

Leading Ahead

a periodical publication for the employees of the NBG Group

ISSUE NO. 13 - April 2009

NBG on the Front Line



NATIONAL BANK
OF GREECE

3

Editorial

4 - 5



Our News

6 - 8

NBG on the
Front Line

Main Article

9

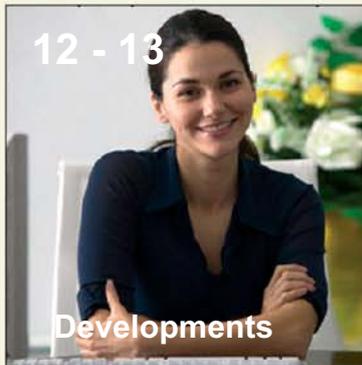


Developments

10 - 11

Developments

12 - 13



Developments

14 - 15

CSR

16 - 17

Our Group

18 - 19



Our Group

Printed on non-chlorinated paper

Leading Ahead

Title of the Greek edition: Πρότυποι Εμείς
a periodical publication for the employees of the NBG Group
ISSUE NO. 13 April 2009

Editors

Internal Communication Team,

Nikos Kanelopoulos, Evi Totoni, Fotini Skarlatou, Sofia Karakasi

Tel: (+30) 210 3342230 (or extension 12230), (+30) 210 3342919
(or extension 12919)

email: epikoinonia@nbg.gr

Internal distribution

No part of this publication may be republished, reproduced or altered, in any form or by any means, mechanical, electronic or photocopying, without the prior written permission of the publisher (Law 2121/1983 and rules of international law in force in Greece).

You can access this publication through the Web at <http://ete/EsotEp/>

For the Greek edition follow the path: **Η Τράπεζα/Ανθρώπινο Δυναμικό/ “Πρότυποι Εμείς”**

For the English edition follow the path: **The Bank/Human Resources/ “Leading Ahead”**

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

“Thanks to everybody's efforts, NBG has managed to build strong foundations on which it can weather the current crisis. ”.



In recent years, NBG has successfully pursued a long-term strategy aiming at asserting its status as a leading financial institution in the region and as a major banking group in Europe. This strategy focuses primarily on enhancing operational efficiency and strengthening the sales culture in the domestic market, as well as expansion abroad, particularly in the attractive markets of Turkey and SE Europe. The key components of the strategy were set out in the Business Plan for the periods 2005-2007 and 2007-2009 and have been supported by the team effort of the people of NBG through a host of actions and projects.

Accordingly, in order to assist the Group's business and support units in designing, managing and deploying these actions and projects, Management set up a Group Strategy Team in the Strategic Planning and Research Division. In the three years since it was launched, the Strategy Team – through its work – has achieved recognition by both Management and the various units of the Group as a trusted partner. The projects undertaken include the optimization of customer service at branch cash desks, the centralization of Network processes, the design of a network of corporate shops-in-shop, the due diligence process for the purchase of Finansbank, and the design of customer service models (retail, affluent, SMEs and corporate) for the Bank and its international subsidiaries.

Today, at NBG we remain committed to our long-term strategy, even though current circumstances have brought about certain changes in our priorities. We are now focusing our attention on best management of credit risk, further improving operational efficiency, and developing infrastructures in our centralized functions and systems. The Strategy Team is here to support you with the projects you undertake and deploy, so that the Group will be in a position to encounter “the day after” the crisis stronger and better prepared.

Regards,

Paul Mylonas

Chief Economist & Chief of Strategy

2008 NBG Group Results

2008 net profits: €1,546 million

NBG Group net profit for 2008 totalled €1,546 million, down by 5% on 2007. Return on equity stood at 26.2% for 2008, up slightly on 2007 (26.1%).

This performance by the Group is the result of rational growth of banking business not only in Greece but in the markets of Turkey and Southeast Europe as well, despite the recent adverse environment. Specifically, net profit from business in Greece amounted to €920 million, up 10% on 2007, while profit at **Finansbank** grew by 15% to €470 million (before extraordinary profit). Finansbank's contribution to Group profits of the Group came to 27%. Finally, a 28% increase in net profits was generated by our units operating in **Southeast Europe**, totalling €202 million and representing 13% of total Group profits.

