CREDEM

1H07 Results

- ***CREDEM* at a Glance**
- *Key Data*
- *1H07 Results*
- *Long Term Strategy*

Shareholding Structure

Pact among 230 shareholders

Maramotti family	35.5%
Pictet Cie	4.9%
Eredi Savioli	2.9%
Fincorrad	2.2%
Allianz Subalpina	1.7%

More than 2,900 other shareholders

72.9%

27.1%

CREDEMHOLDING

Free Float

71.8%

28.2%

CREDEM

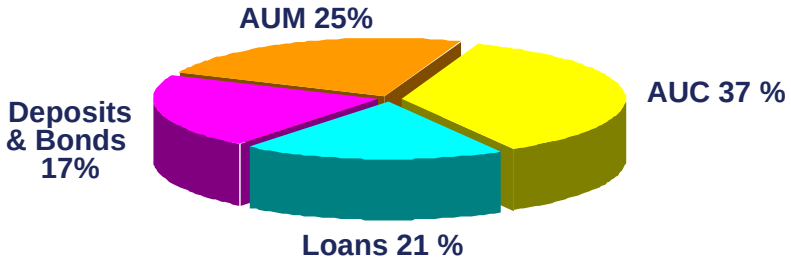
- ***Listed on Milano Stock Exchange since 1997***
- ***Market cap around EURbn 2.5***
- ***RATINGS : A- S&P Long Term – Outlook Positive***
  A Fitch Long Term – individual B – Outlook Stable

Business Areas

Distribution		Wealth Management				Investment Banking		Other	
CREDEM									
CREDEMLEASING	100%	EUROMOBILIARE ASSET MANAGEMENT S.G.R. SpA	98.5%	50%	CREDEMVITA* Life Insurance	ABA XB BANK	100%	100%	CREDEMTEL
CREDEMFACTOR	100%	EUROMOBILIARE FIDUCIARIA Spa	100%	50%	CREDEMASSICURAZIONI* General Insurance	EUROMOBILIARE S.I.M. SpA ***	69.7%	100%	MGT MAGAZZINI GENERALI DELLE TAGLIATE
BANCA EUROMOBILIARE	100%	EUROMOBILIARE* INTERNATIONAL FUND SICAV	na	100%	ante prima*				
BANCA EUROMOBILIARE (Suisse)	100%	EUROMOBILIARE ALTERNATIVE INVESTMENTS SGR	100%	100%	CREDEM Private equity				
CREDEMLUX CREDEM INTERNATIONAL (LUX) s.a.	100%								
CREACASA	100%								

800.000 customers

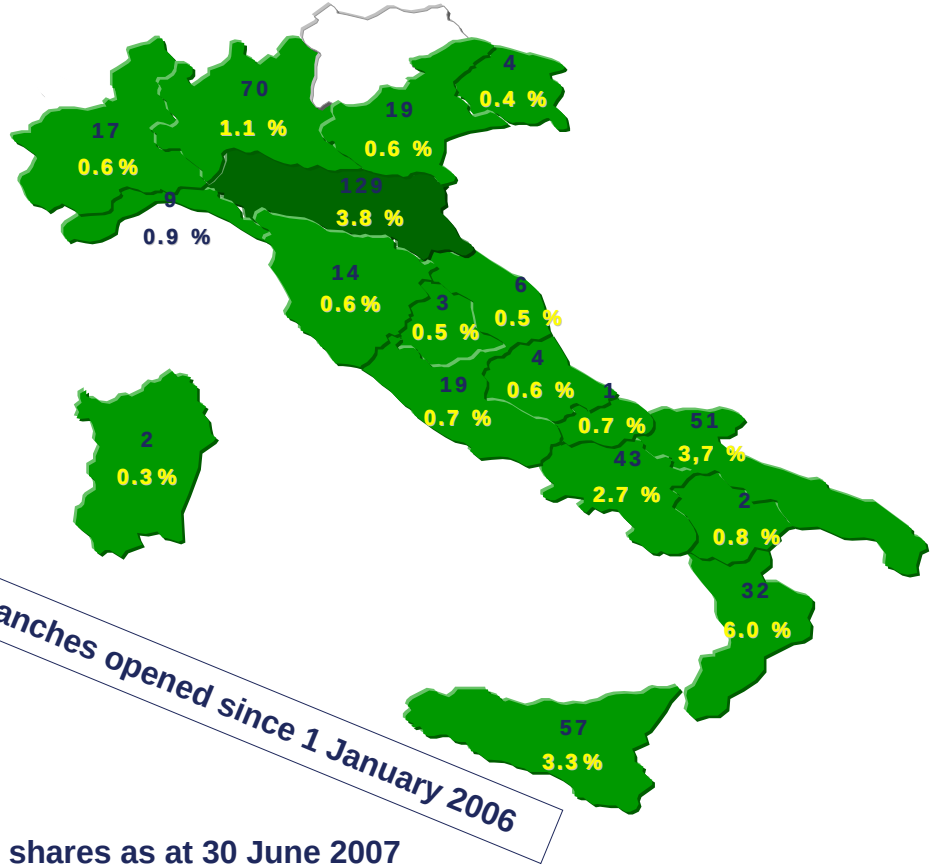
*Total Customers Business** about 70 billion*



**Not consolidated*
***Sum of activities with customers (AUC, loans, AUM, direct fundings)*
****To be dismissed*

Network and Human Resources

524 branches and corporate centres, 5,252 employees.
1,158 financial advisors, 230 private bankers



34 branches opened since 1 January 2006

	12/31/06	6/30/07
Credem Branches	*447*	*461*
B.ca Euromobiliare Branches	*21*	*22*
Total Branches	***468***	***483***
Corporate Centres	*41*	*41*
Credem Points	*25*	*26*
Banca Euro Financial Stores	*37*	*40*

	12/31/06	6/30/07
Credem Advisors	*484*	*464*
Banca Euromobiliare Advisors	*316*	*295*
Advisors with mandate*	*800*	*759*
Credem Group Employees	*5,095*	*5,252*

Market shares as at 30 June 2007

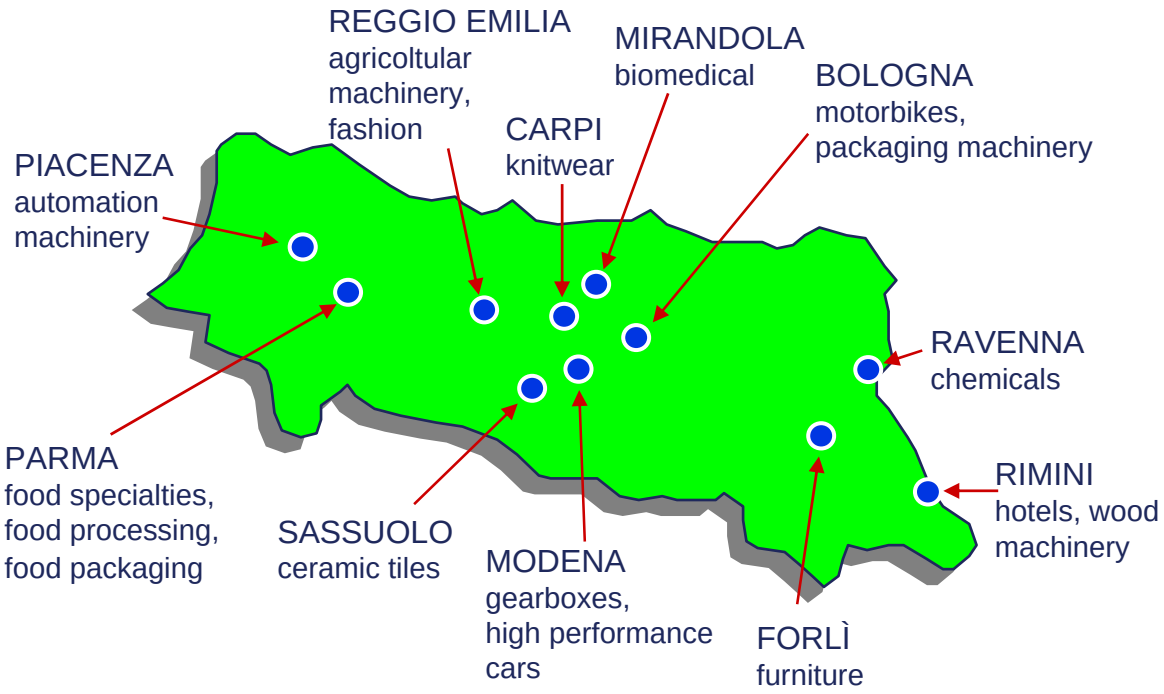
	Deposits Fundings	Loans
Emilia-Romagna	*4.1%*	*4.2%*
Italy	*1.5%*	*1.0%*

