



Developments in the Greek Banking Sector

by Valuation & Research Specialists



Key Developments

- ◆ Greece has slowly turned into a credit driven economy following the entry into EMU and the relaxations imposed by the Bank of Greece on consumer loans
- ◆ Urbanization leads to strong demand for housing
- ◆ Branch network is sales oriented
- ◆ Positive impact by human resources and technology infrastructure
- ◆ SEE region implies significant growth potential

Key Developments

- ◆ Continuous improvement in profitability with double digit growth rates for third year in a row
- ◆ Improved capital adequacy
- ◆ Retail banking and consumer credit are major growth drivers
- ◆ Activity in niche markets and utilization of alternative distribution channels

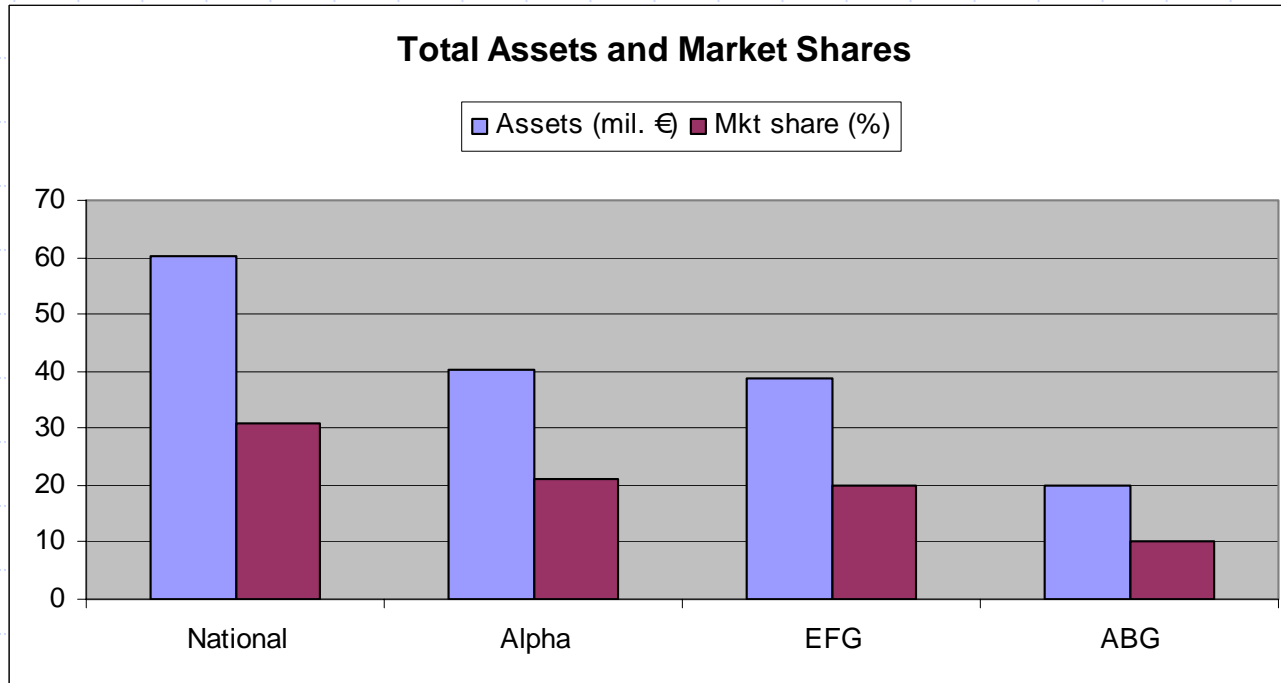
Short Profiles

- ◆ National Bank of Greece is the oldest and largest among Greek banks. It was founded in 1841, listed on the Athens Stock Exchange since the latter's foundation in 1880, and since October 1999 has been listed on the New York Stock Exchange.
- ◆ Alpha Bank that was founded in 1879, as a small commercial firm in Southern Greece, is now the second largest bank in Greece covering the entire range of financial services.
- ◆ EFG Eurobank entered dynamically the Greek market nearly seven years ago, through a series of acquisitions, and currently is the third largest credit institution in Greece in terms of assets.
- ◆ Agricultural Bank of Greece (ABG), established in 1929, was transformed to a commercial bank in 1991 under state control, focusing on agricultural lending. It was listed on ASE in January 2001 and is currently under significant transformation with the state planning to reduce its holding currently at 84.5%.

Credit Ratings

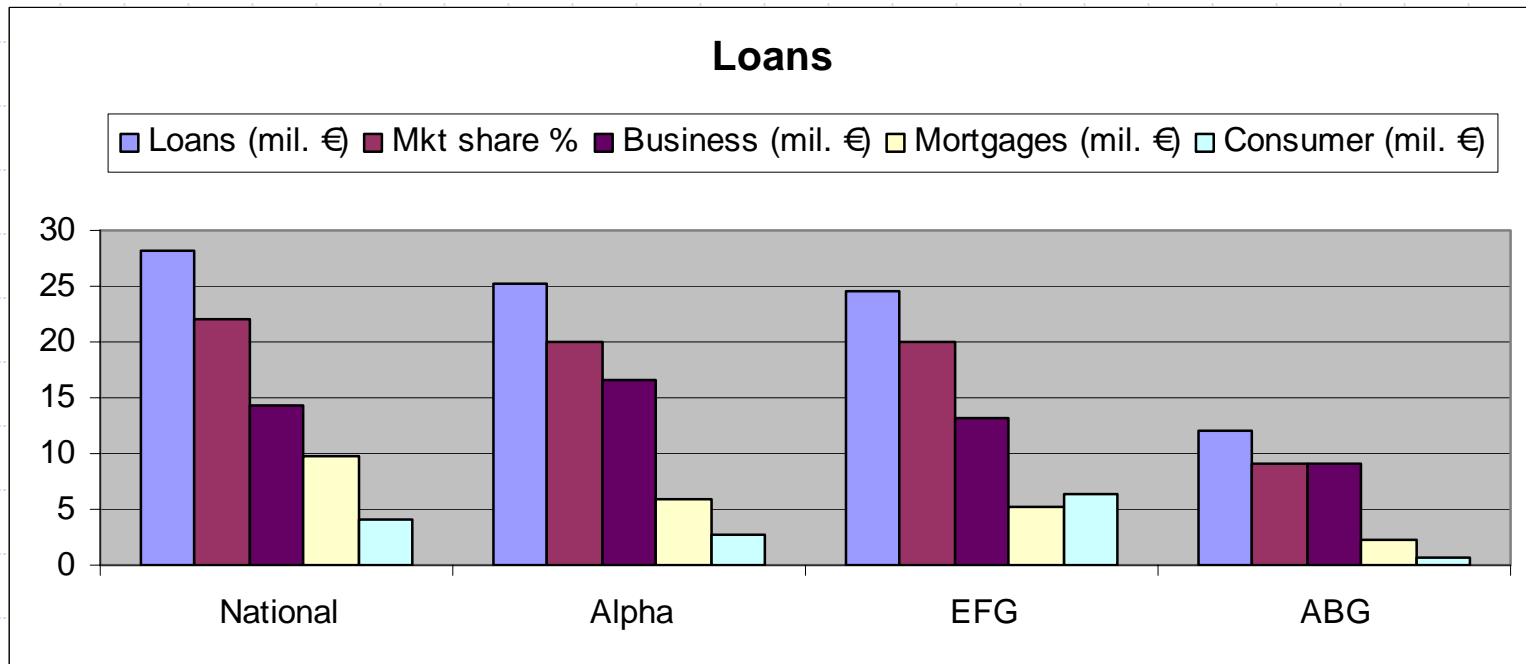
	Standard & Poor's			Fitch		
	Short Term	Long Term	Outlook	Short Term	Long Term	Outlook
Greece	A-1	A	Stable	F1	A	Stable
National	A-2	BBB+	Stable	F2	A-	Stable
Alpha	A-2	BBB+	Stable	F2	A-	Stable
EFG	A-2	A-	Stable	F2	A-	Positive
ABG						Stable

