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PRESS RELEASE

Emporiki Bank of Greece Group

Balance Sheet and Profit & Loss Account for the First Half 2004

Operating income EUR 432.8 million (+8.7%)
Pre-tax profit EUR 37.4 million (-33.4%)
Transparency and clean up of the Balance Sheet
Implementation of the Group's restructuring

"Since April 2004 we are implementing an extended programme to restructure and regroup our forces for efficiency and growth. We are putting forward significant initiatives to implement solutions within 2004 for all key issues the Group is facing. It is a consistent effort and we are convinced that the changes we are making across the entire Group will have a positive impact on our organic profitability shortly."

George Provopoulos, Chairman and CEO

GROUP FIRST HALF 2004 RESULTS

Pre-tax profit, after minorities, decreased by 33.4% to EUR 37.4 million, as compared with EUR 56.2 million in 1H 2003. The increase in the operating income by EUR 34.5 (+8.7%) was counterbalanced mainly due to the following:

- A EUR 37.4 million (+12.7%), increase in operating expenses due to:
  - increased staff cost, including contributions of EUR 23.5 million to fund deficits in Emporiki's auxiliary pension fund
  - increased general expenses, including those related to the promotion of mortgages and consumer loans
  - first time consolidation of Credicom (fully consolidated for the period 01.09.2003 to 31.03.2004) increases operating expenses by EUR 7.4 million and has a negative impact on pre-tax profit by EUR 3.3 million.
- A EUR 23.9 million (+50%) increase in provisions to further strengthen loan loss reserves.

Net interest income in 1H 2004 rose 8% vs. 1H 2003 at EUR 318.5 million. The net interest margin for the Group (including the impact of the leasing activities) stood at 3.5% while the net interest margin for the Bank stood at 3.1%.

- 1H 2004 net interest income has benefited from:
  - the strong growth of the total outstanding loan portfolio
  - the continuing shift in the loan mix in favour of consumer loans and mortgages
  - income from leasing.
- 1H 2004 net interest income was adversely impacted by:
  - the decrease in revenues from fixed income securities resulting from the reduction of the average bond portfolio by about EUR 1.5 billion and the replacement of maturing bonds with bonds that carry lower coupons
  - the change in the hedging method of the fixed income securities portfolio
  - the increase in the average cost of deposits, due to the increased importance of the term deposits in the total deposit base.

Net fee and commission income remained flat year on year at EUR 77.1 million.

Income from financial transactions amounted to EUR 23.7 million. The decrease of the equity portfolio by EUR 231.1 million (-57%) in Q2 2004 vis-à-vis Q1 2004, reflects management's decision to significantly reduce the Group's exposure to risks related to equity markets.

In 1H 2004, **operating expenses** rose by 12.7% vs. 1H 2003. **Staff expenses** were up 10.8% due to increased contributions to fund deficits in Emporiki's auxiliary pension fund, the provision for an increase in nominal staff salaries in view of the completion of the Collective Labour Agreement, and the retrospective increase of staff expenses resulting from the Bank's Agreement with its trade unions in 2003. **General expenses**, up 10.2% year on year, include increased expenses relating to the promotion of mortgages and consumer loans.

The **cost to income ratio** deteriorated in 1H 2004 to 76.4% vis-à-vis 73.7% in 1H 2003. The cost to income ratio, excluding contributions to fund deficits in the auxiliary pension fund, stand at 71%.

Total **loans** increased by 16%, on an annualised basis, to EUR 13 billion. Despite the selective decrease in large-corporate loans, loan growth was strongly supported by the continuing shift of the loan portfolio mix towards lending to households and SMEs, which further enhanced the overall loan margin.

The Bank's new **mortgage** disbursements totalled EUR 580.4 million in 1H 2004, with total mortgage lending outstandings reaching EUR 3 billion, a 32.3% increase vis-à-vis 1H 2003. The Bank's new **consumer loan** disbursements (EUR 396.4 million) boosted the total consumer loan and credit card outstandings to EUR 1.3 billion, up 65% on an annual basis. In 1H 2004, total outstandings to **SMEs** amounted to EUR 4.4 billion, up 14.1% compared to 1H 2003.

