Banco Desio

PRESS RELEASE

CONSOLIDATED RESULTS AS AT 31 MARCH 2024

Consolidated net profit for the first quarter of Euro 39.1 million, YoY increase of 65.2% on ordinary performance (-75.3% taking into account extraordinary items in Q1 2023 amounting to Euro 133.1 million[1])

Economic performance supported by solid revenue growth (+20.9%) with a good recovery in net commissions (+4.8%) and a stable cost of risk of 19 bps vs. 36 bps in Q1 2023

Annualised ROE at 11.8%

Further capital strengthening of 26 bps with CET1 at 17.45% and TCR at 18.24% (Banco Desio Group)

Desio, 9 May 2024 - The Board of Directors of Banco di Desio e della Brianza S.p.A. approved the "Consolidated Quarterly Financial Report as at 31 March 2024". The main income statement and balance sheet indicators for the period are summarised in the table below.

PROFITABILITY

- **Consolidated net profit** of **Euro 39.1 million** (formerly Euro 158.5 million in Q1 2023 influenced by the effect of the extraordinary items related to the "Aquarius" and "Lanternina" transactions for Euro 133.1 million)
- **Ordinary profitability increased (ROE annualised at 11.8%)** with cost of risk equal to 19 bps[2]
- **Ordinary profitability improved (Euro +16.5 million and +65.2%)** as a result of the growth in operating income **(+20.9%)** against a more moderate growth in related expenses (+13.3%)
- **Solid performance of the Operating Margin (Euro +17.5 million and +30.4%)** with **Net interest income up (Euro +18.3 million and +23.4%)**
- **Cost income ratio**[2] at **56.7%** (60.8% at Q1 2023)

SUPPORT FOR THE ECONOMY

- **Loans to ordinary customers almost stable** at **Euro 11.6 billion** (-0.8% compared to YE 2023) with disbursements to households and businesses during the reporting period amounting to Euro 0.5 billion
- **Direct deposits** increased to **Euro 15.0 billion** (+1.3%)[3]
- **Indirect deposits** of **Euro 21.0 billion** (+4.7%, of which ordinary customers up 4.6%)

RELIABILITY

- **Stable incidence of impaired loans:** Gross NPL ratio at 3.4% and net NPL ratio at 1.8% (3.3% and 1.7% respectively at YE 2023)
- **Solid coverage levels** on impaired loans[4] at 48.6% and on performing loans at 0.94% (coverage on impaired loans net of government guarantees of 53.4%)
- **Liquidity under control** with LCR at 198.36% (formerly 244.92% at YE 2023) and NSFR at 130.38% (formerly 132.04%)

CAPITAL SOUNDNESS[5]

- **Capital solidity** of Banco Desio Group confirmed with **CET1** at 17.45%

Coefficients[6]	**Banco Desio Brianza**	**Banco Desio Group**	**Brianza Unione Group[7]**
CET 1	19.02%	17.45%	12.33%
TIER 1	19.02%	17.45%	13.17%
Total Capital	19.88%	18.24%	15.06%

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[1] Gross badwill of Euro 51.1 million from the branch 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] Including funding repurchase agreements with institutional customers in the amount of Euro 953 million (Euro 608 million at 31 December 2023)
[4] 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.
[5] Based on the Bank of Italy's "SREP" measure communicated to the market on 12 April 2023, which ordered the Brianza Unione "CRR" Group to adopt the following new capital ratios at the consolidated level, starting from the own funds report of 30 June 2023: 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.
[6] Pursuant to the transitional provisions introduced by Regulation (EU) 2017/2395 of 12 December 2017 as amended.
[7] 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.

The Board of Directors of Banco di Desio e della Brianza S.p.A., which met on 9 May 2024, approved the "Consolidated Quarterly Financial Report as at 31 March 2024" (hereinafter also the "Report"), prepared on a voluntary basis.

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".

Please refer to the specific disclosure dedicated to the description of the reference context in which this financial disclosure was prepared, which is conditioned by ongoing war conflicts, as well as the significant uncertainties and risks related to this, which may also have a major impact on the expected results that are linked to a number factors beyond management's control.

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 in the relevant tables for the comparison period include the non-recurring effects arising from (i) the acquisition of the branches BU from the BPER Group, which took place on 20 February 2023 (so-called "Lanternina Transaction"), including those deriving from the Purchase Price Allocation (PPA) process pursuant to IFRS 3 Business Combinations, and (ii) the sale to Worldline Italia of the merchant acquiring business unit, which took place on 28 March 2023 (so-called "Aquarius Transaction").

Results of the period

Summary data and balance sheet, income statement and financial ratios

The alternative performance measures (APMs) presented in this Report have been identified to facilitate understanding of Banco Desio Group's performance. APMs are not required by international accounting standards, represent supplementary information with respect to the measures defined under IAS/IFRS, and are in no way a substitute for them.

For each APM, where necessary, evidence of the calculation formula is provided, and the quantities used can be inferred from the information contained in the relevant tables and/or reclassified financial statements contained in this Report.

These measures are based on the European Securities and Markets Authority (ESMA) guidelines of 5 October 2015 (ESMA/2015/1415), incorporated in Consob Communication No. 0092543 of 3 December 2015. Adhering to the indications contained in the update of document "ESMA 32-51-370 – Questions and answers – ESMA Guidelines on Alternative Performance Measures (APMs)", published on 17 April 2020, no changes were made to the APMs and no new ad hoc measures were introduced to separately highlight the effects resulting from ongoing war conflicts and the Covid-19 epidemic.

Table 1 - Asset values

	31.03.2024	31.12.2023	Changes	
Amounts in Euro thousands			abs.	%
Total assets	18,018,525	18,555,255	-536,730	-2.9%
Financial assets	4,068,627	3,957,354	111,274	2.8%
Cash and cash equivalents [1]	1,091,810	1,655,187	-563,377	-34.0%
Loans with banks [2]	413,124	343,818	69,306	20.2%
Loans to customers[2]	11,556,028	11,653,626	-97,598	-0.8%
Tangible assets [3]	229,739	230,994	-1,255	-0.5%
Intangible assets	41,459	41,619	-160	-0.4%
Payables to banks	1,105,844	1,950,065	-844,221	-43.3%
Payables to customers [4] [5]	12,284,062	12,277,411	6,651	0.1%
Securities issued	2,702,218	2,509,819	192,399	7.7%
Equity (including Profit for the period)	1,393,748	1,354,015	39,733	2.9%
Own Funds	1,376,969	1,366,391	10,578	0.8%
Total indirect inflows	21,018,159	20,075,207	942,952	4.7%
of which Indirect inflows from ordinary customers	*13,262,908*	*12,683,669*	*579,239*	*4.6%*
of which Indirect inflows from institutional customers	*7,755,251*	*7,391,538*	*363,713*	*4.9%*

[1] At 31 March 2024, Cash and cash equivalents included the current accounts, demand deposits and the amount on demand of Euro 1.0 billion relating to cash in excess of the commitment to maintain the compulsory reserve, invested in overnight deposits (Euro 1.5 billion at the end of the previous period)

[2] pursuant to Circular 262, the balance of the financial statements item includes Held-to-collect (HTC) debt securities recognised at amortised cost, which are shown under financial assets in these summaries, and does not include current accounts and demand deposits recognised under Cash and cash equivalents.

[3] the balance of the item at 31 March 2024 includes the right of use (RoU Asset) amounting to Euro 56.4 million in respect of operating leases falling under the scope of IFRS16 Leases, which came into effect as of 1 January 2019.

[4] the balance of the item does not include the liability recognised in the item Payables to customers in the financial statements in respect of operating leases falling within the scope of IFRS16.

[5] including inflows repurchase agreements with institutional customers in the amount of Euro 953 million (Euro 608 million at 31 December 2023).

