

BANCO DESIO GROUP
CONSOLIDATED QUARTERLY REPORT
AS OF 31 MARCH 2006
(Translation from the Original issued in Italian)

*This is an English translation of the Italian original "Relazione trimestrale consolidata al 31 marzo 2006" 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.*

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FINANCIAL STATEMENTS

| CONSOLIDATED BALANCE SHEET CAPTIONS | | |
|---|----------------------|----------------------|
| (Euro / 1000) | 31.03.2006 | 31.12.2005 |
| Loans to customers | 3,656,269.00 | 3,511,643.00 |
| Direct deposits from customers | -4,285,698.00 | -4,433,734.00 |
| Net amounts due from / (to) banks | 359,296.00 | 670,089.00 |
| (Net) Financial assets held for trading | 319,436.00 | 234,339.00 |
| (Net) Financial assets (liabilities) at fair value through profit or loss | -140,010.00 | -108,743.00 |
| Available-for-sale financial assets | 784,306.00 | 899,162.00 |
| Held-to-maturity investments | 23,335.00 | 29,622.00 |
| Total net financial assets | 987,067.00 | 854,380.00 |
| Hedging derivatives (net asset balance) | 373.00 | 2,325.00 |
| CONSOLIDATED INCOME STATEMENT | | |
| (Euro / 1000) | 31.03.2006 | 31.03.2005 |
| Net interest income | 48,086.00 | 43,915.00 |
| Net fee and commission income | 33,933.00 | 23,855.00 |
| Other income (expenses), net | -477.00 | -1,156.00 |
| Intermediation margin | 81,542.00 | 66,614.00 |
| Net value adjustments | -5,118.00 | -4,019.00 |
| Net premiums and other income/expenses from insurance activities | -916.00 | -380.00 |
| Net income from banking and insurance activities | 75,508.00 | 62,215.00 |
| Administrative expenses | -43,042.00 | -39,512.00 |
| * <i>personnel expenses</i> | -27,785.00 | -25,291.00 |
| * <i>other administrative expenses</i> | -15,257.00 | -14,221.00 |
| Net provisions for risks and charges | -555.00 | -727.00 |
| Net adjustments to the value of property, plant and equipment and intangible assets | -1,341.00 | -950.00 |
| Other operating (expenses) / income | 5,121.00 | 4,685.00 |
| Profits/(losses) from continuing operations before taxes and profit attributable to minority interests | 35,691.00 | 25,711.00 |
| OTHER DATA | | |
| | 31.03.2006 | 31.03.2005 |
| Number of employees | 1,481 | 1,339 |
| Number of branches | 122 | 105 |