** not on group's payroll*

Focus on Emilia-Romagna

Main Industrial Districts

- Region of Emilia-Romagna rating: Aa2 stable /A+ stable, Moody's/S&P
- About 4.1 million people (7% of the Italian population)
- A wealthy and well diversified economy, with strong positions in several markets and leading industrial districts
- 8.7% of the national total GDP
- Eur 29K regional GDP per capita (25% higher than Italian average, among the top 20 regions of Europe)
- Eur 31 bn in exports (more than 11% of the national exports in 2003)
- Unemployment rate of 3.5%, well below the national average (7%). 1 company every 10 people, 90% of companies have less than 5 people. 4.3 employees per company on average
- 4 Universities (Bologna, Parma, Modena & Reggio Emilia and Ferrara). 162,000 students



Sources: Censis, Eurostat, Unioncamere, Bloomberg

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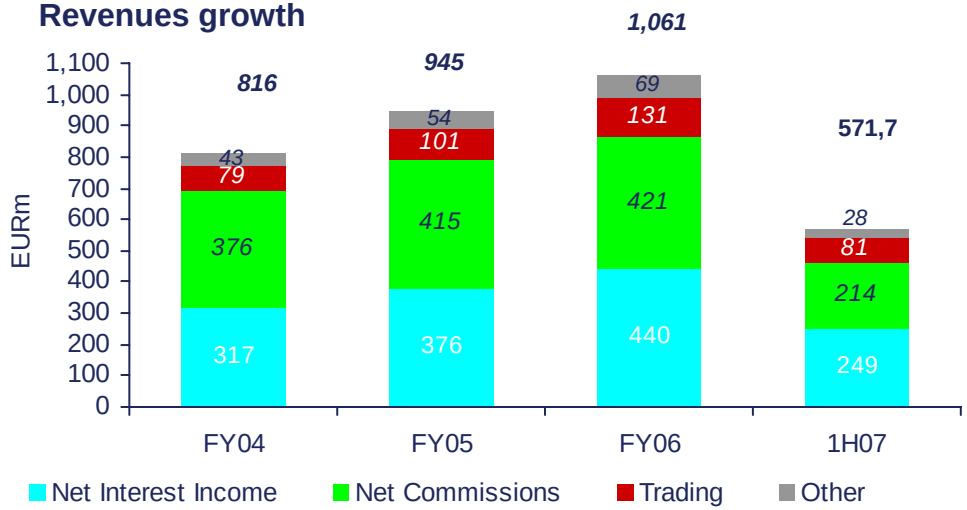
Trends

Key Indicators

	FY04	FY05	FY06	1H07
EBIT (EURm)	245.6	333.3	416.2	234.3
Revenues per Employee (EUR,000)	164.0	190.0	211.4	108.7
Oper. Costs per Employee (EUR,000)	108.6	123.9	123.3	61.6
Operating Costs/Non Interest Income	108.3%	100.3%	99.7%	100.3%

Revenues growth

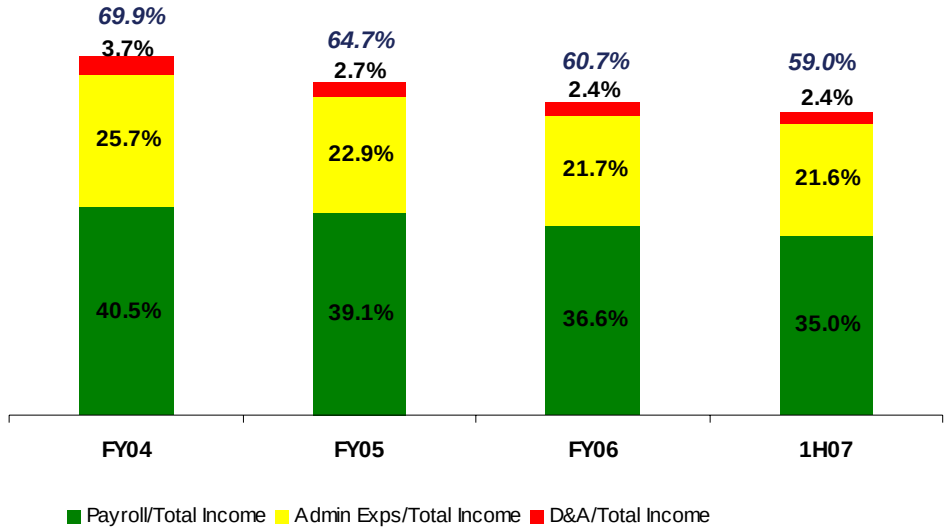


Comparison with the Industry*

	CREDEM	Sample** Average
Non Interest Income/ Total Income	*60.7%*	*47.9%*
Spread	*3.32%*	*3.82%*
Cost to Income (including D&A)	*60.5%*	*56.1%*
EBIT	*39.5%*	*43.8%*
Operating Profit/RWAs	*2.82%*	*2.36%*
NPL ratio	*0.22%*	*1.24%*
ROE* **	*16.7%*	*11.0%*

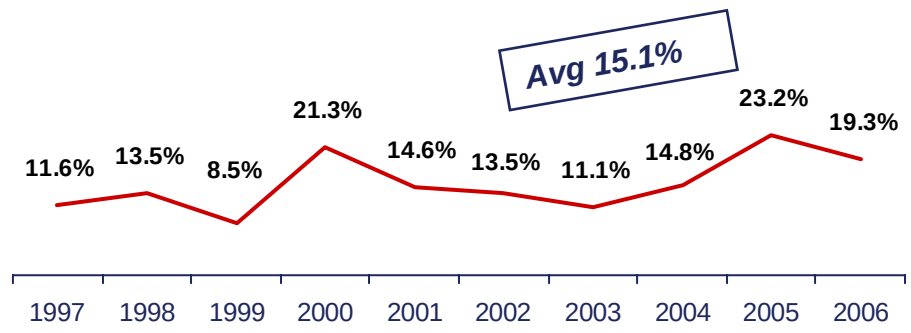
*FYO6 figures
**Sample includes BPM, BPU, BPVN, Capitalia, Carifi, Carige, Credem, Intesa San Paolo pf, MPS, Unicredit (about 75% of the industry)
***Equity includes dividend payout

Consolidated Cost to Income trend (including D&A)

