



National Bank of Greece
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Investing in the Turkish Banking Sector: Benefits & Risks

Presentation to the Harvard Club of Greece

Paul Mylonas

Chief Economist and Chief of Strategy





Investing in the Turkish Banking Sector: Benefits & Risks

NBG: Creating the leading banking Group in Southeast Europe

Turkey: Presenting the largest market opportunity in Southeast Europe

Finansbank: Establishing an excellent platform for a strong presence in Turkey





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NBG: Creating the leading banking Group in Southeast Europe





NBG's Key Strategic Objectives & Recent Achievements

Sustain strong revenue growth

- Introduced relationship-based service models for affluent and SME customers
- Launched new innovative products such as "Go National" loyalty credit card, and cash-back mortgage loans
- Unlocked revenue synergies between Group companies, especially in bancassurance and asset management
- Opened 47 new branches in Bulgaria, Romania and Serbia since the beginning of 2005

Optimize capital allocation

- Sold North American subsidiaries (ABNY and NBG Canada)
- Divested loss-making operations in Frankfurt, Paris and Amsterdam, and down-sized operations in London
- Merged National Real Estate with NBG
- Agreed strategic partnership for our hotel business (Astir Palace)
- Acquired Eurial Leasing and Alpha Insurance in Romania, AIG JV in Bulgaria
- Agreed to purchase Finansbank in Turkey
- Agreed to purchase P&K in Greece

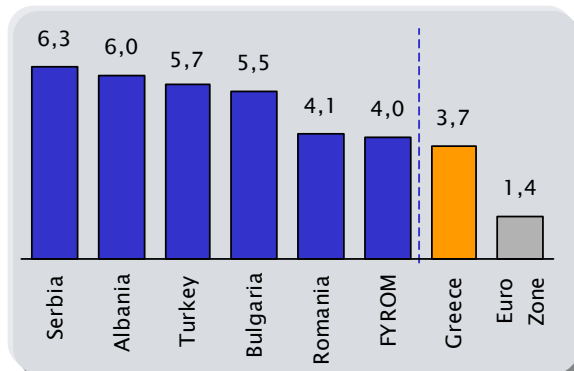
Maximize operating efficiency

- Implemented successful early retirement scheme for 1,500 bank and 230 insurance employees in Greece
- Introduced sales-based performance bonus schemes
- Continued the optimization of Greek branch network
- Designed centralization of back-office processes
- Renegotiated key vendor contracts and centralized Group procurement
- Redesigned corporate collections unit
- Integrated IT platforms in SEE

SEE is One of the Most Dynamic Regions in Europe, with Attractive Prospects for the Banking Sector

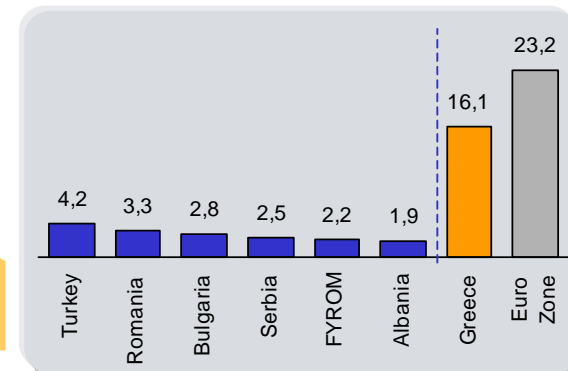


GDP Growth (%)



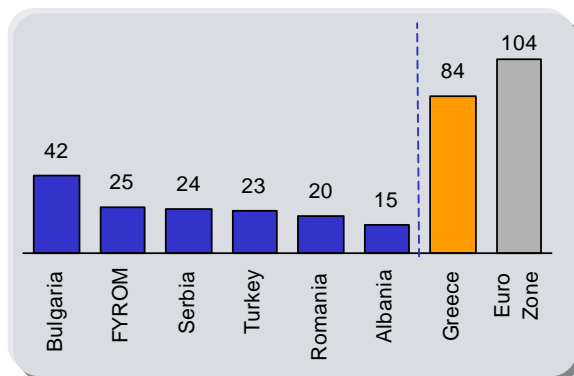
Source: National Statistical Offices

GDP per Capita (€'000)



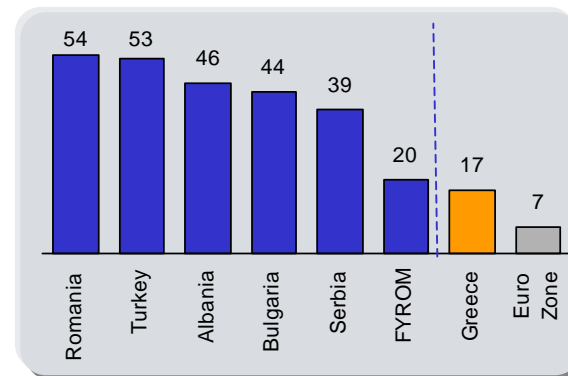
Source: NBG Economic Research

Loans/GDP Ratio (%)