Market Structure



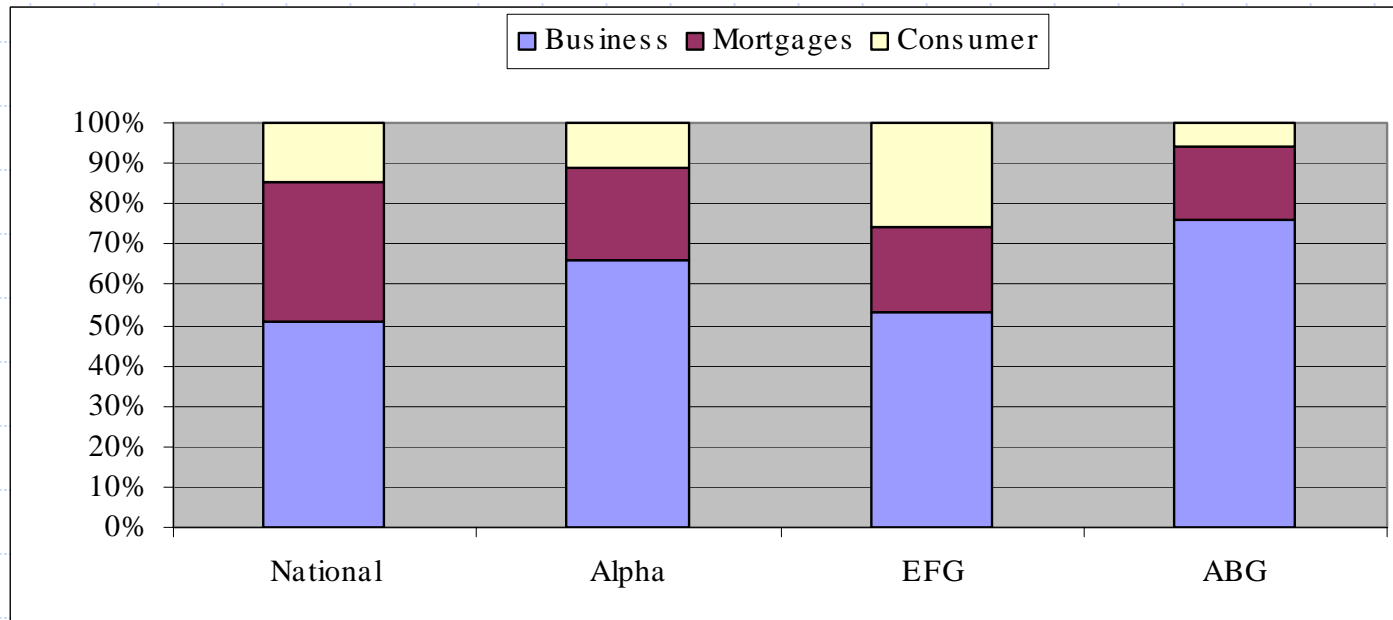
- ◆ The Greek banking system is highly concentrated
- ◆ National Bank is by far the largest commercial bank in Greece
- ◆ Alpha and EFG compete with one another for the second place
- ◆ ABG is the fourth largest bank in terms of assets and the second in terms of branches

Loans Structure



- ◆ National bank is the leader in total loans and mortgages
- ◆ Alpha Bank holds the largest market share in business loans
- ◆ EFG Eurobank captures the first place in consumer lending
- ◆ ABG has focused on public sector and agricultural loans

Loans Structure

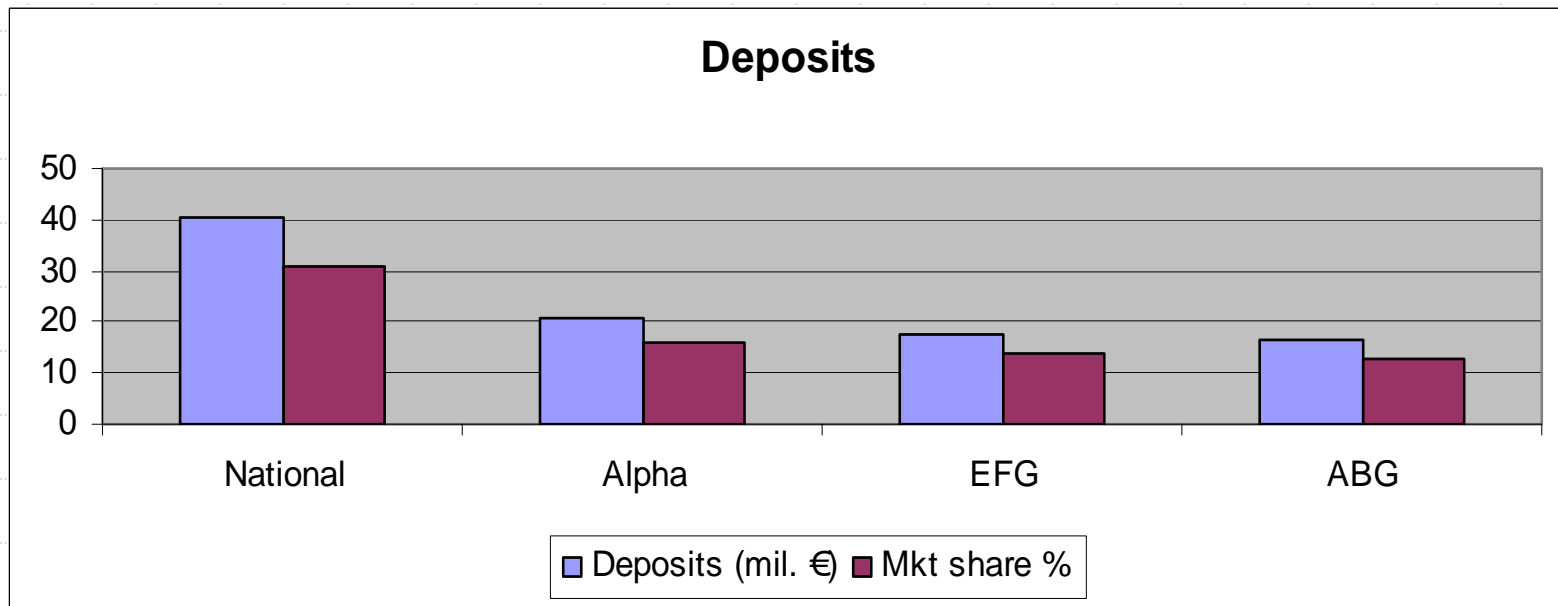


Different structures exist among Greek banks

National Bank has a more balanced structure, whereas Alpha Bank focuses on business loans, and EFG on consumer loans

