

GRUPPO

CREDEM

2010 Group Results



Executive Summary

FY10 Highlights

- **Operating results fully in line with plan's targets** (Operating Profit +12.9% yoy), despite a recovery of the macro picture weaker than expected:
 - **Strong increase in lending volumes** (7.7%yoy and 6.2% qoq) that is 350 bps higher than the industry average*
 - **AUM volumes growth** (12.2% yoy) **higher than plan's targets** (2010-2012 CAGR: 9.8%)
 - **Sound Net Commissions income** (+13% qoq) sustained by **banking services** that came back strong
 - **Operating Costs under control** (-2.8% yoy and -3.0% qoq) with an headcount reduction that is accelerating in comparison with plan's expectations
 - **Cost of risk at 34 bps**, significantly **lower than 44 bps** stated as **2012 target** (Net Adjustments to Loans are -€62.1 million in 2010 vs. -€108.5 million in 2009)
- **Preventive provision of € 42.2 million** on fiscal claims by Italian Fiscal Authority regarding some financial transactions in the period 2004-2008
- **Core Tier I is at 8.6%** vs. 8.1% at the end of 2009

* Source: Bank of Italy data, net of changes on securitization enclosing policies

** Calculated as as Net Loans Write Downs on Loans Average Principals for the period

Income Statements

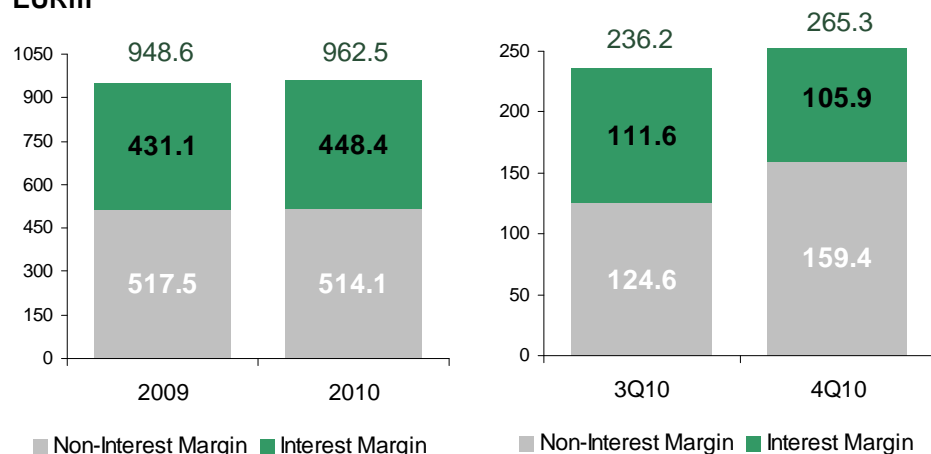
	EURm	2009	2010	% yoy	4Q09	3Q10	4Q10	% qoq
Operating Income		948.6	962.5	1.5	237.5	236.2	265.3	12.3
Operating Costs		-661.8	-643.2	-2.8	-161.7	-163.8	-158.9	-3.0
Gross Operating Profit		286.8	319.3	11.3	75.8	72.4	106.4	47.0
Amortization and Depreciation		-29.5	-28.8	-2.4	-7.3	-7.6	-7.3	-3.9
Operating Profit		257.3	290.5	12.9	68.5	64.8	99.1	52.9
Net Adjustments to Loans		-108.5	-62.1	-42.8	-33.3	-9.5	-23.4	n.a.
Provisions for Risks and Charges		-0.4	-56.7	n.a.	-2.8	-0.1	-55.3	n.a.
Extraordinary Income/ Charges		14.4	-3.4	n.a.	3.9	0.0	-1.7	n.a.
Profit before Tax		162.8	168.3	3.4	36.3	55.2	18.7	-66.1
Income Taxes for the Period/ Profit attributable to minority interests		-74.0	-90.3	22.0	-15.1	-21.9	-27.4	25.1
Profit for the Period		88.8	78.0	-12.2	21.2	33.3	-8.7	n.a.

- **Significant improvement in Operating Profit** (+12.9% yoy) due to a better evolution of **Operating Income** (+1.5% yoy) and a strong control on **Operating Costs** (-2.8% yoy). Similarly, 4Q10 figures show a positive comparison vs. either last quarter 2009 and 3Q10.
- The satisfactory evolution in operating trends is highlighted also by a **remarkable reduction in Net Adjustments to Loans** (-42.8% yoy), now closer to Group's historical figures
- 2010 Profit for the Period is affected by a **significant provision** on the tax claims **still under dispute**, notified by the Italian Fiscal Authority and regarding some financial transactions in the period 2004-2008

Revenues and Costs

Operating Income

EURm



- Net of €6.8 million of Other Administrative Costs reclassified as Personnel Costs in 4Q10, all actions on costs announced in the business plan are confirmed by the **Personnel Costs decline (-1.7% yoy)** and by the strong reduction of **Other Administrative Costs (-5.0% yoy)**
- Personnel Costs' positive trend will continue in 2011, as **2010 figures are affected by the restructuring charges** related to the total headcount reduction (-196 employees in 2010, -3.4% of total headcount)

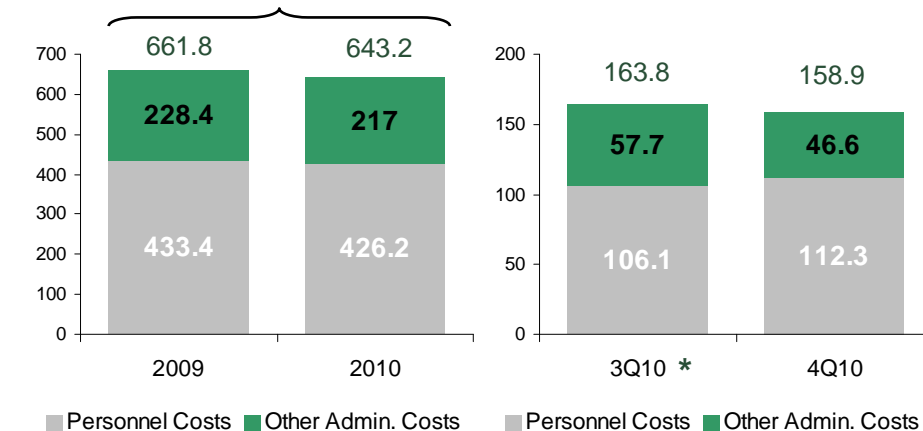
- The outstanding 4Q10 performance has benefiting by:

