



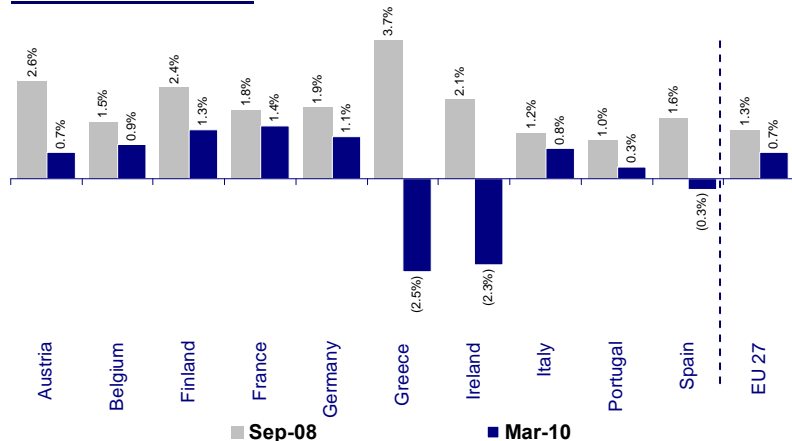
# Managing for Value in an Uncertain Economic and Regulatory Environment

Morgan Stanley  
European Banks & Financials  
Conference

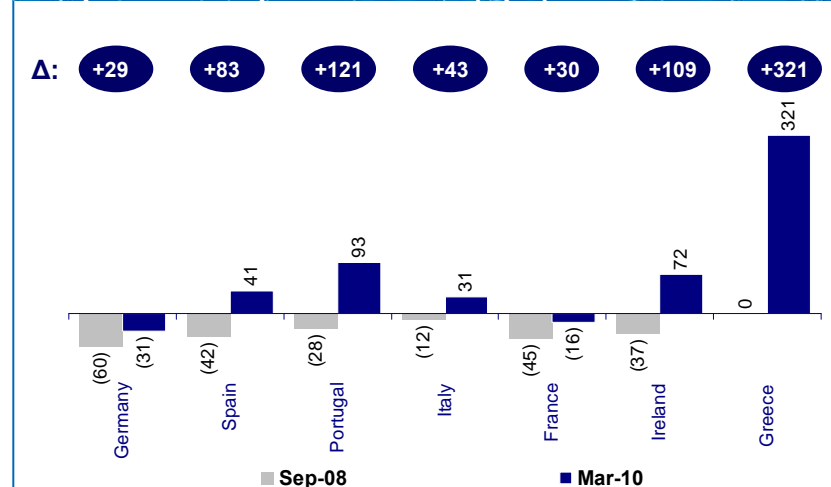
23 March 2010

## Strong Shift in Macroeconomic Forecasts

### 2010E GDP Growth

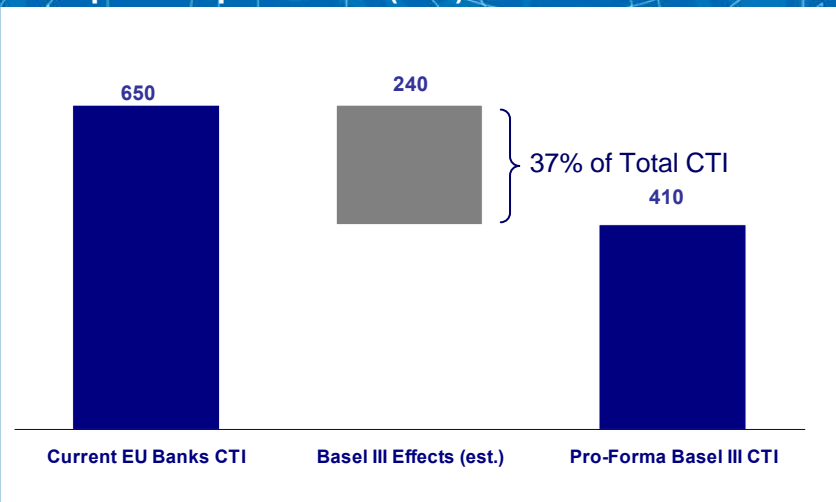


## Significant Movement in Sovereign Spreads (\*) vs. Mid Swaps since September 2008 (bps)



(\*) 5 year Bonds

## Basel III – Significant Changes in Capital Requirements (€bn)



## Increased Government Intervention

- Limitations to scope of business activities
- Tighter regulatory capital rules
- Restrictions on dividends/ payments to hybrid investors
- Involvement in domestic lending decisions

# ...have created significant challenges for the European Banks

## Key Challenges

- Lower Growth Potential
- Higher Capital Requirements
- Higher Capital Costs
- Higher Risk Premiums
- Higher Funding Costs
- Constrains in Liquidity and Funding Management



Significant Constraints in Expanding Balance Sheet



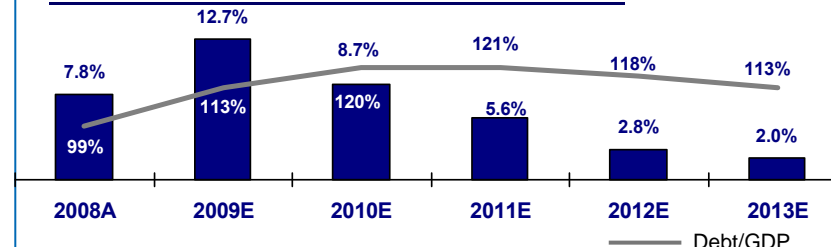
Subdued Shareholders Return

## Macroeconomic Concerns Easing

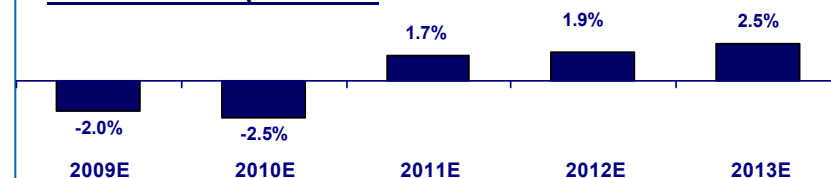
- Fiscal derailment in 2009 and loss of credibility reflected in Greek government bond market – CDS spreads at unsustainable levels
- However, decisive austerity measures targeting fiscal tightening by 4.0% of GDP in 2010 well received by market

