

OFFERING CIRCULAR

National Bank of Greece Funding Limited

(incorporated with limited liability in Jersey)

U.S.\$180,000,000 Series C CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities

having the benefit of a subordinated guarantee of

National Bank of Greece S.A.

(incorporated with limited liability in the Hellenic Republic)

Issue price: U.S.\$1,000 per Preferred Security

The U.S.\$180,000,000 Series C CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities (the "Preferred Securities") each with a liquidation preference of U.S.\$1,000 (the "Liquidation Preference") are issued by National Bank of Greece Funding Limited (the "Issuer") on 3 November 2004 (the "Closing Date"). All obligations of the Issuer to make payments in respect of the Preferred Securities will be guaranteed on a subordinated basis by National Bank of Greece S.A. (the "Bank") pursuant to a subordinated guarantee dated 3 November 2004 (the "Guarantee"), all as more fully described herein under "*Subordinated Guarantee*".

The Preferred Securities will entitle Holders to receive (subject as described herein under "*Description of the Preferred Securities*") non-cumulative preferential cash dividends (the "Preferred Dividends") payable in arrear on 3 November 2005, and thereafter semi-annually in arrear on 3 May and 3 November in each year, (each a "Preferred Dividend Payment Date"). In respect of the Preferred Dividend Period (as defined on page 16) from and including the Closing Date to but excluding 3 November 2005 the Preferred Securities will accrue Preferred Dividends at a rate of 6.75 per cent. per annum. The rate of Preferred Dividends in respect of subsequent Preferred Dividend Periods shall be the sum of the Reference Rate (as defined on page 17) and 0.125 per cent. per annum, subject to a maximum rate of 8.5 per cent. per annum.

The Preferred Securities are perpetual securities and have no fixed redemption date. However, the Preferred Securities may be redeemed, in whole but not in part, on 3 November 2014 (the "First Call Date") or on any Preferred Dividend Payment Date falling thereafter, upon not less than 30 nor more than 60 days' notice, each to be redeemed at U.S.\$1,000 per Preferred Security plus accrued and unpaid Preferred Dividends and any Additional Amounts (as defined on page 8) in respect of the most recent Preferred Dividend Period. Such redemption is subject to the consent of the Bank and the Bank of Greece. The Preferred Securities may also be redeemed in the circumstances set out herein under "*Description of the Preferred Securities — Redemption of Preferred Securities*".

In the event of a liquidation, dissolution or winding-up of the Issuer, Holders of the Preferred Securities will be entitled to receive, for each Preferred Security, the Liquidation Preference plus accrued and unpaid Preferred Dividends for the then current applicable Preferred Dividend Period to the date of payment, as more fully described in "*Description of the Preferred Securities*".

Application has been made to list the Preferred Securities on the Official Segment of the stock market of Euronext Amsterdam N.V. ("Euronext Amsterdam") and on the Luxembourg Stock Exchange. This Offering Circular constitutes a Prospectus for the purposes of the application for listing the Preferred Securities on the Luxembourg Stock Exchange and on Euronext Amsterdam.

In making an investment decision, investors should read the "Investment Considerations" on page 11 of this Offering Circular.

The Preferred Securities are expected to be rated "Baa1" by Moody's Investors Service Limited ("Moody's") and "BBB-" by Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc. ("Standard & Poor's" and, together with Moody's, the "Rating Agencies"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agencies.

The Preferred Securities will be represented on issue by a single global certificate in registered form (the "Global Certificate"). The Global Certificate will be registered in the name of Citivic Nominees Limited, as nominee for, and will be deposited with, a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear system ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") on or around the Closing Date.

The Preferred Securities and the Guarantee have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any jurisdiction, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as those terms are defined in Regulation S under the Securities Act ("Regulation S")), except in certain transactions exempt from the registration requirements of the Securities Act.

Joint-Lead Managers

BNP PARIBAS

Citigroup

JPMorgan

NBG International

Co-Lead Managers

Alpha Bank

Emporiki Bank

Piraeus Bank

The date of this Offering Circular is 2 November 2004

The Issuer and the Bank accept responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer and the Bank (which have taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer and the Bank, having made all reasonable enquiries, confirm that this Offering Circular contains or incorporates all information which is material in the context of the Preferred Securities, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading.

No person has been authorised to give any information or to make any representations other than those contained in this Offering Circular in connection with the offering of the Preferred Securities and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Bank or the Managers (as defined under “*Subscription and Sale*” herein). Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Bank or the Bank and its consolidated subsidiaries as a whole (the “Group”) since the date hereof. This Offering Circular does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Bank or the Managers to subscribe for, or purchase, any of the Preferred Securities. This Offering Circular does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. This Offering Circular may only be used for the purposes for which it has been published.

The Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or any of them as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer or the Bank in connection with the Preferred Securities or their distribution.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Bank or the Managers that any recipient of this Offering Circular should purchase any of the Preferred Securities. Each investor contemplating purchasing Preferred Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Bank. No person is authorised to give information other than contained herein and in the documents referred to herein and which are made available for inspection by the public at the specified office of each Paying and Transfer Agent.

The Preferred Securities and the Guarantee have not been, and will not be, registered under the Securities Act. The Preferred Securities are being offered outside the United States in accordance with Regulation S, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined under Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a further description of certain restrictions on the offer and sale of the Preferred Securities and on distribution of this Offering Circular, you should read “*Subscription and Sale*” below.

A copy of this Offering Circular has been delivered to the Registrar of Companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 as amended and the Registrar of Companies has given, and has not withdrawn, its consent to the circulation of the Offering Circular. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of the Preferred Securities by the Issuer. It must be distinctly understood that, in giving these consents, neither the Registrar of Companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

An investment in the Preferred Securities is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.

If you are in any doubt about the contents of this Offering Circular, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up.

Nothing in this Offering Circular or anything communicated to Holders of, or investors in, the Preferred Securities (or any such potential Holders or investors) by the Issuer is intended to constitute, or should be construed as, advice on the merits of the purchase of or subscription for the Preferred Securities or the exercise of any rights attached thereto for the purposes of the Financial Services (Jersey) Law 1998, as amended.

IN CONNECTION WITH THE ISSUE OF THE PREFERRED SECURITIES, CITIGROUP GLOBAL MARKETS LIMITED (THE “STABILISING MANAGER”) OR ANY PERSON ACTING FOR THE STABILISING MANAGER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE PREFERRED SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER, THERE IS NO OBLIGATION ON THE STABILISING MANAGER OR ANY PERSON ACTING FOR IT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES. WHEN CONDUCTED BY DUTCH PERSONS OR ENTITIES ANYWHERE IN THE WORLD OR BY NON-DUTCH PERSONS OR ENTITIES IN THE NETHERLANDS, SUCH STABILISING WILL BE CONDUCTED IN ACCORDANCE WITH THE RULES OF THE FURTHER CONDUCT OF BUSINESS REGULATION TO THE DUTCH SECURITIES MARKET SUPERVISION ACT (*NADERE REGELING GEDRAGSTOEZICHT EFFECTENVERKEER 2002*) AND WILL IN ANY EVENT BE DISCONTINUED WITHIN 30 DAYS AFTER THE CLOSING DATE. STABILISATION TRANSACTIONS CONDUCTED ON THE STOCK MARKET OF EURONEXT AMSTERDAM MUST BE CONDUCTED BY A MEMBER OF EURONEXT AMSTERDAM.

FINANCIAL AND OTHER REFERENCES

All references in this Offering Circular to “Euro”, “euro”, “EUR” and “€” refer to the single currency introduced at the start of the Third Stage of European Economic and Monetary Union (“EMU”) pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended, all references to “Sterling” and “£” refer to the currency of the United Kingdom, all references to “U.S.\$”, “USD” and “U.S. dollars” refer to the currency of the United States and all references to “Greek drachmas”, “drachmas”, “Drs” or “GRD” are to Greek drachmas.

Greece adopted the euro as its national currency on 1 January 2001, at which time the drachma ceased to exist as a separate legal currency. From 1 January 2001, the Greek drachma became the national denomination of the euro in Greece and was fixed against the euro at a rate of €1.00 = GRD 340.75. On 1 January 2002, euro bank notes and coins were introduced in the EMU countries and on 1 March 2002, drachmas (and all other national denominations of the euro) ceased to be legal tender and were replaced entirely by euro notes and coins. Financial statements for the National Bank of Greece are therefore expressed in euro in this Offering Circular. Financial statements for the years ended 31 December 2000 and 2001 were recorded in Greek drachmas and have therefore been re-expressed in euro based on the fixed rate of €1.00 = GRD 340.75 to conform to the current presentation.

The financial information presented herein has been prepared in accordance with generally accepted accounting principles in Greece (“Greek GAAP”). Certain financial information prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) has also been provided.

Certain financial and statistical information in this Offering Circular has been subject to rounding adjustments. Accordingly, the sum of certain data may not conform to the total.

All references herein to “Greece”, the “Republic”, the “Republic of Greece” and the “Greek State” are to the Hellenic Republic. All references herein to “Central Bank” or “Bank of Greece” are to the Bank of Greece.

References to “DEKA” are to the Public Company for Transferable Securities S.A., a company organized under the laws of the Hellenic Republic, which is wholly owned by the Hellenic Republic and which acts as a holding company for the Hellenic Republic’s equity investments in various Greek companies, including NBG.

Unless the context otherwise requires, references to “NBG” and the “Bank” are to National Bank of Greece S.A. on a stand-alone basis and do not include the Bank’s consolidated subsidiaries. Similarly, unless the context otherwise requires, all references to the “NBG Group” or the “Group” are to NBG and its consolidated subsidiaries. All references in this Offering Circular to “we”, “us” or “our” are to the Group as a whole.

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DOCUMENTS INCORPORATED BY REFERENCE

The Articles of Association of the Issuer, the audited consolidated annual financial statements of the Bank (prepared in accordance with U.S. GAAP) and the audited consolidated and non-consolidated annual financial statements of the Bank (prepared in accordance with Greek GAAP) as of and for the years ended 31 December 2003, 2002 and 2001 shall be deemed to be incorporated in, and to form part of, this Offering Circular.

The Issuer will, at the specified offices of the Paying and Transfer Agents, provide, free of charge, a copy of this Offering Circular (and any document incorporated by reference in this Offering Circular).

SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by the more detailed information included elsewhere in this Offering Circular. Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them under “Description of the Preferred Securities”.

Issuer: National Bank of Greece Funding Limited (the “Issuer”) is incorporated in Jersey and is a subsidiary of the Bank.

Guarantor: National Bank of Greece S.A. (the “Bank”).

Issue Size: U.S.\$180,000,000.

Issue Details: U.S.\$180,000,000 Series C CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities each with a par value and a liquidation preference of U.S.\$1,000.

Preferred Dividends: Preferred Dividends on the Preferred Securities will be declared by the Directors of the Issuer and paid by the Issuer out of funds legally available therefor, subject to certain limitations. (See “Limitations on Payments” below.)

In respect of the Preferred Dividend Period (defined on page 16) from and including the Closing Date to but excluding 3 November 2005 the Preferred Securities will accrue Preferred Dividends at a rate of 6.75 per cent. per annum. payable in arrear on 3 November 2005. For each subsequent Preferred Dividend Period, Preferred Dividends on the Preferred Securities will be payable semi-annually in arrear on 3 May and 3 November in each year at a rate equal to the aggregate of the prevailing Reference Rate (as defined on page 17) and 0.125 per cent per annum, subject to a maximum rate of 8.5 per cent. per annum.

Guarantee: The Bank will guarantee, on a subordinated basis, payments on the Preferred Securities in respect of any declared but unpaid Preferred Dividends, payments on liquidation of the Issuer, payments on redemption of the Preferred Securities and any Additional Amounts (as defined below).

The Bank’s obligations under the Guarantee will be subordinated so that they rank (i) junior to Senior Creditors (as defined on page 29), (ii) *pari passu* with the Liquidation Parity Obligations (as defined on page 16), and (iii) senior to the ordinary shares of the Bank.

Limitations on Payments: Subject to the Law and to the provisions relating to compulsory payments below, Preferred Dividends may be declared by the Directors, in their sole discretion, and paid by the Issuer out of funds legally available therefor.

However, subject to the provisions relating to compulsory payments below, the Issuer will not be permitted to pay any Preferred Dividend on the Preferred Securities if such Preferred Dividend, together with the amount of:

- (a) any Preferred Dividends previously paid in respect of the Preferred Securities and distributions previously paid in respect of Preferred Dividend Parity Obligations in the then current financial year; and
- (b) any Preferred Dividends proposed to be paid in respect of the Preferred Securities and distributions proposed to be paid in respect of any Preferred Dividend Parity Obligations in the then current semi-annual period,

is greater than Distributable Funds.

For the avoidance of doubt, the Directors will not be required to declare, and the Issuer will not be required to pay, a Preferred Dividend if, in the then current financial year, the Bank has not paid any dividend to the holders of its ordinary shares and neither the Bank nor any Subsidiary has

made certain other payments in respect of Junior Obligations or Preferred Dividend Parity Obligations, as set out in “*Compulsory Payments*” below.

If the Issuer does not pay Preferred Dividends in respect of any Preferred Dividend Period, the Issuer shall notify the Luxembourg Stock Exchange, Euronext Amsterdam and the Holders in accordance with the provisions of Article 15.

References to Preferred Dividends include Additional Amounts.

**Preferred Dividends
Non-cumulative:**

If the Directors of the Issuer do not declare a Preferred Dividend payable on a Preferred Dividend Payment Date by virtue of the limitations set out above (see “*Limitation on Payments*”), then, subject to the below (see “*Compulsory Payments*” and “*Redemption*”) and without affecting the rights of the Holders of Preferred Securities under the Guarantee, the entitlement of the Holders of Preferred Securities to such Preferred Dividend shall lapse. Accordingly, no payment will need to be made at any time by the Issuer or the Bank in respect of any such missed payment.

Compulsory Payments:

Payment on Junior Obligations

If the Bank, the Issuer or any other Subsidiary of the Bank pays any distribution on or in respect of any class of Junior Obligations (other than in the form of shares or further or other Junior Obligations), then, subject to the Law, the Issuer will be required to pay Preferred Dividends on the Preferred Securities on one or more Preferred Dividend Payment Dates contemporaneous with or following such distribution, as follows:

- (a) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Junior Obligation is made in respect of an annual period; and
- (b) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Junior Obligation is made in respect of a semi-annual period or a quarterly period.

Redemption of Junior Obligations

Subject to the Law, the Issuer will be required to make payment of the full amount of Preferred Dividends payable on each of the next two Preferred Dividend Payment Dates contemporaneous with or following any date on which the Bank or any Subsidiary of the Bank has redeemed, repurchased or otherwise acquired any Junior Obligations for any consideration (or any moneys are paid to or made available for a sinking fund for, or for redemption of, any such securities) unless (a) such acquisition is effected in accordance with the provisions of Article 16 paragraph 2(b) to (f) or paragraph 5 *et seq.* of Greek Codified Law 2190/1920 and (b) following such acquisition and any other measure taken by the Bank: (i) the total capital adequacy of the Bank, on an unconsolidated and consolidated basis, remains above 8 per cent.; and (ii) the ratio of “upper tier 1 capital” items of own funds (namely tier 1 capital excluding the Preferred Securities and similar instruments) to risk adjusted assets of the Bank remains above 5 per cent.

Payment on Preferred Dividend Parity Obligations

If the Bank, the Issuer or any other Subsidiary of the Bank pays any distribution on or in respect of any class of Preferred Dividend Parity Obligations (other than in the form of shares or Junior Obligations), then the Issuer will be required to make *pro rata* payments of Preferred Dividends on the Preferred Securities on one or more Preferred Dividend

Payment Dates contemporaneous with or following such distribution, as follows:

- (a) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Preferred Dividend Parity Obligation is paid in respect of an annual period; and
- (b) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Preferred Dividend Parity Obligation is paid in respect of a semi-annual period or quarterly period.

When a distribution on Preferred Dividend Parity Obligations requires *pro rata* payment of Preferred Dividends as described above, the amount of the required payment will be in the same proportion to the aggregate specified amount of Preferred Dividends payable on the Preferred Securities as the aggregate payment that was made on such Preferred Dividend Parity Obligations bears to the amount that was payable on such Preferred Dividend Parity Obligations at the time of such payment.

Aggregation of Preferred Dividends in Preferred Dividend Period.

Subject to the Law, compulsory payments of Preferred Dividends to be made by virtue of Article 4(a), 4(b) or 4(c) of the Issuer's Articles of Association shall be aggregated on any Preferred Dividend Payment Date with any payments made or to be made by virtue of Article 3 in respect of any relevant Preferred Dividend Period, provided that in any relevant Preferred Dividend Period the aggregate amount paid in respect of Preferred Dividends on the Preferred Securities shall not exceed the scheduled amount of the Preferred Dividends.

All the compulsory Preferred Dividends described above will be guaranteed by the Bank under the Guarantee.

Withholding Tax and Additional Amounts:

The Preferred Securities will contain a gross up provision in respect of imposition of Jersey or Greek withholding taxes. The Guarantee will contain a gross up provision in respect of imposition of Greek withholding taxes. Each gross up provision will be subject to customary exceptions.

Under the gross up provisions, subject to customary exceptions, the Issuer, or the Bank pursuant to the Guarantee, will pay to each Holder of the Preferred Securities such additional amounts ("Additional Amounts") as may be necessary in order that every net payment in respect of the Preferred Securities, after withholding for any taxes imposed by Jersey or Greece, as the case may be, upon or as a result of such payment, will not be less than the amount otherwise required to be paid.

The obligations of the Issuer and the Bank to pay any such Additional Amounts will be subject to limitations described in "*Limitation on Payments*" above.

Optional Redemption:

Subject to the Law, the Preferred Securities are redeemable at the option of the Issuer, in whole but not in part, on the First Call Date and on any Preferred Dividend Payment Date falling thereafter, at the Redemption Price (as defined on page 17).

Such optional redemption will be subject to the prior consent of the Bank and the Bank of Greece.

**Capital Disqualification
Redemption:**

If, at any time falling prior to but excluding the First Call Date, a Capital Disqualification Event has occurred and is continuing, the Preferred Securities may be redeemed, in whole but not in part, at the Redemption Price at the option of the Issuer on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities.

Any such redemption will be subject to the prior consent of the Bank and the Bank of Greece.

Redemption for Tax Reasons:

If, at any time falling prior to but excluding the First Call Date, as a result of a change in the laws or regulations of Jersey or Greece, the Issuer or the Bank is or would be required to pay Additional Amounts in respect of payments due on the Preferred Securities or under the Guarantee, then, subject to the Law, the Preferred Securities will be redeemable at the Redemption Price at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities.

If, at any time falling prior to but excluding the First Call Date, as a result of a change in the laws and regulations of Jersey or Greece, the Issuer or the Bank, in relation to the Preferred Securities, the Guarantee and any associated transactions (including, but not limited to, any loan from the Issuer to the Bank or any other Subsidiary of the Bank), is or would be required to pay more than a *de minimis* amount of (i) Jersey Tax (other than in respect of Jersey source income) or (ii) Greek Tax, then the Preferred Securities will be redeemable, at the Redemption Price at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities.

Any redemption for tax reasons will be subject to the prior consent of the Bank and the Bank of Greece.

Rights upon Liquidation:

In the event of any winding-up, liquidation or dissolution of the Issuer, Holders of Preferred Securities will be entitled to receive the Liquidation Distribution per Preferred Security held out of assets available for distribution to shareholders.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution, if, at the time such Liquidation Distribution is to be paid, proceedings are pending or have been commenced for the liquidation, dissolution or winding-up of the Bank, the Liquidation Distribution per Preferred Security paid to Holders of Preferred Securities and the liquidation distribution paid to the holders of Liquidation Parity Obligations shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank had the Preferred Securities and Liquidation Parity Obligations been issued by the Bank and ranked (i) junior to all liabilities of the Bank (other than any liability expressed to rank *pari passu* with or junior to the Guarantee), (ii) *pari passu* with the Liquidation Parity Obligations and (iii) senior to all Junior Obligations.

In the event of liquidation, dissolution or winding-up of the Bank, the Directors of the Issuer shall convene an extraordinary general meeting of the Issuer for the purpose of placing the Issuer in winding-up, and the amount to which Holders of Preferred Securities shall be entitled as a Liquidation Distribution will be as described above.

The Bank has undertaken in the Guarantee that, for so long as any of the Preferred Securities is outstanding, it will not permit, or take any action to cause, the liquidation, dissolution or winding-up of the Issuer unless the

Bank of Greece has given its prior approval or the Bank itself is in liquidation.

Voting Rights:

Generally Holders of the Preferred Securities will not be entitled to vote at any general meeting of shareholders of the Issuer.

Holders of the Preferred Securities (together with the holders of any other preferred securities or preference shares of the Issuer having the right to vote for the election of Directors in such event) are entitled to elect two additional Directors of the Issuer's Board of Directors if, in respect of two consecutive Preferred Dividend Periods, Preferred Dividends on the Preferred Securities have not been paid in full, or if the Bank breaches its payment obligations under the Guarantee. Such Directors will vacate their office if Preferred Dividends are resumed by the Issuer, or payments by the Bank in respect thereof are made in full for two consecutive Preferred Dividend Payment Dates.

Form of the Preferred Securities:

The Preferred Securities will be represented on issue by the Global Certificate, which will be registered in the name of Citivic Nominees Limited as nominee for, and will be deposited with, a common depository for Euroclear and Clearstream, Luxembourg.

Governing Law:

The Preferred Securities will be governed by, and construed in accordance with, Jersey law.

The Guarantee of the Bank will be governed by, and construed in accordance with, English law, save that paragraphs 3, and 9(b) will be governed by, and construed in accordance with, Greek law.

Use of Proceeds:

The net proceeds from the issue of the Preferred Securities will be used by the Bank and/or its consolidated Subsidiaries for general banking purposes.

Listing:

Application has been made to list the Preferred Securities on Euronext Amsterdam and on the Luxembourg Stock Exchange.

INVESTMENT CONSIDERATIONS

Prospective investors should consider carefully the following information in conjunction with the other information contained in this Offering Circular before investing in the Preferred Securities.

Risks Associated with the Offering

Risks Associated with the Bank's Financial Condition

An investment in the Preferred Securities will have substantially the same economic risks as an investment in non-cumulative perpetual preference shares issued directly by the Bank having the same liquidation preference and rate of distribution as the Preferred Securities. The Preferred Securities are guaranteed on a limited and subordinated basis by the Bank pursuant to the terms of the Guarantee. Accordingly, if the Bank's financial condition were to deteriorate, the Issuer and the Holders of the Preferred Securities may suffer direct and materially adverse consequences, including non-payment of Preferred Dividends on the Preferred Securities or of payments under the Guarantee.

Preferred Dividends not Cumulative

Preferred Dividends on the Preferred Securities are not cumulative. Subject to the provisions relating to compulsory payments as set out in "*Description of the Preferred Securities*", Preferred Dividends on the Preferred Securities will not be paid on each Preferred Dividend Payment Date if the Bank or the Issuer has insufficient Distributable Funds. If Preferred Dividends on the Preferred Securities for any Preferred Dividend Period are not paid, Holders of the Preferred Securities will not be entitled to receive such Preferred Dividends (or any payment under the Guarantee in respect of such Preferred Dividends) whether or not sufficient funds are, or subsequently become, available.

Perpetual Nature of the Preferred Securities

The Preferred Securities have no fixed final redemption date and Holders have no rights to require the redemption of the Preferred Securities. Although the Issuer may elect to redeem the Preferred Securities in certain circumstances (including at its option on the First Call Date or any Preferred Dividend Payment Date thereafter or following the occurrence of certain tax events or a Capital Disqualification Event (as set out in "*Description of the Preferred Securities*")), such election is discretionary and subject to certain limitations.

Any early redemption by the Issuer is subject to the prior consent of the Bank and the Bank of Greece. It is currently expected that such consent of the Bank of Greece will be given only in cases where, after such redemption of the Preferred Securities by the Issuer, (i) the total capital adequacy ratio of the Bank, on an unconsolidated and consolidated basis, remains above 8 per cent. and (ii) the ratio of "upper tier 1 capital" items of own funds (namely tier 1 capital excluding the Preferred Securities and similar instruments) to risk adjusted assets of the Bank remains above 5 per cent.

No Limitation on Future Debt

The Bank is not prohibited from issuing, guaranteeing or otherwise incurring further debt ranking *pari passu* with, or senior to, its obligations under the Guarantee.

Risks Associated with the Bank

Significant Differences Between Greek GAAP and U.S. GAAP

The financial statements of the National Bank of Greece Group which are included in this Offering Circular have been prepared in accordance with Greek GAAP. Greek GAAP and Greek accounting practices differ in certain respects from U.S. GAAP and that may be important to an investment decision in respect of the Preferred Securities. The Bank prepares separate financial statements in accordance with both U.S. GAAP and Greek GAAP each of which are included or incorporated by reference herein. See "*Principal Differences Between U.S. GAAP and Greek GAAP and Greek Accounting Practices*" and "*The Bank and the Group — Financial and Operating Review*" below.

The Hellenic Republic is the Bank's Principal Shareholder

The Hellenic Republic, directly or through DEKA, owns shares representing approximately 7.5 per cent. of the issued share capital of the Bank. In addition, certain state-related entities (including the Postal Savings Bank and the Deposit and Loans Fund), primarily pension funds (most of whose boards of directors are appointed by

the Hellenic Republic), own shares representing approximately 21.5 per cent. of the issued share capital of the Bank.

The holdings of the Hellenic Republic and the state-related entities referred to above are substantial and may allow the Hellenic Republic to have significant influence over decisions submitted to a vote of the Bank's shareholders. The Bank's Articles of Association do not provide for any special voting rights to any class of shares or shareholders and there is no law in Greece that gives control of the Bank to the Hellenic Republic. However, if there is not a full voting participation by all of the Bank's shareholders at a given shareholders' meeting, the Hellenic Republic and certain state-related entities with less than a majority of ownership in the Bank may nevertheless have a voting majority at such meeting. This would allow them to influence significantly the election of the Bank's governors and other members of the Board of Directors.

Despite the Hellenic Republic's significant share ownership, the Bank expects that it will be able to continue to follow its current, commercially-oriented strategy for the foreseeable future.

Legislation was passed in 2001 requiring the Governor of the Bank to be nominated directly by its Board of Directors, as opposed to being nominated by the Greek government, as used to be the case in the past. However, if there is a change in the governing party of Greece, there can be no assurance that members of the Bank's current senior management will continue to serve in their present capacities or that the Bank's commercial initiatives and policies will be continued. For example, a general election was held in Greece on 7 March 2004, in which Kostas Karamanlis, the leader of the New Democracy party, was elected Prime Minister, replacing Kostas Simitis of the Panhellenic Socialist party. Following the elections, the senior management of the Bank, including the Deputy Governors and certain General Managers resigned and were subsequently replaced.

Regulation of the Greek Banking Industry is Changing

Regulation of the banking industry in Greece has changed in recent years pursuant to changes in Greek law, largely to comply with applicable EU directives. In addition, the Bank of Greece, the central bank in Greece, has in recent years introduced regulatory changes in the Greek banking sector. In January 1999, the Bank of Greece introduced provisioning policies that require Greek banks to make specific provisions depending on the status and the type of a given loan and the number of days the loan has been in arrears. These provisioning policies were amended in January 2003 and generally require, with effect from June 2003, Greek banks, including the Bank, to increase their provisions for capital adequacy purposes. The Bank cannot predict what regulatory changes may be imposed in the future, either as a result of regulatory initiatives in the European Union or by the Bank of Greece. If the Bank is required to make additional provisions or increase its reserves, as may result from the proposed New Basel Capital Accord (discussed below) and other potential regulatory changes, this could adversely affect its results of operations.

The Bank Could Have Significant Pension Liabilities in the Future

In common with certain large employers in Greece that are, or were formerly, in the public sector, the Bank and certain of its subsidiaries operate employee pension funds rather than participate in standard, state-sponsored social security programmes. Greece has experienced actuarial and even operating (i.e. cashflow) deficits in many of its national pension schemes. The Bank makes significant employer contributions to its various employee pension schemes.

Legislation passed in 1992 provides that certain Greek companies, including the Bank, are not liable for the annual operating deficit of their company-specific main pension funds beyond the amount of 1992 deficits. The Bank's Main Pension Plan had an aggregate GRD 8.6 billion or €25.2 million deficit in 1992. As a result, under the 1992 legislation, the Bank will not be responsible for any future operating deficit over GRD 8.6 billion or €25.2 million per annum with respect to its Main Pension Plan (after possible further readjustment on the basis of the consumer price index). In addition, the Bank and several of its subsidiaries offer certain other post-retirement benefit plans, including medical benefit plans. Actuarial studies show that many of these plans could have an operating deficit in the future, although the Bank believes it has a legal obligation to make up such deficits only for certain plans. Under the provisions of Greek Law 3029/2002, the Hellenic Republic has undertaken to fund the deficits of plans that operate in the form of public law entities, including the Bank's Main Pension Plan. However, there can be no assurance that further reforms will not be effected, or that future changes to the law will not require the Bank or certain subsidiaries to make higher contributions or provide funds to cover current or future operating deficits of the various pension plans above existing limits.

Group Initiatives Aimed at Increasing Profitability May Not Be Successful

In recent years, the Group has been continuing to develop and implement initiatives to enhance profitability and reduce costs. These initiatives include:

- applying comprehensive cost containment programmes;
- restructuring the Bank's domestic branch network to facilitate cross-sales of the Group's products and services, such as insurance, brokerage, credit cards and mutual funds, through the Bank's branch network;
- instituting credit approval and monitoring procedures at the Bank to enable the Group to improve its mix of assets;
- improving the Group's mix of assets by gradually increasing customer lending to sectors with higher interest margins, such as small- and medium-sized enterprises ("SMEs"), mortgage and consumer loan sectors;
- expanding in emerging markets, primarily in the southeastern regions of Europe and the Mediterranean, including Bulgaria, Romania, Albania, Cyprus, the Former Yugoslav Republic of Macedonia, Serbia-Montenegro;
- upgrading information technology systems;
- establishing accelerated procedures for foreclosing on collateral when loans become non-performing; and
- implementing new systems for effective market risk management.

Although the Group has experienced certain benefits to date, which management believes are attributable to these initiatives, there can be no assurance that the Group will continue to experience such benefits or will obtain all the intended benefits of these initiatives. The success of the Group's strategy depends partly on factors outside the Group's control, such as the development of the Greek economy, political and economic conditions in emerging markets into which the Group has expanded and intend to expand and the performance of the economies of the other countries that have adopted the euro as their currency.

The Group Faces Significant Competition from Greek and Foreign Banks

The Group faces significant competition from Greek banks and financial services companies that provide products and services similar to the Group's own. Deregulation in the Greek banking sector has led to increased competition and significant pressure on interest rate margins. A recent trend towards consolidation among Greek banks has also led to increased competition resulting from the increased efficiency and greater resources of such merged entities. The Group now also faces competition from foreign banks, many of which have resources significantly greater than those of the Group. Notwithstanding the Group's leading position in Greece, there can be no assurance that the Group will be able to continue to compete successfully with domestic and international banks in the future.

The introduction of the single European currency in Greece in 2001, and the subsequent circulation of euro notes and coins from 1 January 2002, has removed a barrier to entry by other European banks and financial service providers in the Greek market and, therefore, may expose the Group, together with other Greek banks, to increased competition. Foreign banks may offer more competitive deposit and lending rates than those traditionally offered by the Group. To compete with foreign banks for certain deposit and loan customers, the Bank may experience commercial pressure to offer more attractive deposit and lending rates which may have a negative effect on the Bank's profits. It is possible that increased competition from foreign banks may have a material adverse effect on the Group's financial condition and results of operations.

The Group's capital adequacy requirements may change as a result of the New Basel Capital Accord

In 1988, the Basel Committee on Banking Supervision adopted capital guidelines (the "Basel guidelines") based on the relationship between a bank's capital and its credit risks. The Basel guidelines have been implemented by banking regulators in most industrialised countries, including the Hellenic Republic. The Basel guidelines are intended to strengthen the soundness of the international banking system and reduce competitive inequality among international banks by harmonising the definition of capital and the basis for the evaluation of asset risks and by establishing a uniform target capital adequacy ratio of capital to risk-weighted assets.

