

PRESS RELEASE**CREDEM: THE BOARD OF DIRECTORS CALLS THE EXTRAORDINARY SHAREHOLDERS' MEETING TO RESOLVE ON PROPOSED CAPITAL INCREASE AND APPROVES 1Q08 GROUP'S RESULTS.**

- **Extraordinary Shareholders' Meeting** called on 26 June 2008 to grant powers to the Board of Directors to increase share capital in option, up to an amount of €500 million, in one or more instalments within a period not exceeding 5 years from the date the Shareholders' Meeting resolution is passed. The powers in connection of the first instalment are expected to be exercised within July 2008, for an amount of circa €250 million. The capital increase is aimed to support the deals in which the Credem Group is currently involved, as well as future potential opportunities, with the purpose of expanding its distribution capacity.
- Approved today 1Q08 results¹:
 - **Consolidated net profit** in 1Q08 at €47.4 million (€55.2 million in 1Q07)
 - **Customers lending** (net of repos) +9.1% at €16,083 million (vs. €14,732 million at 31 March 2007);
 - **Total Customers Fundings** at €56,699 million versus €60,318 million (-6.0%) at 31 March 2007 (**Direct Deposits**, net of repos, up by 6.7% at €19,111 million vs. €17,915 million at 31 March 2007)
 - **Total Income** at €237.3 million in 1Q08 versus €257.4 million in 1Q07 (-7.8%)
 - **Net NPL ratio** at 0.30% of total loans (0.23% in the same period of 2007) confirming excellent credit quality;
 - **Tier 1 Capital Ratio** 7.7%, **Total Capital Ratio** at 8.7%;
 - **Cost/income**² to 67.6% (59.6% in 1Q07).

Today, Credem's Board of Directors, chaired by Giorgio Ferrari, resolved to proposed to the Extraordinary Shareholders' Meeting, called on 26 June 2008, to grant powers to the Board of Directors to increase share capital, through payment in cash, in one or more instalments within a period not exceeding 5 years from the date the Shareholders' Meeting resolution is passed, up to an amount of €500 million (including share premium). The rights issue will be realized by issuing ordinary shares (at a nominal value of 1€ each), with a subscription right offered to those entitled. The Board will have the broadest faculty of determine from time to time procedures, terms and conditions of each transaction, including the issue share price (including any share premium) and entitlement to dividends.

The powers in connection of the first instalment are expected to be exercised within July 2008, for an amount of circa €250 million. The transaction is aimed to maintain the current high level of capital ratios even during the expansion strategy that the Group is now implementing by means of acquisition deals involving branches and distribution networks. On the other hand, the exercise of powers in connection with the remaining €250 million is aimed, associated with a longer term perspective, to allow the Group to meet its further potential expansion targets.

¹ On 1Q08 accounts, Credemvita is consolidated line by line 50%, therefore, for a correct comparison of aggregates, 1Q07 consolidated accounts have been restated accordingly, including company contribution. During 2007 Euromobiliare Sim was disposed, hence 1Q07 accounts has been restated to excludes company contribution.

² Calculated as operating costs on total income;

As for the above mentioned first instalment of the capital increase, Credemholding, Credem's majority shareholder, declared its availability to take up its portion of rights issue increase (circa 73%), as well as any share remained unsubscribed at the end of the offer.

In relation with the share capital increase, Credem is assisted by Rothschild as a financial advisor.

The Board of Directors also approved today 1Q08 individual and consolidated results.

1Q08 RESULTS

Consolidated income statement at 31 March 2008

As at 31 March 2008, Credem presents a consolidated net profit of €47.4 million (-14.1% vs. €55.2 million in 1Q07), due to the lower contribution of Non Interest Income, primarily affected by the negative trend of financial markets.

Total Revenues was €237.3 million in 1Q08, compared to €257.4 million in 1Q07 (-7.8%). In particular, **Net interest income**³ is up by 16.2% at €145.4 million vs. €125.1 million in 1Q07 mostly due to volumes increase. **Non interest income**⁴ is down 30.5% at €91.9 million (€132.3 million in 1Q07). Commission are down 10.7%. More specifically, banking services and AUM commissions decrease 18% mostly due to asset management negative trend. Brokerage fees on behalf of clientele is declining because of the current scenario on financial markets. Market trends also impact both prop trading income and trading to clientele as customers' preferences are toward simple and conservative investments.

Operating costs in 1Q08 equal €160.5 million (+4.6% compared to the €153.4 million in 1Q07). In particular, personnel expenses were €99.9 million (+4.3%), while administrative expenses were €60.6 million (+5.2%). **Cost/income** comes in at 67.6% vs. 59.6% at 2006.

Gross Operating Income in 1Q08 is down by 26.2% to €76.8 million compared to €104.0 million in 1Q07. Amortization and depreciation equal €8.1 million vs. €6.7 million in 1Q07.

Net Operating Income is at €68.7 million, down by 29.4% compared to the €97.3 million in 1Q07.

Provisions for risk and charges impact the Income Statement positively for €4.4 million due to use of funds previously provisioned in excess. **Net loan writedowns** are €10.0 million in 1Q08 (€6.0 million in 1Q07).

