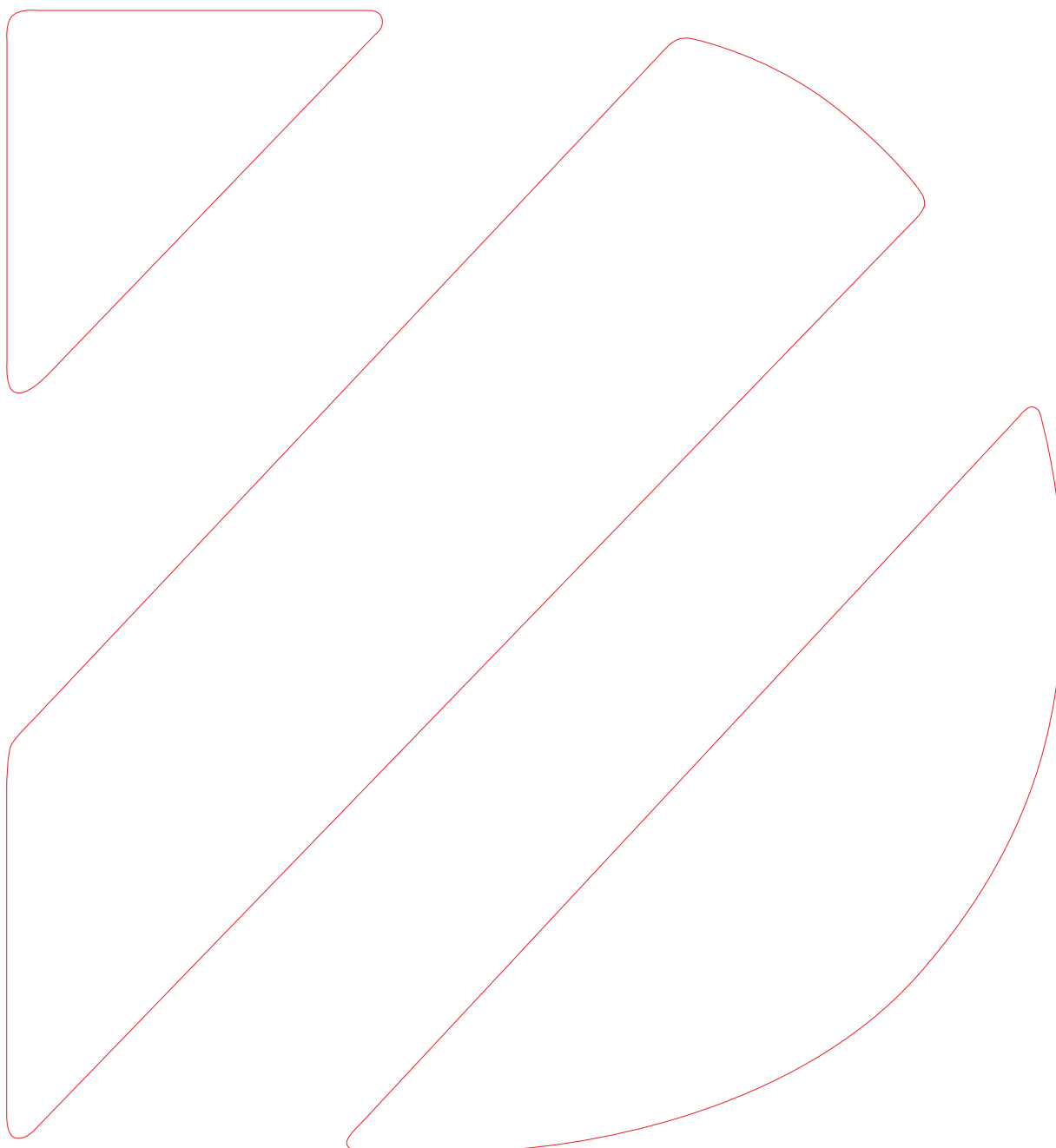




BASEL III PILLAR 3

PUBLIC DISCLOSURE AT 30 June 2024

Banco di Desio e della Brianza S.p.A. | Registered Office via Rovagnati,1 - 20832 Desio (MB) | Tax Code No. 01181770155 | Registered with the Metropolitan Chamber of Commerce of Milan, Monza and Brianza and Lodi | Share Capital Euro 70,692,590.28 fully paid-up | Member of the Interbank Deposit Protection Fund | and of the National Guarantee Fund | Registered in the Banking Register under ABI Code No. 3440/5 | Parent Company of Gruppo Bancario Banco di Desio e della Brianza | Registered with the Banking Group Register under No. 3440/5

