9M09 Group Results

Executive Summary

3Q09 Highlights

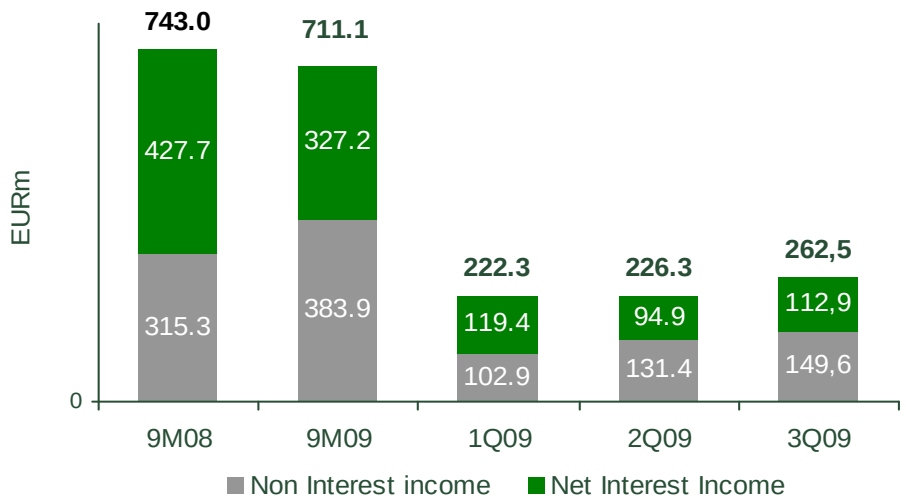
- Credit quality improving as LLPs reduce sharply qoq
- AUM volumes keep on increasing along the year, outperforming the industry, pushing up Commission Income
- Core TIER I ratio 8.5% and TIER Total at 11.7%
- Payroll cost decreasing qoq, net of one off charges for Abaxbank restructuring
- Lending volumes and spreads downward trend flattening qoq
- Net Interest Income increasing qoq due to profit coming from securities investments and a lower cost of funding
- Abaxbank enduring assets reduction confirms consolidated Trading Income growth also in 3Q
- 3Q Net Profit remarkably higher versus previous quarters

P&L

EURm	9M08	9M09	% yoy	1Q09	2Q09	3Q09	% qoq
Total Income	**743.0***	**711.1**	***-4.3***	**222.3**	**226.3**	**262.5**	***+16.0***
Operating Costs	*-470.4*	*-500.1*	*+6.3*	*-165.0*	*-163.2*	*-171.9*	*+5.3*
Gross Operating Profit	**272.6**	**211.0**	***-22.6***	**57.3**	**63.1**	**90.6**	***+43.6***
Amortization and Depreciation	*-26.1*	*-22.2*	*-14.9*	*-7.1*	*-7.2*	*-7.9*	*+9.7*
Net Operating Profit	**246.4**	**188.8**	***-23.4***	**50.2**	**55.9**	**82.7**	***+47.9***
Loan Loss Provisions	*-37.8**	*-75.2*	*98.9*	*-25.9*	*-35.0*	*-14.3*	*-59.1*
Provisions for Risks and Charges	*-2.8*	*2.4*	*n.a.*	*-1.4*	*-6.4*	*10.2*	*n.a.*
Extraordinary Income (Expenses)	*-3.1*	*10.5*	*n.a.*	*0.6*	*8.6*	*1.3*	*-84.9*
Pre-tax Profit	**202.7**	**126.5**	***-37.6***	**23.5**	**23.1**	**79.9**	***+245.9***
Income Taxes	*-35.0*	*-58.9*	*+68.3*	*-8.0*	*-14.2*	*-36.7*	*+158.5*
Net Profit	**167.7**	**67.6**	***-59.7***	**15.5**	**8.9**	**43.2**	***+385.4***

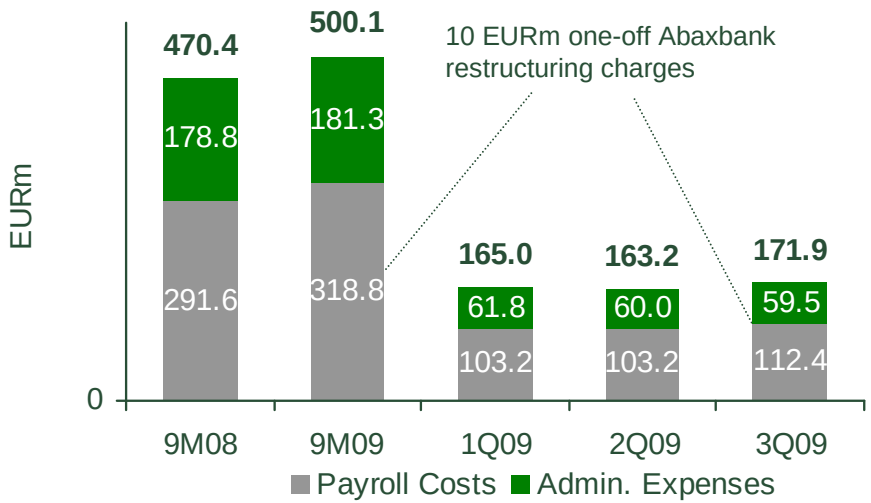
* 14.7 million have been reclassified from Loan Loss Provisions to Trading Loss, for a better understanding

