

PRESS RELEASE

**THE BOARD OF DIRECTORS OF PARENT COMPANY
BANCO DI DESIO E DELLA BRIANZA S.P.A.**

**HAS APPROVED
THE CONSOLIDATED HALF-YEAR REPORT AS AT 30 JUNE 2015**

NOTE: CHANGES IN THE CONSOLIDATED DATA AS AT 30/06/2015 COMPARED TO THE FIRST HALF OF THE PRIOR YEAR WERE OMITTED, AS THE COMPARISON IS NOT UNIFORM, FOLLOWING CONSOLIDATION OF BANCA POPOLARE DI SPOLETO S.P.A., EFFECTIVE 1 AUGUST 2014

- ✓ **CONSOLIDATED NET PROFIT** (pertaining to the Parent Company): EUR 18.7 million. The profit of EUR 31.1 million in the first half of the prior year benefited from the significant net contribution of the financial result, following the sale of the financial instruments in the AFS - Available for Sale portfolio, as well as EUR 8.4 million from disposal by the Parent Company of all financial instruments in the HTM - Held to Maturity portfolio.
- ✓ **OPERATING MARGIN**: EUR 104.4 million
- ✓ **ADJUSTMENTS TO LOANS**: EUR 77 million
- ✓ **TOTAL DEPOSITS FROM ORDINARY CUSTOMERS**: EUR 18.8 billion (-0.8% compared to December 2014), of which **DIRECT DEPOSITS** of EUR 9.9 billion (-3.3%), with a ratio of Loans to ordinary customers/Direct deposits of 95.4% (previously 92.2%) and **INDIRECT DEPOSITS** of EUR 8.9 billion (+2.1%)
- ✓ **FURTHER STRENGTHENING OF SHAREHOLDERS' EQUITY** (compared to December 2014)
Shareholders' equity: EUR 850.2 million (previously EUR 845.6 million);
Own Funds EUR 1,063.6 million ⁽¹⁾ (CET1 + AT1 EUR 861.2 million + T2 EUR 202.4 million) (previously EUR 990.8 million);
Common Equity Tier1 at 10.6% (previously 10.3%)
Tier1 at 10.7% (previously 10.5%)
Total capital ratio at 13.2% (previously 12.3%)

KEY CONSOLIDATED DATA AS AT 30 JUNE 2015

SUMMARY

Total deposits from ordinary customers: EUR 18.8 billion (-0.8% compared to December 2014)
of which Direct deposits: EUR 9.9 billion (-3.3%)
Indirect deposits: EUR 8.9 billion (+2.1%)

Net loans to ordinary customers: EUR 9.4 billion (-0.7% compared to December 2014) and **Loans to institutional customers**, represented by REPOs (repurchase agreements): EUR 0.1 billion (0.2 billion in December 2014)

"Net non-performing loans/net loans" ratio: 4.59% (4.41% in December 2014)

% Coverage of non-performing loans at 56.27% ⁽²⁾ (58.52% in December 2014) (coverage decreased following the disposal of non-performing loans for EUR 101.9 million by subsidiary Banca Popolare di Spoleto, almost entirely written down)

⁽¹⁾ after a maximum payout of 40%

% Coverage of non-performing loans gross of write-offs at 63.20% ⁽²⁾ (65.22% in December 2014) (coverage decreased following the disposal of non-performing loans for EUR 101.9 million by subsidiary Banca Popolare di Spoleto, almost entirely written down)

Parent Company's profit for the period: EUR 18.7 million. The profit of EUR 31.1 million in the first half of the prior year benefited from the significant net contribution of the financial result, following the sale of the financial instruments in the AFS - Available for Sale portfolio, as well as EUR 8.4 million from disposal by the Parent Company of all financial instruments in the HTM - Held to Maturity portfolio.

