



NATIONAL BANK
OF GREECE

Leading Ahead

a periodical publication for the employees of the NBG Group

Distinctions
NBG: Bank of the Year

p. 02

Branch Network

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SOX Act

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The Year of NBG

NBG

Bank of the Year in Greece ... and beyond



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Leading Ahead

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Please send us your views, topics you would like us to publish or even an article written by you, at epikoinonia@nbg.gr

Dear Colleagues,

It is my sincere wish that in 2007 we may all forge our most cherished, worthy and dynamic aspirations into reality. Let us all work together this year to attain new goals, to strive for something different from that which we have grown accustomed to. We are members of an organisation that has consistently demonstrated that the strategic goals it sets, the decisions it takes, and the work it undertakes are right. By working together, we will be able to shape a future that offers prosperity and success for everyone.



We are now in an era that calls for nothing less than a dynamic outward-looking strategy, rapid response to developments, flexibility and adaptability to change, straightforward and effective procedures, based on solid, non-negotiable values, i.e. transparency, meritocracy, fairness, and an attitude of responsibility towards our associates and colleagues.

These policies have been developed by regarding three fundamental dimensions:

The first dimension concerns the NBG organization itself. Its operations are already in line with international standards. Project teams have been set up to ensure that all operational and decision-making procedures are transparent and subject to control, that they meet the standards required of financial institutions on the international level and that they adhere to the Corporate Governance standards for the benefit of our customers, investors and staff. Each employee can and must take the initiative to explore the ways in which they can make their own positive contribution to this task. This development is a matter that concerns each and every one of us.

The second dimension is you, our staff. The time has come for us to set aside the old way of doing things that left little, if any, room for development, growth and personal achievement. Today, we are drawing up new policies, developing new methods and building new procedures that aim at strengthening two-way communication and the prompt resolu-

tion of problems, at developing a sense of personal initiative and responsibility toward our job, at ensuring absolute clarity in terms of the demands and obligations each position entails and at establishing a clear connection between performance and career development. And we are doing all these things in full compliance with the principles of transparency and meritocracy.

The third dimension is our international standing. We comprise the core of the Group's presence in Southeast Europe and the springboard from which values, strategies, directions, guidelines and practices for the whole Group emanate. Therefore, we have no other choice but to stand out as a model for others to emulate. We are rapidly intensifying our efforts in this field. We should all contribute with our actions to the consolidation of our principles, the implementation of our strategy and the improvement of our operation at all levels, both within and outside Greece. Moreover, the internal environment has to become increasingly fertile in new ideas, and channels of communication that are already in place have to be taken advantage of promptly and effectively. It is up to us to reap the benefits that these opportunities offer us.

In the meantime, we are prepared to face up to any difficulties that may arise. Every challenge that holds a promise for growth can also provoke reaction, refusal, rejection - related either to difficulties inherent in the process of bringing about change, or to the extent that such change is accepted by the

very people who are called upon to implement it, or to how easily people can adapt to, and accept, the new environment.

The important thing, however, is that we move ahead in the right direction and in accordance with the goals that have been set. We should also take care to ensure that all the parties involved are fully and honestly informed.

We all have something to offer. And we are all capable of doing so. When this happens, no one will be left behind. An attitude of anxiety is inappropriate in an organisation that has no choice but to modernise and grow not only for reasons of competitiveness but also out of its proven sensitivity to the needs of the society in which we live and work.

