PRESS RELEASE

CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2017

The Board of Directors of Banco di Desio e della Brianza S.p.A. has approved this "Consolidated Quarterly Report as at 30 September 2017 – Press Release"

- ✓ **PROFIT (LOSS) FROM OPERATIONS BEFORE TAX ON THE RISE (+17.0%) to Euro 51.7 million[1] (formerly Euro 44.2 million), benefiting from the positive trend in net commission income, which came to Euro 120.2 million (formerly Euro 112.2 million), and from the fall in the cost of credit to Euro 44.1 million (formerly Euro 61.2 million), while maintaining high levels of coverage of both non-performing and performing loans:**
  Coverage ratio[2] of doubtful loans at 57.3% and gross of write-offs at 61.6% (56.3% and 60.9% as at 31.12.2016)
  Coverage ratio[2] of total non-performing loans at 48.1% and gross of write-offs at 51.7% (formerly 46.2% and 50.0%)
  Coverage of performing loans 0.48% (formerly 0.54%)

- ✓ **CONSOLIDATED NET PROFIT (attributable to the Parent Company) Euro 26.9 million (Euro 36.4 million at 30 September 2016) due to significant non-recurring items, mainly due to components linked to support of the banking system**

- ✓ **HIGH AND STABLE CAPITAL ADEQUACY WITH AN AMPLE MARGIN OVER AND ABOVE WITH THE MINIMUM CET1 REQUIREMENT**

Capital ratios	Reported as at 30.09.2017			SREP[3] from instructions dated 4 April 2017 [B]	SREP Buffer [A] – [B]
	Banco Desio Brianza	Banca Popolare di Spoleto	Banco Desio Group [A]		
CET 1	16.96%	9.70%	11.33%	6.0%	+ 5.33%
TIER 1	17.03%	9.70%	11.47%	7.6%	+ 3.87%
Total Capital Ratio	20.00%	10.48%	13.56%	9.75%	+ 3.81%

***Shareholders' equity* of Euro 888.9 million (formerly Euro 868.1 million)**
***Own funds* of Euro 1,070.9 million[4] (CET1 + AT1 Euro 905.6 million + T2 Euro 165.3 million) (formerly Euro 1,085.0 million)**

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[1] If the Banco Desio Group manages to achieve the Eurosystem's benchmark net increase in lending, which it has committed to do as part of the "TLTRO II" operation, this would give it the right to earn negative interest at a rate of 0.40%. To date, no benefit has been recognised for accounting purposes, though Banco Desio Group has implemented lending policies with a view to achieving this benchmark.

[2] Also considering non-performing loans of the subsidiary Banca Popolare di Spoleto S.p.A., shown gross of write-downs.

[3] Based on the Bank of Italy's instructions sent to the Parent Company on 4 April 2017, which contained the minimum capital requirements to be met at consolidated level following completion of the Supervisory Review and Evaluation Process (SREP): CET1 of 6%, binding - pursuant to art. 67-ter TUB - for 4.8% (minimum regulatory requirement of 4.5% and additional requirements of 0.3%) with the difference represented by the capital conservation buffer, Tier1 ratio of 7.6%, binding - pursuant to art. 67-ter TUB - for 6.4% (minimum regulatory requirement of 6.0% and additional requirements of 0.4%) with the difference represented by the capital conservation buffer, and Total Capital Ratio of 9.75%, binding - pursuant to art. 67-ter TUB - for 8.5% (minimum regulatory requirement of 8% and additional requirements of 0.5%) with the difference represented by the capital conservation buffer.

[4] After a pay out of 40%.

- ✓ **INCREASE IN LOANS TO ORDINARY CUSTOMERS: Euro 9.7 billion, up since the end of the prior year (+1.7%)**
  "Gross doubtful loans/Gross loans" ratio of 10.83% (formerly 10.45%)
  "Net doubtful loans/Net loans" ratio of 5.02% (formerly 4.95%)
  "Net non-performing loans/Net loans" ratio of 8.90% (formerly 9.36%)

- ✓ **TOTAL CUSTOMER DEPOSITS HAVE RISEN SINCE 31 DECEMBER 2016: Euro 24.9 billion (+5.4%), of which DIRECT DEPOSITS Euro 10.7 billion (+5.7%), with a ratio of Ordinary customer loans to Direct deposits of 90.2% (previously 93.8%) and INDIRECT DEPOSITS of Euro 14.2 billion (+5.1%)**

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The Board of Directors of Banco di Desio e della Brianza S.p.A., which met on 9 November 2017, approved the "Consolidated quarterly report on operations as at 30 September 2017 – Press release" (hereinafter "Report"), which has been prepared on a voluntary basis given that interim reports, additional to the annual and half-yearly reports, are not required by the new wording of art. 154-*ter*, paragraph 5, of Legislative Decree no. 58/1998 ("Consolidated Finance Act" or "TUB") added by Legislative Decree no. 25/2016 implementing Directive 2013/50/EU.

This Report has also been prepared in order to determine the result for the period, so that own funds and prudential coefficients can be calculated.

As regards the criteria for recognition and measurement, this Report has been prepared, by applying the IAS/IFRS in force at the reference date as follows.

The amounts of the tables and charts of the Report are expressed in thousands of Euros.

The Report is subject to a limited audit by Deloitte & Touche S.p.A. in order to calculate the portion of the interim result to be included in own funds.

Results of the period

Key figures and ratios

Table 1 – Balance sheet

	30.09.2017	31.12.2016	Change amount	Change %
Total assets	13.765.412	12.365.903	1.399.509	11,3%
Financial assets	2.778.476	1.870.808	907.668	48,5%
Due from banks	701.060	112.838	588.222	521,3%
Loans to customers	9.678.217	9.720.108	-41.891	-0,4%
Property, plant and equipment	179.837	181.201	-1.364	-0,8%
Intangible assets	17.913	17.843	70	0,4%
Due to banks	1.735.257	962.245	773.012	80,3%
Due to customers	9.094.784	8.729.591	365.193	4,2%
Debt securities in issue and Financial liabilities designated at fair value through profit and loss	1.622.708	1.409.792	212.916	15,1%
Shareholders' equity (including Net profit/loss for the period) [(1)]	888.934	868.120	20.814	2,4%
Own Funds	1.070.943	1.084.987	-14.044	-1,3%
Total indirect deposits	14.160.193	13.474.129	686.064	5,1%
of which: Indirect deposits from ordinary customers	*8.940.100*	*8.415.302*	*524.798*	*6,2%*
of which: Indirect deposits from institutional customers	*5.220.093*	*5.058.827*	*161.266*	*3,2%*

Table 2 – Income statement [(2)]

	30.09.2017	30.09.2016	Change amount	Change %
Operating income	310.367	317.725	-7.358	-2,3%
of which: Net interest income	*171.206*	*178.808*	*-7.602*	*-4,3%*
Operating costs	209.693	209.231	462	0,2%
Result of operations	100.674	108.494	-7.820	-7,2%
Profit (loss) from operations after tax	34.390	32.266	2.124	6,6%
Non-recurring profit (loss) after tax	-6.872	5.155	-12.027	n.s.
Profit for the period [(1)]	26.860	36.408	-9.548	-26,2%

[(1)] pertaining to the Parent Company;

[(2)] from the reclassified income statement.

