Report on Operations 2008

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

Corporate offices

Board of Directors

Chairman	Agostino Gavazzi*
Deputy Chaiman	Stefano Lado* Guido Pozzoli*
Managing Director	Nereo Dacci*
Directors	Francesco Cesarini Pier Antonio Cutellé Egidio Gavazzi Luigi Gavazzi Paolo Gavazzi Luigi Guatri Gerolamo Pellicanò

** Members of Executive Committe*

Board of Statutory Auditors

Chairman	Eugenio Mascheroni
Statutory Auditors	Rodolfo Anghileri Marco Piazza
Alternate Auditors	Giovanni Cucchiani Clemente Domenici Carlo Mascheroni

General Management

General Director	Alberto Mocchi
Deputy Vice General Director	Claudio Broggi
Vice General Director	Marco Sala

Manager responsible for preparing the Company's financial reports pursuant to article 154-bis of Consolidated Law on Finance "TUF"

Nominated Official in charge of drawing up Company Accounts	Piercamillo Secchi

External Auditor

PricewaterhouseCoopers S.p.A.

1 - FINANCIAL HIGHLIGHTS AND RATIOS

BALANCE SHEET DATA

in thousands of Euros	31.12.2008	31.12.2007	Change Amount	%
Total assets	6,324,991	5,727,322	597,669	10.4%
Financial assets	692,082	821,148	-129,066	-15.7%
Amounts due from banks	715,506	267,377	448,129	167.6%
Amounts due from customers	4,456,890	4,206,325	250,565	6.0%
Tangible assets	128,939	130,580	-1,641	-1.3%
Intangible assets	2,904	2,946	-42	-1.4%
Amounts due to banks	229,122	367,644	-138,522	-37.7%
Amounts due to customers	3,111,448	2,882,576	228,872	7.9%
Securities issued	1,568,889	1,382,356	186,533	13.5%
Financial liabilities at fair value through profit or loss	490,830	228,088	262,742	115.2%
Shareholders' equity (including net proft for the period)	671,793	634,162	37,631	5.9%
Total indirect deposits	13,773,914	18,764,907	-4,990,993	-26.6%
of which indirect deposits from institutional customers	*8,110,674*	*12,538,669*	*-4,427,995*	*-35.3%*

INCOME STATEMENT DATA [(1)]

a) Operating margins

in thousands of Euros	31.12.2008	31.12.2007	Change Amount	%
Operating income	288,109	280,865	7,244	2.6%
of which net interest income	190,216	172,533	17,683	10.2%
Operating costs	165,469	163,503	1,966	1.2%
Operating margin	122,640	117,362	5,278	4.5%
Operating profit net of taxes	54,244	57,870	-3,626	-6.3%

b) Total results (operating profit + capital gains on the sale of equity investments)

in thousands of Euros	31.12.2008	31.12.2007	Change Amount	%
Operating profit net of taxes	54,244	57,870	-3,626	-6.3%
Net non-recurring result (capital gains on the sale of equity investments net of taxes) [(2)]	11,266	127,938	-116,672	n.s.
Net profit/(loss) for the period [(2)]	65,510	185,808	-120,298	n.s.

[(1)] *from reclassified Income Statement;*

[(2)] *the figure as at 31 December 2007 includes the after tax profit resulting from the sale of a 29.72% interest in Anima SGRp.A. for € 127 million*

FINANCIAL RATIOS

	31.12.2008	31.12.2007	Change Amount
Shareholders' equity / Total assets	10.6%	11.1%	-0.5%
Shareholders' equity / Amounts due from customers	15.1%	15.1%	0.0%
Shareholders' equity / Amounts due to customers	21.6%	22.0%	-0.4%
Shareholders' equity / Securities issued	42.8%	45.9%	-3.1%
(Tier 1 and Core Tier 1) Equity ratio	13.1%	12.1%	1.0%
(Tier 2) Solvency ratio	14.0%	12.6%	1.4%
Financial assets / Total assets	10.9%	14.3%	-3.4%
Amounts due from banks / Total assets	11.3%	4.7%	6.6%
Amounts due from customers / Total assets	70.5%	73.4%	-3.0%
Amounts due from customers / Direct deposits from customers	86.2%	93.6%	-7.4%
Amounts due to banks / Total assets	3.6%	6.4%	-2.8%
Amounts due to customers / Total assets	49.2%	50.3%	-1.1%
Securities issued / Total assets	24.8%	24.1%	0.7%
Financial liabilities at fair value through profit or loss / Total assets	7.8%	4.0%	3.8%
Direct deposits from customers / Total assets	81.8%	78.4%	3.3%
Operating costs / Operating income (Costi/Income ratio)	57.4%	58.2%	-0.8%
Net interest income / Operating income	66.0%	61.4%	4.6%
Operating margin / Operating income	42.6%	41.8%	0.8%
Operating profit net of taxes / Shareholders' equity	8.1%	9.1%	-1.0%

STRUCTURE AND PRODUCTIVITY DATA

	31.12.2008	31.12.2007	Change	
			Amount	%
Number of employees	1,397	1,346	51	3.8%
Number of bank branches	121	114	7	6.1%
in thousands of Euros				
Amounts due from customers by employee	3,190	3,125	65	2.1%
Direct deposits from ordinary customer by employee	3,702	3,338	364	10.9%
Operating income by employee	206	209	-3	-1.4%

2 - THE BASELINE SCENARIO

2.1 - THE MACROECONOMIC FRAMEWORK

After the financial shock in the American mortgage market in August 2007 had rapidly spread to all sectors of finance and all over the world, during the latter part of the year it also struck the real economy, with impacts on consumption, investment and production. This happened all over the world at the same time, transforming the moderate pace of a recession that was already in progress into a rush towards economic depression during the last months of the year.

The worsening of the financial crisis that began in July with increasing doubts concerning the repayment capacity of Fannie Mae, Freddie Mac and the insurance giant, AIG, followed by investment bank Lehman Brothers' bankruptcy in September, led to all the operators in the world markets becoming fearful of an insolvency crisis. The panic that spread spurred government and monetary authorities to take rapid action, and they managed to achieve their aim of averting a collapse of the world financial system. Governments and central banks warded off the danger by means of continuous flows of financing to financial institutions and the economy, by strengthening the capital positions of operators in difficulty and by increasing their bank deposits guarantees.

The signs of a slight relaxation of the tension in the financial situation were counter-balanced by a worsening of real variables in all the main economies, thus painting a picture of a rapidly worsening economic cycle. Economic growth also slowed substantially in the emerging economies, although they continue to be the main driving force behind global growth.

According to the latest International Monetary Fund (IMF) estimates, world economic growth in 2008 should be +3.4%, compared with +5.2% in 2007, and the forecast is that the figures for 2009 will be even poorer.

A brusque drop in the prices of raw materials, especially in the energy sector, went hand in hand with the weakening in economic activity. These prices went back to 2004 levels. In the latter part of the year this gave rise to a considerable fall in consumer inflation in the leading economies. The decline in inflation and the continuing deterioration of the economic situation were accompanied by a further slackening of the main economies' monetary policies. In the USA official interest rates practically went down to zero, and they were considerably reduced in the euro zone and other countries. Nevertheless, the overall 2008 inflation rate was still affected by the speculative oil price bubble of the first seven months of the year and in the main economies this rate was higher, on average, than in 2007. In the euro zone consumer inflation was +3.3% compared with +2.1% in 2007; in the USA the rate went from 2.9% in 2007 to 3.8% and in Japan to 1%, higher than the zero variation in 2007.

On the currency market the euro rose strongly against the US dollar in 2008 (1.471 compared with 1.371 in 2007) and the pound (0.797 compared with 0.685 the previous year).

THE UNITED STATES

American GDP fell by 0.5% on an annual basis in the third quarter of 2008, reflecting the steep fall in private consumption, a sharp slowdown in exports and a brusque decline in investment in residential property. Lower employment figures during the last months of the year contributed to a worsening climate of confidence in households, and this led to a marked reduction in consumption in the third quarter.

Household consumption was also affected by the decrease in net wealth.

In the third quarter of 2008, more difficult terms for access to credit were reflected in a diminution of net corporate financing and a negative variation in lending to households.

The retroactive effects of falling property prices on household wealth and of mortgage defaults are one of the main factors in the fragility of the US economy.

During the last months of the year, US inflation, measured by the consumption deflator, fell steeply to 1.4% in November compared with 4.4% in August. This was mainly due to the decrease in the prices of energy products.

As a result of monetary policy, interest rates went almost down to zero during 2008, as we have said: in mid-December the Federal Reserve set an objective interval of between 0% and 0.25%, clearly expressing its determination to keep monetary policy rates at a significantly low level for a certain period of time.

The action taken to try and curb the financial crisis caused a considerable increase in the Federal Reserve deficit, which is forecast to be 3.2% of GDP at the end of the year.

JAPAN

In Japan, GDP, which had already fallen by 3.7% during the second quarter, dropped by a further 1.8% in the third quarter as a result of the protracted decrease in private investment in production and the contribution, still negative, of net exports.

Industrial production orders and the leading indicators were markedly negative. Consumer and business confidence was at minimum levels and there was a fall in employment, a rise in bankruptcies and major companies recorded lower profits, and even losses, the fall-out affecting small and medium enterprises.

Monetary policy acted on the liquidity front with direct injections of capital and by virtually bringing interest rates down to zero: the monetary authorities' reaction, in fact, was to reduce the monetary policy reference rate by 40 basis points down to 0.10%.

At the end of October 2008, the tax authorities announced measures aimed at easing small and medium enterprises' difficulties in raising finance.

EMERGING ECONOMIES

Economic growth in the emerging economies slowed down sharply from the third quarter onwards: the difficulties in accessing international credit and the weakening of foreign demand were the main causes. Raw material exporting countries were the first to be affected by the fall in prices. Economic activity is decelerating hard in Russia and Brazil, more gently in China and India.

In order to counter the weakening of economic activity in a scenario in which inflationary pressure is rapidly slackening, the central banks of a large number of emerging economies, especially Asian countries, relaxed monetary conditions by reducing refinancing rates and regulatory reserve ratios.

EURO ZONE AND ITALY

In the euro zone, 2008 closed with an average annual GDP growth rate of 0.8%, much lower than the figure in 2007, which was +2.7%.

Recorded consumption rose by 0.6% in the first three quarters of 2008.

The gross investment trend rose during the first three quarters, recording a variation of +2.4% over the previous year.

Exports rose by +3.7% during the first nine months of the year, compared with +6% in 2007. Imports increased by +3.2%, compared with +5.4% in 2007, and industrial production by December 2008 was 11.1% less than 2007 on an annual basis.

There was a marked fall in Italian GDP during the latter part of 2008, corresponding to 2.6% per year, and industrial production was 14.3% down in trend terms compared with the previous year. The only component of domestic demand that perfomed positively was public sector consumption (+1.1%, in trend terms).

Gross fixed investments were down, as was private consumption, respectively by -0.7% and -0.4% in the first three quarters of the year. Exports and imports also fell, with an average decrease of -0.5% and 2.1% in trend terms in the first nine months of the year.

Even though labour market figures rose slightly in the first nine months (+0.4%), the trend comparison shows an unemployment rate of 6.7%, against 6.2% in the third quarter of 2007.

The consumer price index rose strongly, by 3.3% in 2008 compared with 1.8% in 2007. Core inflation (an index that excludes the more volatile components, such as energy products and fresh food) also rose from 2% in 2007 to 2.8% in 2008.

The increase in public debt and the lower GDP led to a public deficit to GDP ratio of 105.9% (104.1% in 2007).

2.2 - THE CAPITAL MARKET AND THE BANKING SYSTEM IN ITALY

International stock market performance was affected by the exacerbation of the global crisis, with annual indices substantially falling: Standard & Poor's 500 by 38.5%, Nikkei by 42.1% and Dow Jones Euro Stoxx Large for the euro zone by 45%. MIBTEL, the Italian stock market index, was no exception, ending the year with a negative variation of 49.5%, a situation that brought total capitalisation down to 348 billion euro, compared with about 707 billion euro one year before.

Among the Italian stock market macro-sectors, the worst performance was that of the banks, which had a capitalisation of about 91 billion euro at the end of the year compared with about 214 billion in 2007, thus plummeting by more than 57%.

As far as the Italian banking system is concerned, the statistics from the Italian Banking Association (ABI) show that at the end of 2008 deposits in euro (resident customers and bonds) had risen by 11.7% during the year, compared with 7.9% in the previous period. Among the specific forms of funding, the bond component (+21.2%) increased more than deposits (+6.1%), and within the latter the highest increases were in current account deposits (+6.3%) and repos (+10.2%).

As regards lending, the annual increase in loans to private residents (+4.9%) is an indication of the slowdown related to the recession phase, since the rise in the previous year was 9.8%. Analysis of data by economic sector also shows the deceleration in lending: loans to non-financial companies rose by +6.6% (+13.2% in 2007), which confirms that enterprises cut down their investment plans.

Nevertheless, the growth trend of loans to business in 2008 was higher than household lending, which slowed down considerably: +1.4% compared with +7.8% during 2007.

The consumer credit sector also shrank (+4% compared with 5.7% in 2007), even if this increase was higher than in the euro zone as a whole, +2.2%. Mortgages also rose less, the trend rate for 2008 being +0.2% compared to +8.7% in 2007.

At the moment, the deterioration in the economic situation is not reflected in non-performing loans, which represent 2.34% of loans as against 2.97% in 2007.

The banks' securities portfolios increased strongly, reaching the sum of 346 billion euro compared with 237 billion euro the previous year (a 46.1% rise), and other securities also rose in comparison with a fall in short-term securities, CCT treasury credit certificates and BTP long-term treasury bonds.

As regards interest rates, in 2008 all financial and lending rates went down in line with ECB measures. At the end of 2008 the interest on BOT treasury bills was 2.57% (3.99% at the end of 2007) while the return on CCT treasury credit certificates was about 0.40% lower. In the field of bank lending, the average interest rate on loans was 6.08% (6.18% at the end of 2007), a situation that was also due to the great tensions that came to the surface on the money market, while the mean rate of interest on deposits (current account deposits, bonds and repos) at the end of 2008 was 3.01%, compared with 2.89% at the end of 2007.

3 - LOCAL EXPANSION AND ISSUES OF CORPORATE INTEREST

3.1 - DEVELOPMENT OF THE DISTRIBUTION NETWORK

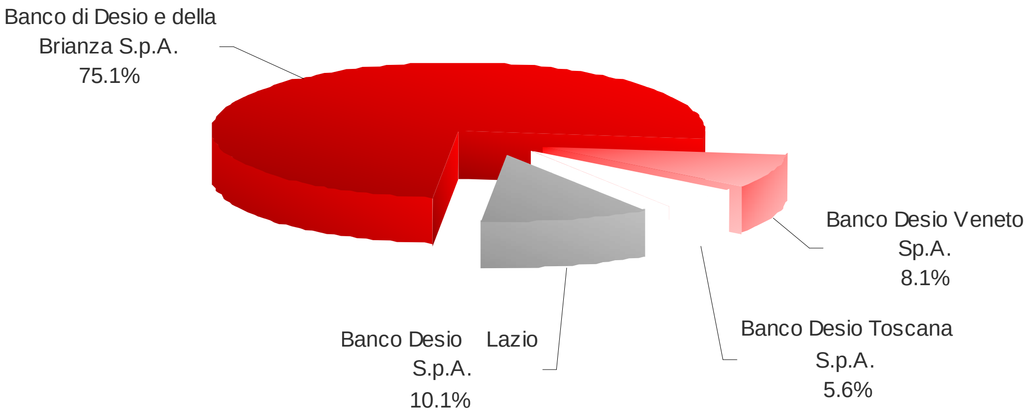
The rate of growth of the distribution network went on absolutely uninterruptedly in 2008 in spite of the worsening macroeconomic scenario, enabling the Bank to reach 121 branches at the end of the financial year, an increase of 7, while at Group level the total number of branches rose to 161, an increase of 13.

The branch network, increasingly widespread, continues to be marked by the central role given to the rapport and relations with customers, new branches' capacity to obtain a return on investment in a sufficiently short space of time and the expansion potential of its market shares.

The objective of the continuity in the Bank's expansion policy that was again pursued in 2008 was to put roots down in the territory with which it is historically associated and in adjacent and complementary areas and to take up other local opportunities as well as further extending its presence in Lombardy, Piedmont and Emilia. The expansion policy was also behind the opening of its first two branches in Liguria, in Albenga and Genoa, the regional capital.

The chart below gives the percentage distribution of the branch network at Group level as a whole, adding the other regions in which the Group is represented through subsidiaries in Veneto, Tuscany and Lazio. The chart also shows breakdown by banks.

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



In the year that has closed, the Bank opened another branch in Lombardy, in Crema, three in Casale Monferrato, Asti and Collegno in Piedmont, a branch in the Emilia region in Reggio Emilia in addition to the two branches that have been already mentioned in Liguria, in Albenga and in Genoa.

The chart below shows the percentage breakdown of the distribution network of the Bank by region of reference, while the following chart shows the dimensional growth in the last few years, with a growth rate corresponding to a Compound Annual Growth Rate of 5.5% in the three year period 2006-2008.

Chart no. 2 - **THE BANK DISTRIBUTION NETWORK: BREAKDOWN BY REGION**

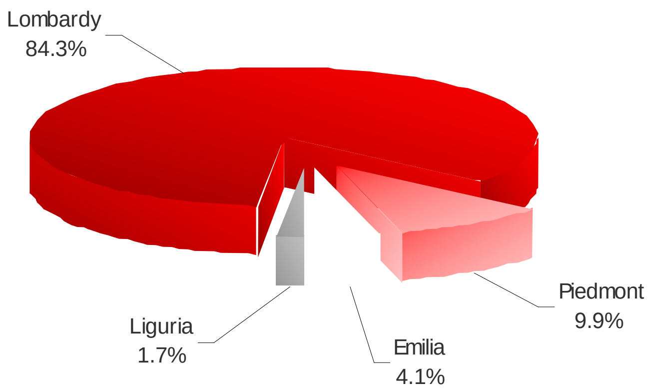
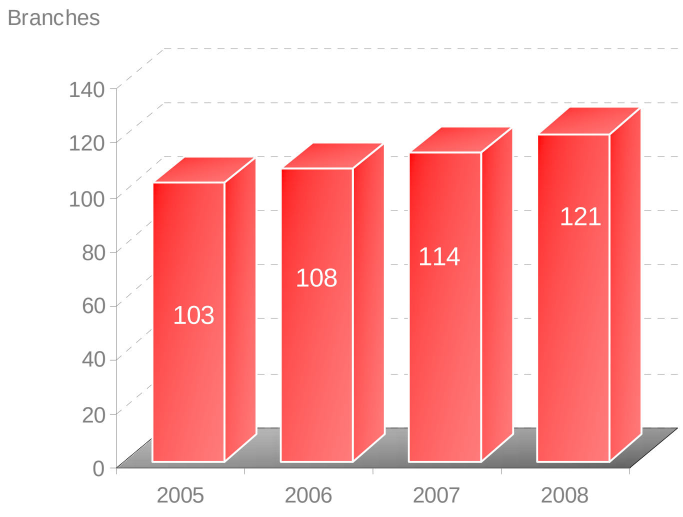


Chart no. 3 - **THE BANK DISTRIBUTION NETWORK: GROWTH IN SIZE IN THE LAST FEW YEARS**



3.2 - MAJOR CORPORATE EVENTS DURING THE FINANCIAL YEAR

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

After obtaining the statutory clearances, on 1 October 2008 the partnership agreements were completed that had been entered into on 29 May 2008 between the Bank and Swiss insurance group Helvetia, leading to the Helvetia Group's entry into Chiara Vita S.p.A.'s share capital with a 70% stake for a payment of 79.6 million euro to the Bank (partly subject to adjustment in accordance with a mechanism that is usual in transactions of this kind).

Consequently, the Bank's equity investment in Chiara Vita S.p.A. (a company now classified as an associate under Article 2359 of the Civil Code) has been 30% since the last quarter of 2008.

Sale of further interests in the subsidiary Chiara Assicurazioni S.p.A.

In line with the policy of making the product companies less and less captive, and carrying on with the line of strategy taken since the beginning of the "damages company" project, during 2008 the Bank sold interests in subsidiary Chiara Assicurazioni S.p.A.'s share capital amounting in all to 22.5%, thus reducing its equity investment in the company to 65%.

Bank of Italy inspections

The Bank of Italy inspections of the Bank and its subsidiary, Banco Desio Lazio S.p.A., ended during the third quarter. The findings of the inspection report were favourable on the whole; some suggestions were made regarding the technical and organisational structure, certain processes and formal and procedural aspects related to some line and risk monitoring. In view of these observations, the Group took certain appropriate action, mainly in the framework of measures and projects that were already in progress, and notified the Supervisory Authority accordingly.

Sale by the subsidiary Brianfid-Lux S.A. of the controlling 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 trust company Valorfin S.A. was executed, thus realising a capital gain of Euro 0.4 million before taxes. The transaction thus determined a reduction of the Bank' s equity investment in the company in question to 10% and its exit from the consolidation area of the Banco Desio Group.

3.3 - OTHER TRANSACTIONS / MAJOR CORPORATE EVENTS RELATING TO SUBSIDIARIES OR ASSOCIATES

Increases in the share capital of some subsidiaries

In order to support the growth of operations over a wider area and for the direct strengthening of the supervisory capital of the subsidiaries Banco Desio Lazio S.p.A., Banco Desio Toscana S.p.A. and Banco Desio Veneto, in accordance with the provisions of the respective 2008-2009 two-year business plans, during April 2008 the respective Extraordinary Shareholders' Meetings resolved the following capital increases against payment, subscribed and paid up by the Bank at the same time:

- as regards Banco Desio Lazio S.p.A., a share capital increase of a 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 a nominal Euro 10 million (from Euro 13.8 million to Euro 23.8 million);
- as regards Banco Desio Veneto S.p.A., a share capital increase of a nominal Euro 12 million (from Euro 23.1 million to Euro 35.1 million), with a share premium, to be recognised in the appropriate reserve, of Euro 3 million.

Furthermore, the subsidiary Brianfid Lux S.A. carried out a 2,043 million euro nominal value increase (raising the share capital from 25,900 million to 27,943 million euro) through the Bank vesting it with the property in which Brianfid Lux S.A. conducts its business.

Adoption of the "Integrated Group Treasury" in Banco di Desio e della Brianza S.p.A.

By virtue of the resolution previously passed by the Board of Directors of Banco di Desio e della Brianza S.p.A. concerning the "Integrated Group Treasury", in January 2008 the Italian subsidiary banks subscribed to the proposal of centralising their liquidity with the Parent Company.

The unification of the financial assets of Group companies in a Central Treasury Department will allow the Parent Company to support - with lower risks - the optimum management of liquidity and the complete monitoring of operating and market risks.

Shareholding plan for indirect subsidiary FIDES S.p.A.

As for other Group initiatives in the start-up phase, in July 2008 Banco Desio Lazio S.p.A.'s Board of Directors and Shareholders' Meeting approved an ad hoc shareholding plan for the subsidiary FIDES S.p.A..

The capital intended for the shareholding plan is made up of 20% of the FIDES S.p.A. stock, at the moment corresponding to at most 220,000 shares; the beneficiaries are managers and employees of the company and Group managers directly and/or indirectly involved in the process of developing the finance house, the period during which the options can be exercised being January 2011.

According to the structure of the plan, the value of the shares that will come into the possession of the beneficiaries if they exercise their options will reflect any capital losses incurred by the company as a result of the assumption of risks that exceed the company's and the Group's policy and corporate regulations, in line with the Supervisory Authority's prudential recommendations with regard to remuneration and incentive mechanisms.

On the basis of the IAS/IFRS policies applicable to transactions of this kind, the cost of the shareholding plan, which consists of the free assignment of the options, is borne by FIDES S.p.A.: it may be estimated at a figure between 0.3 and 0.4 million euro, to be allocated pro rata to each financial year that ends between the assignment date and the date of the exercise of the options, with an annual maximum cost estimated to be about 0.1 million euro.

Sale of a 2% interest in the share capital of indirect subsidiary FIDES S.p.A.

In the framework of a plan to expand the distribution network of indirect subsidiary FIDES S.p.A., on 27 November 2008, Banco Desio Lazio completed the sale of a 2% interest in the share capital of this finance house for about 170,000 euro. After this transaction, the equity investment in FIDES S.p.A. fell to 78%.

4 - HUMAN RESOURCES

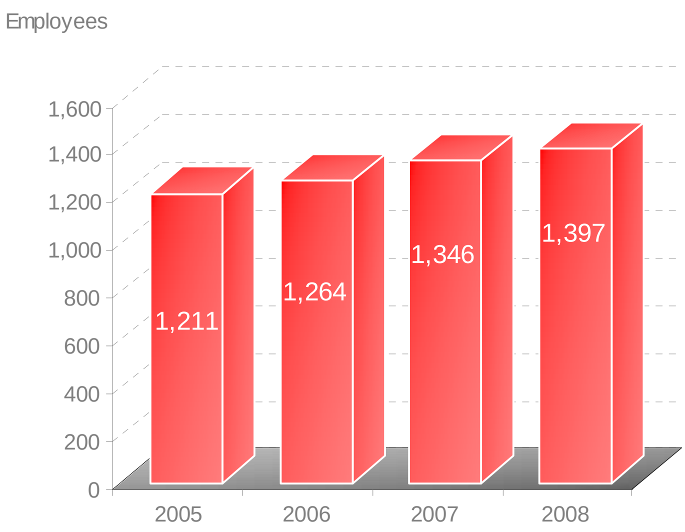
4.1 - RESOURCES MANAGEMENT

While respecting the individual characteristics of the companies, human resource management aims for a unitary and synergetic approach, bolstering expectations and fostering professional growth as well as ensuring the sharing of values within the Group. This approach, in line with the geographic expansion policy, accompanies the dissemination of information and development in areas with which the Bank has historic associations and in inter-regional offices in different catchment areas and economic sectors.

As at 31 December 2008, the Bank counted 1,397 employees, with an increase of 51, corresponding to 3.8%, compared to the previous year.

In the last three year period, the average compound annual growth rate registered in the headcount was equal to 4.9%, lower than that registered in the distribution network, which was equal to 5.5%, as evidenced by the numeric data represented in the chart below.

Chart no. 4 - **INCREASE IN BANK STAFF NUMBERS IN THE LAST FEW YEARS**



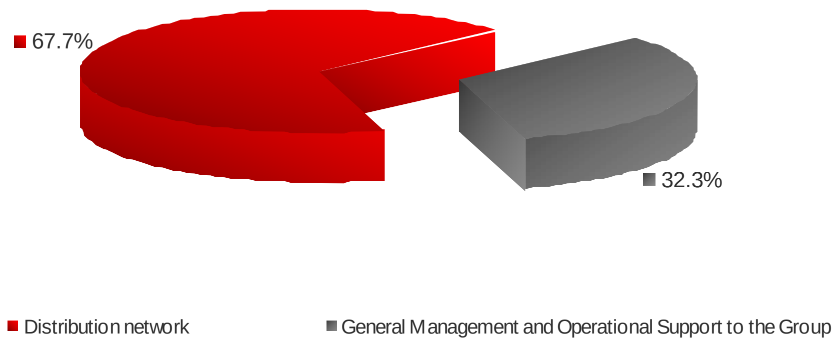
The table below shows the breakdown of staff by grade.

Table no. 1 - **STAFF: BREAKDOWN BY GRADE**

No. of employees	31.12.2008	Percentage breakdown	31.12.2007	Percentage breakdown	Change Value	Change %
Executives	24	1.7%	24	1.8%	0	0.0%
3rd and 4th level managers	318	22.8%	299	22.2%	19	6.4%
1st and 2nd level managers	368	26.3%	319	23.7%	49	15.4%
Other personnel	687	49.2%	704	52.3%	-17	-2.4%
Staff	**1,397**	**100.0%**	**1,346**	**100.0%**	**51**	**3.8%**

The chart below shows the breakdown of staff in employment at the end of the financial year by area of reference, highlighting that the staff attributable to the distribution network represents the majority of staff overall (67.7%).

Chart no. 5 - **BREAKDOWN OF THE STAFF IN EMPLOYMENT BY AREA OF REFERENCE**



At the end of the period employees' average age was 41, unchanged from the previous year, while the proportion of female staff was 34.5%, an increase on the 33.6% of the year before.

4.2 - TRAINING

Training is a distinctly effective partner in growth processes and in developing human resources, as part of a more widespread culture within the Bank and, generally, within the Group.

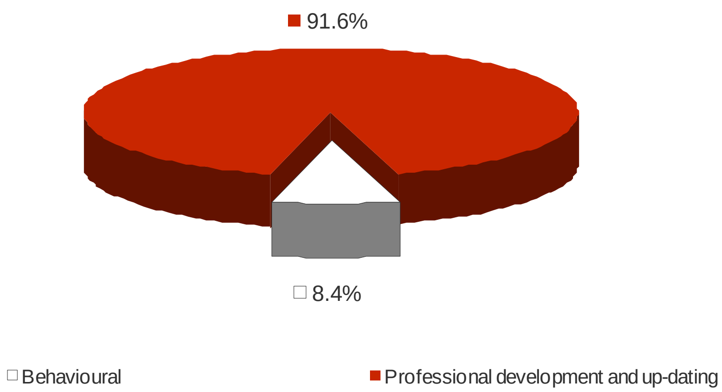
A total of 4,653 man/days of training were administered during 2008, counting in-house courses, conferences and external seminars: this was an average of 3.4 days per employee.

Training may be broken down as follows:

- *behavioural*, with the aim of developing managerial and communication competences and skills, which are not related to specific roles or contexts;
- *professional development and updating,* which groups the initiatives aimed at developing, consolidating and maintaining over time the professional expertise connected to specific roles and contexts.

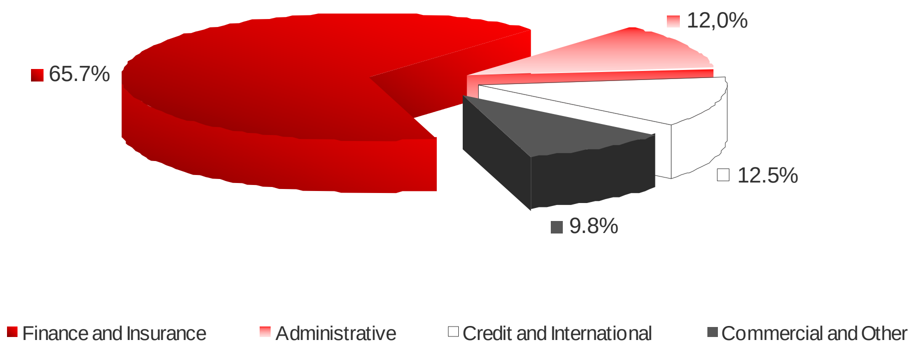
The chart below shows the percentage breakdown of the training sessions carried out in 2008 by the identified categories.

Chart no. 6 - **TRAINING DAYS: BREAKDOWN BY CATEGORY**



The following chart shows the breakdown of total training days dedicated to professional development and updating, based on the classification of the subjects dealt with.

Chart no. 7 - **"PROFESSIONAL DEVELOPMENT AND UP-DATING" TRAINING: BREAKDOWN BY SUBJECT**



In the Finance sphere, against the background of the financial market crisis, at the end of 2008 a massive training programme was launched in collaboration with the Bocconi University of Milan, addressed at all the financial operators in the network, its objective being to ensure that the advice given to the Bank's customers should become increasingly sound.

The investment in this training programme will conclude in 2009. The courses consist of a preliminary assessment phase followed by targeted activities and a final examination at the end with a certificate of the skills acquired.

Training activities in the Credit, International and Administrative Areas pursued the aim of ensuring constant improvement in supporting operations in the areas concerned.

Finally, as regards the Commercial and Other areas, work was done on updating new products in the commercial range, concentrating on the technical, legislative and tax aspects of the relevant market.

4.3 - RELATIONSHIP WITH THE TRADE UNIONS

In the framework of labour relations which was always been marked by calm and constructive discussion, the conformity of the requests made by the Bank's union representatives was verified in December 2008, in consultation with the union representatives themselves, in view of the renewal of the company supplementary agreement. During this process, it was confirmed that the second level supplementary negotiations will solely concern the matters expressly delegated by the national labour agreement for the sector. The discussions will therefore take place on this basis; the unions' specific proposals are awaited.

5 - CONTROL ACTIVITIES

5.1 - LEVELS OF CONTROL IN THE FUNCTION OF DIRECTION AND CO-ORDINATION

In the exercise of its function of direction and co-ordination, Banco di Desio e della Brianza, as the Parent Company, effects three levels of control on subsidiaries in order to implement the specific "co-ordination model" selected, taking account of the nature and size of the activities carried out by the individual companies together with their specific location and identifying the competent functions of the Parent Company for the specific control mechanisms.

The first level is of a strategic nature and is designed to maintain a constant check that the indications given by the Parent Company are kept to. Implementation is achieved for the most part by the presence of its own representatives on the Boards of Directors of each subsidiary company, normally in sufficient numbers to represent a majority.

The second level is more concerned with management and relates to the activities of analysis, systemising and evaluation of the periodical information flows from subsidiary companies in order to confirm the pursuit of strategic goals in compliance with supervisory rules, the preparation of sufficient reports on performance and profitability, the analysis of development plans and strategic opportunities, forecast flows and all other information necessary for the preparation of the Group Budget.

The third level can be described as being technical/operational in nature and in practice is conducted through the supervision of internal control systems.

During 2008, the Bank's Strategy Planning and Risk Management Area was particularly engaged in the definition of the processes and new organisational arrangements related to risk measurement and monitoring as required by the supervisory authority instructions. At the end of a special project, the Board of Directors adopted the risk management model that it considered most in line with best practice in the banking sector and most appropriate to the Group's risk profile.

The Organisational Model applies to the Parent Company, in which the risk management function is centralised, to the Italian banking subsidiaries and the other subsidiaries. The risk management processes of all the Group companies follow the guidelines laid down by the Parent Company, and each company is responsible for implementing risk policies (shared with the Parent Company) attentively and consistently with its own characteristics. Group companies also use the risk measurement models prepared by the Parent Company if it is envisaged that they are to be used in the risk management process, bearing in mind the relevant sector and national legislation.

The Organisational Model represents risk management activities as an integrated process whereby risk is identified, measured, managed and monitored and in which, apart from the Risk Management Office, various other bodies and functions in the Parent Company and subsidiaries are involved:

- the Parent Company's administrative, management and control bodies, being responsible for the supervision and management of Group risk;

- Parent Company Areas/Offices that have information, collaboration, support and other specific relations with the Risk Management Office;

- the subsidiaries' administrative, management and control bodies, being responsible for the supervision and management of risk, in agreement with the Parent Company, attentively and consistently with their own characteristics.

In order to ensure that risk is kept under observation and managed in an integrated manner at Group level, the planning work that was carried out (taking into account solutions adopted in organisations comparable to our Group into account) led, among other things, to the creation of a new collective body designated as the RISKS COMMITTEE.

Also in 2008, the Risk Management function was involved with other Group Areas (Internal Audit and Administration) in the investigations conducted by Compliance into the computability of the capital elements in regulatory capital, weighting risk activities and credit risk mitigation.

5.2 - INTERNAL CONTROL SYSTEM

The internal control system is made up of the collection of standards of conduct, rules and organisational procedures which, in observance of law instructions from the Supervisory Body and business strategies, make it possible to manage all Group activities properly, involving Corporate Bodies, Top Management and, in general, all staff.

At a Group level this system takes mainly the form of the following three types as defined in the instructions issued by the Bank of Italy:

- line controls, aimed at ensuring the proper conduct of operations;

- checks on Risk Management to define the methods used for risk measurement, to confirm compliance with the limits assigned to the various operational functions and to monitor the activities of individual operational areas to ensure they are consistent with the objectives defined regarding risk return. These checks are entrusted to the responsible function within the ambit of the Strategic Planning, Management Control and Risk Management areas of the Parent Company. These also include the controls on the quality of credit conducted by the central office which is responsible for detecting any possible anomalies in the performance of the accounts to which credit is granted;

- activities of Internal Audit, with the goal of identifying anomalous trends or breaches of procedure and rules, and of assessing of the functionality of the internal control system as a whole.

The duty of assessing the internal control system in consideration of the chosen "co-ordination model" for each subsidiary company, has been allocated to the Group Internal Audit Area whose activities are regularly reported to the Top Management, the Parent Company's Board of Directors and, in so far as these activities concern them, to individual Directors and to the individual Boards of Directors of the subsidiaries. Periodical evaluations of results are carried out by the Board of Statutory Auditors and the Internal Control Committee.

In the conduct of the above duties, the Internal Audit Area:

- examines "at one remove", all the information that each subsidiary is required to provide in relation to the internal controls effected by its own functions together with all other information considered useful in that regard;
- carries out inspection visits to each subsidiary, normally following predefined "audit plans";
- defines and transmits goals and general instructions to those companies in the Group with a dedicated internal function, receiving the periodical reports of the checking activities carried out;
- directly audits those Group companies which have centralised the related function in the Parent Company.

5.3 - RISK MEASUREMENT AND MANAGEMENT

With regard to the specific activities carried out by the Parent Company's Risk Management function, designed to ensure that checks are maintained on the various risk types through the adoption of integrated processes, please refer to Part E of the Notes to the Financial Statements "Information on Risks and the Related Hedging Policies".

6 - MANAGEMENT PERFORMANCE

6.1 - SAVINGS DEPOSITS: ADMINISTERED CUSTOMER ASSETS

The total administered customer assets showed an increase of 0.7 billion euro in direct deposits. Indirect deposits were on a downward trend, which was in any event similar to the trend in the banking system, but particularly accentuated in institutional customer deposits (4.4%, billion corresponding to 35.3%), representing about 90% of the total decrease in indirect deposits.

The overall performance of this item is shown in the table below, which also gives a breakdown.

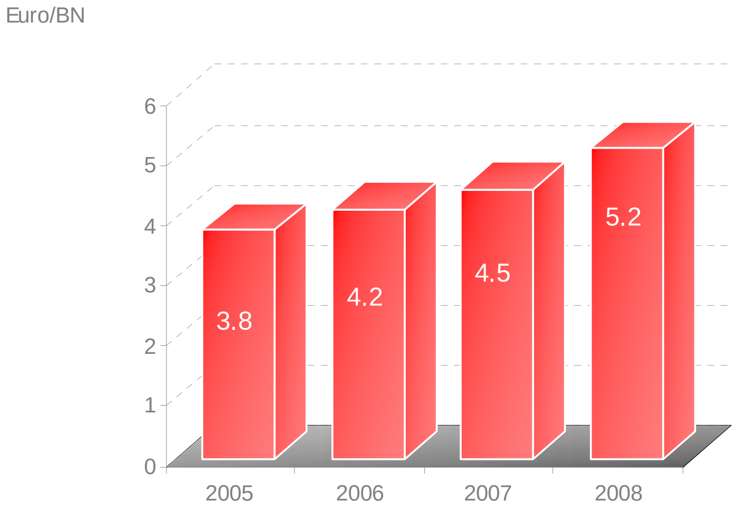
Table no. 2 - **DEPOSITS FROM CUSTOMERS**

Amounts in thousands of Euro	31.12.2008	Percentage breakdown	31.12.2007	Percentage breakdown	Change Value	Change %
Amounts due to customers	3,111,448	16.4%	2,882,576	12.4%	228,872	7.9%
Securities issued	1,568,889	8.3%	1,382,356	5.9%	186,533	13.5%
Financial liabilities at fair value through profit or loss	490,830	2.6%	228,088	1.0%	262,742	115.2%
Direct deposits	**5,171,167**	**27.3%**	**4,493,020**	**19.3%**	**678,147**	**15.1%**
Deposits from ordinary customers	5,663,240	29.9%	6,226,238	26.8%	-562,998	-9.0%
Deposits from institutional customers	8,110,674	42.8%	12,538,669	53.9%	-4,427,995	-35.3%
Indirect deposits	**13,773,914**	**72.7%**	**18,764,907**	**80.7%**	**-4,990,993**	**-26.6%**
Total deposits from customers	**18,945,081**	**100.0%**	**23,257,927**	**100.0%**	**-4,312,846**	**-18.5%**

Direct deposits

The increase in direct deposits during the last three year of business for the Bank, is represented in the chart below, with annual growth rates corresponding to an average compound growth rate of 10.6%.

Chart no. 8 - **DEPOSITS: THE TREND OVER THE LAST FEW YEARS**



The most substiantial item of direct deposits as at the end of the financial year in question, corresponding to 60.2% of the aggregate, is represented by the “amounts due to customers”, Euro 2.9 billion of which reflects “sight” deposits, i.e. current accounts and savings deposits, and Euro 0.2 billion of which is for reverse repurchase agreements.

At the end of the financial year, securities in circulation, amounting to 0.2 million euro more than the previous year, consisted of 1.4 billion euro of bonds issued and placed by the Bank, mainly with a variable yield and including about 0.1 billion euro of subordinate bonds. The remainder consisted of deposit certificates.

The end-of-year balance of financial liabilities reported on the basis of the fair value option refers to bond loans, mainly with a fixed yield, issued by the Bank and hedged with derivative instruments.

The total value of the bond loans issued and placed during 2008 was 627.5 million euro.

Indirect deposits

"Ordinary" customer indirect deposits fell by 0.6 billion euro in the twelve months of 2008, corresponding to 9%: this was attributable to performance in the managed asset sector, partially offset by the increase in the administered sector. The fall took place against the backdrop of the grave and prolonged financial market crisis in general and the consequent sector difficulties at system level.

There was a decline of 4.4 billion euro in deposits from institutional customers; the decline was especially noticeable in the volumes related to custodian services. The fall in institutional customer deposits accounted for the greater part of the difference in the total, which was about 5 billion euro. The balance at the end of the period was 13.8 million euro.

The table below gives the details of the balances in this item, showing the variations at the end of the twelve months under analysis.

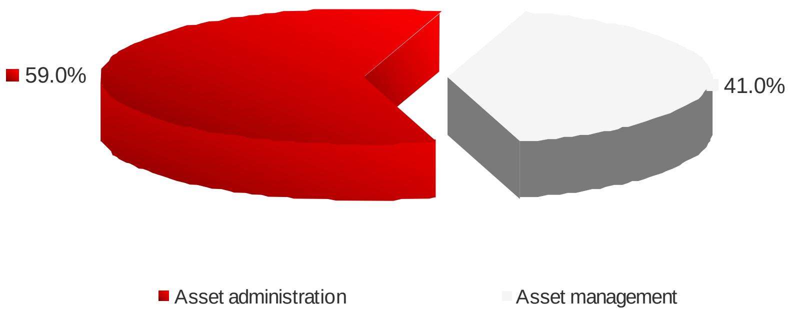
Table no. 3 - INDIRECT DEPOSITS

Amounts in thousands of Euros	31.12.2008	Percentage breakdown	31.12.2007	Percentage breakdown	Change Value	Change %
Asset administration	**3,342,888**	**24.3%**	**3,224,230**	**17.2%**	**118,658**	**3.7%**
Asset management	**2,320,352**	**16.8%**	**3,002,008**	**16.0%**	**-681,656**	**-22.7%**
of which: Mut.Fund and Open-end Inv. (1)	*669,005*	*4.9%*	*1,085,826*	*5.8%*	*-416,821*	*-38.4%*
Portfolio management (2)	*367,093*	*2.7%*	*579,898*	*3.1%*	*-212,805*	*-36.7%*
Bank Insurance	*1,284,254*	*9.3%*	*1,336,284*	*7.1%*	*-52,030*	*-3.9%*
Deposits from ordinary customers	**5,663,240**	**41.1%**	**6,226,238**	**33.2%**	**-562,998**	**-9.0%**
Depositary Bank	6,448,432	46.8%	10,568,370	56.3%	-4,119,938	-39.0%
Others	1,662,242	12.1%	1,970,299	10.5%	-308,057	-15.6%
Deposits from institutional customers	**8,110,674**	**58.9%**	**12,538,669**	**66.8%**	**-4,427,995**	**-35.3%**
Indirect deposits	**13,773,914**	**100.0%**	**18,764,907**	**100.0%**	**-4,990,993**	**-26.6%**

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

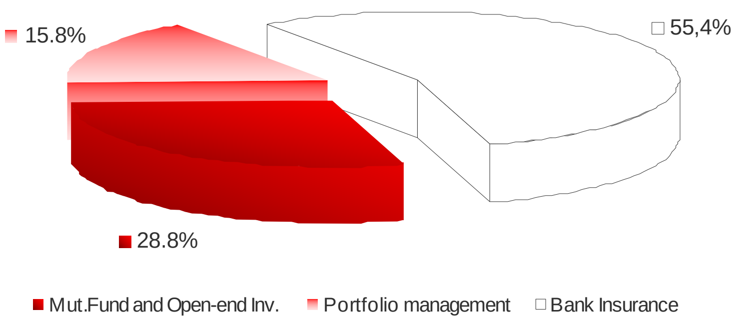
The percentage breakdown by segment of the indirect deposits from ordinary customers as at 31 December 2008, represented in the chart below, shows that the portion attributable to administered assets is greater than that of managed assets.

Chart no. 9 - **INDIRECT DEPOSITS FROM ORDINARY CUSTOMERS BY SECTOR AT 31.12.2008: BREAKDOWN**



T
he percentage composition of assets under management at 31 December 2008 is shown in the graph below: the life bank insurance element is the biggest with 55.4%.

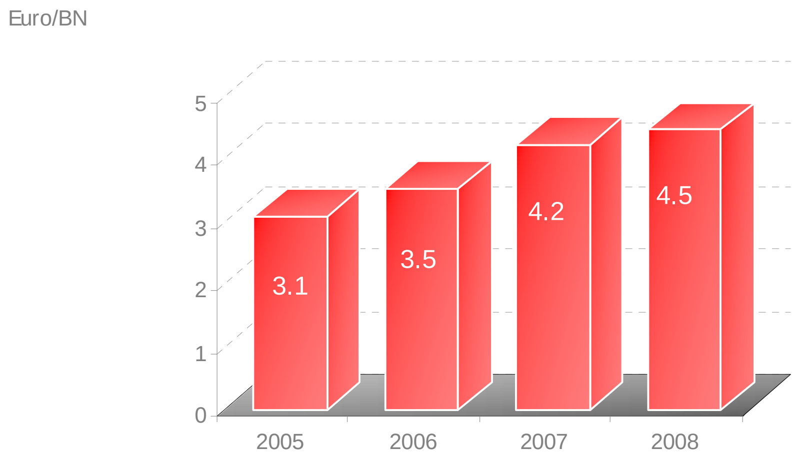
Chart no. 10 - **INDIRECT DEPOSITS FOR ASSET MANAGEMENT AT 31.12.2008: BREAKDOWN**



6.2 - CREDIT MANAGEMENT: LOANS TO CUSTOMERS

At 31 December 2008 the total amount of lending to customers rose to about 4.5 billion euro, an increase of 6% over the previous year, which contributed to determining a compound annual rate of increase over the last three years of 13.1%, as shown in the graph below.

Chart no. 11 - **PERFORMANCE OF LOANS TO CUSTOMERS OVER THE LAST FEW YEARS**



The differences in the balances of the items making up lending, as shown in the table below, indicate that the overall increase was mainly attributable to medium- and long-term forms of investment, particularly mortgages, partially counter-balanced by a fall in the short-term sector which consists of current account loans.

Table no. 4 - **AMOUNTS DUE FROM CUSTOMERS**

Amounts in thousands of Euros	31.12.2008	Percentage breakdown	31.12.2007	Percentage breakdown	Change Value	Change %
Current accounts	1,185,046	26.6%	1,243,011	29.6%	-57,965	-4.7%
Mortgages and other medium/long term loans	2,422,069	54.3%	2,145,780	51.0%	276,289	12.9%
Other	849,775	19.1%	817,534	19.4%	32,241	3.9%
Amounts due from customers	**4,456,890**	**100.0%**	**4,206,325**	**100.0%**	**250,565**	**6.0%**

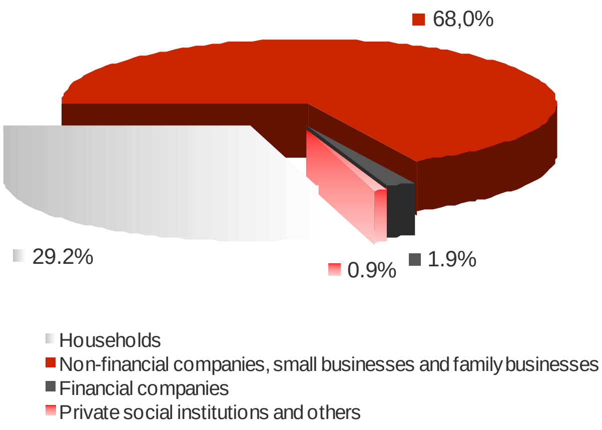
Amounts due to customers are analysed in the table below, which evidences the changes in balances registered in the twelve months under review, based on the type of customer, while the following chart represents their breakdown as at the end of 2008.

It is worth noting, in particular, the predominance of loans to non-financial companies, small businesses and family businesses, which, at the end of the period, represented a share of more than two thirds of the aggregate, totalling about Euro 3 billion and the relevance and percentage increase (+9.2%) of loans to households.

*Table no. 5 - **AMOUNTS DUE FROM CUSTOMERS**: BREAKDOWN BY TYPE OF CUSTOMER*

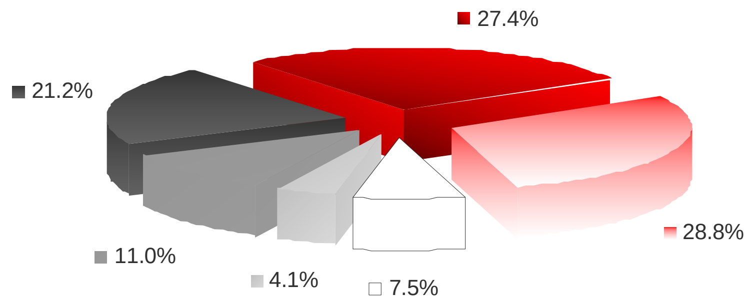
Amounts in thousands of Euros	31.12.2008	Percentage breakdown	31.12.2007	Percentage breakdown	Change Value	Change %
Households	1,299,283	29.2%	1,189,400	28.3%	109,883	9.2%
Non-financial companies, small businesses and family businesses	3,032,917	68.0%	2,780,606	66.1%	252,311	9.1%
Financial companies	82,455	1.9%	197,107	4.7%	-114,652	-58.2%
Private social institutions and others (1)	42,235	0.9%	39,211	0.9%	3,024	7.7%
Amounts due from customers	**4,456,890**	**100.0%**	**4,206,325**	**100.0%**	**250,565**	**6.0%**

Chart no. 12- **AMOUNTS DUE FROM CUSTOMERS AS AT 31.12.2008: PERCENTAGE BREAKDOWN BY TYPE OF CUSTOMER**



The chart below is an analysis of the breakdown of the loans to the categories of non financial companies, small businesses and family businesses, which, considered in aggregate, represent a share of 68% of the total as at the end of 2008, with reference to the relevant economic sector.

Chart no. 13 - **AMOUNTS DUE FROM NON-FINANCE COMPANIES, SMALL BUSINESSES AND OTHER FAMILY BUSINESS AS AT 31.12.2008: PERCENTAGE BREAK-DOWN BY ECONOMIC SECTOR**



The chart above highlights the considerable relevance of loans to companies belonging to the tertiary sector in general, particularly as regards other sales services, commerce, salvage and repair services, as well as construction and public works. Jointly considered, these loans represent a share of 59.6%, corresponding to over Euro 1.8 billion.

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

As regards the distribution of gross loans, including endorsement loans, the percentage of uptakes by the largest clients was lower than the final figure at the end of the previous year, which therefore meant a greater degree of risk spreading. The table below shows the details.

Table no. 6 – **AMOUNTS DUE FROM LARGEST CUSTOMERS: CONCENTRATION INDEX**

Number of customers	**31.12.2008**	**31.12.2007**
10 largest customers	3.3%	6.2%
20 largest customers	4.7%	7.8%
30 largest customers	5.9%	8.9%
50 largest customers	7.9%	10.8%

Furthermore, take note that, in accordance with the supervisory regulations in force, no positions were recorded at the end of 2007 that were classifiable as “Significant Risks” in the context of credit activities.

At the end of the period 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 102.1 million, net of value adjustments of Euro 67.5 million. Specifically, net non performing loans amounted to Euro 36.4 million, net problem loans to Euro 42.5 million and expired loans to Euro 23.2 million.

The table below summarises gross and net credit risk ratios: the amounts are still low, even though there was a generalised increase compared with the previous year as a natural consequence of the economic crisis.

Table no. 7 - **AMOUNTS DUE FROM CUSTOMERS: RISK CREDIT INDICATORS**

% Indexes for gross loans	**31.12.2008**	**31.12.2007**
Gross impaired loans to customers	3.73%	2.71%
of which:		
- gross non performing loans	1.71%	1.37%
- gross problem loans	1.49%	0.91%
- gross expired loans	0.52%	0.43%

% Indexes for net loans	**31.12.2008**	**31.12.2007**
Net impaired loans to customers	2.29%	1.72%
of which:		
- net non performing loans	0.82%	0.67%
- net problem loans	0.95%	0.62%
- net expired loans	0.52%	0.43%

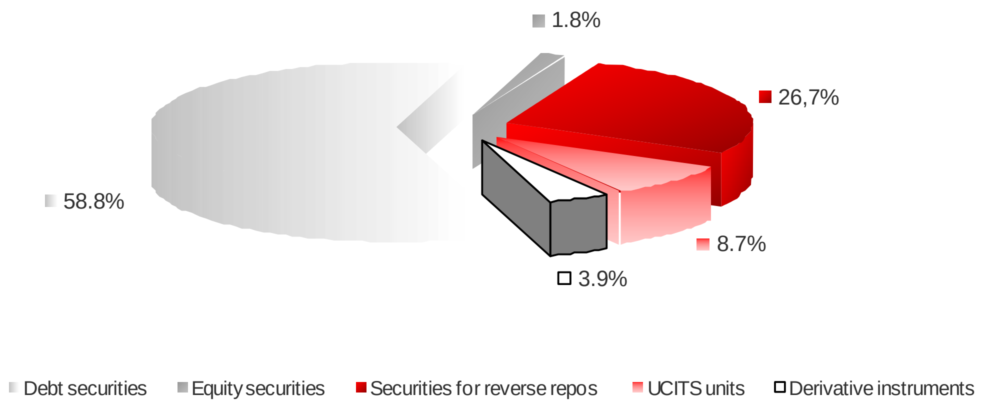
6.3 THE SECURTIES PORTFOLIO AND INTER-BANK ACTIVITIES

The securities portfolio

On 31 December 2008 the Bank's total financial assets stood at a value of Euro 0.7 billion, compared to Euro 0.8 billion which was the figure of the preceding year.

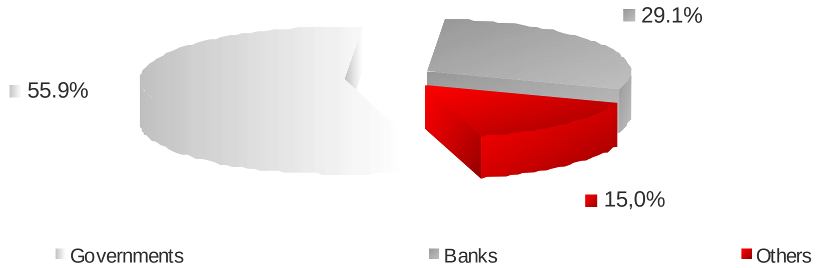
The chart below presents the percentage breakdown of the portfolio based on the types of securities, showing that debt securities, mainly comprised of Government securities, accounts for the main portion.

Chart no. 14 - FINANCIAL ASSETS AT 31.12.2008: PERCENTAGE BREAK-DOWN BY TYPE OF SECURITY



With reference to the issuers of securities, the aggregate portfolio at the end of the financial year is comprised of "Government securities" (more than 50%), "bank securities" (29%), and by "other issuers" for the remaining share, as evidenced in the graph below.

Chart no. 15 - **FINANCIAL ASSETS AT 31.12.2007: PERCENTAGE BREAKDOWN BY TYPE OF ISSUER**



In a market scenario marked by an exceptionally critical situation, one of the lines taken during the year was not to increase the number of corporate bond positions.

At a tactical level, in 2008 the tendency in operating on both bond and equity markets was to adopt a day-by-day trading policy. Specifically, the activities on equity markets were only focused on euro zone markets, with a preference for more “liquid” securities, while activities on the exchange market were mainly concentrated on the operational requirements of subsidiary companies and Institutional Customers.

At the end of the financial period, the securities portfolio did not have any toxic instruments; the position as regards exposure to the Lehman risk was as follows:

- a bond in the portfolio with a reported value of 0.1 million euro;
- a debt exposure arising from a derivative with a negative value of 0.3 million euro;
- no inter-bank deposit.

The Bank did not avail itself of the possibility of reclassification envisaged in the amendments to IAS 39 and IFRS 7 introduced on 15 October 2008, with effect from 1 July 2008.

In view of the particular financial market situation, these amendments allowed certain financial instruments of the “financial assets held for trading” to be reclassified with variations in fair value recognised in profit and loss (FVPL). The Bank therefore kept the instruments in their initial portfolios in line with the originally intended investment strategy.

On the basis of the prices of securities in the FVPL category recorded at 31 December 2008, if these securities had been transferred to the “financial assets available for sale” (AFS) category, the capital losses that the Bank could have transferred from the profit and loss account (thus relieving it of this charge) to equity as a negative reserve would have amounted to about 1.4 million euro.

The composition of the “financial assets available for sale” (AFS) portfolio is shown in the Notes to the Financial Statements, Section 4, Table 4.1, “Product types”. In particular, the financial assets in the “UCITS units” category reported “net negative reserves” of about 4 million euro and “net positive reserves” of about 1 million euro.

The negative reserves, in accordance with the impairment test measurement principle, were not posted in profit and loss since the capital losses arose over a limited period of time in exceptionally unfavourable international market conditions and are not to be considered as significant or lasting on the basis of the estimations made.

Inter-bank activities

There was a positive inter-bank balance of about 0.5 billion euro at the end of the period compared with a negative balance of 0.1 billion euro at the end of the previous year.

The Bank decided to put most of its liquidity with the ECB in order to limit counterparty risk,. With the same purpose in mind, at the beginning of this year the decision was made to join the Collateralised Inter-bank Market (MIC).

6.4 - SHAREHOLDERS’ EQUITY AND ECONOMIC STABILITY

Shareholders’ equity as at 31 December 2008, including the net profits of the period, amounted to a total of Euro 671.8 million, an increase of Euro 37.6 million with respect to the figure recorded for 2007.

Shareholders’ equity calculated in accordance with the supervisory regulations in force, amounted to Euro 659.3

million with respect to Euro 599.6 million at the end of the previous year. The figure is made up of Tier 1 capital of Euro 615.8 million (compared to Euro 576.6 million at the end of 2007) with Tier 2 capital of Euro 57 million (compared to Euro 68 million at the end of 2007) for valuation reserves, and subordinated liabilities. The total of the items to be deducted amounted to Euro 42.1 million (of which Euro 13.5 million is to be deducted from the sum of Tier 1 and Tier 2) and these refer to equity investments in financial and insurance bodies.

Risk-weighted assets, calculated as the product of total prudential requirements and the reciprocal of the minimum obligatory coefficient for credit risk, amounted to Euro 4.7 billion with respect to Euro 4.8 billion at the end of 2007.

The Tier 1 capital ratio, representing the ratio of primary capital to risk-weighted assets rose to 13.1% and in fact coincides with the Tier 1 Core. The Tier 2 solvency ratio, representing the ratio between regulatory capital and risk-weighted assets, reached 14.0% according to the supervisory regulations in force. On 31 December 2007 these ratios were 12.1% and 12.6% respectively.

We would draw attention to the fact that the total net equity position at the end of 2008, that is the part of equity which is “unrestricted” in that it is not affected by credit risk (solvency ratio) and market risks (risks on available for sale securities portfolio, exchange rate risks, concentration risks) amounted to a value of Euro 376.7 million, up compared to Euro 266.7 million of the previous year.

ICAAP (Internal Capital Adequacy Assessment Process) Report for the Bank of Italy

In compliance with Bank of Italy instructions (Circular 263 of 27 December 2006, New prudential supervision rules for banks) and with regard to the capital adequacy assessment process (ICAAP), the Banco Desio Group conducted an independent assessment of its capital adequacy, both present and prospective, in the light of the risks assumed and corporate strategies.

The document entitled Simplified Capital Adequacy Report, referring to the consolidated situation at 30 June 2008, which the Bank prepared in accordance with the method suggested by the Bank of Italy (Circular 263 of 27 December 2006 as subsequently amended, Title III, Chapter 1, Appendix E), was approved by the Board of Directors on 23 October 2008 and was afterwards sent to the Supervisory Board.

The findings in this document show that the Group’s capital resources are adequate to meet the losses arising from present and prospective losses, both tier 1 and tier 2, in normal business conditions and in stress scenarios. Moreover, the tier 1 capital ratios were found to be line with the planned capitalisation targets and with the maintenance of the Group’s present rating.

6.5 – RECLASSIFIED INCOME STATEMENT

A reclassified Income Statement has been prepared (as compared with the layout in the Financial Statements) in order to provide a view of the Bank's affairs that is more consistent with operational performance, and this is the basis on which the following comments are made.

The following is a summary of the criteria adopted in the preparation of this statement:

-two accounting item totals were stated, defined as "Operating income" and "Operating costs", the algebraic balance of which constitutes the "Operating margin

-" Net profit/(loss) for the period" was divided into "Profits/(losses) after taxes from continuing operations" and "Profits/(losses) after taxes from extraordinary operations";

-"Operating income" also includes the balance of item 190, "Other operating income and expenses", also net of tax recoveries for stamp duty on customers' statements of account and securities deposit accounts and substitute tax on medium- and long-term financing, in addition to the amortisation of leasehold improvements, respectively reclassified as a reduction of item 150 (b), "Other administrative expenses" and as an increase of item 180, "Net adjustments to the value of /write-backs to intangible assets" in the "Operating costs" total;

-dividends on equity investments in subsidiaries were reclassified from item 70, "Dividends and other similar income" to the item "Dividends from equity investments in subsidiaries", which follows "Operating margin";

-the balance of item 100 (a), "Profit/(loss) on disposal/purchase of receivables" in "Operating income" was reclassified in special item "Profit/(loss) on disposal/purchase of receivables" after "Operating margin";

-provisions for clawback actions in debt litigation were reclassified from item 160, "Net provisions for risks and charges", to item 130 (a), "Net impairment losses on loans", both items following "Operating margin";

- provisions for extraordinary transactions are reclassified from item 160, "Net provisions for risks and charges", to item "Provisions for risks and charges on extraordinary transactions";

-the tax effect on Profits/(losses) from extraordinary operations is reclassified from item 260, "Taxes for the period on income from continuing operations" to the item "Taxes for the period on income from extraordinary operations".

The 2008 financial year ended with a net profit of 65.5 million euro, of which 54.2 million euro was the net profit from continuing operations, as shown in the table below, which states the reclassified Income Statement in comparison with that of the previous year.

Table no. 8 - **RECLASSIFIED INCOME STATEMENT**

Captions				Change	
Amounts in thousands of Euros		31.12.2008	31.12.2007	Value	%
10+20	Net interest income	190,216	172,533	17,683	10.2%
70	Dividend and similar income	6,436	8,586	-2,150	-25.0%
40+50	Net fees and commissions	63,639	71,387	-7,748	-10.9%
80+90+100 +110	Net profits/(losses) on trading activities, hedging activities and disposal/purchase of receivables, financial assets/liabilities and financial assets/liabilities at fair value through profit or loss	1,973	5,292	-3,319	-62.7%
190	Other operating income and expenses	25,845	23,067	2,778	12.0%
	Operating income	**288,109**	**280,865**	**7,244**	**2.6%**
150 a	Personnel expenses	-108,791	-109,191	400	-0.4%
150 b	Other administrative expenses	-48,671	-46,590	-2,081	4.5%
170+180	Net adjustments to tangible/intangible assets	-8,007	-7,722	-285	3.7%
	Operating costs	**-165,469**	**-163,503**	**-1,966**	**1.2%**
	Operating margin	**122,640**	**117,362**	**5,278**	**4.5%**
	Net profits/(losses) on disposal/purchase of receivables	-1,020	-966	-54	5.6%
130 a	Net impairment losses on loans	-37,990	-22,344	-15,645	70.0%
130 b	Net impairment losses on financial assets available for sale	-889	0	-889	
130 d	Net impairment losses on other financial transactions	-386	-106	-280	264.2%
160	Net provisions for risks and charges	286	-1,551	1,836	-118.4%
	Dividends on equity investments in subsidiaries	2,544	3,411	-867	-25.4%
	Profits/(losses) before taxes from continuing operations	**85,185**	**95,806**	**-10,621**	**-11.1%**
260	Taxes for the period on income from continuing operations	-30,941	-37,936	6,995	-18.4%
	Profits/(losses) after taxes from continuing operations	**54,244**	**57,870**	**-3,626**	**-6.3%**
210	Profits (losses) on equity investments	49,727	134,136	-84,409	n.s.
240	Profits/(losses) on disposal of investments	91	0	91	
	Provisions for risks and charges on extraordinary transactions	-37,800	0	-37,800	
	Profits/(losses) before taxes on extraordinary operations	**12,018**	**134,136**	**-122,118**	**n.s.**
	Taxes for the period on income from extraordinary items	-752	-6,198	5,446	n.s.
	Profits/(losses) after taxes from extraordinary operations	**11,266**	**127,938**	**-116,672**	**n.s.**
290	**Net profit/(loss) for the period**	**65,510**	**185,808**	**-120,298**	**n.s.**

In order to make it easier to compare the reclassified Income Statement with the items as shown in the Financial Statements layout, a reconciliation statement is given for each period, showing the figures corresponding to the total in the layouts and the reclassification balances.

Table no. 9 - **RECONCILIATION BEETWEN FINANCIAL STATEMENTS AND RECLASSIFIED INCOME STATEMENT AS AT 31.12.2008**

Captions		Financial Statements							Reclassified Statements
Amounts in thousands of Euros		31.12.2008	Tax recoveries	Dividends from subsidiaries	Amortisation of leasehold improvements	Net profits/(losses) on disposal/purchase of receivables	Uses / provisions for risks and charges	Taxes on income	31.12.2008
10+20	Net interest income	190,216							190,216
70	Dividend and similar income	8,980		-2,544					6,436
40+50	Net fees and commissions	63,639							63,639
80+90+100+110	Net profits/(losses) on trading activities, hedging activities and disposal/purchase of receivables, financial assets/liabilities and financial assets/liabilities at fair value through profit or loss	953				1,020			1,973
190	Other operating income and expenses	33,021	-8,841		1,665				25,845
	Operating income	**296,809**	**-8,841**	**-2,544**	**1,665**	**1,020**	**0**	**0**	**288,109**
150 a	Personnel expenses	-108,791							-108,791
150 b	Other administrative expenses	-57,512	8,841						-48,671
170+180	Net adjustments to tangible/intangible assets	-6,342			-1,665				-8,007
	Operating costs	**-172,645**	**8,841**		**-1,665**		**0**	**0**	**-165,469**
	Operating margin	**124,164**	**0**	**-2,544**	**0**	**1,020**	**0**	**0**	**122,640**
	Net profits/(losses) on disposal/purchase of receivables					-1,020			-1,020
130 a	Net impairment losses on loans	-38,563					573		-37,990
130 b	Net impairment losses on financial assets available for sale	-889							-889
130 d	Net impairment losses on other financial transactions	-386							-386
160	Net provisions for risks and charges	-36,941					37,227		286
	Dividends on equity investments in subsidiaries			2,544					2,544
	Profits/(losses) before taxes from continuing operations	**47,385**	**0**	**0**	**0**	**0**	**37,800**	**0**	**85,185**
260	Taxes for the period on income from continuing operations	-31,693						752	-30,941
	Profits/(losses) after taxes from continuing operations	**15,692**	**0**	**0**	**0**	**0**	**37,800**	**752**	**54,244**
210	Profits (losses) on equity investments	49,727							49,727
240	Profits/(losses) on disposal of investments	91							91
	Provisions for risks and charges on extraordinary transactions						-37,800		-37,800
	Profits/(losses) before taxes on extraordinary operations	**49,818**	**0**	**0**	**0**	**0**	**-37,800**	**0**	**12,018**
	Taxes for the period on income from extraordinary items							-752	-752
	Profits/(losses) after taxes from extraordinary operations	**49,818**	**0**	**0**	**0**	**0**	**-37,800**	**-752**	**11,266**
290	**Net profit/(loss) for the period**	**65,510**	**0**	**0**	**0**	**0**	**0**	**0**	**65,510**

Table no. 10 - **RECONCILIATION BEETWEN FINANCIAL STATEMENTS AND RECLASSIFIED INCOME STATEMENT AS AT 31.12.2007**

Captions		Financial Statements							Reclassified Statements
Amounts in thousands of Euros		31.12.2007	Tax recoveries	Dividends from subsidiaries	Amortisation of leasehold improvements	Net profits/(losses) on disposal/purchase of receivables	Uses / provisions for risks and charges	Taxes on income	31.12.2007
10+20	Net interest income	172,533							172,533
70	Dividend and similar income	11,997		-3,411					8,586
40+50	Net fees and commissions	71,387							71,387
80+90+100+110	Net profits/(losses) on trading activities, hedging activities and disposal/purchase of receivables, financial assets/liabilities and financial assets/liabilities at fair value through profit or loss	4,326				966			5,292
190	Other operating income and expenses	30,343	-8,918		1,642				23,067
	Operating income	**290,586**	**-8,918**	**-3,411**	**1,642**	**966**	**0**	**0**	**280,865**
150 a	Personnel expenses	-109,191							-109,191
150 b	Other administrative expenses	-55,508	8,918						-46,590
170+180	Net adjustments to tangible/intangible assets	-6,080			-1,642				-7,722
	Operating costs	**-170,779**	**8,918**		**-1,642**		**0**	**0**	**-163,503**
	Operating margin	**119,807**	**0**	**-3,411**	**0**	**966**	**0**	**0**	**117,362**
	Net profits/(losses) on disposal/purchase of receivables					-966			-966
130 a	Net impairment losses on loans	-20,879					-1,465		-22,344
130 d	Net impairment losses on other financial transactions	-106							-106
160	Net provisions for risks and charges	-3,016					1,465		-1,551
	Dividends on equity investments in subsidiaries			3,411					3,411
	Profits/(losses) before taxes from continuing operations	**95,806**	**0**	**0**	**0**	**0**	**0**	**0**	**95,806**
260	Taxes for the period on income from continuing operations	-44,134						6,198	-37,936
	Profits/(losses) after taxes from continuing operations	**51,673**	**0**	**0**	**0**	**0**	**0**	**6,198**	**57,870**
210	Profits (losses) on equity investments	134,136							134,136
240	Profits/(losses) on disposal of investments	0							0
	Provisions for risks and charges on extraordinary transactions								0
	Profits/(losses) before taxes on extraordinary operations	**134,136**	**0**	**0**	**0**	**0**	**0**	**0**	**134,136**
	Taxes for the period on income from extraordinary items							-6,198	-6,198
	Profits/(losses) after taxes from extraordinary operations	**134,136**	**0**	**0**	**0**	**0**	**0**	**-6,198**	**127,938**
290	**Net profit/(loss) for the period**	**185,809**	**0**	**0**	**0**	**0**	**0**	**0**	**185,808**

The breakdown and performance of the main Income Statement items are summarised as follows, on the basis of the above tables.

