Banco Desio

PRESS RELEASE

CONSOLIDATED RESULTS AS AT 30 JUNE 2024

Consolidated net profit for 1H 2024 of Euro 78.1million, up YoY by 29.4% on ordinary performance (-59.6% also taking into account extraordinary items in 1H 2023 of Euro 134.2million[1])

Revenue growth (+14.7%) with net interest margin (+14.0%) and net fee and commission income (+9.9%) on the rise; cost of risk held at 29 bps vs. 44 bps in 1H 2023

Annualised ROE at 12.1%

Further strengthening of 41 bps with CET1 at 17.60% and TCR at 18.38% (Banco Desio Group)

Desio, 30 July 2024 - The Board of Directors of Banco di Desio e della Brianza S.p.A. approved the "Consolidated Half-Year Financial Report as at 30 June 2024". The main income statement and balance sheet indicators for the period are summarised in the table below.

PROFITABILITY

- **Consolidated net profit** of **Euro 78.1 million** (ex Euro 193.3 million at 1H 2023 influenced by the effect of the extraordinary items related to the "Aquarius" and "Lanternina" transactions for Euro 134.2 million)
- **Increasing ordinary profitability (ROE annualised at 12.1%)** with cost of risk equal to 29 bps[2]
- **Ordinary profitability improved (+Euro 17.4 million and +29.4%)** due to the growth in operating income (+14.7%) against a more moderate growth in related expenses (+8.9%)
- **Solid performance of Operating Margin (+Euro 27.1 million and +21.6%)** with **net interest income up (+Euro 23.6 million and +14.0%)**
- **Cost income ratio[3]** at **53.8%** (56.8% at H1 2023)

SUPPORTING THE ECONOMY AND GROWTH

- **Loans to ordinary customers[4]** stable at Euro **11.6 billion** with additional disbursements to households and companies during the half-year amounting to Euro 1.0 billion.
- **Direct deposits** increased to **Euro 15.3 billion** (+3.6%)[5]
- **Indirect deposits** of **Euro 21.2 billion** (+5.6%, of which ordinary customers up 5.9%)

RELIABILITY

- **Stable incidence of impaired loans:** Gross NPL ratio at 3.3% and net NPL ratio at 1.8% (3.3% and 1.7% respectively at YE2023)
- **Solid coverage levels** on impaired loans[6] at 48.6% and on performing loans at 0.92% (coverage on impaired loans net of government guarantees of 55.1%)
- **Liquidity under control** with LCR indicator at 200.92% (formerly 244.92%) and NSFR at 129.97% (formerly 132.04%)

CAPITAL SOUNDNESS[7]

- **Capital solidity of** Banco Desio Group **confirmed** with **CET1 at 17.60%**

Coefficients[8]	Banco Desio Brianza	Banco Desio Group	Brianza Unione Group[9]
CET 1	19.40%	17.60%	12.46%
TIER 1	19.40%	17.60%	13.31%
Total Capital	20.26%	18.38%	15.18%

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[1] Badwill of Euro 53.3 million from the bank branches acquired from BPER (as a result of the provisional PPA) and gross proceeds of Euro 98.5 million from the sold acquiring branch.
[2] Calculated as the ratio of annualised net adjustments to loans for the period ("Cost of credit" in the Reclassified Income Statement) to total cash exposures to customers net of value adjustments.
[3] With reference to recurring items only.
[4] Excluding impaired loans in the amount of Euro 14.5 million net, classified under "Assets held for sale".
[5] Including funding repurchase agreements with institutional customers in the amount of Euro 971 million (Euro 608 million as at 31 December 2023).
[6] The values shown are grossed up by the amount related to the lower fair value of the acquired impaired loans from the "Lanternina" branch BU.
[7] On 27 May 2024, Banco Desio disclosed the capital decision taken by the Bank of Italy at the conclusion of the periodic Prudential Review Process ("SREP"), keeping the capital requirements for the "CRR" Brianza Unione Group at a consolidated level unchanged from 2023, as shown below: CET1 ratio of 7.60%, binding - pursuant to art. 67-ter TUB - to the extent of 5.10% (of which 4.50% for minimum regulatory requirements and 0.60% for additional requirements) and the remainder by the capital conservation buffer component, Tier1 ratio of 9.30%, binding to the extent of 6.80% (of which 6.00% for minimum regulatory requirements and 0.80% for additional requirements) and the remainder by the capital conservation buffer component and Total Capital ratio of 11.50%, binding at 9.00% (of which 8.00% against minimum regulatory requirements and 1.00% against additional requirements) and the remainder from the capital conservation buffer component.
[8] Pursuant to the transitional provisions introduced by Regulation (EU) 2017/2395 of 12 December 2017 as amended.
[9] The consolidated ratios at the level of Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A., the parent company of 50.41% of Banco di Desio e della Brianza S.p.A., were calculated in accordance with the provisions of articles 11(2) and (3) and 13(2) of the CRR Regulation.