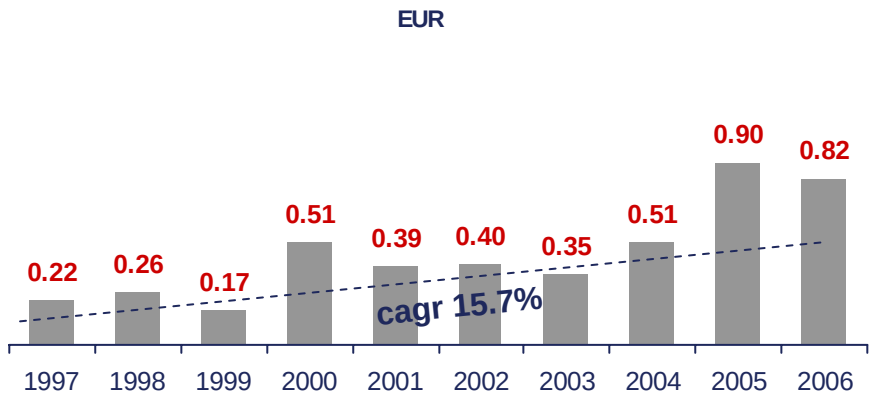


Value Creation

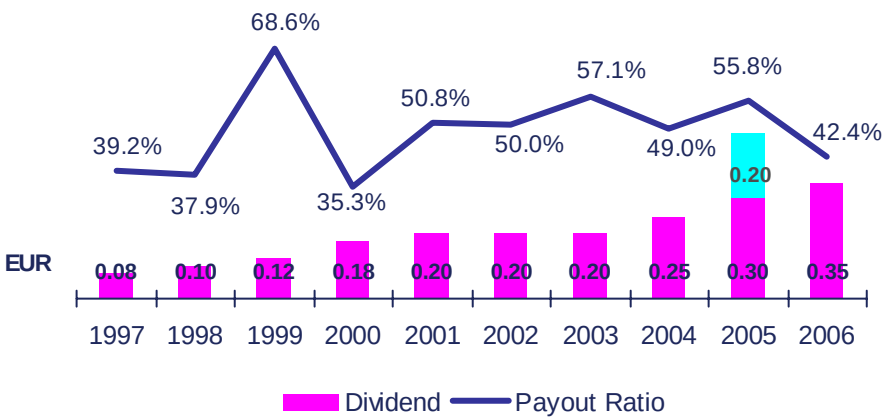
ROE



EPS



Dividend and Payout Ratio



Capital Adequacy

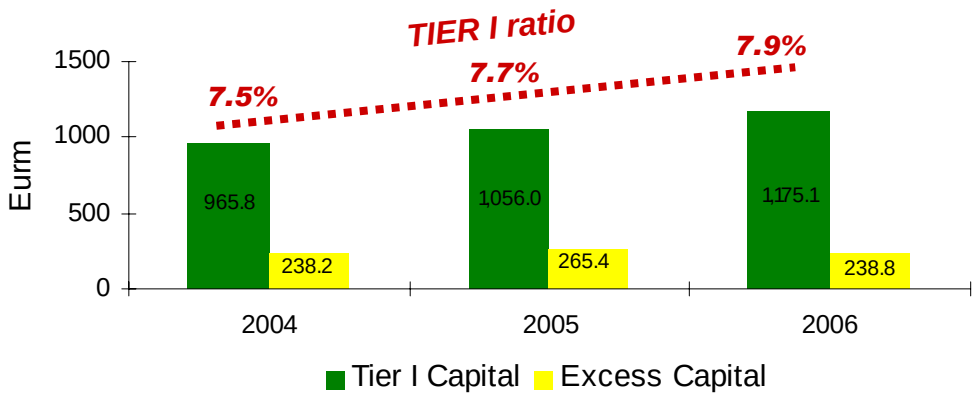


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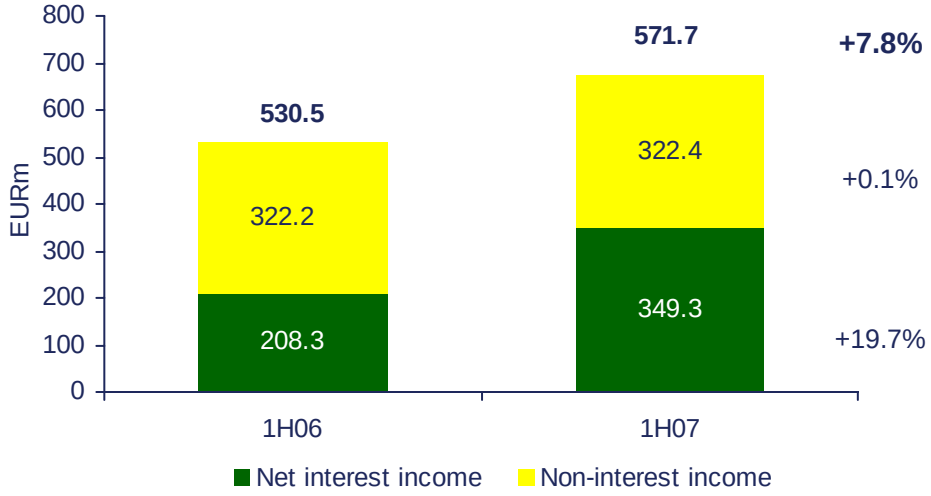
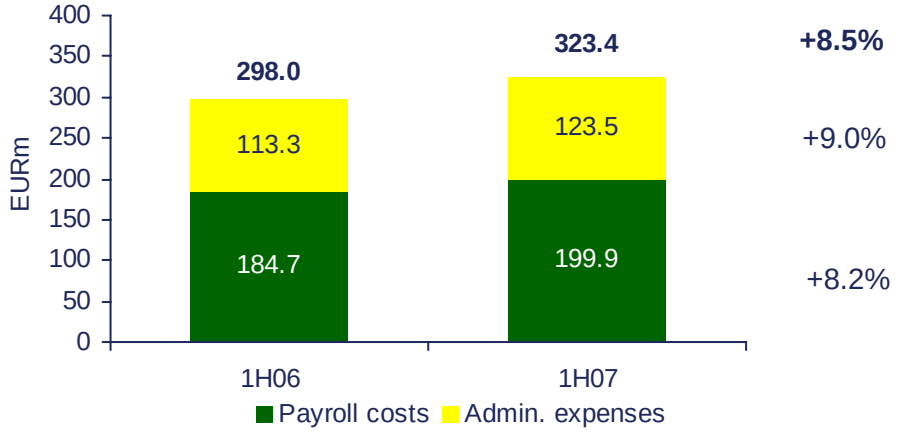
Tableau de Bord

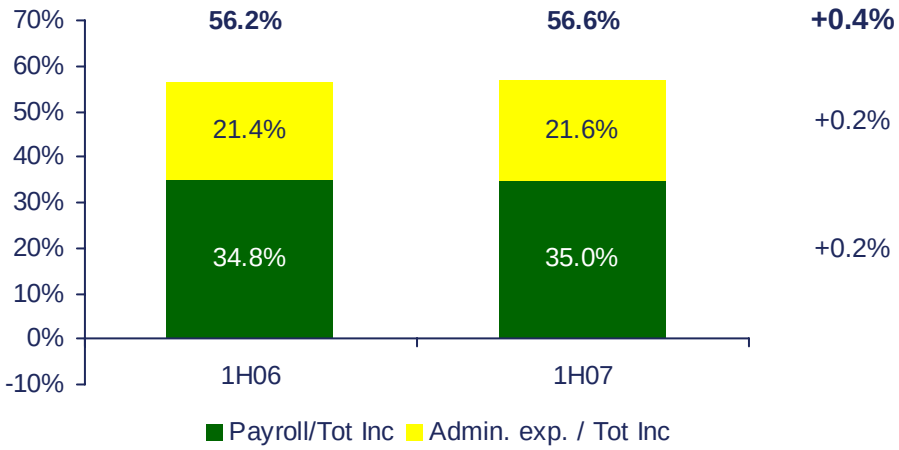
Total Income



Operating Costs



Consolidated Cost/Income



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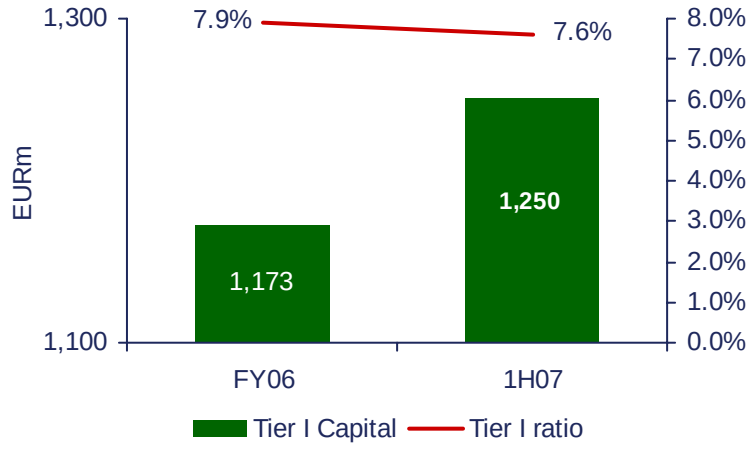


Income Statement

EURm	1H06	FY06	1H07	% yoy
Total Income	**530.5**	**1,060.9**	**571.1**	**+7.7**
Operating Costs	*-298.0*	*-618.8*	*-323.4*	*+8.5*
EBITDA	**232.5**	**442.1**	**248.3**	**+6.8**
Amortization and Depreciation	*-12.3*	*-25.9*	*-14*	*+13.8*
EBIT	**220.2**	**416.2**	**234.3**	**+6.4**
Net Loan Writedowns	*-8.1*	*-25.6*	*-16.5*	
Provisions for Risks and Expenses	*-4.7*	*-8.6*	*-0.6*	
Extraordinary Income (Expenses)	*6.3*	*7.6*	*2.7*	
Pre-tax Profit	**213.7**	**389.6**	**219.9**	**+2.9**
Income Taxes	*-80.5*	*-147.9*	*-82.8*	*+2.9*
Minority Interests	*-7.4*	*-9.6*	*-5.3*	*-28.4*
Net Profit	**125.8**	**232.1**	**131.8**	**+4.8**

