

1. GLOBAL DEVELOPMENTS

1.1 OVERALL GLOBAL ECONOMIC DEVELOPMENTS

In early 2011, the global economic growth was slower than its 2010 average. In 2011 Q1, global economy expanded at an annualized rate of 4.3%, from 5% in 2010. In 2011 Q2, the annualized global economic growth declined to 3.7%, down 1.6 percentage points on a year earlier. These developments have reflected the financial markets' higher funding costs for investments and the private sector's slower aggregate demand, which has reinforced the effect of the decreased public spending as a result of efforts for fiscal consolidation.

The economic growth rates in advanced economies varied significantly from those in emerging and developing economies. At end-2011 H1, advanced economies posted a 1.5% growth rate, from 6.8% posted by emerging and developing economies. During this 6-month period, global inflation rate also rose, mainly driven by upward primary commodity prices. However, the future inflation pressures are expected to be downward, due to mitigated pressures on energy and primary commodity price rises. As a consequence of a higher pace of economic growth, emerging and developing economies are expected to face higher inflationary pressures.

The uncertainty induced by the public debt size, low consumption levels, tight funding conditions, and the significantly limited room to deploy the economic policy stimulus by public authorities, have led to the downward revision of the global growth forecast for 2011, to 4%. Advanced economies will continue to expand modestly, mainly owing to the slow progress of the U.S. economy and the Euro area. In the meantime, the decline in foreign demand is expected to be reflected in the economic growth of emerging and developing economies. Subsequently, growth in these economies is expected to moderate to 6.4% in 2011, from 7.3% in 2010.

The U.S. economy. In 2011 H1, the U.S. economy grew at a slow pace. It expanded at an annualized rate of 0.4% in Q1 and 1.0% in Q2, reflecting the significantly weaker consumer spending that grew only 0.1% in Q2. The contribution of public expenditures to economic growth has been downward, since they fell by an annualized rate of 5.8% in Q1 and 1.1% in Q2. Overall, the U.S. economic recovery remains uncertain, under the conditions when the performance of the housing market and of consumer spending remains weak, whereas the public debt level remains too high. Expectations about the outlook of the U.S. economy for the remainder of 2011 reflect the slowdown observed in the first two quarters of 2011.

As at end-Q2, due to the marginally slight rebound in jobs, the U.S. unemployment rate marked 9.2%¹⁷, 0.1 percentage points higher than in May. The U.S. unemployment rate hit record highs in October 2009 (10.1%) and post-crisis record lows in March 2011 (8.8%). The restructuring process and spending cut by businesses are expected to adversely affect the employment rates, making its return to the pre-crisis rates difficult. The U.S. labour market forecast suggests that it will continue to be sluggish, with an unemployment rate trending down slowly.

House price performance shows a slight increase in May compared with April, up by 0.4%¹⁸. At the end of the first quarter, the House Price Index picked up by 0.2%. However, over the past twelve months up to May 2011, the index fell by 6.3%, standing at 19.6% below its peak registered in April 2007 and almost at a similar level as in January 2004. U.S. house price forecasts show that it will continue to remain weak¹⁹.

As at end-2011 H1, household incomes remained low and consumer confidence index fell in comparison with 2010 H1, though being at higher levels than as at end-2010. The Federal Reserve kept the interest rate unchanged throughout the period, at 0.25%. In the meantime, the U.S. fiscal imbalances continued to expand, with an increased gross government debt at 78.4% of GDP in 2011 Q1. During the same period, the deficit as a share of GDP narrowed to 9.9% compared with 10.7% in the previous year.

Table 1 Key indicators of the U.S. economy in 2010-2011

	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11
Real GDP growth (% , y-o-y)	3.9	3.8	2.5	2.3	0.4	1.0
Annual inflation rate (%)	2.4	1.8	1.2	1.5	2.7	3.6
Unemployment rate (% , y-o-y)	9.7	9.6	9.6	9.6	8.8	9.2
Budget deficit (% of GDP)	-10.7	-11.1	-10.4	-10.3	-9.9	..
Gross government debt (% of GDP)	71.7	73.3	75.3	77.4	78.4	..

Source: Bureau of Economic Analysis, Bureau of Labour Statistics.

