INTERIM DIRECTORS' REPORT SEPTEMBER 2013

GRUPPO CREDEM

Credito Emiliano Spa
Credito Emiliano Banking Group - Credem
3032 – Joint stock company

Registered Office and Headquarters:

Via Emilia San Pietro no. 4 - 42100 Reggio Emilia
Fully paid-up share capital € 332,392,107
Taxpayer's Code 01806740153 – VAT Number 00766790356
ABI Code 3032
Bank enrolled in the Banks Register under no. 5350
Bank enrolled in the Banking Groups Register under no. 3032
Participant in the Interbank Deposit Protection Fund
Tel.0522 5821 - Telefax 0522 433969 - Telex BACDIR 530658 – Swift Code BACRIT22
Website: www.credem.it

CONTENTS

BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS, SENIOR MANAGEMENT, MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS, INDEPENDENT AUDITORS

BOARD OF DIRECTORS

Chairman	Giorgio Ferrari	
Vice-Chairmen	Ignazio Maramotti*	Lucio Zanon di Valgiurata*
Directors	Romano Alfieri	Enrico Corradi*
	Guido Corradi*	Giorgia Fontanesi
	Ugo Medici**	Benedetto Renda
	Paola Schwizer**	Giovanni Viani**
Secretary	Ottorino Righetti	

* Members of the Executive Committee
** Independent directors pursuant to art. 148, paragraph 3, Italian Legislative Decree no. 58/1998 (Consolidated Financial Act)

BOARD OF STATUTORY AUDITORS

Chairman	Giulio Morandi	
Auditors	Maurizio Bergomi	Maria Paglia
Alternate auditors	Tiziano Scalabrini	Gianni Tanturli

SENIOR MANAGEMENT

General Manager	Adolfo Bizzocchi	
Deputy General Managers	Angelo Campani	Nazzareno Gregori
Central Managers	Giuliano Baroni	
	Stefano Morellini	Stefano Pilastri
Central Co-Managers	Giuliano Cassinadri	Rossano Zanichelli

MANAGER responsible for preparing the company's financial reports

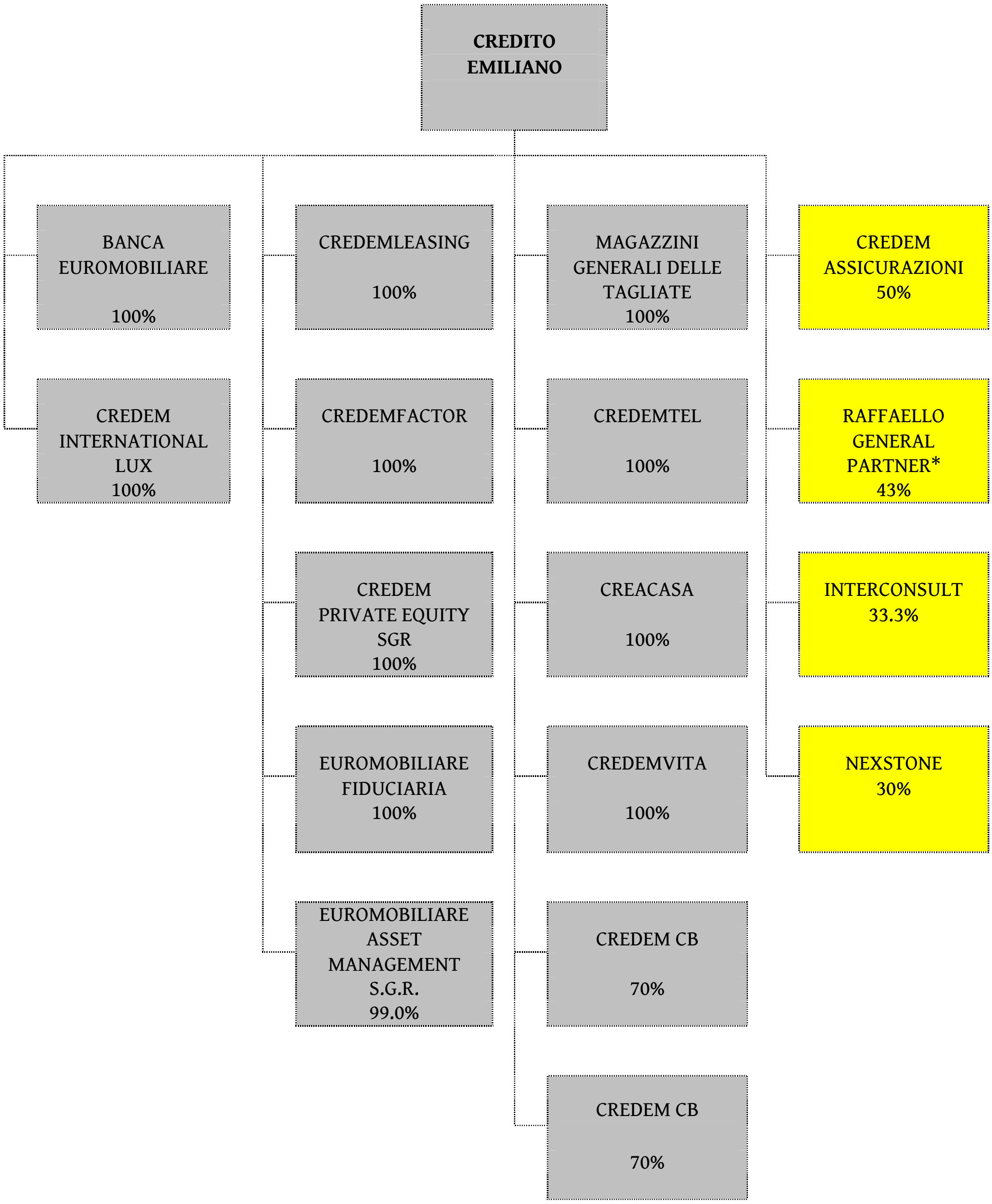
Paolo Tommasini

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

INTERIM DIRECTORS' REPORT SEPTEMBER 2013

SCOPE OF CONSOLIDATION



* company in liquidation

Notes:

- the percentages refer to directly or indirectly exercisable voting rights.
- the highlighted equity investments are valued under the equity method.

BALANCE SHEET INCOME STATEMENT

Balance Sheet
(in €/million)

	Asset	09/30/2013	12/31/2012
10.	Cash and cash equivalents	116,411	165,458
20.	Financial assets held for trading	201,510	312,437
30.	Financial assets valued at fair value	964,985	828,980
40.	Available-for-sale financial assets	7,610,053	6,069,413
60.	Due from banks	804,169	946,699
70.	Loans to customers	19,409,422	20,643,301
80.	Hedging derivatives	119,678	174,872
90.	Value adjustments to financial assets subject to macro-hedging (+/-)	59,715	79,640
100.	Equity investments	24,205	23,637
110.	Technical reserves attributable to reinsurers	2,208	1,949
120.	Tangible assets	307,426	315,638
130.	Intangible assets	365,963	370,387
	- of which: goodwill	287,295	287,295
140.	Tax assets	222,789	253,764
	a) current	51,560	63,679
	b) deferred	171,229	152,742
	b1) deferred - of which for purposes of L. 214/2011	43,741	37,343
160.	Other assets	594,399	562,528
	Total assets	**30,802,933**	**30,748,703**

Balance Sheet
(in €/million)

	Liabilities and shareholders' equity	09/30/2013	12/31/2012
10.	Due to banks	5,103,121	5,668,549
20.	Due to customers	14,301,982	14,456,923
30.	Outstanding securities	4,315,886	4,075,089
40.	Financial liabilities held for trading	116,140	232,682
50.	Financial liabilities valued at fair value	1,028,265	920,865
60.	Hedging derivatives	332,914	431,120
70.	Value adjustments to financial liabilities subject to macro-hedging (+/-)	49,656	77,559
80.	Tax liabilities	133,432	155,117
	a) current	31,022	43,728
	b) deferred	102,410	111,389
100.	Other liabilities	1,068,147	727,939
110.	Staff termination indemnity	93,085	92,055
120.	Provisions for risks and charges:	143,700	151,795
	a) pensions and similar	2,003	2,188
	b) other provisions	141,697	149,607
130.	Technical reserves	2,039,104	1,773,925
140.	Valuation reserves	-48,833	-79,693
170.	Reserves	1,413,635	1,331,113
180.	Share premium reserve	283,052	283,052
190.	Share capital	332,392	332,392
200.	Own shares (-)	-3,349	-3,388
210.	Minority interests (+/-)	351	367
220.	Profit (loss) for the period (+/-)	100,253	121,242
	Total liabilities and shareholders' equity	**30,802,933**	**30,748,703**

Income Statement

(in €/million)

	Items	09/30/2013	09/30/2012
10.	Interest income and similar revenues	600,406	650,626
20.	Interest expense and similar charges	(212,280)	(249,417)
30.	**Interest margin**	**388,126**	**401,209**
40.	Commission income	350,136	344,828
50.	Commission expense	(81,683)	(75,610)
60.	**Net commissions**	**268,453**	**269,218**
70.	Dividends and similar revenues	1,157	594
80.	Net result from trading activities	7,744	12,441
90.	Net result from hedging activities	3,914	1,076
100.	Profit (loss) from sale or repurchase of:	64,988	51,146
	b) available-for-sale financial assets	64,997	50,518
	d) financial liabilities	(9)	628
110.	Net result from financial assets and liabilities valued at fair value	(483)	8,359
120.	**Operating income**	**733,899**	**744,043**
130.	Net value adjustments/write-backs due to impairment of:	(69,330)	(52,777)
	a) loans	(69,159)	(52,633)
	b) available-for-sale financial assets	(2)	-
	d) other financial transactions	(169)	(144)
140.	**Net income from banking activities**	**664,569**	**691,266**
150.	Net premiums	366,988	230,411
160.	Other income/expenses from insurance activities	(403,093)	(276,035)
170.	**Net income from banking and insurance activities**	**628,464**	**645,642**
180.	Administrative costs:	(505,383)	(492,421)
	a) personnel costs	(315,764)	(307,978)
	b) other administrative costs	(189,619)	(184,443)
190.	Net provisions for risks and charges	(9,084)	(56,544)
200.	Net value adjustments/write-backs to tangible assets	(11,967)	(11,635)
210.	Net value adjustments/write-backs to intangible assets	(13,878)	(12,290)
220.	Other operating income/charges	83,990	39,806
230.	**Operating costs**	**(456,322)**	**(533,084)**
240.	Profit (loss) from equity investments	446	23,664
270.	Profit (Loss) from disposal of investments	(136)	43,335
280.	**Profit (loss) before tax from continuing operations**	**172,452**	**179,557**
290.	Taxes on income from continuing operations	(72,166)	(89,327)
300.	**Profit (loss) after-tax from continuing operations**	**100,286**	**90,230**
320.	**Profit (loss) for the period**	**100,286**	**90,230**
330.	Profit (loss) attributable to minority interests	(33)	(35)
340.	**Profit (loss) attributable to the parent company**	**100,253**	**90,195**

Statement of comprehensive income
(in €/million)

	Items	30/09/2013	30/09/2012
10.	**Profit (loss) for the period**	**100,286**	**90,230**
	Other income components net of taxes not reclassified through profit or loss	**(786)**	**(4,288)**
20.	Tangible assets	-	-
30.	Intangible assets	-	-
40.	Actuarial profits (losses) on defined benefit plans	(786)	(4,288)
50.	Non-current assets being disposed	-	-
60.	Portion of valuation reserves of equity investments valued under the equity method	-	-
	Other income components net of taxes reclassified through profit or loss	**31,782**	**201,668**
70.	Foreign investment hedge	-	-
80.	Exchange differences	-	-
90.	Cash flow hedge	16,354	4,917
100.	Available-for-sale financial assets	15,292	189,847
110.	Non-current assets being disposed	-	-
120.	Portion of valuation reserves of equity investments valued under the equity method	136	6,904
130.	**Total other income components net of taxes**	**30,996**	**197,380**
140.	**Comprehensive income (Items 10+130)**	**131,282**	**287,610**
150.	Minority consolidated comprehensive income	**(33)**	**(37)**
160.	**Parent Company consolidated comprehensive income**	**131,249**	**287,573**

