PRESS RELEASE

CREDEM: THE BOARD OF DIRECTORS APPROVES FIRST QUARTER 2012 GROUP'S CONSOLIDATED RESULTS: NET PROFIT +35.9% AT €41.6 MILLION

- ***Consolidated Net Profit*** *+35.9% yoy at €41.6 million also because of a non recurrent capital gain;*
- ***Loans to Customers*** *up by 1.8% yoy at €19.900 million, of which* ***residential mortgage inflows*** *account for €129 million, confirming the support to households and enterprises;*
- ***Core Tier 1 ratio***[(1)] *at 9.24% and* ***Total Capital ratio***[(2)] *at €12.47% with no rights issues;*
- ***Cost of risk*** [(3)] *at 45bps (25 bps, net of non recurrent effects) and* ***Net NPLs ratio*** *at 1.21%, among the best ones in the industry;*
- *Strong* ***Operating Costs***[(4)] *control drove them down 0.9% yoy;*
- ***Direct Deposits*** *+4.2% yoy at €17.445 million;*
- *Started in April 2012 the activity of lending based on the "****cessione del quinto"*** *(loans repaid monthly by the employer of the borrower with instalments equal to one fifth of borrower's salary).*

Credem's Board of Directors, chaired by **Giorgio Ferrari**, chaired by **Giorgio Ferrari**, approved today 1Q12 individual and consolidated results.
Net Profit for the first quarter 2012 went up 35.9% yoy at €41.6 million (30.6 million in the first quarter 2011). The result was also due to a net capital gain of €16.3 million related to the sale, in 2008, of the 50% stake of Credemassicurazioni to Reale Mutua Assicurazioni; such capital gain could only be posted in 1Q12 as the sale agreement included some put options expired in January 2012. The partnership for the general insurance business between Credem Group and Reale Mutua Assicurazioni was therefore confirmed.
During 1Q12 **loan volumes** grew 1.8% yoy at €19.900 million, confirming the Group support to households and enterprises, with net NPLs ratio at 1.21% and **solid capital ratios** with a core Tier 1[(1)] ratio at 9.24%.

Consolidated Income Statement
Operating Income came €238.7 million compared to €226.5 million in the first quarter 2011 (+5.4% yoy).

In detail, **Interest Margin**[(5)] was up by 2.7% yoy at €115.1 million compared to €112.1 million in the first quarter 2011 because of loan's volumes growth. Negative effects came from a growing cost of funding as a result of the well known tensions on interbanking and bond markets, paired with a repositioning of the liabilities mix on medium to long maturities.

Non Interest Margin[(6)(7)] was €123.6 million, +8% compared to €114.4 million in the first quarter 2011. Growth is due to trading and hedging activity, performed in particular on the bond portfolio. Commissions also performed well (+2.9% yoy); in detail Banking Fees went up 11.3%, while AUM fees went down 3.3% yoy but grew 9.6% qoq.

Operating Costs [4][7] decreased by 0.9% yoy to €154.1 million compared to €155.5 million in the first quarter 2011, with Payroll Costs down 1.0% yoy at €105.5 million and Administrative Expenses at €48.6 million (-0.6% yoy).

Cost/income ratio [8] was 64.6% compared to €68.7% in the first quarter 2011.

Gross Operating Profit reached €84.6 million, +19.2% compared to €71 million in the first quarter 2011. **Amortisation and Depreciation** equalled €7.7 million compared to €7.2 million in the first quarter 2011 (+6.9%).

Net Operating Profit amounted to €76.9 million, +20.5% compared to €63.8 million in the first quarter 2011.

Provisions for Risk and Charges equalled €5.7 million (€2.2 million in the first quarter 2011). **Net Adjustments to Loans** were €22.5 million compared to €6.8 million in the first quarter 2011. This aggregate was penalized, for a total amount of more than €10 million, by a new more restricting rule introduced on Jan 1, 2012, that lowers the inferior threshold for past due loans from 180 to 90 days, as well as by the statistical adjustment of the general provision on performing loans.

