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## **PRESS RELEASE**

### **FULL-YEAR 2004 RESULTS**

- **Net profit at €368m. (+35.1%)**
- **Credit expansion at 29.3% – Market share gain of 1.3p.p.**
- **Cost/Income ratio at 49.1%**
- **ROE at 19.7%**
- **The Bank aims at Net Profit of at least €450m. in 2005**

The FY 2004 financial results exceeded the initial targets communicated by the management to investors and shareholders and resulted from the steady operational expansion of the Bank and its strong market position. Eurobank strategy aims to further develop its activities and enhance its South Eastern European presence, so that the Bank establish as a strong financial group in Greece and the wider region. The prospects for the Bank seem particularly good for the years 2005-2006, aiming to increase earnings per share more than 23% per annum.

In 2004 consolidated **net profit** (after tax and minorities) reached €368m, recording an **increase of 35.1%**, compared to initial target of 20%. This performance is noteworthy given the very positive results in 2003. At the same time, the contribution of the Balkan subsidiaries to Eurobank consolidated results doubled to 4% in 2004, with the target being the activities in SE Europe to account for 20% of group net profit in 2009.

Factors contributing to the substantial growth of profitability were the strong rise in Total Revenues and the containment of cost growth. Specifically, **Total Operating Income** amounted to €1,484m, registering an increase of **22%** in 2004. Total revenues were driven by income from Interest and Fees. **Net Interest Income** grew by **22.2%** to €1,038m, recording a steady rise quarter by quarter (8.5% higher in the fourth quarter of 2004 compared to the third quarter of the same year). **The Net Interest Margin** (net interest income over avg. total assets) remained above 3%, reflecting the profitable loan mix and efficient management of total assets.

The robust increase in net interest income is mainly attributed to the impressive **growth of Total Loans**, which increased by **29.3% at the Group level<sup>1</sup>** and **28.2% in Greece**. This growth rate compared to the market rate of credit expansion to the private sector of 16.4%<sup>2</sup> led to a lending market share gain for Eurobank of 1.3pp to 15.1%. Specifically, **Household Lending**, which

<sup>1</sup> On a comparable basis: gross loans, including the €692m RMBS portfolio in 2004

<sup>2</sup> According to BoG December 2004 data

includes consumer and mortgage credit, grew by 43% to €9.848m and **Business Lending** was up by 20% to €11,858m.

**Total Funds under Management** recorded a substantial growth of **17.9%** to €30bn. Eurobank strong position and active presence in Asset Management, Retail Banking and Capital Markets resulted in a **17%** increase in **Net Fee and Commission Income** to €362m. Interest and Commission Income, which form **Core Revenues**, account for 94.4% of total operating income, a figure that shows the high quality of the revenues. Core revenues were **20.8%** higher to €1.400m, while non-core income (including trading, dividend and other income) stood at €84m in 2004, compared to €56m in 2003, mainly as a result of the favorable conditions which prevailed in the capital markets in 2004.

Despite the dynamic expansion of business activities, **Total Costs** on a comparable basis<sup>3</sup> grew by 5.2% for the operations in Greece and 8.4% for the Group. This resulted in a **Cost to Income ratio** of **46.5%** in 2004 for domestic activities, from 53% in 2003, and **49.1%** at the group level, from 54.6% in 2003 (versus an initial target of 53%), ratios that are among the best in a European banking context and place Eurobank among the most efficiently run banks.

The quality of the loan book also improved: the total **NPL ratio** fell to 2.9% at the end of December, from 3.3% in 2003, whereas the organic NPL ratio declined to 2.5%, the **lowest among the large Greek banks**. This was attributed to the prudent credit risk management and the strict and clearly defined policy followed by the Bank. New provisions for bad debts corresponded to 105 bps on the average loan portfolio in 2004, while non-performing loans were more than 80% covered by provisions. This, combined with the high quality of the loan portfolio, should safeguard the Bank against potential loan quality problems in the future.

**Core Profit** (core revenues less operating expenses less provisions) **climbed 35.4%** to €458m in 2004. It is worth noting that core profit reached €132m in the fourth quarter of 2004, reaching the highest level ever.

As a result of the rise in **consolidated Net Profit by 35.1%** to €368m, the after tax **return on average Assets (ROA)** reached **1.3%**, while the **Return On average Equity (ROE)** stood at **19.7%**. The Return on Required Equity corresponding to a capital adequacy ratio of 8% stood at 23.1%.

