

CREDEM approves the 2004-2006 plan and results for the quarter ended March 31st 2004.

- In 2006 **ROE** of 16.2%, **total deposits** at € 68 billion, **banking margin** over € 1 billion with an average annual growth of 7% over the three years 2004-2006.
- First quarter 2004 **total deposits** +13.7%*, **banking margin** +7.8%, **net operating profit** +32%, **net profit** +15.9%.

Three-year plan 2004-2006

The Board of Directors of Credito Emiliano Spa has approved today the three-year plan for 2004-2006. The plan, that is set against a background of changes in the economy and financial markets, has the Credem Group placing a strong focus on its core business, especially the retail market, wealth management and small and medium enterprises. The goal is to capitalise on the intense period of previous growth, with an heavy emphasis on profitability through an attentive selection of the product/market mix and an efficient allocation of capital.

In keeping with the group's strategy, the plan redefines rules of governance designed to strengthen co-ordination of its various areas of business, in a quest for greater commercial and cost synergies.

Economics: the plan forecasts, for the Credem Group, **total deposits** of € 68 billion by 2006 (€ 53 billion at the end of 2003) with annual average growth of 8.6%. In detail, **funds under management** will grow at an average annual rate of over 14%, going from € 14.8 billion at the end of 2003, to over € 22 billion. **Loans** will grow at an average annual rate of 6.2%, to over € 13 billion at the end of 2006. The **banking margin** is expected to grow by 7% per annum to over € 1 billion in 2006, compared with € 818.9 million in 2003. **Net operating profit**, growing at an average annual rate of 15% will amount to around € 350 million. The plan also forecasts at the end of 2006: a **net profit** of € 175 million as a result of an average annual growth of over 22%, a target **ROE** of 16.2% (11.1% at the end of 2003) and a **cost/income** ratio that decreases from 63.7% at the end of 2003 to 60.3%. The Credem Group is also expecting to have about 470 branches by 2006, 1,090 licensed financial advisors with mandate and over 5,300 employees.

The three-year plan will be presented by the General Manager **Adolfo Bizzocchi** during a meeting with the financial community and the press, due to take place at 11 am on May 28th 2004 in the offices of Borsa Italiana Spa, Piazza degli Affari 6, Milan.

Quarterly results at March 31st 2004

Today the Board of Directors of Credito Emiliano Spa has also approved the consolidated results for the quarter ended March 31st 2004 (1Q 2004).

The **banking margin** amounts to € 210.3 million, +7.8% compared with the same period of last year (€ 195 million). **Net interest income** has climbed 9.1% to € 82.4 million (€ 75.5 million at the end of March 2003), with an increase due to higher volumes making up for the reduction in spreads. **Non-interest income** amounts to € 127.9 million, showing an increase of 7% compared with 1Q 2003 (€ 119.5 million). Both individual and collective forms of asset management have made a strong contribution to this result.

Gross operating profit has reached € 72.9 million (+15.7% on the figure of € 63 million reported in 1Q 2003), while **net operating profit** has increased by 32% to € 57.8 million (€ 43.8 million in 1Q 2003).

Consolidated **net profit** is 15.9% higher at € 35 million (€ 30.2 million in 1Q 2003), while **net non-performing loans** represent 0.35% of total loans at quarter end (0.18% at the end of March 2003) confirming the excellent quality of credit.

Loans to customers (excluding repurchase agreements) have risen by +8.1% to reach € 10,922 million (€ 10,103 million at the end of 1Q 2003). Particularly, medium and long-term lending has grown at a rapid pace, associated with the increase in commercial credit to the small and medium enterprises.

Total deposits have risen by 13.7%* to € 52,183 million (€ 48,713 million at the end of March 2003). **Direct deposits** have climbed by 12.1% to € 14,536 million (€ 12,968 million at the end of 1Q 2003), while **indirect deposits** have increased by 14.4%* compared with the 1Q 2003 figure, to reach € 37,647 million, of which € 15,130 million in **funds under management** (+19%) and € 22,517 million in **funds under administration** (11.4%*).

At March 31st 2004 the Credem Group's distribution network consisted of 461 branches, 39 corporate centres and 54 financial shops, with 4,965 employees and 901 licensed financial advisors with mandate.

* Note: the % changes exclude a large securities deposit by an institutional customer for € 3,444 million at March 31st 2003 and € 693 million at March 31st 2004.

