National Bank of Greece

Press Release

2006 six-month Results

+65% growth in net profit

34.5% return on equity

(€ millions)	1H.06	1H.05	±%
Net profit (after tax & minority interests)	546.2	330.8	+65%
Earnings per share (number of shares before share capital increase)	€1.46	€1.01	+45%
Return on equity	34.5%	28.1%	+640μ.β.
Return before extraordinary profit	30.1%	28.1%	+200μ.β.
Core profit	524.7	398.4	+32%
Pre-tax profits from SE Europe	52.0	40.6	+28%
Cost / income	46.7%	55.1%	-840 μ.β.

I am pleased to announce that on the basis of the 1H 2006 results, NBG Group once more reaffirms its capability to offer its shareholders high returns. With equity returns over 30%, the NBG Group ranks among the best performing financial institutions in Europe.

The high profitability achieved in the 1H 2006 has resulted not only from growth in income from Greece and abroad, but also from our efforts for stringent control of expenses.

The Group's positive course so far does not mean that we will relax our vigilance. The Bank's recent, successful share capital increase, the completion of the acquisition of 46% of Finansbank and the prospects for the Group's further expansion in Southeast Europe serve to accomplish our strategic objective for rendering National Bank of Greece as the leading financial institution in the region.

Athens, August 2006
Takis Arapoglou
Chairman &CEO

Group net profit after tax and minority interests grew to €546 million in the first half of 2006, up 65% vis-à-vis the first half of 2005. The Group's profitability posted growth on a quarterly basis also, as net profit after tax and minority interests rose to €296 million during Q2, 18% up on Q1 2006. Q2 profit, boosted by extraordinary profit of €113 million from completion of the sale of the Group's subsidiaries Atlantic Bank of New York and National Bank of Greece Canada in North America, and despite one-off expenses of €24 million, reflecting the cost of Group subsidiaries' voluntary retirement programmes, posted a record high in National Bank's history.

The Group's return on equity reached a historic high of 34.5% that remains above 30% even after profit adjustments for the extraordinary results, as above, on the basis of which the Bank ranks first in Greece and among the leading banks of Europe in terms of return on equity.

The Group's performance reflects above all an improvement in the Group's core income, given that in Q2 2006 adverse circumstances prevailed in international markets, which did not allow for trading gains during the said period. Accordingly, the improvement was clearly driven by growth in banking business in the domestic market and Southeast Europe, as well as further reductions in operating costs.

The positive developments as regards control of operating costs are reflected in the spectacular enhancement in the Group's cost/income ratio to below 50%, specifically at 46.7%, an improvement of 840 basis points compared with H1 2005 and 540 basis points relative to 2005. This performance exceeded the targets of NBG's Business Plan 2005-2007, despite a 33% increase in operating costs in Southeast Europe due to expansion of the Group's activities in the area.

The improvement in the Group's core income reflects consistent growth in interest income and commission income. The Group's net interest income reached €887 million, 17% up compared to H1 2005, chiefly as a result of an improvement in the structure of the Group's assets through continued growth in the retail lending portfolio. The momentum of this improvement is notably reflected in the 7% quarterly growth posted between Q1 and Q2 2006, propelling net interest income to a historic high of €459 million, which has driven net interest margin to 3.47% in Q2 2006 compared with 2.94% in Q2 2005 and 3.16% for 2005 as a whole.

In H1 2006, net commission income rose to €238 million, up by 20% compared to H1 2005, as a result of overall growth in all sources of commission, reflecting the Group's successful strategic choices in the areas of retail/corporate banking and management of funds.

Commission income *(€ millions)*	Q2.06	Q2.05	±%
Retail loans	51.3	49.6	+3.4%
Corporate loans	41.9	35.1	+19.4%
Intermediation & deposits	72.5	65.5	+10.7%
Investment banking	40.5	30.5	+32.8%
Fund management	31.9	18.5	+72.4%
Total commission income	238.0	199.1	+19.5%

Consistent growth in commissions from retail and, mostly, corporate lending is driven by steady growth in retail and corporate business along with the promotion of cross-selling, to compensate for loss from promotional offers for retail products, particularly in the area of mortgage lending. Substantial growth in mutual fund commissions vis-à-vis Q2 2005 results from the successful restructuring in the mix of mutual fund assets in favour of high value-added products (bond and equity funds) carried out last year. Lastly, despite deterioration in the conditions prevailing in the capital markets, capital market commissions also posted 33% growth compared to H1 2005.

Income from insurance business also improving, growing to over €57 million, up 18% compared to H1 2005, as a result of growth in the life and group insurance portfolio and the promotion of new bancassurance products among the wide customer base of NBG.

