

PRESS RELEASE of CREDEM GROUP:

FY2002 consolidated net profit up to € 109.5 million (+2%).

Total income up by +4.6% to € 800 million.

Customer deposits and assets: net inflow in 2002 of some € 4 billion. Total thus up to € 46,301 million (+7.2%*).

Customer loans: growth of +24.1% to € 9,903 million, maintaining typically good credit quality (non performing loan ratio = 0.16%).

Continuation as planned of strong growth in the Group's 2 financial advisor networks, rated among the top 10 of the Assoreti ranking in terms of net inflows in 2002.

Dividend proposed = € 0.20 per share.

Today Credem's Board of Directors approved FY2002 parent company and consolidated financial statements. These will be submitted to shareholders at the meeting scheduled to be held on April 30th 2003 on first call. On that occasion the Board of Directors will propose a dividend of € 0.20 per share (the same as for 2001), payable as from May 22nd 2003 (with coupon detachment on May 19th 2003). The total dividend payout will total € 54.7 million (mn) vs. € 54.5 mn for 2001.

Consolidated P&L performance

FY 2002 featured persistence of unfavourable market conditions. Despite this scenario, the Group achieved consolidated net profit of € 109.5 mn, up by 2% over 2001, and consolidated ROE of 13.5%. These results demonstrate the rightness of the projects already launched and of those implemented recently.

Total income rose to € 800 mn, growing by 4.6% vs. € 765 mn in 2001. The contribution of interest income in the lending area continued to grow, fuelled by volume growth and notwithstanding the adverse trend in rates spread.

Non-interest income (€ 505 mn) achieved substantial growth, i.e. about 10% YoY. Contributors to this result were both trading and the firmness of commissions relating to discretionary accounts, as well as the placement of mutual funds and Sicav. Significant income was also generated by commissions on sales of insurance products and by collection and payment services.

Gross operating profit amounted to € 284 mn.

Loans

The Credem Group's customer loans (net of repos) continued to grow buoyantly, rising by +24.1% to € 9,903 mn vs. € 7,981 mn in 2001. This result is even more significant when set against loan growth in the banking industry as a whole, i.e. +5.6%.

This major increase involved both corporate and retail customers. Corporate lending business was also strongly underpinned by leasing transactions, with special reference to the real estate sector.

Performance was also good on the non performing loan front, with the non performing loan ratio remaining at 0.16%, in line with the previous year and well below the industry average of 2.2%.

Deposits and asset collection

In FY2002 the Group's total customer deposits and assets rose to € 46,301 mn, growing by 7.2%* vs. € 44,153 mn in 2001.

Net inflow in the year showed a particularly positive trend, reaching a level of some € 4 bn.

A special highlight of the year was the growth of the Group's two financial-advisor networks (Credem and Banca Euromobiliare). These were both classified among the top 10 of the Assoreti (association of brokerage and bank financial-product sales companies) ranking for 2002 in terms of net inflow.

Going into greater detail, direct deposits, up from € 10,539 mn in 2001 to € 12,547 mn, continued to grow (+19% YoY) and faster than the banking industry as a whole (+8.1%). As regards this, we highlight (a) the 17% YoY increase in customer current and savings account deposits and (b) the strong growth of the bond segment.

Indirect deposits and asset collections increased by 3%* YoY, rising to € 33,574 mn (€ 33,614 in 2001). The breakdown of this figure featured € 12,276 mn for assets under management with the remainder - € 21,478 mn - relating to assets under administration. In 2002 the net inflow for investment funds (including Sicav) totalled € 524 mn against an industry net outflow of € 6,500 mn.

A significant contribution to the firmness of indirect deposits and collections came from repatriation of offshore assets by virtue of the Italian government's so-called "tax shield" measure (repatriation of assets paying only token tax).

Another point to underline was further product diversification and the creation of two new companies - "Credem Private Equity Sgr" and "Euromobiliare Alternative Investment Sgr" - with the aim of consolidating market share in the asset management sector.

Individual companies

Credembanca reported net profit of € 78.3 mn (vs. € 100.7 mn in 2001):

- The apparent decrease in Credem's profit performance was largely due to a major reduction in dividends from those subsidiaries most exposed financial markets' adverse trends. This reduction amounted to € 24.1 mn net (-40%).

In addition, lending business increased both for the corporate segment (+22.5%) and the retail segment (+21.6%). Here we highlight the fact that during the year some 7,000 new home-loan mortgages were completed, of which over 50% for new customers.

As regards the customer base, we also underline that, during 2002, Credembanca acquired 59,000 new retail customers, meaning a gross increase of 11.5% over 2001.

Another point we consider worthy of note is Credem's distinctive positioning in the high-profile customer segment. Some 44% of retail customers belong to the affluent category.