Banco Desio

The Board of Directors of Banco di Desio e della Brianza S.p.A., which met on 30 July 2023, approved the "Consolidated Half-Year Financial Report as at 30 June 2024" (hereinafter also referred to as the "Report"), prepared pursuant to Article 154-*ter* of Legislative Decree 58/1998 ("Testo Unico della Finanza" - Consolidated Law on Finance), implementing Legislative Decree No. 195 of 6 November 2007 (so-called "Transparency Directive") and prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to EU Regulation No. 1606 of 19 July 2002, and in particular IAS 34 - *Interim Financial Reporting*, as well as with the provisions of the Bank of Italy issued in Circular No. 262 of 17 November 2022 (8th update).

The Report was also prepared for the purposes of determining the result for the period for the calculation of own funds and prudential ratios.

As far as the recognition and measurement criteria are concerned, the Report is prepared in accordance with the IAS/IFRS in force at the reporting date, as shown below in the section "Basis of Preparation".

The amounts in the tables and statements of the Report are expressed in euro thousands.

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

The balances shown in the financial statements and detailed tables for the reporting period express the effects arising from the acquisition of Dynamica Retail S.p.A. and its subsidiary Dynamica Retail Agenzia in Attività Finanziaria S.r.l., including those arising from the Purchase Price Allocation (PPA) process provisionally determined at the acquisition date (1 June 2024) pursuant to IFRS 3 Business Combinations, while, for the comparative periods, they include the non-recurring effects arising from (i) the acquisition of the bank branches from the BPER Group, realised on 20 February 2023, including those arising from the PPA process, and (ii) the sale to Worldline Italia of the merchant acquiring business unit, which took place on 28 March 2023. The income statement values used for comparison have been restated due to the change in the amortised cost criterion applied by the subsidiary Fides in order to make it consistent with that adopted by the Parent Company

Main events of the period

Entry into the share capital of Dynamica Retail S.p.A.

On 31 May 2024, following the completion of the authorisation procedures and in execution of the Agreements announced on 31 January of this year, which are the subject of a press release to which reference should be made, the "closing" of the transaction involving the entry of Banco Desio into the share capital of Dynamica Retail through the purchase of the majority of the share capital and the subscription of a capital increase reserved for Banco Desio (the "Transaction") was finalised.

Upon completion of the Transaction, Banco Desio holds an 89.23% stake in the Company's share capital, while the remaining stake is held by Dynamica's managing shareholders, who will continue to contribute to the Company's growth within the Banco Desio Group.

Badwill of Euro1.4 million resulting from the Purchase Price Allocation (PPA) process provisionally determined at the acquisition date (1 June 2024) was recognised in the consolidated half-year financial report.

Inspections

On 19 March 2024, the Bank of Italy presented to the Board of Directors of Banco Desio the results of the inspections on banking transparency, for which a remedial plan has been requested. This plan, in addition to including procedural and organisational projects that the Bank is currently implementing, also envisages the repayment of certain commissions to customers which, in the operational risk assessment carried out for the purposes of this Half-Yearly Financial Report, have been the subject of the best estimate on the basis of the most recent investigations and assessments carried out as part of the ongoing proceedings.

On 9 April 2024, the Bank of Italy also presented to Banco Desio's Board of Directors the results of its inspections on anti-money laundering, for which the Bank is implementing appropriate improvement measures.

Agreement with Banca Popolare di Puglia e Basilicata to acquire 14 branches

On 16 May 2024, Banco Desio signed an agreement with Banca Popolare di Puglia e Basilicata S.C.p.A. ("BPPB") for the acquisition of a Business Unit consisting of a total of 14 bank branches located in Lazio, Veneto, Marche and Piedmont (the "Business Units" or, in short, the "Units").

The Business Unit includes a gross banking product as at 31 December 2023 of approximately Euro 870 million and approximately 17,000 retail and SME customers, as well as assets, liabilities and legal relationships related to them. The transaction will increase the number of customers by 3.6%, total loans by 3.0% and total funding from ordinary customers by 2.4%.

On 19 July last year, Banco Desio received the measure of the Prime Minister's Office of the non-applicability of the golden power regulation.

Authorisation to purchase and dispose of own shares

On 30 July 2024, the Board of Banco di Desio e della Brianza S.p.A. ("Banco Desio"), having acknowledged the authorisation provision issued on 12 July 2024 by the Bank of Italy pursuant to Articles 77 and 78 of Reg. EU No. 575/2013 ("CRR"), resolved to commence the operation of the share buyback programme (the "Programme") authorised by the Shareholders' Meeting on 18 April 2024 on the proposal of the Board itself. Please refer to the specific press release published today.

