Half-Year Consolidated Financial Report as of 30 June 2008

Gruppo Banco Desio

This is an English translation of the Italian original "Relazione finanziaria semestrale consolidata al 30 giugno 2008" and has been prepared solely for the convenience of the international reader. The version in Italian takes precedence and will be made available to interested readers upon written request to Banco di Desio e della Brianza S.p.A..

INTRODUCTION

This Half-Year Consolidated Financial Report at 30 June 2008 is drawn up in accordance with Article 154 ter of Legislative Decree 58/1998 and prepared in conformity to the applicable International Accounting Principles recognised in the European Community under Regulation (EC) 1606/2002.

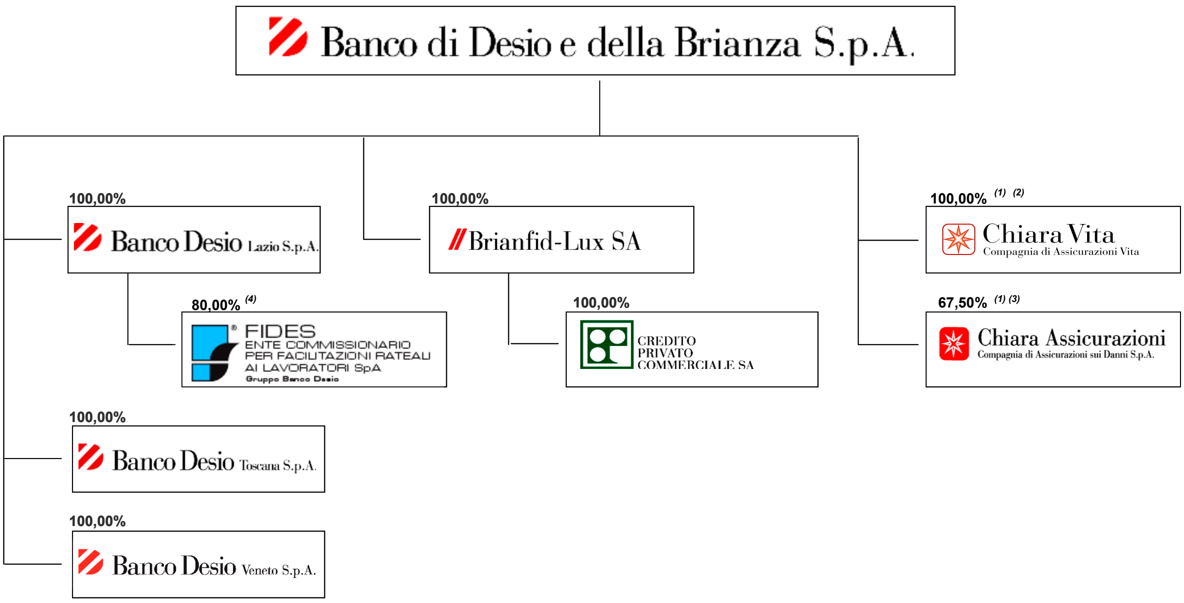
Following the sale, made in July 2007, by the Parent Company Banco di Desio e della Brianza S.p.A. of a 29.72% interest in the share capital of Anima SGRp.A -now associated company pursuant to art. 2359 of the Italian Civil Code in light of the 21.19% equity investment held by the Parent Company -, this Report shows significant changes compared with the previous half-year period, particularly as regards to the income statement items "fee and commission income", “fee and commission expense”, “administrative expenses”, “profits (losses) from equity investments” and “profit (loss) for the period attributable to minority interests”. In order to make the comparison between the individual items for the two periods more uniform, comparison analysed in the half-year interim Report on Operations, a “pro-forma” accounting report has been prepared as at 30 June 2007, calculated through the reclassification of accounting data without making any adjustments to the result for the year.

Furthermore, again in the interests of greater homogeneousness in the comparisons between the two periods, the Balance Sheet items at 30 June 2008 referred to in the comments and the details included in the half-year interim Report on Operations are also pro-forma and are attached, inasmuch as the various items also include the carrying amounts of subsidiary Chiara Vita S.p.A., of which the Parent Company is in the course of selling a 70% interest, the sale presumably being completed in the last part of this financial year, as mentioned in paragraph 4.2, “Major corporate events during the half year”. On the contrary, in compliance with IAS 34, these Balance Sheet amounts are grouped under the item “Non-current assets held for sale and discontinuing operations” and “Liabilities on discontinued operations” in the balance sheet statements and, consequently, in the details of the short half-year Financial Statements.

Half-Year Interim Report on Operations as of 30 June 2008

1 - THE BANCO DESIO GROUP

This consolidated half year report relates to the following Banco Desio Group corporate structure:



(1) Company excluded from the perimeter of the Banking Group
(2) Shareholding expected to decline to 30% according to the preliminary agreements drawn up on 29.05.2008 for the sale, presumably being completed by the end of this financial year, of the 70% interest.
(3) Shareholding expected to decline to 65% according to the preliminary agreements drawn up on 18.07.2008 for the sale, presumably being completed in the third quarter of this financial year, of the 2.5% interest;
(4) Shareholding expected to decline to 75% according to the preliminary agreements drawn up on 18.07.2008 for the sale, presumably being completed by the end of this financial year, of the 5% interest.

2 - FINANCIAL HIGHLIGHTS AND RATIOS

BALANCE SHEET DATA

In thousands of Euros	30.06.2008 pro-forma	30.06.2007 pro-forma	Change Amount	Change %
Total assets	8,570,777	7,588,917	981,860	12.9%
Financial assets	2,419,604	2,476,693	-57,089	-2.3%
Amounts due from banks	426,053	248,339	177,714	71.6%
Loans and advances to customers	5,316,857	4,489,952	826,905	18.4%
Equity investments	9,751	23,041	-13,920	-57.7%
Tangible assets	145,027	138,344	6,683	4.8%
Intangible assets	49,043	41,271	7,772	18.8%
Amounts due to banks	32,817	249,724	-216,907	-86.9%
Amounts due to customers	4,048,069	3,479,057	569,012	16.4%
Securities issued	1,565,471	1,451,667	113,804	7.8%
Financial liabilities at fair value through profit or loss (Banking Group)	404,174	105,218	298,956	284.1%
Financial liabilities at fair value through profit or loss (Insurance Company)	1,073,782	1,066,230	7,552	0.7%
Shareholders' equity [(1)]	665,446	536,102	129,344	24.1%
of which: net proft for the period [(1)]	*26,956*	*38,139*	*-11,183*	*-29.3%*
Indirect deposits from customers	17,620,172	16,546,490	1,073,682	6.5%
Indirect deposits from retail customers	7,963,241	8,589,573	-626,332	-7.3%
of which: assets under management	*3,548,519*	*4,107,222*	*-558,703*	*-13.6%*

INCOME STATEMENT DATA [(2)]

In thousands of Euros	30.06.2008	30.06.2007	Change Amount	Change %
Operating income	177,747	164,001	13,746	8.4%
of which Net interest income	*113,669*	*97,194*	*16,475*	*17.0%*
Operating expenses	110,440	98,303	12,137	12.3%
Net operating profit	67,307	65,698	1,609	2.4%
Net profit/(loss) for the period [(1)]	26,956	38,139	-11,183	-29.3%

(1) pertaining to the Parent Company

(2) Reclessified Income Statement

FINANCIAL RATIOS

	30.06.2008 pro-forma	30.06.2007 pro-forma	Change Amount
Shareholders' equity / Total assets	7.8%	7.1%	0.7%
Shareholders' equity / Loans and advances to customers	12.5%	11.9%	0.6%
Shareholders' equity / Amounts due to customers	16.4%	15.4%	1.0%
Shareholders' equity / Securities issued	42.5%	36.9%	5.6%
Financial assets / Total assets	28.2%	32.6%	-4.4%
Amounts due from banks / Total assets	5.0%	3.3%	1.7%
Loans and advances to customers / Total assets	62.0%	59.2%	2.9%
Loans and advances to customers / Direct deposits from customers	88.4%	89.2%	-0.8%
Amounts due to banks / Total assets	0.4%	3.3%	-2.9%
Amounts due to customers / Total assets	47.2%	45.8%	1.4%
Securities issued / Total assets	18.3%	19.1%	-0.9%
Financial liabilities at fair value through profit or loss / Total assets	17.2%	15.4%	1.8%
Direct deposits from customers / Total assets	70.2%	66.4%	3.9%
Operating charges / Operating income (Cost/Income ratio)	62.1%	59.9%	2.2%
Net interest income / Operating income	64.0%	59.3%	4.7%
Net operating profit / Operating income	37.9%	40.1%	-2.2%
Net profit/(loss) for the period / Shareholders' equity (R.O.E.) - annualized	8.4%	15.3%	-6.9%

STRUCTURE AND PRODUCTIVITY DATA

	30.06.2008 pro-forma	30.06.2007 pro-forma	Change Amount	%
Number of employees	1,751	1,623	128	7.9%
Number of bank branches	154	140	14	10.0%
In thousands of Euros				
Loans and advances to customers by employee	3,036	2,766	270	9.8%
Direct deposits from customers by employee	3,437	3,103	334	10.8%
Operating income by employee - annualized	203	202	1	0.5%

3 - THE BASELINE SCENARIO

During the first six months of the year, the international scenario continued to record a number of factors of weakness and causes for concern, such as the continuing financial market crisis accompanied by the situation, now known to all, of a lack of liquidity in the system, rises in the prices of energy sources and of oil in particular, a weak dollar and high inflation rates. The fragility of these cyclical indicators in terms of industrial production, domestic demand and general confidence all contribute to the generation of great uncertainty in the macroeconomic scenario.

In the United States, the property market crisis, the main cause of the fall of 6.9% in investments in the first quarter, together with the financial crisis that is also hitting numerous banks associated with issuing sub-prime mortgage loans, frustrated the results of the economic growth achieved by the recovery in consumption as well as, above all, in higher exports, and continues to stoke up enormous tension on world financial markets.

Oil prices leapt to figures substantially double those of the previous year and increases in the cost of energy, together with rises in the prices of food products and raw materials, also contributed to generate inflationary pressure both in industrialised and emerging countries. Specifically, in the United States inflation rose to 4.2% in May, while it also continued to rise in the Eurozone in the second quarter, reaching 4.0% in June, the highest figure since the adoption of the single currency, which led the ECB to raise the prime rate by 0.25% up to 4.25% in early July.

As regards currency rates, the Euro further strengthened both against the Dollar, reaching an average rate of 1.57 in early July, and against the Yen, reaching an average of 166.3 in June.

The increase in GDP recorded in the Eurozone, 0.7% higher than in the previous period, largely due to significant growth in Germany (1.5%), was a reflection of temporary factors and foreshadowed a lower final result in the second quarter, especially in terms of industrial production.

In Italy, the most recently updated indicators show a clear slowdown in the relatively brisk performance of GDP recorded in the first quarter, so that the economic growth forecasts for 2008 are reviewed downwards and are now less than 0.5%.

Consumption continued to feel the effects of the low growth in real terms of available household income, which was under pressure from high increases in the costs of energy and food. Business pessimism as recorded in economic surveys and the increase in the costs of borrowing put a brake on investment, above all for plant, equipment and means of transport.

Industrial activity, which weakened in the second quarter with a growth rate that remains lower than those of the main economies in the Eurozone, continues to have a bad effect on price competitiveness, already compromised by the appreciation of the single currency. Bank lending to business continued to increase at a high rate even if it showed signs of slowing down, in this joining the now familiar trend of lending to households.

4 - THEMES OF STRATEGIC IMPORTANCE AND DEVELOPMENT POLICIES

4.1 - DEVELOPMENT OF THE DISTRIBUTION NETWORK

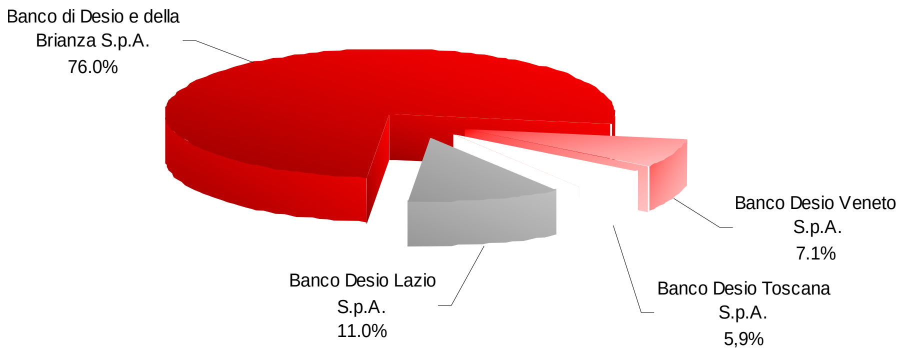
The continuity of the policy of targeted geographic expansion at quite a strong rate allowed the Group to reach the number of 154 branches at the end of the half year, 14 branches more than in the first half year of the previous year, representing a 10% rise.

The table below shows the breakdown of the overall distribution network by individual bank of the Group, also indicating the changes compared to the previous half-year, while the following chart represents its percentage breakdown, also by region, as of 30 June 2008.

Table no. 1 - **THE GROUP DISTRIBUTION NETWORK: BREAK-DOWN BY BANK**

Branches	30.06.2008	Percentage break-down	30.06.2007	Percentage break-down	Changes Value	Changes %
Banco di Desio e della Brianza S.p.A.	117	76.0%	110	78.6%	7	6.4%
Banco Desio Veneto S.p.A.	11	7.1%	8	5.7%	3	37.5%
Banco Desio Toscana S.p.A.	9	5.9%	8	5.7%	1	12.5%
Banco Desio Lazio S.p.A.	17	11.0%	14	10.0%	3	21.4%
Group distribution network	**154**	**100.0%**	**140**	**100.0%**	**14**	**10.0%**

Chart no. 1 - **THE GROUP DISTRIBUTION NETWORK: PERCENTAGE BREAK-DOWN BY BANK**



Since the period of comparison, the Parent Company has opened five new branches in Piedmont, of which two in the regional capital and one at Novara in the second half of 2007, one at Casale Monferrato in the province of Alessandria on 7 June 2008 (this completing the 2007 branches plan), one at Asti on 28 April 2008 and two new branches in Emilia Romagna, one in Parma in the second half of 2007 and one in Reggio Emilia on 5 May 2008, making a total of 117 branches at the end of the half year.

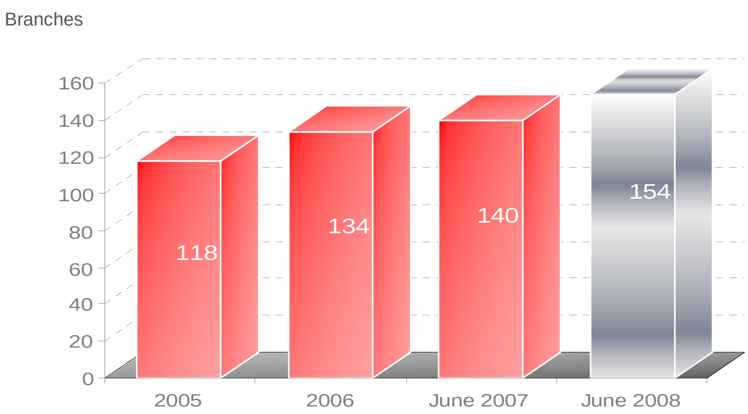
As regards subsidiaries, Banco Desio Lazio S.p.A. continued to increase its presence in the capital and surrounding areas, opening branches at Ostia, Rome, in the second half of 2007, in Viterbo on 27 March 2008 and Pomezia, in the province of Rome, on 16 June 2008, making a total of 17 branches.

After the new branches in Cittadella and Piove di Sacco, both in the province of Padua, in the second half of 2007, in addition to the one in Thiene, the main town in the Val d'Astico in the province of Vicenza, on 21 April 2008, Banco Desio Veneto S.p.A. had eleven branches at the end of the half year, being represented in the provinces of Vicenza, Verona, Padua and Treviso.

Finally, after opening the Florence branch at Novoli in the second half of 2007, Banco Desio Toscana S.p.A. has a structure composed of nine branches and is therefore represented in the provinces of Pisa, Prato, Lucca and Leghorn in addition to Florence.

The chart below shows the dimensional growth of the banking Group as of 2006, with a growth rate corresponding to a Compound Annual Growth Rate (CAGR) of 11.2%.

Chart no. 2 - **THE GROUP DISTRIBUTION NETWORK: GROWTH IN SIZE IN THE LAST FEW YEARS**



4.2 - MAJOR CORPORATE EVENTS DURING THE HALF YEAR

Distribution partnership between the Parent Company and Helvetia and the ownership structure of Chiara Vita S.p.A.

On 29 May 2008 the Parent Company concluded negotiations with the Swiss insurance group, Helvetia, regarding a partnership based on a long-term distribution agreement.

The ownership structure of Chiara Vita SpA, at present 100% of which is in the hands of the Parent Company, is in the framework of this plan, consistently with the strategy guidelines laid down in the Group's Business Plan for 2008-2009.

In greater detail, the Helvetia Group is to enter Chiara Vita SpA's shareholder structure with a 70% quota under the arrangements that have been made and subject to the satisfaction of the suspensive conditions related to clearance from the competent Italian and Swiss authorities. The transaction will presumably be completed during the last part of this financial period and the partnership will be regulated by the shareholders' agreement that, as regards the company's governance, will assure that Banco Desio e della Brianza S.p.A. will be substantially represented on the Company's Board of Directors.

Sale of additional interests in subsidiary Chiara Assicurazioni S.p.A. by the Parent Company

In line with the policy adopted to render increasingly "less captive" the product companies, and consistently with the strategic approach adopted since the start of the "non-life company" project, during the half year the Parent Company completed the sale of additional interests in subsidiary Chiara Assicurazioni S.p.A.. Specifically, a 10% interest was sold to Banca Cassa Risparmio di Risparmio di Asti S.p.A., 5% to Banca di Credito Cooperativo - BCC Roma and a further 5% to Cassa di Risparmio di Ferrara S.p.A., with a total capital gain of around Euro 0.5 million, thus reducing to 67.5% the interest held by the Bank in the Company.

Transition from "Blue-Chip" to "Standard" trading segment in Banco di Desio e della Brianza S.p.A.'s share quotation on the Telematic Share Market of the Italian Stock Exchange.

Starting from 25 March 2008 the ordinary and savings shares of the Parent Company Banco di Desio e della Brianza S.p.A., previously traded in the Blue-Chip segment of the Telematic Share Market, were transferred to the Class 1 of the Standard segment, in that the capitalisation of the ordinary shares decreased below the Euro 1 billion threshold as provided for in the Instructions to the Italian Stock Exchange Regulations for the distribution of financial instruments between Blue-Chip and other segments.

Furthermore, as before with effect from 25 March 2008, Banco di Desio e della Brianza ordinary shares were excluded from the basket used by the Midex Index.

4.3 - OTHER TRANSACTIONS / MAJOR CORPORATE EVENTS RELATING TO GROUP COMPANIES OR ASSOCIATES

Increases in Share Capital of a number of subsidiaries

For the purpose of supporting local development and operating growth, and for the direct strengthening of the regulatory capital of the subsidiaries Banco Desio Lazio S.p.A. (also in light of the recent acquisition of the controlling interest in FIDES S.p.A.), Banco Desio Toscana S.p.A. and Banco Desio Veneto S.p.A., in accordance with the provisions of the respective 2008-2009 two-year Business Plans, the relevant extraordinary meetings approved, in April 2008, the following capital increases against payment, underwritten and paid for by the Parent Company Banco di Desio e della Brianza S.p.A.:

- as regards Banco Desio Lazio S.p.A., a share capital increase of nominal Euro 10 million (from Euro 37.7 million to Euro 47.7 million);

- as regards Banco Desio Toscana S.p.A., a share capital increase of nominal Euro 10 million (from Euro 13,774,017.00 million to Euro 23,774,017.00 million);

- as regards Banco Desio Veneto S.p.A., a share capital increase of nominal Euro 12 million (from Euro 23.1 million to Euro 35.1 million), with a share premium, to be recognised in the appropriate provision, of Euro 3 million.

Sale by the subsidiary Brianfid-Lux S.A. of the control interest in Valorfin S.A.

On 6 March 2008, the sale by the Luxembourg subsidiary Brianfid-Lux S.A. of an aggregate 90% interest in the Swiss fiduciary company Valorfin S.A. was executed, thus realising a capital gain of Euro 0.4 million before taxes.

The transaction thus determined a reduction to 10% of the investment in the company in question and its exit from the consolidation area of the Banco Desio Group.

Further increase to 100% of the equity interest held by the subsidiary Brianfid-Lux S.A. in the subsidiary Credito Privato Commerciale - CPC S.A.

After the exercise of the last put option by the minority shareholders, executed in the first days of 2008, the equity interest held by the subsidiary Brianfid-Lux S.A. in the Swiss subsidiary Credito Privato Commerciale - CPC S.A. reached 100%.

Tuscany Regional Inland Revenue Office inspection of subsidiary Banco Desio Toscana S.p.A.

On 12 May 2008 the Tuscany Regional Inland Revenue Office terminated its inspection of subsidiary Banco Desio Toscana S.p.A., which had begun in the previous month. The inspection regarded the 2004 tax year, especially operating costs and intra-group relations for the purposes of IRES state corporation tax and IRAP regional corporation tax.
The observations made in the report drawn up at the end of the inspection were considered in defence pleadings submitted to the Inland Revenue. Prudentially, pending a decision, Euro 22,000 were appropriated as a provision.

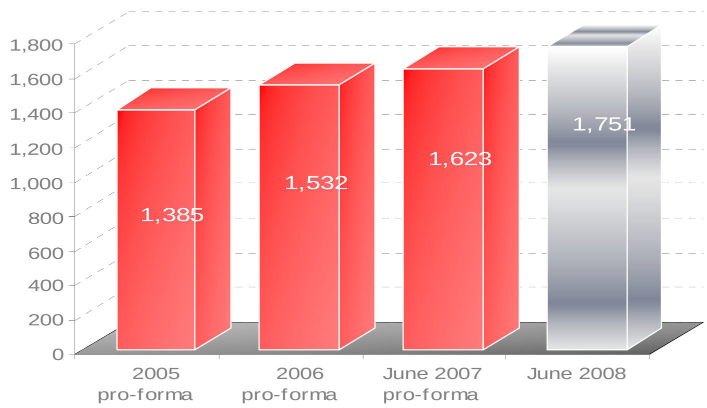
5 - HUMAN RESOURCES

As at 30 June 2008, the Banco Desio Group counted 1,751 employees, with an increase of 128 units, up 7.9%, compared to the pro-forma aggregate of the first half-year of the previous financial period.

As of the beginning of 2006, the compound annual growth rate (C.A.G.R.) registered in the headcount was equal to 9.8%, lower than that registered in the distribution network, equal to 11.2%, as evidenced by the numeric data represented in the chart below, and with a decidedly low turnover rate.

Chart no. 3 - **THE INCREASE IN THE GROUP STAFF NUMBERS IN THE LAST FEW YEARS**

Employees



The following table shows in details the staff employed based on the qualification level at the end of June 2008, compared with the final data of the previous year.

Table n. 2 - **STAFF: BREAK-DOWN BY QUALIFICATION LEVEL**

No. of employees	30.06.2008	Percentage break-down	30.06.2007 pro-forma	Percentage break-down	Change Value	Change %
Executives	38	2.2%	36	2.2%	2	5.6%
3rd and 4th level managers	406	23.2%	364	22.4%	42	11.5%
1st and 2nd level managers	446	25.5%	395	24.3%	51	12.9%
Other personnel	861	49.2%	828	51.0%	33	4.0%
Group staff	**1,751**	**100.0%**	**1,623**	**100.0%**	**128**	**7.9%**

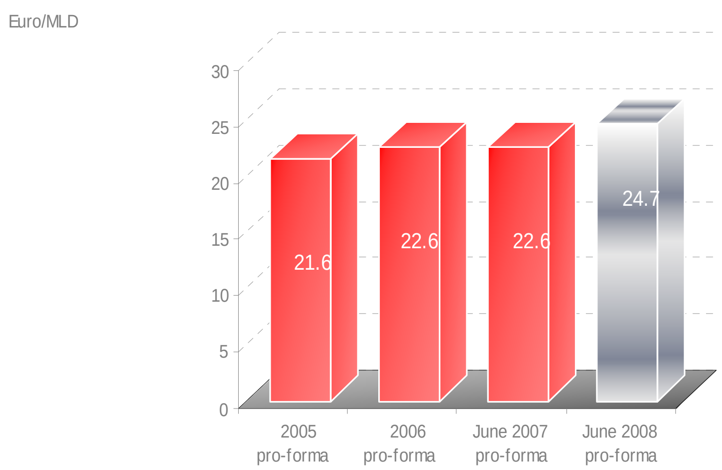
6 - MANAGEMENT TREND

6.1 - SAVINGS DEPOSITS: ADMINISTERED CUSTOMER ASSETS

At the end of the half-year, the aggregate of the assets under administration from clients rose to approximately Euro 24.7 billion, with an increase of Euro 2.1 billion, i.e. 9.1% over the data of the end of June 2007.

The chart below shows the performance of the overall deposits as of 2006, with an implicit compound annual growth rate (C.A.G.R.) of 5.5%.

Chart no. 4 - **TOTAL DEPOSITS: THE TREND OVER THE LAST FEW YEARS**



With reference to the breakdown of the aggregate figure, table 3 shows the amounts of the various components during the comparison period.

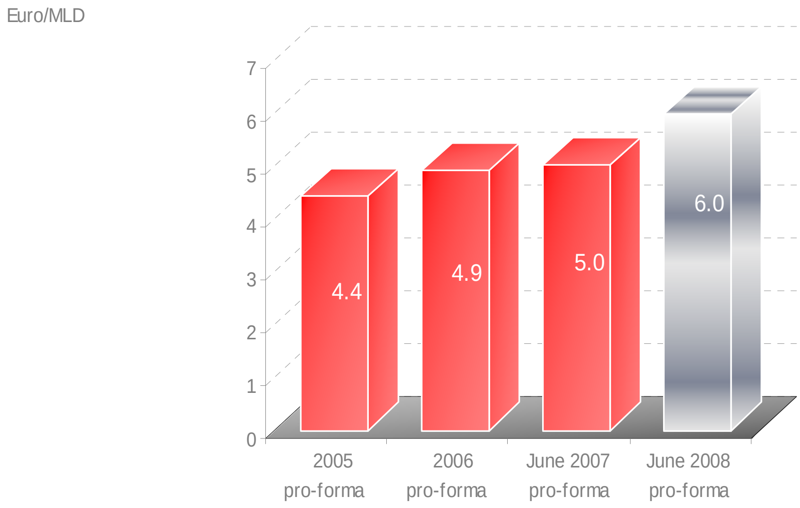
Table no. 3 - **DEPOSITS FROM CUSTOMERS**

Amounts in thousands of Euros	30.06.2008 pro-forma	Percentage break-down	30.06.2007 pro-forma	Percentage break-down	Change Value	Change %
Amounts due to customers	4,048,069	16.4%	3,479,057	15.4%	569,012	16.4%
Securities issued	1,565,471	6.3%	1,451,667	6.4%	113,804	7.8%
Financial liabilities at fair value through profit or loss (Banking Group)	404,174	1.6%	105,218	0.5%	298,956	284.1%
Direct deposits	**6,017,714**	**24.4%**	**5,035,942**	**22.2%**	**981,772**	**19.5%**
Financial liabilities at fair value through profit or loss (Insurance company)	**1,073,782**	**4.3%**	**1,066,230**	**4.7%**	**7,552**	**0.7%**
Indirect deposits	**17,620,172**	**71.3%**	**16,546,490**	**73.1%**	**1,073,682**	**6.5%**
Total deposits from customers	**24,711,668**	**100.0%**	**22,648,662**	**100.0%**	**2,063,006**	**9.1%**

Direct deposits

As of 30.06.08 direct deposits were higher than Euro 6 billion, up 19.5%. The increase in direct deposits during the last few years of business for the Group, is represented in the chart below, with annual growth rates corresponding to a CAGR of 12.8% as from 2006.

Chart no. 5 - **DIRECT DEPOSITS: THE TREND OVER THE LAST FEW YEARS**



As at the end of this half-year the most relevant item of direct deposits, amounting to approximately Euro 4 billion, corresponding to 67.3% of the aggregate, is represented by the “amounts due to customers”, which reflect, as for Euro 3.3 billion, the “sight” deposits, i.e. current accounts and savings deposits, and reverse repurchase agreements for Euro 0.7 billion, both showing percentage increases similar to those registered at the end of the first half-year 2007, as shown in the table below.

Table no. 4 - **AMOUNTS DUE TO CUSTOMERS: BREAK-DOWN**

Amounts in thousands of Euro	30.06.2008 pro-forma	Percentage break-down	30.06.2007 pro-forma	Percentage break-down	Change Value	Change %
Current accounts and savings deposits	3,320,983	82.0%	2,906,483	83.5%	414,500	14.3%
Reverse repurchase agreements	727,086	18.0%	572,574	16.5%	154,512	27.0%
Amounts due to customers	**4,048,069**	**100.0%**	**3,479,057**	**100.0%**	**569,012**	**16.4%**

Outstanding securities, which show a balance as at the end of the half-year equal to Euro 1.6 billion, almost entirely reflect bonds issued and placed by the Parent Company and by local banks, mainly paying a floating rate return, and inclusive of approximately Euro 0.1 billion of subordinated securities. The balance of financial liabilities at fair value through profit and loss (Banking Group), stated in accordance with the fair value option, also refers to bonds issued by the Parent Company and by the local banks, but hedged by derivative financial instruments.

Financial liabilities at fair value through profit and loss (Insurance company)

The amount is made up of amounts due to customers of the company Chiara Vita S.p.A. for underwritten insurance products.

Indirect deposits

As regards indirect deposits, the overall aggregate registered, as of June 30 2008, a growth of Euro 1.1 billion, up 6.5% compared to the first half-year of the previous year, with contributions coming from institutional clients, following the increase in volumes connected with the custodian bank services. The increase was partially offset by a decrease in deposits from retail customers, which continue to feel the effects of the prolonged difficulties in the world financial markets.

The chart below shows the growth trend in indirect deposits as of 2006, characterised by a compound annual growth rate (C.A.G.R.) of 3.2%, while the following table details the breakdown of the aggregate figure at the end of the period, reporting the changes recorded against the half-year report at 30.06.07.