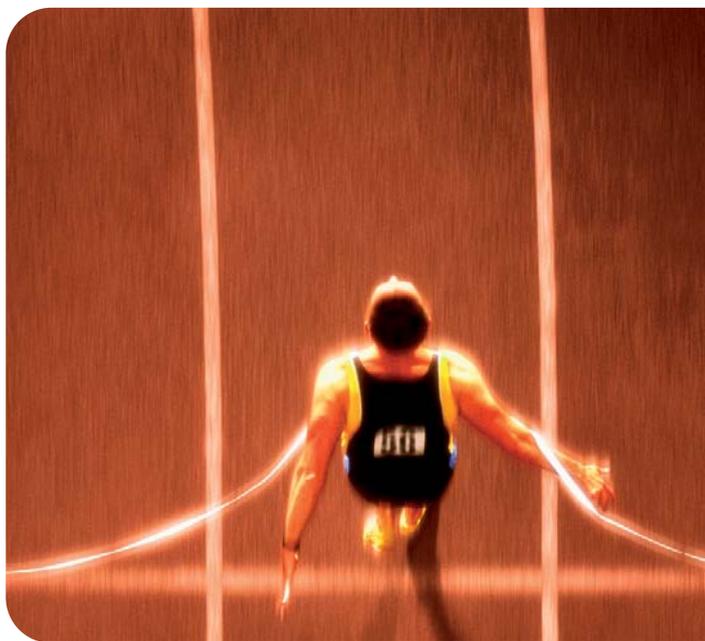
So, let's be carried forward by the momentum towards improvement and progress, and let's each make our own positive contribution to the coming change by working methodically and with pride and by giving the best that we can! We will then be in a better position to respond successfully to the inevitable difficulties and challenges that lie ahead.

Let's make success our job!

Sincere good wishes,
Stavros Gatopoulos
General Manager
Human Resources
& Group Internal Communication

National Bank of Greece earns 3 distinctions in 2006

NBG has rounded off a year of substantial achievements both in Greece and abroad, earning a number of important international distinctions. NBG was named "**Best Bank in Greece 2006**" by the international financial magazine **Euromoney**, and "**Bank of the year 2006**" by both The Banker, a publication of the Financial Times, and the international industry journal **Global Finance**.



These three awards demonstrate in the most concrete way that 2006 was indeed the year of National Bank. The awards reflect mainly the launch by NBG of a range of cutting-edge products meeting the needs of today's consumers as well as the Group's dynamic expansion in SE Europe.



HAPPY NEW YEAR!

2006 represented a milestone year for National Bank of Greece. A significant portion of its strategic planning, which aimed at creating a far larger bank with broad geographic dispersion and active in emerging markets, was successfully completed. The Bank's performance in the domestic retail banking sector also posted significant success, despite the fact that this past year also signalled the beginning of a period of intense competition across almost all product categories.

By building steadily on the successes of recent years we moved into 2007 full of optimism and aspiring to accomplish even more. The NETWORK of Bank branches is at the core of this effort, which represents not only a guiding value for NBG but is also a point of reference for its operations and a priority among the strategic choices made by its management.



The Bank's heart beats in its branch network.

This is a phrase that we use and hear very often. Inside each and every branch - regardless of whether it is small, medium or large in size - the essence of banking, in other words customer service, is generated and delivered on a daily basis. From the simplest transaction at the cashier's counter up to the most complex credit or financial service offered by the branch, EVERYDAY we create value for our customers.

It is this - the creation of value for our customers - that comprises a top strategic priority for NBG, and accordingly we need to focus strictly on this principle in order to implement it successfully.

THE BRANCH NETWORK

Various studies on the banking system talk about a transition that is now taking place: from the era of focusing on costs to the era where quality and personal service are paramount. This is a result of nothing other than increasingly intense competition. All participants in this marketplace are seeking to claim an even greater share of the customer's wallet. In order to do so they are ready to reduce their margins and to make special offers of the type that a few years ago we scarcely could have imagined.

Customers today possess a new-found power and they are well aware of the fact that they are at the centre of attention. They endeavour to be well informed of all the alternatives available to them, and they will choose not on the basis of the product that is offered to them but on the basis of the relationship that is created instead.

The more often a customer feels that he can trust in this relationship, the more satisfied he will be, and therefore the more likely he will be to return to the Bank to reap the benefits involved. As long as this is the case, the relationship will be able to withstand the approaches of competitors regardless of how persistent they may be.

So, the branch is the location where this relationship takes shape and where it is cultivated on a daily basis. The branch however cannot be seen as soulless place. It is manned by people who create and serve this very important relationship. **And people make all the difference!**

The best and cheapest product on its own cannot achieve anything. If not utilised properly, it will remain a mere worthless tool in the hands of a person who will not be able to make any use of it when it comes to the relationship between the Bank and the customer and transform it from an intangible sequence of words and numbers into a successful solution that meets the needs of the customer.

