

**PRESS RELEASE**  
**CONSOLIDATED Q2 2009 RESULTS of EMPORIKI BANK GROUP**

**Improving Gross Operating Income**

**Net result for Q2 (– € 190.0<sup>1</sup> million) still affected by a high level of Cost of Risk**

Emporiki Bank has conducted a selective commercial policy during the first semester 2009, aimed at reinforcing the quality of its credit portfolio and prioritizing profitability over absolute volume growth. In the context of the general economic slowdown, Emporiki has stabilized its loan portfolio, finalizing the implementation of the new centralized approval process for new disbursements.

Regarding its funding policy, Emporiki has favoured product innovation and evolution of the product mix in order to avoid further degradation of its average interest margin due to the aggressive price competition on term deposits. The new “Yperecho” progressive rate product has been a significant commercial success, with over € 1 billion subscription for the sole Q2 2009. Despite a drop in overall deposit volume (- € 1.0 billion compared to March 2009), Emporiki is evolving toward a more balanced client deposit structure, with an increased proportion of medium term deposits and of traditional saving products.

The Bank has implemented, in the course of Q2 2009, a series of measures with the objective of reinforcing its financial structure and seizing opportunities of the improved liquidity on the financial market. The capital increase for € 850 million has been fully subscribed in May 2009. In addition, the Bank has issued in June 2009 € 250 million Lower Tier 1 bond, fully subscribed by Crédit Agricole S.A. Moreover, the financial debt has been partially restructured, with the repayment of € 3.1 billion medium term senior bonds, generating a capital gain (€ 27 million) linked to the reduced credit spreads. A funding line for an equivalent amount has been provided by the parent company.

Despite the reduced level of activity, all these measures enable Emporiki Bank to post a 9 % increase in its Net Banking Income – excluding one-off capital gains, compared to Q1 2009. The average interest spread increases from 1.6% in Q1 2009 to 1.8% in Q2 2009.

The cost control program, already started in 2008, has been strictly pursued in the first two quarters of 2009, with an overall stabilization of the operating expenses. Q1 and Q2 2009 operating expenses figures include some one-off technical effects; excluding these, the recurrent operating expenses increase by 3% from Q1 to Q2 2009. Additional measures have been announced recently by Emporiki, aimed at further decreasing the recurrent cost base.

The Cost of Risk of Q2 2009 remains at a high level (€ 194.8 million), mainly triggered by a further deterioration of the retail and SME portfolios due to the crisis environment. Different programs have been either launched or reinforced recently in order to enhance the collection process and prevent further deterioration of certain sensitive files. These programs are expected to have a gradual positive impact on the P/L.

---

<sup>1</sup> After taxes and minority rights

## H1 2009 ACTIVITY REPORT

### BUSINESS VOLUMES - JUNE 2009 (Emporiki Bank solo)

(€ million)	June 2009	June 2008	Ch (%)
<b>Total Loans* (Bank + Credicom)</b>	<b>24,081</b>	<b>22,639</b>	<b>6.4%</b>
Mortgages (incl. mortgages to professionals)	7,824	7,791	0.4%
Consumer credit (Bank + Credicom)	3,455	3,470	-0.4%
Business sector	12,802	11,379	12.5%
- of which SBs & SMEs	6,028	5,617	7.3%
<b>Total Deposits (Bank only)</b>	<b>16,287</b>	<b>17,733</b>	<b>-8.2%</b>

\*2008 figures are on a proforma basis for write-offs performed in 2008

## H1 2009 INCOME STATEMENT (Emporiki Group)\*\*

### Key figures

(€ million)	H12009	H12008	Ch (%)	Q2 2009	Q1 2009
Net interest income	255.2	333.1	-23.4%	133.8	121.4
Fee and commission income	61.8	64.8	-4.7%	31.5	30.3
Other income	42.3	4.7	801.0%	35.0	7.3
<b>Net banking income</b>	<b>359.3</b>	<b>402.6</b>	<b>-10.8%</b>	<b>200.3</b>	<b>159.0</b>
Staff expenses	-234.8	-212.6	10.5%	-124.8	-109.9
Depreciation	-16.2	-16.7	-3.1%	-8.4	-7.8
Other operating expenses	-82.2	-88.2	-6.8%	-43.0	-39.1
<b>Total Expenses</b>	<b>-333.1</b>	<b>-317.4</b>	<b>4.9%</b>	<b>-176.2</b>	<b>-156.9</b>
Provisions	-370.3	-94.3	292.5%	-194.8	-175.5
<b>Operating Results</b>	<b>-344.1</b>	<b>-9.1</b>	<b>....</b>	<b>-170.7</b>	<b>-173.4</b>
Share of Profit (Loss) of Associates	-1.0	0.0	....	-0.1	-0.9
<b>Results before taxes</b>	<b>-345.1</b>	<b>-9.1</b>	<b>....</b>	<b>-170.8</b>	<b>-174.3</b>
Income tax expense	-13.9	-5.9	134.3%	-19.5	5.6
<b>Results after taxes</b>	<b>-359.0</b>	<b>-15.0</b>	<b>....</b>	<b>-190.3</b>	<b>-168.7</b>
Attributable to minority interests	-0.3	0.1	....	-0.3	0
<b>Results after taxes &amp; minority rights</b>	<b>-358.7</b>	<b>-15.1</b>	<b>....</b>	<b>-190.0</b>	<b>-168.7</b>

