

THE BOARD OF DIRECTORS OF BANCA AKROS (BANCO BPM GROUP)
APPROVED THE RESULTS FOR THE FIRST HALF OF 2021

- In the first half of 2021 Banca Akros achieved positive income results, deriving in particular from the increase in net fee and commission income, up by 12.5% compared to the first half of 2020; *derisking* activities, prudentially carried out in the period benefiting from the sustained recovery in the main financial markets, was reflected in a reduction in the contribution of the net interest income. Comprehensive income, excluding the extraordinary components deriving from net provisions to the redundancy fund, amounted to € 9.7 million (€ 10.9 million as at 30 June 2020), exceeding the provisional targets for the period. As at 30 June 2021 the *Common Equity Tier 1 ratio* stood at 20.8% (24.5% as at 31 December 2020)
- The Bank further strengthened its presence among the brokerage activities, confirming its leading position among Italian and foreign brokerage companies on behalf of third parties in bonds listed on the stock market, with a market share of 31.6%, and reaching 3rd place in the equity markets ranking with a market share of 9% (Source: Assosim).
- The Bank supported the access to the capital markets by *corporate* entities and financial institutions by taking part in a number of significant issues in the *Debt Capital Market*, with a growing focus on ESG content: *ENEL Senior Sustainable Linked Bond, Terna Senior Green Bond and Telecom Italia Senior Sustainable Linked Bond*. Banca Akros acted also as Co-dealer in the placement of the 3rd edition of the BTP Futura issued by MEF (Ministry of Economy and Finance) in April for over € 5 billion. In the *Equity Capital Market* segment, note should be taken of the successfully completed listings of the company Almax and of the SPAC Industrial Stars of Italy 4 on the AIM Italia market.
- As regards M&A activities, the acquisition of “buy side” and “sell side” mandates continued, with the completion of twelve transactions; in May, Banca Akros acquired all of the capital of Oaklins Italy S.r.l., associated to the international organisation Oaklins, which includes more than 850 professionals dedicated to M&A/Corporate Finance in 45 countries, with the objective of strengthening its presence in cross-border M&A activities to support the Group’s *corporate* and *financial* customers.
- The first half saw the positive coverage and development of *Corporate & Financial Institutions* customers in relation to the offering of the specialist products and services of Banca Akros, in coordination with the Parent Company; in particular, financial risk hedging instrument activities were effectively offered (interest rate, exchange rate and commodity, with notional volumes traded totalling more than € 4 billion), with a special focus on the specific reference target, namely the *Mid Corporate* segment.

Milan, 3 August 2021 – The Board of Directors of Banca Akros – Corporate & Investment Bank of the Banco BPM Group, chaired by Graziano Tarantini and led by the Chief Executive Officer Marco Turrina – approved the results as at 30 June 2021.

In a particularly challenging operating context, in relation to the gradual positive development of the pandemic emergency, the company’s management ensured the achievement of positive economic results, the prudent use of regulatory capital with a careful risk management.

As at 30 June 2021, operating income amounted to € 57.4 million (€ 65.3 million as at 30 June 2020). After operating expenses totalling € 45.1 million (€ 44.5 million as at 30 June 2020), profit before tax from current operations amounted to € 12.6 million (€ 21.2 million as at 30 June 2020). Normalised overall profitability, excluding the extraordinary components deriving from provisions (net of tax) to the redundancy fund, amounted to € 9.7 million (€ 10.9 million as at 30 June 2020), exceeding the provisional target for the period.

As at 30 June 2021, the high levels of capitalisation were confirmed: the *Common Equity Tier 1 ratio* stood at 20.8% (24.5% as at 31 December 2020).

In relation to the trend in ordinary operations, in which domain the Bank does not carry out financing transactions nor the collection of deposits, **trading on own behalf and market making** activities were impacted by the reduction in the levels of volatility; *derisking* activities, prudentially carried out benefiting from the sustained recovery in the main financial markets, were also reflected in a reduction in the contribution of the net interest income.

Activities relating to Investment Certificates were also affected by tightening credit spreads and in the reduction in their duration. In the first six months of the year, total *Investment Certificates* structured by Banca Akros amounted to € 315 million. Banca Akros also took part in the structuring of asset management investment products with quantitative components, for a total of approximately € 1,300 million.