THE BRANCH NETWORK

On the other hand, product knowledge combined with personal attention to customer needs produces solutions that offer value and also builds relationships based on sincerity and trust that can withstand the test of time. Our customers do not simply want products offered to them. They are searching for solutions that specifically address their own problems or needs. They are seeking the support needed to allow them to achieve a better standard of living either in the present or in the future and their instincts tell them that they can put their trust in the people that can secure this for them.

Our customers trust our people, the people of National Bank. These are the same people that the Bank itself in turn entrusts with its day-to-day operations as well as with its growth and vision for the future. It is these people who are in the Front Line, the officers and staff of our branches, who help us create VALUE for our customers each and EVERY DAY. And, it is with respect and commitment that we treat the relationship our customers have with our Bank.

Success in everything else -- market share, sales, targets, performance, personal rewards and remuneration -- is the result of nothing more than the extension of this bond to its logical conclusion. We want National Bank to do even better in 2007 and it is only our people that can make this goal a reality.

Let's make the customer the absolute centre of our attention on a daily basis - Let's take the time to try and understand their needs - Let's put more feeling into the presentation of our products to the customer - Let's listen more clearly to what the customer has to say. By doing all of these things we can be sure that this year will be even better. For all of us.

Minos Moisis,

Assistant General Manager for Retail Banking.



**We wish you
a happy, healthy
and productive
2007!**

The Sarbanes-Oxley Act

NBG successfully adopts international laws and regulations



The NBG Group takes great care to ensure that it complies with the legislation and regulations of all the countries in which it operates.

In accordance with this policy, and because its shares are traded on the New York Stock Exchange, NBG is under an obligation to comply with the US Securities Exchange Commission rules regarding listed companies and therefore with the regulatory framework arising from the Sarbanes-Oxley Act (SOX).

The act came into force in July 2002 and set out the following:

New standards for the operation of the Boards of Directors and of the Audit Committees of corporations

New principles ranging from Corporate Board responsibility to criminal penalties

New standards regarding the independence of External Auditors.

The Public Company Accounting Oversight Board (PCAOB),

which has the power to supervise public accounting firms and to issue new accounting standards.

Particular significance is attached to Section 404 of the Act since it requires an assessment by a company's Management of its System of Internal Controls over Financial Reporting, ensuring that the financial statements provide an accurate account of the company's business activity.

DEVELOPMENTS

Failure to comply with Section 404 could have serious implications for both the reputation of the NBG Group and the interests of its customers, shareholders and employees. It is because of this that the successful implementation and full compliance with the regulations of the Act became an immediate and vital priority for the Bank's Management. Moreover, it provided an ideal opportunity to further improve effectiveness, planning, the functioning of the Group's business procedures and its corporate internal control environment.

The benefits arising from compliance by the Group's companies with Section 404, which will be certified by an independent public accounting firm annually, relate to:

- strengthening corporate governance practices
- improving the adequacy and effectiveness of internal control procedures
- strengthening investor trust
- improving the level of information provided to investors.

The SOX-404 project was launched in the spring of 2005, and at the same time the roles of advisor and external auditor were assigned to Ernst & Young and Deloitte respectively. Following on from this a general schedule was prepared and the methodologies to be applied were formulated.



Later in the same year, the final framework and the detailed planning of the project were prepared, and a Support Committee composed of senior and upper level managers of the Bank was set up.

DEVELOPMENTS

Within the context of this framework and taking into account criteria designed specifically for this purpose it was decided that the following companies were to be included in the project and that all of their applicable procedures were to be reviewed: National Bank of Greece, Ethniki Insurance, United Bulgarian Bank (UBB), NBG London Branch.

Group companies in respect of which only a limited range of operations will be reviewed:

Greek subsidiaries: National Securities, Ethniki Kefalaiou, Ethniki Leasing, Diethniki and Astir Palace Vouliagmeni.

Overseas subsidiaries: NBG Cyprus, NBG Serbia, NBG Albania, Stopanska Banka, Banca Romaneasca, InterLease and NBGI Private Equity Funds.

