



PRESS RELEASE

CREDEM, THE BOARD OF DIRECTORS APPROVES FULL YEAR 2008 CONSOLIDATED RESULTS

Strategic guidelines confirmed: strong capital position, focus on traditional banking and value extraction from investments realized

- *Strong capital position, core **Tier 1 capital ratio at 7.0%**;*
- *Positive performance of traditional banking: **direct deposits +12.3%**;*
- ***Consolidated net profit(1)** at €157.0 million (-37.0%);*
- ***Abaxbank** (investment banking) controlled company reorganization in line with the Group's 2008-2010 business plan;*
- *72 branches acquired and 18 branches opened in 2008;*
- ***Assets quality:** Net NPL ratio at 0.46% (0.28 % in 2007);*
- *Net profit entirely destined to reinforce capital; no liquidity position stress.*

Credem's Board of Directors, chaired by Giorgio Ferrari, approved, yesterday, FY08 individual and consolidated results, which will be submitted to the shareholders' meeting called for April the 30th 2009. General Manager, Adolfo Bizzocchi, will present today FY2008 results during a conference call at 12.00 CET.

FY2008 results confirm the solid capital position of the Group with a core Tier 1 ratio at 7.% and the focalization on the strong traditional banking activity highlighted by direct funding growing by 12.3% and lending, net of repos, growing by 11.8%. During the year, the group also continued on value extraction from the investments through the integration of the company's line of business acquired (72 branches) and the development of the commercial potential of the over 70 new branches opened in the triennium.

Consolidated income statement at 31 December, 2008¹

Net profit, which was negatively affected by financial markets turmoil, comes at €157.0 million (-37.0%) versus €249.4 at the end of 2007.

¹ relatively to economics results and in order to guarantee an homogeneous comparison, 2007 data included in this press release are considered :

- excluding contribution of Euromobiliare Sim, disposed at the end of 2007,
- including CredemVita total consolidation effects, 100% controlled since the end of March 2008,

Total income comes at €916.1 million, compared to €1,005.5 million in 2007 (-8.9%). In particular, **Net interest income**² is up by 5.3% at €562.8 million vs. €534.5 million in 2007.

Net non interest income³ is down by 25% at €353.3 million (€471.0 million in 2007). Financial markets turmoil affected trading contribution, prop and on behalf of clientele, commissions contribution of asset management & brokerage on discretionary accounts, mutual funds and Sicav's. Commissions on banking services slightly grew. Trading was negatively affected by investment banking results (- €13.9 million in total income) and by the evaluation of funds quotes managed by Euromobiliare Alternative Investments Sgr, within the "financial assets held for trading", for a total of €35 million.

Operating costs equal €635.6 million (+2.8%) compared to the €618.2 million in 2007. This slight increase is attributable to the branch acquisitions made during the year. Personnel expenses were 391.9 (+2.1%) impacted by absence of extraordinary component which characterized 2007, relatively to the change in the termination indemnity provision calculation. Administrative Expenses come at €243.7 million (+4%).

Cost/income⁴ comes in at 69.4% vs. 61.5% at 2007.

EBITDA is down by 27.6% to €280.5 million compared to €387.3 million in 2007. **Amortization and depreciation** equal €35.1 million up by 14% vs. €30.8 million in 2007, mostly due to the distribution network expansion.

EBIT is down by 31.2% to €245.4 million compared to the €356.5 million in 2007.

Provisions for risk and expenses equal, in 2008, €4.3 million (€20.6 million in 2007). **Net loan write-downs** are €58.1 million in 2008 (€53.2 million in 2007).

Net extraordinary items impact 2008 for a total of - €0.4 million (€41.6 million in 2007).

Pre-tax profit equals €182,6 million (-43.7%) versus €324,2 million in 2007.

Income taxes comes in at €25.6 million (€74.8 million in 2007). Lower taxation was positively affected by a benefit connected with the deferred tax liabilities which has been generated by a changing of the Italian Fiscal law that allows the alignment of statutory and fiscal values of exceeding credit risk provisions/reserves and tangible assets, throughout the payment of a lump-sum amount.

Net profit on 31 December 2008 decreased by 37.0% to €157,0 million was positively affected by €29.8 million coming from the amendment to accounting principle IAS 39, applied to the Group and to Abaxbank.