In 1996, the Basel Committee amended the 1988 Basel guidelines in order to address market risk, such as foreign exchange and interest rate exposures. In April 2003, the Basel Committee released its third consultative paper on the new capital adequacy standards in order to overhaul the existing regime, contemplating a “New Basel Capital Accord”. In June 2004 the Basel Committee published a further report setting out details of the agreed “Framework” for measuring capital adequacy and minimum standards of the respective countries’ regulators. The New Basel Capital Accord proposals currently include diverse methodologies for the calculation of capital requirements in respect of credit risk and the newly introduced operational risk (the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events). The New Basel Capital Accord is currently expected to be finalised by the Basel Committee by the end of 2004 and to become effective in the various countries that participate in the Basel Committee at the end of 2006. If New Basel Capital Accord proposals are fully adopted by the European Union, the Bank may be required by its regulators to maintain higher levels of capital, which could decrease the Group’s operational flexibility and may increase the Group’s financing costs. Consequently, there can be no assurance that the New Basel Capital Accord will not have a material adverse effect on the Group’s financial condition or results of operations in the future.

DESCRIPTION OF THE PREFERRED SECURITIES

The following summary sets forth the terms and provisions of the Preferred Securities which have been extracted without material adjustment from the Issuer's Articles of Association. Copies of the Issuer's Articles of Association and other documents relating to the Preferred Securities are available as described under "General Information — Documents" below.

1. Definitions and Interpretation

In this description of the Preferred Securities, except to the extent that the context requires otherwise:

"Additional Amounts" means the additional amounts which may be payable in respect of the Preferred Securities as described in Article 11;

"Agency Agreement" means the agency agreement dated 3 November 2004 relating to the Preferred Securities between the Bank, the Issuer, the Principal Paying and Transfer Agent, the Registrar and the other agents named therein;

"Bank" means National Bank of Greece S.A. and its successors and assigns;

"Business Day" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business in London, Athens, Jersey and New York City;

"Capital Disqualification Event" means a change in any applicable law or regulation (including the provisions of Circular 21/2004 of the Bank of Greece on tier 1 instruments), or in the official interpretation or application thereof, as a result of which for the purposes of capital adequacy requirements applicable to banks in Greece, at that time an amount equal to, and in respect of, the aggregate liquidation preference of the Preferred Securities outstanding (being U.S.\$1,000 per Preferred Security) will not be included in the tier 1 capital of the Bank on a consolidated basis;

"Clearstream, Luxembourg" means Clearstream Banking, société anonyme or its successor;

"Closing Date" means 3 November 2004;

"Common Depositary" means Citibank, N.A. (or its successor) as common depositary for Euroclear and Clearstream, Luxembourg;

"Dividend Determination Date" means, with respect to any Preferred Dividend Period, the day that is two US Government Securities Business Days prior to the first day of such Preferred Dividend Period;

"Directors" means some or all of the directors of the Issuer acting as a board and includes a duly appointed committee of the directors of the Issuer;

"Distributable Funds" means the aggregate amount, as calculated as of the end of the immediately preceding financial year of the Bank, of the profit for such financial year and any accumulated retained earnings and any other reserves and surpluses of each member of the Group available for distribution as cash dividends to ordinary shareholders of the Bank under the companies laws of, and generally accepted accounting principles in, Greece, but before deduction of the amount of any dividend or other distribution declared on the Bank's ordinary share capital in respect of such financial year;

"Dividend Rate" means in respect of a relevant Preferred Dividend Period, the percentage rate determined pursuant to Article 2(b);

"Euroclear" means Euroclear Bank S.A./N.V. as operator of the Euroclear System;

"Euronext Amsterdam" means the Official Segment of the stock market of Euronext Amsterdam N.V.;

"First Call Date" means 3 November 2014;

"Greek Tax" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Greece or any political sub-division thereof or by any authority therein or thereof having power to tax;

"Group" means the Bank together with its Subsidiaries;

"Guarantee" means the subordinated guarantee in favour of the Holders of the Preferred Securities to be executed by the Bank on 3 November 2004 as a deed poll;

“Holder” means, in relation to any Preferred Security, the member of the Issuer whose name is entered in the Register as the Holder of such Preferred Security and in relation to any Ordinary Security the member of the Issuer whose name is entered in the ordinary register as the holder of such Ordinary Security;

“Issuer” means National Bank of Greece Funding Limited, a company incorporated under the laws of Jersey;

“Jersey Tax” means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Jersey or any political sub-division thereof or by any authority therein or thereof having power to tax;

“Junior Obligations” means (i) ordinary shares of the Bank, (ii) each class of preferred or preference shares or similar securities of the Bank that ranks junior to the most senior ranking preferred or preference shares or similar securities of the Bank and (iii) any preference share or preferred security or similar security of a Subsidiary or the Issuer (other than the Preferred Securities) entitled to the benefit of a guarantee or support agreement or similar undertaking of the Bank that ranks junior to the Guarantee, or any such guarantees, support agreements or similar undertakings of the Bank;

“Law” means the Companies (Jersey) Law, 1991;

“Liquidation Distribution” means the Liquidation Preference plus (i) any accrued and unpaid Preferred Dividends (whether or not declared) calculated from and including the immediately preceding Preferred Dividend Payment Date (or, if none, the Closing Date) to but excluding the date of payment, and (ii) any Additional Amounts, in each case payable in cash only;

“Liquidation Parity Obligations” means the most senior preferred or preference shares or similar securities of the Bank and any guarantee, support agreement or other contractual undertaking (ranking *pari passu* with the Guarantee as regards participation in the assets of the Bank) of any preferred or preference shares or similar securities of Subsidiaries (including but not limited to the Series A Preferred Securities and the Series B Preferred Securities);

“Liquidation Preference” means the liquidation preference of U.S.\$1,000 per Preferred Security;

“Ordinary Securities” means the ordinary shares of the Issuer;

“Parity Obligations” means Liquidation Parity Obligations and Preferred Dividend Parity Obligations;

“Paying and Transfer Agents” means each of the Principal Paying and Transfer Agent, BNP Paribas Securities Services, Luxembourg Branch and ABN AMRO Bank N.V. and/or any other entity appointed as paying and transfer agent by the Issuer and notified to the Holders of the Preferred Securities;

“Preferred Dividends” means the non-cumulative dividends in respect of the Preferred Securities as described under Article 2;

“Preferred Dividend Parity Obligations” means the most senior preferred or preference shares or similar securities qualifying as tier 1 capital of the Bank and all preferred or preference shares or similar securities of Subsidiaries or of the Issuer (other than the Preferred Securities) qualifying as tier 1 capital of the Bank on a consolidated basis and entitled to the benefit of any guarantee, support agreement or similar undertaking of the Bank ranking *pari passu* with the Guarantee as regards entitlement to distributions thereunder, or all such guarantees, support agreements or contractual undertakings (including but not limited to the Series A Preferred Securities and the Series B Preferred Securities);

“Preferred Dividend Payment Date” means each date on which a Preferred Dividend is payable in accordance with the provisions of Article 2(a);

“Preferred Dividend Period” means the period from and including the Closing Date to but excluding the first Preferred Dividend Payment Date and each successive period from and including a Preferred Dividend Payment Date to but excluding the next succeeding Preferred Dividend Payment Date;

“Preferred Securities” means the U.S.\$ Series C CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities of the Issuer outstanding, each with a Liquidation Preference of U.S.\$1,000, and including any further Preferred Securities of the Issuer of the same series issued after the Closing Date and ranking *pari passu* with the Preferred Securities then in issue;

“Principal Paying and Transfer Agent” means Citibank, N.A. or such other entity appointed by the Issuer and notified to the Holders of the Preferred Securities;

“Redemption Date” means the date on which the Preferred Securities are redeemed by the Issuer;

“Redemption Price” means U.S.\$1,000 per Preferred Security plus accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date and any Additional Amounts remaining unpaid;

“Registrar” means Citigroup Global Markets Deutschland AG & Co. KGaA or such other entity appointed by the Issuer and notified to the Holders of the Preferred Securities;

“Register” means the register of Holders of the Preferred Securities;

“Reset Date” means, for purposes of determining the applicable Dividend Rate for any Preferred Dividend Period, the first day of such Preferred Dividend Period;

“Series A Preferred Securities” means the € Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities issued by the Issuer;

“Series B Preferred Securities” means the € Series B CMS-Linked Non-cumulative Guaranteed Non-Voting Preferred Securities of the Issuer;

“Special Resolution” means a resolution of the Issuer passed as a special resolution in accordance with the Law;

“Subsidiary” means any corporation or other person or entity more than 50 per cent. of whose equity share capital is owned by the Bank, or 20 per cent., at least, of whose equity share capital is directly or indirectly controlled by the Bank and whose board of directors is controlled by the Bank or which is consolidated in the most recent annual audited consolidated financial statements of the Bank or which will be so consolidated in the next annual audited consolidated financial statements of the Bank; and

“US Government Securities Business Day” means any day except for a Saturday, Sunday or a day on which The Bond Market Association recommends that the fixed income departments of its members be closed for the entire day for the purposes of trading in U.S. government securities.

2. Preferred Dividends on Preferred Securities

(a) Preferred Dividend Payment Dates

Preferred Dividends on the Preferred Securities are non-cumulative and will be deemed to accrue on a day by day basis whether or not declared. Subject to the Law, the Preferred Dividends will be payable in arrear on 3 November 2005 and thereafter semi-annually in arrear on 3 May and 3 November in each year.

(b) Dividend Rate

In respect of the first Preferred Dividend Period (that is, from and including the Closing Date to but excluding 3 November 2005) the Dividend Rate shall be 6.75 per cent. per annum. The Preferred Dividend amount payable on 3 November 2005 in respect of such first Preferred Dividend Period shall be U.S.\$67.50 per Preferred Security. Thereafter, the Dividend Rate will be determined by the Principal Paying and Transfer Agent for each Preferred Dividend Period on the basis of the following provisions.

The Dividend Rate applicable from time to time in respect of the Preferred Securities will be determined on each Dividend Determination Date for the next succeeding Preferred Dividend Period and shall be the Reference Rate year plus 0.125 per cent. per annum.

“Reference Rate” means that the rate for a Reset Date will be the arithmetic mean of the bid and offered CMS swap rate quotations published on the Telerate Page 42276 under the heading “RATES AS AT 11:00 EST (16:00 GMT)”, for a designated maturity of ten years as of 11:00 a.m., New York City time, on the Dividend Determination Date. If such rate does not appear on the Telerate Page 42276 or a successor page, the rate for that Reset Date will be a percentage determined on the basis of the mid-market semi-annual swap rate quotations provided by the Reference Banks at approximately 11:00 a.m., New York City time, on the Dividend Determination Date and, for this purpose, the semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. Dollar interest rate swap transaction with a term equal to the designated maturity of ten years commencing on that Reset Date and in a representative amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an actual/360 day count basis, is equivalent to USD-LIBOR-BBA with a designated maturity of three months. The Principal Paying and Transfer Agent will request the principal New York City office of each of the Reference Banks to provide a quotation of the

relevant Reference Bank's rate. If at least three quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). The Reference Banks will be selected by the Principal Paying and Transfer Agent and will be five leading swap dealers in the New York City inter-bank market.

If the Dividend Rate in respect of any Dividend Period determined in accordance with the above provisions is greater than 8.5 per cent., the Dividend Rate for such Dividend Period shall be 8.5 per cent.

The Principal Paying and Transfer Agent will, as soon as practicable after 11.00 a.m. (New York City Time) on each Dividend Determination Date, determine the Dividend Rate in respect of the relevant Preferred Dividend Period and calculate the amount of the Preferred Dividend payable per Preferred Security on the Preferred Dividend Payment Date for the relevant Preferred Dividend Period (the "Dividend Amount") by applying the Dividend Rate for such Preferred Dividend Period to the Liquidation Preference, multiplying such sum by the number of days elapsed in the period using a calendar year of 360 days consisting of 12 months of 30 days each (unless (i) the last day of the Preferred Dividend Period is the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Preferred Dividend Period is the last day of February, in which case, February shall not be considered to be lengthened to a 30-day month) divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

The Principal Paying and Transfer Agent shall cause the relevant Dividend Rate, the relevant Preferred Dividend Payment Date and each Preferred Dividend payable in respect of the relevant Preferred Dividend Period to be notified to the Issuer, the Bank, Euronext Amsterdam, the Luxembourg Stock Exchange and the Holders of Preferred Securities (in accordance with the provisions of Article 15) as soon as possible after their determination but in any event not later than the second Business Day thereafter. The Dividend Amounts and the Preferred Dividend Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Preferred Dividend Period or in the event of proven or manifest error.

3. Limitations on Payments of Preferred Dividends on Preferred Securities

- (a) Subject to the Law and to the provisions of Article 4, Preferred Dividends on the Preferred Securities may be declared by the Directors, in their sole discretion, and paid by the Issuer out of funds legally available therefor.

However, subject to the provisions of Article 4, the Directors will not be required to declare, and the Issuer will not be permitted to pay, any Preferred Dividend if such Preferred Dividend, together with the amount of:

- (i) any Preferred Dividends previously paid by the Issuer in respect of the Preferred Securities and distributions previously paid in respect of Preferred Dividend Parity Obligations in the then current financial year; and
- (ii) any Preferred Dividends proposed to be paid in respect of the Preferred Securities and distributions proposed to be paid in respect of Preferred Dividend Parity Obligations in the then current semi-annual period;

would exceed Distributable Funds.

For the avoidance of doubt, the Directors will not be required to declare, and the Issuer will not be required to pay, a Preferred Dividend if, in the then current financial year, the Bank has not paid any dividend to the holders of its ordinary shares and neither the Bank nor any Subsidiary has made certain other payments in respect of Junior Obligations or Preferred Dividend Parity Obligations as set out in Article 4.

If the Issuer does not pay Preferred Dividends in respect of any Preferred Dividend Period, the Issuer shall notify Euronext Amsterdam, the Luxembourg Stock Exchange and the Holders of Preferred Securities in accordance with the provisions of Article 15.

- (b) References to Preferred Dividends in this Article include Additional Amounts.
- (c) *Preferred Dividends non-cumulative*

If the Directors of the Issuer do not declare a Preferred Dividend payable on a Preferred Dividend Payment Date in respect of the Preferred Securities then, subject to Articles 4 and 5 and without affecting the rights of

the Holders of the Preferred Securities under the Guarantee, the right of Holders of the Preferred Securities to receive such Preferred Dividend will be lost. The Issuer will have no obligation to pay the Preferred Dividend accrued for such Preferred Dividend Period or to pay any interest thereon, whether or not Preferred Dividends on the Preferred Securities are declared in respect of any future Preferred Dividend Period.

4. Compulsory Payment of Preferred Dividends on Preferred Securities

(a) *Compulsory payment as a result of payment on Junior Obligations*

If the Bank, the Issuer or any other Subsidiary of the Bank pays any distribution on or in respect of any class of Junior Obligations (other than in the form of shares or further or other Junior Obligations), then, subject to the Law, the Issuer will be required to pay Preferred Dividends on the Preferred Securities on one or more Preferred Dividend Payment Dates contemporaneous with or following such distribution, as follows:

- (i) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Junior Obligation is made in respect of an annual period; and
- (ii) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Junior Obligation is made in respect of a semi-annual period or a quarterly period.

(b) *Compulsory payment as a result of redemption of Junior Obligations*

Subject to the Law, the Issuer will be required to make payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates contemporaneous with or following any date on which the Bank or any Subsidiary of the Bank has redeemed, repurchased or otherwise acquired any Junior Obligations for any consideration (or any moneys are paid to or made available for a sinking fund for, or for redemption of, any such securities) unless (a) such acquisition is effected in accordance with the provisions of Article 16 paragraph 2(b) to (f) or paragraph 5 *et seq.* of Greek Codified Law 2190/1920 and (b) following such acquisition and any other measure taken by the Bank: (i) the total capital adequacy of the Bank, on an unconsolidated and consolidated basis, remains above 8 per cent.; and (ii) the ratio of “upper tier 1 capital” items of own funds (namely tier 1 capital excluding the Preferred Securities and similar instruments) to risk adjusted assets of the Bank remains above 5 per cent.

(c) *Compulsory payment as a result of payment on Preferred Dividend Parity Obligations*

If the Bank, the Issuer or any other Subsidiary of the Bank pays any distribution on or in respect of any class of Preferred Dividend Parity Obligations (other than in the form of shares or Junior Obligations), then, subject to the Law, the Issuer will be required to make *pro rata* payments of Preferred Dividends on the Preferred Securities on one or more Preferred Dividend Payment Dates contemporaneous with or following such distribution, as follows:

- (i) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Preferred Dividend Parity Obligation is paid in respect of an annual period; and
- (ii) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Preferred Dividend Parity Obligation is paid in respect of a semi-annual period or quarterly period.

When a distribution on Preferred Dividend Parity Obligations requires *pro rata* payment of Preferred Dividends as described above, the amount of the required payment will be in the same proportion to the aggregate specified amount of Preferred Dividends payable on the Preferred Securities as the aggregate payment that was made on such Preferred Dividend Parity Obligations bears to the amount that was payable on such Preferred Dividend Parity Obligations at the time of such payment.

(d) *Aggregation of Preferred Dividends in Preferred Dividend Period*

Subject to the Law, compulsory payments of Preferred Dividends to be made by virtue of Articles (a), (b) or (c) above shall be aggregated on any Preferred Dividend Payment Date with any periodic payments made or to be made in respect of any relevant Preferred Dividend Period, provided that in any relevant Preferred Dividend Period the aggregate amount paid in respect of Preferred Dividends on the Preferred Securities shall not exceed the scheduled amount of the Preferred Dividend.

Save as described in this Article 4 and in Article 5, after payment of the Preferred Dividend, the Holders of the Preferred Securities will have no further right to participate in the profits of the Issuer in respect of the relevant Preferred Dividend Period.

5. Redemption of Preferred Securities

(a) Optional redemption

Subject to the Law and Article 5(d) below, the Preferred Securities are redeemable, at the option of the Issuer, in whole but not in part, on the First Call Date and on any Preferred Dividend Payment Date falling thereafter, upon not less than 30 nor more than 60 days' notice to the Holders of the Preferred Securities in accordance with Article 15 (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price.

(b) Redemption for tax reasons

If, at any time falling prior to but excluding the First Call Date, as a result of any amendment to or change in the laws or regulations of Jersey or Greece or any political sub-division thereof or any authority or agency therein or thereof having power to tax or any change in the application of or official interpretation or administration of any such laws or regulations, which amendment or change becomes effective on or after 2 November 2004, the Issuer or the Bank is or would be required to pay Additional Amounts in respect of payments due on the Preferred Securities or under the Guarantee, then, subject to the Law and Article 5(d) below, the Preferred Securities may be redeemed, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price.

If, at any time falling prior to but excluding the First Call Date, as a result of a change in the laws or regulations of Jersey or Greece, the Issuer or the Bank, in relation to the Preferred Securities, the Guarantee and any associated transactions (including, but not limited to, any loan from the Issuer to the Bank or any other Subsidiary of the Bank), is or would be required to pay more than a *de minimis* amount of (i) Jersey Tax, other than in respect of Jersey source income, or (ii) Greek Tax, then the Preferred Securities may be redeemed, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities in accordance with Article 15 (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price.

(c) Redemption for Capital Disqualification Event

If, at any time falling prior to but excluding the First Call Date, a Capital Disqualification Event has occurred and is continuing, the Preferred Securities may, subject to Article 5(d) below, be redeemed, in whole but not in part, at the option of the Issuer on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities in accordance with Article 15 (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price.

(d) Precondition to redemption

Any redemption under Article 5(a), (b) or (c) will be subject to the prior consent of the Bank and the Bank of Greece.

The notice to the Holders of the Preferred Securities under Article 5(a), (b) or (c) will specify the Redemption Date and the Redemption Price.

6. Payments

Preferred Dividends declared on the Preferred Securities will be payable on the relevant Preferred Dividend Payment Date (or where any Preferred Dividend Payment Date is not a Business Day on the next Business Day (without adjustment of interest in respect of such delay) by the Issuer to the Holders of record as they appear on

the Register on the relevant record date, which will be five days prior to the relevant Preferred Dividend Payment Date.

Whilst the Preferred Securities are represented by the Global Certificate (as defined in Article 13), payments in respect of the Preferred Securities will be made to or as directed by the Common Depositary as the registered holder of the Global Certificate representing the Preferred Securities. Payments made to the Common Depositary shall be made by wire transfer, and Euroclear or Clearstream, Luxembourg, as applicable, will credit the relevant accounts of their participants on the applicable Preferred Dividend Payment Dates, Redemption Dates, or date on which a Liquidation Distribution is paid.

If definitive Preferred Securities are issued, payments of Preferred Dividends on Preferred Securities held in definitive form will be made at the office of the agent of the Issuer maintained for such purpose, which initially will be the office of Citibank, N.A. as Principal Paying and Transfer Agent in London, BNP Paribas Securities Services, Luxembourg Branch as Paying and Transfer Agent in Luxembourg, ABN AMRO Bank N.V. as Paying and Transfer Agent in Amsterdam or, at the option of the Holder and subject to any fiscal or other laws and regulations applicable thereto, at the office of any other Paying and Transfer Agent (if any) appointed by the Issuer. Subject to any applicable fiscal or other laws and regulations, each payment on definitive Preferred Securities may, at the Issuer's option, be made by U.S. dollar cheque and mailed to the Holder of record at such Holder's address as it appears on the Register on the relevant record date or by wire transfer if the Issuer (or its agent) so agrees with such Holder and if appropriate wire transfer instructions have been received by the Principal Paying and Transfer Agent not less than 30 days prior to the date of any such payments.

If the Issuer does not pay a Preferred Dividend, a Holder's right to receive payment of such Preferred Dividend will be satisfied if and to the extent that the Bank pays such Preferred Dividend pursuant to the Guarantee.

If the Issuer gives a notice of redemption in respect of the Preferred Securities, then, by 10.00 a.m., (Central European time), on the Redemption Date, the Issuer will irrevocably deposit with the Principal Paying and Transfer Agent funds sufficient to pay the Redemption Price and will give the Principal Paying and Transfer Agent irrevocable instructions and authority to pay the Redemption Price to the Holders of the Preferred Securities. If notice of redemption shall have been given and funds deposited as required, then, upon the date of such deposit, all rights of Holders of the Preferred Securities will be extinguished, except the right of the Holders of Preferred Securities to receive the Redemption Price in respect of each Preferred Security, but without interest, and the Preferred Securities will cease to be outstanding.

In the event that payment of the Redemption Price in respect of any Preferred Security is improperly withheld or refused and not paid either by the Issuer or by the Bank pursuant to the Guarantee, Preferred Dividends on such Preferred Security, subject as described above, will continue to accrue, at the then applicable rate, from the Redemption Date to the date of actual payment of such Redemption Price.

7. Purchase of Preferred Securities

Subject to the foregoing and to applicable law (including, without limitation, Greek, Jersey and Luxembourg securities and banking laws and regulations), and to the requirements of the rules of Euronext Amsterdam and the Luxembourg Stock Exchange, the Issuer or the Bank or any of the Bank's other Subsidiaries may at any time and from time to time purchase outstanding Preferred Securities by tender, in the open market or by private agreement. If purchases are made by tender, the tender must be available to all Holders of Preferred Securities alike.

Any such purchase to be made by the Issuer or by the Bank or by any of the Bank's other Subsidiaries shall be subject to the prior consent of the Bank of Greece. Any purchase to be made by the Issuer shall be made in such manner and in such terms as the Issuer shall approve in general meeting.

The restrictions contained in this Article 7 shall not apply to any purchase of Preferred Securities where such purchase is made (i) in the ordinary course of a business of dealing in securities and (ii) for the account of a person other than the Issuer, the Bank or any of the Bank's other Subsidiaries.

8. Liquidation Distributions

In the event of any winding-up, liquidation or dissolution of the Issuer, the Holders of the Preferred Securities at the time outstanding will be entitled to receive the Liquidation Distribution in respect of each Preferred Security held out of the assets of the Issuer available for distribution to shareholders.

Such entitlement will arise before any distribution of assets is made to holders of Ordinary Securities or any other class of shares of the Issuer ranking junior as regards participation in assets to the Preferred Securities, but such entitlement will rank equally with the entitlement of the holders of any other preferred securities or preference shares or similar securities, if any, of the Issuer ranking *pari passu* with the Preferred Securities as regards participation in assets of the Issuer.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to the Holders of the Preferred Securities, if, at the time such Liquidation Distribution is to be paid, proceedings are pending or have been commenced for the liquidation, dissolution or winding-up of the Bank, the Liquidation Distribution per Preferred Security paid to Holders of the Preferred Securities and the liquidation distribution paid to the holders of Liquidation Parity Obligations shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank (after payment in full in accordance with Greek law of all creditors of the Bank, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to the Guarantee) had the Preferred Securities and all such Liquidation Parity Obligations been issued by the Bank and ranked (x) junior to all liabilities of the Bank (other than any liability expressed to rank *pari passu* with or junior to the Guarantee), (y) *pari passu* with the Liquidation Parity Obligations and (z) senior to all Junior Obligations.

If the Liquidation Distribution and any other such liquidation distributions cannot be made in full by reason of the limitation described above, such amounts will be payable *pro rata* in the proportion that the amount available for payment bears to the full amount that would have been payable but for such limitation. After payment of the Liquidation Distribution, as adjusted if applicable, the Holders of the Preferred Securities will have no right or claim to any of the remaining assets of the Issuer or the Bank.

In the event of the liquidation, dissolution or winding-up of the Bank, the Directors of the Issuer shall convene an extraordinary general meeting of the Issuer for the purpose of proposing a Special Resolution to put the Issuer into winding-up and the amount to which Holders of the Preferred Securities shall be entitled as a Liquidating Distribution will be as set out above.

9. Voting Rights

Except as provided in this Article, Holders of Preferred Securities will not be entitled to receive notice of or attend or vote at any general meeting of shareholders of the Issuer.

If in respect of two consecutive Preferred Dividend Periods:

- (a) Preferred Dividends (whether or not declared) or any Additional Amounts in respect of such Dividends on the Preferred Securities have not been paid in full by the Issuer in accordance with the Articles; or
- (b) the Bank breaches any of its payment obligations under the Guarantee in respect of such Preferred Dividends or Additional Amounts,

then the Holders of outstanding Preferred Securities (together with the holders of any other preferred securities or preference shares of the Issuer having the right to vote for the election of Directors in such event, acting as a single class without regard to series), will be entitled, by written notice to the Issuer given by the holders of a majority in liquidation preference of such preferred securities or preference shares or by ordinary resolution passed by the holders of a majority in liquidation preference of such shares or securities present in person or by proxy at a separate general meeting of such holders convened for the purpose, to appoint two additional persons to act as Directors of the Issuer, and to remove any such Director from office and to appoint another person in place of such Director.

Not later than 30 days after such entitlement arises, if the written notice of the Holders of outstanding Preferred Securities and the holders of any other preferred securities or preference shares of the Issuer having the right to vote for the election of Directors in the circumstances described in the preceding sentence has not been given as provided for in the preceding sentence, the Directors of the Issuer will convene a separate general meeting for the above purpose. If the Directors fail to convene such meeting within such 30 day period, the holders of not less than 10 per cent. by liquidation preference of the outstanding Preferred Securities and such other preferred securities or preference shares will be entitled to convene such meeting. The provisions of the Articles concerning the convening and conduct of general meetings of shareholders shall apply with respect to such meeting. Subject to the terms of such other preferred securities or preference shares, if, in respect of two consecutive Preferred Dividend Periods, Preferred Dividends and any Additional Amounts in respect of such Preferred Dividends have been paid in full on the Preferred Securities by the Issuer and/or the Bank has made

payment of all amounts guaranteed in respect of such Preferred Dividends (whether or not declared) and any Additional Amounts, any Director so appointed shall vacate the office.

Any variation or abrogation of the rights, preferences and privileges of the Preferred Securities by way of amendment of the Articles or otherwise (including, without limitation, the authorisation or issuance of any shares of the Issuer ranking, as to participation in the profits or assets of the Issuer, senior to the Preferred Securities) shall not be effective (unless otherwise required by applicable law) except with the consent in writing of the Holders of not less than two-thirds in nominal value of the outstanding Preferred Securities or with the sanction of a resolution, passed by a majority of not less than two-thirds in nominal value of the Holders of the outstanding Preferred Securities, present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in nominal value of the outstanding Preferred Securities.

No such sanction shall be required if, as determined by the Directors, the change is solely of a formal, minor or technical nature or is to correct an error or cure an ambiguity, provided that any such change does not reduce the amounts payable to or impose any obligation on the Holders of the Preferred Securities or adversely affect their voting rights or cause any modification of the terms of the Preferred Securities pursuant to Article 10.

Notwithstanding the foregoing, no vote of the Holders of the Preferred Securities will be required for the Issuer to redeem the Preferred Securities in accordance with the Issuer's Articles.

In addition to the voting rights referred to above, no resolution may be proposed for adoption by the holders of the Ordinary Securities providing for the winding-up, liquidation or dissolution of the Issuer, unless the Holders of a simple majority by nominal value of the outstanding Preferred Securities and holders of any other preferred securities or preference shares ranking *pari passu* as regards participation in profits or assets with the Preferred Securities have approved such resolution. Such approval may only be given by the consent in writing of the holders of at least a simple majority in nominal value of the outstanding Preferred Securities and such other preferred securities or preference shares or with the sanction of a resolution passed by not less than a simple majority in nominal value at a meeting of the Holders of the Preferred Securities and such other preferred securities or preference shares present and voting at such meeting. Such approval shall not be required if the winding-up, liquidation or dissolution of the Issuer is proposed or initiated because of the winding-up, liquidation or dissolution of the Bank.

Notwithstanding that Holders of Preferred Securities are entitled to vote under any of the limited circumstances described above, any Preferred Security outstanding at such time that is owned by the Bank, or any entity of which the Bank, either directly or indirectly, owns 20 per cent. or more of the voting shares or similar ownership interests, shall not carry a right to vote and shall, for voting purposes, be treated as if it were not outstanding.

The Issuer will cause a notice of any meeting at which Holders of the Preferred Securities are entitled to vote (i) to be mailed to each Holder of a Preferred Security, (ii) to be published in accordance with Article 15 (*Notices*). Each such notice will include a statement setting forth (a) the date, time and place of such meeting, (b) a description of any resolution to be proposed for adoption at such meeting on which such Holders are entitled to vote and (c) instructions for the delivery of proxies.

10. Further Issues

Notwithstanding Article 9, provided that the most recent Preferred Dividend payable on the Preferred Securities has been paid in full by the Issuer (or the Bank pursuant to the Guarantee), the holders of Ordinary Securities or the Directors of the Issuer may, without the consent or sanction of the Holders of the Preferred Securities, take such action as is required in order to amend the Issuer's Articles:

- (a) to increase the authorised amount of Preferred Securities or to create and issue one or more other series of preferred securities or preference shares of the Issuer ranking *pari passu* with the Preferred Securities as regards participation in the profits and assets of the Issuer; or
- (b) to authorise, create and issue one or more other classes of shares of the Issuer ranking junior, as regards participation in the profits and assets of the Issuer, to the Preferred Securities.

Thereafter, the Issuer may, provided that the circumstances for non-payment of Preferred Dividends under Article 3(a) are not subsisting, without the consent of the Holders of the Preferred Securities issue any such further securities either having the same terms and conditions as the Preferred Securities in all respects (or in all respects except for the first payment of Preferred Dividends on them) and so that such further issue shall be consolidated and form a single series with the Preferred Securities then in issue or upon such other terms as aforesaid.

Notwithstanding the foregoing, the Issuer may only issue further Preferred Securities if, at the same time, the Bank issues in respect of the further Preferred Securities a guarantee having terms and conditions that are substantially identical to the Guarantee (or extends the Guarantee to cover the further Preferred Securities).

11. Additional Amounts

All payments in respect of the Preferred Securities by the Issuer will be made without withholding or deduction for, or on account of, any Jersey Tax or Greek Tax, unless the withholding or deduction of such Jersey Tax or Greek Tax is required by law. In that event, the Issuer will pay as further dividends such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received by the Holders of Preferred Securities after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a Holder of Preferred Securities (or to a third party on his behalf) with respect to any Preferred Security (i) to the extent that such Jersey Tax or Greek Tax is imposed or levied by virtue of such Holder (or beneficial owner of such Preferred Security) having some connection with Jersey or Greece, other than being a Holder of such Preferred Security (or beneficial owner of such Preferred Security) or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or to any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or (iii) who would not be liable or subject to such withholding or deduction if it were to comply with a statutory requirement or to make a declaration of non-residence or other similar claim for exemption but fails to do so or (iv) who would have been exempted from such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union, and except that the Issuer’s obligations to make any such payments are subject to the limitations on payments provisions under Article 3.

