# PRESS RELEASE

## THE BANK'S BOARD OF DIRECTORS APPROVES THE 2018-2020 BUSINESS PLAN OF BANCO DESIO GROUP

The Board of Directors of Banco di Desio and Brianza S.p.A. approved the 2018-2020 Group Business Plan that presents, within a particularly complex and competitive market scenario, the Bank's strategy to confirm the commercial bank model, serving private customers and small and medium businesses, developed based on a process of continuous streamlining of business lines and a gradual shifting of the model in order to profitably support the banking services offered, which are increasingly linked to changes in technology and customer behaviours.

Distribution Model

The Plan envisages a significant evolution of the Distribution Model, implemented through an integrated "omni-channel" approach, to respond to customers' needs, offering each product/service through the desired channel and with increasingly flexible methods, and in particular, developing support to SMEs. For this purpose, the Group will invest approximately EUR 60 million over the three-year period for the process of optimising and modernising the branch network and introducing new technology, as well as significant investments in personnel training.

Hence, a development path for off-premises services is planned, with a gradual increase in revenues from alternative channels (Financial Advisors channel and OnLine channel), compared to in-branch services. For the Financial Advisors channel, the growth programme includes, over the three-year period, a network of 100 Advisors with a specific investment plan and additional assets (AUM) of over EUR 700 million. For the OnLine channel, the functionality available to retail and business customers will be enhanced (through home & remote banking services). Over the business plan period, the ability to purchase products and services via the web will be implemented, with particular focus on products having the essential features of ease of use and low access cost, in line with the target customer base (under-30 and mass market customers).

Receivables

In the three-year period, loans will increase specifically in the following segments: residential mortgages (+29%), loans to SMEs (+17%), agricultural loans, and CQP-CQS loans. With regard to Non-Performing Loans and consistent with the market context, including in implementation of Supervisory guidelines, the Business Plan envisages a programme of further sales, with possible recourse to GACS, aimed at reducing the ratio of NPE/Total Gross Loans at values close to 10% and the NPE/Total Net Loans at values close to 5% over the period, with an average coverage ratio of 50% at the end of the three years.

Funding

The Plan provides for continuity in the policy of acquiring RETAIL funding in the form of time deposits and senior bond loans, supported by a precise policy of structural institutional funding based on revolving placement (on average every 18-24 months) of covered bonds. The launch and maintenance of an EMTN (Euro Medium Term Notes) Programme is also expected to be ready for possible placement with institutional investors of senior bonds and/or subordinated bonds or senior mezzanine bonds (although no specific placements of these bonds are included in the Plan).

Brokerage and Placement of Third-Party Products

In an environment of structurally compressed financial margins, the Brokerage business line represents the Group's continued strategic challenge in terms of increasing margins for the service. The necessary increase in assets will be supported by a strengthening of sales efforts that will be realised, on one hand, through gradual conversion of administrative personnel in the branches (following digitisation/automation processes) and the structure of the Financial Advisors Network, and on the other, through enhancement of Wealth Management services and customer services such as consumer credit and asset management.

The key figures generated by the assumptions of economic and financial growth resulting from the actions outlined in the 2018-2020 Business Plan have been developed considering a conservative macroeconomic forecast scenario. Indications for trends in volumes and interest rates were taken from recent sector studies and forecasts of specialised companies, appropriately adjusted to the Group's situation in the specific reference markets.

At the consolidated level, the increases in assets forecast in the 2018-2020 Plan is summarised below:

| Volumes | % growth, 2017-2020 |
|---|---|
| Gross customer receivables<br>after sales of non-performing | + 14%<br>+ 8% |
| Direct deposits | + 8% |
| Ordinary indirect deposits | + 19% |
| *of which* Asset Management | + 24% |

| Income and equity indicators | End of plan target |
|---|---|
| ROE | 8% |
| ROA | 0.80% |
| Cost/Income | 62.5% |
| Short-term and structural liquidity | well over 100% |
| CET1 (fully phased) | 12% |
| Total Capital Ratio (fully phased) | 12.6% |

| | |
|---|---|
| Leverage (*) | over 7% |
| Net non-performing loans/Net receivables | 2.3% |

(*) calculated as the ratio of CET1 to credit and counterparty risk assets

Desio, 11 January 2018

BANCO DI DESIO E DELLA BRIANZA SpA
The Chairman

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