

**THE BOARD OF DIRECTORS OF BANCO DI DESIO E DELLA BRIANZA S.P.A.
HAS APPROVED**

**THE CONSOLIDATED FINANCIAL STATEMENTS AND THE DRAFT
SEPARATE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

- ✓ **CONSOLIDATED NET PROFIT** (pertaining to the Parent Company) of Euro 25.6 million (previously Euro 38.2 million), influenced by total negative non-recurring components of Euro 23.1 million (previously a positive Euro 1.8 million), including the one-off fee for access to the “Solidarity fund for income support” of Euro 24.3 million and the additional contribution requested by the Single Resolution Mechanism (SRM) of Euro 7.6 million, both of which before the relative taxes, partially mitigated by the positive effect of disposals of equity investments of Euro 7.6 million and the management and valuation of other participating financial instruments of Euro 1.2 million, both before the relative taxes.
- ✓ **NON PERFORMING UNSECURED LOANS ASSIGNED** for around Euro 166.8 million
- ✓ **PROFIT FROM CURRENT OPERATIONS AFTER TAX ROSE** to Euro 37.8 million (previously Euro 32.6 million) which benefits from the fall in operating charges of Euro 3.3 million and from the lower cost of credit which fell to Euro 92.0 million (previously Euro 149.7 million), maintaining high levels of coverage of impaired loans:
 - Coverage ratio on non-performing loans at 56.3%⁽¹⁾ and gross of write-offs equal to 60.9%⁽¹⁾ (previously 58.5% and 64.2%)*
 - Total coverage ratio on impaired loans at 46.2%⁽¹⁾ and gross of write-offs equal to 50.0%⁽¹⁾ (previously 47.5% and 52.2%)*
 - Coverage ratio on performing loans at 0.54% (previously 0.67%)*
- ✓ **CAPITAL RATIOS SIGNIFICANTLY HIGHER THAN THE CURRENT MINIMUM REQUIREMENTS OF “SREP”⁽²⁾ AND THAN THE LOWER ONES ENVISAGED BY THE UPDATE OF THE PROCEDURE UNDERWAY⁽³⁾ (CET 1 from 7.0% to 6.0%)**

Capital ratios

	Recognised as at 31.12.2016			SREP as at 31.12.2016	SREP by procedure underway [B]	SREP Buffer [A] – [B]
	Banco Desio Brianza	Banca Popolare di Spoleto	Banco Desio Group [A]			
CET 1	16.3%	9.2%	10.9%	7.0%	6.0%	+ 4.9%
TIER 1	16.4%	9.2%	11.0%	8.5%	7.6%	+ 3.4%
Total Capital Ratio	19.9%	9.4%	13.5%	10.5%	9.7%	+ 3.8%

Shareholders’ equity: Euro 868.1 million (previously Euro 870.4 million)

Own Funds: Euro 1,085.0 million⁽⁴⁾ (CET1+AT1 Euro 889.2 million + T2 Euro 195.8 million) (previously Euro 1,106.1 million)

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- (1) Considering the impaired loans of subsidiary Banca Popolare di Spoleto S.p.A., stated gross of their relative write-downs, without taking account of the changes necessary to represent their purchase value;
 - (2) Based on the Bank of Italy provision communicated to the Parent Company on 26 August 2015, as per subsequent notification regarding the minimum capital requirements at the consolidated level to be respected following the Supervisory Review and Evaluation Process (SREP) and, for the Banca Desio Group, coinciding with the minimum Regulatory Requirements;
 - (3) On 9 January 2017, the Bank of Italy informed the Parent Company of the launch of the procedure to impose additional capital requirements, following the Supervisory Review and Evaluation Process (SREP) 2016, with application starting from the first report on own funds following the issue date of the provision (within 90 days of the launch of the procedure);
 - (4) Including net profit as at 31 December 2016 after dividends.

- ✓ **LOANS TO ORDINARY CUSTOMERS ROSE: Euro 9.5 billion (previously Euro 9.4 billion) (+1.3%)**
 “Gross non-performing loans / gross loans” ratio of 10.45% (previously 10.42%)
 “Net non-performing loans / net loans” ratio of 4.95% (previously 4.73%)
- ✓ **TOTAL DEPOSITS FROM ORDINARY CUSTOMERS SUBSTANTIALLY STABLE at Euro 18.5 billion, of which DIRECT CUSTOMERS’ DEPOSITS Euro 10.1 billion (previously Euro 10.2 billion) (-0.4%), with a ratio of Loans to ordinary customers to Direct deposits unchanged at 93.8% (previously 92.2%) and INDIRECT DEPOSITS of Euro 8.4 billion (previously Euro 8.3 billion) (+0.9%)**

