

**PRESS RELEASE**  
**First-half 2006 results**

**Net profit at €91.7m. up 99.4%**  
**Emporiki Bank joins the Crédit Agricole Group**

**SUCCESSFUL COMPLETION OF THE ACQUISITION OF EMPORIKI BY CRÉDIT AGRICOLE**

On 9 August 2006 Crédit Agricole announced the successful completion of its public tender offer for Emporiki, reaching a total 72% shareholding; Crédit Agricole also received approvals from all relevant regulatory authorities. The acquisition of Emporiki by Crédit Agricole is the largest so far foreign direct investment in Greece, and the largest strategic privatization.

- **The chronicle of the public tender offers**

The full privatization of Emporiki has been conducted by means of a public tender offer, according to the Law 3461/2006.

- 13.06: Public tender offer by Crédit Agricole for 100% of Emporiki's shares, conditional upon reaching 40% acceptances, offering €23.50 in cash for each Emporiki share.
- 22.06: Public tender offer by Bank of Cyprus for 100% of Emporiki's shares, conditional upon reaching 40% acceptances, offering €6 in cash and 3.25 Bank of Cyprus shares for each Emporiki share.
- 12.07: Opinion of the Board of Directors of Emporiki on both competing offers.
- 21.07: Bank of Cyprus withdraws its offer for Emporiki.
- 27.07: Crédit Agricole revises its public offer, offering €25.00 in cash for each Emporiki share.
- 31.07: Opinion of the Board of Directors of Emporiki on Crédit Agricole's revised offer.
- 01.08: Acceptance of Crédit Agricole's revised public tender offer by the Inteministerial Committee for Privatisations.
- 09.08: Successful completion of Crédit Agricole's public tender offer reaching a total 72% shareholding in Emporiki.

- **The development of the Crédit Agricole – Emporiki relationship**

The successful public tender of Crédit Agricole for Emporiki is a milestone of great importance in the development of their strategic co-operation, through which the latter becomes part of the international network of the first. The main dates in this co-operation are as follows:

- October 2000: Crédit Agricole acquires a 6.7% in Emporiki from its subsidiaries Phoenix and Emporiki Venture Capital. In addition the parties enter into a strategic co-operation agreement in the areas of asset management, bancassurance and consumer finance through the set up of respective joint ventures.
- May 2002: Crédit Agricole acquires another 2.3% from the Loan and Consignment Fund by exercising a right of first refusal that it held.
- August 2006: Crédit Agricole completes its public offer for Emporiki reaching a 72% shareholding.

**THE SUCCESS OF THE RESTRUCTURING PLAN AS A CATALYST FOR THE PRIVATISATION**

Over the past 29 months Emporiki's management has implemented a rigorous restructuring plan for the Group with the target to maximize value for all shareholders. The successful tackling of legacy issues of structural nature provided a solid base for the strong rebound of the profitability and for restoring the competitive position of Emporiki to such extent that its privatization could successfully conclude. In a nutshell, following were the main areas of these efforts:

- **Resolution of the pension issue**

Emporiki's management put the pension problem of Greek banks on the public debate with its proposal to the trade union from 14 November 2004. Following the rejection of this proposal by the

trade union, Emporiki's management worked closely with the Government, supporting all relevant initiatives for a dialogue among stakeholders until the final resolution of this issue was implemented through the Law 3371/2005. Emporiki was the first bank to apply for the inclusion of its personnel into the provisions of the Law, whereby other banks followed later. Law 3455/2006 confirmed the cost of the inclusion of Emporiki's personnel into the provisions of Law 3371/2005 to €1,156 million, of which €786.3 million were written off against the equity and the remaining will be paid in the future in the form of increased employers contributions.

- **Capital replenishment**

As a result of the pension resolution and the cost recognized against the Bank's equity in its 2005 accounts (first time application of International Financial Reporting Standards), the capital position of the Bank declined substantially. In order to replenish the regulatory capital position, the management placed on 25 July 2005 its treasury shares in the market through an accelerated book building raising €145 million, and on the second repetitive general meeting on 21 September 2005 called for a €397 million capital increase, which completed on 21 December 2005.

- **Strong rebound in profitability**

Emporiki reported €104 million losses in 2004, €76 million profits in 2005 and €91.7 million profits in 1H06. The strong rebound in profitability is the outcome of the rigorous implementation of a restructuring plan along the following pillars:

- **Transparency and balance sheet clean up**

In 2004, several legacy issues were recorded in the accounts, mainly attributed to impairments of portfolios and enhancement of provisions. These adjustments, along with the cost of a voluntary retirement scheme for approximately 400 employees, resulted to losses for that year.

- **Strong growth in retail banking**

The implementation of the "Pegasus I" programme strengthened the sales mentality of Emporiki's network forces and comprised the main driver in the efforts to reposition the Bank in the domestic retail banking market. Moreover, the implementation of the "Pegasus II" programme is already under way, which will centralize various back-office tasks currently performed in the branches, thus, freeing up resources that can be shifted to sales. As a result of these structural changes loans to Individuals represent 40.2% of the total loan book compared in 1H06 to 33.8% in 1H04.

