



CREDEM: THE BOARD OF DIRECTORS APPROVES NINE MONTHS 2010 GROUP'S CONSOLIDATED RESULTS: NET PROFIT €86.7 MILLION (+28.3%).

- **Net Consolidated Profit** €86.7 million (+28.3% yoy);
- **Strong capital ratios: core Tier 1 8.8%, total capital ratio 11.6%;**
- **Net Cash Loans** to customers +6.3% at €17,782 million, new mortgage loans to households in the semester at €677 million;
- **Customers' Deposits** +2.6% at €57,413 million;
- **strong growth in AUM volumes** +17.6% at €16,872 million (new production €1.6 billion);
- **Operating Costs** down yoy 3.2%;
- **credit quality confirmed: annualized cost of risk¹ 29bps, net NPLs ratio 1.01%.**

Credem's Board of Directors, chaired by Giorgio Ferrari, approved today 9M10 individual and consolidated results, that highlight a **net profit for the period²** at €86.7 million, +28.3% compared with €67.6 million of 9M09. Results also confirm a **strong capital position** (core Tier 1 8.8%), a **credit quality** among the best in the industry (annualized cost of risk¹ 29 bps) and net NPLs ratio at 1.01%.

General Manager, **Adolfo Bizzocchi** declared "We are satisfied with Group's lending volumes growth that is 6.3% compared to 9/30/2009. This is a result of specific actions put in place by CREDEM Group to support customers in this difficult macroeconomic environment. We also believe that our capital ratios are very solid and, for the time being, are already in line with Basel III capital requirements".

Consolidated Income Statement

Total Income is down 2% to €697.2 million, compared to €711.1 million, in 9M09.

In particular, **Net Interest Income²** comes at €342.5 million vs. €327.2 million in 9M09 (+4.7%). The further interest rates decrease didn't affect the aggregate's growth, thanks to the adoption of strategies to offset rates descent and the repositioning of funding sources set up to replace institutional bonds maturities.

Net Non Interest Income³ comes at €354.7 million, down 7.6% if compared to €383.9 million in 9M09. Uncertainty and volatility associated with financial markets recent trends impacted negatively on trading performance. On the other hand, though, banking fees as well asset management and brokerage fees increased significantly.

Operating Costs are down 3.2% at €484.3 million, compared to the €500.1 million in 9M09. In particular, Administrative Expenses decrease 6% yoy at €170.4 million. Payroll Costs come at €313.9 million (-1.5% yoy).

Cost/Income Ratio⁴ is 69.5% compared to 70.3% in 9M09.

Gross Operating Profit is €212.9 million, up 0.9% compared to €211 million in 9M09.

Depreciation and Amortization equal €21.5 million vs. €22.2 million in 9M09 (-3.2%).

Net Operating Profit is up 1.4% at €191.4 million compared to €188.8 million in 9M09.

Net Provisions for Risk and Charges equal €1.4 million (the balance was positive for €2.4 million in 9M09). **Net Loans Write-downs** are €38.7 million (€75.2 million in 9M09, -48.5%). The remarkable reduction is a result of the a very conservative approach in provisioning adopted in 2009. In addition to that, the aggregate benefits from the recalculation of cumulated collective adjustments on performing loans, in accordance with group's advanced methodology approach already validated or currently under BoI review.

Net Extraordinary Income/Expenses shows a negative balance for €1.7 million (was positive for €10.5 million in 9M09).

Pre-tax Profit equals €149.6 million vs. €126.5 million in 9M09 (+18.3%).

Income Taxes come in at €62.9 million (€58.9 million in 9M09).

Net Profit for the period comes at €86.7 million (€67.6 million in 9M09, +28.3%).

Consolidated Balance Sheet

Group Customers Funding comes at €57,413 million at the end of 9M10, vs. €55,959 million at the end 9M09 (+2.6%).

Direct Deposits and Bonds, net of repos, are €15,908 million vs. €16,335 million at the end of 9M09 (-2.6%). Direct deposits⁵, including repos, have reached €15,966 million compared to €16,724 million at 30 September 2009 (-4.5%). The aggregate was affected by institutional bonds' maturities and by clientele repositioning on different asset classes. In detail, deposits are €12,771 million (€12,338 million at the end of 9M09). Bonds and subordinates are €3,137 million (€3,997 million at the end of 9M09); repos are €58 million vs. €389 million at the end of 9M09.

Insurance Reserves⁵ growth is 12% to €2,517 million vs. €2,247 million at the end of 9M09.

Indirect Funding equals €38,930 million compared to €36,988 million at the end of September 2009 (+5.3%). **Assets Under Management** equals at €16,872 million compared to €14,352 million at the end of 9M09 (+17.6%). New production is €1,596 million. Within the AUM aggregate, discretionary accounts are at €4,946 million (+20.8% yoy), mutual funds and SICAVs are at €9,161 million (+4.1% yoy). **Assets Under Custody** equal €22,058 million compared to €22,636 million at the end of September 2009 (-2.6%).