Retail banking posts dynamic growth

Total Group loans topped €32.8 billion, up 17% y-o-y. Retail lending presented spectacular growth of 26% y-o-y, and now represents over 62% of the Group's total loan book, as compared with 58% in June 2005.

Group loans *(€ millions)*	Q2.06	±y-o-y%
Retail	20 520.6	26.0%
Corporate	12 301.9	3.7%
Total	32 822.5	16.7%
% Retail / Loans	62.5%	+470 bps
% net NPLs	1.1%	-10 bps

Mortgage lending continues to comprise the driving force of retail portfolio growth. In June 2006, the mortgage lending portfolio stood at €13 billion, up 30% y-o-y. In H1 2006, new loans amounting to €1,577 million were disbursed, 27% higher than in H1 2005, despite interest rate increases by the ECB in the current year. The dynamic presented by the number of mortgage loan applications in Greece (increased by 53% compared with the first half of 2005) coupled with the Bank's drive to place and promote new pioneering products in the market, reinforce expectations of yet another successful year ahead in this lending segment.

Consumer loan and credit card balances totaled €5.2 billion at the end of the first half, up 16% y-o-y. Open-end consumer loans totaled €1.3 billion up 25% y-o-y comprising the largest segment of consumer loans and thus contributing to yet stronger interest income and commissions. In H1 2006, credit card balances and commissions remained flat compared with H1 2005, in line with the signs of satiation appearing in the market in the past months.

Lending to corporates and professionals grew to close €15 billion by the end of H1 2006. A key player in this growth was the domestic SME loan book (i.e. financing to professionals and businesses with turnover below €2.5 million) and medium-sized enterprises (i.e. financing to firms with turnover of €2.5-€50 million), which grew by 31% and 16% y-o-y respectively.

Strong presence in Southeast Europe

NBG Group maintained its dynamic pace in the region of Southeast Europe. In the first six months of the current year, the Group's physical presence was reinforced with the opening of 22 new units, thereby increasing the total number of branches to 279. In the context of the Group's organic growth, a further 65 branches are due to be opened by the end of the year.

Group lending in the region grew by 43% y-o-y to over €2.5 billion. Retail banking continued to constitute the driving force behind the Group's growth, with the total retail loan book growing at around 76% on an annual basis and the Group's market share in the region now standing at around 8%.

The positive course of our SE European business contributed to an enviable increase in the Group's profitability in the region, with pre-tax profits of the SE Europe subsidiary units totaling €52 million, up 28% on an annual basis, despite increased investment and cost due to the rapid growth in the branch network. This level of profitability accounts for more than 10% of the Group's total pre-tax profits.

Deposit base growth retains overall liquidity

Group deposits grew by 5% to €45.7 billion in the first half of 2006. Time deposits posted the highest growth, as they absorbed funds from money market mutual funds in an effort to convert the latter into higher yielding placements. This indicates that the Group's liquidity is being maintained at strong levels.

The rising trend in deposits retained a low leverage in the balance sheet (loans-to-deposits ratio: 71.9%).

The Group's efficiency continues to improve

Despite the Group's expanding business in Southeast Europe, the increase in operating expenses has been exceptionally low vis-à-vis H1 2005. In particular, staff costs (excluding voluntary retirement costs) grew by 6% to €424 million, in line with the annual pay rise provided for in the collective labour agreement. Administrative expenses and depreciation grew to €238 million, i.e. by 6% vis-à-vis H1 2005.

Operating expenses *(€ millions)*	Q2.06	Q2.05	±%
Staff costs	448.3	399.5	+12%
Administrative expenses	182.6	169.1	+8%
Depreciation	55.5	57.2	-3%
Total operating expenses	686.4	625.7	+10%
Cost / income	46.7%	55.1%	-840bps

Stringent control of expenses coupled with the impressive growth in income has led to a further improvement in the Group's efficiency ratio, which now stands at less than 50%.

Enhanced capital adequacy ensures continued growth of the Group

The Group's capital base strengthened yet further in H1: 2006, as reflected in its capital adequacy ratios.

Capital adequacy ratios	30.6.06	31.12.05
Core Tier-I CAD Ratio	9.8%	8.9%
Total Tier-I CAD Ratio	13.1%	12.3%
Total CAD Ratio	15.9%	15.2%

The Total Tier-I Capital Adequacy ratio stands at 13.1%, up 90 basis points on the ratio for full-year 2005. Similarly, the Core Tier-I ratio stands at 9.8%, well above the minimum level required by the regulatory authorities, thereby securing for the Group a solid base on which to build its business further in Greece and Southeast Europe.