Consolidated **Roe** at the end of 2008 come at 10.5% (18.3% in 2007)

Consolidated balance sheet at December the 31st , 2008

² comprehensive of dividends of financials activities held for sale (non qualified participations) and gain/losses from consolidated participations calculated with the net equity method.

³ Comprehensive of the entire total income of Abaxbank and Credemvita and the item "other operating income/charges" net of extraordinary income/charges.

⁴ Calculated as operative costs on total income

Group customers fundings comes at €54,131 million vs. €57,343 million in the same period of 2007, -5.6%, and net of acquisitions 51,099 million (-10.9%).

Direct deposits, net of repos, are up by +12.3% to €18,567 million vs. €16,530 million in 2007 (direct deposits including repurchase agreements have reached €20,783 million compared with €17,265 million in 2007, +20.4% (+15.3% to €19,911 million net of acquisitions). In detail, deposits have climbed by 21.4% to €13,719 million (€11,305 million in 2007). Bonds is down by 7.2% to €4,848 million (€5,225 million in 2007); Repurchase agreements are at €2,216 million vs. €735 million in 2007.

Indirect fundings equals €31,554 million compared to €37,932 million in 2007 (-16.8%)

Assets under management equals at €11,476 million compared to €14,305 million in 2007 (-19.8%) and in particular discretionary accounts are at 3,519 (-25.3%). Mutual Funds are down by 28.9% to €3,666 million and Sicav's are down by 18.2% to €3,214 million.

Assets under custody is down by 15% to €20,078 million compared to €23,627 million in 2007.

Net cash loans, net of repurchase agreements, to customers rise by 13.2% to €17,618 million versus €15,569 million in 2007, while the increase, including repurchase agreements, is of 11.8% (€17,621 million in 2008 versus €15,763 million in the same period of 2007).

Total mortgage loans were €5,276 billion (+11.8%) and disbursement decreased to €864.9 billion (-12.0%).

Net NPL ratio comes in at 0.46% of total loans (0.28% in the same period of 2007). **Coverage ratio** is 62.1% (63.6% at the end of 2007). **Total net problem loans** equal €273.3 million (€167.0 million in 2007) and represents 1,56% of total loans.

Shareholders equity, including net profit, is up to €1,748 million (€1,542 million in 2007).

The Board of directors has also approved to propose to the Shareholders' meeting not to distribute any dividend allocating the entire net profit for the year to strengthen the capital position.

Core Tier 1 capital ratio is 7.0%. The **total capital ratio** equals 9.3%.

Other informations:

On 12/31/2008 Credem's distribution network consists of 590 branches, 45 corporate centres, 58 financial stores with 5,977 employees and 1,002 financial advisors with mandate.

During 2008 Credem finalized the acquisition of 72 branches and 2 corporate centres from Citibank, Banca Popolare di Verona S, Geminiano e S. Prospero (Gruppo Banco Popolare) and from Unicredit Group. Also, the group opened 18 new branches.

On July the 30th Credem closed a Bancassurance deal for the development of the general insurance with Reale Mutua Assicurazioni.

On September the 10th Credem approved the strategic business plan 2008- 2010 whose main guide lines are:

- Distribution network development, extracting value from recent branch acquisitions (over 72 branches opened in the last three years) and strong financial advisors and agents' recruitment activities.
- Customer base increase
- Fine tuning of risk management policies and value management practices
- Adequate capital ratios maintenance.

On October the 24th Credemholding, Credem's main shareholder, concluded the rights issue, for a total amount of €109.9 million finalized to finance Credem's, controlled company, distribution network development. The rights issue was closed with the entire subscription of new shares offered.

On November the 5th, Credem closed the rights issue for a total of €249.3 million. Main shareholder Credemholding entirely exercised its option rights not executed at the end of the market offer increasing its stake in Credem's capital up to 76.87%.

In line with business plan strategic guide lines, presented in September 2008, a reorganization process started, at the end of March 2008, on Abaxbank controlled company, finalized to a strong cost and risk level reduction. This plan comes together with a rationalization project, started in November 2008, on Euromobiliare Alternative Investments Sgr which aims to simplify the offer range and economies of scale to be realized throughout the integration of the company in Euromobiliare Asset Management Sgr.