Forecasts for the future performance of the U.S. economy reflect the slowdown of the first two quarters of the year. According to the IMF²⁰, the U.S. is expected to grow by 1.5% in 2011 and by 1.8% in 2012.

The European Union (EU) and the euro-area countries posted uneven growth rates in the first two quarters of 2011. On average, they expanded by 2.5% in 2011 Q1, from 1.9% in the same period of 2010. In quarterly terms, the economy performed positively, with a quarterly growth rate of 0.8% in 2011 Q1, from 0.3% in 2010 Q4. The sustainable consumption and government spending were key drivers to this economic growth. Germany made the major contribution to this growth, posting a quarterly growth rate of 1.5%, underpinned mainly by increased domestic demand and consumption as a result of lower unemployment rate. For the quarter, Greece also recorded a sudden increase by 0.8%, compared with the economic decline by 2.8%

¹⁷ Bureau of Labour Statistics.

¹⁸ Federal Housing Finance Agency.

¹⁹ ECB, Financial Stability Review, July 2011.

²⁰ World Economic Outlook, September 2011.

in 2010 Q4. As a result, at the end of 2011 Q1, the annualized economic contraction of Greece was 4.8%, from 7.8% in 2010. Portugal started to feel the economic downturn reflected in an economic contraction for the second consecutive quarter. Portugal's economy shrank 0.7% in the first quarter, continuing the economic contraction that had started since end-2010 (0.6%). These economic developments took place after the constraints imposed in the country as a result of the bail-out agreements with the IMF and the EU. Preliminary data on the second quarter growth rate for the EU and the euro-area countries show a lower growth rate at about 1.7%. These developments were influenced by the slower economic growth rate in Germany, which was halved to the annualized rate of 2.8%, as well as by the lack of economic growth in France.

Table 2 Selected macroeconomic indicators in EU and Euro area

	GDP growth				Inflation				Unemployment			
	(% , y-o-y)				(% , y-o-y)				(%)			
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2010	Q4 2010	Q1 2011	Q2 2011
EU	2.2	2.2	2.5	1.7	2.2	2.6	2.93	3.20	9.7	9.7	9.5	9.40
Euro area	2.0	2.0	2.5	1.7	1.8	2.2	2.47	2.73	10.0	10.0	9.97	9.90
Germany	3.9	3.8	4.6	2.8	1.3	1.9	2.17	2.50	6.6	6.6	6.3	6.13
France	1.7	1.4	2.1	1.6	1.8	2.0	2.00	2.23	9.7	9.7	9.7	9.70
Italy	1.4	1.5	1.0	0.8	1.6	2.1	2.27	2.97	8.5	8.6	8.1	8.03
Greece	-4.1	-7.4	-4.8	..	5.7	5.2	4.47	3.30	12.2	14.1	15.0	..
Non-euro area												
United Kingdom	2.5	1.5	1.6	0.7	3.1	3.4	4.13	4.40	7.8	7.8	7.67	7.7*

Source: Eurostat, publication date: 16.08.2011.

*The data as at April 2011.

The inflation rates in the EU and the Euro area increased in 2011 H1. In 2011 Q2, EU's inflation rate edged up to 3.2%, exceeding the Q1's price rise rate by 1.3 percentage points. Over the same period, the Euro area's average inflation rate was 2.73%. Therefore, the European Central Bank (ECB) lifted the key interest rate in April because of the concern that inflation would remain above the 2% target in the next months. In the meantime, the Bank of England continued to keep the base policy rate at historical lows, to 0.5%, in spite of the inflation rate rise beyond the target. The vulnerability of economic growth in the UK and the uncertainty about its outlook for the future, have determined the central bank's stance.

Although economic developments in the EU are generally positive, their impact on improving the labour market has been weak. At end-2011 H1, the EU's unemployment rate improved by 0.3 percentage points compared with end-2010. In the euro-area countries, this improvement was only 0.1 percentage points.

The governments of the euro-area countries continued their fiscal consolidation policy, driven by the difficult public debt position. At the end of 2011 Q1, the euro area budget deficit was 5.8% of GDP, about 2.2 percentage points less than in the same quarter a year earlier. Nonetheless, the public debt remains high, reaching 86.2% of GDP in 2011 Q1, from 81.2% in the same period a year earlier.