Operating income

The postings related to operating income show an overall increase of 2.6% over the previous year, reaching the sum of 288.1 million euro. This increase is attributable to the net interest income trend, which, at 190.2 million euro, is 66% of the total, with an upward variation of 17.7 million euro, corresponding to 10.2%, and other operating income and expenses, 2.8 million euro, partially offset by the results of the other items. Specifically, dividend and similar income were affected by the reduction in receipts from Anima SGR S.p.A., which was still an associate at the end of the financial period; the item that groups together the net profits/(losses) on trading activities, hedging activities and disposal/purchase of receivables, financial assets/liabilities and financial assets/liabilities at fair value through profit or loss had a negative variation of 3.3 million euro, mainly due to the result of trading, similarly to the 7.7 million euro fall in net fees and commissions. These items, as emerges from study of the table below, confirms an impact that is directly related to the serious difficulties of the financial market in general, even if this was attenuated by the increase in receipts from more traditional forms of business.

Table no. 11 - **NET COMMISSIONS: BREAK-DOWN BY SERVICE TYPE**

Amounts in thousands of Euros	31.12.2008	Percentage breakdown	31.12.2007	Percentage breakdown	Change Value	Change %
Collection and payment services	13,724	21.6%	12,585	17.6%	1,138	9.0%
Securities placement	6,750	10.6%	14,074	19.7%	-7,324	-52.0%
Port. Mgmt, custody and administration of Securti	9,535	15.0%	11,842	16.6%	-2,308	-19.5%
Distribution of insurance products	11,510	18.1%	12,739	17.8%	-1,228	-9.6%
Depositary bank	6,054	9.5%	6,225	8.7%	-171	-2.7%
Other services	16,066	25.2%	13,922	19.6%	2,144	15.4%
Net commissions	**63,639**	**100.0%**	**71,387**	**100.0%**	**-7,749**	**-10.9%**

Operating costs

Total operating costs, which include personnel expenses, other administrative expenses and net adjustments to tangible/intangible assets, came to 165.5 million euro, an increase of 1.2% for the year.

Operating margin

The operating margin at the end of the year is consequently 122.6 million euro, an increase of 4.5% during the period, corresponding to 5.3 million euro.

Profits/(losses) before taxes from continuing operations

As regards the operating margin, there were 39 million euro in net impairment losses on loans and net profits/(losses) on disposal/purchase of receivables, almost entirely due to the extent of the write-downs recognised (inasmuch as the losses amounted to 2.5 million euro); 1.3 million euro in net impairment losses on financial assets available for sale and other financial transactions; a positive balance of 0.3 million euro in net provisions for risks and charges and another positive balance of 2.5 million euro in dividends on equity investments in subsidiaries: these various amounts, added to or subtracted from the operating margin as appropriate, gave a profit before taxes from continuing operations of 82.5 million euro.

Profits/(losses) after taxes from continuing operations

Considering the 30.9 million euro taxes for the period on income from continuing operations, the after-tax profit from continuing operations was 54.2 million euro, 3.6 million euro lower than the previous year, corresponding to 6.3%.

Profits/(losses) after taxes from extraordinary operations

Profit after taxes from extraordinary operations mainly derived from the capital gain obtained from the sale of 70% of Chiara Vita S.p.A. net of direct allocation costs, amounting to 49 million euro, and the 37.8 million adjustment to the provisions for risks and charges since, on the basis of contractual arrangements that are typical for transactions of this kind, the sale may only be considered completed insofar as the business development plan targets are achieved by the end of 2012. Also taking the 0.7 million euro capital gain into account deriving from the sale of a 22.5% stake in subsidiary Chiara Assicurazioni S.p.A., and a residual amount of 0.1 million euro, the profit after taxes from extraordinary operations was 12 million euro. By considering the relevant taxes (0.8 million euro) the profit amounted to 11.3 million euro, which is not, in practice, comparable with the result in the previous year, in which a capital gain of about 127 million euro was obtained from the sale of 29.7% of Anima SGR p.A..

Net profit/(loss) for the period

Adding together profit after taxes from continuing operations and profit after taxes from extraordinary operations, the net profit for the 2008 financial year was 65.5 million euro.

7 - SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Opening of branches

On 19 January and 2 February 2009 the Bank opened another two branches, one in Milan and one in Savona, bringing the total number of branches in its network up to 123.

Rovere SICAV

The Bank developed a project at Group level involving the promotion of the incorporation of a Luxembourg-registered open-end investment company (Rovere SICAV). The project also envisaged the incorporation, also in Luxembourg, of a management company, “Rovere Société de Gestion SA”, with a share capital of 500,000 euro, in which two other Italian banks that are interested in the project participate with a 10% stake each. This management company, controlled by the Bank through Brianfid-Lux SA, has belonged to the Group since 26 February 2009 (the date on which both entities were incorporated).

Acceptance of BPM’s public offer to buy all the shares of Anima SGR p.A. and sale of the equity investment

At a meeting of the Board of Directors of Banco di Desio and Brianza on 23 December 2008, it was resolved to accept Banco Popolare di Milano’s voluntary public offer to buy all the Bank’s shares of Anima, numbering 22.251,550, amounting to 21.191% of SGR’s present share capital (namely 20.284% of the fully diluted share capital as defined in the Offer Document). The decision to accept the public offer took into account the Anima Board of Director’s endorsement, which in its turn was based on the offer price fairness opinion. The decision to accept the offer was notified to shareholder Koiné S.p.A.

The net capital gain obtained from the sale of the equity investment, which took place on 30 January 2009, was about 29.5 million euro.

8 - OTHER INFORMATION

8.1 - SHAREHOLDINGS HELD BY DIRECTORS, STATUTORY AUDITORS, THE GENERAL MANAGER AND MANAGERS WITH STRATEGIC RESPONSIBILITIES IN BANCO DESIO E DELLA BRIANZA S.P.A.

Name and surname	Office held in Banco Desio e della Brianza S.p.A.	Ownership / Type of ownership	Ordinary shares at 31.12.2008	Savings shares at 31.12.2008	Ordinary shares purchased	Savings shares purchased	Ordinary shares sold	Savings shares sold	Ordinary shares at 31.12.2008	Savings shares at 31.12.2008
Agostino Gavazzi	Chairman	Owned	96,697	0	0	0	0	0	96,697	0
		Bare property	5,500	0	0	0	0	0	5,500	0
		Registered to spouse	2,900	0	0	0	0	0	2,900	0
Guido Pozzoli	Deputy Chairman	Owned	37,000	0	0	0	0	0	37,000	0
		Registered to spouse	12,500	0	0	0	0	0	12,500	0
		Usufruct	50,000	3,000	0	0	0	0	50,000	3,000
Stefano Lado	Deputy Chairman	Owned	188,279	0	30,084	0	0	0	218,363	0
		Registered to spouse	6,500	0	0	0	0	0	6,500	0
Nereo Dacci	Managing Director		0	0	0	0	0	0	0	0
Francesco Cesarini	Director		0	0	0	0	0	0	0	0
Pier Antonio Cutellè	Director		0	0	0	0	0	0	0	0
Egidio Gavazzi	Director	Owned	0	0	60,000	0	28,700	0	31,300	0
Luigi Gavazzi	Director	Owned	97,797	0	0	0	0	0	97,797	0
		Bare property	5,500	0	0	0	0	0	5,500	0
		Registered to spouse	5,000	0	0	0	0	0	5,000	0
Paolo Gavazzi	Director	Owned	790,000	15,004	0	0	21,200	0	768,800	15,004
Luigi Guatri	Director		0	0	0	0	0	0	0	0
Gerolamo Pellicano'	Director		0	0	0	0	0	0	0	0
Eugenio Mascheroni	Chairman of the Board of Statutory Auditors		0	0	0	0	0	0	0	0
Rodolfo Anghileri	Statutory Auditor		0	0	0	0	0	0	0	0
Marco Piazza	Statutory Auditor		0	0	0	0	0	0	0	0
Giovanni Cucchiani	Alternate Stat. Aud.	Owned	7,140	1,000	4,240	1,000	0	0	11,380	2,000
		Registered to spouse	2,200		0	0	0	0	2,200	
Clemente Domenici	Alternate Stat. Aud.	Owned	1,000	0	0	0	0	0	1,000	0
Carlo Mascheroni	Alternate Stat. Aud.		0	0	0	0	0	0	0	0
Alberto Mocchi	General Manager	Owned	0	25,000	11,000	0	0	0	11,000	25,000
Claudio Broggi	Deputy General Manager		0	0	0	0	0	0	0	0
Marco Sala	Deputy General Manager		0	0	0	0	0	0	0	0

8.2 -SHAREHOLDINGS HELD BY DIRECTORS, STATUTORY AUDITORS, THE GENERAL MANAGER AND MANAGERS WITH STRATEGIC RESPONSIBILITIES IN SUBSIDIARIES

There was no record of any shareholdings in subsidiaries owned by directors, statutory auditors, the general manager and managers with strategic responsibilities at the end of the period, nor were any such shareholdings involved in movements during the period.

8.3 - TREASURY SHARES

As at 31 December 2008, as in the previous year, Banco di Desio e della Brianza S.p.A did not hold any treasury shares nor any shares in the parent company Brianza Unione di Luigi Gavazzi & C. S.a.p.A. and no movements were registered during the year.

8.4 - RELATIONS BETWEEN BANCO DI DESIO E DELLA BRIANZA S.P.A. AND ITS CONTROLLING COMPANY, ITS SUBSIDIARIES AND COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE

With reference to the financial year end date, the following is a summary of the balance sheet and income statement values underlying the relations between Banco di Desio e della Brianza S.p.A and the parent company, the subsidiary companies and those subject to significant influence, divided by counterparty and by nature.

Table no. 13 - **RELATIONS BETWEEN CONTROLLING COMPANY, SUBSIDIARIES OR COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE AS OF 31.12.2008**

Amounts in thousands of Euros	Assets	Liabilities	Guarantees / Commitments	Revenues	Charges
Controlling company					
Brianza Unione di Luigi Gavazzi & C. S.a.p.A.	0	2,268	0	11	157
Subsidiaries					
Banco Desio Toscana S.p.A.	4,289	73,960	1,505	2,773	4,374
Banco Desio Lazio S.p.A.	10,633	100,247	6,827	5,188	8,112
Banco Desio Veneto S.p.A.	156,644	14,651	2,396	5,572	2,452
Brianfid-Lux S.A.	81	2,074	0	1,248	2,303
Credito Privato Commerciale S.A.	0	25,421	0	184	342
Fides S.p.A.	4,428	0	0	328	0
Chiara Assicurazioni S.p.A.	403	3,531	0	1,383	201
Companies subject to significant influence					
Chiara Vita S.p.A.	33,416	113,126	0	24,246	8,204
Anima S.G.R.p.A.	17,429	1,250	0	9,431	184
Istifid S.p.A.	0	1,223	0	34	110
Relations by company	**227,323**	**337,751**	**10,728**	**50,398**	**26,439**
Breakdown of relations by type					
Finance	224,700	337,654	0	29,024	26,378
Business	2,489	10	10,728	18,380	15
Assets Rental / Management	0	87	0	1,483	0
Supply of services	53	0	0	1,430	46
Other	81	0	0	81	0
Relations by type	**227,323**	**337,751**	**10,728**	**50,398**	**26,439**

It should be noted that the relations evidenced in this table were adjusted, whenever it has been possible to make a comparison, by applying the average terms and rates indicated by the market.

Pursuant to article 37, paragraph 2 of the Consob Regulations on Markets (Resolution no. 16191 dated 29 October 2007), we specifically declare that Brianza Unione di Luigi Gavazzi & C. S.a.p.A., parent company of Banco di Desio e della Brianza S.p.A, in accordance with the express provisions of its Articles of Associations, does not exercise any management and coordination activity on Banco di Desio e della Brianza S.p.A, nor on any of its subsidiaries, whether on the basis of banking laws or provisions of the Civil Code. For more details on the structure of the Group for the purposes of management and coordination activities, reference should be made to the Annual Report on Corporate Governance mentioned in paragraph 8.11 below.

8.5 - RATING

On 29 April 2008 the international rating agency, Fitch Ratings, confirmed all the ratings previously awarded to Banco di Desio e della Brianza S.p.A., basing its decision on stable profitability that remains at a good level, good asset quality, low propensity to risk, strong, sound capital in spite of rapid expansion and constant cost control.

Long-term	Short-term	Forecast
A	F 1	Stable

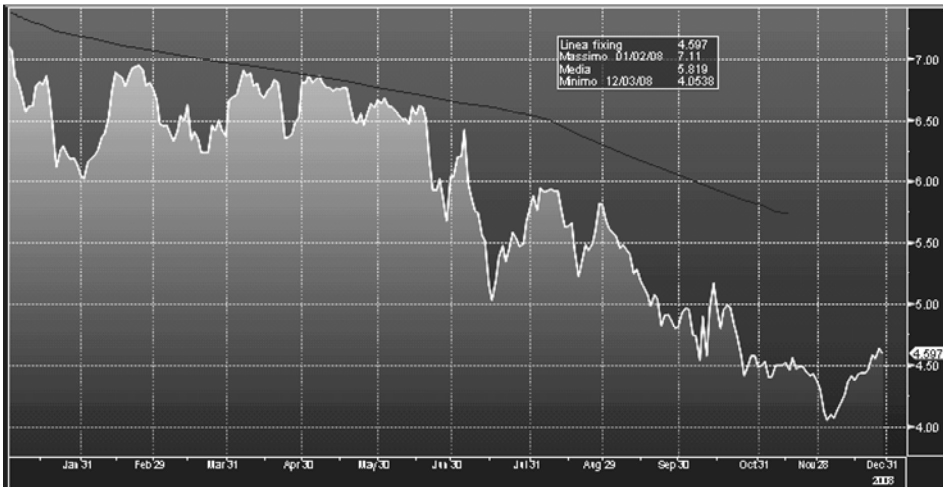
8.6 - SHARES

Banco di Desio e della Brianza S.p.A.' s shares, traded on the Mercato Telematico Azionario (the Online Share Market - MTA) of Borsa Italiana, registered, at the end of 2008, a drop in price compared with the previous year, which was a lower fall than that registered by the banking sector as a whole in the same period.

As at 30 December 2008, in fact, the official price of ordinary shares reached Euro 4.597, corresponding to a drop of 35.11% against the price as of 28 December 2007, compared with the 57.20% drop recorded by the Banks Index.

The chart below summarises the performance of the price of ordinary shares in the twelve month period under review.

Chart no. 16 - **PERFORMANCE OF BANCO DI DESIO E DELLA BRIANZA ORDINARY SHARE PRICES - YEAR 2008**



Source: Bloomberg

8.7 - CODE FOR THE PROTECTION OF PERSONAL DATA (Legislative Decree no. 196 of 30 June 2003)

In compliance with the provisions of Article 34 paragraph g) of Legislative Decree no. 196 of 30 June 2003 – Personal Data Protection Code - the annual up-date of the Security Programme Document was completed in accordance with the provisions of law.

The Document sets out a description of aspects laid down by the Code pursuant to Rule 19 of the Technical Regulations – Annex B to the Code itself.

8.8 - LEGISLATIVE DECREE 231/2001

In the framework of measures taken as regards the issue of administrative liability, in 2004 Banco di Desio e della Brianza's Board of Directors resolved to adopt an Organisational Model to prevent the commission of the offences contemplated in Legislative Decree 231/2001.

For a summary description of the Model adopted (that was updated in 2008), reference should be made to the content of the Annual Report on Corporate Governance under paragraph 8.11.

8.9 - 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 Banco di Desio e della Brianza S.p.A.' s Board of Directors in 2007.

For a more detailed description of the procedures governing the transactions referred to above, we would refer to the annual Report on Corporate Governance under paragraph 8.11 below.

The transactions with related parties approved by the Board of Directors in 2008 are detailed in Part H of the Notes to the Financial Statements.

8.10 - INFORMATION ON STOCK OPTION PLANS

The Plans in existence at the end of the financial period are those started during 2006, regarding shares of subsidiaries Banco Desio Veneto S.p.A. and Chiara Assicurazioni S.p.A. (shares to be issued in the future against capital increases resolved as per Article 2443 of the Civil Code) and the Plan started during 2008, regarding shares of indirect subsidiary Fides S.p.A. (these are already in Banco Desio Lazio S.p.A.'s possession). Part I of the Notes to the Group's Consolidated Financial Statements should be referred to for information regarding these Plans.

The Part I in these Notes presents, in compliance with CONSOB instructions, the statement summarising the assignment of stock options with reference to the names of the Directors and General Manager and at an aggregate level, to managers with strategic responsibilities in Banco di Desio e della Brianza S.p.A..

8.11- THE ANNUAL REPORT ON THE ADOPTION OF THE CODE OF CONDUCT FOR LISTED COMPANIES

The Annual Report on the adoption of the Code of Conduct for listed companies, i.e. the Annual Report on Corporate Governance, provided for by article 124-bis of the Consolidated Law on Finance (TUF), including the information on the shareholding structure referred to in article 123-bis of the Consolidated Law on Finance, was approved by the Board of Directors on 10 March 2009 in a separate document, published along with this Report on Operations, through.

- filing at the registered office of the company and publication on the internet web site of Banco di Desio e della Brianza S.p.A. (www.bancodesio.it, section: Banco Desio- Corporate Governance);
- simultaneous filing with Borsa Italiana and Consob, via transmission through NIS electronic system.

The Annual Report contains the guidelines for the "Group Corporate Governance Plan", prepared in conformity to the supervisory regulations on the matter issued in Bank of Italy Order of 4 March 2008. This Plan envisages some proposals for amendments to the Articles of Association, which, after evaluation by the Bank of Italy as prescribed by law, will be submitted for the approval of an Extraordinary Shareholder's Meeting called for this purpose before 30 June 2009 (the date by which the instructions given in the said Order must be fully carried out).

9 - BUSINESS OUTLOOK

The protraction of the present state of difficulty in the real economy, the serious financial crisis and the drastic flattening of market rates makes it necessary for management to control operating costs even more efficaciously and to continue with an even more intensive activity of monitoring the granting of credit. Therefore it is difficult to make forecasts regarding the outlook for operations; nevertheless, the objectives are a substantial maintenance of profitability, and all the Bank's efforts will be made in this direction.

10 - PROPOSAL FOR THE APPROVAL OF THE FINANCIAL STATEMENTS AND THE ALLOCATION OF NET PROFIT

Dear Shareholders,

We hereby submit for your approval the Financial Statements for the year ended on 31 December 2008, which closes with a net Profit of Euro 65,510,266.80, as shown in the Income Statement

Pursuant to article 31 of the articles of association, the following allocation of the net profit is hereby proposed:

- 10% to be allocated to the legal reserve	Euro	6,551,027.00
- 10% to be allocated to the statutory reserve	Euro	6,551,027.00
- to shareholders:		
Euro 0.10500 for each of the 117,000,000 ordinary shares	Euro	12,285,000.00
Euro 0.12600 for each of the 13,202,000 savings shares	Euro	1,663,452.00
- additional allocation to the statutory reserve	Euro	38,459,760.80
Total Net Profit	**Euro**	**65,510,266.80**

24 March 2009

The Board of Directors

Financial Statements

BALANCE SHEET

(amounts per unit)

	ASSETS	31.12.2008	31.12.2007	Change 12/2008 over 12/2007	
10	Cash and cash equivalents	22,944,284	17,679,665	5,264,619	29.8%
20	Financial assets held for trading	280,283,006	434,949,353	(154,666,347)	-35.6%
40	Available-for-sale financial assets	403,695,852	378,123,743	25,572,109	6.8%
50	Held-to-maturity investments	8,103,394	8,075,468	27,926	0.3%
60	Amounts due from banks	715,506,150	267,377,394	448,128,756	167.6%
70	Amounts due from customers	4,456,890,115	4,206,324,650	250,565,465	6.0%
80	Hedging derivatives	30,714	4,804,882	(4,774,168)	-99.4%
100	Equity investments	175,135,902	173,463,954	1,671,948	1.0%
110	Tangible assets	128,939,203	130,579,660	(1,640,457)	-1.3%
120	Intangible assets	2,904,027	2,945,809	(41,782)	-1.4%
	of which:			-	
	- *goodwill*	*1,728,505*	*1,728,505*	-	
130	Tax assets	32,001,172	13,547,791	18,453,381	136.2%
	a) current	*6,329,144*	-	*6,329,144*	
	b) deferred	*25,672,028*	*13,547,791*	*12,124,237*	*89.5%*
140	Non current assets held for sale and discontinued operations	2,877,064	750,000	2,127,064	283.6%
150	Other assets	95,681,094	88,699,686	6,981,408	7.9%
	Total Assets	**6,324,991,977**	**5,727,322,055**	**597,669,922**	**10.4%**

(amounts per unit)

	LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2008	31.12.2007	Change 12/2008 over 12/2007	
10	Amounts due to banks	229,122,209	367,643,701	(138,521,492)	-37.7%
20	Amounts due to customers	3,111,447,812	2,882,576,186	228,871,626	7.9%
30	Securities issued	1,568,889,145	1,382,356,098	186,533,047	13.5%
40	Financial liabilities held for trading	12,870,246	16,682,626	(3,812,380)	-22.9%
50	Financial liabilities at fair value through profit or loss	490,829,674	228,087,872	262,741,802	115.2%
60	Hedging derivatives	-	1,108,164	(1,108,164)	-100.0%
80	Tax liabilities	14,238,918	23,328,199	(9,089,281)	-39.0%
	a) current	-	*7,378,351*	*(7,378,351)*	
	b) deferred	*14,238,918*	*15,949,848*	*(1,710,930)*	*-10.7%*
100	Other liabilities	136,348,577	135,814,755	533,822	0.4%
110	Reserve for employee termination indemnities	25,107,400	24,995,458	111,942	0.4%
120	Reserves for risks and charges:	64,344,438	30,565,914	33,778,524	110.5%
	b) other reserves	*64,344,438*	*30,565,914*	*33,778,524*	*110.5%*
130	Valuation reserves	10,832,966	24,764,305	(13,931,339)	-56.3%
160	Reserves	511,600,197	339,740,378	171,859,819	50.6%
170	Share premium reserve	16,145,088	16,145,088	-	
180	Share capital	67,705,040	67,705,040	-	
200	Net profit / (loss) for the period (+/-)	65,510,267	185,808,271	(120,298,004)	-64.7%
	Total Liabilities and shareholders' equity	**6,324,991,977**	**5,727,322,055**	**597,669,922**	**10.4%**

INCOME STATEMENT

(amounts per unit)

	INCOME STATEMENT	31.12.2008	31.12.2007	Change 12/2008 over 12/2007	
10	Interest income and similar revenues	373,788,026	303,968,131	69,819,895	23.0%
20	Interest expense and similar charges	(183,572,007)	(131,435,354)	(52,136,653)	39.7%
30	**Net interest income**	**190,216,019**	**172,532,777**	**17,683,242**	10.2%
40	Fee and commission income	69,286,654	77,666,418	(8,379,764)	-10.8%
50	Fee and commission expense	(5,647,799)	(6,279,033)	631,234	-10.1%
60	**Net fees and commissions**	**63,638,855**	**71,387,385**	**(7,748,530)**	-10.9%
70	Dividends and similar income	8,980,091	11,997,640	(3,017,549)	-25.2%
80	Net profits/(losses) on trading activities	(1,421,628)	1,571,292	*(2,992,920)*	*-190.5%*
90	Net profits/(losses) on hedging activities	346,418	140,648	*205,770*	*146.3%*
100	Profit/(loss) on disposal or repurchase of:	782,972	1,453,839	(670,867)	-46.1%
	a) loans and receivables	*(1,020,584)*	*(966,256)*	*(54,328)*	*5.6%*
	b) available-for-sale financial assets	*1,774,461*	*2,277,484*	*(503,023)*	*-22.1%*
	d) financial liabilities	*29,095*	*142,611*	*(113,516)*	*-79.6%*
110	Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	1,244,995	1,159,616	85,379	7.4%
120	**Net interest and other banking income (intermediation margin)**	**263,787,722**	**260,243,197**	**3,544,525**	**1.4%**
130	Net impairment losses on/writebacks to:	(39,837,592)	(20,985,476)	(18,852,116)	89.8%
	a) loans and receivables	*(38,562,973)*	*(20,879,370)*	*(17,683,603)*	*84.7%*
	b) available-for-sale financial assets	*(888,705)*		*(888,705)*	
	d) other financial assets	*(385,914)*	*(106,106)*	(279,808)	263.7%
140	**Net income from banking activities**	**223,950,130**	**239,257,721**	**(15,307,591)**	-6.4%
150	Administrative expenses:	(166,303,334)	(164,698,957)	(1,604,377)	1.0%
	a) personnel expenses	*(108,791,084)*	*(109,190,583)*	399,499	-0.4%
	b) other administrative expenses	*(57,512,250)*	*(55,508,374)*	(2,003,876)	3.6%
160	Net provisions for risks and charges	(36,940,683)	(3,015,726)	(33,924,957)	1124.9%
170	Net adjustments to the value of tangible assets	(5,927,948)	(5,670,289)	(257,659)	1.1%
180	Net adjustments to the value of intangible assets	(413,941)	(409,599)	(4,342)	1.1%
190	Other operating (expenses)/income	33,021,465	30,342,970	2,678,495	8.8%
200	**Operating expenses**	**(176,564,441)**	**(143,451,601)**	**(33,112,840)**	23.1%
210	Profits/(losses) on equity investments	49,726,783	134,135,716	(84,408,933)	-62.9%
240	Profits/(losses) on the disposal of investments	90,577		90,577	
250	**Profits/(losses) before taxes from continuing operations**	**97,203,049**	**229,941,836**	**(132,738,787)**	-57.7%
260	Taxes for the period on income from continuing operations	(31,692,782)	(44,133,565)	12,440,783	-28.2%
270	**Net profits (loss) after tax from continuing operations**	**65,510,267**	**185,808,271**	**(120,298,004)**	**-64.7%**
290	**Net profit/(loss) for the period**	**65,510,267**	**185,808,271**	**(120,298,004)**	-64.7%

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – FY 2008

(Euro/1000)

	Equity as of 31.12.2007	Change in opening balances	Equity as of 01.01.2008	Allocation of result from previous period		Changes over the period								Equity as of 31.12.2008
							Transactions in shareholders' equity							
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Net Profit (Loss) for the year as of 31.12.2008	
Shareholders' equity:														
a) ordinary shares	60,840		60,840											60,840
b) other shares	6,865	-	6,865	-	-	-	-	-	-	-	-	-	-	6,865
Share premium reserve	16,145	-	16,145	-	-	-	-	-	-	-	-	-	-	16,145
Reserves:														
a) retained earnings	339,740	-	339,740	171,860										511,600
b) others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserves:														
a) available for sale	917	-	917			(12,498)								(11,581)
b) cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c) others:														
special revaluation laws	22,896	-	22,896											22,896
employee benefits	951	-	951			(1,432)								(481)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit (loss) for the year	185,808	-	185,808	(171,860)	(13,948)	-	-	-	-	-	-	-	65,510	65,510
Shareholders' equity	**634,162**	**-**	**634,162**	**-**	**(13,948)**	**(13,930)**	**-**	**-**	**-**	**-**	**-**	**-**	**65,510**	**671,794**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – FY 2007

	Equity as of 31.12.2006	Change in opening balances	Equity as of 01.01.2007	Allocation of result from previous period		Changes over the period								Equity as of 31.12.2007
							Transactions in shareholders' equity							
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Net Profit (Loss) for the year as of 31.12.2007	
Shareholders' equity:														
a) ordinary shares	60,840		60,840	-			-	-						60,840
b) other shares	6,865		6,865	-			-	-						6,865
Share premium reserve	16,145		16,145	-			-	-						16,145
Reserves:														
a) retained earnings	318,988	94	319,082	39,696				-	(19,038)					339,740
b) others		-	-	-			-		-		-			-
Revaluation reserves:														
a) available for sale	2,673	-	2,673			(1,756)								917
b) cash-flow hedge	-	-	-			-								-
c) others:														
special revaluation laws	22,896		22,896											22,896
employee benefits	94	(94)	-			951								951
Equity instruments	-		-							-				-
Treasury shares	-		-				-	-						-
Net Profit (loss) for the year	52,387		52,387	(39,696)	(12,691)								185,808	185,808
Shareholders' equity	**480,888**	**-**	**480,888**	**-**	**(12,691)**	**(805)**	**-**	**-**	**(19,038)**	**-**	**-**	**-**	**185,808**	**634,162**

CASH FLOW STATEMENT
(amounts in Euro units)

A. OPERATIONS	Amount	
	31.12.2008	**31.12.2007**
1. Management activities	**146,688,108**	**213,058,747**
- interest income earned (+)	373,827,089	303,558,510
- interest expenses paid (-)	(183,375,800)	(130,521,204)
- dividends and similar revenues	384,354	429,816
- net commissions (+/-)	64,094,990	71,843,515
- personnel costs	(108,791,084)	(109,190,583)
- other costs (-)	(52,032,081)	(49,662,546)
- other revenues (+)	84,273,422	170,734,805
- taxes and duties (-)	(31,692,782)	(44,133,566)
- costs/revenues relating to non current assets held for sale and discontinued operations, net of tax effect (+/-)	-	-
2. Liquid assets generated (absorbed) by decrease/increase in financial assets	**(654,666,675)**	**(393,279,399)**
- financial assets held for trading	153,214,050	10,534,165
- financial assets at fair value through profit or loss	-	-
- available-for-sale financial assets	(43,115,731)	78,518
- amounts due from customers	(296,353,965)	(722,190,282)
- amounts due from banks: at sight	(109,269,165)	(30,713,707)
- amounts due from banks: others	(338,875,192)	154,437,296
- other assets	(20,266,672)	194,574,610
3. Liquid assets generated (absorbed) by increase/decrease in financial liabilities	**526,556,635**	**210,975,664**
- amounts due to banks: at sight	63,872,652	(37,118,330)
- amounts due to banks: others	(202,394,144)	107,053,329
- amounts due to customers	228,871,626	108,888,147
- securities issued	185,674,795	29,617,962
- financial liabilities held for trading	9,182,482	(19,660,593)
- financial liabilities at fair value through profit or loss	251,324,124	195,108,344
- other liabilities	(9,974,899)	(172,913,195)
Net liquid assets generated (absorbed) by operations (A)	**18,578,068**	**30,755,012**
B. INVESTMENTS		
1. Liquid assets generated by	**42,949,486**	**16,734,755**
- sale of investments	33,741,914	5,100,873
- dividends received from investments	8,595,737	11,567,824
- sale/redemption of financial assets held to maturity	0	-
- sale of tangible assets	611,835	66,057
- sale of intangible assets	-	-
- sale of business divisions	-	-
2. Liquid assets absorbed by	**(42,314,484)**	**(37,536,652)**
- purchase of investments	(35,000,000)	(22,765,000)
- purchase of financial assets held to maturity	-	(25,070)
- purchase of tangible assets	(6,942,325)	(14,494,014)
- purchase of intangible assets	(372,158)	(252,568)
- purchase of business divisions	-	-
Net liquid assets generated (absorbed) by investments (B)	**635,003**	**(20,801,897)**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	-	-
- issues/purchases of equity instruments	-	-
- distribution of dividends and other purposes	(13,948,452)	(12,691,730)
Net liquid assets generated (absorbed) by funding activities (C)	**(13,948,452)**	**(12,691,730)**
NET LIQUID ASSETS GENERATED (ABSORBED) DURING THE YEAR (A+B+C)	**5,264,619**	**(2,738,615)**

Financial statements' items	2008	2007
Cash and cash equivalents at beginning of year	17,679,665	20,418,280
Total liquid assets generated (absorbed) during the year	5,264,619	(2,738,615)
Cash and cash equivalents: effect of exchange rate changes	-	-
Cash and cash equivalents at end of year	22,944,284	17,679,665

Part A - ACCOUNTING POLICIES

A. 1 – GENERAL

Section 1 – Declaration of conformity with international accounting standards

These financial statements were prepared in accordance with the provisions of law in force and the International Accounting Standards IAS/IFRS, and is made up of the balance sheet, the income statement, the statement of changes in shareholders' equity, the cash flow statement and the notes to the financial statements; they are also accompanied by the notes on operations.

In application of Legislative Decree no. 38 of 28 February 2005, which incorporated EC Regulation no. 1606/2002 of 19 July 2002, the Bank's financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS), and related Interpretations, in force at the date of reference of such financial statements.

Set out below are the accounting policies adopted in the preparation of the financial statements as of 31 December 2008.

Section 2 – General accounting policies

The 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 accounting period.

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

The financial statements have been drawn up in compliance with the economic accruals basis 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, with regard to the valuation of financial instruments the Bank adopted the fair value option, 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.

The schedules under the financial statements and notes were prepared and drawn up in accordance with the compilation rules issued by the Bank of Italy by the Circular Letter no. 262 of 22 December 2005.

Amounts are expressed in Euro units, except for the notes to the financial statements which have been expressed in thousands of Euros.

Section 3 – Events subsequent to the reporting date

Reference is made to the Directors' Report.

Section 4 – Other aspects

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

The drafting of the financial statements calls for the use of estimates and assumptions 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 values currently entered in the financial statements may change precisely because of changes in the subjective valuations utilised.

The main cases where the use of subjective valuations 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, of financial assets;
- the calculation of the fair value of financial instruments to be used for the purposes of the notes to the financial statements;
- the use of valuation models for the identification of the fair value of financial instruments not listed on active markets;
- the quantification of staff reserves and the reserves for risks and charges;
- the estimates and assumptions made in relation to the ability to recover deferred tax assets.

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 valuations used in the drawing up of the financial statements.

A.2 - MAIN FINANCIAL STATEMENT ITEMS

MEASUREMENT CRITERIA

The measurement criteria described below, used in the preparation of the financial statements as at 31 December 2008, are in compliance with the European Commission ratified International Accounting Standards (IAS/IFRS) in force at the reporting date.

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, except where permitted by the amendments to IAS 39 which were ratified by the European Community on 15 October 2008.

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 investments, 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 existing 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.

According to the provision of the amendments to IAS 39 of 15 October 2008, the transfer to the category “Loans and Receivables” is permitted in particular circumstances.

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 for the two following years in the event that sales are made for a not insignificant amount, except in the case of investments close to maturity and isolated events that are beyond the Bank'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.

At every balance sheet date, an assessment is made of any existing impairment that has a measurable impact on the estimated future cash flows. If such impairment 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 values 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.

Non performing loans include the different classes of impaired loans provided for under the regulations of Bank of Italy: non-performing; problem, restructured exposures and expired loans.

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 loans and receivables portfolio is subject to reassessment at least at the close of every set of 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 customers and the local or national economic conditions relative to the debtor's 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 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 yet known at the time of measurement, 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 convergence with the valuation criteria provided by the 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 recovery time and existing guarantees.

Receivables for default interest that have accrued on impaired assets are accounted for 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 loans 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 "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 rediscount 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 settled or 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 is recognised in the income statement under write-backs.

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 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 type of hedge used is the Fair Value Hedge: the objective is to hedge the risk of changes in the fair value of the hedged instrument.

Measurement criteria

The fair value of hedge derivatives is calculated by using an internal model which discounts back the cash flows on the basis of the risk free curve. Only to positions with positive fair values is an adjustment made which takes into account the credit risk of the counterparty and the residual life of the contract.

The changes in the fair value of the hedging derivatives and hedged financial instruments (for the parts attributable to the hedged risk) are recorded separately 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 set of 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 expires, is terminated or is sold.

If the hedged instrument is measured at amortised cost, the difference between the fair value, determined at the date of discontinuance of the hedging relationship, and the amortised cost is recognised over its residual life.

Equity investments

This item comprises investments in subsidiaries, as defined by IAS 27. 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 entered 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 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 weighted-average 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 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 goodwill, 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 net assets 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 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 item 130 "Tax assets".

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

Likewise, current taxes that have not yet been paid are separately recognised under item 80 "Current tax liabilities". In the event of excess payments on account, the receivable to be recovered is recognized under item 130 "Current tax assets".

Tax assets and liabilities are recognised in equity if relating to transactions recognised directly in equity.

Non current assets held for sale and discontinued operations / Liabilities related to discontinued operations

This item 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 groups of 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 held for sale and discontinued operations are not recognised separately in the income statement, because they do not fall under the definition of discontinued operations.

Liabilities and securities issued

This item includes the various types of deposits received by the Bank: amounts due to banks, amounts due to customers, certified bond securities held on deposit or issued by the Bank 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, with the contra-entry to 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 item 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.

Specifically, the item refers especially to the application of the so-called fair value option for "naturally hedged" financial liabilities. The purpose of the fair value option is to improve the balance of the profit and loss effects of the measurement of financial assets and liabilities.

Liabilities at fair value may be recognised through profit or loss 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 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 Employee Termination Indemnity (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 resignations 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 components

The provisions to the Employee Termination Indemnity (TFR), resulting from the actuarial valuation, in accordance with the provisions of IAS 19, are registered against the valuation reserves as regards the actuarial profit (loss) element, and against the profit and loss account as regards other elements such as interest accrued in time (time-discounting) and the adjustment of the figures as at 31 December 2006 in light of the reform introduced with the 2007 Financial Act.

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.

Transactions in foreign currency

Recognition criteria

Foreign currency transactions 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 transaction.
- non-monetary valued at fair value: conversion at the exchange rate in force at the date of closure.

For monetary elements the effect of the valuation carried out in application of the principles referred to above is assigned to the income statement.

For non-monetary elements whose profits and losses are recognized 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

Revaluation reserves

This item comprises the revaluation 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, to tangible assets upon the first-time adoption of IAS/IFRS are also included.

Costs and revenues recognition

Costs and revenues have been recognized in the financial statements on the basis of the economic accruals criterion.

Finance leases

Assets under finance leases are shown as receivables at 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.

Part B - INFORMATION ON THE BALANCE SHEET

Assets

Section 1 – Cash and cash equivalents (caption 10)

1.1 Cash and cash equivalents : break-down

(Euro/1,000)

	Total 31.12.2008	Total 31.12.2007
a) Cash	22,944	17,680
b) Sight deposits at Central Banks	-	
Total	**22,944**	**17,680**

The counter-value of the component expressed in foreign currencies totals Euro 386,000 (Euro 373,000 in 2007).

Section 2 – Financial assets held for trading (caption 20)

2.1 Financial assets held for trading: break-down by type

(Euro/1,000)

Caption/Amount	Total 31.12.2008		Total 31.12.2007	
	Listed	Unlisted	Listed	Unlisted
A. Cash equivalents				
1. Debt securities	113,261	2,234	31,645	1,357
1.1 Structured securities	-	-	*692*	
1.2 Other debt securities	*113,261*	*2,234*	*30,953*	*1,357*
2. Equity securities	5,241	-	5,497	-
3. UCITS units	343	-	434	
4. Financing	-	-	-	-
4.1 Repurchase agreements				
4.2 Other				
5. Impaired assets				
6. Assets sold but not written off	132,507	-	375,426	
Total (A)	**251,352**	**2,234**	**413,002**	**1,357**
B. Derivative instruments:				
1. Financial derivatives:	21	26,676	1	20,589
1.1 trading	*21*	*12,746*	*1*	*20,276*
1.2 connected with the fair value option		*13,930*		*313*
1.3 other				
2. Credit derivatives	-	-	-	-
2.1 trading				
2.2 connected with the fair value option				
2.3 other				
Total (B)	**21**	**26,676**	**1**	**20,589**
Total (A+B)	**251,373**	**28,910**	**413,003**	**21,946**

The 2007 end-of-year “Cash equivalents” data regarding the breakdown of listed and unlisted securities have been adjusted.

This caption included securities held for trading together with the positive value of derivative contracts created for trading purposes and those connected with the fair value option.

As regards cash equivalents, the item A.6 “assets sold but not written off” represents the book value of securities used in reverse repo transactions.

There were no debt securities issued by banks of the Group as at the end of the financial year (Euro 1.9 million outstanding at the end of 2007).

The counter-value of derivative instruments referred to banks of the Group amounts to Euro 528,000 (Euro 37,000 on 31.12.2007).

2.2 Financial assets held for trading: break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Total 31.12.2008	Total 31.12.2007
A. CASH EQUIVALENTS		
1. Debt securities	**115,495**	**33,001**
a) Governments and central banks	98,331	12,805
b) Other public entities		
c) Banks	10,672	12,625
d) Other issuers	6,492	7,571
2. Equity securities	**5,240**	**5,497**
a) Banks	1,084	1,268
b) Other issuers	4,156	4,229
- insurance companies	*96*	*340*
- financial insitutions	*274*	*736*
- non-financial companies	*3,786*	*3,153*
- other	-	-
3. UCITS units	**343**	**435**
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	***132,508***	***375,426***
a) Governments and central banks	132,508	375,426
b) Other public entities	-	
c) Banks		
d) Other issuers		
Total A	**253,586**	**414,359**
B. DERIVATIVE INSTRUMENTS		
a) Banks	24,371	18,385
b) Customers:	2,326	2,205
Total B	**26,697**	**20,590**
Total (A+B)	**280,283**	**434,949**

2.3 Financial assets held for trading: derivative instruments

(Euro/1,000)

Type of derivative/ Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	Total 31.12.2008	Total 31.12.2007
A. Listed derivatives							
a) Financial derivatives:	**17**	**-**	**4**	**-**	**-**	**21**	**1**
. With exchange of capital	17	-	4	-	-	**21**	1
- Purchased options	17	-	4	-	-	**21**	-
- Other derivatives	-	-	-	-	-	**-**	1
. Without exchange of capital	-	-	-	-	-	**-**	-
- Purchased options	-	-	-	-	-	**-**	-
- Other derivatives	-	-	-	-	-	**-**	-
b) Credit derivatives:	-	-	-	-	-	**-**	-
. With exchange of capital	**-**	**-**	**-**	**-**	-	**-**	-
. Without exchange of capital	**-**	**-**	**-**	**-**	-	**-**	-
Total A	**17**	**-**	**4**	**-**	**-**	**21**	**1**
B. Unlisted derivatives							
a) Financial derivatives:	**29,906**	**11,676**	**-**	**-**	**-**	**41,582**	**20,589**
. With exchange of capital	14,999	11,676	-	-	-	**26,675**	7,558
- Purchased options	-	11,676	-	-	-	**11,676**	-
- Other derivatives	14,999	-	-	-	-	**14,999**	7,558
. Without exchange of capital	14,907	-	-	-	-	**14,907**	13,031
- Purchased options	14,907	-	-	-	-	**14,907**	4,195
- Other derivatives	-	-	-	-	-	**-**	8,836
b) Credit derivatives:	-	-	-	-	-	**-**	-
. With exchange of capital	-	-	-	-	-	**-**	-
. Without exchange of capital	-	-	-	-	-	**-**	-
Total B	**29,906**	**11,676**	**-**	**-**	**-**	**41,582**	**20,589**
Total (A+B)	***29,923***	***11,676***	***4***	**-**	**-**	***41,603***	***20,590***

2.4 Cash financial assets held for trading other than those sold but not written off and other than those impaired: annual changes

(Euro/1,000)

	Debt securities	Equity securities	UCITS units	Financing	2008
A. Opening balance	33,001	5,497	435		**38,933**
B. Increases	**2,351,526**	**477,621**	**487,042**	**-**	**3,316,189**
B1 Purchases	1,990,981	477,068	486,952		**2,955,001**
B2 Positive fair value changes	1,378	29			**1,407**
B3 Other changes	359,167	524	90		**359,781**
C. Decreases	**2,269,032**	**477,877**	**487,134**	**-**	**3,234,043**
C1 Sales	1,498,552	473,438	486,635		**2,458,625**
C2 Redemptions	658,058				**658,058**
C3 Negative fair value changes	1,365	2,703	8		**4,076**
C4 Other changes	111,057	1,736	491		**113,284**
D. Closing balance	**115,495**	**5,241**	**343**	**-**	**121,079**

Items “B.2” and “C.3” represent the result of the fair value changes of the trading portfolio, recognised in the income statement under item 80 “Net profits/(losses) on trading activities”.

Items “B.3” and “C.4” include the transfer, due to reclassification to item “Other assets sold but not written-off”, of the securities used in reverse repo transactions, amounting to, respectively, Euro 352.4 million and Euro 109.5 million.

Item “B.3” also includes profits from trading activities of Euro 1.5 million, and interest accrued, inclusive of the positive issue spreads, for an aggregate of Euro 5.3 million.

Item “C.4” also includes losses from trading activities, of Euro 0.6 million, and the de-recognition of interest accrued as at 31 December 2006 amounting to Euro 1 million

Section 4 - Available-for-sale financial assets (caption 40)

4.1 Available-for-sale financial assets: break-down by type

(Euro/1,000)

Caption/Fair value	Total 31.12.2008		Total 31.12.2007	
	Listed	Unlisted	Listed	Unlisted
1. Debt securities	257,775	25,762	168,426	3,053
1.1 Structured securities	*1,428*	-	-	-
1.2 Other debt securities	*256,347*	*25,762*	*168,426*	*3,053*
2. Equity securities	-	7,251	-	6,469
2.1 Measured at fair value	-	*7,183*	-	*6,328*
2.2 Measured at cost	-	*68*	-	*141*
3. UCITS units	60,160	-	59,722	
4. Financing	-	-	-	-
5. Impaired assets	-	*110*	-	-
6. Assets sold but not written off	47,728	4,910	137,929	2,525
Total	**365,663**	**38,033**	**366,077**	**12,047**

The 2007 end-of-year data regarding the breakdown of listed and unlisted securities have been reclassified.

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

4.2. Available-for-sale financial assets: break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Total 31.12.2008	Total 31.12.2007
1. Debt securities	**283,537**	**171,480**
a) Governments and central banks	155,793	121,920
b) Other public entities		-
c) Banks	104,937	35,435
d) Other issuers	22,807	14,125
2. Equity securities	**7,251**	**6,469**
a) Banks		-
b) Other issuers	7,251	6,469
- insurance companies		-
- financial institutions	*34*	*299*
- non-financial companies	*7,217*	*6,170*
- other		-
3. UCITS units	**60,160**	**59,721**
4. Financing	**-**	**-**
a) Governments and central banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other entities	-	-
5. Impaired assets	***110***	**-**
a) Governments and central banks		-
b) Other public entities		-
c) Banks		-
d) Other entities	*110*	-
6. Assets sold but not written off	**52,638**	**140,454**
a) Governments and central banks		*50,401*
b) Other public entities		-
c) Banks	*52,062*	*80,288*
d) Other issuers	*576*	*9,765*
Total	**403,696**	**378,124**

UCIT units are subdivided in the following categories of funds: bond funds of Euro 6.7 million (Euro 10.0 million in 2007), monetary funds of Euro 27.6 million (Euro 30.6 million in 2007), equity funds of Euro 8.3 million (Euro 11.1 million in 2007), hedge funds of Euro 12.1 million (Euro 2.7 million in 2007), total return funds of Euro 5.4 million (Euro 4.9 million in 2007) and close end funds of Euro 0.1 million (Euro 0.4 million at the end of 2007).

4.5 Available-for-sale financial assets other than those sold but not written off and other than those impaired: annual changes

(Euro/1000)

	Debt securities	Equity securities	UCITS units	Financing	**Total**
A. Opening balance	**171,480**	**6,469**	**59,721**	**-**	**237,670**
B. Increases	**284,138**	**3,288**	**91,193**	**-**	**378,619**
B1. Purchases	163,186	1,364	89,988		254,538
B2. Positive fair value changes	929	421	620		1,970
B3. Write-backs	-	-	-	-	-
- charged to statement of income	-		-	-	-
- charged to shareholders' equity	-	-	-	-	-
B4. Transfer from other portfolios				-	-
B5. Other increases	120,023	1,503	585		122,111
C. Decreases	**172,081**	**2,506**	**90,754**	**-**	**265,341**
C1. Sales	1,779	1,556	84,717		88,052
C2. Redemptions	123,765				123,765
C3. Negative fair value changes	14,093	418	5,649		20,160
C4. Impairment write-downs	844	-	-	-	844
- charged to statement of income	844	-	-	-	844
- charged to shareholders' equity	-	-	-	-	-
C5. Transfers to other portfolios				-	-
C6. Other decreases	31,600	532	388		32,520
D. Closing balance	**283,537**	**7,251**	**60,160**	**-**	**350,948**

Items “B.2” and “C.3” represent gains and losses, respectively, inclusive of the relevant tax effect, recognised under Shareholders’ equity under item 130 “Valuation reserves”.

Items “B.5” and “C.6” include the transfer, due to reclassification to item “Other assets sold but not written-off”, of the securities used in reverse repo transactions, amounting to, respectively, Euro 115.9 million and Euro 28.1 million.

Item “B.5” includes also the interest accrued, the portions of the issue spreads accrued and the increase in the amortised costs, equal to Euro 4.1 million, recognised in the income statement under item 10 “Interest income and similar revenues”; as well as profits on trading activities, amounting to Euro 2.2 million, recognised in the income statement under item 100 “Profit/(loss) on disposal or repurchase of financial assets available for sale”.

Item “C.6”, on the other hand, includes the de-recognition of interests accrued as at 31 December 2007 and the decrease in the amortised cost , amounting to Euro 3.1 million, as well as losses from trading activities of Euro 0.6 million and reclassifications amounting to Euro 0.6 million.

Section 5 – Held-to-maturity investments (caption 50)

5.1 Held-to-maturity investments: break-down by type

(Euro/1000)

Transaction type / Amount	Total 31.12.2008		Total 31.12.2007	
	Book value	Fair value	Book value	Fair value
1. Debt securities	8,103	-	8,075	8,159
1.1 Structured securities	-	-	-	-
1.2 Other debt securities	*8,103*	-	*8,075*	*8,159*
2. Financing	-	-	-	-
3. Impaired assets	-	-	-	-
4. Assets sold but not written off	-	-	-	-
Total	**8,103**	**-**	**8,075**	**8,159**

The book value is determined in accordance with the amortised cost principle, and thus it includes accrued interests.

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

5.2 Held-to-maturity investments: break-down by debtor/issuer

(Euro/1,000)

Transaction type / Amount	Total 31.12.2008	Total 31.12.2007
1. Debt securities	**8,103**	**8,075**
a) Governments and central banks	-	
b) Other public entities	-	
c) Banks	8,103	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	**8,103**	**8,075**

5.4 Held-to-maturity investments (other than those sold but not written off and other than those impaired): annual changes

(Euro/1,000)

	Debt securities	Financing	Total 2008
A. Opening balance	**8,075**		**8,075**
B. Increases	**134**	-	**134**
B1. Purchases			-
B2. Write-backs			-
B3. Transfer from other portfolios			-
B4. Other increases	134		**134**
C. Decreases	**106**	-	**106**
C1. Sales			-
C2. Redemptions			-
C3. Value adjustments			-
C4. Transfers to other portfolios			-
C5. Other decreases	106		**106**
D. **Closing balance**	**8,103**	-	**8,103**

Item B.4 “Other increases” includes the interest accrued as at the end of 2008, equal to Euro 117,000 and the increase following the recognition of the securities at the amortised cost, amounting to Euro 17,000; with both elements registered under item 10 “Interest income and similar revenues” of the income statement.

Item “C.5. Other decreases” reflects the de-recognition of the coupons accrued as at 31 December 2007, brought to the debit of item 10 of the income statement.

Section 6 – Amounts due from banks (caption 60)

6.1 Amounts due from banks: break-down by type

(Euro/1,000)

Transaction type / Amount	Total 31.12.2008	Total 31.12.2007
A. Amounts due from Central banks	**443,438**	**3,097**
1. Restricted deposits	360,000	-
2. Compulsory reserve	83,438	3,097
3. Repurchase agreements	-	-
4. Other	-	-
B. Amounts due from banks	**272,068**	**264,280**
1. Current accounts and unrestricted deposits	193,471	84,233
2. Restricted deposits	58,389	89,146
3. Other financing	20,208	90,901
3.1 repurchase agreements	-	*70,339*
3.2 finance leases	-	-
3.3 other	*20,208*	*20,562*
4. Debt securities	-	-
4.1 structured	-	-
4.2 other debt securities	-	-
5. Impaired assets	-	-
6. Assets sold but not written off		-
Total (book value)	**715,506**	**267,377**
Total (fair value)	**715,506**	**267,377**

"Amounts due from Central banks" includes Euro 360.0 million in locked-up deposits with the European Central Bank.

The aggregate of credits expressed in foreign currencies amounts to a counter-value of Euro 71.2 million (Euro 21.8 million at the end of 2007).

The accounts outstanding with Italian banks of the group come to an aggregate of Euro 171.0 million (Euro 77.3 million at the end of last year), and include subordinated loans to current accounts for Euro 20.2 million.
All accounts are regulated at arm's length.

Section 7 – Amounts due from customers (caption 70)

7.1 Amounts due from customers: break-down by type

(Euro/1,000)

Transaction type / Amount	Total 31.12.2008	Total 31.12.2007
1. Current account	1,185,046	1,243,011
2. Repurchase agreements	3,961	-
3. Mortgage loans	1,707,657	1,463,483
4. Credit cards, personal loans and loans on salary	115,093	123,348
5. Financial leases	599,318	558,949
6. Factoring	10,319	16,066
7. Other transactions	701,112	688,978
8. Debt securities	32,267	39,987
8.1 Structured	-	-
8.2 Other debt securities	*32,267*	*39,987*
9. Impaired assets	102,117	72,503
10. Assets sold but not written off	-	-
Total (book value)	**4,456,890**	**4,206,325**
Total (fair value)	**4,618,678**	**4,352,281**

The amounts due from customers shown are virtually all registered vis-à-vis resident clients.

Currency exposures amount to a counter-value of Euro 23.6 million (Euro 23.3 million at the end of 2007).

Amounts due from Group companies amounted to Euro 4.4 million (44,000 last year).

Section E of these Notes should be referred to for information regarding "Impaired assets" additional to that provided in the Report on Operations.

The fair value of credits reflects performing loans connected with medium and long term financing, the major changes of which refer to mortgages, with a fair value of Euro 1,827.0 million, financial leases for Euro 633.4 million, credit cards, personal loans and loans on salary ("*cessione del quinto*") for Euro 122.3 million.

7.2 Amounts due from customers: break-down by debtor/issuer

(Euro/1000)

Transaction type / Amount	Total 31.12.2008	Total 31.12.2007
1. Debt securities issued by:	**32,266**	**39,987**
a) Governments	-	-
b) Other public entities		-
c) Other issuers	32,266	39,987
- non-financial companies	-	-
- financial companies		*8,797*
- insurance companies	*32,266*	*31,190*
- other	-	-
2. Loans to:	**4,322,507**	**4,093,835**
a) Governments		-
b) Other public entities	158	195
c) Other entities	4,322,349	4,093,640
- non-financial companies	*2,969,928*	*2,740,355*
- financial companies	*82,455*	*188,310*
- insurance companies		*11*
- other	*1,269,966*	*1,164,964*
3. Impaired assets:	**102,117**	**72,503**
a) Governments	-	-
b) Other public entities		-
c) Other entities	102,117	72,503
- non-financial companies	*62,989*	*40,251*
- financial companies	-	*1*
- insurance companies		-
- other	*39,128*	*32,251*
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	**4,456,890**	**4,206,325**

7.4 Finance lease

Reconciliation between the gross leasing investment and the present value of the minimum payments due for leasing and unsecured residual values due to the lessor:

(Euro/1,000)

Type of transactions	Gross Investment	Deferred Profit	Net Investment	Unsecured residual values (redemption)
Finance lease	758,848	153,479	605,369	94,512
- of which leaseback agreements	*53,863*	*14,685*	*39,178*	*7,831*
Total 31.12.2008	**758,848**	**153,479**	**605,369**	**94,512**

(Euro/1,000)

Relevant period	Gross Investment	Deferred Profit	Net Investment
- Within 1 year	13,567	236	13,331
- Between 1 and 5 years	294,945	26,077	268,868
- Beyond than 5 years	450,336	127,166	323,170
Total 31.12.2008	**758,848**	**153,479**	**605,369**

The net investment exclusively corresponds to the capital falling due for the contracts existing at the year-end.

Section 8 – Hedging derivatives (caption 80)

8.1 Hedging derivatives: break-down by type of contract and underlying asset

(Euro/1,000)

Derivative type / Underlying asset		Interest rate	Currency and gold	Equity securities	Loans	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:		***62***	**-**	**-**	**-**	**-**	***62***
. With exchange of capital		31	-	-	-	-	31
- Options purchased		-	-	-	-	-	-
- Other derivatives		*31*	-	-	-	-	*31*
. Without exchange of capital		31	-	-	-	-	31
- Options purchased		*31*	-	-	-	-	*31*
- Other derivatives		-	-	-	-	-	-
2) Credit derivatives:		-	-	-	-	-	-
. With exchange of capital		-	-	-	-	-	-
. Without exchange of capital		-	-	-	-	-	-
Total B		**62**	**-**	**-**	**-**	**-**	**62**
Total (A + B)	**31.12.2008**	**62**	**-**	**-**	**-**	**-**	**62**
Total	**31.12.2007**	**4,805**	**-**	**-**	**-**	**-**	**4,805**

8.2 Hedging derivatives: break-down by hedged portfolios and type of hedging

(Euro/1,000)

Transaction/Hedging type	Fair Value						Cash flows	
	Specific					Generic	Specific	Generic
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	Other			
1. Available-for-sale financial assets	-	-	-	X	-		-	
2. Loans	X	-	-		-		-	
3. Held-to-maturity investments		X	X		X		X	
4. Portfolio						X		X
5. Foreign investments								
Total assets 31.12.2008	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	31	-	-		-		-	
2. Portfolio						-		-
Total liabilities 31.12.2008	**31**	**-**	**-**		**-**	**-**	**-**	**-**
1. Expected transactions								

Section 10 – Equity investments (caption 100)

10.1 Equity investments in subsidiaries, in companies subject to joint control and companies subject to significant influence: information on ownership relationships

Company name	Registered offices	% Ownership share	% Availability of votes
A. Wholly-owned subsidiary companies			
Brianfid-Lux S.A.	*Luxemburg*	*100.000*	*99.000*
Banco Desio Toscana S.p.A.	*Florence*	*100.000*	*100.000*
Banco Desio Lazio S.p.A.	*Rome*	*100.000*	*100.000*
Banco Desio Veneto S.p.A.	*Vicenza*	*100.000*	*100.000*
Chiara Assicurazioni S.p.A.	*Desio*	*65.000*	*67.500*
C. Companies subject to significant influence			
Chiara Vita S.p.A.	*Milan*	*30.000*	*30.000*
Istifid S.p.A.	*Milan*	*21.648*	*21.648*
ANIMA S.G.R.p.A.	*Milan*	*21.192*	*21.192*

In January 2009 the total interest in the associate ANIMA S.G.R.p.A. was sold; thus on the basis of the international financial reporting standards (IFRS 5) this event was reported in the financial statements by reclassifying the value of the interest being sold, at the lower between the book value and the sale value, under other "non current assets held for sale and discontinued operations".

10.2 Equity investments in subsidiaries, in companies subject to joint control and companies subject to significant influence: accounting data

(Euro/1,000)

Company name	Total assets	Total revenues	Profit (loss)	Net Shareholders'equity	Book value
A. Wholly-owned subsidiary companies					
Brianfid-Lux S.A.	56,984	6,654	2,584	35,363	27,970
Banco Desio Toscana S.p.A.	311,568	21,418	- 849	29,045	32,577
Banco Desio Lazio S.p.A.	800,050	55,261	3,379	54,484	55,992
Banco Desio Veneto S.p.A.	454,651	26,081	- 1,617	32,210	38,100
Chiara Assicurazioni S.p.A.	26,997	12,928	- 446	8,838	6,500
Total A	**1,650,250**	**122,342**	**3,051**	**159,940**	**161,139**
C. Companies subject to significant influence					
Chiara Vita S.p.A.	1,668,392	141,364	1,675	44,259	13,496
Istifid S.p.A.	4,953	4,599	352	3,075	501
Total C	**1,673,345**	**145,963**	**2,027**	**47,334**	**13,997**
Total	**3,323,595**	**268,305**	**5,078**	**207,274**	**175,136**

10.3 Equity investments: annual changes

(Euro/1,000)

	Total 2008	Total 2007
A. Opening balance	**173,464**	**155,800**
B. Increases	**87,520**	**157,136**
B.1 Purchases	37,043	22,765
B.2 Write-backs		-
B.3 Revaluations		-
B.4 Other increases	50,477	134,371
C. Decreases	**85,848**	**139,472**
C.1 Sales	83,469	138,722
C.2 Value adjustments		
C.3 Other decreases	2,379	750
D. Closing balance	**175,136**	**173,464**
E. Total revaluations		
F. Total value adjustments		

Changes over the accounting period can be summarised as follows:

"B.1 Purchases"

	countervalue
Banco Desio Lazio S.p.A.	
- subscription of 10,000,000 shares with a nominal value of Euro 1.00 each due to share capital increase	10,000
Banco Desio Toscana	
- subscription of 10,000,000 shares with a nominal value of Euro 1.00 each due to share capital increase	10,000
Banco Desio Veneto S.p.A.	
- subscription of 12,000,000 shares with a nominal value of Euro 1.00 each due to share capital increase, issued at Euro 1.25 per share (of which Euro 0.25 as share premium)	15,000
Brianfid Lux S.A.	
- share capital increase of 204,300 shares with a nominal value of Euro 10.00 each, through a transfer of real estate units	2,043
	37,043

"B.4 Other increases"

Chiara Vita S.p.A.	
- profit from disposal of 23,924,600 shares with a nominal value of Euro 1.00 each	48,997
Chiara Assicurazione S.p.A.	
- profit from disposal of 1,687,500 shares with a nominal value of Euro 1.00 each	730
- reclassification under this item of 750,000 shares with a nominal value of Euro 1.00 each, previously recorded under the item 140 "Non-current assets held for sale and discontinued operations"	750
	50,477

"C.1 Sales"

Chiara Vita S.p.A.	
- countervalue from the sale of 23,924,600 shares with a nominal value of Euro 1.00 each, net of direct allocation costs	80,489
Chiara Assicurazione S.p.A.	
- countervalue from the sale of 1,687,500 shares with a nominal value of Euro 1.00 each	2,980
	83,469

"C.4 Other decreases"

ANIMA S.G.R.p.A.	
- reclassification under item 140 "Non-current assets held for sale and discontinued operations" of 22,251,550 shares with a nominal value of Euro 0.05 each, the sale of which was carried out in Janaury 2009.	2,379

List of equity investments

(amounts in euro units)

Equity investments	Number of shares or stakes	% ownership share	Nominal value	Book value
			€	€
Subsidiaries				
BRIANFID-LUX S.A.	2,794,300	100.000	27,943,000	27,969,510
BANCO DESIO TOSCANA S.p.A.	23,774,017	100.000	23,774,017	32,577,213
BANCO DESIO LAZIO S.p.A.	47,700,000	100.000	47,700,000	55,992,079
BANCO DESIO VENETO S.p.A.	35,100,000	100.000	35,100,000	38,100,000
CHIARA ASSICURAZIONI S.p.A.	4,875,000	65.000	4,875,000	6,500,000
Total subsidiaries				**161,138,802**
Associated companies				
ISTIFID S.p.A.	313,897	21.648	313,897	500,565
CHIARA VITA S.p.A.	10,253,400	30.000	10,253,400	13,496,535
Total associated companies				**13,997,100**
			Total	**175,135,902**
Discontinued operations (*)				
ANIMA S.G.R.p.A.	22,251,550	21.192	1,112,578	2,379,136
			Total	**2,379,136**

(*) Equity investment recognised under item "Non-current assets held for sale and discontinued operations"

(amounts in euro units)

Equity investments	Number of shares or stakes	% ownership share	Nominal value	Book value
			€	€
Others (**)				
Cedacri S.p.A.	627	4.973	627,000	7,182,918
Be.Ve.Re.Co. S.r.l.	30,000	5.825	15,000	15,494
Euros Spa Cefor & Istinform Cunsulting	4,882	0.200	2,539	2,539
SI Holding S.p.A.	60,826	0.135	36,496	34,174
S.S.B. Società Servizi Bancari S.p.A.	51,491	0.030	6,694	3,640
Consorzio Bancario S.I.R. S.p.A.	882,939	0.060	883	274
S.W.I.F.T. - Bruxelles	10	0.011	1,250	5,572
Si.Te.Ba.	7,264	0.145	3,777	3,752
Sviluppo Brianza	1	0.698	2,462	2,613
			Total	**7,250,974**
Discontinued operations (*)				
Zenit S.G.R. S.p.A.	25,000	10.000	250,000	374,028
Zenit Alternative Investments S.G.R.	16,000	10.000	160,000	123,900
			Total	**497,928**

(*) Equity investment recognised under item "Non-current assets held for sale and discontinued operations"
(**) Equity investments recognised under item "Financial assets available for sale"

List of significant equity investments (article 126 of CONSOB resolution no. 11971/1999)

Company name	Number of shares or stakes with voting right	% ownership share with voting right	Type of ownership	Type of holding
BANCO DESIO LAZIO S.p.A.	47,700,000	100.000	holding	direct
BANCO DESIO TOSCANA S.p.A.	23,774,017	100.000	holding	direct
BANCO DESIO VENETO S.p.A.	35,100,000	100.000	holding	direct
CHIARA VITA	13,496,535	30.000	holding	direct
CHIARA ASSICURAZIONI S.p.A.	4,875,000	65.000	holding	direct
BRIANFID-LUX S.A.	2,794,300	100.000	holding	direct
CREDITO PRIVATO COMMERCIALE	11,000	100.000	holding	direct
FIDES S.p.A.	858,000	78.000	holding	direct
ANIMA S.G.R.p.A.	22,251,550	21.192	holding	direct
ISTIFID S.p.A.	313,897	21.648	holding	direct

Section 11 – Tangible assets – Caption 110

11.1 Tangible assets: break-down of assets valued at cost

(Euro/1,000)

Asset/Value	Total 31.12.2008	Total 31.12.2007
A. Functional assets		
1.1 owned by the Bank	**128,933**	**128,283**
a) land	35,197	34,628
b) buildings	74,677	73,350
c) fixtures and fittings	7,759	7,222
d) electrical equipment	3,516	4,829
e) other	7,784	8,254
1.2 acquired under finance lease	-	-
a) land		
b) buildings		
c) fixtures and fittings		
d) electrical equipment		
e) other		
Total A	**128,933**	**128,283**
B. Tangible assets held for investment		
2.1 owned by the Bank	**6**	**2,297**
a) land	6	1,103
b) buildings	-	1,194
2.2 acquired under finance lease	-	-
a) land		
b) buildings		
Total B	**6**	**2,297**
Total (A + B)	**128,939**	**130,580**

The estimated useful life for the main categories of assets is defined as follows: buildings: 50 years; furniture for office use, fittings, systems and miscellaneous equipment, office machines, armoured counters and security doors, alarm systems: 10 years; vehicles for business use: 8 years; terminals and PCs, motor vehicles for dual purpose: 4 years.
Within the individual categories, where required, some types of assets were identified to which different specified useful lives were assigned.

Depreciation is calculated on a straight line basis for all classes of tangible assets, with the exception of land which is not depreciated.

11.3 Tangible assets for business use: annual changes

(Euro/1,000)

	Land	Buildings	Fixtures and fittings	Electronic equipment	Other	Total 2008
A. Gross opening balance	**34,628**	**78,517**	**24,512**	**18,135**	**32,967**	**188,759**
A.1 Total net decreases in value		5,167	17,290	13,306	24,713	60,476
A.2 Net opening balance	**34,628**	**73,350**	**7,222**	**4,829**	**8,254**	**128,283**
B. Increases:	**568**	**2,925**	**1,619**	**1,056**	**1,088**	**7,256**
B.1 Purchases	467	2,652	1,619	1,056	1,088	6,882
B.2 Capitalized improvement expenses						
B.3 Write-backs						
B.4 Positive fair value changes charged to:						
a) shareholders' equity						
b) statement of income						
B.5 Positive exchange differences						
B.6 Transfers from assets held for investment	101	273				374
B.7 Other increases						
C. Decreases:	**-**	**1,598**	**1,082**	**2,368**	**1,558**	**6,606**
C.1 Sales		-	5	631	66	702
C.2 Amortization/depreciation		1,598	1,077	1,737	1,492	5,904
C.3 Value adjustments due to deterioration charged to:						
a) shareholders' equity						
b) statement of income						
C.4 Negative fair value changes charged to:						
a) shareholders' equity						
b) statement of income						
C.5 Negative exchange differences						
C.6 Transfers to:						
a) tangible assets held for investment						
b) assets being disposed of						
C.7 Other decreases						-
D. Net closing balance	**35,196**	**74,677**	**7,759**	**3,517**	**7,784**	**128,933**
D.1 Total net decreases in value		6,796	18,208	13,280	24,657	62,941
D.2 Gross closing balance	**35,196**	**81,473**	**25,967**	**16,797**	**32,441**	**191,874**

Land and buildings have been valued based on the revalued amount as of 1 January 2004 upon first time application of IASs. Once in operation, they have been valued at cost.
Furniture, electronic systems and other tangible assets have been valued at cost.

The sale of tangible assets, of which item “C.1 Sales” represents the carrying value of the assets disposed of, led to the recognition of profits on sales of Euro 111,000; and losses on sales of Euro 51,000.

11.4 Tangible assets held for investment: annual changes

(Euro/1,000)

	Land	Buildings	Total 2008
A. Gross opening balance	**1,103**	**1,300**	**2,403**
A.1 Total net decreases in value	-	106	106
A.2 Net opening balance	**1,103**	**1,194**	**2,297**
B. Increases:	-	60	60
B.1 Purchases			
B.2 Capitalized improvement expenses		60	60
B.3 Positive fair value changes			
B.4 Write-backs			
B.5 Positive exchange differences			
B.6 Transfer from property held for own use			
B.7 Other increases			
C. **Decreases:**	**1,097**	**1,230**	**2,327**
C.1 Sales	996	957	1,953
C.2 Amortization/depreciation			-
C.3 Negative fair value changes			
C.4 Value adjustments for impairment			
C.5 Negative exchange differences			
C.6 Transfers to other assets portfolios:	101	273	374
a) property held for own use	101	273	374
b) non-current assets held for sale and discontinued operations			
C.7 Other decreases			
D. **Net closing balance**	**6**	**-**	**30**
D.1 Total net decreases in value			-
D.2 **Gross closing balance**	**6**	**-**	**6**

Item C.1, “Sales”, is the carrying amount of the property previously leased to and afterwards sold to subsidiary Brianfid S.A.; Euro 91,000 profit on this sale was obtained.