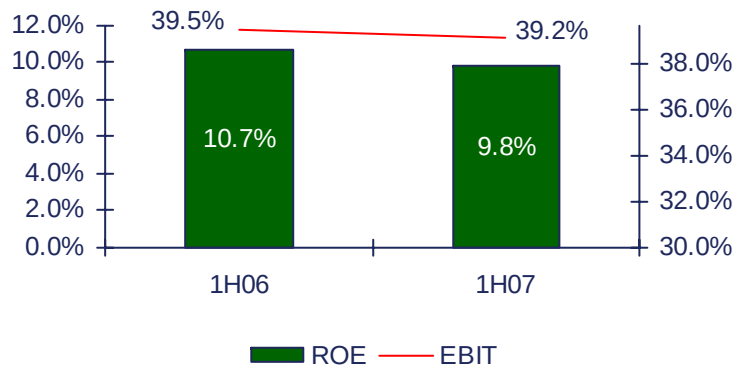
Income statement shows a good performance because of the sharp improvement of the Net Interest Income progressing as a result of the expansion of lending volumes as well as spreads' increase.
Non Interest Income went back to growth after a quarter of slowdown. This is particularly satisfactory given the difficult market scenario in the AUM business.
Banking fees showed an interesting increase yoy.
Operating Costs and Depreciation increase because of the plan of branch openings that is progressing according to schedule.
Personell Costs were positively affected by the change of accounting policies, following the introduction of the pension fund reform.

Normalized Net Profit

EURm	1H06	1H07	% yoy
Pre-tax Profit	**213.7**	**219.9**	**+2.9%**
Capital gains from investments sales	*-7.7*	*-2.6*	
Normalized Pre-tax Profit	**206.0**	**217.3**	**+5.3%**
Income Taxes	*-80.5*	*-82.8*	
Minority Interests	*-7.3*	*-5.3*	
Normalized Net Profit	***118.2***	***129.28***	***+9.3%***

The normalized profit increases yoy much more then the reported figure, evidencing a better quality of the result for the current year.

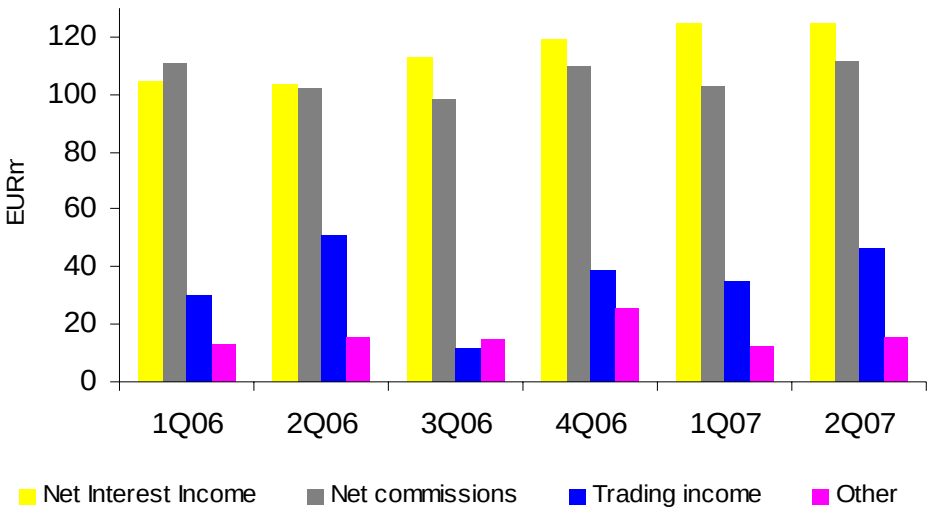
EBIT and ROE



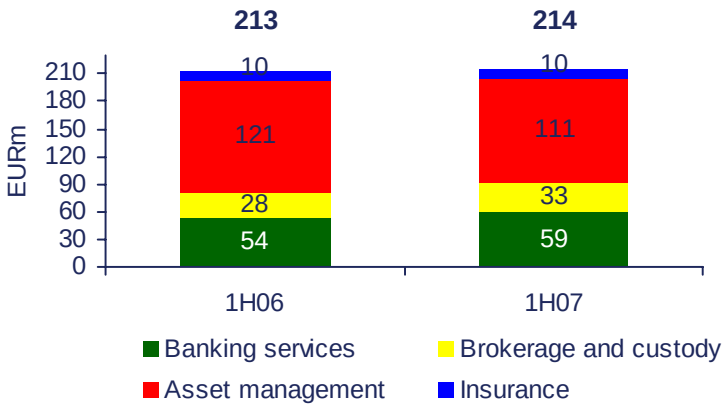
Total Income

EURm	1H06	FY06	1H07	% yoy
Net Interest Income	*208.3*	*440.3*	*249.3*	*+19.7*
Commercial Spread	*3.30*	*3.39*	*3.67*	*37bps*
Avg loan rate	*4.40*	*4.64*	*5.44*	*110bsp*
Avg deposit rate	*-1.10*	*-1.25*	*-1.77*	*67bps*
Net Commission Income	***212.7***	***420.9***	***214.1***	***+0.7***
- of which: Management and Brokerage	*158.5*	*303.4*	*154.9*	*-2.3*
- of which: Banking Services	*54.2*	*117.5*	*59.2*	*+9.2*
Trading Income	***80.9***	***131.1***	***80.6***	***-0.4***
- of which Abaxbank	*27.8*	*49.1*	*32.8*	*18.0*
- of which Other Companies	*53.1*	*82.0*	*47.8*	*-10.0*
Other Income and Expenses	***28.6***	***68.6***	***27.7***	***-3.1***
Non-Interest Income	*322.2*	***620.6***	***322.4***	*+0.1*

Total Income Quarterly Trend

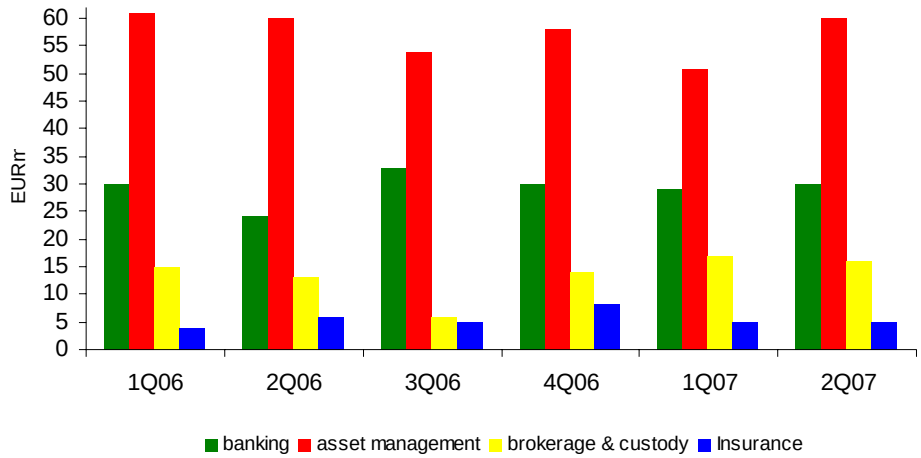


Commission Income Breakdown



Asset Management related fees decrease by 8.3% yoy, recovering from the previous quarter when the yoy decrease had been 16.4%

Commission Income Quarterly Trend



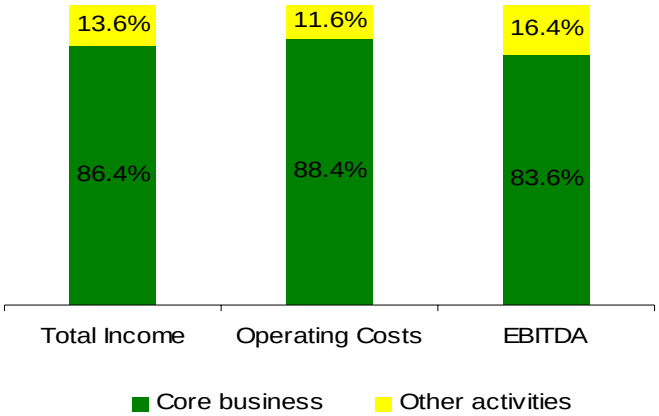
Importance of Core Business

Net Profit

EURm	1H06	FY06	1H07
Core business	***107.3***	***194.7***	***110.4***
Credem	*90.2*	*159.9*	*94.3*
Banca Euromobiliare	*4.6*	*10.3*	*3.2*
Euromobiliare A.M. SGR	*3.7*	*5.6*	*0.9*
Credemleasing	*6.5*	*11.6*	*5.0*
Others and adjustments	*2.3*	*7.3*	*7.0*
Other activities	***18.5***	***37.4***	***21.4***
Euromobiliare SIM	*10.8*	*21.9*	*12.3*
Abaxbank	*5.9*	*10.7*	*6.8*
B.ca Euromobiliare Suisse	*1.8*	*4.8*	*2.3*
Total	***125.8***	***232.1***	***131.8***