The expectations about the pace of economic performance across EU Member States remain uneven. In Germany, the growth is expected to moderate; however, it will continue to record a higher economic growth than the EU Member States' average. In France, Italy and the United Kingdom, economic growth is projected to be weak. Employment in the Euro area is expected to pick up, but gradually and modestly. In late 2011, the inflation rate is expected to be 2.5% for the Euro area and 3.0% for the EU. Such price developments reflect the price stability in primary commodities and energy, and the slowdown in wage growth.

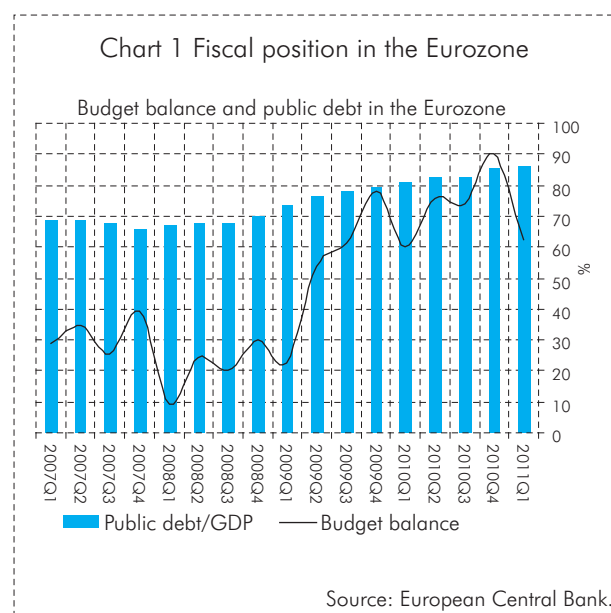


Table 3 Selected macroeconomic indicators in European economies

	Real GDP (%)		Inflation (%)		Unemployment (%)	
	2010	2011	2010	2011	2010	2011
Europe	2.2	2.0	2.4	3.1	9.6	9.5
Euro area	1.8	1.6	1.6	2.5	10.1	9.9
Germany	3.6	2.7	1.2	2.2	7.1	6.0
France	1.4	1.7	1.7	2.1	9.8	9.5
Italy	1.3	0.6	1.6	2.6	8.4	8.2
Spain	-0.1	0.8	2.0	2.9	20.1	20.7
Greece	-4.4	-5.0	4.7	2.9	12.5	16.5
Netherlands	1.6	1.6	0.9	2.5	4.5	4.2
Belgium	2.1	2.4	2.3	3.2	8.4	7.9
Great Britain	1.4	1.1	3.3	4.5	7.9	7.8
Ireland	-0.4	0.4	-1.6	1.1	13.6	14.3

Source: World Economic Outlook, September 2011.

Developments in Central and Southeast Europe. The recovery of economic activity in Central and Southeast Europe²¹ gained further strength in 2011 H1, mainly driven by the external demand. However, at the same time, domestic demand was restrained by weak labour market conditions, higher commodity prices, and the short-term effects of fiscal consolidation. Real Gross Domestic Product (GDP) recovered steadily in some of these countries. Inflation was higher than at end-2010 in most Central and Southeast European countries, especially in 2011 Q1, reflecting the elevated energy and food prices. However, 2011 Q2 highlighted mitigated inflation rates. As at end-2011 H1, the highest annual inflation rates in Central and Southeast Europe were registered in Romania and Serbia, by 8% and 12.7%, respectively.

²¹ According to ECB Monthly Bulletin, June 2011.

