



Remaining constructive despite the cloudy outlook over politics

Banks are delivering on their business plans but politics overshadow

Throughout 2016 banks delivered on all of their business plan targets and relevant commitments. All banks managed to achieve improved core results aided from NII and fee growth, lower costs and improved provisions. Asset quality trends were also reassuring while asset disposals and numerous DGCom commitments were also met. As expected, NII benefited from lower funding costs, operating expenses from strict costs controls and fresh employee voluntary exit plans and branch closures, while NPL / NPEs were addressed with renewed restructuring efforts and more aggressive write-offs. All four systemic banks are seen reporting a positive bottom line in FY16, in line with their commitments.

What to expect for 2017

Despite the improved core results, bank stocks failed to inspire investors and posted losses in 2016, with all names ending 2016 24% to 38% lower YoY, even below their Dec. 2015 share capital increase prices. We identify the weak political environment and prolonged negotiations with institutions as the main culprits for the weak trading. For 2017, fundamentals are intact and banks are set for earnings recovery. Specifically, in the absence of major trading gains (as was the case in 2016) and given our conservative estimates for nearly flattish core revenues, the major core profit driver will be lower costs while bottom line profitability will be enhanced from much lower provisions and better asset quality trends. The key unknown and major catalyst for the rerating of the sector is the successful conclusion of the pending second review and the timely implementation of associated reforms which will further improve Greece's GDP outlook and thus banks' earnings recovery potential.

New set of forecasts

Following the release of 3Q16 results, the disclosure of associated NPL/ NPE reduction targets from banks and the major delays in the conclusion of the first and importantly second review, we have revised our estimates, adopting a more conservative stance both on NII and provisions. Specifically, we have factored in more aggressive NPL write-offs which have affected NII while we have pencilled in higher provisions to keep coverage at elevated levels. We have thus reduced our bottom line estimates for 2017-18 by c. 40% on average, introducing forecasts for 2019.

Valuation is attractive but could remain depressed for longer

Despite their rebound since November, banks are still valued at 'crisis' multiples of just 0.2-0.3xTBV17e, on c. 70% discount vs .both EM and European peers, on macro / political concerns. We identify the conclusion of the pending review and ECB's QE as the major catalyst for the rerating of the sector. We also note that unless the sky clears with the conclusion of the review, both banks and GGB yields could remain at the current depressed levels for longer.

All banks are good value but we prefer NBG and Alpha

We see good value in all names but highlight that all of our estimates and overall investment case is based on the fundamental assumption that the pending program review will conclude successfully and on a timely manner. NBG and Alpha offer the best risk reward trade, in our view. Following numerous capital enhancing actions, NBG secures a strong CET1 while it has the best liquidity profile and highest coverage. Alpha boasts similar characteristics, securing also the highest quality of capital and second best (behind NBG) Texas ratio but lags in terms of liquidity. Eubank and Piraeus have higher risks, but could also offer higher returns once things improve.

Recommendations and Target Prices

	Target Price	Rating	Old T. Price	Current Price	Upside	P/TBV 17e	P/TBV 18e	P/TBV 19e	RoTE 18e
Alpha Bank	2.51	Buy	3.47	1.67	50%	0.29	0.28	0.26	5.8%
Eurobank	0.77	Buy	1.36	0.57	34%	0.22	0.21	0.20	5.7%
NBG	0.35	Buy	0.41	0.23	52%	0.29	0.27	0.26	6.1%
Piraeus Bank	0.21	Buy	0.38	0.18	20%	0.20	0.19	0.18	4.6%

Source: IBG Research

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Contents

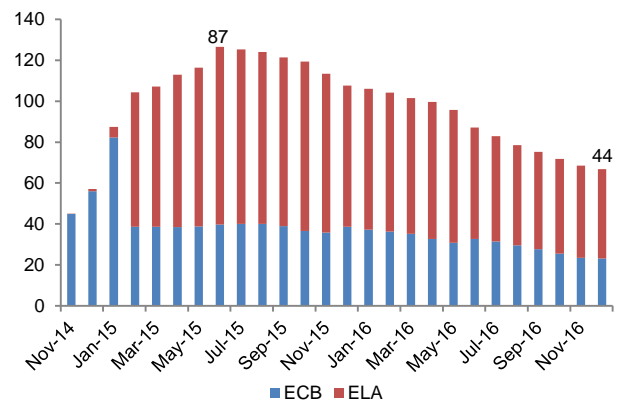
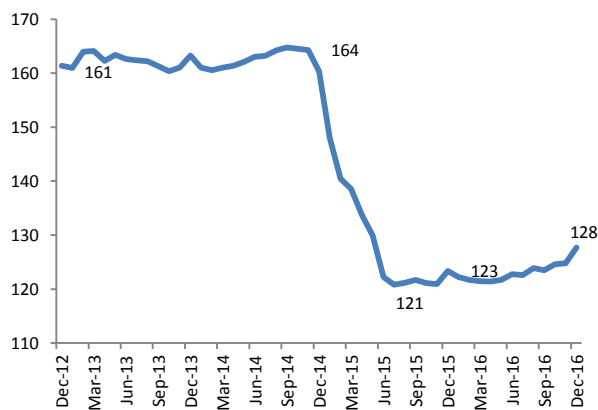
Banks delivered in 2016	3
NPE reduction targets disclosed.....	5
Sector Outlook.....	7
Forecast Changes	9
Valuation	13
Sector valuation.....	14
Performance overview.....	15
Comany Profiles.....	16
Coverage.....	25

All prices as of 10/2/2017

Banks delivered in 2016

Despite delays in the implementation of Greece's adjustment program from the government and the fact that deposits grew slower than expected in the year, banks managed to deliver in all of their major targets for FY16. Accordingly, all banks 1) are seen reporting a positive bottom line on core PPI improvements as was the case in 9M16, 2) have lowered their ELA exposure substantially, 3) repriced their deposits at lower rates, 4) implemented their employee voluntary exit plans, shutting down branches thus improving their opex outlook, 5) disposed numerous subsidiaries as per their DGCom commitments and 6) agreed with regulators and disclosed to the market, a comprehensive plan to reduce their, admittedly elevated, NPL/NPE stocks.

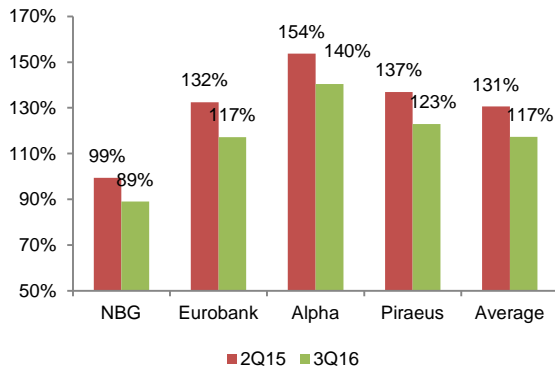
Deposits grow slower than expected in FY16 but... ...ELA exposure drop was notable, being > EUR43bn



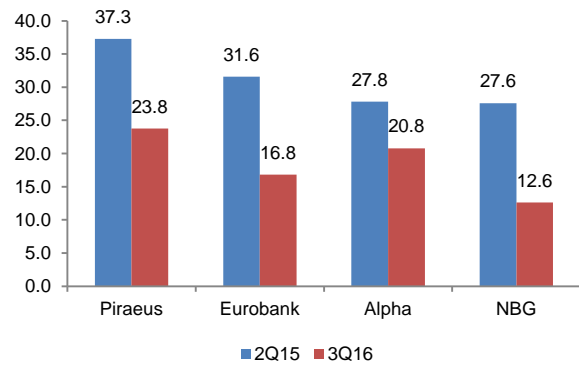
Source: Bank of Greece, IBG Research,

System's liquidity was improved, especially after the conclusion of the first review in May 2016 and the disbursement of the first sub-tranche in June. The last tranche was released in October but in the meantime, the ECB had reinstated the waiver, accepting Greek assets as eligible collateral. As a result, the negative trend in deposits stopped, with balances growing strongly in the fourth quarter, leading deposits some EUR 4.3bn higher YoY by December 2016. Importantly, due to the waiver reinstatement, asset sales, continued deleveraging, market repos and the growth in deposits, ELA funding dropped by a whopping EUR 43bn since its peak of EUR 87bn in June 2015 (ie just before the implementation of capital controls).

