

CREDEM, THE BOARD OF DIRECTORS APPROVES 9M2012 GROUP'S CONSOLIDATED RESULTS: NET PROFIT +5.5%

- **Consolidated Net Profit** +5.5% YoY at €90.2 million compared to €85.5 million;
- **Loans to Customers** +5.5% YoY at €20,519 million;
- **Direct Deposits** +5.1% YoY at €15,488 million;
- **AUM** +1.7% YoY at €15,727 million;
- **Core Tier I ratio**⁽¹⁾ at 9.38%, **Total Capital ratio**⁽²⁾ at 12.7% with no rights issues;
- **Operating Costs** down 1.2% YoY.

Credem's Board of Directors, chaired by **Giorgio Ferrari**, approved today 9M2012 individual and consolidated results. Consolidated Net Profit was up 5.5% YoY at €90.2 million and Loans to Customers were up 5.5% at €20,519 million. Strong focus on credit quality was confirmed with NPLs ratio at 1.26%, well below the industry's average, while capital ratios remained solid with a core Tier I ratio⁽¹⁾ at 9.38%.

Consolidated Income Statement

Operating Income was €710.1 million, stable if compared to €709.9 million in 9M2011.

In detail, **Interest Margin**⁽³⁾ was €351.7 million compared to €348.7 million in 9M2011 and slightly up despite customer's spread reduction.

Non Interest Margin⁽⁴⁾⁽⁵⁾ was €358.4 million compared to €361.2 million in 9M2011 (-0.8% YoY) with stable commissions, lower trading and hedging as well as higher revenues coming from the insurance business. As for commissions, the aggregate has been composed by higher banking fees and lower contribution coming from asset management services. The expected decrease in asset management affected the entire product range with portfolio management fees down 15% and mutual funds and SICAVs fees down 10%, (such decrease was mostly due to the mutual funds compartment). Fees related to third parties' products placement grew remarkably (+32%).

Operating Costs were €449.8 million, 1.2% down compared to €455.4 million in 9M2011. In detail, **Administrative Costs**⁽⁵⁾⁽⁶⁾ were €141.8 million (-0.3% YoY) and Payroll Costs⁽⁶⁾ were €308 million (-1.7% YoY).

Cost to Income Ratio⁽⁷⁾ was 63.3% compared to 64.1% in 9M2011.

Gross Operating Profit was €260.3 million, +2.3% compared to €254.5 million in 9M2011.

Amortisation and Depreciation were €23.9 million compared to €22.6 million in 9M2011 (+5.8% YoY).

Net Operating Profit was €236.4 million, 1.9% up compared to €231.9 million in 9M2011.

Provisions for Risk and Charges were €56.5 million (€8.9 million in 9M2011).

Net Adjustments to Loans were €52.8 million compared to €31 million in 9M2011 (+70.3% YoY). This aggregate was penalized by the poor macroeconomic scenario creating problems to enterprises and households, by a new more restricting rule introduced on Jan 1, 2012, that lowers the inferior threshold for past due loans from 180 to 90 days increasing related provisions, as well as by the statistical adjustment of the general provision on performing loans.

Net Extraordinary Income/Charges were +€52.4 million (-€9.7 million in 9M2011).

Profit before Tax was €179.5 million compared to €182.3 million in 9M2011 (-1.5%).

Income Taxes were €89.3 million (-7.7% compared to €96.8 million in 9M2011).

Consolidated Net Profit was €90.2 million, +5.5% compared to €85.5 million in 9M2011. The result was positively affected by some non recurrent events: 1) the group benefitted, for a net amount of €11.5 million, of a capital gain related to the sale, in 2008, of the 50% stake of Credemassicurazioni to Reale Mutua Assicurazioni, such capital gain could only be posted in 1Q12 as the sale agreement included some put options expired in January 2012; 2) with reference to the above mentioned transaction, the stake in Credemassicurazioni still held by Credem had to be revaluated with a positive effect on the result of €10 million; 3) with reference to the 100% stake disposal of Banca Euromobiliare Suisse occurred at December 2011, a price adjustment for an amount of almost €6 million, previously agreed on the base of the sale agreement signed at the time, was paid by the buyer.