Table 4 Selected macroeconomic indicators of Central and Southeast Europe

	Real GDP growth			Inflation			Monthly unemployment		
	(annual rate, in %)			(annual rate, in %*)			(in %*)		
	Q4-10/ Q4-09	Q1-11/ Q1-10	Q2-11/ Q2-10	Q4-10/ Q4-09	Q1-11/ Q1-10	Q2-11/ Q2-10	Q4-10	Q1-11	Q2-11
Hungary	2.4	1.6	1.2	4.6	4.6	3.5	11.0	10.6	9.9
Czech Republic	2.7	2.8	2.4	2.3	1.9	1.9	7.2	6.7	6.5
Poland	3.9	4.3	..	2.9	4.0	3.7	9.5	9.2	9.0
The Balkans									
Bulgaria	3.8	3.4	1.9	4.4	4.6	3.5	11.4	11.1	11.4
Romania	-0.6	0.3	0.3	7.9	8.0	8.0	7.4	7.0	..
Serbia	1.0	3.4	2.2	10.3	14.1	12.7	19.2	..	22.2
FYROM	1.8	5.1	..	3.0	5.2	4.1	32.1	31.2	..
The Baltic countries									
Estonia	6.7	8.5	8.4	5.4	5.1	4.9	14.4	13.8	..
Latvia	3.5	3.4	5.7	2.4	4.1	4.7	17.0	16.2	..
Lithuania	4.6	6.8	5.9	3.6	3.7	4.8	17.3	16.3	..

Source: Eurostat database, Eurostat News release, respective central banks

* The data are as at the last month of the respective quarter.

Looking ahead, the short-term indicators suggest that the recovery is likely to continue in most countries. Also, the revised projections²² for the Central and Southeast Europe appear more optimistic compared to preliminary estimates and the 2010's figures, expecting from this region a 4.3% real GDP growth for 2011.

1.2 MAIN HIGHLIGHTS IN GLOBAL FINANCIAL MARKETS

At end-2011 H1, global financial markets were volatile, as a reflection of concerns about sovereign debt risks in Europe and the sluggish economic activity in the U.S.²³ Different trajectories of economic growth and monetary stances across developed and emerging and developing countries account for some of financial markets volatility over the period.

A key prevailing risk markets perceive to financial stability concerns the interplay between the vulnerabilities of public finances and the financial sector exposure. Other risks²⁴ are the risks related to the volatility of banks' funding costs; bank losses stemming from the decline in property prices; and, the tensions induced in macroeconomic indicators of individual countries related to international capital flows.

In the United States, the accommodating monetary policy and buoyant liquidity contributed to keeping money market interest rates low. During 2011 H1, the rate of overnight repurchase agreements in the U.S. dollar recorded a minimum of 0.01%. In the Euro area, the interbank interest rates followed an upward trend throughout the six-month period. In June, the one-month, three-month and twelve-month EURIBOR stood at 1.28%, 1.49% and 2.14%, respectively, compared with 0.81%, 1.02% and 1.53% as at end-

²² World Economic Outlook, September 2011.

²³ World Economic Outlook, September 2011.

²⁴ Financial Stability Review, June 2011, ECB.

2010. The Euro Overnight Index Average (EONIA) rose significantly to 1.12%, from 0.5% as at end-December 2010.

During this six-month period, the European Central Bank (ECB) raised the key interest rate²⁵ by 25 basis points, to 1.25%. As a result, the interest rate on the marginal lending facility and deposit facility rose to 2% and 0.5%, respectively.

The performance of long-term public debt securities in the major economies was dictated by sovereign debt risk and the possibility for a monetary policy tightening due to inflationary pressures. In the future, the uncertainty about economic growth and the fiscal consolidation operations will increase their influence on the performance of interest rates of these securities.

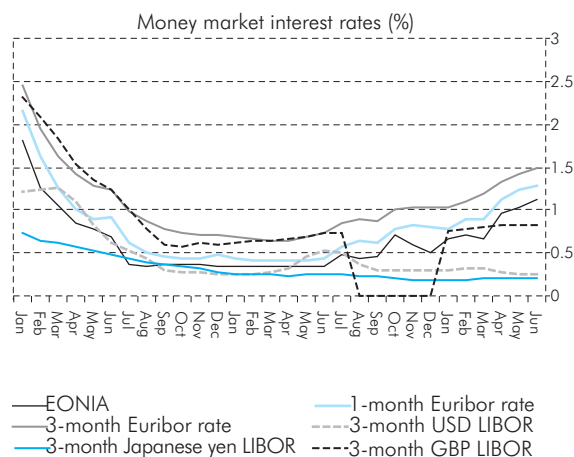
In the major stock-market exchanges, in the U.S. and Europe, the indexes have increased compared to end-2010, influenced by improvements in economic forecasts and corporate revenues, especially for 2011 Q1. However, the difficulties caused in the Japanese economy following the earthquake of March, and the geopolitical tensions in the North Africa, which influenced the performance of oil prices, have affected the volatility of these markets. However, the revival of tensions related to sovereign debt risk in Spain and Italy, led to price cut in the European markets, following May 2011.