Loan (net) -to-Deposit ratios have improved



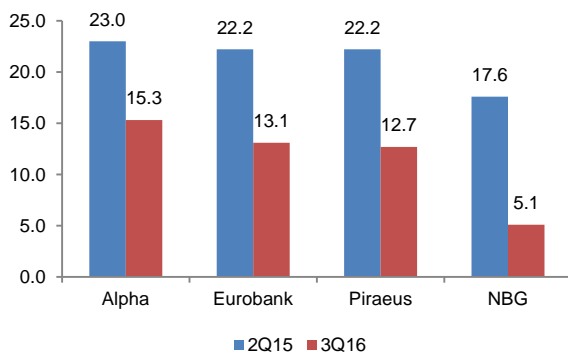
Total Eurosystem exposure



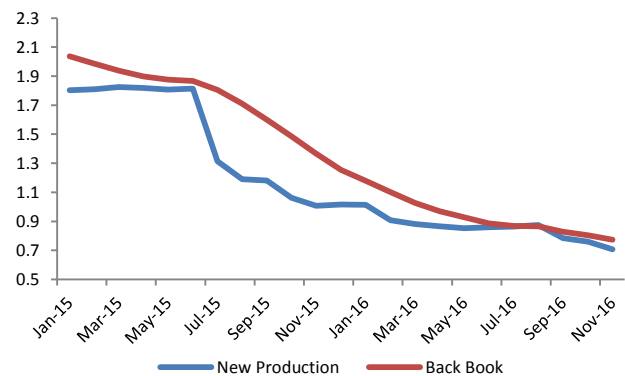
Source: Greek Banks, IBG Research

Due to the sale of Finansbank and the subsequent strong liquidity injection, NBG had the best performance, reducing its ELA exposure by EUR 12.5bn since the 2015 peak. Eurobank and Piraeus reduced their ELA exposure by EUR 9.1bn and EUR 9.5bn respectively while Alpha, by a lower EUR 7.7bn, as Alpha was the bank with the highest need of ELA funding due to its lower holding of EFSF/ESM bonds. In terms of the loans-to-deposit ratios, impressive improvements were also evident on that front, with the average ratio improving by 130bps, shaping at 117% from 131% in 2Q15.

ELA exposure per bank



Time deposit rates drop aided from capital controls



Source: Greek Banks, IBG Research

On the time deposit re-pricing front, after a relatively stable period and despite the outflows that the system was experiencing in 1H15, a new round of lower deposit rates started right after the implementation of capital controls. Accordingly, after stabilising at 180-190bps from October 2014 to June 2015, banks aggressively lowered their time deposit rates in July by c. 50bps. Since then, re-pricing efforts continued, with time deposits currently being priced at c. 70bps with banks arguing that rates could drop further to the tune of 50bps. In our view however, most of the benefits from deposit re-pricing have been shown on banks NII line with room for further improvement being more limited compared to the past.

NPE reduction targets disclosed

In early December, the BoG released a new report on Greek banks' NPE operational targets. Accordingly, the Bank revealed that system NPEs should drop to EUR 66.7bn by end-2019 from EUR 106.9bn in 2Q16 with the relevant ratio shaping at 34% (from 51%). The c. EUR 67bn drop reflects a nearly 40% reduction in NPEs.

The relevant NPL ratio target for the market by 2019 is 20% (or a EUR 40.2bn NPL stock) from 38% in 2Q16 (EUR 78.3bn). The BoG disclosed also that banks and authorities have agreed on numerous KPIs, which include action-oriented targets and results-oriented ones. As to the later, targets include among others specific NPE and NPL volume targets, cash recovery targets, long-term modification targets, targets on denounced loans (compared to NPLs) and quantified legal actions taken for denounced loans. Other targets are more specific and have to do with system-wide targets, for example SME and corporate NPE common borrowers for which a common restructuring has been implemented, while other (undisclosed) KPIs have been set for entire portfolios and different asset classes between residential mortgages, consumer and business loans, with the latter being split in SBLs, SMEs, corporate and shipping finance.

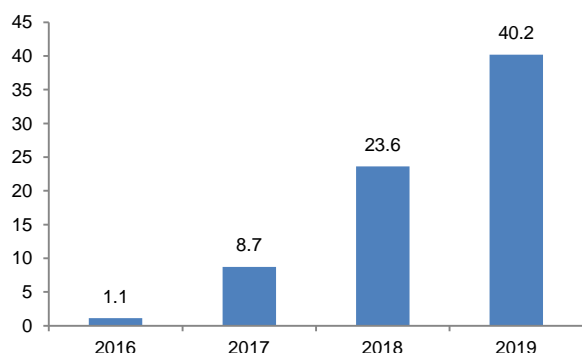
NPE Reduction targets

	2Q16	4Q19	Δ	%
Alpha	27.4	17.5	-9.9	-36%
Eurobank	21.2	14.1	-7.1	-33%
NBG	20.6	13.1	-7.5	-36%
Piraeus	34.2	20.3	-13.9	-41%
Total Greek Market	106.9	66.7	-40.2	-38%

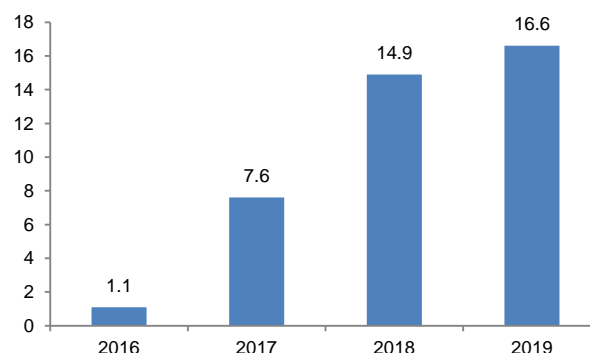
Source: BoG, Banks, IBG Research

The table above illustrates the relevant NPE reduction targets as agreed with regulators on a per bank and system basis. Even though banks are called to reduce their NPE stock by nearly 40%, Eurobank and NBG have a relatively easier job as compared to Alpha and Piraeus which have to reduce their NPEs by a higher absolute and relative amount.

Cumulative NPE reduction targets (EUR bn)



Annual NPE reduction targets (EUR bn)



Source: Bank of Greece, IBG Research

In any case, the entire project is back loaded, as banks were called to reduce their NPEs by just EUR 1bn in 2016, while for the current year the target calls for a EUR 7.6bn reduction. For 2018 the target is significantly more ambitious (EUR 14.9bn), accelerating further in 2019, to EUR 16.6bn. All in all, c. 20% of the reduction should be implemented in the current year, 37% in 2018 and 41% in 2019.

As per BoG's report, the NPE reduction will be mainly driven by the curing of loans and write-offs and to a lesser extent by liquidations, collections and sales. The reduction of balances is mitigated by the inflows of new NPEs, which are expected to remain quite significant in the second half of 2016 and in 2017. The NPEs as a percentage of total exposure will gradually decelerate and reach 34% in 2019.

NPE Movement and key drivers (EUR bn)

		% of drop
Opening Balance (2Q16)	106.9	
New NPE flows	30.4	
Curing	-30.8	44%
Collections and Liquidations	-17.6	25%
Sales & Other	-8.3	12%
Write-offs	-13.9	20%
Ending balance (2019)	66.7	

Source: Ban of Greece

As shown from the above table, curing will be the main NPE reduction target (contributing 44% of the gross drop), followed by collections & liquidations (25%) and write-offs (20%). Worth highlighting is also that banks believe that NPEs will be inflated by some EUR 30bn, linked with new inflows and re-defaults. In our view, write-offs will most probably represent a higher portion of the drop while sales will most probably represent a smaller portion. All in all, we view the targets as ambitious, but subject to an accommodative macro environment, targets seem indeed achievable, especially bearing in mind the elevated level of accumulated provisions.

Sector Outlook

Despite the unfavourable macro conditions of the past, the massive sector consolidation which occurred in 2012-13 has dramatically improved sector's pricing power, PPI level and outlook. It is worth noting that the latest leg of time deposit re-pricing occurred within the capital controls environment, and specifically the effort started just after the implementation of capital controls in July 2015. Within this period, time deposit spreads have improved by over 80bps, with more benefits set to come in the coming months.

Within 2016, the sector benefited from liability side spread improvements, cost cutting initiatives coming from a lower number of FTEs (due to the numerous voluntary exit schemes implemented) and branch closures, integration and relevant synergy benefits linked to elevated M&A activity of the past and better asset quality trends.

We believe that we have seen most of the top line benefits playing out and identify further cost cutting and especially lower provisions as the main profit drivers for 2017 and the coming years.

As for the top line, already NII has benefited from lower funding costs (time deposits, Pillar II and ELA funding replaced with cheaper means), with more benefits set to come but admittedly of lower magnitude. On the other hand, asset side spread compression along with accelerating restructurings and write-offs should take their toll on NII. Fees are already at good levels, with growth coming mainly from the increasing usage of credit cards and e-banking and new businesses (new disbursements, restructurings) rather than outright price increases. Off course, economy's rebound will also add to fee growth.

Costs on the other hand will be a major core profit driver. In more details, we note that all four banks implemented new employee voluntary exit schemes, shut down branches and held their overall costs well contained, something that will support costs in the current year as well. We thus identify the opex line as a key driver for further core PPI growth this year.

Finally, another major driver of profitability is the significant improvement in the cost of risk (CoR), being driven from improving macro dynamics and better asset quality trends. Specifically, after a number of years of heavy losses, we view that NPLs have already peaked and thus forecast CoR normalisation, starting from this year. Admittedly, the ambitious NPE reduction targets will keep the CoR at elevated levels, but significantly lower compared to the past. All in all, banks P&L dynamics should gradually enter a virtuous circle, with support coming nearly from all lines.

3Q16 results: All banks reported a positive bottom line, primarily on core revenue improvements, lower costs and significantly lower provisions. Underlying trends were broadly in line with expectations, depicting a gradual recovery in NII (driven by lower funding costs due to deposits and wholesale funding), further fees gains and good cost control. Provisions were c. 30bps lower QoQ on improved asset

quality and broadly stable coverage. Trading and other non-core revenues were lower QoQ in the absence of the major trading gains of 2Q16, which relate to the Visa sale.

