

Directors Consolidated Report 2007

First full fiscal year following integration into the Crédit Agricole Group concludes with return to profitability for Emporiki Bank.

KEY BUSINESS DEVELOPMENTS IN 2007

➤ BUSINESS PLAN 2007-2011

Emporiki's 5-year business plan, which was presented on April 27, 2007, aims at transforming the Bank into a modern banking institution and recapturing its 'natural' market share (10.5%-11% on average). This process is based on three sources of growth: i).The sustained growth of the Greek Economy, ii).The transformation potential of the Bank and iii). The further development prospects in SE Europe, where Emporiki will serve as a regional "hub" for Crédit Agricole.

➤ TRANSFORMATION PROGRAM

During 1Q 2007 Emporiki completed important rationalization steps, such as the Joining Forces program, which aligned the Bank's operating and governance model to the standards of Crédit Agricole and a program to improve sales effectiveness at the branch network.

The execution of the Transformation Program -a key business tool for the implementation of the 5-year Business Plan- was rolled out as of the beginning of 2Q 2007. The Transformation projects evolve at a pace faster than anticipated, already delivering positive results. In particular, as part of the Program:

- A number of key operating procedures were redesigned and centralized, resulting in significant productivity gains in the retail branch network, allowing the staff to better serve the customer.
- The Retail Network as well as the Corporate & Investment Banking Organizational Structure were fully redesigned.
- A new model for the Retail Banking Clientele Segmentation has been implemented as of September 30, 2007.
- A nation-wide SME's network was launched; since October 2007 12 business centers are operating and the network will be expanded to reach a total of 21 BCs in the first semester of 2008.

- Significant progress has been made in restructuring the processes relating to the selection, training, development, reward, recognition and elevation of the Bank's human resources, a determining factor for the implementation of its business objectives.

➤ **RATIONALIZATION OF ACTIVITY PORTFOLIO**

• **Discontinuation of the Group's German subsidiary operations**

On February 8 2007, the Board of Directors of Emporiki decided to discontinue the operation of the Group's subsidiary Emporiki Bank Germany GmbH and commenced its liquidation process.

• **Purchase of shares of Emporiki Bank Cyprus**

On March 27 2007, Emporiki announced the purchase of 9.99% of the total share capital of the subsidiary company EMPORIKI BANK CYPRUS. Consequently, Emporiki Bank of Greece owns the 91.18% of the share capital of EMPORIKI BANK CYPRUS.

• **Sale of Phoenix Metrolife Insurance Company**

On June 29 2007, Emporiki announced that it signed the final agreement with Groupama SA for the sale of 100% of the share capital of Phoenix Metrolife Insurance SA, for a total amount of €96.3 million, resulting in a net profit of €47.7 million in consolidated results for Emporiki's Group.

➤ **MARKET PRESENCE**

A main goal of the Bank achieved during 2007 was to regain commercial momentum; very competitive products (mortgage and consumer loans, deposits and investment products) were designed and offered to customers, supported by strong advertising campaigns.

The superior expertise in a number of critical banking market fields is a key competitive edge secured for Emporiki following its entrance to the group of Crédit Agricole. Exploiting this advantage, Emporiki started to introduce significant innovations in the market as of the end of 2007 (business deal with the Carrefour Group in consumer credit).

In light of Emporiki's 100 years of uninterrupted operations (1907-2007) and in order to celebrate 2008 as the first of the Bank's next 100 years, a large corporate advertising campaign was launched at Christmas 2007, with the key message: «Emporiki bank 2008: Year of Creativity, Year of Renaissance».

➤ **RISK METHODOLOGY**

In 2007 Emporiki adopted for the first time a stricter default definition as well as more advanced contagion rules. With these measures, Emporiki's risk methodologies have fully integrated the requirements of Basel II, earlier than the timeframe set by the competent regulatory authorities, thus fulfilling the Management's commitment for a full alignment with Basel II standards, Crédit Agricole's prudential policies and (for financial reporting purposes) with the IFRS impairment rules for loans.