In December 2006, the progress of the project was judged to be in full compliance with the timetable and 85% of the work involved had been successfully completed. At the same time, the External Auditors had already begun their own review and evaluation of the work that was carried out by the joint teams made up of staff from both and NBG and its external Advisor.

The following actions have been planned for the beginning of 2007:

- a) Corrective Actions for shortcomings or gaps in important security procedures and internal controls, as well as a review of their operational effectiveness.
- b) An overall final review. It should be emphasised that so long as shortcomings and weaknesses persist, they will be classified according to specific standards as either "serious shortcomings" or "substantial weaknesses".

Following this Management will then determine if there are other security and internal controls (whether at the individual or parent company level) in place that will offset the risks that may arise from such shortcomings or weaknesses.

- c) Preparation of a Management Report and confirmation of the completion of the project by the Support Committee.

Finally, in the spring of 2007, Management will issue a "Confirmation Report on the Adequacy of Internal Controls over Financial Statements" and

a "Statement/ Notification on any related Substantial Failures", documents that will mark the successful completion of the project for the financial year 2006.

To ensure the timely and successful implementation of such a complex project, especially in its peak period, a large number of Group managers and employees had to work extremely hard to overcome all obstacles in implementing the project step by step and according to the given timetable. 90 NBG staff members (72 from Internal Audit, 10 from the Financial Management and Accounting Division, 5 from Business Processes and

3 from IT) and 35 staff members from different subsidiaries worked on the project.

Thanks to their commendable efforts, not only did they manage to successfully complete the arduous task assigned to them but they also paved the way for similarly successful results in the coming years.

George I. Paschas
Chief Internal Auditor



We congratulate them
for a job well done!

Code of Conduct



It is well known that the success, growth, and future prospects of an organisation are not judged solely on the basis of numbers and assets. They are also judged by the extent to which the organisation has managed to take on board a specific system of values, principles and rules of business ethics and conduct.

This is one of the main reasons why NBG has become such a respected institution in the eyes of Greek society. NBG is an institution that has, since its establishment, based its operations on certain fundamental principles: integrity and adherence to the law, professionalism and customer priority, social responsibility and contribution, team spirit, and commitment.

The **Code of Conduct** of NBG and its Group is an initiative which aims at the consolidation and strengthening of the fundamental principles which we serve; modifying them whenever necessary so that they express the principles of good corporate governance; and codifying them and using them as a guide for our day-to-day conduct.

The Code has already been posted on the Intranet and on NBG's website, both in Greek and in English. A printed copy will soon be available and will be distributed to all staff. The Code consists of three sections:

The **first section** describes the key values and principles that govern the operation of the organisation.

The **second section** describes practices that we have to apply in the exercise of our duties. The aim of these practices is to ensure, to the maximum extent possible, that our customers are being served in an appropriate and effective manner, that the interests and reputation of the Bank and of the Group are protected, and that team spirit and respect amongst staff are preserved.

The **third section** describes the principles and rules that govern the relationship between the Bank and its shareholders, so that it will be able to contribute to the smooth operation of the investment market and maintain to the highest degree possible shareholders' trust.

The **Code of Conduct** is not simply a list of rules and regulations. It is a text that defines the ethical blueprint and the fundamental principles of NBG. It is a guide to how all its people should conduct themselves on a daily basis, in order to continue to serve even more faithfully and consistently the values that we are already familiar with and which we identify with.

They are the values that have led NBG all the way to the top of the Greek banking sector and that now guide her towards becoming the largest banking group in Southeast Europe.

Risk management: why it is so important

Interview with the General Manager of Risk Management Dimitris Lefakis

What are the role and mission of the Risk Management Division?

The NBG Group earns money by assuming risks. The job of the **Risk Management Unit** is to help the Group create and maintain the proper mix between rate of return and risk. This means that we design our products and transactions in such a way that over time the returns they generate cover not only the costs involved but also any potential losses that may arise. In this way we are able to secure a high rate of return both for our shareholders and for our employees. We are able to achieve this through the involvement of our Unit both in strategic decision-making (bank acquisitions, business plans, budgeting) and in everyday activities and approval procedures for credit requests.

