

PRESS RELEASE**CREDEM: Board approves 2003 1st-half results.****Consolidated net profit of €67.3 million (+4.3%)****Lending up by +20.8% (industry +6%) to €10,562 million and total deposits up by +13,6%¹ to €51,257 million****Total income up by +5.8% to €418 million**

Today Credem's Board of Directors, under the chairmanship of Giorgio Ferrari, approved the statutory and consolidated first-half interim report as at June 30th 2003. Figures show positive results in terms of both volume intermediated and profitability.

The report will be illustrated to the financial community on September 18th at 3.30 p.m. CET at the offices of Borsa Italiana SpA (Piazza Affari 6, Milan, Italy).

Consolidated profit & loss performance

Consolidated total income increased by +5.8% rising, in the period in question (1H03), to € 418 million (mn) vs. € 395 mn in the first half of 2002 (1H02).

The contribution of banking intermediation remained substantially unchanged: the reduction in the rates spread was positively offset by an increase in volume in the banking and leasing segments.

Net interest income amounted to € 150.5 mn, progressing by 0.5% vs. € 149.8 mn in 1H02.

Non-interest income² featured a significant increase (+9.1%) rising to € 267.5 mn (vs. € 245.2 mn in 1H02). A point to note within net commissions concerns commissions for conventional banking services (+19%) and collection & payment services (+40%).

There was a slight increase in operating costs (+3.6%) which rose to € 264.2 mn (vs. € 255 mn as up to June 30th 2002), whilst depreciation & amortisation decreased by 4.8% to € 33.8 mn vs. € 35.5 mn in 1H02.

The consolidated cost/income ratio went down from 64.6% in 1H02 to 63.2%.

Consolidated gross operating profit grew by +9.9% to € 153.8 mn vs. € 140 mn in 1H02. Consolidated net profit grew by +4.3% to € 67.3 mn vs. € 64.5 mn in 1H02, thus confirming the group's satisfactory level of profitability.

¹ All percent changes are shown net of an institutional counterpart's major securities deposit

² Inclusive of Abaxbank's entire "total income"

Consolidated 1H03 ROE was 7.8%, substantially in line with 1H02.

Deposits

During 1H02 the group's total customer deposits rose to € 51,257 mn, up by 13.6%³ vs. € 45,421 mn in 1H02.

Going into greater detail, there was major growth in direct deposits, which rose to € 13,505 mn vs. € 11,233 mn in 1H02, i.e. with a 20.2% YoY increase vs. an industry average of +5.4%.

In a scenario confirming the propensity for extremely liquid and low-risk savings, a key feature was the ongoing strong growth in current accounts, bonds, and subordinated loans.

Indirect deposits and collections, which totalled € 37,752 mn (+11.2% vs. € 34,188 mn in 1H02), showed particularly positive flows. Here a key feature – going against the industry current – was the progress in assets under management, which was true of the entire product range offered (with a predominant concentration on bond and money-market mutual funds).

Net inflows in the 6-month period in question totalled € 1,388 mn with a growth trends ahead of 2003 budget forecasts.

A point to note is the activation during 1H03 of 2 new hedge funds, new Gespat Blu issues (secure-capital discretionary accounts), new issues of Equity-Linked Azuritalia, and the new targeted accumulation plan "Verso Casa".

A further important was the major growth of assets managed by Euromobiliare Asset Management Sgr (inclusive of SICAV managed on a delegated basis), which rose to € 10,292.5 mn (vs. € 9,200.6 mn as at June 30th 2002) and the further improvement in relevant market share, up from 1.88% in 1H02 to 2.06%.

Loans

In a first half featuring continuation, in the banking industry as a whole, of generally slack lending, the Credem Group's results were particularly positive with customer loans (net of repos) growing by +20.8% (banking industry: +6%) to € 10,562 mn (vs. € 8,741 mn as at June 30th 2002).

Besides the considerable growth in medium-/long-term lending to households, we also highlight the robust growth rates in business credit assistance, both retail and corporate.

³ All percent changes are shown net of an institutional counterpart's major securities deposit

Credit quality

Credit quality indicators continued to confirm their status as some of the best in the Italian banking industry. In 1H02 the net bad loan ratio was in fact 0.2%, in line with the previous year and well below the industry average (1.9%).

As at June 30th 2003 the group's organisation featured 456 bank branches, 38 corporate centres, 52 financial stores, 4,904 employees, and 864 fully licensed financial advisors with mandates.

