



## FY 2006 results presentation

March 2007

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## SECTION 1

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# Highlights of the period

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- ◆ Strong Net Profits Growth by 35.1% (25.6% on a recurrent basis)
- ◆ Net Customer Loans growth by 7.6%, affected by lower than expected seasonal public sector borrowing but characterised by an impressive increase in household lending (36.6% - well ahead of the market)
- ◆ Mortgage Lending continues to expand at remarkable rates (+41% y-o-y) while consumer lending accelerates (+30.1%) after the introduction of new products and advertising. SMEs lending efforts begin to show positive signs (+9.5% y-o-y, after write-offs).
- ◆ Net Interest Margin keeps improving (at 3.37%), despite high competition in the market as ATEbank benefits from the shift in its loan book mix
- ◆ Cost growth remains under control (+5.1%) despite the salary increases from the collective agreement and the higher advertising expenses for the promotion of new lending products
- ◆ Resolution of the Pension Issue and potential saving from 2007 and on (at least €10m annually)
- ◆ Coverage Ratio remains at satisfactory levels (at 87.4%) despite write-offs
- ◆ Sustained Capital Adequacy with Tier 1 ratio at 11.4%
- ◆ Acquisition of 21% of Serbian AIKbanka and increase in the participation in Romanian MindBank (69%)

# Summary financials

## Balance sheet and regulatory capital

### Selected figures

€m, as of	31 Dec 2006	31 Dec 2005	Growth (%)
Total assets	21,414	20,826	2.8
Gross customer loans	14,915	14,267	4.6
Net customer loans	13,512	12,557	7.6
Customer deposits	18,089	17,596	2.8
Shareholders equity	1,332	1,172	13.7
Tier I capital (estimate)	<b>1,170</b>	<b>1,122</b>	<b>4.3</b>
Risk-weighted assets	<b>10,261</b>	<b>8,604</b>	<b>19.3</b>

### Selected ratios

%, as of	31 Dec 2006	31 Dec 2005
Gross customer loans / customer deposits	82.5	81.1
NPL ratio	10.7	13.7
Provision coverage	87.4	87.5
Tier I capital ratio	11.4	13.0

## Income statement

### Selected figures

€m, for 12 month period ending	31 Dec 2006	31 Dec 2005	Growth (%)	Growth on recurrent Basis (%)
Total operating income	879	820	7.2	9.7
of which: Net interest income	601	603	(0.4)	10.6
of which: Non-interest income	278	217	28.2	7.5
Operating expenses	(533)	(507)	5.1	5.1
Impairment losses on loans	(63)	(127)	(47.8)	4.5
Net profit attributable to shareholders	188	139	35.1	25.6

### Selected ratios – Recurrent basis

%, for the period ending	31 Dec 2006	31 Dec 2005
Net interest margin <sup>1</sup>	3.37	3.10
Cost/income ratio <sup>2</sup>	64.4	67.3
Return on equity <sup>3</sup>	14.4	13.8
Return on assets <sup>4</sup>	0.85	0.72

#### Notes:

- 1 Net interest income over average interest earning assets (calculated on monthly basis)
- 2 Operating expenses over operating income
- 3 Net profit attributable to shareholders over average shareholders equity (calculated on quarterly basis)
- 4 Net profit attributable to shareholders over average assets (calculated on quarterly basis)

## SECTION 2

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# Strategic initiatives and new financial targets

# Current strategic initiatives and objectives

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- ◆ **Revenue generation focusing on expanding lending on the higher return segments of household and SMEs lending**
- ◆ **Leveraging the Bank's extensive network to sell more products from financial subsidiaries (e.g. leasing, credit cards, insurance, mutual funds, etc.)**
- ◆ **Effective cost containment mainly through payroll savings and control of other operating expenses**
- ◆ **Improve asset quality by reducing NPLs through further write-offs, better recovery procedures and loan restructuring work-outs**
- ◆ **Dividend pay-out policy in line with other Greek peers**

# Focus on Retail Banking

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**Retail Lending will represent almost 50% of total loans by 2009 from 38% now**

- ◆ Introduction of a new operational model, which focuses on improved customer service and satisfaction
- ◆ Launch of new products targeting individuals and SMEs
- ◆ Main focus remains on mortgages and on consumer loans targeting less risky customers with some form of collateral
- ◆ Increased advertising and marketing through different media
- ◆ Increased cross selling by creating bundle products (e.g. with mortgages, payroll clients, SMEs lending, etc.)
- ◆ Re-branding and re-furbishing of branch network
- ◆ Improved processes and systems to incentivise and monitor commercial performance at branch level (Staff bonus schemes & new MIS)

# New financial targets 2007–2009

## Group objectives for 2009

- ◆ Total Loan Growth at least 10% CAGR (after write-offs)
- ◆ Deposits Growth around 7% CAGR
- ◆ NII Growth around 11% CAGR
- ◆ Cost Growth around 4% CAGR
- ◆ Cost of Risk around 45-50bps
- ◆ Net Profits Growth around 25% CAGR

- ◆ Return on average equity at least 20% by the end of 2009

### Return on average equity (%)



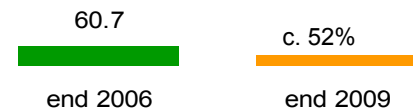
- ◆ Tier 1 ratio in excess of 10%

### Tier I ratio (%)



- ◆ Growing income combined with tight cost control expected to lead to an improved cost/income ratio around 52% by the end of 2009

### Cost income ratio (%)



- ◆ Sharp decline of NPL ratio to below 6% by the end of 2009

### NPL ratio (%)



## SECTION 2

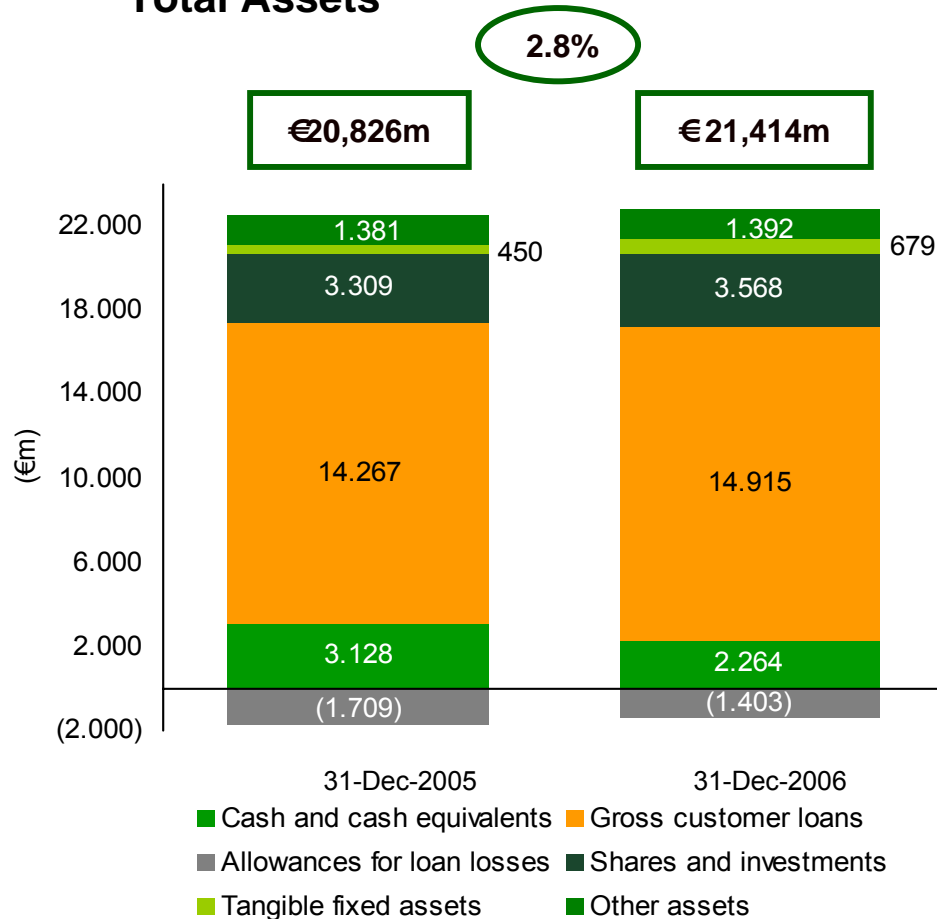
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# Financial review