Table 2 - Economic values [6]

	31.03.2024	31.03.2023	Changes	
Amounts in Euro thousands			abs.	%
Operating income	156,425	129,395	27,030	20.9%
of which Net interest income	*96,334*	*78,072*	*18,262*	*23.4%*
Operating expenses	81,480	71,906	9,574	13.3%
Result from operations	74,945	57,489	17,456	30.4%
Charges related to the banking system	7,155	6,780	375	5.5%
Current result after taxes	41,914	25,376	16,538	65.2%
Non-recurring result after taxes	-2,774	133,110	-135,884	n.s.
Profit (loss) for the period	39,140	158,486	-119,346	-75.3%

[6] *from Reclassified Income Statement.*

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Table 3 - Equity, economic and risk ratios

	31.03.2024	**31.12.2023**	**Changes abs.**
Equity/Total assets	7.7%	7.3%	0.4%
Equity/Loans to customers	12.1%	11.6%	0.5%
Equity/Payables to customers	11.3%	11.0%	0.3%
Equity/Securities issued	51.6%	53.9%	-2.3%
Common Equity Tier1 (CET1)/Risk-weighted assets [7] [8]	17.4%	17.2%	0.26%
Total Tier 1 capital (T1)/Risk-weighted assets [7] [8]	17.4%	17.2%	0.26%
Total Own funds/Risk-weighted assets (Total capital ratio) [7] [8]	18.2%	18.0%	0.27%
Financial assets/Total assets	22.6%	21.3%	1.3%
Loans with banks/Total assets	2.3%	1.9%	0.4%
Loans to customers/Total assets	64.1%	62.8%	1.3%
Loans to customers/Direct inflows from customers	77.1%	78.8%	-1.7%
Payables to banks/Total assets	6.1%	10.5%	-4.4%
Payables to customers/Total assets	68.2%	66.2%	2.0%
Securities issued/Total assets	15.0%	13.5%	1.5%
Direct inflows from customers/Total assets	83.2%	79.7%	3.5%
	31.03.2024	**31.03.2023**	**Changes abs.**
Operating expenses/Operating income (Cost/Income ratio)	52.1%	55.6%	-3.5%
(Operating expenses + Banking-related expenses)/Operating income (Cost/Income ratio)	56.7%	60.8%	-4.1%
Net interest income/Operating income	61.6%	60.3%	1.3%
Result from operations/Operating income	47.9%	44.4%	3.5%
Current result after taxes/Equity - annualised [9] [10]	12.0%	10.0%	2.0%
Profit for the year/Equity [9] (R.O.E.) - annualised [10] [11]	11.8%	21.6%	-9.8%
Current result before taxes/Total assets (R.O.A.) - annualised [11]	1.4%	0.7%	0.7%
	31.03.2024	**31.12.2023**	**Changes abs.**
Net bad loans/Loans to customers	0.5%	0.4%	0.1%
Net non-performing loans/Loans to customers	1.8%	1.7%	0.1%
% Cov erage of bad loans	69.2%	69.6%	-0.4%
% Cov erage of bad loans before write-offs	69.5%	69.9%	-0.4%
% Total cov erage of non-performing loans	48.6%	48.8%	-0.2%
% Cov erage of non-performing loans before write-offs	47.5%	49.0%	-1.5%
% Cov erage of performing loans	0.94%	0.97%	-0.03%

Table 4 - Structure and productivity data

	31.03.2024	**31.12.2023**	**Changes abs.**	**%**
Number of employees	2,415	2,391	24	1.0%
Number of branches	280	280	0	0.0%
Amounts in Euro thousands				
Loans to customers per employee [12]	4,809	5,172	-363	-7.0%
Direct inflows from customers per employee [12]	6,236	6,563	-327	-5.0%
	31.03.2024	**31.03.2023**	**Changes abs.**	**%**
Operating income per employee [12] - annualised [10]	258	258	0	0.0%
Result from operations per employee [12] - annualised [10]	122	116	6	5.2%

[7] Consolidated equity ratios calculated for Banco Desio. The ratios referred to the prudential supervisory scope of Brianza Unione at 31 March 2024 are: Common Equity Tier1 12.3%; Tier 1 13.2%; Total Capital Ratio 15.1%.

[8] Equity ratios at 31.03.2024 are calculated in application of the transitional provisions introduced by EU Regulation 2017/2395; ratios calculated without application of these provisions are as follows: Common Equity Tier1 17.3%; Tier 1 17.3%; Total capital ratio 18.1%

[9] net of the result for the period.

[10] the 2023 year-end figure at 31.03.2024 is shown.

[11] the annualised ROE at 31.03.2024 does not consider the annualisation of the Net non-recurring operating result.

[12] based on the number of employees as the arithmetic mean between the period-end figure and the previous year-end figure.

Consolidated income statement

Profit for the period was Euro 39.1 million, up YoY by 65.2% on ordinary performance and down by -75.3% taking into account extraordinary items in Q1 2023 amounting to Euro 133.1 million. In particular, the result recorded in the first quarter of 2023 was affected by the non-recurring positive effects deriving from (1) the acquisition of the business units of the BPER Group with the recognition of badwill of Euro 51.1 million, before taxes, resulting from the purchase price allocation (PPA) process pursuant to IFRS 3 Business Combinations and (2) from the sale to Worldline Italia of the business unit relating to the merchant acquiring business with the recognition of a gain of Euro 98.5 million, before taxes.

The ordinary part contributes to the profit for the period with a current result of Euro 41.9 million, net of taxes, up 65.2% over the comparison period (Euro 25.4 million) due to the growth in operating income (+20.9%) against a more contained growth in the relative charges (+13.3%); these dynamics are conditioned by the different contribution given by the branches BU acquired from the BPER Group (three months in the reference period compared to just over one month in the comparison period).

Table 5 - Reclassified consolidated income statement

Items				Changes	
Amounts in Euro thousands		**31.03.2024**	**31.03.2023**	**Value**	**%**
10+20	Net interest income	96,334	78,072	18,262	23.4%
70	Dividends and similar income	462	469	-7	-1.5%
40+50	Net commissions	52,243	49,836	2,407	4.8%
80+90+100+110	Net result of financial assets and liabilities	6,535	1,086	5,449	501.7%
230	Other operating income/expenses	851	-68	919	n.s.
	Operating income	**156,425**	**129,395**	**27,030**	**20.9%**
190 a	Personnel expenses	-53,749	-45,518	-8,231	18.1%
190 b	Other administrative expenses	-24,513	-23,847	-666	2.8%
210+220	Net value adjustments on tangible and intangible assets	-3,218	-2,541	-677	26.6%
	Operating expenses	**-81,480**	**-71,906**	**-9,574**	**13.3%**
	Result from operations	**74,945**	**57,489**	**17,456**	**30.4%**
130a+100a	Cost of credit	-5,372	-11,272	5,900	-52.3%
130 b	Net value adjustments on own securities	1,057	-1	1,058	n.s.
140	Gains/losses from contractual amendments without derecognition	5	22	-17	-77.3%
200 a	Net allocations to provisions for risks and charges - commitments and guarantees given	640	-563	1,203	n.s.
200 b	Net allocations to provisions for risks and charges - other	-743	-966	223	-23.1%
	Charges related to the banking system	-7,155	-6,780	-375	5.5%
250	Gains (Losses) on investments	50	-10	60	n.s.
	Current result before taxes	**63,427**	**37,919**	**25,508**	**67.3%**
300	Income taxes on current operations	-21,513	-12,543	-8,970	71.5%
	Current result after taxes	**41,914**	**25,376**	**16,538**	**65.2%**
	Allocations to provisions for risks and charges, other allocations, "one-off" expenses and revenues	-4,145	147,999	-152,144	n.s.
	Non-recurring result before taxes	**-4,145**	**147,999**	**-152,144**	**n.s.**
	Income taxes on non-recurring items	1,371	-14,889	16,260	n.s.
	Non-recurring result after taxes	**-2,774**	**133,110**	**-135,884**	**n.s.**
330	**Profit (Loss) for the year**	**39,140**	**158,486**	**-119,346**	**-75.3%**
340	Profit (Loss) for the period attributable to minority interests	0	0		
350	**Profit (Loss) for the period attributable to the Parent Company**	**39,140**	**158,486**	**-119,346**	**-75.3%**

The main cost and revenue components of the reclassified income statement are analysed below, commenting, where necessary, on cases of comparison on a non-homogeneous basis.

Operating income

The core revenue items from operations increased by approximately Euro 27.0 million (+20.9%) compared to the comparison period, amounting to Euro 156.4 million. The performance is mainly attributable to the growth in net interest income of Euro 18.3 million (+23.4%) and net commissions of Euro 2.4 million (+4.8%), the growth in the net result from financial assets and liabilities of Euro 5.4 million (+501.7%) and *other operating income and expenses* of Euro 0.9 million.

Finally, dividends amounted to Euro 0.5 million, in line with the comparison period.

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 81.5 million (Euro 71.9 million in the comparison period), showing an increase compared to the comparison period of respectively Euro 8.2 million (+18.1% for the Lanternina Transaction and the renewal of the CCNL), Euro 0.7 million (+2.8%) and Euro 0.7 million (+26.6%).

