

Acquisition of DZI Bank

September 2006

Acquisition Rationale

- ❑ Bulgaria is a cornerstone for Eurobank's long-term international growth:
 - Strong GDP growth (5.8% FY06e) & under-penetrated banking market
 - EU accession on January 1st, 2007

- ❑ DZI & Postbank: two highly complementary organisations:
 - DZI has excess deposits and liquidity, while Postbank has more loans than deposits
 - DZI is oriented towards corporate and Postbank is more focused on retail clients

- ❑ DZI fulfills Eurobank's strategic goal to become a leading bank in Bulgaria:
 - Postbank & DZI will be No3 bank in Bulgaria by total assets, deposits and branches
 - Good fit of branch locations - wide nationwide coverage with over 250 branches
 - DZI's experienced personnel fits entrepreneurial Eurobank culture
 - DZI's unleveraged balance sheet can benefit from Eurobank's proven business model

- ❑ Transaction is in line with Group strategy for international expansion through a combination of organic growth and bolt-on acquisitions

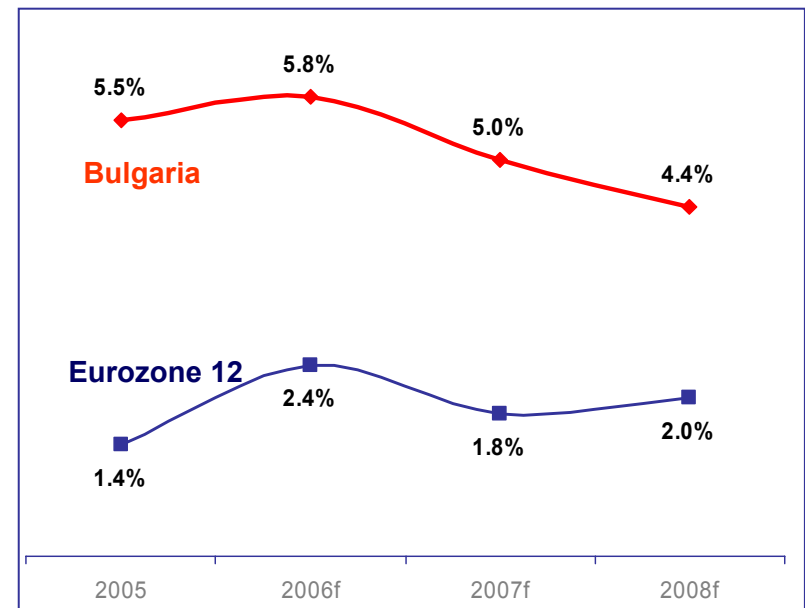
- ❑ Maximising shareholder value through significant cost synergies

Macroeconomic environment underpins future growth

Key macro indicators

	Bulgaria	Greece	EU 12 avg.
GDP growth (FY 05)	5.5%	3.7%	1.3%
Nominal GDP (€ bn)	21.4	181.1	7,980
Population	7.7 m	11.1 m	313.3 m
GDP per capita (€ k)	2.8	16.3	25.5
Household lending/GDP	14.8%	38.3%	54.3%
Credit expansion (FY 05)	34%	20.9%	8.4%

GDP growth (%)



Source: EIU

DZI Profile

- ❑ DZI Bank was established in 1994 and is part of DZI Financial Group, which is active in general, life / health insurance, brokerage and real estate
- ❑ Traditionally a corporate and commercial bank / deposit gathering institution, DZI is rapidly transforming into a full service universal bank
- ❑ Top 5 retail network with distribution network of 131 branches and 43 micro-branches with nationwide coverage
- ❑ One of the three Bulgarian banks with own credit card authorization center - 480,000 (mainly debit) cards issued
- ❑ Experienced management recruited from top-tier banks
- ❑ Work force of 1,284 employees
- ❑ Traditional relationships with corporate and state organizations (incl. municipalities), currently expanding to SME, SBB, Retail

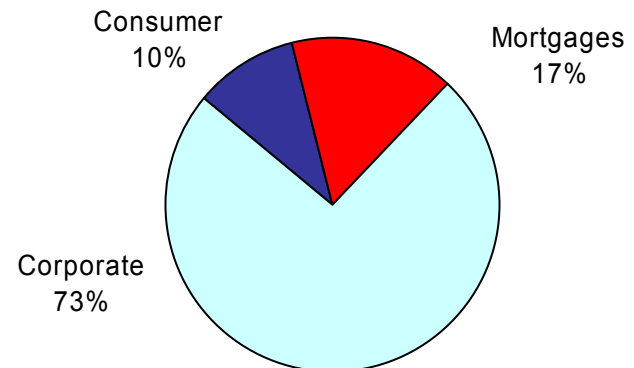
Financials at a glance

Key BS Figures – 1H 06	(€ m)	Market share
Total Assets	563	3.1%
Customer Loans	250	2.4%
Customer Deposits	477	4.0%
Shareholders Equity	30	

- ❑ Liquid, underleveraged Balance Sheet
 - Loans / Total Assets >50%
 - Loans/ Deposits at 52%
- ❑ Deposit base increased by 11% y-t-d
- ❑ Rapid growth of retails loans – up 24% y-t-d