Operating margin: EUR 104.4 million

Net operating profit: Euro 20.6 million, after adjustments to loans for Euro 77 million

Shareholders' equity pertaining to the Parent Company: EUR 850.2 million (EUR 845.6 million in December 2014)

Own Funds EUR 1,063.6 million (CET1 + AT1 EUR 861.2 million + T2 EUR 202.4 million) (EUR 990.8 million in December 2014)

Common Equity Tier1 at 10.6% (10.3% in December 2014)

Tier1 at 10.7% (10.5% in December 2014)

Total capital ratio at 13.2% (12.3% in December 2014)

The Board of Directors of the Parent Company, Banco di Desio e della Brianza S.p.A., at a meeting held on 6 August 2015, approved the *Consolidated Half-Year Report as at 30 June 2015*, drafted pursuant to art. 154-ter of the Italian Legislative Decree 58/1998 (Italian Consolidated Law on Finance), implementing the Italian Legislative Decree 195 of 6 November 2007 (Transparency Directive), and prepared in compliance with the International Accounting Standards recognised by the EU, pursuant to EU Regulation no. 1606 of 19 July 2002 (and in particular with IAS 34 - Interim Financial Statements), as well as to the provisions issued by the Bank of Italy with Circular no. 262 of 22 December 2005, as amended.

Consolidated balance sheet data

Total customers' assets under management as at 30 June 2015 amounted to EUR 22.6 billion, marking a total decrease of approximately EUR 0.2 billion compared to the end of 2014, equal to 0.9%, due to the trend in direct deposits, partly offset by the growth in indirect deposits.

Direct deposits amounted to approximately EUR 9.9 billion at the end of the first half-year, down by approximately EUR 0.3 billion, due to the reduction in the balance of outstanding securities and financial liabilities measured at fair value of approximately EUR 0.5 million (-17.1%) and the increase in amounts due to customers of approximately EUR 0.2 billion (+1.9%).

Indirect deposits, at EUR 12.7 billion, recorded an overall increase of approximately EUR 0.1 billion, equal to 1% of the prior year-end balance.

Deposits by ordinary customers amounted to EUR 8.9 billion, up by approximately EUR 0.2 billion, equal to 2.1%, due to performance of the asset management segment (+6.9%), partly offset by the administered assets segment (-2.7%), while deposits by institutional customers, equal to EUR 3.8 billion, showed a decline of approximately EUR 0.1 million, corresponding to 1.5% of the balance at the end of the prior year.

The total value of *loans to ordinary customers* at the end of the first half of the year amounted to EUR 9.4 billion, down by approximately EUR 0.1 billion, equal to 0.7% of the balance at the end of 2014, while loans to institutional customers, exclusively comprising repo transactions, amounted to around EUR 0.1 billion, compared to about EUR 0.2 billion at the end of the prior year.

Consequently, as at 30 June 2015, the Group's lending activities totalled approximately EUR 9.5 billion in net loans to customers, down by approximately EUR 0.2 billion or 1.7%.

⁽²⁾ considering the impaired loans of subsidiary Banca Popolare di Spoleto S.p.A., stated gross of their relative write-downs, without taking account of the changes necessary to represent their purchase value

The Group's total *financial assets* at year end were approximately EUR 1.7 billion, down by about EUR 0.2 billion on the total recorded at the end of 2014, while the *net interbank position* was in debt for approximately EUR 0.5 billion, compared to the debt balance of approximately EUR 0.7 billion at the end of the prior year.

To confirm the sound balance sheet structure of the Group, the *net shareholders' equity pertaining to the Parent Company*, including the profit (loss) for the period, stood at approximately EUR 850.2 million, up compared to EUR 845.6 million on the 2014 balance sheet.

Shareholders' equity calculated according to the supervisory regulations, defined as Own Funds, after a payout of no greater than 40%, increased to EUR 1,063.6 million as at 30 June 2015 (CET1 + AT1 EUR 861.2 million + T2 EUR 202.4 million), compared to EUR 990.8 million at the end of the prior year.

The capital ratios were up during the first half of the year as well. The *Common Equity Tier1* capital ratio, consisting of the class 1 primary capital (CET1) applied to risk-weighted assets, stood at 10.6% (10.3% as at 31 December 2014). *Tier1*, consisting of the total class 1 capital (T1) applied to the risk-weighted assets, stood at 10.7% (10.5% as at 31 December 2014), whereas the *Total capital ratio*, comprising Own Funds applied to the risk-weighted assets, stood at 13.2% (12.3% as at 31 December 2014).

The minimum capital requirements at the consolidated level set forth in the regulations (including the capital reserve of 2.5%) amounted to 7% of *Common Equity Tier1*, 8.5% of *Tier1* and 10.5% of *Total capital ratio*.

