

PRESS RELEASE**Emporiki Bank first quarter 2005 results ¹**

***Pre-tax profit €37.2m versus €9.7m losses in the same period last year
Substantial improvement in operating income and significant containment in expenses
Expected cost from the inclusion in the new pension law
of €1,108m reduces shareholders' equity by €712m***

"The first release of the Group's financial statements under the International Financial Reporting Standards (IFRS) coincides with the strong improvement of the Group's operating performance as a result of our structured and systematic efforts in the context of the Group's restructuring program. The reported progress underpins the optimism of the management that the resolution of the pension issue will add further impetus to the efforts undertaken towards the improvement of the Group's efficiency.

The resolution of the pension issue, that has burdened the operations of the Bank, creates positive prospects for the Bank's future, as it eliminates a significant area of uncertainty. The solution to this critical issue alleviates Emporiki's competitive disadvantage, stemming from the requirement for comparably higher social security contributions. The impact on shareholders' equity will be dealt with through a series of measures aiming at strengthening the Bank's capital base.»

George Provopoulos, Chairman and Managing Director

EMPORIKI'S PENSION ISSUE IN THE PROCESS OF RESOLUTION

Emporiki's pension issue primarily consisted of the assumption by the Bank of social security costs that, in the case of other companies, are usually assumed by the nationwide social security system. The Law "Capital Markets and other Issues" provides Emporiki the opportunity to rationalise its pension structure. The new law:

- Rationalises the pension rights by clarifying that pension benefits for the post 1992 insured employees are governed by Law 2084/92, as amended by Law 3029/02;
- Allows for the participation of the Bank's employees and pensioners into IKA-ETEAM ² crystallising the transferred liabilities according to pay-as-you-go terms;
- Provides for the payment to the Public Sector Legal Entities, IKA-ETEAM and ETAT³, of the full cost of the pension restructuring to the extent that those benefits exceed benefits received by private sector employees, exhausting, thus, the Bank's liability.

The participation of Emporiki in the provisions of the new Law results in the:

- Elimination of any uncertainty as to the reflection of the pension issue in the Bank's financial statements;
- The restoration of a level playing field in the banking market through the gradual harmonisation of non-salary employee costs.

¹ The Group's consolidated financial statements are presented in accordance with IFRS from the first quarter of 2005. For comparability purposes the financial statements of 2004 have been restated

² Nationwide auxiliary pension

³ Auxiliary fund for bank employees

The expected cost of the inclusion of the Bank's personnel into the provisions of the new Law (article 62, paragraph 7) is estimated at **€1,108m**. The balance consists of:

- **€712m**, that are written off against the Bank's shareholders' equity and represent the present value of contributions to the new fund, ETAT, and ETEAM (article 63, paragraph a and article 59, paragraph c), against the assumed costs by those funds;
- **€372m**, representing the present value of future contributions against the assumed cost by ETEAM, and include the contributions stipulated by TEAPETE's (Emporiki's auxiliary pension fund) articles of association, for the pre 1993 insured employees (article 59, paragraph b), and additional employer contributions to cover for the assumed cost by ETEAM, as defined by a special economic study (article 59, paragraph c);
- **€24m** that represents the assets of TEAPETE (article 62, paragraph 3).

We note that the estimated payments will be finalised by a special economic study to be commissioned by the Ministry of Economy and Finance (article 68, paragraph 3).

The estimated cost of the inclusion to the law of €1,108m, has the following impact on the Group's financial statements:

- **Shareholders' equity**
The shareholders' equity is reduced by €712m (pre tax), and subsequently enhanced by deferred tax assets of €197m. Hence, the shareholder's equity stands at €560m. For regulatory purposes, the impact of the inclusion into the Law on shareholders' equity, net of deferred tax assets, is evenly split between Tier I and Tier II capital, pursuant to the Decision 198/17.05.2005 of the relevant Bank of Greece Commission
- **Income statement**
Emporiki will cease contributing the annual extraordinary contribution to TEAPETE (€49.2m in 2004). The Bank, instead, according to the provisions of article 59, paragraph c, estimates that incremental employer contribution of approximately €23m p.a., phasing out over time, will be charged against the income statement.

Immediate initiatives will be undertaken for strengthening the capital base. The management, in cooperation with an international investment bank, considers all the available options (share capital increase, disposal of the treasury shares, issuance of hybrid and subordinated capital securities), so as to propose in a forthcoming Board of Directors' meeting the optimal capital raising plan that will constitute an integral part of the Group's business plan.

FIRST QUARTER 2005 RESULTS

<i>(in EUR million)</i>	1Q05	1Q04	Change
Net interest income	156.9	136.6	14.9%
Fee & commission income	31.5	29.3	7.4%
Total income	269.3	231.0	16.6%
Personnel expenses	100.2	106.7	-6.1%
Total operating costs	205.3	197.8	3.8%
Net profit	24.5	-9.9	347.7%
Net interest margin (NIM)	3.35%	2.97%	+38 bps
Cost to income	76.2%	85.6%	-940 bps

Net income in first-quarter 2005 reached €24.5m under IFRS from €9.9m losses a year earlier, showing first evidence of the successful Group restructuring. This significant improvement is underpinned by the 16.6% rise of operating income, as well as a modest increase in operating expenses.

