

PRESS RELEASE

CONSOLIDATED RESULTS AT 31 DECEMBER 2019 NET PROFIT AT 40.2 MILLION EURO (VS 35.3 MILLION EURO)

The Board of Directors of Banco di Desio e della Brianza S.p.A. has approved the draft separate and consolidated financial statements at 31 December 2019

| PROFITABILITY | <ul style="list-style-type: none"> ✓ CONSOLIDATED NET PROFIT (pertaining to the Parent Company) of Euro 40.2 million (Euro 35.3 million at 31 December 2018) AN INCREASE OF 13.9% | | | | | | | | | | | | | | | | |
|---|--|---|--------------------------------|-------------------|----------------------|-------|--------|--------|-------|--------|--------|--------|--------|---------------|--------|--------|--------|
| SUPPORT FOR THE ECONOMY | <ul style="list-style-type: none"> ✓ INCREASE IN THE TOTAL CUSTOMER DEPOSITS to Euro 26.8 billion (+8.0% on 31.12.2018), of which DIRECT DEPOSITS of Euro 11.2 billion (+4.8% on 31.12.2018), with an <i>Ordinary customer loans/Direct deposits ratio</i> of 85.5%, vs 90.0% and INDIRECT DEPOSITS of Euro 15.6 billion (+10.4%, of which ORDINARY CUSTOMERS +8.6%) ✓ LOANS TO CUSTOMERS at the reporting date stood at around Euro 9.6 billion (-0.5% on the figure at the end of 2018, due to the sale of NPLs during the period) ✓ NEW LOANS to households and businesses of Euro 2.2 billion (Euro 2.1 billion in the comparative period), confirming the contribution of the Banco Desio Group in terms of access to credit for the private sector and the offer of loans to the real economy | | | | | | | | | | | | | | | | |
| ASSET QUALITY | <ul style="list-style-type: none"> ✓ INCIDENCE OF NPLs: <ul style="list-style-type: none"> <i>Net non-performing loans/Net loans ratio</i> of 3.6% (vs 4.2% at 31.12.2018) <i>Gross non-performing loans/Gross loans ratio</i> of 6.3% (vs 7.0%) <i>Net doubtful loans/Net loans ratio</i> of 1.3% (vs 1.3%) <i>Gross doubtful loans/Gross loans ratio</i> of 3.1% (vs 3.0%) ✓ LEVELS OF COVERAGE of non-performing and performing loans <ul style="list-style-type: none"> Coverage ratio of non-performing loans of 45.5% (vs 42.2%), 46.7% gross of write-offs (vs 45.6% at 31 December 2018) Coverage ratio of doubtful loans of 61.5% (vs 59.3%) and gross of write-offs of 63.1% (vs 64.5%) Coverage of performing loans of 0.49% (vs 0.54%) | | | | | | | | | | | | | | | | |
| CAPITAL SOLIDITY ¹ | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Ratios at 31 December 2019 ²</th> <th style="text-align: center;">Banco di Desio e della Brianza</th> <th style="text-align: center;">Banco Desio Group</th> <th style="text-align: center;">Brianza Unione Group</th> </tr> </thead> <tbody> <tr> <td>CET 1</td> <td style="text-align: center;">14.42%</td> <td style="text-align: center;">12.97%</td> <td style="text-align: center;">9.99%</td> </tr> <tr> <td>TIER 1</td> <td style="text-align: center;">14.44%</td> <td style="text-align: center;">12.98%</td> <td style="text-align: center;">10.73%</td> </tr> <tr> <td>Total Capital</td> <td style="text-align: center;">15.21%</td> <td style="text-align: center;">13.67%</td> <td style="text-align: center;">11.97%</td> </tr> </tbody> </table> <p>The consolidated ratios at the level of Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A., the parent company that controls 49.88% of Banco di Desio e della Brianza S.p.A. (of which it holds 50.44% of ordinary shares and 44.69% of savings shares), have been calculated on the basis of art. 11, paragraphs 2 and 3, and art. 13, paragraph 2, of the CRR Regulation.</p> | Ratios at 31 December 2019 ² | Banco di Desio e della Brianza | Banco Desio Group | Brianza Unione Group | CET 1 | 14.42% | 12.97% | 9.99% | TIER 1 | 14.44% | 12.98% | 10.73% | Total Capital | 15.21% | 13.67% | 11.97% |
| Ratios at 31 December 2019 ² | Banco di Desio e della Brianza | Banco Desio Group | Brianza Unione Group | | | | | | | | | | | | | | |
| CET 1 | 14.42% | 12.97% | 9.99% | | | | | | | | | | | | | | |
| TIER 1 | 14.44% | 12.98% | 10.73% | | | | | | | | | | | | | | |
| Total Capital | 15.21% | 13.67% | 11.97% | | | | | | | | | | | | | | |