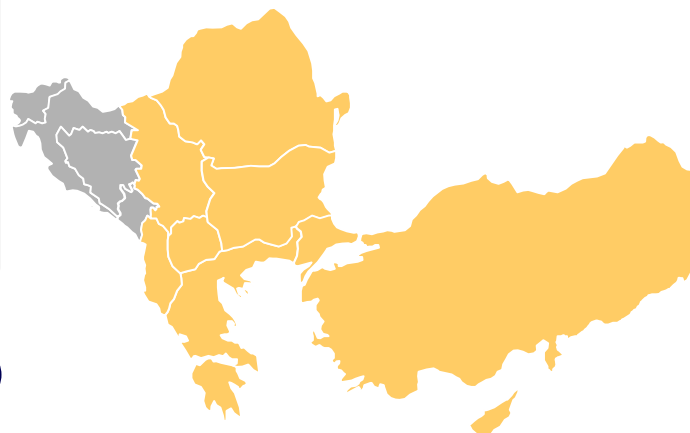


Source: NBG Economic Research

3-Year Loan Growth ⁽¹⁾ (CAGR %)



Source: NBG Economic Research, National Central Banks



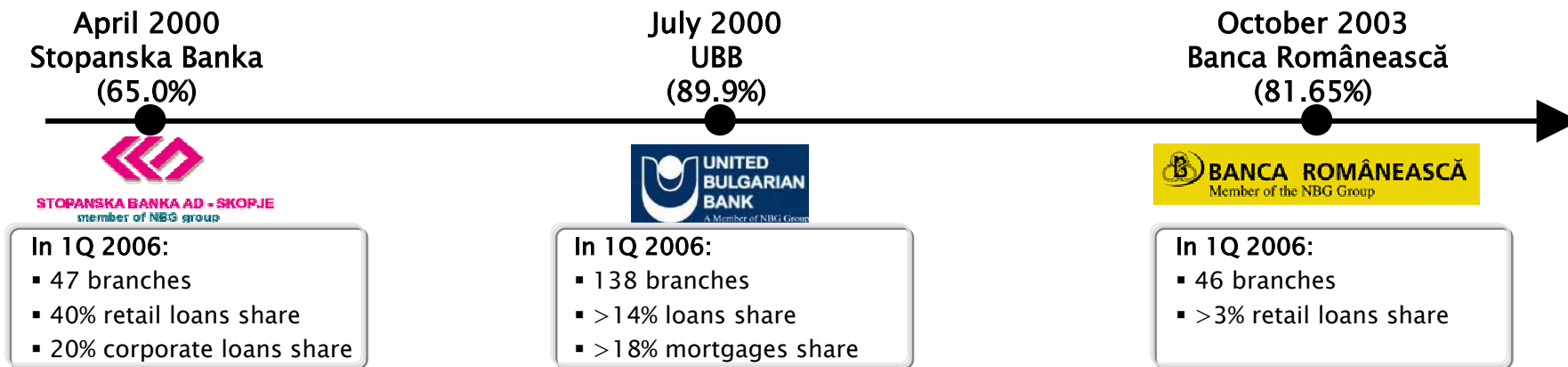
(1) 2002-2005 period.

Note: Data as of or for the year ended December 31, 2005, unless otherwise noted.

NBG has a Successful M&A and Integration Track Record in SEE



SEE acquisitions in recent years



Our strategy in SEE

- Follow local brand strategy
- Appoint/retain local management
- Centralize audit, risk management and treasury operations
- Apply a common IT platform to exploit economies of scale and regional synergies
- Focus on retail banking and SME business, capitalizing on the experience gained in the domestic market (particularly in mortgage lending)



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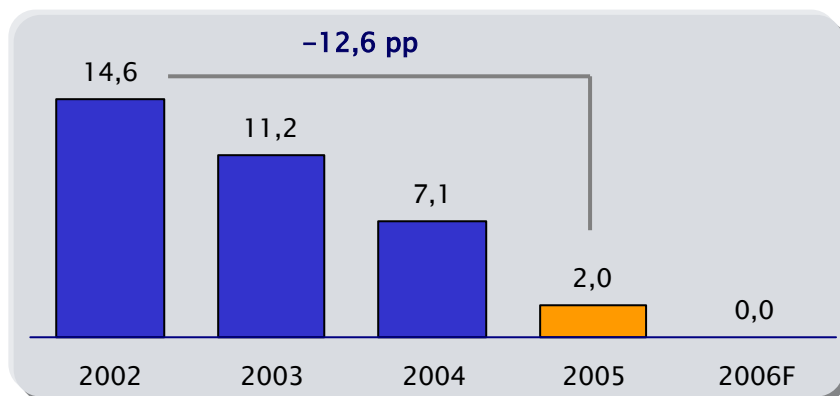
Turkey: Presenting the largest market opportunity in
Southeast Europe



