

GRUPPO

**CREDEM**

1Q 2011

Group Results

# Executive Summary

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## 1Q11 Highlights

- **Very high credit quality** pointed out by the strong slowdown in new impaired loans generation and a further reduction in Net Adjustments of Loans (14 bps on an annualized basis)
- **Loan growth** continues at a **good pace** showing an increase both qoq (3.6%) and yoy (12.1%) well above market trends (respectively +1.2%\* qoq and +5.2%\* yoy)
- **Core Tier I** extremely solid at 8.9% and higher than 2010 year-end figure (8.6%) despite volume growth
- **Quarterly profitability** (Profit for the Period as at €30.6 million) more representative of a “normalized” trend rather than in 4Q10, when the income statement was heavily penalized by the exceptional provision related to the fiscal claim, as well as blurred by non recurrent events.

\* 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

# Income Statements

EURm	1Q10	4Q10	1Q11	% yoy
<b>Operating Income</b>	<b>229.9</b>	<b>265.3</b>	<b>236.0</b>	<b>2.7</b>
Operating Costs	-158.9	-158.9	-165.0	3.8
<b>Gross Operating Profit</b>	<b>71.0</b>	<b>106.4</b>	<b>71.0</b>	-
Amortization and Depreciation	-6.8	-7.3	-7.2	5.9
<b>Operating Profit</b>	<b>64.2</b>	<b>99.1</b>	<b>63.8</b>	<b>-0.6</b>
Net Adjustments to Loans	-25.4	-23.4	-6.8	-73.2%
Provisions for Risks and Charges	-0.4	-55.3	-2.2	n.a.
Extraordinary Income/Charges	0.7	-1.7	-1.1	60.6
<b>Profit before Tax</b>	<b>37.7</b>	<b>18.7</b>	<b>53.7</b>	<b>42.4</b>
Income Taxes for the Period/ Profit attributable to minority interests	-17.6	-27.4	-23.1	31.3
<b>Profit for the Period</b>	<b>20.1</b>	<b>-8.7</b>	<b>30.6</b>	<b>52.3</b>

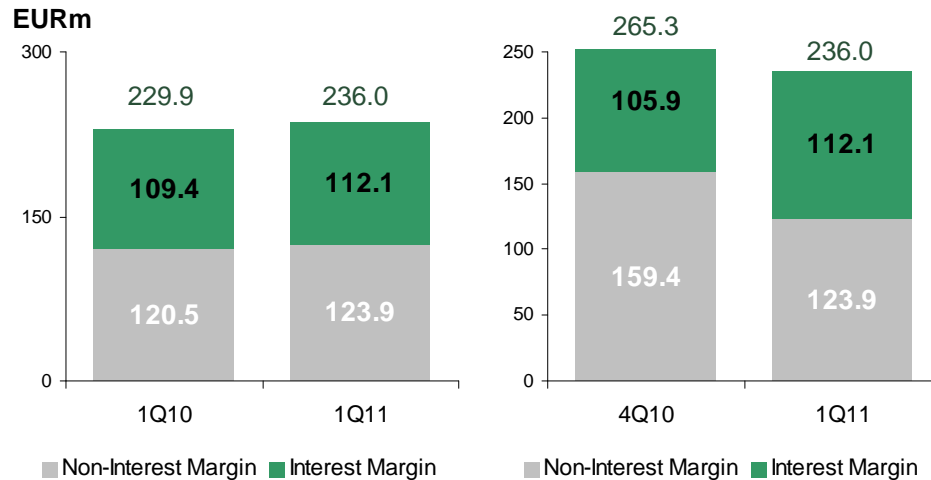
- Understandably, **Operating Income** is lower than 4Q10's one, because of non recurrent events, while showing a good increase (+2.7%) if compared with 1Q10, that certainly represents a more homogeneous benchmark.
- **Net Adjustments to Loans** are very low due to:
  - an average risk associated to the loan portfolio remarkably reduced over the last 18 months that positively impacts on the provision on performing loans,
  - the continuation of the positive trend in write-backs as a result of the conservative provisioning policy adopted in the recent past.

Anyway, even net of this effect, Net write-downs would have not exceeded €15 million in the quarter.

- In 1Q11, the **Profit for the Period** comes back to a level that is coherent with an improved overall business scenario, while in 4Q10 it was penalized by the provision related to the fiscal claim with the Italian Fiscal Authority

