PRESS RELEASE

CREDEM, THE BoD APPROVES THIRD QUARTER 2006 RESULTS: NET PROFIT at €167.8 million, EBIT +19%

Third quarter 2006 main consolidated results, show the following trend[1],:

- ***Total Income*** *+10.2% at €768.0 million, versus €696.8 million at the end of 3Q05;*
- ***EBITDA*** *+16.5% to €318.3 million versus €273.3million for the same period in 2005;*
- ***EBIT*** *+19% at €299.7 million, versus €251.9 million for the same period in 2005;*
- ***Consolidated Net Profit*** *at €167.8 million (€166.7 million at the end of 3Q05); this aggregate, net of gains coming from stake sales of (€7.7 million at September 30th 2006 and €14.1 million in the same period 2005), shows an increase of 4.9%;*
- ***Net Cash Loans*** *+13.3% at €13,318 million (vs. €11,757 million in 3Q05);*
- ***NPL ratio*** *equal to 0.20% (0.22% at the end of 3Q05);*
- ***Customers Fundings (net of repos)*** *+3.7% equal to €57,239 million versus €55,192 million in 3Q05;*
- ***Cost/income*** *equal to 58.6% (60.8% at the end of 3Q 2005);*
- ***Tier 1 capital ratio*** *8.1%, total capital ratio at 9.9%*

Credem's Board of Directors approved today third quarter consolidated results[1]**.**

Consolidated income statement at September 30th, 2006

Credem's income statement for the third quarter 2006 presents a **consolidated net profit** of €167.8 million (€166.7 million in the same period of 2005). This aggregate, net of gains coming from stake sales (€7.7 million at September 30th and €14.1 million in the same period 2005), shows an increase of 4.9%;

Total Income grew by 10.2% to €768.0 million, compared to €696.8 million at the end of 3Q05. In particular **Net Interest Income** is up by 9% at €321.1 million vs. €294.7 million at 30 Sep 2005, due to the overall increase in spreads, determined mainly by the ongoing deep repositioning of the loan portfolio and increased volumes; **Net Non Interest Income** is up by 11.1% at €446.9 million (€402.1 million at the end of 3Q05). In addition to the contribution coming from trading activity, there was also an increase in net commissions. In particular commission grew by 8.5% in asset management and 5.9% in traditional banking services.

[1] Third quarter 2005 results, are recalculated in accordance with International accounting standards. Variations have been considered mainly to take in changes occurred in International Accounting Standards in the period of time between 3Q2005 publication and FY2005 Results (so called "fair value option" and amendment to IAS 19), and new recommendations from Banca d'Italia through circular letter n.262,december 2005.

Operating Expenses equal €449.7 million (+6.2%) compared to the €423.5 million at 30 Sep 2005. In particular, **personnel expenses** equal €274 million (+3.2%), while **administrative expenses** come in at €175.7 million (+11.3%).

Cost/Income net of D&A comes in at 58.6%, down from 60.8% at the end of 3Q05.

EBITDA reached €318.3 million (+16.5%) compared to €273.3 million at 30 Sep 2005. **Amortization & Depreciation** equal €18.6 million (down 13.1% from 2005).

EBIT is up by 19% at €299.7 million compared to the €251.9 million at the end of 3Q05.

Provisions for Risk and Expenses equal €3.6 million at the end of third quarter 2006. Net loan writedowns increase from €10.5 million at the end of 3Q05 to €13.7 million as at 30 Sep 2006.

Net Extraordinary Items impact 3Q06 for a total of €4.3 million (€19.9 million at the end of third quarter 2005). In particular, main positive items for an aggregate amount of €7.7 million, is attributable to capital gain from the stakes sales in MTS, SI Holding and Carisma.

Pre-tax profit equals €286.7 million (+6.8%) versus €268.5 million at the end of 3Q05.

Income taxes comes in at €109.7 million (vs. €93 million on 30 Sept. 2006).

Consolidated balance sheet at September 30th, 2006

Group customers funding increased by 3.7% to €57,239 million at 9/30/2006, from €55,192 million in the same period of 2005.

Direct deposits, net of repos, are 10% higher at €13,568 million, up from €12,333 million at the end of 3Q05 (direct deposits including repurchase agreements have reached €14,506 million compared with €13,093 million at the end of 3Q05, +10.8%). In detail, deposits have climbed by 10.3% to €9,203 million (€8,341 million in 3Q05), while bonds have grew by 9.3% to €4,365 million (€3,992 million in 3Q05). Repurchase agreements grew to at €938 million (€760million in 3Q05).

Indirect funding increased by 1.5% to €42,733 million (€42,099 million in 3Q05). In particular, **assets under management** decreased by 3% at €17,095 million compared to €17,629 million in 3Q05 and in detail portfolio management grew by 15.6% at 5,992 mutual funds and SICAVs decreased by 13.4% at 9,221. **Assets under custody** grew by 4.8% reaching €25,638 million compared to €24,470 million in 3Q05.

