



# National Bank of Greece Funding Limited

(incorporated with limited liability in Jersey)

## £375,000,000 Series E Fixed/Floating Rate 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: 100 per cent. of the liquidation preference per Preferred Security

The £375,000,000 Series E Fixed/Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities (the “Preferred Securities”) with liquidation preferences of £50,000 and integral multiples of £1,000 above £50,000 (each a “Liquidation Preference”) will be issued by National Bank of Greece Funding Limited (the “Issuer”) on 8 November 2006 (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 to be dated 8 November 2006 (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 annually in arrear on 8 November in each year, until 8 November 2016, following which quarterly in arrear on 8 February, 8 May, 8 August and 8 November in each year (each a “Preferred Dividend Payment Date”). In respect of Preferred Dividend Periods (as defined on page 23) from and including the Closing Date to but excluding 8 November 2016 the Preferred Securities will accrue Preferred Dividends at a fixed rate of 6.2889 per cent. per annum. The rate of Preferred Dividends in respect of subsequent Preferred Dividend Periods shall be a floating rate equal to 2.08 per cent. per annum above the London Interbank Offered Rate for three-month Sterling deposits.

The Preferred Securities are perpetual securities and have no fixed redemption date. However, the Preferred Securities may be redeemed at the option of the Issuer, in whole but not in part (1) on 8 November 2016 (the “First Call Date”) or on any Preferred Dividend Payment Date falling thereafter, or (2) at any time prior to the First Call Date (a) in the event of certain changes in tax law resulting in the Issuer or the Bank being required to pay Additional Amounts or (b) in the event of certain changes in tax laws, if the Issuer or the Bank, in relation to the Preferred Securities, the Guarantee and/or any associated transactions is or would be required to pay Jersey Tax (other than in respect of Jersey source income) or Greek Tax or (c) in the event of a Capital Disqualification Event, in any such case upon not less than 30 nor more than 60 days’ notice. Any such redemption is subject to the consent of the Bank and the Bank of Greece and shall be at the prices set out herein.

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 relevant 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 the Commission de Surveillance du Secteur Financier (the “CSSF”) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Preferred Securities to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of the Investment Services Directive (Directive 93/22/EEC). The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of the Investment Services Directive (Directive 93/22/EEC).

The Preferred Securities are expected to be rated Baa1 by Moody’s Investors Service Limited (“Moody’s”) and BBB– by Standard & Poor’s Ratings 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 a nominee for, and will be deposited with, a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear system (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) on or prior to the Closing Date.

**In making an investment decision, potential investors should have particular regard to the “Risk Factors” on pages 11 to 20 of this Prospectus.** In particular, Preferred Dividends are not required to be paid on the Preferred Securities in certain circumstances, as more fully described under “Description of the Preferred Securities — Limitations on Payments of Preferred Dividends on Preferred Securities”.

**The Preferred Securities and the Guarantee have not been, and will not be, registered under the United States Securities Act of 1933 (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 Bookrunners**  
**BARCLAYS CAPITAL      JPMORGAN      MERRILL LYNCH INTERNATIONAL**  
**Structuring Advisor**

**Joint Lead Manager**  
**NBG INTERNATIONAL**

The date of this Prospectus is 6 November 2006

This Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the “Prospectus Directive”).

The Issuer and the Bank (the “Responsible Persons”) accept responsibility for the information contained in this Prospectus. 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 Prospectus 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 Prospectus contains or incorporates all information which is material in the context of the Preferred Securities, that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Prospectus shall be read and construed on the basis that such documents are incorporated into and form part of this Prospectus.

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus or any other information provided by the Issuer or the Bank in connection with the Preferred Securities or their distribution.

This Prospectus 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 Prospectus 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 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 Prospectus, you should read “*Subscription and Sale*” below.

A copy of this Prospectus 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 Prospectus. 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. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law, 1947, as amended, against liability arising from the discharge of its functions under that law.

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 Prospectus, 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 Prospectus 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, MERRILL LYNCH INTERNATIONAL (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT PREFERRED SECURITIES (PROVIDED THAT, THE AGGREGATE PRINCIPAL AMOUNT OF PREFERRED SECURITIES ALLOTTED DOES NOT EXCEED 105 PER CENT. OF THE AGGREGATE PRINCIPAL AMOUNT) 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. HOWEVER, THERE IS NO ASSURANCE THAT MERRILL LYNCH INTERNATIONAL (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE PREFERRED SECURITIES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE PREFERRED SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE PREFERRED SECURITIES.

#### **FINANCIAL AND OTHER REFERENCES**

All references in this Prospectus to “Euro”, “euro”, “EUR” and “€” refer to the single currency introduced at the start of the Third Stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, 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 references to “New Turkish Lira” are to the lawful currency of Turkey, which was revalued as at 1 January 2005.

The financial information presented herein has been prepared in accordance with International Financial Reporting Standards (“IFRS”) in relation to the Bank and the Group and Jersey law and Generally Accepted Accounting Practice in the United Kingdom in relation to the Issuer.

Certain financial and statistical information in this Prospectus 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.

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 Prospectus to “we”, “us” or “our” are, as the context requires, to the Bank or to the Group as a whole.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, this Prospectus:

- (a) the auditor's report and audited non-consolidated annual financial statements as at and for the financial years ended 31 December 2004 and 2005 in relation to the Issuer including the information set out at the following pages in particular:

	<u>31 December 2005</u>	<u>31 December 2004</u>
Balance Sheet . . . . .	Page 6	Page 6
Profit and Loss Account . . . . .	Page 5	Page 5
Accounting Principles and Notes . . . . .	Pages 7 to 15	Pages 7 to 13
Auditor's Report . . . . .	Page 4	Page 4

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

- (b) the annual bulletin for the financial years ended 31 December 2004 and 2005 in relation to the Group including the information set out at the following pages in particular:

	<u>31 December 2005 and 31 December 2004 (according to IFRS)</u>	<u>31 December 2004 (according to Greek GAAP)</u>
Balance Sheet . . . . .	Page 23	Pages 80 and 149
Profit and Loss Account . . . . .	Page 22	Pages 81 and 150
Accounting Principles and Notes . . . . .	Pages 26 to 92	Pages 83 to 94
Auditor's Report . . . . .	Page 21	Page 150

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

- (c) the auditor's review report and unaudited interim consolidated financial statements as at and for the six months ended 30 June 2005 and 2006 of the Group including the information set out at the following pages in particular:

	<u>30 June 2006</u>	<u>30 June 2005</u>
Balance Sheet . . . . .	Page 5	Page 5
Profit and Loss Account . . . . .	Page 4	Page 4
Accounting Principles and Notes . . . . .	Pages 8 to 38	Pages 8 to 61
Auditor's Review Report . . . . .	Page 3	Page 3

Any other information not listed above but contained in such document is incorporated by reference for information purposes only; and

- (d) memorandum and articles of association of the Issuer and the articles of association of the Bank.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus, together with the Prospectus, can be obtained free of charge from the registered office of the Issuer, from the specified office of the Paying Agent for the time being in Luxembourg and the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## OVERVIEW OF THE OFFERING

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

<b>Issuer:</b>	National Bank of Greece Funding Limited (the “Issuer”) is incorporated in Jersey and is a subsidiary of the Bank.
<b>Guarantor:</b>	<p>National Bank of Greece S.A. (the “Bank”) domiciled in the Hellenic Republic, is a limited liability stock company organised under the laws of the Hellenic Republic. The Bank and its consolidated subsidiaries 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. Its ordinary shares are listed in Athens (the Athens Exchange) and New York (NYSE).</p> <p>Its principal offices are at 86 Eolou Street, 10232 Athens, the Hellenic Republic, and its telephone number is 011-30-210-334-1000. Its web site address is <a href="http://www.nbg.gr">http://www.nbg.gr</a>.</p>
<b>Securities:</b>	£375,000,000 Series E Fixed/Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities with liquidation preferences of £50,000 and integral multiples of £1,000 above £50,000.
<b>Issue Size:</b>	£375,000,000
<b>Risk Factors:</b>	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Preferred Securities as well as the Bank’s ability to fulfil its obligations under the Guarantee. These are set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Preferred Securities. These are also set out under “ <i>Risk Factors</i> ” below.
<b>Preferred Dividends:</b>	<p>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 for that purpose, subject to certain limitations. (See “<i>Limitations on Payments</i>” below.)</p> <p>In respect of Preferred Dividend Periods (as defined on page 23) from and including the Closing Date to but excluding 8 November 2016, the Preferred Securities will accrue Preferred Dividends at a rate of 6.2889 per cent. per annum, payable annually in arrear on 8 November up to and including 8 November 2016. For each subsequent Preferred Dividend Period, Preferred Dividends on the Preferred Securities will be payable quarterly in arrear on 8 February, 8 May, 8 August and 8 November in each year at a rate equal to 2.08 per cent. per annum above three-month STERLING LIBOR. See “Description of the Preferred Securities — Dividend Rate” on page 24.</p>
<b>Guarantee:</b>	<p>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).</p> <p>The Bank’s obligations under the Guarantee will be subordinated so that they rank (i) junior to Senior Creditors (as defined on page 12), (ii) <i>pari passu</i> with the Liquidation Parity Obligations (as defined on page 22), and (iii) senior to the ordinary shares of the Bank.</p>



**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 for that purpose.

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 (i) such Preferred Dividend together with any distributions previously paid in respect of Preferred Dividend Parity Obligations in the then current financial year is greater than Distributable Funds or (ii) sufficient Distributable Funds are available, but the Issuer has been notified that a resolution of the directors of the Bank has been passed that states that in the opinion of the directors of the Bank payment of such Preferred Dividends would cause the Bank to breach Greek banking regulations affecting banks which fail to meet their capital adequacy ratios on a consolidated basis, as applicable and in force at the relevant time.

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 and the Holders in accordance with the provisions of Article 15 and Holders will have the right to appoint Directors as described below under “*Voting Rights*”.

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 considerations 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 is required 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 the full amount of the Preferred Dividend payable on the Preferred Securities on the Preferred Dividend Payment Date contemporaneous with or immediately following such distribution.

*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 the Preferred Dividend Payment Date contemporaneous with or immediately 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* payment of Preferred Dividends on the Preferred Securities on the Preferred Dividend Payment Date contemporaneous with or immediately following such distribution.

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.

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.

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 thereafter, at the Optional Redemption Price (as defined on page 37).

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

**Capital Disqualification Event 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 Make-Whole Redemption Price as defined on page 22 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 Optional 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 Make-Whole 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 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 winding up the Issuer, 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 any one Preferred Dividend Period, 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 the Issuer pays a Preferred Dividend for any Preferred Dividend Period, or payments by the Bank in respect thereof are made in relation to any subsequent Preferred Dividend Period.

**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 a nominee for, and will be deposited with, a common depositary 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 and Admission to Trading:**

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Preferred Securities to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Luxembourg Stock Exchange.

The Preferred Securities may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer, the Bank and the Managers.

**Replacement Capital Covenant**

On the issuance of the Preferred Securities, the Bank intends to enter into a replacement capital covenant for the benefit of one or more designated series of the Bank's debt securities. It is anticipated that the terms of such replacement capital covenant will provide that the Bank will not, and will not permit any subsidiary (including the Issuer), to redeem or repurchase any Preferred Securities unless and to the extent the aggregate redemption or repurchase price is equal to or less than the net proceeds (or in certain circumstances a specified percentage of such net proceeds) received by the Bank or its subsidiaries, during the six months prior to such redemption or repurchase date, from new issuances of qualifying securities and that the covenant will terminate on the redemption of the Preferred Securities if not terminated earlier in accordance with its terms.

## **RISK FACTORS**

*Prospective investors should consider carefully the following information in conjunction with the information contained in this Prospectus before investing in the Preferred Securities.*

*Each of the Issuer and the Bank believes that the following factors may affect its ability to fulfil its obligations under the Preferred Securities.*

*In addition, factors which the Issuer and the Bank believe may be material for the purpose of assessing other risks associated with the Preferred Securities are also described below.*

*Each of the Issuer and the Bank believes that the factors described below represent the principal risks inherent in investing in the Preferred Securities, but the inability of the Issuer or the Bank to pay interest, principal or other amounts on or in connection with the Preferred Securities may occur for other reasons which may not be considered significant risks by the Issuer and the Bank based on information currently available to them, or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*Neither the Issuer nor the Bank represents that the statements below regarding the risks of holding any Preferred Securities are exhaustive.*

### **Risks Associated with the Offering**

#### ***Suitability of Investors***

The purchase of Preferred Securities involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Preferred Securities. Before making an investment decision, prospective purchasers of Preferred Securities should ensure that they understand the nature of the Preferred Securities and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in this Prospectus.

Investment in the Preferred Securities is only suitable for investors who:

- (1) have the requisite knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Prospectus and the merits and risks of an investment in the Preferred Securities in the context of such investors' financial position and circumstances;
- (2) are capable of bearing the economic risk of an investment in the Preferred Securities for an indefinite period of time; and
- (3) recognise that it may not be possible to make any transfer of the Preferred Securities for a substantial period of time, if at all.

Further, each prospective purchaser of the Preferred Securities must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Preferred Securities (i) is fully consistent with its (or if it is acquiring the Preferred Securities in a fiduciary capacity, any beneficiary's) financial needs, objectives and condition; (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Preferred Securities as principal or in a fiduciary capacity); and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Preferred Securities in a fiduciary capacity, for any beneficiary), notwithstanding the substantial risks inherent in investing in or holding the Preferred Securities.

#### ***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 Issuer is a finance vehicle which does not have any trading assets and does not generate trading income. 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 or such payment would cause the Bank to breach Greek banking regulations relating to capital adequacy requirements, and/or unless the Directors of the Bank and/or the Issuer declare, in their sole discretion, that they are payable. If the Bank has insufficient Distributable Funds the Issuer will not make such a declaration and no Preferred Dividends will be payable or paid. 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 at the discretion of the Issuer and subject to certain limitations. An optional redemption feature is likely to limit the market value of the Preferred Securities. After the First Call Date, the market value of the Preferred Securities will not rise substantially above the price at which they can be redeemed. This may also be true prior to the First Call Date.

The Issuer may be expected to redeem the Preferred Securities when its cost of borrowing is lower than the rate of cash dividends payable on the Preferred Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective rate as high as the rate on the Preferred Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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 solvency 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. as required by Circular 21/2004 of the Bank of Greece.

### ***The Issuer’s obligations under the Preferred Securities and the Bank’s obligations under the Guarantee are subordinated***

In the event of any bankruptcy, winding-up, liquidation or dissolution of the Issuer, Holders will be entitled to receive the Liquidation Distribution (as defined under “*Description of the Preferred Securities*”) per Preferred Security held out of assets of the Issuer 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 and the liquidation distribution paid to the holders of Liquidation Parity Obligations (as defined under “*Description of the Preferred Securities*”) 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 ranking *pari passu* with or junior to the Bank’s obligations under the Guarantee) had the Preferred Securities and all such Liquidation Parity Obligations been issued by the Bank and ranked (i) junior to all liabilities of the Bank (other than any liability ranking *pari passu* with or junior to the Bank’s obligations under the Guarantee)

(“Senior Creditors”), (ii) *pari passu* with the Parity Obligations (as defined under “*Description of the Preferred Securities*”), if any, of the Bank, and (iii) senior to all Junior Obligations of the Bank.

#### ***Voting rights***

Except as provided under “Voting Rights” under “Description of the Preferred Securities”, holders will not be entitled to receive notice of or attend or vote at any general meeting of shareholders of the Issuer.

#### ***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.

#### ***Modification and waivers***

The terms of the Preferred Securities contain provisions for calling meetings of Holders of Preferred Securities to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders of the Preferred Securities including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

#### ***Change of law***

The Preferred Securities are governed by Jersey law in effect as at the date of issue of the Preferred Securities. The Guarantee is governed by English law (save that paragraphs 3 and 9(b) shall be governed by, and construed in accordance with, Greek law) in effect as at the date of issue of the Preferred Securities. In addition, the provisions of the paragraph entitled “Exceptions to Compulsory Payments” under “Description of the Preferred Securities” are subject to mandatory operation of Greek law from time to time. No assurance can be given as to the impact of any possible judicial decision relating to or change in Jersey law, English law or Greek law or administrative practice after the date of issue of the Preferred Securities.

#### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If, following implementation of this Directive, a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Preferred Security as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

#### ***Risks related to the Preferred Securities generally***

Set out below is a brief description of certain market risks relating to the Preferred Securities, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### ***Absence of prior public markets***

The Preferred Securities constitute a new issue of securities by the Issuer. Prior to this issue, there will have been no public market for the Preferred Securities. Although application has been or will be made for the Preferred Securities to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, there can be no assurance that an active public market for the Preferred



Securities will develop and, if such a market were to develop, the Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Preferred Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Bank and other factors that generally influence the market prices of securities.

***Exchange rate risks and exchange controls***

The Issuer will pay the Preferred Dividends on the Preferred Securities and the Bank will make any payments under the Guarantee in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (i) the Investor's Currency-equivalent yield on the Preferred Securities, and (ii) the Investor's Currency-equivalent market value of the Preferred Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less of a return on the Preferred Securities than expected.

***Interest rate risks***

Prior to the First Call Date, the Preferred Securities will accrue Preferred Dividends at a fixed rate. Investment in fixed rate instruments involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate instruments.

***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Preferred Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Preferred Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the relevant rating agency at any time.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Preferred Securities are legal investments for it; (ii) Preferred Securities can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Preferred Securities. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Preferred Securities under any applicable risk-based capital or similar rules.

**Risks Associated with the Issuer**

***The Issuer is a finance vehicle***

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 Issuer is a finance vehicle which does not have any trading assets and does not generate trading income. 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 may suffer direct and materially adverse consequences, including non-payment of Preferred Dividends on the Preferred Securities or non-payment of payments under the Guarantee.



## **Risks Associated with the Bank**

### ***The state of the political and economic environment, particularly in Greece, significantly affects our performance***

Our operations and loan portfolio are mainly concentrated in Greece. For the financial year ended 31 December 2005, approximately 63.5 per cent. of our total operating income, and as of 31 December 2005, 87 per cent. of our loans and advances to customers, were derived from our operations in Greece. As a result, the state of the Greek economy significantly affects our financial performance as well as the market price and liquidity of the Bank's shares. To a lesser but increasing extent, our performance is affected by the economic conditions and levels of economic activity in other countries in which we operate, such as Turkey, Bulgaria, Romania and the former Yugoslav Republic of Macedonia ("FYROM"). Consequently, an economic slowdown, a deterioration of conditions in Greece or other adverse changes affecting the Greek economy or the economies of these other countries could result in, among other things, higher rates of credit defaults on loans or declines in new borrowing, which could adversely impact our business, financial condition, cash flows and results of operations. Moreover, the political environment both in Greece and in other countries in which we operate may be adversely affected by events outside our control, such as changes in government policies, EU Directives in the banking sector and other areas, political instability or military action affecting Europe and/or other areas abroad and taxation and other political, economic or social developments in or affecting Greece and the countries in which we operate or may expand.

### ***Volatility in interest rates may negatively affect our net interest income and have other adverse consequences***

Interest rates are highly sensitive to many factors beyond our control, including monetary policies and domestic and international economic and political conditions. As with any bank, changes in market interest rates could affect the interest rates we charge on our interest-earning assets differently than the interest rates we pay on our interest-bearing liabilities. This difference could reduce our net interest income. Since the majority of our loan portfolio effectively re-prices in five years or less, rising interest rates may also result in an increase in our impairment losses on loans and advances if customers cannot refinance in a higher interest-rate environment. Further, an increase in interest rates may reduce the demand for loans and our ability to originate loans. Conversely, a decrease in the general level of interest rates may adversely affect us through, among other things, increased pre-payments on our loan and mortgage portfolio and increased competition for deposits. Likewise, a decrease in interest rates may affect our ability to issue mortgage-backed securities, securitise parts of our balance sheet or otherwise issue debt securities.

### ***Our lending margins may decline***

The Greek banking industry has historically enjoyed high loan margins compared to other EU member states. However, as Greece's economy converges with those of other countries in the European Union, margins have been declining. In addition, the adoption of rules for the enhancement of transparency in the financial services market by the Bank of Greece is expected to result in lower margins with respect to consumer loans and credits for banks operating in Greece. A further decline in lending margins would have a negative impact on our results from operations.

### ***We face significant competition from Greek and foreign banks***

Deregulation has led to increased competition in the Greek banking sector. In addition, consolidation among Greek banks has led to increased competition resulting from the increased efficiency and greater resources of these combined entities. We also face competition from foreign banks, some of which have resources significantly greater than our own. Notwithstanding our leading position in Greece in certain products and services, we may not be able to continue to compete successfully with domestic and international banks in the future.