Total Income

EURm	1H06	FY06	1H07
Core business	***465.7***	***932.4***	***496.0***
Credem	*392.2*	*798.9*	*425.0*
Banca Euromobiliare	*30.3*	*61.6*	*29.0*
Euromobiliare A.M. SGR	*12.7*	*23.1*	*9.2*
Credemleasing	*14.6*	*30.1*	*15.7*
Others and adjustments	*9.30*	*18.7*	*14.7*
Other activities	***71.5***	***128.5***	***78.1***
Euromobiliare SIM	*38.2*	*67.4*	*39.1*
Abaxbank	*27.9*	*49.1*	*32.6*
B.ca Euromobiliare Suisse	*5.4*	*12.0*	*6.4*
Total	***530.6***	***1,060.9***	***571.7***



Core business companies are defined as those involved in activities levereging on the distribution networks of the group

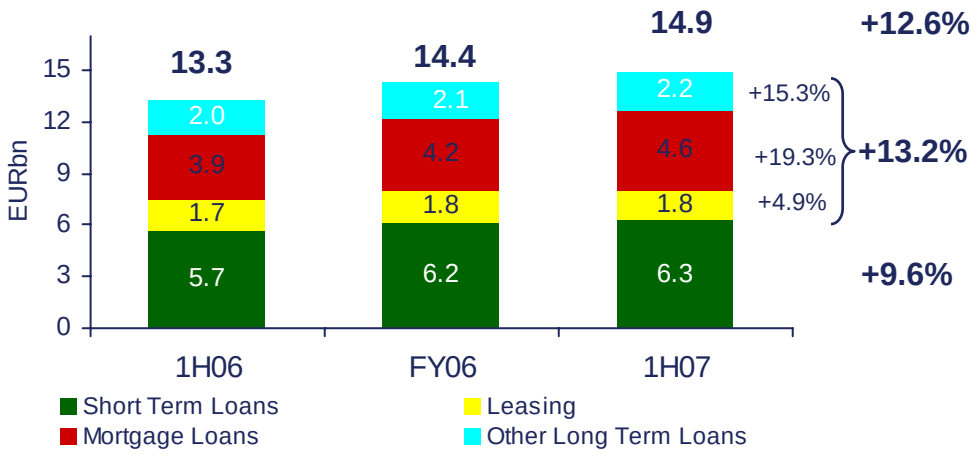
Euromobiliare SIM relevance on consolidated results

	FY05	FY06**	1H07**
Total Income	*7.3%*	*6.3%*	*6.8%*
Net Profit*	11.3%	9.4%	9.3%

•Measured by the contribution to the consolidated net profit of the group
•** Contribution to consolidated based on the 69.7% interest, while it was 59.7% until Dec 30 2006

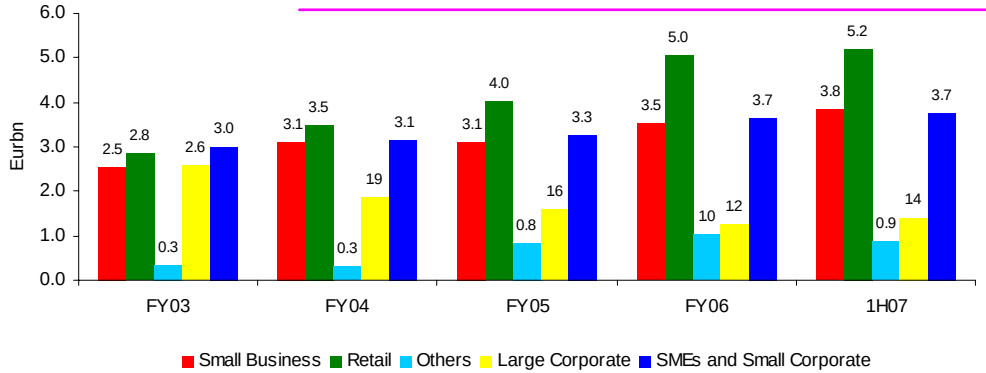
Lending

Lending volumes

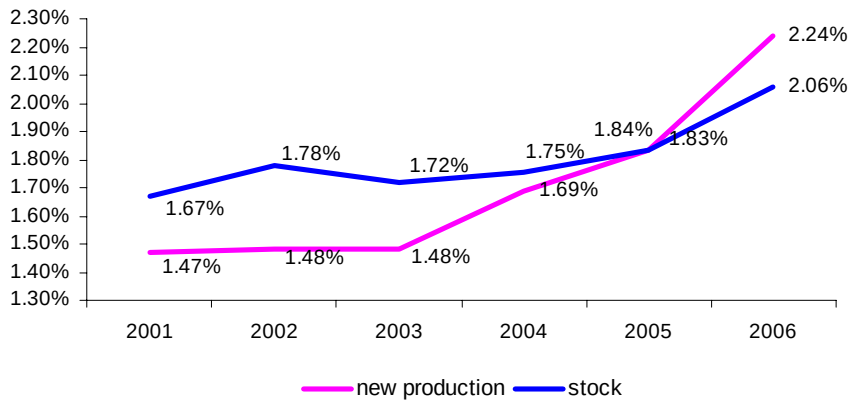


Loans by clients segment

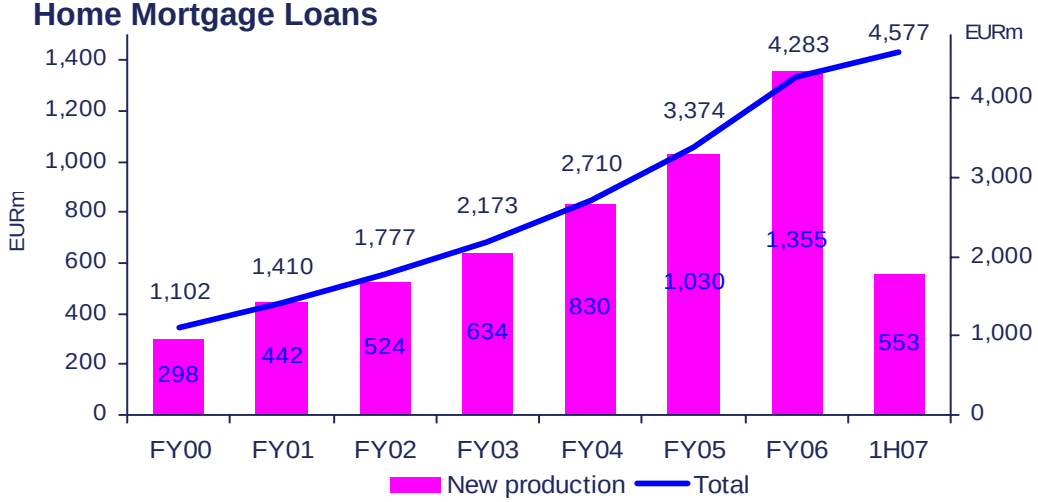
EURm	1H06	1H07	yoy
Small Business	*3,150*	*3,826*	*21.5%*
Retail	*4,532*	*5,204*	*14.8%*
SMEs	*3,436*	*3,746*	*9.0%*



