Half-Year Consolidated Report
as of 30 June 2007

Gruppo Banco Desio

This is an English translation of the Italian original “Relazione semestrale consolidate al 30 giugno 2007” and has been prepared solely for the convenience of the international reader. The version in Italian takes precedence and will be made available to interested readers upon written request to Banco di Desio e della Brianza S.p.A..

1. FINANCIAL HIGHLIGHTS AND RATIOS

BALANCE SHEET DATA

(in thousands of Euro)	30.06.2007	30.06.2006	Change Amount	%
Total assets	7,627,108	6,729,795	897,313	13.3%
Financial assets	2,476,693	2,025,581	451,112	22.3%
Amounts due from banks	248,339	507,866	-259,527	-51.1%
Loans and advances to customers	4,489,952	3,790,640	699,312	18.4%
Tangible assets	138,344	132,535	5,809	4.4%
Intangible assets	42,371	42,852	-481	-1.1%
Amounts due to banks	249,724	152,484	97,240	63.8%
Amounts due to customers	3,478,549	3,052,751	425,798	13.9%
Securities issued	1,451,667	1,452,202	-535	0.0%
Financial liabilities at fair value through profit or loss	1,171,448	904,167	267,281	29.6%
Shareholders' equity (1)	537,202	476,473	60,729	12.7%
of which: net proft for the period (1)	*38,139*	*29,237*	*8,902*	*30.4%*
Total indirect deposits	15,414,776	14,862,958	551,818	3.7%
Indirect deposits from customers	13,924,375	13,584,216	340,159	2.5%
of which: assets under management	*9,442,025*	*9,895,434*	*-453,409*	*-4.6%*

INCOME STATEMENT DATA

(in thousands of Euro)	30.06.2007	30.06.2006	Change Amount	%
Net interest income	111,428	95,966	15,462	16.1%
Margin on banking and insurance activities (2)	191,888	166,310	25,578	15.4%
Net operating profit	73,004	60,019	12,985	21.6%
Net profit/(loss) for the period (2)	38,139	29,237	8,902	30.4%

FINANCIAL RATIOS

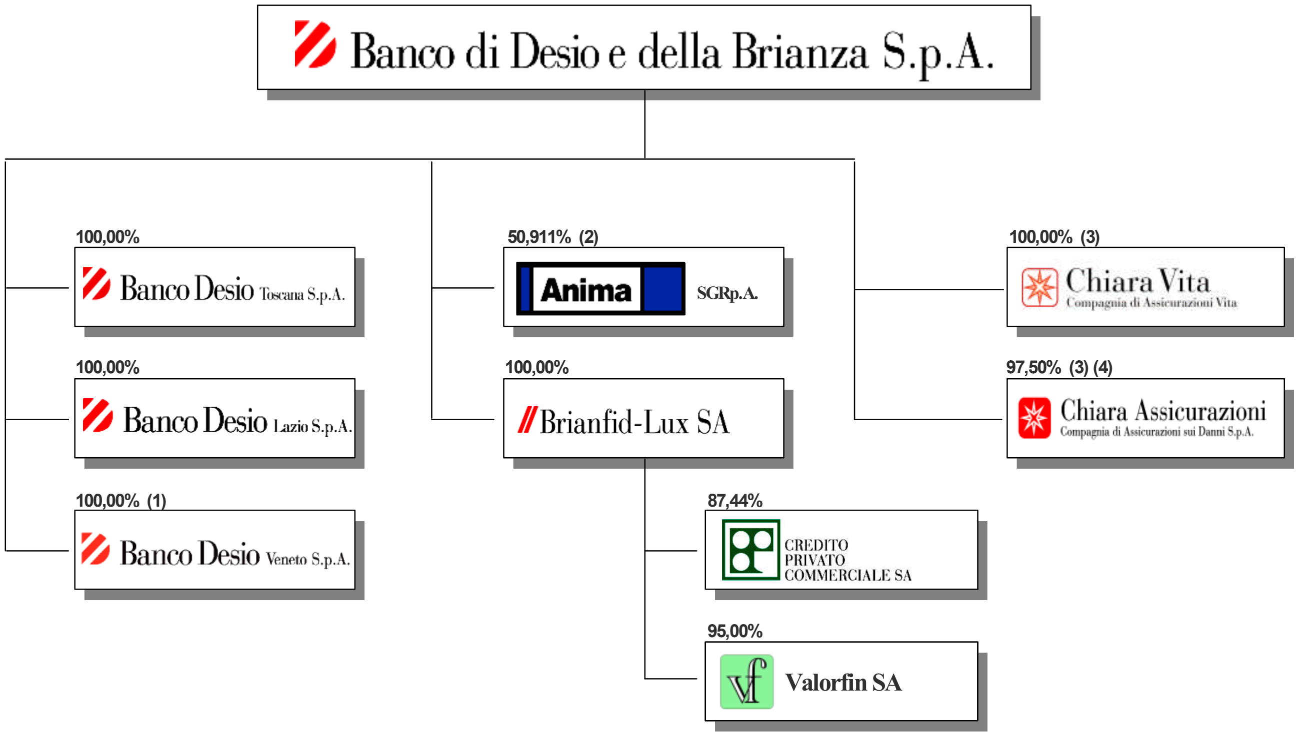
	30.06.2007	30.06.2006	Change %
Shareholders' equity / Total assets	7.0%	7.1%	-0.1%
Shareholders' equity / Loans and advances to customers	12.0%	12.6%	-0.6%
Shareholders' equity / Amounts due to customers	15.4%	15.6%	-0.2%
Shareholders' equity / Securities issued	37.0%	32.8%	4.2%
Tier 1 capital	9.6%	9.8%	-0.2%
(Tier 2) Solvency ratio	10.4%	11.2%	-0.8%
Financial assets / Total assets	32.5%	30.1%	2.4%
Amounts due from banks / Total assets	3.3%	7.5%	-4.3%
Loans and advances to customers / Total assets	58.9%	56.3%	2.5%
Loans and advances to customers / Direct deposits	91.1%	84.1%	6.9%
Amounts due to banks / Total assets	3.3%	2.3%	1.0%
Amounts due to customers / Total assets	45.6%	45.4%	0.2%
Securities issued / Total assets	19.0%	21.6%	-2.5%
Financial liabilities at fair value through profit or loss/ Total assets	15.4%	13.4%	1.9%
Direct deposits / Total assets	64.6%	66.9%	-2.3%
Administrative expenses / Margin on banking and insurance activities	55.8%	57.2%	-1.4%
Net operating profit / Margin on banking and insurance activities	38.0%	36.1%	2.0%
Net profit for the period / Margin on banking and insurance activities	19.9%	17.6%	2.3%
Net profit for the period / Shareholders' equity (R.O.E.) - annualised -	15.3%	13.1%	2.2%

STRUCTURE AND PRODUCTIVITY DATA

	30.06.2007	30.06.2006	Change Amount	%
Number of employees	1,694	1,522	172	11.3%
Number of bank branches	140	130	10	7.7%
(in thousands of Euro)				
Loans and advances to customers by employee	2,651	2,491	160	6.4%
Direct deposits by employee	2,910	2,960	-49	-1.7%
Margin on banking and insurance activities by employee - annualised -	227	219	8	3.7%

2. THE BANCO DESIO GROUP

The consolidated half year report as of 30 June 2007 relate to the following Group corporate structure:



(1) Operational since 1 October 2006
(2) The share decreased to 21.191% pursuant to shareholdings disposals of 22.1% and 7.62% occurred, respectively, on 10 and 24 July 2007
(3) Company excluded from the perimeter of the Banking Group
(4) Operational since 1 January 2007.

3. THE BASELINE SCENARIO

In spite of the slow-down in the United States over the first six months of 2007 mainly due to the deterioration of the real property sector and its affect on the credit market, world economic growth continued even though the rate was less than that seen in the previous year. This was thanks to some signs of recovery in Europe and Japan together with the continuing extraordinary progress recorded in China and other emerging markets.

In the context of fairly low inflation rates and the continuation of the “normalisation of rates by the main Central Banks, the growth of the Italian national economy, reaching a growth rate of 2.3%, can be attributed to consolidation in the manufacturing sector and a growth sustained particularly by investments, the strength of exports and, to a lesser extent, by internal consumption.

Nonetheless, the concern generated by the crisis in the American sub-prime market whose effects are still being felt both in the markets and in the world of credit, has also recently influenced the forecast growth of the GDP. The crisis in US mortgages, more serious than expected, has lead the OECD to reduce its forecasts on economic growth of the main industrialised countries for 2007. The reduction for Italy has stopped at forecast growth of 1.8% while GDP growth for the United States has fallen to 1.9%. France does not buck the trend either with a significant downward adjustment to 1.8% while German growth forecasts have been reduced to 2.6%. Growth estimates for the Euro area are down at 2.6%.

4. THEMES OF STRATEGIC IMPORTANCE AND DEVELOPMENT POLICIES

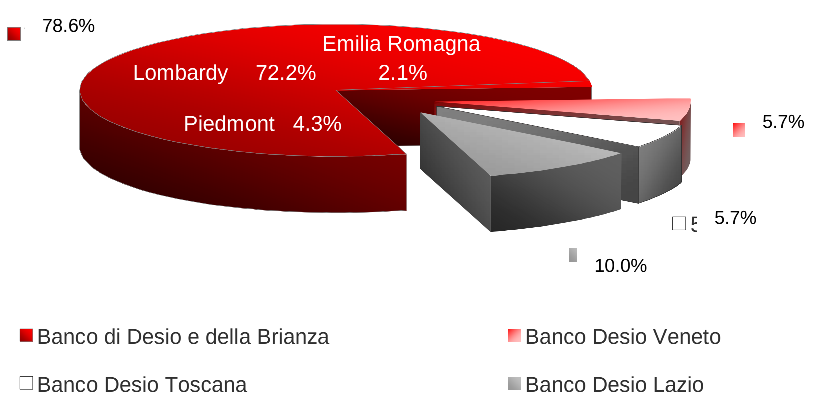
4.1 DEVELOPMENT OF THE DISTRIBUTION NETWORK

The targeted local expansion policy has been pushed ahead with vigour reaching the figure of 140 branches for the Group as a whole at the end of the six-month period, adding a further 10 units compared t the first half-year of 2006, representing a rise of about 8%.

The increasingly complex distribution network has led the Group to be present in six regions: Lombardy, Piedmont, Veneto, Emilia Romagna, Tuscany and Latium.

The graph below highlights the percentage allocation of the distribution network on a Group level by company of belonging and by each of the six reference region as of 30 June 2007.

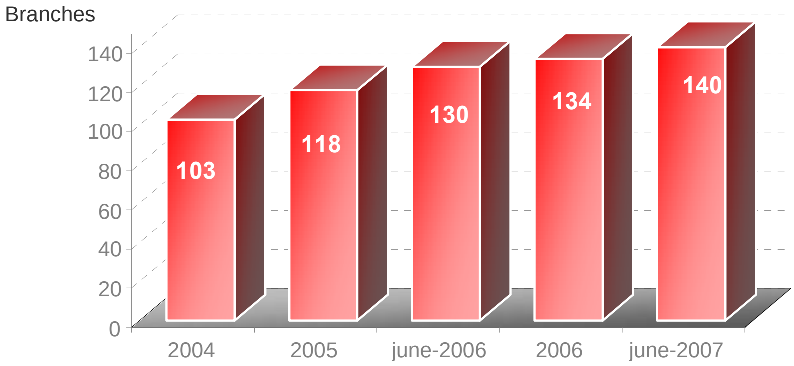
Chart No. 1 - THE DISTRIBUTION NETWORK: BREAK-DOWN BY GROUP BANKS AND BY REGION



The opening of a further 10 branch offices in the second half of the year, of which two were already opened in July, amounting to a total of 16 new branches for 2007, will take the Group to 150 branches by the end of the year.

The graph below represents the growth in size reached by the banking Group as from 2004, showing an average yearly rate of growth of 13.1%.

Chart No. 2 – THE GROUP DISTRIBUTION NETWORK: GROWTH IN SIZE IN THE LAST FEW YEARS



4.2 BUSINESS PLANS AND CORPORATE EVENTS

Disposal of a Shareholding of 29.72% in Anima SGRp.A 's share capital

As already mentioned in the Report on Operations as of 31.12.2006 and in the last Quarterly Report on Operations too, accordingly with the most recent sector orientation, also supported by the views of the Credit and Markets regulatory Authorities, is that it is increasingly important to separate the production and distribution of investment services. Consistently with this, on 27 March 2007 Banco di Desio e della Brianza reached agreement with Banca Popolare di Milano S.c.a.r.l. to sell 23,205,000 shares to the latter, amounting to 22.1% of the share capital of Anima SGRp.A. and reached agreement with Koinè S.p.A. for the disposal to the latter of 8,000,000 shares of the Asset Management Company concerned, amounting to 7.62% of the share capital.

The completion of these disposals giving rise to a capital gain of about Euro 135 million gross of tax, took place, respectively, on 10 July 2007 (reference date for the cessation of control and the leaving of the Banco Desio Group by Anima SGRpA) and 24 July 2007. On this latter date Banco di Desio e della Brianza S.p.A.'s Shareholding in the company concerned (now classified as a "related" company pursuant to Article 2359 of the Italian Civil Code) reduced to 21.19%.

Transition from "standard" to "Blue chip" trading segment for the Parent Company Banco di Desio e della Brianza S.p.A.'s share quotation on the Telematic Share Market of the Milan Stock Exchange

Starting from 19 March 2007 the ordinary and savings shares of the Parent Company Banco di Desio e della Brianza S.p.A., previously traded in Class 1 of the Standard segment of the Telematic Share Market, were transferred to the Blue Chip segment, in that the capitalisation of the ordinary shares increased to above the Euro 1 billion threshold as provided for in the Instructions to the Italian Stock Exchange Regulations for the division of financial instruments between Blue chip and other segments.

Furthermore, as before with effect from 19 March 2007, Banco di Desio e della Brianza ordinary shares were included in the basket used by the Midex Index.

Amendments to the Articles of Association to adapt them to the Law on savings protection

The Parent Company's Extraordinary General Meeting of 28 June 2007 approved the amendments to the Articles of Association designed to adapt them to the Law on savings protection no. 262/2005 concerned in particular with the rules on list voting for the appointment of the Board of Directors and the new post of Manager with Responsibility for the drawing up of accounting and company documents.

4.3 OTHER GROUP COMPANIES TRANSACTIONS AND RELATED COMPANIES

Change of Company Name of the subsidiary Desio Vita S.p.A. to Chiara Vita S.p.A.

Desio Vita S.p.A.'s extraordinary General Meeting of 22 February 2007 resolved to change the Company name to Chiara Vita - Compagnia di Assicurazioni sulla Vita S.p.A. with the abbreviated form Chiara Vita S.p.A.. The new name came into force from 12 March 2007.

Increases in Share Capital of a number of Group Companies

Banco Desio Lazio S.p.A.

With a view to bolstering the capital to support operations and growth of bank, the Extraordinary General Meeting of 20 April 2007 resolved to increase the Company's share capital with the payment of new funds by a nominal value of Euro 10 million, subscribed to and paid up on the same date by the sole Shareholder, as well as Parent Company, Banco di Desio e della Brianza S.p.A.. Following such increase, the subsidiary share capital amounted to Euro 37.7 million.

Chiara Vita S.p.A.

The company's Extraordinary General Meeting of 22 February 2007 resolved on the increase by the payment of new funds at par of the share capital by Euro 10 million (from Euro 24.2 million to Euro 34.2 million), to be subscribed to and fully paid up again by the Parent Company, Banco di Desio e della Brianza S.p.A., in order to bring the solvency margin into line with operational requirements, correlated to the high rate of growth currently experienced by the company.

Purchase of the majority Shareholding in FIDES S.p.A by the subsidiary Banco Desio Lazio S.p.A.

On 14 June 2007 the agreements were signed relating to the purchase of the majority Shareholding (amounting to 80% of the share capital) of "FIDES S.p.A. - *Ente commissionario per facilitazioni rateali ai lavoratori*", by the subsidiary Banco Desio Lazio S.p.A. FIDES S.p.A. is a financial company with its Registered Office in Rome, operating pursuant to Article 106 of *T.U.B.(Testo Unico Bancario,* the Consolidated Banking Act).

FIDES S.p.A. is an organisation which has been working for sixty years in the business of negotiating secured personal loans, mainly through the mechanism of the deduction of one fifth of salary.

Authorisation is currently being processed by the Bank of Italy but the operation should be completed before the end of the year and will involve a total outlay of about Euro 6.6 million.

Disposal of a shareholding in Chiara Assicurazioni S.p.A. by the Parent Company

In order to enlarge the distribution networks of its damage bank assurance company, Chiara Assicurazioni S.p.A., in line with the most recent guidance given by the Bank of Italy and CONSOB which have emphasised the desirability of a clear separation (including in terms of ownership) between banking strategy and operations and the product companies, making these latter the pivots of an enlarged (and not captive) distribution network in order, *inter alia*, to facilitate market competition and protection of the saving public. The Parent Company Banco di Desio e della Brianza

S.p.A. has completed the disposal of a Shareholding of 2.5% of its subsidiary to the brokerage company, Capital Money S.p.A..

Then, agreements were also concluded during the six-month period with Cassa di Risparmio di Ferrara S.p.A., Banca C.R. Asti S.p.A. and Unibanca S.p.A., for the disposal to each bank of a 10% Shareholding in the same insurance Company. Requests for authorisation of the various operations are still being processed.

The increase by the Parent Company of the majority holding in Istifid S.p.A.

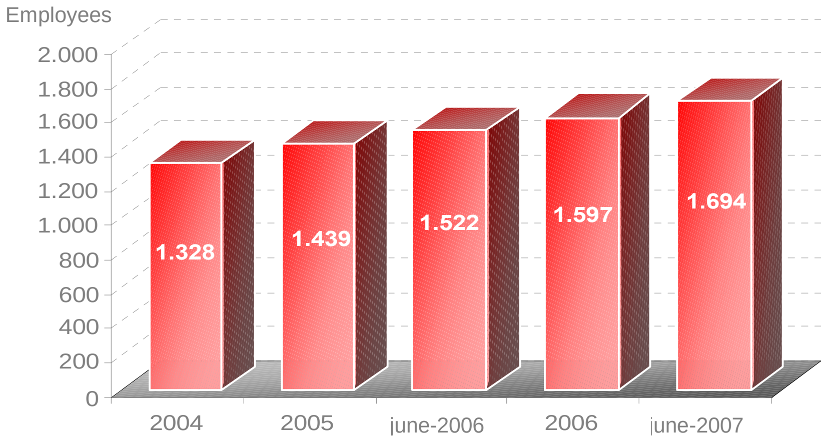
Over the six months the Bank of Italy authorised the Parent Company to increase its Shareholding in the trust company Istifid S.p.A. from 12.04% to 21.65%, (now classified as a "related" company pursuant to Article 2359 of the Italian Civil Code), then purchasing, through the exercise of pre-emption rights, the Shareholdings put up for sale by Credito Emiliano S.p.A. (representing 7.65% and purchased prior to the end of the six-month period) and by Azur GMF Mutuelles d'Assurances Associées (representing 1.96% and purchased immediately after the closure of the six-month period). The operation involved a total outlay of about Euro 0.25 million.

5. HUMAN RESOURCES

As of 30 June 2007, the total staff of the Group amounted to 1,694 staff members, with an increase of 11.3% compared to the first half-year of 2006, and an average yearly increase of 10.2% as from 2004, considerably less than the rate of increase of the distribution network in the same period, equal to 13.1% and coupled with a markedly lower turnover.

The graph below represents the total numeric development of the Group staff members during the last few years.

Chart No. 3 – THE GROUP STAFF NUMERIC DEVELOPMENT IN THE LAST FEW YEARS



The table below provides the breakdown of the Group personnel by level of employment as of 30 June 2007, compared with the total in the first half of the previous year. The following table sets out the related details for each type of Group company.

Table No. 1 – PERSONNEL: BREAK-DOWN BY LEVEL OF EMPLOYMENT

	30.06.2007	Percentage break-down	30.06.2006	Percentage break-down	Change Value	Change %
Executives	41	2.4%	37	2.4%	4	10.8%
3rd and 4th level managers	372	22.0%	334	21.9%	38	11.4%
1st and 2nd level managers	405	23.9%	339	22.3%	66	19.5%
Other personnel	876	51.7%	812	53.4%	64	7.9%
Personnel	**1,694**	**100.0%**	**1,522**	**100.0%**	**172**	**11.3%**

Table No. 2 – PERSONNEL: BREAK-DOWN BY TYPE OF COMPANY

Personnel	30.06.2007	Percentage break-down	30.06.2006	Percentage break-down	Change Value	Change %
Executives	31	2.0%	29	2.0%	2	6.9%
3rd and 4th level managers	350	22.1%	320	22.2%	30	9.4%
1st and 2nd level managers	394	24.9%	330	22.9%	64	19.4%
Other personnel	808	51.0%	764	52.9%	44	5.8%
Banking companies	**1,583**	**100.0%**	**1,443**	**100.0%**	**140**	**9.7%**
Executives	5	7.0%	4	6.9%	1	25.0%
3rd and 4th level managers	8	11.3%	8	13.8%	0	0.0%
1st and 2nd level managers	10	14.1%	8	13.8%	2	0.0%
Other personnel	48	67.6%	38	65.5%	10	26.3%
Anima SGR.p.A.	**71**	**100.0%**	**58**	**100.0%**	**13**	**22.4%**
Executives	3	9.7%	2	15.4%	1	50.0%
3rd and 4th level managers	12	38.7%	4	30.8%	8	200.0%
1st and 2nd level managers	0	0.0%	0	0.0%	0	0.0%
Other personnel	16	51.6%	7	53.8%	9	128.6%
Insurance companies	**31**	**100.0%**	**13**	**100.0%**	**18**	**138.5%**
Executives	2	22.2%	2	25.0%	0	0.0%
3rd and 4th level managers	2	22.2%	2	25.0%	0	0.0%
1st and 2nd level managers	1	11.1%	1	12.5%	0	0.0%
Other personnel	4	44.4%	3	37.5%	1	33.3%
Other companies	**9**	**100.0%**	**8**	**100.0%**	**1**	**12.5%**

6. SUPPORT AND CONTROL ACTIVITIES

6.1 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 effects three levels of control at Group level 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, identifying the competent control functions internally.

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 trends 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 oversight of internal control systems.

6.2 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, of the instructions from the Supervisory Body and business strategies, make it possible to manage all Group activities properly, involving Company Bodies, the Top Management and, in general, all staff.

At a Group level this system currently takes the form of the following three types as defined in the instructions issued by the Bank of Italy and in force at the end of the half year.

- 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 risk objectives/defined returns. 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;

- 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 supervising 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 referred to the Top Management, the Parent Company's Board of 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 while itself carrying out checks directly on those Group companies which have centralised the related function to the Parent Company.

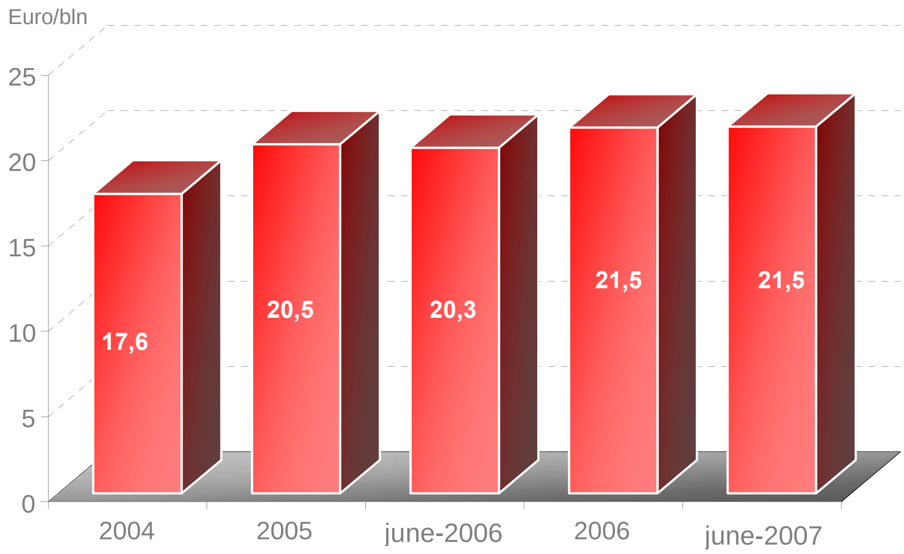
7. MANAGEMENT TREND

7.1 SAVINGS DEPOSITS: ADMINISTERED CUSTOMER ASSETS

As at 30 June 2007, total administered customer assets amounted to Euro 21.5 billion representing an annual growth of Euro 1.2 billion compared to 30.06.2006, amounting to 6.1%.

Trends in overall deposits in the last few years are shown in the graph set out below.

Chart No. 4 – TOTAL DEPOSITS: THE TREND OVER THE LAST FEW YEARS



With reference to the break-down of the overall figure, the related components, as shown in Table 3 indicate more sustained percentage growth in direct deposits with an annual increase of 9.4% with respect to indirect deposits amounting to Euro 15.4 billion, representing growth of 3.7% with respect to the first half of the previous year.

