

PRESS RELEASE

**THE ORDINARY SHAREHOLDERS' MEETING APPROVED
THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017
AND A DIVIDEND DISTRIBUTION OF EUR 0.1001 PER ORDINARY SHARE
AND EUR 0.1202 PER SAVINGS SHARE
AS WELL AS THE ANNUAL REPORT ON REMUNERATION POLICIES**

**The separate net profit of Banco Desio is EUR 38.0 million
(compared to EUR 31.7 million in the previous year)**

THE CONSOLIDATED FINANCIAL STATEMENTS WERE
ALSO PRESENTED TO THE ORDINARY SHAREHOLDERS' MEETING
The consolidated net profit of Banco Desio Group is EUR 43.7 million
(compared to EUR 25.6 million in the previous year)

THE FIRST CONSOLIDATED NON-FINANCIAL STATEMENT ("SUSTAINABILITY REPORT")
WAS ALSO PRESENTED TO THE ORDINARY SHAREHOLDERS' MEETING

**THE BOARD OF DIRECTORS APPROVED AN NPL ASSIGNMENT PROGRAMME FOR A
GROSS VALUE OF EURO 1.1 BILLION**
that includes implementing a securitisation transaction using the procedure by which the Italian government issues a guarantee on the non-performing loan securitisation on senior securities ("GACS") designed to deconsolidate loans with a gross value of EUR 1.0 billion from Banco Desio Group

Approval of separate financial statements and dividend distribution - Presentation of consolidated financial statements and non-financial statement - Approval of remuneration policies

The Ordinary Shareholders' Meeting of Banco di Desio e della Brianza, held in first call on 27 March 2018, approved the separate financial statements as at 31 December 2017, as well as a dividend distribution of EUR 0.1001 per ordinary share and EUR 0.1202 per savings share. The "pay out" is equal to 35.00% (compared to 35.48% in the prior year). In accordance with the stock exchange calendar, the dividend will be paid on 5 April 2018, against the detachment of coupon no. 27; the "detachment date", for purposes of securities' listings, and the "record date"¹ will be 3 and 4 April 2018, respectively.

The consolidated financial statements and the first consolidated non-financial statement ("Sustainability Report") as at 31 December 2017 of Banco Desio Group were also presented to the Ordinary Shareholders' Meeting, prepared in accordance with Italian Legislative Decree 254/2016, which introduced this requirement for larger companies and groups. The Sustainability Report is primarily intended as a unique opportunity to inform "stakeholders" of the special attention given by Banco Desio

¹ date of entitlement to dividend payment introduced in art. 83-terdecies of the Consolidated Finance Law from Italian Legislative Decree 91/2012

Group to ethical and social issues, the result of its roots in the community and constant dialogue with the customer base, consisting essentially of households, professionals, artisans, and small and medium-sized businesses.

The separate and consolidated financial statements were audited by Deloitte & Touche S.p.A., which issued an opinion without any observations, as well as its opinion that Report on Operations was consistent and compliant with regulations and with the financial statements. For the “Sustainability Report”, the audit firm issued an opinion that it was compliant (“limited assurance engagement”) according to applicable provisions.

Lastly, the Ordinary Shareholders' Meeting approved the annual report on the Group’s remuneration policies, prepared in accordance with relevant supervisory provisions.

Approval of assignment of non-performing loans (“NPL”)

In executing its capital management strategy, the Board of Directors of Banco di Desio e della Brianza, which met today prior to the Shareholders’ Meeting, approved an NPL assignment programme totalling EUR 1.1 billion, which includes a securitisation transaction using the procedure by which the Italian government issues a guarantee on the non-performing loan securitisation on senior securities (“GACS”), pursuant to Italian Decree Law 18/2016, designed to deconsolidate loans with a gross value of EUR 1.0 billion from Banco Desio Group (the “Transaction”).

The Transaction’s reference portfolio is composed of mortgages and unsecured loan agreements disbursed by Banco di Desio e della Brianza (51%) and by Banca Popolare di Spoleto (49%) to “secured” customers, or those with relationships backed by real estate collateral (60%), and “unsecured” customers, or those that were not backed by collateral (40%).

The Transaction will be structured to carry out the significant transfer of credit risk associated with the securitised loans (“SRT”) pursuant to art. 243 *et seq.* of Regulation (EU) 575/2013 (“CRR”) and achieve, beginning in the current year, the related economic benefits in terms of reducing the “gross impaired loans to gross loans” ratio and “net impaired loans to net loans” ratio below the targets envisaged for the end of the 2018-2020 Business Plan.

As part of the Transaction, Banca IMI (Intesa Sanpaolo Group) acts as financial advisor, arranger, and placement agent. The Transaction is currently being structured; therefore, the data and information shown above may undergo immaterial changes, including as a result of the negotiations that will be undertaken with potential investors.

In the overall strategy of active management for impaired loans and combined with other effects from the first application of the IFRS 9 accounting standard, the Transaction will result in a decrease of CET 1 (fully loaded) estimated in the range of 75-85 basis points for the Group (15-22 basis points for Banco di Desio e della Brianza and 235-265 basis points for Banca Popolare di Spoleto). This effect is in line with what was reported in the financial statements disclosure of 31 December 2017 and does not take into account the capitalisation of profits envisaged in the recently approved Business Plan.



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Note that the Group Banks have decided to adopt the transitional regime envisaged by Regulation (EU) 2017/2395 with a gradual “phase-in” process over 5 years of the impact of the negative reserve for First Time Adoption (“FTA”) on the capital ratios for which the reduction effect of CET 1 will be nearly neutralised for 2018.

Desio, 27 March 2018

BANCO DI DESIO E DELLA BRIANZA SpA
The Chairman

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