

EFG EUROBANK ERGASIAS GROUP FULL-YEAR 2001 RESULTS



Bank of the Year 2001
The Banker

EUROMONEY

**Award of
Excellence-2001**

**Best Equity
House 2001**
Euromoney



Best e-banking website
PC Magazine

Hosts and Table of Contents

Mr Nicholas Nanopoulos CEO

Mrs Paula Hadjisotiriou, CFO

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FY 2001 - Financial Highlights (IAS)

- **Strong business volume growth:**
 - robust growth of 27% in loans to € 10.6 bn
 - deposits growth of 14% to € 15 bn
 - total assets growth of 13% to € 19 bn
- **Total operating income up 4.5% to €935 m**
 - Net Interest Income up 21% to € 611 m
 - Core income up 8.4% to € 854 m
- **Operating costs expansion decelerating further**
 - personnel and other administrative expenses up by 6.4%
- **Group Net Profit up 3% to €206 m**
 - Group EBT stable at € 322m

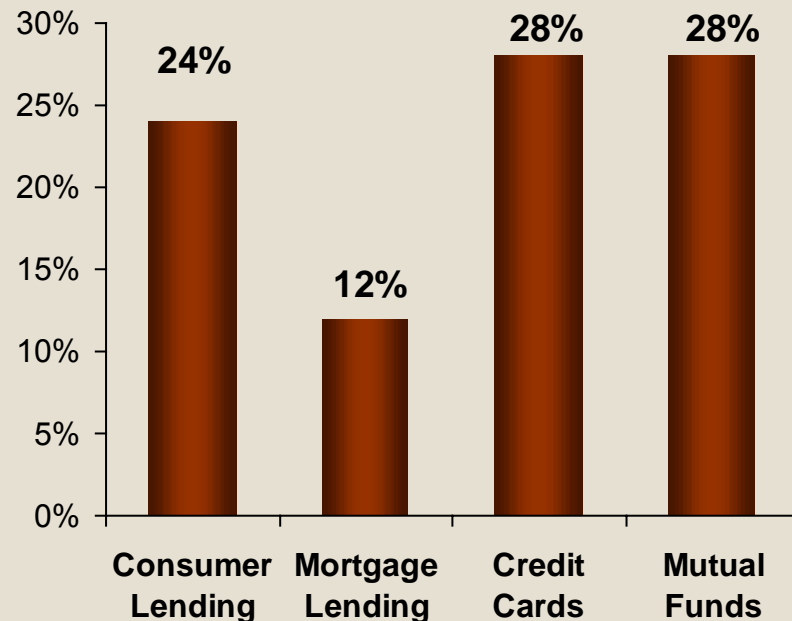
FY 2001 BUSINESS REVIEW

Indisputable Bank of Choice in Retail Banking

Dominant position

- No 1 in consumer lending
- No 1 in credit cards
- No 2 in mortgage lending
- No 1 in mutual fund mgmt

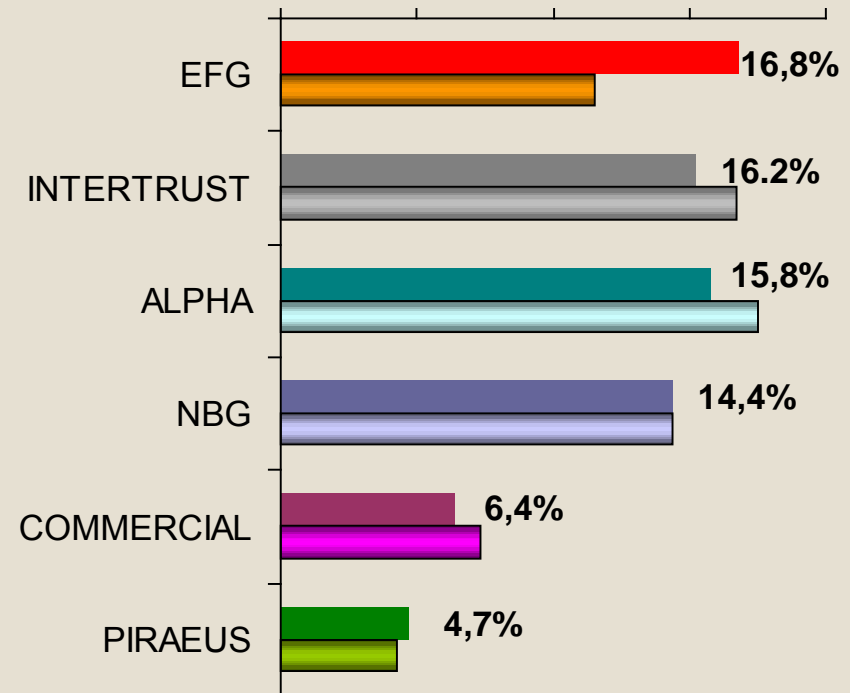
Market shares 2001



Leading Manager of People's Wealth

Mutual Funds (excl. Money Market)

Market shares per Banking Group

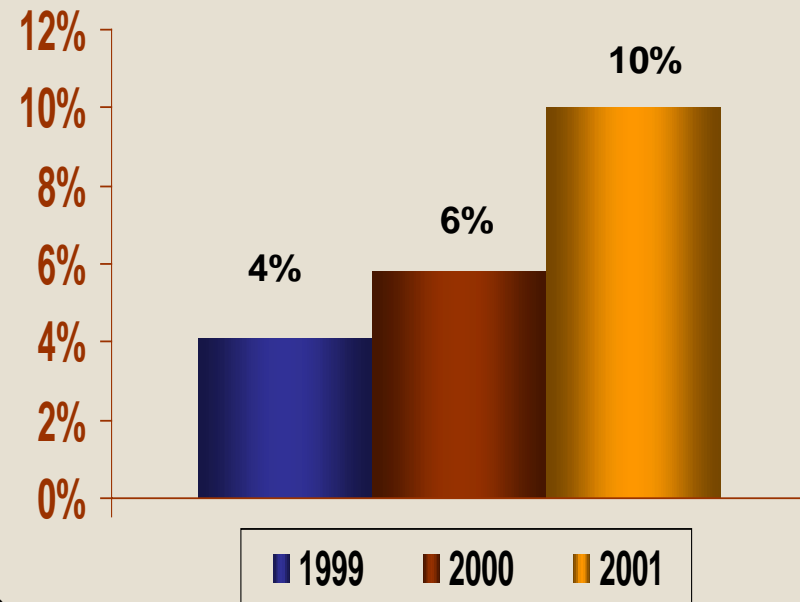


Upper band = Dec 2001 Lower band = Dec 2000

Capital Markets: Leading Position

- Winner of **Best Equity House 2001 Award of Excellence** by *Euromoney* magazine
- Leading in IPO underwriting with 19% in 2001
- Ranks first in secondary equity with 10% in 2001, from 6% at end-2000
- Strong advisory presence (Government and private)
- Leading Institutional Asset Manager
- Merger with Ergo Securities and Telesis Securities completed
- Leading position in the Athens Derivatives Exchange
- Strong and effective Treasury Sales Team

Brokerage Market Share



International Recognition

Standard & Poors'
BBB+/A-2



Bank of the Year 2001
The Banker

Moody's
A-3/P-2 /C

**The only Greek Bank to receive a
'C' rating in financial strength**

EUROMONEY

**Award of
Excellence-2001
Best Equity
House in Greece**

Best Equity House 2001
Euromoney

Fitch IBCA
A-/F2/ B/C - 2

**The only Greek Bank to have a
"B/C" individual rating**



Best e-banking website
PC Magazine

Current challenges and initiatives

- **Interest Income**
- **Cross-Selling**
- **Commission Income**
- **Cost Control**
- **Branding and Quality**
- **Regional Presence**
- **Risk Management**
- **Sound Corporate Governance**

Interest income: Sustaining the net interest margin

- **EFG Eurobank Ergasias resists price competition and maintains satisfactory margins in key segments**
- **Competitive advantage based on high quality services, organisational flexibility, superior products and branding**
- **Partial rebound of margins in corporate loans**
- **Sound asset mix**
 - Limited dependency on government and corporate bonds
 - Profit-oriented loan mix
 - Low gearing and Loans at 71% of Deposits (including Repos), indicative of potential for future growth

- **Untapped cross-selling potential**

- Segmental approach to clientele and matching organisational structure is a solid basis for improving the cross-selling ratio
- Unified IT platform in Eurobank and Ergasias branches from summer 2002 leading to full integration of physical networks
- Upgraded CRM system will allow for full exploitation of cross selling opportunities

