

CREDEM Group

First-Half '04

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General Manager

speaks at the

Italian Banks and Insurances CEO Conference

Kepler Equities Italia - Milan, 27-28 September 2004

Intro

Results

Attachments

**Italy's 14th largest banking group
with over 19 billion in assets**

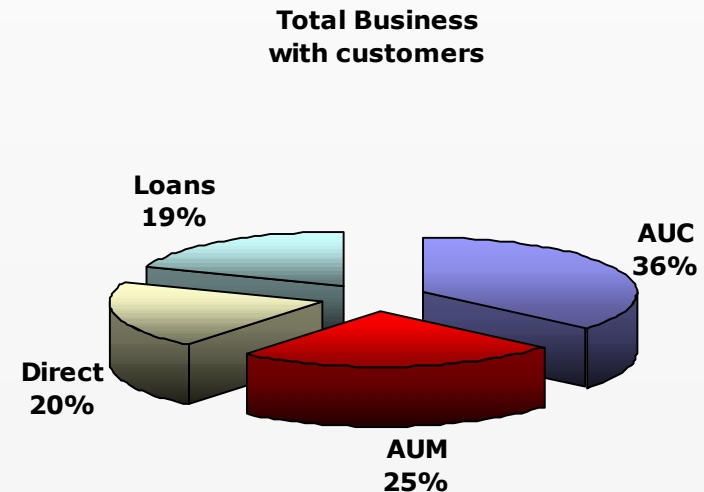
**Italy's 12th largest asset manager
with 15.5 billion in customer funds
under management**

**700,000 customers and about 63
billion in customer total business**

**500 branches and business centres
in 18 regions and 70 provinces of
Italy - 5,000 employees**

**20 companies covering all financial
sectors**

**Listed since '97 (*Midex*), mkt. cap.
around 1.9 billion**



Strategy

CENTRAL ROLE of the CORE BUSINESS

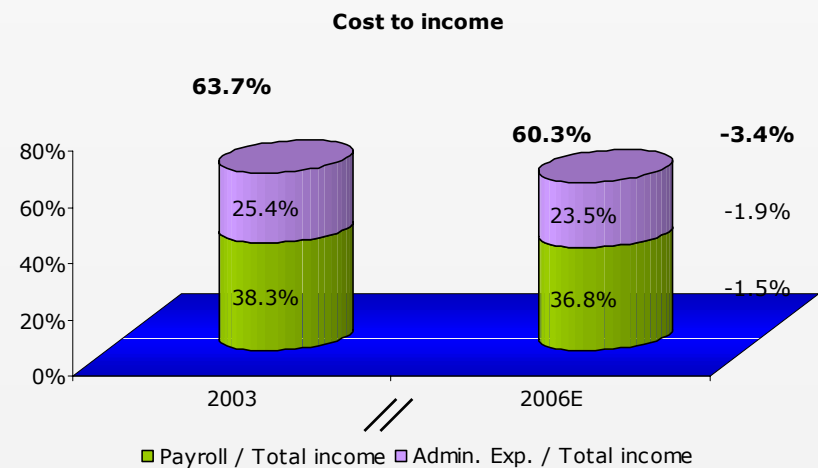
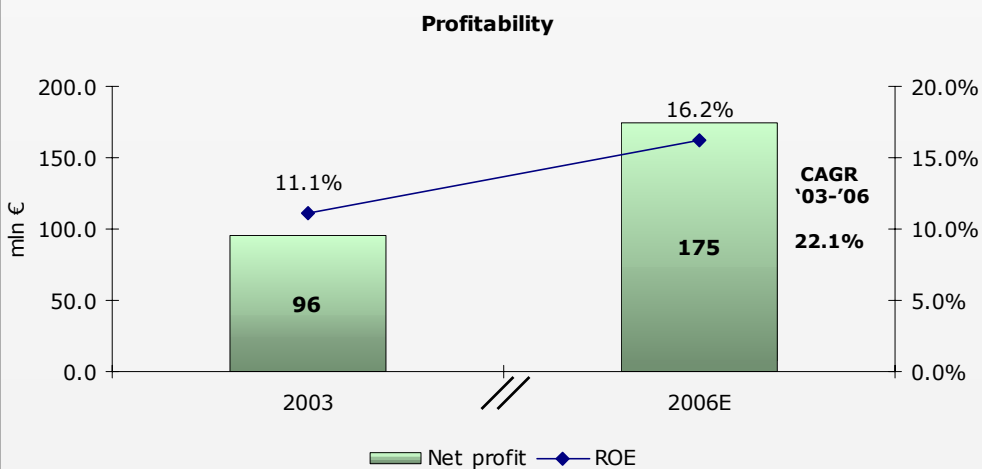
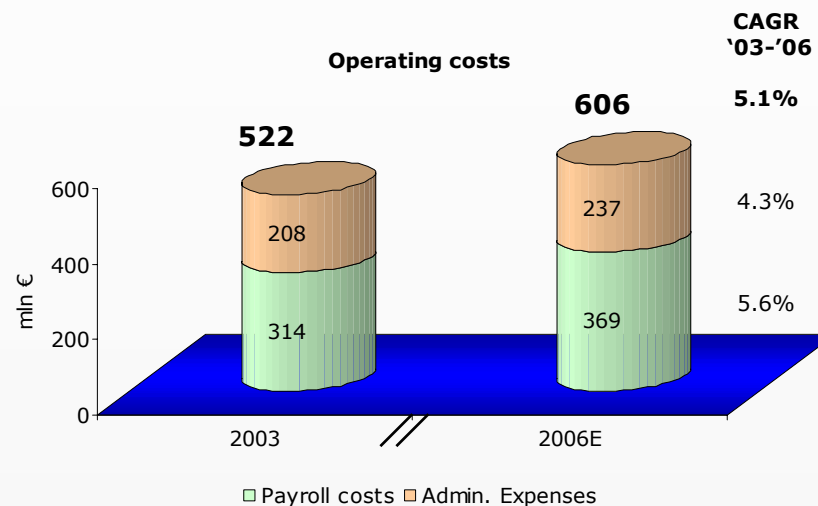
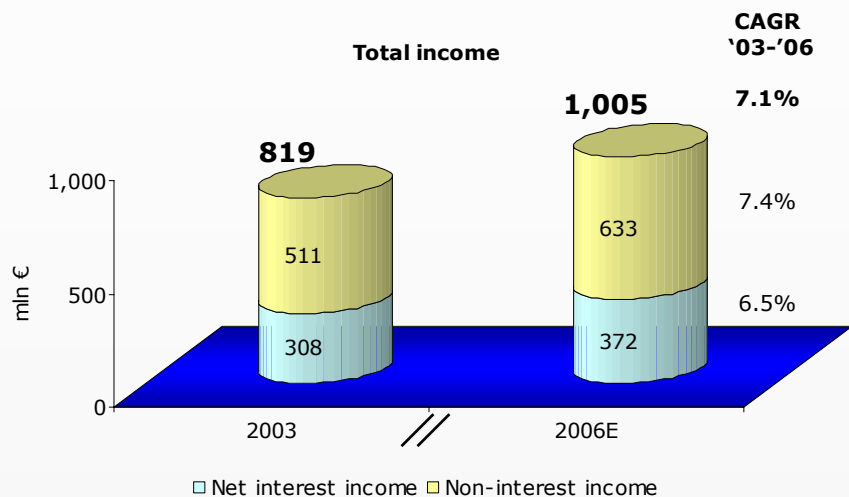
*Commercial Banking with strong Wealth Management
Customers of medium-high standing in RETAIL with focus on
Small Business and SMEs in the Corporate sector*