- ✓ **SEPARATE NET PROFIT OF PARENT COMPANY amounts to Euro 31.7 million (previously Euro 37.4 million)**
- ✓ **PROPOSED DIVIDEND**
 Euro 0.0846 per ordinary share
 Euro 0.1016 per savings share
 PAY OUT 35.48% (previously 30.02%)

*KEY FIGURES IN THE DRAFT SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY
AS AT 31 DECEMBER 2016 ⁽⁵⁾*

- ✓ *Net profit for the year was Euro 31.7 million (previously Euro 35.1 million), Euro 33.3 million of which refer to Profit from current operations (previously Euro 32.2 million), despite the payment of ordinary contributions totalling Euro 5.0 million to the Single Resolution Mechanism (SRM) and to the Deposit Guarantee Scheme (DCS), and was influenced by total negative non-recurring components of Euro 9.4 million (against a profit of Euro 0.8 million in the comparative period) with positive effect of the relative taxes of Euro 7.8 million (previously Euro 2.1 million)*
- ✓ *Operating margin Euro 86.8 million (previously Euro 130.5 million) which was affected by the fall of operating income of Euro 43.1 million, and in particular of net interest income of around Euro 21.4 million and of the commission margin of Euro 7.9 million, both conditioned by the situation of the money markets, as well as by net profits/(losses) on trading, hedging and disposal/repurchase of receivables, financial assets/liabilities at fair value through profit or loss of Euro 12.4 million.*
- ✓ *Non-performing unsecured loans assigned for around Euro 97.1 million*
- ✓ *Profit from current operations after tax Euro 33.3 million (previously Euro 32.2 million), which benefits from the lower cost of credit which fell to Euro 44.4 million (previously Euro 89.6 million), maintaining high levels of coverage of impaired loans*
Coverage ratio on non-performing loans at 55.03% (previously 55.94%) and gross of write-offs equal to 63.3% (previously 65.7%)
Total coverage ratio on impaired loans at 46.3% and gross of write-offs equal to 53.4% (previously 47.2% and 55.8%)

(5) The comments on economic performance are based on a comparison of economic results on the reference date with the reclassified income statement as at 31 December 2015, which was rendered comparable by adjusting, by a total of Euro 2.3 million, the contribution for the first quarter of 2015 of the business division comprised of 32 branches located in the Tuscany and Lazio regions transferred by the Parent Company to Banca Spoleto on 1 April 2015, net of the contribution of the Milan branch, which was transferred by Banca Popolare di Spoleto to the Parent Company at the same time.

Coverage on performing loans at 0.48% (previously 0.62%)

- ✓ Capital ratios significantly higher than minimum requirements

Capital ratios

	<i>Banco Desio Brianza [A]</i>	<i>Minimum individual requirements at 31.12.2016 [B]</i>	<i>Buffer [A] – [B]</i>
<i>CET 1</i>	<i>16.3% (previously 15.8%)</i>	<i>5.1%</i>	<i>+ 11.2%</i>
<i>TIER 1</i>	<i>16.4% (previously 15.8%)</i>	<i>6.6%</i>	<i>+ 9.8%</i>
<i>Total Capital Ratio</i>	<i>19.9% (previously 20.0%)</i>	<i>8.6%</i>	<i>+ 11.3%</i>

Shareholders' equity: Euro 865.6 million (previously Euro 852 million)

Own Funds: Euro 1,037.7 million (CET1+AT1 Euro 855.9 million + T2 Euro 181.8 million)
(previously Euro 1,051.6 million)

- ✓ Net loans to ordinary customers: Euro 6 billion (+1.0%)
“Gross non-performing loans / gross loans” ratio of 8.45% (previously 9.26%)
“Net non-performing loans / net loans” ratio of 4.05% (previously 4.39%)
- ✓ Total deposits from ordinary customers: Euro 13.5 billion (+0.8%)
of which Direct deposits: Euro 6.8 billion (+0.7%)
Indirect deposits: Euro 6.7 billion (+0.9%)

The Board of Directors of Parent Company Banco di Desio e della Brianza S.p.A., which met on 9 February 2017, approved the consolidated Financial Statements and the draft separate Financial Statements as at 31 December 2016.

The Board resolved to convene the Ordinary Shareholders' Meeting in first call on 6 April 2017, 10:00 a.m., at the Desio offices and, if necessary, on 7 April 2016, at the same time and in the same place, in second call.

Consolidated balance sheet data

Total *customers' assets under management* as at 31 December 2016 amounted to around Euro 23.6 billion, up by a total of around Euro 1.1 billion compared to the balance at the end of 2015, equal to 5.0%, mainly due to the trend in indirect institutional deposits.

