

GRUPPO

CREDEM

2008 Group Results

Adolfo Bizzocchi – General Manager

Reggio Emilia, 31 March 2009

- **Executive Summary**
- 2008 Highlights
- Strategy and Actions
- Attachments



Executive Summary

2008 Highlights

- Network and customers' base growth continues
- Good profitability delivered by commercial banking offset unsatisfactory trading results
- Very solid capital ratios do not require any recourse to government aid plan
- Undisputable credit quality
- No stress in the liquidity position

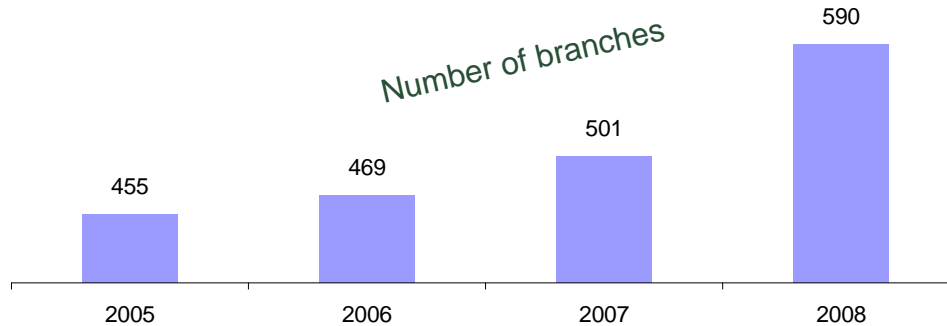
Strategy and Actions

- 2008-2010 business plan guidelines unchanged
- New branches integration
- Investment banking reorganization
- Hedge fund business shrinkage

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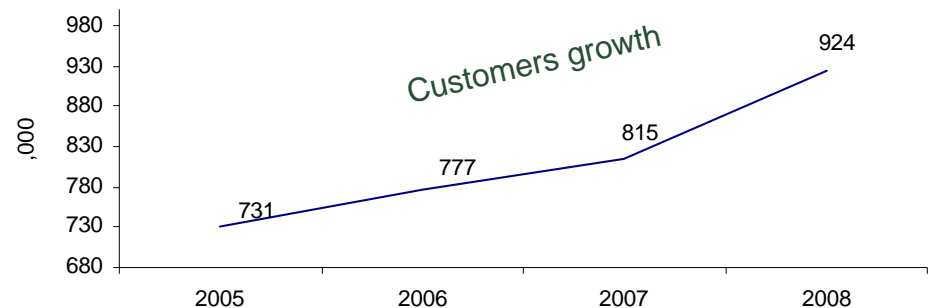


Network and Customers' Base Growth Continues



• The combined effect of organic and external growth brought the network size close to 600 branches at the end of 2008

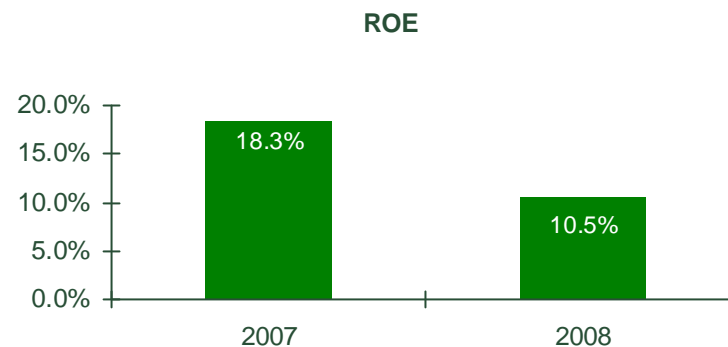
- Long time planned target of 1 million customers is finally coming close
- Loans market share growing from 0,97% in 2007 to 1.03%* as at the end of Nov 2008
- Deposits market share growing from 1,57% in 2007 to 1.67%* as at the end of Nov 2008