\*\*2008 figures are on a proforma basis

### RATIOS

	H12009	H12008	Ch	Q2 2009	Q1 2009
Cost to income	92.7%	78.8%	+13.9	88.0%	98.7%
Loans / Deposits (Bank only)	141.6%	122.1%	+19.5	141.6%	134.9%

## **H1 2009 PERFORMANCE OVERVIEW**

Total **Loans**<sup>2</sup> amounted to €24.1 billion, recording a y-o-y increase of 6.4%. Loans to the Business Sector expanded by 12.5% y-o-y to €12.8 billion, whereas loans to households, incl. Emporiki Credicom, grew marginally y-o-y by 0.2% to €11.3 billion, affected by the slow down of the Greek real estate market and the fall in demand for consumer loans.

**Customer Deposits** of the Bank amounted to €16.3 billion, presenting a decrease comparing to the previous year, following the Bank's decision to favor a more balanced deposit structure. **Saving deposits** stood at €6.3 billion, presenting a y-o-y increase of 5%, despite prevailing market trends, after the successful implementation of commercial campaigns.

**Group Equity at the end of H1 2009** stood at € 772 million, following the full subscription of the share capital increase of 850 million in May 2009.

**Net banking income: €359.3 million, -10.8% y-o-y.** Q2 2009 Net Banking Income amounted to € 200.3 million, recording a q-o-q increase of 26% comparing to Q1 2009 (9% increase if one-off capital gains in Q2 2009 are excluded).

- **H1 2009 Net interest income** was €255.2 million, down by 23.4% y-o-y, due to the remaining stock of high-cost time deposits stock attracted during the last months of 2008 and first months of 2009, as well as the increase in the proportion of loans which do not accrue interest. On a q-o-q basis, Q2 2009 Net Interest Income (€ 133.8 million) **increased by 10%** comparing to Q1 2009, mainly due to the adoption of a more balanced deposit mix.
- **H1 2009 Net fee and commission income** decreased y-o-y by 4.7% to €61.8 million due to low activity of funds under management and the cost of the received financial guarantees. A positive trend is recorded on a q-o-q basis, as Q2 2009 fees (€ 31.5 million) exceeded Q1 2009 by 4%.
- **H1 2009 Other operating income** amounted to €42.3 million, significantly higher than H1 2008 (€4.7 million) and was positively affected by the capital gain of € 27 million, related to the repayment of € 3.1 billion medium term senior bonds, as part of the Bank's financial debt restructuring actions.

**Total expenses**, excluding provisions, **increased by 4.9% to €333.1 million**, mainly due to some **one-off charges in staff expenses**.

- **Staff expenses** increased by 10.5% to €234.8 million, mainly due to technical reasons following the booking of an adjustment required for staff loans. On a q-o-q basis, if this adjustment is excluded, Group staff expenses are marginally higher than Q1 2009 (1%).
- **Other operating expenses**, including depreciation, decreased by 6.2% to €98.3 million, a result of the strict control and the one-off positive impact of the adjustment made in Q1 2009 for the valuation fees of prior years, which amounted to almost €6 million.

**H1 2009 Impairment Provisions** amounted to €370.3 million, remaining at high levels, mainly due to the continuing impact of adverse market conditions to the quality of the Small Business and SME loan portfolios.

---

<sup>2</sup> Emporiki Bank & Emporiki Credicom - Gross Loans to customers, excl. advances



➔ **Investor Inquiries:**

Tatiana Linoxilaki, I.R. Officer

+30 210 3673 969

[linoxylaki.t@emporiki.gr](mailto:linoxylaki.t@emporiki.gr)

**Press Inquiries:**

Christina Dimoudi, Press Officer

+30 210 328 2706

[dimoudi.c@emporiki.gr](mailto:dimoudi.c@emporiki.gr)