Direct deposits at year end amounted to approximately Euro 10.1 billion, down by approximately Euro 46 billion, due to the reduction in outstanding securities and in financial liabilities measured at fair value of approximately Euro 531 billion (-27.4%) partially offset by the increase in amounts due to customers of around Euro 485 million (+5.9%).

Indirect deposits recorded an overall increase of 9.5% as at 31 December 2016, compared to the balance at the end of the previous year, reaching Euro 13.5 billion. More specifically, the performance was due to deposits by institutional customers, up by around Euro 1.1 billion, corresponding to 27.5%, which led to a balance of around Euro 5.1 billion, while deposits by ordinary customers came to Euro 8.4 billion, up by Euro 0.1 billion or 0.9%, due to performance of the administered assets segment (+9.9%), partly offset by the fall in the managed assets segment (-10.1%).

The total value of *loans to ordinary customers* at the end of the year was approximately Euro 9.7 billion, up compared to the balance at the end of 2015 (+3.6%).

The Group's total *financial assets* at year-end were Euro 1.9 billion, down compared to the year-end total for 2015 (-1.6%), while the *net interbank position* was in debt for approximately Euro 0.8 billion, up compared to the debt balance of approximately Euro 0.5 billion at the end of the prior year, also due to the financing facility obtained from the European Central Bank when it joined the A.Ba.Co. procedure (Collateralised Bank Assets).

As further confirmation of the Group's sound balance sheet structure, Shareholders' equity pertaining to the Parent Company, including the profit (loss) for the year, stood at Euro 868.1 million, compared to Euro 870.4 million on the 2015 balance sheet.

In application of the supervisory regulations, the amount of Own Funds as at 31 December 2016, after a pay-out that takes into account the proposal for the allocation of the net profit of Group companies subject to the approval of the respective shareholders' meetings, amounted to Euro 1,085.0 million (CET1 + AT1 Euro 889.2 million + T2 Euro 195.8 million), down by Euro 21.1 million compared to the year-end figure of the prior year, equal to Euro 1,106.1 million, essentially due to the reduction of the amount of subordinated loans that may be included in own funds due to their amortisation.

At the end of the year, the *Common Equity Tier1 ratio* (CET1) applied to risk-weighted assets, stood at 10.9% (10.8% as at 31 December 2015). The *Tier1 ratio* (T1) applied to Risk-weighted assets, stood at 11% (11% as at 31 December 2015), whereas the *Total capital ratio*, comprising Own Funds applied to Risk-weighted assets, stood at 13.5% (13.9% as at 31 December 2015).

In compliance with the letter from the Bank of Italy to the Parent Company on 26 August 2015 regarding the Supervisory Review and Evaluation Process (SREP), the minimum capital requirements that the Group must respect at consolidated level on the reference date correspond, including the capital buffer of 2.5%, to the following capital ratios: 7% of the *Common Equity Tier1 ratio*, 8.5% of the *Tier1 ratio* and 10.5% of the *Total Capital ratio*.

On 9 January 2017, the Bank of Italy informed the Parent Company of the launch of the procedure to impose additional capital requirements, following the Supervisory Review and Evaluation Process (SREP) 2016, with application starting from the first report on own funds following the issue date of the provision (within 90 days of the launch of the procedure). The Group will therefore be obliged to apply the following:

- *Common Equity Tier1 ratio* of 6%, binding - pursuant to art. 67- ter CBL - in the amount of 4.8% (of which 4.5% with regard to the minimum regulatory requirements and 0.3% with regard to the additional requirements), and the remainder from the capital buffer component;
- *Tier1 ratio* of 7.6%, binding - pursuant to art. 67- ter CBL - in the amount of 6.4% (of which 6.0% with regard to the minimum regulatory requirements and 0.4% with regard to the additional requirements), and the remainder from the capital buffer component;
- *Total Capital ratio* of 9.7%, binding - pursuant to art. 67- ter CBL - in the amount of 8.5% (of which 8% with regard to the minimum regulatory requirements and 0.5% with regard to the additional requirements), and the remainder from the capital buffer component.

The Group therefore reports capital ratios as at 31 December 2016 significantly higher than the minimum requirements indicated, confirming its sound balance sheet structure.