Net Extraordinary Income/Charges were €16.1 million (-€1.1 million in the first quarter 2011). The result was also due to a capital gain related to the sale, in 2008, of the 50% stake of Credemassicurazioni to Reale Mutua Assicurazioni; such capital gain could only be posted in 1Q12 as the sale agreement included some put options expired in January 2012.

Profit before Tax was €64.8 million, +20.7% compared to €53.7 million in the first quarter 2011.

Income Taxes were €23.2 million (+0.4% compared to €23.1 million in the first quarter 2011).

Net Profit was €41.6 million, +35.9% compared to €30.6 million in the first quarter 2011.

Consolidated Balance Sheet[9]

Group Customers' Funding at the end of 1Q12 came at €55,100 million, compared to €57,335 million at the end of 1Q11 (-3.9% yoy) and was reduced by a lower saving propensity by families as well as by lower financial markets performances.

Direct Deposits [10], net of repos, were €17,427 million compared to €16,679 million at the end of 1Q11 (+4.5% yoy). Direct Deposits, including repos, were €17,445 million vs €16,737 million at the end of 1Q11 (+4.2% yoy). Bonds and Subordinated Debt were €5,042 million (€3,812 million at the end of 1Q11); repos were €18 million compared to €58 million at the end of 1Q11.

Insurance Reserves [10] grew by 3.1% at €2,532 million compared to €2,456 million at the end of 1Q11.

Indirect Deposits [11] were €35,123 million compared to €38,142 million at the end of 1Q11 (-7.9% yoy). In detail, **AUM** were €15,355 million compared to €16,844 million at the end of 1Q11 (-8.8% yoy); with portfolio management accounts at €3,810 million (-20.9% yoy) and mutual funds and SICAVs at €7,941 million (-8.8% yoy). **Assets under custody** were €19,768 million compared to €21,298 million at the end of 1Q11 (-7.2% yoy).

Loans to customers grew by 1.8% at €19,900 million compared to €19.555 million at the end of 1Q11. **Residential mortgages to households** amounted to €6,258 million (5.5% yoy) with new mortgages sold in the period amounting to €129 million.

Net NPLs ratio, at the end of 1Q12 was 1.21% compared to 1.07% at the end of 1Q11, well below the industry average. **Net Impaired Loans** were €661.2 million (€520.5 million at the end of 1Q11) and represent 3.32% of total loans.

Annualized Cost del risk(3) in 1Q12 was 45 bps (compared to 14 bps in 1Q11 e 27 bps at the end of 2011). This ratio, still abudantly below the industry average, was however penalized by a new more restricting rule introduced on Jan 1, 2012, that lowers the inferior threshold for past due loans from 180 to 90 days, as well as by the statistical adjustment of the general provision on performing loans. Net of these components, the annualized Cost of Risk would have been 25 bps in 1Q12.

Core Tier 1 ratio(1) was 9.24%. **Total capital ratio**(2) was 12.47%.

At the end of 1Q12 Credem's distribution network consisted 559 branches, 41 corporate centres and 51 financial stores with 5,569 employees, 762 financial advisers with mandate, 300 Creacasa agents and 49 agents with exclusive mandate for the "cessione del quinto".

Forecast on operating trends and evolution of the business

The current complexity of the macro picture promotes various degrees of uncertainty about the future perspectives of the business. For this it is difficult to evaluate the future development of the scenario related to sovereign debts and to the actions to be adopted by European countries as well as the future trends of Italian sovereing spreads and capital requirements for the banking systems. To the above mentioned, it should be added the results of last budget laws, the makets volatility (key for investments decisions to be taken by hoseholds) and the enduring deterioration of the economic cycle. Given the current scenario, the Group decided, for the time being, to postpone the release of a new business plan for the next triennium.