### ***We conduct significant international activities and are expanding in emerging markets***

We have built up substantial operations in Bulgaria, Romania, FYROM and other developing economies. In addition, in August 2006 we acquired a 46 per cent. stake in Finansbank A.S., Turkey ("Finansbank") the fifth largest private bank in Turkey and will commence a tender offer for a significant proportion of the remaining shares of Finansbank late in 2006. Our international operations are exposed to the risk of adverse political, governmental or economic developments in the countries in

which we operate. In addition, most of the countries outside Greece in which we operate are emerging markets where we face particular operating risks. These factors could have a material adverse effect on our financial condition and results of operations. Our international operations also expose us to foreign currency risk. A decline in the value of the currencies in which our international subsidiaries receive their income or hold their assets relative to the value of the euro may have an adverse effect on our financial condition and results of operations. We are actively pursuing expansion of our international market position, principally through acquisitions in Turkey, Serbia, Romania and other countries in Southeast Europe—Albania, Bulgaria, Romania, Serbia, Turkey and FYROM—(“SEE”), Eastern Europe and the Southeast Mediterranean region. We are currently evaluating a number of acquisition candidates in these regions and, consequently, we anticipate that our operations and our shareholders will increasingly be exposed to risks associated with acquisitions generally, as well as specific risks relating to business operations in these emerging markets.

***We could be exposed to significant future pension and post-retirement benefit liabilities***

In common with other large companies in Greece that are, or were, in the public sector, the employees of the Bank and certain of our subsidiaries participate in employee-managed pension schemes. The Bank makes significant contributions to these schemes. In addition, the Bank and several of our subsidiaries offer other post-retirement benefit plans, including medical benefit plans. Our consolidated net liability under these plans at 31 December 2005 was €207.7 million, determined by reference to a number of critical assumptions that are subject to potential variation. Such variation may cause us to incur significantly increased liability in respect of these obligations. For more information on these assumptions and our current obligations under pension plans, see Note 13 to the IFRS financial statements for the year ended 31 December 2005, incorporated by reference in this Prospectus.

Legislation passed in 1992 provides that state-controlled employers, as well as employers that had been controlled by the state in the past (including the Bank), are not liable for annual operating deficits of their company-specific main pension funds in excess of the amount of the annual operating deficit recorded in 1992. Under this legislation, the Bank is responsible for operating deficits of its Main Pension Fund up to €25.2 million per year. The Bank has not been required to make any relevant payment to the Main Pension Fund up to this date. However, we expect that the Main Pension Fund will experience operating deficits in the future and that the Bank may be required to make payments to this Fund to cover these deficits. In addition, it is currently unclear what effect new legislation and the potential merger of the Main Pension Fund into the main state sponsored fund (“IKA”), described below, could have on the Bank’s obligations with respect to these operating deficits.

In recent years, the Greek Government has introduced legislation seeking to reform the Greek pension system. In 2002, the Greek Government passed legislation under which it provided that the plans that operate in the form of public-law entities, including the Bank’s employees’ Main Pension Fund, would merge with IKA by 2008. In 2005 and 2006, the Greek Government passed further legislation (Law 3371/2005, as amended) permitting certain bank employee main pension schemes to merge into IKA earlier than in 2008, and permitting other bank employee auxiliary pension schemes to merge with the new Insurance Fund of Bank Employees (“ETAT”). The new law provides that, in connection with the merger of auxiliary schemes with ETAT, the relevant employer shall make a payment to ETAT solely in an amount to be determined by an independent economic study commissioned by the Ministry of Finance pursuant to this legislation.

In April 2006, the Bank applied under Law 3371/2005, as amended, to merge its Auxiliary Pension Fund into ETAT, and to merge the Main Pension Fund with IKA earlier than 2008. It is possible that we may make a significant cash payment to ETAT in connection with the merger of the Bank’s employee pension schemes with ETAT.

The foregoing developments, as well as future interpretations of existing laws and any future legislation regarding pensions and pension liabilities or other post-retirement benefit obligations, may increase the liability of the Bank or its subsidiaries with respect to pension and other post-retirement benefit plan contributions to cover actuarial or operating deficits of those plans.

***Our ability to reduce staff in Greece is limited***

Part of our strategy is to increase profitability by making our operations more efficient. Our ability to realise one component of this, reducing staff, is limited by Greek labor laws, our company collective

agreement, current employment regulation and our desire to maintain good relations with our employees. As a result, we will continue to depend on voluntary redundancies and attrition to achieve staff reductions. We will continue to assess whether we will be able to reduce our staff. However, we may not always be successful in doing so.

***The Greek banking sector is subject to strikes***

Most of our employees belong to a union and the Greek banking industry has been subject to strikes, such as in June 2005 when the Union of Greek Bank Employees went on strike for 23 days over proposed pension reform legislation then under consideration by the Greek Parliament. Moreover, strikes over issues such as pensions and wages occur sporadically. Accordingly, labour unrest could have a material adverse effect on the Bank's operations.

***Our accounting policies relating to the treatment of delinquent loans in Greece and in some of our non-Greek subsidiaries differ from those followed by banks in certain other countries***

Pursuant to Greek law, the Bank ceases to accrue interest on commercial loans in Greece when they are delinquent for 180 days, and on consumer and credit card loans when they are delinquent for 100 days. This is longer than would be the case if such loans were extended in some European countries and in the United States, where loans are generally considered non-performing if they are delinquent for 90 days. Consequently, there is a risk our financial statements may understate our level of non-performing loans and overstate our interest income relative to banks in other countries.

***Non-performing loans have had a negative impact on our operations and may continue to do so***

Non-performing loans represented approximately 4.6 per cent. of our total loan portfolio as at 30 June 2006. As a result of certain tax and legal considerations, non-performing loans generally remain on our balance sheet significantly longer than for other banks in the EU.

Our current credit approval and monitoring procedures focus on the borrower's cash flow and ability to repay in an effort to improve the quality of our loan assets and mitigate future provisions for non-performing loans. However, we cannot assure you that these credit approval and monitoring procedures will reduce the amount of provisions for loans that become non-performing in the future. Future provisions for non-performing loans could have a materially adverse impact on our operating results. In addition, a downturn in the global economy would potentially result in a higher proportion of non-performing loans.

***We are exposed to credit risk, market risk, operational risk, liquidity risk and insurance risk***

As a result of our activities, we are exposed to a variety of risks, among the most significant of which are credit risk, market risk, operational risk, liquidity risk and insurance risk. Failure to control these could result in material adverse effects on our financial performance and reputation.

- ***Credit Risk.*** Credit risk is the risk of financial loss relating to the failure of a borrower to honour its contractual obligations. Credit risk arises in lending activities and also in various other activities where we are exposed to the risk of counterparty default, such as our trading, capital markets and settlement activities. Counterparty default can be caused by a number of reasons, which we may not be able to accurately assess at the time we undertake the relevant activity. Moreover, we cannot assure you if and when a complete and fully reliable database of non-defaulted loans will be available to us. The database that monitors defaulting customers across the banking system in Greece ("Teiresias") monitors defaults, but does not aggregate amounts of non-defaulted loans outstanding to a debtor. Consequently, the Bank is subject to the risk that its counterparties may have borrowed unsustainably large amounts from other banks which the Bank would be unable to detect. While Teiresias is in the process of setting up a database for non-defaulted loans, this database is incomplete, and we cannot assure you if and when a reliable database of non-defaulted loans will be available to us.
- ***Market Risk.*** Market risk includes, but is not limited to, interest rate, foreign exchange rate, bond price and equity price risks. Changes in interest rate levels, yield curves and spreads may affect our net interest margin. Changes in currency exchange rates affect the value of assets and liabilities denominated in foreign currencies and the value of our assets in foreign currencies and may affect income from foreign exchange dealing. As a result of our acquisition of Finansbank,

for instance, we will be exposed to exchange rate risk from the New Turkish Lira. The performance of financial markets may cause changes in the value of our investment and trading portfolios. We have utilised risk management methods to mitigate and control these and other market risks to which we are also exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on our financial performance and business operations.

- *Liquidity Risk.* Liquidity risk is the risk that a bank, including us, may be unable to anticipate and provide for unforeseen decreases or changes in funding sources could have consequences on such bank's ability to meet its obligations when they fall due.
- *Operational Risk.* Operational risk is the risk of loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, employees and information systems. External events include floods, fires, earthquakes or terrorist attacks, fraud by employees or others, errors by employees, failure to comply with regulatory requirements and conduct of business rules or equipment failures.
- *Insurance Risk.* Insurance risk is the risk to earnings due to mismatches between expected and actual claims. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behaviour, changes in public health, pandemics and catastrophic events (e.g. earthquake, industrial disaster, terrorism, etc.).

***We may incur significant losses on our trading and investment activities due to market fluctuations and volatility***

We maintain trading and investment positions in debt, currency, equity and other markets. These positions could be adversely affected by volatility in financial and other markets, creating a risk of substantial losses. Volatility can also lead to losses relating to a broad range of other trading and hedging products we use, including swaps, futures, options and structured products.

***Our hedging may not prevent losses***

If any of the variety of instruments and strategies that we use to hedge our exposure to various types of risk in our businesses is not effective, we may incur losses. Many of our strategies are based on historical trading patterns and correlations. Unexpected market developments therefore may adversely affect the effectiveness of our hedging strategies. Moreover, we do not hedge all of our risk exposure in all market environments or against all types of risk. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in our reported earnings.

***State-related entities may have an important influence on the Bank***

Although the Greek Government does not directly own any of our shares, it may exercise a degree of indirect influence on us, through certain state-related entities (primarily pension funds, most of whose boards of directors are appointed by the Greek Government), which on 9 October 2006, owned shares representing approximately 18.6 per cent. of our issued share capital.

Our articles of association do not provide any special voting rights to any class of shares or shareholders and there is no law in Greece that gives control over the Bank to the Greek Government. However, if there is not a full voting participation by all of our shareholders at a given shareholders' meeting, these state-related entities, despite holding a minority of our total shares, may have a voting majority at such meeting. For instance, this could allow them to influence the election of members of our Board of Directors.

***Future acquisitions may result in unexpected losses***

Typically, when we acquire a banking business, we acquire all of its liabilities as well as its assets. Our acquisition procedures may fail to identify all actual or potential liabilities of a company prior to its acquisition, and we may not obtain sufficient indemnities to protect ourselves against such acquired liabilities. For example, the failure to identify and accurately determine the level of credit risk or market risk to which an acquired bank is exposed prior to its acquisition may lead to unexpected losses

following the acquisition, which may have a significant adverse effect on our results of operations and financial condition.

***Expanding in Turkey carries specific macroeconomic and political risks***

As a result of our acquisition of Finansbank we will be subject to operating risks in Turkey, including the following:

- Turkey is a parliamentary democracy, and although stable, is not free from political uncertainty. In particular, Turkey is in the process of seeking integration into the EU, and on 3 October 2005, accession negotiations with the EU were opened. There can be no assurance, however, that Turkey will be able to meet the criteria applicable to become a member state of the EU or that the EU will maintain its current approach regarding the candidacy of Turkey. A failure of Turkey to become an EU member state could have a negative impact on the Turkish economy and Finansbank's operations.
- Political instability in the Middle East and military operations in the area have increased the political and economic risks in the region. The current situation in the area may contribute to further tension and may result in terrorist activities in Turkey. These risks may have an impact on the Turkish economy and our operations there.
- Turkey has many characteristics of a developing economy. Over the past two decades, the Turkish economy has undergone a transformation from a highly protected and regulated system to a more free market economy. The Turkish economy has, in general, responded well to this transformation, showing an overall pattern of growth from 1992 to 2005. However, the Turkish economy has experienced a succession of financial crises, including those in 2000 and 2001, as well as macroeconomic imbalances, including substantial budget deficits, significant balance of payments deficits, high rates of inflation and high real rates of interest. In addition, Turkey has experienced hyperinflation until recently. There can be no assurance that Turkey will not face more financial crises, which could have a negative impact on Finansbank's operations.
- Historically, the Turkish currency has been subject to significant volatility against the Euro and other currencies. These fluctuations could have a negative impact on the value of our investment in Finansbank and on our overall profitability.
- Relations between Greece and Turkey have gone through periods of tension. As a result of our acquisition of Finansbank, Finansbank may be adversely affected by negative perceptions of Greece that may be held by certain of Finansbank's customers. A significant loss of customers could have a material adverse effect on the development of our business in Turkey and on our overall profitability.
- We believe the general level of macroeconomic and political risk to be higher in Turkey than in other countries whose economies and banking markets are more developed and that are already members of the EU. While we believe there is potential for substantial growth in the Turkish banking market, there is no guarantee that such growth will occur or that Finansbank will be able to benefit from that growth. Adverse macroeconomic and political events, which limit economic growth in Turkey or restrict the growth of the banking market, would adversely affect Finansbank's business and could adversely affect the Bank's business, results of operations or financial condition.

***A failure to integrate Finansbank effectively and in a timely manner could adversely affect our business***

Our investment in Finansbank represents our largest acquisition to date. In addition to the usual risks relating to acquisitions, the acquisition of Finansbank may pose a number of potentially significant risks in integrating Finansbank's operations with our own, including our ability to manage an integration process of this magnitude and our ability to retain key employees in Finansbank. We have no previous experience in running banking operations in Turkey. Although we have successfully integrated banks acquired in other markets we have recently entered, we could encounter significant unexpected difficulties or incur material unexpected expenditures in connection with the integration of Finansbank. The failure to integrate Finansbank successfully and on a timely and efficient basis could have a significant adverse effect on the Bank's business, results of operations and financial condition.



### ***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 new provisioning policies that require Greek banks to make 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 January and November 2005 and generally require Greek banks, including us, to increase their provisions for capital adequacy purposes. In addition, by the end of 2006, the Bank will be required to comply with the requirements of Section 404 of the Sarbanes-Oxley Act, which requires systems of compliance and monitoring to be put into place. We cannot predict what regulatory changes may be imposed in the future, either as a result of regulatory initiatives in the European Union, by the Bank of Greece or by US securities regulators. If we are required to make additional provisions or increase our reserves, as may result from the proposed New Basel Capital Accord (discussed below) and other potential regulatory changes, this could adversely affect our financial condition or results of operations.

### ***Our 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 (which are referred to in this Prospectus as 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 Greece. 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 October 2005, the Council of the European Union published the final proposal for the re-casting of Directive 2000/12/EC of 20 March 2000, relating to the taking up and pursuit of the business of credit institutions, and Directive 1993/6/EEC of 15 March 1993, on the capital adequacy of investment firms and credit institutions. It is expected that the final Directive of the European Parliament and of the Council will be finalised and published in the near future. If these proposals (the “New Basel Capital Accord”) are fully adopted by the European Union, the Bank may be required by its regulators to maintain higher levels of capital, which could decrease our operational flexibility and increase our financing costs. Consequently, we cannot assure you that the New Basel Capital Accord will not have a material adverse effect on our financial condition or results of operations.

### ***Implementation of Basel II risk-weighted asset framework may result in changes to the risk weighting of the Preferred Securities***

The Basel Committee on Banking Supervision published the text of a new framework on 26 June 2004 under the title “International Convergence of Capital Measurement and Capital Standards: a Revised Framework”. This new framework (the “Basel II Framework”), which places enhanced emphasis on market discipline and sensitivity to risk, is the basis for national rule-making and approval processes to continue and for banking organisations to complete their preparations for implementation of the Basel II Framework. The committee confirmed that it is currently intended that the various approaches under the Basel II Framework will be implemented in stages, some from year-end 2006, the most advanced at year-end 2007. As and when implemented (including through the proposed EU Capital Requirements Directive), the Basel II Framework could affect the risk-weighting of the Preferred Securities in respect of certain investors if those investors are subject to the Basel II Framework following its implementation. Consequently, investors should consult their own advisers as to the consequences to and effect on them of the proposed implementation of the Basel II Framework. No predictions can be made as to the precise effects of potential changes which might result upon the implementation of the Basel II Framework.



## 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 to be dated 8 November 2006 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 and foreign exchange markets settle payments and are open for general business in London, Athens and Jersey;

"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 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 8 November 2006;

"Common Depositary" means a common depositary for Euroclear and Clearstream, Luxembourg;

"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 Amount" means the amount of the Preferred Dividend payable per Preferred Security on the Preferred Dividend Payment Date for the relevant Preferred Dividend Period;

"Dividend Determination Date" means with respect to any Preferred Dividend Period, commencing on or after 8 November 2016, the first day of such Preferred Dividend Period;

"Dividend Rate" means in respect of the 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;

"First Call Date" means 8 November 2016;

"Global Certificate" shall have the meaning set out in Article 13;

"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 8 November 2006 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 relevant 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, the Series B Preferred Securities, the Series C Preferred Securities and the Series D Preferred Securities);

“Liquidation Preferences” means the liquidation preferences of £50,000 plus integral multiples of £1,000 above £50,000;

“Make-Whole Redemption Price” means, in respect of each Preferred Security, (a) an amount equal to the relevant Liquidation Preference or, if higher, (b) the price, expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards), at which the gross redemption yield (as calculated on the basis set out by the United Kingdom Debt Management Office in the paper Formulae for Calculating Gilt Prices for Yields page 4, Section One: Price/Yield Formulae

“Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8/6/1998 as amended or updated from time to time)) on such Preferred Security, if it were to be purchased at such price on the third dealing day prior to the Redemption Date, would be equal to the gross redemption yield on such dealing day of the relevant Liquidation Preference of the Reference Bond plus 0.50 per cent. on the basis of the middle market price of the Reference Bond prevailing at 11.00 a.m. (London time) on such dealing day as determined by a leading investment or commercial bank appointed by the Bank for such purpose, together in the case of (a) or (b) with any 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;

“Margin” means 2.08 per cent. per annum;

“Optional Redemption Price” means an amount equal to the relevant Liquidation Preference 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;

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

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

“Paying and Transfer Agent” means each of the Principal Paying and Transfer Agent, BNP Paribas Securities Services, Luxembourg Branch 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 Fixed Rate” has the meaning set out in Article 2(b);

“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, the Series B Preferred Securities, the Series C Preferred Securities and the Series D 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 £ Series E Fixed/Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of the Issuer outstanding 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;

“Reference Bond” means in relation to any calculation of the Make-Whole Redemption Price, 4.75 per cent. Treasury Stock due 2015 or if such security is no longer in issue or is no longer used in pricing bonds with a maturity falling near 8 November 2016, such other United Kingdom government security as the Bank may, with the advice of the Reference Dealers, determine to be appropriate for determining the Make-Whole Redemption Price;

“Reference Dealers” means three brokers of gilts and/or gilt-edged market makers selected by the Company, or such other three persons operating in the gilt-edged market as are selected by the Bank;

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

“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;

“Senior Creditor” has the meaning set out in Article 3;

“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;

“Series C Preferred Securities” means the U.S.\$ Series C CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities;

“Series D Preferred Securities” means the € Series D CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities;

“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;

“three-month STERLING LIBOR” means, in respect of a relevant Preferred Dividend Period, the rate (expressed as a percentage per annum) for deposits in Sterling for a three-month period commencing on the first day of the relevant Preferred Dividend Period that appears on Telerate Page 248 (as defined below) as of 11.00 a.m. (London time) on such date. If such rate does not appear on Telerate Page 248, Sterling Libor will be determined by the Principal Paying and Transfer Agent on the basis of the rates at which deposits in Sterling for a three-month period commencing on such date and in a principal amount equal to an amount of not less than £1,000,000 that is representative for a single transaction in the London interbank market at such time are offered in the London interbank market by four major banks in the London interbank market selected by the Principal Paying and Transfer Agent, after consultation with the Bank, at approximately 11.00 a.m. (London time) on that date; and

“Telerate Page 248” means the display designated as “Page 248” on the Moneyline Telerate Screen (or such other page as may replace Page 248 on that service or such other service or services as may be nominated as the information vendor for the purposes of displaying three-month STERLING LIBOR).

## **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 annually in arrear on 8 November in each year up to and including 8 November, 2016, following which quarterly in arrear on 8 February, 8 May, 8 August and 8 November in each year.

### *(b) Dividend Rate*

In respect of the Preferred Dividend Periods ending on or prior to 8 November 2016 the Dividend Rate shall be 6.2889 per cent. per annum (the “**Preferred Dividend Fixed Rate**”). The Dividend Amount payable in respect of each Preferred Security for any period from and including the Closing Date to but excluding 8 November 2016 shall be calculated by the Principal Paying and Transfer Agent by multiplying the Preferred Dividend Fixed Rate by the relevant Liquidation Preference and by the actual number of days elapsed in the relevant period divided by the actual number of days in the Preferred Dividend Period in which the relevant period falls and rounding the resulting figure to the nearest pence (half a pence being rounded upwards).

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. On each Dividend Determination Date the Principal Paying and Transfer Agent will determine three-month STERLING LIBOR as at 11.00 a.m. (London time). The Dividend Rate for the relevant Preferred Dividend Period shall be the sum of three-month STERLING LIBOR and the Margin.

The Principal Paying and Transfer Agent will, as soon as practicable after 11.00 a.m. (London time) on each Dividend Determination Date, determine the Dividend Rate in respect of the relevant Preferred Dividend Period and calculate the Dividend Amount by multiplying the Dividend Rate for such Preferred Dividend Period by the relevant Liquidation Preference and by the actual number of days elapsed in the relevant Preferred Dividend Period and then dividing such amount by 365 and rounding the resulting figure to the nearest pence (half a pence being rounded upwards).

