PRESS RELEASE

BANCO DESIO: CONSOLIDATED RESULTS AS AT 30 September 2023

Consolidated net profit for the third quarter of Euro 225.7 million (annualised ROE of 23.3%), up from the same period in 2022 (+252.8%), supported by extraordinary items of Euro 130.8 million[1]

Solid operating performance supported by revenue growth (+19.7%) with net interest income (+36.7%) and net fee and commission income (+1.1%) on the rise; operating margin of Euro 192.7 million, an improvement over Q3 2022 (+27.2%)

Cost income ratio[2] (57.5%) and NPE ratio (3.4%)

Capital soundness and asset quality confirmed

*Desio, 9 November 2023 - The Board of Directors of Banco di Desio e della Brianza S.p.A. approved the "Consolidated Quarterly Financial Report as at 30 September 2023", **deliberating to allocate an amount equal to 2.5 times the extraordinary tax on the in increase in the interest margin to a non-distributable reserve**. The main income statement and balance sheet indicators for the period are summarised in the table below.*

PROFITABILITY

- Net growth in **consolidated net profit** to **Euro 225.7 million** (+252.8% compared to Q3 2022)
- **Increasing profitability (annualised ROE at 23.3%)** with a stable cost of risk (36 bps[3])
- **Ordinary profitability improved (Euro +30.2 million and +46.7%)** due to growth in income **(+19.7%)**
- **Cost income ratio[2]** at **57.5%** (60.8% at Q3 2022)
- **Net interest income +36.7%** influenced by positive interest rate dynamics

SUPPORT FOR THE ECONOMY

- **Loans to ordinary customers** at Euro **11.9 billion** (+3.4% compared to YE 2022) with additional disbursements to households and businesses during the reporting period amounting to Euro 1.2 billion
- **Direct deposits** increased to **Euro 14.6 billion** (+15.7%)[4]
- **Indirect deposits** of **Euro 19.3 billion** (+12.7%, of which ordinary customers up 19.6%)

RELIABILITY

- **Stable incidence of impaired loans:** Gross NPL ratio at 3.4% (3.3% as at YE 2022) and net at 1.9%
- **Solid coverage levels** on impaired loans at 44.7% and on performing loans at 0.86% (coverage on impaired loans net of government guarantees of 48.7%)
- **Further strengthening of liquidity indicators** with LCR at 243.27% (formerly 152.43% at YE 2022) and NSFR at 129.07% (formerly 128.40%)

CAPITAL SOUNDNESS[5]

- **Capital solidity** of Banco Desio Group confirmed with **CET1** at 16.89%

Coefficients[6]	**Banco Desio Brianza**	**Banco Desio Group**	**Brianza Unione Group[7]**
CET 1	18.27%	16.89%	12.13%
TIER 1	18.27%	16.89%	12.97%
Total Capital	19.12%	17.68%	14.85%

[1] Gross badwill of Euro 66.7 million from the branch acquired from BPER (as a result of the provisional PPA) and gross proceeds of Euro 98.1 million from the sold acquiring branch.
[2] Referring only to recurring items.
[3] Calculated as the ratio between the annualized net value adjustments on loans for the period ("Cost of credit" in the Reclassified Income Statement) and the total cash exposures to customers net of value adjustments.
[4] Including funding repurchase agreements with institutional customers in the amount of Euro 763 million (Euro 503 million at 31 December 2022)
[5] Based on the Bank of Italy's "SREP" measure communicated to the market on 12 April 2023, which ordered the Brianza Unione "CRR" Group to adopt the following new capital ratios at the consolidated level, starting from the own funds report of 30 June 2023: CET1 ratio of 7.60%, binding - pursuant to art. 67-ter TUB - to the extent of 5.10% (of which 4.50% for minimum regulatory requirements and 0.60% for additional requirements) and the remainder by the capital conservation buffer component, Tier1 ratio of 9.30%, binding to the extent of 6.80% (of which 6.00% for minimum regulatory requirements and 0.80% for additional requirements) and the remainder by the capital conservation buffer component and Total Capital ratio of 11.50%, binding at 9.00% (of which 8.00% against minimum regulatory requirements and 1.00% against additional requirements) and the remainder from the capital conservation buffer component.
[6] Pursuant to the transitional provisions introduced by Regulation (EU) 2017/2395 of 12 December 2017 as amended.
[7] The consolidated ratios at the level of Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A., the parent company of 50.41% of Banco di Desio e della Brianza S.p.A., were calculated in accordance with the provisions of articles 11(2) and (3) and 13(2) of the CRR Regulation.

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The Board of Directors of Banco di Desio e della Brianza S.p.A., which met on 9 November 2023, approved the "Consolidated Quarterly Financial Report as at 30 September 2023" (hereinafter also the "Report"), prepared on a voluntary basis.
The Report was also prepared for the purposes of determining the result for the period for the calculation of own funds and prudential ratios.
As far as the recognition and measurement criteria are concerned, the Report is prepared in accordance with the IAS/IFRS in force at the reporting date, as shown below in the section "Basis of Preparation".
Please refer to the specific disclosure dedicated to the description of the reference context in which this financial disclosure was prepared, which is conditioned by the conflict between Russia and Ukraine, as well as the significant uncertainties and risks related to this, which may also have a major impact on the expected results that are linked to a number factors beyond management's control.
The amounts in the tables and charts of the Report are expressed in thousands.
The financial statements in this Report are subject to a limited audit by KPMG S.p.A. for the inclusion of the interim result in equity.

Extraordinary tax calculated on the increase in the interest margin

The extraordinary tax calculated on the increase in interest margin, as provided for by Decree Law No. 104 of 10 August 2023 converted with amendments by Law No. 136 of 9 October 2023, for the Parent Company and the Group amounts to approximately Euro 18.6 million.

The Board of Directors of Banco Desio met today and resolved that it will propose to the Shareholders' Meeting, when approving the financial statements for the year 2023 and the allocation of the profit for the year and distribution of the dividend to the shareholders, to allocate to the non-distributable reserve an amount of at least Euro 46.6 million, corresponding to 2.5 times the amount of the tax of approximately Euro 18.6 million, in lieu of the payment of such tax, availing itself of the option provided for by the aforementioned provision.

The choice is in line with Banco Desio's strategy of creating shared value for its stakeholders, which it intends to support with a view to the sustainable development of the territories in which it operates.

Banco Desio close to families, customers and employees for protection against high mortgages

Banco Desio supports families and customers to cope with the current economic situation by offering the possibility to reschedule loan repayment plans. The initiative aims to mitigate the increase in instalments on variable-rate mortgages by allowing customers to extend the term of the loan up to 5 years without increasing costs.

Customers with variable-rate mortgages, who have seen an increase of at least Euro 100 in their instalments, can in fact benefit from this facilitation measure through direct contact with their reference branch.

In addition, Banco Desio offers a ceiling for further options to dilute payments over time or convert variable-rate mortgages into fixed-rate mortgages, depending on the needs of its customers.

For further information https://www.bancodesio.it/it/content/caro-mutui.

Information on the impacts of the war in Ukraine

During 2023, the restrictive stance of European monetary policy was confirmed, in part linked to both the protracted war in Ukraine and the growing international tensions, thus fuelling concerns of further increases in the energy sector with a consequent slowdown in the global economic fabric, constituting significant elements of uncertainty for the future scenarios described in the "Macroeconomic Scenario" disclosure below.

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Results of the period

Summary data and balance sheet, income statement and financial ratios

The alternative performance indicators (APIs) presented in this Report have been identified to facilitate understanding of Banco Desio Group's performance. APIs are not required by international accounting standards, represent supplementary information with respect to the measures defined under IAS/IFRS, and are in no way a substitute for them.

For each API, evidence of the calculation formula is provided, and the quantities used can be inferred from the information contained in the relevant tables and/or reclassified financial statements contained in this Report.

These indicators are based on the European Securities and Markets Authority (ESMA) guidelines of 5 October 2015 (ESMA/2015/1415), incorporated in Consob Communication No. 0092543 of 3 December 2015. Adhering to the indications contained in the update of document "ESMA 32-51-370 - Questions and answers - ESMA Guidelines on Alternative Performance Measures (APMs)", published on 17 April 2020, no changes were made to the APIs and no new ad hoc indicators were introduced to separately highlight the effects resulting from the outbreak of Covid-19 or the conflict in Ukraine.

Table 1 - Asset values

	30.09.2023	31.12.2022	Changes	
Amounts in Euro thousands			abs.	%
Total assets	19,583,174	17,541,324	2,041,850	11.6%
Financial assets	3,968,668	4,018,411	-49,743	-1.2%
Cash and cash equivalents [(1)]	2,565,384	879,593	1,685,791	191.7%
Loans with banks [(2)]	307,612	260,345	47,267	18.2%
Loans to customers[(2)]	11,868,136	11,480,616	387,520	3.4%
Tangible assets [(3)]	224,239	220,934	3,305	1.5%
Intangible assets	41,162	19,963	21,199	106.2%
Non-current assets and groups of assets held for sale	4,809	1	4,808	n.s.
Payables to banks	3,177,467	3,381,350	-203,883	-6.0%
Payables to customers [(4) (5)]	12,443,721	11,110,366	1,333,355	12.0%
Securities issued	2,190,093	1,536,151	653,942	42.6%
Equity (including Profit for the period)	1,326,651	1,122,454	204,197	18.2%
Own Funds	1,339,561	1,132,852	206,709	18.2%
Total indirect inflows	19,256,195	17,082,615	2,173,580	12.7%
of which Indirect inflows from ordinary customers	*12,122,895*	*10,135,327*	*1,987,568*	*19.6%*
of which Indirect inflows from institutional customers	*7,133,300*	*6,947,288*	*186,012*	*2.7%*

[(1)] At 30 September 2023, Cash and cash equivalents included the current accounts, demand deposits and the amount on demand of Euro 2.4 million relating to cash in excess of the commitment to maintain the compulsory reserve, invested in overnight deposits (Euro 765 million at the end of the previous period)

[(2)] pursuant to Circular 262, the balance of the financial statements item includes Held-to-collect (HTC) debt securities recognised at amortised cost, which are shown under financial assets in these summaries, and does not include current accounts and demand deposits recognised under Cash and cash equivalents.

[(3)] the balance of the item at 30 September 2023 includes the right of use (RoU Asset) amounting to Euro 59.0 million in respect of operating leases falling under the scope of IFRS 16 Leases, which came into effect as of 1 January 2019.

[(4)] the balance of the item does not include the liability recognised in the item Payables to customers in the financial statements in respect of operating leases falling within the scope of IFRS 16.

[(5)] including inflows repurchase agreements with institutional customers in the amount of Euro 763 million (Euro 503 million at 31 December 2022).