Revenues and Costs



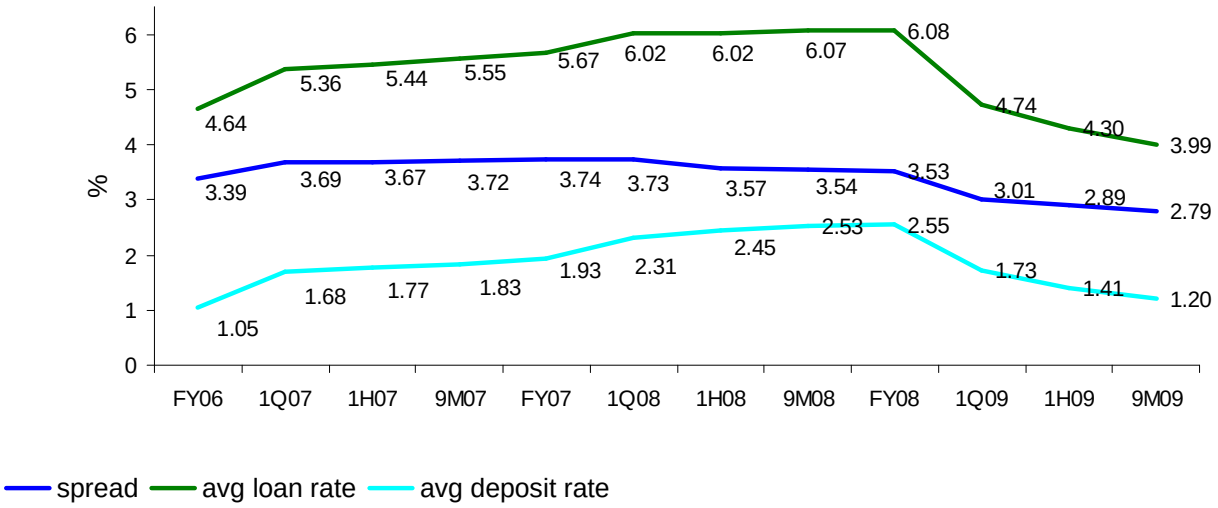
- Net Interest Income: -23.5% yoy mostly driven by lending volumes and rates drop; +19% qoq as a result of securities investments' profit
- Non Interest Income keeps growing due to AUM and Banking fees increase

- Payroll costs increasing yoy 5.9% (net of Abaxbank restructuring costs) despite 7.7% Credem Group employees* increase
- Decreasing payroll costs qoq, net of Abaxbank one-off restructuring charges



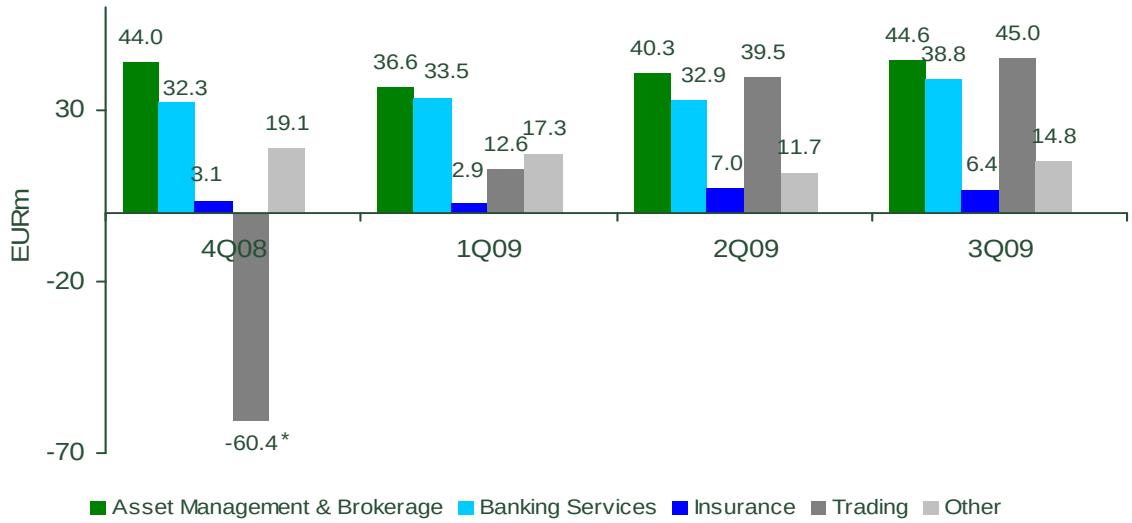
* Credem Group average headcount: was 5,507 in 9M08 and it is 5,930 in 9M09

Quarterly Revenues Breakdown



- Spread reduction continues as current interest rates remain extremely low

- AuM fees recovering is continuing, coming back at the same level of 4Q08
- Banking fees benefits from new scheme introduced following the cancellation of overdraft fee
- Trading Income mostly driven by Abaxbank assets reduction and markets positive trend