Goals

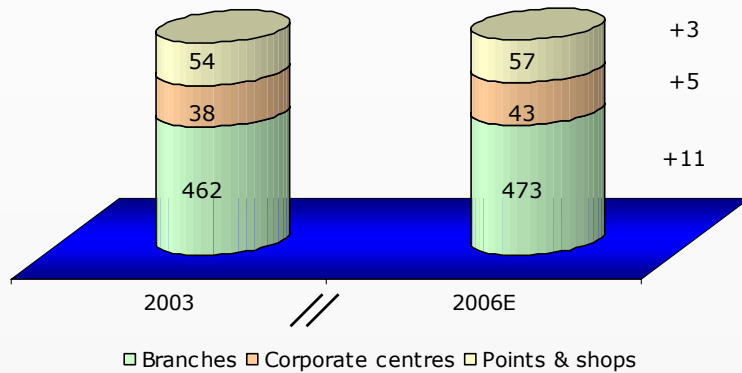
- Excellence in VALUE CREATION
- Extract VALUE from acquired potential

Drivers

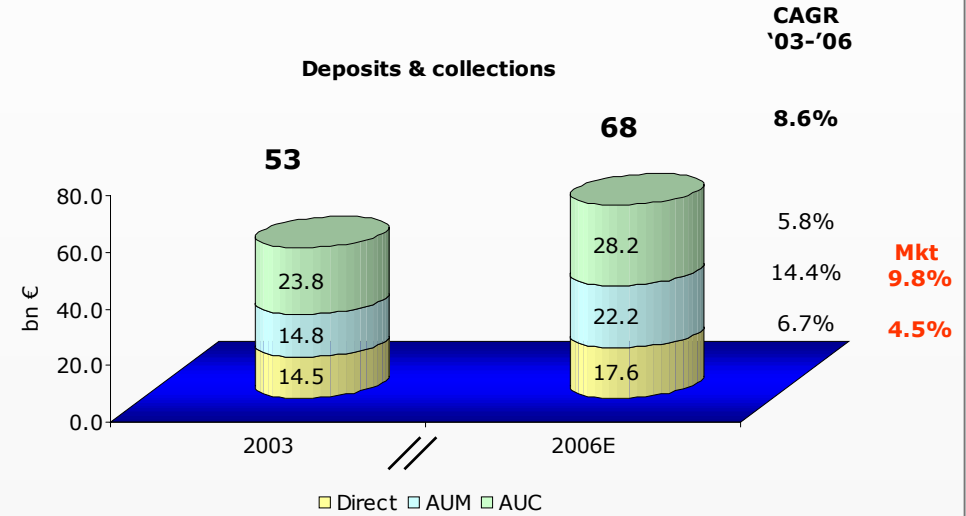
- TARGETED DEVELOPMENT with focus on PROFIT
- SELECTIVITY in businesses and capital allocation
- CENTRALITY of Group GOVERNANCE