The first half saw a positive continuation of the **commercial activity of coverage and development of Corporate & Financial Institutions customers** in relation to the offering of the specialist products and services of Banca Akros, in coordination with the Parent Company. In particular, customer financial risk hedging instrument activities were effectively offered with a special focus on the specific reference *target*, namely the *Mid Corporate* segment. During the half-year, nominal amounts on exchange rate and commodity derivative products totalled approximately € 1.3 billion and approximately € 2.8 billion for interest rate risk hedges on the underlying loans, mainly provided by Banco BPM.

In relation to **ordinary trading on the secondary bond market**, cash flows from institutional customers, in the government, *supranational* and *agency* bond segments, as well as *corporate and financial* issuers totalled approximately € 7.6 billion. The positive contributions of "flow business" in the equity and FX segments were also confirmed. Distribution activities on the primary bond markets to institutional investors were also significant, with the participation in the placement of bonds of primary issuers; note should also be taken of the major contribution to the placement of the 3rd issue of the BTP Futura in April, with total funding of more than € 5 billion, which saw Banca Akros acting as *Co-dealer*.

In terms of brokerage on behalf of third parties (source: Assosim), the Bank, thanks also to the contribution of the **Equity Research**, ranked:

- **the first place** in brokerage on behalf of third parties on the **listed fixed-income markets**, with traded volumes amounting to 31.6%; in particular, in first place on the DomesticMOT, EuroMOT and HiMTF with markets shares of 32.6%, 30.2%, and 42.5% respectively, and second place on the ExtraMot and EuroTlx with markets shares of 22.7% and 24.2%;
- **the third place** on the **Electronic Stock Exchange of Borsa Italiana**, with a market share of 9.3%, up from the fourth place recorded in the first half of 2020;
- **the second place** on the ETF (**ETFPLUS**) market and **third place** on the **Certificates trading market (SEDEX)**, with market shares of 15.6% and 15.5%, respectively.

In **specialist and corporate broker** activity and **sponsored research** for issuers listed on Borsa Italiana markets, 35 mandates were recorded at the end of the half-year (33 as at 31 December 2020), with the recent entries of Almawave and Unidat among others.

With reference to **M&A/Corporate Finance** activities, the acquisition of "sell side" and "buy side" mandates continued, with entrepreneurial families and Private Equity funds, in particular: (i) as regards "sell" transactions concluded, note should be taken of the assistance to **S3K** for the search for a private equity fund (identified in HLD), to the shareholders of **ATK** in the transfer of a majority stake in said entity to the Progressio fund and the advisory services to **EGM** in transferring the rolled product business unit to KME Italy; (ii) as regards "buy" transactions completed, assistance to the **NB Aurora** fund in the acquisition of a minority stake in Veneta Cucine. Advisory assignments were also fulfilled for the reference shareholder in the **Panaria** take-over bid and for **CDP** with the issue of the *fairness opinion* in relation to the Sia-Nexi share swap ratio.

With the acquisition of 100% of **Oaklins Italy S.r.l.** completed in May, Banca Akros has the exclusive use of the Oaklins brand in Italy and has become part of the international Oaklins network, which includes over 850 professionals dedicated to M&A and Corporate Finance in 45 countries; note should be taken of the conclusion of two "sell side" transactions since the acquisition date.

In June, **Banca Akros was appointed intermediary by CDP** for the performance of the preliminary assessment, execution and management of Assets allocated for a Specific Business Activity.

In the **Debt Capital Markets**, note should be taken of the Bank's participation in the placement with institutional investors of the following bond issues of the **Corporate segment**: **ENEL, Multi Tranche fixed-rate Senior Sustainable Linked Bond**, for a total of € 3,250 million, with the role of *Joint Bookrunner*; **Terna, fixed-rate Senior Green Bond** maturing in 2029 for a total of € 600 million, with the role of *Joint Bookrunner*; **Marcolin, fixed-rate Senior Bond** maturing in 2026 for a total of € 350 million, with the role of *Joint Global Coordinator*; **Gamenet, fixed-rate Senior Bond** for a total of € 575 million, with the role of *Joint Bookrunner*; **Inwit, fixed-rate Senior Bond** maturing in 2031 totalling € 500 million, with the role of *Bookrunner*; **Atlantia, fixed-**