Consolidated income statement data

The first half of 2015 closed with a Net profit for the period pertaining to the Parent Company of EUR 18.7 million, compared to EUR 31.1 million in the first half of the previous year, which benefitted from a significant net contribution of the financial result, following the sale of the financial instruments in the AFS - Available for Sale portfolio, as well as EUR 8.4 million from disposal by the Parent Company of all financial instruments in the HTM - Held to Maturity portfolio.

The breakdown and performance of the main reclassified Income Statement items are summarised as follows:

Operating income

The revenue items related to operations recorded an overall increase of EUR 238.5 million. Specifically, *net interest income* amounted to EUR 137.7 million, *net commissions* were EUR 80.2 million and *profits/(losses) on trading, hedging and disposal/repurchase of receivables and financial assets/liabilities* amounted to EUR 13 million (the balance of this aggregate during the first half of the prior year also benefited from the contribution from the sale of financial instruments in the AFS - Available for Sale portfolio). Moreover, the balance of *other operating income/charges* of EUR 5.8 million is net of the reclassification connected to the contribution to the new resolution fund ("SRM - Single Resolution Mechanism contribution), for a gross amount of approximately EUR 2.3 million (EUR 1.8 million for the Parent Company and EUR 0.5 million for subsidiary Banca Popolare di Spoleto S.p.A.) in Profit (Loss) from non-recurring operations. The contribution refers to the new resolution rules applied from 1 January 2015 to all banks in the European Union, based on Directive 2014/59/EU, which specifically envisages activation of the resolution mechanisms through the establishment of Funds for "ex ante" contribution, with a target by 31 December 2024 of 1% of the total deposits protected by the system. The contribution for the year 2015 was estimated based on currently available information, noting that the amount actually required may differ even significantly from the estimated amount, also based on any different interpretations with regard to the measurement and quantification method, with final notification by the relevant authorities expected by the end of the current year.

Operating charges

Total *operating charges*, which include *personnel expenses, other administrative expenses and net adjustments to property, plant and equipment and intangible assets*, amounted to EUR 134.1 million. *Personnel expenses* amounted to EUR 90.3 million, while *other administrative expenses*, net of the consulting fees related to the project for the acquisition of control of Banca Popolare di Spoleto S.p.A., equal to approximately EUR 0.7 million and reclassified under *Profit (Loss) from non-recurring operations*, amounted to approximately EUR 37.8 million, and *net adjustments to property, plant and equipment and intangible assets* amounted to approximately EUR 6 million.

Operating margin

Consequently, the *operating margin* at the end of the first half of the year amounted to approximately EUR 104.4 million.

Operating profit (loss) after tax

Net adjustments for impairment of loans, amounting to EUR 77 million, *net allocations to provisions for risks and charges* of EUR 0.8 million and *income taxes for the period on current operations* of approximately EUR 4.9 million (considering the positive effects of around EUR 2.1 million mainly due for EUR 1.3 million to the reversal of deferred tax liabilities and recognition of deferred tax assets on goodwill transferred on a statutory basis by the Parent Company to subsidiary Banca Popolare di Spoleto S.p.A., and EUR 0.6 million to net deferred tax assets recognised for IRAP (local business tax) on the funds allocated in prior years for personnel expenses) resulted in an *operating profit after tax* of EUR 20.6 million.

Profit (Loss) from non-recurring operations after tax

Profit from non-recurring operations after tax amounted to approximately EUR 2.2 million at the end of the first half of the year, consisting of consulting fees related to the acquisition of control of Banca Popolare di Spoleto S.p.A. of approximately EUR 0.5 million and to the "SRM - Single Resolution Mechanism contribution" of EUR 1.7 million, both net of the relative tax.

Conversely, the balance of the prior year showed a profit of approximately EUR 7.4 million, consisting predominantly of the contribution of approximately EUR 8.4 million from disposal by the Parent Company of all financial instruments included in the HTM - Held to Maturity portfolio and consulting fees related to the project for acquisition of control of Banca Popolare di Spoleto S.p.A. of approximately EUR 0.9 million, also net of tax.

Parent Company Profit (Loss) for the period

The sum of operating profit and profit (loss) from non-recurring operations, both after tax and taking into account the minority interest, results in a *Parent Company profit for the period* of EUR 18.7 million as at 30 June 2015. The profit of EUR 31.1 million in the first half of the prior year benefited from the significant net contribution of the financial result, following the sale of the financial instruments in the AFS - Available for Sale portfolio, as well as EUR 8.4 million from disposal by the Parent Company of all financial instruments in the HTM - Held to Maturity portfolio.