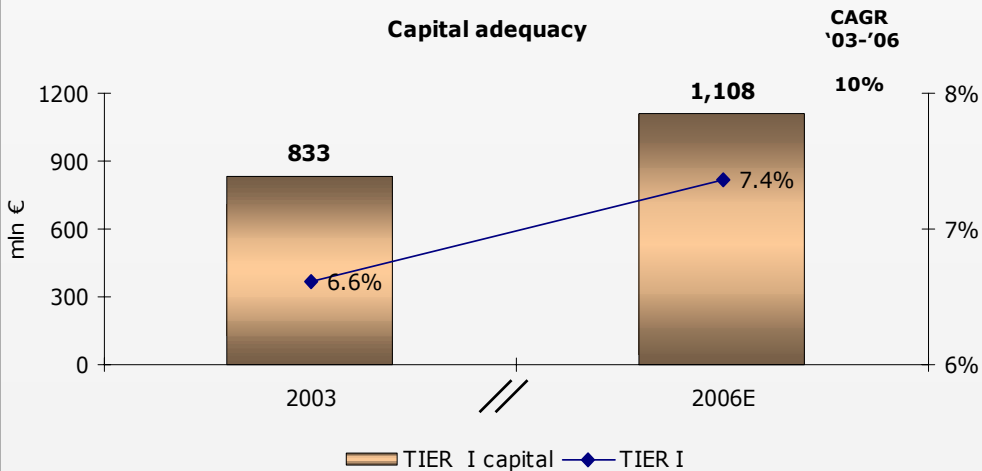
Distribution channels



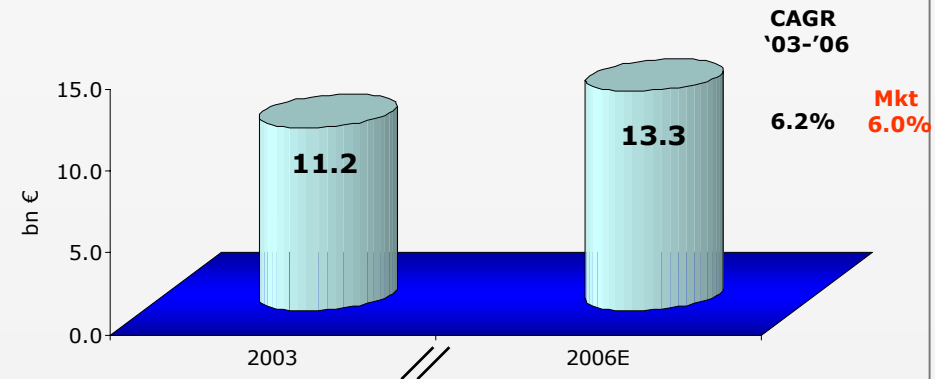
Deposits & collections



Capital adequacy



Customer cash loans

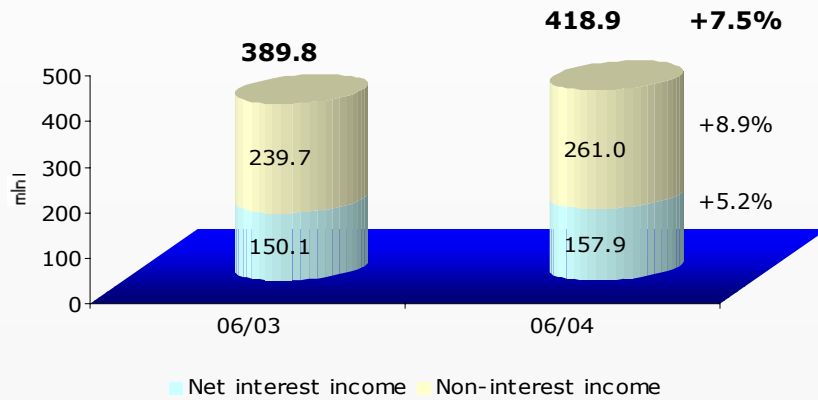


Intro

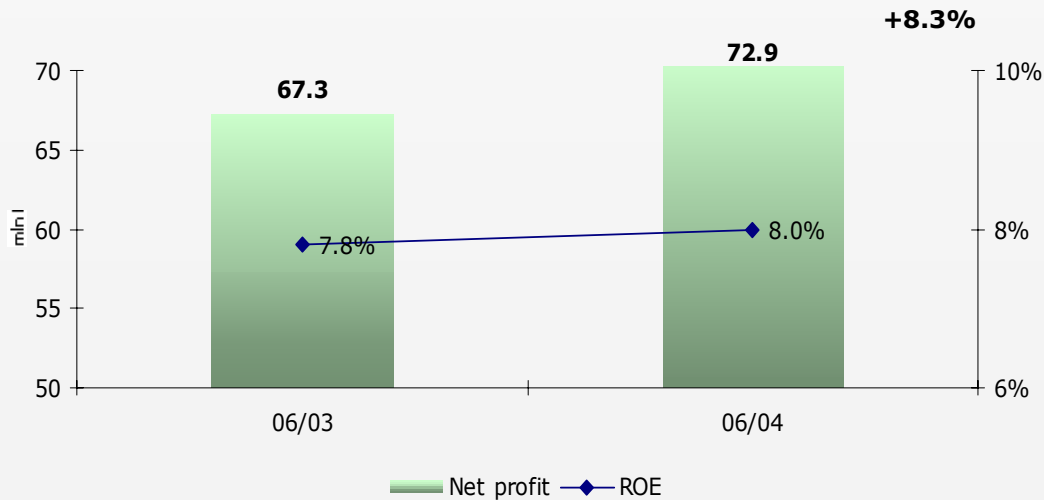
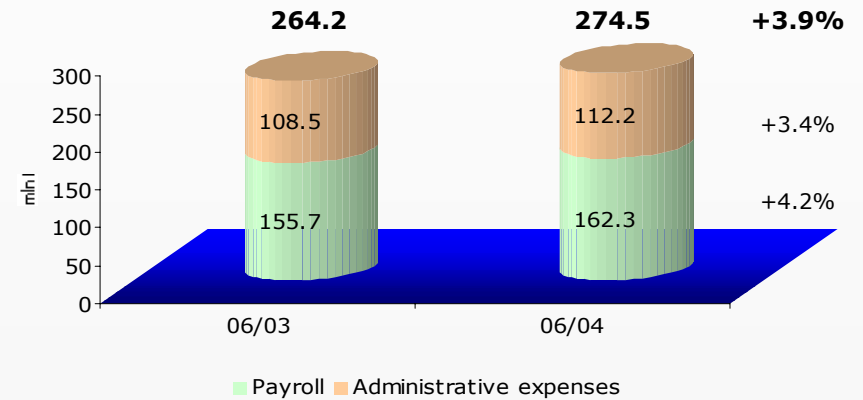
Results