Consolidated income statement data

Net profit pertaining to the Parent Company as at 31 December 2016 was Euro 25.6 million down by 33.1% against the profit in the comparative period of Euro 38.2 million; the fall in *net adjustments for impairment of loans*, which amounted to Euro 90.3 million (previously Euro 147.8 million) made a positive contribution, absorbed by the lower contribution of *net profits/(losses) on trading, hedging and disposal/repurchase of receivables, financial assets/liabilities at fair value through profit or loss*, corresponding to Euro 20.1 million (previously Euro 30.9 million), by the erosion of around Euro 25.3 million of *net interest income* and of around Euro 10.1 million of *net commissions* due to the situation of the money markets, by higher *provisions for risks and charges* of Euro 4.6 million, by the higher share of *current taxes* of Euro 3.9 million and by the *loss from non-recurring operations* of Euro 12.2 million (profit of Euro 5.0 million last year).

The main cost and income components of the reclassified income statement are analysed below.

Operating income

The revenue items that are characteristic of operations recorded an overall decrease of around Euro 48.8 million compared to the comparative period, corresponding to 10.4%, reaching Euro 422.0 million. The trend is mainly attributable to *net interest income* and *net commissions*, given the difficult economic and financial scenario, which recorded falls of around Euro 25.3 million (-9.7%) and Euro 10.1 million (-6.3%) respectively, as well as to *net profits/(losses) on trading, hedging and disposal/repurchase of receivables, financial assets/liabilities at fair value through profit or loss* which was Euro 10.7 million lower than the balance in the comparative period, to *profits from investments in associated companies* of around Euro 1.7 million and to *other operating income/charges* of around Euro 1.6 million. In contrast, the balance of *dividends and similar income* recorded an increase of Euro 0.7 million; the balance of this item is net of the dividend of Euro 4.5 million recorded following the resolution to allocate profit reserves by the investee company Cedacri S.p.A., reclassified under *Profit (Loss) from non-recurring operations*, specifically *Extraordinary provisions for risks and charges, other provisions and expenses / extraordinary dividends from available for sale financial assets*.

Operating charges

Operating charges, which include *personnel expenses, other administrative expenses, and net adjustments to property, plant and equipment* and intangible assets, amounted to approximately Euro 275.2 million, showing fall of approximately Euro 3.3 million (-1.2%) compared to the same period of the previous year.

In particular, decreases regarded *personnel expenses* of approximately Euro 1.4 million (-0.8%), net of approximately Euro 24.3 million relating to the allocation to the Solidarity Fund and incentive to exit with the relative time value effect, reclassified under *Profit (Loss) from non-recurring operations*. Instead, *other administrative expenses* recorded an increase of around Euro 0.2 million (+0.3%).

Note that *other administrative expenses* include the gross ordinary "ex ante" contribution to the Single Resolution Mechanism (SRM) for the year of Euro 3.8 million (previously Euro 2.8 million) and the gross ordinary "ex ante" contribution to the Deposit Guarantee Scheme (DGS) of Euro 3.4 million (previously Euro 1.6 million). Instead, the balance is recorded net of Euro 7.6 million (previously Euro 8.4 million) relating to the additional gross contribution to the Single Resolution Mechanism (SRM) reclassified under *Profit (Loss) from non-recurring operations*, specifically *Extraordinary provisions for risks and charges, other provisions and expenses / extraordinary dividends from available for sale financial assets*.

Note also that the balance does not include around Euro 1.6 million, which is the expense of the contribution to the Interbank Deposit Guarantee Fund for Tercas made by the Parent Company (recognised instead under "*Other administrative expenses*" in the Financial Statements), which instead is shown under "*Net adjustments for impairment of other financial transactions*" to offset the income of the same amount for the return of the same Tercas contribution.

The balance is completed by minor net adjustments to property, plant and equipment and intangible assets of Euro 2.2 million.

Operating margin

The operating margin as at 31 December 2016 is therefore Euro 146.8 million, down by Euro 45.5 million compared to the comparative period (-23.6%).

Profit (Loss) from current operations after tax

The *operating margin* of Euro 146.8 million results in *profit (loss) from current operations after tax* of Euro 37.8 million, up by 16.1% compared to the result of Euro 32.6 million recorded in the corresponding period, considering:

- the weight of *net adjustments for impairment of loans* of Euro 90.3 million, down compared to Euro 147.8 million in the prior year, which reflect the downtrend in impaired loans, whilst maintaining high coverage levels;

- the *loss on disposal or repurchase of loans* of Euro 1.7 million (the figure for the corresponding period showed a loss of Euro 1.9 million);
- the *net provisions for risks and charges* of Euro 4.4 million, whereas the figure for the corresponding period showed a net positive balance of Euro 0.2 million;
- the positive contribution of Euro 0.3 million resulting from other minor items (loss of Euro 1.2 million in the comparative period);
- the *income taxes for the period* of Euro 12.9 million (Euro 9.0 million in the previous period).