Moreover, through the implementation of a more efficient recovery process, Emporiki has significantly reduced the level of regular provisions at the Bank level, while **for the first time in years**, it has written-off non performing loans, which were considered uncollectible, amounting to €310 million.

ANALYSIS OF 2007 RESULTS

Full year 2007 results are in line with the new 5-year business plan. The application of risk methodologies compliant with Basel II requirements had an impact on the results of the Bank for the last quarter as well. The cost of the Transformation Program is slightly lower than anticipated, whereas operating costs are under tight control.

Net banking income: €948.8 million, +0.5%

- **Net interest income** was €759.4 million, up 6.5%.
- **Net fee and commission income** decreased by 3.6% to €153.3 million due to low activity in mutual funds and bank-assurance products.
- **Other operating income** in total stood at €36.1 million, lower by 50% compared to FY 06, when gains from venture capital disposals and AFS portfolio positively impacted results. The trading income of 2007 was affected by the current market conditions.

Operating expenses declined by 2.3% to €616.5 – significant improvement on a quarterly basis (Q4 07 -12.6% vs. Q4 06)

- **Staff expenses** decreased by 2.3% (Q4 07 significantly decreased by 9.6% vs. Q4 06).
- **Other operating expenses** also lower by 1% (Q4 07 significantly decreased by 13.3% vs. Q4 06).

Gross Operating Income went up by 5.9% to €332.3 million.

Transformation expenses amounted to €47.9 million.

Regular Provisions (Impairment losses) and Other Provisions reached €160.7 million. The implementation of the new recovery process that has already started, is gradually lowering the cost of risk (Q4 07 -20% vs. Q3 07 & -31.2% vs. Q4 06). Compliance with Basel II requirements was completed by the end of the year and had an impact on the results of Q3 and Q4 2007 (total exceptional provisions 2007: €73 million).

ANALYSIS OF FY07 BALANCE SHEET

In FY 2007 the annual YoY growth rate of **mortgage loans** of the Bank stood at 24.9% resulting in outstanding balances of €6,802 million. New mortgage loan disbursements stood at €1,974 million, roughly at the same level as last year, resulting in an enhanced competitive position (average annual market share of 9.8% or +50 bps versus 2006).

In **consumer loans (including Credicom)** annual growth rate stood at 25.5% driving total outstanding balances to €2,968 million. Credicom continued its notable growth with balances standing at €941 million in December 31, 2007, increased by €319.5 million since year-end 2006. Taking into account consumer loans originating from both Emporiki's branch network and Credicom, Emporiki Group has a market share in consumer loans of 10.8% (average for 2007).

Loans to **SMEs** increased by 11% YoY, with balances standing at €5,814 million, enhanced heavily during Q4 07, with the launch of the Business Centers' network.

Deposits of the Bank increased by 8.1% to €17,563 million, with the average market share for 2007 remaining unchanged at 8.6%.

The Bank's **provisioning coverage ratio** (i.e. loan loss reserves as a percentage of Non-Performing Loans) was 102.9% on 31/12/2007 and improved even further after write-offs, to 103.9%.

Equity at the consolidated Group level stood at € 888.6 million.

As to the information provided by the articles 43a and 107 of Codified Law 2190/1920 in relation to:

- the Bank's targets and policies, regarding the financial risk management, including the policy for the hedging of any type of forecasted transaction for which hedge accounting is applied and
- the Bank's exposure to the market risk, the credit risk and the liquidity risk
- any significant event that occurred from the balance sheet date to the date of issuing this report,

detailed information is provided in the notes of the Financial Statements.

Athens, 28 February 2008

Chairman of the
Board of Directors

Chief Executive Officer

JEAN-FREDERIC DE LEUSSE

ANTONIOS N. KRONDIRAS

We confirm that the above Directors' report, which consists of five pages, is the one referred to in our audit report dated 28 February 2008.