Result from operations

Consequently, the *result from operations* amounted to Euro 74.9 million, an increase over the comparison period (+30.4%).

Current result after taxes

From the *result from operations* of Euro 74.9 million, we can obtain the *current result after taxes* of Euro 41.9 million, a growth of 65.2% compared to Euro 25.4 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 5.4 million (roughly Euro 11.3 million in the previous period influenced by the Lanternina Transaction);
- *net value adjustments on securities owned* for Euro 1.1 million (zero balance in the comparison period);
- negative *net allocations to provisions for risks and charges* of Euro 0.1 million (negative by Euro 1.5 million in the comparison period);
- *charges related to the banking system* of approximately Euro 7.2 million (Euro 6.8 million in the comparison period);
- *income taxes on current operations* of Euro 21.5 million (Euro 12.5 million in the comparison period);

Non-recurring operating result after taxes

As at 31 March 2024, a negative non-recurring result of about Euro 2.8 million was recorded as a result of:

- charges related to the extraordinary contribution to the Interbank Deposit Protection Fund ("DGS") in the amount of Euro 4.1 million, the recognition of which was brought forward to Q1 to reflect the different dynamics with which the 2024 contribution will be requested compared to previous years

after the related positive tax effect of Euro 1.4 million.

In the comparison period, a positive non-recurring result of about Euro 133.1 million was recorded as a result:

- the proceeds of Euro 98.5 million, net of related costs, from the completion of the transaction for the transfer to Worldline Italia of the Banco Desio merchant acquiring business;
- the provisional badwill of Euro 51.1 million resulting from the purchase price allocation (PPA) process related to the acquisition of the 48 bank branches from BPER Banca S.p.A. (formerly Carige S.p.A.) and by Banco di Sardegna S.p.A. with effect from 20 February 2023;
- expenses amounting to Euro 1.6 million relating to consultancy and IT migration costs associated with the aforementioned Lanternina Transaction

after the related negative tax effect of Euro 14.9 million.

Result for the period

The sum of the *current and non-recurring result* determines the profit for the period, which amounted to Euro 39.1 million at 31 March 2024, down 75.3% compared to the same period of the previous year, which benefited from the revenue components of the Lanternina Transaction and the Aquarius Transaction.

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Table 6 - Reconciliation of financial statements and reclassified income statement as at 31.03.2024

Items		From Financial Statements	Reclassifications												Reclassified statement
	Amounts in Euro thousands	31.03.2024	Non-performing loans valuation effects	Fides brokerage commission	Commission income	Recovery of taxes/ expenses	Expected loss on securities at amortised cost	Amortisation for leasehold improvements	Gains (Losses) on sale or repurchase of receivables	Allocations to provisions for risks and charges / other allocations, "one-off" expenses and revenues	System charges	Reclassifications IFRS16 - Leases	Personnel expenses	Income taxes	31.03.2024
10+20	Net interest income	99,818	-1,069	-2,718								303			96,334
70	Dividends and similar income	462													462
40+50	Net commissions	49,525		2,718	0										52,243
80+90+100+110	Net result of financial assets and liabilities	2,688							3,847	0					6,535
230	Other operating income/expenses	9,093				-8,513		271		0					851
	Operating income	**161,586**	**-1,069**	**0**	**0**	**-8,513**	**0**	**271**	**3,847**	**0**	**0**	**303**	**0**	**0**	**156,425**
190 a	Personnel expenses	-53,749								0			0		-53,749
190 b	Other administrative expenses	-41,289				8,513				0	11,300	-3,037			-24,513
210+220	Net value adjustments on tangible and intangible assets	-5,681						-271				2,734			-3,218
	Operating expenses	**-100,719**	**0**	**0**	**0**	**8,513**	**0**	**-271**	**0**	**0**	**11,300**	**-303**	**0**	**0**	**-81,480**
	Result from operations	**60,867**	**-1,069**	**0**	**0**	**0**	**0**	**0**	**3,847**	**0**	**11,300**	**0**	**0**	**0**	**74,945**
130a+100a	Cost of credit	-1,700	1,069				-875		-3,847	-19					-5,372
130 b	Net value adjustments on own securities	182					875								1,057
140	Gains/losses from contractual amendments without derecognition	5													5
200 a	Net allocations to provisions for risks and charges - commitments and guarantees given	640													640
200 b	Net allocations to provisions for risks and charges - other	-762								19					-743
	Charges related to the banking system									0	-7,155				-7,155
250	Gains (Losses) on investments	50													50
	Current result before taxes	**59,282**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,145**	**0**	**0**	**0**	**63,427**
300	Income taxes on current operations	-20,142												-1,371	-21,513
															0
	Current result after taxes	**39,140**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,145**	**0**	**0**	**-1,371**	**41,914**
260	Net result of fair value measurement of tangible and intangible assets	0					0								0
	Allocations to provisions for risks and charges, other allocations, "one-off" expenses and revenues		0				0			0	-4,145				-4,145
	Non-recurring result before taxes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-4,145**	**0**	**0**	**0**	**-4,145**
	Income taxes on non-recurring items													1,371	1,371
	Non-recurring result after taxes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-4,145**	**0**	**0**	**1,371**	**-2,774**
320	Profit (Loss) from discontinued operations after taxes	0			0					0			0	0	0
330	**Profit (Loss) for the year**	**39,140**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**39,140**
340	Profit (Loss) for the period attributable to minority interests	0													0
350	**Profit (Loss) for the period attributable to the Parent Company**	**39,140**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**39,140**

![Banco Desio]

Consolidated balance sheet

Funding

The value of loans to ordinary customers at 31 March 2024 stood at around Euro 36.0 billion, up from the 2023 year-end figure (+3.3%).

Direct funding amounted to around Euro 15.0 billion, an increase of 1.3% compared to 31 December 2023, as a result of the growth in securities issued (7.7%); amounts due to customers showed slight growth compared to the end of the previous year (+0.1%).

Indirect inflows recorded a balance of Euro 21.0 billion (+4.7%). Inflows from ordinary customers amounted to Euro 13.3 billion, an increase of 4.6% compared to the end of the previous year; the increase is attributable to the positive performance of assets under administration (+8.7%) and assets under management (+2.3%).

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

Table 7 - Inflows from customers

Amounts in Euro thousands	**31.03.2024**	**Incidence %**	**31.12.2023**	**Incidence %**	**Changes Value**	**Changes %**
Payables to customers	12,284,062	34.1%	12,277,411	35.2%	6,651	0.1%
Securities issued	2,702,218	7.5%	2,509,819	7.2%	192,399	7.7%
Direct inflows	**14,986,280**	**41.6%**	**14,787,230**	**42.4%**	**199,050**	**1.3%**
Inflows from ordinary customers	13,262,908	36.8%	12,683,669	36.4%	579,239	4.6%
Inflows from institutional customers	7,755,251	21.6%	7,391,538	21.2%	363,713	4.9%
Indirect inflows	**21,018,159**	**58.4%**	**20,075,207**	**57.6%**	**942,952**	**4.7%**
Total inflows from customers	**36,004,439**	**100.0%**	**34,862,437**	**100.0%**	**1,142,002**	**3.3%**

Table 8 - Direct inflows from customers

Amounts in Euro thousands	**31.03.2024**	**Incidence %**	**31.12.2023**	**Incidence %**	**Changes Value**	**Changes %**
Payables to customers	**12,284,062**	**82.0%**	**12,277,411**	**83.0%**	**6,651**	**0.1%**
Current accounts and deposits	*10,675,496*	*71.2%*	*11,129,419*	*75.2%*	*-453,923*	*-4.1%*
current accounts and demand deposits	*9,679,863*	*64.6%*	*10,116,726*	*68.4%*	*-436,863*	*-4.3%*
fixed-term deposits and restricted curren	*995,633*	*6.6%*	*1,012,693*	*6.8%*	*-17,060*	*-1.7%*
Repurchase agreements and securities lending	*953,284*	6.4%	*607,636*	4.1%	345,648	56.9%
Loans and other payables	655,282	4.4%	540,356	3.7%	114,926	21.3%
Securities issued	**2,702,218**	**18.0%**	**2,509,819**	**17.0%**	**192,399**	**7.7%**
measured at fair v alue	2,701,999	18.0%	2,509,466	17.0%	192,533	7.7%
certificates of deposit and other securities	219	0.0%	353	0.0%	-134	-38.0%
Direct inflows	**14,986,280**	**100.0%**	**14,787,230**	**100.0%**	**199,050**	**1.3%**

