

# **CREDEM**HOLDING

Capogruppo del Gruppo Bancario  
"CREDITO EMILIANO – CREDEM"



Gruppo Bancario  
CREDITO EMILIANO – CREDEM

## **PRESS RELEASE**

### **CREDEM, THE GENERAL SHAREHOLDERS' MEETING APPROVES 2006 FINANCIAL STATEMENTS: DIVIDEND AT €0.35 PER SHARE.**

- *Financial statements as at December 31<sup>st</sup>, 2006 approved;*
- *Dividend at €0.35 per share (in 2005 the ordinary tranche of dividend was €0.30);*
- *Vincenzo Calandra Buonora appointed as Member of the Board of Directors (as a result, the number of board members increases to 14)*

Credem General Shareholders' Meeting chaired by Giorgio Ferrari in its ordinary session, approved today the individual and consolidated financial statements for the year 2006. The Shareholders' Meeting approved a dividend of €0.35 per share (in 2005 the ordinary tranche of dividend was €0.30) payable as from May 24<sup>th</sup>, 2007 with the shares going ex-div on May 21<sup>st</sup>, 2007. The total dividend payout is €98.5 million.

Vincenzo Calandra Buonora has been appointed by the Shareholders' Meeting as a Member of the Board of Directors. As a result, the number of board members passes from thirteen to fourteen.

The Meeting appointed, for the triennium 2007-2008, the new Board of Statutory Auditors whose members are: Gianni Tanturli – Chairman, Giulio Morandi and Maurizio Bergomi – Statutory Auditors, Vittorio Guidetti and Tiziano Scalabrini – Alternate Auditors.

Shareholders' also approved the renewal of the contract assigned to Deloitte & Touche Spa as independent auditors for Credem individual and consolidated financial statements, until year 2013.

Finally, the Shareholders' Meeting gratefully remembered Giorgio Tagliavini, who recently past away, after been statutory auditor, for more than 25 year, in Credem Spa, Credemholding Spa and many other group's companies.

### **FULL YEAR 2006 RESULTS**

#### **Consolidated Income Statement at 31 December, 2006**

At the end of 2006 Credem presents a pre-tax profit increasing by 17.5% to €389.6 million (€331.7 million in 2005); pre-tax profit, normalized with non recurring items mainly due to stakes sale and credits write-downs, shows an increase of 27.9%. Consolidated net profit of €232.1 million which includes higher tax expenses compared to 2005 result (€249.5 million).

Consolidated ROE at the end of 2006 equals 19.3% (23.2% in 2005).

Total Income grew by 12.2% to €1,060.9 million, compared to €945.4 million in 2005. In particular, Net Interest Income is up by 17.2% at €440.3 million vs. €375.7 million in 2005 due to the overall increase in spreads and volumes.

Net Non Interest Income is up by 8.9%, at €620.6 million (€569.7 million in 2005). A positive contribution came by the finance area (+29.9%). Asset management commission grew by 3.2%: in particular commissions on portfolio management accounts increased 19.1%, including proceeds from distribution of third parties asset managed products, while commissions on mutual funds decreased 2.9%. Trading commission for third parties show a slight decrease (-1.7%) while traditional banking services grows by 4.7%.

Operating Costs equal €618.8 million (+5.5%) compared to the €586.4 million in 2005. In particular, personnel expenses equal €388.5 million (+4.9%), while administrative expenses come in at €230.3 million (+6.6%).

Cost/Income comes in at 58.3%, down from 62% at 2005.

EBITDA reached €442.1 million (+23.1%) compared to €359 million in 2005. Depreciation and Amortization equal €25.9 million in line with €25.7 million in 2005.

EBIT is up by 24.9% at €416.2 million compared to the €333.3 million in 2005.

Provisions for Risk and Expenses equal, in 2006, €8.6 million. Net loan writedowns increase from €23.3 million in 2005 to €25.6 million in 2006.

Net Extraordinary Items impact 2006 for a total of €7.4 million (€17.4 million in 2005). In particular, main positive extraordinary items (for an aggregate amount of €7.7 million), is attributable to the capital gain from the sale of the stakes in MTS, SI Holding and Carisma.

Pre-tax Profit equals €389.6 million (+17.5%) versus €331.6 million in 2005.

Income taxes comes in at €147.9 million (€62.8 million in 2005).

### **Consolidated Balance Sheet at December the 31<sup>st</sup> , 2006**

Group Customers Fundings rose by 3.8% to €58,715 million in 2006, vs. €56,563 million in the same period of 2005.

Direct Deposits, net of repos, are 15.6% higher at €14,451 million, up from €12,496 million in 2005 (direct deposits including repurchase agreements have reached €15,529 million compared with €13,597 million in 2005, +14.2%). In detail, deposits have climbed by 14.4% to €10,020 million (€8,758 million in 2005), while bonds have grown by 18.5% to €4,431 million (€3,738 million in 2005). Repurchase agreements are at €1,078 million (€1,101 million in 2005).

Indirect Fundings increased by 0.5% to €43,186 million (€42,966 million in 2005). In particular, Assets under Management equals €17,221 million compared to €17,995 million in 2005 (-4.3%), in particular portfolio management grew by 14.6% (to 5,931) and Mutual Funds and Sicav's are at 8,969 (-15.2%).

Assets under Custody grew by 4% reaching €25,966 million compared to €24,971 million in 2005.

Net Cash Loans to customers rose by 13.1% to €14,386 million (€12,718 million in 2005), while the increase, net of repurchase agreements, was 14.1% (€14,375 million in 2006 versus €12,601 million in 2005).

As for retail customers, medium-long term lending grew significantly in private sector (+25% on 2005) and small businesses (+14% on 2005); within this area short term loans show a remarkable increase of 16%.

Corporate lending grew by 1.2%; in particular middle corporate lending showed an increase of 12.2% compared to 2005.

Total Mortgage Loans increased to over €4.28 billion (+27%), disbursements increased by +31.5% to €1.35 billion.

NPL ratio comes in at 0.2% of total loans (0.2% in the same period of 2005). The percentage estimate of losses on non performing loans slides down to 60.3% (60.6% at the end of 2005). Total net Problem Loans equal €111.6 million (€97.5 million in 2005). The growth is almost exclusively due to the category of overdue loans (showing technical anomalies) for €48.6 million, according to a specific Banca d'Italia's regulation.

Shareholders Equity, including net profit, is up to €1,380 million (€1,266 million in 2005).

Tier 1 capital ratio is 7.9%. The Total capital ratio equals 9.6%.

On 12/31/2006 Credem's distribution network accounted on 469 branches, 41 corporate centres, 62 financial stores with over employees 5,095 and financial advisors with mandate over 800.

The Group will operate coherently with main business plan guidelines for 2006-2008. An additional effort will be devoted, through specific projects, to areas and themes (banking products, current account and investment services) who will be affected by new national and European regulations in order to adjust products and services to the changing regulatory environment. As far as profitability, main operating trend seems to confirm, in the beginning of 2007, a slight increase.

Attached please find the individual and consolidated balance sheets and income statements as well as the reclassified consolidated P&L.

For additional information about Credem and the other companies in the Group, please visit Group's website: [www.credem.it](http://www.credem.it)

Reggio Emilia, 30 April 2007

CREDITO EMILIANO SPA  
(Chairman)  
Giorgio Ferrari

Investor Relations Credem  
Tel. +39 0522 583029- 582351  
Fax +39 0522 582087  
e-mail: [investor@credem.it](mailto:investor@credem.it)  
[www.credem.it](http://www.credem.it)