

THE BOARD OF DIRECTORS OF BANCA AKROS (BANCO BPM GROUP)
APPROVES THE RESULTS FOR 2016

- Net income from banking activities amounts to 62.6 million euro (76.8 million euro at 31 December 2015); after charges of Euro 3.7 million for the contribution to the National Resolution Fund, net income comes to 6 million euro (16.6 million euro at 31 December 2015)
The Common Equity Tier 1 ratio is 18.6%, prior to the net income for 2016 (18.9% including this income), an increase on the figure of 14.7% at 31 December 2015
- 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, 4th in the MTA of the Italian Stock Exchange, 3rd in the ETF Plus market, 1st in the SeDeX market and 1st in options on the FTSE MIB index (Source: Assosim)
- The Bank has taken part in the stock exchange listings of ENAV and SPAC Innova Italy 1, as well as in the placement of bonds of Onorato Armatori, Salini Impregilo and several issues in the Financial Institutions and Supranationals sectors
- In Advisory, worth noting is the successful launch of the "Multiseller NPL" programme, the first open multioriginator platform for the securitisation of non-performing loans of Italian banks, secured by mortgages, which, to date, involves six Banks, including the Parent Company, as well as an agreement with SACE for cooperation in financing operations organised by the Bank to support the international growth of Italian companies of excellence
- In Private Banking, assets under management and administration come to a total of around 1.6 billion euro

Milan, 2 February 2017 – 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 Managing Director Marco Turrina, today approved the results at 31 December 2016.

"In a market environment characterised by significant tensions and periods of high volatility, also reflected in a marked decline in volumes traded on the main markets, the development of operations and careful risk management have allowed us to achieve positive results in terms of profitability, even if down on last year, as well as high levels of capitalisation and liquidity. During the year, we made efforts to expand our customer base, also by progressively internationalising our commercial efforts, and by offering products and services with innovative features", commented the Managing Director Marco Turrina.

The Bank made net income from banking activities of 62.6 million euro (76.8 million euro in 2015); after charges of Euro 3.7 million for the contribution to the National Resolution Fund, net income amounted to around 6 million euro (16.6 million euro in 2015).

At 31 December 2016, the Common Equity Tier 1 ratio amounted to 18.6%, prior to the net income for 2016 (18.9% including this income), an increase on the figure of 14.7% at 31 December 2015. The leverage ratio is 11% (7.6% at 31 December 2015).

In **market making** and **trading**, the Bank confirmed the positive contribution made by the business in **equity derivatives, government bonds, domestic bonds** and **Eurobonds**; in April, the Bank took part as co-dealer and market maker on behalf of the Ministry of Economy and Finance in the placement on the MOT market of the Italian Stock Exchange of the ninth issue of **BTP-Italia**, maturing in 2024. Work continued on the development of hedging instruments and financial risk management services (for **interest rate, exchange rate** and **commodity risk**) to institutional and corporate customers, also as part of the coverage activities carried out jointly with the Parent Company in Corporate & Investment Banking, 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 among intermediaries acting on behalf of third parties on the Italian bond market, and, in particular, **3rd** in the **DomesticMOT** segment and **2nd** in Borsa Italiana's **EuroMOT** segment (with market shares of 15.1% and 21.1% respectively), **3rd** in the **EuroTLX** market (with a 17.8% share) and **1st** in the **Hi-MTF** and **ExtraMOT** markets (with a 27.4% and 25.4% share respectively). These results were facilitated by **SABE**, the proprietary system that automatically seeks dynamic best execution;
- It confirmed its **4th position** on Borsa Italiana's **Mercato Telematico Azionario** (with a market share of 6.8%), as well as its **3rd position** on the **ETF Plus** market (with a market share of 5.9%) and **1st position** on the **SeDeX** market (with a market share of 30.7%);
- it came **1st in options on the FTSE MIB index** (with a market share of 12.7%).

Customers are offered brokerage services on stock markets also 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.

In the field of **Equity Capital Market**, Banca Akros has acted as Joint Global Coordinator and Joint Bookrunner in the placement on the AIM Italia market of the Special Purpose Acquisition Company (SPAC) Innova Italy 1, successfully concluded in October for a total of Euro 100 million, and as Co-Lead Manager in the listing of ENAV on the MTA market. The Bank also assisted GPI, with the role of Nominated Advisor in the listing on the AIM Italia market, and Europa Investimenti Special Situations in the acquisition of a controlling stake in Mediacontech, which is listed on the MTA; it has acted as Financial Advisor and Placing Agent of Fiera Milano, as part of the increase in capital of Euro 70 million, and as Coordinator in the takeover bid launched for Gruppo Green Power.

In the **Debt Capital Market**, the Bank participated as Joint Lead Manager and bookrunner in the placement of a fixed rate bond issued by **Onorato Armatori** with institutional investors, maturing in 2023, for a total of Euro 300 million, and as Co-Manager in the placement of a fixed rate bond issued by **Salini Impregilo**, maturing in 2021, for a total of Euro 600 million. In the area of Financial Institutions, in June Banca Akros participated, as Joint-Lead Manager and Bookrunner, in the issue of a covered bond realised by the **Parent Company BPM** for Euro 750 million, maturing in 7 years. The Bank also helped in more than twenty issues of leading international issuers, including **Banca Europea per gli Investimenti** and **KFW**, a German company. In the field of takeover bids, Banca Akros participated as the sole Co-Dealer in the placement of two dollar issues of the **World Bank** to retail investors, also through the network of the Parent Company.

