



NATIONAL BANK OF GREECE

PRESS RELEASE

2002 Results

Athens, 20 February 2003

National Bank of Greece announced today the results of the Group and the parent company for the financial year ended 31 December 2002.

The Group reported a profit before tax and minority interests of €349.8 million for 2002, down 49.9% compared with 2001. This is mainly due to the substantial decline in trading gains, which during 2002 dropped to €83.2 million compared with €390.2 million in 2001. The 2002 result was further burdened by the one-off cost of the voluntary early retirement programme for NBG and ETEBA staff, which totalled €28.5 million. The decline in profits before taking into account this exceptional item is contained to 45.8%.

For the same reasons, the profit before tax of the parent Bank amounted to €296.7 million, compared with €647.5 million in 2001.

Notwithstanding the adverse financial market conditions, the Group's operating profit is continuing to improve substantially. This improvement reflects the following:

- Net interest income for the Group was up 6.5% year-on-year (2002: €1 183.3 million, 2001: €1 111.0 million). This increase reflects the positive trend of net interest income arising from the improved asset mix of the Bank, which was especially evident during 2002 Q4, when interest income was up €6.3 million on the third quarter (up 8.4% on an annualized basis).
- The Group's net interest margin stood at 243 basis points.

- Commission income for the Group was marginally higher compared with the prior year (2002: €374.5 million, 2001: €371.3 million), despite the continued decline in capital market related commissions.
- Foreign subsidiaries and branches made a larger contribution to the Group's profit, which, before trading gains, amounted to 25% in 2002.

As a result of the above, there has been continued improvement in the quality of the sources of Group income. Profit from operating activities accounted for 95% of total income in 2002, compared with 79.6% in 2001, thus creating a solid base of recurring revenue that will constitute the core of the Group's profits in the years to come. More specifically, interest income represents 72% of the Group's total income (2001: 58%).

The persistent effort to contain operating costs, which increased marginally by 2.4% compared with the previous year, had a positive impact on the Group's profitability. The Bank's management considers this issue to be very important and expects cost containment to benefit profits in the coming quarters.

Specifically, during 2002, staff costs fell for the first time (down 0.5% on the previous year). The completion of the voluntary early retirement plan for NBG and ETEBA staff resulted in the departure of 725 employees in 2002. The cost of the plan amounted to approximately €28.5 million, whereas the corresponding annual wage cost for the departing personnel would have been in excess of €40 million. During the same period, 190 employees left NBG through attrition. The same policy was implemented with success by the Bank's foreign branches and subsidiaries, resulting in the departure of a further 610 employees.

As a result of the above plans in Greece and abroad, and despite the expansion of the Group in the USA (acquisition of Yonkers) and in the Balkans, the total number of employees decreased by approximately 6% during the year. This is expected to positively influence staff costs and the efficiency of the Group in the following quarters.

The Group's loan and corporate bond book for 2002 increased by 7.8% on an annual basis, totalling €23.1 billion. Retail banking, which includes credit to professionals, continues to grow dynamically, representing 44% of the Group's loan portfolio at the end of 2002, compared with 38% at the end of 2001. The corresponding figure for the Bank stood at 47% of total loans at the end of 2002. This trend reflects management's strategy to increase loans as a percentage of total assets and to improve the loans-to-deposits ratio.

Specifically, there was a 25% increase in consumer credit balances (credit cards, consumer and personal loans) in 2002. Growth in mortgage credit was 23%, which, considering the substantial level of repayments arising from a relatively seasoned portfolio, is very satisfactory. The Bank's initiative in professional credit is also generating impressive results, as the relevant portfolio grew by 35% in the last eight months of 2002.

Regarding corporate credit, the Bank continues its cautious policy regarding further expansion in funding large enterprises. On the other hand, loan balances to medium sized companies have increased by 15% in 2002 as a result of the Group's sustained efforts to expand its market share in this sector.

Despite the substantial growth of the loan portfolio its high quality has been maintained. Non-performing loans after provisions represent 2% of the total portfolio, compared with 2.1% in 2001 while the residual amount is fully collateralized. Regarding the quality of the mortgage portfolio, it should be noted that over the past four years new non-performing loans, cumulatively, represented only 0.8% of the related disbursements for the period. Furthermore, during the same four years, the impressive €1 800 million increase in consumer credit balances led to an increase of just €35 million in non-performing loans.

During 2002, own used property of the Bank was revalued in line with statutorily determined property prices. The revaluation gain, totalling €211.8 million, which does not fully reflect the market value, was set off against valuation losses of €211.3 million of trading securities (equities, bonds and mutual fund units). This move was deemed necessary in view of the forthcoming adoption of International Financial Reporting Standards in 2003, and resulted in the full elimination of all valuation losses in the Group's trading securities.

The Group's deposits remained unchanged despite the decline in time deposits by 11% in 2002, which was offset by the 4.9% growth in savings deposits. This reflects the Bank's leading position in the Greek banking market.

In 2002 the Group's efficiency ratio rose to 71.7% compared with 69.4% in 2001 and was influenced negatively by the decrease in trading gains. It should be noted, however, that if trading gains are excluded, the Group's efficiency ratio shows a marginal improvement on 2001 (2002:75.5%, 2001:75.9%), and it declined substantially during the year, from 78.4% in Q1 to 73.7% in Q4. For 2002, the Group's pre-tax return on average equity stood at 14.3% (2001: 27.1%) while the Group's return on average assets stood at 0.66% (2001: 1.40%).

The Group's capital adequacy ratio remains at a high level. At the end of 2002, based on provisional data, the Tier I Capital Ratio is estimated to be 7.4% and the Total Capital Ratio 10.4%.

Given the Bank's performance in 2002, the management will propose to the AGM a dividend of €0.45 per share, compared with last year's dividend of €1.1 per share. The total dividend pay-out amounts to €104.3 million compared with €250.9 million in 2001. On the basis of the closing price on 19 February 2003, the dividend proposed is equivalent to an annualized return of 3.7%.

Group income statement

| <i>million €</i> | 31.12.02 | 31.12.01 | ±% | 4Q.02 | 3Q.02 | ±% | 2Q.02 | 1Q.02 |
|---|-----------------|-----------------|---------------|--------------|--------------|---------------|--------------|--------------|
| Net interest income | 1 183.3 | 1 111.0 | +6.5% | 308.0 | 301.7 | +2.1% | 298.9 | 274.7 |
| Dividend income | 20.0 | 39.9 | -49.9% | 3.5 | 5.3 | -34.0% | 7.0 | 4.2 |
| Net commission income | 333.9 | 338.2 | -1.3% | 87.3 | 80.6 | +8.3% | 85.7 | 80.3 |
| Other operating income | 28.7 | 33.6 | -14.6% | 7.2 | 5.8 | +24.1% | 7.2 | 8.5 |
| Operating income | 1 565.9 | 1 522.7 | +2.8% | 406.0 | 393.4 | +3.2% | 398.8 | 367.7 |
| Trading gains | 83.2 | 390.2 | -78.7% | 23.5 | (10.7) | -319.6% | 2.3 | 68.1 |
| Total income | 1 649.1 | 1 912.9 | -13.8% | 429.5 | 382.7 | +12.2% | 401.1 | 435.8 |
| Staff costs | (717.8) | (721.5) | -0.5% | (177.8) | (175.7) | +1.2% | (186.8) | (177.5) |
| Administrative & other expenses | (314.2) | (295.9) | +6.2% | (86.8) | (76.8) | +13.0% | (78.5) | (72.1) |
| Depreciation | (150.9) | (138.0) | +9.3% | (34.6) | (39.2) | -11.7% | (38.5) | (38.6) |
| Provisions | (144.6) | (174.8) | -17.3% | (37.1) | (35.7) | +3.9% | (34.5) | (37.3) |
| Extraordinary income | 31.3 | 125.5 | -75.1% | (17.2) | (10.0) | +72.0% | 30.9 | 27.6 |
| Profit before tax and minorities | 352.9 | 708.2 | -50.2% | 76.0 | 45.3 | +67.8% | 93.7 | 137.9 |
| Minority interests | (3.1) | (9.6) | -67.7% | (2.6) | 2.3 | -213.0% | (1.1) | (1.7) |
| Profit before tax | 349.8 | 698.6 | -49.9% | 73.4 | 47.6 | +54.2% | 92.6 | 136.2 |
| Tax | (136.6) | (214.8) | -36.4% | | | | | |
| Profit after tax | 213.2 | 483.8 | -55.9% | | | | | |

Group commission income

| <i>million €</i> | 31.12.02 | 31.12.01 | ±% | 4Q.02 | 3Q.02 | ±% | 2Q.02 | 1Q.02 |
|---|-----------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Retail ⁽¹⁾ | 139.2 | 121.8 | +14.3% | 36.0 | 39.5 | -8.9% | 35.0 | 28.7 |
| Corporate ⁽²⁾ | 60.4 | 61.3 | -1.5% | 16.3 | 11.7 | +39.3% | 15.8 | 16.6 |
| Asset management | 28.1 | 28.2 | -0.4% | 6.2 | 6.9 | -10.1% | 7.4 | 7.6 |
| Other ⁽³⁾ | 103.7 | 99.3 | +4.4% | 28.2 | 26.3 | +7.2% | 23.9 | 25.3 |
| | 331.4 | 310.6 | +6.7% | 86.7 | 84.4 | +2.7% | 82.1 | 78.2 |
| Investment and capital markets ⁽⁴⁾ | 43.1 | 60.7 | -29.0% | 13.6 | 10.2 | +33.3% | 9.3 | 10.0 |
| Total | 374.5 | 371.3 | +0.9% | 100.3 | 94.6 | +6.0% | 91.4 | 88.2 |