* Net of Unicredit acquired branches

Resilient Profitability

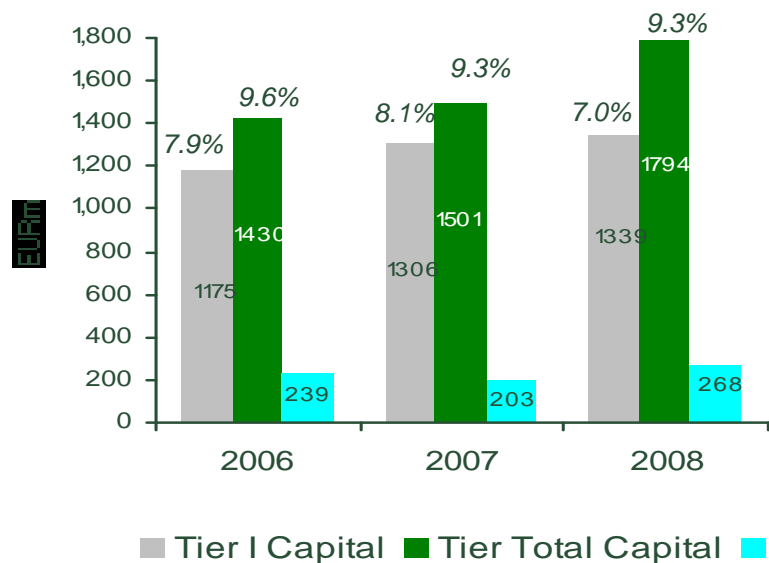
- ROE still two-digit
- Good profitability delivered by commercial banking offset unsatisfactory trading results



	EURm	2007	2008	yoy
Total Income		1,005.5	916.1	-8.9%
Operating Costs		-618.2	-635.6	+2.8%
EBITDA		387.3	280.5	-27.6%
Amortization and Depreciation		-30.8	-35.1	+14.0%
EBIT		356.5	245.4	-31.2%
Loan Loss Provisions		-53.2	-58.1	+9.2%
Provisions for Risks and Charges		-20.6	-4.3	
Extraordinary Income (Expenses)		41.5	-0.4	
Pre-tax Profit		324.2	182.6	-43.7%
Income Taxes		-74.8	-25.6	-65.8%
Net Profit		249.4	157.0	-37.0%

- LLP moderate increase
- Lower taxation is mainly due to fiscal benefit allowance connected with the Italian fiscal regulation which generated a benefit of €30.1 million on deferred taxes
- The amendment of the IAS 39 resulted in a €27.2 million positive effect on 2008 Income Statement, net a relevant tax effect

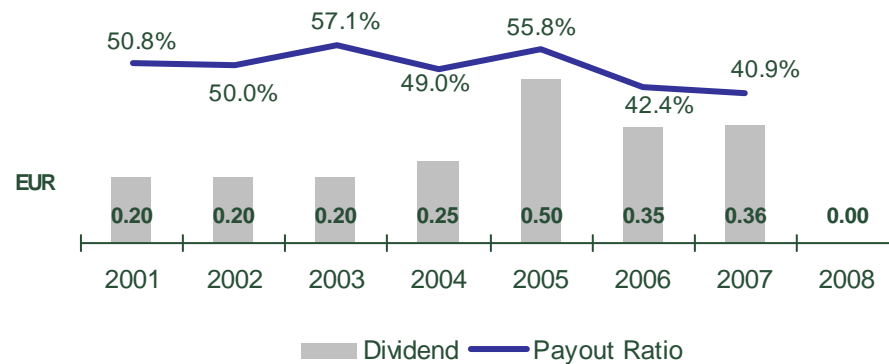
Solid Capital Ratios



- 7.0% Core TIER I and 9.3% TIER TOTAL are excellent ratios
- Extended application to retail lending, of internal rating system Basel II compliant, is expected to free more capital

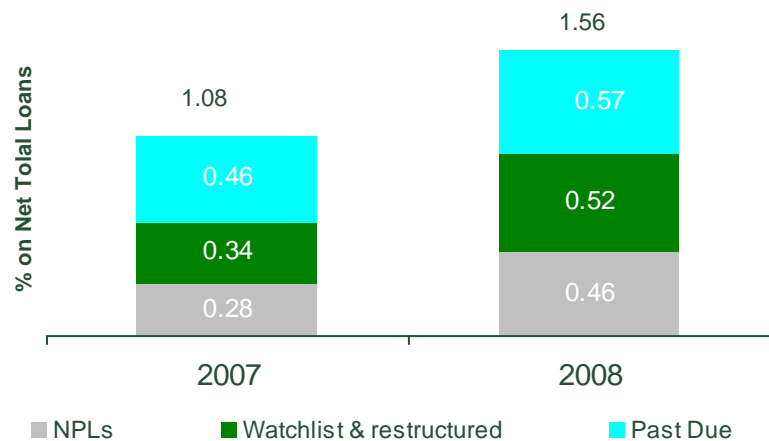
• Given the current scenario, the BoD proposed not to distribute a dividend in 2009, to maintain capital ratios at their current excellent levels