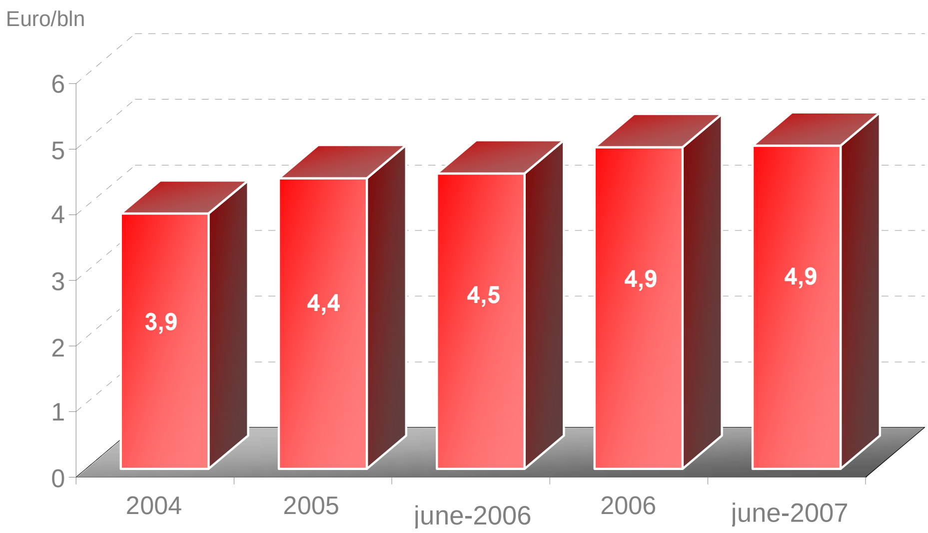
Table No. 3 – DEPOSITS FROM CUSTOMERS

Amounts in thousands of Euro	30.06.2007	Percentage break-down	30.06.2006	Percentage break-down	Change Value	Change %
Amounts due to customers	3,478,549	16.2%	3,052,751	15.1%	425,798	13.9%
Securities issued	1,451,667	6.7%	1,452,202	7.2%	-535	0.0%
Financial liabilities at fair value through profit or loss	1,171,448	5.4%	904,167	4.5%	267,281	29.6%
Direct deposits	**6,101,664**	**28.4%**	**5,409,120**	**26.7%**	**692,544**	**12.8%**
Indirect deposits	**15,414,776**	**71.6%**	**14,862,958**	**73.3%**	**551,818**	**3.7%**
Total deposits from customers	**21,516,440**	**100.0%**	**20,272,078**	**100.0%**	**1,244,362**	**6.1%**

Direct deposits

The graph shown below illustrates the extent of the development of direct deposits in the Group as from 2004, by showing an annual growth rates averaging 9.9%.

Chart No. 5 – DIRECT DEPOSITS: THE TREND OVER THE LAST FEW YEARS



An analysis of the figure representing amounts due to customers as of 30.06.2006, has been set out in the next table. It can be seen that the "on sight" component of direct deposits made up of current accounts and savings deposits, exceeding Euro 2.9 billion, has grown by Euro 349 million or 13.6% with respect to the same period of the preceding year.

The heading "Reverse repurchase agreements and other", including for the most part reverse repurchase agreement, shows a significant percentage growth, achieving a balance of Euro 572 million.

Table No. 4 – AMOUNTS DUE TO CUSTOMERS

Amounts in thousands of Euro	30.06.2007	Percentage break-down	30.06.2006	Percentage break-down	Change Value	Change %
Current accounts and savings deposits	2,906,483	83.6%	2,557,800	83.8%	348,683	13.6%
Reverse repurchase agreements and other	572,066	16.4%	494,951	16.2%	77,115	15.6%
Amounts due to customers	**3,478,549**	**100.0%**	**3,052,751**	**100.0%**	**425,798**	**13.9%**

Indirect deposits

With regard to indirect deposits, the total figure grew by Euro 552 million (+ 3.7%), compared to the figure of June 2006.

Such growth which can be mainly explained as an effect of the positive trends in deposits from "ordinary" customers which, thanks to the significant contribution from the asset administration sector, recorded an increase of 21.5% only partially set off by the slight decrease in asset management of 4.6%.

With particular reference to asset management, this shows the significant effect of the insurance sector, with an increase of about 20% with respect to the values at the end of June 2006.

The table set out below shows a break-down of the overall balances under consideration, highlighting the differences recorded compared to the first half of the of the preceding year.

Table No. 5 – INDIRECT DEPOSITS

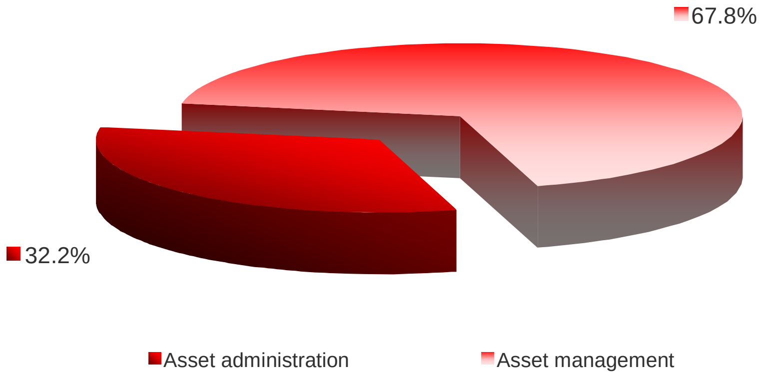
Amounts in thousands of Euro	30.06.2007	Percentage break-down	30.06.2006	Percentage break-down	Change Value	Change %
Asset administration	**4,482,351**	**29.1%**	**3,688,782**	**24.8%**	**793,568**	**21.5%**
Asset management	**9,442,025**	**61.3%**	**9,895,434**	**66.6%**	**-453,409**	**-4.6%**
of which: Mut.Fund and Open-end Inv. (*)	*6,734,991*	*43.7%*	*7,400,786*	*49.8%*	*-665,795*	*-9.0%*
Portfolio management (**)	*1,192,788*	*7.7%*	*1,233,680*	*8.3%*	*-40,892*	*-3.3%*
Bank-insurance	*1,514,246*	*9.8%*	*1,260,969*	*8.5%*	*253,277*	*20.1%*
Deposits from ordinary customers	**13,924,375**	**90.3%**	**13,584,216**	**91.4%**	**340,159**	**2.5%**
Deposits from institutional customers	**1,490,400**	**9.7%**	**1,278,742**	**8.6%**	**211,659**	**16.6%**
Indirect deposits	**15,414,776**	**100.0%**	**14,862,958**	**100.0%**	**551,818**	**3.7%**

(*) net of mutual fund and open-end investments units under portfolio management and fund-based portolio management

(**) net of liquidity in current accounts and of securities issued by Group banks

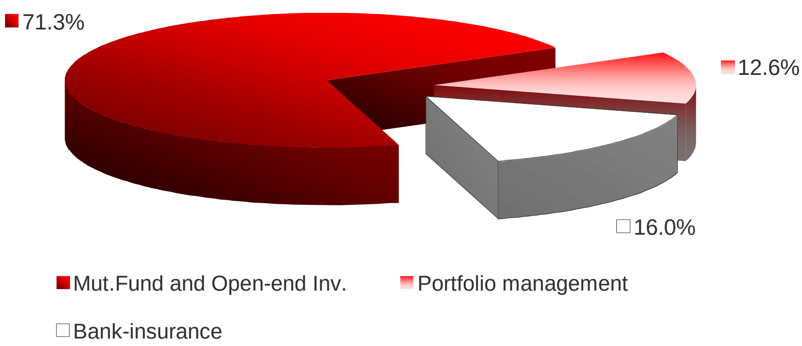
The composition of indirect deposits from ordinary customers as at 30 June 2007, as illustrated in the following graph, highlights a clear predominance of that part attributable to asset management, greater by two-thirds than asset administration.

Chart No. 6 – INDIRECT DEPOSITS FROM ORDINARY CUSTOMERS AS AT 30.06.2007: BREAK-DOWN



The graph set out below concentrates rather, on the percentage break-down of asset management, indicating how Mutual Funds and Open-end investment fund units represent the most important component, 71.3% of the total.

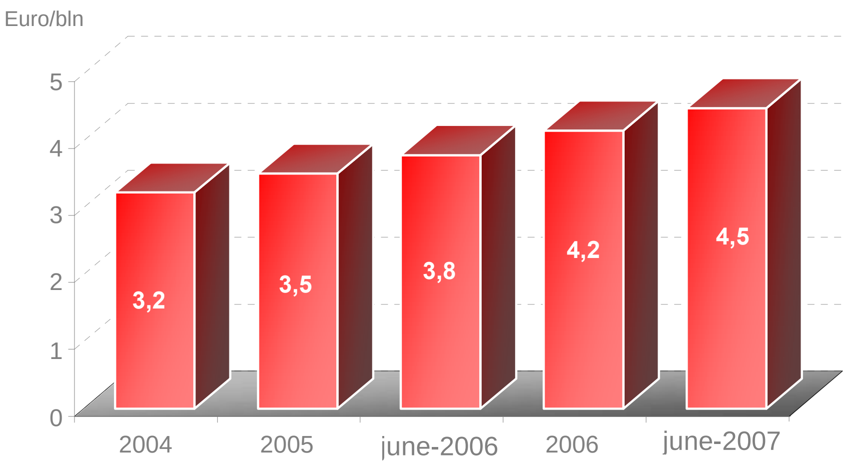
Chart No. 7 – INDIRECT DEPOSITS FOR ASSET MANAGEMENT AS AT 30.06.2007: BREAK-DOWN



7.2 CREDIT MANAGEMENT: LOANS TO CUSTOMERS

At the end of the first half-year the total value of loans to customers almost reached Euro 4.5 billion, with an increase of more than 18% with respect to the same period of the previous year. This is better than the average performance of 14.1% as from 2004, the related trends have been illustrated in the graph set out below.

Chart No. 8 – THE TREND OF LOANS TO CUSTOMERS OVER THE LAST FEW YEARS



It can be seen from Table 6, that all components of the overall figure have experienced a dynamic and equivalent growth at all levels, both in short and medium-long-term loans, compared to the first half of the preceding year.

Table No. 6 – LOANS AND ADVANCES TO CUSTOMERS

Amounts in thousands of Euro	30.06.2007	Percentage break-down	30.06.2006	Percentage break-down	Change Value	Change %
Current accounts	1,331,253	29.6%	1,125,586	29.7%	205,667	18.3%
Mortgages and other medium/long term loans	2,335,290	52.0%	1,968,918	51.9%	366,372	18.6%
Other	823,409	18.3%	696,136	18.4%	127,273	18.3%
Loans and advances to customers	**4,489,952**	**100.0%**	**3,790,640**	**100.0%**	**699,312**	**18.4%**

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

In the context of the distribution of cash loans, as of 30 June 2007, the amount of loans to the largest customers was down with respect to the same period of the previous year, following a greater division of risk as highlighted in percentage terms in the table below.

Table No. 7 – LOANS TO LARGEST CUSTOMERS CONCENTRATION INDEX

Number of customers	30.06.2007	30.06.2006
10 largest customers	2.1%	2.5%
20 largest customers	3.4%	3.8%
30 largest customers	4.4%	5.0%
50 largest customers	6.1%	6.7%

The total amount of loans, represented by non performing loans and net problem loans in addition to expired loans, that is net persistent breach in relation to continuing failure to comply with credit limits, amounted to Euro 70.3 million following value adjustments of Euro 41.3 million.

At the end of the half-year, net impaired loans were broken down into net non performing loans of Euro 27.6 million, net problem loans of Euro 24. 6 million and expired loans of Euro 18.1 million.

The following table summarises the indicators relating to the degree of credit risk.

Table No. 8 – LOANS AND ADVANCES TO CUSTOMERS: RISK CREDIT INDICATORS

% Indexes for gross loans	**30.06.2007**	**30.06.2006**
Total gross impaired loans		
of which:		
- gross non performing loans	1.23%	1.51%
- gross problem loans	0.81%	0.72%
- gross expired loans	0.41%	0.25%

% Indexes for net loans	**30.06.2007**	**30.06.2006**
Total net impaired loans		
of which:		
- net non performing loans	0.62%	0.63%
- net problem loans	0.55%	0.44%
- net expired loans	0.40%	0.25%

7.3 FINANCE

The securities portfolio and exchange rate activity

As of 30 June 2007, total financial assets stood at a value of Euro 2.5 million, made up for the most part of domestic Government securities, bank securities and O.I.C.R quotas, showing an increase of 22.3% with respect to the first half of the preceding year.

In a context of the flattening out of the yields curve and substantial stability in spreads, investment has been preferred in Government securities, senior indexed and subordinated securities first rank Italian and European banks and the investment in Fund and Open-end investment fund units with prudential profiles managed by reputable Asset Management Companies.

The most important part of insurance company assets is intended to back commitments taken on as against the insured.

A prudential line was maintained in relation to rate risk, with average portfolio duration of 0.37 years for banking companies.

Activities on share markets were characterised by daily trading concentrating for the most part on Euro Area markets, with a preference for more “liquid” securities with respect to banking companies while, for insurance companies, operations were mainly concentrated on active management of the share portfolio within contractual limits, with the objective of out-performing the reference benchmark.

Constant activity was also maintained for functional purposes, both in relation to hedges for the Bond Loans issued by the Group Banks and in the implementation of the index-linked insurance products of the Chiara Vita S.p.A. insurance company.

Activities on the exchange markets were mainly concentrated on the requirements of Institutional Customers.

Treasury

Intermediary activities on the deposit market and Eonia has decreased with respect to the first six months of 2006 resulting from the contraction of spreads, while inter-bank loans were reduced in favour of Group-owned securities to be used for operations involving repo transactions with ordinary customers.

On the expiry of a Euroloan with a nominal value of Euro 150 million in June, a similar loan was issued with a similar amount, quoted on the Luxembourg Stock Exchange and placed with institutional investors.

Asset Management

Over the first half-year of 2007, the widening of the range of commercial products in the managed sector continued, with reference to trends of products in management, investment policy has maintained its prudential approach to the bond market with an average portfolio duration less than the reference benchmark. On the share markets the number of securities held in the portfolio has been increased, giving preference to those companies with good profits visibility.

In this context products have generally achieved results superior to the reference benchmark and, in particular, the bond products have performed positively while share products have performed positively in the context of decidedly negative markets.

Further investments were also made in IT support systems in order to continue the improvement of the monitoring of investments.

Depositary Bank activities

The function of Depository Bank has been affected in particular, by the purchase by Anima S.G.R.p.A. of the business arm of DWS Investments Italy SGRp.A., and the merger of the DWS funds with those of Anima.

With regard to pension funds promoted by Anima SGR.p.A. and Chiara Vita S.p.A., much effort has gone into the organisational work designed to anticipate the analysis and application of the new legislative provisions concerned with supplementary pensions (Legislative Decree 252 of 5 December 2005, anticipated on 1 January 2007).

We would note finally the commencement of operations during the current year concerning the granting of the appointment as Depositary Bank for the “Funds of Funds” managed by MCGestioni SGR.

7.4 SHAREHOLDERS' EQUITY AND ECONOMIC STABILITY

Consolidated Shareholders' Equity as at 30 June 2007, including the net profits of the period, amounted to a total of Euro 537.2 million, with respect to Euro 514.9 million at the end of 2006 and Euro 476.5 million compared to the first half-year of 2006.

Shareholders' Equity calculated in accordance with the supervisory regulations in force, amounted to Euro 522.7 million with respect to Euro 496.5 million at the end of the preceding year. The figure is made up of basic shareholders' equity of Euro 479.8 million (Euro 445.2 million at the end of 2006) with supplementary shareholders' equity of Euro 96.6 million (Euro 94.8 million at the end of 2006) from revaluation reserves, positive reserves on securities and subordinate liabilities. The elements to be deducted amount to Euro 53.7 million and refer to equity investments in financial and insurance bodies. At the end of the half-year total prudential requirements amounted to Euro 401.3 million, compared to Euro 378.4 million at the end of 2006.

Weighted risk assets, calculated as the product of total prudential requirements and the reciprocal of the minimum obligatory coefficient for credit risk, amounted to Euro 5 billion with respect to Euro 4.7 billion at the end of 2006.

The Tier 1 equity ratio, representing the ratio of basic shareholders' equity to weighted risk assets is 9.6%. The Tier 2 solvency ratio, representing the ratio between the regulatory capital and the weighted risk assets, amounted to 10.4%, according to the supervisory regulations in force. This compares with the minimum coefficient required of banks belonging to banking groups by the regulations, of 8%.

As of 31.12.2006, these coefficients were equal to 9.4% and to 10.5%, while in the first half-year of 2006 amounted to 9.8% and to 11.2% respectively.

We would draw attention to the fact that the total share equity position at 30 June 2007, that is, the part of equity which is "unrestricted" in that not affected by credit risk (solvency coefficient) and market risks (risks on securities available for sale, exchange rate risks, concentration risks) amounts to a value of Euro 121.3 million as compared with Euro 118.2 million at the end of 2006 and with Euro 138.4 million in the first half-year of the same year.

7.5 THE INCOME STATEMENT

The first half-year of 2007 ended with net profits for the Group of Euro 38.1 million, as shown in the following table setting out the reclassified Income Statement:

(amounts in thousands of Euro)	30.06.2007	30.06.2006	Change Amount	Change %
Interest income and similar revenues	177,713	136,863	40,850	29.8%
Interest expense and similar charges	-66,285	-40,897	-25,388	62.1%
Net interest income	**111,428**	**95,966**	**15,462**	**16.1%**
Fee and commission income	99,294	103,423	-4,129	-4.0%
Fee and commission expense	-33,718	-39,354	5,636	-14.3%
Net profit on insurance activities	-2,006	-1,946	-60	3.1%
Other operating income and expenses	14,263	9,992	4,271	42.7%
Primary intermediation margin	**189,261**	**168,081**	**21,180**	**12.6%**
Dividend and similar income	974	598	376	62.9%
Net profits/(losses) on trading activities	3,140	-4,042	7,182	-177.7%
Net profits/(losses) on hedging activities	-143	-1,099	956	-87.0%
Profit/(loss) on disposal of receivables, financial assets/liabilities	1,574	787	787	100.0%
Net gain/(loss) on financial assets/liabilities at fair value through profit or loss	-2,918	1,985	-4,903	-247.0%
Margin on banking and insurance activities	**191,888**	**166,310**	**25,578**	**15.4%**
Net impairment losses on:	-9,913	-6,841	-3,072	44.9%
loans and receivables	*-9,687*	*-7,200*	*-2,487*	*34.5%*
other financial transactions	*-226*	*359*	*-585*	*-163.0%*
Net income from banking and insurance activities	**181,975**	**159,469**	**22,506**	**14.1%**
Administrative expenses	-107,093	-95,099	-11,994	12.6%
of which: personnel expenses	*-63,848*	*-57,015*	*-6,833*	*12.0%*
other administrative expenses	*-43,245*	*-38,084*	*-5,161*	*13.6%*
Net provisions for risks and charges	1,838	-1,536	3,374	-219.7%
Net adjustments to the value of /write-backs to tangible assets	-3,275	-2,442	-833	34.1%
Net adjustments to the value of /write-backs to intangible assets	-441	-373	-68	18.2%
Net operating profit	**73,004**	**60,019**	**12,985**	**21.6%**
Profits/(losses) on equity investments	17		17	
Profits/(losses) before taxes from continuing operations	**73,021**	**60,019**	**13,002**	**21.7%**
Taxes for the period on income from continuing operations	-30,188	-25,115	-5,073	20.2%
Profits/(losses) after taxes from continuing operations	**42,833**	**34,904**	**7,929**	**22.7%**
Net profit/(loss) for the period	**42,833**	**34,904**	**7,929**	**22.7%**
(Profit)/loss for the period attributable to minority interests	-4,694	-5,667	973	-17.2%
Parent Bank net profit (loss)	**38,139**	**29,237**	**8,902**	**30.4%**

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

Net Interest Income

Over the 6 months of activity the *net interest income* amounted to Euro 111.4 million. It recorded an total increase of 16.1% with respect to the same period of the preceding year, reflecting the positive trends in volumes processed even though contemporaneous with the reduction of the spread of market rates as can be seen by the impact of interest expense and similar charges on interest income and similar revenues, equal to 37.3%, on the increase with respect to the 29.9% recorded in the first six months of 2006.

The contribution of the net interest income to the *margin on banking and insurance activities* (including other operating income and expenses) amounted to 58.1%, slightly higher than 57.7% recorded at the end of June 2006.

Net commissions, net income from insurance activities and other operating income and expenses

The contribution to the headings considered as a whole amounted to Euro 77.8 million, showing an increase of Euro 5.7 million, that is of 7.9%, as compared to the half year of the previous year, reflecting the positive development of customer relations activities in all customer services sectors. The economic contribution represents 40.6% of the *margin on banking and insurance activities* (including other operating income and expenses) compared to the 43.4% at the end of June 2006.

The table set out below shows a break-down into service-type for net commission, amounting to Euro 65.6 million, slightly increased with respect to the comparison figure. It can be seen from the table that the largest heading is that of Portfolio Management and custody and administration of Securities.

(amounts in thousands of Euro)	**30.06.2007**	**Percentage break-down**
		20.8%
Port. Mgmt, custody and administration of Securities	36,741	56.0%
Collection and payment services	6,780	10.3%
Orders collection	5,929	9.0%
Securities placement	3,959	6.0%
Depositary bank	2,534	3.9%
Other services	9,633	14.7%
Net commissions	**65,576**	**100.0%**

Primary Intermediary Margin

Adding together the two composite figures provides the *primary intermediary margin* (including other operating income and expenses) amounting to Euro 189.3 million, showing an increase of 12.6% as compared to the half year of the previous year

Margin on banking and insurance activities

Including *dividends and similar income* and the *net profits (losses) on trading activities, on hedging activities, on disposal of receivables and assets and liabilities valued at fair value through profit and on financial assets/liabilities,* with a total value of Euro 2.6 million, the *margin on banking and insurance activities* (including other operating income and expenses) amounted to a total of Euro 191.9 million, growing by Euro 25.6 million, equal to 15.4%, compared to the first half-year of the preceding year.

Net income from banking and insurance activities

Once *net value adjustments* of Euro 9.9 million have been made to the above margin (Euro 9.7 million representing loans and advances to customers and representing 0.22% of net loans), the *net income from banking and insurance activities* (including other operating income and expenses) amounts to Euro 182 million, recording a growth of 14.1% compared to the first half-year of 2006.

Net operating profit and profits before taxes from continuing operations

Net operating profit and profits before taxes from continuing operations amounted to Euro 73 million having taken account of other operating costs, among which *administrative expenses* of a total of Euro 107.1 million, showing an increase of Euro 12 million compared to the first half 2006, equal to 12.6%, attributable to the further stage of development of the Banking Group both in relation to the growth in directly employed staff numbers (172 staff members) and in the distribution network (10 branch offices).

Such *operating costs* took up 59.9% of the *net income from banking and insurance activities* (including other operating income and expenses), with respect to the 62.4% at the end of June 2006.

Parent Bank Net Profit

Tax on income for the accounting period amounted to Euro 30.2 million representing an actual tax-rate of 41.3%. *Parent Bank Net Profit* for the half year were thus Euro 38.1 million, with a clear increase of 30.4% compared to the figure for the first half-year of the preceding year.

8. SIGNIFICANT SUBSEQUENT EVENTS

The grant of a subordinate loan to Anima SGRp.A.

In order to reinforce the Company's regulatory assets including in relation to the purchase of the business arm of DWS Investments Italy SGRp.A., completed on 30 July 2007, Anima SGRp.A. requested a subordinate loan from Banco di Desio e della Brianza S.p.A. whose characteristics would enable it to be included as one of the elements making up its regulatory assets as an element of secondary quality (supplementary assets).

The financing was provided on the same date – 30 July 2007 – for an amount of Euro 16.5 million at a variable rate in accordance with market parameters and with a duration of 5 years. The borrower was granted the right to make early repayment on authorisation from the Bank of Italy following the expiry of a period of not less than 18 months and one day from the date of payment.

Proposal for the distribution of an extraordinary dividend

At the meeting of the Parent Company's Board of Directors of 12 July 2007, taking account of the positive management trends, reinforced moreover by the economic-financial effects of the assignment of the Shareholding of Anima S.G.R.p.A., it was resolved to submit the proposal for the distribution of an extraordinary dividend to the Ordinary General Meeting of the Shareholders, called for 28 September. It was proposed to divide the extraordinary dividend between the different share categories as follows:

- Euro 0.14325 for 117,000,000 ordinary shares (Euro 16,760,250.00 in total);
- Euro 0.1725 for 13,202,000 not convertible saving shares (Euro 2,277,345.00 in total).

The total outlay of Euro 19,037,595.00 gross would be taken from the Statutory Reserve, drawing from the available part set aside over recent accounting periods over and above the 10% of net profits as required under Article 31 of the Articles of Association.

9. OTHER INFORMATION

9.1 THE RATING

The following rating levels have been assigned to the Parent Company Banco di Desio e della Brianza S.p.A. by the international rating agency Fitch Ratings, up-dated on 26 April 2007. The rating levels are based on “strong income generation, on the amount of assets, on rapid but controlled expansion and on the careful attention given to cost control”

Long Term	Short Term	Forecast
A	F1	Stable

9.2 TRANSACTIONS WITH RELATED PARTIES

The rules on transactions with related parties set out under Article 8 of the Internal Regulations, has been supplemented – during the half-year - by 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” (Related Parties Procedure). This was approved by the Parent Company Board of Directors in February 2007. This was made necessary by the widening of the list of Related Parties introduced in the first place by IAS 24 and subsequently with the supplementary provisions to Article 136 of the Consolidated Banking Law (governing the obligations imposed on banking managers) introduced by Law 262/2005 (the so-called “Savings law”).

The new Procedure will come into effect by the end of the current accounting period but we would note in any case that the transactions effected until now were approved in conformity with the Internal Regulations in force.

The Board of Directors assesses each specific operation with related parties on a case-by-case basis when falling within the conditions requiring the fulfilment of the specific information obligations and, specifically, during the first half-year it did not consider that any of the transactions approved came within the requirements for the publication of an informative document pursuant to Article 71-bis of the CONSOB Issuer Regulations.

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

Details of Transactions with Related Parties at the end of the six-month period have been set out in the Notes to the Financial Statements

9.3 INFORMATION ON STOCK OPTION PLANS

At the end of the six-month period stock option plans had been set up on the shares of subsidiaries Banco Desio Veneto S.p.A. and Chiara Assicurazioni S.p.A., for specific details of these plans reference should be had to the related section in the Notes to the Financial Statements.

