

## Press release

### Geniki Bank: Financial results for the 6 months period ended 30 June 2006

	<i>Amounts in € million</i>					
	1 Jan to 31 Mar 2006	1 Apr to 30 June 2006	% change	1 Jan to 30 June 2005	1 Jan to 30 June 2006	% change
Operating income	40.8	41.2	+1.0%	90.4	82.0	-9%
Operating expenses	-38.9	40.5	+4.1%	-76.0	-79.4	4.4%
Operating results before provisions	1.9	0.7	-63%	14.3	2.6	-81%
Provisions	-28.2	-9.6		-3.1	-37.8	
Profit (Loss) before income tax	-26.3	-8.9		11.2	-35.2	
Net profit (loss) - Geniki Bank	-20.6	-4.6		8.6	-25.2	
Net profit (loss) - Geniki Group	-20.2	-5.5		9.7	-25.7	

  

	Dec 2005	June 2006	% change
Loans and advances to customers, net	2 580	2 763	7%

**Operating income for the second quarter 2006** amounted to €41.2m, an increase of 1% on the first quarter 2006 and slightly lower (-1.5%), year-on-year, on a like for like basis i.e. after the exclusion of one-off gains from the disposal of securities holdings booked in Q2-05<sup>1</sup>.

Operating expenses **increased 4.1% quarter-on-quarter and 4.4% year-on-year** to €40.5m, reflecting the bank's continuing investment, mainly with the opening of 7 new branches during the second quarter (and 18 branches in the last 12 months), the development of new alternative distribution channels and further investments in human resources during the first half of the year.

Operating results before provisions amounted to €0.7m, in comparison with €3m in Q2-05, on a like for like basis after the exclusion of the one-off gains mentioned above.

**Total operating income over the first six months of 2006** came at €82.0m, slightly lower (-1.7%) than the first half 2005, after the exclusion of the one-off gains.

Costs in the first half of 2006 showed a modest increase (+4.4%) against the same period last year, at €79.4m. Operating results before provisions amounted to €2.6m in comparison with €14.3m in the first half 2005.

During the second quarter the Bank continued the **re-assessment of its credit portfolio** and booked additional provisions amounting to €9.6m. Total provisions amounted to €37.8m in the first half of the year. These additional charges are explained by the application of stricter credit-worthiness criteria in the assessment of retail customers and the increase of the bad debt coverage ratio for certain corporate loans. The implementation of strict credit monitoring policies and the strengthening of the debt recovery process should ensure a tighter control of the cost of risk evolution on new loans.

As a consequence of the above, Geniki Group shows a loss of €5.5m for the second quarter 2006 and a total loss of €25.7m for the first half of the year.

---

<sup>1</sup> A total of €6.9m in capital gains from the disposal of securities were booked during the first half 2005, of which €6.2m in Q2-05.

As previously announced, the **new organizational structure** of Geniki Bank was implemented during the first quarter of 2006 and all customers, individuals, small and large businesses have been assigned with dedicated account officers.

The reorganization has already started generating encouraging results and new loan production confirmed the dynamic of the new structure, with **loans and advances volumes up 7%** since the beginning of the year.

As at the end of June 2006, the retail banking segment posted **substantial growth in consumer and mortgage loans**, which increased 19% and 32% year-on-year, respectively. SMEs and professionals market segments also benefited from growth by gaining 1 700 new customers.

Total **customer deposits** increased to €2.6 billion, up 4.5% from December 2005.

**Sales of new products**, such as ANETA and STIRIXI (15,100 new contracts) and mutual funds (€38m increase) since the beginning of the year, are further indicating Geniki's attractive product offering and strong commercial capabilities.

Geniki Bank will continue to build upon its new structure and the quality of its staff and to leverage on the experience of the Société Générale Group in retail banking with a view to develop an efficient, high quality service and profitable network.