CREDEM market shares in home mortgage Italian market



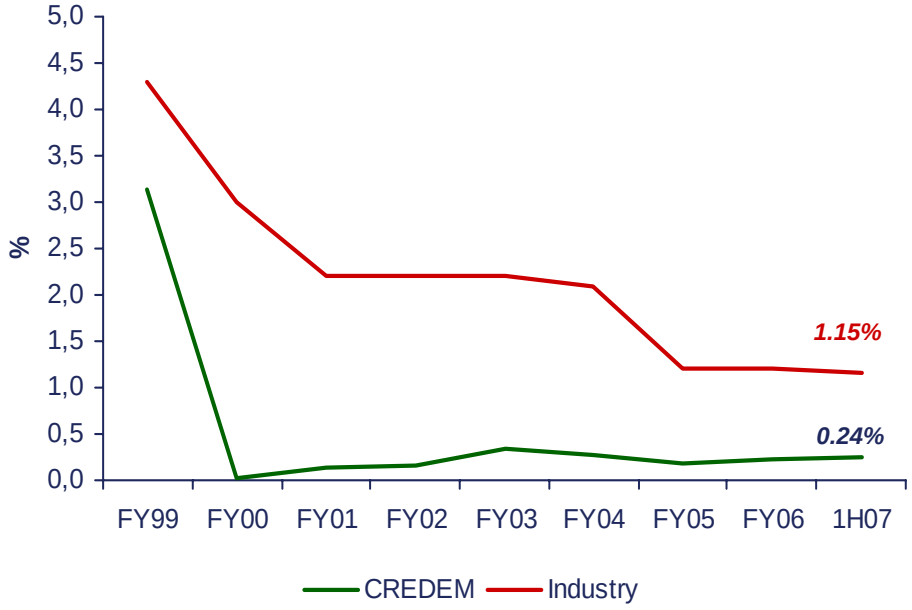
Home Mortgage Loans



Avg amount financed: 97€k – 58,000 mortgage loans and 5.6 € bn inflows since 2000

Credit Quality

- Credit quality consistently high, with an **NPL** ratio of **0.24%** (0.22% at December '06) compared to an industry average of 1.15% (Sources: Bank of Italy)



	6/30/06	12/31/06	6/30/07
Doubtful Loans/Total Loans	*0.76%*	*0.77%*	*0.80%*
NPL ratio	*0.23%*	*0.22%*	*0.24%*
Coverage Ratio	*61.8%*	*60.3%*	*59.5%*

- The management and collection of loans securitized in late 2000 continued with success. As at 31 December, 2006:
  - EURm 206 collected, vs. a maximum EURm 147 forecast;
  - senior tranche (ex EURm 100) paid back in full in 2004, five years ahead of schedule;
  - EURm 31 of the junior tranche (ex EURm 81) already paid back .
  - "Additional return" income of about EURm 2.7 in year 2007 (EURm 8.5 and EURm 5.0 million in 2005 and 2006 respectively).

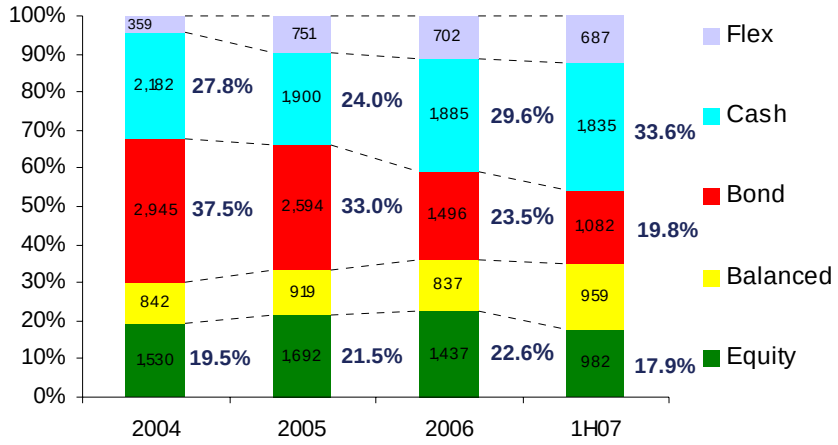
- Highly reliable, tested internal rating system in place for many years and Basel II compliant
- About 85% of credit related decisions approved at central level

Funding

EURm	1H06	FY06	1H07	% yoy
Deposits	**9,506**	**10,020**	**10,239**	**7.7**
Bonds	**4,345**	**4,431**	**5,554***	**27.8**
Portfolio Managed Accounts	*5,171*	*5,931*	*6,358*	*23.0*
Mutual Funds and SICAVs	*9,514*	*8,969*	*8,734*	*-8.2*
of which Mutual Funds	*6,895*	*6,468*	*5,626*	*-18.4*
Hedge Funds	*244*	*249*	*238*	*-2.5*
Insurance	*1,805*	*1,896*	*1,999*	*10.7*
Other	*203*	*174*	*207*	*2.4*
AUM	**16,937**	**17,220**	**17,536**	**3.5**
AUC	**25,094**	**25,966**	**25,580**	**1.9**
TOTAL	**55,881**	**57,637**	**58,909**	**5.4**

* Of which 3.9 EURbn EMTN issues to Institutional Investors

Mutual Funds breakdown

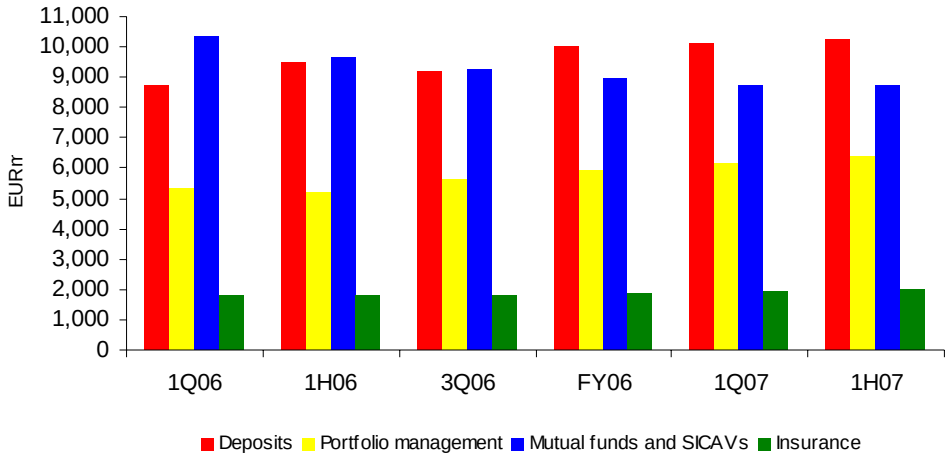


Breakdown by company

EURm	AUM	AUC	Deposits	TOTAL
Credem	11,603	23,089	8,764	**43,456**
Banca Euromobiliare	4,656	1,465	486	**6,607**
Other Companies	1,277	1,026	989	**3,202**
TOTAL	**17,536**	**25,580**	**10,239**	**53,355**

Net Inflows of 400 EURm, 26% of which gathered by financial advisors networks and 74% by the two branch networks

18 months deposits and AUM trend



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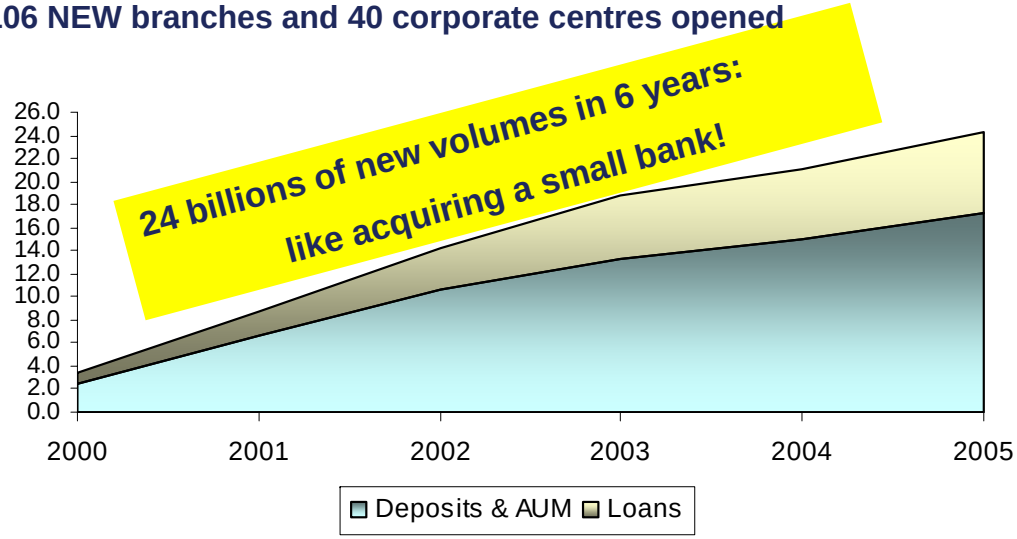
1990 – 2006 : Long Term Strategy