Regarding the Group's perspectives, maintaining guide lines of the plan, still in force, the economic cycle slowdown and the dynamics of main significant financial variables will determine, for year 2009, lower economic results compared to 2008 and to the plan (2008-2010).

Regarding other aspects, extremely relevant in this market phase, the group maintains positive ratios: there aren't, and are not foreseen, liquidity problems and adequate capital levels are preserved.

Credem's General Manager, Adolfo Bizzocchi, will present, today, FY2008 Results during a conference call starting at 12 am Cet. To participate in Italian and English, attendees can call, 10 minutes before the start time, following numbers: +39 0236269665 (from Italy and other internationals), +44 203 0032666 (from UK and other internationals) and 1 646 8434608 (from USA).

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.

Attached please find the consolidated balance sheet and income statement as well as the reclassified consolidated P&L .

As of today the independent auditors have not completed the auditing Group's annual operating report.

For additional information about Credem and the other companies in the Group, please visit Group's website at: www.credem.it

Reggio Emilia, 31 March 2009

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Consolidated Balance Sheet (€/000)

	Assets	12.31.2008	12.31.2007
10	Cash and balances with central banks	1,257,081	152,071
20	Financial assets held for trading	4,509,994	4,690,986
30	Financial assets at fair value	1,402,947	467,257
40	Financial assets available for sale	2,024,986	83,910
60	Loans and advances to banks	1,472,926	3,637,378
70	Loans and advances to customers	17,620,513	15,763,047
80	Hedging derivatives	301,579	1,4154
90	Adjustment	27,156	0
100	Equity investments	20,107	40,555
110	Technical reserves	57	0
120	Property, plant and equipment	333,576	331,783
130	Intangible assets	353,178	56,559
	of which:		
	goodwill	300,640	5,963
140	Tax assets	249,384	155,374
	<i>a)</i> current	150,342	102,029
	<i>b)</i> prepaid	99,042	53,345
150	Non-current assets held for sale	2,784	2,026
160	Other assets	549,404	637,629
	Total assets	30,125,672	26,232,530

	Liabilities	12.31.2008	12.31.2007
10	Deposits from banks	2,836,608	4,735,665
20	Deposits from customers	13,668,480	11,239,911
30	Debt securities in issue	6,808,472	5,181,496
40	Financial liabilities held for trading	1,524,398	1,468,618
50	Financial liabilities at fair value	1,364,940	844,145
60	Hedging derivatives	171,091	19,453
80	Tax liabilities	0	0
	a) current	113,110	247,959
	<i>b) deferred</i>	67,505	113,712
100	Other liabilities	945,712	784,478
110	Provision for severance indemnities	97,450	87,494
120	Provisions for risks and charges:	106,562	80,811
	a) pensions and similar liabilities	2,219	1,544
	<i>b) other</i>	104,343	79,267
130	Technical reserves	740,202	0
140	Revaluation reserves	-25,479	69,086
170	Reserves	1,001,395	858,467
180	Share premium	283,105	83,051
190	Share capital	332,392	282,327
210	Minority interests	226	206
220	Net profit (loss) for the period	157,008	249,363
	Total equity and liabilities	30,125,672	26,232,530

CONSOLIDATED INCOME STATEMENT (€/000)