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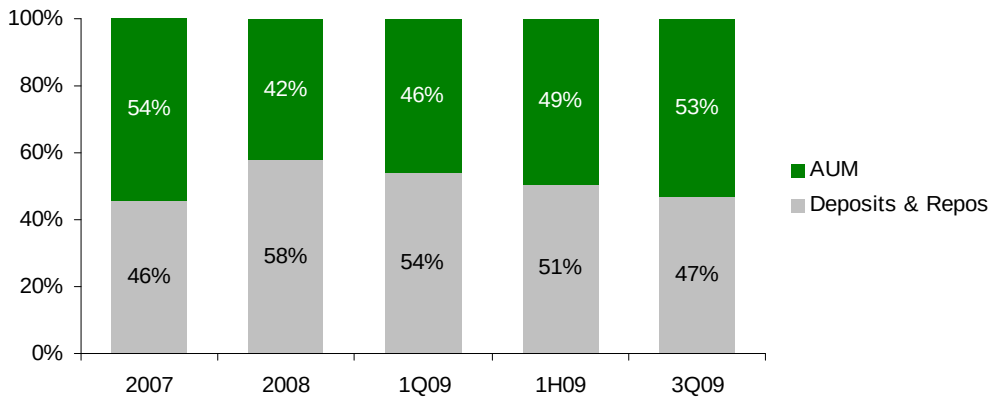
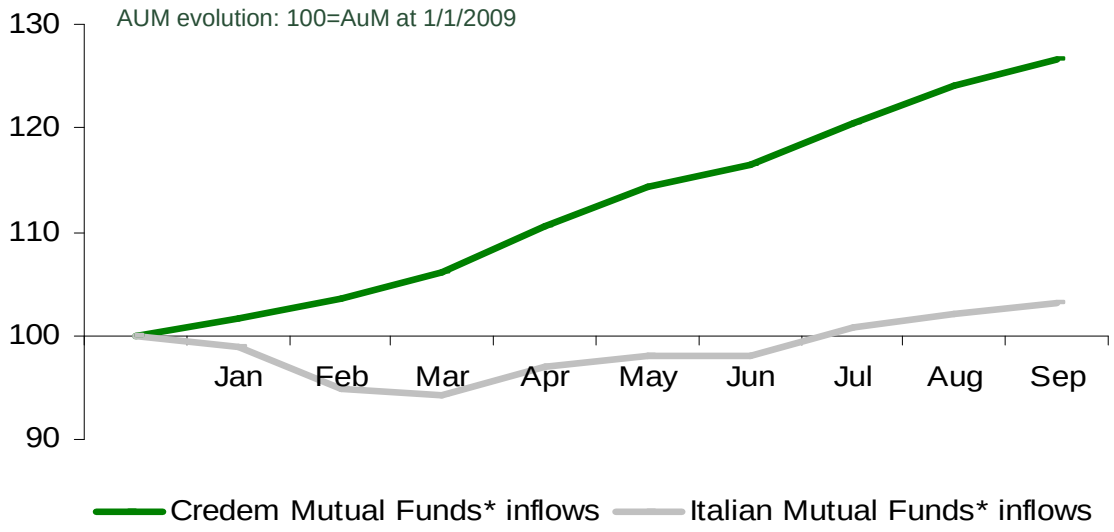
Deposits and Assets Under Management

Eum	2007	2008	1Q09	1H09	9M09
Sight Deposits	9,520	10,444	10,099	10,495	10,094
Time deposits	1,785	3,275	2,805	2,181	2,244
Repos	735	2,216	1,229	702	389
Deposits & Repos	**12,040**	**15,935**	**14,133**	**13,378**	**12,727**
Insurance Reserves	**2,146**	**1,794**	**1,891**	**2,115**	**2,247**
Bonds	**5,225**	**4,853**	**4,041**	**4,111**	**3,997**
Of which EMTN	3,900	3,490	2,490	2,490	2,340
Discretionary Accounts	4,710	3,519	3,623	3,780	4,096
Mutual Funds	5,154	3,666	3,634	3,701	3,900
SICAVs	3,927	3,214	3,716	4,383	4,901
Other	514	1,077	1,029	1,213	1,455
AUM	**14,305**	**11,476**	**12,002**	**13,077**	**14,352**

- In 2008 Credem faced of the financial markets downturn driving customers from AuM to Deposits: now a reverse process is going on, also favoured by improved markets conditions