# Asset base

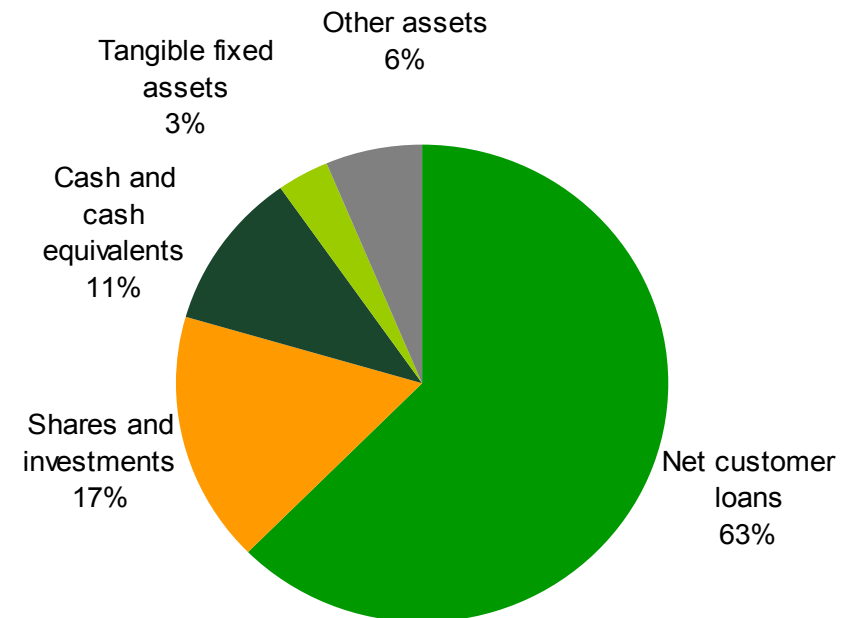
## Robust asset base

### Total Assets



○ Growth 31 Dec 2005– 31 Dec 2006 (%)

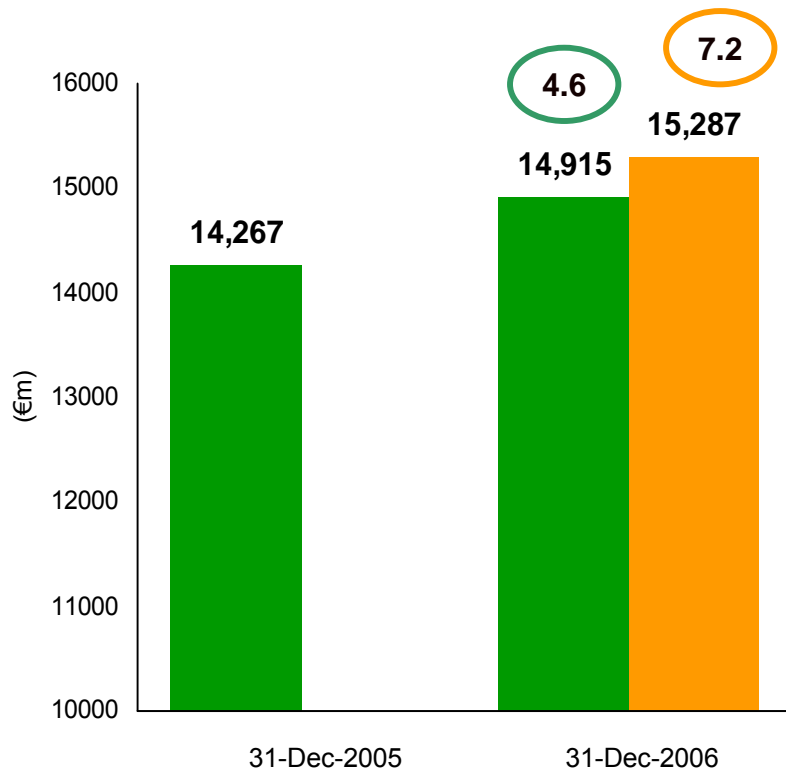
### Asset mix as of 31 Dec 2006



# Customer lending

## Loan growth mainly driven by Household Lending

### Customer loans



■ Gross ■ Gross adjusted for write-offs<sup>1</sup>



○ Growth 31 Dec 2005–31 Dec 2006 (%)

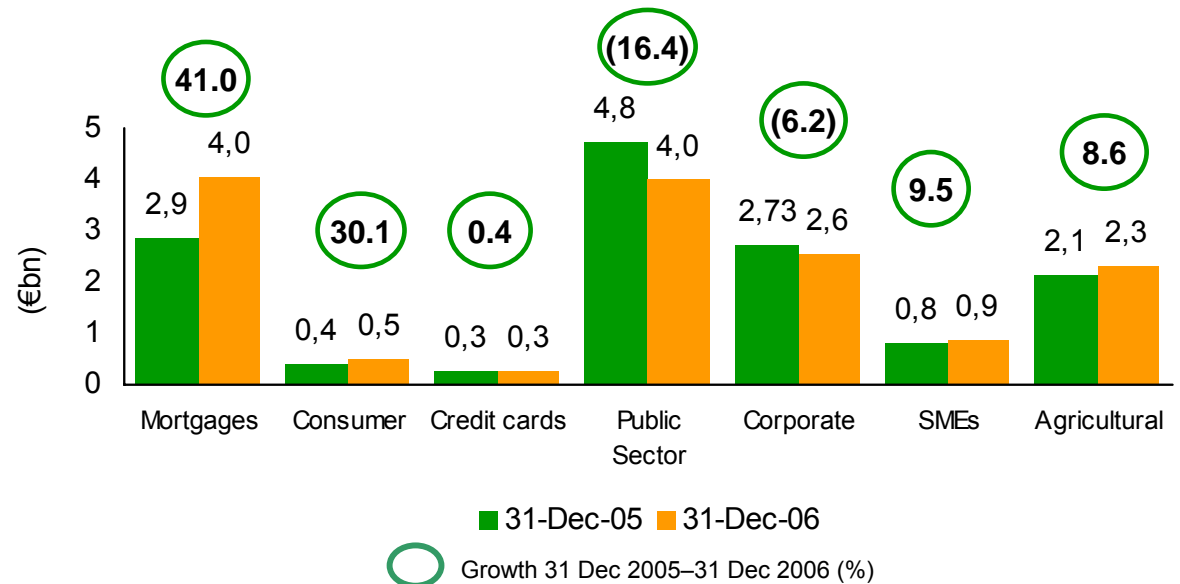
○ Growth 31 Dec 2005–31 Dec 2006 (%) adjusted for write-offs

Notes:

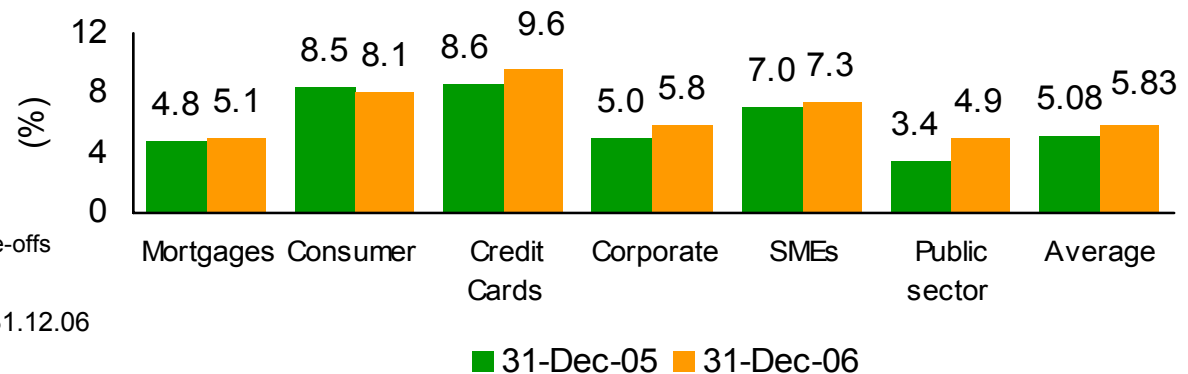
<sup>1</sup> Adjusted for €372 million write-offs in the period 01.01.06-31.12.06

