

QUARTERLY RESULTS AS AT 30 SEPTEMBER 2011

- ✓ **net profit for the period: EUR 27 million (+62.5% yoy, +20.8% normalised yoy)**
- ✓ **operating income: EUR 198 million (+7.3% yoy)**
- ✓ **operating expenses: EUR 115 million (-0.8% yoy)**
- ✓ **net income from banking activities: EUR 83 million (+20.9% yoy)**
- ✓ **income before tax from continuing operations: EUR 42 million (+46.8% yoy, +22.6% normalised yoy)**

- ✓ **loans to customers: EUR 7.1 billion (+7.6% on December 2010)**
- ✓ **direct deposits: EUR 7.7 billion (+7.3% on December 2010)**
- ✓ **indirect deposits: EUR 5.3 billion (-0.8% on December 2010)**
- ✓ **total deposits: EUR 13 billion (+3.8% on December 2010)**

Milan, 2 November 2011 – The Credito Artigiano Board of Directors, chaired by Aldo Fumagalli Romario, today approved the quarterly results as at 30 September 2011, which confirm the positive development of financial position aggregates and consistent trend in income margins, despite the continued instability of the general economic scenario.

As at the end of September 2011 **direct deposits** reached EUR 7,752 million, up 7.3% on the EUR 7,228 million as at the end of December 2010.

Indirect deposits totalled EUR 5,257 million, down slightly on the year-end figure of EUR 5,300 million, mainly due to the effect of a deceleration in “managed savings”, which amounted to EUR 2,128 million compared to the EUR 2,281 of December 2010 (-6.7%), whereas the “administered” component, totalling EUR 3,129 million, recorded a 3.6% increase.

Total deposits reached EUR 13,009 million against the EUR 12,528 million recorded at the end of 2010, up 3.8%.

Loans to customers rose to EUR 7,097 million from EUR 6,597 million as at year end, recording a 7.6% increase.

As at the end of the third quarter, *impaired loans* net of adjustments totalled EUR 462 million, up by approximately 28% on the EUR 361 million as at 31 December 2010, as a result of the

ongoing weakness of the economic cycle. In detail, doubtful loans net of value adjustments totalled EUR 149 million, with a 2.09% impact on the total loans portfolio (1.63% in 2010) of which 55% hedged, compared to EUR 108 million as at December 2010. Other doubtful loans amounted to EUR 313 million compared to the EUR 254 million of December 2010 and represent 4.41% of the loans portfolio (3.84% in 2010), with around 8% hedged.

As at 30 September 2011, **shareholders' equity** stood at EUR 769 million. *Regulatory Capital* as at the same date was EUR 744 million, against risk-weighted assets of EUR 6,981 million. The consistency of the Regulatory Capital guarantees that regulatory requirements under the new regulations will be met, and will adequately support business development.

The *core capital ratio* (tier 1 capital-risk weighted assets) was 8.87%, compared to 8.66% as at 31 December 2010. The *total capital ratio* (regulatory capital-risk weighted assets) was 10.66% against 10.58% at the end of December 2010.

With regard to profits, the **interest margin** reached EUR 120.5 million compared to EUR 114.2 million in September 2010, up 5.5% year on year as a result of the increase in trading volumes and to the moderate recovery in market rates recorded from the fourth quarter of 2010 and in the first part of this year.

Net commissions amounted to EUR 65.8 million, up 6.8% on EUR 61.6 million for the corresponding period last year, mainly due to the positive trend in credit area income.

Profit from investments measured at equity – all of which from investments in Credito Valtellinese Group companies – totalled EUR 9.3 million against the EUR 6.7 million in the comparison period.

Total **operating income** amounted to EUR 198.2 million, recording an increase of 7.3% against the EUR 184.7 million recorded in September last year.

Operating costs fell by 0.8% with respect to the comparison period, to EUR 114.9 million. In detail, the cost components show a 2.2% decrease in administrative costs, which amounted to EUR 47.7 million, whilst personnel expenses recorded an increase of 1.2%, recording a total of EUR 61.5 million.

The **net income from banking activities** reached EUR 83.3 million, marking an increase of more than 20% against the EUR 68.9 million recorded for the corresponding period of the previous year.

Losses/recoveries on impairment of loans stood at EUR 46.7 million, up 18% year on year compared to EUR 39.6 million recorded in September 2010. The *cost of credit*, calculated as the annualised ratio between losses/recoveries on impairment of loans and total loans as at year end, was approximately 87 basis points (83 basis points for 2010).

Profit on disposal of investments in associates and companies subject to joint control of EUR 7 million relating to disposal of the investments in Bancaperta and BAI during the first half of the year led to **income before tax from continuing operations** of EUR 42 million, up 47% on the EUR 28.6 million recorded for the comparison period. Net of this non-recurring component, income before tax from continuing operations shows a 22.6% increase.

