

# NBG Group Results

2007 H1

Athens, 30 August 2007

## Net profit up 61% to €78 million

(€ millions)	H1.07	H1.06	%
Net profit	878	546	+61%
Net profit from domestic activities (excluding profit from sale of AGET)	490	364	+35%
Net profit of Finansbank	244	-	-
Core profit: SE Europe	76	61	+25%
Return on equity	25.4%	*30.1%	-470 bps
Cost / income	48.3%	50.8%	-250bps
Net interest margin	4.20%	3.38%	+82 bps
Net interest income	1 443	887	+63%
NPL ratio	3.7%	4.6%	-90 bps
<i>* before the €3bn share capital increase</i>			
Total assets	82 332	61 232	+34%
Total loans	49 277	32 823	+50%
Total deposits	55 357	45 665	+21%
Loans / deposits	89%	72%	+1700bps

Our Q2 performance confirms our expectations for dynamic growth in the Group's business in Greece and, above all, the wider region of SE Europe and Turkey. Despite the recent turbulence in the global markets, growth continues unabated in Greece and the neighbouring region.

Within this economic environment the Group continues to implement its 3-year business plan, recording outstanding performance on all fronts. The results for the first half of 2007 constitute the best ever for the Group and approach, in absolute terms, the profit for the whole of the previous year.

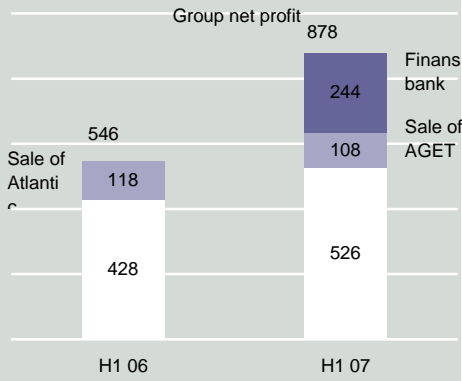
Almost 40% of the Group's core profit in H1 2007 derives from the Group's SE Europe and Turkish operations, where growth in business and profitability has been the highest, thus vindicating our strategy to broaden and diversify the Group's sources of income.

Finansbank played a key role in generating these results, contributing €244 million or 31% of our total profitability in the first half of the year. Indeed, Finansbank's profits to date -- just one year after the acquisition -- already represent 11% of the Group's outlay for the acquisition. This figure is even more impressive when we remember, first, that the Turkish banking market is still in the early stages of development and, second, the dynamism that Finansbank will acquire with the expansion of its branch network, which by the end of the year will have practically doubled since the signing of the agreement.

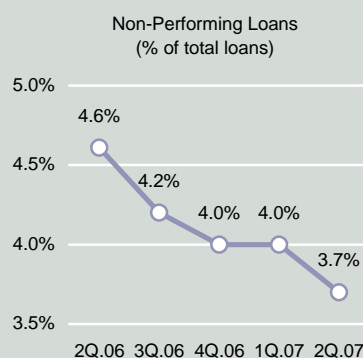
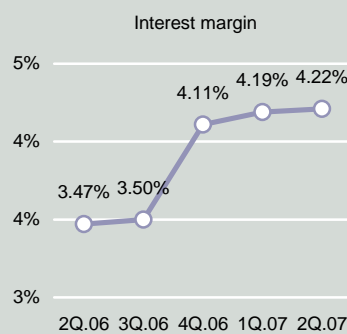
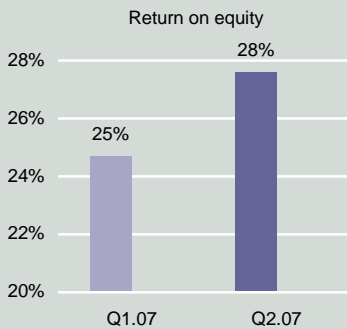
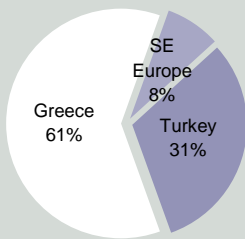
These positive business developments are unfortunately clouded by the tragic loss of human life, the destruction of property, and the grave impact on the environment and the social structure in the regions afflicted by the recent wildfires in Greece. NBG will follow the reconstruction programme closely and is committed to supporting every effort to heal the wounds left by this terrible disaster.

