

2010–2012 CREDEM BUSINESS PLAN: DEVELOPMENT AND SOUNDNESS

Main guidelines:

- *focus on **core business**: modern commercial banking;*
- *increase of **market shares** and **customers' base**;*
- ***asset management** development and strong support to **SMEs** and **retail customers**;*
- ***value extraction from** recent acquisitions;*
- *preservation of excellent **credit quality** and **solid capital ratios**;*
- *strong **cost control**;*
- ***100 EURm investments**, half of which in IT;*
- *new **corporate identity project**.*

2012 targets:

- ***Customers' Loans** at EURbn 22.6;*
- ***AuM** at EURbn 19.9 ;*
- ***Total Income** at EURm 1,170;*
- ***Net Profit** at EURm 206.3;*
- ***Cost to Income**¹ decreasing at 57.4%;*
- ***Core Tier I** at 7.9%.*

Credem's Board of Directors, chaired by Giorgio Ferrari, has approved today **2010-2012 Business Plan** that will be introduced to the financial community during a conference call presented by Credem's General Manager Adolfo Bizzocchi this afternoon at 3 pm CET.

Credem Group targets are the increase of market share and customers' base leveraging on: asset management, services to clientele, attention and support to SMEs, while maintaining excellent credit quality as well as solid capital ratios.

Distribution network and commercial development

In the triennium the focus on the commercial activity as core business, will be confirmed. Recent investments made for external and organic growth will be fully exploited.

Particular focus will be devoted to Private banking and financial advisors networks.

Investments

In the triennium almost EURm 100 investments are planned, half of which will be in IT mainly aimed at supporting the business development as well as enhancing higher efficiency of the organization.

Substantial resources will be dedicated to train distribution networks personnel, to better assist SMEs and retail customers during next economic cycle.

In the next three years an important project of corporate identity will be also deployed with the aim of facilitating the integration between the people already working in the group and the group come on board by means of recent acquisitions, as well as reaffirming fundamental Credem Group's corporate values.

Efficiency improvement

The plan target is to recover efficiency in headquarters structures and optimize recent investments made in the distribution capacity, to be accomplished through: network rationalization (mergers/closings of some points of sale), higher synergies between corporate e retail business units, further reallocation of personnel from headquarters to commercial networks, business process re-engineering, reorganization of group finance department and others areas, Abaxbank restructuring.

Capital adequacy and risk management

Target in the triennium is a gradual cost of credit reduction, in line with historical rigorous habits of the Group, while increasing customers' loans 28% compared with 2008.

Capital ratios will remain high and stable, only sustained by profits generated by the business. The Group is undergoing the approval procedure of its rating system in compliance with Basel II IRB Advanced methodology, either for corporate and retail loan portfolios. Credem Group rating system was validated in June 2008 by Banca d'Italia in compliance with IRB Foundation methodology for its corporate portfolio.

2012 Targets (cagr 2008 - 2012)

Total Income is expected at EURm 1,170 (+6.3%).

Operating costs and D&A are expected to remain substantially stable at EURm 708 (+1.35%).

Cost to income¹ is planned at 57.4% (69.4% in 2008).

Net Operating Profit target is EURm 462 (+17.2%).

Net Profit is expected at EURm 206.3 (+7.1%).

Total Customers' Deposits, net of Repos, will reach EURbn 52.2 (+5.4%).

AuM is expected at EURbn 19.9 (+14.7%).

Customers' Loans, net of Repos, are planned at EURbn 22.6 (+6.4%).

Core Tier 1 ratio at the end of 2012 will be 7.9%, **Tier Total ratio** will be 11.2%.

At the end of 2012 Credem Group distribution network will include **559 branches**, **44 corporate centres** and **77 financial points and stores**, with **5,600 employees** and **948 financial advisors** with mandate.

Guidelines of financial planning are elaborated on the base of current macroeconomic forecast² and are coherent with the previous plan, updated one year in advance in accordance with the new macroeconomic and financial environment.

Further information about Credem Group are available on corporate website www.credem.it

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CREDITO EMILIANO SPA
(Chairman)
Giorgio Ferrari

Contacts:
Media Relations Credem
0522 582075-2546
rel@credem.it

Investor Relations Credem
0522 583029-2785
investor@credem.it

www.credem.it

Plan Targets
(EURm)

		2008	2012	CAGR
Key Data	Total Income	916	1,170	+6.3%
	Operantig Costs and D&A	671	708	+1.4%
	Net Operating Profit	245	462	+17.2%
	Net Profit	157	206.3	+7.1%
	AuM	11,476	19,900	+14.7%
	Customers' Loans	17,618	22,600	+6.4%
	Core Tier 1	7.2%	7.9%	-
	Cost to income¹	69.4%	57.4%	-

Notes

1) Cost to income ratio: calculated as a ratio of Operating Costs, net of D&A, on Total Income.

2) Interest rates expectations and macro economic forecast come from the sept-oct 2009 Prometeia report.