1990 – 1999 ***ACQUISITIONS***	2000 – 2003 ***ORGANIC GROWTH***	2004 – 2006 ***PROFITABILITY***
• ***Acquisition of more than 30 small banks*** • ***Acquisition in 1994 of Euromobiliare Group from Midland Bank*** • ***CREDEM stock listed on the Milan Stock Exchange in 1997***	• ***Divisionalisation*** • ***113 new branches opened*** • ***38 Corporate Centres created*** • ***Sizeable market shares increase***	• ***Value creation from acquired potential*** • ***Central role of CREDEM's core business*** • ***Focus on retail, SME's and small business***

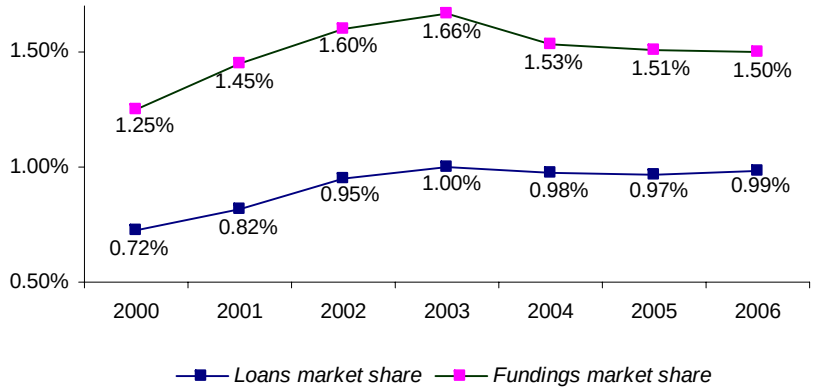
From 56 branches in 1990 to 516 branches and corporate centres today

Organic Growth: a choice confirmed

106 NEW branches and 40 corporate centres opened



Loans & Fundings market shares - Italy



Sources: Credem elaboration on public data

Sample of Small/Regional Italian Banks: 2005 data

EURbn	**bank1**	**bank2**	**bank3**	**bank4**	**bank5**	**bank6**	**bank7**	**bank8**	**bank9**	**bank10**
Deposits	11,3	8,1	10,5	5,3	7,1	4,8	4,6	3,8	3,0	2,6
AUM + AUC	18,6	21,1	11,6	15,5	6,8	8,0	3,8	3,8	4,6	2,3
Loans	9,8	5,9	9,9	3,5	5,3	4,7	4,7	3,5	2,7	2,5
TOTAL*	39,7	35,1	32,0	**24,3**	19,2	17,5	13,1	11,1	10,3	7,4
Branches	236	291	346	118	170	112	162	80	105	104

refers to the Total Businessas the *sum of activities with customers (AUC, loans, AUM, deposits)

Sources: Credem elaboration on public Annual Operating Reports

2006-2008 Business Plan Guidelines

STRATEGY

CENTRAL ROLE OF CORE BUSINESS

- Commercial Banking and Wealth Management activities generating well above 80% of Group's EBIT
- Target segments of clientele are medium high standing individuals and families, small business and SMEs.
- More complete, appealing and efficient product range

CUSTOMERS'S BASE INCREASE

- New customers' acquisition
- Existing customers' revitalization
- Aggressive commercial campaigns
- Marketing actions designed on targeted clusters of clientele

2008 GOALS

EXCELLENCE IN VALUE CREATION OVER TIME

- ***ROE consistently above 17%***
- Net Profit growing 11% cagr to 243 €million
- Cost to Income to 58% decreasing by 4 percentage points despite consistent investments
- Tier I ratio above 7.5% over the period

VOLUMES INCREASE ABOVE INDUSTRY GROWTH RATES

- ***AUM growth 8.1% cagr***
- ***Loans growth 11% cagr (about two times the estimated market growth)***
- Total Business 8% cagr at about 19 €billion

Actions

Selective increase of the distribution network

- 82 new branches, 2 new Corporate Centers, 9 closings. A larger, more up-to-date network. Areas to focus for the growth: Nord East, North West, Tuscany and Marche.
- New retail distribution model to aim at an higher effectiveness. Addition of more than 700 people dedicated to distribution (160 financial advisors). Extensive investments in specific training for commercial roles.

New Wealth Management

- Migration from pure closed architecture to selective open architecture. Wealth Management products to be distributed will come either by the Group factories or by third party asset managers.
- The structure of the Group factories will be revised. Investment Center created to define strategic asset allocation and select external suppliers. Product range will be re-designed.

Commercial actions

- Full deployment of CRM for retail customers and extension to corporate customers, in order to catch the perceived full potential from each client.
- Development of innovative products and strong dedicated marketing & advertisement investments (31 €million). Networks dedicated to new customers acquisition and to specific segments.

Capital allocation

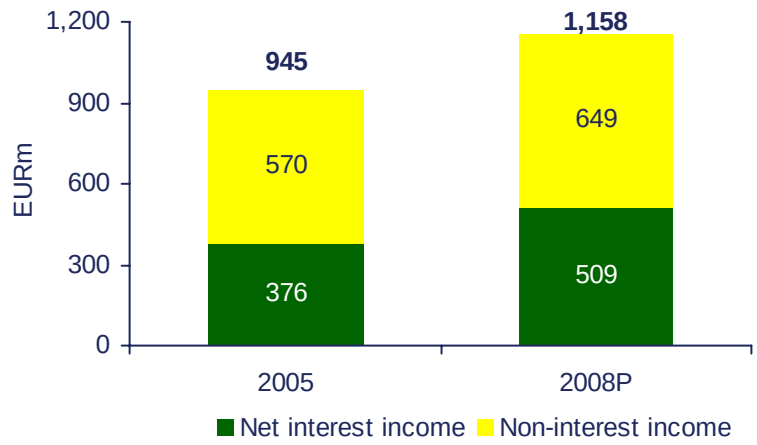
- Further improvement of risk management methodologies current in place. Internal rating system validation for B II purposes could release a substantial amount of capital by 2008.

Governance

- Many projects under way to map and improve internal policies and processes in search of an higher efficiency.
- New and more effective model to measure commercial actions' quality and performances.

