



Banking Group
CREDITO EMILIANO – CREDEM

PRESS RELEASE

Reggio Emilia, 29 November 2006

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"**

* (Issuer Default Rating)

Find here attached, the original Fitch press release.

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Fitch Affirms Credito Emiliano at 'A'; Stable Outlook [Ratings](#)

29 Nov 2006 4:54 AM (EST)

Fitch Ratings-London/Milan-29 November 2006: Fitch Ratings has today affirmed Italy-based Credem - Credito Emiliano's ("Credem") ratings at Issuer Default 'A', Short-term 'F1', Individual 'B' and Support '3'. The Outlook on the Issuer Default rating ("IDR") remains Stable.

Credem's ratings reflect a well managed, profitable bank with a generally prudent attitude to risk and an ability to generate strong revenues from a business that covers almost the whole of the Italian peninsula. Revenue sources are well balanced between net interest revenue and commissions thanks to its retail, private and investment banking activities. The bank's asset quality is healthy, with a low percentage of impaired lending, a satisfactory loan impairment allowance and a high fragmentation of the loan book. Credem's capital is comfortable with a Fitch eligible capital-to-weighted risks ratio of 7.29% at end-June 2006.

The ratings also reflect, however, Credem's burdensome cost structure borne out of past acquisitions. Although costs are slowly decreasing as a proportion of income, stronger economies of scale are difficult to generate given Credem's moderate size. The bank's competitive position may weaken in a consolidating environment.

Credem was Italy's 20th largest banking group by total assets at end-June 2006 with a 1% market share of loans and customer funds, although in certain regions its market share is higher at 5%. Through its subsidiaries Euromobiliare and Abaxbank, it is also active in private banking, capital markets, asset management and investment banking. Credem's shares are quoted on the Milan Stock Exchange but 72.3% of the total is held by Credito Emiliano Holding, which in turn is effectively controlled by 200 shareholders.

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