

CREDEM HOLDING

Capogruppo del Gruppo Bancario
"CREDITO EMILIANO – CREDEM"



Gruppo Bancario
CREDITO EMILIANO – CREDEM

PRESS RELEASE

Reggio Emilia, 14 November 2007

CREDEM GROUP SIGNED AN AGREEMENT FOR ACQUIRING 100% CONTROL OF CREDEMVITA AND CREDEMASSICURAZIONI.

Credem signed an agreement for purchasing the 50% of Credemvita Spa and Credemassicurazioni Spa stakes held by Assurance Mutuelles de France a.m. (Azur-GMF Group) to reach the full control of the two companies.

The agreement, to be executed after all required permissions will be obtained by competent authorities, is part of a strategy designed for extracting value from the bancassurance business.

The total price to be paid by Credem Group to Assurance Mutuelles de France a.m. amounts to €50 million for both stakes.

A lateral agreement has been signed by both parts in order to maintain the IT services outsourcing from Assurance Mutuelles de France a.m. to Credemvita Spa and Credemassicurazioni Spa.

As at 30 September 2007, Credemvita Spa collected premiums for €415.2 million (+138% compared to the same period of 2006) and posted a net profit of €5.4 million (+69% compared to 3Q06). As at 30 September 2007, Credemassicurazioni Spa collected premiums for €18.8 million (+16% compared to the same period of 2006) and posted a net profit of €1.8 million (compared to a loss of €0.8 million in 3Q06).

Credem's distribution network accounts 490 branches, 42 corporate centres, 66 financial stores with 5,307 employees and 760 financial advisors with mandate and offers a complete range of services in retail and corporate banking business, investment banking, asset management and bancassurance, throughout dedicated companies.

Credem Group takes the occasion to express Assurance Mutuelles de France a.m. its appreciation for the productive cooperation during a partnership lasted more than a decade.

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Consolidated Balance Sheet (€/000)

	Assets	9.30.2007	12.31.2006
10	Cash and balances with central banks	89,150	126,524
20	Financial assets held for trading	4,838,444	4,901,710
30	Financial assets valued at fair value	475,775	-
40	Financial assets available for sale	64,977	83,910
60	Loans and advances to banks	4,421,165	3,575,988
70	Loans and advances to customers	15,635,776	14,386,083
80	Hedging derivatives	9,151	9,754
100	Equity investments	38,494	37,464
120	Property, plant and equipment	328,259	337,115
130	Intangible assets	51,958	54,619
	of which:		
	goodwill	31,187	31,187
140	Tax assets	125,128	168,157
	<i>a)</i> current	61,546	94,756
	<i>b)</i> deferred	63,582	73,401
150	Non-current assets held for sale	288,045	-
160	Other assets	613,466	569,588
	Total assets	26,979,788	24,250,912

	Liabilities	9.30.2007	12.31.2006
10	Deposits from banks	5,732,780	4,494,247
20	Deposits from customers	11,216,156	10,917,324
30	Debt securities in issue	4,685,555	3,248,192
40	Financial liabilities held for trading	1,274,072	1,557,630
50	Financial liabilities at fair value	973,122	1,363,955
60	Hedging derivatives	9,067	6,171
80	Tax liabilities	261,269	281,704
	a) current	103,565	130,227
	b) deferred	157,704	151,477
90	Liabilities associated with non-current assets held for sale	144,800	-
100	Other liabilities	1,041,633	815,301
110	Provision for severance indemnities	85,819	101,586
120	Provisions for risks and charges:	60,380	63,647
	a) pensions and similar liabilities	1,498	1,503
	b) other	58,882	62,144
140	Revaluation reserves	87,187	74,673
170	Reserves	849,152	713,067
180	Share premium	81,326	78,728
190	Share capital	281,988	281,476
210	Minority interests	19,057	21,149
220	Net profit (loss) for the period	176,425	232,062
	Total equity and liabilities	26,979,788	24,250,912

CONSOLIDATED INCOME STATEMENT (€/000)