Statement of revaluations made on assets entered in the accounts (pursuant to Article 10 of Law No. 72 of 19/3/1983

(amounts in Euro)

DESCRIPTION	Inflation adjustment			Revaluation		Total
	L. 576/75	L.72/83	L. 413/91	Merger deficit	Voluntary Revaluation	
Property						
DESIO SEDE		937.369	6.844.273			7.781.643
CINISELLO P.zza Gramsci			1.173			1.173
CUSANO M.NO Via Matteotti	10.170	25.483	19.944		12.925	68.521
CANTU' Via Manzoni		22.885	185.972	1.321.713		1.530.569
CARUGATE Via XX Settembre			355		4.132	4.486
MILANO Via della Posta			189.958		51.646	241.603
NOVATE M.SE Via Matteotti			22.022	170.257		192.280
GIUSSANO Via dell'Addolorata			26.067			26.067
MEDA Via Indipendenza			51.616			51.616
MONZA Corso Milano			227.521			227.521
BOVISIO Via Garibaldi			26.356			26.356
PADERNO DUGNANO Via Casati			24.339			24.339
LEGNANO Corso Garibaldi			176.676			176.676
SOVICO Via G. da Sovico			62.703			62.703
T O T A L	**10.170**	**985.737**	**7.858.976**	**1.491.970**	**68.702**	**10.415.555**

Property owned by the bank (excluding properties under financial lease)

Location		Surface area for offices (sqm)	Net book value (thousands of euros)
ALBINO	Viale Libertà 23/25	332	769
ARCORE	Via Casati, 7	362	626
BAREGGIO	Via Falcone, 14	200	312
BESANA BRIANZA	Via Vittorio Emanuele, 1/3	625	921
BOVISIO MASCIAGO	Via Garibaldi, 8	382	476
BRESCIA	Via Verdi, 1	530	1,956
BRESCIA 1° piano	Via Verdi, 1	190	1,190
BRIOSCO	Via Trieste, 14	430	440
BRUGHERIO	Viale Lombardia, 216/218	425	1,429
BUSTO ARSIZIO	Via Volta, 1	456	1,091
CADORAGO	Via Mameli, 5	187	327
CANTU'	Via Manzoni, 41	1,749	2,462
CARATE BRIANZA	Via Azimonti, 2	773	1,033
CARUGATE	Via XX Settembre, 8	574	689
CARUGO	Via Cavour, 2	252	416
CASTELLANZA	Corso Matteotti, 18	337	469
CESANO MADERNO	Corso Roma, 15	692	970
CHIAVARI	Piazza Matteotti	68	1,013
CINISELLO BALSAMO	Via Frova, 1	729	1,015
CINISELLO BALSAMO	Piazza Gramsci	26	17
COLOGNO MONZESE	Via Cavallotti, 10	128	53
CUSANO MILANINO	Viale Matteotti, 39	522	764
DESIO	Piazza Conciliazione, 1	1,694	2,338
DESIO	Via Rovagnati, 1	17,330	23,826
DESIO	Via Volta	238	647
GARBAGNATE	Via Varese, 1	400	1,367
GIUSSANO	Via Addolorata, 5	728	1,042
LECCO	Via Volta	615	1,845
LEGNANO	Corso Italia, 8	1,545	2,998
LISSONE	Via San Carlo, 23	583	1,540
MEDA	Via Indipendenza, 60	678	901
MILANO	Via della Posta, 8	1,912	8,073
MILANO	Via Foppa	223	861
MILANO	Via Menotti	825	3,218
MILANO	Via Moscova	668	5,676
MILANO	Via Trau'	627	3,476
MILANO	P.za De Angeli	385	2,429
MISINTO	Piazza Mosca, 3	330	401
MODENA	Via Saragozza, 130	720	4,727
MONZA	Via Manzoni, 37	397	799
MONZA	Corso Milano, 47	2,143	4,328
MONZA	Via Rota, 66	330	618
MONZA	P.za S. Paolo	496	4,111
NOVA MILANESE	Piazza Marconi, 5	526	763
NOVATE MILANESE	Via Matteotti, 7	462	726
ORIGGIO	Largo Croce, 6	574	756
PALAZZOLO MILANESE	Via Monte Sabotino, 1	605	659
PIACENZA	Via Vittorio Veneto,67/a	486	1,598
		to be carried down	98,161

Location		Surface area for offices (sqm)	Net book value (thousands of euros)
		carried down	98,161
RENATE	Piazza don Zanzi, 2	429	728
RHO	Via Martiri Libertà, 3	410	799
SARONNO	Via Rimembranze, 42	530	821
SEGRATE	Via Cassanese, 200	170	322
SEREGNO	Via Trabattoni, 40	1,233	2,286
SESTO SAN GIOVANNI	Piazza Oldrini	377	888
SEVESO	Via Manzoni	382	1,223
SOVICO	Via Frette, 10	673	1,198
VAREDO	Via Umberto I°, 123	501	585
VEDUGGIO	Via Vittorio Veneto, 51	257	271
VERANO BRIANZA	Via Preda, 17	322	436
VIGEVANO	Via Decembrio, 21	480	2,156
sub-total		51,253	109,874
MEDA car parking	Via Indipendenza, 60	15	6
sub-total		15	6
total		**51,268**	**109,880**

Section 12 – Intangible assets - Caption 120

12.1 Intangible assets: break-down by type of asset

(Euro/1,000)

Caption/Value	Total 31.12.2008		Total 31.12.2007	
	Limited duration	Unlimited duration	Limited duration	Unlimited duration
A.1 Goodwill		1,729		1,729
A.2 Other intangible assets	1,175	-	1,217	-
A.2.1 Assets valued at cost:	1,175	-	1,217	-
a) Intangible assets generated internally				
b) Other assets	1,175		1,217	
A.2.2 Assets at fair value through profit or loss:	-	-	-	-
a) Intangible assets generated internally				
b) Other assets				
Total	**1,175**	**1,729**	**1,217**	**1,729**

No impairment losses were recorded compared to the previous period for goodwill relating to the acquisition of bank branches made in 1999, and, given the indefinite useful life, no amortization was calculated.

Other intangible assets have been amortized on a straight-line basis according to their useful life.

Useful life for indemnities for abandonment of premises is estimated to be equal to the lease term, being equal to 4 years for software associated with machines and to 5 years for application software.

12.2 Intangible assets: annual changes

(Euro/1,000)

		Goodwill	Other intangible assets: generated internally		Other intangible assets: others		Total 2008
			Limited duration	Unlimited duration	Limited duration	Unlimited duration	
A.	**Opening balance**	**1,729**	**-**	**-**	**3,017**		**4,746**
A.1	Total net decreases in value				1,800		1,800
A.2	**Net opening balance**	**1,729**	**-**	**-**	**1,217**	**-**	**2,946**
B.	**Increases**	**-**	**-**	**-**	**372**	**-**	**372**
B.1	Purchases				372		372
B.2	Increases in internal intangible assets						-
B.3	Write-backs						-
B.4	Increases in fair value charged to:		-	-	-	-	-
	- shareholders' equity						-
	- statement of income						-
B.5	Positive exchange differences						-
B.6	Other increases						-
C.	**Decreases**	**-**	**-**	**-**	**414**	**-**	**414**
C.1	Sales						-
C.2	Adjustments	-	-		414		414
	- Amortization				414		414
	- Write-downs	-	-	-	-	-	-
	+ shareholders' equity						-
	+ statement of income						-
C.3	Decreases in fair value charged to:		-	-	-	-	-
	- shareholders' equity						-
	- statement of income						-
C.4	Transfers to non-current assets held for sale and discontinued operations						-
C.5	Negative exchange differences						-
C.6	Other decreases						-
D.	**Closing balance**	**1,729**	**-**	**-**	**1,175**	**-**	**2,904**
D.1	Total net adjustments				2,013		2,013
E.	**Gross closing balance**	**1,729**	**-**	**-**	**3,188**	**-**	**4,917**

All classes of intangible assets have been valued at cost.

Section 13 – Tax assets and liabilities – (caption 130 under assets and caption 80 under liabilities)

Tax assets and liabilities resulting from the application of “deferred taxation” are calculated by applying to the temporary differences, generated in connection with the discrepancies between statutory and tax provisions, the theoretical tax rates in force at the moment of their settlement.

13.1 Deferred tax assets: break-down

(Euro/1,000)

Temporary Differences	ires	irap	Total 31.12.2008	Total 31.12.2007
a) against Profit and Loss				
writedowns of loans to customers deductible on a straight-line basis	11,849	-	11,849	4,551
write-down of loans to customers outstanding as at 31.12.1994	135	-	135	168
provisions for risks from implicit loan losses	3		3	6
write-down of loans due to revenues from transition		-	-	-
writedown of FVTPL classified shares	214	37	251	470
provisions for guarantees and commitments/country risk	292		292	182
provisions for personnel charges	2,685		2,685	2,544
provisions for legal disputes	1,809		1,809	2,141
provisions for revocatory actions	778		778	1,213
provision for sundry charges	812		812	1,424
entertainment expenses, within the limit of one third deductible in the following four financial years	43	8	51	82
remuneration of directors to be paid out accounting period	24		- 24	- 52
Total a)	**18,644**	**45**	**18,689**	**12,833**
b) against Equity				
tax provision for employee termination indemnities	67		67	-
writedown of securities classified AFS	5,829	1,085	6,914	706
write-down of equity investments		2	2	9
Total b)	**5,896**	**1,087**	**6,983**	**715**
Total	**24,540**	**1,132**	**25,672**	**13,548**

13.2 Deferred tax liabilities: break-down

(Euro/1,000)

Temporary Differences	ires	irap	Total 31.12.2008	Total 31.12.2007
a) against Profit and Loss				
gains on disposal of tangible assets	93	3	96	27
tax amortization of properties	7,060	1,172	8,232	8,342
tax amortization of tangible assets	2,139	410	2,549	3,147
tax amortization of goodwill	307	49	356	298
tax amortization on long-term charges (software)	113	27	140	210
tax amortization on long-term charges (other)	1,009	7	1,016	1,264
tax amortization under article 106, par. 3			-	376
assets and liabilities result, fair value option	560	98	658	600
assets and liabilities result, hedge accounting	8	1	9	53
tax provision for employee termination indemnities	539		539	693
Total a)	**11,828**	**1,767**	**13,595**	**15,010**
b) against Equity				
revaluation of AFS securities	405	79	484	289
revaluation of equity investments	36	124	160	174
tax provision for employee termination indemnities			-	477
Total b)	**441**	**203**	**644**	**940**
Total	**12,269**	**1,970**	**14,239**	**15,950**

13.3 Change in deferred tax assets (against profit and loss)

(Euro/1,000)

	Total 2008	Total 2007
1. Initial amount	**12,833**	**11,152**
2. Increases	**10,329**	**7,009**
2.1 Deferred tax assets recognized during the	10,329	7,009
a) from previous years		
b) due to adoption of different accounting		
c) write-backs		
d) other	*10,329*	*7,009*
2.2 New taxes or increases in fiscal rates		
2.3 Other increases		
3. Decreases	**4,473**	**5,328**
3.1 Deferred tax assets cancelled during the year	3,603	4,164
a) reallocation	*3,603*	*4,164*
b) write-downs due to irrecoverability		
c) different accounting standards		
3.2 Decreases in fiscal rates		1,164
3.3 Other decreases	870	
4. Final amount	**18,689**	**12,833**

Item 3.3, “Other decreases” refers to the write-off of deferred tax assets allocated with regard to costs (write-downs of amounts due from customers deductible on a straight-line basis) deducted in the tax return and thus counter-balanced by lower current tax.

13.4 Change in deferred tax liabilities (against profit and loss)

(Euro/1,000)

	Total 2008	Total 2007
1. Initial amount	**15,010**	**15,079**
2. Increases	**328**	**2,951**
2.1 Deferred tax liabilities recognized during	328	2,951
a) from previous years		*801*
b) due to adoption of different accounting standards		
c) other	*328*	*2,150*
2.2 New taxes or increases in fiscal rates		
2.3 Other increases		
3. Decreases	**1,743**	**3,020**
3.1 Deferred tax liabilities cancelled during the	1,186	654
a) reallocation	*1,186*	*654*
b) due to adoption of different accounting standards		
c) other		
3.2 Decreases in fiscal rates		2,366
3.3 Other decreases	557	-
4. Final amount	**13,595**	**15,010**

Item 3.3 “Other decreases” includes:
- Euro 372,000 from the write-off of the deferred tax provision regarding the tax provision under Article 106, paragraph 3, of the Consolidated Income Tax Law, utilised in the return and counter-balanced by an increase of Euro 291,000 in current tax;
- Euro 181,000 from the write-off of the deferred tax provision regarding the tax provision for other long-term liabilities (costs of properties leased from third parties), no longer relevant for IRAP purposes.

13.5 Change in deferred tax assets (against equity)

(Euro/1,000)

	Total 2008	Total 2007
1. Initial amount	**715**	**54**
2. Increases	6,323	687
2.1 Deferred tax assets recognized during the year	6,323	687
a) from previous years		
b) due to adoption of different accounting standards		
c) other	6,323	687
2.2 New taxes or increases in fiscal rates		
2.3 Other increases		
3. Decreases	55	26
3.1 Deferred tax assets cancelled during the year	55	20
a) reallocation	55	20
b) write-downs due to irrecoverability		
c) due to adoption of different accounting standards		
3.2 Decreases in fiscal rates		6
3.3 Other decreases		
4. Final amount	**6,983**	**715**

13.6 Change in deferred tax liabilities (against equity)

(Euro/1,000)

	Total 2008	Total 2007
1. Initial amount	**940**	**676**
2. Increases	413	678
2.1 Deferred tax liabilities recognized during the	413	678
a) from previous years		
b) due to adoption of different accounting standards		
c) other	413	678
2.2 New taxes or increases in fiscal rates		
2.3 Other increases		
3. Decreases	709	414
3.1 Deferred tax liabilities cancelled during the	709	284
a) reallocation	709	284
b) due to adoption of different accounting standards		
c) other		
3.2 Decreases in fiscal rates		130
3.3 Other decreases		
4. Final amount	**644**	**940**

13.7 Other information

As from this financial year, advances and withholding taxes paid are no longer separated under "current tax assets", but are detracted, by type of tax, from the forecasted liabilities for taxes of the current financial year.

Current tax assets

(Euro/1,000)

Items	Total 31.12.2008	Total 31.12.2007
IRES advances for current taxes	5,331	
IRAP advances for current taxes	998	
Total	**6,329**	**-**

Current tax liabilities

(Euro/1,000)

Items	Total 31.12.2008	Total 31.12.2007
ires	-	6,634
irap	-	744
Total	**-**	**7,378**

Section 14 - Non-current assets and discontinued operations and associated liabilities - Caption 140 under assets and caption 90 under liabilities

14.1 Non-current assets and discontinued operations: break-down by type of asset

Euro/1,000

	Total 31.12.2008	Total 31.12.2007
A. Individual assets		
A.1 Investments	2,379	750
A.2 Tangible assets		
A.3 Intangible assets		
A.4 Other non-current assets		
Total A	2,379	750
B. Groups of assets (discontinued operating units)		
B.1 Financial assets held for trading		
B.2 Financial assets designated as at fair value		
B.3 Available-for-sale investments	498	
B.4 Held-to-maturity investments		
B.5 Amounts due from banks		
B.6 Amounts due from customers		
B.7 Equity investments		
B.8 Tangible assets		
B.9 Intangible assets		
B.10 Other assets		
Total B	**498**	**-**
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 profit or loss		
D.6 Reserves		
D.7 Other liabilities		
Total D	**-**	**-**

Section 15 – Other assets – Caption 150

15.1 Other assets: break-down

(Euro/1,000)

	Total 31.12.2008	Total 31.12.2007
Tax credits		
- principal	4,946	8,242
- interests	250	1,201
Amounts due from tax authorities for paid advances	39	22
Taxes withheld	-	-
Tax credits on capital gain on investment funds	-	-
Traded cheques to be settled	29,630	20,753
Guarantee deposits	-	-
Invoices issued to be collected	4,988	5,164
Accounts receivable for third-party securities and coupons to be collected	2,000	16
Print-outs and stationery stock	262	273
Unprocessed transactions and amounts in transit with bank branches	17,307	25,116
Currency spreads on portfolio transactions	79	116
Payments on accounts of the incorporation of a new company		
Investments in supplementary termination indemnities for personnel	925	1,033
Leasehold improvements	16,616	14,889
Accrued income and prepaid expenses	658	528
Other items	17,981	11,347
Total	**95,681**	**88,700**

The changes in "Tax credits" mainly involve Euro 3.3 million offset against credit arising in 2007; a credit refund, of the principal amount and interest, amounting to 1.1 million euro; the partial offsetting of the prepaid tax asset related to the employee severance fund, amounting to 0.4 million euro, and an increase of Euro 0.6 million in the tax credit for the online payment of stamp duty.

This section also includes accrued income and prepaid expenses not connected to any specific items in the balance sheet; accrued income from services amounted to 4,000 euro, while prepaid expenses, all involving administrative costs, totalled 654,000 euro.

The expenses referred to leaseholds improvements are subject to annual amortisation as regards the residual term of the lease agreement.

The caption includes assets, for invoices to be settled by or issued to other companies in the Group, for a total amount of Euro 547,000 (Euro 1.2 million at the end of 2007).

Liabilities

Section 1 – Amounts due to banks (caption 10)

1.1 Amounts due to banks: break-down by type

(Euro/1,000)

Transaction type / Amount	Total 31.12.2008	Total 31.12.2007
1. Amounts due to central banks		
2. Amounts due to banks	**229,122**	**367,644**
2.1 Current accounts and unrestricted	152,694	88,821
2.2 Restricted deposits	55,632	196,246
2.3 Financing	-	-
2.3.1 Finance leases	-	-
2.3.2 Other	-	-
2.4 Commitments for repurchases of own equity instruments	-	-
2.5 Liabilities corresponding to assets sold but not written off	20,796	82,577
2.5.1 Reverse repurchase	*20,796*	*82,577*
2.5.2 Other	-	-
2.6 Other amounts due	-	-
Total	**229,122**	**367,644**
Fair value	**229,122**	**367,644**

Payables expressed in foreign currency have been valued at Euro 59.6 million (Euro 19.5 million at the end of.2007).

Relations with Group banks amounted to Euro 201.7 million (Euro 211.1 million last year).
All relations were regulated at arm's length.

Section 2 – Amounts due to customers (caption 20)

2.1 Amounts due to customers: break-down by type

(Euro/1,000)

Transaction type / Amount	Total 31.12.2008	Total 31.12.2007
1. Current accounts and unrestricted deposits	2,815,559	2,365,587
2. Restricted deposits	103,266	310
3. Third-party funds under administration	-	-
4. Financing	-	59,738
4.1 Finance leases		
4.2 Other	-	59,738
5. Commitments for repurchases of own equity instruments		
6. Liabilities corresponding to assets sold but not written off	164,641	434,751
6.1 Reverse repurchase agreements	*164,641*	*434,751*
6.2 Other	-	-
7. Other amounts due	27,982	22,190
Total	**3,111,448**	**2,882,576**
Fair value	**3,111,448**	**2,882,422**

Payables due to resident customers amounted to a total of Euro 2,908.4 million (Euro 2,871.6 million at 31.12.2007).

The total amount of relations in foreign currency amounted to Euro 32.3 million (compared to Euro 24.4 million at the end of 2007).

All payables due to group companies were serviced at market conditions and totalled Euro 191.8 million (Euro 24.1 million last year).

Item 7 “Other amounts due” includes Euro 27.4 million of bank drafts issued by Banco Desio and Euro 0.6 million in non-transferable cheques.

Section 3 – Securities Issued (caption 30)

3.1 Securities issued: break-down by type

(Euro/1,000)

Security type / Amount	Total 31.12.2008		Total 31.12.2007	
	Book value	Fair value	Book value	Fair value
A. Listed securities	**232,846**	**199,265**	**202,132**	**202,132**
1. Bonds	232,846	199,265	202,132	202,132
1.1 structured			-	-
1.2 other	*232,846*	*199,265*	*202,132*	*202,132*
2. Other securities	-	-	-	-
2.1 structured	-	-	-	-
2.2 other			-	-
B. Unlisted securities	**1,336,043**	**1,378,551**	**1,180,224**	**1,180,768**
1. Bonds	1,168,684	1,211,192	1,119,133	1,119,677
1.1 structured	-	-	*9,969*	*9,969*
1.2 other	*1,168,684*	*1,211,192*	*1,109,164*	*1,109,708*
2. Other securities	167,359	167,359	61,091	61,091
2.1 structured			-	-
2.2 other	*167,359*	*167,359*	*61,091*	*61,091*
Total	**1,568,889**	**1,577,816**	**1,382,356**	**1,382,900**

The book value is determined according to the amortised cost method and therefore it includes the accruals matured.

Unlisted securities include bond loans subscribed or acquired by group companies, amounting to Euro 12.2 million.

The caption “B.2.2 Unlisted Securities – Other securities” was made up exclusively of deposit certificates.

3.2 Break-down of caption 30 "securities issued": subordinated securities

(Euro/1,000)

Bonds	**31.12.2008**	**31.12.2007**
due 03.06.2008		13,044
due 03.05.2009	30,237	30,205
due 15.12.2009	30,042	30,050
due 01.12.2010	13,049	13,058
due 29.12.2011	13,002	13,001
due 01.06.2012	13,044	13,050
due 03.06.2013	13,040	
Total	**112,414**	**112,408**

During the year, the Bank issued a subordinated bond with a nominal value of Euro 13 million, divided in bonds with a nominal value of Euro 1,000 each, having the following characteristics:

- duration: 5 years, expiry date 03.06.2013;
- interest rate: 6-month Euribor, taken on the fifth last working day prior to the start of coupon entitlement;
- payment frequency and payment date of interest coupons: six-monthly, deferred, on 3rd June and 3rd December of each year;
- redemption: in one single solution upon maturity;
- early redemption clause: not provided;
- possession: the issuer may not hold more than 10% of its own subordinated loans; repurchase for higher amounts is subject to the prior approval of the Bank of Italy;
- subordination: the subordination clauses provide that in the event that the Bank is wound-up, the bonds shall be redeemed only after all other creditors, not equally subordinated, have been paid off.

Subordinated debenture loans entered into in the previous years show characteristics similar to those of the loan issued in the last accounting period.

3.3 "Securities issued": securities subject to specific hedging

(Euro/1,000)

	Total 31.12.2008	Total 31.12.2007
1. Debt securities subject to fair value hedging	20,206	58,818
a) interest rate risk	*20,206*	*58,818*
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		

Section 4 – Financial liabilities held for trading (caption 40)

4.1 Financial liabilities held for trading: break-down by type

(Euro/1,000)

Transaction type / Amount	Total 31.12.2008				Total 31.12.2007			
	NV	FV Listed	FV Unlisted	FV*	NV	FV Listed	FV Unlisted	FV*
A. Liabilities for cash								
1. Amounts due to banks								
2. Amounts due to customers								
3. Debt securities	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-		-	-	-	
3.1.1 Structured								*x*
3.1.2 Other bonds								*x*
3.2 Other securities	-	-	-		-	-	-	
3.2.1 Structured								*x*
3.2.2 Other								*x*
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives instruments								
1. Financial derivatives		17	12,853			1	16,682	
1.1 Trading		*17*	*12,837*			*1*	*15,359*	*x*
option			*16*				*1323*	*x*
1.3 Other								*x*
2. Credit derivatives		-	-					
2.1 Trading								*x*
option								*x*
2.3 Other								*x*
Total B	**x**	**17**	**12,853**	**x**	**x**	**1**	**16,682**	**x**
Total (A + B)	**-**	**17**	**12,853**	**-**	**-**	**1**	**16,682**	**-**

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 bonds issued by the Bank.

"Financial derivatives for trading" include a total of Euro 290,000 in transactions with group companies.

4.4 Financial liabilities held for trading: derivative instruments

(Euro/1,000)

Derivative type / Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	Total 31.12.2008	Total 31.12.2007
A) Listed derivatives							
1) Financial derivatives:	13	-	4	-	-	17	1
. With exchange of capital	13	-	4	-	-	17	1
- issued options						-	
- other derivatives	*13*		*4*			*17*	*1*
. Without exchange of capital	-	-	-	-	-	-	-
- issued options						-	
- other derivatives						-	
2) Credit derivatives:	-	-	-	-	-	-	-
. With exchange of capital						-	
. Without exchange of capital						-	
Total A	**13**	**-**	**4**	**-**	**-**	**17**	**1**
B) Unlisted derivatives						-	
1) Financial derivatives:	1,239	11,614	-	-	-	12,853	16,682
. With exchange of capital	-	11,614	-	-	-	11,614	7,833
- issued options						-	
- other derivatives	-	*11,614*	-	-	-	*11,614*	*7,833*
. Without exchange of capital	1,239	-	-	-	-	1,239	8,849
- issued options	*6*	-	-	-	-	*6*	*4,182*
- other derivatives	*1,233*	-	-	-	-	*1,233*	*4,667*
2) Credit derivatives:	-	-	-	-	-	-	-
. With exchange of capital						-	
. Without exchange of capital						-	
Total B	**1,239**	**11,614**	**-**	**-**	**-**	**12,853**	**16,682**
Total (A + B)	**1,252**	**11,614**	**4**	**-**	**-**	**12,870**	**16,683**

4.5 Cash financial liabilities (excluding "technical overdrafts") held for trading: annual changes

Financial liabilities exclusively include derivative transactions for which it is not necessary to provide the relevant breakdown.

Section 5 – Financial liabilities at fair value through profit or loss – Caption 50

5.1 Financial liabilities at fair value through profit or loss: break-down by type

(Euro/1,000)

Transaction type / Amount	Total 31.12.2008				Total 31.12.2007			
	NV	FV		FV	NV	FV		FV
		Listed	Unlisted			Listed	Unlisted	
1. Amounts due to banks	-	-	-		-	-	-	
1.1 Structured				x				x
1.2 Other				x				x
2. Amounts due to customers	-	-	-		-	-	-	
2.1 Structured				x				x
2.2 Other				x				x
3. Debt securities	486,013	-	951,776		229,219	-	228,088	
3.1 Structured	*463,661*	-	*475,888*	x	*15,000*		*14,424*	x
3.2 Other	*471,013*	-	*475,888*	x	*214,219*		*213,664*	x
Total	**486,013**	**-**	**951,776**	**-**	**229,219**	**-**	**228,088**	

This item includes the bonds issued by the Bank hedged by derivative financial instruments and recognised at fair value in the financial statements, in accordance with the fair value option.

5.3 Financial liabilities at fair value through profit or loss: annual changes

(Euro/1,000)

	Amounts due to banks	Amounts due to customers	Securities issued	**Total 2008**
A. Opening balance			**228,088**	**228,088**
B. Increases	-	-	**265,525**	**265,525**
B1. Issues			225,524	**225,524**
B2. Sales			898	**898**
B3. Increases in fair value			11,418	**11,418**
B4. Other increases			27,685	**27,685**
C. Decreases	-	-	**2,783**	**2,783**
C1. Purchases			895	**895**
C2. Redemptions				**-**
C3. Decreases in fair value			-	**-**
C4. Other decreases			1,888	**1,888**
D. Closing balance	**-**	**-**	**490,830**	**490,830**

Item B.2 "Sales" represents the counter-value of reissuing bonds previously reacquired.

Items B.3 "Increases in fair value" and C.3 "Decreases in fair value" reflect charges and income, respectively, deriving from changes in the valuations at fair value, recognised in the income statement account under item "110 Net gain/(loss) on financial assets and liabilities at fair value through profit or loss".

Item B.4 "Other increases" includes Euro 21.4 million for the reclassification of a security in caption 30, Euro 6.3 million for interests accrued as at 31 December 2008; the item also includes losses of Euro 12,000, resulting from the reacquisition/reissue of the above-mentioned liabilities.

Item C.4 "Other decreases" is made up exclusively of the de-recognition of interest accrued at the end of the previous year.

Section 6 – Hedging derivatives – Caption 60

There were no outstanding amounts in this caption; the value of the hedges existing at the end of 2007 was Euro 1.1 million.

Section 8 – Tax liabilities (caption 80)

The composition and breakdown of tax liabilities are provided under Section 13 of Assets, together with information on deferred tax assets.

Section 10 – Other liabilities (caption 100)

10.1 Other liabilities: break-down

(Euro/1,000)

	Total 31.12.2008	Total 31.12.2007
Due to tax authorities	135	224
Amounts due to tax authorities on account of third parties	12,740	15,258
Social security contributions to be reversed	3,035	5,726
Due to shareholders on account of dividends	14	13
Suppliers	13,916	15,098
Amounts available for customers	22,977	15,177
Interest and fees to be credited	204	237
Payments against disposals on bills	216	140
Advance payments on expiring loans	21	76
Unprocessed transactions and amounts in transit with branches	45,967	55,559
Currency spreads on portfolio transactions	21,598	16,282
Other accounts payable	12,951	9,275
Provisions for guarantees and commitments	1,040	654
Accrued liabilities and deferred income	1,535	2,096
Total	**136,349**	**135,815**

This item includes a total of Euro 98,000 in liabilities towards companies of the Group (Euro 370,000 at the end of 2007).

This section also includes accrued liabilities and deferred income not connected to any specific items in the balance sheet.

Section 11 – Provisions for employee termination indemnities - (caption 110)

11.1 Provisions for employee termination indemnities: annual changes

(Euro/1,000)

	Total 2008	Total 2007
A. Opening balance	**24,995**	**29,420**
B. Increases	**3,197**	**- 549**
B.1 Provisions during the year	1,457	- 549
B.2 Other increases	1,740	
C. Decreases	**3,085**	**3,876**
C.1 Amounts paid	2,990	2,312
C.2 Other decreases	95	1,564
D. Closing balance	**25,107**	**24,995**

The amount payable actually accrued at the end of the financial year is equal to Euro 28.5 million (Euro 30.7 million as at 31.12.2007).

Below are shown the actuarial assumptions utilized by an independent actuary to determine the liabilities at the reporting date.

Demographic assumptions

The following assumptions were made:

- as regards death probabilities, those regarding the Italian population registered by ISTAT in 2002, divided by gender;
- as regards disability probabilities, those, distinct by sex, adopted by the INPS model for projections to 2010;
- as regards the time of retirement, for the assets in general, the attainment of the first of the pension requirements valid for the Compulsory General Insurance was assumed
- as regards the probabilities of leaving employment for reasons other than death, based on the statistics provided by the Bank, an annual frequency of 2.5% was assumed.,
- as regards probabilities of advances: a year by year figure of 4% was assumed.

For the probabilities of death, disability and retirement, reference has been made to the last available ISTAT valuations, the INPS models and the requirements for retirement valid for the Compulsory General Insurance. For the probabilities of stopping working, internal statistics have been considered.

Economic-financial assumptions

Technical valuations have been carried out based on the following assumptions:

- annual technical discount rate 4.25%
- annual inflation rate 2%
- total annual rate of increase in remuneration 3%
- annual employee termination liabilities rate of increase 3%

As regards the discount rate, such parameter was determined taking in consideration the index IBoxx Eur Italy 7-10.

Section 12 – Provisions for risks and charges (caption 120)

12.1 Provisions for risks and charges: break-down

(Euro/1,000)

Caption / Components	Total 31.12.2008	Total 31.12.2007
1. Company pension funds		
2. Other provisions for risks and charges	64,344	30,566
2.1 legal disputes	*10,405*	*13,196*
2.2 personnel charges	*16,028*	*17,280*
2.3 other	*37,911*	*90*
Total	**64,344**	**30,566**

The item "personnel charges" includes the provisions related to company bonuses, holidays and public holidays not taken and seniority bonuses.

"Others" includes a fund amounting to 37.8 million euro created from the portion of capital gain collected as a result of the sale of 70% of Chiara Vita S.p.A.: the extent to which this amount can be realised will only be determined after five years, on the basis of the terms of the sale agreement.

12.2 Provisions for risks and charges: annual changes

(Euro/1,000)

	Pension funds	Other funds	**Total 2008**
A. Opening balance		**30,566**	**30,566**
B. Increases	**-**	**45,537**	**45,537**
B.1 Provisions during the year	-	45,261	45,261
B.2 Changes due to the elapsing of time	-	-	-
B.3 Changes due to discount rate adjustments	-	276	276
B.4 Other increases	-	-	-
C. Decreases	**-**	**11,759**	**11,759**
C.1 Use during the year	-	9,937	9,937
C.2 Changes due to discount rate adjustments	-		-
C.3 Other decreases	-	1,822	1,822
D. Closing balance	**-**	**64,344**	**64,344**

Provisions made in the year (item B.1) include, as well as the appropriation of Euro 37.8 million mentioned in the previous point, appropriations of Euro 7.5 million for the staff costs fund.

The caption "B.2 Changes due to the elapsing of time" includes interests from discounting-back activity accrued over the year in the provision for legal disputes.

The withdrawals for the year refer (item C.1) to the legal disputes fund (Euro 1.3 million) and to the staff costs fund (Euro 8.6 million).

Item C.3, "Other decreases" is the amount of the revaluations made in increasing the litigation provision.

12.4 Provisions for risks and charges - Other provisions

(Euro/1,000)

	31.12.2008	31.12.2007
Provision for legal disputes	10,405	13,196
Holidays and festivities untaken	1,787	1,429
Seniority premium	1,712	1,477
Sundry personnel provisions	12,548	14,374
Other	37,892	90
Total	**64,344**	**30,566**

Provisions for risks and charges for legal disputes include the analytical discounted estimate of the expected liabilities which may arise for the Bank following claw-back actions and legal actions pending with customers, in addition to provisions for expenses due to dispute management.
Discharge of liabilities is expected over an average period of 12 months.
The rate utilized for discounting-back purposes is 3%.
The effect of discounting-back has entailed a greater charge of Euro 14,000 charged to the income statement.

Section 14 – Bank's shareholders' equity (captions 130, 150, 160, 170, 180, 190 and 200)

14.1 Bank's shareholders' equity: break-down

(Euro/1,000)

Caption / Amount	31.12.2008	31.12.2007
1. Share capital	67,705	67,705
2. Share premium reserve	16,145	16,145
3. Reserves	511,600	339,740
4. (Treasury shares)	-	-
5. Valuation reserves	10,833	24,764
6. Capital instruments		-
7. Profit (loss) for the period	65,510	185,808
Total	**671,793**	**634,162**

The breakdown of captions "Reserves" and "Valuation reserve" is provided under paragraphs 14.5 and 14.7 below.

14.2 Share capital and treasury shares: break-down

The share capital, fully subscribed and paid up, is made up of:
- 117,000,000 ordinary shares, with a nominal value of Euro 0.52 each;
- 13,202,000 savings shares, with a nominal value of Euro 0.52 each.

The Bank does not hold, and has never held, treasury shares over the period.

14.3 Capital - Number of shares: annual changes

Caption/Type	Ordinary	Other
A. Number of shares at the beginning of the year	117,000,000	13,202,000
- fully paid-up shares	117,000,000	13,202,000
- shares not fully paid up		
A.1 Treasury shares (-)		
B.2 Shares in circulation: opening balance	117,000,000	13,202,000
B. Increases	-	-
B.1 New issues		
- on a payment basis:	-	-
- business combinations		
- conversion of bonds		
- exercise of warrants		
- other		
- on a free basis:	-	-
- in favor of employees		
- in favor of directors		
- other		
B.2 Sale of treasury shares		
B.3 Other changes		
C. Decreases	-	-
C.1 Cancellation		
C.2 Purchase of treasury shares		
C.3 Sale of companies		
C.4 Other changes		
D. Shares in circulation: closing balance	117,000,000	13,202,000
D.1 Treasury shares (+)		
D.2 Number of shares at the end of the year	117,000,000	13,202,000
- fully paid-up shares	117,000,000	13,202,000
- shares not fully paid up		

14.5 Profit reserves: other information

(Euro/1,000)

Caption	31.12.2008	31.12.2007
Legal reserve	57,752	39,171
Statutory reserves	322,266	160,987
Profits (losses) carried forward	23,571	23,571
First Time Adoption (F.T.A.) reserves	99,785	99,785
Other reserves	8,226	16,226
Total	**511,600**	**339,740**

The changes registered in the item “Legal Reserve” is the consequence of the allocation of the profit for 2007, resolved by the ordinary shareholders' meeting of 28 April 2008, which was called to approve the financial statements.
“Statutory reserves”, in addition to the Euro 153.3 million increase resulting from the distribution of the profits for 2007, include an Euro 8 million increase for the reclassification of “Treasury share reserve” from “Other reserves”, which the Shareholders' Meeting did not consider it necessary to confirm.

14.7 Valuation reserves: break-down

(Euro/1,000)

Caption / Components	Total 31.12.2008	Total 31.12.2007
1. Available-for-sale financial assets	- 11,582	917
2. Tangible assets	-	
3. Intangible assets	-	
4. Foreign investment hedge	-	
5. Cashflow hedge	-	
6. Exchange differences	-	
7. Non-current assets held for sale and discontinued	-	
8. Special revaluation laws	22,896	22,896
9. Actuarial valuation of termination indemnities	- 481	951
Total	**10,833**	**24,764**

14.8 Valuation reserves: annual changes

(Euro/1,000)

	Available for sale financial assets	Tangible assets	Intangible assets	Foreign investment hedge	Cashflow hedge	Exchange differences	Non-current assets held for sale and discontinued operations	Special revaluation laws	Actuarial valuation of termination indemnities
A. Opening balance	**917**							**22,896**	**951**
B. Increases	**1,295**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B1. Increases in fair value	1,091								
B2. Other increases	204								-
C. Decreases	**13,794**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,432**
C1. Decreases in fair value	13,316								
C2. Other decreases	478								1,432
D. Closing balance	**- 11,582**	**-**	**-**	**-**	**-**	**-**	**-**	**22,896**	**- 481**

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

(Euro/1,000)

Asset / Amount	31.12.2008		31.12.2007	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	446	(11,224)	45	(1,915)
2. Equity securities	2,502	(34)	2,633	(176)
3. UCITS units	686	(3,958)	700	(370)
4. Loans				
Total	**3,634**	**- 15,216**	**3,378**	**- 2,461**

14.10 Valuation reserves of available for sale financial assets: annual changes

(Euro/1,000)

	Debt securities	Equity securities	UCITS units	Loans
1. Opening balance	**(1,871)**	**2,457**	**330**	
2. Increases	**576**	**226**	**493**	**-**
2.1 Increases in fair value	446	226	420	
2.2 Reallocation of negative reserves to statement of income:				
- due to impairment				
- due to realization	111	-	73	
2.3 Other increases	19			
3. Decreases	**9,482**	**215**	**4,096**	**-**
3.1 Decreases in fair value	9,438	215	3,662	
3.2 Reallocation to statement of income from positive reserves: due to realization	33		273	
3.3 Other decreases	11		161	
4. Closing balance	**(10,777)**	**2,468**	**(3,273)**	**-**

Other Information

1. *Guarantees granted and commitments*

(Euro/1,000)

Transactions	31.12.2008	31.12.2007
1) Financial guarantees granted	3,710	3,206
a) Banks		
b) Customers	3,710	3,206
2) Commercial guarantees granted	175,626	165,356
a) Banks	13,444	8,374
b) Customers	162,182	156,982
3) Irrevocable commitments to grant finance	226,309	214,468
a) Banks	22,272	42,699
i) certain to be called on	*15,795*	*37,069*
ii) not certain to be called on	*6,477*	*5,630*
b) Customers	204,037	171,769
i) certain to be called on	*23,494*	*20,927*
ii) not certain to be called on	*180,543*	*150,842*
4) Underlying commitments to credit derivatives: hedging sales	-	
5) Assets lodged to guarantee minority interest	-	
6) Other commitments	-	

2. *Assets lodged to guarantee own liabilities and commitments*

(Euro/1,000)

Portfolios	31.12.2008	31.12.2007
1. Financial assets held for trading	132,507	375,426
2. Financial assets at fair value through profit or loss		
3. Available-for-sale financial assets	132,911	224,508
4. Held-to-maturity investments		
5. Amounts due from banks		
6. Amounts due from customers		
7. Tangible assets		

4. *Administration and dealing on behalf of third parties*

(Euro/1,000)

Type of services	Amounts
1. Financial instruments dealing on behalf of third parties	**1,380,987**
a) purchase	749,369
1. settled	*747,337*
2. not settled	*2,032*
b) sale	631,618
1. settled	*628,008*
2. not settled	*3,610*
2. Portfolio management	**912,383**
a) individual	912,383
b) collective	-
3. Custody and administration of securities	
a) Third-party securities held on deposit in connection with depositary bank's services (excluding asset management)	5,632,237
1. securities issued by the bank preparing the accounts	-
2. other securities	5,632,237
b) other third-party securities held on deposit (excluding asset management): other	12,363,875
1. securities issued by the bank preparing the accounts	1,974,217
2. other securities	10,389,658
c) third-party securities deposited with third parties	13,046,385
d) own securities deposited with third parties	662,861
4. Other transactions	

Part C - INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest (captions 10 and 20)

1.1 Interest income and similar revenues: break-down

(Euro/1,000)

Caption / Technical forms	Performing financial assets		Impaired financial assets	Other assets	Total 31.12.2008	Total 31.12.2007
	Debt securities	Loans				
1. Financial assets held for trading	2,991	-	-	15,004	**17,995**	6,325
2. Available-for-sale financial assets	7,782				**7,782**	9,297
3. Held-to-maturity investments	455				**455**	389
4. Amounts due from banks	-	22,050	-	-	**22,050**	14,070
5. Amounts due from customers	1,326	295,150	7,824	-	**304,300**	256,377
6. Financial assets at fair value through profit or loss						
7. Hedging derivatives				-	**-**	-
8. Financial assets sold but not written off	20,924				**20,924**	17,261
9. Other financial assets				282	**282**	249
Total	**33,478**	**317,200**	**7,824**	**15,286**	**373,788**	**303,968**

This item includes interest paid by Banks and other Companies of the Group with an aggregate of Euro 4.6 million (Euro 1.8 million last year).

Interests on “amounts due from customers” are recognised net of any default interests accrued in the financial year on impaired assets, since such interests are included in the balance sheet only after their collection.
Default interests collected during the year, all referred to loans under dispute, and included under the item “Interests on impaired financial assets”, amount to Euro 413,000, (Euro 759,000 at the end of 2007), Euro 328,000 of which refer to interests related to previous financial years (last year this figure was Euro 484,000).

Interests on “Financial assets sold but not written off“ refer to owned securities engaged in reverse repurchase agreements.

Interest income and similar revenues: differentials on hedging transactions

In this financial year the differentials on hedging transactions show a negative balance and are thus included in the table "1.5 *Interest expense and similar charges: differentials on hedging transactions*".

1.3 Interest income and similar revenues: other information
1.3.1 Interest income on foreign currency financial assets

(Euro/1,000)

	31.12.2008	**31.12.2007**
Interest income on:		
Amounts due from banks	1,210	803
Amounts due from customers	993	1,134
Total	**2,203**	**1,937**

1.3.2 Interest income on finance lease transactions

Within finance lease activities, the (potential) rentals which are recognised as revenues for the period and which are entered under "Amounts due from customers - Loans", amount to Euro 32.7 million, of which Euro 1.8 million relating to leaseback agreements (in 2007, respectively, Euro 28.4 million, of which Euro 1.5 million on leaseback contracts).
Financial profits pertaining to subsequent years amount to Euro 153.5 million, of which Euro 14.7 million relating to leaseback agreements (respectively Euro 115.1 million and 7.7 million at the end of last year).

1.4 Interest expense and similar charges: break-down

(Euro/1,000)

Captions/Technical types	Debts	Securities	Other liabilities	Total 31.12.2008	Total 31.12.2007
1. Amounts due to banks	(10,991)			**(10,991)**	(12,429)
2. Amounts due to customers	(59,161)			**(59,161)**	(42,911)
3. Securities issued		(59,893)		**(59,893)**	(50,312)
4. Financial liabilities held for trading			(17,331)	**(17,331)**	(4,221)
5. Liabilities at fair value through profit or loss		(15,188)		**(15,188)**	(3,813)
6. Financial liabilities associated with assets sold but not written off	(20,483)			**(20,483)**	(17,145)
7. Other liabilities and reserves					
8. Hedging derivatives	-	-	(525)	**(525)**	(604)
Total	**(90,635)**	**(75,081)**	**(17,856)**	**(183,572)**	**(131,435)**

Debit interest paid to Group companies amounted to a total of Euro 12.3 million (Euro 10.0 million at the end of 2007).

1.5 Interest expense and similar charges: differentials on hedging transactions

(Euro/1,000)

Caption / Amount	31.12.2008	31.12.2007
A. Positive differentials on transactions:		
A.1 Specific fair value hedge of assets	-	-
A.2 Specific fair value hedge of liabilities	1,588	2,472
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)	**1,588**	**2,472**
B. Negative differentials on transactions:		
B.1 Specific fair value hedge of assets	-	-
B.2 Specific fair value hedge of liabilities	(2,113)	(3,076)
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)	**(2,113)**	**(3,076)**
C. Balance (A-B)	- **525**	**(604)**

1.6 Interest expense and similar charges: other information
1.6.1 Interest expense on foreign currency liabilities

(Euro/1,000)

Captions/Technical types	31.12.2008	31.12.2007
1. Amounts due to banks	(739)	(967)
2. Amounts due to customers	(444)	(481)
3. Securities issued	(41)	(2)
Total	**(1,224)**	**(1,450)**

Section 2 – Net fee and commission income (captions 40 and 50)

2.1 Fee and commission income: break-down

(Euro/1,000)

Type of service / Amount	Total 31.12.2008	Total 31.12.2007
a) Guarantees given	1,683	1,499
b) Credit derivatives	-	-
c) Management, trading and consultancy services:	37,206	48,312
1. trading of financial instruments	51	44
2. currency trading	1,129	1,176
3. portfolio management	2,965	3,314
3.1. Individual	*2,287*	*3,314*
3.2. collective	*678*	-
4. securities safekeeping and	1,958	1,742
5. depositary bank	6,054	6,225
6. securities placement	6,750	14,074
7. order acceptance	6,263	8,733
8. consultancy services		-
9. distribution of third party services	12,036	13,004
9.1. portfolio management	307	265
9.1.1. Individual	*307*	*265*
9.1.2. collective	-	-
9.2. insurance products	11,510	12,739
9.3. other products	219	
d) Collection and payment services	16,315	15,272
e) Servicing for securitization operations	17	34
f) Factoring transaction services	36	40
g) Tax collection services		
h) Other services	14,030	12,509
Total	**69,287**	**77,666**

Commission paid by Group Companies amounted to a total of Euro 1.8 million (Euro 13.3 million as at 31.12.2007); last year's figure included commission of Euro 11.9, from Chiara Vita which is no longer a subsidiary.

2.2 Fee and commission income: products and services distribution channels

(Euro/1,00)

Channel / Amount	Total 31.12.2008	Total 31.12.2007
a) Bank branches:	**21,751**	**30,391**
1. Portfolio management	2,965	3,314
2. Placement of securities	6,750	14,074
3. Third party services and products	12,036	13,003
b) Door-to-door sale:	-	-
1. Portfolio management		
2. Placement of securities		
3. Third party services and products		
c) Other distribution channels:	-	-
1. Portfolio management		
2. Placement of securities		
3. Third party services and products		

2.3 Fee and commission expense: break-down

(Euro/1,000)

Type of service / Amount	Total 31.12.2008	Total 31.12.2007
a) Guarantees received	(29)	(26)
b) Credit derivatives		
c) Management and dealing services:	(1,985)	(2,242)
1. Trading of financial instruments	(27)	(31)
2. Currency trading		
3. Portfolio management:	-	-
3.1 own customers		
3.2 delegated		
4. Securities safekeeping and administration	(1,958)	(2,211)
5. Placement of financial instruments		
6. Door-to-door sale of financial instruments, products and		
d) Collection and payment services	(2,591)	(2,687)
e) Other services	(1,043)	(1,324)
Total	**(5,648)**	**(6,279)**

The figure for debit commission paid to Group companies amounted to Euro 15,000 (unchanged compared to last year).

Section 3 – Dividends and similar revenues (caption 70)

3.1 Dividends and similar revenues: break-down

(Euro/1,000)

Caption / Revenues	31.12.2008 Dividends	31.12.2008 Income from UCITS units	31.12.2007 Dividends	31.12.2007 Income from UCITS units
A. Financial assets held for trading	276	-	183	
B. Available-for-sale financial assets	108	-	247	
C. Financial assets at fair value through profit or loss	-	-	-	
D. Equity investments	8,596		11,568	
Total	**8,980**	**-**	**11,998**	**-**

Dividends collected from equity investments, included under point D, relate to:

Banco Desio Lazio	Euro	1,508,000	(previously Euro 1,373,000)
Brianfid	Euro	1,036,000	
Chiara Vita	Euro	2,905,000	(previously Euro 2,038,000)
Anima	Euro	3,115,000	(previously Euro 8,125,000)
Istifid	Euro	31,000	(previously Euro 31,000)

Section 4 – Profits (losses) on trading (caption 80)

4.1 Profit (losses) on trading: break-down

(Euro/1,000)

Transaction / Income component	Capital gain	Profit on trading	Capital losses	Losses on trading	Net income 31.12.2008	Net income 31.12.2007
1. Financial assets held for trading	1,395	2,235	(4,064)	(2,871)	**(3,305)**	**(99)**
1.1 Debt securities	1,366	1,508	(1,353)	(644)	**877**	**1,159**
1.2 Equity securities	29	524	(2,703)	(1,736)	**(3,886)**	**(1,415)**
1.3 UCITS units		90	(8)	(491)	**(409)**	**42**
1.4 Loans	-				**-**	**-**
1.5 Other		113			**113**	**115**
2. Financial liabilities held for trading	-	-	-	-	**-**	**-**
2.1 Debt securities					**-**	**-**
2.2 Other					**-**	**-**
3. Other financial assets and liabilities: foreign exchange differences					**695**	**1,252**
4. Derivative instruments	6,657	25,916	(6,455)	(25,255)	**1,188**	**418**
4.1 Derivatives held for trading:					**-**	**418**
- on debt securities and interest rates	2,483	15,045	(2,281)	(15,040)	***207***	***620***
- on equity securities and stock indexes	4,173	9,090	(4,173)	(8,678)	**412**	**54**
- on currencies and gold					***325***	***(124)***
- other	*1*	*1,781*	*(1)*	*(1,537)*	***244***	***(132)***
4.2 Credit derivatives					**-**	**-**
Total	**8,052**	**28,151**	**(10,519)**	**(28,126)**	**(1,422)**	**1,571**

Section 5 – Fair value adjustments in hedge accounting (caption 90)

5.1 Fair value adjustments in hedge accounting: break-down

(Euro/1,000)

Income component/Value	31.12.2008	31.12.2007
A. Income relating to:		
A.1 Fair value hedging derivatives	1,038	532
A.2 Hedged financial assets (fair value)		
A.3 Hedged financial liabilities (fair value)	71	641
A.4 Cash flow hedge financial derivatives		
A.5 Currency assets and liabilities		
Total income from hedging activities (A)	**1,109**	**1,173**
B. Charges relating to:		
B.1 Fair value hedging derivatives	(30)	(764)
B.2 Hedged financial assets (fair value)		
B.3 Hedged financial liabilities (fair value)	(733)	(268)
B.4 Cash flow hedge financial derivatives		
B.5 Currency assets and liabilities		
Total charges from hedging activities (B)	**(763)**	**(1,032)**
C. Net hedging income (A – B)	**346**	**141**

The net hedging income is given by the difference between valuation at fair value of the bond issues being hedged and the valuation of the related hedging derivatives.

Section 6 – Profits (losses) on disposal/repurchase (caption 100)

6.1 Profits (losses) on disposal/repurchase: break-down

(Euro/1,000)

Caption/Income component	31.12.2008			31.12.2007		
	Profits	Losses	Net income	Profits	Losses	Net income
Financial assets						
1. Amounts due from banks			-			
2. Amounts due from customers	**14**	**(1,035)**	**(1,021)**	**76**	**(1,042)**	**(966)**
3. Available-for-sale financial assets	**2,620**	**(811)**	**1,809**	**2,750**	**(473)**	**2,277**
3.1 Debt securities	121	(312)	(191)	263	(389)	(126)
3.2 Equity securities	1,503	-	1,503	647		647
3.3 UCITS units	996	(499)	497	1,840	(84)	1,756
3.4 Loans	-	-	-			
4. Held-to-maturity investments	-	-	-	-		-
Total assets	**2,634**	**(1,846)**	**788**	**2,826**	**(1,515)**	**1,311**
Financial liabilities						
1. Amounts due to banks	-	-				
2. Amounts due to customers	-	-				
3. Securities issued	30	-	**30**	143		143
Total liabilities	**30**	**-**	**30**	**143**	**-**	**143**

Profits/losses on disposals of loans result from the transfer of non-performing loans.

Profits/losses from disposal/repurchase of financial assets available for sale represent the effect in the income statement of the sales made in the financial year, including the closure of the related valuation reserves before tax effect. Profits referred to disposal of UCITS units also include the relevant tax credit.

As regards financial liabilities, the result reflects the profits/losses resulting from the purchase, sale or redemption of bonds issued by the Bank.

Section 7 – Profits (losses) on financial assets and liabilities at fair value through profit or loss: break-down (caption 110)

7.1 Profits (losses) on financial assets and liabilities at fair value through profit or loss: break-down

(Euro/1,000)

Transaction/Income component	Capital gain	Profits on disposal	Capital losses	Losses on disposal	Net income 31.12.2008	Net income 31.12.2007
1. Financial assets	-	-	-	-	**-**	**-**
1.1 Debt securities						
1.2 Equity securities						
1.3 UCITS units						
1.4 Loans						
2. Financial liabilities	**-**	**-**	**(11,418)**	**(12)**	**- 11,430**	**1,987**
2.1 Debt securities	-	-	(11,418)	(12)	- 11,430	1,987
2.2 Amounts due to banks						
2.3 Amount due to customers						
3. Other financial assets and liabilities: foreign exchange differences					**-**	**-**
4. Derivative instruments	**12,995**		**-**	**(320)**	**12,675**	**(827)**
4.1 Financial derivatives	12,995		-	(320)	12,675	(827)
- on debt securities and interest rates	12,995		-		12,995	(827)
- on equity securities and stock indexes						
- on currencies and gold						
- other						
4.2 Credit derivatives						
Total	**12,995**	**-**	**(11,418)**	**(332)**	**1,245**	**1,160**

Profits (losses) on financial assets and liabilities at fair value through profit or loss are given by the difference between valuation at fair value of the bonds issued, subject to "natural" hedging in compliance with the so-called fair value option, and the corresponding financial derivatives.

Section 8 – Net losses/recoveries on impairment (caption 130)

8.1 Net impairment losses on loans: break-down

(Euro/1,000)

Transaction/Income component	Impairment losses			Recoveries				Total	Total
	Specific		Portfolio	Specific		Portfolio		31.12.2008	31.12.2007
	Write-offs	Other		Due to interests	Other recoveries	Due to interests	Other recoveries		
A. Amounts due from banks			(16)				-	(16)	34
B. Amounts due from customers	(2,375)	(48,086)	(231)	2,292	9,849	-	4	(38,547)	(20,913)
C. Total	**(2,375)**	**(48,086)**	**(247)**	**2,292**	**9,849**	**-**	**4**	**(38,563)**	**(20,879)**

"Impairment losses due to write-offs" entirely refer to the writing off of non-performing loans.

"Impairment losses - specific: other" are generated by the analytical valuation of the likelihood of recovery of impaired loans and by the discounting of cash flows expected on the same classes of loans; specifically they refer:

. to non-performing loans (Euro 24.1 million)
. to problem loans (Euro 23.4 million
. to default loans (Euro 0.5 million).

“Portfolio impairment losses” regard the valuations by country risk.

“Recoveries: – due to interests” result from the release of interests from the discounting of capital on all categories of credit derivatives.

As regards specific recoveries, “other recoveries” refer:
. to transactions amortised in previous years (Euro 2.1 million);
. to collections of previously devalued credits (Euro 5.2 million),
. to recoveries from valuations (Euro 2.6 million).

8.2 Net impairment losses on financial assets held for sale: breakdown

(Euro/1,000)

Transaction/Income component	Impairment losses		Recoveries		**Total**	**Total**
	Specific		Specific			
	Write-offs	Other	Due to interests	Other recoveries	**31.12.2008**	**31.12.2007**
A. Debt securities		(889)			(889)	
B. Equity securities					-	-
C. UCITS units					-	
D. Due from banks					-	
E. Loans to customers					-	
F. Total	**-**	**(889)**	**-**	**-**	**(889)**	**-**

8.4 Net impairment losses on other financial transactions: break-down

(Euro/1,000)

Transaction/Income component	Impairment losses			Recoveries				Total	Total
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		Due to interests	Other recoveries	Due to interests	Other recoveries	31.12.2008	31.12.2007
A. Guarantees granted		(340)	(58)		12		-	(386)	(106)
B. Credit derivatives									
C. Commitments to grant									
D. Other transactions									
E. Total	**-**	**(340)**	**(58)**	**-**	**12**	**-**	**-**	**(386)**	**(106)**

“Impairment losses and recoveries - specific: other” represent the valuation of the guarantees issued with regard to non-performing loans or problems loans.

Section 9 – Administrative costs (caption 150)

9.1 Personnel costs: break-down

(Euro/1,000)

Type of costs / Sectors	Total 31.12.2008	Total 31.12.2007
1) Employees	(103,394)	(99,686)
a) wages and salaries	(68,327)	(67,668)
b) social security charges	(17,262)	(17,147)
c) provision for employee termination indemnities		
d) social security costs		
e) provisions for termination indemnities	(1,457)	548
f) accruals to pension funds and similar funds:	-	-
- defined contribution	-	
- defined benefit		
g) amounts paid to external complementary social security funds:	(8,058)	(7,313)
- defined contribution	(8,058)	(7,313)
- defined benefit		
h) costs arising from payment agreements based on own financial instruments	-	(6)
i) other benefits in favor of employees	(8,290)	(8,100)
2) Other personnel	(1,461)	(1,568)
3) Directors	(3,936)	(7,937)
Total	**(108,791)**	**(109,191)**

9.2 Average number of employees by category

	31.12.2008	31.12.2007
Employees		
a) executives	24	21
b) managers	652	591
third and fourth level managers	*309*	*279*
c) remaining employees	696	677
Other personnel	22	27
Total	**1,394**	**1,316**

9.4 Other benefits in favour of employees

	31.12.2008	31.12.2007
provisions for sundry costs	(5,639)	(6,713)
social security contribution	(778)	(657)
training and education expenses	(387)	(444)
leases on buildings dedicated to the use by employees	(125)	(105)
refund of travel expenses	(87)	(58)
other	(1,274)	(123)
Total	**(8,290)**	**(8,100)**

9.5 Other administrative costs: break-down

(Euro/1,000)

	31.12.2008	31.12.2007
indirect taxes and duties		
- stamp duties	(7,432)	(7,480)
- other	(2,844)	(2,891)
other costs		
- information technology charges	(8,795)	(9,141)
- property/equipment lease	(5,975)	(5,765)
- maintenance of property/furniture and equipment	(4,303)	(3,887)
- postal and telegraphic charges	(2,334)	(2,465)
- telephone, data transmission charges	(3,772)	(4,071)
- electric power, heating, water	(2,505)	(2,448)
- cleaning services	(759)	(775)
- printing, stationery and consumables expenses	(1,329)	(1,009)
- transport costs	(763)	(804)
- surveillance and security	(1,237)	(1,319)
- advertising	(1,539)	(1,293)
- information and certificates	(1,157)	(846)
- insurance premiums	(809)	(890)
- legal expenses	(3,149)	(2,457)
- professional consulting expenses	(3,678)	(3,023)
- expenses for collective bodies		(205)
- contributions and donations	(136)	(197)
- other expenses	(4,996)	(4,542)
Total	**(57,512)**	**(55,508)**

From this period onwards, Auditors' remuneration and expenses are, by convention, included among Directors' remuneration under "Personnel costs".

This item includes the fees paid to the audit firm PricewaterhouseCoopers S.p.A. for the following types of services rendered to the Bank:

Euro/1,000

Type of services / Remuneration	31.12.2008	31.12.2007
Audit	123	117
Certification services	7	49
Tax advisory services		
Other services: agreed procedures	27	17

Section 10 – Net provisions for risks and charges (caption 160)

10.1 Net provisions for risks and charges: break-down

(Euro/1,000)

Type of provision / Amount	31.12.2008	31.12.2007
charges for legal disputes	861	(2,926)
other	(37,802)	(90)
Total	**(36,941)**	**(3,016)**

Adjustment to provisions relating to personnel charges is included under “Administrative expenses - Personnel costs”.

Section 11 – Net adjustments to/recoveries on tangible assets (caption 170)

11.1 Net adjustments to/recoveries on tangible assets: break-down

(Euro/1,000)

Asset / Income component	Depreciation	Impairment losses	Recoveries	Net income 31.12.2008	Net income 31.12.2007
A. Tangible assets					
A.1 owned by the Bank	(5,928)	-	-	(5,928)	(5,670)
- for business use	(5,904)			(5,904)	(5,644)
- for investment	(24)			(24)	(26)
A.2 leased	-	-	-	-	-
- for business use				-	
- for investment				-	
Total	**(5,928)**	**-**	**-**	**(5,928)**	**(5,670)**

Value adjustments exclusively refer to depreciation calculated on the basis of the useful life of assets.

The breakdown of the amortizations by type of asset is shown in the table 11.3 of the Assets.

Section 12 – Net adjustments to/recoveries on intangible assets (caption 180)

12.1 Net adjustments to/recoveries on intangible assets: break-down

(Euro/1,000)

Asset/Income component	Amortization (a)	Impairment losses (b)	Recoveries (c)	Net income 31.12.2008	Net income 31.12.2007
A. Intangible assets				-	
A.1 owned by the Bank	(414)	-	-	(414)	(410)
- generated internally				-	
- other	(414)		-	(414)	(410)
A.2 leased				-	
Total	**(414)**	**-**	**-**	**(414)**	**(410)**

Value adjustments exclusively refer to amortization calculated on the basis of the useful life of intangible assets.

Section 13 – Other operating income (expenses) (caption 190)

13.1 Other operating expenses: break-down

(Euro/1,000)

Income component / Amount	31.12.2008	31.12.2007
amortization of costs for leasehold improvements	(1,665)	(1,642)
losses on disposal of tangible assets	(51)	(44)
charges on non-banking services	(3,271)	(3,311)
Total	**(4,987)**	**(4,997)**

13.2 Other operating income: break-down

(Euro/1,000)

Income component / Amount	31.12.2008	31.12.2007
recovery of taxes from third parties	8,841	8,918
recovery of expenses on deposits and current accounts	14,765	11,332
rentals receivable	192	254
other recoveries of expenses	10,782	11,049
profits from disposal of tangible assets	111	43
others	3,317	3,744
Total	**38,008**	**35,340**

Section 14 – Profits (losses) on equity investments (caption 210)

(Euro/1000)

Income component/ / Values	Total 31.12.2008	Total 31.12.2007
A. Revenues	49,727	134,136
1. Revaluations		
2. Profits on disposal	49,727	134,136
3. Write-backs		
4. Other increases		
B. Charges	-	-
1. Write-downs		
2. Impaiment losses		
3. Losses on disposal		
4. Other decreases		
Net result	**49,727**	**134,136**

14.1 Profits (losses) on equity investments: break-down

This item represents the profit resulting from the sale of equity investments in Chiara Vita S.p.A. and in Chiara Assicurazioni S.p.A., which, net of the directly imputable costs, amount to Euro 48,997,000 and Euro 730,000 respectively.

Section 17 – Profits (losses) on the disposal of investment (caption 240)

(Euro/1,000)

Income component/ / Values	**Total 31.12.2008**	**Total 31.12.2007**
A. Real estate assets	91	-
- Profits on disposal	91	
- Losses on disposal		
B. Other assets	-	-
- Profits on disposal		
- Losses on disposal		
Net result	**91**	**-**

This item is the profit obtained when the property used by Brianfid was sold to it.

Section 18 – Taxes on income from continuing operations (caption 260)

18.1 Taxes on income from continuing operations: breakdown

(Euro/1,000)

Income component/Sector	Total 31.12.2008	Total 31.12.2007
1. Current taxes (-)	(39,605)	(45,972)
2. Changes in current taxes of previous periods (+/-)	641	89
3. Decrease in current taxes of the year (+)		
4. Changes in deferred tax assets (+/-)	5,856	1,680
5. Changes in deferred tax liabilities (+/-)	1,415	69
6. Taxes for the year (-)	**(31,693)**	**(44,134)**

18.2 Reconciliation of theoretical and effective tax charges in the financial statements

(Euro/1,000)

	IRES		IRAP	
Profit before taxes	97,203		97,203	
Non-deductible costs for IRAP purposes			208,170	
Non-taxable revenues for IRAP purposes			(92,026)	
Sub-Total	97,203		213,347	
Theoretical tax charge 27.5% Ires - 4.82% Irap		**(26,731)**		**(10,283)**
Temporary taxable differences over subsequent years	(1,058)		(773)	
Temporary deductible differences over subsequent years	37,031		-	
Reallocation of temporary differences from previous financial years	(9,233)		2,545	
Differences not to be reversed in subsequent years	(12,443)		(29,606)	
Taxable income	111,500		185,513	
Current taxes for the period 27.5% Ires - 4.82% Irap		**(30,663)**		**(8,942)**

Section 21 – Earnings per share

21.1 Weighted average number of diluted ordinary shares
21.2 Other information

Earnings per share

(amounts per unit)

	Categories of shares		Profit for the period
	Ordinary shares	**Savings shares**	
Proposed allocation of dividends	12,285,000	1,663,452	
Retained earnings	45,412,707	6,149,107	
	57,697,707	7,812,559	65,510,266
Average number of outstanding ordinary shares:			
Categories:			
Ordinary shares 117.000.000			
Savings shares 13.202.000			
Earnings per share - Basic :	**0.493**	**0.592**	

As at 31 December 2008, the Bank does not hold equity instruments which could potentially dilute basic earnings per share; therefore, diluted earnings per share corresponds to basic earnings per share.

PART D – SEGMENT REPORTING

RESULTS BY BUSINESS SEGMENT AND GEOGRAPHIC SEGMENT

This section reports the individual results divided among the various business segments. Given the guidelines of IAS 14, the Bank 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 profitability. Accordingly, segment reporting by geographic segment represents the secondary format, as provided by the accounting standard.

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

- 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 (small businesses, family businesses and professionals). Included in this segment are products related fundamentally to: any form of loan or deposit; financial, banking and payment services; 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 inter-bank market;
- corporate center: this segment includes the 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 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) are disclosed for each reporting 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 Bank, whose strength is in the local market of northern Italy.

A. PRIMARY FORMAT

A.1 Distribution by business segment: income statement data

(Euro/1,000)

Income Statement data	31.12.2008	Retail	Corporate	Investment Banking	Asset Mng	Corporate Center
Net interest and other banking income (intermediation margin)	296,809	175,001	74,944	3,068	0	43,796
Structure costs	-172,646	-107,688	-30,522	-2,455	0	-31,981
Provisions and adjustments	-76,778	-21,702	-18,136	0	0	-36,941
Profits/(losses) on equity investments carried at equity	49,727	0	0	0	0	49,727
Profits/(losses) on the disposal of investments	91	0	0	0	0	91
Profits/(losses) before taxes on continuing operations	**97,202**	**45,611**	**26,286**	**613**	**0**	**24,692**

(Euro/1,000)

Income Statement data	31.12.2007	Retail	Corporate	Investment Banking	Asset Mng	Corporate Center
Net interest and other banking income (intermediation margin)	290,586	172,576	67,421	6,286	0	44,303
Structure costs	-170,779	-101,597	-28,945	-1,961	0	-38,276
Provisions and adjustments	-24,001	-11,528	-9,457	0	0	-3,016
Profits/(losses) on equity investments carried at equity	134,136	0	0	0	0	134,136
Profits/(losses) on the disposal of investments	0	0	0	0	0	0
Profits/(losses) before taxes on continuing operations	**229,942**	**59,451**	**29,019**	**4,325**	**0**	**137,147**

A.2 Distribution by business segment: balance sheet data

(Euro/1,000)

Balance sheet data	31.12.2008	Retail	Corporate	Investment Banking	Asset Mng	Corporate Center
Financial assets	692,082	0	0	692,082	0	0
Equity investments	175,136	0	0	0	0	175,136
Amounts due from banks	715,506	0	0	715,506	0	0
Amounts due from customers	4,456,890	2,474,280	1,982,610	0	0	0
Amounts due to banks	229,122	0	0	229,122	0	0
Amounts due to customers	3,111,447	2,145,444	966,004	0	0	0
Securities issued	1,568,890	1,462,848	106,042	0	0	0
Indirect deposits: administered and managed	**13,773,914**	**5,234,303**	**2,091,179**	**0**	**0**	**6,448,432**

(Euro/1,000)

Balance sheet data	31.12.2007	Retail	Corporate	Investment Banking	Asset Mng	Corporate Center
Financial assets	821,149	0	0	821,149	0	0
Equity investments	173,464	0	0	0	0	173,464
Amounts due from banks	267,377	0	0	267,377	0	0
Amounts due from customers	4,206,325	2,279,854	1,926,471	0	0	0
Amounts due to banks	367,644	0	0	367,644	0	0
Amounts due to customers	2,882,576	2,102,535	780,041	0	0	0
Securities issued	1,382,356	1,227,965	154,391	0	0	0
Indirect deposits: administered and managed	**18,764,907**	**5,698,147**	**2,498,390**	**0**	**0**	**10,568,370**

B. SECONDARY FORMAT

B.1 Distribution by geographic segment: income statement data

(Euro/1,000)

Income Statement data	31.12.2008	Northern Italy	Rest of Italy	Rest of the World
Net interest and other banking income (intermediation margin) (1)	296,809	296,809	0	0
Structure costs (2)	-172,646	-172,646	0	0
Provisions and adjustments (3)	-76,778	-76,778	0	0
Profits/(losses) on equity investments carried at equity	49,727	49,727	0	0
Profits/(losses) on the disposal of investments	91	91	0	0
Profits/(losses) before taxes on continuing operations	**97,202**	**97,202**	**0**	**0**

B.2 Distribution by geographic segment: balance sheet data

(Euro/1,000)

Income Statement data	31.12.2007	Northern Italy	Rest of Italy	Rest of the World
Net interest and other banking income (intermediation margin)	290,586	290,586	0	0
Structure costs	-170,779	-170,779	0	0
Provisions and adjustments	-24,001	-24,001	0	0
Profits/(losses) on equity investments carried at equity	134,136	134,136	0	0
Profits/(losses) on the disposal of investments	0	0	0	0
Profits/(losses) before taxes on continuing operations	**229,942**	**229,942**	**0**	**0**

(Euro/1,000)

Balance sheet data	31.12.2008	Northern Italy	Rest of Italy	Rest of the World
Financial assets	692,082	692,082	0	0
Equity investments	175,136	175,136	0	0
Amounts due from banks	715,506	715,506	0	0
Amounts due from customers	4,456,890	4,456,890	0	0
Amounts due to banks	229,122	229,122	0	0
Amounts due to customers	3,111,447	3,111,447	0	0
Securities issued	1,568,890	1,568,890	0	0
Indirect deposits: administered and managed	**13,773,914**	**13,773,914**	**0**	**0**

(Euro/1,000)

Balance sheet data	31.12.2007	Northern Italy	Rest of Italy	Rest of the World
Financial assets	821,149	821,149	0	0
Equity investments	173,464	173,464	0	0
Amounts due from banks	267,377	267,377	0	0
Amounts due from customers	4,206,325	4,206,325	0	0
Amounts due to banks	367,644	367,644	0	0
Amounts due to customers	2,882,576	2,882,576	0	0
Securities issued	1,382,356	1,382,356	0	0
Indirect deposits: administered and managed	**18,764,907**	**18,764,907**	**0**	**0**

PART E – INFORMATION ON RISKS AND THE RELATED HEDGING POLICIES

SECTION 1 – CREDIT RISK

Qualitative information

1. *General aspects*

Banco di Desio e della Brianza'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 and in the geographical areas in which the Bank 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.