# Revenues and Costs

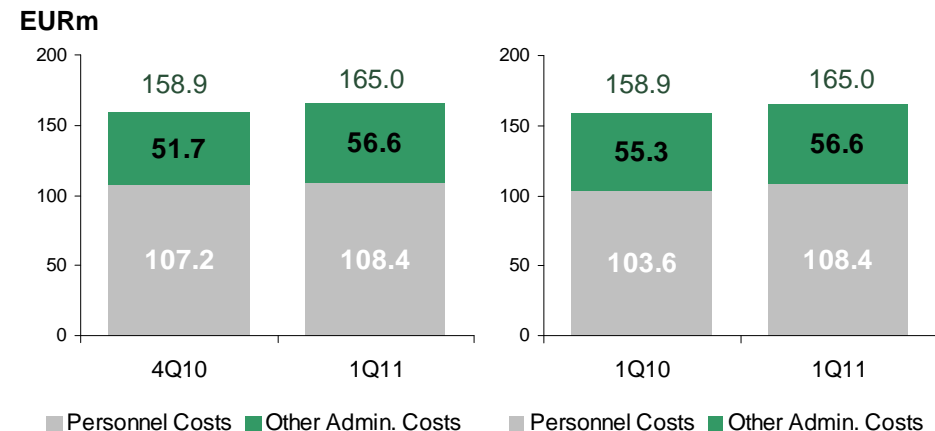
## Operating Income



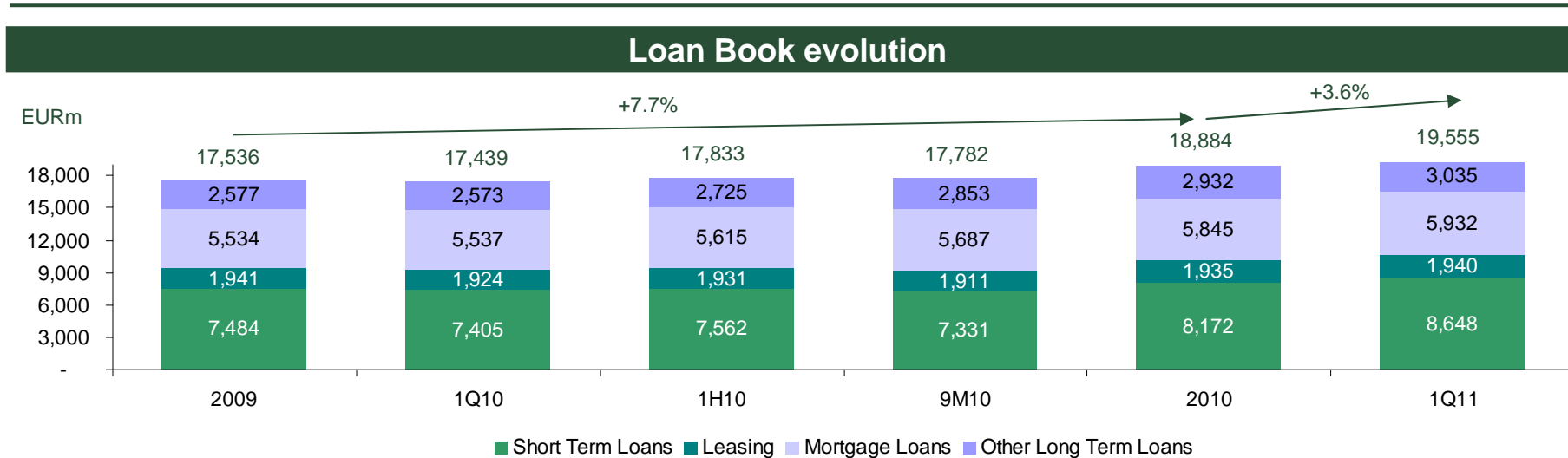
- The yoy **Operating Income** comparison shows a **2.7% increase** that is almost **evenly distributed** between Interest Margin and Non-Interest Margin
- The **qoq comparison is not very meaningful** because of **non recurrent events** on **Non-Interest Margin** (short term trading on AFS securities portfolio, performance fees, private equity capital gain) in **4Q10**

- **Personnel Costs** are slightly up qoq due to higher provisions related to bonuses, above budget assumptions, and the renewal of the national contract for banking workers
- **Other costs** are mostly impacted by some **marketing costs** related to commercial actions oriented to push on **clientele acquisition**, as well as some IT costs related to the outsourcing of services

## Operating Costs



# Spread and Loan Book



- **Loan growth** continues at a good speed driven by **Short Term** lending to SMEs and small business customers
- The increase of the **Other Long Term Loans** aggregate is particularly interesting as volumes grew **18%** yoy proving a certain recovery in Corporate customers' attitude to invest in **capex**
- Residential Mortgages volumes increase is in line with previous years' pace and **consistently higher** than in the same period of 2010

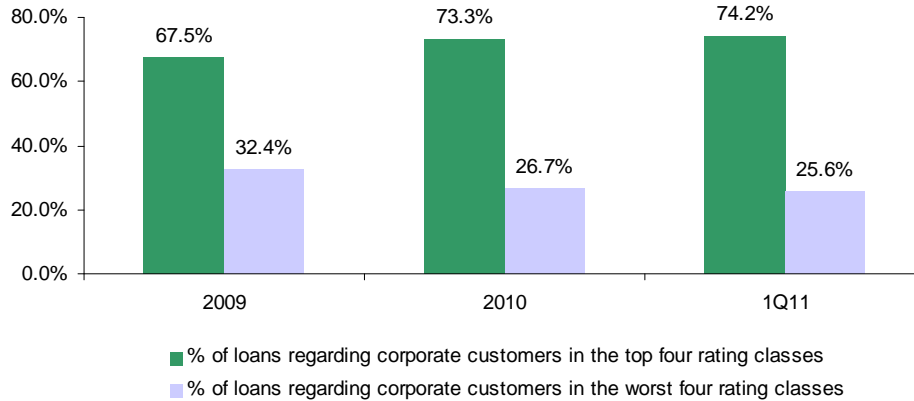
### Credem loan growth vs. Market growth