Also, during the quarter it was posted a €37.6 million (€27.3 million net of Income Taxes) capital gain as a result of the disposal of the custodian business to Bnp Paribas in execution of an agreement whose closing took place at the end of 9M2012.

Negative effects came instead from the settlement of a non fiscal litigation (for a net balance of €8 million, made of previous quarters' provisions and the cost posted in the last quarter within the extraordinary income/charges line) and from the provision (for an amount of €60 million) related to new claims with the Agenzia delle Entrate, plus almost €6 million already paid to the Agenzia delle Entrate in the 9M2012.

Consolidated Balance Sheet ⁽⁸⁾

Group's customers' funding was €45,067 million compared to €43,545 million at the end of 9M2011, +3.5% YoY and +4.5% compared to €43,145 million at the end of 2011.

Group Total Funding was €51,093 million, compared to €53,971 million at the end of 9M2011, -5.3% YoY.

Direct customers' Deposits were up 5.1% at €15,488 million compared to €14,736 million at the end of 9M2011 and up 3.6% compared to €14,957 million at the end 2011.

Group Direct Deposits were stable at €16,807 million compared to €16,859 million at the end of 9M2011 (-0.3% YoY). In detail, Sight Deposits were €12,452 million, +2.5% if compared to €12,144 million as at the end of 9M2011, while Bonds and Subordinated Debt were €4,355 million (4,620 million at the end of 9M2011).

Insurance Reserves increased by 5.3% at €2,597 million compared to €2,466 million at the end of 9M2011.

Indirect Customers' Deposits were up by 2.4% YoY at €26,982 million compared to €26,343 million at the end of 9M2011 and were up by 5.1% compared to €25,682 million at the end of 2011. **Group Indirect Deposits** were €31,689 million compared to €34,646 million at the end of 9M2011 (-8.5% YoY). In detail, **AUM** were €15,727 million compared to €15,464 million at the end of 9M2011 (+1.7% YoY); within the aggregate, portfolio management accounts were €3,802 million (-12.6% YoY) while mutual funds and SICAVs were €7,932 million (+2.6% YoY).

Loans to customers were €20,519 million compared to €19,440 million at the end of 9M2011 (+5.5%). In detail, residential mortgages to households were €6,248 million stable compared to 9M2011 figures, with new inflows as at €388 million (-58.6% YoY).

Net NPLs ratio was 1.26% compared to 1.19% as at 9M2011, well below industry's average. **Net Impaired Loans** were €723.3 million (€566.8 million at the end of 9M2011) representing 3.53% of total loans. This aggregate, which remains well below industry's average, was penalized by the poor macroeconomic scenario creating problems to enterprises and households as well as a new more restricting rule introduced on Jan 1, 2012, that lowers the inferior threshold for past due loans from 180 to 90 days increasing related provisions.

Core Tier I ratio⁽¹⁾ was 9.38%. **Total capital ratio**⁽²⁾ was at 12.7%.

At the end of 9M2012 Credem's distribution network consisted of 559 branches, 41 corporate centres and 44 financial stores with 5,605 employees, 758 financial advisers with mandate. 265 Creacasa agents and 68 agents with exclusive mandate for the "cessione del quinto".

Forecast on operating trends and evolution of the business

The first nine months of 2012, in terms of profitability for the banking sector in general and for the group itself, were characterized by some signs of economic and financial recovery that nevertheless still look very fragile. The macroeconomic and financial scenarios, the sovereign debt yields related to riskier countries and consequent effects on cost of funding, financial market trends and related effects on trading and asset management activities as well as cost of risk expected evolution (that currently looks under a deterioration trend), remain key aspects for evaluating near future's performances.

Other information

With respect to what already announced in the 1H2012 result press release, during the third quarter 2012, Agenzia delle Entrate continued its inquiries on 2008 e 2009 Credito Emiliano's accounts, with regards to the so called "abuse of right".

Even if the Agenzia delle Entrate did not notify yet any Formal Tax Reports of Findings related to above mentioned years, inspectors are assessing the potential claims and, on the basis of the settlements already closed, defining the amount of a possible transaction. Also, with reference to 2007 Abaxbank's claim, already formalized, a series of meetings with Agenzia delle Entrate are under way, to define a settlement.

