Banco Desio

PRESS RELEASE

BANCO DESIO: CONSOLIDATED RESULTS AS AT 31 March 2023

Consolidated net profit for the first quarter of Euro 158.5 mln (annualised ROE at 20.6%), up on the same period of 2022 (+381.2%), supported by extraordinary items of Euro 133.1 mln (gross badwill of Euro 51.1 mln[1] from the branches acquired from BPER and gross income of Euro 98.5 mln from the acquiring branch sold)

Solid operating performance supported by growth in income (+6.1%) with net interest income (+20.2%) and net commission (+6.7%) growing; operating profit of Euro 57,5 mln in further improvement compared to Q1 2022 (+3.3%)

Cost income ratio (60.8%) and NPL ratio (3.4%) stable

Capital solidity and asset quality confirmed

Desio, 9 May 2023 - The Board of Directors of Banco di Desio e della Brianza S.p.A. approved the "Consolidated Quarterly Financial Report as at 31 March 2023". The main income statement and balance sheet indicators for the period are summarised in the table below.

PROFITABILITY

- Net growth in **consolidated net profit** to **Euro 158.5 million** (+381.2% **compared to Q1 2022**)
- **Increased profitability (annualised ROE at 20.6%)** with stable operating expenses and cost of risk under control
- **Improved operations (+3.3%)** due to growth in income **(+6.1%)**
- **Positive economic contribution from the 48 new branches acquired by BPER consolidated for 40 days (from 20 february 2023)**
- **Cost/income ratio of 60.8% (60.3% in Q1 2022)**
- **Net interest income +20.2%**
- **Net commissions +6.7%**, due to the positive contribution of payment service revenues

GROWTH

- **Loans to ordinary customers** at Euro **12.4 billion** (+7.6% at 31 december 2022) with additional disbursements to households and businesses during the reporting period amounting to Euro 0.4 billion
- **Direct deposits** increased to **Euro 14.1 billion** (+11.8%)[2]
- **Indirect deposits** of **Euro 19.2 billion** (+12.6%, of which ordinary customers up 18.4%)

ASSET QUALITY

- **Stable incidence of non-performing loans:** Gross NPL ratio at 3.4% (3.3% at 31 december 2022) and net at 1.8%
- **Rigorous credit assessment** and **solid coverage levels** on non-performing loans at 48.1% and on performing loans at 0.90% (the coverage of non-performing loan net of public guarantees is equal to 52.1%)
- **Liquidity under control** with LCR indicator at 188.18%

CAPITAL SOUNDNESS[3]

- Banco Desio Group's **capital solidity confirmed**

Ratios[4]	**Banco Desio Brianza**	**Banco Desio Group**	**Brianza Unione Group[5]**
CET 1	16.97%	15.75%	11.42%
TIER 1	16.97%	15.75%	12.24%
Total Capital	16.97%	15.75%	13.30%

[1] As a results of the provisional Purchase Price Allocation (PPA) process carried out for this Interim Financial Report.

[2] Including funding repurchase agreements with institutional customers in the amount of Euro 1,266 million (Euro 503 million at 31 december 2022).

[3] On the basis of the Bank of Italy's provision communicated to Banco di Desio e della Brianza S.p.A. and to the financial parent company Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A., on 18 may 2022, the "CRR" Brianza Unione Group was assigned the following minimum capital requirements to be complied with upon completion of the *Supervisory Review and Evaluation Process (SREP)*: *CET1 ratio* of 7.35%, binding - pursuant to Art. 67-ter of the Consolidated Law on Banking - to the extent of 4.85% (of which 4.50% for minimum regulatory requirements and 0.35% for additional requirements) and the remainder from the capital conservation buffer component, *Tier1 ratio* of 9.00%, binding to the extent of 6.50% (of which 6.00% for minimum regulatory requirements and 0.50% for additional requirements) and the remainder from the capital conservation buffer component, *Total Capital ratio* of 11.15%, binding at 8.65% (of which 8.00% for minimum regulatory requirements and 0.65% for additional requirements) and the remainder from the capital conservation buffer component.

[4] Pursuant to the transitional provisions introduced by Regulation (EU) 2017/2395 of 12 december 2017 as amended.

[5] 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.

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The Board of Directors of Banco di Desio e della Brianza S.p.A., which met on 9 may 2023, approved the "Consolidated Quarterly Financial Report as at 31 march 2023" (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 the conflict between Russia and Ukraine, 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 charts of the Report are expressed in 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 equity.

Information on the impacts of the war in Ukraine

The conflict between Russia and Ukraine, which began at the end of february 2022, seems destined to last over time, bringing with it negative political and economic consequences that constitute a significant element of uncertainty for the future scenarios described in the "Macroeconomic Scenario" disclosure below.

Monitoring activities continued on customer borrowers: the analysis of positions revealed a limited deterioration of outstanding credit lines, on which actions were taken to contain and manage the risk. Monitoring the indirectly most exposed positions is one of the main areas 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 will allow SMEs to apply for access to MCC-guaranteed financing to address liquidity needs related to the economic and financial turmoil caused by the ongoing conflict.

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Results of the period

Summary data and balance sheet, income statement and financial ratios

The alternative performance indicators (APIs) presented in this Report have been identified to facilitate understanding of Banco Desio's performance. APIs 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 API, 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 indicators 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 APIs and no new ad hoc indicators were introduced to separately highlight the effects resulting from the outbreak of Covid-19 or the conflict in Ukraine.

Table 1 - Asset values

	31.03.2023	**31.12.2022**	**Changes**	
Amounts in Euro thousands			**abs.**	**%**
Total assets	19,805,036	17,541,324	2,263,712	12.9%
Financial assets	3,993,251	4,018,411	-25,160	-0.6%
Loans to banks [(1)]	426,391	260,167	166,224	63.9%
Loans to customers [(1)]	12,353,729	11,480,616	873,113	7.6%
Tangible assets [(2)]	228,270	220,934	7,336	3.3%
Intangible assets	20,121	19,963	158	0.8%
Non-current assets and groups of assets held for sale	0	1	-1	-100.0%
Payables to banks	3,632,989	3,381,350	251,639	7.4%
Payables to customers [(3)] [(4)]	12,553,468	11,110,366	1,443,102	13.0%
Securities issued	1,581,214	1,536,151	45,063	2.9%
Equity (including Profit for the period)	1,287,371	1,122,454	164,917	14.7%
Own Funds	1,247,871	1,132,852	115,019	10.2%
Total indirect inflows	19,232,287	17,082,615	2,149,672	12.6%
of which Indirect inflows from ordinary customers	*12,004,320*	*10,135,327*	*1,868,993*	*18.4%*
of which Indirect inflows from institutional customers	*7,227,967*	*6,947,288*	*280,679*	*4.0%*

[(1)] 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. At 31 March 2023, Cash also included the amount on demand of Euro 2.0 million relating to cash in excess of the commitment to maintain the compulsory reserve, invested in overnight deposits (Euro 765 million at the end of the previous period).

[(2)] the balance of the item at 31 March 2023 includes the right of use (RoU Asset) amounting to Euro 61.5 million in respect of operating leases falling under the scope of IFRS 16 Leases, which came into effect as of 1 January 2019.

[(3)] 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 IFRS 16.

[(4)] including inflows repurchase agreements with institutional customers in the amount of Euro 1,266 million (Euro 503 million at 31 December 2022).

Table 2 - Economic values [(5)]

	31.03.2023	**31.03.2022**	**Changes**	
Amounts in Euro thousands			**abs.**	**%**
Operating income	129,395	121,982	7,413	6.1%
of which Net interest income	*78,072*	*64,958*	*13,114*	*20.2%*
Operating expenses	71,906	66,313	5,593	8.4%
Result from operations	57,489	55,669	1,820	3.3%
Charges related to the banking system	6,780	7,260	-480	-6.6%
Current result after taxes	25,376	24,739	637	2.6%
Non-recurring result after taxes	133,110	8,194	124,916	n.s.
Profit (loss) for the period	158,486	32,933	125,553	381.2%

[(5)] *from Reclassified Income Statement.*

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Table 3 - Equity, economic and risk ratios