Table 8-bis - Indirect inflows from customers

Amounts in Euro thousands	31.03.2024	Incidence %	31.12.2023	Incidence %	Changes Value	Changes %
Assets under Administration	**4,936,805**	**23.5%**	**4,541,442**	**22.6%**	**395,363**	**8.7%**
Assets under Management	**8,326,103**	**39.6%**	**8,142,227**	**40.6%**	**183,876**	**2.3%**
Asset management	*1,271,447*	*6.0%*	*1,230,806*	*6.1%*	*40,641*	*3.3%*
Mutual funds and Sicav	*4,058,844*	*19.3%*	*3,923,722*	*19.5%*	*135,122*	*3.4%*
Banking-insurance products	*2,995,812*	*14.3%*	*2,987,699*	*15.0%*	*8,113*	*0.3%*
Inflows from ordinary customers	**13,262,908**	**63.1%**	**12,683,669**	**63.2%**	**579,239**	**4.6%**
Inflows from institutional customers (1)	**7,755,251**	**36.9%**	**7,391,538**	**36.8%**	**363,713**	**4.9%**
Assets under Administration	*7,086,725*	*33.7%*	*6,741,530*	*33.6%*	*345,195*	*5.1%*
Assets under Management	*668,526*	*3.2%*	*650,008*	*3.2%*	*18,518*	*2.8%*
Indirect inflows (1)	**21,018,159**	**100.0%**	**20,075,207**	**100.0%**	**942,952**	**4.7%**

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

The in-depth investigations conducted on investments held by customers (securities, funds, asset management, etc.) relating to issuers based in Russia, Belarus and Ukraine, or in any case having the rouble as their issuing currency, have not so far revealed any significant risk profiles.

Employment and coverage

The overall value of loans to customers as at 31 March 2024 stood at approximately Euro 11.6 billion, substantially in line with the balance at the end of 2023 (-0.8%).

The following table shows the breakdown of loans to customers by type at 31 March 2024 (compared to 31 December 2023).

Table 9 - Breakdown of loans to customers

Amounts in Euro thousands	31.03.2024	Incidence %	31.12.2023	Incidence %	Changes Value	Changes %
Mortgages	8,004,781	69.2%	8,147,015	69.9%	-142,234	-1.7%
fixed rate	*4,898,372*	*42.4%*	*4,943,202*	*42.4%*	*-44,830*	*-0.9%*
variable rate	*733,274*	*6.3%*	*747,764*	*6.4%*	*-14,490*	*-1.9%*
mixed rate (1)	*2,373,135*	*20.5%*	*2,456,049*	*21.1%*	*-82,914*	*-3.4%*
Current accounts	875,942	7.6%	888,054	7.6%	-12,112	-1.4%
Finance lease	156,271	1.4%	154,409	1.3%	1,862	1.2%
Credit cards, personal loans and salary-backed loans	1,509,699	13.1%	1,440,166	12.4%	69,533	4.8%
Other transactions	1,009,335	8.7%	1,023,982	8.8%	-14,647	-1.4%
Loans to customers	**11,556,028**	**100.0%**	**11,653,626**	**100.0%**	**-97,598**	**-0.8%**

(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 sub-item "Other transactions" includes financing transactions other than those indicated in the previous sub-items (e.g. bullet loans, advances on invoices and bills subject to collection, import/export advances and other miscellaneous items).

On the overall portfolio, the Credit Department continued its monitoring activities, whose analysis of the positions revealed an increase in the deterioration of existing credit facilities - albeit at levels in line with the pre-pandemic period - on which risk containment and management actions were activated.

Monitoring the indirectly most exposed positions is one of the first drivers of attention in order to ensure the best quality of the credit portfolio over time and, at the same time, to identify the best solutions to enable companies to continue their business. In continuity with the actions taken in the Covid context, the Bank adopted the Temporary Crisis Framework (TCF) that allowed SMEs to apply for access to MCC-guaranteed financing to address liquidity needs related to the economic and financial turmoil caused by the ongoing conflicts and by the measures implemented by the ECB, which led to a significant increase in rates.

The table below summarises the gross and net indicators of credit risk and the relative coverage levels (the values shown therein are grossed up by the amount related to the lower fair value of the impaired acquired loans of the Lanternina perimeter).

Table 10 - Credit quality as at 31 March 2024

	31.03.2024					
Amounts in Euro thousands	**Gross exposure**	**Incidence % of total loans**	**Value adjustments**	**Coverage ratio**	**Net exposure**	**Incidence % of total loans**
Bad loans	171,315	1.5%	(118,628)	69.2%	52,687	0.5%
Unlikely to pay	218,402	1.8%	(75,523)	34.6%	142,879	1.2%
Impaired past-due	14,339	0.1%	(2,234)	15.6%	12,105	0.1%
Total impaired	**404,056**	**3.4%**	**(196,385)**	**48.6%**	**207,671**	**1.8%**
Stage 1 exposures	9,497,491	80.1%	(15,629)	0.16%	9,481,862	82.0%
Stage 2 exposures	1,958,660	16.5%	(92,165)	4.71%	1,866,495	16.2%
Performing exposures	**11,456,151**	**96.6%**	**(107,794)**	**0.94%**	**11,348,357**	**98.2%**
Total loans to customers	**11,860,207**	**100.0%**	**(304,179)**	**2.6%**	**11,556,028**	**100.0%**

Table 10-bis - Credit Quality as at 31 December 2023

	31.12.2023					
Amounts in Euro thousands	**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%**

Securities portfolio and net interbank position

At 31 March 2024, the Bank's total financial assets amounted to approximately Euro 4.1 billion, which was broadly in line with the previous year-end figure. With reference to the issuers of securities, the overall portfolio at 31 March 2024 consisted of 70.7% government securities, 15.3% securities of banking issuers and the remainder of other issuers. The table below provides details of the aggregate under consideration, highlighting the changes over the time period considered.

Table 11 - Financial assets: composition of the ownership portfolio

Amounts in Euro thousands	31.03.2024	Incidence %	31.12.2023	Incidence %	Changes Value	Changes %
Securities portfolio and derivatives (FVTPL)	**198,761**	**4.9%**	**180,706**	**4.6%**	**18,055**	**10.0%**
Debt securities	6,511		1,850			
Equity securities	6,235		4,890			
Mutual funds and SICAV	158,360		150,840			
Trading and hedging derivatives	27,655		23,126			
Banking book (FVOCI)	**861,105**	**21.2%**	**835,465**	**21.1%**	**25,640**	**3.1%**
Debt securities	847,897		822,257			
Equity securities	13,208		13,208			
Financial assets at amortised cost (AC)	**3,008,761**	**73.9%**	**2,941,183**	**74.3%**	**67,579**	**2.3%**
Debt securities (*)	3,008,761		2,941,183			
Financial assets	**4,068,627**	**100.0%**	**3,957,354**	**100.0%**	**111,274**	**2.8%**
of which Securities Portfolio	4,040,972	99.3%	3,934,228	99.4%	106,745	2.7%

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

The following table contains information on sovereign risk, i.e. bonds issued by central and local governments and governmental entities, as well as any loans to them, entirely consisting of Italian government bonds.

Table 11-bis - Exposure in sovereign debt securities

Amounts in Euro thousands		Italy	Spain	United Kingdom	Romania	31.03.2024 Nominal value	31.03.2024 Carrying amount
Financial assets measured at fair value through other comprehensive income	up to 1 year	390,000	-	-	-	390,000	382,946
	1 to 3 years	165,000	-	-	-	165,000	165,067
	3 to 5 years	36,000	-	-	-	36,000	31,664
	over 5 years	270,000	-	-		270,000	251,673
	Total	861,000	-	-	-	861,000	831,350
Financial assets measured at amortised cost	up to 1 year	205,000	-	-	-	205,000	202,945
	1 to 3 years	320,000	-	-	-	320,000	320,670
	3 to 5 years	409,790	-	-	-	409,790	405,007
	over 5 years	1,041,000	65,000	-	-	1,106,000	1,109,739
	Total	1,975,790	65,000	-	-	2,040,790	2,038,361
Sovereign debt securities	**up to 1 year**	**595,000**	**-**	**-**	**-**	**595,000**	**585,891**
	1 to 3 years	**485,000**	**-**	**-**	**-**	**485,000**	**485,737**
	3 to 5 years	**445,790**	**-**	**-**	**-**	**445,790**	**436,671**
	over 5 years	**1,311,000**	**65,000**	**-**	**-**	**1,376,000**	**1,361,412**
	Total	**2,836,790**	**65,000**	**-**	**-**	**2,901,790**	**2,869,711**

It should be noted that there are no investments in the proprietary portfolio in financial instruments of issuers based in Russia, Belarus and Ukraine, or in financial instruments with the rouble as the issuing currency.

