



## PRESS RELEASE

### **CREDEM: THE BOARD OF DIRECTORS APPROVES FIRST QUARTER 2010 GROUP'S CONSOLIDATED RESULTS: NET PROFIT €20.1 MILLION (+73.3%).**

- **Net Consolidated Profit** €20.1 million (+73.3% yoy);
- **Strong capital ratios: core Tier 1** 8.4%, **total capital ratio** 11.5%;
- **Customers' Deposits** +10.6% at €57,894 million;
- **strong growth in AUM volumes** +36.3% at €16,353 million (net inflows €773 million);
- **Operating Costs** down, -3.7%;
- **Creacasa**: 28 new agents mandated to enlarge the network up to 178 units;
- **credit quality confirmed: annualized cost of risk<sup>1</sup>** 0.58%, **net NPLs ratio** 0.81%.

Credem's Board of Directors, chaired by Giorgio Ferrari, approved today 1Q10 individual and consolidated results, that highlight a **strong capital position** (core Tier 1 8.4%), a **credit quality** among the best in the industry (annualized cost of risk<sup>1</sup> 0.58%) and net NPLs ratio at 0.81%. **Net profit for the period** is €20.1 million, +73.3% compared with €11.6 million at the end of 1Q09.

1Q10 trend also shows the AUM business positive evolution, a strong cost reduction and the increase in net commissions. As far as retail lending (mortgage loans and other loans to families), Creacasa (100% controlled by Credem) network has been strengthened with 28 new mandates that increase the total number of Creacasa agents to 178.

#### **Consolidated Income Statement<sup>2</sup>**

**Total Income** is up 3.4% to €229.9 million, compared to €222.3 million, at the end of 1Q09.

In particular, **Net Interest Income<sup>3</sup>** comes at €109.4 million vs. €119.4 million at the end of 1Q09 (-8.4%). The reduction is mostly due to spreads contraction.

**Net Non Interest Income<sup>4</sup>** comes at €120.5 million, up 17.1% if compared to €102.9 million at the end of 1Q09. Asset management and brokerage fees increase 40%; in particular, fees related to discretionary accounts are up 35% and those related to mutual funds and SICAVs are up 43%. Insurance fees are up 30%, brokerage fees on third parties' securities sold to clientele are also growing. Commissions on customers' trading activity are up 12%. Banking fees contribution remains positive (+17%).

**Operating Costs** are down 3.7% at €158.9 million, compared to the €165 million in the first quarter 2009. In particular, Administrative Expenses decrease 7.6% at €57.1 million. Payroll Costs come at €101.8 million (-1.4%).

**Cost/Income Ratio<sup>5</sup>** is 69.1% compared to 74.2% at the end of 1Q09.

**Gross Operating Profit** is €71 million, up 23.9% compared to €57.3 million in the first

quarter 2009. **Depreciation and Amortization** equal €6.8 million vs. €11.2 million in 1Q09 (-39.3%).

**Net Operating Profit** is up 39.3% at €64.2 million compared to €46.1 million in 1Q09.

**Net Provisions for Risk and Charges** equal €0.4 million (€1.4 million in 1Q09). **Net Loans Write-downs** are €25.4 million (€25.7 million in 1Q09, -0.4%).

**Net Extraordinary Income/Expenses** shows a negative impact for €0.7 million (was positive for €0.5 million in 1Q09).

**Pre-tax Profit** equals €37.7 million vs. €19.5 million in 1Q09 (+93.3%).

**Income Taxes** come in at €17.6 million (€7.9 million in 1Q09).

**Net Profit** comes at €20.1 million (€11.6 million in 1Q09, +73.3%).

### Consolidated Balance Sheet

**Group Customers Funding** comes at €57,894 million at the end 1Q10, vs. €52,333 million at the end 1Q09 (+10.6%).

**Direct Deposits and Bonds**, net of repos, are €15,599 million vs. €16,945 million at the end of 1Q09 (-7.9%). Direct deposits, including repos, have reached €15,643 million compared to €18,174 million at 31 March 2009 (-13.9%). In detail, deposits are €12,089 million (€12,904 million at the end of 1Q09). Bonds are €3,510 million (€4,041 million at the end of 1Q09); repos are €44 million vs. €1,229 million at the end of 1Q09.

