

CREDEM GROUP: CET1 RATIO⁽¹⁾ INCREASING FROM 13.32% TO 13.69%

More than 6 percentage points above 2018 ECB minimum regulatory requirement at 7.375%⁽²⁾, proving the Group's soundness, reliability and solidity.

On March 1st, 2018, the European Central Bank (ECB) authorized Credem Group not to deduct its 100% stake in Credemvita S.p.A. from the calculation of the Group's capital ratios.

The authorization received by ECB, on the back of the article 49 of EU Regulation No. 575/2103 ("CRR"), is linked to the previous decision to include Credem Group, starting from October 2017, among Italian groups with significant business activities both in the banking, wealth management and insurance industries (financial conglomerates) and shows the Group's strong integration and control over all its businesses.

The ECB decision, effective starting from December 31st 2017, entails an upward restatement of the Group's prudential capital ratios reported in the FY17 preliminary results.

In detail, **CET1 ratio⁽¹⁾ grew from 13.32% to 13.69% (+37 bps)**, more than 6 percentage points above 2018 ECB minimum regulatory requirement at 7.375%⁽²⁾, proving the Group's soundness, reliability and solidity. Moreover, Tier1 capital ratio⁽¹⁾ increased from 13.36% to 13.76% (+40 bps) and Total capital ratio⁽¹⁾ from 14.99% to 15.57% (+58 bps).

Fully phased capital ratios improved furtherly: CET1 ratio from 12.90% to 13.29% (+39 bps), Tier1 capital ratio from 13.24% to 13.63% (+39 bps), Total capital ratio from 15.03% to 15.55% (+52 bps).

Nazzareno Gregori, Credem's General Manager, declared: "The authorization received affirmed once again the effectiveness of the strategy implemented by the Group, which brought Total Assets to expand above €40 billion at the end of 2017, with a remarkable +30% increase from 2013 year-end figure. The development involved all the Group's business lines, from asset management to commercial banking and insurance services, with insurance reserves reaching €6.8 billion at the end of 2017, more than double compared to the end of 2013. I firmly believe that such growth reflected our constant focus on the relationship with the customers, the comprehensive range of wealth management services we offer, and the quality of our people".

NOTES

- (1) Phased-in figure. By article 11(2), 11(3), and 13(2) of the EU Regulation No. 575/2013 (CRR), banks controlled by a financial holding shall meet the requirements set by such Regulation on the basis of the consolidated accounts of the financial holding. In light of these rules on capital ratios, the consolidation perimeter of the Group changed, within the framework set by the prudential supervision of the regulator. Therefore, capital ratios were calculated on Credemholding, which holds 77.3% of Credem Spa share capital
- (2) Such value includes: i) the minimum requirement as stated by the Art. 92(1)(a) of the Capital Requirements Regulation (CRR) 575/2013; ii) the requirement fixed by the Bank of Italy as capital conservation buffer and equal to 1.875% in 2018 as defined in the Circular No. 285 issued on 12/17/2013 - 18° update (<http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c285/Aggiornamento-18-041016.pdf>); iii) the additional requirement under Art. 16(2)(a) of Directive 1024/2013, requested by the ECB and equal to 1%; iv) the coefficient of the countercyclical capital reserve requested by the Bank of Italy and equal to 0% for the first quarter 2018 (http://www.bancaditalia.it/media/comunicati/documenti/2017-02/CCyB2018Q1-cs-it.pdf?pk_campaign=EmailAlertBdi&pk_kwd=it)

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CREDITO EMILIANO SPA
(Chairman)
Giorgio Ferrari

Contacts:

Media Relations Credem
+39 02 77426202 - 0522 582075
rel@credem.it

Investor Relations Credem
+39 0522 583611 -3611
investor@credem.it

www.credem.it