Table 2 - Economic values [(6)]

	30.09.2023	30.09.2022	Changes	
Amounts in Euro thousands			abs.	%
Operating income	419,695	350,573	69,122	19.7%
of which Net interest income	*261,991*	*191,694*	*70,297*	*36.7%*
Operating expenses	227,006	199,068	27,938	14.0%
Result from operations	192,689	151,505	41,184	27.2%
Charges related to the banking system	14,214	14,194	20	0.1%
Current result after taxes	94,884	64,660	30,224	46.7%
Non-recurring result after taxes	130,791	-691	131,482	n.s.
Profit (loss) for the period	225,675	63,969	161,706	252.8%

[(6)] *from Reclassified Income Statement.*

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Table 3 - Equity, economic and risk ratios

	30.09.2023	31.12.2022	Changes abs.
Equity/Total assets	6.8%	6.4%	0.4%
Equity/Loans to customers	11.2%	9.8%	1.4%
Equity/Payables to customers	10.7%	10.1%	0.6%
Equity/Securities issued	60.6%	73.1%	12.5%
Common Equity Tier1 (CET1)/Risk-weighted assets [7] [8]	16.9%	14.8%	2.1%
Total Tier 1 capital (T1)/Risk-weighted assets [7] [8]	16.9%	14.8%	2.1%
Total Own funds/Risk-weighted assets (Total capital ratio) [7] [8]	17.7%	14.8%	2.9%
Financial assets/Total assets	20.3%	22.9%	-2.6%
Loans with banks/Total assets	1.6%	1.5%	0.1%
Loans to customers/Total assets	60.6%	65.4%	-4.8%
Loans to customers/Direct inflows from customers	81.1%	90.8%	-9.7%
Payables to banks/Total assets	16.2%	19.3%	-3.1%
Payables to customers/Total assets	63.5%	63.3%	0.2%
Securities issued/Total assets	11.2%	8.8%	2.4%
Direct inflows from customers/Total assets	74.7%	72.1%	2.6%
	30.09.2023	**30.09.2022**	**Changes abs.**
Operating expenses/Operating income (Cost/Income ratio)	54.1%	56.8%	-2.7%
(Operating expenses + Banking-related expenses)/Operating income (Cost/Income ratio)	57.5%	60.8%	-3.3%
Net interest income/Operating income	62.4%	54.7%	7.7%
Result from operations/Operating income	45.9%	43.2%	2.7%
Current result after taxes/Equity - annualised [9] [10]	11.4%	8.7%	2.7%
Profit for the year/Equity [9] (R.O.E.) - annualised [10] [11]	23.3%	7.8%	15.5%
Current result before taxes/Total assets (R.O.A.) - annualised [11]	1.0%	0.8%	0.2%
	30.09.2023	**31.12.2022**	**Changes abs.**
Net bad loans/Loans to customers	0.4%	0.5%	-0.1%
Net non-performing loans/Loans to customers	1.9%	1.7%	0.2%
% Cov erage of bad loans	67.7%	67.3%	0.4%
% Cov erage of bad loans before write-offs	68.0%	67.6%	0.4%
% Total cov erage of non-performing loans	44.7%	49.6%	-5.1%
% Cov erage of non-performing loans before write-offs	44.9%	49.9%	-5.0%
% Cov erage of performing loans	0.86%	0.88%	-0.02%

Table 4 - Structure and productivity data

	30.09.2023	31.12.2022	Changes abs.	Changes %
Number of employees	2,407	2,115	292	13.8%
Number of branches	280	232	48	20.7%
Amounts in Euro thousands				
Loans to customers per employee [11]	5,249	5,395	-146	-2.7%
Direct inflows from customers per employee [11]	6,472	5,943	529	8.9%
	30.09.2023	**30.09.2022**	**Changes abs.**	**Changes %**
Operating income per employee [11] - annualised [9]	247	228	19	8.3%
Result from operations per employee [11] - annualised [9]	113	100	13	13.0%

[7] Consolidated equity ratios calculated for Banco Desio. The ratios referred to the prudential supervisory scope of Brianza Unione at 30 September 2023 are: Common Equity Tier1 12.1%; Tier 1 13.0%; Total Capital Ratio 14.8%.

[8] Equity ratios at 30.09.2023 are calculated in application of the transitional provisions introduced by EU Regulation 2017/2395; ratios calculated without application of these provisions are as follows: Common Equity Tier1 16.7%; Tier 1 16.7%; Total capital ratio 17.5%

[8] net of the result for the period.

[9] the 2022 year-end figure at 30.09.2022 is shown.

[10] the annualised ROE at 30.09.2023 does not consider the annualisation of the Net non-recurring operating result.

[11] based on the number of employees as the arithmetic mean between the period-end figure and the previous year-end figure.

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Consolidated income statement

Profit for the period increased by about Euro 161.7 million (+252.8%) compared to Q3 2022, mainly benefiting from the positive non-recurring effects of the acquisition of the BPER Group's business units with the recognition of the provisional gross badwill of Euro 66.7 million resulting from the purchase price allocation (PPA) process, and from the sale to Worldline Italia of the merchant acquiring business unit with the recognition of a gross gain of Euro 98.1 million.

Table 5 - Reclassified consolidated income statement

Items	*Amounts in Euro thousands*	30.09.2023	30.09.2022	Changes Value	Changes %
10+20	Net interest income	261,991	191,694	70,297	36.7%
70	Dividends and similar income	554	559	-5	-0.9%
40+50	Net commissions	148,365	146,714	1,651	1.1%
80+90+100+110	Net result of financial assets and liabilities	6,943	9,568	-2,625	-27.4%
230	Other operating income/expenses	1,842	2,038	-196	-9.6%
	Operating income	**419,695**	**350,573**	**69,122**	**19.7%**
190 a	Personnel expenses	-144,104	-129,101	-15,003	11.6%
190 b	Other administrative expenses	-74,048	-62,461	-11,587	18.6%
210+220	Net value adjustments on tangible and intangible assets	-8,854	-7,506	-1,348	18.0%
	Operating expenses	**-227,006**	**-199,068**	**-27,938**	**14.0%**
	Result from operations	**192,689**	**151,505**	**41,184**	**27.2%**
130a+100a	Cost of credit	-32,331	-36,495	4,164	-11.4%
130 b	Net value adjustments on own securities	-1,196	-2,782	1,586	-57.0%
140	Gains/losses from contractual amendments without derecognition	51	-45	96	n.s.
200 a	Net allocations to provisions for risks and charges - commitments and guarantees given	295	119	176	147.9%
200 b	Net allocations to provisions for risks and charges - other	-3,820	-1,198	-2,622	218.9%
	Charges related to the banking system	-14,214	-14,194	-20	0.1%
250	Gains (Losses) on investments	69	-5	74	n.s.
	Current result before taxes	**141,543**	**96,905**	**44,638**	**46.1%**
300	Income taxes on current operations	-46,659	-32,245	-14,414	44.7%
	Current result after taxes	**94,884**	**64,660**	**30,224**	**46.7%**
260	Net result of fair value measurement of tangible and intangible assets	0	0		
280	Gains (losses) on disposal of investments	0	0		
	Allocations to provisions for risks and charges, other allocations, "one-off" expenses and revenues	140,092	-3,344	143,436	n.s.
	Non-recurring result before taxes	**140,092**	**-3,344**	**143,436**	**n.s.**
	Income taxes on non-recurring items	-9,301	2,653	-11,954	n.s.
	Non-recurring result after taxes	**130,791**	**-691**	**131,482**	**n.s.**
330	**Profit (Loss) for the year**	**225,675**	**63,969**	**161,706**	**252.8%**
340	Profit (Loss) for the period attributable to minority interests	0	0		
350	**Profit (Loss) for the period attributable to the Parent Company**	**225,675**	**63,969**	**161,706**	**252.8%**

The main cost and revenue components of the reclassified income statement are analysed below, commenting, where necessary, on cases of comparison on a non-homogeneous basis.

Operating income

The core revenue items from operations increased by approximately Euro 69.1 million (+19.7%) compared to the comparison period, amounting to Euro 419.7 million. The performance is mainly attributable to the growth in net interest income of Euro 70.3 million (+36.7%) and net commissions of Euro 1.7 million (+1.1%), partially offset by the reduction in the net result from financial assets and liabilities of Euro 2.6 million (-27.4%) and other operating income and expenses of Euro 0.2 million.

Finally, dividends amounted to Euro 0.6 million, in line with the comparison period.

Operating expenses

The aggregate of operating expenses, which includes personnel expenses, other administrative expenses and net value adjustments on tangible and intangible assets, amounted to approximately Euro 227.0 million (199.1 million in the comparison period), showing an increase compared to the comparison period of respectively Euro 15.0 million (+11.6%), Euro 11.6 million (+18.6%) and Euro 1.3 million (+18.0%), essentially deriving from the acquisition of the business units from the BPER Group.

Result from operations

Consequently, *the result from operations* amounted to Euro 192.7 million, an increase over the comparison period (+27.2%).

Current result after taxes

From the *result of operations* of Euro 192.7 million, we arrive at the *current result after taxes* of Euro 94.9 million, an increase of 46.7% compared to that of Euro 64.7 million in the comparison period, mainly due to:

- the *cost of credit* (given by the balance of *Net value adjustments for impairment of financial assets at amortised cost and gains (losses) on sale or repurchase of loans*), amounting to approximately Euro 32.3 million (roughly Euro 36.5 million in the previous period);
- *net value adjustments on securities owned* for Euro 1.2 million (Euro 2.8 million in the comparison period);
- negative *net allocations to provisions for risks and charges* of Euro 3.5 million (negative by Euro 1.1 million in the comparison period);
- *charges related to the banking system* of approximately Euro 14.2 million (Euro 14.2 million in the comparison period);
- income taxes on current operations of Euro 46.7 million (Euro 32.2 million in the comparison period);

Non-recurring operating result after taxes

As at 30 September 2023, a positive non-recurring result of about Euro 130.8 million was recorded mainly as a result of:

- the proceeds of Euro 98.1 million, net of related administrative costs, from the completion of the transaction for the transfer to Worldline Italia of Banco Desio's merchant acquiring business (("Aquarius Transaction");
- the provisional badwill of Euro 66.7 million resulting from the purchase price allocation (PPA) process related to the acquisition of the 48 bank branches from BPER Banca S.p.A. (formerly Carige S.p.A.) and Banco di Sardegna S.p.A. with effect as from 20 February 2023 ("Lanternina Transaction");
- the net cost component of Euro 17.8 million to reflect the updated assessment of potential risks to which Banco Desio could be exposed following the preventive seizure of tax credits acquired over time, including the impossibility of offsetting the same[8];
- the estimated expense of approximately Euro 4.1 million relating to the additional contribution to the Deposit Guarantee Scheme - which will be requested by the FITD in December;
- expenses amounting to Euro 2.8 million relating to consultancy and IT migration costs associated with the aforementioned Lanternina Transaction.

after the related negative tax effect of Euro 9.3 million.