- a further improvement of **Net Commissions**, supported by €5 million of performance fees
- the partial **sale of group's securities' portfolio** that positively impacted Trading result while penalizing Interest Margin
- 2010 **Operating Income has improved by 1.5% yoy** even considering a **lower contribution from Trading (-45%)** and performance fees (€15 million in 2009)

Operating Costs

EURm

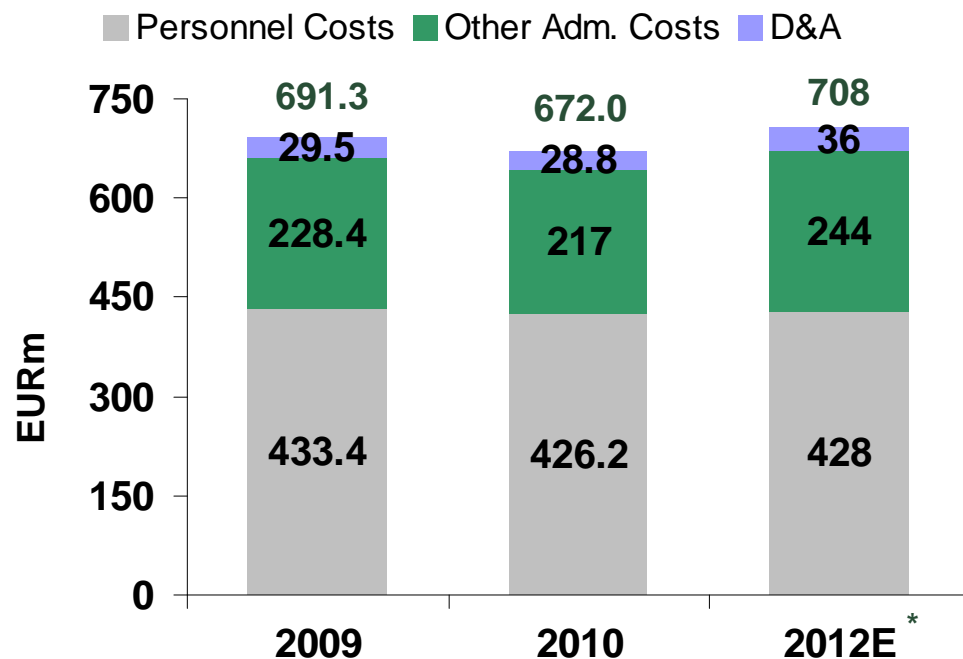
Reclassified figures



* Source: Figures not reclassified in compliance to new accounting policies issued by Bank of Italy on 17 February 2010

Costs evolution and targets set in 2010-2012 Business Plan

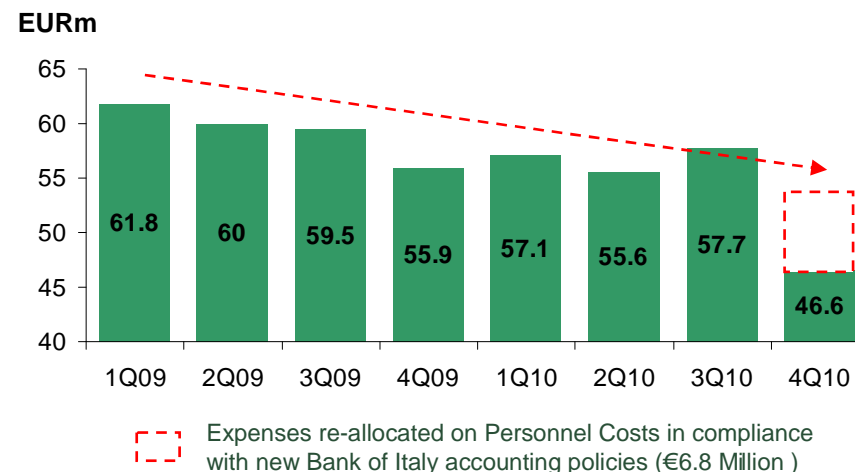
Operating Costs and D&A evolution



Cost Income ratio (including D&A)	72.9%	69.8%	60.5%
Cost Income ratio (excluding D&A)	69.8%	66.8%	57.4%
Employees	5,740	5,544	5,600

* Source: Figures not reclassified in compliance to new accounting policies issued by Bank of Italy on 17 February 2010

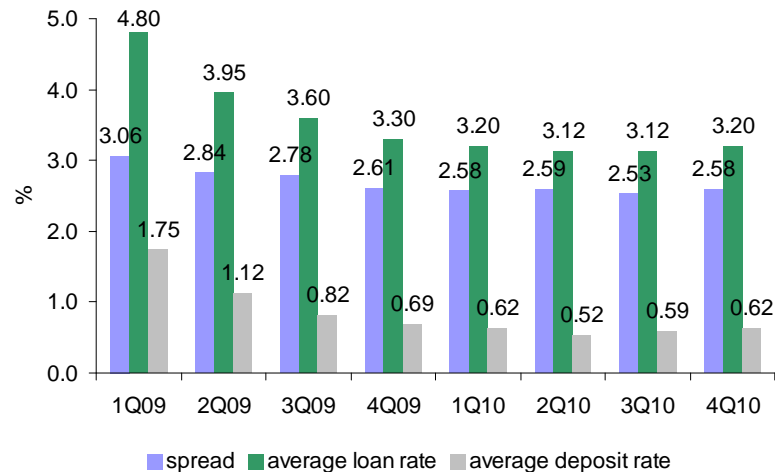
Other Administrative Costs evolution



- **Operating Costs are perfectly in line** with the plan targets for 2010:
 - the **headcount reduction has been even stronger** than plan's expectations
 - Other Administrative Costs dynamic shows a **significant downward trend** over the last 8 quarters, confirming the effort toward expenses reduction