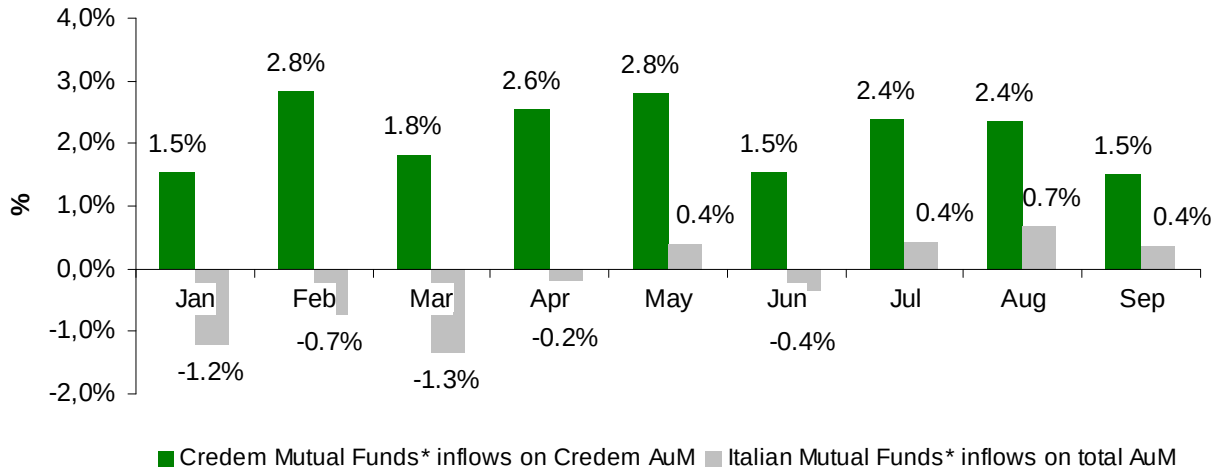


Mutual Funds and SICAVs Inflows – Assogestioni analysis



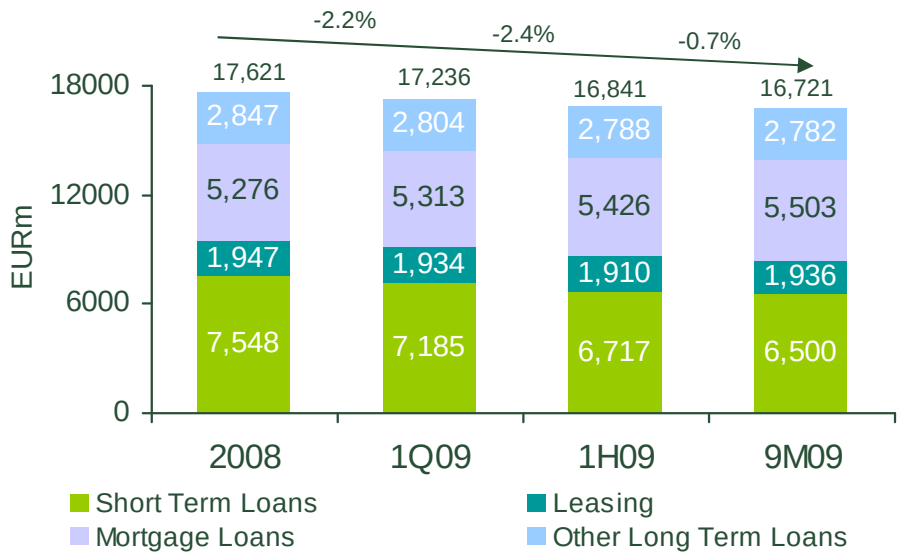
- Credem has anticipated the positive mutual funds inflows trend, showed by the industry only in the last months
- As a result, Credem market share on Mutual Funds and SICAVS at September 2009 reached 2.10% from 1.76% at the beginning of the year

- Considering Inflows on AuM ratio, Credem has outperformed the industry in each single month since January



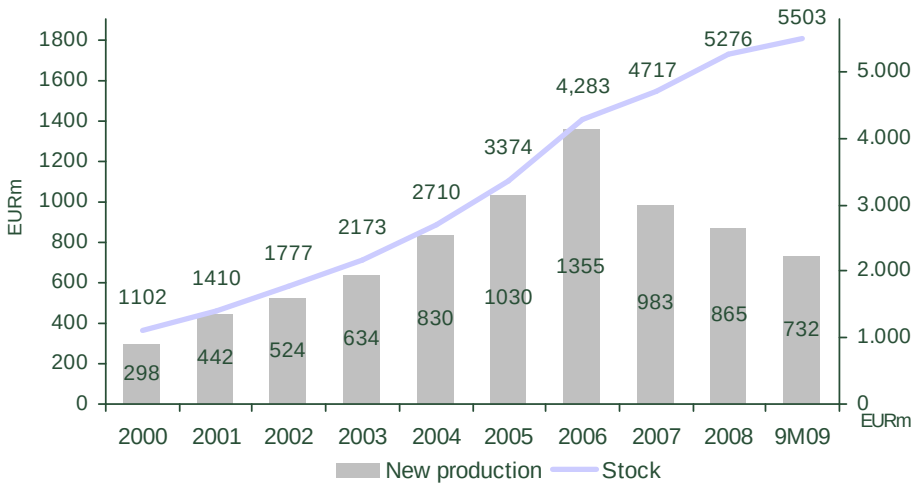
* Source: Assogestioni. Inflows of Mutual Funds and SICAVs