12. Prescription

Any moneys paid by the Issuer to the Principal Paying and Transfer Agent for the payment of Preferred Dividends or on a redemption of the Preferred Securities and remaining unclaimed at the end of two years following the date on which such Preferred Dividends or redemption proceeds become payable shall be returned to the Issuer at the Issuer’s request, and the Holders of the Preferred Securities shall thereafter look only to the Issuer for the payment thereof and all liability of the Principal Paying and Transfer Agent with respect to such moneys shall thereafter cease.

13. Form, Registration and Transfer of Preferred Securities

The Preferred Securities will be in registered form and evidenced by a global Certificate (the “Global Certificate”) deposited with, and registered in the name of, a nominee for the Common Depositary. Except as set forth below, no definitive Preferred Securities will be issued.

Beneficial interests in the Preferred Securities will be shown only on, and transfers thereof will be effected only through, book-entry records maintained by Euroclear and Clearstream, Luxembourg and their respective participants and, except in the limited circumstances described below, Preferred Securities in definitive certificated form will not be issued. Holders of beneficial interests in the Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg and (if applicable) their respective participants to exercise any rights of a Holder of Preferred Securities under the Global Certificate. None of the Bank, the Issuer, any Paying and Transfer Agent or the Registrar for the Preferred Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

The Global Certificate will cease to represent the Preferred Securities, and Preferred Securities in definitive registered form in aggregate Liquidation Preference equal to the Liquidation Preference of the Global Certificate will be exchangeable therefor, only if (i) either or both of Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days or more (other than for the purposes of a public holiday) or announces an intention permanently to cease business or does in fact so cease business other than in connection with a merger of Euroclear and Clearstream, Luxembourg; or (ii) as a result of a change in law, transfer duties or similar taxes become payable on transfers of the Preferred Securities in Euroclear and/or Clearstream, Luxembourg. Such definitive Preferred Securities will be in denominations of U.S.\$1,000 (and integral multiples thereof) and will be registered in such names as Euroclear and Clearstream, Luxembourg shall direct (such instructions being expected to be based upon directions received by Euroclear and Clearstream, Luxembourg

from their participants with respect to ownership of beneficial interests in the Preferred Securities), and the Liquidation Preference and Preferred Dividends with respect thereto will be payable, and the transfer thereof will be registrable, at the offices described below. In addition, in all cases where any Preferred Securities are issued in definitive registered form, the record dates for payment of Preferred Dividends will be 15 days prior to the relevant Preferred Dividend Payment Date (whether or not such date is a Business Day).

If definitive Preferred Securities are issued, they may be exchanged or transferred in whole or in part by surrendering such definitive Preferred Securities at the office of the Registrar or any Paying and Transfer Agent with a written instrument of transfer (which may be obtained at any such office) duly executed by the Holder thereof or its attorney duly authorised in writing. In exchange for any definitive Preferred Security properly presented for transfer, the Registrar or such Paying and Transfer Agent will promptly authenticate and deliver or cause to be authenticated or delivered at the office of the Registrar or such Paying and Transfer Agent, to the Holder entitled to such Preferred Security, or send by mail (at the risk of such holder) to such address as such Holder may request, a definitive Preferred Security or Preferred Securities.

Registration of transfers of Preferred Securities will be effected without charge by or on behalf of the Issuer, but only upon payment by the transferor of any tax or other governmental charges that may be imposed in connection with any transfer or exchange. The Issuer will not be required to register or cause to be registered the transfer of Preferred Securities after such Preferred Securities have been called for redemption. For so long as any Preferred Securities are outstanding, the Issuer will appoint and maintain a Preferred Securities Registrar having its office outside the UK.

14. Paying and Transfer Agents

The Principal Paying and Transfer Agent shall be permitted to resign as Principal Paying and Transfer Agent upon 30 days' written notice to the Issuer. In the event that Citibank, N.A. shall no longer be the Principal Paying and Transfer Agent, the Issuer shall appoint a successor (which shall be a bank or trust company acceptable to the Issuer) to act as Principal Paying and Transfer Agent. For so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, the Issuer will maintain a Paying and Transfer Agent in Luxembourg and will give notice in the manner described in Article 15 when any new Paying and Transfer Agent in Luxembourg is appointed. For so long as the Preferred Securities are listed on the stock market of Euronext Amsterdam and the rules of Euronext Amsterdam so require, the Issuer will maintain a Paying and Transfer Agent in Amsterdam and will give notice in the manner described in Article 15. For so long as any Preferred Securities are outstanding, the Issuer will maintain a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or to any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained whether by the Reference Banks (or any of them) or the Principal Paying and Transfer Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Principal Paying and Transfer Agent, the Registrar and all Holders of the Preferred Securities and (in the absence of any such wilful default, bad faith or manifest error) no liability to the Issuer, the Registrar or the Holders of the Preferred Securities shall attach to the Reference Banks or the Principal Paying and Transfer Agent in connection with the exercise or non-exercise by them of their powers, duties and discretion.

15. Notices

Any Notice to Holders of the Preferred Securities will be given to them at their addresses set forth in the Preferred Securities Register. In addition, all notices to Holders of Preferred Securities will (i) for so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, also be published in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such Luxembourg publication is not practicable, in one other leading English language newspaper being published on each day in morning editions whether or not it shall be published in Saturday, Sunday or holiday editions and (ii) for so long as the Preferred Securities are listed on the stock market of Euronext Amsterdam and Euronext Amsterdam so requires, by publication in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam and in a Dutch daily newspaper with a national or wide circulation which is expected to be *Het Financieele Dagblad*. Such notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication.

OTHER PROVISIONS OF THE ISSUER'S ARTICLES

In addition, the Articles of Association of the Issuer contain, *inter alia*, provisions to the following effect:

(a) Ordinary Securities

All the Issuer's Ordinary Securities are owned by the Bank. In any year, subject to Jersey law, the Issuer may, without the consent of the Holders of the Preferred Securities, declare and pay dividends on the Ordinary Securities to the Bank as the holder of the Ordinary Securities. Such dividends will be paid out of the Issuer's funds, if any, available after payment of the Preferred Dividends on the Preferred Securities if and as due in accordance with the terms and conditions of the Preferred Securities. No dividend has been paid on the Ordinary Securities of the Issuer since its incorporation.

(b) Prescription

Any Preferred Dividends or dividends on Ordinary Securities or redemption amount unclaimed for a period of ten years from its date of declaration shall be forfeited and shall cease to be owing by the Issuer. The Preferred Securities are governed by, and shall be construed in accordance with, Jersey law.

SUMMARY OF PROVISIONS RELATING TO THE PREFERRED SECURITIES IN GLOBAL FORM

Initial Issue of Preferred Securities

The Preferred Securities will be issued in registered form and will be initially represented by interests in a Global Certificate which will be registered in the name of Citivic Nominees Limited, as nominee for, and will be deposited with, a common depository for, Euroclear and Clearstream, Luxembourg on or about the Closing Date. Upon the initial registration of the Preferred Securities in the name of Citivic Nominees Limited as nominee for a common depository for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the common depository for Euroclear and Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg will, in accordance with their respective procedures, credit each subscriber with such number of Preferred Securities equal to the number thereof for which it has subscribed and paid.

Exchange

If (a) either or both of Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days (other than for the purposes of a public holiday) or announces an intention permanently to cease business or does in fact so cease business other than in connection with a merger of Euroclear and Clearstream, Luxembourg or (b) as a result of a change in law, transfer duties or similar taxes become payable on transfers of the Preferred Securities in Euroclear and/or Clearstream, Luxembourg, the number of Preferred Securities corresponding to its book-entry interest in the Preferred Securities represented by the Global Certificate held by the common depository referred to above will be transferred to each Holder of an interest in the Preferred Securities whose name is notified by the common depository to the Registrar. Each such holder will be registered as a Holder of the Preferred Securities in the Register maintained by or on behalf of the Issuer and will receive a definitive certificate made out in its name.

Accountholders

So long as the Preferred Securities are registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the nominee for the common depository for Euroclear and Clearstream, Luxembourg will be the sole registered owner or Holder of the Preferred Securities represented by the Global Certificate. Except as set forth under “Description of Preferred Securities — Form, Registration and Transfer of Preferred Securities” above, and under “Transfers of Interests” below, the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) as the holders of the Preferred Security evidenced by the Global Certificate (each an “Accountholder”) will not be entitled to have Preferred Securities registered in their names, will not receive or be entitled to receive physical delivery of definitive certificates evidencing interests in the Preferred Securities and will not be considered registered owners or Holders thereof. Accordingly, each Accountholder must rely on the rules and procedures of Euroclear and Clearstream, Luxembourg, as the case may be, to exercise any rights and obligations of a Holder of Preferred Securities.

Payment

Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made by the Issuer to the registered Holder of the Preferred Securities and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be. Such persons shall have no claim directly against the Issuer in respect of payments due on the Preferred Securities for so long as the Preferred Securities are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the registered Holder of the Preferred Securities in respect of each amount so paid.

Transfers of Interests

Accountholders will only be able to transfer their beneficial interests in the Preferred Securities in accordance with the restrictions described under “*Description of the Preferred Securities — Form, Registration and Transfer of Preferred Securities*” above, and with the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be.

SUBORDINATED GUARANTEE

Set forth below is the text of the Subordinated Guarantee substantially in the form to be executed by the Bank.

“THIS DEED OF GUARANTEE (the “Guarantee”), dated 3 November 2004, is executed and delivered by NATIONAL BANK OF GREECE S.A. a company incorporated under the laws of the Hellenic Republic (the “Bank”) for the benefit of the Holders (as defined below).

WHEREAS the Bank desires to cause the Issuer to issue the Preferred Securities and the Bank desires to issue this Guarantee for the benefit of the Holders, as provided herein.

NOW THEREFORE the Bank executes and delivers this Guarantee for the benefit of the Holders.

1. DEFINITIONS AND INTERPRETATION

As used in this Guarantee, capitalised terms not defined herein shall have the meanings ascribed to them in the Issuer’s Articles of Association and otherwise the following terms shall, unless the context otherwise requires, have the following meanings:

“Additional Amounts” means, except where otherwise defined in relation to the Issuer, the additional amounts which may be payable in respect of the Preferred Securities as described in paragraph 4;

“Distributable Funds” means the aggregate amount, as calculated as of the end of the immediately preceding financial year of the Bank, of the profit for such financial year and any accumulated retained earnings and any other reserves and surpluses of each member of the Group available for distribution as cash dividends to ordinary shareholders of the Bank under the companies laws of, and generally accepted accounting principles in, Greece, but before deduction of the amount of any dividend or other distribution declared on the Bank’s ordinary share capital in respect of such financial year;

“Group” means the Bank together with its Subsidiaries;

“Guarantee Payments” means (without duplication) payments under this Guarantee in respect of (a) any declared but unpaid Preferred Dividends on the Preferred Securities for the most recent Preferred Dividend Period; (b) any compulsory Preferred Dividends pursuant to, and in accordance with, Article 4 of the Issuer’s Articles of Association; (c) the Redemption Price payable with respect to any Preferred Securities due to be redeemed by the Issuer; (d) the Liquidation Distributions due on the Liquidation Date; and (e) any Additional Amounts (as defined in the Issuer’s Articles of Association) payable by the Issuer;

“Holder” means, in relation to any Preferred Security, the member of the Issuer whose name is entered in the Register as Holder of such Preferred Security, or, for as long as the Preferred Securities are registered in the name of a common depositary (or of a nominee for a common depositary) for Clearstream, Luxembourg and Euroclear, each person (other than Euroclear and Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and Clearstream Luxembourg as the holder of any Preferred Securities in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the number of Preferred Securities standing to the account of any person shall be conclusive and binding for all purposes), except that such person is not entitled to receive payments, the right to which shall be vested in the name of the person appearing as the relative limited partner in the Register;

“Issuer” means National Bank of Greece Funding Limited, a Subsidiary of the Bank incorporated in Jersey;

“Liquidation Date” means the date of final distribution of the assets of the Issuer in the case of a liquidation, dissolution or winding-up of the Issuer;

“Liquidation Distribution” means, at any relevant time, an amount equal to the Liquidation Preference plus (a) any accrued and unpaid Preferred Dividends (whether or not declared) calculated from and including the immediately preceding Preferred Dividend Payment Date (or, if none, the Closing Date) to but excluding the date of payment, and (b) any Additional Amounts, in each case payable in cash only;

“Liquidation Parity Obligations” means the most senior preferred or preference shares or similar securities of the Bank and any guarantee, support agreement or other contractual undertaking (ranking *pari passu* with the Guarantee as regards participation in the assets of the Bank) of any preferred or preference shares or similar securities of Subsidiaries (including but not limited to the Series A Preferred Securities and the Series B Preferred Securities);

“Liquidation Preference” means the liquidation preference of U.S.\$1,000 per Preferred Security;

“Preferred Dividends” means the non-cumulative dividends in respect of the Preferred Securities as described in the Articles of Association of the Issuer;

“Preferred Dividend Parity Obligations” means the most senior preferred or preference shares or similar securities qualifying as tier 1 capital of the Bank and all preferred or preference shares or similar securities of Subsidiaries (other than the Preferred Securities) qualifying as tier 1 capital of the Bank on a consolidated basis and entitled to the benefit of any guarantee, support agreement or other contractual undertaking of the Bank ranking *pari passu* with the Guarantee as regards entitlement to distributions thereunder, or all such guarantees, support agreements or contractual undertakings (including but not limited to the Series A Preferred Securities and the Series B Preferred Securities);

“Preferred Securities” means the U.S.\$ Series C CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities of the Issuer outstanding, each with a Liquidation Preference of U.S.\$1,000, and including any further Preferred Securities of the Issuer of the same series issued after the Closing Date and ranking *pari passu* with the Preferred Securities;

“Redemption Date” means the date on which the Preferred Securities are redeemed by the Issuer;

“Redemption Price” means, in respect of the Preferred Securities, U.S.\$1,000 per Preferred Security plus accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date and any Additional Amounts (as defined in the Issuer’s Articles of Association) remaining unpaid;

“Register” means the register of Holders maintained outside the United Kingdom on behalf of the Issuer;

“Series A Preferred Securities” means the € Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of the Issuer;

“Series B Preferred Securities” means the € Series B CMS-Linked Non-cumulative Guaranteed Non-Voting Preferred Securities of the Issuer; and

“Subsidiary” means any corporation or other person or entity more than 50 per cent. of whose equity share capital is owned by the Bank or 20 per cent., at least, of whose equity share capital is directly or indirectly controlled by the Bank and whose board of directors is controlled by the Bank or which is consolidated in the most recent annual audited consolidated financial statements of the Bank or which will be so consolidated in the next annual audited consolidated financial statements of the Bank.

2. GUARANTEE

Subject to the limitations contained in the following paragraphs, the Bank irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (except to the extent paid by the Issuer), as and when due, regardless of any defence, right of set-off or counterclaim which the Issuer may have or assert. This Guarantee is continuing, irrevocable and absolute.

3. LIQUIDATION DISTRIBUTIONS

Notwithstanding paragraph 2 above, if, at the time that any Liquidation Distribution is to be paid by the Bank in respect of the Preferred Securities, proceedings are pending or have been commenced for the liquidation, dissolution or winding-up of the Bank, payment under this Guarantee of such Liquidation Distributions and payment by the Bank in respect of any liquidation distributions payable with respect to Liquidation Parity Obligations shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank (after payment in full in accordance with Greek law of all creditors of the Bank, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to this Guarantee) had the Preferred Securities and all such Liquidation Parity Obligations been issued by the Bank and ranked (a) junior to all liabilities of the Bank (other than any liability expressed to rank *pari passu* with or junior to this Guarantee) (“Senior Creditors”), (b) *pari passu* with the Liquidation Parity Obligations and (c) senior to all Junior Obligations.

4. ADDITIONAL AMOUNTS

All Guarantee Payments made hereunder in respect of the Preferred Securities by the Bank will be made without withholding or deduction for, or on account of, any Greek Tax, unless the withholding or deduction of such Greek Tax is required by law. In that event, the Bank will pay such Additional Amounts as may be necessary in order that the net amounts received by the Holders of Preferred Securities after such withholding or

deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a Holder of Preferred Securities (or to a third party on his behalf) with respect to any Preferred Security (i) to the extent that such Greek Tax is imposed or levied by virtue of such Holder (or the beneficial owner of such Preferred Security) having some connection with Greece, other than being a Holder (or beneficial owner) of such Preferred Security, or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or to any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or (iii) who would not be liable or subject to such withholding or deduction if it were to comply with a statutory requirement or to make a declaration of non-residence or other similar claim for exemption but fails to do so or (iv) who would have been exempted from such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union.

5. CONTINUING GUARANTEE

The obligations, undertakings, agreements and duties of the Bank under this Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

- (a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by the Issuer; or
- (b) the extension of time for the payment by the Issuer of all or any portion of the Preferred Dividends, Redemption Price, Liquidation Distributions or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities; or
- (c) any failure, omission, delay or lack of diligence on the part of Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind; or
- (d) the liquidation, dissolution, amalgamation, reconstruction, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganisation, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer; or
- (e) any invalidity of, or defect or deficiency in, the Preferred Securities; or
- (f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred.

There shall be no obligation on the Holders to give notice to, or obtain consent of, the Bank with respect to the happening of any of the foregoing.

6. DEPOSIT OF GUARANTEE

This Guarantee shall be deposited with and held by Citibank, N.A. as Principal Paying and Transfer Agent until all the obligations of the Bank have been discharged in full. The Bank hereby acknowledges the right of every Holder to the production of, and the right of every Holder to obtain a copy of, this Guarantee.

It is specifically agreed that the place of performance of any and all obligations of the Bank under this Guarantee shall be London, England and consequently any and all payments of the Bank under this Guarantee shall be made out of bank accounts maintained with banks legally operating and situated in London, England.

7. ENFORCEMENT; RIGHTS OF REMEDY

- (a) A Holder may enforce this Guarantee directly against the Bank, and the Bank waives any right or remedy to require that any action be brought against the Issuer or any other person or entity before proceeding against the Bank. Subject to paragraph 7(c), all waivers contained in this Guarantee shall be without prejudice to the right to proceed against the Issuer. The Bank agrees that this Guarantee shall not be discharged except by payment of the Guarantee Payments in full and by complete performance of all obligations of the Bank under this Guarantee.

- (b) Following a breach by the Bank of its payment obligations under this Guarantee, a Holder may petition for the winding-up of the Bank and claim in the liquidation of the Bank but no other remedy shall be available to the Holder.
- (c) No Holder shall, following any payment made by the Bank in error to the Holders, be entitled to exercise any right of set-off or counterclaim which may be available to it against amounts owing by the Bank to such Holder. Notwithstanding the provisions of the foregoing sentence, if any of the said rights and claims of any Holder against the Bank is discharged by set-off, such Holder will immediately pay an amount equal to the amount of such discharge to the Bank or, in the event of its winding-up, the liquidator of the Bank and, until such time as payment is made, will hold a sum equal to such amount in trust for the Bank, or the liquidator of the Bank, and accordingly such discharge will be deemed not to have taken place. Notwithstanding the foregoing provisions of this paragraph, the Bank shall not be entitled to exercise any right of set-off in connection with any amounts owed to the Holders by the Bank under this Guarantee.
- (d) In the event of a winding-up of the Bank, if any payment or distribution of assets of the Bank of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Bank being subordinated to the payment of amounts owing under this Guarantee, shall be received by any Holders before the claims of Senior Creditors have been paid in full, such payment or distribution shall be held in trust by the Holder, as applicable, and shall be immediately returned by it to the liquidator of the Bank and, in that event, the receipt by the liquidator shall be a good discharge to the relevant Holder. Thereupon, such payment or distribution will be deemed not to have been made or received.

8. SUBROGATION

The Bank shall be subrogated to any and all rights of the Holders against the Issuer in respect of any amounts paid to the Holders by the Bank under this Guarantee. The Bank shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of a payment under this Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Guarantee. If any amount with respect to the Preferred Securities shall be paid to the Bank in violation of the preceding sentence, the Bank agrees to pay over such amount to the Holders.

9. STATUS

- (a) The Bank acknowledges that its obligations hereunder are several and independent of the obligations of the Issuer with respect to the Preferred Securities and that the Bank shall be liable as principal and sole debtor hereunder to make Guarantee Payments pursuant to the terms of this Guarantee, notwithstanding the occurrence of any event referred to in paragraph 5.
- (b) Subject to applicable law, the Bank agrees that the Bank's obligations hereunder constitute unsecured obligations of the Bank and rank and will at all times rank (i) junior to Senior Creditors, (ii) *pari passu* with the Liquidation Parity Obligations and (iii) senior to the Bank's ordinary shares.

10. UNDERTAKINGS OF THE BANK

- (a) The Bank undertakes that it will (i) not issue any preferred securities or preference shares or similar securities qualifying as tier 1 capital of the Bank ranking senior to its obligations under this Guarantee or (ii) give any guarantee in respect of any preferred securities or preference shares or similar securities qualifying as tier 1 capital of the Bank on a consolidated basis issued by any Subsidiary if such guarantee would rank senior to this Guarantee (including, without limitation, any guarantee that would provide a priority of payment with respect to Distributable Funds) unless, in each case, (x) this Guarantee is changed to give the Holders such rights and entitlements as are contained in or attached to such preferred securities or preference shares or similar securities or such other guarantee so that this Guarantee ranks *pari passu* with, and contains substantially equivalent rights of priority as, any such preferred or preference shares or similar securities or other guarantee and (y) the most recent Preferred Dividend payment on the Preferred Securities has been paid in full either by the Issuer or by the Bank pursuant to this Guarantee.
- (b) The Bank undertakes that any amount required to be paid pursuant to this Guarantee in respect of any Preferred Dividend payable in respect of the most recent Preferred Dividend Period will be paid before any payment or other distribution in respect of any dividends (except distributions in kind or dividends in the form of the Bank's ordinary shares or other shares of the Bank ranking junior to the obligations of the Bank

under this Guarantee) upon the Bank's ordinary shares or any other shares of the Bank ranking junior to this Guarantee (whether issued directly by the Bank or by a Subsidiary and entitled to the benefits of a guarantee ranking junior to this Guarantee).

- (c) The Bank undertakes that, if the Bank's Junior Obligations are redeemed, repurchased or otherwise acquired for any consideration (or any moneys are paid to or made available for a sinking fund for the redemption of any such Junior Obligations) by the Bank or any Subsidiary (except by conversion into or in exchange for shares of the Bank ranking junior to this Guarantee), the Bank will procure that the Issuer will pay, or set aside payment with respect to, full Preferred Dividends on all outstanding Preferred Securities for two consecutive Preferred Dividend Periods", unless: (1) such redemption, repurchase or other acquisition is effected in accordance with the provisions of Article 16 paragraph 2(b) to (f) or paragraph 5 *et seq.* of Greek Codified Law 2190/1920; and (2) following such redemption, repurchase or other acquisition and any other measure taken by the Bank: (i) the total capital adequacy of the Bank, on an unconsolidated and consolidated basis, remains above 8 per cent; and (ii) the ratio of "upper tier 1 capital" items of own funds (namely tier 1 capital excluding the Preferred Securities and similar instruments) to risk adjusted assets of the Bank remains above 5 per cent.
- (d) The Bank undertakes that, for as long as any Preferred Security remains in issue, the Issuer will be a Subsidiary of the Bank and the Bank will hold all of the Issuer's issued Ordinary Securities, directly or indirectly. The Bank undertakes that, for so long as any of the Preferred Securities is outstanding, unless the Bank of Greece has given its prior approval or unless the Bank is itself in liquidation, the Bank will not permit, or take any action to cause, the liquidation, dissolution or winding-up of the Issuer.
- (e) The Bank undertakes to procure that the Issuer will maintain at all times whilst the Preferred Securities are outstanding, (i) whilst the Preferred Securities are listed on the Luxembourg Stock Exchange, a Paying and Transfer Agent in Luxembourg, (ii) whilst the Preferred Securities are listed on the Official Segment of the stock market of Euronext Amsterdam N.V., a Paying and Transfer Agent in Amsterdam, (iii) a Registrar having its office outside the United Kingdom and (iv) a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, any such Directive.

11. TERMINATION

With respect to the Preferred Securities, this Guarantee shall terminate and be of no further force and effect upon payment in full of the Redemption Price on all Preferred Securities or purchase and cancellation of all Preferred Securities or full payment of the Liquidation Distributions and liquidation of the Issuer, provided however that this Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time payment of any sums paid under the Preferred Securities or this Guarantee must be restored by a Holder for any reason whatsoever.

12. TRANSFER

Subject to operation of law, all guarantees and agreements contained in this Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Bank and shall inure to the benefit of the Holders. The Bank shall not transfer its obligations hereunder without the prior approval of the Holders of not less than two-thirds of the Preferred Securities (excluding any Preferred Securities held by the Bank or any entity of which the Bank, either directly or indirectly, owns 20 per cent. or more of the voting shares or similar ownership interests), provided, however, that the foregoing shall not preclude the Bank from merging or consolidating with, or transferring or otherwise assigning all or substantially all of its assets to, a banking organisation organised under the laws of Greece or another European Union Member State, without obtaining any approval of such Holders.

13. AMENDMENTS

Except for those changes (a) required by paragraph 10(a) above, (b) which do not adversely affect the rights of Holders, or (c) necessary or desirable to give effect to any one or more transactions referred to in the proviso to paragraph 12 above (in any of which cases no agreement will be required), this Guarantee shall be changed only by agreement in writing signed by the Bank with the prior approval of the Holders of not less than two-thirds of the Preferred Securities (excluding any Preferred Securities held by the Bank or any entity of which the Bank, either directly or indirectly, owns 20 per cent. or more of the voting shares or other similar ownership interests).

14. NOTICES

Any notice, request or other communication required or permitted to be given hereunder to the Bank shall be given in writing by delivering the same against receipt therefor or by facsimile transmission (confirmed by mail) addressed to the Bank, as follows (and, if so given, shall be deemed given upon mailing of confirmation, if given by facsimile transmission), to:

National Bank of Greece S.A.
86 Eolou Street
10232 Athens
Greece

Facsimile: + 30 210 334 3920

Attention: Chief Financial Officer

The address of the Bank may be changed at any time and from time to time and shall be the most recent such address furnished in writing by the Bank to Citibank, N.A. as Principal Paying and Transfer Agent.

Any notice, request or other communication required or permitted to be given hereunder to the Holders shall be given by the Bank in the same manner as notices sent by the Issuer to Holders.

15. MISCELLANEOUS

- (a) This Guarantee is solely for the benefit of the Holders and is not separately transferable from the Preferred Securities.
- (b) The Bank will furnish any Holder, upon request of such Holder, with a copy of its annual report, and any interim reports made generally available by the Bank to holders of the ordinary shares of the Bank.
- (c) The Bank hereby waives notice of acceptance of this Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, protest, notice of non-payment, notice of dishonor, notice of redemption and all other notices and demands.

16. GOVERNING LAW AND JURISDICTION

- (a) This Guarantee is governed by, and shall be construed in accordance with, English law save that paragraphs 3 and 9(b) are governed by, and shall be construed in accordance with, Greek law.
- (b) The Bank hereby irrevocably agrees for the benefit of the Holders that the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Guarantee and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "Proceedings") may be brought in such courts.
- (c) The Bank irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a final judgement in any Proceedings brought in the courts of England shall be conclusive and binding upon the Bank and may be enforced in the courts of any other jurisdiction. Nothing contained in this paragraph shall limit any right to take Proceedings against the Bank in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdictions, whether concurrently or not.
- (d) The Bank will receive service of process in respect of this Guarantee at its London branch for the time being (being, at the date hereof, 50 St. Mary Axe, London EC3A 8EL) in respect of any Proceedings.

USE OF PROCEEDS

The net proceeds of the issue of the Preferred Securities, amounting to approximately U.S.\$147,000,000, will be used by the Bank and/or its consolidated subsidiaries for general banking purposes.

NATIONAL BANK OF GREECE FUNDING LIMITED

History

National Bank of Greece Funding Limited (the “Issuer”) was incorporated in Jersey on 23 June 2003 for an unlimited duration and with limited liability under the laws of Jersey with registered number 85558.

The registered office of the Issuer is 8th Floor, Union House, Union Street, St. Helier, Jersey JE2 3RF, Channel Islands. The Issuer has no place of business in Greece.

Business

The Issuer is a wholly-owned subsidiary of National Bank of Greece, S.A. The Issuer has no subsidiaries. It was formed to act as a general finance vehicle for the Group.

Capitalisation and indebtedness

The existing issued Ordinary Securities of the Issuer are not listed on the Luxembourg Stock Exchange, Euronext Amsterdam, or on any other stock exchange and are not dealt on any other recognised market.

The Issuer has an authorised share capital of (a) €801,000,000 divided into 1,000,000 Ordinary Securities of €1 each, 400,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of €1,000 each (the “Series A Preferred Securities”), 400,000 Series B CMS-Linked Non-Cumulative Guaranteed Non-Voting Preferred Securities of €1,000 each (the “Series B Preferred Securities”) and (b) U.S.\$400,000,000 divided into 400,000 Series C CMS-Linked Non-Cumulative Guaranteed Non-Voting Preferred Securities of U.S.\$1,000 each (the “Series C Preferred Securities”).

At the date hereof 10,000 Ordinary Securities and €350,000,000 Series A Preferred Securities have been issued by the Issuer and are fully paid. The €350,000,000 Series A Preferred Securities were issued on 11 July 2003 and are listed on the Luxembourg Stock Exchange. The Series A Preferred Securities carry a non-cumulative preferred dividend of three month EURIBOR plus a margin of 1.75 per cent. up until 11 July 2013, after which time the margin increases to 2.75 per cent.. Dividends on the Series A Preferred Securities may be declared by the directors of the Issuer in their sole discretion. Payment of preferred dividends are compulsory except that the directors of the Issuer are not required to declare a dividend on the Series A Preferred Securities, if in the financial year, the Bank has not paid any dividend to the holders of its ordinary shares and neither the Bank nor any of its subsidiaries has made any distribution on or in respect of any class of junior obligations. Holders of the Series A Preferred Securities are not, other than in certain specified circumstances, entitled to receive notice of or attend and vote at meetings of the shareholders of the issuer. In the event of winding up, the holders of the Series A Preferred Securities are entitled to receive €1,000 per share plus any accrued and unpaid preferred dividends. The Series A Preferred Securities are redeemable, in whole but not in part, at the option of the issuer on 11 July 2013 or any dividend payment date thereafter.

The holders of the Ordinary Securities and of the preferred securities of the Issuer have no rights of pre-emption or preferential subscription rights in respect of the Preferred Securities.

No capital of the Issuer is under option or is agreed conditionally or unconditionally to be put under option.

Save as described above, since the date of its incorporation, the Issuer has not had outstanding any loan capital and has not incurred any other borrowings or indebtedness and has had no contingent liabilities or granted any guarantees.

Directors

The directors of the Issuer and their principal activities outside the Issuer are as follows:

<u>Name</u>	<u>Function in the Issuer</u>	<u>Principal Activity Outside the Issuer</u>
Gordon Peter Angus	Director	Partner, HLB Jackson Fox and Director, Fairway Trust Limited
Ioannis Kyriakopoulos	Director	NBG Manager, Financial and Management Accounting Division
Constantinos Othoneos	Director	NBG Manager, International network Division B
Dimitri Vassilakos	Director	NBG, London Branch, Manager
Nicholas Forbes Walker	Director	Partner, HLB Jackson Fox and Director, Fairway Trust Limited
Alistair James Rothwell	Director	Senior Manager, HLB Jackson Fox and Director, Fairway Trust Limited

For the purpose of this Offering Circular, the business address of each of the directors is that of the Issuer's registered office.

The directors do not, and it is not proposed that they will, have service contracts with the Issuer. No directors have entered into any transaction on behalf of the Issuer which is or was unusual in its nature of conditions or is or was significant to the business of the Issuer since its incorporation.

At the date of this Offering Circular, there were no loans granted or guarantees provided by the Issuer to any directors.

Except as described below, as at the date of this Offering Circular, the directors have not received, nor is it expected that they will receive, any remuneration for the provision of their services as directors of the Issuer. Gordon Angus, Nick Walker and Alistair Rothwell are directors of Fairway Trust Limited, which derives fees from the provision of administration services to the Issuer pursuant to an agreement entered into between the Issuer and Fairway Trust Limited on 5 January 2004.