¹ Based on the Bank of Italy's instructions sent to Banco di Desio e della Brianza S.p.A. and to the Parent Company Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. on 27 June 2019, the following minimum capital requirements have been assigned to the Brianza Unione Group for CRR purposes, following completion of the Supervisory Review and Evaluation Process (SREP): CET1 ratio of 7.25%, binding - pursuant to art. 67-ter TUB - for 4.75% (minimum regulatory requirement of 4.5% and additional requirements of 0.25%) with the difference represented by the capital conservation buffer, Tier1 ratio of 8.85%, binding for 6.35% (minimum regulatory requirement of 6.0% and additional requirements of 0.35%) with the difference represented by the capital conservation buffer, and Total Capital Ratio of 11.0%, binding for 8.5% (minimum regulatory requirement of 8% and additional requirements of 0.5%) with the difference represented by the capital conservation buffer.

² In application of the transitional provisions introduced by Regulation (EU) 2017/2395 of 12 December 2017.

KEY FIGURES OF THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 OF THE PARENT COMPANY BANCO DI DESIO E DELLA BRIANZA S.P.A.

- ✓ "Net operating profit"³ of Euro 44.9 million, an increase of Euro 8.7 million (+24.2%) on the comparative period, which was influenced by the negative effect on the cost of credit linked to the sale of non-performing loans through GACS
- ✓ "Profit (loss) from operations before tax" increased (+62.7%) to Euro 63.7 million (vs Euro 39.2 million), again influenced in 2018 by the negative effect on the cost of credit linked to the completion of the GACS. There has been a decrease (-0.1%) in "Operating income" due to a contraction in dividends of €2.1 million and a lower contribution from "Other operating income and charges" (-15.9%) and "Net interest income" (-0.3%).
- ✓ Net loans to ordinary customers³ of Euro 9.5 billion (-0.5%) are slightly down due to the decrease in non-performing loans, offset by slightly higher performing loans (+0.2%).
 - Net non-performing loans/Net loans ratio of 6.30% (vs 6.97%)
 - Net non-performing loans/Net loans ratio of 3.54% (vs 4.17%)
 - Gross non-performing loans/Gross loans ratio of 3.15% (vs 3.02%)
 - Net non-performing loans/Net loans ratio of 1.25% (vs 1.27%)
 - Coverage ratio of doubtful loans of 61.4% (vs 59.3%) and gross of write-offs of 63.1% (vs 64.4%)
 - Coverage ratio of non-performing loans of 45.6% (vs 42.3%), 46.8% gross of write-offs (vs 45.7%)
 - Coverage ratio of performing loans of 0.49% (vs 0.54%)
- ✓ Total ordinary customer deposits³ of Euro 26.8 billion (+8.0%)
 - of which Direct deposits Euro 11.2 billion (+4.8%)
 - Indirect deposits Euro 15.6 billion (+10.4%)
- ✓ **PROPOSED DIVIDEND**
 - Euro 0.1036 to each ordinary share**
 - Euro 0.1244 to each savings share**
 - PAY OUT RATIO 31.99% (vs 36.01%)**
- ✓ Capital ratios well above the minimum individual requirements

| Capital ratios | Banco Desio Brianza | Minimum individual capital requirements at 31.12.2019 |
|---------------------|---------------------|---|
| CET 1 | 14.42% | 7.0% |
| TIER 1 | 14.44% | 8.5% |
| Total Capital Ratio | 15.21% | 10.5% |

Shareholders' equity of Euro 956.9 million
 Own funds of Euro 1,036.7 million (CET1 + AT1 Euro 984.0 million + T2 Euro 52.7 million)

³ The balance sheet and income statement figures have been prepared on a pro-forma basis as though the merger by absorption of the former subsidiary Banca Popolare di Spoleto, which took place with effect for accounting purposes on 1 January 2019, had already been completed.

The Board of Directors of the Parent Company Banco di Desio e della Brianza S.p.A. met on 6 February 2020 and approved the draft separate and consolidated financial statements at 31 December 2019.

The Board resolved to convene the Ordinary Shareholders' Meeting for 23 April 2020 at 1st calling and, if necessary, for 24 April 2020 at 2nd calling.