Loan Book Breakdown

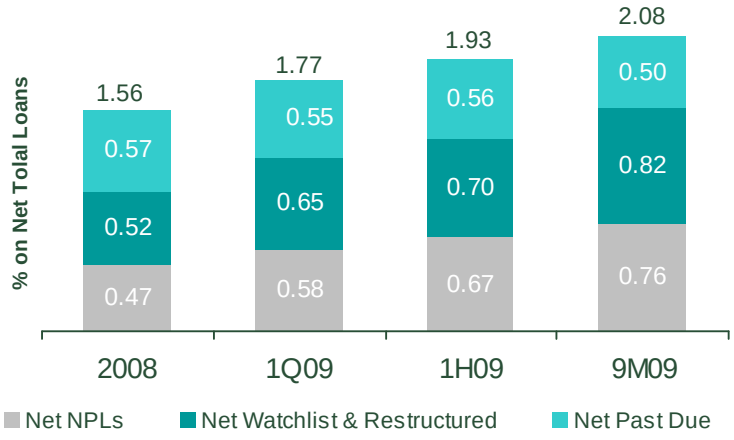


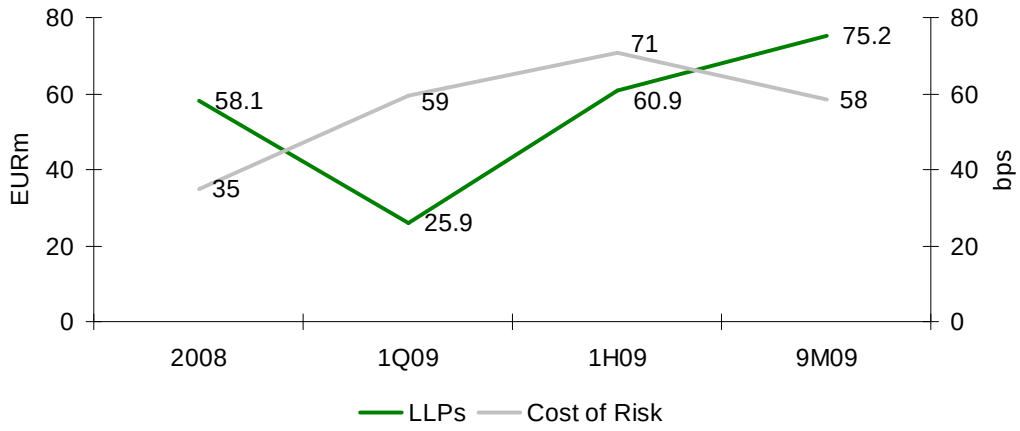
- Lending is slightly down qoq after the sharp volumes decline in 1Q and 2Q
- Almost 90% of loans is at variable rate
- Loan to Deposit Ratio is 1.31, not including bonds and 1.00 including bonds

- Volumes reduction mainly focused on SMEs and Small Businesses segments, while loans to Private customers and especially mortgage loans are showing enduring good performance

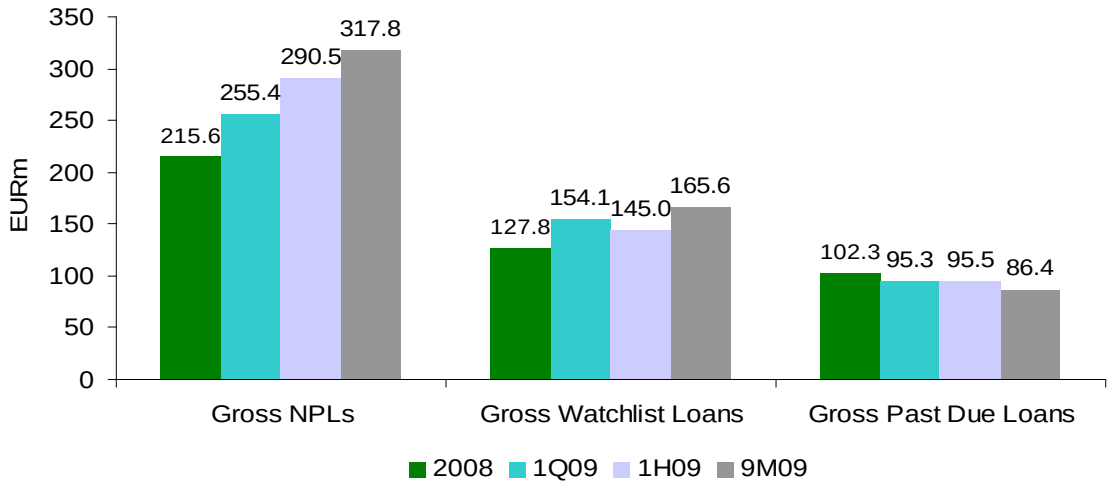


Credit Quality



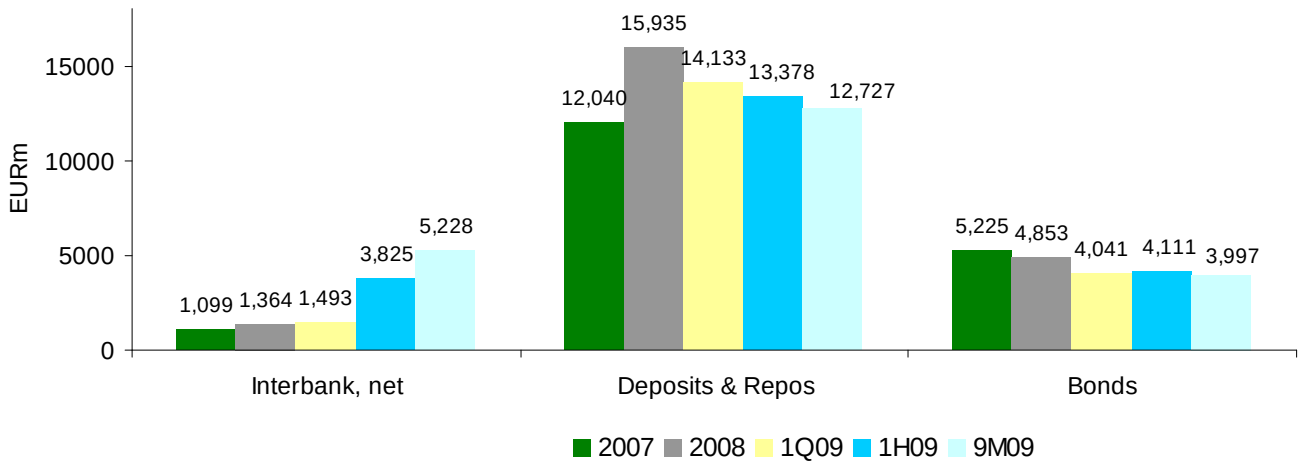


- NPLs Coverage is at 60% compared to the 62% at the end of 2008
- The deep revision conducted on the loans portfolio has reduced significantly the cost of risk and limited gross NPLs and Watchlist inflows