Attachments

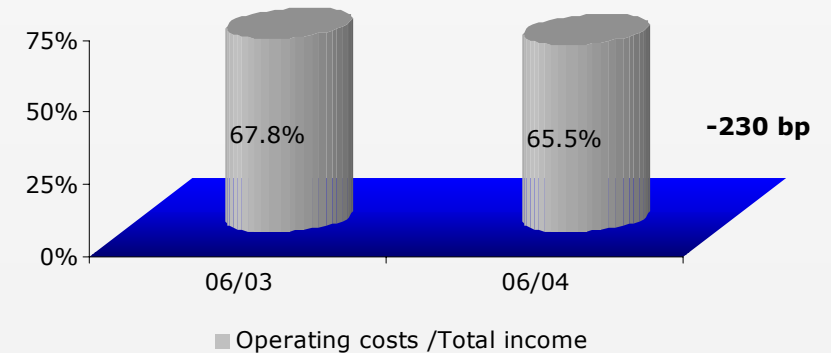
Total income



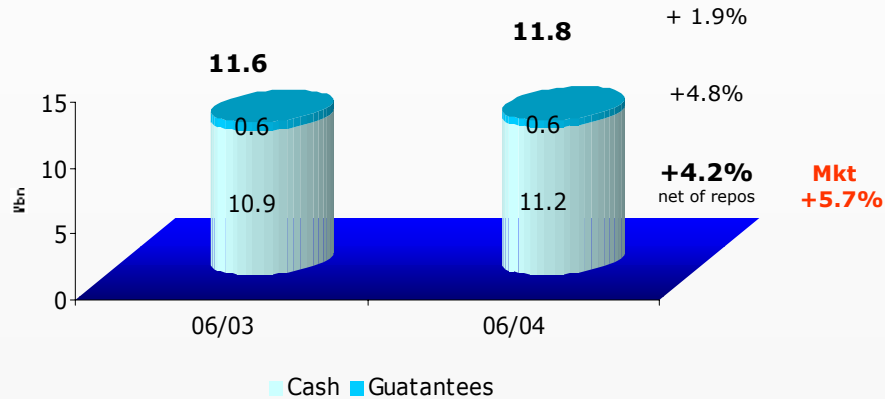
Operating costs



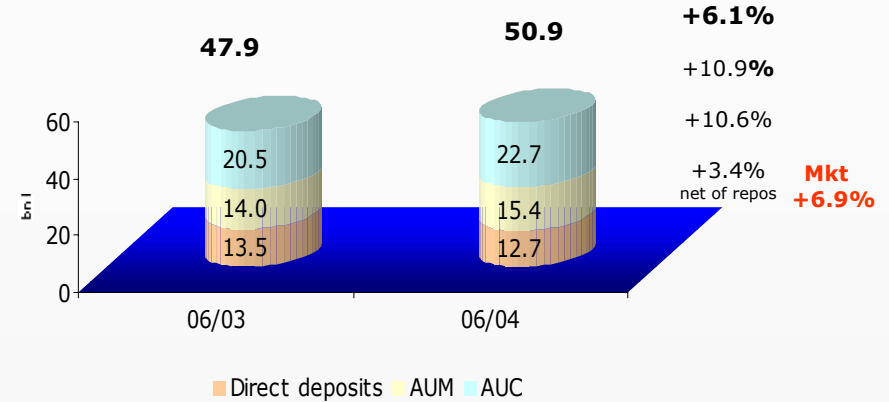
Cost to income



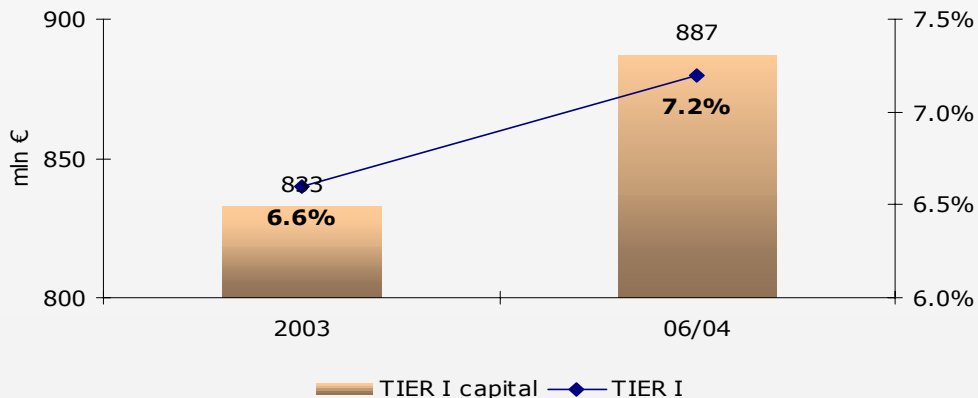
Customers' loans



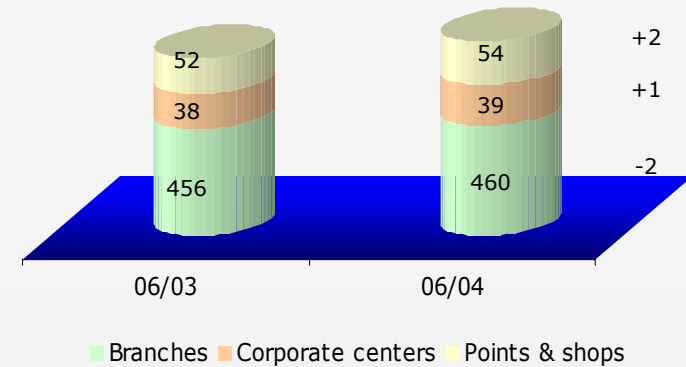
Customers' funds (non-institutional)



Capital adequacy



Distribution channels



		2003	06/03	06/04
growth	Mkt share funding	1.60%	1.53%	1.53%
	Mkt share loans	1.00%	0.99%	0.98%
profitability	ROE	11.1%	7.8%	8.0%
	Net interest income /Tot. income	38.9%	38.5%	37.7%
	Non-interest income /Tot. income	61.1%	61.5%	62.3%
efficiency	Operating costs/Total income	66.0%	67.8%	65.5%
	Op. Costs + depreciation/ Tot. inc.	74.5%	76.4%	72.4%
	Operating costs/Non-interest income	1.08	1.10	1.05
credit quality	NPL ratio	0.34%	0.21%	0.36%
	Net "substandard" loans /Total loans	0.58%	0.47%	0.56%
capital adequacy	TIER I	6.6%	6.8%	7.2%
	TIER total (minimum 8%)	9.0%	8.3%	9.6%
	TIER I capital (€/mln)	833	822	887
	TIER total capital (€/mln)	1,120	1,005	1,167