The net interbank position was a credit position of about Euro 0.3 billion, compared to a debit position of roughly 0.1 billion at the end of the previous year.

Capital and supervisory ratios

Equity attributable to the Parent Company Banco Desio at 31 March 2024, including the result for the period, totalled Euro 1,393.7 million, compared to Euro 1,354.0 million in 2023. The positive change of Euro 39.7 million is attributable to the trend in overall profitability for the period.

On 25 January 2018, the Bank's Board of Directors, 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 IFRS 9 accounting standard on own funds and capital ratios. Regulation EU 873/2020 subsequently amended the aforementioned transitional provisions of IFRS 9, enabling banks to sterilise the capital impacts associated with 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.

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. This section therefore sets out the results of this calculation, relating to the prudential consolidation perimeter of the company Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. (the financial parent company).

Consolidated Own Funds calculated on the financial parent company Brianza Unione amounted to Euro 1,136.6 million (CET1 + AT1 at Euro 994.5 million + T2 at Euro 142.1 million) compared to Euro 1,143.1 million at the end of the previous year. The following table shows the consolidated prudential requirements of the financial parent company calculated with and without the application of the aforementioned transitional provisions.

Table 12 - Own funds and consolidated ratios of the financial parent company Brianza Unione with and without application of the transitional regime

	31.03.2024	
	Application of transitional regime	Fully loaded
OWN FUNDS		
Common Equity Tier 1 (CET1) capital	930,880	
Common Equity Tier 1 (CET1) capital without application of transitional provisions		*924,966*
Tier 1 capital	994,524	
Tier 1 capital without application of transitional provisions		*988,486*
Total own funds	1,136,642	
Total own funds without application of transitional provisions		*1,130,444*
RISK ASSETS		
Risk-weighted assets	7,549,651	
Risk-weighted assets without application of transitional provisions		*7,534,988*
SUPERVISORY RATIOS		
Primary Tier 1 capital/risk-weighted assets (CET1 capital ratio)	12.330%	
CET 1 capital/Risk-weighted assets (CET1 capital ratio) without application of transitional provisions		*12.276%*
Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)	13.173%	
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio) without application of transitional provisions		*13.119%*
Total capital/risk-weighted assets (Total capital ratio)	15.056%	
Total own funds/Risk-weighted assets (Total capital ratio) without application of transitional provisions		*15.003%*

At 31 March 2024, the Common Equity Tier 1 capital ratio, consisting of CET1 capital as a ratio of risk-weighted assets, was 12.3% (12.3% as at 31 December 2023). The Tier 1 ratio, consisting of total Tier 1 (T1) capital to risk-weighted assets, was 13.2% (13.2% at 31 December 2023), while the Total Capital ratio, consisting of total Own funds to risk-weighted assets, was 15.1% (15.0% at 31 December 2023).

Consolidated Own Funds calculated on the other hand for the Banco Desio Group, after pay out forecasts, as per dividend policy, amounted to Euro 1,377.0 million at 31 March 2024, (CET1 + AT1 Euro 1,317.2 million + T2 Euro 59.8 million), compared to Euro 1,366.4 million at the end of the previous year. The table below therefore shows the breakdown of own funds and capital ratios calculated both under the transitional provisions and without the application of said provisions.

Table 12a - Own funds and consolidated capital ratios of the Banco Desio Group with and without application of the transitional regime

	31.03.2024	
	Application of transitional regime	Fully loaded
OWN FUNDS		
Common Equity Tier 1 (CET1) capital	1,317,182	
Common Equity Tier 1 (CET1) capital without application of transitional provisions		*1,306,546*
Tier 1 capital	1,317,183	
Tier 1 capital without application of transitional provisions		*1,306,547*
Total own funds	1,376,969	
Total own funds without application of transitional provisions		*1,366,333*
RISK ASSETS		
Risk-weighted assets	7,549,652	
Risk-weighted assets without application of transitional provisions		*7,534,990*
SUPERVISORY RATIOS		
Primary Tier 1 capital/risk-weighted assets (CET1 capital ratio)	17.447%	
CET 1 capital/Risk-weighted assets (CET1 capital ratio) without application of transitional provisions		*17.340%*
Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)	17.447%	
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio) without application of transitional provisions		*17.340%*
Total capital/risk-weighted assets (Total capital ratio)	18.239%	
Total own funds/Risk-weighted assets (Total capital ratio) without application of transitional provisions		*18.133%*

At 31 March 2024, the Common Equity Tier 1 capital ratio, consisting of CET1 capital as a ratio of risk-weighted assets, was 17.4% (17.2% at 31 December 2023). Also Tier1, consisting of total Tier 1 (T1) capital to risk-weighted assets, was 17.4% (17.2% at 31 December 2023), while the Total capital ratio, consisting of total Own funds to risk-weighted assets, was 18.2% (18.0% at 31 December 2023).

The values shown in the two previous tables are still higher than what was established by the Bank of Italy in a measure (SREP) communicated to the market on 12 April 2023, requiring, starting from the reporting on own funds of 30 June 2023, the Brianza Unione Group to adopt the following new capital ratios at the consolidated level:

- **Common Equity Tier1 ratio of 7.60%**, comprising a binding measure of 5.10% (of which 4.50% for the minimum regulatory requirements and 0.60% for 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% for the minimum regulatory requirements and 0.80% for 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% for the minimum regulatory requirements and 1.00% for the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component.

Moreover, on 18 September 2023, Banco Desio received notification from the Bank of Italy of its decision on the Minimum Requirement for own funds and Eligible Liabilities (MREL).

The Banco Desio Group, on a consolidated basis, will have to comply with the following requirements:

- MREL in terms of TREA (Total Risk Exposure Amount) of 17.50% (excluding the CBR Combined Buffer Requirement);
- MREL in terms of LRE (Leverage Ratio Exposure) of 5.32%.

The Supervisory Authority has defined a 3-year transitional period for the entry into force of the mentioned binding requirements. No additional subordination requirements were attached.

Performance of consolidated companies

Performance of the parent company Banco di Desio e della Brianza S.p.A.

The profit for the period amounted to Euro 41.1 million, compared to Euro 160.3 million of the comparison period (-74.4%). The result recorded in the first quarter of 2023 was affected by the non-recurring positive effects deriving from (1) the acquisition of the business units of the BPER Group with the recognition of gross badwill of Euro 51.1 million, before taxes, resulting from the provisional purchase price allocation (PPA) process and (2) from the sale to Worldline Italia of the business unit relating to the merchant acquiring business with the recognition of a gain of Euro 98.5 million, before taxes.

The core revenue items from operations increased by approximately Euro 25.7 million (+20.6%) compared to the comparison period, amounting to Euro 150.6 million. The performance is attributable to the growth in net interest income of Euro 16.9 million (+23.3%), *net commissions* of Euro 2.5 million (+5.0%), the growth in the net result from financial assets and liabilities of Euro 5.4 million (+502.3%) and *other operating income and expenses* of Euro 0.9 million.

Finally, dividends amounted to Euro 0.5 million, in line with the comparison period.

Credit costs amounted to Euro 5.0 million compared to Euro 10.9 million in the comparison period; net provisions for risks and charges were negative by Euro 0.1 million (negative charges of Euro 1.5 million in the comparison period); Charges relating to the banking system equal to approximately Euro 7.2 million (Euro 6.8 million in the comparison period); Income taxes on current operations amounted to Euro 20.5 million (Euro 11.8 million in the comparison period).

The net overall value of *loans to customers* as at 31 March 2024 stood at around Euro 11.5 billion, down 1.1% from the balance at the end of 2023.

Shareholders' equity as at 31 March 2024, including the result for the period, amounted to Euro 1,389.5 million, compared to Euro 1,347.8 million in 2023. The positive change of Euro 41.7 million is attributable to the trend in overall profitability for the period. The capital calculated according to the supervisory regulations, defined as *Own Funds*, after the payout forecasts, as per the dividend policy, amounted to Euro 1,382.6 million as at 31 March 2024, (CET1 + AT1 at Euro 1,322.8 million + T2 at Euro 59.8 million), compared to Euro 1,369.8 million at the end of the previous year.