Chart no. 6 - **INDIRECT DEPOSITS: THE TREND OVER THE LAST FEW YEARS**

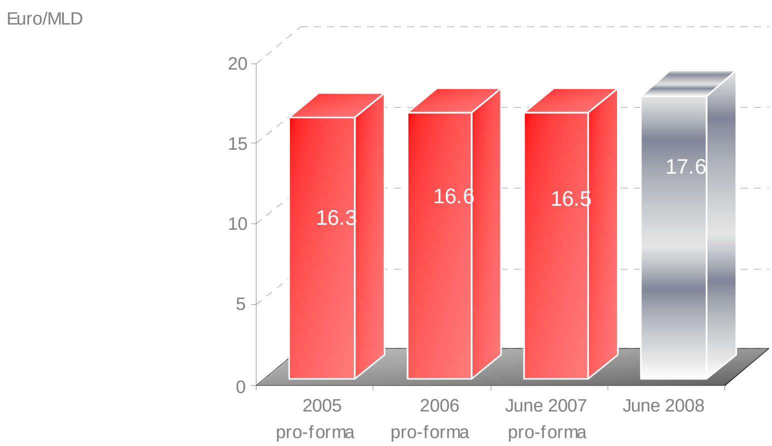


Table no. 5 - **INDIRECT DEPOSITS**

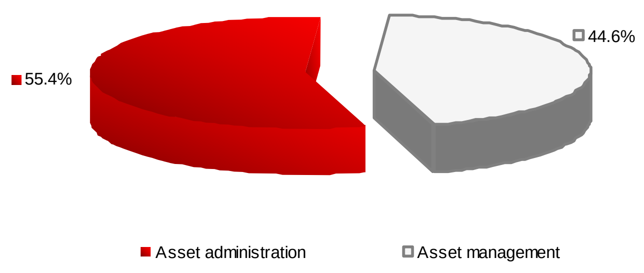
Amounts in thousands of Euros	30.06.2008	Percentage break-down	30.06.2007 pro-forma	Percentage break-down	Change Value	Change %
Asset administration	**4,414,721**	**25.1%**	**4,482,351**	**27.1%**	**-67,629**	**-1.5%**
Asset management	**3,548,519**	**20.1%**	**4,107,222**	**24.8%**	**-558,703**	**-13.6%**
of which: Mut.Fund and Open-end Inv. (1)	*1,126,861*	*6.4%*	*1,409,627*	*8.5%*	*-282,766*	*-20.1%*
Portfolio management (2)	*864,774*	*4.9%*	*1,192,972*	*7.2%*	*-328,198*	*-27.5%*
Bank-insurance	*1,556,884*	*8.8%*	*1,504,623*	*9.1%*	*52,261*	*3.5%*
Deposits from retail customers	**7,963,241**	**45.2%**	**8,589,573**	**51.9%**	**-626,332**	**-7.3%**
Deposits from institutional customers	**9,656,931**	**54.8%**	**7,956,917**	**48.1%**	**1,700,014**	**21.4%**
Indirect deposits	**17,620,172**	**100.0%**	**16,546,490**	**100.0%**	**1,073,682**	**6.5%**

(1) net of mutual fund and open-end investments units under portfolio management and fund-based portfolio management
(2) net of liquidity in current accounts and of securities issued by Group banks

The analysis of indirect deposits from retail customers shows a decrease of nearly Euro 0.6 billion, which may mainly be attributed to the “asset management” which, however, records an increase in the “life” bank insurance sector, characterised by a commercial offer for increasingly customised products.

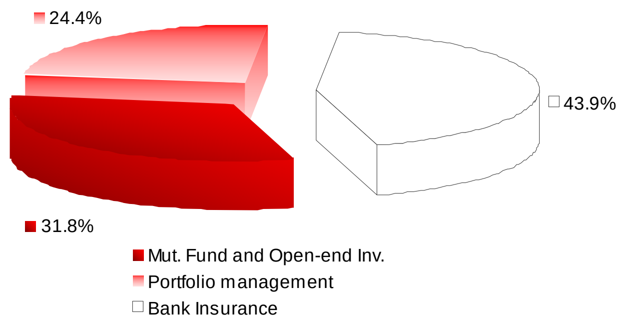
The percentage breakdown by segment of the indirect deposits from retail clients as of 30 June 2008, as represented in the chart below, shows the prevalence of the portion attributable to “asset administration” over the “asset management” component.

Chart no. 7 - **INDIRECT DEPOSITS FROM RETAIL CUSTOMERS BY SECTOR AS OF 30.06.2008: BREAK-DOWN**



The graph set out below concentrates rather, on the percentage break-down of asset under management, indicating how bank-insurance "life" sector represents the most important component, 43.9% of the total.

Chart no. 8 - **INDIRECT DEPOSITS FOR ASSET MANAGEMENT AS OF 30.06.2008: BREAK-DOWN**

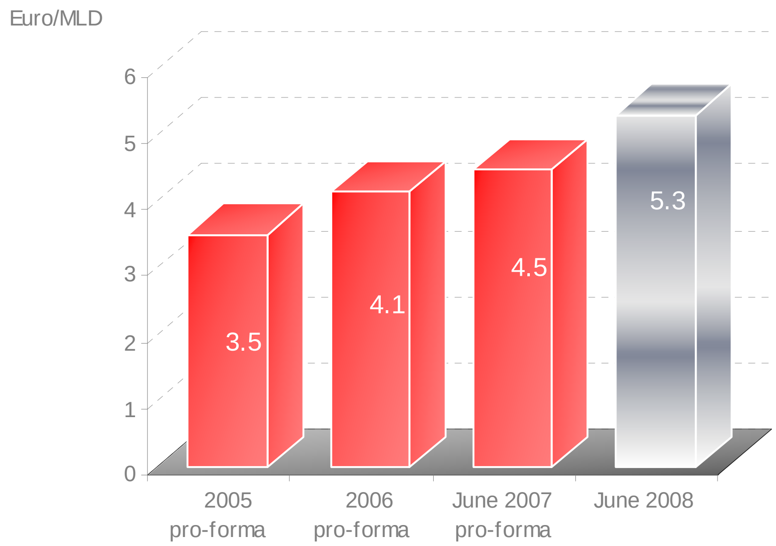


With reference to the deposits from institutional customers, the good performance reflects the particularly intense business of the custodian bank, following the merger of the DWS Investments Italy SGRp.A. mutual funds into the Anima SGRp.A. funds in the second half of 2007.

6.2 - CREDIT MANAGEMENT: LOANS TO CUSTOMERS

As of June, 30 2008, the total value of loans to customers reached Euro 5.3 billion, with an increase of 18.4% with respect to the pro-forma balance of the six-month period of the previous year. This a performance higher than the average recorded as of 2006, which represents a compound annual growth rate of 18% – the related trends have been illustrated in the graph set out below.

Chart no. 9 - **THE TREND OF LOANS TO CUSTOMERS OVER THE LAST FEW YEARS**



The table below highlights how the six month period was characterised by significant performances in all the components of the aggregate, with performances above the average of the national banking system.

Table no. 6 - **LOANS AND ADVANCES TO CUSTOMERS**

Amounts in thousands of Euros	**30.06.2008**	**Percentage break-down**	**30.06.2007 pro-forma**	**Percentage break-down**	**Change Value**	**Change %**
Current accounts	1,580,472	29.7%	1,331,253	29.6%	249,219	18.7%
Mortgages and other medium/long term loans	2,849,868	53.6%	2,335,290	52.0%	514,578	22.0%
Other	986,518	18.6%	823,409	18.3%	163,109	19.8%
Loans and advances to customers	**5,316,857**	**100.0%**	**4,489,952**	**100.0%**	**826,905**	**18.4%**

The guidelines based on the principles of prudence, diversification and targeted development characterising the credit policies of the whole Banco Desio Group, constitute the essential element in the credit provision strategy, permitting a degree of concentration on smaller figures.

Within the distribution of cash loans, at the end of the half year the percentage of the loans attributable to largest clients on the aggregate of loans is, as reported in the table below, in line with the data of the same half year in 2007.

Table no. 7 – LOANS TO LARGEST CUSTOMERS: CONCENTRATION INDEX

Number of customers	30.06.2008	30.06.2007
10 largest customers	2.3%	2.1%
20 largest customers	3.4%	3.4%
30 largest customers	4.3%	4.4%
50 largest customers	5.8%	6.1%

As a result of the reclassifications carried out and the extent of the write-downs of “impaired loans”, calculated on the basis of a particularly prudent view and according to the trend and suggestions emerging at system level owing to the well-known difficulties in the sector and, more generally, in the macroeconomic context, which had the effect of worsening credit quality, the gross and net credit risk indicators at 30 June 2008 were higher, even if they remain moderate, than those at the end of the same half year in 2007.

The total amount of impaired loans, represented by non performing loans and problem loans in addition to expired loans, that is persistent breach in relation to continuing failure to comply with credit limits, amounted to Euro 93.9 million, net of value adjustments of Euro 57.4 million. Specifically, net non performing loans amounted to Euro 35.8 million, net problem loans to Euro 34.7 million and expired loans to Euro 23.4 million.

The table below summarises the credit risk indicators for lending to customers during the comparison period.

Table no. 8 - **LOANS AND ADVANCES TO CUSTOMERS: CREDIT RISK INDICATORS**

% Indexes for gross loans	30.06.2008	30.06.2007
Gross impaired loans to customers	2.82%	2.45%
of which:		
- gross non performing loans	1.40%	1.23%
- gross problem loans	0.97%	0.81%
- gross expired loans	0.45%	0.41%

% Indexes for net loans	30.06.2008	30.06.2007
Net impaired loans to customers	1.77%	1.57%
of which:		
- net non performing loans	0.67%	0.62%
- net problem loans	0.65%	0.55%
- net expired loans	0.44%	0.40%

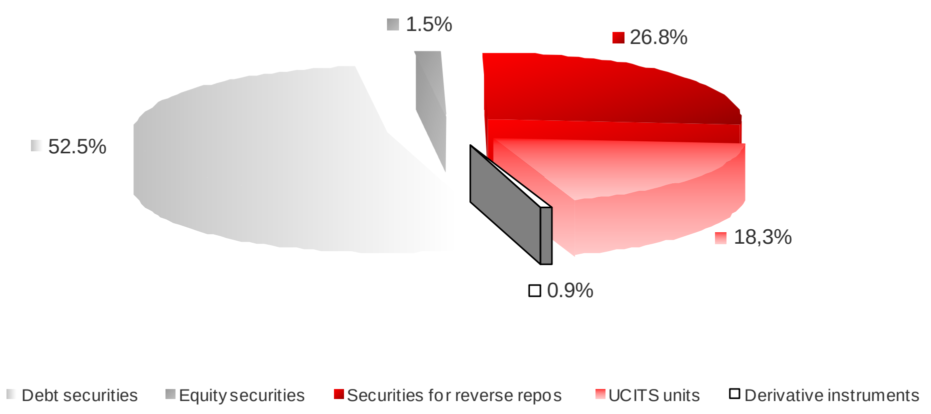
6.3 THE SECURTIES PORTFOLIO AND THE INTER-BANK ACTIVITIES

The securities portfolio

As of 30 June 2008 the Group total financial assets stood at a value of Euro 2.4 billion, showing a decrease of 0.1 billion with respect to the pro-forma final figure of the first half-year in 2007.

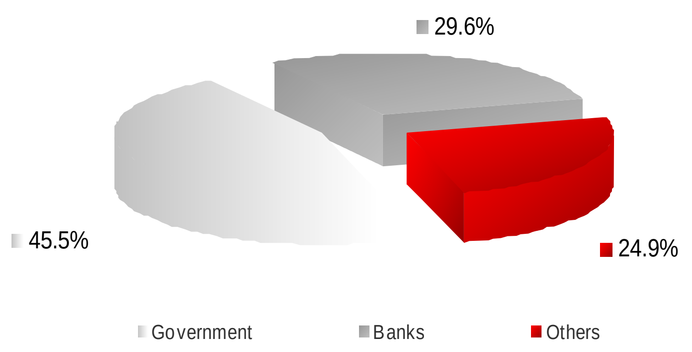
The chart below presents the percentage breakdown of the portfolio based on the types of securities, showing debt securities as the most significant element, followed by the securities used in reverse repurchases agreements with customers and banks.

Chart no. 10 - **FINANCIAL ASSETS: PERCENTAGE BREAK-DOWN BY TYPE OF SECURITY AT 30.06.2008**



As evidenced in the graph below, with reference to the issuers of the securities, the aggregate portfolio at the end of the half-year is comprised by Government securities, the major share, followed by bank securities. The third component, “other issuers”, accounts for 25% of the total.

Chart no. 11 - **FINANCIAL ASSETS: PERCENTAGE BREAK-DOWN BY ISSUER AT 30.06.2008**



Inter-bank activities

The inter-bank balance at 30 June 2008 showed a positive amount of about Euro 0.4 billion, compared with that of practically zero reported for the first six months of last year.

6.4 - THE CONSOLIDATED SHAREHOLDERS' EQUITY AND THE REGULATORY CAPITAL

Consolidated Shareholders' Equity at the end of the half-year, including the net profits of the period, amounted to a total of Euro 665.4 million, an increase of Euro 129.3 million with respect to the figure recorded for the first half 2007.

Shareholders' Equity calculated in accordance with the supervisory regulations in force, amounted to Euro 600.6 million with respect to Euro 522.7 million of the reference period. The figure is made up of basic shareholders' equity of Euro 575.4 million (Euro 479.8 million at the end of June 2007) and of supplementary shareholders' equity of Euro 69.1 million (Euro 96.6 million at the end of June 2007) from revaluation reserves, positive reserves on securities and subordinated liabilities. The elements to be deducted amounted to Euro 43.8 million and refer to equity investments in financial and insurance bodies.

6.5 - THE INCOME STATEMENT

A new reclassified Income Statement was drawn up, with differences from the financial statements format, in order to provide a view that is more consistent with the state of affairs, and this is the basis for the comments that follow.

The data used for the preparation of the reclassified schedule at 30 June 2008 are the same as those reported in the half-year Report, while those of the pro forma Balance Sheet at 30 June 2007 were used for the previous period's statements. This pro-forma version of the Balance Sheet, as already mentioned in the introductory comments, was prepared in the interests of greater homogeneousness in the comparison between the individual items in the periods after the Parent Company's sale of 29.72% of the equity of Anima SGRp.A., now an associate company, in July 2007. The Income Statements for both periods are, however, annexed to this interim Report on Operations.

This is a summary of the criteria for the preparation of the statement:

- net income from insurance activities includes the following insurance Companies revenues (Chiara Vita S.p.A. e Chiara Assicurazione S.p.A.): net interest income (of which items 10 and 20), net insurance premiums (item 150), net profits (losses) from trading activities (of which item 80), profit (loss) from assignment or repurchase of available-for-sale financial assets (of which item 100), net gain (loss) on financial assets/liabilities at fair value through profit and loss (of which item 110), other operating expenses/income (of which item 220) and the balance of other income/charges arising on insurance management activities (item 160);
- tax recoveries (of which item 220 "other operating expenses/income") are reclassified as reductions of item 180b, "Other administrative expenses";
- profit (loss) from equity investments in associate companies includes the portions for the period related to these associate companies (of which item 240 "Profits (losses) from equity investments");

- items 200-210 “Net adjustments to the value of tangible and intangible assets” also includes the amortization of leasehold improvements (of which item 220 “other operating expenses/income”);

- profit (loss) from equity investments and sale of investments includes item 240 “Profits (losses) from equity investments”, net of the portions for the period related to the associated companies and item 270 “Profits (losses) from sale of investments”;

- item 130a “Net impairment losses on loans and receivabes” also includes Profit (loss) from assignment or repurchase of receivables (item 100a) and uses of / accruals to the provisions for claw-back actions in bankruptcy and litigation (item 190, “Net provisions for risks and charges”).

The first half-year accounting period ended with net profits for the Parent Company of Euro 27 million, as shown in the following table setting out the new reclassified Income Statement compared to the previous period pro-forma Income Statement.

Table no. 9 - **RECLASSIFIED INCOME STATEMENT**

Items	*Amounts in thousands of Euros*	30.06.2008	30.06.2007 pro-forma	Change Value	Change %
10+20	Net interest income	113,669	97,194	16,475	17.0%
70	Dividend and similar income	1,483	974	509	52.3%
	Profits from associates	811	0	811	
40+50	Net fee and commission income	41,970	42,588	-618	-1.5%
80+90+100+110	Net profit/(losses) from trading activities, hedging activities, assignment/repurchase and from financial assets and liabilities at fair value through profit and loss	-668	5,711	-6,379	-111.7%
150+160	Net result of insurance activities	9,510	7,760	1,750	22.6%
220	Other operating income and expenses	10,972	9,774	1,198	12.3%
	Operating income	**177,747**	**164,001**	**13,746**	**8.4%**
180 a	Staff expenses	-68,605	-60,278	-8,327	13.8%
180 b	Administrative expenses	-36,982	-33,787	-3,195	9.5%
200+210	Net adjustments to the value of /write-backs to tangible and intangible assets	-4,853	-4,238	-615	14.5%
	Operating expenses	**-110,440**	**-98,303**	**-12,137**	**12.3%**
	Net operating profit	**67,307**	**65,698**	**1,609**	**2.4%**
130 a	Net impairment losses on loans and receivables	-24,024	-10,089	-13,935	138.1%
130 d	Net impairment losses on other financial transactions	-381	-226	-155	68.6%
190	Net provisions for risks and charges	485	2,240	-1,755	-78.3%
240+270	Profit (loss) from equity investments and sale of investments	1,603	4,777	-3,174	-66.4%
	Profits/(losses) before taxes from continuing operations	**44,990**	**62,400**	**-17,410**	**-27.9%**
290	Taxes for the period on income from continuing operations	-17,942	-24,048	6,106	-25.4%
	Profits/(losses) after taxes from continuing operations	**27,048**	**38,352**	**-11,304**	**-29.5%**
	Net profit/(loss) for the period	**27,048**	**38,352**	**-11,304**	**-29.5%**
330	(Profit)/loss for the period attributable to minority interests	-92	-213	121	-56.8%
	Parent Bank net profit (loss)	**26,956**	**38,139**	**-11,183**	**-29.3%**

In order to facilitate the adaptation of the reclassified Income Statement to the data in the financial statements, shown below, for each period, is a reconciliation statement linking the figures associated with the aggregates in the statement with the amounts in the reclassifications that were carried out.

Table no. 10 - RECONCILIATION STATEMENT BETWEEN THE FINANCIAL STATEMENT AND THE RECLASSIFIED INCOME STATEMENT AS AT 30.06.2008

Items		Financial statement	Reclassifications						Reclassified statement
Amounts in thousands of Euros		30.06.2008	Net result of insurance activities	Tax recovery	Profits from associates	Amortization of leasehold improvements	Profits (losses) from assignment /repurchase of receivables	Uses of / accruals to the provisions for risks and charges	30.06.2008
10+20	Net interest income	132,826	-19,157						113,669
70	Dividend and similar income	1,483							1,483
	Profit (loss) from equity investments in associate companies				811				811
40+50	Net fees and commissions	41,970							41,970
80+90 + 100+110	Net profits (losses) from trading activities, hedging activities, assignment/repurchase and from financial assets/liabilities at fair value through profit and loss	-10,389	9,334				387		-668
150+160	Net result of insurance activities	-843	10,353						9,510
220	Other operating income / expenses	15,886	-530	-5,423		1,039			10,972
	Operating income	**180,933**	**0**	**-5,423**	**811**	**1,039**	**387**	**0**	**177,747**
180 a	Staff expenses	-68,605							-68,605
180 b	Other administrative expenses	-42,405		5,423					-36,982
200+210	Net adjustments to the value of /write-backs to tangible and intangible assets	-3,814				-1,039			-4,853
	Operating expenses	**-114,824**	**0**	**5,423**	**0**	**-1,039**	**0**	**0**	**-110,440**
	Net operating profit	**66,109**	**0**	**0**	**811**	**0**	**387**	**0**	**67,307**
130 a	Net impairment losses on loans and receivables	-23,902					-387	265	-24,024
130 d	Net impairment losses on other financial transactions	-381							-381
190	Net provisions for risks and charges	750						-265	485
240	Profits/(losses) from equity investments	1,652			-811				841
270	Profits/(losses) from sale of investments	762							762
240+270	Profit (loss) from equity investments and sale of investments	2,414			-811				1,603
	Profits/(losses) before taxes from continuing operations	**44,990**	**0**	**0**	**0**	**0**	**0**	**0**	**44,990**
290	Taxes for the period on income from continuing operations	-17,942							-17,942
	Profits/(losses) after taxes from continuing operations	**27,048**	**0**	**0**	**0**	**0**	**0**	**0**	**27,048**
	Net profit/(loss) for the period	**27,048**	**0**	**0**	**0**	**0**	**0**	**0**	**27,048**
330	(Profit)/loss for the period attributable to minority interests	-92							-92
	Parent Bank net profit (loss)	**26,956**	**0**	**0**	**0**	**0**	**0**	**0**	**26,956**

Table no. 11 - RECONCILIATION STATEMENT BETWEEN THE "PRO-FORMA" FINANCIAL STATEMENT AND THE RECLASSIFIED INCOME STATEMENT AS AT 30.06.2007

Items		Financial statement	Reclassifications				Reclassified statement
Amounts in thousands of Euros		30.06.2007 pro-forma	Net result of insurance activities	Tax recovery	Amortization of leasehold improvements	Uses of / accruals to the provisions for risks and charges	30.06.2007 pro-forma
10+20	Net interest income	111,200	-14,006				97,194
70	Dividend and similar income	974					974
	Profit (loss) from equity investments in associate companies	0					0
40+50	Net fees and commissions	42,588					42,588
80+90 + 100+110	Net profits (losses) from trading activities, hedging activities, assignment/repurchase and from financial assets/liabilities at fair value through profit and loss	1,456	4,255				5,711
150+160	Net result of insurance activities	-2,006	9,766				7,760
220	Other operating income / expenses	14,308	-15	-5,419	900		9,774
	Operating income	**168,520**	**0**	**-5,419**	**900**	**0**	**164,001**
180 a	Staff expenses	-60,278					-60,278
180 b	Other administrative expenses	-39,206		5,419			-33,787
200+210	Net adjustments to the value of /write-backs to tangible and intangible assets	-3,338			-900		-4,238
	Operating expenses	**-102,822**	**0**	**5,419**	**-900**	**0**	**-98,303**
	Net operating profit	**65,698**	**0**	**0**	**0**	**0**	**65,698**
130 a	Net impairment losses on loans and receivables	-9,687				-402	-10,089
130 d	Net impairment losses on other financial transactions	-226					-226
190	Net provisions for risks and charges	1,838				402	2,240
240	Profits/(losses) from equity investments	4,777					4,777
270	Profits/(losses) from sale of investments	0					-
240+270	Profit (loss) from equity investments and sale of investments	4,777					4,777
	Profits/(losses) before taxes from continuing operations	**62,400**	**0**	**0**	**0**	**0**	**62,400**
290	Taxes for the period on income from continuing operations	-24,048					-24,048
	Profits/(losses) after taxes from continuing operations	**38,352**	**0**	**0**	**0**	**0**	**38,352**
	Net profit/(loss) for the period	**38,352**	**0**	**0**	**0**	**0**	**38,352**
330	(Profit)/loss for the period attributable to minority interests	-213					-213
	Parent Bank net profit (loss)	**38,139**	**0**	**0**	**0**	**0**	**38,139**

On the basis of the above, it is possible to summarise the trends of the main Income Statement headings as follows.

Operating income

The postings that were the features of operations management show a total increase of 8.4% over the first half year of the previous period, reaching Euro 177.7 million. The increase was especially attributable to the net interest income performance, which, amounting to Euro 113.7 million, was 63.9% of the total amount, with a variation of +17.0%.

Net fees and commissions reached Euro 42 million, representing 23.6% of operating income, slightly lower than the previous period mainly owing to the poor performance of commissions on the placement of securities and in the asset management sector in general, penalised by the crisis in the financial markets in general and by the contingent difficulties of the industry at a system level.

The item including the net profit from trading activities, hedging activities, assignment /repurchase and from financial assets and liabilities at fair value through profit and loss, showed a negative balance of Euro 0.7 million: the change here, with respect to the positive Euro 5.7 million result of the previous period, is in practice attributable to the trading activities.

The other items in this aggregate - dividends and similar income, profit (loss) from equity investments in associate companies, net result of insurance activities and other operating income and expenses - were Euro 4.3 million higher .

Operating expenses

Total operating expenses, including staff expenses, other administrative expenses and net adjustments to the value of tangible and intangible assets, came to Euro 110.4 million, up 12,3% compared to the first half 2007, partly reflecting the increase in staff and partly the development of the distribution network and of the operations of the Group. Specifically, staff expenses and other administrative expenses rose by 13.8% and 9.5% respectively.

Net operating profit

Net operating profit for the first half year, Euro 67.3 million, was consequently 2.4% higher than at 30 June 2007, when it was Euro 65.7 million.

Profits (losses) before taxes from continuing operations

When to the net operating profit were applied net impairment losses on loans and receivables, Euro 24 million, almost entirely due to the extent of the write-downs carried out (inasmuch as recognised losses came to Euro 0.3 million); net impairment losses on other financial transactions, Euro 0.4 million; a positive balance of Euro 0.5 million from the provision for risks and charges; and Euro 1.6 million for the total profit (loss) from equity investments and the sale of investments, the profits (losses) before taxes from continuing operations was Euro 45 million.

This result was a drop of Euro 17.4 million compared with 30 June 2007, 27.9% in percentage terms, mainly attributable to the higher net impairment losses on loans and receivables (Euro 14 million) and a lower contribution from profit (loss) from equity investments and the sale of investments (Euro 3.2 million).

Parent Bank Net Profit (Loss)

Tax on income for the accounting period amounted to Euro 17.9 million and the Parent Bank Net Profit was about Euro 27 million, Euro 11. 2 million lower than the result for the first half year of 2007, conditioned by a lower profit (Euro 4 million) from associate company Anima SGRp.A. and higher net impairment losses on loans and receivables, Euro 14 million.

7 - SIGNIFICANT SUBSEQUENT EVENTS

Opening of new branches

The subsidiary Banco Desio Veneto S.p.A. opened a branch at Castelfranco Veneto, in the province of Treviso, on 21 July 2008, its twelfth branch in the region and the second new bank in the current year.

Agreements for the sale by the Parent Company of additional shares in the subsidiary Chiara Assicurazioni S.p.A.

For the purposes outlined in the preceding point of paragraph 4.2, on 18 July 2008 the Parent Company entered into the preliminary arrangements for a further sale of 2.5% of the equity of Chiara Assicurazioni S.p.A. to the Capital Money Group. This sale should be completed during the third quarter of the year, the equity held in this company thus falling to 65%.

Arrangements for the sale of a 5% portion of the share capital of FIDES S.p.A. by subsidiary Banco Desio Lazio S.p.A.

In the framework of a plan to expand FIDES S.p.A.'s distribution network, on 18 July 2008 the arrangements were signed for subsidiary Banco Desio Lazio S.p.A.'s sale of a 5% portion of the company's share capital to the Capital Money Group.

After the completion of this transaction, which is expected to take place before the end of the year bringing in about Euro 0.4 million revenue, Banco Desio Lazio S.p.A.'s interest in the subsidiary would be 75%.

Again, as regards FIDES S.p.A., as agreed final regularisation for carrying out the purchase of the investment in November 2007, in July Banco Desio Lazio S.p.A. paid Euro 27,000 to the counterparty, with a consequent adjustment to the book value of this investment.

8 - OTHER INFORMATION

8.1 -THE RATING

Confirmation of rating assigned to the Parent Company

On 29 April 2008 the international rating agency Fitch Ratings confirmed all rating levels previously assigned to the Parent Company Banco di Desio e della Brianza S.p.A., based on its stable profitability, which remains good, on the strength of its assets, on the low risk appetite, on the solid and healthy capital structure and levels, despite the rapid expansion, and also based on the fact that costs remained under control.

Long-term	Short-term	Forecast
A	F 1	Stable

8.2 - TRANSACTIONS WITH RELATED PARTIES

The rules on transactions with related Parties is included in a specific "Internal Procedure for the management of transactions governed by Article 136 of the Consolidated Banking Law and with Related Parties in the context of the Group". The regulations were approved by the Parent Company Banco di Desio e della Brianza S.p.A. Board of Directors and implemented by the subsidiaries where applicable.

For a more detailed description of the procedures governing the transactions referred to above, we would refer to the annual Report on the Corporate Governance of the Parent Company.

More specific information regarding transactions with related parties outstanding as at the end of the half year is given in the appropriate section of the short half-year Financial Statements.

8.3 - INFORMATION ON STOCK OPTION PLANS

The Stock Option Plans outstanding as at the end of the half-year refer to those started in 2006, based on the shares in the subsidiaries Banco Desio Veneto S.p.A. and Chiara Assicurazioni S.p.A. (shares yet to be issued against the capital increases resolved pursuant to art. 2443 of the Italian Civil Code), for the details of which reference should be made to the specific section of the half-year Financial Statements.

8.4 DISCLOSURES TO THE MARKET ON THE BASIS OF THE RECOMMENDATIONS IN THE MATTER OF TRANSPARENCY ISSUED BY THE FINANCIAL STABILITY FORUM (FSF) AT THE REQUEST OF THE BANK OF ITALY

In Communication no. 671618 of 18 June 2008 to the Parent Company, the Bank of Italy requested banks fully and accurately to apply the transparency recommendations issued by the Financial Stability Forum (FSF), whose purpose is to assist in the gradual recovery of ordinary market conditions, by making full disclosures in this report. Banks are particularly required to specify the exposure to the financial products that are perceived to be risky, identified in the report issued by the FSF on 7 April 2008.

In this regard, at 30 June 2008, the Group's total position in connection with exposure of this kind, as summarised in Appendix B to the above report, amounted to Euro 12.2 million, of which Euro 9 million backed by collateral (vehicle company deposits, current account balances and financial instruments) to service the proper fulfilment of the obligations concerned, which come to 1.25% of the value of the Group's portfolio, as summarised below:

- CDO (*Collateralised Debt Obligations)*
    - SCC 19.09.08 A 4.50% - Book value € 8,969,323.31

    Italian Health Service receivables securitisation transaction, Class A Senior, backed by collateral.
- CMBS *(Commercial Mortgage-Backed Securities)*
    - SCIP TV% 26.4.25-2A5 - Book value € 823,237.36
    - FIP CL A1 10/1/23 TV - Book value € 2,407,481.27

    Securitisation transaction by means of which the Italian State privatised publicly owned real estate.

9 - BUSINESS OUTLOOK

Continuity in commercial expansion and an increase in operations should hold out the prospects of a satisfactory improvement in the Group's financial position in the second half year, in line with the expectations of the Business Plan.

Nevertheless, the present macroeconomic scenario, in addition to the situation, known to all, of a lack of liquidity in the system, presents the risk of a fall in economic growth and higher inflation, particularly associated with the possibility of even more unfavourable trends in world financial markets and higher energy product prices, which cannot fail to affect management performance trends.

August, 28 2008

The Board of Directors

Banco di Desio e della Brianza S.p.A.