Total income

12/03 & 6/03 pro-forma

(€/mln)	2003	06/03	06/04	% yoy
Net interest income	307.3	150.1	157.9	5.2%
Spread	2.79%	2.92%	2.67%	-25bp
Net commissions	342.8	157.2	188.2	19.7%
. of which: mngt. & brokerage	233.5	105.4	128.5	21.9%
. of which: banking services	109.3	51.8	59.7	15.3%
Securities & currency trading	91.9	57.6	47.2	-18.1%
. of which: Abaxbank	41.8	25.3	22.1	-12.6%
. of which: other companies	50.1	32.3	25.1	-22.3%
Other income and expenses	48.7	24.9	25.6	2.8%
Non-interest income	483.4	239.7	261.0	8.9%
Total income	790.7	389.8	418.9	7.5%

Total income **+7.5%**.

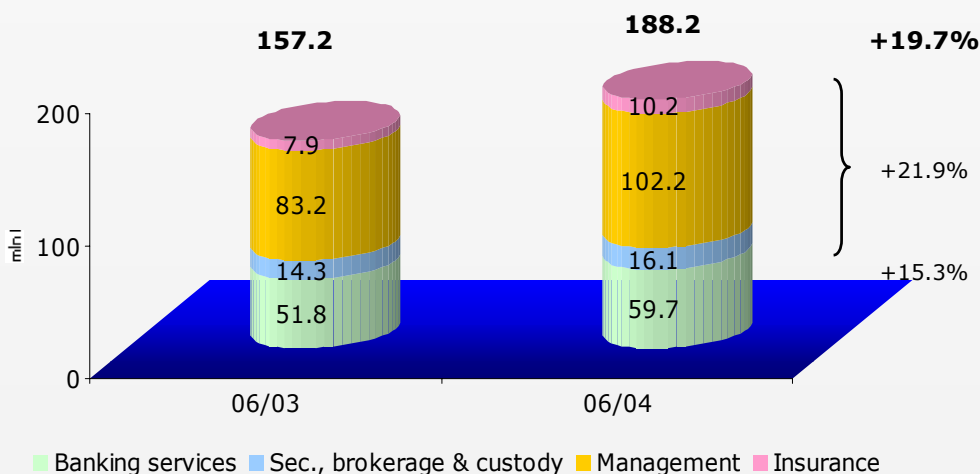
Net interest income rose by **5.2%** year-on-year thanks to volume growth and gradually stabilizing spread.

Non-interest income was also up by an significant **8.9%**.

Of particular relevance is the **19.7%** increase in total net commission income, which includes:

- commissions from the "**securities**" area (+**21.9%**) and, in particular, commissions from **AUM** (+**23.3%**);
- fees from **banking services**, **+15.3%**.

Net commissions breakdown



12/03 & 6/03 pro-forma

(€/mln)	2003	06/03	06/04	% yoy
Total income	790.7	389.8	418.9	7.5%
Payroll	-313.5	-155.7	-162.3	4.2%
Administrative expenses	-208.2	-108.5	-112.2	3.4%
Operating costs	-521.7	-264.2	-274.5	3.9%
Gross operating profit	269.0	125.6	144.4	15.0%
Depr. & amortisation	-67.4	-33.8	-28.8	-14.8%
Operating profit	201.6	91.8	115.6	25.9%
Net loans adj.	-74.7	-15.8	-2.7	-82.9%
Provisions for risks & charges	-23.0	-0.2	-9.1	n.a.
Net adj. to equity investments	-0.2	0.1	0.0	n.a.
Extraordinary incomes / exps.	13.7	9.5	-1.8	n.a.
Pre-tax profit	117.4	85.4	102.0	19.4%
Income taxes	-15.9	-15.3	-26.1	70.6%
Minority interests	-5.6	-2.8	-3.0	7.1%
Net profit	95.9	67.3	72.9	8.3%

Gross operating income +15.0%

Operating income +25.9%

Cost are managed flexibly in accordance with '04 budget. Depreciation are in decreasing trend.

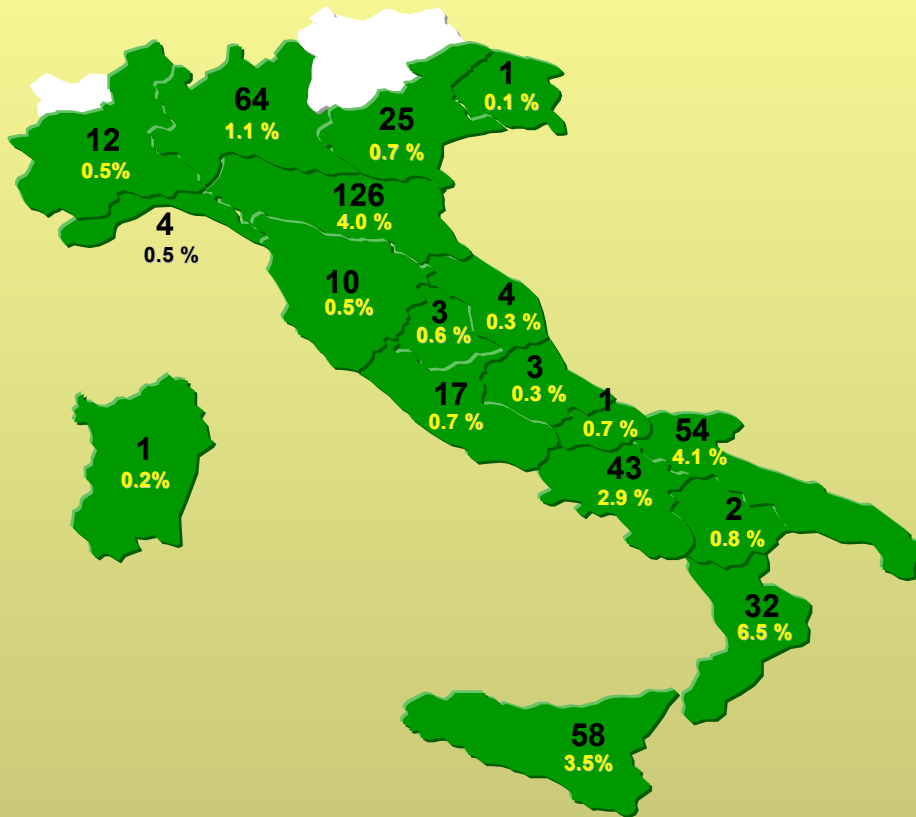
Extraordinary incomes that had affected 1H03 are no longer a factor, confirming the bank's excellent first half 2004 performance.