The Principal Paying and Transfer Agent shall cause the relevant Dividend Rate, the relevant Preferred Dividend Payment Date and each Dividend Amount payable in respect of the relevant Preferred Dividend Period to be notified to the Issuer, the Bank, 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 for that purpose.

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: (i) such Preferred Dividend, together with the amount of any distributions previously paid in respect of Preferred Dividend Parity Obligations in the then current financial year would exceed Distributable Funds; or (ii) sufficient Distributable Funds are available, but the Issuer has been notified that a resolution of the directors of the Bank has been passed that states that in the opinion of the directors of the Bank payment of such Preferred Dividends would cause the Bank to breach Greek banking regulations affecting banks which fail to meet their capital adequacy ratios on a consolidated basis, as applicable and in force at the relevant time.

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 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 the Preferred Dividend Payment Date contemporaneous with or immediately following such distribution.

- (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 the next Preferred Dividend Payment Date 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* payment of the full amount of the Preferred Dividend on the Preferred Securities on the Preferred Dividend Payment Date contemporaneous with or immediately following such distribution.

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.

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 Optional 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 8 November 2006, 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 Optional 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 Make-Whole 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 Make-Whole 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 relevant 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 Preferred Dividend 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, 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 euro 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. (London 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 Preferred Dividends, 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 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.

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 Liquidation 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 any Preferred Dividend Period:

- (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 any Preferred Dividend Period, 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 liquidation preference of the outstanding Preferred Securities or with the sanction of a resolution, passed by a majority of not less than two-thirds in liquidation preference 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 liquidation preference 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 in liquidation preference 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 liquidation preference 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 liquidation preference 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 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 the Liquidation Preferences 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 relevant 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 and subject to compliance with applicable law, 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 Registrar having its office outside the United Kingdom.

#### **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 any Preferred Securities are outstanding, the Issuer will maintain (i) a Registrar having its office outside the United Kingdom and (ii) a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or to 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 Register. In addition, all notices to Holders of Preferred Securities will for so long as the Preferred Securities are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange and the rules of such Exchange so require, in a daily newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort* or the *Tageblatt*) and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu) 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. 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.

#### **16. Governing Law**

Being shares in a Jersey company, the Preferred Securities shall be governed by, and construed in accordance with, Jersey law.



## 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 nominee name and will be deposited with, a common depositary for, Euroclear and Clearstream, Luxembourg on or about the Closing Date. Upon the initial registration of the Preferred Securities in the nominee name of a common depositary for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to that common depositary, 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 depositary referred to above will be transferred to each Holder of an interest in the Preferred Securities whose name is notified by the common depositary 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 depositary for Euroclear and Clearstream, Luxembourg, the nominee for the common depositary 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”, and under “Exchange” above, the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other 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.

## **Notices**

Notwithstanding Article 15 (*Notices*), while all the Preferred Securities are represented by the Global Certificate and the Global Certificate is deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Holders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to Holders in accordance with Article 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, provided that, so long as the Preferred Securities are listed on the Luxembourg Stock Exchange, the rules of the Luxembourg Stock Exchange so permit (it should be noted that the current rules of the Luxembourg Stock Exchange require publication in accordance with Article 15).

## 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 8 November 2006, 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)(i) any compulsory Preferred Dividends pursuant to, and in accordance with, the Issuer’s Articles of Association and (ii) any compulsory Preferred Dividends which would have been payable pursuant to, and in accordance with, the Issuer’s Articles of Association but for the operation of the Law; (c) the Optional Redemption Price or the Make-Whole Redemption Price, as the case may be, 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;

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

“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 relevant 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, the Series B Preferred Securities, the Series C Preferred Securities and Series D Preferred Securities);

“Liquidation Preferences” means the liquidation preferences of £50,000 plus integral multiples of £1,000 above £50,000;

“Make-Whole Redemption Price” means, in respect of each Preferred Security, (a) an amount equal to the relevant Liquidation Preference or, if higher, (b) the price, expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards), at which the gross redemption yield (as calculated on the basis set out by the United Kingdom Debt Management Office in the paper Formulae for Calculating Gilt Prices for Yields page 4, Section One: Price/Yield Formulae

“Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8/6/1998 as amended or updated from time to time)) on such Preferred Security, if it were to be purchased at such price on the third dealing day prior to the Redemption Date, would be equal to the gross redemption yield on such dealing day of the relevant Liquidation Preference of the Reference Bond plus 0.50 per cent. on the basis of the middle market price of the Reference Bond prevailing at 11.00 a.m. (London time) on such dealing day as determined by a leading investment or commercial bank appointed by the Bank for such purpose, together in the case of (a) or (b) with any 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;

“Optional Redemption Price” means, in respect of the Preferred Securities, an amount equal to the relevant Liquidation Preference 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;

“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, the Series B Preferred Securities, the Series C Preferred Securities and the Series D Preferred Securities);

“Preferred Securities” means the £ Series E Fixed/Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of the Issuer outstanding, 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;

“Reference Bond” means in relation to any calculation of the Make-Whole Redemption Price, 4.75 per cent. Treasury Stock due 2015 or if such security is no longer in issue or is no longer used in pricing bonds with a maturity falling near 8 November 2016, such other United Kingdom government security as the Bank may, with the advice of the Reference Dealers, determine to be appropriate for determining the Make-Whole Redemption Price;

“Reference Dealers” means three brokers of gilts and/or gilt-edged market makers selected by the Company, or such other three persons operating in the gilt-edged market as are selected by the Bank;



“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 issued by the Issuer;

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

“Series C Preferred Securities” means the U.S.\$ Series C CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities;

“Series D Preferred Securities” means the € Series D CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities; 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 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 Junior Obligations.

## **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 one Preferred Dividend Period, 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) a Registrar having its office outside the United Kingdom and (iii) 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 26-27 November 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 therefore 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 dishonour, 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 £371,812,500 less certain expenses, 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 and its telephone number is +44 1534 511 700. 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 or on any other stock exchange and are not dealt on any other recognised market.

The Issuer has an authorised share capital of (a) €1,031,000,000 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”), 230,000 Series D CMS-Linked Non-cumulative Guaranteed Non-Voting Preferred Securities of €1,000 each (the “Series D Preferred Securities”), (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”) and (c) £375,000,000 Series E Fixed/Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of £50,000 and integral multiples of £1,000 above £50,000 (the “Series E Preferred Securities”).

At the date hereof 10,000 Ordinary Securities, €350,000,000 Series A Preferred Securities, €350,000,000 Series B Preferred Securities, U.S.\$180,000,000 Series C Preferred Securities and the €230,000,000 Series D 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 €350,000,000 Series B Preferred Securities were issued on 3 November 2004 and are listed on the Luxembourg Stock Exchange and on the Official Segment of the stock market of Euronext Amsterdam N.V. (“Euronext Amsterdam”). The U.S.\$180,000,000 Series C Preferred Securities were issued on 3 November 2004 and are listed on the Luxembourg Stock Exchange and on Euronext Amsterdam. The €230,000,000 Series D Preferred Securities were issued on 16 February 2005 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. The Series B Preferred Securities carry a non-cumulative preferred dividend of 6.25 per cent. up until 3 November 2005, after which time the rate shall be linked to the 10-year CMS swap rate in EUR plus 0.125 per cent.<sup>(1)</sup> The Series C Preferred Securities carry a non-cumulative preferred dividend of 6.75 per cent. up until 3 November 2005, after which time the rate shall be linked to the 10-year CMS swap rate in U.S.\$ plus 0.125 per cent.<sup>(1)</sup> The Series D Preferred Securities carry a non-cumulative preferred dividend of 6.00 per cent. up until 16 February 2010, after which time the rate shall be linked to the 10-year CMS swap rate in EUR, subject to a minimum of 3.25 per cent. and a maximum of 10 per cent. per annum.<sup>(1)</sup>

Dividends on the Series A Preferred Securities, Series B Preferred Securities, Series C Preferred Securities and Series D 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, the Series B Preferred Securities, the Series C Preferred Securities or the Series D 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.

(1) For a precise description of the interest rates, please refer to the Issuer’s financial statements incorporated by reference in this Prospectus.

Holders of the Series A Preferred Securities, the Series B Preferred Securities, the Series C Preferred Securities or the Series D 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, the Series B Preferred Securities or the Series D Preferred Securities are entitled to receive €1,000 per share plus any accrued and unpaid preferred dividends and the holders of the Series C Preferred securities are entitled to receive U.S.\$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 Series B Preferred Securities are redeemable, in whole but not in part, at the option of the Issuer on 3 November 2014 or any dividend payment date thereafter. The Series C Preferred Securities are redeemable, in whole but not in part, at the option of the Issuer on 3 November 2014 or any dividend payment date thereafter. The Series D Preferred Securities are redeemable, in whole but not in part, at the option of the Issuer on 16 February 2015 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
Marinos Vathis . . . . .	Director	NBG, London Branch, Manager
Nicholas Forbes Walker . . .	Director	Partner, HLB Jackson Fox and Director, Fairway Trust Limited
Alistair James Rothwell . . .	Director	Partner, HLB Jackson Fox and Director, Fairway Trust Limited

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

There are no potential conflicts of interest between the duties to the Issuer of each of the members of the Board of Directors and his/her private interests or other duties. The Issuer complies with the laws and regulations of Jersey regarding corporate governance.

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 Prospectus, there were no loans granted or guarantees provided by the Issuer to any directors.

Except as described below, as at the date of this Prospectus, 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 8WN, 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 as at and for the financial years ended 31 December 2004 and 2005. Unqualified audit opinions were 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), (iii) the issuance of €350,000,000 Series B Preferred Securities (as described above), (iv) the issuance of U.S.\$180,000,000 Series C Preferred Securities (as described above), (v) the issuance of €230,000,000 Series D Preferred Securities (as described above) and (vi) the execution of documentation in relation thereto and in relation to the Series E 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.

As at 31 December 2005, the Group’s total assets were €60,426.6 million, customers’ deposits were €43,350.1 million and loans and advances to customers were €30,614.1 million. The Bank operates through a network of 567 branches throughout the Hellenic Republic and an international network comprising 48 branches outside the Hellenic Republic and four overseas representative offices. In addition, the Bank has seven commercial banking subsidiaries operating in seven countries.

The Bank’s stock is broadly dispersed across individuals and legal entities in Greece and abroad. As at the date of this Prospectus, the Bank’s outstanding issued share capital is €2,374,885,880 divided into 474,977,176 ordinary shares of €5 each. According to information available to the Bank, no single shareholder beneficially owns more than 3 per cent. of the Bank’s ordinary shares, with the exception of Morgan Stanley, which currently owns (either directly or through related entities) approximately five per cent. of the Bank’s ordinary shares. The following table sets forth certain information regarding the shareholders of the Bank.

	As at 9 October 2006	
	Number of shares	Percentage holding
International institutionals and investors . . . . .	221,356,489	46.6%
Private domestic investors . . . . .	103,803,991	21.9%
Pension funds and other State-related entities . . . . .	88,285,747	18.6%
Other investors . . . . .	61,530,949	12.9%
Total . . . . .	<u>474,977,176</u>	<u>100.0%</u>

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, with telephone number +30 210 334 1000. The Bank is registered in the Greek Register of Sociétés Anonymes under number 6062/06/B/86/01. 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 global depositary receipts are listed on the London Stock Exchange and the Bank’s American depositary receipts 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 2005:

**Companies of the financial sector included in the  
consolidated financial statements of the Group as at 31 December 2005**

Name	Country of incorporation	% Participation	
		31.12.2005	31.12.2004
National Investment Company . . . . .	Greece	—	46.42%
National Securities S.A. . . . .	Greece	100.00%	100.00%
Ethniki Kefalaïou S.A. . . . .	Greece	100.00%	100.00%
Diethniki Mutual Fund Management Co . . . . .	Greece	100.00%	100.00%
National Management & Organization Co . . . . .	Greece	100.00%	100.00%
Ethniki Leasing S.A. . . . .	Greece	100.00%	100.00%
National Mutual Fund Management Co . . . . .	Greece	100.00%	100.00%
NBG Venture Capital S.A. . . . .	Greece	100.00%	100.00%
National Development of Northern Greece S.A. . . . .	Greece	—	65.00%
NBG Balkan Fund Ltd. . . . .	Cyprus	100.00%	100.00%
NBG Greek Fund Ltd. . . . .	Cyprus	100.00%	100.00%
ETEBA Emerging Markets Fund Ltd. . . . .	Cyprus	100.00%	100.00%
ETEBA Estate Fund Ltd . . . . .	Cyprus	100.00%	100.00%
ETEBA Venture Capital Management Ltd . . . . .	Cyprus	100.00%	100.00%
NBG Bancassurance S.A. . . . .	Greece	100.00%	100.00%
Atlantic Bank of N.Y. <sup>(1)</sup> . . . . .	U.S.A.	100.00%	100.00%
NBG Canada <sup>(2)</sup> . . . . .	Canada	100.00%	100.00%
S.A.B.A. . . . .	S. Africa	99.50%	99.47%
NBG Cyprus Ltd . . . . .	Cyprus	100.00%	100.00%
National Securities Co (Cyprus) . . . . .	Cyprus	100.00%	100.00%
NBG Management Services Ltd. . . . .	Cyprus	100.00%	100.00%
Stopanska Banka A.D. . . . .	FYROM	71.20%	71.20%
United Bulgarian Bank (UBB) . . . . .	Bulgaria	99.91%	99.91%
NBG International Ltd . . . . .	United Kingdom	100.00%	100.00%
NBGI Inc. (NY) . . . . .	U.S.A.	100.00%	100.00%
NBG Private Equity Ltd. . . . .	United Kingdom	100.00%	100.00%
NBG Finance plc . . . . .	United Kingdom	100.00%	100.00%
Interlease A.D. (Sofia) . . . . .	Bulgaria	87.50%	87.50%
ETEBA Bulgaria A.D. . . . .	Bulgaria	100.00%	100.00%
ETEBA Romania S.A. . . . .	Romania	100.00%	100.00%
ETEBA Advisory SRL <sup>(3)</sup> . . . . .	Romania	100.00%	100.00%
NBGI Jersey Limited <sup>(4)</sup> . . . . .	Jersey	—	100.00%
NBG Luxembourg Holding S.A. . . . .	Luxembourg	100.00%	100.00%
NBG Lux Finance Holding S.A. . . . .	Luxembourg	100.00%	100.00%
National Real Estate . . . . .	Greece	—	79.60%
Innovative Ventures S.A. (I-Ven) . . . . .	Greece	100.00%	100.00%
National Bank of Greece Funding Ltd . . . . .	Jersey	100.00%	100.00%
Banca Romaneasca S.A. . . . .	Romania	97.14%	90.87%
Ethniki Hellenic General Insurance S.A. . . . .	Greece	76.65%	76.00%
ASTIR Palace Vouliagmenis S.A. . . . .	Greece	78.06%	76.75%
ASTIR Alexandroupolis S.A. <sup>(5)</sup> . . . . .	Greece	100.00%	100.00%
Grand Hotel Summer Palace A.E. . . . .	Greece	100.00%	100.00%
NBG Training Center S.A. . . . .	Greece	100.00%	100.00%
Ethnodata S.A. . . . .	Greece	100.00%	100.00%
KADMOS S.A. . . . .	Greece	100.00%	100.00%
DIONYSOS S.A. . . . .	Greece	99.91%	79.52%
EKTENEPOL Construction Company . . . . .	Greece	100.00%	79.60%
Mortgage, Touristic PROTYPOS S.A. . . . .	Greece	100.00%	79.60%
Hellenic Touristic Constructions S.A. . . . .	Greece	77.76%	61.90%
Ethnoplan S.A. . . . .	Greece	100.00%	97.00%
Ethniki Ktimatikis Ekmetalefsis S.A. . . . .	Greece	100.00%	—

Name	Country of incorporation	% Participation	
		31.12.2005	31.12.2004
NBG I Private Equity Funds . . . . .	United Kingdom	100.00%	100.00%
NBG International Holdings BV . . . . .	Netherlands	100.00%	—
Eurial Leasing SRL . . . . .	Romania	70.00%	—
Ethniki General Insurance (Cyprus) Ltd . . . . .	Cyprus	79.19%	78.64%
Societate Comerciala de Asigurare Reasigurare Eleno- Romana Garanta S.A. . . . .	Romania	71.49%	63.48%
Audatex Hellas SA . . . . .	Greece	53.65%	53.21%
Alpha Insurance Brokerage SA . . . . .	Greece	72.82%	—

Notes:

- (1) Atlantic Bank of New York was sold in April 2006.
- (2) NBG Canada was sold in February 2006.
- (3) ETEBA Advisory ceased operations in 2006.
- (4) NBGI Jersey Limited was liquidated in January 2006.
- (5) ASTIR Alexandroupolis was sold in January 2006.

In February 2006, National Insurance acquired Alpha Insurance Romania. The latter was renamed “NBG Asigurari S.A.”.

In August 2006, the Bank finalised the acquisition of a 46 per cent. stake of the ordinary shares and 100 per cent. of the founder shares of Finansbank.

In September 2006, the Bank and the Republic of Serbia entered into a definitive agreement for the acquisition of a majority stake of 99.4 per cent. of Vojvodanska Banka a.d. Novi Sad (“Vojvodanska”) by NBG.

## DESCRIPTION OF THE BUSINESS OF THE GROUP

### *Retail Banking*

#### *General*

All of our retail banking activities in Greece are conducted by the Bank. The Bank offers retail customers a number of different types of deposit and investment products, as well as a wide range of traditional services and products.

The following table illustrates our estimated market share in Greece for certain categories of retail banking activities as at 31 December 2004 and 2005, the latest date for which official statistics are available.

**The Bank's Approximate Retail Market Share in Greece<sup>(1)</sup>**

	As at 31 December	
	2004	2005
Mortgage lending . . . . .	26.7%	25.3%
Consumer loans . . . . .	23.3%	18.9%
Credit cards . . . . .	18.5%	19.6%
Funds under management . . . . .	27.1%	24.6%
Core deposits <sup>(2)</sup> . . . . .	23.2%	29.7%

(1) Sources: Union of Institutional Investors and Bank of Greece.

(2) Core deposits consist of sight deposits and savings accounts, which totalled €30.3 billion in Greece as at 31 December 2005, and exclude repos and time deposits.

Despite decreases in market share in some areas, such as consumer loans and credit cards, the Bank maintained a strong market position (*Sources: Union of Institutional Investors and Bank of Greece*) and profitability in these areas. The Bank's management believes that it has significant competitive advantages over other banks offering retail banking services in Greece, including our strong corporate image and name recognition in Greece, our large customer base and our extensive network of branches and ATMs. In addition, the Bank continues to develop other channels of distribution, such as mobile telephone banking and internet banking. These advantages help the Bank to access the largest and most diverse depositor base in Greece, providing the Bank with a large, stable and low-cost source of funding.

The Bank places particular emphasis on continuing to improve the speed and flexibility of our services to its retail customers. The Bank's strategy for accomplishing these goals has included:

- investing significantly in information systems;
- reorganising and consolidating operations; and
- developing new retail investment products, in co-ordination with other companies in the Group, to meet our customers' needs.

The Bank has maintained a favorable market position, according to the Bank of Greece, maintaining deposits in a competitive interest rate environment due to the loyalty of our customers, our widespread presence throughout Greece providing customers with access to branches and ATMs and our favorable brand recognition.

#### *Products*

The Bank offers a wide range of products for retail customers, including savings accounts, current accounts and time deposits. The Bank expects full implementation within the next couple of years of our Customer Relationship Administration system, a computer system also known as "CRA", designed to improve its services to retail customers in the mortgage and consumer loan segments. The Bank believes that the CRA system will enhance its cross-selling capabilities by enabling the Bank to target specific retail customers in marketing our complementary products and services, such as bancassurance, 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. The Bank had €41.1 billion total deposits (€30.3 billion in core deposits) as at 31 December 2005. 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 our clients (backed by Greek Government bonds), Greek Government bonds from the Bank's proprietary portfolio, capital guaranteed-principal products and a wide range of mutual funds and unit trust products provided by Diethniki Mutual Fund Management S.A., which is 100 per cent. owned by Group companies. See "— Mutual Funds" below.

## *Credit Products*

### Consumer Credit

The Bank holds a leading position in consumer retail banking in Greece, according to data published by the Bank of Greece. Through our Consumer Credit Division and our subsidiary, the National Management and Organization Company S.A. ("NMOC"), established in 1972, the Bank offers our customers a wide range of credit cards, personal and consumer loans and offers personal lending arrangements through third party retailers.

The consumer credit sector has grown significantly in recent years. The Bank's portfolio of consumer credit products amounted to €4,121.4 million at 31 December 2005, compared with €3,670.9 million at 31 December 2004, and accounted for approximately 14.7 per cent. of the Bank's loan portfolio in 2005, compared to approximately 15.3 per cent. of the Bank's loan portfolio as at 31 December 2004.