**Insurance Reserves** growth is 29.5% to €2,449 million vs. €1,891 million at the end of 1Q09.

**Indirect Funding** equals €39,802 million compared to €32,268 million at the end of March 2009 (+23.3%). **Assets Under Management** equals at €16,353 million compared to €12,002 million at the end of 1Q09 (+36.6%). Within this aggregate, discretionary accounts are at €4,764 million (+31.5% yoy), mutual funds and SICAVs are at €9,383 million (+27.7% yoy). **Assets Under Custody** equal €23,449 million compared to €20,266 million at the end of March 2009 (+15.7%).

**Net Cash Loans** to customers come at €17,439 million, +1.2% compared to €17,236 million at 31 March 2009. **Residential Mortgage Loans** are €5,537 million (+9.7%) at the end of March 2009 and inflows come at €171 million (-15%).

**Net NPL ratio** comes in at 0.81% of total loans (0.58% at 31 March 2009 and substantially steady on the 2009 year end level). **Coverage ratio** is 61.8% (61% at the end of March 2009). **Net Total Impaired Loans** equal €511.2 million (€304.5 million at the end of March 2009 and €466.4 million at the end of 2009) and represent 2.93% of total loans.

**Annualized Cost of risk**<sup>1</sup> at the end of March 2010 is 58 bps, below the 1Q09 figure (59 bps) and FY2009 figure (62 bps).

**Shareholders equity**, including net profit, is up to €1,838.3 million (€1,728.7 million at the end of 1Q09).

**Core Tier 1 ratio** is 8.4%. **Total Capital ratio** equals 11.5%.

As at 31 March 2010 Credem's distribution network consists of 567 branches, 42 corporate centres, 53 financial stores with 5,720 employees, 978 financial advisors with mandate and

178 Creacasa agents.

## Other Informations

As for the outlook for the current year, considering that the current scenario is not yet stabilizing, there are no signs of any substantial changes in the macroeconomic trends that affected the previous year. No further negative elements, other than those ones already affecting the current scenario, are expected in the near future.

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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 1Q10 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](http://www.credem.it)

### NOTES:

- 1) calculated as Net Loans Write Downs on Loans average principals in the quarter, multiplied by 4;
- 2) comparative figures reflect the effects of the definitive purchase price allocation PPA referred to Credemvita minority stake acquisition as well as Banco Popolare and Unicredit acquired branches.
- 3) includes dividends from "Financial Assets Available for Sale" and "Profit/(Loss) from Equity Investments";
- 4) includes Abaxbank and Credemvita Total Income and "Other operating income/charges" net of extraordinary income/expenses;
- 5) Calculated as Operating Costs on Total Income.

Reggio Emilia, 13 May 2010

CREDITO EMILIANO SPA  
(The Chairman)  
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**CREDEM - CONSOLIDATED BALANCE SHEET (€,000)**

|      | <b>Assets</b>  | <b>31 March 2010</b> | <b>31 March 2009</b> |
|------|--|----------------------|----------------------|
| 10.  | Cash and balances with central banks                                   | 105,849              | 140,298              |
| 20.  | Financial assets held for trading                                      | 1,288,768            | 1,255,886            |
| 30.  | Financial assets at fair value   | 1,075,824            | 1,084,300            |
| 40.  | Financial assets available for sale                                    | 5,841,618            | 3,757,714            |
| 50.  | Financial assets held to maturity                                      | 601,822              |                      |
| 60.  | Loans and advances to banks  | 731,628              | 1,170,809            |
| 70.  | Loans and advances to customers  | 17,439,186           | 17,535,701           |
| 80.  | Hedging derivatives  | 80,862               | 34,231               |
| 90.  | Net adjustment due to fair value hedge option on financial assets      | 61,529               | 37,917               |
| 100. | Equity investments   | 14,468               | 14,040               |
| 110. | Technical reserves attributable to reinsurers                          | 485                  | 397                  |
| 120. | Tangible assets  | 329,979              | 333,283              |
| 130. | Intangible assets  | 358,687              | 360,851              |
|      | of which: goodwill   | 285,945              | 285,945              |
| 140. | Tax assets   | 185,634              | 184,329              |
|      | a) current   | 76,291               | 76,284               |
|      | b) prepaid   | 109,343              | 108,045              |
| 150. | Non-current assets and groups of assets being disposed                 | 1,047                | 1,047                |
| 160. | Other assets   | 530,661              | 528,238              |
|      | <b>Total Assets</b>  | <b>28,648,047</b>    | <b>26,439,041</b>    |
|      | <b>Liabilities</b>   | <b>31 March 2010</b> | <b>31 March 2009</b> |
| 10.  | Due from banks   | 6,629,468            | 2,394,643            |
| 20.  | Due to customers   | 11,216,080           | 12,691,347           |
| 30.  | Outstanding securities   | 4,033,849            | 5,000,157            |
| 40.  | Financial liabilities held for trading                                 | 539,708              | 521,388              |
| 50.  | Financial liabilities valued at fair value                             | 1,489,261            | 1,488,745            |
| 60.  | Hedging derivatives  | 270,690              | 222,129              |
| 70.  | Net adjustment due to fair value hedge option on financial liabilities | 26,823               | 1,237                |
| 80.  | Tax liabilities  | 140,137              | 127,423              |
|      | a) current   | 79,166               | 69,488               |
|      | b) deferred  | 60,971               | 57,935               |
| 100. | Other liabilities  | 937,568              | 747,509              |
| 110. | Staff termination indemnity  | 88,846               | 90,909               |
| 120. | Provisions for risks and charges                                       | 83,881               | 85,499               |
|      | a) pensions and similar  | 2,005                | 2,007                |
|      | b) other   | 81,876               | 83,492               |
| 130. | Technical reserves   | 1,353,071            | 1,218,044            |
| 140. | Valuation reserves   | -22,674              | -16,560              |
| 170. | Reserves   | 1,225,424            | 1,161,956            |
| 180. | Share premium  | 283,052              | 283,052              |
| 190. | Share capital  | 332,392              | 332,392              |
| 210. | Minority interests   | 364                  | 343                  |
| 220. | Profit /(Loss) for the period  | 20,107               | 88,828               |
|      | <b>Total Liabilities</b>   | <b>28,648,047</b>    | <b>26,439,041</b>    |