	31.03.2023	31.12.2022	Changes abs.
Equity/Total assets	6.5%	6.4%	0.1%
Equity/Loans to customers	10.4%	9.8%	0.6%
Equity/Payables to customers	10.3%	10.1%	0.2%
Equity/Securities issued	81.4%	73.1%	8.3%
Common Equity Tier1 (CET1) capital/Risk-weighted assets *(Common Equity Tier1)* [(6) (7)]	15.7%	14.8%	0.9%
Total Tier 1 (T1) capital/Risk-weighted assets (Tier1) [(6) (7)]	15.7%	14.8%	0.9%
Total Own Funds/Risk-weighted assets *(Total capital ratio)* [(6) (7)]	15.7%	14.8%	0.9%
Financial assets/Total assets	20.2%	22.9%	-2.7%
Loans to banks/Total assets	2.2%	1.5%	0.7%
Loans to customers/Total assets	62.4%	65.4%	-3.0%
Loans to customers/Direct inflows from customers	87.4%	90.8%	-3.4%
Payables to banks/Total assets	18.3%	19.3%	-1.0%
Payables to customers/Total assets	63.4%	63.3%	0.1%
Securities issued/Total assets	8.0%	8.8%	-0.8%
Direct inflows from customers/Total assets	71.4%	72.1%	-0.7%
	31.03.2023	**31.03.2022**	**Changes abs.**
Operating expenses/Operating income (Cost/Income ratio)	55.6%	54.4%	1.2%
(Operating expenses + Banking-related expenses)/Operating income (Cost/Income ratio)	60.8%	60.3%	0.5%
Net interest income/Operating income	60.3%	53.3%	7.0%
Result from operations/Operating income	44.4%	45.6%	-1.2%
Current result after taxes/Equity - annualised [(8) (9)]	8.8%	8.7%	0.1%
Profit for the year/Equity [(8)] (R.O.E.) - annualised [(9) (10)]	20.6%	7.8%	12.8%
Current result before taxes/Total assets (R.O.A.) - annualised [(10)]	0.7%	0.8%	-0.1%
	31.03.2023	**31.12.2022**	**Changes abs.**
Net bad loans/Loans to customers	0.5%	0.5%	0.0%
Net non-performing loans/Loans to customers	1.8%	1.7%	0.1%
% Coverage of bad loans	68.0%	67.3%	0.7%
% Coverage of bad loans before write-offs	68.3%	67.6%	0.7%
% Total coverage of non-performing loans	48.1%	49.6%	-1.5%
% Coverage of non-performing loans before write-offs	48.3%	49.9%	-1.6%
% Coverage of performing loans	0.90%	0.88%	0.02%

Table 4 - Structure and productivity data

	31.03.2023	31.12.2022	Changes abs.	Changes %
Number of employees	2,398	2,115	283	13.4%
Number of branches	280	232	48	20.7%
Amounts in Euro thousands				
Loans to customers per employee [(11)]	5,475	5,395	80	1.5%
Direct inflows from customers per employee [(11)]	6,264	5,943	321	5.4%
	31.03.2023	**31.03.2022**	**Changes abs.**	**%**
Operating income per employee [(11)] - annualised [(9)]	228	228	0	0.0%
Result from operations per employee [(11)] - annualised [(9)]	101	100	1	1.0%

[(6)] Consolidated equity ratios calculated for Banco Desio. The ratios referred to the prudential supervisory scope of Brianza Unione at 31 March 2023 are: Common Equity Tier1 11.4%; Tier 1 12.2%; Total Capital Ratio 13.3%.

[(7)] Equity ratios at 31.03.2023 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 15.5%; Tier 1 15.5%; Total capital ratio 15.5%

[(8)] net of the result for the period.

[(9)] the 2022 year-end figure at 31.03.2022 is shown.

[(10)] the annualised ROE at 31.03.2023 does not consider the annualisation of the non-recurring Net Operating Income.

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

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Consolidated income statement

Profit for the period increased by approximately EUR 125.6 million (+381.2%) compared to Q1 2022. The result mainly benefited from the non-recurring positive effects of the acquisition of the BPER Group's business branches with the recognition of the provisional badwill of Euro 51.1 million resulting from the purchase price allocation (PPA) process, and from the sale to Worldline Italia of the merchant acquiring business branch with the recognition of a capital gain of Euro 98.5 million.

Table 5 - Reclassified consolidated income statement

Items	*Amounts in Euro thousands*	31.03.2023	31.03.2022	Changes Value	Changes %
10+20	Net interest income	78,072	64,958	13,114	20.2%
70	Dividends and similar income	469	463	6	1.3%
40+50	Net commissions	49,836	46,726	3,110	6.7%
80+90+100+110	Net result of financial assets and liabilities	1,086	9,151	-8,065	-88.1%
230	Other operating income/expenses	-68	684	-752	n.s.
	Operating income	**129,395**	**121,982**	**7,413**	**6.1%**
190 a	Personnel expenses	-45,518	-42,759	-2,759	6.5%
190 b	Other administrative expenses	-23,847	-21,097	-2,750	13.0%
210+220	Net value adjustments on tangible and intangible assets	-2,541	-2,457	-84	3.4%
	Operating expenses	**-71,906**	**-66,313**	**-5,593**	**8.4%**
	Result from operations	**57,489**	**55,669**	**1,820**	**3.3%**
130a+100a	Cost of credit	-11,272	-9,940	-1,332	13.4%
130 b	Net value adjustments on own securities	-1	-957	956	-99.9%
140	Gains/losses from contractual amendments without derecognition	22	-3	25	n.s.
200 a	Net allocations to provisions for risks and charges - commitments and guarantees given	-563	92	-655	n.s.
200 b	Net allocations to provisions for risks and charges - other	-966	-418	-548	131.1%
	Charges related to the banking system	-6,780	-7,260	480	-6.6%
250	Profits (Losses) of investments	-10	0	-10	n.s.
	Current result before taxes	**37,919**	**37,183**	**736**	**2.0%**
300	Income taxes on current operations	-12,543	-12,444	-99	0.8%
	Current result after taxes	**25,376**	**24,739**	**637**	**2.6%**
	Allocations to provisions for risks and charges, other allocations, "one-off" expenses and revenues	147,999	9,293	138,706	n.s.
	Non-recurring result before taxes	**147,999**	**9,293**	**138,706**	**n.s.**
	Income taxes on non-recurring items	-14,889	-1,099	-13,790	n.s.
	Non-recurring result after taxes	**133,110**	**8,194**	**124,916**	**n.s.**
330	**Profit (Loss) for the year**	**158,486**	**32,933**	**125,553**	**381.2%**
350	**Profit (Loss) for the period attributable to the Parent Company**	**158,486**	**32,933**	**125,553**	**381.2%**

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 7.4 million (+6.1%) compared to the comparison period, amounting to Euro 129.4 million. The performance is mainly attributable to the growth in net interest income of Euro 13.1 million (+20.2%) and net commissions of Euro 3.1 million (+6.7%), partially offset by the reduction in the net result from financial assets and liabilities of Euro 8.1 million (-88.1%) and other operating income and expenses of Euro 0.8 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 about Euro 71.9 million (Euro 66.3 million in the comparison period).

Other administrative expenses, personnel expenses and the balance of net value adjustments on tangible and intangible assets showed an increase over the comparison period of Euro 2.7 million (+13.0%), Euro 2.8 million (+6.5%) and Euro 0.1 million (+3.4%) respectively.

Result from operations

The result from operations amounted to Euro 57.5 million, an increase over the comparison period (+3.3%) as a result of the above.

Current result after taxes

From the result of operations of Euro 57.5 million, we arrive at the current result after taxes of Euro 25.4 million, an increase of 2.6% compared to that of Euro 24.7 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 11.3 million (roughly Euro 9.9 million in the previous period);
- negative net provisions for risks and charges of Euro 1.5 million (negative by Euro 0.3 million in the comparison period);
- charges related to the banking system of approximately Euro 6.8 million (Euro 7.3 million in the comparison period);
- income taxes on current operations of Euro 12.5 million (Euro 12.4 million in the comparison period);

Non-recurring operating result after taxes

At 31 march 2023, there was a positive non-recurring result of about Euro 133.1 million (positive Euro 8.2 million in the comparison period) as a result of:

- the proceeds of Euro 98.5 million, net of related administrative costs, from the completion of the transaction for the transfer to Worldline Italia of Banco Desio's merchant acquiring business (("Aquarius Transaction");
- 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 Banco di Sardegna S.p.A. with effect as from 20 february 2023 ("Lanternina Transaction");
- charges amounting to Euro 1.6 million related to the consultancy and IT migration costs associated with the above-mentioned Lanternina Transaction.

after the related negative tax effect of Euro 14.9 million.

In the comparison period, a positive non-recurring result of about Euro 8.2 million was recorded as a result:

- of the release of Euro 9.3 million of the provision recognised in the 2021 financial statements to reflect the valuation of the non-compensation of the first tranche of certain super-bonus tax credits acquired from third parties and subject to seizure, as well as the related tax effect of Euro 2.6 million;
- of the positive income component recognised in february for Euro 1.5 million related to a reimbursement request submitted to the Revenue Agency (IRAP for the year 2014 for the business unit transferred to the former subsidiary BPS).

Result for the period

The sum of the current and non-recurring result determines the profit for the period, which amounted to Euro 158.5 million at 31 march 2023, up 381.2% compared to the same period last year.

