

THE BOARD OF DIRECTORS OF BANCA AKROS (BANCO BPM GROUP)
HAS APPROVED THE DRAFT FINANCIAL STATEMENTS FOR 2017

- Net income from banking activities comes to Euro 58.1 million (Euro 55.6 million at 31 December 2016, +4%); Net fee and commission income have risen to Euro 26.1 million (Euro 15.7 million at 31 December 2016, +66%); Income before tax from continuing operations amounts to Euro 12.1 million (Euro 7.2 million at 31 December 2016, +67%); Net income comes to Euro 8.1 million (Euro 6 million at 31 December 2016, +33%)

The Common Equity Tier 1 ratio is 24.2% (18.6% at 31 December 2016)

- Banca Akros has confirmed its leading position in market making and in the brokerage of bonds and equities, coming 2nd in the ranking of intermediaries operating on behalf of third parties on the Italian bond markets, with a market share of 14.8%, and in 4th place on the MTA, with a market share up to 7.2% (Source: Assosim)

With the coming into force of the MiFID II regulations, Banca Akros has further developed its innovative range of dynamic "best execution" services to institutional customers, with the introduction of two systems dedicated to stock and ETF markets, alongside its well-established SABE system for bond markets.

- The Bank took part in the main equity and debt capital market operations carried out during the year in Italy, consolidating its position as a point of reference in the SPAC (special purpose acquisition company) segment. In the Advisory business, the Bank also acted as co-arranger in the sale of a Euro 693 million portfolio of NPLs belonging to the Parent Company (the so-called "Rainbow Project").
- In Private Banking, assets under management and administration come to a total of around Euro 1.2 billion euro (+1% compared with 31 December 2016)
- The spin-off of the Private Banking activities from Banca Akros to Banca Aletti and of the Corporate & Investment Banking activities from Banca Aletti to Banca Akros is expected to be completed this year (2018) according to the guidelines set in the 2016-2019 Business Plan of the Banco BPM Group.

Milan, 6 February 2018 – The Board of Directors of **Banca Akros** - the investment and private banking arm of the **Banco BPM Group** - chaired by Graziano Tarantini and led by the CEO Marco Turrina, today approved the results at 31 December 2017.

"Management of the company's operations achieved positive results, better than in 2016, as well as efficient use of regulatory capital, also through continuous development and innovation in the range of products and services offered to customers, supported by the quality of the human and technological capital employed. Operating costs were also reduced and effective risk management and control was ensured, in accordance with the guidelines laid down by the relevant Corporate Bodies and by the Parent Company. However, the prevailing conditions of particularly low volatility on the main financial markets, also in long-term comparative terms, still affected the development of customer flows in trading, brokerage and private banking activities; on the other hand, the contribution made by the Investment Banking activity on the primary stock and bond markets has increased, thanks to our involvement in numerous stock exchange quotations and increases in capital, advisory and fund raising assignments in favour of SPACs, subscription and placement of bond issues

Banca Akros S.p.A.

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CAB 01600
Iscritta nell'Albo delle Banche al n. 5328
Aderente al Fondo Interbancario

di Tutela dei Depositi e al Fondo
Nazionale di Garanzia
Appartenente al **Gruppo BANCO BPM**
Iscritto all'Albo dei Gruppi Bancari
La società è soggetta all'attività di
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and advisory work relating to the securitisation and sale of non-performing loans. Banca Akros intends to further develop its range of value-added services offered to customers, in synergy with the Group's commercial structures, expanding its Investment Banking operations alongside traditional trading, market making, brokerage and hedging of financial risks, especially to facilitate customers' access to capital markets and M&A, for the consolidation and internationalisation of Italian businesses", commented the Managing Director Marco Turrina.

The Bank made net income from banking activities of Euro 58.1 million (Euro 55.6 million in 2016); Net fee and commission income have risen to Euro 26.1 million (Euro 15.7 million at 31 December 2016, +66%). After accounting for an impairment adjustment of Euro 1.5 million - for the estimated decline in the useful life of various items of software as a consequence of the Group's IT reorganization - and for the Euro 1.2 million contribution paid to the Single Resolution Fund, Income after tax from continuing operations comes to Euro 12.1 million, 67% up on the Euro 7.2 million made in 2016; Net income comes to around Euro 8.1 million, 33% up on the Euro 6 million made in 2016.