Improvements were also evident on the balance sheet front. In more details, deposits were up QoQ, ELA funding and P2 bonds dropped further, while loan to deposit ratios improved on deposit gains and continued deleveraging. Liquidity conditions were also improved on the back of asset sales and with banks tapping interbank markets with higher amounts. Asset quality dynamics were also better QoQ, with new delinquencies slowing while write-offs and restructurings aided in containing the NPL / NPE stock. Finally capital was little changed, with small improvements coming from RWA reductions.

Aggregate PnL of systemic banks

EUR m	3Q15	2Q16	3Q16	YoY	QoQ
NII	1,783	1,838	1,849	4%	1%
Fees	201	292	308	53%	6%
Trading & Other	22	245	93	314%	-62%
Total Revenues	2,007	2,374	2,250	12%	-5%
OPEX	1,205	1,191	1,175	-2%	-1%
PPI (reported)	802	1,183	1,075	34%	-9%
Core PPI	779	938	982	26%	5%
Provisions	1,014	1,045	872	-14%	-17%
CoR (bps)	172	182	153	-19bps	-29bps
PAT Stated	917	1	157	n.m.	n.m.

Source: Banks, IBG Research

Forecast Changes

Following the release of 3Q16 results, the disclosure of associated NPL/ NPE reduction targets from banks and the major delays in the conclusion of the first and importantly second review, we have revised our estimates, adopting a more conservative stance both on NII and provisions. Specifically, we have factored in more aggressive NPL write-offs which have affected NII while we have pencilled in higher provisions to keep coverage at elevated levels. We have thus reduced our bottom line estimates for 2017-18 by c. 40% on average, introducing forecasts for 2019.

Overall, we now see little NII growth in the future as liability side benefits will be eroded from asset side spread erosion and NPL write-offs. Still, fees are seen growing slowly, in line with the macro recovery. Costs should benefit from the new VRS and branch closures while (mandatory) asset sales will also affect costs and non-core revenues.

More significant were the changes we made in our CoR estimate which feed to the bottom line. Specifically we have pencilled in higher provisions for the forecast period to allow for more aggressive write-offs and NPL sales. We note that our estimates are more conservative compared to banks' guidance and thus highlight the upside risk to earnings should management's estimates be affirmed.

In summary, we see good growth in profitability starting from this year, with RoEs however remaining subdued on still high provisions. We also note that the EUR 2.6bn loss in FY16 includes a EUR 3bn accounting loss (FX recycling) from NBG, which is associated with the sale of Finansbank. This loss has not affected NBG's regulatory or accounting equity nor does it constitute a risk for DTA conversion. All in all, assuming a normalised macro environment, Greek banks should report strong profit growth starting from this year. Growth should decelerate in 2018 and 2019 but remain significantly higher compared to any other European market. We believe that this trend will continue for many years ahead, once the economy stabilises as our estimate do not include any write-backs that could start playing-out as a theme from 2019 onwards.

Aggregate PnL of systemic banks

New Estimates	2016e	2017e	2018e
NII	7,368	7,392	7,388
Total Revenues	9,071	9,001	9,029
OPEX	4,754	4,486	4,414
Pre Provision Profit	4,317	4,515	4,615
Provisions	3,643	2,990	2,492
PAT	-2,678	980	1,429
Previous Estimates			
NII	7,424	7,550	7,983
Total Revenues	9,071	9,181	9,705
OPEX	4,755	4,526	4,513
Pre Provision Profit	4,316	4,655	5,192
Provisions	3,591	2,167	1,890
PAT	-2,641	1,687	2,291
New vs. Old			
NII	-1%	-2%	-7%
Total Revenues	0%	-2%	-7%
OPEX	0%	-1%	-2%
Pre Provision Profit	0%	-3%	-11%
Provisions	1%	38%	32%
PAT	1%	-42%	-38%

Source: IBG Research

In the tables below we briefly present our forecast changes per bank.

Alpha Bank Forecast changes

New Estimates	2016e	2017e	2018e
NII	1,943	1,931	1,953
Total Revenues	2,396	2,345	2,383
OPEX	1,201	1,122	1,142
Pre Provision Profit	1,195	1,223	1,240
Provisions	1,114	869	717
PAT	41	257	380
Previous Estimates			
NII	1,946	1,983	2,121
Total Revenues	2,392	2,366	2,531
OPEX	1,195	1,114	1,134
Pre Provision Profit	1,197	1,251	1,396
Provisions	1,093	568	492
PAT	74	497	656
New vs. Old			
NII	0%	-3%	-8%
Total Revenues	0%	-1%	-6%
OPEX	0%	1%	1%
Pre Provision Profit	0%	-2%	-11%
Provisions	2%	53%	46%
PAT	-45%	-48%	-42%

Source: IBG Research

Eurobank Forecast changes

New Estimates	2016e	2017e	2018e
NII	1,551	1,576	1,599
Total Revenues	2,025	1,953	1,982
OPEX	997	973	976
Pre Provision Profit	1,028	980	1,006
Provisions	780	688	574
PAT	220	182	285
Previous Estimates			
NII	1,565	1,614	1,699
Total Revenues	1,999	1,991	2,100
OPEX	1,001	975	972
Pre Provision Profit	998	1,017	1,127
Provisions	781	487	448
PAT	142	375	486
New vs. Old			
NII	-1%	-2%	-6%
Total Revenues	1%	-2%	-6%
OPEX	0%	0%	0%
Pre Provision Profit	3%	-4%	-11%
Provisions	0%	41%	28%
PAT	55%	-52%	-41%

Source: IBG Research

NBG Forecast changes

New Estimates	2016e	2017e	2018e
NII	1,934	1,894	1,847
Total Revenues	2,171	2,267	2,218
OPEX	1,269	1,153	1,127
Pre Provision Profit	902	1,114	1,091
Provisions	722	642	556
PAT	-	288	340
Previous Estimates			
NII	1,954	1,985	2,101
Total Revenues	2,212	2,410	2,540
OPEX	1,285	1,230	1,245
Pre Provision Profit	927	1,180	1,295
Provisions	728	433	390
PAT	-	482	604
New vs. Old			
NII	-1%	-5%	-12%
Total Revenues	-2%	-6%	-13%
OPEX	-1%	-6%	-9%
Pre Provision Profit	-3%	-6%	-16%
Provisions	-1%	48%	42%
PAT	1%	-40%	-44%

Source: IBG Research

Piraeus Bank Forecast changes

New Estimates	2016e	2017e	2018e
NII	1,940	1,991	1,989
Total Revenues	2,479	2,436	2,447
OPEX	1,288	1,238	1,169
Pre Provision Profit	1,191	1,198	1,278
Provisions	1,027	792	644
PAT	3	252	424
Previous Estimates			
NII	1,958	1,968	2,063
Total Revenues	2,468	2,414	2,535
OPEX	1,274	1,207	1,161
Pre Provision Profit	1,194	1,207	1,374
Provisions	989	678	559
PAT	53	332	545
New vs. Old			
NII	-1%	1%	-4%
Total Revenues	0%	1%	-3%
OPEX	1%	3%	1%
Pre Provision Profit	0%	-1%	-7%
Provisions	4%	17%	15%
PAT	-95%	-24%	-22%

Source: IBG Research

Valuation

We value Greek banks based on the Gordon growth valuation model. We have assumed a 'normalised' cost of equity (CoE) of 11%, based on a normalised Risk free of 5.5%, a risk premium of 5.5% and beta of 1. For reasons of conservatism, our RoTE assumptions are based on our model derived RoTEs for 2019e which should be a year of normalised profitability, without adjusting for excess capital. In Eurobank's case, we have adjusted our estimated RoTE, including the cost of a EUR 950m CoCo or similar instrument to replace existing prefs which are grandfather as eligible capital only until this year. We have priced this instrument at 8% before tax, and thus have hit net earnings and RoTE by a EUR 54m after tax cost.

On the aforementioned calculations, we add back at 0.5x any excess capital over a 14% FL CET1 excluding CoCos and state prefs (where applicable), adjusting also for any potential losses associated with incremental asset disposals. In more detail, we assume that banks will sell at 0.5xTBV several or all (depending on each bank's DGCom commitments) of their SEE businesses, with the loss affecting our valuation. For simplicity reasons, we have allocated equity at 13% of each country's gross loans.

On top of that, we also apply a 20% 'visibility' discount on our GGM derived fair values, to arrive to our new target prices. We intend to gradually lift this discount once visibility on program implementation and GGB spreads improve. All in all, given the upside to our TP, we rate all banks 'Buys'.