Credembanca

Credembanca ended the first half with a positive trend in customer assets. Total customer deposits and assets⁴ grew by 12.7% to € 40,766 mn vs. € 36,456 mn in 1H02.

More specifically, indirect deposits and assets grew by 13.6%⁵ (to € 31,305 mn vs. € 27,869 mn in 1H02), whilst direct deposits grew by 10.2% (to € 9,461 mn vs. € 8,587 mn as at June 30th 2002)

Customer loans rose to € 9,926 mn, growing by +24.1% vs. € 8,001 mn in 1H02.

On the profit & loss front, non-interest income grew by +19.4% to € 167.3 mn vs. € 140.1 mn in 1H02. Total income grew by 1.5% to € 338.6 mn. Operating costs increased slightly, rising from € 185.4 mn in 1H02 to € 195.3 mn as at June 30th 2003.

Lastly, net profit increased by 5.6%, growing to € 67.4 mn vs. € 63.8 mn in 1H02.

The reclassified statutory and consolidated income statement and balance sheet are attached.

Reggio Emilia, September 12th 2003

⁴ Inclusive of total indirect deposits and assets

⁵ Net of an institutional counterpart's major securities deposit

CREDITO EMILIANO - Reclassified Consolidated Balance Sheet

	€ millions			Chg. 6/03 vs. 6/02	
	6/2003	12/2002	6/2002	Amount	%
Securities	2.698,7	1.662,0	2.080,3	618,4	29,7
Cash and banks	3.972,4	5.421,0	4.164,6	-192,2	-4,6
Clients	10.947,5	10.217,0	10.169,6	777,9	7,6
Equity investments	59,8	58,0	54,6	5,2	9,5
Intangible fixed assets	94,1	101,8	110,4	-16,3	-14,8
Tangible fixed assets	273,7	282,6	289,1	-15,4	-5,3
Other assets	1.805,9	1.344,9	1.406,0	399,9	28,4
Total assets	19.852,1	19.087,3	18.274,6	1.577,5	8,6
Banks	3.156,3	3.896,9	3.924,6	-768,3	-19,6
Clients	13.204,4	12.314,3	10.994,5	2.209,9	20,1
Other liabilities	1.955,7	1.442,2	1.951,9	3,8	0,2
Employee provisions	93,0	89,9	88,5	4,5	5,1
Subordinated liabilities	193,8	168,9	180,6	13,2	7,3
Provisions for risks and charges	2,6	2,6	2,4	0,2	8,3
Loan-loss provisions	301,0	232,5	238,6	62,4	26,2
Minority equity	38,2	44,2	48,7	-10,5	-21,6
Total liabilities	18.945,0	18.191,5	17.429,8	1.515,2	8,7
Share capital	273,3	273,3	272,5	0,8	0,3
Reserves	555,6	502,1	496,9	58,7	11,8
Provisions for general bank risk	10,9	10,9	10,9	0,0	0,0
Net profit	67,3	109,5	64,5	2,8	4,3
Net equity	907,1	895,8	844,8	62,3	7,4
Total liabilities	19.852,1	19.087,3	18.274,6	1.577,5	8,6

CREDITO EMILIANO - Reclassified Consolidated Income Statement

	€ millions				FY2002
	6/2003	6/2002	YoY change		
			Amount	%	
Interest income on loans	330,5	335,7	-5,2	-1,5	686,4
Dividends and income on equity investments	1,9	1,1	0,8	72,7	2,4
Cost of funding	-180,5	-203,3	22,8	-11,2	-393,9
Net interest income	151,9	133,5	18,4	13,8	294,9
Commission income	193,0	206,1	-13,1	-6,4	408,2
Commission expenses	-50,0	-33,9	-16,1	47,5	-96,1
Dividends on shares	133,6	59,3	74,3	125,3	76,2
Net profit/losses on financial transactions	-36,3	6,4	-42,7	-667,2	67,2
Other net income/(expenses)	25,8	23,6	2,2	9,3	49,8
Non-interest income	266,1	261,5	4,6	1,8	505,3
Total income	418,0	395,0	23,0	5,8	800,2
Payroll expenses	-155,7	-154,9	-0,8	0,5	-303,2
Administrative expenses	-108,5	-100,1	-8,4	8,4	-212,8
Operating costs	-264,2	-255,0	-9,2	3,6	-516,0
Gross operating profit	153,8	140,0	13,8	9,9	284,2
Depreciation and amortisation	-33,8	-35,6	1,8	-5,1	-76,9
Operating income	120,0	104,4	15,6	14,9	207,3
Non-recurring income/(expenses)	-15,8	-9,8	-6,0	61,2	-27,8
Net loan-loss provisions	-0,2	-0,4	0,2	-50,0	-4,5
Risk provisions	9,5	21,4	-11,9	-55,6	21,3
Write-down of equity investments	0,1	0,0	0,1	n.s.	0,3
Pre-tax profit	113,6	115,6	-2,0	-1,7	196,6
Taxes	-43,5	-48,4	4,9	-10,1	-84,2
Minority interest in (profit)/loss	-2,8	-2,7	-0,1	3,7	-2,8
Net profit	67,3	64,5	2,8	4,3	109,6