Breakdown of gross operating income (€/mln)	06/03	06/04	contribution % at 6/04
Total income	389.8	418.9	
. Captive	339.2	371.7	88.7%
. Non captive	50.6	47.2	11.3%
Operating costs	-264.2	-274.5	
. Captive	-226.2	-239.7	87.3%
. Non captive	-38.0	-34.8	12.7%
Gross operating profit	125.6	144.4	
. Captive	113.0	132.0	91.4%
. Non captive	12.6	12.4	8.6%

Companies contributions to net profit (€/mln)	06/03	06/04	contribution % at 6/04
Captive companies	59.4	73.3	100.5%
Credembanca (including CredemLux)	56.7	58.0	79.6%
Banca Euromobiliare	-2.5	0.7	1.0%
Euromobiliare A.M. SGR	2.0	5.0	6.9%
Credemleasing	4.2	6.5	8.9%
Other	-1.0	3.1	4.3%
Non-captive companies	7.9	-0.4	-0.5%
Euromobiliare SIM	4.7	5.7	7.8%
Abaxbank	2.4	-6.0	-8.2%
Euromobiliare Corporate F.	-0.4	-0.9	-1.2%
B.ca Euromobiliare Suisse	1.2	0.8	
Total	67.3	72.9	

91.4% of gross operating profit (confirming the 91% figure at end-2003, compared with 80% in 2002 and 78% in '01) was generated by "captive" companies corresponding to the group's core business; these earnings ensure **continuity** and stability over time.

no. of CREDEM Group branches and market share



Distribution structure	2003	06/03	06/04
Credembanca and others	440	433	438
B.ca Euromobiliare	22	23	22
Branches	462	456	460
Corporate centres	38	38	39
Points & shops	54	52	54

Human resources	2003	06/03	06/04
FA Banca Euromobiliare	372	406	376
FA Credem	521	458	521
FA with mandate	893	864	897
<i>Personal Financial Managers</i>	231	221	222
<i>Total</i>	1,124	1085	1,119
Credem Group employees	4,961	4,904	4,988

(€/mln)

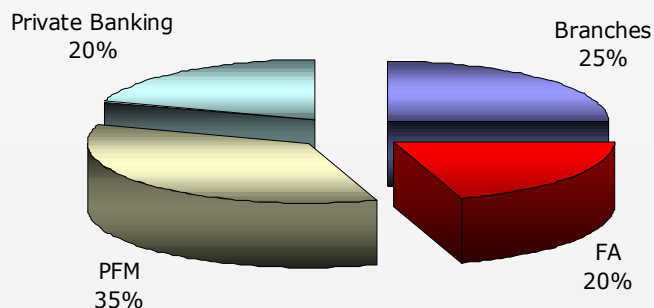
Breakdown of customer funding	2003	06/03	06/04	% yoy
Deposits	6,991	6,959	7,324	5.2%
Bonds	4,601	4,177	4,196	0.5%
Tot. Direct excl. Repos	11,592	11,136	11,520	3.4%
Repos	2,862	2,369	1,227	-48.2%
<i>Direct customer funding</i>	14,454	13,505	12,747	-5.6%
Discretionary accounts	2,229	2,005	2,712	35.3%
Mutual funds and SICAVs	10,788	10,337	10,652	3.0%
Hedge funds	80	66	108	63.6%
Insurance	1,569	1,406	1,795	27.7%
Other	161	140	163	16.4%
Total AUM	14,827	13,954	15,430	10.6%
AUC	21,586	20,492	22,722	10.9%
<i>Indirect customer funding</i>	36,413	34,446	38,152	10.8%
Total customer funding	50,867	47,951	50,899	6.1%
Indirect institutional funding	2,164	3,306	69	-97.9%
Total funding	53,031	51,257	50,968	-0.6%

Net inflows as of July '04 were over €865 million, mainly in managed and administered funds.

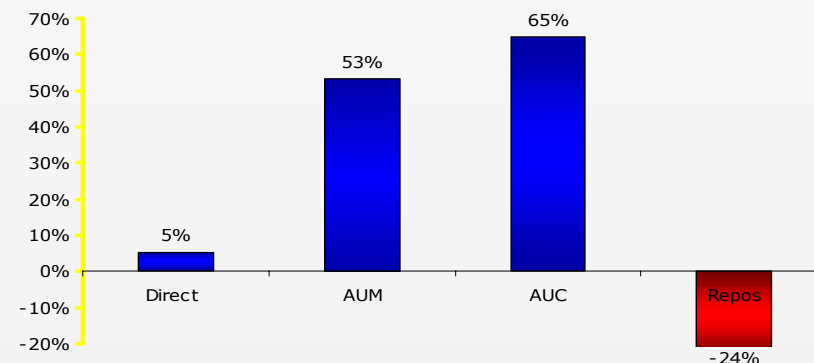
Total customer funding grew by 6.1% year-on-year; **managed funds (+10.6%)** did well thanks to a broader product range, especially in **discretionary accounts (+35.3%)** and **insurance products (+27.7%)**.

Mutual funds & sicavs €10.6 bn (+3%). The group has confirmed its role as a major player, with a market share of 2.03%.