Table 3 – Key figures and ratios

	30.09.2017	31.12.2016	Change amount
Capital/Total assets	6.5%	7.0%	-0.5%
Capital/Loans to customers	9.2%	8.9%	0.3%
Capital/Due to customers	9.8%	9.9%	-0.1%
Capital/Debt securities in issue and Financial liabilities designated at fair value through profit and loss	54.8%	61.6%	-6.8%
Common Equity Tier 1 (CET 1) / Risk-weighted assets (Common Equity Tier 1 ratio)	11.3%	10.9%	0.4%
Core Tier 1 capital (T1) / Risk-weighted assets (Tier 1 ratio)	11.5%	11.0%	0.5%
Total Own Funds / Risk-weighted assets (Total capital ratio)	13.6%	13.5%	0.1%
Financial assets/Total assets	20.2%	15.1%	5.1%
Due from banks/Total assets	5.1%	0.9%	4.2%
Loans to customers/Total assets	70.3%	78.6%	-8.3%
Loans to customers/Direct customer deposits	90.3%	95.9%	-5.6%
Due to banks/Total assets	12.6%	7.8%	4.8%
Due to customers/Total assets	66.1%	70.6%	-4.5%
Debt securities in issue and financial liabilities designated at fair value through profit and loss / Total assets	11.8%	11.4%	0.4%
Direct customer deposits / Total assets	77.9%	82.0%	-4.1%
	30.09.2017	**30.09.2016**	**Change amount**
Cost/Income ratio	67.6%	65.9%	1.7%
Net interest income/Operating income	55.2%	56.3%	-1.1%
Result of operations/Operating income	32.4%	34.1%	-1.7%
Profit (loss) from operations after tax / Capital (3) - annualised (4)	5.4%	4.5%	0.9%
ROE (3) - annualised (4) (5)	4.6%	3.0%	1.6%
Profit (loss) from operations before tax/Total assets (ROA)- annualised (4)	0.5%	0.4%	0.1%
	30.09.2017	**31.12.2016**	**Change amount**
Net doubtful loans/Loans to customers	5.0%	4.9%	0.1%
Net impaired loans/Loans to customers	8.9%	9.4%	-0.5%
% Coverage of doubtful loans	57.3%	56.3%	1.0%
% Coverage of doubtful loans, gross of cancellations (6)	61.6%	60.9%	0.7%
% Total coverage of non-performing loans (6)	48.1%	46.2%	1.9%
% Coverage of non-performing loans, gross of cancellations (6)	51.7%	50.0%	1.7%
% Coverage of performing loans	0.48%	0.54%	-0.05%

Table 4 – Structure and productivity ratios

	30.09.2017	31.12.2016	Change amount	Change %
Number employees (7)	2.348	2.356	-8	-0,3%
Number of branches	266	271	-5	-1,8%
Loans and advances to customers per employee (8)	4.115	4.113	2	0,0%
Direct deposits from customers per employee (8)	4.557	4.290	267	6,2%
	30.09.2017	**30.09.2016**	**Change amount**	**%**
Operating income per employee (8) - annualised (4)	176	179	-3	-1,7%
Result of operations per employee (8) - annualised (4)	57	62	-5	-8,1%

(3) equity excluding net profit (loss) for the period;
(4) the amount reported at 30.09.2016 is the final figure at the end of 2016;
(5) the annualised ROE at 30.09.2017 does not take into consideration the annualisation of the Net non-recurring operating profit;
(6) also considering non-performing loans of the subsidiary Banca Popolare di Spoleto S.p.A., reported gross of write-downs;
(7) number of employees at the reference date;
(8) based on the number of employees calculated as a straight average between the end of the period and the end of the preceding period.

Consolidated income statement

The "Profit (loss) from operations after tax" has grown by Euro 2.1 million (+6.6%) compared with 30 September 2016, whereas the net result for the period ("Parent Company net profit (loss)") has been affected by non-recurring cost components due to write-downs of certain investments included in available-for-sale financial assets (AFS) and negative income components related to participation in the Interbank Fund's Voluntary Intervention Scheme (VIS) compared with the prior period which included non-recurring revenue items from the disposal of certain equity interests (CPC, Istifid and Rovere).

Table 5 – Reclassified consolidated income statement

Captions				Change	
		30.09.2017	**30.09.2016**	**Amount**	**%**
10+20	Net interest income	171.206	178.808	-7.602	-4,3%
70	Dividends and similar income	614	974	-360	-37,0%
	Profit (loss) from equity investments in associates	0	302	-302	-100,0%
40+50	Net commission income	120.245	112.212	8.033	7,2%
80+90+100+110	Net results on financial assets and liabilities	8.161	13.937	-5.776	-41,4%
220	Other operating income/expense	10.141	11.492	-1.351	-11,8%
	Operating income	**310.367**	**317.725**	**-7.358**	**-2,3%**
180 a	Payroll costs	-132.661	-133.568	907	-0,7%
180 b	Other administrative costs	-67.985	-66.390	-1.595	2,4%
200+210	Net adjustments to property, plant and equipment and intangible assets	-9.047	-9.273	226	-2,4%
	Operating costs	**-209.693**	**-209.231**	**-462**	**0,2%**
	Result of operations	**100.674**	**108.494**	**-7.820**	**-7,2%**
130a+100a	Cost of credit	-44.054	-61.156	17.102	-28,0%
130 b	Net impairment adjustments to financial assets available for sale	-3.160	-135	-3.025	n.s.
130 d	Net impairment adjustments to other financial assets	1.697	498	1.199	240,8%
190	Net provisions for risks and charges	-3.479	-3.529	50	-1,4%
	Profit (loss) from operations before tax	**51.678**	**44.172**	**7.506**	**17,0%**
290	Income taxes on current operations	-17.288	-11.906	-5.382	45,2%
	Profit (loss) from operations after tax	**34.390**	**32.266**	**2.124**	**6,6%**
240+270	Profit (loss) from investments and disposal of investments	41	4.984	-4.943	-99,2%
	Non-recurring provisions for risks and charges, other provisions and expenses / special dividends from AFS securities	-9.634	446	-10.080	n.s.
	Non-recurring profit (loss) before tax	**-9.593**	**5.430**	**-15.023**	**n.s.**
	Income taxes from non-recurring items	2.721	-275	2.996	n.s.
	Non-recurring profit (loss) after tax	**-6.872**	**5.155**	**-12.027**	**n.s.**
320	**Net profit (loss) for the period**	**27.518**	**37.421**	**-9.903**	**-26,5%**
330	Minority interests	-658	-1.013	355	-35,0%
340	**Parent Company net profit (loss)**	**26.860**	**36.408**	**-9.548**	**-26,2%**

The main cost and revenue items in the reclassified income statement are analysed below.

Operating income

Core revenues decreased by about Euro 7.4 million with respect to the comparative period (-2.3%), amounting to Euro 310.4 million. This reflects the trend in net interest income, which given the current economic-financial conditions marked by the extreme compression of interest income due to the current expansionary monetary policy, shows a decline of Euro 7.6 million (-4.3%). A similar trend also characterises *"net gains (losses) on financial assets and liabilities designated at fair value"* equal to Euro 8.2 million (compared with Euro 13.9 million) and *other operating income/expense* which show a reduction of Euro 1.4 million. Net commission income, on the other hand, rose by Euro 8.0 million (+7.2%). Lastly, dividends amounted to Euro 0.6 million.

