



Gruppo Bancario
"CREDITO EMILIANO – CREDEM"

PRESS RELEASE

Reggio Emilia, 23 december 2008

FITCH AFFIRMS CREDEM'S RATINGS

Fitch Ratings has today affirmed Credito Emiliano's ("Credem") ratings

- Long term IDR* "A"
- Short term "F1"
- Outlook "stable"
- Individual "B"
- Support "3"
- Support Rating Floor "BB"

* (Issuer Default Rating)

Find here attached, the original Fitch press release.

CREDITO EMILIANO S.p.A.
Il Presidente
(Dott. Giorgio Ferrari)

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FITCH AFFIRMS CREDITO EMILIANO AT 'A'; OUTLOOK STABLE

Fitch Ratings-London/Milan-23 December 2008: Fitch Ratings has today affirmed Italy-based Credito Emiliano's (Credem) Long- and Short-Term Issuer Default ratings (IDRs) at 'A' with Stable Outlook and 'F1', respectively. Fitch has also affirmed Credem's Individual rating at 'B', Support rating at '3' and Support Rating Floor at 'BB'.

The ratings of Credem reflect a well-managed bank with a prudent attitude to risk, adequate controls, sound asset quality and relatively resilient profitability. The ratings also reflect the bank's exposure to credit and market risk in its sizeable securities portfolio, its growth strategy and a relatively high cost structure for a bank of medium size.

Although Credem's profitability has suffered in the current market conditions, it remained adequate in 9M08 with an operating return on average equity of 16.7%. Fitch expects some pressure on operating revenue and an increase in loan impairment charges for 2009, given the weak outlook for the domestic economy. However the agency believes Credem to be relatively well positioned in the downturn compared to its peers.

Despite some deterioration in 9M08, asset quality remains sound with gross impaired loans equal to 1.92% of gross loans at end-September 2008. The bank's focus on lending to retail and small business customers is likely to result in a rise in impaired loans in the weaker economy, but Credem's credit risk management is sound and more sophisticated than its peers.

Credem is active in investment and private banking as well as asset management, through its subsidiaries, Abaxbank and Euromobiliare Banca. The bank is exposed to credit and market risk exposure arising from its trading activities and in its securities portfolios, which at end-September 2008 amounted to about EUR7bn, accounting for a relatively high portion of the bank's total assets. However, appetite for market risk is moderate, and trading is mostly undertaken to support client business, but trading results for 9M08 were negatively affected by moderate valuation losses in a difficult market environment.

Funding is adequate and increasingly underpinned by customer funding either in the form of deposits or in the form of bonds distributed through the branch network. Capitalisation remains adequate with a Fitch eligible capital ratio of 7.75% at end-September 2008.

Credem was one of Italy's 15 largest banking groups by total assets at end-September 2008.

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