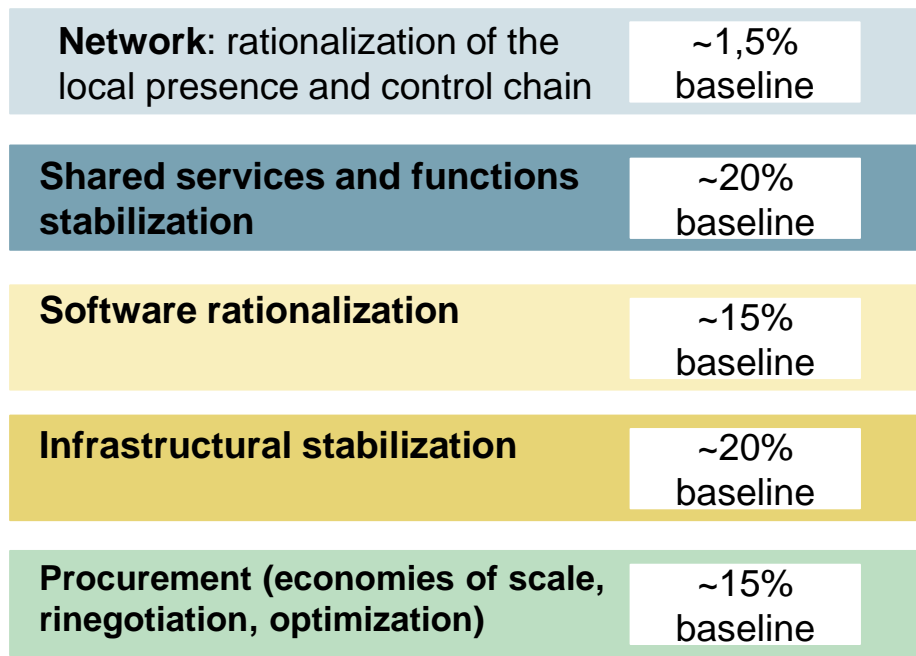
Nota: BPVi, Sondrio, Etruria are the outliers
 1. Total Assets + Deposits