<sup>2</sup> Bank only figures

### Customer loan mix

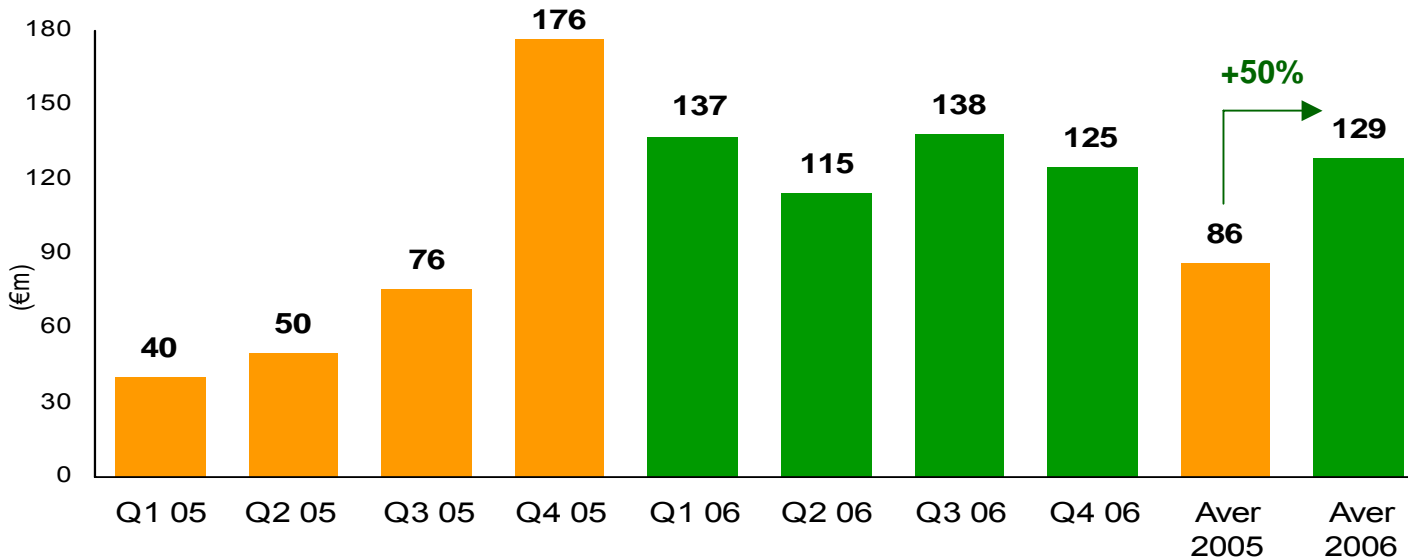


### Nominal interest rates on loans<sup>2</sup> (end of period)



# Focus on Household Lending

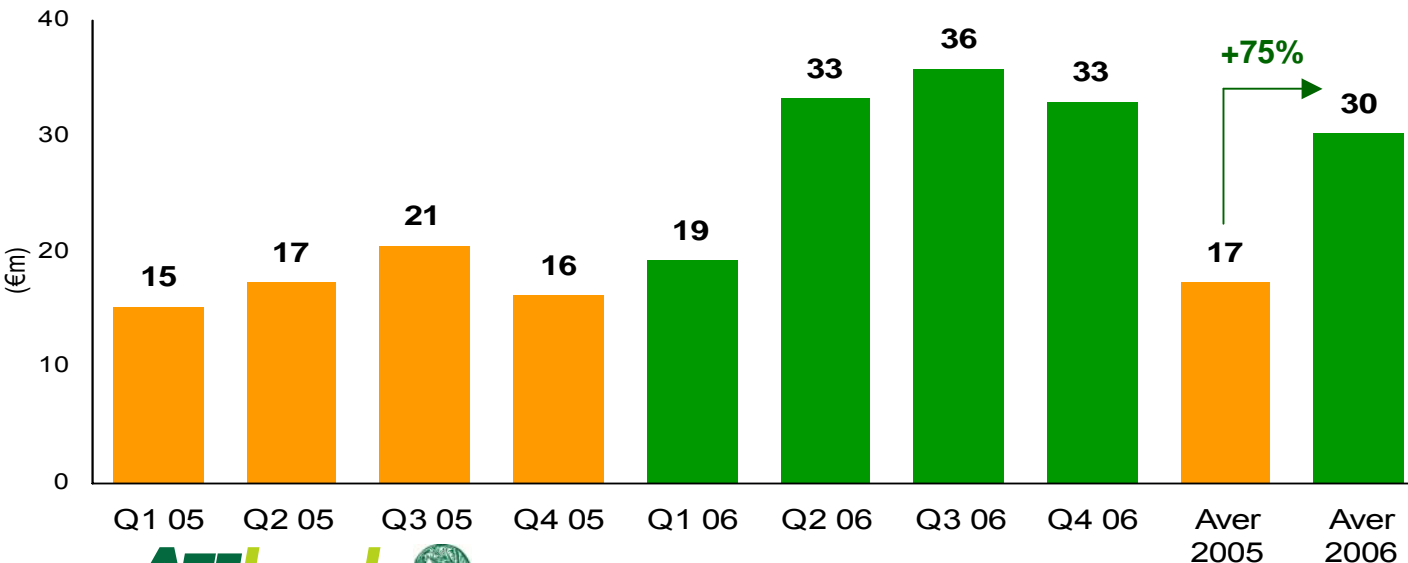
## Average monthly mortgage disbursements per quarter



Mortgage lending continues to grow at very high rates despite the introduction of VAT in new constructions since Jan06.

Average 12-Month 06 mortgage disbursements are up by 50% compared to the Average 12-Month 05.

## Average monthly consumer lending disbursements per quarter



Consumer loans started picking up after the introduction in March 06 of new products & marketing campaign

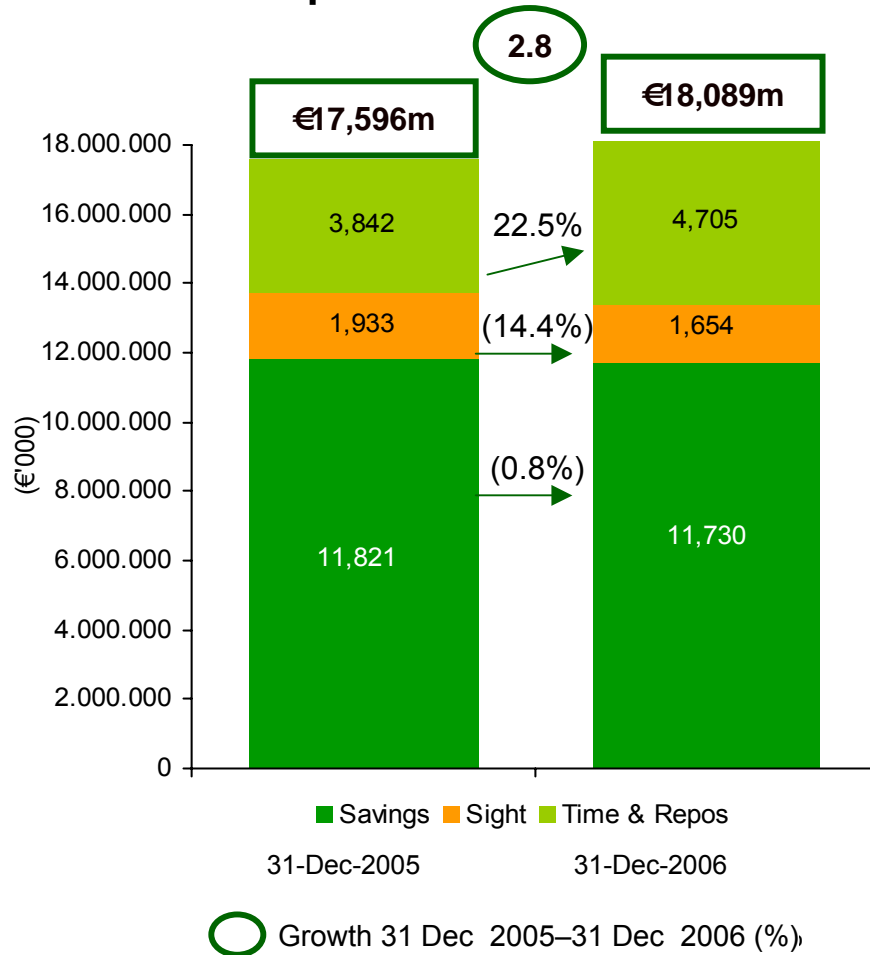
Q4 06 consumer disbursements are up by 103% compared to Q4 05

The Average 12-Month 06 consumer disbursements are up by 75% compared to the Average 12-Month 05