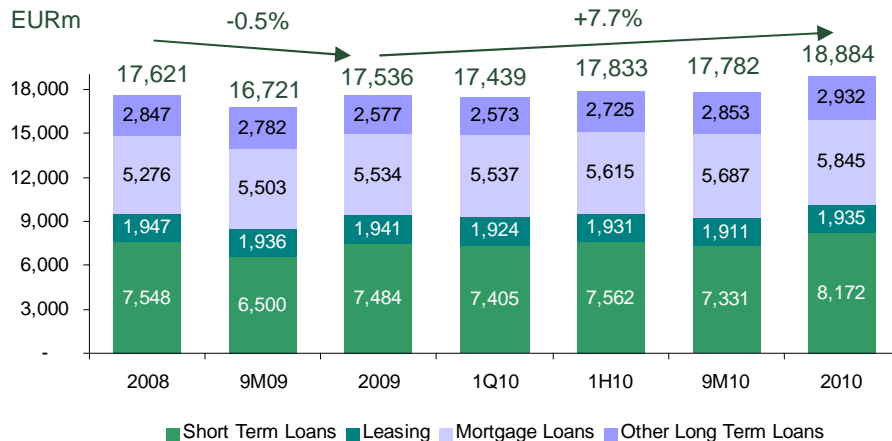
Spread and Loan Book

Spread on clientele (Credem SpA management accounting)

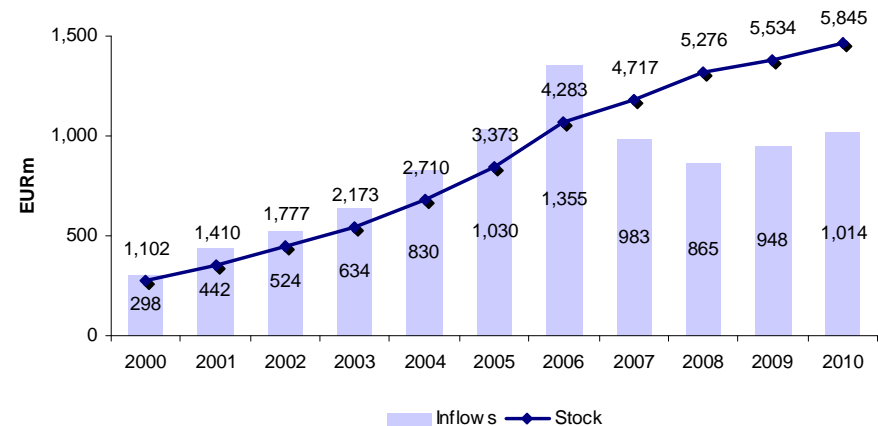


- **Spread shows a slightly improvement** in the quarter due to latest interest rates upward movements
- **Lending volumes growth has accelerated** in the fourth quarter bringing annual growth rate to **7.7%**, in comparison with 6.3% as at 9M10, and closing the gap with **the expected growth stated in the plan**
- Residential mortgage loans inflows is up if compared to previous years, notwithstanding the average spread increased

Loan Book evolution

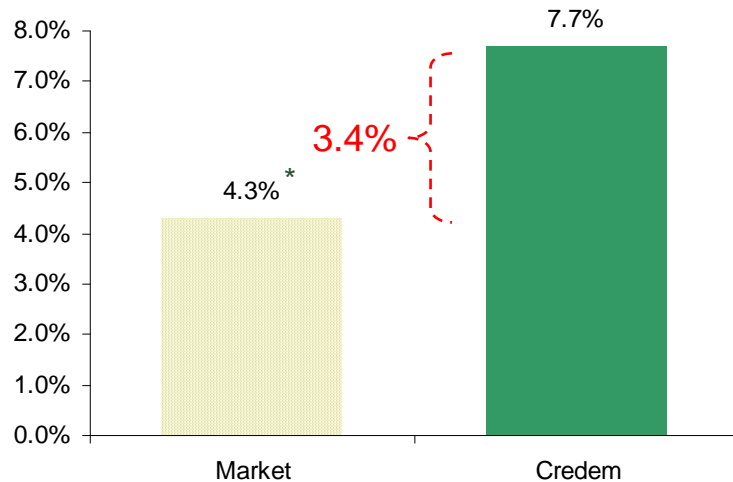


Residential mortgage loans evolution



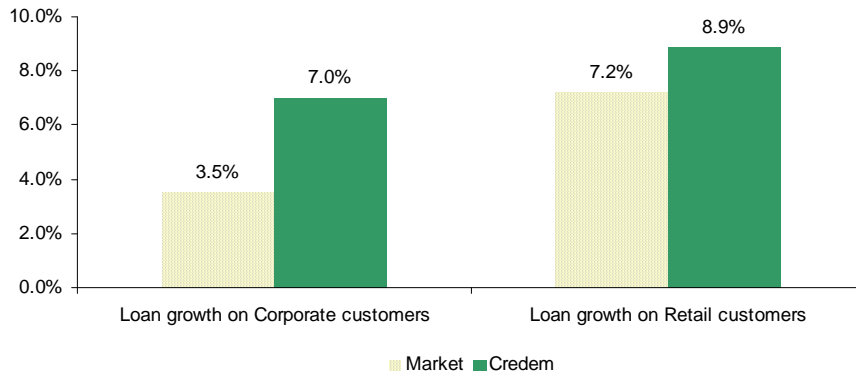
Loan Book development: comparison with the market

Credem loan growth vs. Market growth

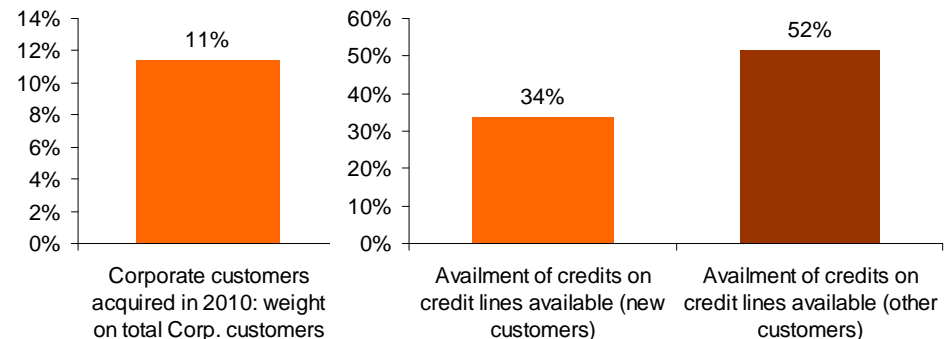


- In 2010, **Credem loan growth** has outperformed the **market growth*** by almost **350 bps**, in line with the target set in the business plan
- According to plan, growth was focused on **corporate customers** (mainly SMEs) (7.0% vs. industry 3.5%), with the contribution of an **higher share of wallet into existing customers'** as well as **acquisition of new customers**
- On retail customers the lower outperformance (8.9% vs. 7.2%) is due to a progressive spreads increase on residential mortgages' since 2008