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

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

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

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

Group trading gains

| <i>million €</i> | 31.12.02 | 31.12.01 | ±% | 4Q.02 | 3Q.02 | ±% | 2Q.02 | 1Q.02 |
|---------------------------------|-------------|--------------|---------------|-------------|---------------|--------------|------------|-------------|
| Bond trading and hedging | 84.7 | 292.5 | -71.0% | 25.0 | (6.8) | -468% | (4.3) | 70.8 |
| FX trading | 28.2 | 35.6 | -20.8% | 1.7 | 16.5 | -89.7% | 1.7 | 8.3 |
| Equity trading | 2.3 | 64.9 | -96.5% | (1.7) | (5.6) | -69.6% | 9.7 | (0.1) |
| Income from derivatives trading | (7.9) | (2.8) | +182% | 1.5 | (3.6) | -142% | (3.7) | (2.1) |
| Equity method investments | (24.1) | | | (3.0) | (11.2) | -73.2% | (1.1) | (8.8) |
| Total Group | 83.2 | 390.2 | -78.7% | 23.5 | (10.7) | -320% | 2.3 | 68.1 |

Group loans

| <i>million €</i> | 31.12.02 | 31.12.01 | ±yoy% |
|---|-----------------|-----------------|--------------|
| Portfolios: | | | |
| Corporate loans | 11 448.7 | 11 832.7 | -3.2% |
| Professional credit | 532.0 | 394.0 | +35.0% |
| Consumer loans | 1 463.4 | 1 214.3 | +20.5% |
| Credit cards | 1 046.7 | 795.0 | +31.7% |
| Mortgages | 5 900.5 | 4 800.1 | +22.9% |
| Total loans | 20 391.3 | 19 036.1 | +7.1% |
| Corporate bonds | 2 667.9 | 2 352.9 | +13.4% |
| Total loans & corporate bonds (before provisions) | 23 059.2 | 21 389.0 | +7.8% |
| Provisions | (1 012.0) | (1 009.4) | +0.3% |
| Total loans & corporate bonds | 22 047.2 | 20 379.6 | +8.2% |
| Loans breakdown: | | | |
| Performing loans | 18 964.9 | 17 630.4 | +7.6% |
| Non-performing loans ⁽¹⁾ | 1 426.4 | 1 405.7 | +1.5% |
| Total | 20 391.3 | 19 036.1 | +7.1% |
| Loan portfolio ratios: | | | |
| NPLs /Gross loans | 7.0% | 7.4% | |
| Net NPLs / Gross loans | 2.0% | 2.1% | |
| Provision coverage | 70.9% | 71.8% | |

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

Own used property revaluation – set off against revaluation losses in trading portfolio

| | |
|--|-----------------|
| <i>million €</i> | 31.12.02 |
| Revaluation surplus in properties | 211.8 |
| Revaluation losses in: | |
| Shares | (152.6) |
| Bonds and T-Bills | (23.0) |
| Mutual Fund units | (35.7) |
| | (211.3) |

Group key ratios

| | 2002 | 2001 |
|---|-------------|-------------|
| Net interest margin | 2.43% | 2.43% |
| Return on average assets (ROAA) | 0.66% | 1.40% |
| Return on average equity (ROAE) | 8.71% | 18.7% |
| Efficiency (cost: income) | 71.7% | 60.4% |
| Efficiency (adjusted for trading gains) | 75.5% | 75.9% |
| Earnings per share | €0.93 | €2.12 |

**NATIONAL BANK OF GREECE S.A.**

(REG. No 6062/06/B/86/01)

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2002

(Amounts in thousand euro)

| ASSETS | 31.12.2002 | | 31.12.2001 | |
|---|-------------------|-------------------|-------------------|-------------------|
| 1. Cash in hand, balances with central banks | | 665.799 | | 2.101.059 |
| 2. Treasury bills and other bills eligible for refinancing with central banks: | | | | |
| (a) Treasury bills and similar securities | | 100.677 | | 129.487 |
| 3. Loans and advances to credit institutions | | | | |
| (a) Repayable on demand | 27.323 | | 6.954 | |
| (b) Other loans and advances | 5.507.254 | 5.534.577 | 7.655.248 | 7.662.202 |
| 3A. Reverse Repos | | 4.410.915 | | 1.990.673 |
| 4. Loans and advances to customers | 18.147.466 | | 16.388.184 | |
| Less: Provisions for doubtful debts | (837.966) | 17.309.500 | (783.867) | 15.604.317 |
| 5. Debt securities including fixed-income securities: | | | | |
| (a) Government | 14.849.648 | | 12.941.197 | |
| (b1) Corporates | 2.543.507 | | 1.907.953 | |
| (b2) Other issuers | 38.776 | 17.431.931 | 249.944 | 15.099.094 |
| 6. Shares and other variable-yield securities | | 289.288 | | 551.961 |
| 7. Participating interests | | 302.962 | | 296.334 |
| 8. Shares in affiliated undertakings | | 1.543.384 | | 1.668.579 |
| 9. Intangible assets | | | | |
| (a) Establishment and formation expenses | 5.776 | | 3.836 | |
| (c) Other intangible assets | 320.593 | | 204.935 | |
| Less: Accumulated amortisation of intangible assets | (117.029) | 209.340 | (108.582) | 100.189 |
| 10. Tangible assets | | | | |
| (a) Land | | 258.059 | 169.810 | |
| (b) Buildings | 435.649 | | 261.849 | |
| Less: Accumulated depreciation of buildings | (211.011) | 224.638 | (189.276) | 72.573 |
| (c) Furniture, electronic & other equipment | 258.784 | | 246.601 | |
| Less: Accumulated depreciation of furniture, electronic & other equipment | (188.929) | 69.855 | (162.751) | 83.850 |
| (d) Other tangible assets | 10.214 | | 9.662 | |
| Less: Accumulated depreciation of other tangible assets | (6.664) | 3.550 | (6.093) | 3.569 |
| (e) Fixed assets under construction and advances | | 24.310 | 23.330 | 353.132 |
| 12. Own shares | | 1.387 | | 1.387 |
| 13. Other assets | | 479.216 | | 1.975.872 |
| 14. Prepayments and accrued income | | 301.895 | | 312.253 |
| TOTAL ASSETS | | 49.161.283 | | 47.846.539 |
| LIABILITIES | 31.12.2002 | | 31.12.2001 | |
| 1. Amounts owed to credit institutions | | | | |
| (a) Repayable on demand | 160.218 | | 143.066 | |
| (b) Time and at notice | 3.262.500 | 3.422.718 | 2.983.551 | 3.126.617 |
| 2. Amounts owed to customers | | | | |
| (a) Deposits | 33.932.708 | | 34.301.085 | |
| (b) Other debts | 176.773 | | 359.600 | |
| (c) Repos | 7.336.241 | 41.445.722 | 5.873.273 | 40.533.958 |
| 3. Debts evidenced by certificates: | | | | |
| (a) Debt securities in issue | 1.523 | | 1.710 | |
| (b) Other | 28.586 | 30.109 | 51.630 | 53.340 |
| 4. Other liabilities | | 887.912 | | 1.396.515 |
| 5. Accruals and deferred income | | 245.054 | | 224.957 |
| 6. Provisions for liabilities and charges: | | | | |
| (a) Provisions for staff pensions and similar obligations | 4.260 | | 1.533 | |
| (b) Provisions for taxation | 4.763 | | 3.858 | |
| (c) Other provisions | 10.106 | 19.129 | 9.782 | 15.173 |
| 6A. Provisions for general banking risks | | 7.482 | | 6.894 |
| 7. Subordinated liabilities | | 750.000 | | 223.344 |
| Equity: | | | | |
| 8. Paid-up capital | 1.043.419 | | 1.026.362 | |
| 9. Share premium account | 32.393 | | 35.971 | |
| 10. Reserves | | | | |
| (a) Statutory reserve | 163.674 | | 142.264 | |
| (b) Extraordinary reserves | 108.191 | | 62.556 | |
| (c) Tax-exempt reserves | 684.087 | | 724.070 | |
| (d) Own shares reserve | 1.387 | 957.339 | 1.387 | 930.277 |
| 11. Fixed assets revaluation reserve | | 96.836 | | 86.373 |
| 11a. Fixed asset investment subsidy | | - | | 242 |
| 12. Retained earnings | 223.170 | 2.353.157 | 186.516 | 2.265.741 |
| TOTAL LIABILITIES | | 49.161.283 | | 47.846.539 |
| OFF-BALANCE SHEET ITEMS | | | | |
| 1. Contingent liabilities | | 23.001.933 | | 17.394.946 |
| 2. Commitments arising on sale and repurchase agreements | | - | | 148 |
| 3. Other off-balance sheet items | | | | |
| (a) Items in custody and safekeeping | 2.496.433 | | 4.470.714 | |
| (b) Commitments from bilateral contracts | 11.668.587 | | 20.861.737 | |
| (c) Credit memo accounts | 11.811.796 | 25.976.816 | 10.432.198 | 35.764.649 |
| TOTAL OFF-BALANCE SHEET ITEMS | | 48.978.749 | | 53.159.743 |

Notes:

- Pursuant to the provisions of article 28 of Law 3091/2002, land and buildings owned and used by the Bank were revalued to their statutorily determined property prices as at 31.12.2002. The revaluation surplus thus arising amounted to € 211 831 thousand and was set off against the valuation losses of the Bank's trading portfolio amounting to € 211 299 thousand.
- The fair value of the Bank's investment portfolio is lower than its historical cost, by approximately € 238 million, which relates to subsidiaries and affiliates. In view of the adoption of the International Financial Reporting Standards as of 31.12.2003, the Bank will carry its interests in subsidiaries and affiliates at cost. On this basis, a provision against income is not considered necessary.
- All fixed assets of the Bank are free of any liens or encumbrances as at 31.12.2002.
- The number of persons employed by the Bank in Greece and abroad as at 31.12.2002 was 14 707.
- According to the four-digit codification of National Industry Classification Code (NICC), the revenues of the Bank are classified under caption 651.9 "Activities of other intermediary monetary organisations".
- The financial statements of the Bank as at 31.12.2002 include the financial position of ETEBA S.A. and NBG France following their merger with the Bank on 20.12.2002 and on 5.12.2002 respectively, in accordance with the provisions of Law 2515/1997.
- Pursuant to the provisions of Article 29 of Law 3091/2002, half of the merger differences, which in total amounted to € 255 494 thousand, were set off against tax exempt reserves.