Tax expenses for the period – estimated at EUR 15 million – lead to **net income** of EUR 27 million, recording an increase of more than 62% (+20.8% normalised year on year).

Business Outlook

The permanent uncertainties of developments in the macroeconomic scenario lead the Board of Directors to confirm prudent assessments of the operating performance for the remainder of the year.

However, the Board feels that a positive trend in financial position aggregates can be forecast as a result of the extraordinary transactions being implemented, and growth in income consistent with that recorded in the first nine months of this year.

Declaration of the Executive in charge of drawing up the corporate accounting documents

I, the undersigned Executive in charge of drawing up the corporate accounting documents, Alberto Cesari, hereby declare that pursuant to Article 154 bis, paragraph 2, of the Consolidated Law on Finance, the accounting information provided in this disclosure matches the information reported on the company's documents, books and accounting records.

The Executive in charge of drawing up the
corporate accounting documents

Signed: Alberto Cesari

The financial highlights and the reclassified Balance Sheet and Income Statement are provided below.

Corporate contacts

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HIGHLIGHTS

BALANCE SHEET DATA	30/09/2011	31/12/2010	% change	30/09/2010	% change
<i>(in thousands of EUR)</i>					
Loans to customers	7,097,218	6,596,907	7.58%	6,927,574	2.45%
Financial assets and liabilities	18,775	17,048	10.13%	17,310	8.46%
Investments in associates and companies subject to joint control	220,648	277,938	-20.61%	257,428	-14.29%
Total assets	9,133,339	8,829,605	3.44%	8,874,080	2.92%
Direct deposits from customers	7,751,781	7,227,998	7.25%	7,355,639	5.39%
Indirect deposits from customers	5,257,524	5,300,061	-0.80%	5,308,311	-0.96%
- of which Managed savings	2,128,520	2,280,744	-6.67%	2,353,346	-9.55%
Total deposits	13,009,305	12,528,059	3.84%	12,663,950	2.73%
Shareholders' equity	769,413	759,556	1.30%	756,825	1.66%

SOLVENCY RATIOS	30/09/2011	31/12/2010
Tier 1 Regulatory Capital/Risk-weighted assets	8.87%	8.66%
Regulatory Capital/Risk-weighted assets	10.66%	10.58%

FINANCIAL STATEMENT RATIOS	30/09/2011	30/06/2011	31/12/2010
Indirect deposits from customers / Total deposits	40.4%	40.7%	42.3%
Managed savings / Indirect deposits from customers	40.5%	41.2%	43.0%
Direct deposits from customers / Total liabilities	84.9%	84.2%	81.9%
Customer loans / Direct deposits from customers	91.6%	89.0%	91.3%
Customer loans / Total assets	77.7%	75.0%	74.7%

CREDIT RISK	30/09/2011	30/06/2011	31/12/2010	% change (1)	% change (2)
Net doubtful loans (in thousands of EUR)	148,610	131,765	107,652	12.78%	38.05%
Other net doubtful loans (in thousands of EUR)	312,880	269,941	253,633	15.91%	23.36%
Net doubtful loans / Loans to customers	2.09%	1.86%	1.63%		
Other net doubtful loans / Loans to customers	4.41%	3.82%	3.84%		
Hedging of doubtful loans	54.56%	55.62%	56.61%		
Hedging of other doubtful loans	7.97%	7.50%	6.63%		
Cost of credit (*)	0.87%	0.87%	0.83%		-

(*) Annualised ratio between the net value adjustments due to deterioration of loans and year-end loans.

ORGANISATIONAL DATA	30/09/2011	30/06/2011	31/12/2010	% change (1)	% change (2)
Number of employees	1,088	1,091	1,103	-0.27%	-1.36%
Number of branches	144	144	144	0.00%	0.00%

(1) Calculated as compared to 30/6; (2) Calculated as compared to 31/12 of previous year.

RECLASSIFIED BALANCE SHEET

ASSETS (in thousands of EUR)	30/09/2011	30/06/2011	31/12/2010	% change (1)	% change (2)
Cash and cash equivalents	43,360	50,366	49,894	-13.91%	-13.10%
Financial assets held for trading	14,992	12,932	12,834	15.93%	16.81%
Financial assets available for sale	5,008	3,810	5,090	31.44%	-1.61%
Due from banks	1,357,960	1,662,547	1,537,908	-18.32%	-11.70%
Loans to customers	7,097,218	7,074,976	6,596,907	0.31%	7.58%
Investments in associates and companies subject to joint control	220,648	218,789	277,938	0.85%	-20.61%
Property, plant and equipment and intangible assets (3)	237,000	235,838	235,573	0.49%	0.61%
Other assets (4)	157,153	173,161	113,460	-9.24%	38.51%
Total assets	9,133,339	9,432,420	8,829,605	-3.17%	3.44%

(1) Calculated as compared to 30/6

(2) Calculated as compared to 31/12

(3) Include items "110. Property, plant and equipment" and "120. Intangible assets";

(4) Include items 130 "Tax assets" and 150 "Other assets".

