Banca Akros

June 2019

Allocation Policy

1. Introduction

The purpose of this document is to illustrate the Strategy ('Allocation Policy') adopted by Banca Akros SpA ('Bank') as part of the provision of 'direct underwriting of financial instruments', 'placement of financial instruments with firm commitment' and 'placement of financial instruments without firm commitment' services (hereinafter also referred to as 'placement services' or 'service') to issuing Customers. These include the issuers of the Banco BPM Group (hereinafter, the 'Customer'), according to appropriate and transparent standards that take into account the interests of the Customer and the Bank's responsibilities towards investors.

The purpose of the Allocation Policy is to disclose to the Customer, before the provision of the placement service, the allocation process, the investor selection criteria and the relevant allocation factors adopted within the placement services of the financial instruments subject matter of the issue/offer. This aims to ensure the Customer's best interest and effectively prevent and manage conflicts of interest that may arise within the process mentioned above.

2. Organisational model

To protect the Customer's interests and take into account the Customer's indications, the organisational model adopted by the Bank in the allocation of financial instruments is based on a continuous exchange of views with the Customer and with the Banks participating in the placement syndicate on the major decisions taken in the various stages of the process.

In particular, the model envisages the following macro phases:

- preliminary gathering of the Customer's interests and objectives underlying the issue and placement transaction;
- sharing with the Customer during placement and according to the frequency agreed with it, the progress of the offer and the types of investors who have expressed interest in joining the operation;
- preparation and sharing with the Consortium brokers (if any) of the 'draft allocation' following the closing of the books, based on the allocation criteria adopted by the Bank and described in this document, of any indications provided by the Customer, of any price limits and the size of the orders placed by potential investors in the books;
- sharing the draft allocation with the Customer, who has the option to exclude/insert specific categories of investors, or modify the amounts allocated to them, according to general criteria, motivated and not on a discriminatory basis;
- communication to investors of the final allocation approved by the Customer;
- checking the acceptance of the final allocation by investors and pricing of the transaction;
- change of allocation upon refusal by one or more investors, subject to agreement with the Consortium intermediaries (if any) and the Customer's written authorisation.

3. Investor selection criteria and relevant allocation factors

To ensure price stability and liquidity in the secondary market, the Bank selects investors based on the following criteria when allocating financial instruments:

- preferences expressed by the Customer as to the types of investors (both in terms of characteristics and, possibly, geographical area) considered as the main recipients of the offer, or concerning specific investors;

- propensity to invest in financial instruments issued by companies operating in the same product sector as the Customer or issued by it;
- propensity towards investments with a long-term time horizon inferred based on the investment strategy adopted with the Bank and the market, the nature of the investor (e.g. pension funds, mutual funds, etc.), and the size of the investor;
- participation in the pre-marketing phase by expressing interest, i.e. participation in roadshows, one-on-one meetings, follow-ups, sending feedback to the Banka;
- different expressions of interest depending on the issue price (known as order scheduling) and the significant size of the orders (both in absolute terms and relative to the investor's portfolio or assets under management);
- contribute to the growth of the book in the preliminary stages of the offer by sending in their order;
- commercial relationship established with the Bank.
- assessment of the investor's potential strategy to take a significant position in the Customer;
- perception that the investment may be out of proportion to the investor's actual interest, or may be inadequate in relation to the investor's ability to purchase;
- any restrictions to which the investor is subject, to the extent known to the Bank.

4. Management of conflicts of interest and rules of behaviour

To manage conflicts of interest that may arise concerning the Customer as part of allocation management, the Bank has adopted an internal organisational and procedural framework that envisages:

- functional and hierarchical separation between the structures in charge of managing the relationship with the Customer and the process of allocating the financial instruments covered by the offer and those in charge of (i) carrying out commercial and development activities vis-à-vis investors, (ii) providing customer order execution services, (iii) carrying out proprietary trading and market making activities, and (iv) providing investment research services, to ensure that all the structures mentioned above are not involved in decisions concerning the Bank's allocation recommendations to the Customer;
- an allocation process governed by internal rules and whose steps are tracked and traceable ex post.

To ensure that the allocation of financial instruments is carried out in the exclusive interest of the Customer, the Bank prohibits the following actions:

- favouring investors who engage primarily in trading activities with the sole objective of the Bank establishing or developing business relationships with the same investor or receiving significant trading commissions;
- making an allocation to a particular investor solely to receive disproportionately high commissions for collateral services provided by the Bank to the same investor or disproportionately high volumes of business with normal level commissions procured by the investor as consideration for such allocation ('*laddering*')
- making an assignment to a manager or corporate officer of an investor solely to entrust corporate finance activities to a Bank of the Banco BPM Group ('*spinning*');
- making an allocation expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from the Bank by an investor, or any other entity of which the investor is a company officer;
- favouring the Bank's Trading Desks at the expense of other potential investors in the allocation of the financial instruments subject to the offer, in particular in cases where the demand for the securities is

particularly high, to benefit from a possible increase in the value of the securities following their issue or offer.