Gordon Growth Valuation Model

	Alpha Bank	Eurobank	NBG	Piraeus Bank
Risk Free rate (Rf)	5.5%	5.5%	5.5%	5.5%
Risk Premium (Rm-Rf)	5.5%	5.5%	5.5%	5.5%
Beta (β)	1.0	1.0	1.0	1.0
Cost of Equity ($Rf + \beta * Rp$)	11.0%	11.0%	11.0%	11.0%
ROTE (av) on normalised earnings	5.8%	4.9%	6.1%	4.6%
2017e TBV/Share	5.7	2.6	0.8	0.9
Long-term growth rate	1.0%	1.0%	1.0%	1.0%
Fair P/BVPS	0.48	0.39	0.51	0.36
Adj. Excess capital /share at 1x	0.37	-0.06	0.03	-0.05
Fair Value (Gordon's)	3.13	0.96	0.43	0.27
'Visibility discount'	20%	20%	20%	20%
Target Price	2.51	0.77	0.35	0.21

Source: IBG Research

Excess capital calculations

EUR m	Alpha Bank	Eurobank	NBG*	Piraeus Bank
2016e FL CET1	8,290	6,170	6,583	8,709
<i>o/w CoCos</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,040</i>
<i>o/w State Prefs</i>	<i>0</i>	<i>950</i>	<i>0</i>	<i>0</i>
2016e RWA	50,563	37,840	40,134	52,397
FL CET1 %	16.4%	16.3%	16.4%	16.6%
Excess capital (ex CoCos / Prefs)	1,211	-78	964	-667
CoCos	0	0	0	2,040
Prefs	0	950	0	0
Foreign operations for sale**				
Loans/ Allocated RWAs (2016e)	1,008	3,010	7,130	3,852
Allocated Equity at 13%	131	391	927	501
Loss if sold at 0.5x	66	196	463	250
Adjusted excess capital	1,145	-273	501	-917
Excess capital/share	0.75	-0.12	0.05	-0.10

*adj for CoCo repayment, ** assuming the sale of operations in Serbia and Albania for Alpha, Romania and Serbia for Eurobank and all SEE ops for NBG and Piraeus

Source: IBG Research

Sector valuation

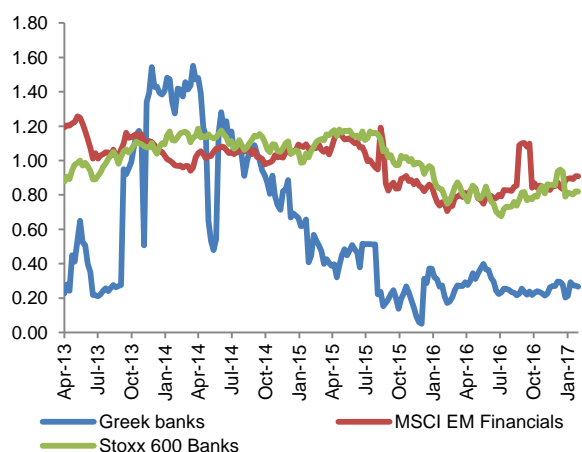
Sector valuation

	current price	P/TBV			RoTE		
		2017e	2018e	2019e	2017e	2018e	2019e
Alpha Bank	1.67	0.29	0.28	0.26	3.0%	4.2%	5.8%
Eurobank	0.57	0.22	0.21	0.20	3.2%	4.8%	5.7%
NBG	0.23	0.29	0.27	0.26	4.1%	4.6%	6.1%
Piraeus Bank	0.18	0.20	0.19	0.18	1.8%	3.9%	4.6%

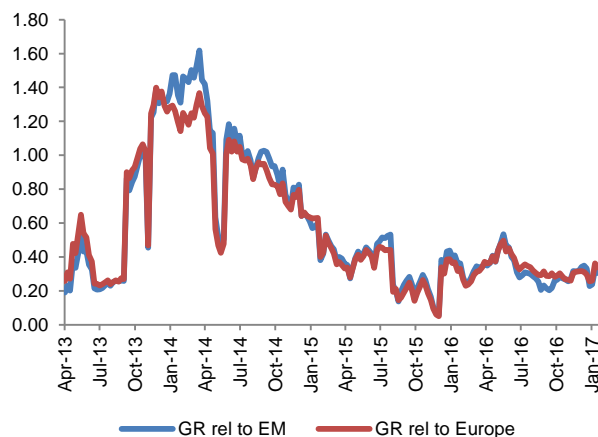
Source: IBG Research

As shown from the above table and the graphs below, Greek banks are valued at 'crisis' multiples of just 0.2-0.3xTBV17e, on a huge discount (70% on average) vs. both EM and European peers, on macro / political concern. Banks could easily re-rate in our view, bridging the gap, once the review concludes.

Banks absolute P/TBV evolution



Greek banks P/TBV relative to EM and Europe



Source: Bank of Greece, IBG Research

Performance overview

Company <i>(ordered by 1 week performance)</i>	Currency	Absolute performance					
		1 week	1 month	3 months	12 months	YTD	
National Bank of Greece	EUR	-0.4	-10.3	20.1	78.7	-8.5	
Eurobank	EUR	-2.7	-14.0	8.1	70.4	-11.5	
Piraeus Bank	EUR	-5.4	-19.6	17.3	95.6	-15.8	
Alpha Bank	EUR	-8.2	-15.7	5.0	44.0	-12.1	
Performances %			1 week	1 month	3 months	12 months	YTD
Banks			-2.3%	-0.4%	9.5%	23.8%	1.4%
Stoxx TMI			0.9%	1.0%	8.5%	17.2%	1.7%

Source: Factset (*) ordered by weekly performance

ALPHA BANK: Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Net Interest Income	1,919	1,932	1,943	1,931	1,953	2,024
Commissions	334	315	325	338	353	365
Trading income	40.4	-45.0	75.4	38.7	39.5	40.3
Dividends	1.6	3.3	2.0	2.0	2.1	2.1
Other Operating Income	64.4	63.2	50.0	35.0	35.0	35.0
Non-Interest Income	441	336	453	414	429	442
Total Income from Banking Business	2,360	2,268	2,396	2,345	2,383	2,466
Revenues from Insurance Business	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	2,360	2,268	2,396	2,345	2,383	2,466
Operating Costs	-1,554	-1,305	-1,201	-1,122	-1,142	-1,163
-of which Personnel Expenses	-642	-533	-514	-479	-488	-498
Other Operating Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Pre-Provision Profit (PPP)	806	963	1,195	1,223	1,240	1,303
Loan Impairment Charge (LIC)	-1,847	-3,020	-1,114	-869	-717	-544
Operating profit (OP)	-1,041	-2,057	81.0	354	523	758
Associates	-10.8	-9.8	0.0	0.0	0.0	0.0
Other Income/Loss(Exceptional)	40.3	0.0	0.0	0.0	0.0	0.0
Results from Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	-1,011	-2,066	81.0	354	523	758
Tax	696	807	-40.5	-96.9	-143	-208
<i>Tax rate</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Discontinued Operations	-14.8	-112	0.0	0.0	0.0	0.0
Minorities	-0.1	-0.3	0.0	0.0	0.0	0.0
Preference Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (Reported)	-330	-1,372	40.5	257	380	551
Earnings Before Tax (Adj.) (1)	-1,011	-2,066	81.0	354	523	758
Net Profit (Adj.)	-330	-1,372	40.5	257	380	551

BALANCE SHEET (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Due from Banks	4,791	3,707	3,504	3,643	3,818	4,003
Customer Loans	49,557	46,186	44,231	44,392	45,355	46,483
Securities	10,302	10,166	8,667	7,917	8,075	8,237
Interest Earning Assets (IEA)	64,650	60,059	56,401	55,952	57,248	58,723
Unit Linked Investments	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Other Assets	8,285	9,237	8,604	8,612	8,596	8,526
Total Assets	72,935	69,296	65,005	64,564	65,844	67,249
Due to Banks	17,300	25,115	20,007	17,001	14,833	12,429
Customer Deposits	42,901	31,434	32,637	34,365	36,852	39,528
Bonds & Debt Capital	1,555	416	416	916	1,416	1,916
Technical Provisions Insurance (Life and Non-Life)	0.0	0.0	0.0	0.0	0.0	0.0
Other Liabilities	3,505	3,292	2,999	3,075	3,153	3,233
Shareholders Equity	7,652	9,015	8,921	9,178	9,558	10,109
Minorities Equity	23.3	24.0	26.4	29.0	31.9	35.1
Total Liabilities	72,935	69,296	65,005	64,564	65,844	67,249
Tangible Book Value (2)	7,320	8,673	8,578	8,836	9,216	9,766

REGULATORY CAPITAL (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Risk Weighted Assets	52,780	52,243	50,563	49,948	49,250	48,618
CT1 ratio (B3 fully loaded)	13.1%	16.0%	16.4%	17.1%	18.1%	19.5%
CT1 ratio (B3 phased-in)	14.3%	16.6%	17.0%	17.7%	18.7%	20.1%
Total Capital Ratio (B3)	14.6%	16.8%	17.2%	17.9%	19.0%	20.3%
Leverage Ratio (fully loaded)						
<i>Tangible equity as % of Assets</i>	<i>10.0%</i>	<i>12.5%</i>	<i>13.2%</i>	<i>13.7%</i>	<i>14.0%</i>	<i>14.5%</i>

ALPHA BANK: Summary tables

GROWTH RATES %	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Revenue Growth	0.0%	-3.9%	5.6%	-2.1%	1.6%	3.5%
Operating Cost Growth	9.0%	-16.0%	-8.0%	-6.6%	1.8%	1.8%
Interest Income Growth	15.8%	0.6%	0.6%	-0.6%	1.1%	3.6%
Non Interest Income Growth	-37.3%	-23.7%	34.6%	-8.6%	3.8%	2.9%
Pre-Provision Profit Growth	-13.7%	19.5%	24.1%	2.3%	1.4%	5.0%
Customer Loan Growth	-4.1%	-6.8%	-4.2%	0.4%	2.2%	2.5%
Deposits Growth	1.0%	-26.7%	3.8%	5.3%	7.2%	7.3%
Change in NPLs	-0.5%	11.1%	-1.0%	-9.8%	-17.3%	-24.9%