Operating costs

Operating costs, which include *payroll costs, other administrative expenses* and *net adjustments to property, plant and equipment and intangible assets* amounted to around Euro 209.7 million and have increased, with respect to the comparative period, by Euro 0.5 million (+0.2%).

In particular, *other administrative expenses* increased by Euro 1.6 million (+2.4%). The balance includes Euro 7.4 million for the ex-ante ordinary gross contributions to the Single Resolution Mechanism (SRM) and to the Deposit Guarantee Scheme (DGS) for 2017 (substantially in line with the prior period).

Payroll costs have decreased by 0.7% on the prior period, whereas the balance of *net adjustments to property, plant and equipment and intangible assets* came to Euro 9.0 million (-2.4%).

Results of operations

The *result of operations* at 30 September 2017, therefore came to Euro 100.7 million, a decrease of Euro 7.8 million on the same period last year (-7.2%).

Net profit (loss) from operations after tax

The *result of operations* leads to a *net profit (loss) from operations after tax* of Euro 34.4 million, 6.6% up compared with Euro 32.3 million in the comparative period, considering:

- increase in the *cost of credit* (*net impairment adjustments to loans and advances* plus *gains (losses) on disposal or repurchase of loans*) of about Euro 44.1 million, compared with Euro 61.2 million in the prior period due to the improvement in asset quality following a considerable slowdown in the deterioration of loans, while still maintaining high levels of coverage;
- *impairment adjustments to financial assets available for sale* of Euro 3.2 million (formerly Euro 0.1 million);
- *net provisions for risks and charges* of Euro 3.5 million, in line with the prior period;
- of the *net recoveries of impairment on other financial transactions* of Euro 1.7 million (formerly Euro 0.5 million);
- income taxes on current operations of Euro 17.3 million (formerly Euro 11.9 million).

In particular the taxation for the comparative period benefited for Euro 1.4 million from the step-up for tax purposes (pursuant to art. 15, paragraph 10, of D.L. 185/2008) of the goodwill recorded by Banca Popolare di Spoleto in the balance sheet for the contribution by the Parent Company of the business unit made up of former branches of Banco Desio Toscana and Banco Desio Lazio.

Non-recurring profit (loss) after tax

At 30 September 2017 there was a *non-recurring loss after tax* of Euro 6.9 million, which is made up principally of:

- impairment adjustments (net of the use of provisions) recognised:

- for Euro 1.6 million on a minority bank shareholding acquired during the period under a commitment made previously as part of broader business agreements in connection with the sale of a stake held in the insurance business
- for Euro 3.6 million on the Atlas Fund following the write-off of the value of the banking interests held by the fund,

both reclassified from *net impairment losses on available-for-sale financial assets*;

- the negative income components linked to participation in the Interbank Deposit Protection Fund's Voluntary Intervention Scheme (VIS), in particular:
  - Euro 0.4 million of contributions paid to the VIS during the year, reclassified from *other administrative expenses*;
  - Euro 0.6 million of impairment on the participatory interest held by the VIS in Caricesena, reclassified from *net impairment losses on available-for-sale financial assets*;
  - Euro 3.3 million of write-downs on the irrevocable commitment to allocate funds to the VIS reclassified from *net impairment adjustments to other financial assets*
- and the related (positive) tax effects of Euro 2.7 million.

The non-recurring profit in the comparative period of Euro 5.2 million is mainly attributable to *Profit from investments and disposal of investments* of Euro 4.9 million, which includes:

- the net capital gain of Euro 4.2 million on derecognition by the Parent Company of the investment in CPC in liquidation, with the simultaneous recognition of the amount due from the liquidators for the residual equity of that company, as well as the reversal of the provision for future costs recorded in the prior year of Euro 1.1 million
- the net impact of Euro 0.4 million related to the disposal of the Parent Company's investment in Istifid S.p.A.
- the net gain of Euro 0.1 million following the Parent Company's derecognition of the investment in Rovere in liquidation and the simultaneous recognition of an amount due from the liquidators
- and the related (negative) tax effects for Euro 0.1 million.

Profit for the period pertaining to the Parent Company

The sum of the *profit (loss) from operations after tax* and *non-recurring profit (loss) after tax*, considering the *net profit (loss) for the period pertaining to minority interests*, leads to a *profit for the period attributable to the Parent Company* as at 30 September 2017 of Euro 26.9 million.

Consolidated financial position

Deposits

Total customer funds under management as at 30 September 2017 amounted to Euro 24.9 billion, an increase of Euro 1.3 billion with respect to the 2016 year-end balance (+5.4%), attributable to both direct deposits (+5.7%) and indirect deposits (+5.1%).

Direct deposits as at 30 September 2017 amounted to Euro 10.7 billion for an increase of Euro 0.6 billion, due to a rise in debt securities in issue of Euro 0.2 billion (+15.1%) and amounts due to customers of Euro 0.4 billion (+4.2%).

Overall, as at 30 September 2017 *indirect deposits* recorded an increase of 5.1% compared with the balance at the end of the previous year, coming in at Euro 14.2 billion. Ordinary customer deposits total about Euro 8.9 billion, up by 6.2% compared with the end of the previous year: in particular, assets under management (+11%) rose strongly, whereas there was a weak decline in assets under administration (-0.8%). Lastly, deposits from institutional customers amount to Euro 5.2 billion, up by 3.2% during the period.

The following tables show the trend in deposits during the reporting period and the breakdown of indirect deposits.

Table 6 – Customer deposits

					Change	
	30.09.2017	%	31.12.2016	%	Amount	%
Due to customers	9.094.784	36,6%	8.729.591	36,9%	365.193	4,2%
Debt securities in issue and Financial liabilities	1.622.708	6,5%	1.409.792	6,0%	212.916	15,1%
Direct deposits	**10.717.492**	**43,1%**	**10.139.383**	**42,9%**	**578.109**	**5,7%**
Ordinary customer deposits	8.940.100	35,9%	8.415.302	35,7%	524.798	6,2%
Institutional customer deposits	5.220.093	21,0%	5.058.827	21,4%	161.266	3,2%
Indirect deposits	**14.160.193**	**56,9%**	**13.474.129**	**57,1%**	**686.064**	**5,1%**
Total customer deposits	**24.877.685**	**100,0%**	**23.613.512**	**100,0%**	**1.264.173**	**5,4%**

Table 7 – Indirect deposits from customers

					Change	
	30.09.2017	%	31.12.2016	%	Amount	%
Assets under administration (1)	**3.374.191**	**23,8%**	**3.401.030**	**25,2%**	**-26.839**	**-0,8%**
Assets under management	**5.565.909**	**39,3%**	**5.014.272**	**37,3%**	**551.637**	**11,0%**
of which: Mutual funds and Sicavs	*2.282.082*	*16,1%*	*1.869.166*	*13,9%*	*412.916*	*22,1%*
Managed portfolios	*951.946*	*6,7%*	*857.950*	*6,4%*	*93.996*	*11,0%*
Bancassurance	*2.331.881*	*16,5%*	*2.287.156*	*17,0%*	*44.725*	*2,0%*
Ordinary customer deposits (1)	**8.940.100**	**63,1%**	**8.415.302**	**62,5%**	**524.798**	**6,2%**
Institutional customer deposits (2)	**5.220.093**	**36,9%**	**5.058.827**	**37,5%**	**161.266**	**3,2%**
Indirect deposits (1) (2)	**14.160.193**	**100,0%**	**13.474.129**	**100,0%**	**686.064**	**5,1%**