- **Efficiency improvement**

Concerted efforts were implemented for the rationalization of staff cost through voluntary retirement schemes and the decrease of the pension-related charges as a result of the resolution of the pension issue. Furthermore, administrative expenses were contained through tailored cost-cutting actions. As a result, cost-to-income ratio declined sharply reaching 61.7% in 1H06 compared to 80.3% in 1H04.

- **Group restructuring**

Specific initiatives were introduced for the efficient allocation of capital within the Group: adoption of a modern and flexible organizational structure, absorption and liquidation of over 10 subsidiaries, capital strengthening and restructuring of Phoenix, instigation of restructuring initiatives at Phosphoric Fertilizers, and the overhaul of the international presence (disposed of Armenia and Georgia, organic growth in the Balkans by opening 14 new branches over the past 1.5 year).

**FIRST-HALF 2006 RESULTS**

<b>Key figures</b>			
<b>(€ m)</b>	<b>1H06</b>	<b>1H05</b>	<b>Δ (%)</b>
Net interest income	355.1	307.0	15.7
Fee and commission income	80.5	70.4	14.4
<b>Operating income</b>	<b>506.9</b>	<b>417.1</b>	<b>21.5</b>
Staff expenses	205.2	192.8	6.4
<b>Operating expenses</b>	<b>312.9</b>	<b>297.1</b>	<b>5.3</b>
Provisions	69.6	55.4	25.5
<b>Earnings after tax</b>	<b>91.7</b>	<b>46.0</b>	<b>99.4</b>
Earnings per share (EPS) (€)	0.69	0.42	64.3
<b>Ratios</b>	<b>Δ (bp)</b>		
Cost to income	61.7%	71.2%	-950
Return on assets (RoA)	0.9%	0.5%	+38

In the first half 2006 (1H06), **profit attributable to shareholders** rose to €91.7 million, increased by 99.4% over the respective period last year. This strong growth came as a result of the significant increase of operating income (+21.5%) and the containment noticed on the development of operating costs (+5.3%), while provisions grew at 25.5% higher than loans over the respective period (+20.6%).

**Net interest income** stood at €355.1 million, increased by 15.7%, with net interest margin expanding to 3.37% vs. 3.25% in the respective period last year. Adjusting 1H05 net interest income for the portion of the pension related interest expense of €27.8 million that was charged against the 4Q05 results, the net interest income growth increases to 21.1%. This growth reflects the expansion of the liability margin and the continuing shift of the loan portfolio towards retail banking.

**Net fee and commission income** increased by 14.4% standing at €80.5 million mainly as a result of the growth in new disbursements and capital markets related fees.

**Net income from insurance operations** stood at €14 million registering a 20.7% decrease over the respective period last year. The decline in the income from insurance operations is mainly attributed to the ongoing strategy of Phoenix to selectively underwrite in the motor sector and the impact of the ongoing restructuring of the agency network on the life business. Furthermore, the efforts to centralize claims handling underpinned the containment of insurance related cost. Emporiki Life continued its positive development in the 1H06, distributing via the Bank's branches 4,435 new bancassurance contracts, 52.7% more than in the 1H05.

**Income from financial transactions** stood as €4.4 million in 1H06 vs. €5.6 million in the respective period last year and **income from investment securities** stood as €32.1 million, significantly higher than last year, mainly as a result of the disposal of a venture capital participation (€13.8 million).

**Operating costs** rose by 5.3%. Efficiency ratio (operating costs to operating income) improved significantly to 61.7% vs. 71.2% in 1H05 and 80.3% in the respective period of 2004.

More particularly, **personnel costs** increased by 6.4%. It is noted that personnel cost in 1H05 included a one-off saving from salaries not paid due to the strikes. Moreover, personnel cost in 1H06 include a €1.2 million charge related to 1H05 and refers to the decision of the arbitrator (OMED) between the bank and its trade union as the parties could not conclude a company-wide salary agreement for the period 2005/06 and referred the subject to arbitration. Group personnel stood at 7,641 people as of 30 June 2006 that includes 89 new hiring over the respective period last year for the staffing of 12 new branches opened in the Balkans.

**Other operating expenses** increased by 7.7% over the respective half in 2005 including a €2.3 million charge for the settlement of outstanding legacy issues and they mainly reflect the increase in production-related expenses.

**Provisions** for the 1H06 stood at €69.6 million increased by 25.5% over the respective period last year and represented 81 bps over the average loan portfolio.

**Income from participations** was negative €4.1 million and mainly related to the full write-off of Emporiki's participation in Phosphoric Fertilisers Industry.

#### **FIRST-HALF 2006 BALANCE SHEET DISCUSSION**

**Total loans** of the Bank increased to €16.9 billion as of 30 June 2006 vs. €14.3 billion over the respective date last year, an 18.3% increase. Mortgage and consumer loans represent 40.2% of the loan portfolio vs. 37.4% last year.