Sustainability and climate-environmental risk

In the reporting period, Banco Desio continued to implement the 'Masterplan E(SG)' transformation programme for the progressive integration of sustainability factors into the decision-making system, starting with climate-environmental risks.

In the implementation (in line with the schedule) of the project activities, which were enriched towards the end of 2023 with further initiatives in line with the targets of the new 'Beyond 26' business plan, the qualifying aspects that emerged from the ongoing dialogue with the National Supervisory Authority were emphasised in the reporting period. In particular, during the reporting period, the good practices referred to in the analysis of the action plans developed by the Less Significant Institutions (LSIs) that the Bank of Italy published on 28 December 2023 were examined and the 2024-25 business plan was further refined with certain initiatives in light of the published evidence.

Consolidated balance sheet data

Assets under administration

Total customer assets under administration at 30 June 2024 amounted to about Euro 36.5 billion, an increase of around Euro 1.7 billion (+4.7%) compared to the balance at year-end 2023, attributable to the performance of indirect (+5.6%) and direct (3.6%) inflows.

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

Table 1 - Inflows from customers

Amounts in Euro thousands	30.06.2024	Incidence %	31.12.2023	Incidence %	Changes Value	Changes %
Payables to customers	12,488,789	34.2%	12,277,411	35.2%	211,378	1.7%
Securities issued	2,826,982	7.7%	2,509,819	7.2%	317,163	12.6%
Direct inflows	**15,315,771**	**41.9%**	**14,787,230**	**42.4%**	**528,541**	**3.6%**
Inflows from ordinary customers	13,426,599	36.8%	12,683,669	36.4%	742,930	5.9%
Inflows from institutional customers	7,775,150	21.3%	7,391,538	21.2%	383,612	5.2%
Indirect inflows	**21,201,749**	**58.1%**	**20,075,207**	**57.6%**	**1,126,542**	**5.6%**
Total inflows from customers	**36,517,520**	**100.0%**	**34,862,437**	**100.0%**	**1,655,083**	**4.7%**

Direct inflows amounted to around Euro 15.3 billion, up 3.6% compared to 31 December 2023, due to the growth in securities issued (+12.6%) and payables to customers (+1.7%).

Table No. 2 - Direct inflows

Amounts in Euro thousands	30.06.2024	Incidence %	31.12.2023	Incidence %	Changes Value	Changes %
Payables to customers	**12,488,789**	**81.5%**	**12,277,411**	**83.0%**	**211,378**	**1.7%**
Current accounts and deposits	*10,704,771*	*69.9%*	*11,129,419*	*75.2%*	*-424,648*	*-3.8%*
current accounts and demand deposits	*9,905,057*	*64.7%*	*10,116,726*	*68.4%*	*-211,669*	*-2.1%*
fixed-term deposits and restricted current accounts	*799,714*	*5.2%*	*1,012,693*	*6.8%*	*-212,979*	*-21.0%*
Repurchase agreements and securities lending	*971,485*	*6.3%*	*607,636*	*4.1%*	*363,849*	*59.9%*
Loans and other payables	812,533	5.3%	540,356	3.7%	272,177	50.4%
Securities issued	**2,826,982**	**18.5%**	**2,509,819**	**17.0%**	**317,163**	**12.6%**
bonds at amortised cost and liabilities measured at fair value	2,826,773	18.5%	2,509,466	17.0%	317,307	12.6%
certificates of deposit and other securities	209	0.0%	353	0.0%	-144	-40.8%
Direct inflows	**15,315,771**	**100.0%**	**14,787,230**	**100.0%**	**528,541**	**3.6%**

Indirect inflows increased by +5.6% to Euro 21.2 billion compared to the previous year-end balance. In particular, the trend was attributable to both inflows from institutional customers (+5.2%) and inflows from ordinary customers (+5.9%), the latter due to the performance of the assets under management segment (+2.8%) and assets under administration (+11.3%).

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Table No. 3 - Indirect inflows

Amounts in Euro thousands	30.06.2024	Incidence %	31.12.2023	Incidence %	Changes Value	Changes %
Assets under Administration	**5,054,559**	**23.8%**	**4,541,442**	**22.6%**	**513,117**	**11.3%**
Assets under Management	**8,372,040**	**39.5%**	**8,142,227**	**40.6%**	**229,813**	**2.8%**
Asset management	*1,288,313*	*6.1%*	*1,230,806*	*6.1%*	*57,507*	*4.7%*
Mutual funds and Sicav	*4,102,953*	*19.4%*	*3,923,722*	*19.5%*	*179,231*	*4.6%*
Banking-insurance products	*2,980,774*	*14.0%*	*2,987,699*	*15.0%*	*-6,925*	*-0.2%*
Inflows from ordinary customers	**13,426,599**	**63.3%**	**12,683,669**	**63.2%**	**742,930**	**5.9%**
Inflows from institutional customers (1)	**7,775,150**	**36.7%**	**7,391,538**	**36.8%**	**383,612**	**5.2%**
Assets under Administration	*7,085,891*	*33.4%*	*6,741,530*	*33.6%*	*344,361*	*5.1%*
Assets under Management	*689,259*	*3.3%*	*650,008*	*3.2%*	*39,251*	*6.0%*
Indirect inflows (1)	**21,201,749**	**100.0%**	**20,075,207**	**100.0%**	**1,126,542**	**5.6%**

(1) Inflows from institutional customers include securities on deposit underlying the Bancassurance segment of ordinary customers amounting to about Euro 2.1 billion (at 31.12.2023 about Euro 2.1 billion).