Items		From Financial Statements	Reclassifications											Reclassified statement
Amounts in Euro thousands		31.03.2023	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	System charges	Reclassifications IFRS16 - Leases	Income taxes	31.03.2023
10+20	Net interest income	80,873	-969	-2,103						0		271		78,072
70	Dividends and similar income	469												469
40+50	Net commissions	45,595		2,103	2,138									49,836
80+90+100 +110	Net result of financial assets and liabilities	136							950	0				1,086
230	Other operating income/expenses	58,633				-7,897		318		-51,122				-68
	Operating income	**185,706**	**-969**	**0**	**2,138**	**-7,897**	**0**	**318**	**950**	**-51,122**	**0**	**271**	**0**	**129,395**
190 a	Personnel expenses	-45,508								-10				-45,518
190 b	Other administrative expenses	-37,333				7,897				1,621	6,780	-2,812		-23,847
210+220	Net value adjustments on tangible and intangible assets	-4,764						-318				2,541		-2,541
	Operating expenses	**-87,605**	**0**	**0**	**0**	**7,897**	**0**	**-318**	**0**	**1,611**	**6,780**	**-271**	**0**	**-71,906**
	Result from operations	**98,101**	**-969**	**0**	**2,138**	**0**	**0**	**0**	**950**	**-49,511**	**6,780**	**0**	**0**	**57,489**
130a+100a	Cost of credit	-11,078	969				5		-950	-218				-11,272
130 b	Net value adjustments on own securities	4					-5							-1
140	Gains/losses from contractual amendments without derecognition	22												22
200 a	Net allocations to provisions for risks and charges - commitments and guarantees given	-563												-563
200 b	Net allocations to provisions for risks and charges - other	-1,184								218				-966
	Charges related to the banking system									0	-6,780			-6,780
250	Profits (Losses) of investments	-10												-10
	Current result before taxes	**85,292**	**0**	**0**	**2,138**	**0**	**0**	**0**	**0**	**-49,511**	**0**	**0**	**0**	**37,919**
300	Income taxes on current operations	-25,490											12,947	-12,543
														0
	Current result after taxes	**59,802**	**0**	**0**	**2,138**	**0**	**0**	**0**	**0**	**-49,511**	**0**	**0**	**12,947**	**25,376**
	Allocations to provisions for risks and charges, other allocations, "one-off" expenses and revenues		0				0			147,999	0			147,999
	Non-recurring result before taxes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**147,999**	**0**	**0**	**0**	**147,999**
	Income taxes on non-recurring items												-14,889	-14,889
	Non-recurring result after taxes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**147,999**	**0**	**0**	**-14,889**	**133,110**
320	Profit (Loss) from discontinued operations after taxes	98,684			-2,138					-98,488			1,942	0
330	**Profit (Loss) for the year**	**158,486**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**158,486**
340	Profit (Loss) for the period attributable to minority interests	0												0
350	**Profit (Loss) for the period attributable to the Parent Company**	**158,486**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**158,486**

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Consolidated balance sheet

Funding

The value of loans to ordinary customers at 31 march 2023 stood at around Euro 33.4 billion, up from the 2022 year-end figure (+12.2%). This change was affected by the positive effect of the acquisition of the business units from the BPER Group.

Direct funding amounted to around Euro 14.1 billion, an increase of 11.8% compared to 31 december 2022, mainly as a result of the growth in amounts due to customers (+13.0%); securities issued showed an increase compared to the end of the previous year (+2.9%).

Indirect inflows recorded a balance of Euro 19.2 billion (+12.6%). Inflows from ordinary customers amounted to Euro 12.0 billion, an increase of 18.4% compared to the end of the previous year; the increase is attributable to the performance of assets under management (+15.8%) and assets under administration (+24.5%).

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

Table 7 - Inflows from customers

Amounts in Euro thousands	31.03.2023	Incidence %	31.12.2022	Incidence %	Changes Value	Changes %
Payables to customers [(1)]	12,553,468	37.6%	11,110,366	37.4%	1,443,102	13.0%
Securities issued	1,581,214	4.8%	1,536,151	5.1%	45,063	2.9%
Direct inflows	**14,134,682**	**42.4%**	**12,646,517**	**42.5%**	**1,488,165**	**11.8%**
Inflows from ordinary customers	12,004,320	36.0%	10,135,327	34.1%	1,868,993	18.4%
Inflows from institutional customers	7,227,967	21.6%	6,947,288	23.4%	280,679	4.0%
Indirect inflows	**19,232,287**	**57.6%**	**17,082,615**	**57.5%**	**2,149,672**	**12.6%**
Total inflows from customers	**33,366,969**	**100.0%**	**29,729,132**	**100.0%**	**3,637,837**	**12.2%**

[(1)] Including inflows repurchase agreements with institutional customers in the amount of Euro 1,266 million (Euro 503 million at 31December 2022)

Table 8 - Indirect inflows from customers

Amounts in Euro thousands	31.03.2023	Incidence %	31.12.2022	Incidence %	Changes Value	Changes %
Assets under Administration	**3,850,644**	**20.0%**	**3,093,362**	**18.1%**	**757,282**	**24.5%**
Assets under Management	**8,153,676**	**42.4%**	**7,041,965**	**41.2%**	**1,111,711**	**15.8%**
of which: Mutual funds and Sicav	*3,860,356*	*20.1%*	*3,277,442*	*19.2%*	*582,914*	*17.8%*
Asset management	*1,207,139*	*6.3%*	*1,148,834*	*6.7%*	*58,305*	*5.1%*
Bancassurance	*3,086,181*	*16.0%*	*2,615,689*	*15.3%*	*470,492*	*18.0%*
Inflows from ordinary customers	**12,004,320**	**62.4%**	**10,135,327**	**59.3%**	**1,868,993**	**18.4%**
Inflows from institutional customers [(1)]	**7,227,967**	**37.6%**	**6,947,288**	**40.7%**	**280,679**	**4.0%**
Indirect inflows [(1)]	**19,232,287**	**100.0%**	**17,082,615**	**100.0%**	**2,149,672**	**12.6%**

(1) Inflows from institutional customers include securities on deposit underlying the Bancassurance segment of ordinary customers amounting to about Euro 2.1 billion (at 31.12.2022 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, it being understood that the monitoring of these investment products will continue on an ongoing basis in the coming months.

Employment and coverage

The total value of loans to customers at 31 march 2023 amounted to around Euro 12.4 billion, up 7.6% compared to the balance at the end of 2022, and included loans arising from the acquisition of branches from the BPER Group valued on the basis of the criteria defined by the provisional purchase price allocation (PPA) process, as illustrated in the specific paragraph below "Acquisition of 48 branches from the BPER Group (Lanternina Transaction)".

The following table shows the breakdown of loans to customers by type at 31 march 2023 (compared to 31 december 2022).

Table 9 - Breakdown of loans to customers

Amounts in Euro thousands	31.03.2023	Incidence %	31.12.2022	Incidence %	Changes Value	Changes %
Current accounts	1,009,473	8.2%	958,597	8.4%	50,876	5.3%
Mortgages and other medium-/long-term loan	10,250,365	83.0%	9,437,636	82.2%	812,729	8.6%
Other	1,093,891	8.8%	1,084,383	9.4%	9,508	0.9%
Loans to customers	**12,353,729**	**100.0%**	**11,480,616**	**100.0%**	**873,113**	**7.6%**
- of which non-performing	*226,341*	*1.8%*	*198,383*	*1.7%*	*27,958*	*14.1%*
- of which performing	*12,127,388*	*98.2%*	*11,282,233*	*98.3%*	*845,155*	*7.5%*

The Credit Department, with the support of the Risk Management Department, continued to implement initiatives to offer concrete support to the production system and households. The Bank also adopted specific control measures in order to analyse the performance of the loan portfolio (private and business customers) in relation to the negative impacts of the Covid-19 health emergency and the war in Ukraine.

With reference to the possible repercussions on the quality of the loan portfolio deriving from the conflict between Russia and Ukraine, as already mentioned in the "Disclosure on the Impact of the War in Ukraine" section of this document, the direct exposure of the Bank and its customers is limited; the Credit Department and the Commercial Department continued an internal analysis on the overall portfolio to gather the necessary information for mapping the relevant elements of the customers' business and identifying the degree of direct or indirect dependence on Russia, Belarus and Ukraine, in order to identify, in advance, customers who, due to sector or direct dependence, could be potentially adversely impacted. In order to assess the hypotheses for the evolution of the macroeconomic scenario, the sectoral impact estimates and tools to cope with both the most acute phase of the crisis and the new scenario were examined in depth.

The main indicators for non-performing and performing loans are set out below.

Banco Desio

Table 10 - Credit quality as at 31 march 2023

Amounts in Euro thousands	31.03.2023					
	Gross exposure	**Incidence % of total loans**	**Value adjustments**	**Coverage ratio**	**Net exposure**	**Incidence % of total loans**
Bad loans	192,960	1.5%	(131,279)	68.0%	61,681	0.5%
Unlikely to pay	234,377	1.8%	(77,484)	33.1%	156,893	1.2%
Impaired past-due	8,731	0.1%	(964)	11.0%	7,767	0.1%
Total impaired	**436,068**	**3.4%**	**(209,727)**	**48.1%**	**226,341**	**1.8%**
Stage 1 exposures	10,112,538	79.8%	(18,337)	0.18%	10,094,201	81.7%
Stage 2 exposures	2,124,637	16.8%	(91,450)	4.30%	2,033,187	16.5%
Performing exposures	**12,237,175**	**96.6%**	**(109,787)**	**0.90%**	**12,127,388**	**98.2%**
Total loans to customers	**12,673,243**	**100.0%**	**(319,514)**	**2.5%**	**12,353,729**	**100.0%**

Table 10-bis - Credit Quality as at 31 december 2022

Amounts in Euro thousands	31.12.2022					
	Gross exposure	**Incidence % of total loans**	**Value adjustments**	**Coverage ratio**	**Net exposure**	**Incidence % of total loans**
Bad loans	182,588	1.6%	(122,817)	67.3%	59,771	0.5%
Unlikely to pay	203,676	1.7%	(71,745)	35.2%	131,931	1.1%
Impaired past-due	7,460	0.0%	(779)	10.4%	6,681	0.1%
Total impaired	**393,724**	**3.3%**	**(195,341)**	**49.6%**	**198,383**	**1.7%**
Stage 1 exposures	9,232,466	78.4%	(14,432)	0.16%	9,218,034	80.3%
Stage 2 exposures	2,150,505	18.3%	(86,306)	4.01%	2,064,199	18.0%
Performing exposures	**11,382,971**	**96.7%**	**(100,738)**	**0.88%**	**11,282,233**	**98.3%**
Total loans to customers	**11,776,695**	**100.0%**	**(296,079)**	**2.5%**	**11,480,616**	**100.0%**

Securities portfolio and net interbank position

At 31 march 2023, the Bank's total financial assets amounted to approximately Euro 4.0 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 2023 consisted of 72.3% government securities, 12.3% securities of banking issuers and the remainder of other issuers.