At 31 December 2017, the Common Equity Tier 1 ratio is 24.2% (18.6% at 31 December 2016); the Leverage ratio is 14.5% (11.1% at 31 December 2016).

A positive contribution has again been made in **market making** and **trading** by the Bank's activities in **equity derivatives**, **government bonds**, **domestic bonds** and **Eurobonds**; the Bank took part as co-dealer and market maker on behalf of the Ministry of Economy and Finance in the placement of the 11th and 12th issue of **BTP-Italia**, maturing in May and November 2023 respectively, on the Italian Stock Exchange's MOT market. Work continued on the development of hedging and financial risk management instruments (for **interest rate**, **exchange rate** and **commodity risk**) for the benefit of institutional and corporate customers, also as part of the coverage activities carried out jointly with the Parent Company, with particular attention to the Mid Corporate segment as a specific target.

In the business of **dealing on behalf of third parties** (Source: Assosim), the Bank:

- consolidated its presence in the bond markets, ranking **2nd** in intermediaries acting on behalf of third parties on the Italian bond market, and, in particular, **4th** in the **DomesticMOT** segment and **2nd** in Borsa Italiana's **EuroMOT** segment (with market shares of 11.5% and 23.1% respectively), **3rd** in the **EuroTLX** market (with a 18.3% share) and **1st** in the **Hi-MTF** and **ExtraMOT** markets (with a 25.2% and 29.7% share respectively);
- it ranked **4th** on Borsa Italiana's **Mercato Telematico Azionario** (with a market share rising to 7.2%), as well as its **1st position** on the **SeDeX** market (with a market share of 25.8%) and **4th position** on the **ETF Plus** market (with a market share of 5.6%);
- it came **3rd** in options on the **FTSE MIB index** (with a market share of 8.8%).

Customers are offered brokerage services on stock markets through **ESN – European Securities Network LLP**, the European partnership in equities research and trading set up by Banca Akros with seven other European investment banks, which are independent and active on their respective national stock markets; it offers broad corporate access to investors in individual countries thanks to the coverage of around 600 listed companies by 90 analysts and 130 sales people and traders.

With the coming into force of the new regulations for financial markets under the **MiFID II** Directive, on 3 January 2018, the Bank promptly adapted its commercial offering and service model to the new reference framework; in particular, the innovative offering of so-called "dynamic best execution services" to institutional customers was developed further with the introduction of two online brokerage systems dedicated to equity and ETF markets, alongside the well-established **SABE** system for bond markets.

In the **Equity Capital Market**, Banca Akros took part as **Co-Bookrunner** in the underwriting consortium for **Unicredit's** increase in capital and as **Joint Global Coordinator** in the that of **Il Sole 24 Ore**; Banca Akros also acted as **Joint-Bookrunner** in the institutional offer for the listing of **Indel B** on the Mercato Telematico Azionario, as **Co-Lead Manager** in the listing of **DoBank**, **Banca Farmafactoring** and **Gamenet** and as Co-Manager in the listing of **Pirelli**. The Bank also coordinated takeover bids for **Mediacontech**, **Best Union Company**, **Meridie** and **Alerion**, for which it also acted as the bidder's financial advisor. In the field of Special Purpose Acquisition Companies (**SPACs**), where the Bank has for some time made itself a point of reference, finding considerable interest on the part of investors during the period, Banca Akros acted as **Global Coordinator** and **Joint Bookrunner** in the placement of **Industrial Stars of Italy 3** on the AIM Italia market and, in the role of **Joint Global Coordinator** and **Joint Bookrunner**, in that of **IDeaMI**.

In the field of **Non-Performing Loan** disposals, Banca Akros was **co-arranger** in the auction for a Euro 693 million NPL portfolio (the "Rainbow Project") put on the market by Banco BPM, the Parent Company.