KEY RATIOS %	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Interest Income/Avg. IEA	2.9%	3.1%	3.3%	3.4%	3.5%	3.5%
Interest Income/Avg. RWA	3.7%	3.7%	3.8%	3.8%	3.9%	4.1%
Total Revenue/Avg. RWA	4.6%	4.3%	4.7%	4.7%	4.8%	5.0%
Cost/Income ratio (4)	65.8%	57.5%	50.1%	47.8%	47.9%	47.2%
LIC/Avg. Customer Loans	3.65%	6.31%	2.46%	1.96%	1.60%	1.19%
LIC/Avg.RWA	3.56%	5.75%	2.17%	1.73%	1.45%	1.11%
Loan Loss Provisions (Balance Sheet)/Loans	20.5%	25.5%	26.9%	25.1%	21.5%	16.7%
NPL Ratio (gross)	33.0%	36.9%	37.4%	34.4%	29.2%	22.7%
NPL Coverage	62.1%	69.3%	72.1%	73.0%	73.7%	73.2%
Loans/Deposits Ratio	115.5%	146.9%	135.5%	129.2%	123.1%	117.6%
ROE	-4.4%	-16.5%	0.5%	2.8%	4.1%	5.6%
ROTE or ROE (adj.) (5)	-4.3%	-15.2%	0.5%	2.8%	4.0%	5.4%
Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend Yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

VALUATION (x)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
P/Pre-Provision Profit per Share	18017.5	4.0	2.4	2.1	2.1	2.0
P/E (reported)	n.m.	n.m.	n.m.	10.0	6.8	4.7
P/E (adj.)	n.m.	n.m.	n.m.	10.0	6.8	4.7
P/BV	n.m.	0.4	0.3	0.3	0.3	0.3
P/TBV	n.m.	0.4	0.3	0.3	0.3	0.3

PER SHARE DATA (EUR)(6)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Average diluted number of shares	12769.1	1536.9	1536.9	1536.9	1536.9	1536.9
Pre-Provision Profit per Share	0.06	0.63	0.78	0.80	0.81	0.85
EPS (reported)	-0.03	-0.89	0.03	0.17	0.25	0.36
EPS (adj.)	-0.03	-0.89	0.03	0.17	0.25	0.36
BVPS	0.60	5.87	5.80	5.97	6.22	6.58
TBVPS (2)	0.57	5.64	5.58	5.75	6.00	6.35
DPS	0.00	0.00	0.00	0.00	0.00	0.00

PRICE & SHARES & MKT CAP (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Price** (EUR) (7)	1,138	2.5	1.9	1.7	1.7	1.7
Outstanding number of ordinary shares (m)	12,769	1,537	1,537	1,537	1,537	1,537
Total Market Cap (8)	14,524,806	3,827	2,920	2,567	2,567	2,567

Assets Under Management (bn)

Source: Company, Investment Bank of Greece estimates.

Notes

- (1) Earnings Before Tax (adj.) = EBT +/- Exceptional Items
- (2) Tangible Book Value = Shareholders Equity less Goodwill
- (3) Core Tier1 Ratio (ESN adj.) = Tier1 capital less Tier1 Hybrid capital and less preference capital divided by risk weighted assets
- (4) Cost/Income = Operating Costs divided by Banking Revenues
- (5) ROTE or ROE (adj) = Net Profit (adj) divided by the two-years (according to fiscal year end) average of Shareholders Equity excluding Goodwill
- (6) EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Banks/Banks

Company Description: After the failed merger discussions with NBG and Eurobank in 2011, Alpha Bank ended up agreeing with Credit Agricole in mid-2012, the acquisition of its local subsidiary, Emporiki Bank. Thus Alpha became the second largest bank in Greece in terms of loans (c.24% market share), keeping its no. 3 post in domestic deposits (raising its share to c. 20%), despite the massive sector consolidation. Also, as a result of its foreign market expansion in the previous decade, the group is currently present in 4 SEE countries, namely Romania, Cyprus, FYROM and Serbia with Greece representing c. 85% of assets. Overall, AB is perceived as a more conservative bank vs. peers and currently maintains one of the strongest capital positions.

EUROBANK: Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Net Interest Income	1,470	1,463	1,551	1,576	1,599	1,637
Commissions	205	192	240	264	268	273
Trading income	63.0	43.0	110	46.3	45.5	46.5
Dividends	3.0	2.0	1.0	1.1	1.1	1.2
Other Operating Income	55.0	62.0	123	65.7	67.4	69.1
Non-Interest Income	326	299	474	377	382	390
Total Income from Banking Business	1,796	1,762	2,025	1,953	1,982	2,026
Revenues from Insurance Business	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	1,796	1,762	2,025	1,953	1,982	2,026
Operating Costs	-1,035	-1,017	-997	-973	-976	-981
-of which Personnel Expenses	-571	-528	-537	-518	-519	-523
Other Operating Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Pre-Provision Profit (PPP)	761	745	1,028	980	1,006	1,046
Loan Impairment Charge (LIC)	-2,264	-2,665	-780	-688	-574	-522
Operating profit (OP)	-1,503	-1,920	249	292	432	524
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Income/Loss(Exceptional)	-248	-166	-84.0	-20.0	-20.0	-20.0
Results from Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	-1,751	-2,086	218	272	412	504
Tax	-730	-1,036	12.5	70.7	107	131
<i>Tax rate</i>	<i>41.7%</i>	<i>28.5%</i>	<i>20.0%</i>	<i>26.0%</i>	<i>26.0%</i>	<i>26.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	23.0	26.0	19.0	19.4	19.8	20.2
Preference Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (Reported)	-1,219	-1,181	220	182	285	352
Earnings Before Tax (Adj.) (1)	-1,751	-2,086	218	272	412	504
Net Profit (Adj.)	-1,219	-1,181	220	182	285	352

BALANCE SHEET (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Due from Banks	5,007	4,606	4,566	4,862	5,140	5,435
Customer Loans	42,133	39,893	39,009	38,980	39,896	40,943
Securities	18,209	16,391	13,694	9,697	9,892	10,091
Interest Earning Assets (IEA)	67,483	62,774	59,248	55,617	57,109	58,758
Unit Linked Investments	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill	150	127	135	135	135	135
Other Assets	9,749	10,485	10,529	10,557	10,575	10,591
Total Assets	75,518	73,553	67,933	64,231	65,637	67,195
Due to Banks	22,866	29,783	22,892	16,078	14,083	11,969
Customer Deposits	40,878	31,446	34,471	36,797	39,303	42,004
Bonds & Debt Capital	1,838	1,143	1,086	1,586	2,086	2,586
Technical Provisions Insurance (Life and Non-Life)	0.0	0.0	0.0	0.0	0.0	0.0
Other Liabilities	4,495	3,101	3,145	3,249	3,359	3,477
Shareholders Equity	4,609	5,470	5,690	5,872	6,157	6,510
Minorities Equity	668	669	649	649	649	649
Total Liabilities	75,354	71,612	67,933	64,231	65,637	67,195
Tangible Book Value (2)	4,459	5,343	5,555	5,737	6,022	6,375

REGULATORY CAPITAL (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Risk Weighted Assets	39,062	38,888	37,840	36,954	36,681	37,636
CT1 ratio (B3 fully loaded)	13.0%	13.1%	13.8%	14.6%	15.5%	16.0%
CT1 ratio (B3 phased-in)	15.2%	17.0%	17.4%	18.4%	19.3%	19.7%
Total Capital Ratio (B3)	15.6%	17.4%	17.9%	18.8%	19.7%	20.1%
Leverage Ratio (fully loaded)						
<i>Tangible equity as % of Assets</i>	<i>5.9%</i>	<i>7.3%</i>	<i>8.2%</i>	<i>8.9%</i>	<i>9.2%</i>	<i>9.5%</i>

EUROBANK: Summary tables

GROWTH RATES %	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Revenue Growth	15.3%	-1.9%	14.9%	-3.6%	1.5%	2.2%
Operating Cost Growth	-0.2%	-1.7%	-2.0%	-2.4%	0.3%	0.5%
Interest Income Growth	15.7%	-0.5%	6.0%	1.6%	1.5%	2.3%
Non Interest Income Growth	29.4%	-8.3%	58.5%	-20.4%	1.4%	1.9%
Pre-Provision Profit Growth	46.1%	-2.1%	38.0%	-4.7%	2.7%	3.9%
Customer Loan Growth	-7.6%	-5.3%	-2.2%	-0.1%	2.3%	2.6%
Deposits Growth	-1.6%	-23.1%	9.6%	6.7%	6.8%	6.9%
Change in NPLs	10.5%	5.2%	-2.7%	-12.0%	-19.3%	-27.0%

KEY RATIOS %	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Interest Income/Avg. IEA	2.1%	2.2%	2.5%	2.7%	2.8%	2.8%
Interest Income/Avg. RWA	3.8%	3.8%	4.0%	4.2%	4.3%	4.4%
Total Revenue/Avg. RWA	4.7%	4.5%	5.3%	5.2%	5.4%	5.5%
Cost/Income ratio (4)	57.6%	57.7%	49.2%	49.8%	49.2%	48.4%
LIC/Avg. Customer Loans	5.16%	6.50%	1.98%	1.76%	1.46%	1.29%
LIC/Avg.RWA	5.87%	6.84%	2.03%	1.84%	1.56%	1.40%
Loan Loss Provisions (Balance Sheet)/Loans	18.8%	22.8%	23.1%	21.3%	17.4%	12.2%
NPL Ratio (gross)	33.4%	35.2%	35.0%	31.5%	26.0%	19.7%
NPL Coverage	56.3%	64.7%	66.0%	67.9%	66.8%	61.7%
Loans/Deposits Ratio	103.1%	126.9%	113.2%	105.9%	101.5%	97.5%
ROE	-31.2%	-23.4%	3.9%	3.1%	4.7%	5.6%
ROTE or ROE (adj.) (5)	-21.9%	-18.4%	3.3%	2.7%	4.0%	4.7%
Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend Yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