2013 STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (in €/thousand)

	Balance as at 12/31/2012	Initial balance changes	Balance as at 01/01/2013	Allocation of previous year's results		Changes during the period								Shareholders' equity as at 09/30/2013	Group shareholders' equity as at 09/30/2013	Minority shareholders' equity as at 09/30/2013
						Changes in reserves	Transactions on shareholders' equity						Comprehensive income 2013			
				Reserves	Dividends and other allocations		Issue of new shares	Purchase of own shares	Extraordinary dividend distribution	Changes in capital instruments	Derivatives on own shares	Stock options				
Share capital	332,461	-	332,461	-	-	-	-	-	-	-	-	-	-	**332,461**	**332,392**	**69**
a) ordinary shares	332,461	-	332,461	-	-	-	-	-	-	-	-	-	-	**332,461**	**332,392**	**69**
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Share premium reserve	283,058	-	283,058	-	-	-	-	-	-	-	-	-	-	**283,058**	**283,052**	**6**
Reserves	1,331,278	-	1,331,278	81,603	-	900	-	-39	-	-	-	-	136	**1,413,878**	**1,413,635**	**243**
a) profit	1,331,278	-	1,331,278	81,603	-	900	-	-39	-	-	-	-	136	**1,413,878**	**1,413,635**	**243**
b) other	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Valuation reserves	-79,693	-	-79,693	-	-	-	-	-	-	-	-	-	30,860	**-48,833**	**-48,833**	**-**
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Own shares	-3,388	-	-3,388	-	-	-	-	39	-	-	-	-	-	**-3,349**	**-3,349**	**-**
Profit (loss) for the period	121,369	-	121,369	-81,603	-39,766	-	-	-	-	-	-	-	100,286	**100,286**	**100,253**	**33**
Shareholders' equity	1,985,085	-	1,985,085	-	-39,766	900	-	-	-	-	-	-	131,282	**2,077,501**	**2,077,150**	**351**
Group shareholders' equity	1,984,718	-	1,984,718	-	-39,742	925	-	-	-	-	-	-	131,249	**2,077,150**	**-**	**-**
Minority shareholders' equity	367	-	367	-	-24	-25	-	-	-	-	-	-	33	**351**	**-**	**-**

EXPLANATORY NOTES

ACCOUNTING POLICIES

GENERAL PART

General standards for the preparation of Financial Statements

The interim directors' report as at 30 September 2013 was drawn up according to the provisions of art.154-ter, paragraph 5 of the Consolidated Financial Act (TUF) and comprises the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in the Shareholders' Equity and the Explanatory Notes. The report is accompanied by the Board of Directors' report on operations, on the economic results achieved and on the Group's balance sheet and financial situation. The same report also contains a description of important events and transactions performed in the period.
The amounts in the Financial Statements and the Explanatory Notes – unless otherwise specified - are expressed in €/thousand.

<u>Going concern</u>
Directors consider appropriate the assumption of the going concern, as in their opinion, there are no uncertainties relating to events or circumstances, which considered individually or as a whole, could cast doubts over the continuation of the business. As a result, assets, liabilities and "off balance sheet" transactions are valued in accordance with the operational features, since they are expected to continue in operation for the foreseeable future.

Statement of compliance with the International Accounting Standards

The economic, capital and financial information was drawn up in accordance with the measurement and recognition criteria established by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission under the procedure established by art. 6 of (EC) regulation no.1606/2002 of the European Parliament and Council of 19 July 2002, as well as the provisions issued pursuant to art. 9 of Legislative Decree 38/2005.
The interim report was not subject to audit.

The balance sheet data provide corresponding data from the balance sheet of the previous year end, while the income statement data are compared to the same period of the previous year. The Consolidated Financial Statements correspond to those of the year end financial statements.

Accounting standards

The accounting standards adopted in preparing this interim directors' report on operations, in reference to the recording, classification, valuation, write-off and recognition of income components of the various asset and liability items, as well as the recognition method for revenues and expenses, have remained unchanged from those adopted in the 2012 year end financial statements, with the exception of the effects of the following.

Main accounting standards that came into effect from 1 January 2013

On 16 December 2011, the IASB issued several amendments to IFRS 7 - Financial instruments: additional disclosures (par. 13A-13F). The amendments require disclosures on the effects or potential effects of the offsetting of financial assets or liabilities on the balance sheet-income statement of an enterprise, made in application of IAS 32. Disclosures must be backdated.

IFRS 13 – Fair Value Measurement. The new accounting standard IFRS 13 was issued by the IASB (jointly with the FASB) on 12 May 2011 to harmonise measurements and disclosures relating to fair value at international level, and applies to all cases in which another international accounting standard requires the use of the fair value. The new standard does not extend the scope of application of fair value measurement, but provides guidance as to how the fair value of financial instruments and

of non-financial assets and liabilities, which has already been imposed or permitted by other accounting standards, should be measured. In this way, all of the rules for the measurement of fair value have been brought together in a single standard; previously they were contained in different standards and were not always coherent. Although many of the concepts of IFRS 13 are consistent with current practice, the main aspect of the new standard is the clarification provided as to the measurement of the risk of non-compliance in measuring the fair value of derivative contracts. Said risk includes both changes in the credit rating of the counterparty and of the issuer in question (Credit Value Adjustment, CVA, and Debit Value Adjustment, DVA).
The application of this new model in place of the one previously adopted has not had any significant impact.

IAS 19 - Employee Benefits. The changes to IAS 19 permit a clearer representation of current and future obligations relating to defined benefit plans. The amendments envisage the elimination of the so-called "corridor method" for the deferred recognition of the profits and losses relating to the plans, the improvement of how changes in the value of the assets and liabilities linked to the plan are represented and lastly, the improvement of disclosures regarding the plans themselves and the risks associated to the same. The above amendments have not had any impact on the Group's equity insofar as this method had never been applied.

IAS 1 - Presentation of Financial Statements. The IASB has issued several amendments to IAS 1, according to which OCI items are classified on the basis of their potential subsequent reclassification in the separate income statement. These amendments introduce new disclosure obligations, which must be considered when preparing the financial statements as at 31 December 2013 and following the updated version of Circular 262 of the Bank of Italy. The comprehensive income statements shown in the half-yearly report already include the above changes.

Annual Improvements to IFRS for 2009-2011. The improvements issued by the IASB encompass the changes made to the standards as part of the annual improvement process of the same, focusing on changes considered necessary, but not urgent. The paragraphs below illustrate which of them could entail a change in the presentation, recognition and measurement of financial statement items, omitting those that instead only entail changes to terms or editorial changes, with a minimum impact in accounting terms, or those which have an effect on standards or interpretations that are not applicable to the Group:

- IAS 1 Presentation of Financial Statements - Comparative information: it has been clarified that in the event that additional comparative information is provided, the same must be presented in accordance with IAS/IFRS. Furthermore, it has been clarified that in the event in which an entity changes an accounting standard or makes a retrospective adjustment/reclassification, the same entity must submit a balance sheet also at the beginning of the comparative period ("third balance sheet" in the financial statements), while no comparative disclosures are required in the notes to the financial statements for said "third balance sheet", with the exception of the items in question.
- IAS 16 Property, Plant and Equipment - Classification of servicing equipment: it is clarified that servicing equipment must be classified under Property, plant and equipment if used for more than one financial year, or otherwise under inventories.
- IAS 32 Financial Instruments: presentation in the financial statements - Direct taxes on allocations to holders of equity instruments and on transaction costs on equity instruments: it is clarified that direct taxes relating to these cases follow the provisions of IAS 12.
- IAS 34 Interim Financial Reporting - Total assets for a reportable segment: it is clarified that total assets must be reported only if this information is regularly provided to the entity's chief operating decision maker and there has been a material change to the total assets of the segment with respect to that reported in the last annual financial statements.

Contents of the Financial Statements schedules

The Consolidated Financial Statements are in compliance with the provisions of Bank of Italy Circular no. 262/2005.

Balance sheet, Income statement and Statement of comprehensive income

The balance sheet and income statement are made up of items, sub-items and additional information (the "of which" in the items and sub-items). In the Income statement, revenues are presented as positive numbers without signs and costs as negative numbers in brackets. Positive and negative income components included in the statement of comprehensive income are presented in the same way.

Statement of changes in shareholders' equity

The statement of changes in shareholders' equity has been drawn up in accordance with the provisions of Circular no. 262/2005 of the Bank of Italy, as amended. The statement presents the breakdown and movements for the shareholders' equity accounts for the period covered by the Financial Statements and the previous period, split between capital reserves, profit reserves, asset and liability valuations reserves and net profit or loss. Own shares in portfolio, if present, are recorded as a reduction of shareholders' equity. Capital instruments other than ordinary shares have not been issued.

The capital, reserves and profit or loss for the period have been divided between the amounts pertaining to the Group and to minority interests.

Scope and methods of consolidation

The interim directors' report on operations includes the financial statements of Credito Emiliano spa and the companies it directly controls. The companies operating in different business segments than that of the Parent company have also been included within the consolidation scope, as required by international accounting standards. Similarly, the special purpose entities (SPE/SPV) have also been included when an effective controlling interest exists, irrespective of whether equity investments are held.

Companies are considered subsidiaries when the Parent Company, directly or indirectly, holds more than half of the voting rights or when it has a lower portion of voting rights, but has the power to appoint the majority of directors of the company or determine its financial or operating policies. The assessment of the number of voting rights also takes into account "potential" rights if they are currently exercisable or convertible into effective voting rights at any time.

Companies are considered to be subject to joint control if their voting rights and the control of their economic activities are equally shared by Credem, directly or indirectly, and another party. An equity investment is classed as being under joint control when, even though voting rights are not equally shared, control over the investee company's economic activities or business policies is shared with other parties by virtue of contractual agreements.

Companies are considered as associated, that is subject to significant influence, when the Parent Company, directly or indirectly, holds at least 20% of the voting rights (including "potential" voting rights as defined above) or when – even with a lower amount of voting rights – it has the power to determine the financial and management policies of the investee company by virtue of specific legal relationships such as participation in shareholders' agreements. Certain companies in which the Parent Company holds an equity stake exceeding 20% of the voting share capital, and in any case of a limited amount, are excluded from the scope of consolidation and classified under Available-for-sale financial assets because the Group, directly or indirectly, only holds rights over a portion of the returns on investment, does not have influence over management policies and may only exercise limited governance rights to safeguard its economic interests.

Subsidiaries are consolidated fully on a line-by-line basis, whereas minority interests and joint ventures are consolidated using the equity method.