Credem vs. Market: loan growth by segment



New corporate customers: credit lines availment



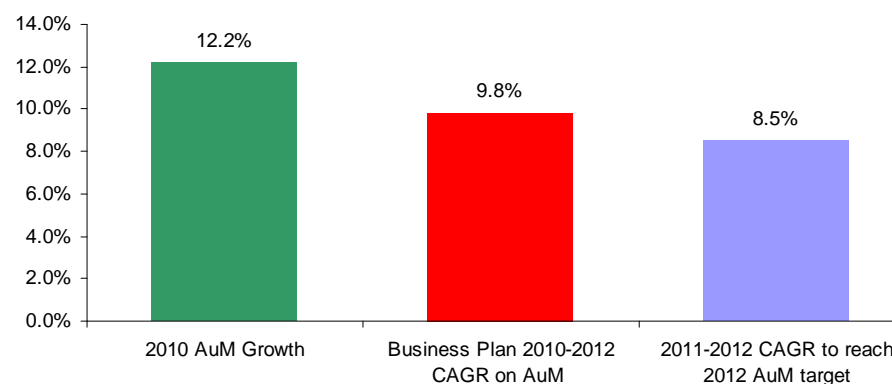
* Source: Bank of Italy data on total loans in Italy on Non Financial Companies, Other Financial Institutions, Productive Families, Consumer Families, Central Government, Local Authorities, Social-security Institutions, net of changes on securitization enclosing policies

Deposits & Assets Under Management

Eum	2007	2008	2009	3Q10	2010
Current and saving accounts	9,520	10,444	11,443	11,826	11,604
Time deposits	1,785	3,275	2,637	945	1,064
Repos	735	2,216	158	58	62
Deposits & Repos	12,040	15,935	14,238	12,829	12,730
Insurance Reserves	2,146	1,794	2,312	2,517	2,448
Bonds and subord. debt	5,225	4,853	3,848	3,137	3,520
Of which EMTN	3,900	3,490	2,140	1,290	1,590
Portfolio management	4,710	3,519	4,301	4,946	4,978
Mutual Funds	5,154	3,666	3,910	4,029	3,998
SICAV	3,927	3,214	5,122	5,132	4,898
Other and third party products	514	1,077	1,718	2,765	3,015
AUM	14,305	11,476	15,051	16,872	16,889

- **Deposits & Repos** are in line with previous quarter figures while **Bonds are up by almost €400 million** due to new issues both to Institutional and retail customers
- AuM is stable in the last quarter, even if the negative performance of the financial markets has penalized year-end figures
- **2010 AuM growth** (+12.2% yoy and + 47.2% on 2008 year-end figure) **has strongly outperformed the business plan average annual growth rate target** (+9.8%)

AuM growth vs. business plan target

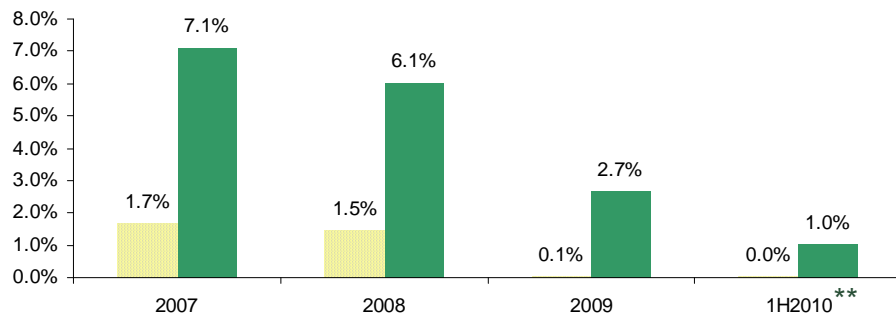


Retail customer base development



- An important **contribution** to match 2011 and 2012 **AuM growth targets** will come from the **new commercial campaigns** aimed at **increasing the retail customers' base**
- While 2009 and 2010 were mainly focused on improving customers product penetration (CSR), due to the weak macroeconomic scenario, since 2011, expectations are for a development rate more **in line with previous years figures**

Retail customer base development

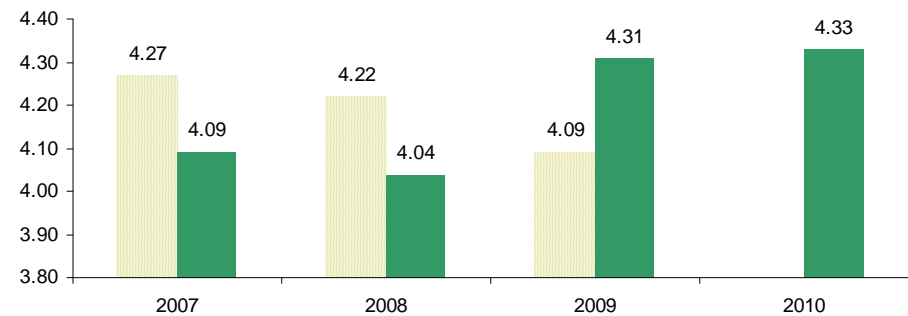


■ Retail customer base development (Benchmark*) ■ Retail customer base development (Credem)

.* Source: Benchmark on ABI panel

.** Not annualized figure

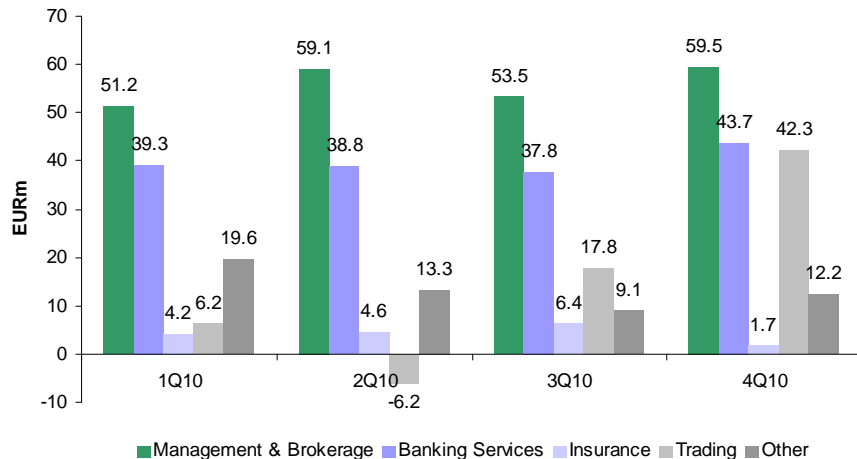
Retail customers' cross selling



■ CSR (Benchmark* - retail customers) ■ CSR (Credem - retail customers)