### Consumer Loans and Personal Loans

In 2004, the Bank of Greece removed maximum limits on consumer credit, enabling the Bank to offer a wider variety of consumer and personal loans to private individuals. In addition, the Bank increased the amount and variety of revolving credit facilities (unsecured loans and overdrafts) and special purpose fixed term loans (such as vacation loans and car loans) available to retail customers. As a result, the Bank has focused increasingly on consumer lending, which accounted for 9.4 per cent. of our total loan portfolio as at 31 December 2005, approximately the same percentage as at 31 December 2004. Although the amount of consumer loan and personal loan balances grew, their share of total loan percentage stayed constant due to 16.9 per cent. growth in the total loan portfolio. At 31 December 2005, the Bank's portfolio of consumer and personal loans amounted to €2,652.4 million, compared with €2,254.1 million at 31 December 2004.

### Credit Cards

Despite strong competition, we continue to maintain a leading position (*Source: Bank of Greece*) in the Greek credit card market by managing a credit card portfolio totalling €1.5 billion as at 31 December 2005, compared with €1.4 billion as at 31 December 2004.

The Bank, through NMOC, is the main issuer of credit cards under the MasterCard brand in Greece. The Bank also issues credit cards under the VISA brand through NMOC. The total number of new cards issued in 2005 amounted to 216,000, compared to 237,000 in 2004.

The Bank was the first Greek bank to introduce chip based technology credit cards in the Greek market by launching new MasterCard and VISA credit cards under the name "go", together with the parallel introduction of a multi-merchant customer loyalty program named "go National". A full conversion of the Bank's existing classic and Gold credit card portfolio (MasterCard and VISA) to chip based technology credit cards is scheduled to be completed by the end of 2006, at which time a total of 1,200,000 "go" cards are expected to be in circulation.

New generation "go" cards offer additional security and are intended to be used primarily as a payment solution for everyday purchases in Greece and abroad, as well as for cash advances. These cards also offer cardholders the ability to participate in the "go National" multi-merchant customer loyalty program, obtaining immediate profits/discounts towards their next purchases by using their cards at a wide range of "go National" participating merchants.

The Bank also offers Gold and Platinum MasterCard, both of which target high net worth customer segments. The Bank has sought to reach a broader group of customers by increasing offerings of co-branded credit cards (which bear the NBG name as well as that of another entity, such as a supermarket) and affinity credit cards (which are focused on members of certain organisations and may offer special incentives, such as donations based on sales volume to a specific charity or group).

### *Mortgage Lending*

The Bank is the leading mortgage lender in Greece, with a market share of 25.3 per cent. as at 31 December 2005, according to our analysis of data published by the Bank of Greece. As at 31 December 2005, the Bank's outstanding mortgage balances (consisting of loans to domestic enterprises and households) amounted to €11,494.6 million, compared to €8,838.7 million at the end of 2004, and constituted 40.9 per cent. of our total loan portfolio as at 31 December 2005, compared to 36.8 per cent. as at 31 December 2004. The volume of new mortgage loan disbursements in 2005 increased by 34 per cent. over 2004, from €2,607 million to €3,500 million. Moreover, in line with its strategy of expanding the use of alternative distribution channels to promote its mortgage products, the Bank began to offer our products through real estate agents, while continuing to increase its cooperation with building construction and insurance companies.

The Bank offers a wide range of mortgage products, with floating, fixed, or a combination of fixed and floating interest rates. Floating rates are of an indexed type, based upon the European Central Bank's ("ECB") refinancing rate (currently standing at 2.50 per cent.), plus a margin of between 130 and 300 basis points, depending on the customers' overall credit profile, the amount borrowed and the loan-to-value ratio. Indexed type products (including our top selling "Ethnohousing Privilege 1" which offers an initial trigger rate fixed at 3.60 per cent. for the first year) have proved to be very successful, accounting for the largest part of our new mortgage loan disbursements in 2005.

The recent shift in ECB's interest rate policy, which was heralded with five consecutive increases of its base rate from the historically low 2 per cent. to 3.25 per cent., has led our Bank to place greater emphasis on the promotion of fixed rate mortgages, introducing a new range of products under the brand name "ESTIA" in late 2005, with highly competitive fixed interest rates for periods ranging from 3 to 20 years. In addition, two more sophisticated floating rate products were introduced, offering customers protection from interest rate increases (i.e. "caps" and "fixed payment — extendable maturity" mortgage products).

An important development regarding the quality of mortgage credit is the option offered to existing and new customers to buy a life-insurance plan, with favorable terms and conditions, together with their mortgage. Currently, approximately half of the Bank's new mortgages are extended together with a life-insurance plan.

The Bank's mortgage loans are offered with maturities of up to 40 years. Loans guaranteed and/or subsidised by the Greek Government to special groups and victims of natural disasters, for which maturity is determined by law, range from 15 to 20 years. Fixed rate loans are offered for periods of up to 20 years.

The Bank has been able to maintain a favourable market share for mortgage loans, according to our analysis of data published by the Bank of Greece, and expand its loan portfolio despite increased competition in the market due to our favourable brand recognition, widespread distribution network and customer loyalty.

Until recently, mortgage customers had to pay a penalty for early pre-payment, discouraging customers from switching mortgage providers. In 2005, the Greek Supreme Court issued a decision prohibiting pre-payment penalties for floating rate loans. The Bank adjusted its mortgage lending policy in order to mitigate any adverse effects of this decision, and to date has experienced no material impact from this decision.

### *Small Business Credit*

In 2002, we established the Small Business Credit division to enhance and personalise services offered to our business clients and particularly to increase the Bank's penetration in the professional and small business segment. The Small Business Credit division administers credit underwriting of loans to professionals and small businesses with turnover of up to €1 million and is part of the Bank's retail banking operations. It comprises three credit centers in Athens, Thessaloniki and Patras. As at



31 December 2005, small business credit loans reached €2,033.1 million, compared to €1,694.7 million as at 31 December 2004. Since its inception, the Small Business Credit division has launched lending products for SMEs and professionals, including the “Open Professional Plan” offering a revolving credit facility to borrow up to 100 per cent. of total annual turnover. In 2005, the Bank introduced Business Multiloans that essentially cover a wide range of a company’s financing needs (e.g., equipment and machinery purchase, new building and other fixed assets) with a longer repayment period and a wider choice of interest rate. In 2005, the Bank also began promoting financing products to a wider variety of business categories, including restaurants, workshops and tourist businesses. Additionally, the Small Business Credit division offers medium-to-long term loans geared towards medium-to-long term working capital needs or financing of fixed assets, such as equipment and office renovations.

## ***Commercial Banking***

### *General*

The Bank’s commercial loan portfolio in Greece comprises approximately 45,000 corporate clients (including SMEs), including most of the largest corporate groups in Greece. As a Group, we are able to offer our corporate clients a wide range of products and services, including financial and investment advisory services, deposit accounts, loans (denominated in both Euro and other currencies), foreign exchange, insurance products, custody arrangements and trade finance services.

### *Lending Activities*

Since 1996, the Bank has been offering:

- corporate accounts with overdraft facilities;
- foreign currency loans;
- variable rate loans; and
- currency swaps and options (mostly Euro-related) for corporate customers.

The Bank’s lending is primarily in the form of credit lines, which are generally at variable rates of interest with payment terms of up to 12 months. In addition, the Bank provides letters of credit and guarantees for its clients. Most loans are collateralised to a certain degree, although Greek law imposes significant delays in foreclosing on collateral. We lend to all corporate sectors, with particular emphasis on trade, industry, mining and the public sector. As at 31 December 2005, the Bank’s corporate loan portfolio totalled €10,450.9 million, 37.2 per cent. of the total amount of loans outstanding at year end.

The Bank also participates in, advises on and arranges large syndicated loans with both domestic and foreign banks. Generally, these loans finance large domestic and international infrastructure projects and borrowings by large corporations and state-controlled entities. For example, the Bank participated as co-arranger and underwriter in the financing of the Athens ring-road and the Rion-Antirion bridge in Greece, the Birmingham Northern Relief Road in Britain, the High Speed Line Railway and the Rijnmond Power Plant in Holland, the Maritsa East Power Plant in Bulgaria and the Stendal Pulp Mill in Germany. NBGI, the Bank’s London-based investment banking subsidiary, is also active in arranging international syndicated loans and acting as an advisor on projects in private sector transactions.

### *Shipping Finance*

Greece is a maritime nation with a long tradition in ship-owning and is one of the world’s largest ship-owning and ship-flagging nations. Shipping remains an important sector of the Greek economy and the Bank is one of the most active participants in the local market, as well as one of the strongest competitors to foreign banks involved in shipping finance in Greece, according to an analysis of shipping finance made by Petrofin SA. The Bank has traditionally provided financing for many of the largest Greek shipping companies. As at 31 December 2005, outstanding shipping loans were approximately €692.3 million, which represents approximately 2.5 per cent. of the Bank’s total loan portfolio as at that date.

The Bank’s shipping finance activities are carried out both through its Piraeus and London branches, the former of which is dedicated exclusively to shipping finance. Loans originated in London accounted for 16.6 per cent. of the Bank’s loans in this sector as at 31 December 2005. The Bank plans to continue with its strategy of targeting first-tier shipping groups with respect to both our conventional

shipping finance and our syndicated loan activities in order to improve quality, spread risk and enhance the profitability of our shipping loan portfolio. Most of our shipping loans are secured by vessels.

The shipping industry is highly cyclical, experiencing volatility in revenues and cash flows resulting from changes in the demand and supply of vessel capacity. The demand for vessels is influenced by, among other factors, global and regional economic conditions, developments in international trade and changes in seaborne and other transportation patterns. None of these factors is within our control.

The Bank has adopted strategies and procedures to more effectively evaluate shipping credits. Each existing shipping loan is subject to periodic (at a minimum, annual) performance reviews. This approach has delivered positive results and the Bank's management believes that it will result in continued improved performance in this sector in the next few years. Loans related to the ferry business, representing 18.6 per cent. of our shipping loan portfolio as at 31 December 2005, have been restructured in recent years in line with market outlook, although most such loans are secured by vessels.

### ***Investment Banking and Brokerage-Related Activities***

The Bank and certain of our subsidiaries (principally NBGI, National Securities Co. S.A. and NBGI Private Equity) offer a wide range of capital markets and advisory services, including:

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

The provision of capital markets and advisory services in Greece has become increasingly competitive, with a number of banks and brokerage houses participating actively in this area. However, the Bank believes that its plan to reorganise its business to combine all of the investment banking activities of the Group and our existing presence in the marketplace will enable it to capture a significant share of any growth in the Greek market for investment banking and brokerage services.

### **Investment Banking Activities**

In recent years, the Bank has maintained one of the leading market shares in capital markets activities in Greece, according to its analysis of data published by the Bank of Greece, particularly with regard to public offering activity. Over the past five years, the Bank has acted as underwriter in 56 out of 68 domestic private sector IPOs. During the same period, the Bank has participated in all of 10 privatisation offerings in Greece, while being one of the lead managers in the largest offerings in Greece. According to the Bank's internal statistics, the Bank's market share of underwritten offerings of equity securities by Greek issuers, in terms of underwritten amount, was approximately 21 per cent. in 2005, representing an underwritten amount of €123.5 million, and approximately 20 per cent. in 2004, representing an underwritten amount of €16.6 million.

In addition to its domestic activities, the Bank also conducts investment banking business in London and New York through NBGI, which also has a private equity and venture capital business conducted in its London and Athens offices.

During 2005, NBGI developed its position as a leading advisor in the Greek corporate finance advisory investment banking business, according to our analysis of publicly available information. NBGI has acted as a leading advisor to the Greek Government on major international transactions, and has also undertaken a series of successful advisory projects with Greek corporate clients, advising Coca-Cola Hellenic Bottling Company on its offer for Lanitis Bros. in Cyprus and Forthnet in relation to an unsolicited tender offer by Intracom. NBGI's Corporate Finance team plans to continue the cooperation with our other businesses, such as corporate banking, that proved successful in 2005. NBGI had revenues of €14.7 million in 2005, and revenues of €6.7 million in 2004. At the beginning of 2005,

NBGI rationalised its US operations and disposed of NBGI Asset Management Inc. in order to focus on its core broker-dealer business, NBGI Securities Inc. Through NBGI Securities Inc., the Bank provides US institutional investors with research on Greek listed companies and more general information on the economic condition of Greece and SEE.

The Bank is also active in project finance, and has provided project finance advisory services to the Greek Government in a number of major infrastructure projects over the past 10 years, including the New Athens International Airport, the Athens Ring Road, the Rion-Antirion Bridge, the Thessaloniki Metro Project and the Greek Motorways Concession Projects.

### **Stock Brokerage**

National Securities Co. S.A. is the Bank's brokerage arm and is a member of the ATHEX. Its customers are able to execute securities purchase orders through on-line connections in the Bank's branch network that allow for rapid execution (subject to market conditions and rules). Over the last three years, National Securities Co. has attracted institutional clients in Greece and abroad. It is increasingly engaging in portfolio management and in secondary market transactions for both retail and institutional clients in government securities. As at 31 December 2005, National Securities Co. had a market share of 12.9 per cent. of trades brokered by total trading volume on the ATHEX, ranking second in terms of total trading volume, compared with a 17.6 per cent. market share held by its largest competitor, EFG Securities. In 2004, its market share was approximately 12 per cent.

On 13 July 2006, NBG and P&K Securities agreed for NBG to acquire all of the shares of P&K Securities, a brokerage firm in Greece, for a purchase price of €48.7 million. The combined entity aims to become the largest investment services house in SEE and will focus on Greek and South European capital markets, taking advantage of the Group's existing infrastructure. In particular, the combined entity will rank first in the provision of brokerage services in equities and derivatives in the Greek market, with a market share of 23.5 per cent. on the basis of the first semester of 2005.

### **Custodian Services**

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

The Bank acts as an agent for approximately 126 domestic institutional clients (27 mutual funds, one investment company, one financial services company, 22 insurance companies and 75 pension funds) and 46 foreign institutional clients, including several leading global custodians, as at 31 December 2005. The Bank had, as at 31 December 2005, approximately 155,000 active custody accounts, in addition to approximately 39,000 customers having only government debt in their portfolio and approximately 211,000 customers maintaining only Mutual Fund Units in their portfolio.

### **Payment Services**

The Bank offers payment services to our clients participating in all local interbank payments channels. The Bank is also a member of the Euro interbank channels of TARGET, EBA for Euro 1, Step 1 and Step 2 services. As a member of Step 2, the Bank is the main Greek entry point for Eurozone payments. For payments, especially outside the Eurozone, the Bank maintains a global network of correspondent banks. The Bank is currently in the process of implementing a major program to centralise our payments operations, which has been ongoing since 2004.

### **Venture Capital**

In 2005, NBGI implemented a number of structural changes, increasing its funds under management to €320 million (including undrawn amounts). Its activities focused on three main investment areas: the UK and Western Europe, Greece and other SEE countries, and technology.

2005 was an active year for our venture capital business. The NBG UK Fund disposed of its first investments, while it also carried out two new investments. The NBG Emerging Europe Fund completed its third and largest liquidation of an investment, achieving returns on its capital of approximately 71 per cent., and the Technology Fund made three new investments in 2005.

## Mutual Funds

The Bank's domestic fund management business is run by Diethniki Mutual Fund Management S.A. ("Diethniki") which is 100 per cent. owned by Group companies. Diethniki manages funds which are made available to our customers through the Bank's extensive branch network.

As at 31 December 2005, Diethniki's total assets directly under management were €6.9 billion, a 19.2 per cent. decrease from 2004, resulting from our total of our funds under management, shifting the emphasis from money market funds to bond funds, balanced funds and equity funds. Diethniki's market share in Greece was 24.6 per cent. as at 31 December 2005, compared to 27.1 per cent. as at 31 December 2004, according to the Association of Greek Institutional Investors.

Diethniki offers a total of 35 mutual funds, 21 under the Delos brand name which Diethniki manages directly, and 14 under the NBG SICAV brand name which are managed through intermediaries NBG Luxembourg Holding and Lux Finance Holding, which combined include securities in both the Greek and leading international markets with a range of investment products. In 2005, Diethniki expanded its range of mutual funds with the introduction of NBG Synesis Growth Strategy II, a product combining potentially higher returns and initial capital guarantee, and Delos Regular Income for investors wishing to invest over the long-term while receiving any gains at preset intervals in the form of regular income. At 31 December 2005, total assets under management for the Delos brand was down by 19.2 per cent. on the previous year, partly due to the restructuring of Diethniki's portfolios, with a shift from money market funds to higher-yielding forms of investment, amounting to €6.9 billion compared with €8.5 billion a year earlier. Assets under management for the NBG SICAV line increased to €350 million from €185 million in 2004, up 89 per cent. at year end 2005.

The restructuring of the assets in Diethniki's funds under management in 2005 led to an increase in the most profitable categories. Specifically, the proportion of bond mutual funds grew substantially at the expense of money market mutual funds. The Bank's management believes that this qualitative shift will deliver benefits for our profitability in the years ahead, as well as substantially enhance customer retention. At the end of 2005, Diethniki held a market share of 24.6 per cent., the second largest in Greece, according to the Association of Greek Institutional Investors.

We currently intend to expand our fund management business further into other countries in which we operate.

The total value of the funds we have managed since 2001 is illustrated in the table below.

As at 31 December	Funds under management	Market share
	(€ in millions)	
2001 .....	4.2	15.8
2002 .....	4.2	16.7
2003 .....	7.7	25.3
2004 .....	8.5	27.1
2005 .....	6.9	24.6

In addition to Diethniki's activities, a former subsidiary of the Bank, National Investment Company S.A., managed a portfolio comprising Greek shares, units in foreign mutual funds, Greek Government bonds and treasury bills, foreign securities and domestic and short-term money market investments. In an effort to streamline our operations, the Bank integrated the operations of National Investment Company S.A., a Group subsidiary, in December 2005, and its functions are now performed at the level of the Bank's treasury.

## Private Banking

Through the Bank's private banking entities we provide high net worth clients with specialised services and a wide range of tailor-made investment products, such as capital guaranteed products.

The Bank launched its private banking operations in 2003, and now operates both domestically and internationally through our international private banking units in London and Guernsey. The Bank's private banking units had aggregate assets under management of €1.7 billion at the end of 2005, compared to €1.3 billion at the end of 2004.

In 2005, the Bank launched two private banking units in the Athens area (Kifisia and Piraeus), and the Bank intends to launch another two private banking units in Patra and in Larissa or Volos during 2006.

Furthermore, following the open architecture philosophy, the Bank offers third-party investment products to our clients and plans to establish advisory and asset management services.

### **Treasury Activities**

The Bank and each of its banking subsidiaries carry out 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;
- corporate bonds; and
- derivative products, such as options and interest rate and currency swaps.

The Group's Treasury is active across a broad spectrum of capital market products and operations, including bonds and securities, interbank placements in the international money and forex markets, and market-traded and OTC financial derivatives. In 2005, treasury activities accounted for approximately 25 per cent. of the Bank's pre-tax profits. It supplies the branch network with value-added deposit products, and the client base includes institutionals, large corporations, insurance funds and big private-sector investors. In general, the Bank and our subsidiaries enter into derivatives transactions for economic 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 and is a general clearing member in the Eurex derivatives exchange. In recent years, the Bank's treasury-related activities have represented a significant source of revenues. In 2005, total turnover for foreign exchange trading and money market transactions by the Bank's central dealing room in Athens was approximately €81 billion and €777 billion, respectively.

In addition, the Bank's dealing rooms promote and provide treasury products and services. Our principal dealing rooms are located in Athens and London. We also operate small dealing rooms in Sofia, Bucharest, and Skopje. In addition, we have a dealing room in Thessaloniki to provide coverage of our clients in northern Greece.

The Bank is active in the primary and secondary trading of Greek Government securities, as well as in the international Eurobond market. The Bank is a founding member of the Group of Greek Government Securities Primary Dealers which was established by the Bank of Greece in early 1998. For the year 2005, according to Bank of Greece data, the Bank ranked first in terms of volume traded among 19 primary dealers in government bonds traded through the Electronic Secondary Securities Market.

### ***Other Financial and Related Services***

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

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



## **Leasing**

The Bank began leasing activities in 1990 through our subsidiary, Ethniki Leasing S.A. Ethniki Leasing is active in the leasing of land and buildings, machinery, transport equipment, furniture and appliances, and computer and communications equipment. As at 31 December 2005, the company had assets of €526.0 million and had revenues of €20.0 million for the year ended 31 December 2005. Another Group company, Interlease AD, provides leasing services in Bulgaria through its branch in Sofia. As at 31 December 2005, Interlease had assets of €125.1 million and revenues of €10.4 million for the year ended 31 December 2005. In addition, on 29 December 2005, the Bank acquired the Romanian leasing company Eurial Leasing S.A. (“Eurial”), a medium sized company specialising mostly in automobile leasing. As at 31 December 2005, Eurial had total assets of €53.7 million (Eurial did not contribute to our operating income for the year 2005).

