

THE BOARD OF DIRECTORS OF BANCA ALETTI (BANCO BPM GROUP)

APPROVES THE 1ST HALF 2017 RESULTS

- **Net income amounts to 20 million euro. Operating income of 79.6 million euro. Operating expenses come to 51.4 million euro. The Bank has a headcount of 451 people. The Common Equity Tier 1 ratio is equal to 47.31%.**
- **Assets under management at 30 June 2017 come to 33.1 billion euro (33.1 billion at 31 December 2016).**
- **As far as investment banking is concerned, trading, structuring and OTC derivative hedging activities generated profits of 36.8 million euro versus structured product placement of 3.8 billion euro.**
- **Banca Aletti confirms its no. 1 ranking in the Equiduct market. During the first half of the year, it increased its market share (6.14% vs 4.46% in 2016) and improved its ranking among Assosim's intermediaries trading equities on behalf of third-parties.**
- **The guidelines of the Banco BPM Group's 2016-2019 Strategic Plan envisaged the concentration of all Group Private Banking activities in Banca Aletti and, at the same time, the consolidation of all Corporate & Investment Banking (CIB) activities at Banca Akros.**

MILAN, 3 AUGUST 2017 – The Board of Directors of Banca Aletti, the Banco BPM Group's Private & Investment Bank, led by the Managing Director, Maurizio Zancanaro, today approved the financial statements for the first half of 2017, which closed with a net profit of Euro 20 million.

The Bank's operating income came to Euro 79.6 million, while operating expenses came to Euro 51.4 million. Operating profit came to Euro 28.3 million.

The Bank's capital structure strengthened further: shareholders' equity comes to Euro 963 million. The Bank has a headcount of 451 people.

"The macroeconomic recovery has gradually been gaining impetus during the first half of 2017. All of the major economic systems have intensified their rate of growth, which has had a positive impact on higher value-added investment services and on asset management in general", said the Managing Director Maurizio Zancanaro.

The pervasiveness of this expansive boost and the momentum ensured by better conditions at the start of the new year have transformed the timid signs of cyclical acceleration that were taking shape at the end of 2016 into a far-reaching phenomenon that can still feed on itself, despite flagging in the spring. This widespread strengthening has been accompanied by an aggressive rise in consumer prices worldwide, an increase in international trade (in spite of protectionist trends) and an upswing in commodity prices. And it is precisely this aggressive reflation accompanying growth for the first time in many years, which is emblematic of this turnaround compared with the past: reflation and growth are the new macroeconomic coordinates of the global cycle in 2017.

At 30 June 2017, Banca Aletti, as provider of private banking services, reports total assets under management of Euro 33.1 billion (in line with 33.1 billion at 31 December 2016) of which Euro 15.9 billion is attributable to private banking customers and Euro 17.1 billion is attributable to institutional customers.

As far as investment banking is concerned, trading, structuring and OTC derivative hedging activities was again the business line with the highest value added and which made the largest contribution to total

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income. The profits generated amount to Euro 36.8 million on structured product placements of Euro 3.8 billion.

As well as an ideation service, Banca Aletti also provides a threshold placement service for all types of product with the aim of guaranteeing price stability during the placement windows, freeing the distribution networks from the risk of unsold securities.

Banca Aletti confirms its no. 1 ranking in the Equiduct market (the Berlin Stock Exchange segment) and has increased its market share (6.14% compared with 4.46% in 2016), as well as its ranking among Assosim's intermediaries trading equities on behalf of third parties in the first half of the year.

Reorganisation of the Private Banking and Corporate & Investment Banking activities implementing the Group's 2016-2019 Business Plan

The guidelines of the Banco BPM Group's 2016-2019 Strategic Plan envisaged the concentration of all of the Group's Private Banking activities in Banca Aletti and, at the same time, the consolidation of all Corporate & Investment Banking (CIB) activities at Banca Akros.

Reorganisation of these activities began in the first half of 2017. In June, effective from 1st July, BPM SpA and Banca Aletti signed a deed of transfer of BPM's Private Banking business to Banca Aletti.

The business unit transferred from BPM to Aletti consists of a series of assets and relationships that are functional to the Private Banking operations, together with its customers and all of the relationships that are involved in the Private Banking activities.