Net extraordinary items in 1Q08, are negative for €0.2 million (versus a positive balance of €2.0 million in 1Q07).

Pre-tax profit in 1Q08 is €62.9 million (-32.4%) versus €93.0 at the end of March 2007.

Income taxes amount to €15.5 million in 1Q08 (€37.8 million in 1Q07).

Consolidated balance sheet at 31 March 2008

Group Customers Fundings was €56,699 million at 31 March 2008, vs. €60,318 million at the end of 1Q07. In particular, **Direct Deposits**, net of repos, are up by 6.7% to €19,111 million vs. €17,915 million at the end of March 2007 (Direct Deposits including repurchase

³ comprehensive of dividends of financials activities held for sale (non qualified participations) and gain/losses from consolidated partecipations calculated with the net equity method.

⁴ Comprehensive of the total income of Abaxbank and Credemvita and the item "other operating income/charges" net of extraordinary income/charges.

agreements have reached €19,635 million compared with €18,970 million at the end of 1Q07, +3.5%). In detail, sight deposits have climbed by 16.4% to €14,010 million (€12,035 million at the end of 1Q07). Bonds decreased 13.2% to €5,101 million (€5,880 million at the end of 1Q07). Repurchase agreements are at €524 million vs. €1,055 million in the same period of 2007 (-50.3%).

Indirect Fundings at the end of 1Q08 were €37,064 million compared to €41,348 million at the end of 1Q07 (-10.4%). **Assets Under Management** equalled €13,765 million compared to €15,330 million at the end of March 2007 (-10.3%). In particular, Discretionary Accounts are at €4,923 million (-20.2%). Mutual Funds are down by 23.1% to €4,518 million while Sicavs grew by 34.3% to €3,836 million. **Assets Under Custody** at the end of March 2008 is down by 10.4% to €23,308 million compared to €26,018 million at the end of 1Q07. In detail, AUC of retail customers is €12,769 million, down 4.3% compared to €13,349 million at the end of March 2007.

Net Cash Loans, net of repurchase agreements, to customers rose by 9.1% to €16,083 million at the end of 1Q08 (€14,732 million at the end of 1Q07), while the increase, including repurchase agreements, was 10.2% (€16,275 million at the end of 1Q07 versus €14,768 million at the end of 1Q07).

At the end of 1Q08 **Total Mortgage Loans** were more than €4.7 billion (+6.8%).

Net NPL ratio comes in at 0.30% of total loans (0.23% in the same period of 2007) confirming the excellent credit quality. **Coverage Ratio** is 64.1% (60.2% at the end of 1Q07). **Total Net Problem Loans** equal €161.4 million (€110.6 million at the end of 1Q07) increasing in absolute terms but remaining within reasonably low limits in percentage terms.

Shareholders equity, including net profit, is up to €1,468.1 million (€1,340.0 million at the end of 1Q07).

Tier 1 Capital Ratio is 7.7%. **Total Capital Ratio** is 8.7%.

As at 31 March 2008 Credem's distribution network consisted of 505 branches, 42 corporate centres, 66 financial stores with 5,303 employees and 844 financial advisors with mandate.

As for 2008 perspectives, loans should show a positive trend, even if at a slower pace compared with previous years.

Regarding the current profitability trend, 2008 first signals confirm the positive contribution of interest income and the difficulties of the asset management sector as well as prop trading.

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 Income Statement and the reclassified Income Statement.

Reggio Emilia, 15 May 2008

CREDITO EMILIANO SPA
(Chairman)
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Consolidated Balance Sheet (€,000)

Assets		31.3.2008	31.12.2007
10.	Cash and Balances with Central Banks	90,525	152,071
20.	Financial assets held for trading	4,926,074	4,690,986
30.	Financial assets at fair value	1,711,360	467,257
40.	Financial assets available for sale	1,054,041	283,711
60.	Loans and advances to banks	3,903,041	3,637,378
70.	Loans and advances to customers	16,275,184	15,763,047
80.	Hedging derivatives	25,908	14,154
110.	Actuarial Reserves	12,762	40,555
100.	Equity investments	71	-
120.	Property plant and equipment	327,839	331,783
130.	Intangible assets	43,081	56,559
	of which:		
	goodwill	22,303	31,187
140.	Tax assets	108,869	155,374
	a) current	83,454	102,029
	b) prepaid	192,323	53,345
150.	Non-current assets to be dismissed	12,086	2,026
160.	Other assets	559,042	637,629
	Total assets	29,155,640	26,232,530

Consolidated Balance Sheet (€,000)