9.4 COMMUNICATION TO THE PUBLIC REQUIRED BY CONSOB PURSUANT TO ARTICLE 114, PARAGRAPH 5, OF LEGISLATIVE DECREE 58/1998 CONCERNED WITH SO-CALLED “SUB-PRIME” MORTGAGES

By its Communication no. 7079556 of 30 August 2007, CONSOB, the National Commission for Companies and the Stock Exchange, requested banks and quoted insurance companies to provide

information and data relating to the so-called “sub-prime mortgages” in the Directors’ Report on the first available production of accounting documentation.
In this regard we would note that, on 31 August 2007 the companies of the Banco Desio Group did not have any exposure or commitments relating to risks connected to the sub-prime mortgages sector concerned, investments in financial products with such mortgages as their underlying assets or referring to the same or the grant of security connected to such products.
On the same date a limited number of financial products traded by the Group Companies in the performance of investment services in Italy had exposure to an indirect connection with the United States’ sub-prime product type. The actual exposure to risks of the above type within such financial products was estimated, pursuant to the declarations of the different investment companies, to be about Euro 597,000.

9.5 R&D ACTIVITIES

Basle II

Following the issue of the prudential supervisory bank regulations by the Bank of Italy under its circular 263 of 27 December 2006, the Parent Company Board of Directors authorised the necessary investments in those functions with responsibility for risk monitoring on 25 January 2007 so that the Group will be able to operate, starting from 1 January 2008, in accordance with the rules laid down by the related instructions, using the standardised calculation methods for market and credit risks and the basic method for operating risk.
The related implementation activities are currently under way under the co-ordination of the Risk Management function of the Parent Company.

MIFID Project

The working group set up by the Parent Company, assisted by a first rank international consultancy company, continued with its work relating to the provisions introduced in the context of the implementation of the Community Directive 2004/39/CEE (MIFID) to become operational from 1 November 2007 (save in the event of the extension of the period by which existing contracts have to be adapted to 30 June 2008).

Planning activities in the above context has reached an advance stage of preparation with regard to the main issues connected with the new provisions:

- the analysis of non-compliant areas with respect to the new rules;
- conflicts of interest;
- the analysis of the economic impact of the new rules on the products created and/or distributed;
- the manner of performance of investment instructions (“execution policies”);
- the appropriateness and precision of the “profiling” of customers.

So far as the so-called “organisational requirements” laid down by the new rules are concerned, it is planned to set up a “compliance” function to keep track of non-compliance with regulations. A process of analysis has already been initiated to identify the detailed content of the function and its position within the organisational structure including with reference to other areas of banking and corporate law.

Business Continuity Management

Special test sessions were conducted over the first half year of 2007 to implement a continuity of operations plan within the Group set out in the previous year, involving all responsible organisational and technical structures. This was in order to evaluate the overall effectiveness/efficiency of the arrangements. The results of the tests carried out, and preceded by specific training for operational staff, were positive.

Mapping of business processes

Activities involving the mapping of business processes deriving from the studies carried out in this area by ABI (*Associazione Bancaria Italiana*, Italian Banking Association) were continued at the Parent Company during the half year. It is intended that the activities should result in the implementation of a database to be used for a number of different purposes. They are preparatory in particular, to the drawing up of a re-organisation of internal rules, to act as both a compliment and supplement to Business Continuity Management activities and Basle II.

10. BUSINESS OUTLOOK

The continuity of the strategies adopted by Banco di Desio Group, consistently with the development objectives identified by the Business Plan, in spite of a difficult economic context, should allow the achievement of economic and equity objectives which have been set, aimed at increasing business volumes and the continuing efforts towards the achievement of ever-higher levels of efficiency.

CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheet

Assets

(Euro/1,000)

	Assets	30.06.2007	31.12.2006	30.06.2006
10	Cash and cash equivalents	21,500	25,934	16,910
20	Financial assets held for trading	515,976	487,229	407,111
30	Financial assets at fair value through profit or loss	962,892	903,681	751,770
40	Available-for-sale financial assets	989,774	904,352	845,899
50	Held-to-maturity investments	8,051	8,035	20,801
60	Amounts due from banks	248,339	446,003	507,866
70	Loans to and receivables from customers	4,489,952	4,155,849	3,790,640
80	Hedging derivatives	4,401	8,305	1,279
100	Equity investments	590		
110	Technical reserves arising from reinsurance	1,920	1,877	1,857
120	Tangible assets	138,344	150,970	132,535
130	Intangible assets	42,371	43,107	42,852
	of which:			
	- goodwill	*40,402*	*40,400*	*40,384*
140	Tax assets	29,220	59,189	33,672
	a) current	*22,065*	*43,090*	*18,890*
	b) deferred	*7,155*	*16,099*	*14,782*
150	Non-current assets held for sale and discontinuing operations	61,932	-	
160	Other assets	111,846	279,426	176,603
	Total Assets	**7,627,108**	**7,473,957**	**6,729,795**

Liabilities and shareholders' equity

(Euro/1,000)

	Liabilities and shareholders' equity	30.06.2007	31.12.2006	30.06.2006
10	Amounts due to banks	249,724	104,138	152,484
20	Amounts due to customers	3,478,549	3,513,797	3,052,751
30	Securities issued	1,451,667	1,390,103	1,452,202
40	Financial liabilities held for trading	12,159	28,481	21,208
50	Financial liabilities at fair value through profit or loss	1,171,448	1,075,879	904,167
60	Hedging derivatives	2,768	2,959	2,725
80	Tax liabilities	30,386	74,718	45,562
	a) current	*10,062*	*56,297*	*26,755*
	b) deferred	*20,324*	*18,421*	*18,807*
90	Liabilities related to discontinuing operations	16,034	-	
100	Other liabilities	187,976	303,516	214,061
110	Reserve for employee termination indemnities	27,601	31,560	31,416
120	Reserves for risks and charges:	26,339	29,199	21,263
	a) pensions and similar commitments	*87*	89	
	b) other reserves	*26,252*	*29,110*	*21,263*
130	Technical Reserves	411,494	378,004	335,288
140	Valuation reserves	20,536	22,324	21,168
170	Reserves	394,788	339,474	342,218
180	Share premium reserve	16,145	16,145	16,145
190	Share capital	67,705	67,705	67,705
200	Treasury shares (-)	- 111	- 109	
210	Minority interest (+/-)	23,761	26,691	20,195
220	Net profit / (loss) for the period	38,139	69,373	29,237
	Total Liabilities and shareholders' equity	**7,627,108**	**7,473,957**	**6,729,795**

Income Statement

(Euro/1,000)

	Income statement	30.06.2007	30.06.2006
10	Interest income and similar revenues	177,713	136,863
20	Interest expense and similar charges	- 66,285	- 40,897
30	**Net interest income**	**111,428**	**95,966**
40	Fee and commission income	99,294	103,423
50	Fee and commission expense	- 33,718	- 39,354
60	**Net fee and commission income**	**65,576**	**64,069**
70	Dividend and similar income	974	598
80	Net profits/(losses) on trading activities	3,140	- 4,042
90	Net profits/(losses) on hedging activities	- 143	- 1,099
100	Profit/(loss) on disposal or repurchase of:	1,574	787
	b) available-for-sale financial assets	*1,527*	*455*
	c) held-to-maturity investments		-
	d) financial liabilities	*47*	*332*
110	Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	- 2,918	1,985
120	**Net interest and other banking income (intermediation margin)**	**179,631**	**158,264**
130	Net impairment losses on/writebacks to:	- 9,913	- 6,841
	a) loans and receivables	*- 9,687*	*- 7,200*
	b) available-for-sale financial assets		
	d) other financial assets	*- 226*	*359*
140	**Net income from banking activities**	**169,718**	**151,423**
150	Net insurance premiums	63,026	83,663
160	Balance of other income/charges arising on insurance management activities	- 65,032	- 85,609
170	**Net result of financial and insurance activities**	**167,712**	**149,477**
180	Administrative expenses:	- 107,093	- 95,099
	a) personnel expenses	*- 63,848*	*- 57,015*
	b) other administrative expenses	*- 43,245*	*- 38,084*
190	Net provisions for risks and charges	1,838	- 1,536
200	Net adjustments to the value of tangible assets	- 3,275	- 2,442
210	Net adjustments to the value of intangible assets	- 441	- 373
220	Other operating (expenses)/income	14,263	9,992
230	**Operating expenses**	**- 94,708**	**- 89,458**
240	Profits/(losses) on equity investments	17	
280	**Profits/(losses) before taxes from continuing operations**	**73,021**	**60,019**
290	Taxes for the period on income from continuing operations	- 30,188	- 25,115
300	**Net profits (loss) after tax from continuing operations**	**42,833**	**34,904**
310	Profit (loss) after tax for discontinuing operations	-	-
320	**Net profit/(loss) for the period**	**42,833**	**34,904**
330	Profit (loss) for the period attributable to minority interests	- 4,694	- 5,667
340	**Parent Bank net profit (loss)**	**38,139**	**29,237**

Income Statement – Quarterly Trend

(Euro/1,000)

	Income statement	2nd quarter 2007	1st quarter 2007	2nd quarter 2007	1st quarter 2007
10	Interest income and similar revenues	91,504	86,209	67,780	69,083
20	Interest expense and similar charges	(34,450)	(31,835)	(19,900)	(20,997)
30	**Net interest income**	**57,054**	**54,374**	**47,880**	**48,086**
40	Fee and commission income	44,628	54,666	45,600	57,823
50	Fee and commission expense	(16,664)	(17,054)	(15,464)	(23,890)
60	**Net fee and commission income**	**27,964**	**37,612**	**30,136**	**33,933**
70	Dividend and similar income	962	12	598	-
80	Net profits/(losses) on trading activities	6,611	(3,471)	(2,394)	(1,648)
90	Net profits/(losses) on hedging activities	(727)	584	(912)	(187)
100	Profit/(loss) on disposal or repurchase of:	642	932	155	632
	b) available-for-sale financial assets	*604*	*923*	-	*455*
	d) financial liabilities	*38*	*9*	*155*	*177*
110	Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	(4,916)	1,998	1,259	726
120	**Net interest and other banking income (intermediation margin)**	**87,590**	**92,041**	**76,722**	**81,542**
130	Net impairment losses on/writebacks to:	(3,558)	(6,355)	(1,723)	(5,118)
	a) loans and receivables	*(3,522)*	*(6,165)*	*(2,082)*	*(5,118)*
	d) other financial assets	(36)	(190)	359	-
140	**Net income from banking activities**	**84,032**	**85,686**	**74,999**	**76,424**
150	Net insurance premiums	32,982	30,044	10,319	73,344
160	Balance of other income/charges arising on	(34,072)	(30,960)	(11,349)	(74,260)
170	**Net result of financial and insurance activities**	**82,942**	**84,770**	**73,969**	**75,508**
180	Administrative expenses:	(56,252)	(50,841)	(52,057)	(43,042)
	a) personnel expenses	*(30,217)*	*(33,631)*	*(29,230)*	*(27,785)*
	b) other administrative expenses	*(26,035)*	*(17,210)*	*(22,827)*	*(15,257)*
190	Net provisions for risks and charges	1,743	95	(981)	(555)
200	Net adjustments to the value of tangible assets	(1,796)	(1,479)	(1,225)	(1,217)
210	Net adjustments to the value of intangible assets	(214)	(227)	(249)	(124)
220	Other operating (expenses)/income	7,755	6,508	4,871	5,121
230	**Operating expenses**	**(48,764)**	**(45,944)**	**(49,641)**	**(39,817)**
240	Profits/(losses) on equity investments	17			
280	**Profits/(losses) before taxes from continuing operations**	**34,195**	**38,826**	**24,328**	**35,691**

Consolidated Cash Flow Statement

(Euro/1,000)

OPERATIONS	30.06.2007	30.06.2006
1. Management activities	**71,728**	**51,916**
- interest income earned (+)	176,979	124,403
- interest expenses paid (-)	(65,332)	(34,548)
- dividends and similar revenues	974	598
- net commissions (+/-)	66,224	64,644
- personnel costs	(60,473)	(54,025)
- net premiums earned (+)	63,026	83,663
- other insurance income/charges (+/-)	(64,872)	(85,609)
- other costs (-)	(35,219)	(36,809)
- other revenues (+)	20,609	14,714
- taxes and duties (-)	(30,188)	(25,115)
2. Liquid assets generated/absorbed by decrease/increase in financial assets	**(182,713)**	**(367,147)**
- financial assets held for trading	30,027	160,581
- financial assets at fair value through profit or loss	59,211	747
- available-for-sale financial assets	84,339	144,615
- loans and advances to customers	347,277	287,968
- amounts due from banks	(197,669)	(210,862)
- other assets	(140,472)	(15,902)
3. Liquid assets generated/absorbed by increase/decrease in financial liabilities	**122,840**	**394,601**
- amounts due to banks	(145,586)	(103,836)
- amounts due to customers	35,248	(112,258)
- securities issued	(63,251)	35,893
- financial liabilities held for trading	17,636	(6,294)
- financial liabilities at fair value through profit or loss	(95,569)	(44,401)
- other liabilities	128,682	(163,705)
Net liquid assets generated/absorbed by operations (A)	**11,855**	**79,370**
INVESTMENTS		
1. Liquid assets generated/absorbed by:	**-**	**-**
- purchase/sale of investments	17	(58,760)
- dividends received from investments	-	-
- puchase/sale of financial assets held to maturity	(8)	8,710
- purchase/sale of tangible assets	9,351	(10,623)
- purchase/sale of intangible assets	295	(2,260)
- purchase of subsidiaries and business divisions	-	-
- sale of subsidiaries and business divisions	-	-
Net liquid assets generated/absorbed by investments (B)	**9,655**	**(62,933)**
FUNDING ACTIVITIES		
2. Liquid assets generated/absorbed by:		
- issues/purchases of treasury shares		
- issues/purchases of capital instruments		
- distribution of dividends and other purposes	(25,944)	(18,583)
Net liquid assets generated/absorbed by funding activities (C)	**(25,944)**	**(18,583)**
NET LIQUID ASSETS GENERATED/ABSORBED DURING THE YEAR	**(4,434)**	**(2,146)**

Financial statements' items	1st half 2007	1st half 2006
Cash and cash equivalents at beginning of year	25,934	19,056
Total liquid assets generated/absorbed during the year	(4,434)	(2,146)
Cash and cash equivalents: effect of exchange rate changes		
Cash and cash equivalents at end of year	21,500	16,910

Statement of changes in consolidated shareholders' equity as of 30.06.2007

	Equity as of 31.12.2006		Change in opening balances	Equity as of 1.01.2007		Allocation of result from previous period			Changes over the period												Equity as of 30.06.2007	
						Reserves		Dividends and other allocations	Changes in reserves		Transactions in shareholders' equity								Net Profit (Loss) for the year as of 30.06.2007			
											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	-								162							60,840	3,606
b) other shares	6,865	-	-	6,865		-							-								6,865	-
Share premium reserve	16,145	7,439		16,145	7,439	-							-	-							16,145	7,439
Reserves:																						
a) retained earnings	328,669	2,779	99	328,768	2,779	55,126	5,067		-	-											383,894	7,846
b) others	10,805	-	-	10,805	-	-												89			10,894	-
Revaluation reserves:																						
a) available for sale	(1,174)	2	-	(1,174)	2				(1,929)	110											(3,103)	112
b) cash-flow hedge	-	-	-	-																	-	-
c) others:																					-	-
tangible assets	-	-	-	-																	-	-
special revaluation laws	22,896	-	-	22,896																	22,896	-
employee benefits	602	55	(99)	503	55				240	9											743	64
Capital instruments	-	-	-	-																	-	-
Treasury shares	(109)	-	-	(109)									(2)								(111)	-
Net Profit (loss) for the year	69,373	12,972	-	69,373	12,972	(55,126)	(5,067)	(22,152)											38,139	4,694	38,139	4,694
Shareholders' equity	**514,912**	**26,691**	**-**	**514,912**	**26,691**	**-**	**-**	**(22,152)**	**(1,689)**	**119**	**-**	**-**	**(2)**	**162**	**-**	**-**	**-**	**89**	**38,139**	**4,694**	**537,202**	**23,761**

Statement of changes in consolidated shareholders’ equity as of 30.06.2006

	Equity as of 31.12.2005		Change in opening balances	Equity as of 1.01.2006		Allocation of result from previous period			Changes over the period												Equity as of 30.06.2006	
						Reserves		Dividends and other allocations	Changes in reserves		Transactions in shareholders' equity								Net Profit (Loss) for the year as of 30.06.2006			
											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	4,512		60,840	4,512	-				(311)	-		-								60,840	4,201
b) other shares	6,865			6,865		-					-		-								6,865	-
Share premium reserve	16,145	7,482		16,145	7,482	-				(39)	-		-								16,145	7,443
Reserves:																						
a) retained earnings	236,251	2,245		236,251	2,245	92,684			2,550	640	-		-								331,485	2,885
b) others	10,679		-	10,679		-									-		-	54			10,733	-
Revaluation reserves:																						
a) available for sale	2,190	(31)		2,190	(31)				(3,939)	(29)											(1,749)	(60)
b) cash-flow hedge	-			-																		-
c) others:																						
tangible assets	-			-																	-	
special revaluation laws	22,896			22,896																	22,896	-
discounting back of termination indemnities	(1,106)	2	-	(1,106)	2				1,127	57											21	59
Capital instruments	-			-												-						
Treasury shares	-			-							-		-									
Net Profit (loss) for the year	103,715	7,552		103,715	7,552	(92,684)		(11,031)		(7,552)									29,237	5,667	29,237	5,667
Shareholders' equity	**458,475**	**21,762**	**-**	**458,475**	**21,762**	**-**		**(11,031)**	**(262)**	**(7,234)**					**-**			**54**	**29,237**	**5,667**	**476,473**	**20,195**

ACCOUNTING POLICIES AND INTERNATIONAL ACCOUNTING STANDARDS

ACCOUNTING POLICIES AND SCOPE OF CONSOLIDATION

GENERAL

Section 1 – Declaration of conformity with international accounting standards

The Banco Desio Group's consolidated half-year report has been prepared on the basis of Article 81 of CONSOB Resolution No. 14990 of April 14, 2005, amending and supplementing regulation No. 11971 of May 14, 1999, in accordance with the international accounting standard applicable to the interim financial reporting, as adopted according to the procedure under Article 6 of Regulation (EC) No. 1606/2002.
The consolidated half-year report of Banco Desio Group has been prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB) and the relevant interpretations by the International Reporting Interpretations Committee (IFRIC), as endorsed by the European Commission.
The half-year report is made up of the Balance Sheet, the Income Statement, the Cash Flow Statement, the Statement of changes in Shareholders' Equity and the notes to the financial statements - where details on the main equity and economic aggregates are provided -, the Segment Reporting, Information on risks and the related hedging policies, information on transactions with related parties and on stock option plans.
The half-year report is also accompanied by the Notes on operations.

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 half-year.
When noting the main management events emphasis has been given to the principle of economic substance rather than form.
The half-year report have been drawn up in compliance with the economic accruals basis principle using the criterion of historic cost, modified in relation to the valuation of financial assets held for trading, available for sale, valued at fair value and by all existing derivative contracts which have been valued in accordance with the fair value principle.
The accounting value of liabilities recorded in the Financial Statements which have been hedged have been adjusted to take account of the changes in fair value attributable to the risk hedged.
As provided for under IAS39, the fair value option has been adopted with regard to the valuation of financial instruments, permitting the designation of 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 Euro.

Section 3 – Scope and methods of consolidation

1. Investments in subsidiaries and joint ventures (consolidated proportionately)

Company name	Registered office	Type of relationship (1)	Ownership relationship		Availability of votes (2)
			Investing companies	Share %	
A. Companies					
A.1 Wholly-owned subsidiary companies					
1. Anima S.G.R.p.A	Milan	1	Banco Desio	50.911	50.911
2. Banco Desio Lazio S.p.A	Rome	1	Banco Desio	100.000	100.000
3. Banco Desio Toscana S.p.A	Florence	1	Banco Desio	100.000	100.000
4. Banco Desio Veneto S.p.A.	Vicenza	1	Banco Desio	100.000	100.000
5. Brianfid-Lux S.a.	Luxemburg	1	Banco Desio	100.000	100.000
6. Chiara Vita S.p.A	Desio	1	Banco Desio	100.000	100.000
7. Chiara Assicurazioni S.p.A.	Desio	1	Banco Desio	97.500	97.500
8. Credito Privato Commerciale S.A.	Lugano	1	Brianfid-Lux	87.440	87.440
9. Valorfin S.A.	Lugano	1	Brianfid-Lux	95.000	95.000

Key
(1) Type of relationship:
1 = majority of voting rights in ordinary shareholders' meetings.
2 = availability of votes in ordinary shareholders' meetings, distinguishing between effective and potential

The Shareholding in Anima S.G.R.p.A decreased to 21.191% in July 2007. As a consequence the company become a wholly-owned subsidiary company as at 30 June 2007 but with an appropriate reclassification of assets and liabilities to those in the process of disposal.

Related companies or Shareholdings subject to substantial influence were consolidated on equity basis. This was particularly in the case of Istifid S.p.A. where shareholding accounted for 19.688% as at 30 June 2007. In consideration of the substantial influence exercised by the Bank and anticipating the subsequent increase of the Shareholding, rising to 21.600% over July 2007, the interest in the company was classified under Shareholdings in related companies.

Section 4 – Events subsequent to the reporting date

Reference is made to the Directors' Report

Section 5 – Other aspects

Use of estimates and assumptions when drawing up the Financial Statements.

The drafting of the consolidated half-year report requires that recourse be had to estimates which may have a significant effect on the values entered in the Balance Sheet and the Income Statement as well as on the Notes to the Financial Statements. The use of such estimates involves the use of available information and the adoption of subjective valuations, also founded on past experience, for the purposes of the formulation of reasonable assumptions for the identification of management elements. By their nature the estimates and assumptions used may vary from accounting period to accounting period and it cannot therefore be excluded that in subsequent accounting periods the 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, 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 quoted in active markets;
- the quantification of staff reserves and the contingencies and charges reserves;
- the estimates and assumptions made in relation to the ability to recover deferred tax assets;
- the assessment of the tax burden.

The description of the accounting policies applied to the main aggregate headings in the Financial Statements provides more details and information on the subjective assumptions and valuations used in the drawing up of the Consolidated Financial Statements.

MAIN FINANCIAL STATEMENT CAPTIONS

Accounting policies

The accounting policies described below, used in the preparation of the consolidated financial statements as of 30 June 2007, 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 standardised financial assets, namely contracts whereby delivery takes place over a period of time laid down by regulations or by market conventions, the reference date is that of settlement.

Financial assets held for trading

Recognition criteria

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

Measurement criteria

Initial recognition is at fair value at the settlement date, without considering transaction costs. Subsequent measurement is at fair value, with recognition of the gain or loss in the income statement.
For listed shares measurement is at the "official" price in the market where they are listed at the date of measurement.
For bonds listed in Italy, measurement is at the "official MOT price" at the measurement date.
For unlisted securities, the valuation at fair value is found on the BLOOMBERG circuit, or in the absence of this, through the discounting of future financial flows at a current rate of return, calculated on the basis of objective elements.
For derivative instruments traded on regulated markets, measurement is at the closing price on the day of measurement.
For derivative instruments not traded on regulated markets for which the providers do not supply meaningful price quotations, pricing is carried out through available IT procedures, or using recognized pricing models.

Derecognition criteria

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

Available-for-sale financial assets

Recognition criteria

"Available-for-sale financial assets" comprise those financial assets – excluding derivatives – not classified 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 evidence of impairment that has a measurable impact on the estimated future cash flows. The amount of the loss of value is represented by the difference between the asset's accounting value and its recoverable value. If such evidence exists, cumulative losses recorded in the valuation reserve are posted directly to the income statement.

Derecognition criteria

Available-for sale financial assets are derecognized when sold, upon expiry of the assets or upon transfer to another category.
Financial assets may be transferred from the category "Available-for sale" to the category "Held-to-maturity investments", but only in the following circumstances:
a change in intention or ability,
in the rare circumstances that a reliable measure of fair value is not available.

Criteria for the recognition of income statement components

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

Held-to-maturity investments

Recognition criteria

"Held-to-maturity investments" comprise non-derivative (including implicit) financial assets with fixed or determinable contractual payments and fixed maturities for which there is the positive intention and ability to hold them until maturity.
The constitution of the held-to-maturity investments category, and any subsequent movements, was made against specific resolutions adopted by the corporate bodies, in accordance with the provisions of IAS 39.

The recording of financial assets in this category is no longer permitted for the current year and the two following years if more than an insignificant amount are sold, except in the case of investments close to maturity and isolated events that are beyond the Group's control. If the conditions requiring that this category not be used exist, the remaining assets are reclassified to 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 evidence of impairment that has a measurable impact on the estimated future cash flows. If such evidence exists, losses are recognised in the income statement.

Derecognition criteria

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

Loans and receivables

Recognition criteria

"Loans and receivables" comprise non-derivative financial assets with fixed or determinable payments that are not listed on an active market.
Normally, they include loans and advances to customers, amounts due from banks and debt securities not listed on an active market that have characteristics similar to receivables, excluding assets held for trading and available-for-sale assets. They also include finance lease receivables.

Classification criteria

Loans and receivables are periodically subject to analysis, and are classified as "performing" and "non-performing" based on the state of impairment of the loan or receivable.
Where objective evidence of impairment exists, loans pass from performing to non-performing.

Measurement criteria

Loans and receivables are recorded on the trade date at fair value, including transaction costs and commissions directly attributable to the acquisition, normally equal to the amount paid. Subsequent measurement is at amortised cost using the effective interest method.
The amortised cost is the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.
The Group's loans and receivables portfolio is subject to reassessment at least at the close of every annual or interim financial statements, for the purpose of identifying and determining any objective evidence of impairment. Measurement is achieved by considering both the specific solvency situation of customers and the local or national economic conditions relative to the their sector of activity.
"Performing" loans and receivables are subject to collective assessment whereby they are subdivided into groups with the same risk characteristics. Expected Loss is determined by applying the Probability of Default (PD) produced by the Credit Rating System model and Loss Given Default (LGD) is determined from a historic-statistical analysis of the performance of non-performing and problem loans. The expected loss takes account of the deterioration of the receivables at the reference date although the precise entity of such deterioration is not known in order to move the valuation model from expected loss to latent loss.
Specific analyses are conducted for exposures of a significant amount.
This method was adopted to advance the gradual convergence with the valuation criteria provided by the New Basel Agreement on capital requirements (Basel 2).
All loans and receivables for which there exists objective evidence of impairment, measured by the difference between the carrying value and the present value of expected future cash flows discounted applying the original agreed effective interest rate, were classified in the "non-performing" category. The assessment is analytical and takes into consideration the presumed possibility of recovery, expected recovery time and existing guarantees.
Receivables for default interest 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 the loan to non-resident persons is written down on a general basis in relation to the difficulty in

servicing the debt by their countries of residence.