The Articles of Association of the Issuer provide that:

"Subject to the provisions of the Law, any directors may vote on any proposal, arrangement or contract in which he is materially interested provided he has disclosed the nature of his interest in it prior to its consideration and any vote thereon."

The remuneration of the directors shall from time to time be determined by the Issuer in general meeting.

Subject to the provisions of the Articles of Association, a director shall hold office until such time as he is removed from office by resolution of the Issuer in general meeting.

For purposes of the Issuer's Articles of Association, "Law" means the Companies (Jersey) Law, 1991, as the same may be amended from time to time.

Secretary

The Secretary of the Issuer is Jackson Fox Secretaries Limited, 8th Floor Union House, Union Street, St. Helier, Jersey, Channel Islands JE4 8TQ.

General

Deloitte & Touche, of Lord Coutanche House, 66-68 The Esplanade, St. Helier, Jersey JE4 8WA, Channel Islands, have been appointed as auditors to the Issuer. The Issuer prepares audited financial statements on an annual basis.

Audited financial statements of the Issuer have been prepared for the period from 23 June 2003 to 31 December 2003. An unqualified audit opinion was issued thereon.

No transactions have occurred since incorporation of the Issuer other than (i) the allotment of the shares and preferred securities described under "*Capitalisation and Indebtedness*" above, (ii) the issuance of €350,000,000 Series A Preferred Securities (as described above) and execution of documentation in relation thereto and in relation to the Series B Preferred Securities and the Series C Preferred Securities.

THE BANK AND THE GROUP

Introduction

National Bank of Greece S.A. (the “Bank”) and its consolidated subsidiaries (together, the “Group”) comprise a diversified financial services group engaged in a wide range of banking, financial services, insurance, stock-brokerage and finance-related activities throughout the Hellenic Republic and internationally.

The Bank was founded in 1841 and incorporated as a *société anonyme* pursuant to Greek law. The Bank is incorporated and domiciled in the Hellenic Republic and has been listed on the Athens Stock Exchange since 1880. Until the establishment of the Bank of Greece — the central bank — in 1928, the Bank was also responsible for issuing currency. Until the late 1980s, in common with other Greek banks, the Bank operated in a highly regulated environment, which significantly influenced its lending and investment activities. Although the Bank now bases its business decisions on commercial criteria and in recent years has operated independently, as at 31 December 2003, the Greek state controlled, directly and indirectly, approximately 28.5 per cent. of the Bank’s share capital.

The Bank considers that it is the largest commercial bank in the Hellenic Republic in terms of assets, deposits, loans and number of branches. As at 31 December 2003, the Group’s total assets were €53,891 million, customers’ deposits were €38,978 million and loans and advances to customers were €22,700 million. The Bank operates through a network of 599 branches throughout the Hellenic Republic and an international network comprising 27 branches outside the Hellenic Republic and four overseas representative offices. In addition, the Bank has seven commercial banking subsidiaries operating in seven countries.

As at 31 December 2003, the share capital of NBG was divided into 255,058,085 ordinary shares, compared with 231,870,986 at the end of the previous year. The increase in the number of shares stemmed from the capitalisation of reserves and the concurrent bonus share distribution at a ratio of one new share for every ten old shares.

On 18 May 2004, the Bank’s shareholders at the Annual General Meeting approved the increase in the Bank’s share capital by €344,328,417 through capitalisation of reserves and the issuance of 76,517,426 new bonus shares to be distributed to the Bank’s shareholders in a proportion of three new share for every ten shares held as of the record date, 10 June 2004. Following the issuance of the bonus shares, effected on 18 June 2004, the Bank’s share capital is €1,492,089,799.5, represented by 331,575,511 fully-paid shares, with nominal value €4.50 per share.

The Bank’s stock is broadly dispersed across individuals and legal entities in Greece and abroad. As at 31 December 2003, the Hellenic Republic owned 7.5 per cent. of the Bank’s capital.

Pension funds supervised by the Hellenic Republic (legal entities of public law) and the rest of the public sector held 21.0 per cent. of NBG stock. Thus, at the end of 2003, the direct and indirect participation of the Hellenic Republic stood at 28.5 per cent. A substantial stake was in the hands of private domestic investors (28.9 per cent.) while other domestic legal entities (pension funds, banks, mutual fund managers, insurance companies, trusts etc.) held 20.7 per cent. The proportion of shares held by institutional investors and other legal entities abroad stood at 17.2 per cent.

As at 30 September 2004, the Hellenic Republic owned 7.5 per cent. of the Bank’s capital, whereby pension funds supervised by the Hellenic Republic (public sector legal entities) and the rest of the public sector held 21.5 per cent. of NBG stock. Private domestic investors held 29.7 per cent. of the Bank’s share capital while the stake owned by other domestic legal entities (pension funds, banks, mutual fund managers, insurance companies, trusts etc.) stood at 19.1 per cent. Institutional investors and other investors abroad held 18.7 per cent. and the remaining 3.5 per cent. was held by NBG subsidiaries.

The Bank is a public company under Greek law, incorporated with limited liability for a period ending in 2053. The life of the Bank may be extended by a resolution of the Bank’s General Meeting. The Bank is subject to regulation and supervision by the Bank of Greece. The Bank’s registered and head office is at 86 Eolou Street, Athens. The Bank’s shares are listed on the Athens Exchange (ATHEX), as well as the stock exchanges of Copenhagen and Luxembourg. In addition, the Bank’s GDRs are listed on the London Stock Exchange and the Bank’s ADRs are listed on the New York Stock Exchange.

Historically, Greek law prohibited banks from engaging directly in financial service activities outside their traditional deposit and loan functions. Therefore, specialised financial institutions were established in the Hellenic Republic, each for the provision of a particular type of financial service. A Greek bank that sought to provide multiple financial services to its customers would create several subsidiaries, each a specialised

institution within the bank's integrated group of diverse financial services companies. As a consequence of this historical practice, the Greek financial services sector today is characterised by a group of specialised companies established around a principal bank. The Bank is such a principal bank, around which its consolidated subsidiaries are organised.

The following table sets forth the Bank's direct and indirect ownership of each company in the consolidated Group, as at 31 December 2003:

**Companies of the financial sector included in the consolidated financial statements
of the Group as at 31 December 2003**

Name	Bank's participation		
	Direct	Indirect	Total
1 National Securities SA	100.00%	—	100.00%
2 Ethniki Kefalaïou SA	100.00%	—	100.00%
3 Diethniki SA	81.00%	19.00%	100.00%
4 National Management and Organisation SA	100.00%	—	100.00%
5 Ethniki Leasing SA	93.33%	6.67%	100.00%
6 Ethniki Mutual Fund Management SA	100.00%	—	100.00%
7 Ethniki Venture Capital SA	—	100.00%	100.00%
8 National Development of Northern Greece SA	65.00%	—	65.00%
9 NBG Balkan Fund Ltd.	100.00%	—	100.00%
10 NBG Greek Fund Ltd.	100.00%	—	100.00%
11 ETEBA Emerging Markets Fund Ltd.	100.00%	—	100.00%
12 ETEBA Estate Fund Ltd.	100.00%	—	100.00%
13 ETEBA Venture Capital Management SA	100.00%	—	100.00%
14 NBG Bancassurance SA	99.70%	0.30%	100.00%
15 Atlantic Bank of New York	100.00%	—	100.00%
16 National Bank of Greece (Canada)	100.00%	—	100.00%
17 The South African Bank of Athens Ltd. ⁽¹⁾	88.69%	10.61%	99.30%
18 National Bank of Greece Cyprus Ltd.	100.00%	—	100.00%
19 National Securities Cyprus (Ethnosecurities)	—	100.00%	100.00%
20 NBG Management Services	100.00%	—	100.00%
21 Stopanska Banka AD	71.20%	—	71.20%
22 United Bulgarian Bank Sofia (UBB) ⁽²⁾	89.91%	—	89.91%
23 NBG International	100.00%	—	100.00%
24 NBG I Inc.	—	100.00%	100.00%
25 NBG I Private Equity Limited	—	100.00%	100.00%
26 NBG Finance	100.00%	—	100.00%
27 Interlease AD Sofia	87.50%	—	87.50%
28 ETEBA Bulgaria AD Sofia	92.00%	8.00%	100.00%
29 ETEBA Romania SA	100.00%	—	100.00%
30 ETEBA Advisory	—	100.00%	100.00%
31 NBGI Jersey Ltd.	—	100.00%	100.00%
32 NBG Luxembourg	94.67%	5.33%	100.00%
33 NBG Luxfinance	94.67%	5.33%	100.00%
34 NBG Asset Management	100.00%	—	100.00%
35 NBG International Asset Management	100.00%	—	100.00%
36 Innovative Ventures SA (I-Ven)	—	100.00%	100.00%
37 NBG Funding Ltd.	100.00%	—	100.00%
38 Banca Romaneasca SA ⁽³⁾	81.65%	—	81.65%
39 National Investment Company ⁽⁴⁾	36.42%	—	36.42%

As at 30 September 2004 the Bank's participation remained the same for all of the above companies except for the following:

1 The South African Bank of Athens Ltd.	91.42%	8.05%	99.47%
2 United Bulgarian Bank Sofia (UBB)	99.91%	—	99.91%
3 Banca Romaneasca SA	90.87%	—	90.87%
4 National Investment Company	46.41%	—	46.41%

Organisational Structure

The Chief Executive Officer (“CEO”) is responsible for the management of the Bank, under the supervision of its Board of Directors. Currently, the Board of Directors is composed of fifteen members (two executive and thirteen non-executive members, of which two are independent, in accordance with the provisions of Greek Law 3016/2002), including the Chief Executive Officer (who also serves as chairman) and one Deputy CEO. The members are elected by the shareholders at their annual general meeting for a term of three years and may be reelected.

Retiring directors may be reelected. While the Hellenic Republic has no statutory right to appoint directors of the Bank, it has significant direct and indirect shareholding in the Bank and therefore may have the *de facto* ability to appoint certain directors through the exercise of its voting rights. The chairman is nominated by the Board of Directors.

The Board of Directors meets monthly, at a minimum, as required pursuant to Article 20 of Greek Codified Law 2190/1920 and the Bank’s Articles of Association, and additionally at the request of any three directors. The quorum for a Board meeting is a majority of all Board members. In addition, at least five directors must be physically present at the meeting. Resolutions are adopted by majority vote of those present and those who have submitted proxies. Each director has one vote but may also represent one other director by written proxy.

On 17 June 2004, a Repeat General Meeting of the shareholders of the Bank approved an amendment to the Articles of Association changing the title of the Governor to Chief Executive Officer (CEO) and the title of Deputy Governor to Deputy CEO.

In July 2002, the Board of Directors appointed General Managers whose role is to supervise and coordinate the tasks of the various divisions or groups of divisions. The General Managers report to the CEO or the Deputy CEO and are responsible for:

- Supervising and coordinating the activities of their respective units,
- Monitoring progress with regard to the Bank’s business targets and goals,
- Approving expenditures, investments and financing within set limits, and
- Contributing to the Bank’s management regarding the design of the Bank’s strategy, setting out the various goals of the Bank, and drawing up an annual budget for their respective Divisions.

At its meeting on 19 March 2004, the Bank’s Board elected Efstratios-Georgios (Takis) Arapoglou as Chairman and Governor of the Bank to replace the late Theodoros Karatzas and at its meeting of 22 April 2004 the Bank’s Board elected Ioannis Pechlivanidis as Deputy Governor of the Bank. The Bank’s General meeting of shareholders held on 18 May 2004, following the resignation of ten Board members, elected the following new members of the Board:

Executive Members

Efstratios-Georgios (Takis) A. Arapoglou
Ioannis G. Pechlivanidis

Non-Executive Members

H.E. the Metropolitan of Ioannina Theoklitos
George M. Athanasopoulos
Stefanos C. Vavalidis
Ioannis C. Yannidis
Dimitrios A. Daskalopoulos
Nikolaos D. Efthymiou
George Z. Lanaras
John P. Panagopoulos
Stefanos G. Pantzopoulos
Constantinos D. Pilarinos
Drakoulis K. Fountoukakos-Kyriakakos

Independent Non-Executive Members

Ioannis Vartholomeos
Ploutarchos K. Sakellaris

Curricula vitae

Chairman of the Board and CEO:

Efstratios-Georgios (Takis) Arapoglou. Mr. Arapoglou, age 53, became Governor of the Bank on 19 March 2004. He is a graduate of the University of Athens School of Mathematics (1974), and holds a BSc in Naval Architecture from the University of Glasgow (1977) and an MSc in Management from the University of Brunel, London (1978). From 1978 to 1991 he worked for Paine Webber, Citicorp Investment Bank and Chase Investment Bank in London specialising in debt and equity capital markets, derivatives and strategic consulting for multinational companies, financial organisations and governments in North America, Scandinavia and Western Europe. In 1991, he became President and CEO of the Ionian and Popular Bank of Greece Group. He was also appointed President of DIAS Interbanking Systems S.A., overseeing the completion of the project, which was delivered to the Greek banking system in 1993. From 1994 to 1997, he served as General Manager of American Express-Greece and in 1997 became General Manager of Citibank/ Citigroup-Greece. In 2000, he joined Citigroup in London as managing director and global banks industry head, and at the beginning of 2004 became senior advisor on global corporate and investment banking.

He has served as a member of the Supervisory Boards of Citibank-Sweden (1984/85) and Chase Manhattan Bank-Finland (1989/90), the Boards of the Hellenic Bank Association (1991/93) and the Egyptian American Bank, an American Express subsidiary in Egypt (1994/96), and the Asset and Liability Committee of Citigroup Europe.

He is the Chairman of Atlantic Bank of New York, NBG International Ltd., NBG Canada, South African Bank of Athens, NBG Cyprus Ltd., Ethniki Hellenic General Insurance S.A. and Astir Vouliagmenis S.A. and the Vice Chairman of United Bank of Bulgaria, Banca Romaneasca and Stopanska.

Deputy CEO:

Ioannis Pechlivanidis. Mr. Pechlivanidis, age 51, was appointed Deputy Governor of the Bank on 22 April 2004. He holds a BA in Economics from Wesleyan University, USA, and an MSc in Economics from the London School of Economics. He worked at The First National Bank of Chicago from 1980 to 1989, subsequently becoming Loan Manager at the Bank of America. In 1990, he joined Xiosbank, becoming General Manager in 1997. In 1999, he was appointed to the post of Deputy Managing Director of Piraeus Bank, going on to become Managing Director of Novabank in Athens. Since 2003, until taking up his new appointment, he held the post of first Vice-Chairman of Bank Post (a subsidiary of Eurobank in Romania).

He is the Chairman of United Bank of Bulgaria, Banca Romaneasca, Stopanska, Phosphate Fertilizers S.A. and NMOC, the Vice Chairman of NBG Cyprus Ltd., Interbanking Systems “Dias” S.A. and AGET Heracles Cement and a board member of Hellenic Stock Exchanges Holdings S.A.

Non-Executive Members of the Board:

H.E. the Metropolitan of Ioannina Theoklitos

George M. Athanopoulos *Employees’ representative (NBG)*

Stefanos C. Vavalidis *Member of the Board of Directors, European Bank for Reconstruction & Development*

Ioannis C. Yannidis *Professor, University of Athens Law School*

Dimitrios A. Daskalopoulos *Chairman and Managing Director, Delta S.A., Vice Chairman, Federation of Greek Industrialists*

Nikolaos D. Efthymiou *Chairman, Association of Greek Shipowners*

George Z. Lanaras *Shipowner*

John P. Panagopoulos *Employees’ representative*

Stefanos G. Pantzopoulos *Business consultant, former certified auditor*

Constantinos D. Pilarinos *Economist, General Manager of Finances and Technical Services, Church of Greece*

Drakoulis K. Fountoukakos-Kyriakakos *Chairman, Athens Chamber of Commerce and Industry*

Independent Non-Executive Members

Ioannis Vartholomeos *Chairman of IKA (Social Security Fund)*

Ploutarchos K. Sakellaris *Professor, University of Athens, and Chairman, Council of Economic Advisors*

General Managers:

Core Business Lines

Alexandros Tourkolias, age 57, is the General Manager of Corporate and Investment Banking. He is a member of the Bank's Credit Committee, and is also the Vice Chairman and CEO of Ethniki Leasing S.A., the Vice Chairman of NBG Bankassurance S.A. and a board member of UBB.

Ioannis Filos, age 59, is the General manager of Consumer Banking. He is also First Vice Chairman of Diethniki Mutual Fund Management and a board member of NMOC and Ethniki Hellenic General Insurance S.A.

Petros Christodoulou, age 43, is the General Manager of Group Treasury and Private Banking. He is a board member of National Securities S.A. He is also a board member of National Securities S.A. and a member of the Investment Committee of Ethniki Hellenic General Insurance and the Foundation for Economic and Industrial Research.

Operations and Support

Anthimos Thomopoulos, age 43, is the Chief Financial Officer and Chief Operations Officer. He joined the Bank in 1998 as Group Risk Director after serving as a Managing Partner of KPMG Greece. He is the Chairman and CEO of Mortgage, Tourist Protypos S.A., the Chairman of Astir Alexandroupolis S.A., National Real Estate S.A. and Ektenepol, the Vice Chairman of Astir Vouliagmenis S.A., NMOC and Ethniki Hellenic General Insurance S.A. and a board member of South African Bank of Athens S.A., United Bank of Bulgaria, Ethnoplans S.A., AGET Heracles, Siemens Televiomichaniki S.A. and Hellenic Technodomiki.

Michael Oratis, age 47, is the Chief Risk Officer. Before joining the Bank in 1999, he worked for ABN AMRO BANK, Mytilinaios SA and Citibank as Country Treasurer. He is also a member of the board of South African Bank of Athens.

Agis Leopoulos, age 36, is the Chief of International Operations. He is also the Chairman of Interlease, the Vice Chairman of National Securities S.A. and a board member of Atlantic Bank of New York, NBG Canada, South African Bank of Athens, Stopanska, Romaneasca, NBG Cyprus Ltd. and United Bank of Bulgaria.

Agisilaos Karabelas, age 66, is the General Counsel. He is a board member of Diethniki Mutual Fund Management, Ethniki Kefalaίου and Heracles Cement.

Avraam Triantafyllidis, age 54, is the General Manager of Human Resources. He is also a board member of NBG Training Center S.A.

Paul Mylonas, age 45, is the Chief Economist, Chief Strategist and Head of Investor Relations. Before joining the Bank, he worked at the OECD and the IMF. He is also a member of the board of the Foundation for Economic and Industrial Research, the Hellenic Centre for Investment and the National Investment Company.

George Paschas, age 48, is the Chief Internal Auditor.

Audit Committee

The members of the Bank's Audit Committee are as follows:

Audit Committee Full Members

Georgios Lanaras (Chairman)

Ploutarhos Sakellaris (Vice Chairman)

Stefanos Pantzopoulos (Financial Expert)

Audit Committee Alternate Members

Drakoulis Fountoukakos — Kyriakakos

Ioannis Vartholomeos

Capitalisation and indebtedness

The following table sets forth the capitalisation and indebtedness of the Group as at 31 December 2003 and as at 30 June 2004 (actual and as adjusted to reflect the issue of the Series B Preferred Securities and the Series C Preferred Securities) as extracted without material adjustment from the audited Greek GAAP Financial Statements of the Group for the year ended 31 December 2003 and unaudited Greek GAAP Financial Statements of the Group for the six months ended 30 June 2004. The table should be read in conjunction with the Group's Greek GAAP Financial Statements for the relevant periods, including the notes thereto. See "Financial Statements of National Bank of Greece Group".

	As at 31 December 2003	As at 30 June 2004	As at 30 June 2004 Adjusted to give effect to the nominal value of the Series B Preferred Securities and the Series C Preferred Securities
	(in € thousands)	(in € thousands)	(in € thousands)
<i>Liabilities:</i>			
Amounts owed to credit institutions — short term	9,661,478	11,807,189	11,807,189
Amounts owed to customers-short term	38,978,176	41,547,568	41,547,568
Debts evidenced by certificates-medium term	31,869	35,071	35,071
Other liabilities — short term	1,236,046	1,076,627	1,076,627
Accruals and deferred income — short term	226,072	88,786	88,786
Provisions for liabilities and charges — long term	41,287	42,190	42,190
Provisions for general banking risks — long term	5,761	5,761	5,761
Subordinated liabilities — long term	750,000	750,000	750,000
Preferred securities	350,000	350,000	844,000 ⁽³⁾
Share capital (331,575,511 fully paid shares, with nominal value €4.50 per share) ⁽¹⁾	1,147,761	1,492,090	1,492,090
Share premium account	32,393	32,393	32,393
Accumulated reserves	1,424,133	1,069,651	1,069,651
Retained earnings	307,210	303,553	303,553
Consolidation differences	(446,337)	(463,105)	(463,105)
Minority interests	145,382	128,591	128,591
Own shares	(179,325)	(178,436)	(178,436)
Group's profit before tax for the period 1.1.2004- 30.6.2004	—	312,755	312,755
Minority profit before tax	—	9,042	9,042
TOTAL LIABILITIES	<u>53,711,906</u>	<u>58,409,726</u>	<u>58,903,726</u>

Notes:

- (1) On 18 May 2004, the Bank's shareholders at the Annual General Meeting approved the increase in the Bank's share capital by €344,328,417 through capitalisation of reserves and the issuance of 76,517,426 new bonus shares to be distributed to the Bank's shareholders in a proportion of three new shares for every ten shares held as of the record date, 10 June 2004. Before the issuance of the bonus shares, effected on 18 June 2004, the Bank's share capital was €1,147,761,382.50, represented by 255,058,085 fully-paid shares, nominal value €4.50 per share.
- (2) Except as set out above, there has been no material change to the capitalisation and indebtedness of the Group since 30 June 2004.
- (3) The Series C Preferred Securities were converted to Euro using an exchange rate of: EUR 1 = U.S.\$1.25.

Dividends

The Bank pays dividends out of:

- distributable profits for the year (i.e. profits net of: (a) tax, (b) losses carried forward, and (c) prior years tax audit differences); and
- retained earnings, special reserves or ordinary reserves to the extent they exceed the amount required to be maintained by law.

Before paying dividends, the Bank must allocate between 5 per cent. and 20 per cent. of its net profits to an ordinary reserve until this reserve equals at least one-half of the Bank's share capital. According to the Bank's Articles of Association and Greek corporate law, and subject to the limitations described below, each year the Bank is required to pay a minimum dividend out of the net profits for the year, if any, equal to the greater of:

- 6 per cent. of the Bank's share capital; or
- 35 per cent. of the net profits for the year (after the deduction of statutory reserves and any profits resulting from the sale of equity participations that represent at least 20 per cent. of the paid-up share capital of a subsidiary company in which the Bank has held an equity participation for at least ten years).

Calculation of all such amounts is currently based on the financial statements of the Bank prepared in accordance with Greek GAAP.

Any distribution of the remainder of the distributable profits must be approved by a "General Meeting of the Shareholders" (the "General Meeting"), with ordinary quorum and majority voting requirements, following a proposal of the Bank's board of directors (the "Board of Directors" or the "Board"). No distribution whatsoever can be effected if, on the closing date of the last financial year, the total shareholders' equity is, or will become after that distribution, lower than the sum amount of the share capital and the reserves, the distribution of which is prohibited by Greek law or the Bank's Articles of Association. In any event, dividends may not exceed net profits of the last financial year, as increased by distributable reserves, the distribution of which is permitted as resolved at the General Meeting, and profits carried forward from previous years, and as decreased by any loss in the previous financial year and any compulsory reserves required by law or the Bank's Articles of Association.

In the event that the obligatory dividend payments equal 35 per cent. of the net profits for the year (after the deduction of statutory reserves and any profits resulting from the sale of equity participations that represent at least 20 per cent. of the paid-up share capital of a subsidiary company in which the Bank has held an equity participation for at least ten years), the Bank's shareholders have two options. According to Greek Emergency Law 148/1967, as amended by Greek Law 2753/1999, a majority representing at least 65 per cent. of the paid-up share capital may vote to waive this dividend payment at a General Meeting. Undistributed dividends must then be transferred under a special reserve and must be capitalised within four years following the General Meeting. Furthermore, a majority representing 70 per cent. of the Bank's paid-up capital may vote to distribute the lower amount, i.e., 6 per cent. of the Bank's share capital.

Once approved, dividends must be paid to shareholders within two months of the date on which the Bank's annual financial statements are approved. Normally, dividends are declared and paid in the year subsequent to the reporting period. Dividends are forfeited to the Hellenic Republic if they are not claimed by shareholders within five years following 31 December of the year in which they were declared.

On 9 May 2003, at the Bank's General Meeting, the Bank's shareholders approved the distribution of a cash dividend in the amount of €0.45 per share with respect to the year ended 31 December 2002. On 18 May 2004, at the Bank's General Meeting, the Bank's shareholders approved the distribution of a cash dividend in the amount of €0.65 per share with respect to the year ended 31 December 2003.

The following table sets forth the actual dividends declared by the Bank for the corresponding periods and the dividends as a percentage of previous year's net income distributed based on Greek GAAP:

<u>Year Ended 31 December</u>	<u>Amount of dividends per share, in EUR(1)</u>	<u>Amount of dividends per share, in U.S.\$(2)</u>	<u>Number of shares entitled to dividend</u>	<u>% of previous year's profit after tax distributed</u>
2000	1.17 (GRD 400)	1.38	156,453,512	37.99
2001	1.09 (GRD 370)	1.28	228,080,452	38.13
2002	1.10 (GRD 375)	1.29	228,080,452	53.37
2003	0.45	0.53	231,870,986	54.26
2004, through June 10	0.65	0.78	255,050,388	57.48

- (1) The dividends per share for the years ended 31 December 2000 and 2001 were recorded in Greek drachmas and have been re-expressed in euro, based on the fixed rate of €1.00 = GRD 340.750, to conform to the current presentation.

Description of the Business of the Group

The Bank, together with the other companies in the Group, provides a full range of banking and financial services to both corporate and private clients. Corporate clients are offered a wide range of products and services including financial and investment advisory services, deposit accounts, loans (denominated in both euro and foreign currencies), foreign exchange, insurance products, custody arrangements and trade finance services. Private customers are offered a number of types of deposit and investment products as well as foreign exchange services, credit cards, consumer credit, mortgage loans and stock broking services. Most of the Bank's banking business is domestic and includes commercial banking and retail banking.

Domestic Banking Activities

Lending Activities

The Bank lends to all sectors of the economy. At 31 December 2003, domestic commercial lending (including the public sector) accounted for 46.0 per cent. or €8,166 million, of the Bank's total domestic loan portfolio. Traditionally, the Bank has focused on lending to large and medium-sized domestic corporations, especially industrial corporations, which accounted for approximately 10.1 per cent. of its total domestic loan portfolio as at 31 December 2003. The Bank has several clients to which it has lent significant amounts; its 10 largest individual performing loan exposures (loans originated by both Greek and foreign branches of the Bank) totalled €1,850 million as at 31 December 2003, and accounted for approximately 22.7 per cent. of the Bank's total domestic commercial loan portfolio. The Bank has reorientated its commercial lending activities to target high growth sectors.

The Bank's lending is primarily in the form of credit lines, which are generally at variable interest rates, with payment terms of up to 12 months. In addition, the Bank provides letters of credit and guarantees for its clients. At 31 December 2002 and 2003, the Bank had outstanding letters of credit and guarantees for a total of €2.15 billion and €2.70 billion, respectively. The Bank also offers term loans, mainly for large corporate and shipping clients, with a maximum maturity of 15 years. Most loans are collateralised to a certain degree, although there can be significant delays in foreclosing on collateral under Greek law.

The Bank participates in, advises on and arranges large syndicated loans with both domestic and foreign banks. Generally, these loans finance large domestic infrastructure projects and borrowings by large corporations and State-controlled entities.

Shipping finance

The Hellenic Republic has a long tradition in ship-owning. It is among the world's largest ship-owning and ship-flagging nations. The Bank has been in the shipping finance sector for decades, and is the leading Greek bank, as well as one of the strongest competitors to foreign banks, involved in shipping finance. The Bank has traditionally provided financing for many of the largest Greek shipping companies. Shipping remains an important sector of the Greek economy and the Bank is one of the most active participants in the local market. At 31 December 2003, shipping loans amounted to approximately €988.7 million, which is 5.0 per cent. of the Bank's total loan portfolio.

The Bank's shipping finance activities are carried out both through its Piraeus branch, which is dedicated exclusively to shipping finance and its London branch. Loans originated in London now account for 18.8 per cent. of the Bank's loans in this sector. The Bank plans to continue with its strategy of targeting first tier shipping groups in its shipping finance and syndicated loan activities in order to improve the quality and profitability of its shipping loan portfolio.

Retail Banking

The Bank offers a wide range of products for retail customers, including savings accounts, current accounts and time deposits. The Bank expects full implementation of the Customer Relationship Administration (CRA) system to significantly improve its service to its retail customers. The Bank will be able to target specific retail customers to offer other compatible products and services of the Group, as it does for its corporate customers.

Savings and Investment Products

The Bank's savings and investment products are offered in both euro and foreign currencies. In response to customer demand, the Bank has increasingly begun to offer new investment products with higher yields. These products include repurchase agreements between the Bank and its clients (backed by Greek government bonds), Greek government bonds from the Bank's proprietary portfolio, guaranteed-principal mutual funds and a wide range of mutual funds and unit trust products provided by Diethniki Mutual Fund Management S.A.

Credit Products

Consumer Credit

The Bank was one of the first institutions in the Hellenic Republic to provide consumer credit. The Bank has continued to expand in the consumer credit sector, offering consumer loans, personal loans and credit cards through its subsidiary, National Management and Organisation Company, S.A. ("NMOC").

While consumer credit has existed in the Hellenic Republic since 1972, this sector has grown significantly in recent years. Domestic consumer loans and credit card loans accounted for approximately 15.8 per cent. of the Bank's domestic loan portfolio in 2003, compared with approximately 5.5 per cent. of the Bank's loan portfolio in 1995.

Consumer Loans and Personal Loans

With effect from 20 June 2003, the Bank of Greece has abolished its prior limits on consumer lending, including the €25,000 and €3,000 ceiling limits on consumer loans for specified goods and personal loans, respectively (pursuant to Act No. 2523/12.06.2003 of the Governor of the Bank of Greece, which amended Act No. 1955/02.07.1991). From that date, credit institutions such as the Bank are free to determine the terms and conditions of their consumer lending in accordance with their own credit control policies and based on customers' creditworthiness. The Bank, however, classifies retail loans as consumer or personal loans: a consumer loan is any loan undertaken to purchase specific consumer goods, whereas a personal loan is a general loan without a specified purpose. Personal loans generally carry higher interest rates than consumer loans.

The Bank's domestic consumer lending increased by 419.7 per cent. from 1998 to 2003, from €541.2 million to €2,812.3 million as at 31 December 1998 and 2003, respectively. This trend is due primarily to improved economic conditions in Greece, significant decreases in interest rates and increased consumer spending.

Consumer lending is a potential growth area for the Bank. In conjunction with other NBG Group companies, the Bank has been developing new consumer loan products with more favourable interest rates that target specific consumer needs, such as vacation, home furnishing, car loans and retail revolving credit facilities under which approved customers can withdraw funds as needed, up to the limit of their individual credit facility for personal purposes.

The loan approval process for all credit card and consumer credit products is centralised and based on a uniform credit scoring system.

Credit Cards

Despite intense competition, the Bank continues to maintain its leading position in the Greek credit card market. The total number of the Bank's credit cards in issue which were active at 31 December 2003 was approximately 1,486,000.

The Bank, through its subsidiary NMOC, is the main issuer of Mastercards in the Hellenic Republic. Since 1998, the Bank also issues Ethnocarta VISA cards through NMOC. The Bank issued over 300,000 credit cards during 2003.

Mortgage Lending

The Bank's mortgage lending activities were carried out in the past predominantly through National Mortgage Bank ("NMB"). Prior to the merger of NMB into NBG in 1998 (the "Merger"), the Bank engaged in mortgage lending only to a limited extent. At the time of the Merger, NMB was the largest mortgage lender operating in the Hellenic Republic, with an estimated market share among commercial and mortgage banks of approximately 59 per cent.

In 2003, new mortgage disbursements totalled approximately €1,802 million compared with approximately €1,338 million in 2002, up 34.7 per cent. Accordingly, mortgage outstandings grew by 22.5 per cent., reaching

€6,907 million at the end of the year, as against €5,640 million at end-2002. At 31 December 2003, the Bank's market share stood at 26.0 per cent.