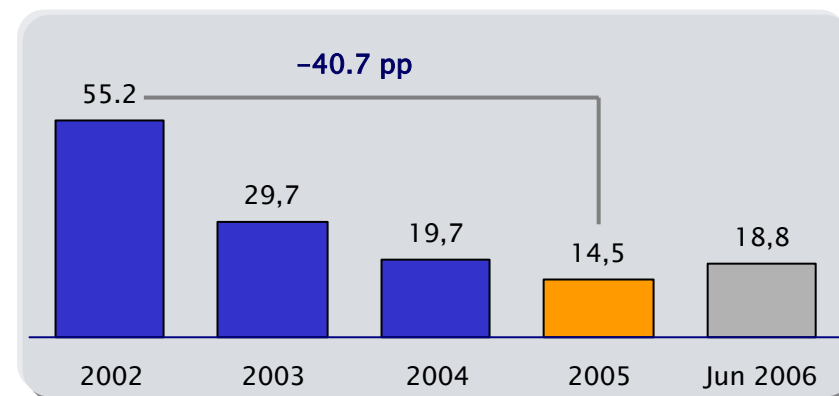
The Turkish Macroeconomic Environment Has Improved Significantly in the Past 4 Years



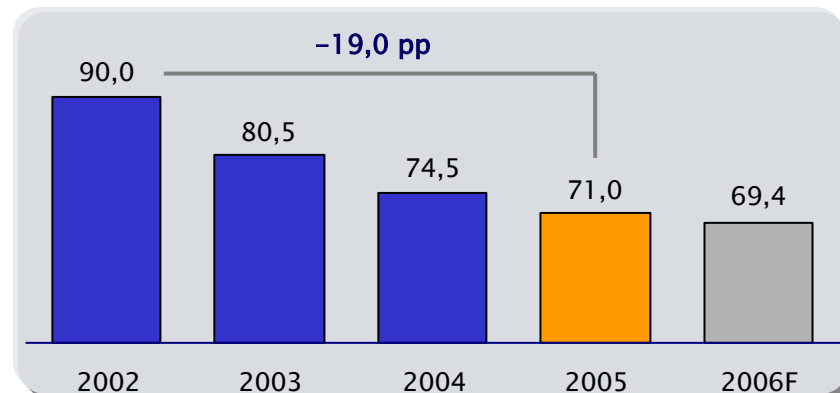
Fiscal Deficit / GDP (%)



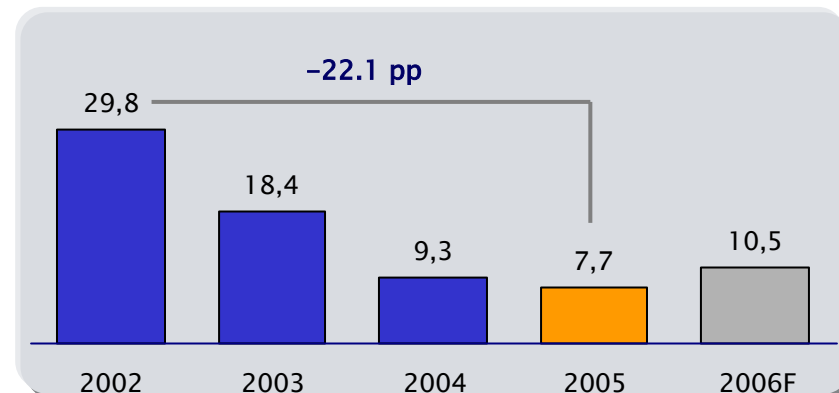
Key Policy Rates (%)⁽¹⁾



Gross Debt of the Public Sector / GDP (%)⁽²⁾



Inflation (eop, %)



Source: National Statistical Office, Ministry of Finance, CS Research

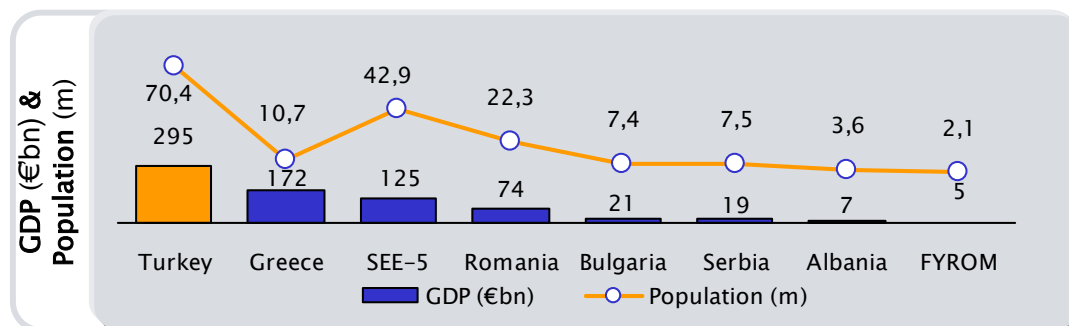
(1) Central Bank's o/n borrowing rate (year-end, compounded).