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 - Exposure in sovereign debt securities

Amounts in Euro thousands		Italy	Spain	ted Kingdom	31.03.2023 Nominal value	31.03.2023 Carrying amount
Financial assets measured at fair value through other comprehensive income	up to 1 year	260,000	-	569	260,569	263,106
	1 to 3 years	310,000	-	-	310,000	295,500
	3 to 5 years	-	-	-	-	-
	over 5 years	281,000	-	-	281,000	251,880
	Total	851,000	-	569	851,569	810,486
Financial assets measured at amortised cost	up to 1 year	482,500	-	-	482,500	484,555
	1 to 3 years	325,000	-	-	325,000	324,066
	3 to 5 years	374,790	-	-	374,790	370,813
	over 5 years	846,000	65,000	-	911,000	889,778
	Total	2,028,290	65,000	-	2,093,290	2,069,212
Sovereign debt securities	**up to 1 year**	**742,500**	**-**	**569**	**743,069**	**747,661**
	1 to 3 years	**635,000**	**-**	**-**	**635,000**	**619,566**
	3 to 5 years	**374,790**	**-**	**-**	**374,790**	**370,813**
	over 5 years	**1,127,000**	**65,000**	**-**	**1,192,000**	**1,141,658**
	Total	**2,879,290**	**65,000**	**569**	**2,944,859**	**2,879,698**

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 debit position of about Euro 3.2 billion, compared to a debit position of roughly 3.1 billion at the end of the previous year.

Capital and supervisory ratios

Equity attributable to the Parent Company Banco Desio at 31 march 2023, including the result for the period, totalled Euro 1,287.4 million, compared to Euro 1,122.5 million in 2022. The positive change of Euro 164.9 million is attributable to the positive effect on the result for the period deriving from (i) the acquisition of the BPER Group's business units and (ii) the sale of the merchant acquiring business unit to Worldline Italia.

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 1,054.0 million (CET1 + AT1 at Euro 969.5 million + T2 at Euro 84.5 million) compared to Euro 989.7 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

	31.03.2023	
	Application of transitional regime	Fully loaded
OWN FUNDS		
Common Equity Tier 1 (CET1) capital	904,714	
Common Equity Tier 1 (CET1) capital without application of transitional provisions		*893,305*
Tier 1 capital	969,540	
Tier 1 capital without application of transitional provisions		*957,896*
Total own funds	1,054,010	
Total own funds without application of transitional provisions		*1,042,060*
RISK ASSETS		
Risk-weighted assets	7,922,971	
Risk-weighted assets without application of transitional provisions		*7,894,228*
SUPERVISORY RATIOS		
CET 1 capital/Risk-weighted assets (CET1 capital ratio)	11.419%	
CET 1 capital/Risk-weighted assets (CET1 capital ratio) without application of transitional provisions		*11.316%*
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	12.237%	
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio) without application of transitional provisions		*12.134%*
Total own funds/risk-weighted assets (Total capital ratio)	13.303%	
Total own funds/Risk-weighted assets (Total capital ratio) without application of transitional provisions		*13.200%*

At 31 march 2023, the Common Equity Tier 1 capital ratio, consisting of CET1 capital as a ratio of risk-weighted assets, was 11.4% (11.0% as at 31 december 2022). The Tier 1 ratio, consisting of total Tier 1 (T1) capital to risk-weighted assets, was 12.2% (11.8% at 31 december 2022), while the Total Capital ratio, consisting of total Own funds to risk-weighted assets, was 13.3% (12.9% at 31 december 2022).

On the other hand, consolidated Own funds calculated for the Banco Desio Group, after the payout forecast, as by dividend policy, amounted to Euro 1,247.9 million attributed entirely to CET1 + AT1, compared to Euro 1,132.9 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

	31.03.2023	
	Application of transitional regime	Fully loaded
OWN FUNDS		
Common Equity Tier 1 (CET1) capital	1,247,869	
Common Equity Tier 1 (CET1) capital without application of transitional provisions		*1,227,317*
Tier 1 capital	1,247,870	
Tier 1 capital without application of transitional provisions		*1,227,318*
Total own funds	1,247,871	
Total own funds without application of transitional provisions		*1,227,319*
RISK ASSETS		
Risk-weighted assets	7,922,971	
Risk-weighted assets without application of transitional provisions		*7,894,228*
SUPERVISORY RATIOS		
CET 1 capital/Risk-weighted assets (CET1 capital ratio)	15.750%	
CET 1 capital/Risk-weighted assets (CET1 capital ratio) without application of transitional provisions		*15.547%*
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	15.750%	
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio) without application of transitional provisions		*15.547%*
Total own funds/risk-weighted assets (Total capital ratio)	15.750%	
Total own funds/Risk-weighted assets (Total capital ratio) without application of transitional provisions		*15.547%*

At 31 march 2023, the Common Equity Tier 1 capital ratio, consisting of CET1 capital as a ratio of risk-weighted assets, was 15.7% (14.8% at 31 december 2022). The Tier 1 ratio, consisting of total Tier 1 capital (T1) to risk-weighted assets, and the Total capital ratio, consisting of total Own funds to risk-weighted assets, also amounted to 15.7% (14.8% and 14.8% respectively at 31 december 2022).

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 18 may 2022, requiring the Brianza Unione Group to adopt the following capital ratios at the consolidated level:

- **Common Equity Tier1 ratio of 7.35%**, comprising a binding measure of 4.85% (of which 4.50% for the minimum regulatory requirements and 0.35% for the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component;
- **Tier 1 ratio of 9.00%**, comprising a binding measure of 6.50% (of which 6.00% for the minimum regulatory requirements and 0.50% for the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component;
- **Total Capital ratio of 11.15%**, comprising a binding measure of 8.65% (of which 8.00% for the minimum regulatory requirements and 0.65% for the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component.

It should also be noted that the Bank of Italy ordered, with a subsequent measure ("SREP", disclosed to the market on 12 april 2023) that, starting from the next own funds report following the date of the measure itself, the Brianza Unione "CRR" Group will adopt the new capital ratios at the consolidated level shown below:

- **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.

Banco Desio

Performance of consolidated companies

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

Profit for the period amounted to Euro 160.3 million, an increase of Euro 122.6 million (+325.2%) compared to the first three months of the previous year. The result mainly benefited from the non-recurring positive effects of the acquisition of the BPER Group's business branches with the recognition of the provisional badwill of Euro 51.1 million resulting from the purchase price allocation (PPA) process, and from the sale to Worldline Italia of the merchant acquiring business branch with the recognition of a capital gain of Euro 98.5 million.

The core revenue items from operations increased by approximately Euro 6.5 million (+5.5%) compared to the comparison period, amounting to Euro 124.8 million. This performance is attributable to the growth in net interest income of Euro 11.9 million (+19.7%), net commissions of Euro 3.3 million (+7.0%), partially offset by the reduction in net income from financial assets and liabilities of Euro 8.1 million (-88.1%) and other operating income and expenses of Euro 0.7 million (-98.0%).

The item dividends shows a balance of Euro 0.5 million in line with the comparison period.

Credit costs amounted to Euro 10.9 million compared to Euro 9.7 million in the comparison period; net provisions for risks and charges were negative by Euro 1.5 million (charges of Euro 0.4 million in the comparison period); charges related to the banking system decreased by Euro 0.5 million; income taxes on current operations of Euro 11.8 million showed a balance in line with 2022 (Euro 11.9 million in the comparison period).

The total net value of loans to customers at 31 march 2023 amounted to approximately Euro 12.7 billion, up 7.5% compared to the balance at the end of 2022, and included the effect of the provisional purchase price allocation (PPA) of Euro - 24.7 million, resulting from the determination of a lower fair value on loans arising from the acquisition of the business units from the BPER Group.

Shareholders’ equity at 31 march 2023, including the result for the period, amounted to Euro 1,285.3 million, compared to Euro 1,118.6 million in 2022. The positive change of Euro 166.7 million is attributable to the positive effect on the result for the period deriving from (i) the acquisition of the BPER Group's business units and (ii) the sale of the merchant acquiring business unit to Worldline Italia. Capital calculated in accordance with supervisory regulations, referred to as Own funds, after the payout forecast, as by dividend policy, amounted to Euro 1,255.4 million at 31 March 2023, attributed entirely to CET1 + AT1, compared to Euro 1,138.4 million at the end of the previous year.