Annexes

	ASSETS *In thousands of Euros*	30.06.2008 pro-forma	30.06.2007 pro-forma
10	Cash and cash equivalents	24,328	21,500
20	Financial assets held for trading	517,818	515,976
30	Financial liabilities at fair value through profit or loss	971,348	962,892
40	Available-for-sale financial assets	922,356	989,774
50	Held-to-maturity investments	8,082	8,051
60	Amounts due from banks	426,053	248,339
70	Loans to and receivables from customers	5,316,857	4,489,952
80	Hedging derivatives	0	4,401
100	Equity investments	9,751	23,041
110	Technical reserves arising from reinsurance	5,015	1,920
120	Tangible assets	145,027	138,344
130	Intangible assets	49,043	41,271
	of which: goodwill	*46,991*	*39,302*
140	Tax assets	41,383	29,220
	a) current	*13,757*	*22,065*
	b) deferred	*27,626*	*7,155*
150	Non-current assets held for sale and discontinuing operations	0	0
160	Other assets	133,716	114,236
	Total Assets	**8,570,777**	**7,588,917**

	LIABILITIES AND SHAREHOLDERS' EQUITY *In thousands of Euros*	30.06.2008 pro-forma	30.06.2007 pro-forma
10	Amounts due to banks	32,817	249,724
20	Amounts due to customers	4,048,069	3,479,057
30	Securities issued	1,565,471	1,451,667
40	Financial liabilities held for trading	13,518	12,159
50	Financial liabilities at fair value through profit or loss	1,477,956	1,171,448
60	Hedging derivatives	1,818	2,768
80	Tax liabilities	26,680	30,386
	a) current	*6,874*	*10,062*
	b) deferred	*19,806*	*20,324*
90	Liabilities on discontinued operations	0	0
100	Other liabilities	236,792	187,950
110	Reserve for employee termination indemnities	24,666	27,601
120	Reserves for risks and charges:	32,802	26,339
	a) pensions and similar commitments	*105*	*87*
	b) other reserves	*32,697*	*26,252*
130	Technical Reserves	441,021	411,494
140	Valuation reserves	10,867	20,353
170	Reserves	543,852	393,871
180	Share premium reserve	16,145	16,145
190	Share capital	67,705	67,705
200	Treasury shares (-)	-79	-111
210	Minority interest (+/-)	3,721	2,222
220	Net profit / (loss) for the period (+/-)	26,956	38,139
	Total Liabilities and shareholders' equity	**8,570,777**	**7,588,917**

	INCOME STATEMENT *In thousands of Euros*	30.06.2008	30.06.2007 pro-forma
10	Interest income and similar revenues	233,325	177,555
20	Interest expense and similar charges	-100,499	-66,355
30	Net interest income	132,826	111,200
40	Fee and commission income	51,110	51,619
50	Fee and commission expense	-9,140	-9,031
60	**Net fee and commission income**	**41,970**	**42,588**
70	Dividend and similar income	1,483	974
80	Net profits/(losses) from trading activities	-13,738	3,140
90	Net profits/(losses) from hedging activities	-53	-143
100	Profit (loss) from assignment or repurchase of:	1,476	1,377
	a) loans and receivables	*-387*	
	b) available-for-sale financial assets	*1,857*	*1,330*
	d) financial liabilities	*6*	*47*
110	Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	1,926	-2,918
120	**Net interest and other banking income (intermediation margin)**	**165,890**	**156,218**
130	Net impairment losses on/writebacks to:	-24,283	-9,913
	a) loans and receivables	*-23,902*	*-9,687*
	d) other financial transactions	*-381*	*-226*
140	**Net income from banking activities**	**141,607**	**146,305**
150	Net insurance premiums	65,209	63,026
160	Balance of other income/charges arising on insurance management activities	-66,052	-65,032
170	**Net result of financial and insurance activities**	**140,764**	**144,299**
180	Administrative expenses:	-111,010	-99,484
	a) staff expenses	*-68,605*	*-60,278*
	b) other administrative expenses	*-42,405*	*-39,206*
190	Net provisions for risks and charges	750	1,838
200	Net adjustments to the value of tangible assets	-3,412	-2,969
210	Net adjustments to the value of intangible assets	-402	-369
220	Other operating (expenses)/income	15,886	14,308
230	**Operating expenses**	**-98,188**	**-86,676**
240	Profits/(losses) from equity investments	1,652	4,777
270	Profits/(losses) from sale of investments	762	
280	**Profits/(losses) before taxes from continuing operations**	**44,990**	**62,400**
290	Taxes for the period on income from continuing operations	-17,942	-24,048
300	**Net profits (loss) after tax from continuing operations**	**27,048**	**38,352**
320	**Net profit/(loss) for the period**	**27,048**	**38,352**
330	Profit (loss) for the period attributable to minority interests	-92	-213
340	**Parent Bank net profit (loss)**	**26,956**	**38,139**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheet

Assets

(Euro/1,000)

	ASSETS	30.06.2008	31.12.2007
10	Cash and cash equivalents	24,328	25,547
20	Financial assets held for trading	499,477	453,456
30	Financial assets at fair value through profit or loss	-	906,246
40	Available-for-sale financial assets	476,340	994,793
50	Held-to-maturity investments	8,082	8,075
60	Amounts due from banks	425,713	269,444
70	Amounts due from customers	5,316,857	5,053,858
80	Hedging derivatives	-	4,805
100	Equity investments	41,243	12,194
110	Technical reserves arising from reinsurance	3,477	1,967
120	Tangible assets	144,945	144,987
130	Intangible assets	48,970	49,114
	of which:		
	- *goodwill*	*46,992*	*46,992*
140	Tax assets	21,338	31,844
	a) current	*900*	*12,418*
	b) deferred	*20,438*	*19,426*
150	Non-current assets held for sale and discontinued operations	1,431,160	-
160	Other assets	128,847	122,792
	Total Assets	**8,570,777**	**8,079,122**

Liabilities and shareholders' equity

(Euro/1,000)

	LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.2008	31.12.2007
10	Amounts due to banks	32.817	169.842
20	Amounts due to customers	4.048.069	3.747.262
30	Securities issued	1.565.471	1.477.379
40	Financial liabilities held for trading	13.518	12.700
50	Financial liabilities at fair value through profit or loss	404.174	1.304.284
60	Hedging derivatives	1.818	1.601
80	Tax liabilities	20.995	36.494
	a) current	*3.480*	*16.800*
	b) deferred	*17.515*	*19.694*
90	Liabilities on discontinued operations	1.508.721	-
100	Other liabilities	230.277	175.253
110	Reserve for employee termination indemnities	24.534	26.409
120	Provisions for risks and charges:	32.734	32.974
	a) pensions and similar commitments	*105*	*109*
	b) other provisions	*32.629*	*32.865*
130	Technical Reserves	8.029	428.996
140	Valuation reserves	21.357	19.642
170	Reserves	543.851	376.295
180	Share premium reserve	16.145	16.145
190	Share capital	67.705	67.705
200	Treasury shares (-)	- 79	- 92
210	Minority interest (+/-)	3.685	2.603
220	Net profit / (loss) for the period	26.956	183.630
	Total Liabilities and shareholders' equity	**8.570.777**	**8.079.122**

Consolidated Income Statement

(Euro/1,000)

	INCOME STATEMENT	30.06.2008	30.06.2007
10	Interest income and similar revenues	233,325	177,713
20	Interest expense and similar charges	(100,499)	(66,285)
30	**Net interest income**	**132,826**	**111,428**
40	Fee and commission income	51,110	99,294
50	Fee and commission expense	(9,140)	(33,718)
60	**Net fee and commission income**	**41,970**	**65,576**
70	Dividends and similar income	1,483	974
80	Net profits/(losses) from trading activities	(13,738)	3,140
90	Net profits/(losses) from hedging activities	(53)	(143)
100	Profit/(loss) from disposal or repurchase of:	1,476	1,574
	a) loans and receivables	*(387)*	
	b) available-for-sale financial assets	*1,857*	*1,527*
	d) financial liabilities	*6*	*47*
110	Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	1,926	(2,918)
120	**Net interest and other banking income (intermediation margin)**	**165,890**	**179,631**
130	Net value adjustments /write-backs for impairment of:	(24,283)	(9,913)
	a) loans and receivables	*(23,902)*	*(9,687)*
	b) available-for-sale financial assets		
	d) other financial transactions	*(381)*	*(226)*
140	**Net income from banking activities**	**141,607**	**169,718**
150	Net insurance premiums	65,209	63,026
160	Balance of other income/charges arising from insurance management activities	(66,052)	(65,032)
170	**Net result of financial and insurance activities**	**140,764**	**167,712**
180	Administrative expenses:	(111,010)	(107,093)
	a) staff expenses	*(68,605)*	*(63,848)*
	b) other administrative expenses	*(42,405)*	*(43,245)*
190	Net provisions for risks and charges	750	1,838
200	Net adjustments to the value of tangible assets	(3,412)	(3,275)
210	Net adjustments to the value of intangible assets	(402)	(441)
220	Other operating income/(expenses)	15,886	14,263
230	**Operating expenses**	**(98,188)**	**(94,708)**
240	Profits/(losses) from equity investments	1,652	17
270	Profits/(losses) from sale of investments	762	-
280	**Profits/(losses) before taxes from continuing operations**	**44,990**	**73,021**
290	Taxes for the period on income from continuing operations	(17,942)	(30,188)
300	**Net profits (loss) after tax from continuing operations**	**27,048**	**42,833**
320	**Net profit/(loss) for the period**	**27,048**	**42,833**
330	Profit (loss) for the period attributable to minority interests	(92)	(4,694)
340	**Parent Bank net profit (loss)**	**26,956**	**38,139**

Income Statement – Quarterly trend

(Euro/1,000)

	INCOME STATEMENT	2nd quarter 2008	1st quarter 2008	2nd quarter 2007	1st quarter 2007
10	Interest income and similar revenues	120,644	112,681	91,504	86,209
20	Interest expense and similar charges	(52,814)	(47,685)	(34,450)	(31,835)
30	**Net interest income**	**67,830**	**64,996**	**57,054**	**54,374**
40	Fee and commission income	24,876	26,234	44,628	54,666
50	Fee and commission expense	(4,813)	(4,327)	(16,664)	(17,054)
60	**Net fee and commission income**	**20,063**	**21,907**	**27,964**	**37,612**
70	Dividends and similar income	1,462	21	962	12
80	Net profits/(losses) from trading activities	(7,487)	(6,251)	6,611	(3,471)
90	Net profits/(losses) from hedging activities	(56)	3	(727)	584
100	Profit/(loss) from disposal or repurchase of:	(206)	1,682	642	932
	a) loans and receivables	*(387)*	-	-	-
	b) available-for-sale financial assets	*177*	*1,680*	*604*	*923*
	d) financial liabilities	*4*	*2*	*38*	*9*
110	Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	(2,600)	4,526	(4,916)	1,998
120	**Net interest and other banking income (intermediation margin)**	**79,006**	**86,884**	**87,590**	**92,041**
130	Net value adjustments/write-backs for impairment of:	(13,690)	(10,593)	(3,558)	(6,355)
	a) loans and receivables	*(13,385)*	*(10,517)*	*(3,522)*	*(6,165)*
	d) other financial assets	(305)	(76)	(36)	(190)
140	**Net income from banking activities**	**65,316**	**76,291**	**84,032**	**85,686**
150	Net insurance premiums	45,379	19,830	32,982	30,044
160	Balance of other income/charges arising from insurance management activities	(45,422)	(20,630)	(34,072)	(30,960)
170	**Net result of financial and insurance activities**	**65273**	**75491**	**82942**	**84770**
180	Administrative expenses:	(58,942)	(52,068)	(56,252)	(50,841)
	a) staff expenses	*(34,566)*	*(34,039)*	*(30,217)*	*(33,631)*
	b) other administrative expenses	*(24,376)*	*(18,029)*	*(26,035)*	*(17,210)*
190	Net provisions for risks and charges	(447)	1,197	1,743	95
200	Net value adjustments to/write-backs of tangible assets	(1,688)	(1,724)	(1,796)	(1,479)
210	Net value adjustments to/write-backs of intangible assets	(195)	(207)	(214)	(227)
220	Other operating income/(expenses)	8,807	7,079	7,755	6,508
230	**Operating expenses**	**(52,465)**	**(45,723)**	**(48,764)**	**(45,944)**
240	Profits/(losses) from equity investments	275	1,377	17	-
270	Profits/(losses) from sale of investments	762	-		
280	**Profits/(losses) before taxes from continuing operations**	**13,845**	**31,145**	**34,195**	**38,826**
290	Taxes for the period on income from continuing operations	(7,268)	(10,674)	(13,182)	(17,006)
300	**Net profits (loss) after tax from continuing operations**	**6,577**	**20,471**	**21,013**	**21,820**
330	Profit (loss) for the period attributable to minority interests	(166)	74	(1,341)	(3,353)
340	**Parent Bank net profit (loss)**	**6,411**	**20,545**	**19,672**	**18,467**

Consolidated Cash Flow Statement

(Euro /1,000)

A. OPERATIONS	Amount	
	30.06.2008	30.06.2007
1. Management activities	**69,950**	**71,745**
- interest income earned (+)	233,381	176,979
- interest expenses paid (-)	(100,468)	(65,332)
- dividends and similar income (+)	1,483	974
- net commissions (+/-)	42,653	66,224
- staff expenses (-)	(66,525)	(60,473)
- net premiums earned (+)	65,209	63,026
- other insurance income/charges (+/-)	(66,052)	(64,872)
- other costs (-)	(43,114)	(35,219)
- other revenues (+)	21,325	20,626
- taxes and duties (-)	(17,942)	(30,188)
- costs/revenues related to discontinued operations net of tax effect (+/-)	-	-
2. Liquid assets generated/absorbed by financial assets	**(528,021)**	**(182,123)**
- financial assets held for trading	(67,238)	(30,027)
- financial assets at fair value through profit or loss	(65,102)	(59,211)
- available-for-sale financial assets	67,705	(84,339)
- amounts due from customers	(291,432)	(347,277)
- amounts due from banks: on demand	(67,138)	10,732
- amounts due from banks: other receivables	(89,471)	186,937
- other assets	(15,345)	141,062
3. Liquid assets generated/absorbed by financial liabilities	**471,496**	**122,842**
- amounts due to banks: on demand	(25,699)	24,972
- amounts due to banks: other payables	(111,326)	120,614
- amounts due to customers	300,807	(35,248)
- securities issued	96,837	63,251
- financial liabilities held for trading	(6,976)	(17,636)
- financial liabilities at fair value through profit or loss	173,672	95,569
- other liabilities	44,181	(128,680)
Net liquid assets generated/absorbed by operations (A)	**13,425**	**12,464**
B. INVESTMENTS		
1. Liquid assets generated by	**3,508**	**89**
- sale of equity investments	2,443	-
- dividends received from equity investments	-	-
- sale/redemption of financial assets held to maturity	1	89
- sale of tangible assets	1,064	-
- sale of intangible assets	-	-
- sale of subsidiaries and business divisions	-	-
2. Liquid assets absorbed by	**(4,121)**	**8,959**
- purchase of equity investments	-	(590)
- purchase of financial assets held to maturity	-	(97)
- purchase of tangible assets	(3,790)	9,351
- purchase of intangible assets	(331)	295
- purchase of subsidiaries and business divisions	-	-
Net liquid assets generated/absorbed by investments (B)	**(613)**	**9,048**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	13	(2)
- issues/purchases of capital instruments	-	-
- distribution of dividends and other purposes	(14,044)	(25,944)
Net liquid assets generated/absorbed by funding activities (C)	**(14,031)**	**(25,946)**
NET LIQUID ASSETS GENERATED/ABSORBED DURING THE YEAR (a+b+c)	**(1,219)**	**(4,434)**

Financial statements' items	1st Half-Year 2008	1st Half-Year 2007
Cash and cash equivalents at beginning of year	25,547	25,934
Total liquid assets generated/absorbed during the year	(1,219)	(4,434)
Cash and cash equivalents: effect of exchange rate changes		
Cash and cash equivalents at end of year	24,328	21,500

Statement of changes in consolidated shareholders' equity as of 30.06.2008

	Equity as of 31.12.2007		Change in opening balances	Equity as of 1.01.2008		Allocation of result from previous period			Changes over the period												Equity as of 30.06.2008	
						Reserves		Dividends and other allocations	Changes in reserves		Transactions in shareholders' equity								Net Profit (Loss) for the year as of 30.06.2008			
											Issue of new shares		Purchase of treasury shares		Extraordinary distribution of dividends	Change in capital instruments	Derivatives on treasury shares	Stock options				
	Group	Minority interests		Group	Minority interests	Group	Minority interests		Group	Minority interests	Group	Minority interests	Group	Minority interests					Group	Minority interests	Group	Minority interests
Shareholders' equity:																						
a) ordinary shares	60,840	1,490	-	60,840	1,490	-					-			1,168							60,840	2,658
b) other shares	6,865	-	-	6,865		-							-								6,865	-
Share premium reserve	16,145	-	-	16,145	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		16,145	-
Reserves:																						
a) retained earnings	365,418	1,017	-	365,418	1,017	169,682	96		(2,164)	(142)											532,936	971
b) others	10,877	-	-	10,877	-	-												38			10,915	-
Revaluation reserves:																						
a) available for sale	(4,275)	-	-	(4,275)	-				1,477	(37)											(2,798)	(37)
b) cash-flow hedge	-	-	-	-																	-	-
c) others:	-																				-	-
tangible assets	-	-	-	-																	-	-
special revaluation laws	22,896	-	-	22,896																	22,896	-
employee benefits	1,021	-	-	1,021	-				238	1											1,259	1
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Treasury shares	(92)	-	-	(92)									13								(79)	-
Net Profit (loss) for the year	183,630	96	-	183,630	96	(169,682)	(96)	(13,948)	-	-	-	-	-	-	-	-	-	-	26,956	92	26,956	92
Shareholders' equity	663,325	2,603	-	663,325	2,603	-	-	(13,948)	(449)	(178)	-	-	13	1,168	-	-	-	38	26,956	92	675,935	3,685

Statement of changes in consolidated shareholders' equity as of 31.12.2007

	Equity as of 31.12.2006		Change in opening balances	Equity as of 1.01.2007		Allocation of result from previous period			Changes over the period												Equity as of 31.12.2007	
						Reserves		Dividends and other allocations	Changes in reserves		Transactions in shareholders' equity								Net Profit (Loss) for the year as of 31.12.2007			
											Issue of new shares		Purchase of treasury shares		Extraordinary distribution of dividends	Change in capital instruments	Derivatives on treasury shares	Stock options				
	Group	Minority interests		Group	Minority interests	Group	Minority interests		Group	Minority interests	Group	Minority interests	Group	Minority interests					Group	Minority interests	Group	Minority interests
Shareholders' equity:																						
a) ordinary shares	60,840	3,444		60,840	3,444	-								(1,954)							60,840	1,490
b) other shares	6,865	-		6,865		-							-								6,865	-
Share premium reserve	16,145	7,439		16,145	7,439	-							-	(7,439)							16,145	-
Reserves:																						
a) retained earnings	328,669	2,779	99	328,768	2,779	55,688	4,963			(6,725)					(19,038)						365,418	1,017
b) others	10,805	-		10,805	-	-												72			10,877	-
Revaluation reserves:																						
a) available for sale	(1,174)	2		(1,174)	2				(3,101)	(2)											(4,275)	-
b) cash-flow hedge	-	-		-																	-	-
c) others:																					-	-
tangible assets	-	-		-																	-	-
special revaluation laws	22,896	-		22,896																	22,896	-
employee benefits	602	55	(99)	503	55				518	(55)											1,021	-
Capital instruments	-	-	-	-																	-	-
Treasury shares	(109)	-	-	(109)									17								(92)	-
Net Profit (loss) for the year	69,373	12,972	-	69,373	12,972	(55,688)	(4,963)	(21,694)											183,630	96	183,630	96
Shareholders' equity	**514,912**	**26,691**	**-**	**514,912**	**26,691**	**-**	**-**	**(21,694)**	**(2,583)**	**(6,782)**	**-**	**-**	**17**	**(9,393)**	**(19,038)**	**-**	**-**	**72**	**183,630**	**96**	**663,325**	**2,603**

ACCOUNTING POLICIES AND STANDARDS

ACCOUNTING POLICIES AND SCOPE OF CONSOLIDATION

GENERAL PART

Section 1 – Declaration of conformity with international

This Banco Desio Group condensed consolidated interim financial statements at 30 June 2008 was prepared in accordance with Article 154 ter of Legislative Decree 58/1998 and the applicable international accounting principles recognised in the European Community under Regulation (EC) 1606/2002 of the European Parliament and the European Council of 19 July 2002, and, in particular, in accordance with IAS 34 on Interim Financial Reporting and the rules issued in the implementation of Article 9 of Legislative Decree 38/2005.

The condensed consolidated interim financial statements consists of the Balance Sheet, the Income Statement, the Cash Flow Statement, the Statement of Changes in Equity and the Notes to the Financial Statements, which provide the details of the main items in the Balance Sheet and Income Statement, segment reporting, information on risks and the related hedging policies, information regarding transactions with related parties and regarding stock option plans. The condensed consolidated interim financial statements is also accompanied by the Half-Year Consolidated Financial Report.

Section 2 – General accounting policies

The condensed consolidated interim financial statements have been drawn up with clarity and represent a true and fair picture of the equity and financial situation and the economic results of the half-year period.

When noting the main management events emphasis has been given to the principle of economic substance rather than form.

The report have been drawn up in compliance with the economic accruals basis principle using the criterion of historic cost, modified in relation to the valuation of financial assets held for trading, available for sale, valued at fair value and by all existing derivative contracts which have been valued in accordance with the fair value principle.

The accounting value of liabilities recorded in the financial statements which have been hedged have been adjusted to take account of the changes in fair value attributable to the hedged risk.

As provided for under IAS39, the fair value option has been adopted with regard to the valuation of financial instruments, permitting the designation of financial assets and liabilities at their fair value with the related entries in the Income Statement, when this produces more significant information, reduces complexity or leads to a more reliable valuation.

Amounts are expressed in thousands of Euro.

Section 3 – Scope and methods of consolidation

1. Equity investments in wholly-owned subsidiary companies and companies subject to joint control (proportionately consolidated)

Company name	Registered office	Type of relationship (1)	Ownership relationship		Availability of votes
			Investing company	Share %	
A. Companies					
A.1 Consolidated on a line by line basis					
1. Banco Desio Lazio S.p.A	Rome	1	Banco Desio	100,000	100,000
2. Banco Desio Toscana S.p.A	Florence	1	Banco Desio	100,000	100,000
3. Banco Desio Veneto S.p.A.	Vicenza	1	Banco Desio	100,000	100,000
4. Brianfid-Lux S.A.	Luxemburg	1	Banco Desio	100,000	100,000
5. Chiara Vita S.p.A	Desio	1	Banco Desio	100,000	100,000
6. Chiara Assicurazioni S.p.A.	Desio	1	Banco Desio	67,500	67,500
7. Credito Privato Commerciale S.A.	Lugano	1	Brianfid-Lux	100,000	100,000
8. Fides s.p.a.	Rome	1	Banco Desio Lazio	80,000	80,000

Key

(1) Type of relationship: 1 = majority of voting rights in ordinary shareholders' meetings

Equity investments subject to significant influence – Anima S.g.r.p.A. (equity investment 21.192%) and Istifid S.p.A. (equity investment 21.648%) were consolidated on equity basis.

Section 4 – Events subsequent to the reporting date

Reference is made to the half-year consolidated financial Report.

Section 5 – Other aspects

Use of estimates and assumptions when drawing up the condensed consolidated interim financial statements.

The drafting of the condensed consolidated interim financial statements requires that recourse be had to estimates which may have a significant effect on the values entered in the Balance Sheet and the Income Statement as well as on the Notes to the Financial Statements. The use of such estimates involves the use of available information and the adoption of subjective valuations, also founded on past experience, for the purposes of the formulation of reasonable assumptions for the identification of management elements. By their nature the estimates and assumptions used may vary from accounting period to accounting period and it cannot therefore be excluded that in subsequent accounting periods the current recognised values may change precisely because of changes in the subjective valuations utilised.

The main cases where the use of subjective evaluations and estimates are called for are the following:

- the quantification of losses by reason of the reduction in the value of loans and receivables and, in general, financial assets;
- the calculation of the fair value of financial instruments to be used for the purposes of the Financial Statements reporting;
- the use of valuation models for the identification of the fair value of financial instruments not listed on active markets;
- the quantification of staff expenses, other administrative expenses and reserves for risks and charges;
- the estimates and assumptions made in relation to the ability to recover deferred tax assets;
- the size of the tax burden.

The description of the accounting policies applied to the main aggregate headings in the Financial Statements provides more details and information on the subjective assumptions and evaluations used in the drawing up of the condensed consolidated interim financial statements.

MAIN FINANCIAL STATEMENT ITEMS

Measurement criteria

The measurement criteria described below, used in the preparation of the condensed consolidated interim financial statements as of 30 June 2008, are in compliance with the European Commission ratified International Accounting Standards (IAS/IFRS) in force at the reporting date.

The criteria adopted for the preparation of the condensed consolidated interim financial statements are unchanged with respect to those adopted for the Banco Desio Group's annual Financial Statements for 2007.

For transactions involving the trading of standardized financial assets, namely contracts whereby delivery takes place over a period of time laid down by regulations or by market conventions, the reference date is that of settlement.

Financial assets held for trading

Recognition criteria

"Financial assets held for trading" (at fair value through profit or loss) comprise debt securities, equity securities, non-hedging derivative instruments and the other assets that, based on their initial designation, are classified as financial instruments intended to be traded in the near term. Since classification derives from the initial designation, subsequent reclassifications are not permitted for this category of financial assets.

Measurement criteria

Initial recognition is at fair value at the settlement date, without considering transaction costs. Subsequent measurement is at fair value, with recognition of the gain or loss in the income statement.

For listed shares measurement is at the "official" price in the market where they are listed at the date of measurement.

For bonds listed in Italy, measurement is at the “official MOT price” at the measurement date.

For unlisted securities, the valuation at fair value is found on the BLOOMBERG circuit, or in the absence of this, through the discounting of future financial flows at a current rate of return, calculated on the basis of objective elements.

For derivative instruments traded on regulated markets, measurement is at the closing price on the day of measurement.

For derivative instruments not traded on regulated markets for which the providers do not supply meaningful price quotations, pricing is carried out through available IT procedures, or using recognized pricing models.

Derecognition criteria

Assets held for trading are derecognised when they are sold or upon expiry of the assets.

Available-for-sale financial assets

Recognition criteria

“Available-for-sale financial assets” comprise those financial assets – excluding derivatives – not classified as loans and receivables, held-to-maturity investments, financial assets held for trading or financial assets at fair value through profit or loss.

They include minority interests, bonds held for investment (not short-term), mutual investment fund units and “capitalization certificates”.

Measurement criteria

Initial recognition is at fair value, including transaction costs directly attributable to the acquisition, at the settlement date. Subsequent measurement is still at fair value for the price component, while the interest component is calculated with reference to the effective rate of return.

Fair value is determined using the criteria already set out for assets held for trading.

Unlisted financial assets whose fair value cannot be reliably measured are measured at cost.

For mutual investment funds, measurement occurs at the N.A.V. at the measurement date, or at the latest available date.

At every balance sheet date, an assessment is made of any evidence of impairment that has a measurable impact on the estimated future cash flows. The amount of the loss of value is represented by the difference between the asset’s accounting value and its recoverable value. If such evidence exists, cumulative losses recorded in the valuation reserve are posted directly to the income statement.

Derecognition criteria

Available-for sale financial assets are derecognized when sold, upon expiry of the assets or upon transfer to another category.

“Available-for sale financial assets” may be transferred to the category “Held-to-maturity investments” only in the following circumstances:

- a change in intention or ability,
- in the rare circumstances that a reliable measure of fair value is not available.

Criteria for the recognition of income statement components

Gains or losses are recorded in the valuation reserve, net of tax effects, until derecognition of the asset. At the time of expiry, sale or transfer to another category, or for impairment recognition, the amount recorded in the valuation reserve is recognised in the income statement.

Held-to-maturity investments

Recognition criteria

"Held-to-maturity investments" comprise non-derivative (including implicit) financial assets with fixed or determinable contractual payments and fixed maturities for which there is the positive intention and ability to hold them until maturity.

The constitution of the held-to-maturity investments category, and any subsequent movements, was made against specific resolutions adopted by the corporate bodies, in accordance with the provisions of IAS 39.

The recording of financial assets in this category is no longer permitted for the current year and the two following years if more than an insignificant amount are sold, except in the case of investments close to maturity and isolated events that are beyond the Group's control. If the conditions requiring that this category not be used exist, the remaining assets are reclassified as available-for-sale financial assets (tainting provision).

Measurement criteria

Initial recognition is at fair value, including transaction costs directly attributable to the acquisition, on the settlement date. Subsequent measurement is at amortised cost and charged against income statement.

At every balance sheet date, an assessment is made of any evidence of impairment that has a measurable impact on the estimated future cash flows. If such evidence exists, losses are recognised in the income statement.

Since they are listed securities, the fair value reported in the notes to the financial statements is equal to their counter value at market prices to the financial statements is equal to their counter value at market prices.

Derecognition criteria

Held-to-maturity investments are derecognised when sold, upon expiry of the assets or upon transfer to another category.

Loans and receivables

Recognition criteria

"Loans and receivables" comprise non-derivative financial assets with fixed or determinable payments that are not listed on an active market.

Normally, they include loans and advances to customers, amounts due from banks and debt securities not listed on an active market that have characteristics similar to receivables, excluding assets held for trading and available-for-sale assets.

They also include finance lease receivables.

Classification criteria

Loans and receivables are periodically subject to analysis, and are classified as "performing" and "non-performing" based on the state of impairment of the loan or receivable.

Where objective evidence of impairment exists, loans pass from performing to non-performing.

Measurement criteria

Loans and receivables are recorded on the trade date at fair value, including transaction costs and commissions directly attributable to the acquisition, normally equal to the amount paid. Subsequent measurement is at amortised cost using the effective interest method.

The amortised cost is the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The Group loans and receivables portfolio is subject to periodical reassessment at least at the close of every annual or interim financial statements, for the purpose of identifying and determining any objective evidence of impairment. Measurement is achieved by considering both the specific solvency situation of debtors and the local or national economic conditions relative to the their sector of activity.

"Performing" loans and receivables are subject to collective assessment whereby they are subdivided into groups with the same risk characteristics. Expected Loss (EL) is determined by applying the Probability of Default (PD) produced by the Credit Rating System model and Loss Given Default (LGD) is determined from a historic-statistical analysis of the performance of non-performing and problem loans. The expected loss takes account of the deterioration of the receivables at the reference date although the precise entity of such deterioration is not known in order to move the valuation model from expected loss to latent loss.

Specific analyses are conducted for exposures of a significant amount.

This method was adopted to advance the gradual convergence with the valuation criteria provided by the New Basel Agreement on capital requirements (Basel 2).

All loans and receivables for which there exists objective evidence of impairment, measured by the difference between the carrying value and the present value of expected future cash flows discounted applying the original agreed effective interest rate, were classified in the "non-performing" category. The assessment is analytical and takes into consideration the presumed possibility of recovery, expected collection time and existing guarantees.

Receivables for default interest are recognised as to their actual collection.

The adjustments arising from the analytical and collective assessments are recognised in the income statement.

The original value of loans and receivables is reinstated if the reasons for the adjustment recorded cease to exist, and the reversal is recorded in the income statement.

The value of the loan to non-resident persons is written down on a general basis in relation to the difficulty in servicing the debt by their countries of residence.

As regards the "performing loans" beyond the short term, the fair value of the loans is calculated only for the purposes of their inclusion in the notes to the financial statements. Non performing loans previously valued analytically, and the short term positions, are recognised at book value, which represents a reasonable estimate of their fair value.

The fair value is determined through the contractual development of future cash flows, applying a risk free discount rate, and taking also into account the credit risk in term of PD and LGD, reported in the CRS model.

Derecognition criteria

Loans and receivables are derecognised from the financial statements when repaid, sold, or written off, since all the risks and rewards relative to those assets have been transferred.

Criteria for the recognition of income statement components

Measurement at amortised cost generates a transfer of the transaction costs and additional revenues in the income statement, which are spread over the life of the financial asset rather than being fully recognised in the income statement in the period of initial recognition.

Interest accruing over time as a result of the discounting-back of impaired loans are recognised in the income statement under write-backs.