(2) Gross general government debt (% of GDP, year-end).

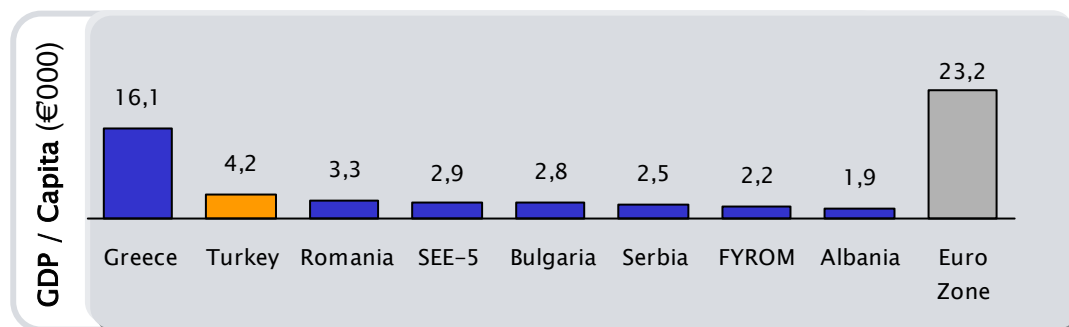
Turkey Represents the Largest Banking Opportunity in the SEE Region in Terms of Size and Growth Potential



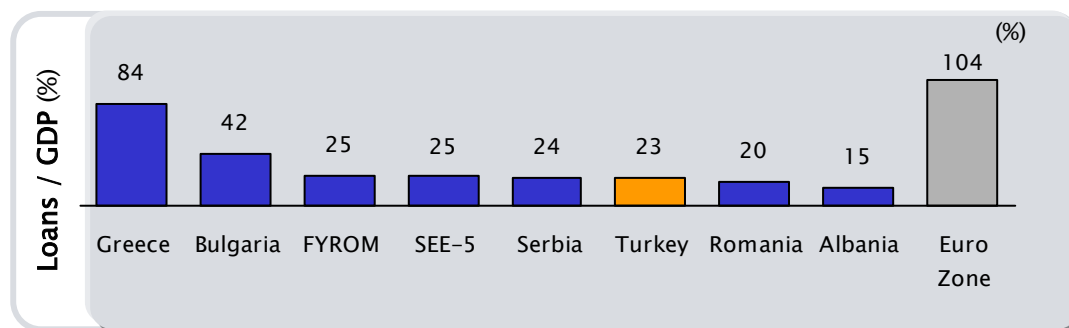
Turkey is the largest European emerging market...



...with high GDP growth potential...



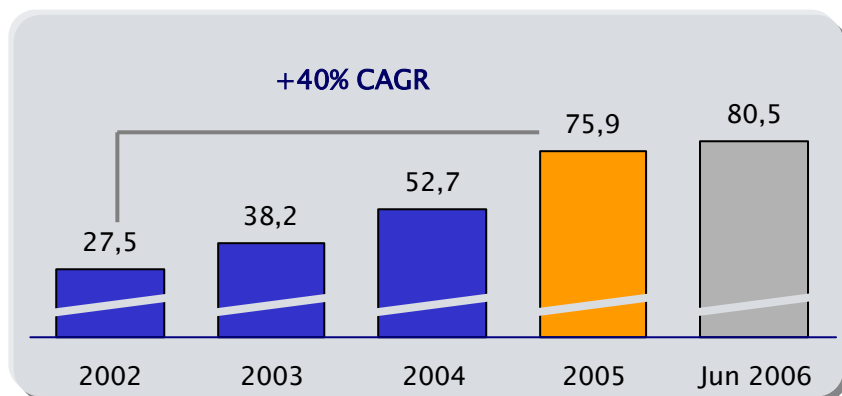
...and an underpenetrated banking sector



