

A favorable environment for investment

- Economic and political stability within euro zone
- Growth above EU average
- Strategic location with direct access to the sizeable emerging markets of the Balkan, Black Sea, Eastern European and Eastern Mediterranean regions through an existing network of 3,264 Greek companies.
- Knowledge-based economy underlined by productive and highly qualified labour force
- A brand new physical infrastructure network
- High growth potential business sectors: shipping, banking, tourism

Momentum of economic activity continues

- 2Q06: 4.1% GDP growth (2.0% in euro zone and 2.2% in EU-25)
- Continuing strong domestic demand
- Impressive export of goods growth (22.1% Jan-Jun '06)

2006 GDP forecast: 3.8%

Short-term indicators

Conjectural indicators	2003	2004	2005	2006
Retail sales volume index	4.3	4.5	3.0	4.1 (1Q)
Private building activity (according to permits)	1.5	-3.4	35.2	13.6 (1Q)
Industrial production	0.3	1.2	-0.9	1.4 (Jul06)
Economic sentiment indicator Greece (2000=100)	93.1	102.5	88.9	102.4 (2Q)

The high rate of growth is expected to be sustained in coming years

- Investment and private consumption main drivers of growth
- Steady improvement in disposable incomes
- Acceleration of retail sales volume (entrance of global retailers)
- Improved economic sentiment
- Credit expansion at double digit rates

2007-2008 GDP forecast: 3.6%

2008 GDP pc: 80% of EU average
(1998:64.3%)

Main economic indicators

Economic Activity	2003	2004	2005	2006	2007	2Q06
Real GDP	4.8	4.7	3.7	3.8	3.4	4.1
Private consumption	4.5	4.7	3.7	3.1	3.0	4.1
Public Consumption	-2.0	2.8	3.1	0.4	3.1	2.3
Gross fixed capital formation	13.7	5.7	-1.4	4.6	4.7	13.9
Exports of goods and services	1.0	11.7	2.9	6.3	5.8	2.5
Imports of goods and services	4.5	9.3	-1.2	4.4	5.0	10.2
HICP	3.4	3.0	3.5	3.3	3.3	3.5 (Aug06)

Rebound of exports

- 2005: increase of export market share (13.1%) after a decade
- Exports cover many countries of destination and sectors
- International orientation and new dynamic export strategy
- Focus on improving competitiveness

Tourism and shipping also on rising trend

Tourism

- Raised service and quality levels following Olympic Games-related investments in tourism
- Greece today 4th in Europe in net profits from tourism
- 12 million tourists per year (one tourist per inhabitant)

Shipping

- €12bn gross contribution to economy in 2005.
- Over 15% of world shipping and more than 20% of world oil tankers owned and run by Greeks
- Greece today 5th in the world
- More than 260 new ships currently being built for Greek ship-owners, ensuring a significant future presence in the sector

Sizeable inward and outward FDI

- FDI inflows almost doubled in H1 06, resulting in net FDI inflow of €1,1bn (€145ml in H1 05)
- Rapidly increasing interest by foreign investors linked to privatization agenda
- Sizeable FDI outflows to South Eastern European countries, US and UK
- Greece among the first two or three foreign investors in the region
- New impetus for Greek economy (140 million consumers) → high value added exports

External Sector Data

Balance of Payments	2004	2005	2006	2007
Trade balance (% of GDP)	-15.1	-15.2	-14.7	-12.7
Current account balance as % of GDP	-9.5	-9.2	-7.8	-7.8
REER index % changes (1995=100); (ULC in total economy)	4.3	2.3	2.5	1.9

International Investment Position	2002	2003	2004	2005
Outward FDI (as % of GDP)	6.0%	6.3%	6.0%	6.2%
Inward FDI (as % of GDP)	10.3%	11.4%	12.4%	13.7%
Net (as % of GDP)	-4.4%	-5.1%	-6.4%	-7.5%

Greece's strategic geopolitical location attracts vast FDI

**The business, energy and banking hub
in a fast developing region of 140 ml people**

- Big corporations establish in Greece headquarters for the region (AIG Group, Coca-Cola, Diageo, Ernst&Young, Kodak, Siemens, Toyota and UPS)
- Number of on-going projects for construction of oil and gas pipelines (from Russia to Turkey and Italy).
- 5 largest Greek banks: 950 branches across region, 16000 employees, 16% of the market share.

