

**PRESS RELEASE****CREDEM GROUP, 2006-2008 THREE YEAR PLAN.****At the end of 2008:**

- **Average annual growth in customer deposits of 7.1%;**
- **Loans to grow at an average annual rate of 11.4%;**
- **ROE above 17%;**
- **82 new branches and circa 700 new commercial resources;**
- **Reduction of cost/income to 58.2%\*, despite significant investments in the strengthening of the commercial structure;**
- **Consolidated net profit of more than €240 million;**
- **Significant expansion of the client base;**
- **Noticeable focus on the core business: commercial banking and wealth management.**

Today Credem's general manager, Adolfo Bizzocchi will present the 2006-2008 three year strategic plan approved by the Group's Board of Directors, chaired by Giorgio Ferrari, last 13 September to the financial community and the press.

The 2006-2008 strategic plan, prepared based on considerations reflecting the current economic forecasts, reflects the guidelines underpinning the previous plan (2004-2006). The goals outlined in the latter plan were reached one year ahead of time. The new three year plan includes a noticeable focus on the Group's core business - **commercial banking and wealth management** - where particular attention is to be paid to the traditional client targets: families, small/medium sized businesses and business owners.

The 2006-2008 plan indicates that the Group will strive to keep profit in line with the highest industry levels, business growth rates in line with the top market players, selectively expand branches, strengthen Wealth Management and the client base, develop organizational processes and optimize capital resources.

According to the plan, at the end of 2008, **consolidated net profit** should reach more than €240 million (mn). **ROE** at the end of 2008 should be above 17%. **Customer deposits** are forecasted to grow at an average annual rate of 7.1%, reaching €69,404 mn.

**Total direct funding** is expected to grow at a rate more than double market estimates with an average annual growth rate of 11.4%, reaching €17,562 mn at the end of 2008.

Branches will be opened on a selective basis in the northeast, northwest, in Tuscany and on the Adriatic coast reaching a total of **82 new branches, two new corporate centers and two financial shops** (9 branches will also be closed as part of expected rationalization in certain areas). Around **550 new employees** and circa **160 financial advisors** will be hired primarily to strengthen the commercial structure. The Credem Group's objective is to have a territorial distribution network

comprised of 528 branches, 1,180 financial advisors with mandates, 42 corporate centers, 62 financial shops and circa 5,500 employees by the end of 2008.

At the end of 2008 the **Cost/income** will reach 58.2%\* (vs. 62%\* at the end of 2005), in spite of the substantial investments that are expected to be made in the commercial sector.

In the three year period total **investments** in marketing and advertising of more than €31 mn are expected to be made in order to double the client acquisition rate. Investments will also be made in the opening of new branches and in information technology for a total of €95 mn.

It is also expected that initiatives designed to improve several parent company procedures, credit quality analysis processes and cost control will also be implemented.

The plan calls for the maintenance of current levels of excellence and the continued use of avant-garde internal rating systems used in the valuation and management of credit risk, as well as the use of advanced models in the calculation of operating risks.

**Wealth Management** will continue to be one of the Group's primary targets and operations designed to strengthen the branches and investments in product innovation and rationalization are expected.

#### **Other figures**

The **banking margin** is expected to grow at an average rate of 7%, reaching, at the end of 2008, €1,158 mn versus €945 mn in 2005.

**Operating costs** at the end of 2008 should total some €674 mn versus €586 mn at the end of 2005 (average annual growth of +4.7%).

The **gross operating profit** is expected to show an average annual growth rate of 10.5% with a target of €484 mn at the end of 2008 (€359 mn at the end of 2005).

**The operating profit** is expected to grow approximately 10.5% per year, reaching €450 mn by the end of 2008 (€333 mn at the end of 2005).

**Total capital** at the end of 2008 is expected to be around €1,388 mn (€1,056 mn at the end of 2005) with an average annual growth rate of 9.5%.

At the end of 2008 the **Tier 1 capital ratio** should be 7.7%, unchanged compared to the end of 2005.

Additional information on Credem and the Group companies is available on the corporate website [www.credem.it](http://www.credem.it) - Media Relations section.

*\* without amortization and depreciation*

CREDITO EMILIANO SPA  
The Chairman  
(Giorgio Ferrari)

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