CREDITO EMILIANO - Reclassified Statutory Balance Sheet

	€ millions			Chg. 6/03 vs. 6/02	
	6/2003	12/2002	6/2002	Amount	%
Securities	1.320,5	988,5	906,7	413,8	45,6
Cash and banks	1.541,3	2.685,4	2.763,1	-1.221,8	-44,2
Clients	9.859,8	9.052,8	7.950,9	1.908,9	24,0
Equity investments	368,5	359,2	389,4	-20,9	-5,4
Intangible fixed assets	61,6	68,8	67,0	-5,4	-8,1
Tangible fixed assets	167,7	173,2	176,8	-9,1	-5,1
Other assets	835,4	623,1	645,1	190,3	29,5
Total assets	14.154,8	13.951,0	12.899,0	1.255,8	9,7
Banks	2.417,2	3.059,6	2.262,8	154,4	6,8
Clients	9.178,3	8.858,2	8.347,1	831,2	10,0
Other liabilities	1.205,7	805,9	1.029,3	176,4	17,1
Employee provisions	84,2	81,4	79,8	4,4	5,5
Provisions for risks and charges	233,3	190,9	219,1	14,2	6,5
Subordinated liabilities	283,5	215,0	238,6	44,9	18,8
Total liabilities	13.402,2	13.211,0	12.176,7	1.225,5	10,1
Share capital	273,3	273,3	272,5	0,8	0,3
Reserves	401,0	377,5	373,8	27,2	7,3
General banking risk provisions	10,9	10,9	10,9	0,0	0,0
Net profit	67,4	78,3	65,1	2,3	3,5
Net equity	752,6	740,0	722,3	30,3	4,2
Total liabilities	14.154,8	13.951,0	12.899,0	1.255,8	9,7

CREDITO EMILIANO - Reclassified Statutory Income Statement

	€ millions				FY2002
	6/2003	6/2002	variazioni		
			assolute	%	
Interest income on loans	249,8	239,8	10,0	4,2	502,1
Dividends and income on equity investments	40,9	61,3	-20,4	-33,3	61,5
Cost of funding	-119,4	-107,7	-11,7	10,9	-237,1
Net interest income	171,3	193,4	-22,1	-11,4	326,5
Commission income	131,3	131,6	-0,3	-0,2	272,1
Commission expenses	-18,8	-16,0	-2,8	17,5	-34,0
Net profit/losses on financial transactions	-25,8	5,6	-31,4	n.s.	-1,3
Dividends on shares	62,3	0,0	62,3	n.s.	9,5
Other net income/(expenses)	19,7	19,8	-0,1	-0,5	42,1
Non-interest income	168,7	141,0	27,7	19,6	288,4
Total income	340,0	334,4	5,6	1,7	614,9
Payroll expenses	-117,7	-115,2	-2,5	2,2	-224,8
Administrative expenses	-77,6	-70,2	-7,4	10,5	-155,0
Operating costs	-195,3	-185,4	-9,9	5,3	-379,8
Gross operating profit	144,7	149,0	-4,3	-2,9	235,1
Depreciation and amortisation	-21,1	-22,4	1,3	-5,8	-50,7
Operating income	123,6	126,6	-3,0	-2,4	184,4
Net loan write-downs	-7,0	-7,1	0,1	-1,4	-17,4
Loan-loss provisions	-21,6	-16,2	-5,4	33,3	-36,3
Non-recurring income/(expenses)	8,6	7,1	1,5	21,1	7,9
Net write-downs of equity investments	-0,2	-1,9	1,7	-89,5	-1,3
Pre-tax profit	103,4	108,5	-5,1	-4,7	137,3
Taxes	-36,0	-44,7	8,7	-19,5	-59,0
Net profit	67,4	63,8	3,6	5,6	78,3