(1) the totals at 30.09.2017 are stated net of bonds issued by the Parent Company and placed with the customers of Banca Popolare di Spoleto S.p.A. totalling Euro 47.9 million (Euro 66.4 million at 31.12.2016)

(2) institutional customer deposits at 30.09.2017 include securities of the Bancassurance segment of ordinary customers of the Parent Company and of Banca Popolare di Spoleto S.p.A. for Euro 2.2 billion (Euro 2.2 billion at 31.12.2016)

Loans and coverage

The total amount of *loans to customers as* at 30 September 2017 amounted to Euro 9.7 billion (-0.4% compared with the end of 2016), all referring essentially to *loans to ordinary customers* (+1.7%).

The main indicators on the coverage of non-performing and performing loans are reported below. They substantially confirm the same level of coverage of impaired loans as at 31 December 2016.

Table 8 – Credit quality as at 30 September 2017

	30.09.2017					
	Gross exposure	**% of total loans and receivables**	**Write-downs**	**Coverage ratio**	**Net exposure**	**% of total loans and receivables**
Doubtful loans	1.138.970	10,8%	(653.183)	57,3%	485.787	5,0%
Unlikely to pay	505.017	4,8%	(141.924)	28,1%	363.093	3,8%
Past due non-performing loans	14.601	0,1%	(1.851)	12,7%	12.750	0,1%
Total non-performing loans	**1.658.588**	**15,7%**	**(796.958)**	**48,1%**	**861.630**	**8,9%**
Performing exposure	8.859.495	84,3%	(42.908)	0,48%	8.816.587	91,1%
Total loans to customers	**10.518.083**	**100,0%**	**(839.866)**	**8,0%**	**9.678.217**	**100,0%**

Table 8-bis – Credit quality as at 31 December 2016

	31.12.2016					
	Gross exposure	**% of total loans and receivables**	**Write-downs**	**Coverage ratio**	**Net exposure**	**% of total loans and receivables**
Doubtful loans	1.102.759	10,5%	(621.319)	56,3%	481.440	4,9%
Unlikely to pay	571.191	5,4%	(159.139)	27,9%	412.052	4,3%
Past due non-performing loans	19.201	0,2%	(2.487)	13,0%	16.714	0,2%
Total non-performing loans	**1.693.151**	**16,1%**	**(782.945)**	**46,2%**	**910.206**	**9,4%**
Performing exposure	8.857.489	83,9%	(47.587)	0,54%	8.809.902	90,6%
Total loans to customers	**10.550.640**	**100,0%**	**(830.532)**	**7,9%**	**9.720.108**	**100,0%**

Securities portfolio and the net interbank position

As at 30 September 2017, total *financial assets* amounted to Euro 2.8 billion, an increase of some Euro 0.9 billion compared with the end of 2016 (+48.5%). The *Held to Maturity Portfolio* was reinstated during the period and, within the limits established by the Board of Directors, comprises a suitably diversified mix of government securities and bonds with an adequate rating, giving preference to those maturing in the medium term (by 2022).

With reference to the issuers of securities, the total portfolio at 30 September 2017 relates for 84.6% to government securities, 8.4% to securities issued by banks and the remainder to other issuers.

The following table gives information on sovereign risk, i.e. on the bonds issued by central and local governments and government agencies, as well as loans granted to them.

Table 9 – Exposure in sovereign debt securities

		30.09.2017						31.12.2016	
		Italy	Portugal	France	Spain	USA	Total	Italy	Total
Financial assets available for trading	Nominal value	12.308					12.308	3.680	3.680
	Book value	11.710					11.710	2.798	2.798
Financial assets available for sale	Nominal value	1.696.226			40.000	8.470	1.744.696	1.636.226	1.636.226
	Book value	1.694.667			41.300	8.410	1.744.377	1.638.237	1.638.237
Financial assets held to maturity	Nominal value	320.000	30.000	80.000	160.000		590.000		
	Book value	322.098	30.601	79.913	161.931		594.543		
Sovereign debt	**Nominal value**	**2.028.534**	**30.000**	**80.000**	**200.000**	**8.470**	**2.347.004**	**1.639.906**	**1.639.906**
	Book value	**2.028.475**	**30.601**	**79.913**	**203.231**	**8.410**	**2.350.630**	**1.641.035**	**1.641.035**

The *net borrowing interbank position* of Euro 1.0 billion compares with Euro 0.8 billion at the end of the previous year.

During the period, the Group participated in the recent "TLTRO II" operation, by which the Eurosystem made long-term liquidity available (4 years at a fixed rate equal to that for MRO - *main refinancing operations* - operations at the date of each TLTRO II auction - today equal to zero - with the possibility of rate reductions linked to the volume of approved net lending), in order to facilitate private sector access to loans and stimulate the offer of loans to the real economy. The Banco Desio Group was assigned Euro 800 million in addition to the Euro 800 million obtained at the time of the first window in June 2016.

Capital and capital adequacy ratios

Shareholders' equity pertaining to the Parent Company at 30 September 2017, including net profit for the period, amounts to Euro 888.9 million (Euro 868.1 million as at 31 December 2016).

In application of the regulatory provisions, the amount of Own Funds, after a pay-out of 40% amounted to Euro 1,070.9 million (CET1 + AT1 of Euro 905.6 million + T2 of Euro 165.3 million) compared with the figure at the end of the previous year of Euro 1,085.0 million, due to the reduction in the amount attributable to own funds of subordinated loans due to amortisation, partially offset by the results of the period attributable to own funds.

Table 10 – Own funds

	30.09.2017	**31.12.2016**
A. Common Equity Tier 1 (CET 1) prior to application of prudential filters	905,984	885,675
of which: CET 1 capital instruments subject to transitional provisions	-	-
B. CET 1 prudential filters (+/-)	-2	-18
C. CET 1 gross of amounts to be deducted and the effects of transitional provisions (A +/- B)	905,982	885,657
D. Items to be deducted from CET 1	18,370	18,594
E. Transitional provisions – Impact on CET 1 (+/-)	7,435	10,710
F. Total Common Equity Tier 1 (CET 1) (C – D +/-E)	**895,047**	**877,773**
G. Additional Tier 1 (AT1) gross of amounts to be deducted and the effects of transitional provisions	13,975	14,178
of which: AT1 capital instruments subject to transitional provisions	6,865	6,865
H. Items to be deducted from AT1	-	-
I. Transitional provisions – Impact on AT1 (+/-)	-3,433	-2,746
L. Total Additional Tier 1 (AT1) (G - H +/- I)	**10,542**	**11,432**
M. Tier 2 (T2) gross of amounts to be deducted and the effects of transitional provisions	164,858	195,407
of which: T2 capital instruments subject to transitional provisions	-	-
N. Items to be deducted from T2	-	-
O. Transitional provisions – Impact on T2 (+/-)	496	375
P. Total Tier 2 (T2) (M - N +/- O)	**165,354**	**195,782**
Q. Total Own Funds (F + L + P)	**1,070,943**	**1,084,987**

As at 30 September 2017, the Common Equity Tier 1 ratio (CET1/Risk-weighted assets) was 11.3% (10.9% at 31 December 2016). The Tier 1 ratio (T1/Risk-weighted assets) was 11.5% (11% at 31 December 2016), while the Total capital ratio (total Own Funds/Risk-weighted assets) was 13.6% (13.5% at 31 December 2016).

