

PRESS RELEASE

CREDEM: as at September 30th 2003 total deposits reached € 54,007 million (+15.9% vs. September 30th 2002)

Consolidated total income = € 612.6 million (+3.5% vs. September 30th 2002)

Consolidated net profit = € 91.4 million (+2.6%).

Today Credem's Board of Directors approved the consolidated quarterly report for the quarter ending on September 30th 2003 (3Q03).

Consolidated profit & loss results

Consolidated total income increased by 3.5% in the first nine months (9M03) rising to € 612.6 million (mn) vs. € 591.6 mn in 9M02.

In this context, the contribution of banking intermediation remained substantially unchanged. The reduction in rates spread was positive offset by significant progress in volume, in both the banking and leasing segments.

Net interest income, once again at group level, grew by 1.6% to € 231 mn vs. € 227.4 mn in 9M02.

There was tangible growth (+4.8%) in non-interest income which reached a level of € 381.6 mn vs. € 364.2 mn in September 2002. The finance area made a significant contribution (+36.1%), positively driven by operations in the trading area, also considering the severe depreciation of the corporate bond segment.

Operating costs increased slightly (+3.9%), rising to € 391 mn vs. € 376.2 mn in September 2002.

Depreciation & amortisation, totalling € 52.1 mn, were down by -5.6% vs. September 2002.

Ordinary operating profit totalled € 150.1 mn (vs. € 143.5 mn as at 9/2002), whilst extraordinary profit decreased from € 18.1 mn as at 9/2002 to € 7.1 mn in September 2003. We point out the absence, among extraordinary items, compared with September 2002, extraordinary income from sale by Credembanca and Abaxbank of significant equity packets.

Consolidated net profit, which grew by 2.6%, rose to € 91.4 mn vs. € 89.1 mn as at 9/2002.

Deposits

9M03 featured a major increase in total deposits, reaching a consolidated figure of € 54,007 mn (+15.9% vs. 9M02).

Going into greater detail, direct deposits totalled € 14,992 mn, with growth of 10.2% vs. the figure reported as at September 30th 2002.

There was a significant increase (+18.3%) in indirect deposits which reached a level of € 39,015 mn (€ 32,933 mn in 9M02) – thus confirming the positive trend of this item which had already achieved appreciable results in the first two quarters of 2003. The progress in assets managed, which rose to € 14,465 mln (+22.3% vs. 9/2002), involved the entire product range offered, with the concentration mainly being on mutual bond investment funds.

The net inflow in 9M03 totalled € 1.9 bn, featuring a positive trend in line with the 2003 budget.

Loans

The Credem group featured particularly positive results, with customer loans net of repos up by +21.1% to € 10,657 mn vs. € 8,802 mn in September 2002. A point to note is the considerable increase in medium-/long-term loans granted to families, and the notable growth rates in lending to companies, in both the retail and corporate segments.

Credit quality

The data concerning net non performing loans continued to be positive, with the ratio being 0.22% - thus confirming our high credit quality, amongst the best in the entire Italian banking industry.

As at September 30th 2003, the Group featured 457 bank branches, 38 corporate centres, 55 financial stores, 4,926 employees, and 895 fully licensed financial advisors with mandates.

The consolidated and reclassified balance sheets and income statements are attached.

Reggio Emilia, November 12th 2003

CREDITO EMILIANO SpA

Giorgio Ferrari
(Chairman)

Balance sheet (€millions)

		9/2003	12/2002	9/2002
10	Cash & deposits c/o central banks and post offices	63.0	78.9	59.5
20	Government bonds and similar stock	303.2	179.9	226.6
30	Bank payables	5 657.7	5 342.1	6 619.5
40	Customer payables	10 872.9	10 217.0	9 966.8
50	Corporate bonds and other debt securities	1 487.2	897.9	1 024.8
60	Shares, holdings and other equity interests	740.3	584.2	203.6
70	Equity investments	61.0	58.0	56.0
90	Positive consolidation differences	36.9	38.6	40.2
110	Intangible fixed assets	51.1	63.2	64.9
120	Tangible fixed assets	267.9	282.6	286.4
150	Other assets	1 272.2	1 110.8	1 145.3
160	Accrued income and prepayments	289.9	234.1	235.2
	Total assets	21 103.3	19 087.3	19 928.8