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 minor revenues in the income statement, which are spread over the life of the financial asset rather than being fully recognised in the income statement in the period of initial recognition.
Interest accruing over time as a result of the discounting-back of impaired loans are recognised in the income statement under write-backs.

Financial assets accounted for at fair value through profit or loss

Among the insurance sector's balances in the balance sheet there are financial assets (and liabilities), generated by investment contracts, that are discretionally designated at fair value with gains or losses recognised in the income statement. These balances represent investments and contractual obligations correlated to investment contracts relative to "unit-linked" or "index-linked" policies.
Recognition at fair value permits the true representation of the economic relationships that are subject to these contracts, through the consistent recognition of the related balance sheet captions.

Hedging transactions

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

Recognition criteria

Recognition of hedging transactions in the financial statements entails:

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

Classification criteria

The following types of hedges are used:

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

Measurement criteria

The fair value of hedge financial instruments is calculated by the actualisation of the cash flows with a risk free curve.In the case of a Fair Value Hedge, changes in the fair value of the hedging derivatives and hedged financial instruments (for the parts attributable to the hedged risk) are recorded separately in the income statement. In the case of a Cash Flow Hedge, the effective portion of the gain or loss on the hedging instrument is recognised in equity until the hedged cash flows occur. The ineffective portion of the gain or loss is recognised in the income statement. A hedging transaction is considered effective when changes in the fair value (or in cash flows) of the hedging financial instrument offset the changes of the hedged financial instrument within a range of 80%-125%, as set by IAS 39.Tests of effectiveness are performed at the close of each annual or interim financial statements, both retrospectively, to measure actual results to date, and prospectively, to demonstrate the expected effectiveness in future periods.

Derecognition criteria

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

Investments

This caption comprises investments in related companies, 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

After the initial recognition, investments in subsidiaries are valued at cost.
Any value adjustments due to impairment losses must be recognised in the income statement.

Criteria for the recognition of income statement components

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

Tangible assets

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

Recognition criteria

Tangible assets whose cost can be reliably measured and from which it is probable that future economic benefits for the Group will flow are recognised in the financial statements.
Tangible assets are initially recognised at the purchase price, including additional costs sustained for the purchase and to put the asset into operation.
For the first-time adoption of IAS/IFRS, the exemption provided by IFRS 1, paragraph 16, was taken advantage of by opting for the measurement of buildings at fair value, as a substitute for cost, as at 1 January 2004. The cost model was adopted for the measurement of buildings subsequent to that date.
Extraordinary maintenance costs that increase the value of assets are allocated to the assets to which they refer. Ordinary maintenance costs are recognized directly in the income statement.
In application of IAS 17, finance lease transactions are recognised in the financial statements in accordance with the finance method. Accordingly, assets leased to other parties are presented 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 costs for the abandonment indemnity on leasehold premises, and the costs for the purchase of applications software.
Restructuring costs related to leasehold properties are entered under other assets.

Recognition criteria

Goodwill represents the positive difference between the acquisition cost and the fair value of assets and liabilities acquired in business combinations. It is recognised in the financial statements as an intangible asset when it is effectively representative of the future economic benefits of the net assets acquired.
Other intangible assets are recognised in the financial statements only if they comply with the requirements that they be independently identifiable and distinct from goodwill, that it is probable that future economic benefits will be realised, and that the cost can be measured reliably.

Measurement criteria

Intangible assets are recognised in the financial statements at purchase cost, including additional costs sustained, less any accumulated amortisation and any accumulated impairment losses.
Amortisation is calculated systematically, on a straight-line basis, using technical-economic rates that are representative of the residual useful life.
Goodwill is not amortized in view of its indefinite useful life, and the adequacy of the carrying amount is assessed annually (impairment test). Should there be indications of impairment, goodwill is adjusted appropriately and the loss charged to the income statement.
Costs for the abandonment indemnity pertaining to 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 comprise the fiscal positions of the individual Group companies. Deferred tax assets are recognised when their recovery is probable, that is when it is expected that sufficient taxable income can be made available in the future to recover the asset. They are recognised as assets in the balance sheet under caption 140 “current tax assets”.
Conversely, deferred tax liabilities are recognised as liabilities in the balance sheet under caption 80 “deferred tax liabilities”.
Current taxes not yet paid on the date of the Financial Statements have been included in “current tax liabilities” in the Balance Sheet. If the payment for current taxes exceeds the related tax payable, the excess is recorded in the accounts under “current tax assets” in the Balance Sheet.
Tax assets and liabilities are recognised in equity if relating to transactions recognised directly in equity.

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

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

Recognition criteria

Entries are made under this item for non-current assets, or 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 and discontinuing operations are not recognised separately in the income statement, because they do not fall under the definition of discontinued operation.

Liabilities and securities issued

This caption includes the various types of deposits received by the Group: amounts due to banks, amounts due to customers, 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 the income statement.
The fair value of hedge financial instruments is calculated by the actualisation of the cash flows with a risk free curve.

Derecognition criteria

Liabilities and securities issued are derecognised from the financial statements upon maturity, settlement or sale.
For securities issued, the part subject to repurchase is, in essence, settled.

Financial liabilities held for trading

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

Recognition criteria

Liabilities held for trading are recognised at fair value.

Measurement criteria

Financial liabilities held for trading are measured at fair value and the effects are recognised in the income statement.
Derivative instruments traded on regulated markets are valued at the closing price on the day of valuation.
Derivative instruments not traded on regulated markets for which providers do not give price quotations that are considered to be significant, are priced on the basis of the IT procedures available or by using recognised pricing models.

Derecognition criteria

Financial liabilities are derecognised upon sale, maturity or settlement.

Financial liabilities at fair value through profit or loss

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

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 replacement of own securities that have previously been repurchased is considered as a new issue at sale value.

Reserve for employee termination indemnities (TFR)

Measurement criteria

The reserve for employee termination indemnities is measured in the financial statements employing actuarial calculation techniques.
Measurement is entrusted to independent external actuaries, employing the accrued benefit method using the Projected Unit Credit Method. The amount thus determined represents the present value, calculated using demographic-financial assumptions, of the benefits due to the employee (settlement of TFR) for the service accrued to date, obtained by re-proportioning the total present value of the obligation to the period of service already rendered at the date of measurement, taking into account future salary increases and remaining period of employment.
The amounts shown in the financial statements take into account the provision for the period and the utilisation for indemnities paid or advanced during the period.

Criteria for the recognition of income statement components

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

Reserves for risks and charges

Recognition criteria

Reserves for risks and charges include the provisions made against present obligations that are the result of past events, and it is probable that the settlement of these obligations will require the employment of economic resources that can be reliably estimated.
The provisions reflect the best estimate of the future cash flows required to settle the present obligations at the

balance sheet date.

Measurement criteria

In cases in which the effect of time is a relevant aspect, the amounts provided are subject to discounting taking into account the estimate of the maturity of the obligation. The discount rate reflects current assessments of the time value of money, taking into account risks specific to the liability.
The valuation of seniority bonuses paid to staff is the responsibility of independent external actuaries and follows the same calculation logic already described for the provision for employee termination indemnities.

Criteria for the recognition of income statement components

Provisions are generally recognized in the income statement. Exceptions are the amounts set aside for employee seniority bonuses, recorded as balancing entries to valuation reserves.
The effects deriving from the elapsing of time for discounting of future cash flows are recognised in the income statement under provisions.

Insurance assets and liabilities

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

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

Assets:

- actuarial reserves arising from reinsurance: they are the portion of the technical liabilities that are sold under reinsurance agreements. They are measured on the basis of the same parameters as those used to make provision for the risks assumed by the 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 FIP – *Fondo Integrativo Pensionistico*, the social security and pension fund);
- other technical reserves: these are made up of reserves for future operating expenses, as estimated pursuant to Article 25, paragraph 8, of Legislative Decree No. 174/1995.

Operations in Foreign Currency

Recognition criteria

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

Measurement criteria

At the end of the accounting period the headings in the Financial Statements in foreign currency have been valued as follows:
monetary: conversion at the exchange rate in force at the date of the closure;
non-monetary, valued at cost: conversion at the exchange rate in force at the date of the operation;
non-monetary valued at fair value: conversion at the exchange rate in force on the date of closure.
For monetary elements the effect of the valuation carried out in application of the principles referred to above is 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

Costs and revenues recognition

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

Treasury shares

Any treasury shares held are recorded as a deduction of equity.
Gains and losses deriving from the trading of treasury shares are recognised directly in equity, without passing through the income statement.

Valuation reserves

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

Share-based payments

Share-based payments to Group employees can be:

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

Finance leases

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

NOTES TO THE FINANCIAL STATEMENTS

Main balance sheet and income statement aggregates

ASSETS

Financial assets held for trading - Caption 20

Break-down by type

Caption/Amount	Banking Group		Insurance Company		Total	Total	Total
	Listed	Unlisted	Listed	Unlisted	30.06.2007	31.12.2006	30.06.2006
A. Cash equivalents							
1. Debt securities	66,802	10,876	-	-	**77,678**	**47,920**	**55,498**
1.1 Structured securities					**-**		**-**
1.2 Other debt securities	*66,802*	*10,876*			***77,678***	***47,920***	***55,498***
2. Equity securities	10,380				**10,380**	**9,574**	**9,621**
3. O.I.C.R. quotas	321				**321**	**87**	**36**
4. Financing	-	-	-	-	**-**	**-**	**-**
4.1 Repurchase agreements					**-**		**-**
4.2 Other					**-**		**-**
5. Impaired assets					**-**		**-**
6. Assets sold but not written off	384,050				**384,050**	**377,977**	**307,640**
Total (A)	**461,553**	**10,876**	**-**	**-**	**472,429**	**435,558**	**372,795**
B. Derivative instruments:							
1. Financial derivatives:	142	13,732	-	29,673	**43,547**	**51,671**	**34,316**
1.1 trading	*142*	*12,785*		*29,673*	**42,600**	***49,451***	**34,259**
1.2 connected with the fair value option		*9*			**9**	***68***	**57**
1.3 other		*938*			**938**	***2,152***	**-**
2. Credit derivatives	-	-	-	-	**-**		**-**
2.1 trading					**-**		**-**
2.2 connected with the fair value option					**-**		**-**
2.3 other					**-**		**-**
Total (B)	**142**	**13,732**	**-**	**29,673**	**43,547**	**51,671**	**34,316**
Total (A+B)	**461,695**	**24,608**	**-**	**29,673**	**515,976**	**487,229**	**407,111**

Break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	**Total 30.06.2007**	Total **31.12.2006**	**Total 30.06.2006**
A. CASH EQUIVALENTS					
1. Debt securities	**77,678**	**-**	**77,678**	**47,920**	**55,498**
a) Governments and central banks	60,797		60,797	37,308	48,001
b) Other public entities					
c) Banks	9,623		9,623	9,075	4,820
d) Other issuers	7,258		7,258	1,537	2,677
2. Equity securities	**10,380**	**-**	**10,380**	**9,574**	**9,621**
a) Banks	2,430		2,430	665	950
b) Other issuers	7,950	-	7,950	8,909	8,671
- insurance companies	*1,219*		*1,219*	*2,934*	*2,251*
- financial institutions	*614*		*614*	*434*	*544*
- non-financial companies	*6,117*		*6,117*	*5,541*	*5,876*
- other			-	-	-
3. O.I.C.R. quotas	**321**		**321**	**87**	**36**
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	***384,050***	**-**	***384,050***	***377,977***	***307,640***
a) Governments and central banks	384,049		384,049	377,977	307,640
b) Other public entities					
c) Banks	1		1	-	
d) Other entities					
Total A	**472,429**	**-**	**472,429**	**435,558**	**372,795**
B. DERIVATIVE INSTRUMENTS					
a) Banks	11,210	29,673	40,883	50,175	22,438
b) Customers:	2,664		2,664	1,496	11,878
Total B	**13,874**	**29,673**	**43,547**	**51,671**	**34,316**
Total (A+B)	**486,303**	**29,673**	**515,976**	**487,229**	**407,111**

Trading derivative instruments: attributable to the banking Group

(Euro/1,000)

Type of derivative/Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	**Total 30.06.2007**	**Total 31.12.2006**	**Total 30.06.2006**
A. Listed derivatives								
a) Financial derivatives:	**1**	**-**	**119**	**-**	**-**	**120**	**4**	**514**
. With exchange of capital	1	-	119	-	-	**120**	4	**514**
- Purchased options								
- Other derivatives	1		119			120	4	514
. Without exchange of capital							-	
- Purchased options								
- Other derivatives								
b) Credit derivatives:	-	-	-	-	-	-	-	6
. With exchange of capital						-		6
. Without exchange of capital								
Total A	**1**	**-**	**119**	**-**	**-**	**120**	**4**	**520**
B. Unlisted derivatives								
a) Financial derivatives:	**4,509**	**8,307**	**-**	**-**	**938**	***13,754***	**28,298**	***18,959***
. With exchange of capital	-	8,307	-	-	-	**8,307**	25,918	**11,917**
- Purchased options						**-**		**-**
- Other derivatives		8,307				**8,307**	25,918	**11,917**
. Without exchange of capital	4,509	-	-	-	938	**5,447**	2,380	**7,042**
- Purchased options	26		-			**26**	70	**5,765**
- Other derivatives	4,483				938	**5,421**	2,310	**1,277**
b) Credit derivatives:	-	-	-	-	-	**-**	-	**-**
. With exchange of capital						**-**		**-**
. Without exchange of capital						**-**		**-**
Total B	**4,509**	**8,307**	**-**	**-**	**938**	**13,754**	**28,298**	**18,959**
Total (A+B)	***4,510***	***8,307***	***119***	**-**	***938***	**13,874**	**28,302**	**19,479**

Trading derivative instruments: attributable to the insurance company

(Euro/1,000)

Type of derivative/Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	**Total 30.06.2007**	**Total 31.12.2006**	**Total 30.06.2006**
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:	**-**	**-**	**29,673**	**-**	**-**	***29,673***	**23,369**	***14,837***
. With exchange of capital	-	-	-	-	-	**-**	-	**-**
- Purchased options						**-**		**-**
- Other derivatives						**-**		**-**
. Without exchange of capital	-	-	29,673	-	-	**29,673**	23,369	**14,837**
- Purchased options			29,673			**29,673**	23,369	**14,837**
- Other derivatives						**-**		**-**
b) Credit derivatives:	-	-	-	-	-	**-**	-	**-**
. With exchange of capital						**-**		**-**
. Without exchange of capital						**-**		**-**
Total B	**-**	**-**	**29,673**	**-**	**-**	**29,673**	**23,369**	**14,837**
Total (A+B)	**-**	**-**	***29,673***	**-**	**-**	**29,673**	***23,369***	**14,837**

Financial assets at fair value through profit or loss

Break-down by type

(Euro / 1,000)

Caption / Amount	Banking Group		Insurance Company		Total	Total	Total
	Listed	Unlisted	Listed	Unlisted	30.06.2007	31.12.2006	30.06.2006
1.Debt securities	-	-	270,672	185,470	456,142	377,549	271,311
1.1 Structured securities			*102,225*	*71,995*	*174,220*	*173,060*	*126,914*
1.2 Other debt securities			*168,447*	*113,475*	*281,922*	*204,489*	*144,397*
2.Equity securities			15,438	111	15,549	11,136	1,085
3.O.I.C.R. quotas			252,682	238,519	491,201	514,996	479,374
4.Financing	-	-	-	-	-	-	-
4.1 Structured							
4.2 Subordinated							
4.3 Other							
5. Impaired assets							
Total	**-**	**-**	**538,792**	**424,100**	**962,892**	**903,681**	**751,770**

Break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
1. Debt securities	**-**	**456,031**	**456,031**	**377,549**	**271,311**
a) Governments and central banks		71,172	71,172	49,629	4,606
b) Other public entities			-		846
c) Banks		346,122	346,122	276,284	224,366
d) Other issuers		38,737	38,737	51,636	41,493
2. Equity securities	**-**	**15,660**	**15,660**	**11,136**	**1,085**
a) Banks		3,238	3,238	2,654	100
b) Other issuers	-	12,422	12,422	8,482	985
- insurance companies		*4,441*	*4,441*	*3,396*	*362*
- financial institutions		*1,965*	*1,965*	*222*	
- non-financial companies		*6,016*	*6,016*	*4,864*	*623*
- other					
3. O.I.C.R. quotas		**491,201**	**491,201**	**514,996**	**479,374**
4. Financing	**-**	**-**	**-**	**-**	**-**
a) Governments and central banks					
b) Other public entities					
c) Banks					
d) Other entities					
5. Impaired assets	**-**	**-**	**-**	**-**	**-**
a) Governments and central banks					
b) Other public entities					
c) Banks					
d) Other entities					
6. Assets sold but not written off	**-**	**-**	**-**	**-**	**-**
a) Governments and central banks			-		-
b) Other public entities					
c) Banks					
d) Other issuers					
Total	**-**	**962,892**	**962,892**	**903,681**	**751,770**

Available-for-sale financial assets - Caption 40

Break-down by type

(Euro / 1,000)

Caption/Fair value	Banking Group		Insurance Company		Total 30.06.2007		Total 31.12.2006		Total 30.06.2006	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Debt securities	278,503	39,789	431,356	4,216	709,859	44,005	619,382	32,745	567,395	42,745
1.1 Structured securities				*4,216*		*4,216*		*4,554*		*4,564*
1.2 Other debt securities	*278,503*	*39,789*	*431,356*		*709,859*	*39,789*	*619,382*	*28,191*	*567,395*	*38,181*
2. Equity securities	-	6,912	4,584	-	4,584	6,912	3,309	7,002	3,716	6,672
2.1 Measured at fair value		*6,912*	*4,584*		*4,584*	*6,912*	*3,309*	*6,867*	*3,716*	*6,672*
2.2 Measured at cost					-	-		*135*	-	-
3. O.I.C.R. quotas	69,755	7,107		18,851	69,755	25,958	57,373	*74,783*	93,463	67,447
4. Financing										
5. Impaired assets										
6. Assets sold but not written off	112,870	15,831			112,870	15,831	102,525	7,233	56,110	8,351
Total	**461,128**	**69,639**	**435,940**	**23,067**	**897,068**	**92,706**	**782,589**	**121,763**	**720,684**	**125,215**

Break-down by debtor/issuer

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
1. Debt securities	**318,292**	**435,571**	**753,863**	**652,127**	**610,139**
a) Governments and central banks	219,026	365,893	584,919	564,813	469,603
b) Other public entities					
c) Banks	89,008	37,838	126,846	76,602	98,624
d) Other issuers	10,258	31,840	42,098	10,712	41,912
2. Equity securities	**6,911**	**4,583**	**11,494**	**10,311**	**10,388**
a) Banks		1,150	1,150	525	898
b) Other issuers	6,911	3,433	10,344	9,786	9,490
- insurance companies		*395*	*395*	*169*	-
- financial institutions	*1,198*	*67*	*1,265*	*1,490*	*1,758*
- non-financial companies	*5,713*	*2,971*	*8,684*	*8,127*	*7,515*
- other			-	-	*217*
3. O.I.C.R. quotas	**76,862**	**18,851**	**95,713**	**132,156**	**160,911**
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	***128,704***	**-**	***128,704***	***109,758***	***64,461***
a) Governments and central banks	60,092		60,092	36,858	1,475
b) Other public entities					
c) Banks	67,004		67,004	68,874	61,476
d) Other entities	1,608		1,608	4,026	1,510
Total	**530,769**	**459,005**	**989,774**	**904,352**	**845,899**

Held-to-maturity investments - Caption 50

Break-down by type

(Euro/1,000)

Transaction type / Group components	Banking Group		Insurance Company		Total 30.06.2007		Total 31.12.2006		Total 30.06.2006	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
1. Debt securities	8,051	8,102			8,051	8,102	8,035	8,035	20,801	20,861
1.1 Structured securities										
1.2 Other debt securities	*8,051*	*8,102*					*8,035*	*8,035*	-	-
2. Financing										
3. Impaired assets										
4. Assets sold but not written off										
Total	**8,051**	**8,102**			**8,051**	**8,102**	**8,035**	**8,035**	**20,801**	**20,861**

Break-down by debtor/issuer

(Euro/1,000)

Transaction type / Amount	Banking Group	Insurance Company	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
1. Debt securities	**8,051**	**-**	**8,051**	**8,035**	**20,801**
a) Governments and central banks					
b) Other public entities					
c) Banks	*8,051*		*8,051*	*8,035*	*8,013*
d) Other issuers			-		*12,788*
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	**8,051**	**-**	**8,051**	**8,035**	**20,801**

Amounts due from banks - Caption 60

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

(Euro / 1,000)

Transaction type / Amount	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
A. Amounts due from Central banks	**61,687**	**45,262**	**61,049**
1. Restricted deposits			
2. Compulsory reserve	61,687	45,262	61,049
3. Repurchase agreements			
4. Other			
B. Amounts due from banks	**186,569**	**400,741**	**446,817**
1. Current accounts and unrestricted deposits	97,595	108,405	86,039
2. Restricted deposits	45,215	183,882	275,045
3. Other financing	43,759	108,454	85,733
3.1 repurchase agreements	*40,531*	*107,753*	*85,118*
3.2 finance leases			
3.3 other	*3,228*	*701*	*615*
4. Debt securities	-	-	-
4.1 structured			
4.2 other debt securities			
5. Impaired assets			
6. Assets sold but not written off			
Total (book value)	**248,256**	**446,003**	**507,866**
Total (fair value)	**247,386**	**447,719**	**507,866**

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

(Euro / 1,000)

Transaction type / Amount	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
A. Amounts due from Central banks	**-**	**-**	**-**
1. Restricted deposits			
2. Compulsory reserve			
3. Repurchase agreements			
4. Other			
B. Amounts due from banks	**83**	**-**	**-**
1. Current accounts and unrestricted deposits	83	-	-
2. Restricted deposits	-	-	-
3. Other financing	-	-	-
3.1 repurchase agreements			
3.2 finance leases			
3.3 other	-	-	-
4. Debt securities	-	-	-
4.1 structured			
4.2 other debt securities			
5. Impaired assets			
6. Assets sold but not written off			
Total (book value)	**83**	-	-
Total (fair value)	**83**		

Amounts due from customers - Caption 70

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

(Euro/1,000)

Transaction type / Amount	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
1. Current account	1,331,253	1,227,037	1,125,586
2. Repurchase agreements	3,602		12,372
3. Mortgage loans	1,682,897	1,521,548	1,350,560
4. Credit cards, personal loans and loans on salary	125,157	116,301	129,766
5. Financial leases	527,236	507,029	488,592
6. Factoring	12,678	15,367	13,310
7. Other transactions	727,655	697,756	619,850
8. Debt securities	9,143	8,978	516
8.1 Structured			
8.2 Other debt securities	*9,143*	*8,978*	*516*
9. Impaired assets	70,331	61,833	50,088
10. Assets sold but not written off			
Total (book value)	**4,489,952**	**4,155,849**	**3,790,640**
Total (fair value)	**4,619,796**	**4,225,839**	**3,785,565**

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

(Euro/1,000)

Transaction type / Amount	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
1. Debt securities issued by:	**9,143**	**8,978**	**516**
a) Governments			
b) Other public entities			
c) Other issuers	9,143	8,978	516
- non-financial companies	*516*	*516*	
- financial companies	*8,627*	*8,462*	
- insurance companies	-		
- other			*516*
2. Loans to:	**4,410,477**	**4,085,038**	**3,740,033**
a) Governments			
b) Other public entities	212	227	344
c) Other entities	4,410,265	4,084,811	3,739,689
- non-financial companies	*3,239,415*	*2,990,648*	*2,699,595*
- financial companies	*73,892*	*62,963*	*75,735*
- insurance companies			*149*
- other	*1,096,958*	*1,031,200*	*964,210*
3. Impaired assets:	**70,332**	**61,833**	**50,088**
a) Governments			
b) Other public entities			
c) Other entities	70,332	61,833	50,088
- non-financial companies	*44,984*	*41,292*	*37,859*
- financial companies	*46*	*36*	
- insurance companies			
- other	*25,302*	*20,505*	*12,229*
4. Assets sold but not written off:	**-**	**-**	**3**
a) Governments			
b) Other public entities			
c) Other entities	-		3
- non-financial companies			
- financial companies			
- insurance companies			
- other			*3*
Total	**4,489,952**	**4,155,849**	**3,790,640**

Hedging derivatives - Caption 80

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

(Euro/1,000)

Derivative type / Underlying asset		Interest rate	Currency and gold	Equity securities	Amounts receivable	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:		***4,401***	**-**	**-**	**-**	**-**	***4,401***
. With exchange of capital		-	-	-	-	-	-
- Options purchased							-
- Other derivatives							-
. Without exchange of capital		4,401	-	-	-	-	4,401
- Options purchased							-
- Other derivatives		4,401					4,401
2) Credit derivatives:		-	-	-	-	-	-
. With exchange of capital							-
. Without exchange of capital							-
Total B		**4,401**	**-**	**-**	**-**	**-**	**4,401**
Total (A + B)	**30.06.2006**	**4,401**	**-**	**-**	**-**	**-**	**4,401**
Total (A + B)	**31.12.2006**	**8,305**	**-**	**-**	**-**	**-**	**8,305**
Total (A + B)	**30.06.2006**	**1,279**	**-**	**-**	**-**	**-**	**1,279**

- attributable to the banking Group: break-down by hedged portfolios and type of hedging (book value)