In the comparison period, a negative non-recurring result of about Euro 0.7 million was recorded as a result:

- the revenue component of Euro 1.8 million to reflect the assessment on the non-compensation of the first tranche of certain super-bonus tax credits acquired from third parties and subject to seizure;
- the estimated expense of approximately Euro 3.6 million relating to the additional contribution to the Deposit Guarantee Scheme - which will be requested by the FITD in December;

[8] The assessment of the aforementioned risks necessarily required the application of a significant degree of professional judgement, the main elements of uncertainty of which are attributable to the outcome of the proceedings underway, the identification of the receivables the deductions of which have been assigned are effectively non-existent and the outcome of the initiatives that will be activated by Banco Desio to recover the amounts paid to the entities with respect to which cases of fraud have been ascertained.

- the cost component of Euro 1.5 million for charges connected to the agreement signed with BPER Banca S.p.A. for the purchase of two Business Units consisting of a total of 48 bank branches (so-called "Lanternina" project)

after the related positive tax effect of Euro 2.7 million. The item Income taxes on non-recurring items also includes the positive economic effect, recognised in February in the amount of Euro 1.5 million, related to a reimbursement request submitted to the Revenue Agency (IRAP for the year 2014 for the business unit transferred by Banco Desio to the former subsidiary Banca Popolare di Spoleto).

Result for the period

The sum of the current and non-recurring result determines the profit for the period, which amounted to Euro 225.7 million at 30 September 2023, up 252.8% compared to the same period last year.

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Table 6 - Reconciliation of financial statements and reclassified income statement as at 30.09.2023

Items		From Financial Statements	Reclassifications												Reclassified statement
Amounts in Euro thousands		30.09.2023	Non-performing loans valuation effects	Fides brokerage commission	Commission income	Recovery of taxes/expenses	Expected loss on securities at amortised cost	Amortisation for leasehold improvements	Gains (Losses) on sale or repurchase of receivables	Allocations to provisions for risks and charges / other allocations, "one-off" expenses and revenues	System charges	Reclassifications IFRS16 - Leases	Personnel expenses	Income taxes	30.09.2023
10+20	Net interest income	271,455	-3,532	-6,796								864			261,991
70	Dividends and similar income	554													554
40+50	Net commissions	139,639		6,796	1,930										148,365
80+90+100+110	Net result of financial assets and liabilities	-687							7,630	0					6,943
230	Other operating income/expenses	74,549				-24,699		898		-48,906					1,842
	Operating income	**485,510**	**-3,532**	**0**	**1,930**	**-24,699**	**0**	**898**	**7,630**	**-48,906**	**0**	**864**	**0**	**0**	**419,695**
190 a	Personnel expenses	-144,098								6			-12		-144,104
190 b	Other administrative expenses	-110,984				24,699				2,800	18,298	-8,861			-74,048
210+220	Net value adjustments on tangible and intangible assets	-15,953						-898				7,997			-8,854
	Operating expenses	**-271,035**	**0**	**0**	**0**	**24,699**	**0**	**-898**	**0**	**2,806**	**18,298**	**-864**	**-12**	**0**	**-227,006**
	Result from operations	**214,475**	**-3,532**	**0**	**1,930**	**0**	**0**	**0**	**7,630**	**-46,100**	**18,298**	**0**	**-12**	**0**	**192,689**
130a+100a	Cost of credit	-28,778	3,532				1,246		-7,630	-701					-32,331
130 b	Net value adjustments on own securities	50					-1,246								-1,196
140	Gains/losses from contractual amendments without derecognition	51													51
200 a	Net allocations to provisions for risks and charges - commitments and guarantees given	295													295
200 b	Net allocations to provisions for risks and charges - other	-4,521								701					-3,820
	Charges related to the banking system									0	-14,214				-14,214
250	Gains (Losses) on investments	69													69
	Current result before taxes	**181,641**	**0**	**0**	**1,930**	**0**	**0**	**0**	**0**	**-46,100**	**4,084**	**0**	**-12**	**0**	**141,543**
300	Income taxes on current operations	-54,084												7,425	-46,659
															0
	Current result after taxes	**127,557**	**0**	**0**	**1,930**	**0**	**0**	**0**	**0**	**-46,100**	**4,084**	**0**	**-12**	**7,425**	**94,884**
	Allocations to provisions for risks and charges, other allocations, "one-off" expenses and revenues		0				0			144,176	-4,084				140,092
	Non-recurring result before taxes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**144,176**	**-4,084**	**0**	**0**	**0**	**140,092**
	Income taxes on non-recurring items													-9,301	-9,301
	Non-recurring result after taxes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**144,176**	**-4,084**	**0**	**0**	**-9,301**	**130,791**
320	Profit (Loss) from discontinued operations after taxes	98,118			-1,930					-98,076			12	1,876	0
330	**Profit (Loss) for the year**	**225,675**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**225,675**
340	Profit (Loss) for the period attributable to minority interests	0													0
350	**Profit (Loss) for the period attributable to the Parent Company**	**225,675**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**225,675**

Banco Desio

Consolidated balance sheet

Funding

The value of loans to ordinary customers at 30 September 2023 stood at around Euro 33.9 billion, up from the 2022 year-end figure (+14.0%). This change was affected by the positive effect of the acquisition of the business units from the BPER Group.

Direct funding amounted to around Euro 14.6 billion, an increase of 15.7% compared to 31 December 2022, as a result of the growth in amounts due to customers (+12.0%); securities issued showed an increase compared to the end of the previous year (+42.6%).

Indirect inflows recorded a balance of Euro 19.3 billion (+12.7%). Inflows from ordinary customers amounted to Euro 12.1 billion, an increase of 19.6% compared to the end of the previous year; the increase is attributable to the performance of assets under management (+13.3%) and assets under administration (+34.0%).

The following tables show the development of funding in the reporting period and the breakdown of indirect funding, respectively.

Table 7 - Inflows from customers

Amounts in Euro thousands	30.09.2023	Incidence %	31.12.2022	Incidence %	Changes Value	Changes %
Payables to customers [1]	12,443,721	36.7%	11,110,366	37.4%	1,333,355	12.0%
Securities issued	2,190,093	6.5%	1,536,151	5.1%	653,942	42.6%
Direct inflows	**14,633,814**	**43.2%**	**12,646,517**	**42.5%**	**1,987,297**	**15.7%**
Inflows from ordinary customers	12,122,895	35.8%	10,135,327	34.1%	1,987,568	19.6%
Inflows from institutional customers	7,133,300	21.0%	6,947,288	23.4%	186,012	2.7%
Indirect inflows	**19,256,195**	**56.8%**	**17,082,615**	**57.5%**	**2,173,580**	**12.7%**
Total inflows from customers	**33,890,009**	**100.0%**	**29,729,132**	**100.0%**	**4,160,877**	**14.0%**

[1] Including inflows repurchase agreements with institutional customers in the amount of Euro 763 million (Euro 503 million at 31December 2022)

Table 8 - Indirect inflows from customers

Amounts in Euro thousands	30.09.2023	Incidence %	31.12.2022	Incidence %	Changes Value	Changes %
Assets under Administration	**4,144,027**	**21.5%**	**3,093,362**	**18.1%**	**1,050,665**	**34.0%**
Assets under Management	**7,978,868**	**41.5%**	**7,041,965**	**41.2%**	**936,903**	**13.3%**
Asset management	*1,201,770*	*6.2%*	*1,148,834*	*6.7%*	*52,936*	*4.6%*
Mutual funds and Sicav	*3,804,745*	*19.8%*	*3,277,442*	*19.2%*	*527,303*	*16.1%*
Banking-insurance products	*2,972,353*	*15.5%*	*2,615,689*	*15.3%*	*356,664*	*13.6%*
Inflows from ordinary customers	**12,122,895**	**63.0%**	**10,135,327**	**59.3%**	**1,987,568**	**19.6%**
Inflows from institutional customers [1]	**7,133,300**	**37.0%**	**6,947,288**	**40.7%**	**186,012**	**2.7%**
Assets under Administration	*6,494,024*	*33.7%*	*6,254,755*	*36.6%*	*239,269*	*3.8%*
Assets under Management	*639,276*	*3.3%*	*692,533*	*4.1%*	*-53,257*	*-7.7%*
Indirect inflows [1]	**19,256,195**	**100.0%**	**17,082,615**	**100.0%**	**2,173,580**	**12.7%**

(1) Inflows from institutional customers include securities on deposit underlying the Bancassurance segment of ordinary customers amounting to about Euro 2 billion (at 31.12.2022 about Euro 2.1billion).

The in-depth investigations conducted on investments held by customers (securities, funds, asset management, etc.) relating to issuers based in Russia, Belarus and Ukraine, or in any case having the rouble as their issuing currency, have not so far revealed any significant risk profiles, it being understood that the monitoring of these investment products will continue on an ongoing basis in the coming months.

Loans and coverage[9]

The total value of loans to customers at 30 September 2023 amounted to approximately Euro 11.9 billion, up 3.4% compared to the balance at year-end 2022, and included loans arising from the acquisition of business units from the BPER Group valued according to the criteria defined by the provisional purchase price allocation (PPA) process.

The following table shows the breakdown of loans to customers by type at 30 September 2023 (compared to 31 December 2022).

Table 9 - Breakdown of loans to customers

					Changes	
Amounts in Euro thousands	**30.09.2023**	**Incidence %**	**31.12.2022**	**Incidence %**	**Value**	**%**
Mortgages	8,418,161	70.9%	8,070,567	70.3%	347,594	4.3%
fixed rate	*5,033,071*	*42.4%*	*4,717,879*	*41.1%*	*315,192*	*6.7%*
variable rate	*791,052*	*6.7%*	*579,848*	*5.1%*	*211,204*	*36.4%*
mixed rate (1)	*2,594,038*	*21.8%*	*2,772,840*	*24.1%*	*-178,802*	*-6.4%*
Current accounts	887,977	7.5%	958,597	8.3%	-70,620	-7.4%
Finance lease	151,518	1.3%	151,027	1.3%	491	0.3%
Credit cards, personal loans and salary-backed loans	1,384,729	11.7%	1,216,041	10.6%	168,688	13.9%
Other transactions	1,025,751	8.6%	1,084,384	9.4%	-58,633	-5.4%
Loans to customers	**11,868,136**	**100.0%**	**11,480,616**	**100.0%**	**387,520**	**3.4%**

(1) This category of loans includes loans the interest rate of which may change from fixed to variable at maturities and/or conditions set in the contract.

The sub-item "Other transactions" includes financing transactions other than those indicated in the previous sub-items (e.g. bullet loans, advances on invoices and bills subject to collection, import/export advances and other miscellaneous items).