EXPLANATORY NOTES AND COMMENTS OF THE DIRECTORS

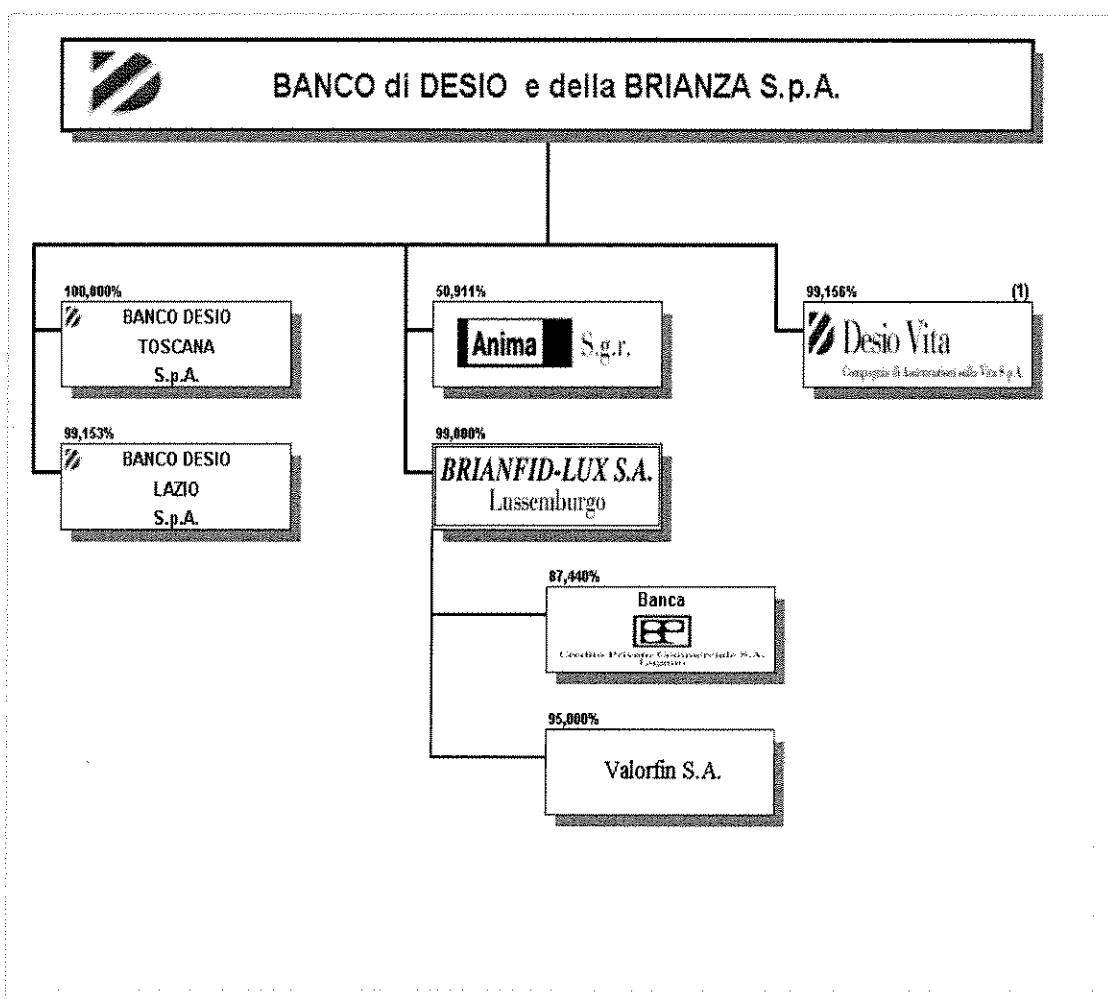
Notes to the consolidated financial accounts

Basis of preparation and accounting policies

The quarterly report as of March 31, 2006, of the Banco Desio Group has been prepared pursuant to Article 82 of the current Issuers' Regulations, in accordance with the new international accounting standards and with the relevant provisions issued by the Bank of Italy by Circular Letter No. 262 of 22 December 2005.

The accounting statements used to prepare the quarterly consolidated accounts have been drawn up by also using estimation procedures other than those adopted to prepare the annual accounts; more specifically, within the frame of *administrative expenses*, the accounting statements have been adjusted by using forecast data taken from the respective expense budgets.

The consolidated quarterly report relates to the following corporate structure:



Legend:

(1) company excluded from the Banking Group consolidation area.

N.B.: during the 4th quarter of 2005, the Bank also established BANCO DESIO VENETO S.p.A., with a shareholding of 100%.

The new bank was authorised to carry out banking activities by a measure issued by the Bank of Italy on 3 April 2006, and operations are expected to start in the 2nd half of 2006.

Operating framework

At the end of the first quarter of 2006, the Group had a total of 122 branches (of which 105 branches were of the Parent Company Banco di Desio e della Brianza S.p.A.), 17 more than 105 branches at the end of March 2005.

Four new branches were opened during the quarter: Schio (Vicenza) and Modena for the Parent Company, the eleventh branch of Rome (Prati Fiscali) for Banco Desio Lazio and Pontedera (Pisa) for Banco Desio Tuscany.

The expansion of local branches continued along new development lines, with new openings in Veneto and Emilia regions, increasing the Group's footing in 6 regions and 19 provinces.

The development of the local network, together with the growth in support units, reflected on staff figures, which increased to reach 1,481 (of which 1,239 of the Parent Company), at the period-end, up 142 employees compared to 1,339 of the previous year and 42 compared to 1,439 as of 31 December 2005.

Main balance sheet aggregates

(for the purposes of the annual % comparisons, the figures as of 31 March 2005 of "direct borrowing" and of "net customer loans" are not IAS compliant)

The macro-economic scenario marking the quarter saw a slight improvement in the growth profile, with the European Central Bank confirming a turnaround in its monetary policy, increasing the official rate from 2.25% at end 2005 to 2.50% at the beginning of March. Accordingly, bank rates inched upwards both ways, with a spread still slightly declining at end March compared to that of the corresponding period of the previous year.

As a rule, stock markets kept on the bright side, while, vice versa, bonds were hit by the upward trend of interest rates.

Against the foregoing macro-economic background, the Banco Desio Group confirmed and strengthened its equity and financial growth targets.