In foreign exchange markets, the Federal Reserve's decision to maintain an easing monetary policy contributed to the U.S. dollar's depreciation against the major currencies in 2011 H1. The euro was volatile during this six-month period, being appreciated in Q1 and further depreciated in Q2. The euro's depreciation against some currencies in 2011 Q2 was influenced by fiscal developments, when uncertainties about short-term exchange rate moves were markedly heightened. However, as at end-June 2011, the euro appreciated by 8.4% against the U.S. dollar, 5.4% against the British pound and 7.5% against the Japanese yen²⁶.

²⁵ ECB Monthly Bulletin, June 2011.

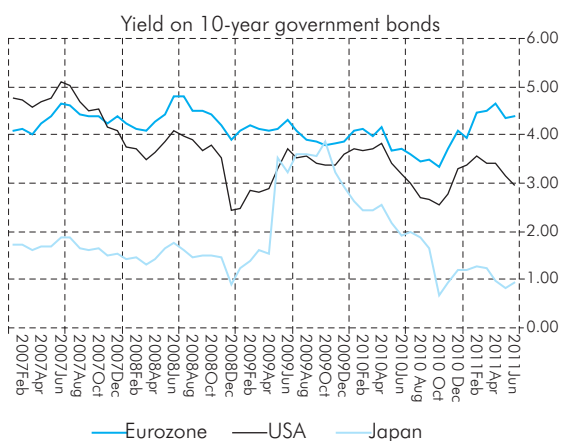
²⁶ 1 euro traded at USD 1.45, GBP 0.9 and JPY 116.79.

Chart 2 Money market interest rates



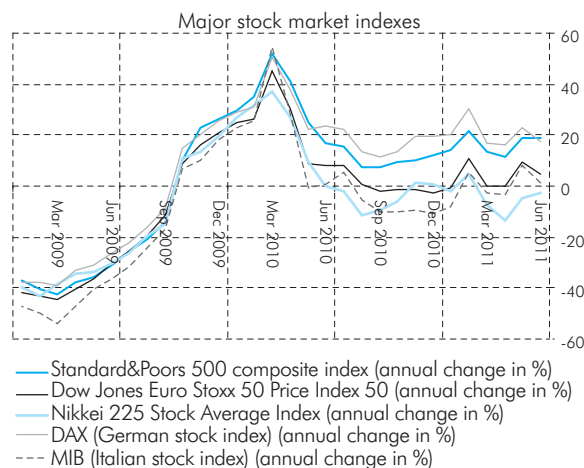
Source: European Central Bank.

Chart 3 Yield on 10-year government bonds



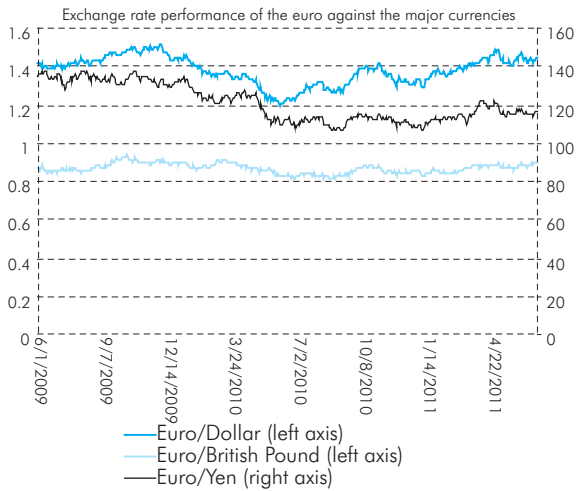
Source: ECB's database.