Criteria and principles of consolidation

The following criteria were adopted in the preparation of the Interim Directors' Report on operations:

- upon first consolidation, the book value of equity investments in line-by-line consolidated companies or proportional consolidated companies is offset against the shareholders' equity of said companies (or rather the portion of shareholders' equity that said equity investments represent). Accounting for purchases in companies takes place according to the "purchase method", as defined by IFRS 3, with recognition of the assets, liabilities and contingent liabilities of companies acquired at fair value as at the acquisition date, which is the moment in which effective control of the acquired company is achieved. Therefore, the financial results of a subsidiary acquired during the year are included in the Consolidated Financial Statements starting from its acquisition date. Similarly, the financial results of a subsidiary that has been sold are included in the Consolidated Financial Statements until the date in which control ceases;

- any surpluses in the book value of equity investments, as per the previous point, compared to the corresponding portion of shareholders' equity, adjusted to the fair value of assets or liabilities, are recorded as goodwill under "Intangible assets" if positive and to the income statement if negative;
- any purchases of additional equity investments subsequent to the acquisition of control are specifically regulated by IAS 27; any positive or negative differences, as defined above, that arise following said acquisition are recorded directly to equity.
- the adequacy of the goodwill value (so-called impairment test) is assessed on the date of the financial statements (or each time there is evidence of impairment). To this end, the cash-generating unit that produces the cash flow and to which goodwill is attributed is identified. The amount of the impairment is calculated as the negative difference, if any, between the goodwill value recorded and its recoverable amount, equal to the greater of fair value of the cash-generating unit, net of any sales costs, and the relative value in use of the asset. The subsequent value adjustments are recorded in the income statement.
- asset, liability and income statement items are acquired on a line-by-line basis;
- debit and credit positions, off-balance sheet transactions and income, expenses, profits and losses arising from relations between companies consolidated on a line-by-line basis cancel each other out;
- portions of shareholders' equity and profits for the year belonging to minority shareholders of the consolidated companies are included in the relative sections under liabilities in the balance sheet and in the income statement, respectively;
- the Separate Financial Statements of the single companies were used for consolidation of the companies on a line-by-line basis, adjusted, if necessary, to comply with international accounting standards used in the preparation of the consolidated position;
- the book value of significant equity investments held by the Parent Company, or by other group companies, regarding companies consolidated with the equity method is compared to the relative portion of shareholders' equity of the investee companies. Any excess in the book value – resulting from first-time application to the Consolidated Financial Statements – is included in the book value of the investee company. The changes in equity value that took place in the years subsequent to the year of first-time application are recorded under item 240 of the consolidated income statement ("profit (loss) from equity investments"), to the extent in which said changes refer to profits or losses of the investee companies;
- if there is evidence that the value of a significant investment may have fallen, the recoverable amount of the investment is estimated, taking into account the present value of future cash flows that the investment may generate, including the final disposal value of the investment. If the recovery amount is lower than the book value, the difference is recorded in the income statement;
- for the consolidation of equity investments in associated companies, the results of the reports as at 30 September 2013 were used, where possible; alternatively the data from the most recent Financial Statements were used, including interim ones.

Listed below are the equity investments in jointly-controlled companies, associated companies and joint-controlled companies:

Equity investments in subsidiaries and associated companies (consolidated under the equity method)

Company name	Registered office	Type of Relationship	Shareholding Relationship		Voting Rights %
			Investing Company	% Share	
A. Companies					
A. 1 Consolidated line-by-line					
1. Credem International (Lux) sa	Luxembourg	1	Credito Emiliano	99.99%	
			Banca Euromobiliare	0.01%	
2. Credemleasing spa	Reggio Emilia	1	Credito Emiliano	99.90%	
			Magazzini Generali delle Tagliate	0.10%	
3. Credemfactor spa	Reggio Emilia	1	Credito Emiliano	99.00%	
			Credemleasing	1.00%	
4. Credem Private Equity SGR spa	Reggio Emilia	1	Credito Emiliano	87.50%	
			Banca Euromobiliare	12.50%	
5. Euromobiliare Asset Management SGR spa	Milan	1	Credito Emiliano	99.03%	
6. Credemtel spa	Reggio Emilia	1	Credito Emiliano	100.00 %	
7. Creacasa S.r.l.	Reggio Emilia	1	Credito Emiliano	100.00 %	
8. Magazzini Generali delle Tagliate spa	Reggio Emilia	1	Credito Emiliano	100.00 %	
9. Banca Euromobiliare spa	Milan	1	Credito Emiliano	100.00 %	
10. Euromobiliare Fiduciaria spa	Milan	1	Credito Emiliano	100.00 %	
11. Credemvita spa	Reggio Emilia	1	Credito Emiliano	100.00 %	
12. Credem CB srl	Conegliano	1	Credito Emiliano	70.00%	
13. Canossa CB srl	Conegliano	1	Credito Emiliano	70.00%	
A. 2 Consolidated using the equity method					
1.Credemassicurazioni spa	Reggio Emilia	2	Credito Emiliano	50.00%	
2.Raffaello General Partner Jersey *	St.Helier	3	Credito Emiliano	43.00%	
3.Interconsult	Luxembourg	3	Credem International (Lux) sa	33.33%	
4.Nexstone srl	Milan	3	Credito Emiliano	30.00%	

* company in liquidation

Key

Type of relationship:

1 = majority of the voting rights of ordinary Shareholders' Meeting

2 = joint control

3 = associated companies

The Group holds a majority share in the capital of several mutual funds managed by asset management companies of the Group itself. Considering the composition of the capital of these funds, essentially comprising financial assets, and given that the reporting benefits resulting from consolidation of said funds are inferior to the costs necessary to provide said information, the Bank has decided not to consolidate these mutual funds on a line-by-line basis. The above-mentioned investments are recorded under the item "Financial assets held for trading" and amounted to approximately € 16.2 million as at 30 September 2013 (€ 21.1 million as at 31 December 2012); as these amounts are recorded at fair value, their consolidation would not have had any impact on the Parent Company's profit or on the Group's shareholders' equity.

Other matters

Option for domestic tax consolidation

From 2004, Credem and the Group's Italian companies adopted the "domestic tax consolidation", governed by articles 117-129, of the Consolidation Act on Income Taxes, introduced into tax legislation by Legislative Decree no. 344/2003. This is an optional system through which the overall net income or tax loss of each subsidiary participating in the tax consolidation – together with withholdings, deductions and tax credits – is transferred to the Parent Company (Credemholding), producing a single taxable income or single taxable loss carried forward for the latter (resulting from the algebraic sum of its own income/losses and those of the subsidiaries taking part and, consequently, in a single tax debit or credit).

In exercising this option, the companies of the Group that applied the "domestic tax consolidation" calculated their own tax liability, and the corresponding taxable income was transferred to Credemholding. Should one or more of the investee companies have a negative taxable income, where there is consolidated income for the period or a high probability of future taxable income, the tax losses are transferred to Credemholding. As a consequence of such, provisions for IRES (corporate income tax) are recorded under "other liabilities".

Estimated data

The accounting results concerning the components "other general overheads", "commission income" and "commission expenses" were supplemented by the accruals emerging also from the evidence of the planning for 2013 in order to correctly calculate the accrued amounts.

For all the other profit and loss items, the usual accrual methods were applied.

Forecast on operations

The fragile nature of the results recorded by the industry as a whole (the weak signs of an economic recovery, which incidentally should regard above all the period following the current year and which appear to relate more to the Eurozone as a whole than to Italy, the recovery of the financial markets and the favourable repercussions on the interest rates of Government bonds and on long-term bank bonds) do not enable us to make short-term forecasts that differ substantially from the trends underway in the first nine months of the year.

In particular, the interest margin will continue to fall, and the cost of credit risk will continue to have a substantial impact. The contribution of trading is more difficult to predict, while the contribution of "stable" commission income should continue to rise (namely that not strictly linked to the performance of the markets relating to the deposit products managed).

Also as regards company costs, given that the majority of the industry is making significant efforts to rationalise and downsize investments, the same should record a marked decrease.

In this latter regard, as far as the Group is concerned, the concerted efforts being made in the commercial area, together with those to rationalise and manage risk, could result in cost and investment trends that are not necessarily in line with those of the industry as a whole.

TRENDS IN THE MAIN BALANCE SHEET AGGREGATES

RECLASSIFIED BALANCE SHEET (€/million)

	9/2013	12/2012	change 9/13-12/12 absolute	change 9/13-12/12 %
Cash and cash equivalents	116.4	165.5	-49.1	-29.7
Loans to customers	19,409.4	20,643.3	-1,233.9	-6.0
Due from banks	804.2	946.7	-142.5	-15.1
Other financial assets	8,896.2	7,385.7	1,510.5	20.5
Equity investments	24.2	23.6	0.6	2.5
Tangible and intangible assets	673.4	686.0	-12.6	-1.8
Other assets	879.1	897.9	-18.8	-2.1
Total assets	**30,802.9**	**30,748.7**	**54.2**	**0.2**
Due to customers	14,302.0	14,456.9	-154.9	-1.1
Outstanding securities (including subordinated liabilities)	5,344.1	4,996.0	348.1	7.0
Technical reserves	2,039.1	1,773.9	265.2	15.0
subtotal	*21,685.2*	*21,226.8*	458.4	2.2
Due to banks	5,103.1	5,668.5	-565.4	-10.0
Other financial liabilities	449.1	663.8	-214.7	-32.3
Specific risk provisions	236.8	243.8	-7.0	-2.9
Other liabilities	1,251.2	960.7	290.5	30.2
Minority interests	0.4	0.4	.	.
Total liabilities	**28,725.8**	**28,764.0**	**-38.2**	**-0.1**
Share capital	332.4	332.4	-	-
Own shares	-3.4	-3.4	-	-
Reserves	1,647.8	1,534.5	113.3	7.4
Profit for the period	100.23	121.2	-20.9	-17.2
Shareholders' equity	**2,077.1**	**1,984.7**	**92.4**	**4.7**
Total liabilities and shareholders' equity	**30,802.9**	**30,748.7**	**54.2**	**0.2**

This reclassification has been made by considering the figures that can be directly taken from financial statement schedules.

Note that, following changes made to the functioning of the collateralised interbank market, entailing the transfer of functions carried out to date by the Bank of Italy to the Clearing House and Guarantee Fund and to Monte Titoli, item 70 of balance sheet assets "Loans to customers" includes loans worth € 140 million, made to the above-cited market and item 20 of balance sheet liabilities "Due to customers" includes loans worth € 558 billion, received from said market.
The comments on "Loans to customers" and "Customer deposits" are based on aggregates that do not include the above-cited loans, which are substantially related to interbank transactions.

LOANS TO CUSTOMERS

	€/million			% change on	
	9/13	**12/12**	**9/12**	**12/12**	**9/12**
Short term loans to customers	7,040	7,469	6,777	-5.7	3.9
mortgages and leasing	11,430	11,765	11,749	-2.8	-2.7
LOANS TO CUSTOMERS	**18,470**	**19,234**	**18,526**	**-4.0**	**-0.3**
impaired loans	799	715	723	11.7	10.5
LOANS TO CUSTOMERS	**19,269**	**19,949**	**19,249**	**-3.4**	**0.1**

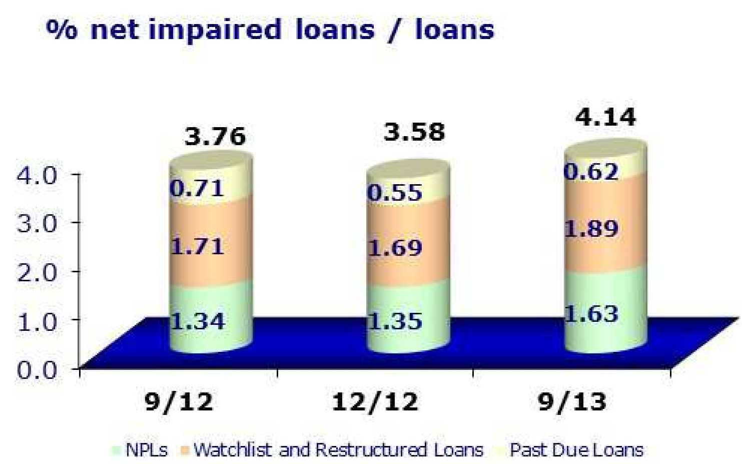
The table below summarises the loans by company:

	9/13		**12/12**		**9/12**		% change on	
	Amount	%	Amount	%	Amount	%	12/12	9/12
Credito Emiliano	18,558	86.5	19,227	86.1	18,230	86.3	-3.5	1.8
Credemleasing	2,002	9.3	2,042	9.2	2,039	9.6	-2.0	-1.8
Credemfactor	465	2.2	550	2.5	441	2.1	-15.5	5.4
Banca Euromobiliare	402	1.9	397	1.8	376	1.8	1.3	6.9
Credem International (Lux)	3	0.0	58	0.3	31	0.1	-94.8	-90.3
Other companies	27	0.1	28	0.1	29	0.1	-3.6	-6.9
Aggregate	**21,457**	**100.0**	**22,302**	**100.0**	**21,146**	**100.0**	**-3.8**	**1.5**
Consolidation adjustments	-2,188		-2,353		-1,897			
Consolidated	**19,269**		**19,949**		**19,249**		**-3.4**	**0.1**

Looking at the trend of the Italian banking industry, the impact of the negative phase of the economic cycle continues to influence the credit market, which is showing a weak demand for loans and a further deterioration of the creditworthiness of enterprise. In this regard, in the first nine months of 2013, corporate loans fell even further, while the downtrend of loans to households was more contained.
The fall in the demand for corporate loans to non-financial companies reflects the weakness of economic prospects and the fall in investments; that relating to household loans is the result of a fall in available income, to the consequent fall in the purchase of consumer goods, to the weakness of the labour market and to continuing difficulties in the housing market.
At the same time, supply tightened further, linked to the deterioration of customer credit worthiness, to its impact on asset quality, to the more accentuated perception of risk linked to the development of the economic cycle, the real estate market and the value of guarantees. Given future regulatory constraints in this area and the uncertain conditions of the financial markets, supply conditions were also influenced by the opportunity to maintain and reinforce adequate liquidity positions.
The group recorded substantially unchanged figures for loans to customers compared to September 2012, but a more marked decrease compared to the end of 2012 (-3.4%).
More specifically, medium-term loans fell both against the end of 2012 (-2.8%) and compared to September 2012 (-2.7%).
Instead, short-term loans fell compared to December 2012 (-5.7%), but rose compared to September 2012 (3.9%).

IMPAIRED LOANS

	9/13	12/12	9/12
% net non-performing loans/ net loans to customers	**1.63**	**1.35**	**1.34**
% provisions for losses on non-performing loans	**55.3**	**55.3**	**56.1**
nominal values:			
- non-performing loans	702.1	601.1	587.6
- watch-list loans	393.6	360.2	348.6
- restructured loans	27.5	23.0	21.7
- "past due"	127.0	115.7	143.5
total nominal values	**1,250.2**	**1,100.0**	**1,101.4**
specific "write-downs"	**451.7**	**385.4**	**378.1**
"estimated recoveries"			
- non-performing loans	314.1	268.4	257.8
- watch-list loans	339.8	315.6	310.0
- restructured loans	24.6	20.9	19.5
- "past due"	120.0	109.7	136.0
total estimated recoveries	**798.5**	**714.6**	**723.3**
net value adjustments to loans and other financial transactions	**69.3**	**89.1**	**52.8**
reconstruction of "accounting funds":	507.0	439.9	431.2
- specific write-downs	451.7	385.4	378.1
- collective write-downs on "performing" loans	55.3	54.5	53.1



The economic scenario has still not led to a slowdown in the growth rate of impaired loans, particularly in terms of non-performing and watch-list loans.
Nevertheless, the situation appears to be substantially under control, and in absolute terms, less intense than the average trend for the Industry.
The growth trend of impaired loans is confirmed by the performance of net loans, which a less accentuated growth trend for watch-list against non-performing.
In terms of coverage, the figure for non-performing loans only, 55.3%, is substantially in line with the figure for December 2012.

CUSTOMER DEPOSITS

	€/million			% change on	
	9/13	12/12	9/12	12/12	9/12
- Deposits	13,732	13,319	12,428	3.1	10.5
- Bonds and certificates of deposit	3,249	3,235	3,060	0.4	6.2
DIRECT CUSTOMER DEPOSITS	**16,981**	**16,554**	**15,488**	**2.6**	**9.6**
INSURANCE RESERVES	**3,014**	**2,617**	**2,597**	**15.2**	**16.1**
Portfolio management	3,646	3,747	3,802	-2.7	-4.1
Mutual funds and SICAV	7,951	7,991	7,932	-0.5	0.2
Other third party transactions	5,356	4,478	3,993	19.6	34.1
INDIRECT CUSTOMER DEPOSITS - ASSETS UNDER MANAGEMENT	**16,953**	**16,216**	**15,727**	**4.5**	**7.8**
INDIRECT CUSTOMER DEPOSITS - ASSETS UNDER CUSTODY	**10,310**	**11,002**	**11,255**	**-6.3**	**-8.4**
TOTAL INDIRECT CUSTOMER DEPOSITS	**27,263**	**27,218**	**26,982**	**0.2**	**1.0**
TOTAL CUSTOMER DEPOSITS	**47,258**	**46,389**	**45,067**	**1.9**	**4.9**
DIRECT BANKING DEPOSITS	**1,131**	**917**	**1,319**	**23.3**	**-14.3**
TOTAL DIRECT DEPOSITS	**18,112**	**17,471**	**16,807**	**3.7**	**7.8**
ASSETS UNDER CUSTODY "OTHER"	**5,183**	**4,789**	**4,707**	**8.2**	**10.1**
TOTAL ASSETS UNDER CUSTODY	**15,493**	**15,791**	**15,962**	**-1.9**	**-2.9**
TOTAL NON CUSTOMER DEPOSITS	**6,314**	**5,706**	**6,026**	**10.7**	**4.8**
TOTAL DEPOSITS	**53,572**	**52,095**	**51,093**	**2.8**	**4.9**

As regards the Group's performance in terms of deposits, we saw an inversion of the trend relating to liquid assets held by customers, which recorded a modest rise. With the contribution, above all, of retail customers, this led to a flattening out of the yield curve and to the consequent lower opportunity cost of holding liquid assets. Amounts "due to customers" recorded a rise of +3.1% compared to the end of 2012, and a rise of +10.3% compared to September 2012. As regards deposits with a set maturity, the segment of placed bonds continued on its uptrend (+5.5% compared to 2012, +0.5% compared to September 2012) due to significant issues, which offset maturing securities. Furthermore, the bank sought to meet customers' requirements for instruments with certain, short-term returns; the rise in deposits continued to be significant. Again with regard to ordinary customers, a significant increase in time deposits was recorded, as well as in overall direct deposits. It should also be noted that the above-mentioned rise in direct deposits from ordinary customers was entirely driven by the retail segment; as regards medium-large companies, a fall in deposits was recorded with respect to the previous period, while the figures were substantially stable with respect to the end of 2012.
On the institutional front, note that, within the Covered Bonds Programme set in place at the end of 2010, on 9 July 2013, Credem placed a Covered Bond of € 500 million.
Note also that, again for Credem, as regards covered bond operations, a second issue was completed in August 2012, which entailed the use of bank's own financial instruments to acquire liquidity; this operation did not lead to any changes in equity in the individual statutory or Group financial statements.

On 6 November 2013, the second tranche of € 1,000 million of the LTRO loan was repaid to the European Central Bank, in addition to the repayment of the first tranche of € 500 million already made on 14 August 2013.

Note that, following changes made to the functioning of the collateralised interbank market, entailing the transfer of functions carried out to date by the Bank of Italy to the Clearing House and Guarantee Fund and to Monte Titoli, item 70 of balance sheet assets "Loans to customers" includes loans worth € 140 million, made to the above-cited market and item 20 of balance sheet liabilities "Due to customers" includes loans worth € 558 billion, received from said market.
The comments on "Loans to customers" and "Customer deposits" are based on aggregates that do not include the above-cited loans, which are substantially related to interbank transactions.

The table below summarises the breakdown of customer banking direct deposits:

	9/13		12/12		9/12		% change on	
	amount	%	amount	%	amount	%	12/12	3/12
Credito Emiliano	15,894	92.8	15,406	92.4	14,493	92.9	3.2	9.7
Credemleasing	49	0.3	59	0.4	59	0.4	-16.9	-16.9
Credemfactor	26	0.2	19	0.1	22	0.1	36.8	18.2
Banca Euromobiliare	587	3.4	702	4.2	540	3.5	-16.4	8.7
Credem International (Lux)	569	3.3	461	2.8	484	3.1	23.4	17.6
Other companies	2	-	12	0.1	1	-	-83.3	100.0
Aggregate	17,127	100.0	16,659	100.0	15,599	100.0	2.8	9.8
Consolidation adjustments	-146		-105		-111			
DIRECT CUSTOMER DEPOSITS	**16,981**		**16,554**		**15,488**		**2.6**	**9.6**

The table below summarises the breakdown of indirect deposits:

	assets under management			assets under custody			total		
		% change			% change			% change	
	Amount	12/12	9/12	Amount	12/12	9/12	Amount	12/12	9/12
Credito Emiliano	14,221	6.9	8.8	13,142	-0.7	-3.1	27,363	3.1	2.7
Euromobiliare Asset Manag. SGR	2,769	-5.2	-5.9	-	-	-	2,769	-5.2	-5.9
Banca Euromobiliare	5,182	8.0	14.1	2,059	-4.0	-1.1	7,241	4.3	9.3
Credem International (Lux)	176	6.0	8.0	388	-32.8	-23.2	564	-24.1	-15.6
Eurom. International Fund SICAV	5,151	2.1	3.7	-	-	-	5,151	2.1	3.7
Credem Private Equity	48	-2.0	-2.0	-	-	-	48	-2.0	-2.0
Indirect aggregate	27,547	4.8	7.0	15,589	-2.3	-3.5	43,136	2.1	3.0
Consolidation adjustments	-10,539			-151			-10,690		
Total indirect consolidated	**17,008**	**4.9**	**8.1**	**15,438**	**-2.2**	**-3.3**	**32,446**	**1.4**	**2.4**

Assets under management recorded a rise both against the end of 2012 (+4.5%) and compared with the corresponding period of the previous year (+7.8%), assisted by the uptrend recorded in the markets for the first nine months, but particularly by the amount of customer deposits mentioned above. More specifically, an increase was recorded for both Group products and third party ones, the latter rising by around 20%. Portfolio management was down (-2.7%) compared to the end of 2012.

The repositioning, leaning towards assets under management, penalised the aggregate of assets under custody (-6.3% against the end of 2012), which were only partially influenced by the positive market trend.

PERFORMANCE OF GROUP COMPANIES

CREDITO EMILIANO

	2013 QI	2013 QII	2013 QIII	9/2013	9/2012	% change	2012
interest margin	99.5	103.2	101.6	304.3	309.8	(1.8)	434.2
non-interest margin	110.3	91.5	87.1	288.9	263.7	9.6	354.1
operating income	**209.8**	**194.7**	**188.7**	**593.2**	**573.5**	**3.4**	**788.3**
personnel costs	(94.4)	(89.9)	(87.5)	(271.8)	(266.2)	2.1	(357.5)
administrative costs (*)	(41.6)	(41.1)	(38.7)	(121.4)	(119.9)	1.3	(160.9)
operating costs	**(136.0)**	**(131.0)**	**(126.2)**	**(393.2)**	**(386.1)**	**1.8**	**(518.4)**
GROSS OPERATING PROFIT	**73.8**	**63.7**	**62.5**	**200.0**	**187.4**	**6.7**	**269.9**
amortisation/depreciation	(6.7)	(7.1)	(7.4)	(21.2)	(19.5)	8.7	(26.6)
operating profit	**67.1**	**56.6**	**55.1**	**178.8**	**167.9**	**6.5**	**243.3**
provisions for risks and charges	(0.7)	(1.8)	(6.3)	(8.8)	(55.5)	(84.1)	(58.5)
extraordinary income/charges	(0.8)	(0.6)	1.0	(0.4)	39.2	(101.0)	33.6
net value adjustments to loans	(17.7)	(26.9)	(20.7)	(65.3)	(48.7)	34.1	(82.8)
PROFIT BEFORE TAX	**47.9**	**27.3**	**29.1**	**104.3**	**102.9**	**1.4**	**135.6**
income taxes for the period	(20.6)	(15.3)	(14.7)	(50.6)	(67.3)	(24.8)	(75.7)
PROFIT FOR THE PERIOD	**27.3**	**12.0**	**14.4**	**53.7**	**35.6**	**50.8**	**59.9**
dividends from equity investments	-	15.4	-	15.4	21.0	(26.7)	21.0
PROFIT FOR THE PERIOD	**27.3**	**27.4**	**14.4**	**69.1**	**56.6**	**22.1**	**80.9**

(**) costs and the non-interest margin are shown net of indirect taxes and taxes recovered from customers (€ 40.8 million as at September 2012; € 40.1 million as at September 2013)

This reclassification was performed also considering management accounting figures which could not be directly deduced from the financial statements and the notes to the financial statements.