The balances shown above take into account the *reclassifications to Profit (Loss) from non-recurring operations*, specifically *Extraordinary provisions for risks and charges, other provisions and expenses / extraordinary dividends from available for sale financial assets* illustrated below:

- the balance of *net allocations to provisions for risks and charges* is net of the release of approximately Euro 0.8 million of the provision made to the “Solidarity Fund” established last year on the basis of the 2016 stability law to provide relief for subordinated bondholders of Banca Etruria, Banca Marche, Cari Chieti and Cari Ferrara, later encompassed by the Interbank Deposit and Loan Guarantee Fund, as the ordinary “DGS” contribution;
- the balance of *net adjustments for impairment of other financial transactions* is reported net of the write-down of Euro 1.5 million relating to Banco’s commitment to purchase a minority investment for an amount that was higher than the fair value and the write-down of Euro 0.5 million of the Parent Company’s commitment to pay Euro 1.5 million into the Atlante Fund (recorded on 3 January 2017);
- the balance of *net adjustments for impairment of financial assets available for sale* is reported net of the write-down of Euro 0.5 million of the equity instrument subscribed against the investment in Caricesena by the voluntary scheme of the interbank fund and the write-down of Euro 1.6 million of the investment in the Atlante Fund recognised under available financial assets on the reporting date.

It should also be noted that the tax charge for the year benefitted by around Euro 1.4 million from the exemption, made pursuant to art. 15, paragraph 10, of Italian Legislative Decree no. 185/2008, of the goodwill recognised in the assets of the Balance Sheet of Banca Popolare di Spoleto, against the transfer by the Parent Company to the same subsidiary of the business division comprised of the former branches of Banco Desio Toscana and Banco Desio Lazio.

Profit (loss) from non-recurring operations after tax

At year end, a *loss from non-recurring operations after tax* of Euro 12.2 million was recorded, compared to a profit of Euro 5.0 million last year.

The balance includes the following components:

- *Profit from equity investments* of Euro 7.6 million, resulting from events during the year illustrated below:
 - o Euro 2.6 million resulting from the sale of the residual equity investment in Chiara Assicurazioni S.p.A., including the price adjustment for the investment sold in 2013 of Euro 0.4 million;
 - o Euro 5.2 million resulting from the cancellation of the equity investment in CPC S.A. in liquidation;
 - o Euro 0.3 million resulting from the loss on the sale of shares in Istifid S.p.A.;
 - o Euro 0.1 million resulting from the cancellation of the equity investment in Rovere S.d.G. in liquidation;

against a profit for the previous period of Euro 12.3 million following the conversion at 1 October 2015 of the functional currency of the former subsidiary CPC from CHF to Euro;

- *Extraordinary provisions for risks and charges, other provisions and expenses / extraordinary dividends from available for sale financial assets*, recognised as a negative Euro 30.7 million, due to:
 - o one-off expenses of Euro 24.3 million related to the Solidarity fund for income support and the relative effect of discounting;
 - o the additional gross contribution to the Single Resolution Mechanism (SRM) of Euro 7.6 million;
 - o adjustments of Euro 2.1 million related to the adjustment of the valuation of the investment in the Atlante Fund (and of the relative commitment to disburse funds, formalised on 3 January 2017);
 - o adjustments of Euro 1.5 million relating to Banco’s commitment to purchase a minority investment for an amount that was higher than the fair value;
 - o adjustments of Euro 0.5 million relating to the adjustment of the fair value of the equity instrument subscribed against the investment in Caricesena by the voluntary scheme of the interbank fund;
 - o revenues of Euro 4.5 million for the extraordinary dividend paid by the investee company Cedacri S.p.A.;
 - o the release of Euro 0.8 million of the provision previously made for the “Solidarity Fund”, to provide relief for subordinated bondholders of the banks in resolution, later encompassed by the Interbank Deposit and Loan Guarantee Fund, as the ordinary “DGS” contribution;

against a negative balance from the previous year of Euro 10.6 million, due to the gross extraordinary contribution to the Single Resolution Mechanism (SRM) of Euro 8.4 million, consulting fees related to the project for acquisition and integration of the subsidiary Banca Popolare di Spoleto S.p.A. into the Group, corresponding to around Euro 1 million, the provision for the aforementioned “Solidarity Fund to provide relief for subordinated bondholders of the banks in resolution of Euro 0.8 million and the release of the time value effect relating to the Solidarity Fund and exit incentive established in 2013 of Euro 0.2 million;

- The positive impact of *Income taxes from non-recurring components for the period* of Euro 10.9 million (previously Euro 3.3 million).