Key P&L Figures	FY 05 (€ m)	1H 06 (€ m)
Total Operating Income	24	11
Operating Expenses	20	11
Provisions	0.4	0.2
Net profit	3	0.4

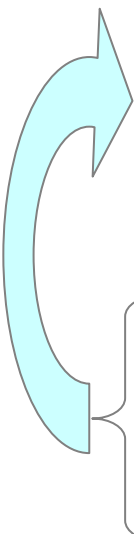
Loan Breakdown



Eurobank becomes the 3rd largest bank in Bulgaria

❑ Postbank & DZI to command more than 10% market share in total assets, loans and deposits

No	Q1 06 (€ m)	Total Assets	Market Share %	Total Loans	Market Share %	Total Deposits	Market Share %
1	UCI (HVB-Bulbank)	3,468	19.9%	1,867	19.3%	2,654	20.0%
2	OTP-DSK	2,429	14.0%	1,504	15.5%	1,827	13.7%
	Postbank + DZI	1,736	10.0%	983	10.2%	1,419	10.7%
3	NBG-UBB	1,663	9.6%	1,112	11.5%	1,241	9.3%
4	Raiffeisenbank Bulgaria	1,484	8.5%	697	7.2%	1,036	7.8%
5	First Investment Bank	1,293	7.5%	718	7.4%	997	7.5%
6	Postbank	1,201	6.9%	752	7.8%	943	7.1%
7	Piraeus and Evrobank	726	4.2%	531	5.5%	630	4.7%
8	EIB	616	3.5%	188	1.9%	520	3.9%
9	SG Expressbank	545	3.1%	374	3.9%	445	3.3%
10	DZI	535	3.1%	231	2.4%	476	3.6%





Strengthening presence in household lending

- ❑ No 3 mortgage lender with 14.7%
- ❑ No 4 player in consumer loans

Mortgage Loans (1H 06)

Rank	Bank	Share
1	DSK Bank	27.7%
2	United Bulgarian Bank	16.7%
	Postbank + DZI	14.7%
3	Bulbank	12.4%
4	Postbank	11.6%
5	First Investment Bank	5.8%
6	Raiffeisenbank Bulgaria	4.2%
7	HVB Bank Biochim & Hebros	4.1%
8	Piraeus & Evrobank	3.9%
9	DZI	3.1%
10	SG Expressbank	0.8%
11	Economic & Investment Bank	0.5%

Consumer Loans (1H 06)

Rank	Bank	Share
1	DSK Bank	37.4%
2	United Bulgarian Bank	14.2%
3	HVB Bank Biochim & Hebros	12.5%
	Postbank + DZI	10.3%
4	Postbank	9.3%
5	SG Expressbank	6.7%
6	Raiffeisenbank Bulgaria	6.7%
7	First Investment Bank	3.7%
8	Bulbank	2.3%
9	Piraeus & Evrobank	1.3%
10	DZI	1.0%
11	Economic & Investment Bank	0.4%

Significant synergies

- ❑ Complementary balance sheet structures
 - The combination of DZI with Postbank leads to mid levels of loans/assets ratio

- ❑ Complementary client base with DZI oriented towards corporate and Postbank more focused on retail clients

- ❑ **Revenue Synergies**
 - Accelerated volume growth by offering of standardised Eurobank products
 - Significant scope to releverage the Balance Sheet

- ❑ **Cost Synergies**
 - Economies of scale, central credit approval and IT processes, product & distribution homogenisation can reduce the combined cost base significantly

Transaction Highlights

- ❑ Eurobank to acquire 74.26% of DZI Bank shares from DZI insurance group and other existing shareholders
- ❑ Consideration
 - € 110 mn cash
 - 2 mn Eurobank shares (existing treasury stock)


- ❑ Valuation for 100% of DZI Bank € 212 mn


- ❑ Price per Branch: €1.2m – Price to Deposits: 0.44x

- ❑ DZI Bank to sell its 8.8% participation in Contract Sofia (shareholder of DZI insurance) at € 6 mn profit.


- ❑ Timeline
 - 28 July Non-binding offer
 - 21 Aug. – 5 Sep. Due Diligence
 - 19 Sep. Binding offer
 - 25 – 29 Sep. Exclusive negotiations with sellers
 - 29 Sep. SPA signing
 - Dec. 2006 Closing

Creating a strong regional banking group


 **Poľbank EFG POLAND**
 70 Branches (YE 06)
 € 19 m loans (1H 06)


 **Bancpost ROMANIA**
 210 Branches (YE 06)
 € 1.2 bn loans (1H 06)



 **Eurobank EFG**  **SERBIA**
 100 Branches (YE 06)
 € 211 m loans (1H 06)

 **Eurobank EFG GREECE**
 370 Branches (YE 06)
 € 28.2 bn loans (1H 06)



 **Universal Bank UKRAINE***
 32 Branches (1H 06)
 € 45 m loans (FY 05)

 **Postbank & DZI BULGARIA***
 >250 Branches
 € 1.1bn loans (1H 06)

 **TEKFENBANK TURKEY***

 30 Branches (1H 06)
 € 199 m loans (FY 05)

* Closing of transactions pending