Athens, August 2007

Takis Arapoglou  
Chairman and CEO



Net profit for H1 2007 (excl. AGET profit)



**Group overview**

Group net profit rose to a record €878 million in H1 2007, up 61% y-o-y. This remarkable improvement in profit reflects the rapid growth in the Group’s banking business both in Greece and the markets of Turkey and Southeast Europe. Specifically:

- Net profit from domestic business increased by 35% y-o-y, excluding profits from the sale of the Bank’s shareholding in AGET Herakles.
- The contribution of Finansbank to Group net profit in H1 2007 amounted to €244 million, or 31% of total Group profitability.
- Group subsidiaries operating in SE Europe posted a 29% growth in core profit, which totalled €76 million.

**Return on equity** (excluding profits from the sale of the Bank’s shareholding in AGET Herakles) stood at 25% in H1 2007. In Q2 2007 ROE is already close to the levels posted by the Group prior to the €3 billion increase in share capital carried out in June 2006. Similarly, the **cost/income ratio** has declined to below 50% (48% excluding profits from the sale of the Bank’s shareholding in AGET Herakles, compared with 51% in H1 2006), despite the investments carried out in the context of expansion in the markets of SE Europe and Turkey.

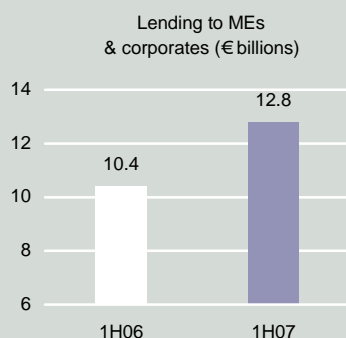
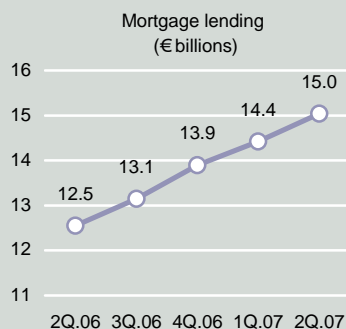
Group interest income stood at €1443 million in H1 2007 while **net interest margin** in Q2 2007 attained another record high (4.22% compared with 4.19% the previous quarter). Finansbank was the key contributor to this performance, as its interest margin remained at 7%. The Group’s SE European subsidiaries also posted substantial growth in interest margin, reaching 5% in Q2 2007.

The substantial increase in Group interest income reflects ongoing expansion in the loan and deposit books in Greece and abroad. **Total Group lending** at the end of H1 2007 amounted to €49.3 billion, up 26% y-o-y on a comparable basis (i.e. including Finansbank in H1 2006). Similarly, **deposits** stood at €55.4 billion, up 10%, on a comparable basis. The favorable loans-to-deposits ratio, which is one of the lowest internationally (89%), constitutes a strong source of funding for future Group expansion as well as a competitive advantage, particularly given the current situation in global money and capital markets.

Alongside the lending growth presented by the Group in H1 2007, there was also a substantial improvement in the **quality of the loan book**. Although Group units operating in emerging markets posted an increase in their contribution, the ratio of NPLs to total lending declined yet further to 3.7% (4.0% in Q1 2007) while the provision coverage ratio stood at 84%.