Financial assets and liabilities accounted for at fair value through profit or loss

Among the insurance sector's items in the balance sheet there are financial assets (and liabilities), generated by investment contracts, that are discretionally designated at fair value with gains or losses recognised in the income statement. These items represent investments and contractual obligations correlated to investment contracts relative to "unit-linked" or "index-linked" policies.

Recognition at fair value permits the true representation of the economic relationships that are subject to these contracts, through the consistent recognition of the related balance sheet items.

Hedging transactions

Hedging transactions have the objective of neutralizing certain potential risks of loss on financial assets or liabilities through specific financial instruments, whose use is directed at lessening the effects of the hedged financial instruments on the income statement.

Recognition criteria

Recognition of hedging transactions in the financial statements entails:

- involvement of external parties;
- specific designation and identification of the hedging and hedged financial instruments used for the transaction;
- definition of the risk management objective pursued, specifying the nature of the risk hedged;
- passing of the test of effectiveness at the inception of the hedge relationship, and subsequently, with specific measurement methods and timing;
- preparation of complete formal documentation of the hedging relationship.

Classification criteria

The following types of hedges are used:

- Fair Value Hedge: the objective is to hedge the risk of changes in the fair value of the hedged instrument;
- Cash Flow Hedge: the objective is to hedge the risk of variability in cash flows generated by the hedged instrument, attributable to a specific risk.

Measurement criteria

The fair value of hedge financial instruments is calculated by the actualisation of the cash flows with a risk free curve.

In the case of a Fair Value Hedge, changes in the fair value of the hedging derivatives and hedged financial instruments (for the parts attributable to the hedged risk) are recorded in the income statement.

In the case of a Cash Flow Hedge, the effective portion of the gain or loss on the hedging instrument is recognised in equity until the hedged cash flows occur. The ineffective portion of the gain or loss is recognised in the income statement.

A hedging transaction is considered effective when changes in the fair value (or in cash flows) of the hedging financial instrument offset the changes of the hedged financial instrument within a range of 80%-125%, as set by IAS 39.

Tests of effectiveness are performed at the close of each annual or interim financial statements, both retrospectively, to measure actual results to date, and prospectively, to demonstrate the expected effectiveness in future periods.

Derecognition criteria

Recognition of hedging transactions in the financial statements is discontinued when the effectiveness criteria are no longer met, when the transactions are revoked, or when the hedging instrument or the hedged instrument expire, are terminated or are sold.

Equity investments

This caption comprises investments in associates, as defined by IAS 28. Other investments are accounted for in accordance with IAS 39, and are classified as available-for-sale financial assets and measured in accordance with the measurement criteria for that class of financial asset.

Recognition criteria

Investments are initially recognised at cost including any directly attributable additional charges.

Measurement criteria

After the initial recognition, investments in subsidiaries are valued at cost.

Any value adjustments due to impairment must be recognised in the income statement.

Criteria for the recognition of income statement components

Dividends are accounted for when the right to receive them matures. Profits/losses from disposals are determined based on the difference between the investment's book value, according to the specific cost method and the consideration paid for the transaction, net of any directly attributable additional charges.

Tangible assets

Tangible assets comprise buildings, land, plant, furniture and fittings and other office equipment. They are goods that are instrumental to the supply of services.

Recognition criteria

Tangible assets whose cost can be reliably measured and from which it is probable that future economic benefits for the Group will flow are recognised in the financial statements.

Tangible assets are initially recognised at the purchase price, including additional costs sustained for the purchase and to put the asset into operation.

For the first-time adoption of IAS/IFRS, the exemption provided by IFRS 1, paragraph 16, was taken advantage of by opting for the measurement of buildings at fair value, as a substitute for cost, as at 1 January 2004. The cost model was adopted for the measurement of buildings subsequent to that date.

Extraordinary maintenance costs that increase the value of assets are allocated to the assets to which they refer. Ordinary maintenance costs are recognized directly in the income statement.

In application of IAS 17, finance lease transactions are recognised in the financial statements in accordance with the finance method. Accordingly, assets leased out under finance leases are recognised as receivables.

Measurement criteria

Tangible assets are recognised in the financial statements at purchase cost, including additional costs sustained, less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated systematically, on a straight-line basis, using technical-economic rates that are representative of the residual useful life of the assets. Land and works of art are exceptions - they are not subject to depreciation given that their useful lives are unlimited, and in consideration of the fact that the related value is not normally destined to reduce in relation to the passage of time.

Extraordinary maintenance costs that increase the value of assets are allocated to the assets to which they refer

and depreciated in relation to the residual useful life of the related assets.

Each year an assessment will be made of whether there are any indications of impairment. Should it be determined that the carrying amount of an asset is greater than the recoverable amount, the carrying amount is adjusted to the recoverable amount and the loss charged to the income statement.

Derecognition criteria

Tangible assets are derecognised on disposal.

Criteria for the recognition of income statement components

Value adjustments are recognised in the income statement under net adjustments to the value of tangible assets.

Intangible assets

Intangible assets include the indemnity costs for the abandonment of leasehold premises and the costs for the purchase of applications software.

Restructuring costs related to leasehold properties are entered under other assets.

Recognition criteria

Goodwill represents the positive difference between the acquisition cost and the fair value of assets and liabilities acquired in business combinations. It is recognised in the financial statements as an intangible asset when it is effectively representative of the future economic benefits of the net assets acquired.

Other intangible assets are recognised in the financial statements only if they comply with the requirements that they be independently identifiable and distinct from goodwill, that it is probable that future economic benefits will be realised, and that the cost can be measured reliably.

Measurement criteria

Intangible assets are recognised in the financial statements at purchase cost, including additional costs sustained, less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated systematically, on a straight-line basis, using technical-economic rates that are representative of the residual useful life.

Goodwill is not amortized in view of its indefinite useful life, and the adequacy of the carrying amount is assessed annually (impairment test). Should there be indications of impairment, goodwill is adjusted appropriately and the loss charged to the income statement.

Indemnity costs for the abandonment of leasehold properties are amortised at rates determined in proportion to the duration of the corresponding rental contract (including renewal).

Derecognition criteria

Intangible assets are derecognised from assets on disposal or when future economic benefits are no longer expected.

Criteria for the recognition of income statement components

Value adjustments are recognised in the income statement under net adjustments to the value of intangible assets.

Value adjustments relating to costs for restructuring of leasehold properties are recognised in the income statement under other operating expenses.

Current and deferred taxes

Income taxes for the period are calculated by estimating the tax charges on an accruals basis. In addition to current taxes, determined in relation to the tax regulations in force, deferred taxes are also recognised, originating as a result of the temporary differences which emerge between the balance sheet amounts recorded for financial reporting purposes and those for taxation purposes. Therefore, taxes represent the current and deferred tax balances related to the taxable income for the period.

Deferred tax assets are recognised when their recovery is probable, that is when it is expected that sufficient taxable income can be made available in the future to recover the asset. They are recognised as assets in the balance sheet under caption 140 "Tax assets - current".

Conversely, deferred tax liabilities are recognised as liabilities in the balance sheet under caption 80 "Tax liabilities - deferred".

Current tax not yet paid on the reporting date is included in "Tax liabilities - current" in the Balance Sheet. If the sum paid for current tax exceeded the tax liability, the excess is reported in "Tax assets - current" in the Balance Sheet.

Non-current assets and discontinued operations / Liabilities related to discontinued operations

This caption includes non-current tangible assets, intangible assets and financial assets, and the groups of assets/liabilities being disposed of, according to the provisions under IFRS 5.

Recognition criteria

Entries are made under this item for non-current assets, or assets/liabilities being disposed of, if the book value is to be recovered mainly through a sales transaction rather than through continuing use. Sale is considered highly probable and is to be completed within a year of the day the entry is made.

Measurement criteria

These are valued at the lower of book value and fair value, net of sales costs, with the exclusions under IFRS 5 (deferred tax assets, assets from employee benefits, financial assets falling within the scope of application of IAS 39, real property investments, contractual rights arising from insurance contracts), for which the measurement criteria under the corresponding IAS/IFRS standards apply.

Criteria for the recognition of income statement components

The income statement components referable to non-current assets and discontinued operations are not recognised separately in the income statement, because they do not fall under the definition of discontinued operation.

Liabilities and securities issued

This caption includes the various types of deposits received by the Group: amounts due to banks, amounts due to customers, bond securities and certificates of deposit issued by the Group itself.

Recognition criteria

These financial liabilities are recognised upon receipt of the amounts deposited or upon issue of the debt securities. Recognition is at fair value, generally equal to the amount collected, or at the issue price, adjusted by any directly attributable initial costs or income.

Securities issued by the Group are shown net of any repurchases.

Measurement criteria

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method and recognized in the income statement.

Financial liabilities without amortisation plans are measured at cost.

Financial liabilities subject to fair value hedges are subject to the same measurement criteria as the hedging instrument, limited to the changes in fair value, from the time of designation of the hedge, recognized in the income statement.

The fair value of hedge financial instruments is calculated by discounting the cash flows using the risk-free curve.

Derecognition criteria

Liabilities and securities issued are derecognised from the financial statements upon maturity, settlement or sale.

For securities issued, the part subject to repurchase is, in essence, settled.

Financial liabilities held for trading

This caption comprises derivative instruments that are held for trading with negative values.

Recognition criteria

Liabilities held for trading are recognised at fair value.

Measurement criteria

Financial liabilities held for trading are measured at fair value and the effects are recognised in the income statement.

Derivative instruments traded on regulated markets are valued at the closing price on the day of valuation.

Derivative instruments not traded on regulated markets for which providers do not give price quotations that are considered to be significant, are priced on the basis of the IT procedures available or by using recognised pricing models.

Derecognition criteria

Financial liabilities are derecognised upon sale, maturity or settlement.

Financial liabilities at fair value through profit or loss

This item includes financial liabilities at fair value through profit or loss.

The item refers especially to the application of the so-called fair value option for “naturally hedged” financial liabilities, and for financial liabilities deriving from investment contract in the insurance sector. The purpose of the fair value option is to improve the balance of the income statement effects of the measurement of financial assets and liabilities.

Financial liabilities at fair value may be recognised in the income statement in the following cases:

- the elimination or the reduction of measurement inconsistencies;
- the measurement of instruments containing embedded derivatives;
- the measurement of groups of financial assets or liabilities on the basis of documented risk management or investment strategy.

Bond issues including an embedded derivative or that are financially hedged, and financial liabilities in the insurance sector for contractual obligations correlated to investment contracts relative to “unit-linked” or “index-linked” policies have been classified under this category.

Recognition criteria

These are recognised at fair value, which normally corresponds to the consideration collected.

Measurement criteria

These are measured at fair value through profit or loss.

Fair value is determined according to the discounted cash flow method by using the risk free interest rates curve, as increased by a credit spread.

Derecognition criteria

Financial liabilities at fair value are derecognised upon sale, maturity or settlement.

Repurchases of own issues substantially entail the extinction of the part subject to repurchase. The re-placement of own securities that have previously been repurchased is considered as a new issue at sale value.

Reserve for employee termination indemnities

Measurement criteria

The reserve for employee termination indemnities is measured in the financial statements employing actuarial calculation techniques.

Measurement is entrusted to independent external actuaries, employing the accrued benefit method using the Projected Unit Credit Method. The amount thus determined represents the present value, calculated using demographic-financial assumptions, of the benefits due to the employee (settlement of TFR) for the service accrued to date, obtained by re-proportioning the total present value of the obligation to the period of service already rendered at the date of measurement, taking into account the likelihood of divestments and advance requests.

The amounts shown in the financial statements take into account the provision for the period and the utilisation for indemnities paid or advanced during the period.

Criteria for the recognition of income statement components

The reserve for employee termination indemnities (TFR), as allowed under IAS 19, is recorded against an entry under valuation reserves, and also includes the interest accrued due to the elapsing of time (discounting back).

Reserves for risks and charges

Recognition criteria

Reserves for risks and charges include the provisions made against present obligations that are the result of past events, and it is probable that the settlement of these obligations will require the employment of economic resources that can be reliably estimated.

The provisions reflect the best estimate of the future cash flows required to settle the present obligations at the balance sheet date.

Measurement criteria

In cases in which the effect of time is a relevant aspect, the amounts provided are subject to discounting taking into account the estimate of the maturity of the obligation. The discount rate reflects current assessments of the time value of money, taking into account risks specific to the liability.

The valuation of seniority bonuses paid to staff is the responsibility of independent external actuaries and follows the same calculation logic already described for the provision for employee termination indemnities.

Criteria for the recognition of income statement components

Provisions are generally recognized in the income statement. Exceptions are the amounts set aside for employee seniority bonuses, recorded as balancing entries to valuation reserves.

The effects deriving from the elapsing of time for discounting of future cash flows are recognised in the income statement under provisions.

Insurance assets and liabilities

The insurance assets and liabilities entered in the Group's consolidated financial statements arise solely from the consolidation of Chiara Vita S.p.A. and Chiara Assicurazioni S.p.A. on a line-by-line basis, and represent the contracts that are classified as insurance contracts, as prescribed by IFRS 4, as well s the investment contracts classified as DPF (Discretionary Participation Feature).

The technical reserves are the contractual obligations under the insurance contracts that have been entered into. They are recognised on the basis of the taking out and continuation of the policies and are sufficient to allow the prudentially estimated commitments to be met as far as can reasonably be foreseen.

They comprise:

Assets:

° actuarial reserves arising from reinsurance: they are the portion of the technical liabilities that are sold under reinsurance agreements. They are measured on the basis of the same parameters as those used to make provision for the risks assumed by the Group (the so-called “direct labour”).

Liabilities:

- actuarial reserves: they are calculated on the basis of suitable actuarial mortality assumptions that are able to discount possible subsequent unfavourable discrepancies, include contractual revaluations and are in any event not lower than the surrender value;

- reserves for sums to pay: they represent the amount necessary to pay out, during the subsequent six months, on the surrenders and claims already notified in the first half-year;

- technical reserves with the risk assumed by the insured: they are proportionate to the value of the units of the internal funds to which the performance of some products are partially linked, such as the Supplementary Pension Fund (FIP);

- other technical reserves: these are made up of reserves for future operating expenses, as estimated pursuant to Article 25, paragraph 8, of Legislative Decree No. 174/1995.

Operations in Foreign Currency

Recognition criteria

Foreign currency operations are recorded in the accounts on their date of settlement, converting them into Euros at the exchange rate in force on the operation date.

Measurement criteria

At the end of the accounting period the headings in the Financial Statements in foreign currency have been valued as follows:

- monetary: conversion at the exchange rate in force at the date of the closure;
- non-monetary, valued at cost: conversion at the exchange rate in force at the date of the operation;
- non-monetary valued at fair value: conversion at the exchange rate in force on the date of closure.

For monetary elements the effect of the valuation carried out in application of the principles referred to above is recognised in the Income Statement.

For non-monetary elements whose profits and losses are recognised in the Income Statement, even exchange rate differences will be recorded in the Income Statement. If profits and losses are recognized in equity, exchange rate differences will be recognized in equity as well.

Other information

Costs and revenues recognition

Costs and revenues have been recognized in the Financial Statements according to the economic accruals basis criterion.

Treasury shares

Any treasury shares held are recorded as a deduction of equity.

Gains and losses deriving from the trading of treasury shares are recognised directly in equity, without passing through the income statement.

Valuation reserves

This item comprises the valuation reserves on financial assets available for sale, derivative contracts hedging financial flows, the revaluation reserves constituted in application of special laws in previous years and the reserves from actuarial valuation of the reserve for employee termination indemnities according to IAS 19. Additionally, the effects deriving from the application of fair value as deemed cost on tangible assets upon the first-time adoption of IAS/IFRS are also included.

Share-based payments

Share-based payments to Group employees can be:

- cash-settled, and then accounted for in the income statement on the basis of the quota that has matured at the period-end, also considering the probability that the cost will arise on the date on which the options are exercised.
- equity-settled, and then valued with the Black and Scholes model and recorded in the Income Statement on the basis of the accrued amount at the end of the accounting period and recorded in a specific reserve under equity.

Finance leases

Assets under finance leases are shown as receivables to an amount corresponding to the net leasing investment. Financial income is then recognised on the basis of methods that reflect a constant periodical rate of return.

The main Balance Sheet and Income Statement items

Introduction

For a more detailed assessment of operational performance in the periods under comparison, the pro-forma positions are also given as comments to the various tables (these positions are not audited, and are those referred to in the Introduction to the Interim Report on Operations).

ASSETS

Financial assets held for trading (caption 20)

Break-down by type

(Euro/1,000)

Caption/Amount	Banking Group		Insurance Company		Total	Total
	Listed	Unlisted	Listed	Unlisted	30.06.2008	31.12.2007
A. Cash equivalents						
1. Debt securities	63,394	68	-	-	**63,462**	**33,086**
1.1 Structured securities	*680*	-			***680***	***692***
1.2 Other debt securities	*62,714*	*68*			***62,782***	***32,394***
2. Equity securities	4,549	-			**4,549**	**5,497**
3. UCITS units	487	-			**487**	**455**
4. Financing	-	-	-	-	**-**	**-**
4.1 Repurchase agreements					**-**	**-**
4.2 Other					**-**	**-**
5. Impaired assets					**-**	**-**
6. Assets sold but not written off	425,822	918			**426,740**	**375,605**
Total (A)	**494,252**	**986**	**-**	**-**	**495,238**	**414,643**
B. Derivative instruments:						
1. Financial derivatives:	46	4,193	-	-	**4,239**	**38,813**
1.1 trading	*46*	*2,966*		-	**3,012**	***37,106***
1.2 connected with the fair value option		*348*			**348**	***313***
1.3 other		*879*			**879**	***1,394***
2. Credit derivatives	-	-	-	-	**-**	**-**
2.1 trading					**-**	**-**
2.2 connected with the fair value option					**-**	**-**
2.3 other					**-**	**-**
Total (B)	**46**	**4,193**	**-**	**-**	**4,239**	**38,813**
Total (A+B)	**494,298**	**5,179**	**-**	**-**	**499,477**	**453,456**

The end-of-period result for the "Banking Group" alone should be compared with a balance at the end of the previous period of Euro 429.9 million (Euro +69.6 million), of which Euro 15.2 million "Derivatives" (Euro -11 million).

Assets sold but not written off, accounting for 86.2% of total "Cash equivalents", 13.6% over the amount at the end of the previous period, solely refer to the book value of securities utilised in reverse repo transactions.

The pro-forma figure for Chiara Vita s.p.a. only regards derivatives, Euro 18.3 million, which is a drop of Euro 5.2 million.

Overall, at consolidated level the real amount of "Financial instruments" in the portfolio is Euro 22.6 million, which is Euro 16.2 million (- 58.2%) less than the previous period

Break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	Total 30.06.2008	Total 31.12.2007
A. CASH EQUIVALENTS				
1. Debt securities	**63,462**	**-**	**63,462**	**33,086**
a) Governments and central banks	45,635		45,635	12,890
b) Other public entities				
c) Banks	10,440		10,440	12,625
d) Other issuers	7,387		7,387	7,571
2. Equity securities	**4,548**	**-**	**4,548**	**5,497**
a) Banks	622		622	1,269
b) Other issuers	3,926	-	3,926	4,228
- insurance companies	*575*		*575*	*340*
- financial insitutions	*308*		*308*	*736*
- non-financial companies	*3,043*		*3,043*	*3,152*
- other			-	-
3. UCITS units	**487**		**487**	**455**
4. Financing	**-**	**-**		
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities				
5. Impaired assets	**-**	**-**		
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities				
6. Assets sold but not written off	***426,741***	**-**	***426,741***	***375,605***
a) Governments and central banks	425,823		425,823	375,605
b) Other public entities				
c) Banks	918		918	
d) Other issuers				
Total A	**495,238**	**-**	**495,238**	**414,643**
B. DERIVATIVE INSTRUMENTS				
a) Banks	3,149	-	3,149	35,608
b) Customers	1,090		1,090	3,205
Total B	**4,239**	**-**	**4,239**	**38,813**
Total (A+B)	**499,477**	**-**	**499,477**	**453,456**

The derivatives for Chiara Vita s.p.a., Euro 18.3 million, all arise from existing positions with banks.

Derivatives for trading purposes: attributable to the banking Group

(Euro/1,000)

Type of derivative/ Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	Total 30.06.2008	Total 31.12.2007
A. Listed derivatives							
a) Financial derivatives:	**15**	**-**	**31**	**-**	**-**	**46**	**-**
. With exchange of capital	15	-	31	-	-	**46**	-
- Purchased options							
- Other derivatives	15		31			46	-
. Without exchange of capital							
- Purchased options							
- Other derivatives							
b) Credit derivatives:	-	-	-	-	-	-	-
. With exchange of capital						-	-
. Without exchange of capital							
Total A	**15**	**-**	**31**	**-**	**-**	**46**	**-**
B. Unlisted derivatives							
a) Financial derivatives:	**794**	**3,399**	**-**	**-**	**-**	**4,193**	**15,255**
. With exchange of capital	-	2,520	-	-	-	**2,520**	7,560
- Purchased options						**-**	-
- Other derivatives	-	2,520				**2,520**	7,560
. Without exchange of capital	794	879	-	-	-	**1,673**	7,695
- Purchased options	44		-			**44**	25
- Other derivatives	750	879	-		-	**1,629**	7,670
b) Credit derivatives:	-	-	-	-	-	**-**	-
. With exchange of capital						**-**	-
. Without exchange of capital						**-**	-
Total B	**794**	**3,399**	**-**	**-**	**-**	**4,193**	**15,255**
Total (A+B)	**809**	**3,399**	***31***	**-**	**-**	**4,239**	**15,255**

Derivatives for trading purposes: attributable to the insurance company

The effective amount of the derivatives existing at the end of June would have been represented as follows.

(Euro/1,000)

Type of derivative/ Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	Total 30.06.2008	Total 31.12.2007	Total 30.06.2007
B. Listed derivatives								
a) Financial derivatives:	**-**	**-**	**18,341**	**-**	**-**	***18,341***	**23,558**	**29,673**
. With exchange of capital	-	-	-	-	-	**-**	-	-
- Purchased options						**-**	-	-
- Other derivatives						**-**	-	-
. Without exchange of capital	-	-	18,341	-	-	**18,341**	23,558	29,673
- Purchased options			18,341			**18,341**	23,558	29,673
- Other derivatives						**-**	-	-
b) Other derivatives:	-	-	-	-	-	**-**	-	-
. With exchange of capital						**-**	-	-
. Without exchange of capital						**-**	-	-
Total B	**-**	**-**	**18,341**	**-**	**-**	**18,341**	**23,558**	**29,673**
Total (A+B)	**-**	**-**	**18,341**	**-**	**-**	**18,341**	***23,558***	***29,673***

Financial assets at fair value through profit or loss

Break-down by type

(Euro / 1,000)

Caption/Amount	Banking Group		Insurance Company		Total	Total
	Listed	Unlisted	Listed	Unlisted	30.06.2008	31.12.2007
1.Debt securities	-	-	-	-	-	447,389
1.1 Structured securities			-	-	-	*132,249*
1.2 Subordinated securities						
1.3 Other debt securities			-	-	-	*315,140*
2.Equity securities			19,686	-	19,686	23,988
3.UCITS units			-	-	-	434,869
4.Financing	-	-	-	-	-	-
4.1 Structured						
4.2 Subordinated						
4.3 Other						
5.Impaired assets						
Total	**-**	**-**	**19,686**	**-**	**19,686**	**906,246**

The effective amount of "financial assets at fair value through profit or loss" represented by the existing positions in Chiara Vita s.p.a.' s Financial Statements is Euro 971.3 million (+ 65.1 million over the result at the end of the previous period), of which Euro 605.5 million in debt securities, Euro 19.6 million in equity securities and Euro 346.3 million in UCITS units.

The listed securities amount to Euro 893.3 million.

Break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	Total 30.06.2008	Total 31.12.2007
1. Debt securities	**-**	**-**	**-**	**447,389**
a) Governments and central banks		-	-	122,173
b) Other public entities			-	-
c) Banks		-	-	284,339
d) Other issuers		-	-	40,877
2. Equity securities	**-**	**-**	**-**	**23,988**
a) Banks		-	-	3,234
b) Other issuers	-	-	-	20,754
- insurance companies		-	-	*3,813*
- financial institutions		-	-	*2,599*
- non-financial companies		-	-	*14,342*
- other				
3. UCITS units		**-**	**-**	**434,869**
4. Financing	**-**	**-**	**-**	**-**
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities				
5. Impaired assets	**-**	**-**	**-**	**-**
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities				
6. Assets sold but not written off	**-**	**-**	**-**	**-**
a) Governments and central banks			-	-
b) Other public entities				
c) Banks				
d) Other issuers				
Total	**-**	**-**	**-**	**906,246**

Available-for-sale financial assets (caption 40)

Break-down by type

(Euro / 1,000)

Caption/Fair value	Banking Group		Insurance Company		Total 30.06.2008		Total 31.12.2007	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Debt securities	168,873	-	11,964	-	180,837	-	665,490	7,641
1.1 Structured securities			-	-	-	-	4,252	4,587
1.2 Other debt securities	168,873	-	11,964		180,837	-	661,238	3,054
2. Equity securities	-	6,475	-	-	-	6,475	8,138	6,485
2.1 Measured at fair value		6,323	-		-	6,323	8,138	6,328
2.2 Measured at cost		152			-	152		157
3. UCITS units	67,798	-	165	-	67,963	-	69,816	
4. Financing								
5. Impaired assets								
6. Assets sold but not written off	217,860	3,205			217,860	3,205	234,698	2,525
Total	**454,531**	**9,680**	**12,129**	**-**	**466,660**	**9,680**	**978,142**	**16,651**

The result published for 31 December 2007 contained an error in the breakdown between listed and unlisted securities owing to an error in classification, the former being shown as Euro 881,580,000 and the latter as Euro 113,213,000.

The pro-forma figure at 30 June 2008, including the Chiara Vita s.p.a.'s balance, was in all Euro 922.3 million, 908.2 million listed and 14.1 million unlisted.

This item is therefore Euro 72.5 million lower than at the end of the previous period.

The item "equity securities – measured at cost" includes only the investments other than those made in associate companies, all represented by unlisted securities.

"Assets sold but not written off " are exclusively represented by the book value of securities utilised in reverse repo transactions.

Break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	Total 30.06.2008	Total 31.12.2007
1. Debt securities	**168,874**	**11,964**	**180,838**	**673,131**
a) Governments and central banks	117,803	10,083	127,886	515,368
b) Other public entities				
c) Banks	43,944	1,000	44,944	101,992
d) Other issuers	7,127	881	8,008	55,771
2. Equity securities	**6,475**	**-**	**6,475**	**14,623**
a) Banks	-	-	-	1,598
b) Other issuers	6,475	-	6,475	13,025
- insurance companies		-	-	*1,080*
- financial institutions	*353*	-	*353*	*384*
- non-financial companies	*6,122*	-	*6,122*	*11,561*
- other			-	-
3. UCITS units	**67,798**	**165**	**67,963**	**69,816**
4. Financing	**-**	**-**	**-**	**-**
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities				
5. Impaired assets	**-**	**-**	**-**	**-**
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities				
6. Assets sold but not written off	**221,064**	**-**	**221,064**	**237,223**
a) Governments and central banks	27,196		27,196	92,410
b) Other public entities				
c) Banks	170,692		170,692	135,048
d) Other issuers	23,176		23,176	9,765
Total	**464,211**	**12,129**	**476,340**	**994,793**

The “effective” figure at the end of the period, including the Chiara Vita s.p.a.’ s balance, is Euro 922.4 million, consisting of: Euro 594 million in debt securities, Euro 12.8 million in equity securities and Euro 94.5 million in UCITS units, Euro 221.1 in assets sold but not written off.

Held-to-maturity investments (caption 50)

Break-down by type

(Euro/1,000)

Transaction type / Group components	Banking Group		Insurance Company		Total 30.06.2008		Total 31.12.2007	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
1. Debt securities	8,082	8,030			8,082	8,030	8,075	8,159
1.1 Structured securities								
1.2 Other debt securities	*8,082*	*8,030*			*8,082*	*8,030*	*8,075*	*8,159*
2. Financing								
3. Impaired assets								
4. Assets sold but not written off								
Total	**8,082**	**8,030**			**8,082**	**8,030**	**8,075**	**8,159**

The balance of this item is represented by one single security with a nominal value of Euro 8 million, due in 2009.

Break-down by debtor/issuer

(Euro/1,000)

Transaction type / Amount	Banking Group	Insurance Company	Total 30.06.2008	Total 31.12.2007
1. Debt securities	**8,082**	**-**	**8,082**	**8,075**
a) Governments and central banks				
b) Other public entities				
c) Banks	*8,082*		*8,082*	*8,075*
d) Other issuers			-	
2. Financing	**-**	**-**		**-**
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities				
3. Impaired assets	**-**	**-**		**-**
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities				
4. Assets sold but not written off	**-**	**-**		**-**
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities				
Total	**8,082**	**-**	**8,082**	**8,075**

Amounts due from banks (caption 60)

- attributable to the banking Group: break-down by type

(Euro / 1,000)

Transaction type / Amount	Total 30.06.2008	Total 31.12.2007
A. Amounts due from Central banks	**14,644**	**18,119**
1. Restricted deposits		
2. Compulsory reserve	14,644	18,119
3. Repurchase agreements		
4. Other	-	-
B. Amounts due from banks	**410,303**	**250,632**
1. Current accounts and unrestricted deposits	145,002	78,276
2. Restricted deposits	202,632	101,555
3. Other financing:	62,669	70,801
3.1 repurchase agreements	*61,789*	*70,339*
3.2 finance leases		
3.3 other	*880*	*462*
4. Debt securities	-	-
4.1 structured		
4.2 other debt securities		
5. Impaired assets		
6. Assets sold but not written off		
Total (book value)	**424,947**	**268,751**
Total (fair value)	**424,947**	**268,751**

- attributable to the insurance company: break-down by type

(Euro / 1,000)

Transaction type / Amount	Total 30.06.2008	Total 31.12.2007
A. Amounts due from Central banks	**-**	**-**
1. Restricted deposits		
2. Compulsory reserve		
3. Repurchase agreements		
4. Other		
B. Amounts due from banks	**766**	**693**
1. Current accounts and unrestricted deposits	766	693
2. Restricted deposits	-	-
3. Other financing:	-	-
3.1 repurchase agreements		
3.2 finance leases		
3.3 other	-	-
4. Debt securities	-	-
4.1 structured		
4.2 other debt securities		
5. Impaired assets		
6. Assets sold but not written off		
Total (book value)	**766**	**693**
Total (fair value)	**766**	**693**

The figure for the end of the period including the Chiara Vita s.p.a.' s balance is Euro 1.1 million.

Amounts due from customers (caption 70)

- attributable to the banking Group: break-down by type

(Euro/1,000)

Transaction type / Amount	Total 30.06.2008	Total 31.12.2007
1. Current account	1,580,471	1,602,889
2. Repurchase agreements	4,893	
3. Mortgage loans	2,043,078	1,851,431
4. Credit cards, personal loans and loans on salary	128,649	127,620
5. Financial leases	578,141	558,949
6. Factoring	11,145	16,065
7. Other transactions	867,494	808,619
8. Debt securities	8,969	8,797
8.1 Structured		
8.2 Other debt securities	*8,969*	*8,797*
9. Impaired assets	94,017	79,488
10. Assets sold but not written off		
Total (book value)	**5,316,857**	**5,053,858**
Total (fair value)	**5,493,539**	**5,250,531**

The amount of impaired assets is Euro 14.5 million higher than at the end of 2007, corresponding to 1.7% of total amounts due from customers, a slight increase over the 1.6% of the end of the previous period.