Company	Country of Investment	Activity
HELLENIC TELECOMMUNICATIONS ORGANISATION (OTE S.A.)	F.R.Y., Albania, Bulgaria, Romania, Ukraine	Telecommunication
INTRACOM GROUP S.A.	F.R.Y., Bulgaria, Romania, Russia, Turkey, Ukraine	Telecommunication
HELLENIC BOTTLING COMPANY GROUP (3E)	F.R.Y., Bulgaria, FYROM, Romania, Turkey	Soft Drinks
DELTA S.A.	Albania, Bulgaria, F.R.Y., FYROM, Romania, Turkey	Dairy Products
ATHENIAN BREWERY	Bulgaria, FYROM, Turkey	Brewery
CHIPITA INTERNATIONAL	Bulgaria, Romania, Russia, Ukraine	Snack Food
TITAN S.A.	Albania, Bulgaria, FYROM, Turkey	Cement Industry
MYTILINAIOS HOLDINGS	Romania, FYROM, F.R.Y., Turkey	Mining Industry
ALUMYL MYLONAS S.A.	Albania, Bulgaria, F.R.Y., FYROM, Romania, Turkey	Metals
THRACE PAPER MILLS	Bulgaria, Hungary	Paper Industry
KAPNIKI MICHAILEDIS S.A.	Albania, FYROM, Bulgaria, Turkey	Tobacco
PAPASTRATOS	Romania	Tobacco
PETZETAKIS S.A.	Bulgaria, FYROM, Romania	Plastics, PVC
MOTOR-OIL	Russia, Ukraine, Azerbaijan	Petroleum, Oil, Products
MAILIS	Bulgaria, Romania, Poland, Hungary	Packaging Materials
GERMANOS BATTERIES S.A.	Romania, Bulgaria, F.R.Y.	Batteries
THEMELIODOMI S.A.	Albania, Romania, Turkey	Construction
MICHANIKI S.A.	Albania, Bulgaria, Ukraine, Turkey	Construction
HELLENIC PETROLEUM	Albania, FYROM	Energy-Petroleum
MEDICAL CENTRE OF ATHENS	Russia, Romania, FYROM, F.R.Y., Turkey	Health Services
ALPHA BANK	Romania, Albania, FYROM, Bulgaria	Banking
NATIONAL BANK OF GREECE	Romania, Bulgaria, Albania, FYROM, F.R.Y.	Banking
COMMERCIAL BANK OF GREECE	Bulgaria, Romania, Georgia, Russia	Banking
PIRAEUS BANK	Albania, Romania	Banking
EUROBANK	Bulgaria, Romania	Banking

Structural reforms support Greek economy's growth and re-organisation

Changes in supply side conditions improve competitiveness and investment climate

- Gradual lowering of corporate (from 35% to 25% by year 2007) and individuals' tax rates (Tax Reform Law)
- Simplification of bureaucracy affecting entrepreneurship
- New Investment Incentives Law and Law for Public-Private Partnerships (PPP projects already identified in education, public sector, health services, ports, marinas and tourism)
- Initiatives to enhance market liberalisation and competition, including ambitious privatisation programme, plans for complete liberalisation of the electricity market from mid-2007 and a law liberalising the natural gas market
- Rationalization & modernization of public entities

Privatization agenda: highlights

- **2007:** OTE (National Telecom)- search for strategic partner among the big foreign telecoms
- **Potential privatization** of DEI (electricity), EYDAP (water), ports and shipyards
- **2006:** Emporiki Bank (€1.74 bn), Agricultural Bank of Greece, listing of Postal Savings Bank, Public Gas Corporation (DEPA) and Athens International Airport in the ASE
- **2005:** OPAP (Europe's leading betting agency) and OTE (€2.1 bn total state revenue)
- **2004:** National Bank of Greece, Hellenic Petroleum Group

Numerous projects and sectors of interest to foreign investors

- Burgas-Alexandroupolis pipeline project
- Russia interested in energy sector (Copelouzos-Gazprom, Lukoil-Motoroil?, Gas Terminal in Thessaloniki?), as well as telecoms and military systems
- Greece-Italy gas pipeline
- China shipping sector interested in Greek ports of Athens and Thessaloniki
- Korea's interest in ports and shipyards
- Projects co-financed by EU under the Community Support Framework 2007-2013 (€20.1 bn)
- Projects on renewable energy resources, Aeolian (Spain) and water power
- Railway construction and other infrastructure projects (Hochtief, Germany)
- American and French interests in banking