In relation to policies of risk assumption, one of the main principles underlying the management and formulation of strategic decisions has historically been represented by the effective and precise monitoring of exposure quality. As a consequence, all policies are aimed at maintaining the high level of receivable quality while also keeping business objectives in mind.

For some specific products (loans, targeted personal loans, leasing), activities are also conducted by means of authorised operators.

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 Bank'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, *inter alia*, 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.

The Board also ensures that the Managing Director, with the assistance of the General Manager, defines the structure of internal controls and that control functions are autonomous within this structure, in which particular importance is assumed by the system of delegated powers envisaged in the Articles of Association and specified in detail in Internal Regulations. This is a comprehensive system involving various bodies and functions, from the Executive Committee to Middle Managers, which also grants specific powers with regard to disbursing and recovering loans within operating powers.

The various functions are therefore given responsibility for the assessment and assumption of risks in compliance with the lending autonomy ceilings under Internal Regulations and consistently with the organisational system of the sales network.

In this context:

- the Credit (for ordinary credit) and Special Credit (for medium-to-long term, para-banking and consumer credit) Departments standardise the general principles and rules under internal regulations governing the disbursement and monitoring of loans, in order to ensure that the risk activities undertaken meet prudential management criteria and are compatible with regulations on supervision;
- the Risk Performance Control Department monitors activities to forestall and minimise the risks deriving from the worsening of individual credit positions and the credit quality;
- the Litigation Department handles cases that have been classified as problem and non-performing loans, with the aim of optimising the credit collection phase, if necessary through the efficient use of outside collaborators and legal counsels;
- the Internal Audit Department assesses the efficiency and reliability of the entire internal control system and checks, inter alia, that lending is carried out in accordance with the rules.
- The duty of the Risk Management Office is to develop credit risk models and measurement methodologies by drawing up periodic reports; the analyses produced mainly regard the evolution of the credit risk attached to the overall credit portfolio and/or to individual fractions of the portfolio entailing other particular credit risks.

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.

During the information-gathering stage preliminary to granting credit, the Bank conducts investigations both within and outside the potential borrower's structure, and reaches the final decision to lend also considering the information regarding the economic entity as a whole, which is the result of direct acquaintance with the customer and the economic context in which it operates.

The granting of personal or targeted loans is subject not only to the study of all the valuation factors obtained by means of the necessary documentation, but to the consultation of databases and a series of controls, including points awarded on the basis of a sociological and behavioural scoring system.

In the loan disbursement process, the Bank operates according to guidelines that spread risk over a large number of customers operating in various economic sectors and market segments. Furthermore, the information-gathering activities involved in the operational process that leads to disbursement, and periodical reviews, are carried on with the aim of making a loan that is appropriate to each individual name on the basis of both the capacity to repay and the technical form of the credit facility itself and of collaterals. Creditworthiness is assessed with care including on the basis of the customer's explanation of his or her financial requirements in the identification of the most appropriate technical form.

The risk involved in lending is analysed and monitored by the Risk Performance Control Department, which performs its work supported by specific operating procedures. The purpose of a prompt monitoring system is to detect signs of risk deterioration at the earliest possible moment and to take effective corrective actions. For this purpose, customers are separated into classes by analysis of the performance of the relationship and of information from the automated Interbank Risk Service through a specific procedure, which separates customers whose conduct in the course of the relationship is anomalous from those with whom the relationship proceeds smoothly.

When the risk factor evidence contains signs of deterioration (mainly the conduct of the relationship, the trend emerging from the automated Interbank Risk Service, the worsening of the equity and/or financial position or the occurrence of unfavourable events), the loan is classified as under control or in loans to reverse or problem loans with the customer being asked to sign a repayment plan. These loans are handled on the basis of instructions from the Risk Performance Control Department, problem loans are directly managed by the Litigation Department while resolutions on loan disbursement are the sole responsibility of Head Office bodies.

The first watchdog for effective monitoring of the risks that are assumed, however, is the Branch structure, by means both of constant and continual dialogue with customers and recourse to internal and external sources of information. From this point of view it is of fundamental importance to maintain an active presence in the market in order to have access to any information with an unfavourable bearing on the financial position of the grantee.

The Bank adopts an internal rating model (C.R.S. 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 analysis of the main economic and financial indicators, while the second aspect, of a qualitative nature, is directed at the assessment of the borrower from cognitive and context perspective.

The application of this model allows a rating to be assigned based on the sources of information used and the segment of the borrower (retail/corporate); in particular, the segmentation criteria of the counterparties 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).
With effect from 1 January 2008, the Bank followed the rules laid down in the new legislation regarding the standardised method for the calculation of regulatory capital requirements to meet credit risk.

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 Bank 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 are also to be found to a lesser extent, although still at significant levels.
A prudential spread is applied to collaterals that varies according to the degree of risk inherent in the assets pledged, which are constantly monitored in order to verify current value as opposed to original value and to allow action to be taken in the event of reductions in value. Spreads defined by Internal regulations are applied to the acquisition of registered mortgages, differentiated according to the type of property, the duration of the financing and the customer’s business sector. Personal securities consist for the most part in performance bonds granted by both natural individuals and companies. The related evaluation is always effected on a valuation of the guarantor’s liable assets during the enquiry stage or prior to the renewal of the credit.
The guarantees received by the Bank 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. During 2008 a project was launched, aimed at reorganising the activities involved in the guarantee management process, in compliance with the requirements in the new regulations, paying particular attention to internal monitoring with a view to the verification of eligibility.
To date, the Bank 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 take timely legal action in order to safeguard the credit effectively.
In any event, once it has been ascertained that it is not possible to obtain an amicable settlement of the debt, the following are transferred to the problem loan category:

- positions involving mortgages or leasing credit involving a number of unpaid instalments that varies according to the frequency of payment;
- consumer credit that is over 75 days in arrears.

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.

Accordingly, the following were classified as *non-performing* loans:

- leasing loans, when the termination of the contracts has been declared due to insolvency, without success;
- consumer credit, when all amicable attempts have been made to recover the loan and credit recovery agencies have intervened unsuccessfully, with the consequent decision to send a letter indicating the forfeiture of the benefit of the term;
- problem mortgage loans, when amicable settlement attempts are to no avail and, consequently, the decision is taken to withdraw the benefit of the term from the customer;
- loans to customers who have entered into receivership procedures, except where it concerns temporary receivership in which it can be reasonably expected that the loan will once again become performing;
- loans to customers who are already placed in non-performing status by other Banks and who, in any event, demonstrate to be unable to meet their commitments undertaken with Bank;
- loans to customers against whom the Bank has initiated a writ of execution

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

A. CREDIT QUALITY

A.1 Performing and impaired loans: amounts, value adjustments, changes, break-down by type and geographical area

A.1.1 Financial assets: break-down by portfolio and credit quality (book values)

(Euro/1,000)

Portfolio / Quality	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk	Other assets	Total
1. Financial assets held for trading						280,283	**280,283**
2. Available-for-sale financial assets	110					403,586	**403,696**
3. Held-to-maturity investments						8,103	**8,103**
4. Amount due from banks					49	715,457	**715,506**
5. Amounts due from customers	36,358	42,553		23,206	547	4,354,226	**4,456,890**
6. Financial assets at fair value through profit or loss							**-**
7. Financial assets under disposal						498	**498**
8. Hedging derivatives						31	**31**
Total 31.12.2008	**36,468**	**42,553**	**-**	**23,206**	**596**	**5,762,184**	**5,865,007**
Total 31.12.2007	**28,286**	**26,269**		**17,956**	**21**	**5,227,123**	**5,299,655**

A.1.2 Financial assets: break-down by portfolio and credit quality (gross and net values)

(Euro/1,000)

Portfolio / Quality	Impaired assets				Other assets			Total (net exposure)
	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
1. Financial assets held for trading	-			-			280,283	**280,283**
2. Available-for-sale financial assets	110			110	403,586		403,586	**403,696**
3. Held-to-maturity investments				-	8,103		8,103	**8,103**
4. Amount due from banks				-	715,527	21	715,506	**715,506**
5. Amounts due from customers	169,646	67,529		102,117	4,379,318	24,545	4,354,773	**4,456,890**
6. Financial assets at fair value through profit or loss				-				**-**
7. Financial assets under disposal				-	498		498	**498**
8. Hedging derivatives				-			31	**31**
Total 31.12.2008	**169,756**	**67,529**	**-**	**102,227**	**5,507,032**	**24,566**	**5,762,780**	**5,865,007**
Total 31.12.2007	**116,002**	**43,490**		**72,512**	**4,811,801**	**24,404**	**5,227,143**	**5,299,655**

A.1.3 Cash and off-balance sheet loans to banks: gross and net values

(Euro/1,000)

Type of loan / Amount	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH LOANS				
a) Non-performing loans				-
b) Problem loans				-
c) Restructured loans				-
d) Expired loans				-
e) Country risk	71		21	50
f) Other assets	892,337			892,337
Total A	**892,408**	**-**	**21**	**892,387**
B. OFF-BALANCE SHEET LOANS				
a) Impaired				-
b) Other	44,365		-	44,365
Total B	**44,365**	**-**	**-**	**44,365**

A.1.4 Cash loans to banks: changes in impaired loans subject to "country risk" - gross

(Euro/1,000)

Type / Category	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk
A. Opening gross exposure					**19**
of which: loans sold but not written off					
B. Increases	**-**				**52**
b.1 from performing loans					52
b.2 transfer from other categories of impaired loans					
b.3 other increases					
C. Decreases	**-**				**-**
c.1 to performing loans					-
c.2 write-offs					
c.3 collections					-
c.4 arising from sales					
c.5 transfer to other categories of impaired loans					
c.6 other decreases					
D. Closing gross exposure	**-**	**-**	**-**	**-**	**71**
of which: loans sold but not written off					

A.1.5 Cash loans to banks: changes in total value adjustments

(Euro/1,000)

Type / Category	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk
A. Total opening adjustments					**6**
of which: loans sold but not written off					
B. Increases	**-**				**15**
b.1 adjustments					15
b.2 transfer from other categories of impaired loans					
b.3 other increases					
C. Decreases	**-**				**-**
c.1 write-backs due to valuation					-
c.2 write-backs due to collection					-
c.3 write-offs					
c.4 transfer to other categories of impaired loans					
c.5 other decreases					
D. Total closing adjustments	**-**	**-**	**-**	**-**	**21**
of which: loans sold but not written off					

A.1.6 Cash and off-balance sheet loans to customers: gross and net values

(Euro/1,000)

Type of loan / Amount	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH LOANS				
a) Non-performing loans	78,987	42,519		36,468
b) Problem loans	67,898	25,345		42,553
c) Restructured loans				-
d) Expired loans	23,759	553		23,206
e) Country risk	781		234	547
f) Other assets	4,867,432		24,311	4,843,121
Total A	**5,038,857**	**68,417**	**24,545**	**4,945,895**
B. OFF-BALANCE SHEET LOANS				
a) Impaired	3,221	353	-	2,868
b) Other	369,949		687	369,262
Total B	**373,170**	**353**	**687**	**372,130**

A.1.7 Cash loans to customers: changes in impaired loans subject to "country risk" – gross

(Euro/1,000)

Type / Category	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk
A. Opening gross exposure	**58,569**	**38,969**		**18,456**	**11**
of which: loans sold but not written off					
B. Increases	**53,666**	**103,912**	**-**	**67,104**	**770**
b.1 from performing loans	999	69,649		61,795	770
b.2 transfer from other categories of impaired loans	49,730	10,404		1,287	
b.3 other increases	2,937	23,859		4,022	
C. Decreases	**33,248**	**74,983**	**-**	**61,801**	**-**
c.1 to performing loans	-	6,313		34,060	
c.2 write-offs	17,364				
c.3 collections	15,510	18,449		16,826	
c.4 arising from sales	88				
c.5 transfer to other categories of impaired loans	286	50,221		10,915	
c.6 other decreases	-	-			
D. Closing gross exposure	**78,987**	**67,898**	**-**	**23,759**	**781**
of which: loans sold but not written off					

A.1.8 Cash loans to customers: changes in total value adjustments

(Euro/1,000)

Type / Category	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk
A. Total opening adjustments	**30,282**	**12,700**		**508**	**3**
of which: loans sold but not written off					
B. Increases	**36,527**	**23,489**	**-**	**549**	**231**
b.1 adjustments	28,410	23,433		541	231
b.2 transfer from other categories of impaired loans	8,117	56		8	
b.3 other increases					
C. Decreases	**24,290**	**10,844**	**-**	**504**	**-**
c.1 write-backs due to valuation	3,082	1,516		302	
c.2 write-backs due to collection	3,844	1,232		116	-
c.3 write-offs	17,364				
c.4 transfer to other categories of impaired loans		8,096		86	
c.5 other decreases	-	-			
D. Total closing adjustments	**42,519**	**25,345**	**-**	**553**	**234**
of which: loans sold but not written off					

A.2 Break-down of exposures based on external and internal ratings

A.2.1 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.

A.2.2 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 Bank 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 (private 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 31.12.2008	Internal rating classes			
	from AAA to A	from BBB to B	from CCC to CC	Total
Cash loans	29.9%	48.9%	21.2%	100%
Off-balance sheet loans	55.9%	34.5%	9.6%	100%

A.3 Breakdown of guaranteed loans by type of guarantee

A.3.1 Secured cash loans to banks and customers

(Euro/1,000)

	Amount of loan	Real Guarantees			Personal Guarantees								Total 2008
					Credit derivatives				Endorsements				
		Property	Securities	Other assets	Governments	Other public entities	Banks	Other entities	Governments	Other public entities	Banks	Other entities	
1. Secured loans to banks													
1.1 fully secured		-	-	-					-	-	-	-	-
1.2 partially secured													-
2. Secured loans to customers													
2.1 fully secured	2,526,542	1,454,700	125,090	9,903							3,292	928,847	2,521,832
2.2 partially secured	248,741	330	52,369	3,834							541	90,301	147,375

A.3.2 Secured off-balance sheet loans to banks and customers

(Euro/1,000)

	Amount of loan	Real Guarantees			Personal Guarantees								Total 2008
					Credit derivatives				Endorsements				
		Property	Securities	Other assets	Governments	Other public entities	Banks	Other entities	Governments	Other public entities	Banks	Other entities	
1. Secured loans to banks													
1.1 fully secured		-	-	-					-	-	-	-	-
1.2 partially secured													-
2. Secured loans to customers													
2.1 fully secured	56,242		19,311	3,495								33,070	55,876
2.2 partially secured	15,022		6,428	480								3,072	9,980

A.3.3 Impaired secured cash loans to banks and customers

(Euro/1,000)

	Amount of loan	Secured amount	Guarantees (fair value)																			Total 2008	Fair value surplus, guarantees
			Real Guarantees			Personal Guarantees																	
						Credit derivatives							Endorsements									
			Property	Securities	Other assets	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non financial companies	Other entities	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non financial companies	Other entities		
1. Secured loans to banks																							
1.1 beyond 150%																						-	
150%																							
100%																							
1.4 under 50%																						-	
2. Secured loans to customers																							
2.1 beyond 150%	53,550	53,550	36,527	1,229	494													1,527	13,733			53,510	
2.2 between 100% and 150%	15,155	15,155	193	916	233										615			1,402	11,796			15,155	
100%	6,656	6,423	19	2,159	147													1,042	3,056			6,422	
2.4 under 50%	1,616	877		69	35													27	746			877	

A.3.4 Impaired secured off-balance sheet loans to banks and customers

(Euro/1,000)

	Amount of loan	Secured amount	Guarantees (fair value)																			Total	Fair value surplus, guarantees
			Real Guarantees			Personal Guarantees																	
						Credit derivatives							Endorsements									
			Property	Securities	Other assets	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non financial companies	Other entities	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non financial companies	Other entities		
1. Secured loans to banks																							
1.1 beyond 150%																						-	
150%																							
100%																							
1.4 under 50%																						-	
2. Secured loans to customers																							
2.1 beyond 150%	669	669		-	390													9	270			669	
2.2 between 100% and 150%	1,858	1,858		1,837	21																	1,858	
100%	-	-		-																		-	-
2.4 under 50%	92	89																	89			89	

B. BREAK-DOWN AND CONCENTRATION OF LOANS

B.1 Cash and off-balance sheet loans to customers: break-down by sector

(Euro/1,000)

Loan/Counterparty	Governments and central banks				Other public entities				Financial institutions			
	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Cash loans												
A.1 Non-performing loans												0
A.2 Problem loans				-								0
A.3 Restructured loans												0
A.4 Expired loans									-			-
A.5 Other loans	386,611			386,611	158			158	157,726		- 125	157,601
Total A	**386,611**	**-**	**-**	**386,611**	**158**	**-**	**-**	**158**	**157,726**	**-**	**- 125**	**157,601**
B. Off-balance sheet loans												
B.1 Non-performing loans												-
B.2 Problem loans												-
B.3 Other impaired assets									1,800			1,800
B.4 Other loans									2,455		- 16	2,439
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,255**	**-**	**- 16**	**4,239**
Total (A+B) 2008	**386,611**	**-**	**-**	**386,611**	**158**	**-**	**-**	**158**	**161,981**	**-**	**- 141**	**161,840**
Total 2007	**560,425**			**560,425**	**195**			**195**	**276,720**	**-**	**- 282**	**276,438**

(Euro/1,000)

Loan/Counterparty	Insurance companies				Non financial companies				Other entities			
	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Cash loans												
A.1 Non-performing loans					49,108	- 28,984		20,124	28,880	- 12,647		16,233
A.2 Problem loans					45,361	- 19,316		26,045	22,537	- 6,030		16,507
A.3 Restructured loans								-				-
A.4 Expired loans					17,200	- 381		16,819	6,559	- 172		6,387
A.5 Other loans	32,363			32,363	3,017,445		- 20,477	2,996,968	1,273,909		- 3,943	1,269,966
Total A	**32,363**	**-**	**-**	**32,363**	**3,129,114**	**- 48,681**	**- 20,477**	**3,059,956**	**1,331,885**	**- 18,849**	**- 3,943**	**1,309,093**
B. Off-balance sheet loans												
B.1 Non-performing loans					515	- 2	-	513	26	- 16		10
B.2 Problem loans					664	- 336		328	-	-	-	-
B.3 Other impaired assets					209			209	7			7
B.4 Other loans	-			-	335,363		- 612	334,751	32,132		- 60	32,072
Total B	**-**	**-**	**-**	**-**	**336,751**	**- 338**	**- 612**	**335,801**	**32,165**	**- 16**	**- 60**	**32,089**
Total (A+B) 2008	**32,363**	**-**	**-**	**32,363**	**3,465,865**	**- 49,019**	**- 21,089**	**3,395,757**	**1,364,050**	**- 18,865**	**- 4,003**	**1,341,182**
Total 2007	**31,734**			**31,734**	**3,164,724**	**- 29,820**	**- 21,114**	**3,113,790**	**1,237,946**	**- 13,696**	**- 3,631**	**1,220,619**

B.3 Cash and off-balance sheet loans to customers: break-down by geographical area

(Euro/1,000)

Loans/Geographical areas	Italy		Other European countries		America		Asia		Rest of the world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash loans										
A.1 Non-performing loans	77,989	36,358								
A.2 Problem loans	67,898	42,553								
A.3 Restructured loans										
A.4 Expired loans	23,759	23,206								
A.5 Other loans	4,799,040	4,774,729	66,129	66,129	2,267	2,266	777	544		
Total A	**4,968,686**	**4,876,846**	**66,129**	**66,129**	**2,267**	**2,266**	**777**	**544**	**-**	**-**
B. Off-balance sheet loans										
B.1 Non-performing loans	541	524								
B.2 Problem loans	664	328								
B.3 Other impaired assets	2,015	2,015								
B.4 Other loans	369,518	368,831	432	432						
Total B	**372,738**	**371,698**	**432**	**432**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 2008	**5,341,424**	**5,248,544**	**66,561**	**66,561**	**2,267**	**2,266**	**777**	**544**	**-**	**-**
Total 2007	**5,210,777**	**5,142,238**	**56,157**	**56,156**	**4,809**	**4,806**				

B.4 Cash and off-balance sheet loans to banks: break-down by geographical area

(Euro/1,000)

Loans / Geographical areas	Italy		Other European countries		America		Asia		Rest of the world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash loans										
A.1 Non-performing loans										
A.2 Problem loans										
A.3 Restructured loans										
A.4 Expired loans										
A.5 Other loans	499,671	499,671	390,412	390,412	2,094	2,094	177	156	53	52
Total A	499,671	499,671	390,412	390,412	2,094	2,094	177	156	53	52
B. Off-balance sheet loans										
B.1 Non-performing loans										
B.2 Problem loans										
B.3 Other impaired assets										
B.4 Other loans	29,177	29,177	15,186	15,186	2	2	1	1		
Total B	29,177	29,177	15,186	15,186	2	2	1	1	-	-
Total (A+B) 2008	**528,848**	**528,848**	**405,598**	**405,598**	**2,096**	**2,096**	**178**	**157**	**53**	**52**
Total 2007	**417,409**	**417,409**	**60,673**	**60,673**	**731**	**731**	**608**	**607**	**28**	**23**

B.5 Large risks

At 31 December 2008 there were no risk positions constituting “large risks” on the basis of the regulator’s rules.

C. SECURITIZATION TRANSACTIONS AND ASSET DISPOSAL

C.1 Securitization transactions

C.1.1 Loans arising from securitization transactions divided by quality of the underlying assets

(Euro/1,000)

Underlying asset quality / Loans	Cash loans						Guarantees granted						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. With own underlying assets																		
a) impaired																		
b) other																		
B. With third party underlying assets																		
a) impaired																		
b) other	2,707	2,707																

C.1.3 Loans arising from main "third party" securitization transactions divided by type of securitized assets and of loan

(Euro/1,000)

Underlying asset / Loan	Cash Loan						Guarantees granted						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments Write-backs	Book value	Adjustments Write-backs	Book value	Adjustments Write-backs	Net exposure	Adjustments Write-backs	Net exposure	Adjustments Write-backs	Net exposure	Adjustments Write-backs	Net exposure	Adjustments Write-backs	Net exposure	Adjustments Write-backs	Net exposure	Adjustments Write-backs
A.2 S.C.I.P. 26/04/25																		
- property	410	66																
A.3 F.I.P.F. 10/01/23																		
- property	2,297	77																

C.1.4 Loans to securitizations broken down by financial asset portfolio and by type

(Euro/1,000)

Exposure/portfolio	Trading	Valued at fair value	Available for sale	Held to maturity	Loans	**Total 31.12.2008**	**Total 31.12.2007**
1. Cash loans							
- senior			2,707		-	**2,707**	**12,642**
- mezzanine							
- junior							
2. Off-balance sheet loans							
- senior							
- mezzanine							
- junior							

C.1.7 Servicing activity – collection of securitized loans and repayment of securities issued by special purpose vehicle

(Euro/1,000)

Servicer	Special purpose vehicle	Securitized assets (end of period)		Loans collected for the year		As a percentage of repaid securities (end of period)					
						senior		mezzanine		junior	
		impaired	performing	impaired	performing	impaired assets	performing assets	impaired assets	performing assets	impaired assets	performing assets
Banco di Desio e della Brianza S.p.A.	S.C.C. S.r.l. Via Ildebrando Vivanti,4 ROME		515		4,731		100				

C.2 Asset disposals

C.2.1 Financial assets sold but not written off

Technical type / Portfolio	Financial assets held for trading			Financial assets at fair value through profit and loss			Availabile-for-sale financial assets			Held-to-maturity financial assets			Loans due from banks			Loans due from customers			**Total 2008**
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	
A. Cash assets																			
1. Debt securities	132,507						52,638												**185,145**
2. Equity securities																			
3. U.C.I.T.S																			
4. Financing																			
5. Impaired assets																			
B. Derivative instruments																			
Total 31.12.2008	**132,507**						**52,638**												**185,145**
Total 31.12.2007	**375,426**						**140,453**												**515,879**

Legend:
A = financial assets sold and recognised entirely (book value)
B = financial assets sold and recognised partially (book value)
C = = financial assets sold and recognised partially (full amount)f

C.2.2 Financial liabilities against financial assets sold but not written off

(Euro/1,000)

Liabilities / Assets portfolio	Financial assets held for trading	Financial assets at fair value through profit and loss	Availabile-for-sale financial assets	Held-to-maturity financial assets	Loans due from banks	Loans due from customers	**Total 31.12.2008**
1. Due to customers							
a) corresponding to fully recorded assets	130,466		34,176				**164,642**
b) corresponding to partially recorded assets							
2. Due to banks							
a) corresponding to fully recorded assets	1,331		19,465				**20,796**
b) corresponding to partially recorded assets							
Total 31.12.2008	**131,797**	**-**	**53,641**	**-**	**-**	**-**	**185,438**
Total 31.12.2007	**375,694**		**141,634**				**517,328**

D. CREDIT RISK MEASUREMENT MODELS

The assessments of the Credit Rating System were made available to the local network for support purposes, along with other information instruments, during the investigation and renewal phases of a loan.

SECTION 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.
In view of a potential increase of interest rates in the Euro zone for the first part of the current year, the Bank 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 favour investments in fixed income instruments with a short term residual life.

B. Interest rate risk management processes and measurement methods

The operational activity of the Finance Department is monitored by the internal control system both for 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 informing it in the event that operating limits have been reached.

Together with the abovementioned controls, the Bank has adopted the use of internal models, assigning the monitoring and the measurement of interest rate risk to the risk management unit, which operates completely independently with respect to operational offices.
In order to quantify generic risks, the Bank 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 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, though the exponential weighting based on a decline factor in a 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.
To date, 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 research activities 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. The interest rate risk and compliance with the limits are monitored daily. A special reporting system is the instrument that has been chosen to give the organisational units involved sufficient information. The contents and the frequency of the reports depend on the objectives assigned to each party in the process. The results of the monitoring are in any event given daily to the Finance Department Manager and periodically to the Finance Committee, as well as to the General Management and the Board of Directors. The overall V.a.R limits 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 requirement on market risks.

Quantitative information

1 Regulatory trading portfolio: break-down by outstanding maturity (repricing date) for cash assets and liabilities and financial derivatives

This table was not prepared because the Notes to the Financial Statements provide an analysis of sensitivity to interest rate risk based on internal models and other methodologies.

2 Regulatory trading portfolio - internal models and other methods for sensitivity analyses

Monitoring effected on the "regulatory trading portfolio" during the 2008 financial year showed a structure with limited market risk. VaR at 31 December 2008 is Euro 237,390, with a percentage of less than 0.1% of the trading portfolio and a duration of 0.29, evidence of the low-risk profile.

The scenario analyses carried out in terms of parallel shifts in the rate curve, assumed variations of +/- 100 basis points only for the positions that are sensitive to interest rates. As at 31.12.2008, considering the positive variation in rates and the economic data on an annual basis, there was a negative impact of Euro 817,000, equal to:

- ⇒ 0.28% of trading portfolio;
- ⇒ 0.31% of business margin;
- ⇒ 5.18% of net income for the period;
- ⇒ 0.13% 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 methods of measuring interest rate risk

It is the responsibility of the risk management unit, which is autonomous with respect to operating areas, to measure interest rate risk. The system of the bank's commercial activities consisting of balance sheet asset and liability maturity transformation, 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 analysis of the application is being concluded which will allow a dynamic assessment to be made.
The studies being 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 the interest margin. Decision-making is aimed at minimising the volatility of the expected interest margin and of economic value, directing the bank's strategy so that it takes up the opportunities the market offers as the interest rate structure varies.
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 analyses are performed using parallel shifts in the yield curve and specific scenarios of market rate changes.

B. Fair Value hedge

The Bank's primary objective is to manage the risks associated with its operations prudently and actively, namely on the basis of a determinate risk profile that allows it to take up any opportunities deriving from risk factor variations.
To date, the Bank only takes out Fair Value type hedges in order to protect the profit and loss account 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. To date, only liabilities have been hedged, and of these only bond loans, while derivative instruments are used as hedges, which are represented by unlisted securities - mainly Interest Rate Swaps and interest rate options - used to hedge interest rate risks only.
The Bank has prepared a model that can handle hedge accounting in compliance with the relevant regulations laid down in IAS accounting standards. The method the Bank uses to carry out the effectiveness test is the Dollar Offset Method (hedge ratio) on a cumulative basis, namely the comparison between changes in Fair Value of the hedging instrument and of the hedged instrument. All the hedges are specific.
In line with the previous year, the Bank decided to apply the Fair Value Option to all hedging transactions started in 2008.

C. Cash flow hedge

No cash flow hedge transactions have been effected by the Bank.

Quantitative information

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

The assessment that emerges from the overall Bank position is that of a limited risk profile for 2008. This operational and strategic approach is directed at minimising the volatility of interest margins and of total economic value.
The table below shows the results of the impact on the interest margin should there be a parallel variation in the interest rate curve and in consideration of the time effect of item repricing.

Risk indices: parallel shifts of the interest rate curve as of 31 December 2008

	+100 bp	*-100 bp*	*+200 bp*	*- 200 bp*
Risk interest margin / Expected margin	8.04%	-10.19%	16.09%	-20.57%

As regards economic value, in the 2008 financial year risk exposure remained at a moderate level, and in any event it was decidedly lower than the thresholds fixed by the Basel Committee. In fact, in the event of significant shifts in the interest rate curve, such changes would lead to negligible changes in the market value of the Bank's assets.
The table below shows the variations in economic value analysed by applying deterministic approaches with parallel shifts of the interest rate curve.

Risk indices: parallel shifts of the rates curve as of 31 December 2008

	+100 bp	*-100 bp*	*+200 bp*	*- 200 bp*
Risk economic value / Economic value	-0.42%	0.58%	-0.71%	1.35%
Risk economic value / Regulatory capital	-0.28%	0.38%	-0.47%	0.89%

2.3 PRICE RISK - REGULATORY TRADING PORTFOLIO

Qualitative information

A. General aspects

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

B. Management processes and methods of measuring 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

Type of loans / Value	Book value	
	Listed	Unlisted
A. Equity securities		
A.1 shares	5,241	-
A.2 innovative equity securities		
A.3 other equities		
B. U.C.I.T.S.		
B.1 Italian:		
- harmonized open-end		
- non-harmonized open-end		
- closed-end		
- reserved		
- speculative		
B.2 From other EU countries		
- harmonized	344	-
- non-harmonized open-end		
- non-harmonized closed-end		
B.3 From non-EU countries		
- open-end		
- closed-end		
Total	**5,585**	**-**

3. Regulatory trading portfolio - internal models and other methods for sensitivity analysis

Considering the composition of the trading portfolio in question and the hedging carried out by means of derivatives, the price risk profile of the Bank is, overall, a moderate one. As of 31.12.2008, the VaR relating to price risk amounted to about Euro 1,241,630, equal to 0.41% with respect to the trading portfolio.

The tests related to the application of the assumptions underlying the scenario analysis of the different risk price factors, which will be applied starting in 2009, are about to be completed.

2.4 PRICE RISK - BANKING PORTFOLIO

Qualitative information

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

The Bank is exposed to 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 Bank is exposed to exchange risks to a marginal extent. The Finance Department's Operations Room handles currency operations, namely:

- transactions on the domestic and foreign currency, exchange rate and currency deposits markets;
- trading spot and forward contracts on its own behalf and for customers;
- forward and deposit transactions in foreign currencies with resident and non-resident counter-parties.

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 Bank'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

Captions	Currency					
	US Dollar	Japanese Yen	Swiss Franc	Pound Sterling	Canadian Dollar	Other currencies
A. Financial assets						
A.1 Debt securities				19		
A.2 Equity securities	255					
A.3 Financing to banks	49,445	2,767	9,713	4,751	959	3,552
A.4 Financing to customers	9,543	7,754	6,162	122	1	5
A.5 Other financial assets						
B. Other assets	**177**	**10**	**134**	**48**	**5**	**12**
C. Financial assets						
C.1 Due to banks	30,592	10,494	15,653	1,670	839	352
C.2 Due to customers	25,660	-	183	3,227	91	3,110
C.3 Debt securities	1,172					
D. Other liabilities	**370**	**54**	**60**	**12**		**5**
E. Financial derivatives						
- Options						
+ long positions						
+ short positions						
- Other						
+ long positions	146,897	170,908	2,543	2,643	-	90
+ short positions	147,988	170,925	2,558	2,593	7	97
Total assets	**206,317**	**181,439**	**18,552**	**7,583**	**965**	**3,659**
Total liabilities	**205,782**	**181,473**	**18,454**	**7,502**	**937**	**3,564**
Imbalance (+/-)	**535**	**- 34**	**98**	**81**	**28**	**95**

2. *Internal models and other methods for sensitivity analysis*

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.

2.6 FINANCIAL DERIVATIVE INSTRUMENTS

A. Financial Derivatives
A.1 Regulatory trading portfolio: average and period-end notional values

(Euro/1,000)

Type of transaction/Underlying instrument	Debt securities and interest rates		Equity securities and stock indexes		Exchange rate and gold		Other values		31.12.2008		31.12.2007	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreement									-	-		
2. Interest rate swap		153,500							-	153,500		443,614
3. Domestic currency swap									-	-		
4. Currency interest rate swap									-	-		
5. Basis swap		50,000							-	50,000		50,000
6. Stock index swaps									-	-		
7. Real index swaps									-	-		
8. Futures			-						-	-		
9. Cap options	-	1,066	-	-	-	-	-	-	-	1,066	-	1,556
- Purchased		533							-	533		778
- Issued		533							-	533		778
10. Floor options	-	11,066	-	-	-	-	-	-	-	11,066	-	11,556
- Purchased		10,533							-	10,533		10,778
- Issued		533							-	533		778
11. Other options	-	1,000	-	-	-	-	-	-	-	1,000	-	66,836
- Purchased	-	500	-	-	-	-	-	-	-	500	-	33,413
- Plain vanilla				-					-	-		28,483
- Exotic		500		-					-	500		4,930
- Issued	-	500	-	-	-	-	-	-	-	500	-	33,423
- Plain vanilla				-					-	-		28,493
- Exotic		500		-					-	500		4,930
12. Forward agreements	19,474	-	689	-	-	647,249	-	-	20,163	647,249	221	1,341,232
- Purchase	15,830	-	46			323,082			15,876	323,082	93	686,434
- Sales	3,644	-	644			324,167			4,287	324,167	128	652,768
- Currency against currency						-			-	-		2,030
13. Other derivative contracts									-	-		
Total	**19,474**	**216,632**	**689**	**-**	**-**	**647,249**	**-**	**-**	**20,163**	**863,881**	**221**	**1,914,794**
Average values	**19,319**	**213,113**	**289**			**44,835**			**19,608**	**257,948**	**209**	**673,495**

A.2 Banking portfolio: period-end notional values
A.2.1 Hedging instruments

Type of derivatives / Underlying instruments	Debt securities and interest rates		Equity securities and stock indexes		Exchange rate and gold		Other values		31.12.2008		31.12.2007	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreement									-	-		
2. Interest rate swap		464,485							-	464,485		273,997
3. Domestic currency swap									-	-		
4. Currency interest rate swap									-	-		
5. Basis swap		35,000							-	35,000		15,000
6. Stock index swaps									-	-		
7. Real index swaps									-	-		
8. Futures									-	-		
9. Cap options	-	15,000	-	-	-	-	-	-	-	15,000	-	15,000
- Purchased		15,000							-	15,000		15,000
- Issued									-	-		
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased									-	-		
- Issued									-	-		
11. Other options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla									-	-		
- Exotic									-	-		
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla									-	-		
- Exotic									-	-		
12. Forward agreements	-	-	-	-	-	-	-	-	-	-	-	-
- Purchase									-	-		
- Sales									-	-		
- Currency against currency									-	-		
13. Other derivative contracts									-	-		
Total	**-**	**514,485**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**514,485**	**-**	**303,997**
Average values		**431,960**								**431,960**		**190,677**

A.3 *Financial derivatives: purchase and sale of underlying instruments*

(Euro/1,000)

Type of transaction / Underlying instrument	Debt securities and interest rates		Equity securities and stock indexes		Exchange rate and gold		Other values		31.12.2008		31.12.2007	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
A. Regulatory trading portfolio:	**19,474**	**166,632**	**690**	**-**	**-**	**647,249**	**-**	**-**	**20,164**	**813,881**	**222**	**1,862,754**
1. Transactions with exchange of capital	19,474	-	690	-	-	647,249	-	-	20,164	647,249	222	1,339,202
- Purchase	15,830	-	46			323,082			15,876	323,082	93	686,434
- Sale	3,644	-	644			324,167			4,288	324,167	129	652,768
- Currency against currency						-			-	-		
2. Transactions without exchange of capital	-	166,632	-	-	-	-	-	-	-	166,632	-	523,552
- Purchase		88,316		-					-	88,316		281,243
- Sale		78,316	-	-					-	78,316		242,309
- Currency against currency									-	-		
B. Banking portfolio:	**-**	**479,485**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**479,485**	**-**	**288,997**
B.1 Hedging instruments	-	479,485	-	-	-	-	-	-	-	479,485	-	288,997
1. Transactions with exchange of capital	-	-	-	-	-	-	-	-	-	-	-	-
- Purchase									-	-		
- Sale									-	-		
- Currency against currency									-	-		
2. Transactions without exchange of capital	-	479,485	-	-	-	-	-	-	-	479,485	-	288,997
- Purchase		479,485							-	479,485		288,997
- Sale									-	-		-
- Currency against currency												
B.2 Other derivatives	-											
1. Transactions with exchange of capital	-											
- Purchase												
- Sale												
- Currency against currency												
2. Transactions without exchange of capital	-											
- Purchase												
- Sale												
- Currency against currency												

A.4 Over-the-counter financial derivatives: positive fair value - counterparty risk

(Euro/1,000)

Counterparty / Underlying instrument	Debt securities and interest rates			Equity securities and stock indexes			Exchange rate and gold			Other values			Different underlying instruments	
	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Settled	Future exposure
A. Regulatory trading portfolio														
A.1 Governments and central														
A.2 Public entities														
A.3 Banks	518		43	-		-	10,180		2,944					
A.4 Financial institutions	22		54				1,293		205					
A.5 Insurance companies														
A.6 Non-financial companies	476		60				79		10					
A.7 Other entities	0						3		2					
Total A 31.12.2008	**1,016**	**-**	**157**	**-**	**-**	**-**	**11,555**	**-**	**3,162**	**-**	**-**	**-**	**-**	**-**
Total A 31.12.2007	**8,549**		**404**	**4,170**		**1,975**	**7,518**		**6,309**					
B. Banking portfolio														
B.1 Governments and central														
B.2 Public entities														
B.3 Banks	13,643		2,232											
B.4 Financial institutions	388		100											
B.5 Insurance companies														
B.6 Non-financial companies														
B.7 Other entities														
Total B 31.12.2008	**14,031**	**-**	**2,332**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total B 31.12.2007	**5,118**		**281**											

A.5 Over-the-counter financial derivatives: negative fair value - financial risk

(Euro/1,000)

Counterparty / Underlying instrument	Debt securities and interest rates			Equity securities and stock indexes			Exchange rate and gold			Other values			Different underlying instruments	
	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Settled	Future exposure
A. Regulatory trading portfolio														
A.1 Governments and central banks														
A.2 Public entities														
A.3 Banks	978		145				1,622		280					
A.4 Financial institutions	141		-				9,778		2,857					
A.5 Insurance companies	-		-	-										
A.6 Non-financial companies	1		-				39		11					
A.7 Other entities	11		4				66		13					
Total A 31.12.2008	**1,131**	**-**	**149**	**-**	**-**	**-**	**11,505**	**-**	**3,161**	**-**	**-**	**-**	**-**	**-**
Total A 31.12.2007	**3,356**		**349**	**4,170**			**7,773**		**6,467**					
B. Banking portfolio														
B.1 Governments and central banks														
B.2 Public entities														
B.3 Banks	121		50											
B.4 Financial institutions	-		-											
B.5 Insurance companies														
B.6 Non-financial companies														
B.7 Other entities														
Total B 31.12.2008	**121**	**-**	**50**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total B 31.12.2007	**2,431**		**1,070**											

A.6 Residual maturity of over-the-counter financial derivatives: notional values

(Euro/1,000)

Underlying instruments / Residual maturity	Up to 1 year	Between 1 and 5 years	Beyond 5 years	Total
A. Regulatory trading portfolio				
A.1 Financial derivatives on debt securities and interest rates	174,974	61,132	-	**236,106**
A.2 Financial derivatives on equity securities and stock indexes	-	-		**-**
A.3 Financial derivatives on exchange rates and gold	647,249			**647,249**
A.4 Financial derivatives on other instruments				
B. Banking portofolio				
B.1 Financial derivatives on debt securities and interest rates	38,000	476,485	-	**514,485**
B.2 Financial derivatives on equity securities and stock indexes				
B.3 Financial derivatives on exchange rates and gold				
B.4 Financial derivatives on other instruments				
Total 31.12.2008	**860,223**	**537,617**	**-**	**1,397,840**
Total 31.12.2007	**1,797,302**	**421,663**		**2,218,965**

SECTION 3 – LIQUIDITY RISK

Qualitative information

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

Liquidity risk is managed through the Finance Department and risk management units, with the aim of verifying the Bank'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 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.
Treasury activities consist in procurement and allocation of liquidity available through the interbank market, repos and derivatives. Monitoring and compliance with operating limits, resolved by the Board of Directors, are carried out 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 risk management unit through an internal model. The objective is to set up a 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 Bank from liquidity risks. Special care is taken with the funding policy, coordinated by the Finance Department, which arranges for funds to be raised by means of normal retail bond issues and Euromarket issues.

Quantitative information

1. Break-down by contractual residual maturity of financial assets and liabilities

Currency: **EURO**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**1,385,906**	**403,067**	**64,426**	**200,362**	**503,537**	**272,467**	**272,906**	**1,275,518**	**1,156,976**	**185,012**
A.1 Government securities	365		29,511	12,986	39,113	110,617	74,476	118,171	1,373	
A.2 Listed debt securities					9,908	5,595	15,042	97,171	45,117	
A.3 Other debt securities					5,187	9,168	392	42,828	7,709	
A.4 UCITS units	60,413									
A.5 Financing										
- banks	177,775	360,000	3,006	-	-			10,100	10,000	83,438
- customers	1,147,353	43,067	31,909	187,376	449,329	147,087	182,996	1,007,248	1,092,777	101,574
Cash liabilities	**2,921,831**	**28,604**	**55,158**	**129,793**	**259,128**	**107,214**	**281,513**	**1,423,733**	**32,864**	**-**
B.1 Deposits										
- banks	128,022	-	3,006	17,698	-					
- customers	2,792,407	2,965	12,311	34,698	32,002	11,917	252			
B.2 Debt securities	1,399	1,347	7,237	26,479	157,038	87,762	281,261	1,423,733	32,864	
B.3 Other liabilities	3	24,292	32,604	50,918	70,088	7,535				
Off-balance sheet transactions	**18,517**	**36,995**	**623**	**33,528**	**593,400**	**22,039**	**3,382**	**752**	**30**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions	15,361	11,005	394	16,793	296,975	11,097	1,692	394	-	
- short positions	3,156	22,990	229	16,735	296,425	10,942	1,690	358	30	
C.2 Deposits and financing to be received										
- long positions		1,500								
- short positions		1,500								
C.3 Irrevocable commitments to grant finance										
- long positions										
- short positions										

Currency: **US DOLLAR**

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**2,262**	**14,987**	**27,973**	**10,572**	**2,707**	**488**	**-**	**-**	**-**	**-**
A.1 Government securities										
A.2 Listed debt securities										
A.3 Other debt securities										
A.4 UCITS units	-									
A.5 Financing										
- banks	2,220	14,658	22,240	8,047	1917	363				
- customers	42	329	5,733	2,525	790	125	-			
Cash liabilities	**28,809**	**130**	**19,549**	**6,630**	**1,944**	**363**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	12,267		18,325							
- customers	16,542	130	1,224	6,594	808	363				
B.2 Debt securities			-	36	1136					
B.3 Other liabilities										
Off-balance sheet transactions	**-**	**12,519**	**592**	**13,381**	**242,427**	**22,766**	**3,520**	**-**	**138**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		6,072	216	6,668	120,951	11,309	1,760		69	
- short positions		6,285	376	6,713	121,476	11,457	1,760		69	
C.2 Deposits and financing to be received										
- long positions		11								
- short positions		11								
C.3 Irrevocable commitments to grant finance										
- long positions		70								
- short positions		70								

Currency: **UK Pound Sterling**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**65**	**3,740**	**161**	**-**	**907**	**-**	**20**	**-**	**-**	**-**
A.1 Government securities										
A.2 Listed debt securities							20			
A.3 Other debt securities										
A.4 UCITS units										
A.5 Financing										
- banks	64	3,738	42		907					
- customers	1	2	119		-					
Cash liabilities	**3,946**	**-**	**42**	**-**	**909**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	719		42		909					
- customers	3,227									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**-**	**1,383**	**-**	**3,032**	**840**	**-**	**19**	**-**	**-**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		726		1,516	420					
- short positions		657		1,516	420		19			
C.2 Deposits and financing to be received										
- long positions										
- short positions										
C.3 Irrevocable commitments to grant finance										
- long positions										
- short positions										

Currency: **Swiss Franc**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**8,805**	**594**	**4,997**	**648**	**156**	**-**	**-**	**-**	**-**	**674**
A.1 Government securities										
A.2 Listed debt securities										
A.3 Other debt securities										
A.4 UCITS units										
A.5 Financing										
- banks	8,803		910	-	-					
- customers	2	594	4,087	648	156	-	-			674
Cash liabilities	**10,579**	**-**	**5,257**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	10,396	-	5,257	-	-					
- customers	183									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**-**	**889**	**-**	**4,212**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		437		2,106				-		
- short positions		452		2,106				-		
C.2 Deposits and financing to be received										
- long positions										
- short positions										
C.3 Irrevocable commitments to grant finance										
- long positions										
- short positions										

Currency: **Canadian Dollar**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**960**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities										
A.2 Listed debt securities										
A.3 Other debt securities										
A.4 UCITS units										
A.5 Financing										
- banks	959									
- customers	1									
Cash liabilities	**930**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	839									
- customers	91									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**-**	**7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		-								
- short positions		7								
C.2 Deposits and financing to be received										
- long positions										
- short positions										
C.3 Irrevocable commitments to grant finance										
- long positions										
- short positions										

Currency: **Japanese Yen**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**207**	**1,530**	**3,240**	**5,544**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities										
A.2 Listed debt securities										
A.3 Other debt securities										
A.4 UCITS units										
A.5 Financing										
- banks	205	1,177	254	1,130	0					
- customers	2	353	2,986	4,414	0	0	-			
Cash liabilities	**99**	**1,588**	**2,778**	**6,028**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	99	1,588	2,778	6,028	0					
- customers	-									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**-**	**427**	**-**	**11,166**	**330,398**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		125	-	5,583	165,199					
- short positions		142	-	5,583	165,199	-				
C.2 Deposits and financing to be received										
- long positions		80								
- short positions		80								
C.3 Irrevocable commitments to grant finance										
- long positions		-								
- short positions		-								

Currency: **Other currencies**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**3,557**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities										
A.2 Listed debt securities										
A.3 Other debt securities										
A.4 UCITS units										
A.5 Financing										
- banks	3,552									
- customers	5									
Cash liabilities	**3,462**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	352									
- customers	3,110									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**-**	**187**				**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		90		-	-				-	
- short positions		97		-	-				-	
C.2 Deposits and financing to be received										
- long positions										
- short positions										
C.3 Irrevocable commitments to grant finance										
- long positions										
- short positions										

2. *Break-down of financial liabilities by sector*

(Euro/1,000)

Loan / Counterparty	Governments and central banks	Other public entities	Financial institutions	Insurance companies	Non-financial companies	Other entities
1. Due to customers	1	825	369,095	34,212	826,124	1,881,192
2. Securities issued			5,701	24,999	62,883	1,097,880
3. Financial liabilities held for trading			9,951	-	43	119
4. Financial liabilities at fair value through profit and loss			329	67,144	7,028	416,328
Total 31.12.2008	**1**	**825**	**385,076**	**126,355**	**896,078**	**3,395,519**
Total 31.12.2007	**-**	**1,166**	**263,190**	**189,213**	**850,595**	**2,823,650**

3. Break-down of financial liabilities by region

(Euro/1,000)

Loan / Counterparty	Italy	Other European countries	America	Asia	Rest of the world
1. Due to customers	2,918,501	191,423	1,444	32	48
2. Due to banks	200,981	28,141			
2. Securities issued	1,393,708	175,057	94	30	
3. Financial liabilities held for trading	11,975	891	4		
4. Financial liabilities at fair value through profit and loss	490,631	179	20		
Total 31.12.2008	**5,015,796**	**395,691**	**1,562**	**62**	**48**
Total 31.12.2007	**4,618,145**	**256,515**	**2,472**	**6**	**208**

SECTION 4 – OPERATING RISK

Qualitative information

A. A. General aspects, management procedures and methods of measuring 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 (Bank of Italy – circular no. 263 of 27 December 2006).

The Bank, accepting this definition, outlines it within the Bank's methodological framework of operational risks management: operating risk is 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).

Banco Desio implemented a procedure for the structured gathering of adverse events which might generate operating losses. Moreover, a pilot project for Self Risk Assessment was launched using appropriate scenario analysis on the provision and management processes of a series of the Bank's products/services.

A reporting system for detrimental events recorded in the Corporate Operating Losses Database (DBPOA) was implemented that has the capacity to provide top management at set intervals with all the information (overall and detailed) available regarding such events: the number of events, the amounts of gross losses and of losses net of any recoveries by business line, product/process and organisational unit concerned.

The Bank is, as a Banking Group, a member of the Italian Banking Association's DIPO Observatory, which will enable the Bank in future to use the data from the organisation to integrate the internal historical loss data with the data generated by other member banks in order to make more realistic estimates regarding operational risk exposure.

For the monitoring of risks for the commission of offences pursuant to Legislative Decree no. 231/2001 "Regulations dealing with the administrative liability of legal persons, companies and associations without legal personality", the Bank adopted an organisational prevention model. The supervision of the effective implementation of the above mentioned models was assigned, in line with the provisions of law and with the directions of the industry associations, to specific bodies.

The organisational model under review is updated also following the changes that have occurred in the regulatory framework of reference.

An Operational Continuity Plan has been drawn up in relation to the management of risks having an impact on the Bank's operational continuity. Measures were carried out aimed at the identification and mapping of processes considered vital for the purposes of the business, the preparation of the documentary structure supporting Bank operations (operational procedures for the management of emergencies and restoration) and the preparation of the Disaster Recovery site to be used in the event of emergency, an alternative site with respect to that to be used for production.

The various 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 most actions brought against the Bank at the end of the financial year consist in disputes regarding financial instruments trading.

The lawsuits pending for Banco Desio Brianza have a value of Euro 38,506,360. These risks are appropriately assessed and hedged by prudential allocations to provisions of Euro 9,762,980. The most important lawsuits make up 87.11% of the whole, mostly attributable to complaints regarding default on the part of bond issuers.

Quantitative information

The number of adverse events detected, and recognized in the accounts, by Banco Desio Brianza in 2008 totalled 905 events. This figure also includes the potentially harmful events which, however, did not generate any operating loss in the accounts. A record is, however, kept of such events, given that in some cases they may generate higher processing costs or lower revenues and that in any case they affect the frequency of the events.

The result of the process for the gathering of adverse events is summarised in the table below (expressed in thousands of Euros):

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
INTERNAL FRAUD Losses generated by fraud, misappropriation, violation of laws, rules and regulations or corporate directives (except for discrimination events) involving at least one internal member of the bank	0	0.00%	0.00	0.00%	0.00	1.16%	0.00	0.00%
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	239	26.41%	517.07	2.57%	273.30	13.74%	243.77	61.13%
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.	6	0.66%	3.85	3.46%	3.63	3.00%	0.22	32.57%
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).	26	2.87%	1,000.35	41.40%	1,000.35	53.23%	0.00	0.00%
DAMAGES TO ASSETS This category includes natural events or those events which might be connected to any actions carried out by external persons which cause damages to the tangible assets of the bank.	6	0.66%	8.19	10.69%	8.19	13.74%	0.00	0.00%
BUSINESS INTERRUPTION AND SYSTEMS MALFUNCTIONS Losses generated by any blocks of the information systems or of line connections.	48	5.30%	6.08	0.00%	6.08	0.00%	0.00	0.00%
EXECUTION OF DIRECTIONS, SUPPLY OF PRODUCTS AND MANAGEMENT OF THE PROCESSES	580	64.09%	476.34	16.07%	476.34	15.13%	0.00	26.77%
Banco di Desio e della Brianza: TOTAL	**905**	**100.00%**	**2,011.88**	**100.00%**	**1,767.89**	**100.00%**	**243.99**	**22.23%**

Gross operating loss amounted to Euro 2,011,880, consisting of prudential provisions of Euro 1,346,770 and the net losses paid out were Euro 1,767,890, of which Euro 243,990 was recovered.

PART F – INFORMATION ON EQUITY

SECTION 1 – THE BANK'S SHAREHOLDERS' EQUITY

Qualitative information

The Board of Directors has always paid most attention to the shareholders' equity of the bank, 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 bank's stability.

The policy of the Board of Directors is, therefore, to give a substantial degree of priority to shareholders' equity in order to make the best possible use of it in the growth of the bank, and to optimise returns for the shareholders, keeping to a prudent risk profile. As far as this is concerned, it should be remembered that the main risk is involved in lending, but the Bank tries to limit its exposure to credit risk by running a very widely spread loan portfolio, concentrating on its core market of local enterprises and families.

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

(amounts per unit)

Description	Figures as at 31 December 2008
Share Capital fully paid up	67,705,040
Valuation reserves	10,832,966
Reserves	511,600,197
Share premiums	16,145,088
Net profit for the period	65,510,267
Shareholders' equity	**671,793,558**

The table shows that the most important component consists of the reserves, which account for about 76%, confirming the constant policy of capital expansion that is carried out by reinvesting profits. The weight of the share capital is more limited (approx. 10%), representing the part for which fees must be paid out to shareholders.

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 Board of Directors 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 banks. 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". In compliance with European Directives, the regulations specify the method for the calculation of regulatory capital. This is made up of the sum of Tier 1 capital - which is allowed into the calculation without any limitation- and the Tier 2 capital, which is allowed within the maximum limit of Tier 1 capital. The following are deducted from this sum: equity investments, hybrid equity instruments and subordinated assets, held in other banks and finance companies.
As of 31 December 2008, the bank's regulatory capital is made up as follows:

(Euro/1,000)

Description	
Tier 1 capital	615,776
Tier 2 capital	57,003
Items to be deducted	13,497
Regulatory capital	**659,282**

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 are 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 93% 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 accounts for 9% of the Regulatory Capital. The elements to be deducted account for about 2%.

3. Tier 3 capital

This is comprised by the portion of Tier 2 subordinated liabilities not included in Tier 2 since exceeding 50% of Tier 1 capital gross of the elements to be deducted, and by Tier 3 subordinated liabilities. This aggregate may only be used for the purpose of fulfilling the capital requirements on market risks for a maximum amount equal to 71.4% of such risks.

Quantitative information

(Euro/1,000)

	31/12/2008	31/12/2007
A. Tier 1 capital before the application of prudential filters	644,108	592,505
B. Prudential filters for Tier 1 capital:	- 14,039	- 1,871
B1 - positive IAS/IFRS prudential filters (+)	-	-
B2 - negative IAS/IFRS prudential filters (-)	14,039	1,871
C. Tier 1 gross of deductions (A+B)	630,069	590,634
D. Deductions from Tier 1 capital	14,293	14,065
E. Total primary capital (TIER1) (C-D)	615,776	576,569
F. Tier 2 capital before the application of prudential filters	71,296	83,484
G. Prudential filters for Tier 2 capital:	-	- 1,394
G1- positive IAS/IFRS prudential filters (+)	-	-
G2- negative IAS/IFRS prudential filters(-)	-	1,394
H. Tier 2 gross of deductions (F+G)	71,296	82,090
J. Deductions from Tier 2 capital	14,293	14,065
L. Total supplementary capital (TIER2) (H-J)	57,003	68,025
M. Deductions from Tier 1 and Tier 2 capital	13,497	44,988
N. Regulatory capital (E + L - M)	659,282	599,606
O. Tier 3 capital	**-**	**-**
P. Regulatory Capital including TIER3 (N + O)	659,282	599,606

2.2 CAPITAL ADEQUACY

Qualitative information

The above equity structure allows the following ratios to be applied:

- Tier 1 capital / risk-weighted assets (1) 13.08%
- Regulatory capital / risk-weighted assets (1) 14.00%

The Board of Directors 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.

(1) Risk-weighted assets are determined as the product of the total prudential requirements and the reciprocal of the obligatory minimum coefficient for credit risks.

Quantitative information

(Euro/1,000)

Category/Value	Unweighted amounts		Weighted amounts/requirements	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
A. RISK ASSETS				
A.1 CREDIT RISK	**6,470,831**	**5,415,739**	**4,215,315**	**4,699,230**
1. STANDARD METHODOLOGY	6,470,831	5,415,739	4,215,315	4,699,230
2. METHODOLOGY BASED ON INTERNAL RATINGS				
2.1 Base				
2.2 Advanced				
3. SECURITISATIONS				
B. CAPITAL REQUIREMENTS				
B.1 CREDIT AND COUNTERPARTY RISKS			**252,919**	**328,946**
B.2 MARKET RISK			**1,282**	**3,956**
1. STANDARD METHODOLOGY			1,282	3,956
2. INTERNAL MODELS				
3. CONCENTRATION RISK				
B.3 OPERATIONAL RISK			**28,367**	**0**
1. BASE METHODOLOGY			28,367	0
2. STANDARD METHODOLOGY				
3. ADVANCED METHODOLOGY				
B.4 OTHER CAPITAL REQUIREMENTS			0	0
B.5 TOTAL CAPITAL REQUIREMENTS			**282,568**	**332,902**
C. RISK-WEIGHTED ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			**4,709,472**	**4,755,737**
C.2 Tier 1 capital / Risk-weighted assets (Tier 1 capital ratio)			13.08%	12.12%
C.3 Total capital / Risk-weighted assets (Total capital ratio)			14.00%	12.61%

PART H - TRANSACTIONS WITH RELATED PARTIES

1 - INFORMATION ON REMUNERATION PAID TO DIRECTORS AND MANAGERS

Remuneration paid to the members of management and control boards, to general managers and to managers with strategic responsibilities.

(amounts per unit)

Name and surname	Office	Duration office	Emoluments for office in the company drawing up financial statements	Non monetary benefits	Bonuses and other incentives	Other fees
BANCO di DESIO e DELLA BRIANZA						
Directors						
Agostino Gavazzi	Chairman	2008-2010	€ 696,300			
Guido Pozzoli	Deputy Chairman	2008-2010	€ 276,300			
Stefano Lado	Deputy Chairman	2008-2010	€ 276,300			
Nereo Dacci	Managing Director	2008-2010	€ 640,000	€ 3,500	€ 864,823 (3)	
Egidio Gavazzi	Director	2010 (1)	€ 56,608			
Luigi Gavazzi	Director	2008-2010	€ 173,600			
Paolo Gavazzi	Director	2008-2010	€ 123,300			
Luigi Guatri	Director	2008-2010	€ 143,000			
Francesco Maria Cesarini	Director	2008-2010	€ 143,600			
Gerolamo Pellicanò	Director	2008-2010	€ 83,600			
Pier Antonio Cutellè	Director	2010 (1)	€ 56,908			
Auditors						
Eugenio Mascheroni	Chairman	2008-2010	€ 105,580			
Marco Piazza	Statutory Auditor	2008-2010	€ 69,430			
Rodolfo Anghileri	Statutory Auditor	2008-2010	€ 72,300			
General Manager						
Alberto Mocchi	General Manager	indefinite		€ 3,200	€ 343,416 (4)	€ 498,777
Managers with strategic responsibilities					€ 318,985 (5)	€ 649,838
BANCO DESIO TOSCANA						
Directors						
Guido Pozzoli	Chairman	2008-2010				€ 50,000
Nereo Dacci	Deputy Chairman	2008-2010				€ 25,000
Stefano Lado	Director	2008-2010				€ 5,000
Managers with strategic responsibilities in the Parent Company	Director	2008-2010				€ 5,000
Auditors						
Eugenio Mascheroni	Chairman	2006-2008				€ 18,000
BANCO DESIO VENETO						
Directors						
Stefano Lado	Chairman	2006-2008				€ 50,000
Nereo Dacci	Deputy Chairman	2006-2008				€ 25,000
Luigi Gavazzi	Director	2006-22/04/08 (2)				€ 3,060
Alberto Mocchi	Director	2006-2008				€ 10,000
Auditors						
Eugenio Mascheroni	Chairman	2006-2008				€ 19,000
Marco Piazza	Statutory Auditor	2006-2008				€ 13,000
BRIANFID - LUX - S.A.						
Directors						
Stefano Lado	Chairman	2007-2009				€ 50,000
Nereo Dacci	Deputy Chairman	2007-2009				€ 25,000
Managers with strategic responsibilities in the Parent Company	Directors	2007-2009				€ 10,000
CPC - LUGANO						
Directors						
Agostino Gavazzi	Chairman	fino al 12/12/2010				€ 50,677
Nereo Dacci	Deputy Chairman	fino al 12/12/2010				€ 25,338
BANCO DESIO LAZIO						
Directors						
Stefano Lado	Chairman	2008-2010				€ 100,000
Nereo Dacci	Deputy Chairman	2008-2010				€ 50,000
Guido Pozzoli	Director	2008-2010				€ 20,000
Alberto Mocchi	Director	2008-2010				€ 20,000
Auditors						
Eugenio Mascheroni	Chairman	2008-2010				€ 19,000

CHIARA ASSICURAZIONI			
Stefano Lado	Chairman	2006-2008	€ 20,000
Nereo Dacci	Deputy Chairman	2006-2008	€ 15,000
Alberto Mocchi	Director	2007-2008	€ 5,000
FIDES			
Alberto Mocchi	Deputy Chairman	23/11/2007-2009	€ 10,000
Auditors			
Eugenio Mascheroni	Chairman	23/11/2007-2009	€ 7,289
Rodolfo Anghileri	Statutory Auditor	23/11/2007-2009	€ 5,338

(1) The Shareholders' Meeting of Banco di Desio e della Brianza S.p.A.of 28 April 2008 coopted Egidio Gavazzi and Pier Antonio Cutellè.

(2) The Shareholders' Meeting of Banco Desio Veneto S.p.A. of 22 April 2008 accepted the resignation of Luigi Gavazzi.

(3) The managing earned a bonus of € 1.527.333, approved during previous years, submitted to conditions becoming true in 2008

(4) The general manager earned a bonus of €420.795, approved during previous years, submitted to conditions becoming true in 2008

(5) The managers with strategic responsabilities earned a bonus of €537.462, approved during previous years, submitted to conditions becoming true in 2008

2 - 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 and mentioned in the Report on Operations, which contains a summary of the intra-group accounts outstanding and of those with associates.
Relations with external related parties are settled on market conditions and, where the market is not a satisfactory reference, (as in the instance of the Agreements for outsourcing services provided to subsidiaries), on conditions that are fair and that are valued in compliance with the procedures above.
In this context, as of 31 December 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, Subsidiaries, Associates, Investee Companies, Representatives), distinguishing between transactions carried out (including any transaction made pursuant to article 136 of the Consolidated Banking Act), current accounts and security accounts balances and, finally, any supplier relations of a different type.

I - Parent Company

At the end of the year, current account deposits of the Parent Company Brianza Unione di Luigi Gavazzi e C. S.a.p.A totalled about Euro 2.3 million. The company has no debt exposure.
During the year, 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 V below).
The balance of relations with the Parent Company, relating to the securities deposit amounts to about Euro 275.0 million.

<u>II - Subsidiaries</u>

Following is the list of transactions with subsidiaries as approved by the Board during the financial year; it should be clarified that transactions to increase the capital of the subsidiaries Brianfid-Lux SA (Euro 2.043 million through the transfer of the premises where the company's head office is located), Banco Desio Lazio SpA (Euro 10 million through payment of fee), Banco Desio Toscana SpA (Euro 10 million through payment of fee) and Banco Desio Veneto SpA (Euro 15 million through payment of fee) are already shown in detail in section 10 of the notes, equity investments.

Transaction Type	Amounts / economic terms (Euro)	Counterparty
Granting of a credit facility for overdrafts on current account	10,000,000	FIDES SpA
Business cooperation agreement	Fee to Parent Company 3.75% of the gross amount financed	FIDES SpA
Framework agreement for the provision of services of a technical-administrative nature	Annual fee to the Parent Company 22,192	CHIARA ASSICURAZIONI SpA
Framework agreement for the provision of services of a technical-administrative nature	Annual fee to the Parent Company 52,100	FIDES SpA
Granting of a credit facility for business transactions	2,500,000	BANCO DESIO LAZIO SpA
Granting of a credit facility for business transactions	4,000,000	BANCO DESIO VENETO SpA
Renewal of credit facility for business transactions	2,582,000	BANCO DESIO TOSCANA SpA
Framework agreement for the provision of services of a technical-administrative nature	Annual fee to the Parent Company 398,798	BANCO DESIO TOSCANA SpA
Framework agreement for the provision of services of a technical-administrative nature	Annual fee to the Parent Company 503,260	BANCO DESIO LAZIO SpA
Framework agreement for the provision of services of a technical-administrative nature	Annual fee to the Parent Company 370,310	BANCO DESIO VENETO SpA
Issue of counter-guarantee for pooled loans	Amount: 6,500,000 Annual commission 0.20%	BANCO DESIO LAZIO SpA
Sale of technological capital equipment already leased out	343,488	BANCO DESIO LAZIO SpA
Sale of technological capital equipment already leased out	188,802	BANCO DESIO TOSCANA SpA
Sale of technological capital equipment already leased out	348,115	BANCO DESIO VENETO SpA

For the sake of completeness of information, it should be pointed out that the Parent Company has obtained from Banco Desio Toscana SpA the issue of a bond for the amount of Euro 0.2 million, made out in favour of the Municipal Treasury of Desio, as security for the charges relating to the project to expand the office premises.

The amount of assets/liabilities, as well as guarantees/commitments and revenues/charges, resulting from relations with the aforesaid companies, is shown in paragraph 8.4 of the Report of Operations (Table no. 13) under the item “Subsidiaries”.

III – Associated companies

At the end of the year there were three associated companies:

- Chiara Vita SpA, originally considered a subsidiary but became an associate during the year, due to the effect of maintaining an interest of 30% within the framework of the agreements with the Helvetia Group;
- Istifid S.p.A., in which an interest of approximately 21% is maintained;
- Anima SGRpA, previously a subsidiary and became an associate, in 2007, due to the effect of maintaining an interest of approximately 21% (also sold on 30 January 2009 following the acceptance of the takeover bid launched by the Banca Popolare di Milano Scarl);

Within the framework of the agreements with the Helvetia Group the following have been drawn up: i) a five-year contract for the distribution of products in the life insurance branch; ii) conversely, following the exit from the Group, on 1 October 2008, the pre-existing relations for the provision of services of a technical and administrative nature ended.

The contractual relations with Istifid SpA consist essentially in the supply of company services (shareholders registers, assistance at meetings, consultancy regarding corporate compliance etc) which are charged at the usual costs for such services.

As regards Anima Sgr, the Bank acts as custodian bank for the Mutual Funds managed by the bank itself, as well as acting as the investment dealer for those same funds. During the year, it was resolved that the credit lines that were previously granted to a limit of Euro 300 million should be reduced to a maximum of Euro 50 million. It should be remembered that during 2007 a subordinated loan of Euro 16.5 million was granted to the company within the framework of the acquisition of the DWS business unit. At the end of the year, therefore, there were total credit facilities of Euro 66.5 million. The outstanding transactions with Anima Sgr (still treated pursuant to Article 136 of the Consolidated Banking Act (TUB) due to the correspondence of the positions of some Representatives of the Bank), as well as those with the related Mutual Funds, are settled at arm's length, according to the policies adopted by the Bank.

The amount of assets/liabilities, as well as revenues/charges, resulting from relations with the aforesaid companies is shown in paragraph 8.4 of the Report of Operations (Table no. 13) under the item "Companies subject to significant influence".

IV – Other investee companies

The transactions subject to credit limits resolved in favour of the investee companies, which are assimilated to "related parties" as a result of the size of the interests held in them and considering the existing agreements to which they are parties, are mainly ordinary transactions issuing or confirming credit granted 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. During 2008, the Bank carried out a capital increase as per the resolution of the General Meeting of the subsidiary Zenit SGR (the counter value of which was Euro 150,000, paid up on 31 January 2009). The shareholding and distribution relations with the "PFM Group" are however in the process of being redefined.
As regards the relations with the companies referred to in the preceding paragraph and with the funds managed by these companies, it should be noted that the debit balances towards customers as at 31 December 2008 amount, in aggregate, to approximately Euro 21.7 million, approximately Euro 5.7 million of which refer to deposits of securities; credit balances amount to approximately Euro 0.5 million (against existing credit facilities of approximately Euro 4.1 million).

V - Transactions with Representatives and subjects referable thereto

As regards the transactions subject to credit limits approved by the Board in 2008 pursuant to Article 136 of the Consolidated Law on Banking (T.U.B.), it is to be noted that most of the these were ordinary transactions whereby credit was paid out to Representatives of the Group and/or companies referable thereto, with regard to which the Representatives (i.e. directors, statutory auditors and managers with strategic responsibilities within the Bank and the companies under control) concerned stated that they had interests of various kinds by virtue of significant equity investments, appointments and/or other relationships of a financial or personal nature with these companies. These relations did not affect the application of the normal criteria for appraising creditworthiness. The total amount of the facilities granted in the 42 positions existing as at 31 December 2008 is equal to about Euro 42 million and the relative uses totalled about Euro 29 million. The figures above do not include outstanding transactions with the associate and investee companies mentioned in points III and IV above (officially treated pursuant to Article 136 of the Consolidated Banking Act, due to the positions held in such companies by some Representatives of the Bank).

As regards deposit relations held directly with the Representatives, it is also worth noting that the debit balances towards customers as at 31 December 2008 amount to approximately Euro 10.2 million (inclusive of approximately Euro 5.3 million, in securities accounts). The relations with persons connected to the Representatives pursuant to Article 136 of the Consolidated Banking Act show debit balances towards customers for an aggregate of Euro 73.1 million (Euro 52.8 million of which in securities accounts).