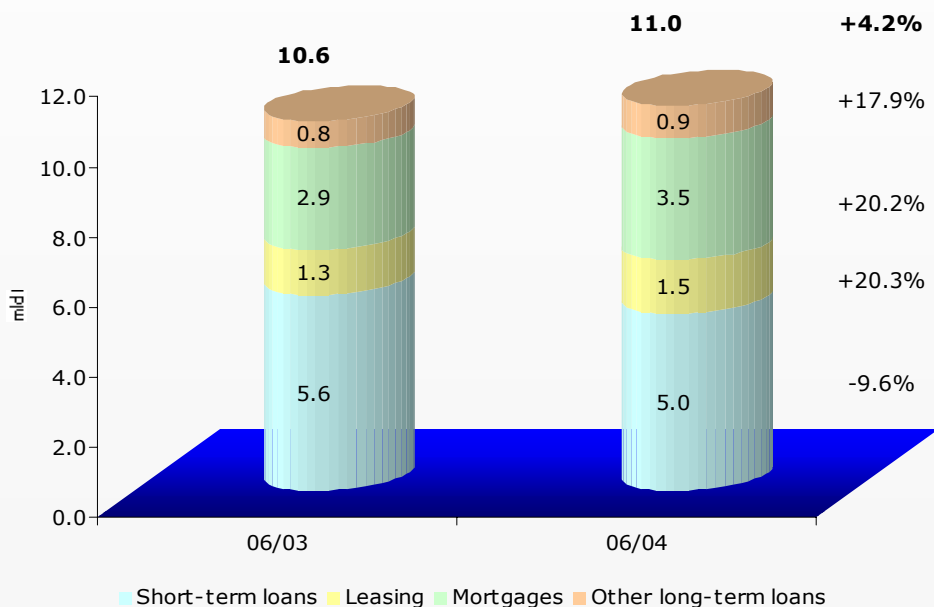
New inflows by channel



New inflows by product



Cash loans by type
(net of repos)



Customer loans up by over 4% (about 9% at average principals).

•Far more impressive is the average principal comparison for the types of customer representing our core business:

- retail +19.8%**
- small business +20.1%**
- SME +16%**

Two especially lively sectors were:

- leasing**, with €294 million in new business (+41%) and a stock of around 1.5 billion (+20.3%);
- home mortgage loans** ("Presticasa"), with a total stock of about €2.4 bn (+22%) and new business during the period of 363 mln (+22.2%).

Credit quality consistently high, with an NPL ratio of **0.36%**, basically unchanged since December '03.

Customer loans

(€/mln)	2003	06/03	06/04	% yoy
Cash loans	11,052	10,562	11,002	4.2%
. short-term	5,568	5,586	5,047	-9.6%
. long-term	5,484	4,976	5,955	19.7%
Repos	99	385	187	-51.4%
Total cash loans	11,151	10,947	11,189	2.2%
Guarantees	634	642	615	-4.2%
Total direct loans	11,785	11,589	11,804	1.9%

Home mortgage loans
29,000 "Presticasa" loans since 2000
average amount financed: €78,000



Credembanca - Gross customer loans

(€/mln)

Breakdown by Business Unit	2003	06/03	06/04	% yoy
short-term	3,678	3,779	3,050	-19.3%
long-term	435	393	442	12.5%
non-performing	59	4	62	n.s.
Total Corporate BU	4,172	4,176	3,554	-14.9%
short-term	1,521	1,294	1,504	16.2%
long-term	3,271	2,943	3,590	22.0%
non-performing	22	22	26	18.2%
Total Retail BU	4,814	4,259	5,120	20.2%
Other customer loans	1,421	1,491	1,819	22.0%
Total gross customer loans	10,407	9,926	10,493	5.7%

Growth still significant for CREDEM's strategic customer groups: Retail, Small Business and SME.

The repositioning taking place in corporate segment has not hurt the business unit earnings.

Borrowers and their sectors highly diversified: the top **20 borrowers** (in terms of utilization) make up **less than 9%** of total loans.

Highly reliable, tested internal rating system and centralized decision-making powers (84%).

Top 20 borrowers

(corporate - €/mln)

	6/03	06/04
Total utilization	1,458	1,056
% of direct loans	12.5%	8.9%
average internal rating	normal	normal
Average utilization	73	53
Minimum utilization	33	26
Maximum utilization	156	125

Breakdown of loans

by rating

(%)

	2003	06/04
Normal risk	94.5	94.8
Watch list	4.7	4.3
Problematic	0.8	0.9

Market risk (€/mln)	2002	2003	06/04
V.A.R. banking & trading book (99% . 10 days)			
Credembanca			
. Average	1.2	2.8	2.0
. Maximum	3.0	4.8	3.7
Abaxbank			
. Average	2.6	2.3	1.2
. Maximum	9.6	3.9	1.9
Other companies - overall risk	1.6	1.7	1.6

Market risk is primarily focused on Credembanca and Abaxbank.

Overall risks are modest and fairly stable over time.

Intro

Results

Attachments

A closer look at the group:

- Capital structure
- Group structure
- Business areas

**Pact among
226
shareholders**

Main shareholders
Maramotti family
Pictet Cie
Eredi Savioli
Fincorrad
Allianz Subalpina

	% held
Maramotti family	35.5%
Pictet Cie	4.9%
Eredi Savioli	2.9%
Fincorrad	2.1%
Allianz Subalpina	1.7%