The Bank of Italy's instructions sent to the Parent Company on 4 April 2017 contained the minimum capital requirements to be met at consolidated level following completion of the Supervisory Review and Evaluation Process (SREP):

- ***6% for the Common Equity Tier 1 ratio***, binding - pursuant to art. 67-ter TUB - to the extent of 4.8% (of which 4.5% for the minimum regulatory requirements and 0.3% for additional requirements) and for the remainder from the capital conservation buffer;
- ***7.6% for the Tier 1 ratio***, binding - pursuant to art. 67-ter TUB - to the extent of 6.4% (of which 6.0% for the minimum regulatory requirements and 0.4% for additional requirements) and for the remainder from the capital conservation buffer;
- ***9.75% for the Total Capital ratio***, binding - pursuant to art. 67-ter TUB - to the extent of 8.5% (of which 8% for the minimum regulatory requirements and 0.5% for additional requirements) and for the remainder from the capital conservation buffer.

As a result, at 30 September 2017 the Group again had capital ratios well above the established minimum requirements, confirming its high capital viability.

Table 11 – Capital adequacy ratios

Categories/Amounts	Unweighted amounts		Weighted amounts/Requirements	
	30.09.2017	**31.12.2016**	**30.09.2017**	**31.12.2016**
A. ASSETS AT RISK				
A.1 Credit and counterparty risk	**13,885,201**	**12,468,280**	**7,060,787**	**7,216,913**
1. Standardised methodology	13,884,792	12,467,808	7,060,378	7,216,442
2. Methodology based on internal ratings				
2.1 Basic				
2.2 Advanced				
3. Securitisations	409	471	409	471
B. CAPITAL ADEQUACY REQUIREMENTS				
B.1 Credit and counterparty risk			**564,863**	**577,353**
B.2 Risk of credit valuation adjustment			**652**	**1,446**
B.3 Regulatory risk				
B.4 Market risks			**1,781**	**1,045**
1. Standardised methodology			1,781	1,045
2. Internal models				
3. Concentration risk				
B.5 Operational risk			**64,447**	**64,447**
1. Basic approach			64,447	64,447
2. Standardised approach				
3. Advanced approach				
B.6 Other items			0	0
B.7 Total precautionary requirements			**631,743**	**644,291**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			**7,896,782**	**8,053,639**
C.2 Common Equity Tier 1 ratio / Risk-weighted assets (CET 1 capital ratio)			11.334%	10.899%
C.3 Core Tier 1 capital / Risk-weighted assets (Tier 1 capital ratio)			11.468%	11.041%
C.4 Total Own Funds / Risk-weighted assets (Total capital ratio)			13.562%	13.472%

Performance of consolidated companies

Performance of the Parent Company Banco di Desio e della Brianza S.p.A.

The *Profit (loss) from operations after tax as* at 30 September 2017 amounted to Euro 31.4 million, an increase of 7.4% compared with the prior period when it came to Euro 29.2 million; worth noting, in particular, the substantial stability of the *Result of operations*, which amounts to Euro 66.2 million (featuring a lower contribution from *Net interest income* of 4.6 million, *Net results on financial assets and liabilities* of 1.3 million, *Other operating income/expense* of 1.4 million, more than offset by the increase in net commission income of 8.3 million) compared with 65.5 million in the prior period, *Dividends from equity investments in subsidiaries* for Euro 6.6 million (5.6 million the previous year), the decline in the *Cost of credit* which amounted to Euro 24.9 million (formerly 29.4 million), the increase in *Net impairment adjustments to financial assets available for sale* of Euro 3.1 million and higher *Income taxes on current operations* of Euro 1.8 million.
The *Net profit for the period* has also been affected by significant non-recurring costs due to write-downs of certain investments included in available-for-sale financial assets (AFS) and the negative revenue items relating to the participation in the Voluntary Intervention Scheme (VIS) for a total of Euro 7.9 million and the related (positive) tax effect of Euro 2.2 million compared with the prior period that included non-recurring revenue items for the sale of certain equity investments (CPC, Istifid and Rovere) for a total of Euro 5.4 million and the related tax effect of Euro 0.2 million.
Loans to customers decreased from Euro 6,247.1 million at the end of 2016 to Euro 6,112.1 million at the reference date, a decline of 2.2% or Euro 135.0 million.
Book *Shareholders' equity* has increased from Euro 865.6 million at 31 December 2016 to Euro 883.4 million at the reference date and *Own Funds* for supervisory purposes has decreased from Euro 1,037.7 million at the end of 2016 to Euro 1,025.3 million, due to the reduction in Tier 2 capital since 31 December 2016 by Euro 29.1 million, because of the decline in subordinated loans.

Performance of the subsidiary Banca Popolare di Spoleto S.p.A.

At the reference date, the Parent Company Banco di Desio e della Brianza S.p.A. held an investment of 81.67%.
The *Profit (loss) from operations after tax as* at 30 September 2017 amounted to Euro 11.4 million, an increase of 1.1% compared with the prior period when it came to Euro 11.3 million; worth noting, in particular, are the lower contribution from *Net interest income* of Euro 6.3 million and from *Net results on financial assets and liabilities* of Euro 2.0 million, the decline in the *Cost of credit* which amounted to Euro 17.2 million (formerly Euro 28.3 million) and higher *Income taxes on current operations* of Euro 2.9 million.
The *Net profit for the period* has been affected by significant non-recurring costs due to participation in the Voluntary Intervention Scheme (VIS) of Euro 1.7 million and the related (positive) tax effect of Euro 0.6 million (non-recurring items in the prior period were marginal).
Loans to customers increased from Euro 3,409.9 million at the end of 2016 to Euro 3,493.3 million at the reference date, an increase of 2.4% or Euro 83.6 million.
Book *Shareholders' equity* has increased from Euro 256.9 million at 31 December 2016 to Euro 263.8 million at the reporting date, while *Own funds* have gone from Euro 249.9 million at the end of 2016 to Euro 271.1 million mainly because of the granting by the Parent Company of a subordinated loan of Euro 18 million with fixed maturity (10 years), aimed at strengthening the "Tier 2 capital".

Performance of the subsidiary Fides S.p.A.

At the reference date, the Parent Company Banco di Desio e della Brianza S.p.A. held an investment of 100%.
The *Profit (loss) from operations after tax as* at 30 September 2017 comes to Euro 5.5 million, an increase of 20.8% compared with the prior period; *operating income* amounted to Euro 12.8 million, up by Euro 1.9 million compared with the period to 30 September 2016, while operating costs totalled Euro 4.6 million (comparative Euro 4.0 million), and the *results of operations* amounted to Euro 8.3 million (formerly Euro 6.9 million). *Net impairment adjustments to loans and advances* of Euro 0.20 million (Euro 0.23 million in the comparative period), net provisions for risks and charges of Euro 0.3 million (formerly Euro 0.3 million), and *taxation* of Euro 2.4 million (formerly Euro 1.9 million) contributed to the results for the period.
Loans to customers rose from Euro 562.0 million at the end of 2016 to Euro 618.3 million at the reference date.