Despite the rapid deterioration in the macroeconomic outlook in the economies of the region and despite the growth in credit achieved by the Group during 2008, **the quality of our lending portfolio** remains first class. The NPL ratio stands at 3.3%, an improvement of 146 basis points year on year.

The Group's conservative and prudent provisioning policy throughout the growth phase of the economic cycle meant that the Group was well positioned in terms of the provision levels, which cover over of loans in arrears before taking into account the value of collateral.

The "Konstantinos Kalligas" Journalism Awards Sponsored by NBG

The Konstantinos Kalligas awards were presented this year to six journalists by NBG Chairman and CEO **Takis Arapoglou** at a ceremony held on 13 February 2009 in the Bank's Karatzas Auditorium in central Athens.

The selection of the award winning journalists was made by the Union of European Journalists and was, as Mr. Arapoglou said, carried out using a set of criteria which included not only the journalists' European focus and their contribution to European integration, their expert knowledge and experience, but also their moral standing. This latter criterion, he went on to say, is one which should take the lead in any type of award, whatever the field concerned.

The six prize-winning journalists were Penelope Gavra (NET news presenter), Herakles Galanakis (European focused journalist based in Crete),

Moreover, the Group's systematic risk management has resulted in our loan portfolio being concentrated in low risk lending segments, such as mortgage loans and the financing of large corporates and the wider public sector, which together account for 75% of the total Group loan book. **corporate name in this**



NBG CEO Takis Arapoglou presents Pavlos Tsimas with his award.

Christos Panagiotopoulos (news director for MEGA TV channel), Giorgos Siriopoulou (manager at Radioteleorasi magazine), Pavlos Tsimas (columnist for Ta Nea and presenter of his own television show on MEGA) and Jean Quatremer (journalist with the French newspaper Liberation).

A special mention should be made of the award given to the journalist Miguel Angel Aquilar of the Spanish newspaper El Pais, who was honoured for his work on a European-wide level. Special awards were also presented to two new journalists, Mirna Nikolaidou (with Esti newspaper) and Giorgos Sobolos (with Star TV channel).

international index. This distinction not only honours us highly but it also once again confirms the fact that NBG can now be counted amongst the "powerful financial groups" globally. At the same time, it also represents an important and unique distinction for Greece and the local economy.

Seminar for young analysts

Organized by Corporate Finance of the Corporate Banking Division

A training seminar for young analysts was held in the building on Athinon Avenue on 11 March 2009. The programme, which lasted 14 days, was organized by Corporate Finance (CF) with the support of HR, under the supervision of the General Manager for Corporate Banking

The gradual renewal of CF personnel over the course of the last three years has resulted in the addition of 22 new individuals (many of whom hold postgraduate degrees) to the ranks of the Bank's analyst teams. Although much expertise can be gained through on-the-job training, it is essential that further training be provided through a specially designed seminar which deals specifically with the demanding and multifaceted nature of the role of analyst, particularly the analyst involved with the large corporations Corporate Banking deals with.

Experienced and highly specialized senior and high-level executives from the Bank and the Group expressed a great willingness to participate in the seminar as instructors.

Despite the fact that the seminar was designed with the 22 new CF underwriters in mind, the interesting subject matter and the high level of the participating instructors drew the attention of employees from several other divisions (Credit, International Credit, Project Finance, Risk Management, Treasury, Corporate Workout & Remedial Management, Business Credit) and resulted in the doubling of the number of seminar participants, which reached a total of 46.



A group of participants at work.



The new analysts with the instructors and Messrs. D.G. Dimopoulos, General Manager for Corporate Banking; N. Koutsos, Management Consultant; P. Fourtounis, CF Manager; and Mr. Vayonitis, Credit Manager.

Given the exceptional popularity of the seminar, **Mr. D. Dimopoulos**, General Manager for Corporate Banking, declared that he will run –on at least an annual basis–similar training programmes and recommended to the participants that they, for their part, undertake to suggest subjects they think appropriate for future seminars.

