

PRESS RELEASE**CREDEM, THE BOARD OF DIRECTORS APPROVES GROUP'S RESULTS AT 30 SEPTEMBER 2008: NET PROFIT AT €168.4 MILLION (+5.8%)¹**

- **Consolidated net profit** +5.8% in 9M08 at €168.4 million (€159.2 million in 9M07)
- **Customers lending** (net of repos) +12.8% at €17,201 million (vs. €15,253 million at 30 September 2007);
- **Direct Deposits** net of repos, up by 13.5% at €21,498 million (vs. € 18,945 million at 30 September 2007);
- **Total Income** at €757.6 million in 9M08 versus €762 million in 9M07 (-0.6%);
- **Operating profit** -4.9% at €262.2 million versus €275.6 million in the same period of 2007;
- **Net NPL ratio** at 0.4% of total loans (0.23% in the same period of 2007);
- **Tier 1 Capital Ratio** 7.06%. **Total Capital Ratio** at 8.92%;
- **Cost/income**² to 62.1% (60.9% in 9M07);
- Closing of the agreement with Banco Popolare for the acquisition of 33 branches;
- **14 branches** opened since the beginning of the year;

Today, Credem's Board of Directors, chaired by Giorgio Ferrari, approved the 9M08 individual and consolidated results. The group continues, coherently with the main guidelines of the business plan 2008-2010, the exploitation of recent investments through the integration of acquired business lines and through the full potential strengthening of the 70 new branches opened in the triennium.

Consolidated income statement at 30 September 2008

As at 30 September 2008, Credem presents a consolidated net profit of €168.4 million (5.8% vs, €159.2 million in 9M07).

Total Revenues were €757.6 million in 9M08, compared to €762.0 million in 9M07 (-0.6%). In particular, **Net interest income**³ is up by 10.1% at €427.7 million vs, €388.5 million in

¹relatively 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,

² calculated as operating costs on total income;

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

9M07 mostly due to volumes increase. **Non interest income**⁴ is down 11.7% at €329.9 million (€373.5 million in 9M07). The aggregate is affected by the current scenario on financial markets which impact either trading and hedging activity and commissions of brokerage and asset management; in particular the downturn affected contribution of discretionary accounts, mutual fund and Sicav's and negotiation on behalf of third parties. Banking services contribution are substantially stable.

Operating costs in 9M08 equal €470.4 million (+1.3% compared to the €464.4 million in 3Q07). This increase refers to personnel expenses, branch opening and branches' staff strengthening. In detail, personnel expenses were €291.6 million (+3.3%), while administrative expenses were €178.8 million (-1.8%). In September 2007, personnel expenses, an extraordinary component, due to termination indemnity recalculation, positively impacted for €6.6 million; without this item personnel expenses would grow slower (1.1%) and operative costs would remain stable.

Cost/income comes in at 62.1% vs, 60.9% in the same period of 2007.

Gross Operating Income in 9M08 is down by 3.5% to €287.2 million compared to €297.6 million in 9M07. Amortization and depreciation amount to €25.0 million vs, €22.0 million in 9M07 (+13.6%).

Net Operating Income is at €262.2 million, down by 4.9% compared to the €275.6 million in 9M07.

Provisions for risk and charges are at €2.8 million. **Net loan writedowns** are €52.5 million in 9M08 (€25.5 million in 9M07).

Net extraordinary items in 9M08, are negative for €3.1 million (versus a positive balance of €9.8 million in 9M07).

Pre-tax profit in 9M08 is €203.8 million (-21.6%) versus €260.1 at the end of September 2007.

Income taxes amount to €35.4 million in 9M08 (€100.9 million in 9M07). 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.

The Group Net profit at the end of September 2008, equals to €168.4 million, was positively affected for €9.5 million by the effect of IAS 39 amendments.

Consolidated balance sheet at 30 September 2008 ⁽¹⁾

Total Customers Fundings were €55,281 million at 30 September 2008, vs, €57,729 million at the end of 9M07 (-4.2%).

Direct Customer Deposits, including repurchase agreements are up by 13.5% at €21,498 million vs. €18,845 million at the end of 9M07 (the same item, net of repos, +8.4% to €19,668 million vs. €18,138 million at the end of September 2007). In detail, sight deposits climb by 13.7% to €14,393 million (€12,664 million at the end of 3Q07). Bonds and subordinated debts are down by 3.6% at €5,275 million (€5,474 million at the end of 9M07). Repurchase agreements are at €1,830 million vs. €807.0 million in the same period of 2007. Insurance deposits are at €1,887 million vs €2,070 million in the same period of 2007 (-9.3%).

⁴ comprehensive of the total income of Abaxbank and the item "other operating income/charges" net of extraordinary income/charges,

Indirect Fundings at the end of 9M08 were €33,784 million compared to €38,784 million at the end of 9M07 (-12.9%). **Assets Under Management** amount to €12,402 million compared to €14,624 million at the end of September 2007 (-15.2%). In particular, Discretionary Accounts are at €4,770 million (-13.5%), Mutual Funds are down by 26.1% to €3,957 million while Sicavs are down by 3.6% to €3,278 million. **Assets Under Custody** at the end of September 2008 is down by 11,5% to €21,381 million compared to €24.160 million at the end of 9M07.