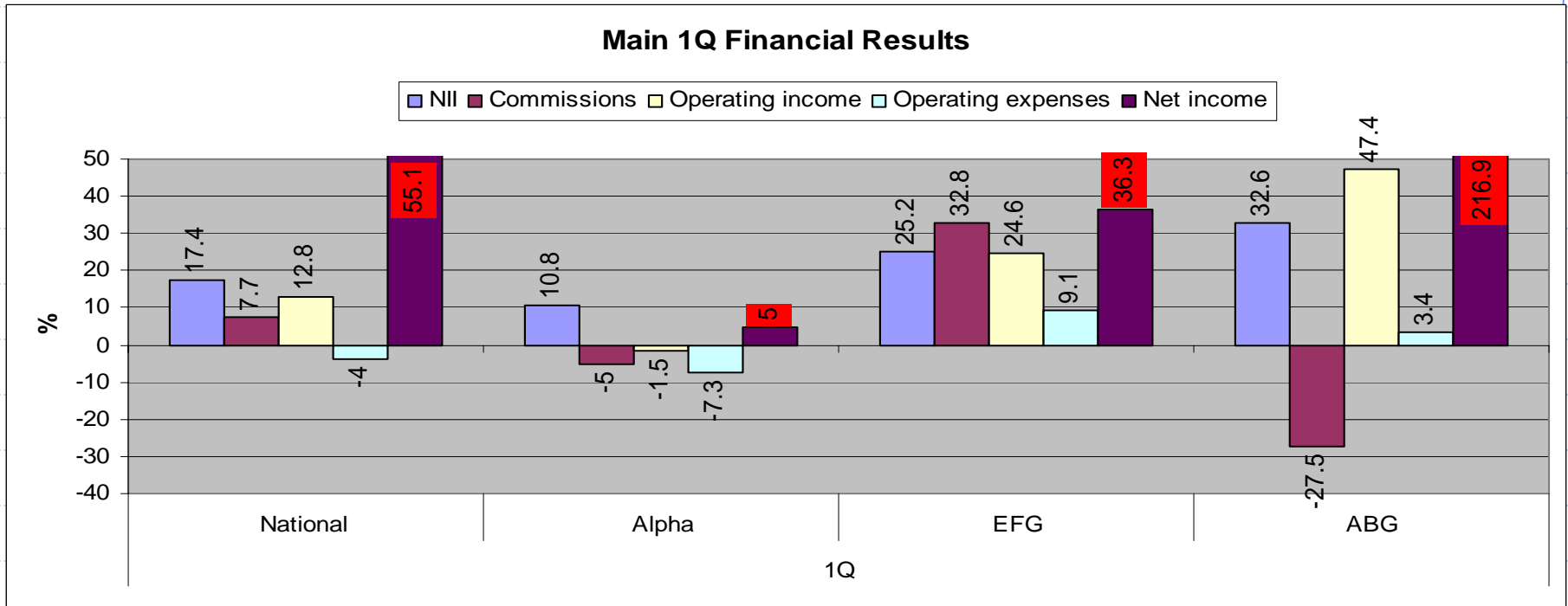
ABG is characterized by a large percentage of loans to public sector

Deposits



- ◆ National Bank has by far the largest deposit base and therefore low funding cost to achieve credit expansion
- ◆ There are small differences between the other three banks

1Q 2005 Financial Results



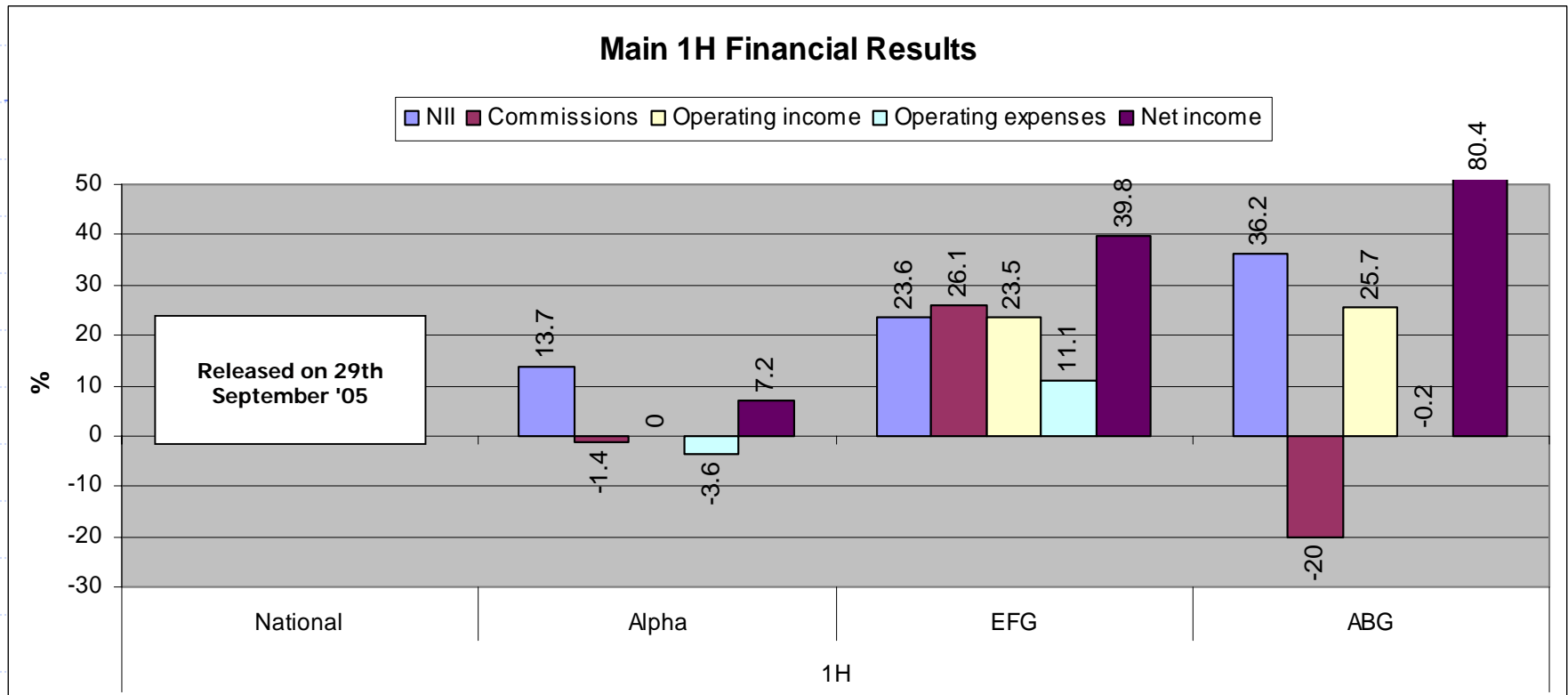
Double digit growth rates for the third consecutive year

ABG results demonstrated a positive turn

NII drives profitability, with Alpha lagging behind in pace

Commissions reflect EFG's expansion into non-traditional banking activities. Alpha posted negative growth.