Consolidated balance sheet

Total customer funds under management at 31 December 2019 came to Euro 26.8 billion, up by Euro 2 billion with respect to the previous year-end balance (8%), mainly attributable to the increase in direct deposits (+10.4%) and indirect deposits (+4.8%).

Direct deposits amounted to Euro 11.2 billion, up 4.8% compared with 31 December 2018, due to the trend in amounts *due to customers* (+2.1%) and *debt securities in issue* (+22.6%).

Overall, at 31 December 2019, *indirect deposits* showed a substantial increase (+10.4%) compared with the end of the previous year, remaining at Euro 15.6 billion. This trend is attributable to *deposits from institutional customers*, up by Euro 0.7 million (+13.6%) to Euro 5.8 billion, and ordinary customer deposits, which came in at Euro 9.7 billion, with an increase of Euro 0.8 million (+8.6%), due to the performance of assets under management (+14.6%), partially offset by a decrease in assets under administration (-2.4%).

The total amount of *loans to customers* at the end of the period amounted to Euro 9.6 billion, a decrease compared with the balance at the end of 2018 (-0.5%), mainly due to the sales of non-performing loans.

At 31 December 2019, the total financial assets amounted to Euro 3.4 billion, an increase of 0.3 billion compared with the end of the previous year.

The investment policy of the Held to Collect securities portfolios ("HTC" - "primary" investment portfolio for the support of net interest income and the collection of cash flows, with the possibility of selling only in case of need and according to the limits of the related Business Model) and Held to Collect and Sell ("HTCS" - "residual" portfolio where the securities are held for treasury needs) is still characterised by a significant exposure to Italian government securities despite the presence of significant equity investments in the primary market on a selected number of corporate issuers. During the year, steps were also taken to increase the short-term trading activity on the trading portfolio and to issue further 7-year covered bonds for Euro 500 million with a 0.375% coupon.

The Group's net interbank position at 31 December 2019 is negative for Euro 1 billion, compared with the position at the end of the previous year, which was also negative for Euro 1.3 billion.

Shareholders' equity pertaining to the Parent Company at 31 December 2019, including net profit for the period, amounts to Euro 965.1 million, compared with Euro 892.1 million at the end of the previous year. The positive change of Euro 73.0 million is essentially attributable to the inclusion of minority interests at 31 December 2018, amounting to Euro 44.3 million, following the absorption of the former subsidiary Banca Popolare di Spoleto (BPS) in the Parent Company's balances, as well as to the comprehensive income for the period, equal to Euro 40.4 million, which more than offset the distribution of dividends for Euro 11.9 million.

Note that on 23 and 25 January 2018, taking account of a best estimate available at the time of the higher adjustments for expected losses on performing and non-performing loans on first-time application of the standard, the Boards of Directors of the former subsidiary Banca Popolare di Spoleto e Banco Desio resolved to join the transitional regime introduced by the Regulation (EU) 2017/2395 of 12 December 2017, aimed at mitigating the impact of the new standard on own funds and capital ratios, with reference to both the increase in adjustments for expected losses on performing and non-performing loans on first-time adoption of the standard and the increase in expected losses on performing loans compared with the date of first-time adoption of the standard.

With reference to the Banco Desio Banking Group, Own Funds at 31 December 2019, after a pay-out that takes account of the proposed allocation of the net profits of Group companies, subject to authorisation by their respective shareholders' meetings, amounted to Euro 1,038.1 million (CET1 + AT1 of Euro 985.5 million + T2 of Euro 52.6 million), a decrease of Euro 18.8 million compared with the final balance at the end of the previous year of Euro 1,056.9 million, mainly due to the decrease in Tier 2 capital compared with 31 December 2018, partially offset by the overall profitability for the year. The *Common Equity Tier 1 ratio*, which is the ratio between *Common Equity Tier 1 (CET1)* and risk-weighted activities, came to 13.0%. The Tier 1 ratio (T1/Risk-weighted assets) came to 13.0%, while the Total capital ratio (Total Own Funds/Risk-weighted assets) was 13.7%.

The calculation of Own Funds and of the consolidated prudential requirements at 31 December 2019, which are transmitted to the Bank of Italy in relation to the prudential supervisory reports (COREP) and statistical reports (FINREP), was made with reference to Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. as it is the financial parent company of the banking group according to European legislation.

The consolidated own funds calculated by the financial parent company amount to Euro 908.6 million at 31 December 2019 (CET1 + AT1 of Euro 814.3 million, T2 of Euro 94.3 million). The *Common Equity Tier 1 ratio*, which is the ratio between Common Equity Tier 1 (CET1) and risk-weighted activities, came to 10.0%. The Tier 1 ratio (T1/Risk-weighted assets) came to 10.7%, while the Total capital ratio (Total Own Funds/Risk-weighted assets) was 12.0%.