As at 30 June 2015, the Group's distribution network comprised 279 branches, of which 149 of Banco di Desio e della Brianza S.p.A. and 130 of subsidiary Banca Popolare di Spoleto S.p.A.

Further to information already provided, Parent Company Banco di Desio e della Brianza S.p.A. transferred the business branch comprising 32 branches, of which 11 in the Tuscany Region and 21 in the Lazio Region, to Banca Popolare di Spoleto S.p.A., legally effective from 1 April 2015. At the same time, the subsidiary transferred the Milan branch to the Parent Company. This operation is part of the streamlining strategy for the Group's distribution network, which envisages strengthening of the Parent Company's competitive positioning in the North of Italy and further consolidation in the regions of Central Italy by subsidiary Banca Popolare di Spoleto S.p.A.

As at 30 June 2015, the Group's employees rose to 2,429, for an increase of 45 resources or 1.8% compared to the previous year's total. This trend is mainly attributable to the number of Parent Company employees that used the second of the three "windows" for voluntary access to the Solidarity Fund, in consideration of the Resource Programme previously adopted with regard to the exit plan.

Note that the Parent Company's Board of Directors, in line with the previously declared strategic direction which resulted in the gradual disposal of majority stakes in product companies and investments in foreign companies, adopted a resolution to implement a project for disposal of the investment in Luxembourg subsidiary Rovere S.d.G. and assign management of the assets of Rovere Sicav to an operator (Italian Asset Management Company) with proven expertise in this field and professional integrity, achieving the greatest benefit for the Sicav's customers, whose units are placed by Banco Desio and by to another two Italian banking partners. In this respect, Rovere S.d.G. and Rovere Sicav conducted negotiations to achieve (following completion in the upcoming months of the statutory and supervisory requirements envisaged by the respective legislation) a merger of the segments of the Sicav into the funds managed by said Asset Management Company and similarly placed, among others, by Banco Desio.

The tables of the consolidated Balance Sheet and Reclassified Income Statement as at 30 June 2015 are herewith attached.

The consolidated half-year report as at 30 June 2015 is subject to a limited audit by Deloitte & Touche S.p.A.. The auditing is currently in progress.

Desio, 6 August 2015

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

The Manager in charge of drawing up the company accounting documents, Mauro Walter Colombo, hereby declares that, pursuant to art. 154-bis, paragraph 2 of the Italian Consolidated Law on Finance, the accounting information contained in this press release corresponds to the company's documents, books and accounting records.

Mauro Walter Colombo

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Total assets					
<i>Amounts in thousands of EUR</i>		30.06.2015	31.12.2014	Changes	
				Amount	%
10	Cash and cash equivalents	54.439	62.890	-8.451	-13,4%
20	Financial assets held for trading	13.501	18.727	-5.226	-27,9%
40	Financial assets available for sale	1.684.338	1.877.959	-193.621	-10,3%
60	Due from banks	196.050	288.282	-92.232	-32,0%
70	Loans to customers	9.500.886	9.666.900	-166.014	-1,7%
80	Hedging derivatives	9.453	8.372	1.081	12,9%
90	Value adjustment to financial assets subject to macro-hedging (+/-)	1.443	2.478	-1.035	-41,8%
100	Equity investments	15.488	14.806	682	4,6%
120	Property, plant and equipment	183.509	185.887	-2.378	-1,3%
130	Intangible assets	18.043	18.384	-341	-1,9%
	<i>of which: goodwill</i>	<i>15.322</i>	<i>15.322</i>		
140	Tax assets	231.281	241.040	-9.759	-4,0%
	<i>a) current</i>	<i>36.267</i>	<i>43.865</i>	<i>-7.598</i>	<i>-17,3%</i>
	<i>b) prepaid</i>	<i>195.014</i>	<i>197.175</i>	<i>-2.161</i>	<i>-1,1%</i>
	<i>- as per law 214/2011</i>	<i>168.320</i>	<i>173.730</i>	<i>-5.410</i>	<i>-3,1%</i>
150	Non-current discontinued operations	2.370	2.370		
160	Other assets	183.275	177.945	5.330	3,0%
Total assets		12.094.076	12.563.670	-469.594	-3,7%

