
CREDEM, THE BOARD OF DIRECTORS APPROVES 9M13 GROUP'S CONSOLIDATED RESULTS: NET PROFIT OF THE PERIOD +11.2%, CORE TIER I AT 10%

- **Net Profit of the Period** at €100.3 million, +11.2% YoY;
- Investments on **sales networks** and customers assistance by hiring 87 people since the beginning of the year⁽¹⁾ and strengthening financial advisers salesforce as well as Group's network of agents with exclusive mandate for "salary backed loans" and Creacasa agents;
- **Core Tier 1**⁽²⁾ up to 10% by means of an internal capital generation;
- **Net NPLs ratio** at 1.63%, well below the industry average;
- **Direct Deposits from Customers**⁽³⁾ +9.6% YoY at €16,981 million, **Asset Under Management** +7.8% YoY at €16,953 million;
- **Loans to Customers:** in September a new plafond accounting for more than €1.2 billion, to support Group's small business and SME's customers liquidity needs through pre-authorized credit lines, was activated;
- **Strong liquidity position** proved by the reimbursement of €1.5 billion to ECB under the LTRO facilities (reimbursement done in two tranches: €500 million in August 2013 and €1 billion in November 2013).

Credem's Board of Directors, chaired by **Giorgio Ferrari**, approved today 9M2013 individual and consolidated results. Consolidated Net Profit of the Period was up 11.2% YoY at €100.3 million (€90.2 million in 9M2012).

*"Throughout this year we put in place several activities in order to support our customers who have to deal with a weak economic scenario", declared **Credem General Manager, Mr. Adolfo Bizzocchi**. "Within the most important and recent activities", continued Mr. Bizzocchi, "I would mention the new plafond accounting for more than €1.2 billion, which will be available since January 2014, to support small and medium corporate customers as well as craftsmen, retailers and freelance professionals liquidity needs which generally are more relevant in the last part of the year".*

Group's sound capital ratios were confirmed by a **Core Tier 1**⁽²⁾ up to 10%, only thanks to the internal capital generation without any rights issue. **Loan to Customers** were €19,269 million (+0.1% YoY) while the **Net NPLs ratio** remained at 1.63%, despite the still negative economic scenario, and well below industry average.

Regarding Group's investments on human resources, since the beginning of the year, 87 people⁽¹⁾ were **hired**, while also financial advisers salesforce was strengthen as well as Group's network of agents with exclusive mandate for "salary backed loans" and Creacasa agents.

Consolidated Income Statement

Operating Income was €737.2 million, +3.8% compared to €710.1 million in 9M12.

In particular, **Interest Margin**⁽⁴⁾ was €345 million compared to €351.7 million in 9M12 (-1.9% YoY) affected by the a lower contribution from the securities portfolio.

Non Interest Margin⁽⁵⁾⁽⁶⁾ was €392.2 million, +9.4% compared to €358.4 million in 9M12. In particular, Asset Management and Brokerage Fees went up by 2.4% YoY despite disposal of Credem's depository and correspondent banking activities completed in September 2012. Banking Fees went up by 18.9% YoY.

Operating Costs⁽⁶⁾ were €459.4 million compared to €449.8 million in 9M12 (+2.1% YoY) affected by the strengthening of distribution networks and by specific initiatives dedicated to the commercial development. In detail Administrative Expenses were €143.6 million (+1.3% YoY) while Payroll Costs were €315.8 million (+2.5% YoY).

Cost/Income Ratio⁽⁷⁾ was 62.3%, down if compared with 63.3% in 9M12.

Gross Operating Profit was €277.8 million, +6.7% compared to €260.3 million in 9M12. **Amortisation and Depreciation** were €25.8 million compared to €23.9 million in 9M12 (+7.9% YoY).

Net Operating Profit was €252 million, +6.6% compared to €236.4 million in 9M12.

Provisions for Risk and Charges were €9.1 million (€56.5 million in 9M12). **Net Adjustments to Loans** were €69.3 million compared to €52.8 million in 9M12 (+31.3%) because of the difficult scenario still affecting companies and households.

As a result of such provisions, **coverage on NPLs** was 55.3% in 9M13 compared to 56.1% in 9M12.