What are the risks that a Group like National Bank undertakes in the course of its operations?

The **risk** that most of us are already familiar with is **credit risk**.

We only loan money to a company or a consumer after we have carried out an evaluation that shows that they are able to return the money back to us. However, there are other types of risks as well, perhaps not as well known, but none the less assumed by the Bank on a daily basis.

Interest rate risk

The NBG Group undertakes risk as part of its financing activities and its deposits that involves the future course of interest rates.

Country risk

Every time that we loan to or invest in a company based in a foreign country we examine the macroeconomic prospects and the creditworthiness not only of the company involved but also of the foreign country itself.

Operating risk

This is a risk that is "ever-present" for the Group and which results from shortcomings or failings in internal procedures and systems that may be due either to the human element involved or to the presence of external factors.

How exactly does the Risk Management Unit participate in such procedures ?

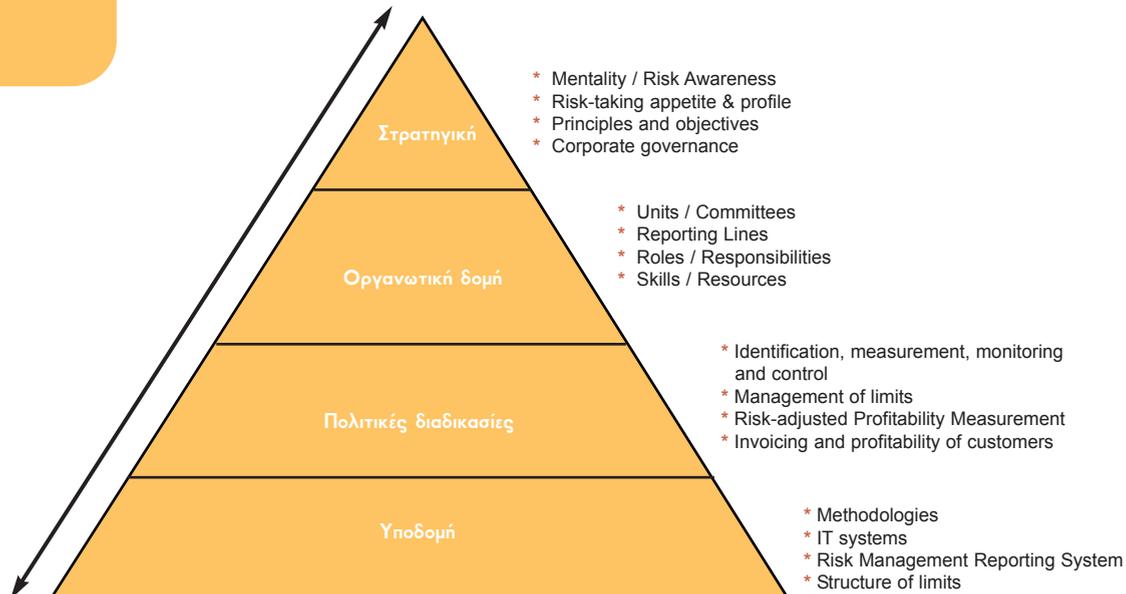
We prepare and approve the policies and the procedures manuals that address the assumption and management of risk. We propose appropriate systems and effective safeguards for limiting operational risk. We participate in credit granting committees. We monitor the development of risks in our investment portfolios and we are able to take rapid restraint and corrective measures in the event that things do not turn out as expected.

What are the immediate goals of the Risk Management Unit ?

Our aim is to ensure that the framework for managing risk that we are building at present reflects not only international best practices but also satisfies the regulatory requirements that are imposed by the Bank of Greece and by Basel international standards (see Leading Ahead, Issue 3, page 13). Several of our departments are already up and running, others however are new and require further work in order to become fully functional. Recently, we took a major step forward by receiving the approval of the Board of Directors of the Group for the Risk Management Strategy that we are putting together. This document is our Charter, our constitution, if you will, which sets out the general principles under which we shall operate.

What kind of people make up the Risk Management Team ?