Net Cash Loans to customers come at €17,782 million, +6.3% compared to €16,721 million at 30 September 2009. **Residential Mortgage Loans** are €5,687 million (+3.3%) at the end of September 2009 and inflows come at €677 million.

Net NPL ratio on total loans comes in at 1.01% (0.76% at 30 September 2009) while the remarkable reduction in Net Loans Write-downs is a result of the a very conservative approach in impaired loans recognition and provisioning, adopted in 2009. **Coverage ratio is 57.9%** (60.3% at the end of September 2009). **Net Total Impaired Loans** equal €504.7 million (€348.1 million at the end of September 2009 and almost stable compared to €505.6 million at the end of June 2010) and represent 2.84% of total loans.

Annualized Cost of risk¹ at the end of September 2010 is 29 bps, well below 9M09 figure (58 bps) and FY09 figure (62 bps).

Shareholders equity, including net profit, is up to €1,841.5 million (€1,824.4 million at the end of 9M09).

Core Tier 1 capital ratio is 8.8%. **Total Capital ratio** equals 11.6%.

As at 30 September 2010 Credem's distribution network consisted of 563 branches, 42 corporate centers, 53 financial stores with 5,655 employees, 929 financial advisors with mandate and 196 Creacasa agents.

As for the near future, the still uncertain scenario should not cause major changes in expected Group's operating results, in comparison to what occurred during the first nine months of the current year. Anyway, the uncertainty in the macroeconomic environment is expected to continue during next months and this could result in a slight deterioration of the cost of risk compared to the positive result posted in the first part of the year.

Other Information

On 15 October, 2010, CREDEM received the Bank of Italy authorisation to acquire a majority stake (70%) in CREDEM CB Srl, an SPV listed in the "Elenco Generale" as per art. 106 - "TUB", that entered within the perimeter of CREDEM Group consolidation on 25 October, 2010. The acquisition is a significant step needed to realize the to be related to issue securities (Covered Bond), backed by pool of existing residential mortgage loans, up to a total amount of €5 billion. The funds to be raised under the programme will be used for ordinary banking and lending activities. Credem is assisted by Barclays Capital and Societe Generale Corporate & Investment Banking as arrangers for the programme.

Also, in compliance with the new rules issued by Consob deliberation n.17221 taken on 12 March 2010, CREDEM BoD approved, following a positive advice from the "Correlated Parties Board Committee" the new internal code to rule operations with correlated parties, that will be published on the corporate website www.credem.it

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.

Find here attached the consolidated balance sheet and income statement as well as the reclassified consolidated P&L.

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

NOTE:

- 1) calculated as Net Loans Write Downs on Loans average principals in the quarter, divided by 3 and multiplied by 4;
- 2) includes dividends from "Financial Assets Available for Sale" and "Profit/(Loss) from Equity Investments";
- 3) includes Abaxbank and Credemvita Total Income and "Other operating income/charges" net of extraordinary income/expenses;
- 4) Calculated as Operating Costs on Total Income.
- 5) direct deposits & bonds include the contribution of each company belonging to the banking group, while insurance reserves include Credemvita's reserves and financial liabilities valued at fair value.

Reggio Emilia, 11 November 2010

CREDITO EMILIANO SPA
(The Chairman)
Giorgio Ferrari

Contacts:

Media Relations Credem
+39 0522 582075
rel@credem.it

Investor Relations Credem
+39 0522 583029-2785
investor@credem.it

www.credem.it

CREDEM - CONSOLIDATED BALANCE SHEET (€,000)

Assets		30 September 2010	31 December 2009
10	Cash and balances with central banks	110,670	140,298
20	Financial assets held for trading	1,064,812	1,255,886
30	Financial assets at fair value	1,055,124	1,084,300
40	Financial assets available for sale	6,191,019	3,757,714
50	Financial assets held to maturity	601,027	-
60	Loans and advances to banks	801,228	1,170,809
70	Loans and advances to customers	17,781,577	17,535,701
80	Hedging derivatives	99,983	34,231
90	Net adjustment due to fair value hedge option on financial assets	85,765	37,917
100	Equity investments	19,319	14,040
110	Technical reserves attributable to reinsurers	702	397
120	Tangible assets	326,297	333,283
130	Intangible assets	357,746	360,851
	of which: goodwill	285,945	285,945
140	Tax assets	187,179	184,329
	a) current	55,695	76,284
	b) prepaid	131,484	108,045
150	Non-current assets and groups of assets being disposed	1,047	1,047
160	Other assets	526,162	528,238
	Total Assets	29,209,657	26,439,041
Liabilities		30 September 2010	31 December 2009
10	Due from banks	6,595,546	2,394,643
20	Due to customers	12,120,355	12,691,347
30	Outstanding securities	3,462,238	5,000,157
40	Financial liabilities held for trading	540,930	521,388
50	Financial liabilities valued at fair value	1,494,394	1,488,745
60	Hedging derivatives	346,585	222,129
70	Net adjustment due to fair value hedge option on financial liabilities	37,895	1,237
80	Tax liabilities	90,666	127,423
	a) current	30,240	69,488
	b) deferred	60,426	57,935
100	Other liabilities	1,120,590	747,509
110	Staff termination indemnity	88,610	90,909
120	Provisions for risks and charges	63,613	85,499
	a) pensions and similar	1,997	2,007
	b) other	61,616	83,492
130	Technical reserves	1,406,466	1,218,044
140	Valuation reserves	-87,361	-16,560
170	Reserves	1,226,726	1,161,956
180	Share premium	283,052	283,052
190	Share capital	332,392	332,392
210	Minority interests	251	343
220	Profit /(Loss) for the period	86,709	88,828
	Total Liabilities	29,209,657	26,439,041