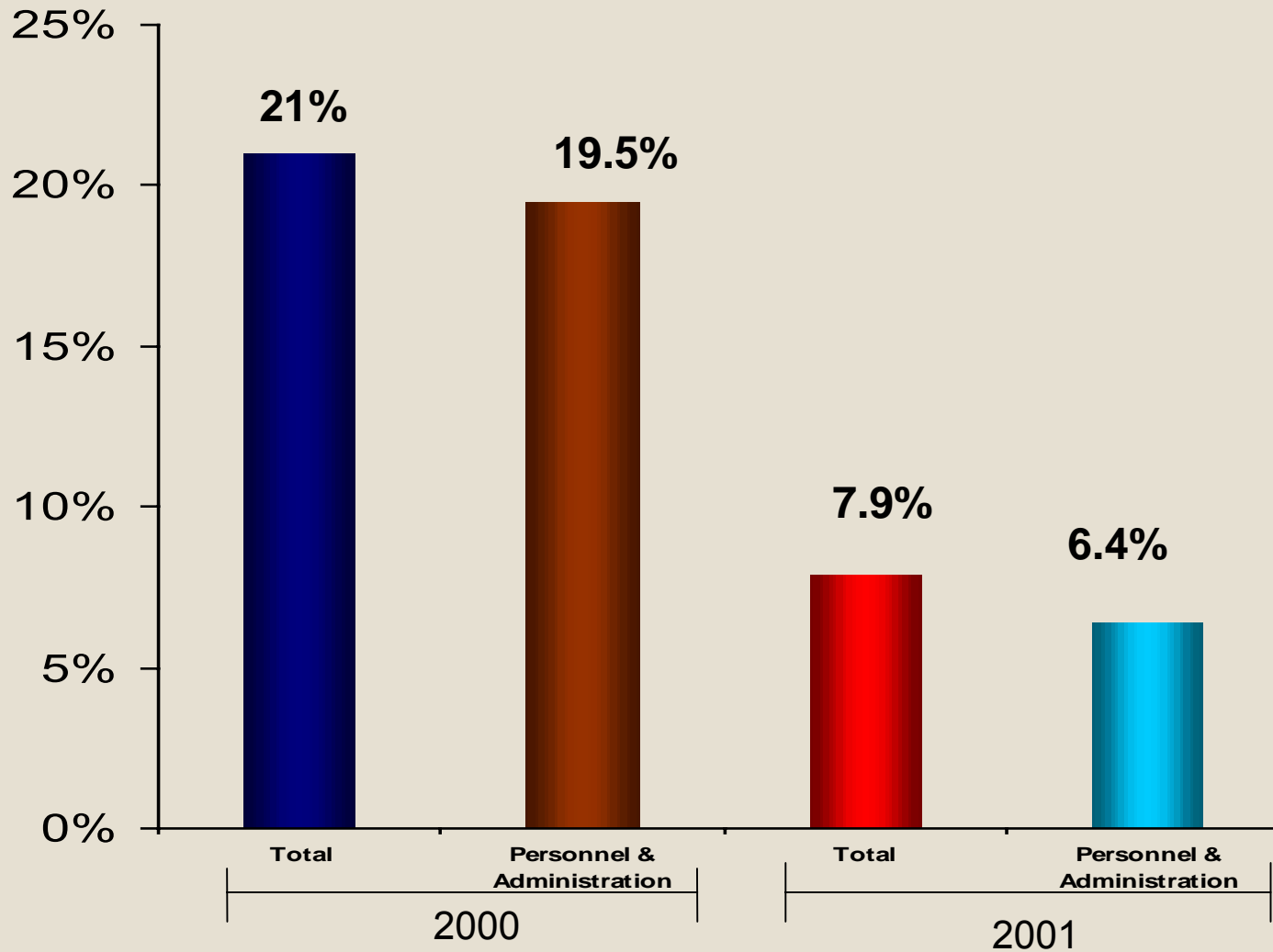
- **Recovering despite adverse market conditions**

- Market share gain in Greek secondary equity brokerage
- Launch of international secondary equity brokerage services
- Market share gains in investment banking activities
- Dedicated Treasury sales teams

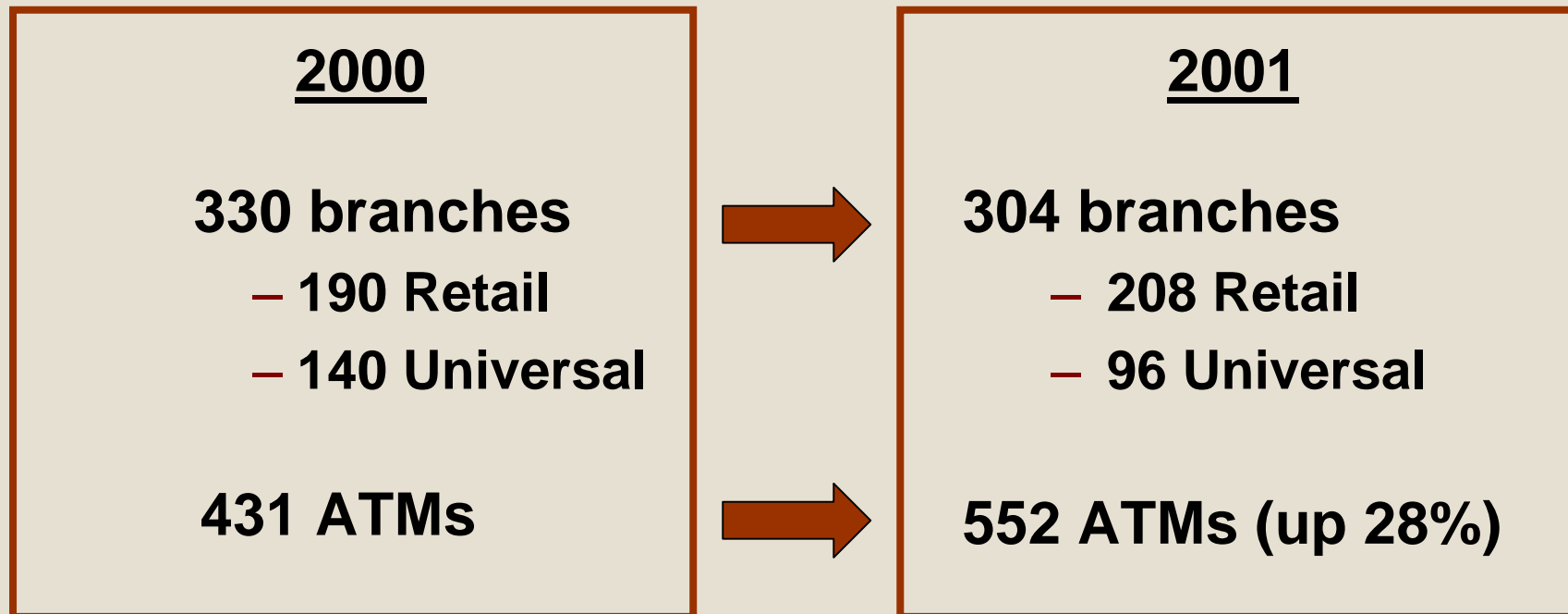
Cost containment initiatives bearing fruit

Cost expansion rates 2001

(% - Year-on-year)



Efficient network restructuring



– *New Open 24 network (37 points of sale)*

Successful branding- Service and product quality

Visible and valued brand

- Successful advertising campaigns and vendor alliances have led to a direct association of the *Eurobank* brand name especially with retail loan and investment products

Quality in systems and services

- Internal organisation in place to monitor the quality of products and the quality of services offered to clients and manage customer complaints
- Establishment of *Quality Management Services S.A.* to measure and overview quality issues at the retail network, in order to improve service delivery
- ISO qualifications in most areas of operations and services, including Human Resource Management, Custodian Services, Payment Services

Regional presence: low- entry strategy expected to pay off

Banc Post (Romania)

- Holds 4% of the market in assets, loans and deposits
- Loans up 40%, deposits up 25% in 2001
- Leader in consumer credit with 6.5% market share and over 500k credit/debit cards
- Strong presence in the SME market
- Network restructuring project underway
- EFG plans to increase its current stake of 19.25% to a total of 36.25%

Bulgarian Post Bank

- Holds 5% of the market in assets
- Loans up 70%, deposits up 25% in 2001
- Market shares of 5-7% in key areas, leader in car loans
- Leading Treasury position
- EFG Bank Group with AIG control 86%

Reliable Credit Risk management

- **Best practice credit process, with full segregation of duties**
 - **Defined and centralised approval authorities linked to credit ratings and full financial analysis**
 - **Independent credit administration**
 - **Independent credit review and follow up**
 - **Differentiated credit scoring system for consumer credit and small business loans, independent valuation of collateral for mortgage loans**
- **Limit and watch list system for industry sectors**
- **Risk weighting of different products as per EFG Bank Group Guidelines**
- **Country exposures controlled through a grading structure**
- **Defined provisioning policy**
- **Strong collection departments**
- **Specific EFG Bank Group advisory role for all bank counter-parties and large non bank counter-parties**

Efficient monitoring of market, liquidity and operational risk

- The Bank applies international best practice in the management of market, liquidity and operational risk, including VAR methodology and stress testing, and is regulated by authorities both in Greece and Switzerland.
- Segregation of duties relating to origination, approval, administration and control.

Market Risk

- Foreign exchange exposures and interest rate gaps handled only by Treasury, limits also set using VaR methodology
- Proprietary trading on a closely controlled basis
- Overall EFG Bank Group advisory role

Liquidity Risk

- Liquidity policy reviewed regularly
- Business expansion linked to the increase of liabilities
- Liquidity vs limits monitored continuously under two different liquidity scenarios, according to BoG Liquidity rules and the EFG Bank Group Guidelines

Operational Risk

- Standardised procedures
- Continuous staff training and staff Code of Conduct
- IT support
- ISO qualification for Custody, Payment Services, etc.