\* 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

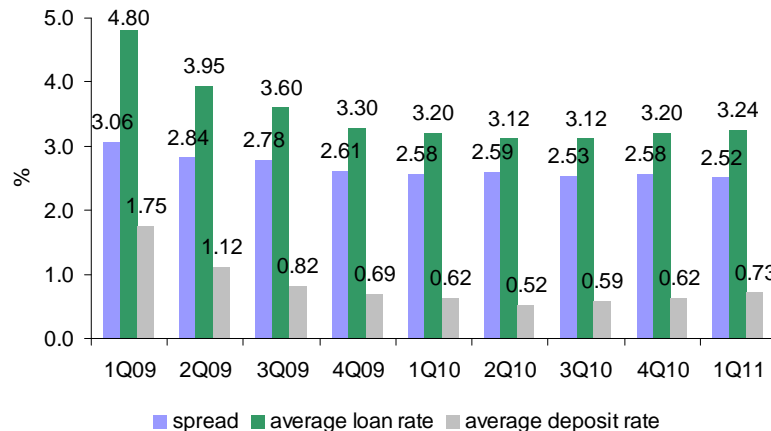
# Spread and Loan Book

## Corporate customers loans' credit quality (Credem SpA management accounting)



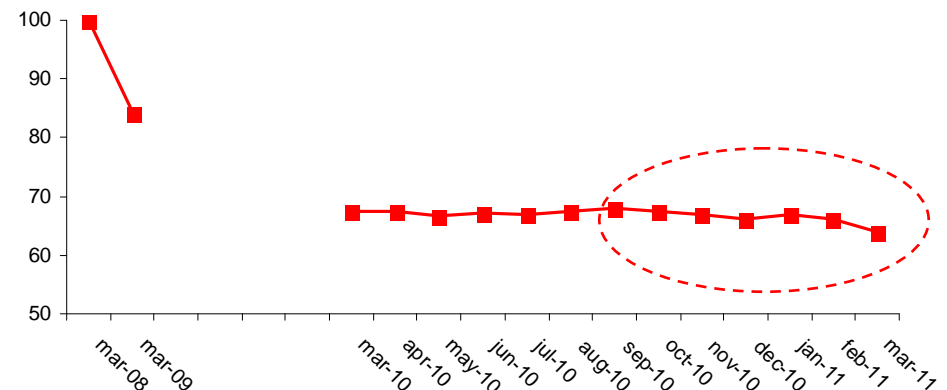
- The lack of a general repricing trend on the market, as confirmed by ABI's figures, still keeps spreads down. Credem typically being a follower in this process, because of its prime quality portfolio that is progressively improving since 2009, shown a compression, lately also penalized by rising average deposit rate

## Spread on clientele (Credem SpA management accounting)



## Spread on retail and corporate customers (no financial customers)\* - Total Industry

100= Spread as at 31/03/2008



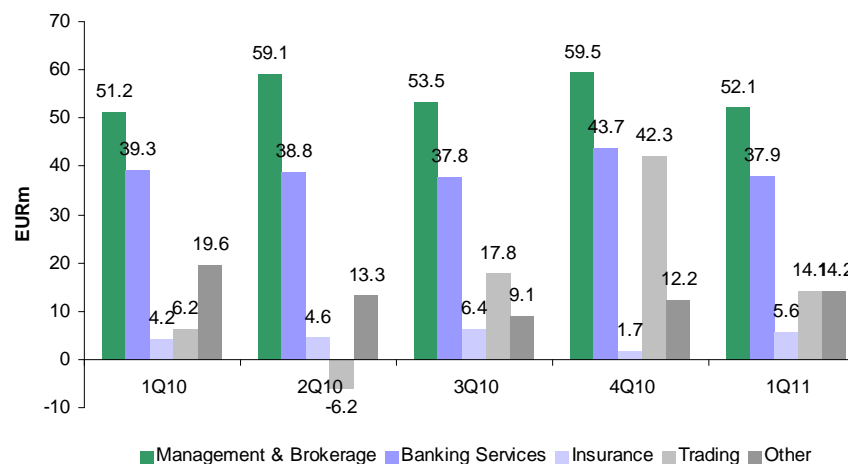
Source: ABI monthly outlook (\*) Spread between average loan rate and average deposit rate

# Deposits & Assets Under Management

Eum	2007	2008	2009	2010	1Q11
Current and saving accounts	9,520	10,444	11,443	11,604	12,062
Time deposits	1,785	3,275	2,637	1,064	805
Repos	735	2,216	158	62	58
<b>Deposits &amp; Repos</b>	<b>12,040</b>	<b>15,935</b>	<b>14,238</b>	<b>12,730</b>	<b>12,925</b>
<b>Insurance Reserves</b>	<b>2,146</b>	<b>1,794</b>	<b>2,312</b>	<b>2,448</b>	<b>2,456</b>
<b>Bonds and subord. debt</b>	<b>5,225</b>	<b>4,853</b>	<b>3,848</b>	<b>3,520</b>	<b>3,812</b>
-EMTN	3,900	3,490	2,140	1,590	1,551
-Retail	1,325	1,363	1,708	1,930	2,261
Portfolio management	4,710	3,519	4,301	4,978	4,816
Mutual Funds	5,154	3,666	3,910	3,998	3,734
SICAV	3,927	3,214	5,122	4,898	4,975
Other and third party products	514	1,077	1,718	3,015	3,319
<b>AUM</b>	<b>14,305</b>	<b>11,476</b>	<b>15,051</b>	<b>16,889</b>	<b>16,844</b>