On the basis of this new scenario, the Group provisioned an amount of €60 million to cover potential next sanctions, interests and fiscal charges related to 2007 and 2008 Abaxbank's fiscal years' claims and to 2007, 2008 and 2009 Credito Emiliano's fiscal years' claims, considering that the accounting principle IAS 37 is applicable to the matter. With reference to Formal Tax Reports of Findings notified during 2012 on 2007, 2008, 2009 and 2010 Credito Emiliano's fiscal years and regarding almost entirely inquiries on new subjects, a settlement agreement was reached and finalized for a total amount of broadly €6 million.

Finally, on 2007 Credito Emiliano fiscal year's claim related to the "abuse of right", a settlement agreement was reached as well; the related amount didn't have any impact on 9M2012 figures as it had been already provisioned on 2011 accounts.

Following its strategy to focus on its core business of commercial banking, by improving the level of service towards its customers and rationalizing its back office activity, on 10 September 2012 Credem finalized an agreement with Bnp Paribas Securities Services, a subsidiary of Bnp Paribas Group, global leader in custodian business services, securities' settlement services and services for asset management firms, regarding the disposal of the custodian and correspondent banking business in Italy. At the same time, an agreement between Bnp Paribas Securities Services and Euromobiliare International Fund

Sicav (a Luxembourg company promoted by Credem) has been signed to appoint Bnp Paribas Securities Services as custodian service provider.

The economic evaluation of the transaction, amounting to €37.6 million, was posted at the line 270 "Profit (loss) from disposal of investments" of Credem's Profit & Loss.

In accordance with section 2, Article 154-bis of the consolidated Law on Finance (TUF), the Financial Reporting Manager Paolo Tommasini, declares that the accounting information contained in this press release correspond to documentary records, ledgers and accounting entries.

Find here attached the consolidated balance sheet and income statement as well as the reclassified consolidated P&L.

The unaudited consolidated 9M2012 report will be soon available to the public in due terms. For additional information about Credem and the other companies in the Group, please visit Credem website www.credem.it

NOTE:

(1) Calculated as Tier I Capital on Risk Weighted Assets;

(2) Calculated as Tier I Capital plus subordinated debts on Risk Weighted Assets;

(3) Includes dividends from "Available-for-sale financial assets" (minority equity investments) and "Profit/(Loss) from Equity Investments";

(4) Includes Credemvita Operating Income and "Other operating income/charges" net of extraordinary income/expenses and tax refund;

(5) The recovery of indirect taxes charged to clientele (€24.9 million as 9M2011 and €42.6 million as 9M2012) was deducted either from Non Interest Income (Other Income) and Operating Costs (Other Administrative Expenses);

(6) As requested by the "Circolare Bankit - 15 February 2012" with regard to the accounting treatment of some costs related to human resources, a portion of costs included in "Payroll Costs" amounting to €4.9 million in 9M2011 schemes has been reclassified to "Other Administrative Costs" for the sake of an effective comparison;

(7) Calculated as Operating Costs on Operating Income;

(8) Following the changes occurred to the interbank collateralized market, with the transfer to Cassa di Compensazione e Garanzia and Monte Titoli of some functions that Bank of Italy used to manage to date, in item 20 ("Due to customers") on the liabilities side of balance sheet were accounted €1 billion of interbanking credit lines, while in item 70 ("Loans to customers") on the assets side of the balance sheet were accounted €0.5 million of interbanking credit lines and other loans amounting to €0.7 million towards Credem CB, in connection to the management of the covered bond programme. Regarding customers' funding figures, bonds issued to institutional investors, liquidity assets under custody and indirect deposits were deducted from each aggregate while insurance reserves were instead included.