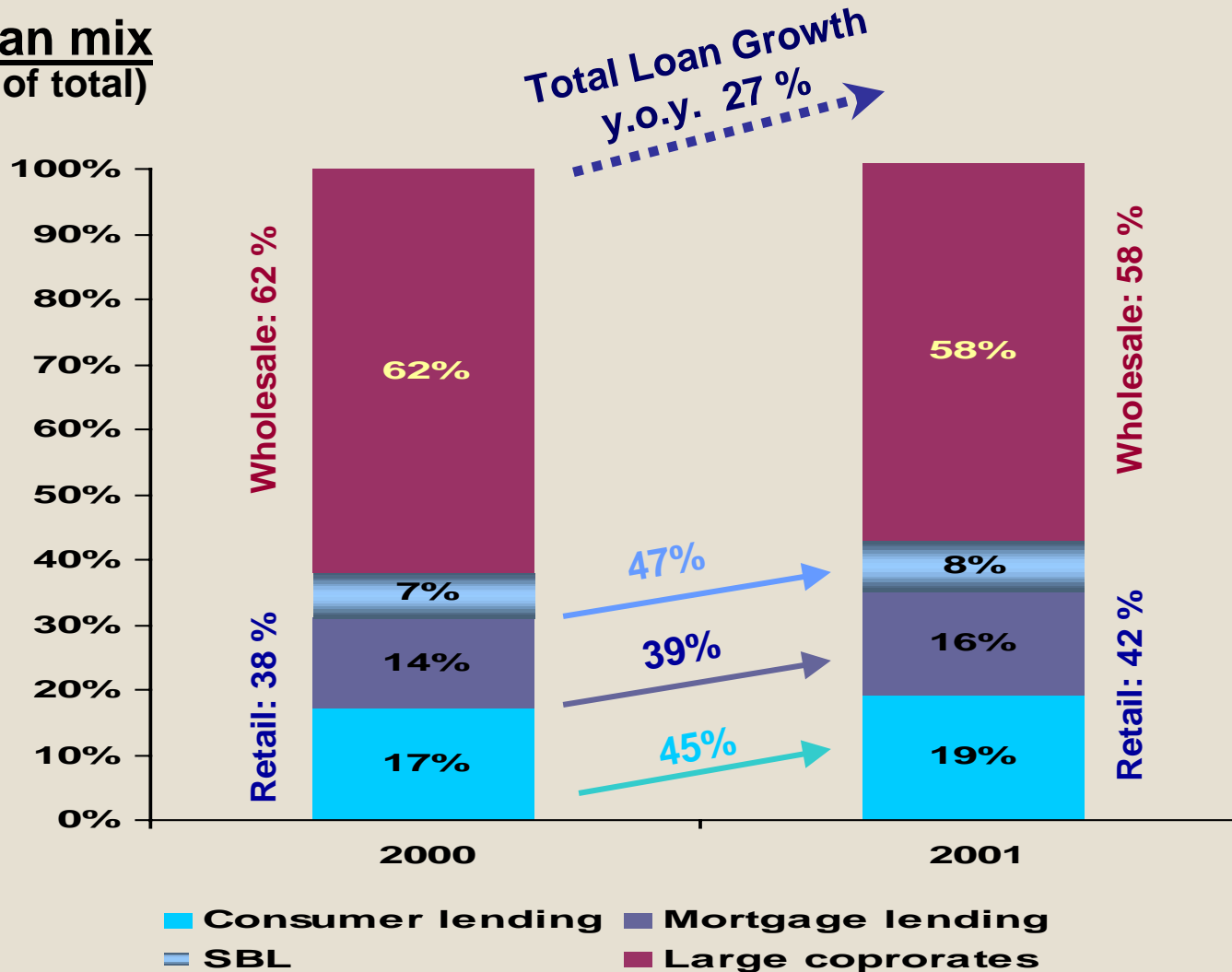
Sound Corporate Governance

- **Professional management**
- **Transparent, accurate reporting**
 - Reporting in IAS since inception (1991)
 - Only Greek bank to deliver quarterly IAS accounts
- **Emphasis on informing and servicing shareholders**
 - Professional IR unit, separate Shareholders' Registry, separate Unit for Corporate Announcements
- **Strict Internal Controls**
 - Internal Audit reports directly to independent Audit Committee which consists of Non-Executive members of the Board
 - The first organisation other than International Audit Firms to obtain authorisation to train Chartered Accountants outside the UK
 - Highest percentage of internationally qualified auditors among audit divisions in Greek banks
- **Greek and International external supervision**
 - Supervised by the Bank of Greece, the Capital Markets Commission, the Athens Stock Exchange and the Swiss Federal Banking Commission

2001 FINANCIAL REVIEW

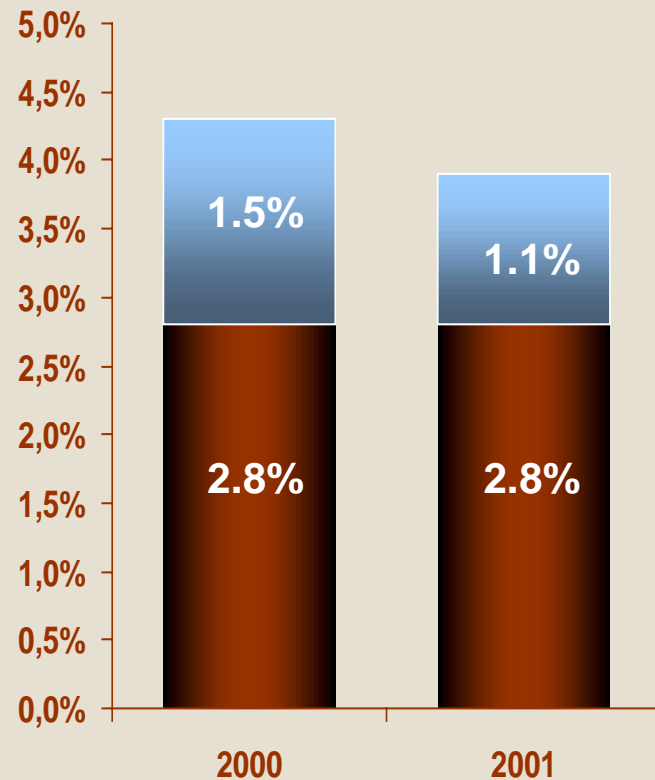
Strong loan growth with further shift to retail banking

Loan mix
(% of total)



High asset quality maintained despite robust loan growth

- Quality maintained with NPLs at 3.9% of total loans (organic NPLs at 2.8%)
- NPL coverage remains high above 80%



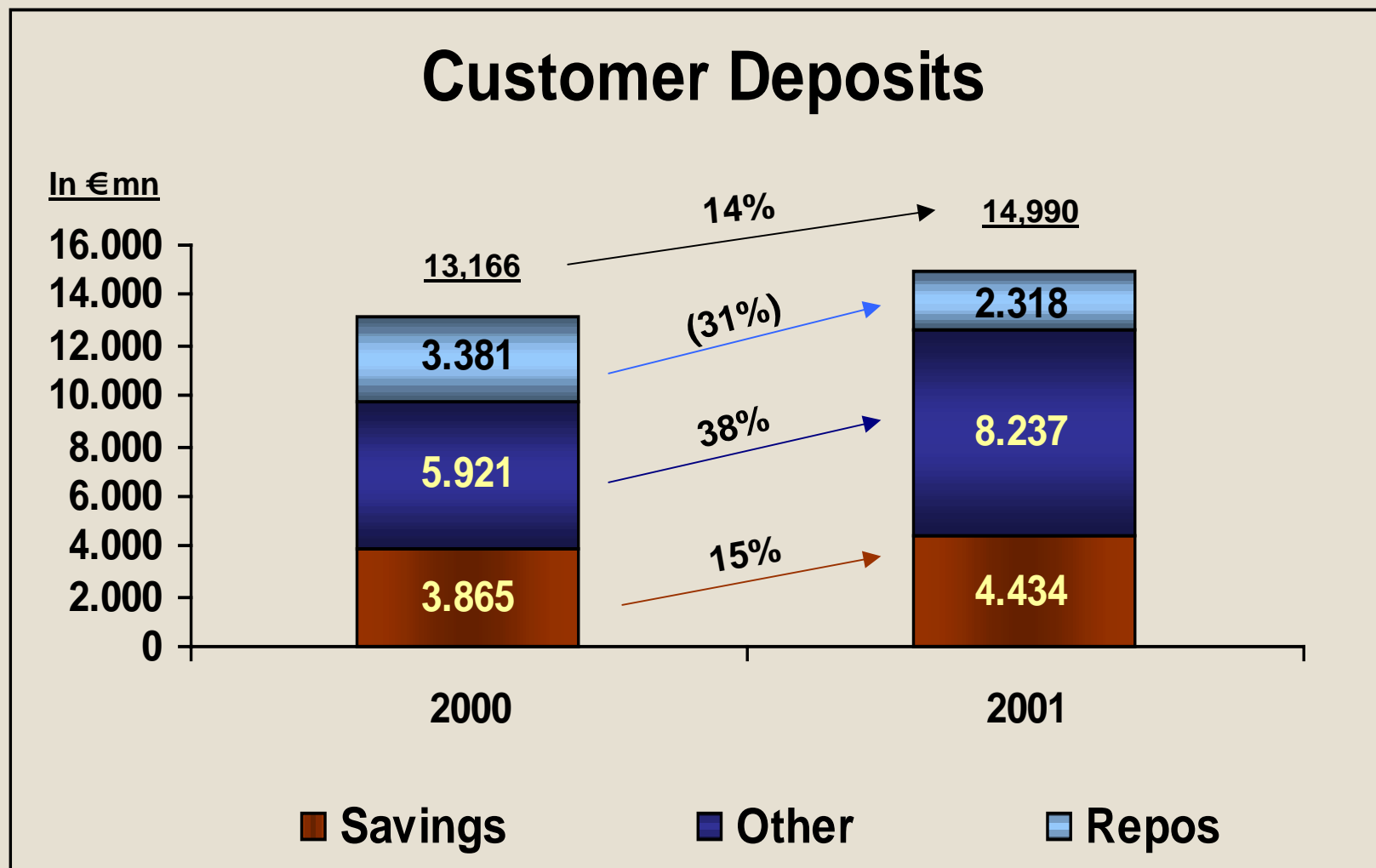
Organic NPL's:

Retail loans: 0.8% - 4.1%
(avg. 2.2%)

Wholesale loans: 1.3% - 4.6%
(avg. 3.0%)

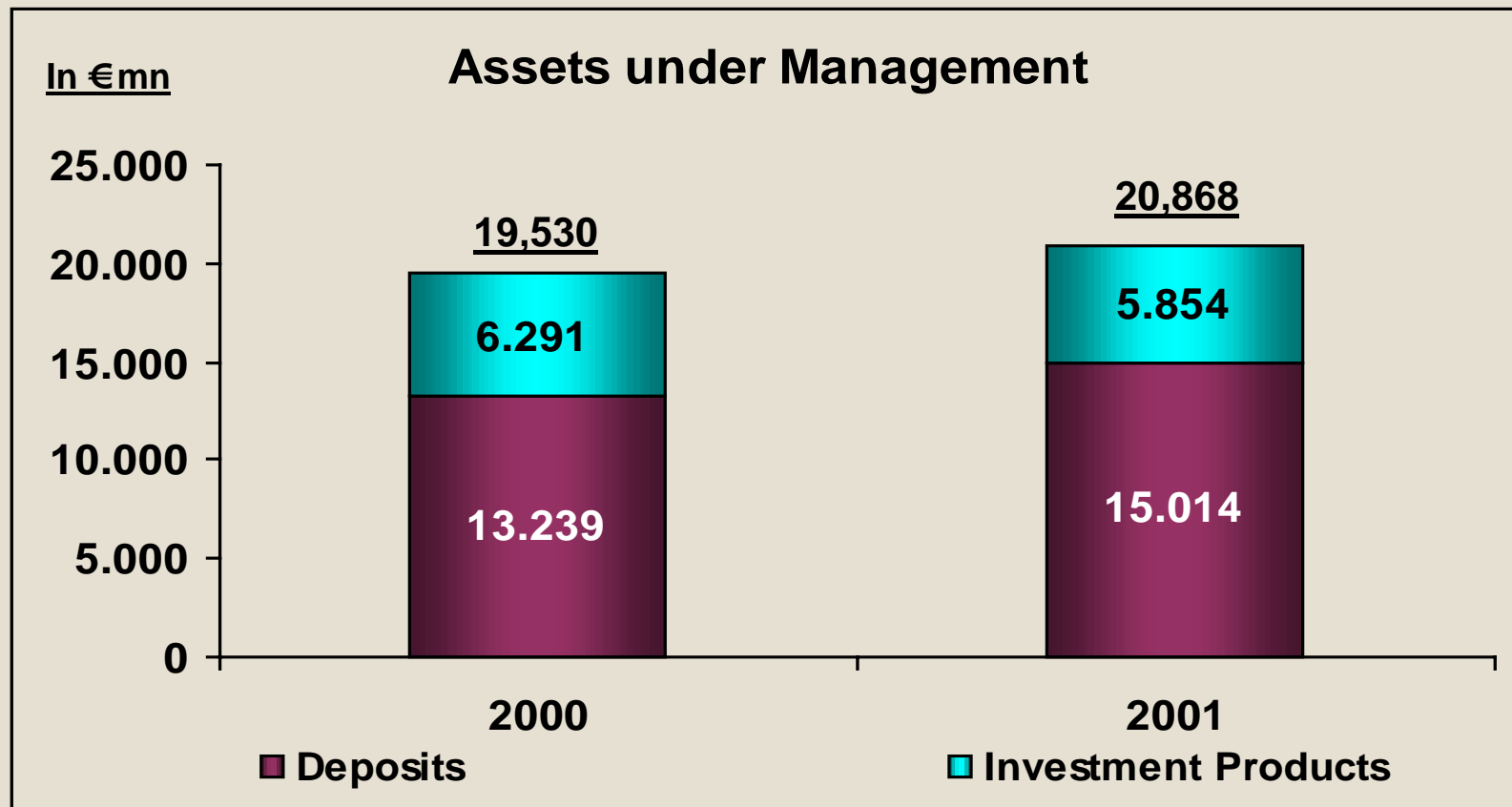
■ Organic NPLs ■ NPLs from Bank of Athens and Cretabank