Chart 4 Major stock market indexes



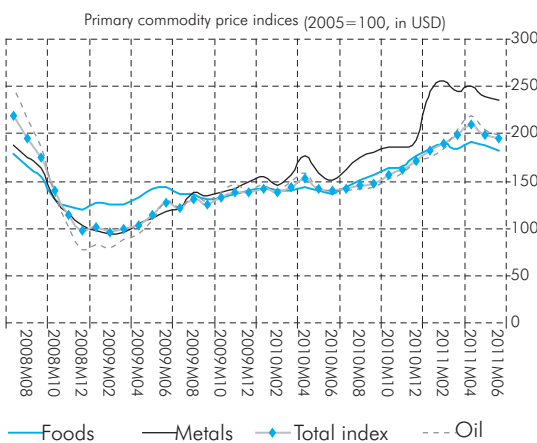
Source: ECB's database, Reuters.

Chart 5 Exchange rate performance of the euro against the major currencies



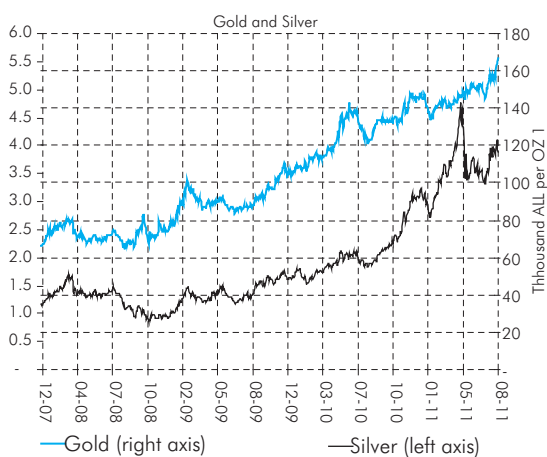
Source: Eurostat, Reuters.

Chart 6 Primary commodity price indices



Source: IMF's database.

Chart 7 Gold and silver trading (in USD per 28.35 g*).



*28.35g = 1 ounce
Source: Reuters.

In 2011 Q1, prices in primary commodity markets picked up significantly for all items, compared to end-2010. It seems contrary to their slowing consumption worldwide. Their overall slowdown in 2011 Q2 reflected the volatility of these markets²⁷. Food prices were stabilized following earlier supply-side shocks because of weather conditions. Uncertainties about the future of nuclear energy induced from concerns that arose in Japan following the earthquake, coupled with political tensions, heightened the pressure on oil prices over the period. The total primary commodity price index as at the end of 2011 H1 was 195.1, about 40% higher than a year earlier. Food price sub-index was 181.4, whereas oil and metal sub-indices were 235.7 and 199.4, respectively, being increased by 33.1%, 55.9% and 42.3% y-o-y, respectively.

In terms of precious metals, gold price remained high, increasing by 0.43% in semi-annual terms and 6.6% in annual terms. The temporary decline at year start was followed by an increase in the remainder of the period, as a result of investors' shifting to safer assets, low interest rates, the nominal exchange rate effect of the U.S. dollar in which this metal is quoted, and expansion of investment base following the creation of gold exchange-traded funds. Silver prices showed some volatility over the period, but were 6.7% higher compared with the previous six-month period.

The performance of the banking sector, assessed by the performance of global Large and Complex Banking Groups (LCBG), improved in 2011 Q1, based on their capacity for shock absorption. This improvement is due to a higher regulatory capital, decline in risk-weighted assets and revived earnings. The earnings were triggered by a decline in provisions and improved net interest income. However, these incomes remained under pressure, while net interest margin narrowed for most of banks, due to the sluggish credit growth.

²⁷ Financial Stability Review, June 2011.

In 2011 Q1, return on equity (RoE) improved to 7.2%, from 4.5% at end-2010, but with a wider distribution across banks. Return on assets was 0.53% over the quarter, from 0.34% in 2010 Q4. Capital adequacy ratio reached 13.4% over the quarter, due to some banks' retaining a considerable portion of their earnings, aiming at capital growth.

Notwithstanding the improved conditions of the LCBG, the environment in which they operate remains challenging. The outlook related to them remains uncertain, while some of them have not yet fully recovered from the crisis. Moreover, they are still exposed to the financial market volatility, long-term yields, and any other adverse economic or fiscal events, which may pose risks to the loan portfolio quality or impede the access to financial markets.

Also, the latest data on large and complex banking groups (LCBG) in the Euro area show that all sources of income improved in early 2011, while the decline in provisions influenced earnings substantially, although there are obvious variations across various institutions. Regarding the latest developments²⁸, 2011 Q2 highlights that some European banks have improved their capital or have announced its projected growth. Nevertheless, some banks must achieve a higher quality capital level and a decreased financial leverage, in order to provide an effective buffer against any possible losses in the future, as well as a boosted confidence in the markets.