In 1H06 the annual growth rate of **mortgage loan** balances of the Bank stood at 25% resulting in outstanding balances of €4.7 billion. New mortgage loan disbursements stood at €858.3 million, significantly increased (+52.4%) over the respective half last year, resulting to a 9.2% market share. In **consumer finance** annual growth rates were 31.4% with new disbursements (€524.2 million) significantly increased (+169.2%) over the respective half in 2005, driving total outstanding balance to €2 billion. Credicom continued registering notable growth with balances standing at €449.8 million at the end of the first-half of 2006, 236.7% higher than the respective balance of last year. Considering Credicom and branch network originated consumer finance balances Emporiki further enhanced its market share in consumer finance to 9.5%.

Loans to **SMEs** increased by 11.4% vs. the first half of 2005, with balances standing at €5 billion. Based on the "Easy Business" offering, the Bank has managed to attract more than 3,800 new clients over this period.

**Non-performing loans** stood at 5.6% registering an improvement over June 2005 (6%). Accumulated provisions are at €747.2 million representing 4.2% of total loans and 74% of non-performing loans.

**Deposits** of the Bank stood at €15.1 billion, marginally increased compared to last year. Time deposits increased by 12.1% and sight deposits by 6.3%, offsetting the 3.6% decrease of savings deposits, which however could be reversed in the 2Q06 as balances grew by 1.7% over 1Q06. Total mutual funds under management stood at €2 billion, lower than the 1H05 levels, whereby the decrease reflects slowed down activity in money market funds.

**Shareholders' equity** stood at €1,169.8 million with Tier 1 ratio estimated at 8.1% and total capital adequacy ratio at 8.3%. It is noted that Emporiki has not issued any hybrid capital.

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**Emporiki Bank Group**
**Profit & Loss Account**

<b>(in € m)</b>	<b>1H06</b>	<b>1H05</b>	<b>Δ (%)</b>
<b>Net interest income</b>	<b>355.1</b>	<b>307.0</b>	<b>15.7</b>
Net fee & commission income	80.5	70.4	14.4
Dividend income	1.9	2.8	-31.9
Net trading income	4.4	5.8	-20.7
Net gains from investment securities	32.1	4.7	587.3
Net income from insurance operations	14.0	17.7	-20.7
Other operating income	18.8	8.9	110.2
<b>Operating income</b>	<b>506.9</b>	<b>417.1</b>	<b>21.5</b>
Personnel expenses	205.2	192.9	6.4
Other operating expenses	90.7	84.2	7.7
Depreciation	17.0	20.0	-15.2
<b>Operating expenses</b>	<b>312.9</b>	<b>297.1</b>	<b>5.3</b>
Loan provisions	69.6	55.4	25.5
Profit/loss of associates	-4.1	0.5	-861.1
<b>EBT</b>	<b>120.3</b>	<b>65.1</b>	<b>84.7</b>
Tax	27.7	19.9	38.9
Profit to minorities	-0.9	0.8	
<b>EAT</b>	<b>91.7</b>	<b>46.0</b>	<b>99.4</b>
<b>EPS</b>	<b>0.69</b>	<b>0.42</b>	<b>64.3</b>

<b>Loans of Emporiki Bank (parent data)</b>						<b>Change</b>	
<b>(€ m)</b>	<b>30.06.06</b>	<b>31.03.06</b>	<b>31.12.05</b>	<b>30.09.05</b>	<b>30.06.05</b>	<b>1H06/ 1H05</b>	<b>1H06/ 1Q06</b>
Business sector	9,534	9,166	8,923	8,413	8,317	14.6%	4.0%
-of which SMEs	5,006	4,818	4,765	4,528	4,493	11.4%	3.9%
Consumer loans	2,034	1,889	1,750	1,626	1,548	31.4%	7.6%
Mortgages	4,737	4,396	4,201	3,929	3,791	25.0%	7.8%
Public entities	428	304	348	325	380	12.8%	41.1%
Other loans	128	222	189	245	221	-42.2%	-42.4%
<b>Total</b>	<b>16,861</b>	<b>15,976</b>	<b>15,411</b>	<b>14,537</b>	<b>14,257</b>	<b>18.3%</b>	<b>5.5%</b>

SME: Small Medium Enterprises

<b>Deposits of Emporiki Bank (parent data)</b>						<b>Change</b>	
<b>(€ m)</b>	<b>30.06.06</b>	<b>31.03.06</b>	<b>31.12.05</b>	<b>30.09.05</b>	<b>30.06.05</b>	<b>1H06/ 1H05</b>	<b>1H06/ 1Q06</b>
Sight	2,007	1,847	2,288	1,905	1,887	6.3%	8.6%
Savings	7,050	6,931	7,218	7,217	7,315	-3.6%	1.7%
Time and other	6,063	6,042	5,218	5,677	5,410	12.1%	0.3%
Repos	5	8	13	177	336	-98.4%	-31.1%
<b>Total</b>	<b>15,125</b>	<b>14,828</b>	<b>14,737</b>	<b>14,976</b>	<b>14,948</b>	<b>-1.2%</b>	<b>2.0%</b>