VALUATION (x)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
P/Pre-Provision Profit per Share	26254.2	0.4	1.4	1.3	1.2	1.2
P/E (reported)	n.m.	n.m.	6.4	6.9	4.4	3.5
P/E (adj.)	n.m.	n.m.	6.4	6.9	4.4	3.5
P/BV	n.m.	0.4	0.2	0.2	0.2	0.2
P/TBV	n.m.	0.4	0.3	0.2	0.2	0.2

PER SHARE DATA (EUR)(6)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Average diluted number of shares	10858.4	317.0	2186.0	2186.0	2186.0	2186.0
Pre-Provision Profit per Share	0.07	2.35	0.47	0.45	0.46	0.48
EPS (reported)	-0.11	-3.73	0.10	0.08	0.13	0.16
EPS (adj.)	-0.11	-3.73	0.10	0.08	0.13	0.16
BVPS	0.31	2.50	2.60	2.69	2.82	2.98
TBVPS (2)	0.30	2.44	2.54	2.62	2.75	2.92
DPS	0.00	0.00	0.00	0.00	0.00	0.00

PRICE & SHARES & MKT CAP (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Price** (EUR) (7)	1,840	1.0	0.6	0.6	0.6	0.6
Outstanding number of ordinary shares (m)	14,708	2,186	2,186	2,186	2,186	2,186
Total Market Cap (8)	27,062,493	2,273	1,410	1,248	1,248	1,248
Assets Under Management (bn)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company, Investment Bank of Greece estimates.

Notes

(1) Earnings Before Tax (adj.) = EBT +/- Exceptional Items

(2) Tangible Book Value = Shareholders Equity less Goodwill

(3) Core Tier1 Ratio (ESN adj.) = Tier1 capital less Tier1 Hybrid capital and less preference capital divided by risk weighted assets

(4) Cost/Income = Operating Costs divided by Banking Revenues

(5) ROTe or ROE (adj.) = Net Profit (adj) divided by the two-years (according to fiscal year end) average of Shareholders Equity excluding Goodwill

(6) EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Banks/Banks

Company Description: Following a number of successful acquisitions in the 90's and organic growth since the 00's, Eurobank established itself as the 2nd largest Greek commercial bank in terms of assets and loans, before the crisis. After its failed merger talks with Alpha Bank (2011) and NBG (2012), Eurobank ended being recapitalized solely from the HFSF at the first recap wave of Greek banks in the summer of 2013, ending up being fully nationalized. After its second recapitalization in May 2014, Eurobank was privatized again. In 2013, Eurobank acquired 'good' Hellenic Postbank (TT) and Protonbank, enhancing its market share, coverage and liquidity. At that time, these acquisitions represented 15% of the 'new' Eurobank combined assets. Eurobank now ranks 4th in the domestic banking space with c.20% mkt share.

NATIONAL BANK OF GREECE: Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Net Interest Income	1,998	1,905	1,934	1,894	1,847	1,909
Commissions	139	93.0	245	293	288	302
Trading income	-187	-64.0	-100	-14.0	-13.5	-14.3
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other Operating Income	28.0	-50.0	20.0	20.0	20.0	20.0
Non-Interest Income	-20.0	-21.0	165	299	294	307
Total Income from Banking Business	1,978	1,884	2,099	2,193	2,141	2,216
Revenues from Insurance Business	86.0	88.0	72.2	74.3	76.6	78.9
Total Revenue	2,064	1,972	2,171	2,267	2,218	2,295
Operating Costs	-1,350	-1,301	-1,269	-1,153	-1,127	-1,148
-of which Personnel Expenses	-816	-802	-793	-698	-688	-702
Other Operating Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Pre-Provision Profit (PPP)	714	671	902	1,114	1,091	1,147
Loan Impairment Charge (LIC)	-2,102	-3,670	-722	-642	-556	-424
Operating profit (OP)	-1,388	-2,999	181	473	534	724
Associates	1.0	3.0	0.0	0.0	0.0	0.0
Other Income/Loss(Exceptional)	-421	-593	-81.0	-30.0	-20.0	-20.0
Results from Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	-1,808	-3,589	99.7	443	514	704
Tax	1,606	997	-39.9	-119	-139	-190
<i>Tax rate</i>	<i>88.8%</i>	<i>27.8%</i>	<i>40.0%</i>	<i>27.0%</i>	<i>27.0%</i>	<i>27.0%</i>
Discontinued Operations	315	-1,606	-2,967	0.0	0.0	0.0
Minorities	-40.0	-29.0	-34.0	-34.7	-35.4	-36.1
Preference Dividends	0.0	0.0	-115	0.0	0.0	0.0
Net Profit (Reported)	66.0	-4,227	-2,941	288	340	478
Earnings Before Tax (Adj.) (1)	-1,808	-3,589	99.7	443	514	704
Net Profit (Adj.)	66.0	-4,227	-3,056	288	340	478

BALANCE SHEET (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Due from Banks	9,161	5,007	4,967	4,816	4,585	2,287
Customer Loans	68,109	45,375	43,685	41,644	42,983	44,269
Securities	19,123	18,603	16,378	15,854	15,329	14,805
Interest Earning Assets (IEA)	96,393	68,985	65,030	62,314	62,897	61,361
Unit Linked Investments	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill	1,756	147	144	141	138	136
Other Assets	17,063	14,333	14,026	14,187	14,480	14,730
Total Assets	115,212	83,465	79,200	76,643	77,516	76,227
Due to Banks	22,226	25,166	17,255	14,410	11,541	6,396
Customer Deposits	64,929	42,959	43,505	42,676	45,190	47,661
Bonds & Debt Capital	5,570	1,106	1,106	1,606	2,106	2,606
Technical Provisions Insurance (Life and Non-Life)	0.0	0.0	0.0	0.0	0.0	0.0
Other Liabilities	13,651	4,410	9,524	9,866	10,269	10,690
Shareholders Equity	8,064	9,099	7,114	7,402	7,742	8,220
Minorities Equity	772	725	696	682	668	655
Total Liabilities	115,212	83,465	79,200	76,643	77,516	76,227
Tangible Book Value (2)	6,308	8,952	6,969	7,261	7,604	8,084

REGULATORY CAPITAL (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Risk Weighted Assets	59,429	61,798	40,234	38,321	38,758	38,113
CT1 ratio (B3 fully loaded)	9.4%	14.7%	16.4%	18.0%	18.7%	20.2%
CT1 ratio (B3 phased-in)	13.5%	14.5%	16.9%	18.5%	19.1%	20.7%
Total Capital Ratio (B3)	13.6%	14.6%	16.9%	18.5%	19.2%	20.8%
Leverage Ratio (fully loaded)						
<i>Tangible equity as % of Assets</i>	<i>5.5%</i>	<i>10.7%</i>	<i>8.8%</i>	<i>9.5%</i>	<i>9.8%</i>	<i>10.6%</i>

NATIONAL BANK OF GREECE: Summary tables

GROWTH RATES %	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Revenue Growth	-47.1%	-4.5%	10.1%	4.4%	-2.2%	3.5%
Operating Cost Growth	-42.6%	-3.6%	-2.5%	-9.1%	-2.2%	1.8%
Interest Income Growth	-36.7%	-4.7%	1.5%	-2.1%	-2.5%	3.4%
Non Interest Income Growth	n.m.	n.m.	n.m.	81.5%	-1.5%	4.5%
Pre-Provision Profit Growth	-54.0%	-6.0%	34.5%	23.5%	-2.1%	5.2%
Customer Loan Growth	1.3%	-33.4%	-3.7%	-4.7%	3.2%	3.0%
Deposits Growth	3.3%	-33.8%	1.3%	-1.9%	5.9%	5.5%
Change in NPLs	32.6%	5.7%	0.2%	-5.4%	-16.9%	-23.0%

KEY RATIOS %	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Interest Income/Avg. IEA	2.1%	2.3%	2.9%	3.0%	2.9%	3.1%
Interest Income/Avg. RWA	3.5%	3.1%	3.8%	4.8%	4.8%	5.0%
Total Revenue/Avg. RWA	3.6%	3.3%	4.3%	5.8%	5.8%	6.0%
Cost/Income ratio (4)	65.4%	66.0%	58.4%	50.9%	50.8%	50.0%
LIC/Avg. Customer Loans	3.11%	6.47%	1.62%	1.50%	1.31%	0.97%
LIC/Avg.RWA	3.65%	6.05%	1.41%	1.63%	1.44%	1.10%
Loan Loss Provisions (Balance Sheet)/Loans	13.4%	22.1%	22.4%	22.0%	19.3%	15.7%
NPL Ratio (gross)	31.3%	33.1%	33.2%	31.4%	26.1%	20.1%
NPL Coverage	63.9%	74.7%	76.0%	79.3%	83.9%	88.7%
Loans/Deposits Ratio	104.9%	105.6%	100.4%	97.6%	95.1%	92.9%
ROE	1.0%	-49.3%	-37.7%	4.0%	4.5%	6.0%
ROTE or ROE (adj.) (5)	0.7%	-46.5%	-41.3%	3.9%	4.4%	5.8%
Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend Yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