Total financial assets of customers amounted to €/mil. 19,560.30, of which €/mil. 4,285.70 related to *direct deposits* and €/mil. 15,274.61 related to *indirect deposits*, with an annual increase of €/mil. 1,996.66, equal to 11.4%.

Direct deposits - made up of amounts due to customers and outstanding securities - inched downwards compared to the figures as at end 2005, equal to €/mil. 148.04 (- 3.3%), with reference to institutional customers, with an annual increase of 4.4%.

On the other hand, *indirect deposits* continued to grow as over the past few years, with assets up by a further €/mil. 1,817.56 on an annual basis, equal to + 13.5% compared to €/mil. 13,457.04 in March 2005.

The analysis of *indirect deposits* from customers other than institutional customers - amounting to €/mil. 13,945.85 and representing over 90% of the total aggregate - showed an increase of €/mil. 2,037.47 on an annual basis (+ 17.1%), of which €/mil. 639.82 relating to securities under custody and administration (+ 20.8%) and €/mil. 1,397.65 relating to asset management (+ 15.8%).

This last sector, passing from €/mil. 8,829.06 at the end of March 2005 to €/mil. 10,226.70 at the end of March 2006 represents a 67.0% share of the total aggregate (66.6% at the end of December 2005 and 65.6% at the end of March 2005).

Aggregate figures were spurred by the whole range of customer products: from investment funds and SICAVs (open-end investment companies) (equal to €/mil. 7,725.87, up 12.8%) to asset managements and fund asset managements (equal

to €/mil. 1,238.40, up 17.9%) and bank-insurance (equal to €/mil. 1,262.43, up 36.1%).

Activities with institutional customers showed a stock of €/mil. 1,328.75, down on €/mil. 1,548,67, due to discontinuance of custodian bank operations by an institutional counterpart.

| CONSOLIDATED ACCOUNTS | | | | |
|--|-------------------|-------------------|------------------|---------------|
| (values in thousands of euros) | Mar-06 | Mar-05 | changes | |
| | -a- | -b- | absolute values | % |
| TOTAL | 15,274,605 | 13,457,044 | 1,817,560 | 13.5% |
| of which: | | | | |
| 1- customers other than institutional customers | 13,945,850 | 11,908,380 | 2,037,470 | 17.1% |
| -of which: | | | | |
| - under administration/custody | 3,719,147 | 3,079,324 | 639,823 | 20.8% |
| -managed savings | 10,226,704 | 8,829,056 | 1,397,648 | 15.8% |
| -asset management (*) | 1,236,400 | 1,050,448 | 187,952 | 17.9% |
| -investment funds and SICAVs (**) | 7,725,872 | 6,850,759 | 875,113 | 12.8% |
| -bank-insurance | 1,262,432 | 927,849 | 334,583 | 36.1% |
| 2- institutional customers (***) | 1,328,754 | 1,548,665 | -219,910 | -14.2% |

(*) net of cash on current accounts; bonds issued by the Group banks

(**) investment funds' and Sicav's units in property and fund asset management

(***) inter-group relations

Lending activities continued the growth marking the Banco Desio Group's strategies over the past few years, focusing on the main targets of credit quality and risk spreading.

At the end of the quarter, compared to the end of 2005, net loans to customers posted a 4.1% increase, passing from €/mil. 3,511.64 to €/mil. 3,656.27, with an annual increase of 12.9%.

The "net non-performing loans to net loans" ratio was 0.61%; the indicator is determined by net non-performing loans of €/mil. 22.33.

As to the other main asset items, note the following:

- o net financial assets of €/mil. 987.07 compared to €/mil. 854.38 in December 2005, up €/mil. 132.69, equal to + 15.5%;
- o a net inter-bank position showing a credit balance of €/mil. 359.30 compared to €/mil. 670.09 at the end of 2005.

Financial performance

As for economic results, the period in question closed with a net operating profit of €/mil. 35.69 (€/mil. 25.71 at the end of March 2005).

