

## NATIONAL BANK CONFERENCE CALL

Banking Sector

Flash Alert  
9M 2005 Results

### Tips from the Conference Call (Thursday, 24 November 2005) on 9M 2005 Financial Results

[9M Results 2005 presented by A. Thomopoulos, CFO, and P. Mylonas, Chief Economist of NBG]

#### Financial Highlights made by the Management

- ⊙ Nine-month 2005 results re-enforce the shifting of NBG from a corporate to a retail lender in Greece and South Eastern Europe.
- ⊙ **Domestic retail banking** remains the driving force of Group's profitability (52% of Group's PAT in 9M 2005).
- ⊙ They feel that **NII expansion** will continue at a faster rate. So far, NII expansion was due to better asset mix, mortgages, and rising bond yields in Q3 '05.
- ⊙ With regard to **mortgage disbursements**: The level of EUR 952 million in Q3 2005 is an all time high, and it is not expected to sustain. They observed a spike in September '05 and a softening in October '05. The tax driven demand is being evaporated and they are looking at a more sustainable trend. Total disbursements should be expected at EUR 3 billion by the end of 2005.
- ⊙ **Trading gains** of EUR 142 million in 9M 2005 include one-off items amounting to nearly EUR 25 million. Trading gains mostly reflect the performance of General Index on the Athens Exchange.
- ⊙ **Cost / income ratio** settled at 49.7% in Q3 '05. Ofcourse, a sustainable level should be at higher territories.
- ⊙ NBG's **net profit** stood at EUR 201.9 million in Q3 2005, outpacing, for the first time in the Bank's history, the net profit of Q2 2005 (EUR 173 million).
- ⊙ Total **capital adequacy ratio** of over 17% in 9M 2005 is not to sustain for ever.
- ⊙ They reiterated their decision of **withdrawing from North America** and targeting stronger presence in South Eastern Europe, such as in Romania. The final stage of the deal regarding the sale of Atlantic Bank in the US, will take place in the first months of 2006.
- ⊙ **Bulgaria** was by far the largest contributor in EBT, whereas aggregate EBT generated abroad stood at 8.3% or EUR 61 million of total Group profitability in 9M 2005.
- ⊙ NBG' Management sees **share buy back** as a means of injecting liquidity into the market (as it was the recent case with the sale of treasury stock). In the event of not reaching their expansion targets in the international markets, they will not hesitate to **return capital**, in the form of a special dividend to NBG shareholders.

**Outlook, Prospects, Hints given by the Management**

- © **Dividend payout ratio** should be maintained at high 40's in the future.
  - © Taking the hypothetical scenario of an ECB interest rate hike, NII of NBG will be immediately positively affected. Adjustment in mortgage and deposit rates will also occur immediately.
  - © **Sale of Atlantic Bank**: No impact in the book for 2005. The deal will be booked most likely in Q2 2006, with an impact of over EUR 100 million depending on the tax rate.
  - © With regard to the **Romanian market**, an expansion target would be reaching 200-220 branches in a couple of years.
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