Reggio Emilia, 14 November 2012

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CREDEM - CONSOLIDATED BALANCE SHEET (€,000)

Assets		30 Sep 2012	31 Dec 2011
10.	Cash and cash equivalents	344,284	129,011
20.	Financial assets held for trading	369,826	704,601
30.	Financial assets valued at fair value	844,829	930,084
40.	Available-for-sale financial assets	5,920,154	6,741,545
60.	Due from banks	515,325	833,480
70.	Loans to customers	20,519,210	19,995,136
80.	Hedging derivatives	195,689	122,587
90.	Value adjustments to financial assets subject to macro-hedging (+/-)	71,951	69,100
100.	Equity investments	22,911	14,416
110.	Technical reserves attributable to reinsurers	1,917	1,537
120.	Tangible assets	313,015	320,524
130.	Intangible assets	364,873	368,764
	of which: goodwill	287,295	287,295
140.	Tax assets	284,101	325,717
	a) current	59,326	54,456
	b) prepaid	224,775	271,261
160.	Other assets	782,546	540,806
	Total Assets	30,550,631	31,097,308
Liabilities and Shareholders' Equity		30 Sep 2012	31 Dec 2011
10.	Due to banks	5,825,675	6,460,743
20.	Due to customers	13,404,260	13,446,156
30.	Outstanding securities	4,300,697	4,765,205
40.	Financial liabilities held for trading	271,190	354,450
50.	Financial liabilities valued at fair value	944,550	1,257,648
60.	Hedging derivatives	404,362	364,681
70.	Value adj. to financial liabilities subject to macro-hedging (+/-)	80,608	54,838
80.	Tax liabilities	164,529	95,758
	a) current	42,388	22,218
	b) deferred	122,141	73,540
100.	Other liabilities	1,302,915	908,851
110.	Staff termination indemnity	84,649	78,099
120.	Provisions for risks and charges	144,866	100,702
	a) pensions and similar	1,847	1,843
	b) other provisions	143,019	98,859
130.	Technical reserves	1,719,334	1,558,424
140.	Valuation reserves	-130,309	-320,783
170.	Reserves	1,330,769	1,260,169
180.	Share premium reserve	283,052	283,052
190.	Share capital	332,392	332,392
200.	Treasury shares (-)	-3,388	-
210.	Minority interests (+/-)	285	297
220.	Profit (Loss) for the period (+/-)	90,195	96,626
	Total Liabilities and Shareholders' Equity	30,550,631	31,097,308

CREDEM - CONSOLIDATED INCOME STATEMENT (€,000)

		9M2012	9M2011
10.	Interests income and similar revenues	650,626	610,912
20.	Interest expense and similar charges	(249,417)	(224,058)
30.	Interest Margin	401,209	386,854
40.	Commission income	344,828	350,319
50.	Commission expense	(75,610)	(76,162)
60.	Net Commissions	269,218	274,157
70.	Dividend and similar revenues	594	733
80.	Net result from trading activities	12,441	48,250
90.	Net result from hedging activities	1,076	(6,631)
100.	Profit (loss) from sale or repurchase of:	51,146	1,947
	b) available-for-sale financial assets	50,518	181
	d) financial liabilities	628	1,766
110.	Net result from financial assets and liabilities valued at fair value	8,359	(10,222)
120.	Operating Income	744,043	695,088
130.	Net value adjustments/write-backs due to impairment of:	(52,777)	(33,259)
	a) loans	(52,633)	(29,153)
	a) financial assets available for sale	-	(2,218)
	d) other financial transactions	(144)	(1,888)
140.	Net Income from Banking Activities	691,266	661,829
150.	Net premiums	230,411	416,811
160.	Other income/expenses from insurance activities	(276,035)	(416,743)
170.	Net Income from Banking and Insurance Activities	645,642	661,897
180.	Administrative costs:	(492,421)	(484,829)
	a) personnel costs	(307,978)	(313,283)
	b) other administrative costs	(184,443)	(171,546)
190.	Net provisions for risks and charges	(56,544)	(8,921)
200.	Net value adjustments/write-backs to tangible assets	(11,635)	(11,845)
210.	Net value adjustments/write-backs to intangible assets	(12,290)	(10,712)
220.	Other operating income/charges	39,806	35,751
230.	Operating Costs	(533,084)	(480,556)
240.	Profit (loss) from equity investments	23,664	800
270.	Profit (loss) from disposal of investments	43,335	192
280.	Profit (loss) before tax from continuing operations	179,557	182,333
290.	Taxes on income from continuing operations	(89,327)	(96,846)
300.	Profit (loss) after-tax from continuing operations	90,230	85,487
320.	Profit (loss) for the period	90,230	85,487
330.	Profit (loss) attributable to minority interests	(35)	(5)
340.	Profit (loss) attributable to the parent company	90,195	85,482

As requested by the "Circolare Bankit - February 15, 2012" with regard to the accounting treatment of some costs related to human resources, some costs included in "Personnel Costs" in 2011 for an amount of €4,875 thousands, has been reclassified to "Other Administrative Costs".