At 31 march 2023, the Common Equity Tier 1 capital ratio, consisting of CET1 capital as a ratio of risk-weighted assets, was 16.97% (15.87% at 31 december 2022). The Tier 1 ratio, comprised of total Tier 1 (T1) capital to risk-weighted assets, and the Total capital ratio, comprised of total Own funds to risk-weighted assets, were also 16.97% (both 15.87% at 31 december 2022).

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 1.5 million, compared to the profit of Euro 1.1 million in the comparison period; operating income amounted to Euro 5.2 million (compared to Euro 4.1 million in the comparison period), operating expenses to Euro 2.5 million (compared to Euro 2.2 million in the comparison period), and the result from operations to Euro 2.7 million (compared to Euro 1.9 million in the comparison period). The Cost of credit, amounting to around Euro 0.4 million (compared to Euro 0.2 million in the comparison period) and taxes of Euro 0.7 million (compared to Euro 0.5 million in the comparison period) lead to the result for the period.

Loans to customers increased from Euro 1,075.6 million at the end of 2022 to Euro 1,114.8 million at the reporting date, with a positive change of Euro 39.2 million (+3.6%).

Shareholders' equity at 31 march 2023 including the result for the period amounted to Euro 50.4 million, compared to Euro 51.6 million in 2022 (due to the distribution of dividends partly offset by the result for the period). Regulatory Own funds increased from Euro 48.3 million at the end of 2022 to Euro 48.6 million.

There are no direct impacts of the war in Ukraine for Fides' loan portfolio; the consumer credit market, like the entire economic and productive fabric in general, is however indirectly affected by the negative effects generated by the Ukraine-Russia conflict, including, in particular, increases in energy costs.

Context of reference

Acquisition of 48 branches from the BPER Group (Lanternina Transaction)

On 17 february 2023, having obtained the necessary authorisations from the competent authorities, the strategic agreement was executed whereby Banco Desio acquired from the BPER Group the business complex, consisting of two business units comprising a total of 48 former BPER Banca (formerly Carige) and former Banco di Sardegna bank branches, referred to in the Agreements signed by Banco Desio with the counterparties as from 3 June 2022 (the Lanternina Transaction). The definitive transfer agreement provided for the transfer of the business units with legal effect on 20 february 2023.

The Lanternina Transaction is in line with the objectives of the Banco Desio Group's strategic plan aimed at further consolidating its vocation as a local bank focused on priority customer segments, namely SMEs, affluent and wealth management. The acquisition qualifies as a business combination to be accounted for under International Financial Reporting Standard (IFRS) 3 Business Combinations, having met the conditions required by the same standard for the identification of an acquired business.

The total consideration agreed for the sale and purchase of the business units amounted to Euro 3.4 million, substantially referring to the branch owned by BPER Banca (the consideration paid for the branch owned by Banco di Sardegna was set at Euro 1), and was paid by Banco Desio entirely in cash on the effective date of the branch transfer. The net asset imbalance of the entire business complex was determined to be Euro 79.1 million.

For the purpose of preparing this Quarterly Financial Report, a provisional Purchase Price Allocation (PPA) was made (in accordance with IFRS 3 Business Combinations), which resulted in a "gain from a bargain purchase", or badwill. Considering this result, albeit provisional, the clause contained in the Agreements, which provides for an adjustment according to the gross banking product actually acquired, has been valued in the PPA itself.

With reference to the measurement period within which to obtain the information necessary to perform the fair value measurement of the acquiree's identifiable assets and liabilities and to terminate the PPA process, IFRS 3 requires this period to end as soon as the acquirer has received and identified all the necessary information in existence at the acquisition date or has determined that more information cannot be obtained to perform the measurements of the acquired items. In any case, the evaluation period may not extend beyond one year from the date of acquisition.

Accounting treatment of the transaction

The transaction described qualifies as a business combination for the purposes of IFRS 3, having satisfied the conditions required by said standard for the identification of an acquired "business".

More specifically, the agreements (initial and supplementary) signed in 2022 and, most recently, in february 2023, between Banco Desio and BPER Banca, the provisions of which were confirmed by the final agreements of 17 february 2023, already highlighted how the object of the agreements themselves was the transfer of a perimeter of banking "Branches", defined as a set of rights, obligations and legal relations relating to (or connected with): (i) contracts entered into with the relevant customers, (ii) employment relationships relating to employees working at the branches, (iii) leases and utility contracts relating to them, and (iv) ownership of (or rights in rem or beneficial interest in) movable and immovable tangible assets used by the branch. With respect to the characteristics of the acquired compendium, it is therefore possible to identify[6]:

- Production factors: contracts with customers (and consequent loans, direct and indirect inflows), employees (as an "organised workforce with the necessary skills, knowledge or experience") and premises (owned or leased properties) and equipment necessary for the provision of banking services.
- Processes: all those connected with the provision of banking services to customers (i.e. processes such as: credit disbursement, credit monitoring, provision of payment services, provision of financial and investment services), as well as the development of the same (acceptance process). These processes are considered "substantial" within the meaning of IFRS 3 because, since the business unit is already "in production" at the date of aggregation, it is performed by employees who already have the necessary skills, knowledge or experience in banking (also understood as customer relations) and who cannot be replaced without significant cost, effort or delay to the ability to continue to generate "output from banking"[7].

[6] As required by IFRS 3 B7

[7] IFRS 3 B12C: Where a set of activities and assets has an output at the date of acquisition, the acquired process (or group of processes) is considered substantial if, applied to one or more acquired inputs:
a) it is crucial to the ability to continue generating output and the acquired inputs include an organised workforce with the necessary skills, knowledge or experience to carry out that process (or group of processes); or
b) it contributes significantly to the ability to continue to generate output and:

- Output: understood as the ability to generate revenue not only in the form of interest, but also of commissions from banking services provided to customers.

It is therefore pointed out that the so-called "concentration test" provided for in paragraph B7A and B7B of IFRS 3 (as in force from 1 January 2020), indicated as optional, was not applied as the qualitative analysis above on the components of the compendium transferred showed sufficient evidence to conclude that what was acquired represented a business.

Having qualified the transaction as a business combination, the acquisition method envisaged by IFRS 3 therefore applies, as better described in Part A.2 of the Notes to the Consolidated Financial Statements at 31 december 2022, to which reference should be made for details.

According to IFRS 3, the business combination should be recognised on the date on which the acquirer actually obtains control over the acquired assets; specifically, the acquisition date has been identified with the legal effectiveness of the transfer of the branches (as resulting from the transfer agreement). In fact, as of 20 february 2023, the preliminary IT migrations had already been completed in relation to the branches acquired from BPER Banca (formerly Carige) and Banco di Sardegna.

Presented below are the balance sheet values of the branches acquired on 20 february 2023 and the related adjustments for the fair value measurement of the assets acquired and liabilities assumed as part of the Purchase Price Allocation process or PPA.

	Asset items	BPER Branch	BDS Branch	Total Lanternina Transaction	Fair Value differences	Acquisition FV
10.	Cash and cash equivalents	7,690	1,156	8,846	0	8,846
40.	Financial assets measured at amortised cost	1,105,271	215,252	1,320,523	-24,748	1,295,775
80.	Tangible assets	2,801	104	2,905	4,047	6,952
	a) owned assets	2,801	104	2,905	-115	2,790
	b) rights of use acquired through leases	0	0	0	4,162	4,162
120.	Other assets	23,822	4,673	28,495	-5	28,490
	Total assets	**1,139,584**	**221,185**	**1,360,769**	**-20,706**	**1,340,063**

	Liabilities	BPER Branch	BDS Branch	Total Lanternina Transaction	Fair Value differences	Acquisition FV
10.	Financial liabilities measured at amortised cost	1,078,250	198,524	1,276,774	4,162	1,280,936
80.	Other liabilities	1,594	168	1,762	0	1,762
90.	Staff severance pay	1,553	199	1,752	-121	1,631
100.	Provisions for risks and charges:	990	415	1,405	-202	1,203
	Total liabilities	**1,082,387**	**199,306**	**1,281,693**	**3,839**	**1,285,532**

As of the date of approval of this Quarterly Financial Report, acquired asset balances were provisionally determined and measured at fair value with the support of accredited external advisors. More specifically:

- Performing loans: the portfolio under evaluation is attributable to medium- and long-term operations. Since there is no active market for this type of instrument, the Bank adopted an internal valuation model that, in accordance with IFRS 13 Fair Value Measurement, was able to replicate the price charged in a regular market sale transaction. The currently prevailing market methodology for this valuation is the Discounted Cash Flow (DCF) method, in which cash flows are discounted at an appropriate discount rate that incorporates an estimate of the main risk factors. More specifically, future cash flows were determined by considering capital and interest flows, representative of the contractual plan of the individual relationships.

  The discount rate applied was obtained as the sum of three components: (i) the level of risk-free interest rates, observed on the various tenors of the curve, (ii) the cost of funding, corresponding to the remuneration curve of Banco Desio's cost of liquidity and (iii) the level of the average credit spread, determined on the basis of the probability of default (PD) and loss given default (LGD) class and the average residual financial duration of the individual transaction. The credit spread considered both the expected loss component, starting from the PD and LGD levels derived from the application of Banco Desio's models, and the unexpected loss component, starting from the regulatory capital of the positions acquired and the cost of capital estimated internally by Banco Desio.