## Hellenic Republic's Targets Set To Be Achieved

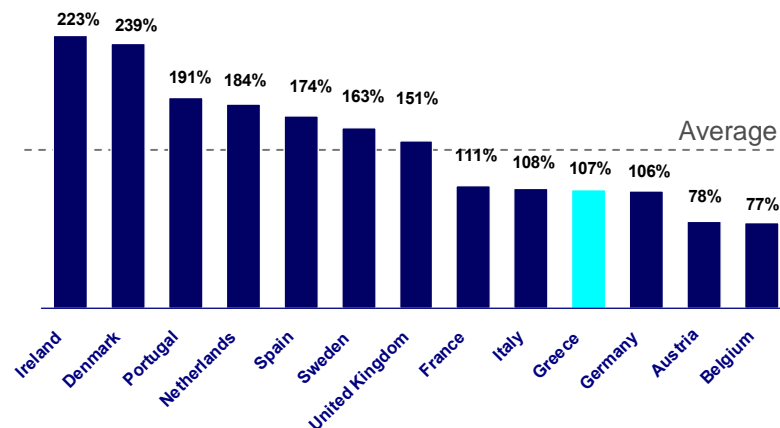
### Government Deficit and Debt / GDP Evolution



### GDP Growth Expectations



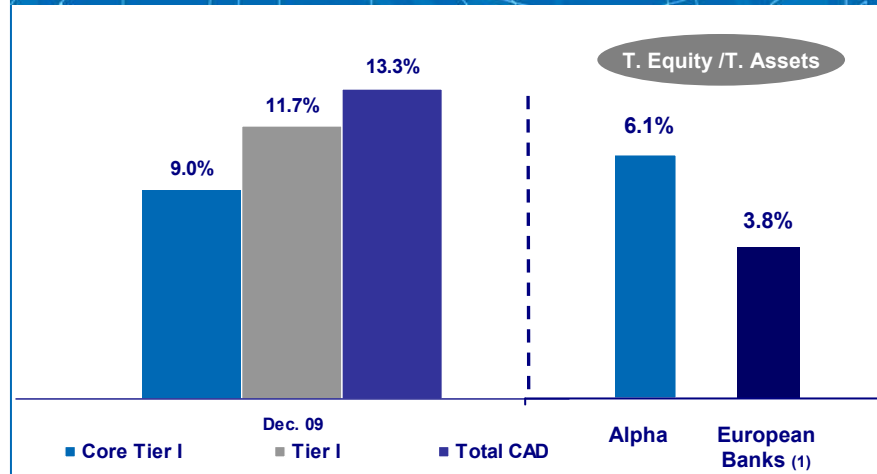
## Scope for Further Growth (Loans/GDP – Dec 09)



## 10-yr Greek Government Bond Spread to Normalise



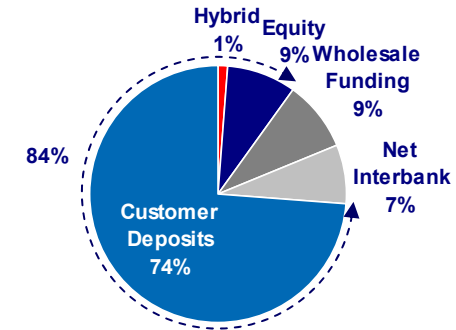
## Benchmark Capital Structure – Basel III Proof



<sup>1</sup> Sample of 31 European retail and wholesale banks, Dec '09

## Strong Liquidity Profile

**Loans/ Deposits 110%<sup>1</sup>**



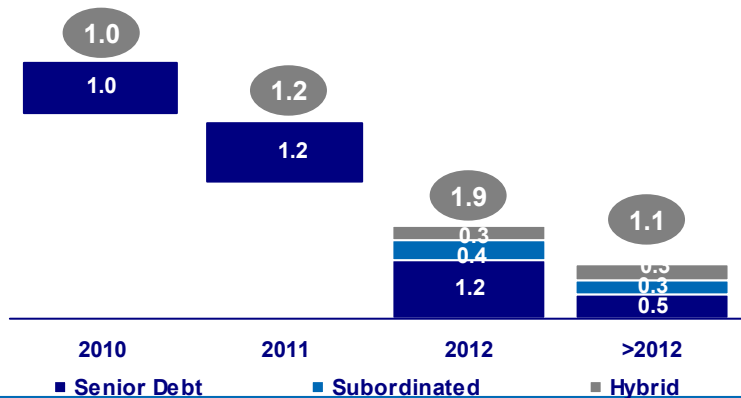
<sup>1</sup> Excluding Liquidity raised by ABS

<sup>2</sup> Net Interbank = Due to Banks – Due from Banks – Cash

## Maturity Profile Small Size Redemptions

(€ billion)

**Maturing Debt** →



## ECB Funding – Collateral Pool

■ Net Utilisation  
■ Available ECB Collateral