NATIONAL BANK OF GREECE S.A.

(REG. No 6062/06/B/86/01)

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2002

(Amounts in thousand euro)

PROFIT AND LOSS ACCOUNT

| | 31.12.2002 | | | 31.12.2001 | | |
|---|------------|-------------|-----------|------------|-------------|-----------|
| 1. Interest receivable and similar income | | | | | | |
| - Interest income from fixed-income securities | 696.433 | | | 705.341 | | |
| - Other interest and similar income | 1.795.737 | 2.492.170 | | 2.256.988 | 2.962.329 | |
| 2. Interest payable and similar charges | | (1.523.065) | 969.105 | | (2.065.171) | 897.158 |
| 3. Income from securities | | | | | | |
| (a) Income from shares and other variable-yield securities | 7.998 | | | 11.274 | | |
| (b) Income from participating interests | 8.034 | | | 5.623 | | |
| (c) Income from shares in affiliated undertakings | 18.435 | 34.467 | | 51.592 | 68.489 | |
| 4. Commissions receivable | | 266.672 | 301.139 | | 271.744 | 340.233 |
| | | | 1.270.244 | | | 1.237.391 |
| 5. Commissions payable | | | (56.544) | | | (47.281) |
| | | | 1.213.700 | | | 1.190.110 |
| 6. Net profit on financial operations | | 96.869 | | | 352.380 | |
| 7. Other operating income | | 13.948 | 110.817 | | 15.714 | 368.094 |
| Total income | | | 1.324.517 | | | 1.558.204 |
| 8. General administrative expenses | | | | | | |
| (a) Staff costs | | | | | | |
| - Wages and salaries | (398.401) | | | (392.218) | | |
| - Social security costs | (148.063) | | | (146.257) | | |
| - Other charges | (57.241) | (603.705) | | (59.151) | (597.626) | |
| (b) Other administrative expenses | | | | | | |
| - Taxes and duties | (33.565) | | | (30.684) | | |
| - Service fees | (81.480) | | | (73.194) | | |
| - Other fees to third parties | (98.695) | (213.740) | (817.445) | (88.970) | (192.848) | (790.474) |
| | | | 507.072 | | | 767.730 |
| 9. Fixed assets depreciation | | (77.911) | | | (79.605) | |
| 10. Other operating charges | | (13.636) | (91.547) | | (11.636) | (91.241) |
| Profit on ordinary activities before provisions | | | 415.525 | | | 676.489 |
| 11+12. Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments | | | (116.000) | | | (117.388) |
| Profit on ordinary activities before tax | | | 299.525 | | | 559.101 |
| 15. Extraordinary income | | 21.366 | | | 30.335 | |
| 16. Extraordinary charges | | (43.665) | | | (13.629) | |
| 17. Extraordinary profit | | 19.506 | (2.793) | | 71.684 | 88.390 |
| 18. Profit (before tax) | | | 296.732 | | | 647.491 |

APPROPRIATION ACCOUNT

| | 31.12.2002 | 31.12.2001 |
|---|------------|------------|
| Profit before tax | 296.732 | 647.491 |
| Add: Prior years' retained earnings brought forward | 202.936 | 67.553 |
| Less: Prior years' tax liabilities | (14.690) | - |
| Add: Distributable reserves | - | 59.276 |
| | 484.978 | 774.320 |
| Less: | | |
| 1. Income tax | (80.616) | (174.400) |
| 2. Other taxes not included in operating expenses | (9.131) | (3.036) |
| Distributable profit | 395.231 | 596.884 |
| Appropriation of profit: | | |
| 1. Statutory reserve | 9.615 | 22.960 |
| 2. Statutory dividend | 58.983 | 250.888 |
| 2a. Additional dividend | 45.358 | - |
| 3. Own shares reserve | - | 1.387 |
| 6. Tax-exempt reserves | 638 | 45.339 |
| 6b. Reserves taxed in a special way | 52.745 | 72.729 |
| 7. Board of Directors' fees | 22 | 44 |
| 7a. Staff bonus | 4.700 | 17.021 |
| 8. Retained earnings carried forward | 223.170 | 186.516 |
| | 395.231 | 596.884 |

Athens, 20 February 2003

THE GOVERNOR AND CHAIRMAN

THE DEPUTY GOVERNOR

THE CHIEF FINANCIAL OFFICER

THE CHIEF ACCOUNTANT

THEODOROS B. KARATZAS

THEODOROS N. PANTALAKIS

ANTHIMOS C. THOMOPOULOS

IOANNIS P. KYRIAKOPOULOS

AUDITORS' REPORT

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

We have audited the Financial Statements and related notes thereto of the National Bank of Greece S.A. for the year ended 31 December 2002. As part of our audit, we also considered the results of operations of the branches of the Bank. Branches located outside Greece were audited by local auditors. Our audit was conducted in accordance with the provisions of Article 37 of Codified Law 2190/1920 "For Societes Anonymes" and the auditing procedures we considered necessary, in accordance with the auditing standards adopted by the Greek Institute of Certified Public Accountants Auditors. The books and records of the Bank were made available and we were provided with all necessary information and clarifications we requested. The Bank has complied with the provisions of the Greek Chart of Accounts for Banks, except for the matters that relate to the implementation of Articles 28 and 29 of Law 3091/2002. There was no change in the accounting policies compared with those of the previous year. We agreed the contents of the Board of Director's Report to the General Meeting of the shareholders with the Financial Statements. The notes to the Financial Statements include the information required by par. 1 Article 43a and Article 129 of Codified Law 2190/1920. In our opinion, after taking into account notes (1) and (2) to the Balance Sheet, the above Financial Statements and notes thereto, which derive from the Bank's books and records present the asset structure, the financial position of the Bank as at 31 December 2002 and the results of its operations for the year then ended, in accordance with the prevailing legislation and the accounting principles generally accepted in Greece, and are consistent with those applied in the previous year.

Athens, 20 February 2003

CERTIFIED PUBLIC ACCOUNTANTS-AUDITORS

SPYROS D. KORONAKIS
Reg. No 10991

VASSILIOS D. PAPAGEORGAKOPOULOS
Reg. No 11681

GEORGIOS D. KAMBANIS
Reg. No 10761

SOL S.A. CPA

DELOITTE & TOUCHE



NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2002
(Amounts in thousand euro)

| ASSETS | 31.12.2002 | | 31.12.2001 | |
|---|-------------|-------------------|-------------|-------------------|
| 1. Cash in hand, balances with central banks | | 857.521 | | 2.481.917 |
| 2. Treasury bills and other bills eligible for refinancing with central banks | | 131.773 | | 180.493 |
| 3. Due from financial institutions | | | | |
| (a) Repayable on demand | 72.473 | | 74.392 | |
| (b) Other loans and advances | 5.771.727 | 5.844.200 | 7.465.881 | 7.540.273 |
| 3A. Reverse Repos | | 4.781.173 | | 1.963.819 |
| 4. Loans and advances to customers | 20.607.528 | | 19.251.803 | |
| Less: Provisions for doubtful debts | (1.012.032) | 19.595.496 | (1.009.423) | 18.242.380 |
| 5. Debt securities including fixed-income securities | | | | |
| (a) Government | 15.167.019 | | 13.749.180 | |
| (b1) Corporates | 2.667.858 | | 2.352.867 | |
| (b2) Other issuers | 1.107.593 | 18.942.470 | 819.517 | 16.921.564 |
| 6. Shares and other variable-yield securities | | 402.441 | | 933.924 |
| 7. Participating interests | | 318.051 | | 328.602 |
| 8. Shares in affiliated undertakings | | 917.462 | | 814.650 |
| 9. Intangible assets | | | | |
| (a) Establishment and formation expenses | 7.782 | | 6.601 | |
| (b) Goodwill | 34.419 | | 4.115 | |
| (c) Other intangible assets | 371.934 | | 241.475 | |
| Less: Accumulated amortisation of intangible assets | (134.295) | 279.840 | (127.976) | 124.215 |
| 10. Tangible assets | | | | |
| (a) Land | | 289.664 | | 210.922 |
| (b) Buildings | 556.597 | | 391.247 | |
| Less: Accumulated depreciation of buildings | (236.601) | 319.996 | (222.050) | 169.197 |
| (c) Furniture, electronic & other equipment | 402.249 | | 374.835 | |
| Less: Accumulated depreciation of furnitures, electronic & other equipment | (267.043) | 135.206 | (228.037) | 146.798 |
| (d) Other tangible assets | 230.040 | | 175.446 | |
| Less: Accumulated depreciation of other tangible assets | (90.313) | 139.727 | (75.005) | 100.441 |
| (e) Fixed assets under construction and advances | | 65.444 | | 39.184 |
| | | 950.037 | | 666.542 |
| 12. Own shares | | 168.730 | | 191.961 |
| 13. Other assets | | 574.632 | | 2.101.300 |
| 14. Prepayments and accrued income | | 331.866 | | 348.430 |
| TOTAL ASSETS | | 54.095.692 | | 52.840.070 |
| LIABILITIES | | | | |
| 1. Amounts owed to credit institutions | | | | |
| (a) Repayable on demand | 156.183 | | 141.789 | |
| (b) Time and at notice | 4.039.418 | 4.195.601 | 3.178.110 | 3.319.899 |
| 2. Amounts owed to customers | | | | |
| (a) Deposits | 37.372.073 | | 38.082.285 | |
| (b) Other liabilities | 197.995 | | 386.281 | |
| (c) Repos | 7.231.368 | 44.801.436 | 6.344.045 | 44.812.611 |
| 3. Debts evidenced by certificates | | | | |
| (a) Debt securities in issue | 7.439 | | 1.673 | |
| (b) Other | 28.586 | 36.025 | 84.811 | 86.484 |
| 4. Other liabilities | | 1.403.755 | | 1.516.901 |
| 5. Accruals and deferred income | | 272.788 | | 260.731 |
| 6. Provisions for liabilities and charges | | | | |
| (a) Provisions for staff pensions and similar obligations | 24.779 | | 22.813 | |
| (b) Provisions for taxation | 4.880 | | 4.266 | |
| (c) Other provisions | 14.047 | 43.706 | 23.106 | 50.185 |
| 6A. Provisions for general banking risks | | 7.941 | | 9.474 |
| 7. Subordinated liabilities | | 750.000 | | 205.378 |
| Equity: | | | | |
| 8. Paid-up capital | | 1.043.419 | | 1.026.362 |
| 9. Share premium account | | 32.393 | | 35.971 |
| 10. Reserves | | | | |
| (a) Statutory reserve | 188.273 | | 171.528 | |
| (b) Extraordinary reserves | 119.387 | | 95.640 | |
| (c) Tax-exempt reserves | 875.207 | | 930.563 | |
| (d) Own shares reserve | 1.387 | 1.184.254 | 1.387 | 1.199.118 |
| 11. Fixed asset revaluation reserve | | 100.760 | | 91.822 |
| 11a. Fixed asset investment subsidy | | 500 | | 742 |
| 12. Retained earnings | | 338.674 | | 343.733 |
| 13. Consolidation differences | | (146.886) | | (340.340) |
| 14. Minority interests | | 31.326 | | 220.999 |
| | | 2.584.440 | | 2.578.407 |
| TOTAL LIABILITIES | | 54.095.692 | | 52.840.070 |
| OFF-BALANCE SHEET ITEMS | | | | |
| 1. Contingent liabilities | | 23.230.000 | | 17.434.951 |
| 2. Commitments arising on sale and repurchase agreements | | 8.438 | | 5.165 |
| 3. Other off-balance sheet items | | | | |
| (a) Items in custody and safekeeping | 5.041.405 | | 7.336.414 | |
| (b) Commitments from bilateral contracts | 11.865.086 | | 22.191.694 | |
| (c) Credit memo accounts | 12.615.642 | 29.522.133 | 11.529.140 | 41.057.248 |
| TOTAL OFF-BALANCE SHEET ITEMS | | 52.760.571 | | 58.497.364 |

