

CREDITO EMILIANO - CREDEM FULL YEAR RESULTS FOR 2003:

TOTAL DEPOSITS +17.7% (€53,031 MILLION), **LOANS** +11.6% (€11,052 MILLION), **GROSS OPERATING PROFIT** €297.2 MILLION (+4.6%), **NET PROFIT** €95.9 MILLION, **DIVIDEND** CONFIRMED AT €0.20 PER SHARE.

- **Net inflows** €2,733 million (**total deposits** €53,031 million, + 17.7%); with around €1.5 billion in mutual funds and Sicavs (6% of the market), the Group ranks as the 5th top recipient of net inflows in 2003
- **Loans** +11.6% to €11,052 million
- **Quality of credit** (net non-performing loans of total loans) at 0.34% (industry average: 2.2%)
- **Banking margin** +2.3% to €818.9 million
- Gross operating profit +4.6%; **net operating profit +10.9%**
- **Consolidated net profit** at €95.9 million
- Proposed **dividend** of €0.20 per share, unchanged compared with 2002, for a total of €54.9 million.

Credem's Board of Directors has approved today the individual and consolidated draft financial statements for 2003, to be submitted for approval to the shareholders' meeting called for on April 29th, 2004. The Board of Directors will propose the distribution of a **dividend** of €0.20 per share (unchanged with respect to 2002), which will be payable from May 24th, 2004. The total dividend payable amounts to €54.9 million (€54.7 million in 2002).

Consolidated results for 2003

The **Credem Group's** consolidated income statement for 2003 reports a **banking margin** of €818.9 million (+2.3% compared with €800.1 million in 2002). The contribution of **credit intermediation** to this result increases (+1.2%) thanks to the growth in volumes, especially in the lending area, which has offset the downward trend in spreads.

Non-interest income has risen 3.1% on the 2002 figure, to €511.2 million. This results reflects contributions from the finance area along with a marginal increase in net commission, especially that on individual and collective portfolio management activities. **Gross operating profit** has climbed 4.6% to €297.2 million.

Operating profit is 10.9% higher at €229.8 million. This increase rises to +17% if we exclude writedowns to "current" loans, thus ignoring the exceptional writedowns associated with the Parmalat affair (accounting for 90% of exposure).

Consolidated **net profit** amounts to €95.9 million (€109.5 million in 2002), while consolidated **ROE** is 11.1% (13.5% in 2002).



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The Credem Group's **total deposits** have increased by 17.7% in 2003 to **€53,031** million compared with €46,301 million in 2002, with net inflows of €2,733 million.

Going into more detail, **direct deposits** increased by 15.2% (+4.5% for industry as a whole) to €14,454 million (€12,547 million at the end of 2002). Particularly, current and savings accounts held by ordinary customers have risen by 15.2%, while the bond sector has reported growth of 25.2%. **Indirect deposits** have increased by 18.7% to €38,577 million (€33,754 million in 2002) of which € 14,827 million in funds under management (+20.8%) and €23,750 million in funds under administration.

Net inflows into mutual funds and Sicavs amount to €1,491 million (6% of the market), ranking the Credem Group as the 5th top recipient of net inflows in 2003.

Loans to ordinary customers (excluding repurchase agreements) have risen by 11.6% compared with the industry average of 6%, to reach €11,052 million (€9,903 million in 2002). Both the corporate and retail customer segments experienced a similar pace of growth.

There is also good news regarding **net non-performing loans**, which at 0.34% of total loans (0.16% at the end of last year) are well below the industry average of 2.2%.

At an individual level **Credembanca** has reported a net profit of €81.4 million (€78.3 million in 2002). The bank has experienced a significant growth in its lending activities both with corporate customers (+6.8% rising to +20% if calculated on "average principal") and retail customers (+22%). Over 8,000 new home mortgage loans were granted during the year for a total figure of €701 million (+23% on 2002) of which around 50% to new customers. The bank's **total deposits** climbed by 18.2% in 2003 to **€41,660** million compared with €36,511 million in 2002, partly thanks to net inflows of around €2,300 million.