Capital Markets and Advisory Services

Investment Banking and Brokerage Services

The Bank and its subsidiaries (principally NBG International Limited and National Securities Co. S.A.) offer a wide range of capital markets and advisory services, including:

- corporate finance advisory services;
- underwriting;
- venture capital;
- equity and debt financing;
- stock brokerage; and
- corporate finance advisory.

In recent years, the Bank has maintained a leading role in capital market activities, particularly with regard to public offering activity. In 2003, the Bank was a lead manager or underwriter in 12 of the 16 public offerings in Greece. This market has become increasingly competitive, with a number of banks and brokerage houses participating actively in this area.

National Securities S.A. is the Group's brokerage arm, and is a member of the ATHEX and of the Athens Derivatives Exchange. Its customers are able to enter stock purchase orders through on-line connections in the Bank's branch network, which allow for rapid execution (subject to market conditions and rules). It is becoming increasingly active in portfolio management and in secondary market transactions for clients (both retail and institutional) in Government securities. As at 31 December 2003, National Securities Co. had a market share of approximately 11.5 per cent. by total trading volume on the ATHEX, ranking second in terms of total trading volume, compared with a 16.5 per cent. market share held by its largest competitor EFG Securities.

Custodian Services

The Bank offers custodian services to its foreign and domestic institutional clients who hold listed securities on the ATHEX. In its capacity as a leading custodian, the Bank, amongst others, offers trade settlements, safekeeping of securities, corporate action processing, income collection, proxy voting, tax reclamation, brokerage services, customised reporting and regular market flashes and information. The Bank also acts as global custodian to its domestic institutional clients who invest in securities outside Greece.

Asset Management and Private Banking

Diethniki Mutual Fund Management S.A. ("Diethniki") is 100 per cent. owned by Group companies and is active in the field of investment products. Diethniki manages 20 mutual funds, which are made available to the Group's customers through the Bank's extensive branch network.

In 2003, the Group launched an integrated fund management system for pension funds and, more generally, institutional investors. The Group today manages two such institutional portfolios: the TAP-OTE pension fund and IKA mutual fund assets.

At the end of 2003, Diethniki held approximately a 25.3 per cent. share of the Greek mutual funds market according to the Association of Greek Institutional Investors although this increased to 25.6 per cent. as at 31 March 2004 (based on publicly available information).

Private Banking

The Group's private banking activities aim to provide high net worth clients with top quality services. To this end, the Group operates specialised private banking units in Athens, Thessaloniki and London.

In 2003, the foundations were laid for the operation of the new private banking units, with a view to providing the Group's clients with more integrated services. At the beginning of 2003, the Group set up a unit in Athens, where customers can conduct all their business. In June 2003, the Group launched its International Private Banking unit in London, which offers a broad range of investment products and services. The Group's Thessaloniki unit has been operating since the end of 2003, with a view to serving the residents of Greece's

second largest city and the rest of northern Greece. The Thessaloniki unit is a pilot unit that may lead to the launch of similar units at other locations in Greece.

To support the Group's private banking operations, the Group has set up a new computing system known as IMS Plus, which is capable of monitoring the performance of all the investment products in a customer's portfolio. The Group is also in the final stages of launching an application that will enable customers to view their portfolios via the internet.

Treasury Activities

The Bank and each of its banking subsidiaries carry on their own treasury activities. These activities include:

- Greek government securities trading;
- foreign exchange trading;
- interbank trading in euro and other currency deposits;
- foreign exchange forwards trading;
- repurchase agreements; and
- derivative products, such as options and interest rate and currency swaps.

In general, the Bank and its subsidiaries enter into derivatives transactions for hedging purposes or in response to specific customer requirements. The Bank also trades actively on a proprietary basis, primarily in euro-denominated Greek government securities, and to a lesser extent, in the spot foreign exchange market. In recent years, the Bank's treasury-related activities have represented a significant source of revenues. In 2003, total turnover for foreign exchange trading and money market transactions by the Bank's central dealing room in Athens was €92.4 billion and €590.4 billion, respectively.

Other Financial and Related Services

The Bank also offers a wide range of other financial and related services, directly through the Bank or indirectly through specialised subsidiary companies. These services include:

- leasing;
- factoring;
- consulting and professional training; and
- real estate management and warehousing.

Insurance

The Bank provides insurance services through its subsidiary, Ethniki Hellenic General Insurance Company S.A., ("EH"). EH offers life, accident, health, fire, calamity, credit, car, ship, airplane and cargo insurance. The market share of Ethniki Insurance in the non-life and life insurance sectors is estimated at approximately 20 per cent. and 17 per cent. respectively, based on 2002 statistics provided by the Association of Insurance Companies in Greece.

International Operations

The Group, through the Bank and its seven banking subsidiaries in the United States, Canada, South Africa, Cyprus, Bulgaria, the Former Yugoslav Republic of Macedonia and Romania, operates in 18 countries on four continents. This international network comprises 288 units outside the Hellenic Republic, which offer traditional banking services and financial products and services and four overseas representative offices. In 2003, the Group further expanded its international presence by acquiring Banca Romaneasca in Romania, and the New York branch of AIB.

The Bank's international banking operations include a wide range of traditional commercial banking services, such as extensions of commercial and retail credit, trade financing, foreign exchange and taking of deposits.

In addition, the Bank offers shipping finance, investment banking and brokerage services through certain foreign branches and subsidiaries.

As at 31 December 2003, the Bank's international activities (excluding those of subsidiary companies) accounted for 9.1 per cent. of its total assets.

The Bank's presence abroad has tended to centre on areas with strong concentrations of Greek immigrants to whom the Bank provides traditional banking services. The Bank's policy, going forward, is to rationalise its international network and to focus on the Bank's regional strength in southeast Europe. As part of its drive to rationalize its international presence and maximize performance, the Bank will implement a decision taken by its Board of Directors regarding the discontinuation of operations at its Paris, Frankfurt and Amsterdam branches. London will remain the spearhead of the Group's activities in Western Europe, focusing on wholesale and private banking.

Strategy of the Bank

The Bank's primary strategic objectives are to secure and expand its position as the leading provider of financial services in the Hellenic Republic, to enhance its profitability and operating efficiency and to expand selectively both inside and outside the Hellenic Republic, especially in Southeast Europe including the Balkan countries. The Bank also aims at optimizing capital allocation through the disposal of non-core assets and the withdrawal from low value businesses. The Bank intends to achieve these objectives by implementing the following strategies:

Customer focus

As the largest and oldest financial Group in Greece, NBG has a broad customer base which represents a significant competitive advantage in the implementation of its customer-oriented strategy when compared to the other banking institutions operating in the country. This broad deposit base, together with the Group's leading position in housing credit and insurance operations, provides a solid foundation on which to build and expand banking activities, based on its in-depth knowledge of the needs of the Greek household. The Bank's primary concern is to retain the special relationship that it has with Greek clients by enhancing customer satisfaction. In this way, the Bank can gradually shift the orientation of its lending activities from a product focus to a client focus.

Retail banking

The Greek economy is expected to continue to achieve strong growth in the years ahead. With the retail-banking sector in Greece still lagging well behind the euro-area average in terms of credit outstanding, the Bank will seek to benefit from the opportunities presented by this favourable macroeconomic and banking environment. In response to the needs of Greek households, the Group offers a wide range of banking products and services to its customers, including consumer and investment products, and insurance against future risks. This has helped in the significant growth in mortgage and consumer lending and, above all, new loans, which climbed to historic highs in 2003, affirming the Group's leading position in the market.

The strong performance achieved by retail banking in recent years stems largely from the effective leverage of the Group's broad customer base to increase its cross-selling potential, with the result that today the number of products per customer is only slightly below the European average. Furthermore, the existence of long-term historical data with regard to the creditworthiness of the greater part of the economically active population of the country has helped to implement the retail strategy of the Bank. This takes on especial significance within an environment of high loans growth and the nascent implementation of the interbank data system on customer creditworthiness.

Given the fact that many small businesses in Greece are family businesses, the Bank has, since 2002, incorporated lending to small businesses within its retail banking operations in order to better serve such firms, offering flexible loan packages tailored to their needs. As a result, the Bank's credit outstanding to this market segment grew by 65 per cent. in 2003.

Corporate credit

In the corporate banking sector, the Bank operates as a corporate advisor, lender and partner. The Bank provides solutions that are tailored to the needs of each individual firm.

The Bank aims to expand further its lending and associated banking operations to medium-sized enterprises — the backbone of the Greek economy — and contribute to the development of the sector. In 2003, the Bank's medium business customer base grew by 16 per cent., while the loan balance rose by 20 per cent. As

NBG attracts new customers through the provision of tailor-made solutions, the Bank believes it is increasingly becoming a principal source of support to businesses and their growth plans.

Finally, in the area of large corporate financing, the Bank is pursuing a conservative growth policy, chiefly by participating in syndicated loans, which reduces the risk undertaken and maximises the benefits of cross-selling.

Asset management

Management of customer assets is a key strategic orientation of NBG and is closely linked to its large deposit base. The Bank offers alternative investment products to meet demand for higher returns and for investment diversification by Greek households.

In 2003, there has been a shift from deposits and especially from repos and time deposits towards guaranteed capital deposit products and mutual funds. This development and the general effort to attract asset management customers have enabled the Group to develop a more stable income source from commissions and boost the Group's mutual fund assets by 81.5 per cent. The Group's market share of mutual funds under management increased from 16.7 per cent. in 2002 to 25.3 per cent. in 2003.

Insurance

The insurance sector is still relatively undeveloped in Greece. Growth in private insurance in Greece and the need for fuller insurance cover are likely to lead to an increase in demand in the future. The Group believes that there are strong growth prospects in the sector and, through its subsidiary Ethniki Hellenic General Insurance, provides a wide spectrum of modern insurance products that aim to meet the growing needs of Greek families and businesses.

Staff and the strength of the branch

The Bank's strengths lie in its workforce, its broad presence throughout the country, and its contribution to the economic life of the communities, in which it operates. Within the context of its new strategy, a wide-ranging program of operational restructuring at branch level in Greece and abroad was completed in 2003. The aim is to concentrate the Bank's focus on the customer and enhance services. The restructuring has led to the creation of more functional spaces in which to receive and serve customers, and staff training has focused on promoting the new strategy, attracting and serving a greater number of customers and improving employee efficiency.

By the end of 2003, the Bank's branch network posted a substantial increase in productivity, attracting new customers and boosting cross selling.

The application of a uniform system of incentives for staff together with a new system for setting targets with the participation of the network aims at increasing turnover, strengthening the bank-customer relationship, reducing operating costs, and enhancing efficiency.

Prudent risk management in an expanding market

Alongside the upgrade of the branch network and the promotion of alternative distribution and customer service networks, a core feature of NBG's strategy has been the centralisation of loan approval procedures.

The low level of new problem loans in recent years has been largely the result of the application of modern systems for assessing and managing risk in the loan portfolio. All loans, whether to individuals or businesses, are assessed on the basis of the latest statistical models. The Bank has been the pioneer among Greek banks in its market risk management. This is evident from the fact that the Bank of Greece has approved NBG's internal VaR model for calculating capital requirements to cover market risk in the trading portfolio. To date, National Bank of Greece is the only Greek bank to have received supervisory authority approval for its internal risk assessment system.

Furthermore, one of NBG's core policies remains the reduction of interest rate risk. Over the course of the past few years, interest rate risk in the fixed income portfolio has been greatly reduced, principally through the use of derivatives.

Expanding into new markets, Southeastern Europe

One of NBG's key strategic aims over the past few years has been expansion into Southeastern Europe with a view to refocusing the Bank into a regional bank with access to a population of 55 million, many times that of

Greece. With the acquisition of Banca Romaneasca in Romania in 2003, the Bank completed its round of acquisitions in the region whereby it has succeeded in developing a strong regional profile. The Group's assets in Southeastern Europe represent just 3.5 per cent. of its total.

Going forward, NBG's prime strategic objective in Southeastern Europe will be to gradually and cautiously grow its retail banking operations, applying the successful model which the Bank has developed for Greece to these new banking markets. As the economies of the region gradually converge to the rest of Europe, the Bank aims to develop the opportunities created by the rapid growth of banking operations in these countries. More specifically, in Romania, the Bank via its subsidiary Banca Romaneasca intends to increase its presence through the opening of 15 new units. In Serbia, the number of NBG branches will double in 2005, reaching 30 units, while in Albania, the 5-unit network of NBG, soon will increase to 7.

The Group is also active in Europe and the US through its international branch network and subsidiary companies. The branch network of Atlantic Bank of New York was extended in 2003 through the acquisition of Allied Irish Banks' Manhattan branch.

Growing the Group's operations and core profitability

The Group's strategy is oriented towards growing those banking operations that generate recurring returns, after adjusting for risk.

In order to achieve such results, the Group is concentrating on the growth of operations while also aiming to create an organisational and operational structure that can compete effectively on a European level. The restructuring of the Group's branch network and the special focus on the quality of services provided, and the linking of pay targets and results, are some of the measures designed to boost productivity and efficiency. At the same time, the Group is concentrating on changes in its operations in order to promote effective risk management and the right pricing policy.

Improving Technological Capacity for Integrated Management of the Group

The Bank is making technological investments in improved efficiency, including its investment in the "IRIS" system, an integrated retail core banking system purchased from IBM, which will cater almost the entire range of the Bank's software applications supporting its retail banking operations. The IRIS system is gradually replacing the existing on-line and batch legacy systems and the Group believes it will provide enhanced flexibility to market new products and services. The Bank expects this will improve customer service and streamline operations. One of the critical complementary elements for IRIS and all other systems is the CRA system. The CRA enables the Bank to maintain customer-centric profiles of its customers based on the pattern of products and services they purchase and transactions they execute and facilitate the Bank's cross-selling activities. To benefit from the capabilities of CRA, the Bank is currently updating its entire customer database.

The Bank has installed SAP, an enterprise resource planning system (ERP), to support its Financial and Management Accounting, Real Estate, Property Management and Human Resources divisions.

The Bank has also installed Sendero's Asset and Liability Management system, which is a software application that assists overall strategic planning, the management of balance sheet items and the development of new lines of products and services. Additionally, the Bank is currently implementing an advanced enterprise-wide risk management system provided by Algorithmics.

The Bank is dependent on a few very well known suppliers of information technology equipment, systems and software. NBG believes this is a necessary condition to maintain a high quality of information technology infrastructure and is in line with common best practices in the markets in which it operates.

The Bank currently has a disaster recovery facility, which allows resumption of core operations and recovery of data within 24 hours (with the exception of certain services, such as internet transactions and wire transfers, which may require more than 24 hours to recover). However, the Bank is in a process of upgrading systems and facilities in order to achieve recovery of core operations and data within four hours. The upgrade is expected to be completed within the current year. The Bank is also in the process of updating its information technology security policy to meet its current operational needs. Special attention is given to the effective and ongoing communication of security issues to staff. This project is also expected to be completed within the current year.

Financial and Operating Review

The discussion below is based upon the Greek GAAP accounts for the Group for 2003 and 2002. The Bank also publishes financial statements in accordance with U.S. GAAP.

Review

NBG Group profit after tax and minorities presented a substantial increase of 69 per cent. in 2003, totaling €360.3 million compared with €213.2 million in 2002. Accordingly, earnings per share rose to €1.48 from €0.88 in the previous year.

This reflects the increase in core operating income and successful efforts to restrain operating expenses both in the parent company and the Group as a whole. Indeed, core operating income reached the highest level of recent years (2003: €1,744.5 million, 2002: €1,571.9 million). This performance, combined with the modest increase in operating expenses (up 0.9 per cent.), led to a 51 per cent. increase in Group operating profit (2003: €373.8 million, 2002: €247 million).

As a result of these developments, profitability ratios picked up in 2003. The Group's return on average equity (ROAE) after tax rose by 6 percentage points (2003: 15.4 per cent., 2002: 9.4 per cent.) while return on average assets (ROAA) before tax and minorities exceeded 1 per cent. (2003: 1.01 per cent., 2002: 0.67 per cent.)

The cost-to-income ratio also improved, from 71.7 per cent. in 2002 to 66.2 per cent. in 2003. This trend is easier to ascertain if trading gains are excluded, with the ratio standing at its lowest level of recent years (70 per cent.).

Likewise, the improved mix of the Group's interest-earning assets towards higher yielding placements led to an increase in the Group's net interest margin in 2003, which reached the highest level of recent years (2003: 2.67 per cent., 2002: 2.44 per cent.). This upward dynamic of net interest margin is evident on a quarterly basis, particularly in the last three months of 2003.

Results of operations

Total Group income grew by €201 million (up 12.2 per cent.), totalling €1,847.7 million. The key contributor to this growth was the large increase, by €117 million, in interest income, reflecting principally the expansion in retail banking.

In 2003, Group net commissions also posted substantial growth of €55 million (up 16.3 per cent.). The excellent performance in the scale of funds under management at Diethniki Mutual Fund Management SA (2003: €7.7 billion, 2002: €4.4 billion) led to an increase in MF commissions from €28.1 million to €37.6 million, while the positive climate in the Greek capital market led to a 46 per cent. growth in commissions from investment banking and stockbroking. Likewise, in 2003, there was a significant rise, by €31.4 million (up 22.5 per cent.), in retail banking fees and commissions, tracking the growth in lending to individuals, while commissions in the business lending segment grew by 10 per cent.. The 22.5 per cent. increase in commissions charges is attributed entirely to expenses related to attracting consumer factoring customers (2003: €24.3 million, 2002: 17.6 million).

In 2003, Group trading gains amounted to €103.2 million compared with €74.6 million in 2002. Gains on bond trading (including hedging) stood at €40.5 million compared with €77.6 million in the previous year, while share trading gains, at €33.4 million, also played a positive role in results.

On the cost side, operating expenses increased only marginally, by 0.9 per cent.. Staff costs remained flat (2003: €718.8 million, 2002: €717.8 million) while general expenses grew only slightly, up 2.8 per cent. (2003: €305.6 million, 2002: €297.2 million). Depreciation of Group fixed assets was affected by the increase in lending activity at the Group's leasing companies as well as the revaluation of fixed assets at fair value at 31 December 2002, totalling €184.2 million compared with €150.9 million in 2002. Prudent provisioning policy continued (2003: €147.8 million, 2002: €144.6 million) while as a percentage of average loans they stood at 0.72 per cent., broadly in line with the European average.

Balance sheet items

Total Group assets remained virtually unchanged (€53.9 billion compared with €54.1 billion in 2002). Lending maintained strong growth (2003: 10.5 per cent., 2002: 7.1 per cent.), rising to €22.7 billion, with retail banking now representing half of the total portfolio.

In particular:

- The Group's mortgage lending reached €7,170 million, up 21.5 per cent., while NBG's new loan disbursements exceeded €1.8 million. As a result of this performance in new mortgage loan disbursements, the gradual decline in market share of the past few years was halted, remaining at 26 per cent. in 2003.

- Consumer lending (consumer loans and credit cards) experienced rapid growth of around 27 per cent. reaching €3,105 million, boosted by the significant rise in NBG's new consumer loan disbursements (30.8 per cent.).
- NBG's lending to professionals and small businesses also increased considerably, reaching €829 million as against €502.5 million in 2002, reflecting the sharp rise in the number of borrowers (44 per cent.).
- The flat performance of business lending (2003: €11.4 billion, 2002: €11.5 billion) is due to the combined effect of the 20 per cent. growth in medium business loans, which offsets fully the decline in loans to the public sector, and the negative impact of the depreciation of the dollar on the conversion of shipping credit into euro (in dollar terms, lending to shipping rose by 13 per cent.).

Alongside the growth in lending, the quality of the portfolio also improved further. Non-performing loans at 31 December 2003 (after provisions) represented 1.6 per cent. of total lending compared with 2 per cent. in 2002, while in absolute figures they fell to €1,411 million from €1,453 million a year earlier. Consequently, provision coverage increased to 74.5 per cent. (2002: 69.6 per cent.). NBG's policy is to amass sufficient provisions to cover risk undertaken. Provisions formed each year are consistently above the regulatory minimum requirements set by the Bank of Greece.

In view of the adoption of International Accounting Standards, nineteen non-financial sector subsidiaries and affiliates were consolidated as at 31 December 2003 using the equity method. The Group now includes all consolidated companies, in line with International Accounting Standards.

The high growth in real estate value as at 31 December 2003 (up 61 per cent.) derives from the revaluation of 280 properties at fair value pursuant to the provisions of Article 15 of Law 3229/2004 and in accordance with International Accounting Standard 16. The valuation study was carried out by an internationally chartered assessor active in Greece and specialising in property valuation. The gain arising as a result of the revaluation amounted to €437 million and was partly set off against the valuation losses in the investment and trading portfolios amounting to €45 million and €9 million respectively. Furthermore, NBG owns approximately 1500 properties that have not been valued at their fair value.

Customer deposits moved downwards slightly by 2.6 per cent. (2003: €39 billion, 2002: €40 billion). This decline is attributable entirely to the gradual replacement of time deposits and repos by alternative deposit products (mainly mutual funds). This strategy resulted in an 81.5 per cent. rise in mutual fund assets and more than doubling new issues of guaranteed capital products (€856 million). At the same time, sight and savings deposits, the biggest part of deposits, increased by 4.2 per cent. on the previous year totalling €28.2 billion at 31 December 2003. The fact that NBG has maintained its deposit base, and in particular its savings deposits, is indicative of its strong advantage in the deposits segment, and was achieved in spite of the reduction in deposit interest rates.

At 31 December 2003, equity was slightly higher than in the previous year (2003: €2,611 million, 2002: €2,584 million) reflecting principally:

- the gains realised after set off of the real estate revaluation against losses in the investment and securities trading portfolio (€383 million),
- the set-off of the consolidation differences arising from the merger of ETEBA and other affiliates with the parent Bank in 2002 and 2003 (€171 million),
- the increase in consolidation differences arising from the non-financial subsidiaries and affiliates consolidated for the first time at 31 December 2003, using the equity method, (€283 million), and
- the increase in minority interests as a result of the full consolidation of National Investment Co SA. (€107 million).

Per Share Information and Capital Adequacy Ratios

Group earnings per share improved to €1.48 in 2003 from €0.88 in 2002. Dividends per share of the Bank improved from €0.41 in 2002 to €0.65 in 2003 and the dividend yield (based upon the share price at December 31) fell from 3.3 per cent. to 3.1 per cent..

The Bank's tier 1 capital ratio increased from 9.5 per cent. in 2002 to 10.7 per cent. in 2003 (compared to a minimum of 4 per cent.). The Group's tier 1 capital ratio rose from 7.4 per cent. to 10.1 per cent., due to the €350 million issue of hybrid capital.

The Bank's total capital ratio increased from 12.6 per cent. in 2002 to 15.4 per cent. in 2003 (compared to a minimum of 8 per cent. established by the Bank of Greece). This increase was principally due to an increase in the Bank's tier 1 capital following the revaluation of its real estate at fair value. The Group's total capital ratio increased from 10.4 per cent. to 12.9 per cent.

Loan Portfolio

During the 2003 financial year, the Bank's loan portfolio continued to expand, driven principally by the growth in retail banking.

Consumer lending. Consumer loans increased by 30.6 per cent., from €1,218.3 million in 2002 to €1,591.5 million in 2003, representing 8 per cent. of the total loan portfolio. Credit cards increased, with year-end balances increasing 18.5 per cent., from €1,030.1 million in 2002 to €1,220.8 million in 2003, and number of cards outstanding growing 35.0 per cent., from approximately 1,098,000 in 2002 to approximately 1,486,000 in 2003. Mortgage lending increased 22.5 per cent., with year-end balances rising from €5,640.0 million to €6,907.1 million.

Business Lending. The number of the Bank's large corporate customers increased by 11.9 per cent. in 2003, and loan balances increased by 4 per cent. SME loan balances increased by approximately 20 per cent. and SME customers increased by 13 per cent. Shipping finance increased customer numbers by 17 per cent. and the size of the loan portfolio by 27 per cent.

Arrears, provisions and write-offs. At the end of 2003, loans in arrear represented 5.7 per cent. of NBG's loan portfolio, compared to 6.6 per cent. in 2002. The table below sets out a comparison of loans in arrears, provisions and write-offs during the two years:

	2003			2002		
	<u>In arrears</u>	<u>Provisions</u>	<u>Write-offs</u>	<u>In arrears</u>	<u>Provisions</u>	<u>Write-off</u>
	€ in millions					
Business loans	589	460	60	689	522	62
Consumer loans & credit cards	190	174	0	152	104	2
Mortgage credit	350	190	25	338	178	30
Unallocated provisions	0	45	0	34	—	—
Total	<u>1,129</u>	<u>869</u>	<u>85</u>	<u>1,179</u>	<u>838</u>	<u>94</u>

Employees and Labour Relations

At 31 December 2003, the Bank employed a total of 14,631 full time equivalent staff, while the Group had 20,752 employees. Virtually all of the Bank's staff are members of one or other of the various unions operating within the Bank. All these unions fall under the umbrella of a general union of employees in the banking sector ("OTOE") and, ultimately, the General Union of Greek Workers to which, accordingly, most members of staff are affiliated. Collective bargaining arrangements are normally made, on the basis of guidelines set by the Greek Government, between the association of Greek banks and OTOE and then implemented by each bank (including the Bank) in agreement with its own unions. In common with other banks in the Hellenic Republic, the Bank has experienced a number of strikes and other industrial action in the past although there have been no stoppages or other industrial action other than a limited number of one-day country-wide strikes. In general, the Bank considers its relations with its employees and with the unions to which they belong to be good. The Bank has recently announced a voluntary retirement scheme in an effort to further contain its operating costs. Approximately 1,511 employees accepted the programme and will retire before year-end.

Risk Management

Risk management policies for the Group are established by the Group's Risk Management Council (the "RMC") which is composed of senior management of the Group, including the CEO and Deputy CEO of the Bank. The RMC is responsible for all strategic risk management decisions including determining risk policies, capital allocation and risk parameters.

The Risk Management Division (the "RMD") is charged with protecting the Group against unforeseen losses and maintaining earnings stability through independent identification and assessment of risks, developing an organisational structure for the Group under best banking practices for risk management, developing transparent, objective and consistent risk management information as the basis for sound decision making and

maximising the Bank's earnings potential by measuring performance on a risk-adjusted basis and allocating capital accordingly. In addition, the RMD is responsible for providing the RMC with accurate data and analysis required for measuring, monitoring and managing risks facing the NBG Group and for supporting the implementation of risk management decisions. The Group Treasury Department takes risk positions (i.e., foreign exchange, interest rates, securities) under limits and guidelines established by the RMC.

Credit approval process and credit review policies

The loan approval process for the Bank is centralised. There are separate credit divisions for corporate and non-corporate loans and a special division for shipping loans. The Bank's credit divisions are run by senior managers and are responsible for large corporate clients and supervising the credit centers. Loans in excess of €10 million but less than €100 million must be approved by the Bank's Credit Committee, which is composed of the deputy governor of the Bank who supervises commercial credit, two general credit managers and three senior credit managers of the Bank. Loans in excess of €100 million must be approved by the Bank's Senior Business Council, as do all loans to the mass media and political parties. Loans in excess of €50 million are reported to the Bank's Board of Directors. The Bank's Credit Committee also has the authority to restructure loans of up to €30 million. Any loans over €30 million can only be restructured by the Bank's Senior Business Council.

Commercial credit decisions are based primarily on the customer's potential sources of repayment, including an assessment of the customer's operational cash flow as well as an analysis of the customer's investment and financing decisions. Credit analysis is conducted through the use of decision support models. Since 1 January 2004, credit analysis of medium-sized enterprises and large corporations is conducted by using the Moody's Risk Advisor ("MRA") decision model. Collateral value is also considered in making commercial credit decisions. When evaluating corporate customers, the Bank's total exposure to the customer, the condition of the industry in which the customer operates, and the capital structure and quality of management of the customer are all taken into account. Before credit is extended to a corporate customer, a credit report relating to each borrower is prepared by a special department of the relevant credit division of the Bank and reviewed by the appropriate review body, as described above. Large corporate loans and loans for investment programs are evaluated using feasibility studies prepared by the Bank.

The Bank estimates that it has approximately 31,000 small business clients (businesses with less than €1 million each in turnover). In order to standardise lending criteria and to free the resources of branch managers, who traditionally extended small corporate credit, the Bank has created small business credit centers in Athens, Thessaloniki and Patras. These small business credit centers belong to the Trade Credit division and are staffed by lending teams under the supervision of a team leader. In addition, there are workout teams responsible for managing loans overdue for more than 90 days. Credit underwriters use a decision support model to assist in their credit decisions, while reviewing and making credit determinations on applications forwarded by branch managers. The small business credit centers use two new credit appraisal models for the evaluation of small enterprises and professionals (one for the evaluation of free-lance professionals and small service enterprises with financing up to €1 million and one for all other small enterprises and professionals with financing above €1 million). The creation and operation of these new models was dictated by the need to revise, simplify and speed the loan approval process to meet the targets of the division and the consolidation of such loan activities into retail banking. These models have improved the quality of, and reduced the time required for the credit evaluation process. The benefits of this structure, as demonstrated during the pilot program, are the ability to make faster and more objective credit application determinations while permitting branch managers to devote more of their time to developing relationships with clients and expanding the Bank's market share. The Athens, Thessaloniki and Patras credit centers handle all of the Bank's small business credit applications in Greece. In addition, the Bank has two separate business banking centers in Athens and Thessaloniki that handle credit applications from medium size businesses (enterprises with turnover of between €1 million and €50 million and for loans up to €7.3 million). These centers are staffed by lending teams, consisting of a relationship manager and a credit underwriter, responsible for serving the banking needs of these medium-sized enterprises. The relationship manager acts as the Bank's specialist for these companies, and also seeks to expand the Bank's share in this market, while the credit underwriter undertakes the analysis associated with the granting of credit.

Consumer credit decisions are based mainly on a credit scoring system whereby consumer creditworthiness is evaluated by assigning points to various attributes of the credit applicant such as age, marital status, property ownership status, occupation, annual income and any pre-existing relationships with the Bank.

The Bank bases its lending decisions with respect to consumer loans on a scorecard application provided by Statistical Decisions, a software company. For all credit extension decisions, NBG's total exposure to the customer is considered. The Bank also implements programs for pre-approval of certain consumer credit

facilities. Customers are eligible for pre-approval based on several criteria determined by a credit scoring system which the Bank implemented in 1998. The Bank has been actively trying to increase the size of its loan portfolio and has begun to increase its marketing efforts to borrowers in segments with higher interest rate margins, such as trade, mortgage and consumer borrowers. The Bank has also introduced telemarketing directed primarily at consumers.

Mortgage lending is done through a centralised loan approval process. Mortgage loan applications of up to €70,000 have to be approved jointly by the relevant Head of Department and Section supervisor. Applications over €70,000 and up to €180,000 have to be approved by the relevant Deputy Division Manager and the Head of Department or Section supervisor. Applications over €180,000 and up to €1,000,000 have to be approved by the Division Manager and the relevant Deputy Manager or Head of Department. Mortgage loan applications in excess of €1,000,000 must be submitted for approval to the Deputy Governor overseeing the Mortgage Credit Division.

The Bank may at its discretion permit the transfer of a mortgage on condition that the transferee agrees to assume all obligations arising from the original mortgage contract, and provided that the transferee's income and credit profile have been screened and approved by the pertinent department Mortgage Credit Division.

The Bank secures nearly all mortgage loans with pre-notations of mortgage filings (*prosimiosi*), which is now the market practice in Greece, as they are less expensive and easier to record than mortgages. *Prosimiosis* is easily converted into full mortgages following a court order, which may be obtained at the request of the Bank in the event of default. This practice has been in use by the Bank for over a decade. Collateral is taken in connection with all the Bank's mortgage loans. The value of the collateral taken by the Bank is normally 130% of the loan amount. The current value of the collateral greatly exceeds this figure due to the steady increase in residential property values in Greece, which have increased by an average of close to 11% per year in the past four years.

Loan approval criteria include the applicant's income, sources of income, size of mortgage payments in relation to disposable income, and employment history. Credit decisions also take into account whether the applicant has significant deposits with the Bank and the existence of other assets, including real estate. Age, marital status and family size, in conjunction with the customer's overall tax and credit history, are also taken into consideration, as is the value of the collateral. Normally the maximum loan to value ("LTV") ratio is 75%, while the Bank's average LTV is much lower. Our risk is further mitigated by the fact that, currently, approximately 44% of the Bank's mortgage portfolio consists of loans that are directly guaranteed or subsidised by the Hellenic Republic.