NOTES:

A) The consolidated financial statements of the NBG Group include National Bank of Greece S.A. and the following financial sector companies: 1) Atlantic Bank of New York, 2) National Bank of Greece (Canada), 3) The South African Bank of Athens Ltd, 4) National Bank of Greece (Cyprus) Ltd, 5) "National" Securities Company S.A., 6) "Diethniki" Mutual Fund Management S.A., 7) "National" Mutual Fund Management S.A., 8) "Ethniki Kefalaion" Management of Assets and Liabilities Co., 9) "National" Management and Organization Co., 10) "Ethniki" Leasing S.A., 11) "National" Regional Development Co. of Northern Greece S.A. Venture Capital, 12) NBG International Ltd, 13) NBG Finance plc, 14) National Securities Co (Cyprus) Ltd, 15) Interlease AD (Sofia), 16) NBG Balkan Fund Ltd, 17) NBG Greek Fund Ltd, 18) ETEVA Bulgaria AD, 19) ETEVA Emerging Markets Fund Ltd, 20) ETEVA Estate Fund Ltd, 21) ETEVA Venture Capital Management Company Ltd, 22) ETEVA Romania S.A., 23) "Ethniki" Venture Capital Management S.A., 24) Stopanska Banka AD Skopje, 25) United Bulgarian Bank, 26) ETEBA Advisory S R L, 27) NBG International Inc., 28) NBG Private Equity Ltd, 29) NBG Bancassurance Insurance Brokers S.A., 30) NBG Management Services Ltd, 31) NBG International Jersey Ltd, 32) NBG Luxembourg Holding S.A., 33) NBG Luxfinance Holding S.A., 34) NBG Asset Management S.A.S., 35) NBG International Asset Management S.A.S., 36) Innovative Ventures S.A. Of the companies included in the consolidated financial statements as at 31.12.2001, Banque Nationale de Grece (France) and National Investment Bank for Industrial Development S.A. (ETEBA) merged through absorption with National Bank of Greece S.A., in accordance with the provisions of Law 2517/1997. National Investment Company S.A. previously fully consolidated, was included in the consolidated financial statements of 31.12.2002 with the equity method of accounting. Also, the companies referred to under items 32, 33, 34 and 35 above were consolidated for the first time on 30.6.2002, while the company referred to under item 36 is consolidated for the first time as at 31.12.2002.

B) All fixed assets of the Group are free of any liens or encumbrances as at 31.12.2002.

C) Pursuant to the provisions of article 28 of Law 3091/2002, land and buildings owned and used by the Bank were revalued to their statutorily determined property prices as at 31.12.2002. The revaluation surplus thus arising amounted to € 211 831 thousand and was set off against the valuation losses of the Bank's trading portfolio amounting to € 211 299 thousand.

D) The number of persons employed by the Group as at 31.12.2002 was 20 146.

E) The accounting principles applied by the Group are the same as those of the preceding accounting period.

F) The fair value of the Group's investment portfolio is lower than its historical cost, by approximately € 359 million. This difference relates to non-financial sector subsidiaries and affiliates, which were not included in the consolidated financial statements of the NBG Group. In view of the adoption of the International Financial Reporting Standards as of 31.12.2003, these companies will be included in the consolidated financial statements and the above difference, which mainly represents Goodwill, will be calculated in accordance with the rules of the applicable Standard and the required adjustments, if any, will be accounted for through the transition account. On this basis, a provision against consolidated income is not considered necessary.

G) Certain amounts of the comparative balance sheet and income statement have been reclassified so as to be comparable with the respective amounts reported in 2002.

H) The balances denominated in foreign currency have been translated into euro at the prevailing exchange rate as at 31.12.2002.

I) Pursuant to the provisions of Article 29 of Law 3091/2002, half of the merger differences, which in total amounted to € 255 494 thousand, were set off against tax exempt reserves.



NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2002
(Amounts in thousand euro)

PROFIT AND LOSS ACCOUNT

| | 31.12.2002 | | | 31.12.2001 | | |
|--|-------------------|--------------------|------------------|-------------------|--------------------|------------------|
| 1. Interest receivable and similar income | | | | | | |
| - Interest income from fixed-income securities | 752.706 | | | 806.031 | | |
| - Other interest and similar income | <u>2.046.009</u> | 2.798.715 | | <u>2.530.834</u> | 3.336.865 | |
| 2. Interest payable and similar charges | | <u>(1.615.394)</u> | 1.183.321 | | <u>(2.225.854)</u> | 1.111.011 |
| 3. Income from securities | | | | | | |
| (a) Income from shares and other variable-yield securities | 9.869 | | | 23.301 | | |
| (b) Income from participating interests | 8.034 | | | 8.193 | | |
| (c) Income from shares in affiliated undertakings | <u>2.136</u> | 20.039 | | <u>8.390</u> | 39.884 | |
| 4. Commissions receivable | | <u>374.520</u> | 394.559 | | <u>371.252</u> | 411.136 |
| | | | 1.577.880 | | | 1.522.147 |
| 5. Commissions payable | | | <u>(40.708)</u> | | | <u>(33.005)</u> |
| | | | 1.537.172 | | | 1.489.142 |
| 6. Net profit on financial operations | | 83.211 | | | 390.201 | |
| 7. Other operating income | | <u>28.684</u> | 111.895 | | <u>33.590</u> | 423.791 |
| Total income | | | 1.649.067 | | | 1.912.933 |
| 8. General administrative expenses | | | | | | |
| (a) Staff costs | | | | | | |
| - Wages and salaries | (486.578) | | | (489.488) | | |
| - Social security costs | <u>(158.788)</u> | | | <u>(159.619)</u> | | |
| - Other charges | <u>(72.410)</u> | (717.776) | | <u>(72.392)</u> | (721.499) | |
| (b) Other administrative expenses | | | | | | |
| - Taxes and duties | (42.420) | | | (42.645) | | |
| - Service fees | <u>(121.156)</u> | | | <u>(115.552)</u> | | |
| - Other fees to third parties | <u>(136.178)</u> | (299.754) | (1.017.530) | <u>(124.869)</u> | (283.066) | (1.004.565) |
| | | | 631.537 | | | 908.368 |
| 9. Fixed assets depreciation | | (150.889) | | | (138.028) | |
| 10. Other operating charges | | <u>(14.440)</u> | (165.329) | | <u>(12.867)</u> | (150.895) |
| Profit on ordinary activities before provisions | | | 466.208 | | | 757.473 |
| 11+12. Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments | | | <u>(144.634)</u> | | | <u>(174.835)</u> |
| Profit on ordinary activities before tax | | | 321.574 | | | 582.638 |
| 15. Extraordinary income | | 42.334 | | | 48.765 | |
| 16. Extraordinary charges | | (46.499) | | | (17.046) | |
| 17. Extraordinary profit | | <u>35.477</u> | 31.312 | | <u>93.811</u> | 125.530 |
| 18. Profit before tax and minority interests | | | 352.886 | | | 708.168 |
| Minority interests | | | <u>(3.067)</u> | | | <u>(9.518)</u> |
| Profit before tax | | | 349.819 | | | 698.650 |
| Taxes | | | | | | |
| - Income Tax | | (112.163) | | | (209.726) | |
| - Other taxes not included in operating expenses | | (9.682) | | | (4.351) | |
| - Differences in tax obligations from previous periods | | (15.307) | | | (4.661) | |
| - Minority taxes | | <u>581</u> | (136.571) | | <u>3.907</u> | <u>(214.831)</u> |
| Group profit after tax | | | <u>213.248</u> | | | <u>483.819</u> |

Athens, 20 February 2003

THE GOVERNOR AND CHAIRMAN

THE DEPUTY GOVERNOR

THE CHIEF FINANCIAL OFFICER

THE CHIEF ACCOUNTANT

THEODOROS B. KARATZAS

THEODOROS N. PANTALAKIS

ANTHIMOS C. THOMOPOULOS

IOANNIS P. KYRIAKOPOULOS

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
To the Shareholders of National Bank of Greece S.A.