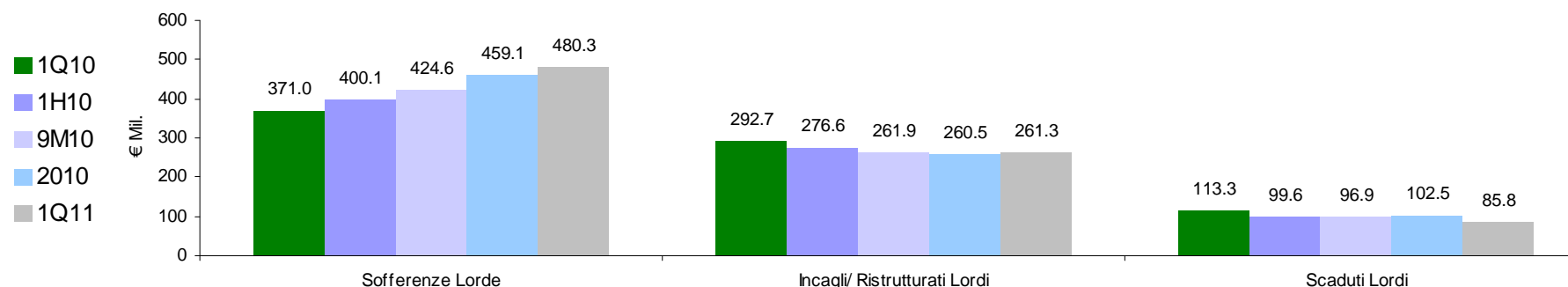
- **Deposits & Repos** are up qoq (+ €195 million) mainly thanks to an increase on Current and saving accounts aggregate, supported also by the results of marketing efforts on customers acquisition
- **Significant increase of retail bonds** (+ €331 million in 1Q11) to **sustain loan growth**
- **AUM is stable** qoq despite retail bonds increase while Management & Brokerage fees have taken a pause due to salesforce focus on retail bonds

## Non-Interest Margin evolution



# Credit Quality (1/2)

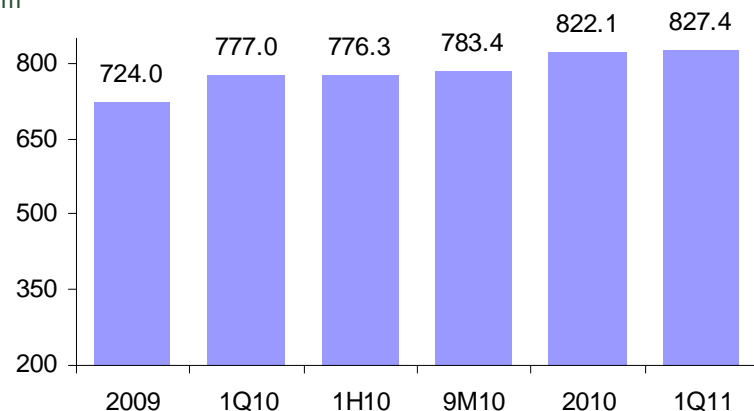
## Gross Impaired Loans



% on Total Loans (Credem)	2.1	2.2	2.3	2.4	2.4	1.6	1.5	1.4	1.4	1.3	0.6	0.5	0.5	0.5	0.4
% on Total Loans (Industry)	3.5	3.7	3.9	4.1	4.7*	3.3	3.4	3.4	3.5		0.7	0.7	0.8	0.6	