Note that the Bank of Italy's minimum requirements at consolidated level (based on the SREP) are as follows:

- 7.25% for the Common Equity Tier 1 ratio, binding - pursuant to art. 67-ter TUB - to the extent of 4.75% (of which 4.5% for the minimum regulatory requirements and 0.3% for additional requirements) and the capital conservation buffer for the remainder;
- 8.85% for the Tier 1 ratio, binding - pursuant to art. 67-ter TUB - to the extent of 6.35% (of which 6.0% for the minimum regulatory requirements and 0.4% for additional requirements) and the capital conservation buffer for the remainder;
- 11.00% for the Total Capital ratio, binding - pursuant to art. 67-ter TUB - to the extent of 8.5% (of which 8% for the minimum regulatory requirements and 0.5% for additional requirements) and the capital conservation buffer for the remainder.

As a result, at 31 December 2019 the Group again had capital ratios above the minimum requirements.

Consolidated income statement

The net profit attributable to the Parent Company at 31 December 2019 came in at Euro 40.2 million, an increase of 13.9% on the net profit of Euro 35.3 million in the comparison period.

Profit (loss) from continuing operations after tax has grown by approximately Euro 9.6 million (+26.6%) compared with 31 December 2018 which was influenced by the negative effect on the cost of credit linked to the sale of non-performing loans through GACS, partially offset by the *non-recurring loss after tax* of Euro 5.6 million.

The main cost and revenue items in the reclassified income statement are analysed below.

Operating income

Core revenues decreased by about Euro 1.0 million compared with the previous period (-0.2%), coming in at Euro 399.5 million. This trend is attributable:

- to *dividends* which show a reduction of Euro 2.1 million
 - to *net interest income* which shows a negative change of Euro 0.7 million (-0.3%),
 - to the balance of *other operating income/expenses* down by about Euro 1.0 million ,
- partially offset by the positive contribution of *net commission income* for Euro 2.3 million (1.4%) and *the net result of financial assets and liabilities* for Euro 0.5 million.

Operating costs

Operating costs, which include *payroll costs*, *other administrative expenses* and *net adjustments to property, plant and equipment and intangible assets* amounted to around Euro 281.6 million and have increased, with respect to the comparative period, by Euro 6.1 million (+2.2%).

In particular, *other administrative expenses* have increased by Euro 6.7 million (+7.2%). The balance includes Euro 8.6 million for the ex-ante ordinary gross contributions to the Single Resolution Mechanism (SRM) and to the Deposit Guarantee Scheme (DGS) (Euro 8.2 million in the prior year). This balance also includes Euro 11.9 million of costs for operating leases falling within the scope of IFRS 16 - Leases, which came into force on 1 January 2019; these costs have been booked to item "20. Interest and similar expense" for Euro 1.2 million and to item "210. Net adjustments to property, plant and equipment" for Euro 10.7 million; in the prior period, the charges incurred on these contracts were recorded in item "190 b) Other administrative costs".

Payroll costs have decreased by 0.2% on the prior period, whereas the balance of *net adjustments to property, plant and equipment and intangible assets* came to Euro 10.6 million (-2.5%).

Result of operations

The *result of operations* at 31 December 2019 therefore amounted to Euro 117.8 million, Euro 7.1 million down on the prior period (-5.6%).

Profit (loss) from operations after tax

The *result of operations* of Euro 117.8 million leads to a *net profit (loss) from operations after tax* of Euro 45.8 million, 26.6% up on the Euro 36.1 million in the comparative period, mainly because of:

- lower cost of credit (*net impairment adjustments to loans and advances from customers* and *gains (losses) on disposal or repurchase of loans*) of Euro 54.7 million, compared with Euro 76.9 million in the prior period, which was affected by the cost of credit linked to the sale of non-performing loans by means of a GACS;
- positive net adjustments to proprietary securities of Euro 3.4 million (negative for Euro 4.0 million in the comparative period);
- *net provisions for risks and charges* of Euro 31 thousand (negative for Euro 1.2 million in the comparative period);
- *income taxes on continuing operations* of Euro 20.4 million (vs Euro 6.5 million).