We performed our audit in accordance with the provisions of articles 108 and 130 of Codified Law 2190/1920 "For Societes Anonymes" of the 9th consolidated Balance Sheet, consolidated Profit and Loss Account and the related notes thereto of the National Bank of Greece S.A Group of companies for the year ended 31 December 2002. We applied the auditing procedures we considered necessary, which are in accordance with the auditing standards adopted by the Greek Institute of Certified Public Accountants Auditors, and we agreed the contents of the Directors' Report to the General Meeting of the Shareholders with the above consolidated Financial Statements. We did not audit the financial statements of various subsidiary companies included in the consolidation, which statements reflect 12,3% of consolidated total assets and 13,9% of consolidated total income. These financial statements were audited by other certified auditors, on whose reports we have relied upon to express our opinion, to the extent they relate to the amounts included in the consolidated Financial Statements. In our opinion, after taking into account notes (c) and (f) to the consolidated Balance Sheet, the above consolidated Financial Statements have been prepared in accordance with the relevant provisions of Codified Law 2190/1920, and present, in accordance with the prevailing legislation and accounting principles followed by the Bank, which are generally accepted in Greece and are consistent with those applied in the previous year, the asset structure, the financial position and the consolidated results of operations of all the companies included in the consolidated Financial Statements as at 31 December 2002.

Athens, 20 February 2003
CERTIFIED PUBLIC ACCOUNTANTS-AUDITORS

SPYROS D. KORONAKIS
Reg. No 10991

VASSILIOS D. PAPAGEORGAKOPOULOS
Reg. No 11681

GEORGIOS D. KAMBANIS
Reg. No 10761

SOL S.A. CPA

DELOITTE & TOUCHE



NATIONAL BANK OF GREECE

FY2002 results for the Bank and the Group

February 2003



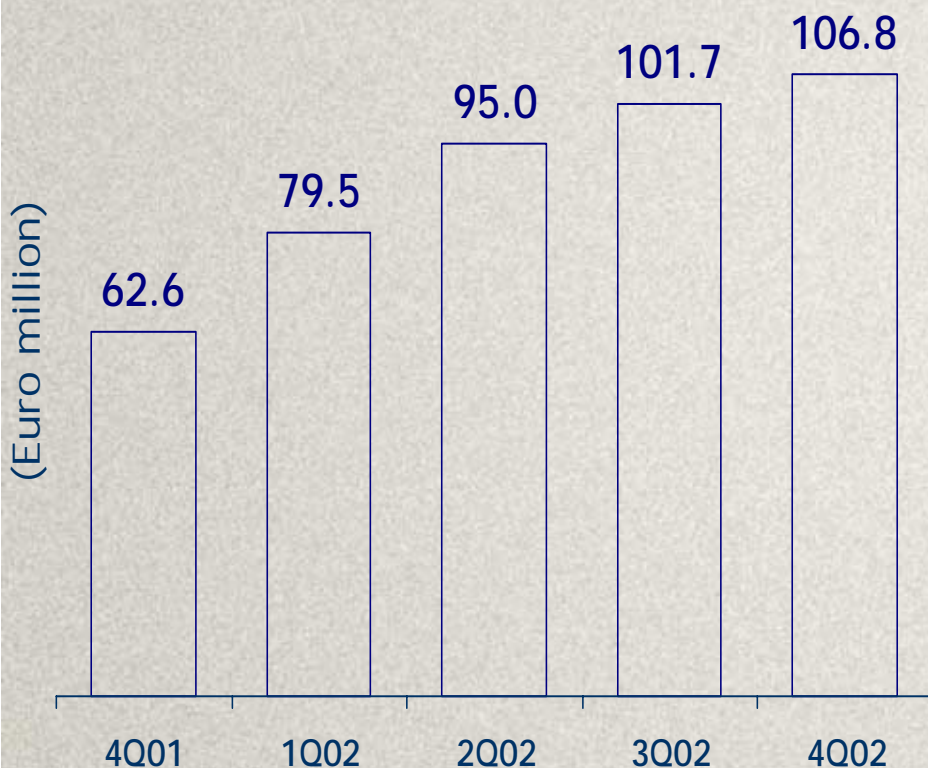
The Bank and the Group – Financial Highlights

| | NBG Group | | |
|---------------------------------------|-----------|--------|--------|
| | 2002 | 2001 | ±% |
| Net interest income | 1 183 | 1 111 | +6.5% |
| Total operating income | 1 649 | 1 913 | -13.8% |
| Profit before tax | 350 | 699 | -49.9% |
| Total assets | 54 096 | 52 840 | +2.4% |
| Total equity | 2 584 | 2 578 | +0.2% |
| Loans & advances to customers | 20 608 | 19 252 | +7.0% |
| Amounts owed to customers | 44 801 | 44 813 | 0.0% |
| Return on average equity (after tax) | 8.71% | 18.7% | |
| Return on average assets (before tax) | 0.66% | 1.40% | |
| Cost/income (efficiency) | 75.5% | 75.9% | |
| Net interest margin | 2.43% | 2.43% | |



Strong growth in core operating profit

Core operating profit

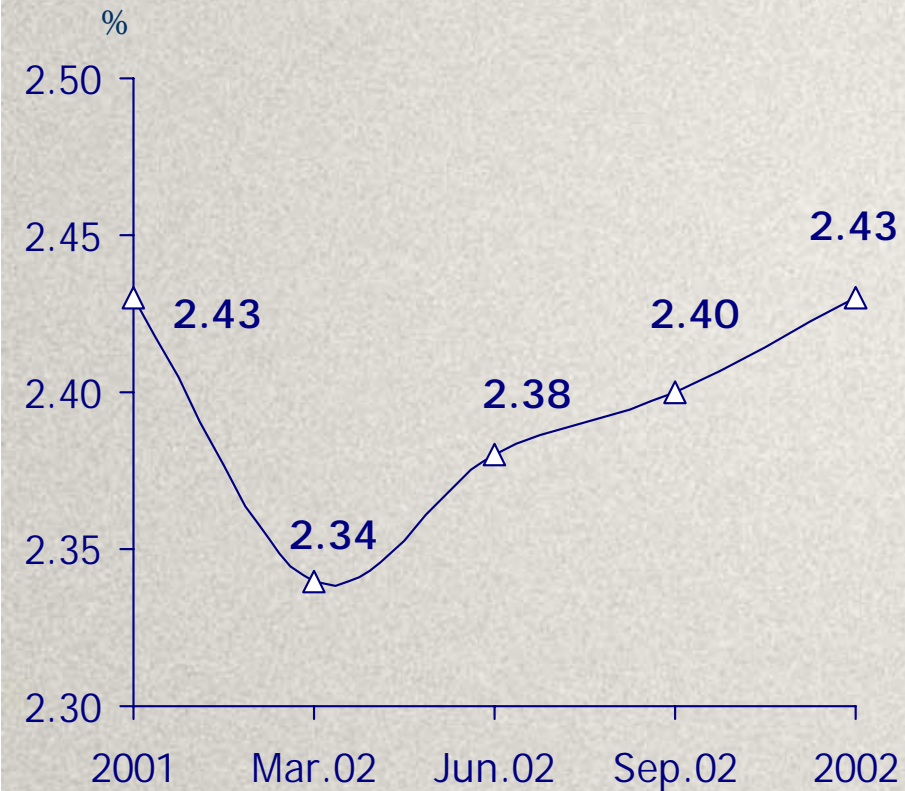


| <i>in € mil.</i> | 2002 | 2001 | ±% |
|------------------------------|--------------|--------------|-------------|
| Net interest income | 1,183.3 | 1,111.0 | 6.5% |
| Commission income | 374.5 | 371.3 | 0.9% |
| Commission expense | (40.7) | (33.0) | 23.3% |
| Other income | 48.7 | 73.5 | -33.7% |
| Operating expenses | (1,182.9) | (1,155.5) | 2.4% |
| Core operating profit | 383.0 | 367.3 | 4.3% |