Other Information

Yesterday, Moody's reviewed for downgrade the ratings of many Italian banks on the back of an higher risk profile attributed to the adverse macroeconomic environment, higher expected cost of risk and restricted access to financial makets.
In such a scenario, Moody's reviewed also Credito Emiliano's (Credem) ratings, even if Credem's credit quality and profitability are believed to indicate somewhat an higher protection against the deterioration of the macro picture. As a result, new Credem's rating are:

- long-term deposit rating "Baa2" (from "A3");
- bank financial strength rating (BFSR) "D+" (from "C-").

The outlook is "negative", having been removed the previous "rating under review".
The short term rating "P-2" has been affirmed.
The original Moody's press release is available on the agency's website.

On April 16, 2012 the activity of lending based on the "**cessione del quinto"** (loans repaid monthly by the employer of the borrower with instalments equal to one fifth of borrower's salary) started, as previously planned. This channel is managed through a number of agents with exclusive mandate. Key competitive advantage of such structure is the high level of integration and sinergy between agents and the branches' network. Within three years, targets are 5 thousand new clients served by a network of more than 100 agents in more than 100 corners in Credem's branches.

Coherently with its strategy to focus on its core business of commercial bank, while improving the level of its service to customers and rationalizing its back office activities, on May 4, 2012 Credem has signed an agreement with BNP Paribas Securities Services, a wholly-owned subsidiary of the BNP Paribas Group, for the sale of Credem's depository and correspondent banking activities in Italy. An additional agreement has been signed between BNP Paribas Securities Services and Euromobiliare International Fund Sicav, promoted by Credem, for BNP Paribas Securities Services to provide depository bank services in Luxembourg. The preliminary price for the sale of the Credem activities, based on Credem's serviced assets as at 31 December 2011, is estimated at EUR 35 million. The final price will be based on the actual serviced assets upon completion of the transaction. The completion of the transaction, pending authorisation from the relevant authorities and subject to the completion of the procedures provided for by law, is scheduled for the second half of 2012.

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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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Find here attached the consolidated balance sheet and income statement as well as the reclassified consolidated P&L. The unaudited consolidated 1Q11 report will be soon available to the public in due terms.

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

NOTES:
(1) Calculated as Tier I Capital on Risk Weighted Assets
(2) Calculated as Tier Total Capital on Risk Weighted Assets
(3) Calculated as the annualized ratio between Net value adjustments to loans and Loans to customers average principals in the quarter
(4) As requested by the "Circolare Bankit - 15 February 2012" with regard to the accounting treatment of some costs related to human resources, a portion of costs included in "Personnel Costs " amounting to €1.782 million in 2011 schemes has been reclassified to "Other Administrative Costs " for the sake of an effective comparison
(5) Includes dividends from "Available-for-sale financial assets" (minority equity investments) and "Profit/(Loss) from Equity Investments"
(6) Includes Credemvita Operating Income and "Other operating income/charges" net of extraordinary income/expenses
(7) To enhance a better reading of group's performances, the recovery of indirect taxes charged to clientele was deducted either from Non Interes Income (Other Income) and Operating Costs (Other Administrative Expenses)
(8) Calculated as Operating Costs on Operating Income
(9) Following the changes occured to the interbank collateralized market, in item 20 on the liabilities side of balance sheet are accounted €1.3 billion of interbanking credit lines. Comments on "Loans to customers" e "Customers' funding" do not include interbanking credit lines
(10) Direct Deposits include the aggregates referred to the companies belonging to the banking group, while insurance reserves include the Credemvita technical reserves and financial liabilities valued at fair value
(11) Indirect Deposits are exposed at their market value

Reggio Emilia, May 15, 2012

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CREDEM - CONSOLIDATED BALANCE SHEET (€,000)

	Assets	March 31, 2012	December 31, 2011
10.	Cash and cash equivalents	113,965	129,011
20.	Financial assets held for trading	493,582	704,601
30.	Financial assets valued at fair value	929,368	930,084
40.	Available-for-sale financial assets	7,310,216	6,741,545
60.	Due from banks	452,497	833,480
70.	Loans to customers	19,865,479	19,995,136
80.	Hedging derivatives	157,437	122,587
90.	Value adjustments to financial assets subject to macro-hedging (+/-)	52,857	69,100
100.	Equity investments	8,932	14,416
110.	Technical reserves attributable to reinsures	1,692	1,537
120.	Tangible assets	317,302	320,524
130.	Intangible assets	366,759	368,764
	of which: goodwill	287,295	287,295
140.	Tax assets	278,350	325,717
	a) current	57,706	54,456
	b) prepaid	220,644	271,261
150.	Non-current assets & groups of assets being disposed	34,315	
160.	Other assets	616,084	540,806
	Total Assets	**30,998,835**	**31,097,308**