**Greece: Dynamic expansion in retail banking – Impressive upturn in business lending**

**Retail business** in Greece continued to grow at a brisk pace. Total retail lending in H1 2007 amounted to €23.2 billion, up 20% y-o-y. Specifically:



Results of domestic operations			
(€ millions)	H1.07	H1.06	±%
Interest income	944	780	+21%
Commissions	205	203	+1%
Insurance	50	58	-13%
<b>Core income</b>	<b>1199</b>	<b>1040</b>	<b>+15%</b>
Staff costs	(492)	(428)	+15%
Administrative costs	(161)	(161)	0%
Depreciation	(39)	(46)	-15%
<b>Total expenses</b>	<b>(691)</b>	<b>(634)</b>	<b>+9%</b>
Core profit	508	406	+25%
Other income	186	158	+18%
Provisions	(126)	(111)	+13%
Tax	(78)	(89)	-13%
<b>Net profit</b>	<b>490</b>	<b>364</b>	<b>+35%</b>
Sale of AGET	108	-	-
<b>Net profit</b>	<b>598</b>	<b>364</b>	<b>+64%</b>

- Mortgage lending continues to be the driving force behind the Group's growth in Greece. In H1 2007, NBG granted over ¼ of new mortgages in Greece. As a result, the mortgage lending balance grew by 20% y-o-y to €15 billion, sustaining the supremacy of NBG in this crucial segment of the domestic market.
- The consumer lending and credit card balances totalled €4.9 billion, up 15% y-o-y.
- Lending to SMEs and professionals topped €3.2 billion in June 2007, up 34%, with the number of partner businesses increasing by 10%.

There was also impressive 23% y-o-y growth in lending to corporates and medium-sized enterprises, reaching €12.8 billion. The medium-sized enterprise loan book stood at €4.3 billion, up 30% y-o-y.

Lastly, for yet another quarter the NBG Group reaffirmed its leading position in Greece in the sphere of **funds under management**:

- Deposits stood at €45 billion. Notably the Group holds almost 1/3 of the country's savings and sight deposits, achieving a three percentage-point gain in market share during the first half of 2007.
- In the same period, mutual funds amounted to €8 billion, up 10% on the start of the year. The Group consistently holds first place in the market, with a market share of over 30%.

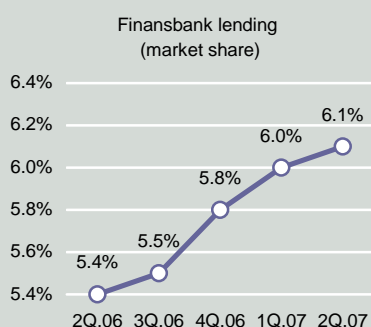
As a result of this performance, Group **net profit** in Greece in H1 2007 grew by a substantial 35% y-o-y, excluding profits from the sale in Q2 of the Bank's shareholding in AGET Herakles. Recurring income stood at €1.2 billion compared with €1 billion in H1 2006, with net interest income growing by 21%. Total Group expenditure in Greece amounted to €691 million, up 9% on an annual basis, with staff costs totalling €492 million (up 15%) while administrative expenses remained unchanged on H1 2006 (€161 million).

### Finansbank: The frontrunner in Turkey

The **net profit** of the Finansbank Group in H1 2007 amounted to €244 million, or 31% of total Group profit. **Return on equity** continues to be remarkably high (39%) while the cost/income ratio is notably low (42%) despite the rapid growth in Finansbank's business, as around two new branches were added to the Group's network each week during the first half of the year. Today the Finansbank network includes 371 branches and over 8500 employees.

The dynamic growth in Finansbank's business is reflected in the expansion of its **loan book**, which stood at TRY14.5 billion, up 34% y-o-y. Finansbank's total market share increased to 6.1%, up by 0.7 percentage points in one year.

**Retail lending** at Finansbank grew at the impressive rate of 52% to TRY5.4 billion in June 2007. Mortgage lending showed particularly strong performance, growing by 64% y-o-y to TRY2.5 billion, thus giving Finansbank a 10% share of the mortgage market. Similar strong growth (47%) was posted by consumer lending, which totalled TRY2.8 billion, corresponding to a market share of 5.4%.



Finansbank		
(€ millions)	H1.07	31.12.06
Interest income	350	247
Commissions	113	77
<b>Core income</b>	<b>463</b>	<b>324</b>
<b>Total expenses</b>	<b>(227)</b>	<b>(140)</b>
Core profit	236	184
Other income	82	23
Provisions	(15)	(10)
Tax	(53)	(34)
Minorities	(4)	(3)
<b>Net profit attributable to shareholders</b>	<b>244</b>	<b>160</b>

**Business lending** posted remarkable growth of 25% on an annual basis, reaching TRY9.1 billion. This was almost double the market average, and boosted Finansbank's market share to 5.8%.

