Eurobank EFG

Athens, August 1, 2006

FIRST HALF 2006 FINANCIAL RESULTS

- **Net Profit rises by a strong 41.6% to €318m.**
- **Total Loans expand by 24.5% and FUM by 22.9%**
- **Total Revenue grows a dynamic 23% to €1.1bn**
- **ROE strengthening to 23.7%**
- **Presence in seven countries with over 1,000 outlets at the end of 2006**

Eurobank EFG Group continued expanding its activities in the Greek market and the countries of New Europe (Southeastern and Central Europe) at a fast pace in the first six months of 2006. Apart from the development of operations in the Greek market and the markets of Romania, Bulgaria and Serbia, the Group expands into three new countries, Poland, Turkey and recently in Ukraine. Consequently, Eurobank establishes presence in a region of more than 200 million people, with collective nominal GDP approaching €1tr., employing a network of more than 1,000 branches and points of sale at the end of 2006.

Consolidated net profit jumped **41.6%** y-o-y to **€318.1m**. in the first half of 2006, driving **Return on average Assets** and **Return on average Equity** to **1.39%** and **23.7%** respectively. Given the robust financial performance in the first six months, the FY 2006 net profit of €615m. seems to be feasible.

Total Assets grew by **22.6%** y-o-y and reached €47.8bn at the end of June 2006, due to the continuous development of Eurobank operations in the fields of Retail & Wholesale Lending, Asset Management and Capital Markets in Greece and in New Europe.

Summary Figures	1H 2006	1H 2005	Δ%
Total Assets (€ bn)	47.8	39.0	22.6%
Gross Loans (€ bn)	30.4	24.4	24.5%
Total Deposits (€ bn)	21.4	17.6	21.6%
Total Revenues (€ m.)	1,092	887.7	23.0%
Core Profit (€ m.)	333.6	265.8	25.5%
Net Profit after Tax & Minorities (€ m.)	318.1	224.7	41.6%
ROA (after tax)	1.39%	1.26%	13bps
ROE (after tax & minorities)	23.7%	21.1%	263bps
Cost to Income	46.1%	47.4%	130bps

► Loans and Funds under Management

Despite intensified competition, the loan portfolio of the Bank expanded very rapidly in the first half of the current year. Specifically, **Group Loans** reached **€30.4bn**, recording an increase of **24.5**% compared to the respective period of 2005, with **Household Lending (**consumer and mortgage loans) growing strongly by 27.8% to €14.6bn and **Business Lending** rising substantially by 21.7% to €15.9bn. The expansion of the loan book in New Europe was impressive, as balances rose by 85% y-o-y to €2.3bn. It is worth noting that net loan additions amounted to €428m. in the second quarter of 2006, or double those in the first quarter of the current year.

Asset quality remained solid, as the total **NPL ratio** remained at **3%**, with accumulated provisions covering **90.1%** of non-performing loans, a ratio which is among the highest in the Greek banking sector. As a result of the prudent risk management policies, provisions to avg. net loans receded to 1.22% in the first half of 2006, from 1.36% a year ago.

Asset Management, results were also very strong, as **Customer Funds under Management** expanded by **22.9%** y-o-y and stood at €39.5bn. In particular, Total Deposits recorded notable growth of 21.6% y-o-y to €21.4bn, whereas mutual funds[1] increased by 15.4% to €6.8bn. Private Banking and Life Insurance businesses performed also very well, as customer funds under management expanded by 14.3% y-o-y to €6.8bn. and by 75.3% to €838m. respectively.

► Sources of Revenues

The leading position of Eurobank in the most profitable market segments and the continuous expansion of its activities in Retail and Wholesale Banking, Asset Management, Private Banking, Insurance and in the wider area of Capital markets (Brokerage services, Investment Banking and Treasury operations) led to a robust increase of **Total Revenues** by **23%** to €1.1bn at the end of June 2006. Revenues stemming from New Europe operations accounted for 12.8% of total income, versus 10.5% a year ago.

The robust expansion of the loan portfolio drove **Net Interest Income** up **20.4%** y-o-y to €758m. In the second quarter of 2006, net interest income amounted to €387m., against €371m. in the first quarter of the current year, a q-o-q growth of 4.3%. At the same time, the net interest margin (net interest income over avg. total assets) remained at 3.3%, which is one of the highest ratios in the domestic market.

Spearheaded by strong Capital Markets and Asset Management related fees, **Total Fees and Commissions** grew by **19.4%** to €250m. Specifically, Net fees from Banking Activities expanded by 23.1% to €220.1m. In particular, fees related to capital markets grew strongly by 133% from €26.6m. to €62m. in the first half of 2006 and fees from mutual funds and assets under management advanced by 18% from €65.7m. to €77.5m. In addition, net fees from insurance activities reached €19.4m., growing by 21.3% on a yearly basis.

Excluding money market funds

Overall, the sum of net interest income and total commission income, that is **Core Revenues,** grew by **20.1%** y-o-y to €1bn at the end of June 2006, accounting for more than 92% of Eurobank's Total Operating Income.

Non-core revenues moved upwards as well and amounted to €83.9m., versus €48.7m. a year ago. Specifically, trading gains from bonds, equities and FX rose to €56.7m., from €40.8m. the first six months of 2005.

► Cost Growth and Efficiency

Eurobank EFG Group has also made remarkable progress in enhancing the efficiency of its operations. The **Cost-to-Income ratio** for the Greek operations fell below 40% to **39.8%,** from 43.8% in the first half of 2005. Including operations in New Europe, the efficiency ratio improved to **46.1%** at the end of June 2006, from 47.4% a year ago. This achievement is of great importance, as the Bank is in an expansion mode and incurs additional costs from the opening of new branches in the domestic market and the region. **Total Expenses** in Greece were up 8.8% y-o-y to €378.9m., whereas Total Costs including New Europe operations stood at €477.6m., rising 13.8% y-o-y on a comparable basis[2] in the first six months of 2006.