Net Extraordinary Income/Charges were -€1.1 million (€52.4 million in 9M12).

Profit before Tax was €172.5 million compared to €179.5 million in 9M12 (-3.9%).

Income Taxes were €72.2 million (-19.1% compared to €89.3 million in 9M12).

Net Profit for the Period was €100.3 million, +11.2% compared to €90.2 million in 9M12.

Consolidated Balance Sheet⁽³⁾

Group's Customers' Funding at the end of 9M13 was €47,258 million compared to €45,067 million at the end of 9M12, +4.9% YoY. Group's Total Funding was €53,572 million compared to €51,093 million at the end of 9M12 (+4.9% YoY).

Direct Deposits from Customers were €16,981 million, +9.6% compared to €15,488 million at the end of 9M12. **Group Direct Deposits** were €18,112 million compared to €16,807 million at the end of 9M12 (+7.8%). In detail, Sight and Time Deposits were €13,732 million, +10.5% compared to €12,428 million at the end of 9M12. Bonds and Subordinated Debt were €3,249 million (€3,060 million at the end of 9M12, +6.2%).

Insurance Reserves were €3,014 million, +16.1% compared to €2,597 million at the end of 9M12.

Total Customers Indirect Deposits were €27,263 million, +1% compared to €26,982 million at the end of 9M12. Group's Indirect Deposits were €32,446 million compared to €31,686 million at the end of 9M12, +2.4%. In detail, Asset Under Management were €16,953 million, +7.8% compared to €15,727 million at the end of 9M12; with Portfolio

Management at €3,646 million (-4.1% YoY) and Mutual Funds and SICAVs at €7,951 million (+0.2% YoY).

Loans to Customers were €19,269 million, +0.1% compared to €19,249 million at the end of 9M12 while maintaining a strong focus on credit quality.

Net NPLs Ratio was 1.63% (compared to 1.34% at the end of 9M12), well below industry average.

Net Impaired Loans were €798.5 million (€723.3 million at the end of 9M12).

Core Tier I Capital Ratio ⁽²⁾ was 10%. **Total Capital Ratio** ⁽⁸⁾ was 13.8%.

At the end of 9M13 Credem's distribution network consisted of 629 branches, corporate centres and financial stores with 5.651 employees, 768 financial advisers with mandate, 263 Creacasa agents and 95 agents with exclusive mandate for "salary backed loans".

Others information

On November 6, 2013 a second tranche (amounting to €1 billion) of the LTRO credit line with ECB was reimbursed. A first tranche amounting to €500 million had been reimbursed on August 14, 2013.

Forecast on operating trends and evolution of the business

Still fragile system indicators (weak signs of economic recovery that should affect more the European environment as a whole rather than Italy in particular, the recovery of financial markets with favorable reflexes on sovereign debt interest rates as well as banks' bonds on longer maturities) do not permit to formulate short term forecasts very different from the evidences experienced during the first 9 months of 2013.

In particular, both Net Interest Income contraction and the strong incidence of the cost of risk should be confirmed. Also, trading contribution looks very volatile, while commission income should be on the rise, even including only the management fee portion that doesn't take into account the additional portion linked to the performance of AUM products.

The banking industry is expected to continue to be involved in a global rationalization process and investment containment, that will result in an overall cost reduction. As for Credem Group, the strong commercial effort, paired with the continuous focus on risk assessment and risk management, may drive to evolutions that could be moderately different from the industry trends.

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 9M13 report will be soon available to the public in due terms. A presentation that illustrates 9M13 consolidated results will be soon available in the section "Investor Relations" of Credem's website www.credem.it

For additional information about Credem and the other companies in the Group, please visit Credem website www.credem.it

NOTES:

(1) Referred to Credem Spa;

