



NATIONAL BANK OF GREECE

PRESS RELEASE

National Bank of Greece seeks to expand its activities beyond Greek borders and become a strong banking force in the region of southeast Europe, a strategic goal backed by its substantial presence and activity in the major international financial markets. It is thus staking a claim for a new place in the international financial arena.

This was the message of Mr Theodoros Karatzas, Governor of National Bank of Greece, to the AGM held today. In his speech, he outlined various issues concerning the Bank, its performance and prospects, which are summarised below:

- The Bank believes that it is necessary to increase its size. This, however, does not constitute an end in itself. We shall therefore remain alert to the opportunities that may arise in the domestic and the international markets. At the same time, we shall continue to take all steps necessary to secure profitability and a robust financial structure for the organisation.
- In 2002, National Bank will also seek to further enhance its presence in retail banking and its business relationships with SMEs. It may be noted that 2001 was a particularly successful year for the Bank in the retail banking segment.
- Soon we shall announce a series of specific measures aiming at the reduction of expenses in the domestic and international network of the NBG Group. At the same time we shall continue to strengthen NBG's commanding position in the domestic market and its international business activity.

Mr Karatzas went on to point out that National Bank of Greece as well as other Greek banks have entered a new phase of activity and profitability within the framework of Economic and Monetary Union. This adjustment, of course, has been neither a simple process nor painless. In essence, it compels the sector to change its ideas about easy and large-scale returns derived from the stock market and the successful convergence of the Greek economy with the eurozone. It is crucial that Greek banks now prove themselves capable of meeting the challenges that lie ahead. National Bank of Greece, for its part, will take all steps necessary to meet these challenges successfully.

In this light, therefore, 2001 was a particularly successful year besides the impressive performance in the retail banking segment. The traditional commanding position that National Bank of Greece has enjoyed in segments such as housing credit has been augmented and enhanced by similar performance in consumer credit. Thus, the NBG Group offered more products to more customers than at any time in the past. The trust that approximately 5 million customers showed in us was reflected in the fact that housing and consumer credit represented no less than 46% of our total lending to the private sector in 2001.

Mr Karatzas also drew attention to the substantial presence and activity of the Bank in the major international financial markets where the total contribution of its international units to aggregate Group pre-tax profit was more than double the figure

for 2000, reaching 12.3%. The Bank consistently aims at selectively expanding its operations in foreign markets and boosting the contribution of these operations to the Bank's profits.

Mr Karatzas then went on to discuss last year's discontinued merger plan with Alpha Bank:

- It was our belief that the merger would have created a strong financial group. Unfortunately, for reasons beyond the Bank's will, the process had to be discontinued.
- The eventual outcome was not due to problems concerning the preparations for the merger. It is notable, for instance, that the merger of Alpha and National Bank was brought to a more advanced stage of preparation than is often the case in similar plans that are announced in the global arena, and progress had been made in a whole range of crucial issues regarding the union of the two corporations.
- No successful merger plan has managed to announce within the first seven weeks the final structure of the Board and senior management; the name and logo of the new organisation; the share ratio of the merging businesses; a detailed calculation of the synergies that would arise from the merger; or the allocation of responsibilities among the members of the executive committee.
- The merger with Alpha Bank would have been a positive business move. It was not, however, essential for the future success of National Bank. We shall therefore continue with policies designed to ensure that our shareholders will be participating in a larger and stronger institution.

THE BANK'S RESULTS

In 2001, National Bank's profits before tax totalled €647.5 million compared with €874.6 million in 2000, down 26%. This reduction reflects exclusively the decline in equity trading gains due to the poor stock market climate. For the same reason, Group profits before tax and after minorities amounted to €698.7 million, compared with €980.6 million in 2000. This picture, however, does not do justice to the real performance of the Bank, since if we exclude gains on equity trading from the comparison, the Bank and the Group in fact present profit growth of 24.5% and 18.5% respectively in 2001.

Given these results, the Management proposes to the AGM a dividend of €1.10 per share. Total dividends paid out amount to €250.9 million compared with €247.7 million in 2000.

The AGM approved the renewal of the term of office of Governor Mr Karatzas, Deputy Governor Mr Andreas Vranas and Director Mr G. Tsouyopoulos for another three years. Furthermore, Messrs D. Daskalopoulos and V. Konstantakopoulos were elected new members of the Board of Directors.

Athens, 24 April 2002