Shareholders' equity increased from Euro 37.8 million as at 31 December 2016 to Euro 48.4 million at the reference date (reflecting the capital increase of Euro 10 million and the results for the period, as partially offset by the payment of dividends). *Own Funds* for supervisory purposes have risen from Euro 32.3 million at the end of 2016 to Euro 43.3 million, mainly because of the increase in capital approved by the Extraordinary Shareholders' Meeting of 21 March 2017.

Frame of reference

Guaranteed bank bond issue programme (OBG)

On 5 September 2017, the Parent Company made a first issue of fixed-rate Guaranteed Bank Bonds (OBG) for Euro 500 million with a 7-year maturity.
On 12 September, the Parent Company granted Banca Popolare di Spoleto a loan of Euro 149.5 million, in proportion to its participation in the plan, on equivalent terms to those obtained by the Parent Company by issuing the first series of OBG.

FITD (Interbank Deposit Protection Fund) – Withdrawal from the Voluntary Intervention Scheme

On 18 September, the banks of the Banco Desio Group reported to the Voluntary Intervention Scheme that they wanted to exercise their right of withdrawal with immediate effect pursuant to art. 47 paragraph 8 of the FITD's by-laws; this communication was sent following the contrary vote by the General Meeting of the Volunteer Intervention Scheme of 7 September, at which, while expressing a positive assessment of the motion (and agreeing entirely with the systemic reasoning behind it), the Meeting did not accept the proposal made by the banks of the Banco Desio Group to postpone the General Meeting so that a change could be made to the provisions of the FITD's by-laws relating to the Voluntary Scheme as concerns(i) the removal of any time limitation on exercising the right of withdrawal (subject to reasonable notice), (ii) the possibility of exercising the right of withdrawal also on the additional contributions submitted to the General Meetings in which the motion is voted against and not only on the subsequent contributions, (iii) the introduction of a quantitative limit on the amount of contributions.

Delisting of the ordinary shares of Banca Popolare di Spoleto S.p.A.

On 25 September 2017, Borsa Italiana S.p.A. announced that it had decided to delist the ordinary shares of Banca Popolare di Spoleto S.p.A. on the MTA (screen-based equities market) from 3 October 2017, with the result that it would lose its status as a listed company, only keeping that of a "Widespread Issuer" (i.e. "an issuer of financial instruments widely distributed among the public" within the meaning of articles 2-bis and 108 (4) of the Issuers Regulation).

Rovere Société de Gestion S.A. in liquidation (closure of the procedure)

On 29 September 2017, there was an Extraordinary General Meeting which closed the procedure, approving the final liquidation accounts with the related distribution plan in favour of the shareholders. This shows that Banco di Desio e della Brianza should collect the entire amount due to it.
You are reminded that in 2016 Banco di Desio e della Brianza considered the investment definitively disposed of as a result of losing control over it; consequently it was derecognised from the balance sheet, at the same time recording a claim from the Liquidator.
On 4 October 2017, the Liquidator made the first repayment for an amount equal to the nominal value of the shares. It should also be noted that on 27 October 2017 occurred the company's cancellation ("radiation") from Luxembourg's "Registre de Commerce et des Sociétés".

"Voluntary Intervention Scheme" of the Interbank Deposit Protection Fund

Also on 29 September, was signed the framework agreement for the recapitalisation of Cassa di Risparmio di Rimini (Carim), Cassa di Risparmio di Cesena (Caricesena) and Cassa di Risparmio di San Miniato (Carismi) by the Voluntary Intervention Scheme for a total of Euro 470 million, and the consequent sale to Crédit Agricole Cariparma of the controlling interests in the three banks for a total of Euro 130 million. Consequently, the Banco Desio Group has provided:

- to record in *other administrative expenses* the contribution of Euro 0.4 million required by the VIS on 20 September as a payment towards a future increase in capital of Carim and Carismi (of which Euro 0.3 million for Banco Desio and Euro 0.1 million for Banca Popolare di Spoleto);
- to write down the investment held by the VIS in Caricesena and the irrevocable commitment to allocate funds for a total of Euro 3.9 million to reflect the provisions of this agreement (of which Euro 2.4 million for Banco Desio and Euro 1.5 million for Banca Popolare di Spoleto).

Contributions to the Single Resolution Mechanism and Deposit Guarantee Scheme

In accordance with IFRIC 21, when the "binding event" took place, the Banco Desio Group recorded:

- at 31 March 2017, the ordinary contribution to the Single Resolution Mechanism (SRM) for the current year, amounted to Euro 3.5 million gross (formerly 3.8 million), of which Euro 2.4 million for Banco Desio and Euro 1.1 million for Banca Popolare di Spoleto (formerly 2.9 million and 0.9 million, respectively);
- at 30 September 2017, an estimate of the ordinary contribution that the Interbank Fund's Deposit Guarantee Scheme (DGS) will demand by the end of the current year, amounting to approximately Euro 3.9 million (formerly 3.6 million), of which Euro 2.2 million for Banco Desio and Euro 1.7 million for Banca Popolare di Spoleto (formerly 2.1 million and 1.5 million, respectively).

Distribution network and employees of the Banco Desio Group

The Group's distribution network at 30 September 2017 consists of 266 branches, of which 146 of the Parent Company Banco di Desio e della Brianza and 120 of the subsidiary Banca Popolare di Spoleto, as a result of the subsidiary closing its branches in Perugia - Castel del Piano and Rome - Corso Trieste on 24 July 2017. As part of the rationalisation of the distribution network, the Terni - Viale Trento branch of Banca Popolare di Spoleto is also expected to be closed in December.
At 30 September 2017, the Group had 2,348 employees, a decrease of three people compared with the end of the previous year. At the same date, Banco di Desio e della Brianza has 1,411 employees (previously 1,410).

Spoleto Mortgages 2011: early closing of the securitisation

Following the resolution adopted by the Board of Directors of Banca Popolare di Spoleto on 24 October 2017, early closure of the Spoleto Mortgages 2011 securitisation was set for 25 November 2017.

Corporate bodies of Banca Popolare di Spoleto S.p.A.

On 24 October 2017, after the end of Luciano Camagni's term of office, the Board of Directors of Banca Popolare di Spoleto resolved to appoint Giorgio Federico Rossin (Manager in charge of the Planning, Management Control and Equity Investments Department at the Parent Company) as a new Director, in line with the "theoretical profile" and in accordance with the Supervisory Authority's recommendations in this area; Giorgio Federico Rossin was also appointed as a member of the subsidiary's Executive Committee.
At the same time, the Board decided to appoint Argante Del Monte, Independent Director and Chairman of the Risk Control Committee since 2014, as the Deputy Chairman of Banca Popolare di Spoleto.