The valuation of the market value of the collateral is carried out by qualified appraisers, either in-house or outsourced, whom we require to be Technical University graduates (civil engineers or architects). In carrying out their appraisal of the market value of the property, they have to take into account the "objective value system" covering most of the country, which specifies the value of each individual property for tax purposes. The "objective value" is normally much lower than the market value of the property and, as such, is a useful benchmark for the appraiser serving as an indication of the minimum price for which the property may be sold.

Collateral is taken in connection with most of the Bank's loans and the value of the collateral held by the Bank exceeds 50% of the total value of the Bank's loan portfolio. Consumer loans (other than mortgage loans) are generally not collateralised. Collateral requirements are established based on the analysis conducted in connection with the loan approval process. With respect to large transactions, the branch responsible for a loan carries out an evaluation of the collateral provided. In the case of real property, this evaluation is normally based on the appraisal conducted by the Bank's Technical Department. Listed securities are valued by reference to market value and liquidity. In the unusual case that the Bank accepts unlisted securities as collateral, these are valued according to an independent appraisal. Inventory stock and receivables are evaluated by factors such as type and marketability.

We have established eleven collection units around Greece that deal with non-performing mortgage loans and nine collection units for commercial loans. These units are responsible for collection procedures and foreclosure, relieving our branches of those obligations.

The credit policies are communicated throughout the Bank by way of credit manuals and circulars, supplemented by bulletins and local directives on particular issues. The Bank has prepared a new credit manual, which, the Bank believes, follows best banking practices.

The credit review process is conducted separately by the Bank and each of its subsidiaries. The Group has implemented systematic controls and monitoring of credit risk and market risk. The Group has formed a Risk Management Council to establish consistent risk management policies throughout the Group. Each of the credit

review procedures established by the subsidiaries in the Group is coordinated by the Group's Risk Management Division.

The credit review process for the Bank is managed centrally by the Risk Management Unit, which works closely with centralised underwriting units responsible for particular loans. Under the Bank's risk rating system, corporate exposures are grouped into eight risk classes. Low risk borrowers are often offered more favorable terms, while loans to high risk borrowers generally require third party guarantees and extra collateral. Risk classes are assigned to borrowers based primarily upon the viability of the business, the progress of the borrower's activities, its financial results and the financial structure of the borrower based on quantitative indicators such as the borrower's equity/debt ratio, liquidity, inventory turnover and accounts receivable. Qualitative factors such as management quality, management succession plan, and management integrity are also taken into consideration. In addition, the Bank considers the borrower's position in its industry sector and the relative position within its peer group.

The Bank's credit exposure to each borrower is subject to a detailed review annually, or semi-annually in the case of high risk borrowers, with all outstanding facilities being reviewed at the same time. In certain cases, due to credit considerations or for transactional reasons, such as the anticipated expiration of a letter of guarantee, an interim review may be undertaken. Interim reviews are also undertaken following a late payment, if there are issues that may affect the course of business of the borrower or changes relevant to the borrower's creditworthiness. In the case of term loans, exposures to borrowers engaged in start-up projects and those posing special risks as a result of company or industry difficulties or otherwise, are generally subject to more frequent reviews. These reviews are undertaken by the loan officers responsible for the customer. Credit reviews include consideration of the customer's historical and forecast trading performance, balance sheet strength and cash flow, together with relevant industry trends and other external influences. These matters are considered in relation to the size, structure and maturity of the Bank's exposure, in conjunction with the nature of any security held. When the Bank determines, as a result of this process, that a borrower poses a risk, it takes appropriate action to limit its exposure as well as to downgrade all outstanding facilities of the borrower. For example, on a semi-annual basis the Bank can increase its collateral level, reset the interest rate at a higher level or decrease the credit limit. In addition, the credit officers responsible for the customer will intensify the monitoring of other exposures. When the review process results in the migration of the facility into a higher risk class, either the outstanding facility will be restructured or future lending and renewals of existing lines will be rejected. With respect to the risk rating categorisation, a coefficient analysis is performed on all commercial and corporate loans. This analysis is used in the provisioning policy of the Bank. There is a different treatment for certain exposures classified in the four highest risk classes, where a case-by-case evaluation is conducted. This safeguards the Bank and ensures adequate provisioning for high risk exposures.

Trends in the loan book, including business development, asset quality and provisions for bad and doubtful debts, are reported regularly to the Board of Directors. The Bank also maintains an internal watch list of commercial loans whose principal and interest payments are in arrear for up to three months which have not yet been classified as non performing loans. Credit officers responsible for customers on this watch list must take action in order to prevent the relevant loans from becoming non-performing and must report monthly on their progress.

With respect to mortgage loans, the underwriting process is centralised and is conducted by the Mortgage Credit Division. Monitoring is the responsibility of the branch in which the application originates. The initial exposures are fully covered by the property itself, with a minimum loan-to-value ratio of 1:2 in compliance with Greek legislation. It is the responsibility of Credit Risk Unit to monitor any disturbances in the sector.

Asset and Liability Management

The Group's asset/liability and risk management policy is designed to structure its balance sheet in order to control exposure to liquidity, interest rate and exchange rate risks, as well as to enable the Group to take advantage of market opportunities which it believes may contribute to its profits.

Currently, the asset/liability management policies of the Bank and the other banks in the Group are planned and implemented separately. The Bank's Asset and Liability Committee ("ALCO") is responsible for determining the broad asset/liability management of the Bank and for supervising their implementation. This committee is currently comprised of the Governor and Deputy Governors of the Bank and the directors of the Bank in charge of asset allocation functions and meets every month. Day-to-day asset/liability management is delegated to the Bank's Treasury Department, which is divided into several operating units. The subsidiaries of the Bank follow asset and liability management policies similar to those of the Bank.

Capital Adequacy

In 2003, a stronger capital base, combined with effective risk management and a higher retention of profits, was the key factor behind the improved capital adequacy ratio of NBG Group.

At the end of 2003, the Group's Total capital ratio rose to 12.9 per cent. from 10.4 per cent. in 2002. The Tier 1 Capital Ratio increased to 10.1 per cent. from 7.4 per cent. in 2002. The significant improvement of Group's Total Capital Ratio was mainly due to the combined effect of the following factors:

- the issue of Innovative Tier 1 capital totalling €350 million,
- the increase of reserves due to the revaluation of real estate at fair value,
- the increase in minority rights principally due to the full consolidation of National Investment Co.,
- the introduction of NBG's internal VaR model for estimating capital requirements against market risk in the trading portfolio, and a reduction in positions in corporate bonds

Furthermore, in 2002, internal VaR models for measuring capital charges against market risk were introduced into the Greek capital adequacy regulatory framework (as per Bank of Greece Governor's Act 2494/27.05.2002). In 2003 NBG was the first Greek bank that received regulatory approval for the use of its internal VaR model for capital adequacy purposes, which results to an improvement in the Group's Total Capital Ratio by 0.2 per cent.

Implementation of IFRS

Law 2992/2002, enacted in March 2002, requires Greek companies that are listed on the ATHEX, such as NBG, to prepare financial statements in accordance with International Financial Reporting Standards (also known as "IFRS"). This requirement will take effect from January 1, 2005, according to law 3229/2004. Historically, the Bank has recorded its internal accounts and principal financial statements and submitted its Greek statutory reports in accordance with Greek GAAP. The transition from Greek GAAP to IFRS will require us to incur certain one-off costs in connection with internal accounting system changes and retraining of the Bank's accounting and auditing personnel.

Recent Developments

Set out below is the English translation of the text of the press release in relation to the results of the Group as at and for the six months ended 30 June 2004.

“NATIONAL BANK OF GREECE

PRESS RELEASE

H1 2004 results

Athens, 29 July 2004

“The 2004 first-half results confirm our leading position in the market, and reflect the competitive edge of the Group's unique customer base. It is particularly encouraging to see our second-quarter profits topping €167 million, return on equity reaching 20 per cent. and first-half earnings per share up to €0.67. This quarterly performance is the best of recent years, and should serve as a foundation for our strategy over the coming quarters: with a focus on expanding our core operations in corporate and retail banking in Greece and SE Europe, and further streamlining our operational infrastructure so as to achieve the best possible returns for our shareholders.”

Takis Arapoglou, Chairman and CEO

NBG Group profit before tax totalled €312.8 million, up 20 per cent. y-o-y. Q2 2004 profit before tax amounted to €167.1 million, the highest level in recent years, up 14.7 per cent. q-o-q. Furthermore, Group core income posted an all-time high of €224.6 million, up 21.4 per cent. y-o-y, and 17.8 per cent. q-o-q.

This performance led to a substantial improvement in the Group's after-tax Return on Equity, which in Q2 2004 reached a high in recent years of 20 per cent., compared with 15.3 per cent. in 2003. The Group's Return on Assets posted a similar trend, rising by 17 basis points from 1.02 per cent. in 2003 to 1.19 per cent. in H1 2004.

Interest income reached an all-time high of €683.5 million, up 12 per cent. y-o-y, reflecting successful strategic expansion into higher-yielding portfolios. The Group's interest margin experienced a similar trend, rising to 2.99 per cent. in H1 2004, up 24 basis points on 2003.

Group commission income on a consolidated basis amounted to €229.6 million, up 15.2 per cent. y-o-y, chiefly due to the ongoing expansion in retail banking (up 18.9 per cent. y-o-y) and corporate banking operations (up 19.3 per cent. y-o-y), underscoring the lead position of the Group in these market segments. Group net commission income grew at a somewhat slower pace, up 10.1 per cent., due to the increase in retail banking related operations.

In Q2 2004 the contribution of core revenues to total income improved further to 95 per cent. compared with 94 per cent. in 2003, which reaffirms management's strategy to emphasize stable and recurring sources of income.

Group lending at the end of H1 2004 totalled €25.2 billion, rising by €2.3 billion over the six-month period, an annualised rate of 20 per cent..

The Bank reported impressive gains in mortgage lending. In the first half of the year, disbursements totalled €1.2 billion, up by 68 per cent. y-o-y. The particularly strong growth in new loans led to an annualised increase of 26 per cent. in mortgage lending outstandings.

Consumer credit reported the best performance of recent years, with disbursements totalling €655 million in H1 2004, up 58 per cent. y-o-y. As a result Group consumer credit and credit card outstandings reached €3.5 billion, presenting annualised growth in the first six-months of the order of 25 per cent..

Lending to small businesses and professionals also experienced dynamic growth of around 40 per cent. on an annualised basis, and now totals almost €1 billion. Clients in this market segment have responded positively to the Bank's initiatives. Indeed, the Bank gained more than 3700 new customers during the first half of the year.

Business with corporate clients also turned in a positive performance. Corporate credit outstandings with medium-size and large enterprises increased by €825 million in the first half of the year, approximately 14 per cent. on an annualised basis.

The dynamic growth in the Group's overall lending has been accompanied by further improvements in the quality of the assets. Non-performing loans, after provisions, represent 1.2 per cent. of the total portfolio, against 1.6 per cent. at the end of 2003. The consistent implementation of the Group's provisioning policy resulted in 78 per cent. of NPLs now being covered by provisions.

Total Group assets under management (deposits, customer repos, and mutual funds) stand at €49 billion, up 12 per cent. on an annualised basis. Sight and savings deposits experienced growth of 8.5 per cent. y-o-y, while Group mutual fund assets grew by approximately 6.3 per cent. on an annualised basis, to €7.9 billion. As a result, the Group's market share in the Greek mutual fund market rose to 25.8 per cent..

Cost containment played a key role in strengthening Group profitability. Compared with the average level of 2003, Group administrative expenses increased slightly, by 1.4 per cent., while staff costs increased by around 5.6 per cent.. Note that, staff costs in H1 2004 incorporate the impact of the recently approved collective labour agreement.

The Group's systematic efforts to contain costs are reflected in the further improvement in the cost to income (efficiency) ratio to 61.2 per cent. compared with 64 per cent. in H1 2003 and 64.6 per cent. in the previous year.

The Group's profitability also benefited from the ongoing positive performance of the international network, whose earnings totalled €52.9 million in H1 2004. This increase stems entirely from improved core profitability, which grew by 20 per cent. y-o-y, reflecting the 33 per cent. y-o-y increase in net interest income and the 13 per cent. y-o-y rise in net commission income.

Despite the significant increase of our loan balances the capital adequacy (Tier 1) remains at 10 per cent., while the total capital adequacy ratio, which includes Tier 2 capital, at 12.6 per cent..

Group income statement

	<u>30.6.04</u>	<u>30.6.03</u>	<u>± %</u>	<u>2Q.04</u>	<u>1Q.04</u>	<u>± %</u>
	€ millions					
Net interest income	683.5	610.0	+12.0%	346.5	337.0	+2.8%
Dividends and share in investees	23.4	11.9	+96.6%	17.3	6.1	+183.6%
Net commission income	192.7	174.9	+10.1%	94.0	98.6	-4.7%
Other operating income	<u>11.6</u>	<u>13.0</u>	-10.8%	<u>6.5</u>	<u>5.1</u>	+27.5%
Core income	911.2	809.8	+12.5%	464.4	446.8	+3.9%
Trading gains	<u>66.4</u>	<u>60.5</u>	+9.8%	<u>25.6</u>	<u>40.8</u>	-37.3%
Total income	977.6	870.3	+12.3%	490.0	487.6	+0.5%
Staff costs	(379.4)	(357.5)	+6.1%	(191.2)	(188.2)	+1.6%
Administrative & other expenses	(154.9)	(143.3)	+8.1%	(79.8)	(75.1)	+6.3%
Depreciation	(63.6)	(56.6)	+12.4%	(31.6)	(32.0)	-1.3%
Provisions	<u>(88.7)</u>	<u>(67.4)</u>	+31.6%	<u>(40.4)</u>	<u>(48.3)</u>	-16.4%
	291.0	245.5	+18.5%	147.0	144.0	+2.1%
Minority interests	<u>(9.0)</u>	<u>(1.5)</u>	+500.0%	<u>(3.6)</u>	<u>(5.4)</u>	—
Profit before tax & extraordinary	282.0	244.0	+15.5%	143.4	138.6	+3.4%
Extraordinary income	<u>30.8</u>	<u>16.6</u>	+85.5%	<u>23.7</u>	<u>7.1</u>	+233.8%
Profit before tax	<u>312.8</u>	<u>260.6</u>	+20.0%	<u>167.1</u>	<u>145.7</u>	+14.7%

Group commission income

	<u>30.6.04</u>	<u>30.6.03</u>	<u>± %</u>	<u>2Q.04</u>	<u>1Q.04</u>	<u>± %</u>
	€ millions					
Retail(1)	90.7	76.2	+18.9%	46.7	44.0	+5.7%
Corporate(2)	38.5	31.7	+19.3%	20.6	17.8	+12.7%
Asset management	19.0	17.4	+9.0%	9.5	9.5	+0.8%
Other(3)	53.3	47.0	+13.9%	25.6	27.8	-7.2%
Investment & capital markets(4)	<u>28.1</u>	<u>26.9</u>	+6.5%	<u>10.7</u>	<u>17.4</u>	-36.0%
Total commission income	<u>229.6</u>	<u>199.2</u>	+15.2%	<u>113.1</u>	<u>116.5</u>	-2.9%
Commission expenses	<u>(36.9)</u>	<u>(24.3)</u>	+52.0%	<u>(19.0)</u>	<u>(17.9)</u>	+6.5%
Net commission income	<u>192.7</u>	<u>174.9</u>	+10.1%	<u>94.1</u>	<u>98.6</u>	-4.6%

(1) Commissions on mortgages and consumer loans, credit cards, deposit account charges, and communications charges.

(2) Commissions on corporate loans, letters of guarantee, imports-exports and corporate account charges.

(3) Commissions on money transfers, foreign exchange transactions and other intermediation.

(4) Commissions on custodian services, brokerage and investment banking fees.

Group Trading Gains

	<u>30.6.04</u>	<u>30.6.03</u>	<u>± %</u>	<u>2Q.04</u>	<u>1Q.04</u>	<u>± %</u>
	€ millions					
Bond trading and hedging	28.0	43.2	-35.1%	15.4	12.6	+22.7%
Income from derivatives trading	(4.7)	3.3	—	(5.1)	0.4	—
FX trading	19.5	15.1	+28.7%	8.6	10.9	-20.9%
Equity trading	25.3	1.4	+1,678.7%	7.8	17.5	-55.7%
Dealing expenses	<u>(1.7)</u>	<u>(2.5)</u>	-32.1%	<u>(1.1)</u>	<u>(0.6)</u>	+90.6%
Total	<u>66.4</u>	<u>60.5</u>	+9.8%	<u>25.6</u>	<u>40.8</u>	-37.3%

Group loans

	<u>30.6.04</u>	<u>31.12.03</u>	<u>± %</u>
		€ millions	
Portfolios:			
Corporate loans	12,660.2	11,835.7	+7.0%
Small business/professionals	995.0	829.0	+20.0%
Consumer loans	2,171.2	1,863.5	+16.5%
Credit cards	1,318.2	1,241.3	+6.2%
Mortgages	<u>8,077.0</u>	<u>7,169.9</u>	+12.7%
Total loans	25,221.6	22,939.4	+9.9%
Provisions	<u>(1,093.2)</u>	<u>(1,051.8)</u>	+3.9%
Total loans after provisions	<u><u>24,128.4</u></u>	<u><u>22,069.6</u></u>	+9.3%
Breakdown:			
Performing loans	23,823.2	21,525.8	+10.7%
Non-performing loans(1)	<u>1,398.4</u>	<u>1,413.6</u>	-1.1%
Total	<u><u>25,221.6</u></u>	<u><u>22,939.4</u></u>	+9.9%
Loan portfolio ratios:			
NPLs/Gross loans	5.5%	6.2%	
Net NPLs/Gross loans	1.2%	1.6%	
Provision coverage	78.2%	74.4%	
	<u>30.6.04</u>	<u>30.6.03</u>	<u>± %</u>
Bank disbursements:			
Mortgages	1,201.3	715.6	+67.9%
Consumer loans	654.9	413.7	+58.3%

(1) Under its accounting policies, the Bank classifies as non-performing consumer loans and credit card balances with overdue interest and/or principal for 100 days and over. Business loans and mortgages are classified as non-performing after 180 days.

Assets under management

	<u>30.6.04</u>	<u>31.12.03</u>	<u>± ytd%</u>
		€ millions	
Sight	4,939.3	4,443.4	+11.2%
Savings	24,709.4	23,768.4	+4.0%
Time and other deposits	<u>9,883.4</u>	<u>8,605.7</u>	+14.8%
Total deposits	39,532.1	36,817.5	+7.4%
Retail Repos	1,772.7	1,989.4	-10.9%
Mutual funds	<u>7,922.3</u>	<u>7,679.0</u>	+3.2%
Total	<u><u>49,227.1</u></u>	<u><u>46,485.9</u></u>	+5.9%

Key Group ratios

	<u>30.6.2004</u>	<u>30.6.2003</u>	<u>2003</u>
Net interest margin (NIM) ⁽¹⁾	2.99%	2.71%	2.75%
Return on average assets before tax and minorities (ROAA)	1.19%	0.99%	1.02%
Return on average equity after tax (ROAE)	19.1%	15.9%	15.3%
Cost to income	61.2%	64.0%	64.6%

(1) Interbank repos and reverse repos have been netted off

THE BANKING SECTOR IN GREECE

Regulation and Supervision of Banking in the Hellenic Republic

The Bank of Greece, a member of the European Central Bank and of the European System of Central Banks, is the central bank in the Hellenic Republic. It is responsible for the licensing and supervision of credit institutions in the Hellenic Republic, in accordance with Law 2076/1992 and Mandatory Law 1665/1951 (*Licensing, operations and supervision of credit institutions*), Law 2832/2000 (*Deposit Guarantee Fund*), Law 2331/1995 (*Anti-money laundering*) and other relevant laws of the Hellenic Republic, each as amended. It also has regulatory power in connection with the operations and supervision of credit institutions in the Hellenic Republic, by virtue of Law 1266/1982 (as amended and supplemented).

The principal objectives of the banking laws and regulations in the Hellenic Republic are the protection of depositors, the fulfilment of monetary policy objectives and the orderly distribution of credit. The EU Council's main directives on regulation of credit institutions have been adopted under Greek law, including:

- (i) The first (77/780/EEC) and second (89/646/EEC) Directives and their successive amendments (including Directive 2000/12/EEC of the EU Parliament and of the Council) on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions, which were implemented by Greek law 2076/01.08.1992;
- (ii) the Own Funds Directive (EU Council Directive 89/299), which defines a credit institution's regulatory capital and was adopted under Greek law pursuant to Act No. 2053/18.03.1992 of the Governor of the Bank of Greece;
- (iii) the Solvency Ratio Directive (EU Council Directive 89/647) and the amendments thereto which were adopted under Greek law pursuant to Act No. 2054/18.03.1992 amended by Acts No. 2479/27.08.2001 and No. 2512/30.12.2002 of the Governor of the Bank of Greece, as supplemented and codified by Act No. 2524/23.7.2003 of the Governor of the Bank of Greece;
- (iv) the Large Exposures Directive (EU Council Directive 92/121) on the supervision and monitoring of large exposures of credit institutions, which was adopted under Greek law pursuant to Act No. 2246/16.09.1993 of the Governor of the Bank of Greece;
- (v) the Second Consolidated Supervision Directive (EU Council Directive 92/30) on the supervision of credit institutions on a consolidated basis (amending the First Consolidated Supervision Directive) which was implemented by Presidential Decree 267/1995; and
- (vi) the Capital Adequacy Directive (EU Council Directive 93/6) and the amendments thereto (EU Council Directive 98/31), which were fully implemented by Greek Laws 2396/1996, 2937/2001 and Acts No. 2397/07.11.1996 and No. 2494/27.05.2002 of the Governor of the Bank of Greece.

In addition to the above, credit institutions are obliged to maintain efficient internal audit, compliance and risk management systems and procedures, submit to the Bank of Greece periodical reports and statements and provide it with such further information as it may require, and (in connection with certain operations or activities) make notifications to or request the prior approval (as the case may be) of the Bank of Greece, in each case in accordance with the applicable laws of the Hellenic Republic and the relevant Acts, Decisions and Circulars of the Bank of Greece (each as in force from time to time).

The Bank of Greece has the power to conduct audit and inspect the books and records of credit institutions. In case of breach, the Bank of Greece is empowered to require the relevant credit institution to take appropriate measures to remedy the breach, impose fines, appoint an administrator and finally (where the breach cannot be remedied or in case of insolvency) revoke the license of the credit institution and place it into special liquidation under its supervision. In case of insufficient liquidity of a credit institution, the Bank of Greece may order a mandatory extension of its due and payable obligations for a period not exceeding two months (which can be extended for a further one-month period) and appoint an administrator under its supervision.

To prepare for the Hellenic Republic's participation in the European Monetary Union, significant changes were made to the regulatory framework of the Bank of Greece. In particular, its statutes were amended to reinforce the central bank's independence from the Hellenic Republic and to recognise the legal integration of the Bank of Greece into the European System of Central Banks.

Structure of the Market

The banking sector has expanded rapidly in recent years, due to both deregulation and technological advances. As at 31 December 2003, there were 44 domestic and foreign banks and other credit institutions operating in Greece (excluding cooperative banks). Domestic banks in Greece can be grouped into one of two principal categories: universal banks (commercial and/or investment banks) and specialised credit institutions.

Universal Banks

Traditionally, commercial banks have dominated the Greek financial services market. Recently, however, specialised credit institutions have expanded into commercial banking as a result of significant liberalisation of the Greek financial services industry, thereby increasing competition in the market. The distinction between commercial and investment banks ceased to exist formally and the Bank of Greece classifies all banks operating in Greece as “universal banks”, with the exception of the Postal Savings Bank and the Deposits and Loans Fund (both of which are owned by the Hellenic Republic).

There are currently five banks that are controlled, directly or indirectly, by the Hellenic Republic. These comprise NBG, Emporiki Bank, Bank of Attica, Agricultural Bank of Greece (which until 2001 was a specialised credit institution for lending to the agricultural sector, rather than a universal bank) and Investment Bank (the investment banking arm of Emporiki Bank of Greece). However, the recent trend appears to favor privatisation of the industry. For example, in 1998, the Greek government privatised the Bank of Central Greece and Creta Bank, in early 1999, Ionian Bank, and, in March 2002, ETBA, an ATHEX listed industrial development bank in which the Hellenic Republic previously owned a majority interest. Additionally, a portion of the Hellenic Republic’s indirect shareholding of General Hellenic Bank was sold to private investors in April 1998 and a majority stake was sold to Société Générale in early 2004. The Bank of Macedonia-Thrace was also formerly state-controlled until the Group and the Hellenic Postal Savings Bank sold 37% of its total equity to Bank of Piraeus, a private commercial bank, in April 1998. In 2000, France’s Credit Agricole purchased a 6.7% interest in Emporiki Bank, which was further increased to 9.0%, in connection with the Greek government’s privatisation project, and acquired a right of first refusal to purchase any further stakes that may be privatised in the future.

Although there are currently 16 private banks incorporated in Greece, there has been a recent trend towards consolidation. For example, Ergobank S.A. and EFG Eurobank S.A. merged in July 2000 to form EFG Eurobank Ergasias. EFG Eurobank Ergasias merged with Telesis Bank in early 2002 and with UnitBank in December 2003. Similarly, Bank of Macedonia-Thrace, Bank of Piraeus and Xios Bank, merged in June 2000, creating the Piraeus Group. The Piraeus Group subsequently acquired a 57.8% interest in ETBA, which was previously a majority state-owned industrial development bank listed on the ATHEX, in March 2002. ETBA was merged entirely into the Piraeus Group in December 2003. In December 2002, NBG merged with ETEBA (the investment banking arm of the Group). In addition, since September 2000, Banco Commercial Portuguese, a Portuguese bank, has been active in the Greek market through NovaBank.

Specialised Credit Institutions

There are currently two such specialised institutions, following the reclassification of Agricultural Bank of Greece and Aspis Bank as universal banks in keeping with the expansion of the ranges of their services. The remaining specialised credit institutions are the Deposits and Loans Fund (which is under the control of the Ministry of Finance and acts as the custodian of property pledged in the name of the Hellenic Republic) and the Greek Postal Savings Bank.

The Bank does not consider the Deposits and Loans Fund or the Greek Postal Savings Bank to be its competitor for commercial banking customers.

Foreign Banks

There are 21 foreign-owned or incorporated credit institutions that are well established in the Greek banking market. The principal participants in the industry, and the Group’s principal foreign competitors in Greece, include Bank of Cyprus, Citibank, Royal Bank of Scotland, HSBC and Bayerische Hypo- Und Vereinsbank. With the exception of Bank of Cyprus, Citibank and HSBC, the majority of foreign banks operating in Greece have little presence in retail banking services.

TAXATION

General

The summaries below are of a general nature based on current law and practice in each jurisdiction referred to. They relate only to the position of persons who are the owners of their Preferred Securities and may not apply to certain classes of persons such as dealers. These summaries do not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Any Holders who are in doubt as to their personal tax position should consult their professional advisers.

Greek Tax

Under Greek tax laws as of the date hereof, no Greek withholding tax shall be imposed on payments of the par value or Preferred Dividends from the Issuer in respect of the Preferred Securities, should the Holder of such Preferred Securities not be a resident of Greece for tax purposes.

Given that the Preferred Securities constitute hybrid securities, under Greek tax laws as at the date hereof and to the extent that the Preferred Securities shall be considered to constitute equity, then a withholding tax of 20 per cent., which does not exhaust the tax liability of the Holder but can be set off, as the case may be, against any further income tax liability of the Holder, shall be imposed on Holders who are tax resident in Greece and on Holders who maintain, for tax purposes, a permanent establishment in Greece, and a withholding tax of 35 per cent., which represents the entire tax liability of a holder, shall be imposed on Holders who are companies or legal entities and who are not resident in Greece and do not maintain a permanent establishment in Greece, in relation to payments made to such Holders by a Paying and Transfer Agent of the Issuer, located in Greece, or by the Bank under the Guarantee, which payments represent Preferred Dividends, deriving from the Preferred Securities. Should, however, the Preferred Securities be considered to constitute debt instruments, no Greek withholding tax shall be imposed on payments representing Preferred Dividends.

Notwithstanding the above, payments of Preferred Dividends effected outside Greece shall not be subject to any Greek withholding tax. Payments of Preferred Dividends effected through clearing systems to non-Greek tax residents are not subject to any Greek withholding tax.

However, if a Holder is a resident of a country with which Greece has executed a bilateral treaty for the avoidance of double taxation, then the provisions of such bilateral treaty shall prevail over the provisions of internal Greek tax laws and shall apply, provided that such Holder presents a “tax residence certificate” issued at a date not later than one year before such certificate is presented.

Jersey Tax

The Issuer has “exempt company” status within the meaning of Article 123A of the Income Tax (Jersey) Law, 1961, as amended, for the calendar year ended 31 December 2004. The Issuer will be required to pay an annual exempt company charge which is currently £600 in respect of each subsequent calendar year during which it wishes to continue to have “exempt company” status. The retention of “exempt company” status is conditional upon the Comptroller of Income Tax being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by concessions granted by the Comptroller of Income Tax, and disclosure of beneficial ownership being made to the Financial Services Commission.

As an “exempt company”, the Issuer will not be liable to Jersey income tax other than on Jersey source income (except by concession bank deposit interest on Jersey bank accounts). For so long as the Issuer is an “exempt company”, payments in respect of the Preferred Securities will not be subject to any taxation in Jersey (unless the Holder of Preferred Securities is resident in Jersey) and no withholding in respect of taxation will be required on such payments to any Holder of Preferred Securities.

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue or transfer of Preferred Securities. In the event of the death of an individual sole Holder of Preferred Securities, duty at rates of up to 0.75 per cent. of the value of the Preferred Securities held may be payable on the registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Preferred Securities held by the deceased individual sole Holder of Preferred Securities.

EU Savings Directive

On 3 June 2003 the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 July 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35 per cent.. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Jersey is not a member of the European Union and is not subject to the EU Savings Tax Directive. However, in keeping with its policy of constructive international engagement, Jersey proposes to introduce a system which will permit either the disclosure of information concerning details of payments of interest (or other similar payments) and the identity of the individual beneficial owner of the interest to the tax authority of the EU jurisdiction where the owner is resident, or the imposition of a withholding in respect of payments of interest (or other similar income) made to an individual beneficial owner resident in a member state by any paying agent situated in Jersey. (The terms “beneficial owner” and “paying agent” are defined in the EU Savings Tax Directive). The withholding tax option would apply for a transitional period during which tax would be withheld from such payments instead of communicating the details of such payments to the tax authorities of the member state in which the beneficial owner is resident.

Under the current proposals relating to the withholding tax option the Issuer would not be obliged to levy withholding tax in respect of interest payments made by it to a paying agent resident outside Jersey.

The States of Jersey has not yet adopted measures to implement those proposals but is expected to adopt such measures on the same timetable as member states and other relevant third countries. It is proposed that the provisions will apply from 1st July 2005. These arrangements will not apply to companies or trusts and will also not apply to individuals resident outside the EU.

Noteholders will be required to provide information regarding their tax status to any paying agent in Jersey in order to satisfy the above disclosure requirements and will be deemed by their subscription for Notes to have authorised the automatic disclosure of such information by the paying agent to the relevant tax authorities in order to avoid a withholding obligation that would otherwise arise.

EU Code of Conduct on Business Taxation

On 3rd June 2003, the European Union Council of Economic and Finance Ministers reached political agreement on the adoption of a Code of Conduct on Business taxation. Jersey is not a member of the European Union, however, in keeping with its policy of constructive international engagement, Jersey intends to propose legislation to replace the exempt company regime by the end of 2008 with a general zero rate of corporate tax.

Taxation in the Netherlands

Dutch Resident Holders

Holders of the Preferred Securities who are individuals and are resident or deemed to be resident in The Netherlands (“**Holders**”), or who have elected to be treated as a Dutch resident Holder for Dutch tax purposes, are subject to Dutch income tax on a deemed return regardless of the actual income derived from the Preferred Securities or gain or loss realised upon disposal or redemption of the Preferred Securities, provided that the Preferred Securities are held as a portfolio investment and are not held in the context of any business or substantial interest. The deemed return amounts to 4% of the average value of the Holder’s net assets in the relevant fiscal year (including the Preferred Securities) and is taxed at a flat rate of 30%.