Loans to customers

The total value of **loans**[10] to customers at 30 June 2024 stood at around Euro 11.6 billion, in line with the figure at the end of 2023.

Table 4 - Breakdown of loans to customers

Amounts in Euro thousands	30.06.2024	Incidence %	31.12.2023	Incidence %	Changes Value	Changes %
Mortgages	7,911,955	68.0%	8,147,015	69.9%	-235,060	-2.9%
fixed rate	*4,863,227*	*41.7%*	*4,943,202*	*42.4%*	*-79,975*	*-1.6%*
variable rate	*710,853*	*6.1%*	*747,764*	*6.4%*	*-36,911*	*-4.9%*
mixed rate (1)	*2,337,875*	*20.2%*	*2,456,049*	*21.1%*	*-118,174*	*-4.8%*
Current accounts	862,492	7.4%	888,054	7.6%	-25,562	-2.9%
Finance lease	154,313	1.3%	154,409	1.3%	-96	-0.1%
Credit cards, personal loans and salary-backed loans	1,693,588	14.5%	1,440,166	12.4%	253,422	17.6%
Other transactions	1,027,609	8.8%	1,023,982	8.8%	3,627	0.4%
Loans to customers	**11,649,957**	**100.0%**	**11,653,626**	**100.0%**	**-3,669**	**-0.03%**

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

The table below summarises the gross and net indicators of credit risk and related coverage levels.[11]

[10] Excluding impaired loans in the amount of Euro 14.5 million net, classified under "Assets held for sale".
[11] The values shown are grossed up by the amount related to the lower fair value of the acquired impaired loans from the "Lanternina" perimeter in the previous year.

Table 5 - Credit quality as at 30 June 2024

Amounts in Euro thousands	30.06.2024					
	Gross exposure	**Incidence % of total loans**	**Value adjustments**	**Coverage ratio**	**Net exposure**	**Incidence % of total loans**
Bad loans	173,481	1.5%	(120,894)	69.7%	52,587	0.5%
Unlikely to pay	208,192	1.7%	(70,246)	33.7%	137,946	1.2%
Impaired past-due	16,467	0.1%	(2,434)	14.8%	14,033	0.1%
Total impaired	**398,140**	**3.3%**	**(193,574)**	**48.6%**	**204,566**	**1.8%**
Stage 1 exposures	9,615,068	80.5%	(16,205)	0.17%	9,598,863	82.4%
Stage 2 exposures	1,937,057	16.2%	(90,529)	4.67%	1,846,528	15.8%
Performing exposures	**11,552,125**	**96.7%**	**(106,734)**	**0.92%**	**11,445,391**	**98.2%**
Total loans to customers	**11,950,265**	**100.0%**	**(300,308)**	**2.5%**	**11,649,957**	**100.0%**

Table 6 - Credit quality as at 31 December 2023

Amounts in Euro thousands	31.12.2023					
	Gross exposure	**Incidence % of total loans**	**Value adjustments**	**Coverage ratio**	**Net exposure**	**Incidence % of total loans**
Bad loans	157,737	1.4%	(109,847)	69.6%	47,890	0.4%
Unlikely to pay	218,463	1.8%	(78,741)	36.0%	139,722	1.2%
Impaired past-due	15,091	0.1%	(2,390)	15.8%	12,701	0.1%
Total impaired	**391,291**	**3.3%**	**(190,978)**	**48.8%**	**200,313**	**1.7%**
Stage 1 exposures	9,488,837	79.4%	(15,825)	0.17%	9,473,012	81.3%
Stage 2 exposures	2,076,703	17.3%	(96,402)	4.64%	1,980,301	17.0%
Performing exposures	**11,565,540**	**96.7%**	**(112,227)**	**0.97%**	**11,453,313**	**98.3%**
Total loans to customers	**11,956,831**	**100.0%**	**(303,205)**	**2.5%**	**11,653,626**	**100.0%**

The coverage on non-performing loans net of government guarantees (MCC and SACE) as at the reference date was 55.1% (formerly 55.0% at 31 December 2023).

Securities portfolio and net interbank position

At 30 June 2024, the Bank's total **financial assets** amounted to approximately Euro 4.2 billion, up +7.0% compared to the previous year-end figure, amounting to Euro 4.0 billion.