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1. Introduction

As of 1 January 2014, the prudential regulations for banks and investment firms contained in Regulation (EU) No. 575/2013 (hereinafter referred to as "CRR" or the "Regulation") and Directive 2014/36/EU (hereinafter referred to as "CRD IV" or the "Directive") of 26 June 2014, which transpose the measures adopted by the Basel Committee on Banking Supervision (Basel III regulatory framework) into the EU regulatory framework, took effect.

In this context, the regulations concerning Pillar 3 require the publication of information on capital adequacy, risk exposure and the general characteristics of the systems designed to identify, measure and manage these risks. In particular, the regulatory development of the subject matter is summarised.

- The Public Disclosure is governed by Regulation (EU) No. 575/2013 (the "CRR"), Part Eight and Part Ten, Titles I, Chapter 3 and the regulatory or implementing technical standards issued by the European Commission.
- Regulation (EU) No. 876/2019 ("CRR II"), in force since 28 June 2021, amended the Regulation (EU) No. 575/2013, updating the content of public disclosure (Articles 431 et seq.).
- Regulation (EU) 2021/637, which establishes implementing technical standards with regard to the publication by institutions of the information required by the "CRR", has instead organically regulated the tabular contents and qualitative information required to comply with each article of the "CRR" (replacing and supplementing several previously published guidelines on the individual topics).
- Finally, Commission Implementing Regulation (EU) 2022/631 of 13 April 2022 amends the implementing technical standards set out in Implementing Regulation (EU) 2021/637 with regard to the disclosure of interest rate risk exposures on positions not held in the trading book.
- With regard to the Covid-19 disclosure, in view of the changed pandemic scenario, on 16 December 2022 the European Banking Authority (EBA) repealed the guidelines on reporting and public disclosure requirements on loans subject to support measures applied in the light of the Covid-19 crisis contained in EBA/GL/2020/07. Considering the still significant presence of loans subject to Covid-19 public guarantee, in line with FINREP reporting carried out at 30 June 2024, the Bank has chosen to maintain the "disclosures on new-generation loans and advances provided under public guarantee schemes" set out in the former Model 3 in the ad hoc section of this document.
- EU Regulation 2024/1623 of the European Parliament of 31 May 2024 further amended Regulation (EU) No. 575/2013: with regard to the requirements for credit risk, credit assessment adjustment risk, operational risk, market risk and output floor the effective date will be 1 January 2025.

The preparation of the Public Disclosure is carried out through the cooperation of the various bodies and structures involved in the governance and execution of the processes, consistently with the powers provided for by the Group's internal regulations. The Banco Desio Group has previously defined a formal policy to comply with disclosure requirements, with the aim of formalising the processes used for the construction and publication of Public Disclosures.

In order to comply with the changes introduced, at its meeting of 22 March 2022, the Bank's Board of Directors approved a revised internal regulatory framework that replaces the one previously in force and consists of:

- a Policy defining the functional guidelines for the preparation of the disclosure document, including the main roles and responsibilities of each actor involved in the process;
- a Process Regulation aimed at guiding the *modus operandi* of the corporate Functions involved in the process of governance and preparation of the Public Disclosure document and at defining, in more detail, the roles, responsibilities and activities required for the design, preparation and approval of the document;

- an Operations Manual, describing, in more detail, the various process steps and their Control points, to accompany the Process Regulation.

For the sake of completeness, we specify that the information published refers to the area of prudential consolidation relating to Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A., i.e. all entities subject to the prudential consolidation in question. Any misalignments with respect to other sources (Consolidated financial statements prepared at the same reporting date) are therefore attributable to differences in the perimeter considered.

Unless otherwise indicated, the amounts in the tables and figures in this document are expressed in thousands of euros.

The Banco Desio Group publishes this Public Disclosure via its website (www.bancodesio.it).

2. Key Metrics under Art. 447 CRR

According to the provisions of Articles 11(2) and (3) and 13(2) of the CRR Regulation, banks controlled by a "parent financial holding company" are required to comply with the requirements of the Regulation on the basis of the consolidated situation of that financial holding company. These provisions make the calculation of capital ratios at the level of Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A., parent company of 50.41% of Banco di Desio e della Brianza S.p.A.