The rapid growth in lending, however, did not adversely affect the **quality of the loan book**, as the NPL ratio stood at just 2%, the lowest level in the Turkish market.

Customer deposits in the local currency posted strong growth to TRY5.1 billion, up 9% y-o-y, reflecting the enhanced confidence that Finansbank enjoys among its wider customer base.

This outstanding performance by Finansbank means that the NBG Group has regained 11% of its total investment in it before seeing out even one year since the acquisition.

This dynamic is especially significant given that the Turkish banking market is still in an early stage of development and the full potential of the synergies between NBG and Finansbank has still to be realised.

### SE Europe: Surging profitability in spite of ongoing investments

In June 2007, the Group's **network** in SE Europe totalled 567 branches and over 8200 employees, covering six countries whose total population amounts to around 43 million.

**Total lending** stood at €5.2 billion, up 60% y-o-y. The retail lending balance grew at an impressive rate (67% y-o-y), posting 20% growth in Q2 alone. Similar performance was seen in business lending (€3.1 billion in June 2007), which grew by 56%. Likewise, the **quality of the loan book** improved yet further, as NPLs constitute just 3.2% of total loans, while the provision coverage ratio for these loans stood at 82%.

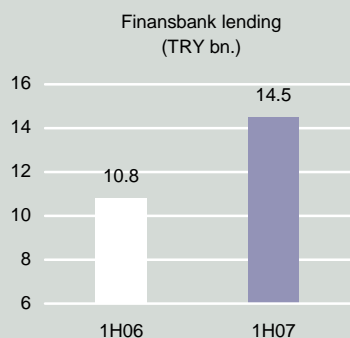
Dynamic expansion in the countries of SE Europe drove the **profitability** of the Group's units in the region to remarkable levels. Core profit in H1 2007 totalled €76 million, up 29% y-o-y on a comparable basis.

### Integration of overseas subsidiaries

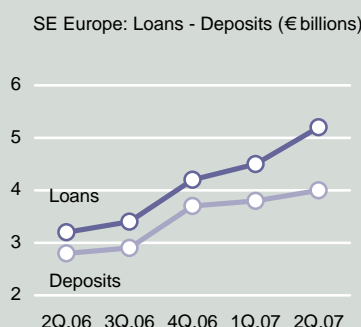
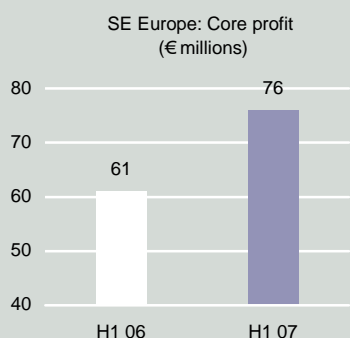
Following completion of the acquisition of Finansbank in Turkey and Vojvodjanska Banka in Serbia, and dynamic organic expansion in the countries of SE Europe, the Group's strategic priority is to achieve full operational integration of its overseas subsidiaries.

To this end, over 200 staff have been mobilized across the Group, participating in some 50 projects whose aim is to realize effective integration of the new subsidiaries. These projects are producing very good results, which in many cases have exceeded our expectations. Specifically:

- The integration of Finansbank is rapidly reaching completion. For example, the joint development of business in the spheres of financing multinational corporations, shipping and trade finance has been achieved. The total portfolio of these operations now amounts to €350 million. At the same time, preparations for the provision of Bancassurance products in Turkey are near completion and expected to roll out in Q4 this year.