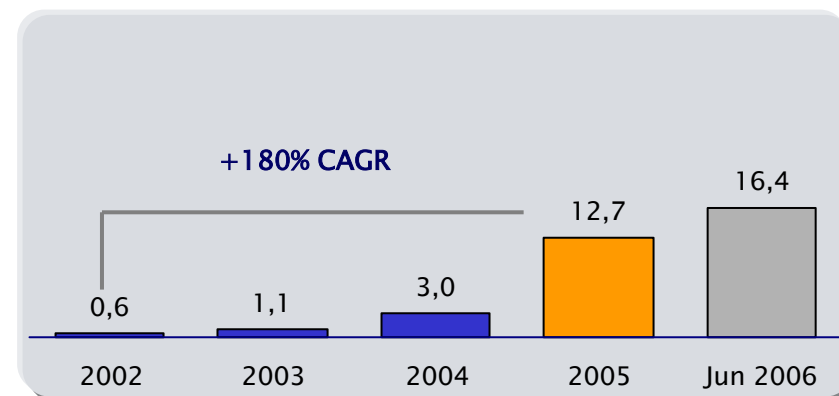
The Turkish Banking Sector has been Experiencing Fast Growth, Especially in its Retail Segments



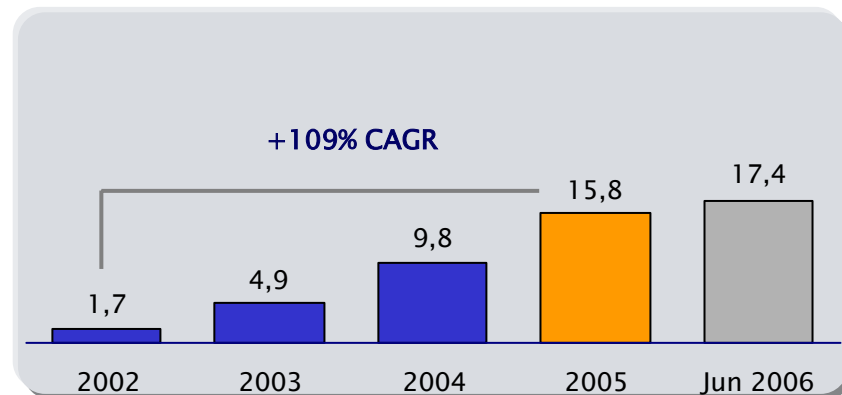
Loans to Enterprises (YTL billion)



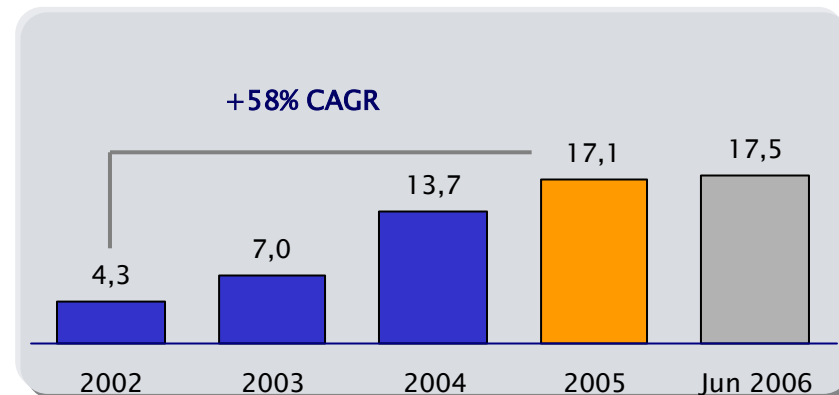
Mortgages (YTL billion)



Auto & Consumer Loans (YTL billion)



Credit Cards (YTL billion)



Foreign Investors have Shown Increased Interest in the Turkish Banking Sector Over the Past 2 Years