• Credem Group is not in the need for any government support programme to strengthen its capital position



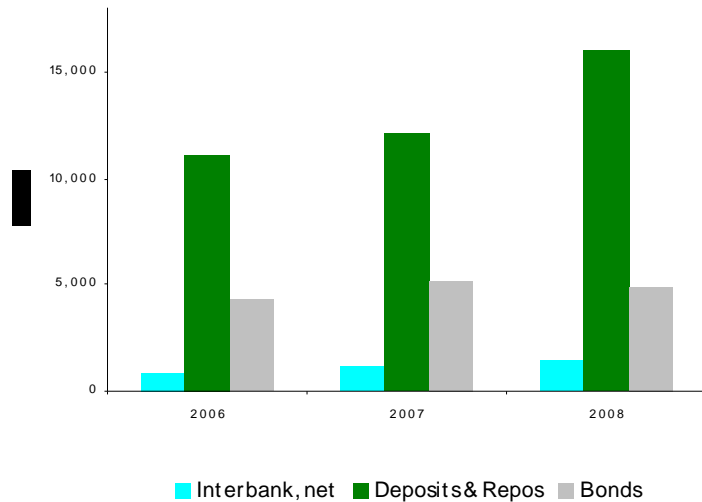
Excellent Credit Quality

- Net NPLs are €81.4 million (€43.3 million at the end of 2007) and still represent only 0.46% of Net Total Loans
- Coverage is 62% (64% in 2007)



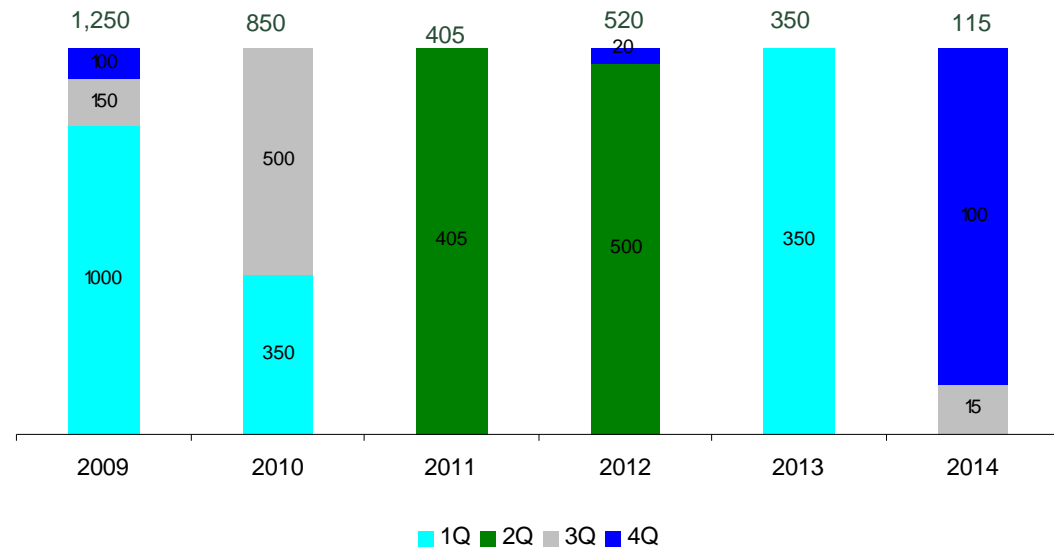
- Total Net Problem Loans amount to €273.3 million (€167.0 million at the end of 2007)
- Net Problem Loans are 1.56% of Net Total Loans