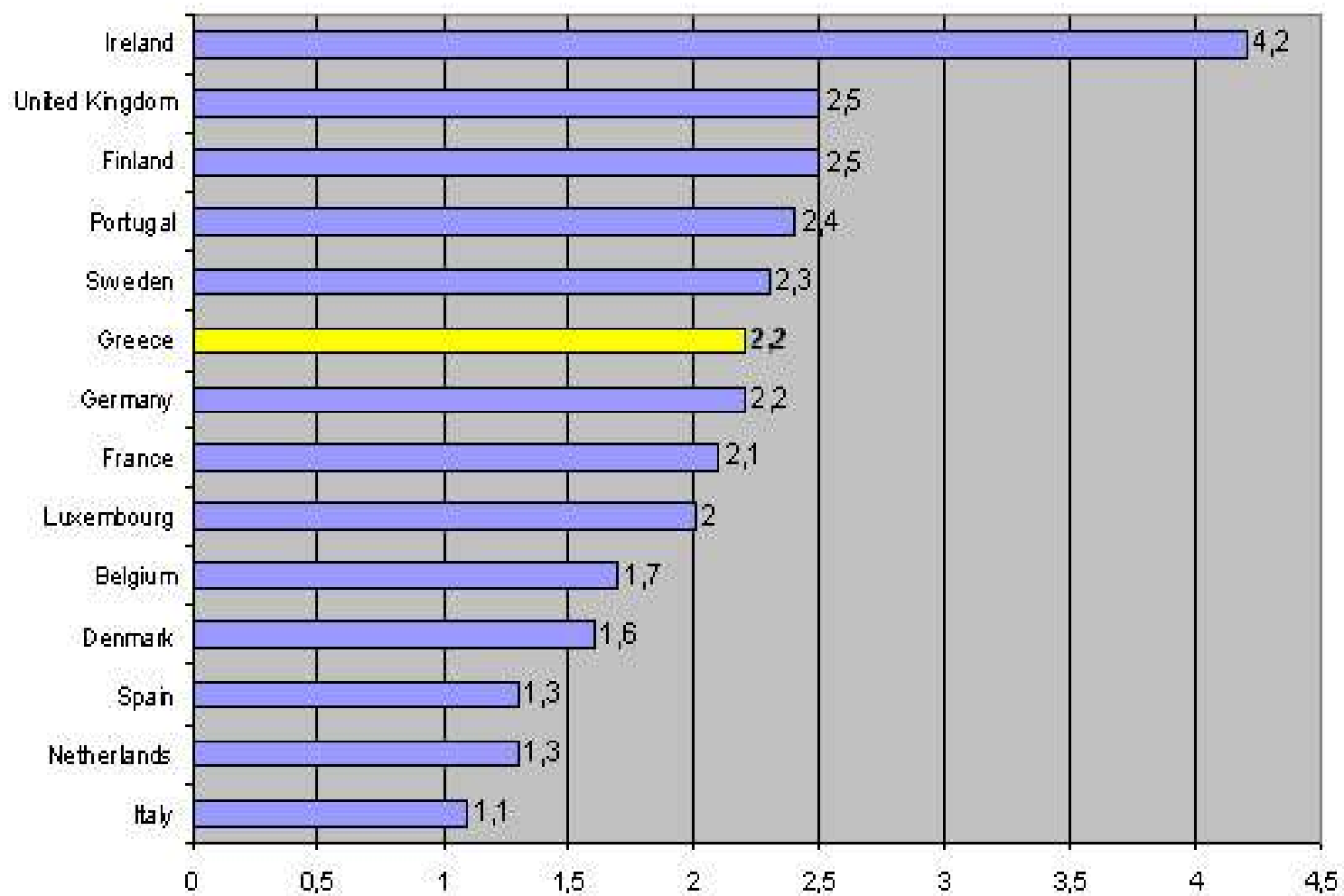
Inflation edges down but demand-side pressures ahead