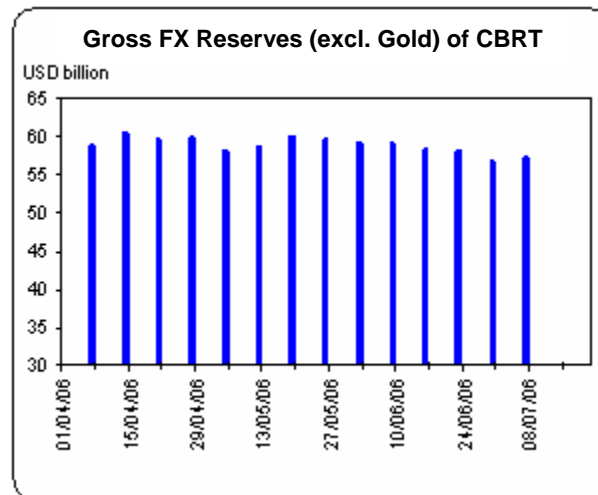
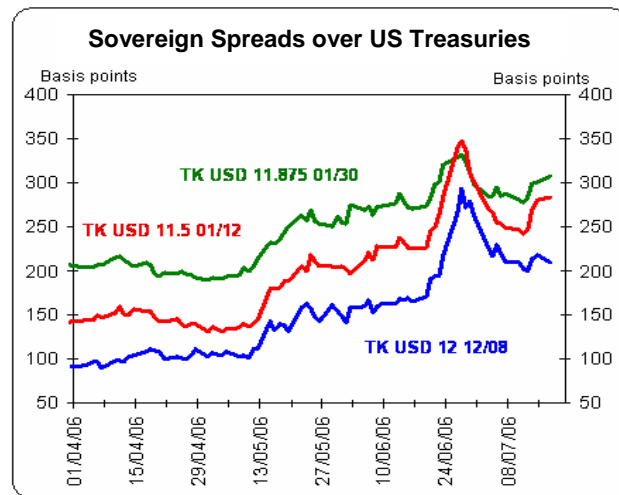
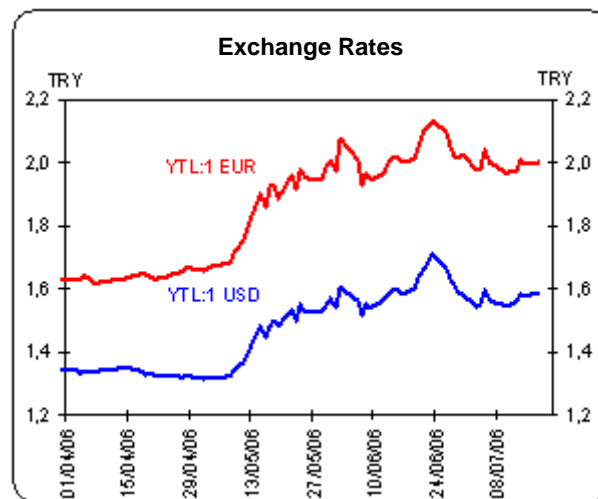
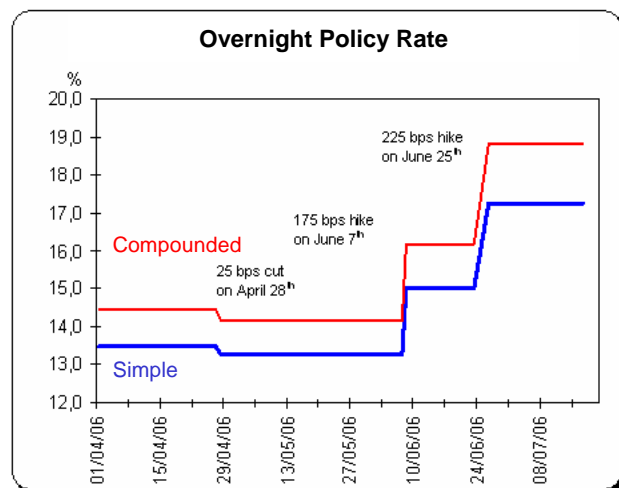
Announcement Date	Target	Buyer	Stake acquired (%)	Implicit Value (100%) USD bn
May 2006	DenizBank	Dexia	75,0%	3,3
May 2006	Tekfenbank	EFG Eurobank	70,0%	0,3
Apr 2006	Finansbank	NBG	43,0%	5,5
Aug 2005	Garanti	GE Consumer Finance	25,5%	6,1
Jul 2005	Sekerbank	Rabobank	36,5%	0,3
Apr 2005	Disbank	Fortis	89,3%	1,0
Jan 2005	Yapi Kredi Bank	Koc-Unicredito	57,4%	2,7
Jul 2004	TEB	BNP Paribas	50,0%	0,5

Total foreign ownership of Turkish banking sector currently ~12% of total banking assets

Source: Company Press Releases, Factiva.

Note: Implicit value figures converted at exchange rate as of date of announcement.

The Recent Emerging Markets Turbulence is Adjusting Following a Strong Policy Response



- Sources of shock are external
- Policy rate hikes and FX market interventions above expectations have started reversing the depreciation of the Turkish Lira
- FX reserves remain at record high levels of ~USD 60 billion
- Fiscal discipline continues with strong results in May–June 2006, leading to expectations of out-performance of 2006 primary fiscal surplus target of 6,5%