At December 31st 2003 the Group's distribution network consisted of 462 branches, 38 corporate centres and 54 financial shops, with 4,961 employees and 893 licensed financial advisors with mandate.

Note: the % changes in total and indirect deposits exclude a large securities deposit by an institutional customer for €3,083 million in 2002 and €2,164 million in 2003.

Lastly, you are informed that the 2003 results, outlined in this press release, will be presented by Adolfo Bizzocchi, Credem's General Manager, during a meeting with the financial community taking place at 15.30 on Wednesday, March 31st 2004 in the offices of Borsa Italiana in Milan.



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The reclassified balance sheet and income statement, in both individual and consolidated formats, are attached to this press release.

Further information on Credem and other companies in the Group is available on the website: www.credem.it - Investor Relations section.

**CREDITO EMILIANO SPA
(Chairman)
Giorgio Ferrari**

Reggio Emilia, March 25th 2004

Contacts:
External Relations Office
Tel. 0522/582546 – 0522/582075
Fax 0522/582087
e-mail: rel2@credem.it; rel@credem.it



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CREDITO EMILIANO - reclassified consolidated income statement

	€ million			
	2003	2002	Changes	
			amount	%
Interest income and similar revenues	635.3	686.4	-51.1	-7.4
Dividends and income from equity investments	4.4	2.4	2.0	83.3
Interest expense and similar charges	-330.0	-393.9	63.9	-16.2
Net Interest income	309.7	294.9	14.8	5.0
Commission income	421.1	408.2	12.9	3.2
Commission expenses	-101.5	-96.1	-5.4	5.6
Dealing profit (loss) on financial translation	3.5	67.2	-63.7	-94.8
Dividends on shares	135.7	76.2	59.5	78.1
Other operating income (expenses), net	50.4	49.7	0.7	1.4
Non-interest income	509.2	505.2	4.0	0.8
Banking margin	818.9	800.1	18.8	2.3
Personnel expenses	-313.5	-303.2	-10.3	3.4
Administrative expenses	-208.2	-212.8	4.6	-2.2
Operating expenses	-521.7	-516.0	-5.7	1.1
Gross operating profit	297.2	284.1	13.1	4.6
Depreciation and amortisation	-67.4	-76.9	9.5	-12.4
Operating profit	229.8	207.2	22.6	10.9
Adjustments to loans, net	-74.7	-27.8	-46.9	168.7
Provisions for liabilities and charges	-23.0	-4.5	-18.5	411.1
Extraordinary income (expenses), net	13.7	21.3	-7.6	-35.7
Write-down of equity investments, net	-0.2	0.3	-0.5	-166.7
Profit before tax	145.6	196.5	-50.9	-25.9
Income tax	-44.1	-84.2	40.1	-47.6
Minority interest in net profit/loss	-5.6	-2.8	-2.8	100.0
Net profit	95.9	109.5	-13.6	-12.4



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CREDITO EMILIANO - reclassified consolidated balance sheet

	€ million			
	2003	2002	Changes	
			amount	%
Securities	2,764.1	1,662.0	1,102.1	66.3
Cash and banks deposits	4,549.4	5,421.0	-871.6	-16.1
Loans to customers	11,150.9	10,217.0	933.9	9.1
Equity investments	60.4	58.0	2.4	4.1
Intangible fixed assets	83.1	101.8	-18.7	-18.4
Tangible fixed assets	290.7	282.6	8.1	2.9
Other assets	1,484.2	1,344.9	139.3	10.4
Total assets	20,382.8	19,087.3	1,295.5	6.8
Due to banks	3,032.7	3,896.9	-864.2	-22.2
Due to customers	14,022.0	12,314.3	1,707.7	13.9
Other liabilities	1,653.9	1,442.2	211.7	14.7
Staff provisions	94.6	89.9	4.7	5.2
Provisions for risks and charges	192.4	168.9	23.5	13.9
Reserve for possible loan losses	2.6	2.6	-	-
Subordinated liabilities	411.2	232.5	178.7	76.9
Minority interests	33.8	44.2	-10.4	-23.5
Total liabilities	19,443.2	18,191.5	1,251.7	6.9
Share capital	274.4	273.3	1.1	0.4
Reserves	558.4	502.1	56.3	11.2
Reserve for general banking risks	10.9	10.9	-	-
Net profit for the year	95.9	109.5	-13.6	-12.4
Shareholders' equity	939.6	895.8	43.8	4.9
Total liabilities and shareholders' equity	20,382.8	19,087.3	1,295.5	6.8