Liabilities		31.3.2008	31.12.2007
10.	Deposits from banks	4,837,044	4,735,665
20.	Deposits from customers	10,686,591	11,239,911
30.	Debt securities in issue	6,190,273	5,181,496
40.	Financial liabilities held for trading	1,696,470	1,468,618
50.	Financial liabilities at fair value	2,065,968	844,145
60.	Hedging derivatives	35,973	19,453
80.	Tax liabilities	271,410	247,959
	a) current	150,089	113,712
	b) deferred	121,321	134,247
100.	Other liabilities	1,051,981	784,478
110.	Provision for severance indemnities	84,890	87,494
120.	Provisions for risks and charges:	74,614	80,811
	a) pensions and similar liabilities	1,542	1,544
	b) other	73,072	79,267
130.	Actuarial Reserves	692,109	-
140.	Revaluation reserves	53,451	69,086
170.	Reserves	1,001,926	858,467
180.	Share premium	83,051	83,051
190.	Share capital	282,327	282,327
210.	Minority interests	208	206
220.	Net profit (loss) for the period	47,354	249,363
Total equity and liabilities		29,155,640	26,232,530

Consolidated Income Statement (€,'000)

		31.3.2008	31.3.2007
10.	Interests and similar incomes	337,504	299,166
20.	Interest expenses and similar charges	(194,489)	(184,523)
30.	Net interest income	143,015	114,643
40.	Fee and commission income	97,775	122,951
50.	Fee and commission expense	(18,532)	(20,909)
60.	Net fee and commission income	79,243	102,042
70.	Dividend and similar income	239	72
80.	Net trading income	(7,236)	49,263
90.	Hedging activity income	1,631	106
100.	Gains (losses) on disposal or repurchase of:	416	2,616
	b) financial assets available for sale	300	2,564
	d) financial liabilities	116	52
110.	Net change in value of financial a/l at fair value	12,838	(5,583)
120.	Total income	230,146	263,159
130.	Net impairment adjustments on:	(10,072)	(5,951)
	a) loans and advances	(10,184)	(5,950)
	d) other financial assets	112	(1)
140.	Net income from financial activities	220,074	257,208
150.	Net insurance premium	9,407	-
160.	Other operating income (charges) from insurance activities	(16,842)	-
170.	Net Income from insurance activities	212,639	257,208
180.	Administrative expenses:	(160,470)	(160,309)
	a) payroll	(99,925)	(100,959)
	b) other	(60,545)	(59,350)
190.	Net increases in provisions for risks and charges	4,404	(279)
200.	Net adjustments to property, plant and equipment	(4,392)	(4,241)
210.	Net adjustments to intangible assets	(3,681)	(2,457)
220.	Other operating income (charges)	14,316	11,599
230.	Operating costs	(149,823)	(155,687)
240.	Share of profit (loss) from equity stakes	202	1,866
270.	Share of profit (loss) from sale of investments	(74)	9
280.	Profit (loss) from current operations before	62,944	103,396
290.	Income taxes on current operations	(15,588)	(41,422)
300.	Profit (loss) from current operations after	47,356	61,974
320.	Net profit (loss) for the period	47,356	61,974
330.	Minority interests	(2)	(2,066)
340.	Net profit (loss) for the period attributable to the parent bank	47,354	59,908

Consolidated reclassified income statement (€,million)

	1Q08	1Q07	change %/y/y	FY07
Net Interest Income	145.4	125.1	16.2	534.5
Non Interest Income	91.9	132.3	-30.5	471.0
Total Income	237.3	257.4	-7.8	1,005.5
Payroll Expenses	-99.9	-95.8	4.3	-383.9
Administrative Expenses	-60.6	-57.6	5.2	-234.3
Operating Costs	-160.5	-153.4	4.6	-618.2
EBITDA	76.8	104.0	-26.2	387.3
Depreciation and Amortization	-8.1	-6.7	20.9	-30.8
EBIT	68.7	97.3	-29.4	356.5
Net Provisions for Risks and Charges	4.4	-0.3		-20.6
Extraordinary Income/Expenses	-0.2	2.0		41.5
Net Loans Adjustments	-10.0	-6.0		-53.2
Pre-Tax Profit	62.9	93.0	-32.4	324.2
Minority Interests	0.0	0.0		0.0
Income Taxes	-15.5	-37.8	-59.0	-74.8
Net Profit	47.4	55.2	-14.1	249.4

Reclassification:

Net Interest income

+ Item 30 + Item 240 + Item 70 dividends and similar incomes (on stakes dividends) - Abaxbank Total Income - Credemvita Total Income

Non Interest Income

+ Item 60 + Item 70 (net of stake dividends)+ Item 80 + Item 90 + Item 110 + Item 150 + Item 160 + Item 220 (net of extraordinary components) + Abaxbank Total Income - Credemvita Total Income

Total Income

Net Interest income+ Non interest income

Operating Costs

+ Item 180

EBITDA

(Total income - Operative costs)

Depreciation and Amortization

+ Item 200+ Item 210

EBIT

(Ebitda - Depreciation and Amortization)

Net Provisions for Risk and Charges

+ Item 190

Net Loans Adjustment

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

Extraordinary Income/Expenses

+ Item 100 ("a" and "b" and "c")+ Item 130 ("b" and "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/Expenses)

Note:

On 1Q08 accounts, Credemvita is consolidated line by line at 50%,therefore, for a correct comparison of aggregates, 1Q07 consolidated income statement has been restated accordingly, including company contribution.

During 2007 Euromobiliare Sim was disposed, hence 1Q07 income statement has been restated to excludes company contribution.