The Bank of Italy set forth under "SREP" measure, communicated to the market on 12 April 2023, that starting from the reporting on own funds at 30 June 2023 the Brianza Unione "CRR" Group should adopt the new capital ratios at consolidated level as follows:

- **CET 1 ratio of 7.60%**, comprising a binding measure of 5.10% (of which 4.50% against the regulatory minimum requirements and 0.60% against 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%**, consisting of a binding measure of 6.80% (of which 6.00% against the regulatory minimum requirements and 0.80% against 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% against the minimum regulatory requirements and 1.00% against the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component.

The capital conservation buffer of 2.5%, in addition to the minimum requirements, is intended to provide banks with high-quality capital resources to be used in times of market stress to prevent disruptions in the banking system and to avoid interruptions in the lending process.

As part of its work in drafting the resolution plan, the Bank of Italy, as the National Resolution Authority, also determined the minimum requirement of own funds and eligible liabilities (MREL) for the Banco di Desio e della Brianza Group. This requirement is equivalent to the amount needed to absorb losses and coincides with the higher of the SREP binding Total Capital Ratio (9.00% binding level) and leverage (3.00%).

For the purposes of calculating "Risk Assets and Supervisory Ratios", EU regulations subject SMEs (Small and Medium-Sized Enterprises) to a facilitated risk weight (support factor of 0.7619 for exposures up to Euro 2.5 million and 0.85 for the part exceeding Euro 2.5 million).

On 25 January 2018, the Board of Directors of the Bank 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 equity and capital ratios, with reference to both the component of the increase in adjustments for expected losses on performing and non-performing loans on first-time application of the standard, and with reference to the increase in expected losses on performing loans compared to the date of first-time application of the standard.

The transitional provisions for sterilising the impacts of IFRS 9 were subsequently extended by Regulation (EU) 873/2020, which allowed banks in particular to sterilise the capital impacts related to 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.

In application of the changes introduced by "CRR II", the "key metrics" required by Article 447, i.e., the main indicators of capital strength, debt and liquidity, and the related regulatory requirements to be met, with reference to the last 5 quarters subject to prudential reporting (i.e., for the period 30 June 2024 - 30 June 2023) are reported below.

Template EU KM1: key metrics

		a	b	c	d	e
		30/06/2024	31/03/2024	31/12/2023	30/09/2023	30/06/2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	946,840	930,880	936,338	918,881	922,773
2	Tier 1 capital	1,010,881	994,524	1,000,427	982,749	987,659
3	Total capital	1,153,574	1,136,642	1,143,100	1,125,112	1,071,628
	Risk-weighted exposure amounts	-	-	-	-	-
4	Total risk exposure amount	7,596,876	7,549,651	7,602,524	7,576,269	7,696,997
	Capital ratios (as a percentage of risk-weighted exposure amount)	-	-	-	-	-
5	Common Equity Tier 1 ratio (%)	12.4635%	12.3301%	12.3161%	12.1284%	11.9887%
6	Tier 1 ratio (%)	13.3065%	13.1731%	13.1591%	12.9714%	12.8317%
7	Total capital ratio (%)	15.1848%	15.0556%	15.0358%	14.8505%	13.9227%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)	-	-	-	-	-
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (in %)	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
EU 7b	Of which capital CET1 (%)	0.6000%	0.6000%	0.6000%	0.6000%	0.6000%
EU 7c	Of which tier 1 capital (%)	0.8000%	0.8000%	0.8000%	0.8000%	0.8000%
EU 7d	Total SREP own funds requirements (%)	9.0000%	9.0000%	9.0000%	9.0000%	9.0000%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)	-	-	-	-	-
8	Capital conservation buffer (%)	2.5000%	2.5000%	2.5000%	2.5000%	2.5000%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0%	0%	0%	0%	0%
9	Institution-specific countercyclical capital buffer (%)	0%	0%	0%	0%	0%
EU 9a	Systemic risk buffer (%)	0%	0%	0%	0%	0%
10	Global Systemically Important Institution buffer (%)	0%	0%	0%	0%	0%
EU 10a	Other Systemically Important Institution buffer (%)	0%	0%	0%	0%	0%
11	Combined buffer requirement (%)	2.5000%	2.5000%	2.5000%	2.5000%	2.5000%
EU 11a	Overall capital requirements (%)	11.5000%	11.5000%	11.5000%	11.5000%	11.5000%
12	CET1 available after meeting the total SREP own funds requirements (%)	3.4635%	3.3301%	3.3161%	3.1284%	2.9887%
	Leverage ratio	-	-	-	-	-
13	Total exposure measure	19,143,914	18,822,036	19,309,227	20,344,460	20,131,186
14	Leverage ratio (%)	5.2804%	5.2838%	5.1811%	4.8305%	4.9061%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of total exposure measure)	-	-	-	-	-
EU 14a	Additional own funds requirements to address the risk of excessive leverage (in %)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)	-	-	-	-	-
EU 14d	Leverage ratio buffer requirement (%)	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%
EU 14e	Overall leverage ratio requirements (%)	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%
	Liquidity Coverage Ratio	-	-	-	-	-
15	Total high-quality liquid assets (HQLA) (weighted value - average)	3,514,624	3,514,624	3,291,006	2,900,528	2,658,666
EU 16a	Cash outflows - Total weighted value	2,251,753	2,098,871	2,142,606	2,146,996	2,133,046
EU 16b	Cash inflows - Total weighted value	818,226	581,519	586,351	583,744	572,542
16	Total net cash outflows (adjusted value)	1,444,509	1,516,476	1,556,254	1,563,252	1,560,504
17	Liquidity coverage ratio (%)	244.9887%	232.2157%	211.1577%	185.7308%	170.4058%
	Net Stable Funding Ratio	-	-	-	-	-
18	Total available stable funding	13,262,490	13,148,774	13,326,967	13,257,678	13,328,966
19	Total required stable funding	10,204,442	10,084,949	10,093,343	10,271,883	10,212,102
20	NSFR ratio (%)	129.9678%	130.3802%	132.0372%	129.0677%	130.5213%