Parent Company Profit (Loss) for the period

The sum of the profit from current operations and the profit from non-recurring operations, both after tax, taking into account the minority interest, results in a Parent Company profit for the period of approximately Euro 25.6 million as at 31 December 2016.

As at 31 December 2016, the Group's distribution network comprised 271 branches, of which 149 of Banco di Desio e della Brianza S.p.A. and 122 of subsidiary Banca Popolare di Spoleto S.p.A.

As at 31 December 2016, the Group's employees amounted to 2,356, down by 15 resources or 0.6% compared to the previous year's total.

Note that on 29 November 2016, the Banco Desio Group signed an Agreement with the Trade Unions for access to the “Solidarity Fund for income support” (the “Fund”) and on the exit of 140 workers, who had met retirement requirements, on a voluntary basis.

Proposed allocation of net profit from the Parent Company's draft separate financial statements

The Board of Directors will propose to the Ordinary Shareholders' Meeting the distribution of a dividend of Euro 0.0846 for each of the 117,000,000 ordinary shares and a dividend of Euro 0.1016 for each of the 13,202,000 savings shares.

The proposed allocation of profit, if approved, will allow approximately Euro 20.4 million to be allocated to the equity reserves.

In compliance with the Stock Exchange timetable, the dividend shall be paid on 12 April 2017. The coupon detachment date, for security listing purposes, and the “record date”⁽⁶⁾ will instead take place on 10 and 11 April 2017, respectively.

The Manager in charge of drawing up the company accounting documents, Mauro Walter Colombo, hereby declares that, pursuant to art. 154-bis, paragraph 2 of the Consolidated Law on Finance, the accounting information contained in this press release corresponds to the company's documents, books and accounting records.

Desio, 9 February 2017

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

Manager in charge of drawing up
the company accounting documents
Mauro Walter Colombo

(6) Dividend payment legitimization date introduced in art. 83-terdecies of the Consolidated Act on Finance (TUF) by Legislative Decree n. 91/2012

The tables relating to the consolidated Balance Sheet and the consolidated reclassified Income Statement are attached, as well as those of the Parent Company Banco di Desio e della Brianza S.p.A.

The consolidated Financial Statements and the draft separate financial statements of the Parent Company are subject to audit by Deloitte & Touche S.p.A., which is currently in progress.

Desio, 9 February 2017

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

The Chairman
Agostino Gavazzi

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Assets			Changes	
	<i>Amounts in thousands of EUR</i>	31.12.2016	31.12.2015	Amount
Cash and cash equivalents	50.472	62.306	-11.834	-19,0%
Financial assets held for trading	20.053	16.038	4.015	25,0%
Financial assets available for sale	1.848.164	1.881.131	-32.967	-1,8%
Due from banks	112.838	292.992	-180.154	-61,5%
Loans to customers	9.720.108	9.386.311	333.797	3,6%
Hedging derivatives	2.591	4.601	-2.010	-43,7%
Value adjustment to financial assets subject to macro-hedging (+/-)	1.543	1.408	135	9,6%
Equity investments	0	13.261	-13.261	-100,0%
Property, plant and equipment	181.201	184.983	-3.782	-2,0%
Intangible assets	17.843	18.207	-364	-2,0%
<i>of which: goodwill</i>	15.322	15.322		
Tax assets	233.410	224.266	9.144	4,1%
<i>a) current</i>	36.408	29.105	7.303	25,1%
<i>b) prepaid</i>	197.002	195.161	1.841	0,9%
- as per law 214/2011	164.834	173.678	-8.844	-5,1%
Non-current discontinued operations	0	4.967	-4.967	-100,0%
Other assets	177.680	157.659	20.021	12,7%
Total assets	12.365.903	12.248.130	117.773	1,0%

Liabilities and Shareholders' Equity			Changes	
	<i>Amounts in thousands of EUR</i>	31.12.2016	31.12.2015	Amount
Due to banks	962.245	753.115	209.130	27,8%
Due to customers	8.729.591	8.244.110	485.481	5,9%
Outstanding securities	1.393.884	1.918.104	-524.220	-27,3%
Financial liabilities held for trading	6.230	5.148	1.082	21,0%
Financial liabilities measured at fair value	15.908	22.828	-6.920	-30,3%
Hedging derivatives	6.637	24.758	-18.121	-73,2%
Tax liabilities	27.367	31.616	-4.249	-13,4%
<i>a) current</i>	718	75	643	857,3%
<i>b) deferred</i>	26.649	31.541	-4.892	-15,5%
Liabilities related to discontinued operations		754	-754	-100,0%
Other liabilities	220.054	249.205	-29.151	-11,7%
Employee severance indemnity	30.204	29.712	492	1,7%
Provisions for risks and charges	55.282	46.725	8.557	18,3%
<i>b) other provisions</i>	55.282	46.725	8.557	18,3%
Valuation reserves	11.755	21.767	-10.012	-46,0%
Reserves	746.964	726.660	20.304	2,8%
Share premium	16.145	16.145		
Capital	67.705	67.705		
Minority interest (+/-)	50.381	51.606	-1.225	-2,4%
Profit (Loss) for the period (+/-)	25.551	38.172	-12.621	-33,1%
Total Liabilities and Shareholders' Equity	12.365.903	12.248.130	117.773	1,0%