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

- (3) Following the changes occurred to the interbank collateralized market, with the transfer to "Cassa di Compensazione e Garanzia" and to "Monte Titoli" of some functions that Bank of Italy used to manage to date: in item 70 ("Loans to customers") on the assets side of balance sheet were accounted €140 million of credit lines granted on such market; in item 20 ("Due to customers") on the liabilities side of balance sheet were accounted €558 million of credit lines borrowed on such market. Comments to "Loans to Customers" and "Customer's Fundings" refer to aggregates that do not include such credit lines. Regarding Customers' Fundings, bonds issued to institutional investors and deposits from financial institutions are deducted from the total. Group's Customers' Funding includes Insurance Reserves. Group's Direct Deposits includes the contribution of all companies belonging to the banking group, while Insurance Reserves include technical reserves and Credemvita financial liabilities valued at fair value;
- (4) Includes dividends from "Available-for-sale financial assets" (minority equity investments) and "Profit/(Loss) from Equity Investments", net of Credemvita net interest income;
- (5) Includes Credemvita Operating Income and "Other operating income/charges" net of extraordinary income/expenses and tax refund;
- (6) The recovery of indirect taxes charged to clientele (€42.6 million in 9M12 and €46.0 million in 9M13) was deducted either from Non Interest Margin (Other Income) and Operating Costs (Other Administrative Costs);
- (7) Calculated as Operating Costs on Operating Income;
- (8) Calculated as Tier I Capital plus subordinated debts on Risk Weighted Assets.

Reggio Emilia, November 14, 2013

CREDITO EMILIANO SPA
(Chairman)
Giorgio Ferrari

Contacts:

Media Relations Credem
+39 0522 582075
rel@credem.it

Investor Relations Credem
+39 0522 583029-2785
investor@credem.it

www.credem.it

CREDEM - CONSOLIDATED BALANCE SHEET (€,000)

Assets		Sep 30, 2013	Dec 31, 2012
10.	Cash and cash equivalents	116,411	165,458
20.	Financial assets held for trading	201,510	312,437
30.	Financial assets valued at fair value	964,985	828,980
40.	Available-for-sale financial assets	7,610,053	6,069,413
60.	Due from banks	804,169	946,699
70.	Loans to customers	19,409,422	20,643,301
80.	Hedging derivatives	119,678	174,872
90.	Value adjustments to financial assets subject to macro-hedging (+/-)	59,715	79,640
100.	Equity investments	24,205	23,637
110.	Technical reserves attributable to reinsures	2,208	1,949
120.	Tangible assets	307,426	315,638
130.	Intangible assets	365,963	370,387
	of which: goodwill	287,295	287,295
140.	Tax assets	222,789	253,764
	a) current	51,560	63,679
	b) prepaid – not as per L. 214/2011	171,229	190,085
	b1) prepaid – as per L. 214/2011	43,741	37,343
160.	Other assets	594,399	562,528
	Total Assets	30,802,933	30,748,703
Liabilities		Sep 30, 2013	Dec 31, 2012
10.	Due to banks	5,103,121	5,668,549
20.	Due to customers	14,301,982	14,456,923
30.	Outstanding securities	4,315,886	4,075,089
40.	Financial liabilities held for trading	116,140	232,682
50.	Financial liabilities valued at fair value	1,028,265	920,865
60.	Hedging derivatives	332,914	431,120
70.	Value adj. to financial liabilities subject to macro-hedging (+/-)	49,656	77,559
80.	Tax liabilities	133,432	155,117
	a) current	31,022	43,728
	b) deferred	102,410	111,389
100.	Other liabilities	1,068,147	727,939
110.	Staff termination indemnity	93,085	92,055
120.	Provisions for risks and charges	143,700	151,795
	a) pensions and similar	2,003	2,188
	b) other provisions	141,697	149,607
130.	Technical reserves	2,039,104	1,773,925
140.	Valuation reserves	-48,833	-79,693
170.	Reserves	1,413,635	1,331,113
180.	Share premium reserve	283,052	283,052
190.	Share capital	332,392	332,392
200.	Treasury shares (-)	-3,349	-3,388
210.	Minority interests (+/-)	351	367
220.	Profit (Loss) for the period (+/-)	100,253	121,242
	Total Liabilities	30,802,933	30,748,703

CREDEM - CONSOLIDATED INCOME STATEMENT (€,'000)