Cost synergies: other possible hypotheses

Baseline per Cost categories¹



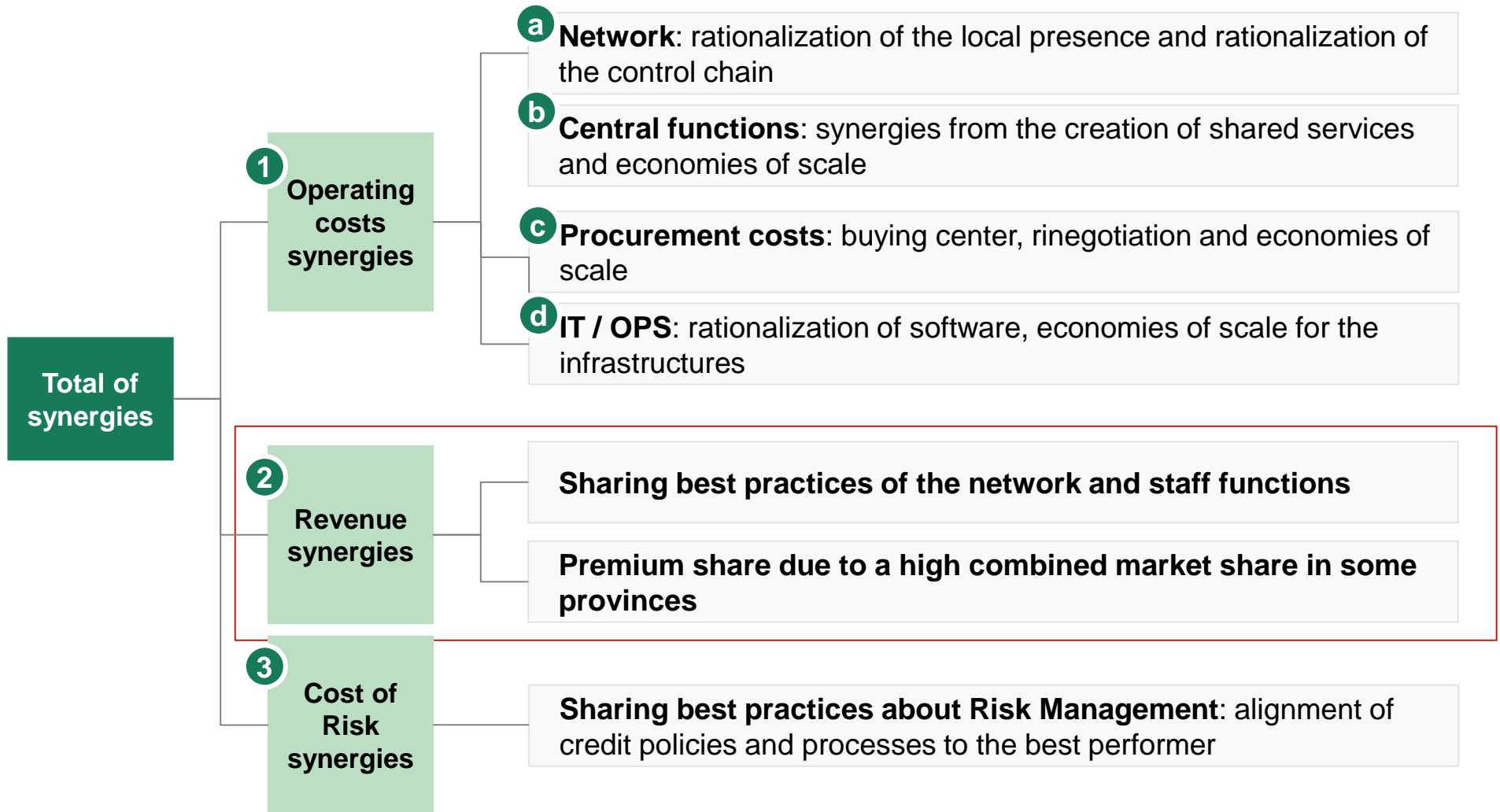
Synergies levers for cost categories



HR Central functions/ staff functions
 HR Network
 IT Application development
 IT Infrastructure
 Procurement Procurement