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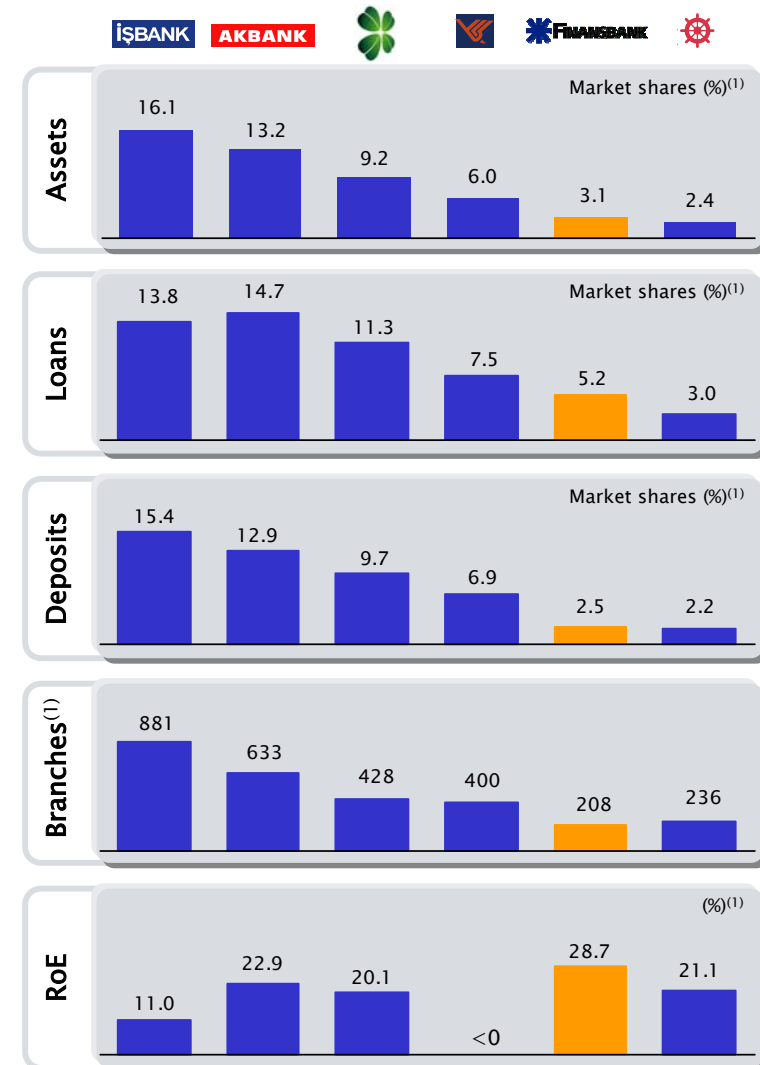
Finansbank: Establishing an excellent platform for a strong presence in Turkey



Finansbank is a Significant Player with Strong Presence, Capabilities and Growth Potential



- The 5th largest private bank in Turkey, in terms of consolidated assets and equity
- Strong brand name to be maintained
- Strong management team, with considerable international experience
- Dynamic sales culture, supported by highly incentivized staff
- Focus on retail banking
- Growing and productive network (236 nationwide branches in March 2006) and developed alternative distribution channels
- Growing centralized operations, branch network focused on sales
- Sophisticated IT systems, an integral part of the sales process



Source: BRSA, Bank websites, Unconsolidated (Bank-only) BRSA Financial Results 2005

(1) As of YE 2005.

The Finansbank Transaction Offers Significant Synergy Potential



Funding benefits

- A significant part of Finansbank's current wholesale funding can be called and NBG expects to refinance a significant portion of this at more advantageous rates
- The growth of Finansbank can be funded at more advantageous rates by NBG's access to cheaper funding

Cost saving potential

- Centralize and coordinate purchasing activities throughout the new Group
- Achieve greater integration of IT infrastructure, back-office operations and card processing for the Group's SEE subsidiaries

Revenue enhancement opportunities

- Share NBG's expertise in mortgage and consumer lending with Finansbank
- Leverage Finansbank know-how in credit cards and alternative distribution channels to the Group
- Introduce higher-yielding YTL products to the Greek market



The Impact of the Recent Economic News on Finansbank is Expected to be Limited



Balance Sheet

- Insignificant open FX balance sheet position
- Bond portfolio consisting of mostly floating rate domestic YTL securities, largely unaffected by changes in interest rates
- Hedging strategy aimed at minimizing economic impact of changes in interest and FX rates, with fixed assets and liabilities netting out

Income Statement

- Meaningful portion of revenues unaffected by movements in YTL as they are foreign currency based
- Cost base mostly in YTL reducing the impact on earnings even further

Long-Term Economic Perspective

- Some positive signs (e.g., continued fiscal discipline, enhanced competitiveness of export-oriented sectors, increased spreads and improved deposit funding costs, low YTL leverage, and concentration of FX lending in large corporates with natural hedges offsetting impact on asset quality)
- Some retail sectors may slow down (e.g., mortgage lending), but are experiencing improvements in spreads