rate Senior Bond maturing in 2028 for a total of € 1,000 million, with the role of *Bookrunner*; **Autostrade per l'Italia**, fixed-rate Senior Bond maturing in 2030 for a total of € 1,000 million, with the role of *Bookrunner* and **Telecom Italia**, fixed-rate Senior Sustainable Linked Bond maturing in 2029 for a total of Euro 1,000 million, with the role of *Joint Bookrunner*. In the **Financial Institutions sector**, Banca Akros participated, as *Joint -Bookrunner*, in the placement of the **Banco BPM** Parent Company bond issues, placed with institutional customers, fixed-rate *Subordinated AT1 Bonds* totalling € 400 million and fixed-rate *Subordinated Tier 2 Bonds* for a total of € 300 million. It is also noted that the Bank participated, in the role of *Joint Bookrunner*, in the issue of the fixed-rate Senior Bond of the company **Anima** maturing in 2028, for a total of € 300 million and the issue, in the role of *Bookrunner*, of a fixed-rate Senior Bond of the company **Nexi**, maturing in 2026, for a total of € 1,050 million. In the SSA (Supranational and Sovereign Entities and State Agencies) issuers segment, the Bank participated, in the role of *Bookrunner*, in the issue of the fixed-rate Senior Bond of **AMCO**, maturing in 2028, totalling € 750 million. The Bank was also involved in more than 15 issues by leading Italian and foreign issuers, including the European Investment Bank (**EIB**) and the German bank, Kreditanstalt Für Wiederaufbau (**KfW**).

In the **Equity Capital Markets**, the Bank performed the role of *Global Coordinator* and *Specialist* in the IPO of **Almawave**, the biggest IPO transaction on AIM Italia in the first half of 2021 (excluding SPACs) for a total value of € 30 million, as well as the role of *Global Coordinator*, *NOMAD* and *Specialist* in the IPO of the **SPAC Industrial Stars of Italy 4** on AIM Italia for a total value of € 138 million. Banca Akros also performed the role of *Sponsor* in the move from the AIM Italia market to the STAR Segment of the **Fine Foods & Pharmaceuticals N.T.M.** company, the role of appointed intermediary in coordinating the collection of subscriptions to the **Panaria** and **Carraro** public tender offers and the role of *Co-Lead Manager* in the share capital increase of **Autogrill**.

In the segment of **performing securitisations**, the Bank managed, as *Joint Arranger*, an "STS" securitisation of consumer loans originated by **Agos Ducato**, for approximately € 1,400 million ("Sunrise 2021-1"). Banca Akros also assisted, in the role of *joint Arranger* and *joint Lead Manager*, the company **Credimi** with the securitisation of the performing loans to small and medium enterprises totalling € 200 million. In the **Green segment**, Banca Akros also managed, as *Arranger*, an innovative securitisation of performing loans deriving from *project* financing for renewable energy plants, promoted by the **Glennmont REBS Fund**. In the **non-performing securitisations** segment, Banca Akros managed, as *Joint Arranger*, a securitisation of a portfolio of non-performing loans belonging to **Banco BPM** for a total of approximately € 1.5 billion, for which the GACS guarantee was required on the senior notes ("Project Rockets").

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STATEMENT OF COMPREHENSIVE INCOME

Items	1st half 2021	1st half 2020
10. Profit (loss) for the year	2,292,710	11,559,200
Other comprehensive income after tax without reclassification to the income statement		
20. Equity instruments designated at fair value through other comprehensive income	-	-
30. Financial liabilities designated at fair value through profit or loss (changes to its own credit risk)	-	-
50. Property, plant and equipment	4,512,448	-
70. Defined benefit plans	27,788	(15,441)
80. Non-current assets and disposal groups held for sale	-	-
90. Share of valuation reserves related to interests in associates and joint ventures carried at equity	-	-
Other comprehensive income after tax with reclassification to the income statement		-
100. Foreign investment hedges	-	-
110. Exchange rate differences	-	-
120. Cash flow hedges	-	-
140. Financial assets (other than equity instruments) at fair value through other comprehensive income	(71,963)	(678,598)
170. Total other comprehensive income after tax	4,468,273	(694,039)
180. Comprehensive income (Items 10+170)	6,760,983	10,865,161
Normalised comprehensive income*	9,704,483	10,865,161

* Normalised comprehensive income is equal to comprehensive income without considering the expenses, net of taxes, of the redundancy provision.