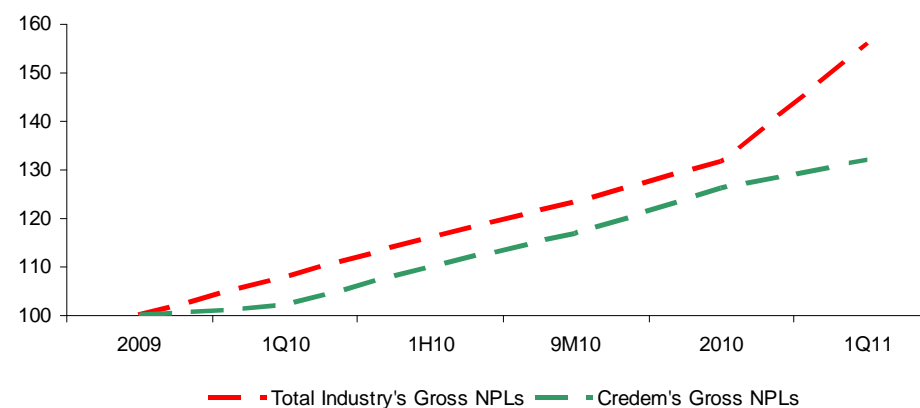
## Total Gross Impaired Loans

EURm



## Gr. NPLs evolution (Credem vs. Total Industry\*)

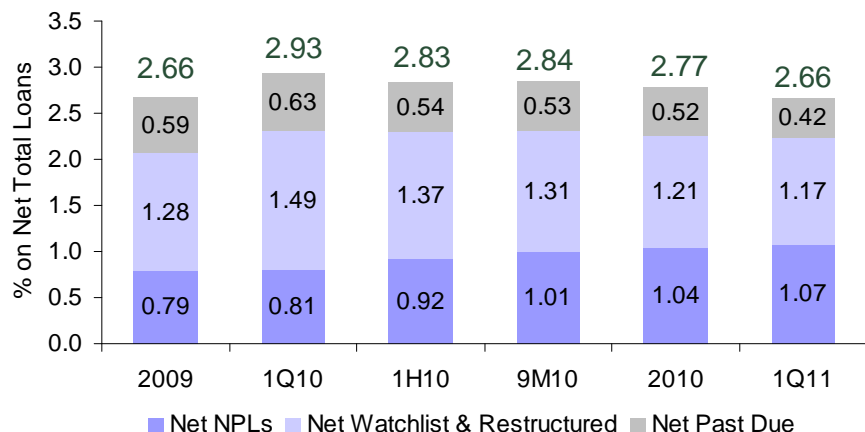
100= Gross NPLs as at 31/12/2009



Source: Banca d'Italia and ABI; Monthly Outlook. (\*): figure as at February 2010 – ABI Monthly Outlook

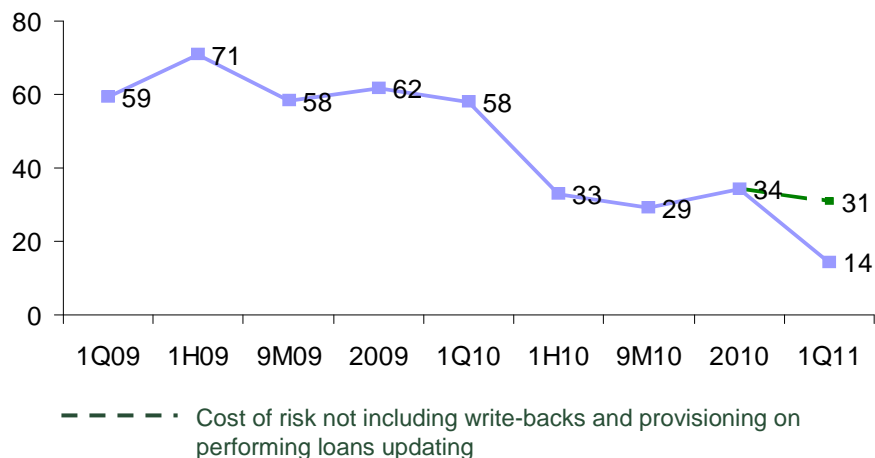
# Credit Quality (2/2)

## Net Impaired Loans

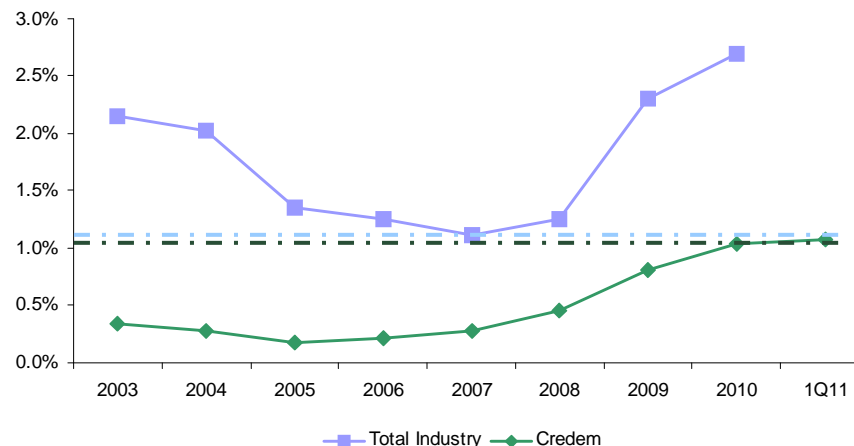


- **Remarkable improvement** of the credit quality since the start of the financial crisis:
  - Net Impaired Loans on Net Total Loans are now back **at the same incidence of 2009**
  - **Cost of risk**, even not including non recurring events, is at **31 bps**
  - **Net NPLs incidence is still lower** than the bottom reach by the Industry in 2007
- **Coverage ratio is 56.6%** (57.4% in 4Q10)