Another important feature is the composition of deposits and collections, i.e. about 25% direct and 75% indirect. More specifically, assets under management account for about 22% of the total.

Euromobiliare Sim achieved net profit of € 14.6 mn. The continuation of major market uncertainties adversely impacted the core trading business of the company, which at the same time also increased business concerning securities listed on foreign equity markets. The activities related to equity research were strengthened in terms of resources, services provided, and customers served.

Euromobiliare Asset Management Sgr achieved net profit of € 5.2 mn. This result reflected the decrease in management fees and in performance fees on products offered as an obviously result of market trends. The company made satisfactory in terms of market share, which – including Sicav managed on a delegated basis – rose to 1.90% (vs. 1.81% in 2001).

Abaxbank confirmed its significant presence in the Italian financial industry – and it in fact completed numerous operations in all its business segments, i.e. 7 corporate bonds, 2 asset-backed securities, over 150 new financial products for retail customers, and 11 structured-finance and equity-capital market operations. Business growth permitted a substantial increase in total income (+24% YoY).

Net profit amounted to € 20.1 mn.

Banca Euromobiliare, reported positive commercial progress, particularly appreciable in terms of net inflow (€ 899 mn). The company also continued its plan to strengthen its organisational and commercial facilities, opening 11 new branches. The net result, although negative, was in line with plans.

As at December 31st 2002, the Group featured 450 bank branches, 36 corporate centres, 59 financial stores, 4,863 employees, and 795 fully licensed financial advisors with mandates.

Projects

During 2002 we launched and started some interesting projects featuring particularly positive developments in the near term and that also promise excellent returns in future.

The first of these, which aims to complete Credem's territorial coverage, featured growth in areas where Credem's presence was not extensive (North East and North West Italy), via all the Group's professional players in order to provide a specialised and complete service to both private and corporate customers.

The second concerns the credit-card and consumer-credit business, leading to the birth of Carta Ego, a payment card that can also be subscribed by non-Credem customers. As at the end of 2002 some 76,000 cards were in circulation, of which over 75% regularly used. Average expenditure per card (€ 2,400 per active card) was in line with that of the best competitors.



Gruppo Bancario
CREDITO EMILIANO - CREDEM

Revolving-credit cards accounted for 13.2% of the total vs. an industry average of about 7%. The card has also been issued linked to initiatives with leading brands such as, for example, Toyota, Lycos and Colgate.

***Note:** The YoY % changes in total and indirect deposits and asset collections are shown net of a major securities deposit pertaining to an institutional counterpart. This deposit amounted to €3,083 mn in 2002 and €3,831 mn in 2001.

Attachments: reclassified parent company and consolidated balance sheets and profit & loss accounts.

Further information on Credem and group companies can be found at the Web site:
www.credem.it - Investor Relations section.

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CREDITO EMILIANO - Reclassified consolidated balance sheet

	€ millions			
	2002	2001	Changes	
			Amount	%
Securities	1.662,0	1.348,3	313,7	23,3
Cash and banks	5.421,0	5.487,0	-66,0	-1,2
Clients	10.217,0	8.021,7	2.195,3	27,4
Equity investments	58,0	95,9	-37,9	-39,5
Intangible fixed assets	101,8	115,0	-13,2	-11,5
Tangible fixed assets	282,6	304,0	-21,4	-7,0
Other assets	1.344,9	1.238,7	106,2	8,6
Total assets	19.087,3	16.610,6	2.476,7	14,9
Banks	3.896,9	3.423,2	473,7	13,8
Clients	12.314,3	10.272,7	2.041,6	19,9
Other liabilities	1.442,2	1.530,7	-88,5	-5,8
Employee provisions	89,9	85,9	4,0	4,7
Provisions for risks and charges	168,9	156,9	12,0	7,6
Loan-loss provisions	2,6	3,6	-1,0	-27,8
Subordinated liabilities	232,5	247,2	-14,7	-5,9
Minority equity	44,2	55,5	-11,3	-20,4
Total liabilities	18.191,5	15.775,7	2.415,8	15,3
Share capital	273,3	272,5	0,8	0,3
Reserves	502,1	444,1	58,0	13,1
Provisions for general banking risk	10,9	10,9	0,0	0,0
Net profit	109,5	107,4	2,1	2,0
Net equity	895,8	834,9	60,9	7,3
Total liabilities	19.087,3	16.610,6	2.476,7	14,9