As at 31 March 2024, the Common Equity Tier 1 capital ratio, consisting of CET1 capital as a ratio of risk-weighted assets, was 19.02% (18.64% at 31 December 2023). Also Tier1, consisting of total Tier 1 (T1) capital to risk-weighted assets, was 19.02% (18.64% at 31 December 2023), while the Total capital ratio, consisting of total Own funds to risk-weighted assets, was 19.88% (19.49 at 31 December 2023).

Performance of the subsidiary Fides S.p.A.

At the reporting date, the parent company Banco di Desio e della Brianza S.p.A. wholly owned the company.

Current profit after taxes amounted to approximately Euro 2.0 million, compared to the profit of Euro 1.5 million in the comparison period; operating income amounted to Euro 6.2 million (compared to Euro 5.2 million in the comparison period), operating expenses to Euro 2.9 million (compared to Euro 2.5 million in the comparison period), and the result from operations to Euro 3.4 million (compared to Euro 2.7 million in the comparison period). The Cost of credit, amounting to around Euro 0.4 million, in line with the comparison period, and taxes of Euro 1.0 million (compared to Euro 0.7 million in the comparison period) lead to the result for the period.

Loans to customers increased from Euro 1,200.9 million at the end of 2023 to Euro 1,237.6 million at the reporting date, with a positive change of Euro 36.7 million (+3.1%).

Equity as at 31 March 2024, including the result for the period, amounted to Euro 54.5 million, compared to Euro 56.1 million in 2023 (due to the allocation of the result as at 31 December 2023, and the trend in overall profitability for the period). Regulatory own funds increased from Euro 51.9 million at the end of 2023 to Euro 53.2 million (due to the allocation of 70% of the profit for the period).

Context of reference

Binding agreements for entry into the share capital of Dynamica Retail S.p.A.

On 30 January 2024, Banco Desio signed a sale and purchase agreement and an investment agreement with the shareholders of Dynamica Retail S.P.A ("Dynamica"), a company active in the provision of loans to private customers secured on one-fifth of their salaries, concerning the Banco Desio entry into the share capital of Dynamica through the purchase of the majority of the share capital and the subscription of a capital increase reserved for Banco Desio (the "Transaction").

Upon completion of the Transaction, the execution of which is conditional upon, *inter alia*, obtaining authorisation from the Bank of Italy, Banco Desio will hold a stake of about 89% of the Company's share capital, while the remaining stake will be held by the current management, which will continue to contribute to the growth of the Company within the Banco Desio Group.

Specifically, the purchase and sale of Dynamica shares, representing 57% of the related share capital, will take place against the payment of a preliminary consideration of approximately Euro 1.2 million (subject to adjustment based on Dynamica results at 31 December 2023), while the capital increase reserved for Banco Desio will amount to approximately Euro 6-7 million (the final amount will be determined based on Dynamica results at 31 December 2023 as well as the maintenance of the regulatory ratios). The payment of the consideration will take place entirely in cash through equity, and the transaction is expected to close within the first half of 2024.

In accordance with the signed agreements, the Shareholders' Meeting of Dynamica held on 28 March 2024 resolved the capital increase reserved for Banco Desio.

The binding agreements also provide for a purchase option in favour of Banco Desio to be exercised as from the approval of the financial statements for the year ending 31 December 2025, concerning the remaining shares held by shareholders-managers of Dynamica, the purchase price of which will be determined on the basis of Dynamica results and shared business objectives.

The transaction will allow the expansion of the market presence and a diversification of revenue generation sources against a limited capital absorption.

Authorisation to purchase and sell treasury shares

On 12 March 2024, the Board of Directors of Banco Desio resolved to submit to the Shareholders' Meeting, which met on 18 April 2024, the proposal to authorise the purchase and sale of treasury shares pursuant to the combined provisions of articles 2357 and 2357-ter of the Civil Code, article 132 of Legislative Decree No. 58/1998, as well as the applicable supervisory provisions. The purpose of the authorisation is to provide the Bank with a useful strategic investment opportunity for any purpose permitted by the provisions in force, including the possibility of reducing own funds by holding treasury shares (as well as their possible subsequent cancellation), and to dispose of shares that may be used as consideration in extraordinary transactions.

The authorisation is aimed at the purchase, subject to obtaining the prior authorisation of the Bank of Italy pursuant to and for the purposes of articles 77 and 78 of Regulation (EU) No. 575/2013, of a maximum of 4,030,891 treasury shares, equal to 3% of the share capital, for a maximum overall amount quantified in Euro 20.2 million and, in any case, within the maximum overall amount to be determined by the Bank of Italy, at a unit price which, in compliance with the provisions cited below, may not in any case be at least 10% lower and at most 10% higher than the average official price recorded by the Banco Desio share during the 10 trading days prior to each individual purchase transaction.

Purchases will be made in accordance with the procedures set forth in the applicable legal and regulatory provisions in force from time to time, including article 132 of the Consolidated Law on Finance ("TUF"), the relevant implementing provisions, article 144-bis of Consob Regulation No. 11971/1999 and in compliance with the conditions and restrictions on trading set forth in articles 3 and 4 of Regulation (EU) No. 1052/2016.

The authorisation was obtained for the period of 18 months from the resolution of the Shareholders' Meeting, adopted on 18 April 2024, and, in any case, for the duration of 12 months from the authorisation measure of the Bank of Italy; the relative request was submitted on 15 March 2024 and the effectiveness of the resolution of the Shareholders' Meeting is subject to obtaining this authorisation measure; the authorisation to dispose of treasury shares was issued by the Shareholders' Meeting itself without time limits.

At the date of the Board resolution and today's date (of publication of this Quarterly Financial Report), Banco Desio does not hold any treasury shares in its portfolio.

Sustainability Rating

On 20 February 2024 was the announcement of the latest update of the Corporate SER rating assigned by the agency "Standard Ethics" increasing to "EE" from the previous "EE-", increasingly positioning Banco Desio among the best performers in its sector.

Inspections

On 19 March 2024, the Bank of Italy presented to the Board of Directors of Banco Desio the results of the inspections on the subject of "Governance and control structures of relevant processes with a view to protecting customers" (so-called banking transparency), for which a remedial plan was requested. This plan, in addition to including procedural and organisational projects that the Bank has promptly identified, could entail restitution obligations of commissions to customers that cannot be estimated as of today, as they are still being assessed (including through discussions with the Supervisory Authority) as part of the activities underway for the purposes of preparing the Bank's replies, which, once approved by the Board of Directors, will be submitted for further discussion with the Bank of Italy together with the Bank's counter-claims in the context of the proceedings underway.

On 9 April 2024, the Bank of Italy also presented to the Board of Directors of Banco Desio the results of its inspections on the subject of "Compliance with regulations on combating money laundering and terrorist financing" (so-called anti-money laundering), with reference to which appropriate improvement measures will be addressed, as is the norm.

Approval of the financial statements and allocation of the 2023 result

The Ordinary Shareholders' Meeting approved the financial statements as at 31 December 2023. The net profit for the financial year amounted to Euro 238,044,542.60. In this context, the Shareholders' Meeting approved the distribution to shareholders of a dividend, amounting to Euro 0.2634 for each of the 134,363,049 ordinary shares. In accordance with the Stock Exchange calendar, the dividend was paid on 24 April 2024, against the ex-dividend of coupon 33, while the "ex-dividend" date, for the purposes of share prices, and the "record date"[8] were 22 May and 23 April 2024, respectively.

Distribution network

The distribution structure at the reporting date consisted of 280 branches (unchanged compared to the previous year-end figure) and 48 financial shops opened under the banner of the subsidiary Fides (46 at previous year-end).
The Group's workforce amounted to 2,415 employees, an increase of 24 over the previous year-end figure.

[8] Date of entitlement to dividend payment, pursuant to article 83-terdecies of the Consolidated Law on Finance, as per Legislative Decree No. 91/2012

Banco Desio

Outlook

Macroeconomic Scenario

The global economy continues to confirm its resilience. After the shock generated by the pandemic, economic recovery was faster than in previous crises, such as that of 2008. The inflationary flare-up that followed led to interest rate hikes not seen since the 1980s, so far without causing significant recessions. Even the recent wars, with their very high cost in terms of human lives and destruction, seem to have marginally affected the performance of the global economy.

The resilience of the global economy is the result of a combination of factors. On the one hand, the financial crisis triggered in 2008 by the subprime mortgages led to a lengthy and costly process of private debt reduction, which at the outbreak of the pandemic resulted in strong balance sheet positions of households, companies and banks. On the other hand, monetary and fiscal policies have evolved strongly in recent years and can now be said to be able to deal with economic crises in a timely and decisive manner.