(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 risks			
1. Available-for-sale financial assets								
2. Loans								
3. Held-to-maturity investments								
4. Portfolio								
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	4,401							
2. Portfolio								
Total liabilities	**4,401**	**-**	**-**		**-**	**-**	**-**	**-**

Technical insurance reserves carried by reinsurers – Caption 110
Break-down

(Euro/1,000)

	TOTAL 30.06.2007	TOTAL 31.12.2006	TOTAL 30.06.2006
A. Casualty branch	***219***	**-**	**-**
A1. premiums reserves	*212*		
A2 . claims reserves	7		
A3. other reserves			
B. Life branch	**1,701**	**1,877**	**1,857**
B1. mathematical reserves	1,688	1,864	1,852
B2. reserves for amounts to be disbursed			
B3. other reserves	13	13	5
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 reserves carried by reinsurers	**1,920**	**1,877**	**1,857**

Non-current assets and discontinued operations and associated liabilities - Caption 150 under Assets and Caption 90 under Liabilities

Break-down by type of asset

(Euro/1,000)

	Total 30.06.2007	Total 30.06.2006
A. **Individual assets**		
A.1 Investments		
A.2 Tangible assets		
A.3 Intangible assets		
A.4 Other non-current assets		
Total A	**-**	-
B. **Groups of assets (discontinued operating units)**		
B.1 Financial assets held for trading		
B.2 Financial assets designed at fair value		
B.3 Available-for-sale investments	30,909	
B.4 Held-to-maturity investments		
B.5 Amounts due to banks	16	
B.6 Loans and advances to customers	7,281	
B.7 Investments		
B.8 Tangible assets	19,607	
B.9 Intangible assets	645	
B.10 Other assets	3,474	
Total B	**61,932**	-
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	8,075	
D.2 Amounts due to customers	2,195	
D.3 Securities issued		
D.4 Financial liabilities held for trading		
D.5 Financial liabilities at fair value through profit and loss		
D.6 Reserves	1,647	
D.7 Other liabilities	4,117	
Total D	**16,034**	-

LIABILITIES

Amounts due to banks - Caption 10

Break-down by type

(Euro/1,000)

Transaction type / Amount	Banking Group	Insurance Company	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
1. Amounts due to central banks					
2. Amounts due to banks	249,724		249,724	104,138	152,484
2.1 Current accounts and unrestricted deposits	99,116		99,116	74,144	83,083
2.2 Restricted deposits	150,608		150,608	20,808	27,404
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	-		-	-	32,253
2.5.1 Reverse repurchase agreements			-		*32,253*
2.5.2 Other	-		-		-
2.6 Other amounts due			-	9,186	9,744
Total	**249,724**		**249,724**	**104,138**	**152,484**
Fair value	**250,544**		**250,544**	**106,293**	**152,484**

Amounts due to customers - Caption 20

Break-down by type

(Euro/1,000)

Transaction type / Amount	Banking Group	Insurance Company	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
1. Current accounts and unrestricted deposits	2,906,119		2,906,119	2,889,712	2,539,920
2. Restricted deposits	364		364	8,987	17,880
3. Third-party funds under administration					
4. Financing	-		-	-	
4.1 Finance leases					
4.2 Other	-		-		
5. Commitments for repurchases of own equity instruments					
6. Liabilities corresponding to assets sold but not written off	475,663		475,663	438,980	456,935
6.1 Reverse repurchase agreements	*475,663*		*475,663*	*438,980*	*456,935*
6.2 Other					
7. Other amounts due	96,403		96,403	176,118	38,016
Total	**3,478,549**	**-**	**3,478,549**	**3,513,797**	**3,052,751**
Fair value	**3,416,360**		**3,416,360**	**3,541,052**	**3,052,751**

Securities Issued - Caption 30

Break-down by type

(Euro/1,000)

Security type / Amount	Banking Group		Insurance Company		Total 30.06.2007		Total 31.12.2006		Total 30.06.2006	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
A. Listed securities	201,644	201,644			201,644	201,644	351,547	350,401	338,978	350,383
1. Bonds	201,644	201,644			201,644	201,644	351,547	350,401	338,978	350,383
1.1 structured					-	-				
1.2 other	201,644	201,644			201,644	201,644	351,547	350,401	338,978	350,383
2. Other securities	-	-			-	-	-	-	-	-
2.1 structured					-	-				
2.2 other					-	-				
B. Unlisted securities	1,250,023	1,251,977			1,250,023	1,251,977	1,038,556	1,014,560	1,113,224	1,156,153
1. Bonds	1,173,954	1,175,908			1,173,954	1,175,908	958,936	934,940	1,060,128	1,102,958
1.1 structured	9,888	10,107			9,888	10,107	19,962	19,696	-	-
1.2 other	1,164,066	1,165,801			1,164,066	1,165,801	938,974	915,244	1,060,128	1,102,958
2. Other securities	76,069	76,069			76,069	76,069	79,620	79,620	53,096	53,195
2.1 structured					-	-				
2.2 other	76,069	76,069			76,069	76,069	79,620	79,620	53,096	53,195
Total	**1,451,667**	**1,453,621**			**1,451,667**	**1,453,621**	**1,390,103**	**1,364,961**	**1,452,202**	**1,506,536**

Securities subject to specific hedging

(Euro/1,000)

	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
1. Debt securities subject to fair value hedging	122,944	171,757	182,045
a) interest rate risk	122,944	171,757	182,045
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			

Financial liabilities held for trading - Caption 40

Break-down by type

(Euro/1,000)

Transaction type / Amount	Banking Group				Insurance Company				Total 30.06.2007				Total 31.12.2006				Total 30.06.2006			
	NV	FV		FV*	NV	FV		FV*	NV	FV		FV*	NV	FV		FV*	NV	FV		FV*
		Listed	Unlisted			Listed	Unlisted			Listed	Unlisted			Listed	Unlisted			Listed	Unlisted	
A. Liabilities for cash																				
1. Amounts due to banks																				
2. Amounts due to customers			50								50									
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	**-**	**-**	**50**	**-**					**-**	**-**	**50**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives instruments																				
1. Financial derivatives	x	157	11,952		x				x	157	11,952			2,128	26,353			793	-	
1.1 trading	*x*	*157*	*8,970*		*x*				*x*	*157*	*8,970*			*4*	*25,206*			*793*	-	
1.2 connected with the fair value option	*x*		*2,056*		*x*				*x*	-	*2,056*			-	*1,147*			-	-	
1.3 Other	*x*		*926*		*x*				*x*		*926*			*2,124*	-					
2. Credit derivatives	x	-	-		x				x	-	-							20,415	-	
2.1 trading	*x*				*x*				*x*	-	-							*19,045*	-	
2.2 connected with the fair value option	*x*				*x*				*x*	-	-							*1,370*	-	
2.3 other	*x*				*x*				*x*											
Total B	**x**	**157**	**11,952**		**x**				**x**	**157**	**11,952**			**2,128**	**26,353**			**21,208**	**-**	
Total (A + B)	**-**	**157**	**12,002**	**-**						**157**	**12,002**		**-**	**2,128**	**26,353**	**-**		**21,208**	**-**	

Derivative instruments

(Euro / 1,000)

Derivative type / Underlying asset	Interest rates	Currencies and gold	Equity securities	Loans	Other	**Total 30.06.2007**	**Total 31.12.2006**	**Total 30.06.2006**
a) Listed derivatives								
1) Financial derivatives:	1	-	156	-	-	157	2,128	793
. With exchange of capital	1	-	156	-	-	157	2,128	793
- issued options						-		-
- other derivatives	1		156			157	2,128	793
. Without exchange of capital	-	-	-	-	-	-	-	-
- issued options						-		-
- other derivatives						-		-
2) Credit derivatives:	-	-	-	-	-	-	-	-
. With exchange of capital						-		-
. Without exchange of capital						-		-
Total A	**1**	**-**	**156**	**-**	**-**	**157**	**2,128**	**793**
b) Unlisted derivatives						-		-
1) Financial derivatives:	2,735	8,291	-	-	926	11,952	26,353	20,415
. With exchange of capital	-	8,291	-	-	-	8,291	25,919	12,087
- issued options						-		-
- other derivatives	-	8,291				8,291	25,919	12,087
. Without exchange of capital	2,735	-	-	-	926	3,661	434	8,328
- issued options	17		-			17	2	4,684
- other derivatives	2,718				926	3,644	432	3,644
2) Credit derivatives:	-	-	-	-	-	-	-	-
. With exchange of capital						-		-
. Without exchange of capital						-		-
Total B	**2,735**	**8,291**	**-**	**-**	**926**	***11,952***	**26,353**	***20,415***
Total (A + B)	***2,736***	***8,291***	***156***	***-***	***926***	***12,109***	***28,481***	***21,208***

Financial liabilities at fair value through profit or loss - Caption 50

Break-down by type

(Euro/1000)

Transaction type / Amount	Banking Group				Insurance Company				Total 30.06.2007				Total 31.12.2006				Total -			
	NV	FV		FV (*)	NV	FV		FV (*)	NV	FV		FV (*)	NV	FV		FV (*)	NV	FV		FV (*)
		Listed	Unlisted			Listed	Unlisted			Listed	Unlisted			Listed	Unlisted			Listed	Unlisted	
1. Amounts due to banks	-	-	-	-				-				-	-	-	-					-
1.1 Structured																				
1.2 Other																				
2. Amounts due to customers	-	-	-	-	1,066,230	-	1,066,230	-	1,066,230	-	1,066,230	-	1,032,512	-	1,032,512		901,518	-	904,167	-
2.1 Structured					1,066,230		1,066,230		1,066,230		1,066,230		1,032,512		1,032,512		860,878		860,878	
2.2 Other									-		-						40,640		43,289	
3. Debt securities	103,529	-	105,218	-	-	-	-	-	103,529	-	105,218	-	44,580	-	43,367		-	-	-	-
3.1 Structured	15,000		14,245						15,000		14,245		15,000		14,199		-		-	
3.2 Other	88,529		90,973						88,529		90,973		29,580		29,168		-		-	
Total	**103,529**	**-**	**105,218**	**-**	**1,066,230**	**-**	**1,066,230**	**-**	**1,169,759**	**-**	**1,171,448**	**-**	**1,077,092**	**-**	**1,075,879**	**-**	**901,518**	**-**	**904,167**	**-**

Hedging derivatives - Caption 60

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

(Euro/1,000)

Derivative type / Underlying asset		Interest rates	Currencies and gold	Equity securities	Loans	Other	**Total**
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:		2,549	-	-	-	219	**2,768**
. With exchange of capital		-	-	-	-	-	**-**
- issued options							**-**
- other derivatives							**-**
. Without exchange of capital		2,549	-	-	-	219	**2,768**
- issued options							**-**
- other derivatives		2,549				219	**2,768**
2) Credit derivatives:		-	-	-	-	-	**-**
. With exchange of capital							**-**
. Without exchange of capital							**-**
Total B		**2,549**	**-**	**-**	**-**	**219**	**2,768**
Total (A + B)	**30.06.2007**	**2,549**	**-**	**-**	**-**	***219***	**2,768**
Total (A + B)	**31.12.2006**	**2,959**					**2,959**
Total (A + B)	**30.06.2006**	**2,725**	**-**	**-**	**-**	**-**	**2,725**

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

(Euro/1,000)

Transaction / Hedging type	Fair Value						Cash flows	
	Specific					Generic	Specific	Generic
	interest rate risk	interest exchange risk	credit risk	price risk	other risks			
1. Available-for-sale financial assets								
2. Loans								
3. Held-to-maturity investments								
4. Portfolios								
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	2,768							
2. Portfolios								
Total liabilities	**2,768**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Provisions for risks and charges – Caption 120

(Euro/1,000)

Caption / Components	Banking Group	Insurance Company	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
1. Company pension funds	87		87	89	-
2. Other provisions for risks and charges	26,152	100	26,252	29,110	21,263
2.1 legal disputes	*12,717*		*12,717*	*13,783*	*12,825*
2.2 personnel charges	*12,762*		*12,762*	*13,428*	*8,238*
2.3 other	*673*	*100*	*773*	*1,899*	*200*
Total	**26,239**	**100**	26,339	**29,199**	21,263

Technical reserves – Caption 130

Break-down by type

(Euro/1,000)

	Direct work	Indirect work	Total 30.06.2007	Total 31.12.2006	Total 30.06.2006
A. Casualty branch	*1,695*	-	***1,695***	-	-
A1. premiums fund	*1,646*		*1,646*		-
A2 . claims fund	49		49		-
A3. other reserves			**-**		-
B. Life branch	403,407	-	**403,407**	371,905	330,087
B1. Mathematical reserves	401,250		401,250	370,449	329,023
B2. Funds for amounts to be disbursed	*532*		532	124	3
B3. Other reserves	*1,625*		1,625	1,332	1,061
C. Technical reserves for investment risks to be borne by the insured	*6,392*	-	***6,392***	6,099	5,201
C1: funds for contracts with disbursements connected with pension funds and market indices	6,392		**6,392**	6,099	5,201
C2: funds from pension fund management			***-***		-
D. Total technical reserves	**411,494**	-	**411,494**	378,004	335,288

Group's shareholders' equity - Captions 140, 160, 170, 180, 190, 200 and 220

Break-down by type

(Euro/1,000)

Caption / Amount	30.06.2007	31.12.2006	30.06.2006
1. Share capital	67,705	67,705	67,705
2. Share premium reserve	16,145	16,145	16,145
3. Reserves	394,788	339,474	342,218
4. (Treasury shares)			
a) parent company	(111)	(109)	
b) subsidiaries			
5. Valuation reserves	20,536	22,324	21,168
6. Capital instruments			
7. Profit (loss) for the year attributable to the Group	38,139	69,373	29,237
Total	**537,202**	**514,912**	**476,473**

Reserves: break-down by type

(Euro/1,000)

Caption	30.06.2007	31.12.2006	30.06.2006
Legal reserve	39,171	35,882	33,933
Statutory reserves	180,025	145,568	145,568
Profits (losses) carried forward	23,571	23,477	23,477
Reserve (F.T.A.)	99,785	99,785	99,785
Other reserves	52,236	34,762	39,455
Total	**394,788**	**339,474**	**342,218**

Valuation reserves: break-down

(Euro/1,000)

Caption / Components	Banking Group	Insurance Company	30.06.2007	31.12.2006	30.06.2006
1. Available-for-sale financial assets	3,157	(7,405)	(4,248)	(736)	(1,749)
2. Tangible assets		1,145	1,145		-
3. Intangible assets					
4. Foreign investment hedge					
5. Cashflow hedge	659	8	667		
6. Exchange differences					
7. Discontinuing operations					
8. Special revaluation laws	22,962	10	22,972	22,839	22,896
9. Other			-	221	21
Total	**26,778**	**(6,242)**	**20,536**	**22,324**	**21,168**

Valuation reserves of available for sale investments: break-down

(Euro/1000)

Asset / Amount	Banking Group		Insurance Company		Total 30.06.2007		Total 31.12.2006		Total 30.06.2006	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	270	(572)		(7,864)	270	(8,436)	107	(3,779)	155	(4,013)
2. Equity securities	2,825	(160)	212		3,037	(160)	2,690	(632)	2,617	(467)
3. OICR quotas	963	(169)	247		1,210	(169)	942	(64)	693	(734)
4. Financing										
Total	4,058	(901)	459	(7,864)	**4,517**	**(8,765)**	3,739	(4,475)	3,465	(5,214)

INCOME STATEMENT

Interest income and similar revenues – Caption 10

- attributable to the banking Group: break-down

(Euro/1,000)

Caption / Technical forms	Performing investments		Impaired investments	Other assets	Total	Total
	Debt securities	Loans			30.06.2007	30.06.2006
1. Financial assets held for trading	8,855			1,048	**9,903**	**1,205**
2. Financial assets at fair value through profit or loss					**-**	**-**
3. Available-for-sale financial assets	7,510				**7,510**	**4,116**
4. Held-to-maturity investments	181				**181**	**452**
5. Amounts due from banks		7,266			**7,266**	**7,212**
6. Amounts due from customers	654	136,100	1,987		**138,741**	**106,387**
7. Hedging derivatives				-	**-**	**1,352**
8. Financial assets sold but not written off					**-**	**4,057**
9. Other financial assets				105	**105**	**-**
Total	17,200	143,366	1,987	1,153	**163,706**	**124,781**

- attributable to the insurance company: break-down

(Euro/1,000)

Caption / Technical forms	Performing investments		Impaired investments	Other assets	Total	Total
	Debt securities	Loans			30.06.2007	30.06.2006
1. Financial assets held for trading	165			1,797	**1,962**	**2,616**
2. Financial assets at fair value through profit or loss	7,434			6	**7,440**	**5,311**
3. Available-for-sale financial assets	4,604				**4,604**	**4,114**
4. Held-to-maturity investments					**-**	-
5. Amounts due from banks				1	**1**	**-**
6. Amounts due from customers					**-**	-
7. Hedging derivatives					**-**	-
8. Financial assets sold but not written off					**-**	-
9. Other financial assets					**-**	**41**
Total	12,203	-	-	1,804	**14,007**	**12,082**

Differentials on hedging transactions

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	Total 30.06.2007	Total 30.06.2006
A. Positive differentials on transactions:				
A.1 for specific hedge of financial assets fair value				
A.2 for specific hedge of financial liabilities fair value			-	3,652
A.3 for portfolio hedge of interest rate risk				
A.4 for specific cash-flow hedge of financial assets				
A.5 for specific cash-flow hedge of financial liabilities				
A.6 for portfolio cash-flow hedge				
Total positive differentials (A)	**-**		**-**	**3,652**
B. Negative differentials on transactions:				
B.1 for specific hedge of financial assets fair value				
B.2 for specific hedge of financial liabilities fair value			-	(2,300)
B.3 for portfolio hedge of interest rate risk				
B.4 for specific cash-flow hedge of financial assets				
B.5 for specific cash-flow hedge of financial liabilities				
B.6 for portfolio cash-flow hedge				
Total negative differentials (B)	**-**		**-**	**(2,300)**
C. Balance (A-B)	**-**		**-**	**1,352**

Interest expense and similar charges – Caption 20

- attributable to the banking Group: break-down

(Euro/1,000)

Captions/Technical types	Debts	Securities	Other liabilities	**Total 30.06.2007**	**Total 30.06.2006**
1. Amounts due to banks	(2,229)			**(2,229)**	(1,152)
2. Amounts due to customers	(27,874)			**(27,874)**	(14,849)
3. Securities issued		(23,327)		**(23,327)**	(20,012)
4. Financial liabilities held for trading		(140)	(1,654)	**(1,794)**	(194)
5. Liabilities at fair value through profit or loss		(1,711)		**(1,711)**	(418)
6. Financial liabilities associated with assets sold but not written off	(8,885)			**(8,885)**	(4,272)
7. Other liabilities and reserves				**-**	-
8. Hedging derivatives			(464)	**(464)**	-
Total	**(38,988)**	**(25,178)**	**(2,118)**	**(66,284)**	**(40,897)**

- attributable to the insurance company: break-down

(Euro/1000)

Captions/Technical types	Debts	Securities	Other liabilities	**Total 30.06.2007**	**Total 30.06.2006**
1. Amounts due to banks	-		(1)	**(1)**	-
2. Amounts due to customers				**-**	-
3. Securities issued				**-**	-
4. Financial liabilities held for trading				**-**	-
5. Liabilities at fair value through profit or loss				**-**	-
6. Financial liabilities associated with assets sold but not written off				**-**	-
7. Other liabilities and reserves				**-**	-
8. Hedging derivatives				**-**	-
Total	**-**	**-**	**(1)**	**(1)**	**-**

Differentials on hedging transactions

(Euro/1,000)

Caption / Amount	Banking Group	Insurance Company	Total 30.06.2007	Total 30.06.2006
A. Positive differentials on transactions:				
A.1 for specific hedge of financial assets fair value				
A.2 for specific hedge of financial liabilities fair value	2,422			
A.3 for portfolio hedge of interest rate risk				
A.4 for specific cash-flow hedge of financial assets				
A.5 for specific cash-flow hedge of financial liabilities				
A.6 for portfolio cash-flow hedge				
Total positive differentials (A)	**2,422**			**-**
B. Negative differentials on transactions:				
B.1 for specific hedge of financial assets fair value				
B.2 for specific hedge of financial liabilities fair value	- 2,886			
B.3 for portfolio hedge of interest rate risk				
B.4 for specific cash-flow hedge of financial assets				
B.5 for specific cash-flow hedge of financial liabilities				
B.6 for portfolio cash-flow hedge				
Total negative differentials (B)	**- 2,886**			**-**
C. Balance (A-B)	**- 464**			**-**

Commission income - Caption 40

- attributable to the banking Group: break-down

(Euro/1,000)

Type of service / Amount	**Total 30.06.2007**	**Total 30.06.2006**
a) Guarantees given	967	827
b) Credit derivatives		
c) Management, trading and consultancy services:	74,158	78,604
1. trading of financial instruments	2,037	1,557
2. currency trading	712	592
3. portfolio management	56,978	64,359
3.1. individuals	*3,273*	*3,205*
3.2. collective	*53,705*	*61,154*
4. securities safekeeping and administration	1,973	1,937
5. depositary bank	2,534	2,717
6. securities placement	3,959	3,484
7. order acceptance	5,929	3,684
8. consultancy services	2	
9. distribution of third party services	34	274
9.1. portfolio management	-	-
9.1.1. individuals		
9.1.2. collective		
9.2. insurance products	21	246
9.3. other products	13	28
d) Collection and payment services	8,108	8,548
e) Securitisation servicing services	22	26
f) Factoring transaction services	20	20
g) Tax collection services		
h) Other services	7,869	7,667
Total	**91,144**	**95,692**

- attributable to the insurance company: break-down

(Euro/1,000)

Type of service / Amount	Total 30.06.2007	Total 30.06.2006
a) Guarantees given		
b) Credit derivatives		
c) Management, trading and consultancy services:	8,150	7,731
1. trading of financial instruments		
2. currency trading		
3. portfolio management	8,150	7,731
3.1. individuals		
3.2. collective	8,150	7,731
4. securities safekeeping and administration		
5. depositary bank		
6. securities placement		
7. order acceptance		
8. consultancy services		
9. distribution of third party services		
9.1. portfolio management	-	-
9.1.1. individuals		
9.1.2. collective		
9.2. insurance products		
9.3. other products		
d) Collection and payment services		
e) Securitisation servicing services		
f) Factoring transaction services		
g) Tax collection services		
h) Other services		
Total	**8,150**	**7,731**

Commission expense - Caption 50

- attributable to the banking Group: break-down

(Euro/1,000)

Type of service / Amount	Total 30.06.2007	Total 30.06.2006
a) Guarantees received	(18)	(31)
b) Credit derivatives		
c) Management and trading services:	(25,768)	(31,133)
1. Trading of financial instruments	(205)	(8)
2. Currency trading		
3. Portfolio management:	(24,687)	(30,097)
3.1 own portfolio		-
3.2 third parties' portfolio	(24,687)	(30,097)
4. Securities safekeeping and administration	(876)	(1,024)
5. Placement of financial instruments		(4)
6. Door-to-door sales of securities, financial products and		
d) Collection and payment services	(1,328)	(1,546)
e) Other services	(1,804)	(2,138)
Total	**(28,918)**	**(34,848)**

- attributable to the insurance company: break-down

(Euro/1,000)

Type of service / Amount	Total 30.06.2007	Total 30.06.2006
a) Guarantees received		
b) Credit derivatives		
c) Management and trading services:	(4,800)	(4,506)
1. Trading of financial instruments	(2)	(3)
2. Currency trading		
3. Portfolio management:	(4,797)	(4,503)
3.1 own portfolio	(4,797)	(4,503)
3.2 third parties' portfolio		
4. Securities safekeeping and administration		
5. Placement of financial instruments	(1)	
6. Door-to-door sales of securities, financial products and		
d) Collection and payment services		
e) Other services		
Total	**(4,800)**	**(4,506)**

Dividends and other revenues - Caption 70

Break-down

(Euro/1,000)

Caption / Income	Banking Group		Insurance Company		Total 30.06.2007		Total 30.06.2006	
	Dividends	Income from OICR quotas	Dividends	Income from OICR quotas	Dividends	Income from OICR quotas	Dividends	Income from OICR quotas
A. Financial assets held for trading	111				111		*191*	
B. Available-for-sale financial assets	247		118		365		*398*	
C. Financial assets at fair value through profit or loss			498		498		*9*	
D. Investments					-		-	
Total	**358**	**-**	**616**	**-**	**974**	**-**	**598**	**-**

Profits (losses) on financial trading activities - Caption 80

- attributable to the banking Group

(Euro/1,000)

Transaction / Income component	Capital gain	Profit on trading	Capital losses	Losses on trading	**Net income 30.06.2007**	**Net income 30.06.2006**
1. Financial assets held for trading	193	6,249	(896)	(571)	**4,975**	**2,031**
1.1 Debt securities	128	4,144	(476)	(208)	***3,588***	**429**
1.2 Equity securities	65	1,085	(416)	(339)	***395***	**(287)**
1.3 OICR quotas		83	(4)	(1)	***78***	**-**
1.4 Financing		875			***875***	**1,413**
1.5 Other		62		(23)	***39***	**476**
2. Financial liabilities held for trading	-	-	-	-	**-**	**-**
2.1 Debt securities					**-**	**-**
2.2 Other					**-**	**-**
3. Other financial assets and liabilities: exchange differences					**376**	**43**
4. Derivative instruments	1,652	12,308	(2,319)	(12,036)	***(249)***	**(103)**
4.1 Derivatives held for trading:	1,652	12,308	(2,319)	(12,036)	***(249)***	**(103)**
- on debt securities and interest rates	*1,043*	*11,469*	*(1,694)*	*(11,120)*	***(302)***	**(264)**
- on equity securities and equity indices	*603*	*839*	*(620)*	*(916)*	***(94)***	**178**
- on currencies and gold					***146***	**(17)**
- others	*6*		*(5)*		***1***	**-**
4.2 Credit derivatives					***-***	**-**
Total	***1,845***	***18,557***	***(3,215)***	***(12,607)***	**5,102**	**1,971**