Table 7 - Financial Assets: Composition of the ownership portfolio

Amounts in Euro thousands	30.06.2024	Incidence %	31.12.2023	Incidence %	Changes Value	Changes %
Securities portfolio and derivatives (FVTPL)	**203,850**	**4.8%**	**180,706**	**4.6%**	**23,144**	**12.8%**
Debt securities	7,091		1,850			
Equity securities	5,045		4,890			
Mutual funds and SICAV	155,441		150,840			
Trading and hedging derivatives	36,273		23,126			
Banking book (FVOCI)	**952,948**	**22.5%**	**835,465**	**21.1%**	**117,483**	**14.1%**
Debt securities	939,740		822,257			
Equity securities	13,208		13,208			
Financial assets at amortised cost (AC)	**3,077,296**	**72.7%**	**2,941,183**	**74.3%**	**136,113**	**4.6%**
Debt securities (*)	3,077,296		2,941,183			
Financial assets	**4,234,094**	**100.0%**	**3,957,354**	**100.0%**	**276,740**	**7.0%**
of which Securities Portfolio	4,197,821	99.1%	3,934,228	99.4%	263,593	6.7%

(*) Includes senior securities from the sale of own non-performing loans

The investment policy of the Held to Collect ("HTC" - "primary" investment portfolio for the support of the 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 relevant Business Model) and Held to Collect and Sell ("HTCS" - Portfolio where securities are held for treasury needs) is characterised by a significant exposure in Italian government securities. Specifically, 71.7% of it consists of government bonds, 15.3% of bonds of leading bank issuers, and the remainder of other issuers.

Taking into account the monetary policy adopted by the European Central Bank, Banco Desio has put in place a strategy to hedge its assets by setting up Micro Fair Value Hedges and Macro Fair Value Hedges.

Table 8 - Derivative financial instruments: book value

Amounts in Euro thousands	Carrying amount 30.06.2024	31.12.2023	Changes Value	Changes %
Net hedging derivative financial instruments	**30,781**	**6,875**	**23,906**	**347.7%**
hedging financial assets	34,904	21,431	13,473	62.9%
hedging financial liabilities	-4,123	-14,556	10,433	-71.7%
Net trading derivative financial instruments	**139**	**-55**	**194**	**-352.7%**
financial assets held for trading	1,369	1,695	-326	-19.2%
financial liabilities held for trading	-1,230	-1,750	520	-29.7%
Net derivative financial instruments	**30,920**	**6,820**	**24,100**	**353.4%**

Table 9 - Derivative financial instruments: notional

Amounts in Euro thousands	Notional value 30.06.2024	31.12.2023	Changes Value	Changes %
Hedging derivative financial instruments	**1,055,000**	**1,055,000**	**0**	**0.0%**
hedging financial assets	*675,000*	*445,000*	*230,000*	*51.7%*
hedging financial liabilities	*380,000*	*610,000*	*-230,000*	*-37.7%*
Trading derivative financial instruments	**213,552**	**166,615**	**46,937**	**28.2%**
financial assets held for trading	*96,068*	*83,445*	*12,623*	*15.1%*
financial liabilities held for trading	*117,484*	*83,170*	*34,314*	*41.3%*
Total derivative financial instruments	**1,268,552**	**1,221,615**	**46,937**	**3.8%**

Item "Trading financial instruments" refers to the fair value of derivative financial instruments discontinued, for which the hedging relationship was discontinued, and to the fair value of swap and outright contracts that are subject to natural hedges.

The Group's **net interbank position** at 30 June 2024 was a credit position of about Euro 0.4 billion, compared to a debit balance of around Euro 0.1 billion at the end of the previous year.

Capital and supervisory ratios

Equity attributable to the Parent Company at 30 June 2024, including the profit for the period, totalled Euro 1,396.0 million, compared to Euro 1,354.0 million in 2023. The positive change of Euro 42.0 million is mainly attributable to the positive overall profitability for the period of Euro 77.6 million, partially offset by the payment of the dividend for the financial year 2023.

With reference to the Banco Desio Banking Group, *Own Funds*, after pay-out forecasts, as per dividend policy, amounted to Euro 1,396.6 million as at 30 June 2024, (CET1 + AT1, amounting to Euro 1,336.7 million and +T2 at Euro 59.9 million) compared to Euro 1,366.4 million at the end of the previous year. The Common Equity Tier1 ratio and the Tier1 ratio were 17.6% (both 17.2% as at 31 December 2023), while the Total Capital ratio was also 18.4% (18.0% as at 31 December 2023).