The financial markets are experiencing particularly high prices and volatility levels below historical averages, partly driven by the euphoria linked to some recent technological developments, partly by the renewed ability of economic policies to tackle crises, and partly by the still high liquidity in the system. However, there remain many tensions, both economic and geopolitical, which are building up and could lead to a revision of risk appetite and a rapid correction of macroeconomic variables. Not only could the forthcoming European and American elections give a strong boost to the changes in the geopolitical balances currently taking place, but there are many risks that could rapidly change the future scenario: first of all, as the Central Banks have repeatedly reiterated, the inflation path towards 2% is not yet established; secondly, the difficulties in the real estate market, primarily in China, but also in the United States as regards the non-residential market; finally, the asymmetry in economic trends between the main world economic areas could lead to trade tensions and significant changes in exchange rates. Central banks have certainly learnt how to manage crises, but they may find themselves with fewer options in the future. The role of insurer of last resort that the regulator has played in recent years, especially during the pandemic, has certainly contributed to reducing the perception of risk. However, public debts have increased to historically high levels and deficits still remain above pre-crisis levels in many economic areas, limiting the room for further expansionary policies.

The case of Italy exemplifies a situation of optimism in the markets that is not fully justified by the fundamentals. The government deficit was 7.2% in 2023 with a fairly limited annual decrease (formerly 8.6% at the end of 2022). At the same time, the 2023 growth was revised upwards (+1.0% formerly +0.7%), largely due to the upward revision of construction investments influenced by the large expenditure incurred in connection with the 110 % Superbonus. The BTP-Bund spread narrowed significantly in 2023 (158 bp formerly 208 bp at the end of 2022) and demand for government bonds remained strong.

It is a fact that the contribution of investment in recent years has been crucial, supported by tax policies, building bonuses and the PNRR interventions. The action of budgetary policy also served to protect incomes, resulting in a strong increase in financial savings by households and companies. For households, this phase ended in the course of 2023 because in the year just ended, households reduced their financial savings (-11 billion), squeezed between a reduction in disposable income in real terms (primarily due to inflation) and the desire to maintain spending standards. In this light, it is less surprising that private consumption fell slightly in the fourth quarter of 2023, in an attempt to limit the compression of the propensity to save. For companies, on the other hand, 2023 was still a year of high profits and record financial balances, allowing them to cope with tightening credit conditions without restricting investment activity, relying on abundant equity and a continuously improving labour market. The drop in inflation seen in 2023 (mainly due to falling energy and gas prices) is expected to continue in 2024 with positive effects on household consumption, while investment will continue to benefit from the boost of the PNRR and a residual 110% uncompleted construction works (now incentivised at 70%). In 2024, therefore, Italian GDP is expected to recover over the course of the year, with a still cautious first half of the year and an acceleration in the second half. In this scenario, Italy's GDP is expected to grow by 0.7% at the end of 2024.

Drafting Criteria

This "*Consolidated Quarterly Financial Report as at 31 March 2024*" is prepared on a voluntary basis, in order to ensure continuity with previous quarterly periodic reports, as the obligation of periodic financial reporting in addition to annual and half-yearly reports has ceased to apply due to the wording of Article 154-ter, paragraph 5, of Legislative Decree No. 58/1998 ("Consolidated Law on Finance" or "TUF") introduced by Legislative Decree No. 25/2016 implementing Directive 2013/50/EU.

With regard to the recognition and measurement criteria, the Report is prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the IFRS Interpretations Committee (IFRIC) in force at the reporting date, as declined in the "Basis of Preparation and Accounting Principles" section of the Notes to the Consolidated Financial Statements as at 31 December 2023.

In terms of financial disclosure, since it was prepared pursuant to the aforementioned Article 154-ter, paragraph 5, of the Consolidated Law on Finance as well as for the purposes of determining regulatory capital (own funds), the Report does not include certain explanatory notes that would be required to represent the financial position and results of operations for the period in accordance with IAS 34 *Interim Financial Reporting*.

Main factors of uncertainty

Among the main factors of uncertainty that could affect the future scenarios in which the Group will find itself operating, there are certainly those linked to the reference macroeconomic scenario, which, although it has been affected by highly restrictive monetary policies, high levels of inflation**,** the continuing effects of the ongoing wars in Europe and the Middle East, together with the residual effects of the Covid-19 epidemic and the increasing awareness of climate risk, has seen a gradual process of normalisation of the global economy, a phase of containment of inflation and improved prospects for Central Banks with the forecast of lower rates and growing GDP levels during 2024.

There are no direct impacts of the ongoing wars on the Banco Desio Group's business; however, the reference financial market is indirectly affected by the negative effects generated by the international geopolitical context, including, in particular, increases in energy costs.

Considering the value generation capacity demonstrated by the Group during the reporting period and the most recent projections of the Italian gross domestic product, a positive operating performance is however also expected for the financial year 2024.

The disclosure "*Risks, uncertainties and impacts of the war conflicts, the residual effects of the Covid-19 epidemic, climatic risk and the macroeconomic context*", contained in the Consolidated annual financial report as at 31 December 2023, to which reference should be made, includes a detailed illustration of the estimation processes that require the use of significant judgement in the selection of underlying assumptions and hypotheses, which are significantly impacted by the negative effects of the war conflicts and the residual effects of the Covid-19 epidemic, and the consequent application solutions adopted by the Group, aware of its role in providing the necessary support to its stakeholders, both individuals and businesses, in the current context characterised by significant uncertainty and volatility factors.

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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 information content of this Report is consistent with the quarterly reports (or interim reports on operations) previously prepared, however, reflecting what is defined in the "*Group Policy for Additional Periodic Financial Reporting*".

Declaration of 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 press release corresponds to the documented results, books and accounting records.

Desio, 9 May 2024

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

The Financial Reporting Manager

Mauro Walter Colombo

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The consolidated financial statements as at 31 March 2024 are attached, which are integral part of the Consolidated Quarterly Financial Report as at 31 March 2024. The auditing company KPMG S.p.A. is currently completing the limited audit activity for the purpose of issuing the relevant report required for the inclusion of the profit for the period in own funds.

Desio, 9 May 2024

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

The Chair

Stefano Lado

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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 Sardinia with a distribution network of 280 branches and about 2,400 employees, and is present in the consumer credit sector with the company Fides S.p.A., a financial company specialised in loans against salary assignment. 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

Annex

Table A1 - Consolidated Balance Sheet

Asset items	31.03.2024	31.12.2023	Changes absolute	%
10. Cash and cash equivalents	1,091,810	1,655,187	(563,377)	-34.0%
20. Financial assets measured at fair value through profit or loss	172,431	159,275	13,156	8.3%
a) Financial assets held for trading	13,603	7,898	5,705	72.2%
c) Other financial assets mandatorily measured at fair value	158,828	151,377	7,451	4.9%
30. Financial assets measured at fair value through other comprehensive income	861,104	835,465	25,639	3.1%
40. Financial assets measured at amortised cost	14,925,061	14,888,148	36,913	0.2%
a) Loans with banks	950,845	862,934	87,911	10.2%
b) Loans to customers	13,974,216	14,025,214	(50,998)	-0.4%
50. Hedging derivatives	26,331	21,431	4,900	22.9%
60. Value adjustment of financial assets with macro hedges (+/-)	(8,116)	(4,073)	(4,043)	99.3%
70. Equity investments	5,057	5,015	42	0.8%
90. Tangible assets	229,739	230,994	(1,255)	-0.5%
100. Intangible assets	41,459	41,619	(160)	-0.4%
of which:				
- goodwill	15,322	15,322		
110. Tax assets	110,501	119,269	(8,768)	-7.4%
a) current	637	527	110	20.9%
b) deferred	109,864	118,742	(8,878)	-7.5%
130. Other assets	563,148	602,925	(39,777)	-6.6%
Total assets	**18,018,525**	**18,555,255**	**(536,730)**	**-2.9%**