LIABILITIES (in thousands of EUR)	30/09/2011	30/06/2011	31/12/2010	% change (1)	% change (2)
Due to banks	232,731	327,712	592,359	-28.98%	-60.71%
Direct customer deposits (3)	7,751,781	7,945,955	7,227,998	-2.44%	7.25%
Financial liabilities held for trading	1,225	1,394	876	-12.12%	39.84%
Other liabilities	337,534	355,196	201,632	-4.97%	67.40%
Provisions for specific purpose (4)	40,654	40,717	47,183	-0.15%	-13.84%
Shareholders' equity (5)	769,413	761,445	759,556	1.05%	1.30%
Total liabilities and shareholders' equity	9,133,339	9,432,420	8,829,605	-3.17%	3.44%

(1) Calculated as compared to 30/6

(2) Calculated as compared to 31/12

(3) Include items "20. Due to customers" and "30. Securities issued";

(4) Include items "80. Tax liabilities", "110. Employee termination indemnities" and "120. Provisions for risks and charges".

(5) Include items "130. Valuation reserves", "160. Reserves", "170. Share premium reserve", "180. Share capital" and "200. Profit for the period."

RECLASSIFIED INCOME STATEMENT

Items (in thousands of EUR)	Q3 2011	01/01/2011 - 30/09/2011	Q3 2010	01/01/2010 - 30/09/2010	% change	% change
Interest margin	42,706	120,527	38,528	114,187	10.84%	5.55%
Net fee and commission income	21,808	65,818	21,312	61,650	2.33%	6.76%
Dividends and similar income	5	11	-	21	-	-47.62%
Profit (losses) from investments in associates and companies subject to joint control carried at equity (1)	1,881	9,299	2,197	6,725	-14.38%	38.28%
Profit (losses) on trading, hedging activities and disposals/repurchases	-213	1,161	390	361	-154.62%	221.61%
Other operating expenses/income (4)	504	1,353	657	1,777	-23.29%	-23.86%
Operating income	66,692	198,169	63,084	184,722	5.72%	7.28%
Personnel expenses	-20,455	-61,465	-19,712	-60,729	3.77%	1.21%
Other administrative expenses (2)	-15,905	-47,664	-16,372	-48,726	-2.85%	-2.18%
Net adjustments to/recoveries on property, plant and equipment and intangible assets (3)	-1,925	-5,761	-2,148	-6,385	-10.38%	-9.77%
Operating expenses	-38,285	-114,890	-38,232	-115,840	0.14%	-0.82%
Net income from banking activities	28,407	83,279	24,852	68,882	14.30%	20.90%
Net losses/recoveries on impairment of loans and other financial assets	-15,627	-46,713	-13,486	-39,554	15.88%	18.10%
Net provisions for risks and charges	-238	-1,459	29	-744	-920.69%	96.10%
Profit (losses) on disposal of investments and investments in associates and companies subject to joint control	-21	6,941	-	58	-	n/a
Income (loss) before tax from continuing operations	12,521	42,047	11,395	28,641	9.88%	46.81%
Taxes on income from continuing operations	-5,680	-15,000	-4,758	-12,000	19.38%	25.00%
Net income for the period	6,841	27,047	6,637	16,641	3.07%	62.53%

(1) Income from investments in associates and companies subject to joint control carried at equity includes the profit (loss) on investments carried at equity included in item 210 "Income from investments in associates and companies subject to joint control". The residual amount of that item is included in profit (losses) on disposal of investments in associates and companies subject to joint control, together with item 240 "Profit (losses) on disposal of investments";

(2) Other administrative expenses include recoveries of taxes and other recoveries recognised in item 190 "Other operating expenses/income" (EUR 10,693 thousand as at 30/09/2011 and EUR 10,523 thousand as at 30/09/2010);

(3) Net adjustments to/recoveries on property, plant and equipment include items 170 "Net adjustments to/recoveries on property, plant and equipment", 180 "Net adjustments to/recoveries on intangible assets" and depreciation on costs incurred for leasehold improvements included under item 190 "Other operating expenses/income" (EUR 1,830 thousand as at 30/09/2011 and EUR 1,985 thousand as at 30/09/2010);

(4) Other income and charges correspond to item 190 "Other operating expenses/income" net of the above reclassifications.