Result of non-recurring items after tax

At 31 December 2019 the *result of non-recurring items after tax* was a loss of Euro 5.6 million. This item basically consists of:

- the revenue component of Euro 1.4 million relating to an insurance refund received,
- the Euro 2 million charge for the extraordinary contributions to the Single Resolution Mechanism (SRM) and the Deposit Guarantee Scheme (DGS),
- the provision for operating risks of Euro 6.6 million linked to the situation of particular legal uncertainty which emerged at the end of the year on operations with customers in the consumer credit sector, so, to date, an increase in the cost for this type of operations is not to be considered a remote hypothesis
- the Euro 0.7 million charge for incentives to staff with accrued pension requirements,
- the net result of the measurement of the works of art at fair value (negative for Euro 0.6 million).

For the comparison period, a *non-recurring loss after tax* of Euro 0.4 million. This mainly consists of:

- the revenue component of Euro 2.5 million relating to the adjustment of the liabilities recorded to cover the redundancy plan at the end of 2016, reclassified from *personnel costs*,
- the Euro 1.5 million charge for the extraordinary contribution to the SRM requested by the national resolution authority on 25 May 2018,
- other non-recurring costs relating to participation in system interventions of around Euro 0.4 million, net of tax (negative for Euro 0.2 million).

Parent Company net profit/(loss)

The total of the *result of continuing operations after tax* and the *non-recurring profit after tax*, as well as the result pertaining to minority interests, leads to a net profit for the Parent Company at 31 December 2019 of Euro 40.2 million.

The Group's distribution network at 31 December 2019 consists of 257 branches.

At 31 December 2019, the Group had 2,198 employees, a decrease of 11 (-0.5%) since the end of the prior year.

Proposal for allocation of the net profit shown in the Parent Company's separate financial statements

The Board of Directors will propose to the Ordinary Shareholders' Meeting the distribution of a dividend of Euro 0.1036 for each of the 122,745,289 ordinary shares and a dividend of Euro 0.1244 for each of the 13,202,000 savings shares.

If approved, the proposed allocation of the net profit will mean allocating Euro 30.5 million to equity reserves.

In compliance with the stock exchange calendar, the dividend will be paid on 29 April 2020, while the ex-coupon date for stock pricing purposes and the record date⁴ will be 27 April and 28 April 2020, respectively.

* * *

⁴ Date of entitlement to payment of the dividend introduced by art. 83-terdecies CFA of Legislative Decree 91/2012

The Financial Reporting Manager, Mauro Walter Colombo, declares pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Finance Act that the accounting information contained in this press release agrees with the supporting documents, books of account and accounting records.

Desio, 6 February 2020

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

Financial Reporting Manager
Mauro Walter Colombo

The tables relating to the consolidated reclassified balance sheet and income statement of the Banco Desio Group are attached together with the separate balance sheet and income statement of the Parent Company Banco di Desio e della Brianza S.p.A.

The consolidated and separate financial statements of the Parent Company are subject to audit by Deloitte & Touche S.p.A., who are currently completing their work.

Desio, 6 February 2020

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Banco Desio Group
Consolidated balance sheet

| Assets | 31.12.2019 | 31.12.2018 | Change | |
|--|-------------------|-------------------|----------------|-------------|
| | | | amount | % |
| 10. Cash and cash equivalents | 60.816 | 69.219 | (8.403) | -12,1% |
| 20. Financial assets designated at fair value through profit and loss | 44.063 | 60.188 | (16.125) | -26,8% |
| a) Financial assets held for trading | 5.807 | 8.186 | (2.379) | -29,1% |
| c) Other financial assets that are necessarily measured at fair value | 38.256 | 52.002 | (13.746) | -26,4% |
| 30. Financial assets designated at fair value through other comprehensive income | 559.634 | 296.421 | 263.213 | 88,8% |
| 40. Financial assets measured at amortised cost | 12.949.705 | 12.626.834 | 322.871 | 2,6% |
| a) Due from banks | 915.019 | 555.965 | 359.054 | 64,6% |
| b) Loans to customers | 12.034.686 | 12.070.869 | (36.183) | -0,3% |
| 50. Hedging derivatives | - | 1 | (1) | -100,0% |
| 60. Adjustment to financial assets with generic hedge (+/-) | 624 | 684 | (60) | -8,8% |
| 90. Property, plant and equipment | 226.305 | 179.418 | 46.887 | 26,1% |
| 100. Intangible assets | 18.194 | 17.701 | 493 | 2,8% |
| of which: | | | | |
| - goodwill | 15.322 | 15.322 | | |
| 110. Tax assets | 202.765 | 226.537 | (23.772) | -10,5% |
| a) current | 7.812 | 29.227 | (21.415) | -73,3% |
| b) deferred | 194.953 | 197.310 | (2.357) | -1,2% |
| 130. Other assets | 129.956 | 131.033 | (1.077) | -0,8% |
| Total assets | 14.192.062 | 13.608.036 | 584.026 | 4,3% |