The Commercial Department, with the support of the Credit Department, continued to implement initiatives to offer concrete support to the production system and households.
Since January 2023, which was also relaunched in July, customers with variable-rate mortgages, with regular payments, were offered the possibility of extending the term of the loan in order to reduce the loan instalment.

With reference to the possible repercussions on the quality of the loan portfolio deriving from the conflict between Russia and Ukraine, the Credit Department's monitoring activities continued on the customers entrusted: the analysis of the positions showed an increase compared to the previous quarters in the deterioration of existing loans - albeit at levels in line with the pre-pandemic period - on which risk containment and management actions were activated. Monitoring the indirectly most exposed positions is one of the first drivers of attention in order to ensure the best quality of the credit portfolio over time and, at the same time, to identify the best solutions to enable companies to continue their business. In continuity with the actions taken in the Covid context, the Bank adopted the Temporary Crisis Framework (TCF) that will allow SMEs to apply for access to MCC-guaranteed financing to address liquidity needs related to the economic and financial turmoil caused by the ongoing conflict and by the measures implemented by the ECB, which led to a significant increase in rates.

The main indicators for non-performing and performing loans are set out below.

[9] Excluding impaired loans in the amount of Euro 4.8 million net classified under "Assets held for sale".

Banco Desio

Table 10 - Credit quality as at 30 September 2023

Amounts in Euro thousands	30.09.2023					
	Gross exposure	**Incidence % of total loans**	**Value adjustments**	**Coverage ratio**	**Net exposure**	**Incidence % of total loans**
Bad loans	155,506	1.3%	(105,277)	67.7%	50,229	0.4%
Unlikely to pay	243,988	2.0%	(78,175)	32.0%	165,813	1.4%
Impaired past-due	15,711	0.1%	(1,973)	12.6%	13,738	0.1%
Total impaired	**415,205**	**3.4%**	**(185,425)**	**44.7%**	**229,780**	**1.9%**
Stage 1 exposures	9,730,909	80.1%	(17,671)	0.18%	9,713,238	81.8%
Stage 2 exposures	2,008,056	16.5%	(82,938)	4.13%	1,925,118	16.3%
Performing exposures	**11,738,965**	**96.6%**	**(100,609)**	**0.86%**	**11,638,356**	**98.1%**
Total loans to customers	**12,154,170**	**100.0%**	**(286,034)**	**2.4%**	**11,868,136**	**100.0%**

Table 10-bis - Credit Quality as at 31 December 2022

Amounts in Euro thousands	31.12.2022					
	Gross exposure	**Incidence % of total loans**	**Value adjustments**	**Coverage ratio**	**Net exposure**	**Incidence % of total loans**
Bad loans	182,588	1.6%	(122,817)	67.3%	59,771	0.5%
Unlikely to pay	203,676	1.7%	(71,745)	35.2%	131,931	1.1%
Impaired past-due	7,460	0.0%	(779)	10.4%	6,681	0.1%
Total impaired	**393,724**	**3.3%**	**(195,341)**	**49.6%**	**198,383**	**1.7%**
Stage 1 exposures	9,232,466	78.4%	(14,432)	0.16%	9,218,034	80.3%
Stage 2 exposures	2,150,505	18.3%	(86,306)	4.01%	2,064,199	18.0%
Performing exposures	**11,382,971**	**96.7%**	**(100,738)**	**0.88%**	**11,282,233**	**98.3%**
Total loans to customers	**11,776,695**	**100.0%**	**(296,079)**	**2.5%**	**11,480,616**	**100.0%**

Banco Desio

Securities portfolio and net interbank position

At 30 September 2023, the Bank's total financial assets amounted to approximately Euro 4.0 billion, which was broadly in line with the previous year-end figure. With reference to the issuers of securities, the overall portfolio at 30 September 2023 consisted of 68.9% government securities, 15.4% securities of banking issuers and the remainder of other issuers.

The following table contains information on sovereign risk, i.e. bonds issued by central and local governments and governmental entities, as well as any loans to them, entirely consisting of Italian government bonds.

Table 11 - Exposure in sovereign debt securities

Amounts in Euro thousands		Italy	Spain	United Kingdom	Romania	30.09.2023 Nominal value	Carrying amount
Financial assets held for trading	up to 1 year				-		
	1 to 3 years				-		
	3 to 5 years				-		
	over 5 years	-			2,000	2,000.00	1,973.00
	Total	-	-	-	2,000	2,000.00	1,973.00
Financial assets measured at fair value through other comprehensive income	up to 1 year	400,000	-	578	-	400,578	397,450
	1 to 3 years	150,000	-	-	-	150,000	143,164
	3 to 5 years	-	-	-	-	-	-
	over 5 years	281,000	-	-		281,000	247,838
	Total	831,000	-	578	-	831,578	788,452
Financial assets measured at amortised cost	up to 1 year	215,000	-	-	-	215,000	215,278
	1 to 3 years	315,000	-	-	-	315,000	312,070
	3 to 5 years	329,790	-	-	-	329,790	321,379
	over 5 years	1,046,000	65,000	-	-	1,111,000	1,089,005
	Total	1,905,790	65,000	-	-	1,970,790	1,937,732
Sovereign debt securities	**up to 1 year**	**615,000**	**-**	**578**	**-**	**615,578**	**612,728**
	1 to 3 years	**465,000**	**-**	**-**	**-**	**465,000**	**455,234**
	3 to 5 years	**329,790**	**-**	**-**	**-**	**329,790**	**321,379**
	over 5 years	**1,327,000**	**65,000**	**-**	**2,000**	**1,394,000**	**1,338,816**
	Total	**2,736,790**	**65,000**	**578**	**2,000**	**2,804,368**	**2,728,157**

It should be noted that there are no investments in the proprietary portfolio in financial instruments of issuers based in Russia, Belarus and Ukraine, or in financial instruments with the rouble as the issuing currency.

The net interbank position was a debit position of about Euro 2.9 billion, compared to a debit position of roughly 3.1 billion at the end of the previous year.

Banco Desio

Capital and supervisory ratios

Equity attributable to the Parent Company Banco Desio at 30 September 2023, including the result for the period, totalled Euro 1,326.7 million, compared to Euro 1,122.5 million in 2022. The positive change of Euro 204.2 million is attributable to the positive effect on the result for the period deriving from (i) the acquisition of the BPER Group's business units and (ii) the sale of the merchant acquiring business unit to Worldline Italia.

On 25 January 2018, the Bank's Board of Directors, resolved to adhere to the transitional provisions introduced by Regulation (EU) 2017/2395 of 12 December 2017 aimed at mitigating the impact of the introduction of the IFRS9 accounting standard on own funds and capital ratios. Regulation EU 873/2020 subsequently amended the aforementioned transitional provisions of IFRS 9, enabling banks to sterilise the capital impacts associated with the increase in loan impairments recognised in the period 2020 - 2024 in a decreasing manner compared to 1 January 2020 for stage 1 and stage 2 portfolios.

The calculation of the consolidated Own Funds and prudential requirements that are subject to submission to the Bank of Italy as part of the Prudential Supervisory Reporting (COREP) and Statistical Reporting (FINREP) is performed with reference to Brianza Unione di Luigi Gavazzi e Stefano Lado S.A., which, according to European regulations, is the financial parent company of the banking group. This section therefore sets out the results of this calculation, relating to the prudential consolidation perimeter of the company Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. (the financial parent company).

Consolidated Own Funds calculated on the financial parent company Brianza Unione amounted to Euro 1,125.1 million (CET1 + AT1 at Euro 982.7 million + T2 at Euro 142.4 million) compared to Euro 989.7 million at the end of the previous year. The following table shows the consolidated prudential requirements of the financial parent company calculated with and without the application of the aforementioned transitional provisions.

Table 12 - Own funds and consolidated ratios of the financial parent company Brianza Unione with and without application of the transitional regime

	30.09.2023	
	transitional regime	**Fully loaded**
OWN FUNDS		
Common Equity Tier 1 (CET1) capital	918,881	
Common Equity Tier 1 (CET1) capital without application of transitional provisions		*908,793*
Tier 1 capital	982,749	
Tier 1 capital without application of transitional provisions		*972,441*
Total own funds	1,125,112	
Total own funds without application of transitional provisions		*1,114,519*
RISK ASSETS		
Risk-weighted assets	7,576,269	
Risk-weighted assets without application of transitional provisions		*7,550,151*
SUPERVISORY RATIOS		
Primary Tier 1 capital/risk-weighted assets (CET1 capital ratio)	12.128%	
CET 1 capital/Risk-weighted assets (CET1 capital ratio) without application of transitional provisions		*12.037%*
Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)	12.971%	
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio) without application of transitional provisions		*12.880%*
Total capital/risk-weighted assets (Total capital ratio)	14.850%	
Total own funds/Risk-weighted assets (Total capital ratio) without application of transitional provisions		*14.762%*

At 30 September 2023, the Common Equity Tier 1 capital ratio, consisting of CET1 capital as a ratio of risk-weighted assets, was 12.1% (11.0% as at 31 December 2022). The Tier 1 ratio, consisting of total Tier 1 (T1) capital to risk-weighted assets, was 13.0% (11.8% at 31 December 2022), while the Total Capital ratio, consisting of total Own funds to risk-weighted assets, was 14.8% (12.9% at 31 December 2022).

Consolidated Own Funds calculated on the other hand for the Banco Desio Group, after pay out forecasts, as per dividend policy, amounted to Euro 1,339.6 million at 30 September 2023, (CET1 + AT1 Euro 1,279.8 million + T2 Euro 59.8 million), compared to Euro 1,132.9 million at the end of the previous year. The table below therefore shows the breakdown of own funds and capital ratios calculated both under the transitional provisions and without the application of said provisions.

Banco Desio

Table 12a - Own funds and consolidated capital ratios of the Banco Desio Group with and without application of the transitional regime

	30.09.2023	
	Application of transitional regime	Fully loaded
OWN FUNDS		
Common Equity Tier 1 (CET1) capital	1,279,800	
Common Equity Tier 1 (CET1) capital without application of transitional provisions		*1,261,743*
Tier 1 capital	1,279,801	
Tier 1 capital without application of transitional provisions		*1,261,744*
Total own funds	1,339,561	
Total own funds without application of transitional provisions		*1,321,504*
RISK ASSETS		
Risk-weighted assets	7,576,257	
Risk-weighted assets without application of transitional provisions		*7,550,139*
SUPERVISORY RATIOS		
Primary Tier 1 capital/risk-weighted assets (CET1 capital ratio)	16.892%	
CET 1 capital/Risk-weighted assets (CET1 capital ratio) without application of transitional provisions		*16.712%*
Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)	16.892%	
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio) without application of transitional provisions		*16.712%*
Total capital/risk-weighted assets (Total capital ratio)	17.681%	
Total own funds/Risk-weighted assets (Total capital ratio) without application of transitional provisions		*17.503%*

At 30 September 2023, the Common Equity Tier 1 capital ratio, consisting of CET1 capital as a ratio of risk-weighted assets, was 16.9% (14.8% at 31 December 2022). Also Tier1, consisting of total Tier 1 (T1) capital to risk-weighted assets, was 16.9% (14.8% at 31 December 2022), while the Total capital ratio, consisting of total Own funds to risk-weighted assets, was 17.7% (14.8% at 31 December 2022).