It should be emphasized that the pace of progress made by the banking system is inadequate, especially in Europe, while there are risks in place related to the financial leverage in different market segments²⁹.

²⁸ *Financial Stability Review, June 2011.*

²⁹ *Global Financial Stability Report (GFSR) Market Update.*

Box 1 Financial data on foreign banking groups operating in Albania

1. RAIFFEISEN BANK INTERNATIONAL¹ (AUSTRIA)

As at end-2011 H1, Raiffeisen Bank International's total assets were up 4.9% from end-2010, reaching EUR 137.6 billion. Loans and advances to customers reached EUR 79.4 billion, while deposits from customers registered EUR 63.6 billion, up by 5% and 10.4%, respectively, compared with the end of 2010.

Consolidated profit, net, as at 2011 H1, was EUR 615 million, up 30.3% on a year earlier. Notwithstanding the increased operating incomes by 2.3%, the net operating result fell by 2.2% compared with a year earlier, primarily due to increased general administrative expenses.

Return on equity (before tax) reached 17.1%, up 4.9 percentage points from the previous six-month period. Return on equity (after tax) reached 13.2%, up 2.3 percentage points. Return on assets reached 1.3%, up 0.5 percentage points.

As at end-2011 H1, Raiffeisen Bank Albania accounted for about 1.51% of total assets of the Raiffeisen International.

2. INTESA SANPAOLO² (ITALY)

As at end-2011 H1, Intesa Sanpaolo's total assets were EUR 644.7 billion, down 1.4% from end-2010. Loans to customers were EUR 372.4 billion, down 1%, whilst customer deposits and securities fell by 2.4% to EUR 387.4 billion.

Net income was EUR 1.4 billion, down 17% in annual terms. Operating margin increased by 12.6% compared with the same period last year, amounting to EUR 4.2 billion in 2011 H1.

Capital adequacy ratio as at 2011 H1 was 15.1%, compared with 13.2% at end-2010.

As at end-2011 H1, Intesa Sanpaolo Bank Albania accounted for 0.14% of Intesa Sanpaolo's total assets.

3. ALPHA BANK³ (GREECE)

As at end-2011 H1, Alpha Bank reported about EUR 63.4 billion of total assets, down EUR 4.6 billion or 6.7% from the same period a year earlier. Net loans dropped by 6.7% to around EUR 48 billion. Deposits also declined by 15.6% to EUR 33.4 billion. Non-performing loans reached 10.3% at end-2011 H1. In the meantime, provisions accumulated over this six-month period were EUR 2.5 billion. Operating income fell by 1.5% to EUR 1.1 billion on a year earlier, of which net income on interests and commissions dropped by 4.1% and 16.1%, respectively. In the meantime, operating expenses fell by 2.6%, influenced by a 3.3% decline in staff expenses and 2.9% in overall expenses. Alpha Bank's net profit before tax dropped significantly by 80.4%, to EUR 27.6 million, while shareholders' net loss was EUR 524.8 million for this six-month period. Net interest margin was at the same level as in the previous year, at 2.7%, while capital adequacy ratio was 12.3%.

As at end-2011 H1, Alpha Bank - Albania accounted for about 0.76% of total assets of the Alpha Bank (Greece).

4. PIRAEUS BANK⁴ (GREECE)

As at end-2011 H1, Piraeus Bank Group's total assets were reported at about EUR 57.1 billion, up 1% y-o-y. Net loans dropped by 5%, recording around EUR 36.6 billion, while deposits dropped by 11% to EUR 26.3 billion. Loan/deposit ratio increased by 936 basis points to 139%. In the meantime, the Group's non-performing loans increased to 9.6%.

Total net income increased by 7% compared with the previous year, of which net interest income grew by 6%. Provisioning expenses increased by 38% compared with the previous six-month period, amounting to EUR 371 million. Pre-tax profit for 2011 H1 was negative, by EUR 1.004 million. In the meantime, shareholders' net loss was EUR 820 million over this semi-annual period.