Note: The caption "100. Property, plant and equipment" at 31 December 2019 includes the recognition of the right of use asset ("RoU Asset") for Euro 51,743 thousand against operating lease contracts falling within the scope of IFRS 16, which came into force on 1 January 2019.

| Liabilities and shareholders' equity | 31.12.2019 | 31.12.2018 | Change | |
|--|-------------------|-------------------|----------------|-------------|
| | | | amount | % |
| 10. Financial liabilities measured at amortised cost | 12.850.498 | 12.301.628 | 548.870 | 4,5% |
| a) Due to banks | 1.603.208 | 1.620.824 | (17.616) | -1,1% |
| b) Due to customers | 9.498.187 | 9.254.591 | 243.596 | 2,6% |
| c) Debt securities in issue | 1.749.103 | 1.426.213 | 322.890 | 22,6% |
| 20. Financial liabilities held for trading | 8.138 | 6.046 | 2.092 | 34,6% |
| 40. Hedging derivatives | 2.157 | 5.175 | (3.018) | -58,3% |
| 60. Tax liabilities | 15.816 | 23.313 | (7.497) | -32,2% |
| a) current | - | 1 | (1) | -100,0% |
| b) deferred | 15.816 | 23.312 | (7.496) | -32,2% |
| 80. Other liabilities | 289.279 | 273.634 | 15.645 | 5,7% |
| 90. Provision for termination indemnities | 25.480 | 25.175 | 305 | 1,2% |
| 100. Provisions for risks and charges | 35.582 | 36.745 | (1.163) | -3,2% |
| a) commitments and guarantees given | 2.734 | 2.377 | 357 | 15,0% |
| c) other provisions for risks and charges | 32.848 | 34.368 | (1.520) | -4,4% |
| 120. Valuation reserves | 45.373 | 43.920 | 1.453 | 3,3% |
| 150. Reserves | 792.741 | 729.024 | 63.717 | 8,7% |
| 160. Share premium reserve | 16.145 | 16.145 | | |
| 170. Share capital | 70.693 | 67.705 | 2.988 | 4,4% |
| 190. Minority interests (+/-) | 4 | 44.266 | (44.262) | -100,0% |
| 200. Net profit (loss) for the period (+/-) | 40.156 | 35.260 | 4.896 | 13,9% |
| Total liabilities and shareholders' equity | 14.192.062 | 13.608.036 | 584.026 | 4,3% |

Note: The caption "10.b) Due to customers" at 31 December 2019 includes Euro 52,288 thousand of liabilities for leasing recognised on lease contracts falling within the scope of application of IFRS 16, which came into effect on 1 January 2019.

Reclassified consolidated income statement

| Captions | | | | Change | |
|-------------------------------------|--|-----------------|-----------------|---------------|--------------|
| <i>Amounts in thousands of Euro</i> | | 31.12.2019 | 31.12.2018 | Amount | % |
| 10+20 | Net interest income | 210.870 | 211.584 | -714 | -0,3% |
| 70 | Dividends and similar income | 1.096 | 3.196 | -2.100 | -65,7% |
| 40+50 | Net commission income | 169.310 | 166.974 | 2.336 | 1,4% |
| 80+90+100+ | Net result of financial assets and liabilities | 8.056 | 7.551 | 505 | 6,7% |
| 110 | | | | | |
| 230 | Other operating income/expense | 10.118 | 11.104 | -986 | -8,9% |
| | Operating income | 399.450 | 400.409 | -959 | -0,2% |
| 190 a | Payroll costs | -171.347 | -171.717 | 370 | -0,2% |
| 190 b | Other administrative costs | -99.664 | -92.938 | -6.726 | 7,2% |
| 210+220 | Net adjustments to property, plant and equipment and intangible assets | -10.597 | -10.864 | 267 | -2,5% |
| | Operating costs | -281.608 | -275.519 | -6.089 | 2,2% |
| | Result of operations | 117.842 | 124.890 | -7.048 | -5,6% |
| 130a+100a | Cost of credit | -54.659 | -76.932 | 22.273 | -29,0% |
| 130 b | Net adjustments to securities owned | 3.420 | -3.997 | 7.417 | n.s. |
| 140 | Profit/losses from contractual changes without write-offs | -412 | -69 | -343 | 497,1% |
| 200 a | Net provisions for risks and charges - commitments and guarantees given | -368 | -417 | 49 | -11,8% |
| 200 b | Net provisions for risks and charges - other | 337 | -822 | 1.159 | n.s. |
| | Profit (loss) from continuing operations before tax | 66.160 | 42.653 | 23.507 | 55,1% |
| 300 | Income taxes on continuing operations | -20.395 | -6.515 | -13.880 | 213,0% |
| | Profit (loss) from continuing operations after tax | 45.765 | 36.138 | 9.627 | 26,6% |
| 260 | Net result of the measurement at fair value of property, plant and equipment and intangible assets | -627 | - | -627 | n.s. |
| | Provisions for risks and charges, other provisions, one-off expenses and revenue | -7.857 | 636 | -8.493 | n.s. |
| | Non-recurring result before tax | -8.484 | 636 | -9.120 | n.s. |
| | Income taxes from non-recurring items | 2.875 | -216 | 3.091 | n.s. |
| | Non-recurring profit (loss) after tax | -5.609 | 420 | -6.029 | n.s. |
| 330 | Net profit (loss) for the period | 40.156 | 36.558 | 3.598 | 9,8% |
| 340 | Net profit (loss) pertaining to minority interests | 0 | -1.298 | 1.298 | n.s. |
| 350 | Parent Company net profit (loss) | 40.156 | 35.260 | 4.896 | 13,9% |