Group income statement

€ millions	1H.06	1H.05	±%	2Q.06	1Q.06	±%
Net interest income	886.9	757.8	17%	459.2	427.7	7%
Net commission income	238.0	199.1	20%	120.3	117.7	2%
Net premiums from insurance contracts	57.1	45.5	25%	29.8	27.3	9%
Dividend income	8.3	8.3	0%	6.9	1.4	393%
Income from private equity	34.3	15.5	121%	5.1	29.2	-83%
Other income	59.3	36.8	61%	37.6	21.7	73%
Operating income	1283.9	1063.0	21%	658.9	624.9	5%
Earnings from financial transactions	57.6	60.7	-5%	0.0	57.6	-100%
Total income	1341.5	1123.8	19%	658.9	682.6	-3%
Staff costs	-448.3	-399.5	12%	-236.3	-211.9	12%
Administrative expenses	-182.6	-169.1	8%	-97.9	-84.7	16%
Depreciation and amortization	-55.5	-57.2	-3%	-27.5	-28.1	-2%
Total operating expenses	-686.4	-625.7	10%	-361.7	-324.7	11%
Impairment losses on loans & advances	-130.4	-99.7	31%	-64.4	-66.0	-2%
Operating profit	524.7	398.4	32%	232.7	291.9	-20%
Share of profit of associates	8.3	11.4	-27%	2.8	5.5	-49%
Profit before tax	533.1	409.8	30%	235.5	297.6	-21%
Tax	-95.5	-77.0	24%	-44.6	-50.9	-12%
Net profit from discontinued operations	118.1	15.1	-65%	111.1	7.0	1487%
Minority interests	-9.5	-17.1	-44%	-5.9	-3.5	69%
Net profit attributable to NBG shareholders	546.2	330.8	65%	296.1	250.1	18%

Consolidated balance sheet *€ milli*

Assets	30.6.06	31.12.05	±%
Cash & balances with central banks	3 422.9	2 431.3	41%
Due from banks (net)	4 252.5	4 085.2	4%
Loans & advances to customers (net)	31 668.3	29 528.2	7%
Financial assets	16 753.6	16 987.2	-1%
Property, equipment & intangible assets	2 048.3	2 078.1	-1%
Other assets	3 086.6	2 584.4	19%
Assets classified as held for sale	-	2 732.2	-100%
Total assets	61 232.2	60 426.6	1%
Liabilities	30.6.06	31.12.05	±%
Due to customers	45 663.8	43 350.1	5%
Due to banks	6 033.1	5 363.5	12%
Other borrowed funds	933.2	957.0	-2%
Other liabilities	4 233.3	4 180.3	1%
Liabilities classified as held for sale	-	2 259.2	-100%
Total liabilities	56 863.4	56 110.2	1%
Minority interest & Hybrid	1 166.1	1 192.6	-2%
Shareholders' equity	3 202.7	3 123.8	3%
Total equity & liabilities	61 232.2	60 426.6	1%

Group loans

(€ millions)	30.6.06	31.12.05 *	±%	30.6.05*	±%
Mortgages	12 972.9	11 820.3	+9.8%	9 985.3	+29.9%
Consumer	3 688.2	3 238.5	+13.9%	2 934.1	+25.7%
Credit cards	1 489.5	1 536.0	-3.0%	1 539.7	-3.3%
Small businesses	2 370.0	2 040.7	+16.1%	1 810.4	+30.9%
Retail	20 520.6	18 635.5	+10.1%	16 269.5	+26.1%
Corporate	12 301.9	11 978.7	+2.7%	11 864.1	+3.7%
Total loans & advances to customers	32 822.5	30 614.2	+7.2%	28 133.6	+16.7%
Less: Allowance for impairment on loans & advances to customers	1 154.3	1 086.0	+6.3%	1 165.0	-0.9%
Loans & advances to customers (net)	31 668.2	29 528.2	+7.2%	26 968.6	+17.4%

**excluding discontinued operations*

Group deposits

(€ millions)	30.6.06	31.12.05*	±%	30.6.05*	±%
Savings	25 412.8	25 916.3	-1.9%	26 265.3	-3.2%
Sight	6 221.4	6 108.8	+1.8%	5 645.2	+10.2%
Core deposits	31 634.2	32 025.1	-1.2%	31 910.5	-0.9%
Time	13 382.0	10 703.7	+25.0%	7 937.5	+68.6%
Total deposits	45 016.2	42 728.8	+5.4%	39 848.0	+13.0%
Repos	159.3	247.4	-35.6%	929.4	-82.9%
Other due to customers	488.3	373.9	+30.6%	554.2	-11.9%
Total due to customers	45 663.8	43 350.1	+5.3%	41 331.6	+10.5%

**excluding discontinued operations*