CONSOLIDATED - RECLASSIFIED INCOME STATEMENT AS AT 31.12.2016

Items <i>Amounts in thousands of EUR</i>		31.12.2016	31.12.2015	Changes	
				Amount	%
10+20	Net interest income	236.192	261.535	-25.343	-9,7%
70	Dividends and similar income	976	299	677	226,5%
	Profit (Loss) from investments in associated companies	0	1.699	-1.699	-100,0%
40+50	Net commissions	150.977	161.050	-10.073	-6,3%
80+90+100+	Profit/loss on trading, hedging and disposal/repurchase of fin. assets and liabilities measured at fair value	20.136	30.866	-10.730	-34,8%
110					
220	Other operating income/charges	13.725	15.340	-1.615	-10,5%
	Operating income	422.006	470.789	-48.783	-10,4%
180 a	Personnel expenses	-178.164	-179.533	1.369	-0,8%
180 b	Other administrative expenses	-86.549	-86.313	-236	0,3%
200+210	Net adj. to prop., plant and equip. and intangible assets	-10.512	-12.715	2.203	-17,3%
	Operating charges	-275.224	-278.561	3.337	-1,2%
	Operating margin	146.782	192.228	-45.446	-23,6%
	Profit (loss) on disposal or repurchase of loans	-1.710	-1.915	205	-10,7%
130 a	Net adjustments for impairment of loans	-90.261	-147.773	57.512	-38,9%
130 b	Net adjustments for impairment of financial assets available for sale	-195	-384	189	-49,3%
130 d	Net adjustments for impairment of other financial transactions	489	-827	1.316	n.a.
190	Net allocations to provisions for risks and charges	-4.446	200	-4.646	n.a.
	Profit (Loss) from current operations before tax	50.659	41.529	9.130	22,0%
290	Income taxes for the period	-12.852	-8.972	-3.880	43,2%
	Profit (Loss) from current operations after tax	37.807	32.557	5.250	16,1%
240+270	Profit (loss) from investments and disposals of investments	7.616	12.350	-4.734	-38,3%
	Extraordinary provisions for risks and charges, other provisions and expenses / extraordinary dividends from AFS financial assets	-30.722	-10.584	-20.138	190,3%
	Profit (Loss) from non-recurring operations before tax	-23.106	1.766	-24.872	n.a.
	Income taxes from non-recurring components for the period	10.836	3.275	7.561	230,8%
	Profit (Loss) from non-recurring operations after tax	-12.270	5.041	-17.311	n.a.
320	Profit (Loss) for the period	25.537	37.598	-12.061	-32,1%
330	Minority interest	14	574	-560	-97,6%
340	Parent Company Profit (Loss) for the period	25.551	38.172	-12.621	-33,1%

Assets	31.12.2016	31.12.2015	Changes	
			Amount	%
<i>Amounts in thousands of EUR</i>				
Cash and cash equivalents	24.194	27.409	-3.215	-11,7%
Financial assets held for trading	9.588	3.065	6.523	212,8%
Financial assets available for sale	1.482.631	1.531.641	-49.010	-3,2%
Due from banks	500.276	447.669	52.607	11,8%
Loans to customers	6.247.053	5.977.833	269.220	4,5%
Hedging derivatives	262	1.859	-1.597	-85,9%
Equity investments	264.565	317.809	-53.244	-16,8%
Property, plant and equipment	135.219	137.571	-2.352	-1,7%
Intangible assets	3.238	3.572	-334	-9,4%
<i>of which:</i>				
<i>- goodwill</i>	<i>1.729</i>	<i>1.729</i>		
Tax assets	141.775	141.707	68	0,0%
<i>a) current</i>	<i>20.218</i>		<i>20.218</i>	
<i>b) prepaid</i>	<i>121.557</i>	<i>121.106</i>	<i>451</i>	<i>0,4%</i>
<i>- as per law 214/2011</i>	<i>102.255</i>	<i>107.643</i>	<i>-5.388</i>	<i>-5,0%</i>
Non-current discontinued operations	-	1.403	-1.403	-100,0%
Other assets	117.081	103.187	13.894	13,5%
Total assets	8.925.882	8.694.725	231.157	2,7%