At 30 June 2024, the consolidated ratios calculated for the financial parent company were therefore confirmed to be above the regulatory thresholds, also considering the limits imposed by the Supervisory Authority through the SREP procedure mentioned above.¹

¹ On 9 July 2024, EU Regulation 2024/1619 known as CRR 3 came into force, reintroducing until 2025, the prudential filter on the gains/losses on government securities classified in the IFRS 9 portfolio of Financial assets measured at fair value through other comprehensive income

The capital ratios without application of the transitional provisions, as shown in the table below, also confirm the Group's capital strength.

Comparison statement of Own Funds and Prudential Ratios calculated with the application of Regulation (EU) 2017/2395 (application of transitional provisions) and with full application of impacts related to IFRS 9 application of transitional provisions

	30.06.2024		31.03.2024		31.12.2023	
	Application of transitional regime	Without transitional regime IFRS9	Application of transitional regime	Without transitional regime IFRS9	Application of transitional regime	Without transitional regime IFRS9
OWN FUNDS						
Common Equity Tier 1 (CET1) capital	946,840	941,032	930,880	924,966	936,338	923,519
Tier 1 capital	1,010,881	1,004,951	994,524	988,486	1,000,427	987,345
Total own funds	1,153,574	1,147,486	1,136,642	1,130,444	1,143,100	1,129,678
RISK ASSETS						
Risk-weighted assets	7,596,876	7,582,415	7,549,651	7,534,988	7,602,524	7,571,358
SUPERVISORY RATIOS						
Primary Tier 1 capital/risk-weighted assets (CET1 capital ratio)	12.464%	12.411%	12.330%	12.276%	12.316%	12.198%
Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)	13.307%	13.254%	13.173%	13.119%	13.159%	13.041%
Total own funds/risk-weighted assets (Total capital ratio)	15.185%	15.134%	15.056%	15.003%	15.036%	14.920%
LEVERAGE RATIOS						
Leverage ratio total exposure measurement	19,143,914	19,137,983	18,822,036	18,815,998	19,309,227	19,309,227
Leverage ratio	5.28%	5.25%	5.28%	5.25%	5.18%	5.11%