At the end of 2008, the Board took a resolution to amend the conditions previously awarded to Directors and Auditors of the Group (as well as to companies associated with these), in relation to the development of the market situation. The existing conditions remain within the framework of the market parameters and in any case guarantee the Bank an adequate financial margin.

* * *

In compliance with CONSOB Resolution no. 15519 of 27 July 2006 and analogously, with the matters highlighted in the six-monthly Report of 30 June 2008, it is noted that the total percentage value of the above balances in terms of the Group's equity, financial and economic situation remains substantially negligible.

PART I - INFORMATION ON SHARE PAYMENT INCENTIVE PLANS

For qualitative and quantitative information on this issue, please see Part I of the Notes to the financial statements referred to the Banco Desio Group.

In accordance with the provisions issued by Consob, following is a table which summarises the stock option grants with specific regard to the Directors and the General Manager of the Parent Company and, in aggregate, to the managers with strategic responsibilities in the Parent Company.

Stock options assigned to the Directors and to the General Manager

Beneficiaries and object of the options				Options held at the beginning of the financial year			Options granted during the financial year			Options exercised during the financial year			Options expired	Options held at the end of the financial year		
Name and surname	Office held within the Bank	Companies whose shares are the subject of the granted options		Number of Options	Average excercise price (€)	Average maturity of the options	Number of Options	Average excercise price (€)	Average maturity of the options	Number of Options	Average excercise price (€)	Average maturity of the options	Number of Options	Number of Options	Average excercise price (€)	Average maturity of the options
		Company	Office held													
Nereo Dacci	Managing Director	Fides					30.000 (1)	7,64 (2)	31/10/2011 (3)					30.000 (1)	7,64 (2)	31/10/2011 (3)
		Banco Desio Veneto	Deputy Chairman	525.000 (4)	1,00 (5)	2009/2011 (6)	272.727 (4)	1,25 (5)	2009/2011 (6)					797.727 (4)	1,09 (5)	2009/2011 (6)
		Chiara Assicurazione	Deputy Chairman	276.000 (7)	1,33 (8)	2009/2011 (9)								276.000 (7)	1,33 (8)	2009/2011 (9)
Alberto Mocchi	General Manager	Fides	Deputy Chairman				25.000 (1)	7,64 (2)	31/10/2011 (3)					25.000 (1)	7,64 (2)	31/10/2011 (3)
		Banco Desio Veneto	Director	280.00 (4)	1,00 (5)	2009/2011 (6)	145.455 (4)	1,25 (5)	2009/2011 (6)					425.455 (4)	1,09 (5)	2009/2011 (6)
		Chiara Assicurazione	Director	50.000 (7)	1,33 (8)	2009/2011 (9)								50.000 (7)	1,33 (8)	2009/2011 (9)

(1) Ordinary shares of the subsidiary Fides S.p.A. with a nominal value of € 1.00 each
(2) Prezzc Price determined based on the normal value of the share upon assignment
(3) Options thta may be exercised during October 2011
(4) Ordinary shares of the subsidiary Banco Desio Veneto S.p.A. with a nominal value of € 1.00 each (increase during the financial year due to additional assignment caused by "share dilution" due to capital ir
(5) Price determined based on the normal value of the share upon assignment
(6) Half of the granted options may be exercised between 20 March 2009 and 20 May 2009, while the other half may be exercised between 20 March 2011 and 20 May 2011 or, alternatively, the whole share may be exercised between 20.3.2011 and 20.5.201.
(7) Ordinary shares of the subsidiary Chiara Assicurazioni Spa, with a nominal value of € 1.00 each
(8) Price determined based on the normal value of the share upon assignment
(9) The option can be exercised in relation to the whole share during one of the following alternative periods: 20.3.2009 - 20.5.2009; 20.3.2010 - 20.5.2010; 20.3.2011 - 20.5.2011.

Stock options assigned to Directors with strategic responsibilities

Object of the options	Options held at the beginning of the financial year			Options granted during the financial year			Options exercised during the financial year			Options expired in the	Options held at the end of the financial year		
Companies whose shares are the subject of the granted options	Number of Options	Average excercise price (€)	Average maturity of the options	Number of Options	Average excercise price (€)	Average maturity of the options	Number of Options	Average excercise price (€)	Average maturity of the options	Number of Options	Number of Options	Average excercise price (€)	Average maturity of the options
Fides				30.000 (7)	7,64 (2)	31/10/2011 (3)					30.000 (7)	7,64 (2)	31/10/2011 (3)
Banco Desio Veneto	315.000 (4)	1,00 (5)	2009/2011 (6)	163.636 (4)	1,25 (5)	2009/2011 (6)					478.636 (4)	1,09 (5)	2009/2011 (6)
Chiara Assicurazione	60.000 (7)	1,33 (8)	2009/2011 (9)								60.000 (7)	1,33 (8)	2009/2011 (9)

(1) Ordinary shares of the subsidiary Fides S.p.A. with a nominal value of € 1.00 each
(2) Prezzo determinatoPrice determined based on the normal value of the share upon assignment
(3) Options thta may be exercised during October 2011
(4) Ordinary shares of the subsidiary Banco Desio Veneto S.p.A. with a nominal value of € 1.00 each (increase during the financial year due to additional assignment caused by "share dilution" due to capital increase)
(5) Price determined based on the normal value of the share upon assignment (coinciding with the nominal value because the Company was not yet operational)
(6) Half of the granted options may be exercised between 20 March 2009 and 20 May 2009, while the other half may be exercised between 20 March 2011 and 20 May 2011 or, alternatively, the whole share may be exercised between 20.3.2011 and 20.5.201.
(7) Ordinary shares of the subsidiary Chiara Assicurazioni Spa, with a nominal value of € 1.00 each
(8) Price determined based on the normal value of the share upon assignment
(9) The option can be exercised in relation to the whole share during one of the following alternative periods: 20.3.2009 - 20.5.2009; 20.3.2010 - 20.5.2010; 20.3.2011 - 20.5.2011.

CERTIFICATION OF THE BANK'S FINANCIAL STATEMENTS

PURSUANT TO ART. 154 BIS OF LEGISLATIVE DECREE 58/1998

1. The undersigned Nereo Dacci, Managing Director, and Piercamillo Secchi, Manager responsible for preparing the Company financial reports, of Banco di Desio e della Brianza S.p.A. taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, do hereby certify to:

   - the adequacy in relation to the Company's features and
   - the actual application

   of the administrative and accounting procedures employed to draw up the Bank's financial statements for the period from 01/01/2008 to 31/12/2008.

2. Evaluation of the adequacy of the administrative and accounting procedures employed to draw up the Bank's financial statements as at 31 December 2008 was based on methods defined by Banco di Desio e della Brianza S.p.A. consistently with the Internal Control Integrated Framework model, issued by the Committee of Sponsoring Organization of the Treadway Commission, which is an internationally accepted reference framework.

3. The undersigned also certify that:

   3.1 the Financial Statements:

   a. were prepared according to the applicable international accounting principles recognised in the European Union as per Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002, the applicable provisions of the Italian Civil Code, Legislative Decree no. 38 of 28 February 2005 and the administrative instructions issued by the Bank of Italy;

   b. correspond to the results of the books and accounts;

   c. give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer.

   3.2 the Report on Operations mentions the important events that occurred during the year and their impact on the Financial Statements, and sets out the main risks and uncertainties for the six months following the reporting date, in addition to disclosing transactions with related parties.

Desio, 24 March 2009

Managing Director

Nereo Dacci

Manager responsible for preparing the Company's financial reports

Piercamillo Secchi

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE NO. 58 OF 24 FEBRUARY 1998

To the Shareholders of
Banco di Desio e della Brianza SpA

1 We have audited the financial statements of Banco di Desio e della Brianza SpA as of 31 December 2008, which comprise the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and related notes. The directors of Banco di Desio e della Brianza Spa are responsible for the preparation of these financial statements, in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and , taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our audit opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference is made to our report dated 11 April 2008.

3 In our opinion, the financial statements of Banco di Desio e della Brianza SpA as of 31 December 2008 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative decree no. 38/2005; accordingly, they have been drawn up clearly and give a true and fair view of the financial position, results of operations, changes in equity and cash flows of Banco di Desio e della Brianza SpA for the year then ended.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

4 The directors of Banco di Desio e della Brianza SpA are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by art 156, paragraph 4-bis, letter d), of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard No 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the financial statements of Banco di Desio e della Brianza SpA as of 31 December 2008.

Milan, 9 April 2009

PricewaterhouseCoopers SpA

Signed by

Fabrizio Piva
(Partner)

This report has been translated into the English language from the original which was issued in Italian, solely for the convenience of international readers.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

Report on Operations 2008

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

Corporate offices
(Banco di Desio e della Brianza S.p.A.)

Board of Directors

Chairman	Agostino Gavazzi*
Deputy Chaiman	Stefano Lado* Guido Pozzoli*
Managing Director	Nereo Dacci*
Directors	Francesco Cesarini Pier Antonio Cutellé Egidio Gavazzi Luigi Gavazzi Paolo Gavazzi Luigi Guatri Gerolamo Pellicanò

** Members of Executive Committe*

Board of Statutory Auditors

Chairman	Eugenio Mascheroni
Statutory Auditors	Rodolfo Anghileri Marco Piazza
Alternate Auditors	Giovanni Cucchiani Clemente Domenici Carlo Mascheroni

General Management

General Director	Alberto Mocchi
Deputy Vice General Director	Claudio Broggi
Vice General Director	Marco Sala

Manager responsible for preparing the Company's financial reports pursuant to article 154-bis of Consolidated Law on Finance "TUF"

Nominated Official in charge of drawing up Company Accounts	Piercamillo Secchi

External Auditor

PricewaterhouseCoopers S.p.A.

PREAMBLE

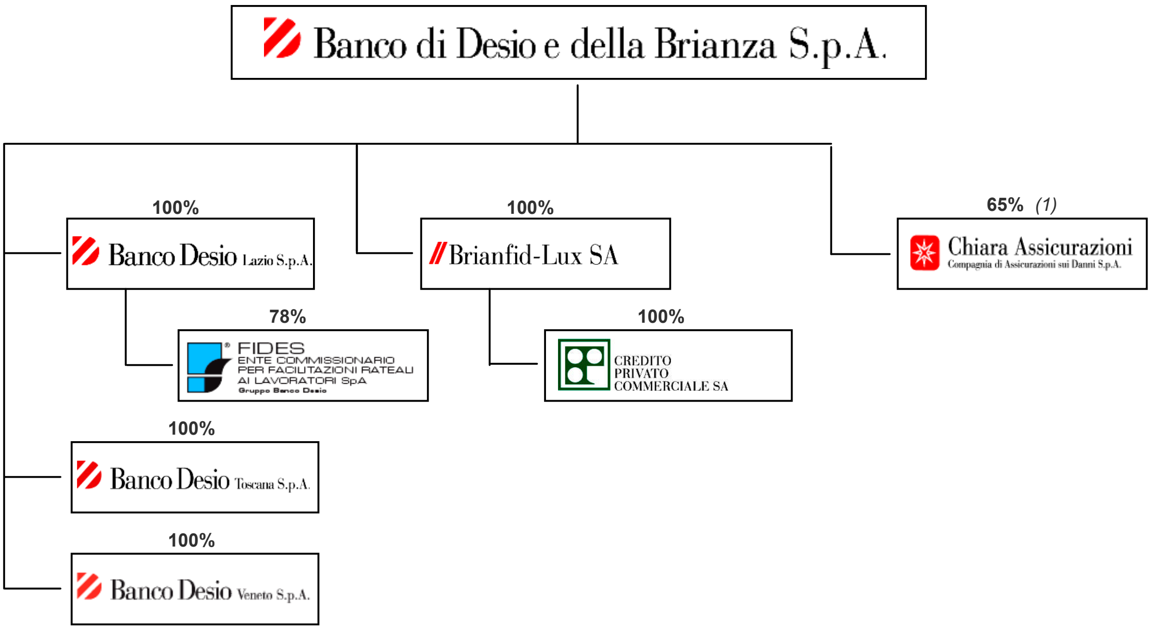
Following the Parent Company Banco di Desio e della Brianza S.p.A.'s sale of a 70% stake in the share capital of Chiara Vita S.p.A. on 1 October 2008, the latter company became an associated company in accordance with article 2359 of the Italian Civil Code due to the equity investment being reduced to 30% and the resulting change in the consolidation area; consequently, the 2008 consolidated financial statements show significant accounting changes compared to those of the previous year.

In order to make the individual items more comparable between periods, the data as at 31 December 2007 was "restated" accordingly, in compliance with the accounting principles used for drawing up the financial statements. In particular, the shareholding in Chiara Vita S.p.A., i.e. the 30% share remaining in ownership at the end of 2008, was consolidated using the equity method, whereas the 70% stake sold during the course of the year was reclassified at the current book value into the item "non current assets held for sale and discontinued operations" in the financial statements of the Parent Company.

The "restating", due to the elimination of the accounting entries that had cancelled transactions within the group, led to a reduction in net profit of 3.5 million euro, partially offset by the increase in other equity items.

THE BANCO DESIO GROUP

This consolidated report on operations relates to the following corporate structure of the Banco Desio Group:



(1)Company excluded from the perimeter of the Banking Group

1 - FINANCIAL HIGHLIGHTS AND RATIOS

BALANCE SHEET DATA

in thousands of Euros	31.12.2008	31.12.2007 Restated	Change Amount	%
Total assets	7,521,232	6,731,970	789,262	11.7%
Financial assets	798,133	963,711	-165,578	-17.2%
Amounts due from banks	586,362	269,171	317,191	117.8%
Amounts due from customers	5,706,677	5,085,091	621,586	12.2%
Tangible assets	147,545	144,961	2,584	1.8%
Intangible assets	41,288	41,304	-16	0.0%
Amounts due to banks	37,636	169,842	-132,206	-77.8%
Amounts due to customers	4,061,682	3,763,829	297,853	7.9%
Securities issued	1,863,096	1,561,592	301,504	19.3%
Financial liabilities at fair value through profit or loss	541,488	292,453	249,035	85.2%
Shareholders' equity (including net proft for the period) (1)	697,600	662,988	34,612	5.2%
Total indirect deposits	15,915,266	20,922,666	-5,007,399	-23.9%
of which indirect deposits from institutional customers	*8,110,674*	*12,538,669*	*-4,427,995*	*-35.3%*

INCOME STATEMENT DATA (2)

a) Operating margins

in thousands of Euros	31.12.2008	31.12.2007 Restated	Change Amount	%
Operating income	346,609	329,401	17,208	5.2%
of which *Net interest income*	*228,927*	*200,417*	*28,510*	*14.2%*
Operating costs	213,795	203,668	10,127	5.0%
Operating margin	132,814	125,733	7,081	5.6%
Operating profit net of taxes	51,272	57,556	-6,284	-10.9%

a) Total results (operating profit + capital gains on the sale of equity investments)

in thousands of Euros	31.12.2008	31.12.2007 Restated	Change Amount	%
Operating profit net of taxes	51,272	57,556	-6,284	-10.9%
Net non-recurring result (capital gains on the sale of equity investments net of taxes) (3)	11,632	122,670	-111,038	n.s.
Net profit/(loss) for the period (1) (3)	63,060	180,130	-117,070	n.s.

(1) pertaining to the Parent Company
(2) from reclassified Income Statement.
(3) the figure as at 31 December 2007 includes the after tax profit resulting from the sale of a 29.72% interest in Anima SGRp.A. for € 119,4 million

FINANCIAL RATIOS

	31.12.2008	31.12.2007 Restated	Change Amount	%
Shareholders' equity / Total assets	9.3%	9.8%		-0.6%
Shareholders' equity / Amounts due from customers	12.2%	13.0%		-0.8%
Shareholders' equity / Amounts due to customers	17.2%	17.6%		-0.4%
Shareholders' equity / Securities issued	37.4%	42.5%		-5.0%
(Tier 1 and Core Tier 1) Equity ratio	9.8%	9.9%		-0.1%
(Tier 2) Solvency ratio	10.5%	10.4%		0.1%
Financial assets / Total assets	10.6%	14.3%		-3.7%
Amounts due from banks / Total assets	7.8%	4.0%		3.8%
Amounts due from customers / Total assets	75.9%	75.5%		0.3%
Amounts due from customers / Direct deposits from customers	88.3%	90.5%		-2.3%
Amounts due to banks / Total assets	0.5%	2.5%		-2.0%
Amounts due to customers / Total assets	54.0%	55.9%		-1.9%
Securities issued / Total assets	24.8%	23.2%		1.6%
Financial liabilities at fair value through profit or loss / Total assets	7.2%	4.3%		2.9%
Direct deposits from customers / Total assets	86.0%	87.1%		-1.2%
Operating costs / Operating income (Costi/Income ratio)	61.7%	61.8%		-0.1%
Net interest income / Operating income	66.0%	60.8%		5.2%
Operating margin / Operating income	38.3%	38.2%		0.1%
Operating profit net of taxes / Shareholders' equity	7.3%	8.7%		-1.3%

STRUCTURE AND PRODUCTIVITY DATA

	31.12.2008	31.12.2007 Restated	Change Amount	%
Number of employees	1,774	1,668	106	6.4%
Number of bank branches	161	148	13	8.8%
in thousands of Euros				
Amounts due from customers by employee	3,217	3,049	168	5.5%
Direct deposits from ordinary customer by employee	3,645	3,517	128	3.6%
Operating income by employee	195	197	-2	-1.1%

2 - THE BASELINE SCENARIO

2.1 - THE MACROECONOMIC FRAMEWORK

After the financial shock in the American mortgage market in August 2007 had rapidly spread to all sectors of finance and all over the world, during the latter part of the year it also struck the real economy, with impacts on consumption, investment and production. This happened all over the world at the same time, transforming the moderate pace of a recession that was already in progress into a rush towards economic depression during the last months of the year.

The worsening of the financial crisis that began in July with increasing doubts concerning the repayment capacity of Fannie Mae, Freddie Mac and the insurance giant, AIG, followed by investment bank Lehman Brothers' bankruptcy in September, led to all the operators in the world markets becoming fearful of an insolvency crisis. The panic that spread spurred government and monetary authorities to take rapid action, and they managed to achieve their aim of averting a collapse of the world financial system. Governments and central banks warded off the danger by means of continuous flows of financing to financial institutions and the economy, by strengthening the capital positions of operators in difficulty and by increasing their bank deposits guarantees.

The signs of a slight relaxation of the tension in the financial situation were counter-balanced by a worsening of real variables in all the main economies, thus painting a picture of a rapidly worsening economic cycle. Economic growth also slowed substantially in the emerging economies, although they continue to be the main driving force behind global growth.

According to the latest International Monetary Fund (IMF) estimates, world economic growth in 2008 should be +3.4%, compared with +5.2% in 2007, and the forecast is that the figures for 2009 will be even poorer.

A brusque drop in the prices of raw materials, especially in the energy sector, went hand in hand with the weakening in economic activity. These prices went back to 2004 levels. In the latter part of the year this gave rise to a considerable fall in consumer inflation in the leading economies. The decline in inflation and the continuing deterioration of the economic situation were accompanied by a further slackening of the main economies' monetary policies. In the USA official interest rates practically went down to zero, and they were considerably reduced in the euro zone and other countries. Nevertheless, the overall 2008 inflation rate was still affected by the speculative oil price bubble of the first seven months of the year and in the main economies this rate was higher, on average, than in 2007. In the euro zone consumer inflation was +3.3% compared with +2.1% in 2007; in the USA the rate went from 2.9% in 2007 to 3.8% and in Japan to 1%, higher than the zero variation in 2007.

On the currency market the euro rose strongly against the US dollar in 2008 (1.471 compared with 1.371 in 2007) and the pound (0.797 compared with 0.685 the previous year).

THE UNITED STATES

American GDP fell by 0.5% on an annual basis in the third quarter of 2008, reflecting the steep fall in private consumption, a sharp slowdown in exports and a brusque decline in investment in residential property.

Lower employment figures during the last months of the year contributed to a worsening climate of confidence in households, and this led to a marked reduction in consumption in the third quarter.

Household consumption was also affected by the decrease in net wealth.

In the third quarter of 2008, more difficult terms for access to credit were reflected in a diminution of net corporate financing and a negative variation in lending to households.

The retroactive effects of falling property prices on household wealth and of mortgage defaults are one of the main factors in the fragility of the US economy.

During the last months of the year, US inflation, measured by the consumption deflator, fell steeply to 1.4% in November compared with 4.4% in August. This was mainly due to the decrease in the prices of energy products.

As a result of monetary policy, interest rates went almost down to zero during 2008, as we have said: in mid-December the Federal Reserve set an objective interval of between 0% and 0.25%, clearly expressing its determination to keep monetary policy rates at a significantly low level for a certain period of time.

The action taken to try and curb the financial crisis caused a considerable increase in the Federal Reserve deficit, which is forecast to be 3.2% of GDP at the end of the year.

JAPAN

In Japan, GDP, which had already fallen by 3.7% during the second quarter, dropped by a further 1.8% in the third quarter as a result of the protracted decrease in private investment in production and the contribution, still negative, of net exports.

Industrial production orders and the leading indicators were markedly negative. Consumer and business confidence was at minimum levels and there was a fall in employment, a rise in bankruptcies and major companies recorded lower profits, and even losses, the fall-out affecting small and medium enterprises.

Monetary policy acted on the liquidity front with direct injections of capital and by virtually bringing interest rates down to zero: the monetary authorities' reaction, in fact, was to reduce the monetary policy reference rate by 40 basis points down to 0.10%.

At the end of October 2008, the tax authorities announced measures aimed at easing small and medium enterprises' difficulties in raising finance.

EMERGING ECONOMIES

Economic growth in the emerging economies slowed down sharply from the third quarter onwards: the difficulties in accessing international credit and the weakening of foreign demand were the main causes. Raw material exporting countries were the first to be affected by the fall in prices. Economic activity is decelerating hard in Russia and Brazil, more gently in China and India.

In order to counter the weakening of economic activity in a scenario in which inflationary pressure is rapidly slackening, the central banks of a large number of emerging economies, especially Asian countries, relaxed monetary conditions by reducing refinancing rates and regulatory reserve ratios.

EURO ZONE AND ITALY

In the euro zone, 2008 closed with an average annual GDP growth rate of 0.8%, much lower than the figure in 2007, which was +2.7%.

Recorded consumption rose by 0.6% in the first three quarters of 2008.

The gross investment trend rose during the first three quarters, recording a variation of +2.4% over the previous year.

Exports rose by +3.7% during the first nine months of the year, compared with +6% in 2007. Imports increased by +3.2%, compared with +5.4% in 2007, and industrial production by December 2008 was 11.1% less than 2007 on an annual basis.

There was a marked fall in Italian GDP during the latter part of 2008, corresponding to 2.6% per year, and industrial production was 14.3% down in trend terms compared with the previous year. The only component of domestic demand that performed positively was public sector consumption (+1.1%, in trend terms).

Gross fixed investments were down, as was private consumption, respectively by -0.7% and -0.4% in the first three quarters of the year. Exports and imports also fell, with an average decrease of -0.5% and 2.1% in trend terms in the first nine months of the year.

Even though labour market figures rose slightly in the first nine months (+0.4%), the trend comparison shows an unemployment rate of 6.7%, against 6.2% in the third quarter of 2007.

The consumer price index rose strongly, by 3.3% in 2008 compared with 1.8% in 2007. Core inflation (an index that excludes the more volatile components, such as energy products and fresh food) also rose from 2% in 2007 to 2.8% in 2008.

The increase in public debt and the lower GDP led to a public deficit to GDP ratio of 105.9% (104.1% in 2007).

2.2 - THE CAPITAL MARKET AND THE BANKING SYSTEM IN ITALY

International stock market performance was affected by the exacerbation of the global crisis, with annual indices substantially falling: Standard & Poor's 500 by 38.5%, Nikkei by 42.1% and Dow Jones Euro Stoxx Large for the euro zone by 45%. MIBTEL, the Italian stock market index, was no exception, ending the year with a negative variation of 49.5%, a situation that brought total capitalisation down to 348 billion euro, compared with about 707 billion euro one year before.

Among the Italian stock market macro-sectors, the worst performance was that of the banks, which had a capitalisation of about 91 billion euro at the end of the year compared with about 214 billion in 2007, thus plummeting by more than 57%.

As far as the Italian banking system is concerned, the statistics from the Italian Banking Association (ABI) show that at the end of 2008 deposits in euro (resident customers and bonds) had risen by 11.7% during the year, compared with 7.9% in the previous period. Among the specific forms of funding, the bond component (+21.2%) increased more than deposits (+6.1%), and within the latter the highest increases were in current account deposits (+6.3%) and repos (+10.2%).

As regards lending, the annual increase in loans to private residents (+4.9%) is an indication of the slowdown related to the recession phase, since the rise in the previous year was 9.8%. Analysis of data by economic sector also shows the deceleration in lending: loans to non-financial companies rose by +6.6% (+13.2% in 2007), which confirms that enterprises cut down their investment plans.

Nevertheless, the growth trend of loans to business in 2008 was higher than household lending, which slowed down considerably: +1.4% compared with +7.8% during 2007. The consumer credit sector also shrank (+4% compared with 5.7% in 2007), even if this increase was higher than in the euro zone as a whole, +2.2%. Mortgages also rose less, the trend rate for 2008 being +0.2% compared to +8.7% in 2007.

At the moment, the deterioration in the economic situation is not reflected in non-performing loans, which represent 2.34% of loans as against 2.97% in 2007.

The banks' securities portfolios increased strongly, reaching the sum of 346 billion euro compared with 237 billion euro the previous year (a 46.1% rise), and other securities also rose in comparison with a fall in short-term securities, CCT treasury credit certificates and BTP long-term treasury bonds.

As regards interest rates, in 2008 all financial and lending rates went down in line with ECB measures. At the end of 2008 the interest on BOT treasury bills was 2.57% (3.99% at the end of 2007) while the return on CCT treasury credit certificates was about 0.40% lower. In the field of bank lending, the average interest rate on loans was 6.08% (6.18% at the end of 2007), a situation that was also due to the great tensions that came to the surface on the money market, while the mean rate of interest on deposits (current account deposits, bonds and repos) at the end of 2008 was 3.01%, compared with 2.89% at the end of 2007.

3 - LOCAL EXPANSION AND ISSUES OF CORPORATE INTEREST

3.1 - DEVELOPMENT OF THE DISTRIBUTION NETWORK

The rate of growth of the distribution network went on absolutely uninterruptedly in 2008 in spite of the worsening macroeconomic scenario, enabling the Group to reach a total of 161 branches at the end of the financial year, an increase of 13.

The branch network, increasingly widespread, continues to be marked by the central role given to the rapport and relations with customers, new branches' capacity to obtain a return on investment in a sufficiently short space of time and the expansion potential of its market shares.

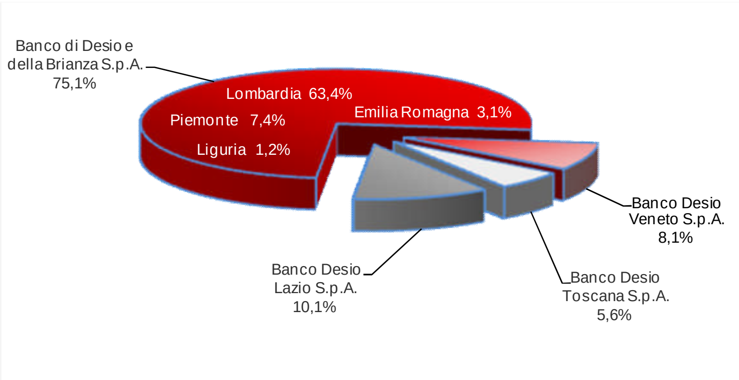
The objective of the continuity in the expansion policy that was again pursued in 2008 was to put roots down in the territory with which the Group is historically associated and in adjacent and complementary areas and to take up other local opportunities. This policy led the Parent Company to further extend its presence in Lombardy, Piedmont and Emilia, resulting in the opening of its first two branches in Liguria, in Albenga and Genoa, the regional capital, and to reinforce the direct presence of the individual local subsidiary banks, in particular in the Veneto and Lazio regions.

The breakdown of the overall branch network by individual Group company with the change in the year is shown in the table below, while the chart that follows it also gives the percentage distribution by region as at the end of 2008.

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

No. of branches	31.12.2008	Percentage breakdown	31.12.2007	Percentage breakdown	Change Value	Change %
Banco di Desio e della Brianza S.p.A.	121	75.1%	114	77.0%	7	6.1%
Banco Desio Veneto S.p.A.	13	8.1%	10	6.8%	3	30.0%
Banco Desio Toscana S.p.A.	9	5.6%	9	6.1%	0	0.0%
Banco Desio Lazio S.p.A.	18	11.2%	15	10.1%	3	20.0%
Group distribution network	**161**	**100.0%**	**148**	**100.0%**	**13**	**8.8%**

Chart no. 1 - **THE GROUP DISTRIBUTION NETWORK: PERCENTAGE BREAKDOWN BY BANK AND BY REGION – YEAR 2008**



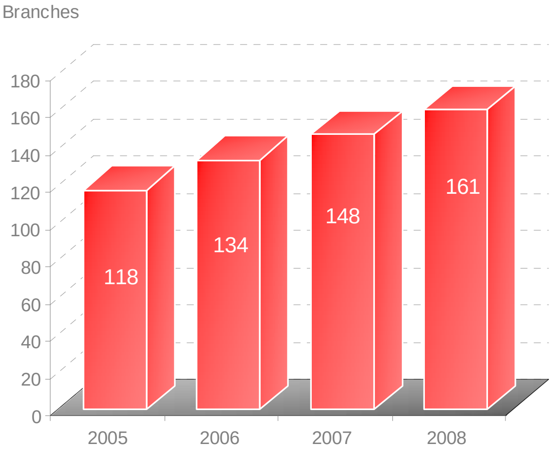
In the year that has closed, in particular, the Parent Company opened another branch in Lombardy, in Crema, three in Casale Monferrato, Asti and Collegno in Piedmont, a branch in the Emilia region in Reggio Emilia in addition to the two branches that have been already mentioned in Liguria, in Albenga and in Genoa.

The network structure of the subsidiary Banco Desio Veneto S.p.A., following the opening of the branches in Thiene (Vicenza), Castelfranco Veneto (Treviso) and Conegliano (Treviso) numbered a total of thirteen branches at the end of the year; these are spread across the local base which covers the four districts of Vicenza, Verona, Padua and Treviso.

During the year, Banco Desio Lazio S.p.A. opened the three branches of Viterbo, Pomezia and Monterotondo, in March, June and November respectively, and numbered a total of eighteen branches at the end of 2008, with a base that is particularly concentrated in the capital and the surrounding areas. Banco Desio Toscana S.p.A. on the other hand maintained the same structure as the previous year.

The chart below shows the dimensional growth of the Group in the last few years, with a growth rate corresponding to a Compound Annual Growth Rate of 10.9% in the three year period 2006-2008.

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



3.2 - MAJOR CORPORATE EVENTS DURING THE FINANCIAL YEAR

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

After obtaining the statutory clearances, on 1 October 2008 the partnership agreements were completed that had been entered into on 29 May 2008 between the Parent Company and Swiss insurance group Helvetia, leading to the Helvetia Group's entry into Chiara Vita S.p.A.'s share capital with a 70% stake for a payment of 79.6 million euro to the Bank (partly subject to adjustment in accordance with a mechanism that is usual in transactions of this kind).Consequently, the Parent Company's equity investment in Chiara Vita S.p.A. (a company now classified as an associate under Article 2359 of the Civil Code) has been 30% since the last quarter of 2008.

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

In line with the policy of making the product companies less and less captive, and carrying on with the line of strategy taken since the beginning of the "damages company" project, during 2008 the Parent Company sold interests in subsidiary Chiara Assicurazioni S.p.A.'s share capital amounting in all to 22.5%, thus reducing its equity investment in the company to 65%.

Bank of Italy inspections

The Bank of Italy inspections of the Parent Company and its subsidiary, Banco Desio Lazio S.p.A., ended during the third quarter. The findings of the inspection report were favourable on the whole; some suggestions were made regarding the technical and organisational structure, certain processes and formal and procedural aspects related to some line and risk monitoring. In view of these observations, the Group took certain appropriate action, mainly in the framework of measures and projects that were already in progress, and notified the Supervisory Authority accordingly.

Sale by the subsidiary Brianfid-Lux S.A. of the controlling 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 trust company Valorfin S.A. was executed, thus realising a capital gain of Euro 0.4 million before taxes. The transaction thus determined a reduction of the Bank's equity investment in the company in question to 10% and its exit from the consolidation area of the Banco Desio Group.

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

Increases in the share capital of some subsidiaries

In order to support the growth of operations over a wider area and for the direct strengthening of the supervisory capital of the subsidiaries Banco Desio Lazio S.p.A., Banco Desio Toscana S.p.A. and Banco Desio Veneto, in accordance with the provisions of the respective 2008-2009 two-year business plans, during April 2008 the respective Extraordinary Shareholders' Meetings resolved the following capital increases against payment, subscribed and paid up by the Parent Company at the same time:

- as regards Banco Desio Lazio S.p.A., a share capital increase of a 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 a nominal Euro 10 million (from Euro 13.8 million to Euro 23.8 million);
- as regards Banco Desio Veneto S.p.A., a share capital increase of a nominal Euro 12 million (from Euro 23.1 million to Euro 35.1 million), with a share premium, to be recognised in the appropriate reserve, of Euro 3 million.

Furthermore, the subsidiary Brianfid Lux S.A. carried out a 2,043 million euro nominal value increase (raising the share capital from 25,900 million to 27,943 million euro) through the Parent Company vesting it with the property in which Brianfid Lux S.A. conducts its business.

Adoption of the "Integrated Group Treasury" in the Parent Company

By virtue of the resolution previously passed by the Board of Directors of the Parent Company concerning the "Integrated Group Treasury", in January 2008 the Italian subsidiary banks subscribed to the proposal of centralising their liquidity with the Parent Company itself.

The unification of the financial assets of Group companies in a Central Treasury Department will allow the Parent Company to support - with lower risks - the optimum management of liquidity and the complete monitoring of operating and market risks.

Shareholding plan for indirect subsidiary FIDES S.p.A.

As for other Group initiatives in the start-up phase, in July 2008 Banco Desio Lazio S.p.A.'s Board of Directors and Shareholders' Meeting approved an ad hoc shareholding plan for the subsidiary FIDES S.p.A..

The capital intended for the shareholding plan is made up of 20% of the FIDES S.p.A. stock, at the moment corresponding to at most 220,000 shares; the beneficiaries are managers and employees of the company and

Group managers directly and/or indirectly involved in the process of developing the finance house, the period during which the options can be exercised being January 2011.

According to the structure of the plan, the value of the shares that will come into the possession of the beneficiaries if they exercise their options will reflect any capital losses incurred by the company as a result of the assumption of risks that exceed the company's and the Group's policy and corporate regulations, in line with the Supervisory Authority's prudential recommendations with regard to remuneration and incentive mechanisms.

On the basis of the IAS/IFRS policies applicable to transactions of this kind, the cost of the shareholding plan, which consists of the free assignment of the options, is borne by FIDES S.p.A.: it may be estimated at a figure between 0.3 and 0.4 million euro, to be allocated pro rata to each financial year that ends between the assignment date and the date of the exercise of the options, with an annual maximum cost estimated to be about 0.1 million euro.

Sale of a 2% interest in the share capital of subsidiary FIDES S.p.A. by Banco Desio Lazio

In the framework of a plan to expand the distribution network of subsidiary FIDES S.p.A., on 27 November 2008, Banco Desio Lazio completed the sale of a 2% interest in the share capital of this finance house for about 170,000 euro. After this transaction, the equity investment in FIDES S.p.A. fell to 78%.

4 - HUMAN RESOURCES

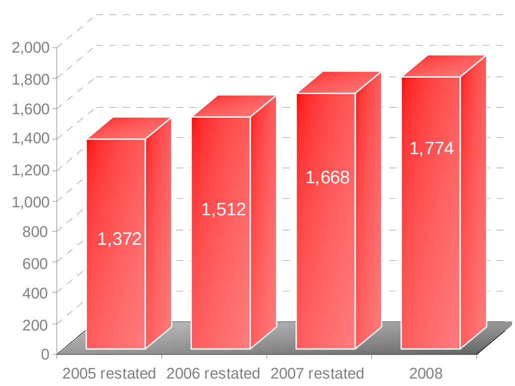
4.1 - RESOURCES MANAGEMENT

While respecting the individual characteristics of the companies, human resource management aims for a unitary and synergetic approach, bolstering expectations and fostering professional growth as well as ensuring the sharing of values within the Group. This approach, in line with the geographic expansion policy, accompanies the dissemination of information and development in areas with which the Bank has historic associations and in inter-regional offices in different catchment areas and economic sectors.

As at 31 December 2008, the Group counted 1,774 employees, with an increase of 106, corresponding to 6.4%, compared to the final figure of the previous year.

In the last three year period, the average compound annual growth rate registered in the headcount was equal to 8.9%, lower than that registered in the distribution network, which was equal to 10.9%, as evidenced by the numeric data represented in the chart below.

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



The table below shows the breakdown of staff by grade and the variation on the previous year.

Table no. 2 - GROUP **STAFF: BREAKDOWN BY GRADE**

No. of employees	31.12.2008	Percentage breakdown	Restated 31.12.2007	Percentage breakdown	Change Value	%
Executives	38	2.1%	39	2.3%	-1	-2.6%
3rd and 4th level managers	409	23.1%	371	22.2%	38	10.2%
1st and 2nd level managers	467	26.3%	403	24.2%	64	15.9%
Other personnel	860	48.5%	855	51.3%	5	0.6%
Group Staff	**1,774**	**100.0%**	**1,668**	**100.0%**	**106**	**6.4%**

4.2 - TRAINING

Training is a distinctly effective partner in growth processes and in developing human resources, as part of a more widespread culture within the Group.

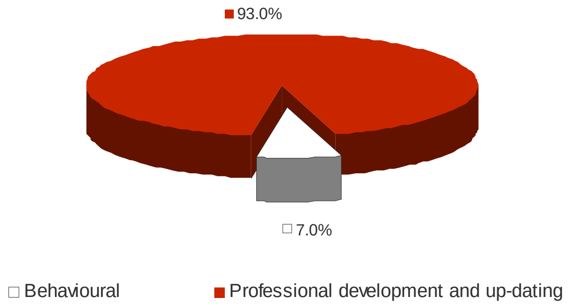
A total of 5,653 man/days of training were administered during 2008, counting in-house courses, conferences and external seminars: this was an average of 3.2 days per employee.

Training may be broken down as follows:

- *behavioural*, with the aim of developing managerial and communication competences and skills, which are not related to specific roles or contexts;
- *professional development and updating,* which groups the initiatives aimed at developing, consolidating and maintaining over time the professional expertise connected to specific roles and contexts.

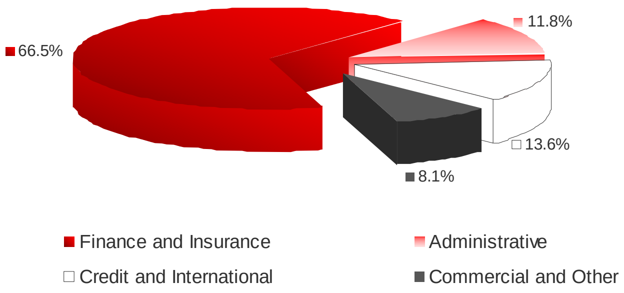
The chart below shows the percentage breakdown of the training sessions carried out in 2008 by the identified categories.

Chart no. 4 - **TRAINING DAYS IN THE YEAR 2008: BREAKDOWN BY CATEGORY**



The following chart shows the breakdown of total training days dedicated to professional development and updating, based on the classification of the subjects dealt with.

Chart no. 5 - **"PROFESSIONAL DEVELOPMENT AND UP-DATING" TRAINING IN THE YEAR 2008: BREAKDOWN BY SUBJECT**



In the Finance sphere, against the background of the financial market crisis, at the end of 2008 a massive training programme was launched in collaboration with the Bocconi University of Milan, addressed at all the financial operators in the network, its objective being to ensure that the advice given to customers should become increasingly sound.

The investment in this training programme will conclude in 2009. The courses consist of a preliminary assessment phase followed by targeted activities and a final examination at the end with a certificate of the skills acquired.

Training activities in the Credit, International and Administrative Areas pursued the aim of ensuring constant improvement in supporting operations in the areas concerned.

Finally, as regards the Commercial and Other areas, work was done on updating new products in the commercial range, concentrating on the technical, legislative and tax aspects of the relevant market.

4.3 - RELATIONSHIP WITH THE TRADE UNIONS

In the framework of labour relations which was always been marked by calm and constructive discussion, the conformity of the requests made by the Bank's union representatives was verified in December 2008, in consultation with the union representatives themselves, in view of the renewal of the company supplementary agreement. During this process, it was confirmed that the second level supplementary negotiations will solely concern the matters expressly delegated by the national labour agreement for the sector. The discussions will therefore take place on this basis; the unions' specific proposals are awaited.

5 - CONTROL ACTIVITIES

5.1 - LEVELS OF CONTROL IN THE FUNCTION OF DIRECTION AND CO-ORDINATION

In the exercise of its function of direction and co-ordination, the Parent Company Banco di Desio e della Brianza S.p.A., effects three levels of control on subsidiaries in order to implement the specific "co-ordination model" selected, taking account of the nature and size of the activities carried out by the individual companies together with their specific location and identifying within its structure the competent functions for the specific control mechanisms.

The first level is of a strategic nature and is designed to maintain a constant check that the indications given by the Parent Company are kept to. Implementation is achieved for the most part by the presence of its own representatives on the Boards of Directors of each subsidiary company, normally in sufficient numbers to represent a majority.

The second level is more concerned with management and relates to the activities of analysis, systemising and evaluation of the periodical information flows from subsidiary companies in order to confirm the pursuit of strategic goals in compliance with supervisory rules, the preparation of sufficient reports on performance and profitability, the analysis of development plans and strategic opportunities, forecast flows and all other information necessary for the preparation of the Group Budget.

The third level can be described as being technical/operational in nature and in practice is conducted through the supervision of internal control systems.

During 2008, the Parent Company's Strategy Planning and Risk Management Area was particularly engaged in the definition of the processes and new organisational arrangements related to risk measurement and monitoring as required by the supervisory authority instructions. At the end of a special project, the Board of Directors adopted the risk management model that it considered most in line with best practice in the banking sector and most appropriate to the Group's risk profile.

The Organisational Model applies to the Parent Company, in which the risk management function is centralised, to the Italian banking subsidiaries and the other subsidiaries. The risk management processes of all the Group companies follow the guidelines laid down by the Parent Company, and each company is responsible for implementing risk policies (shared with the Parent Company) attentively and consistently with its own characteristics. Group companies also use the risk measurement models prepared by the Parent Company if it is envisaged that they are to be used in the risk management process, bearing in mind the relevant sector and national legislation.

The Organisational Model represents risk management activities as an integrated process whereby risk is identified, measured, managed and monitored and in which, apart from the Risk Management Office, various other bodies and functions in the Parent Company and subsidiaries are involved:

- the Parent Company's administrative, management and control bodies, being responsible for the supervision and management of Group risk;
- Parent Company Areas/Offices that have information, collaboration, support and other specific relations with the Risk Management Office;
- the subsidiaries' administrative, management and control bodies, being responsible for the supervision and management of risk, in agreement with the Parent Company, attentively and consistently with their own characteristics.

In order to ensure that risk is kept under observation and managed in an integrated manner at Group level, the planning work that was carried out (taking into account solutions adopted in organisations comparable to our Group into account) led, among other things, to the creation of a new collective body designated as the RISKS COMMITTEE.

Also in 2008, the Risk Management function was involved with other Group Areas (Internal Audit and Administration) in the investigations conducted by Compliance into the computability of the capital elements in regulatory capital, weighting risk activities and credit risk mitigation.

5.2 - INTERNAL CONTROL SYSTEM

The internal control system is made up of the collection of standards of conduct, rules and organisational procedures which, in observance of law instructions from the Supervisory Body and business strategies, make it possible to manage all Group activities properly, involving Corporate Bodies, Top Management and, in general, all staff.

At a Group level this system takes mainly the form of the following three types as defined in the instructions issued by the Bank of Italy:

- line controls, aimed at ensuring the proper conduct of operations;
- checks on Risk Management to define the methods used for risk measurement, to confirm compliance with the limits assigned to the various operational functions and to monitor the activities of individual operational areas to ensure they are consistent with the objectives defined regarding risk return. These checks are entrusted to the responsible function within the ambit of the Strategic Planning, Management Control and Risk Management areas of the Parent Company. These also include the controls on the quality of credit conducted by the central office which is responsible for detecting any possible anomalies in the performance of the accounts to which credit is granted;

- activities of Internal Audit, with the goal of identifying anomalous trends or breaches of procedure and rules, and of assessing of the functionality of the internal control system as a whole.

The duty of assessing the internal control system in consideration of the chosen “co-ordination model” for each subsidiary company, has been allocated to the Group Internal Audit Area whose activities are regularly reported to the Top Management, the Parent Company’s Board of Directors and, in so far as these activities concern them, to individual Directors and to the individual Boards of Directors of the subsidiaries. Periodical evaluations of results are carried out by the Board of Statutory Auditors and the Internal Control Committee.

In the conduct of the above duties, the Internal Audit Area:

- examines “at one remove”, all the information that each subsidiary is required to provide in relation to the internal controls effected by its own functions together with all other information considered useful in that regard;
- carries out inspection visits to each subsidiary, normally following predefined “audit plans”;
- defines and transmits goals and general instructions to those companies in the Group with a dedicated internal function, receiving the periodical reports of the checking activities carried out;
- directly audits those Group companies which have centralised the related function in the Parent Company.

5.3 - RISK MEASUREMENT AND MANAGEMENT

With regard to the specific activities carried out by the Parent Company’s Risk Management function, designed to ensure that checks are maintained on the various risk types through the adoption of integrated processes, please refer to Part E of the Notes to the Financial Statements “Information on Risks and the Related Hedging Policies”.

6 - MANAGEMENT PERFORMANCE

6.1 - SAVINGS DEPOSITS: ADMINISTERED CUSTOMER ASSETS

The total administered customer assets showed an increase of 0.8 billion euro in direct deposits, rising to 6.5 billion euro (+15.1%). Indirect deposits were on a downward trend, which was in any event similar to the trend in the banking system, but was particularly accentuated in those deposits relating to “institutional” customers, which, with a reduction of 4.4 billion euro (corresponding to 35.3%), represented about 90% of the total decrease in indirect deposits, whereas those relating to “ordinary” customers showed a reduction of 0.6 billion euro in the twelve-month period (equal to 6.9%).

The overall performance of this item is shown in the table below, which also gives a breakdown.

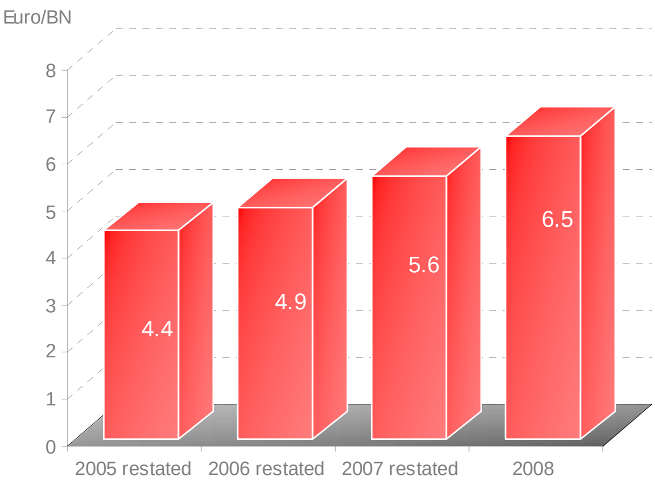
Table no. 3 - **DEPOSITS FROM CUSTOMERS**

Amounts in thousands of Euro	31.12.2008	Percentage breakdown	Restated 31.12.2007	Percentage breakdown	Change Value	Change %
Amounts due to customers	4,061,682	18.1%	3,763,829	14.2%	297,853	7.9%
Securities issued	1,863,096	8.3%	1,561,592	5.9%	301,504	19.3%
Financial liabilities at fair value through profit or lo	541,488	2.4%	292,453	1.1%	249,035	85.2%
Direct deposits	**6,466,266**	**28.9%**	**5,617,874**	**21.2%**	**848,392**	**15.1%**
Deposits from ordinary customers	7,804,592	34.9%	8,383,997	31.6%	-579,404	-6.9%
Deposits from institutional customers	8,110,674	36.2%	12,538,669	47.2%	-4,427,995	-35.3%
Indirect deposits	**15,915,266**	**71.1%**	**20,922,666**	**78.8%**	**-5,007,399**	**-23.9%**
Total deposits from customers	**22,381,532**	**100.0%**	**26,540,540**	**100.0%**	**-4,159,007**	**-15.7%**

Direct deposits

The increase in direct deposits during the last three year of business for the Group, is represented in the chart below, with annual growth rates corresponding to an average compound growth rate of 13.3%.

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



The most substantial item of direct deposits as at the end of the financial year in question, corresponding to 62.8% of the aggregate, is represented by the "amounts due to customers", Euro 3.8 billion of which reflects "sight" deposits, i.e. current accounts and savings deposits, and Euro 0.3 billion of which is for reverse repurchase agreements.

At the end of the financial year, securities in circulation, amounting to 0.3 million euro more than the previous year, consisted of 1.7 billion euro of bonds issued and placed by the Group, mainly with a variable yield and including about 0.1 billion euro of subordinate bonds. The remainder consisted of deposit certificates.

The end-of-year balance of financial liabilities reported on the basis of the fair value option refers to bond loans, mainly with a fixed yield, issued by the Group and hedged with financial derivative instruments.

The total value of the bond loans issued and placed during 2008 was around 0.8 billion euro.

Indirect deposits

"Ordinary" customer indirect deposits fell by 0.6 billion euro in the twelve months of 2008, corresponding to 6.9%: this was attributable to performance in the managed asset sector, partially offset by the increase in the administered sector. The fall took place against the backdrop of the grave and prolonged financial market crisis in general and the consequent sector difficulties at system level.

There was a decline of 4.4 billion euro in deposits from institutional customers; the decline was especially noticeable in the volumes related to custodian services. The fall in institutional customer deposits accounted for the greater part of the difference in the total, which was about 5 billion euro. The balance at the end of the period was 15.9 million euro.

The table below gives the details of the balances in this item, showing the variations at the end of the twelve months under analysis.

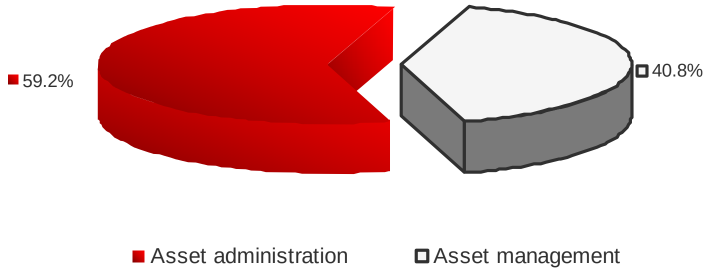
Table no. 4 - INDIRECT DEPOSITS

Amounts in thousands of Euros	31.12.2008	Percentage breakdown	Restated 31.12.2007	Percentage breakdown	Change Value	Change %
Asset administration	**4,620,760**	**29.0%**	**4,492,298**	**21.5%**	**128,462**	**2.9%**
Asset management	**3,183,833**	**20.0%**	**3,891,699**	**18.6%**	**-707,866**	**-18.2%**
of which: Mut.Fund and Open-end Inv. (1)	*831,274*	*5.2%*	*1,342,183*	*6.4%*	*-510,910*	*-38.1%*
Portfolio management (2)	*818,622*	*5.1%*	*1,046,032*	*5.0%*	*-227,410*	*-21.7%*
Bank Insurance	*1,533,937*	*9.6%*	*1,503,484*	*7.2%*	*30,453*	*2.0%*
Deposits from ordinary customers	**7,804,592**	**49.0%**	**8,383,997**	**40.1%**	**-579,404**	**-6.9%**
Deposits from institutional customers	**8,110,674**	**51.0%**	**12,538,669**	**59.9%**	**-4,427,995**	**-35.3%**
Indirect deposits	**15,915,266**	**100.0%**	**20,922,666**	**100.0%**	**-5,007,399**	**-23.9%**

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

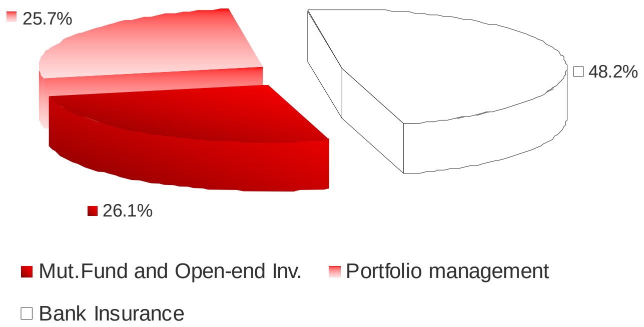
The percentage breakdown by segment of the indirect deposits from ordinary customers as at 31 December 2008, represented in the chart below, shows that the portion attributable to administered assets is greater than that of managed assets.

Chart no. 7 - **INDIRECT DEPOSITS FROM ORDINARY CUSTOMERS BY SECTOR AT 31.12.2008: BREAKDOWN**



The percentage composition of assets under management at 31 December 2008 is shown in the graph below: the life bank insurance element is the biggest with 48.2%.

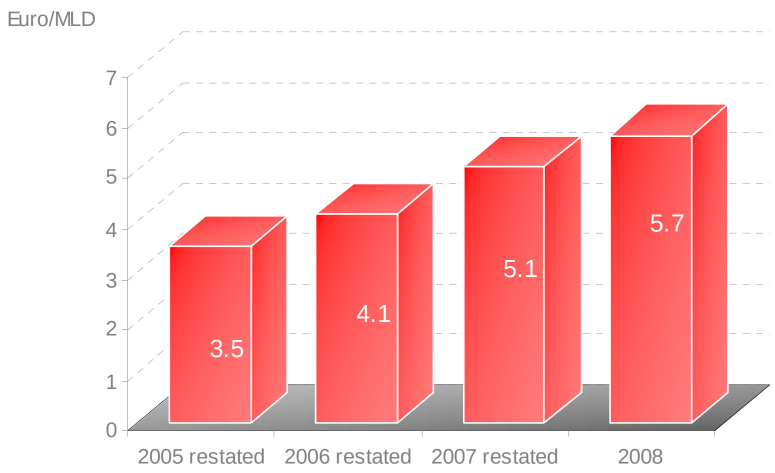
Chart no. 8 - **INDIRECT DEPOSITS FOR ASSET MANAGEMENT AT 31.12.2008: BREAKDOWN**



6.2 - CREDIT MANAGEMENT: LOANS TO CUSTOMERS

The total amount of lending to customers at 31 December 2008 reached 5.7 billion euro, an increase of 12.2% compared to the same period under review of 2007, which contributed to determining a compound annual rate of increase over the last three years of 17.6%, as shown in the graph below.

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



The differences in the balances of the items making up lending, as shown in the table below, indicate that the overall increase was attributable to all the components making up the total but predominantly to medium- and long-term forms of investment, particularly mortgages.

Table no. 5 - **AMOUNTS DUE FROM CUSTOMERS**

Amounts in thousands of Euros	31.12.2008	Percentage breakdown	Restated 31.12.2007	Percentage breakdown	Change Value	%
Current accounts	1,655,089	29.0%	1,634,122	32.1%	20,967	1.3%
Mortgages and other medium/long term loans	3,001,287	52.6%	2,538,000	49.9%	463,287	18.3%
Other	1,050,301	18.4%	912,969	18.0%	137,332	15.0%
Amounts due from customers	**5,706,677**	**100.0%**	**5,085,091**	**100.0%**	**621,586**	**12.2%**

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

As regards the distribution of gross loans, including endorsement loans, the percentage of uptakes by the largest clients was lower than the final figure at the end of the previous year, which therefore meant a greater degree of risk spreading. The table below shows the details.

Table no. 6 – **AMOUNTS DUE FROM LARGEST CUSTOMERS: CONCENTRATION INDEX**

Number of customers	**31.12.2008**	**31.12.2007**
10 largest customers	2.7%	5.2%
20 largest customers	3.8%	6.5%
30 largest customers	4.9%	7.6%
50 largest customers	6.6%	9.4%

Furthermore, take note that, in accordance with the supervisory regulations in force, no positions were recorded at the end of 2007 that were classifiable as "Significant Risks" in the context of credit activities.

At the end of the period 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 117.4 million, net of value adjustments of Euro 73.7 million. Specifically, net non performing loans amounted to Euro 38.9 million, net problem loans to Euro 50.4 million and expired loans to Euro 28.1 million.

The table below summarises gross and net credit risk ratios: the amounts are still low, even though there was a generalised increase compared with the previous year as a natural consequence of the economic crisis.

Table no. 7 - **AMOUNTS DUE FROM CUSTOMERS: RISK CREDIT INDICATORS**

% Indexes for gross loans	**31.12.2008**	**Restated 31.12.2007**
Gross impaired loans to customers	3.29%	2.44%
of which:		
- gross non performing loans	1.44%	1.18%
- gross problem loans	1.35%	0.88%
- gross expired loans	0.50%	0.39%

% Indexes for net loans	**31.12.2008**	**Restated 31.12.2007**
Net impaired loans to customers	2.06%	1.56%
of which:		
- net non performing loans	0.68%	0.57%
- net problem loans	0.88%	0.60%
- net expired loans	0.49%	0.38%

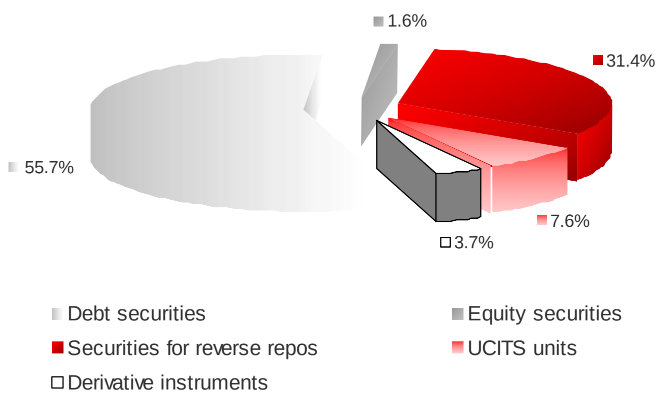
6.3 THE SECURTIES PORTFOLIO AND INTER-BANK ACTIVITIES

The securities portfolio

On 31 December 2008 the Group's total financial assets stood at a value of Euro 0.8 billion, compared to around 1 billion euro which was the figure of the preceding year.

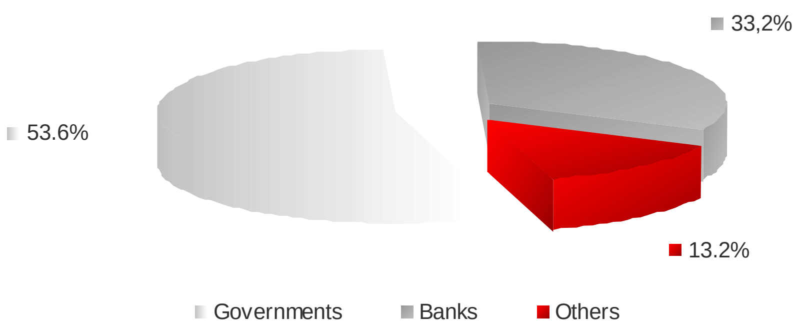
The chart below presents the percentage breakdown of the portfolio based on the types of securities, showing that debt securities, mainly comprised of Government securities, accounts for the main portion.

Chart no. 10 - FINANCIAL ASSETS AT 31.12.2008: PERCENTAGE BREAK-DOWN BY TYPE OF SECURITY



With reference to the issuers of securities, the aggregate portfolio at the end of the financial year is comprised of "Government securities" (53.6%), "bank securities" (33.2%), and by "other issuers" for the remaining share, as evidenced in the graph below.

Chart no. 11 - **FINANCIAL ASSETS AT 31.12.2007: PERCENTAGE BREAKDOWN BY TYPE OF ISSUER**



In a market scenario marked by an exceptionally critical situation, one of the lines taken during the year was not to increase the number of corporate bond positions.

At a tactical level, in 2008 the tendency in operating on both bond and equity markets was to adopt a day-by-day trading policy. Specifically, the activities on equity markets were only focused on euro zone markets, with a preference for more "liquid" securities, while activities on the exchange market were mainly concentrated on the operational requirements of subsidiary companies and Institutional Customers.

At the end of the financial period, the securities portfolio did not have any toxic instruments; the position as regards exposure to the Lehman risk was as follows:

- a bond in the portfolio with a reported value of 0.1 million euro;
- a debt exposure arising from a derivative with a negative value of 0.3 million euro;
- no inter-bank deposit.

The Group did not avail itself of the possibility of reclassification envisaged in the amendments to IAS 39 and IFRS 7 introduced on 15 October 2008, with effect from 1 July 2008.

In view of the particular financial market situation, these amendments allowed certain financial instruments of the "financial assets held for trading" to be reclassified with variations in fair value recognised in profit and loss (FVPL). The Group therefore kept the instruments in their initial portfolios in line with the originally intended investment strategy.

On the basis of the prices of securities in the FVPL category recorded at 31 December 2008, if these securities had been transferred to the "financial assets available for sale" (AFS) category, the capital losses that the Bank could have transferred from the profit and loss account (thus relieving it of this charge) to equity as a negative reserve would have amounted to about 1.4 million euro.

The composition of the "financial assets available for sale" (AFS) portfolio is shown in the Notes to the Financial Statements, Section 4, Table 4.1, "Product types". In particular, the financial assets in the "UCITS units" category reported "net negative reserves" of about 4 million euro and "net positive reserves" of about 1 million euro.

The negative reserves, in accordance with the impairment test measurement principle, were not posted in profit and loss since the capital losses arose over a limited period of time in exceptionally unfavourable international market conditions and are not to be considered as significant or lasting on the basis of the estimations made.

Inter-bank activities

There was a positive inter-bank balance of about 0.5 billion euro at the end of the period compared with 0.1 billion euro at the end of the previous year.

The Group decided to put most of its liquidity with the ECB in order to limit counterparty risk. With the same purpose in mind, at the beginning of this year the decision was made to join the Collateralised Inter-bank Market (MIC).

6.4 - SHAREHOLDERS' EQUITY AND ECONOMIC STABILITY

Shareholders' equity as at 31 December 2008, including the net profits of the period, amounted to a total of Euro 697.6 million, an increase of Euro 34.6 million with respect to the "restated" figure recorded for 2007.

Shareholders' equity calculated in accordance with the supervisory regulations in force, amounted to Euro 637.2 million with respect to Euro 578.6 million at the end of the previous year. The figure is made up of Tier 1 capital of Euro 596.2 million (compared to Euro 551.9 million at the end of 2007) with Tier 2 capital of Euro 54.5 million (compared to Euro 68 million at the end of 2007) for valuation reserves, and subordinated liabilities. The total of the items to be deducted amounted to Euro 49.1 million (of which Euro 13.5 million is to be deducted from the sum of Tier 1 and Tier 2) and these refer to equity investments in financial and insurance bodies.

Risk-weighted assets, calculated as the product of total prudential requirements and the reciprocal of the minimum obligatory coefficient for credit risk, amounted to Euro 6.1 billion with respect to Euro 5.6 billion at the end of 2007.

The Tier 1 capital ratio, representing the ratio of primary capital to risk-weighted assets was 9.8% and in fact coincides with the Tier 1 Core. The Tier 2 solvency ratio, representing the ratio between regulatory capital and risk-weighted assets, reached 10.5% according to the supervisory regulations in force. On 31 December 2007 these ratios were 9.9% and 10.4% respectively.

We would draw attention to the fact that the total net equity position at the end of 2008, that is the part of equity which is "unrestricted" in that it is not affected by credit risk (solvency ratio) and market risks (risks on available for sale securities portfolio, exchange rate risks, concentration risks) amounted to a value of Euro 151.2 million, up compared to Euro 134.5 million of the previous year.

ICAAP (Internal Capital Adequacy Assessment Process) Report for the Bank of Italy

In compliance with Bank of Italy instructions (Circular 263 of 27 December 2006, New prudential supervision rules for banks) and with regard to the capital adequacy assessment process (ICAAP), the Banco Desio Group conducted an independent assessment of its capital adequacy, both present and prospective, in the light of the risks assumed and corporate strategies.

The document entitled Simplified Capital Adequacy Report, referring to the consolidated situation at 30 June 2008, which the Parent Company prepared in accordance with the method suggested by the Bank of Italy (Circular 263 of 27 December 2006 as subsequently amended, Title III, Chapter 1, Appendix E), was approved by the Board of Directors on 23 October 2008 and was afterwards sent to the Supervisory Board.

The findings in this document show that the Group's capital resources are adequate to meet the losses arising from present and prospective losses, both tier 1 and tier 2, in normal business conditions and in stress scenarios. Moreover, the tier 1 capital ratios were found to be line with the planned capitalisation targets and with the maintenance of the Group's present rating.

6.5 – RECLASSIFIED INCOME STATEMENT

A reclassified Income Statement has been prepared (as compared with the layout in the Financial Statements) in order to provide a view of the Bank's affairs that is more consistent with operational performance, and this is the basis on which the following comments are made.

The following is a summary of the criteria adopted in the preparation of this statement:

-two accounting item totals were stated, defined as "Operating income" and "Operating costs", the algebraic balance of which constitutes the "Operating margin";

-"Net profit/(loss) for the period" was divided into "Profits/(losses) after taxes from continuing operations" and "Profits/(losses) after taxes from extraordinary operations";

-Net income from insurance activitiesincludes the following income from Chiara Assicurazione S.p.A.: net interest income (items 10 and 20), net insurance premiums (item 150), profits/(losses) on disposal/repurchase of financial assets available for sale (item 100), Other operating income and expenses (item 220) and the balance of other income/charges from insurance activities management (item 160);

-"Operating income" also includes the balance of item 220, "Other operating income and expenses", also net of tax recoveries for stamp duty on customers' statements of account and securities deposit accounts and substitute tax on medium- and long-term financing, in addition to the amortisation of leasehold improvements, respectively reclassified as a reduction of item 180 (b), "Other administrative expenses" and as an increase of item 210, "Net adjustments to the value of /write-backs to intangible assets" in the "Operating costs" total;

-shares of profits in the period relating to equity investments in associates were reclassified from item 240 "Profits/(losses) on equity investments" to the item "Profits on equity investments in associates;

-the balance of item 100 (a), "Profit/(loss) on disposal/purchase of receivables" in "Operating income" was reclassified in special item "Profit/(loss) on disposal/purchase of receivables" after "Operating margin";

-provisions for clawback actions in debt litigation were reclassified from item 190, "Net provisions for risks and charges", to item 130 (a), "Net impairment losses on loans", both items following "Operating margin";

- provisions for extraordinary transactions are reclassified from item 190, "Net provisions for risks and charges", to item "Provisions for risks and charges on extraordinary transactions";

-the tax effect on Profits/(losses) from extraordinary operations is reclassified from item 290, "Taxes for the period on income from continuing operations" to the item "Taxes for the period on income from extraordinary operations".

The 2008 financial year ended with Parent Bank net profit (loss) of 63.1 million euro, of which 51.3 million euro was the net profit from continuing operations, as shown in the table below, which states the reclassified Income Statement in comparison with the "restated" income statement of the previous year.

Table no. 8 - **RECLASSIFIED INCOME STATEMENT**

Captions			Restated	Change	
	Amounts in thousands of Euros	31.12.2008	31.12.2007	Value	%
10+20	Net interest income	228,927	200,417	28,510	14.2%
70	Dividend and similar income	389	462	-73	-15.8%
	Profits (losses) on equity investments in associates	2,771	5,054	-2,283	-45.2%
40+50	Net fees and commissions	80,190	91,185	-10,995	-12.1%
80+90+100+110	Net profits/(losses) on trading activities, hedging activities and disposal/repurchase of receivables, financial assets/liabilities and financial assets/liabilities at fair value through profit or loss	2,362	6,719	-4,357	-64.8%
150+160	Net income from insurance activities	4,801	2,177	2,624	120.5%
220	Other operating income and expenses	27,169	23,387	3,782	16.2%
	Operating income	**346,609**	**329,401**	**17,208**	**5.2%**
180 a	Personnel expenses	-138,798	-134,159	-4,639	3.5%
180 b	Other administrative expenses	-64,758	-60,047	-4,711	7.8%
200+210	Net adjustments/write-backs to tangible/intangible assets	-10,239	-9,462	-777	8.2%
	Operating costs	**-213,795**	**-203,668**	**-10,127**	**5.0%**
	Operating margin	**132,814**	**125,733**	**7,081**	**5.6%**
	Net profits/(losses) on disposal/repurchase of receivables	-1,056	-967	-89	9.2%
130 a	Net impairment losses on loans	-44,788	-25,254	-19,534	77.3%
130 b	Net impairment losses on financial assets available for sale	-878	0	-878	
130 d	Net impairment losses on other financial transactions	-570	-85	-485	570.6%
190	Net provisions for risks and charges	218	-1,432	1,650	-115.2%
	Profits/(losses) before taxes from continuing operations	**85,740**	**97,995**	**-12,255**	**-12.5%**
290	Taxes for the period on income from continuing operations	-34,468	-40,439	5,971	-14.8%
	Profits/(losses) after taxes from continuing operations	**51,272**	**57,556**	**-6,284**	**-10.9%**
240+270	Profits (losses) on equity investments and on disposal of investments	50,184	129,747	-79,563	n.s.
	Provisions for risks and charges on extraordinary transactions	-37,800	0	-37,800	n.s.
	Profits/(losses) before taxes from extraordinary operations	**12,384**	**129,747**	**-117,363**	**n.s.**
	Taxes for the period on income from extraordinary items	-752	-7,077	6,325	n.s.
	Profits/(losses) after taxes from extraordinary operations	**11,632**	**122,670**	**-111,038**	**n.s.**
320	**Net profit/(loss) for the period**	**62,904**	**180,226**	**-117,322**	**n.s.**
330	(Profit)/loss for the period attributable to minority interests	156	-96	252	n.s.
340	**Parent Bank net profit (loss)**	**63,060**	**180,130**	**-117,070**	**n.s.**

In order to make it easier to compare the reclassified Income Statement with the items as shown in the Financial Statements layout, a reconciliation statement is given for each period, showing the figures corresponding to the total in the layouts and the reclassification balances.

