

CREDEM HOLDING

Capogruppo del Gruppo Bancario
"CREDITO EMILIANO – CREDEM"

The logo for CREDEM, featuring the word "CREDEM" in a bold, yellow, sans-serif font, centered within a dark green square.

Gruppo Bancario
CREDITO EMILIANO – CREDEM

Press release

CREDEM, BUSINESS PLAN 2008-2010: GROWING TO KEEP BEING EXCELLENT

Strategic guidelines:

- **Distribution network** development through:
 - **value extraction** from recent branch acquisitions (72 units in 2008) and from new branches (more than 70) opened in the past triennium;
 - **strong activity of recruitment of financial advisors and agents;**
- Excellent **profitability**, even in a strong dimensional growth moment of the Group;
- **Significant increase customers base;**
- Evolution of **risk management** model and **sound capital ratios**.

2010 targets are:

- **Total Income** +7.9% cagr;
- **EBIT** 9.9% cagr;
- **Customer Lending** +12.4% cagr;
- **Customer Funding** +7.4% cagr;
- **Cost/Income** down to 59.8%;
- **116 new point of distribution**, including branches, financial stores, corporate centers to reach a total of 725 units;
- **380 new financial advisors** to a total of 1,150.

Today, Credem's Board of Directors, chaired by Giorgio Ferrari, approved the strategic plan for the triennium 2008-2010 which will be presented to the financial community by General Manager Adolfo Bizzocchi during a conference call on September the 11th 2008 at 16.00 pm (central european time).

Guidelines for the strategic plan 2008-2010, based forecasted economic scenario currently available, will be developed coherently with last plan 2006-2008 and estimate assets, distribution network and customers number growth, maintaining an excellent profitability, yet in a period during which the Group is experiencing a strong dimensional growth, aiming to create value in the medium-long term.

The targets of the plan will be met through the **complete value extraction of recent investments either organic or external. In fact, the integration** from recent branch acquisitions (72 units from Banco Popolare, Unicredit and Citibank) in 2008 is **expected**, and the full potential exploitation of the 70 new branches opened in the last triennium, (including also in the number, openings to be done by the end of the year).

Group planning estimates the strengthening of personal lending business with the re-design of the service model in order to reduce feedback times and simplify branch activity.

Plan guidelines also estimate simplification of products range, production and distribution procedures, as well as the development of the bancassurance agreement with Reale Mutua, searching for further mutual cooperation areas, considering capital management and strong capital ratios preservation as an absolute must.

During the triennium 2008-2010, the operating profit is estimated to grow by 9.9%. Lending, net of repos, is estimated to grow 12.4% cagr (€22.1 billion in 2010), well above the growth estimated for the system. Funding growth, net of repos, is valued 6.4% cagr per year (€69.6 billion at the end of 2010), 8.6% including only customers funding, with net inflows above €6 billion in the three year period. Cost/Income¹ is estimated down at 59,8% within 2010, yet considering charges coming from acquired branches integration.

Territorial growth and distribution network

At the end of 2010 distribution network will grow by 116 new units for a total of 725. New branches will be 94, aiming to reach 595 unit by the end of 2010. 2 corporate centers will be also opened for a total of 44 at the end of 2010. 20 new financial stores will be open to reach a total of 86 at the end of 2010, coherently with investments sustained for the strengthen financial advisors' networks. In the triennium 380 new financial advisors will be added to the network reaching 1,150 units.

A further strengthening of Group's specialized commercial networks is forecasted: Creacasa (the financial agents network, that is expected to recruit 150 new professionals by the end of 2010) and Bank & More (branches dedicated to new – comers with a products offer simplified and focused on target clientele needs).

Capital adequacy and risk management

¹ calculated as operating costs (net of depreciation & amortization) on total income;

The plan of further strengthening of risk and capital management continues, coherently with Basel 2 Pillar I and II, to keep a low risk appetite level and solid capital ratios, with a strong attitude to manage value creation.

Credem Group has started, a few years ago, a project aiming to implement advanced models to calculate capital requirements, in line with Basel II Pillar I requirements to face risks: with reference to credit risk, at June 2008, Credem Group was authorized, by Bank of Italy, to use its internal model (IRB Foundation) for corporate customers loan portfolio.