1H 2005 Financial Results

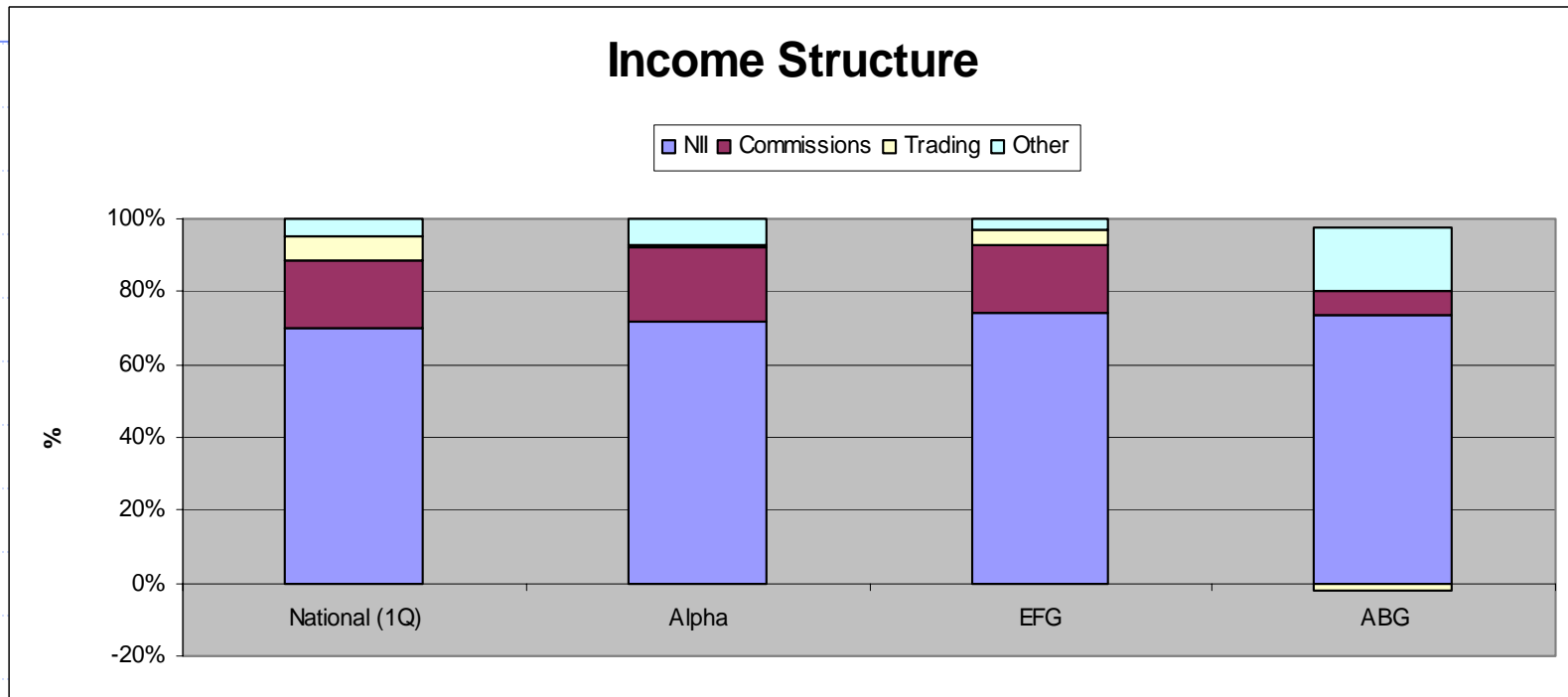


Consistent results by EFG, commissions still on the upturn

Improved results by Alpha Bank as compared to 1Q 05, weak income from commissions though, operating expenses masked by last year's events (Olympic Games. etc.)

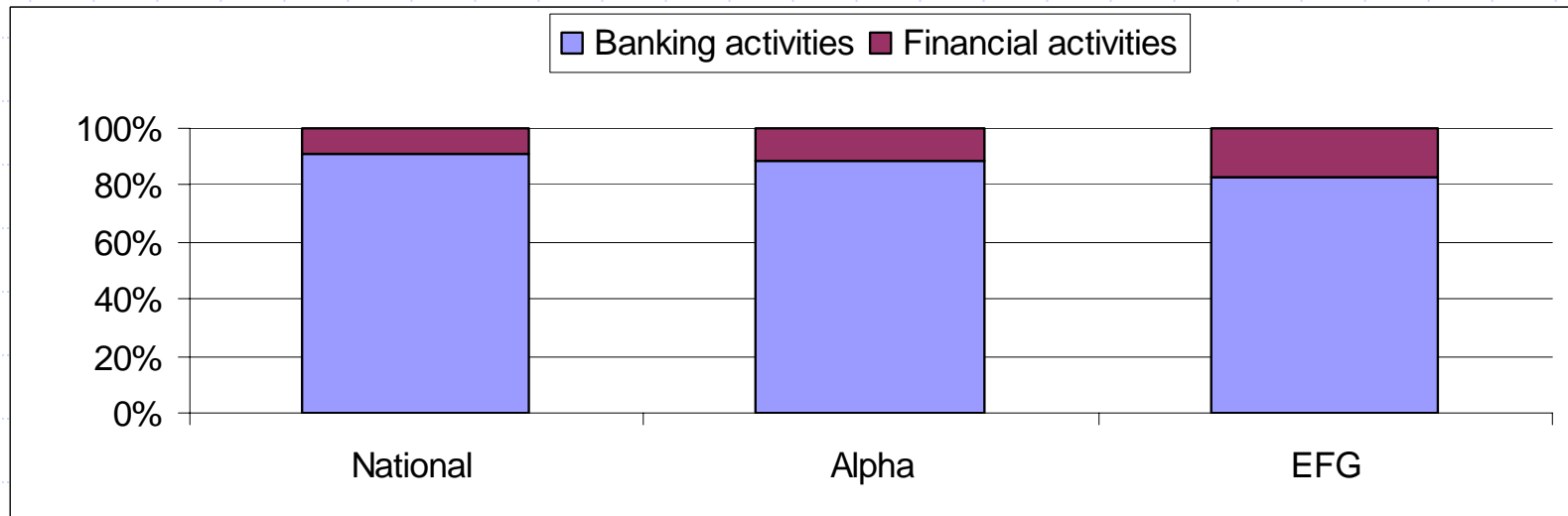
ABG continued to report strong growth rates, basis effect still present