CREDITO EMILIANO - reclassified individual income statement

	€ million			
	2003	2002	Changes	
			amount	%
Interest income and similar revenues	479.4	502.1	-22.7	-4.5
Dividends and income from equity investments	41.0	61.5	-20.5	-33.3
Interest expense and similar charges	-211.7	-237.1	25.4	-10.7
Net interest income	308.7	326.5	-17.8	-5.5
Commission income	275.2	272.1	3.1	1.1
Commission expenses	-39.6	-34.0	-5.6	16.5
Dealing profit (loss) on financial translation	-14.8	-1.3	-13.5	n.s.
Dividends on shares	62.4	9.5	52.9	n.s.
Other operating income (charges), net	43.0	42.1	0.9	2.1
Non-interest income	326.2	288.4	37.8	13.1
Banking margin	634.9	614.9	20.0	3.3
Personnel expenses	-236.2	-224.8	-11.4	5.1
Administrative expenses	-151.8	-155.0	3.2	-2.1
Operating expenses	-388.0	-379.8	-8.2	2.2
Gross operating profit	246.9	235.1	11.8	5.0
Depreciation and amortisation	-46.1	-50.7	4.6	-9.1
Operating profit	200.8	184.4	16.4	8.9
Adjustments to loans, net	-57.1	-17.4	-39.7	228.2
Provisions for liabilities and charges	-2.8	-36.3	33.5	-92.3
Provisions for other risks	-15.5	0.0	-15.5	n.s.
Extraordinary income (expenses), net	10.1	7.9	2.2	27.8
Write-down of equity investments, net	-1.7	-1.3	-0.4	30.8
Profit before tax	133.8	137.3	-3.5	-2.5
Income tax	-52.4	-59.0	6.6	-11.2
Net profit	81.4	78.3	3.1	4.0



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CREDITO EMILIANO - reclassified individual balance sheet

	€ million			
	2003	2002	Changes	
			amount	%
Securities	1,338.9	988.5	350.4	35.4
Cash and bank deposits	1,351.2	2,685.4	-1,334.2	-49.7
Loans to customers	10,290.7	9,052.8	1,237.9	13.7
Equity investments	387.6	359.2	28.4	7.9
Intangible fixed assets	62.2	68.8	-6.6	-9.6
Tangible fixed assets	164.7	173.2	-8.5	-4.9
Other assets	731.0	623.1	107.9	17.3
Total assets	14,326.3	13,951.0	375.3	2.7
Due to banks	1,958.5	3,059.6	-1,101.1	-36.0
Due to customers	9,915.4	8,858.2	1,057.2	11.9
Other liabilities	1,002.3	805.8	196.5	24.4
Staff provisions	85.2	81.4	3.8	4.8
Provisions for liabilities and charges	201.2	191.0	10.2	5.3
Subordinated liabilities	393.7	215.0	178.7	83.1
Total liabilities	13,556.3	13,211.0	345.3	2.6
Share capital	274.4	273.3	1.1	0.4
Reserves	403.3	377.5	25.8	6.8
Reserve for general banking risks	10.9	10.9	0.0	0.0
Net profit for the year	81.4	78.3	3.1	4.0
Shareholders' equity	770.0	740.0	30.0	4.1
Total liabilities and shareholders' equity	14,326.3	13,951.0	375.3	2.7