## Cost of risk (bps)

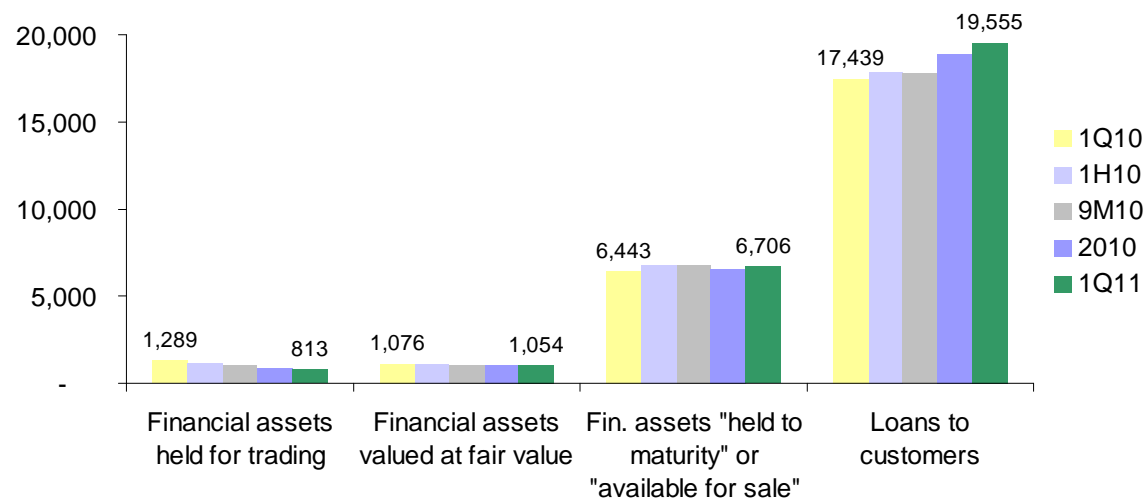


## Net NPLs on Net Total Loans evolution



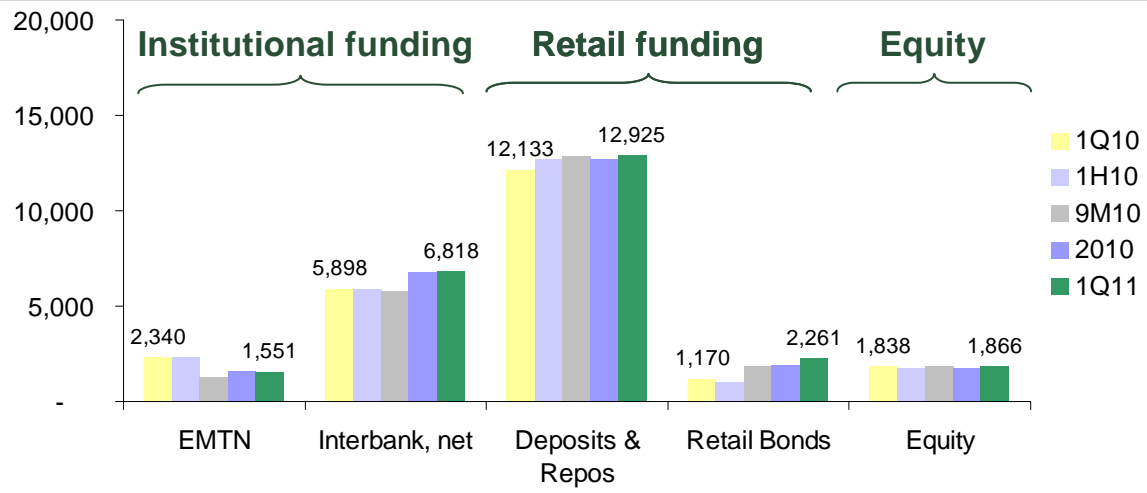
# Assets & Liabilities

## Assets (EURm)



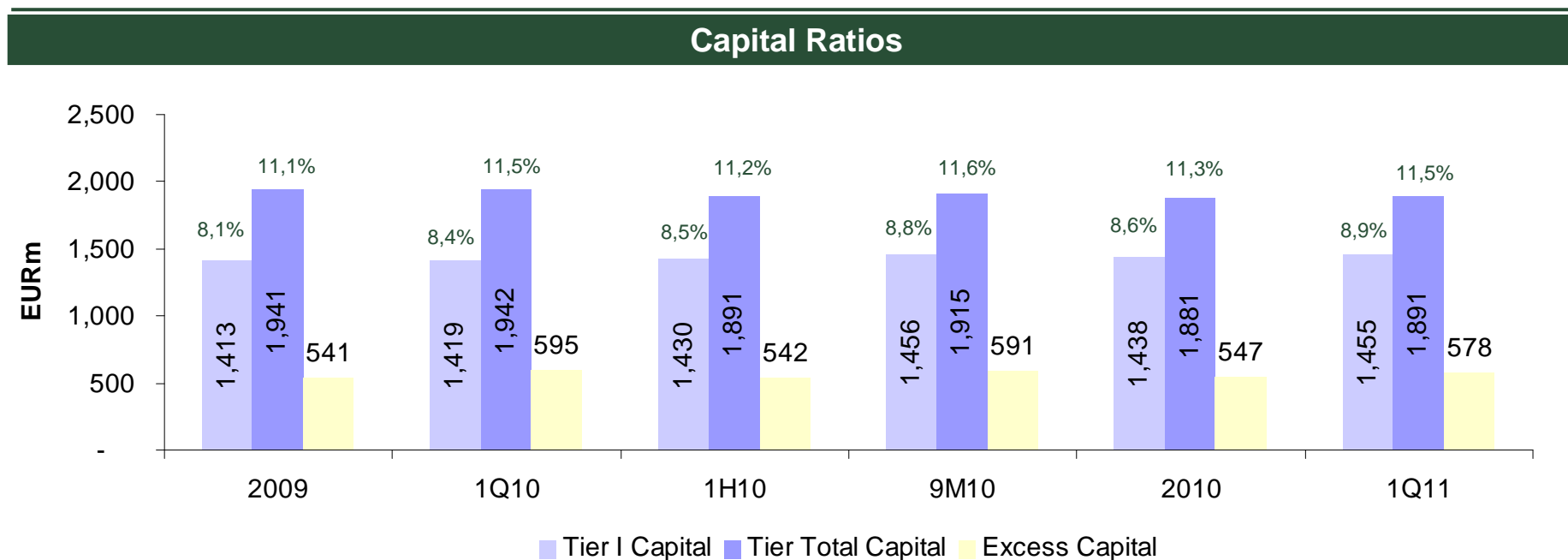
- On the Assets side, single aggregates are almost stable since 1Q10, with the exception of Loans to customers progressive growth