Athens, 28 February 2008

PricewaterhouseCoopers
Certified Auditors - Accountants
268 Kifissias Avenue, Halandri 152 32
SOEL Reg. No. 113

The Certified Auditor - Accountant

Constantinos Michalatos
SOEL Reg. No. 17701

**ANNEX
TO THE DIRECTORS CONSOLIDATED REPORT OF EMPORIKI BANK OF
GREECE S.A. FOR THE PERIOD ENDED DECEMBER 31, 2007**

**ADDITIONAL INFORMATION
(pursuant to L. 3371/2005, Art. 11a)**

The present explanatory report of the Board of Directors to the Ordinary General Assembly of its Shareholders includes information as standing on 31.12.2007 pursuant to the provisions of L.3371/2005, Art. 11a, para. 1.

a) Share Capital Structure

The share capital of the Bank amounts up to 728.153.074 euro, divided to 132.391.468 shares of nominal value 5,5 euro each. All the shares are listed for negotiation to the Athens Stock Exchange. The shares of the Bank are common nominal, with the right to vote. Each share of the Bank includes all the rights and obligations which are specified by the Law and the Articles of Association of the Bank, the latter of which does not include more restrictive provisions than those provided by the Law. The registration of a person as a shareholder at the records of Hellenic Stock Exchange S.A. implies, de jure, the acceptance of the Articles of Association of the Bank and of the legal decisions of the competent bodies of the Bank. The liability of the shareholders is limited to the amount of the nominal value of the shares which they possess and they participate in the management and the profits of the Bank in dependence to and in accordance with the provisions of the Law and the Articles of Association. All rights and obligations deriving from each share are binding upon and inure to the benefit of every successor of the shareholder. The shareholders participate in the management, the distribution of profit, the distribution of the Company's assets in the event of its winding up, in accordance with the number of shares they possess and pursuant to Law and the provisions of the Articles of Association. The shareholders exercise their rights in relation to the Management of the Company through the General Assemblies and pursuant to Law.

b) Limitations to the transfer of shares of the Bank

The transfer of Bank's shares takes place pursuant to law and there are no other limitations to the transfer arising out of its Articles of Association.

c) Important direct and indirect participations in the sense of the provisions of the Presidential Decree 51/1992

- 1) Credit Agricole S.A. holds (dated 31.12.2007) 67,418% of the share capital of the Bank.
- 2) The company SACAM INTERNATIONAL SAS holds (dated 31.12.2007) 5,00% of the share capital of the Bank.

d) Holders of any kind of shares which provide special rights of control

The Bank does not have any shares that provide to its holders special rights of control.

e) Limitations to the right to vote

The Articles of Association of the Bank does not impose any limitations to the right to vote.

f) Agreements between the shareholders of the Bank

To the knowledge of the Bank there are n't any agreements between its shareholders

which impose limitations to the transfer of its shares or to the exercise of the right to vote deriving from its shares.

g) Regulations regarding the appointment and the replacement of members of the Board of Directors and the amendment of the Articles of Association

The regulations provided by the Articles of Association of the Bank in relation to the appointment and the replacement of members of the Board of Directors as well as in relation to the amendment of provisions of the Articles of Association do not differ from the provisions of codified law 2190/1920.

h) Competence of the Board of Directors or of some of its members for the issuance of new shares or the purchase of its own shares

Following a decision of the General Assembly, article 6 of the Articles of Association gives the Board of Directors the right to proceed to an increase of the share capital by the issuance of new shares. In addition, the purchase of its own shares is possible pursuant to article 16 of the codified law 2190/1920. On the basis of Article 13 of the codified law 2190/1920 it is also provided that it is possible to enact a stock options project to the members of the Board of Directors and to the personnel through the granting of stock options rights. No stock options project is in force.

i) An important agreement that has been concluded by the Bank and which is in force can be modified or ceases to exist in the event of a change in the control of the Bank, following a public offer and the results of this agreement, unless, due to its nature, rendering public of the agreement would cause serious damage to the Bank

There is no such agreement.

j) Any agreement that the Bank has concluded with the members of the Board of Directors or with its personnel and which allows compensation in the event of resignation or dismissal without a grounded reason, or the termination of the service or of their occupation due to public offer

There are no such agreements between the Bank and the members of its Board of Directors or with its personnel which provides the payment of compensation especially in the event of resignation or dismissal without a grounded reason, or for the termination of the service or of their occupation due to public offer.