

<p style="text-align: center;"><b>PRESS RELEASE</b> <b>Emporiki Bank first half 2005 results</b></p>
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**Pre tax profit of €65.1m versus €1.4m losses in the same period last year  
supported by substantial progress in reducing operating costs  
Suggestion to the EGM for a €397m capital increase with pre-emption rights to existing  
shareholders at subscription price of €15 at a ratio of 5 new shares for every 20 existing shares**

*«The resolution of the pension issue represents a major milestone in the development of Emporiki Bank. Emporiki's shareholders, with their decision in the extraordinary shareholders meeting of August 16 for the inclusion of the Bank into the provisions of Law 3371/2005, supported the recommendation of the management, recognising that the future of the Bank is inevitably tied up with the successful restructuring of its pension plan. Following the enforcement of the requisite regulation, and the relevant implementation actions required, the Bank resumes its normal operations after an extended period of uneasiness in its labor force. However, any short-term cost due to the strikes is far smaller than the long-term benefit.*

*The pension resolution had as a result the diminution of the Group's capital base. The management took immediate action to restore the Bank's capital base raising €145m through a placement to international institutional investors of the Bank's treasury shares, while it has initiated the necessary processes for the increase of the Bank's share capital by about €397m. In this respect, shareholders are called to approve the proposed capital increase and participate into, making Emporiki adequately capitalised and able to continue the successful implementation of the Bank's restructuring plan, to the benefit of all shareholders.»*

George Provopoulos, Chairman and CEO

## **PROGRESS IN THE RESOLUTION OF THE PENSION ISSUE**

In view of the implementation of Law 3371/2005, an extraordinary general meeting of the Bank's shareholders was called upon request of the Public Enterprise of Transferable Securities (DEKA), for the termination on behalf of the Bank of the agreement with TEAPETE (Emporiki's auxiliary pension fund) and the application to ETAT (auxiliary fund for bank employees) for inclusion of Emporiki's employees for future pension benefits. The general meeting of 16 August 2005 voted by a large margin in favour of the aforementioned issues and delegated the Management for the necessary actions that are already in progress.

The compilation of a special economic study, to be commissioned by the Ministry of Economy and Finance, for the final assessment of the cost of the participation of Emporiki into the provisions of the Law, and its confirmation through a relevant Law, represent the next steps in the resolution of the pension issue. We note that the Bank, making use of the relevant provisions of Law 3371/2005, has already recognised in its financial statements the estimated cost of the inclusion of its personnel to the requisite provisions of the Law.

## **IMPLEMENTATION OF THE BANK'S CAPITAL RAISING PROGRAM**

As a result of the inclusion of the personnel of the Bank into the provisions of Law 3371/2005, €712m were recognised against the Bank's capital position and represent the present value of contributions to the new pension plan ETAT and ETEAM. As a result, the capital position of the Bank declined substantially, rendering the capital adequacy ratios of the Bank lower than the minimum levels required by regulatory authorities.

The management immediately targeted the strengthening of the Bank's capital base, and in particular:

- Placed on July 25, 2005, through an accelerated book building, 5.48 m of treasury shares to high quality international institutional investors raising €145m
- Calls the Bank's shareholders to approve on the scheduled general meeting for September 21 the capital increase of the Bank with pre-emption rights to existing shareholders.

The Board of Directors of Emporiki decided unanimously to propose to the general meeting a capital increase of **€397m with the following main characteristics:**

- Subscription price of €15 per share
- The pre-emption rights would be granted to existing shareholders at the ratio of 5 new shares for every 20 existing shares
- The capital increase will be underwritten from international investment Bank, so that its successful completion is certain irrespective of market conditions.

The commencement of the trading and exercise of the rights would be decided shortly by the Board of Directors and will depend by the timing of the approval of the Capital Increase Prospectus by the Capital Markets Commission.

### **PENSION STRIKES IMPACT**

During the second quarter of 2005 multiple employee strikes, called from OTOE (banking employee union), took place to protest against the contemplated legislation by the government regarding the banking sector's pension issue. This industrial action has impacted mostly the state affiliated banks.

This event resulted in the disruption of the Bank's business and transactions with its clients. The impact of the strikes is visible on the results of the Bank, particularly in relation to revenue growth, while the strike also had a negative impact in debt collections, resulting in temporary increase of delinquencies. In the third quarter of 2005 the Bank gradually resumes to normal trading. Furthermore, the management, at the beginning of the subscription period, will communicate to investors the key elements of its Business Plan for 2006-2008.