Cash Loans, net of repurchase agreements to customers were down by 12.8% to €17,201 million at the end of 9M08 (€15,253 million at the end of 9M07), while the increase, including repurchase agreements, was 10.0% (€17,201 million at the end of 3Q08 versus €15,636 million at the end of 9M07). Lending growth mainly regarded short term lending (+14.7%) representing circa 44% of total lending. At the end of 9M08 **Total Mortgage Loans** stock was more than €5.0 billion (+8.1%) and €630 million disbursements (-16.1%).

Net NPL ratio comes in at 0.40% of total loans (0.23% in the same period of 2007). **Coverage Ratio** is 63.0% (63.1% at the end of 9M07). **Total Net Problem Loans** equal €254.3 million (€145.9 million at the end of 9M07), representing 1.48% of total loans.

Shareholders' equity, including net profit, comes at €1,586 million (€1,476.1 million in 9M07).

Tier 1 Capital Ratio is 7.06%. **Total Capital Ratio** is 8.92% (elaboration methodology FIRB-Basilea2 compliant). These ratios include share of capital increase already subscribed and they come at adequate levels within this dimensional growth phase of the Group.

As at 30 September 2008 Credem's distribution network consisted of 549 branches, 42 corporate centres, 55 financial stores with 5,760 employees and 976 financial advisors with mandate.

Other informations

Since the beginning of 2008 Credem's distribution network was further strengthened through 14 new openings.

On August the 28th Credem closed the agreement for the acquisition from Banca Popolare di Verona e S.Geminiano e S.Prospero (Banco Popolare Group) of 33 branches and 2 corporate centers as well as the structures supporting the commercial activity (retail, Sme's e corporate). The deal, which was closed on August the 28th, provides for the complete transfert of more than 220 employees. The closing of agreement for the acquisition of 34 branches from Unicredit Group, is also scheduled for the end 2008.

On November the 5th, Credem communicated the closing of the in option offer of ordinary shares of the rights issue, in order to finance the distribution network development plan deliberated by General Shareholders' Meeting on July the 3rd 2008 and October the 8th. The offer represents the first tranche of capital increase, through payment in cash for an amount of €249.3 million through issue of 49,858,815 ordinary shares, to be offered with a subscription right to CREDEM shareholders. During the offer period started on October the 13th and ended on November the 3rd, 212,290,152 rights were executed and consequently 37,462,968 ordinary shares were subscribed, for an amount of € 187,314,840. In particular, Credem's main shareholder, Credemholding, has completely executed its own option right and, consequently, subscribed its share of the capital increase correspondent to 36,468,978 ordinary shares, the 74.14% of the capital increase.

Negotiations on the market of rights in option correspondent to ordinary shares non executed, are still in place (until tomorrow November the 14th), Credemholding committed itself to

subscribe all the remaining unsubscribed ordinary shares correspondent to rights eventually not executed at the closing of the offer on the market.

On October the 24th, Credemholding, Credem's main shareholder, declared the execution of its capital increase for a total amount of €109.9 million, deliberated by Shareholders' meeting June the 26th 2008. Capital increase was completely executed through the subscription of the 1,830,983 shares offered, dedicated to the strengthening of Credem's distribution network.

Credemholding's Board of Directors has deliberated the starting of a rationalization project of the activities of Euromobiliare Alternative Investments Sgr and Euromobiliare Asset Management Sgr.

The project will examine the possibility of concentrating the whole activities of both the companies in a single structure of the Group with the objective of improving the management efficiency and the range of offered products.

Once the feasibility study is completed, the project will be examined by Bank of Italy for the obtaining of mandatory administrative authorizations. The entire procedures are expected to end within the second semester of 2009.

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.

Reggio Emilia, 13 November 2008

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Consolidated Balance Sheet (€.000)

	Assets	9.30.2008	12.31.2007
10.	Cash and Balances with Central Banks	96,873	152,071
20.	Financial assets held for trading	5,299,712	4,690,986

30.	Financial assets at fair value	1,486,592	467,257
40.	Financial assets available for sale	1,956,516	283,711
60.	Loans and advances to banks	2,859,126	3,637,378
70.	Loans and advances to customers	17,201,336	15,763,047
80.	Hedging derivatives	145,628	14,154
100.	Equity investments	20,323	40,555
110.	Actuarial Reserves	183	-
120.	Property plant and equipment	327,053	331,783
130.	Intangible assets	245,458	56,559
	of which:		
	goodwill	223,252	31,187
140.	Tax assets	170,285	155,374
	a) current	100,867	102,029
	b) prepaid	69,418	53,345
150.	Non-current assets to be dismissed	2,026	2,026
160.	Other assets	676,717	637,629
	Total assets	30,487,828	26,232,530

Consolidated Balance Sheet (€,000)