National Bank supporting Society and Culture

New activities

Three significant new activities were announced during the month of April by NBG in support of health, vulnerable members of our community, and our significant cultural heritage.

1. New surgical suites at Evangelismos Hospital:

The Bank is providing €30 million for the construction and equipment of a new modern surgical wing at Evangelismos Hospital. The new surgical suites will allow Evangelismos to overcome long-standing operational problems and support valuable scientific research.

2. Grant to the City of Athens Shelter for the Homeless:

For the second time, NBG is sponsoring the Shelter by contributing to an upgrade of its reception and living area facilities (providing furniture, clothing and other equipment). The first grant, completed in 2007, was for the renovation and modernization of the shelter and its exterior spaces.

3. Restoration of the Church of Saint George in Larissa:

Responding to a request from the historic Community of Ambelakia, Larissa, NBG will bear the total cost of the conservation and renovation of the Church of Saint George, which is one of the most important ecclesiastical and cultural monuments of Thessaly.

2nd Pan-Hellenic Meeting of NBG Branch Managers

On 14 February 2009, the 2nd Pan-Hellenic Meeting of NBG Branch Managers was held at the Intercontinental Hotel. The key message of this very successful gathering was “NBG on the Front Line”. Interviews that external consultants had held with NBG customers (both individuals and corporate customers) were presented at the meeting and commented upon by a panel of nine Branch Managers. The customers' interviews covered their concerns as well as opportunities presented by the current environment, their expectations from NBG as well as its impact on society as a whole through the measures that it adopts.

Participating at the meeting with speeches were Messrs. **Takis Arapoglou**, Chairman and CEO, **Ioannis Pehlivanidis**, Deputy Chairman and Deputy CEO, **Minos Moissis** General Manager for Retail Banking, **Anthimos Thomopoulos**, Chief Financial and Chief Operations Officer, **Andreas Athanassopoulos**, Assistant General Manager for Retail Banking, Dimitris **Pavlakis**, Manager of e-Business and Alternative Channels, as well as the former INSEAD professor **Spiros Makridakis**.



In addition, the managers of 18 branches of National Bank (see page 8) were honoured.

These managers were singled out on the basis of various criteria such as: a) the good progress of their unit in meeting targets (without this being the only criterion since it is rewarded in any case through the pay-cheque), b) the successful management of

personnel, c) taking the initiative by making changes in personnel and roles within the branch, methods, attracting customers and so on, d) customer service, e) the personality of the Manager as a leader at the Branch, f) their participation with ideas/initiatives regarding the general progress of the Branch units of Regional Management/Network Management,



personnel, c) taking the initiative by making changes in personnel and roles within the branch, methods, attracting customers and so on, d) customer service, e) the personality of the Manager as a leader at the Branch, f) their participation with ideas/initiatives regarding the general progress of the Branch units of Regional Management/Network Management, g) their personal contribution to creating a positive climate, h) their activities outside the Branch, which benefit their work, and so on.

The journalists **Vassilis Lirizis**, and **Dimitris Economou** acted as moderators of the meeting. Following the cutting of the New Year cake, the evening continued with live music, dancing, song and much merriment.

Leveraging our most powerful “assets”

In the difficult financial climate which we are currently facing, NBG finds itself in an advantageous position compared to its competition because it maintains some very powerful “assets”. These include: strength, confidence, and the presence of responsible and highly capable individuals. In order to once again stand out in 2009 and to make a difference, the Bank’s people will need to take advantage of the powerful “weapons” that they possess and at the same time focus on the following practices and skills that are demanded under the current conditions: identifying the opportunities, self awareness, quick reflexes and adaptability.

2009: The year for Quality Development

In evaluating 2009, Mr. Moissis declared that it was a year that demanded adaptability, changed priorities, tested our resilience and overturned our previous habits.