Total Liabilities and Shareholders' Equity					
<i>Amounts in thousands of EUR</i>		30.06.2015	31.12.2014	Changes	
				Amount	%
10	Due to banks	728.207	1.017.467	-289.260	-28,4%
20	Due to customers	7.584.752	7.444.025	140.727	1,9%
30	Outstanding securities	2.317.548	2.798.752	-481.204	-17,2%
40	Financial liabilities held for trading	4.654	3.259	1.395	42,8%
50	Financial liabilities measured at fair value	21.845	23.626	-1.781	-7,5%
60	Hedging derivatives	5.379	6.717	-1.338	-19,9%
80	Tax liabilities	31.901	36.156	-4.255	-11,8%
	<i>a) current</i>	<i>417</i>	<i>2.156</i>	<i>-1.739</i>	<i>-80,7%</i>
	<i>b) deferred</i>	<i>31.484</i>	<i>34.000</i>	<i>-2.516</i>	<i>-7,4%</i>
90	Liabilities related to discontinued operations	1.412		1.412	
100	Other liabilities	421.133	253.959	167.174	65,8%
110	Employee severance indemnity	31.614	34.985	-3.371	-9,6%
120	Provisions for risks and charges	43.802	44.670	-868	-1,9%
	<i>b) other provisions</i>	<i>43.802</i>	<i>44.670</i>	<i>-868</i>	<i>-1,9%</i>
140	Valuation reserves	21.626	27.975	-6.349	-22,7%
170	Reserves	726.046	693.201	32.845	4,7%
180	Share premium	16.145	16.145		
190	Capital	67.705	67.705		
210	Minority interest (+/-)	51.597	54.427	-2.830	-5,2%
220	Profit (Loss) for the period (+/-)	18.710	40.601	-21.891	n.d.
Total Liabilities and Shareholders' Equity		12.094.076	12.563.670	-469.594	-3,7%

CONSOLIDATED - RECLASSIFIED INCOME STATEMENT AS AT 30.06.2015
Ann. 2

Items		30.06.2015	30.06.2014	Changes	
				Amount	%
<i>Amounts in thousands of EUR</i>					
10+20	Net interest income	137.681	102.136	35.545	34,8%
70	Dividends and similar income	300	88	212	240,9%
	Profits from investments in associated companies	1.557	557	1.000	179,5%
40+50	Net commissions	80.185	55.765	24.420	43,8%
80+90+100+	Profit/loss on trading, hedging and disposal/repurchase of fin. assets and liabilities measured at fair value	13.007	30.661	-17.654	-57,6%
110					
220	Other operating income/charges	5.809	8.228	-2.418	-29,4%
	Operating income	238.539	197.435	41.105	20,8%
180 a	Personnel expenses	-90.317	-68.190	-22.127	32,4%
180 b	Other administrative expenses	-37.847	-31.543	-6.304	20,0%
200+210	Net adj. to prop., plant and equip. and intangible assets	-5.981	-4.543	-1.437	31,6%
	Operating charges	-134.144	-104.276	-29.868	28,6%
	Operating margin	104.395	93.158	11.237	12,1%
	Profit (loss) on disposal or repurchase of loans	-1.001	-448	-553	123,4%
130 a	Net adjustments for impairment of loans	-77.044	-56.114	-20.930	37,3%
130 b	Net adjustments for impairment of financial assets available for sale	-133	215	-348	n.d.
130 d	Net adjustments for impairment of other financial transactions	78	652	-574	-88,0%
190	Net allocations to provisions for risks and charges	-821	314	-1.135	n.d.
	Operating profit (loss) before tax	25.474	37.777	-12.303	-32,6%
290	Income taxes for the period	-4.865	-13.986	9.121	-65,2%
	Operating profit (loss) after tax	20.609	23.791	-3.183	-13,4%
240+270	Profit (loss) from investments and disposals of investments	0	0	0	
	Extraordinary provisions for risks and charges, other provisions and expenses / profits from disposal of financial assets held to maturity	-3.137	10.940	-14.077	n.d.
	Profit (Loss) from non-current operations before tax	-3.137	10.940	-14.077	n.d.
	Income taxes from non-current components for the period	896	-3.582	4.478	n.d.
	Profit (Loss) from non-current operations after tax	-2.241	7.358	-9.598	n.d.
320	Profit (Loss) for the period	18.368	31.149	-12.781	-41,0%
330	Minority interest	342	-46	388	n.d.
340	Parent Company Profit (Loss) for the period	18.710	31.103	-12.393	-39,8%