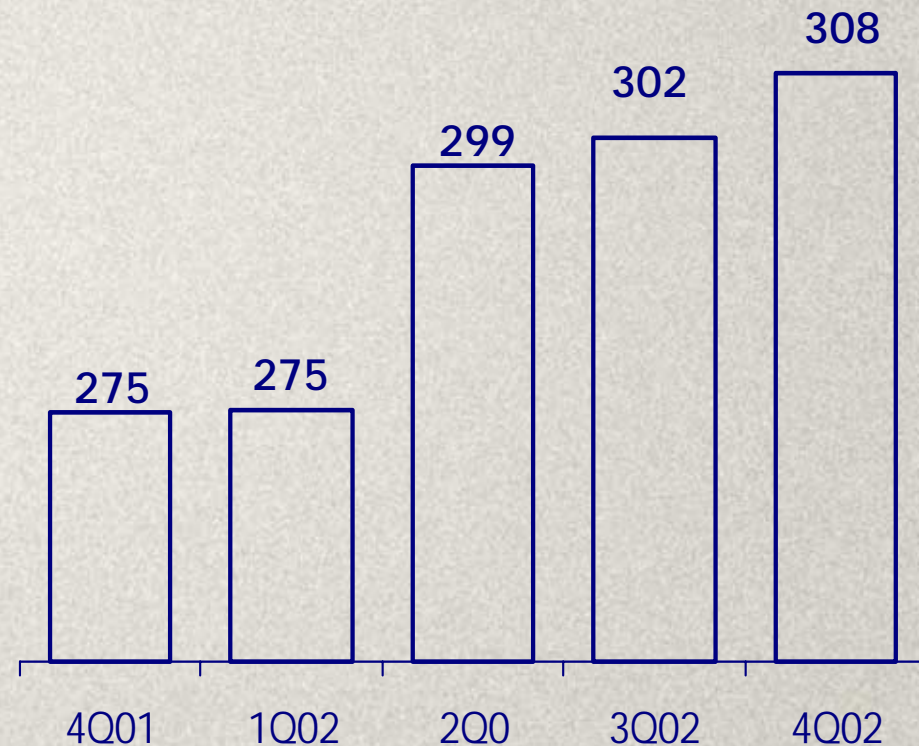
Sustaining healthy margins

Cumulative Net Interest Margin



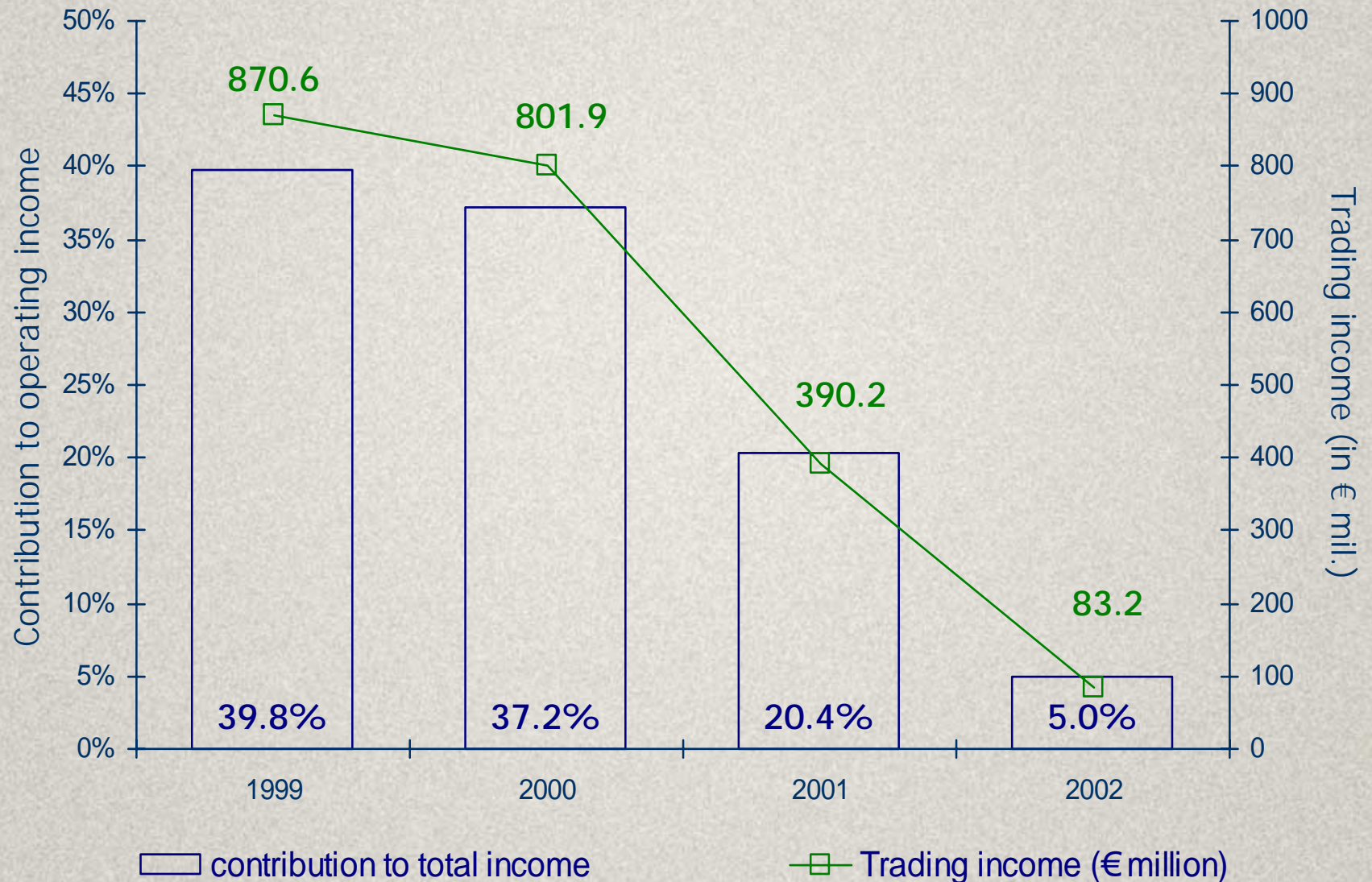
Net Interest Income

(Euro million)



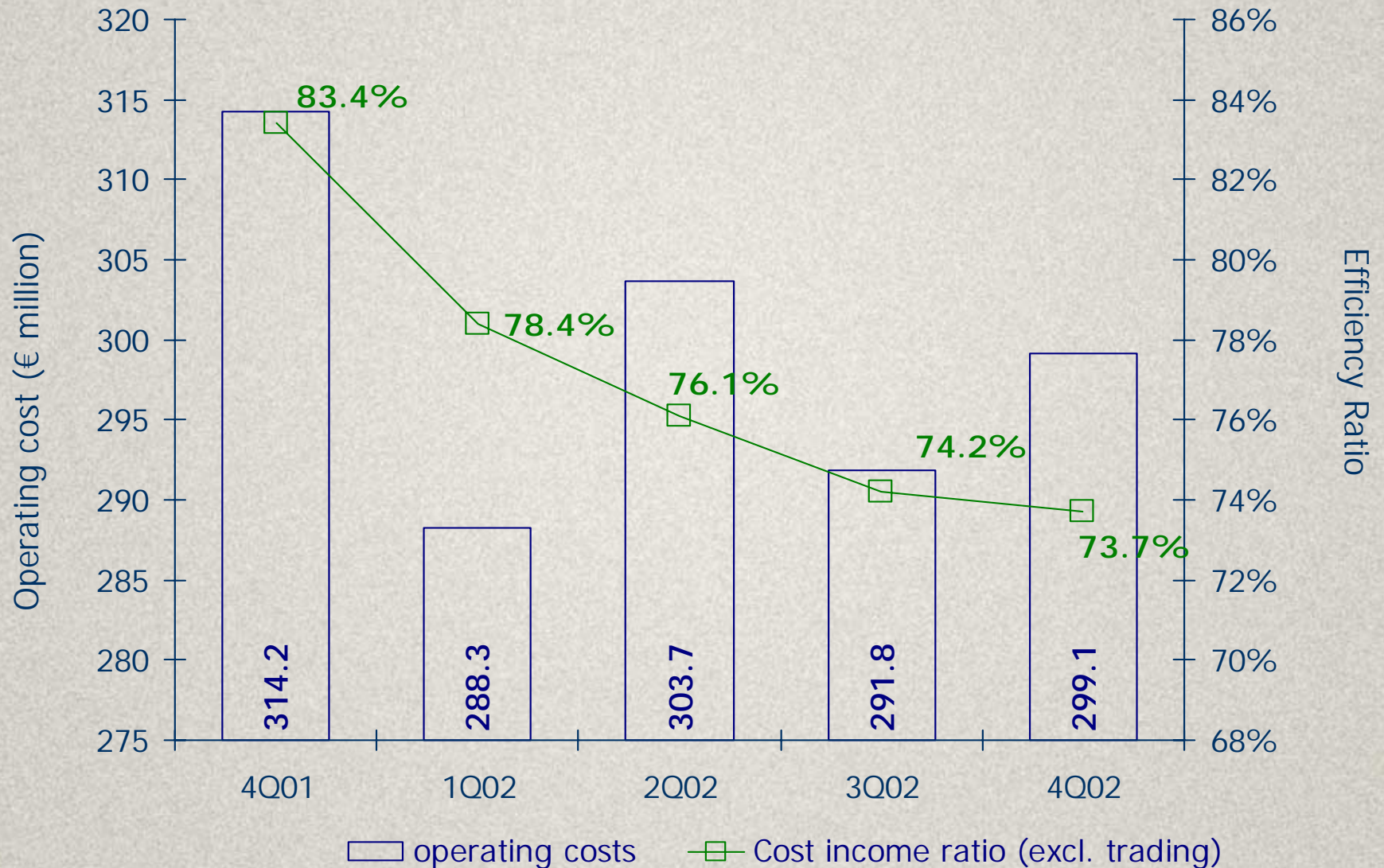


A poor year for trading income





Good progress on cost containment



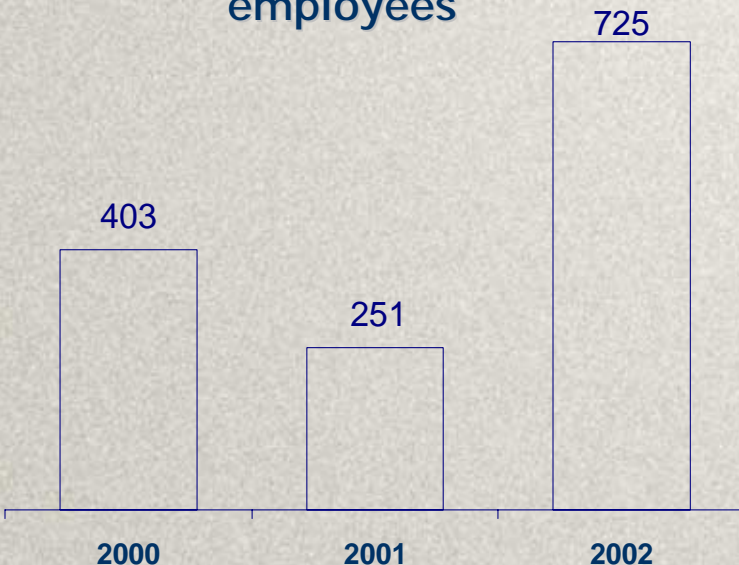


Large reduction in personnel in 2002

Early retirement plans

| Year | # of employees |
|-------|----------------|
| 2000 | 403 |
| 2001 | 251 |
| 2002 | <u>725</u> |
| Total | 1,379 |