**FIRST-HALF 2005 RESULTS**

<i>(EUR m)</i>	<b>1H05</b>	<b>1H04</b>	<b>Change</b>
Net interest income	307.0	282.9	8.5%
Fee & commission income	70.4	68.5	2.8%
<b>Operating income</b>	<b>417.1</b>	<b>406.5</b>	<b>2.6%</b>
Personnel expenses	192.8	208.7	-7.6%
<b>Operating expenses</b>	<b>297.1</b>	<b>326.4</b>	<b>-9.0%</b>
Profit before tax	65.1	-1.3	--
<b>Net profit</b>	<b>46.0</b>	<b>-9.8</b>	--
Net Interest Margin	3.24%	3.10%	14
Cost to income	71.2%	80.3%	-907

In first-half (1H) 2005, **net profit** raised to €46m from €9.8m losses last year, reflecting the successful turning of the Group towards profitability, against the vicissitudes, due to the strike, in the second quarter of the year. **Profit before tax and after minorities** reached €65.1m from €1.3m losses in 1H 2004. The increase in profitability is supported by the improvement in net interest margin, due to the increased contribution of retail banking in total operating income, and the continuous effort towards cost containment. Operating income excluding net income from insurance operations showed a 3.8% growth. Earnings per share stood at €0.55.

**Net interest income** rose by 8.5% to €307m in 1H 2005 compared with €282.9m in 1H 2004, due to the change in the composition of loan book at the benefit of consumer loan and mortgages, which represented 38% of the total loan book compared with 33.8% last year. Net interest margin (net interest income over average assets) was set at 3.24% in 1H 2005 versus 3.10% in the same period last year.

**Fee and commission income** grew to €70.4m, showing a 2.8% increase versus the first semester last year. The slowdown in the rate of increase of fee and commission income is mainly attributed to the strikes, which had a direct impact on the activity of the Bank's clients and the sales effectiveness of the branches.

**Net income from insurance** dropped to €17.7m reporting an 18.8% decrease versus first-half 2004. The drop in net income from insurance is stemming from the restructuring efforts in Phoenix and are focused in its repositioning in the car insurance market.

**Income from financial transactions** including trading income and gains/losses from investment securities stood at €10.2m in 1H 2005 from €13.4m a year earlier.

The Group's restructuring program in its first year of implementation was effectively focused on cost containment, resulting in significant improvement of the **cost to income ratio**, which was reduced by 907 basis points in the last twelve months. **Operating expenses** decreased by 9% in 1H 2005. Specifically, **staff expenses** showed a 7.7% drop, mainly due to:

- the successful implementation of two voluntary retirement programs
- the restructuring of the subsidiaries
- the early retirement of approximately 160 employees in 1H 2005
- the one-time €4.5m benefit of the salaries saved due to the strikes

The Group's **personnel** declined by 11% year-on-year. It is mentioned that the inclusion in the new pension law will lead to an additional reduction of personnel expenses by approximately €30m.

**Other operating expenses** were reduced by 15.6% compared with 1H 2004. This reduction is attributed to specific actions taken last year to reduce costs in the large subsidiaries of the Group, but it is also supported by one-time costs assumed in 1H 2004.

The **Bank loan book** reached €14bn in June 2005 compared with €12.8bn in June 2004, marking a 9.6% increase on an annual basis. The increase in the loan book represents the successful turning of the loan book towards consumer loans and mortgages, as also the fast growth rates these two categories exhibit. In first-half 2005, the growth rates of consumer loans and mortgages stood at 16% and 27% while their stake in total loans was shaped at 11% and 27% respectively. Credicom's outstandings rose to €133m in June 2005, versus €39m in June 2004.

The Bank's new **mortgage** disbursements totalled €563m in the first-half 2005, with total mortgage lending outstandings reaching €3.8bn. The Bank's new **consumer loan** disbursements (€195m) shaped the total consumer loan outstandings to €1.5bn. The deceleration noticed at the pace of consumer loans is stemming from the slowdown in the penetration in the market of consumer loans through co-operations, due to problems arisen from the transfer of client relationships from the Bank to Credicom. This problem is gradually smoothing out. In the same period, total outstandings to **SMEs** amounted to €4.5bn, up 5.9%. During the first-half of 2005 the Bank added 72,737 new retail clients and 3,300 corporate clients.