## **Factoring**

The Bank has been offering factoring services since 1996, including domestic factoring services such as debt collection, management and account monitoring and advancing of funds for companies’ outstanding claims. Internationally, the Bank offers export credit, credit risk coverage, monitoring services, management and debt collection services. Factoring services are provided through the Bank’s corporate credit centres, which comprise a specialised division of the Bank. The Bank’s corporate credit centres also provide lending services to small and medium-sized enterprises, offering a synergistic complement of services to these clients.

## **Consulting and Professional Training**

Ethnodata S.A. and its subsidiary, Ethnoplan, both Group companies, provide training and development in the area of information systems and software primarily to other companies in the Group. Ethnodata also provides IT consultancy services within the Group and to third parties. In addition, the Bank runs a training center for its employees as well as other banks in Greece and abroad. The Bank’s training center offers training courses and participates in programs funded by the EU.

The Bank also engages in business consultancy services through Planet S.A., a business consultancy firm based in Athens in which the Bank holds a 31.7 per cent. stake.

## **Real Estate Management**

The Bank engages in real estate management activities, including warehousing and third-party property management.

As at 31 December 2005, the Bank owned 1,582 real estate units, 1,124 of which were buildings the Bank acquired for our own business purposes or through seizure of collateral on loan foreclosures. The book value of those assets was €1,119.8 million as at 31 December 2005. In addition, Ethniki Kefalaïou S.A., a wholly-owned subsidiary of the Bank that is engaged in asset and liability management, including asset liquidation, manages 65 properties with an aggregate book value of €28.2 million as at 31 December 2005. Most of these properties have been bought in recent years from the Bank, which acquired them on realisation of collateral under non-performing loans. In line with our strategy of streamlining our activities, we intend to continue to dispose of certain non-core real estate holdings through Ethniki Kefalaïou S.A. For the year ended 31 December 2005, proceeds from the sale of land and buildings by the Bank and Ethniki Kefalaïou amounted to approximately €28.3 million.

National Real Estate, the Bank’s former real estate subsidiary, performed warehousing functions and held real estate property as an independent subsidiary. By June 2005, the Bank had consolidated the remaining assets in its real estate portfolio that were unrelated to its principal financial services businesses into National Real Estate, with the goal of improving the management of our real estate portfolio through economies of scale and facilitating our profitable development of those properties. On 31 March 2006, the Bank consolidated the operations of National Real Estate. See “Property, Plants and Equipment” below for general information regarding our real estate holdings, and “History and Development of the Bank” above for information regarding our principal real estate divestitures in recent years. The Bank intends to continue to divest real estate holdings.

## ***Competition***

The Bank competes with other banks, financial services firms and a wide range of insurance companies in providing mutual fund services, capital markets and advisory services and insurance. Internationally, we compete with banking firms of varying sizes and geographic scope.

The Bank itself competes with national, regional and foreign banks throughout Greece and abroad. There were 44 universal banks (i.e. banks that provide all types of banking services, including retail, commercial and investment banking), both domestic and foreign, in Greece as at 31 December 2005. The top six domestic universal banking groups in Greece accounted for approximately 89.6 per cent. of the total assets attributable to domestic and foreign universal banks as at that date. The largest foreign bank operating in Greece, Bank of Cyprus, had assets of €8,238 million, as at 31 December 2005, which represented approximately 3.0 per cent. of total bank assets in Greece. Foreign banks held approximately 10.8 per cent. of total bank assets in Greece as at 31 December 2005 (the last date for which such information is currently available, according to our analysis of published financial statements).

## ***International Operations***

We operate, as a Group, in 14 countries outside Greece. Our international network comprises 326 banking units outside Greece (including Bank branches, subsidiaries and representative offices), which offer traditional banking services and financial products and services. The Bank has seven commercial banking subsidiaries in seven countries: South African Bank of Athens, NBG Cyprus, Stopanska Banka, based in Skopje in FYROM, United Bulgarian Bank AD, with its headquarters in Sofia, Bulgaria, Banca Romaneasca SA based in Bucharest, Romania, in which the Bank acquired a 81.65 per cent. stake in 2003 (increased to 97.14 per cent. in 2005), Finansbank based in Turkey in which the Bank acquired a 46 per cent. stake in August 2006 and Vojvodanska Banka a.d. Novi Sad based in Serbia, in which the Bank agreed to acquire a 99.4 per cent. stake in September 2006. In 2005, the international operations contributed €909.7 million in operating income to the Group and €152.5 million in net profit to the Group. As at 31 December 2005, the pre-tax profits stemming from our activities in SEE (Bulgaria, Romania, FYROM, Albania and Serbia) were €85.2 million, up 68 per cent. from €50.9 million in 2004. Likewise, total lending was €2 billion at 31 December 2005, up 58.1 per cent. from 31 December 2004, while deposits surpassed €1.7 billion at 31 December 2005, up 24 per cent. from 31 December 2004. At 31 December 2005, all the Bank's international activities together (exclusive of overseas subsidiary companies) accounted for 7.2 per cent. of our total assets. The total assets attributable to the Bank's international operations as at 31 December 2005, were €3.8 billion (a 6.0 per cent. decrease from €4.1 billion as at 31 December 2004). In 2005, 1.1 per cent. of the Bank's profit (before taxes and provisions) was derived from international operations.

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 the taking of deposits. In addition, we offer shipping finance, investment banking and brokerage services through certain of our foreign branches and subsidiaries.

The Bank's presence abroad has tended, in the past, to centre on areas with strong concentrations of Greek immigrants to whom we provide traditional banking services. Its policy, since the early 1990s, is to continue to rationalise our international network and to focus on the Bank's regional strength in SEE by strengthening our existing network and expanding into growing markets that present low banking penetration and greater profit margins. We seek to develop, in particular, our wholesale banking business by targeting major financial centres to which we can offer Greek and Balkan lending exposure. Our retail banking presence in some geographic areas may only be justified by our success in niche markets in which we have the ability to exploit competitive advantages.

Since 2000, the Bank has steadily built up a strong presence in SEE, through acquisitions and greenfield start-ups. The Bank's regional strategy aims at diversifying our operations and enlarging our footprint to cover a region with attractive economic prospects. The Bank already offers commercial banking services to selected customers in the region through our branches in Albania, Bulgaria, Serbia and Romania. We intend to build on these efforts through the acquisition of Finansbank, which operates primarily in Turkey.

The Bank's international network is described below.

## National Bank of Greece S.A.: Foreign Branches

The Bank currently has 48 foreign branches in five countries including one in the United Kingdom, one in Guernsey, 44 in SEE (33 in Serbia and 11 in Albania), one in Cyprus and one in Egypt. Our operations in Romania and Bulgaria were fully acquired and integrated by the Bank's respective subsidiaries in those countries in 2005. Additionally, we have four overseas representative offices (one in London, two in Australia and one in Turkey). The London branch principally serves large corporate and shipping clients and also offers private banking services. The majority of assets and loans of the Bank attributable to our foreign branches are held in London. The Bank's management believes that SEE represents a significant growth area for our international operations. Due to our close proximity to, and familiarity with, the region, the Bank's management believes we will enjoy significant competitive advantages in SEE over other foreign and other Greek banks. Currently, the Bank's Balkan branches lend primarily to certain of the Bank's established Greek corporate clients operating in those countries, but also to certain local corporate clients that have significant liquid assets and other collateral.

The table below provides selected financial information of the Bank's foreign branches as at and for the year ended 31 December 2005, on a total basis before consolidation adjustments:

	As at and for the year ended 31 December 2005 (€ in millions)
Total Assets . . . . .	3,603
Net Loans . . . . .	1,534
Total Deposits . . . . .	1,061
Profits Before Taxes and Provisions . . . . .	19

The table above relates solely to the Bank's foreign branches and not to the branches of the Bank's foreign subsidiaries.

## United Bulgarian Bank AD

United Bulgarian Bank AD ("UBB") is a commercial bank with headquarters in Sofia, which provides retail and corporate finance services in Bulgaria. We acquired 89.9 per cent. of the share capital of UBB in 2000, and currently hold a 99.9 per cent. interest in UBB. In 2005, the UBB branch network continued to expand, opening eight standalone branches in cities and towns throughout Bulgaria. At the end of 2005, UBB's distribution network included 134 units (38 branches, 79 sub-branches and 17 in-store branches). In 2005, UBB recorded 36.2 per cent. growth in its loan portfolio compared to 2004, as a result of nearly 24.2 per cent. growth in corporate loans and 54.7 per cent. growth in its retail loan portfolio. In 2005, UBB's market share in Bulgaria was 10 per cent. for corporate loans, 13 per cent. for consumer loans and 18 per cent. for mortgage loans. During 2005, UBB maintained its market share of 11.5 per cent. in non-bank customer deposit base both in Bulgarian leva and foreign currency deposits. As at 31 December 2005, UBB operated 381 ATMs (representing a market share of approximately 15 per cent.) and 2,232 POS terminals in Bulgaria, representing a market share of approximately 17 per cent. During 2005, UBB was the bank with the biggest number of issued international credit cards in Bulgaria under the logos of MasterCard, VISA and VISA Electron, realising a respective market share of 64 per cent. UBB also holds an 11 per cent. market share with respect to debit cards in Bulgaria, according to market share data taken from statistics published by the Bulgarian National Bank. UBB's activities expanded in 2005 when it offered the Balanced Fund, its first mutual fund, to investors. UBB successfully placed the biggest ever corporate bond issue in Bulgaria, amounting to BGN80 million (€41 million). UBB successfully placed its first issue of Eurobonds worth €100 million on the European capital markets. UBB was audited by our internal audit department in 2005, and as a result, a major restructuring took place of its credit card subsidiary to eliminate duplication and overlap of activities. The Bank's management believes these changes will improve UBB's operating efficiency.

Standard and Poor's has recently affirmed the BBB — long-term and A-3 short-term ratings of UBB with a stable outlook. In addition, Fitch affirmed the BBB long-term rating with a stable outlook, as well as the F3 short-term, C/D individual and 2 support ratings. UBB works closely with Interlease, the Bank's leasing subsidiary, for the development of our plans in Bulgaria.

Selected financial information with respect to UBB as at and for the year ended 31 December 2005 is provided in the table below.

	As at and for the year ended 31 December 2005 (€ in millions)
Total Assets . . . . .	1,628
Net Loans . . . . .	1,024
Total Deposits . . . . .	1,085
Profits Before Taxes and Provisions . . . . .	73
Shareholders' Equity . . . . .	218

All balances are translated to Euro using a fixed exchange rate for assets and liabilities and an average exchange rate for income statement items.

### **Banca Romaneasca SA**

Banca Romaneasca SA ("BR") is a universal bank, which provides a wide range of retail and corporate banking services in Romania, primarily dedicated to the financing of small and medium sized companies. We became Banca Romaneasca's main shareholder in October 2003, with an initial shareholding of 81.7 per cent. In order to support the further development of BR, in February 2006, BR implemented a share capital increase of RON244,958,896, increasing the share capital of BR to RON393,126,028, and increasing our participation in BR to 88.71 per cent. EBRD is the second largest shareholder of BR, with a participation of 10.18 per cent. of BR's share capital.

At the end of 2005, BR had a countrywide distribution network consisting of 44 banking units, and it operated a network of 63 ATMs. BR was the first bank in Romania to provide money-transfer services and it provides money-transfer services in 535 locations across the country. BR launched its first credit card in March 2004. As at 31 December 2005, BR had doubled its overall market share and quadrupled its retail market share since its acquisition in 2003. As at 31 December 2005, BR's market share was 3 per cent. in retail lending and 3 per cent. in corporate lending, according to statistics published by the Central Bank of Romania.

Selected financial information with respect to BR as at and for the year ended 31 December 2005, is provided in the table below.

	As at and for the year ended 31 December 2005 (€ in millions)
Total Assets . . . . .	615
Net Loans . . . . .	389
Total Deposits . . . . .	156
Profits Before Taxes and Provisions . . . . .	7
Shareholders' Equity . . . . .	58

All balances are translated to Euro using a fixed exchange rate for assets and liabilities and an average exchange rate for income statement items.

### **Stopanska Banka AD**

Stopanska Banka AD ("Stopanska Banka") is a universal bank, headquartered in Skopje and registered in FYROM, that provides payment transfers, credit and deposit-taking services in its home country and abroad. We acquired a controlling interest in Stopanska Banka in 2000, and we currently hold a 71.2 per cent. stake. Stopanska Banka operates domestically and is one of the largest banks in FYROM, with 25 branches, which, following a branch network reorganisation during 2003 and 2004, in turn manage 24 sub-branches. As part of its reorganisation and restructuring process, Stopanska Banka completed the second phase of the installation of the Globus banking system for corporate lending. We currently anticipate that full installation of Globus will be completed in 2007, covering retail and treasury functions as well. In addition, in 2004, Stopanska Banka installed an enterprise resource planning system, created by SAP, in order to support its financial accounting systems. Stopanska Banka

aims to continue improving its loan portfolio by targeting highly creditworthy customers while keeping its loan structure through an increase in write-offs. As at 31 December 2005, Stopanska Banka's market share in FYROM was 40 per cent. in retail lending and 29 per cent. in retail deposits and 24 per cent. in corporate lending and 30 per cent. in corporate deposits, according to statistics published by the National Bank of FYROM.

Selected financial information with respect to Stopanska Banka as at and for the year ended 31 December 2005, is provided in the table below:

	As at and for the year ended 31 December 2005 (€ in millions)
Total Assets . . . . .	542
Net Loans . . . . .	256
Total Deposits . . . . .	446
Profits Before Taxes and Provisions . . . . .	16
Shareholders' Equity . . . . .	61

All balances are translated to Euro using a fixed exchange rate for assets and liabilities and an average exchange rate for income statement items.

#### **National Bank of Greece (Cyprus) Ltd.**

The National Bank of Greece (Cyprus) Ltd. ("NBG Cyprus"), which has its headquarters in Nicosia, provides a wide range of commercial and retail banking services, with particular focus on the tourist industry. We founded NBG Cyprus in 1991. NBG Cyprus' strategy focuses on expanding its loan and deposit portfolios through the introduction of new mortgage and retail credit products. In 2005, NBG Cyprus reduced its total number of branches from 25 to 18 and its number of foreign exchange bureaus from six to five following a rationalisation of its operations. As at 31 December 2005, NBG Cyprus had a market share of 2 per cent. in retail lending and 6 per cent. in corporate lending, according to our analysis of data published by the Central Bank of Cyprus.

Selected financial information with respect to NBG Cyprus as at and for the year ended 31 December 2005, is provided in the table below:

	As at and for the year ended 31 December 2005 (€ in millions)
Total Assets . . . . .	1,016
Net Loans . . . . .	597
Total Deposits . . . . .	797
Profits Before Taxes and Provisions . . . . .	(1)
Shareholders' Equity . . . . .	41

All balances are translated to Euro using a fixed exchange rate for assets and liabilities and an average exchange rate for income statement items.

#### **The South African Bank of Athens Ltd.**

The South African Bank of Athens Limited ("SABA") has 12 branches across South Africa, primarily in urban centers. We founded SABA in 1947. SABA offers traditional commercial and retail banking services, with particular emphasis on retail and commercial banking services for the small and medium-sized enterprise ("SME") banking market in South Africa. In 2004, SABA further developed its electronic banking platform and received MasterCard accreditation, which facilitated the launch of its ATM/debit card during the second quarter of 2005. Furthermore, in 2005, the Bank undertook a major re-branding exercise intended to present a more modern and sophisticated image of SABA. The re-branding exercise has continued into 2006.



Selected financial information with respect to SABA as at and for the year ended 31 December 2005, is provided in the table below:

	As at and for the year ended 31 December 2005 (€ in millions)
Total Assets . . . . .	87
Net Loans . . . . .	62
Total Deposits . . . . .	74
Profits Before Taxes and Provisions . . . . .	0
Shareholders' Equity . . . . .	6

All balances are translated to Euro using a fixed exchange rate for assets and liabilities and an average exchange rate for income statement items.

### **Future Expansion**

On 3 April 2006, the Bank announced its intention to acquire a controlling stake in Finansbank, a mid-size commercial and retail bank in Turkey. The Bank acquired 46 per cent. of Finansbank's ordinary shares, on 18 August 2006, and a tender offer is to follow for the remaining ordinary shares held by Finansbank's minority shareholders. The tender offer is expected to be completed in 2006. The Bank is also currently evaluating other potential acquisitions in SEE, Eastern Europe and the Southeast Mediterranean region. On 12 September 2006, the Bank announced the signing of an agreement to acquire 99.4 per cent. of Vojvodanska Banka a.d. Novi Sad.

Following the completion of the transaction, the NBG Group will comprise a combined customer base of over 11 million customers, a branch network of 1,317 branches, more than half of which is in SEE and a loan book of more than €40bn, 25 per cent. of which is in SEE.

### **Finansbank**

#### *Overview*

Finansbank is a commercial and retail bank in Turkey. As at 31 March 2006, Finansbank (including substantially all of its international operations which we are not acquiring, having total assets and equity including minority interests of YTL4,779 million (U.S.\$3,072 million) and YTL360 million (U.S.\$231 million), respectively) was the fifth largest privately owned bank in Turkey in terms of its consolidated assets and equity including minority interests of YTL19,809 million (U.S.\$12,732 million) and YTL1,755 million (U.S.\$1,128 million), respectively.

Finansbank's net profits for 2005 amounted to U.S.\$324 million, as calculated under IFRS. As at 31 December 2005, Finansbank had an overall market share in Turkey of 3.0 per cent., with a 2.4 per cent. market share in deposits and a 5.0 per cent. market share in loans, according to the Turkish Banking Regulatory and Supervisory Agency ("BRSA") weekly reports. As at 31 December 2005, assets to be disposed of relating to international subsidiaries amounted to U.S.\$234 million.

#### *History and Development of Finansbank*

Finansbank began operations on 27 October 1987. When it was founded, Finansbank had four branches: two in Istanbul and one each in Ankara and Izmir, all serving exclusively corporate clients. Finansbank's operations in Turkey quickly expanded with the founding of Finans Leasing in 1990 and of Fiba Factoring in 1991 (owned by Folding Company), adding a new range of services to offer its customers. On 13 February 1990, Finansbank was listed on the Istanbul Stock Exchange, and on 3 June 1998, its Global Depository Receipts were listed on the London Stock Exchange. As at 31 March 2006, a total of 44.32 per cent. of Finansbank's shares were publicly held. In 1995, Finansbank entered the retail banking market, which led to the expansion of Finansbank's existing network of four branches to more than 100 by the year 2000. By 31 December 2005, Finansbank had 208 branches across Turkey, as well as 500 ATMs and 46,599 POS.

In 1997, the investment banking operations of Finansbank were moved pursuant to the Turkish Capital Markets Board ("CMB") regulations into a newly formed subsidiary, Finans Invest. In 2000, Finans Portfolio Management began operations, and in 2001, Finans Insurance was established.

Finansbank has also grown since it was established to become active in a number of international markets. As at 31 March 2006, Finansbank had a presence in Switzerland, Holland, Germany, Belgium, Russia, Romania, Ireland, Malta and Bahrain, providing both branch services and a full range of banking products.

### *Description of Finansbank Operations*

Finansbank's domestic operations are conducted through five business lines: consumer banking, credit cards, SME banking, corporate banking and private banking. As noted above, however, the Bank will not be acquiring Finansbank's international subsidiaries except for its subsidiary in Malta.

### *Consumer Banking*

The Consumer Banking Division provides a full range of consumer banking services to retail customers. Consumer Banking offers investment products (such as mutual funds, treasury/government bonds, investment accounts for children known as "growing accounts" and stock shares), deposit products (such as time deposits denominated in New Turkish Lira and fixed monthly income accounts), bankcards (known as the Nakitcard), personal loans (for cars, homes and consumer goods), overdraft services, Western Union, payment services (for utility and other bills), insurance (such as auto, health, life, property and earthquake insurance), safe deposit boxes and checking accounts. In addition, Finansbank began offering Otomatik Hesap ("OH") in 2003, which automatically invests customers' deposits and pays their bills, and offers an overdraft facility. OH had over 300,000 customers as at the date of this Prospectus.

### *Credit Cards*

Finansbank's credit card business line offers a variety of products. In addition to basic credit cards, Finansbank offers gold and platinum cards, along with university cards offering a low interest rate for students, and business credit cards. These cards are bundled with other benefits such as international travel insurance that covers customers traveling abroad and points towards rewards such as airline flights. At year end 2005, Finansbank had 2.3 million credit cards in circulation, with a market share of 7.8 per cent., compared to 2.0 million credit cards in circulation, with market share of 7.55 per cent., at year end 2004, according to the Interbank Card Center.

### *SME Banking*

SME Banking offers a range of products and services to SMEs, which account for 99.5 per cent. of all enterprises in Turkey, according to the Turkish Statistical Institute. SMEs in Turkey comprise micro enterprises (less than 10 employees; annual turnover U.S.\$1 million), small enterprises (less than 50 employees; annual turnover U.S.\$5 million) and medium sized enterprises (less than 250 employees; annual turnover U.S.\$25 million). Among SME Banking's products are cash management services, collection and payment services, investment products, loans, guarantees, bankcards and credit cards. Finansbank SME Banking creates "Sector Specific Solutions" and signs cooperation agreements with domestic and foreign associations and organisations in order to provide support for small businesses, helping them to increase their productivity and improve competitiveness and profitability. SME Banking also established KobiFinans in 2002, which offers small and medium-sized enterprises special banking services including consulting services in various matters related to their businesses.