KEY:

Interest Margin
+ Item 30 Interest margin
+ Item 240 Profit (Loss) from equity investments excluding the profit/loss resulting from sales/valuations
+ Item 70 Dividends and similar revenues (solely for the portion relating to dividends from equity investments and equity securities in AFS)

Non-Interest Margin
+ Item 60 Net Commissions
+ Item 70 Dividends and similar revenues (net of the sole portion relating to dividends of AFS equity securities)
+ Item 80 Net result from trading activities
+ Item 90 Net result from hedging activities
+ Item 100 Profit/Loss from sale or repurchase excluding only the profit/loss on equity securities component
+ Item 110 Net result from financial assets and liabilities valued at fair value
+ Item 190 Other operating income/charges (net of extraordinary items and recoveries of indirect taxation)
+ Item 70 Dividends and similar revenues (net of the portion relating to dividends on equity investments and AFS equity securities)

Operating income
(Interest margin + Non-interest margin)

Operating costs
+ Item 150 Administrative costs (net of indirect taxes recovered)

Gross Operating Profit
(Operating income – Operating costs)

Depreciation & Amortisation
+ Item 170 Net value adjustments/write-backs to tangible assets
+ Item 180 Net value adjustments/write-backs to intangible assets

Operating profit
(Gross operating profit – Depreciation & Amortisation)

Net provisions for risks and charges
+ Item 160 Net provisions for risks and charges

Extraordinary income/charges
+ Item 190 Other operating income/charges (only extraordinary items – imbalance of extraordinary items)
+ Item 100 Profit (Loss) from sale or repurchase for profit/loss on equity securities only
+ Item 130 Net value adjustments/write-backs due to impairment of available-for-sale financial assets
+ Item 240 Profit (Loss) from disposal of investments
+ Item 280 Profit (Loss) after tax from discontinued operations

Net value adjustments to loans
+ Item 130 Net value adjustments/write-backs for impairment of loans and other financial transactions

Profit before tax
+ Operating Profit
+ Item 160 Net provisions for risks and charges
+ Item 130 Net value adjustments/write-backs for impairment of loans and other financial transactions
+ Extraordinary income/charges:
  Item 190 Other operating income/charges (only extraordinary items – imbalance of extraordinary items)
  Item 100 Profit (Loss) from sale or repurchase for profit/loss on equity securities only
  Item 130 Net value adjustments/write-backs due to impairment of available-for-sale financial assets
  Item 240 Profit (Loss) from disposal of investments
  Item 280 Profit (loss) after tax from discontinued operations

Firstly, we would like to point out that in the comments and in the tables of this report, recoveries of tax expenses and of indirect taxes from customers have been deducted from both the non-interest margin (other operating income) and from operating costs (other administrative costs), with a view to providing a clearer picture of company business.

The Interest Margin fell by 1.6% against QII 2013, and by 1.8% yoy, mainly due to the lesser contribution from the securities portfolio (also linked to the activation of several hedging derivatives and to the receipt of several latent gains).
With regard, instead, to the more "traditional" component of the Interest Margin, following continued repricing measures, the negative trend of the customer interest spread appears to have slowed down.
The Non-Interest Margin recorded an excellent result, driven by a substantial improvement of all aggregates.
More specifically, Management and Brokerage Commissions, net of Performance Commissions, rose against the same period of last year. Bank Commissions saw the partial shift of revenues towards Other Income, but overall the aggregate increased substantially over the same period of last year.
Operating Income, assisted by the good performance of Trading activities, recorded a net increase against the same period of last year and was substantially in line with the figures recorded in the previous quarter, even though no Performance Commissions were recorded. Net of both these aggregates (Trading and Performance Commissions), the figure still indicates a significant increase on the same period of last year and is substantially stable from a quarterly perspective, leading to a particularly positive Net Profit figure.

Operating costs, yoy, rose, mainly due to the uptrend of Personnel Costs. More specifically, this aggregate was also influenced by several long-term factors, such as the increase in the workforce and the higher cost of the new labour contract.
The increase in administrative costs reflects the review and expansion of the distribution networks dedicated to the same, as well as the launch of specific schemes to boost commercial development.
Although the bank has maintained an excellent credit risk rating within the banking systems, the conditions of the real economy have had a negative impact on credit quality, both as regards households and enterprise; impaired loans, both from an economic and asset perspective, have therefore maintained a steady growth rate; the cost of credit was € 65.3 million. The calculation of income tax does not include the deductibility of IRAP on write-downs and losses recorded for loans to customers as established by the draft Stability Law.

		9/13	12/12	9/12
customer loans	€/million	18,558	19,227	18,230
direct deposits		15,894	15,406	14,493
indirect deposits		27,363	26,545	26,637
total deposits	€/million	43,257	41,951	41,130
Employees	no.	5,059	5,016	5,028
Branches	no.	526	538	540
financial advisors	no.	481	466	468

Total loans stand at € 18.6 billion, up compared to September 2012 (+1.8%) and down compared to the end of the year (-3.5%).

Note that, following changes made to the functioning of the collateralised interbank market, entailing the transfer of functions carried out to date by the Bank of Italy to the Clearing House and Guarantee Fund and to Monte Titoli, item 70 of balance sheet assets “Loans to customers” includes loans worth € 140 million, made to the above-cited market and item 20 of balance sheet liabilities “Due to customers” includes loans worth € 558 billion, received from said market.
The comments on “Loans to customers” and “Customer deposits” are based on aggregates that do not include the above-cited loans, which are substantially related to interbank transactions.

Deposits reflected the move towards more profitable instruments and the weakness of household savings.
Furthermore, the bank sought to meet customers’ requirements for instruments with certain, short-term returns; the rise in deposits continued to be significant. Again with regard to ordinary customers, a significant increase in time deposits was recorded, as well as in overall direct deposits. It should also be noted that the above-mentioned rise in direct deposits from ordinary customers was entirely driven by the retail segment; as regards medium-large companies, a fall in deposits was recorded with respect to the previous period, while the figures were substantially stable with respect to the end of 2012.

Assets under management recorded a rise both against the end of 2012 (+6.9%) and compared with the corresponding period of the previous year (+8.8%), assisted by the uptrend recorded in the markets for the first nine months, but particularly by the amount of customer deposits mentioned above. More specifically, an increase was recorded for both Group products and third party ones. Portfolio management was down slightly compared to the end of 2012.

The repositioning, leaning towards assets under management, slightly penalised the aggregate of assets under custody (-0.7% against the end of 2012), which were only partially influenced by the positive market trend.

CREDEMLEASING

		9/13	9/12	9/11
number of contracts stipulated				
movables		1,769	1,962	2,225
real estate		147	147	386
	no.	1,916	2,109	2,611
amount of contracts stipulated				
movables		140.7	175.1	204.5
real estate		87.6	142.7	242.4
	€/million	228.3	317.8	446.9
domestic market share (in terms of asset value)	%	2.19	2.73	2.31
leasing receivables	€/million	2,005.3	2,044.0	1,981.8

The leasing market continues to be conditioned by the continuing economic recession, recording at the end of September 2013 a reduction of the value of investments financed (-13.7%), although to a lesser extent that the figures recorded both last year and in the first half of 2013. More specifically, there have been signs of an initial weak recovery of investments in capital goods (+0.2%), within which the bracket of amounts exceeding € 0.5 million showed a 6.1% increase.

The trend, already noted in 2012, of a larger percentage of investments being represented by those in capital goods and vehicles, was confirmed and now represent 72% of the total new contracts stipulated in the period. In this regard, investments in capital goods made around a 40% contribution to new contracts, and recorded an increase of 4.7% in terms of the number of new transactions stipulated.

The other types of product recorded downtrends; in particular, the real estate segment, which represents around 20% of the total number of new contracts stipulated, recorded a decrease of 11.9% for the period, while the decrease recorded for the renewable energy segment was particularly significant (-53.7%), downsizing its contribution to total new contracts stipulated to just over 7%.

The company's sales performance was also conditioned by the economic scenario, where businesses are tending to delay new investments; the company recorded an overall fall in the value of new contracts stipulated of 28.2% compared to the same period of the previous year. The highest decrease was recorded in the real estate segment (-38.6%, a market that has always been important to the company), while the movables segment, which represents around 62% of new contracts, recorded a fall of 19.6%.

Overall, the resulting market share was 2.19%.

Compared to the end of December 2012, the average capital generated showed substantial stability (+0.2%), while the first signs of a slowdown in the value of specific amounts were recorded (-1.2%).

Compared to the same period of the previous year, profits were down. More specifically, operating income was influenced by financial performance linked to the stability and the low level reached by the reference indicators, which impacted both the total cost of funding and the profit margin of leasing transactions, only partially offset by the uptrend of net commissions. Furthermore, higher value adjustments were made to receivables following the deterioration of the relative economic scenario.

CREDEMFACTOR

		9/13	9/12	% change
Turnover (flows)	€/million	1,312	1,042	25.9
- with recourse	€/million	598	460	30.0
- without recourse	€/million	714	582	22.7
Outstanding	€/million	570	548	4.0
Investment				
- specific amounts	€/million	449	427	5.2
- average amounts	€/million	407	377	8.0

As at the end of September 2013, the value of receivables purchased (turnover) was € 1,312 million, up 26% compared to € 1,041 million recorded at the end of September 2012.

Both receivables with and without recourse recorded significant increases of 30% and 22.8% respectively against the previous year. More specifically, without recourse products recorded a turnover of € 714 million at the end of September, representing 54.4% of total volumes (55.8% in September 2012).

Receivables purchased definitively totalled € 379 million in terms of turnover, marking a 29% increase over the previous year.

Specific loans as at 30 September 2013 reached € 448.5 million (+5% compared to the same period of the previous year). Averages amounts increased considerably, recording a figure of € 407 million (+8.1% against the previous year).

Outstanding amounts rose from € 548 million in 2012 to € 570 million in 2013.

The interest margin, up 3.5% over the same period of the previous year, reached € 9.8 million (€ 9.5 million in 2012). Profits were up against 2012, particularly due to the increase of average loans (+5%).

Net commissions were € 5.4 million, up by 2.1% against 2012.

This figure is mostly due to the rise in commission income on without recourse loans of around 26%, countered by the increase in commission expense for brokerage fees (+20.5%) and for reinsurance premiums for receivables purchased without recourse (+35%).

Operating income was € 15.2 million, up by 3% compared to € 14.8 million recorded in 2012.

Administrative costs were € 5.4 million, up by 3.6% against the previous year. This increase is due to personnel costs (+6.7%), relating to the cost of hiring 4 new resources. Other administrative costs were substantially in line with the previous year (+0.4%).