Safe Liquidity Position



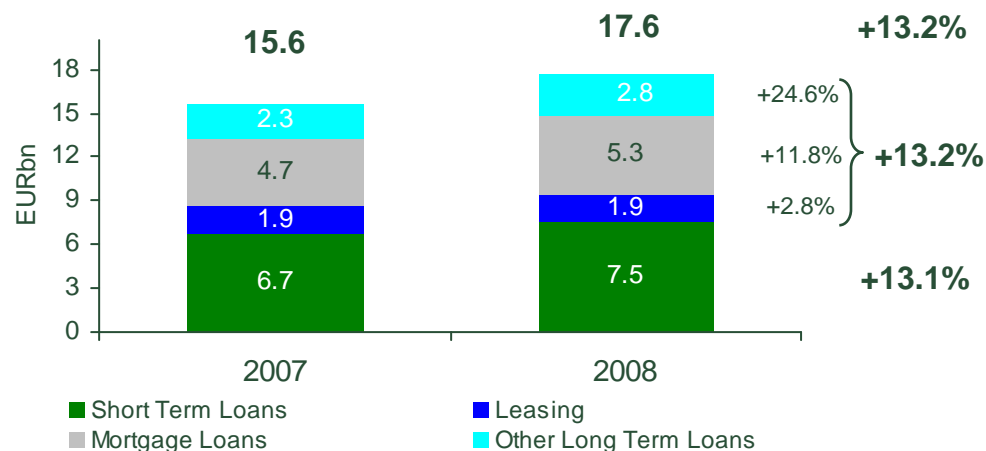
- Low recourse to interbank debt
- Remarkable increase in Deposits & Repos
- €4.8 billion bonds outstanding (€3.5 billion EMTN);
- €600 million bonds issued to customers during 2008

- 2009 EMTN bonds maturities €1.3 billion
- Renewed EMTN programme for 2009
- Arranged securitization of retail performing loans for €1 billion



Loans and Deposits

- Loan book growth net of acquired branches is 3.7%
- Mortgage Loans still growing above 10%
- Loans to corporate customers mostly short term

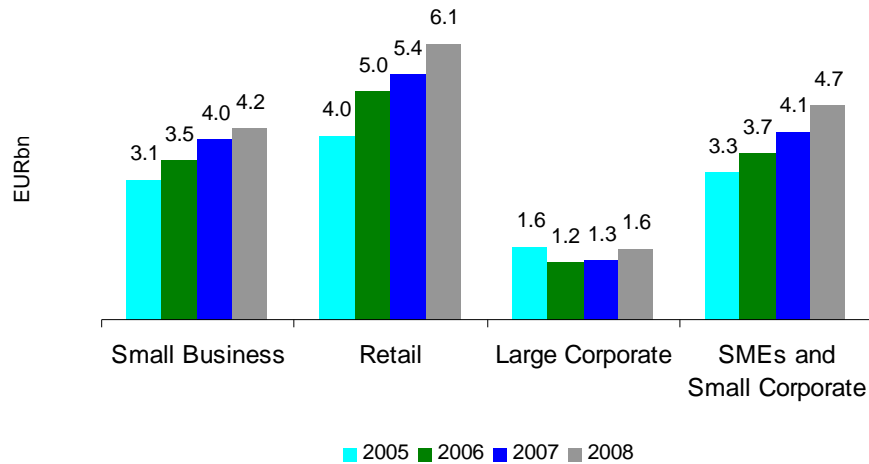


	EURm	2007	2008	yoy
Sight Deposits		9,520	10,444	9.7%
Time deposits		1,785	3,275	83.5%
Repos		735	2,216	201.5%
Deposits & Repos		12,040	15,935	32.4%
Insurance Reserves		2,146	1,794	-16.4%
Bonds		5,225*	4,848**	-7.2%
Discretionary Accounts		4,710	3,519	-25.3%
Mutual Funds		5,154	3,666	-28.9%
SICAVs		3,927	3,214	-18.2%
Other		514	1,077	109.5%
AUM		14,305	11,476	-19.8%
AUC		23,627	20,078	-15.0%

- Switch from AUM to Direct Deposits meeting customers' needs
- Strong increase in Time Deposits and Repos
- AUM outflows
- Loan to Deposit ratio 0.89 (including repos and bonds)