The best source for future members of our Unit are the Bank's various departments and the Branch Network. Staff members that come from within the Group are already familiar with the procedures and formalities of the Bank. Through the on-the-job training that they have received and the experience they have gained in market developments regarding risk management they are in a position to become productive team members in a short time. This is precisely the reason why colleagues from Internal Audit, Branch Network and Corporate and Investment Banking have recently been transferred to our Unit. We are constantly on the look-out for individuals who are capable of making significant contributions and who are interested in expanding their knowledge and also in broadening their career prospects by working with our Unit.



"Starting Out Together!"

The modern-day pace of work, pressures resulting from both internal and external environments, together with future challenges require that employees today possess characteristics such as speed, alertness, effectiveness, efficiency, a team spirit and a sense of personal responsibility when it comes to achieving results.

Human Resources and Group Internal Communications is responsible for developing systems and practices that help our colleagues develop and display just these kinds of characteristics.

One of the areas in which actions targeting these goals are being implemented is Retail Banking. By responding to the demand made by the Management of the Branch network that practical assistance and support be provided, and to feedback given to us by newly hired employees over the past year, we have launched the "**Starting Out Together**" program.

The goal of **Starting Out Together** is to ensure that our newly hired colleagues are able to fit in and adapt quickly and smoothly to their work environment by encouraging the use of two-way communication and by providing guidance, information, training, and employee development.



The program is addressed to employees hired over the past two years as well as to all future employees of the Bank, and will assist them for a period of 2 to 3 years from the time they join the bank.

SYSTEMS

The person coordinating the Starting Out Together program serves as a link between the centralised services of Human Resources and the Branch Network. Their role involves providing support and advice. Thus, the coordinator will come into direct contact with newly hired colleagues, monitor and facilitate the progress of actions focusing on them, help resolve any problems that may arise, and be active in helping to spread the Bank's values and culture. All of this will be carried out with the close cooperation and assistance of the managers of the Units in which our newly hired colleagues will be working, to ensure that the efforts of all of us to produce better results and to create a better work environment receive all every possible support.

Starting Out Together was launched in December of 2006 and the first contacts with Network managers and newly hired colleagues have already been made. Currently we are finalising the operational details of the program.



We encourage our newly hired colleagues to contact Vivi Savaidis, who is coordinating Starting Out Together, at tel: 11206 or 210 331 1206, or e-mail: psavaid@nbg.gr.



NATIONAL BANK
OF GREECE

Leading Ahead

We and the Group

In Greece

ASTIR PALACE SA
DIETHNIKI MUTUAL FUND MANAGEMENT Co SA
ETHNIKI INSURANCE SA
ETHNIKI KEFALAIYOU SA
ETHNIKI LEASING SA
ETHNIKI VENTURE CAPITAL SA
NATIONAL SECURITIES SA
P&K INVESTMENT SERVICES SA
NATIONAL MANAGEMENT AND ORGANISATION Co SA (ETHNOCARD)
ETHODATA
TRAINING CENTRE SA
NBG BANCASSURANCE
ETHNOPLAN ERP SERVICES
EKTENEPOL SA
EUROPE INSURANCE SA

Outside Greece

UK :	NBGI INC, LONDON BRANCH
EGYPT:	NBG BRANCH CAIRO
ALBANIA:	NBG BRANCH NETWORK
BULGARIA:	UNITED BULGARIAN BANK (UBB) INTERLEASE AD
CYPRUS:	NATIONAL BANK OF GREECE CYPRUS Ltd, ETHNIKI INSURANCE (CYPRUS) Ltd
SOUTH AFRICA:	THE SOUTH AFRICAN BANK OF ATHENS (SABA)
FYROM:	STOPANSKA BANKA AD
ROMANIA:	BANCA ROMANEASCA EURIAL LEASING GARANTA SA ETEBA ROMANIA SA
SERBIA & MONTENEGRO:	BRANCH NETWORK
TURKEY:	FINANSBANK REPRESENTATIVE OFFICE
AUSTRALIA:	REPRESENTATIVE OFFICE
SWEDEN:	REPRESENTATIVE OFFICE