10	Bank payables	3 027.9	3 896.9	3 599.4
20	Customer payables	10 205.1	8 549.2	9 797.7
30	Debt securities:	4 499.2	3 893.0	3 688.1
	<i>a) Bonds</i>	4 089.0	3 443.1	3 229.8
	<i>b) Deposit certificates</i>	273.5	322.0	336.8
	<i>c) Other securities</i>	136.7	127.9	121.5
40	3rd-party funds under administration	8.0	8.0	8.0
50	Other liabilities	1 418.3	1 128.2	1 132.1
60	Accrued liabilities and deferred income	242.9	178.1	222.4
70	Employee severance indemnity provision	94.0	89.9	89.4
80	Risks for provisions and charges:	210.4	168.9	231.3
	<i>a) Retirement benefits and similar obligations</i>	1.6	1.6	1.3
	<i>b) Income taxes and other taxes</i>	156.7	113.2	168.0
	<i>c) Consolidation provision for future risks and charges</i>	-	-	-
	<i>d) Other provisions</i>	52.1	54.1	62.0
90	Loan-loss provisions	2.6	2.6	2.4
100	Provision for general banking risk	10.9	10.9	10.9
110	Subordinated liabilities	424.7	232.5	238.9
120	Negative consolidation differences	38.8	38.8	38.8
130	Negative net equity differences	0.3	0.1	0.2
140	Minorities' share of net equity	38.9	44.2	46.9
150	Capital	273.3	273.3	272.5
160	Share premium	45.5	45.5	45.5
170	Reserves:	468.8	415.4	412.8
	<i>a) Legal reserve</i>	169.3	145.8	145.8
	<i>b) Treasury stock reserve</i>	-	-	-
	<i>c) Statutory reserves</i>	-	-	-
	<i>d) Other reserves</i>	299.5	269.6	267.1
180	Revaluation reserves	2.3	2.3	2.3
200	Net profit for period	91.4	109.5	89.1
	Total liabilities	21 103.3	19 087.3	19 928.8

Guarantees & commitments (€millions)

		9/2003	12/2002	9/2002
10	Guarantees issued	1 918.1	972.4	1 058.2
20	Commitments	1 810.0	546.2	1 600.8

Income statement (€millions)

		9/2003	9/2002	12/2002
10	Interest income and similar income	482.6	512.1	686.4
20	Interest expenses and similar costs	-254.5	-311.5	-393.9
30	Dividends and other income	135.1	60.9	78.1
	<i>a) On shares</i>	133.8	59.3	76.2
	<i>b) On equity interests</i>	1.3	1.6	1.9
40	Commission income	295.4	304.5	408.2
50	Commission expenses	-74.0	-47.9	-96.1
60	Profits on financial transactions	-10.8	40.1	67.2
70	Other operating income	46.0	38.6	58.7
80	Administrative expenses:	-391.0	-376.2	-515.9
	<i>a) Payroll costs</i>	-236.3	-221.4	-303.2
	<i>b) Other administrative expenses</i>	-154.7	-154.8	-212.7
90	Write-ups/write-downs of intangible and tangible fixed assets	-52.1	-55.2	-76.9
100	Provisions for risks and charges	-0.6	-1.0	-4.5
110	Other operating costs	-9.0	-5.3	-9.0
120	Loan-loss provisions and provisions for guarantees & commitments	-22.3	-17.2	-30.5
130	R Write-backs on loans and on provisions for guarantees & commitments	3.6	1.6	2.7
150	Write-downs/write-ups of non-current financial assets	-	0.1	-0.1
160	Write-backs on non-current financial assets	-	-	0.4
170	Profits from equity investments booked at equity	1.7	0.1	0.5
180	Ordinary operating profit	150.1	143.5	175.3
190	Extraordinary income	14.0	24.7	30.8
200	Extraordinary charges	-6.9	-6.6	-9.6
210	Net extraordinary profit	7.1	18.1	21.2
240	Income taxes for period	-62.3	-70.0	-84.2
250	Minorities' profit/loss	-3.5	-2.5	-2.8
260	Net profit	91.4	89.1	109.5