  Overall, mark-to-model performing loans amounted to approximately Euro 924.5 million. The valuation process resulted in an overall fair value lower than the relevant book value by a total of Euro 24.7 million

i) it is considered unique or scarce; or
ii) it cannot be replaced without significant cost, effort or delay to the ability to continue generating output

(Euro 11.4 million relating to the BPER Branch and Euro 13.0 million relating to the Banco di Sardegna Branch). With regard to short-term transactions (understood as transactions on demand or with a residual duration of less than 12 months), the book value acquired at the reference date was considered a reasonable approximation of fair value in accordance with IFRS 13, taking into account that the discounting of future cash flows is not very significant even in the presence of changes in reference market rates.

- Non-performing loans: since there is no active market for this type of instrument, also in this case the determination of fair value assumes to replicate the price that would be received in a regular market transaction, thus defining a valuation framework as homogeneous as possible with the situations actually found on the market.

  In this regard, the preliminary analyses carried out at the date of preparation of this Quarterly Financial Report led to the conclusion that the book value acquired at the reporting date can be considered a reasonable approximation of fair value in accordance with IFRS 13, taking into account that the acquired impaired portfolio is overall small and consists of Euro 10.8 million UTP and Euro 3.0 million Past Due.

- Tangible assets: preliminary activities were performed to verify the reliability of the fair value measurements of the properties acquired, based on on-site appraisals carried out by the independent expert used by Banco Desio. The results of these assets at the date of preparation of this Quarterly Financial Report led to the conclusion that the book value acquired at the reporting date could be considered a reasonable approximation of fair value in accordance with IFRS 13, taking into account that the real estate portfolio acquired for a total of Euro 2.1 million consists of six former Carige branches. Further appraisal activities conducted led to an estimated adjustment on other tangible assets acquired (office equipment) totalling Euro 0.1 million.

- Right of use and lease liabilities: for the acquired lease liabilities (relating to real estate assets) the valuation methodology of Banco Desio at 20 february 2023 was applied, as required by paragraphs 28A and 28B of IFRS 3. This revaluation led to the recognition of Euro 4.2 million on "Tangible assets" for rights of use and, speculatively, on "Payables to customers" for leasing debts (Euro 2.4 million relating to the BPER Branch and Euro 1.8 million relating to the Banco di Sardegna Branch).

- Intangible Assets: at the date of preparation of this Quarterly Financial Report, the Bank has undertaken preliminary analyses aimed at identifying any intangible assets originating from client relationships, not already recognised in the financial statements of the transferor. Based on the preliminary analyses conducted, it emerged that there would seem to be the preconditions for enhancing the value of both the direct funding component (core deposits) and the indirect funding component acquired. The necessary in-depth studies are still in progress to identify all the information required for the most appropriate valuation of these intangible assets, which are currently maintained without an explicit value.

- Direct inflows: the characteristics of the direct inflows acquired (substantially represented by demand or short-term items) allow its fair value to be considered substantially equal to its carrying amount.

- Contingent liabilities: the recognition of any risks implicit in the acquired complex, as well as the fair value valuation of the contingent liabilities associated with them, as well as the fair value measurement of the legal risks associated with the disputes rooted in the acquired subsidiaries led, at the date of preparation of this Quarterly Financial Report, to the non-estimation of contingent liabilities.

- Tax effects: for the purposes of preparing this Quarterly Financial Report, the economic result of the aggregation (framed as the acquisition of a company branch) was given fiscal relevance for the purposes of direct IRES taxes for the period. The resulting current tax burden was represented within item 270. Income taxes for the period on current operations" totalling Euro 14.1 million.

Depending on the choices made, the difference between the assets acquired as at 20 february 2023 and the acquisition cost is shown below, so as to identify the provisional result of the PPA process.

Banco Desio

Determination of badwill	BPER Branch	BDS Branch	Total Lanternina Transaction	
Assets at book values as at 20 February 2023	**57,198**	**21,878**	**79,076**	(a)
Fair value adjustment effects of individual accounting items	**-11,419**	**-13,125**	**-24,544**	(b)
- of which loans to customers	-11,421	-13,047	-24,468	
- of which tangible assets owned	-103	-12	-115	
- of which TFR (employee sev erance indemnity)	105	16	121	
- of which other prov isions for risks and charges	0	-77	-77	
- of which other accounting items	0	-5	-5	
Assets at fair value as at 20 February 2023	**45,779**	**8,753**	**54,532**	(c)=(a)+(b)
Acquisition cost	**3,410**	**0**	**3,410**	(d)
- of which sale consideration	6,722	0	6,722	
- of which compensation for non-transfer of acquiring/monetary branch	-2,500	0	-2,500	
- of which price adjustment per gross banking product	-812	0	-812	
Badwill at the date of acquisition resulting from the provisional PPA	**42,369**	**8,753**	**51,122**	(e)=(c)-(d)

During the quarter under review, starting from the date of acquisition, the effects pertaining to the period related to the amortisation of differences between fair value and book values arising at the time of the PPA were also recorded in the income statement; these differences mainly refer to book items at amortised cost (e.g. loans to customers); the impact on the income statement at 31 march 2023 was positive in the amount of Euro 0.9 million, gross of the related tax effect.

Divestiture of the acquiring business unit to Worldline

On 28 march 2023, having obtained the necessary authorisations from the competent authorities, Banco Desio and Worldline finalised the strategic agreement, signed and disclosed to the market on 7 november 2022, concerning payment systems, which provides in particular for:

- the transfer to Worldline Italia of Banco Desio's business unit relating to the acquiring activity in the payment systems sector carried out with respect to about 15,000 merchants, for a total of about 19,000 POS (point of sales) and a volume of about Euro 2 billion in transactions;
- a long-term partnership (5+5 years), in which Worldline becomes Banco Desio's exclusive acquiring partner and the latter, maintaining the relationship with its customers, distributes Worldline's acquiring products and services.

The transfer of the business unit took place on 17 march 2023 through a contribution to Worldline Italia, a subsidiary of the French Worldline SA group. Banco Desio then sold the shares received for the contribution to Worldline SA on 28 march 2023. The realisation of the transaction resulted in a capital gain of Euro 100 million recorded under item "290. Profit (Loss) from discontinued operations after taxes" in Banco Desio's income statement. The agreements with Worldline then provide for a price adjustment mechanism based on certain targets that will be evaluated one year from the date of closing.

Exemption from the role of parent company of the Banco Desio Group by Brianza Unione

On 5 September 2022, a request for exemption from the role of parent company of the Banco Desio Group was submitted pursuant to the provisions of the Consolidated Law on Banking concerning banking groups and the register of banking groups, as amended by Legislative Decree No. 182/2021, as well as the Supervisory Provisions issued with the 39th update of the Bank of Italy Circular No. 285 in implementation of Article 21-bis of EU Directive 2013/36 (the "CRD"), as amended in turn by EU Directive 2019/878 (the "CRD5"), the provisions of which entered into force on 14 July 2022. On 3 march 2023, the Bank of Italy forwarded its decision granting the said application, noting that the role of parent company of the banking group will continue to be performed by Banco Desio, it being understood that under the provisions of the CRR Regulation, the obligation to comply with the requirements set forth in the aforesaid regulation will in any case continue on the basis of the consolidated situation of Brianza Unione.

Financial rating

On 30 march 2023, the international agency Fitch Ratings, following its annual rating review, confirmed all ratings assigned to the Bank.

The Agency's rating reflects the steady improvement in the Bank's fundamentals, particularly in terms of profitability and asset quality combined with solid capitalisation and an adequate funding profile. Over the past two years, the Bank, albeit in a market environment characterised by high volatility, has exceeded the targets of its business plan with an acceleration in its risk-reduction strategy, which has resulted in higher profitability and excess capital that the Bank has been able to deploy for growth. The recent acquisition of 48 branches from the BPER Group broadens the customer base with further benefits on revenue growth, with particular reference to cross-selling opportunities in wealth management and insurance, and on operational efficiency in line with the Bank's strategy.

In summary, the rating assigned by the Agency reflects the Bank's moderate risk profile, improved asset quality indicators, a good level of capitalisation and an adequate level of funding and liquidity.

The updated Ratings are therefore as follows:

- Long-term IDR: confirmed at "BB+" Outlook Stable
- Viability Rating: confirmed at "bb+"
- Short term IDR: confirmed at "B"
- Government Support Rating: confirmed at "No Support"

Sustainability Rating

On 26 april 2023, the update of the sustainability rating by the specialised agency "Standard Ethics" was announced, which updated Banco Desio's SER corporate rating, which is confirmed as "EE– ", in the sustainable grade area, also recognising the improvement of the outlook to “Positive”.

Amendments to the Articles of Association

On 26 april 2022, the Extraordinary Shareholders' Meeting of Banco Desio approved the amendment of Article 2 of its Articles of Association, in compliance with the 39th update of Bank of Italy Circular No. 285, inserting the clarification that the Banco itself, as banking parent company, is granted "the powers and resources necessary to ensure compliance with the rules governing banking activities on a consolidated basis".

This amendment to the Articles of Association is of a formal nature insofar as it acknowledges a factual situation and does not provide for the exercise of the right of withdrawal by shareholders.