Net cash loans to ordinary customers rose by 13.3% to €13.318 million (€11,757 million at the end of 3Q05), while the increase, net of repurchase agreements, was 11.2% (€13,324 million at 9/30/2005 versus €11,984 million at the same date of 2005). Total lending activity in general, grew coherently with the industry trend.
Medium-long term lending still grew significantly and in particular to families and corporate businesses. Credem also confirms its strong focus on private customers and small businesses.
Retail segment grew by +20.3% from €7.1 bln to €8.6 bln, while corporate area comes up to 6bln from 5.5bln with a focus on middle businesses (8.5%).
Total mortgage loans exceeded €4 billion and 2006 disbursement increased by +39.4% to €968.0 million.

NPL ratio came in at 0.20% of total loans (0.22% in the same period of 2005).
Coverage ratio on non performing loans is 61.0%

Total net problem loans equal €110.2 million (€104.5 million in 3Q05). The growth is almost exclusively due to the introduction of the new category of overdue loans (showing technical anomalies), according to a specific Banca d'Italia's regulation not in force in the same period of 2005.

Tier 1 capital ratio is 8.1%. The **total capital ratio** is 9.9%.

On 9/30/2005 Credem's distribution network counts 458 branches, 41 corporate centres, 62 financial stores, over 5.021 employees and over 820 financial advisors with mandate.

Find attached the statutory and consolidated balance sheets and income statements as well as the reclassified consolidated P&L. Third Quarter 2006 Report, not subject to auditing, will be soon available on Credem Group's website which is also accessible for any additional information about Credem and the other companies in the Group.

Reggio Emilia, 13 November 2006

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CONSOLIDATED BALANCE SHEET (€,000)

	Assets	9/30/2006	12/31/2005	9/30/2005
10	Cash and balances with central banks	78,352	116,753	73,336
20	Financial assets held for trading	5,463,246	3,612,735	4,058,373
40	Financial assets available for sale	67,154	72,878	53,813
60	Loans and advances to banks	3,691,613	3,545,794	3,505,854
70	Loans and advances to customers	13,323,735	12,717,552	11,984,230
80	Hedging derivatives	6,403	8,074	7,201
100	Equity investments	34,696	38,726	36,881
110	Property, plant and equipment	336,104	342,884	344,449
120	Intangible assets	49,628	49,893	46,603
	- of which goodwill	*31,188*	*31,188*	*31,188*
130	Tax assets	160,706	174,289	209,186
	a) current	*68,747*	*79,751*	*98,565*
	b) deferred	*91,959*	*94,538*	*110,621*
150	Non-current assets held for sale	-	*332*	-
160	Other assets	614,470	449,174	682,918
	Total Assets	**23,826,107**	**21,129,084**	**21,002,844**

	Liabilities	9/30/2006	12/31/2005	9/30/2005
10	Deposits from banks	4,953,109	4,115,732	4,016,163
20	Deposits from customers	9,958,556	9,521,189	9,100,314
30	Debt securities in issue	3,113,675	2,549,046	2,520,676
40	Financial liabilities held for trading	1,686,905	1,092,186	1,349,964
50	Financial liabilities at fair value	1,433,901	1,526,957	1,471,075
60	Hedging derivatives	4,753	6,335	7,099
80	Tax liabilities	262,927	223,471	325,396
	a) current	*115,901*	*89,978*	*157,632*
	b) deferred	*147,026*	*133,493*	*167,764*
90	Liabilities associated with non-current assets held for sale	904,961	1,457	849,088
100	Other liabilities	904,961	617,639	849,088
110	Provision for severance indemnities	100,302	103,534	105,936
120	Provisions for risks and charges:	70,181	70,691	65,198
	a) pensions and similar liabilities	*1,641*	*1,645*	*1,702*
	b) other	*68,540*	*69,046*	*63,496*
140	Revaluation reserves	61,503	61,167	53,322
170	Reserves	731,012	611,616	612,077
180	Share premium	71,999	65,296	58,576
190	Share capital	280,039	278,605	277,169
210	Minority interests	24,453	34,615	24,135
220	Net profit (loss) for the period	167,831	249,548	166,656
	Total Equity and Liabilities	**23,826,107**	**21,129,084**	**21,002,844**

*3Q05 figures restated according to IAS/IFRS

CONSOLIDATED INCOME STATEMENT (€,000)