The calculation of the consolidated Own Funds and prudential requirements that are subject to submission to the Bank of Italy as part of the Prudential Supervisory Reporting (COREP) and Statistical Reporting (FINREP) is performed with reference to Brianza Unione di Luigi Gavazzi e Stefano Lado S.A., which, according to European regulations, is the financial parent company of the banking group. Consolidated own funds calculated on the financial parent company Brianza Unione amounted to Euro 1,153.6 million at 30 June 2024 (CET1 + AT1 at Euro 1,010.9 million + T2 at Euro 142.7 million) compared to Euro 1,143.1 million at the end of the previous year. The Common Equity Tier1 capital ratio was 12.5% (12.3% at 31 December 2023). The Tier1 ratio was 13.3% (13.2% at 31 December 2023), while the Total Capital ratio was 15.2% (15.0% at 31 December 2023)[12].

On 27 May 2024, Banco Desio disclosed the capital decision taken by the Bank of Italy at the conclusion of the periodic Prudential Review Process ("SREP"), keeping the capital requirements for the "CRR" Brianza Unione Group at a consolidated level unchanged from 2023, as shown below:

- **CET 1 ratio of 7.60%**, comprising a binding measure of 5.10% (of which 4.50% against the minimum regulatory 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%**, comprising a binding measure of 6.80% (of which 6.00% against the minimum regulatory 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 soundness of the Group with respect to the requirements was confirmed.

Consolidated Income Statement

Profit for the period amounted to Euro 78.1 million, up YoY by 29.4% on ordinary performance and down by -59.6% taking into account extraordinary items in the first half of 2023 amounting to Euro 134.2 million. In particular, the result recorded in the first half of 2023 benefited from the non-recurring positive effects of the acquisition of the BPER Group's business branches, with the recognition of the gross provisional badwill of Euro 53.3 million resulting from the purchase price allocation (PPA) process pursuant to IFRS 3 - Business Combinations, and from the sale to Worldline Italia of the merchant acquiring business branch with the recognition of a capital gain of Euro 98.5 million, gross of taxes.

[12] On 9 July 2024, EU Regulation 2024/1619 known as CRR 3 came into force, reintroducing until 2025 the prudential filter on the capital gains/losses on government securities classified in the IFRS 9 portfolio of Financial assets at fair value with impact on comprehensive income (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 as 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 aforementioned provision authorising the purchase and disposal of Banco Desio's treasury shares, 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 as at 30 June 2024. The pro-forma impact of the Euro 20.2 million deduction to be applied to Banco Desio's capital is estimated at -13 bps on all Brianza Unione ratios (-27 bps on Banco Desio Group and -29 bps on individual Banco Desio).

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

Operating income

The core revenue items from operations increased by approximately Euro 40.4 million (+14.7%) compared to the comparison period, amounting to Euro 314.4 million. The performance is primarily attributable to the growth in net interest income of Euro 23.6 million (+14.0%) and net commissions of Euro 9.9 million (+9.9%), the net result from financial assets and liabilities of Euro 5.9 million (+147.7%) and other operating income and expenses of Euro 1.0 million (+97.1%).

Operating expenses

The aggregate of operating expenses, which includes personnel expenses, other administrative expenses and net value adjustments on tangible and intangible assets, amounted to approximately Euro 162.1 million (Euro 148.8 million in the comparison period), showing an increase compared to the comparison period of Euro 12.6 million (+13.4% also due to the renewal of the CCNL), with reference to personnel expenses and Euro 1.2 million (+22.4%) with reference to net value adjustments on tangible and intangible assets; other administrative expenses fell by Euro 0.5 million (-1.1%) compared to 30 June 2023.

Result from operations

As a result, the result from operations as at 30 June 2024 amounted to Euro 152.2 million, an increase of over the comparison period (+21.6%).

Result after taxes

From the *result of operations* of Euro 152.2 million, we arrive at the *current result after taxes* of Euro 76.5 million, an increase of 29.4% compared to that of Euro 59.2 million in the comparison period, mainly due to:

- the *cost of credit* (given by the balance of *Net value adjustments for impairment of financial assets at amortised cost and gains (losses) on sale or repurchase of loans*), amounting to approximately Euro 16.8 million (roughly Euro 26.7 million in the previous period);
- net value adjustments on securities owned positive by Euro 0.8 million (negative by Euro 0.6 million in the comparison period);
- *net provisions for risks and charges* were negative by Euro 13.3 million (negative by Euro 2.8 million in the comparison period), which also included the Euro 13.2 million transparency risk assessment[13];
- *charges related to the banking system* of approximately Euro 6.9 million (Euro 6.8 million in the comparison period);
- gains on equity investments amounting to approximately Euro 0.1 million;

income taxes on current operations of Euro 39.8 million (formerly Euro 29.1 million).