Substantial growth in customer deposits



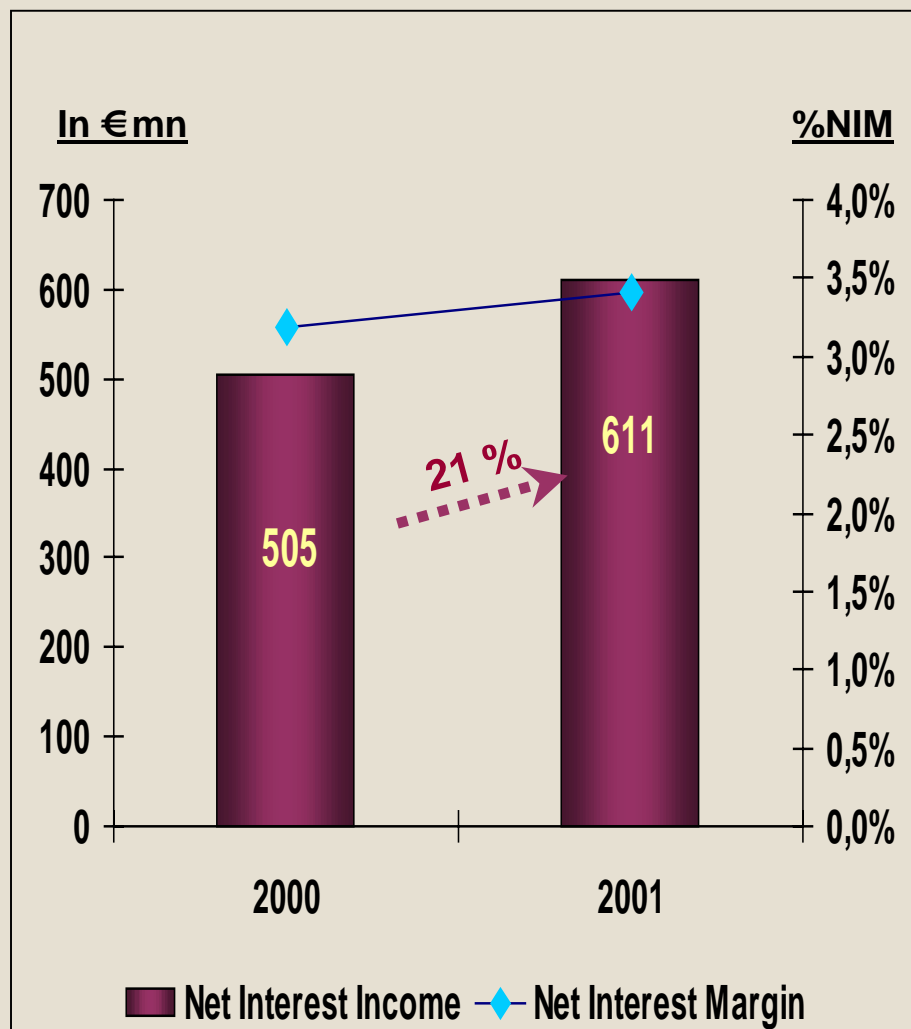
AUM up 7.2% despite ASE drop

Total Assets Under Management up 7% to €21 bn y.o.y

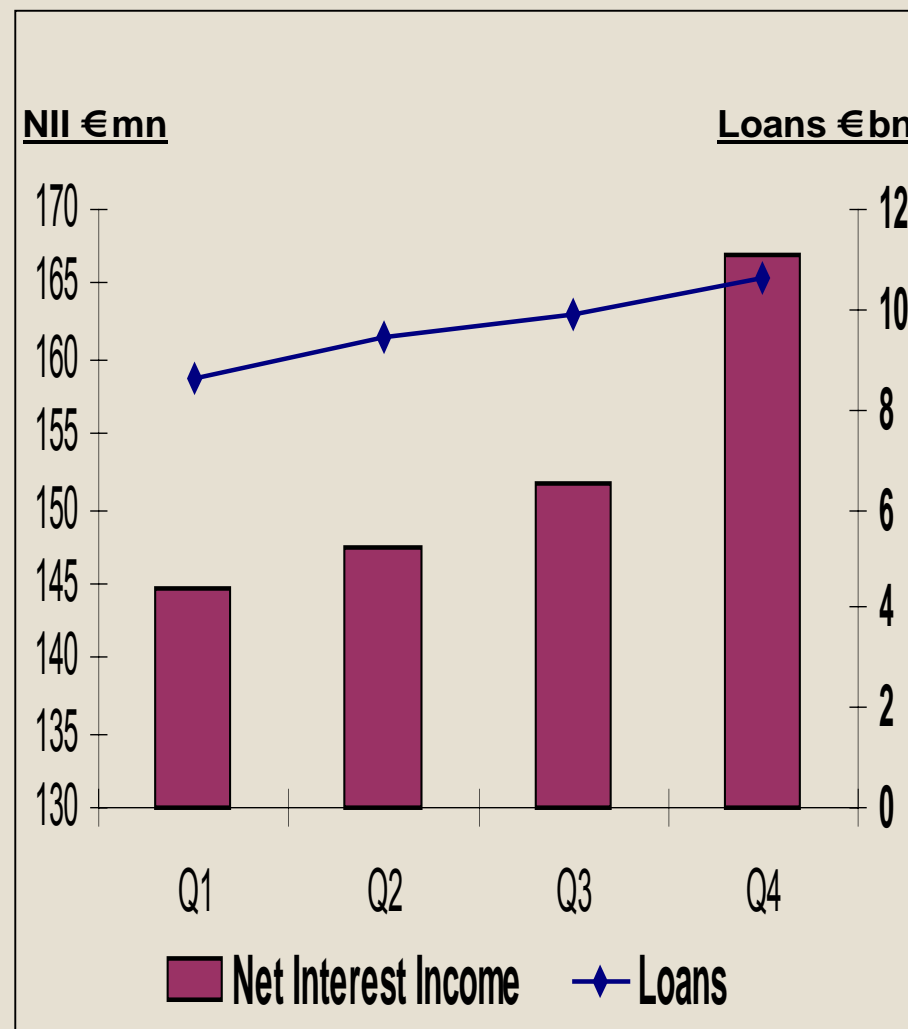


Net Interest Income up 21% with Net Interest Margin over 3%

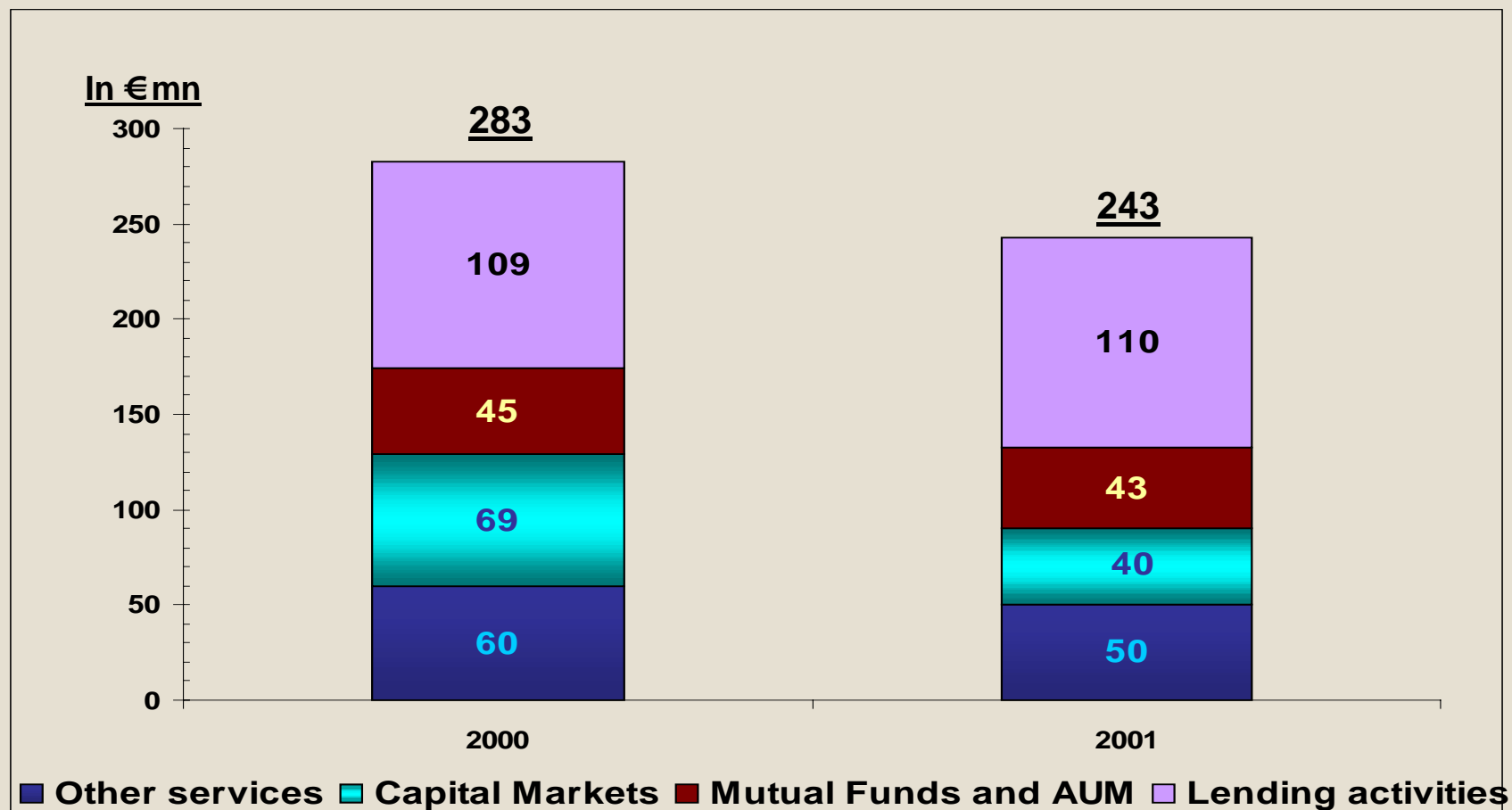
Strong growth both on a yearly basis



...and on a quarterly basis



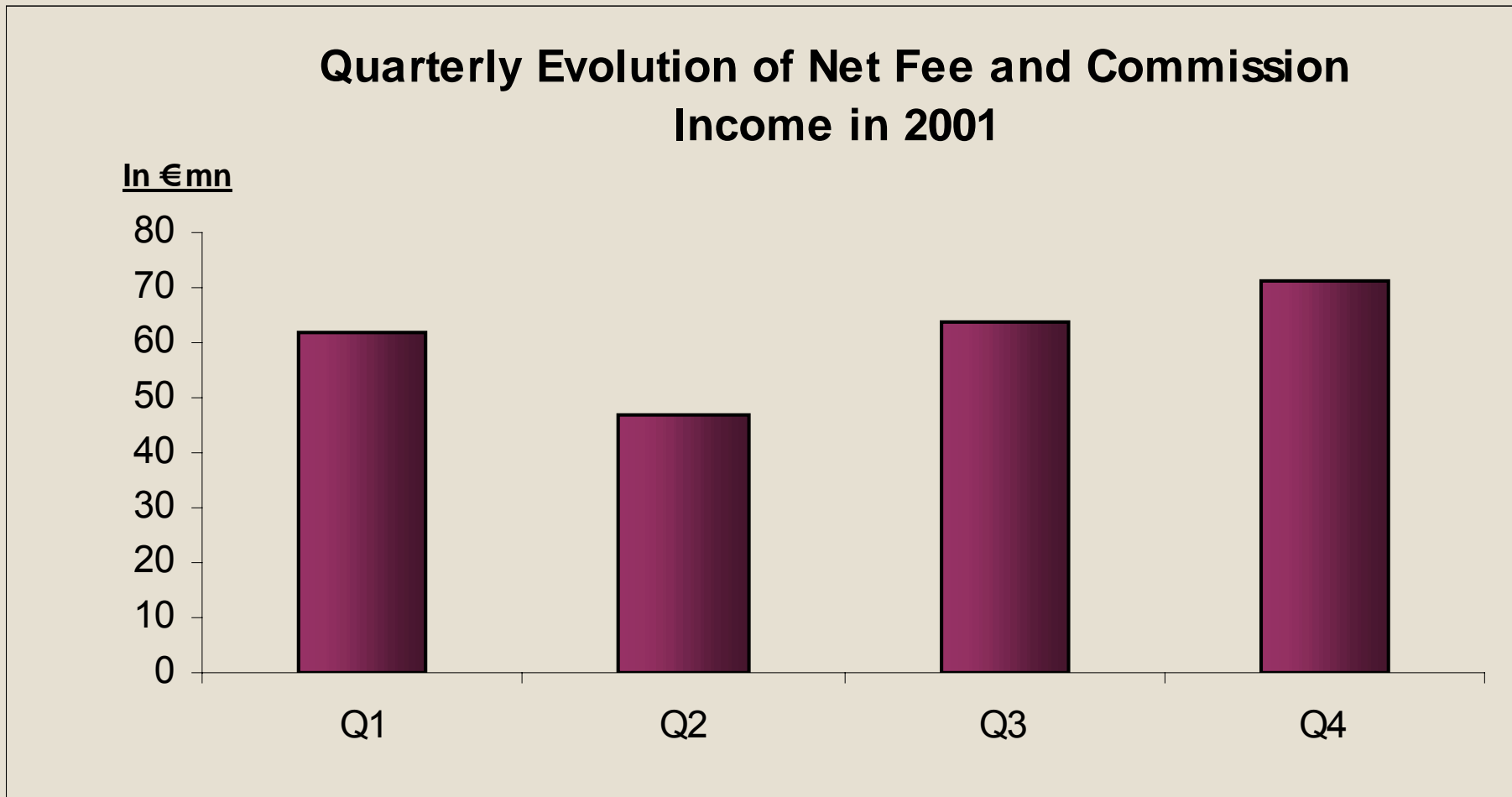
Commission and Fee Income weakened.....