		9/30/2006	9/30/2005	12/31/2005*
10	Interests and similar incomes	670,640	519,929	716,694
20	Interest expenses and similar charges	(357,069)	(235,421)	(350,529)
30	**Net Interest Income**	**313,571**	**284,508**	**366,165**
40	Fee and commissions income	376,892	357,258	495,795
50	Fee and commissions expense	(72,717)	(64,150)	(90,262)
60	**Net fee and Commission Income**	**304,175**	**293,108**	**405,533**
70	Dividend and similar income	208,075	165,353	202,473
80	Net trading income	(104,461)	(82,527)	(78,900)
100	Gains (losses) on disposal or repurchase of:	7,649	63	4,156
	a) credits	*(1)*	-	-
	b) financial assets available for sale	*7,668*	*63*	*4,252*
	d) financial liabilities	*(18)*	-	*(96)*
120	**Total Income**	**730,709**	**659,283**	**891,948**
130	Net impairment adjustments on:	(13,673)	(10,547)	(23,271)
	a) loans and advances	*(15,396)*	*(10,476)*	*(22,802)*
	b) financials assets available for sale	*(0)*	*(4)*	-
	d) other financial assets	*1,723*	*(67)*	*(469)*
140	**Net Income from Financial Activities**	**717,036**	**648,736**	**868,677**
180	Administrative expenses:	(449,639)	(423,528)	(586,384)
	a) payroll	*(273,981)*	*(265,592)*	*(370,250)*
	b) other	*(175,658)*	*(157,936)*	*(216,134)*
190	Net increases in provisions for risks and charges	(3,627)	7,215	4,310
200	Net adjustments to property plant and equipment	(13,406)	(15,949)	(19,450)
210	Net adjustments to intangible assets	(5,249)	(5,472)	(6,250)
220	Other operating income (charges)	40,859	41,648	54,794
230	**Operating Costs**	**(431,062)**	**(396,086)**	**(552,980)**
240	Share of profit (loss) from equity stakes	373	1,393	863
270	Share of profit (loss) from sale of investments	357	447	1,044
280	**Profit (Loss) from current operations before**	**286,704**	**254,490**	**317,604**
290	Income taxes on current operations	(109,695)	(93,017)	(62,758)
300	**Profit (Loss) from current operations after tax**	**177,009**	**161,473**	**254,846**
310	P/L after tax on non-current assets held for sale	-	14,007	14,007
320	**Net Profit (Loss) for the period**	**177,009**	**175,480**	**268,853**
330	Minority Interests	**(9,178)**	**(8,824)**	**(19,305)**
340	**Net Profit (Loss) for the period**	**167,831**	**166,656**	**249,548**

*3Q05 figures restated according to IAS/IFRS

Consolidated Reclassified Income Statement (€/000)

	1Q06	2Q06	3Q06	09/2006	09/2005	% yoy	FY05
Net Interest Income	104.8	103.6	112.7	321.1	294.7	9.0	375.6
Net Non Interest Income	153.4	168.8	124.7	446.9	402.1	11.1	569.7
Total Income	**258.2**	**272.4**	**237.4**	**768.0**	**696.8**	**10.2**	**945.3**
Payroll Expenses	-91.5	-93.2	-89.3	-274.0	-265.6	3.2	-370.3
Administrative Expenses	-58.1	-55.2	-62.4	-175.7	-157.9	11.3	-216.1
Operating Costs	**-149.6**	**-148.4**	**-151.7**	**-449.7**	**-423.5**	**6.2**	**-586.4**
EBITDA	**108.6**	**124.0**	**85.7**	**318.3**	**273.3**	**16.5**	**358.9**
Amortization & Depreciation	-6.6	-5.7	-6.3	-18.6	-21.4	-13.1	-25.7
EBIT	**102.0**	**118.3**	**79.4**	**299.7**	**251.9**	**19.0**	**333.2**
Net Provisions for Risks and Expenses	1.6	-6.3	1.1	-3.6	7.2	-150.0	4.3
Extraordinary Income/Expenses	4.7	1.4	-1.8	4.3	19.9	-78.4	17.5
Net Loan Write Downs	-4.8	-3.3	-5.6	-13.7	-10.5	30.5	-23.3
Pre-Tax Profit	**103.5**	**110.1**	**73.1**	**286.7**	**268.5**	**6.8**	**331.7**
Minorities Interests	-2.5	-4.8	-1.9	-9.2	-8.8	4.5	-19.3
Income Taxes	-42.4	-38.1	-29.2	-109.7	-93.0	18.0	-62.8
Net Profit	**58.6**	**67.2**	**42.0**	**167.8**	**166.7**	**0.7**	**249.6**

*3Q05 figures restated according to IAS/IFRS

Reclassification Rules:

Net Interest income
+ Item 30 + Item 240 + Item 70 - Abaxbank Total Income

Non interest income
+ Item 60 + Item 70 + Item 80 + Item 110 + Item 220 + Abaxbank Total Income

Operative costs
+ Item 180

Depreciation and admortization
+ Item 200+ Item 210

Net Provisions for Risks and Charges
+ Item 190

Extraordinary Income/Expenses
+ Item 100 + Item 130 + Item 220 + Item 270 + Item 310

Net loans write downs
+ Item 130

Minority Interests
+ Item 330

Income Taxes
+ Item 290

Minority Interests
+ Item 330