Non-Interest Margin

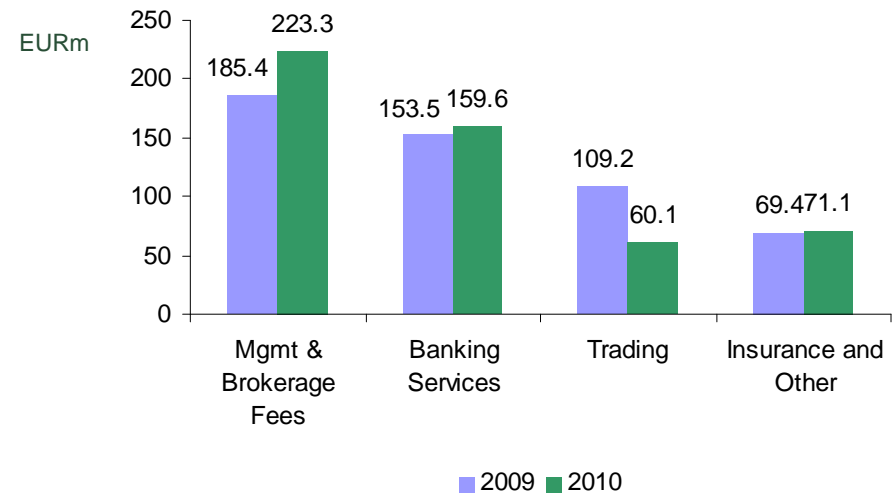
Non-Interest Margin evolution



- In comparison with 2009, the **Non-Interest Margin business mix quality has significantly improved**
- **Management and Banking Commissions stand at 74.5%** of Non-Interest Margin (65.5% in 2009), despite a lower level of performance fees (€5 million in 2010 vs. €15 million in 2009). Insurance and Other Income are stable (13.8% vs. 13.4% in 2009) while **Trading has been reduced to 11.7%** (21.1% in 2009)

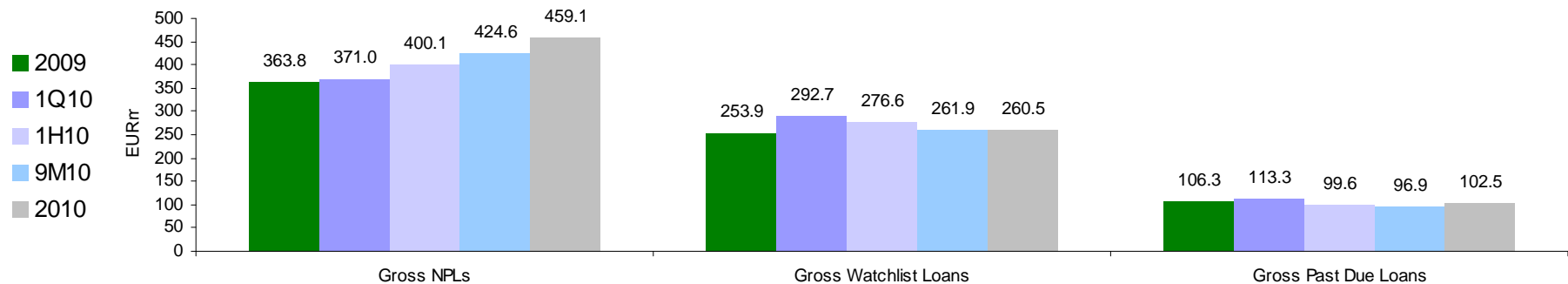
- The solid Management and Brokerage fees performance of latest quarters, in 4Q10 has been flanked by the **sound growth of Banking Services**, driven by loan book development, and by a **strong Trading income**
- Trading result is mostly due to the **partial sale and restoration of our securities' portfolio**, managed efficiently to take advantage of any possible opportunity, and to **capital gain on group's Private Equity fund**

Non-Interest Margin breakdown (2009 – 2010)



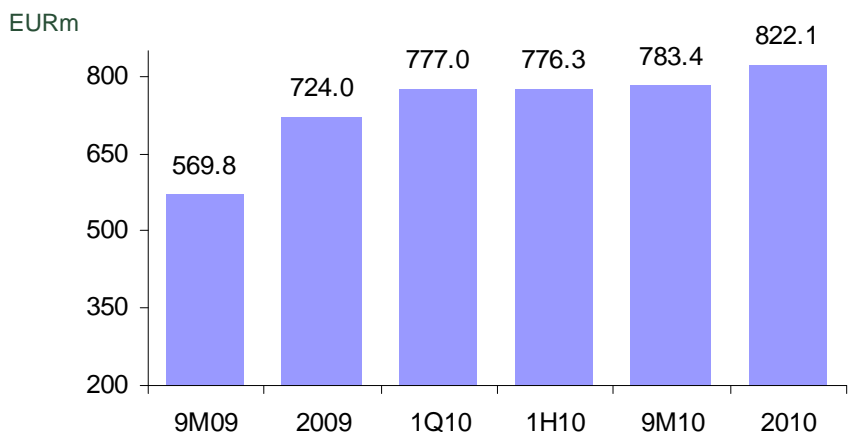
Credit Quality (1/2)

Gross Impaired Loans



% on Total Loans (Credem)	2.0	2.1	2.2	2.3	2.4	1.4	1.6	1.5	1.4	1.4	0.6	0.6	0.5	0.5	0.5
% on Total Loans (Market)	3.3	3.5	3.7	3.9	4.1	3.1	3.3	3.4	3.4		0.9	0.7	0.7	0.8	