In the **Debt Capital Market**, the Bank was involved in the placement of various bonds: as **Co-Global Coordinator** and **Joint-Bookrunner** in the issue by **Superstrada Pedemontana Veneta**, maturing in 2047; as **Joint-Lead Manager** and **Bookrunner** in two issues by **CMC Ravenna**, maturing in 2022 and 2023, and two issues by **Atlantia**, maturing in 2025 and 2027; as **Joint-Lead Manager** in an issue by **KOS**, in two tranches, maturing in 2024 and 2025. Banca Akros also acted as **Joint Lead Manager** in the private placement of a bond issued by **Saras**, maturing in 2022 and, as **Co-Manager**, in the issue by **Esselunga**, in two tranches, maturing in 2023 and 2027, that of **Salini Impregilo** maturing in 2024, and that of **Nuovo Trasporto Viaggiatori** maturing in 2023. In the area of Financial Institutions, Banca Akros acted as **Joint-Lead Manager** and **Bookrunner** for an institutional issue by **Iccrea Banca**, maturing in 2020, as **Joint Bookrunner** for a Tier 2 subordinated bond issue by **Parent Company BancoBPM**, maturing in 2027 and, as **Joint-Lead Manager** in the securitisation sector for the **Agos Ducato** operation, maturing in 2041; the Bank also participated in more than twenty issues of leading Italian and foreign issuers, including the European Investment Bank (**EIB**) and **KfW**, a German company.

In the **Advisory** field, the Credit Advisory activity, which sees Banca Akros involved in origination as part of the collaboration agreement with **SACE** (Cassa Depositi e Prestiti Group), continued positively, with Banca Akros acting as arranger, advisor and agent of financing operations with a lien on the warehouse and SACE acting as guarantor.

In **Private Banking**, which is carried out at the head office in Milan and at the branches in Rome and Turin, operations continued with the primary objective of managing customers and supporting their specific needs, also with a view to the planned spin-off of the business in favour of Banca Aletti, in accordance with the guidelines of the Group's 2016-2019 Business Plan. The total value of assets under management and administration at the end of the year comes to **Euro 1.2 billion** (+1% compared with 31 December 2016).

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Spin-offs approved to implement the Group's 2016-2019 Business Plan

The 2016-2019 Business Plan of the Banco BPM Group envisaged the consolidation of the Bank's Corporate & Investment Banking (CIB) activities at Banca Akros and, at the same time, concentration of the Group's Private Banking customers at Banca Aletti. Following the resolutions passed by the Board of Directors of Banco BPM (as the Parent Company) at its meeting of 11 May 2017, the Boards of Directors of Banca Aletti and Banca Akros therefore took steps to approve two separate partial spin-off plans, on 23 and 24 May 2017 respectively, involving the assignment:

- by Banca Aletti to Banca Akros, of a business unit consisting of the assets and resources needed to carry on the Corporate & Investment Banking activity;
- by Banca Akros to Banca Aletti, of a business unit consisting of the assets and resources needed to carry on the Private Banking activity.

Following receipt of the authorisations required by art. 57 of the Consolidated Banking Act, the Extraordinary Shareholders' Meetings of Banca Akros and Banca Aletti approved the spin-off projects on 20 and 21 November 2017, respectively; having made good progress on the preparations for these transactions, after consulting the competent Bodies and Functions of the Parent Company, the Bank is able to confirm that the target date for the spin-off of the Private Banking business to Banca Aletti is 1 April 2018, while that of the spin-off of the Corporate & Investment Banking business to Banca Akros is 1 July 2018.

Given the plan to spin off the Private Banking business to Banca Aletti, Banca Akros has applied IFRS 5 in preparing its 2017 financial statements; this meant classifying all of the balance sheet and income statement items relating to the spin-off in "Non-current assets held for sale and discontinued operations" and "Liabilities associated with non-current assets held for sale and discontinued operations" in the Balance Sheet and "Income (loss) after tax from discontinued operations" in the Income Statement.

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Statement of the Financial Reporting Manager

The Financial Reporting Manager, Luigi Lanzuolo, declares, pursuant to para. 2 of art. 154-*bis* of the CFA, that the accounting information contained in this press release agrees with the supporting documentation, balances on the books of account and accounting entries.