CREDEM - CONSOLIDATED INCOME STATEMENT (€,000)

		9M2010	9M2009
10	Interests income and similar revenues	511,580	838,908
20	Interest expense and similar charges	(131,676)	(331,420)
30	Interest Margin	379,904	507,488
40	Commission income	346,456	283,540
50	Commission expense	(67,631)	(57,507)
60	Net Commissions	278,825	226,033
70	Dividend and similar revenues	1,351	1,749
80	Net result from trading activities	3,117	(91,809)
90	Net result from hedging activities	(3,589)	3,536
100	Profit (loss) from sale or repurchase of:	12,296	51,283
	a) loans	-	(6,104)
	b) available for sale financial assets	12,477	39,440
	d) financial liabilities	(181)	17,947
110	Net result from financial assets and liabilities valued at fair value	1,587	(10,595)
120	Operating Income	673,491	687,685
130	Net value adjustments/write-backs due to impairment of:	(38,710)	(75,156)
	a) loans	(39,068)	(75,041)
	d) other financial transactions	358	(115)
140	Net Income from Banking Activities	634,781	612,529
150	Net premiums	277,994	439,607
160	Other income/expenses from insurance activities	(298,730)	(444,625)
170	Net Income from Banking and Insurance Activities	614,045	607,511
180	Administrative costs:	(484,319)	(500,138)
	a) personnel costs	(313,917)	(318,821)
	b) other administrative costs	(170,402)	(181,317)
190	Net provisions for risks and charges	(1,383)	2,408
200	Net value adjustments/write-backs to tangible assets	(11,530)	(11,805)
210	Net value adjustments/write-backs to intangible assets	(9,908)	(10,375)
220	Other operating income/charges	42,055	39,583
230	Operating Costs	(465,085)	(480,327)
240	Profit/(loss) from equity investments	639	(829)
270	Profit/(loss) from disposal of investments	(5)	154
280	Profit (loss) before tax from continuing operations	149,594	126,509
290	Taxes on income from continuing operations	(62,846)	(58,894)
300	Profit (loss) after-tax from continuing operations	86,748	67,615
320	Profit (loss) for the period	86,748	67,615
330	Profit (loss) attributable to minority interests	(39)	(43)
340	Profit (loss) attributable to the parent company	86,709	67,572

CREDEM - RECLASSIFIED CONSOLIDATED INCOME STATEMENT (€million)

	3Q09	9M09	FY09	1Q10	2Q10	3Q10	9M10	Var% 9M10- 9M09
Net Interest Income	112.9	327.2	430.8	109.4	121.5	111.6	342.5	+4.7%
Net Non Interest Income	149.6	383.9	517.8	120.5	109.6	124.6	354.7	-7.6%
Total Income	262.5	711.1	948.6	229.9	231.1	236.2	697.2	-2.0%
Payroll Costs	-112.4	-318.8	-424.6	-101.8	-106.0	-106.1	-313.9	-1.5%
Administrative Expenses	-59.5	-181.3	-237.2	-57.1	-55.6	-57.7	-170.4	-6.0%
Operating Costs	-171.9	-500.1	-661.8	-158.9	-161.6	-163.8	-484.3	-3.2%
Gross Operating Profit	90.6	211.0	286.8	71.0	69.5	72.4	212.9	+0.9%
Depreciation and Amortization	-7.9	-22.2	-29.5	-6.8	-7.1	-7.6	-21.5	-3.2%
Net Operating Profit	82.7	188.8	257.3	64.2	62.4	64.8	191.4	+1.4%
Net Provisions for Risks and Charges	10.2	2.4	-0.4	-0.4	-0.9	-0.1	-1.4	na
Net Extraordinary Income/Expenses	1.3	10.5	14.3	-0.7	-1.0	0.0	-1.7	na
Net Loans Write-Downs	-14.3	-75.2	-108.5	-25.4	-3.8	-9.5	-38.7	-48.5%
Pre-Tax Profit	79.9	126.5	162.7	37.7	56.7	55.2	149.6	+18.3%
Income Taxes	-36.7	-58.9	-73.9	-17.6	-23.4	-21.9	-62.9	+6.8%
Net Profit	43.2	67.6	88.8	20.1	33.3	33.3	86.7	+28.3%

Depreciation and Amortization amount in 3Q09 is the result of changed D&A charges adopted

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 extraordinary)
 + 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 extraordinary)
 + Item 270

Income Taxes

+ Item 290