CREDEM - RECLASSIFIED CONSOLIDATED INCOME STATEMENT (€million)

	1Q2012	2Q2012	3Q2012	9M2012	9M2011	Var%	FY2011
Interest Margin	115.1	118.8	117.8	351.7	348.7	0.9	463.3
Non-Interest Margin	123.6	108.5	126.3	358.4	361.2	-0.8	462.6
Operating Income	238.7	227.3	244.1	710.1	709.9	0.0	925.9
Personnel Costs	(105.5)	(101.1)	(101.4)	(308.0)	(313.2)	-1.7	(418.1)
Other Administrative Costs	(48.6)	(47.6)	(45.6)	(141.8)	(142.2)	-0.3	(187.1)
Operating Costs	(154.1)	(148.7)	(147.0)	(449.8)	455.4	-1.2	(605.2)
Gross Operating Profit	84.6	78.6	97.1	260.3	254.5	2.3	320.7
Amortisation & Depreciation	(7.7)	(8.0)	(8.2)	(23.9)	(22.6)	5.8	(30.5)
Operating profit	76.9	70.6	88.9	236.4	231.9	1.9	290.2
Provisions for Risks and Charges	(5.7)	(9.3)	(41.5)	(56.5)	(8.9)	n.a.	(15.4)
Extraordinary Income/ Charges	16.1	0.5	35.8	52.4	(9.7)	n.a.	(7.0)
Net Adjustments to Loans	(22.5)	(13.9)	(16.4)	(52.8)	(31.1)	70.3	(52.0)
Profit before Tax	64.8	47.9	66.8	179.5	182.3	-1.5	215.8
Minority Interests	0.0	0.0	0.0	0.0	0.0	-	(0.1)
Income Taxes for the Period	(23.2)	(23.2)	(42.9)	(89.3)	(96.8)	-7.7	(119.1)
Profit for the Period	41.6	24.7	23.9	90.2	85.5	5.5	96.6

KEY:
Interest Margin

- + Line 30 Interest margin
- + Line 70 Dividends and similar revenues (solely for the portion relating to dividends of AFS equity securities)
- + Line 240 Profit (Loss) from equity investments
- Interest margin of Credemvita

Non-Interest Margin

- + Line 60 Net Commissions
- + Line 80 Net result from trading activities
- + Line 90 Net result from hedging activities
- + Line 100 Profit (Loss) from sale or repurchase excluding profit/loss on equity securities
- + Line 110 Net result from financial assets and liabilities valued at fair value
- + Line 150 Net premiums
- + Line 160 Other income/expenses from insurance activities
- + Line 220 Other operating income/charges (net of extraordinary Lines and of indirect taxes' recovery charged to clientele)
- + Line 70 Dividends and similar revenues (net of the portion relating to dividends of AFS equity securities)
- + Interest margin of Credemvita

Operating Profit

- + Operating Income
- + Line 180 Operating costs (personnel costs and other administrative costs and of indirect taxes' recovery charged to clientele)
- + Line 200 Net value adjustments/write-backs to tangible assets
- + Line 210 Net value adjustments/write-backs to intangible assets

Profit before tax

- + Operating Profit
- + Line 190 Provisions for risks and charges
- + Line 130 Net Adjustments for impaired loans and other financial transactions
- + Extraordinary income/charges:
 - Line 220 Other operating income/charges (only extraordinary Lines – imbalance of extraordinary Lines)
 - + Line 100 Profit (Loss) from sale or repurchase for profit/loss on equity securities only
 - + Line 130 Net Adjustments to assets available for sale
 - + Line 270 Profit (Loss) from disposal of investments
 - + Line 240 Profit (Loss) from equity investments
 - + Line 310 Profit (Loss) referred to group of assets being disposed net of taxes