Capital adequacy ratio was 9.5% as at end of 2011 H1, from 9.7% in the same period of the previous year.

As at end-2011 H1, Tirana Bank accounted for around 1.1% of total assets of the Piraeus Bank (Greece).

5. NATIONAL BANK OF GREECE (GREECE)

As at end-2011 H1, National Bank of Greece's total assets were EUR 119.2 billion, falling by 2% from the same period in the previous year. Loans fell by 1% on annual basis, totalling EUR 74 billion. Deposits fell by 10%, totalling EUR 62.1 billion. Loan/deposit ratio was 110% as at end-H1, up 7 percentage points from 2010 H1. Provisioning expenses for H1 increased by 27% y-o-y to EUR 822 million. The Group's operating expenses dropped by 3% y-o-y. Net interest margin fell by 3.65%, with a spread of 33 basis points from the previous year. The Group's profit, net, was EUR 29 million in 2011 H1. Capital adequacy ratio was 11.2%.

As at end-2011 H1, total assets of the National Bank of Greece – Albania Branch accounted for about 0.25% of total assets of the National Bank of Greece.

6. SOCIÉTÉ GÉNÉRALE⁵ (FRANCE)

As at end-2011 H1, Société Générale's total assets were EUR 1,158 billion, up 2% compared with end-2010. Based on the same period, customer loans increased by 1% to EUR 376 billion, while customer deposits increased to EUR 341.4 billion.

Net banking income as at end-H1 amounted to EUR 13.1 billion, falling by 1% y-o-y, while operating expenses increased by 6.8%. This Group's net income was down 22.5% from a year ago, totalling EUR 1,663 billion.

As at end-H1, the Group's return on equity (RoE) after tax was 7.8%, from 11% in the same period of the previous year. Capital adequacy ratio was 11.3% at the end of the period.

As at end-2011 H1, the total assets of the Société Générale Bank – Albania accounted for around 0.03% of the total assets of the Société Générale Group.

7. CRÉDIT AGRICOLE⁶ (FRANCE) AND EMPORIKI⁷ (GREECE)

As at end-2011 H1, the Crédit Agricole Group reported a total asset amount of around EUR 1,726.8 billion. Customer loans and advances totalled EUR 775.5

billion, up 2.1% from end-2010, while customer deposits totalled EUR 616.8 billion, down 1.1%.

As at end-H1, this Group increased its income by 4.8% on an annual basis, totalling EUR 18.1 billion. Operating expenses increased by 1.6%, while net income was around EUR 2.6 billion, 25.1% higher than in the previous year.

As at end-2011 H1, Emporiki Bank in Greece, as part of Crédit Agricole Group, reported an increase in net banking income by 2.6% y-o-y to EUR 377.9 million. Emporiki Group's total expenditures dropped by 19.4%, and as a consequence, operating income increased by 13.4%. In the meantime, post-tax profit dropped by 14.2%.

Total loans dropped 1.8% y-o-y to EUR 22.6 billion. Deposits performed similarly, down 14.7% to around EUR 11 billion.

As at end-2011 H1, Emporiki Bank in Albania accounted for about 0.01% of total assets of the Crédit Agricole Group.

¹ Semi-annual financial report on H1 2011, URL: <http://investor.rbinternational.com/index.php?id=498&L=1>

² Consolidated results as at 30 June 2011, URL: http://www.group.intesasanpaolo.com/scripts/sir0/si09/eng_index.jsp

³ Financial statements for H1 2011, URL: <http://www.alpha.gr/page/default.asp?la=2&id=78&pl=291&pk=1107>

⁴ Financial statements for H1 2011, URL: <http://www.piraeusbank.gr/ecPage.asp?id=300892&lang=2&nt=96&sid=&fid=294541>

⁵ The results of 2011 H1, URL: <http://www.societegenerale.com/en/essentiel>

⁶ Financial statements for H1 2011, URL: <http://www.credit-agricole.com/en/Finance-and-Shareholders/Financial-reporting/Credit-Agricole-S.A.-financial-results>

⁷ The results of the first half of 2011, URL: http://www.emporiki.gr/cbgen/gr/press/press_releases_story.jsp?docid=9260DB5ECEE8FE9C7091BAB1574062&cabinet=PRESS_RELEASES&lang=gr