Approval of the financial statements and allocation of the annual result 2022

The Ordinary Shareholders' Meeting approved the financial statements as at 31 december 2022. The net profit for the year amounted to Euro 88,189,252.14. In this context, the Shareholders' Meeting approved the distribution of a dividend to shareholders in the amount of Euro 0.1969 for each of the 134,363,049 ordinary shares. In accordance with the Stock Exchange calendar, the dividend will be paid on 10 may 2023 (coupon No. 32), while the "ex-dividend" date, for the purposes of share prices, and the record date[8] will be 8 may and 9 may 2023, respectively.

Appointment of the Board of Directors and the Board of Statutory Auditors

The Ordinary Shareholders' Meeting then proceeded, after setting the number of Directors at 11 for the three-year period 2023-2025, to appoint, by list voting, the Board of Directors and the Board of Statutory Auditors in compliance with the gender balance criteria pursuant to Law No. 160 of 27 december 2019.

[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

The majority list was submitted by Brianza Unione di Luigi Gavazzi e Stefano Lado S.A., which holds 50.41% of the share capital, while the minority list was submitted by Fondazione Cassa di Risparmio Terni e Narni, which holds 4.46% of the share capital.

The majority list for the appointment of the Board of Directors obtained favourable votes equal to 85.565845% of the ordinary shares represented and for the appointment of the Board of Statutory Auditors obtained favourable votes equal to 85.565843% of the ordinary shares represented.

These bodies - after the resolutions of the Board meeting itself at the end of the meeting - are composed as follows:

Directors

Stefano LADO	Chairperson
Alessandro DECIO	CEO and General Manager (E)
Graziella BOLOGNA	(E)
Paola BRUNO	(I)
Valentina CASELLA	(I)
Agostino GAVAZZI	(E)
Gerolamo GAVAZZI	(E)
Tito GAVAZZI	
Alessandra MARAFFINI	(I)
Laura TULLI	(I)
Ulrico DRAGONI	(I) * (Died on 3 may last)

Statutory Auditors

Emiliano BARCAROLI	Chairperson (I) *
Rodolfo ANGHILERI	Standing (I)
Stefania CHIARUTTINI	Standing (I)
Stefano ANTONINI	Alternate (I) *
Silvia RE	Alternate (I)
Erminio BERETTA	Alternate (I)

* Minority list

The names marked with (E) are identified as Executive Directors within the meaning of the applicable provisions. The names marked with (I) meet the independence requirements pursuant to the applicable provisions.

The Board of Statutory Auditors is assigned the function of Supervisory Board 231 pursuant to Legislative Decree No. 231/2001.

The Board of Directors, which met at the end of the Shareholders' Meeting, also resolved on the following composition of the Committees set up within the Board:

Executive Committee

Agostino GAVAZZI	(C) (E)
Graziella BOLOGNA	(E)
Gerolamo GAVAZZI	(E)
Alessandro Maria DECIO	(E)

Control and Risk Committee

Paola BRUNO	(C) (I)
Alessandra MARAFFINI	(I)
Tito GAVAZZI	

Sustainability Committee (newly established)

Alessandra MARAFFINI	(C) (I)
Valentina CASELLA	(I)
Stefano LADO	

Appointments Committee

Laura TULLI	(C) (I)
Paola BRUNO	(I)
Tito GAVAZZI	

Remuneration Committee

Valentina CASELLA (C) (I)
Laura TULLI (I)
Stefano LADO

Committee For Transactions With Related Parties And Connected Persons

Valentina CASELLA (C) (I)
Alessandra MARAFFINI (I)
Laura TULLI (I)

The names marked with (C) were appointed chairpersons of the committees.

The curricula of the members are available on the website www.bancodesio.it, section "Home/The Bank/Governance/Meeting".

As of the date of their appointment, none of the aforementioned members of the Board of Directors and the Board of Statutory Auditors held significant stakes in the company's capital within the meaning of Article 120 of the Consolidated Law on Finance (without prejudice to the relevant shareholding declared at the time by Chairperson Stefano Lado and made public in accordance with the law).

Today, the Board of Directors acknowledged the death of the independent Director Ulrico DRAGONI (elected from the minority list) reserving the right to return to the topic for consequent measures.

Distribution network

The distribution structure at the reporting date consisted of 280 branches (compared to the previous year-end figure of 232) and 46 financial shops opened under the banner of the subsidiary Fides.

The Group's workforce amounted to 2,398 employees, an increase of 283 over the previous year-end figure.

These increases are attributable to the execution, in the quarter in question, of the strategic agreement better described in the section "Acquisition of 48 branches from the BPER Group (Lanternina Transaction)", whereby Banco Desio acquired two business units with 250 employees and 48 bank branches from the BPER Group.

Outlook

Macroeconomic Scenario

The year 2022 ended better than expected although global growth gradually weakened. Consumption started to show the first signs of weakness in the US and the Eurozone, due to both erosion by inflation and the gradual reduction of the excess liquidity accumulated during the pandemic. In China, the spread of the virus after the reopening earlier this year seems to have been overcome with more contained effects than expected, although the country is still facing a number of problems, primarily in the real estate sector, which may be a factor hindering growth.

A little over a year after the Russian aggression on Ukraine, some of the key areas of the world economy have changed dramatically. Inflation reached values that were unthinkable even at the end of 2021, and the reaction of monetary policy was equally unexpected, both in terms of the intensity of the policy rate increases and the short time span in which they were implemented. The focus quickly shifted from insufficient demand and deflationary risks in the major industrialised economies to assessing the effects of persistently higher inflation than the central banks' current target values.

Between the end of 2022 and the beginning of this year, despite the absence of clear signs of a rapid return to inflation, indicators of improving economic activity multiplied, suggesting a reduction in the risk of a slowdown in the global economy and hinting at the possibility of an earlier than expected resumption of growth. The climate of moderate optimism was, however, quickly swept away by the failure of Silicon Valley Bank and Signature Bank in the US and the difficulties of Credit Suisse (and Deutsche Bank) in Europe, despite the prompt and large-scale intervention of the monetary authorities and the subsequent declarations of full readiness to intervene if necessary. Albeit these crises have slowed, the effects of the Fed's and ECB's tightening of monetary policy rates have not yet fully materialised and will now be compounded by those fuelled by increased uncertainty. In the US, it may not be enough for the authorities to guarantee all deposits, but further asset write-downs should also be avoided, putting a serious brake on further interest rate increases. In the Eurozone, the banking system appears to be more robust and could leave room for further rate increases, although these risk further dampening demand.

In Italy, after a good performance in 2022, 2023 growth will be more subdued. The stagnation in the last quarter of 2022 was accompanied by better-than-expected economic data in the first months of this year, probably allowing a contraction in activity to be averted. However, longer-term expectations are highly uncertain. It is difficult to assess what the underlying growth of the economy is once we consider that the significant increase in public spending, first to support households and businesses during the Covid and then to cope with the energy price, is gradually waning, even under the pressure of European recommendations and in anticipation of the return of European fiscal rules at the beginning of 2024. The healthy export performance bodes well for a structural component in the resilience of the production system, even if this solid performance is mainly related to exports to the US.

Some underlying trends remain in 2023 that could project a scenario of moderate stagflation even in the medium term. Investments for the energy and digital transition will face numerous bottlenecks in the availability of raw materials and skilled labour. At the same time, public policies will not be able to support the transition with incentives alone and will have to make the cost of emissions higher, leading to increases in the cost of energy as well. The shortening of global value chains will be another factor putting upward pressure on costs, along with the demographic transition, which after having been long heralded will begin to show its effects on labour supply. These elements will also tend to support inflationary dynamics in the medium to long term in 2023.

Drafting Criteria

This "Consolidated Quarterly Financial Report as at 31 march 2023" 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 2022.
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

The main factors of uncertainty that could affect the future scenarios in which the Group will find itself operating certainly include those represented in the previous disclosure regarding the "Macroeconomic Scenario" still conditioned by a high level of inflation, highly restrictive monetary policies and lower growth prospects with the continuation of the Russia-Ukraine conflict and the relaxation of measures to contain the Covid-19 epidemic that has not been completely overcome.
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 also expected for the financial year 2023.
The disclosure "*Risks, uncertainties and impacts of the Russia-Ukraine conflict and the Covid-19 epidemic*", contained in the consolidated financial statements as at 31 december 2022, 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 conflict in Ukraine and the Covid-19 pandemic, and the consequent application solutions adopted by the Bank, 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 equity.
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 2023

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 2023 are attached, which are integral part of the Consolidated Quarterly Financial Report as at 31 march 2023. 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 2023

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

The Chair

Stefano Lado

***

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 with a distribution network of 280 branches and around 2,400 employees, and is present in the consumer credit sector with the company Fides S.p.A., a financial company specialised in salary-backed loans. In the asset management and "bancassurance" sector, it operates through distribution agreements with leading national and international counterparties. It achieved total assets of more than Euro 19 billion.