SE Europe network		
	Branches	Employees
Romania	88	1307
Bulgaria	188	2494
Serbia	204	2872
FYROM	56	1071
Cyprus	17	272
Albania	14	185
<b>Total</b>	<b>567</b>	<b>8201</b>



- The legal and operational merger of Vojvodjanska with NBG Serbia should be complete by the end of 2007, as well as the redesign of the commercial model implemented at its branches.
- The development of the Group's new operational model is rapidly reaching completion. With regard to the use of new practices in the provision of products and services, results from the first phase of implementation are very promising. Likewise, the integration of IT systems and computer infrastructures across all the units of SE Europe and the redesign of credit card processing are all progressing well.

### **Consistently strong capital adequacy**

The Group's capital adequacy remained strong despite the ongoing growth in its assets. The Total Tier-I Capital Adequacy ratio stands at 8.7% while the Core Tier-I ratio stands at 10.6%, thereby securing for the Group a solid base on which to build its business further in Greece and abroad.

**Group loans** (from continuing operations)

(€ millions)	30.6.07	30.6.06	±%
Mortgages	17 024	12 973	31%
Consumer	5 392	3 688	46%
Credit cards	2 659	1 490	78%
Small businesses & professionals	3 383	2 370	43%
<b>Retail</b>	<b>28 458</b>	<b>20 521</b>	<b>39%</b>
Corporate	20 819	12 301	69%
<b>Total loans &amp; advances to customers</b>	<b>49 277</b>	<b>32 822</b>	<b>50%</b>
Less: Allowances for impairment on loans & advances to customers	1 538	1 154	33%
<b>Loans &amp; advances to customers (net)</b>	<b>47 739</b>	<b>31 668</b>	<b>51%</b>

**Group deposits** (from continuing operations)

(€ millions)	30.6.07	30.6.06	±%
Savings	25 656	25 413	1%
Sight	7 786	6 221	25%
Time	21 219	13 382	59%
Repos	95	159	-40%
Other deposits	529	489	+8%
<b>Total deposits</b>	<b>55 285</b>	<b>45 664</b>	<b>21%</b>

**Group income statement**

(€ millions)	H1 07	H1 06	±%	Q2 07	Q1 07	±%
Net interest income	1 443	887	+63%	735	708	+4%
Net commission income	364	232	+57%	184	181	+2%
Net premiums from insurance contracts	50	57	-13%	23	27	-12%
Dividend income	10	8	+23%	8	3	>100%
Income from private equity	173	58	+200%	112	60	+87%
Sale of AGET Herakles	108	-	-	108	-	-
Other income	86	99	-14%	32	54	-40%
<b>Total income</b>	<b>2 234</b>	<b>1 342</b>	<b>+67%</b>	<b>1 202</b>	<b>1 032</b>	<b>+16%</b>
Staff costs	(652)	(448)	+45%	(343)	(309)	+11%
Administrative costs	(319)	(183)	+75%	(169)	(150)	+12%
Depreciation & amortization	(65)	(56)	+17%	(33)	(32)	+1%
<b>Total operating expenses</b>	<b>(1 036)</b>	<b>(686)</b>	<b>+51%</b>	<b>(544)</b>	<b>(492)</b>	<b>+11%</b>
Impairment losses on loans & advances to customers	(167)	(130)	+28%	(85)	(82)	+4%
Share of profit of associates	17	8	+100%	12	5	>100%
<b>Profit before tax &amp; minorities</b>	<b>1 048</b>	<b>533</b>	<b>+97%</b>	<b>584</b>	<b>463</b>	<b>+26%</b>
Tax	(137)	(95)	+43%	(70)	(67)	+6%
Minority interests	(13)	(9)	+42%	(7)	(7)	+5%
Profit for the period from discontinued operations	-	118	-	-	-	-
<b>Net profit</b>	<b>898</b>	<b>546</b>	<b>+64%</b>	<b>507</b>	<b>390</b>	<b>+30%</b>
Amortisation of intangible assets recognised on business combinations	(13)	-	-	(6)	(6)	+2%
Financial charge on put options of minority interests	(7)	-	-	(4)	(4)	+1%
<b>Net profit attributable to shareholders</b>	<b>878</b>	<b>546</b>	<b>+61%</b>	<b>497</b>	<b>381</b>	<b>+31%</b>