- ASE average daily turnover fell 58% in 2001
- ASE- related commissions less than 15% of total

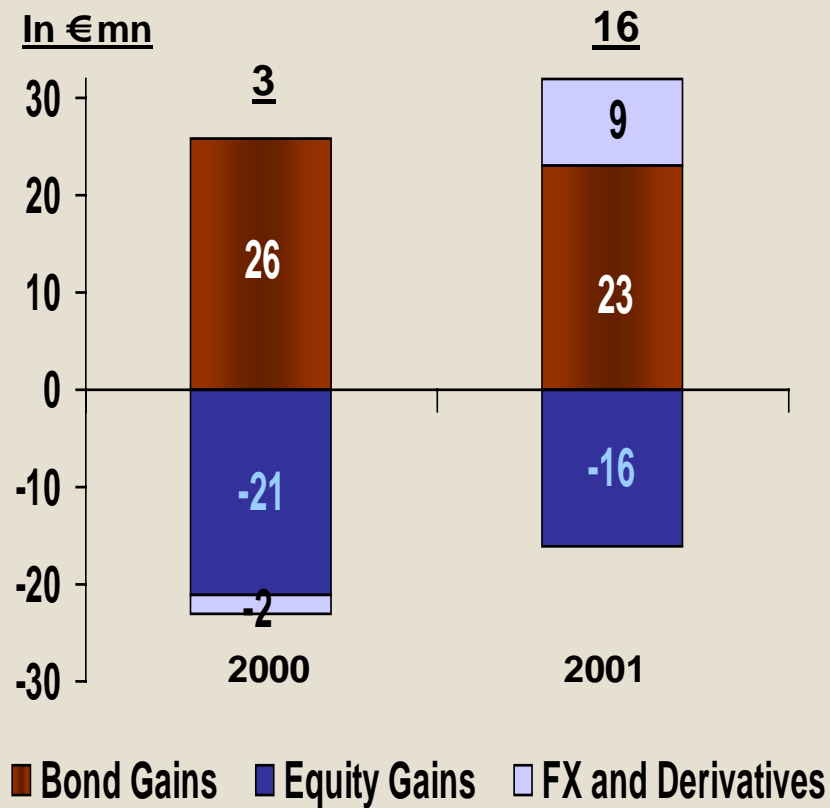
....but recovered in Q3 & Q4

Significant recovery of 36% & 12% in the last two quarters

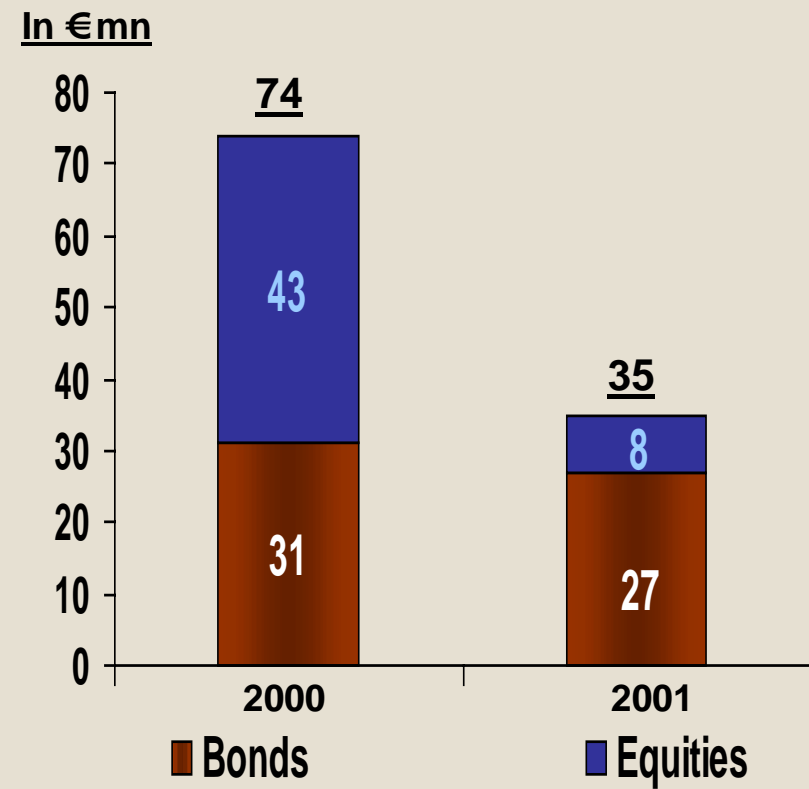


Trading and Other Securities Income

Trading Income



Gains less Losses from Other Securities

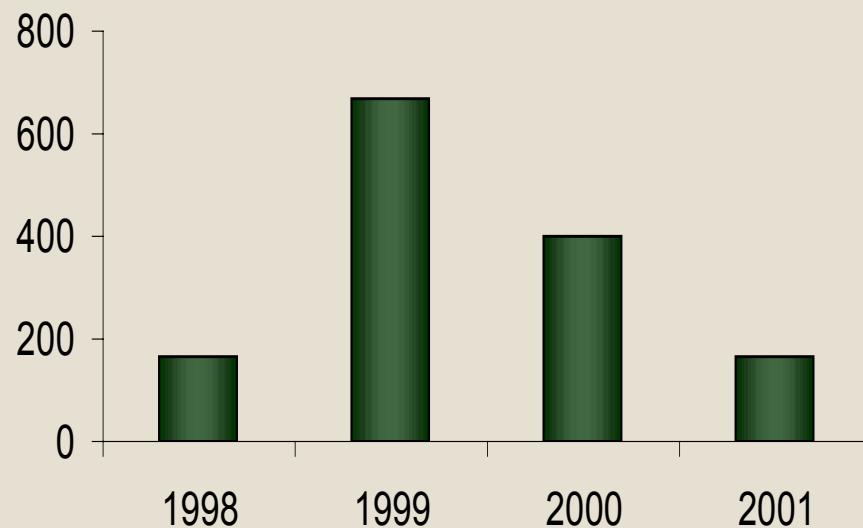


Commissions and Trading affected by the ASE correction

- The ASE Composite lost 39% in 2000 and a further 25% in 2001, bringing total Mkt. Cap to 75% of GDP
- ASE turnover as well as funds raised through IPOs and rights issues have returned to pre-1999 levels