	Liabilities and Shareholders' Equity	March 31, 2012	December 31, 2011
10.	Due to banks	5,717,154	6,460,743
20.	Due to customers	13,600,889	13,446,156
30.	Outstanding securities	4,756,034	4,765,205
40.	Financial liabilities held for trading	288,943	354,450
50.	Financial liabilities valued at fair value	1,238,365	1,257,648
60.	Hedging derivatives	355,517	364,681
70.	Value adj. to financial liabilities subject to macro-hedging (+/-)	64,125	54,838
80.	Tax liabilities	146,048	95,758
	a) current	36,540	22,218
	b) deferred	109,508	73,540
90.	Liabilities referred to group of assets being disposed	121,855	
100.	Other liabilities	1,076,363	908,851
110.	Staff termination indemnity	77,435	78,099
120.	Provisions for risks and charges	107,838	100,702
	a) pensions and similar	1,840	1,843
	b) other provisions	105,998	98,859
130.	Technical reserves	1,598,225	1,558,424
140.	Valuation reserves	-132,601	-320,783
170.	Reserves	1,325,311	1,260,169
180.	Share premium reserve	283,052	283,052
190.	Share capital	332,392	332,392
210.	Minority interests (+/-)	299	297
220.	Profit (Loss) for the period (+/-)	41,591	96,626
	Total Liabilities and Shareholders' Equity	**30,998,835**	**31,097,308**

CREDEM - CONSOLIDATED INCOME STATEMENT (€,000)

		1Q2012	1Q2011
10.	Interests income and similar revenues	228,337	185,451
20.	Interest expense and similar charges	(96,614)	(62,509)
30.	**Interest Margin**	**131,723**	**122,942**
40.	Commission income	115,413	115,786
50.	Commission expense	(24,722)	(25,830)
60.	**Net Commissions**	**90,691**	**89,956**
70.	Dividend and similar revenues	97	24
80.	Net result from trading activities	11,796	10,513
90.	Net result from hedging activities	781	483
100.	Profit (loss) from sale or repurchase of:	24,558	2,683
	b) available-for-sale financial assets	24,285	1,946
	d) financial liabilities	273	737
110.	Net result from financial assets and liabilities valued at fair value	(653)	(4,634)
120.	**Operating Income**	**258,993**	**221,967**
130.	Net value adjustments/write-backs due to impairment of:	(22,467)	(6,847)
	a) loans	(22,664)	(6,184)
	b) available-for-sale financial assets	–	6
	d) other financial transactions	197	(669)
140.	**Net Income from Banking Activities**	**236,526**	**215,120**
150.	Net premiums	64,702	73,304
160.	Other income/expenses from insurance activities	(87,601)	(74,397)
170.	**Net Income from Banking and Insurance Activities**	**213,627**	**214,027**
180.	Administrative costs:	(165,824)	(164,997)
	a) personnel costs	(105,472)	(106,614)
	b) other administrative costs	(60,352)	(58,383)
190.	Net provisions for risks and charges	(5,703)	(2,234)
200.	Net value adjustments/write-backs to tangible assets	(3,840)	(3,892)
210.	Net value adjustments/write-backs to intangible assets	(3,856)	(3,277)
220.	Other operating income/charges	15,570	13,031
230.	**Operating Costs**	**(163,653)**	**(161,369)**
240.	Profit (loss) from equity investments	14,781	930
270.	Profit (loss) from disposal of investments	(1)	66
280.	**Profit (loss) before tax from continuing operations**	**64,754**	**53,654**
290.	Taxes on income from continuing operations	(23,151)	(23,041)
300.	**Profit (loss) after-tax from continuing operations**	**41,603**	**30,613**
320.	**Profit (loss) for the period**	**41,603**	**30,613**
330.	Profit (loss) attributable to minority interests	(12)	(14)
340.	**Profit (loss) attributable to the parent company**	**41,591**	**30,599**