8.8% of end 1999 Bank employees



2002: Early retirement

- Cost € 28.5 m
- Payroll € 40 m
- Accretive from 2003
- Payback period 7 months
- NPV of total savings € 178.8 m (NBG)

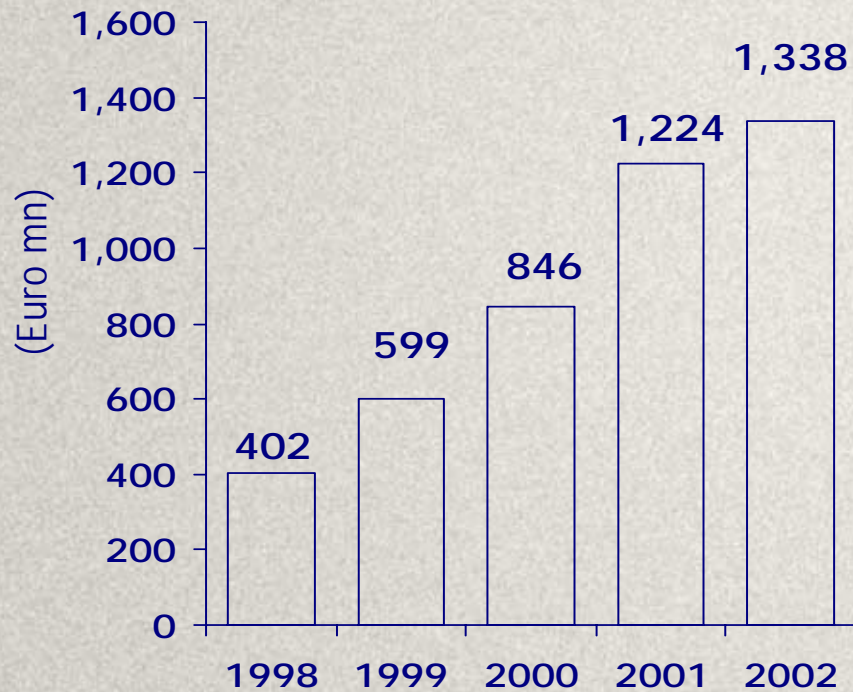
2002: A 6% reduction in staff

- Early retirement: 725 employees
- Natural attrition NBG: 190
- Staff in international subsidiaries was reduced by 610

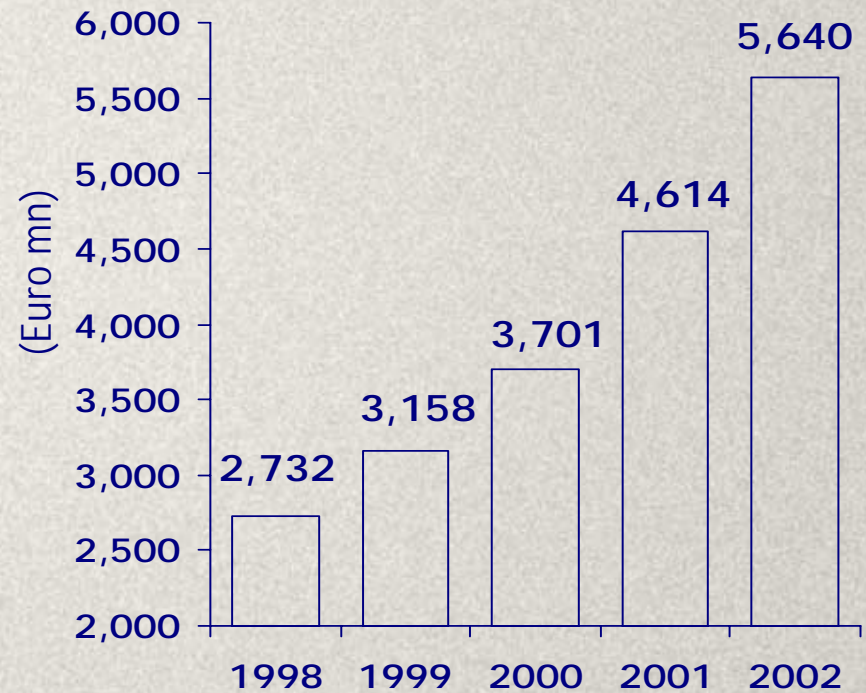


Undisputed leadership in mortgage lending

Rapid Disbursement Growth



An impressive growth in balances

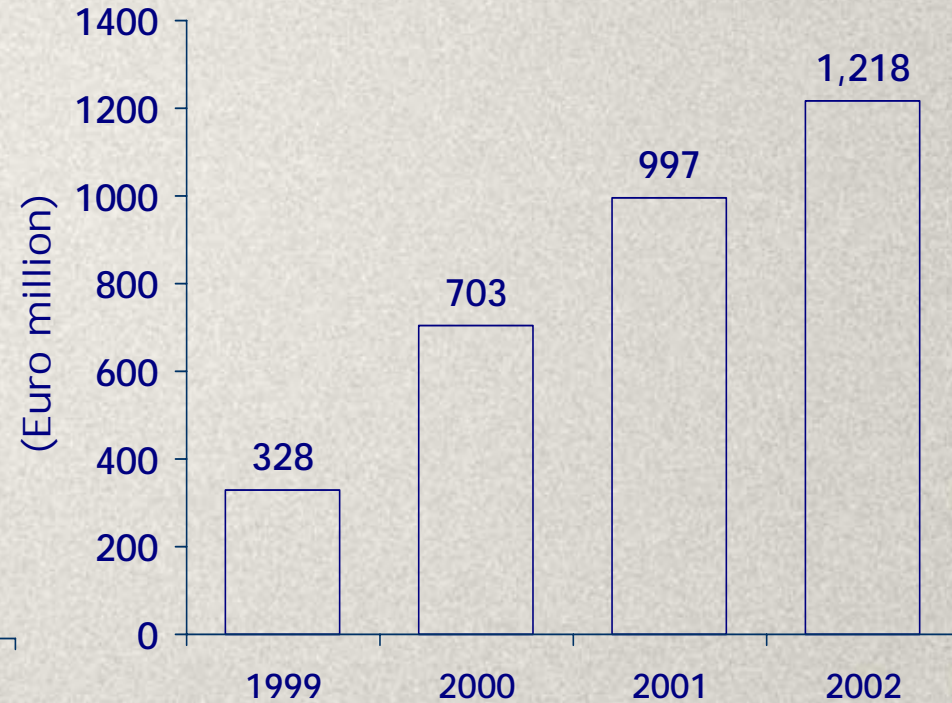
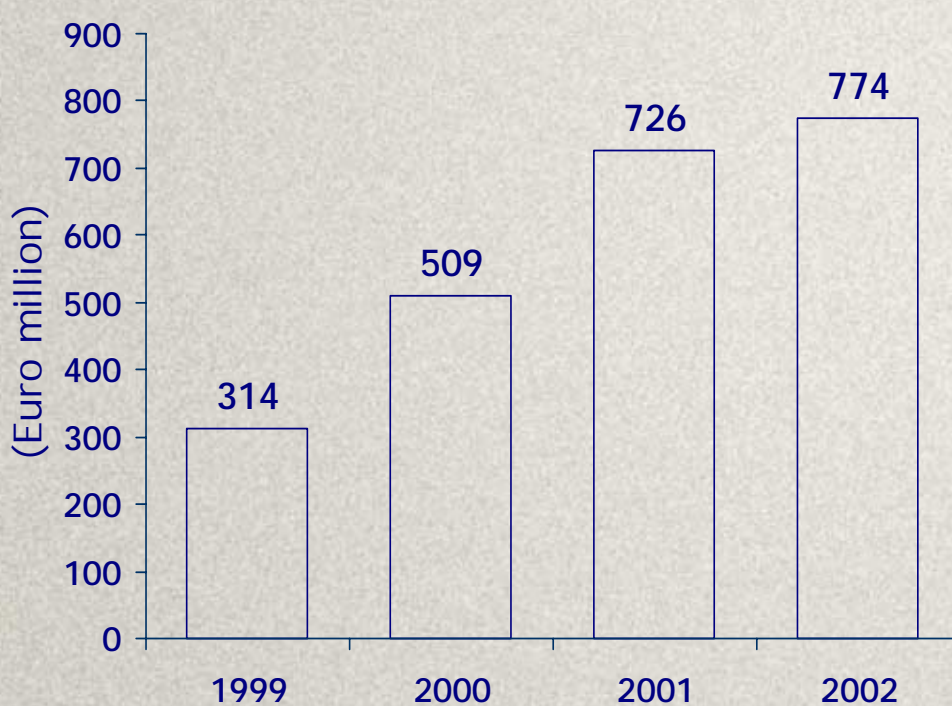




A market leadership in consumer loans

Disbursements more than doubled...