VALUATION (x)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
P/Pre-Provision Profit per Share	1348.9	0.5	2.5	1.9	1.9	1.8
P/E (reported)	n.m.	n.m.	n.m.	7.2	6.1	4.3
P/E (adj.)	n.m.	n.m.	n.m.	7.2	6.1	4.3
P/BV	n.m.	0.3	0.3	0.3	0.3	0.3
P/TBV	n.m.	0.5	0.3	0.3	0.3	0.3

PER SHARE DATA (EUR)(6)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Average diluted number of shares	2993.4	978.2	9147.2	9147.2	9147.2	9147.2
Pre-Provision Profit per Share	0.24	0.69	0.10	0.12	0.12	0.13
EPS (reported)	0.02	-4.32	-0.32	0.03	0.04	0.05
EPS (adj.)	0.02	-4.32	-0.33	0.03	0.04	0.05
BVPS	2.28	0.99	0.78	0.81	0.85	0.90
TBVPS (2)	1.79	0.76	0.76	0.79	0.83	0.88
DPS	0.00	0.00	0.00	0.00	0.00	0.00

PRICE & SHARES & MKT CAP (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Price** (EUR) (7)	322	0.3	0.2	0.2	0.2	0.2
Outstanding number of ordinary shares (m)	3,533	9,147	9,147	9,147	9,147	9,147
Total Market Cap (8)	1,136,791	3,137	2,268	2,076	2,076	2,076
Assets Under Management (bn)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company, Investment Bank of Greece estimates.

Notes

(1) Earnings Before Tax (adj.) = EBT +/- Exceptional Items

(2) Tangible Book Value = Shareholders Equity less Goodwill

(3) Core Tier1 Ratio (ESN adj.) = Tier1 capital less Tier1 Hybrid capital and less preference capital divided by risk weighted assets

(4) Cost/Income = Operating Costs divided by Banking Revenues

(5) ROTE or ROE (adj.) = Net Profit (adj.) divided by the two-years (according to fiscal year end) average of Shareholders Equity excluding Goodwill

(6) EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Banks/Banks

Company Description: National Bank of Greece remains the biggest bank group in Greece in terms of assets. Following the recent sector consolidation, NBG ranks 2nd in terms of deposits (c.24% market share) and 3rd in terms of loans (c. 21% market share). NBG has a strong presence in SE Europe controlling 9 banks. As a result of its restructuring plan, NBG is obliged to dispose its non-Greek banking assets and agreed in Dec. 15 to sell its Turkish subsidiary Finansbank. As a result of the 2015 recap and due to the asset sales, NBG secures the highest coverage and capital ratios among peers.

PIRAEUS BANK: Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Net Interest Income	1,953	1,877	1,940	1,991	1,989	2,050
Commissions	314	306	318	325	333	340
Trading income	-32.0	109	142	47.3	55.4	55.8
Dividends	13.6	8.2	7.4	7.6	7.8	8.1
Other Operating Income	203	92.6	72.0	64.8	61.6	64.0
Non-Interest Income	499	516	539	445	458	468
Total Income from Banking Business	2,452	2,393	2,479	2,436	2,447	2,518
Revenues from Insurance Business	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	2,452	2,393	2,479	2,436	2,447	2,518
Operating Costs	-1,443	-1,473	-1,288	-1,238	-1,169	-1,181
-of which Personnel Expenses	-737	-772	-622	-604	-564	-566
Other Operating Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Pre-Provision Profit (PPP)	1,009	920	1,191	1,198	1,278	1,338
Loan Impairment Charge (LIC)	-4,028	-3,838	-1,111	-822	-674	-637
Operating profit (OP)	-3,019	-2,917	79.7	376	604	700
Associates	4.7	-12.8	-8.0	-5.0	-5.0	-5.0
Other Income/Loss(Exceptional)	0.0	0.0	0.0	0.0	0.0	0.0
Results from Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	-3,014	-2,930	71.7	371	599	695
Tax	1,069	1,069	-35.8	-108	-174	-202
<i>Tax rate</i>	<i>35.5%</i>	<i>36.5%</i>	<i>50.0%</i>	<i>29.0%</i>	<i>29.0%</i>	<i>29.0%</i>
Discontinued Operations	-26.7	-34.6	-35.0	-10.0	0.0	0.0
Minorities	6.9	3.1	2.0	-1.0	-1.0	-1.0
Preference Dividends	0.0	0.0	-116	-116	-116	-116
Net Profit (Reported)	-1,965	-1,893	2.8	252	424	493
Earnings Before Tax (Adj.) (1)	-3,014	-2,930	71.7	371	599	695
Net Profit (Adj.)	-1,965	-1,893	-113	136	308	377

BALANCE SHEET (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Due from Banks	4,135	3,824	3,806	3,832	3,718	4,043
Customer Loans	57,143	50,591	48,861	49,752	50,285	50,744
Securities	2,860	2,980	2,997	3,060	3,151	3,246
Interest Earning Assets (IEA)	64,138	57,396	55,664	56,643	57,154	58,033
Unit Linked Investments	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill	313	274	274	274	274	274
Other Assets	24,839	29,858	25,321	21,861	21,652	21,428
Total Assets	89,290	87,528	81,259	78,779	79,080	79,734
Due to Banks	23,690	34,491	27,826	21,775	18,064	14,513
Customer Deposits	54,733	38,952	40,299	42,904	45,776	48,770
Bonds & Debt Capital	894	2,142	2,142	2,892	3,642	4,392
Technical Provisions Insurance (Life and Non-Life)	0.0	0.0	0.0	0.0	0.0	0.0
Other Liabilities	2,651	3,963	3,061	3,138	3,217	3,299
Shareholders Equity	7,210	7,868	7,795	7,931	8,239	8,616
Minorities Equity	112	113	135	138	141	144
Total Liabilities	89,290	87,528	81,259	78,779	79,080	79,734
Tangible Book Value (2)	6,897	7,593	7,520	7,657	7,965	8,342

REGULATORY CAPITAL (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Risk Weighted Assets	55,720	54,036	52,347	51,624	49,605	50,839
CT1 ratio (B3 fully loaded)	11.2%	16.5%	16.6%	17.1%	18.4%	18.7%
CT1 ratio (B3 phased-in)	12.5%	17.5%	17.7%	18.2%	19.6%	19.8%
Total Capital Ratio (B3)	12.5%	17.5%	17.7%	18.2%	19.6%	19.8%
Leverage Ratio (fully loaded)	7.7%	8.7%	9.3%	9.7%	10.1%	10.5%
<i>Tangible equity as % of Assets</i>	<i>7.7%</i>	<i>8.7%</i>	<i>9.3%</i>	<i>9.7%</i>	<i>10.1%</i>	<i>10.5%</i>

PIRAEUS BANK: Summary tables

GROWTH RATES %	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Revenue Growth	14.8%	-2.4%	3.6%	-1.7%	0.4%	2.9%
Operating Cost Growth	-11.9%	2.1%	-12.5%	-3.9%	-5.6%	1.0%
Interest Income Growth	17.5%	-3.9%	3.3%	2.6%	-0.1%	3.1%
Non Interest Income Growth	5.5%	3.4%	4.5%	-17.5%	3.0%	2.1%
Pre-Provision Profit Growth	102.6%	-8.8%	29.4%	0.6%	6.7%	4.7%
Customer Loan Growth	-8.4%	-11.5%	-3.4%	1.8%	1.1%	0.9%
Deposits Growth	0.8%	-28.8%	3.5%	6.5%	6.7%	6.5%
Change in NPLs	1.5%	-2.6%	-6.3%	-11.0%	-22.2%	-33.6%

KEY RATIOS %	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Interest Income/Avg. IEA	3.0%	3.1%	3.4%	3.5%	3.5%	3.6%
Interest Income/Avg. RWA	3.4%	3.4%	3.6%	3.8%	3.9%	4.1%
Total Revenue/Avg. RWA	4.3%	4.4%	4.7%	4.7%	4.8%	5.0%
Cost/Income ratio (4)	58.9%	61.5%	52.0%	50.8%	47.8%	46.9%
LIC/Avg. Customer Loans	6.74%	7.12%	2.23%	1.67%	1.35%	1.26%
LIC/Avg.RWA	7.02%	6.99%	2.09%	1.58%	1.33%	1.27%
Loan Loss Provisions (Balance Sheet)/Loans	21.7%	25.7%	26.0%	23.9%	19.0%	12.5%
NPL Ratio (gross)	37.8%	39.5%	38.1%	34.3%	28.1%	19.9%
NPL Coverage	57.4%	65.0%	68.3%	69.6%	67.8%	62.7%
Loans/Deposits Ratio	104.4%	129.9%	121.2%	116.0%	109.8%	104.0%
ROE	-26.4%	-25.1%	-1.4%	1.7%	3.8%	4.5%
ROTE or ROE (adj.) (5)	-27.3%	-24.1%	0.0%	3.2%	5.1%	5.7%
Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend Yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