- *attributable to the banking Group: break-down by debtor/issuer*

(Euro/1,000)

Transaction type / Amount	Total 30.06.2008	Total 31.12.2007
1. Debt securities issued by:	**8,969**	**8,797**
a) Governments		
b) Other public entities		
c) Other issuers	8,969	8,797
- non-financial companies	-	-
- financial companies	*8,969*	*8,797*
- insurance companies	-	-
- other	-	-
2. Loans to:	**5,213,873**	**4,965,573**
a) Governments		
b) Other public entities	176	194
c) Other entities	5,213,697	4,965,379
- non-financial companies	*3,668,389*	*3,369,300*
- financial companies	*87,231*	*212,001*
- insurance companies	*255*	
- other	*1,457,822*	*1,384,078*
3. Impaired assets:	**94,015**	**79,488**
a) Governments		
b) Other public entities		
c) Other entities	94,015	79,488
- non-financial companies	*49,296*	*44,718*
- financial companies	-	*40*
- insurance companies		
- other	*44,719*	*34,730*
4. Assets sold but not written off:	**-**	**-**
a) Governments		
b) Other public entities		
c) Other entities	-	-
- non-financial companies		
- financial companies		
- insurance companies		
- other		
Total	**5,316,857**	**5,053,858**

Hedging derivatives (caption 80)

- *attributable to the banking Group: break-down by type of contract and underlying asset*

(Euro/1,000)

Derivative type / Underlying asset		Interest rate	Currency and gold	Equity securities	Receivables	Other	Total
A) Listed derivatives							
1) Financial derivatives:		-	-	-	-	-	-
. With exchange of capital		-	-	-	-	-	-
- Options purchased							-
- Other derivatives							-
. Without exchange of capital		-	-	-	-	-	-
- Options purchased							-
- Other derivatives							-
2) Credit derivatives:		-	-	-	-	-	-
. With exchange of capital							-
. Without exchange of capital							-
Total A		-	-	-	-	-	-
B) Unlisted derivatives							-
1) Financial derivatives:		-	-	-	-	-	-
. With exchange of capital		-	-	-	-	-	-
- Options purchased							-
- Other derivatives							-
. Without exchange of capital		-	-	-	-	-	-
- Options purchased		-					-
- Other derivatives		-					-
2) Credit derivatives:		-	-	-	-	-	-
. With exchange of capital							-
. Without exchange of capital							-
Total B		-	-	-	-	-	-
Total (A + B)	**30.06.2008**	-	-	-	-	-	-
Total	**31.12.2007**	**4,805**	-	-	-	-	**4,805**

Not present at the end of the period.

Equity investments (caption 100)

Equity investments in companies subject to significant influence: information on ownership relationship

Company name	Registered offices	Ownership relationship	
		Investing company	% share
Companies subject to significant influence			
1. Anima S.G.R.p.a.	Milan	Banco Desio	21.192
2. Istifid S.p.A.	Milan	Banco Desio	21.648

Equity investments in companies subject to significant influence: accounting data

Euro/1,000

Company name	Total assets	Total revenues	Profit (loss)	Net Shareholders'e quity	Consolidated book value	Fair value
Companies subject to significant influence						
1. Anima S.G.R.p.a.	83,959	49,147	3,529	40,155	8,967	32,665
2. Istifid S.p.A.	6,605	2,476	291	3,366	784	x
Total	**90,564**	**51,623**	**3,820**	**43,521**	**9,751**	

Technical reserves arising from reinsurance (caption 110)

Break-down

Euro/1,000

	TOTAL 30.06.2008	TOTAL 31.12.2007
A. Non-Life branch	***3,477***	***372***
A1. premiums reserves	3,015	*170*
A2 . claims reserves	462	202
A3. other reserves		
B. Life branch	**-**	**1,595**
B1. mathematical reserves	-	1,579
B2. reserves for amounts to be disbursed		
B3. other reserves	-	16
C. Technical reserves for investment risks to be borne by the insured	**-**	**-**
C1: reserves for contracts with disbursements connected with investment funds and market indices		
C2: reserves from pension fund management		
D. Technical reseves arising from reinsurance	**3,477**	**1,967**

The Chiara Vita s.p.a. figure not included in the balance at the end of June, related to the life branch, is Euro 1,538 million, of which Euro 1,524 million in mathematical reserves.

Tangible assets (caption 120)

Break-down of assets valued at cost

(Euro/1,000)

Asset/Value	Banking Group	Insurance Company	Total 30.06.2008	Total 31.12.2007
A. Functional assets				
1.1 owned by the Bank	**144,774**	**171**	**144,945**	**144,649**
a) land	38,421		38,421	38,396
b) buildings	80,073		80,073	80,314
c) fixtures and fittings	9,878		9,878	9,801
d) electrical equipment	4,662		4,662	4,917
e) other	11,740	171	11,911	11,221
1.2 acquired under finance lease	-	-	-	-
a) land	-		-	-
b) buildings	-		-	-
c) fixtures and fittings	-		-	-
d) electrical equipment	-		-	-
e) other	-		-	-
Total A	**144,774**	**171**	**144,945**	**144,649**
B. Tangible assets held for investment				
2.1 owned by the Bank	**-**		**-**	**338**
a) land	-		-	-
b) buildings	-		-	338
2.2 acquired under finance lease	-		-	-
a) land				
b) buildings				
Total B	**-**	**-**	**-**	**338**
Total (A + B)	**144,774**	**171**	**144,945**	**144,987**

The end-of-June figure including Chiara Vita s.p.a' s tangible assets is Euro 145.0 million.

Intangible assets (caption 130)

Break-down by type of asset

(Euro/1,000)

Caption/Value	Banking Group		Insurance Company		Total 30.06.2008		Total 31.12.2007	
	Limited duration	Unlimited duration	Limited duration	Unlimited duration	Limited duration	Unlimited duration	Limited duration	Unlimited duration
A.1 Goodwill		**46,991**				**46,991**		**46,992**
A.2 Other intangible assets	**1,356**	**-**	**623**	**-**	**1,979**	**-**	**2,036**	**86**
A.2.1 Assets valued at cost:	1,356	-	623	-	1,979	-	2,036	86
a) Intangible assets generated internally								
b) Other assets	*1,356*		*623*	-	*1,979*	-	*2,036*	*86*
A.2.2 Assets at fair value through profit or loss:	-	-	-	-	-	-	-	-
a) Intangible assets generated internally								
b) Other assets	-							
Total	**1,356**	**46,991**	**623**	**-**	**1,979**	**46,991**	**2,036**	**47,078**

The pro-forma figure at the end of June is Euro 49.04 million.

Non-current assets held for sale and discontinued operations and liabilities on discontinued operations (caption 150 under Assets and caption 90 under Liabilities)

Break-down by type of asset

	Banking Group	Insurance Company	Total 30.06.2008	Total 31.12.2007
A. Individual assets				
A.1 Equity investments				
A.2 Tangible assets				
A.3 Intangible assets				
A.4 Other non-current assets				
Total A	-		-	-
B. Groups of assets (discontinued operating units)				
B.1 Financial assets held for trading		18,341	18,341	
B.2 Financial assets at fair value through profit or loss		971,348	971,348	
B.3 Available-for-sale financial assets		446,014	446,014	
B.4 Held-to-maturity investments			-	
B.5 Amounts due from banks		340	340	
B.6 Amounts due from customers			-	
B.7 Equity investments			-	
B.8 Tangible assets		82	82	
B.9 Intangible assets		73	73	
B.10 Other assets		26,454	26,454	
Total B	-	**1,462,652**	**1,462,652**	-
C Liabilities on non-current discontinued operations				
C.1 Debts				
C.2 Securities				
C.3 Other liabilities				
Total C	-		-	-
D Liabilities on discontinued operations				
D.1 Amounts due to banks			-	
D.2 Amounts due to customers			-	
D.3 Securities issued			-	
D.4 Financial liabilities held for trading			-	
D.5 Financial liabilities at fair value through profit or loss		1,073,782	1,073,782	
D.6 Reserves		200	200	
D.7 Other liabilities		434,739	434,739	
Total D	-	**1,508,721**	**1,508,721**	-

LIABILITIES

Amounts due to banks (caption10)

Break-down by type

(Euro/1,000)

Transaction type / Amount	Banking Group	Insurance Company	Total 30.06.2008	Total 31.12.2007
1. Amounts due to central banks				
2. Amounts due to banks	32,817		32,817	169,842
2.1 Current accounts and unrestricted deposits	20,510		20,510	46,210
2.2 Restricted deposits	10,417		10,417	70,555
2.3 Financing	-		-	-
2.3.1 Finance lease				
2.3.2 Other				
2.4 Commitments for repurchases of own equity instruments				
2.5 Liabilities corresponding to assets sold but not written off	-		-	50,401
2.5.1 Reverse repurchase agreements	-		-	*50,401*
2.5.2 Other			-	-
2.6 Other amounts due	1,890		1,890	2,676
Total	**32,817**		**32,817**	**169,842**
Fair value	**32,817**		**32,817**	**169,842**

Inter-bank debt is Euro 137 million lower than at the end of the previous period.

Amounts due to customers (caption 20)

Break-down by type

(Euro/1,000)

Transaction type / Amount	Banking Group	Insurance Company	Total 30.06.2008	Total 31.12.2007
1. Current accounts and unrestricted deposits	3,317,695		3,317,695	3,089,010
2. Restricted deposits	3,287		3,287	330
3. Third-party funds under administration				
4. Financing	87,157		87,157	71,855
4.1 Finance leases				
4.2 Other	*87,157*		*87,157*	*71,855*
5. Commitments for repurchases of own equity instruments				
6. Liabilities corresponding to assets sold but not written off	611,123		611,123	563,874
6.1 Reverse repurchase agreements	611,123		611,123	563,874
6.2 Other				
7. Other amounts due	28,807		28,807	22,193
Total	**4,048,069**	**-**	**4,048,069**	**3,747,262**
Fair value	**4,048,069**		**4,048,069**	**3,707,264**

Deposits from retail customers are Euro 300.8 million higher than on 31 December 2007 (+ 8.0%); current accounts and unrestricted deposits were Euro 228.7 million higher (+ 7.4% over 31 December 2007) and reverse repos were Euro 47.2 million higher (+ 8.4%).

Securities Issued (caption 30)

Break-down

Euro/1,000

Security type / Amount	Banking Group		Insurance Companies		Total 30.06.2008		Total 31.12.2007	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
A. Listed securities	189,998	187,447			189,998	187,447	189,984	187,714
1. Bonds	189,998	187,447			189,998	187,447	189,984	187,714
1.1 structured								
1.2 other	189,998	187,447			189,998	187,447	189,984	187,714
2. Other securities	-	-			-	-	-	-
2.1 structured								
2.2 other								
B. Unlisted securities	1,375,473	1,349,744			1,375,473	1,349,744	1,287,395	1,266,191
1. Bonds	1,315,334	1,289,605			1,315,334	1,289,605	1,224,661	1,203,457
1.1 structured	10,031	9,887			10,031	9,887	9,970	9,815
1.2 other	1,305,303	1,279,718			1,305,303	1,279,718	1,214,691	1,193,642
2. Other securities	60,139	60,139			60,139	60,139	62,734	62,734
2.1 structured								
2.2 other	60,139	60,139			60,139	60,139	62,734	62,734
Total	**1,565,471**	**1,537,191**			**1,565,471**	**1,537,191**	**1,477,379**	**1,453,905**

The figure reported at 31 December 2007 was amended, as securities included among “Listed securities - other bonds” were reclassified under “Unlisted securities - other bonds” in the amount of Euro 144.7 million.

Securities issued, 96.2% of whose total amount consists of bonds, also recorded a substantial increase during the last half year, Euro 88.1 million (+ 6.0% over 31 December 2007).

During the half year the Group’s banks issued their own bonds for an amount of Euro 475.8 million.

Securities subject to specific hedging

(Euro/1,000)

	Total 30.06.2008	Total 31.12.2007
1. Debt securities subject to fair value hedging	58,708	87,266
a) interest rate risk	58,708	87,266
b) exchange rate risk		
c) other risks		
2. Debt securities subject to cash flow hedging	-	-
a) interest rate risk		
b) exchange rate risk		
c) other risks		
Total	**58,708**	**87,266**

Financial liabilities held for trading (caption 40)

Break-down by type

(Euro/1,000)

Transaction type / Amount	Banking Group				Insurance Companies				Total 30.06.2008				Total 31.12.2007			
	NV	FV		FV*	NV	FV		FV*	NV	FV		FV*	NV	FV		FV*
		Listed	Unlisted			Listed	Unlisted			Listed	Unlisted			Listed	Unlisted	
A. Liabilities for cash																
1. Amounts due to banks																
2. Amounts due to customers																
3. Debt securities	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-						-	-	-		-	-	-	
3.1.1 Structured																
3.1.2 Other bonds																
3.2 Other securities	-	-	-						-	-	-		-	-	-	
3.2.1 Structured																
3.2.2 Other																
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives instruments																
1. Financial derivatives		28	13,490			-	-			28	13,490			1,376	11,324	
1.1 Trading		*28*	*4,098*							*28*	*4,098*			*1*	*9,458*	
1.2 Connected with the fair value option			*8,524*							-	*8,524*			-	*1,866*	
1.3 Other		-	*868*							-	*868*			*1,375*	-	
2. Credit derivatives		-				-	-									
2.1 Trading							-									
2.2 Connected with the fair value option																
2.3 Other																
Total B		**28**	**13,490**			**-**	**-**			**28**	**13,490**			**1,376**	**11,324**	
Total (A + B)	**-**	**28**	**13,490**	**-**		**-**	**-**		**-**	**28**	**13,490**	**-**	**-**	**1,376**	**11,324**	**-**

Derivative instruments “connected with the fair value option” are related to the negative valuations of derivatives fully associated to financial liabilities designated at fair value and represented solely by bond issues of Group’s companies.

Derivative instruments

(euro/1,000)

Derivative type / Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	Total 30.06.2008	Total 31.12.2007
a) Listed derivatives							
1) Financial derivatives:	**10**	**-**	**18**	**-**	**-**	**28**	1,376
. With exchange of capital	10	-	18	-	-	28	1
- issued options						-	-
- other derivatives	10		18		-	28	1
. Without exchange of capital	-	-	-	-	-	-	1,375
- issued options						-	-
- other derivatives		-	-			-	1,375
2) Credit derivatives:	-	-	-	-	-	-	-
. With exchange of capital						-	-
. Without exchange of capital						-	-
Total A	**10**	**-**	**18**	**-**	**-**	**28**	**1,376**
b) Unlisted derivatives						-	
1) Financial derivatives:	**10,105**	**3,385**	**-**	**-**	**-**	**13,490**	**11,324**
. With exchange of capital	-	2,517	-	-	-	2,517	7,832
- issued options						-	-
- other derivatives		2,517				2,517	7,832
. Without exchange of capital	10,105	868	-	-	-	10,973	3,492
- issued options	26		-			26	12
- other derivatives	10,079	868			-	10,947	3,480
2) Credit derivatives:	-	-	-	-	-	-	-
. With exchange of capital						-	-
. Without exchange of capital						-	-
Total B	**10,105**	**3,385**	**-**	**-**	**-**	***13,490***	**11,324**
Total (A + B)	**10,115**	**3,385**	**18**	**-**	**-**	**13,518**	**12,700**

Financial liabilities at fair value through profit or loss (caption 50)

Break-down by type

Euro/1,000

Transaction type / Amount	Banking Group				Insurance Companies				Total 30.06.2008				Total 31.12.2007			
	NV	FV		FV (*)	NV	FV		FV (*)	NV	FV		FV (*)	NV	FV		FV (*)
		Listed	Unlisted			Listed	Unlisted			Listed	Unlisted			Listed	Unlisted	
1. Amounts due to banks	-	-	-	-				-				-	-	-	-	
1.1 Structured																
1.2 Other																
2. Amounts due to customers	-	-	-	-	-	-	-	-	-	-	-	-	1,072,929	-	1,072,929	-
2.1 Structured					-		-		-		-		1,072,929		1,072,929	
2.2 Other	-								-		-		-		-	
3. Debt securities	411,862	-	404,174	-	-	-	-	-	411,862	-	404,174	-	222,285	-	231,355	-
3.1 Structured	15,000	-	14,383						15,000	-	14,383		15,000		14,424	
3.2 Other	396,862	-	389,791						396,862	-	389,791		207,285		216,931	
Total	**411,862**	**-**	**404,174**	-	**-**	-	**-**	-	**411,862**	**-**	**404,174**	-	**1,295,214**	-	**1,304,284**	-

The Chiara Vita s.p.a. figure at 30 June 2008 is Euro 1,073.8 million, representing “Amounts due to customers - structured”.

The real overall amount of this item is therefore Euro 1,478.0 million, an increase of Euro 173.7 million over 31 December 2007.

Hedging derivatives (caption 60)

- attributable to the banking Group: break-down by type of contract and underlying asset

Euro/1,000

Derivative type / Underlying asset		Interest rates	Currencies and gold	Equity securities	Loans	Other	Total 30.06.2008
A) Listed derivatives							
1) Financial derivatives:		-	-	-	-	-	**-**
. With exchange of capital		-	-	-	-	-	**-**
- issued options							**-**
- other derivatives							**-**
. Without exchange of capital		-	-	-	-	-	**-**
- issued options							**-**
- other derivatives							**-**
2) Credit derivatives:		-	-	-	-	-	**-**
. With exchange of capital							**-**
. Without exchange of capital							**-**
Total A		**-**	**-**	**-**	**-**	**-**	**-**
B) Unlisted derivatives							
1) Financial derivatives:		1,818	-	-	-	-	**1,818**
. With exchange of capital		-	-	-	-	-	**-**
- issued options							**-**
- other derivatives							**-**
. Without exchange of capital		1,818	-	-	-	-	**1,818**
- issued options							**-**
- other derivatives		1,818					**1,818**
2) Credit derivatives:		-	-	-	-	-	**-**
. With exchange of capital							**-**
. Without exchange of capital							**-**
Total B		**1,818**	**-**	**-**	**-**	**-**	**1,818**
Total (A + B)	**30.06.2008**	**1,818**	**-**	**-**	**-**	**-**	**1,818**
Total	**31.12.2007**	**1,601**					**1,601**

- attributable to the banking Group: break-down by hedged portfolio and type of hedging

Euro/1,000

Transaction / Hedging type	Fair Value						Cash flows	
	Specific					Generic	Specific	Generic
	interest rate risk	interest exchange risk	credit risk	price risk	other			
1. Available-for-sale financial assets								
2. Loans								
3. Held-to-maturity investments								
4. Portfolios								
Total assets	-	-	-	-	-	-	-	-
1. Financial liabilities	1,818							
2. Portfolios								
Total liabilities	**1,818**	-	-	-	-	-	-	-
Total	**1,818**	-	-	-	-	-	-	-

Provisions for risks and charges (caption 120)

(Euro/1,000)

Caption / Components	Banking Group	Insurance Company	Total 30.06.2008	Total 31.12.2007
1. Company pension funds	105		**105**	109
2. Other provisions for risks and charges	32,629	-	**32,629**	32,865
2.1 legal disputes	*11,340*		*11,340*	*13,355*
2.2 personnel charges	*16,666*		*16,666*	*14,739*
2.3 other	*4,623*	-	*4,623*	*4,771*
Total	**32,734**	**-**	**32,734**	**32,974**

Chiara Vita s.p.a.' s provision for risks and charges amounted to Euro 68,000.

Technical reserves (caption 130)

Break-down

Euro/1,000

	Direct work	Indirect work	Total 30.06.2008	Total 31.12.2007
A. Non-life branch	**8,029**	**-**	**8,029**	**4,030**
A1. premiums fund	*6,891*		**6,891**	*3,543*
A2 . claims fund	959		**959**	397
A3. other reserves	179		**179**	90
B. Life branch	**-**	-	**-**	**418,281**
B1. Mathematical reserves	-		**-**	415,799
B2. Funds for amounts to be disbursed	-		**-**	573
B3. Other reserves	-		**-**	1,909
C. Technical reserves for investment risks to be borne by the insured	**-**	-	**-**	**6,685**
C1: funds for contracts with disbursements connected with investment funds and market indices	-		**-**	6,685
C2: funds from pension fund management			**-**	
D. Total technical reserves	**8,029**	-	**8,029**	**428,996**

Also considering Chiara Vita S.p.A.'s technical reserves, amounting to Euro 433.0 million in all (Euro 426.8 million for the life branch and Euro 6.2 million for investment risks to be borne by the insured), the total reaches Euro 441.0 million.

Group's shareholders' equity (captions 140, 160, 170, 180, 190, 200 and 220)

Break-down

Euro/1,000

Caption / Amount	Amount 30.06.2008	Amount 31.12.2007
1. Share capital	67,705	67,705
2. Share premium reserve	16,145	16,145
3. Reserves	543,851	376,295
4. (Treasury shares)		
a) parent company	(79)	(92)
b) subsidiaries		
5. Valuation reserves	21,357	19,642
6. Capital instruments	-	
7. Profit (loss) for the period attributable to the Group	26,956	183,630
Total	**675,935**	**663,325**

No Group company, with the exception of Chiara Vita s.p.a., has been in possession of its own shares at any time during the accounting period.

As of 30 June 2008 the Subsidiary managed 13,000 Banco Desio shares with a total value of Euro 79 thousand in a portfolio of financial instruments organised in an internal insurance Fund.

Valuation reserves: break-down

Euro/1,000

Caption / Components	Banking Group	Insurance Company	Total 30.06.2008	Total 31.12.2007
1. Available-for-sale financial assets	(2,711)	(78)	(2,789)	(4,275)
2. Tangible assets			-	
3. Intangible assets				
4. Foreign investment hedge				
5. Cashflow hedge	1,248	2	1,250	
6. Exchange differences				
7. Non-current assets held for sale and discontinued operations				
8. Special revaluation laws	22,896	-	22,896	22,896
9. Other			-	1,021
Total	**21,433**	**(76)**	**21,357**	**19,642**

Valuation reserves of available for sale financial assets: break-down

Euro/1,000

Asset / Amount	**Banking Group**		**Insurance Company**		**Total 30.06.2008**		**Total 31.12.2007**	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	25	(4,202)	-	(78)	25	(4,280)	1,709	(8,937)
2. Equity securities	2,607	(152)	-	-	2,607	(152)	2,633	(285)
3. UCITS units	534	(1,523)	-		534	(1,523)	975	(370)
Total	**3,166**	**(5,877)**	**-**	**(78)**	**3,166**	**(5,955)**	**5,317**	**(9,592)**

INCOME STATEMENT

Interest income and similar revenues (caption 10)

1.1 - attributable to the banking Group: break-down

(Euro/1,000)

Caption / Technical form	Performing financial assets – Debt securities	Performing financial assets – Loans	Impaired financial assets	Other assets	Total 30.06.2008	Total 30.06.2007
1. Financial assets held for trading	1,262			8,031	**9,293**	9,903
2. Financial assets at fair value through profit or loss					**-**	
3. Available-for-sale financial assets	3,925				**3,925**	7,510
4. Held-to-maturity investments	221				**221**	181
5. Amounts due from banks		10,523		-	**10,523**	7,266
6. Amounts due from customers	172	174,194	2,568	-	**176,934**	138,741
7. Hedging derivatives				-	**-**	-
8. Financial assets sold but not written off	13,146				**13,146**	-
9. Other assets				125	**125**	105
Total	**18,726**	**184,717**	**2,568**	**8,156**	**214,167**	**163,706**

1.2 - attributable to the insurance company: break-down

(Euro/1,000)

Caption / Technical form	Performing financial assets – Debt securities	Performing financial assets – Loans	Impaired financial assets	Other assets	Total 30.06.2008	Total 30.06.2007
1. Financial assets held for trading				1,767	**1,767**	1,962
2. Financial assets at fair value through profit or loss	8,559			-	**8,559**	7,440
3. Available-for-sale financial assets	8,451				**8,451**	4,604
4. Held-to-maturity investments					**-**	-
5. Amounts due from banks				17	**17**	1
6. Amounts due from customers					**-**	-
7. Hedging derivatives					**-**	-
8. Financial assets sold but not written off					**-**	
9. Other assets				364	**364**	-
Total	**17,010**	**-**	**-**	**2,148**	**19,158**	**14,007**

Interest income at the end of June 2008, Euro 233,3 million, is to be compared with a result of Euro 177.7 million at the end of June 2007, constituting an increase of Euro 55.7 million.

The pro-forma result at the end of the first six months of 2007, reported differently after the reclassification of the income components of ANIMA s.g.r.p.a., which was a subsidiary at the time, was Euro 177.6 million.

Interests on "amounts due from customers" – impaired financial assets", amounting to Euro 2.6 million as of June 2008 (Euro 2.0 million in the previous financial year) reflect default interests collected in this financial year and mainly referred to non performing loans.

Interest expense and similar charges (caption 20)

1.3 - attributable to the banking Group: break-down

(Euro/1,000)

Caption / Technical form	Debts	Securities	Other liabilities	Total 30.06.2008	Total 30.06.2007
1. Amounts due to banks	(2,210)		-	**(2,210)**	(2,229)
2. Amounts due to customers	(39,416)		(550)	**(39,966)**	(27,874)
3. Securities issued		(30,657)		**(30,657)**	(23,327)
4. Financial liabilities held for trading			(9,075)	**(9,075)**	(1,794)
5. Financial liabilities at fair value through profit or loss		(6,491)		**(6,491)**	(1,711)
6. Financial liabilities associated with assets sold but not written off	(11,655)			**(11,655)**	(8,885)
7. Other liabilities and reserves			-	**-**	-
8. Hedging derivatives			(444)	**(444)**	(464)
Total	**(53,281)**	**(37,148)**	**(10,069)**	**(100,498)**	**(66,284)**

- attributable to the insurance company: break-down

(Euro/1,000)

Captions/Technical types	Debts	Securities	Other liabilities	Total 30.06.2008	Total 30.06.2007
1. Amounts due to banks	-			**-**	(1)
2. Amounts due to customers				**-**	-
3. Securities issued				**-**	-
4. Financial liabilities held for trading				**-**	-
5. Financial liabilities at fair value through profit or loss				**-**	-
6. Financial liabilities associated with assets sold but not written off				**-**	-
7. Other liabilities and reserves			(1)	**(1)**	-
8. Hedging derivatives				**-**	-
Total	**-**	**-**	**(1)**	**(1)**	**(1)**

The total pro-forma figure at 30 June 2007 is Euro 66.4 million, very little different from the carrying amount of Euro 66.3 million.

Comparison between the two periods gives an increase of Euro 34.1 million.

Differentials on hedging transactions

(Euro/1,000)

Caption / Amount	Banking Group	Insurance company	Total 30.06.2008	Total 30.06.2007
A. Positive differentials on transactions:				
A.1 Specific fair value hedge of assets				
A.2 Specific fair value hedge of liabilities	1,294		1,294	2,422
A.3 General hedge of interest rate risk				
A.4 Specific cash flow hedge of assets				
A.5 Specific cash flow hedge of liabilities				
A.6 General cash flow hedge				
Total positive differentials (A)	**1,294**		**1,294**	**2,422**
B. Negative differentials on transactions:				
B.1 Specific fair value hedge of assets				
B.2 Specific fair value hedge of liabilities	(1,738)		(1,738)	(2,886)
B.3 General hedge of interest rate risk				
B.4 Specific cash flow hedge of assets				
B.5 Specific cash flow hedge of liabilities				
B.6 General cash flow hedge				
Total negative differentials (B)	**(1,738)**		**(1,738)**	**(2,886)**
C. Balance (A-B)	**(444)**		**(444)**	**(464)**

Fee and commission income (caption 40)

- attributable to the banking Group: break-down

(Euro/1,000)

Type of service / Amount	Total 30.06.2008	Total 30.06.2007
a) guarantees given	1,079	967
b) credit derivatives		
c) management, trading and consultancy services:	20,977	74,158
1. trading of financial instruments	1,873	2,037
2. currency trading	725	712
3. portfolio management	3,147	56,978
3.1. individual	*2,683*	*3,273*
3.2. collective	*464*	*53,705*
4. securities safekeeping and administration	2,302	1,973
5. depositary bank	3,329	2,534
6. securities placement	4,639	3,959
7. order acceptance	3,771	5,929
8. consultancy services	-	2
9. distribution of third party services	1,191	34
9.1. portfolio management	-	-
9.1.1. individual	-	-
9.1.2. collective		
9.2. insurance products	54	21
9.3. other products	1,137	13
d) collection and payment services	9,324	8,108
e) servicing for securitization transactions	15	22
f) factoring transaction services	17	20
g) tax collection services		
h) other services	8,441	7,869
Total	**39,853**	**91,144**

The pro-forma result at 30 June 2007 was Euro 43.5 million.

Comparison on the basis of homogeneous data, therefore, shows a drop of Euro 3.6 million (- 8.3%).

- attributable to the insurance company: break-down

(Euro/1,000)

Type of service / Amount	Total 30.06.2008	Total 30.06.2007
a) guarantees given		
b) credit derivatives		
c) management, trading and consultancy services:	11,257	8,150
1. trading of financial instruments		
2. currency trading		
3. portfolio management	11,257	8,150
3.1. individual		
3.2. collective	11,257	8,150
4. securities safekeeping and administration		
5. depositary bank		
6. securities placement		
7. order acceptance		
8. consultancy services		
9. distribution of third party services		
9.1. portfolio management	-	-
9.1.1. individual		
9.1.2. collective		
9.2. insurance products		
9.3. other products		
d) collection and payment services		
e) servicing for securitization transactions		
f) factoring transaction services		
g) tax collection services		
h) other services		
Total	**11,257**	**8,150**

Fee and commission expense (caption 50)

- attributable to the banking Group: break-down

(Euro/1,000)

Type of service / Amount	Total 30.06.2008	Total 30.06.2007
a) Guarantees received	(15)	(18)
b) Credit derivatives		
c) Management, dealing and consultancy services:	(1,596)	(25,768)
1. Trading of financial instruments	(194)	(205)
2. Currency trading		
3. Portfolio management:	-	(24,687)
3.1 own customers		
3.2 delegated	-	(24,687)
4. Securities safekeeping and administration	(856)	(876)
5. Placement of financial instruments	-	-
6. Door-to-door sale of financial instruments, products and services	(546)	
d) Collection and payment services	(1,288)	(1,328)
e) Other services	(1,393)	(1,804)
Total	**(4,292)**	**(28,918)**

- attributable to the insurance company: break-down

(Euro/1,000)

Type of service / Amount	Total 30.06.2008	Total 30.06.2007
a) Guarantees received		
b) Credit derivatives		
c) Management, dealing and consultancy services:	(4,508)	(4,800)
1. Trading of financial instruments	-	(2)
2. Currency trading		
3. Portfolio management:	(4,508)	(4,797)
3.1 own portfolio	(4,508)	(4,797)
3.2 third parties' portfolio		
4. Securities safekeeping and administration		
5. Placement of financial instruments	-	(1)
6. Door-to-door sale of financial instruments, products and services		
d) Collection and payment services		
e) Other services	(340)	
Total	**(4,848)**	**(4,800)**

There is hardly any variation, on the other hand, between the total carrying amount in June 2008, Euro 9.1 million, and the pro-forma amount in the last period, Euro 9.0 million.