Liabilities	31.12.2016	31.12.2015	Changes	
			Amount	%
<i>Amounts in thousands of EUR</i>				
Due to banks	1.011.518	810.833	200.685	24,8%
Due to customers	5.622.898	5.155.059	467.839	9,1%
Outstanding securities	1.210.559	1.625.687	-415.128	-25,5%
Financial liabilities held for trading	2.164	2.022	142	7,0%
Financial liabilities measured at fair value	15.908	22.828	-6.920	-30,3%
Hedging derivatives	2.778	19.924	-17.146	-86,1%
Tax liabilities	11.362	12.352	-990	-8,0%
<i>b) deferred</i>	<i>11.362</i>	<i>12.352</i>	<i>-990</i>	<i>-8,0%</i>
Other liabilities	123.413	140.937	-17.524	-12,4%
Employee severance indemnity	21.355	21.111	244	1,2%
Provisions for risks and charges	38.360	31.926	6.434	20,2%
<i>b) other provisions</i>	<i>38.360</i>	<i>31.926</i>	<i>6.434</i>	<i>20,2%</i>
Valuation reserves:	15.800	22.623	-6.823	-30,2%
Reserves	734.238	708.128	26.110	3,7%
Share premium	16.145	16.145		0,0%
Capital	67.705	67.705		0,0%
Profit (Loss) for the period (+/-)	31.679	37.445	-5.766	-15,4%
Total Liabilities and Shareholders' Equity	8.925.882	8.694.725	231.157	2,7%

BANCO DI DESIO E DELLA BRIANZA SPA - RECLASSIFIED INCOME STATEMENT AS AT 31.12.2016

Items <i>Amounts in thousands of EUR</i>	31.12.2016	31.12.2015	Changes	
			Amount	%
10+20 Net interest income	134.617	156.048	-21.431	-13,7%
70 Dividends and similar income	1.288	999	288	28,9%
40+50 Net commissions	99.196	107.061	-7.865	-7,3%
80+90+100 Profit/loss on trading, hedging and disposal/repurchase of loans, fin. assets and liabilities and fin. assets and liabilities measured at fair value	17.756	30.131	-12.376	-41,1%
190 Other operating income/charges	7.982	9.734	-1.751	-18,0%
Operating income	260.838	303.974	-43.136	-14,2%
150 a Personnel expenses	-113.522	-114.917	1.395	-1,2%
150 b Other administrative expenses	-52.734	-50.689	-2.045	4,0%
170+180 Net adj. to prop., plant and equip. and intangible assets	-7.749	-7.893	144	-1,8%
Operating charges	-174.006	-173.499	-507	0,3%
Operating margin	86.832	130.475	-43.643	-33,4%
Profit (loss) on disposal or repurchase of loans	709	-449	1.158	-258,1%
130 a Net adjustments for impairment of loans	-45.072	-89.177	44.105	-49,5%
130 b Net adjustments for impairment of financial assets available for sale	-15	0	-15	
130 d Net adjustments for impairment of other financial transactions	19	-157	176	-111,9%
160 Net allocations to provisions for risks and charges	-2.748	-2.050	-698	34,0%
Dividends from investments in subsidiaries	5.640	3.134	2.506	80,0%
Profit (Loss) from current operations before tax	45.365	41.776	3.589	8,6%
260 Income taxes for the period	-12.084	-9.576	-2.508	26,2%
Profit (Loss) from current operations after tax	33.281	32.200	1.081	3,4%
210 Profit (loss) from investments	13.379	7.857	5.522	70,3%
240 Profit (loss) from disposals of investments	0	2	-2	
Provisions for risks and charges, other provisions and expenses / extraordinary dividends from available for sale financial assets	-22.833	-7.074	-15.759	222,8%
Profit (Loss) from non-recurring operations before tax	-9.454	786	-10.239	n.a.
Income taxes from non-recurring components for the period	7.852	2.134	5.718	268,0%
Profit (Loss) from non-recurring operations after tax	-1.602	2.920	-4.522	n.a.
290 Profit (Loss) for the period	31.679	35.120	-3.441	-9,8%

Note:

In order to provide a like-for-like comparison of economic results, the reclassified income statement as at 31 December 2015 was adjusted, by a total of Euro 2.3 million, with regard to the contribution for the first quarter of 2015 of the business division comprised of 32 branches located in the Tuscany and Lazio regions transferred by the Parent Company to Banca Spoleto on 1 April 2015, net of the contribution of the Milan branch, which was transferred by Banca Popolare di Spoleto to the Parent Company at the same time.