With regards to **credit quality,** at the end of June 2004, the NPL[1] ratio stood at 4.3% vs. 4.1% in 1H 2003, with the coverage ratio standing at 73.5% in 1H 2004 vs. 70.6% in 1H 2003.

At the end of 1H 2004, customer **deposits and repos** rose by 10.4% to EUR 14.2 billion. During this period customers rebalanced their portfolios by shifting repos to time deposits.

At end-June 2004, the Group´s **own funds** stood at EUR 1.2 billion and the Tier I ratio is estimated at 8.6%. Approximately EUR 90 million was deducted from the Bank's and Group's own funds due to the purchase of own shares. At end July 2004, the Bank launched its inaugural EUR 350 million Lower Tier II benchmark transaction that has a coupon of 3-month Euribor + 75 basis points. Following this transaction, the total capital adequacy ratio of the Group is estimated at 11.2%.

TRANSPARENCY AND CLEAN UP OF THE BALANCE SHEET

The new management has already addressed several pending issues that may have an impact on the Group's financial accounts, including those related with the introduction of the International Financial Reporting Standards (IFRS). In this effort, a report provided by an international audit firm, has served as an additional input.

The adjustments to be made are expected to have a maximum **negative impact** of **EUR 150 million** on the Group's own funds by year-end 2004. The adjustments are as follows:

- Write-offs of approximately EUR 75 million in the following categories:
    - Participations in non-affiliate companies
    - Participations in non-consolidated companies
- Write-offs of intangible assets, which, under IFRS, do not qualify as tangible assets (approximately EUR 35 million)
- Provisions for cost that may emerge from the restructuring of the Group's subsidiaries (approximately EUR 40 million)

The capital loss of EUR 17.2 million due to revaluation of participations and the securities portfolio of the Bank's subsidiary Emporiki Capital, which is in the process of being absorbed by Emporiki Bank, has already been deducted from the Group's own funds, as stated in its first-half 2004 financial accounts.

According to Law 3229/2004, the Group is expected to revalue its fixed assets at market prices by the end of 2004, based on the analysis of two certified appraisal companies. The emerging surplus value is calculated to reach approximately **EUR 200 million** and is expected to **enhance the capital position** of the Group at its full year financials.

[1] Non-performing loans are defined as loans that are in delay of over six months.

IMPLEMENTATION OF THE GROUP'S RESTRUCTURING

In line with the Group's new strategy, several initiatives have been deployed. Indicatively:

- **"PEGASUS" programme**
  During the second quarter 2004, "PEGASUS" was rolled out to 89 additional branches covering 55% of the total branch network. "PEGASUS" is expected to be rolled out to the entire network by the end of the first-quarter 2005. The implementation of the customer-centric "PEGASUS" programme drives the effort of the Group to strengthen its position in retail banking.

- **New incentives scheme that allows for clear-cut performance-related remuneration for sales related personnel**
  The new specialized scheme, which relates personnel's remuneration directly with its results, forms a significant action to support "PEGASUS". The most important characteristics of the new scheme are the cross-selling of products, the quality of the loan portfolio and the promotion of new products.

- **Completion of the new modern and flexible organizational structure**
  - Clear allotment of responsibilities and positions at the management level
  - Strengthening monitoring mechanisms by creating a credit control division in retail and wholesale banking
  - New staff functions have been created to: i) monitor the progress of Group in meeting its targets, and ii) support the CFO in controlling cost, preparing the budget and monitoring its implementation, and delivering the new MIS system.

- **The restructuring of the Group**
  - In line with the management's initial timetable, the absorption of the subsidiaries Emporiki Investment Bank, Emporiki Capital (with its seven subsidiaries), Emporiki Factoring and Emporiki Investments is expected to be completed before year-end, as the respective Board of Directors have already approved the financial statements for the merger.
  - The liquidation of three additional subsidiaries has been decided, bringing the total number of the absorbed/liquidated subsidiaries to 14.
  - Specific initiatives regarding the Group's international network were undertaken:
    - The personnel of the London branch was reduced by half, while the branch is relocating to smaller premises
    - The international offices of Emporiki Capital were significantly reduced
    - In Germany, one third of the local branches will be dissolved
  - Ongoing strategic re-assessment of the presence in the remaining countries.

