



Gruppo Bancario
CREDITO EMILIANO – CREDEM

COMUNICATO STAMPA

Reggio Emilia, 10/1/2005

Si informa che, in data odierna, Standard & Poor's Ratings Services ha assegnato al gruppo Credem i seguenti rating:

- **long term "A-" outlook "stabile"**
- **short term "A2"**.

Si allega, qui di seguito, il testo integrale del comunicato stampa diramato dall'Agenzia.

Razionale

On Jan. 10, 2005, Standard & Poor's Ratings Services assigned its 'A-' long-term and 'A-2' short-term counterparty credit ratings to Italian regional bank Credito Emiliano SpA (Credem). The outlook is stable.

The ratings reflect Credem's satisfactory financial profile, based on very strong asset quality; satisfactory capitalization; and resilient core profitability. The ratings also take into account a high cost income ratio and a disappointing track record in investment banking.

A midsize Italian bank, Credem is controlled by a founder-shareholder base of entrepreneurial families. It has an adequate market position in its wealthy home region of Emilia-Romagna and is a niche player in other regions. The bank has also successfully built up profitable positions in asset management and equity brokerage. Credem has nevertheless had difficulty controlling the growth of its investment-banking subsidiary, Abaxbank, which posted a €20 million (\$26.2 million) net loss in 2003. Credem subsequently downsized Abaxbank and put strategic priority on strengthening retail banking through organic growth to improve profitability.

Credem's asset quality is very strong, reflecting a low credit risk appetite; a highly efficient credit risk process; extensive monitoring, notably of its southern branches; and low geographic and single-party concentrations. Credem's doubtful-loan inflows and credit risk costs are consequently far lower than those of peers. Capitalization is satisfactory in light of the bank's low credit risk profile.

Credem's bottom-line profitability is satisfactory, and has shown resilience amid an adverse macroeconomic backdrop. Credem's high 73% cost income ratio at Sept. 30, 2004, reflects structurally lower net interest-income generation compared with that of peers, as well as the current high operating costs of investment-banking and private-banking activities. This is compensated by a low cost of risk, resulting in an average ROA before

minority interests of 75 basis points over the past five years, in line with its rating category.

Outlook

The stable outlook reflects Standard & Poor's expectation of continued very strong asset quality, which should not be weakened by Credem's growth strategy in retail lending. Credem is committed to maintaining a Tier 1 ratio of more than 7% in the coming years. Standard & Poor's expects capitalization to remain satisfactory as the bank concentrates on retail-banking activities and avoids acquisitions.

A material improvement in bottom-line profitability is expected for 2004, in light of the 11% net income growth at Sept. 30, 2004, and the absence at year-end of exceptional losses such as those recorded in 2003 with Parmalat's bankruptcy. In 2005, profitability is expected to continue to grow. The cost income ratio should improve to less than 70% as the bank's activity mix shifts toward more profitable commercial lending and investments in private banking pay off, assuming no further exceptional losses at Abaxbank.

CREDITO EMILIANO S.p.A.
Il Presidente
(Dott. Giorgio Ferrari)