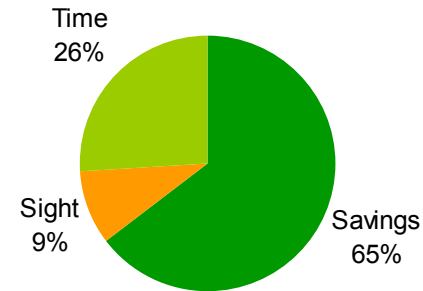
# Customer deposits

## Funding base at attractive rates despite continuous ECB rate increases

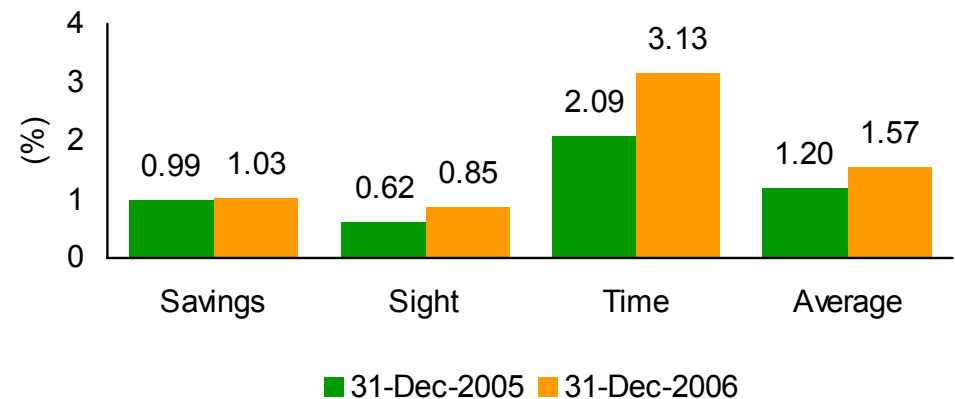
### Customer deposits



### Deposit mix as of 31-Dec-2006



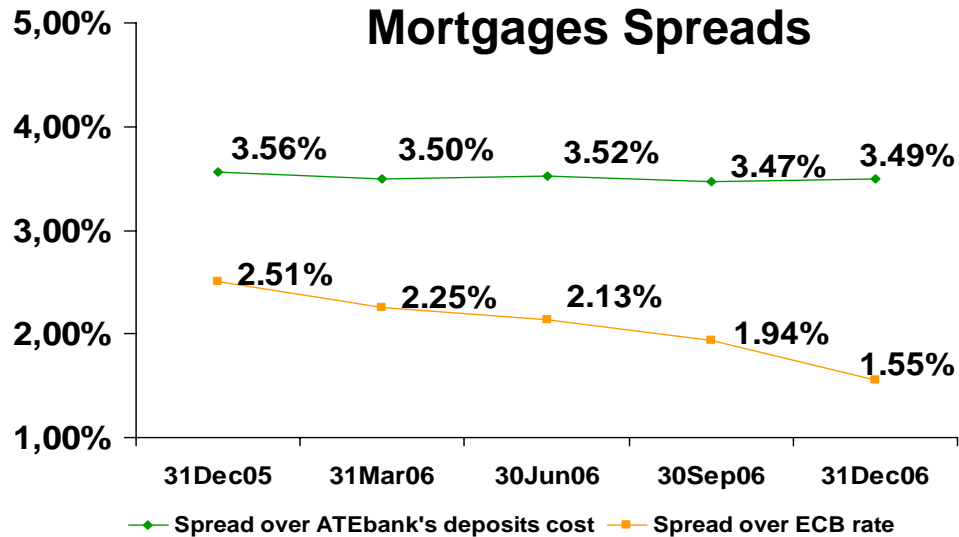
### Interest rates on deposits (end of period)



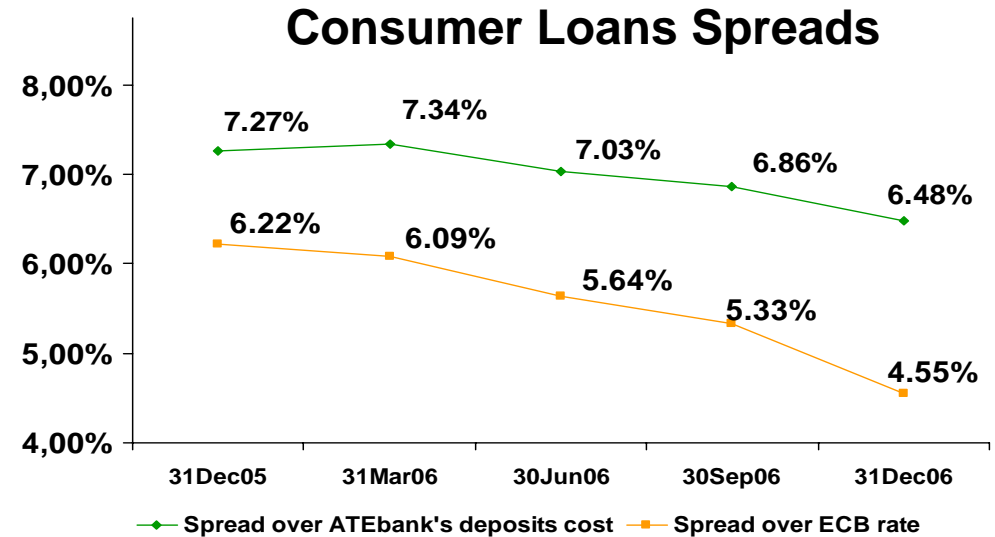
# Spreads

Pressure in loan spreads continuous, but ATEbank is in a better position than the market due to its low cost of deposits