- **Expected to remain above 3% in 2006-2007**
- **High oil and raw material prices and above-inflation increases in private sector wages**
- **Aug '06: 3.5% (from 3.9% in Jul)**

Employment and labour productivity expected to rise

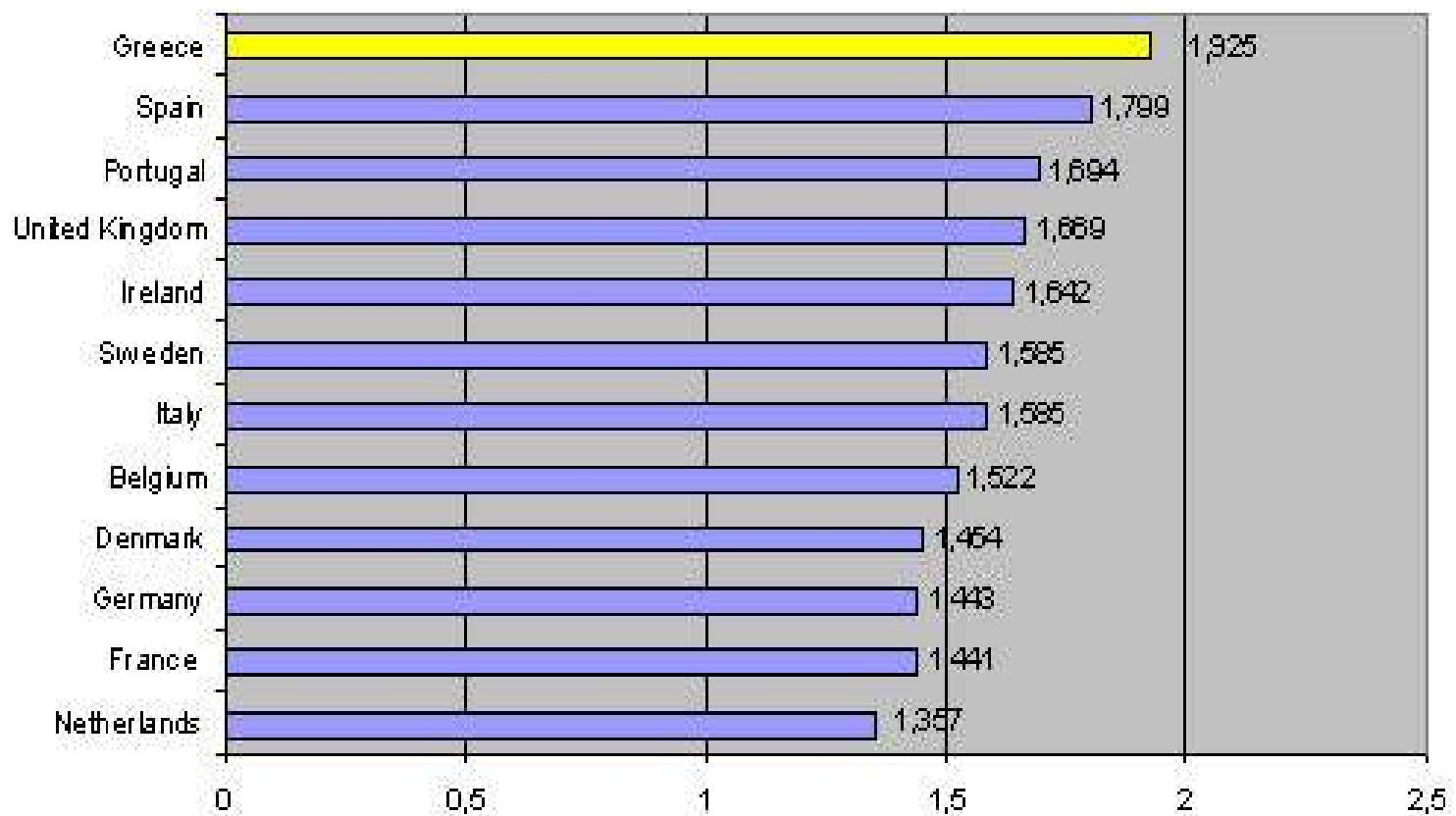
- **Unemployment persists but on declining path (9.7% in 1Q06 vs 10.4% in 1Q05)**
- **More labour flexibility (working hours, overtime cost, permanent contracts, immigrants' integration)**