In **Advisory**, worth noting is the start of the "**Multiseller NPL**" programme, the first open multioriginator platform for the securitisation of non-performing loans, secured by mortgages, by Italian banks, promoted by Banca Akros as Arranger and by Prelios Credit Servicing as Master and Special Servicer; to date, this operation involves six banks, including the Parent Company. The Credit Advisory activity continued successfully with the completion of four new operations, two of which in agro food-related sectors. Also noteworthy is the agreement with SACE, which involves collaboration in financing operations in support of the international growth of Italian excellence, especially in the agro food sector, in which the role of Banca Akros will be that of advisor, arranger and agent for the structuring of syndicated loans.

In **Private Banking**, carried out at the Milan headquarters and at the Rome and Turin branches, the focus on high net worth target customers was confirmed by offering personalised wealth management services - in an "open architecture" context - and administration services and order collection characterised by the Bank's high processing capacity on domestic and international markets. The total value of assets under management and administration at the end of the year comes to **1.6 billion** euro.

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Proposal for allocation of net income

The following allocation of net income will be submitted for the approval of the Shareholders' Meeting:

• retained earnings	Euro 3,010,537
• dividends (*)	Euro 3,036,403
Total	Euro 6,046,940

(*) The dividend for 2016 amounts to Euro 0.077 on 39,433,803 issued shares, with a par value of Euro 1 each.

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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.

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The financial statements at 31 December 2016 will be made available by the legal deadline.

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BALANCE SHEET

Amounts in Euro

Assets	31.12.2016	31.12.2015
10. Cash and cash equivalents	108,962	416,785
20. Financial assets held for trading	1,691,331,784	1,929,836,457
40. Financial assets available for sale	158,941,301	512,097,607
60. Due from banks	745,208,921	672,522,807
70. Loans to customers	459,878,493	522,581,157
110. Property and equipment	32,363,838	33,337,167
120. Intangible assets	7,072,183	5,589,148
130. Tax assets	5,421,585	6,681,065
a) current	1,302,031	1,606,803
b) deferred	4,119,554	5,074,262
- of which as per L. 214/2011	584,025	633,146
150. Other assets	24,037,670	22,289,539
Total assets	3,124,364,737	3,705,351,733

BALANCE SHEET

Amounts in Euro

Liabilities and shareholders' equity	31.12.2016	31.12.2015
10. Due to banks	558,005,047	1,461,708,520
20. Due to customers	1,096,788,445	667,985,854
40. Financial liabilities held for trading	1,203,702,983	1,309,687,613
80. Tax liabilities	208,020	710,148
a) current	0	0
b) deferred	208,020	710,148
100. Other liabilities	47,887,407	42,391,373
110. Employee termination indemnities	6,974,441	6,989,614
120. Allowances for risks and charges:	10,591,215	12,095,808
a) post employment benefits	1,039,001	959,959
b) other allowances	9,552,214	11,135,849
130. Valuation reserves	(1,613,114)	(271,649)
160. Reserves	141,973,353	133,684,702
170. Share premium reserve	14,366,197	14,366,197
180. Share capital	39,433,803	39,433,803
200. Net income (loss) for the period	6,046,940	16,569,750
Total liabilities and shareholders' equity	3,124,364,737	3,705,351,733

INCOME STATEMENT

Amounts in Euro

Line items	Year 2016	Year 2015
10. Interest and similar income	31,370,276	40,593,578
20. Interest and similar expense	(21,709,788)	(22,390,560)
30. Interest margin	9,660,488	18,203,018
40. Fee and commission income	39,770,733	47,457,395
50. Fee and commission expense	(18,733,121)	(19,494,961)
60. Net fee and commission income	21,037,612	27,962,434
70. Dividend and similar income	8,509,760	4,301,820
80. Profits (losses) on trading	11,192,073	14,410,347
100. Gains/losses on disposal or repurchase of:	10,848,509	14,873,725
b) financial assets available for sale	10,848,509	14,873,725
120. Net interest and other banking income	61,248,442	79,751,345
130. Net impairment adjustments/writebacks on:	1,346,301	(2,940,858)
a) loans	1,052,408	(2,918,480)
b) financial assets available for sale	(516,047)	(9,228)
d) other financial activities	809,940	(13,150)
140. Net income from banking activities	62,594,743	76,810,487
150. Administrative expenses	(51,422,614)	(49,353,967)
a) personnel expenses	(28,658,415)	(26,645,675)
b) other administrative expenses	(22,764,199)	(22,708,293)
160. Net provisions for risks and charges	1,127,467	1,996,691
170. Net adjustments to property and equipment	(1,632,558)	(1,538,004)
180. Net adjustments to intangible assets	(3,595,010)	(3,506,827)
190. Other operating charges/income	582,148	764,885
200. Operating expenses	(54,940,567)	(51,637,221)
240. Profits (losses) on disposal of investments	(141)	(67)
250. Income before tax from continuing operations	7,654,035	25,173,199
260. Taxes on income from continuing operations	(1,607,095)	(8,603,449)
270. Income after tax from continuing operations	6,046,940	16,569,750
290. Net income (loss) for the period	6,046,940	16,569,750