**More than 2,900
investors**

72.4%

27.6%

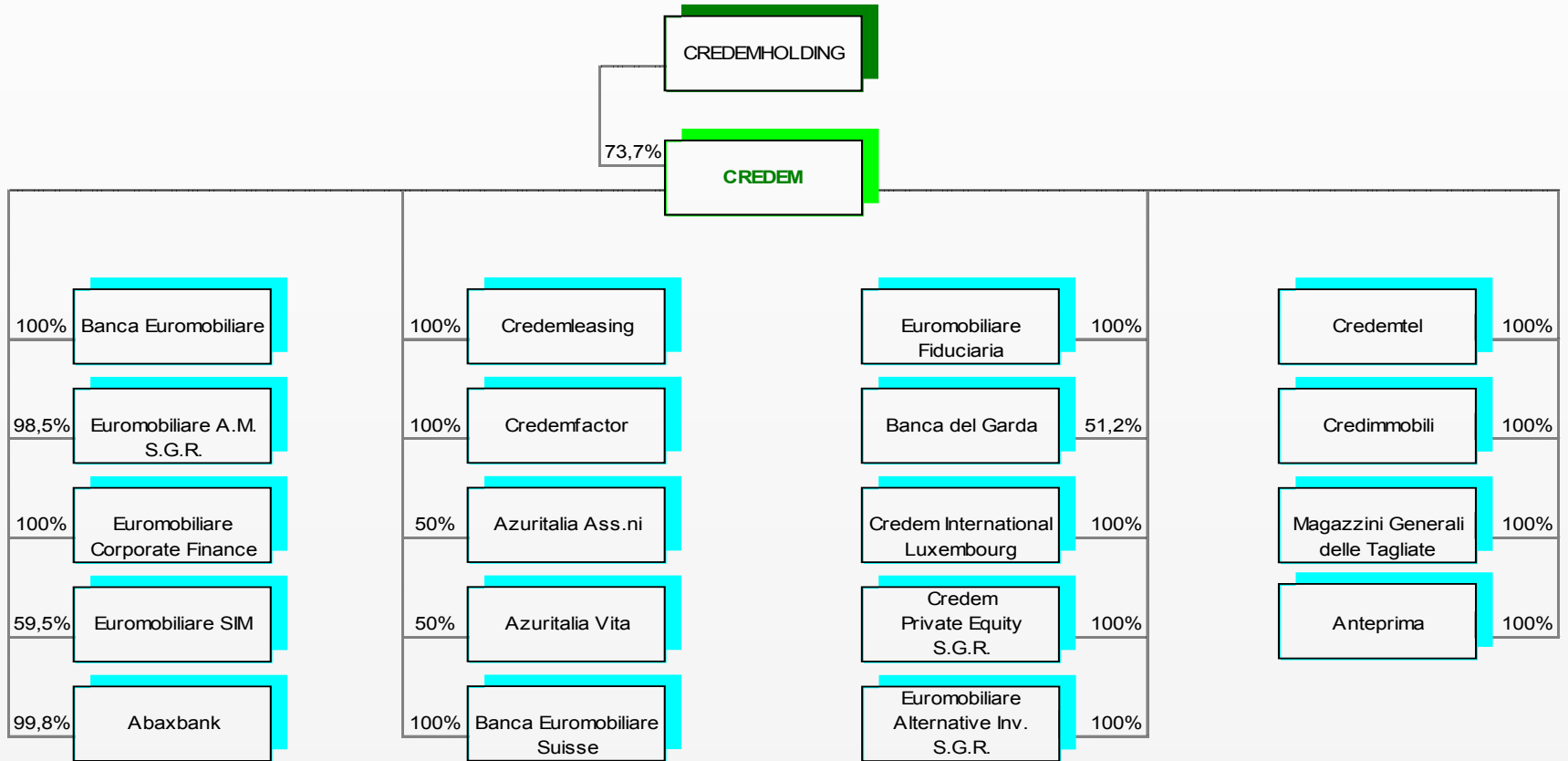
CREDEMHOLDING

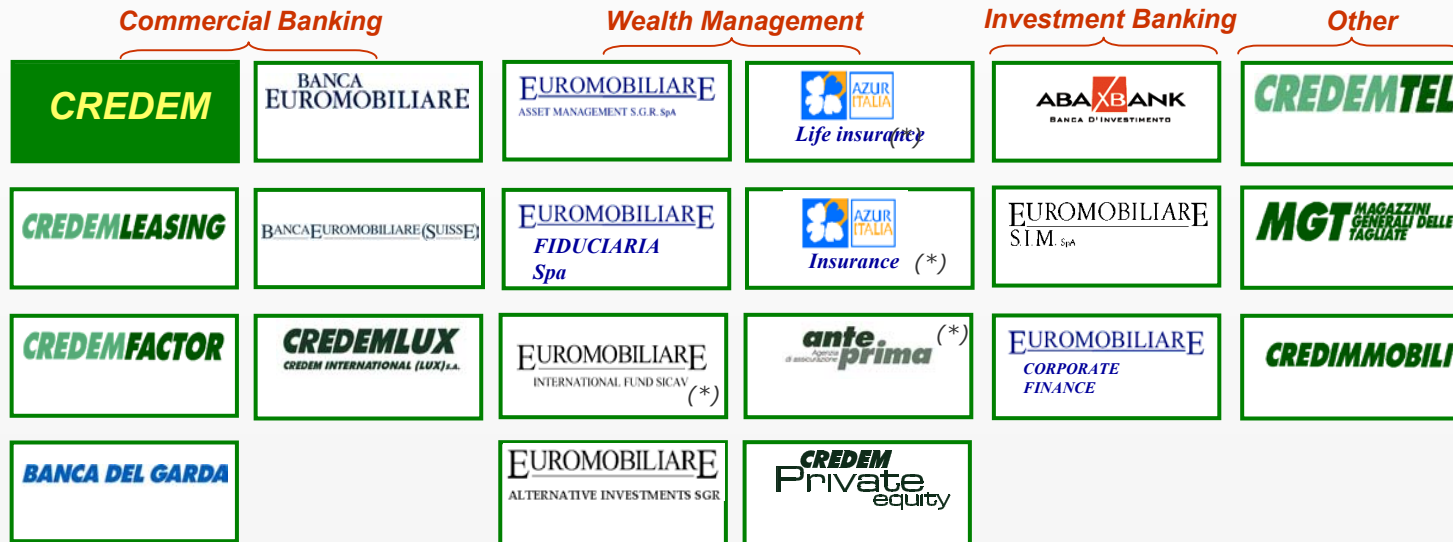


73.7%

26.3%

CREDEM





(*) companies not included within the group