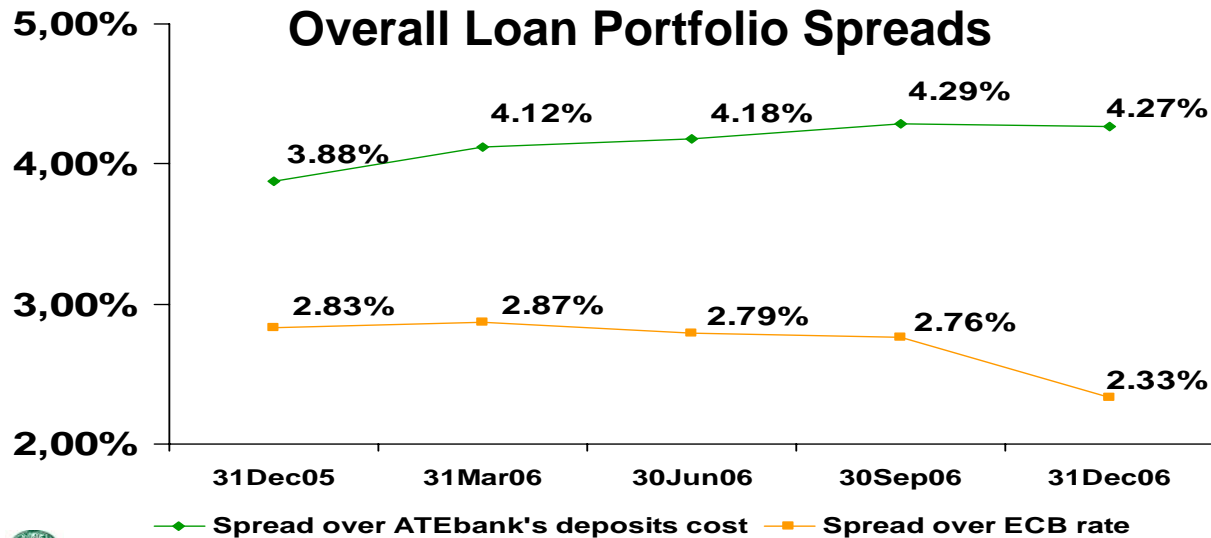
## Mortgages Spreads



## Consumer Loans Spreads



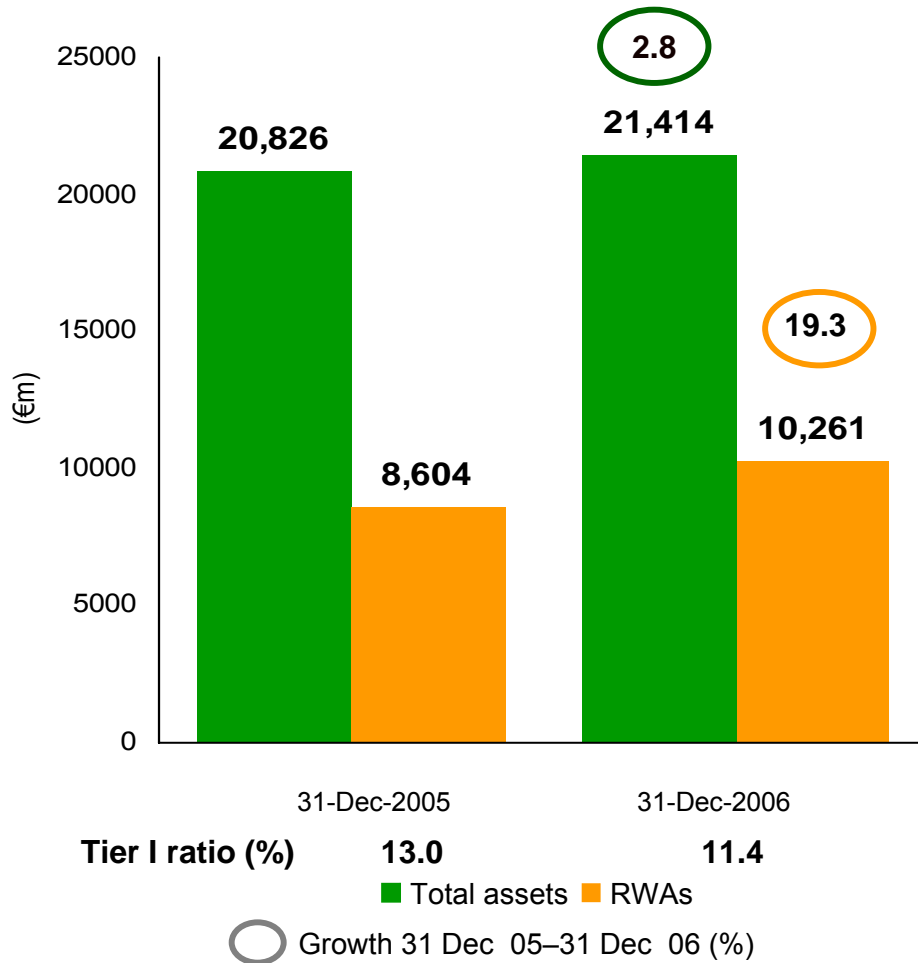
## Overall Loan Portfolio Spreads



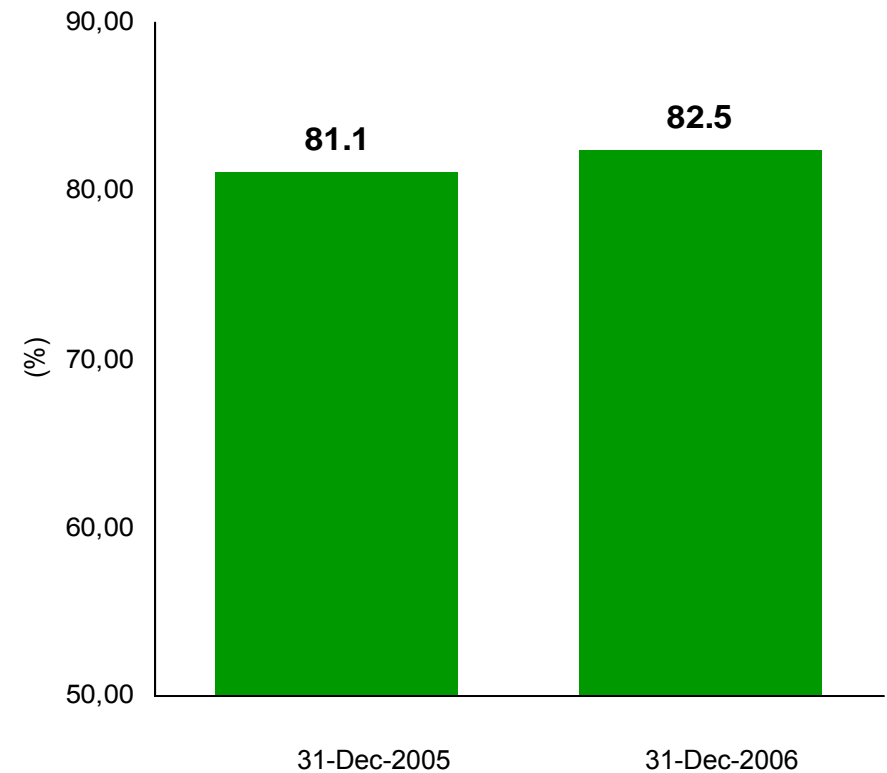
# Capital position

## Loans / Deposit ratio still leaves room for growth

Risk weighted assets



Loans/deposits ratio <sup>1</sup>



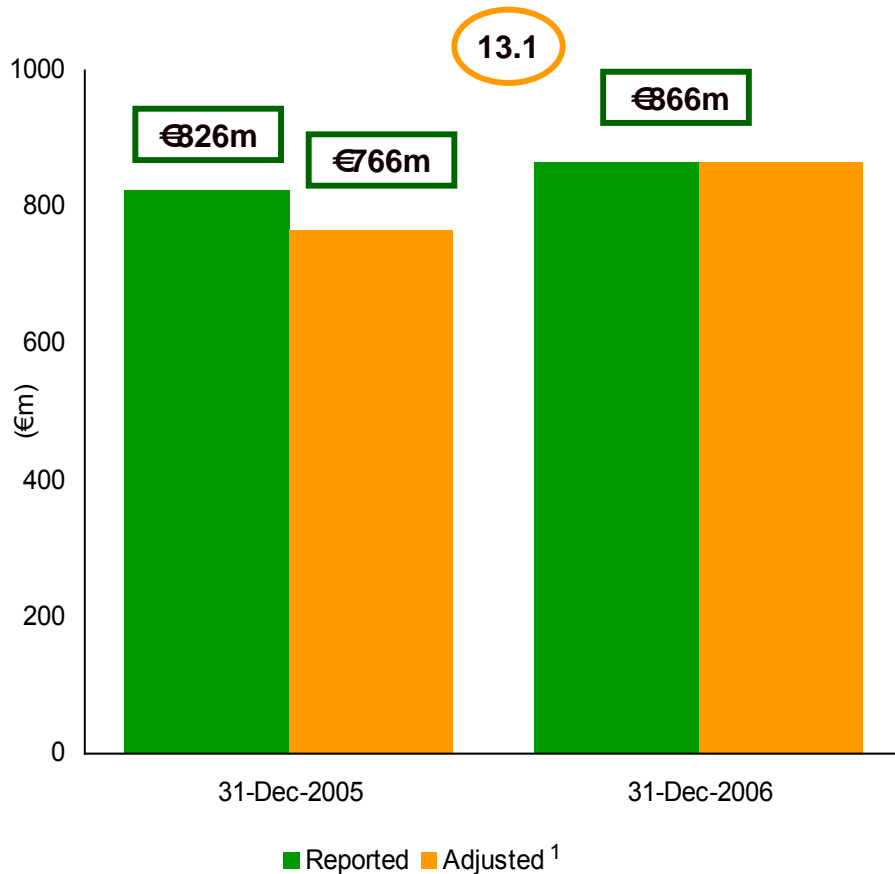
Note:

1 Gross customer loans over customer deposits

# Net interest income

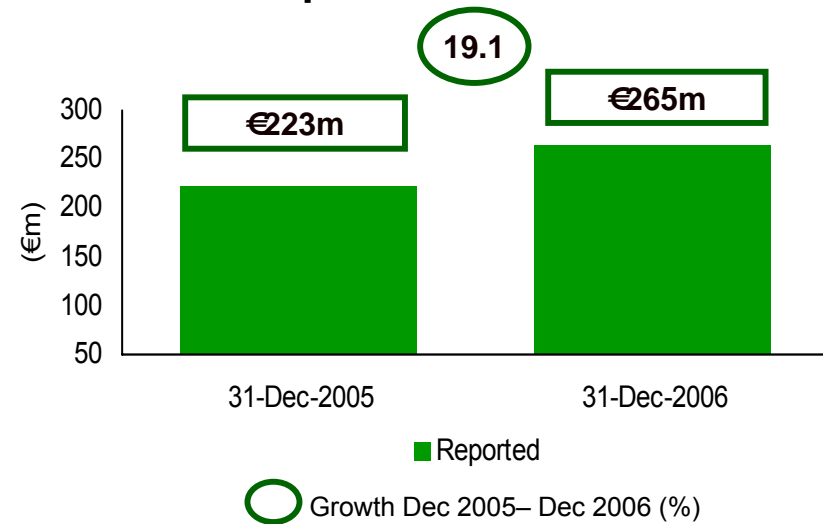
## Net Interest Margin continues to improve after shift in loan mix