At the same time, the capital base of Eurobank remains strong. At the end of 2004, the **Total BIS Ratio** stood at 10.6%, while the **Tier I Ratio** reached 8.8%.

The robust financial performance of the Bank in 2004 and its sound capital structure enable the **distribution of Total Dividend of €0.72 per share** (including interim dividend of € 0.30), up 20% from the 2003 dividend. Total dividends account for 61.4% of net profit and correspond to 2.8% yield (at year-end prices). It is noteworthy that the Eurobank share achieved the highest return (64.4%) among all European banks in 2004, versus an increase of the Greek banking sector index of 44.3%.

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<sup>3</sup> with depreciation calculated under the same schedule for 2003 and 2004 and including Bulgarian Post Bank expenses in 2003 accounts

## **FINANCIAL TARGETS FOR 2005-2006**

The achievement of financial results substantially higher than expected for 2004 leads Eurobank Management to set new targets, even more optimistic, for the years 2005 and 2006. The Group maintains its clear focus on achieving strong growth rates and further enhancing its presence both in Greece and in Southeastern (SE) European markets.

The EFG Eurobank Group aims at:

- **Annual Revenue growth exceeding 15%**
- **Cost / Income ratio below 48%** at group level and below **46%** for Greek operations in 2006
- **Return on Equity (ROE) to exceed 20%** in 2006
- **Annual Earnings Per Share (EPS) growth to exceed 23%**
- **Annual Dividend Per Share (DPS) growth of over 15%**
- **Net Profit of at least €450m. in 2005**

Summary Figures (€ m.)	2004	2003	Δ%	SE Europe 2004
Net Interest Income	1,037.6	848.9	22.2%	90.1
Net fees & Commissions	362.4	310.0	16.9%	53.5
<b>Core Revenues</b>	<b>1,400</b>	<b>1,159</b>	<b>20.8%</b>	143.6
Non Core Revenues	83.8	56	48.7%	5.0
Total Revenues	1,484	1,215	22.1%	148.7
Operating Expenses	728.9	664.0	9.8%	108.4
Provisions	213.1	156.6	36.1%	6.0
<b>Core Profit</b>	<b>457.9</b>	<b>338.3</b>	<b>35.4%</b>	29.2
Profit before tax	526.8	372.8	37.7%	30.9
<b>Net Profit</b>	<b>368.2</b>	<b>272.6</b>	<b>35.1%</b>	15.1
Reported Gross Loans	21,014	16,782	25.2%	958
Adjusted Gross Loans*	21,707	16,782	29.3%	958
Deposits	18,209	17,309	5.2%	984
<b>Total Assets</b>	<b>31,939</b>	<b>28,030</b>	<b>13.9%</b>	1,781
<b>Total Equity</b>	<b>1,940</b>	<b>1,793</b>	<b>21.3%</b>	216

\* Including RMBS balance of € 692 m. in 2004

Loan Portfolio (€ m) *	2004	2003	Δ%
Consumer Loans	5,455	3,747	45.6%
Mortgages	4,393	3,142	39.8%
<b>Loans to Households</b>	<b>9,848</b>	<b>6,889</b>	<b>43.0%</b>
Small Business Loans	3,049	2,259	35.0%
Loans to Medium enterprises	4,835	4,162	16.2%
Loans to Corporates	3,975	3,472	14.5%
<b>Business Loans</b>	<b>11,858</b>	<b>9,892</b>	<b>19.9%</b>
<b>Total Gross Loans</b>	<b>21,707</b>	<b>16,782</b>	<b>29.3%</b>

\* Including RMBS balance of € 692 m. in 2004

Assets Under Management (€ m)	2004	2003	Δ%
Deposits & Other liquid funds	19,663	18,199	8.0%
Mutual Funds	5,174	2,519	105.4%
Other investment products	5,185	4,755	9.0%
<b>Total Funds under Management</b>	<b>30,022</b>	<b>25,473</b>	<b>17.9%</b>

Financial Ratios	2004	2003
Net Interest Margin	3.4%	3.2%
Cost-Income	49.1%	54.6%
NPLs (% of loans)	2.9%	3.3%
NPLs coverage	87.0%	85.0%
Provision Charge (% of loans)	1.05%	0.96%
Tier1 Ratio	8.8%	10.4%
Total Capital Adequacy	10.6%	10.4%
ROA after tax	1.3%	1.1%
ROE after tax and minorities	19.7%	15.1%
EPS (€)	1.19	0.89