Reclassified balance sheet (€millions)

	9/2003	12/2002	9/2002	Changes 9/03 vs 9/02	
				Amount	%
Securities	2 530.7	1 662.0	1 455.0	1 075.7	73.9
Cash and banks	5 720.7	5 421.0	6 679.0	-958.3	-14.35
Customers	10 872.9	10 217.0	9 966.8	906.1	9.1
Equity investments	61.0	58.0	56.0	5.0	8.9
Intangible fixed assets	88.0	101.8	105.1	-17.1	-16.3
Tangible fixed assets	267.9	282.6	286.4	-18.5	-6.5
Other assets	1 562.1	1 344.9	1 380.5	181.6	13.2
Total assets	21 103.3	19 087.3	19 928.8	1 174.5	5.9
Banks	3 027.9	3 896.9	3 599.4	-571.5	-15.9
Customers	14 992.3	12 546.8	13 603.2	1 389.1	10.2
Other liabilities	1 806.0	1 442.2	1 484.1	321.9	21.7
Employee provisions	95.5	89.9	90.7	4.8	5.3
Provisions for risks and charges	208.8	168.9	230.0	-21.2	-9.2
Loan-loss provisions	2.6	2.6	2.4	0.2	-
Minorities' equity	38.9	44.2	46.9	-8.0	-17.1
Total liabilities	20 172.0	18 191.5	19 056.7	1 115.3	5.9
Share capital	273.3	273.3	272.5	0.8	0.3
Reserves	555.7	502.1	499.6	56.1	11.2
Provision for general banking risks	10.9	10.9	10.9	-	-
Net profit	91.4	109.5	89.1	2.3	2.6
Net equity	931.3	895.8	872.1	59.2	6.8
Total liabilities and net equity	21 103.3	19 087.3	19 928.8	1 174.5	5.9

Reclassified profit & loss account (€millions)

	9/2003	9/2002	12/2002	Changes 9/03 vs. 9/02	
				Amount	%
Interest income on loans	378.4	347.2	480.9	31.2	9.0
Dividends and profits from equity interest	3.0	1.6	2.4	1.4	87.5
Interest costs on deposits	-150.4	-121.4	-179.1	-29.0	23.9
Net interest income	231.0	227.4	304.2	3.6	1.6
Commission income	291.1	297.1	397.2	-6.0	-2.0
Commission costs	-51.8	-43.3	-56.8	-8.5	19.6
Share dividends	82.4	28.4	39.7	54.0	190.1
Trading gains/(losses)	-26.8	-12.6	-13.3	-14.2	112.7
Net investment banking income	51.0	62.5	81.3	-11.5	-18.4
Other net income/charges	35.7	32.1	47.8	3.6	11.2
Non-interest income	381.6	364.2	495.9	17.4	4.8
Total income	612.6	591.6	800.1	21.0	3.5
Payroll costs	-236.3	-221.4	-303.2	-14.9	6.7
Administrative expenses	-154.7	-154.8	-212.8	0.1	-0.1
Operating costs	-391.0	-376.2	-516.0	-14.8	3.9
Gross operating profit	221.6	215.4	284.1	6.2	2.9
Depreciation & amortisation	-52.1	-55.2	-76.8	3.1	-5.6
Operating income	169.5	160.2	207.3	9.3	5.8
Extraordinary income/charges	7.0	18.1	21.2	-11.1	-61.3
Net loan write-downs	-18.7	-15.5	-27.8	-3.2	20.6
Risk provisions	-0.6	-1.0	-4.5	0.4	-40.0
Net write-downs of equity interests	-	-0.1	0.3	0.1	-100.0
Pre-tax profit	157.2	161.7	196.5	-4.5	-2.8
Income tax	-62.3	-70.0	-84.2	7.7	-11.0
Minorities' profit/loss	-3.5	-2.6	-2.8	-0.9	34.6
Net profit	91.4	89.1	109.5	2.3	2.6