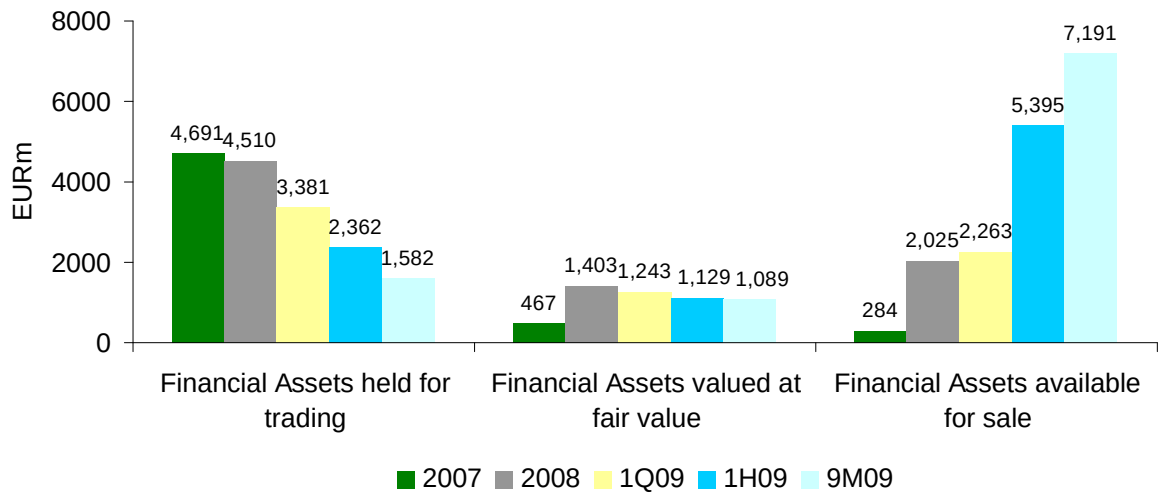
% on Total Loans (Credem)	1.2	1.5	1.7	1.9	0.7	0.9	0.9	1.0	0.6	0.6	0.6	0.5
% on Total Loans (Industry)	2.5	2.8	3.0		2.1	2.4	3.0		0.5	0.7	0.7	

Assets and Liabilities

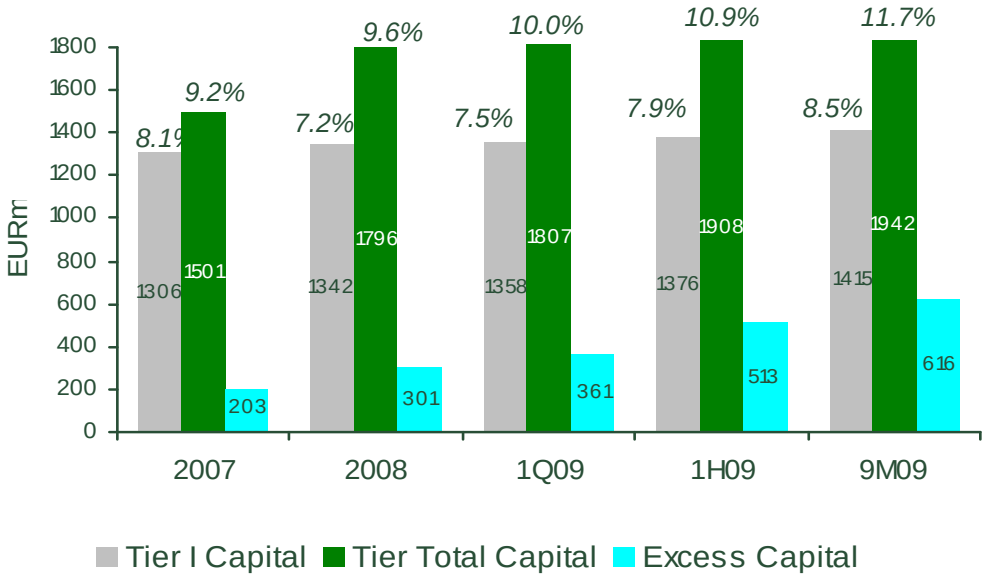


- Deposits & Repos assets decrease have been replaced by the increase of Interbank liabilities

- The securities investments which have supported Net Interest Income results are highlighted by the Financial Assets available for sale increase

