

Press release

Geniki Bank: Financial results for the 9 months period ended 30 September 2006

	<i>Amounts in € million</i>					
	1 July to 30 September 2005	1 July to 30 September 2006	% change	1 Jan to 30 September 2005	1 Jan to 30 September 2006	% change
Operating income	39.1	38.3	-2.1%	129.5	120.3	-7.1%
Operating expenses	-39.8	-42.1	+5.8%	-115.8	-121.5	+4.9%
Operating results before provisions	-0.6	-3.8		13.7	-1.2	
Provisions	-5.5	-10.2		-8.6	-48.0	
Profit (Loss) before income tax	-6.1	-14.0		5.1	-49.2	
Net profit (loss) - Geniki Bank	-6.0	-11.2		2.6	-36.4	
Net profit (loss) - Geniki Group	-5.8	-11.1		3.9	-36.8	

	Dec 2005	September 2006	% change
Loans and advances to customers, net	2 580	2 850	+10.5%

Operating income for the third quarter 2006 amounted to EUR 38.3m, down 2.1% on the third quarter 2005 mainly due to negative changes on financial instruments valuation.

Operating expenses increased by 5.8% on a quarterly basis, at EUR 42.1m, reflecting the opening of 18 new branches, the development of new alternative distribution channels and continued investments in human resources, in comparison the third quarter 2005. In the same time the bank maintained a strict control on these costs.

Gross operating income decreased versus the third quarter 2005 at EUR -3.8m, down from EUR -0.6m on Q3-05.

Total operating income over the first nine months of 2006 came at EUR120.3m, slightly lower (-1.9%) than the same period of 2005, after excluding one-offs related to capital gains on the disposal of equity portfolio holdings booked in Q2-05.

Costs in the first nine months of 2006 showed a limited increase (+4,9%) versus the same period of last year, at EUR121.5m, mainly due to the new commercial structures (branches and alternative channels). Gross operating result amounted to EUR-1.2m in comparison to EUR13.7m in the same period of 2005.

During the third quarter the bank continued the **re-assessment of its credit portfolio** and booked an additional EUR 10.2m in provisions. Total provisions amounted to EUR 48m in the first nine months 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, Geniki Group registered a loss of EUR11.1m during the third quarter 2006 and a total loss of EUR36.8m for the first nine months of the year.

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 dynamics of the new structure, with **loans volumes up 10,5%** since the beginning of the year.

As at the end of September 2006, the retail banking, segment completely restructured, posted **substantial growth in consumer and mortgage loans**, which increased 14% and 32% year-on-year, respectively. SMEs and professionals market segments also benefited from growth by gaining 2 700 new customers. Due to the strong competition, the interest margin was lowest on the new production.

Total **customer deposits** increased to EUR 2.5 billion, up 3% from December 2005.

Sales of new products, such as ANETA and STIRIXI (20,700 new insurance contracts) and mutual funds (EUR 42m new subscriptions), are additional indicators of Geniki's attractive product offering and strong commercial capabilities.

Geniki Bank will continue to build upon its new structure and to leverage on the experience of the Société Générale Group; first, in retail banking with a view to develop an efficient, high quality service and profitable network; second, in corporate banking with the development of synergies with the regional Société Générale network and the Group experience in Investment banking.