Investor Relator
Giorgio Besana
Cell. +39 331.6754649
giorgio.besana@bancodesio.it

Corporate Affairs Area
Tel. 0362.613.214
segreteriag@bancodesio.it

Press Office Close to Media
Fiorella Poppi
fiorella.poppi@closetomedia.it
Cell. +39 337.1374252
Enrico Bandini
enrico.bandini@closetomedia.it
Cell. +39 335.8484706

Banco Desio

Annex

Table A1 - Consolidated Balance Sheet

Asset items	31.03.2023	31.12.2022	Changes absolute	%
10. Cash and cash equivalents	2,094,430	879,593	1,214,837	138.1%
20. Financial assets measured at fair value through profit or loss	136,090	139,820	(3,730)	-2.7%
a) Financial assets held for trading	19,266	25,764	(6,498)	-25.2%
c) Other financial assets mandatorily measured at fair value	116,824	114,056	2,768	2.4%
30. Financial assets measured at fair value through other comprehensive income	854,340	842,346	11,994	1.4%
40. Financial assets measured at amortised cost	15,695,655	14,658,920	1,036,735	7.1%
a) Loans with banks	827,805	632,089	195,716	31.0%
b) Loans to customers	14,867,850	14,026,831	841,019	6.0%
50. Hedging derivatives	49,931	59,099	(9,168)	0.0%
60. Value adjustment of financial assets with macro hedges (+/-)	(18,033)	(19,593)	1,560	n.s.
70. Equity investments	4,853	4,866	(13)	n.s.
90. Tangible assets	228,270	220,934	7,336	3.3%
100. Intangible assets	20,121	19,963	158	0.8%
of which:				
- goodwill	15,322	15,322		
110. Tax assets	144,889	157,532	(12,643)	-8.0%
a) current	2,351	3,640	(1,289)	-35.4%
b) deferred	142,538	153,892	(11,354)	-7.4%
120. Non-current assets and groups of assets held for sale	-	1	(1)	-100.0%
130. Other assets	594,490	577,843	16,647	2.9%
Total assets	**19,805,036**	**17,541,324**	**2,263,712**	**12.9%**

Note. In Asset item 10. "Cash and cash equivalents" the amount on demand of Euro 1,992 million relates to cash in excess of the commitment to maintain the compulsory reserve at the reporting date invested in overnight deposits (Euro 765 million at the end of the previous period).

Liabilities and equity items	31.03.2023	31.12.2022	Changes absolute	%
10. Financial liabilities measured at amortised cost	17,830,264	16,084,575	1,745,689	10.9%
a) Payables to banks	3,632,989	3,381,350	251,639	7.4%
b) Payables to customers	12,616,061	11,167,074	1,448,987	13.0%
c) Securities issued	1,581,214	1,536,151	45,063	2.9%
20. Financial liabilities held for trading	3,768	4,130	(362)	-8.8%
40. Hedging derivatives	352	-	352	n.s.
60. Tax liabilities	19,025	1,619	17,406	n.s.
a) current	18,039	582	17,457	n.s.
b) deferred	986	1,037	(51)	-4.9%
80. Other liabilities	586,485	255,468	331,017	129.6%
90. Staff severance pay	19,309	17,790	1,519	8.5%
100. Provisions for risks and charges	58,448	55,263	3,185	5.8%
a) commitments and guarantees given	4,367	3,534	833	23.6%
c) other provisions for risks and charges	54,081	51,729	2,352	4.5%
120. Valuation reserves	(8,036)	(13,192)	5,156	-39.1%
150. Reserves	1,050,083	967,345	82,738	8.6%
160. Share premiums	16,145	16,145		
170. Share capital	70,693	70,693		
190. Minority interests (+/-)	14	14		
200. Profit (loss) for the year (+/-)	158,486	81,463	77,023	94.5%
Total liabilities and equity	**19,805,036**	**17,541,324**	**2,263,712**	**12.9%**

Banco Desio

Table A2 - Consolidated Income Statement

Items		31.03.2023	31.03.2022	Changes absolute	%
10.	Interest and similar income	123,513	77,753	45,760	58.9%
20.	Interest and similar expense	(42,640)	(10,182)	(32,458)	318.8%
30.	**Net interest income**	**80,873**	**67,571**	**13,302**	**19.7%**
40.	Commission income	51,293	47,840	3,453	7.2%
50.	Commission expenses	(5,698)	(4,854)	(844)	17.4%
60.	**Net commissions**	**45,595**	**42,986**	**2,609**	**6.1%**
70.	Dividends and similar income	469	463	6	1.3%
80.	Net trading result	583	2,002	(1,419)	-70.9%
90.	Net hedging result	(56)	-	(56)	n.s.
100.	Gains (losses) on sale or repurchase of:	911	6,766	(5,855)	-86.5%
	a) financial assets measured at amortised cost	661	6,187	(5,526)	-89.3%
	b) financial assets measured at fair value through other comprehensive income	74	577	(503)	-87.2%
	c) financial liabilities	176	2	174	n.s.
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	(1,302)	(2,079)	777	-37.4%
	b) other financial assets mandatorily measured at fair value	(1,302)	(2,079)	777	-37.4%
120.	**Net banking income**	**127,073**	**117,709**	**9,364**	**8.0%**
130.	Net value adjustments/reversals for credit risk related to:	(11,074)	(9,619)	(1,455)	15.1%
	a) financial assets measured at amortised cost	(11,078)	(9,584)	(1,494)	15.6%
	b) financial assets measured at fair value through other comprehensive income	4	(35)	39	n.s.
140.	Gains/losses from contractual amendments without derecognition	22	(3)	25	n.s.
150.	**Net result from financial operations**	**116,021**	**108,087**	**7,934**	**7.3%**
180.	**Net result from financial and insurance operations**	**116,021**	**108,087**	**7,934**	**7.3%**
190.	Administrative expenses:	(82,841)	(75,891)	(6,950)	9.2%
	a) personnel expenses	(45,508)	(42,766)	(2,742)	6.4%
	b) other administrative expenses	(37,333)	(33,125)	(4,208)	12.7%
200.	Net allocations to provisions for risks and charges	(1,747)	(152)	(1,595)	n.s.
	a) commitments for guarantees given	(563)	92	(655)	n.s.
	b) other net allocations	(1,184)	(244)	(940)	385.2%
210.	Net value adjustments/reversals on tangible assets	(4,209)	(4,753)	544	-11.4%
220.	Net value adjustments/reversals on intangible assets	(555)	(505)	(50)	9.9%
230.	Other operating expenses/income	58,633	17,713	40,920	231.0%
240.	**Operating costs**	**(30,719)**	**(63,588)**	**32,869**	**-51.7%**
250.	Profits (Losses) of investments	(10)	-	(10)	n.s.
290.	**Profit (Loss) from current operations before taxes**	**85,292**	**44,499**	**40,793**	**91.7%**
300.	Income taxes for the year on current operations	(25,490)	(12,999)	(12,491)	96.1%
310.	**Profit (Loss) from current operations after taxes**	**59,802**	**31,500**	**28,302**	**89.8%**
320.	Profit (Loss) from discontinued operations after taxes	98,684	1,433	97,251	n.s.
330.	**Profit (Loss) for the year**	**158,486**	**32,933**	**125,553**	**381.2%**
350.	**Profit (Loss) for the year attributable to the parent company**	**158,486**	**32,933**	**125,553**	**381.2%**

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Table A3 - Consolidated Statement of Comprehensive Income

	Items	31.03.2023	31.03.2022	Changes	
10.	**Profit (Loss) for the year**	**158,486**	**32,933**	**absolute**	**%**
	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)	1,535	(2,609)	-170.0%
70.	Defined benefit plans	8	412	(404)	-98.1%
	Other income components net of taxes with reversal to the income statement				
130.	Cash flow hedges	-	123	(123)	-100.0%
150.	Financial assets (other than equity securities) measured at fair v alue through other comprehensiv e income	6,222	(5,357)	11,579	-216.1%
200.	**Total other income components net of taxes**	**5,156**	**(3,287)**	**8,443**	**-256.9%**
210.	**Comprehensive income (Item 10+200)**	**163,642**	**29,646**	**133,996**	**452.0%**
220.	Consolidated comprehensiv e income attributable to minority interests	-	-		
230.	**Consolidated comprehensive income attributable to the parent company**	**163,642**	**29,646**	**133,996**	**452.0%**

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Table A4 - 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 premiums	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 A5 - Statement of Changes in Consolidated Shareholders' Equity 1 January - 31 march 2022

	Balance at 31.12.2021	Changes in opening balances	Balance at 01.01.2022	Allocation of previous year result		Changes in the year									Group equity at 31.03.2022	Minority interests at 31.03.2022
							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 31.03.2022		
Capital:																
a) ordinary shares	70,693		70,693												70,693	
b) other shares																
Share premiums	16,145		16,145												16,145	
Reserv es:																
a) of profits	911,513		911,513	52,415		(10)									963,918	
b) other	19,731		19,731	2,486		2									22,215	4
Valuation reserv es:	15,762		15,762											(3,287)	12,475	
Equity instruments																
Treasury shares																
Profit (Loss) for the year	54,901		54,901	(54,901)										32,933	32,933	
Group equity	**1,088,741**		**1,088,741**			**(8)**								**29,646**	**1,118,379**	
Minority interests	**4**		**4**													**4**

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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	***1,285,344***	***160,304***
Effect of the consolidation of subsidiaries	2,038	975
Effect of equity valuation of associates	-11	-12
Dividends for the period	-	-2,781
Consolidated balances of the Banco Desio Group	**1,287,371**	**158,486**

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	**158,486**
Elements deducted	9,823
- proposed dividends to be paid to the Bank's shareholders	9,823
Profit counted in common equity tier 1 capital	**148,663**