He added that despite all of this the Bank still managed to make a timely adjustment to the new circumstances thanks to its employees and the contribution they made, the level of responsibility they have displayed, their patience and their effectiveness. He pointed out that 2009 must be the year for Quality Development by focusing on two new directions which he elaborated upon: loans in arrears and liquidity. Dealing with loans in arrears in a prompt manner, reinforcing liquidity, and controlling costs are our basic priorities. Mr. Moissis closed his remarks with one final message to Managers: “We say NO to defeatism, to the dilution of our strengths, to our alienation from reality and to distancing ourselves from what is possible.

We say YES to our abilities, to your experience, to the responsible actions that you will take and to the challenges that 2009 will bring.”

NBG in an advantageous position compared to our competitors

The subject of the Group's progress in the context of the current credit crisis was presented by Mr. A Thomopoulos. The credit crunch has lead to a hitherto unheard of decline in the economic value of banks. Internationally, 51 banks have either been forced into bankruptcy, mergers or nationalization, while a total of 274,000 banking employees have lost their jobs. Whilst the global banking map is being redrawn, NBG now holds 24th position

Ain the European rankings, while it ranks 3rd in Europe in terms of capital adequacy.

The crisis finds NBG in a position of strong liquidity and in an advantageous position when compared to our competitors. Total Group loans are more than covered by deposits (the loan-to-deposit ratio is 95%). The capital base of NBG amounts to €6.2 billion which is the same as that of the next three largest Greek banks combined. In closing, he underlined the challenges presented by 2009: strengthening liquidity, maintaining the quality of the loan portfolio and the containment of operating expenses.

Corporate Social Responsibility is a strategic choice for the Bank

The importance of Corporate Social Responsibility and its relationship with the economic performance of businesses was discussed by Group CEO Takis Arapoglou. In explaining why fiscal responsibility is a matter of concern for us all, he focused on NBG's long-standing contribution to social development. This contribution has increased significantly over the last few years (during the five-year period from 2003 to 2007 it almost doubled to over €2 billion, the total amount corresponding to dividends and taxes, personnel expenses, payments to suppliers and sponsorships).

Mr. Arapoglou also referred to the new NBG targets and to the privileged position that it holds in the banking market which have made its shares highly sought after by leading global institutionals. In closing he noted that having established ourselves as the leading bank in Greece our goal now is to ensure that following the crisis NBG secures its position as one of Europe's leading banks.



Branches awarded a prize

| | BRANCH | CODE | MANAGER |
|----|-----------------------------|------|------------------------|
| 1 | Kolonos | 135 | Spiros Karoussos |
| 2 | National Insurance Building | 891 | Elias Hatzopoulos |
| 3 | Vouliagmenis Avenue | 715 | Maria Nikitaki |
| 4 | Thiseos Avenue | 724 | Eleftherios Karambotis |
| 5 | Myrina, Limnos | 400 | Paraskevi Moschaki |
| 6 | Ag Nicholaos, Crete | 302 | Giorgos Perakis |
| 7 | Kilkis | 376 | Syrmatenia Sarmadaki |
| 8 | Prosostani | 457 | Charalambos Dimaridis |
| 9 | Dimitsana | 335 | Andreas Bousbouras |
| 10 | Sarakou Square, Corfu | 279 | Christos Kiosis |
| 11 | Florina | 484 | Irene Anthopoulou |
| 12 | Lamia | 396 | Christos Pantazis |
| 13 | Thessaloniki A' | 210 | Giorgos Mailis |
| 14 | Ag Eleftherios | 665 | Nicholas Papadopoulos |
| 15 | Mytilini City Center | 762 | Charalambos Arapoglou |
| 16 | Piraeus | 864 | Dimitris Giannou |
| 17 | Amfilochia | 321 | Spiros Kekelos |
| 18 | Pierion Street, Veroia | 767 | Sultana Karagianni |



Relocating the Data Processing Centre: a complex project completed successfully

by **Dimitris Vrailas**,
Assistant General Manager for
Information Technology

The relocation of the systems
and personnel of Information
Technology Systems from
Palaio Faliro to Geraka Attikis took
place during the 3-day period
25-27 December 2008.