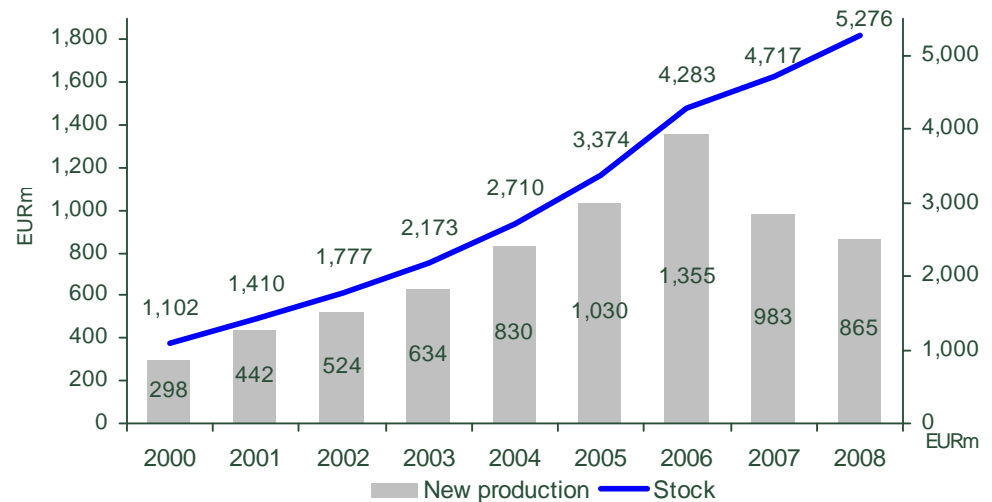
* Of which €3,865 million EMTN
 ** Of which €3,490 million EMTN

Loan Book Breakdown



- Large Corporate incidence on total lending less than 10%
- Retail and Small Business growth trend continues

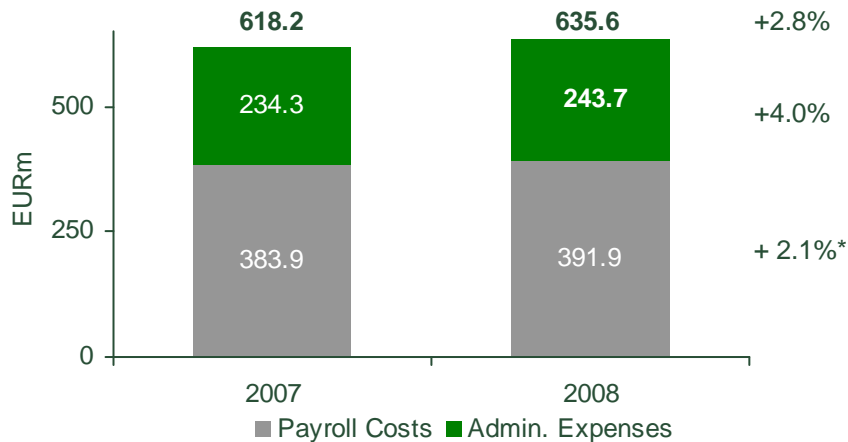
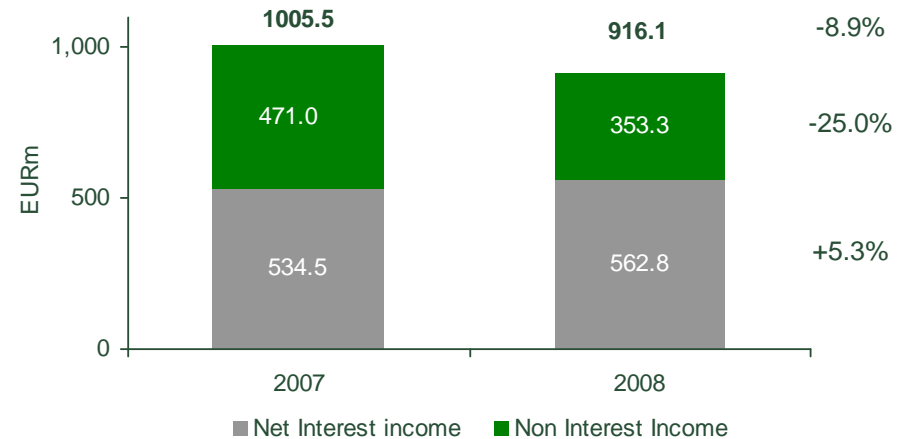
- Loan to value 70%
- Avg amount financed: 101€k
- 69,000 mortgage loans and 7€ bn inflows since 2000
- Market share stock 2.02%
- Market share new production 1.77%*