## Liabilities (EURm)



- On the Liabilities side, the aggregate showing the highest delta is Retail Bonds, as a result of a specific effort put in place by the network, toward this type of funding source

# Capital Ratios



- Tier 1 capital is all core: no hybrids contribute to Tier 1 capital build up
- **Core Tier 1 at 8.9%** despite the loan growth, well above Basel III requirements

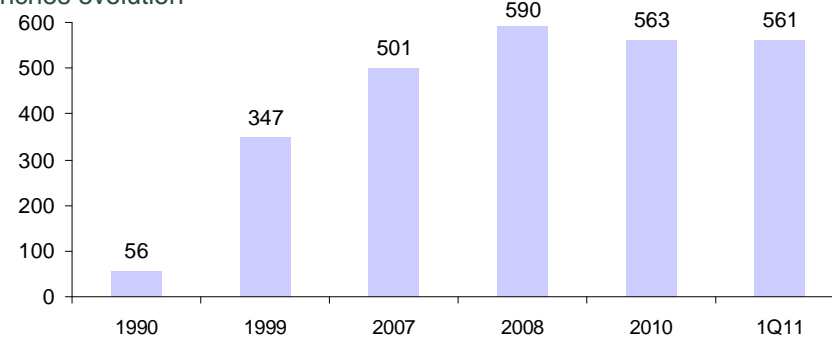
# Distribution Network

## Number of branches and branches market share per region

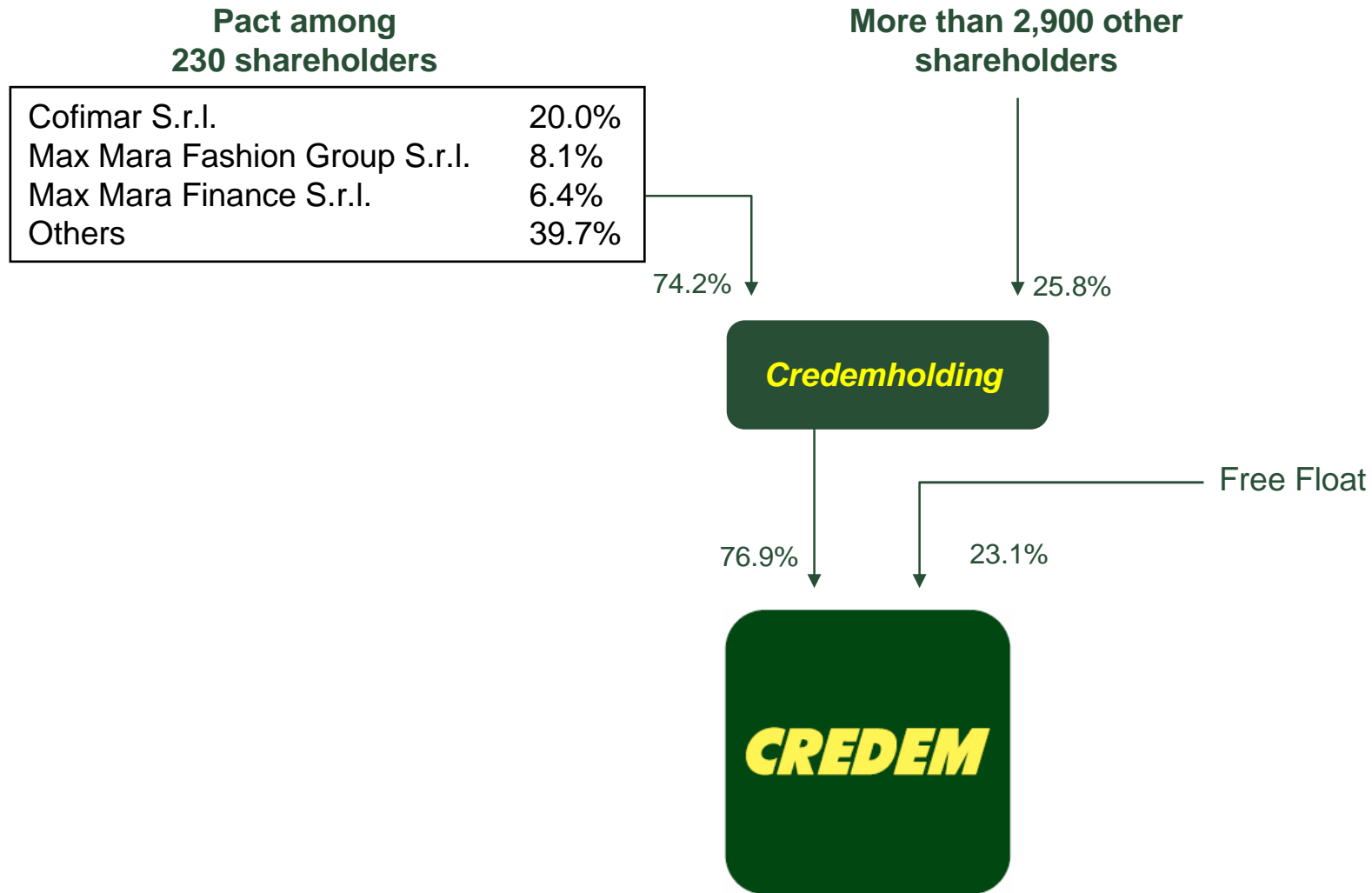


	2008	2009	2010	1Q11
Credem Branches	563	552	544	542
B.ca Euromobiliare Branches	27	23	19	19
<b>Total Branches</b>	<b>590</b>	<b>575</b>	<b>563</b>	<b>561</b>
<b>Corporate Centres</b>	<b>43</b>	<b>42</b>	<b>42</b>	<b>41</b>