The values shown in the two previous tables are still higher than what was established by the Bank of Italy in a measure (SREP) communicated to the market on 12 April 2023, requiring, starting from the reporting on own funds of 30 June 2023, the Brianza Unione Group to adopt the following new capital ratios at the consolidated level:

- **Common Equity Tier1 ratio of 7.60%**, comprising a binding measure of 5.10% (of which 4.50% for the minimum regulatory requirements and 0.60% for the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component;
- **Tier 1 ratio of 9.30%**, comprising a binding measure of 6.80% (of which 6.00% for the minimum regulatory requirements and 0.80% for the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component;
- **Total Capital ratio of 11.50%**, comprising a binding measure of 9.00% (of which 8.00% for the minimum regulatory requirements and 1.00% for the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component.

Moreover, on 18 September 2023, Banco Desio received notification from the Bank of Italy of its decision on the Minimum Requirement for own funds and Eligible Liabilities (MREL).

The Banco Desio Group, on a consolidated basis, will have to comply with the following requirements:

- MREL in terms of TREA (Total Risk Exposure Amount) of 17.50% (excluding the CBR Combined Buffer Requirement);
- MREL in terms of LRE (Leverage Ratio Exposure) of 5.32%.

The Supervisory Authority has defined a 3-year transitional period for the entry into force of the mentioned binding requirements. No additional subordination requirements were attached.

Performance of consolidated companies

Performance of the parent company Banco di Desio e della Brianza S.p.A.

Profit for the period amounted to Euro 224.4 million, an increase of Euro 155.7 million (+226.5%) compared to Q3 of the previous year. The result mainly benefited from the non-recurring positive effects of the acquisition of the BPER Group's business branches with the recognition of the gross provisional badwill of Euro 66.7 million resulting from the purchase price allocation (PPA) process, and from the sale to Worldline Italia of the merchant acquiring business branch with the recognition of a capital gain of Euro 98.1 million.

The core revenue items from operations increased by approximately Euro 64.5 million (+19.0%) compared to the comparison period, amounting to Euro 404.6 million. The performance is attributable to the growth in the interest margin of Euro 66.8 million (+37.8%), in net commissions of Euro 0.4 million (+0.3%), partially offset by the reduction in the net result of financial assets and liabilities for Euro 2.6 million (-27.4%) and other operating income and expenses, positive for Euro 1.9 million (positive for Euro 2.0 million in the comparison period).

The item dividends shows a balance of Euro 0.6 million in line with the comparison period.

Credit costs amounted to Euro 31.3 million compared to Euro 35.5 million in the comparison period; net provisions for risks and charges were negative by Euro 3.5 million (charges of Euro 1.2 million in the comparison period); Charges relating to the banking system equal to approximately Euro 14.2 million (Euro 14.2 million in the comparison period); Income taxes on current operations amounted to Euro 44.0 million (Euro 30.2 million in the comparison period).

The net total value of *loans to customers*[10] at 30 September 2023 amounted to approximately Euro 11.9 billion, up 3.3% compared to the balance at year-end 2022, and included loans arising from the acquisition of business units from the BPER Group valued according to the criteria defined by the provisional purchase price allocation (PPA) process.

Shareholders' equity at 30 September 2023, including the result for the period, amounted to Euro 1,321.6 million, compared to Euro 1,118.6 million in 2022. The positive change of Euro 203.0 million is attributable to the positive effect on the result for the period deriving from (i) the acquisition of the BPER Group's business units and (ii) the sale of the merchant acquiring business unit to Worldline Italia. The capital calculated according to the supervisory regulations, defined as *Own Funds*, after the payout forecasts, as per the dividend policy, amounted to Euro 1,344.1 million as at 30 September 2023, (CET1 + AT1 Euro 1,284.4 million + T2 Euro 59.7 million), compared to Euro 1,138.4 million at the end of the previous year.

At 30 September 2023, the Common Equity Tier 1 capital ratio, consisting of CET1 capital as a ratio of risk-weighted assets, was 18.27% (15.87% at 31 December 2022). Also Tier1, consisting of total Tier 1 (T1) capital to risk-weighted assets, was 18.27% (15.87% at 31 December 2022), while the Total capital ratio, consisting of total Own funds to risk-weighted assets, was 19.12% (15.87 at 31 December 2022).

Performance of the subsidiary Fides S.p.A.

At the reporting date, the parent company Banco di Desio e della Brianza S.p.A. wholly owned the company.

Current profit after taxes amounted to approximately Euro 5.5 million, compared to the profit of Euro 4.3 million in the comparison period; operating income amounted to Euro 16.6 million (compared to Euro 13.9 million in the comparison period), operating expenses to Euro 7.5 million (compared to Euro 6.8 million in the comparison period), and the result from operations to Euro 9.2 million (compared to Euro 7.1 million in the comparison period). The Cost of credit, amounting to around Euro 1.1 million (compared to Euro 1.0 million in the comparison period) and taxes of Euro 2.7 million (compared to Euro 2.1 million in the comparison period) lead to the result for the period.

Loans to customers increased from Euro 1,075.6 million at the end of 2022 to Euro 1,175.4 million at the reporting date, with a positive change of Euro 99.8 million (+9.3%).

Shareholders' equity at 30 September 2023 including the result for the period amounted to Euro 54.4 million, compared to Euro 51.6 million in 2022 (due to the distribution of dividends partly offset by the result for the period). Regulatory Own funds went from Euro 48.3 million at the end of 2022 to Euro 49.4 million.

There are no direct impacts of the war in Ukraine for Fides' loan portfolio; the consumer credit market, like the entire economic and productive fabric in general, is however indirectly affected by the negative effects generated by the Ukraine-Russia conflict, including, in particular, increases in energy costs.

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Context of reference

Execution of the agreement with the BPER Group for the acquisition of 48 branches (so-called Lanternina Transaction)

On 17 February 2023, having obtained the necessary authorisations from the competent authorities, the strategic agreement was executed whereby Banco Desio acquired from the BPER Group the business complex, consisting of two business units comprising a total of 48 former BPER Banca (formerly Carige) and former Banco di Sardegna bank branches, referred to in the Agreements signed by Banco Desio with the counterparties as from 3 June 2022 (the Lanternina Transaction). The definitive transfer agreement provided for the transfer of the business units with legal effect on 20 February 2023.

The Lanternina Transaction is in line with the objectives of the Banco Desio Group's strategic plan aimed at further consolidating its vocation as a local bank focused on priority customer segments, namely SMEs, affluent and wealth management. The acquisition qualifies as a business combination to be accounted for under International Financial Reporting Standard (IFRS) 3 Business Combinations, having met the conditions required by the same standard for the identification of an acquired business.

The total consideration agreed for the sale and purchase of the business units amounted to Euro 3.3 million, substantially referring to the branch owned by BPER Banca (the consideration paid for the branch owned by Banco di Sardegna was set at Euro 1), and was paid by Banco Desio entirely in cash on the effective date of the branch transfer. The net asset imbalance of the entire business complex was determined to be Euro 78.6 million.

For the purpose of preparing this Quarterly Financial Report, a provisional Purchase Price Allocation (PPA) was made (in accordance with IFRS 3 Business Combinations), which resulted in a "gain from a bargain purchase", or badwill. Considering this result, albeit provisional, the same PPA took into account the agreements reached in the meantime with the counterparty on 03 October 2023, in which an adjustment was also recognised on the basis of the gross banking product actually acquired.

With reference to the measurement period within which to obtain the information necessary to perform the fair value measurement of the acquiree's identifiable assets and liabilities and to terminate the PPA process, IFRS 3 requires this period to end as soon as the acquirer has received and identified all the necessary information in existence at the acquisition date or has determined that more information cannot be obtained to perform the measurements of the acquired items. In any case, the evaluation period may not extend beyond one year from the date of acquisition.

Accounting treatment of the transaction

The transaction described qualifies as a business combination for the purposes of IFRS 3, having satisfied the conditions required by said standard for the identification of an acquired "business".

More specifically, the agreements (initial and supplementary) signed in 2022 and, most recently, in February 2023, between Banco Desio and BPER Banca, the provisions of which were confirmed by the final agreements of 17 February 2023, already highlighted how the object of the agreements themselves was the transfer of a perimeter of banking "Branches", defined as a set of rights, obligations and legal relations relating to (or connected with): (i) contracts entered into with the relevant customers, (ii) employment relationships relating to employees working at the branches, (iii) leases and utility contracts relating to them, and (iv) ownership of (or rights in rem or beneficial interest in) movable and immovable tangible assets used by the branch. With respect to the characteristics of the acquired compendium, it is therefore possible to identify[11]:

- Production factors: contracts with customers (and consequent loans, direct and indirect inflows), employees (as an "organised workforce with the necessary skills, knowledge or experience") and premises (owned or leased properties) and equipment necessary for the provision of banking services.
- Processes: all those connected with the provision of banking services to customers (i.e. processes such as: credit disbursement, credit monitoring, provision of payment services, provision of financial and investment services), as well as the development of the same (acceptance process). These processes are considered "substantial" within the meaning of IFRS 3 because, since the business unit is already "in production" at the date of aggregation, it is performed by employees who already have the necessary skills, knowledge or

[11] As required by IFRS 3 B7

experience in banking (also understood as customer relations) and who cannot be replaced without significant cost, effort or delay to the ability to continue to generate "output from banking"[12].

- Output: understood as the ability to generate revenue not only in the form of interest, but also of commissions from banking services provided to customers.

It is therefore pointed out that the so-called "concentration test" provided for in paragraph B7A and B7B of IFRS 3 (as in force from 1 January 2020), indicated as optional, was not applied as the qualitative analysis above on the components of the compendium transferred showed sufficient evidence to conclude that what was acquired represented a business.

Having qualified the transaction as a business combination, the acquisition method envisaged by IFRS 3 therefore applies, as better described in Part A.2 of the Notes to the Consolidated Financial Statements at 31 December 2022, to which reference should be made for details.

According to IFRS 3, the business combination should be recognised on the date on which the acquirer actually obtains control over the acquired assets; specifically, the acquisition date has been identified with the legal effectiveness of the transfer of the branches (as resulting from the transfer agreement). In fact, at 20 February 2023, the preliminary IT migrations had already been completed in relation to the branches acquired from BPER Banca (formerly Carige) and Banco di Sardegna.