### *Corporate Banking*

Corporate Banking is composed of five units: Corporate Marketing, Commercial Marketing, FB Europe, Investment Banking and Cash Management. These units offer credit, technical advisory services (encompassing legal, financial and technical consulting for private and public sector construction and investment projects), project and business management services (including financial restructuring, debt restructuring, investment financing and joint venture related services), project appraisal and follow-up (identifying the appropriate financing model for the company and project based on an analysis of the new project, capacity increase investment or the company's working capital requirements), as well as strategic research (by country, market or sector).

### *Private Banking*

Finansbank has recently restructured its private banking division. The restructured division will serve individuals with personal assets worth above U.S.\$250,000. It will conduct its operations at three levels: the Head Office, Private Banking Centers and thirty-one branches that are specifically selected for private banking activities. Finansbank plans to integrate its customer relationship management network with this three level service structure to serve the private banking needs of its clients, with staff that exclusively serve the private banking clients. The restructured department will not constitute a profit centre but will provide active support to all other departments in terms of private banking activities.

### *Vojvodanska Banka*

NBG and the Republic of Serbia signed an agreement for the acquisition of Vojvodanska Banka a.d. Novi Sad (Vojvodanska) by NBG on 12 September 2006.

NBG will pay to the Republic of Serbia on the closing of the transaction €360 million in cash for the acquisition of 99.4 per cent. of Vojvodanska's share capital. In compliance with the relevant legislation, NBG will subsequently launch a tender offer to Vojvodanska's minority shareholders on terms equivalent to those agreed with the Republic of Serbia. A further €25 million will also be deposited by NBG in an escrow account until December 2007. The escrow is set against certain expected recoveries from Vojvodanska's fully provided non-performing loan portfolio and would be released to NBG on a € for € basis against any shortfall in the recoveries.

In the context of the transaction, NBG has also undertaken to:

- Invest €40 million in Vojvodanska over the following three years; and
- Provide a €25 million 7 year loan to the Development Fund of the Republic of Serbia at market rates. Closing of the transaction is expected by the end of the year, following receipt of the customary approvals from the relevant Greek and Serbian authorities.

### *Vojvodanska Banka overview*

Vojvodanska was the sixth largest Serbian bank in terms of total assets as of 31 December 2005 and has the second largest distribution network in the country. As of June 2006, Vojvodanska had total customer deposits and net loans of €342 million and €215 million, respectively, representing market shares of approximately 7 per cent. and 4 per cent. In addition, Vojvodanska has a strong market position in Dinar deposits, with a market share of around 11 per cent., a market leader in Dinar savings. Established in 1962, Vojvodanska is one of Serbia's leading universal banking franchises, providing individual, corporate and public sector customers with a broad range of financial products and services.

Vojvodanska, through its nationwide distribution network comprising 175 points of sale, serves more than 625,000 individual and 61,000 SME and corporate clients. Vojvodanska holds a leading position in the issuance of Visa and DinaCard payment cards. Vojvodanska maintains around 10 per cent. share of Serbia's national and international payment transactions.

### **Board of Directors and Senior Management**

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

While the Greek Government has no statutory right to appoint directors of the Bank, it has significant indirect influence on the Bank through the 18.6 per cent. owned by pension funds (as at 9 October 2006) and therefore may have the *de facto* ability to appoint certain or all directors through the exercise of its voting rights. The chairman is elected 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 extraordinarily when the Chairman considers necessary or at the request of any two directors. The quorum for a Board of Directors meeting is a majority of all Board members. In addition, at least five directors must be physically present at the meeting. Each director has one vote but may also represent one other directly by written proxy.

Following the Bank's Annual General Meeting held on 17 May 2005 and a meeting of the Board of Directors held on 30 August 2006, the Board of Directors is now as follows:

#### **Executive Members**

Efstratios-Georgios (Takis) A. Arapoglou . . . . .	Chairman — Chief Executive Officer
Ioannis G. Pechlivanidis . . . . .	Deputy Chief Executive Officer

#### **Non-Executive Members**

Achilleas Mylonopoulos . . . . .	Employees' representative Secretary General of the Union of Bank Employees
John P. Panagopoulos . . . . .	Employees' representative Chairman of the Association of Greek Workers
Ioannis C. Yiannidis . . . . .	Professor, University of Athens Law School

#### **Independent Non-Executive Members**

H.E. the Metropolitan of Ioannina Theoklitos	
Stefanos C. Vavalidis . . . . .	Member of the Board of Directors, European Bank for Reconstruction & Development
Dimitrios A. Daskalopoulos . . . . .	Chairman, Federation of Greek Industrialists Chairman and Managing Director, Delta S.A.
Nikolaos D. Efthymiou . . . . .	Chairman, Association of Greek Shipowners
George Z. Lanaras . . . . .	Shipowner
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 . . . . .	Former Chairman, Athens Chamber of Commerce and Industry
Ioannis Vartholomeos . . . . .	Professor, University of Piraeus, Governor of IKA (Social Security Fund)
Ploutarchos K. Sakellaris . . . . .	Professor, University of Athens, and Chairman, Council of Economic Advisors

In view of its expansion in the markets of SE Europe and Turkey alongside growth in the domestic market, the Bank has established its executive board (the "Group Executive Board"), aiming at:

- improving the Group's operating efficiency.
- upgrading and integrating all of the Group's activities at top management level.
- coordinating the integration process of the companies recently acquired by the Bank.
- integrating product teams across the Group.
- upgrading the role of the Group's Risk Management function.

The Group Executive Board is the Group's highest executive body, consisting of six members, to whom the responsibilities for all of the business lines and functions across the NBG Group are allocated at the discretion of Chairman and CEO Mr Takis Arapoglou.

Apart from Messrs Takis Arapoglou, Chairman and CEO, and Ioannis Pechlivanidis, Deputy Chairman and Deputy CEO, the Group Executive Board members are Messrs Alexandros Georgitsis, Anthimos Thomopoulos, Alexandros Tourkolias and Dimitris Lefakis, who recently joined the Group and has extensive international experience in emerging markets, in the area of Credit and Risk management.

Responsibilities for all business lines and functions across the NBG Group are allocated to the members of the Group Executive Board as follows:

- Georgitsis — in charge of the Group's Consumer Banking, Marketing and Asset Management.
- Thomopoulos — in charge of the Group's Financial Services, Treasury and Capital Markets and Support Services; also of the integration of all of the new subsidiaries' operations into the Group.
- Lefakis — in charge of Risk and Credit Management.
- Tourkolias — in charge of the Group's Corporate and Investment Banking, Brokerage firms and Private Banking.

Messrs Takis Arapoglou and Ioannis Pehlivanidis are jointly in charge of directly overseeing the Group Executive Board, as well as the functions of Strategic Planning and Research, Human Resources, Legal Services, Corporate Governance, Internal Control and International Operations.

All General Managers (Messrs Stavros Gatopoulos, Agis Leopoulos, Paul Mylonas, Michael Oratis, Petros Economou, Georgios Paschas, Petros Christodoulou) shall retain the roles and functions entrusted to them by NBG. They shall be accountable to the NBG Group Executive Board and report to the appropriate member thereof pursuant to the allocation of responsibilities, as above. Furthermore, Mr Paul Mylonas shall act as Secretary to the Executive Board.

## **Curricula Vitae**

Below are the curricula vitae of the Chief Executive Officer and Deputy Chief Executive Officer, as well as those of the principal managers running various businesses of the Bank.

### **Chairman — Chief Executive Officer**

*Efstathios-Georgios (Takis) A. Arapoglou.* Mr. Arapoglou, age 55, became Chairman and Chief Executive Officer 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 Chief Executive Officer 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. Since 2005, he has served as President of the Hellenic Banks Association.



## Deputy Chief Executive Officer

**Ioannis Pechlivanidis**, age 53, was appointed Deputy Chief Executive Officer 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).

In line with the new organisational structure of the Bank, all the General Divisions, as well as the Marketing Division and the Historical Archive Sub-Division, report directly to the Chief Executive Officer and Deputy Chief Executive Officer.

The business address of the Chief Executive Officer and Deputy Chief Executive Officer is 86 Eolou Street, 10232 Athens, Greece.

## Principal Management — Group Businesses

**Doucas J. Palaiologos**, age 54, is Managing Director and Vice President of Ethniki Hellenic General Insurance Company. Trained in UK from 1970 to 1972 by the Century Insurance Co. Ltd. and Glanvil Enthoven Insurance Brokers, from 1972 onwards he has worked continuously in Hellenobretaniki insurance company. He has been Chairman and Managing Director of Hellenobretaniki, Vice President of Palmafone Hellenic Mobile Communications and President of Unifon Company. He has also been Vice President of ICAP S.A., and has been a Board member of Air Liquide and IOBE. He has also been Chairman of the Association of Insurance Companies — Greece for the terms 1989-1990, 1990-1992 and 1996-1998 and Secretary General for the term 03/2003-06/2004. Since then he again became Chairman of the Association of Insurance Companies — Greece. Mr. Palaiologos is Chairman of Garanta Insurance Company (Romania), of Ethniki Insurance Company (Cyprus) and Alpha Insurance Brokers S.A. He holds a Law degree from Athens law school and MBA from INSEAD Fountainebleau and he is also a Fellow of the Chartered Insurance Institute.

**Hector Zarca**, age 46, is Managing Director and Chief Executive Officer of The South African Bank of Athens Limited. He joined the Bank in November 2001 as Chief Financial Officer and was elected as a member of the Board of Directors in August 2002, after which he was appointed to his present position in December 2003. He was previously Group Financial Director of Sasfin Holdings Limited for five years from August 1996, after seven years of service with the Standard Bank of SA Limited, rising to the position of Chief Financial Officer Commercial Banking. Mr. Zarca obtained BComm and BAcc degrees from the University of the Witwatersrand and thereafter qualified as a Chartered Accountant in 1985.

**Stilian Vatev**, age 49, is the Chief Executive Officer and a member of the Board of Directors of United Bulgarian Bank AD and Interlease S.A. (a subsidiary of the Bank). He joined UBB in 1993 after serving in several managerial positions at the Bulgarian National Bank. He is a member of the Board of Directors of the Bulgarian Central Depository, “Bankservice” AD, Interlease AD, Interlease Auto AD, UBB Asset Management AD, South-East Europe Regional Board of MasterCard — Europe. Mr. Vatev holds a Master’s Degree in Finance and Credit and has attended several banking related programs in the UK, Switzerland and Japan.

**Gligor Bishev**, age 48, is the First General Manager of Stopanska Banka AD-Skopje (SB). He joined SB in 2000 after serving as Deputy Governor of the Central Bank of F.Y.R. of Macedonia. He is an associate Professor at the Faculty of Economics, Prilep, and Professor at the Post-Graduate studies at the Faculty of Economics, Skopje and at the Institute of Economics, Skopje. He participated in the monetary reform in his country as well as in several research projects in banking, monetary policy, applied economics, economic development etc. He holds a PhD in Economics and has attended various seminars and training courses in Austria, the UK and Switzerland.

**John Tsitsirides**, age 51, is the Managing Director and a member of the Board of Directors of NBG (Cyprus) Ltd since November 2004. He is also a member of the Board of Directors of Ethniki Insurance (Cyprus) Ltd and represents the Bank as member of the Board of Directors of the Association of Cyprus Commercial Banks, and during 2005 chaired the Association. Previously he has



held several senior managerial positions with the Group, as well as other banks in London and Frankfurt am Main.

**Andreas Maragkoudakis**, age 62, is the General Manager and member of the Board of Directors of Banca Romaneasca S.A. (BR). He joined BR in November 2004 after serving for one year as Risk Management Executive and Deputy Chief Executive Officer in Bancpost in Romania. His previous working experience includes managerial positions in various Banks such as Alpha Bank SA, Piraeus Bank and American Express Bank. Mr. Maragkoudakis holds a Master of Arts in International Relations from Ottawa University, Canada. He has attended a number of seminars in Banking and Management.

### **General Managers**

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 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 targets for the Bank and drawing up an annual budget for their respective Divisions.

There are currently ten General Managers.

### **Core Business lines**

**Alexandros Tourkolias**, age 59, is the General Manager of Corporate and Investment Banking. He is a member of the Bank's Credit Committee, Chief Executive Officer of Ethniki leasing, Vice President of NBG Bancassurance, and on the Board of NBG Cyprus, UBB and NBG International.

**Alexandros Georgitsis**, age 61, is the General Manager of Retail Banking. He is also on the Board of Ethniki Insurance, Diethniki Mutual Funds and National Management & Organization.

**Petros Christodoulou**, age 45, is the General Manager of Treasury and Private Banking. He is the Vice President of National Securities S.A. He is also 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 45, 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 on the Board of Astir Palace Vouliagmeni, Ektenepol, Prottypos, Ethniki Insurance, Ethnoplan, Ethnodata, National Management & Organization, SABA, UBB, Aget Heraklis, Siemens Televiomichaniki, the Hellenic Deposit Guarantee Fund and ETAT.

**Demetrios Lefakis**, age 45, joined the Bank in October 2006 and is a member of the NBG Group Executive Board. He holds a BA in Economics and International Affairs (1983) and a MA in International Affairs (1985) from the Johns Hopkins University. From 1986 he served in various posts in Citigroup, namely Country Risk Manager in Mexico (1995-1996), Corporate Bank Head in Venezuela (1997-1999), Global Credit Liaison, Audit & Risk review in Florida (2001-2003) and Director, Global Credit Center, Asia Pacific in Singapore (2003-2006).

**Michael Oratis**, age 49, 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 a board member of SABA.

**Agis Leopoulou**, age 38, is the Chief of International. He is also the chairman of Interlease AD, and a board member of NBG Cyprus, Stopanska Banka, United Bulgarian Bank AD, South African Bank of Athens, NBG Management Services Ltd., Banca Romaneasca and National Securities.

*Petros Economou*, age 69, is the General Counsel. He joined the Bank in September 2005 after serving as Manager of the Legal Division of Ionian and Popular Bank and American Express in Greece.

*Stavros Gatopoulos*, age 62, is the Head of Human Resources and Group Internal Communications. He joined the Bank in September 2005 after serving as Head of the Human Resources Division of Citibank Athens.

*Paul Mylonas*, age 47, 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 a member of the board of the Foundation for Economic and Industrial Research and the Hellenic Center for Investment.

*George Paschas*, age 50, is the Chief Internal Auditor.

## Board Practices

The Bank does not have directors' service contracts or other agreements that provide for benefits on termination of employment.

The following list summarises the terms of office of the members of the Board of Directors of the National Bank of Greece.

<u>Name</u>	<u>Start of Term</u>	<u>End of Term</u>
Efstratios-Georgios (Takis) Arapoglou . . . . .	17 March 2004	2007
Ioannis Pechlivanidis . . . . .	22 April 2004	2007
H.E. The Metropolitan of Ioannina Theoklitos . . . . .	28 June 1994	2007
Stefanos Vavalidis . . . . .	22 April 2004	2007
Ioannis Yiannidis . . . . .	22 April 2004	2007
Dimitrios Daskalopoulos . . . . .	24 April 2002	2007
Nikolaos Efthymiou . . . . .	22 April 2004	2007
Achilleas Mylonopoulos . . . . .	30 August 2006	2007
Georgios Lanaras . . . . .	23 December 1993	2007
Stefanos Pantzopoulos . . . . .	22 April 2004	2007
Ioannis Panagopoulos . . . . .	28 June 1994	2007
Constantinos Pilarinos . . . . .	22 April 2004	2007
Drakoulis Fountoukakos-Kyriakakos . . . . .	22 April 2004	2007
Ploutarchos Sakellaris . . . . .	22 April 2004	2007
Ioannis Vartholomeos . . . . .	18 May 2004	2007

The Bank's corporate governance practices closely follow the requirements imposed by the laws of Greece. The most significant differences between the Bank's corporate governance practices, including the provisions of the Sarbanes-Oxley Act, and those followed by U.S. based companies listed on the New York Stock Exchange ("NYSE") under the listing standards of that exchange have been posted on the Bank's website at the following address: [www.nbg.gr](http://www.nbg.gr).

In 2005, the Bank adopted a corporate governance improvement plan, focusing on ten key objectives. The Bank's action in corporate governance is part of a broader effort of the Bank's new management and board to improve long-term shareholder value.

The 10 key corporate governance objectives adopted and achieved in 2005 are:

- to increase the number of designated independent members of the Bank's Board;
- to upgrade the role of the Board in the development of our long-term strategy and risk philosophy;
- to establish a Corporate Governance Committee of the Board whose main task is to review and upgrade the Bank's current set of corporate governance rules. It is envisaged that the Corporate Governance Committee will evolve into a Nominations Committee for New Board Members;
- to establish a Human Resources Committee whose first task is to review management and personnel values and incentives. It is envisaged that the Human Resources Committee will evolve into a Remuneration Committee;

- to strengthen the Audit Committee’s planning and review capacity, in view of the requirements of the Sarbanes-Oxley Act;
- to adopt Corporate Governance Guidelines and a Board Charter;
- to strengthen the Bank’s compliance and risk functions;
- to strengthen the Board’s support and corporate secretary functions;
- to improve communication and consultation with shareholders on corporate governance issues; and
- to develop systems for the regular performance review of the Board and senior executive management.

## **Board Committees**

### ***Audit Committee***

The Audit Committee of the Bank was established in May 1999, following the Act of the Governor of the Bank of Greece 2438/1998, and at present consists of five members. All of them are independent non-executive members of the Board of Directors of the Bank, in compliance with the legal and regulatory framework in Greece on corporate governance and the Sarbanes-Oxley Act. The Bank’s Board of Directors appoints the members of the Audit Committee for a three year term. The Board of Directors of the Bank is responsible for appointing and replacing any member of the Audit Committee and informing accordingly the Hellenic Capital Market Commission, which is the supervisory authority for companies listed on the ATHEX.

The purpose of the Audit Committee is:

- to monitor the financial statements of the company;
- to make recommendations to the board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor following appointment by the shareholders in general meeting;
- to monitor and review the external auditor’s independence, objectivity and effectiveness;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services;
- to monitor and review the effectiveness of the company’s internal audit function; and
- to review the company’s internal control and regulatory compliance systems.

All Audit Committee members fulfill the independence criteria for the purposes of Greek and US legislation.

The following list sets forth the members of the Bank’s Audit Committee:

Georgios Lanaras (Chairman)  
 Stefanos Pantzopoulos (Audit Committee Financial Expert)  
 Ploutarhos Sakellaris  
 Drakoulis Fountoukakos-Kyriakakos  
 Ioannis Vartholomeos

In February 2005, the Bank established two new Board Committees: the Human Resources and Remuneration Committee and the Corporate Governance and Nominations Committee.

### ***Human Resources and Remuneration Committee***

The purpose of the Human Resources and Remuneration Committee (“HRR Committee”) is to assist the Board of Directors in fulfilling its responsibilities with regards to attracting, retaining, developing and motivating executives and employees of the Bank, the development of a culture of fairly evaluating effort and rewarding performance, the development and maintenance of a coherent system of values and incentives for human resource development throughout the Bank. In 2005, the HRR Committee adopted its Charter, reviewed current HR policies, developed guidelines for the evaluation of senior management, made proposals to the Board on performance related remuneration for the

Chief Executive Officer and Deputy Chief Executive Officer for 2004 and made proposals to the Board on service contracts for the Chief Executive Officer and Deputy Chief Executive Officer. All the HRR Committee members fulfill the independence criteria for the purposes of applicable Greek law and were determined to be independent by the General Meeting of Shareholders in 2005.

The following list sets forth the current members of the Bank's HRR Committee:

Dimitrios Daskalopoulos (Chairman)  
Nikolaos Efthymiou  
Drakoulis Fountoukakos-Kyriakakos

#### ***Corporate Governance and Nominations Committee***

The purpose of the Corporate Governance and Nominations Committee (the "CGN Committee") is to assist the Board of Directors in ensuring that its composition, structure, policies and processes meet all relevant legal and regulatory requirements, strive to achieve global corporate governance best practice standards and facilitate the Board and management's task to increase the long-term value of the Bank. In 2005, the CGN Committee adopted its Charter, proposed to the Board a new remuneration policy for the Non-Executive Directors, developed and proposed to the Board the NBG Corporate Governance Guidelines and reviewed Board authorities and delegations to management.

The following list sets forth the current members of the Corporate Governance and Nominations Committee:

Stefanos Vavalidis (Chairman)  
Ioannis Yiannidis  
Ploutarchos Sakellaris

Mr. Vavalidis and Mr. Sakellaris fulfill the independence requirements of applicable Greek law and have been determined to be independent by the General Meeting of Shareholders in May 2005.

In 2005, the Board of Directors adopted the corporate governance framework of the Bank, including Corporate Governance Guidelines, with the assistance of the CGN Committee.