As far as the adoption of the IRB Advanced model, the process is under way to obtaining the authorization, hopefully within December 2009 for retail customers portfolio and within December 2010 for corporate customers portfolio.

With reference to operating risks, from June 2008 as well, Credem Group has been adopting the TSA model (Standardized Approach), while procedures for internal model AMA (Advanced Measurement Approach) implementation, are under way. The application of Basel 2 criteria, throughout the entire clientele internal ratings elaboration, will allow to improve capital allocation efficiency, reduce cost of risk and determine credit pricing more accurately.

At last, referring to Pillar II of the new agreement on Basel capital, are under way initiatives through which Credem Group intend to adopt a structured procedure for actual and perspective capital assessment evaluation (Internal Capital Adequacy Assessment Process – ICAAP) in relation to risks taken and company strategies and to determine the adequate capital to face them.

Investments

In the triennium circa €100 million are estimated, of which 50% in information technology aiming to increase procedures efficiency, management and control.

Other data

Direct funding², including insurance funding, is estimated to grow annually by 9.2% cagr to €24.3 billion in 2010, indirect funding is estimated to grow by 5% cagr to €45.3 billion in 2010.

Total Income is forecasted to grow by 7.9%, reaching €1,264 million by the end of 2010.

Operating costs (including D&A) are estimated to reach €791 million by the end of 2010 (+6.8% cagr, +4.1% net of integration charges on branches acquired).

The plan estimates a **Net Profit** at the end of 2010 of **€229** million, -2.8% compared 2007, when result was positively affected by non recurrent components. **ROE**, at 2010 will be 12% circa, maintaining an excellent level even during a period in which the Group is experiencing a strong dimensional growth.

Tier I capital ratio is forecasted at 7.1% at the end of 2010, Total Capital ratio at 9.2% considering the application of internal models already approved by Bank of Italy.

Credem Group Business Plan 2008-2010

² excluding repos

Economic and financial data

mln/€

	2007	2010	CAGR
Total Funding (net of repos)	57,773	69,621	0
Direct Funding (+insurance)	18,676	24,333	0
Indirect Funding	39,097	45,288	5.0%
Loans (net of repos)	15,569	22,100	12.4%
Total Income	1,006	1,264	7.9%
<i>Net Interest Income</i>	535	707	9.8%
<i>Non Interest Income</i>	471	556	5.7%
Operating Costs (+D&A)	649	791	6.8%
EBIT	357	473	9.9%
Net Profit	249	229	-2.8%

Distribution Network and Human Resources

	2007	2010	Δ
Branches	501	595	+94
Corporate Centers	42	44	+2
Financial Stores	66	86	+20
TOTAL	609	725	+116
<i>Financial Advisors</i>	760	1,142	+382
<i>Employees</i>	5,246	5,960	+714

Notes:

The strategic plan takes into consideration the acquisition of the 72 branches from Citigroup, Banco Popolare and Unicredit, which were, or will be, integrated in different steps within December 2008. Five private branches acquired from Citigroup and the 33 from Banco Popolare have been already incorporated, respectively in Banca Euromobiliare since May 2008 and in Credem since September 2008.

The assumptions concerning to macroeconomic scenario, rates dynamic, economic and financial aggregates of the credit system on which the plan is based, were formulated after elaborating main

institutional national and international economic previews available in 2008. Data were afterwards internally synthesized by the management of the Group.

In particular, previews used are: “Rapporto di Previsione” by Prometeia, April 2008 updated in May 2008, “Previsioni dei Bilanci Bancari” by Prometeia, May 2008, “Previsione dei tassi” by Prometeia, June 2008, “Finance Monitor” by Unicredit, April 2008, “La settimana macroeconomica”, by Unicredit Banca d’Impresa (UBI), June 2008 and “Consensus Forecast”, June 2008.

Relatively 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.

For any further information on Credem or companies of the Group please visit our website www.credem.it

Reggio Emilia, 10 September 2008

CREDITO EMILIANO SPA
(Chairman)
Giorgio Ferrari

Contacts:

Investor Relations Team

Credem

Tel. +39 0522 583029-2351

Fax +39 0522 582087