Total Gross Impaired Loans

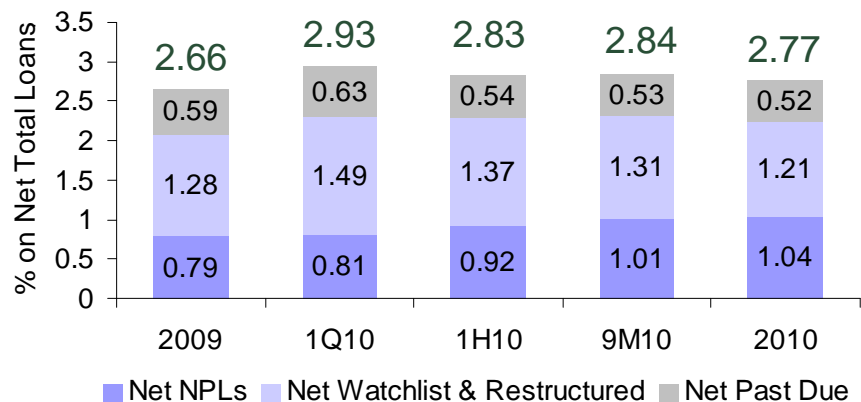


- 2010 **Gross NPLs growth rate is still well below market average** (+26.2% for Credem vs. +31.6% for the market) even if the fourth quarter seasonality has negatively impacted year-end figures
- The **positive trends shown by Watchlists and Past Due loans** in the last quarters were **confirmed also in 4Q10** with the two aggregates nearly stable despite the seasonality effect

Source: Banca d'Italia and ABI

Credit Quality (2/2)

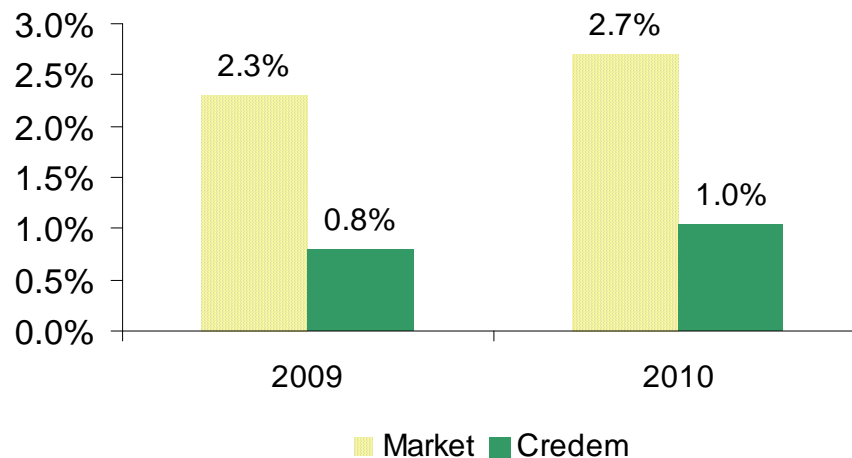
Net Impaired Loans



- **Total Net Impaired Loans on Total Net Loans are considerably down** in the quarter, close to 2009 figures
- **NPLs coverage is almost stable** at 57.4% compared to 57.9% in 3Q10

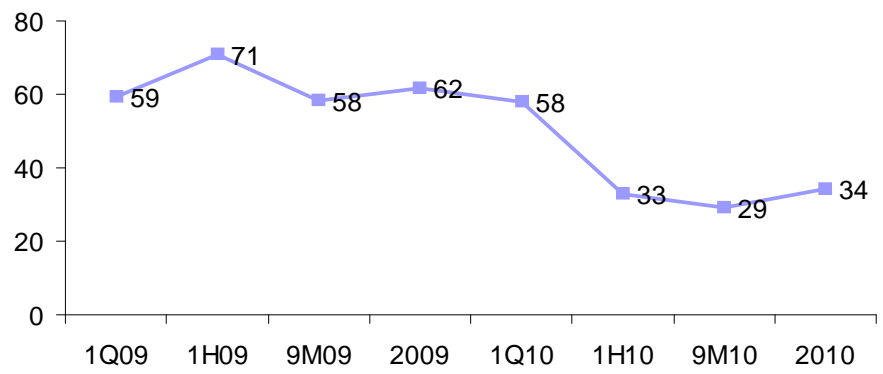
- The comparison with the market, for 2009 and 2010, points out the remarkable quality of Credem's assets, with a **Net NPLs ratio that is still less than the half of the market average**

Net NPLs ratio (Credem vs. Market)



Cost of risk

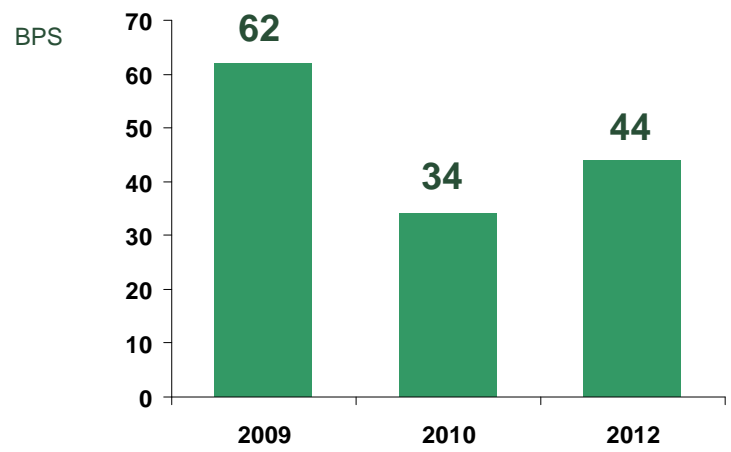
Cost of risk (bps)



- 2010 cost of risk is down to 34 bps in comparison to the 62 bps in 2009 (-28bps yoy)
- The seasonality has penalized the last quarter figure, even if the final result is in line with the sound performance posted in 1H10

- The cost of risk reduction to 34 bps shown a **2010 performance even better than the target set by the business plan for 2012**