Labour Productivity 1990-2004 (Annual average growth rates)



Source: OECD Productivity Database, July 2005

Average annual hours actually worked per person in employment, 2004



Source: OECD Employment Outlook 2005

Significant domestic fiscal consolidation underway

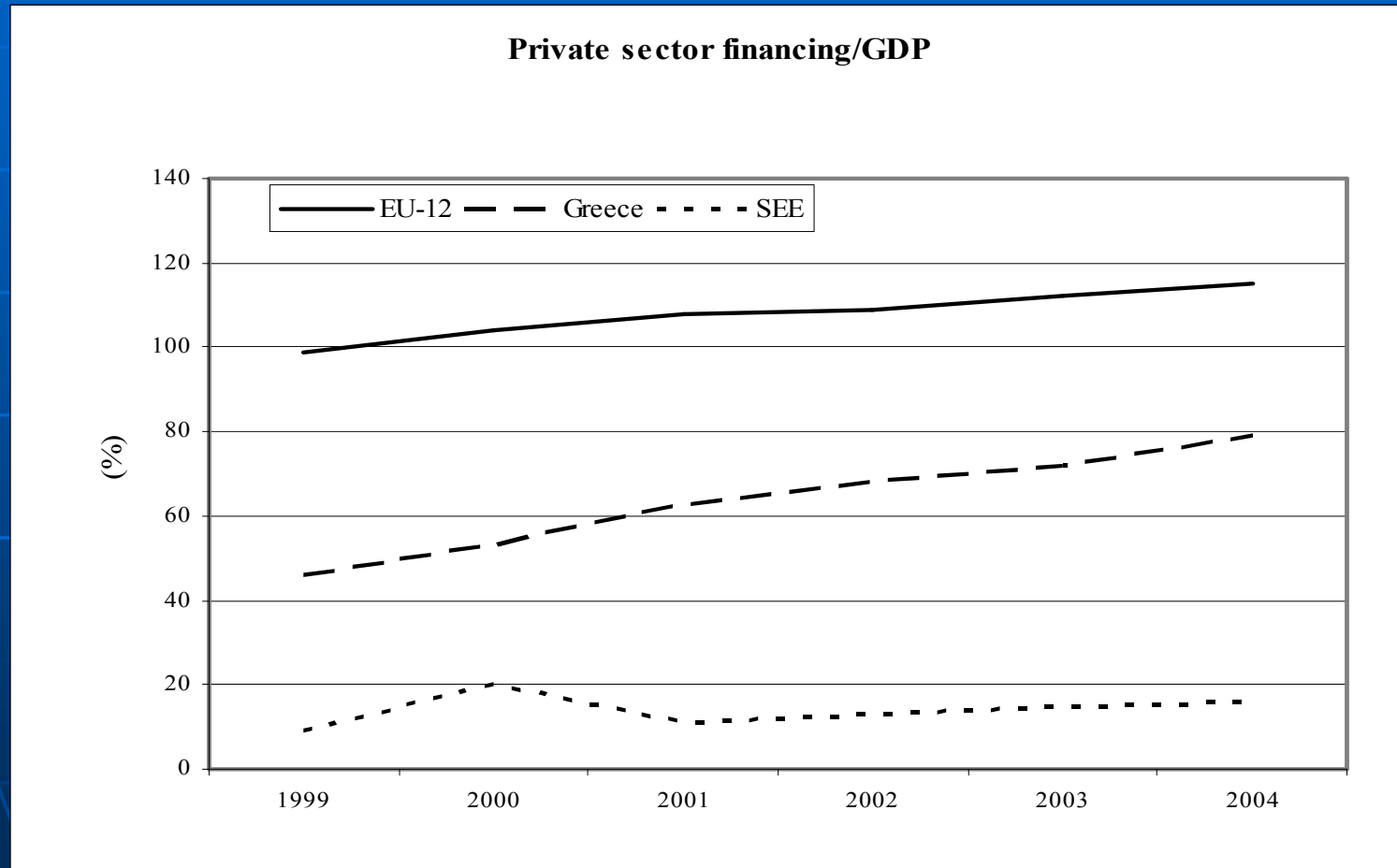
- Below 3% deficit in 2006 achievable
- Gradual fiscal adjustment safeguards economy's performance
- Rationalize public spending (pensions, health-care, wages)
- Increase state revenues (eliminate tax evasion & exemptions)