As requested by the "Circolare Bankit - February 15, 2012" with regard to the accounting treatment of some costs related to human resources, a some costs included in "Personnel Costs" in 2011 for an amount of €1.782 thousand, has been reclassified to "Other Administrative Costs ".

CREDEM - RECLASSIFIED CONSOLIDATED INCOME STATEMENT (€million)

	1Q12	1Q11	Var%	FY11
Interest Margin	115,1	112,1	2,7	463,3
Non-Interest Margin	123,6	114,4	8,0	462,6
Operating Income	**238,7**	**226,5**	**5,4**	**925,9**
Personnel Costs	-105,5	-106,6	-1,0	-418,1
Other Administrative Costs	-48,6	-48,9	-0,6	-187,1
Operating Costs	**-154,1**	**-155,5**	**-0,9**	**-605,2**
Gross Operating Profit	**84,6**	**71,0**	**19,2**	**320,7**
Amortisation & Depreciation	-7,7	-7,2	6,9	-30,5
Operating profit	**76,9**	**63,8**	**20,5**	290,2
Provisions for Risks and Charges	-5,7	-2,2	n.s.	-15,3
Extraordinary Income/ Charges	16,1	-1,1	n.s.	-7,1
Net Adjustments to Loans	-22,5	-6,8	230,9	-52,0
Profit before Tax	**64,8**	**53,7**	**20,7**	215,8
Minority Interests	-	-	-	0,1
Income Taxes for the Period	-23,2	-23,1	0,4	-119,1
Profit for the Period	**41,6**	**30,6**	**35,9**	**96,6**

ROE	2.41%	2.49%		5.7%
Interest Margin on Operating Income	51.8%	50.5%		50.0%
Cost/income ratio [8]	64.6%	68.7%		65.4%
tax rate	35.8%	43.0%		55.2%

KEY:

Interest Margin
+ Line 30 Interest margin
+ Line 70 Dividends and similar revenues (solely for the portion relating to dividends of AFS equity securities)
+ Line 240 Profit (Loss) from equity investments
- Interest margin of Abaxbank (2010) and Credemvita

Non-Interest Margin
+ Line 60 Net Commissions
+ Line 80 Net result from trading activities
+ Line 90 Net result from hedging activities
+ Line 100 Profit (Loss) from sale or repurchase excluding profit/loss on equity securities
+ Line 110 Net result from financial assets and liabilities valued at fair value
+ Line 150 Net premiums
+ Line 160 Other income/expenses from insurance activities
+ Line 220 Other operating income/charges (net of extraordinary Lines)
+ Line 70 Dividends and similar revenues (net of the portion relating to dividends of AFS equity securities)
+ Interest margin of Abaxbank (2010) and Credemvita

Operating Profit
+ Operating Income
+ Line 180 Operating costs (personnel costs and other administrative costs)
+ Line 200 Net value adjustments/write-backs to tangible assets
+ Line 210 Net value adjustments/write-backs to intangible assets

Profit before tax
+ Operating Profit
+ Line 190 Provisions for risks and charges
+ Line 130 Net Adjustments for impaired loans and other financial transactions
+ Extraordinary income/charges:

Line 220 Other operating income/charges (only extraordinary Lines - imbalance of extraordinary Lines)
+ Line 100 Profit (Loss) from sale or repurchase for profit/loss on equity securities only
+ Line 130 Net Adjustments to assets available for sale
+ Line 270 Profit (Loss) from disposal of investments
+ Line 310 Profit (Loss) referred to group of assets being disposed net of taxes

This reclassification has been made by also considering non-operational data that cannot be directly deduced from the financial statements and from the notes to the same.