...and balances quadrupled

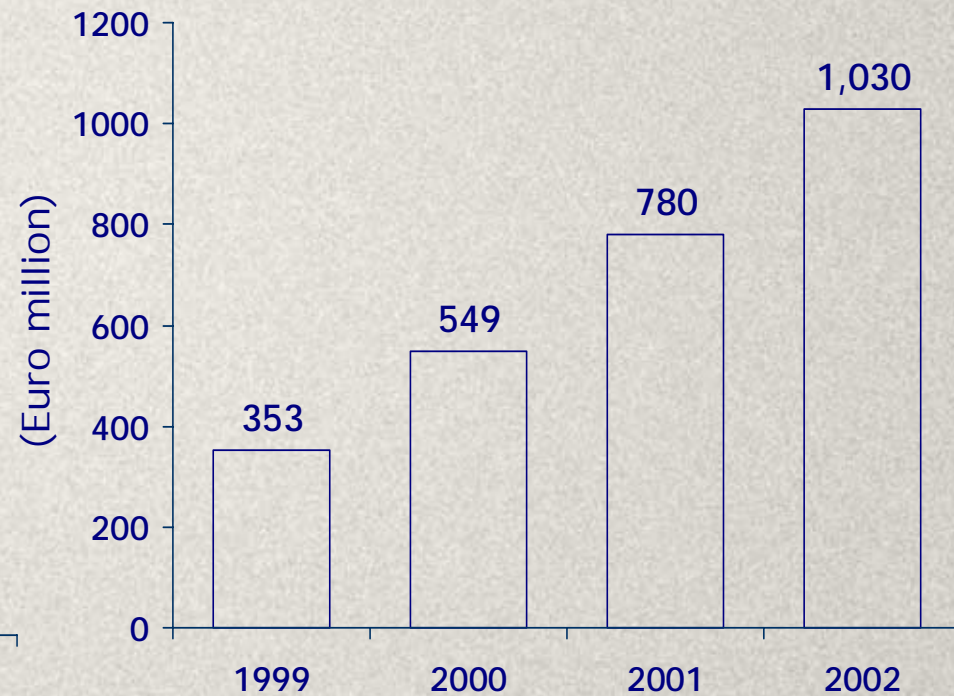
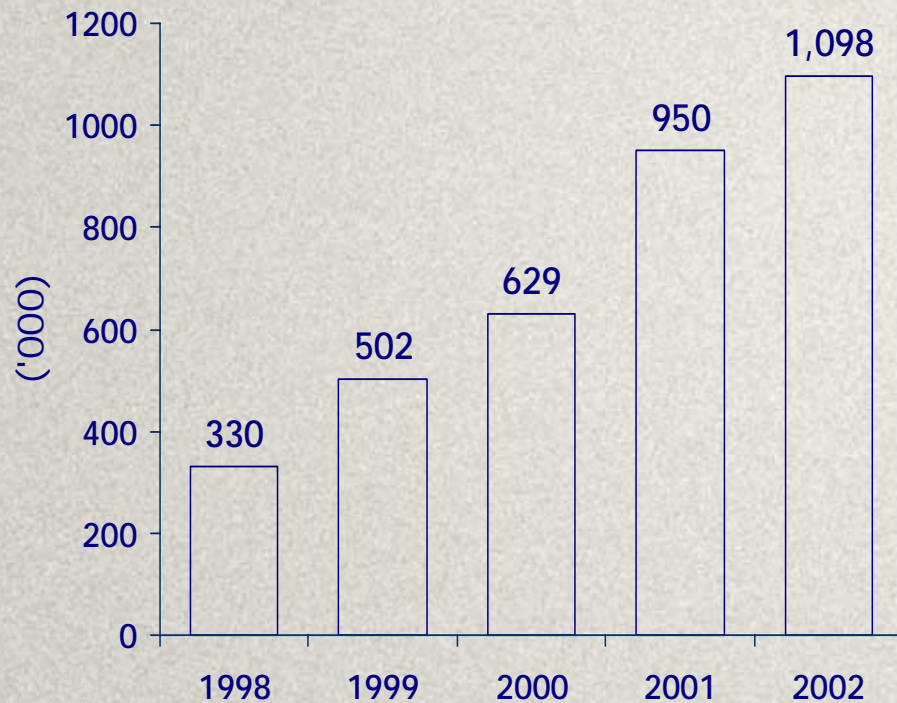




A booming credit card business

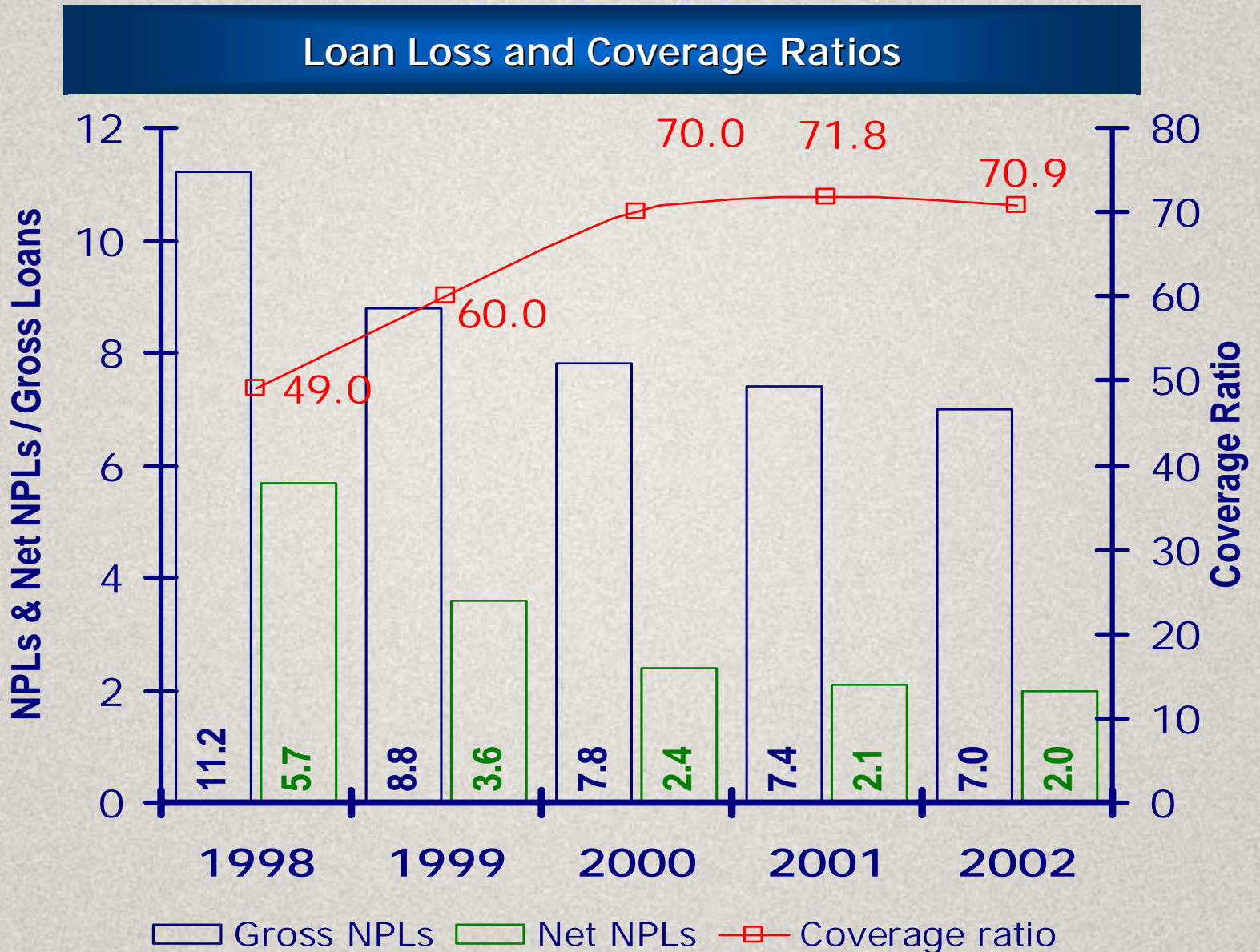
A tripling of active cards since 1998...

and in balances outstanding





Despite the strong growth in retail banking, developments in asset quality are reassuring

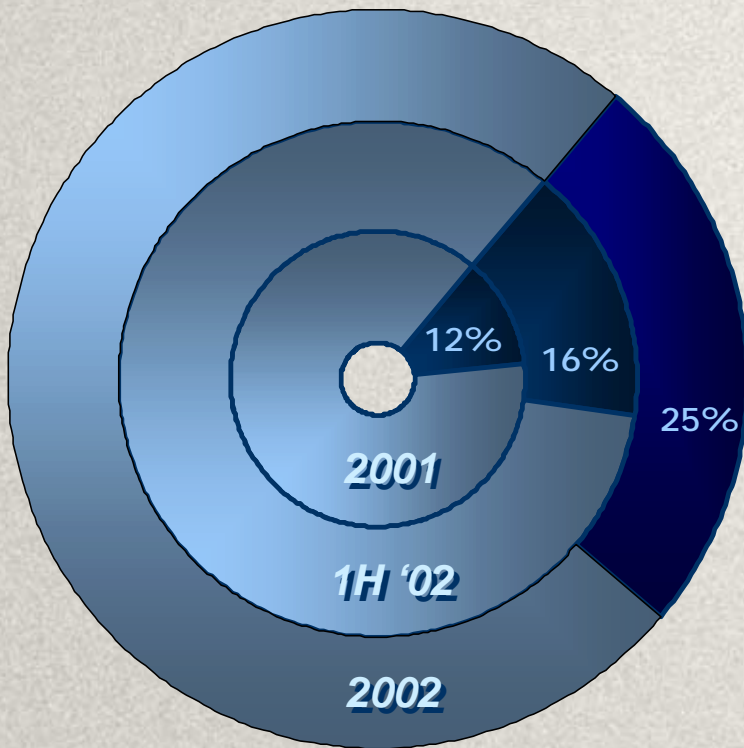




International presence

Contribution of foreign operations to Group profits

Contribution of foreign operations to Group profits



Acquisition of YONKERS

- New York bank specializing in retail banking and mortgage loans
- 9 branches
- Purchase price \$ 69.6 million

Expansion in FYR

- Four branches in operation in 2002



Strong Capital Base Supports RWA Expansion

Subordinated Debt Raises Overall CAD Ratio

Group Capital Adequacy Ratios