As of the end of last year, the new state-of-the-art facilities host the IT infrastructure of the Bank, of the smaller International Networks (Cyprus, Albania, Egypt, London), of Ethniki Insurance and shortly from these same facilities the subsidiary banks of the Groups that are active in SE Europe will also be served.

The relocation project, which involved such a large and critically important unit, constituted on its own an exceptionally complex and potentially hazardous undertaking. Its failure could have resulted in the disruption of the smooth functioning of the Bank's operations. Preparation for carrying out the project began several months in advance and was accompanied by numerous carefully designed tests which had to take place with the utmost precision. It was only by doing so that we were able to make sure that we were at the high level of preparedness that was essential for the success of this project. When at the end of November the green light was finally given for the relocation and despite the fact the time frame for carrying out the relocation was itself very tight, an incredibly detailed timetable was immediately set into effect covering all of the actions that were both directly and indirectly connected and that had to take place before, during and after the relocation of the IT systems to the new premises in Gerakas, Attica.

The relocation project was carried out in an exemplary fashion and in the absence of even the smallest disruption in the systems that might affect customer service operations. By taking advantage of cutting edge technology as well as a high level of enthusiasm, sense of responsibility and professionalism that were demonstrated by all of the officers concerned,

it was possible for the project as well as the targets set by management to be achieved, the most important of these being the absence of even the slightest disruption in normal operations.

The month of December 2008 can truly be said to represent a significant milestone in the IT history of NBG and a new era full of great expectations was ushered in. Throughout the last 54 years of operations at the Data Processing Centre at Palaio Faliro, hundreds of our colleagues worked tirelessly and made a defining contribution to the stunning growth achieved by the Bank throughout this period. Today we are carrying out our operations from the new facilities located at Geraka Attikis. The new IT centre will be one of the basic pillars upon which the development of the Bank and the Group will rest. The work of the fifty plus years of IT support, of which all of us who work at NBG can be proud, will continue at an even more intensive pace even in inclement times, functioning as a driving force and a key platform for the growth of NBG and its Group.



i-bank: alternative networks

Πάρτε την τράπεζα μαζί σας.

Πάρτε την τράπεζα στο σπίτι.

Πάρτε την τράπεζα στο γραφείο.

i-bank
NBG GROUP

Από σήμερα, πραγματοποιείτε τις τραπεζικές σας συναλλαγές με άνεση από όπου κι αν βρίσκεστε. Με τις ηλεκτρονικές υπηρεσίες i-bank, η Εθνική Τράπεζα σας προσφέρει σύγχρονη τραπεζική εξυπηρέτηση και στο σπίτι. Χρησιμοποιώντας το Internet Banking, το Phone Banking και το Mobile Banking μπορείτε να πραγματοποιείτε τις συναλλαγές σας από το σπίτι 24 ώρες το 24ωρο με τραπεζικά, ευχάριστα, ασφαλή και αξιόπιστα. Ανάμεση, το δίκτυο ATM της Εθνικής Τράπεζας, το μεγαλύτερο δίκτυο ATM στην Ελλάδα, είναι στη διάθεσή σας για την εξυπηρέτηση των καθημερινών σας συναλλαγών. Ηλεκτρονικές υπηρεσίες i-bank από την Εθνική. Κι έτσι την τράπεζα στο σπίτι σας!

ΣΥΜΒΑΛΙΣΤΕ ΑΠΟ ΤΗΛΕΦΩΝΟ, INTERNET, ΚΙΝΗΤΟ ΚΑΙ ΑΤΜ

18 18 18 / www.nbg.gr

ΕΘΝΙΚΗ ΤΡΑΠΕΖΑ

Our strategy is to actively encourage our customers to use alternative delivery channels so as to enhance the level of service offered to them and at the same time reduce costs.

Customer surveys indicate that NBG holds first place among the 6 largest Greek banks in respect of reliability, size of branch network, and experienced employees. However, this does not apply as far as the speed of our service is concerned. In the minds of Greek customers, NBG is identified as possessing the largest branch network and as having the most experienced banking officers.