### Interest income

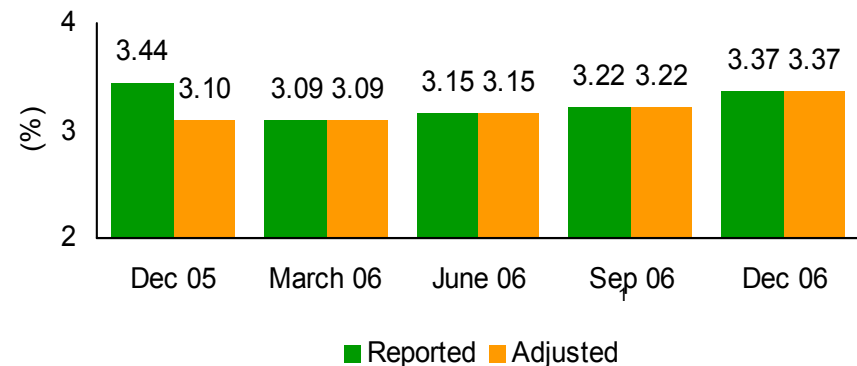


○ Growth 31 Dec 05 – 31 Dec 06 (%) on a recurrent basis

### Interest expense



### Net interest margin<sup>2</sup>



Note:

1 Adjusted for non-recurring interest income of 60m in 12 months 2005

2 Net interest income over average interest earning assets (calculated on quarterly basis)

# Non-interest income

**Non-interest income items represent 31.6% of total operating income**

	(€m)		
	31 Dec 2006	31 Dec 2005	Comment
Net fee and commission income	80.6	75.0	♦ Fee and commission income and expenses from banking and non-banking products
Net trading income	16.2	18.4	♦ Gains and losses from financial transactions
Income from investments	46.9 <sup>1</sup>	(3.6)	♦ Gains and losses from disposal of financial assets available-for-sale
Dividend income	25.8	16.3	♦ Dividend income derived mostly from available-for-sale securities
Other operating income	108.7	110.9	♦ Revenue from sale of goods, insurance contracts and other
<b>Total non-interest income</b>	<b>278.1</b>	<b>216.9</b>	

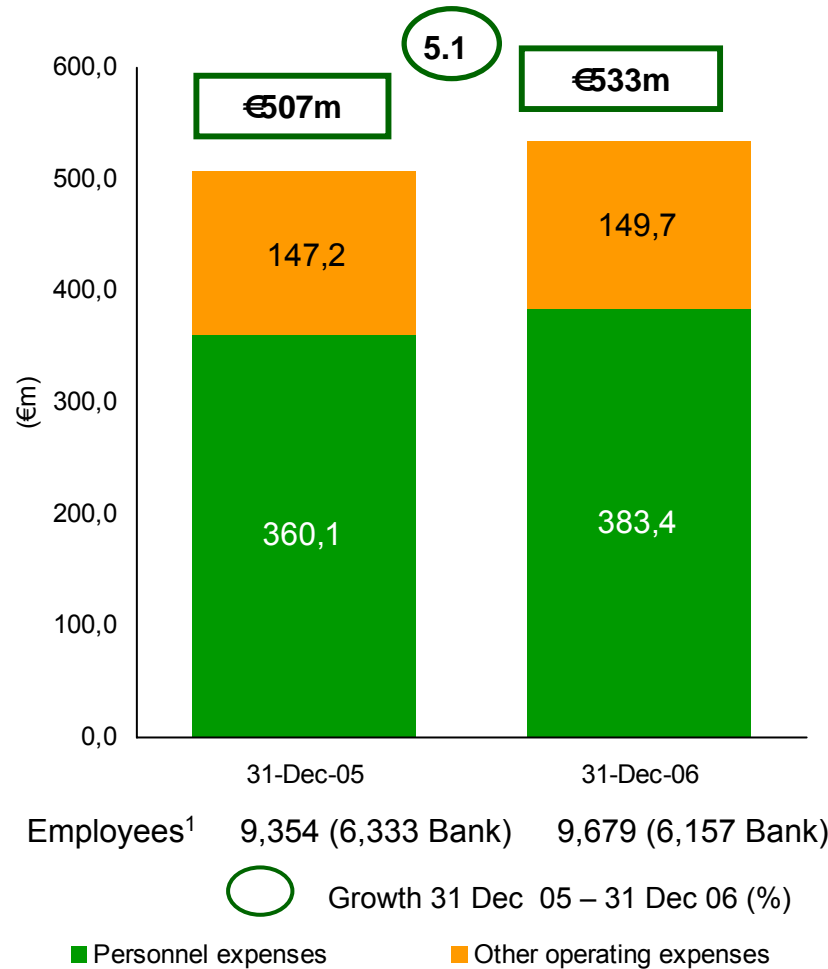
Notes:

1 It includes €46,285m derived from the sale of part of available for sale portfolio.

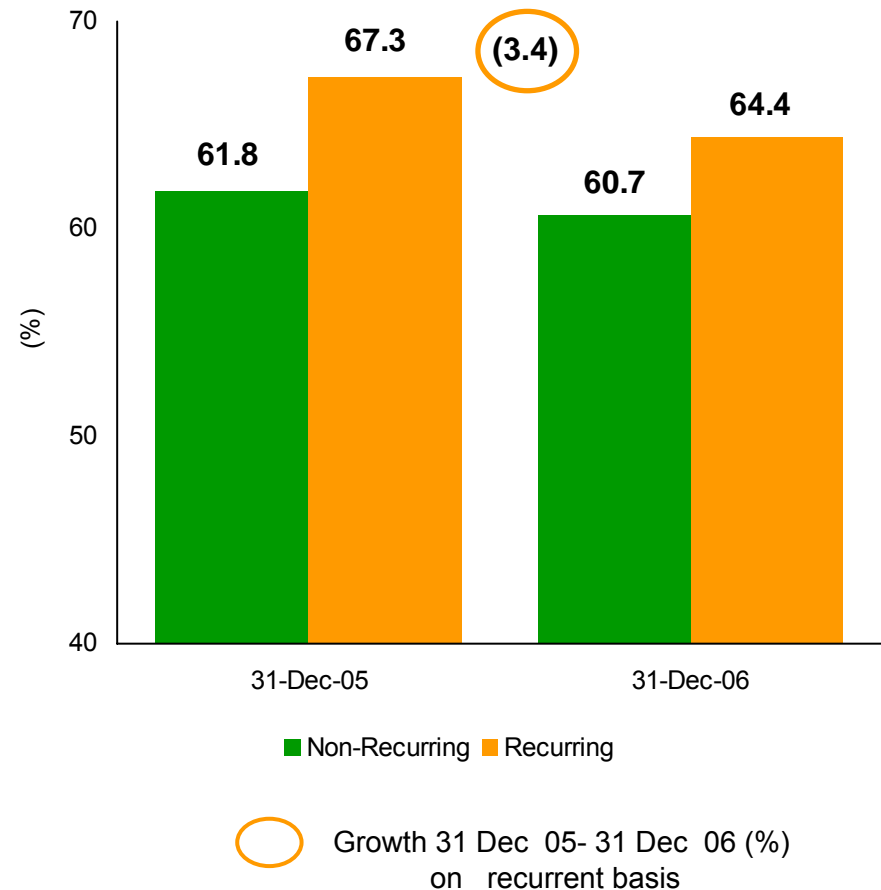
# Operating expenses

## Cost Growth under control

### Operating expenses



### Cost income ratio<sup>2</sup>



#### Notes:

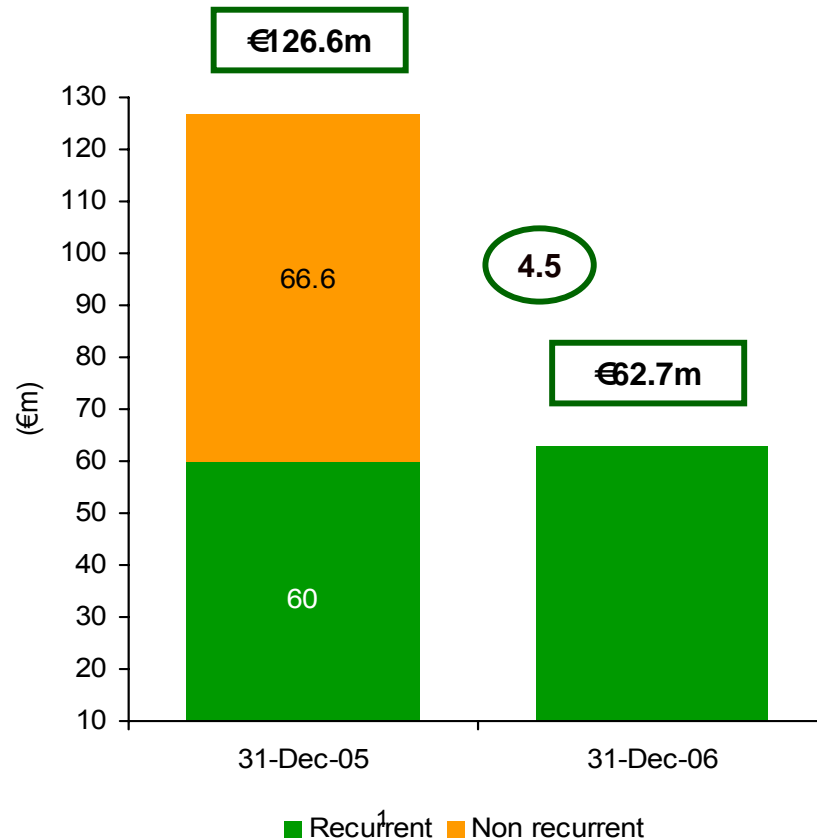
1 Number of employees at the end of the period (excluding employees of FBB, AIK Banka & SEKAP which are not fully consolidated)

2 Operating expenses over operating income

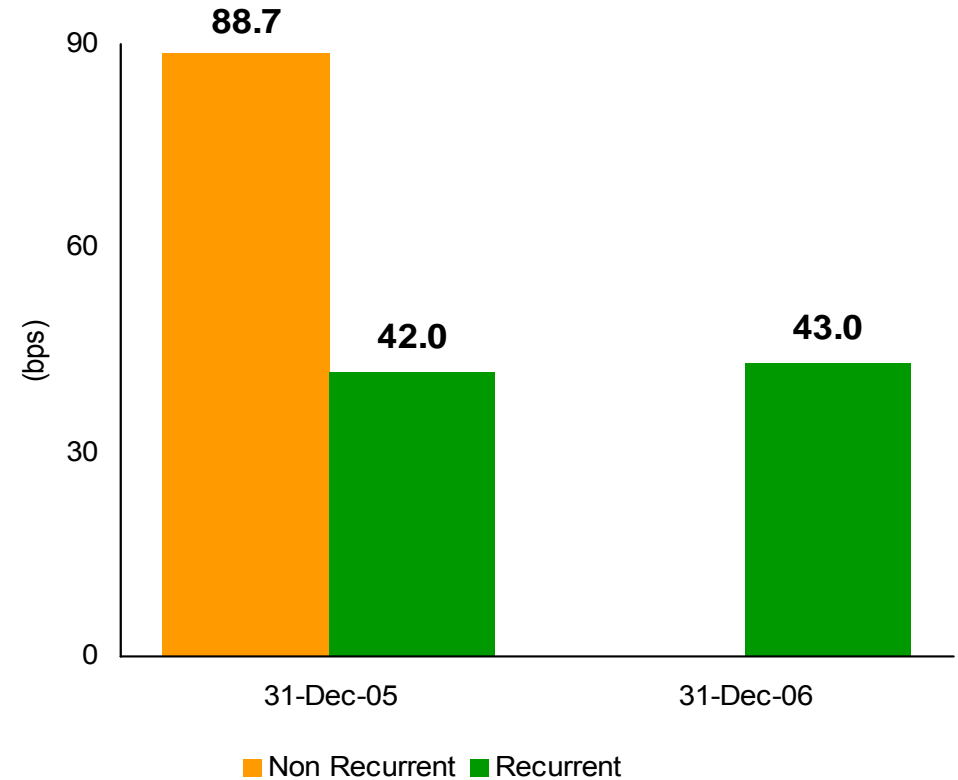
# Impairment losses on loans

## Annual provision charges remain low following loan restructuring

Impairment losses on loans



Cost of risk<sup>2</sup>



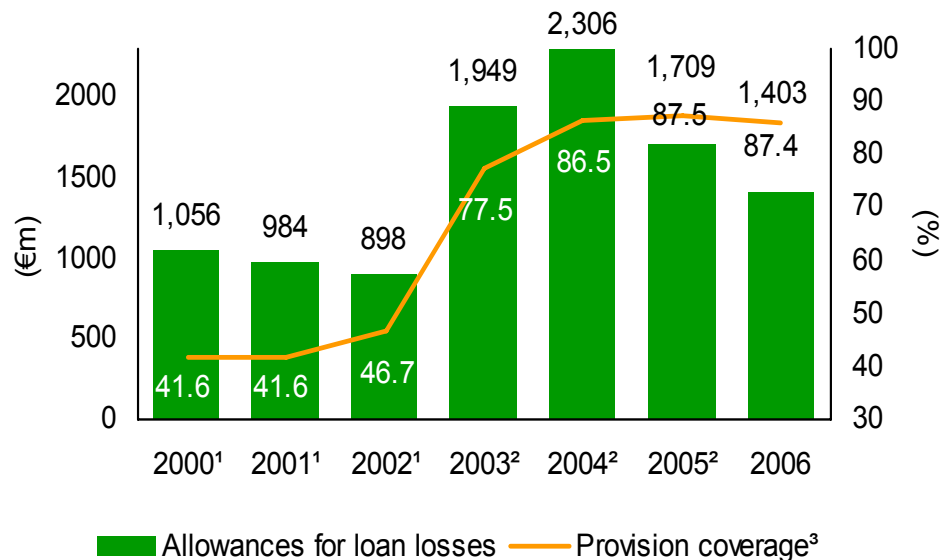
Notes:

- 1 Full Year of 2005 include €66.6m non-recurring provisions recognized pursuant to loan restructuring under law 3259/0
- 2 Impairment losses on loans over average gross customer loans.

# Provisions - NPLs

**Provisions remain at satisfactory levels, while NPL ratio continuously declines**

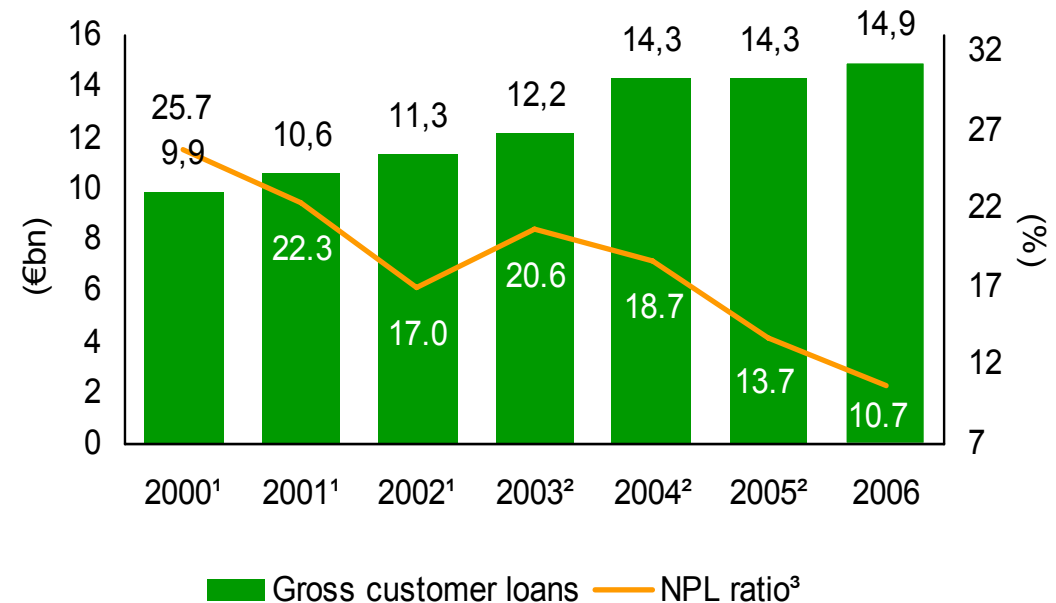
**Provisioning level**



Notes:

- 1 Greek GAAP
- 2 IFRS
- 3 Allowances for loan losses over non-performing loans

**Non-performing loans**



**Total 2005 NPLs : €1,953m**

**Total 2006 NPLs: €1,605m**

Notes:

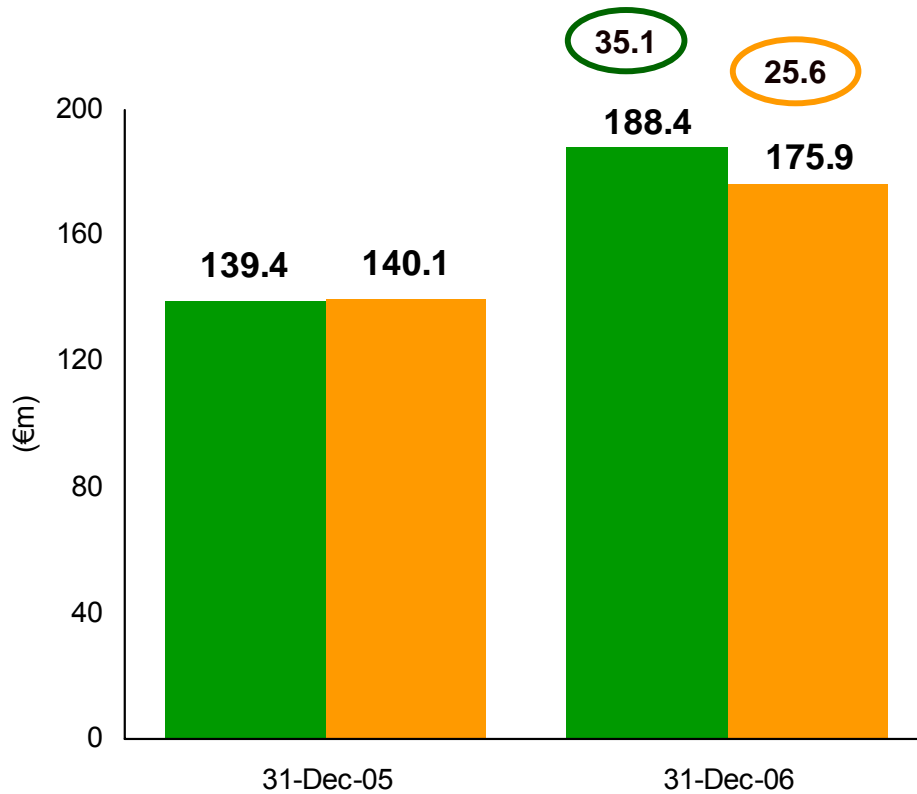
- 1 Greek GAAP
- 2 IFRS
- 3 Defined as loans in arrears for over a period of 180 days over gross customer loans

◆ Further improvement in asset quality will continue due to loan restructurings and write-offs

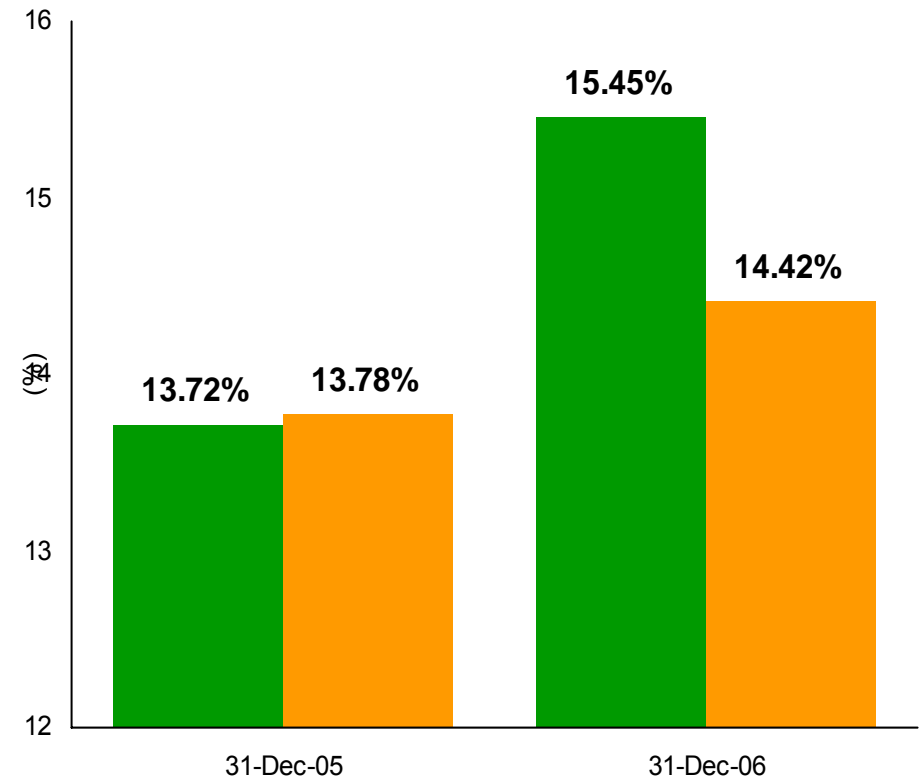
# Profit of the period

## Significant growth in profitability

Profit attributable to shareholders<sup>1</sup>



Return on equity<sup>2</sup>



■ Reported ■ Adjusted for non-recurring items

○ Growth on reported basis 31 Dec 05 - 31 Dec 06 (%)

○ Growth on recurrent basis 31 Dec 05 - 31 Dec 06 (%)

Notes:

1 Profit after tax and minorities

2 Net profit attributable to shareholders over average shareholders equity (calculated on quarterly basis)

# Analysis of non-recurrent items

## 1/1- 31-12-2006 (€m)

Income statement item	Reported	Non-recurrent item	Adjusted	Comment
Income from investments	46.9	(46.3)	0.6	♦ Result from the sale of part of the available for sale portfolio
Other Operating Income	108.6	(5.1)	103.5	♦ Reversal of provision for contingent liability
Current Tax	(64.6)	38.9	25.7	♦ Dividend Tax (€29,9m) & Tax Exempt Reserves (€9m)
<b>Net profit attributable to shareholders</b>	<b>188.4</b>	<b>(12.5)</b>	<b>175.9</b>	

## 1/1- 31-12-2005 (€m)

Income statement item	Reported	Non-recurrent item	Adjusted	Comment
Interest income	826.0	(60.0)	766.0	♦ Interest income recognised pursuant to loan restructuring under the law 3259/04
Other Operating Income	110.9	(6.0)	104.9	♦ Reversal of provision for bad debts
Impairment losses on loans	(126.6)	66.6	(60.0)	♦ Provisions recognised pursuant to loan restructuring under the law 3259/04
<b>Net profit attributable to shareholders</b>	<b>139.4</b>	<b>0.6</b>	<b>140.1</b>	

## Income statement—selected ratios Reported vs Adjusted for non recurrent items

### 31 Dec 2006

%, for the 12 month period ending	Reported	Adjusted
Net interest income growth y-o-y	(0.4)	10.6
Non-interest income growth y-o-y	28.2	7.5
Total operating income growth	7.2	9.7

# Contribution by Consolidated Subsidiaries

<b>€m, as of end of period ending 31 Dec 2006</b>	<b>Total assets</b>	<b>Gross operating result</b>	<b>Net income</b>	<b>Direct and indirect participation (%)</b>
Agricultural Bank of Greece	20.588	761	161	n/a
First Business Bank	na	16	2	49
ABG Insurance	678	56	12	84
ABG Leasing	325	19	11	100
ABG Cards	16	9	1	100
ABG Securities	34	12	7	95
ABG Aedak	8	4	2	93
ABG Real Estate and IT Development	9	11	1	91
MINDBANK	101	2	1	69
AIKBANKA	na	5	5	21
Other non financial subsidiaries	593	41	3	n/a
<b>ABG Group</b>	<b>21.414</b>	<b>879</b>	<b>194</b>	<b>n/a</b>

<b>€m, as of end of period ending 31 Dec 2006</b>	<b>Total assets</b>	<b>Gross operating result</b>	<b>Net income</b>	<b>Direct and indirect participation (%)</b>
Hellenic Sugar Company	449	30	-2	82
Dodoni	92	8	5	68
Rodopi	8	1	0	75
Etanal	2	0	0	75
Elviz	27	2	0	100
ABG Finance International	2	0	0	100
ABG RENT	6	0	0	99
ABG Advertising	7	0	0	65
	<b>593</b>	<b>41</b>	<b>3</b>	

# Contacts - Disclaimer

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## Stock Symbols:

ASE: **ATE**,

Reuters: **AGBr.AT**

Bloomberg: **ATE GA**

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