- attributable to the insurance company

(Euro/1,000)

Transaction / Income component	Capital gain	Profit on trading	Capital losses	Losses on trading	**Net income 30.06.2007**	**Net income 30.06.2006**
1. Financial assets held for trading	-	-	-	-	**-**	**-**
1.1 Debt securities					**-**	
1.2 Equity securities					**-**	
1.3 OICR quotas					**-**	
1.4 Financing					**-**	
1.5 Other					**-**	
2. Financial liabilities held for trading	-	-	-	-	**-**	**-**
2.1 Debt securities					**-**	
2.2 Other					**-**	
3. Other financial assets and liabilities: exchange differences					**-**	
4. Derivative instruments	1,397	122	(3,440)	(41)	***(1,962)***	**(6,013)**
4.1 Derivatives held for trading:	1,397	122	(3,440)	(41)	***(1,962)***	**(6,013)**
- on debt securities and interest rates					**-**	
- on equity securities and equity indices	1,397	122	(3,440)	(41)	***(1,962)***	**(6,013)**
- on currencies and gold					**-**	
- others					**-**	
4.2 Credit derivatives					**-**	
Total	***1,397***	***122***	***(3,440)***	***(41)***	**(1,962)**	**(6,013)**

Fair value adjustments in hedge accounting - Caption 90

Break-down

(Euro/1,000)

Income component/Value	Banking Group	Insurance Company	Total 30.06.2007	Total 30.06.2006
A. Income relating to:				
A.1 Fair value hedging derivatives	511		511	
A.2 Hedged financial assets (fair value)			-	
A.3 Hedged financial liabilities (fair value)	321		321	2,670
A.4 Cash flow hedge financial derivatives				
A.5 Currency assets and liabilities				
Total income from hedging activities (A)	**832**	-	**832**	**2,670**
B. Charges relating to:				
B.1 Fair value hedging derivatives	- 749		- 749	- 3,769
B.2 Hedged financial assets (fair value)				
B.3 Hedged financial liabilities (fair value)	- 226		- 226	
B.4 Cash flow hedge financial derivatives				
B.5 Currency assets and liabilities				
Total charges from hedging activities (B)	**- 975**	**-**	**- 975**	**- 3,769**
C. Net hedging income (A – B)	**- 143**	**-**	**- 143**	**- 1,099**

Profits (losses) from disposals/repurchases - Caption 100

Break-down

(Euro/1,000)

Caption/Income component	Banking Group			Insurance Company			Total 30.06.2007			Total 30.06.2006		
	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												
3. Available-for-sale financial assets	1,334	(347)	**987**	587	(47)	**540**	1,921	(394)	**1,527**	2,247	(1,792)	**455**
3.1 Debt securities	*138*	*(282)*	***(144)***	*3*		***3***	*141*	*(282)*	***(141)***	*389*	*(1,241)*	***(852)***
3.2 Equity securities			***-***	*49*	*(3)*	***46***	*49*	*(3)*	***46***	*954*	*(205)*	***749***
3.3 OICR quotas	*1,196*	*(65)*	***1,131***	*535*	*(44)*	***491***	*1,731*	*(109)*	***1,622***	*904*	*(346)*	***558***
3.4 Financing												
4. Held-to-maturity investments			**-**			**-**	-	-	**-**	-	**-**	**-**
Total assets	**1,334**	**(347)**	**987**	**587**	**(47)**	**540**	**1,921**	**(394)**	**1,527**	**2,247**	**(1,792)**	**455**
Financial liabilities												
1. Amounts due to banks												
2. Amounts due to customers												
3. Securities issued	47	-	**47**			**-**	47	-	**47**	337	**(5)**	**332**
Total liabilities	**47**	**-**	**47**	**-**	**-**	**-**	**47**	**-**	**47**	**337**	**(5)**	**332**

Profits (losses) on financial assets and liabilities at fair value through profit or loss – Caption 110

- attributable to the banking Group: break-down

(Euro/1,000)

Transaction/Income component	Capital gain	Profits on disposal	Capital losses	Losses on disposal	**Net income 30.06.2007**	**Net income 30.06.2006**
1. Financial assets	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities					**-**	**-**
1.2 Equity securities					**-**	**-**
1.3 OICR quotas					**-**	**-**
1.4 Financing					**-**	**-**
2. Financial liabilities	**1,287**	**-**	**- 58**	**-**	**1,229**	**857**
2.1 Securities issued	1,287		- 58		**1,229**	**857**
2.2 Amounts due to banks					**-**	**-**
2.3 Amount due to customers					**-**	**-**
3. Other financial assets and liabilities: exchange differences					**-**	**-**
4. Derivative instruments	**-**	**-**	**- 1,314**	**-**	**- 1,314**	**- 1,200**
4.1 Financial derivatives	-	-	- 1,314	-	**- 1,314**	**- 1,200**
- on debt securities and interest rates			- 1,314		**- 1,314**	**- 1,200**
- on equity securities and equity indices					**-**	**-**
- on currencies and gold					**-**	**-**
- other					**-**	**-**
4.2 Credit derivatives					**-**	**-**
Total	**1,287**	**-**	**- 1,372**	**-**	**- 85**	**- 343**

- attributable to the insurance company:

(Euro/1,000)

Transaction/Income component	Capital gain	Profits on disposal	Capital losses	Losses on disposal	**Net income 30.06.2007**	**Net income 30.06.2006**
1. Financial assets	**12,076**	**1,915**	**- 7,750**	**- 1,784**	**4,457**	**- 13,841**
1.1 Debt securities	1,515	100	- 4,753	- 213	**- 3,351**	**- 5,083**
1.2 Equity securities	161	217	- 348	- 408	**- 378**	**13**
1.3 OICR quotas	10,400	1,598	- 2,649	- 1,163	**8,186**	**- 8,771**
1.4 Financing					**-**	**-**
2. Financial liabilities	**-**	**-**	**- 7,290**	**-**	**- 7,290**	**16,169**
2.1 Securities issued					**-**	**-**
2.2 Amounts due to banks			- 7,290		**- 7,290**	**-**
2.3 Amount due to customers					**-**	**16,169**
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 equity indices					**-**	
- on currencies and gold					**-**	
- other					**-**	
4.2 Credit derivatives					**-**	**-**
Total	**12,076**	**1,915**	**- 15,040**	**- 1,784**	**- 2,833**	**2,328**

Impairment losses/write-backs - Caption 130

Impairment losses/write-backs of amounts due from banks and customers

- attributable to the banking Group

(Euro/1,000)

Transaction/Income component	Adjustments			Write-backs				Total	Total
	Specific		Portfolio	Specific		Portfolio		30.06.2007	30.06.2006
	Cancellations	Other		Due to interests	Other write-backs	Due to interests	Other write-backs		
A. Amounts due from banks							5	5	(8)
B. Amounts due from customers	(112)	(13,784)		(2,334)	763	5,774	1	(9,692)	(7,192)
C. Total	**(112)**	**(13,784)**	**-**	**(2,334)**	**763**	**5,774**	**6**	**(9,687)**	**(7,200)**

Impairment losses/write-backs of other financial transactions

- attributable to the banking Group

(Euro/1,000)

Transaction/Income component	Adjustments			Write-backs				Total	Total
	Specific		Portfolio	Specific		Portfolio		30.06.2007	30.06.2006
	Cancellations	Other		Due to interests	Other write-backs	Due to interests	Other write-backs		
A. Guarantees granted		(20)	(228)		11		11	(226)	359
B. Credit derivatives								-	
C. Commitments to grant finance								-	
D. Other transactions								-	
E. Total	**-**	**(20)**	**(228)**	**-**	**11**	**-**	**11**	**(226)**	**359**

Net insurance premiums – Caption 150

Break-down

(Euro/1,000)

Premiums from insurance activities	Direct work	Indirect work	Total 30.06.2007	Total 30.06.2006
A. Life branch				
A.1 Gross premiums accounted for (+)	*60,581*		*60,581*	*83,916*
A.2 Premiums ceded for reinsurance (-)	*-113*		-113	-253
A.3 Total	*60,468*	*0*	*60,468*	*83,663*
B. Casualty branch			*0*	*0*
B.1 Gross premiums accounted for (+)	*2,668*		*2,668*	*0*
B.2 Premiums ceded for reinsurance (-)	-323		-323	0
B.3 Changes of the gross amount of premium reserve (+/-)			0	0
B.4 Changes in premium reserves reassured with third parties (-/+)	213		213	0
B.5 Total	2,558	0	2,558	0
C. Total net insurance premiums	**63,026**		**63,026**	**83,663**

Balance of other income/charges arising on insurance activities - Caption 160

Break-down

(Euro/1,000)

Captions	Total 30.06.2007	Total 30.06.2006
1. Net change in technical reserves	(34,387)	(72,837)
2. Claims accrued and paid during the year	(30,645)	(12,772)
3. Other income/charges arising on insurance activities	-	
Total	**(65,032)**	**(85,609)**

Sub-caption "Net change in technical reserves"

Break-down

(Euro/1000)

Net change in technical reserves	Total 30.06.2007	Total 30.06.2006
1. Life branch		
A. Technical reserves		
A.1 Gross annual amount	(31,948)	(72,342)
A.2 (-) Amount reassured with third parties	(176)	137
B. Other technical reserves		
B.1 Gross annual amount	(293)	(280)
B.2 (-) Amount reassured with third parties		
C. Technical reserves for investment risks to be borne by the insured		
C.1 Gross annual amount	(324)	(352)
C.2 (-) Amount reassured with third parties		
Total "life branch reserves"	**(32,741)**	**(72,837)**
2. Casualty branch		
Changes in other technical reserves of casualty branch other than claims fund net of ceded insurance	(1,646)	

Administrative costs - Caption 180

Personnel costs

(Euro/1,000)

Type of costs / Sectors	Banking Group	Insurance Company	Total 30.06.2007	Total 30.06.2006
1) Employees	(59,098)	(1,146)	(60,244)	(53,859)
a) Wages and salaries	(40,352)	(814)	(41,166)	(36,300)
b) Social security charges	(9,977)	(224)	(10,201)	(9,236)
c) Provision for termination indemnities			-	(13)
d) Social security costs		(19)	(19)	(8)
e) Accruals to provisions for termination indemnities	(1,917)	(46)	(1,963)	(3,072)
f) Accruals to pension funds and similar funds:	(1,354)	-	(1,354)	-
- defined contribution	(1,354)		(1,354)	-
- defined benefit			-	-
g) Amounts paid to external complementary social security funds:	(2,026)	-	(2,026)	(1,689)
- defined contribution	(2,026)		(2,026)	(1,689)
- defined benefit			-	-
h) Costs arising on payment agreements based on own financial instruments	(42)	(41)	(83)	(325)
i) Other benefits in favor of employees	(3,430)	(2)	(3,432)	(3,216)
2) Other personnel	(1,066)	(26)	(1,092)	(814)
3) Directors	(2,400)	(112)	(2,512)	(2,342)
Total	**(62,564)**	**(1,284)**	**(63,848)**	**(57,015)**

Other administrative costs

(Euro/1,000)

	Banking Group	Insurance Company	**Total 30.06.2007**	**Total 30.06.2006**
Indirect taxes and duties			-	
- stamp duties	(4,082)	-	(4,082)	(3,812)
- other	(2,024)	-	(2,024)	(1,528)
other costs	-	-		
- data processing costs	(6,378)	(717)	(7,095)	(5,819)
- property lease	(4,784)	(17)	(4,801)	(3,341)
- asset lease	(135)	-	(135)	(1,021)
- real and personal estate maintenance	(2,116)	-	(2,116)	(2,882)
- postal and telegraphic charges	(1,501)	(9)	(1,510)	(1,396)
- telephone and data transmission charges	(2,996)	-	(2,996)	(2,294)
- electric power, heating, water	(1,802)	-	(1,802)	(1,672)
- cleaning of premises	(517)	-	(517)	(444)
- printed forms, stationery and related items	(537)	(15)	(552)	(579)
- travel and transport costs	(548)	-	(548)	(392)
- surveillance and security	(912)	-	(912)	(872)
- advertising and entertainment	(1,975)	-	(1,975)	(1,579)
- information and certificates	(266)	-	(266)	(448)
- insurance premiums	(531)	-	(531)	(805)
- legal expenses	(2,549)	-	(2,549)	(2,270)
- consulting expenses	(3,316)	(123)	(3,439)	(3,176)
- board expenses	(181)	(27)	(208)	(180)
- contributions and donations	(160)	-	(160)	(214)
- sundry expenses	(4,385)	(642)	(5,027)	(3,360)
Total	**(41,695)**	**(1,550)**	**(43,245)**	**(38,084)**

Net provisions for risks and charges – Caption 190

(Euro/1,000)

Type of provision / Amount	Banking Group	Insurance Company	**Total 30.06.2007**	**Total 30.06.2006**
charges for legal disputes and claw-back actions	(949)		**(949)**	**(1,536)**
others	2,787		**2,787**	**-**
Total	**1,838**	**-**	**1,838**	**(1,536)**

Net adjustments/write-backs to tangible assets – Caption 200

- attributable to the banking Group: break-down

(Euro/1,000)

Asset / Income component	Depreciation	Impairment adjustments	Write-backs	**Net income 30.06.2007**	**Net income 30.06.2006**
A. Tangible assets					
A.1 owned by the Bank	(3,259)	-	-	(3,259)	(2,433)
- for business use	(3,259)			(3,259)	(2,433)
- for investment				-	-
A.2 leased	-	-	-	-	-
- for business use				-	
- for investment				-	
Total	**(3,259)**	**-**	**-**	**(3,259)**	**(2,433)**

- attributable to the insurance company: break-down

(Euro/1,000)

Asset / Income component	Depreciation	Impairment adjustments	Write-backs	**Net income 30.06.2007**	**Net income 30.06.2006**
A. Tangible assets					
A.1 owned by the Bank	(16)	-	-	(16)	(9)
- for business use	(16)			(16)	(9)
- for investment				-	-
A.2 leased	-	-	-	-	-
- for business use				-	
- for investment				-	
Total	**(16)**	**-**	**-**	**(16)**	**(9)**

Net adjustments/write-backs to intangible assets - Caption 210

- attributable to the banking Group: break-down

(Euro/1,000)

Asset/Income component	Amortization	Impairment adjustments	Write-backs	**Net income 30.06.2007**	**Net income 30.06.2006**
A. Intangible assets				-	
A.1 owned by the Bank	(379)	-	-	(379)	(373)
- generated internally				-	
- other	(379)			(379)	(373)
A.2 leased				-	
Total	**(379)**	**-**	**-**	**(379)**	**(373)**

- attributable to the insurance company: break-down

(Euro/1,000)

Asset/Income component	Amortization	Impairment adjustments	Write-backs	**Net income 30.06.2007**	**Net income 30.06.2006**
A. Intangible assets				-	
A.1 owned by the Bank	(62)	-	-	(62)	-
- generated internally				-	
- other	(62)			(62)	-
A.2 leased				-	
Total	**(62)**	**-**	**-**	**(62)**	**-**

Other operating income (expenses) - Caption 220

Other operating expenses

(Euro/1,000)

Income component / Amount	Banking Group	Insurance Company	**Total 30.06.2007**	**Total 30.06.2006**
amortization of costs for leasehold improvements	(900)		**(900)**	(793)
others	(1,634)		**(1,634)**	(1,501)
Total	**(2,534)**	**-**	**(2,534)**	**(2,294)**

Other operating income

(Euro/1,000)

Income component / Amount	Banking Group	Insurance Company	**Totale 30.06.2007**	**Total 30.06.2006**
recovery of taxes from third parties	5,419	-	**5,419**	4,584
recovery of insurance premiums from customers	4,918	-	**4,918**	4,810
cost recoveries	5,832	-	**5,832**	1,500
other income	613	15	**628**	1,392
Total	**16,782**	**15**	**16,797**	**12,286**

Income taxes for the period – Caption 290

Income component/Sector	Banking Group	Insurance Company	**Total 30.06.2006**	**Total 30.06.2005**
1. Current taxes (-)	(28,711)	(887)	(29,598)	(24,295)
2. Changes in current taxes of previous periods (+/-)	(52)		(52)	691
3. Decrease in current taxes of the period (+)			-	-
4. Changes in advanced taxes (+/-)	689	(100)	589	(444)
5. Changes in deferred taxes (+/-)	(1,127)		(1,127)	(1,067)
6. Taxes for the period (-)	**(29,201)**	**(987)**	**(30,188)**	**(25,115)**

Earnings per share

	30.06.2007		
	Categories of shares		Profit for the period
	Ordinary shares	Saving shares	
Attributable earnings	33,591	4,548	38,139
Average number of shares in circulation	117,000,000	13,202,000	
Earnings per share - Basic	**0.287**	**0.344**	

	30.06.2006		
	Categories of shares		Profit for the period
	Ordinary shares	Saving shares	
Attributable earnings	25,750	3,487	29,237
Average number of shares in circulation	117,000,000	13,202,000	
Earnings per share - Basic	**0.220**	**0.264**	

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, inter-group adjustments are allocated to the corporate center, except where the inter-group balances are between companies within the same segment.

The results of the subsidiaries (Anima Sgr, Brianfid Sa, Banca Credito Privato Commerciale Sa, Valorfin Sa, Desio Vita SpA now Chiara Vita Spa, Chiara Assicurazioni SpA), considering the specificity of the activity performed by them, are allocated to the “asset management” 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 inter-group balances, except where the inter-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.

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

(1) from the Income Statement, reclassified

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

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

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

CONSOLIDATED REPORT OF SEGMENT INFORMATION BY BUSINESS SEGMENT						
Income Statement data (amounts in Euro/1,000)	**30/06/06**	**RETAIL**	**CORPORATE**	**INVESTMENT BANKING**	**ASSET MNG**	**CORPORATE CENTER**
Margin on banking and insurance activities (1)	166,310	86,138	33,125	2,052	34,859	10,136
Structure costs (2)	-97,914	-55,234	-15,455	-911	-12,580	-13,734
Provisions and adjustments (3)	-8,377	-3,731	-2,890	0	-220	-1,536
Profits/(losses) on equity investments accounted for under the equity method	0	0	0	0	0	0
Profits/(losses) on the disposal of investments	0	0	0	0	0	0
Profits/(losses) before taxes on continuing operations	**60,019**	**27,173**	**14,780**	**1,141**	**22,059**	**-5,134**

(1) from the Income Statement, reclassified on a management basis

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

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

Balance sheet data (amounts in Euro/1,000)	**30/06/06**	**RETAIL**	**CORPORATE**	**INVESTMENT BANKING**	**ASSET MNG**	**CORPORATE CENTER**
Financial assets	2,025,581	0	0	898,299	1,229,120	-101,838
Amounts due from banks	507,866	0	0	446,514	84,368	-23,016
Loans to and receivables from customers	3,790,640	2,184,602	1,582,791	0	23,433	-186
Amounts due to banks	152,484	0	0	144,561	12,210	-4,287
Amounts due to customers	3,052,751	2,247,178	782,598	0	61,432	-38,457
Securities issued	1,452,202	1,361,463	168,230	0	0	-77,491
INDIRECT DEPOSITS: ADMINISTERED AND MANAGED	**14,862,958**	**6,153,449**	**2,443,732**	**0**	**5,764,258**	**501,519**

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

(1) from the Income Statement, reclassified

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

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

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

CONSOLIDATED REPORT - SEGMENT INFORMATION BY GEOGRAPHIC SEGMENT				
Income Statement data (amounts in Euro/1,000)	30/06/06	NORTHERN ITALY	REST OF ITALY	REST OF THE WORLD
Margin on banking and insurance activities (1)	166,310	146,447	13,691	6,172
Structure costs (2)	-97,914	-84,850	-9,609	-3,455
Provisions and adjustments (3)	-8,377	-8,293	88	-172
Profits/(losses) on equity investments accounted for under the equity method	0	0	0	0
Profits/(losses) on the disposal of investments	0	0	0	0
Profits/(losses) before taxes on continuing operations	**60,019**	**53,304**	**4,170**	**2,545**

(1) from the Income Statement, reclassified on a management basis

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

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

Balance sheet data (amounts in Euro/1,000)	TOTAL	NORTHERN ITALY	REST OF ITALY	REST OF THE WORLD
Financial assets	2,025,581	1,919,141	106,440	0
Amounts due from banks	507,866	237,000	213,257	57,609
Loans to and receivables from customers	3,790,640	3,330,540	444,110	15,990
Amounts due to banks	152,484	134,047	18,437	0
Amounts due to customers	3,052,751	2,457,794	535,940	59,017
Securities issued	1,452,202	1,327,561	124,641	0
INDIRECT DEPOSITS: ADMINISTERED AND MANAGED	**14,862,958**	**13,050,466**	**994,263**	**818,229**

INFORMATION ON RISKS AND THE RELATED HEDGING POLICIES

SECTION 1 - BANKING GROUP'S RISKS

1. CREDIT RISK
Qualitative information

1. General aspects

The Group's lending activity has developed in line with the management policies laid down in the Business Plan, directed at local economies and mainly carried on in the retail, small business and small-to-medium enterprises markets. Lending is directed at the corporate market to a lesser extent.
The activities directed at private and small business customers (artisans, producing families, professionals) include products substantially relating to: loans and deposits under any form; financial, banking and payment services; financial, insurance and asset management products; debit and credit cards.
The activities intended for medium-to-large enterprises and finance companies include products substantially relating to: loans and deposits under any form; financial, banking and payment services; documentary credit; leasing and factoring.
Commercial policy is pursued through the peripheral branch network 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.

2. Policies for the management of credit risks

2.1. Organisational aspects

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

2.1. 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.
With reference to the process of adaptation to the new provisions governing prudential supervision (Bank of Italy's Circular Letter no. 263 of 27 December 2006), the Parent Company and the other subsidiary Italian banks have decided to take advantage of the possibility of applying the previous prudential rules on a transitional basis over the 2007 accounting period. With effect from 1 January 2008, the calculation of required assets as against credit risks will follow the rules laid down by the new legislation for the standardised method. Notwithstanding this, and in view of a possible development towards more advanced methods for the calculation of the required assets, an internal rating model is currently being tested (C.R.S. - Credit Rating System) capable of classifying each counterparty in risk classes, each of such classes having the same probability of insolvency.

2.2. Credit risk mitigation techniques

While developing the operational process leading to the disbursement of a loan, even if it is considered that the necessary requirements have been met, whenever possible the Group obtains additional real and/or personal securities in order to mitigate risk.
Mortgages have proved to be the prevailing form of collateral, mainly in the technical form of mortgage loans (in particular loans raised on residential properties). Pledges in financial instruments and/or cash, however significant, are also to be found, but to a lesser extent.
The guarantees received by the Group are drawn up on contractual forms, in line with the standards for the sector and based on case law guidelines and approved by the competent corporate departments with the aim of containing the so-called legal risks. It is planned to implement a specific application on a gradual basis which will be capable of ensuring the existence of the general and specific requirements laid down for the recognition of the techniques of Credit Risk Mitigation for prudential purposes.
To date, the Group has not used credit derivatives to hedge or transfer credit risks and has carried out no direct securitisation transactions.

2.3. Impaired financial assets

Loans to customers are classified as *problem* loans in consideration of the extent of the risk that has arisen, of the objective impossibility of reaching an amicable settlement, of failure to comply with the repayment plans that have been defined and the need to timely take legal actions in order to safeguard the credit effectively.
The transfer to the non-performing loan category takes place when, in the light of the objective elements at the disposal of the competent office, a customer becomes unable to meet its commitments and thus enters a state of insolvency, even one that has not been declared by a court.
Positions which are overdue for more than 90 and/or 180 days, are kept under constant review 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

Financial assets analysed by portfolio and credit quality (book values)

(Euro/1,000)

Portfolio / Quality	Banking Group						Insurance companies		Total
	Non-performing loans	Problem loans	Restructured loans	Expired loans	Country risk	Other assets	Impaired	Other	
1. Financial assets held for trading		4		4		486,295		29,673	**515,976**
2. Available-for-sale financial assets						530,767		459,007	**989,774**
3. Held-to-maturity investments						8,051			**8,051**
4. Amount due from banks					82	248,174		83	**248,339**
5. Amounts due from customers	27,648	24,591		18,092	10	4,419,611			**4,489,952**
6. Financial assets at fair value through profit or loss								962,892	**962,892**
7. Financial assets under disposal									**-**
8. Hedging derivatives						4,401			**4,401**
Total 30.06.2007	**27,648**	**24,595**	**-**	**18,096**	**92**	**5,697,299**		**1,451,655**	**7,219,385**
Total 31.12.2006	**24,927**	**22,236**		**14,670**	**105**	**5,502,028**		**1,349,488**	**6,913,454**
Total 30.06.2006	**23,980**	**16,530**	**-**	**9,577**	**57**	**5,166,276**		**1,108,946**	**6,325,366**

Financial assets analysed 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	8	-	-	8	X	X	486,295	**486,303**
2. Available-for-sale financial assets				-	530,767		530,767	**530,767**
3. Held-to-maturity investments				-	8,051		8,051	**8,051**
4. Amount due from banks				-	248,291	35	248,256	**248,256**
5. Amounts due from customers	111,587	41,256	-	70,331	4,444,444	24,823	4,419,621	**4,489,952**
6. Financial assets at fair value through profit or loss				-	X	X		**-**
7. Financial assets under disposal				-			-	**-**
8. Hedging derivatives				-	X	X	4,401	**4,401**
Total A	**111,595**	**41,256**	**-**	**70,339**	**5,231,553**	**24,858**	**5,697,391**	**5,767,730**
B. Other companies included in the scope of consolidation								
1. Financial assets held for trading					X	X	29,673	**29,673**
2. Available-for-sale financial assets					459,007		459,007	**459,007**
3. Held-to-maturity investments							-	**-**
4. Amount due from banks					83		83	**83**
5. Amounts due from customers							-	**-**
6. Financial assets at fair value through profit or loss					X	X	962,892	**962,892**
7. Financial assets under disposal								**-**
8. Hedging derivatives					X	X		**-**
Total B	**-**	**-**	**-**	**-**	**459,090**	**-**	**1,451,655**	**1,451,655**
Total 30.06.2007	**111,595**	**41,256**	**-**	**70,339**	**5,690,643**	**24,858**	**5,665,785**	**7,219,385**
Total 31.12.2006	**101,150**	**39,316**	**-**	**61,834**	**5,475,033**	**22,628**	**6,851,620**	**6,913,454**
Total 30.06.2006	**95,928**	**45,841**	**-**	**50,087**	**5,139,050**	**23,931**	**6,275,279**	**6,325,366**

Large risks

No item reported under “Large risks”.