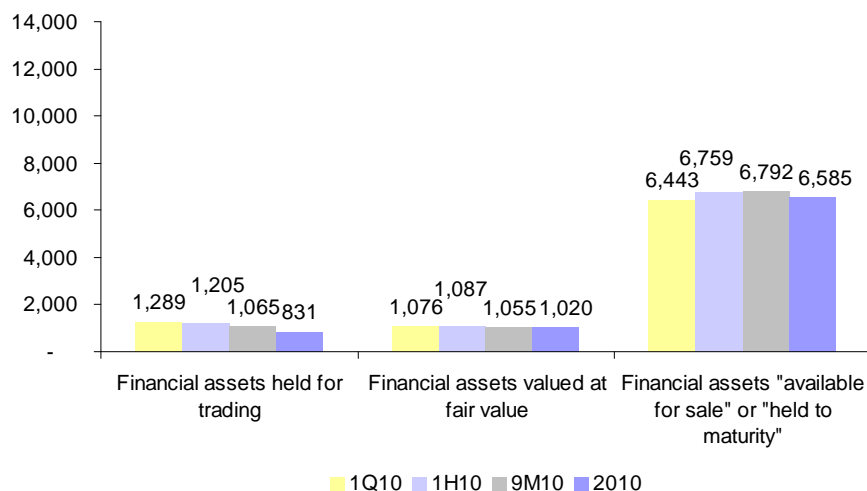
Cost of risk evolution



Loans (EURbn)	2009	2010	2012
Loans (EURbn)	17.5	18.9	22.6

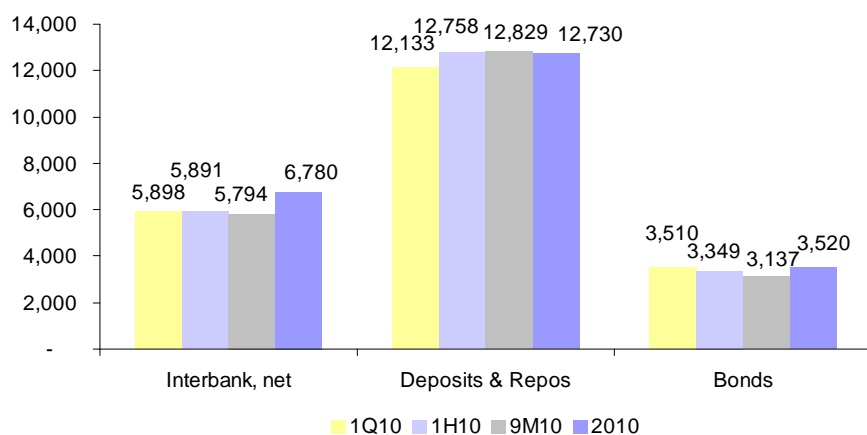
Assets & Liabilities

Assets (EURm)



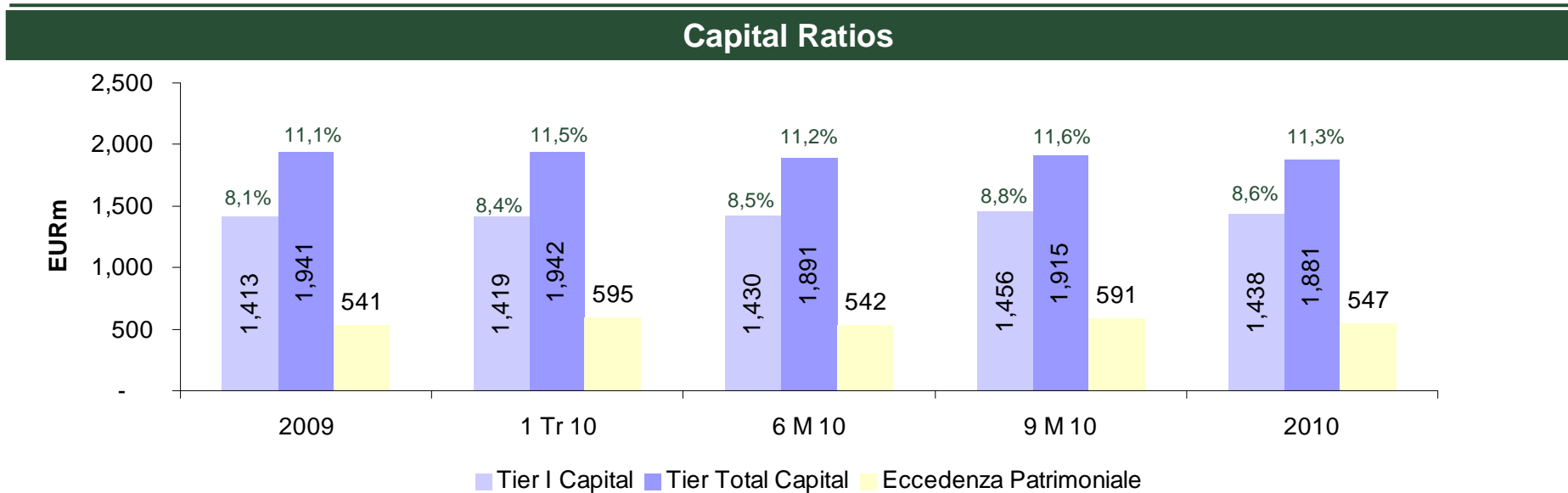
- **Financial Assets** remained fairly **stable since 1Q10**. During 4Q10, the portfolio decreased because of the partial sale our securities' portfolio, that generated a positive trading performance, and went eventually up to return to the same exposure of the last quarters
- Financial Assets Available for Sale and Held to Maturity mostly consist of Italian government bonds. **Italian government bonds** used for the **Carry Trade activities** have an **average maturity of less than 18 months**

Liabilities (EURm)



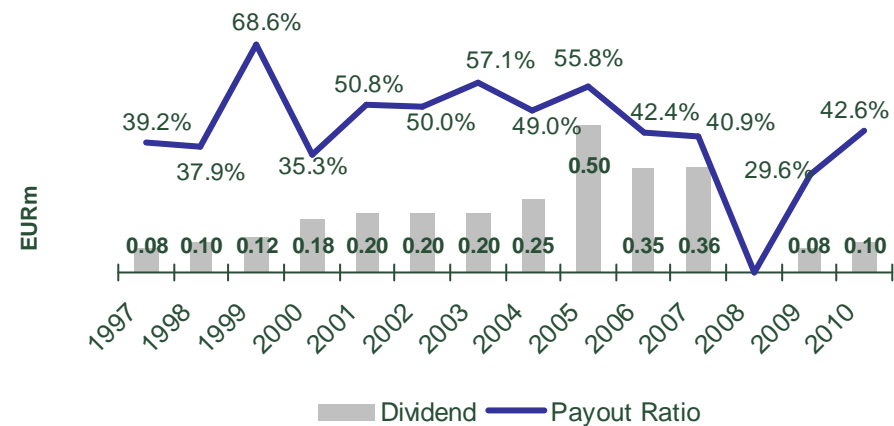
- The **loan growth** mainly focused on **short-term lending** (more than 50% of 2010 loan growth comes from this aggregate) **dragged a coherent short-term funding increase**
- After a progressive decrease in Bonds volumes, **the aggregate showed a rebound in 4Q10**, despite the increasing pressure on bonds' spreads, seen starting from 1H10