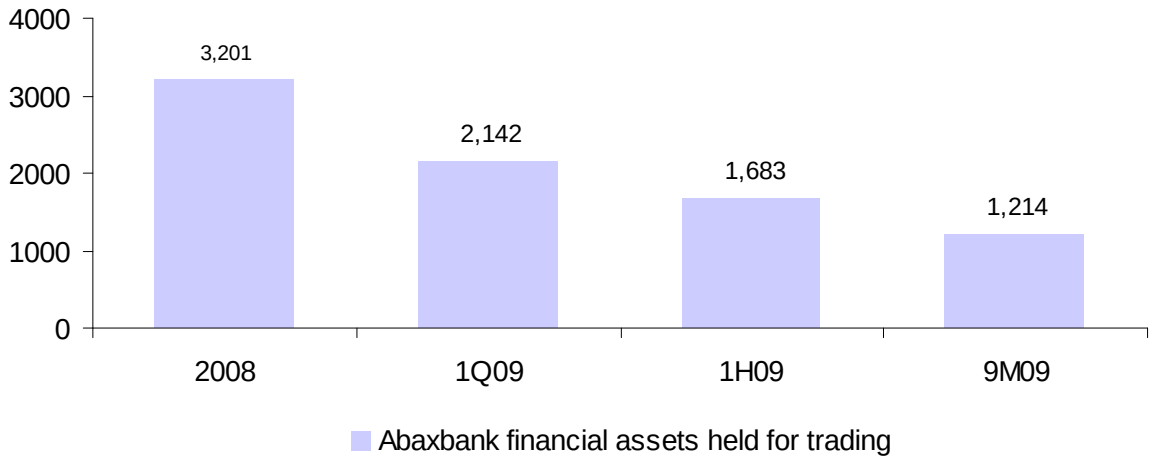


Solid Capital Ratios



- Undisputable capital ratios
- Tier 1 capital is all core: no hybrids contribute to tier 1 capital build up

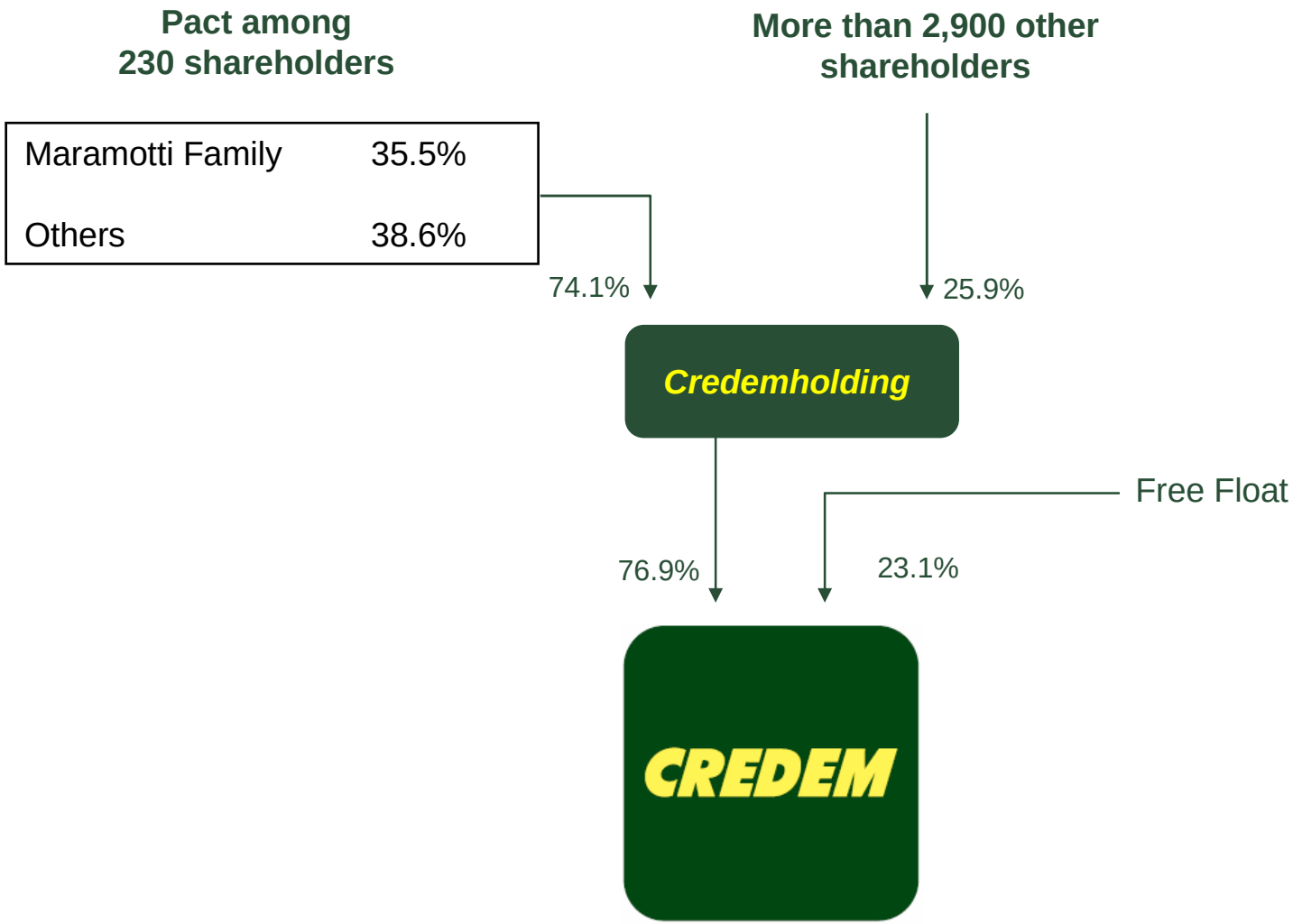
- Capital ratios have been pushed up during 2009 by the reduction of lending volumes and Abaxbank trading book, illustrated here