Non-recurring operating result after taxes

As at 30 June 2024, there was a non-recurring operating profit after tax of Euro 1.3 million (positive for Euro 134.2 million in the comparison period). The item essentially consists of:

- charges related to the extraordinary contribution to the Interbank Deposit Protection Fund ("DGS") in the amount of Euro 4.0 million, whose recognition was brought forward with respect to previous years, to reflect the different dynamics with which the 2024 contribution was requested;
- the gross positive component of Euro 3.0 million achieved by way of price adjustment on the basis of targets assessed one year from the closing date, based on the agreements signed with Worldline with reference to the "Aquarius" transaction carried out in the previous year;
- the provisional badwill of Euro 1.4 million resulting from the provisional purchase price allocation (PPA) process relating to Dynamica Retail, effective as of 1 June 2024 (please refer to the section "Significant corporate events during the period" above);

[13] The assessment of the above-mentioned risks required the application of a significant degree of professional judgement, the main elements of uncertainty of which can be traced back to the outcome of the ongoing proceedings. Although the information acquired is carefully considered by the Group in order to assess any implications on the estimates of the financial statements, it is not possible to rule out that the emergence of new information not known at the date of approval of the Consolidated Half-Year Financial Report may prospectively affect the assessments made

- Euro 0.5 million in costs related to the agreement signed with Banca Popolare di Puglia e Basilicata S.C.p.A. ('BPPB') for the acquisition of a business unit consisting of 14 bank branches (see 'Significant Corporate Events during the Period' above);

after the related positive tax effect of Euro 1.4 million.

In the comparison period, the item *Non-recurring operating profit after taxes* of Euro 134.2 million included:

- the income of Euro 98.5 million (net of the related administrative costs), following the transfer to Worldline Italia of the merchant acquiring business of Banco Desio ("Aquarius Operation");
- the provisional badwill of Euro 53.3 million resulting from the provisional purchase price allocation (PPA) process relating to the acquisition of 48 bank branches from BPER Banca S.p.A., effective from 20 February 2023 ("Lanternina Operation");
- expenses amounting to Euro 2.4 million relating to consultancy and IT migration costs associated with the above-mentioned Lanternina Operation

after the related negative tax effect of Euro 15.2 million.

Result for the period attributable to third parties

The result for the period attributable to minority interests was a loss of Euro 0.2 million.

Result for the period attributable to the Parent Company

The sum of the *current result* and the *non-recurring profit*, both after taxes, considering the result attributable to minority interests, determines the profit for the period attributable to the Parent Company at 30 June 2024 of Euro 78.1 million.

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The distribution structure of the Banco Desio Group as at 30 June 2024 consisted of 273 branches and 51 financial shops opened under the sign of the subsidiary Fides and 23 shops under the sign of Dynamica.

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As at 30 June 2024, the Group had 2,488 employees. The increase of 97 staff compared to the end of the previous year is mainly attributable to the execution, in the half-year in question, of the strategic agreement whereby Banco Desio acquired control of the Dynamica Financial Group from 1 June 2024.

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

Desio, 30 July 2024

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

The Financial Reporting Manager

Mauro Walter Colombo

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Annexed are the Consolidated Reclassified Balance Sheet and Income Statement as at 30 June 2024.

The *Consolidated Half-Year Financial Report* as at 30 June 2024 is subject to a limited audit by KPMG S.p.A., which is currently being completed.

Desio, 30 July 2024

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

The Chair

Stefano Lado

Banco Desio

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BANCO DI DESIO E DELLA BRIANZA S.P.A. Established in 1909 and listed on the Milan Stock Exchange since 1995, Banco Desio is today a modern, future-oriented multi-product banking group respecting its tradition, with deep territorial roots and an organisational structure focused on offering quality services to its customers, also through digital channels. The Banco Desio Group operates in Northern and Central Italy and in Sardegna with a distribution network of 273 branches and about 2,500 employees, and is present in the consumer credit sector with the companies Fides S.p.A. and Dynamica Retail S.p.A., financial companies specialised in salary-backed loans. In the asset management and "bancassurance" sector, it operates through distribution agreements with leading national and international counterparties. It achieved total assets of more than Euro 18 billion.

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Banco Desio

Consolidated Balance Sheet

Asset items	30.06.2024	31.12.2023	Changes absolute	Changes %
10. Cash and cash equivalents	1,180,377	1,655,187	(474,810)	-28.7%
20. Financial assets measured at fair value through profit or loss	168,947	159,275	9,672	6.1%
a) Financial assets held for trading	13,026	7,898	5,128	64.9%
c) Other financial assets mandatorily measured at fair value	155,921	151,377	4,544	3.0%
30. Financial assets measured at fair value through other comprehensive income	952,947	835,465	117,482	14.1%
40. Financial assets measured at amortised cost	15,038,610	14,888,148	150,462	1.0%
a) Loans with banks	925,356	862,934	62,422	7.2%
b) Loans to customers	14,113,254	14,025,214	88,040	0.6%
50. Hedging derivatives	34,904	21,431	13,473	62.9%
60. Value adjustment of financial assets with macro hedges (+/-)	(15,857)	(4,073)	(11,784)	289.3%
70. Equity investments	4,946	5,015	(69)	-1.4%
90. Tangible assets	231,448	230,994	454	0.2%
100. Intangible assets	41,262	41,619	(357)	-0.9%
of which:				
- goodwill	15,322	15,322		
110. Tax assets	111,537	119,269	(7,732)	-6.5%
a) current	913	527	386	73.2%
b) deferred	110,624	118,742	(8,118)	-6.8%
120. Non-current assets and groups of assets held for sale	14,537	-	14,537	0.0%
130. Other assets	549,981	602,925	(52,944)	-8.8%
Total assets	**18,313,639**	**18,555,255**	**(241,616)**	**-1.3%**