Liabilities and equity items	31.03.2024	31.12.2023	Changes absolute	%
10. Financial liabilities measured at amortised cost	16,149,980	16,795,988	(646,008)	-3.8%
a) Payables to banks	1,105,844	1,950,065	(844,221)	-43.3%
b) Payables to customers	12,341,918	12,336,104	5,814	0.0%
c) Securities issued	2,702,218	2,509,819	192,399	7.7%
20. Financial liabilities held for trading	1,232	1,750	(518)	-29.6%
40. Hedging derivatives	9,255	14,556	(5,301)	-36.4%
60. Tax liabilities	22,360	11,765	10,595	90.1%
a) current	14,837	3,498	11,339	324.2%
b) deferred	7,523	8,267	(744)	-9.0%
80. Other liabilities	359,238	294,451	64,787	22.0%
90. Staff severance pay	18,773	19,364	(591)	-3.1%
100. Provisions for risks and charges	63,915	63,352	563	0.9%
a) commitments and guarantees given	3,455	4,096	(641)	-15.6%
c) other provisions for risks and charges	60,460	59,256	1,204	2.0%
120. Valuation reserves	3,776	3,178	598	18.8%
150. Reserves	1,263,994	1,023,638	240,356	23.5%
160. Share premium	16,145	16,145		
170. Share capital	70,693	70,693		
190. Minority interests (+/-)	24	14	10	71.4%
200. Profit (loss) for the year (+/-)	39,140	240,361	(201,221)	-83.7%
Total liabilities and equity	**18,018,525**	**18,555,255**	**(536,730)**	**-2.9%**

Banco Desio

Table A2 - Consolidated Income Statement

Items		31.03.2024	31.03.2023	Changes absolute	%
10.	Interest and similar income	173,309	123,513	49,796	40.3%
20.	Interest and similar expense	(73,491)	(42,640)	(30,851)	72.4%
30.	**Net interest income**	**99,818**	**80,873**	**18,945**	**23.4%**
40.	Commission income	56,123	51,293	4,830	9.4%
50.	Commission expenses	(6,598)	(5,698)	(900)	15.8%
60.	**Net commissions**	**49,525**	**45,595**	**3,930**	**8.6%**
70.	Dividends and similar income	462	469	(7)	-1.5%
80.	Net trading result	1,702	583	1,119	191.9%
90.	Net hedging result	(220)	(56)	(164)	292.9%
100.	Gains (losses) on sale or repurchase of:	4,342	911	3,431	376.6%
	a) financial assets measured at amortised cost	1,919	661	1,258	190.3%
	b) financial assets measured at fair value through other comprehensive income	2,372	74	2,298	n.s.
	c) financial liabilities	51	176	(125)	-71.0%
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	(3,136)	(1,302)	(1,834)	140.9%
	b) other financial assets mandatorily measured at fair value	(3,136)	(1,302)	(1,834)	140.9%
120.	**Net banking income**	**152,493**	**127,073**	**25,420**	**20.0%**
130.	Net value adjustments/reversals for credit risk related to:	(1,518)	(11,074)	9,556	-86.3%
	a) financial assets measured at amortised cost	(1,700)	(11,078)	9,378	-84.7%
	b) financial assets measured at fair value through other comprehensive income	182	4	178	n.s.
140.	Gains/losses from contractual amendments without derecognition	5	22	(17)	-77.3%
150.	**Net result from financial operations**	**150,980**	**116,021**	**34,959**	**30.1%**
180.	**Net result from financial and insurance operations**	**150,980**	**116,021**	**34,959**	**30.1%**
190.	Administrative expenses:	(95,038)	(82,841)	(12,197)	14.7%
	a) personnel expenses	(53,749)	(45,508)	(8,241)	18.1%
	b) other administrative expenses	(41,289)	(37,333)	(3,956)	10.6%
200.	Net allocations to provisions for risks and charges	(122)	(1,747)	1,625	-93.0%
	a) commitments for guarantees given	640	(563)	1,203	n.s.
	b) other net allocations	(762)	(1,184)	422	-35.6%
210.	Net value adjustments/reversals on tangible assets	(4,606)	(4,209)	(397)	9.4%
220.	Net value adjustments/reversals on intangible assets	(1,075)	(555)	(520)	93.7%
230.	Other operating expenses/income	9,093	58,633	(49,540)	-84.5%
240.	**Operating costs**	**(91,748)**	**(30,719)**	**(61,029)**	**198.7%**
250.	Gains (Losses) on investments	50	(10)	60	n.s.
290.	**Profit (Loss) from current operations before taxes**	**59,282**	**85,292**	**(26,010)**	**-30.5%**
300.	Income taxes for the year on current operations	(20,142)	(25,490)	5,348	-21.0%
310.	**Profit (Loss) from current operations after taxes**	**39,140**	**59,802**	**(20,662)**	**-34.6%**
320.	Profit (Loss) from discontinued operations after taxes	-	98,684	(98,684)	-100.0%
330.	**Profit (Loss) for the year**	**39,140**	**158,486**	**(119,346)**	**-75.3%**
350.	**Profit (Loss) for the year attributable to the parent company**	**39,140**	**158,486**	**(119,346)**	**-75.3%**

Banco Desio

Table A3 - Consolidated Statement of Comprehensive Income

	Items	31.03.2024	31.03.2023
10.	**Profit (Loss) for the year**	**39,140**	**158,486**
	Other income components net of taxes without reversal to the income statement		
20.	Equity securities measured at fair v alue through other comprehensiv e income	-	(1,074)
70.	Defined benefit plans	148	8
	Other income components net of taxes with reversal to the income statement		
150.	Financial assets (other than equity securities) measured at fair v alue through other comprehensiv e income	450	6,222
200.	**Total other income components net of taxes**	**598**	**5,156**
210.	**Comprehensive income (Item 10+170)**	**39,738**	**163,642**
220.	Consolidated comprehensiv e income attributable to minority interests	-	-
230.	**Consolidated comprehensive income attributable to the parent company**	**39,738**	**163,642**

Banco Desio

Table A4 - Statement of Changes in Consolidated Shareholders' Equity 1 January - 31 March 2024

				Allocation of previous year result		Changes in the year										
							Equity transactions									
	Balance at 31.12.2023	Changes in opening balances	Balance at 01.01.2024	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests	Comprehensive income 31.03.2024	Group equity at 31.03.2024	Minority interests at 31.03.2024
Capital:																
a) ordinary shares	70,693		70,693												70,693	
b) other shares																
Share premium	16,145		16,145												16,145	
Reserves:																
a) of profits	1,008,099		1,008,099	238,045											1,246,144	
b) other	15,553		15,553	2,316		5									17,850	24
Valuation reserves:	3,178		3,178											598	3,776	
Equity instruments																
Treasury shares																
Profit (Loss) for the year	240,361		240,361	(240,361)										39,140	39,140	
Group equity	**1,354,015**		**1,354,015**			**(5)**								**39,738**	**1,393,748**	
Minority interests	**14**		**14**			**10**										**24**

Banco Desio

Table A5 - Statement of Changes in Consolidated Shareholders' Equity 1 January - 31 March 2023

	Balance at 31.12.2022	Changes in opening balances	Balance at 01.01.2023	Allocation of previous year result		Changes in the year									Group equity at 31.03.2023	Minority interests at 31.03.2023
							Equity transactions									
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests	Comprehensive income 31.03.2023		
Capital:																
a) ordinary shares	70,693		70,693												70,693	
b) other shares																
Share premium	16,145		16,145												16,145	
Reserv es:																
a) of profits	945,133		945,133	88,190		1,277									1,034,600	
b) other	22,226		22,226	(6,727)		(2)									15,483	14
Valuation reserv es:	(13,192)		(13,192)											5,156	(8,036)	
Equity instruments																
Treasury shares																
Profit (Loss) for the year	81,463		81,463	(81,463)										158,486	158,486	
Group equity	**1,122,454**		**1,122,454**			**1,275**								**163,642**	**1,287,371**	
Minority interests	**14**		**14**													**14**

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Table A6 - Reconciliation between the Parent Company's individual net income and shareholders' equity and the Banco Desio Group's consolidated net income and shareholders' equity

Amounts in Euro thousands	**Equity**	***of which Profit for the period***
Balances of the Parent Company Banco Desio	***1,389,515***	***41,114***
Effect of the consolidation of subsidiaries	4,041	1,594
Effect of equity valuation of associates	192	50
Dividends for the period	-	-3,618
Consolidated balances of the Banco Desio Group	**1,393,748**	**39,140**

Table A7 - Reconciliation between the profit resulting from the consolidated income statement of the Banco Desio Group and relevant for the calculation of regulatory capital of the Banco Desio Group

Amounts in Euro thousands	**Amount**
Attributable to the Group	**39,140**
Elements deducted	16,446
- dividends in proposed recognition to the Bank's Shareholders	*16,446*
Profit counted in common equity tier 1 capital	**22,694**