Income Structure



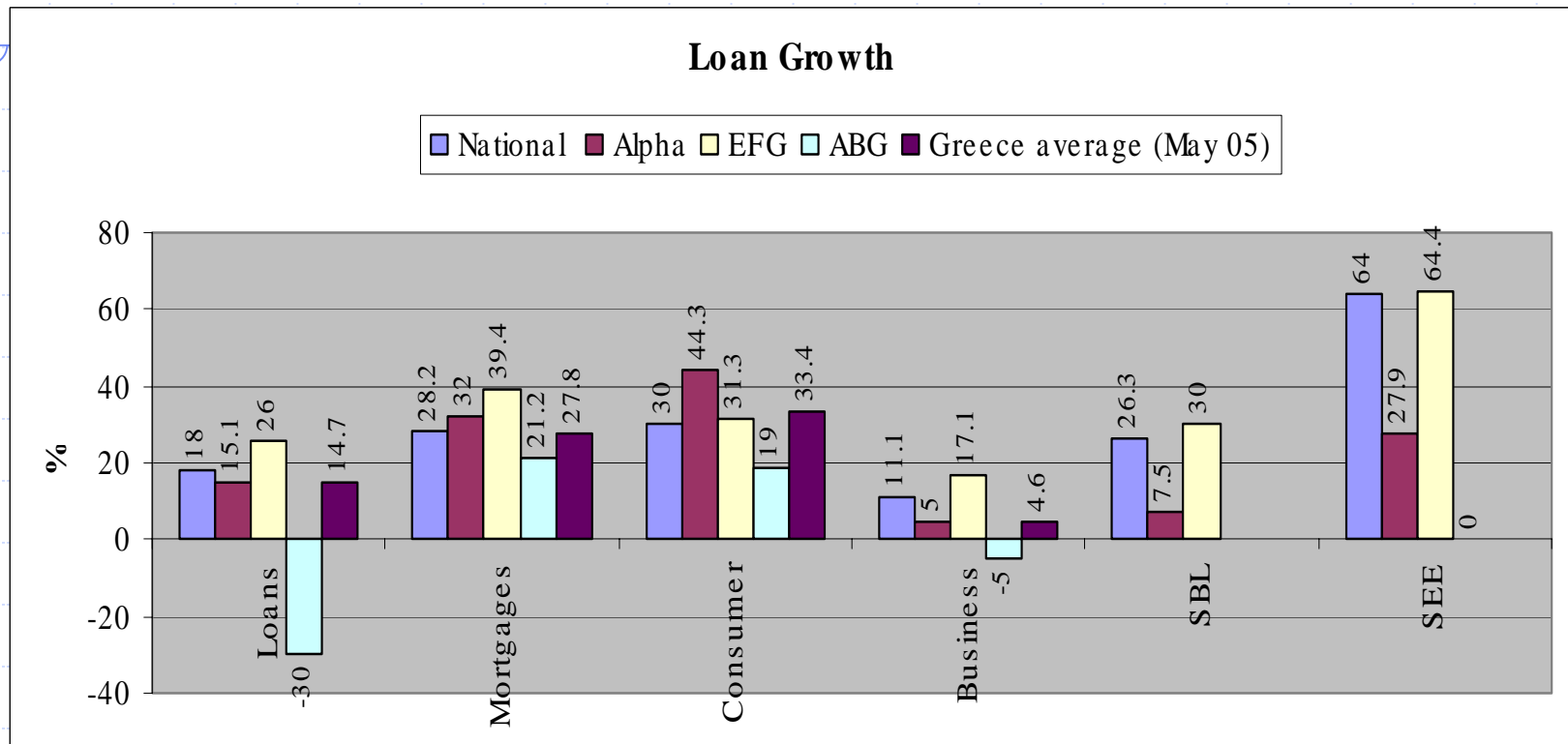
- ◆ Income from interest and commissions accounts for more than 80% of total income
- ◆ The contribution of trading income has diminished in view of weak capital markets
- ◆ Other income was high for ABG due to its relation with the public sector

Income per Activity



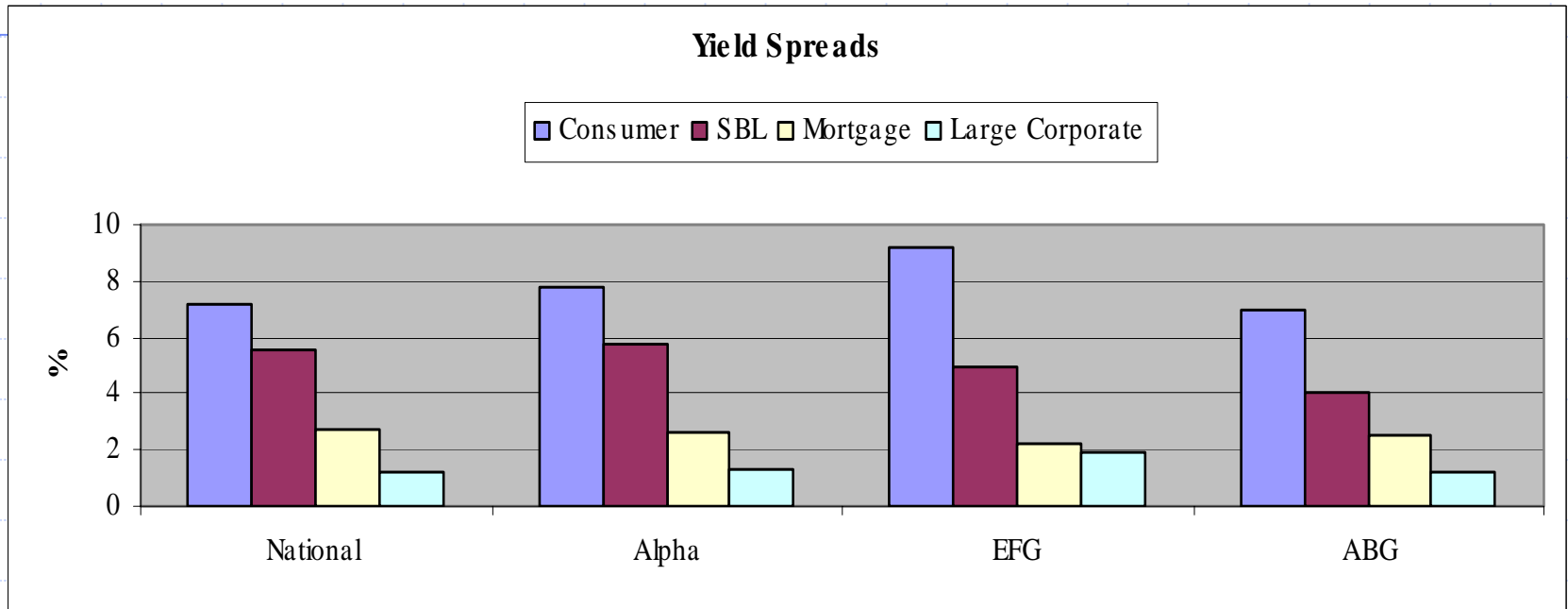
- ◆ Income from traditional banking activities remains the main source of revenues
- ◆ Asset gathering, mutual funds and asset management brings EFG and Alpha in the leading positions, leaving National Bank a closing third. ABG has a long way to go.