Net interest income (NII) in the first-quarter of 2005 increased by 14.9% to €156.9m vs. €136.6m in the first-quarter of 2004. **Net interest margin** for the Group rose to 3.35% from 2.97% last year. Net interest income mainly benefited from the continuing shift in the loan mix towards consumer and mortgages, which represent 37% of the total loan book compared to 32% at the end of March 2004 (parent level), and from the improvement in time deposits spreads.

Fee and commission income stood at €31.5m showing a 7.4% increase compared to the same period last year. The rise in fees and commissions underpins the increase of the loan book, the introduction of account management fees and the re-pricing of certain fee categories.

Insurance premiums grew by 19.6%, reflecting the successful implementation of the bancassurance model.

Operating expenses in first-quarter 2005 grew by 3.8% compared to first-quarter 2004. Specifically, personnel expenses dropped by 6.1%, mainly due to the decrease of the Group's personnel by 692 employees (or 8% of the employee base), following two voluntary retirement schemes at the end of 2004 at parent level and the restructuring of subsidiaries. The **general and administrative expenses** dropped by 12.7% due to the impact of the restructuring efforts, but also due to the seasonality of some charges recorded in 1Q04, and the way intangible assets are treated under IFRS.

As a result of the consistent efforts to increase revenues and contain costs, the **cost to income ratio** improved significantly to 76.2% in first-quarter 2005 versus 85.6% in first-quarter 2004.

The loan book increased by 8.1% in the first-quarter 2005 to €14bn, backed by the continuing shift of the Bank's loan portfolio towards lending to households, as consumer loans and mortgages grew by 21.6% and 27.8% on an annualised basis respectively. The increase of consumer loans at consolidated level is higher, as Credicom's outstandings reached €102.4m in March 2005 vs. €9m in March 2004.

The Bank's new **mortgage** disbursements totalled €258m in the first-quarter of 2005, with total mortgage lending outstandings reaching €3.6bn, a 27.8% increase vis-à-vis the first-quarter of 2004. The Bank's new **consumer loan** disbursements (€102m) boosted the total consumer loan outstandings to €1.5bn, up 21.6% on an annualised basis. In the same period, total outstandings to **SMEs** amounted to €4.4bn, up 6.1%. During the first-quarter of 2005 the Bank added 38,000 new retail clients and 1,400 corporate clients.

With regards to **credit quality**, at the end of March 2004, the NPL ratio (defined as loans that are in delay of over six months) stood at 4.9%, with the coverage ratio standing at 86.3%.

At the end of first-quarter 2005, customer **deposits** increased by 8.4% year-on-year to €14.8bn. The increase was mainly due to the rise of time and other deposits by 37.6%. Saving deposits, which represent 59.1% of total, rose by 5.1% to €8.8bn. On the other hand, repos dropped by 58.8% following the general market trend, but with limited impact on deposits growth, as by the end of March 2004 repos accounted only for 9.6% of total deposits. The strong increase in deposits is supported by the successful implementation of the Pegasus programme and Emporiki's strong brand name in the Greek market. Mutual funds grew by 4.2% and reached €2.3bn in the first-quarter of 2005.

TABLES

Profit & loss account on consolidated basis			
(EUR m)	1Q05	1Q04	Ch (%)
Net interest income	156.9	136.6	14.9%
Fee & commission income	31.5	29.3	7.4%
Income from securities	0.4	4.5	91.6%
Income from financial operations	11.6	2.2	426.3%
Other operating income	69.0	58.4	18.2%
Total income	269.3	231.0	16.6%
Staff costs	100.2	106.7	-6.1%
Administrative expenses	42.8	49.1	-12.7%
Depreciation	11.2	12.0	-6.3%
Other costs	51.0	30.0	69.8%
Operating costs	205.3	197.8	3.8%
Provisions	27.6	40.8	-32.5%
Income from affiliates	0.6	-2.1	-129.7%
Pre tax profit (loss)	37.1	-9.7	484.6%
Tax	13.4	2.8	
Minorities	0.7	2.6	
Net profit (loss)	24.5	-9.9	347.7%

Loans of Emporiki Bank (parent data)

(EUR million)	31.03.05	31.12.04	31.03.04	Change 1Q05/1Q04	Change 1Q05/4Q04
Business sector	8,116	7,997	8,000	1.5%	1.5%
- of which SMEs	4,438	4,316	4,184	6.1%	2.8%
Consumer loans	1,507	1,477	1,240	21.6%	2.0%
Mortgages	3,569	3,392	2,792	27.8%	5.2%
Public entities	373	375	463	-19.5%	-0.7%
Total	13,565	13,241	12,494	8.6%	2.4%

Deposits of Emporiki Bank (parent data)

(EUR million)	31.03.05	31.12.04	31.03.04	Change 1Q05/1Q04	Change 1Q05/4Q04
Sight	1,745	1,656	1,604	8.8%	5.4%
Savings	7,023	7,232	6,743	4.2%	-2.9%
Time and other	5,526	4,578	4,015	37.6%	20.7%
Repos	546	1,119	1,327	-58.8%	-51.2%
Total	14,840	14,585	13,688	8.4%	1.7%

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