		9.30.2007	9.30.2006
10	Interests and similar incomes	958,671	670,640
20	Interest expenses and similar charges	(604,327)	(357,069)
30	Net interest income	354,344	313,571
40	Fee and commission income	374,554	376,892
50	Fee and commission expense	(63,539)	(72,717)
60	Net fee and commission income	311,015	304,175
70	Dividend and similar income	274,361	208,075
80	Net trading income	(180,833)	(104,461)
90	Hedging activity income	11	-
100	Gains (losses) on disposal or repurchase of:	11,360	7,649
	<i>a) credits</i>	-	(1)
	<i>b) financial assets available for sale</i>	11,193	7,668
	<i>d) financial liabilities</i>	167	(18)
110	Net change in value of financial a/l at fair value	4,216	1,700
120	Total income	774,474	730,709
130	Net impairment adjustments on:	(25,478)	(13,673)
	<i>a) loans and advances</i>	(25,364)	(15,396)
	<i>d) other financial assets</i>	(114)	1,723
140	Net income from financial activities	748,996	717,036
170	Net income from financial and insurance activities	748,996	717,036
180	Administrative expenses:	(485,087)	(449,639)
	<i>a) payroll</i>	(298,083)	(273,981)
	<i>b) other</i>	(187,004)	(175,658)
190	Net increases in provisions for risks and charges	207	(3,627)
200	Net adjustments to property, plant and equipment	(13,524)	(13,406)
210	Net adjustments to intangible assets	(8,499)	(5,249)
220	Other operating income (charges)	43,038	40,859
230	Operating costs	(463,865)	(431,062)
240	Share of profit (loss) from equity stakes	5,657	373
270	Share of profit (loss) from sale of investments	(245)	357
280	Profit (loss) from current operations before tax	290,543	286,704
290	Income taxes on current operations	(106,615)	(109,695)
300	Profit (loss) from current operations after tax	183,928	177,009
320	Net profit (loss) for the period	183,928	177,009
330	Minority interests	(7,503)	(9,178)
340	Net profit (loss) for the period attributable to the parent bank	176,425	167,831

Consolidated reclassified income statement (€/million)

	1Q07	2Q07	3Q07	9/06	9/07	change %/y/y	3Q06	FY06
Net interest income	124.9	124.4	136.8	386.1	321.1	20.2	112.8	440.3
Net commissions	149.7	172.7	104.6	427.0	446.9	(4.5)	124.7	620.6
Total income	274.6	297.1	241.4	813.1	768.0	5.9	237.5	1,060.9
Payroll expenses	(100.9)	(99.0)	(98.2)	(298.1)	(274.0)	8.8	(89.3)	(388.5)
Administrative expenses	(59.4)	(64.1)	(63.5)	(187.0)	(175.7)	6.4	(62.4)	(230.3)
Operating costs	(160.3)	(163.1)	(161.7)	(485.1)	(449.7)	7.9	(151.7)	(618.8)
EBITDA	114.3	134.0	79.7	328.0	318.3	3.0	85.8	442.1
Amortization and depreciation	(6.7)	(7.3)	(8.0)	(22.0)	(18.6)	18.3	(6.3)	(25.9)
EBIT	107.6	126.7	71.7	306.0	299.7	2.1	79.5	416.2
Net provisions for risks and expenses	(0.3)	(0.3)	0.8	0.2	(3.6)	n.s.	1.1	(8.6)
Extraordinary income/expenses	2.0	0.7	7.1	9.8	4.3	127.9	(2.0)	7.6
Net write downs	(6.0)	(10.5)	(9.0)	(25.5)	(13.7)	86.1	(5.6)	(25.6)
Pre-tax profit	103.3	116.6	70.6	290.5	286.7	1.3	73.0	389.6
Minorities interest in net profit/loss	(2.0)	(3.3)	(2.2)	(7.5)	(9.2)	(18.5)	(1.8)	(9.6)
Income taxes	(41.4)	(41.4)	(23.8)	(106.6)	(109.7)	(2.8)	(29.2)	(147.9)
Net profit	59.9	71.9	44.6	176.4	167.8	5.1	42.0	232.1
Earning per share	0.21	0.26	0.16	0.63	0.60	5.0	0.15	0.83
Diluted earning per share	0.21	0.25	0.16	0.62	0.60	3.3	0.15	0.82

Reclassification rules:

Net Interest income

+ Item 30 + Item 240 + Item 70 dividends and similar incomes (on stakes dividends) - Abaxbank interest margin

Non interest income

+ Item 60 + Item 70 (net of stake dividends)+ Item 80 + Item 90 + Item 100 (only item "d") + Item 110 + Item 220 (net of extraordinary components)+ Abaxbank interest margin

Total income

Net Interest income+ Non interest income

Operative costs

+ Item 180

EBITDA

(Total income – Operative costs)

Depreciation and admortization

+ Item 200+ Item 210

EBIT

(Ebitda – depreciation&admortization)

Net provisions for risk and charges

+ Item 190

Net adjustment on credits

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

Extraordinary income/losses

+ Item 100 (net of "d")+ Item 130 ("b" and "c")+ Item 220 (only extraordinary components) + Item 270 + Item 310

Pre-tax profit

(EBIT +/- Net provisions for risk and charges+/- Loan loss provisions Extraordinary income/losses)