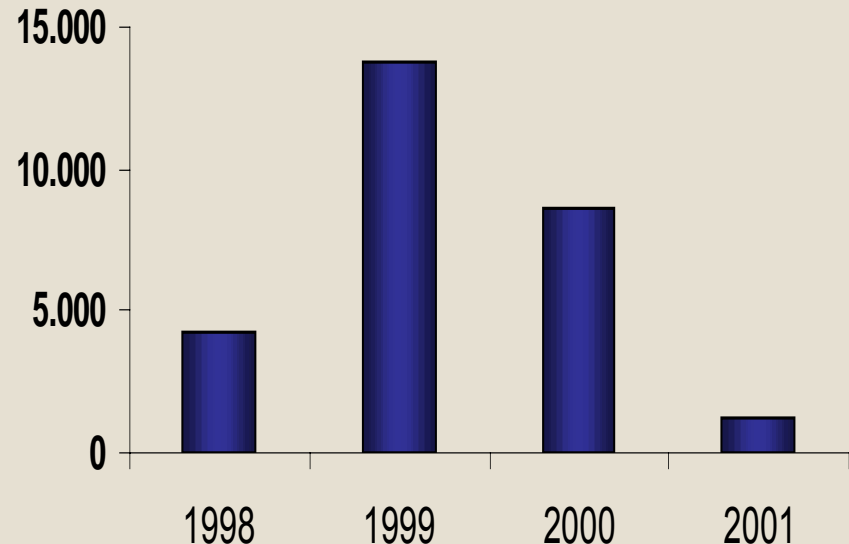
ASE Average Yearly Turnover

In €mn

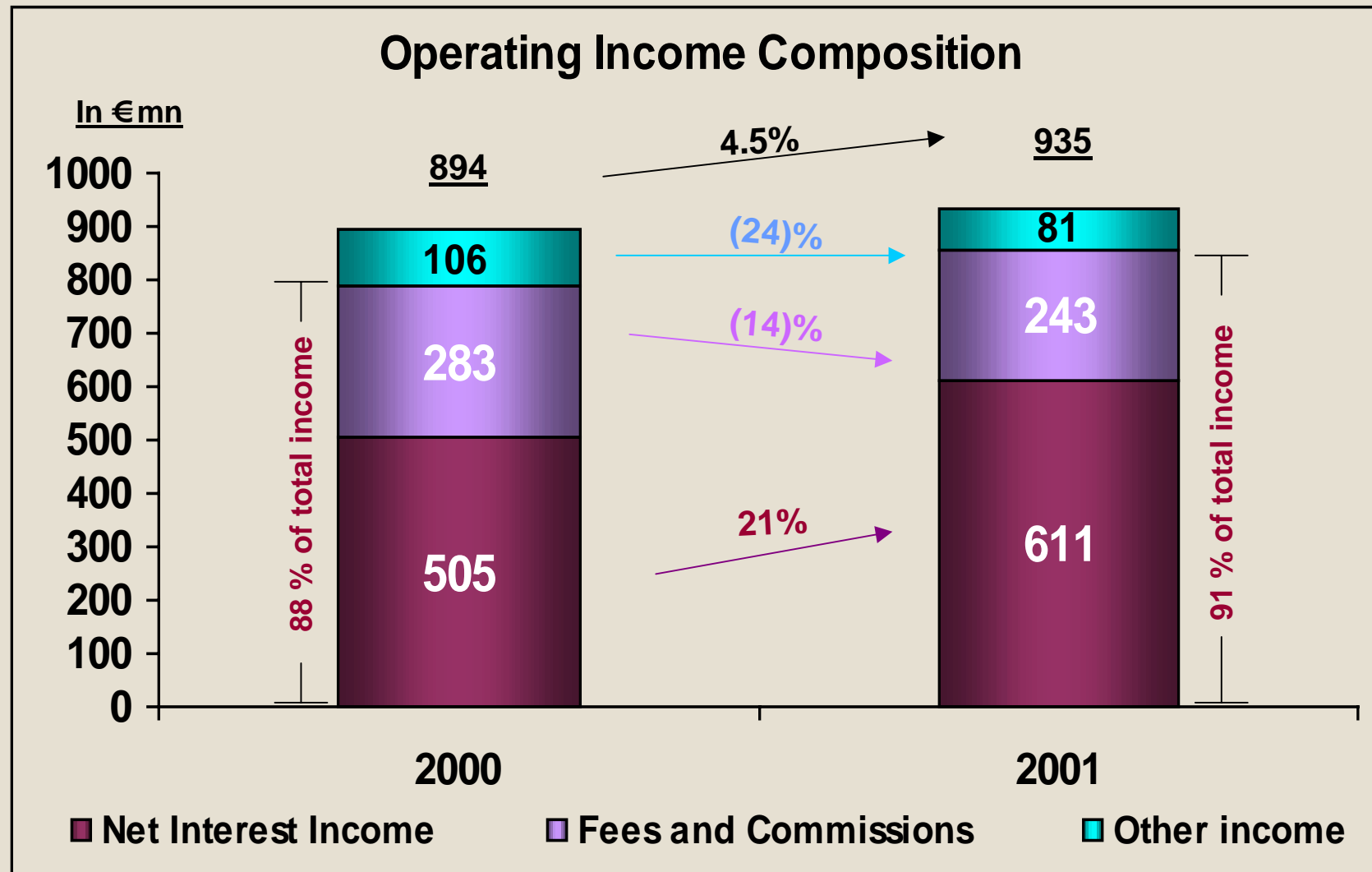


Funds raised through IPO's and Rights Issues

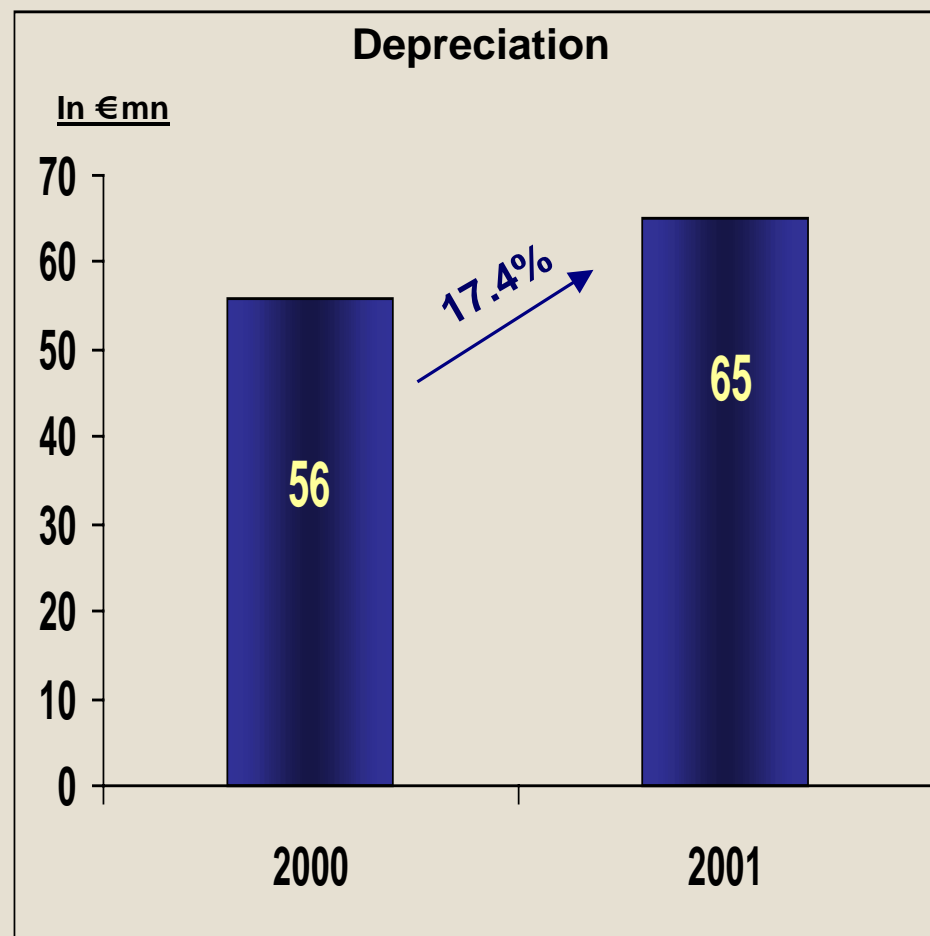
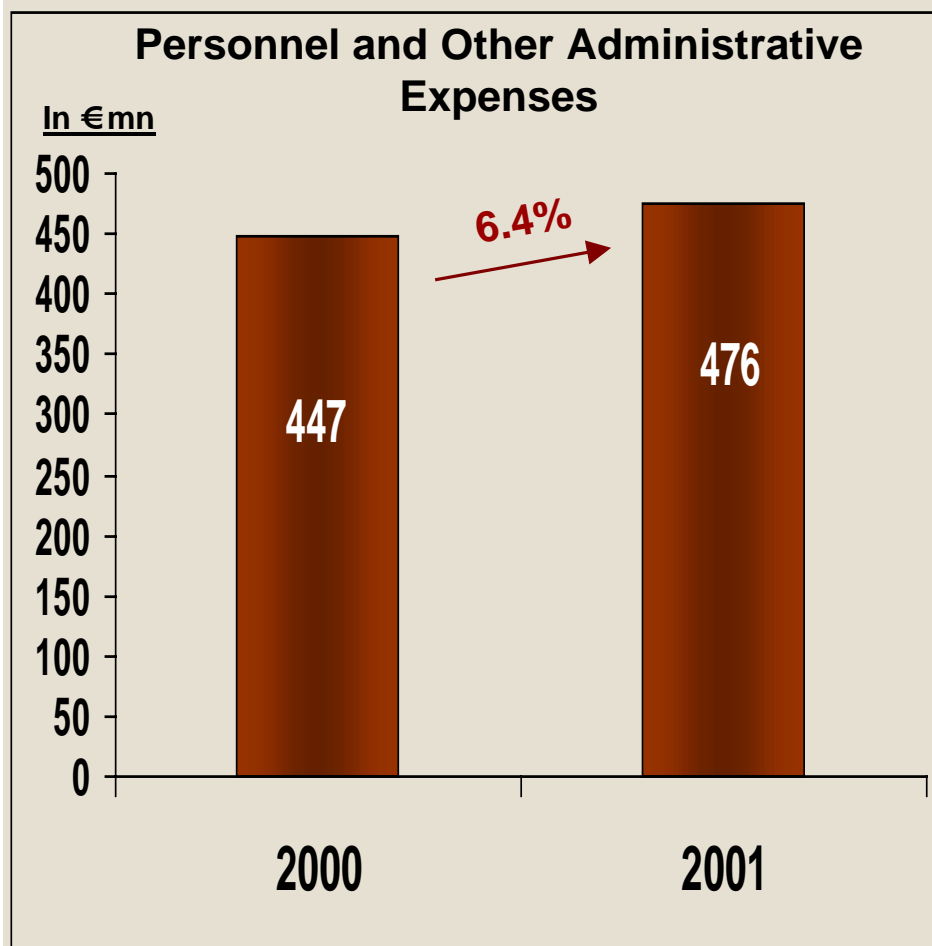
In €mn