Outlook

Macroeconomic scenario

The recovery in Italy is getting stronger: In the second quarter of 2017, GDP grew by 0.4% on a quarterly basis (+1.5% on annual basis), thanks to positive contributions from household consumption (+0.3%) and capital investment (+0.1%). Recent estimates for 2017 foresee higher GDP growth than in 2016 (+1.2%, previously +0.9%) thanks to a number of positive stimulus factors, including ultra-accommodative monetary policy, the resumption of international trade and the fiscal support measures introduced by the Government as early as 2014. However, it is likely that the current favourable conditions will not persist for long, particularly as political risk will increase in the coming months as the elections come closer.

As regards the banking market, as of September the year-on-year trend in customer deposits was positive and rising on a monthly basis as well (+1.6%, formerly +0.6%). Analysing this, the principal components were in line with previously readings: deposits are up (+5.2%, compared with +4.9% in December), whereas bonds as down (-12.7%, compared with -17.9% in December). The overall remuneration of funding has continued to decline (0.94%, down from 0.98% in December), due to a monetary context where the cost of money is still essentially zero. With regard to loans, in September loans to the private sector maintained the previous growth trend (+1.0% unchanged): this was led by loans to households (+2.7%, compared with +1.9% in December), while loans to businesses were essentially unchanged (-0.1%, zero in December). Lending to the productive sector continues to be influenced by the trend in investments and the economic cycle that, although recovering, remains muted. In September, the rate on new loans to households and businesses reached a new all-time low (2.76%): within this figure, the rate on loans to households also hit a new all-time low (1.97%), whereas the rate on corporate loans came to 1.68% (1.56% in December 2016).

Outlook for the current year

Based on the figures at 30 September 2017, it is reasonable to assume that the final result for the year will be positive, substantially in line with that of the previous year, providing the macro economic scenario or the Group's key markets do not suffer critical circumstances, which at present are unforeseen.

As regards the principal risks and uncertainties, note that this Report has been prepared on a going-concern basis, as there is no plausible reason to believe the opposite in the foreseeable future.

Basis of preparation

This *"Consolidated quarterly report as at 30 September 2017 - Press release"* has been prepared on a voluntary basis, in order to ensure continuity of information with the previous quarterly reports, given that only the annual and half-yearly reports are now compulsory based on the wording of art. 154-*ter*, paragraph 5, of Legislative Decree no. 58/1998 ("Consolidated Finance Act" or "TUB") introduced by Legislative Decree no. 25/2016 implementing Directive 2013/50/EU.

As regards the recognition and measurement criteria, this Report has been prepared in accordance with the applicable IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as explained in the "Accounting policies" section of the explanatory notes to the consolidated financial statements as at 31 December 2016.

In terms of financial disclosure, as the consolidated quarterly report has been prepared in accordance with art. 154-*ter*, paragraph 5 TUB and for the purposes of determining capital for supervisory purposes (Own Funds), it does not include the explanatory notes that would be required to present the Group's financial position and results of operations for the period in accordance with IAS 34.

The Report is subject to a limited audit by Deloitte & Touche S.p.A. in order to calculate the portion of the interim result to be included in own funds; for this reason, the contents of this report are consistent with the quarterly reports (or interim reports on operations) prepared previously, reflecting in any case what is defined in the "*Group Policy for Additional Periodic Financial Information*" approved by the Board of Directors on 11 May 2017.

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 Finance Act that the accounting information contained in this press release agrees with the supporting documents, books of account and accounting records.

Desio, 9 November 2017

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

Financial Reporting Manager
Mauro Walter Colombo

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The attached consolidated financial schedules as at 30 September 2017 are an integral part of the consolidated quarterly report as at 30 September 2017. Deloitte & Touche S.p.A., the independent auditors, are completing their limited audit tests with a view to issuing the report needed for inclusion of the profit for the period in the Bank's own funds.

Desio, 9 November 2017

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

The Chairman
Stefano Lado

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ATTACHMENT

Table A 1 – Consolidated balance sheet

Assets	30.09.2017	31.12.2016	Change amount	%
10. Cash and cash equiv alents	44.304	50.472	(6.168)	-12,2%
20. Financial assets held for trading	31.959	20.053	11.906	59,4%
40. Financial assets av ailable for sale	1.966.987	1.848.164	118.823	6,4%
50. Financial assets held to maturity	779.524		779.524	n.s.
60. Due from banks	701.060	112.838	588.222	521,3%
70. Loans to customers	9.678.217	9.720.108	(41.891)	-0,4%
80. Hedging deriv ativ es	6	2.591	(2.585)	-99,8%
90. Adjustment to financial assets with generic hedge (+/-)	1.057	1.543	(486)	-31,5%
120. Property, plant and equipment	179.837	181.201	(1.364)	-0,8%
130. Intangible assets	17.913	17.843	70	0,4%
of which:				
- goodwill	*15.322*	*15.322*		
140. Tax assets	218.464	233.410	(14.946)	-6,4%
a) current	*34.390*	*36.408*	*(2.018)*	-5,5%
b) deferred	*184.074*	*197.002*	*(12.928)*	-6,6%
of which Law 214/2011	*154.823*	*164.834*	*(10.011)*	-6,1%
160. Other assets	146.084	177.680	(31.596)	-17,8%
Total assets	**13.765.412**	**12.365.903**	**1.399.509**	**11,3%**

Liabilities and shareholders' equity	30.09.2017	31.12.2016	Change amount	%
10. Due to banks	1,735,257	962,245	773,012	80.3%
20. Due to customers	9,094,784	8,729,591	365,193	4.2%
30. Debt securities in issue	1,622,708	1,393,884	228,824	16.4%
40. Financial liabilities held for trading	5,993	6,230	(237)	-3.8%
50. Financial liabilities designated at fair value through profit and loss		15,908	(15,908)	-100.0%
60. Hedging derivatives	5,150	6,637	(1,487)	-22.4%
80. Tax liabilities	28,977	27,367	1,610	5.9%
a) current	*2,908*	*718*	*2,190*	*305.0%*
b) deferred	*26,069*	*26,649*	*(580)*	*-2.2%*
100. Other liabilities	255,496	220,054	35,442	16.1%
110. Provision for termination indemnities	29,348	30,204	(856)	-2.8%
120. Provisions for risks and charges:	47,643	55,282	(7,639)	-13.8%
b) other provisions	*47,643*	*55,282*	*(7,639)*	*-13.8%*
140. Valuation reserves	17,023	11,755	5,268	44.8%
170. Reserves	761,201	746,964	14,237	1.9%
180. Share premium reserve	16,145	16,145		
190. Share capital	67,705	67,705		
210. Minority interests	51,122	50,381	741	1.5%
220. Net profit (loss) for the period (+/-)	26,860	25,551	1,309	5.1%
Total liabilities and shareholders' equity	**13,765,412**	**12,365,903**	**1,399,509**	**11.3%**