#### ***Disclosure and Transparency Committee***

The Disclosure and Transparency Committee was established in June 2003 by Management's Act No. 328. The purpose of the Committee is to monitor the accuracy and adequacy of the information included in public announcements, and generally, in any kind of publications made by the Bank, especially information submitted to the SEC.

Its members:

Anthimos Thomopoulos (Chairman)  
Petros Ekonomou (member)  
Alexandros Tourkolias (member)  
Agis Leopoulos (member)  
Alexandros Georgitsis (member)  
Petros Christodoulou (member)  
George Paschas (member)  
Michael Oratis (member)  
Paul Mylonas (member)  
Ioannis Kyriakopoulos (member)

### ***Senior Operations Committee***

The Senior Operations Committee was established by Management's Act No. 560/11.11.2004 and is the supreme body of the Bank with approving authority. It may decide, under the authority vested in it by the Bank's Board of Directors on issues regarding the implementation of the Bank's business plan, which do not fall under the authority of other committees.

Its members:

Takis Arapoglou (Chairman)  
Ioannis Pechlivanidis (member)  
Anthimos Thomopoulos (member)  
Paul Mylonas (member)  
Petros Christodoulou (member)  
Alexandros Tourkolias (member)  
Alexandros Georgitsis (member)

### **Potential conflicts of Interest**

There are no potential conflicts of interests between any duties to the Bank of any members of the Bank's Board of Directors, Senior Management or Board Committees and their private interests and/or other duties.

## THE BANKING SECTOR IN GREECE AND IN SEE

### The Banking Sector in Greece

The banking sector has expanded rapidly in recent years, due to both deregulation and technological advances. As at 31 December 2005, there were 46 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. 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 Consignment Deposits and Loans Fund (which is a legal entity of public law, fully owned and controlled by the Greek Government). The Postal Savings Bank has recently received a general banking license and become a universal bank.

There are currently two banks that are controlled, directly or indirectly, by the Greek Government. These comprise Bank of Attica and Agricultural Bank of Greece (which until 2001 was a specialised credit institution for lending to the agricultural sector, rather than a universal bank). Over the last few years, the Greek Government proceeded to privatise a large number of credit institutions. 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. Additionally, a portion of the Greek Government’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 per cent. of its total equity to Bank of Piraeus, a private commercial bank, in April 1998. In 2000, France’s Crédit Agricole purchased a 6.7 per cent. interest in Emporiki Bank, which was further increased to 8.83 per cent., 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. In 2006, the Greek Government announced its intention to fully privatise Emporiki Bank. On 13 June 2006, Crédit Agricole launched a tender offer for the acquisition of up to 100 per cent. of the shares of Emporiki Bank which was successful and as a result of which 63.14 per cent. was acquired by Crédit Agricole. Moreover, the Greek Government proceeded with the partial privatisation of the Postal Savings Bank through the listing of its shares on the ATHEX.

Although there are (as at 31 December 2005) 21 private banks incorporated in Greece (which does not include 16 co-operative banks with limited activities), 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 per cent. 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, the Bank merged with ETEBA (our investment banking arm). In addition, since September 2000, Banco Commercial Portuguese, a Portuguese bank, has been active in the Greek market through NovaBank.

Laiki Bank of Cyprus proceeded with a tender offer for the acquisition of 100 per cent. of the shares of Marfin Financial Group and Egnatia Bank. If the tender offer is fully completed, the total assets and equity of the new group are estimated, by the end of 2006, to be €22.3 billion and €3.3 billion respectively, creating one the largest banking groups in Greece. The total deposits and total loans are estimated to be €15.8 billion and €11.7 billion respectively. The new group will have presence in 13 countries through 300 branches.



### *Specialised Credit Institutions*

There is currently one such specialised institution, following the reclassification of Agricultural Bank of Greece, the Postal Savings Bank and Aspis Bank as universal banks in keeping with the expansion of the ranges of their services.

The only remaining specialised credit institution is the Consignment Deposits and Loans Fund, which is an autonomous financial institution, organised as a public law entity under the supervision of the Ministry of Finance. Its activities mainly consist of the acceptance of consignments (in cash or in kind), the granting of housing loans to qualifying borrowers (primarily civil servants) and the support of regional development.

We do not consider the Consignment Deposits and Loans Fund to be our competitor for commercial banking customers.

### *Foreign Banks*

There are 23 foreign-owned or incorporated credit institutions that are well established in the Greek banking market. The principal participants in the industry, and our principal foreign competitors in Greece, include Bank of Cyprus, Citibank, Royal Bank of Scotland and HSBC. 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.

### *Competition*

Domestic universal banks control approximately 82 per cent. of total assets in the Greek banking sector, amounting in total to €221 billion as at 31 December 2005, the last date for which such information is currently available, according to our analysis of publicly available information.

Foreign banks controlled approximately 10.8 per cent. of Greek banking assets at that date, while specialised institutions have a market share of approximately 7.4 per cent., according to our analysis of publicly available information. The foregoing numbers are based on the fact that, as at 31 December 2005, the Postal Savings Bank did not have a general banking license, and do not reflect changes in its classification, and therefore competitive position, in 2006.

According to our analysis of publicly available information, state-controlled universal banks (which, at that time, included Emporiki Bank) controlled approximately 19 per cent. of the Greek universal banks' total assets as at 31 December 2005.

As at April 2002, Greek law allows non-banking institutions, which are licensed by the Bank of Greece in accordance with the Act of the Governor of the Bank of Greece No. 2485/31.1.2002, to extend consumer credit or loan facilities. These institutions will be in direct competition with universal banks in the consumer credit sector.

The table below shows the breakdown of assets, loans outstanding and deposits in the universal banking sector for the Bank and our five main competitors in Greece as at 31 December 2005. These figures exclude one specialised credit institution and have been compiled by the Bank based on publicly available information. This table also excludes specific market shares of foreign banks, as no official information with respect to the year ended 31 December 2005 is available to date for such banks.

As at and for the year ended 31 December 2005						
	Assets	% of total market	Loans	% of total market	Deposits	% of total market
	(€ in millions, except percentages)					
1. National Bank of Greece . . . . .	53,279	24.2	27,179	20.3	41,060	28.1
2. Alpha Bank . . . . .	41,849	19.0	24,201	18.1	19,302	13.2
3. EFG Eurobank Ergasias . . . . .	41,724	18.9	24,214	18.1	24,660	16.8
4. Piraeus Bank . . . . .	21,154	9.6	14,587	10.9	11,451	7.8
5. Agricultural Bank of Greece . . .	20,208	9.2	12,789	9.6	17,802	12.1
6. Emporiki Bank . . . . .	19,088	8.7	14,767	11.0	14,811	10.1
<b>Total . . . . .</b>	<b>197,302</b>	<b>89.6</b>	<b>117,737</b>	<b>88.0</b>	<b>129,086</b>	<b>88.1</b>

The following table shows the assets, deposits and loans of the Greek banking system as at 31 December 2005, the last date for which such information is currently available, according to our analysis of publicly available information:

	As at 31 December 2005		
	Assets	Loans	Deposits
	(€ in millions)		
<b>Universal Banks</b>			
Domestic .....	220,660	133,745	146,706
Foreign .....	29,266	14,762	17,436
<b>Total</b> .....	<b>249,926</b>	<b>148,507</b>	<b>164,142</b>
Other credit institutions <sup>(1)</sup> .....	19,843	7,439	16,751
<b>Total</b> .....	<b>269,769</b>	<b>155,946</b>	<b>180,893</b>
<b>The Bank as a percentage of Total</b> .....	<b>19.7%</b>	<b>17.4%</b>	<b>22.7%</b>

(1) These figures include the Consignment Deposits and Loans Fund, as well as the Postal Savings Bank, which at the time was a specialised credit institution.

## SEE

In 2005, the course of macroeconomic fundamentals improved broadly in the SEE region. Economic growth stood at 4.8 per cent., below its potential of 5.5 per cent., due mainly to adverse weather conditions. Inflation posted a one-digit rate (8.8 per cent.) mainly on the back of the strengthening and/or stabilisation of the currencies of the main SEE countries against the Euro. The fiscal deficit continued to narrow, reaching 0.2 per cent. of GDP. The main cause for concern was the current account deficit, which widened to almost 10 per cent. of GDP; however, its financing was not problematic. The macroeconomic fundamentals of SEE are expected to improve further in 2006, with economic activity growing at 5.5 per cent., inflation declining to 7 per cent., and a fiscal surplus for the first time (0.2 per cent. of GDP). In the meantime, we expect the current account deficit to stand at 10 per cent. of GDP, unchanged from 2005, as a rebound in the EU economy — the region's main trading partner — is expected to offset the adverse developments in international oil prices.

## Regulation and Supervision of Banks in Greece

The Bank of Greece is the central bank in Greece. It is responsible for the licensing and supervision of credit institutions in Greece, 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 Greece, each as amended. It also has regulatory powers in connection with the operation and supervision of credit institutions in Greece, by virtue of Law 1266/1982 (as amended and supplemented).

The central bank grants a banking licence only if the requirements of the EU Council's Consolidation Directive (2000/12/EC), which incorporates several of the Directives listed below, are met. Before these EU Directives took effect banks in Greece were required to obtain prior authorisation for significant organisational and operational changes, such as establishing subsidiaries, opening branches, expanding geographically and operating in foreign currencies. In contrast, the current system permits banks to engage in such activities without the prior authorisation of the central bank, subject to the notification of the central bank in certain cases and to compliance with minimum initial capital requirements.

The EU Council's main Directives on regulation of credit institutions have been adopted under Greek law, including:

- (a) the first (Directive 1977/780/EEC) and the second (Directive 1989/646/EEC) Directives, and their successive amendments, 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 2076/1992;

- (b) the Own Funds Directive (Directive 1989/299/EEC), 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;
- (c) the Solvency Ratio Directive (Directive 1989/647/EEC) and its successive amendments, 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. All the above Acts have been codified by Act No. 2524/23.07.2003 of the Governor of the Bank of Greece, as amended by Act No. 2564/11.10.2005;
- (d) the Large Exposures Directive (Directive 1992/121/EEC) 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;
- (e) the Second Consolidated Supervision Directive (Directive 1992/30/EEC) on the supervision of credit institutions on a consolidated basis (amending the First Consolidated Supervision Directive), which was implemented by Presidential Decree 267/1995;
- (f) the Capital Adequacy Directive (Directive 1993/6/EEC) and its amendment (Directive 1998/31/EEC), 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;
- (g) Directive 2001/24/EC on the reorganisation and winding up of credit institutions, which provides for the recognition across the European Union of reorganisation and winding up measures adopted by the home member states of insolvent credit institutions and was transposed into Greek law by Law 3458/2006; and
- (h) Directive 2002/87/EC on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate, which was transposed into Greek law by Law 3455/2006.

To prepare for Greece's participation in the European Monetary Union, significant changes were made to the regulatory framework of the central bank. In particular, its by-laws were amended to reinforce the central bank's independence from the State, to recognise the legal integration of the Bank of Greece into the European System of Central Banks and to provide for new enforcement powers to enable better supervision of credit institutions.

Credit institutions operating in Greece are obliged to observe the liquidity ratios prescribed by the Bank of Greece (Act No. 2560/1.4.2005 of the Governor of the Bank of Greece), maintain efficient internal audit, compliance and risk management systems and procedures (Acts No. 2438/6.8.1998 and No. 2577/9.3.2006 of the Governor of the Bank of Greece), submit to the Bank of Greece periodic 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 Greece and the relevant Acts, Decisions and Circulars of the Bank of Greece (each as in force from time to time).

Pursuant to Law 2076/1992, Mandatory Law 1665/1951 and other relevant laws of Greece, the Bank of Greece has the power to conduct audits 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 the 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.

In accordance with Greek Law 2832/2000, in cases of breach of the regulatory framework, in addition to other powers to impose sanctions under specific laws, the Bank of Greece has the general power to impose sanctions against credit institutions. These sanctions may consist of a compulsory deposit, equal to 40 per cent. of the amount of the violation, in a non-interest bearing account of the central bank or, if the amount of such violation cannot be determined, a compulsory interest free deposit of up to €8,804,109, in each case for up to one year and/or a fine payable in favour of the Greek Government to be calculated either as a percentage of 40 per cent. of the amount of the

violation or as a one-off payment of up to €880,411, which may be increased up to €1,467,351 in case of a repeat violation.

### ***History and Deregulation***

Historically, the Greek banking system was subject to strict regulatory requirements, including restrictions on:

- freely determined interest rates;
- the financing of various sectors of the economy (i.e., how, when and where public entities, such as wholly-owned utility companies, could invest their assets); and
- certain financial services activities in the foreign exchange market.

Since the late 1980s, but predominantly in the early 1990s, a gradual relaxation of the strict regulatory environment in Greece took place due to:

- increasing interdependence of national economies;
- increasing international pressure for the opening of markets; and
- anticipation of EMU.

Liberalisation of capital movements, through implementation of the relevant EU Directives and in particular the Second EU Banking Directive, also contributed substantially to deregulation.

### ***Interest Rates***

Beginning in 1987, minimum interest rates gradually replaced interest rates previously imposed by the central bank. Administratively determined interest rates were finally abolished in 1992. The removal on 8 March 1992, of an established minimum rate for savings deposits was the first step towards full deregulation of bank interest rates. Since then, Greek banks have been free to negotiate interest rates with customers based on market conditions. In addition, a number of limitations on bank financing of certain economic activities were eliminated in 1991. As a consequence, credit institutions were allowed to negotiate freely and grant new types of loans without limitations on the rate of interest including loans for:

- working capital;
- the purchase of fixed assets and equipment;
- the repair and purchase of real estate in Greece and the construction of buildings;
- the sale of durables on credit; and
- consumer credit and personal loans.

Limitations apply to the compounding of interest. In particular, the compounding of interest with respect to bank loans and credits only applies if the relevant agreement so provides and is subject to limitations that apply under article 30 of Law 2789/2000 (as amended by article 42 of Law 2912/2001 and article 47 of Law 2873/2000) and article 39 of Law 3259/2004.

### ***Foreign Exchange***

Deregulation of the Greek financial services sector was accelerated by adoption of Greek Presidential Decrees 96/1993 (and corresponding Acts of the Governor of the Bank of Greece No. 2199/2200, 2201/07.03.1993), 104/1994 (and corresponding Acts of the Governor of the Bank of Greece No. 2301, 2302, 2303/16.05.1994) and Greek Law 2076/1992 (implementing the second EU Banking Directive). Greek Law 2076/1992 decriminalised violations of foreign exchange regulations. Since 1991, borrowers have been permitted to borrow in foreign currencies for all legitimate business purposes at interest rates and on terms freely negotiated between the parties. Beginning in January 1992, banks licensed in Greece to engage in foreign exchange transactions were permitted to enter into spot, forward, swap and similar transactions in the foreign exchange market, pursuant to Act 1986/1991 of the Governor of the Bank of Greece.

In 1994, natural persons and legal entities in Greece could, pursuant to Act 2344/94 of the Governor of the Bank of Greece, for the first time engage freely in foreign currency transactions in foreign countries by filing an application with any bank. Credit institutions in Greece were also authorised to accept deposits made by natural persons and legal entities in foreign currency.

Starting in 1991, Greek foreign exchange restrictions were gradually relaxed, and were totally eliminated concurrently with the adoption of the Euro on 1 January 2001. A 2 per cent. requirement of re-deposit and assignment, which currently applies to deposits in Euro, applies to foreign currency deposits as well.

Drachma banknotes and coins remained legal tender in Greece until 28 February 2002.

Under article 4 of Greek Law 2842/2000, effective 1 January 2001, credit institutions operating in Greece and authorised to enter into foreign currency transactions can freely enter into transactions of any type in foreign currencies and foreign notes, on their own account and at their own risk, in accordance with the provisions in force.

Furthermore, credit institutions operating in Greece publish daily rate bulletins of buy/sell exchange rates of foreign currencies and notes for the purposes of trading with the public. The relevant bid/offer spreads are determined freely. The Bank of Greece publishes daily reference exchange rates of the euro against foreign currencies based on the corresponding foreign exchange rate bulletins of the European Central Bank. “Open-cry” negotiated rates through the “fixing” mechanism of Greek drachma against foreign currencies have been abolished. As a result, any reference to those rates in statutory, administrative, regulatory and contractual provisions is replaced by reference rates published by the central bank of Greece, unless otherwise provided or agreed upon.

### ***Secured Lending***

Since 1992, Greek Law 2076/1992 has permitted mortgage banks to grant to customers loans and credit that are secured by Greek real and personal property and certain types of personal security, such as cash.

Mortgage lending is extended mostly on the basis of pre-notation filings (“*prosimiosi*”), which are less expensive and easier to record than mortgages, and may be converted into full mortgages upon receiving a judgment subject to appeal only before the Supreme Court from the relevant Greek court in the event of default.

### ***Compulsory Deposits with the Central Bank***

The compulsory reserve requirement framework of the Bank of Greece has been altered in line with Eurosystem regulations. Effective 10 July 2000, reserve ratios are determined by category of liabilities and replace the single reserve ratio of 12 per cent. previously in force for commercial banks. The reserve ratio is set at 2 per cent. for all categories of liabilities comprising the reserve base, with the exception of the following liabilities to which a zero ratio applies:

- deposits with agreed maturity over two years;
- deposits redeemable at notice over two years;
- repos; and
- debt securities with agreed maturity over two years.

This requirement applies to all credit institutions, as well as to the Postal Savings Bank.

### ***Guidelines for Risk-based Capital Requirements***

Banking regulatory authorities of the major industrialised countries have worked together in recent years to develop international capital adequacy guidelines based on the relationship between a bank’s capital and its risks. In July 1988, the Basel Committee on Banking Supervision adopted risk-based capital guidelines, which are implemented by banking regulations in the countries that endorse the Basel standards, including Greece. These guidelines are intended to reduce competitive inequality among international banks by harmonising the regulatory definition of capital for the purpose of asset-risk evaluation and establishing a uniform target-capital adequacy ratio.



The harmonisation of credit institution standards is a key part of the programme to create an internal banking market in the EU. In 1989, the EU Council of Ministers adopted a Directive on the administration of the “own funds” of credit institutions known as the “Own Funds Directive”, and a Directive on the solvency ratio for credit institutions, known as the “Solvency Ratio Directive”. Both Directives were codified by the Consolidation Directive (2000/12/EC).

The Own Funds Directive defines regulatory capital, for the purposes of computing a capital adequacy ratio, as the sum of certain items constituting “core or Tier I capital” and other items constituting “supplementary or Tier II capital”. The Directive closely traces the mechanics of the Basel Committee guidelines.

The substantive risk-based capital rules contained in the Solvency Ratio Directive generally adopt the Basel Committee guidelines into EU law. The Solvency Ratio Directive determines the credit risk of a bank’s assets by multiplying (1) the balance sheet value of each asset by (2) the relevant risk weighting, to produce a risk-adjusted value. For off-balance sheet items, a two step risk-adjustment is applied, taking into account the nature of (1) the financial instrument concerned and (2) the counterparty involved. For off-balance sheet items concerning interest rates and foreign exchange rates (such as swaps, forwards and options), regulatory authorities prescribe measurement based on a mark to market approach, or either current or original exposure. As at January 1993, credit institutions in EU member countries must maintain capital adequacy of at least 8 per cent.

Upon implementation of the Capital Adequacy Directive, the capital requirements for a credit institution in relation to its country-specific credit risks are calculated based on the credit institution’s investment portfolio, consisting of the assets and off-balance sheet transactions that are not included in its trading book. Prior to the implementation of the Capital Adequacy Directive in Greece, capital requirements were calculated based on all asset items and off-balance sheet transactions according to statutory provisions established by the central bank.

The level of a credit institution’s regulatory capital required to provide a cushion against trading book exposures depends on the methodology used for measuring general and specific position risks related to traded debt and derivative instruments, equities and equity derivatives, as well as counterparty risk of over-the-counter derivatives, repo and reverse repo, concentration and settlement risk of all the trading book items and foreign exchange risk of the total of on and off-balance sheet items.

Under the Basel standards, supervisory authorities in each jurisdiction have some discretion in determining whether to include particular instruments as capital under the risk-based capital guidelines and whether to assign different weights, within a prescribed range, to various categories of assets to reflect their relative security.

The Basel Committee’s risk-based guidelines require a bank to have a minimum ratio of capital to assets and the off-balance sheet items determined on a risk-weighted basis, of at least 8 per cent. At least half of the required capital must be “Tier I” capital and the rest “Tier II” capital. According to guidelines established by the Bank of Greece, regulatory capital is calculated in accordance with the parameters set forth below.

Tier I capital, or core capital, which includes:

- ordinary shareholder’s equity;
- reserves created by appropriations of retained earnings, share premia and other surpluses;
- retained earnings;
- innovative Tier I instruments such as perpetual non-cumulative preferred stock;
- minority interests; and
- negative consolidation differences.

However, the following must be deducted from Tier I capital:

- all holdings of own shares and Tier I paper;
- past and current year’s net losses;
- goodwill;

- interim unpublished net losses;
- 50 per cent. of the cumulative deficit of Defined Benefit Plans for our employees;
- negative valuation differences (after tax) of the Available For Sale Equity Portfolio; and
- positive consolidation differences.