The cost/income ratio was 36.4% (36.3% at the end of 2012).

Net value adjustments to receivables resulted in an annualised cost of credit of 0.11% against 0.33% at the end of September 2012, confirming the good quality of the loans portfolio.

Profit from continuing operations, after tax, was € 9.4 million, compared to € 8.5 million in 2012. Profit for the period was € 6.3 million, against € 5.5 million at the end of September 2012.

EUROMOBILIARE ASSET MANAGEMENT SGR

Net deposits at the end of September 2013, as regards Italian funds, SICAVs and speculative funds, recorded a decrease of € 90 million (€ -174, € +91 and € -7 million respectively), going against the trend of the industry as a whole, which continues to record positive flows.

Assets under management (UCIT) were slightly down with respect to the end of the previous year, recording a decrease in the weight of monetary products (13% vs. 16% at the end of 2012) in favour of bond and lifecycle products (70% vs. 66% at the end of 2012). Stock, balanced and flexible products remain stable (6%, 3% and 8%, respectively). Lastly, the marginal weight of hedge products was confirmed (0.2%).

The income statement at the end of September 2013 showed a net profit of € 3.4 million, down by 5.2% compared to the profit of € 3.6 million recorded in the same period of the previous year. More specifically, looking at revenues, compared to the end of September 2012, a slight increase in commission income was recorded (of around 1%), due to commission on delegated portfolios (+15.07%), while commission on its own portfolios recorded a decrease (-2.73%).

In terms of costs, on the other hand, both administrative costs (+17.53%) and personnel costs (+22.91%) increased. These increases are due to the acquisition by the company of the FAD (from 1 January 2013) and CIP (from 1 May 2013) business divisions.

CREDEM PRIVATE EQUITY

At the end of September 2013, the company closed with a profit of € 175 thousand, down on the figure recorded at the end of the same period in 2012.

The balance of net commissions fell compared to the first nine months of the previous year, due to the fall in the share value of the fund used as a basis for the calculation.

In compliance with legal provisions, the securities portfolio continues to be invested in shares of the Credem Venture Capital fund (2% of the fund's overall deposits), said shares are measured at their fair value as envisaged by international accounting standards. In the first nine months of 2013, no new investments or disinvestments were made. Remaining liquidity was invested in time deposits.

CREDEM INTERNATIONAL LUX

In terms of the administrative services provided to Euromobiliare International Fund Sicav, an increase in assets was recorded, which amounted to € 5,151.2 million at the end of September 2013. Flexible products continue to be those that benefit the most from this trend. Product development efforts also continued, with a view in particular to setting in place a new segment.

Private banking results were substantially stable in terms of customer deposits, unchanged at € 439.5 million compared to the end of 2012, an increase in managed assets (+19%) to € 147.4 million and a fall in assets under custody, related to the limited number of outflows of a significant amount, recording a balance of € 618.9 million (-35%). Total customer deposited amounted to € 1,205.9 million.

Profit for the period maintained the positive trend of the first six months of the year, due to higher commissions generated by SICAV management.

At the end of September 2013, customer assets (excluding loans) recorded an increase of around 2%, rising from € 7,636 million at the end of December 2012 to € 7,809 million at the end of September 2013. This increase was due to both positive net deposits, totalling € +104 million, and to positive market trends in the period (around +0.9%, corresponding to approximately € +70 million).

In the period, assets under management recorded an increase in absolute terms (€ +371 million) and in terms of the percentage represented of total assets (from 63.4% to 66.7%), due to positive net deposits in the asset management segment (€ +389 million, essentially on third-party UCITS and insurance products, with Portfolio Management and Group UCITS slightly negative), with substantially no market influence. Net deposits recorded a decrease, both in terms of assets under custody (€ -173 million) and direct deposits (€ -112 million), due to the decrease in the stock of time deposits in liquid instruments, which generate high returns for customers, partially offset by the increase in available liquidity in current accounts. The loans trend was slightly negative, with direct loans substantially unchanged (corresponding to around € 390 million) and brokered loans down (from € 90 to € 81 million).

A profit of € 2.1 million was recorded at the end of September 2013, compared to a profit of € 5.1 million recorded at the end of September 2012.

Operating income as a whole was down on the same period of the previous year (€ -2.8 million, corresponding to -6.9%), mostly due to the lower contribution from M&A within the non-interest margin (€ -3.0 million), and the decrease of the interest margin (from € 5.8 million to around € 5.3 million, corresponding to -8.6%). As regards the non-interest margin, if the above-mentioned contribution by M&A is excluded, the margin rose overall (€ +0.7 million, corresponding to +2.2%), due in particular to net commissions (around € +1.2 million), driven by the larger volumes of assets managed, the continuous development of UCITS and of insurance products and by the continued expansion of the multibrand advisory service. Overall, the net result from trading and hedging activities was down. Within the interest margin, note the fall in margins on direct deposits and on loans, against higher margins on treasury products.

Administrative costs (net of recoveries of stamp duty from customers) as a whole rose compared to the same period of the previous year (around € +0.6 million, corresponding to +1.8%), with savings recorded for personnel costs, but higher overheads.

The components linked to extraordinary/other income and expenses, provisions and value adjustments (excluding recoveries of stamp duty from customers, reclassified under administrative costs) made a negative contribution, compared to a slightly positive contribution in the first nine months of 2012, due above all to higher allocations to provisions for non-credit related disputes and several losses on sales of investments.

Recent asset and income performance is overall in line with the objectives of the recently approved 2013 forecast.

In September 2013, and within the plan of periodic audits envisaged for supervised entities, the Supervisory Authority conducted a general inspection.

MAGAZZINI GENERALI DELLE TAGLIATE

The high levels of inventory in both storage facilities were confirmed in the third quarter of 2013 as well. Average inventories at the end of September 2013 amounted to 432,000 cheeses (+1,000 compared to June 2013 and practically unchanged with respect to September 2012).

The demand for storage space has continued to increase, despite substantially stable production figures. Operating revenues recorded a rise (+11.9%) compared to the same period of the previous year.

The generalised rise in production cost is mostly due to the steady rise in the demand for services. More specifically, personnel costs rose, as well as those for ordinary and extraordinary machine and equipment maintenance.

The company recorded a profit for the period.

CREDEMVITA

		9/13	9/12
Deposits (flows)	€/million	607.1	256.5
Number of active policies	no.	97,156	93,058

At the end of September 2013, Credemvita had recorded total deposits of around € 607 million, up compared to the same period of the previous year, with services provided amounting to € 247 million, an improvement on the end of September 2012. This resulted in an increase in net deposits of around € 360 million, generated mostly from Segment I policies (€ 245 million) and from the growing contribution, especially in the last quarter, of Segment III (€ 100 million at the end of September 2013).

The appreciation of Credemvita's policies subject to revaluation continued throughout the first nine months of the year, and rewarded the company's efforts to offer a guaranteed return of capital, combined with very competitive returns in 2013 with respect to alternative products available on the market.

At the same time, in mid-May 2013, Credemvita successfully launched a new financial-insurance policy called Credemvita Collection. This particularly innovative policy was addressed to the more evolved customers of the Credem Group, who had shown interest in a return to products with higher expected returns, albeit within a framework of risk management and diversification. On the day the product was launched, the Unit collected € 175 million in premiums.

Gross deposits of around € 607 million break down into € 358 million of segment I and V policies subject to revaluation (significant up with respect to the end of September 2012 when these policies recorded premiums collected of € 221 million), € 228 million of Linked products, exclusively relating to Unit type policies (practically non-existent at the end of the third quarter of 2012 with € 16 million) and € 21 million of pension funds and temporary policies for coverage in the event of death, up 8% compared to the end of September 2012.

At the end of September 2013, the profit figure of € 14.5 million recorded a 17% rise compared with the same period of last year. The performance of portfolio management made a substantial difference, which right from the beginning of the year further consolidated the returns obtained on Separate Portfolios in a situation of lively trends recorded for average assets, which recorded significant inflows, thanks to policies subject to revaluation.

CREDEMASSICURAZIONI

		9/13	9/12
Premiums issued	€/thousand	20,372	18,239
Active policies	no.	180,567	150,658

At the end of September 2013, Credemassicurazioni had collected non-vehicle premiums of around € 20.4 million, a 12% increase on the figure for the end of September 2012.

The breakdown of premiums collected is characterised by the significant increase of individual Home or Personal policies, a business line that the Company has continued to develop since the exit of Vehicle insurance policies, accompanied by the CPI segment, which has stood its ground despite the continuing deterioration of the real estate market that these guarantees relate to and the continuing weak demand for credit from private customers.

At the end of September 2013, CPI guarantees continued to represent the largest share of the total (56% of total premiums collected, -3% compared to premiums collected at the end of September 2012) compared with individual protection policies (38%, +46% against September 2012). The premiums represented by leasing guarantees represent 6% of total collections (+3% against the end of September 2012).

Credemassicurazioni recorded CPI premiums amounting to € 11.5 million, € 5.9 million of which relates to the Creacasa range of products (down 5% against the same quarter of 2012) and € 5.6 million of which to CPI sold at bank branches, which increased significantly in the second and third quarter of the year, and with a trend that at the end of September was unchanged with respect to that of the same period of 2012.

Individual protection products recorded premiums of around € 7.8 million. Of these, policies relating to the protection of the home recorded premiums of € 4.2 million (+10% compared to the same period of the previous year), while those relating to personal protection recorded premiums of € 2.4 million, up compared to € 1.3 million recorded at the end of September 2012.

The policies launched in the current year, Building Protection and Income Protection, recorded premiums of € 0.9 million at the end of September 2013.

At the end of September 2013, Credemassicurazioni recorded a net profit of € 1.9 million, an improvement on the result for the same period of 2012, when a loss of € 0.7 million was recorded.

This result was achieved thanks to the profitability of the non-vehicle non-life segments, which rose 3% with respect to the end of September 2012, and from the management and liquidation of claims reserves from the former Vehicle portfolio, which generated only a slight loss in the period. Operating costs were also down (-5%) compared to last year.

Shareholders' equity, which at the end of September 2013 amounted to € 15 million (excluding the profit for the period) recorded an increase of € 0.3 million compared to the end of December 2012, mostly due to the increase of valuation reserves for financial assets.

CREDEMTEL

Despite the economic crisis and the consequent market stagnation, Credemtel recorded good sales performance in the third quarter, also as a result of legislative impacts and obligations (the most important of which is the imminent entry into force of SEPA legislation), which represented new business opportunities.

Interbank Corporate Banking (ICB) services represent around 31% of revenues, which Electronic Document Management (EDM) services represent around 65%. ICB and EDM services continue to be the company's core businesses, although with extremely different dynamics insofar as the former is now considered a mature and consolidated market, while the latter is constantly growing, both in terms of product, demand and market characteristics. The contribution of other activities (professional, management and public administration services) is marginal and represents around 4% of revenues.

EUROMOBILIARE FIDUCIARIA

A net profit of € 218 thousand was recorded at the end of September 2013, down compared to the € 293 thousand recorded in the same period of the previous year.

Commission income of € 1,265 thousand was slightly down on the € 1,369 thousand recorded at the end of September 2012. The fall in commission income is mainly due to a decrease in managed assets and a fall in the number of protected mandates that benefit from confidentiality, for which a special tax is calculated and paid as well as the relative commission.

Furthermore, outsourcing activity with Unione Fiduciaria continues; this mainly regards the management of fiduciary accounts and general back office activities.

CREACASA

The quarterly report at the end of September 2013 shows a net profit of € 3 million, compared to € 2.6 million recorded for the same period of the previous year.

Although higher than budget objectives, the result for the period reflected the weakness of the economic scenario and the difficult situation of the real estate market (fall in sales and prices, longer average time for the purchase of a home). This led to changes in the mortgage market, with demand influenced by a higher level of prudence when purchasing a home and seeking credit, and lending based on more selective policies.