Dividends and similar income (caption 70)

Break-down

(Euro/1,000)

Caption / Revenues	Banking Group		Insurance Company		Total 30.06.2008		Total 30.06.2007	
	Dividends	Income from UCITS units	Dividends	Income from UCITS units	Dividends	Income from UCITS units	Dividends	Income from UCITS units
A. Financial assets held for trading	220				220		*111*	
B. Available-for-sale financial assets	108		297	1	406		*365*	
C. Financial assets at fair value through profit or loss			857		857		*498*	
D. Equity investments	-				-		-	
Total	**328**	**-**	**1,154**	**1**	**1,483**	**-**	**974**	**-**

Net profits (losses) from trading activities (caption 80)

- attributable to the banking Group

(Euro/1,000)

Transaction / Income component	Capital gain	Profit from trading	Capital losses	Losses from trading	Net income 30.06.2008	Net income 30.06.2007
1. Financial assets held for trading	**99**	**1,789**	**(3,143)**	**(2,308)**	**(3,563)**	**4,975**
1.1 Debt securities	99	619	(904)	(423)	**(609)**	***3,588***
1.2 Equity securities	-	284	(2,120)	(719)	**(2,555)**	***395***
1.3 UCITS units	-	57	(119)	(186)	**(248)**	***78***
1.4 Financing		625			**625**	***875***
1.5 Other		204		(980)	**(776)**	***39***
2. Financial liabilities held for trading	-	-	-	-	**-**	**-**
2.1 Debt securities					**-**	
2.2 Other					**-**	
3. Other financial assets and liabilities: foreign exchange differences					**179**	**376**
4. Derivative instruments	5,442	19,325	(5,540)	(18,967)	**524**	**(249)**
4.1 Derivatives held for trading:	5,442	19,325	(5,540)	(18,967)	**524**	**(249)**
- on debt securities and interest rates	*1,240*	*9,676*	*(1,352)*	*(10,103)*	**(539)**	**(302)**
- on equity securities and stock indexes	*4,202*	*8,424*	*(4,188)*	*(7,910)*	**528**	**(94)**
- on currencies and gold					**264**	**146**
- other		*1,225*		*(954)*	**271**	**1**
4.2 Credit derivatives					**-**	**-**
Total	**5,541**	**21,114**	**(8,683)**	**(21,275)**	**(2,860)**	**5,102**

- attributable to the insurance company

(Euro/1,000)

Transaction / Income component	Capital gain	Profit from trading	Capital losses	Losses from trading	Net income 30.06.2008	Net income 30.06.2007
1. Financial assets held for trading	-	-	-	-	**-**	**-**
1.1 Debt securities					**-**	
1.2 Equity securities					**-**	
1.3 UCITS units					**-**	
1.4 Financing					**-**	
1.5 Other					**-**	
2. Financial liabilities held for trading	-	-	-	-	**-**	**-**
2.1 Debt securities					**-**	
2.2 Other					**-**	
3. Other financial assets and liabilities: exchange differences					**-**	
4. Derivative instruments	446	302	(10,704)	(922)	***(10,878)***	**(1,962)**
4.1 Derivatives held for trading:	446	302	(10,704)	(922)	***(10,878)***	**(1,962)**
- on debt securities and interest rates					**-**	
- on equity securities and stock indexes	446	302	(10,704)	(922)	***(10,878)***	**(1,962)**
- on currencies and gold					**-**	
- other					**-**	
4.2 Credit derivatives					**-**	
Total	**446**	**302**	**(10,704)**	**(922)**	**(10,878)**	**(1,962)**

Net profits (losses) from hedging activities (caption 90)

Break-down

(Euro/1,000)

Income component/Value	Banking Group	Insurance Company	Total 30.06.2008	Total 30.06.2007
A. Income relating to:				
A.1 Fair value hedging derivatives	258		258	511
A.2 Hedged financial assets (fair value)			-	
A.3 Hedged financial liabilities (fair value)	342		342	321
A.4 Cash flow hedge financial derivatives				
A.5 Currency assets and liabilities				
Total income from hedging activities (A)	**600**	-	**600**	832
B. Charges relating to:				
B.1 Fair value hedging derivatives	(472)		(472)	(749)
B.2 Hedged financial assets (fair value)				
B.3 Hedged financial liabilities (fair value)	(181)		(181)	(226)
B.4 Cash flow hedge financial derivatives				
B.5 Currency assets and liabilities				
Total charges from hedging activities (B)	**(653)**	**-**	**(653)**	**(975)**
C. Net hedging income (A – B)	**(53)**	**-**	**(53)**	**(143)**

Profit (loss) from disposal / repurchase (caption 100)

Break-down

(Euro/1,000)

Caption/Income component	Banking Group			Insurance Company			Total 30.06.2008			Total 30.06.2007		
	Profits	Losses	Net income	Profits	Losses	Net income	Profits	Losses	Net income	Profits	Losses	Net income
Financial assets												
1. Amounts due from banks												
2. Amounts due from customers	13	(400)	**(387)**				*13*	*(400)*	**(387)**			
3. Available-for-sale financial assets	2,532	(396)	**2,136**	135	(414)	**(279)**	2,667	(810)	**1,857**	1,921	(394)	**1,527**
3.1 Debt securities	*128*	*(170)*	***(42)***	*7*	*(405)*	***(398)***	*135*	*(575)*	***(440)***	*141*	*(282)*	***(141)***
3.2 Equity securities	*1,502*		***1,502***	*1*	*(9)*	***(8)***	*1,503*	*(9)*	***1,494***	*49*	*(3)*	***46***
3.3 UCITS units	*902*	*(226)*	***676***	*127*	*-*	***127***	*1,029*	*(226)*	***803***	*1,731*	*(109)*	***1,622***
3.4 Financing												
4. Held-to-maturity investments			**-**			**-**	-	-	**-**			**-**
Total assets	**2,545**	**(796)**	**1,749**	**135**	**(414)**	**(279)**	**2,680**	**(1,210)**	**1,470**	**1,921**	**(394)**	**1,527**
Financial liabilities												
1. Amounts due to banks												
2. Amounts due to customers												
3. Securities issued	6	-	**6**			**-**	6	-	**6**	47		**47**
Total liabilities	**6**	**-**	**6**	**-**	**-**	**-**	**6**	**-**	**6**	**47**	**-**	**47**

The net pro-forma figure is Euro 1.4 million higher than the carrying amount in the same half year in 2007, substantially in line with the results of the current half year.

Net gain/(loss) on financial assets and liabilities at fair value through profit or loss (caption 110)

Net value change in financial assets and liabilities at fair value through profit or loss

- attributable to the banking Group: break-down

(Euro/1,000)

Transaction/Income component	Capital gain	Profits from disposal	Capital losses	Losses from disposal	Net income 30.06.2008	Net income 30.06.2007
1. Financial assets	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities					-	
1.2 Equity securities					-	
1.3 UCITS units					-	
1.4 Financing					-	
2. Financial liabilities	**8,092**	**-**	**(134)**	**(61)**	**7,897**	**1,229**
2.1 Securities issued	8,092	-	(134)	(61)	7,897	1,229
2.2 Amounts due to banks					-	
2.3 Amounts due to customers					-	
3. Other financial assets and liabilities: foreign exchange differences					-	
4. Derivative instruments	**132**	**-**	**(7,926)**	**-**	**(7,794)**	**(1,314)**
4.1 Financial derivatives	132	-	(7,926)	-	(7,794)	(1,314)
- on debt securities and interest rates	132		(7,926)		(7,794)	(1,314)
- on equity securities and stock indexes					-	
- on currencies and gold					-	
- other					-	
4.2 Credit derivatives					-	
Total	**8,224**	**-**	**(8,060)**	**(61)**	**103**	**(85)**

- attributable to the insurance company: break-down

(Euro/1,000)

Transaction/Income component	Capital gain	Profits from disposal	Capital losses	Losses from disposal	Net income 30.06.2008	Net income 30.06.2007
1. Financial assets	**2,158**	**1,928**	**(33,313)**	**(12,265)**	**(41,492)**	**4,457**
1.1 Debt securities	940	382	(11,070)	(276)	(10,024)	(3,351)
1.2 Equity securities	165	166	(3,743)	(1,731)	(5,143)	(378)
1.3 UCITS units	1,053	1,380	(18,500)	(10,258)	(26,325)	8,186
1.4 Financing					-	-
2. Financial liabilities	**43,315**	**-**	**-**	**-**	**43,315**	**(7,290)**
2.1 Securities issued					-	-
2.2 Amounts due to banks					-	(7,290)
2.3 Amount due to customers	43,315		-		43,315	
3. Other financial assets and liabilities: exchange differences					-	-
4. Derivative instruments	-	-	-	-	-	-
4.1 Financial derivatives	-	-	-	-	-	-
- on debt securities and interest rates					-	
- on equity securities and stock indexes					-	
- on currencies and gold					-	
- other					-	
4.2 Credit derivatives					-	-
Total	**45,473**	**1,928**	**(33,313)**	**(12,265)**	**1,823**	**(2,833)**

Net value adjustments/ write-backs for impairment (caption 130)

Net value adjustments for impairment of loans and receivables

- attributable to the banking Group

(Euro/1,000)

Transaction/Income component	Value adjustments			Write-backs				Total	Total
	Specific		Portfolio	Specific		Portfolio		30.06.2008	30.06.2007
	Write-offs	Others		Due to interests	Other write-backs	Due to interests	Other write-backs		
A. Amounts due from banks			-				-	-	5
B. Amounts due from customers	(1,758)	(26,529)	(4,100)	1,014	7,454		17	(23,902)	(9,692)
C. Total	**(1,758)**	**(26,529)**	**(4,100)**	**1,014**	**7,454**	**-**	**17**	**(23,902)**	**(9,687)**

"Value adjustments - specific – write-offs", amounting to Euro 1.8 million, are all referred to non-performing loans. This figure is to be seen against the amount of write-backs on closed non-performing loans, Euro 1.4 million in all.

Euro 12.9 million of the "Value adjustments - specific - others" represent non-performing loans, Euro 13.0 million represent loans classified as problem loans and 0.6 million as persistent default.

On the other hand, write-backs amount to Euro 6.1 million, Euro 3.8 million of which from non-performing loans, Euro 1.9 million from problem loans and 0.4 million from persistent default.

Net value adjustments for impairment of other financial transactions

- attributable to the banking Group:

(Euro/1,000)

Transaction/Income component	Value adjustments			Write-backs				Total	Total
	Specific		Portfolio	Specific		Portfolio		30.06.2008	30.06.2007
	Write-offs	Others		Due to interests	Other write-backs	Due to interests	Other write-backs		
A. Guarantees granted		(71)	(320)		10		-	(381)	(226)
B. Credit derivatives								-	
C. Commitments to grant finance								-	
D. Other transactions								-	
E. Total	**-**	**(71)**	**(320)**	**-**	**10**	**-**	**-**	**(381)**	**(226)**

Net insurance premiums (caption 150)

Break-down

Euro/1,000

Net insurance premiums	Direct work	Indirect work	Total 30.06.2008	Total 30.06.2007
A. Life branch				
A.1 Gross premiums accounted for (+)	58,522		58,522	60,581
A.2 Premiums ceded for reinsurance (-)	(132)		(132)	(113)
A.3 Total	58,390	0	58,390	60,468
B. Non-life branch			*0*	*0*
B.1 Gross premiums accounted for (+)	8,762		8,762	*2,668*
B.2 Premiums ceded for reinsurance (-)	-3,488		-3,488	-323
B.3 Changes in the gross amount of premium reserve (+/-)			0	0
B.4 Changes in premium reserves reassured with third parties (-/+)			1,545	213
B.5 Total	5,274	0	6,819	2,558
C. Total net insurance premiums	**63,664**		**65,209**	**63,026**

Balance of other income/charges arising from insurance management activities (caption 160)

Break-down

(Euro/1,000)

Captions	Total 30.06.2008	Total 30.06.2007
1. Net change in technical reserves	(12,859)	(34,387)
2. Claims accrued and paid during the year	(52,397)	(30,645)
3. Other income/charges arising from insurance management activities	(796)	
Total	**(66,052)**	**(65,032)**

Sub-caption “Net change in technical reserves”

Break-down

Euro/1,000

Net change in technical reserves	**Total** 30.06.2008	**Total** 30.06.2007
1. Life branch		
A. Mathematical reserves		
A.1 Gross annual amount	(9,671)	(31,948)
A.2 (-) Amount reassured with third parties	(57)	(176)
B. Other technical reserves		
B.1 Gross annual amount	228	(293)
B.2 (-) Amount reassured with third parties		
C. Technical reserves for investment risks to be borne by the insured		
C.1 Gross annual amount	78	(324)
C.2 (-) Amount reassured with third parties		
Total "life branch reserves"	**(9,422)**	**(32,741)**
2. Non-Life branch		
Changes in other technical reserves of non-life branch other than claims fund net of ceded insurance	**(3,437)**	**(1,646)**

Sub-caption "Claims accrued and paid during the year"

(euro/1,000)

Charges associated to claims	Total 30.06.2008	Total 30.06.2007
Life branch: charges associated to claims, net of reinsurance ceded		
A. Amounts paid		
A.1 Gross annual amount	(52,553)	(30,195)
A.2 (-) Amount reassured with third parties	27	3
B. Changes in funds for amounts to be disbursed		
B.1 Gross annual amount	573	
B.2 (-) Amount reassured with third parties		(408)
Total life branch claims	**(51,953)**	**(30,600)**
Non-Life branch: charges associated to claims, net of recoveries and reinsurance ceded		
C. Amounts paid:		
C.1 Gross annual amount	(297)	(3)
C.2 (-) Amount reassured with third parties	155	
D. Changes in recoveries, net of amounts reassured with third parties		
E. Changes in claims fund		
E.1 Gross annual amount	(562)	(49)
E.2 (-) Amount reassured with third parties	260	7
Total non-life branch claims	**(444)**	**(45)**

Administrative expenses (caption 180)

Staff expenses

(Euro/1,000)

Type of cost / Sector	**Banking Group**	**Insurance Company**	Total 30.06.2008	Total 30.06.2007
1) Employees	(63,010)	(1,770)	(64,780)	(60,244)
a) wages and salaries	(40,965)	(1,249)	(42,214)	(41,166)
b) social security charges	(10,475)	(351)	(10,826)	(10,201)
c) provision for employee termination indemnities	(153)		(153)	
d) social security costs	-	(34)	(34)	(19)
e) provisions for termination indemnities	(713)	(56)	(769)	(1,963)
f) accruals to pension funds and similar funds:	-	-	-	(1,354)
- defined contribution			-	(1,354)
- defined benefit	-		-	
g) amounts paid to external complementary social security funds:	(4,774)	(23)	(4,797)	(2,026)
- defined contribution	(4,774)	(23)	(4,797)	(2,026)
- defined benefit		-	-	
h) costs arising from payment agreements based on own financial instruments	(38)	(41)	(79)	(83)
i) other benefits in favor of employees	(5,892)	(16)	(5,908)	(3,432)
2) Other personnel	(896)	(172)	(1,068)	(1,092)
3) Directors	(2,588)	(169)	(2,757)	(2,512)
Total	**(66,494)**	**(2,111)**	**(68,605)**	**(63,848)**

The result for the end of the first six months of 2008 must be compared with the result at 30 June 2007, which, without the ANIMA s.g.r.p.a component, amounts to Euro 60.3 million, an increase of Euro 8.3 million.

Other administrative expenses

(Euro/1,000)

	Banking Group	Insurance Company	Total 30.06.2008	Total 30.06.2007
indirect taxes and duties				
- stamp duties	(4,387)	(1)	(4,388)	(4,082)
- other	(2,451)	(1)	(2,452)	(2,024)
other expenses				
- information technology charges	(6,316)	(613)	(6,929)	(7,095)
- property/equipment lease	(4,923)	(129)	(5,052)	(4,936)
- maintenance of property/furniture and equipment	(3,499)	(109)	(3,608)	(2,116)
- postal and telegraphic charges	(1,547)	-	(1,547)	(1,510)
- telephone, data transmission charges	(2,556)	(123)	(2,679)	(2,996)
- electric power, heating, water	(1,525)	(2)	(1,527)	(1,802)
- cleaning services	(543)	(6)	(549)	(517)
- printing, stationery and consumables expenses	(839)	(9)	(848)	(552)
- transport costs	(533)	(1)	(534)	(548)
- surveillance and security	(823)	-	(823)	(912)
- advertising	(701)	(1)	(702)	(1,975)
- information and certificates	(835)	-	(835)	(266)
- insurance premiums	(1,172)	(8)	(1,180)	(531)
- legal expenses	(1,618)		(1,618)	(2,549)
- professional consulting expenses	(2,319)	(537)	(2,856)	(3,439)
- expenses for collective bodies	(227)	(11)	(238)	(208)
- contributions and donations	(142)	-	(142)	(160)
- sundry expenses	(3,231)	(667)	(3,898)	(5,027)
Total	**(40,187)**	**(2,218)**	**(42,405)**	**(43,245)**

The result at the end of the first six months of 2007, without the ANIMA component, is Euro 39.2 million; therefore, the comparison on the basis of homogeneous data shows an increase of Euro 3.2 million.

Net provisions for risks and charges (caption 190)

(Euro/1,000)

Type of provision / Amount	Banking Group	Insurance Company	Total 30.06.2008	Total 30.06.2007
charges for legal disputes	829		**829**	**(949)**
other	(79)		**(79)**	**2,787**
Total	**750**	**-**	**750**	**1,838**

Net value adjustments to/write-backs of tangible assets (caption 200)

- attributable to the banking Group: break-down

(Euro/1,000)

Asset / Income component	Depreciation	Value adjustments for impairment	Write-backs	Net income 30.06.2008	Net income 30.06.2007
A. Tangible assets					
A.1 owned by the Bank	(3,384)	-	-	(3,384)	(3,259)
- for business use	(3,384)			(3,384)	(3,259)
- for investment				-	-
A.2 leased	-	-	-	-	-
- for business use				-	
- for investment				-	
Total	**(3,384)**	**-**	**-**	**(3,384)**	**(3,259)**

- attributable to the insurance company: break-down

(Euro/1,000)

Asset / Income component	Depreciation	Value adjustments for impairment	Write-backs	Net income 30.06.2008	Net income 30.06.2007
A. Tangible assets					
A.1 owned by the Bank	(28)	-	-	(28)	(16)
- for business use	(28)			(28)	(16)
- for investment				-	-
A.2 leased	-	-	-	-	-
- for business use				-	
- for investment				-	
Total	**(28)**	**-**	**-**	**(28)**	**(16)**

The total pro-forma result for the first six months of 2007 is Euro 3.0 million, and the increase on a homogeneous basis is Euro 0.4 million.

Net value adjustments to/write-backs of intangible assets (caption 210)

- attributable to the banking Group: break-down

(Euro/1,000)

Asset/Income component	Amortization	Value adjustments for impairment	Write-backs	Net income 30.06.2008	Net income 30.06.2007
A. Intangible assets				-	
A.1 owned by the Bank	(279)	-	-	(279)	(379)
- generated internally				-	
- other	(279)			(279)	(379)
A.2 leased				-	
Total	**(279)**	**-**	**-**	**(279)**	**(379)**

- attributable to the insurance company: break-down

(Euro/1,000)

Asset/Income component	Amortization	Value adjustments for impairment	Write-backs	Net income 30.06.2008	Net income 30.06.2007
A. Intangible assets				-	
A.1 owned by the Bank	(123)	-	-	(123)	(62)
- generated internally				-	
- other	(123)			(123)	(62)
A.2 leased				-	
Total	**(123)**	**-**	**-**	**(123)**	**(62)**

The total pro-forma figure at the end of June 2007 is Euro 0.37 million.

Other operating income (expenses) (caption 220)

Other operating expenses

(Euro/1,000)

Income component / Amount	Banking Group	Insurance Company	Total 30.06.2008	Total 30.06.2007
amortization of costs for leasehold improvements	(1,065)	-	**(1,065)**	(900)
loss from disposal of tangible assets	(20)	-	**(20)**	
charges on non-banking services	(1,655)	(53)	**(1,708)**	(1,634)
Total	**(2,740)**	**(53)**	**(2,793)**	(2,534)

Other operating income

(Euro/1,000)

Income component / Amount	Banking Group	Insurance Companies	Total 30.06.2008	Total 30.06.2007
recovery of taxes from third parties	5,419	-	**5,419**	5,419
recovery of expenses for deposits and current accounts	6,262	-	**6,262**	4,918
leases and rentals received	20	-	**20**	3
other recovery of expenses	4,171	-	**4,171**	5,833
profit from disposal of tangible assets	7	-	**7**	
others	2,263	537	**2,800**	624
Total	**18,142**	**537**	**18,679**	16,797

The pro-forma figure at the end of the first six months of 2007 is substantially unchanged at Euro 14.3 million.

Taxes for the period on income from continuing operations (caption 290)

(Euro/1,000)

Income component/Sector	Banking Group	Insurance Companies	Total 30.06.2008	Total 30.06.2007
1. Current taxes (-)	(21,305)	(1,113)	(22,418)	(29,598)
2. Changes in current taxes of previous years (+/-)	839	-	839	(52)
3. Decrease in current taxes of the year (+)			-	
4. Changes in deferred tax assets (+/-)	3,787	(418)	3,369	589
5. Changes in deferred tax liabilities (+/-)	310	(42)	268	(1,127)
6. Taxes for the period (-)	**(16,369)**	**(1,573)**	**(17,942)**	**(30,188)**

The amount of the income tax for the first six months of 2007, without the ANIMA S.G.G.p.A. component, is Euro 24.0 million.

Earnings per share

	Categories of shares		Profit for the period
	Ordinary shares	Savings shares	
Proposed allocation of dividends	6,143	832	
Retained earnings	17,598	2,383	
	23,741	3,215	26,956
Average number of ordinary shares in circulation:			
Categories:			
Ordinary shares 117.000.000			
Savings shares 13.202.000			
Earnings per share - Basic :	**0.203**	**0.244**	

The Parent Company Banco Desio does not hold equity instruments which could potentially dilute basic earnings per share; therefore, diluted earnings per share corresponds to basic earnings per share.

SEGMENT REPORTING

Consolidated results by business segment and geographic segment

This section reports the consolidated results divided among the various business segments. Given the guidelines of IAS 14, Banco Desio Group has recognized as its primary format, as provided by the accounting standard, segment reporting by "business segment" in that this constitutes the most effective description of the Group's profitability. Accordingly, segment reporting by geographic segment represents the secondary format, as provided by the accounting standard.

In relation to Banco Desio Group's organizational structure, at a Segment Reporting level information by business segment is structured on the basis of the following principles:

- for the commercial banks (Banco Desio SpA, Banco Desio Lazio SpA, Banco Desio Toscana SpA and Banco Desio Veneto SpA), customer business units were defined, adopting a basis of segmentation centred on the customers' characteristics, considering the following variables:
  - type of customer (sector of economic activity);
  - legal form (joint-stock company, or not);
  - size (sales).

Those principles led to the establishment of the following business units:

- retail customers: bringing together the activities directed towards private customers and small businesses (artisans, family-owned businesses and professionals). Included in this segment are products related fundamentally to: any form of loan or deposit; financial, insurance and asset management products; and debit and credit cards:
- corporate customers: bringing together the activities directed towards both customers of medium and large enterprises and customers with financial institution characteristics. Included in this segment are products related fundamentally to: any form of loan or deposit; financial, banking and payment services; documentary credit; and leasing and factoring;
- investment banking: bringing together the activities related to the Bank's own securities portfolio and the Interbank market;
- corporate center: this segment includes the Group's direction and control functions which perform support activities in the management and co-ordination of the business portfolio. Furthermore, it includes service activities, identified as the cross-segment activities performed to support the functioning of several business segments, entrusted to the corporate center to guarantee productive efficiency and organizational consistency. The corporate center structure can be identified in the centralized functions at the Parent Company supporting the Group companies (administration, finance, management control, risk management, personnel administration, IT systems, property management, etc.). Furthermore, intragroup adjustments are allocated to the corporate center, except where the intragroup balances are between companies within the same segment.

The results of the subsidiaries (Brianfid Sa, Banca Credito Privato Commerciale Sa, Chiara Vita SpA, Chiara Assicurazioni SpA), considering the specificity of the activity performed by them, are allocated to the "asset management" segment, whereas Fides SpA, a subsidiary of Banco Desio Lazio, is recognised in the "retail" segment.

For the commercial banks, the construction of Income Statement data by segment is carried out on the basis of the following principles:

- net interest income: is calculated by contribution on the basis of internal transfer rates differentiated by product and duration;

- net income from services: is obtained by direct allocation of each actual asset and liability commission component;
- operating costs: are allocated to each segment through a process which provides for the attribution of costs to each organizational unit present in the segment, directly or by driver, in accordance with the full-costing method;
- provisions and adjustments: are allocated both directly and through allocation criteria.

Furthermore, the main balance sheet aggregates and indirect deposits (administered and managed) is disclosed for each reporting segment.

The data by business segment is shown before intragroup balances, except where the intragroup balances are between companies within the same segment.

With regard to the disclosure of results by geographic segment, both the Income Statement data and the balance sheet data in the related tables refer to the residence of the individual operating units of the Group, whose strength is in the local market of northern Italy.

CONSOLIDATED REPORT OF SEGMENT INFORMATION BY BUSINESS SEGMENT

Income Statement data (amounts in Euro/1,000)	30/06/08	RETAIL	CORPORATE	INVESTMENT BANKING	ASSET MNG
Margin on banking and insurance activities (1)	180,933	105,635	41,661	250	15,344
Structure costs (2)	-114,824	-66,871	-20,034	-1,285	-8,149
Provisions and adjustments (3)	-23,533	-13,502	-10,796	0	16
Profits/(losses) on equity investments accounted for under the equity method	1,652	0	0	0	387
Profits/(losses) on the disposal of investments	762	762	0	0	0
Profits/(losses) before taxes on continuing operations	**44,990**	**26,024**	**10,831**	**-1,035**	**7,598**

(1) from the Income Statement, reclassified

(2) administrative expenses, net adjustments to tangible and intangible assets

(3) net adjustments for impairment of loans and receivables and financial assets, provisions for risks and charges

Balance sheet data (amounts in Euro/1,000)	30/06/08	RETAIL	CORPORATE	INVESTMENT BANKING	ASSET MNG
Financial assets	983,899	0	0	984,914	13,022
Amounts due from banks	425,713	0	0	396,628	114,358
Amounts due from customers	5,316,857	2,977,049	2,360,676	0	10,854
Amounts due to banks	32,817	0	0	51,239	0
Amounts due to customers	4,048,069	2,869,173	1,204,546	0	58,553
Securities issued	1,565,471	1,479,045	122,036	0	0
INDIRECT DEPOSITS: ADMINISTERED AND MANAGED	**17,620,172**	**5,342,834**	**2,014,334**	**0**	**2,382,469**

CONSOLIDATED REPORT OF SEGMENT INFORMATION BY BUSINESS SEGMENT

Income Statement data (amounts in Euro/1,000)	30/06/07	RETAIL	CORPORATE	INVESTMENT BANKING	ASSET MNG	CORPORATE CENTER
Margin on banking and insurance activities (1)	191,888	99,453	36,497	1,502	36,272	18,164
Structure costs (2)	-110,809	-63,208	-18,313	-1,063	-14,799	-13,426
Provisions and adjustments (3)	-8,075	-5,649	-4,215	0	-87	1,876
Profits/(losses) on equity investments accounted for under the equity method	17	0	0	0	0	17
Profits/(losses) on the disposal of investments	0	0	0	0	0	0
Profits/(losses) before taxes on continuing operations	**73,021**	**30,596**	**13,969**	**439**	**21,386**	**6,631**

(1) from the Income Statement, reclassified

(2) administrative expenses, net adjustments to tangible and intangible assets

(3) net adjustments for impairment of loans and receivables and financial assets, provisions for risks and charges

Balance sheet data (amounts in Euro/1,000)	30/06/07	RETAIL	CORPORATE	INVESTMENT BANKING	ASSET MNG	CORPORATE CENTER
Financial assets	2,476,693	0	0	1,044,518	1,591,697	-159,522
Amounts due from banks	248,339	0	0	203,443	72,313	-27,417
Amounts due from customers	4,489,952	2,569,963	1,938,123	0	19,824	-37,958
Amounts due to banks	249,724	0	0	250,401	10,465	-11,142
Amounts due to customers	3,478,549	2,558,473	890,467	0	51,880	-22,271
Securities issued	1,451,667	1,365,279	168,477	18,443	0	-100,532
INDIRECT DEPOSITS: ADMINISTERED AND MANAGED	**15,414,775**	**6,971,473**	**3,133,671**	**0**	**4,859,718**	**449,913**

CONSOLIDATED REPORT OF SEGMENT INFORMATION BY BUSINESS SEGMENT				
Income Statement data (amounts in Euro / 1,000)	30/06/08	NORTHERN ITALY	REST OF ITALY	REST OF THE WORLD
Margin on banking and insurance activities (1)	180,933	155,608	19,433	5,892
Structure costs (2)	-114,824	-97,392	-13,914	-3,518
Provisions and adjustments (3)	-23,533	-19,935	-3,614	16
Profits/(losses) on equity investments accounted for under the equity method	1,652	1,265	0	387
Profits/(losses) on the disposal of investments	762	0	762	0
Profits/(losses) before taxes on continuing operations	**44,990**	**39,546**	**2,667**	**2,777**

(1) from the Income Statement, reclassified

(2) administrative expenses, net adjustments to tangible and intangible assets

(3) net adjustments for impairment of loans and receivables and financial assets, provisions for risks and charges

Balance sheet data (amounts in Euro/1,000)	TOTAL	NORTHERN ITALY	REST OF ITALY	REST OF THE WORLD
Financial assets	983,899	876,074	106,932	893
Amounts due from banks	425,713	134,343	225,663	65,707
Amounts due from customers	5,316,857	4,585,076	720,927	10,854
Amounts due to banks	32,817	6,699	26,118	0
Amounts due to customers	4,048,069	3,279,312	710,204	58,553
Securities issued	1,565,471	1,363,794	201,677	0
INDIRECT DEPOSITS: ADMINISTERED AND MANAGED	**17,620,172**	**15,782,897**	**1,007,866**	**829,409**

CONSOLIDATED REPORT OF SEGMENT INFORMATION BY GEOGRAPHIC SEGMENT				
Income Statement data (amounts in Euro / 1,000)	30/06/07	NORTHERN ITALY	REST OF ITALY	REST OF THE WORLD
Margin on banking and insurance activities (1)	191,888	169,759	15,512	6,617
Structure costs (2)	-110,809	-95,799	-11,485	-3,525
Provisions and adjustments (3)	-8,075	-7,254	-734	-87
Profits/(losses) on equity investments accounted for under the equity method	17	17	0	0
Profits/(losses) on the disposal of investments	0	0	0	0
Profits/(losses) before taxes on continuing operations	**73,021**	**66,723**	**3,293**	**3,005**

(1) from the Income Statement, reclassified

(2) administrative expenses, net adjustments to tangible and intangible assets

(3) net adjustments for impairment of loans and receivables and financial assets, provisions for risks and charges

Balance sheet data (amounts in Euro/1,000)	TOTAL	NORTHERN ITALY	REST OF ITALY	REST OF THE WORLD
Financial assets	2,476,693	2,307,049	168,706	938
Amounts due from banks	248,339	-33,330	225,673	55,996
Amounts due from customers	4,489,952	3,925,162	552,247	12,543
Amounts due to banks	249,724	197,270	52,454	0
Amounts due to customers	3,478,549	2,776,439	652,425	49,685
Securities issued	1,451,667	1,308,261	143,406	0
INDIRECT DEPOSITS: ADMINISTERED AND MANAGED	**15,414,776**	**13,424,369**	**1,106,594**	**883,813**

INFORMATION ON RISKS AND THE RELATED HEDGING POLICIES SECTION 1 – THE BANKING GROUP'S RISKS

1. CREDIT RISK

Qualitative information

1. General aspects

The Group's lending activity has developed in line with the management policies laid down in the Business Plan, directed at local economies and mainly carried on in the retail, small business and small-to-medium enterprises markets. Lending is directed at the corporate market to a lesser extent.