Presented below are the balance sheet values of the branches acquired on 20 February 2023 and the related adjustments for the fair value measurement of the assets acquired and liabilities assumed as part of the Purchase Price Allocation process or PPA.

Euro/000

	Asset items	BPER Branch	BDS Branch	Total Op. Lanternina Transaction	Fair Value differences	Acquisition FV
10.	Cash and cash equivalents	7,690	1,156	8,846	0	8,846
40.	Financial assets measured at amortised cost	1,098,785	220,112	1,318,897	-22,251	1,296,646
80.	Tangible assets	8,151	104	8,255	2,817	11,072
	a) owned assets	8,151	104	8,255	-1,345	6,910
	b) rights of use acquired through leases	0	0	0	4,162	4,162
90.	Intangible assets	0	0	0	21,150	21,150
100.	Tax assets	0	0	0	445	445
	b) advance	0	0	0	445	445
120.	Other assets	23,822	4,673	28,495	-5	28,490
	Total assets	**1,138,448**	**226,045**	**1,364,493**	**2,156**	**1,366,649**

	Liabilities	BPER Branch	BDS Branch	Total Op. Lanternina Transaction	Fair Value differences	Acquisition FV
10.	Financial liabilities measured at amortised cost	1,077,113	203,817	1,280,930	4,162	1,285,092
60.	Tax liabilities	0	0	0	6,994	6,994
	b) deferred	0	0	0	6,994	6,994
80.	Other liabilities	1,594	168	1,762	0	1,762
90.	Staff severance pay	1,553	199	1,752	-121	1,631
100.	Provisions for risks and charges	990	415	1,405	-202	1,203
	a) commitments and guarantees given	278	271	549	-279	270
	c) other provisions for risks and charges	712	144	856	77	933
	Total liabilities	**1,081,250**	**204,599**	**1,285,849**	**10,833**	**1,296,682**

[12] IFRS 3 B12C: Where a set of activities and assets has an output at the date of acquisition, the acquired process (or group of processes) is considered substantial if, applied to one or more acquired inputs:
a) it is crucial to the ability to continue generating output and the acquired inputs include an organised workforce with the necessary skills, knowledge or experience to carry out that process (or group of processes);
b) it contributes significantly to the ability to continue to generate output and:
   i) it is considered unique or scarce;
   ii) it cannot be replaced without significant cost, effort or delay to the ability to continue generating output.

As of the date of approval of this Quarterly Financial Report, acquired asset balances were provisionally determined and measured at fair value with the support of accredited external advisors. More specifically:

- Performing loans: the portfolio under evaluation is attributable to medium- and long-term operations. Since there is no active market for this type of instrument, the Bank adopted an internal valuation model that, in accordance with IFRS 13 Fair Value Measurement, was able to replicate the price charged in a regular market sale transaction. The currently prevailing market methodology for this valuation is the Discounted Cash Flow (DCF) method, in which cash flows are discounted at an appropriate discount rate that incorporates an estimate of the main risk factors. More specifically, future cash flows were determined by considering capital and interest flows, representative of the contractual plan of the individual relationships.

  The discount rate applied was obtained as the sum of three components: (i) the level of risk-free interest rates, observed on the various tenors of the curve, (ii) the cost of funding, corresponding to the remuneration curve of Banco Desio's cost of liquidity and (iii) the level of the average credit spread, determined on the basis of the probability of default (PD) and loss given default (LGD) class and the average residual financial duration of the individual transaction. The credit spread considered both the expected loss component, starting from the PD and LGD levels derived from the application of Banco Desio's models, and the unexpected loss component, starting from the regulatory capital of the positions acquired and the cost of capital estimated internally by Banco Desio.

  Overall, mark-to-model performing loans amounted to approximately Euro 924.5 million. The valuation process resulted in an overall fair value lower than the relevant carrying amount by a total of Euro 22.3 million (Euro 9.8 million relating to the BPER Branch and Euro 12.5 million relating to the Banco di Sardegna Branch). With regard to short-term transactions (understood as transactions on demand or with a residual duration of less than 12 months), the carrying amount acquired at the reference date was considered a reasonable approximation of fair value in accordance with IFRS 13, taking into account that the discounting of future cash flows is not very significant even in the presence of changes in reference market rates.

- Non-performing loans: since there is no active market for this type of instrument, also in this case the determination of fair value assumes to replicate the price that would be received in a regular market transaction, thus defining a valuation framework as homogeneous as possible with the situations actually found on the market.

  In this regard, the preliminary analyses carried out at the date of preparation of this Quarterly Financial Report led to the conclusion that the carrying amount acquired at the reporting date can be considered a reasonable approximation of fair value in accordance with IFRS 13, taking into account that the acquired impaired portfolio is overall small and consists of Euro 10.8 million UTP and Euro 3.0 million Past Due.

- Tangible assets: preliminary activities were carried out to verify the reliability of the fair value appraisals of the real estate acquired, on 17 February 2023 for a transfer value of Euro 2.1 million and on 3 October 2023 for a transfer value of Euro 5.4 million, based on on-site appraisals carried out by the independent expert appointed by Banco Desio. The results of these activities at the date of preparation of this Quarterly Financial Report led to the recognition of an adjustment to the aforementioned real estate portfolio, consisting of sixteen former Carige branches, to adjust the relative fair value by a total of Euro 1.3 million. Further appraisal activities conducted led to an estimated adjustment on other tangible assets acquired (office equipment) totalling Euro 0.1 million. The lower value of tangible assets resulted in the recognition of related deferred tax assets of Euro 0.4 million as a balancing entry to negative goodwill.

- Right of use and lease liabilities: for the acquired lease liabilities (relating to real estate assets) the valuation methodology of Banco Desio at 20 February 2023 was applied, as required by paragraphs 28A and 28B of IFRS 3. This revaluation led to the recognition of Euro 4.2 million on "Tangible assets" for rights of use and, speculatively, on "Payables to customers" for lease payables (Euro 2.4 million relating to the BPER Branch and Euro 1.8 million relating to the Banco di Sardegna Branch).

- Intangible Assets: at the date of preparation of this Report, the Bank has undertaken preliminary analyses aimed at identifying any intangible assets originating from client relationships, not already recognised in the financial statements of the transferor. Based on the preliminary analyses conducted, it emerged that there are the preconditions for enhancing the value of both the direct inflows component (core deposits) and the indirect inflows component acquired (asset under management and asset under administration). The necessary investigations were carried out to identify all the information required for the most appropriate valuation of these intangible assets, the explicit value of which was determined with the support of a leading consulting firm.

The value of intangibles was estimated by discounting the expected net economic flows over a defined time horizon. The net cash flows of intangible assets were estimated by taking into account volumes, net margins, operating costs and capital absorption related to the operational risk associated with intangible assets.

The cost of capital, which is equal to the rate of return on equity required by shareholders for investments with similar risk characteristics, was used to discount the projected net cash flows related to intangible assets. This rate was estimated using the CAPM (Capital Asset Pricing Model) method.

The useful life of intangibles was estimated on the basis of the churn rates of acquired customers.

Based on the above, the analyses led to the recognition of new intangible assets, recognised against an increase in negative goodwill, totalling Euro 21.2 million, gross of related deferred tax liabilities of Euro 7.0 million.

- Direct inflows: the characteristics of the direct inflows acquired (substantially represented by demand or short-term items) allow its fair value to be considered substantially equal to its carrying amount.
- Contingent liabilities: the recognition of any risks implicit in the acquired complex, as well as the fair value valuation of the contingent liabilities associated with them, as well as the fair value measurement of the legal risks associated with the disputes rooted in the acquired subsidiaries led, at the date of preparation of this Quarterly Financial Report, to the non-estimation of contingent liabilities.
- Tax effects: for the purposes of preparing this Quarterly Financial Report, the economic result of the aggregation (framed as the acquisition of a company branch) was given fiscal relevance for the purposes of direct IRES taxes for the period. The resulting current tax burden was represented within item 270. Income taxes for the period on current operations" totalling Euro 14.8 million.

Depending on the choices made, the difference between the assets acquired on 20 February 2023 and the acquisition cost is shown below, so as to identify the provisional result of the PPA process.

Euro/000

Determination of badwill	BPER Branch	BDS Branch	Total Op. Lanternina Transaction	
Assets at carrying amounts at 20 February 2023	**57,198**	**21,446**	**78,644**	(a)
Fair value adjustment effects of individual accounting items	**2,330**	**-11,007**	**-8,677**	(b)
- of which loans to customers	-9,486	-12,486	-21,972	
- of which tangible assets owned	-1,333	-12	-1,345	
- of which intangible assets	18,830	2,320	21,150	
- of which TFR (employee severance indemnity)	105	16	121	
- of which other provisions for risks and charges	0	-77	-77	
- of which other accounting items	0	-5	-5	
- of which tax-related effects	-5,786	-763	-6,549	
Assets at fair value at 20 February 2023	**59,528**	**10,439**	**69,967**	(c)=(a)+(b)
Acquisition cost	**3,302**	**0**	**3,302**	(d)
- of which sale consideration	6,722	0	6,722	
- of which compensation for non-transfer of acquiring/monetary branch	-2,500	0	-2,500	
- of which price adjustment per gross banking product	-920	0	-920	
Badwill at the date of acquisition resulting from the provisional PPA	**56,226**	**10,439**	**66,665**	(e)=(c)-(d)

During the period under review, starting from the date of acquisition, the effects pertaining to the period related to the amortisation of differences between fair value and carrying amounts arising at the time of the PPA were also recorded in the income statement; these differences mainly refer to book items at amortised cost (e.g. loans to customers and intangibles); the impact on the income statement at 30 September 2023 was positive in the amount of Euro 1.9 million, gross of the related tax effect.

Subordinated TIER 2 Bond issue in the amount of Euro 60 million

As already outlined in the Half-year Financial Report, on 3 July 2023, Banco di Desio e della Brianza S.p.A. signed an agreement with its parent financial company Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. for the subscription by the latter of a Subordinated Tier 2 10Y non-call 5Y Bond in the amount of Euro 60 million.

The issue of the Subordinated Tier 2 Bond by Banco Desio was simultaneous with the issue by Brianza Unione of a private placement bond with the same characteristics, fully subscribed by professional investors.

Both Subordinated Tier 2 Bonds are intended for trading on the ExtraMOT PRO Segment of the ExtraMOT Market managed by Borsa Italiana S.p.A.

The two Subordinated Tier 2 Bond issues are part of the broader context of a transaction designed to determine a Tier 2 liability within the applicable prudential framework under the CRR Regulation, useful for strengthening the Consolidated Regulatory Capital with an increase in the Total Capital Ratio of +79bps as at 30 September 2023.