<b>Credem Points</b>	<b>36</b>	<b>33</b>	<b>35</b>	<b>35</b>
<b>B.ca Euromobiliare Fin. Stores</b>	<b>22</b>	<b>17</b>	<b>18</b>	<b>18</b>
<b>Credem FAs</b>	<b>640</b>	<b>647</b>	<b>548</b>	<b>534</b>
<b>B.ca Eurom. FAs</b>	<b>362</b>	<b>359</b>	<b>337</b>	<b>333</b>
<b>Total FAs</b>	<b>1,002</b>	<b>1,006</b>	<b>885</b>	<b>867</b>
<b>Credem Group Employees</b>	<b>5,993</b>	<b>5,740</b>	<b>5,544</b>	<b>5,572</b>

Branches evolution

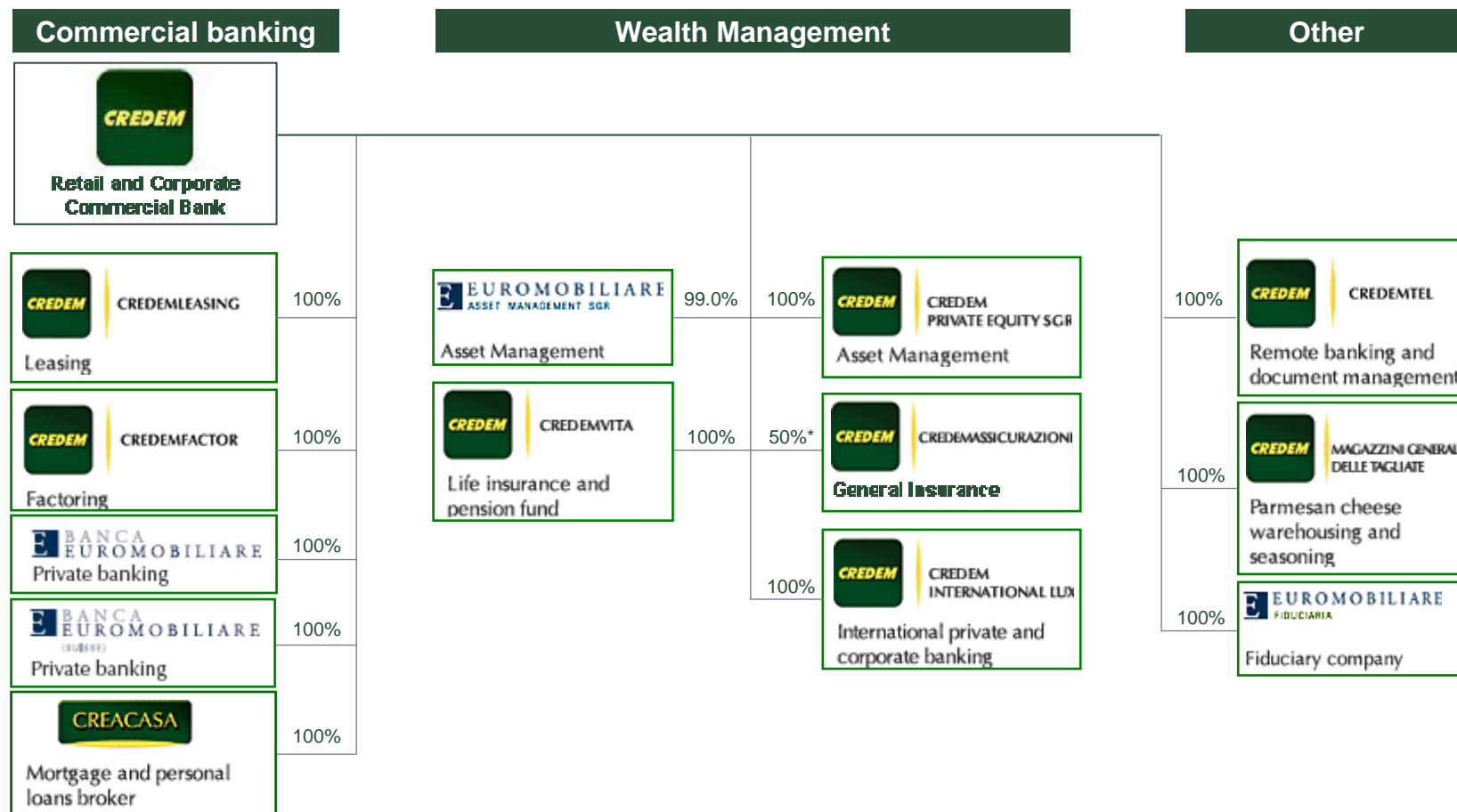


# Shareholders' base



Source: Internal data

# A Complete Group



# Disclaimer and Contacts

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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.

## *Investor Relations Team*

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