Securitization transactions

On 30 June 2007 there were securities deriving from securitisation operations effected by third parties which have been included on the assets side with a total value of Euro 13.4 million.
In detail, the operations are the following: Euro 8.6 million representing receivables due from clients for securitisation operations involving receivables due from ASLs (local health authorities) and Euro 4.8 million in securities in portfolio involving the securitisation of real property owned by the Government.

Asset disposals

- Financial assets sold but not written off

Those financial assets which have been sold but not written off, classified under financial assets held for trading and financial assets available for sale are made up of debt securities involved in reverse repo transactions. .

- Financial liabilities against assets sold but not written off

The remainder of financial liabilities deriving from financial assets which have been sold but not written off are made up of payables due to clients in relation to traded financial assets.

Credit risk measurement models

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

2 – MARKET RISKS

2.1 INTEREST RATE RISK - REGULATORY TRADING PORTFOLIO

Qualitative information

A. General aspects

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

B. Interest rate risk management processes and measurement methods

In exercising its responsibilities of direction and coordination, the Board of Directors of Banco Desio e della Brianza S.p.A., in its capacity as Parent Company, has issued specific rules for controls at the various levels of all the banking Group companies.
The operational activity of the Parent Company’s Finance Department is only directed at the Group’s Italian banks: the internal control system monitors operating limits (in terms of amount and composition by type of securities) and interest rate risk. Specifically, duration limits are laid down in order to limit interest rate risk. The Finance Department provides Head Office with daily updates on operations and amounts in portfolios, as well as if operating limits have been reached.
Together with the abovementioned controls, the Group has adopted the use of internal models, assigning the monitoring and the measurement of interest rate risk to the Parent Company’s risk management unit, which operates completely independently with respect to operational offices and the subsidiaries.
This activity only involves the Group’s Italian banks, which account for nearly all the trading portfolio and the calculation perimeter is confined to financial instruments subjected to asset requirements for market risks included both in the management portfolio and in the trading portfolio as defined in the regulations governing the reports to supervisory bodies.
In order to quantify risks, the Group has adopted a model based on the Value at Risk (VaR) concept, in order to express, synthetically and in monetary terms, the maximum probable loss incurred by a static portfolio with reference to a specific investment horizon and a specific level of confidence in normal market conditions. This method has the advantage of allowing the aggregation of the various risk positions taken in the accounts involving heterogeneous risk factors, and also provides a synthetic number that is easy for the organisational unit concerned to use because it is expressed in monetary terms.
The model is a parametric Variance - Co-Variance / Delta – Gamma type, using a 99% confidence interval over a 10-day time horizon, in line with the recommendations defined by the Basel Committee.
The model covers the assets, in terms of financial instruments, included both in the management portfolio and in the trading portfolio as defined in the regulations regarding reports to the Supervisory Board and subject to the capital requirements for market risk. Up to now, derivatives on currencies and interest rates and options on shares and indices entered into for trading purposes are excluded from this analysis; almost all the business, however, is conducted on a brokerage basis.
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.
The impact of extreme movements of the interest rate risk factor are periodically verified by stress tests, while an upgrade of the application now being carried out will allow a back testing to be carried out.

Trading activity is subject to operating limits laid down by the Board of Directors and expressed for each delegation level in terms of VaR. Considering the composition of the portfolio, no VaR operating limits are laid down for subsidiaries. A special reporting system is the tool that has the purpose of giving the organisational units concerned sufficient information. The content and the frequency of reports depend on the objectives assigned to each actor in the process.
The 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.

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

Monitoring of the Parent Company's portfolio and the Italian banks in the first half-year of 2007 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 marginal contribution. VaR at 30.06.2007 is Euro 0.212 million, with a percentage of less than 0.1% of the portfolio and a duration of 0.37, evidence of the low-risk profile. During the first half-year mean absorption of VaR risk was maintained at constant levels; there was lower volatility during the last period as a result of a re-positioning of the portfolio towards instruments with a lower risk component..
The scenario analysis carried out in terms of parallel shifts in the rate curve, assuming variations of +/- 100 basis points only for the positions that are sensitive to interest rates. As at 30.06.2007, considering the positive variation in rates, there was a negative impact of Euro 2.688 million, equal to:

- ⇒ 0.29% of trading portfolio;
- ⇒ 1.50% of intermediation margin;
- ⇒ 6.29% of net income for the period;
- ⇒ 0.32% of shareholders' equity, net of the result for the period

2.2 INTEREST RATE RISK - BANKING PORTFOLIO

QUALITATIVE INFORMATION

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

It is the responsibility of the Parent Company's risk management unit to measure interest rate risk.
This activity is only directed at the Group's Italian banks, which account for almost the entire banking portfolio. The system of the bank's commercial activities consisting of balance sheet 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 upgrade of the application now being carried out will allow a dynamic assessment to be made.
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 with parallel shifts of interest rate curve.

B. Fair Value hedge

With a view to prudent and active management of operating risks, the Group only takes out Fair Value type hedges for the Group's Italian banks, in order to protect profit and loss from the risks

deriving from unfavourable variations in Fair Value; the objective of the hedge is to set off Fair Value variations in the hedged instrument against Fair Value variations in the hedging instrument. Up to now, only liabilities are hedged, and these only bond loans, while derivative instruments are used as hedges, which are represented by unlisted securities - mainly including Interest Rate Swaps and interest rate options - used to hedge interest rate risks only.
The Parent Company has prepared a model that can handle hedge accounting in compliance with the relevant regulations laid down in IAS accounting standards. The method the Bank uses to carry out the effectiveness test is the Dollar Off Set (hedge ratio) on a cumulative basis. All the hedges are specific.
In line with the previous year, the Group decided to apply the Fair Value Option to all hedging transactions started in the first half of 2007.

C. Cash flow hedge

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

QUANTITATIVE INFORMATION

1. Banking portfolio: break-down by outstanding maturity
2. Banking portfolio - internal models and other methods for sensitivity analysis

The assessment that emerges from the overall Group position, which again only involves the Italian banks, is that of a limited risk profile during the first half-year of 2007. This operational and strategic approach, directed at minimising the volatility of interest margins and of total economic value, has led to the Group's benefiting from the expected rise in market rates.
The table below shows the results of the studies carried out on 30 June 2007 of the impact on the interest margin should there be a parallel variation in the interest rate curve:

Risk indices as of 30 June 2007: parallel shifts of the interest rate curve

	+100 bp	-100 bp	+200 bp	- 200 bp
Risk interest margin / Expected margin	1.87%	-5.13%	3.74%	-11.64%

As regards economic value, in the first half-year of 2007 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.
The table below shows the variations in economic value analysed by applying deterministic approaches with parallel shifts of the interest rate curve.

Risk indices as of 30 June 2007: parallel shifts of the curve

	+100 bp	-100 bp	+200 bp	- 200 bp
Risk economic value / Economic value	0.84%	-0.86%	1.67%	-1.73%
Risk economic value / Regulatory capital	0.66%	-0.67%	1.31%	-1.35%

2.3 PRICE RISK - REGULATORY TRADING PORTFOLIO

QUALITATIVE INFORMATION

A. General aspects

There is a particularly substantial risk on high-volatility financial instruments such as derivatives and equity. The Group carries out both hedging and trading transactions on these specific activities, and has established stop-loss limits.
In the financial year that has just closed, the Parent Company has traded briskly in the field of O.I.C.R. quotas, essentially with bonds, with the support of careful quantitative and qualitative analysis carried out with suitable IT tools.

B. Management processes and measurement methods of price risk

For the management process, the organisational model and the internal model used, reference is made to Section 2.1. It is to be emphasised that the VaR of equity instruments is measured considering the link (beta coefficient) between the trend of the single instrument and that of its benchmark (stock or benchmark index for O.I.C.R. quotas).
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 O.I.C.R. quotas***
2. ***Regulatory trading portfolio: break-down of exposures***
3. ***Regulatory trading portfolio - internal models and other methods for sensitivity analysis***

Considering the composition of the securities 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, the Italian banking subsidiaries' contribution being completely marginal. Therefore, as of 30.06.2007, the related VaR amounted to about Euro 0.796 million, with a percentage lower than 0.1% with respect to the trading portfolio. During the year, the average absorption of VaR risk remained stable.
During 2007, the application of assumptions and the necessary implementation of the studies of the scenarios of the various price risk factors will be completed.

2.4 PRICE RISK - BANKING PORTFOLIO

QUALITATIVE INFORMATION

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

The supervision of the price risk in the banking portfolio is one of the activities described in the notes to the trading portfolio.

2.5 EXCHANGE RISK

QUALITATIVE INFORMATION

A. General aspects, management procedures and measurement methods of 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 exchange risk for the Group is marginal; as regards the Italian banks only, currency transactions are handled by the Operations Room of the Parent Company's Finance Department.
The exchange risk is governed by means of intra-day and end-of-day operating limits, both for currency areas and for concentrations on each individual currency. There are also daily and annual stop-loss operating limits.

B. Exchange rate hedge

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

QUANTITATIVE INFORMATION

1. Break-down of assets, liabilities and derivatives by currency of denomination
2. Internal models and other methods for sensitivity analysis

The upgrades that have been carried out on the internal model that is already used for interest rate risk and trading and banking portfolio price risk are being verified for the quantification of exchange risk and sensitivity analysis.

SEZIONE 3 - LIQUIDITY RISK

QUALITATIVE INFORMATION

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

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

4 – OPERATING RISK

QUALITATIVE INFORMATION

General aspects, management procedures and measurement methods of operating riskoperative

The Banco Desio Group, accepting the definition of operational risk given by the Bank of Italy in its circular no. 263 of 27 December 2006, defines operational risk within its Methodological Framework of Operational Risks Management, as a potential event capable of giving rise to an

actual economic loss, increased cost or reduced income from external causes, processes, systems, human resources and from all anomalies and elements contributing to output and hence the business value. All events with a direct connection with an event whose occurrence may give rise to a loss are also defined as causes of operational risk (or risk factors).
Over the first six months of 2007 the system for the collection of operating losses and the prejudicial events which may give rise to such losses was planned and developed. The procedure will be operational by the end of the current year. The system will allow the bank to collect information which will be useful for the valuation of exposure to operational risk by the Parent Company's Risk Management Office in a structured manner and through a process which has been clearly defined and shared throughout the whole business.
At the same time, the Banco Desio Group has given the go-ahead to a process of self-evaluation of exposure to operational risk called "Self Risk Assessment". The goal of the procedure is to supplement data on actual losses to give greater significance to the assessments of exposure to this category of risk.
The various Group's corporate Departments guard against legal risk by using standard contractual forms that are in any event first evaluated by the responsible corporate boards. This said, it is to be noted that actions brought against the Group at the end of the financial year consist in claw-back actions in bankruptcy, financial instruments and other disputes.
Overall, the lawsuits pending with regard to the Italian banks alone have a value of Euro 37.307 million. These risks are appropriately hedged by prudential allocations to provisions of Euro 9.664 million. The most important lawsuits, almost exclusively brought against Banco Desio, account for about 94% of the total, and involve disputes regarding financial instruments and claw-back actions in bankruptcy, the possible loss being about Euro 8,066 million, equal to about 83% 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

SECTION 2 - INSURANCE COMPANIES' RISKS

Life insurance sector

2.1 Insurance Risks

Qualitative information

The insurance risks typical of the "Life" sector are concerned with the assumption of risk, the creation of reserves and demographic-actuarial references. The strategies and policies for their reduction are adopted by the administrative bodies of the insurance company. Co-ordination and control activities are carried out by the related functions of the Parent Company.
The insurance company Assicurazione Chiara Vita has referred to specialised consultants for the measurement and assessment of risks connected with the life insurance business as required by the ISVAP circular (577/D) dealing with "Provisions in the area of internal control systems and Risk Management". This action has also been taken to guarantee the separation of operational responsibilities and to ensure the best possible management of the decision-making process, with the identification of procedures specific to the Company itself to be up-dated by the Company on a continuous basis.
The control of reserve risks is effected through compliance with existing procedures. The calculation of mathematical reserves uses actuarial formulae included in the registration software used by the Company and the Data Processing Centre of the outsourcing company "Universo Servizi". The mathematical reserves for direct portfolio pure premiums are calculated using the prospective method, taking precise account of all future obligations, contract by contract, in accordance with the Technical Databases (mortality table, technical interest rate) and the actuarial formulae described in the systematic communications sent to ISVAP.
The Company's Actuarial Office carries out detailed checks on a quarterly basis when calculating mathematical reserves required for closures, with the selection of representative samples of policies at all rates sold and carrying out manual calculations for subsequent comparison with computerised output.
In observance of the principles of prudence characterising the conduct of its business, the Company has entered into re-insurance treaties in compliance with the guidelines set out in the ISVAP circular 574/2005.

Further to ISVAP instructions 1801/2001, the Company has begun to use a simulated model of the future profitability of the Separate Management in place at 30 June 2007. Use has been made in particular of internal software Sofia produced by Apl Italiana. A detailed analysis has been carried out on the whole *Remunero Più* separate management net of the FIP securities and policies forming the subject matter of the scission operation in compliance with the implementation procedures issued in ISVAP Instructions no. 2472 of 10 November 2006. The forecast returns model implemented follows a functioning principle which corresponds to the Company's structure and management characteristics. The analysis of the securities portfolio is effected by mapping cash flows generated at future dates. The analysis of the policy portfolio has not been carried out following an analytical method but by the grouping together in the manner which seems most appropriate, of those policies sharing homogeneous characteristics (charges, sex, guaranteed rate, residual duration, anti duration) in model point. The development of future flows in the debit portfolio was effected by the application of the recurrent accounting method. From a comparison of the guaranteed rate and the reduced vector of prospective earnings it was clear that there was no need to set up the reserve referred to under Article 25, paragraph 12, of Legislative Decree 174/1995 in relation to the *Remunera Più* separate management.
So far as the demographic risk component is concerned, the additional reserves have been set up pursuant to Article 25, paragraph 14, of Legislative Decree 174/1995 in compliance with the indications provided by ISVAP, using the IPS55 Mortality Table as a basis, projected and selected for generations, consistently with the results of the ANIA study and indeed, adopting the methodology suggested by ANIA (circular no. 42 of 16 December 1999 regarding Life Insurance) and complying in full with the standards formulated by the Professional Order of Actuaries as recognised by the same Control Body (circular of 8 February 2000). More particularly, the above additional reserve, referring exclusively as it does to the form of individual pension with conversion coefficients in guaranteed yields ("PreviDesio Più" product) on reaching pensionable age, has been calculated as the average current value of the increase, as of the balance sheet date, of yields connected to the use of the most up-dated demographic databases, at the contractual due date for the capital value.

2.2 Financial Risks

Qualitative information

The potential risks facing the Company are mostly of a financial nature. The financial risk management policies have been defined with the involvement of the interested Parent Company functions in order to ensure minimum exposure for the Company. The extension of financial risk relates to separate management assets and to the investment of "free" resources for use in the hedging of the pure risk technical reserves. Indeed, the products of Unit Linked and Index Linked type provide for benefits directly connected with the current value of the hedging assets held by the Company without recognising the insured's right to financial guarantees. Such guarantees could be in the form of minimum yields, hedging against default by the issuers or derivative structures sold.
The Company has adopted investment policies which, consistently with principles of prudence, define the guidelines for investment strategies in the Separate Management in terms of Strategic and tactical Asset Allocation and the operational limits applying to the use of locked-up securities, derivative and structured instruments (ISVAP provision no. 893 of 18 June 1998 and ISVAP provision no. 297 of 19 July 1996).
The Company has adopted Asset and Liability Management (A.L.M.) techniques and carries out determinist Stress Test analyses designed to assess and measure risk with assessment techniques which are consistent for both insurance and market risk. In this context techniques have been defined for the measurement of the risks identified and the related models have been activated both to assess the entity of the future commitment taken on by the Company for the traditional policy portfolios and to carry out analyses of cash flow in both assets and liabilities of the Separate Management connected to products subject to revaluation in order to monitor any liquidity risks and possible mismatching levels.
The main uncertainty factor in relation to market risk is represented by the investment interest risk which is connected with the possibility of meeting the minimum performance obligation accorded to the subscribers to policies subject to revaluation (the so-called "minimum guaranteed"). Current capital market conditions permit this guarantee. In compliance with the provisions of ISVAP no. 1801/2001 and of IFRS4 on the impairment test of reserves, the income-generation of separate management has been calculated through the use of a simulation model valuing both assets and

liabilities. This simulation does not indicate a requirement to absorb free capital or the need to set up possible additional reserves.
Stress Test analyses are used to check the impact on the financial situation by means of alternative shock scenarios involving market and share interest rates, credit spread and shocks connected to the dynamics of insurance contract redemption and disinvestment in the reference portfolio.
In order to reduce credit risks securities investments have been directed towards issuers with high creditworthiness (Investment Grade); to that end about 93% of bond securities in portfolio have S&P ratings equal or higher than A+. There are no securities without a rating.
Liquidity risk refers to the possible redemption of policies of significant value invested under separate management and is reduced by the ability to liquidate hedging assets quickly. The Company's Finance Division uses analyses of the ALM type to optimise the ratio between asset and liability cash flow. The portfolio in any case lists securities which can be liquidated quickly in response to redemptions of significant value. The fact that the Company is fully owned by the Banco Desio Group makes it easier to obtain additional resources in the face of an extremely improbable need for resources which cannot be met by market sales.
The Company has begun the process of the calculation of Embedded Value, designed to establish its intrinsic value. This technique is useful in informing managerial decisions in relation both to the development of new products and to the setting the remuneration of the sales network. The analysis of the possible valuation scenarios of embedded value provides a tool of assistance in identifying the sources of value so as to be able to take the most appropriate action with regard to the factors influencing them.

Damages Sector

2.1 Insurance risks

Qualitative information

Chiara Assicurazioni received authorisation on 26 October 2006 to extend its insurance business into the damages sector by ISVAP provision no. 2470 published on the Official Gazette on 3 November 2006, beginning the marketing and sale of the related products in January 2007. With regard to the products themselves, both individual and collective products have been analysed and produced with reference to the following sectors, as defined under Article 2, paragraph 3, of Legislative Decree 209/2005 (Insurance Code): 1. Accidents, 2. Illness, 8. Fire and natural elements, 9. Other damage to property, 13. General civil liability, 16. Miscellaneous monetary loss. Products for sector 18. Assistance are currently under development.
The Company is currently involved in the development of a risk management project under the control and co-ordination of the relevant functions of the Parent Company. The purpose is to identify, measure and control risk factors by means of specific models, instruments and indicators with the goal of controlling and monitoring risks of a technical nature in accordance with the instructions applying to strategy and operational matters consistently with ISVAP circular no. 577/D.

INFORMATION ON EQUITY

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:

Description	Figures as of 30 June 2007 (/1,000)
Share Capital	€ 67,705
Treasury shares	€ -111
Valuation reserves	€ 20,536
Reserves	€ 394,788
Share premiums	€ 16,145
Net profit for the period	€ 38,139
Shareholders' equity	€ 537,202

The table shows that the most important component consists of the reserves, which account for about 73%, confirming the constant policy of capital expansion that is carried out by reinvesting profits.

The Banco Desio Group also pays great attention to the notion of equity used for supervision purposes. The determination of the regulatory capital is certainly important owing to the importance of this aggregate in connection with the controls that the competent authorities carry out in order to ascertain the stability of banking Groups. The relevant regulations, in fact, state that "….the most important control tools are based on this, such as the solvency coefficient, the requirements to meet market risks, the rules regarding risk concentration and maturity transformation; transactions in various sectors also depend on equity size".
As of 30 June 2007 the consolidated regulatory capital of the Banco Desio Group is made up as follows:

Description	Amount (/ 1,000)
Tier 1 capital before application of prudential filters	€ 486,453
Negative prudential filters	€ -6,698
Tier 1 capital after application of prudential filters	€ 479,755
Tier 2 capital before application of prudential filters	€ 98,355
Negative prudential filters	€ 1,729
Tier 2 capital after application of prudential filters	€ 96,626
Tier 1 and tier 2 capital after application of prudential filters	€ 576,381
Items to be deducted	€ 53,727
Regulatory capital	€ 522,654

Tier 1 capital accounts for about 92% and is mainly made up of shareholders' equity and reserves; Tier 2 capital is made up almost entirely of subordinated liabilities, accounting for 18.5%. The elements to be deducted account for about 10.27%.

TRANSACTIONS WITH RELATED PARTIES

1. Information on fees due to directors and managers

For information on remuneration, reference is made to the data provided in the "Personnel expenses" format in the notes to the financial statements. The appropriate section of these notes should also be consulted for information on stock option plans for Group company directors and executives. This part provides details of the existing plans for options on subsidiaries' equity: Desio Vita SpA; Banco Desio Veneto SpA; Chiara Assicurazioni SpA.

2. Information on transactions with related parties

The procedures adopted by Group Companies for the management of transactions with related parties (including, when the related conditions are satisfied, those with bank managerial staff referred to under Article 136 of the Consolidated Banking Law) are summarily described in the Report on Operations.

Relations with external related parties, as with those internal to the Group (not covered by the information set out here), are settled on market conditions and, where the market is not a satisfactory reference, on conditions that are fair and that are valued in compliance with the procedures above

In this context, as of 30 June 2007, 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.

I - Parent Company

At the end of the half-year, current account deposits of the Parent Company Brianza Unione di Luigi Gavazzi e C. SApA totalled Euro 8.03 million, entirely allocated to Banco Desio. The company has no debt exposure.
During the half-year, transactions with this company were not the subject matter of any resolutions (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 Exponents, as per paragraph III below).

The balance of relations with the Parent Company relating to the securities dossier amounts to Euro 501.5 million.

* * *

II – Subsidiaries

II.1 - Transactions subject to credit limits

The transactions subject to credit limits resolved in favour of the subsidiaries external to the Group, that are considered to be "related parties" as a result of the interest held in them and considering the existing agreements to which they are parties, are mainly ordinary transactions issuing or confirming credit granted by the Parent Company to SRG (asset management companies) and/or mutual funds managed by them (for which Banco Desio acts in the capacity as custodian bank). In this case reference is made to the companies Zenit SGR and Zenit Alternative SGR as well as their parent company PFM Finanziaria SpA. It is then necessary to add Istifid S.p.A. to the above which, as a result of the increase in Banco Desio's Shareholding to above 20%, now comes within the category of related parties as a connected company.
At the end of the half-year the drawings from the credit facilities granted to the above company amount to a total of Euro 0.66 million, as against a total facility of Euro 4.4 million. The most recent renewal of the facilities concerned was resolved on by Banco Desio's Board Of Directors on 28 June 2007.

II.2 – Balances of current account deposits with subsidiaries

As to the current account relationships, held with the companies under this paragraph, also note that the balances of current account deposits as at 30 June 2007 totalled Euro 11.89 million; “credit” balances relating to the security dossiers as at 30 June 2006 totalled Euro 19.61 million.

Balances of current account deposits with subsidiaries

II.3 – Supply relations

As already mentioned above, following the increase in Banco Desio’s Shareholding in the trust company Istifid SpA bringing it to a level at which it is able to exercise a significant influence, that company too now comes within the category of subsidiaries considered as “related parties”. This relationship has been reinforced by the entry of a member of the Bank’s own Board of Directors onto the subsidiary’s Board of Directors.

The contractual relations between Istifid SpA and Group companies (such relations were moreover, already in existence, some for many years, prior to the increase in the Shareholding) consist essentially in the supply of company services to the Italian banking and insurance companies within the Group (Shareholder registers, assistance at General Meetings, etc.). The total annual cost of such services, fees for which being determined on the basis of substantially normal business conditions, is in the region of Euro 30.000 and thus has a negligible effect on Group accounts.

It is also necessary to report the amounts invoiced by Istifid SpA to Banco Desio over the six-month period in relation to the closure of the “Chiara Vita SpA”, stock option plan amounting to about Euro 61,000 (plus VAT and expenses) for administration commission on trust mandates and commission for activities in the sale-purchase of shares forming the subject matter of the plan.
The above costs were also determined on the basis of substantially normal business conditions and were authorised by Banco Desio’s Board of Directors pursuant to the above-cited Article 136 of the Banking Consolidation Law by reason of the overlapping of company offices referred to above.
In any case, the assessment of the appropriateness of the above payments took into account the subjective component characterising the related appointments distinguished by a high degree of trust and professionalism.

* * *

III - Transactions with exponents and subjects referable thereto

III.1 - Transactions subject to credit limits pursuant to Article 136 of the Consolidated Banking Act (T.U.B.)

As regards the transactions approved by the Boards of Directors of the Parent Company and of the half-year, pursuant to Article 136 of the Consolidated Law on Banking (T.U.B.), it is to be noted that most of the transactions were mainly ordinary transactions issuing or confirming credit granted to Group company Exponents and/or companies related to them, with regard to which the said Exponents have stated that they have interests of various kinds as a result of equity investments, positions and/or other relationships with the companies granted credit facilities. Simple overlapping of offices also comes within the same category defined under paragraph 2-bis of the same Article 136 of the Consolidated Banking Law (the provision concerned came into force in January 2007).
These relationships have not affected the application of the normal creditworthiness assessment policies.
Resolutions granting credit facilities passed by Banco Desio ’s Board of Directors were concerned with 9 positions with a total amount agreed of about Euro 9.6 million.

The consents issued by the Parent Company to its banking subsidiaries, as before pursuant to the above-cited Article 136, were concerned with the confirmation of already existing facilities granted to a number of Banco Desio Toscana managers (3 positions with a total agreed of about Euro 2 million) together with the grant of financing for the purchase of real property by a C.P.C. SA manager agreed at about Euro 150.000.