Liabilities and equity items	30.06.2024	31.12.2023	Changes absolute	Changes %
10. Financial liabilities measured at amortised cost	16,429,997	16,795,988	(365,991)	-2.2%
a) Payables to banks	1,056,218	1,950,065	(893,847)	-45.8%
b) Payables to customers	12,546,797	12,336,104	210,693	1.7%
c) Securities issued	2,826,982	2,509,819	317,163	12.6%
20. Financial liabilities held for trading	1,230	1,750	(520)	-29.7%
40. Hedging derivatives	4,123	14,556	(10,433)	-71.7%
60. Tax liabilities	32,951	11,765	21,186	180.1%
a) current	25,661	3,498	22,163	633.6%
b) deferred	7,290	8,267	(977)	-11.8%
80. Other liabilities	351,702	294,451	57,251	19.4%
90. Staff severance pay	19,320	19,364	(44)	-0.2%
100. Provisions for risks and charges	77,394	63,352	14,042	22.2%
a) commitments and guarantees given	3,306	4,096	(790)	-19.3%
c) other provisions for risks and charges	74,088	59,256	14,832	25.0%
120. Valuation Reserves	2,877	3,178	(301)	-9.5%
150. Reserves	1,228,224	1,023,638	204,586	20.0%
160. Share premium	16,145	16,145		
170. Share capital	70,693	70,693		
190. Minority interests (+/-)	895	14	881	n.s.
200. Profit (loss) for the year (+/-)	78,088	240,361	(162,273)	-67.5%
Total liabilities and equity	**18,313,639**	**18,555,255**	**(241,616)**	**-1.3%**

Banco Desio

Reclassified Consolidated Income Statement

Items				Changes	
Amounts in Euro thousands		**30.06.2024**	**30.06.2023**	**Value**	**%**
10+20	Net interest income	192,147	168,585	23,562	14.0%
70	Dividends and similar income	589	554	35	6.3%
40+50	Net commissions	109,743	99,857	9,886	9.9%
80+90+100+110	Net result of financial assets and liabilities	9,919	4,005	5,914	147.7%
230	Other operating income/expenses	1,975	1,002	973	97.1%
	Operating income	**314,373**	**274,003**	**40,370**	**14.7%**
190 a	Personnel expenses	-107,259	-94,611	-12,648	13.4%
190 b	Other administrative expenses	-48,439	-48,976	537	-1.1%
210+220	Net value adjustments on tangible and intangible assets	-6,429	-5,253	-1,176	22.4%
	Operating expenses	**-162,127**	**-148,840**	**-13,287**	**8.9%**
	Result from operations	**152,246**	**125,163**	**27,083**	**21.6%**
130a+100a	Cost of credit	-16,768	-26,740	9,972	-37.3%
130 b	Net value adjustments on own securities	847	-582	1,429	n.s.
140	Gains/losses from contractual amendments without derecognition	16	70	-54	-77.1%
200 a	Net allocations to provisions for risks and charges - commitments and guarantees given	787	417	370	88.7%
200 b	Net allocations to provisions for risks and charges - other	-14,115	-3,227	-10,888	337.4%
	Charges related to the banking system	-6,855	-6,798	-57	0.8%
250	Profits (Losses) of investments	138	-22	160	n.s.
	Current result before taxes	**116,296**	**88,281**	**28,015**	**31.7%**
300	Income taxes on current operations	-39,751	-29,122	-10,629	36.5%
	Current result after taxes	**76,545**	**59,159**	**17,386**	**29.4%**
	Allocations to provisions for risks and charges, other allocations, "one-off" expenses and revenues	-82	149,432	-149,514	n.s.
	Non-recurring result before taxes	**-82**	**149,432**	**-149,514**	**n.s.**
	Income taxes on non-recurring items	1,429	-15,246	16,675	n.s.
	Non-recurring result after taxes	**1,347**	**134,186**	**-132,839**	**-99.0%**
330	**Profit (Loss) for the year**	**77,892**	**193,345**	**-115,453**	**-59.7%**
340	Profit (Loss) for the period attributable to minority interests	-196	0	-196	n.s.
350	**Profit (Loss) for the period attributable to the Parent Company**	**78,088**	**193,345**	**-115,257**	**-59.6%**