For further information on the transaction, reference is made to the information document, drawn up by Banco Desio pursuant to and for the purposes of Article 5 of the RPT Regulation, which has been made available to the public, within the legal terms, at the Banco Desio registered office, on the 1INFO storage platform (at the address www.1info.it), as well as on the Banco Desio website (section The Bank/Governance/Corporate documents/Related parties).

Issuance of a new Covered Bond for institutional investors

On 5 September 2023, Banco Desio successfully completed the placement of a Covered Bond issue under its Guaranteed Bank Bonds programme (OBG, rated AA by Fitch) for a total amount of Euro 400 million with a maturity of 4.5 years intended for institutional investors.

This is the first European Covered Bond (Premium) issue realised by Banco Desio in compliance with the new European directive implemented in Italy in March.

The issue book-building process attracted a particularly strong demand of over Euro 900 million from around 50 institutional investors globally, which allowed pricing to be reduced to +75bps over mid-swap with a 4% fixed coupon paid annually.

The transaction allows the completion of the 2023 Banco Desio Funding Plan by expanding access to the wholesale funding market in several jurisdictions.

Composition of Corporate Bodies

The procedure following the passing of the independent director Ulrico Dragoni (elected from the minority list), which was made known to the Board of Directors on 9 May, ended on 28 September 2023 with the acknowledgement of the resignation of the first non-elected candidate of the minority list and the Board's decision to postpone the co-option of a Director, pending the next Meeting for the approval of the financial statements for the current year, when the same list will be able to reappoint one of its candidates in accordance with the applicable provisions.

Today, the Board of Directors also took note of the positive conclusion of the administrative procedure to verify the eligibility of the members of the corporate bodies appointed by the Shareholders' Meeting of 27 April 2023, as the Bank of Italy announced that it had found no grounds to initiate the disqualification procedure pursuant to Article 24 of MD 169/20.

For an overall update on the composition of the corporate bodies, please refer to the Addendum to the Annual Report on Corporate Governance and on the Group's Ownership Structure pursuant to Article 123-bis TUF (Consolidated Law on Finance) (available to the public at the Bank's registered office and can be consulted on the Bank's website at www.bancodesio.it, section "Home/The Bank/Governance/Corporate Documents", as well as on the 1INFO storage platform at www.1info.it)

Distribution network

The distribution structure at the reporting date consisted of 280 branches (compared to the previous year-end figure of 232) and 46 financial shops opened under the banner of the subsidiary Fides.

The Group's workforce amounted to 2,407 employees, an increase of 292 over the previous year-end figure.

These increases are attributable to the execution in February of the strategic agreement (so-called Lanternina Transaction), whereby Banco Desio acquired two business units with 250 employees and 48 bank branches from the BPER Group.

Outlook

Macroeconomic Scenario

While the US shows resilience in economic activity, the Euro Area has slipped into stagnation. With Germany in trouble and the Italian slowdown in the second quarter, the Area recorded a barely positive change in economic activity. Economic indicators have fallen in recent months in both the manufacturing and services sectors. This trend contrasts with the situation in the US, where growth remains at good levels, although not enough to drag the world economy along.

Inflation remains higher in the Euro Area: in August, it was higher than in the US (+5.2% vs. +3.7%) and is only partly explained by the higher impact of the energy shock. European companies were able to defend their profit shares in the added value of production much better than workers were able to do, with the share of wages falling substantially in real terms. The fact that real wages in the Euro Area fell more than in the US helps to explain the greater weakness of European consumption.

Higher inflation and weak growth are at the root of the Euro Area stagflation. In fact, the impact of the energy shock on the inflation rate has largely receded; thus, the increase in the coming months will be mainly related to wage developments. The low level of unemployment reflects, with some delay, the strong post-Covid recovery and should not be taken as a sign of the prospective health of the economy. At the same time, there is unlikely to be a sharp rise in unemployment because the ongoing decline in the working-age population, especially in strongly ageing countries such as those in the Euro Area, places constraints on supply.

China's difficulties, especially those related to the real estate sector, place severe constraints on growth fueling financial stability risks. Even in scenarios where the authorities manage without crisis, the strong contribution to world trade and global growth played by China in recent decades seems to have faded. Another weakening factor for global growth is the lack of fiscal policy support in major countries after the strong stimulus of the Covid period.

In Italy, after three years of post-Covid economic rebound, supported by unprecedented fiscal and monetary measures and a boom in the construction sector, we are heading for low but not stagnant growth. The good performance in the first quarter had spread optimism but, manufacturing now stands still, in the context of a global slowdown, services are holding up but mainly those related to the deflating real estate boom. The sharp slowdown in growth calls into question the economic policy approach of recent years, in which the public budget seemed to be unconstrained. In 2022, the deficit due to the 110% Superbonus and interventions to mitigate high energy prices was more than 6% of GDP; in the current year it is expected to be about 3% and will drop to almost zero in 2024. The revision of growth following the second quarter result makes the government's growth and debt targets set out in April's DEF hardly achievable. Given the resources that the government has decided to allocate for cutting the tax wedge and reforming the IRPEF rates, plus other unavoidable expenditures, we are therefore heading towards a budget manoeuvre that will exceed the deficit target originally indicated in the Economic and Financial Document.

With regard to the banking market, the annual trend in deposits from resident customers was negative and declining (-3.4%). Within it, the main components showed opposite trends: deposits fell (-5.5%, formerly -0.5% in December 2022), while bonds grew (+16.7% formerly +0.1 % in December 2022). The cost of the overall remuneration of funding increased significantly (+0.80%, formerly +0.45% in December 2022), as a result of the interventions on reference rates and the consequent impact on the parametrised items of interest-bearing liabilities. With regard to lending, loans to the private sector showed a negative annual trend (-3.2%, formerly +2.0% in December 2022) consistent with the slowdown in economic growth depressing demand for loans: the sector suffered mainly from the trend in loans to corporations (-4.0%) and to a lesser extent to households (-0.3%). The performance of both segments depended jointly on the rise in interest rates and the slowdown in tax breaks introduced in the real estate market. The dynamics of credit to the productive sector continues to be influenced by the trend of investments and the economic cycle, which is conditioned by the inflationary dynamics and the cost of energy. Rates on the stock of loans to households and companies increased (4.48%, formerly 3.20% in December 2022). Within them, the pricing on new transactions reflects the new course of monetary policy with gradually rising values, especially for loans to households for house purchases (4.29%, formerly 3.01% in the same period of the previous year) also showing the recovery of variable-rate loans (77% formerly 30%).

Drafting Criteria

This "Consolidated Quarterly Financial Report as at 30 September 2023" is prepared on a voluntary basis, in order to ensure continuity with previous quarterly periodic reports, as the obligation of periodic financial reporting in addition to annual and half-yearly reports has ceased to apply due to the wording of Article 154-ter, paragraph 5, of Legislative Decree No. 58/1998 ("Consolidated Law on Finance" or "TUF") introduced by Legislative Decree No. 25/2016 implementing Directive 2013/50/EU.

With regard to the recognition and measurement criteria, the Report is prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the IFRS Interpretations Committee (IFRIC) in force at the reporting date, as declined in the "Basis of Preparation and Accounting Principles" section of the Notes to the Consolidated Financial Statements as at 31 December 2022.

In terms of financial disclosure, since it was prepared pursuant to the aforementioned Article 154-ter, paragraph 5, of the Consolidated Law on Finance as well as for the purposes of determining regulatory capital (own funds), the Report does not include certain explanatory notes that would be required to represent the financial position and results of operations for the period in accordance with IAS 34 Interim Financial Reporting.

Main factors of uncertainty

Among the main factors of uncertainty that could affect the future scenarios in which the Group will be operating are certainly those represented in the previous disclosure relating to the "Macroeconomic scenario" still conditioned by a high level of inflation that weakens the purchasing power of households, highly restrictive monetary policies, more contained growth prospects with the continuation of the negative effects of the Russia-Ukraine conflict that have been added to those of the Covid-19 epidemic.

As for the Banco Desio Group in particular, on the basis of the analyses conducted to date, there are no direct exposures to the Russian and Ukrainian markets, and customer exposure is rather limited; however, the monitoring of counterparties belonging to sectors potentially susceptible to the Russia-Ukraine conflict, that will ensure careful and timely management of the loan portfolio over time, continued.

Moreover, considering the value generation capacity demonstrated by the Group during the reporting period and the most recent projections of the Italian gross domestic product, a positive operating performance is also expected for the financial year 2023.

The disclosure *"Risks, uncertainties and impacts of the Russia-Ukraine conflict and the Covid-19 epidemic"*, contained in the Consolidated half-year financial report as at 30 June 2023, to which reference should be made, includes a detailed illustration of the estimation processes that require the use of significant judgement in the selection of underlying assumptions and hypotheses, which are significantly impacted by the negative effects of the conflict in Ukraine and the Covid-19 pandemic, and the consequent application solutions adopted by the Bank, aware of its role in providing the necessary support to its stakeholders, both individuals and businesses, in the current context characterised by significant uncertainty and volatility factors.

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The financial statements in this Report are subject to a limited audit by KPMG S.p.A. for the inclusion of the interim result in equity.

The information content of this Report is consistent with the quarterly reports (or interim reports on operations) previously prepared, however, reflecting what is defined in the "Group Policy for Additional Periodic Financial Reporting".

Declaration of the Financial Reporting Manager

The Financial Reporting Manager, Mauro Walter Colombo, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

Desio, 9 November 2023

BANCO DI DESIO E DELLA BRIANZA S.p.A.

The Financial Reporting Manager

Mauro Walter Colombo

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The consolidated financial statements as at 30 September 2023 are attached, which are integral part of the Consolidated Quarterly Financial Report as at 30 September 2023. The auditing company KPMG S.p.A. is currently completing the limited audit activity for the purpose of issuing the relevant report required for the inclusion of the profit for the period in own funds.

Desio, 9 November 2023

BANCO DI DESIO E DELLA BRIANZA S.p.A.

The Chair

Stefano Lado

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BANCO DI DESIO E DELLA BRIANZA S.P.A. Established in 1909 and listed on the Milan Stock Exchange since 1995, Banco Desio is today a modern, future-oriented multi-product banking group respecting its tradition, with deep territorial roots and an organisational structure focused on offering quality services to its customers, also through digital channels. The Banco Desio Group operates in Northern and Central Italy and in Sardinia with a distribution network of 280 branches and about 2,400 employees, and is present in the consumer credit sector with the company Fides S.p.A., a financial company specialised in loans against salary assignment. In the asset management and "bancassurance" sector, it operates through distribution agreements with leading national and international counterparties. It achieved total assets of more than Euro 19 billion.