Capital Ratios



Dividend and Payout ratio

- **Capital ratios remained at the same level of 1H10** despite a loan growth of more than €1 billion in the last quarter
- Tier 1 capital is all core: no hybrids contribute to Tier 1 capital build up
- **Proposed dividend is higher than 2009** despite the important provision on the tax claims notified by the Italian Fiscal Authority



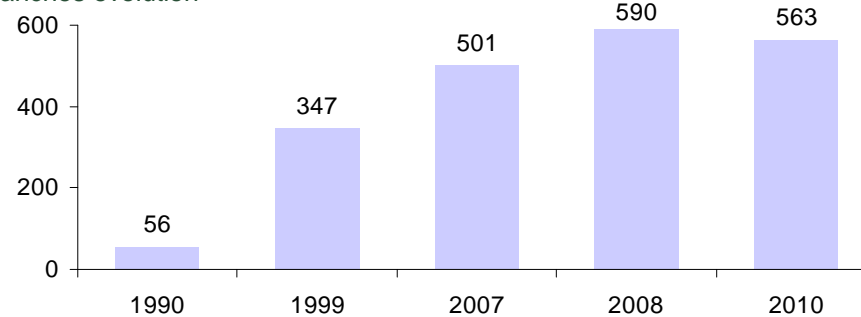
Distribution Network

Number of branches and branches market share per region

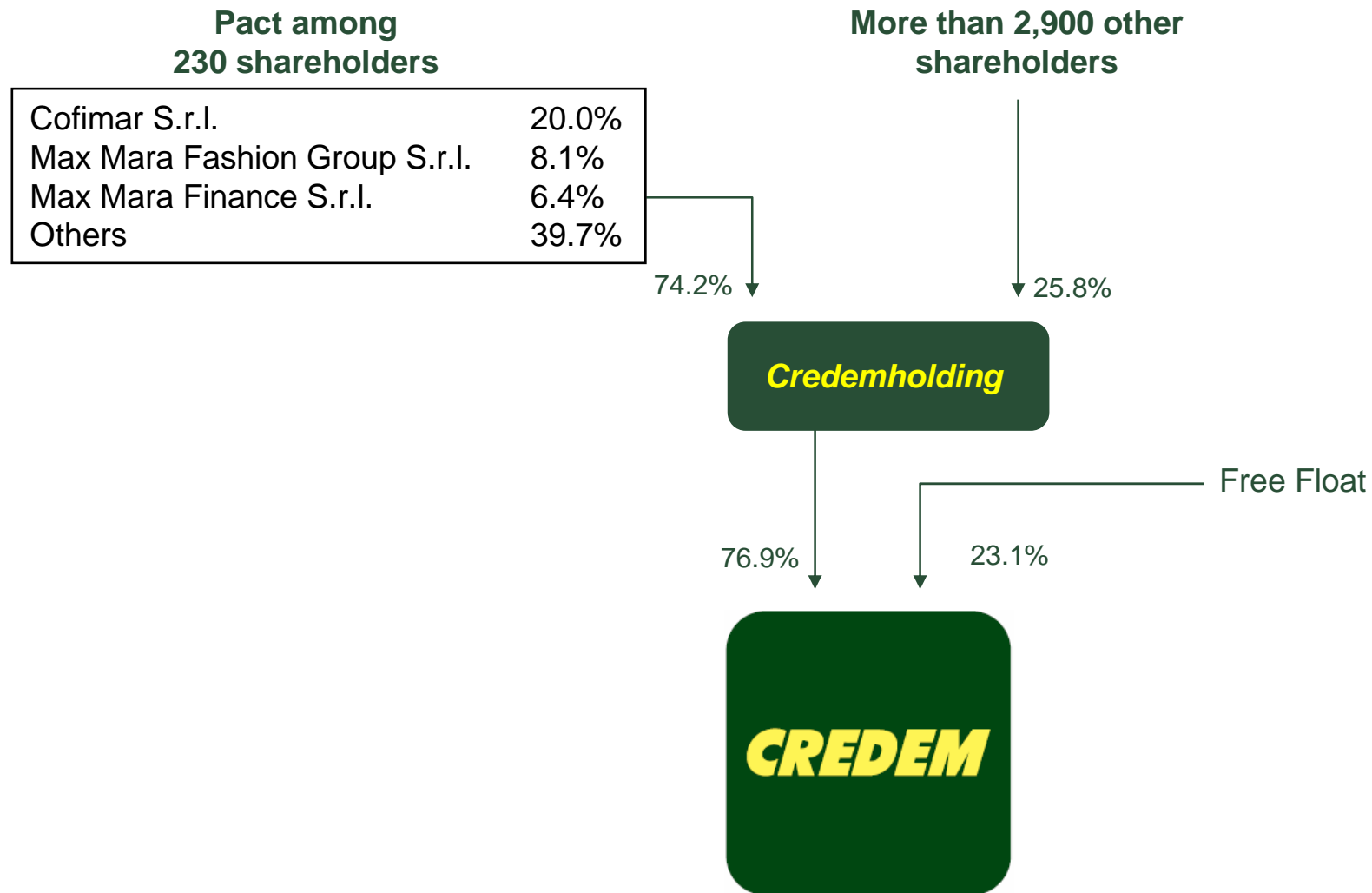


	2007	2008	2009	2010
Credem Branches	479	563	552	544
B.ca Euromobiliare Branches	22	27	23	19
Total Branches	501	590	575	563
Corporate Centres	42	44	43	43
Credem Points	29	36	33	35
B.ca Euromobiliare Fin. Stores	22	22	17	18
Credem FAs	468	640	647	548
B.ca Eurom. FAs	292	362	359	337
Total FAs	760	1,002	1,006	885
Credem Group Employees	5,291	5,993	5,740	5,544

Branches evolution



Shareholders' base



Source: Internal data

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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