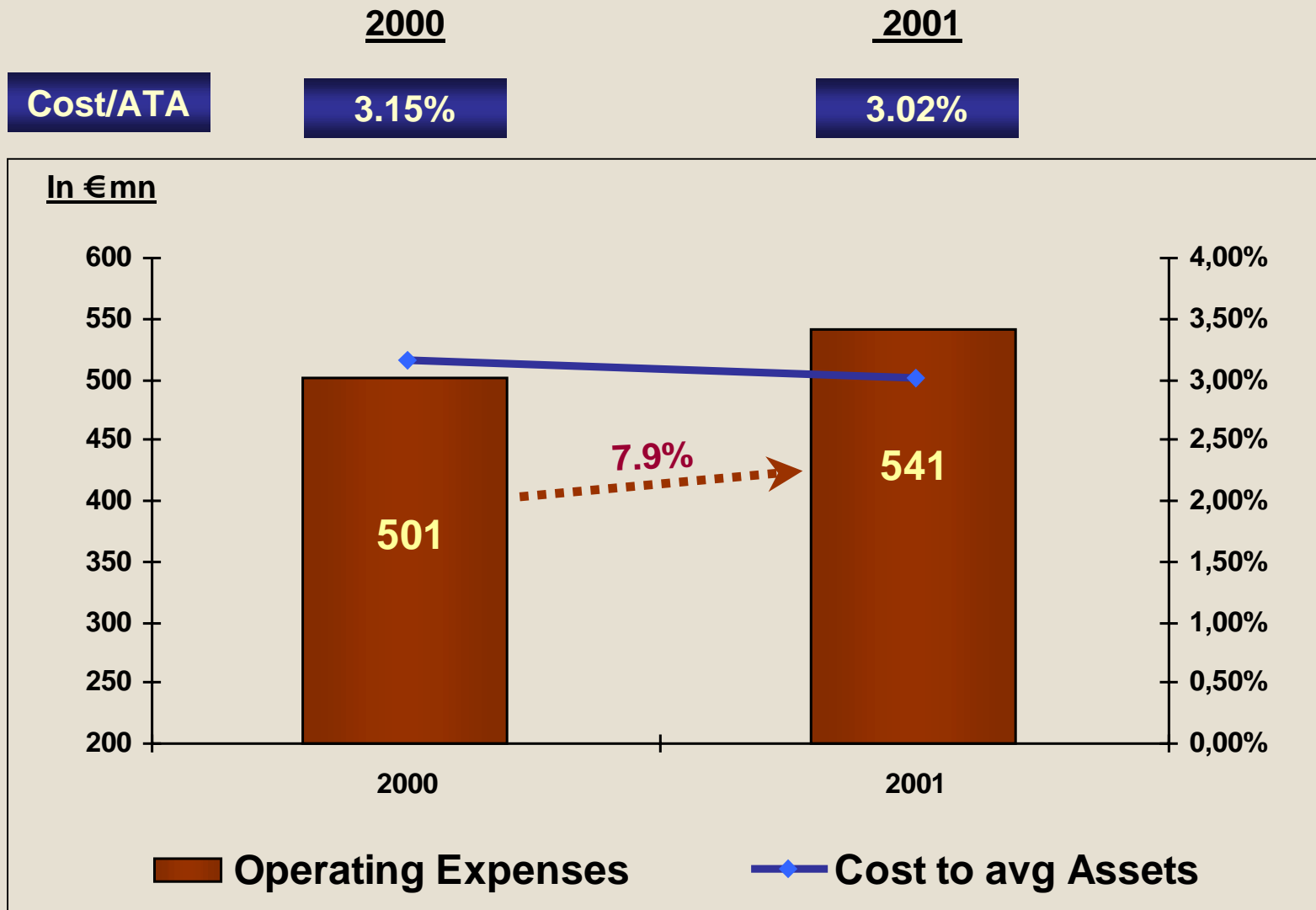
Operating Income growth at 4.5% driven by rise in Net Interest Income



Operating Expenses: decelerating

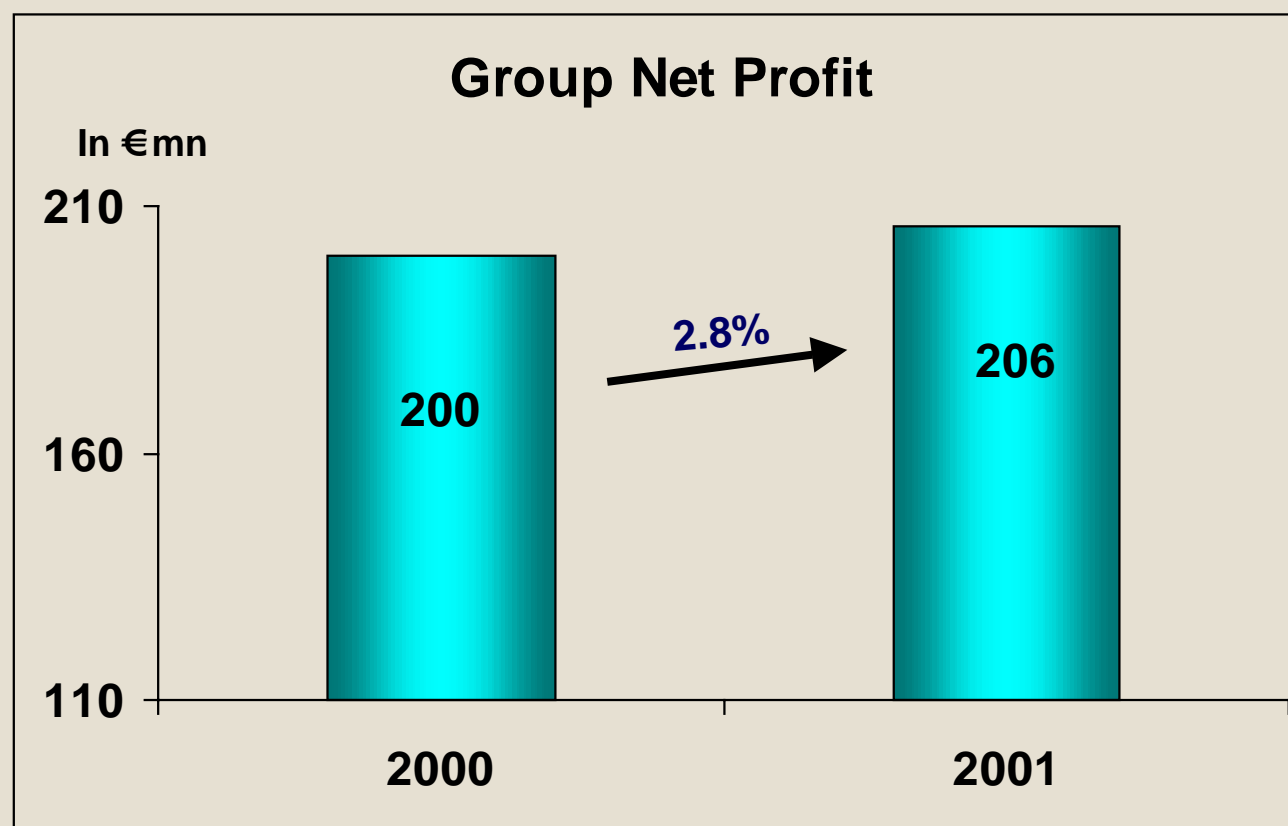


Cost to assets ratio improving



Increase in net profits

	<u>2000</u>	<u>2001</u>
RoE (1)	10.5%	11.2%
RoA (2)	1.42%	1.20%



2001 - Financial Highlights (IAS)

- Net Interest Income up 21% to €611m, generated mainly from loans
- Net interest Margin above 3%
- Commissions recovering in Q3 (by 36%) and Q4 (by 12%), accounting for 26% of total income in 2001
- Operating costs expansion containment continues
 - personnel and other administrative expenses up by 6.4% y.o.y.
- Cost / Income ratio at 57.9% compares favourably with competitors
- Group Net Profit up 2.8% to €206 m
 - 91% of total operating revenues generated from organic sources (interest and commission income)
- Return on Assets (pre-tax) at 1.9%
- Return on Equity (pre-tax) 17.6%
- Tier 1 Capital Adequacy at 14%

Our medium-term goals

	<u>2000</u>	<u>2001</u>	<u>Target</u>
Net interest margin	3.2%	3.4%	> 3%
Commissions (% of operating income)	31.6%	26%	~ 35%
Cost-to-income	56.2%	57.9%	< 50%
Return on Assets (after-tax)	1.4%	1.2%	> 1.5%
Capital Adequacy (Tier 1 only)	16.3%	14%	7-8%

Optimisation of Return on average Equity to a sustainable 15%

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