2008 Targets

Total Income



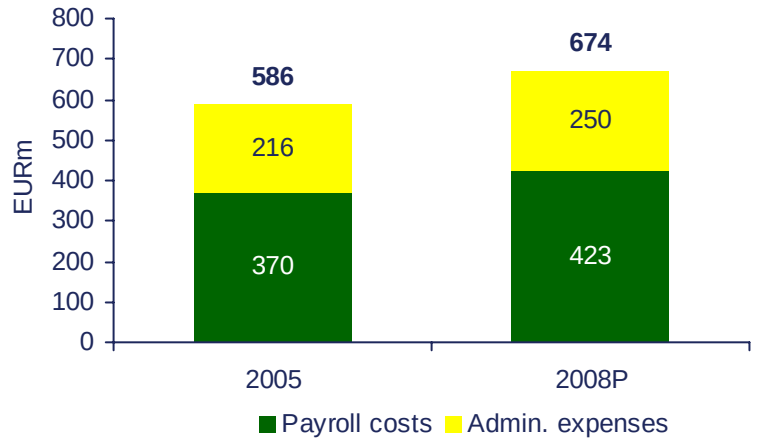
CAGR

7.0%

4.5%

10.6%

Operating Costs



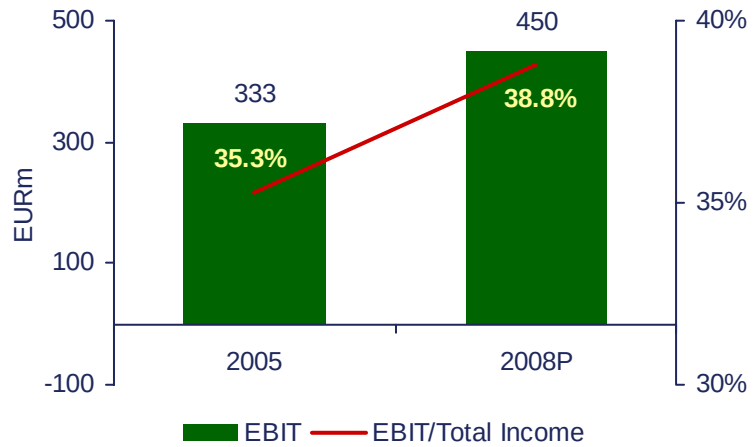
CAGR

4.7%

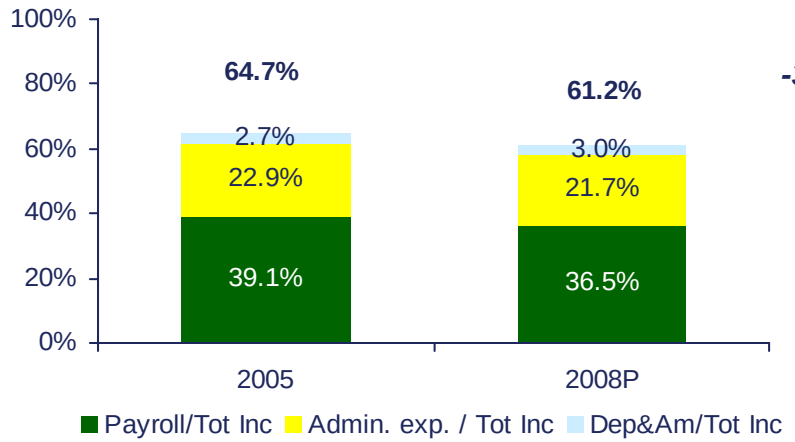
5.0%

4.6%

Profitability



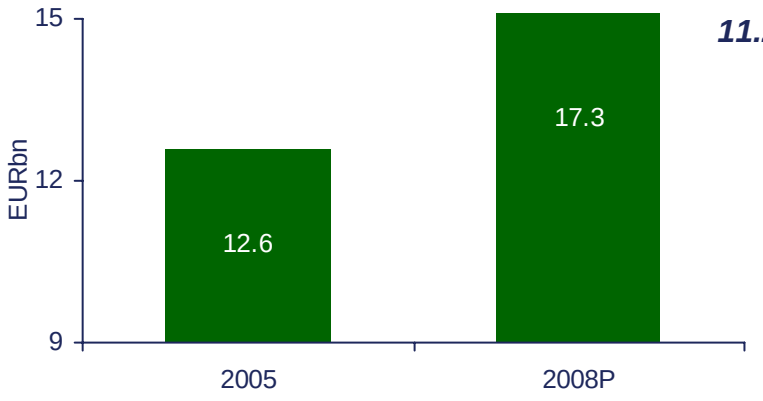
Cost to Income



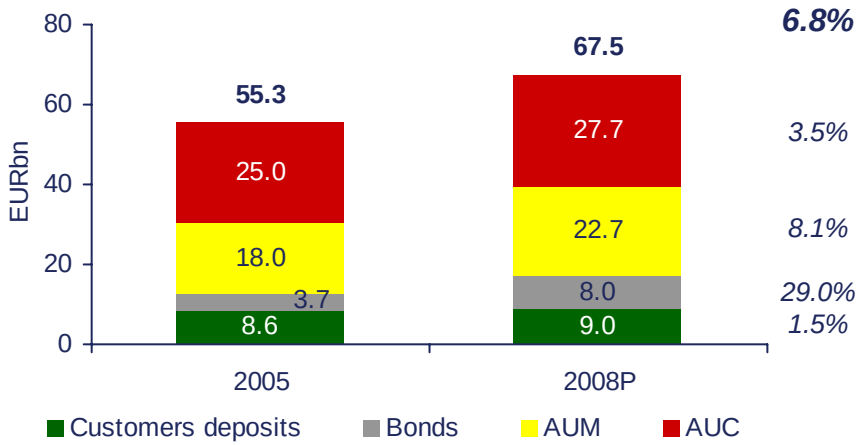
-350 bps

2008 Targets

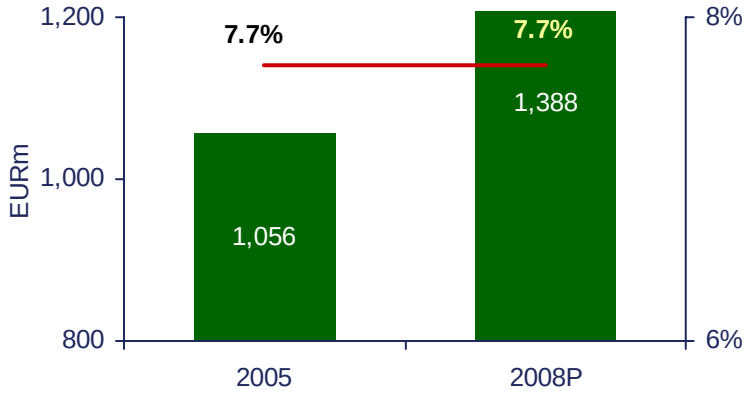
Customer Cash Loans



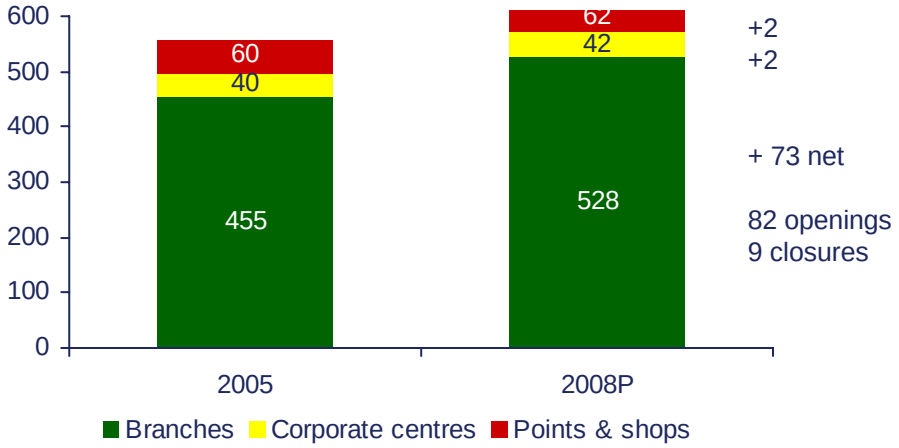
Funding from Customers



TIER I



Distribution Channels



2008 P&L

EURm	2005	2008P	CAGR 05-08
Net Interest Income	***376***	***509***	***10.6%***
Net Commissions	*415*	*474*	*4.6%*
Trading	*101*	*123*	*6.8%*
Other	*54*	*52*	*-1.4%*
Non Interest Income	***570***	***649***	***4.4%***
Total Income	**945**	**1,158**	**7.0%**
Payroll	*-370*	*-423*	*4.6%*
Administrative Expenses	*-216*	*-250*	*5.0%*
Operating Costs	***-586***	***-674***	***4.7%***
EBITDA	**359**	**484**	**10.5%**
Amortization and Depreciation	*-26*	*-34*	*10.1%*
EBIT	**333**	**450**	**10.5%**
Net Loan Writedowns	*-23*	*-26*	*3.1%*
Provisions for Risks and Expenses	*4*	*-1*	*n.a.*
Extraordinary Income (Expenses)	*17*	*-10*	*n.a.*
Pre-tax Profit	**332**	**414**	**7.6%**
Income Taxes	*-63*	*-163*	*37.5%*
Minority Interests	*-19*	*-7*	*-28.1%*
Net Profit	**250**	***243***	***-0.8%***

Total Income CAGR will reach 7% with a strong contribution from the interest income.

Operating Costs, including D&A are expected to increase by 5% reflecting increasing commercial investments estimated in the triennium.

EBIT is predicted to increase by approximately 10.5% annually. At the end of the three-year term will exceed ROE will exceed 17%, with a net profit around EURm 250.

Normalized Pre-tax Profit which is predicted to increase by 11.5% annually, reflects the effects of the group cautious lending policy.

EURm	2003*	2004	2005	2008P	CAGR 05-08
Pre-tax Profit	**117**	**215**	**332**	**414**	**7.6%**
Parmalat loan Writedowns	*55*	*6*	*-4*		
Extraordinary Provisions	*25*	*18*			
Corporate Bonds Write-downs	*21*				
Extraordinary Incomes/Expenses	*-9*		*-29*		
General Banking Risks reserve adj.	*-11*	*-11*			
Renewal of collective labour contract		*5*			
Used Tax Provision		*-2*			
Normalization Adjustments	**81**	**15**	**-33**		
Normalized Pre-tax Profit	***199***	***231***	***299***	***414***	***11.5%***

** Restated to include the effects of the law that abolished tax credit on dividends*

Declaration

In accordance with section 2, Article 154-bis of the consolidated Law on Finance TUF), the Financial Reporting Manager Paolo Tommasini, declares that the accounting information contained in this press release corresponds to documentary records, ledgers and accounting entries.