Comparative figures reflect the effects of the definitive purchase price allocation PPA referred to Credemvita minority stake acquisition as well as Banco Popolare and Unicredit acquired branches.

**CREDEM - CONSOLIDATED INCOME STATEMENT (€,'000)**

|             |   | <b>1Q2010</b>    | <b>1Q2009</b>    |
|-------------|---|------------------|------------------|
| 10.         | Interests income and similar revenues                                 | 164,397          | 387,963          |
| 20.         | Interest expense and similar charges                                  | (47,535)         | (184,392)        |
| <b>30.</b>  | <b>Interest Margin</b>  | <b>116,862</b>   | <b>203,571</b>   |
| 40.         | Commission income   | 112,107          | 88,421           |
| 50.         | Commission expense  | (21,198)         | (17,628)         |
| <b>60.</b>  | <b>Net Commissions</b>  | <b>90,909</b>    | <b>70,793</b>    |
| 70.         | Dividend and similar revenues   | 40               | 3                |
| 80.         | Net result from trading activities                                    | 396              | (33,186)         |
| 90.         | Net result from hedging activities                                    | (1,379)          | (3,093)          |
| 100.        | Profit (loss) from sale or repurchase of:                             | 10,605           | (3,252)          |
|             | b) available for sale financial assets                                | 10,660           | (3,687)          |
|             | d) financial liabilities  | (55)             | 435              |
| 110.        | Net result from financial assets and liabilities valued at fair value | 4,908            | (28,685)         |
| <b>120.</b> | <b>Operating Income</b>   | <b>222,341</b>   | <b>206,151</b>   |
| 130.        | Net value adjustments/write-backs due to impairment of:               | (25,392)         | (25,858)         |
|             | a) loans  | (25,383)         | (25,696)         |
|             | b) available for sale financial assets                                | -                | 30               |
|             | d) other financial transactions                                       | (9)              | (192)            |
| <b>140.</b> | <b>Net Income from Banking Activities</b>                             | <b>196,949</b>   | <b>180,293</b>   |
| 150.        | Net premiums  | 149,900          | 121,185          |
| 160.        | Other income/expenses from insurance activities                       | (162,750)        | (122,765)        |
| <b>170.</b> | <b>Net Income from Banking and Insurance Activities</b>               | <b>184,099</b>   | <b>178,713</b>   |
| 180.        | Administrative costs:   | (158,926)        | (165,011)        |
|             | a) personnel costs  | (101,779)        | (103,181)        |
|             | b) other administrative costs   | (57,147)         | (61,830)         |
| 190.        | Net provisions for risks and charges                                  | (391)            | (1,400)          |
| 200.        | Net value adjustments/write-backs to tangible assets                  | (3,816)          | (4,904)          |
| 210.        | Net value adjustments/write-backs to intangible assets                | (3,007)          | (6,282)          |
| 220.        | Other operating income/charges  | 19,266           | 18,406           |
| <b>230.</b> | <b>Operating Costs</b>  | <b>(146,874)</b> | <b>(159,191)</b> |
| 240.        | Profit/(loss) from equity investments                                 | 505              | (31)             |
| 270.        | Profit /(loss) from disposal of investments                           | 1                | 14               |
| <b>280.</b> | <b>Profit (loss) before tax from continuing operations</b>            | <b>37,731</b>    | <b>19,505</b>    |
| 290.        | Taxes on income from continuing operations                            | (17,604)         | (7,906)          |
| <b>300.</b> | <b>Profit (loss) after-tax from continuing operations</b>             | <b>20,127</b>    | <b>11,599</b>    |
| <b>320.</b> | <b>Profit (loss) for the period</b>                                   | <b>20,127</b>    | <b>11,599</b>    |
| 330.        | <b>Profit (loss) attributable to minority interests</b>               | (20)             | (10)             |
| <b>340.</b> | <b>Profit (loss) attributable to the parent company</b>               | <b>20,107</b>    | <b>11,589</b>    |