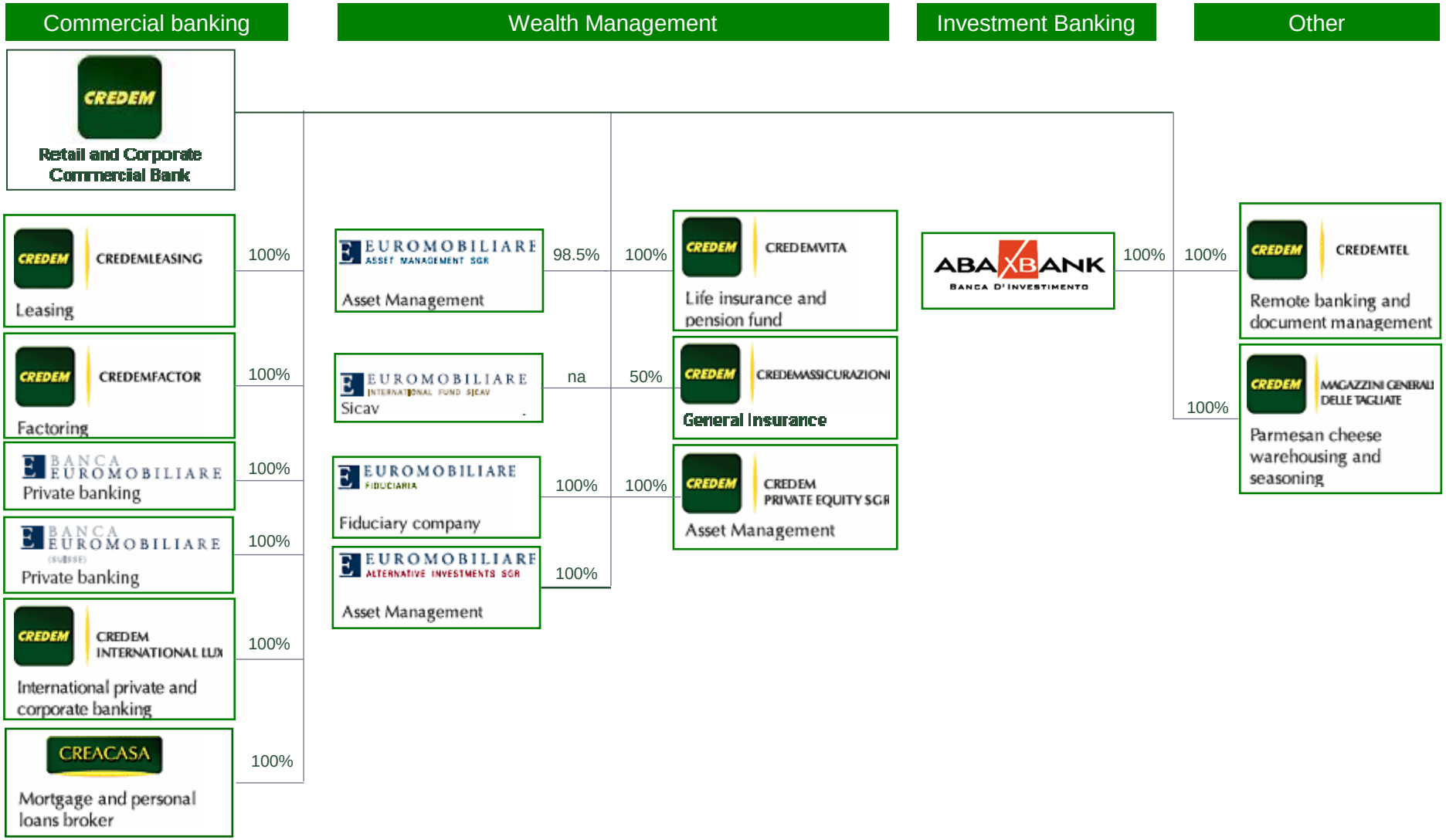
Distribution Network Expansion

	2006	2007	2008	3Q09
Credem Branches	*447*	*479*	*563*	*552*
B.ca Euromobiliare Branches	*21*	*22*	*27*	*25*
Total Branches	***468***	***501***	***590***	***577***
Corporate Centres	*41*	*42*	*45*	*44*
Credem Points	*25*	*29*	*36*	*39*
B.ca Euromobiliare Fin. Stores	*22*	*22*	*22*	*18*
Credem FAs	*484*	*468*	*640*	*656*
Banca Euromobiliare FAs	*316*	*292*	*362*	*353*
Total FAs	*800*	*760*	*1,002*	*1,009*
Credem Group Employees	*5,095*	*5,291*	*5,920*	*5,868*

Shareholders' Base



A Complete Group



Disclaimer and Contacts

Pursuant to Article 154-bis, section 2 of the “Consolidated Law on Financial Intermediation” dated Feb 24, 1998, the Financial Manager Paolo Tommasini, declares that the accounting information contained in this document correspond to documentary records, ledgers and accounting entries.

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