Loan Expansion (y-o-y)



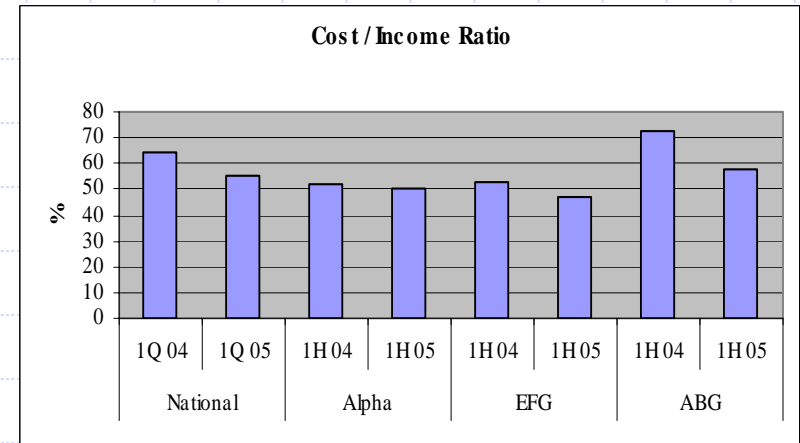
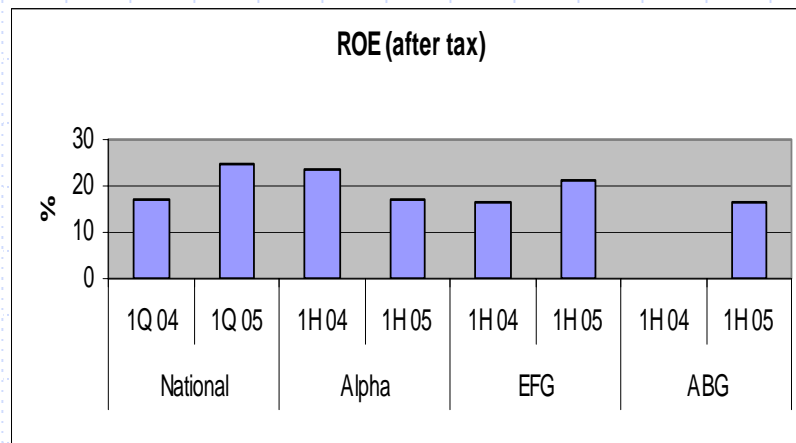
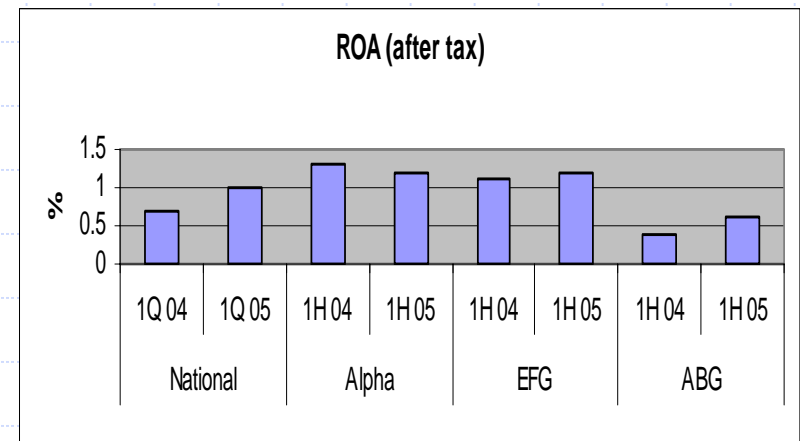
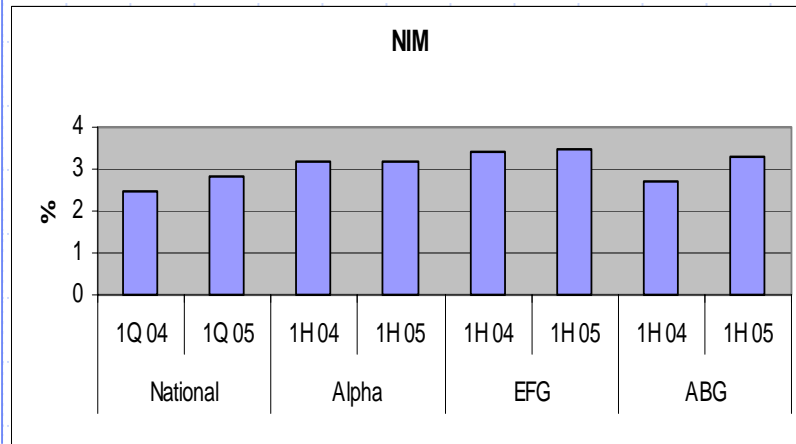
- ◆ ABG lacks the pace, however its results were affected by new law
- ◆ EFG growth rates are well above average
- ◆ Strong expansion for Alpha Bank in consumer loans, catching up lost ground from previous years