		12.31.2008	12.31.2007
10	Interests and similar incomes	1,563,993	1,299,955
20	Interest expenses and similar charges	-847,715	-552,350
30	Net interest income	716,278	-809,267
40	Fee and commission income	378,532	490,688
50	Fee and commission expense	-82,649	469,906
60	Net fee and commission income	295,883	-92,525
70	Dividend and similar income	340,731	307,164
80	Net trading income	-501,611	-216,802
90	Hedging activity income	2,417	-21
100	Gains (losses) on disposal or repurchase of:	3,245	36,809
	a) credits	-10	0
	b) financial assets available for sale	541	36,583
	c) financial assets held to maturity	0	0
	d) financial liabilities	2,714	226
110	Net change in value of financial a/l at fair value	21,280	9,313
120	Total income	878,223	1,004,532
130	Net impairment adjustments on:	-58,089	-53,551
	a) loans and advances	-58,633	-53,019
	b) financial assets available for sale	-	-392
	c) financial assets held to maturity	-	0
	d) other financial assets	544	-140
140	Net income from the financial activities	820,134	950,981
150	Net premiums	145,695	0
160	Net income Net income of the insurance	-170,562	0
170	Net income from financial and insurance	795,267	950,981
180	Administrative expenses:	-635,684	-631,063
	a) payroll	-391,887	-393,924
	b) other	-243,797	-237,139
190	Net increases in provisions for risks and	-4,277	-20,559
200	Net adjustments to property, plant and equipment	-18,873	-19,183
210	Net adjustments to intangible assets	-16,236	-11,602
220	Other operating income (charges)	60,686	57,492
230	Operating costs	-614,384	-624,915
240	Share of profit (loss) from equity stakes	1,251	7,567
270	Share of profit (loss) from sale of	419	-6,661
280	Profit (loss) from current operations before tax	182,553	326,972
290	Income taxes on current operations	-25,531	-77,582
300	Profit (loss) from current operations after tax	157,022	249,390
320	Net profit (loss) for the period	157,022	249,390
330	Minority interests	-14	-27
340	Net profit (loss) for the period attributable to the parent bank	157,008	249,363

Consolidated reclassified income statement (€/million)

	1Q	2Q	3Q	4Q	FY08	FY07	change %y/y
Net interest income	145.4	141.5	140.8	135.1	562.8	534.5	5.3
Net commissions	91.9	154.5	68.9	42.2	353.3	503.7	(29.0)
Total income	237.3	296.0	209.7	173.1	916.1	1.038.2	(11.8)
Payroll expenses	(99.9)	(101.6)	(90.1)	(100.3)	(391.9)	(393.9)	(0.5)
Administrative expenses	(60.6)	(60.3)	(57.9)	(64.9)	(243.7)	(237.1)	2.8
Operating costs	(160.5)	(161.9)	(148.0)	(165.2)	(635.6)	(631.0)	0.7
EBITDA	76.8	134.1	61.7	12.1	280.5	407.2	(31.1)
Amortization and depreciation	(8.1)	(8.4)	(8.5)	(10.1)	(35.1)	(30.8)	14.0
EBIT	68.7	125.7	53.2	2.0	245.4	376.4	(34.8)
Net provisions for risks and expenses	4.4	(1.3)	(5.9)	(1.5)	(4.3)	(20.6)	(79.1)
Extraordinary income/expenses	(0.2)	(1.2)	(1.7)	2.7	(0.4)	24.3	(101.6)
Net write downs	(10.0)	(14.0)	(13.9)	(20.2)	(58.1)	(53.2)	9.2
Pre-tax profit	62.9	109.2	31.7	(21.2)	182.6	327.0	(44.2)
Minority interests	-	-	-	-	-	-	-
Income taxes	(15.5)	(7.3)	(12.6)	9.8	(25.6)	(77.6)	(67.0)
Net profit	47.4	101.9	19.1	(11.4)	157.0	249.4	(37.0)
Earning per share	0.17	0.36	0.07	(0.05)	0.55	0.88	(37.5)
Diluted earning per share	0.17	0.36	0.07	(0.05)	0.55	0.88	(37.5)

Reclassification rules:

Net Interest income

+ Item 30 + Item 240 + Item 70 dividends and similar incomes (on stakes dividends) - Abaxbank total income - extraordinary trading activities reclassification

Non interest income

+ Item 60 + Item 70 (net of stake dividends)+ Item 80 + Item90 + Item 100 (a/d)+Item 110 + Item 150+ Item 160 (income/charges from insurance activity balance)+ Item 220 (net of extraordinary components)+ Abaxbank and Credemvita total income+ extraordinary trading activities reclassification

Total income

Net Interest income+ Non interest income

Operative costs

+ Item 180

Ebitda

(Total income – Operative costs)

Depreciation and admortization

+ Item 200+ Item 210

Ebit

(Ebitda – depreciation&admortization)

Net provisions for risk and charges

+ Item 190

Net adjustment on credits

+ Item 130 ("a" and "d")

Extraordinary income/losses

+ Item 100 + Item 130 ("a" + "b" + "c")+ Item 220 (only extraordinary components) + Item 270 + Item 310

Pre-tax profit

(EBIT +/- Net provisions for risk and charges - Net loans adjustments+/- Extraordinary income/losses)