In accordance with the resolutions adopted by the Board of Directors of Banco BPM as Parent Company at its meeting of 11 May 2017, on 23 and 24 May 2017 respectively, the Boards of Directors of Banca Aletti and Banca Akros approved the two separate "partial" spin-off projects, which involve the assignment:

- by Banca Akros to Banca Aletti of the business unit consisting of the assets and resources for carrying on the Private Banking business;
- by Banca Aletti to Banca Akros of the business unit consisting of the assets and resources for carrying on the Corporate & Investment Banking business.

The Parent Company has forwarded to the Supervisory Authority the required authorisation request pursuant to art. 57 of the Consolidated Banking Act; Based on the expected timing for obtaining this authorisation and taking into account the additional conditions laid down by the rules applicable to spin-offs, we currently reckon that these two deals will take effect for legal purposes in early 2018.

On 3 August 2017 the Board of Directors of Banca Aletti also approved the transfer of Banco BPM's private banking business to Banca Aletti. This will take place by the end of the current financial year by means of a contribution in kind of a business unit that will take the form of an increase in the beneficiary's equity.

Statement of the Financial Reporting Manager

The Financial Reporting Manager of Banca Aletti S.p.A., Roberto Gori, declares, pursuant to para. 2 of art. 154-bis of the Consolidated Finance Act, that the accounting information contained in this press release agrees with the supporting documentation, balances on the books of account and accounting entries.

Banca Aletti's financial statements for the first half of the year shall be made available on the website www.alettibank.it within the prescribed time limit.

Banco BPM S.p.A.

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Reclassified balance sheet at 30 June 2017

BALANCE SHEET				
Reclassified assets (thousands of Euro)	30/06/2017	31/12/2016	Change (+/-)	% Change %
Cash and cash equivalents	4	4	1	n.s.
Financial assets	4.872.329	5.167.714	(295.385)	(5,7%)
Due from banks	8.208.877	9.147.493	(938.616)	(10,3%)
Loans to customers	1.192.021	1.387.484	(195.463)	(14,1%)
Equity investments	52.758	53.345	(587)	(1,1%)
Property and equipment	370	401	(31)	(7,6%)
Intangible assets	20.938	20.938	-	0,0%
of which: goodwill	20.938	20.938	-	0,0%
Other asset items	125.611	92.642	32.968	35,6%
Total	14.472.908	15.870.019	(1.397.111)	(8,8%)

BALANCE SHEET				
Reclassified liabilities (thousands of Euro)	30/06/2017	31/12/2016	Change (+/-)	% Change %
Due to banks	3.921.740	5.046.578	(1.124.838)	(22,3%)
Due to customers and securities issued	1.416.882	1.192.833	224.049	18,8%
Financial liabilities	8.089.149	8.606.315	(517.166)	(6,0%)
Provisions	14.934	16.747	(1.813)	(10,8%)
Other liability items	67.210	64.532	2.677	n.s.
Shareholders' equity	962.993	943.014	19.979	2,1%
- Capital and reserves	943.060	881.254	61.806	7,0%
- Net income (loss) for the period	19.933	61.760	(41.827)	(67,7%)
Total	14.472.908	15.870.019	(1.397.111)	(8,8%)

Income statement at 30 June 2017

Reclassified Income Statement				
(thousands of Euro)	30/06/2017	30/06/2016	Change (+/-)	% Change %
Interest margin	57.017	81.405	(24.388)	(30,0%)
Net fee and commission income	28.738	9.844	18.894	191,9%
Other net operating income	243	137	106	77,4%
Net financial result	(6.351)	12.438	(18.789)	(151,1%)
Other operating income	22.630	22.419	211	0,9%
Operating income	79.648	103.824	(24.176)	(23,3%)
Operating expenses	(51.355)	(52.145)	790	(1,5%)
Operating profit	28.293	51.680	(23.387)	(45,3%)
Adjustments and provisions	(32)	(1.301)	1.269	n.s.
Income (loss) before tax from continuing operations	28.261	50.380	(22.119)	(43,9%)
Income taxes	(8.328)	(15.240)	6.912	(45,4%)
Income (loss) after tax from continuing operations	19.933	35.139	(15.206)	(43,3%)
Net income (loss) for the period	19.933	35.139	(15.206)	(43,3%)