Developments in the Greek Banking Sector

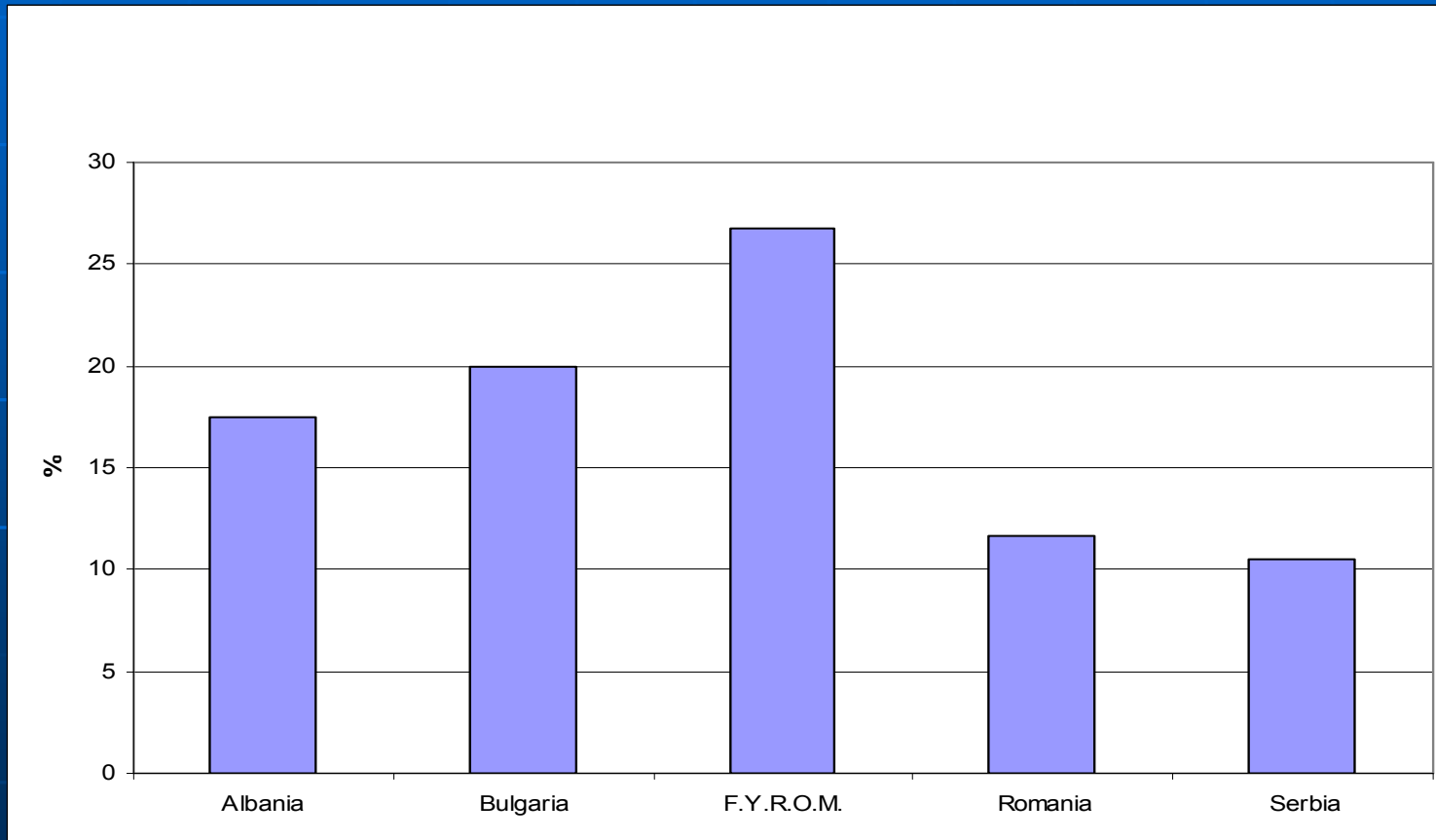
Key Developments

- 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

Financial intermediation



Market share in SEE (2005)



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

Risks-Mitigating factors

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

There is no sign of a slowdown. Also, 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.