The total amount of the facilities granted in the 47 positions as of 30 June 2007 is equal to Euro 43 million. Uses on these positions as of 30 June 2007 totalled Euro 24 million.
It should in any case be noted that the position and sphere of activity of those working as managers of Banco Desio's subsidiaries alone are confined to their respective companies, thus excluding their classification as "Managers with strategic responsibilities within the Group" pursuant to IAS24.

III.2 - Balance of existing relations with Group Exponents

As regards the relations between the Parent Company, as well as the subsidiaries Banco Desio Toscana, Banco Desio Lazio and Banco Desio Veneto with the Exponents (Directors, Auditors and Managers with strategic responsibilities in the Parent Company and in the companies in a control relationship with it), it is also to be reported that total balances as of 30 June 2007 amounted to Euro 236,000 (under amounts due to customers) and Euro 5.18 million (under loans to customers), including Euro 8.36 (under deposit of securities).

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 2006, 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:

SUMMARY TABLE

(Euro/million)

Counterparts	"Debit balances"	loans % ratio	"Credit balances" (c/c deposits)	direct deposits % ratio	"Credit balances" (securities deposit)	indirect deposits % ratio
I - Parent company	0	0.000%	8.03	0.156%	501.50	3.253%
II - Banking subsidiaries	0.66	0.015%	11.89	0.232%	19.60	0.127%
III - Group exponents*	0.24	0.005%	5.18	0.101%	8.36	0.054%
Totals	0.9	0.020%	25.1	0.489%		3.434%

* including indirect liabilities (use of credit lines granted to significant companies pursuant to Art. 136 of the Consolidation Banking Act (T.U.B.)

III.3 – Supply relations

A number of contracts have been entered into over the six-month period, in compliance with the Parent Company's normal purchasing procedures (including the necessary resolutions of the Board of Directors) for the supply of goods and/or services instrumental to the conduct of the banking business. These included the following in particular:
- maintenance contract for "access and entrance" plant for branches with an overall cost for 2007 of Euro 119,836.50 plus VAT;
- contract for the restructuring of branch office building (building works, internal and external doors and windows, hydraulic and conditioning plant, electrical wiring and data processing plant, lighting, furnishing, insignias and revolving doors) with total costs identified as about Euro 760,000 plus VAT.

In these two cases there is an overlap of company offices between Banco Desio and the company being the other party to the contract pursuant to the above-cited Article 136 together with an interest of a member of the bank's managerial staff in relation to professional relations with the Group to which such company belongs;

- contract relating to documentary services (cheques, bills, transfers, tax returns etc.) with three-yearly fees estimated at Euro 1,080,000 including VAT.

In this latter case, the company being the other party to the contract is a subsidiary of the Bank's IT outsourcer (Cedacri SpA) which itself has an overlap of company offices with Banco Desio (as previously, pursuant to the above-cited Article 136) although any personal interest of the manager concerned can be excluded in this case.

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

Stock Option Plan relating to subsidiary Banco Desio Veneto S.p.A.' shares

In accordance with subsidiary Banco Desio Veneto S.p.A's Deed of Incorporation of 9 November 2005, a shareholding plan has been put in hand which envisages the gratuitous granting of stock options for a total of 4,000,000 ordinary shares of such subsidiary, with a par value of Euro 1.00 each), to be issued in future pursuant to Article 2443 of the Italian Civil Code. The granting has been delegated to the Parent Company in compliance with the Plan Regulations.

The Shareholding plan, aimed at a large number of human resources operating within the ambit of the Group (Executives and Middle Managers at the head office and in the field, some external collaborators of the Company and/or the Parent Company and the Managing Director of the Parent Company) was set up in consideration of the overall commitment which, at their different levels, Group structures have been called upon to make in the context of the new situation, starting with the most delicate stage, the start-up, and takes concrete form in the granting of call options on "BDV" shares structured as follows:

- a call option effective in March 2009 for 50% of "BDV" shares for managers at the normal value on the date on which the option is vested;
- a further call option effective in March 2011 for the remaining 50% of "BDV" shares for managers (or 100% of the shares, if the call option has not been exercised on the first 50%), also at the normal value on the date on which the option is vested.

No put options on the part of the managers and/or call options on the part of the Parent Company at maturity are therefore planned. For this reason, the implementation of the Plan is not subject to the achievement of set financial or market results, but it is subject to the condition that the grantees are still working with the Group when they exercise their call options (unless they have resigned to enjoy retirement pay), are not carrying out activities that compete with those performed by Group companies and that no disciplinary measures have been taken against them: in other words, nothing must have intervened to impair the relationship of trust that is the basic requisite for the loyalty objective behind the scheme. The Parent Company will have an exclusive right of pre-emption over the shares granted for 5 years starting from the exercise of the purchase option by each Beneficiary. Throughout the period of validity of these pre-emption rights, the shares will be lodged with a trust company.

The options existing on 30 June 2007 net of those which have been cancelled following the termination of employment relations with a number of beneficiaries, amounted to a total of 3,888,000 of which:

1) the strike price was set at Euro 1.00 per share for the 3,346,000 options granted prior to the date of commencement of business, on 1 October 2006;
2) the strike price was set at Euro 1.05 per share for the 334,000 options granted between the date of commencement of business and 31 December 2006. The strike price was determined on the basis of the normal share value (including for tax purposes) in turn calculated on the Bank's quarterly Report as of 30 September 2006;
3) the strike price was set, as before, at Euro 1.05 per share for the 208,000 options granted between 31 December 2006 and 30 June 2007. The strike price was determined on the basis of the normal share value (including for tax purposes) in turn calculated on the Bank's Financial Statements as of 31 December 2006.

It should be noted that the grants under 2) and 3) did not involve the Managing Director or other managers with strategic responsibilities within the Parent Company.

Details of the information set out above have been summarised in the following table:

Captions / Number of options and exercise prices	1st half-year 2007		2006	
	Number of options	Average exercise prices	Number of options	Average exercise prices
A. Opening balance	3,708,000	1.0045	-	-
B. Increases				
B.1 New issues	208,000	1.05	3,708,000	1.0045
B.2 Other changes				
C. Decreases				
C.1 Annulled	28,000	1.00		
C.2 Exercised				
C.3 Expired				
C.4 Other changes				
D. Closing balance	3,888,000	1.0070	3,708,000	1.0045
E. Options exercisable at the end of the year	-	-	-	-

The "Black & Scholes" model has been used for the valuation of the options on their respective grant dates; apart from the vesting period and the strike price, which have already been specified, the basic assumptions adopted for valuation are:

- initial calculation date: 1) for 3,374,000 options, date coinciding with that envisaged for the start-up of Banco Desio Veneto operations, as at 1 October 2006, 2) for 334,000 options date coinciding with the grant date, as at 19 December 2006; 3) for 208,000 options date coinciding with the grant date, as at 28 May 2007;
- last period of exercise: as from 20 March 2011 to 20 May 2011. The exercise of the option is subject to the condition that the person concerned is an employee of the Company, of the Parent Company or in any event of a Banco Desio Group company. 20 May 2011 is also taken as the final expiration date for the option;
- risk-free rate of interest: a margin of 4.24%, is considered for the rate of return on the BTP (Long-term Treasury Bonds) maturing in 2011;
- expected volatility has been calculated taking it into account that the BDV stock is not listed, nor is it expected to be listed during the next 3-4 years; consequently securities issued by listed Banks were sought that were to some extent comparable with the BDV stock at least in that low numbers are traded every day and in that they belong to a bank with marked regional characteristics. For such purpose, the average volatility of a basket of securities of 4 inter-regional banks listed in the first market and in the “Expandi” market was taken into consideration: such average volatility over the last six-month period was 19.83. However, having taken account of the fact that the Bank is smaller than the above-mentioned listed banks, the figure of 9.90% was adopted.
- the so-called dividend yield considered with reference to the listed banks sector.

Now, the calculation result is:

- unit value under 1) options of Euro 0.08918, with a total value of Euro 298,536;
- unit value under 2) options of Euro 0.09043, with a total value of Euro 30,203;
- unit value under 3) options of Euro 0.10529, with a total value of Euro 21,900.

The costs accruing over the periods involved for the options totally granted are set out in the table below.

YEARS	31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010	20/05/2011	TOTAL
Days	92	365	365	365	365	140	1,692
Cost for the period	16,361	64,371	64,371	64,371	64,371	24,690	298,536
Days	13	365	365	365	365	140	1,613
Cost for the period	243	6,835	6,835	6,835	6,835	2,621	30,203
Days		218	365	365	365	140	1,453
Cost for the period		3,286	5,501	5,501	5,501	2,110	21,900
Total cost for the period	16,604	74,491	76,707	76,707	76,707	29,422	350,639

Stock Option Plan relating to subsidiary Chiara Assicurazioni S.p.A.' shares

In accordance with subsidiary Chiara Assicurazioni SpA's Deed of Incorporation of 20 June 2006, a shareholding plan has been put in hand which envisages the gratuitous granting of stock options for a total of at most 2,075,000 ordinary shares of such subsidiary, with a par value of Euro 1.00 each, to be issued in future pursuant to Article 2443 of the Italian Civil Code. All grants were effected on 1 December 2006.

The plan is aimed at a group at present identified as consisting of about 250 resources working in the Group and involved in various ways in the start-up of the new company (Executives and Middle Managers at the head office and in the field, some external collaborators of the Company, of other Group's companies and/or of the Parent Company and the Managing Director of the Parent Company). The above extension takes account of the global effort that the Group units, at their different levels, are called upon to put into the new structure, with the aim of achieving the project's basic target, which is to assist the company's growth and success in the start-up phase. The initiative is motivated by a desire to provide a powerful loyalty incentive in that it will allow the beneficiary to become a company Shareholder. The Plan provides that managers will be granted a simple "Stock Option" (Equity settled for IFRS2 purposes) in the form of a call option on "Chiara" shares with the power to exercise it between April and May 2009, 2010 or 2011.

The Plan does not impose time limits on the managers' put options and/or the Parent Company's call options. For this reason the implementation of the plan is not subject to the achievement of economic results or specific markets although, at the moment when the purchase option is exercised, it is subject to the conditions that the grantees are still connected to the Group by a collaboration relationship (unless they have resigned to enjoy retirement pay), that they do not carry out activities in competition with those conducted by Group companies, disciplinary measures have not been applied to them (that is, they have not broken the relationship of trust and confidence - a fundamental pre-requisite of the fidelity goals underlying the project). The Parent Company will have an exclusive right of pre-emption over the shares granted for 5 years starting from the exercise of the purchase option by each Beneficiary. Throughout the period of validity of these pre-emption rights, the shares will be lodged with a trust company.

The options existing on 30 June 2007, net of those cancelled following termination of employment relations with a number of beneficiaries, amounted to a total of 2,031,000. Since these grants were effected within the period when the Company was in the process of incorporation 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 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 at the grant date; apart from the vesting period and the strike price, which have already been specified, contractual terms and conditions and basic assumptions taken for valuation have been:

- initial calculation date coinciding with that envisaged for grant notice, as at 1 December 2006.

- last period of exercise: as from 20 March 2011 to 20 May 2011. The exercise of the option is subject to the condition that the person concerned is an employee or a collaborator of the Company, of the Parent Company or in any event of a Banco Desio Group company. 20 May 2011 is also taken as the final expiration date for the option.
- risk-free rate of interest: 3.76%, in line with government securities market.
- expected volatility: it was estimated at 15.35%, taking account of the average volatility, during the last six-month period, of a basket of securities of 4 leading insurance companies listed in the Stock Exchange of Milan, without any adjustment as the Company, while originating as "captive", is developing with the enlargement of its distribution ambit and of its ownership structure.
- the dividend yield considered is 2.59%.

Now, the calculation result is a unit value of the options of Euro 0.18091, with a total value of Euro 367,574.

The costs accruing over the periods involved are set out in the table below.

YEARS	31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010	20/05/2011	Total
Days	31	365	365	365	365	140	1,631
Cost for the period	7,135	82,225	82,225	82,225	82,225	31,538	367,574

Financial statements

BALANCE SHEET

Assets

(Euro/1.000)

	Assets	30.06.2007	31.12.2006	30.06.2006
10	Cash and cash equivalents	15,667	20,418	13,097
20	Financial assets held for trading	490,705	447,682	360,425
40	Available-for-sale financial assets	377,064	380,279	410,633
50	Held-to-maturity investments	8,051	8,035	20,801
60	Amounts due from banks	255,334	391,067	436,688
70	Loans to and receivables from customers	3,777,844	3,510,844	3,323,283
80	Hedging derivatives	4,401	8,305	1,279
100	Equity investments	172,660	155,800	142,938
110	Tangible assets	126,780	121,822	111,304
120	Intangible assets	3,022	3,103	3,012
	of which:			
	- goodwill	*1,729*	*1,729*	-
130	Tax assets	11,885	11,206	10,840
	a) current	-	-	-
	b) deferred	*11,885*	*11,206*	*10,840*
140	Non-current assets held for sale and discontinuing operations	3,336	-	-
150	Other assets	86,333	248,795	150,850
	Totale dell'attivo	**5,333,082**	**5,307,356**	**4,985,150**

Liabilities and shareholders' equity

(Euro/1.000)

	Liabilities and shareholdeers' equity	30.06.2007	31.12.2006	30.06.2006
10	Amounts due to banks	457,372	297,709	330,267
20	Amounts due to customers	2,679,118	2,773,688	2,493,836
30	Securities issued	1,394,629	1,352,732	1,405,066
40	Financial liabilities held for trading	18,124	35,516	22,630
50	Financial liabilities at fair value through profit or loss	73,680	34,965	35,014
60	Hedging derivatives	1,694	1,437	1,286
80	Tax liabilities	22,522	19,210	17,786
	a) current	*5,959*	*3,455*	*1,776*
	b) deferred	*16,563*	*15,755*	*16,010*
90	Liabilities related to discontinuing operations	-	-	-
100	Other liabilities	130,007	254,800	177,030
110	Reserve for employee termination indemnities	26,124	29,420	29,672
120	Reserves for risks and charges:	24,282	26,991	20,241
	a) pensions and similar commitments	-	-	-
	b) other reserves	*24,282*	*26,991*	*20,241*
150	Strumenti di capitale			
160	Riserve	358,778	318,988	316,888
170	Reserves	16,145	16,145	16,145
180	Share premium reserve	67,705	67,705	67,705
200	Net profit / (loss) for the period	36,359	52,387	26,642
	Totale del passivo	**5,333,082**	**5,307,356**	**4,985,150**

INCOME STATEMENT

(Euro/1000)

	Voci	30.06.2007	30.06.2006	31.12.2006
10	Interest income and similar revenues	139,850	110,258	235,388
20	Interest expense and similar charges	- 57,906	- 38,783	- 87,031
30	**Net interest income**	**81,944**	**71,475**	**148,357**
40	Fee and commission income	39,633	38,102	77,550
50	Fee and commission expense	- 2,786	- 3,403	- 7,412
60	**Net fee and commission income**	**36,847**	**34,699**	**70,138**
70	Dividend and similar income	11,894	8,759	8,810
80	Net profits/(losses) on trading activities	1,411	368	2,413
90	Net profits/(losses) on hedging activities	- 168	- 10	- 98
100	Profit/(loss) on disposal or repurchase of:	740	988	2,361
	b) available-for-sale financial assets	*709*	*730*	*2,019*
	d) financial liabilities	*31*	*258*	*342*
110	Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	208	103	445
120	**Net interest and other banking income (intermediation margin)**	**132,876**	**116,382**	**232,426**
130	Net impairment losses on/writebacks to:	(9,086)	(6,682)	(10,930)
	a) loans and receivables	*- 8,889*	*- 7,095*	*- 11,494*
	d) other financial assets	*- 197*	*413*	*564*
140	**Net income from banking activities**	**123,790**	**109,700**	**221,496**
180	**Net result of financial and insurance activities**	**123,790**	**109,700**	**194,935**
150	Administrative expenses:	- 79,542	- 74,789	- 152,663
	a) personnel expenses	*- 48,036*	*- 45,823*	*- 99,494*
	b) other administrative expenses	*- 31,506*	*- 28,966*	*- 53,169*
160	Net provisions for risks and charges	1,843	- 1,562	- 3,342
170	Net adjustments to the value of tangible assets	- 2,578	- 2,124	- 4,584
180	Net adjustments to the value of intangible assets	- 198	- 172	- 377
190	Other operating (expenses)/income	14,178	10,664	29,571
200	**Operating expenses**	**- 66,297**	**- 67,983**	**- 131,395**
210	Profits/(losses) on equity investments	16	-	-
250	**Profits/(losses) before taxes from continuing operations**	**57,509**	**41,717**	**90,101**
260	Taxes for the period on income from continuing operations	- 21,150	- 15,075	- 37,714
270	**Net profits (loss) after tax from continuing operations**	**36,359**	**26,642**	**52,387**
290	**Net profits (loss) for the period**	**36,359**	**26,642**	**52,387**

INCOME STATEMENT – Quarterly Trend

(Euro/1000)

	Voci	2° trimestre 2007	1° trimestre 2007		2° trimestre 2006	1° trimestre 2006
10	Interest income and similar revenues	71,234	68,616		56,207	54,051
20	Interest expense and similar charges	(29,845)	(28,061)		(20,304)	(18,479)
30	**Net interest income**	**41,389**	**40,555**		**35,903**	**35,572**
40	Fee and commission income	18,855	20,778		18,473	19,629
50	Fee and commission expense	(1,565)	(1,221)		(1,641)	(1,762)
60	**Net fee and commission income**	**17,290**	**19,557**		**16,832**	**17,867**
70	Dividend and similar income	11,891	3		8,759	-
80	Net profits/(losses) on trading activities	887	524		(410)	778
90	Net profits/(losses) on hedging activities	(188)	20		97	(107)
100	Profit/(loss) on disposal or repurchase of:	432	308		834	154
	b) available-for-sale financial assets	*401*	*308*		*725*	*5*
	d) financial liabilities	*31*	*-*		*109*	*149*
110	Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	57	151		50	53
120	**Net interest and other banking income (intermediation margin)**	**71,758**	**61,118**		**62,065**	**54,317**
130	Net impairment losses on/writebacks to:	(2,957)	(6,129)		(2,012)	(4,670)
	a) loans and receivables	*(2,909)*	*(5,980)*		*(2,425)*	*(4,670)*
	d) other financial assets	(48)	(149)		413	-
140	**Net income from banking activities**	**68,801**	**54,989**		**60,053**	**49,647**
150	Administrative expenses:	(42,118)	(37,424)		(41,231)	(33,558)
	a) personnel expenses	*(22,565)*	*(25,471)*		*(23,482)*	*(22,341)*
	b) other administrative expenses	*(19,553)*	*(11,953)*		*(17,749)*	*(11,217)*
160	Net provisions for risks and charges	1,714	129		(1,007)	(555)
170	Net adjustments to the value of tangible assets	(1,422)	(1,156)		(1,121)	(1,003)
180	Net adjustments to the value of intangible assets	(103)	(95)		89	(83)
190	Other operating (expenses)/income	7,300	6,878		5,429	5,235
200	**Operating expenses**	**(34,629)**	**(31,668)**		**(38,019)**	**(29,964)**
210	Profits/(losses) on equity investments	16				
270	**Net profits (loss) after tax from continuing operations**	**34,188**	**23,321**		**22,034**	**19,683**

Banco Desio Brianza

Statement of changes in consolidated shareholders' equity as of 30.06.2007

(Euro/1000)

				Allocation of result from previous period		Changes over the period								
							Transactions in shareholders' equity							
	Equity as of 31.12.2006	Change in opening balances	Equity as of 1.01.2007	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in capital instruments	Derivatives on treasury shares	Stock options	Net Profit (Loss) for the year as of 30.06.2007	Equity as of 30.06.2007
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		-	-	-						358,778
b) others	-	-	-	-			-	-				-		-
Revaluation reserves:														
a) available for sale	2,673	-	2,673			335								3,008
b) cash-flow hedge	-	-	-			-								-
c) others:														-
tangible assets	-	-	-			-								-
special revaluation laws	22,896	-	22,896			-								22,896
employee benefits	94	(94)	-			639								639
Capital instruments	-	-	-											-
Treasury shares	-	-	-				-	-						-

Banco Desio Brianza

Statement of changes in consolidated shareholders' equity as of 31.12.2006

(Euro/1000)

	Equity as of 31.12.2005	Change in opening balances	Equity as of 1.01.2006	Allocation of result from previous period		Changes over the period								Equity as of 31.12.2006
							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 capital instruments	Derivatives on treasury shares	Stock options	Net Profit (Loss) for the year as of 31.12.2006	
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	226,021	-	226,021	90,867		2,100	-	-	-					318,988
b) others	-	-	-	-			-		-		-	-		-
Revaluation reserves:														
a) available for sale	2,200	-	2,200			473								2,673
b) cash-flow hedge	-	-	-			-								-
c) others:														
tangible assets	-	-	-			-								-
special revaluation laws	22,896	-	22,896			-								22,896
employee benefits	(1,096)	-	(1,096)			1,190								94
Capital instruments	-		-							-				-
Treasury shares	-		-				-	-						-
Net Profit (loss) for the year	101,899		101,899	(90,867)	(11,032)								52,387	52,387
Shareholders' equity	**435,770**	**-**	**435,770**	**-**	**(11,032)**	**3,763**	**-**	**-**	**-**	**-**	**-**	**-**	**52,387**	**480,888**

CASH FLOW STATEMENT

ATTIVITA' OPERATIVA	30.06.2007	30.06.2006
1. Gestione	**53,112,097**	**34,434,923**
- interest income earned (+)	139,009,687.30	97,966,277
- interest expenses paid (-)	(56,884,512)	(32,596,907)
- dividends and similar revenues	357,360	575,139
- net commissions (+/-)	37,354,855	35,177,484
- personnel costs	(45,238,984)	(43,160,186)
- other costs (-)	(19,804,831)	(22,523,051)
- other revenues (+)	19,468,193	13,981,407
- taxes and duties (-)	(21,149,670)	(14,985,240)
2. Liquid assets generated/absorbed by decrease/increase in financial assets	**(2,393,016)**	**(223,559,499)**
- financial assets held for trading	43,688,357	137,527,328
- financial assets at fair value through profit or loss	-	-
- available-for-sale financial assets	(4,180,506)	54,824,226
- loans and advances to customers	279,158,759	199,071,263
- amounts due from banks	(135,737,845)	(229,207,672)
- other assets	(180,535,750)	61,344,354
3. Liquid assets generated/absorbed by increase/decrease in financial liabilities	**(46,653,386)**	**188,950,464**
- amounts due to banks	(159,663,116)	(57,792,481)
- amounts due to customers	94,569,928	(48,609,471)
- securities issued	(43,566,237)	36,826,363
- financial liabilities held for trading	18,468,864	(5,539,458)
- financial liabilities at fair value through profit or loss	(38,715,165)	(27,407,237)
- other liabilities	175,559,111	(86,428,180)
Net liquid assets generated/absorbed by operations (A)	**4,065,696**	**(174,112)**
INVESTMENTS		
1. Liquid assets generated/absorbed by:		
- purchase/sale of investments	-	-
- dividends received from investments	11,536,435	8,184,345
- puchase/sale of financial assets held to maturity	(8,332)	8,709,463
- purchase/sale of tangible assets	(7,535,882)	(8,023,448)
- purchase/sale of intangible assets	(117,487)	(97,032)
- purchase of subsidiaries and business divisions	-	-
- sale of subsidiaries and business divisions	-	-
Net liquid assets generated/absorbed by investments (B)	**3,874,733**	**8,773,328**
FUNDING ACTIVITIES		
2. Liquid assets generated/absorbed by:		
- issues/purchases of treasury shares		
- issues/purchases of capital instruments		
- distribution of dividends and other purposes	(12,691,730)	(11,031,200)
Net liquid assets generated/absorbed by funding activities (C)	**(12,691,730)**	**(11,031,200)**
NET LIQUID ASSETS GENERATED/ABSORBED DURING THE YEAR	**(4,751,301)**	**(2,431,984)**

Financial statements' items	1st half 2007	1st half 2006
Cash and cash equivalents at beginning of year	20,418,280	15,529,288
Total liquid assets generated/absorbed during the year	(4,751,301)	(2,431,984)
Cash and cash equivalents: effect of exchange rate changes		
Cash and cash equivalents at end of year	15,666,979	13,097,304

AUDITORS' REPORT ON THE LIMITED REVIEW OF INTERIM FINANCIAL REPORTING PREPARED IN ACCORDANCE WITH ARTICLE 81 OF CONSOB REGULATION APPROVED BY RESOLUTION No. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND INTEGRATIONS

To the Shareholders of
Banco di Desio e della Brianza SpA

1 We have performed a limited review of the consolidated interim financial statements consisting of balance sheet, statement of income, statement of changes in net shareholders' equity and statement of cash flows (hereinafter "accounting statements") and related explanatory notes included in the interim financial reporting of Banco di Desio e della Brainza SpA for the period ended at 30 June 2007. The interim financial reporting is the responsibility of Banco di Desio e della Brainza SpA's Directors. Our responsibility is to issue this report based on our limited review. We have also checked the part of the notes related to the information on operations for the sole purpose of verifying the consistency with the remaining part of the interim financial reporting.

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

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3 Regarding the comparative data of the prior year consolidated financial statements and of the prior year interim financial reporting presented in the accounting statements, reference should be made to our reports dated 11 April 2007 and dated 19 september 2006.

4 Based on our review, no significant changes or adjustments came to our attention that should be made to the consolidated accounting statements and related explanatory notes, identified in paragraph 1 of this report, in order to make them consistent with the international accounting standard IAS 34 and with the criteria for the preparation of interim financial reporting established by Article 81 of the CONSOB Regulation approved by Resolution no. 11971 of 14 May 1999 and subsequent amendments and integrations.

Milan, 14 September 2007

PricewaterhouseCoopers SpA

Signed by
Fabrizio Piva
(Partner)

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