Banco di Desio e della Brianza
Separate balance sheet

The balance sheet figures for the comparison period have been prepared on a pro-forma basis as though the merger by absorption of the former subsidiary Banca Popolare di Spoleto, which took place with effect for accounting purposes on 1 January 2019, had already been completed.

| Assets | 31.12.2019 | 31.12.2018 pro-forma | Change | |
|--|-------------------|-------------------------|----------------|-------------|
| | | | amount | % |
| 10. Cash and cash equivalents | 60,815 | 69,217 | (8,402) | -12.1% |
| 20. Financial assets designated at fair value through profit and loss | 44,062 | 60,189 | (16,127) | -26.8% |
| a) Financial assets held for trading | 5,806 | 8,188 | (2,382) | -29.1% |
| c) Other financial assets that are necessarily measured at fair value | 38,256 | 52,002 | (13,746) | -26.4% |
| 30. Financial assets designated at fair value through other comprehensive income | 559,621 | 296,407 | 263,214 | 88.8% |
| 40. Financial assets measured at amortised cost | 12,897,501 | 12,572,064 | 325,437 | 2.6% |
| a) Due from banks | 914,805 | 555,365 | 359,440 | 64.7% |
| b) Loans to customers | 11,982,696 | 12,016,699 | (34,003) | -0.3% |
| 50. Hedging derivatives | - | 1 | (1) | -100.0% |
| 60. Adjustment to financial assets with generic hedge (+/-) | 624 | 684 | (60) | -8.8% |
| 70. Equity investments | 42,200 | 42,200 | - | 0.0% |
| 80. Property, plant and equipment | 225,088 | 179,292 | 45,796 | 25.5% |
| 90. Intangible assets | 11,451 | 11,118 | 333 | 3.0% |
| of which: | | | | |
| - goodwill | 9,796 | 9,796 | | |
| 100. Tax assets | 199,850 | 219,262 | (19,412) | -8.9% |
| a) current | 7,497 | 22,413 | (14,916) | -66.6% |
| b) deferred | 192,353 | 196,849 | (4,496) | -2.3% |
| 120. Other assets | 129,777 | 130,800 | (1,023) | -0.8% |
| Total assets | 14,170,989 | 13,581,234 | 589,755 | 4.3% |

Note: The caption "80. Property, plant and equipment" at 31 December 2019 includes the recognition of the right of use asset ("RoU Asset") for Euro 50,659 thousand against operating lease contracts falling within the scope of IFRS 16, which came into force on 1 January 2019.