Comparative figures reflect the effects of the definitive purchase price allocation PPA referred to Credemvita minority stake acquisition as well as Banco Popolare and Unicredit acquired branches.

**CREDEM - RECLASSIFIED CONSOLIDATED INCOME STATEMENT (€ million)**

|   | 1Q10          | 1Q09          | %YoY        | FY09          |
|---|---------------|---------------|-------------|---------------|
| Net Interest Income                         | 109.4         | 119.4         | -8.4        | 430.8         |
| Net Non Interest Income                     | 120.5         | 102.9         | 17.1        | 517.8         |
| <b>Total Income</b>                         | <b>229.9</b>  | <b>222.3</b>  | <b>3.4</b>  | <b>948.6</b>  |
| Payroll Costs                               | -101.8        | -103.2        | -1.4        | -424.6        |
| Administrative Expenses                     | -57.1         | -61.8         | -7.6        | -237.2        |
| <b>Operating Costs</b>                      | <b>-158.9</b> | <b>-165.0</b> | <b>-3.7</b> | <b>-661.8</b> |
| <b>Gross Operating Profit</b>               | <b>71.0</b>   | <b>57.3</b>   | <b>23.9</b> | <b>286.8</b>  |
| Depreciation and Amortization               | -6.8          | -11.2         | -39.3       | -29.5         |
| <b>Net Operating Profit</b>                 | <b>64.2</b>   | <b>46.1</b>   | <b>39.3</b> | <b>257.3</b>  |
| Net Provisions for Risks and Charges        | -0.4          | -1.4          | n.a         | -0.4          |
| Net Extraordinary Income/Expenses           | -0.7          | 0.5           | n.a         | 14.3          |
| Net Loans Write-Downs                       | -25.4         | -25.7         | -0.4        | -108.5        |
| <b>Pre-Tax Profit</b>                       | <b>37.7</b>   | <b>19.5</b>   | <b>93.3</b> | <b>162.7</b>  |
| Income Taxes                                | -17.6         | -7.9          | 122.8       | -73.9         |
| <b>Net Profit</b>                           | <b>20.1</b>   | <b>11.6</b>   | <b>73.3</b> | <b>88.8</b>   |
| ROE   | 1.1%          | 0.7%          |             | 5.0%          |
| <i>Net Non Interest Income/Total Income</i> | 52.4%         | 46.3%         |             | 54.6%         |
| <i>Cost/Income ratio</i>                    | 69.1%         | 74.2%         |             | 69.8%         |
| <i>tax rate</i>                             | 46.7%         | 40.7%         |             | 45.4%         |

Comparative figures reflect the effects of the definitive purchase price allocation PPA referred to Credemvita minority stake acquisition as well as Banco Popolare and Unicredit acquired branches.

**Reclassification rules:**

**Net Interest Income**

+ Item 30 + Item 70 (only dividends from minority stakes) + Item 240  
 – Abaxbank Total Income – Credemvita Total Income

**Non Interest Income**

+ Item 60 + Item 70 (only dividends from equity investments) + Item 80 + Item 90  
 + Item 100 + Item 110 + Item 150 + Item 160 + Item 220 (net of extraordinaries)  
 + Abaxbank Total Income + Credemvita Total Income

**Payroll Costs**

Item 180 (only a)

**Administrative Expenses**

Item 180 (only b)

**Depreciation and Amortization**

+ Item 200 + Item 210

**Net Provision for Risk and Charges**

+ Item 190

**Net Loans Write-downs**

+ Item 130

**Net Extraordinary Income/Expenses**

+ Item 100 ((only a) + Item 220 (only extraordinaries)  
 + Item 270

**Income Taxes**

+ Item 290