Table A 2 – Consolidated income statement

	30.09.2017	30.09.2016	Change amount	%
10. Interest and similar income	209,324	234,120	(24,796)	-10.6%
20. Interest and similar expense	(38,118)	(55,312)	17,194	-31.1%
30. Net interest income	**171,206**	**178,808**	(7,602)	-4.3%
40. Commission income	128,865	127,478	1,387	1.1%
50. Commission expense	(8,620)	(15,266)	6,646	-43.5%
60. Net commission income	**120,245**	**112,212**	8,033	7.2%
70. Dividends and similar income	614	974	(360)	-37.0%
80. Net trading income	3,253	1,610	1,643	102.0%
90. Net hedging gains (losses)	31	(950)	981	n.s.
100. Gains (losses) on disposal or repurchase of:	3,356	13,970	(10,614)	-76.0%
a) loans	*(2)*	*623*	(625)	n.s.
b) financial assets available for sale	*3,973*	*14,551*	(10,578)	-72.7%
d) financial liabilities	*(615)*	*(1,204)*	589	-48.9%
110. Net results on financial assets and liabilities designated at fair value	(8)	(70)	62	-88.6%
120. Net interest and other banking income	**298,697**	**306,554**	(7,857)	-2.6%
130. Net impairment adjustments to:	(54,640)	(59,865)	5,225	-8.7%
a) loans	*(45,552)*	*(61,624)*	16,072	-26.1%
b) financial assets available for sale	*(9,606)*	*(135)*	(9,471)	n.s.
d) other financial assets	*518*	*1,894*	(1,376)	-72.7%
140. Net profit from financial activities	**244,057**	**246,689**	(2,632)	-1.1%
170. Net profit from financial and insurance activities	**244,057**	**246,689**	(2,632)	-1.1%
180. Administrative costs:	(226,787)	(227,699)	912	-0.4%
a) payroll costs	*(132,711)*	*(133,737)*	1,026	-0.8%
b) other administrative costs	*(94,076)*	*(93,962)*	(114)	0.1%
190. Net provisions for risks and charges	(1,979)	(2,894)	915	-31.6%
200. Net adjustments to property, plant and equipment	(5,824)	(6,109)	285	-4.7%
210. Net adjustments to intangible assets	(1,541)	(1,454)	(87)	6.0%
220. Other operating charges/income	34,118	35,783	(1,665)	-4.7%
230. Operating costs	**(202,013)**	**(202,373)**	360	-0.2%
240. Profit (loss) from equity investments		5,286	(5,286)	-100.0%
270. Gains (losses) on disposal of investments	41		41	n.s.
280. Profit (loss) from current operations before tax	**42,085**	**49,602**	(7,517)	-15.2%
290. Income taxes on current operations	(14,567)	(12,181)	(2,386)	19.6%
300. Profit (loss) from current operations after tax	**27,518**	**37,421**	(9,903)	-26.5%
320. Net profit (loss) for the period	**27,518**	**37,421**	(9,903)	-26.5%
330. Net profit (loss) pertaining to minority interests	(658)	(1,013)	355	-35.0%
340. Parent Company net profit (loss)	**26,860**	**36,408**	(9,548)	-26.2%

	30.09.2017	30.09.2016
Basic earnings per share (Euro)	0.20	0.27
Diluted earnings per share (Euro)	0.20	0.27

Table A 3 – Statement of Consolidated Comprehensive Income

	Captions	30.09.2017	30.09.2016
10.	**Net profit (loss) for the period**	**27,518**	**37,421**
	Other elements of income, net of income taxes without reversal to income statement		
20.	Property, plant and equipment	-	-
30.	Intangible assets	-	-
40.	Defined-benefit pension plans	171	(1,559)
50.	Non-current assets and disposal groups held for sale	-	-
60.	Portion of the valuation reserves of the equity investments carried at equity	-	-
	Other elements of income, net of income taxes with reversal to income statement	-	-
70.	Foreign investment hedges	-	-
80.	Exchange differences	-	-
90.	Cash-flow hedges	653	(3,031)
100.	Financial assets available for sale	4,824	1,677
110.	Non-current assets and disposal groups held for sale	-	-
120.	Portion of the valuation reserves of the equity investments carried at equity	-	(64)
130.	**Total other elements of income (net of income taxes)**	**5,648**	**(2,977)**
140.	**Total comprehensive income (Captions 10+130)**	**33,166**	**34,444**
150.	Total comprehensive income pertaining to minority interests	(1,038)	(815)
160.	**Total consolidated comprehensive income pertaining to Parent Company**	**32,128**	**33,629**

Table A 4 – Statement of changes in consolidated shareholders' equity for the period 1 January - 30 September 2017

	Balance at 31.12.2016	Changes in opening balances	Balance at 01.01.2017	Allocation of prior year results		Changes during the year									Group shareholders' equity at 30.09.2017	Minority interests at 30.09.2017
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on shareholders' equity							Comprehensive income at 30.09.2017		
							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 investments			
Share capital:																
a) ordinary shares	118,482		118,482										110		60,840	57,752
b) other shares	6,865		6,865												6,865	
Share premium reserve	31,570		31,570										24		16,145	15,449
Reserves:																
a) from profits	707,638		707,638	14,298		(476)							(30)		747,405	(25,975)
b) other	17,612		17,612												13,796	3,816
Valuation reserves:	10,848		10,848											5,648	17,023	(527)
Equity instruments																
Treasury shares	(51)		(51)													(51)
Net profit (loss) for the period	25,537		25,537	(14,298)	(11,239)									27,518	26,860	658
Group shareholders' equity	**868,120**		**868,120**		**(11,239)**	**(80)**							**5**	**32,128**	**888,934**	
Minority interests	**50,381**		**50,381**			**(396)**							**99**	**1,038**		**51,122**

Table A 5 – Statement of changes in consolidated shareholders' equity for the period 1 January - 30 September 2016

	Balance at 31.12.2015	Changes in opening balances	Balance at 01.01.2016	Allocation of prior year results		Changes during the year									Group shareholders' equity at 30.09.2016	Minority interests at 30.09.2016
							Transactions on shareholders' equity									
				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 investments	Comprehensive income at 30.09.2016		
Share capital:																
a) ordinary shares	118,578		118,578										(96)		60,840	57,642
b) other shares	6,865		6,865												6,865	
Share premium reserve	31,569		31,569										1		16,145	15,425
Reserves:																
a) from profits	683,485		683,485	26,009		(1,718)									733,306	(25,530)
b) other	22,611		22,611			(4,999)									13,796	3,816
Valuation reserves:	21,400		21,400											(2,977)	18,988	(565)
Equity instruments																
Treasury shares	(51)		(51)													(51)
Net profit (loss) for the period	37,598		37,598	(26,009)	(11,589)									37,421	36,408	1,013
Group shareholders' equity	**870,449**		**870,449**		**(11,589)**	**(6,141)**								**33,629**	**886,348**	
Minority interests	**51,606**		**51,606**			**(576)**							**(95)**	**815**		**51,750**

Table A 6 – Reconciliation of the Parent Company's net profit and shareholders' equity with the Group's consolidated net profit and shareholders' equity

	Shareholders' equity	*of which: net profit (loss) for the period*
Parent Company balances at 30 September 2017	***883.422***	***25.611***
Effect of consolidation of subsidiaries	5.512	7.889
Dividends declared during the period	-	-6.640
Consolidated balances at 30 September 2017	**888.934**	**26.860**

Table A 7 - Reconciliation of the net profit and shareholders' equity reported in the consolidated income statement with the net profit based on the perimeter of the banking group for the purposes of calculating consolidated capital for supervisory purposes

	30.09.2017
Profit of the Group	**26.860**
Elements deducted	10.244
- proposal of recognition of dividends to shareholders of the parent company (40% payout)	*10.244*
Net profit attributable to Tier 1 capital in Own Funds	**16.616**