- **Strengthening capital adequacy**
  - The Bank completed the establishment of a EUR 2 billion EMTN (Euro Medium Term Note) programme arranged by Morgan Stanley & Co. Through the EMTN programme the Bank can issue Senior or Lower Tier II debt.
  - The Bank successfully launched an inaugural EUR 350 million 10NC5 FRN Lower Tier II benchmark transaction. The issue has a coupon of 3-month Euribor +75 basis points and will be listed on the Luxembourg Stock Exchange. Following this issue, the Group's total capital adequacy ratio is expected to reach 11.2%.

- **Group's business plan for 2004-2007**
  - The management is preparing a three-year business plan for the Group that incorporates the recently announced initiatives and new actions to be implemented shortly.
  - The business plan, which is planned to be announced in fall 2004, is expected to contain: the time table of the restructuring programme, quantitative targets for the Group's efficiency, the impact of relevant actions on cost containment and detailed strategic initiatives.

Emporiki Bank

TABLES

Profit & loss account (consolidated)

(in EUR million)	1H 2004	1H 2003	Change (%)	2Q 2004	1Q 2004	Change (%)
Net interest income	**318.5**	**294.9**	**8.0%**	**165.3**	**153.2**	**7,9%**
Income from securities	6.2	12.8	-52%	2.5	3.7	-33,3%
Results of non-consolidated companies	0.5	(0.3)	-273%	0.4	0.1	320,3%
Net fees and commissions	77.1	77.1	0%	35.7	41.4	-13,7%
Income from financial transactions	23.7	5.8	308%	6.7	17.0	-60,7%
Other operating income	6.8	8.1	-16%	3.6	3.2	13,0%
Operating income	**432.8**	**398.4**	**8.7%**	**214.2**	**218.6**	**-2,0%**
Staff cost	(193.0)	(174.1)	10.8%	(93.6)	(99.4)	-5,9%
General expenses	(69.6)	(63.2)	10.2%	(35.9)	(33.7)	6,7%
Depreciation	(68.2)	(56.2)	21.4%	(35.8)	(32.4)	10,5%
Operating Expenses	**(330.8)**	**(293.5)**	**12.7%**	**(165.3)**	**(165.5)**	**-0,1%**
Provisions	(71.7)	(47.8)	50.0%	(33.2)	(38.5)	-13,7%
Extraordinary income	5.5	0.8	613%	5.2	0.3	1625,3%
Minority interests	1.7	(1.7)	198%	0.2	1.5	-89,3%
EBT after minorities	**37.4**	**56.2**	**-33.4%**	**21.0**	**16.4**	**28,1%**

Loans of Emporiki Bank

(EUR million)	30.06.04	31.03.04	30.06.03	Change 1H04/1H03	Change 1H04/1Q04
Business sector	8,022.3	7,999.7	7,540.0	6.4%	0.3%
- of which SMEs	*4,386.4*	*4.345.6*	*3,843.8*	*14.1%*	*0.9%*
Consumer loans	1,334.6	1,239.5	809.1	65.0%	7.7%
Mortgages	2,993.7	2,792.1	2,263.5	32.3%	7.2%
Public entities	459.2	463.1	425.8	7.9%	-0.8%
Total	**12,809.9**	**11,876.1**	**11,038.4**	**16.1%**	**7.9%**

Deposits of Emporiki Bank

(EUR million)	30.06.04	31.03.04	30.06.03	Change 1H04/1H03	Change 1H04/1Q04
Sight	1,572.2	1,603.9	1,761.9	-10.8%	-2.0%
Savings	6,898.8	6,742.5	6,486.9	6.4%	2.3%
Time and other	3,638.8	4,015.4	1,869.9	94.6%	-9.4%
Repos	1,722.1	1,326.6	2,457.7	-29.9%	29.8%
Total	**13,832.0**	**13,688.4**	**12,576.4**	**10.0%**	**1.0%**

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