* As at Nov 2008

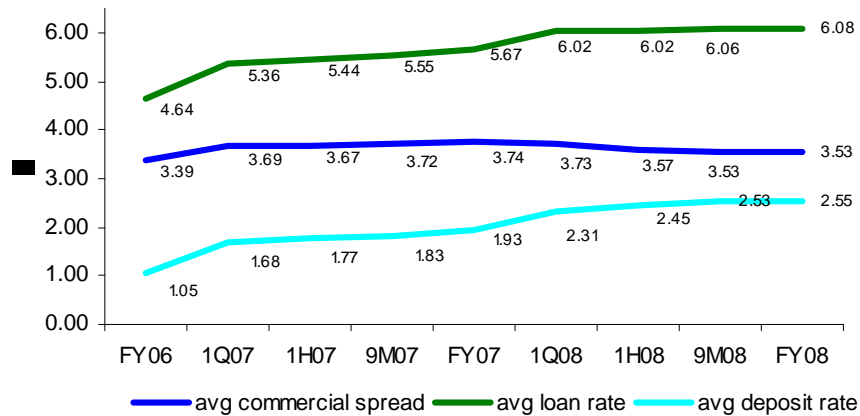
Revenues and Costs

- Net Interest Income increase partially offset Non Interest Income reduction



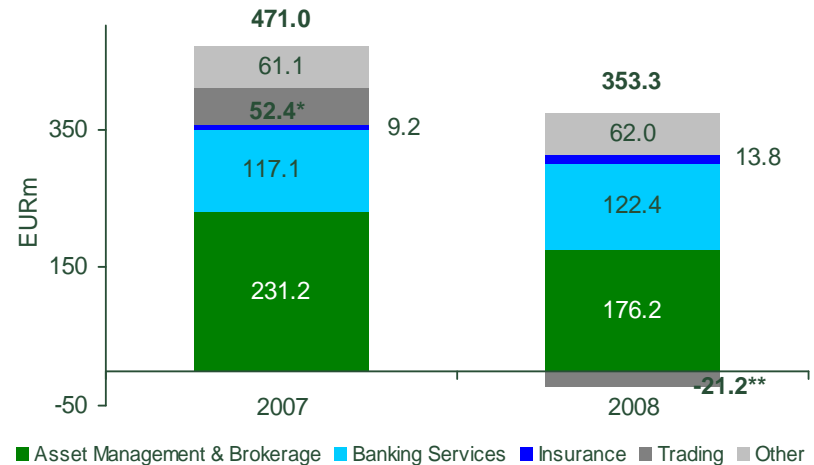
- Good cost control overall despite investments sustained
- Cost/Income at 69.4% (73.2% including D&A)
- * Normalized would be +0.4% excluding a non recurring benefit of €6.6 million posted in 2007 in connection with the termination indemnity provision recalculation due to the introduction of the pension reform

Revenues Details



- Avg commercial spread lower than peers due to limited risk appetite
- Spread level fairly stable over the last semester
- Risk correctly priced in every rating class

- AUM fees down but showing resilience in 4Q08
- Trading Income suffering because markets turbulence
- Traditional banking and insurance fees growing healthy



* of wich 23.1 Abax Total Income
 ** of wich -13.9 Abax Total Income

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2008-2010 Business Plan Guidelines Unchanged

- Strong push on distribution capacity exploitation, to extract value from recent investments in organic and external growth (more than 140 new branches either opened and acquired during last three years)
- Focus on product factories coherent with group's networks distribution capacity
- Sound capital ratios as an absolute must, further development of capital allocation internal model

are firmly confirmed as group's strategic guidelines, even in a macro scenario that is now completely different from what had been expected