Between January and September 2013, disbursements of mortgages totalled € 232 million, down by around 8.3% compared to the same period of 2012.

Cost control recorded very satisfactory results, with costs falling by 2.6% against the end of September 2012. The largest contributor to the decrease in overheads was the IT services and leasing component. Personnel costs were also down.

At the end of September 2013, the sales network comprised 260 Creacasa agents, located throughout the country and in the regions where the Parent Company, Credem operates. Agents were recruited for Basilicata, a region not covered to date.

GEOGRAPHICAL ORGANISATION AND EMPLOYEES

	9/13	12/12	12/11
Credito Emiliano	5,059	5,016	4,955
Banca Euromobiliare	203	213	207
Other companies	389	375	357
TOTAL EMPLOYEES	**5,651**	**5,604**	**5,519**
Credito Emiliano	481	466	487
Banca Euromobiliare	287	284	308
TOTAL FINANCIAL ADVISORS	**768**	**750**	**795**
Financial Creacasa Agents	**263**	**279**	**272**
Financial Agents to assist with “Salary-Backed Loans”	**95**	**80**	-
Credito Emiliano	526	538	541
Banca Euromobiliare	18	19	19
TOTAL BRANCHES	**544**	**557**	**560**
regions of operation	19	19	19
provinces of operations	88	88	88
Corporate centres	41	41	41
Credempoint	31	31	34
Banca Euromobiliare Financial Outlets	13	14	16

TRENDS IN THE MAIN ECONOMIC AGGREGATES

RECLASSIFIED INCOME STATEMENT (€/million)

	9/13	9/12	12/12	% change
interest margin	345.0	351.7	468.3	(1.9)
non-interest margin	392.2	358.4	502.9	9.4
operating income	**737.2**	**710.1**	**971.2**	**3.8**
personnel costs	(315.8)	(308.0)	(415.0)	2.5
administrative costs (*)	(143.6)	(141.8)	(189.5)	1.3
operating costs	**(459.4)**	**(449.8)**	**(604.5)**	**2.1**
gross operating profit	**277.8**	**260.3**	**366.7**	**6.7**
amortisation/depreciation	(25.8)	(23.9)	(32.7)	7.9
operating profit	**252.0**	**236.4**	**334.0**	**6.6**
provisions for risks and charges	(9.1)	(56.5)	(63.1)	(83.9)
extraordinary income/charges	(1.1)	52.4	46.4	(102.1)
net value adjustments to loans and other financial transactions	(69.3)	(52.8)	(89.1)	31.3
PROFIT BEFORE TAX	**172.5**	**179.5**	**228.2**	**(3.9)**
minority interest profit/loss	-	-	(0.1)	
income taxes for the period	(72.2)	(89.3)	(106.9)	**(19.1)**
PROFIT FOR THE PERIOD	100.3	**90.2**	**121.2**	**11.2**

	9/13	9/12	12/12
ROE	5.1%	5.2%	6.9%
non-interest margin / operating income	53.2%	50.5%	51.8%
operating costs / operating income	62.3%	63.3%	62.2%
tax rate	41.8%	49.7%	46.8%

(*) costs and the non-interest margin are shown net of indirect taxes and taxes recovered from customers (€ 42.6 million as at September 2012 and € 46.0 million as at September 2013)

This reclassification was performed also considering management accounting figures which could not be directly deduced from the financial statements and the notes to the financial statements.

KEY:

Interest Margin
+ Item 30 Interest margin
+ Item 240 Profit (Loss) from equity investments
+ Item 70 Dividends and similar revenues (solely for the portion relating to dividends of AFS equity securities)
- Credemvita interest margin

Non-Interest Margin
+ Item 60 Net Commissions
+ Item 70 Dividends and similar revenues (net of the sole portion relating to dividends of AFS equity securities)
+ Item 80 Net result from trading activities
+ Item 90 Net result from hedging activities
+ Item 100 Profit/Loss from sale or repurchase excluding only the profit/loss on equity securities component
+ Item 110 Net result from financial assets and liabilities valued at fair value
+ Item 150 Net premiums
+ Item 160 Other income/expenses from insurance activities
+ Item 220 Other operating income/charges (net of extraordinary items and recoveries of indirect taxation)
+ Credemvita interest margin

Operating income
(Interest margin + Non-interest margin)

Operating costs
+ Item 180 Administrative costs (net of indirect taxes recovered)

Gross Operating Profit
(Operating income – Operating costs)

Depreciation & Amortisation
+ Item 200 Net value adjustments/write-backs to tangible assets
+ Item 210 Net value adjustments/write-backs to intangible assets

Operating profit
(Gross operating profit – Depreciation & Amortisation)

Net provisions for risks and charges
+ Item 190 Net provisions for risks and charges

Extraordinary income/charges
+ Item 220 Other operating income/charges (only extraordinary items – imbalance of extraordinary items)
+ Item 100 Profit (Loss) from sale or repurchase for profit/loss on equity securities only
+ Item 130 Net value adjustments/write-backs due to impairment of available-for-sale financial assets
+ Item 270 Profit (Loss) from disposal of investments
+ Item 310 Profit (Loss) after tax from discontinued operations

Net value adjustments to loans
+ Item 130 Net value adjustments/write-backs for impairment of loans and other financial transactions

Profit before tax
+ Operating Profit
+ Item 190 Net provisions for risks and charges
+ Item 130 Net value adjustments/write-backs for impairment of loans and other financial transactions
+ Extraordinary income/charges:
  Item 220 Other operating income/charges (only extraordinary items – imbalance of extraordinary items)
  Item 100 Profit (Loss) from sale or repurchase for profit/loss on equity securities only
  Item 130 Net value adjustments/write-backs due to impairment of available-for-sale financial assets
  Item 270 Profit (Loss) from disposal of investments
  Item 310 Profit (loss) after tax from discontinued operations

ROE
Net profit/$\frac{\text{equity for period concerned + equity end prev. year}}{2}$

INTEREST MARGIN ANALYSIS

	9/13	12/12	9/12	Change
average interest rate on loans	3.29%	3.50%	3.57%	-0.28
average interest rate on deposits	-1.23%	-1.28%	-1.27%	-0.04
Customer spread	2.06%	2.22%	2.30%	-0.24

The Interest Margin fell by 0.9% against QII 2013, and by 1.9% yoy, mainly due to the lesser contribution from the securities portfolio (also linked to the activation of several hedging derivatives and to the receipt of several latent gains).
With regard, instead, to the more "traditional" component of the Interest Margin, following continued repricing measures, the negative trend of the customer interest spread appears to have slowed down.

NON-INTEREST MARGIN ANALYSIS

	9/13	**9/12**	**% change**
management and brokerage	156.7	153.0	2.4%
banking services	150.4	126.5	18.9%
net commissions	**307.1**	**279.5**	**9.9%**
securities trading, exchange rates and derivatives	44.4	41.5	7.0%
operating income insurance segment	27.7	24.7	12.1%
other income and charges	13.0	12.7	2.4%
non-interest margin	**392.2**	**358.4**	**9.4%**

Firstly, we would like to point out that in the comments and in the tables of this report, recoveries of tax expenses and of indirect taxes from customers have been deducted from both the non-interest margin (other operating income) and from operating costs (other administrative costs), with a view to providing a clearer picture of company business.

The Non-Interest Margin recorded an excellent result, driven by a substantial improvement of all aggregates, at the highest values recorded for over a year.
More specifically, Management and Brokerage Commissions, net of Performance Commissions, rose 2.4% against the same period of last year, having recovered the lower revenues lined to the sale of the Custodian Banking business. Bank Commissions rose by 18.9% against the same period of the previous year.

ANALYSIS OF COMMISSIONS

	9/13	9/12	% change
. individual portfolio management	36.9	38.3	-3.7%
. "collective" portfolio management	72.8	66.5	9.5%
. placement of insurance products	32.8	29.7	10.4%
total "products under management"	**142.5**	**134.5**	5.9%
. orders collected	3.8	4.2	-9.5%
. securities trading	8.5	8.8	-3.4%
total orders collected for third parties	**12.3**	**13.0**	**-5.4%**
. financial advisors and Creacasa agents	-46.3	-41.2	12.4%
. securities custody and administration	-0.3	4.9	-106.1%
. placement of securities and third party products	37.7	28.3	33.2%
. other net commissions	10.8	13.5	-20.0%
total management services, brokerage and consultancy	**156.7**	**153.0**	**2.4%**
collection and payment services	41.0	40.4	1.5%
current accounts	97.1	75.1	29.3%
"other services"	12.3	11.0	11.8%
"banking" commission	**150.4**	**126.5**	**18.9%**

OPERATING INCOME

	9/13		9/12		change
	amount	% impact	amount	% impact	%
Credito Emiliano	593.7	78.5	567.3	78.1	4.7
Credem International (Lux)	17.8	2.4	15.4	2.1	15.6
Credemleasing	22.5	3.0	23.9	3.3	-5.9
Credemfactor	15.4	2.0	14.9	2.0	3.4
Banca Euromobiliare	38.7	5.1	44.6	6.1	-13.2
Euromobiliare A.M. SGR	16.6	2.2	14.8	2.0	12.2
Magazzini Generali delle Tagliate	3.2	0.4	2.9	0.4	10.3
Credemtel	9.6	1.3	9.3	1.3	3.2
Credemvita	28.6	3.8	24.7	3.4	15.8
Creacasa	7.9	1.0	7.5	1.0	5.3
Other companies	2.5	0.3	2.4	0.3	4.2
Aggregate	756.5	100.0	727.7	100.0	4.0
consolidation adjustments	-19.3		-17.6		
Operating income	**737.2**		**710.1**		**3.8**

Operating Income, assisted by the good performance of Trading activities, recorded a net increase against the same period of last year and was substantially in line with the figures recorded in the previous quarter, even though no Performance Commissions were recorded. Net of both these aggregates (Trading and Performance Commissions), the figure still indicates a significant increase on the same period of last year and is substantially stable from a quarterly perspective, leading to a particularly positive Net Profit figure.

OPERATING COSTS

	9/13		**9/12**		change
	amount	% impact	amount	% impact	%
Credito Emiliano	393.1	82.7	386.0	83.5	1.8
Credem International (Lux)	3.6	0.8	3.8	0.8	-5.3
Credemleasing	8.0	1.7	7.9	1.7	1.3
Credemfactor	5.4	1.1	5.2	1.1	3.8
Banca Euromobiliare	32.8	6.9	32.1	6.9	2.2
Euromobiliare A.M. SGR	11.2	2.4	9.1	2.0	23.1
Magazzini Generali delle Tagliate	2.2	0.5	2.0	0.4	10.0
Credemtel	7.4	1.6	7.6	1.6	-2.6
Credemvita	5.7	1.2	4.8	1.0	18.8
Creacasa	3.4	0.7	3.4	0.7	-
Other companies	1.7	0.4	1.6	0.3	6.2
Aggregate	474.5	100.0	463.5	100.0	2.4
consolidation adjustments	-15.1		-13.7		
Operating costs	**459.4**		**449.8**		**2.1**

Operating costs, yoy, rose, mainly due to the uptrend of Personnel Costs. More specifically, this aggregate was also influenced by several long-term factors, such as the increase in the workforce and the higher cost of the new labour contract.

The increase in administrative costs reflects the review and expansion of the distribution networks dedicated to the same, as well as the launch of specific schemes to boost commercial development.