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Banco Desio

Annex

Table A1 - Consolidated Balance Sheet

Asset items	30.09.2023	31.12.2022	Changes absolute	%
10. Cash and cash equivalents	2,565,384	879,593	1,685,791	191.7%
20. Financial assets measured at fair value through profit or loss	141,463	139,820	1,643	1.2%
a) Financial assets held for trading	21,559	25,764	(4,205)	-16.3%
c) Other financial assets mandatorily measured at fair value	119,904	114,056	5,848	5.1%
30. Financial assets measured at fair value through other comprehensive income	829,381	842,346	(12,965)	-1.5%
40. Financial assets measured at amortised cost	15,023,926	14,658,920	365,006	2.5%
a) Loans with banks	810,252	632,089	178,163	28.2%
b) Loans to customers	14,213,674	14,026,831	186,843	1.3%
50. Hedging derivatives	90,130	59,099	31,031	52.5%
60. Value adjustment of financial assets with macro hedges (+/-)	(42,003)	(19,593)	(22,410)	114.4%
70. Equity investments	4,802	4,866	(64)	-1.3%
90. Tangible assets	224,239	220,934	3,305	1.5%
100. Intangible assets	41,162	19,963	21,199	106.2%
of which:				
- goodwill	15,322	15,322		
110. Tax assets	129,350	157,532	(28,182)	-17.9%
a) current	3	3,640	(3,637)	-99.9%
b) deferred	129,347	153,892	(24,545)	-15.9%
120. Non-current assets and groups of assets held for sale	4,809	1	4,808	n.s.
130. Other assets	570,531	577,843	(7,312)	-1.3%
Total assets	**19,583,174**	**17,541,324**	**2,041,850**	**11.6%**

Note. In Asset item 10. "Cash and cash equivalents" the amount on demand of Euro 2,435 million relates to cash in excess of the commitment to maintain the compulsory reserve at the reporting date invested in overnight deposits (Euro 765 million at the end of the previous period).

Liabilities and equity items	30.09.2023	31.12.2022	Changes absolute	%
10. Financial liabilities measured at amortised cost	17,871,614	16,084,575	1,787,039	11.1%
a) Payables to banks	3,177,467	3,381,350	(203,883)	-6.0%
b) Payables to customers	12,504,054	11,167,074	1,336,980	12.0%
c) Securities issued	2,190,093	1,536,151	653,942	42.6%
20. Financial liabilities held for trading	2,994	4,130	(1,136)	-27.5%
40. Hedging derivatives		-	-	0.0%
60. Tax liabilities	26,459	1,619	24,840	n.s.
a) current	18,846	582	18,264	n.s.
b) deferred	7,613	1,037	6,576	634.1%
70. Liabilities related to assets held for sale	-	11	(11)	-100.0%
80. Other liabilities	283,525	255,468	28,057	11.0%
90. Staff severance pay	18,536	17,790	746	4.2%
100. Provisions for risks and charges	53,381	55,263	(1,882)	-3.4%
a) commitments and guarantees given	3,510	3,534	(24)	-0.7%
c) other provisions for risks and charges	49,871	51,729	(1,858)	-3.6%
120. Valuation reserve	(9,388)	(13,192)	3,804	-28.8%
150. Reserves	1,023,526	967,345	56,181	5.8%
160. Share premiums	16,145	16,145		
170. Capital	70,693	70,693		
190. Minority interests (+/-)	14	14		
200. Profit (loss) for the year (+/-)	225,675	81,463	144,212	177.0%
Total liabilities and equity	**19,583,174**	**17,541,324**	**2,041,850**	**11.6%**

Banco Desio

Table A2 - Consolidated Income Statement

Items	30.09.2023	30.09.2022	Changes absolute	%
10. Interest and similar income	441,505	233,906	207,599	88.8%
20. Interest and similar expense	(170,050)	(33,953)	(136,097)	400.8%
30. Net interest income	**271,455**	**199,953**	**71,502**	**35.8%**
40. Commission income	157,231	149,380	7,851	5.3%
50. Commission expenses	(17,592)	(15,128)	(2,464)	16.3%
60. Net commissions	**139,639**	**134,252**	**5,387**	**4.0%**
70. Dividends and similar income	554	559	(5)	-0.9%
80. Net trading result	2,967	3,415	(448)	-13.1%
90. Net hedging result	2,085	(529)	2,614	n.s.
100. Gains (losses) on sale or repurchase of:	-	5,954	(5,954)	-100.0%
a) financial assets measured at amortised cost	(886)	5,371	(6,257)	n.s.
b) financial assets measured at fair value through other comprehensive income	486	575	(89)	-15.5%
c) financial liabilities	400	8	392	n.s.
110. Net result of other financial assets and liabilities measured at fair value through profit or loss	(5,739)	(6,407)	668	-10.4%
b) other financial assets mandatorily measured at fair value	(5,739)	(6,407)	668	-10.4%
120. Net banking income	**410,961**	**337,197**	**73,764**	**21.9%**
130. Net value adjustments/reversals for credit risk related to:	(28,728)	(34,247)	5,519	-16.1%
a) financial assets measured at amortised cost	(28,778)	(34,098)	5,320	-15.6%
b) financial assets measured at fair value through other comprehensive income	50	(149)	199	n.s.
140. Gains/losses from contractual amendments without derecognition	51	(45)	96	n.s.
150. Net result from financial operations	**382,284**	**302,905**	**79,379**	**26.2%**
180. Net result from financial and insurance operations	**382,284**	**302,905**	**79,379**	**26.2%**
190. Administrative expenses:	(255,082)	(226,295)	(28,787)	12.7%
a) personnel expenses	(144,098)	(129,061)	(15,037)	11.7%
b) other administrative expenses	(110,984)	(97,234)	(13,750)	14.1%
200. Net allocations to provisions for risks and charges	(4,226)	(2,153)	(2,073)	96.3%
a) commitments for guarantees given	295	119	176	147.9%
b) other net allocations	(4,521)	(2,272)	(2,249)	99.0%
210. Net value adjustments/reversals on tangible assets	(13,194)	(12,125)	(1,069)	8.8%
220. Net value adjustments/reversals on intangible assets	(2,759)	(1,514)	(1,245)	82.2%
230. Other operating expenses/income	74,549	25,920	48,629	187.6%
240. Operating costs	**(200,712)**	**(216,167)**	**15,455**	**-7.1%**
250. Gains (Losses) on investments	69	(5)	74	n.s.
290. Profit (Loss) from current operations before taxes	**181,641**	**86,733**	**94,908**	**109.4%**
300. Income taxes for the year on current operations	(54,084)	(27,714)	(26,370)	95.2%
310. Profit (Loss) from current operations after taxes	**127,557**	**59,019**	**68,538**	**116.1%**
320. Profit (Loss) from discontinued operations after taxes	98,118	4,950	93,168	n.s.
330. Profit (Loss) for the year	**225,675**	**63,969**	**161,706**	**252.8%**
350. Profit (Loss) for the year attributable to the parent company	**225,675**	**63,969**	**161,706**	**252.8%**

The economic values of the comparative period have been restated for the effects of the transfer of the merchant acquiring business pursuant to IFRS 5 *Non-current assets held for sale and discontinued operations*.

Table A3 - Consolidated Statement of Comprehensive Income

	Items	30.09.2023	30.09.2022
10.	**Profit (Loss) for the year**	**225,675**	**63,969**
	Other income components net of taxes without reversal to the income statement		
20.	Equity securities measured at fair value through other comprehensive income	(1,074)	1,192
70.	Defined benefit plans	460	1,457
	Other income components net of taxes with reversal to the income statement		
130.	Cash flow hedges	-	203
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	4,418	(33,059)
200.	**Total other income components net of taxes**	**3,804**	**(30,207)**
210.	**Comprehensive income (Item 10+170)**	**229,479**	**33,762**
220.	Consolidated comprehensive income attributable to minority interests	-	-
230.	**Consolidated comprehensive income attributable to the parent company**	**229,479**	**33,762**

Table A4 - Statement of Changes in Consolidated Shareholders' Equity 1 January - 30 September 2023

	Balance at 31.12.2022	Changes in opening balances	Balance at 01.01.2023	Allocation of previous year result		Changes in the year									Group equity at 30.09.2023	Minority interests at 30.09.2023
							Equity transactions									
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests	Comprehensive income 30.09.2023		
Capital:																
a) ordinary shares	70,693		70,693												70,693	
b) other shares																
Share premiums	16,145		16,145												16,145	
Reserves:																
a) of profits	945,133		945,133	61,733		1,272									1,008,138	
b) other	22,226		22,226	(6,726)		(98)									15,388	14
Valuation reserves:	(13,192)		(13,192)											3,804	(9,388)	
Equity instruments																
Treasury shares																
Profit (Loss) for the year	81,463		81,463	(55,007)	(26,456)									225,675	225,675	
Group equity	**1,122,454**		**1,122,454**		**(26,456)**	**1,174**								**229,479**	**1,326,651**	
Minority interests	**14**		**14**													**14**

Table A5 - Statement of Changes in Consolidated Shareholders' Equity 1 January - 30 September 2022

	Balance at 31.12.202	Changes in opening balances	Balance at 01.01.2022	Allocation of previous year result		Changes in the year									Group equity at 30.09.2022	Minority interests at 30.09.2022
							Equity transactions									
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests	Comprehensive income 30.09.2022		
Capital:																
a) ordinary shares	70,693		70,693												70,693	
b) other shares																
Share premiums	16,145		16,145												16,145	
Reserves:																
a) of profits	911,513		911,513	34,075		(26)									945,562	
b) other	19,731		19,731	2,485		1									22,213	4
Valuation reserves:	15,762		15,762											(30,207)	(14,445)	
Equity instruments																
Treasury shares																
Profit (Loss) for the year	54,901		54,901	(36,560)	(18,341)									63,969	63,969	
Group equity	**1,088,741**		**1,088,741**		**(18,341)**	**(25)**								**33,762**	**1,104,137**	
Minority interests	**4**		**4**													**4**

Table A6 - Reconciliation between the Parent Company's individual net income and shareholders' equity and the Banco Desio Group's consolidated net income and shareholders' equity

Amounts in Euro thousands	**Equity**	***of which Profit for the period***
Balances of the Parent Company Banco Desio	***1,321,605***	***224,391***
Effect of the consolidation of subsidiaries	5,144	4,032
Effect of equity valuation of associates	-98	62
Dividends for the period	-	-2,810
Consolidated balances of the Banco Desio Group	**1,326,651**	**225,675**

Table A7 - Reconciliation between the profit resulting from the consolidated income statement of the Banco Desio Group and relevant for the calculation of regulatory capital of the Banco Desio Group

Amounts in Euro thousands	**Amount**
Attributable to the Group	**225,675**
Elements deducted	29,748
- dividends in proposed recognition to the Bank's Shareholders	*29,748*
Profit counted in common equity tier 1 capital	**195,927**