The reclassified consolidated balance sheet and income statement are attached to this press release.

Additional 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, 12 May 2004

Contacts:

External Relations Office

Tel. 0522/582546 – 0522/582075

Fax 0522/582087

e-mail: rel@credem.it; rel2@credem.it

CREDITO EMILIANO - reclassified consolidated balance sheet (€ million)

	Mar-04	Dec-03	Mar-03	Changes 3/04-3/03	
				amount	%
Securities	3,110.8	2,764.1	1,842.5	1,268.3	68.8
Cash and bank deposits	4,599.4	4,549.4	5,117.5	-518.1	-10.1
Loans to customers	11,170.3	11,150.9	10,428.4	741.9	7.1
Equity investments	61.7	60.4	58.6	3.1	5.3
Intangible fixed assets	87.5	83.1	96.0	-8.5	-8.9
Tangible fixed assets	293.5	290.7	277.0	16.5	6.0
Other assets	1,635.4	1,484.2	1,593.3	42.1	2.6
Total assets	20,958.6	20,382.8	19,413.3	1,545.3	8.0
Due to banks	3,163.1	3,032.7	3,624.0	-460.9	-12.7
Due to customers	14,130.8	14,022.0	12,646.5	1,484.3	11.7
Other liabilities	2,022.6	1,653.9	1,700.2	322.4	19.0
Staff provisions	98.1	94.6	93.2	4.9	5.3
Subordinated liabilities	378.4	411.2	233.7	144.7	61.9
Provisions for risks and charges	208.5	192.4	197.7	10.8	5.5
Reserve for possible loan losses	2.6	2.6	2.6	0.0	0.0
Minority interests	34.8	33.8	44.9	-10.1	-22.5
Total liabilities	20,038.9	19,443.2	18,542.8	1,496.1	8.1
Share capital	274.4	274.4	273.3	1.1	0.4
Reserves	599.4	558.4	556.1	43.3	7.8
Reserve for general banking risks	10.9	10.9	10.9	0.0	0.0
Net profit for the period	35.0	95.9	30.2	4.8	15.9
Shareholders' equity	919.7	939.6	870.5	49.2	5.7
Total liabilities and shareholders' equity	20,958.6	20,382.8	19,413.3	1,545.3	8.0

CREDITO EMILIANO - reclassified consolidated income statement (€ million)

	Mar -04	Mar -03	Dec -03	Changes 3/04-3/03	
				amount	%
Interest income and similar revenues	158.8	172.8	635.3	-14.0	-8.1
Dividends and income from equity investments	1.2	0.4	4.4	0.8	200.0
Interest expense and similar charges	-77.6	-97.7	-330.0	20.1	-20.6
Net interest income	82.4	75.5	309.7	6.9	9.1
Commission income	111.6	93.1	421.1	18.5	19.9
Commission expense	-22.5	-22.3	-101.5	-0.2	0.9
Dividends on shares	0.0	0.2	135.7	-0.2	-100.0
Dealing profit (loss) on financial transactions	26.4	37.5	3.5	-11.1	-29.6
Other operating income (expenses), net	12.4	11.0	50.5	1.4	12.7
Non-interest income	127.9	119.5	509.3	8.4	7.0
Banking margin	210.3	195.0	819.0	15.3	7.8
Personnel expenses	-79.7	-77.0	-313.5	-2.7	3.5
Administrative expenses	-57.7	-55.0	-208.2	-2.7	4.9
Operating expenses	-137.4	-132.0	-521.7	-5.4	4.1
Gross operating profit	72.9	63.0	297.3	9.9	15.7
Depreciation and amortisation	-15.1	-19.2	-67.4	4.1	-21.4
Net operating profit	57.8	43.8	229.9	14.0	32.0
Extraordinary income (expenses), net	-0.3	9.8	13.7	-10.1	n,s,
Adjustments to loans, net	0.3	-5.2	-74.8	5.5	-105.8
Provisions for liabilities and charges	-0.1	-0.1	-23.0	0.0	0.0
Write-down of equity investments, net	0.0	0.0	-0.2	0.0	n,s,
Profit before tax	57.7	48.3	145.6	9.4	19.5
Income tax	-21.8	-17.5	-44.1	-4.3	24.6
Minority interest in net profit/loss	-0.9	-0.6	-5.6	-0.3	50.0
Net profit	35.0	30.2	95.9	4.8	15.9