GROSS OPERATING PROFIT

	9/13		9/12		change
	amount	% impact	amount	% impact	%
Credito Emiliano	200.6	71.2	181.3	68.6	10.6
Credem International (Lux)	14.2	5.0	11.6	4.4	22.4
Credemleasing	14.5	5.1	16.0	6.1	-9.4
Credemfactor	10.0	3.5	9.7	3.7	3.1
Banca Euromobiliare	5.9	2.1	12.5	4.7	-52.8
Euromobiliare A.M. SGR	5.4	1.9	5.7	2.2	-5.3
Magazzini Generali delle Tagliate	1.0	0.4	0.9	0.3	11.1
Credemtel	2.2	0.8	1.7	0.6	29.4
Credemvita	22.9	8.1	19.9	7.5	15.1
Creacasa	4.5	1.6	4.1	1.6	9.8
Other companies	0.8	0.3	0.8	0.3	-
Aggregate	282.0	100.0	264.2	100.0	6.7
consolidation adjustments	-4.2		-3.9		
Gross Operating Profit	**277.8**		**260.3**		**6.7**

Although the bank has maintained an excellent credit risk rating within the banking systems, the conditions of the real economy have had a negative impact on credit quality, both as regards households and enterprise; impaired loans, both from an economic and asset perspective, have therefore maintained a steady growth rate; the cost of credit was € 69.3 million. The calculation of income tax does not include the deductibility of IRAP on write-downs and losses recorded for loans to customers as established by the draft Stability Law.

To analyse the results of the period in question, the table below illustrates an analysis of the quarterly financial performance of the previous year and the current year.

	QI	**QII**	**QIII**	**QIV**	**2012**	**QI**	**QII**	**QIII**	**9/13**
interest margin	115.1	118.8	117.8	116.6	468.3	112.6	116.7	115.7	345.0
non-interest margin	123.6	108.5	126.3	144.5	502.9	145.8	127.7	118.7	392.2
operating income	**238.7**	**227.3**	**244.1**	**261.1**	**971.2**	**258.4**	**244.4**	**234.4**	**737.2**
personnel costs	(105.5)	(101.1)	(101.4)	(107.0)	(415.0)	(109.2)	(105.1)	(101.5)	(315.8)
administrative costs	(48.6)	(47.6)	(45.6)	(47.7)	(189.5)	(48.6)	(49.4)	(45.6)	(143.6)
operating costs	**(154.1)**	**(148.7)**	**(147.0)**	**(154.7)**	**(604.5)**	**(157.8)**	**(154.5)**	**(147.1)**	**(459.4)**
GROSS OPERATING PROFIT	**84.6**	**78.6**	**97.1**	**106.4**	**366.7**	**100.6**	**89.9**	**87.3**	**277.8**
amortisation/depreciation	(7.7)	(8.0)	(8.2)	(8.8)	(32.7)	(8.4)	(8.5)	(8.9)	(25.8)
operating profit	**76.9**	**70.6**	**88.9**	**97.6**	**334.0**	**92.2**	**81.4**	**78.4**	**252.0**
provisions for risks and charges	(5.7)	(9.3)	(41.5)	(6.6)	(63.1)	(0.8)	(2.1)	(6.2)	(9.1)
extraordinary income/charges	16.1	0.5	35.8	(6.1)	46.4	(0.7)	(1.0)	0.6	(1.1)
net value adjustments to loans	(22.5)	(13.9)	(16.4)	(36.3)	(89.1)	(19.9)	(28.0)	(21.4)	(69.3)
PROFIT BEFORE TAX	**64.8**	**47.9**	**66.8**	**48.6**	**228.2**	**70.8**	**50.3**	**51.4**	**172.5**
minority interest profit/loss	-	-	-	-	(0.1)	-	-	-	-
income taxes for the period	(23.2)	(23.2)	(42.9)	(17.6)	(106.9)	(28.4)	(21.7)	(22.1)	(72.2)
PROFIT FOR THE PERIOD	**41.6**	**24.7**	**23.9**	**31.0**	**121.2**	**42.4**	**28.6**	**29.3**	**100.3**

PROFIT (LOSS) FOR THE PERIOD

	9/13				9/12				
	profit	adj.	contr. to consol. profit	% impact	profit	adj.	contr. to consol. profit	% impact	% change
Credito Emiliano	69.1	-15.1	54.0	53.7	56.6	-8.9	47.7	52.9	13.2
Credem International (LUX)	11.4	0.0	11.4	11.4	8.8	0.0	8.8	9.8	29.5
Credemleasing	7.1	0.0	7.1	7.1	7.9	0.0	7.9	8.8	-10.1
Credemfactor	6.3	0.0	6.3	6.3	5.5	0.0	5.5	6.1	14.5
Banca Euromobiliare	2.1	-0.2	1.9	1.9	5.1	-0.2	4.9	5.4	-61.2
Euromobiliare A.M. SGR	3.4	0.0	3.4	3.4	3.6	0.0	3.6	4.0	-5.6
Credem Private Equity	0.2	0.0	0.2	0.2	0.2	0.0	0.2	0.2	-
Magazzini Generali delle Tagliate	0.4	0.0	0.4	0.4	0.3	0.0	0.3	0.3	33.3
Creacasa	3.0	0.0	3.0	3.0	2.6	0.0	2.6	2.9	15.4
Credemtel	1.2	0.0	1.2	1.2	0.9	0.0	0.9	1.0	33.3
CredemVita	14.5	0.0	14.5	14.5	12.4	0.0	12.4	13.7	16.9
CredemAssicurazioni	1.9	-1.0	0.9	0.9	-0.7	0.4	-0.4	-0.4	n.s.
Euromobiliare Fiduciaria	0.3	0.0	0.3	0.3	0.3	0.0	0.3	0.3	-
Other	-0.1	-4.2	-4.3	-4.3	0.1	-4.6	-4.5	-5.0	-4.4
consolidated	**120.8**	**-20.5**	**100.3**	**100.0**	**103.6**	**-13.4**	**90.2**	**100.0**	**11.2**

A reconciliation (in €/thousands) between the shareholders' equity and the profit for the period of Credem with the results of the Consolidated Financial Statements is provided below:

	Shareholders'	of which:
Balances as at 30 September 2013 Credem separate financial statements	1,774,323	69,124
Surpluses compared with book values:		
• line-by-line consolidated companies	288,352	49,761
• companies valued under the equity method	13,431	923
Dividends collected during the period	-	(15,078)
Goodwill	9,285	-
Elimination of intercompany profits and other adjustments	(8,241)	(4,477)
Balances as at 30 September 2013 Consolidated financial statements	**2,077,150**	**100,253**

EQUITY AND RISKS

	9/2013	12/2012	12/2011
Regulatory Capital	**2,228.8**	**2,276.3**	**1,940.0**
of which Tier 1 capital	***1,621.2***	***1,572.2***	***1,457.1***
Capital absorption relative to the following risks:			
. credit	**1,153.1**	**1,195.7**	**1,189.9**
. operational	**117.5**	**117.5**	**117.4**
. market	**21.8**	**22.0**	**36.9**
Total capital requirement	**1,292.4**	**1,335.2**	**1,344.2**
Surplus capital	**936.4**	**941.1**	**595.8**
Tier 1 capital ratio	**10.04%**	**9.42%**	**8.67%**
Total capital ratio (minimum 8%)	**13.80%**	**13.64%**	**11.55%**

As a result of the provision of the Bank of Italy of 18 May 2010, which changed the prudential treatment of debt securities in European Union countries for the purpose of calculating regulatory capital of Italian banks and banking groups, the Credito Emiliano group resolved to exercise option a) of said provision, neutralising both the gains and related losses recorded in the valuation reserves after 31 December 2009.
This option has been applied to the calculation of regulatory capital since 30 June 2010 and:

- extended to all securities of this type held in the afore-mentioned portfolio;
- applied equally to all members of the banking group;
- maintained constant over time.

Net losses not deducted from regulatory capital amounted to around € 46.7 million.

The Total Capital Requirement is € 1,292.4 million against a Regulatory Capital of € 2,228.8 million, with an available margin of € 936.4 million, corresponding to around 42% of Regulatory Capital.

The main negative components of Tier 1 capital regarded:

- intangible assets, amounting to around € 342.6 million, mainly due to the goodwill formed as a result of acquisitions of business branches, net of deferred tax liabilities following the gradual tax amortisation of goodwill;
- changes in its own creditworthiness (around € 0.4 million) related to the "fair value option" applied to bonds issued by the bank);
- the negative result of the valuation of debt securities in the available-for-sale portfolio (€ 6.4 million);
- own shares in portfolio of around € 3.3 million;
- other negative reserves of € 6.2 million;
- the 50% deduction of the value of Credemvita and Credemassicurazioni, amounting to around € 77.8 million;
- the 50% deduction of the excess losses expected on the Corporate portfolio, in relation to the adjustments to the overall value, amounting to approximately € 34.5 million.

With regard to the amount of Tier 2 capital, subordinated bonds with characteristics enabling them to be counted within this aggregate were issued, amounting to € 664.2 million, net of reductions for amortisation.
The main negative components of Tier 2 capital involved:

- the 50% deduction of the value of shareholders' equity of Credemvita and Credemassicurazioni, amounting to around € 77.8 million;
- the 50% deduction of the excess losses expected on the Corporate portfolio, in relation to the adjustments to the overall value, amounting to approximately € 34.5 million.

There is an increase in the available margin of € 4.7 million with respect to the position as at December 2012, due to the following:

- decrease in the Capital Requirement of € 42.8 million;

- decrease in the Regulatory Capital of € 47.5 million.

Specifically, the change in Capital Requirement (€ 42.8 million) is due to:
- a reduction of credit risk and other requirements (€ 42.6 million);
- a reduction of market risk (€ 0.2 million).

Figures as at 30 September 2013 have been calculated on the basis of Basel 2 regulatory provisions. The indications on capital ratios, estimated according to the FIRB (Foundation Internal Ratings Based) method of Basel II, show a Core Tier 1 and a Total Capital ratio of 10.04% and 13.80%, respectively.

In compliance with the provisions of accounting standard IFRS 7 and on the basis of the indications contained in Consob Communication no. DEM/11070007 of 5 August 2011 (which resumes document ESMA No. 2011/266 of 28 July 2011) regarding disclosures to be made in financial reports regarding "Sovereign debt", note that as at 30 September 2013, the Banking group:

- in the "Financial assets held for trading" portfolio, there are residual exposures in government securities worth around € 2.1 million. These positions, classified as trading in the accounts, are traded on behalf of institutional customers. There were no positions that refer to the so-called "PIGS" countries;
- in the "Available-for-sale financial assets" portfolio, there are Foreign Government bonds (Republics of France and Belgium) worth around € 157 million and Supranational securities worth around € 583 million.

  As regards government securities issued by the Italian State, the exposure is around € 3,328 million, which breaks down as follows:
  - BTP amounting to around € 3,285 million;
  - CTZ amounting to around € 10 million;
  - BOT amounting to around € 32 million;
  - CCT amounting to around € 1 million.

The portfolio of "Financial assets measured at fair value" of "Insurance Companies" contains exposures in Italian government securities of € 57.5 million, in German government securities of € 1.1 million and in French government securities of € 0.3 million.

The portfolio of "Available-for-sale financial assets" of "Insurance companies" contains exposures in Italian government securities of € 1,327.6 million, in German government securities of € 19.5 million and in French government securities of € 15.7 million. The increase of around € 251 million in exposures towards Italy, compared to 31 December 2012, is due to purchases of around € 257 million and negative changes in fair value of around € 6 million.

DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

The undersigned Paolo Tommasini, as Manager responsible for preparing the Company's financial reports of Credito Emiliano SpA, pursuant to art. 154-bis, paragraph 2, of Legislative Decree 58/98 (Consolidated Financial Act) hereby declares that the accounting information provided in this Interim Directors' Report as at 30 September 2013 matches the information reported on the company's documents, books and accounting records.

Reggio Emilia, 14 November 2013

The Manager responsible for preparing the
company's financial reports

Paolo Tommasini
(signed)