The activities directed at private and small business customers (artisans, producing families, professionals) include products substantially relating to: loans and deposits under any form; financial, banking and payment services; financial, insurance and asset management products; debit and credit cards.
The activities intended for medium-to-large enterprises and finance companies include products substantially relating to: loans and deposits under any form; financial, banking and payment services; documentary credit; leasing and factoring.
Commercial policy is pursued through the peripheral branch network both in the geographical areas, in which the Group has a traditional presence, the objectives being the constant consolidation of its position, and in its new markets, in order to acquire new market shares and to facilitate an increase in turnover.
For some specific products (loans, targeted personal loans, leasing), activities are also conducted by means of authorised operators.

The information contained in this section refers solely to the Italian banks of the Group, given the irrelevance of the assets held by the other companies.

2. Policies for the management of credit risks

2.1. Organisational aspects

The factors that give rise to credit risk are related to the possibility of an unexpected variation in the creditworthiness of a counter-party to which there is exposure generating a corresponding unexpected variation in the market value of the debt. For this reason, a credit risk must be considered as arising not only as a result of the possibility of a counter-party's insolvency, but also as a result of a mere worsening of its creditworthiness.
The Group's organisational structure ensures a satisfactory process to watch over and manage credit risk, adopting a policy of separating business and control functions.
The Board of Directors is assigned, on an exclusive basis, the tasks and powers related to the determination of the policies which affect the general operation of the company. As regards internal controls, the Board of Directors approves the strategic direction and risk management policies, as well as the organisational structure of the bank.
In the exercise of its responsibilities concerning direction and coordination, the Board of Directors of Banco Desio e della Brianza S.p.A., in its capacity as Parent Company, has issued specific control regulations for the different levels in banking Group companies.

2.2. Management, measurement and control systems

The credit risk management, measurement and control systems develop in an organisational framework that involves the entire credit process cycle, from the information-gathering stage to periodical review and the final phase of revocation and recovery.

The organisational structure and the risk management, measurement and control systems of the Italian banks in the Group are the same as those of the Parent Company, in which the outsourcing functions for subsidiaries are concentrated.

In compliance with the new prudential supervision regulations for banks (Circular no. 263 of 27 December 2006), the Banco Desio Group calculated the capital requirements to meet credit risk according to the rules laid down for the standardised method.

The Parent Company and the Italian subsidiary banks use an internal rating model (Credit Rating System) capable of classifying each counterparty in certain risk classes with similar default probabilities. This system represents an analytical model for measuring the default risk, which uses statistical inference methods based on the subjectivist theory (or on the conditioned probability theory). Such system is comprised of two aspects: the first is a quantitative aspect and envisages the univaried analysis of the main economic and financial indicators, while the second aspect, of a qualitative nature, is finalised to the assessment of the borrower from cognitive and context perspective. The application of this model allows to assign a rating regardless of the sources of information used and the segment of the borrower (retail/corporate); in details, the segmentation criteria are set taking into account the business sector, the legal status and the sales volumes (if applicable) of the counterparty. There are eight rating classes for performing counterparties (from AAA to CC), while there are three classes representing non performing loans (expired, problem and non-performing loans).

2.3. Credit risk mitigation techniques

While developing the operational process leading to the disbursement of a loan, even if it is considered that the necessary requirements have been met, whenever possible the Group obtains additional real and/or personal securities in order to mitigate risk.

Mortgages have proved to be the prevailing form of collateral, mainly in the technical form of mortgage loans (in particular loans raised on residential properties). Pledges in financial instruments and/or cash, however significant, are also to be found, but to a lesser extent.

The guarantees received by the Group are drawn up on contractual forms, in line with the standards for the sector and based on case law guidelines and approved by the competent corporate departments with the aim of containing the so-called legal risks. To date, the Group has not used credit derivatives to hedge or transfer credit risks and has carried out no direct securitisation transactions.

2.4. Impaired financial assets

Loans to customers are classified as problem loans in consideration of the extent of the risk that has arisen, of the objective impossibility of reaching an amicable settlement, of failure to comply with the repayment plans that have been defined and the need to timely take legal actions in order to safeguard the credit effectively.

The transfer to the *non-performing* loan category takes place when, in the light of the objective elements at the disposal of the competent office, a customer becomes unable to meet its commitments and thus enters a state of insolvency, even one that has not been declared by a court.

Positions which are overdue for more than 90 and/or 180 days, are kept under constant review by the Risk Control Area with the help of specific computerised procedures.

Value adjustments are made on the basis of measurement criteria and methods that are objective and prudent. In fact loss forecasts represent the synthesis of more than one factor deriving from various assessments (both internal and external) of the capital that is available to the main debtor and any guarantors. Loss forecast monitoring is constant and organic and in any event related to how individual positions develop. The time element in the discounting-back of impaired loans is determined based on specific valuations of each sector of activity carried out by outside legal counsels operating in various court districts.

QUANTITATIVE INFORMATION

Credit quality

Financial assets: break-down by portfolio and credit quality (book values)

(Euro/1,000)

Portfolio / Quality	Banking Group: Non-performing loans	Banking Group: Problem loans	Banking Group: Restructured loans	Banking Group: Expired loans	Banking Group: Country risk	Banking Group: Other assets	Other Companies: Impaired	Other Companies: Other	**Total**
1. Financial assets held for trading		8		2		499,467			**499,477**
2. Available-for-sale financial assets					-	464,211		12,129	**476,340**
3. Held-to-maturity investments						8,082			**8,082**
4. Amount due from banks					14	424,933		45,827	**470,774**
5. Amounts due from customers	35,916	34,697	-	23,402	5	5,222,837	-	-	**5,316,857**
6. Financial assets at fair value through profit or loss						-		1,055,155	**1,055,155**
7. Financial assets under disposal								1,436,043	**1,436,043**
8. Hedging derivatives									**-**
Total 30.06.2008	**35,916**	**34,705**	**-**	**23,404**	**19**	**6,619,530**	**-**	**2,549,154**	**9,262,728**
Total 31.12.2007	**29,207**	**30,762**	**-**	**19,527**	**21**	**6,195,530**	**-**	**1,415,630**	**7,690,677**

Financial assets: break-down by portfolio and credit quality (gross and net values)

(Euro/1,000)

Portfolio / Quality	Impaired assets: Gross exposure	Impaired assets: Specific adjustments	Impaired assets: Portfolio adjustments	Impaired assets: Net exposure	Other assets: Gross exposure	Other assets: Portfolio adjustments	Other assets: Net exposure	Total (net exposure)
A. Banking Group								
1. Financial assets held for trading	10			10	X	X	499,467	**499,477**
2. Available-for-sale financial assets				-	464,211		464,211	**464,211**
3. Held-to-maturity investments				-	8,082		8,082	**8,082**
4. Amount due from banks				-	424,953	6	424,947	**424,947**
5. Amounts due from customers	151,435	57,420	-	94,015	5,256,325	33,483	5,222,842	**5,316,857**
6. Financial assets at fair value through profit or loss				-	X	X	-	**-**
7. Financial assets under disposal				-			-	**-**
8. Hedging derivatives				-	X	X		**-**
Total A	**151,445**	**57,420**	**-**	**94,025**	**6,153,571**	**33,489**	**6,619,549**	**6,713,574**
B. Other companies included in the scope of consolidation								
1. Financial assets held for trading					X	X		**-**
2. Available-for-sale financial assets					12,129		12,129	**12,129**
3. Held-to-maturity investments								**-**
4. Amount due from banks					45,827		45,827	**45,827**
5. Amounts due from customers								**-**
6. Financial assets at fair value through profit or loss					X	X	1,055,155	**1,055,155**
7. Financial assets under disposal					1,436,043		1,436,043	**1,436,043**
8. Hedging derivatives					X	X		**-**
Total B	**-**	**-**	**-**	**-**	**1,493,999**	**-**	**2,549,154**	**2,549,154**
Total 30.06.2008	**151,445**	**57,420**	**-**	**94,025**	**7,647,570**	**33,489**	**9,168,703**	**9,262,728**
Total 31.12.2007	**126,087**	**46,591**	**-**	**79,496**	**6,276,119**	**29,437**	**7,611,181**	**7,690,677**

Break-down of cash and off-balance sheet loans by classes of external ratings (book values)

In accordance with the compilation regulations laid down by the Bank of Italy, this table has not been filled in because the amount of exposure with external ratings is modest.

Break-down of cash and off-balance sheet loans by classes of internal ratings

As outlined in the section dedicated to qualitative information (paragraph 2.2), the Parent Company and the Italian subsidiary banks started a testing process some time ago, focused on the determination of internal ratings of loans to customers. The model for the assessment of retail clients (consumers and micro enterprises) is currently being integrated, while the section dedicated to Corporate clients (enterprises with a turnover of over Euro 1million) is more consolidated.

The following table shows, as regards the performing loans belonging to the above mentioned segments, the weight of each rating class on the aggregate.

Loans as at 30.06.2008	Internal rating classes			
	from AAA to A	from BBB to B	from CCC to CC	Total
Cash loans	30.9%	44.4%	24.7%	100%
Off-balance sheet loans	53.7%	33.1%	13.2%	100%

Securitisation transactions

At 30 June 2008, the assets include instruments deriving from securitisation transactions, distinguished by the quality of the assets supplied by third parties, amounting to Euro 12.2 million in aggregate (Euro 12.6 million at 31 December 2007).

Euro 9.0 million of these are receivables from customers for the securitisation of receivables from local health authorities and Euro 3.2 million of portfolio instruments for securitisation on public real estate.

Asset disposals

- Financial assets sold but not written off

Financial assets sold but not written off, which are classified as financial assets held for trading and available-for-sale financial assets, consist of debt securities used in reverse repos

- Financial liabilities sold but not written off

The remaining financial liabilities against financial assets sold but not written off consist of payables to customers for financial assets held for trading

Credit risk measurement models

The internal credit risk measurement model has not yet been actively inserted in the credit process. Notwithstanding this, the valuations of the Credit Rating System have been made available to the network of outlying offices following the provision of targeted training in an experimental initiative regarding enquiries and credit renewal.

2 – MARKET RISKS

2.1 INTEREST RATE RISK – REGULATORY TRADING PORTFOLIO

Qualitative information

A. General aspects

The unexpected variations in market rates, when there are differences in maturity dates and in the times at which interest rates on assets and liabilities are reviewed, give rise to a variation in net interest flow and thus in interest margin. Furthermore, such unexpected fluctuations expose the bank to variations in the economic value of assets and liabilities.

The information contained in this section refers solely to the Italian banks of the Group, given the irrelevance of the assets held by the other companies.

In view of a potential increase of interest rates in the Eurozone, the Group adopted, in the financial year just ended, a strategy aimed at consolidating a return in line with the budget, while ensuring a low risk profile. Specifically, it was decided to keep a low portfolio duration and, at the same time, to privilege investments in fixed income instruments with a short term residual life.

B. Interest rate risk management processes and measurement methods

In exercising its responsibilities of direction and coordination, the Board of Directors of Banco Desio e della Brianza S.p.A., in its capacity as Parent Company, has issued specific rules for controls at the various levels of all the banking Group companies.
The operational activity of the Parent Company’s Finance Department is only directed at the Group’s Italian banks: the internal control system monitors operating limits (in terms of amount and composition by type of securities) and interest rate risk. Specifically, duration limits are laid down in order to limit interest rate risk. The Finance Department provides Head Office with daily updates on operations and amounts in portfolios, as well as if operating limits have been reached.
Together with the abovementioned controls, the Group has adopted the use of internal models, assigning the monitoring and the measurement of interest rate risk to the Parent Company’s risk management unit, which operates completely independently with respect to operational offices and the subsidiaries.

This activity only involves the Group's Italian banks, which account for nearly all the regulatory trading portfolio.
In order to quantify generic risks, the Group has adopted a model based on the Value at Risk (VaR) concept, in order to express, synthetically and in monetary terms, the maximum probable loss incurred by a static portfolio with reference to a specific investment horizon and a specific level of confidence in normal market conditions. This method has the advantage of allowing the aggregation of the various risk positions taken in the accounts involving heterogeneous risk factors, and also provides a synthetic number that is easy for the organisational unit concerned to use because it is expressed in monetary terms.
This is a parametric model of a Variance – Covariance / Delta – Gamma type, and of a variance-covariance type for "linear" instruments with a delta-gamma type estimate for options, and uses a 99% confidence interval over a 10-day time horizon, in line with the recommendations defined by the Basel Committee. This model covers the assets, in term of financial instruments, included both in managed and trading portfolios, as defined in the regulations regarding reports to the Supervisory Board and subject to the capital requirements for market risk.
The model uses matrixes containing the standard deviations of each risk factor (interest rates, exchange rates and prices) together with the relevant correlations. The determination of volatilities and correlations is based on the modelling under a normal scenario of the daily logarithmic returns of the risk factors, through the exponential weighting based on a decline factor in an period corresponding to 250 observations.
The application used for the calculation of VaR is ALMpro, while the financial information necessary for the determination of VaR (volatility, correlations, term structure of interest rates, exchange rates, stock and benchmark indices) is provided by the RiskSize product.
Up to now, derivatives on currencies and interest rates and options on shares and indices entered into for trading purposes are excluded from this analysis; almost all the business, however, is conducted on a brokerage basis.
Stress test activities are carried out using parallel shifts in the yield curve, assuming variations of +/- 100 basis points only for interest rate sensitive holdings; the necessary researches are being performed which will lead to the implementation of "backtesting" analysis".

Trading activity is subject to operating limits laid down by the Board of Directors and expressed for each delegation level in terms of VaR. Considering the composition of the portfolio, no VaR operating limits are laid down for subsidiaries. A special reporting system is the tool that has the purpose of giving the organisational units concerned sufficient information. The content and the frequency of reports depend on the objectives assigned to each actor in the process. The overall V.a.R limits, if applicable, related to the "managed portfolio" were never exceeded in the period of reference.

The internal model is not used in the calculation of the capital requirements on market risks.

QUANTITATIVE INFORMATION

1. **Regulatory trading portfolio: break-down by outstanding maturity**

2. **Regulatory trading portfolio: internal models and other methods for sensitivity analyses**

Monitoring of the Parent Company and the Italian banks regulatory trading portfolio in the first six months of 2008 showed a structure with limited interest rate risk. The Parent Company takes on almost the whole interest rate risk, the Italian banking subsidiaries making a completely marginal contribution. VaR at 30 June 2008 is Euro 623.18 thousand, with a percentage of 0.1% of the portfolio and a duration of 0.42, evidence of the low-risk profile
During the year mean absorption of VaR risk was kept at levels that were in line with the previous year; there was greater volatility during the last period as a result of a re-positioning of the portfolio towards instruments with a higher risk component.
The scenario analysis carried out in terms of parallel shifts in the rate curve, assuming variations of +/- 100 basis points only for the positions that are sensitive to interest rates. As at 30.06.2008, considering the positive variation in rates and the economic data on an annual basis, there was a negative impact of Euro 2,275 thousand, equal to:

- ⇒ 0.40% of trading portfolio;
- ⇒ 1.37% of intermediation margin;
- ⇒ 9.27% of net income for the period;
- ⇒ 0.35% of shareholders' equity, net of the result for the period

2.2 INTEREST RATE RISK - BANKING PORTFOLIO

QUALITATIVE INFORMATION

A. General aspects, management procedures and measurement methods of interest rate risk

It is the responsibility of the Parent Company's risk management unit to measure interest rate risk.
This activity is only directed at the Group's Italian banks, which account for almost the entire banking portfolio. The system of the bank's commercial activities consisting of balance sheet assets and liabilities maturity transformation, the securities portfolio, the treasury operations and the respective hedging derivatives is monitored using Asset and Liability Management (ALM) methods, through the ALMpro application. Risks are measured each month adopting a static approach; an upgrade of the application now being carried out will allow a dynamic assessment to be made.
The studies that can be carried out at the moment allow the impacts of variations in interest rate structure to be measured and expressed in terms both of the variation in the economic value of assets and of the interest margin.
The model covers the assets and liabilities exposed to interest rate risk included both in the banking portfolio held for management purposes and in the financial statements. The results of the banking portfolio held for the purposes of the financial statements are therefore presented, excluding the financial instruments in the regulatory trading portfolio from this analysis.
Interest margin variability, determined by positive and negative changes in rates over a 365-day time horizon, is estimated by gap analysis, with the help of a number of different approaches in order to increase the accuracy of the forecasts.
The variations in the economic value of assets and liabilities are analysed applying Duration Gap and Sensitivity Analysis methods.
The analysis are performed using parallel shifts in the yield curve and specific scenarios of market rates changes.

B. Fair Value hedge

With a view to prudent and active management of operating risks, the Group only takes out Fair Value type hedges for the Group's Italian banks, in order to protect profit and loss from the risks deriving from unfavourable variations in Fair Value; the objective of the hedge is to set off Fair Value variations in the hedged instrument against Fair Value variations in the hedging instrument. Up to now, only liabilities are hedged, and these only bond loans, while derivative instruments are used as hedges, which are represented by unlisted securities - mainly including Interest Rate Swaps and interest rate options - used to hedge interest rate risks only.
The Parent Company has prepared a model that can handle hedge accounting in compliance with the relevant regulations laid down in IAS accounting standards. The method the Parent Company uses to carry out the effectiveness test is the "Dollar Off Set Method" (hedge ratio) on a cumulative basis. All the hedges are specific.

In line with the previous year, the Group decided to apply the Fair Value Option to all hedging transactions started in 2008 financial year.

C. Cash flow hedge

No cash flow hedge transactions has been effected by the Group.

QUANTITATIVE INFORMATION

1. Banking portfolio: break-down by outstanding maturity

2. Banking portfolio - internal models and other methods for sensitivity analyses

The assessment that emerges from the overall Group position, which again only involves the Italian banks, is that of a limited risk profile in the first six months of 2008. This operational and strategic approach, directed at minimising the volatility of interest margins and of total economic value, has led to the Group's benefiting from the expected rise in market rates.

The table below shows the results of the studies carried out on 30 June 2008 of the impact on the interest margin should there be a parallel variation in the interest rate curve:

Risk indices as of 30 June 2008: parallel shifts of the interest rate curve

	+100 bp	*-100 bp*	*+200 bp*	*- 200 bp*
Risk interest margin / Expected margin	9.95%	-11.34%	19.90%	-22.87%

As regards economic value, in the first six months of 2008 risk exposure remained at a moderate level, and in any event it was decidedly lower than the thresholds fixed by the Basel Committee, so that there was no significant impact on overall assets. In fact, in the event of relevant shifts in the interest rate curve, such changes would lead to negligible changes in the market value of the Group's assets.

2.3 PRICE RISK - REGULATORY TRADING PORTFOLIO

QUALITATIVE INFORMATION

A. General aspects

There is a particularly substantial risk on high-volatility financial instruments such as derivatives and equity. The Group carries out both hedging and trading transactions on these specific activities, and has established stop-loss limits.

B. Management processes and measurement methods of price risk

For the management process, the organisational model and the internal model used, reference is made to Section 2.1. It is to be emphasised that the VaR of equity instruments is measured considering the link (beta coefficient) between the trend of the single instrument and that of its benchmark (stock or benchmark index for U.C.I.T.S units).

The internal model is not used in calculating capital requirements on market risks.

QUANTITATIVE INFORMATION

1. **Regulatory trading portfolio: cash exposure in equity securities and U.C.I.T.S units**
2. **Regulatory trading portfolio: break-down of exposures**
3. **Regulatory trading portfolio - internal models and other methods for sensitivity analyses**

Considering the composition of the securities portfolio in question and the hedging carried out by means of financial derivatives, the price risk profile of the Parent Company and the Italian banks is, overall, a moderate one. The Parent Company takes on the entire price risk; the related VaR as at 30.06.08 amounted to about Euro 913.82 thousand. During the year, the average absorption of VaR risk remained stable.

2.4 PRICE RISK - BANKING PORTFOLIO

QUALITATIVE INFORMATION

A. General aspects, management procedures and measurement methods of price risk

The supervision of the price risk in the banking portfolio is one of the activities described in the paragraph 2.2.

2.5 EXCHANGE RISK

QUALITATIVE INFORMATION

A. General aspects, management procedures and measurement methods of exchange risk

The Group is exposed to the exchange risk because it trades on currency markets and owing to its activities involving investment and savings with instruments denominated in a foreign currency.
The Group is exposed to the exchange risk marginally. As regards the Italian banks only, currency transactions are handled by the Operations Room of the Parent Company's Finance Department.

The exchange risk is governed by means of intra-day and end-of-day operating limits, both for currency areas and for concentrations on each individual currency. There are also daily and annual stop-loss operating limits.

B. Exchange rate hedge

The Group's primary objective is to manage the exchange risk prudently, while always taking the possibility of profiting from market opportunities into consideration. Transactions involving exchange risks, therefore, are managed by means of appropriate hedging strategies.

QUANTITATIVE INFORMATION

1. Break-down of assets, liabilities and derivatives by currency of denomination

2. Internal models and other methods for sensitivity analyses

The exchange risk profile assumed by the Bank is not significant, in light of the currency exposure of the balance sheet items and the relevant hedging transactions implemented through derivative financial instruments.

3 – LIQUIDITY RISK

QUALITATIVE INFORMATION

A. General aspects, management procedures and measurement methods of liquidity risk

It is the responsibility of the Parent Company to manage the liquidity risk for the Italian banks through the Finance Department and risk management units, with the aim of verifying the Group's capacity to meet liquidity requirements and avoid being found in the position of having excessive and/or insufficient liquidity, entailing the need to invest and/or raise funds at rates that are less favourable than normal market rates.
Short-term liquidity is supervised by the Parent Company's Finance Department Treasury, which manages the liquidity risk on a daily basis by carefully analysing cash flows in order to meet liquidity requirements and maximise profitability.
Monitoring and compliance with operating limits are controlled through the acquisition of information from collection and payment transactions, from the management of services accounts and from the trading of the financial instruments in the owned portfolios.
Further support to liquidity risk management is provided by the monitoring carried out by the Parent Company's risk management unit through an internal model. The objective is to set up medium- to long-term financing policy and assess the bank's liquidity position by breaking down transactions according to their maturity dates.
Operations are measured using the Asset and Liability Management (ALM) method with the ALMpro application, which processes all the transaction cash flows and allows the bank's liquidity requirements as generated by imbalance between incoming and outgoing flows to be assessed and managed during the various periods in question.
Overall structural liquidity is analysed monthly using the Gap Liquidity Analysis technique, which shows up the capital flow maturity gaps over a preset period of time.
The results obtained at the various maturity dates show that the structure is almost perfectly balanced, in harmony with the strategy of immunising the Group from liquidity risks. Special care is taken with the funding policy, coordinated by the Parent Company's Finance Department, which arranges for funds to be raised by means of normal retail bond issues and Euromarket issues.
To be concluded before the end of 2008 is the project to support the Group in adapting its processes and in laying down guidelines for the management and monitoring of liquidity risk.

4 – OPERATING RISK

QUALITATIVE INFORMATION

A. General aspects, management procedures and measurement methods of operating risk

By Operational Risk is meant the risk of suffering losses deriving from the inadequacies or malfunctioning of procedures, human resources and internal systems or by exogenous events. Losses deriving from fraud, human error, interruption of operations, system unavailability, breach of contract and natural catastrophes all come within this category. Operational risk includes legal risk but does not include those relating to strategy or reputation.
The Banco Desio Group, accepting the definition of operational risk given by the Bank of Italy in its circular no. 263 of 27 December 2006, defines the operational risk within its methodological framework of operational risks Management, as a potential event capable of giving rise to an actual economic loss, increased cost or reduced income from external causes, processes, systems, human resources and from all anomalies and elements contributing to output and hence the business value. All events with a direct connection with an event whose occurrence may give rise to a loss are also defined as causes of operational risk (or risk factors).
During the first six months of 2008 the Banco Desio Group developed a self-assessment procedure and put it into action through the use of questionnaires, which will be distributed to the various process owners annually and will give them the opportunity to express a self-assessment of operational risk.
The present process of the identification and assessment of operational risks within the corporate processes, the first cycle of which is in progress, integrated with the process of the identification, classification and recording of prejudicial events that started during 2007, will make Banco Desio Group aware of its exposure to operational risk.
Again during the first six months of 2008, the Banco Desio Group set up a system of management reporting of actual events and developed the specifications for scenario analysis.
Finally, during this period an analysis was conducted of the mitigation actions performed on effective losses in 2007, and a special process of the identification of prejudicial events covered by insurance was started in order to prepare appropriate mitigation plans.
With regard to the management of risks affecting the Group’s business continuity, consistently with its governance model and in line with banking group supervision regulations, it was decided to adopt a business continuity management plan centralised in the Parent Company, also considering that, on the basis of specific master agreements, the Parent Company provides the subsidiaries Banco Desio Lazio, Banco Desio Toscana and Banco Desio Veneto with operating services, assistance and advice as an outsourcer. The subsidiary Chiara Vita (operating in the insurance sector) finds solutions that are consistent with Group guidelines in compliance with timing laid down by ISVAP (the Italian insurance supervisory authority).
The various Group’s corporate Departments guard against legal risk by using standard contractual forms that are in any event first evaluated by the responsible corporate boards. This said, it is to be noted that actions brought against the Group at the end of the financial year consist in claw-back actions in bankruptcy, and other disputes concerning the trading service of financial instruments.
Overall, the lawsuits pending with regard to the four Italian banks of the Group have a value of Euro 39.120 million. These risks are appropriately monitored and hedged by allocations to prudential provisions of Euro 10.103 million. The most important lawsuits, almost exclusively brought against Banco di Desio e della Brianza, account for about 86% of the total, and involve disputes regarding financial instruments and claw-back actions in bankruptcy, the possible loss being about Euro 5.328 million, equal to about 53% of total provisions. It should be noted that there has been a rise in lawsuits involving financial instruments as a result of an increase in the cases of default by bond issuers.

QUANTITATIVE INFORMATION

The number of adverse events detected by the Group in the first six months of 2008 totalled 559 events. This figure also includes the potentially harmful events which, however, did not generate any operating loss in the balance sheet. A record is, however, kept of such events, given that in some cases they may generate higher processing costs. Based on the definition of operating risk of the Group, which includes, besides actual losses, also higher costs and lower income due to adverse events, it is essential, for the purposes of any possible mitigating measures to be implemented, to have an evidence of the data about the frequency of the event regardless of the value of its impact.

The result of the process for the gathering of adverse events is summarised in the table below (monetary values are reported in thousands of Euro):

FIRST SIX MONTHS OF 2008 - LOSSES BY TYPE OF OPERATING RISK - RECONCILIATED									
TYPE OF OPERATING RISK	No. of Events	% of Events	Gross loss	% on total	Net loss	% on total	Recoveries	% of recoveries
EXTERNAL FRAUD - Losses generated by fraud, misappropriation, violation of laws, rules and regulations or corporate directives (except for discrimination events) carried out by third parties	199	35.54%	357.74	43.48%	283.84	37.92%	73.90	20.66%
EMPLOYMENT CONTRACT AND WORKPLACE SAFETY - Losses generated by breaches of the employment laws and contracts, health and workplace safety laws, and by any indemnities for accidents or discrimination.	8	1.43%	17.84	2.17%	17.62	2.35%	0.22	1.24%
RELATIONAL ACTIVITIES RELATED TO CLIENTS, PRODUCTS AND CHANNELS - Losses generated by the inability (unintentional or due to negligence) to fulfil the professional commitments assumed vis-à-vis the customers (including the fiduciary requirements and the requirements for an adequate information on investments).	9	1.61%	289.09	35.14%	289.09	38.62%	0.00	0.00%
BUSINESS INTERRUPTION AND SYSTEMS MALFUNCTIONS - Losses generated by any blocks of the information systems or of line connections.	57	10.18%	1.40	0.17%	1.40	0.19%	0.00	0.00%
EXECUTION OF DIRECTIONS, SUPPLY OF PRODUCTS AND MANAGEMENT OF THE PROCESSES	287	51.25%	156.61	19.04%	156.61	20.92%	0.00	0.00%
BANCO DESIO GROUP: TOTAL	**560**	**100.00%**	**822.68**	**100.00%**	**748.56**	**100.00%**	**74.12**	**9.01%**

Gross operating loss, amounting to Euro 822.38 thousand, consists of prudential provisions of Euro 354.45 thousand and net expensed losses of Euro 467.93 thousand, of which Euro 73.82 thousand recovered.

SECTION 2 - INSURANCE COMPANIES' RISKS

A. GENERAL ASPECTS AND MANAGEMENT POLICIES

The insurance business, due to its specific features, requires, for a global view of the enterprise, the assessment and management of the overall profitability of the business generated and of the relevant related risks. The strategies and policies for the reduction of such risks are assumed by the administrative bodies of the Insurance Companies – Chiara Vita and Chiara Assicurazioni. The coordination and control activities are performed by the relevant functions of the Parent Company. Chiara Assicurazione outsourced the financial management of its security portfolio to the Finance Department of Chiara Vita. The Insurance Companies relied on the advisory services of a specialised firm for the measurement and assessment of the risks connected with the insurance business for the macro classes of insurance products they are involved in: as regards Life Insurance – Unit Linked and Index Linked with single and recurrent premium, single premium revaluable products, individual and collective TCM and social security products such as FIP (supplementary retirement funds) and FPA; as regards Non-Life Insurance – 1. Accident, 2. Sickness, 8. Fire and natural forces, 9. Damage to property, 13. General liability, 16. Miscellaneous financial loss and 18. Assistance.

Life Insurance Business

2.1 Insurance risks

Qualitative information

The typical risks of a Life Insurance portfolio may be summarised in three categories: underwriting risks, demographic-actuarial risks and reserve risks.

2.1.1 Underwriting Risk

It Represent the risks deriving from the underwriting of insurance contracts related to the insured events, the procedures followed for the premium and the selection of the following risks to be assessed, in particular, during the profit test.
In the annual budget, the Board of Directors sets the budget for the following year and the business plan which contains the marketing policies for the new products which are related to the underwriting policies and to the need of fresh capital for the coverage of the solvency margin.
Upon issuance of a new product the Profit Test method is used to asses the revenues generated by the new issue fee. The Profit Test procedure will be analysed, in 2008, in order to assess its setting, effectiveness and possible

redefinition, for each category of product, consistently with the Group's Product Approval procedures, defined by the Risk Management department of the Group.
At the moment of the purchase of the securities underlying the Index Linked policies a check on the price determined by the issuer is carried out and different valuations are requested to different issuers of the same product in order to be able to make the best possible selection from the range of offers received, consistently with the limits imposed by ISVAP on the diversification of issuers. The Company uses a software dedicated to the Pricing of Index Linked products, for both existing products and for those to be marketed in the future.