	Liabilities	9.30.2008	12.31.2007
10.	Deposits from banks	4,433,478	4,735,665
20.	Deposits from customers	12,506,150	11,239,911
30.	Debt securities in issue	6,804,114	5,181,496
40.	Financial liabilities held for trading	1,548,294	1,468,618
50.	Financial liabilities at fair value	1,512,095	844,145
60.	Hedging derivatives	27,702	19,453
80.	Tax liabilities	117,887	247,959
	a) current	61,602	113,712
	b) deferred	56,285	134,247
100.	Other liabilities	1,080,200	784,478
110.	Provision for severance indemnities	91,092	87,494
120.	Provisions for risks and charges:	105,330	80,811
	a) pensions and similar liabilities	1,539	1,544
	b) other	103,791	79,267
130.	Actuarial Reserves	675,245	-
140.	Revaluation reserves	49,997	69,086
170.	Reserves	1,000,957	858,467
180.	Share premium	84,096	83,051
190.	Share capital	282,533	282,327
210.	Minority interests	211	206
220.	Net profit (loss) for the period	168,447	249,363
	Total equity and liabilities	30,487,828	26,232,530

Consolidated Income Statement (€,'000)

		9.30.2008	9.30.2007
10.	Interests and similar incomes	1,083,894	958,671
20.	Interest expenses and similar charges	(616,103)	(604,327)
30.	Net interest income	467,791	354,344
40.	Fee and commission income	279,321	374,554
50.	Fee and commission expense	(57,745)	(63,539)
60.	Net fee and commission income	221,576	311,015
70.	Dividend and similar income	338,310	274,361
80.	Net trading income	(318,810)	(180,833)
90.	Hedging activity income	1,932	11
100.	Gains (losses) on disposal or repurchase of:	1,106	11,360
	a) credits	238	11,193
	b) financial assets available for sale	868	167
	d) financial liabilities	26,393	4,216
110.	Net change in value of financial a/l at fair value	738,298	774,474
120.	Total income	(52,545)	(25,478)
130.	Net impairment adjustments on:	(52,687)	(25,364)
	a) loans and advances	16	-
	d) other financial assets	126	(114)
140.	Net income from financial activities	685,753	748,996
150.	Net insurance premium	49,055	-
160.	Other operating income (charges) from insurance activities	(75,928)	-
170.	Net Income from insurance activities	658,880	748,996
180.	Administrative expenses:	(470,384)	(485,087)
	a) payroll	(291,573)	(298,083)
	b) other	(178,811)	(187,004)
190.	Net increases in provisions for risks and charges	(2,791)	207
200.	Net adjustments to property, plant and equipment	(13,780)	(13,524)
210.	Net adjustments to intangible assets	(11,248)	(8,499)
220.	Other operating income (charges)	41,786	43,038
230.	Operating costs	(456,417)	(463,865)
240.	Share of profit (loss) from equity stakes	1,444	5,657
270.	Share of profit (loss) from sale of investments	(103)	(245)
280.	Profit (loss) from current operations before	203,804	290,543
290.	Income taxes on current operations	(35,351)	(106,615)
300.	Profit (loss) from current operations after	168,453	183,928
320.	Net profit (loss) for the period	168,453	183,928
330.	Minority interests	(6)	(7,503)
340.	Net profit (loss) for the period attributable to the parent bank	168,447	176,425

Consolidated reclassified income statement (€ million)

	9M08	9M07	change %/y	FY07
Net Interest Income	427.7	388.5	10.1	534.5
Non Interest Income	329.9	373.5	(11.7)	503.7
Total Income	757.6	762.0	-0.6	1,038.2
Payroll Expenses	(291.6)	(282.4)	3.3	(393.9)
Administrative Expenses	(178.8)	(182.0)	(1.8)	(237.1)
Operating Costs	(470.4)	(464.4)	1.3	(631.0)
Gross operating profit	287.2	297.6	(3.5)	407.2
Depreciation and Amortization	(25.0)	(22.0)	13.6	(30.8)
Net operating profit	262.2	275.6	(4.9)	376.4
Net Provisions for Risks and Charges	(2.8)	0.2	n.s.	(20.6)
Extraordinary Income/Expenses	(3.1)	9.8	n.s.	24.3
Net Loans Adjustments	(52.5)	(25.5)	105.9	(53.2)
Pre-Tax Profit	203.8	260.1	(21.6)	327.0
Income Taxes	(35.4)	(100.9)	(64.9)	(77.6)
Net Profit	168.4	159.2	5.8	249.4

Reclassification:

Net Interest income

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

Non Interest Income

+ Item 60 + Item 70 (net of stake dividends)+ Item 80 + Item 90 + Item 100 + Item 150 + Item 160 + Item 220 (net of extraordinary components) + Abaxbank Total Income and Credemvita Total Income

Total Income

Net Interest income+ Non interest income

Operating Costs

+ Item 180

Gross operating profit

(Total income – Operative costs)

Depreciation and Amortization

+ Item 200+ Item 210

Net operating profit

(Gross operating profit – 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

(Net operating profit +/- Net Provisions for Risk and Charges - Net Loans Adjustments+/- Extraordinary Income/Expenses)

Income taxes

-Item 290