		9M13	9M12
10.	Interests income and similar revenues	600,406	650,626
20.	Interest expense and similar charges	(212,280)	(249,417)
30.	Interest Margin	388,126	401,209
40.	Commission income	350,136	344,828
50.	Commission expense	(81,683)	(75,610)
60.	Net Commissions	268,453	269,218
70.	Dividend and similar revenues	1,157	594
80.	Net result from trading activities	7,744	12,441
90.	Net result from hedging activities	3,914	1,076
100.	Profit (loss) from sale or repurchase of:	64,988	51,146
	b) available-for-sale financial assets	64,997	50,518
	d) financial liabilities	(9)	628
110.	Net result from financial assets and liabilities valued at fair value	(483)	8,359
120.	Operating Income	733,899	744,043
130.	Net value adjustments/write-backs due to impairment of:	(69,330)	(52,777)
	a) loans	(69,159)	(52,633)
	b) financial assets available for sale	(2)	-
	d) other financial transactions	(169)	(144)
140.	Net Income from Banking Activities	664,569	691,266
150.	Net premiums	366,988	230,411
160.	Other income/expenses from insurance activities	(403,093)	(276,035)
170.	Net Income from Banking and Insurance Activities	628,464	645,642
180.	Administrative costs:	(505,383)	(492,421)
	a) personnel costs	(315,764)	(307,978)
	b) other administrative costs	(189,619)	(184,443)
190.	Net provisions for risks and charges	(9,084)	(56,544)
200.	Net value adjustments/write-backs to tangible assets	(11,967)	(11,635)
210.	Net value adjustments/write-backs to intangible assets	(13,878)	(12,290)
220.	Other operating income/charges	83,990	39,806
230.	Operating Costs	(456,322)	(533,084)
240.	Profit (loss) from equity investments	446	23,664
270.	Profit (loss) from disposal of investments	(136)	43,335
280.	Profit (loss) before tax from continuing operations	172,452	179,557
290.	Taxes on income from continuing operations	(72,166)	(89,327)
300.	Profit (loss) after-tax from continuing operations	100,286	90,230
320.	Profit (loss) for the period	100,286	90,230
330.	Profit (loss) attributable to minority interests	(33)	(35)
340.	Profit (loss) attributable to the parent company	100,253	90,195

CREDEM – CONSOLIDATED INCOME STATEMENT (€ MILLION)

	1Q13	2Q13	3Q13	9M13	9M12	Var%	FY12
Interest Margin	112.6	116.7	115.7	345.0	351.7	-1.9	468.3
Non Interest Margin (*)	145.8	127.7	118.7	392.2	358.4	9.4	502.9
Operating Income	258.4	244.4	234.4	737.2	710.1	3.8	971.2
Personnel Costs	(109.2)	(105.1)	(101.5)	(315.8)	(308.0)	2.5	(415.0)
Other Administrative Costs (*)	(48.6)	(49.4)	(45.6)	(143.6)	(141.8)	1.3	(189.5)
Operating Costs	(157.8)	(154.5)	(147.1)	(459.4)	(449.8)	2.1	(604.5)
Gross Operating Profit	100.6	89.9	87.3	277.8	260.3	6.7	366.7
Amortisation & Depreciation	(8.4)	(8.5)	(8.9)	(25.8)	(23.9)	7.9	(32.7)
Net Operating Profit	92.2	81.4	78.4	252.0	236.4	6.6	334.0
Provisions for Risks & Charges	(0.8)	(2.1)	(6.2)	(9.1)	(56.5)	-83.9	(63.1)
Extraordinary Income/ Charges	(0.7)	(1.0)	0.6	(1.1)	52.4	-102.1	46.4
Net Adjustments to Loans	(19.9)	(28.0)	(21.4)	(69.3)	(52.8)	31.3	(89.1)
Profit before Tax	70.8	50.3	51.4	172.5	179.5	-3.9	228.2
Minority Interests	-	-	-	-	-	-	(0.1)
Income Taxes for the Period	(28.4)	(21.7)	(22.1)	(72.2)	(89.3)	-19.1	(106.9)
Profit for the Period	42.4	28.6	29.3	100.3	90.2	11.2	121.2

(*)The recovery of indirect taxes charged to clientele (€42.6 million in 9M12 and €46.0 million in 9M13) was deducted either from Non Interest Margin and Operating Costs.

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