Table no. 9 - **RECONCILIATION BEETWEN FINANCIAL STATEMENTS AND RECLASSIFIED INCOME STATEMENT AS AT 31.12.2008**

Captions		Financial Statements								Reclassified Statements
Amounts in thousands of Euros		**Restated 31.12.2008**	Net income from insurance activities	Tax recoveries	Profits on equity investments in associates	Amortisation of leasehold improvements	Net profits/(losses) on disposal/repurchase of receivables	Uses / provisions for risks and charges	Taxes on income	**Restated 31.12.2008**
10+20	Net interest income	229,450	-523							228,927
70	Dividend and similar income	389								389
	Profits (losses) on equity investments in associates				2,771					2,771
40+50	Net fees and commissions	80,190								80,190
80+90+100+110	Net profits/(losses) on trading activities, hedging activities and disposal/repurchase of receivables, financial assets/liabilities and financial assets/liabilities at fair value through profit or loss	1,300	6				1,056			2,362
150+160	Net income from insurance activities	4,321	480							4,801
220	Other operating income and expenses	35,777	37	-10,889		2,244				27,169
	Operating income	**351,427**	**0**	**-10,889**	**2,771**	**2,244**	**1,056**	**0**	**0**	**346,609**
180 a	Personnel expenses	-138,798								-138,798
180 b	Other administrative expenses	-75,647		10,889						-64,758
200+210	Net adjustments/write-backs to tangible/intangible assets	-7,995				-2,244				-10,239
	Operating costs	**-222,440**	**0**	**10,889**	**0**	**-2,244**	**0**	**0**	**0**	**-213,795**
	Operating margin	**128,987**	**0**	**0**	**2,771**	**0**	**1,056**	**0**	**0**	**132,814**
	Net profits/(losses) on disposal/repurchase of receivables						-1,056			-1,056
130 a	Net impairment losses on loans	-45,347						559		-44,788
130 b	Net impairment losses on financial assets available for sale	-878								-878
130 d	Net impairment losses on other financial transactions	-570								-570
190	Net provisions for risks and charges	-37,023						37,241		218
	Profits/(losses) before taxes from continuing operations	**45,169**	**0**	**0**	**2,771**	**0**	**0**	**37,800**	**0**	**85,740**
290	Taxes for the period on income from continuing operations	-35,220							752	-34,468
	Profits/(losses) after taxes from continuing operations	**9,949**	**0**	**0**	**2,771**	**0**	**0**	**37,800**	**752**	**51,272**
240+270	Profits (losses) on equity investments and on disposal of investments	52,955			-2,771					50,184
	Provisions for risks and charges on extraordinary transactions							-37,800		-37,800
	Profits/(losses) before taxes from extraordinary operations	**52,955**	**0**	**0**	**-2,771**	**0**	**0**	**-37,800**	**0**	**12,384**
	Taxes for the period on income from extraordinary items								-752	-752
	Profits/(losses) after taxes from extraordinary operations	**52,955**	**0**	**0**	**-2,771**	**0**	**0**	**-37,800**	**-752**	**11,632**
320	**Net profit/(loss) for the period**	**62,904**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**62,904**
330	(Profit)/loss for the period attributable to minority interests	156								156
340	**Parent Bank net profit (loss)**	**63,060**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**63,060**

Table no. 10 - **RECONCILIATION BEETWEN FINANCIAL STATEMENTS AND RECLASSIFIED INCOME STATEMENT AS AT 31.12.2007**

Captions		Financial Statements								Reclassified Statements
Amounts in thousands of Euros		**Restated 31.12.2007**	Net income from insurance activities	Tax recoveries	Profits on equity investments in associates	Amortisation of leasehold improvements	Net profits/(losses) on disposal/repurchase of receivables	Uses / provisions for risks and charges	Taxes on income	**Restated 31.12.2007**
10+20	Net interest income	200,789	-372							200,417
70	Dividend and similar income	462								462
	Profits (losses) on equity investments in associates				5,054					5,054
40+50	Net fees and commissions	91,185								91,185
80+90+100+110	Net profits/(losses) on trading activities, hedging activities and disposal/repurchase of receivables, financial assets/liabilities and financial assets/liabilities at fair value through profit or loss	5,752					967			6,719
150+160	Net income from insurance activities	1,805	372							2,177
220	Other operating income and expenses	31,917		-10,629		2,099				23,387
	Operating income	**331,910**	**0**	**-10,629**	**5,054**	**2,099**	**967**	**0**	**0**	**329,401**
180 a	Personnel expenses	-134,159								-134,159
180 b	Other administrative expenses	-70,676		10,629						-60,047
200+210	Net adjustments/write-backs to tangible/intangible assets	-7,363				-2,099				-9,462
	Operating costs	**-212,198**	**0**	**10,629**	**0**	**-2,099**	**0**	**0**	**0**	**-203,668**
	Operating margin	**119,712**	**0**	**0**	**5,054**	**0**	**967**	**0**	**0**	**125,733**
	Net profits/(losses) on disposal/repurchase of receivables						-967			-967
130 a	Net impairment losses on loans	-23,755						-1,499		-25,254
130 b	Net impairment losses on financial assets available for sale	0								0
130 d	Net impairment losses on other financial transactions	-85								-85
190	Net provisions for risks and charges	-2,931						1,499		-1,432
	Profits/(losses) before taxes from continuing operations	**92,941**	**0**	**0**	**5,054**	**0**	**0**	**0**	**0**	**97,995**
290	Taxes for the period on income from continuing operations	-47,516							7,077	-40,439
	Profits/(losses) after taxes from continuing operations	**45,425**	**0**	**0**	**5,054**	**0**	**0**	**0**	**7,077**	**57,556**
240+270	Profits (losses) on equity investments and on disposal of investments	134,801			-5,054					129,747
	Provisions for risks and charges on extraordinary transactions							0		0
	Profits/(losses) before taxes from extraordinary operations	**134,801**	**0**	**0**	**-5,054**	**0**	**0**	**0**	**0**	**129,747**
	Taxes for the period on income from extraordinary items								-7,077	-7,077
	Profits/(losses) after taxes from extraordinary operations	**134,801**	**0**	**0**	**-5,054**	**0**	**0**	**0**	**-7,077**	**122,670**
320	**Net profit/(loss) for the period**	**180,226**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**180,226**
330	(Profit)/loss for the period attributable to minority interests	-96								-96
340	**Parent Bank net profit (loss)**	**180,130**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**180,130**

The breakdown and performance of the main Income Statement items are summarised as follows, on the basis of the above tables.

Operating income

The postings related to operating income show an overall increase of 5.2% over the previous year, reaching the sum of 346.6 million euro. This increase is attributable to the performance of net interest income, which, at 228.9 million euro, is 66% of the total, with an upward variation of 28.5 million euro (that is 14.2%), to other operating income and expenses of 3.8 million euro and the income from insurance activities of 2.6 million euro, partially offset by the results of the other items. Specifically, the profit from equity investments was affected by the reduction in receipts from Anima SGR S.p.A., which was still an associate at the end of the financial period; the item that groups together the net profits/(losses) on trading activities, hedging activities and disposal/purchase of receivables, financial assets/liabilities and financial assets/liabilities at fair value through profit or loss had a negative variation of 4.4 million euro, mainly due to the result of trading, similarly to the 11 million euro fall in net fees and commissions, which is in fact linked to the effects of the serious crisis on the financial market, even if this was attenuated by the increase in receipts from more traditional forms of business.

Operating costs

Total operating costs, which include personnel expenses, other administrative expenses and net adjustments to tangible/intangible assets, came to 213.8 million euro, an increase of 5% for the year.

Operating margin

The operating margin at the end of the year is consequently 132.8 million euro, an increase of 5.6% during the period, corresponding to 7.1 million euro.

Profits/(losses) before taxes from continuing operations

As regards the operating margin, there were 45.8 million euro in net impairment losses on loans and net profits/(losses) on disposal/purchase of receivables, almost entirely due to the extent of the write-downs recognised (inasmuch as the losses amounted to 3.6 million euro); 1.4 million euro in net impairment losses on financial assets available for sale and other financial transactions; a positive balance of 0.2 million euro in net provisions for risks and charges: these various amounts, added to or subtracted from the operating margin as appropriate, gave a profit before taxes from continuing operations of 85.7 million euro.

Profits/(losses) after taxes from continuing operations

Considering the 34.5 million euro taxes for the period on income from continuing operations, the after-tax profit from continuing operations was 51.3 million euro, 10.9% lower than the previous year, corresponding to an absolute value of 6.3 million euro.

Profits/(losses) before and after taxes from extraordinary operations

Profit before taxes from extraordinary operations amounted to 12.4 million euro and was mainly derived from the capital gain obtained from the sale of 70% of Chiara Vita S.p.A. net of direct allocation costs, amounting to 49 million euro, and the 37.8 million adjustment to the provisions for risks and charges since, on the basis of contractual arrangements that are typical for transactions of this kind, the sale may only be considered completed insofar as the business development plan targets are achieved by the end of 2012. By considering the relevant taxes (0.8 million euro) the profit amounted to 11.6 million euro, which is not, in practice, comparable with the result in the previous year, in which a capital gain at consolidation level of about 119.4 million euro was obtained from the sale of 29.7% of Anima SGR p.A..

Parent Bank net profit (loss)

Adding together profit after taxes from continuing operations, profit after taxes from extraordinary operations and minority interests, the net profit of the Parent Company for the 2008 financial year was 63.1 million euro.

7 - SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Opening of branches

On 19 January and 2 February 2009 the Parent Company opened another two branches, one in Milan and one in Savona, bringing the total number of branches in the Group's network up to 163.

Rovere SICAV

The Parent Company developed a project involving the promotion of the incorporation of a Luxembourg-registered open-end investment company (Rovere SICAV). The project also envisaged the incorporation, also in Luxembourg, of a management company, "Rovere Société de Gestion SA", with a share capital of 500,000 euro, in which two other Italian banks that are interested in the project participate with a 10% stake each. This management company, controlled by the Parent Company through Brianfid-Lux SA, has belonged to the Group since 26 February 2009 (the date on which both entities were incorporated).

Acceptance of BPM's public offer to buy all the shares of Anima SGR p.A. and sale of the equity investment

At a meeting of the Board of Directors of the Parent Company on 23 December 2008, it was resolved to accept Banco Popolare di Milano's voluntary public offer to buy all the Bank's shares of Anima, numbering 22.251,550, amounting to 21.191% of SGR's present share capital (namely 20.284% of the fully diluted share capital as defined in the Offer Document). The decision to accept the public offer took into account the Anima Board of Director's endorsement, which in its turn was based on the offer price fairness opinion. The decision to accept the offer was notified to shareholder Koiné S.p.A.

The net capital gain obtained by the Parent Company from the sale of the equity investment, which took place on 30 January 2009, was about 29.5 million euro.

8 - OTHER INFORMATION

8.1 - TREASURY SHARES

As at 31 December 2008, as in the previous year, Banco di Desio e della Brianza S.p.A did not hold any treasury shares nor any shares in the parent company Brianza Unione di Luigi Gavazzi & C. S.a.p.A. and no movements were registered during the year.

8.2 - RATING

On 29 April 2008 the international rating agency, Fitch Ratings, confirmed all the ratings previously awarded to the Parent Company Banco di Desio e della Brianza S.p.A., basing its decision on stable profitability that remains at a good level, good asset quality, low propensity to risk, strong, sound capital in spite of rapid expansion and constant cost control.

Long-term	Short-term	Forecast
A	F 1	Stable

8.3 - CODE FOR THE PROTECTION OF PERSONAL DATA (Legislative Decree no. 196 of 30 June 2003)

In compliance with the provisions of Article 34 paragraph g) of Legislative Decree no. 196 of 30 June 2003 – Personal Data Protection Code - the annual up-date of the Security Programme Document was completed in accordance with the provisions of law.

The Document sets out a description of aspects laid down by the Code pursuant to Rule 19 of the Technical Regulations – Annex B to the Code itself.

8.4 - LEGISLATIVE DECREE 231/2001

In the framework of measures taken as regards the issue of administrative liability, in 2004 the Parent Company's Board of Directors resolved to adopt an Organisational Model to prevent the commission of the offences contemplated in Legislative Decree 231/2001.

For a summary description of the Model adopted (that was updated in 2008), reference should be made to the content of the Annual Report on Corporate Governance under paragraph 8.7.

8.5 - 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' s Board of Directors in 2007.

For a more detailed description of the procedures governing the transactions referred to above, we would refer to the annual Report on Corporate Governance under paragraph 8.7 below.

8.6 - INFORMATION ON STOCK OPTION PLANS

The Plans in existence at the end of the financial period are those started during 2006, regarding shares of subsidiaries Banco Desio Veneto S.p.A. and Chiara Assicurazioni S.p.A. (shares to be issued in the future against capital increases resolved as per Article 2443 of the Civil Code) and the Plan started during 2008, regarding shares of indirect subsidiary Fides S.p.A. (these are already in Banco Desio Lazio S.p.A.'s possession). Part I of the Notes should be referred to for information regarding these Plans.

Part I in the Notes to the Parent Company's financial statements presents, in compliance with CONSOB instructions, the statement summarising the assignment of stock options with reference to the names of the Directors and General Manager of the Parent Company and at an aggregate level, to managers with strategic responsibilities in the Parent Company itself.

8.7 - THE ANNUAL REPORT ON THE ADOPTION OF THE CODE OF CONDUCT FOR LISTED COMPANIES

The Annual Report on the adoption of the Code of Conduct for listed companies, i.e. the Annual Report on Corporate Governance, provided for by article 124-bis of the Consolidated Law on Finance (TUF), including the information on the shareholding structure referred to in article 123-bis of the Consolidated Law on Finance, was approved by the Board of Directors of the Parent Company on 10 March 2009 in a separate document, published along with this Report on Operations, through.

- filing at the registered office of the company and publication on the internet web site of the Parent Company (www.bancodesio.it, section: Banco Desio- Corporate Governance);

- simultaneous filing with Borsa Italiana and Consob, via transmission through NIS electronic system.

The Annual Report contains the guidelines for the "Group Corporate Governance Plan", prepared in conformity to the supervisory regulations on the matter issued in Bank of Italy Order of 4 March 2008. This Plan envisages some proposals for amendments to the Articles of Association, which, after evaluation by the Bank of Italy as prescribed by law, will be submitted for the approval of an Extraordinary Shareholder's Meeting called for this purpose before 30 June 2009 (the date by which the instructions given in the said Order must be fully carried out).

9 - BUSINESS OUTLOOK

The protraction of the present state of difficulty in the real economy, the serious financial crisis and the drastic flattening of market rates makes it necessary for management to control operating costs even more efficaciously and to continue with an even more intensive activity of monitoring the granting of credit. Therefore it is difficult to make forecasts regarding the outlook for operations; nevertheless, the objectives are a substantial maintenance of profitability, and all the Bank's efforts will be made in this direction.

CONSOLIDATED FINANCIAL STATEMENTS

PREMISE

As already disclosed in the “Report on Operations”, due to the sale of a majority share, equal to 70%, of the equity investment in Chiara Vita S.p.A., this investment has now been consolidated using the equity method.

Therefore, the data shown in the following Balance Sheet and Income Statement tables are no longer homogenous and comparable; for this reason, it is considered appropriate to present them without indicating the changes that took place during the period.

On the other hand, as regards the tables in the Notes to the Financial Statements, amounts relating to Chiara Vita S.p.A. which contributed to the 2007 closing balances have been provided as commentary, where they are of a material amount.

BALANCE SHEET

Assets

(Euro/1,000)

	Assets	31.12.2008	31.12.2007
10	Cash and cash equivalents	32,573	25,547
20	Financial assets held for trading	282,839	453,456
30	Financial assets at fair value through profit or loss	-	906,246
40	Available-for-sale financial assets	507,191	994,793
50	Held-to-maturity investments	8,103	8,075
60	Amounts due from banks	586,362	269,444
70	Amounts due from customers	5,706,677	5,053,858
80	Hedging derivatives	31	4,805
100	Equity investments	16,558	12,194
110	Technical reserves arising from reinsurance	4,858	1,967
120	Tangible assets	147,545	144,987
130	Intangible assets	41,288	49,114
	of which:		
	- *goodwill*	*39,182*	*46,992*
140	Tax assets	36,153	31,844
	a) current	*7,322*	*12,418*
	b) deferred	*28,831*	*19,426*
150	Non current assets held for sale and discontinued operations	10,892	-
160	Other assets	140,162	122,792
	Total Assets	**7,521,232**	**8,079,122**

Liabilities

(Euro/1,000)

	Total Liabilities and shareholders' equity	31.12.2008	31.12.2007
10	Amounts due to banks	37,636	169,842
20	Amounts due to customers	4,061,682	3,747,262
30	Securities issued	1,863,096	1,477,379
40	Financial liabilities held for trading	15,585	12,700
50	Financial liabilities at fair value through profit or loss	541,488	1,304,284
60	Hedging derivatives	64	1,601
80	Tax liabilities	18,322	36,494
	a) current	*2,240*	*16,800*
	b) deferred	*16,082*	*19,694*
100	Other liabilities	176,905	175,253
110	Reserve for employee termination indemnities	26,490	26,409
120	Reserves for risks and charges:	66,874	32,974
	a) pensions and similar commitments	*112*	*109*
	b) other reserves	*66,762*	*32,865*
130	Technical Reserves	11,769	428,996
140	Valuation reserves	8,682	19,642
170	Reserves	542,008	376,295
180	Share premium reserve	16,145	16,145
190	Share capital	67,705	67,705
200	Treasury shares (-)	-	- 92
210	Minority interest (+/-)	3,721	2,603
220	Net profit / (loss) for the period	63,060	183,630
	Total Liabilities and shareholders' equity	**7,521,232**	**8,079,122**

Income Statement

(Euro/1,000)

	INCOME STATEMENT	31.12.2008	31.12.2007
10	Interest income and similar revenues	447,213	391,652
20	Interest expense and similar charges	(217,763)	(152,723)
30	**Net interest income**	**229,450**	**238,929**
40	Fee and commission income	90,155	105,878
50	Fee and commission expense	(9,965)	(20,920)
60	**Net fees and commissions**	**80,190**	**84,958**
70	Dividends and similar income	389	1,198
80	Net profits/(losses) on trading activities	55	(8,154)
90	Net profits/(losses) on hedging activities	92	301
100	Profit/(loss) on disposal or repurchase of:	696	2,826
	a) loans and receivables	*(1,056)*	*(967)*
	b) available-for-sale financial assets	*1,723*	*3,633*
	d) financial liabilities	*29*	*160*
110	Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	457	1,157
120	**Net interest and other banking income (intermediation margin)**	**311,329**	**321,215**
130	Net impairment losses on/writebacks to:	(46,795)	(23,840)
	a) loans and receivables	*(45,347)*	*(23,755)*
	b) available-for-sale financial assets	*(878)*	
	d) other financial assets	*(570)*	*(85)*
140	**Net income from banking activities**	**264,534**	**297,375**
150	Net insurance premiums	12,142	98,516
160	Balance of other income/charges arising on insurance management activities	(7,821)	(103,759)
170	**Net result of financial and insurance activities**	**268,855**	**292,132**
180	Administrative expenses:	(214,445)	(209,375)
	a) personnel expenses	*(138,798)*	*(136,158)*
	b) other administrative expenses	*(75,647)*	*(73,217)*
190	Net provisions for risks and charges	(37,023)	(2,958)
200	Net adjustments to the value of tangible assets	(7,203)	(6,597)
210	Net adjustments to the value of intangible assets	(792)	(799)
220	Other operating (expenses)/income	35,777	31,598
230	**Operating expenses**	**(223,686)**	**(188,131)**
240	Profits/(losses) on equity investments	52,100	130,212
270	Profits/(losses) on the disposal of investments	855	
280	**Profits/(losses) before taxes from continuing operations**	**98,124**	**234,213**
290	Taxes for the period on income from continuing operations	(35,220)	(50,487)
300	**Net profits (loss) after tax from continuing operations**	**62,904**	**183,726**
320	**Net profit/(loss) for the period**	**62,904**	**183,726**
330	Profit (loss) for the period attributable to minority interests	156	(96)
340	**Parent Bank net profit (loss)**	**63,060**	**183,630**

Banco Desio 1909-2009

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – FY 2008

(Euro/1,000)

	Equity as of 31.12.2007		Change in opening balances	Equity as of 1.01.2008		Changes over the period: Allocation of result from previous period: Reserves		Changes over the period: Allocation of result from previous period: Dividends and other allocations	Changes over the period: Changes in reserves		Changes over the period: Transactions in shareholders' equity: Issue of new shares		Changes over the period: Transactions in shareholders' equity: Purchase of treasury shares		Changes over the period: Transactions in shareholders' equity: Extraordinary distribution of dividends	Changes over the period: Transactions in shareholders' equity: Change in capital instruments	Changes over the period: Transactions in shareholders' equity: Derivatives on treasury shares	Changes over the period: Transactions in shareholders' equity: Stock options	Changes over the period: Net Profit (Loss) for the year as of 31.12.2008		Equity as of 31.12.2008	
	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	-	-	-	-	-	-	-	-	1,377	-	-	-	-	-	-	60,840	2,867
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	-	(4,063)	(45)	-	-	-	-	-	-	-	-	-	-	531,037	1,068
b) others	10,877	-	-	10,877	-	-	-	-	-	-	-	-	-	-	-	-	-	94	-	-	10,971	-
Revaluation reserves:																						
a) available for sale	(4,275)	-	-	(4,275)	-	-	-	-	(9,434)	(58)	-	-	-	-	-	-	-	-	-	-	(13,709)	(58)
b) cash-flow hedge	-	-	-	-																	-	-
c) others:	-	-	-	-																	-	-
tangible assets	-	-	-	-																	-	-
special revaluation laws	22,896	-	-	22,896	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,896	-
employee benefits	1,021	-	-	1,021	-	-	-	-	(1,526)	-	-	-	-	-	-	-	-	-	-	-	(505)	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(92)	-	-	(92)	-	-	-	-	-	-	-	-	92	-	-	-		-	-	-	-	-
Net Profit (loss) for the year	183,630	96	-	183,630	96	(169,682)	(96)	(13,948)	-	-	-	-	-	-	-	-	-	-	63,060	(156)	63,060	(156)
Shareholders' equity	**663,325**	**2,603**	**-**	**663,325**	**2,603**	**-**	**-**	**(13,948)**	**(15,023)**	**(103)**	**-**	**-**	**92**	**1,377**	**-**	**-**	**-**	**94**	**63,060**	**(156)**	**697,600**	**3,721**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – FY 2007

(Euro/1,000)

	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	-
Equity 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**

Banco Desio
1909-2009

CONSOLIDATED CASH FLOW STATEMENT

(Euro/1,000)

A. OPERATIONS	Amount	
	31.12.2008	31.12.2007
1. Management activities	**160,946**	**96,914**
- interest income earned (+)	447,308	391,221
- interest expenses paid (-)	(217,386)	(151,620)
- dividends and similar revenues (+)	389	1,198
- net commissions (+/-)	80,809	85,525
- personnel costs (-)	(138,798)	(136,158)
- net premiums earned (+)	12,142	98,516
- other insurance income/charges (+/-)	(7,821)	(103,759)
- other costs (-)	(70,427)	(75,424)
- other revenues (+)	89,950	37,902
- taxes and duties (-)	(35,220)	(50,487)
- costs/revenues relating to non current assets held for sale and discontinued operations, net of tax effect (+/-)	-	-
2. Liquid assets generated (absorbed) by decrease/increase in financial assets	**496,287**	**(628,342)**
- financial assets held for trading	169,892	30,914
- financial assets at fair value through profit or loss	906,246	(2,565)
- available-for-sale financial assets	467,285	(92,947)
- amounts due from customers	(705,531)	(927,979)
- amounts due from banks: at sight	1,722	29,470
- amounts due from banks: others	(318,656)	147,123
- other assets	(24,671)	187,642
3. Liquid assets generated (absorbed) by increase/decrease in financial liabilities	**(665,131)**	**465,169**
- amounts due to banks: at sight	(30,557)	(27,934)
- amounts due to banks: others	(101,649)	93,638
- amounts due to customers	314,420	233,465
- securities issued	372,299	88,706
- financial liabilities held for trading	16,412	(16,705)
- financial liabilities at fair value through profit or loss	(762,796)	228,405
- other liabilities	(473,260)	(134,406)
Net liquid assets generated (absorbed) by operations (A)	**(7,898)**	**(66,259)**
B. INVESTMENTS		
1. Liquid assets generated by	**40,057**	**130,972**
- sale of investments	1,687	-
- dividends received from investments	-	-
- sale/redemption of financial assets held to maturity	-	-
- sale of tangible assets	821	117
- sale of intangible assets	5,494	643
- sale of subsidiaries and business divisions	32,055	130,212
2. Liquid assets absorbed by	**(11,181)**	**(20,398)**
- purchase of investments	-	(12,194)
- purchase of financial assets held to maturity	-	(24)
- purchase of tangible assets	(10,333)	(731)
- purchase of intangible assets	(848)	(7,449)
- purchase of subsidiaries and business divisions	-	-
Net liquid assets generated (absorbed) by investments (B)	**28,876**	**110,574**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	92	-
- issues/purchases of equity instruments	-	-
- distribution of dividends and other purposes	(14,044)	(44,702)
Net liquid assets generated (absorbed) by funding activities (C)	**(13,952)**	**(44,702)**
NET LIQUID ASSETS GENERATED (ABSORBED) DURING THE YEAR (A+B+C)	**7,026**	**(387)**

Financial statements' items	2008	2007
Cash and cash equivalents at beginning of year	25,547	25,934
Total liquid assets generated (absorbed) during the year	7,026	(387)
Cash and cash equivalents: effect of exchange rate changes		
Cash and cash equivalents at end of year	32,573	25,547

NOTES TO THE FINANCIAL STATEMENTS

Part A - ACCOUNTING POLICIES

A. 1 – GENERAL

Section 1 – Declaration of conformity with international accounting standards

These consolidated financial statements of the Banco Desio Group were prepared in accordance with the provisions of law in force and the International Accounting Standards IAS/IFRS, and is made up of the balance sheet, the income statement, the statement of changes in shareholders' equity, the cash flow statement and the notes to the financial statements; they are also accompanied by the notes on operations.

In application of Legislative Decree no. 38 of 28 February 2005, which incorporated EC Regulation no. 1606/2002 of 19 July 2002, the consolidated financial statements of the Banco Desio Group were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS), and related Interpretations, in force at the date of reference of such financial statements.

Set out below are the accounting policies adopted in the preparation of the consolidated financial statements as of 31 December 2008.

Section 2 – General accounting policies

The consolidated 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 accounting period.

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

The consolidated financial statements have been drawn up in compliance with the economic accruals basis 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, with regard to the valuation of financial instruments the Group adopted the fair value option, 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.

The schedules under the consolidated financial statements and notes were prepared and drawn up in accordance with the compilation rules issued by the Bank of Italy by the Circular Letter no. 262 of 22 December 2005.

Amounts are expressed in thousands of Euros.

Section 3 – Scope and methods of consolidation

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

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					
Banco Desio Lazio S.p.A.	Rome	1	Banco Desio	100.00	100.00
Banco Desio Toscana S.p.A.	Florence	1	Banco Desio	100.00	100.00
Banco Desio Veneto S.p.A.	Vicenza	1	Banco Desio	100.00	100.00
Brianfid-Lux S.A.	Luxembourg	1	Banco Desio	100.00	100.00
Chiara Assicurazioni S.p.A.	Desio	1	Banco Desio	65.00	65.00
Credito Privato Commerciale	Lugano	1	Brianfid-Lux	100.00	100.00
Fides S.p.A.	Rome	1	Banco Desio Lazio	78.00	78.00

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

Equity investments in companies subject to significant influence – Chiara Vita S.p.A. (shareholding 30.00%) Anima S.g.r.p.A. (shareholding 21.192%) and Istifid S.p.A. (shareholding 21.648%) were consolidated on equity basis.

Section 4 – Events subsequent to the reporting date

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

Section 5 – Other aspects

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

The drafting of the consolidated financial statements calls for the use of estimates and assumptions 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 values currently recognised may change precisely because of changes in the subjective valuations utilised.

The main cases where the use of subjective estimations and valuations 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, of financial assets;
- the calculation of the fair value of financial instruments to be used for the purposes of disclosures;
- the use of valuation models for the identification of the fair value of financial instruments not listed on active markets;
- the quantification of staff reserves and the reserves for risks and charges;
- the estimates and assumptions made in relation to the ability to recover deferred tax assets.

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 valuations used in the drawing up of the consolidated financial statements.

A.2 - MAIN FINANCIAL STATEMENT ITEMS

Measurement Criteria

The measurement criteria described below, used in the preparation of the consolidated financial statements as at 31 December 2008, are in compliance with the European Commission ratified International Accounting Standards (IAS/IFRS) and in force at the reporting date.

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 and 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, except where permitted by the amendments to IAS 39 which were ratified by the European Community on 15 October 2008.

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 investments, 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 existing 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 to hold,
- in the rare circumstances that a reliable measure of fair value is not available.

According to the provision of the amendments to IAS 39 of 15 October 2008, the transfer to the category "Loans and Receivables" is permitted in particular circumstances.

Criteria for the recognition of income statement components

Gains or losses are recorded in the valuation reserve, net of tax effects, until reversal 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 for the two following years in the event that sales are made for a not insignificant amount, 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 against profit and loss.

At every balance sheet date, an assessment is made of any evident impairment that has a measurable impact on the estimated future cash flows. If such impairment exists, losses are recognized in profit and loss.

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

Non performing loans include the different classes of impaired loans provided for under the regulations of Bank of Italy: non-performing; problem, restructured exposures and expired loans.

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 impairment or uncollectibility.

The Group's loans and receivables portfolio is subject to reassessment at least at the close of every set of annual or interim financial statements, for the purpose of identifying and determining any evidence of objective impairment. Measurement is achieved by considering both the specific solvency situation of customers and the local or national economic conditions relative to the debtor's 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 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 yet known at the time of measurement, 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 a progressive convergence with the valuation criteria provided by the 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 recovery time and existing guarantees.

Receivables for default interest are accounted for as to their collection.

The adjustments arising from the analytical and collective assessments are recognized in profit and loss.

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

The value of loans 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 "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 is recognised in the income statement under write-backs.

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 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 type of hedge used is the Fair Value Hedge: the objective is to hedge the risk of changes in the fair value of the hedged instrument.

Measurement criteria

The fair value of hedge derivatives is calculated by using an internal model which discounts back the cash flows on the basis of the risk free curve. Only to positions with positive fair values is an adjustment made which takes into account the credit risk of the counterparty and the residual life of the contract.

The changes in the fair value of the hedging derivatives and hedged financial instruments (for the parts attributable to the hedged risk) are recorded separately against profit and loss.

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 set of 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 expires, is terminated or is sold.

If the hedged instrument is measured at amortised cost, the difference between the fair value, determined at the date of discontinuance of the hedging relationship, and the amortised cost is recognised over its residual life.

Equity investments

This item 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 entered at cost including any directly attributable additional charges.

Measurement criteria

The equity method is applied in measuring after first recognition: according to this method, the initial carrying amount is adjusted to recognise the Parent Company's portion in the associate's balance sheet.

If there are indications of impairment after the value of the investment has been adjusted in accordance with the equity method, its recoverable value is estimated in the light of the present value of the future cash flows that it may generate, including the cost of its final disposal. If recoverable value is lower than carrying amount, the difference is recognised in profit and loss.

Criteria for the recognition of income statement components

Item 240, profit/loss on equity investments, includes the associates' portion of the result for the year and any impairment losses reported.

Derecognition criteria

Investments are derecognised when the contractual rights to the cash flows from the assets expire or when they are transferred together with the substantial transfer of all the related risks and rewards.

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 will flow for the Group 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 net assets 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 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.

Tax assets and liabilities include the fiscal positions of every single company within the Group. 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 item 140 "Deferred tax assets".

Conversely, deferred tax liabilities are recognised as liabilities in the balance sheet under item 80 "Deferred tax liabilities".

Current taxes that have not yet been paid are separately recognised under item "Current tax liabilities" in the Balance Sheet. In the event of excess payments on account for current taxes, the receivable to be recovered is recognized under item "Current tax assets" in the Balance Sheet.

Tax assets and liabilities are recognised in equity if connected to transactions recognised directly in equity.

Non current assets held for sale and discontinued operations / Liabilities related to discontinued operations

This item 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 groups of 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 held for sale and discontinued operations are not recognised separately in the income statement, because they do not fall under the definition of discontinued operations.

Liabilities and securities issued

This item includes the various types of deposits received by the Group: amounts due to banks, amounts due to customers, certified bond securities held on deposit or 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, with the contra-entry to 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 profit and loss.

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 item 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 profit and loss effects of the measurement of financial assets and liabilities.

Liabilities at fair value may be recognised through profit or loss 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.

Specifically, 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 Employee Termination Indemnity (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 resignations 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 components

The provisions to the Employee Termination Indemnity (TFR), in accordance with the provisions of IAS 19, are registered against the valuation reserves and include also the interest accrued in time (time-discounting).

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 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 Company (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.

Transactions in foreign currency

Recognition criteria

Foreign currency transactions 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 transaction.
- non-monetary valued at fair value: conversion at the exchange rate in force at the date of closure.

For monetary elements the effect of the valuation carried out in application of the principles referred to above is recognized in profit and loss. For non-monetary elements whose profits and losses are recognized 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 on the basis of the economic accruals 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.

Revaluation reserves

This item comprises the revaluation 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, to 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 at 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.

Part B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents (caption 10)

1.2 Cash and cash equivalents : break-down

(Euro/1,000)

	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
a) Cash	32,165	-	32,165	25,245
b) On demand deposits with Central Banks	408	-	408	302
Total	**32,573**	**-**	**32,573**	**25,547**

Section 2 – Financial assets held for trading (caption 20)

2.1 Financial assets held for trading: break-down by type

(Euro/1,000)

Caption/Amount	Banking Group		Insurance Company		Total	Total
	Listed	Unlisted	Listed	Unlisted	31.12.2008	31.12.2007
A. Cash equivalents						
1. Debt securities	113,261	2,235	-	-	**115,496**	**33,086**
1.1 Structured securities		-			**-**	***692***
1.2 Other debt securities	*113,261*	*2,235*			***115,496***	***32,394***
2. Equity securities	5,241	-			**5,241**	**5,497**
3. UCITS units	343	-			**343**	**455**
4. Loans	-	-	-	-	**-**	
4.1 Repurchase agreements					**-**	
4.2 Other					**-**	
5. Impaired assets					**-**	
6. Assets sold but not written off	132,507	-			**132,507**	**375,605**
Total (A)	**251,352**	**2,235**	**-**	**-**	**253,587**	**414,643**
B. Derivative instruments:						
1. Financial derivatives:	20	29,232	-	-	**29,252**	**38,813**
1.1 trading	*20*	*12,363*		-	**12,383**	***37,106***
1.2 connected with the fair value option		*13,930*			**13,930**	***313***
1.3 other		*2,939*			**2,939**	***1,394***
2. Credit derivatives	-	-	-	-	**-**	
2.1 trading					**-**	
2.2 connected with the fair value option					**-**	
2.3 other					**-**	
Total (B)	**20**	**29,232**	**-**	**-**	**29,252**	**38,813**
Total (A+B)	**251,372**	**31,467**	**-**	**-**	**282,839**	**453,456**

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

The amount at 31.12.2007, excluding Chiara Vita and intra-group netting, would be equal to Euro 434,762,000.

2.2 Financial assets held for trading: break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	**Total 31.12.2008**	**Total 31.12.2007**
A. CASH EQUIVALENTS				
1. Debt securities	**115,496**	**-**	**115,496**	**33,086**
a) Governments and central banks	98,333		98,333	12,890
b) Other public entities				
c) Banks	10,672		10,672	12,625
d) Other issuers	6,491		6,491	7,571
2. Equity securities	**5,241**	**-**	**5,241**	**5,497**
a) Banks	1,085		1,085	1,269
b) Other issuers	4,156	-	4,156	4,228
- insurance companies	*96*		*96*	*340*
- financial insitutions	*274*		*274*	*736*
- non-financial companies	*3,786*		*3,786*	*3,152*
- other			-	-
3. UCITS units	**343**		**343**	**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	***132,507***	**-**	***132,507***	***375,605***
a) Governments and central banks	132,507		132,507	375,605
b) Other public entities				
c) Banks				-
d) Other issuers				
Total A	**253,587**	**-**	**253,587**	**414,643**
B. DERIVATIVE INSTRUMENTS				
a) Banks	26,618	-	26,618	35,608
b) Customers:	2,634		2,634	3,205
Total B	**29,252**	**-**	**29,252**	**38,813**
Total (A+B)	**282,839**	**-**	**282,839**	**453,456**

2.3 Financial assets held for trading: derivative instruments
2.3.1 attributable to the banking group

(Euro/1,000)

Type of derivative/ Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	Total 31.12.2008	Total 31.12.2007
A. Listed derivatives							
a) Financial derivatives:	**16**	**-**	**4**	**-**	**-**	**20**	**-**
. With exchange of capital	16	-	4	-	-	**20**	-
- Purchased options							
- Other derivatives	16		4			20	
. Without exchange of capital							-
- Purchased options							
- Other derivatives							
b) Credit derivatives:	-	-	-	-	-	-	-
. With exchange of capital						-	
. Without exchange of capital							
Total A	**16**	**-**	**4**	**-**	**-**	**20**	**-**
B. Unlisted derivatives							
a) Financial derivatives:	**14,614**	**14,618**	**-**	**-**	**-**	**29,232**	**15,255**
. With exchange of capital	-	11,679	-	-	-	**11,679**	7,560
- Purchased options						**-**	
- Other derivatives	-	11,679				**11,679**	7,560
. Without exchange of capital	14,614	2,939	-	-	-	**17,553**	7,695
- Purchased options	92		-			**92**	25
- Other derivatives	14,522	2,939	-		-	**17,461**	7,670
b) Credit derivatives:	-	-	-	-	-	**-**	-
. With exchange of capital						**-**	
. Without exchange of capital						**-**	
Total B	**14,614**	**14,618**	**-**	**-**	**-**	**29,232**	**15,255**
Total (A+B)	**14,630**	**14,618**	***4***	**-**	**-**	**29,252**	**15,255**

2.3.2 attributable to the insurance company

(Euro/1,000)

Type of derivative/ Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	Total 31.12.2008	Total 31.12.2007
A. Listed derivatives							
a) Financial derivatives:	-	-	-	-	-	-	-
. With exchange of capital	-	-	-	-	-	-	-
- Purchased options						-	
- Other derivatives						-	
. Without exchange of capital	-	-	-	-	-	-	-
- Purchased options						-	
- Other derivatives						-	
b) Credit derivatives:	-	-	-	-	-	-	-
. With exchange of capital						-	
. Without exchange of capital						-	
Total A	-	-	-	-	-	-	-
B. Unlisted derivatives							
a) Financial derivatives:	-	-	-	-	-	-	**23,558**
. With exchange of capital	-	-	-	-	-	-	-
- Purchased options						-	
- Other derivatives						-	
. Without exchange of capital	-	-	-	-	-	-	23,558
- Purchased options			-			-	23,558
- Other derivatives						-	
b) Other derivatives	-	-	-	-	-	-	-
. With exchange of capital						-	
. Without exchange of capital						-	
Total B	-	-	-	-	-	-	**23,558**
Total (A+B)	-	-	-	-	-	-	***23,558***

The closing balance as at 31.12.2007 is entirely pertaining to Chiara Vita.

2.4 Cash financial assets held for trading other than those sold but not written off and other than those impaired: annual changes
2.4.1 attributable to the banking group

(Euro/1,000)

	Debt securities	Equity securities	UCITS units	Loans	Total 2008
A. Opening balance	33,086	5,497	455		**39,038**
B. Increases	**2,414,481**	**477,628**	**487,042**	-	**3,379,151**
B1 Purchases	2,053,677	477,075	486,952		3,017,704
B2 Positive fair value changes	1,377	29	-		1,406
B3 Other changes	359,427	524	90		360,041
C. Decreases	**2,332,071**	**477,884**	**487,154**	-	**3,297,109**
C1 Sales	1,561,587	473,445	486,656		**2,521,688**
C2 Redemptions	658,058				**658,058**
C3 Negative fair value changes	1,365	2,703	8		**4,076**
C4 Other changes	111,061	1,736	490		**113,287**
D. Closing balance	**115,496**	**5,241**	**343**	-	**121,080**

Section 3 – Financial assets at fair value through profit or loss (caption 30)

3.1 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	31.12.2008	31.12.2007
1. Debt securities	-	-	-	-	-	447,389
1.1 Structured securities			-	-	-	*132,249*
1.2 Other debt securities			-	-	-	*315,140*
2. Equity securities			-		-	23,988
3. UCITS units			-	-	-	434,869
4. Loans	-	-	-	-	-	-
4.1 Structured						
4.2 Other						
5. Impaired assets						
Total	**-**	**-**	**-**	**-**	**-**	**906,246**

This item represents investments and contractual obligations linked to investment agreements related to “unit linked” or “index linked” policies, and therefore the closing balance as at 31.12.2007 is entirely pertaining to Chiara Vita.

3.2. Financial assets at fair value through profit or loss: break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	Total 31.12.2008	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. Loans	**-**	**-**	**-**	**-**
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**

3.3 Financial assets at fair value through profit or loss (other than those sold but not written off and other than those impaired): annual changes

3.3.2 attributable to the insurance company

(Euro/1,000)

Changes / Underlying asset	Debt securities	Equity securities	UCITS units	Loans	**Total 2008**
A. Opening balance	**447,389**	**23,987**	**434,870**		**906,246**
B. Increases	**-**	**-**	**-**	**-**	**-**
B1 Purchases					-
B2 Positive fair value changes					-
B3 Other increases					**-**
C. Decreases	**447,389**	**23,987**	**434,870**	**-**	**906,246**
C1 Sales					**-**
C2 Redemptions					**-**
C3 Negative fair value changes					**-**
C4 Other decreases	447,389	23,987	434,870		**906,246**
D. Closing balance	**-**	**-**	**-**	**-**	**-**

Section 4 - Available-for-sale financial assets (caption 40)

4.1 Available-for-sale financial assets: break-down by type

(Euro / 1,000)

Caption/Fair value	Banking Group		Insurance Company		Total 31.12.2008		Total 31.12.2007	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Debt securities	282,326	25,772	13,150	-	295,476	25,772	626,717	46,414
1.1 Structured securities	1,428		-	-	1,428	-	4,252	4,587
1.2 Other debt securities	280,898	25,772	13,150		294,048	25,772	622,465	41,827
2. Equity securities	-	7,330	-	-	-	7,330	8,138	6,485
2.1 Measured at fair value		7,247	-		-	7,247	8,138	6,328
2.2 Measured at cost		83			-	83		157
3. UCITS units	60,160	-	109	-	60,269	-	62,374	*7,442*
4. Loans								
5. Impaired assets		110				110		
6. Assets sold but not written off	112,610	5,624			112,610	5,624	184,351	52,872
Total	**455,096**	**38,836**	**13,259**	**-**	**468,355**	**38,836**	**881,580**	**113,213**

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 repo transactions.

At the end of 2007 the closing balance, net of the component relating to Chiara Vita, would be Euro 520,874 as a whole.

4.2. Available-for-sale financial assets: break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
1. Debt securities	**308,097**	**13,151**	**321,248**	**673,131**
a) Governments and central banks	162,810	10,896	173,706	515,368
b) Other public entities				
c) Banks	122,481	1,345	123,826	101,992
d) Other issuers	22,806	910	23,716	55,771
2. Equity securities	**7,330**	**-**	**7,330**	**14,623**
a) Banks	-	-	-	1,598
b) Other issuers	7,330	-	7,330	13,025
- insurance companies		-	-	*1,080*
- financial institutions	*98*	-	*98*	*384*
- non-financial companies	*7,232*	-	*7,232*	*11,561*
- other			-	-
3. UCITS units	**60,160**	**109**	**60,269**	**69,816**
4. Loans	**-**	**-**	**-**	**-**
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities				
5. Impaired assets	***110***	**-**	***110***	**-**
a) Governments and central banks				
b) Other public entities				
c) Banks				
d) Other entities	*110*		110	
6. Assets sold but not written off	**118,234**	**-**	**118,234**	**237,223**
a) Governments and central banks	23,500		23,500	92,410
b) Other public entities				
c) Banks	94,158		94,158	135,048
d) Other issuers	576		576	9,765
Total	**493,931**	**13,260**	**507,191**	**994,793**

4.5 Available-for-sale financial assets other than those sold but not written off and other than those impaired: annual changes
4.5.1 attributable to the banking group

(Euro/1,000)

	Debt securities	Equity securities	UCITS units	Loans	Total 2008
A. Opening balance	**206,051**	**6,485**	**59,900**		**272,436**
B. Increases	**328,078**	**3,352**	**91,194**	**-**	**422,624**
B1. Purchases	163,187	1,364	89,988		254,539
B2. Positive fair value changes	955	471	620		2,046
B3. Write-backs	-	-	-	-	-
- charged to statement of income					-
- charged to shareholders' equity	-		-		-
B4. Transfer from other portfolios		14			14
B5. Other increases	163,936	1,503	586		166,025
C. Decreases	**225,921**	**2,507**	**90,934**	**-**	**319,362**
C1. Sales	25,971	1,557	84,898		112,426
C2. Redemptions	137,741				137,741
C3. Negative fair value changes	16,808	418	5,649		22,875
C4. Impairment write-downs	844	-	-	-	844
- charged to statement of income	844				844
- charged to shareholders' equity					-
C5. Transfers to other portfolios	-	-			-
C6. Other decreases	44,557	532	387		45,476
D. Closing balance	**308,208**	**7,330**	**60,160**	**-**	**375,698**

Items “B.2” and “C.3” represent gains and losses, respectively, inclusive of the relevant tax effect, recognised under Shareholders’ equity under item 130 “Valuation reserves”.

4.5.2 attributable to the insurance company

(Euro/1,000)

	Debt securities	Equity securities	UCITS units	Loans	Total 2008
A. Opening balance	**11,110**	**-**	**104**		**11,214**
B. Increases	**7,737**	**-**	**102**	**-**	**7,839**
B1. Purchases	7,430		102		7,532
B2. Positive fair value changes	307				307
B3. Write-backs	-				-
- charged to statement of income					-
- charged to shareholders' equity					-
B4. Transfer from other portfolios					-
B5. Other increases					-
C. Decreases	**5,697**	**-**	**97**	**-**	**5,794**
C1. Sales	5,311		15		5,326
C2. Redemptions	-				-
C3. Negative fair value changes	386		82		468
C4. Impairment write-downs	-				-
- charged to statement of income					-
- charged to shareholders' equity					-
C5. Transfers to other portfolios					-
C6. Other decreases					-
D. Closing balance	**13,150**	**-**	**109**	**-**	**13,259**

Section 5 - Held-to-maturity investments (caption 50)

5.1 Held-to-maturity investments: break-down by type

(Euro/1,000)

Transaction type / Group components	Banking Group		Insurance Company		Total 31.12.2008		Total 31.12.2007	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
1. Debt securities	8,103	8,067			8,103	8,067	8,075	8,159
1.1 Structured securities								
1.2 Other debt securities	*8,103*	*8,067*			*8,103*	*8,067*	*8,075*	*8,159*
2. Loans								
3. Impaired assets								
4. Assets sold but not written off								
Total	**8,103**	**8,067**			**8,103**	**8,067**	**8,075**	**8,159**

Also for the financial year 2007 the closing balance is totally pertaining to the banking Group

5.2 Held-to-maturity investments: break-down by debtor/issuer

(Euro/1,000)

Transaction type / Amount	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
1. Debt securities	**8,103**	**-**	**8,103**	**8,075**
a) Governments and central banks				
b) Other public entities				
c) Banks	*8,103*		*8,103*	*8,075*
d) Other issuers			-	
2. Loans	**-**	**-**		**-**
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	**8,103**	**-**	**8,103**	**8,075**

5.4 Held-to-maturity investments (other than those sold but not written off and other than those impaired): annual changes

(Euro/1,000)

	Debt securities	Loans	**Total 2008**
A. Opening balance	**8,075**		**8,075**
B. Increases	**134**	-	**134**
B1. Purchases			**-**
B2. Write-backs			**-**
B3. Transfer from other portfolios			**-**
B4. Other increases	134		**134**
C. Decreases	**106**	-	**106**
C1. Sales			**-**
C2. Redemptions	-		**-**
C3. Value adjustments			**-**
C4. Transfers to other portfolios			**-**
C5. Other decreases	106		**106**
D. **Closing balance**	**8,103**	-	**8,103**

Section 6 - Amounts due from banks (caption 60)

6.1 Amounts due from banks: break-down by type
6.1.1 attributable to the banking group

(Euro / 1,000)

Transaction type / Amount	**Total 31.12.2008**	**Total 31.12.2007**
A. Amounts due from Central banks	**443,438**	**18,119**
1. Restricted deposits	360,000	
2. Compulsory reserve	83,438	18,119
3. Repurchase agreements		
4. Other	-	
B. Amounts due from banks	**142,423**	**250,632**
1. Current accounts and unrestricted deposits	76,730	78,276
2. Restricted deposits	65,585	101,555
3. Other loans	108	70,801
3.1 repurchase agreements	-	70,339
3.2 finance leases		
3.3 other	108	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)	**585,861**	**268,751**
Total (fair value)	**585,861**	**268,751**

6.1.2 attributable to the insurance company

(Euro / 1,000)

Transaction type / Amount	Total 31.12.2008	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	**501**	**693**
1. Current accounts and unrestricted deposits	501	693
2. Restricted deposits	-	-
3. Other loans	-	-
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)	**501**	**693**
Total (fair value)	**501**	**693**

Section 7 - Amounts due from customers (caption 70)

7.1 Amounts due from customers: break-down by type
7.1.1 attributable to the banking group

(Euro/1,000)

Transaction type / Amount	Total 31.12.2008	Total 31.12.2007
1. Current account	1,655,089	1,602,889
2. Repurchase agreements	3,961	
3. Mortgage loans	2,267,932	1,851,431
4. Credit cards, personal loans and loans on salary	134,037	127,620
5. Financial leases	599,318	558,949
6. Factoring	10,319	16,065
7. Other transactions	886,412	808,619
8. Debt securities	32,267	8,797
8.1 Structured		
8.2 Other debt securities	*32,267*	*8,797*
9. Impaired assets	117,342	79,488
10. Assets sold but not written off		
Total (book value)	**5,706,677**	**5,053,858**
Total (fair value)	**5,903,667**	**5,250,531**

7.2 Amounts due from customers: break-down by debtor/issuer
7.2.1 attributable to the banking group

(Euro/1,000)

Transaction type / Amount	Total 31.12.2008	Total 31.12.2007
1. Debt securities issued by:	**32,267**	**8,797**
a) Governments		
b) Other public entities		
c) Other issuers	32,267	8,797
- non-financial companies	-	-
- financial companies	-	*8,797*
- insurance companies	*32,267*	
- other	-	-
2. Loans to:	**5,557,067**	**4,965,573**
a) Governments		
b) Other public entities	158	194
c) Other entities	5,556,909	4,965,379
- non-financial companies	*3,880,817*	*3,369,300*
- financial companies	*102,539*	*212,001*
- insurance companies	*211*	
- other	*1,573,342*	*1,384,078*
3. Impaired assets:	**117,343**	**79,488**
a) Governments		
b) Other public entities		
c) Other entities	117,343	79,488
- non-financial companies	*74,297*	*44,718*
- financial companies	-	*40*
- insurance companies		
- other	*43,046*	*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	**5,706,677**	**5,053,858**

7.4 Finance lease

Reconciliation between the gross leasing investment and the present value of the minimum payments due for leasing and unsecured residual values due to the lessor:

(Euro/1,000)

Type of transactions	Gross Investment	Deferred Profit	Net Investment	Unsecured residual values (redemption)
Finance lease	758,848	153,479	605,369	94,512
- of which leaseback agreements	*53,863*	*14,685*	*39,178*	*7,831*
Total	**758,848**	**153,479**	**605,369**	**94,512**

(Euro/1,000)

Relevant period	Gross Investment	Deferred Profit	Net Investment
- Within 1 year	13,567	236	13,331
- Between 1 and 5 years	294,945	26,077	268,868
- Beyond 5 years	450,336	127,166	323,170
Total	**758,848**	**153,479**	**605,369**

The net investment exclusively corresponds to the capital falling due for the contracts existing at the year-end.

Section 8 - Hedging derivatives (caption 80)

8.1 Hedging derivatives: break-down by type of contract and underlying asset
8.1.1 attributable to the banking group

(Euro/1,000)

Derivative type / Underlying asset	Interest rate	Currency and gold	Equity securities	Loans	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) Derivati non quotati						-
1) Financial derivatives:	***31***	-	-	-	-	***31***
. With exchange of capital	-	-	-	-	-	-
- Options purchased						-
- Other derivatives						-
. Without exchange of capital	31	-	-	-	-	31
- Options purchased	-					-
- Other derivatives	31					31
2) Credit derivatives:	-	-	-	-	-	-
. With exchange of capital						-
. Without exchange of capital						-
Total B	**31**	-	-	-	-	**31**
Total (A + B) 31.12.2008	**31**	-	-	-	-	**31**
Total (A + B) 31.12.2007	**4,805**	-	-	-	-	**4,805**

8.2 Hedging derivatives: break-down by hedged portfolios and type of hedging: book value
8.2.1 attributable to the banking group

(Euro/1,000)

Transaction/Hedging type	Fair Value						Cash flows	
	Specific					Generic	Specific	Generic
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	Other			
1. Available-for-sale financial assets								
2. Loans								
3. Held-to-maturity investments								
4. Portfolio								
5. Foreign investments								
Total assets 31.12.2008	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	31							
2. Portfolio								
Total liabilities 31.12.2008	**31**	**-**	**-**		**-**	**-**	**-**	**-**
1. Expected transactions								

Section 10 – Equity investments (caption 100)

10.1 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. Chiara Vita S.p.A.	Milan	Banco Desio	30.000
2. Istifid S.p.A.	Milan	Banco Desio	21.648
3. ANIMA S.G.R.p.A.	Milan	Banco Desio	21.192 (1)

(1) In January 2009, the total equity investment in ANIMA S.G.R.p.A was sold; on the basis of international financial reporting standards (IFRS 5), this event was therefore recognized in the financial statements by reclassifying the shareholding being sold into “Non current assets held for sale and discontinued operations” category, valued at the lower of net book value and sale price.

10.2 Equity investments in companies subject to significant influence: accounting data

Euro/1,000

Company name	Total assets	Total revenues	Profit (loss)	Net Shareholders' equity	Book value	Fair value
Companies subject to significant influence						
1. Chiara Vita S.p.A.	1,668,392	141,364	1,675	44,259	15,794	
2. Istifid S.p.A.	4,953	4,599	352	3,075	764	
Total	**1,673,345**	**145,963**	**2,027**	**47,334**	**16,558**	

10.3 Equity investments: annual changes

(Euro/1,000)

Changes	Banking Group	Insurance Company	Total 31.12.2008	31.12.2007
A. Opening balance	12,194		**12,194**	**-**
B. Increases	**15,794**	**-**	**15,794**	**15,531**
B.1 Purchases			**-**	**265**
B.2 Write-backs				
B.3 Revaluations	2,297			
B.4 Other increases	13,497		**13,497**	**15,266**
C. Decreases	**11,430**	**-**	**11,430**	**3,337**
C.1 Sales				
C.2 Value adjustments				
C.3 Other decreases	11,430		**11,430**	**3,337**
D. Closing balance	**16,558**	**-**	**16,558**	**12,194**

Section 11 - Technical insurance reserves carried by reinsurers (caption 110)

11.1 Technical insurance reserves attributable to reinsurers: break-down

Euro/1,000

	TOTAL 31.12.2008	TOTAL 31.12.2007
A. Non-Life branch	***4,858***	***372***
A1. premiums reserves	3,743	*170*
A2 . claims reserves	1,115	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. Total technical insurance reserves attributable to reinsurers	**4,858**	**1,967**

11.2 Change in caption 110 "Technical insurance reserves attributable to reinsurers"

Non-Life branch shows a total increase of Euro 4.5 million.

Section 12 – Tangible assets (caption 120)

12.1 Tangible assets: break-down of assets valued at cost

(Euro/1,000)

Asset/Value	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
A. Functional assets				
1.1 owned by the Bank	**147,384**	**155**	**147,539**	**144,649**
a) land	39,244		39,244	38,396
b) buildings	81,316		81,316	80,314
c) fixtures and fittings	10,803		10,803	9,801
d) electrical equipment	4,956		4,956	4,917
e) other	11,065	155	11,220	11,221
1.2 acquired under finance lease	-	-	-	-
a) land	-		-	
b) buildings	-		-	
c) fixtures and fittings	-		-	
d) electrical equipment	-		-	
e) other	-		-	
Total A	**147,384**	**155**	**147,539**	**144,649**
B. Tangible assets held for investment				
2.1 owned by the Bank	**6**		**6**	**338**
a) land	6		6	
b) buildings	-		-	338
2.2 acquired under finance lease	-			-
a) land				
b) buildings				
Total B	**6**	**-**	**6**	**338**
Total (A + B)	**147,390**	**155**	**147,545**	**144,987**

12.3 Tangible assets for business use: annual changes
12.3.1 attributable to the banking group

(Euro/1,000)

	Land	Buildings	Furniture	Electronic equipment	Other	**Total 2008**
A. Gross opening balance	**38,390**	**85,982**	**27,970**	**18,362**	**36,535**	**207,239**
A.1 Total net decreases in value		5,668	18,184	13,445	25,501	62,798
A.2 Net opening balance	**38,390**	**80,314**	**9,786**	**4,917**	**11,034**	**144,441**
B. Increases:	**854**	**2,887**	**2,537**	**2,570**	**2,119**	**10,967**
B.1 Purchases	467	1,133	2,509	2,570	2,099	8,778
B.2 Capitalized improvement expenses		1,524				1,524
B.3 Write-backs						-
B.4 Positive fair value changes charged to:	-	-	-	-	-	-
a) shareholders' equity						-
b) statement of income						-
B.5 Positive exchange differences						-
B.6 Transfers from assets held for investment	-	-				-
B.7 Other changes	387	230	28	-	20	665
C. Decreases:	**-**	**1,885**	**1,520**	**2,531**	**2,088**	**8,024**
C.1 Sales		-	7	631	73	711
C.2 Amortization/depreciation		1,748	1,512	1,899	2,006	7,165
C.3 Value adjustments due to deterioration charged to:	-	-	-	-	-	-
a) shareholders' equity						-
b) statement of income						-
C.4 Negative fair value changes charged to:	-	-	-	-	-	-
a) shareholders' equity						-
b) statement of income						-
C.5 Negative exchange differences	-	-				-
C.6 Transfers to:	-	-	-	-	-	-
a) tangible assets held for investment						-
b) assets being disposed of						-
C.7 Other changes		137	1	1	9	148
D. Net closing balance	**39,244**	**81,316**	**10,803**	**4,956**	**11,065**	**147,384**
D.1 Total net decreases in value		7,444	19,485	13,582	25,925	66,436
D.2 Gross closing balance	**39,244**	**88,760**	**30,288**	**18,538**	**36,990**	**213,820**

12.3.2 attributable to the insurance company

(Euro/1,000)

	Land	Buildings	Furniture	Electronic equipment	Other	Total 2008
A. Gross opening balance					**187**	**187**
A.1 Total net decreases in value					25	25
A.2 Net opening balance	**-**	**-**	**-**	**-**	**162**	**162**
B. Increases:	**-**	**-**	**-**	**-**	**31**	**31**
B.1 Purchases					31	31
B.2 Capitalized improvement expenses						-
B.3 Write-backs						-
B.4 Positive fair value changes charged to:	-	-	-	-	-	-
a) shareholders' equity						-
b) statement of income						-
B.5 Positive exchange differences						-
B.6 Transfers from assets held for investment						-
B.7 Other changes						-
C. Decreases:	**-**	**-**	**-**	**-**	**38**	**38**
C.1 Sales						-
C.2 Amortization/depreciation					38	38
C.3 Value adjustments due to deterioration charged to:	-	-	-	-	-	-
a) shareholders' equity						-
b) statement of income						-
C.4 Negative fair value changes charged to:	-	-	-	-	-	-
a) shareholders' equity						-
b) statement of income						-
C.5 Negative exchange differences						-
C.6 Transfers to:	-	-	-	-	-	-
a) tangible assets held for investment						-
b) assets being disposed of						-
C.7 Other changes						-
D. Net closing balance	**-**	**-**	**-**	**-**	**155**	**155**
D.1 Total net decreases in value					63	63
D.2 Gross closing balance	**-**	**-**	**-**	**-**	**218**	**218**

12.4 Tangible assets held for investment: annual changes

(Euro/1,000)

	Banking Group		Insurance Company		Total 2008	
	Land	Buildings	Land	Buildings	Land	Buildings
A. Opening balance	**6**	**338**			**6**	**338**
B. **Increases:**	-	762	-	-	**-**	**762**
B.1 Purchases						
B.2 Capitalized improvement expenses						
B.3 Positive fair value changes						
B.4 Write-backs						
B.5 Positive exchange differences						
B.6 Transfer from property held for own use					**-**	
B.7 Other increases		762				**762**
C. Decreases:	-	1,100	-	-	**-**	**1,100**
C.1 Sales		1,100				**1,100**
C.2 Amortization/depreciation						**-**
C.3 Negative fair value changes						
C.4 Value adjustments for impairment						
C.5 Negative exchange differences						
C.6 Transfers to:	-	-	-	-	**-**	**-**
a) property held for own use						
b) non-current assets held for sale and discontinued operations						
C.7 Other decreases						
D. **Closing balance**	**6**	**-**	**-**	**-**	**6**	**-**

Section 13 - Intangible assets (caption 130)

13.1 Intangible assets: break-down by type of asset

(Euro/1,000)

Caption/Value	Banking Group		Insurance Company		Total 31.12.2008		Total 31.12.2007	
	Limited duration	Unlimited duration	Limited duration	Unlimited duration	Limited duration	Unlimited duration	Limited duration	Unlimited duration
A.1 Goodwill		**39,182**				**39,182**		**46,992**
A.2 Other intangible assets	**1,533**	**-**	**573**	**-**	**2,106**	**-**	**2,036**	**86**
A.2.1 Assets valued at cost:	1,533	-	573	-	2,106	-	2,036	86
a) Intangible assets generated internally								
b) Other assets	*1,533*		*573*	*-*	*2,106*	*-*	*2,036*	*86*
A.2.2 Assets at fair value through profit or loss:	-	-	-	-	-	-	-	-
a) Intangible assets generated internally								
b) Other assets	-							
Total	**1,533**	**39,182**	**573**	**-**	**2,106**	**39,182**	**2,036**	**47,078**

No impairment losses were recorded for goodwill entered in the accounts (including positive consolidation differences) compared to the previous year and, given the indefinite useful life, no amortization was calculated.

13.2 Intangible assets: annual changes
13.2.1 attributable to the banking group

(Euro/1,000)

		Goodwill	Other intangible assets: generated internally		Other intangible assets: others		Total 2008
			Limited duration	Unlimited duration	Limited duration	Unlimited duration	
A.	**Opening balance**	**46,992**			**4,373**		**51,365**
A.1	Total net decreases in value				2,971		2,971
A.2	**Net opening balance**	**46,992**	**-**	**-**	**1,402**	**-**	**48,394**
B.	**Increases**	**-**	**-**	**-**	**677**	**-**	**677**
B.1	Purchases				663		663
B.2	Increases in internal intangible assets						-
B.3	Write-backs						-
B.4	Increases in fair value charged to:		-	-	-	-	-
	- shareholders' equity						-
	- statement of income						-
B.5	Positive exchange differences						-
B.6	Other changes	-			14		14
C.	**Decreases**	**7,810**	**-**	**-**	**546**	**-**	**8,356**
C.1	Sales	5,494					5,494
C.2	Adjustments	-	-	-	546	-	546
	- Amortization				546		546
	- Write-downs	-	-	-	-	-	-
	+ shareholders' equity						-
	+ statement of income						-
C.3	Decreases in fair value charged to:		-	-	-	-	-
	- shareholders' equity						-
	- statement of income						-
C.4	Transfers to non-current assets held for sale and discontinued operations						-
C.5	Negative exchange differences						-
C.6	Other changes	2,316					2,316
D.	**Closing balance**	**39,182**	**-**	**-**	**1,533**	**-**	**40,715**
D.1	Total net adjustments				3,425		3,425
E.	**Gross closing balance**	**39,182**	**-**	**-**	**4,958**	**-**	**44,140**

Cost was used as the valuation criterion for all the classes of intangible assets.

13.2.2 attributable to the insurance company

(Euro/1,000)

	Goodwill	Other intangible assets: generated internally		Other intangible assets: others		Total 2008
		Limited duration	Unlimited duration	Limited duration	Unlimited duration	
A. Opening balance				**819**		**819**
A.1 Total net decreases in value				185		185
A.2 Net opening balance	**-**	**-**	**-**	**634**	**-**	**634**
B. Increases	**-**	**-**	**-**	**185**	**-**	**185**
B.1 Purchases				185	-	185
B.2 Increases in internal intangible assets						-
B.3 Write-backs						-
B.4 Increases in fair value charged to:		-	-	-	-	-
- shareholders' equity						-
- statement of income						-
B.5 Positive exchange differences						-
B.6 Other increases						-
C. Decreases	**-**	**-**	**-**	**246**	**-**	**246**
C.1 Sales						-
C.2 Adjustments	-	-	-	246	-	246
- Amortization				246	-	246
- Write-downs	-	-	-	-	-	-
+ shareholders' equity						-
+ statement of income						-
C.3 Decreases in fair value charged to:		-	-	-	-	-
- shareholders' equity						-
- statement of income						-
C.4 Transfers to non-current assets held for sale and discontinued operations						-
C.5 Negative exchange differences						-
C.6 Other changes						-
D. Closing balance	**-**	**-**	**-**	**573**	**-**	**573**
D.1 Total net adjustments				431	-	431
E. Gross closing balance	**-**	**-**	**-**	**1,004**	**-**	**1,004**

Section 14 – Tax assets and liabilities (caption 130 under assets and caption 80 under liabilities)

The initial value as at the beginning of 2007, shown in the tables below related to the changes occurred during the financial year with regard to both prepaid and deferred taxes, does not correspond to the final value reported at the end of the previous financial year since, in showing the changes occurred, the year end figures related to Chiara Vita S.p.A were not taken into account, given that such company is no longer included in the consolidation area.