2.1.2 Reserve risk

Represent the risk deriving from the possible quantification of technical reserves non sufficient to cover for the commitments towards insured individuals and related to the risks listed below, to be assessed retrospectively and prospectively, particularly through profit tests and stress tests.
The control of reserve risks is effected through compliance with existing procedures. The calculation of mathematical reserves uses actuarial formulae included in the registration software used by the Company and the Data Processing Centre of the outsourcing company "Universo Servizi". The mathematical reserves for direct portfolio pure premiums are calculated using the prospective method, taking precise account of all future obligations, contract by contract, in accordance with the Technical Databases (mortality table, technical interest rate) and the actuarial formulae described in the systematic communications sent to ISVAP.
The Company's Actuarial Office carries out detailed checks on a quarterly basis when calculating mathematical reserves required for closures, with the selection of representative samples of policies at all rates sold and carrying out manual calculations for subsequent comparison with computerised output.
In observance of the principles of prudence characterising the conduct of its business, the Company has entered into re-insurance treaties in compliance with the guidelines set out in the ISVAP Circular 574/2005.
As regards the integrated vision of liabilities and assets, which aims at simultaneously monitoring reserve, market and liquidity risks, certain Asset and Liability Management (A.L.M.) methods were implemented through the application software Sofia by Società APL Italiana, in compliance with the regulations of reference (Regulation 21/2008). With reference to the portfolio situation as at 30 June 2008, by analysing different financial scenarios, the impact on predictable returns was measured. The comparison between the interest rate payable and the predictable returns obtained, shows that no additional reserve is required.
It should further be noted that, for the purpose of the assessments, the technical reserves for products classified as insurance contracts and investment contracts with elements of a discretionary equity investments based on the International Accounting Principles IAS/IFRS, are subject to the Liability Adequacy Test (LAT). This test is performed on a semi-annual basis.

2.1.3 Demographic risk

So far as the demographic risk component is concerned, the additional reserves have been set up pursuant to Article 25, paragraph 14, of Legislative Decree 174/1995 in compliance with the indications provided by ISVAP, using the IPS55 Mortality Table as a basis, projected and selected for generations, consistently with the results of the ANIA study and adopting the methodology suggested by ANIA (circular no. 42 of 16 December 1999 regarding Life Insurance), and complying in full with the standards formulated by the Professional Order of Actuaries as recognised by the same Control Body (circular of 8 February 2000). More particularly, the above additional reserve, referring exclusively as it does to the form of individual pension with conversion coefficients in guaranteed yields ("PreviDesio Più" product), on reaching pensionable age, has been calculated as the average current value of the increase of yields connected to the use of the most up-dated demographic databases.

2.2 Financial Risks

Qualitative information

Financial risks, which mainly affect the Life Insurance Business, represent the most significant risks in light of the nature of the security portfolio, given that the composition of the security portfolio of the Non-Life Insurance Business represents only 0.7% of the aggregate portfolio of the two Insurance Companies and is comprised mainly of readily settled bonds with a very low duration. The Company has adopted investment policies which, consistently with principles of prudence, define the guidelines for investment strategies in the Separate Management in terms of Strategic and tactical Asset Allocation and the operational limits applying to the use of locked-up securities, derivative and structured instruments (ISVAP provision no. 893 of 18 June 1998 and ISVAP provision no. 297 of 19 July 1996). In order to define the strategy to be pursued in a risk-return perspective, taking into consideration an integrated vision of assets and liabilities, the Insurance Company implemented a "Regulation no. 20/2008" Governance model, which ensures:

- the definition of the best strategic and tactical Asset Allocation model for the portfolio, together with the amount of capital at risk (CaR); such model is redefined each year;
- the definition of a Performance Attribution model for the financial management; the definition of the Contingency Plan model and of possible alert barriers.

The financial risk management is referred to the assets of the separated management and the investments of "free" resources earmarked for covering the technical reserves for pure risk.
For the purpose of efficiently monitoring such risks the Insurance Company, in coordination with the Risk Management Function of the Group, carried out a qualitative mapping identifying the types of risks currently impacting the management of the company: interest rate risk; equity risk; credit risk; liquidity risk. Such qualitative mapping represented the base on which quantitative measures and models for risk mitigation were structured.

2.2.1 Interest Rate Risk

Of all the market risks, the interest rate risk is particularly important in the insurance business. When there is a mismatching in the due dates of the cash flows generated by the liabilities (payment of insurance benefits) the Company is, in fact, exposed to the risk that a positive or negative shock in interest rates might generate non synchronised variations in the value of its assets and liabilities, thus generating a negative effect on the balance sheet.

Then, the uncertainty factor represented by the investment interest risk is connected with the possibility of meeting the minimum performance obligation accorded to the subscribers to policies subject to revaluation (the so-called "minimum guaranteed"). Current capital market conditions permit to easily meet this guarantee, which is equal to 1.5% of the "consolidated" value for most of the contracts and to 1.75% for one policy. However, in compliance with the provisions of the Regulation no.21/2008 and of IFRS4 on the impairment test of reserves, the income-generation of separate management at 30.06.2008 has been calculated through the use of a simulation model, ALM Module of Sofia software by APL Italiana, valuing both assets and liabilities. This simulation does not indicate a requirement to absorb free capital or the need to set up possible additional reserves.

In the constant measuring and monitoring of such risk category, the Insurance Company uses:

➢ Ex-post risk measures, mainly comprised of :
- market analysis provided by the manager;
- gains/losses analysis;
- analysis of the returns on the fixed rate and floating rate securities portfolio, broken down by maturity dates.

➢ Perspective analyses represented by specific risk indicators (KRI):
the Duration, the Modified Duration, the convexity, against the market value, by segments of the yield curve and interest rate type, on the entire bond portfolio; rating of the portfolio.

Quantitative information

The monitoring carried out in first six months of 2008 shows that, in the context of investments retaining risks, Assets Available For Sale amount to Euro 425.091 thousand while those valued at Fair Value amount to Euro 4.816 thousand with changes recognised in the income statement. Derivatives represent a minimal part made up exclusively of the residues of call options deriving from class transfers for payments on Index Linked products.

A significant part of their value is used to meet contractual obligations taken on as against the insured. As a consequence, future changes in their value will result in correlated changes in the technical commitments taken on as against the insured, with consequential impacts on insurance liabilities.

AFS - Fixed rate securities portfolio

maturity	Market Value 30/06/08	TRES	Duration	Modified Duration
< 1 year	75,645	4.79	0.72	0.68
from 1 to 2 years	34,565	5.08	1.66	1.58
from 2 to 5 years	74,388	5.21	2.73	2.59
> 5 years	103,731	5.33	6.85	6.50
Total	**288,328**	**5.13**	**3.55**	**3.38**

TRAD - Fixed rate securities portfolio

maturity	Market Value 30/06/08	TRES	Duration	Modified Duration
< 1 year	-	-	-	-
from 1 to 2 years	74	9.58	1.69	1.54
from 2 to 5 years	45	6.40	3.35	3.14
> 5 years	-	-	-	-
Total	**118**	**8.38**	**2.31**	**2.14**

AFS - Floating rate securities portfolio

maturity	Market Value 30/06/08	TRES	Duration	Modified Duration
< 1 year	1,932	5.27	0.22	0.21
from 1 to 2 years	9,464	4.92	0.04	0.04
from 2 to 5 years	63,385	4.79	0.40	0.38
> 5 years	61,983	4.72	1.47	1.41
Total	**136,763**	**4.77**	**0.86**	**0.82**

TRAD - Floating rate securities portfolio

maturity	Market Value 30/06/08	TRES	Duration	Modified Duration
< 1 year	-	-	-	-
from 1 to 2 years	703	5.02	0.67	0.64
from 2 to 5 years	1,933	5.28	0.26	0.25
> 5 years	2,062	7.34	0.50	0.47
Total	**4,698**	**6.14**	**0.43**	**0.40**

AFS - Global rate securities portfolio

maturity	Market Value 30/06/08	TRES	Duration	Modified Duration
< 1 year	77,576	4.80	0.71	0.67
from 1 to 2 years	44,028	5.05	1.31	1.25
from 2 to 5 years	137,773	5.02	1.66	1.57
> 5 years	165,713	5.10	4.83	4.60
Total	**425,091**	**5.01**	**2.69**	**2.55**

TRAD - Global rate securities portfolio

maturity	Market Value 30/06/08	TRES	Duration	Modified Duration
< 1 year	-	-	-	-
from 1 to 2 years	776	5.46	0.77	0.73
from 2 to 5 years	1,978	5.30	0.33	0.31
> 5 years	2,062	7.34	0.50	0.47
Total	**4,817**	**6.20**	**0.48**	**0.45**

The estimated variation of the value of the portfolio of debt securities as at 30 June 2008, due to the sudden and parallel rise of the entire interest rate curve is shown in the table below:

Fixed income	AFS k€	FVPL k€	Totale k€
+ 50bp	-5.289	-10	-5.299
+ 100bp	-10.399	-18	-10.416
+ 200bp	-20.116	-28	-20.145
- 50bp	6.216	11	6.227
- 100bp	11.163	24	11.187
- 200bp	23.187	56	23.243

2.2.2 Equity risk

It represents the risk connected to any potential losses due to adverse fluctuations in the prices of equity and commodity markets and is important mainly with reference to highly volatile financial instruments.

As regards the management process and the risk measures used, reference should be made to section 2.2.1.

The main measures of risk are represented by the following indicators: the composition of the portfolio by type of *business sector* of reference; *contingent gains/losses* against the performance in the book values and market values of the portfolio, the maximum potential loss of the portfolio (VaR), determined taking into consideration a confidence interval of 99% over a one month period.

Equity Portfolio		
Market value	Book value	Contingent gains/losses
6,352.23	8,361.08	- 2,008.85
Volatility 1 month	VaR 99% 1 month	VaR 99% 12 months
0.06	-12.97%	-44.94%

UCITS bond		
Market value	Book value	Contingent gains/losses
6,237.50	5,982.18	255.32
Duration	VaR 99% 1 month	VaR 99% 12 months
1.20	-0.88%	-3.04%

Sensitivity analysis based on a VaR calculation at 99% over a one month period.

Asset Class	Market value with shock applied	Book value ex coupon	Gains/losses from valuation
Ucits bond	*6,047.93*	*5,982.18*	*65.76*
Equity	*3,497.47*	*8,361.08*	*-4,863.62*
TOTAL	*9,545.40*	*14,343.26*	*-4,797.86*

2.2.5 Credit Risk

In order to reduce credit risks securities investments have been directed towards issuers with high creditworthiness (Investment Grade); to that end about 87.9% of bond securities in portfolio have S&P rating equal or higher than A+. There are no securities without a rating.

Furthermore, a specific risk concentration policy has been outlined and formalised, aimed at the diversification and monitoring of such risk category.

With reference to the Issuer risk (meaning the risk of an increase in credit spreads and illiquidity), the impact on corporate bond prices is monitored through a sensitivity analysis which takes into account the scenario of the interest rate shock (+- 50; 100; 200bps) as well as by applying, to the market interest rate curve (basic and shocked), the shifts set by CEIPOS in QIS4, which vary depending on the rating of the issuer as showed in the following table.

Interest rate	Equity	Property	Currency	**Spread**	Concentration

Rating	AAA	AA	A	BBB	BB	B	CCC	NR
F(Rating)	0.25%	0.25%	1.03%	1.25%	3.39%	5.60%	11.2%	2%

Fixed income	**AFS k€**	**FVPL k€**	**Totale k€**
+ 50bp	-7.489	-18	-7.507
+ 100bp	-12.543	-21	-12.564
+ 200bp	-22.156	-23	-22.179
- 50bp	3.875	-6	3.870
- 100bp	8.785	3	8.788
- 200bp	20.681	25	20.706

2.2.4 Liquidity Risk

It represents the risk of not being able to fulfil the obligations towards the insured, and is connected with the possibility to incur in losses in the event of any divestment of assets in adverse market conditions.

In order to monitor and mitigate this type of risk, the Insurance Company adopted certain methods of Asset and Liability Management (A.L.M.) of a deterministic nature, through the implementation of the ALM Module of the Sofia software by APL Italiana, aimed at assessing and measuring the risks with assessment techniques consistent with insurance risks and market risks.

In this context techniques have been defined for the measurement of the risks identified and the related models have been activated both to assess the entity of the commitment taken on by the Company for the traditional policy portfolios and to carry out analyses of cash flow in both assets and liabilities of the Separate Management connected to products subject to revaluation in order to monitor any liquidity risks and possible mismatching levels. The portfolio in any case lists securities which can be liquidated quickly in response to redemptions of significant value. The fact that the Company is fully owned by the Banco Desio Group makes it easier to obtain resources in the face of an extremely improbable need for resources which cannot be met by market sales.

It should be noted that, in accordance with the requirements of the Regulation no.20/2008, the Insurance Company conducted the Stress Test analysis as at 30 June 2008 on both the Life and Non-Life Insurance portfolios, for the purpose of assessing the impact on the financial situation of the adverse performance of the risk factors, in order to positively contribute to the improvement and the possible redefinition of the corporate policies for the management of risks, of the guidelines and of the operating limits set.

The test was carried out, through the use of deterministic models, by testing the main financial risk factors, taken individually and then combined into one single scenario, with the aim of quantifying the impact on the balance sheet of any gains/losses on the securities included In the portfolio.

The scenarios taken into account for each source of risk, are characterised by an increase of +200 bps in interest rates, by a drop in the price of equities equal to Var at 99% and by an increase in credit spreads, in accordance with the provisions of the analysis on quantitative impacts prepared by CEIOPS.

Non-Life Insurance Business

Information on Risk Management Activity for Non-Life Business

Chiara Assicurazioni begun the marketing and sale of the related products in January 2007. With regard to the products themselves, both individual and collective products have been analysed and produced with reference to the following sectors, as defined under point A of the annex to the Legislative Decree 175/1995: 1. Accident, 2. Sickness, 8. Fire and natural forces, 9. Damage to property, 13. General liability, 16. Miscellaneous financial and 18. Assistance. The Company is currently involved in the development of a Risk Management project under the control and co-ordination of the relevant functions of the Parent Company. The purpose is to identify, measure and control risk factors by means of specific models, instruments and indicators with the goal of controlling and monitoring risks of a technical nature in accordance with the instructions applying to strategy and operational matters consistently with the Regulation no.20/2008.

For this purpose, a Risk Management Project was initiated, which provides for the definition of the Organisational Structure of Risk Management for Chiara Assicurazioni, which intends to represent the "Operating Manual" of the Company. This document outlines roles and responsibilities, risk policy, and interrelations between the different Functions, the reference macro-procedures, the information flows, the timing and type of the Reporting (*Tableau De Bord*) for the different Committees, Top Management and the Board of Directors of the Company, and the Regulations of the Risk Management Function of Chiara Assicurazioni. This project envisages the qualitative mapping of all risks for the purposes of defining the overall risk level which would allow the Board of Directors to resolve on the risk tolerance level of the Insurance Company. This project is the base for establishing a Risk Management structure at a quantitative level, through the implementation of an ad hoc Risk Module on the new information system InVita and the structuring of a Tableau de Bord risk & value based, by Insurance type (Life or Non-Life) and by Partner, which will include Key Risk Indicators and Key Performance Indicators to be monitored over time.

With reference to the composition of the portfolio of financial assets, essentially comprised of readily saleable bonds with a very low duration, and in light of the strong growth of the portfolio, a mismatching analysis related to the asset flows, i.e. the closure of the reserves and payments, is not deemed useful, given that they do not represent a significant portion of the portfolio cash-ins.

INFORMATION ON EQUITY

SECTION 1 – CONSOLIDATED SHAREHOLDERS' EQUITY

Qualitative information

The Banco Desio Group has always paid most attention to shareholders' equity, aware both of its function in guaranteeing the trust of outside financers that can be called upon to absorb any losses and of its importance both purely for operations and for corporate growth.

In fact a substantial level of capitalisation enables corporate growth to be conducted with the necessary margins of autonomy, preserving the Group's stability.

The policy of the Banco Desio Parent Company is, therefore, to give a substantial degree of priority to shareholders' equity in order to make the best possible use of it in business growth.

The following elements are considered to compose the Group's equity, fully available to hedge any corporate risks or losses:

(Amounts E/1,000)

Description	Figures as at 30 June 2008
Share Capital	€ 67,705
Treasury shares	€ (79)
Reserves	€ 543,851
Share premiums	€ 16,145
Net profit for the period	€ 26,956
Shareholders' equity	€ 675,935

The table shows that the most important component consists of the reserves, which account for about 80%, confirming the constant policy of capital expansion that is carried out by reinvesting profits.

Quantitative information

Reference is made to part B- Liabilities, , Section 14 of these Notes, where the information on corporate equity is provided with a breakdown of its components.

SECTION 2 – REGULATORY CAPITAL AND RATIOS

2.1 REGULATORY CAPITAL

Qualitative information

The Banco Desio Group also pays great attention to the notion of equity used for supervision purposes. The determination of the regulatory capital is certainly important owing to the importance of this aggregate in connection with the controls that the competent authorities carry out in order to ascertain the stability of banking Groups. The relevant regulations, in fact, state that "….the most important control tools are based on this, such as the solvency coefficient, the requirements to meet market risks, the rules regarding risk concentration and maturity transformation; transactions in various sectors also depend on equity size".

As of 30 June 2008 the consolidated regulatory capital of the Banco Desio Group is made up as follows:

(Amounts E/1,000)

Description	Amount
Tier 1 capital	€ 575,364
Tier 2 capital	€ 69,018
Items to be deducted	€ 43,826
Regulatory capital	€ 600,555

1. Tier 1 capital

Share capital, share premiums, reserves, undistributable earnings for the period and innovative capital instruments are the most significant elements of the capital. From these positive elements, any negative elements is deducted, mainly represented by intangible assets, the residual portion of goodwill and any deductions resulting from the application of prudential filters.

Tier 1 capital accounts for about 95.8% of the Regulatory Capital.

2. Tier 2 capital

Valuation reserves, innovative capital instruments not included in the Tier 1 capital, hybrid equity instruments, subordinated liabilities and net gains on equity investments, represent the key positive elements of Tier 2 capital. To these positive elements, the deductions provided for by the prudential filters are applied.

Tier 2 capital is made up almost entirely of subordinated liabilities, accounting for 11. 5% of the Regulatory Capital. The elements to be deducted account for about 7.30%.

2.2 CAPITAL ADEQUACY

Qualitative information

In compliance with the new prudential supervision regulations for banks (Circular 263 of 27 December 2006), the Banco Desio Group calculated the capital requirements according to the new rules.

The Board of Directors of the Parent Company periodically reviews and approves the aggregates comprising the regulatory capital, in order to verify both their consistency with the risk profile assumed as well as their compliance with the development plans of the bank.

TRANSACTIONS WITH RELATED PARTIES

The information supplied in the “Staff costs” table of these Notes should be referred to for Directors’ remunerations. The remunerations of Group’s General Managers and Key Executives amount in all to about Euro 1.5 million. Part I of these Notes should be referred to for information regarding the stock option plans for these persons.

Information on transactions with related parties

The procedures adopted for transactions with related parties (including those made with Representatives pursuant to article 136 of the Consolidated Banking Act) are outlined in the report on Corporate Governance of the Parent Company. The other companies of the Group follow substantially similar procedures or practices.

Relations with external related parties are concluded under normal market conditions and, where the market is not a satisfactory reference, on conditions that are fair and that are valued in compliance with the procedures above.

In this context, as of 30 June 2008, no transaction presents particular risks other than those that are assessed in the context of ordinary banking activities, and no transaction is either atypical or unusual.

The following paragraphs summarise the relations by categories of related parties (Parent Company, Associates, Subsidiaries, Representatives), distinguishing between transactions carried out (including any transaction made pursuant to article 136 of the Consolidated Banking Act), current accounts balances and securities deposit and, finally, any supplier relations or of a different type.

I - Parent Company

At the end of the half-year, current account deposits of the Parent Company Brianza Unione di Luigi Gavazzi e C. S.a.p.A totalled about Euro 5.2 million, entirely allocated to Banco Desio. The company has no debt exposure.

During the first six months of 2008, there were no transactions with this company (the company also falls within the scope of Article 136 of the Consolidated Banking Act (T.U.B.) by virtue of the positions held in it by some Representatives, as per paragraph III below).

The balance of relations with the Parent Company, relating to the securities deposit allocated to Banco Desio, amounts to about Euro 352.8 million.

II – Associated companies

At 30 June 2008 there are still two equity investments in related parties in the form of shareholdings of over 20%: they are in Anima Sgr and Istifid S.p.A.

As regards Anima Sgr, Banco Desio acts as Custodian Bank of the Mutual Funds managed by the bank itself; furthermore, all the Italian banks of the Group perform placing activities for such funds.

The outstanding transactions with Anima Sgr and the related Mutual Funds are concluded under normal market conditions.

As at the end of the half-year, the debit balances (towards customers) on Anima Sgr and the related Mutual Funds totalled about Euro 401.8 million in aggregate, about Euro 314.1 million of which refer to deposit of securities.

The overall amount agreed is about Euro 316.5 million. Utilisations from these positions under Article 136 at 30 June 2008 are in all about Euro 36.7 million, regarding receivables from customers.

The contractual relations between Istifid SpA consist essentially in the supply of company services (Shareholders registers, assistance at General Meetings, etc.). The total annual cost of such services, compared with the half-year cost, fees for which being determined on the basis of substantially normal business conditions, globally expected to about Euro 0.04.million (VAT excluded) and thus has a negligible effect on Group accounts. Such costs were also determined on the basis of substantially normal business conditions and were authorised by Banco Desio's Board of Directors pursuant to the above-cited Article 136 of the Banking Consolidation Law by reason of the overlapping of company offices referred to above by a Bank's Representative. In any case, the assessment of the appropriateness of the above considerations took into account the subjective component characterising the related appointments distinguished by a high degree of trust and professionalism. As at the end of the half-year the debit balances (towards customers) on Istifid SpA totalled approximately Euro 107 million in aggregate, about Euro 73.3 million of which refer to deposit of securities; the credit balances have no significant value. Such relations are allocated to Banco Desio.

III – Other subsidiaries

The transactions subject to credit limits resolved in favour of the subsidiaries external to the Group, that are prudentially considered to be "related parties" as a result of the interest held in them and considering the existing agreements to which they are parties, are mainly ordinary transactions issuing or confirming credit granted by the Parent Company to SRG (asset management companies) and/or mutual funds managed by them (for which Banco Desio acts in the capacity as custodian bank). In this case reference is made to the companies Zenit SGR and Zenit Alternative SGR as well as their Parent Company PFM Finanziaria SpA.

At the end of the half-year the drawings from the credit facilities granted to the above entities amount to a total of about Euro 1 million, as against a total facility of about Euro 4.1 million.

As regards deposits, it should be noted that the debit balances as at 30 June 2008 amount, in aggregate, to approximately Euro 9.1 million, about Euro 3.7 million of which refer to deposit of securities.

IV - Transactions with Representatives and subjects referable thereto

As regards the transactions subject to credit lines approved in the first six months of 2008 pursuant to Article 136 of the Consolidated Law on Banking (T.U.B.), it is to be noted that most of the transactions were ordinary transactions whereby credit lines were confirmed to Representatives of the Group or companies referable thereto, with regard to which the Representatives concerned stated that they had interests of various kinds by virtue of significant equity investments, appointments and/or other relations with the beneficiary companies. These relations did not affect the application of the normal criteria for appraising creditworthiness. The total amount of the facilities granted by the Group's banks in the 42 transactions subject to credit lines pursuant to Article 136 as at 30 June 2008 globally amount to nearly Euro 47.9 million. Uses of credit totalled about Euro 33.6 million under amounts due from customers.

The figures above do not include approved transactions with the associate and subsidiary companies mentioned in points II and III above (officially approved pursuant to art. 136 of the Consolidated Banking Act, due to the positions held in such companies by some Representatives of the Bank).

As regards the authorisations released by the Parent Company in favour of the subsidiaries, again pursuant to art. 136 of the Consolidated Banking Act, a deed of sale with a value of Euro 1.1 million conveying bare legal title to non-capital property was entered into by new subsidiary Fides with an entity related to one of its Representatives.

It should in any case be noted that the position of those working as representatives of only the Banco Desio' s subsidiaries are confined to their respective companies, thus excluding their classification as "Managers with strategic responsibilities within the Group" pursuant to IAS24.

As regards the deposits with the Representatives (Directors, Auditors and Managers with strategic responsibilities in the Parent Company and in the companies in a control relationship with it) and subjects related to them pursuant to art. 136 of the Consolidated Banking Act, it is also to be reported that total balances as of 30 June 2008 amounted to about Euro 143,3 million under amounts due to customers (including approximately Euro 122.8 million under deposits of securities).

In compliance with CONSOB Resolution no. 15519 of 27 July 2006 and analogously, with the matters highlighted in the Report on Operations as of 31 December 2007, it is confirmed that the total percentage value of the above balances in terms of the Group's equity, financial and economic situation remains substantially negligible.

INFORMATION ON STOCK OPTION PLANS WITH SHARE-BASED PAYMENTS OUTSTANDING WITHIN THE GROUP

Stock Option Plan relating to the subsidiary Banco Desio Veneto SpA' s shares

The "Banco Desio Veneto" Plan was outlined in details in the financial statements of 2006 (year when such Plan was set up).

The total number of the options granted at 30 June 2008 (net of a certain number of options, deemed physiological, that were waived after termination of service) was 3.829,000.

The strike price was set at Euro 1.00 per share for the 3,374,000 grants effected prior to the date of commencement of business.

For the total 637,000 grants effected, in different tranches, after the commencement of business and no later than 31 December 2007, the exercise price was calculated on the basis of the period accounts approved by the Board of Directors, at Euro 1.05 per share.

These grants are generally corroborated in the certified resolutions increasing the Company's share capital passed by the Board of Directors of Banco Desio Veneto on 12 September and 20 December 2006, as well as on 29 November 2007, pursuant to Article 2443 of the Italian Civil Code, as reported in the Company's Articles of Association.

The Black & Scholes model has been adopted for option valuation; apart from the vesting period and the strike price, which have already been specified, the basic assumptions adopted for valuation are consistent with those adopted the previous year, except for the update of the market parameters (interest rate, expected volatility, dividend yield). The unit value of each option ranges, depending on the different "tranches", from a minimum of Euro 0.08918 to a maximum of Euro 0.10529. The valuation of the options amounts to Euro 361,950 in aggregate.

For the first six months of 2008, the pro-rata cost of the aforementioned no. 3,829,000 options – as determined by the distribution of the overall cost over the term of the different tranches – is expected to be Euro 38,160.

With reference to the capital increase, made during the first six months of 2008 in support of the 2008-2009 Business Plan and consisting of an issue of new shares for nominal Euro 12,000,000 with a share premium of Euro 3,000,000. In compliance with the provisions of the Regulations of the Plan concerning "share dilution", it has been decided that the beneficiaries will be granted an additional amount of options which will allow them to maintain their original percentage of the share capital. The application of this criterion will lead to the granting, at a par value of Euro 1.25 per share, of no. 2,285,714 additional options which, when added to the no. 4,400,000 originally envisaged, will bring the maximum number to no. 6,685,714 options.

Stock Option Plan relating to the subsidiary Chiara Assicurazioni SpA' s shares

The "Chiara Assicurazioni" Plan was outlined in details in the financial statements of 2006 (year when such Plan was set up).

The total number of the options granted at 30 June 2008 (net of a certain number of options, deemed physiological, that were waived after termination of service) was 2.004.000. Since these grants were effected within the period when the Company was in the process of formation and obtaining the necessary authorisations, and in any case, prior to the Company's commencement of business (1 January 2007) the strike price was set at Euro 1.33 per share (Euro 1.00 representing share capital and Euro 0.33 by reason of the organisation fund) consistently with the normal value criterion at the date of grant, also applicable for tax purposes.

The Black and Scholes model has been adopted for option valuation; apart from the vesting period and the strike price, which have already been specified, the basic assumptions adopted for valuation are consistent with those adopted the previous year, except for the update of the market parameters (interest rate, expected volatility, dividend yield). The unit value of each option amounts to Euro 0.18091. The valuation of the options amounts to Euro 375,382 in aggregate.

The cost pertaining to the first six months of 2008 for the aforementioned no. 2,004,000 options – as resulting from the distribution of the aggregate cost over the term of the options – is expected to be Euro 40,566.

CERTIFICATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS PURSUANT TO ART. 154-BIS OF LEGISLATIVE DECREE NO. 58/98

1. The undersigned Nereo Dacci, Chairman of the Board of Directors, and Piercamillo Secchi, Manager in charge of the preparation of the company accounting documents of Banco di Desio e della Brianza S.p.A. certify, in accordance with Art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- the appropriateness of the consolidated financial statements with regard to the nature of the Bank and
- the effective application

of administrative and accounting procedures in preparing the condensed interim financial statements during the first six months of 2008.

2. The assessment of the adequacy of the administrative and accounting procedures adopted to prepare the condensed interim financial statements at 30 June 2008 is based on a procedure that Banco di Desio e della Brianza S.p.A. has worked out in conformity to the *Internal Control Integrated Framework* model, issued by the *Committee of Sponsoring Organization of the Treadway Commission*, representing a reference framework that is generally accepted internationally.

3. It is also certified that:

3.1 the condensed interim financial statements:

a) were prepared in accordance with the International Financial Reporting Standards adopted by the European Union, pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council, to the applicable provisions of the Italian Civil Code, to the Legislative Decree no. 38 dated 28 February 2005 and to the administrative directions issued by the Bank of Italy;

b) correspond to the entries in the books and accounting records;

c) are able to provide a true and fair representation of the performance and financial position of the issuer and all the companies included in the scope of consolidation.

3.2 the interim report on operations contains references to the significant events that occurred during the first six months of the financial period and their impact on the condensed interim financial statements, together with a description of the main risks and uncertainties in the six remaining months of the period and information on significant transactions with related parties.

Desio, 28 August 2008

The Chairman of the Board of Directors	The Manager in charge of the preparation of company accounting documents
Nereo Dacci	*Piercamillo Secchi*

PricewaterhouseCoopers SpA

AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

To the Shareholders of

Banco di Desio e della Brianza SpA

1 We have performed a review of the interim condensed consolidated financial statements, consisting of balance sheet, income statement, statement of changes in shareholders' equity, statement of cash flows and related explanatory notes as of 30 June 2008 and for the six months then ended of Banco di Desio e della Brianza SpA and its subsidiaries ("Banco Desio Group"). Banco di Desio e della Brianza SpA's Directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the interim condensed consolidated financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned interim condensed consolidated financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike the audit on the annual consolidated financial statements, we do not express an audit opinion on the interim condensed consolidated financial statements.

Regarding the comparative data of the consolidated financial statements of the prior year and interim condensed consolidated financial reporting of the prior year presented in the accounting statements, reference should be made to our reports dated 11 April 2008 and dated 14 september 2007, respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Banco di Desio e della Brianza Group as of 30 June 2008 have not been prepared, in all material respects, in accordance with international accounting standard IAS 34.

Milan, 29 August 2008

PricewaterhouseCoopers SpA

Signed by

Fabrizio Piva
(Partner)

This report has been translated into the English language solely for the convenience of international readers.