	30.09.2023		30.06.2023	
	Application of transitional regime	Without transitional regime IFRS9	Application of transitional regime	Without transitional regime IFRS9
OWN FUNDS				
Common Equity Tier 1 (CET1) capital	918,881	908,793	922,773	912,017
Tier 1 capital	982,749	972,441	987,659	976,672
Total own funds	1,125,112	1,114,519	1,071,628	1,060,343
RISK ASSETS				
Risk-weighted assets	7,576,269	7,550,151	7,696,997	7,669,629
SUPERVISORY RATIOS				
Primary Tier 1 capital/risk-weighted assets (CET1 capital ratio)	12.128%	12.037%	11.989%	11.891%
Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)	12.971%	12.880%	12.832%	12.734%
Total own funds/risk-weighted assets (Total capital ratio)	14.850%	14.762%	13.923%	13.825%
LEVERAGE RATIOS				
Leverage ratio total exposure measurement	20,344,460	20,344,460	20,131,186	20,131,186
Leverage ratio	4.83%	4.78%	4.91%	4.85%

The Group complies with the LCR (Liquidity Coverage Ratio) regulatory requirement by placing itself above the regulatory limit. High-quality liquid and available assets consist entirely of the most liquid type (Level 1) of assets eligible for the numerator of the LCR.

The Net Stable Funding Ratio (NSFR) is a liquidity indicator that measures the availability of stable funding; banks are required to maintain a stable amount of funding or maturing beyond 12 months, which allows them to finance their activities over the long term.

(Article 468 of the CRR), which Banco Desio had already adopted in the past. In the absence of more precise indications on the possibility of using the filter already on the situation at 30 June 2024, the Bank will apply the reinstated prudential filter in continuity with the past as from the first situation after 9 July 2024 (i.e. 30 September 2024). The pro-forma impact of the capital filter on 30 June 2024 is estimated at +11 bps on all Brianza Unione ratios (+22 bps on Banco Desio Group and +25 bps on individual Banco Desio).

With reference to the provision authorising the purchase and sale of Banco Desio treasury shares, pursuant to the press release of 30 July 2024, following the discussions held on the matter with the Supervisory Authority, the deduction that will be applied to the first situation after 12 July 2024 (i.e. 30 September 2024) was not taken into account in the calculation of the Own Funds at 30 June 2024. The pro-forma impact of the Euro 20.2 million deduction to be applied to the Banco Desio capital is estimated at -13 bps on all Brianza Unione ratios (-27 bps on Banco Desio Group and -29 bps on individual Banco Desio)

3. Covid-19 disclosure

The following table provides information on liquidity disbursements of up to 10 years guaranteed by MCC and SACE disbursed in the context of Covid-19, for an amount between 80% and 100% of the amount disbursed, depending on the characteristics of the borrower and the amount requested.

Template 3. Information on new loans and advances subject to newly applied public guarantee schemes introduced in response to the Covid-19 crisis

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forbearance measures	Public guarantees received	Inflows to non-performing exposures
1	New loans and advances subject to public guarantee schemes	1,337,684	10,257	1,136,666	12,857
2	of which: to households	96,258			-
3	of which: secured by residential real estate as collateral	27			-
4	of which: non-financial corporations	1,236,952	9,826	1,044,405	12,089
5	of which: to small and medium-sized enterprises	1,004,747			-
6	of which: secured by non-residential real estate as collateral	21			-

Statement by 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 document "Basel III Pillar 3 at 30 June 2024" corresponds to the documented results, books and accounting records.

The Financial Reporting Manager

Mauro Walter Colombo

Attestation on policies and disclosure requirements pursuant to Part Eight, Art. 431 para. 3 of Regulation (EU) 575/2013 of 26 June 2013 as amended and supplemented²

The undersigned Alessandro Decio, Chief Executive Officer, and Mauro Walter Colombo, Financial Reporting Manager of Banco di Desio e della Brianza S.p.A. certify, taking into account the provisions of Article 431 of Regulation (EU) 575/2013 ("CRR") and subsequent amendments and additions:

- the adequacy of the document "Basel III Pillar 3 at 30 June 2024" with respect to the requirements of "Part Eight - Disclosures by institutions" of the "CRR", and
- the application of administrative procedures in the preparation of public disclosures in accordance with formal policy and internal processes, systems and controls.

The CEO

Alessandro Decio

The Financial Reporting Manager

Mauro Walter Colombo

Desio, 30 July 2024

² It should be noted in this regard that, to date, there is no defined attestation standard. In view of the fact that financial information and disclosures make up the bulk of the information provided, a joint attestation by the Chief Executive Officer and the Financial Reporting Manager was opted for.