Corporate Holders that are resident or deemed to be resident in The Netherlands, without being exempt from Dutch corporate tax, will be subject to Dutch corporate tax on all income and gains realised in connection with the Preferred Securities.

SUBSCRIPTION AND SALE

BNP Paribas, Citigroup Global Markets Limited, J.P. Morgan Securities Ltd. and National Bank of Greece S.A., (together, the “Joint-Lead Managers”) and Alpha Bank A.E., Emporiki Bank and Piraeus Bank SA (the “Co-Lead Managers” and, together with the Joint-Lead Managers, the “Managers”) have, pursuant to a Subscription Agreement (the “Subscription Agreement”) dated 2 November 2004, jointly and severally agreed to subscribe or procure subscribers for the Preferred Securities at the issue price of 100 per cent. of the principal amount of Preferred Securities, less a combined selling concession and management and underwriting commission of 2 per cent. of U.S.\$150,000,000 in aggregate principal amount of the Preferred Securities. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Preferred Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

Selling Restrictions

Save as described herein, no action has been taken by the Issuer, the Bank or any of the Managers that would, or is intended to, permit a public offer of the Preferred Securities in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Preferred Securities or distribute or publish any Offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations, and all offers and sales of Preferred Securities by it will be made on the same terms.

United States

The Preferred Securities and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Preferred Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Preferred Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Preferred Securities within the United States by any dealer that is not participating in the Offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that (i) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date, will not offer or sell any Preferred Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended); (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Preferred Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Bank; and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Preferred Securities in, from or otherwise involving the United Kingdom.

Greece

Each Manager has represented and agreed that it has not publicly offered or sold and will not publicly offer or sell any Preferred Securities in, or to persons in, the Hellenic Republic, or engage in advertisements, notices,

statements or other actions in the Hellenic Republic, with a view to attracting resident investors in the Hellenic Republic to acquire Preferred Securities. All applicable provisions of article 10 of Law 876/1979 and Presidential Decree 52/1992, each as in force, must be complied with in respect of anything done with regard to the public Offering of Preferred Securities in, from or otherwise involving the Hellenic Republic.

The reference in the preceding clause to the prohibition on, and the related formalities of, public sales and offers of securities in the Hellenic Republic do not apply where the purchasers or offerees are persons professionally engaged in the investment business.

In addition, to the extent that the Preferred Securities are listed on Euronext Amsterdam and the Luxembourg Stock Exchange, the offering for sale of the Preferred Securities in Greece by an “investment firm” (as defined in the European Council Directive 93/22/EEC) which (i) under the laws of its home jurisdiction and operating licence is authorised to trade over-the-counter in securities which are listed on any organised market, and (ii) lawfully operates in Greece through either an establishment therein or the provision of investment services cross border would be required to (x) make the latest Offering Circular and the latest two semi-annual financial statements of the Issuer available to Greek investors in the Greek language, (y) announce its intention to offer the Preferred Securities for sale at least ten (10) business days prior to the commencement of the offering, and (z) submit the Offering Circular and such financial statements to the Hellenic Capital Markets Commission within the same period of time.

Jersey

Each Manager has agreed that the Preferred Securities may not be (i) offered to, sold to or held by, or for the account of persons (other than financial institutions in the ordinary course of business) resident for income tax purposes in Jersey; or (ii) transferred to a person resident for income tax purposes in Jersey (other than financial institutions in the ordinary course of business) unless the Registrar is satisfied that the beneficial owner thereof is not resident in Jersey for income tax purposes.

The Netherlands

Prior to the publication of the advertisement (the “Advertisement”) as mentioned in Article 47.7 of the Listing and Issuing Rules of Euronext Amsterdam N.V. (*Fondsenreglement*), no contractually binding offers (or solicitations of such offers) in respect of the Preferred Securities shall be made to any individual or legal entity in The Netherlands, other than in reliance on the “Euro-securities” exemption pursuant to article 6 of the Exemption Regulation of 21 December 1995 (*Vrijstellingsregeling Wet toezicht effectenverkeer 1995*), as amended, of The Netherlands’ Securities Market Supervision Act (*Wet toezicht effectenverkeer 1995*), which requires the following criteria to be met:

- (i) the Preferred Securities are subscribed for and placed by a syndicate of which at least two members have their statutory seat in different European Economic Area (“EEA”) member states;
- (ii) 60% or more of the aggregate amount of the Preferred Securities will be initially offered in one or more states other than Jersey;
- (iii) the Preferred Securities may only be subscribed for or initially be purchased through the intermediation of a credit institution (registered with the Dutch Central Bank (*De Nederlandsche Bank N.V.*)) or another financial institution which in the conduct of a business or profession provides one or more of the services described in paragraphs 7 and 8 of Annex I to the Banking Coordination Directive (2000/12/EC); and
- (iv) no general advertising or cold-calling campaign is conducted in respect of the Preferred Securities in The Netherlands.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of the Singapore statutes (the “SFA”). Accordingly, each Manager has represented, warranted and agreed that this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Preferred Securities may not be circulated or distributed, nor may the Preferred Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the SFA, (ii) to a

sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Hong Kong

Each Manager has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Preferred Securities other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong; and (ii) it has not issued and will not issue any advertisement, invitation or document relating to the Preferred Securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Preferred Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Future Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Switzerland

This Offering Circular does not constitute an offer to buy or subscribe to Preferred Securities of the Issuer and it does not constitute an offering circular or prospectus within the meaning of Art. 1156 of the Swiss Code of Obligations. This Offering Circular may be communicated in Switzerland to a limited circle of individually selected investors only, and each copy of this Offering Circular may only be addressed to specifically named recipients and shall not be passed on to a third party.

Portugal

Each manager has represented, warranted and agreed that (i) it has not directly or indirectly taken any action or offered, advertised, sold or delivered and will not directly or indirectly offer, advertise, sell, re-sell, re-offer or deliver any Preferred Securities in circumstances which could qualify as a public offer pursuant to the *Código dos Valores Mobiliários*, and (ii) it has not directly or indirectly distributed and will not directly or indirectly distribute the Offering Circular, any other document, circular, advertisement or any offering material except in accordance with all applicable Portuguese laws and regulations.

Belgium

This Offering Circular has not been and will not be submitted to the Belgian Banking, Finance and Insurance Commission and, accordingly, the Preferred Securities may not be distributed by way of public offering in Belgium.

Federal Republic of Germany

No German sales prospectus (*Verkaufsprospekt*) has been or will be published with respect to the Preferred Securities and the offer of the Preferred Securities in the Federal Republic of Germany must comply with the Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*, the “Act”) of the Federal Republic of Germany and all other applicable legal and regulatory requirements. No public offering (*Öffentliches Angebot*) within the meaning of the Act with respect to any Preferred Securities can be made otherwise than in accordance with the Act.

Spain

The Preferred Securities will not be offered or sold in Spain by means of a public offer as defined and construed by Spanish law save in compliance with the requirements of the Spanish Securities Market Law of 28th July 1988, as amended and restated, and Royal Decree 291/1992 of 27th March, on issues and public offers for the sale of securities (“RD 291/92”), as amended and restated, and other applicable regulations. Accordingly, the Preferred Securities have not been offered and will not be offered to persons in the Kingdom of Spain in any way that would constitute an offer to the public.

This Offering Circular has not been registered with the *Comisión Nacional del Mercado de Valores* (the Spanish securities commission) and therefore it is not intended for any public offer of the Preferred Securities in Spain.

GENERAL INFORMATION

Authorisation

1. The issue of the Preferred Securities was duly authorised by a resolution of the Board of Directors of the Issuer dated 27 October 2004 and the transaction and the giving of the Guarantee was duly authorised by a resolution of the Board of Directors of the Bank dated 28 September 2004.

Listing

2. Application has been made to list the Preferred Securities on the Luxembourg Stock Exchange. For the purposes of the Luxembourg Stock Exchange rules and regulations only, the Preferred Securities will be considered debt securities. A legal notice relating to the issue of the Preferred Securities and the constitutional documents of the Issuer are being lodged with the Registrar of Commerce and Companies in Luxembourg (*Registre du Commerce et des Sociétés*) where such documents may be examined and copies obtained. According to Chapter VI, article 3, point A/11/2 of the rules and regulations of the Luxembourg Stock Exchange the securities shall be freely transferable and therefore no transaction made on the Luxembourg Stock Exchange shall be cancelled.
3. Application has been made to list the Preferred Securities on Euronext Amsterdam, the Issuer will comply with the provisions set forth in Article 2.1.20, sections a-g of Schedule B of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam N.V.

Clearing Systems

4. The Preferred Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number (“ISIN”) for this issue is XS0203173298, the Common Code is 020317329 and the fundscode is 15009.

No significant change

5. Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer, the Bank or the Group since 31 December 2003. There has been no material adverse change in the financial position or trading position or prospects of the Issuer, the Bank or the Group since 31 December 2003.

Litigation

6. Neither the Bank, the Issuer nor any other member of the Group is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Bank is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer or the Bank.

Accounts

7. The auditors of the Issuer are Deloitte & Touche, Lord Coutanche House, 66-68 The Esplanade, St. Helier, Jersey JE4 8WA, Channel Islands. The auditors of the Bank are Deloitte & Touche Hadjipavlou Sofianos & Cambanis S.A., 250-254 Kifissias Avenue, Halandri 15231, Athens, Greece.

The consolidated and non-consolidated financial statements of the Bank for the three financial years ended 31 December 2001, 2002 and 2003 prepared in accordance with Greek GAAP were jointly audited by Deloitte & Touche Hadjipavlou Sofianos & Cambanis S.A. and by SOL S.A. The consolidated financial statements of the Bank for the three financial years ended 31 December 2001, 2002 and 2003 prepared in accordance with U.S. GAAP were audited by Deloitte & Touche Hadjipavlou Sofianos & Cambanis S.A.

On an annual basis, the Bank currently prepares audited consolidated and non-consolidated financial statements in accordance with Greek GAAP and audited consolidated financial statements in accordance with U.S. GAAP. On a semi-annual basis, the Bank currently prepares unaudited consolidated and non-consolidated financial statements in accordance with Greek GAAP which are reviewed by its auditors. On a quarterly basis, the Bank currently prepares unaudited consolidated and non-consolidated financial statements in accordance with Greek GAAP.

For the financial year ending 31 December 2005, the Bank, according to European Commission Regulation 1606/2002 and Greek Law, will prepare financial statements in accordance with International Financial Reporting Standards.

Documents

8. Copies of the following documents will be available free of charge for the specified office of each Paying and Transfer Agent, for the time being in Luxembourg and Amsterdam, so long as any of the Preferred Securities remains outstanding:
 - (a) the Memorandum and Articles of Association of the Issuer and the constitutional documents (with an English translation thereof) of the Bank;
 - (b) the U.S. GAAP audited consolidated financial statements of the Bank in respect of the financial years ended 31 December 2002 and 2003 in English and the Greek GAAP audited consolidated and non-consolidated financial statements of the Bank in respect of the financial years ended 31 December 2002 and 2003 in English and Greek;
 - (c) the audited financial statements of the Issuer for the period from incorporation on 23 June 2003 to 31 December 2003;
 - (d) the most recently published audited annual financial statements of the Issuer and the Bank (when available) and the most recently published quarterly and semi-annual unaudited interim financial statements of the Bank (with an English translation thereof); and
 - (e) the Subscription Agreement, the Agency Agreement and the Guarantee.

Notices

9. All notices concerning the Issuer and the Bank, including, but not limited to, notices with respect to dividend payments, rights issues, capital increases and general meetings are published by the Bank in Greek press of large distribution and the ATHEX bulletin.

Definitions

10. "CMS" means constant maturity swap, a floating-for-floating interest rate swap, exchanging a LIBOR rate for a particular swap rate as it appears on the screen page referred to in the definition of "Reference Rate" at page 17.

PRINCIPAL DIFFERENCES BETWEEN U.S. GAAP AND GREEK GAAP AND GREEK ACCOUNTING PRACTICES

The Bank prepares its financial statements in accordance with both U.S. GAAP and Greek GAAP. Greek accounting practices sometimes differ from the requirements of Greek GAAP. U.S. GAAP differs significantly from Greek GAAP and, accordingly there are material differences between the Bank's consolidated financial statements under U.S. GAAP and Greek GAAP. The brief summary of the principal differences between U.S. GAAP and Greek GAAP and Greek accounting practices as they apply to the Group are presented below.

Principles of Consolidation. Greek GAAP requires the consolidation of all banking and banking related subsidiaries. U.S. GAAP requires consolidation based on percentage ownership interests regardless of business activities of the affiliate in which an investment has been made.

Allowance for Loan Losses. Provisions for loan losses are usually made on the basis of the tax legislation (a general provision) to achieve the maximum tax benefits, although Greek GAAP requires full provision to be made for identified losses. Under U.S. GAAP, provision should be made for all losses inherent in the loan portfolio.

Debt and Equity Securities. Under U.S. GAAP, debt and equity securities are delineated by categories, which include the trading, available-for-sale, and held-to maturity portfolios. The trading and available-for-sale portfolios are carried at fair value, and held-to-maturity debt securities are carried at amortised cost. Unrealised gains and losses on the trading portfolio are recorded in income, while such gains and losses on the available-for-sale portfolio are recorded as a separate component of accumulated other comprehensive income which is a component of shareholders' equity. Under Greek GAAP, debt and equity securities are split into two categories, listed and unlisted, and banks are required to carry their entire portfolio at the lower of cost or market value. Valuation losses are recorded in income, however, recent tax legislation permits these losses to be recorded directly in equity or otherwise to be offset against property revaluation gains.

Land and Buildings. Under Greek GAAP, buildings are carried at cost as modified by statutory revaluations, less depreciation. Land is carried at cost as modified by statutory revaluation. Under U.S. GAAP, buildings are carried at historical cost, less depreciation. Land is carried at historical cost.

Depreciation of Fixed Assets. Under Greek accounting practices, depreciation is provided in accordance with rates prescribed by tax legislation although under Greek GAAP, depreciation is provided for on a systematic basis over their useful life. Under U.S. GAAP, depreciation is provided on a systematic basis over their useful life.

Pensions, Postretirement and other Employee Benefits. Greek GAAP does not address specifically the accounting treatment for pensions, postretirement and other benefit plans. However, in accordance with Greek GAAP, companies are required to provide for pension liabilities at a rate of 40% of the lump sum payable, as prescribed by Labor Law, in case of pension or termination of employment. Tax legislation does not recognise the whole provision rather the part that relates to employees departing in the following year, and the practice is that companies are following tax rules. Under U.S. GAAP, liabilities must be recorded by employers which sponsor defined benefit pension and other defined benefit plans. The cost of retirement benefits is recognised as an expense in the period during which the services of the employee are rendered.

Deferred Taxes. Under Greek GAAP, deferred taxes are not required. Under U.S. GAAP deferred tax assets and liabilities are recognised based on the tax effects of the difference between the book and tax bases of the various assets and liabilities.

Accounting for Finance Leases. Under Greek GAAP, all leases are treated as operating leases, even though in substance they are finance leases; therefore, the fixed assets are booked in the lessor's books. The lessor recognises the rentals as income and provides for depreciation. The lessee charges the rental expense to income. Under U.S. GAAP, finance leases in the lessor books should be recorded as a receivable equal to the net investment in the lease and recognise income based on a pattern reflecting a constant periodic rate of return on either the lessor's outstanding net investment or the net cash investment in respect of the finance lease.

Insurance Reserves. Under Greek GAAP, insurance reserves are required to be provided according to specific legislation based on recent pay-out experience. Under U.S. GAAP, insurance reserves are, in general, required to be provided based on historical pay-out rates applied to policies outstanding.

Amortization of Intangibles. Greek GAAP requires intangible assets, including goodwill, to be amortised over a period not exceeding 5 years. By virtue of an exemption to this rule, goodwill can be also presented as a deduction of shareholders' equity. Moreover, in cases of a legal merge, any existing goodwill is written off

against reserves. U.S. GAAP allows intangibles, to be amortized over the useful life of the asset, or related assets, over a period of 20 years in general, or whichever is shorter. Goodwill is tested annually for impairment and provisions are recorded in income.

Foreign Currency Translations. Under Greek GAAP, the translations of consolidated subsidiaries' financial statements from the local to the reporting currency are done at year end exchange rates. Under U.S. GAAP, the balance sheet is generally translated at year end rates while the transactions during the year are translated at the rates prevailing at the time of the transaction.

Treasury Stock. Greek law allows an entity to own its own shares in very rare circumstances. In these cases treasury stock is carried at cost and presented as part of total assets. U.S. GAAP allows companies to repurchase their own shares previously sold and requires the acquisition of these shares to be recorded as a deduction of shareholders' equity.

Dividends. Greek GAAP requires dividends to be recorded in the year in which the profits to be distributed are earned or accumulated. U.S. GAAP requires dividends to be accrued upon declaration.

FINANCIAL STATEMENTS OF NATIONAL BANK OF GREECE GROUP

National Bank of Greece S.A. and Subsidiaries

Index to Financial Statements

1. National Bank of Greece S.A. Consolidated Financial Statements as of 31 December 2003, (prepared in accordance with Greek GAAP)
2. National Bank of Greece Funding Limited Financial Statements as of 31 December 2003.
3. National Bank of Greece S.A. Consolidated Balance Sheet and Statement of Income and Comprehensive Income as of and for the years ended 31 December 2002 and 2003 (prepared in accordance with U.S. GAAP)
4. National Bank of Greece S.A. Consolidated Financial Statements as of 30 June 2004

National Bank of Greece S.A. and Subsidiaries

*Consolidated Financial Statements as at 31 December 2003
(prepared in accordance with Greek GAAP)*

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2003
(In thousand euro)

	<u>31.12.2003</u>	<u>31.12.2002</u>
ASSETS		
1. Cash in hand, balances with central banks . .	1,280,563	857,521
2. Treasury bills and other bills eligible for refinancing with central banks		
(a) Treasury bills and similar securities	106,157	131,773
3. Loans and advances to credit institutions		
(a) Repayable on demand	44,624	72,473
(b) Other loans and advances	5,125,618	5,771,727
(c) Reverse Repos	<u>3,507,175</u>	<u>4,781,173</u>
	8,677,417	10,625,373
4. Loans and advances to customers	22,699,566	20,607,528
Less: Provisions for doubtful debts	<u>(1,051,796)</u>	<u>(1,012,032)</u>
	21,647,770	19,595,496
5. Debt securities including fixed-income securities		
(a) Government	14,878,288	15,167,019
(b1) Corporates	1,851,923	2,667,858
(b2) Other issuers	<u>1,116,797</u>	<u>1,107,593</u>
	17,847,008	18,942,470
6. Shares and other variable-yield securities . . .	657,578	402,441
7. Participating interests	202,696	318,051
8. Shares in affiliated undertakings	743,243	917,462
9. Intangible assets		
(a) Establishment and formation expenses	20,080	7,782
(b) Goodwill	76	34,419
(c) Other intangible assets	285,353	371,934
Less: Amortisation of intangible assets	<u>(185,174)</u>	<u>(134,295)</u>
	120,335	279,840
10. Tangible assets		
(a) Land	622,367	289,664
(b) Buildings	844,075	556,597
Less: Depreciation of buildings	<u>(270,414)</u>	<u>(236,601)</u>
	573,661	319,996
(c) Furniture, electronic & other equipment	439,775	402,249
Less: Depreciation of furniture, electronic & other equipment	<u>(318,206)</u>	<u>(267,043)</u>
	121,569	135,206
(d) Other tangible assets	304,017	230,040
Less: Depreciation of other tangible assets . .	<u>(122,640)</u>	<u>(90,313)</u>
	181,377	139,727
(e) Fixed assets under construction and advances	<u>31,412</u>	<u>65,444</u>
	1,530,386	950,037
12. Own shares	179,325	168,730
13. Other assets	605,954	574,632
14. Prepayments and accrued income	292,799	331,866
TOTAL ASSETS	<u><u>53,891,231</u></u>	<u><u>54,095,692</u></u>

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2003
(In thousand euro)

	31.12.2003		31.12.2002	
LIABILITIES				
1. Amounts owed to credit institutions				
(a) Repayable on demand	141,406		156,183	
(b) Time and at notice	5,608,235		3,202,587	
(c) Repos	3,911,837	9,661,478	5,613,684	8,972,454
2. Amounts owed to customers				
(a) Deposits	36,817,503		37,372,073	
(b) Other liabilities	171,258		198,004	
(c) Repos	1,989,415	38,978,176	2,454,515	40,024,592
3. Debts evidenced by certificates				
(a) Debt securities in issue	6,814		7,439	
(b) Other	25,055	31,869	28,586	36,025
4. Other liabilities		1,236,046		1,403,746
5. Accrued expenses and deferred income		226,072		272,788
6. Provisions for liabilities and charges				
(a) Provisions for staff pensions and similar obligations	23,686		24,779	
(b) Provisions for taxation	4,745		4,880	
(c) Other provisions	12,856	41,287	14,047	43,706
6A. Provisions for general banking risks		5,761		7,941
7. Subordinated liabilities		750,000		750,000
7A. Hybrid capital (BoG circular No 17/2002)		350,000		—
Shareholders' Equity:				
8. Paid-up capital	1,147,761		1,043,419	
9. Share premium account	32,393		32,393	
10. Reserves				
(a) Statutory reserve	208,143		188,273	
(b) Extraordinary reserves	140,824		119,387	
(c) Tax-exempt reserves	668,774		875,207	
(d) Special tax-exempt reserve of article 15 of Law 3229/2004	382,937		—	
(e) Own shares reserve	283	1,400,961	1,387	1,184,254
11. Fixed asset revaluation surplus	20,472		100,760	
11a. Fixed asset investment subsidy	2,700		500	
12. Retained earnings	307,210		338,674	
13. Consolidation differences	(446,337)		(146,886)	
14. Minority interests	145,382	2,610,542	31,326	2,584,440
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY				
		53,891,231		54,095,692
OFF-BALANCE SHEET ITEMS				
1. Contingent liabilities		30,437,728		23,230,000
2. Commitments arising on sale and repurchase agreements		6,843		8,438
3. Other off-balance-sheet items				
(a) Items in custody and safekeeping	4,649,970		5,041,405	
(b) Commitments from bilateral contracts	7,565,380		11,865,086	
(c) Credit memo accounts	11,687,465	23,902,815	12,615,642	29,522,133
TOTAL OFF-BALANCE SHEET ITEMS		54,347,386		52,760,571

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2003
(In thousand euro)

	31.12.2003		31.12.2002	
PROFIT AND LOSS ACCOUNT				
1. Interest receivable and similar income				
— Interest income from fixed-income securities	571,208		752,706	
— Other interest and similar income	<u>1,948,797</u>	2,520,005	<u>2,037,771</u>	2,790,477
2. Interest payable and similar charges		<u>(1,217,335)</u>	1,302,670	<u>(1,604,776)</u>
3. Income on securities				
(a) Income on shares and other variable-yield securities	9,265		9,869	
(b) Income on participating interests	9,490		8,034	
(c) Income on shares in affiliated undertakings	<u>3,947</u>	22,702	<u>2,136</u>	20,039
4. Commissions receivable		<u>437,876</u>	<u>460,578</u>	<u>374,520</u>
			1,763,248	1,580,260
5. Commissions payable			<u>(45,298)</u>	<u>(36,986)</u>
			1,717,950	1,543,274
6. Net profit on financial operations		103,192		74,602
7. Other operating income		<u>26,578</u>	<u>129,770</u>	<u>28,684</u>
Total income		1,847,720		1,646,560
8. General administrative expenses				
(a) Staff costs				
— Wages and salaries	(487,965)		(486,578)	
— Social security costs	(159,875)		(158,788)	
— Other charges	<u>(70,913)</u>	(718,753)	<u>(72,410)</u>	(717,776)
(b) Other administrative expenses				
— Taxes and duties	(44,357)		(42,420)	
— Service fees	(122,170)		(121,156)	
— Other fees to third parties	<u>(139,037)</u>	<u>(305,564)</u>	<u>(1,024,317)</u>	<u>(133,671)</u>
			823,403	631,537
9. Fixed assets depreciation and amortisation charges		(184,224)		(150,889)
10. Other operating charges		<u>(14,444)</u>	<u>(198,668)</u>	<u>(14,440)</u>
Profit on ordinary activities before provisions			624,735	466,208
11+12. Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments			<u>(147,780)</u>	<u>(144,634)</u>
Profit on ordinary activities before tax			476,955	321,574
15. Extraordinary income		30,977		42,334
16. Extraordinary charges		(13,235)		(46,499)
17. Extraordinary profit		<u>38,289</u>	<u>56,031</u>	<u>35,477</u>
18. Profit before tax and minority interests			532,986	352,886
Minority interests			<u>(11,985)</u>	<u>(3,067)</u>
Profit before tax			<u>521,001</u>	<u>349,819</u>
Taxes				
— Income Tax		(153,824)		(112,163)
— Other taxes not included in operating expenses		(7,320)		(9,682)
— Differences in tax obligations from previous periods		(626)		(15,307)
— Minority taxes		<u>1,084</u>	<u>(160,686)</u>	<u>581</u>
Group profit after tax			<u><u>360,315</u></u>	<u><u>213,248</u></u>

NOTES

A) The consolidated financial statements of the NBG Group include National Bank of Greece S.A. and the following companies of the financial sector: 1) Atlantic Bank of New York, 2) National Bank of Greece (Canada), 3) The South African Bank of Athens Ltd, 4) National Bank of Greece (Cyprus) Ltd, 5) National Securities Company S.A., 6) “Diethniki” Mutual Fund Management S.A., 7) National Investment Company S.A., 8) “National” Mutual Fund Management S.A., 9) “Ethniki Kefalaïou” Management of Assets and Liabilities Co., 10) National Management and Organization Co., 11) “Ethniki” Leasing S.A., 12) National

Regional Development Co. of Northern Greece S.A. Venture Capital, 13) NBG International Ltd, 14) NBG Finance plc., 15) National Securities Co. (Cyprus) Ltd, 16) Interlease A.D. (Sofia), 17) NBG Balkan Fund Ltd, 18) NBG Greek Fund Ltd, 19) ETEBA Bulgaria A.D., 20) ETEBA Emerging Markets Fund Ltd, 21) ETEBA Estate Fund Ltd, 22) ETEBA Venture Capital Management Company Ltd, 23) ETEBA Romania S.A., 24) “Ethniki” Venture Capital Management S.A., 25) Stopanska Banka A.D. Skopje, 26) United Bulgarian Bank A.D. Sofia, 27) ETEBA Advisory S.R.L., 28) NBG International Inc., 29) NBGI Private Equity Ltd, 30) NBG Bancassurance Insurance Brokers S.A., 31) NBG Management Services Ltd, 32) NBGI Jersey Ltd, 33) NBG Luxembourg Holding S.A, 34) NBG Luxfinance Holding S.A., 35) NBG Asset Management S.A.S., 36) NBG International Asset Management S.A.S, 37) Innovative Ventures S.A., 38) NBG Funding Ltd and 39) Banca Romaneasca S.A. Of the companies included in the consolidated financial statements as at 31.12.2002 the National Investment Company S.A., which was consolidated with the equity method of accounting, in the current period is fully consolidated. The companies referred to under items 38 and 39 were consolidated for the first time as at 31.12.2003.

- B) In the financial statements of 31.12.2003 the following subsidiaries of the non-financial sector and associates are included for the first time using the equity method of accounting: 1) Astir Palace Vouliagmenis S.A, 2) Ethniki Hellenic General Insurance S.A., 3) National Real Estate S.A., 4) AGET HERACLES, 5) Phosphate Fertilisers Industries S.A., 6) Kadmos S.A., 7) NBG Training Centre S.A., 8) Astir Alexandroupolis S.A., 9) Grand Hotel Summer Palace S.A., 10) ETHNODATA S.A., 11) Larko Metalourgical Company, 12) SIEMENS Teleindustrial S.A., 13) Eviop Tempo S.A., 14) Banking Information Systems “TEIRESIAS”, 15) Hellenic Countrysites S.A., 16) Social Securities Fund Management S.A., 17) LYKOS Paperless Solutions S.A., 18) Hellenic Spinning Mills of Pella S.A. and 19) Planet Ernst & Young S.A.
- C) In view of the transition to International Financial Reporting Standards, the Bank, based on the provisions of article 15 of Law 3229/2004, revalued in 2003, land and buildings to their fair values. The valuation was performed by independent qualified valuers in accordance with the provisions of International Accounting Standard 16. The revaluation surplus, which amounted to €436 997 thousand (land €304 191 thousand and buildings €132 806 thousand), was partially used according to the provisions of article 15 of Law 3229/2004 to offset losses on the valuation at the lower of cost and fair value per unit of shares and bonds of the investment and trading portfolios of €45 028 thousand and €9 032 thousand respectively. The remaining amount of €382 937 thousand of the revaluation surplus is included in a special tax-exempt reserve. Subsequent to the offsetting, the revaluation surplus of the investment and trading portfolios, including positions in derivatives, amounted to €20 969 thousand and €20 106 thousand respectively.
- D) The fixed assets of the NBG Group are free of liens or encumbrances as at 31.12.2003.
- E) The total number of persons employed by the NBG Group as at 31.12.2003 was 20 752.
- F) The accounting principles followed by the NBG Group have not changed since the preceding accounting period.
- G) Certain items in 31.12.2002 were reclassified so as to be comparable with the corresponding items of 31.12.2003
- H) The balances denominated in foreign currency have been translated into euro at the exchange rate prevailing as at 31.12.2003
- I) In 2003, National Bank of Greece S.A. increased its share capital by €104 342 thousand, through capitalisation of an equal amount of reserves and fixed asset revaluation surplus through the issuance of 23 187 099 new ordinary shares.

Athens, 12 February 2004

THE GOVERNOR AND CHAIRMAN
THEODOROS B. KARATZAS

THE DEPUTY GOVERNOR
THEODOROS N. PANTALAKIS

THE CHIEF FINANCIAL OFFICER
ANTHIMOS C. THOMOPOULOS

THE CHIEF ACCOUNTANT
IOANNIS P. KYRIAKOPOULOS

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of National Bank of Greece S.A.

We performed our audit in accordance with the provisions of articles 108 and 130 of Codified Law 2190/1920 "For Sociétés Anonymes" of the 10th consolidated Balance Sheet, consolidated Profit and Loss Account and the related notes thereto of the National Bank of Greece S.A. Group of companies for the year ended 31 December 2003. We applied the auditing procedures we considered necessary, which are in accordance with the auditing standards adopted by the Greek Institute of Certified Public Accountants Auditors, and we agreed the contents of the Directors' Report to the General Meeting of the Shareholders with the above consolidated Financial Statements. We did not audit the financial statements of various subsidiary companies included in the consolidation, which statements reflect 1,53% of consolidated total assets and 2,49% of consolidated total income. These financial statements were audited by other certified auditors, on whose reports we have relied upon to express our opinion, to the extent they relate to the amounts included in the consolidated Financial Statements. In our opinion the above consolidated Financial Statements have been prepared in accordance with the relevant provisions of Codified Law 2190/1920, and present, in accordance with the prevailing legislation and accounting principles followed by the Bank, which are generally accepted in Greece and are consistent with those applied in the previous year, except for those disclosed under (b) and (c) of the notes to the Consolidated Balance Sheet, the asset structure, the financial position and the consolidated results of operations of all the companies included in the consolidated Financial Statements as at 31 December 2003.

Athens, 12 February 2004

CERTIFIED PUBLIC ACCOUNTANTS AUDITORS

SPYROS D. KORONAKIS
Reg. No 10991

GEORGIOS E. KIRBIZAKIS
Reg. No 16181
SOL SA CPA

GEORGIOS D. KAMBANIS
Reg. No 10761
DELOITTE.

NATIONAL BANK OF GREECE FUNDING LIMITED
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2003

NATIONAL BANK OF GREECE FUNDING LIMITED

**Report and Financial Statements
31 December 2003**

**Deloitte & Touche
Chartered Accountants
Jersey**

NATIONAL BANK OF GREECE FUNDING LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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NATIONAL BANK OF GREECE FUNDING LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Lombardi
P Gatehouse
I Kyriakopoulos
C Othoneos
D Vassilacos
N Walker
G Angus
A Rothwell

COMPANY SECRETARY

Jackson Fox Secretaries Limited

REGISTERED OFFICER

8th Floor
Union House
Union Street
St. Helier, Jersey
JE2 3RF

BANKERS

National Bank of Greece — London Branch
50 St Mary Axe
London EC3A 8EL

AUDITORS

Deloitte & Touche
Chartered Accountants
Jersey

NATIONAL BANK OF GREECE FUNDING LIMITED

DIRECTORS' REPORT

The directors present their first report with the audited financial statements for the period from 23 June 2003 to 31 December 2003.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company is resident in Jersey and was incorporated on 23 June 2003. The company was established with authorised ordinary share capital of 1,000,000 ordinary shares of €1 and 400,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of €1,000 each ("preferred securities").