VALUATION (x)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
P/Pre-Provision Profit per Share	53490.1	0.2	1.5	1.3	1.2	1.1
P/E (reported)	n.m.	n.m.	n.m.	6.1	3.6	3.1
P/E (adj.)	n.m.	n.m.	n.m.	11.3	5.0	4.1
P/BV	n.m.	0.3	0.2	0.2	0.2	0.2
P/TBV	n.m.	0.3	0.2	0.2	0.2	0.2

PER SHARE DATA (EUR)(6)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Average diluted number of shares	5801.7	584.6	8733.2	8733.2	8733.2	8733.2
Pre-Provision Profit per Share	0.17	1.57	0.14	0.14	0.15	0.15
EPS (reported)	-0.32	-0.22	0.00	0.03	0.05	0.06
EPS (adj.)	-0.34	-3.24	-0.01	0.02	0.04	0.04
BVPS	1.18	0.90	0.89	0.91	0.94	0.99
TBVPS (2)	1.13	0.87	0.86	0.88	0.91	0.96
DPS	0.00	0.00	0.00	0.00	0.00	0.00

PRICE & SHARES & MKT CAP (EURm)	12/2014	12/2015	12/2016e	12/2017e	12/2018e	12/2019e
Price** (EUR) (7)	9,300	0.3	0.2	0.2	0.2	0.2
Outstanding number of ordinary shares (m)	6,102	8,733	8,733	8,733	8,733	8,733
Total Market Cap (8)	56,748,411	2,428	1,825	1,537	1,537	1,537
Assets Under Management (bn)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company, Investment Bank of Greece estimates.

Notes

(1) Earnings Before Tax (adj.) = EBT +/- Exceptional Items

(2) Tangible Book Value = Shareholders Equity less Goodwill

(3) Core Tier1 Ratio (ESN adj.) = Tier1 capital less Tier1 Hybrid capital and less preference capital divided by risk weighted assets

(4) Cost/Income = Operating Costs divided by Banking Revenues

(5) ROTe or ROE (adj.) = Net Profit (adj) divided by the two-years (according to fiscal year end) average of Shareholders Equity excluding Goodwill

(6) EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Banks/Banks

Company Description: Following a series of mergers and acquisitions since July 2012, Piraeus has become the biggest bank in Greece, controlling c. 30% of the market both in loans and deposits, having also the largest footprint. Specifically, the bank has nearly tripled in size after the acquisitions of 'good' ATEbank, Geniki Bank, the Greek operations of Cypriot banks (Bank of Cyprus, Laiki Bank and Hellenic Bank) and Millennium Bank. Up until 2011, Piraeus ranked 4th, controlling c. 12% of the market. As a result of its restructuring plan, Piraeus is obliged to sell its non-Greek bank subsidiaries.

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Coverage

Company	Analyst initials	Analyst name	Second Analyst name	ESN member
Aareal Bank	PH	Philipp Häßler, CFA		equinet Bank
Aktia	AS	Antti Saari		OP Corporate Bank
Alpha Bank	KM	Konstantinos Manolopoulos		Investment Bank of Greece
Banca Carige	LT	Luigi Tramontana		Banca Akros
Banca MPS	LT	Luigi Tramontana		Banca Akros
Banco Popular	JBV	Javier Bernat		GVC Gaesco Beka
Banco Sabadell	JBV	Javier Bernat		GVC Gaesco Beka
Banco Santander	JBV	Javier Bernat		GVC Gaesco Beka
Bankia	JBV	Javier Bernat		GVC Gaesco Beka
Bankinter	JBV	Javier Bernat		GVC Gaesco Beka
BBVA	JBV	Javier Bernat		GVC Gaesco Beka
BCP	AR	André Rodrigues		Caixa-Banco de Investimento
BNP Paribas	PC	Pierre Chedeville		CM - CIC Market Solutions
BPER	LT	Luigi Tramontana		Banca Akros
BPI	AR	André Rodrigues		Caixa-Banco de Investimento
CaixaBank	JBV	Javier Bernat		GVC Gaesco Beka
Commerzbank	PH	Philipp Häßler, CFA		equinet Bank
Credem	LT	Luigi Tramontana		Banca Akros
Crédit Agricole SA	PC	Pierre Chedeville		CM - CIC Market Solutions
Creval	LT	Luigi Tramontana		Banca Akros
Deutsche Bank	PH	Philipp Häßler, CFA		equinet Bank
Deutsche Pfandbriefbank	PH	Philipp Häßler, CFA		equinet Bank
Eurobank	KM	Konstantinos Manolopoulos		Investment Bank of Greece
Intesa Sanpaolo	LT	Luigi Tramontana		Banca Akros
Mediobanca	LT	Luigi Tramontana		Banca Akros
National Bank of Greece	KM	Konstantinos Manolopoulos		Investment Bank of Greece
Natixis	PC	Pierre Chedeville		CM - CIC Market Solutions
Nordea	AS	Antti Saari		OP Corporate Bank
Piraeus Bank	KM	Konstantinos Manolopoulos		Investment Bank of Greece
Société Générale	PC	Pierre Chedeville		CM - CIC Market Solutions
UBI Banca	LT	Luigi Tramontana		Banca Akros
UniCredit	LT	Luigi Tramontana		Banca Akros

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

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Data current as of 10/02/2017

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% of companies in each rating category that are investment banking clients	0%	0%	0%	0%	0%	0%
Banks	100%	0%	0%	0%	0%	0%
% of companies in each rating category that are investment banking clients	0%	0%	0%	0%	0%	0%

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Rating History (unadjusted for rights issues)

Alpha Bank

1. 23/11/2016 Buy, Target Price EUR 3.47
2. 26/08/2016 Buy, Target Price EUR 3.47
3. 25/05/2016 Buy, Target Price EUR 3.47
4. 14/04/2016 Buy, Target Price EUR 3.47
5. 04/03/2016 Buy, Target Price EUR 3.88
6. 14/12/2015 Buy, Target Price EUR 3.88
7. 29/06/2015 Rating Suspended
8. 26/05/2015 Neutral, Target Price EUR 0.46
9. 27/02/2015 Neutral, Target Price EUR 0.46
10. 31/10/2014 Buy, Target Price EUR 1.10

Piraeus Bank

1. 11/11/2016 Buy, Target Price EUR 0.38
2. 26/08/2016 Buy, Target Price EUR 0.38
3. 26/05/2016 Buy, Target Price EUR 0.38
4. 23/05/2016 Buy, Target Price EUR 0.38
5. 14/04/2016 Buy, Target Price EUR 0.38
6. 14/12/2015 Buy, Target Price EUR 0.48
7. 29/06/2015 Rating Suspended
8. 25/05/2015 Neutral, Target Price EUR 0.90
9. 27/02/2015 Neutral, Target Price EUR 0.90
10. 21/11/2014 Buy, Target Price EUR 2.50

National Bank

1. 17/11/2016 Buy, Target Price EUR 0.41
2. 26/08/2016 Buy, Target Price EUR 0.41
3. 27/05/2016 Buy, Target Price EUR 0.41
4. 23/05/2016 Buy, Target Price EUR 0.41
5. 14/04/2016 Buy, Target Price EUR 0.41
6. 14/12/2015 Buy, Target Price EUR 0.60
7. 29/06/2015 Rating Suspended
8. 27/02/2015 Neutral, Target Price EUR 1.52
9. 27/02/2015 Neutral, Target Price EUR 1.52
10. 04/11/2014 Buy, Target Price EUR 3.40

Eurobank Ergasias

1. 11/11/2016 Buy, Target Price EUR 1.36
2. 26/08/2016 Buy, Target Price EUR 1.36
3. 18/05/2016 Buy, Target Price EUR 1.36
4. 16/05/2016 Buy, Target Price EUR 1.36
5. 14/04/2016 Buy, Target Price EUR 1.36
6. 14/12/2015 Buy, Target Price EUR 1.94
7. 29/06/2015 Rating Suspended
8. 13/05/2015 Neutral, Target Price EUR 0.23
9. 27/02/2015 Neutral, Target Price EUR 0.23
10. 04/11/2014 Buy, Target Price EUR 0.55

Risks to our forecasts and valuation

On the downside we note

- Macro Risks: Higher and more protracted recession, high(er) unemployment
- Asset quality issues: Higher NPLs leading to higher provisions.
- Political risks: Domestic political uncertainty and instability could delay the lift of capital controls and keep sovereign spreads high and liquidity conditions tight
- Slower or no further drop on time deposit interest rates keeping spreads in (high) negative territory
- Capital / Regulatory Risks: Stricter regulations on capital definitions, minimum requirements, DTAs/DTCs and / or RWAs
- Domestic Legislative risks: Implementation of debt repayment policies (debt restructuring, foreclosure moratorium, etc) that affect payment moral and risk asset quality dynamics
- Execution risk in meeting DGCom approved restructuring plan and SSMs NPE reduction targets
- Exposure to Emerging Markets (SEE): Macro, political, regulatory and currency risks (where applicable)

On the upside we note

- Faster and higher than expected GDP recovery
- Faster and higher than expected improvements on liability side spreads
- Lower than expected new NPL flow positively affecting provisions - right-backs on exiting NPL book (release of provisions)

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2. All prices and valuation multiples are based on the closing of ATHEX's last session prior to the issue of this report, unless otherwise indicated

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