**Non-performing loans** (defined as loans in delay over six months) represented 5.7% of the total Bank loans in June 2005. However, NPL ratio is gradually dropping as payments are becoming regular again, following the cease of the strikes.

**Bank deposits** grew by 8.1% on an annualized basis and reached €15bn, mainly due to the strong rise (+49%) reported at time deposits, which represent 36% of total deposits in June 2005 versus 26% in June 2004. Savings and sight deposits, accounting for 62% of the total, showed an 8.6% increase and rose to €9.2bn. On the other hand, repos dropped by 81% with insignificant impact on deposits growth, as they only accounted for 2.2% of total deposits at the end of June 2005. Mutual funds reached €2.2bn, calculating a net increase of €510m in the twelve months preceding June 2005.

**Shareholders funds** reached €596.3m in 1H 2005. Pro-forma for the placement of the Bank's treasury shares in July 2005, Tier I and capital adequacy ratios are estimated at 7% and 7.7% respectively.

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**Profit & loss account on consolidated basis**

<i>(EUR million)</i>	<b>1H05</b>	<b>1H04</b>	<b>Change</b>
Net interest income	307.0	282.9	8.5%
Net commission income	70.4	68.5	2.8%
Dividend Income	2.8	6.9	-59.6%
Income from financial operations	10.2	13.4	-64.6%
Net income from insurance	17.7	21.8	-18.8%
Other operating income	8.9	13.0	-31.2%
<b>Operating income</b>	<b>417.1</b>	<b>406.5</b>	<b>2.6%</b>
Staff costs	192.8	208.7	-7.7%
General expenses	84.2	99.8	-15.6%
Depreciation	20.0	17.9	11.7%
<b>Operating expenses</b>	<b>297.1</b>	<b>326.4</b>	<b>-9.0%</b>
Loan provisions	55.4	76.2	-27.2%
Profit/loss of associates	0.5	-5.3	--
<b>Profit before tax</b>	<b>65.1</b>	<b>-1.3</b>	<b>--</b>
Tax	19.9	11.4	--
Profit to minorities	0.8	3.0	--
<b>Net profit attributable to shareholders</b>	<b>46.0</b>	<b>-9.8</b>	<b>--</b>
<b>EPS</b>	<b>0.55</b>	<b>-0.12</b>	<b>--</b>
<b>Ratios</b>			
NII / Avg assets	3.24%	3.10%	14
Cost to income	71.2%	80.3%	-907
RoA	0.5%	n.m.	n.m.

**Loans of Emporiki Bank (parent data)**

<i>(EUR million)</i>	<b>30.06.05</b>	<b>31.03.05</b>	<b>31.12.04</b>	<b>30.06.04</b>	<b>Change</b>	
					<b>1H05/1H04</b>	<b>2Q05/1Q05</b>
Business sector	8,322	8,116	7,997	8,022	3.7%	2.5%
<i>-of which SMEs</i>	<i>4,493</i>	<i>4,429</i>	<i>4,316</i>	<i>4,245</i>	<i>5.9%</i>	<i>1,5%</i>
Consumer loans	1,548	1,507	1,477	1,335	16.0%	2.7%
Mortgages	3,787	3,569	3,392	2,994	26.5%	6.1%
Public entities	379	373	375	459	-17.5%	1.6%
<b>Total</b>	<b>14,035</b>	<b>13,565</b>	<b>13,241</b>	<b>12,810</b>	<b>9.6%</b>	<b>3.5%</b>

**Deposits of Emporiki Bank (parent data)**

<i>(EUR million)</i>	<b>30.06.05</b>	<b>31.03.05</b>	<b>31.12.04</b>	<b>30.06.04</b>	<b>Change</b>	
					<b>1H05/1H04</b>	<b>2Q05/1Q05</b>
Sight	1,887	1,745	1,656	1,572	20.0%	8.1%
Savings	7,315	7,023	7,232	6,899	6.0%	4.1%
Time and other	5,410	5,526	4,578	3,639	48.7%	-2.1%
Repos	336	546	1,119	1,722	-80.5%	-38.5%
<b>Total</b>	<b>14,948</b>	<b>14,840</b>	<b>14,585</b>	<b>13,832</b>	<b>8.1%</b>	<b>0.7%</b>