A revision of 2010 group targets is possible, but not planned yet

2008 Acquisitions

February 2008 - acquired from **Citigroup** 5 private bank branches (2 in Milan, 1 in Turin, 1 in Florence, 1 in Rome). Deal closed in May 2008 at a price of **€40 million** (was €45 million at the signing)

March 2008 - acquired from **Banco Popolare** 33 branches and 2 corporate centers located in Tuscany . Deal closed in August 2008 at a price of €155 million, furtherly adjusted to **€132 million**

May 2008 - acquired from **Unicredit** 34 branches (5 in Veneto, 3 in Friuli Venezia Giulia, 3 in Trentino Alto Adige, 4 in Emilia Romagna, 6 in Lazio, 2 in Umbria, 11 in Sicilia). Deal closed in November 2008 at a price of **€151 million** (to be adjusted)



** plus 2 corporate centres*

Data at closing	Deposits (€, million)	AUM+AUC (€, million)	Loans (€, million)	Customers	Employees
Aggregate acquired branches*	872	2,160	1,276	85,000	446

Investment Banking Reorganization

- Investment banking is a non-core business for Credem Group
- Overall investment banking business expectations are gloomy for the years to come
- Investment banking business perceived risk and volatility do not fit with Credem Group global strategy
- Abaxbank results and ROE are structurally penalized by its limited scale
- In 2008, Abaxbank recorded a loss of €39.9 million

As a result, the group decided to implement a profound reorganization plan on Abaxbank business model, whose actions are summarized below:

- Downsizing
- Low capital absorption activities preservation
- Illiquid asset portfolio management to gradually reduce risk and capital absorption

Objective is to bring back to profit the company in 2010

Hedge Fund Business Shrinkage

- In 2002 Credem Group decided to create Euromobiliare Alternative Investments, to complete the asset management product range with funds of hedge funds to be offered to private bank customers
- Exceptional market conditions experienced in the second half of 2008, led to massive outflows from two of the three products managed by Euromobiliare Alternative Investments. All customers were shifted toward different products

Being no longer efficient to keep a separated management unit for the hedge funds business, Euromobiliare Alternative Investments will be merged into Euromobiliare Asset Management

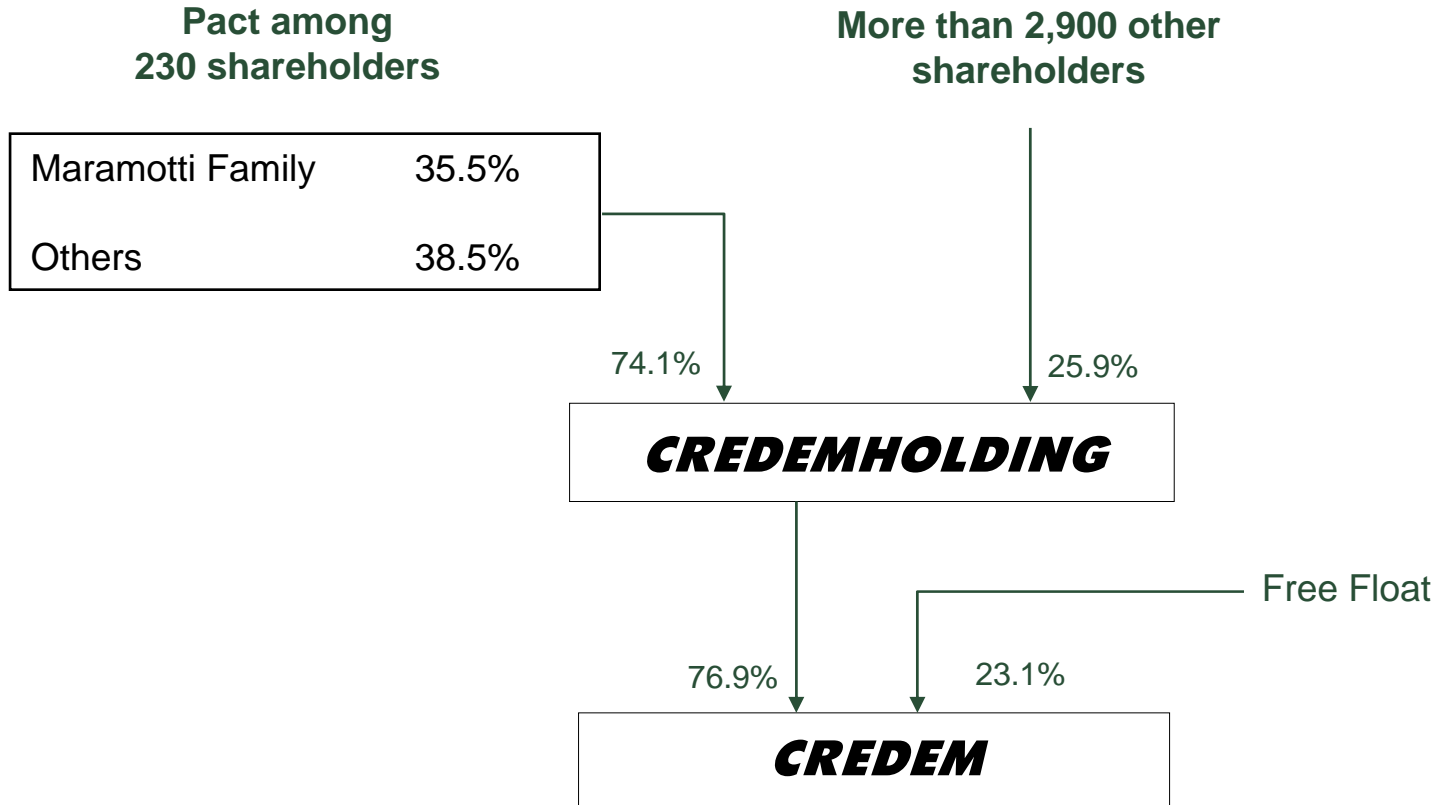
- Deal subject to Bank of Italy approval
- Only one fund of hedge funds out of the original three, will be kept
- Credem and Banca Euromobiliare seed money will be riallocated, expected benefit in term of capital absorption