On incorporation the Company issued 2 ordinary shares of €1, at par for cash consideration. On 3 July 2003 the Company issued 9,998 ordinary shares of €1 at par for cash consideration.

On 11 July 2003 the company issued 350,000 preferred securities at par. The preferred securities entitle the holder to receive a non-cumulative cash dividend payable quarterly in arrears which is the sum of three month EURIBOR and the relevant margin. The margin is 1.75% up until 11 July 2013 and 2.75% beyond that date. The preferred securities are perpetual and have no fixed redemption date. The preferred securities may be redeemed by NBG Funding on any dividend payment date after 11 July 2013 subject to the consent of the Bank of Greece.

DIVIDENDS AND RESULTS

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of any final dividend on the ordinary shares of the company. During the period, preference share dividends of €6,567,031 were paid and accrued.

DIRECTORS

The directors who served throughout the period ended 31 December 2003 and to the date of this report are set out below:

M Lombardi (*appointed 23 June 2003, resigned 7 January 2004*)

P Gatehouse (*appointed 23 June 2003, resigned 7 January 2004*)

I Kyriakopoulos (*appointed 23 June 2003*)

C Othoneos (*appointed 23 June 2003*)

D Vassilacos (*appointed 23 June 2003*)

N Walker (*appointed 7 January 2004*)

G Angus (*appointed 7 January 2004*)

A Rothwell (*appointed 28 July 2004*)

At the year end Mr D Vassilacos held 495 shares in the National Bank of Greece S.A., the ultimate parent company and controlling party. Other than above, none of the directors had any interests in the share capital of the Company or any other group company.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office. A resolution proposing the re-appointment and giving authority to the directors to fix their remuneration will be submitted at the next Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

Mr N Walker

on behalf of Jackson Fox Secretaries Limited

Company Secretary

30 July 2004

NATIONAL BANK OF GREECE FUNDING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law in Jersey requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL BANK OF GREECE FUNDING LIMITED

We have audited the financial statements of National Bank of Greece Funding Limited for the period from 23 June 2003 to 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Article 110 of Companies Law (Jersey) 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of financial statements in accordance with applicable Jersey law and United Kingdom accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant Jersey legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2003 and of its profit for the period from 23 June 2003 to 31 December 2003 and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Deloitte & Touche

Chartered Accountants

Jersey

30 July 2004

NATIONAL BANK OF GREECE FUNDING LIMITED

PROFIT AND LOSS ACCOUNT
Period ended 31 December 2003

	<u>Note</u>	<u>Period from 23 June 2003 to 31 December 2003</u>
		€
Interest receivable and similar income	3	6,600,475
NET INTEREST INCOME		6,600,475
Administrative expenses		(5,820)
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES		
BEFORE TAXATION	2	6,594,655
Tax charge on profit on ordinary activities	1	—
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION	8	6,594,655
Non-equity dividends	4	(6,567,031)
RETAINED PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES		27,624
Profit and loss account brought forward		—
Profit and loss account carried forward		<u>27,624</u>

There were no other recognised gains or losses in the current period and therefore no separate statement of total recognised gains and losses has been presented.

The results for the period reflect continuing activities.

	<u>Note</u>	<u>2003</u>
		€
FIXED ASSETS		
Investments	5	350,000,000
		350,000,000
CURRENT ASSETS		
Prepayments and accrued income		3,045,395
Cash at bank and in hand		14,560
		3,059,955
CREDITORS: amounts falling due within one year	6	(3,022,331)
NET CURRENT ASSETS		37,624
TOTAL ASSETS LESS CURRENT LIABILITIES		350,037,624
CAPITAL AND RESERVES		
Called up share capital	7	350,010,000
Profit and loss account		27,624
SHAREHOLDERS' FUNDS	8	350,037,624
Analysed as:		
Equity	7	37,624
Non-equity	7	350,000,000
		<u>350,037,624</u>

These financial statements were approved by the Board of Directors on 30 July 2004.

Signed on behalf of the Board of Directors

Director

Mr N Walker

Mr A Rothwell

ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable Jersey law and United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements are denominated in Euro (€) as this is the principal currency in which its activities are conducted.

Investments

Fixed asset investments represent debt securities issued by companies in the National Bank of Greece S.A group. Fixed asset investments are stated at cost, less provision for any impairment.

Taxation

The company has been granted Exempt Company status in Jersey and is therefore liable to an annual fee which is treated as an expense in the profit and loss account as it is not dependent on the company's results.

Foreign currency translation

All monetary assets and liabilities denominated in currencies other than Euros are translated into Euros at the rates ruling at the balance sheet date. Transactions in currencies other than Euros are recorded at the rates ruling at the dates of the transactions. Translation differences are taken through the profit and loss account.

Cash flow statement and related party disclosure

The Company is a wholly owned subsidiary of the National Bank of Greece S.A., and is included in the consolidated financial statements of National Bank of Greece S.A. which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the National Bank of Greece Group.

3. OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND EMPLOYEES' AND DIRECTORS' REMUNERATION

	<u>2003</u>
	€
Operating profit is after charging:	
Auditors' remuneration — audit fees	2,400
Auditors' remuneration — non audit fees	—

The Company had no employees in the current financial period other than its directors. No director received any emoluments in respect of their services to the Company.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

The total interest receivable comprises interest income from fixed asset investments in bond securities issued by the National Bank of Greece S.A. group, recognised in the profit and loss account on a constant yield basis.

5. NON-EQUITY DIVIDENDS

	<u>2003</u>
	€
Dividends on Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of €1,000	<u>6,567,031</u>
	<u>6,567,031</u>

6. FIXED ASSET INVESTMENTS

	<u>2003</u>
	€
Listed debt securities:	
At 23 June 2003	—
Additions	<u>350,000,000</u>
At 31 December 2003	<u><u>350,000,000</u></u>

The approximate market value of debt securities held at 31 December 2003 was €362,066,000.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2003</u>
	€
Accrued dividends	<u>3,022,331</u>
	<u><u>3,022,331</u></u>

8. CALLED UP SHARE CAPITAL

	<u>2003</u>
	€
Authorised:	
1,000,000 Ordinary Shares of €1	1,000,000
400,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of €1,000	<u>400,000,000</u>
	<u><u>401,000,000</u></u>
Allotted, issued and fully paid:	
10,000 Ordinary Shares of €1	10,000
350,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of €1,000	<u>350,000,000</u>
	<u><u>350,010,000</u></u>

On incorporation the company issued 2 ordinary shares of €1, at par for cash consideration. On 3 July 2003 the company issued 9,998 ordinary shares of €1 at par for cash consideration. On 11 July 2003, the company issued 350,000 series a floating rate non-cumulative guaranteed non-voting preferred securities of €1,000 at par for cash consideration.

The series a floating rate non-cumulative guaranteed non-voting preferred securities of €1,000 (“the preferred securities”) carry a non-cumulative preferred dividend of three month Euribor plus a margin (“the margin”) of 1.75% up until 11 July 2013, after which time the margin increases to 2.75%. Dividends on the preferred securities may be declared by the directors in their sole discretion. Payment of preferred dividends are compulsory except that the directors are not required to declare a dividend on the preferred securities if, in the financial year, National Bank of Greece S.A. (“NBG”) has not paid any dividend to the holders of its ordinary shares and neither NBG nor any of its subsidiaries has made any distribution on or in respect of any class of junior obligations. Holders of the preferred securities are not, other than in certain specified circumstances, entitled to receive notice of or attend and vote at meetings of the shareholders of the company. In the event of a winding up, the Holders of the preferred securities are entitled to return of €1,000 per share plus any accrued and unpaid preferred dividends. The preferred securities are redeemable, in whole but not in part, at the option of the company on any dividend date after 11 July 2013.

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003
	€
Issuance of ordinary share capital	10,000
Issuance of preference share capital	<u>350,000,000</u>
	350,010,000
Profit after tax for the financial period	6,594,655
Non-equity dividends	<u>(6,567,031)</u>
Net addition to shareholders' funds	350,037,624
Opening shareholders' funds	<u>—</u>
Closing shareholders' funds	<u><u>350,037,624</u></u>

10. FINANCIAL INSTRUMENTS

The Company has issued preferred securities, denominated in Euro, bearing a quarterly floating rate non-cumulative dividend of EURIBOR+1.75% (see note 7) and invested the funds received in Eurobonds issued by NBG Finance plc, bearing quarterly interest at EURIBOR+1.77%. The Company did not use derivatives to manage its financial risks during the year, but aimed to minimise its interest rate risk and foreign exchange rate risk through the matching of its assets and liabilities.

The Company's assets and liabilities are held in a banking or non-trading book. The Company does not enter into transactions for the purpose of trading or speculation and, accordingly, a note of instruments held for trading has not been provided. Furthermore, since the Company does not enter into derivatives for the purpose of hedging assets and liabilities in its non-trading book, hedging disclosures have not been provided. Short term debtors and creditors pertaining to accrued interest receivable and payable have been omitted from all disclosures apart from the interest rate profile.

10(a) MATURITY PROFILE OF FINANCIAL ASSETS AND LIABILITIES

	2003				TOTAL
	Within one year or less or on demand	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	
	€	€	€	€	€
Fixed asset investments: debt securities	—	—	—	350,000,000	350,000,000
Cash at bank	14,560	—	—	—	14,560
Preferred securities	—	—	—	<u>(350,000,000)</u>	<u>(350,000,000)</u>
	<u>14,560</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,560</u>

10(b) INTEREST RATE PROFILE OF FINANCIAL ASSETS AND LIABILITIES

The following assets and liabilities are analysed in time bands according to the earlier of the time to the next interest repricing date or the maturity date.

	2003		
	<u>Not more than three months</u>	<u>Non-interest bearing</u>	<u>TOTAL</u>
	€	€	€
Assets			
Fixed asset investments	350,000,000	—	350,000,000
Debtors	—	3,045,395	3,045,395
Cash at bank	14,560	—	14,560
Total assets	<u>350,014,560</u>	<u>3,045,395</u>	<u>353,059,955</u>
Liabilities			
Creditors	—	(3,022,331)	(3,022,331)
Preferred securities	(350,000,000)	—	(350,000,000)
Equity shareholders funds	—	(37,624)	(37,624)
Total liabilities	<u>(350,000,000)</u>	<u>(3,059,955)</u>	<u>(353,059,955)</u>
Interest rate sensitivity gap	14,560	(14,560)	—
Cumulative gap	14,560	(14,560)	—

10(c) CURRENCY RISK PROFILE:

There is no net currency risk relating to financial instruments held by the Company. All financial instruments held by the Company as at 31 December 2003 are denominated in Euros.

10(d) FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES:

	2003	
	<u>Carrying amount</u>	<u>Estimated fair value</u>
	€	€
Financial assets:		
Cash at bank and in hand	14,560	14,560
Debt securities	<u>350,000,000</u>	<u>361,441,000</u>
	350,014,560	361,455,560
Financial liabilities:		
Preferred securities	<u>(350,000,000)</u>	<u>(361,371,500)</u>
	<u>(350,000,000)</u>	<u>(361,371,500)</u>
	<u>14,560</u>	<u>84,060</u>

Market values have been used to determine the fair values of all listed instruments issued. The fair values of other items have been determined by discounting expected cash flows at prevailing interest rates at the year end.

11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company was incorporated in Jersey as a private limited company and is 100% owned by National Bank of Greece S.A. The Company regarded by the Directors as the Ultimate Parent Company and controlling party is National Bank of Greece S.A., a company incorporated in Greece, which is also the parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the Company is a member. Copies of the Group accounts may be obtained at 50 St. Mary Axe, London, EC3A 8EL.

National Bank of Greece

*Consolidated Balance Sheet and Statement of Income and Comprehensive Income
as of and for the years ended 31 December 2002 and 2003
(prepared in accordance with U.S. GAAP)*

National Bank of Greece

*Consolidated Balance Sheet and Statement of Income and Comprehensive Income
as of and for the years ended 31 December 2002 and 2003
(prepared in accordance with U.S. GAAP)*

The financial information set below does not include the notes to such information.

	As of 31 December	
	2002	2003
	(EUR in thousands)	(EUR in thousands)
ASSETS		
Cash and due from banks	764,512	789,920
Deposits with central bank	203,036	530,424
Federal funds sold and securities purchased under agreements to resell	4,744,943	3,458,270
Interest bearing deposits with banks	5,486,932	5,068,936
Money market investments	125,448	92,955
Trading assets (includes EUR 2,605,456 thousand and EUR 5,232,722 thousand in 2002 and 2003 respectively, pledged as collateral)	15,278,098	13,788,871
Derivative assets	75,625	157,766
Securities:		
Available-for-sale, at fair value	3,843,962	5,514,615
Equity method investments	269,140	200,690
Loans	20,631,325	22,933,040
Less: Allowance for loan losses	(1,011,145)	(1,047,493)
Net loans	19,620,180	21,885,547
Goodwill	412,133	289,077
Software and other intangibles	63,159	65,937
Premises and equipment, net	626,063	668,076
Customers' liability on acceptances	1,572	295
Accrued interest receivable	805,172	649,812
Other assets	2,926,242	2,166,708
TOTAL ASSETS	55,246,217	55,327,899
LIABILITIES AND SHAREHOLDERS' EQUITY		
Interest bearing deposits	36,727,347	38,380,189
Non-interest bearing deposits	3,561,486	3,662,756
Total deposits	40,288,833	42,042,945
Central bank borrowings	6,804	6,804
Federal funds purchased and securities sold under agreements to repurchase	8,278,892	6,078,897
Derivative liabilities	471,938	286,854
Other borrowed funds	236,458	190,785
Acceptances outstanding	1,572	295
Accounts payable, accrued expenses and other liabilities	2,529,798	2,673,558
Insurance reserves	1,152,375	1,240,426
Long-term debt	813,947	1,171,467
Total liabilities	53,780,617	53,692,031
Minority interests	228,437	245,413
SHAREHOLDERS' EQUITY:		
Common stock, par value EUR 4.5 in 2002 and EUR 4.5 in 2003 (shares authorised, issued and outstanding: 231,870,986 and 255,058,085 at 2002 and 2003 respectively)	1,043,419	1,147,761
Additional paid-in capital	408,058	379,450
Accumulated surplus	296,129	214,942
Accumulated other comprehensive (loss)	(89,408)	(2,908)
Treasury stock, at cost (11,411,727 and 10,693,858 shares at 2002 and 2003 respectively)	(421,035)	(348,790)
Total shareholders' equity	1,237,163	1,390,455
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	55,246,217	55,327,899

	<u>Year ended 31 December</u>	
	<u>2002</u>	<u>2003</u>
	(EUR in thousands)	(EUR in thousands)
Interest Income:		
Loans	1,154,660	1,190,337
Securities available-for-sale	167,315	143,893
Trading assets	756,576	542,099
Federal funds sold and securities purchased under agreements to resell	70,668	122,901
Interest-bearing deposits with banks	240,158	111,048
Other	<u>27,321</u>	<u>20,055</u>
Total interest income	2,416,698	2,130,333
Interest Expense:		
Deposits	923,640	592,891
Federal funds purchased and securities sold under agreements to repurchase	211,724	186,152
Other borrowed funds	5,654	5,031
Long-term debt	22,481	33,752
Other	<u>11,524</u>	<u>5,728</u>
Total interest expense:	<u>1,175,023</u>	<u>823,554</u>
Net interest income before provision for loan losses	1,241,675	1,306,779
Provision for loan losses	<u>(143,391)</u>	<u>(140,543)</u>
Net interest income after provision for loan losses	1,098,284	1,166,236
Non-Interest Income:		
Credit card fees	57,400	64,572
Service charges on deposit accounts	36,198	48,789
Other fees and commissions	286,627	337,406
Net trading profit/(loss)	(227,443)	111,872
Net realized gains/(losses) on sales of available-for-sale securities	7,085	(96,057)
Equity in earnings or (losses) of investees	5,787	21,748
Other	<u>799,618</u>	<u>815,140</u>
Total non-interest income	965,272	1,303,470
Non-interest Expense:		
Salaries	563,152	558,153
Employee benefits	324,562	278,749
Occupancy expenses	44,757	54,715
Equipment expenses	22,153	22,047
Depreciation of premises and equipment	80,261	75,612
Amortization of intangible assets	42,017	30,731
Impairment of equity method investments	—	77,378
Impairment of goodwill	—	134,235
Loss on permanent diminution in the value of available-for-sale securities	35,537	—
Deposit insurance premium	10,613	13,481
Other	<u>959,130</u>	<u>978,264</u>
Total non-interest expense	<u>2,082,182</u>	<u>2,223,365</u>
Income before income tax expense, minority interests, extraordinary items and effect of accounting change	(18,626)	246,341
Income tax (expense)/benefit	(15,037)	(105,976)
Minority interests, net of tax	<u>64,431</u>	<u>(12,869)</u>
Income before extraordinary item and effect of accounting change	30,768	127,496
Extraordinary item (less applicable income tax of EUR 61,115 thousand in 2002 and minority interests of EUR 17,395 thousand in 2002)	96,105	—
Change in accounting principle, net of taxes (Adoption of SFAS 133)	—	—
NET INCOME (carried forward)	<u>126,873</u>	<u>127,496</u>

	<u>Year ended 31 December</u>	
	<u>2002</u>	<u>2003</u>
	<u>(EUR in thousands)</u>	<u>(EUR in thousands)</u>
NET INCOME (brought forward)	126,873	127,496
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	(23,691)	(23,572)
Net unrealized holding losses on available-for-sale securities:		
Net unrealized holding gains/(losses) during the period (net of tax expense/(benefit) of: EUR (23,878) thousand in 2002 and EUR 22,424 thousand in 2003)	(52,455)	47,753
Less: reclassification adjustment for net (gains)/losses included in net income (net of tax expense/(benefit) of: EUR (2,575) thousand in 2002 and EUR 33,738 thousand in 2003)	(4,510)	62,319
Reclassification adjustment for impairment of available-for-sale securities (net of tax of EUR 12,438 thousand in 2002)	<u>23,099</u>	<u>—</u>
Subtotal	<u>(33,866)</u>	<u>110,072</u>
COMPREHENSIVE INCOME	<u>69,316</u>	<u>213,996</u>
EARNINGS PER SHARE		
Basic:		
Income before extraordinary item and effect of accounting change	EUR 0.10	EUR 0.40
Effect of change in accounting principle	—	—
Extraordinary item	<u>EUR 0.31</u>	<u>—</u>
	EUR 0.41	EUR 0.40
Diluted:		
Income before extraordinary item and effect of accounting change	EUR 0.10	EUR 0.40
Effect of change in accounting principle	—	—
Extraordinary item	<u>EUR 0.31</u>	<u>—</u>
	EUR 0.41	EUR 0.40
CASH DIVIDENDS DECLARED PER SHARE	EUR 1.10	EUR 0.45

National Bank of Greece S.A. and Subsidiaries

*Consolidated Financial Statements as at 30 June 2004
(prepared in accordance with Greek GAAP)*

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2004
(In thousand euro)

	<u>30.06.2004</u>		<u>30.06.2003</u>	
ASSETS				
1. Cash in hand, balances with central banks		1,382,800		1,485,250
2. Treasury bills and other bills eligible for refinancing with central banks:				
(a) Treasury bills and similar securities		110,300		129,052
3. Loans and advances to credit institutions:				
(a) Repayable on demand		64,927		49,360
(b) Other loans and advances		6,062,483		5,226,717
(c) Reverse Repos		<u>5,876,995</u>	12,004,405	<u>5,007,474</u>
4. Loans and advances to customers ..		25,439,576		21,805,503
Less: Provisions for doubtful debts		<u>(1,093,248)</u>	24,346,328	<u>(1,047,996)</u>
5. Debt securities including fixed-income securities:				
(a) Government		14,343,261		11,634,132
(b1) Corporates		1,448,500		2,148,698
(b2) Other issuers		<u>1,071,845</u>	16,863,606	<u>1,270,816</u>
6. Shares and other variable income securities		703,464		592,226
7. Participating interests		202,200		317,406
8. Shares in affiliated undertakings		749,787		923,031
9. Intangible assets				
(a) Establishment and formation expenses		21,755		7,397
(b) Goodwill		76		30,331
(c) Other intangible assets		286,651		391,085
Less: Amortisation of intangible assets as at 30.6.		<u>(205,905)</u>	102,577	<u>(157,875)</u>
10. Tangible assets				
(a) Land		582,093		290,089
(b) Buildings	748,288		557,060	
Less: Depreciation of buildings as at 30.6.	<u>(280,118)</u>	468,170	<u>(242,585)</u>	314,475
(c) Furniture, electronic & other equipment	419,300		385,634	
Less: Depreciation of furniture, electronic & other equipment as at 30.6.	<u>(322,200)</u>	97,100	<u>(276,670)</u>	108,964
(d) Other tangible assets	29,456		26,960	
Less: Depreciation of other tangible assets as at 30.6.	<u>(20,187)</u>	9,269	<u>(18,892)</u>	8,068
(e) Fixed assets under construction and advances		<u>25,881</u>	1,182,513	<u>40,612</u>
13. Other assets		606,685		586,940
14. Prepayments and accrued income ...		<u>155,061</u>		<u>145,381</u>
TOTAL ASSETS		<u><u>58,409,726</u></u>		<u><u>51,307,136</u></u>

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2004
(In thousand euro)

	<u>30.6.2004</u>		<u>30.6.2003</u>	
LIABILITIES				
1. Amounts owed to credit institutions				
(a) Repayable on demand	107,613		326,303	
(b) Time and at notice	5,697,461		3,542,021	
(c) Repos	<u>6,002,115</u>	11,807,189	<u>3,636,322</u>	7,504,646
2. Amounts owed to customers				
(a) Deposits	39,532,143		37,296,184	
(b) Other liabilities	242,767		217,695	
(c) Repos	<u>1,772,658</u>	41,547,568	<u>1,702,006</u>	39,215,885
3. Debts evidenced by certificates				
(a) Debt securities in issue	6,559		7,356	
(b) Other	<u>28,512</u>	35,071	<u>22,405</u>	29,761
4. Other liabilities		1,076,627		1,012,957
5. Accruals and deferred income		88,786		108,710
6. Provisions for liabilities and charges				
(a) Provisions for staff pensions and similar obligations	23,426		24,213	
(b) Provisions for taxation	5,360		4,470	
(c) Other provisions	<u>13,404</u>	42,190	<u>13,250</u>	41,933
6A. Provisions for general banking risks		5,761		5,761
7. Subordinated liabilities		750,000		750,000
7A. Hybrid capital (BoG circular No 17/2002)		350,000		—
Shareholders' Equity:				
8. Paid-up capital	1,492,090		1,147,761	
9. Share premium account	32,393		32,393	
10. Reserves	1,046,825		1,113,040	
11. Fixed asset revaluation surplus	20,126		14,874	
11a. Fixed asset investment subsidy	2,700		500	
12. Retained earnings	303,553		254,119	
13. Consolidation differences	(463,105)		(144,887)	
14. Minority interests	128,591		136,754	
15. Own shares	<u>(178,436)</u>	2,384,737	<u>(179,171)</u>	2,375,383
Group profit before tax for the period 1.1-30.6.	312,755		260,633	
Minority profit before tax	<u>9,042</u>	<u>321,797</u>	<u>1,467</u>	<u>262,100</u>
TOTAL LIABILITIES		<u>58,409,726</u>		<u>51,307,136</u>
OFF-BALANCE SHEET ITEMS				
1. Contingent liabilities		35,014,952		22,107,451
2. Commitments arising on sale and repurchase agreements		19,463		22
3. Other off-balance sheet items		<u>27,021,887</u>		<u>30,798,176</u>
TOTAL OFF-BALANCE SHEET ITEMS		<u>62,056,302</u>		<u>52,905,649</u>

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2004
(In thousand euro)

	1.1 – 30.6.2004		1.1 – 30.6.2003	
PROFIT AND LOSS ACCOUNT				
1. Interest receivable and similar income:				
— Interest income on fixed-income securities	263,324		308,050	
— Other interest and similar income	<u>999,489</u>	1,262,813	<u>945,815</u>	1,253,865
2. Interest payable and similar charges		<u>(579,278)</u>	<u>(643,818)</u>	610,047
3. Income on securities:				
(a) Income on shares and other variable income securities	7,387		5,172	
(b) Income on participating interests	1,719		5,025	
(c) Income on shares in affiliated undertakings	<u>546</u>	9,652	<u>1,745</u>	11,942
3A. Income from associates		<u>13,724</u>	—	
4. Commissions receivable		<u>229,571</u>	<u>199,202</u>	<u>211,144</u>
			936,482	821,191
5. Commissions payable			<u>(36,919)</u>	<u>(24,290)</u>
			899,563	796,901
6. Net profit on financial operations		66,408	60,479	
7. Other operating income		<u>11,612</u>	<u>12,953</u>	<u>73,432</u>
			977,583	870,333
8. General administrative expenses:				
(a) Staff costs				
— Wages and salaries	(257,725)		(243,636)	
— Social security costs	(88,193)		(79,694)	
— Other charges	<u>(33,460)</u>	(379,378)	<u>(34,223)</u>	(357,553)
(b) Other administrative expenses				
— Taxes and duties	(21,361)		(20,915)	
— Service fees	(65,110)		(61,345)	
— Other fees to third parties	<u>(60,907)</u>	<u>(147,378)</u>	<u>(54,497)</u>	<u>(136,757)</u>
			450,827	376,023
9. Fixed assets depreciation and amortisation charges		(63,620)	(56,566)	
10. Other operating charges		<u>(7,541)</u>	<u>(6,533)</u>	<u>(63,099)</u>
Profit on ordinary activities before provisions			379,666	312,924
11+12. Value adjustments in respect of loans and advances and provisions for contingencies			<u>(88,645)</u>	<u>(67,435)</u>
Profit on ordinary activities before tax			291,021	245,489
15. Extraordinary income		9,478	12,086	
16. Extraordinary charges		(4,514)	(5,448)	
17. Extraordinary profit		<u>25,812</u>	<u>30,776</u>	<u>16,611</u>
18. Profit before tax and minority interests			321,797	262,100
Minority interests			(9,042)	(1,467)
Profit before tax			312,755	260,633
Less Taxes:				
Income tax (provision)		<u>(91,290)</u>	<u>(74,689)</u>	
Minority taxes		<u>355</u>	<u>665</u>	<u>(74,024)</u>
Group profit after tax		<u>221,820</u>	<u>186,609</u>	

NOTES

A) The consolidated financial statements of the NBG Group include National Bank of Greece S.A. and the following companies of the financial sector: 1) Atlantic Bank of New York, 2) National Bank of Greece

(Canada), 3) The South African Bank of Athens Ltd, 4) National Bank of Greece (Cyprus) Ltd, 5) National Securities Company S.A., 6) “Diethniki” Mutual Fund Management S.A., 7) National Investment Company S.A., 8) “National” Mutual Fund Management S.A., 9) “Ethniki Kefalaïou” Management of Assets and Liabilities Co., 10) National Management and Organization Co., 11) “Ethniki” Leasing S.A., 12) National Regional Development Co. of Northern Greece S.A. Venture Capital, 13) NBG International Ltd, 14) NBG Finance plc., 15) National Securities Co. (Cyprus) Ltd, 16) Interlease A.D. (Sofia), 17) NBG Balkan Fund Ltd, 18) NBG Greek Fund Ltd, 19) ETEBA Bulgaria A.D., 20) ETEBA Emerging Markets Fund Ltd, 21) ETEBA Estate Fund Ltd, 22) ETEBA Venture Capital Management Company Ltd, 23) ETEBA Romania S.A., 24) “Ethniki” Venture Capital Management S.A., 25) Stopanska Banka A.D. Skopje, 26) United Bulgarian Bank A.D. Sofia, 27) ETEBA Advisory S.R.L., 28) NBG International Inc., 29) NBGI Private Equity Ltd, 30) NBG Bancassurance Insurance Brokers S.A., 31) NBG Management Services Ltd, 32) NBGI Jersey Ltd, 33) NBG Luxembourg Holding S.A., 34) NBG Luxfinance Holding S.A., 35) NBG Asset Management S.A.S., 36) NBG International Asset Management S.A.S., 37) Innovative Ventures S.A., 38) NBG Funding Ltd and 39) Banca Romaneasca S.A. Of the companies included in the consolidated financial statements the companies referred to under items 38 and 39 were consolidated for the first time as at 30.09.2003 and 31.12.2003, respectively.

- B) In the financial statements of 30.06.2004 the subsidiaries of the non-financial sector and associates are included using the equity method of accounting.
- C) Own shares amounted to €178,436 thousand are presented as a deduction from equity in accordance with the revised IAS 32 “Financial Instruments — disclosure and presentation”.
- D) Certain Balance Sheet and Profit & Loss items of the leasing subsidiary companies “Ethniki” Leasing S.A. and Interlease A.D. (Sofia) are reclassified in accordance with IAS 17 “Leases”. This reclassification had no impact in the reported profit for the period.
- E) The fixed assets of the NBG Group are free of liens or encumbrances as at 30.06.2004.
- F) The total number of persons employed by the NBG Group as at 30.06.2004 was 20,754.
- G) The basic accounting principles followed by the NBG Group have not changed since the preceding accounting period.
- H) Certain items in 30.06.2003 were reclassified so as to be comparable with the corresponding items of 30.06.2004.
- I) The balances denominated in foreign currency have been translated into euro at the exchange rates prevailing as at 30.06.2004.
- J) Following the decision of the Shareholders’ Annual Meeting on 18.05.2004, National Bank of Greece S.A. share capital was increased by €344,328 thousand, through capitalization of an equal amount of land and buildings revaluation surplus through the issuance of 76,517,426 new ordinary shares.
- K) The fair value of the Group’s securities portfolio is lower than its acquisition cost by approximately €51 million. This difference is attributable to the devaluation of the Group’s available for sale portfolio. In view of the transition to International Financial Reporting Standards, no provision charge was raised against the Group’s income.
- L) According to the four-digit codification of National Industry Classification Code (NICC), 95% of the NBG Group’s revenues are classified under caption 651.9 “Activities of other intermediary monetary organisations” and the remaining 5% is classified under other captions of economic activity.

Athens, 29 July 2004

THE CHAIRMAN AND CHIEF
EXECUTIVE OFFICER

A MEMBER OF THE BOARD

THE CHIEF FINANCIAL AND
CHIEF OPERATIONS OFFICER

THE CHIEF ACCOUNTANT

EFSTRATIOS-GEORGIOS A.
ARAPOGLOU

STEFANOS G. PANTZOPOULOS

ANTHIMOS C. THOMOPOULOS

IOANNIS P.KYRIAKOPOULOS

AUDITOR'S REPORT

To the Board of Directors of National Bank of Greece S.A.

We have carried out the audit required by the provisions of article 6 of P.D. 360/1985, as amended by article 90 of Law 2533/1997, applying the audit procedures that we considered necessary based on the principles and rules established by the Institute of Certified Public Accountants, to determine whether the above consolidated financial statements of the National Bank of Greece S.A. and its financial sector subsidiaries for the period from 1 January through 30 June 2004, are free of any errors or omissions which materially affect the consolidated asset structure and financial position and the reported profit for the period of the National Bank of Greece and its subsidiaries included in the consolidation. Subsidiary companies included in the consolidated financial statements representing 1,34% and 1,54% of the total assets and operations respectively, are audited by other auditors, upon whose reports we have relied. Based on our audit work performed and the relevant prevailing legislation and accounting principles followed by the Bank, we have determined that the consolidated financial statements have been prepared in accordance with the provisions of Codified Law 2190/1920 and after taking into consideration note K, are free of any errors or omissions which materially affect the consolidated asset structure and financial position of the National Bank of Greece Group as at 30.06.2004, as well as the results for the period then ended. There was no change in the accounting policies compared with those of the corresponding period of the prior year.

Athens, 29 July 2004

CERTIFIED PUBLIC ACCOUNTANT AUDITOR

NICOLAOS K. SOFIANOS
Reg. No 12231
DELOITTE

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