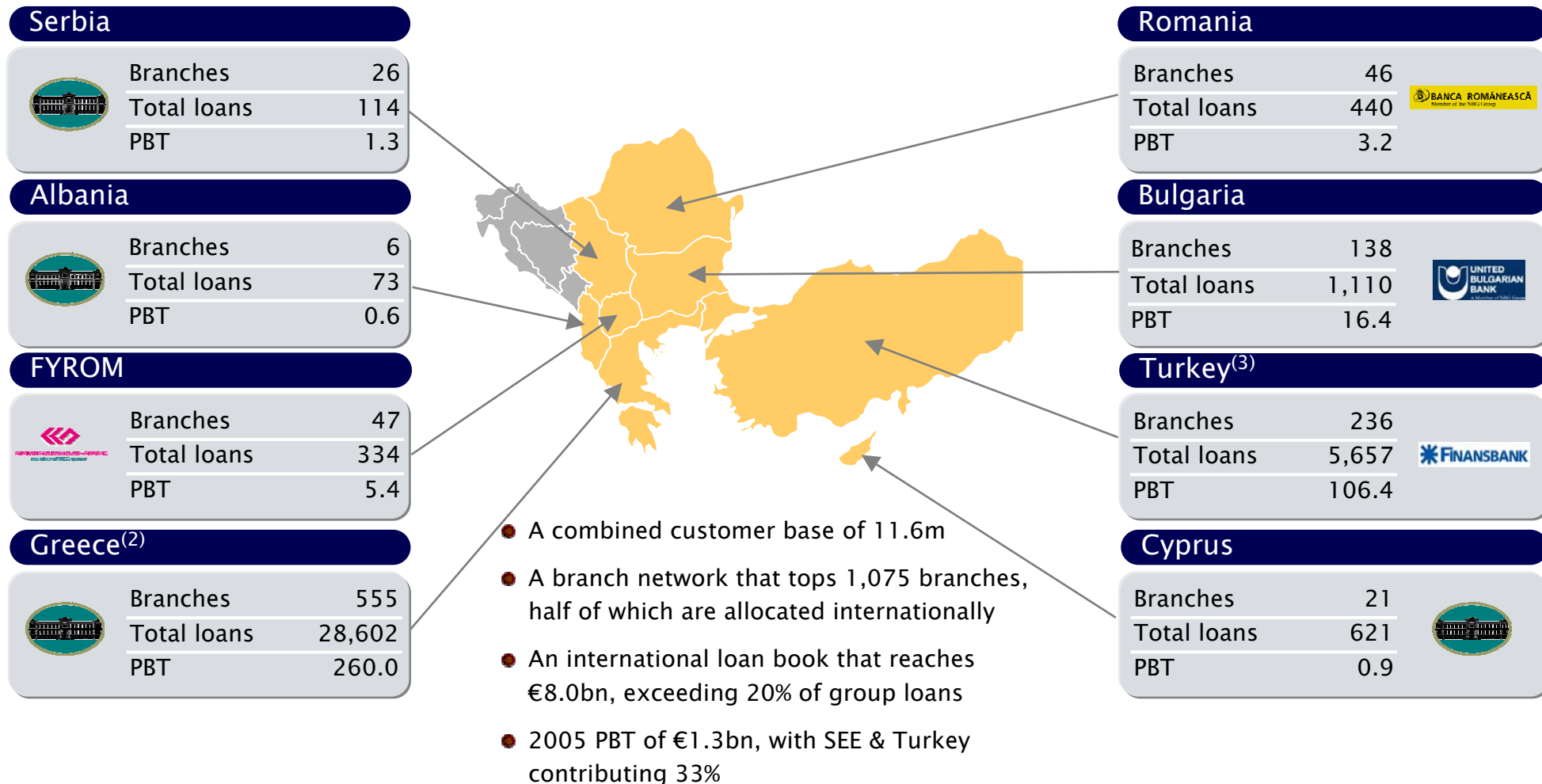
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Creating the Leading Banking Group in Southeast Europe

NBG is Well on its Way to Realizing its Vision of Creating the Leading Banking Group in the SEE Region

Q1 2006 data; amounts in €m⁽¹⁾



(1) Exchange rates as of 31 March 2006.

(2) NBG parent results, excluding networks in Serbia and Albania.

(3) Bank only, unconsolidated BRSA Financials including loans booked in Malta (not yet acquired), excluding profit from domestic subsidiaries.

Investing in the Turkish Banking Sector: Benefits & Risks

NBG: Creating the leading banking Group in Southeast Europe

- Leading position in attractive Greek financial services market
- Established platforms in high-growth markets of Southeast Europe through a successful acquisition and integration track record; dynamic entry into the Turkish market with the acquisition of Finansbank

Turkey: Presenting the largest market opportunity in Southeast Europe

- Increased foreign interest and investment in the Turkish banking sector over the past 4 years
- Largest market opportunity in the SEE region in terms of size and potential growth
- Positive long-term outlook, with measured market risks
 - Achieving significant macroeconomic improvements over the past 4 years
 - Addressing recent emerging market turbulence through targeted policies

Finansbank: Establishing an excellent platform for a strong presence in Turkey

- 5th largest private bank in terms of consolidated assets and equity
- Leading positions in Retail / SME banking and a dynamic sales culture and superior track record
- Significant synergy potential