14.1 Deferred tax assets: break-down

Euro/1,000

Temporary Differences	Banking Group			Insurance Companies			Total 31.12.2008	31.12.2007
	ires	irap	Total	ires	irap	Total		
a) against Profit and Loss								
writedowns of loans to customers deductible on a straight-line basis	12,919		12,919			-	**12,919**	5,089
write-down of loans to customers outstanding as at 31.12.1994	135		135			-	**135**	168
provisions for risks from implicit loan losses	3		3			-	**3**	6
bad debt flat provision	305		305				**305**	
write-down of loans due to revenues from transition		1	1			-	**1**	
writedown of FVTPL classified shares	214	37	251			-	**251**	762
provisions for guarantees and commitments/country risk	385		385			-	**385**	224
provisions for personnel charges	3,006		3,006			-	**3,006**	2,938
provisions for legal disputes	1,839		1,839			-	**1,839**	2,176
provisions for revocatory actions	788		788			-	**788**	1,222
provision for sundry charges	857		857			-	**857**	1,462
costs no longer capitalized deductible in five financial years	3	1	4				**4**	
entertainment expenses, within the limit of one third deductible in the following four financial years	52	9	61			-	**61**	99
remuneration of directors to be paid out			-			-	**-**	124
other general expenses deductible in the following accounting period	24		24			-	**24**	63
tax losses	185		185	44		44	**229**	229
other	2		2	1		1	**3**	284
Total a)	**20,717**	**48**	**20,765**	**45**	**-**	**45**	**20,810**	**14,846**
b) against Equity								
writedown of securities classified AFS	6,635	1,233	7,868	68	12	80	**7,948**	4,570
write-down of equity investments		2	2				**2**	10
tax provision for employee termination indemnities	71		71				71	
Total b)	**6,706**	**1,235**	**7,941**	**68**	**12**	**80**	**8,021**	**4,580**
Total	**27,423**	**1,283**	**28,706**	**113**	**12**	**125**	**28,831**	**19,426**

14.2 Deferred tax liabilities: break-down

(Euro/1,000)

	Banking Group			Insurance Companies			Total 31.12.2008	31.12.2007
Temporary Differences	ires	irap	Total	ires	irap	Total		
a) against Profit and Loss								
default interest accrued							**-**	-
gains on disposal of tangible assets	93	3	96			-	**96**	27
tax amortization of properties	7,060	1,172	8,232			-	**8,232**	8,342
tax amortization of intangible assets	2,555	475	3,030	1		1	**3,031**	3,674
tax amortization of goodwill	673	108	781			-	**781**	652
tax amortization on long-term charges (software)	113	27	140			-	**140**	210
tax amortization on long-term charges (other)	1,009	7	1,016			-	**1,016**	1,263
tax amortization under article 106, par. 3	827		827			-	**827**	1,250
revaluation on loans due to transiction costs							**-**	-
assets and liabilities result, fair value option	593	104	697			-	**697**	649
assets and liabilities result, hedge accounting	15	2	17			-	**17**	63
tax provision for employee termination indemnities	557		557	12		12	**569**	720
other				12	2	14	**14**	837
Total a)	**13,495**	**1,898**	**15,393**	**25**	**2**	**27**	**15,420**	**17,687**
b) against Equity								
revaluation of AFS securities	408	80	488			-	**488**	1,316
revaluation of equity investments	36	124	160			-	**160**	174
tax provision for employee termination indemnities	13		13	1		1	**14**	517
Total b)	**457**	**204**	**661**	**1**	**-**	**1**	**662**	**2,007**
Total	**13,952**	**2,102**	**16,054**	**26**	**2**	**28**	**16,082**	**19,694**

14.3 Change in deferred tax assets (against profit and loss)

(Euro/1,000)

	Banking Group	Insurance Companies	Total 31.12.2008	Total 31.12.2007
1. Initial amount	**14,152**	**45**	**14,197**	**12,632**
2. Increases	**11,499**	**-**	**11,499**	**8,084**
2.1 Deferred tax assets recognized during the year	11,499	-	11,499	8,080
a) from previous years				
b) due to adoption of different accounting standards				
c) write-backs				
d) other	11,499		11,499	8,080
2.2 New taxes or increases in fiscal rates				
2.3 Other increases			-	4
3. Decreases	**4,886**	**-**	**4,886**	**5,870**
3.1 Deferred tax assets cancelled during the year	3,895	-	3,895	4,491
a) reallocation	3,895		3,895	4,491
b) write-downs due to irrecoverability				
c) due to adoption of different accounting standards				
3.2 Decreases in fiscal rates			-	1,374
3.3 Other decreases	991		991	5
4. Final amount	**20,765**	**45**	**20,810**	**14,846**

14.4 Change in deferred tax liabilities (against profit and loss)

(Euro/1,000)

	Banking Group	Insurance Companies	Total 31.12.2008	Total 31.12.2007
1. Initial amount	**16,845**	**18**	**16,863**	**16,901**
2. Increases	**405**	**9**	**414**	**4,249**
2.1 Deferred tax assets recognized during the year	405	9	414	4,249
a) from previous years			-	801
b) due to adoption of different accounting standards				
c) other	405	9	414	3,448
2.2 New taxes or increases in fiscal rates				
2.3 Other increases			-	
3. Decreases	**1,857**	**-**	**1,857**	**3,463**
3.1 Deferred tax liabilities cancelled during the year	1,300	-	1,300	822
a) reallocation	1,300		1,300	822
b) due to adoption of different accounting standards				
c) other				
3.2 Decreases in fiscal rates			-	2,637
3.3 Other decreases	557		557	4
4. Final amount	**15,393**	**27**	**15,420**	**17,687**

14.5 Change in deferred tax assets (against equity)

Euro/1,000

	Banking Group	Insurance Companies	Total 31.12.2008	Total 31.12.2007
1. Initial amount	**789**	**8**	**797**	**2,482**
2. Increases	**7,219**	**72**	**7,291**	**2,143**
2.1 Deferred tax assets recognized during the year	7,219	72	7,291	2,107
a) from previous years				
b) due to adoption of different accounting standards				
c) other	7,219	72	7,291	2,107
2.2 New taxes or increases in fiscal rates				
2.3 Other increases			-	36
3. Decreases	**67**	**-**	**67**	**45**
3.1 Deferred tax assets cancelled during the year	67	-	67	37
a) reallocation	67		67	37
b) write-downs due to irrecoverability				
c) due to adoption of different accounting standards				
3.2 Decreases in fiscal rates			-	8
3.3 Other decreases			-	
4. Final amount	**7,941**	**80**	**8,021**	**4,580**

14.6 Change in deferred tax liabilities (against equity)

Euro/1,000

	Banking Group	Insurance Companies	Total 31.12.2008	Total 31.12.2007
1. Initial amount	**981**	**1**	**982**	**1,034**
2. Increases	**417**	**-**	**417**	**1,498**
2.1 Deferred tax liabilities recognized during the year	417	-	417	1,490
a) from previous years				
b) due to adoption of different accounting standards				
c) other	417		417	1,490
2.2 New taxes or increases in fiscal rates				
2.3 Other increases			-	8
3. Decreases	**737**	**-**	**737**	**525**
3.1 Deferred tax assets cancelled during the year	737	-	737	343
a) reallocation	737		737	343
b) due to adoption of different accounting standards				
c) other				
3.2 Decreases in fiscal rates				179
3.3 Other decreases				3
4. Final amount	**661**	**1**	**662**	**2,007**

Section 15 – Non-current assets held for sale and discontinued operations– Caption 150

(Euro/1,000)

	Total 31.12.2008	Total 31.12.2007
A. Individual assets		
A.1 Equity investments	10,394	
A.2 Tangible assets		
A.3 Intangible assets		
A.4 Other non-current assets		
Total A	**10,394**	-
B. Groups of assets (discontinued operating units)		
B.1 Financial assets held for trading		
B.2 Financial assets designated as at fair value		
B.3 Available-for-sale investments	498	
B.4 Held-to-maturity investments		
B.5 Amounts due from banks		
B.6 Amounts due from customers		
B.7 Equity investments		
B.8 Tangible assets		
B.9 Intangible assets		
B.10 Other assets		
Total B	**498**	-
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		
D.6 Reserves		
D.7 Other liabilities		
Total D	**-**	-

Section 16 - Other assets - Caption 160

16.1 Other assets: break-down

(Euro/1,000)

	Banking Group	Insurance Companies	Total 31.12.2008	Total 31.12.2007
Tax credits				
- principal	5,265		5,265	8,656
- interests	250		250	1,201
Amounts due from tax authorities	261		261	22
Taxes withheld	-		-	-
Tax credits on capital gain on investment funds	-		-	-
Traded cheques to be settled	42,820		42,820	27,166
Guarantee deposits	2		2	-
Invoices issued to be collected	4,989		4,989	5,167
and coupons to be collected	2,000		2,000	16
Print-outs and stationery stock	393		393	422
Unprocessed transactions and amounts in transit with bank branches	21,663		21,663	33,949
Currency spreads on portfolio transactions	122		122	273
Investments in supplementary termination indemnities for personnel	925		925	1,033
Leasehold improvements	23,476		23,476	20,787
Accrued income and prepaid expenses	1,627		1,627	855
Other items	32,638	3,731	36,369	23,245
Total	**136,431**	**3,731**	**140,162**	**122,792**

LIABILITIES

Section 1 – Amounts due to banks (caption10)

1.1 Amounts due to banks: break-down by type

(Euro/1,000)

Transaction type / Amount	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
1. Amounts due to central banks				
2. Amounts due to banks	37,636		37,636	169,842
2.1 Current accounts and unrestricted deposits	15,653		15,653	46,210
2.2 Restricted deposits	19,976		19,976	70,555
2.3 Loans	-		-	-
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	2,007		2,007	2,676
Total	**37,636**		**37,636**	**169,842**
Fair value	**37,636**		**37,636**	**169,842**

Section 2 – Amounts due to customers (caption 20)

2.1 Amounts due to customers: break-down by type

(Euro/1,000)

Transaction type / Amount	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
1. Current accounts and unrestricted deposits	3,660,983		3,660,983	3,089,010
2. Restricted deposits	118,223		118,223	330
3. Third-party funds under administration				
4. Losses	23,085		23,085	71,855
4.1 Finance leases				
4.2 Other	*23,085*		*23,085*	*71,855*
5. Commitments for repurchases of own equity instruments				
6. Liabilities corresponding to assets sold but not written off	231,403		231,403	563,874
6.1 Reverse repurchase agreements	231,403		231,403	563,874
6.2 Other				
7. Other amounts due	27,988		27,988	22,193
Total	**4,061,682**	**-**	**4,061,682**	**3,747,262**
Fair value	**4,041,350**		**4,041,350**	**3,707,264**

Item 4.2 "Financing: other" reflects the total of reverse repo agreements registered against outstanding repos, while the reverse repos included in Item 6.1 are registered against securities in the portfolio.

Item 7 "Other amounts due" (Euro 27.4 million) is exclusively made up of bank drafts issued by Banco Desio

Section 3 - Securities Issued (caption 30)

3.1 Securities issued: break-down by type

Euro/1,000

Security type / Amount	Banking Group		Insurance Companies		Total 31.12.2008		Total 31.12.2007	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
A. Listed securities	220,673	199,265			220,673	199,265	334,693	332,447
1. Bonds	220,673	199,265			220,673	199,265	334,693	332,447
1.1 structured								
1.2 other	220,673	199,265			220,673	199,265	334,693	332,447
2. Other securities	-	-			-	-	-	-
2.1 structured								
2.2 other								
B. Unlisted securities	1,642,423	1,682,720			1,642,423	1,682,720	1,142,686	1,121,458
1. Bonds	1,463,977	1,504,274			1,463,977	1,504,274	1,079,952	1,058,724
1.1 structured	-	-			-	-	9,970	9,815
1.2 other	1,463,977	1,504,274			1,463,977	1,504,274	1,069,842	1,048,909
2. Other securities	178,446	178,446			178,446	178,446	62,734	62,734
2.1 structured								
2.2 other	178,446	178,446			178,446	178,446	62,734	62,734
Total	**1,863,096**	**1,881,985**			**1,863,096**	**1,881,985**	**1,477,379**	**1,453,905**

3.2 Break-down of caption 30 "securities issued": subordinated securities

Euro/1,000

	31.12.2008	31.12.2007
BDB TV due 03.06.2008	-	13,044
BDB TV due 03.05.2009	30,237	30,205
BDB TV due 15.12.2009	30,042	30,050
BDT TV due 01.11.2009	5,042	5,038
BDB TV due 01.12.2010	13,049	13,058
BDB TV due 29.12.2011	13,002	13,001
BDB TV due 01.06.2012	13,044	13,050
BDB TV due 03.06.2013	13,040	
Total	**117,456**	**117,446**

All securities issued have similar characteristics:

- duration: 5 years;
- interest rate: variable rate with coupons payable every six months on a deferred basis;
- redemption: in one single solution upon maturity;
- early redemption clause: not provided;
- possession: the issuer may not hold more than 10% of its own subordinated loans; repurchase for higher amounts is subject to the prior approval of the Bank of Italy;
- subordination: the subordination clauses provide that in the event that the issuer is wound-up, the bonds shall be redeemed only after all other creditors, not equally subordinated, have been paid off.

3.3 Break-down of caption 30 "Securities issued": securities subject to specific hedging

(Euro/1,000)

	Total 31.12.2008	Total 31.12.2007
1. Debt securities subject to fair value hedging	30,207	87,266
a) interest rate risk	30,207	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	**30,207**	**87,266**

Section 4 – Financial liabilities held for trading - Caption 40

4.1 Financial liabilities held for trading: break-down by type

(Euro/1,000)

Transaction type / Amount	Banking Group				Insurance Companies				Total 31.12.2008				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		14	15,571			-	-			14	15,571			1,376	11,324	
1.1 Trading		*14*	*12,631*							*14*	*12,631*			*1*	*9,458*	
1.2 Connected with the fair value option			*16*							*-*	*16*				*1,866*	
1.3 Other		*-*	*2,924*							*-*	*2,924*			*1,375*		
2. Credit derivatives		-				-	-									
2.1 Trading							-									
2.2 Connected with the fair value option																
2.3 Other																
Total B		**14**	**15,571**			**-**	**-**			**14**	**15,571**			**1,376**	**11,324**	
Total (A + B)	**-**	**14**	**15,571**	**-**		**-**	**-**		**-**	**14**	**15,571**	**-**	**-**	**1,376**	**11,324**	**-**

FV* = fair value calculated by excluding value variations due to the changed rating of the issuer with respect to the issue date.

4.4 Financial liabilities held for trading: derivative instruments
4.4.1 attributable to the banking group

(Euro/1,000)

Derivative type / Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	Total 31.12.2008	Total 31.12.2007
a) Listed derivatives							
1) Financial derivatives:	**10**	**-**	**4**	**-**	**-**	**14**	1,376
. With exchange of capital	10	-	4	-	-	14	1
- issued options						-	
- other derivatives	10		4		-	14	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**	**-**	**4**	**-**	**-**	**14**	**1,376**
b) Unlisted derivatives						-	
1) Financial derivatives:	**1,032**	**14,539**	**-**	**-**	**-**	**15,571**	**11,324**
. With exchange of capital	-	11,615	-	-	-	11,615	7,832
- issued options		-				-	
- other derivatives		11,615				11,615	7,832
. Without exchange of capital	1,032	2,924	-	-	-	3,956	3,492
- issued options	7		-			7	12
- other derivatives	1,025	2,924			-	3,949	3,480
2) Credit derivatives:	-	-	-	-	-	-	-
. With exchange of capital						-	
. Without exchange of capital						-	
Total B	**1,032**	**14,539**	**-**	**-**	**-**	***15,571***	**11,324**
Total (A + B)	**1,042**	**14,539**	**4**	**-**	**-**	**15,585**	**12,700**

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.

4.5 Cash financial liabilities (excluding “technical overdrafts”) held for trading: annual changes

Financial liabilities exclusively include derivative transactions for which it is not necessary to provide the relevant breakdown.

Section 5 - Financial liabilities at fair value through profit or loss - Caption 50

5.1 Financial liabilities at fair value through profit or loss: break-down by type

Euro/1,000

Transaction type / Amount	Banking Group				Insurance Companies				Total 31.12.2008				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	528,661	-	541,488	-	-	-	-	-	528,661	-	541,488	-	222,285	-	231,355	
3.1 Structured	15,000		14,942						15,000		14,942		15,000		14,424	
3.2 Other	513,661		526,546						513,661		526,546		207,285		216,931	
Total	**528,661**	**-**	**541,488**	**-**	**-**	**-**	**-**	**-**	**528,661**	**-**	**541,488**	**-**	**1,295,214**	**-**	**1,304,284**	**-**

FV* = fair value calculated by excluding value variations due to the changed rating of the issuer with respect to the issue date.

The amount at the end of the financial year 2007, Chiara Vita excluded, would be equal to Euro 292,453,000.

5.3 Financial liabilities at fair value through profit or loss: annual changes

Euro/1,000

	Amounts due to banks	Amounts due to customers	Securities issued	Total 2008
A. Opening balance		-	**292,453**	**292,453**
B. Increases	-	-	**274,787**	**274,787**
B1. Issues		-	233,524	**233,524**
B2. Sales			898	**898**
B3. Increases in fair value		-	11,987	**11,987**
B4. Other increases			28,378	**28,378**
C. Decreases	-	-	**25,752**	**25,752**
C1. Purchases		-	895	**895**
C2. Redemptions			22,500	**22,500**
C3. Decreases in fair value		-	-	**-**
C4. Other decreases			2,357	**2,357**
D. Closing balance	-	-	**541,488**	**541,488**

Section 6 – Hedging derivatives (caption 60)

6.1 Hedging derivatives: break-down by type of contract and underlying asset
6.1.1 attributable to the banking group

Euro/1,000

Derivative type / Underlying asset		Interest rates	Currencies and gold	Equity securities	Loans	Other	Total 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:		64	-	-	-	-	**64**
. With exchange of capital		-	-	-	-	-	**-**
- issued options							**-**
- other derivatives							**-**
. Without exchange of capital		64	-	-	-	-	**64**
- issued options							**-**
- other derivatives		64					**64**
2) Credit derivatives:		-	-	-	-	-	**-**
. With exchange of capital							**-**
. Without exchange of capital							**-**
Total B		**64**	**-**	**-**	**-**	**-**	**64**
Total (A + B)	**31.12.2008**	**64**	**-**	**-**	**-**	**-**	**64**
Total (A + B)	**31.12.2007**	**1,601**					**1,601**

6.2 Hedging derivatives: break-down by hedged portfolio and type of hedging
6.2.1 attributable to the banking group

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									
5. Foreign investments									
Total assets		-	-	-	-	-	-	-	-
1. Financial liabilities		64							
2. Portfolios									
Total liabilities		**64**	-	-	-	-	-	-	-
Total	**31.12.2008**	**64**	-	-	-	-	-	-	-
1. Expected transactions									

Section 8 - Tax liabilities (caption 80)

The composition and breakdown of tax liabilities are provided under Section 14 of Assets, together with information on deferred tax assets.

Section 10 - Other liabilities (caption 100)

10.1 Other liabilities: break-down

Euro/1,000

	Total 31.12.2008	Total 31.12.2007
Due to tax authorities	405	1,129
Amounts due to tax authorities on account of third parties	16,221	20,261
Social security contributions to be reversed	3,936	6,992
Due to shareholders on account of dividends	14	13
Suppliers	15,335	17,023
Amounts available for customers	24,784	17,129
Interest and fees to be credited	209	180
Payments against disposals on bills	357	201
Advance payments on expiring loans	21	76
Unprocessed transactions and amounts in transit with branches	55,415	64,953
Currency spreads on portfolio transactions	25,090	18,690
Other accounts payable	20,331	15,894
Provisions for guarantees and commitments	1,377	806
Accrued liabilities and deferred income	5,183	2,723
Other items from foreign operations	2,657	882
Other items of the insurance companies	5,570	8,301
Total	**176,905**	**175,253**

Section 11 - Provisions for employee termination indemnities (caption 110)

11.1 Provisions for employee termination indemnities: annual changes

Euro/1,000

	Banking Group	Insurance Company	Total 2008	Total 2007
A. Opening balance	**26,276**	**11**	**26,287**	**30,820**
B. Increases	**3,480**	**35**	**3,515**	**(160)**
B.1 Provisions during the year	1,602	34	1,636	(261)
B.2 Other increases	1,878	1	1,879	101
C. Decreases	**3,300**	**12**	**3,312**	**4,251**
C.1 Amounts paid	3,201	1	3,202	2,606
C.2 Other decreases	99	11	110	1,645
D. Closing balance	**26,456**	**34**	**26,490**	**26,409**

The opening balance differ from the closing balance of the previous financial year due to the deduction of the values related to Chiara Vita S.p.A no longer a subsidiary and thus consolidated using the equity method.

Section 12 - Provisions for risks and charges (caption 120)

12.1 Provisions for risks and charges: break-down

(Euro/1,000)

Caption / Components	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
1. Company pension funds	112		**112**	109
2. Other provisions for risks and charges	66,762	-	**66,762**	32,865
2.1 legal disputes	*10,559*		*10,559*	*13,355*
2.2 personnel charges	*15,851*		*15,851*	*14,739*
2.3 other	*40,352*	-	*40,352*	*4,771*
Total	**66,874**	**-**	**66,874**	**32,974**

12.2. Provisions for risks and charges: annual changes

Euro/1,000	Banking Group		Insurance Company		Total 2008	
	Pension funds	Other funds	Pension funds	Other funds	Pension funds	Other funds
A. Opening balance	**109**	**32,732**		**-**	**109**	**32,732**
B. Increases	**58**	**46,706**		**-**	**58**	**46,706**
B.1 Provisions during the year	46	46,334		-	46	46,334
B.2 Changes due to the elapsing of time		280				280
B.3 Changes due to discount rate adjustments					-	
B.4 Other increases	12	92			12	92
C. Decreases	**55**	**12,676**		**-**	**55**	**12,676**
C.1 Use during the year	55	10,853		-	55	10,853
C.2 Changes due to discount rate adjustments					-	
C.3 Other decreases		1,823			-	1,823
D. Closing balance	**112**	**66,762**		**-**	**112**	**66,762**

12.3 Defined benefit company pension funds

The amount of Euro 112,000 entered in the accounts refers to the subsidiary C.P.C. S.A. - Lugano.

12.4 Provisions for risks and charges - Other provisions

Euro/1,000

Caption / Components	Banking Group	Insurance Companies	Total 31.12.2008	Total 31.12.2007
1 legal disputes	10,683		**10,683**	**13,355**
2 personnel charges	17,587		**17,587**	**14,739**
3 other	38,492		**38,492**	**4,771**
Total	**66,762**	**-**	**66,762**	**32,865**

Section 13 - Technical reserves (caption 130)

13.1 Technical reserves: break-down

Euro/1,000

	Direct work	Indirect work	Total 31.12.2008	Total 31.12.2007
A. Non-life branch	**11,769**	**-**	**11,769**	**4,030**
A1. premiums fund	*9,290*		***9,290***	*3,543*
A2 . claims fund	2,323		**2,323**	397
A3. other reserves	156		**156**	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 pension funds and market indices	-		**-**	6,685
C2: funds from pension fund management			**-**	
D. Total technical reserves	**11,769**	-	**11,769**	**428,996**

By excluding Chiara Vita, the final balance at the end of the last financial year would be equal to Euro 4,031,000.

13.2 Technical reserves: annual changes

Euro/1,000

Caption / Components	Direct work	Indirect work	Total 2008
A. Opening balance	**4,031**	**-**	**4,031**
B. Increases	**7,738**	**-**	**7,738**
B.1 Provisions during the year	7,738		7,738
B.2 Other increases			-
C. Decreases	**-**	**-**	**-**
C.1 Use during the year			-
C.2 Other decreases			-
D. Closing balance	**11,769**	**-**	**11,769**

Section 15 - Group's shareholders' equity - (captions 140, 160, 170, 180, 190, 200 and 220)

15.1 Group's shareholders' equity: break-down

Euro/1,000

Caption / Amount	Amount 31.12.2008	Amount 31.12.2007
1. Share capital	67,705	67,705
2. Share premium reserve	16,145	16,145
3. Reserves	542,008	376,295
4. (Treasury shares)		
a) parent company	-	
b) subsidiaries		(92)
5. Valuation reserves	8,682	19,642
6. Equity instruments	-	
7. Profit (loss) for the period attributable to the Group	63,060	183,630
Total	**697,600**	**663,325**

15.2 Share capital and treasury shares: break-down

The share capital of the Parent Company Banco Desio, fully subscribed and paid up, is made up of:
- no. 117,000,000 ordinary shares, with a nominal value of Euro 0.52 each;
- no. 13,202,000 savings shares, with a nominal value of Euro 0.52 each.

No Group company has been in possession of its own shares at any time during the accounting period.

15.3 Capital - Number of parent company shares: annual changes

Caption/Type	Ordinary	Other
A. Number of shares at the beginning of the year	**117,000,000**	**13,202,000**
- fully paid-up shares	117,000,000	13,202,000
- shares not fully paid up		
A.1 Treasury shares (-)	(13,000)	
B.2 Shares in circulation: opening balance	**116,987,000**	**13,202,000**
B. Increases	13,000	-
B.1 New issues		
- on a payment basis:		
- business combinations		
- conversion of bonds		
- exercise of warrants		
- other		
- on a free basis:		
- in favor of employees		
- in favor of directors		
- other		
B.2 Sale of treasury shares		
B.3 Other changes	13,000	
C. Decreases	**-**	**-**
C.1 Cancellation		
C.2 Purchase of treasury shares	-	
C.3 Sale of companies		
C.4 Other changes		
D. Shares in circulation: closing balance	**117,000,000**	**13,202,000**
D.1 Treasury shares (+)		
D.2 Number of shares at the end of the year	117,000,000	13,202,000
- fully paid-up shares	117,000,000	13,202,000
- shares not fully paid up		

15.5 Revenue reserves: other information

Euro/1,000

Caption	31.12.2008	31.12.2007
Legal reserve	57,752	39,171
Statutory reserves	322,266	160,987
Profits (losses) carried forward	23,571	23,477
(F.T.A.) Reserve	99,785	99,785
Other reserves	38,634	52,875
Total	**542,008**	**376,295**

15.6 Valuation reserves: break-down

Euro/1,000

Caption / Components	Banking Group	Insurance Company	**Total 31.12.2008**	**Total 31.12.2007**
1. Available-for-sale financial assets	(13,600)	(109)	(13,709)	(4,275)
2. Tangible assets			-	
3. Intangible assets				
4. Foreign investment hedge				
5. Cashflow hedge	(506)	1	(505)	
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	**8,790**	**(108)**	**8,682**	**19,642**

By excluding Chiara Vita, the final balance as at 31.12.2007 would be equal to Euro 24,503,000.

15.7 Valuation reserves: annual changes
15.7.1 attributable to the banking group

Euro/1,000

	Available for sale financial assets	Tangible assets	Intangible assets	Foreign investment hedge	Cashflow hedge	Exchange differences	Non-current assets held for sale and discontinued operations	Special revaluation laws	Actuarial valuation of termination indemnities
A. Opening balance	**612**							**22,896**	**1,008**
B. Increases	**1,402**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B1. Increases in fair value	1,150								
B2. Other increases	252								
C. Decreases	**15,614**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,514**
C1. Decreases in fair value	15,125								
C2. Other decreases	489								**1,514**
D. Closing balance	**(13,600)**	**-**	**-**	**-**	**-**	**-**	**-**	**22,896**	**(506)**

15.7.2 attributable to the insurance company

Euro/1,000

	Available for sale financial assets	Tangible assets	Intangible assets	Foreign investment hedge	Cashflow hedge	Exchange differences	Non-current assets held for sale and discontinued operations	Special revaluation laws	Actuarial valuation of termination indemnities
A. Opening balance	**(14)**								**1**
B. Increases	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B1. Increases in fair value									
B2. Other increases	3								
C. Decreases	**98**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C1. Decreases in fair value	98								
C2. Other decreases									
D. Closing balance	**(109)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**

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

Euro/1,000

Asset / Amount	Banking Group		Insurance Company		Total 31.12.2008		Total 31.12.2007	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	455	(13,301)	-	(109)	455	(13,410)	1,709	(8,937)
2. Equity securities	2,552	(34)		-	2,552	(34)	2,633	(285)
3. UCITS units	686	(3,958)	-		686	(3,958)	975	(370)
Total	**3,693**	**(17,293)**	**-**	**(109)**	**3,693**	**(17,402)**	**5,317**	**(9,592)**

15.9 Valuation reserves of available for sale financial assets: annual changes
15.9.1 attributable to the banking group

Euro/1,000

	Debt securities	Equity securities	UCITS units	Loans	Total 2008
1. Opening balance	**(2,184)**	**2,458**	**340**		**614**
2. Increases	**631**	**276**	**493**	**-**	**1,400**
2.1 Increases in fair value	455	276	420		1,151
2.2 Reallocation of negative reserves to statement of income:					
- due to impairment					
- due to realization	158		73		231
2.3 Other increases	18	-	-		18
3. Decreases	**11,293**	**216**	**4,105**	**-**	**15,614**
3.1 Decreases in fair value	11,247	216	3,662		15,125
3.2 Reallocation to statement of income from positive reserves: due to realization	34	-	283		317
3.3 Other decreases	12	-	160		172
4. Closing balance	**(12,846)**	**2,518**	**(3,272)**	**-**	**(13,600)**

15.9.2. attributable to the insurance company

Euro/1,000

	Debt securities	Equity securities	UCITS units	Loans	Total 2008
1. Opening balance	**(14)**		**-**		**(14)**
2. Increases	**3**	**-**	**-**	**-**	**3**
2.1 Increases in fair value	-	-	-		-
2.2 Reallocation of negative reserves to statement of income:					
- due to impairment					-
- due to realization	-				-
2.3 Other increases	3				3
3. Decreases	**98**	**-**	**-**	**-**	**98**
3.1 Decreases in fair value	98	-	-		98
3.2 Reallocation to statement of income from positive reserves: due to realization	-	-	-		-
3.3 Other decreases					-
4. Closing balance	**(109)**	**-**	**-**	**-**	**(109)**

Section 16 - Minority interest (caption 210)

16.1 Shareholders' equity attributable to minority interests: break-down

Euro/1,000

Caption/Value	Banking Group	Insurance Company	31.12.2008	31.12.2007
1. Share Capital	242	2,625	2,867	1,490
2. Share premium reserve	-		-	-
3. Reserves	385	683	1,068	1,017
4. (Treasury shares)			-	
5. Valuation reserves		(58)	(58)	-
6. Equity instruments				
7. Profit (loss) attributable to minority interests		(156)	(156)	96
Total	**627**	**3,094**	**3,721**	**2,603**

16.2 Valuation reserves: break-down

Euro/1,000

Caption / Components	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
1. Available for sale financial assets		(58)	(58)	-
2. Tangible assets			-	
3. Intangible assets				
4. Foreign investment hedge				
5. Cashflow hedge				
6. Exchange differences				
7. Non-current assets held for sale and discontinued operations				
8. Special revaluation laws			-	
9. Actuarial valuation of employee termination indemnities	-		-	-
Total	**-**	**(58)**	**(58)**	**-**

16.4 Valuations reserves of available for sale financial assets: break-down

Euro/1,000

Asset / Amount	Banking Group		Insurance Company		Total 31.12.2008		Total 31.12.2007	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities		-		(58)	-	(58)		(2)
2. Equity securities					-	-		
3. UCITS units					-	-	2	
4. Loans					-	-		
Total	**-**	**-**	**-**	**(58)**	**-**	**(58)**	**2**	**(2)**

16.5 Valuation reserves: annual changes
16.5.1 attributable to the banking group

Euro/1,000

	Available for sale financial assets	Tangible assets	Intangible assets	Foreign investment hedge	Cashflow hedge	Exchange differences	Non-current assets held for sale and discontinued operations	Special revaluation laws	Actuarial valuation of employee benefits
A. Opening balance	**2**								
B. Increases	**-**								**-**
B1. Increases in fair value									
B2. Other increases									-
C. Decreases	**2**								
C1. Decreases in fair value									
C2. Other decreases	2								
D. Closing balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**

16.5.2 attributable to the insurance company

Euro/1,000

	Available for sale financial assets	Tangible assets	Intangible assets	Foreign investment hedge	Cashflow hedge	Exchange differences	Non-current assets held for sale and discontinued operations	Special revaluation laws	Actuarial valuation of employee benefits
A. Opening balance	**(2)**								
B. Increases	**-**								**-**
B1. Increases in fair value									
B2. Other increases									-
C. Decreases	**56**								
C1. Decreases in fair value	53								
C2. Other decreases	3								
D. Closing balance	**(58)**	**-**	**-**	**-**	**-**	**-**	**-**		**-**

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OTHER INFORMATION

1. Guarantees granted and commitments

(Euro/1,000)

Transactions	Banking Group	Insurance companies	Total 31.12.2008	Total 31.12.2007
1) Financial guarantees granted	100,085		100,085	16,137
a) Banks	*77,422*		*77,422*	*11,136*
b) Customers	*22,663*		*22,663*	*5,001*
2) Commercial guarantees granted	219,185		219,185	291,739
a) Banks	*2,760*		*2,760*	*92,334*
b) Customers	*216,425*		*216,425*	*199,405*
3) Irrevocable commitments to grant finance	286,279		286,279	264,496
a) Banks	23,667		23,667	46,452
i) certain to be called on	*15,751*		*15,751*	*39,925*
ii) not certain to be called on	*7,916*		*7,916*	*6,527*
b) Customers	262,612		262,612	218,044
i) certain to be called on	*23,493*		*23,493*	*20,927*
ii) not certain to be called on	*239,119*		*239,119*	*197,117*
4) Underlying commitments to credit derivatives: hedging sales				
5) Assets lodged to guarantee minority interest				
6) Other commitments	1,847		1,847	1,737
Total	**607,396**		**607,396**	**574,109**

2. Assets lodged to guarantee own liabilities and commitments

(Euro/1,000)

Portfolios	31.12.2008	31.12.2007
1. Financial assets held for trading	132,507	375,605
2. Financial assets at fair value through profit or loss		
3. Available-for-sale financial assets	198,507	333,392
4. Held-to-maturity investments		
5. Amounts due from banks		
6. Amounts due from customers		
7. Tangible assets		

4. Break-down of investments against unit-linked and index-linked policies

Assets underlying the insurance company's financial products were broken down as follows:

Euro/1,000

	31.12.2008	31.12.2007
Unit - linked		
shares and mutual fund units		456,427
bonds and other fixed interest securities		113,381
cash and cash equivalents		7,021
other assets		92
Total	**-**	**576,921**
Index - linked		
shares and mutual fund units		-
bonds and other fixed interest securities		327,322
cash and cash equivalents		
other assets		167,891
Total	**-**	**495,213**

5. Administration and dealing on behalf of third parties: banking group

(Euro/1,000)

Type of services	31.12.2008
1. Financial instruments dealing on behalf of third parties	**1,384,718**
a) Purchase	751,306
1. Settled	749,274
2. not settled	2,032
b) Sale	633,412
1. Settled	629,803
2. not settled	3,609
2. Portfolio management	**1,002,450**
a) individual	976,506
b) collective	25,944
3. Custody and administration of securities	
a) Third-party securities held on deposit in connection with depositary bank's services (excluding asset management)	5,632,237
1. securities issued by the bank preparing the accounts	
2. other	5,632,237
b) other third-party securities held on deposit (excluding asset management): other	12,259,000
1. securities issued by the bank preparing the accounts	1,970,314
2. other	10,288,686
c) third-party securities deposited with third parties	13,885,465
d) own securities deposited with third parties	772,326
4. Other transactions	

Part C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 – Interest (captions 10 and 20)

1.2 Interest income and similar revenues: break-down

1.1.1 attributable to the banking group

(Euro/1,000)

Caption / Technical forms	Performing financial assets		Impaired financial assets	Other assets	**Total**	**Total**
	Debt securities	Loans			**31.12.2008**	**31.12.2007**
1. Financial assets held for trading	2,991			15,005	**17,996**	**8,056**
2. Financial assets at fair value through profit or loss					**-**	
3. Available-for-sale financial assets	8,775				**8,775**	**10,108**
4. Held-to-maturity investments	455				**455**	**389**
5. Amounts due from banks		19,497			**19,497**	**15,096**
6. Amounts due from customers	1,326	364,808	8,902	-	**375,036**	**301,342**
7. Hedging derivatives					**-**	**-**
8. Financial assets sold but not written off	24,646				**24,646**	**22,239**
9. Other assets				284	**284**	**3,201**
Total	**38,193**	**384,305**	**8,902**	**15,289**	**446,689**	**360,431**

Interests on "amounts due from customers" are recognised net of any default interests accrued in the financial year on impaired assets, since such interests are included in the balance sheet only after their collection.

Interests on "impaired financial assets", reflect default interests collected in the financial years, even if related to previous financial years, and are all referred to non performing loans.

Interests on "Financial assets sold but not written off" refer to owned securities engaged in reverse repos.

1.1.2 attributable to the insurance company

(Euro/1,000)

Caption / Technical forms	Performing financial assets		Impaired financial assets	Other assets	**Total**	**Total**
	Debt securities	Loans			**31.12.2008**	**31.12.2007**
1. Financial assets held for trading				-	**-**	**3,305**
2. Financial assets at fair value through profit or loss	-			-	**-**	**12,007**
3. Available-for-sale financial assets	497				**497**	**15,533**
4. Held-to-maturity investments	-				**-**	368
5. Amounts due from banks				27	**27**	**4**
6. Amounts due from customers					**-**	-
7. Hedging derivatives					**-**	-
8. Financial assets sold but not written off					**-**	-
9. Other assets				-	**-**	**4**
Total	**497**	**-**	**-**	**27**	**524**	**31,221**

Interest income at the end of the 2007 period almost exclusively regarded Chiara Vita .

At the end of the last financial period, excluding the Chiara Vita component, the total of item 10, "Interest income and similar revenues", would have been Euro 358.9 million.

1.3 Interest income and similar revenues: differentials on hedging transactions

In this financial year the differentials on hedging transactions showed a negative balance and are thus included in the table "1.5 *Interest expense and similar charges: differentials on hedging transactions*".

1.4 Interest income and similar revenues: other information

1.4.1 Interest income on foreign currency financial assets

Interest income on currency financial assets accounted for under "Interest income and similar revenues" as of 31.12.2008 amount to Euro 2.2 million (practically unchanged compared to the previous year).

1.4.2 Interest income on finance lease transactions

Within finance lease activities, the (potential) rentals which are recognised as revenues for the period and which are entered under "Amounts due from customers - Loans", amount to Euro 32.7 million, of which Euro 1.5 million relating to leaseback agreements (in 2007 Euro 28.4 million, of which Euro 1.5 million relating to leaseback agreements).

Financial profits pertaining to subsequent years amount to Euro 153.5 million, of which Euro 14.7 million relating to leaseback agreements (respectively Euro 115.1 million and Euro 7.7 million at the end of 2007).

1.5 Interest expense and similar charges: break-down

1.5.1 attributable to the banking group

(Euro/1,000)

Captions/Technical types	Debts	Securities	Other liabilities	**Total 31.12.2008**	**Total 31.12.2007**
1. Amounts due to banks	(7,441)		-	**(7,441)**	(5,718)
2. Amounts due to customers	(82,662)		-	**(82,662)**	(62,727)
3. Securities issued		(70,067)		**(70,067)**	(52,070)
4. Financial liabilities held for trading			(17,330)	**(17,330)**	(6,216)
5. Financial liabilities at fair value through profit or loss		(17,547)		**(17,547)**	(4,652)
6. Financial liabilities associated with assets sold but not written off	(22,022)			**(22,022)**	(20,226)
7. Other liabilities and reserves			-	**-**	-
8. Hedging derivatives			(693)	**(693)**	(1,083)
Total	**(112,125)**	**(87,614)**	**(18,023)**	**(217,762)**	**(152,692)**

Excluding the Chiara Vita component, the figure the year before would have been Euro 158.1 million.

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1.4.2 attributable to the insurance company

(Euro/1,000)

Captions/Technical types	Debts	Securities	Other liabilities	**Total 31.12.2008**	**Total 31.12.2007**
1. Amounts due to banks	-			-	(31)
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)**	**(31)**

1.5 Interest expense and similar charges: differentials on hedging transactions

(Euro/1,000)

Caption / Amount	**Banking Group**	**Insurance company**	**Total 31.12.2008**	**Total 31.12.2007**
A. Positive differentials on transactions:				
A.1 Specific fair value hedge of assets				
A.2 Specific fair value hedge of liabilities	1,890		1,890	3,852
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)	**1,890**		**1,890**	**3,852**
B. Negative differentials on transactions:				
B.1 Specific fair value hedge of assets				
B.2 Specific fair value hedge of liabilities	(2,583)		(2,583)	(4,935)
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)	**(2,583)**		**(2,583)**	**(4,935)**
C. Balance (A-B)	**(693)**		**(693)**	**(1,083)**

1.6 Interest expense and similar charges: other information
1.6.1 Interest expense on foreign currency liabilities

As of 31.12.2008, interest expense on currency liabilities accounted for under “Interest expense and similar charges” amounted to Euro 994,000 (Euro 1,661,000 last year).

Section 2 – NET FEE AND COMMISSION INCOME (captions 40 and 50)

2.1 Fee and commission income: break-down
2.1.1 attributable to the banking group

(Euro/1,000)

Type of service / Amount	Total 31.12.2008	Total 31.12.2007
a) Guarantees given	2,158	1,917
b) Credit derivatives		-
c) Management, trading and consultancy services:	52,136	53,348
1. trading of financial instruments	3,543	3,813
2. currency trading	1,417	1,448
3. portfolio management	6,696	8,268
3.1. individual	*5,247*	*6,617*
3.2. collective	*1,449*	*1,651*
4. securities safekeeping and administration	4,638	4,017
5. depositary bank	6,054	6,214
6. securities placement	8,152	16,312
7. order acceptance	7,619	10,048
8. consultancy services	-	2
9. distribution of third party services	14,017	3,226
9.1. portfolio management	577	-
9.1.1. individual	577	-
9.1.2. collective		-
9.2. insurance products	11,524	198
9.3. other products	1,916	3,028
d) Collection and payment services	18,829	17,184
e) Servicing for securitization transactions	17	34
f) Factoring transaction services	36	40
g) Tax collection services		-
h) Other services	16,979	15,908
Total	**90,155**	**88,431**

2.1.2 attributable to the insurance company

(Euro/1,000)

Type of service / Amount	Total 31.12.2008	Total 31.12.2007
a) Guarantees given		-
b) Credit derivatives		-
c) Management, trading and consultancy	-	17,447
1. trading of financial instruments		-
2. currency trading		-
3. portfolio management	-	17,447
3.1. individuals		-
3.2. collective	-	17,447
4. securities safekeeping and		-
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	**-**	**17,447**

The total of item 40, "Commission income" at the end of the 2007 period, excluding the Chiara Vita component, would have been Euro 102.6 million.

2.2 Fee and commission income: products and services distribution channels: banking group

(Euro/1,000)

Channel / Amount	Total 31.12.2008	Total 31.12.2007
a) Group branches:	**25,877**	**23,013**
1. Portfolio management	5,656	6,617
2. Placement of securities	8,152	16,312
3. Third party services and products	12,069	84
b) Door-to-door sale:	**-**	**3,142**
1. Portfolio management		
2. Placement of securities		
3. Third party services and products	-	3,142
c) Other distribution channels:	**-**	**-**
1. Portfolio management	-	-
2. Placement of securities		
3. Third party services and products		

2.3 Fee and commission expense: break-down
2.3.1 attributable to the banking group

(Euro/1,000)

Type of service / Amount	Total 31.12.2008	Total 31.12.2007
a) Guarantees received	(29)	(26)
b) Credit derivatives		-
c) Management, dealing and consultancy services:	(3,615)	(5,134)
1. Trading of financial instruments	(394)	(522)
2. Currency trading		-
3. Portfolio management:	-	(126)
3.1 own customers		
3.2 delegated	-	(126)
4. Securities safekeeping and administration	(2,009)	(2,246)
5. Placement of financial instruments	-	-
6. Door-to-door sale of financial instruments, products and services	(1,212)	(2,240)
d) Collection and payment services	(3,041)	(3,059)
e) Other services	(2,764)	(3,173)
Total	**(9,449)**	**(11,392)**

2.3.2 attributable to the insurance company

(Euro/1,000)

Type of service / Amount	Total 31.12.2008	Total 31.12.2007
a) Guarantees received		-
b) Credit derivatives		-
c) Management, dealing and consultancy services:	-	(9,528)
1. Trading of financial instruments	-	(5)
2. Currency trading		-
3. Portfolio management:	-	(9,523)
3.1 own portfolio	-	(9,523)
3.2 third parties' portfolio		-
4. Securities safekeeping and administration		-
5. Placement of financial instruments	-	-
6. Door-to-door sale of financial instruments, products and services		-
d) Collection and payment services		-
e) Other services	(516)	-
Total	**(516)**	**(9,528)**

The insurance component for the 2007 period exclusively regarded Chiara Vita.

Section 3 – Dividends and similar revenues (caption 70)

3.1 Dividends and similar revenues: break-down

(Euro/1,000)

Caption / Revenues	Banking Group		Insurance Company		Total 31.12.2008		Total 31.12.2007	
	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	277				277		*183*	
B. Available-for-sale financial assets	108		-	4	108	*4*	*406*	
C. Financial assets at fair value through profit or loss			-		-		*577*	
D. Equity investments					-		*32*	
Total	**385**	**-**	**-**	**4**	**385**	**4**	**1,198**	**-**

The remaining items at the end of the 2007 period, net of the Chiara Vita component, would have totalled Euro 462,000.

Section 4 – Profits (losses) on trading (caption 80)

4.1 Profit (losses) on trading: break-down:
4.1.1 attributable to the banking group

(Euro/1,000)

Transaction / Income component	Capital gain	Profit on trading	Capital losses	Losses on trading	**Net income 31.12.2008**	**Net income 31.12.2007**
1. Financial assets held for trading	**1,394**	**3,394**	**(4,064)**	**(3,028)**	**(2,304)**	**1,597**
1.1 Debt securities	1,365	1,588	(1,353)	(800)	**800**	**1,265**
1.2 Equity securities	29	524	(2,703)	(1,737)	**(3,887)**	**(1,413)**
1.3 UCITS units	-	90	(8)	(491)	**(409)**	**43**
1.4 Loans		1,019			**1,019**	**1,445**
1.5 Other		173			**173**	**257**
2. Financial liabilities held for trading	-	-	-	-	**-**	**-**
2.1 Debt securities					**-**	
2.2 Other					**-**	
3. Other financial assets and liabilities: foreign exchange differences					**759**	**1,297**
4. Derivative instruments	6,522	20,810	(4,862)	(21,194)	**1,600**	**(496)**
4.1 Derivatives held for trading:	6,522	20,810	(4,862)	(21,194)	**1,600**	**(496)**
- on debt securities and interest rates	*2,345*	*9,938*	*(689)*	*(10,979)*	**615**	**(295)**
- on equity securities and stock indexes	*4,177*	*9,090*	*(4,173)*	*(8,678)*	**416**	**53**
- on currencies and gold					**324**	**(123)**
- other		*1,782*		*(1,537)*	**245**	**(131)**
4.2 Credit derivatives					**-**	**-**
Total	**7,916**	**24,204**	**(8,926)**	**(24,222)**	**55**	**2,398**

4.1.2 attributable to the insurance company

(Euro/1,000)

Transaction / Income component	Capital gain	Profit on trading	Capital losses	Losses on trading	**Net income 31.12.2008**	**Net income 31.12.2007**
1. Financial assets held for trading	-	-	-	-	**-**	**-**
1.1 Debt securities					**-**	
1.2 Equity securities					**-**	
1.3 UCITS units					**-**	
1.4 Loans					**-**	
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	-	-	-	-	**-**	**(10,552)**
4.1 Derivatives held for trading:	-	-	-	-	**-**	**(10,552)**
- on debt securities and interest rates					**-**	
- on equity securities and stock indexes	-	-	-	-	**-**	**(10,552)**
- on currencies and gold					**-**	
- other					**-**	
4.2 Credit derivatives					**-**	
Total	**-**	**-**	**-**	**-**	**-**	**(10,552)**

Section 5 – Fair value adjustments in hedge accounting (caption 90)

5.1 Fair value adjustments in hedge accounting: break-down

(Euro/1,000)

Income component/Value	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
A. Income relating to:				
A.1 Fair value hedging derivatives	1,038		1,038	1,587
A.2 Hedged financial assets (fair value)			-	
A.3 Hedged financial liabilities (fair value)	209		209	166
A.4 Cash flow hedge financial derivatives				
A.5 Currency assets and liabilities				
Total income from hedging activities (A)	**1,247**	-	**1,247**	1,753
B. Charges relating to:				
B.1 Fair value hedging derivatives	(30)		(30)	(764)
B.2 Hedged financial assets (fair value)				
B.3 Hedged financial liabilities (fair value)	(1,125)		(1,125)	(688)
B.4 Cash flow hedge financial derivatives				
B.5 Currency assets and liabilities				
Total charges from hedging activities (B)	**(1,155)**	**-**	**(1,155)**	**(1,452)**
C. Net hedging income (A – B)	**92**	**-**	**92**	**301**

The net hedging income is given by the difference between valuation at fair value of the bond issues being hedged and the valuation of the related hedging derivatives.

Section 6 – Profits (losses) on disposal/repurchase (caption 100)

6.1 Profits (losses) on disposal/repurchase: break-down

Profits/losses on disposals of loans result from the transfer of non performing loans carried out by the Parent Company Banco Desio.

(Euro/1,000)

Caption/Income component	Banking Group			Insurance Company			Total 31.12.2008			Total 31.12.2007		
	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	16	(1,072)	**(1,056)**				*16*	*(1,072)*	**(1,056)**	**76**	**(1,043)**	**(967)**
3. Available-for-sale financial assets	2,673	(944)	**1,729**	-	(6)	**(6)**	2,673	(950)	**1,723**	4,188	(555)	**3,633**
3.1 Debt securities	*174*	*(411)*	***(237)***	-	*(2)*	***(2)***	*174*	*(413)*	***(239)***	*288*	*(425)*	***(137)***
3.2 Equity securities	*1,502*	*(34)*	***1,468***	-	-	**-**	*1,502*	*(34)*	***1,468***	*1,308*	*(3)*	***1,305***
3.3 UCITS units	*997*	*(499)*	***498***	-	*(4)*	***(4)***	*997*	*(503)*	***494***	*2,592*	*(127)*	***2,465***
3.4 Loans												
4. Held-to-maturity investments			-			-	-	-	-			-
Total assets	**2,689**	**(2,016)**	**673**	**-**	**(6)**	**(6)**	**2,689**	**(2,022)**	**667**	**4,264**	**(1,598)**	**2,666**
Financial liabilities												
1. Amounts due to banks												
2. Amounts due to customers												
3. Securities issued	30	(1)	**29**			-	30	(1)	**29**	161	(1)	**160**
Total liabilities	**30**	**(1)**	**29**	**-**	**-**	**-**	**30**	**(1)**	**29**	**161**	**(1)**	**160**

Profits/losses from disposal/repurchase of financial assets available for sale represent the effect in the profit and loss account of the sales made in the financial year, including the closure of the related valuation provisions before tax effect. Profits referred to disposal of UCITS units also include the relevant tax credit.

As regards financial liabilities, the result reflects the profits/losses resulting from the purchase, sale or redemption of bonds issued by companies of the Group.

The total figure at the end of the 2007 period, purged of the Chiara Vita component, would have been Euro 1,567,000.

Section 7 – Profits (losses) on financial assets and liabilities at fair value through profit or loss: break-down (caption 110)

7.1 Profits (losses) on financial assets and liabilities at fair value through profit or loss: break-down
7.1.1 attributable to the banking group

(Euro/1,000)

Transaction/Income component	Capital gain	Profits on disposal	Capital losses	Losses on disposal	Net income 31.12.2008	Net income 31.12.2007
1. Financial assets	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities					-	
1.2 Equity securities					-	
1.3 UCITS units					-	
1.4 Loans					-	
2. Financial liabilities	**-**	**-**	**(11,985)**	**(233)**	**(12,218)**	**1,733**
2.1 Securities issued	-	-	(11,985)	(233)	**(12,218)**	**1,733**
2.2 Amounts due to banks					-	
2.3 Amounts due to customers					-	
3. Other financial assets and liabilities: foreign exchange differences					-	
4. Derivative instruments	**12,995**	**-**	**-**	**(320)**	**12,675**	**(924)**
4.1 Financial derivatives	12,995	-	-	(320)	**12,675**	**(924)**
- on debt securities and interest rates	12,995		-	(320)	**12,675**	**(924)**
- on equity securities and stock indexes					-	
- on currencies and gold					-	
- other					-	
4.2 Credit derivatives					-	
Total	**12,995**	**-**	**(11,985)**	**(553)**	**457**	**809**

7.1.2 attributable to the insurance company

(Euro/1,000)

Transaction/Income component	Capital gain	Profits on disposal	Capital losses	Losses on disposal	Net income 31.12.2008	Net income 31.12.2007
1. Financial assets	**-**	**-**	**-**	**-**	**-**	**(11,614)**
1.1 Debt securities	-	-	-	-	**-**	**(2,167)**
1.2 Equity securities	-	-	-	-	**-**	**(3,072)**
1.3 UCITS units	-	-	-	-	**-**	**(6,375)**
1.4 Loans					**-**	**-**
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**	**11,962**
2.1 Securities issued					**-**	**-**
2.2 Amounts due to banks					**-**	
2.3 Amount due to customers	-		-		**-**	**11,962**
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	**-**	**-**	**-**	**-**	**-**	**348**

Section 8 – Net losses/recoveries on impairment (caption 130)

8.1 1 Net impairment losses on loans: break-down
8.1.1 attributable to the banking group

(Euro/1,000)

Transaction/Income component	Impairment losses			Recoveries				Total	Total
	Specific		Portfolio	Specific		Portfolio		31.12.2008	31.12.2007
	Write-offs	Other		Due to interests	Other recoveries	Due to interests	Other recoveries		
A. Amounts due from banks			(16)				-	(16)	34
B. Amounts due from customers	(2,509)	(52,965)	(2,509)	2,498	10,150		4	(45,331)	(23,789)
C. Total	**(2,509)**	**(52,965)**	**(2,525)**	**2,498**	**10,150**	**-**	**4**	**(45,347)**	**(23,755)**

"Portfolio adjustments" on amounts due from banks, refer to the valuations by "country risk".
"impairment losses due to write-offs" entirely refer to the writing off of non performing loans.
"impairment losses - specific: other" are generated by the analytical valuation of the likelihood of recovery of impaired loans and by the discounting of cash flows expected on the same classes of loans.
"Recoveries: – from interest" result from the release of interests from the discounting of capital on all categories of credit derivatives.

8.2.1 Net impairment losses on financial assets available for sale: break-down
8.2.1 attributable to the banking group

(Euro/1,000)

Transaction/Income component	Impairment losses		Recoveries		Total	Total
	Specific		Specific		31.12.2008	31.12.2007
	Write-offs	Other	Due to interests	Other recoveries		
A. Debt securities		(889)			(889)	
B. Equity securities					-	
C. UCITS units				11	11	
D. Loans to banks					-	
E. Loans to customers					-	
F. Total	**-**	**(889)**	**-**	**11**	**(878)**	**-**

8.4 Net impairment losses on other financial transactions: break-down
8.4.1 attributable to the banking group

(Euro/1,000)

Transaction/Income component	Impairment losses			Recoveries				Total	Total
	Specific		Portfolio	Specific		Portfolio		31.12.2007	31.1.2.2007
	Write-offs	Other		Due to interests	Other recoveries	Due to interests	Other recoveries		
A. Guarantees granted		(340)	(256)		12		14	(570)	(85)
B. Credit derivatives								-	
C. Commitments to grant								-	
D. Other transactions								-	
E. Total	**-**	**(340)**	**(256)**	**-**	**12**	**-**	**14**	**(570)**	**(85)**

Section 9 – Net insurance premiums (caption 150)

9.1 Net insurance premiums: break-down

Euro/1,000

Net insurance premiums	Direct work	Indirect work	Total 31.12.2008	Total 31.12.2007
A. Life branch				
A.1 Gross premiums accounted for (+)	0		0	91,936
A.2 Premiums ceded for reinsurance (-)	-		-	(194)
A.3 Total	0		0	91,742
B. Non-life branch				
B.1 Gross premiums accounted for (+)	16,141		16,141	*7,124*
B.2 Premiums ceded for reinsurance (-)	(6,299)		(6,299)	(350)
B.3 Changes in the gross amount of premium reserve (+/-)				
B.4 Changes in premium reserves reassured with third parties (-/+)	2,300		2,300	
B.5 Total	12,142		12,142	6,774
C. Total net insurance premiums	**12,142**		**12,142**	**98,516**

Last year the Chiara Vita component amounted to Euro 91,742,000.

Section 10 – Other net insurance income/expense (caption 160)

10.1 Other net insurance income/expense: break-down

(Euro/1,000)

Captions	Total 31.12.2008	Total 31.12.2007
1. Net change in technical reserves	(5,813)	(52,414)
2. Claims accrued and paid during the year	(1,396)	(50,224)
3. Other income/charges arising from insurance activities	(612)	(1,121)
Total	**(7,821)**	**(103,759)**

The total figure at the end of the 2007 period, purged of the Chiara Vita component, would have been Euro 4,969,000.

10.2 Break-down of sub-caption "Net change in technical reserves"

Euro/1000

Net change in technical reserves	Total 31.12.2008	Total 31.12.2007
1. Life branch		
A. Mathematical reserves		
A.1 Gross annual amount	-	(47,094)
A.2 (-) Amount reassured with third parties	-	(282)
B. Other technical reserves		
B.1 Gross annual amount	-	(578)
B.2 (-) Amount reassured with third parties		
C. Technical reserves for investment risks to be borne by the insured		
C.1 Gross annual amount	-	(827)
C.2 (-) Amount reassured with third parties		
Total "life branch reserves"	**-**	**(48,781)**
2. Non-Life branch		
Changes in other technical reserves of non-life branch other than claims fund net of ceded insurance	**(5,813)**	(3,633)

10.3 Break-down of sub-caption "Claims accrued and paid during the year"

(euro/1,000)

Charges associated to claims	Total 31.12.2008	Total 31.12.2007
Life branch: charges associated to claims, net of reinsurance ceded		
A. Amounts paid		
A.1 Gross annual amount		(49,592)
A.2 (-) Amount reassured with third parties	-	19
B. Changes in funds for amounts to be disbursed		
B.1 Gross annual amount	-	(448)
B.2 (-) Amount reassured with third parties		
Total life branch claims	**-**	**(50,021)**
Non-Life branch: charges associated to claims, net of recoveries and reinsurance ceded		
C. Amounts paid:		
C.1 Gross annual amount	(927)	(52)
C.2 (-) Amount reassured with third parties	544	44
D. Changes in recoveries, net of amounts reassured with third parties		
E. Changes in claims fund		
E.1 Gross annual amount	(1,925)	(397)
E.2 (-) Amount reassured with third parties	912	202
Total non-life branch claims	**(1,396)**	**(203)**

10.4 Break-down of sub-caption "Other net insurance income/expense"
10.4.1 Life Branch

(euro/1,000)

Captions/Components	Total 31.12.2008	Total 31.12.2007
Other income arising from insurance activities		237
Other charges arising from insurance activities		(226)
Total	**-**	**11**

10.4.2 Non-Life Branch

(euro/1,000)

Captions/Components	Total 31.12.2008	Total 31.12.2007
Other income arising from insurance activities	4,552	285
Other charges arising from insurance activities	(5,164)	(1,417)
Total	**(612)**	**(1,132)**

Section 11 – Administrative costs (caption 180)

11.1 Personnel costs: break-down

(Euro/1,000)

Type of costs / Sectors	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
1) Employees	(129,210)	(1,380)	(130,590)	(124,808)
a) wages and salaries	(87,027)	(953)	(87,980)	(86,161)
b) social security charges	(21,540)	(264)	(21,804)	(20,948)
c) provision for employee termination indemnities	(6)		(6)	-
d) social security costs	-	(21)	(21)	(44)
e) provisions for termination indemnities	(1,604)	(34)	(1,638)	261
f) accruals to pension funds and similar funds:	(9)	-	(9)	(22)
- defined contribution			-	
- defined benefit	(9)		(9)	(22)
g) amounts paid to external complementary social security funds:	(9,763)	(28)	(9,791)	(8,762)
- defined contribution	(9,763)	(28)	(9,791)	(8,753)
- defined benefit		-	-	(9)
h) costs arising from payment agreements based on own financial instruments	(94)	(80)	(174)	(160)
i) other benefits in favor of employees	(9,167)	-	(9,167)	(8,972)
2) Other personnel	(1,928)	(186)	(2,114)	(2,073)
3) Directors	(5,898)	(196)	(6,094)	(9,277)
Total	**(137,036)**	**(1,762)**	**(138,798)**	**(136,158)**

"Costs arising on payment agreements based on own financial instruments" (point 1 h) refer to the estimated cost attributable to this period for outstanding stock option plans for directors and employees.

Chiara Vita's staff costs for the 2007 period were Euro 1,999,000.

11.2 Average number of employees by category: banking group

	2008	2007
Employees		
a) executives	39	39
b) managers	821	735
third and fourth level managers	*386*	*352*
c) other employees	852	819
Total employees	1,712	1,593
Other personnel	37	42

11.5 Other administrative costs: break-down

(Euro/1,000)

	Banking Group	Insurance Company	**Total 31.12.2008**	**Total 31.12.2007**
indirect taxes and duties				
- stamp duties	(8,749)	-	(8,749)	(8,596)
- other	(3,788)		(3,788)	(3,626)
other costs				
- information technology charges	(10,810)	(140)	(10,950)	(12,113)
- property/equipment lease	(9,734)	(259)	(9,993)	(8,665)
- maintenance of property/furniture and equipment	(4,957)	(206)	(5,163)	(4,535)
- postal and telegraphic charges	(2,723)	(72)	(2,795)	(3,073)
- telephone, data transmission charges	(4,678)	-	(4,678)	(4,925)
- electric power, heating, water	(2,988)	(4)	(2,992)	(2,864)
- cleaning services	(1,110)	(11)	(1,121)	(1,079)
- printing, stationery and consumables expenses	(1,768)	(16)	(1,784)	(1,353)
- transport costs	(1,042)	(23)	(1,065)	(1,031)
- surveillance and security	(1,814)	(4)	(1,818)	(1,838)
- advertising	(2,074)	(2)	(2,076)	(2,188)
- information and certificates	(1,639)	-	(1,639)	(1,189)
- insurance premiums	(956)	(19)	(975)	(1,142)
- legal expenses	(3,538)		(3,538)	(2,618)
- professional consulting expenses	(5,228)	(512)	(5,740)	(5,132)
- expenses for collective bodies	-	-	-	(450)
- contributions and donations	(188)	-	(188)	(234)
- other expenses	(6,476)	(119)	(6,595)	(6,566)
Total	**(74,260)**	**(1,387)**	**(75,647)**	**(73,217)**

This item includes the fees paid to the audit firm PriceWaterHouseCoopers for the different types of services rendered to the Group.

Euro/1,000

Type of services	Service Supplier	Beneficiary	Remuneration 2008
Audit	PricewaterhouseCoopers	Group	479
Certification services	PricewaterhouseCoopers	Group	15
Tax advisory services	PricewaterhouseCoopers	Group	37
Other services: agreed procedures	PricewaterhouseCoopers	Group	27

Section 12 – Net provisions for risks and charges (caption 190)

12.1 Net provisions for risks and charges: break-down

(Euro/1,000)

Type of provision / Amount	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
charges for legal disputes	789		789	(3,008)
other	(37,812)		(37,812)	50
Total	**(37,023)**	**-**	**(37,023)**	**(2,958)**

Section 13 – Net adjustments to/recoveries on tangible assets (caption 200)

13.1 Net adjustments to/recoveries on tangible assets: break-down
13.1.1 attributable to the banking group

(Euro/1,000)

Asset / Income component	Depreciation	Impairment losses	Recoveries	Net income 31.12.2008	Net income 31.12.2007
A. Tangible assets					
A.1 owned by the Bank	(7,165)	-	-	(7,165)	(6,558)
- for business use	(7,165)			(7,165)	(6,558)
- for investment				-	-
A.2 leased	-	-	-	-	-
- for business use				-	
- for investment				-	
Total	**(7,165)**	**-**	**-**	**(7,165)**	**(6,558)**

13.1.2 attributable to the insurance company

(Euro/1,000)

Asset / Income component	Depreciation	Impairment losses	Recoveries	Net income 31.12.2008	Net income 31.12.2007
A. Tangible assets					
A.1 owned by the Bank	(38)	-	-	(38)	(39)
- for business use	(38)			(38)	(39)
- for investment				-	-
A.2 leased	-	-	-	-	-
- for business use				-	
- for investment				-	
Total	**(38)**	**-**	**-**	**(38)**	**(39)**

Section 14 – Net adjustments to/recoveries on intangible assets (caption 210)

14.1 Net adjustments to/recoveries on intangible assets: break-down
14.1.1 attributable to the banking group

(Euro/1,000)

Asset/Income component	Amortization	Impairment losses	Recoveries	**Net income 31.12.2008**	**Net income 31.12.2007**
A. Intangible assets				-	
A.1 owned by the Bank	(546)	-	-	(546)	(622)
- generated internally				-	
- other	(546)			(546)	(622)
A.2 leased				-	
Total	**(546)**	**-**	**-**	**(546)**	**(622)**

14.1.2 attributable to the insurance company

(Euro/1,000)

Asset/Income component	Amortization	Impairment losses	Recoveries	**Net income 31.12.2008**	**Net income 31.12.2007**
A. Intangible assets				-	
A.1 owned by the Bank	(246)	-	-	(246)	(177)
- generated internally				-	
- other	(246)			(246)	(177)
A.2 leased				-	
Total	**(246)**	**-**	**-**	**(246)**	**(177)**

Section 15 – Other operating income (expenses) (caption 220)

15.1 Other operating expenses: break-down

(Euro/1,000)

Income component / Amount	Banking Group	Insurance Company	Total 31.12.2008	Total 31.12.2007
amortization of costs for leasehold improvements	(2,245)		**(2,245)**	(2,099)
charges on non-banking services	(3,775)	(51)	**(3,826)**	(4,077)
Total	**(6,020)**	**(51)**	**(6,071)**	**(6,176)**

15.2 Other operating income: break-down

(Euro/1,000)

Income component / Amount	Banking Group	Insurance Companies	Total 31.12.2008	Total 31.12.2007
recovery of taxes from third parties	10,891	-	**10,891**	10,629
cost recoveries	29,624	-	**29,624**	25,604
other income	1,321	12	**1,333**	1,541
Total	**41,836**	**12**	**41,848**	**37,774**

Section 16 – Profits (losses) on equity investments (caption 240)

16.1 Profits (losses) on equity investments: break-down

(Euro/1,000)

Income component/Sector	Banking Group	Insurance Companies	Total 31.12.2008	Total 31.12.2007
1. Companies subject to joint control				
A. Revenues	-	-	**-**	
1. Revaluations				
2. Profits on disposal				
3. Write-backs				
4. Other				
B. Charges	-	-	-	
1. Write-downs				
2. Impaiment losses				
3. Losses on disposal				
4. Other				
Net result	-	-	-	-
1. Companies subject to joint control				
A. Revenues	52,100	-	**52,100**	130,212
1. Revaluations	2,771		2,771	3,677
2. Profits on disposal	49,329		49,329	126,535
3. Write-backs				
4. Other				
B. Charges	-	-	-	
1. Write-downs				
2. Impaiment losses				
3. Losses on disposal				
4. Other				
Net result	52,100	-	52,100	130,212
Total	**52,100**		**52,100**	**130,212**

Section 19 – Profits (losses) on disposal of investments (caption 270)

19.1 Profits (losses) on the disposal of investments: break-down

(Euro/1,000)

Income component/Sector	Banking Group	Insurance Companies	Total 31.12.2008	Total 31.12.2007
A. Real estate assets	**853**	**-**	**853**	
- Profits on disposal	853		**853**	
- Losses on disposal				
B. Other assets	**2**	**-**	**2**	
- Profits on disposal	2		**2**	
- Losses on disposal				
Net result	**855**	**-**	**855**	**-**

Section 20 - Taxes on income from continuing operations (caption 290)

20.1 Taxes on income from continuing operations: breakdown

(Euro/1,000)

Income component/Sector	Banking Group	Insurance Companies	Total 31.12.2008	Total 31.12.2007
1. Current taxes (-)	(44,032)	49	(43,983)	(52,049)
2. Changes in current taxes of previous years (+/-)	707		707	138
3. Decrease in current taxes of the year (+)			-	
4. Changes in deferred tax assets (+/-)	6,613		6,613	2,210
5. Changes in deferred tax liabilities (+/-)	1,452	(9)	1,443	(786)
6. Taxes for the year (-)	**(35,260)**	**40**	**(35,220)**	**(50,487)**

20.2 Reconciliation of theoretical and effective tax charges in the financial statements

(Euro/1,000)

	IRES		IRAP	
Profit before taxes	100,628		100,628	
Non-deductible costs for IRAP purposes			243,111	
Non-taxable revenues for IRAP purposes			(97,055)	
Sub-Total	100,628		246,684	
Theoretical tax charge 27.5% Ires - 4.82% Irap		**27,673**		**11,890**
Temporary taxable differences over subsequent years	(1,348)		(1,007)	
Temporary deductible differences over subsequent years	41,285			
Reallocation of temporary differences from previous financial years	(9,869)		2,903	
Differences not to be reversed in subsequent years	(10,392)		(33,620)	
Taxable income	120,304		214,960	
Current taxes for the period 27.5% Ires - 4.82% Irap		**33,084**		**10,361**

Reconciliation is made for the sole consolidated companies which are resident in Italy, since no substantial differences between the theoretical tax charge and the effective charge shown in the accounts are recognised for foreign companies.

Section 22 - Profit (loss) for the period attributable to minority interests – Caption 330

22.1 Break-down of caption 330 "Profit for the period attributable to minority interests"

Euro/1,000

	31.12.2008	31.12.2007
Chiara Assicurazioni S.p.A.	156	74
Brianfid S.A.		(163)
Fides		(7)
Total	**156**	**(96)**

Section 24 - Earnings per share

24.2 Other information

	Categories of shares		Profit for the period
	Ordinary shares	Savings shares	
Proposed allocation of dividends	12,285	1,663	
Retained earnings	43,255	5,857	
	55,540	7,520	63,060
Average number of ordinary shares in circulation:			
Categories:			
Ordinary shares 117.000.000			
Savings shares 13.202.000			
Earnings per share - Basic	**0.475**	**0.570**	

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.

PART D – 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, intra-group adjustments are allocated to the corporate center, except where the intra-group netting 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 intra-group balances, except where the intra-group 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.

A. PRIMARY FORMAT

A.1 Distribution by business segment: income statement data

(Euro/1,000)

Income Statement data	31/12/2008	Retail	Corporate	Investment Banking	Asset Mng	Corporate Center
Margin on banking and insurance activities (1)	351,427	206,052	88,326	3,051	14,745	39,253
Structure costs (2)	-222,440	-135,477	-40,032	-2,462	-11,011	-33,458
Provisions and adjustments (3)	-83,818	-25,416	-21,150	-184	-44	-37,025
Profits/(losses) on equity investments carried at equity	52,100	0	0	0	387	51,713
Profits/(losses) on the disposal of investments	855	762	0	0	2	91
Profits/(losses) before taxes on continuing operations	**98,124**	**45,922**	**27,144**	**405**	**4,079**	**20,575**

(Euro/1,000)

Income Statement data	31/12/2007	Retail	Corporate	Investment Banking	Asset Mng	Corporate Center
Margin on banking and insurance activities (1)	347,571	192,198	76,470	6,417	26,779	45,707
Structure costs (2)	-216,772	-125,878	-36,882	-1,999	-14,110	-37,903
Provisions and adjustments (3)	-26,798	-12,802	-10,615	0	-143	-3,238
Profits/(losses) on equity investments carried at equity	130,212	0	0	0	0	130,212
Profits/(losses) on the disposal of investments	0	0	0	0	0	0
Profits/(losses) before taxes on continuing operations	**234,213**	**53,518**	**28,973**	**4,418**	**12,526**	**134,778**

(1) from the reclassified Income Statement
(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

A.2 Distribution by business segment: balance sheet data

(Euro/1,000)

Balance sheet data	31/12/2008	Retail	Corporate	Investment Banking	Asset Mng	Corporate Center
Financial assets	798,133	0	0	794,416	16,263	-12,546
Amounts due from banks	586,362	0	0	547,695	81,920	-43,253
Amounts due from customers	5,706,677	3,133,858	2,557,640	0	15,179	0
Amounts due to banks	37,636	0	0	63,055	0	-25,419
Amounts due to customers	4,061,682	2,781,468	1,212,934	0	72,888	-5,608
Securities issued	1,863,096	1,743,082	132,187	0	0	-12,173
Indirect deposits: administered and managed	**15,915,266**	**6,355,751**	**2,251,904**	**0**	**859,179**	**6,448,432**

(Euro/1,000)

Balance sheet data	31/12/2007	Retail	Corporate	Investment Banking	Asset Mng	Corporate Center
Financial assets	2,362,570	0	0	965,019	1,560,904	-163,353
Amounts due from banks	269,444	0	0	219,236	82,578	-32,370
Amounts due from customers	5,053,858	2,782,405	2,291,269	0	11,420	-31,236
Amounts due to banks	169,842	0	0	178,261	15	-8,434
Amounts due to customers	3,747,262	2,643,020	1,071,279	0	57,104	-24,141
Securities issued	1,477,379	1,392,819	180,922	0	0	-96,362
Indirect deposits: administered and managed	**19,612,030**	**5,877,594**	**2,165,694**	**0**	**2,383,172**	**9,185,570**

B. SECONDARY FORMAT

B.1 Distribution by geographic segment: income statement data

(Euro/1,000)

Income Statement data	31/12/2008	Northern Italy	Rest of Italy	Rest of the World
Net interest and other banking income (intermediation margin) (1)	351,427	299,805	40,358	11,264
Structure costs (2)	-222,440	-184,545	-30,383	-7,513
Provisions and adjustments (3)	-83,818	-78,589	-5,185	-44
Profits/(losses) on equity investments carried at equity	52,100	51,713	0	387
Profits/(losses) on the disposal of investments	855	91	762	2
Profits/(losses) before taxes on continuing operations	**98,124**	**88,476**	**5,553**	**4,096**

(Euro/1,000)

Income Statement data	31/12/2007	Northern Italy	Rest of Italy	Rest of the World
Net interest and other banking income (intermediation margin) (1)	347,571	299,390	35,001	13,180
Structure costs (2)	-216,772	-182,657	-26,620	-7,495
Provisions and adjustments (3)	-26,798	-24,790	-1,892	-116
Profits/(losses) on equity investments carried at equity	130,212	130,212	0	0
Profits/(losses) on the disposal of investments	0	0	0	0
Profits/(losses) before taxes on continuing operations	**234,213**	**222,155**	**6,489**	**5,569**

(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

B.2 Distribution by geographic segment: balance sheet data

(Euro/1,000)

Balance sheet data	31/12/2008	Northern Italy	Rest of Italy	Rest of the World
Financial assets	798,133	692,721	102,409	3,003
Amounts due from banks	586,362	344,149	164,325	77,888
Amounts due from customers	5,706,677	4,874,831	816,667	15,179
Amounts due to banks	37,636	8,507	29,129	0
Amounts due to customers	4,061,682	3,263,815	724,979	72,888
Securities issued	1,863,096	1,630,627	232,469	0
Indirect deposits: administered and managed	**15,915,266**	**14,096,441**	**959,647**	**859,179**

(Euro/1000)

Balance sheet data	31/12/2007	Northern Italy	Rest of Italy	Rest of the World
Financial assets	2,362,570	2,217,217	143,889	1,464
Amounts due from banks	269,444	-1,814	206,621	64,637
Amounts due from customers	5,053,858	4,415,947	626,491	11,420
Amounts due to banks	169,842	148,302	21,525	15
Amounts due to customers	3,747,262	2,998,467	691,691	57,104
Securities issued	1,477,379	1,312,866	164,513	0
Indirect deposits: administered and managed	**19,612,030**	**17,708,349**	**1,055,318**	**848,363**

PART E – INFORMATION ON RISKS AND THE RELATED HEDGING POLICIES

SECTION 1 – THE BANKING GROUP RISKS

1. CREDIT RISK

Qualitative information

3. *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 and 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.