The main levels of reclassified income statement show:

- *net interest income*: reached €/mil. 48.09, spurred by the growth in volumes traded, against a background still awaiting to readjust to the measures adopted by the European Central Bank; annual comparison saw a rise of €/mil. 4.17 million, equal to 9.5% compared to €/mil. 43.92 in March 2005;
- *net fees and commissions, other operating expenses/income, net income from insurance activities*: total net income reached €/mil. 38.14 (+ 35.4% on €/mil. 28.16 in March 2005), showing a growth in customer relations activities. The economic level accounts for 44.5% of the margin of financial and insurance activities;

- *primary intermediation margin*: due to the two previous aggregates, the result came to €/mil. 86.22, up 19.6% compared to the figure posted in the corresponding period of 2005;
- *margin from financial and insurance activities*: the economic level in question reached €/mil. 85.75, up 20.9% compared to €/mil. 70.92 posted in the corresponding period of the previous year, including the result relating to assets and liabilities held for trading, for hedging and those measured at fair value, totalling €/mil. -0,48;
- *net income from financial and insurance activities*: following net value adjustments amounting to €/mil. 5.12, related to loans to customer, the economic level in question amounted to €/mil. 80.63 compared to €/mil. 66.90 of the previous year (+ 20.5%);
- *net operating profit*: it amounted to €/mil. 35.69, up €/mil. 9.98 (+ 38.8%) on €/mil. 25.71 in March 2005. Such economic level is the result of *administrative expenses* of €/mil. 43.04 (+ 8.9%), *provisions for risks and charges* of €/mil. 0.56 (- 23.7%) and *adjustments to the value of fixed assets* of €/mil. 1.34 (+ 41.2%) In particular, *other administrative expenses* amounted to €/mil. 15.26, up 7.3% compared to the corresponding period of 2005, reflecting the development of the distribution network (+17 branches on an annual basis, 6 of which opened in the first part of the year), while *personnel expenses* were €/mil. 27.79, up 9.9% on an annual basis, mainly ascribable to increase in staff (142 units).

| BANCO DESIO GROUP - consolidated accounts | | | | |
|--|----------------|----------------|-----------------|--------------|
| Reclassified income statement (€th.) | mar 06 | mar 05 | changes | |
| | -a- | -b- | absolute values | % |
| Net interest income | 48,086 | 43,915 | 4,171 | 9.5% |
| Net fee and commission income | 33,933 | 23,855 | 10,078 | 42.2% |
| Net income from insurance activities | -916 | -380 | -536 | 141.1% |
| Other operating expenses and income | 5,121 | 4,685 | 436 | 9.3% |
| Primary intermediation margin | 86,224 | 72,075 | 14,149 | 19.6% |
| Dividends and similar income | 0 | 0 | 0 | *** |
| Other expenses / income | -477 | -1,156 | 679 | -58.7% |
| Income from banking and insurance activities | 85,747 | 70,919 | 14,828 | 20.9% |
| Net value adjustments | -5,118 | -4,019 | -1,099 | 27.3% |
| Net income from banking and insurance activities | 80,629 | 66,900 | 13,729 | 20.5% |
| Administrative expenses | -43,042 | -39,512 | -3,530 | 8.9% |
| <i>of which: personnel expenses</i> | <i>-27,785</i> | <i>-25,291</i> | <i>-2,494</i> | <i>9.9%</i> |
| <i>other administrative expenses</i> | <i>-15,257</i> | <i>-14,221</i> | <i>-1,036</i> | <i>7.3%</i> |
| Net provisions for risks and charges | -555 | -727 | 172 | -23.7% |
| Adjustments / Write-backs of adjustments to the value of property, plant and equipment and intangible assets | -1,341 | -950 | -391 | 41.2% |
| Net operating profit | 35,691 | 25,711 | 9,980 | 38.8% |

Significant events for the period and significant subsequent events

By a measure dated 3 April 2006, the Bank of Italy authorized the new subsidiary Banco Desio Veneto S.p.A. to carry out banking activities, which are expected to start in the 2nd half of 2006.

On 12 April, the Board of Directors of the Parent Company resolved to start its "own" activity in the "indemnity" bank-insurance field, expanding the Group's range of insurance products.

The business plan envisages the establishment and start-up of an insurance company, with an initial share capital of €/mil. 7.50, and an installation fund of €/mil. 2.50, wholly-owned by Banco itself. The establishment of the Indemnity Insurance Company is subject to mandatory authorization received from *ISVAP* *ISVAP* (insurance supervisory authority) and the Bank of Italy.

Meanwhile, the Parent Company's branch plan continued, with the opening of the new Villafranca di Verona branch in April and the third branch in Desio at the start of the current month. The Group's distribution network now totals 124 branches. So far this year 2006, 6 new branches have been opened at Group level.

Business outlook

The slight improvement expected in the economic cycle and the good results already scored at Group level during the quarter, offer reasons to believe that the scheduled equity and financial targets will be reached.

Desio, 11 May 2006

The Board of Directors