| Liabilities and shareholders' equity | 31.12.2019 | 31.12.2018 pro-forma | Change | |
|--|-------------------|-------------------------|----------------|-------------|
| | | | amount | % |
| 10. Financial liabilities measured at amortised cost | 12,851,165 | 12,300,295 | 550,870 | 4.5% |
| a) Due to banks | 1,603,208 | 1,620,824 | (17,616) | -1.1% |
| b) Due to customers | 9,498,854 | 9,253,258 | 245,596 | 2.7% |
| c) Debt securities in issue | 1,749,103 | 1,426,213 | 322,890 | 22.6% |
| 20. Financial liabilities held for trading | 8,138 | 6,047 | 2,091 | 34.6% |
| 40. Hedging derivatives | 2,157 | 5,176 | (3,019) | -58.3% |
| 60. Tax liabilities | 15,815 | 16,709 | (894) | -5.4% |
| b) deferred | 15,815 | 16,709 | (894) | -5.4% |
| 80. Other liabilities | 282,977 | 268,427 | 14,550 | 5.4% |
| 90. Provision for termination indemnities | 25,240 | 24,956 | 284 | 1.1% |
| 100. Provisions for risks and charges | 28,626 | 36,289 | (7,663) | -21.1% |
| a) commitments and guarantees given | 2,734 | 2,381 | 353 | 14.8% |
| c) other provisions for risks and charges | 25,892 | 33,908 | (8,016) | -23.6% |
| 110. Valuation reserves | 45,384 | 45,096 | 288 | 0.6% |
| 140. Reserves | 779,763 | 760,446 | 19,317 | 2.5% |
| 150. Share premium reserve | 16,145 | 16,145 | | |
| 160. Share capital | 70,693 | 70,693 | | |
| 180. Net profit (loss) for the period (+/-) | 44,886 | 30,955 | 13,931 | 45.0% |
| Total liabilities and shareholders' equity | 14,170,989 | 13,581,234 | 589,755 | 4.3% |

Note: The caption "10.b) Due to customers" at 31 December 2019 includes Euro 51,199 thousand of liabilities for leasing recognised on lease contracts falling within the scope of application of IFRS 16, which came into effect on 1 January 2019.

Reclassified separate income statement

The income statement figures have been prepared on a pro-forma basis as though the merger by absorption of the former subsidiary Banca Popolare di Spoleto, which took place with effect for accounting purposes on 1 January 2019, had already been completed.

| Captions | | 31.12.2019 | 31.12.2018 | Change | |
|-------------------------------------|--|-----------------|-----------------|---------------|----------------|
| <i>Amounts in thousands of Euro</i> | | actual | pro-forma | Amount | % |
| 10+20 | Net interest income | 197.726 | 198.334 | -608 | -0,3% |
| 70 | Dividends and similar income | 1.096 | 3.196 | -2.100 | -65,7% |
| 40+50 | Net commission income | 171.597 | 168.772 | 2.825 | 1,7% |
| 80+90+100 +110 | Net result of financial assets and liabilities | 8.055 | 7.553 | 502 | 6,6% |
| 200 | Other operating income/expense | 5.728 | 6.807 | -1.079 | -15,9% |
| | Operating income | 384.202 | 384.662 | -460 | -0,1% |
| 160 a | Payroll costs | -167.823 | -168.379 | 556 | -0,3% |
| 160 b | Other administrative costs | -96.819 | -90.295 | -6.524 | 7,2% |
| 180+190 | Net adjustments to property, plant and equipment and intangible assets | -10.078 | -10.390 | 312 | -3,0% |
| | Operating costs | -274.720 | -269.064 | -5.656 | 2,1% |
| | Result of operations | 109.482 | 115.598 | -6.116 | -5,3% |
| 130a+100a | Cost of credit | -54.568 | -76.975 | 22.407 | -29,1% |
| 130 b | Net adjustments to securities owned | 3.420 | -3.997 | 7.417 | n.s. |
| 140 | Profit/losses from contractual changes without write-offs | -412 | -69 | -343 | 497,1% |
| 170 a | Net provisions for risks and charges - commitments and guarantees given | -368 | -418 | 50 | -12,0% |
| 170 b | Net provisions for risks and charges - other | 433 | -730 | 1.163 | n.s. |
| | Dividends from equity investments in subsidiaries | 5.740 | 5.766 | -26 | -0,5% |
| | Profit (loss) from continuing operations before tax | 63.727 | 39.175 | 24.552 | 62,7% |
| 270 | Income taxes on continuing operations | -17.657 | -3.458 | -14.199 | 410,6% |
| | Profit (loss) from continuing operations after tax | 46.070 | 35.717 | 10.353 | 29,0% |
| 240 | Net result of the measurement at fair value of property, plant and equipment and | -627 | 0 | -627 | n.s. |
| | Provisions for risks and charges, other provisions, one-off expenses and revenue | -1.246 | 636 | -1.882 | -295,9% |
| | Non-recurring result before tax | -1.873 | 636 | -2.509 | -394,5% |
| | Income taxes from non-recurring items | 689 | -216 | 905 | -419,0% |
| | Non-recurring profit (loss) after tax | -1.184 | 420 | -1.604 | -381,9% |
| 300 | Net profit (loss) for the period | 44.886 | 36.137 | 8.749 | 24,2% |