Yield Spreads

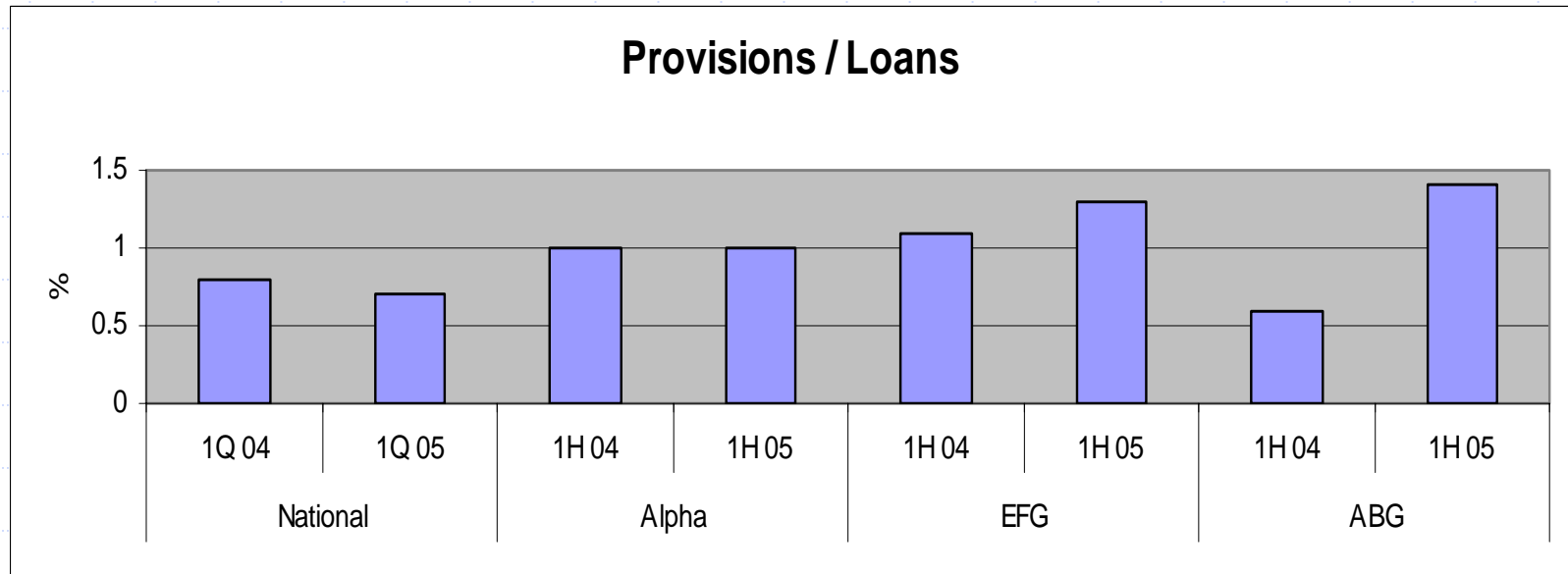


- ◆ Competition has driven spreads down, however they still remain in healthy levels
- ◆ Consumer loans and SBL generate the highest spreads
- ◆ Minor differences in mortgage spreads
- ◆ Tight spreads on large corporate loans