1. Depreciations and taxes are excluded (€ 301m for BPM+BP and € 223m for BPM+BPER)

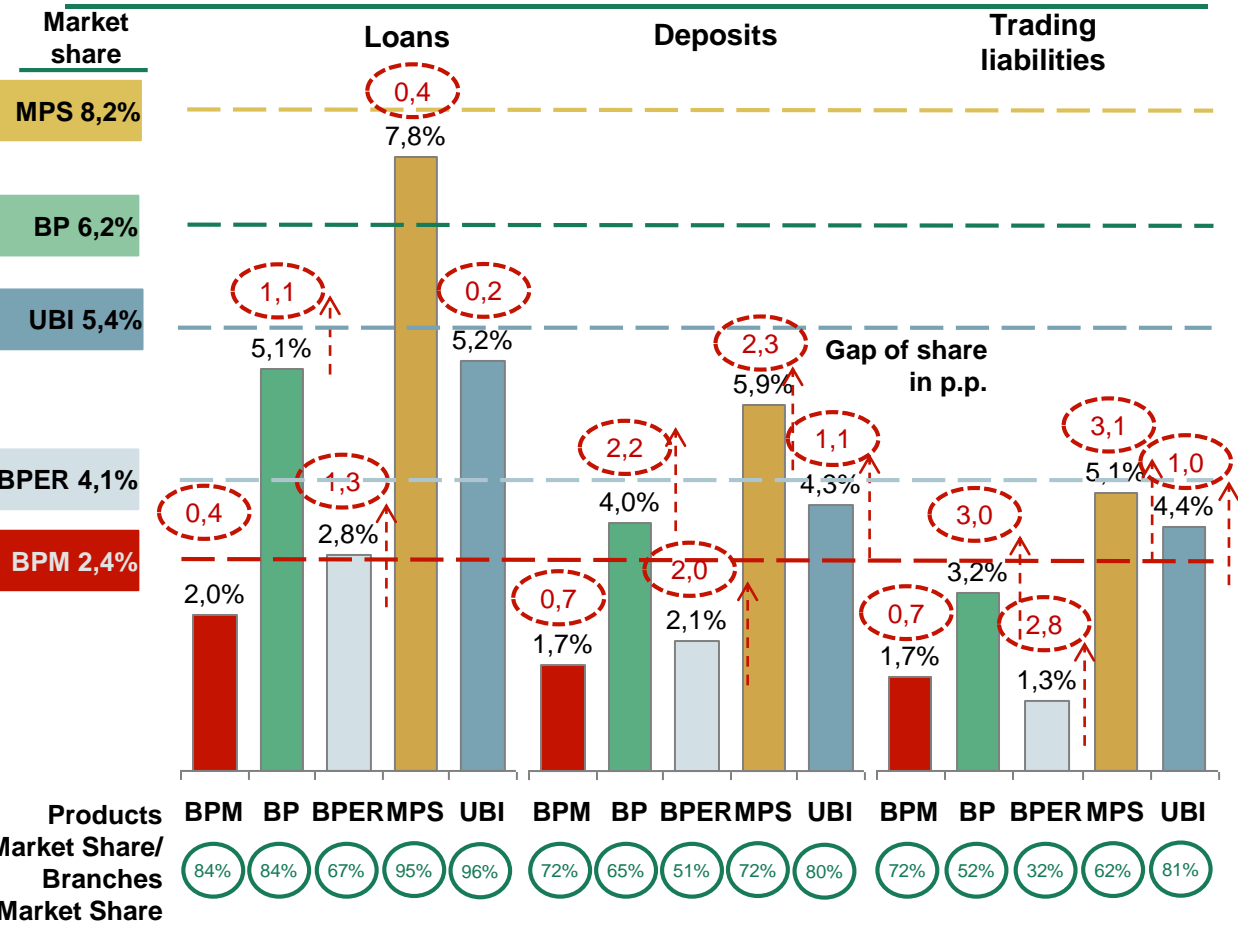
How to look at synergies: revenues



Revenue synergies (I)

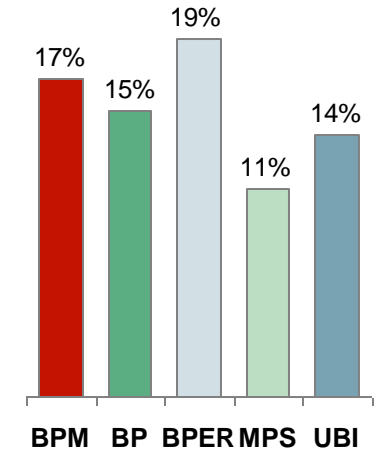
Gap vs. Market share 

Gap Market share



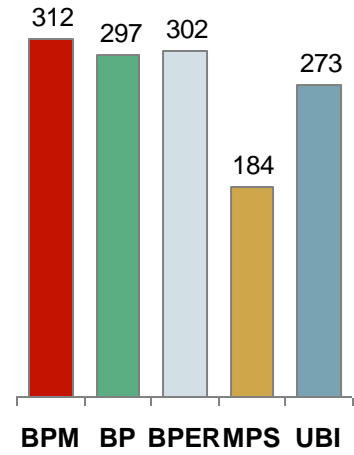
Gap profitability

Operating Income / PBL¹ (%)



Gap productivity

Revenues per HR Network (€k)



1 Prodotto bancario Lordo (PBL) as the sum of deposits+loans
 Nota: the Estimated market value of trading liabilities is based on Assoreti data
 Source: Income statements and balance sheets, Prometeia, Assoreti, ANIA

SYNTHESIS: overall synergies of the scenario

Area		Bank A	Bank B	Sum of the two banks	Target	Synergies
Revenues	€M					
Operating costs	€M					
Costs of risk	€M					
Operating income	€M					
Net income	€M					