CREDITO EMILIANO - Reclassified consolidated profit & loss account

	€ millions			
	2002	2001	Changes	
			Amount	%
Income from loans	686,4	825,5	-139,1	-16,9
Dividends and income on equity investments	2,4	4,8	-2,4	-50,0
Funding costs	-393,9	-524,5	130,6	-24,9
Net interest income	294,9	305,8	-10,9	-3,6
Commission income	408,2	406,0	2,2	0,5
Commission expenses	-96,1	-57,1	-39,0	68,3
Net profit/(loss) on financial transactions	76,2	-31,7	107,9	-340,4
Dividends on shares	67,2	98,5	-31,3	-31,8
Other net income/(charges)	49,7	43,4	6,3	14,5
Non-interest income	505,2	459,1	46,1	10,0
Total income	800,1	764,9	35,2	4,6
Staff expenses	-303,2	-281,4	-21,8	7,7
Administrative expenses	-212,8	-196,9	-15,9	8,1
Operating costs	-516,0	-478,3	-37,7	7,9
Gross operating profit	284,1	286,6	-2,5	-0,9
Depreciation and amortisation	-76,9	-68,4	-8,5	12,4
Net operating profit	207,2	218,2	-11,0	-5,0
Net loan-loss provisions	-27,8	-16,0	-11,8	73,8
Risk provisions	-4,5	-17,5	13,0	-74,3
Non-recurring income/(charges)	21,3	18,2	3,1	17,0
Net write-downs of equity investments	0,3	-5,3	5,6	-105,7
Pre-tax profit	196,5	197,6	-1,1	-0,6
Income taxes	-84,2	-82,5	-1,7	2,1
Minorities' net profit/(loss)	-2,8	-7,7	4,9	-63,6
Net profit	109,5	107,4	2,1	2,0

CREDITO EMILIANO - Reclassified parent company balance sheet

	€ millions			
	2002	2001	Changes	
			Amount	%
Securities	988,5	285,7	702,8	246,0
Cash and banks	2.685,4	3.734,2	-1.048,8	-28,1
Clients	9.052,8	7.303,8	1.749,0	23,9
Equity investments	359,2	406,2	-47,0	-11,6
Intangible fixed assets	68,8	71,9	-3,1	-4,3
Tangible fixed assets	173,2	182,0	-8,8	-4,8
Other assets	623,1	708,9	-85,8	-12,1
Total assets	13.951,0	12.692,7	1.258,3	9,9
Banks	3.059,6	2.730,5	329,1	12,1
Clients	8.858,2	7.784,2	1.074,0	13,8
Other liabilities	805,9	958,1	-152,2	-15,9
Employee provisions	81,4	78,2	3,2	4,1
Provisions for risks and charges	190,9	182,7	8,2	4,5
Subordinated liabilities	215,0	247,2	-32,2	-13,0
Total liabilities	13.211,0	11.980,9	1.230,1	10,3
Share capital	273,3	272,5	0,8	0,3
Reserves	377,5	327,7	49,8	15,2
Provisions for general banking risk	10,9	10,9	0,0	0,0
Net profit	78,3	100,7	-22,4	-22,2
Net equity	740,0	711,8	28,2	4,0
Total liabilities and net equity	13.951,0	12.692,7	1.258,3	9,9

CREDITO EMILIANO - Reclassified parent company profit & loss account

	€ millions			
	2002	2001	Changes	
			Amount	%
Income from loans	502,1	551,5	-49,4	-9,0
Funding costs	-237,1	-294,6	57,5	-19,5
Net interest income	265,0	256,9	8,1	3,2
Commission income	272,1	252,1	20,0	7,9
Commission expenses	-34,0	-24,5	-9,5	38,8
Net profit/(loss) on financial transactions	-1,3	8,4	-9,7	n.s.
Dividends on shares	9,5	0,0	9,5	n.s.
Other net income/(charges)	42,1	41,4	0,7	1,7
Non-interest income	288,4	277,4	11,0	4,0
Total income	553,4	534,3	19,1	3,6
Staff expenses	-224,8	-207,0	-17,8	8,6
Administrative expenses	-155,0	-147,9	-7,1	4,8
Operating costs	-379,8	-354,9	-24,9	7,0
Gross operating profit	173,6	179,4	-5,8	-3,2
Depreciation and amortisation	-50,7	-46,6	-4,1	8,8
Net operating profit	122,9	132,8	-9,9	-7,5
Dividends on equity investments	61,5	101,2	-39,7	-39,2
Net loan write-ups/(write-downs)	-17,4	-14,7	-2,7	18,4
Net loan-loss provisions	-36,3	-28,1	-8,2	29,2
Risk provisions	0,0	-16,2	16,2	-100,0
Non-recurring income/(charges)	7,9	11,0	-3,1	-28,2
Net write-downs of equity investments	-1,3	-12,9	11,6	-89,9
Pre-tax profit	137,3	173,1	-35,8	-20,7
Income taxes	-59,0	-72,4	13,4	-18,5
Net profit	78,3	100,7	-22,4	-22,2