4. *Policies for the management of credit risks*

4.1. *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.

4.2. *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.

The Group adopts an internal rating model (C.R.S. Credit Rating System), developed within the Group, 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 analysis of the main economic and financial indicators, while the second aspect, of a qualitative nature, is directed at the assessment of the borrower from cognitive and context perspective. The application of this model allows a rating to be assigned based on the sources of information used and the segment of the borrower (retail/corporate); in particular, the segmentation criteria of the counterparties 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).
With effect from 1 January 2008, the Group followed the rules laid down in the new legislation regarding the standardised method for the calculation of regulatory capital requirements to meet credit risk.

4.3. 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 are also to be found to a lesser extent, although still at significant levels.
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. During 2008 a project was launched, aimed at reorganising the activities involved in the guarantee management process, in compliance with the requirements in the new regulations, paying particular attention to internal monitoring with a view to the verification of eligibility.
To date, the Group has not used credit derivatives to hedge or transfer credit risks and has carried out no direct securitisation transactions.

4.4. 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 take timely legal action 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

a. Credit quality

A.1 Performing and impaired loans: amounts, value adjustments, changes, break-down by type and geographical area

A.1.1 Financial assets: break-down by portfolio and credit quality (book values)

(Euro/1,000)

Portfolio / Quality	Banking Group						Other Companies		Total
	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk	Other assets	Impaired	Other	
1. Financial assets held for trading				-		282,839		-	**282,839**
2. Available-for-sale financial assets	110				-	493,821		13,260	**507,191**
3. Held-to-maturity investments						8,103			**8,103**
4. Amount due from banks					49	585,812		501	**586,362**
5. Amounts due from customers	38,830	50,372	-	28,141	547	5,588,787	-	-	**5,706,677**
6. Financial assets at fair value through profit or loss						-		-	**-**
7. Financial assets held for sale and disposed operations						498			**498**
8. Hedging derivatives						31			**31**
Total 31.12.2008	**38,940**	**50,372**	**-**	**28,141**	**596**	**6,959,891**	**-**	**13,761**	**7,091,701**
Total 31.12.2007	**29,207**	**30,762**	**-**	**19,527**	**21**	**6,195,530**	**-**	**1,415,630**	**7,690,677**

A.1.2 Financial assets: break-down by portfolio and credit quality (gross and net values)

(Euro/1,000)

Portfolio / Quality	Impaired assets				Other assets			Total (net exposure)
	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
A. Banking Group								
1. Financial assets held for trading	-			-	X	X	282,839	**282,839**
2. Available-for-sale financial assets	110			110	493,821		493,821	**493,931**
3. Held-to-maturity investments				-	8,103		8,103	**8,103**
4. Amount due from banks				-	585,883	22	585,861	**585,861**
5. Amounts due from customers	191,003	73,660	-	117,343	5,621,207	31,873	5,589,334	**5,706,677**
6. Financial assets at fair value through profit or loss				-	X	X	-	**-**
7. Financial assets held for sale and disposed operations				-	498		498	**498**
8. Hedging derivatives				-	X	X	31	**31**
Total A	**191,113**	**73,660**	**-**	**117,453**	**6,709,512**	**31,895**	**6,960,487**	**7,077,940**
B. Other companies included in the scope of consolidation								
1. Financial assets held for trading					X	X	-	**-**
2. Available-for-sale financial assets					13,260		13,260	**13,260**
3. Held-to-maturity investments								**-**
4. Amount due from banks								**-**
5. Amounts due from customers					501		501	**501**
6. Financial assets at fair value through profit or loss					X	X	-	**-**
7. Financial assets held for sale and disposed operations								**-**
8. Hedging derivatives					X	X		**-**
Total B	**-**	**-**	**-**	**-**	**13,761**	**-**	**13,761**	**13,761**
Total 31.12.2008	**191,113**	**73,660**	**-**	**117,453**	**6,723,273**	**31,895**	**6,974,248**	**7,091,701**
Total 31.12.2007	**126,087**	**46,591**	**-**	**79,496**	**6,276,119**	**29,437**	**7,611,181**	**7,690,677**

A.1.3 Cash and off-balance sheet loans to banks: gross and net values

(Euro/1,000)

Type of loan / Amount	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH LOANS				
a.1 Banking Group				
a) Non-performing loans				-
b) Problem loans				-
c) Restructured loans				-
d) Expired loans				-
e) Country risk	71		22	49
f) Other assets	822,331			822,331
TOTAL A.1	**822,402**	**-**	**22**	**822,380**
A.2 Other Companies				
a) Impaired				-
b) Other	1,846			1,846
TOTAL A.2	**1,846**	**-**	**-**	**1,846**
TOTAL A	**824,248**		**22**	**824,226**
B. OFF-BALANCE SHEET LOANS				
B.1 Banking Group				
a) Impaired				-
b) Other	114,746		-	114,746
TOTAL B.1	**114,746**	**-**	**-**	**114,746**
B.2 Other Companies				
a) Impaired				-
b) Other	-			-
TOTAL B.2	**-**	**-**	**-**	**-**
TOTAL B	**114,746**		**-**	**114,746**

A.1.4 Cash loans to banks: changes in impaired loans subject to "country risk" - gross

(Euro/1,000)

Type / Category	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk
A. Opening gross exposure					18
of which: loans sold but not written off					
B. Increases	**-**				**53**
b.1 from performing loans					53
b.2 transfer from other categories of impaired loans					
b.3 other increases					-
C. Decreases	**-**				**-**
c.1 to performing loans					-
c.2 write-offs					
c.3 collections					-
c.4 arising from sales					-
c.5 transfer to other categories of impaired loans					
c.6 other decreases					
D. Closing gross exposure	**-**	**-**	**-**	**-**	**71**
of which: loans sold but not written off					

A.1.5 Cash loans to banks: changes in total value adjustments

(Euro/1,000)

Type / Category	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk
A. Total opening adjustments					6
of which: loans sold but not written off					
B. Increases	-				**16**
b.1 adjustments					16
b.2 transfer from other categories of impaired loans					
b.3 other increases					
C. Decreases	-				**-**
c.1 write-backs due to valuation					-
c.2 write-backs due to collection					-
c.3 write-offs					
c.4 transfer to other categories of impaired loans					
c.5 other decreases					
D. Total closing adjustments	-	-	-	-	**22**
of which: loans sold but not written off					

A.1.6 Cash and off-balance sheet loans to customers: gross and net values

(Euro/1,000)

Type of loan / Amount	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH LOANS				
A.1 Banking Group				
a) Non-performing loans	84,562	45,622		38,940
b) Problem loans	78,666	28,294		50,372
c) Restructured loans				-
d) Expired loans	28,774	633		28,141
e) Country risk	781		234	547
f) Other assets	6,139,916		31,638	6,108,278
Total A.1	**6,332,699**	**74,549**	**31,872**	**6,226,278**
A.2 Other Companies				
a) Impaired				
b) Other	11,915			11,915
Total A.2	**11,915**	**-**	**-**	**11,915**
TOTAL A	**6,344,614**	**74,549**	**31,872**	**6,238,193**
B. OFF-BALANCE SHEET LOANS				
B.1 Banking Group				
a) Impaired	3,421	353	-	3,068
b) Other	504,013		1,024	502,989
Total B.1	**507,434**	**353**	**1,024**	**506,057**
B.2 Other Companies				
a) Impaired				-
b) Other				-
Total B.2	**-**	**-**	**-**	**-**
TOTAL B	**507,434**	**353**	**1,024**	**506,057**

A.1.7 Cash loans to customers: changes in impaired loans subject to "country risk" – gross

(Euro/1,000)

Type / Category	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk
A. Opening gross exposure	**60,860**	**45,172**		**20,047**	**11**
of which: loans sold but not written off					
B. Increases	**58,934**	**116,334**	**-**	**80,344**	**770**
b.1 from performing loans	999	77,805		74,435	770
b.2 transfer from other categories of impaired	54,644	12,900		1,287	
b.3 other increases	3,291	25,629		4,622	
C. Decreases	**35,232**	**82,840**	**-**	**71,617**	**-**
c.1 to performing loans	-	6,374		38,840	
c.2 write-offs	18,899				
c.3 collections	15,955	21,359		19,339	
c.4 arising from sales	92				
c.5 transfer to other categories of impaired loans	286	55,107		13,438	
c.6 other decreases	-	-			
D. Closing gross exposure	**84,562**	**78,666**	**-**	**28,774**	**781**
of which: loans sold but not written off					

A.1.8 Cash loans to customers: changes in total value adjustments

(Euro/1,000)

Type / Category	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk
A. Total opening adjustments	**31,651**	**14,411**		**349**	3
of which: loans sold but not written off					
B. Increases	**40,011**	**25,954**	**-**	**629**	**231**
b.1 adjustments	30,923	25,896		620	231
b.2 transfer from other categories of impaired loans	9,088	58		9	
b.3 other increases					
C. Decreases	**26,040**	**12,071**	**-**	**525**	**-**
c.1 write-backs due to valuation	3,248	1,617		313	
c.2 write-backs due to collection	3,890	1,388		123	-
c.3 write-offs	18,902				
c.4 transfer to other categories of impaired loans		9,066		89	
c.5 other decreases	-	-			
D. Total closing adjustments	**45,622**	**28,294**	**-**	**453**	**234**
of which: loans sold but not written off					

A.2 Break-down of exposures based on external and internal ratings

A.2.1 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.

A.2.2 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 its 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 (private 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 31.12.2008	Internal rating classes			
	from AAA to A	from BBB to B	from CCC to CC	Total
Cash loans	30.3%	47.2%	22.5%	100%
Off-balance sheet loans	54.4%	34.2%	11.5%	100%

A.3 Breakdown of guaranteed loans by type of guarantee

A.3.1 Secured cash loans to banks and customers

(Euro/1,000)

	Amount of loan	*Real Guarantees*			*Personal Guarantees*								**Total 2008**
					Credit derivatives				*Endorsements*				
		Property	*Securities*	*Other assets*	*Governments*	*Other public entities*	*Banks*	*Other entities*	*Governments*	*Other public entities*	*Banks*	*Other entities*	
1. Secured loans to banks													
1.1 fully secured													-
1.2 partially secured													-
2. Secured loans to customers													
2.1 fully secured	*3,364,434*	*1,962,572*	*166,892*	*27,319*							*4,810*	*1,212,201*	*3,373,794*
2.2 partially secured	*294,241*	*390*	*64,496*	*5,062*							*1,541*	*107,894*	*179,383*

A.3.2 Secured off-balance sheet loans to banks and customers

(Euro/1,000)

	Amount of loan	Real Guarantees			Personal Guarantees								**Total 2008**
					Credit derivatives				Endorsements				
		Property	Securities	Other assets	Governments	Other public entities	Banks	Other entities	Governments	Other public entities	Banks	Other entities	
1. Secured loans to banks				3,150								77,422	80,572
1.1 fully secured													-
1.2 partially secured													-
2. Secured loans to customers													
2.1 fully secured	77,334	-	24,722	21,847								47,762	94,331
2.2 partially secured	20,490		7,847	576							-	4,051	12,474

A.3.3 Impaired secured cash loans to banks and customers

(Euro/1,000)

	Amount of loan	Secured amount	Guarantees (fair value)																	Total 2008	Fair value surplus, guarantees
			Real Guarantees			Personal Guarantees															
						Credit derivatives							Endorsements								
			Property	Securities	Other assets	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non financial companies	Other entities	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non financial companies	Other entities		
1. Secured loans to banks																					
1.1 beyond 150%																				-	
1.2 between 100% and 150%																					
1.3 between 50% and 100%																					
1.4 under 50%																				-	
2. Secured loans to customers																					
2.1 beyond 150%	63,245	63,245	44,492	1,231	501										-			1,747	15,274	**63,245**	
2.2 between 100% and 150%	16,254	16,254	194	1,003	411										615			1,570	12,461	**16,254**	-
2.3 between 50% and 100%	9,866	9,523	19	5,024	147												70	1,042	3,221	**9,523**	-
2.4 under 50%	1,632	893		85	35													27	746	**893**	-

A.3.4 Impaired secured off-balance sheet loans to banks and customers

(Euro/1,000)

	Amount of loan	Secured amount	Guarantees (fair value)																	Total 2008	Fair value surplus, guarantees
			Real Guarantees			Personal Guarantees															
						Credit derivatives							Endorsements								
			Property	Securities	Other assets	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non financial companies	Other entities	Governments and central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non financial companies	Other entities		
1. Secured loans to banks																					
1.1 beyond 150%																				-	
1.2 between 100% and 150%																					
1.3 between 50% and 100%																					
1.4 under 50%																				-	
2. Secured loans to customers																					
2.1 beyond 150%	669	669		-	390													9	270	**669**	-
2.2 between 100% and 150%	1,858	1,858		1,837	21															**1,858**	-
2.3 between 50% and 100%	-	-		-	-														-	**-**	-
2.4 under 50%	92	89																	89	**89**	-

B. Break-down and concentration of loans

B.1 Cash and off-balance sheet loans to customers: break-down by sector

(Euro/1,000)

Loan/Counterparty	Governments and central banks				Other public entities				Financial institutions			
	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Cash loans												
A.1 Non-performing loans									110			110
A.2 Problem loans												
A.3 Restructured loans												-
A.4 Expired loans									-			-
A.5 Other loans	417,128			417,128	158			158	177,638		-307	177,331
Total A	**417,128**	**-**	**-**	**417,128**	**158**	**-**	**-**	**158**	**177,748**	**-**	**-307**	**177,441**
B. Off-balance sheet loans												
B.1 Non-performing loans												-
B.2 Problem loans												-
B.3 Other impaired assets									1,800			1,800
B.4 Other loans									22,459		-21	22,438
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,259**	**-**	**-21**	**24,238**
Total (A+B) 2008	**417,128**	**-**	**-**	**417,128**	**158**	**-**	**-**	**158**	**202,007**	**-**	**-328**	**201,679**
Total 2007	**616,408**			**616,408**	**195**			**195**	**307,858**	**-155**	**-343**	**307,360**

(Euro/1,000)

Loan/Counterparty	Insurance companies				Non financial companies				Other entities			
	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Cash loans												
A.1 Non-performing loans					52,532	-31,281		21,251	31,031	-13,452		17,579
A.2 Problem loans					54,263	-21,872		32,391	24,403	-6,422		17,981
A.3 Restructured loans								-				-
A.4 Expired loans					21,098	-445		20,653	7,676	-188		7,488
A.5 Other loans	32,578		-4	32,574	3,934,184		-26,311	3,907,873	1,579,011		-5,250	1,573,761
Total A	**32,578**	**-**	**-4**	**32,574**	**4,062,077**	**-53,598**	**-26,311**	**3,982,168**	**1,642,121**	**-20,062**	**-5,250**	**1,616,809**
B. Off-balance sheet loans												
B.1 Non-performing loans					515	-2	-	513	26	-15		11
B.2 Problem loans					864	-336	-	528	-		-	-
B.3 Other impaired assets					209			209	7			7
B.4 Other loans	-			-	427,223		-907	426,316	54,331		-96	54,235
Total B	**-**	**-**	**-**	**-**	**428,811**	**-338**	**-907**	**427,566**	**54,364**	**-15**	**-96**	**54,253**
Total (A+B) 2008	**32,578**	**-**	**-4**	**32,574**	**4,490,888**	**-53,936**	**-27,218**	**4,409,734**	**1,696,485**	**-20,077**	**-5,346**	**1,671,062**
Total 2007	**544**			**544**	**3,876,170**	**-32,195**	**-25,142**	**3,818,833**	**1,479,906**	**-14,266**	**-4,727**	**1,460,913**

B.3 Cash and off-balance sheet loans to customers: break-down by geographical area

Loans/ Geographical areas	Italy		Other European countries		America		Asia		Rest of the world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash loans										
A.1 Non-performing loans	83,563	38,830			110	110				
A.2 Problem loans	78,666	50,372								
A.3 Restructured loans										
A.4 Expired loans	25,802	25,218	2,972	2,923						
A.5 Other loans	6,058,680	6,027,232	74,807	74,700	6,423	6,339	786	553	1	1
Total A	**6,246,711**	**6,141,652**	**77,779**	**77,623**	**6,533**	**6,449**	**786**	**553**	**1**	**1**
B. Off-balance sheet loans										
B.1 Non-performing loans	541	524								
B.2 Problem loans	864	528								
B.3 Other impaired assets	2,016	2,016								
B.4 Other loans	490,128	489,104	2,346	2,346	11,466	11,466	74	74		
Total B	**493,549**	**492,172**	**2,346**	**2,346**	**11,466**	**11,466**	**74**	**74**	**-**	**-**
Total (A+B) 2008	**6,740,260**	**6,633,824**	**80,125**	**79,969**	**17,999**	**17,915**	**860**	**627**	**1**	**1**
Total 2007	**6,219,576**	**6,143,052**	**71,007**	**70,940**	**4,809**	**4,806**	**-**	**-**	**-**	**-**

B.4 Cash and off-balance sheet loans to banks: break-down by geographical area

(Euro/1,000)

Loans / Geographical areas	Italy		Other European countries		America		Asia		Rest of the world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash loans										
A.1 Non-performing loans										
A.2 Problem loans										
A.3 Restructured loans										
A.4 Expired loans										
A.5 Other loans	391,787	391,787	428,253	428,253	2,132	2,132	177	156	53	52
Total A	**391,787**	**391,787**	**428,253**	**428,253**	**2,132**	**2,132**	**177**	**156**	**53**	**52**
B. Off-balance sheet loans										
B.1 Non-performing loans										
B.2 Problem loans										
B.3 Other impaired assets										
B.4 Other loans	96,408	96,408	18,335	18,335	2	2	1	1	-	-
Total B	**96,408**	**96,408**	**18,335**	**18,335**	**2**	**2**	**1**	**1**	**-**	**-**
Total (A+B) 2008	**488,195**	**488,195**	**446,588**	**446,588**	**2,134**	**2,134**	**178**	**157**	**53**	**52**
Total 2007	**542,081**	**542,081**	**104,542**	**104,542**	**751**	**751**	**608**	**607**	**1,175**	**1,170**

B.5 Large risks

At 31 December 2008 there were no risk positions constituting “large risks” on the basis of the regulator’s rules.

C. Securitization transactions and asset disposal

C.1 Securitization transactions

C.1.1 Loans arising from securitization transactions divided by quality of the underlying assets

(Euro/1,000)

Underlying asset quality / Loans	Cash loans						Guarantees granted						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. With own underlying assets																		
a) impaired																		
b) other																		
B. With third party underlying assets																		
a) impaired																		
b) other	2,707	2,707																

C.1.3 Loans arising from main "third party" securitization transactions divided by type of securitized assets and of loan.

(Euro/1,000)

Underlying asset / Loan	Cash Loan						Guarantees granted						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments /Write-backs	Book value	Adjustments /Write-backs	Book value	Adjustments /Write-backs	Net exposure	Adjustments /Write-backs	Net exposure	Adjustments /Write-backs	Net exposure	Adjustments /Write-backs	Net exposure	Adjustments /Write-backs	Net exposure	Adjustments /Write-backs	Net exposure	Adjustments /Write-backs
A.1 S.C.I.P. 26/04/25																		
- property	410	66																
A.2 F.I.P.F. 10/01/23																		
- property	2,297	77																

C.1.4 Loans to securitizations broken down by financial asset portfolio and by type

(Euro/1,000)

Exposure/portfolio	Trading	Valued at fair value	Available for sale	Held to maturity	Loans	**Total 31.12.2008**	**Total 31.12.2007**
1.Cash loans			**2,707**		**-**	**2,707**	**12,642**
- senior			2,707		-	2,707	12,642
- mezzanine							
- junior							
2. Off-balance sheet loans							
- senior							
- mezzanine							
- junior							

C.1.7 Servicing activity – collection of securitized loans and repayment of securities issued by special purpose vehicle

(Euro/1,000)

Servicer	Special purpose vehicle	Securitized assets (end of period)		Loans collected for the year		As a percentage of repaid securities (end of period)					
						senior		mezzanine		junior	
		impaired	performing	impaired	performing	impaired assets	performing assets	impaired assets	performing assets	impaired assets	performing assets
Banco di Desio e della Brianza S.p.A.	S.C.C. S.r.l. Via Ildebrando Vivanti,4 ROMA		515		4,731		100				

C.2 Asset disposals

C.2.1 Financial assets sold but not written off

(Euro/1,000)

Technical type / Portfolio	Financial assets held for trading			Financial assets at fair value through profit and loss			Availabile-for-sale financial assets			Held-to-maturity financial assets			Loans due from banks			Loans due from customers			Total
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	
A. Cash assets																			
1. Debt securities	132,507						118,234												**250,741**
2. Equity securities																			
3. U.C.I.T.S																			
4. Loans																			
5. Impaired assets																			
B. Derivative instruments																			
Total 31.12.2008	**132,507**						**118,234**												**250,741**
Total 31.12.2007	**375,605**						**237,223**												**612,828**

Legend:
A = financial assets sold and recognised entirely (book value)
B = financial assets sold and recognised partially (book value)
C = = financial assets sold and recognised partially (full amount)

C.2.2 Financial liabilities against financial assets sold but not written off

(Euro/1,000)

Liabilities / Assets portfolio	Financial assets held for trading	Financial assets at fair value through profit and loss	Availabile-for-sale financial assets	Held-to-maturity financial assets	Loans due from banks	Loans due from customers	Total
1. Due to customers							
a) corresponding to fully recorded assets	130,466		100,938				**231,404**
b) corresponding to partially recorded assets							
2. Due to banks							
a) corresponding to fully recorded assets			-				**-**
b) corresponding to partially recorded assets							
3. Securities issued							
a) corresponding to fully recorded assets							
b) corresponding to partially recorded assets							
Total 31.12.2008	**130,466**	**-**	**100,938**	**-**	**-**	**-**	**231,404**
Total 31.12.2007	**372,673**		**241,602**				**614,275**

D. Credit risk measurement models

The assessments of the Credit Rating System were made available to the local network for support purposes, along with other information instruments, during the investigation and renewal phases of a loan.

SECTION 2 – MARKET RISKS

2.1 INTEREST RATE RISK – REGULATORY TRADING PORTFOLIO

Qualitative information

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.
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 favour investments in fixed income instruments with a short term residual life.

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 informing it in the event that 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 risk management unit of the Parent Company, which operates completely independently with respect to both operational offices and 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 Bank 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 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, though the exponential weighting based on a decline factor in a 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.
To date, 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 research activities 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 instrument that has been chosen to give the organisational units involved sufficient information. The contents and the frequency of the reports depend on the objectives assigned to each party in the process. The overall V.a.R limits related to the “managed portfolio”, if any, were never exceeded in the period of reference.
The internal model is not used in the calculation of the capital requirement on market risks.

Quantitative information

2 Regulatory trading portfolio: break-down by outstanding maturity (repricing date) for cash assets and liabilities and financial derivatives

This table was not prepared because the Notes to the Financial Statements provide an analysis of sensitivity to interest rate risk based on internal models and other methodologies.

2 Regulatory trading portfolio - internal models and other methods for sensitivity analyses

Monitoring of the Parent Company’s portfolio and the Italian banks during the 2007 financial year showed a structure with limited interest rate risk. The Parent Company takes on almost the whole interest rate risk, the Italian subsidiaries making a completely negligible contribution. VaR at 31 December 2008 is Euro 237,390,000 with a percentage of less than 0.1% of the trading portfolio and a duration of 0.29, evidence of the low-risk profile.
Absorption of VaR risk was more volatile during the last part of the year owing to the tensions in the market arising from the world financial and economic crisis.
The scenario analyses carried out in terms of parallel shifts in the rate curve, assumed variations of +/- 100 basis points only for the positions that are sensitive to interest rates. As at 31.12.2008, considering the positive variation in rates and the economic data on an annual basis, there was a negative impact of Euro 817.00 thousand, equal to:

- ⇒ 0.28% of trading portfolio;
- ⇒ 0.26% of business margin;
- ⇒ 7.45% of net income for the period;
- ⇒ 0.13% of shareholders’ equity, net of the result for the period.

2.2 INTEREST RATE RISK - BANKING PORTFOLIO

Qualitative information

General aspects, management procedures and methods of measuring interest rate risk

It is the responsibility of the Parent Company' 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 asset and liability 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 analysis of the application is being concluded which will allow a dynamic assessment to be made.
The studies being 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 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 analyses are performed using parallel shifts in the yield curve and specific scenarios of market rate changes.

Fair Value hedge

The Group's primary objective is to manage the risks associated with its operations prudently and actively. The Group only takes out Fair Value type hedges for the Group's Italian banks, in order to protect the profit and loss account 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. To date, only liabilities have been hedged, and of these only bond loans, while derivative instruments are used as hedges, which are represented by unlisted securities - mainly 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 Offset 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 new hedging transactions started in 2008.

Cash flow hedge

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

Quantitative information

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 throughout 2008. This operational and strategic approach is directed at minimising the volatility of interest margins and of total economic value, by benefiting from the expected rise in market rates.
The table below shows the results of the impact on the interest margin as at 31 December 2008, should there be a parallel variation in the interest rate curve.

Risk indices: parallel shifts of the interest rate curve as of 31 December 2008

	+100 bp	*-100 bp*	*+200 bp*	*- 200 bp*
Risk interest margin / Expected margin	8.01%	-9.95%	16.01%	-20.11%

As regards economic value, in the 2008 financial year 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 significant shifts in the interest rate curve, such changes would lead to negligible changes in the market value of the Group's assets.
The table below shows the variations in economic value analysed by applying deterministic approaches with parallel shifts of the interest rate curve.

Risk indices: parallel shifts of the rates curve as of 31 December 2008

	+100 bp	*-100 bp*	*+200 bp*	*- 200 bp*
Risk economic value / Economic value	-0.84%	1.02%	-1.52%	2.25%
Risk economic value / Regulatory capital	-0.68%	0.83%	-1.23%	1.82%

2.3 PRICE RISK - REGULATORY TRADING PORTFOLIO

Qualitative information

C. General aspects

There is a particularly substantial price 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.

D. Management processes and methods of measuring 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

3. Regulatory trading portfolio: cash exposure in equity securities and U.C.I.T.S units

(Euro/1,000)

Type of loans / Value	Book value	
	Listed	Unlisted
A. Equity securities		
A.1 shares	5,241	
A.2 innovative equity securities		
A.3 other equities		
B. U.C.I.T.S.		
B.1 Italian:		
- harmonized open-end		
- non-harmonized open-end		
- closed-end		
- reserved		
- speculative		
B.2 From other EU countries		
- harmonized	343	
- non-harmonized open-end		
- non-harmonized closed-end		
B.3 From non-EU countries		
- open-end		
- closed-end		
Total 2008	**5,584**	**-**

3. Regulatory trading portfolio - internal models and other methods for sensitivity analysis

Considering the composition of the trading portfolio in question and the hedging carried out by means of derivatives, the price risk profile of the Parent Company and the Italian banks is, overall, a moderate one. The Parent Company takes on almost the entire price risk. As of 31.12.2008, the VaR relating to price risk amounted to about Euro 1,241.63 thousand.
Absorption of VaR risk was more volatile during the last part of the year owing to the tensions in the market arising from the world financial and economic crisis.

2.4 PRICE RISK - BANKING PORTFOLIO

Qualitative information

A. General aspects, management procedures and methods of measuring 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

C. General aspects, management procedures and methods of measuring exchange risk

The Group is exposed to 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 exchange risks to a marginal extent. 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.

D. 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

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

(Euro/1,000)

Captions	Currency					
	US Dollar	Japanese Yen	Swiss Franc	Pound Sterling	Canadian Dollar	Other currencies
A. Financial assets						
A.1 Debt securities				20		
A.2 Equity securities	255					
A.3 Financing to banks	68,586	2,857	9,826	6,069	1,798	3,824
A.4 Financing to customers	13,466	10,270	7,047	122	1	5
A.5 Other financial assets						
B. Other assets	**177**	**10**	**134**	**48**	**5**	**12**
C. Financial assets						
C.1 Due to banks	34,602	13,055	16,563	1,712	839	352
C.2 Due to customers	44,680	90	296	4,498	930	3,384
C.3 Debt securities	1,172					
C.4 Other financial liabilities	370	54	60	12		5
E. Financial derivatives						
- Options						
+ long positions						
+ short positions						
- Other						
+ long positions	153,350	170,988	2,546	3,072	-	90
+ short positions	154,444	171,005	2,561	3,034	7	97
Total assets	**235,834**	**184,125**	**19,553**	**9,331**	**1,804**	**3,931**
Total liabilities	**235,268**	**184,204**	**19,480**	**9,256**	**1,776**	**3,838**
Imbalance (+/-)	**566**	**- 79**	**73**	**75**	**28**	**93**

4. *Internal models and other methods for sensitivity analysis*

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.

2.6 Financial Derivative Instruments

B. Financial Derivatives

A.1 Regulatory trading portfolio: average and period-end notional values

(Euro/1,000)

Type of transaction/Underlying instrument	Debt securities and interest rates		Equity securities and stock indexes		Exchange rate and gold		Other values		31.12.2008		31.12.2007	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreement									-	-		
2. Interest rate swap		93,500							-	93,500		262,214
3. Domestic currency swap									-	-		
4. Currency interest rate swap									-	-		
5. Basis swap		20,000							-	20,000		20,000
6. Stock index swaps									-	-		
7. Real index swaps									-	-		
8. Futures			-						-	-		
9. Cap options	-	1,066	-	-	-	-	-	-	-	1,066		1,556
- Purchased		533							-	533		778
- Issued		533							-	533		778
10. Floor options	-	11,066	-	-	-	-	-	-	-	11,066	-	11,556
- Purchased		10,533							-	10,533		10,778
- Issued		533							-	533		778
11. Other options	-	1,000	-	-	-	-	-	-	-	1,000	-	68,563
- Purchased	-	500	-	-	-	-	-	-	-	500		33,413
- Plain vanilla				-					-	-		28,483
- Exotic		500		-					-	500		4,930
- Issued	-	500	-	-	-	-	-	-	-	500	-	35,150
- Plain vanilla				-					-	-		30,220
- Exotic		500		-					-	500		4,930
12. Forward agreements	16,318	-	690	-	-	647,130	-	-	17,008	647,130	169	1,342,005
- Purchase	15,830	-	46			323,069			15,876	323,069	93	689,297
- Sales	488	-	644			324,061			1,132	324,061	76	649,996
- Currency against currency						-			-	-		2,712
13. Other derivative contracts				1,847					-	1,847		
Total	**16,318**	**126,632**	**690**	**1,847**	**-**	**647,130**	**-**	**-**	**17,008**	**775,609**	**169**	**1,705,894**
Average values	**16,163**	**124,916**	**289**	**1,847**		**44,876**			**16,452**	**171,639**	**159**	**485,510**

A.2 Banking portfolio: period-end notional values

A.2.1 Hedging instruments

(Euro/1,000)

Type of derivaties / Underlying instruments	Debt securities and interest rates		Equity securities and stock indexes		Exchange rate and gold		Other values		**31.12.2008**		**31.12.2007**	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreement									-	-		
2. Interest rate swap		464,485							-	464,485		357,196
3. Domestic currency swap									-	-		
4. Currency interest rate swap									-	-		
5. Basis swap		45,000							-	45,000		25,000
6. Stock index swaps									-	-		
7. Real index swaps									-	-		
8. Futures									-	-		
9. Cap options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased									-	-		
- Issued									-	-		
10. Floor options	-	15,000	-	-	-	-	-	-	-	15,000	-	15,000
- Purchased		15,000							-	15,000		15,000
- Issued									-	-		
11. Other options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla									-	-		
- Exotic									-	-		
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla									-	-		
- Exotic									-	-		
12. Forward agreements	-	-	-	-	-	-	-	-	-	-	-	-
- Purchase									-	-		
- Sales									-	-		
- Currency against currency									-	-		
13. Other derivative contracts									-	-		
Total	**-**	**524,485**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**524,485**	**-**	**397,196**
Average values		**442,553**								**442,553**	**-**	**271,628**

A.3 Financial derivatives: purchase and sale of underlying instruments

(Euro/1,000)

Type of transaction / Underlying instrument	Debt securities and interest rates		Equity securities and stock indexes		Exchange rate and gold		Other values		**31.12.2008**		**31.12.2007**	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
A. Regulatory trading portfolio:	**16,318**	**106,632**	**690**	**1,847**	**-**	**647,130**	**-**	**-**	**17,008**	**755,609**	**169**	**1,685,894**
1. Transactions with exchange of capital	16,318	-	690	1,847	-	647,130	-	-	17,008	648,977	169	1,343,742
- Purchase	15,830	-	46	1,847		323,069			15,876	324,916	93	691,034
- Sale	488	-	644			324,061			1,132	324,061	76	649,996
- Currency against currency						-			-	-		2,712
2. Transactions without exchange of capital	-	106,632	-	-	-	-	-	-	-	106,632	-	342,152
- Purchase		88,316	-	-					-	88,316		198,043
- Sale		18,316	-	-					-	18,316		144,109
- Currency against currency									-	-		
B. Banking portfolio:	**-**	**479,485**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**479,485**	**-**	**372,196**
B.1 Hedging instruments	-	479,485	-	-	-	-	-	-	-	479,485	-	372,196
1. Transactions with exchange of capital	-	-	-	-	-	-	-	-	-	-	-	-
- Purchase									-	-		
- Sale									-	-		
- Currency against currency									-	-		
2. Transactions without exchange of capital	-	479,485	-	-	-	-	-	-	-	479,485	-	372,196
- Purchase		479,485							-	479,485		372,196
- Sale									-	-		
- Currency against currency												
B.2 Other derivatives	-											
1. Transactions with exchange of capital	-											
- Purchase												
- Sale												
- Currency against currency												
2. Transactions without exchange of capital	-											
- Purchase												
- Sale												
- Currency against currency												

A.4 Over-the-counter financial derivatives: positive fair value - counterparty risk

(Euro/1,000)

Counterparty / Underlying instrument	Debt securities and interest rates			Equity securities and stock indexes			Exchange rate and gold			Other values			Different underlying instruments	
	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Settled	Future exposure
A. Regulatory trading portfolio														
A.1 Governments and central banks														
A.2 Public entities														
A.3 Banks	133		43	-		-	10,037		2,912					
A.4 Financial institutions	22		54				1,293		205					
A.5 Insurance companies														
A.6 Non-financial companies	476		60				150		31					
A.7 Other entities	-						75		12					
Total A 31.12.2008	**631**	**-**	**157**	**-**	**-**	**-**	**11,555**	**-**	**3,160**	**-**	**-**	**-**	**-**	**-**
Total A 31.12.2007	**6,684**		**144**	**4,170**	**-**	**1,975**	**7,689**	**-**	**6,367**					
B. Banking portfolio														
B.1 Governments and central banks														
B.2 Public entities														
B.3 Banks	13,643		2,233											
B.4 Financial institutions	388		100											
B.5 Insurance companies														
B.6 Non-financial companies														
B.7 Other entities														
Total B 31.12.2008	**14,031**	**-**	**2,333**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total B 31.12.2007	**5,118**		**281**											

A.5 Over-the-counter financial derivatives: negative fair value - financial risk

(Euro/1,000)

Counterparty / Underlying instrument	Debt securities and interest rates			Equity securities and stock indexes			Exchange rate and gold			Other values			Different underlying instruments	
	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Gross unsettled	Gross settled	Future exposure	Settled	Future exposure
A. Regulatory trading portfolio														
A.1 Governments and central banks														
A.2 Public entities														
A.3 Banks	767		54				1,482		244					
A.4 Financial institutions	141		-				9,778		2,857					
A.5 Insurance companies														
A.6 Non-financial companies	1		-				77		26					
A.7 Other entities	11		4				169		33					
Total A 31.12.2008	**920**	**-**	**58**	**-**	**-**	**-**	**11,506**	**-**	**3,160**	**-**	**-**	**-**	**-**	**-**
Total A 31.12.2007	**2,320**	**-**	**138**	**4,170**	**-**	**-**	**7,809**	**-**	**6,473**					
B. Banking portfolio														
B.1 Governments and central banks														
B.2 Public entities														
B.3 Banks	184		50											
B.4 Financial institutions														
B.5 Insurance companies														
B.6 Non-financial companies														
B.7 Other entities														
Total B 31.12.2008	**184**	**-**	**50**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total B 31.12.2007	**3,468**	**-**	**1,280**				**-**	**-**	**-**					

A.6 Residual maturity of over-the-counter financial derivatives: notional values

(Euro/1,000)

Underlying instruments / Residual maturity	Up to 1 year	Between 1 and 5 years	Beyond 5 years	**Total**
A. Regulatory trading portfolio				
A.1 Financial derivatives on debt securities and interest rates	99,783	43,132		**142,915**
A.2 Financial derivatives on equity securities and stock indexes	-	1,847		**1,847**
A.3 Financial derivatives on exchange rates and gold	647,130			**647,130**
A.4 Financial derivatives on other instruments				
B. Banking portofolio				
B.1 Financial derivatives on debt securities and interest rates	48,000	476,485		**524,485**
B.2 Financial derivatives on equity securities and stock indexes				
B.3 Financial derivatives on exchange rates and gold				
B.4 Financial derivatives on other instruments				
Total 31.12.2008	**794,913**	**521,464**	**-**	**1,316,377**
Total 31.12.2007	**1,731,823**	**371,400**	**-**	**2,103,223**

SECTION 3 – LIQUIDITY RISK

Qualitative information

A. General aspects, management procedures and methods of measuring 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 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 carried out 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 risk management unit through an internal model. The objective is to set up a 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.

Quantitative information

1. *Break-down by contractual residual maturity of financial assets and liabilities*

Currency: **EURO**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**1,657,598**	**407,944**	**69,865**	**261,151**	**623,511**	**295,442**	**324,387**	**1,627,547**	**1,441,070**	**200,197**
A.1 Government securities	365		29,511	12,986	39,113	113,159	74,476	146,145	1,373	
A.2 Listed debt securities				-	10,306	5,997	30,022	147,582	51,717	
A.3 Other debt securities		-			5,187	9,167	392	42,828	7,709	
A.4 UCITS units	60,523	-								
A.5 Loans										
- banks	50,780	361,820	3,006	-	4,957	-	2,414	-		33,438
- customers	1,545,930	46,124	37,348	248,165	563,948	167,119	217,083	1,290,992	1,380,271	116,759
Cash liabilities	**3,623,820**	**48,604**	**78,147**	**122,045**	**321,034**	**167,344**	**395,771**	**1,602,335**	**39,351**	**-**
B.1 Deposits										
- banks	23,222	-	-	-						
- customers	3,599,084	14,929	12,311	34,698	32,002	11,917	253			
B.2 Debt securities	1,511	1,347	7,247	27,122	193,221	147,893	395,518	1,602,335	39,351	
B.3 Other liabilities	3	32,328	58,589	60,225	95,811	7,534		-	-	
Off-balance sheet transactions	**15,361**	**30,688**	**623**	**33,527**	**593,400**	**22,038**	**3,382**	**717**	**30**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions	15,360	7,710	394	16,793	296,975	11,096	1,692	394	-	
- short positions	1	22,978	229	16,734	296,425	10,942	1,690	323	30	
C.2 Deposits and loans to be received										
- long positions		-				-				
- short positions		-								
C.3 Irrevocable commitments to grant finance										
- long positions	-	-				-				
- short positions	-	-				-				

Currency: **US DOLLAR**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**4,619**	**14,906**	**27,785**	**10,645**	**5,099**	**552**	**-**	**-**	**-**	**-**
A.1 Government securities	-									
A.2 Listed debt securities						0			0	
A.3 Other debt securities										
A.4 UCITS units	-									
A.5 Loans										
- banks	4,235	14,506	19,869	6,559	4267	363				
- customers	384	400	7,916	4,086	832	189	-			
Cash liabilities	**42,544**	**130**	**19,513**	**6,630**	**3,050**	**363**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	7,127	-	4,324	-	0					
- customers	35,417	130	15,189	6,594	1915	363				
B.2 Debt securities			-	36	1,135					
B.3 Other liabilities										
Off-balance sheet transactions	**-**	**12,318**	**592**	**13,379**	**242,427**	**22,766**	**3,520**	**-**	**-**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		6,071	216	6,667	120,951	11,309	1,760		69	
- short positions		6,191	376	6,712	121,476	11,457	1,760		- 69	
C.2 Deposits and loans to be received										
- long positions		-								
- short positions		-								
C.3 Irrevocable commitments to grant finance										
- long positions		28								
- short positions		28								

Currency: **SWISS FRANC**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**13,502**	**8,675**	**4,972**	**648**	**1,821**	**-**	**-**	**-**	**-**	**674**
A.1 Government securities	-									
A.2 Listed debt securities										
A.3 Other debt securities										
A.4 UCITS units										
A.5 Loans										
- banks	12,552	8,081			0					
- customers	950	594	4,972	648	1,821	0	-			674
Cash liabilities	**18,706**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	10,283	-	5,257	-	-					
- customers	8,423									
B.2 Debt securities										
B.3 Other liabilities	0									
Off-balance sheet transactions	**-**	**887**	**-**	**4,212**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		438		2,106				-		
- short positions		449		2,106						
C.2 Deposits and loans to be received										
- long positions		-								
- short positions		-								
C.3 Irrevocable commitments to grant finance										
- long positions										
- short positions										

Currency: **UK POUND STERLING**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**262**	**3,740**	**119**	**-**	**907**	**-**	**20**	**-**	**-**	**-**
A.1 Government securities										
A.2 Listed debt securities							20			
A.3 Other debt securities										
A.4 UCITS units	-									
A.5 Loans										
- banks	261	3,738			907					
- customers	1	2	119							
Cash liabilities	**4,523**	**90**	**-**	**-**	**909**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	353			-						
- customers	4,170	90			909					
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**-**	**1,363**	**-**	**3,032**	**840**	**-**	**19**	**-**	**-**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		715		1,516	420					
- short positions		648		1,516	420		19			
C.2 Deposits and loans to be received										
- long positions										
- short positions										
C.3 Irrevocable commitments to grant finance										
- long positions										
- short positions										

Currency: **CANADIAN DOLLAR**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**973**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities										
A.2 Listed debt securities										
A.3 Other debt securities										
A.4 UCITS units										
A.5 Loans										
- banks	972									
- customers	1									
Cash liabilities	**942**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	-									
- customers	942									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**-**	**7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		-								
- short positions		7								
C.2 Deposits and loans to be received										
- long positions										
- short positions										
C.3 Irrevocable commitments to grant finance										
- long positions										
- short positions										

Currency: **JAPANESE YEN**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**419**	**1,508**	**3,237**	**5,524**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities	-									
A.2 Listed debt securities										
A.3 Other debt securities										
A.4 UCITS units	-									
A.5 Loans										
- banks	356									
- customers	63	1,508	3,237	5,524						
Cash liabilities	**298**	**1,588**	**2,778**	**6,028**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits										
- banks	10	1,588	2,778	6,028						
- customers	288									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**-**	**267**	**-**	**11,166**	**330,398**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with underlying asset exchange										
- long positions		125	-	5,583	165,199					
- short positions		142	-	5,583	165,199					
C.2 Deposits and loans to be received										
- long positions										
- short positions										
C.3 Irrevocable commitments to grant finance										
- long positions		-								
- short positions		-								

Currency: **OTHER CURRENCIES**

(Euro/1,000)

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	**5,321**	-	-	-	-	-	-	-	-	-
A.1 Government securities										
A.2 Listed debt securities										
A.3 Other debt securities										
A.4 UCITS units	-									
A.5 Loans										
- banks	5,310									
- customers	11									
Cash liabilities	**5,273**	-	-	-	-	-	-	-	-	-
B.1 Deposits										
- banks	80									
- customers	5,193									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	-	**187**	-	-	-	-	-	-	-	-
C.1 Financial derivatives with underlying asset exchange										
- long positions		90								
- short positions		97								
C.2 Deposits and loans to be received										
- long positions										
- short positions										
C.3 Irrevocable commitments to grant finance										
- long positions										
- short positions										

2. *Break-down of financial liabilities by sector*

(Euro/1,000)

Loan / Counterparty	Governments and central banks	Other public entities	Financial institutions	Insurance companies	Non-financial companies	Other entities
1. Due to customers	1	825	480,869	33,972	1,102,900	2,443,115
2. Securities issued			38,579	24,999	74,756	1,359,510
3. Financial liabilities held for trading		-	11,889	279	81	928
4. Financial liabilities at fair value through profit and loss			734	67,144	8,520	465,090
Total 31.12.2008	**1**	**825**	**532,071**	**126,394**	**1,186,257**	**4,268,643**
Total 31.12.2007		**2,117**	**389,101**	**176,846**	**1,180,197**	**3,501,539**

3. Break-down of financial liabilities by region

(Euro/1,000)

Loan / Counterparty		Italy	Other European countries	America	Asia	Rest of the world
1. Due to customers		3,818,690	218,754	22,761	975	502
2. Due to banks		26,771	10,865			
3. Securities issued		1,687,765	175,088	93	30	120
4. Financial liabilities held for trading		12,325	1,488	1,772		0
5. Financial liabilities at fair value through profit and loss		541,081	387	20		
Total	**31.12.2008**	**6,086,632**	**406,582**	**24,646**	**1,005**	**622**
Total	**31.12.2007**	**5,516,105**	**266,067**	**10,236**	**1,090**	**9,226**

SECTION 4 – OPERATIONAL RISK

Qualitative information

A. General aspects, management procedures and methods of measuring operational 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, outlines it within the Group's methodological framework of operational risks management: operational risk is 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).
The Banco Desio Group implemented a procedure for the structured gathering of adverse events which might generate operating losses. Moreover, a pilot project for Self Risk Assessment was launched using appropriate scenario analysis on the provision and management processes of a series of the banking products/services. During 2008 self risk assessment was extended to the insurance subsidiaries.
A reporting system for detrimental events recorded in the Corporate Operating Losses Database was implemented that has the capacity to provide top management at set intervals with all the information (overall and detailed) available regarding such events: the number of events, the amounts of gross losses and of losses net of any recoveries by business line, product/process and organisational unit concerned.
The Banco Desio Group is a member of the Italian Banking Association's DIPO Observatory, which will enable the Group in future to use the data from the organisation to integrate the internal historical loss data with the data generated by other member banks in order to make more realistic estimates regarding operational risk exposure.

For the monitoring of risks for the commission of offences pursuant to Legislative Decree no. 231/2001 "Regulations dealing with the administrative liability of legal persons, companies and associations without legal personality", the Group adopted an organisational prevention model. The supervision of the effective implementation of the above mentioned models was assigned, in line with the provisions of law and with the directions of the industry associations, to specific bodies selected for each company.
The organisational model under review is updated also following the changes that have occurred in the regulatory framework of reference.

An Operational Continuity Plan has been drawn up in relation to the management of risks having an impact on the Group's operational continuity. Measures were carried out aimed at the identification and mapping of processes considered vital for the purposes of the business, the preparation of the documentary structure supporting Group

operations (operational procedures for the management of emergencies and restoration) and the preparation of the Disaster Recovery site to be used in the event of emergency, an alternative site with respect to that to be used for production.
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 most actions brought against the Group at the end of the financial year consisted 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 39,766,000. These risks are appropriately monitored and hedged by prudential provisions of Euro 9,875,000. The most important lawsuits, almost exclusively brought against Banco di Desio e della Brianza, account for about 87% of the total, and involve disputes regarding financial instruments and claw-back actions in bankruptcy, the possible loss being about Euro 5,555,000 equal to about 56% 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 2008 totalled 1,023 events. This figure also includes the potentially harmful events which, however, did not generate any operating loss in the accounts. A record is, however, kept of such events, given that in some cases they may generate higher processing costs. Based on the definition of operational 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 Euros):

2008 - LOSSES BY TYPE OF OPERATIONAL RISK - RECONCILIATED

TYPE OF OPERATIONAL RISK	No. of Events	% of Events	Gross loss	% on total	Net loss	% on total	Recoveries
INTERNAL FRAUD Losses generated by fraud, misappropriation, violation of laws, rules and regulations or corporate directives (except for discrimination events) involving at least one internal member of the bank	0	0.00%	0.00	0.00%	0.00	0.00%	0.00
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	316	30.89%	597.75	24.85%	328.75	15.39%	269.01
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.	11	1.08%	21.94	0.91%	21.72	1.02%	0.22
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).	31	3.03%	1,241.35	51.62%	1,241.35	58.12%	0.00
DAMAGES TO ASSETS This category includes natural events or those events which might be connected to any actions carried out by external persons which cause damages to the tangible assets of the bank.	8	0.78%	8.19	0.34%	8.19	0.38%	0.00
BUSINESS INTERRUPTION AND SYSTEMS MALFUNCTIONS Losses generated by any blocks of the information systems or of line connections.	70	6.84%	6.79	0.28%	6.79	0.32%	0.00
EXECUTION OF DIRECTIONS, SUPPLY OF PRODUCTS AND MANAGEMENT OF THE PROCESSES	587	57.38%	528.96	21.99%	528.96	24.77%	0.00
BANCO DESIO GROUP: TOTAL	**1,023**	**100.00%**	**2,404.98**	**100.00%**	**2,135.76**	**100.00%**	**269.23**

The value of the gross operating loss, equal to Euro 2,404.35 thousand, made of prudential provisions amounting to Euro 1,561.83 thousand and covered net loss amounting to Euro 2,135.76 thousand, of which Euro 146.26 thousand of different kinds of recoveries, and Euro 122.97 thousand in insurance recoveries.

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 Company Chiara Assicurazioni.

Non-Life Insurance Business

Information on Risk Management Activity for Non-Life Business

Regulation 20 of 26 March issued by ISVAP, the Italian insurance sector regulator, required enterprises to equip themselves with an appropriate risk management system, proportionate to their size and the nature and complexity of the business that they conduct, which should allow them to identify, measure and monitor the most significant risks, taking these to be risks whose consequences could undermine the solvency of the enterprise or constitute a grave obstacle to the attainment of corporate objectives.
The Company's Risk Management office, in concert with the other operating functions concerned and the General Management, determined and listed the main risks to which the Company is exposed.
The following risks were established:
(a) underwriting risk: the risk deriving from the execution of insurance contracts attached to the events covered, the processes adopted for the pricing and selection of the risks and a more unfavourable claims trend than that estimated;
(b) reserves risk: the risk attached to having calculated claims reserves that are not sufficient to meet commitments to insured and damaged parties;
(c) market risk: the risk of losses arising from variations in interest rates, share prices, exchange rates and property prices;
(d) credit risk: the risk attached to default by issuers of financial instruments, reinsurance firms, intermediaries and other counterparties;
(e) liquidity risk: the risk of not being able to meet commitments to insured parties and other creditors owing to difficulty in converting investments into cash without incurring losses;
(f) operational risk: the risk of losses deriving from the inefficiency of persons, processes or systems, including those utilised for distance selling, or from external events such as fraud or activities by the suppliers of services;
(h) the risk of nonconformity to the law: the risk attached to failure to observe laws, regulations or orders from regulators or unfavourable amendments to the legislative framework or changes in case law approaches;
(i) reputational risk: the risk of the deterioration of the corporate image and greater conflictuality with insured parties, also due to the poor quality of the services provided, the marketing of unsuitable policies or the behaviour of the sales force.

An appropriate risk management system, meeting the requirements laid down in the ISVAP Regulation mentioned above, is determined by carrying out the following activities:

1) definition of risk management system through the following procedural stages:
- mapping the different risk typologies specified in the ISVAP Regulation that are encountered in the Company's business;
- defining the qualitative and quantitative models for the different risk typologies;
- setting agreed different operational risk limits for each risk analysed;
- creating information flows to monitor risks;
- preparing periodic risk reports, at least quarterly, to the Administrative Body to serve as useful tools for taking strategic decisions with regard to risk;.

2) analysis by risk typology as follows:
- quantitative and qualitative analysis of claims by year of generation and by year of event, separate for each balance sheet segment;
- analysis and measurement of the probabilistic severity structure for the various phenomena emerging from claims analysis;

- calculation of loss ratio and combined ratio;
- impact on assets of underwriting and claims reserves risks;
- risk mitigation policies (e.g. reinsurance and assignment of portfolios);
- analysis of financial asset portfolios;
- conducting stress tests by using deterministic models;
- measurement of the impact of operational risks on the Company's economic capital by means of a proportional approach.

All the analyses above are summarised in a special document, Risk Report, containing risk measurements, points needing attention and proposals for action based on the qualitative and quantitative factors that indicate that action should be taken.

The methodological approach taken for this document is as follows:
a) underwriting risk: Value at Risk approach with a level of confidence set considering the best distribution in terms of statistical fitting for the historical series of S/P ratios, for each ministerial segment between Lognormale e Weibull.
Granularity: by ministerial segment
Reference: quantitative methodology QIS 4 – Framework Solvency II
b) claims reserves risk: Value at Risk approach with a level of confidence set considering the best distribution in terms of statistical fitting for the historical series of claims reserves run-off ratios, for each ministerial segment between Normal and Logistics;
Granularity: by ministerial segment
Reference: quantitative methodology QIS 4 – Framework Solvency II
c) credit risk (reinsurance): expected amount of losses as a result of default by each counterparty, corresponding to exposure owing to default by the counterparty (which depends on its credit rating);
Granularity: by ministerial segment
Reference: quantitative methodology QIS 4 – Framework Solvency II
d) market risk (interest rate): difference between a stress scenario and the standard scenario after shock, regardless of interest rate level.
Granularity: bonds
Reference: quantitative methodology QIS 4 – Framework Solvency II
e) market risk (spread): risk of losses arising from variations in the yield curve with respect to the risk-free curve. Application of weighting to market values by set bond rating functions.
Granularity: corporate bonds
Reference: quantitative methodology QIS 4 – Framework Solvency II
f) market risk (equity): difference between a stress scenario and the standard scenario after shock regardless of equity market indices.
Granularity: ETF funds
Reference: quantitative methodology QIS 4 – Framework Solvency II
g) operational risk: proportional approach – 2% of the greater of premiums during the period and total claims reserves.
Granularity: entire portfolio
Reference: quantitative methodology – QIS 4 simplified parametric formula – Framework Solvency II.

The following are some KPIs (Key Performance Indicators).
The speed of settling claims during the period was 74%.
The Loss Ratio of direct business at 31 December 2008 in all segments is 28.3%: this is a poorer result than the figure at 31 December 2007 (15.4%) owing to an increase in business volumes and a consequent increase in claims. The Expense Ratio of direct business at 31 December 2008 was 90.9%, compared with 115.1% at the end of the previous period. This represents improved process efficiency.
The Combined Ratio at 31 December 2008, therefore, is 119.2%. This indicator also reflects a high incidence of overheads and acquisition costs, but, in spite of the actual increase in the volume of claims, it is lower than the 130.5% recorded at 31 December 2007 thanks to the structural and organisational improvements to the company that have been made.

DISCLOSURES TO THE PUBLIC

The disclosures whose publication is governed by the rules in Part IV of Bank of Italy Circular 263/06 containing new prudential supervision rules for banks appear on the banking parent company's website within the time limit for the publication of the financial statements.

Part F – 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:

(Euro/1,000)

Description	31 December 2008
Share Capital	67,705
Treasury shares	0
Reserves	542,008
Share premiums	16,145
Net profit for the period	63,060
Shareholders' equity	**697,600**

The table shows that the most important component consists of the reserves, which account for about 78%, confirming the constant policy of capital expansion that is carried out by reinvesting profits.

Quantitative information

Reference is made to part B- Liabilities, Section 15 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 31 December 2008 the consolidated regulatory capital of the Banco Desio Group is made up as follows:

(Euro/1,000)

Description	Amount
Tier 1 capital	596,175
Tier 2 capital	54,480
Items to be deducted	13,476
Regulatory capital	637,179

1. Tier 1 capital
Share capital, share premiums, reserves, undistributable earnings for the period and innovative equity 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 94% of the Regulatory Capital.

2. Tier 2 capital

Valuation reserves, innovative equity 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 accounts for 9% of the Regulatory Capital. The elements to be deducted account for about 2%.

3. Tier 3 capital

It is comprised by the portion of Tier 2 subordinated liabilities not included in Tier 2 since exceeding 50% of Tier 1 capital gross of the elements to be deducted, and by Tier 3 subordinated liabilities. This aggregate may only be used for the purpose of fulfilling the capital requirements on market risks for a maximum amount equal to 71.4% of such risk.

Quantitative information

(Euro/1,000)

	31/12/2008	31/12/2007
A. Tier 1 capital before the application of prudential filters	631,956	576,543
B. Prudential filters for Tier 1 capital:	- 17,965	- 6,473
B1 - positive IAS/IFRS prudential filters (+)	-	-
B2 - negative IAS/IFRS prudential filters (-)	17,965	6,473
C. Tier 1 gross of deductions (A+B)	613,991	570,070
D. Deductions from Tier 1 capital	17,816	18,212
E. Total primary capital (TIER1) (C-D)	596,175	551,858
F. Tier 2 capital before the application of prudential filters	72,296	87,571
G. Prudential filters for Tier 2 capital:	-	- 1,398
G1- positive IAS/IFRS prudential filters (+)	-	-
G2- negative IAS/IFRS prudential filters(-)	-	1,398
H. Tier 2 gross of deductions (F+G)	72,296	86,173
J. Deductions from Tier 2 capital	17,816	18,212
L. Total supplementary capital (TIER2) (H-J)	54,480	67,961
M. Deductions from Tier 1 and Tier 2 capital	13,476	41,182
N. Regulatory capital (E + L - M)	637,179	578,637
O. Tier 3 capital	-	
P. Regulatory Capital including TIER3 (N + O)	637,179	578,637

2.2 CAPITAL ADEQUACY

Qualitative information

The above equity structure allows the following ratios to be applied:

- Tier 1 capital / weighted risk assets (1) 9.81%
- Regulatory capital / weighted risk assets (1) 10.49%

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.

(1) Weighted risk assets are determined as the product of the total prudential requirements and the reciprocal of the obligatory minimum coefficient for credit risks.

Quantitative information

(Euro/1,000)

Category/Value	Unweighted amounts		Weighted amounts/requirements	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
A. RISK ASSETS				
A.1 CREDIT RISK	**8,372,117**	**6,631,542**	**5,423,010**	**5,499,399**
1. STANDARD METHODOLOGY	8,372,117	6,631,542	5,423,010	5,499,399
2. METHODOLOGY BASED ON INTERNAL RATINGS				
2.1 Base				
2.2 Advanced				
3. SECURITISATIONS				
B. CAPITAL REQUIREMENTS				
B.1 CREDIT AND COUNTERPARTY RISKS			**433,841**	**439,952**
B.2 MARKET RISK			**5,440**	**4,167**
1. STANDARD METHODOLOGY			5,440	4,167
2. INTERNAL MODELS				
3. CONCENTRATION RISK				
B.3 OPERATIONAL RISK			**46,711**	**0**
1. BASE METHODOLOGY			46,711	0
2. STANDARD METHODOLOGY				
3. ADVANCED METHODOLOGY				
B.4 OTHER CAPITAL REQUIREMENTS			0	0
B.5 TOTAL CAPITAL REQUIREMENTS			**485,992**	**444,119**
C. RISK-WEIGHTED ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			**6,074,898**	**5,551,487**
C.2 Tier 1 capital / Risk-weighted assets (Tier 1 capital ratio)			9.81%	9.94%
C.3 Total capital / Risk-weighted assets (Total capital ratio)			10.49%	10.42%

PART H - TRANSACTIONS WITH RELATED PARTIES

For information regarding the remuneration paid to the members of management and control boards, to general managers and to managers with strategic responsibilities please refer to the statement regarding "Staff costs" in these Notes

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 annual Report on Corporate Governance of the Parent Company and mentioned in the Report on Operations of the Parent Company. The other companies of the Group follow substantially similar procedures or practices.
Relations with external related parties are settled on market conditions and, where the market is not a satisfactory reference, (as in the instance of the Agreements for outsourcing services provided to subsidiaries), on conditions that are fair and that are valued in compliance with the procedures above.
In this context, as of 31 December 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, Investee Companies, Representatives), distinguishing between transactions carried out (including any transaction made pursuant to article 136 of the Consolidated Banking Act), current accounts and security accounts balances and, finally, any supplier relations of a different type.

I - Parent Company

At the end of the year, current account deposits of the Parent Company Brianza Unione di Luigi Gavazzi e C. S.a.p.A totalled about Euro 2.3 million, entirely allocated to Banco Desio. The company has no debt exposure.
During the year, 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 IV below).
The balance of relations with the Parent Company, relating to the securities deposit allocated to Banco Desio amounts to about Euro 275.0 million.

III – Associated companies

At the end of the year there were three associated companies:

- Chiara Vita SpA, originally considered a subsidiary but became an associate during the year, due to the effect of maintaining an interest of 30% within the framework of the agreements with the Helvetia Group;
- Istifid S.p.A., in which an interest of approximately 21% is maintained;
- Anima SGRpA, previously a subsidiary and became an associate, in 2007, due to the effect of maintaining an interest of approximately 21% (also sold on 30 January 2009 following the acceptance of the takeover bid launched by the Banca Popolare di Milano Scarl);

Within the framework of the agreements with the Helvetia Group the following have been drawn up: i) a five-year contract for the distribution of products in the life insurance branch; ii) conversely, following the exit from the Group, on 1 October 2008, the pre-existing relations for the provision of services of a technical and administrative nature ended.

The contractual relations with Istifid SpA consist essentially in the supply of company services (shareholders registers, assistance at meetings, consultancy regarding corporate compliance etc) which are charged at the usual costs for such services.

As regards Anima Sgr, Banco Desio acts as custodian bank for the Mutual Funds managed by the bank itself, as well as acting as the investment dealer; furthermore, the Parent Company and all the Group's banks perform placing activities for such funds. During the year, it was resolved that the credit lines that were previously granted to a limit of Euro 300 million should be reduced to a maximum of Euro 50 million. It should be remembered that during 2007 a subordinated loan of Euro 16.5 million was granted to the company within the framework of the acquisition of the DWS business unit. At the end of the year, therefore, there were total credit facilities of Euro 66.5 million. The outstanding transactions with Anima Sgr (still treated pursuant to Article 136 of the Consolidated Banking Act (TUB) due to the correspondence of the positions of some Representatives of the Bank), as well as those with the related Mutual Funds, are settled at arm's length, according to the policies adopted by the Bank.

The amount of assets/liabilities, as well as revenues/charges, resulting from relations with the aforesaid companies is shown in paragraph 8.4 of the Report of Operations (Table no. 13) under the item "Companies subject to significant influence".

III – Other investee companies

The transactions subject to credit limits resolved in favour of the investee companies, which are assimilated to "related parties" as a result of the size of the interests held in them and considering the existing agreements to which they are parties, are mainly ordinary transactions issuing or confirming credit granted 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. During 2008, the Bank carried out a capital increase as per the resolution of the General Meeting of the subsidiary Zenit SGR (the counter value of which was Euro 150,000, paid up on 31 January 2009). The shareholding and distribution relations with the "PFM Group" are however in the process of being redefined.
As regards the relations with the companies referred to in the preceding paragraph and with the funds managed by these companies, it should be noted that the debit balances towards customers as at 31 December 2008 amount, in aggregate, to approximately Euro 21.7 million, approximately Euro 5.7 million of which refer to deposits of securities; credit balances amount to approximately Euro 0.5 million (against existing credit facilities of approximately Euro 4.1 million).

IV - Transactions with Representatives and subjects referable thereto

As regards the transactions subject to credit limits approved in 2008 pursuant to Article 136 of the Consolidated Law on Banking (T.U.B.), it is to be noted that most of the these were ordinary transactions whereby credit was paid out to Representatives of the Group and/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 relationships of a financial or personal nature with these 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 48 positions existing as at 31 December 2008 is equal to about Euro 46.9 million. The relative uses totalled about Euro 32.7 million in amounts due from customers.
The figures above do not include approved transactions with the associate and investee companies mentioned in points II and III above (officially resolved pursuant to Article 136 of the Consolidated Banking Act, due to the positions held in such companies by some Representatives of the Bank).

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 deposit relations with the Representatives (i.e. directors, statutory auditors and managers with strategic responsibilities within the Bank and the companies under control) and subjects related to them pursuant to art. 136 of the Consolidated Banking Act, it is also worth noting that the balances as at 31 December 2008 amount to approximately Euro 84.6 million in amounts due to customers (inclusive of approximately Euro 59.1 million, in securities accounts).

In compliance with CONSOB Resolution no. 15519 of 27 July 2006 and analogously, with the matters highlighted in the six-monthly Report of 30 June 2008, it is noted that the total percentage value of the above balances in terms of the Group's equity, financial and economic situation remains substantially negligible.

PART I - 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 activated) and then updated in the 2007 Financial Statements.

The options granted overall as at 31 December 2008 (net of the ordinary number of options forfeited following the termination of the employment agreements) were, in aggregate, no. 6,061,202 compared with the no. 3,857,000 options outstanding as at 31 December 2007. The extent of the increase is mainly due to the fact that, in relation to the capital increase subscribed by the Parent Company in 2008 (for a nominal amount of Euro 12,000,000 with a premium of Euro 3,000,000), and in line with the provisions of the Plan Regulations in the matter of share dilution, 2,028,046 additional options were granted during the period at a par value of Euro1.25 per share, determined by a Board of Directors' resolution on the basis of an expert valuation.

The options granted so far are generally corroborated in the Notarial resolutions increasing the Company's share capital passed by the Board of Directors of Banco Desio Veneto on 12 September and 20 December 2006, and on 29 November 2007 and, lately, 18 December 2008 as well, pursuant to Article 2443 of the Italian Civil Code, and noted in the Company's updated Articles of Association. Euro 6,243,202 of the maximum of Euro 6,685,714 set by resolution of the Board of Directors has been utilised.

The Black & Scholes model has been used for the valuation of the options; apart from the vesting period and the strike price, relating to the different *tranches* of options 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 0.08887 to a maximum of Euro 0.10529. The valuation of the outstanding options amounts to Euro 547,593 in aggregate.

For the financial year 2008, the pro-rata cost as determined by the distribution of the overall cost over the terms of the different *tranches* – amounts to Euro 94,144, compared with Euro 72,300 for the financial year 2007.

Stock option plan for shares of subsidiary Chiara Assicurazioni SpA

The "Chiara Assicurazioni" Plan was outlined in details in the financial statements of 2006 (year when such plan was activated) and then updated in the 2007 Financial Statements

As at 31 December 2008, no. 1,976,000 options were granted, compared with the no. 2,026,000 outstanding as at 31 December 2007 (such decrease being the consequence of the termination of service of a negligible number of employees). 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, contractual terms and conditions and basic assumptions taken 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 outstanding options amounts to Euro 359,837 in aggregate.

The cost pertaining to the financial year 2008 as resulting from the distribution of the aggregate cost over the terms of the options – amounts to Euro 79,998, against Euro 82,023 for financial year 2007.

Stock option plan for shares of subsidiary Fides SpA held by Banco Desio Lazio SpA

As in the development of other Group plans, on 29 July and 18 September 2008 the competent bodies of the companies involved approved an ad hoc stock option plan for subsidiary Fides SpA, in order to give this finance house an efficacious stimulus to increase its growth rate, particularly addressed at the area of loans secured by the assignment of one-fifth of salary.

The stock option plan regards at most 220,000 shares with a par value of Euro 1 (20% of the present share capital) and its beneficiaries are to be managers and employees of the company itself and Group managers directly and/or indirectly involved in the finance house's growth process. The option exercise period is the month of October 2011. The strike price is Euro 7.65 per share, on the basis of a sworn valuation by Mr. Daniele C. Trivi, consistently with the criterion of normal value on the granting date, also applicable for tax purposes.

210,000 options had been granted by 31 December 2008. The Black & Scholes method was used to value them; the basic assumptions made for valuation are similar to those for the other plans described above. The unit value of each option is Euro 1.03901. The value of the existing options is Euro 218,192.

The cost accruing in the 2008 period, calculated by distributing the total cost over the period of duration of the options is Euro 17,827 (based on the allocation of the said 210,000 options on 1 October 2008).

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154-BIS OF LEGISLATIVE DECREE 58/1998

4. The undersigned Nereo Dacci, Managing Director, and Piercamillo Secchi, Manager responsible for preparing the Company financial reports, of Banco di Desio e della Brianza S.p.A. taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, do hereby certify to:

   - the adequacy in relation to the Company's features and
   - the actual application

   of the administrative and accounting procedures employed to draw up the consolidated financial statements for the period from 01/01/2008 to 31/12/2008.

5. Evaluation of the adequacy of the administrative and accounting procedures employed to draw up the consolidated financial statements as at 31 December 2008 was based on methods defined by Banco di Desio e della Brianza S.p.A. consistently with the Internal Control Integrated Framework model, issued by the Committee of Sponsoring Organization of the Treadway Commission, which is an internationally accepted reference framework.

6. The undersigned also certify that:

   3.3 The Consolidated Financial Statements:

   a. were prepared according to the applicable international accounting principles recognised in the European Union as per Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002, the applicable provisions of the Italian Civil Code, Legislative Decree no. 38 of 28 February 2005 and the administrative instructions issued by the Bank of Italy;

   b. correspond to the results of the books and accounts;

   c. give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer and the whole of the businesses included in the consolidation area.

   3.4 the Report on Operations mentions the important events that occurred during the year and their impact on the Consolidated Financial Statements, and sets out the main risks and uncertainties for the six months following the reporting date, in addition to disclosing transactions with related parties.

Desio, 24 March 2009

Managing Director	Manager responsible for preparing the Company's financial reports
Nereo Dacci	*Piercamillo Secchi*

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE NO 58 DATED 24 FEBRUARY 1998

To the Shareholders of
Banco di Desio e della Brianza SpA

1 We have audited the consolidated financial statements of Banco di Desio e della Brianza Spa and its subsidiaries (Banco Desio Group) as of 31 December 2008, which comprise the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the related notes. The directors of Banco di Desio e della Brianza Spa are responsible for the preparation of these consolidated financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our audit opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by law, reference is made to our report dated 11 April 2008.

3 In our opinion, the consolidated financial statements of Banco di Desio e della Brianza SpA as of 31 December 2008 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005; accordingly, they have been drawn up clearly and give a true and fair view of the financial position, results of operations, changes in equity and cash flows of Banco Desio Group for the year then ended.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

4 The directors of Banco di Desio e della Brianza SpA are responsible for the preparation of the Report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by art 156, paragraph 4-bis, letter d), of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard No 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial statements of Banco di Desio e della Brianza SpA as of 31 December 2008.

Milan, 9 April 2009

PricewaterhouseCoopers SpA

Signed by

Fabrizio Piva
(Partner)

This report has been translated into the English language from the original which was issued in Italian, solely for the convenience of international readers.