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Rights Issue Outcome

The rights issue finalized in November 2008, for a total amount of **€250 million**, was almost entirely subscribed by Credemholding



A Complete Group

Commercial banking

CREDEM

CREDEMLEASING

100%

CREDEMFACOR

100%

BANCA
EUROMOBILIARE

100%

BANCA
EUROMOBILIARE
(Suisse)

100%

CREDEMLUX
CREDEM INTERNATIONAL (LUX) S.A.

100%

CREACASA

100%

Wealth Management

EUROMOBILIARE
ASSET MANAGEMENT S.G.R. SpA

98.5%

EUROMOBILIARE
FIDUCIARIA Spa

100%

EUROMOBILIARE*
INTERNATIONAL FUND SICAV

na

EUROMOBILIARE
ALTERNATIVE INVESTMENTS SGR

100%

Investment Banking

ABAXBANK
BANCA D'INVESTIMENTI

100%

CREDEMVITA
Life Insurance

100%

CREDEMASSICURAZIONI
General Insurance

50%

CREDEM
Private
equity

100%

Other

CREDEMTel

100%

MGT
MAGAZZINI
GENERALI DELLE
TAGLIATE

100%

Distribution Network



	2007	2008
Credem Branches	479	563
B.ca Euromobiliare Branches	22	27
Total Branches	501	590*
Corporate Centres	42	45
Credem Points	29	36
B.ca Euromobiliare Fin. Stores	22	22
Credem FAs	468	640
Banca Euromobiliare FAs *	292	362
Total FAs	760	1,002
Credem Group Employees**	5,276	5,977**

*Of which 76 through 2008 acquisitions

**Of which 446 through 2008 acquisitions

Q&A



Disclaimer and Contacts

2008 Group consolidated accounts include Credemvita contribution at 50% until 3/31/08 and at 100% from then on. Therefore, for a correct comparison of results, 2007 consolidated accounts have been restated accordingly.

Also, 2007 consolidated accounts have been restated to exclude the contribution of Euromobiliare SIM, participated by CREDEM with a stake of 70% and therefore previously included in the consolidation area, that was disposed at the end of 2007.

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 correspond to documentary records, ledgers and accounting entries.

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