Tier II, or supplementary capital, mainly includes:

- fixed assets revaluation reserves;
- reserves against general banking risks;
- cumulative dated preferred stock and dated subordinated debt with a minimum maturity of five years under certain conditions;
- 45 per cent. of the positive valuation differences (pre-tax) of the Available For Sale Equity Portfolio; and
- other undated quasi-equity capital instruments under conditions, such as cumulative preferred stock and mandatorily convertible debt instruments.

The following must also be deducted from the sum of Tier I and Tier II capital:

- investments in unconsolidated subsidiaries and other financial institutions amounting to more than 10 per cent. of their capital;
- 50 per cent. of the cumulative deficit of Defined Benefit Plans for our employees; and
- the sum of all holdings in other financial institutions' capital in excess of the equivalent of 10 per cent. of the credit institution's eligible Tier I and II capital base.

According to Resolution 178/7/19.07.2004 of the Bank of Greece's Banking and Credit Affairs Committee and Circular No. 21/22.09.2004 of the Governor of the Bank of Greece, as amended by the Bank of Greece's Banking and Credit Affairs Committee Resolution 198/9/17.5.2005, certain hybrid Tier I instruments may be included, subject to stringent conditions, in Tier I capital of credit institutions in Greece. Moreover, hybrid Tier I instruments (both innovative and non-innovative) may not exceed 25 per cent. of Tier I capital, while innovative hybrid Tier I instruments may not exceed 10 per cent. of Tier I capital.

A bank's Tier II capital may not exceed its Tier I capital. There are also limitations on the maximum amount of certain Tier II items that may be counted towards a bank's capital requirements. In particular, cumulative fixed term preferred stock and subordinated debt with a minimum maturity of five years may not exceed 50 per cent. of Tier I capital.

To assess the capital adequacy of banks under the risk-based capital guidelines, a bank's capital is related to the aggregate risk of its assets and off-balance sheet exposure, which are weighted according to four broad categories of risk (each reflecting the collective likelihood of loss, non-performance or default) — 0 per cent., 20 per cent., 50 per cent. and 100 per cent.. The risk-based capital guidelines also set credit conversion formulas for measuring risk relating to off-balance sheet items, including financial guarantees, letters of credit and foreign currency and interest rate contracts.

According to Act No. 2156/92 (amended by Act No. 2560/05) of the Governor of the Bank of Greece, all credit institutions operating in Greece are required to provide regulatory authorities with quarterly information on overall liquidity. This requirement became effective on 31 May 1993, and applies to:

- domestic credit institutions;
- Greek branches of EU banks; and
- Greek branches of non-EU banks.

Pursuant to Act No. 2442/29.01.1999 (as amended by Act No. 2513/15.01.2003) and Act No. 2565/13.10.05 of the Governor of the Bank of Greece, credit institutions that have their registered office in Greece, as well as the branch offices in Greece of credit institutions whose registered seat is in a country outside the EU, must maintain loan loss provisions to at least a minimum amount to be calculated with reference to factors set forth under the Act. In certain circumstances credit institutions

may use, as an alternative, the calculations that are included in the valuation report issued by their Internal Audit and submitted to and approved by the central bank. Under the Act, credit institutions must file reports to the Bank of Greece regarding the adequacy of their loan loss provisions quarterly.

According to Act No. 2560/01.04.2005 of the Governor of the Bank of Greece, each credit institution must submit completed liquidity tables on a quarterly basis. All assets and liability items are classified in time buckets, according to their relative remaining maturities. Items without contractually fixed maturity dates must be classified in time buckets on the basis of the accounting principle of conservatism, i.e., assets in the over one year time bucket and liabilities in the overnight bucket. The “trading and available-for-sale securities” and “current and savings accounts” are excluded and their classification in time buckets shall be determined on the basis of behavioural analysis. For the purposes of the audit, credit institutions are required to observe mandatory liquidity ratios in the form of minimum limits:

- Liquid disposable funds ratio, which is determined as the ratio of “liquid disposable funds” of the overnight time bucket up to 30 days to “borrowed funds”. The minimum limit of this ratio is set at 20 per cent.
- Asset-Liability tenor variance ratio, which is determined as the ratio of “assets minus liabilities” of the overnight time bucket up to 30 days to “borrowed funds”. The minimum limit of this ratio (prefaced by a minus sign) is set at –20 per cent.

In an effort to control excessive exposure to a single or related borrowers, the central bank, through Act No. 2246/93, also known as the “Large Exposures Act”, adopted the EU Council’s Large Exposures Directive. An exposure is considered a large exposure if it exceeds 10 per cent. of the credit institution’s regulatory capital. This Directive, drawing on the European Commission’s 1986 recommendation, requires that credit institutions:

- immediately notify the central bank of any excessive concentration of exposures; and
- limit such concentrated exposures to a certain percentage of the credit institution’s regulatory capital.

The Large Exposures Act imposes two limits on exposures. First, the value of each large exposure in the banking book may not exceed 25 per cent. of a credit institution’s regulatory capital. Second, total large exposures in the banking book for a given credit institution may not exceed 800 per cent. of its regulatory capital. A credit institution is allowed to exceed its large exposure limits only in relation to items included in its trading portfolio and is required to hold additional regulatory capital in such circumstances.

In November 2005, the Basel Committee on Banking Supervision published its final proposals on the new capital adequacy standards. The New Basel Capital Accord proposals currently include a diversity of methodologies for the calculation of capital requirements in respect of credit risk and operational risk (a newly-introduced term for the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events) and necessary revisions to the Amendment to Market Risks (1996). The Standardised (credit and operational risk) and Foundation Internal Ratings Based (credit risk) approaches are expected to become effective in various countries within 2007, while the most Advanced (credit and operational risk) approaches are expected to become effective within 2008. Within the final version of the New Basel Capital Accord, additional guidance on the application of trading activities and double default was published, demonstrating the capacity of the revised Framework to evolve with time and keep pace with market developments and advances in risk management practices.

In October 2005, the Council of the European Union published the final proposal for the re-casting of Directive 2000/12/EC of 20 March 2000, relating to the taking up and pursuit of the business of credit institutions and Directive 1993/6/EEC of 15 March 1993, on the capital adequacy of investment firms and credit institutions. In May 2006, the final Directive of the European Parliament and of the Council is expected to be finalised and published.

If the New Basel Capital Accord proposals are fully adopted by European Union legislation, the Bank may be required by its regulators to maintain higher levels of capital, which could decrease our operational flexibility and may increase our financing costs. Consequently, we cannot assure you that the New Basel Capital Accord will not have a material adverse effect on our financial condition or results of operations in the future.

### ***Additional Reporting Requirements***

All credit institutions operating in Greece are required to provide the Bank of Greece with: (1) a quarterly report on capital adequacy; (2) a quarterly report on profitability and exposure to banking risks (pursuant to Annexes 2 and 3 of Act No. 1313/88 amended by Act No 2563/05); (3) monthly data relating to open currency positions (pursuant to Act No. 2291/94, amended by resolution No 176/18.6.04 of the Banking and Credit Affairs Committee); (4) a quarterly report on loan loss reserves pursuant to Act No. 2442/99 (amended by Act No. 2513/03 and 2565/05); (5) a quarterly report on liquidity pursuant to Act No. 2156/92 (amended by Act No. 2560/05); (6) a semi-annual report on cross-border credit exposures pursuant to Act No. 2520/03; (7) a general annual internal audit report (pursuant to Act No. 2438/98); (8) a semi-annual report on large exposures pursuant to Act No. 2246/93; and (9) a semi-annual report on large borrowers pursuant to Bank of Greece, Banking and Credit Affairs Committee resolutions 485/91, 540/94, 159/03 and 915/03.

### ***Deposit Guarantee Fund***

In January 1993, the Greek Parliament adopted Law 2114/1993 on the introduction of a deposit protection fund. This Law was repealed in July 1995 by the adoption of Greek Law 2324/1995, which took into account EU Council Directive 1994/19/EC on deposit guarantee schemes, and was further supplemented in June 2000 by the adoption of Greek Law 2832/2000. The Greek deposit guarantee fund took effect in September 1995. Currently, the fund, which is a private entity according to Greek Law 2832/2000, is administered jointly by the Bank of Greece, the Hellenic Bank Association, the Ministry of Economy and Finance and the Association of Greek Cooperative Banks.

The Hellenic Deposit Guarantee Fund is funded by annual contributions of participating credit institutions (and cooperative banks pursuant to Greek Law 2832/2000 and Presidential Decree 329/2000). The level of each participant's annual contribution is generally determined according to certain percentages applied to the total amount of eligible deposits. If accumulated funds are not sufficient to cover the claimants whose deposits become unavailable, participants may be required to pay an additional contribution. However, this contribution may not exceed an amount equal to 300 per cent. of a bank's last annual contribution. This additional contribution is set off against the annual contributions of following years. Greek law adopted the minimum level of coverage provided by the EU Directive, which amounts to €20,000 per depositor per credit institution. Accordingly, credit institutions in EU member states that belong to a system offering a higher level of coverage have a competitive advantage compared to Greek banks.

### ***Prohibition of Money Laundering***

Articles 5 and 6 of Greek Law 2145/1993 (now repealed) implemented some of the core provisions of EU Council Directive 91/308 regarding money laundering. In August 1995, the Greek Parliament adopted Law 2331/1995 (amended by Laws 2479/1997 and 2515/1997), which prohibits the use of the financial system to legitimise revenues generated from illegal activities. This law implemented EU Council Directive 91/308. The main provisions of Greek legislation on money laundering are as follows:

- money laundering is a criminal offence;
- persons subject to the law include credit institutions, financial institutions, and certain insurance undertakings;
- credit institutions (and other persons) are required to identify customers, retain documents and notify authorities of suspicious transactions;
- provisions of private law and banking secrecy do not apply to money laundering activities; and
- a public authority was established pursuant to Law 2331/1995 and is responsible for examining reports filed by banks with respect to suspicious transactions and for ensuring correct implementation of this Law.

On 13 December 2005, Law 3424 was adopted by the Greek Parliament, which amended and supplemented the existing legislation on the prevention of money laundering (Law 2331/95) and harmonised Greek law with Directive 2001/97/EC.

Among others, several ministries, the central bank, the Hellenic Bank Association and the Hellenic Capital Market Commission are to participate in the administration of the public authority.

Greece is a member of the Financial Action Task Force (“FATF”); consequently we fully comply with FATF recommendations.

In July 2002, the Greek Parliament adopted Law 3034/2002, which implemented the International Convention for the Suppression of the Financing of Terrorism, with which we are fully compliant. Additionally, we comply with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (known as the “USA PATRIOT Act of 2001”), which took effect from October 2001 and which has implemented a range of new anti-money-laundering requirements on banks and other financial services institutions worldwide.

### ***Equity Participation by Banks***

Banks must follow certain procedures regarding holdings in other companies:

*Central bank.* According to the Bank of Greece, Banking and Credit Affairs Committee resolution 80/15/29.8.2000, as amended by resolution 150/9/9.5.2003, credit institutions must obtain central bank approval to acquire a holding in the share capital of credit institutions, financial services companies, insurance companies, information technology and data processing companies, asset and liability management companies, venture capitals, real property management companies, interbank management companies, stock and derivatives exchanges, the Central Securities Depository and the Derivatives Clearing House. Prior approval is required when:

- a commercial or investment bank makes an initial investment in excess of €2.5 million or, in the case of all other credit institutions, an initial investment in excess of €0.5 million (up from €1.5 million and €0.3 million respectively, prior to the May 2003 amendment); and
- an already existing participation is increased by an amount exceeding the limits set by the Bank of Greece, and which calculated cumulatively over a calendar year, exceeds the lower of either of the two following thresholds:
  - 2 per cent. of the credit institution’s own funds at the end of the previous six-month period; or
  - €8 million (up from €6 million prior to the May 2003 amendment).

These thresholds do not include shares acquired through underwriting in the previous 12 months but include shares acquired through subsidiaries in which the parent holds a stake of at least 20 per cent.

No prior permission is required for exceeding the limits set by the Bank of Greece if:

- the credit institution already owns (directly or indirectly) more than 50 per cent. of the share capital or the voting rights, and its Capital Adequacy Ratio (solo and consolidated) exceeds 11 per cent. and the additional investment does not influence this ratio by more than one percentage point; and
- the additional investment results from the distribution of bonus shares or the repurchase of shares sold on the ATHEX provided that in the case of the latter, the repurchase is effected in the three-day period following the original sale, and the difference between the proceeds of the sale and the book value of the investment prior to the sale is debited to special non-distributable reserves or provisions.

In addition, no prior permission is required for initial or additional investment via closed-end funds.

*Competition Commission.* Subject to EU regulations, new and significant holdings (concentrations) must be reported to the Greek Competition Commission according to Greek Law 703/1977, as in force.

The Hellenic Capital Market Commission and the ATHEX must be notified once certain ownership thresholds are crossed with respect to listed companies.



## 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 ending 31 December 2005. 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.

### **Luxembourg Taxation**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Preferred Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

#### ***Withholding Tax***

##### *(i) Non-resident holders of Preferred Securities*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the “Laws”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Preferred Securities, nor on accrued but unpaid interest in respect of the Preferred Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Preferred Securities held by non-resident holders of Preferred Securities.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the “Territories”), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Preferred Securities coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent.

##### *(ii) Resident holders of Preferred Securities*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the “Law”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Preferred Securities, nor on accrued but unpaid interest in respect of Preferred Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Preferred Securities held by Luxembourg resident holders of Preferred Securities.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Preferred Securities coming within the scope of the Law would be subject to withholding tax of 10 per cent.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding

system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

### **European Union Directive on the Taxation of Savings Income and Jersey**

Jersey is not part of the EU and is not subject to the EU Savings Tax Directive or other EU fiscal legislation. However, in keeping with Jersey's policy of constructive international engagement (and in line with steps taken by other relevant third countries) the Island has now entered into various agreements regarding the European Union directive on the taxation of savings income in the form of interest payments (the "EU Savings Tax Directive").

The States of Jersey have introduced a system which permits, either:

- the disclosure of information concerning details of payments of interest (or other similar payments) and the identity of an individual beneficial owner of the interest to the tax authority of the EU jurisdiction where the owner of the interest payment is resident; or
- the imposition of a retention or withholding tax in respect of payments of interest (or other similar income) made to an individual beneficial owner resident in an EU member state by a paying agent situated in Jersey or an EU member state.

(The terms "beneficial owner" and "paying agent" are defined in the bilateral agreements entered into between Jersey and each of the EU member states relating to the treatment of savings income).

The retention tax system will apply for an initial transitional period during which tax would be retained from such payments, instead of communicating the details of such payments to the tax authorities of the EU member state in which the individual beneficial owner is resident (the transitional period is prior to the implementation of a system of automatic communication among all EU member states of information regarding interest payments).

Where the Issuer has appointed a paying agent located outside Jersey, the Issuer is not required to make any disclosures or levy retention tax. However, the rules applicable in the jurisdiction where the paying agent is located will apply.

The requirements in respect of information disclosure or retention tax will not apply to companies, partnerships or to most types of trusts, nor will they apply to individuals who are resident outside the EU.

### **European Union Code of Conduct on Business Taxation**

On 3 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, the Policy & Resources Committee of the States of Jersey has announced that, in keeping with Jersey's policy of constructive international engagement, it intends to propose legislation to replace the Jersey exempt company regime by the end of 2008 with a general zero rate of corporate tax.

## SUBSCRIPTION AND SALE

Barclays Bank plc, J.P. Morgan Securities Ltd. and Merrill Lynch International (together, the “Managers”), which are acting as Joint Lead Managers in the offering, have, pursuant to a Subscription Agreement (the “Subscription Agreement”) dated 6 November 2006, jointly and severally agreed to subscribe or procure subscribers for the Preferred Securities at the issue price of 100 per cent. of the aggregate liquidation preference of Preferred Securities, less selling concessions and management and underwriting commissions, for an aggregate net purchase price of £371,812,500. NBG International Limited (“NBGI”) will also act as a Joint Lead Manager in the offering, and has agreed to procure subscribers for the Preferred Securities, although NBGI has not agreed to, and will not, subscribe for any Preferred Securities. The Issuer and the Bank have agreed to indemnify the Managers and NBGI 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**

No action has been taken by the Issuer, the Bank or any of the Managers or NBGI 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 and NBGI has undertaken that it has not and will not, directly or indirectly, offer or sell any Preferred Securities or distribute or publish any Prospectus, 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 and NBGI has agreed that, except as permitted by the Subscription Agreement, it has not and 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 distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Preferred Securities, from it 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 and NBGI has represented and agreed that (i) 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 (ii) 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 and NBGI has acknowledged that no public offering of the Preferred Securities is permitted in the Hellenic Republic and has agreed that it has not and will not make any advertisement,

notification, statement or take any other actions in the Hellenic Republic with a view to attracting the public in the Hellenic Republic to acquire any of the Preferred Securities, other than in compliance with the laws applicable at the time in the Hellenic Republic governing the issue, offering and sale of securities, including Law 3401/2005 implementing the Prospectus Directive.

### ***Jersey***

Each Manager and NBGI 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.

### **General**

Each Manager and NBGI has agreed that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Preferred Securities or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Preferred Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Bank nor any of the Managers or NBGI shall have any responsibility therefor.

None of the Issuer, the Bank, the Managers or NBGI represents that Preferred Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## 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 25 October 2006 and the transaction and the giving of the Guarantee was duly authorised by a resolution of the Board of Directors of the Bank dated 26 October 2006.

### Listing and Admission to Trading

2. Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for Preferred Securities to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Investment Services Directive (Directive 93/22/EEC).

### Clearing Systems

3. The Preferred Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number ("ISIN") for this issue is XS0272106351 and the Common Code is 027210635.

### No significant or material change

4. Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer, the Bank or the Group since 30 June 2006. There has been no material adverse change in the financial position or trading position or prospects of the Issuer since 31 December 2005 and there has been no material adverse change in the financial position or trading position or prospects of, the Bank or the Group since 30 June 2006.

### Litigation

5. 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 Prospectus a significant effect on the financial position of the Issuer or the Bank.

### Accounts

6. The auditors of the Issuer are Deloitte & Touche (now Deloitte & Touche LLP), Lord Coutanche House, 66-68 The Esplanade, St. Helier, Jersey JE4 SWA, Channel Islands (**Deloitte & Touche Jersey**), Chartered Accountants and Registered Auditors. The auditors of the Bank are Deloitte & Touche Hadjipavlou Sofianos & Cambanis S.A., 250-254 Kifissias Avenue, Halandri 15231, Athens, Greece (**Deloitte & Touche Greece**), Chartered Accountants and Registered Auditors.

The consolidated and non-consolidated financial statements of the Bank for the financial years ended 31 December 2005 and, 2004 prepared in accordance with IFRS were audited by Deloitte & Touche Greece. The consolidated financial statements of the Issuer for the financial years ended 31 December 2005 and 2004 and prepared in accordance with Jersey law and United Kingdom Generally Accepted Accounting Practice were audited by Deloitte & Touche Jersey.

On an annual basis, the Bank currently prepares audited consolidated and non-consolidated financial statements in accordance with IFRS. On a semi-annual basis, the Bank currently prepares unaudited consolidated and non-consolidated financial statements in accordance with IFRS which are reviewed by its auditors. On a quarterly basis, the Bank currently prepares unaudited consolidated and non-consolidated financial statements in accordance with IFRS. The Issuer does not produce any interim financial statements.

### **Replacement Capital Covenant**

7. On the issuance of the Preferred Securities, the Bank intends to enter into a replacement capital covenant for the benefit of one or more designated series of the Bank's debt securities. It is anticipated that the terms of such replacement capital covenant will provide that the Bank will not, and will not permit any subsidiary (including the Issuer), to redeem or repurchase any Preferred Securities unless and to the extent the aggregate redemption or repurchase price is equal to or less than the net proceeds (or in certain circumstances a specified percentage of such net proceeds) received by the Bank or its subsidiaries, during the six months prior to such redemption or repurchase date, from new issuances of qualifying securities and that the covenant will terminate on the redemption of the Preferred Securities if not terminated earlier in accordance with its terms.

### **Documents**

8. Copies of the following documents will be available free of charge from the specified office of each Paying and Transfer Agent, for the time being in Luxembourg, for so long as any of the Preferred Securities remains outstanding:
  - (a) the Memorandum and Articles of Association of the Issuer and the Articles of Association (with an English translation thereof) of the Bank;
  - (b) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2005 and 2004, in each case together with the audit reports prepared in connection therewith;
  - (c) the audited consolidated and non-consolidated financial statements of the Bank in respect of the financial years ended 31 December 2005 and 2004 in English, in each case together with the audit reports prepared in connection therewith;
  - (d) the unaudited consolidated and non-consolidated financial statements of the Bank in respect of the six month periods ended 30 June 2006 and 2005; and
  - (e) the Subscription Agreement, the Agency Agreement and the Guarantee.

In addition, copies of this Prospectus and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

### **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.



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