The financial statements for 2017 will be made available by the legal deadline.

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BALANCE SHEET

Assets	31/12/2017	31/12/2016 (*)
10. Cash and cash equivalents	87,293	108,962
20. Financial assets held for trading	1,244,603,922	1,689,122,517
40. Financial assets available for sale	154,160,755	158,941,301
60. Due from banks	762,613,381	745,208,921
70. Loans to customers	182,897,896	459,878,493
100. Equity investments	4,953,717	-
110. Property and equipment	30,413,658	32,363,838
120. Intangible assets	-	7,072,183
130. Tax assets	4,424,699	5,421,585
a) current	363,508	1,302,031
b) deferred	4,061,191	4,119,554
<i>of which as per L. 214/2011</i>	<i>524,668</i>	<i>584,025</i>
140. Non-current assets held for sale and discontinued operations	31,359,389	-
150. Other assets	12,675,632	18,017,702
Total assets	2,428,190,344	3,116,135,502

Liabilities and shareholders' equity	31/12/2017	31/12/2016 (*)
10. Due to banks	345,114,506	563,534,195
20. Due to customers	850,475,538	1,110,395,029
40. Financial liabilities held for trading	715,110,444	1,201,493,716
80. Tax liabilities	666,503	208,020
a) current	479,117	-
b) deferred	187,386	208,020
90. Liabilities associated with non-current assets held for sale and discontinued operations	275,219,879	-
100. Other liabilities	18,653,759	16,595,765
110. Employee termination indemnities	4,504,703	6,974,441
120. Allowances for risks and charges:	13,470,277	16,727,157
b) other allowances	13,470,277	16,727,157
130. Valuation reserves	(1,859,316)	(1,613,114)
160. Reserves	144,983,889	141,973,353
170. Share premium reserve	14,366,198	14,366,197
180. Share capital	39,433,803	39,433,803
200. Net income (loss) for the year (+/-)	8,050,160	6,046,940
Total liabilities and shareholders' equity	2,428,190,344	3,116,135,502

(*) The prior-year figures have been restated for comparison purposes.

INCOME STATEMENT

Line items	2017	2016
10. Interest and similar income	25,942,176	29,783,276
20. Interest and similar expense	(14,235,685)	(21,543,788)
30. Interest margin	11,706,491	8,239,488
40. Fee and commission income	44,481,470	32,372,733
50. Fee and commission expense	(18,373,165)	(16,681,121)
60. Net fee and commission income	26,108,305	15,691,612
70. Dividend and similar income	4,640,455	8,509,760
80. Profits (losses) on trading	8,122,085	11,192,073
100. Gains (losses) on disposal or repurchase of:	4,404,491	10,848,509
b) financial assets available for sale	4,404,491	10,848,509
120. Net interest and other banking income	54,981,827	54,481,442
130. Net impairment adjustments/writebacks on:	3,116,113	1,156,301
a) loans	3,123,049	959,408
b) financial assets available for sale	(16,701)	(516,047)
d) other financial activities	9,765	712,940
140. Net income from banking activities	58,097,940	55,637,743
150. Administrative expenses	(40,929,676)	(45,295,137)
a) personnel expenses	(21,150,284)	(24,591,415)
b) other administrative expenses	(19,779,392)	(20,703,722)
160. Net provisions for risks and charges	25,250	897,467
170. Net adjustments/writebacks to property and equipment	(1,521,407)	(1,415,558)
180. Net adjustments/writebacks to intangible assets	(4,688,894)	(3,116,010)
190. Other operating charges/income	1,084,846	535,148
200. Operating expenses	(46,029,881)	(48,394,090)
240. Profits (losses) on disposal of investments	(984)	(141)
250. Income (loss) before tax from continuing operations	12,067,075	7,243,512
260. Taxes on income from continuing operations	(4,265,007)	(1,520,095)
270. Income (loss) after tax from continuing operations	7,802,068	5,723,417
280. Income (loss) after tax from discontinued operations	248,092	323,523
290. Net income (loss) for the year	8,050,160	6,046,940