► Returns and Capital Structure

The **Return on average Assets** (after tax) reached **1.39%** at the end of June 2006, from 1.26% in the first half of 2005, while the **Return on average Equity** (after tax and minorities) improved significantly to **23.7%**, from 21.1% the respective period of 2005.

Furthermore, Eurobank remained strongly capitalized, with the **Total BIS Ratio** standing at **12.6%** and the **Tier I** Ratio reaching **10.3%** at the end of June 2006. Regulatory Capital amounted to €3.7bn.

► Developments in New Europe

Eurobank operations in New Europe continued to expand successfully in the first six months of 2006. In Romania, together with the deployment of its new branch model and the development of new branches, 20 business centres were rolled out to cater to corporate clients. The network expansion was further accelerated to bring the total number of branches to 210 by year end. At the same time significant growth in corporate, consumer and mortgage loans was achieved in the first half of the year. Leasing products continued to grow at a fast pace with the launch of new products for corporate clients, whereas in the capital markets EFG Eurobank Securities already ranks among the top 10 brokerage houses.

In Bulgaria, the network expansion and optimisation continued, with the number of branches expected to reach 150 by the end of this year. Special emphasis was placed on the promotion of Amex, Visa and Euroline credit cards. Postbank continues to grow, enhancing its market position in all areas, in an environment characterised by the restrictive measures of the Central Bank.

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[2] Excluding expenses in Poland, Turkey and NSB in Serbia which did not exist last year

In Serbia, where Eurobank owns two banks EFG Eurobank A.D. Beograd and Nacionalna Stedionica Banka (NSB), the latter started the distribution of the retail and deposit products of the former with good results. The recorded growth stands above the market in both retail lending and deposits and leads to significant market share gains. Preparations are underway for a full merger between EFG Eurobank A.D. Beograd and NSB before the end of the year in order to create one strong bank for the Serbian market with extensive nationwide branch coverage –100 branches- combining the strengths of the two banks.
In Poland, Polbank EFG has a fully operational network of 28 branches at the end of June 2006. Polbank EFG continues to bring innovative products to the market gaining clients preference and trust.

In Turkey, EFG Istanbul Securities continues to gain market shares and to contribute to Eurobank commission income and profitability. The completion of the acquisition of Tekfenbank should further help our operations in the neighbouring country.

Furthermore, Eurobank's agreement to acquire 99% of Universal Bank in Ukraine is a decision of strategic importance. Universal Bank activities are focused on Western Ukraine. The bank operates a network of 32 branches and has ca. 480 employees. Universal Bank employs a variety of distribution channels and offers a wide range of retail and commercial banking products, insurance and investment products, factoring, term financing and custodian services to institutional investors.

Ukraine is expected to experience high rates of economic growth in the medium-term and therefore the acquisition of Universal Bank allows Eurobank to enter an attractive market. The acquisition of Universal Bank in Ukraine follows the roll out of a branch network in Poland and the acquisition of Tekfenbank in Turkey and is consistent with the announced strategy of Eurobank EFG group to expand its activities in the most important markets of Southern and Eastern Europe.

Summary Figures (€ m.)	1H 2006	1H 2005	Δ%
Net Interest Income	758.0	629.5	20.4%
Net fees & Commissions	220.1	178.8	23.1%
Non banking fees	29.9	30.7	-2.4%
Core Income	1,008.0	839.0	20.1%
Non core income	83.9	48.7	72.2%
Total Operating Income	**1,091.9**	**887.7**	**23.0%**
Operating Expenses	502.9	420.6	19.6%
Impairment losses on loans	171.5	152.6	12.4%
Core Profit	**333.6**	**265.8**	**25.5%**
Profit before tax after minorities	416.5	314.8	32.3%
Net Profit	**318.1**	**224.7**	**41.6%**
Gross Loans	30,446	24,447	24.5%
Deposits	21,411	17,601	21.6%
Total Assets	47,812	38,983	22.6%
Total Equity	2,491	2,167	15.0%

Portfolio of Loans (Gross, € m)	1H 2006	1H 2005	Δ%
Consumer Loans	7,350	6,265	17.3%
Mortgages	7,243	5,157	40.5%
Loans to Households	**14,593**	**11,422**	**27.8%**
Small Business Loans	4,620	3,453	33.8%
Loans to Medium enterprises	6,489	5,265	23.2%
Loans to Large Corporates	4,744	4,306	10.2%
Business Loans	**15,853**	**13,024**	**21.7%**
Total Gross Loans	**30,446**	**24,447**	**24.5%**

Assets Under Management (€ m)	1H 2006	1H 2005	Δ%
Deposits & Other liquid funds	22,731	20,338	11.8%
Mutual Funds	6,783	5,875	15.4%
Other investment products	10,010	5,943	68.4%
Total Funds under Management	**39,524**	**32,157**	**22.9%**

Financial Ratios	1H 2006	1H 2005
Net Interest Margin	3.3%	3.5%
Cost-Income	46.1%	47.4%
NPLs (% of loans)	3.0%	3.0%
NPLs coverage	90.1%	91.4%
Provision Charge (% of loans)	1.22%	1.36%
Tier I Ratio	10.3%	8.4%
Total Capital Adequacy	12.6%	10.9%
ROA after tax	1.39%	1.26%
ROE after tax and minorities	23.7%	21.1%
EPS annualised (€)	1.56	1.19