Profitability and Efficiency

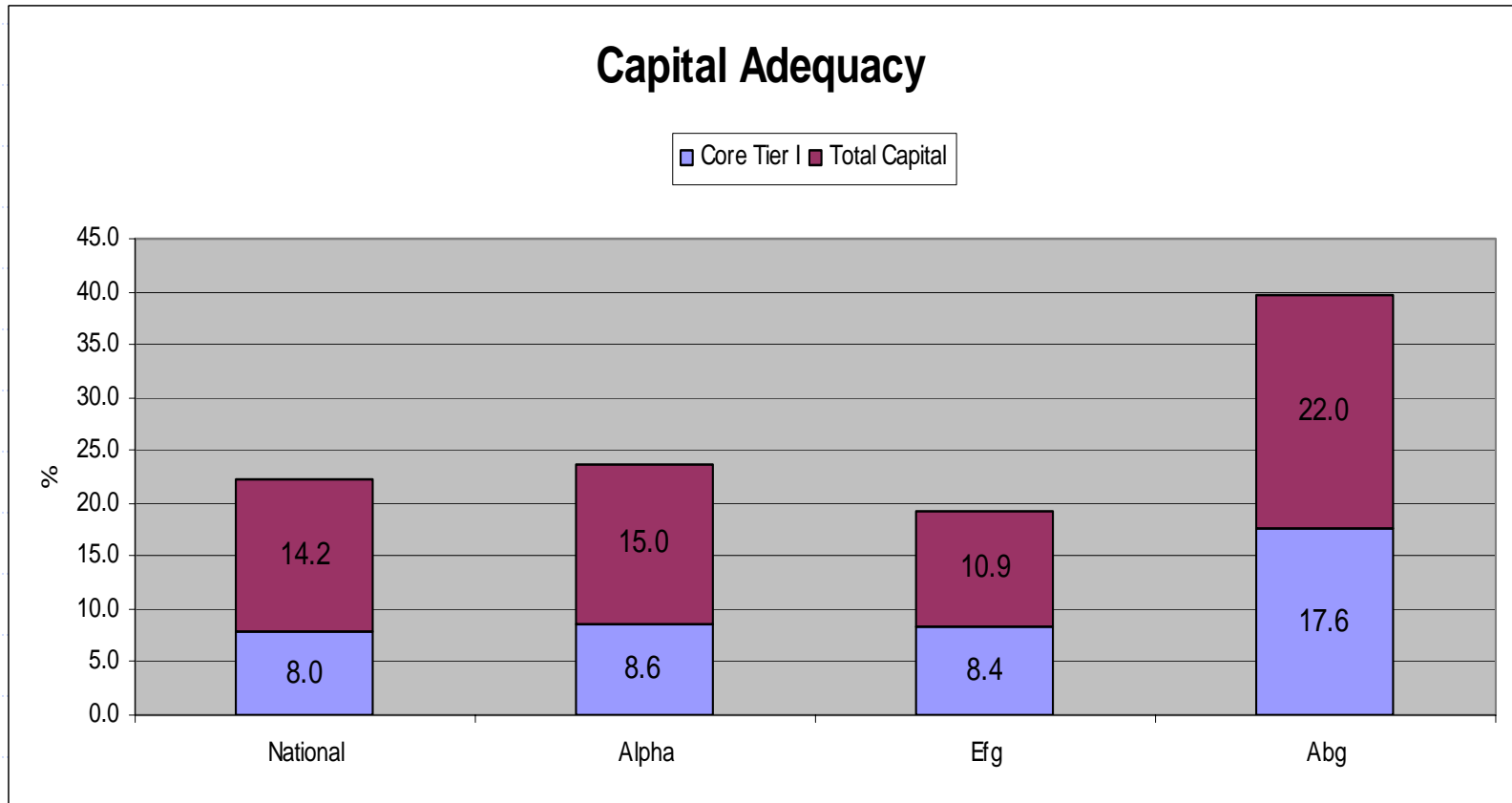


Loan Quality

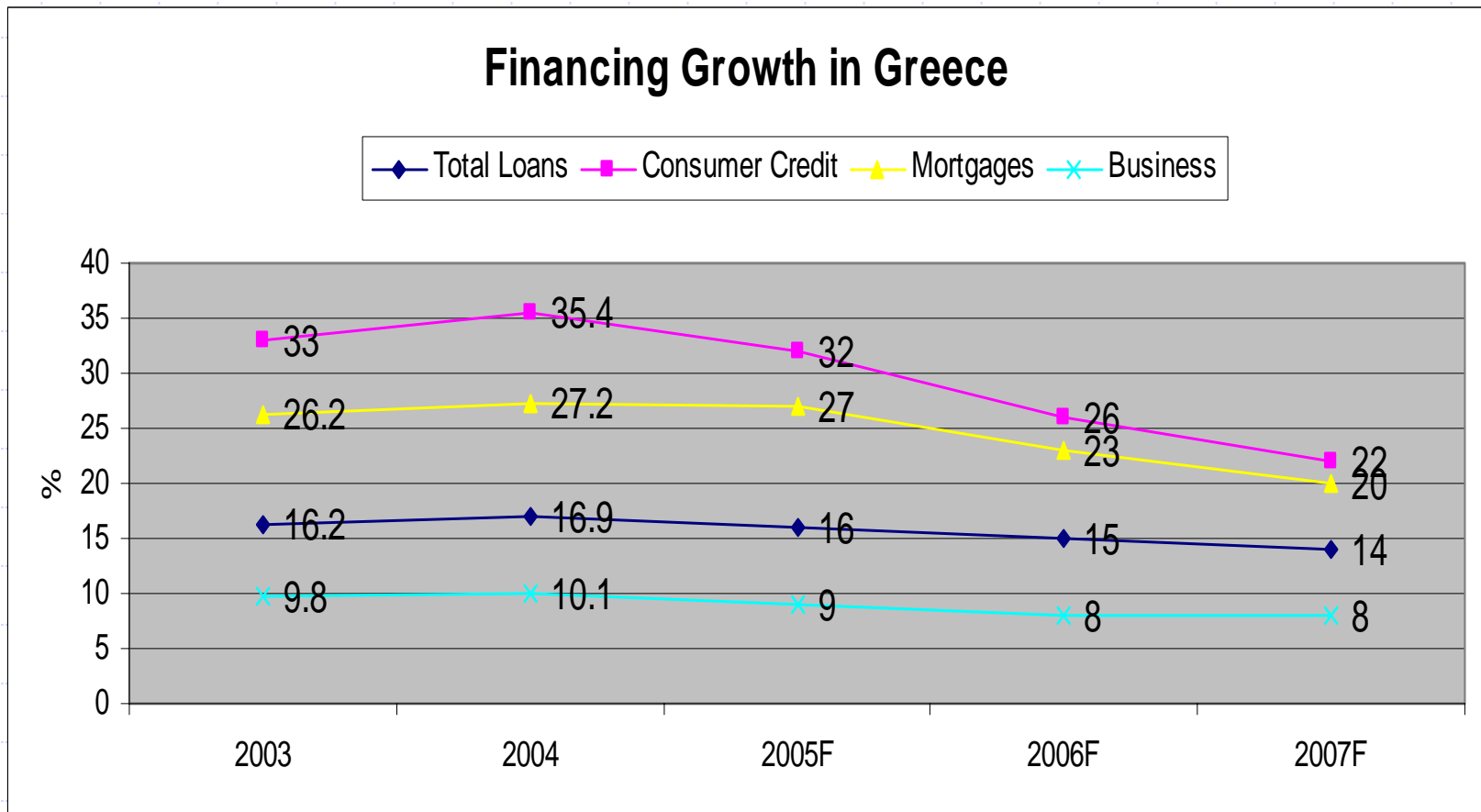


- ◆ Credit expansion has not significantly affected quality
- ◆ National Bank has improved quality, while Alpha Bank retains the same ratio
- ◆ EFG is granting riskier consumer and business loans
- ◆ ABG is under restructuring

Capital Adequacy



Expectations



SEE Region - Market Shares (%) and Prospects

Country	National	Alpha	EFG
Albania	2.2	6.7	0
Bulgaria	10.5	0.6	4.7
Fyrom	20.2	2.1	0
Romania	1.8	3.4	4.8
Serbia	2.1	5.1	1.1
Cyprus	3.1	7	0

- ◆ Bulgaria and Romania are in their way for EU entry in 2007
- ◆ Strong demand for credit, however credit expansion to private sector remains low
- ◆ Limited space for newcomers
- ◆ SEE will offer the opportunity to Greek banks to defend their profit margins, when domestic credit expansion slows down

Targets – National Bank

◆ New business plan for National Bank:

- Net profit CAGR of 20% during the period 2005-2007, reaching € 800 mil.
- Total income to be growing by 10% CAGR, reaching € 2.7 bil.
- NIM to 310 bps
- Cost to Income Ratio < 50%
- Core Tier 1 > 7%

Targets – Alpha Bank

- ◆ NIM to 3.3% by 2007
- ◆ Cost to Income Ratio at 43%
- ◆ Core Tier 1 at 7%-8%
- ◆ Total Capital Adequacy > 12%

Targets – EFG Eurobank

Period 2005 – 2006:

- ◆ Revenue Growth > 15% p.a.
- ◆ Cost to Income Ratio < 48% in 2006
- ◆ ROE > 20% in 2006
- ◆ EPS Growth > 23% p.a.
- ◆ DPS Growth > 15% p.a.
- ◆ Net Profit > € 450 mil. in 2005

Targets - ABG

- ◆ Balance sheet clean-up
- ◆ Risk management systems in place
- ◆ Operating expenses are “heading lower”
- ◆ Greek State willing to reduce its stake

Risks - Mitigating Factors

After a rapid retail credit expansion in Greece during the recent years, a slowdown may be imminent.

Greek banks have great room to exploit in consumer lending, with other lending areas still exhibiting sustainable growth.

As in the near past, GDP growth will remain strong in the current year, however if the trend reverses in following years, it may have a negative impact on revenues of the Greek banking sector.

There is no evidence that GDP growth will reverse its trend in the following 2-3 years. The 4th EU Structural Support Framework also supports the above statement. Furthermore, expansion in South East Europe provides alternative revenue sources.

Economies in SEE are still volatile, while the competition in the banking sector increases with a number of Western European banks keeping an eye in the area.

Greek banks are well positioned in SEE, managing to improve profitability, and at the same time, maintaining a low risk and cost profile. Also, there is a constantly growing lending market under-penetration in the area, providing good growth prospects.

Share Price Data

Share Price Information (20/09/05)	National	Alpha	EFG	ABG
Last (EUR)	30.5	22.36	24.32	4.82
52HI	31.60 (-3.48%)	24.9 (-10.20%)	27.64 (-12.01%)	5.24 (-8.02%)
52LO	18.42 (65.58%)	17.03 (31.30%)	18.00 (35.11%)	2.14 (125.2%)
YTD %	25.62%	4.57%	-3.80%	42.52%
Relative to ASE YTD %	6.55%	-14.50%	-22.87%	23.45%
1y RET	66.33%	31.62%	6.76%	98.75%
Relative to ASE 1y RET	25.13%	-9.58%	-34.44%	57.55%
P/E	26.18	15.29	20.66	36.81
Est P/E	16.11	13.93	16.47	
Est PEG	0.52	0.46	0.63	
P/B	4.22	2.16	3.98	2.31
D/Y	1.97%	2.68%	1.73%	
Market Cap	10,113.1M	6,511.3M	7,636.7M	4364.2M

Shareholding Structure

- ◆ National Bank of Greece:

State related holdings 22.6%, NBG subsidiaries 2.9%, Other 74.5%. No shareholder with above 2.6%. Foreign institutions approximately at 20.0%.

- ◆ Alpha Bank:

Kostopoulos family 9.0%, Foreign institutions 30.0%, Greek institutions 14%, Private investors 47%. No shareholder with above 2.5%.

- ◆ EFG Eurobank:

EFG Group 41.0%, Foreign institutions 23.0%, Greek institutions 6%, Private investors 30%.

- ◆ Agricultural Bank of Greece:

Greek state 85.5%, Free float 14.5%.

Developments in the Greek Banking Sector

END of PRESENTATION

by Valuation & Research Specialists