Up to now, NBG has principally placed an emphasis on the establishment of a reliable infrastructure and only secondly on publicizing this fact. It is perhaps the only bank in Greece to possess a single IT platform for the 3 alternative delivery channels, which allows it to:

- create new types of transactions in each of the three channels with the minimum amount of development effort,

- maintain the offered transactions centrally for each of the three channels, and
- provide the offered transactions to customers in a uniform and consistent manner.

At the same time, the Bank has placed special emphasis on security, especially in light of both the distinctive nature of the alternative network and the concerns of customers, which it must be said are primarily due to their lack of knowledge as to how such networks work. One in two customers declares that they are afraid to carry out transactions due to security reasons. The security of the Bank's alternative channels is best demonstrated by the fact that millions of transactions worth billions of Euros are carried out on an annual basis.

The principal facts and figures for 2008 regarding the alternative channels of NBG can be summarized as follows:

| ATM Network | Phone Banking – Call Centre | |
|---|---|--|
| <ul style="list-style-type: none"> ● 84 million transactions worth €17 billion ● Representing more than 50% of the Bank's monetary transactions ● 36% of total ATM transactions in the Greek Market on 20% of the total ATMs in Greece ● 5.1% - the lowest level of fraud in the Greek market, despite the fact that NBG accounts for 36% of all Greek transactions | <ul style="list-style-type: none"> ● 150,000 private customers with more than 2 million incoming calls ● 90% of calls were answered within 10 seconds whereas only 3.7% of calls were not answered because there was a long waiting time ● 85,200 sales, where the success rate of a promotional action involving cards reached 60%, with an acceptance rate of 70% (10,034 applications in one month) | <ul style="list-style-type: none"> ● Highest possible security, with the use of a e-code ● Substantial increase in the market share during the last year ● 23 million transactions worth over €15 billion ● 304,000 private individuals and 33,000 business customers registered ● 352,000 daily visitors on the portal |

Despite the noticeable increase in the various indicators, there is still significant room for improvement:

| | | |
|--|---|---|
| <ol style="list-style-type: none"> 1. 29% of Europeans use Internet banking, while in Greece the number of users is just 5%. 2. The amount of ATM transactions not involving either withdrawals or account balance inquiries does not exceed 6%. | <ol style="list-style-type: none"> 3. Expansion to new APS networks: our target is to reduce teller transactions. 4. Redesigning the location of the ATMs and expansion of the networks so that we can increase the effectiveness of our network. | <p>The low rate of activation on alternative networks is principally due to the absence of information and to fear according to 44% of respondents to questionnaires.</p> |
|--|---|---|

For these reasons the Bank is making a substantial investment in marketing positioning of i-bank networks under a unified umbrella with the goal of informing our customers, increasing our visibility in alternative channels and promoting the high quality of the facilities we provide.

In our attempt to do so, the most important role

will be played by our employees on the front line. They communicate with our customers on a daily basis and are thus uniquely positioned to engage in the best possible promotion of the services that we offer.

It is critical that we actively promote the dynamic character of our Bank in alternative networks, which despite the fact that they

are just as effective as our physical network have not been promoted to the general public as effectively as those of our competitors.

For optimal customer service we invite you to i-bank!

A Headache or an OPPORTUNITY?

The new approach to our customer complaints "With your assistance we can become better"

The improvement of our Customer Service is and will continue to be one of NBG's principal priorities.

Just like all the other large Banks internationally, we recognize that the proper, timely and in general effective management of our customers' complaints presents us with many benefits, the most important of which include the following:

- satisfying the Customer, who is always the best promoter or the worst promoter of our services,
- the best source of information enabling the improvement of our services and the creation of new products that will respond to the ever evolving needs of our customers.

As far as keeping our Customers satisfied is concerned, international surveys have shown that:

- 54% to 70% of Customers that submit a claim or complaint will stay with the organization concerned if their complaint is resolved.
- This amount increases and even reaches 95% in the case where the Customer realizes that their complaint has been resolved quickly.
- Customers whose claim was satisfied quickly will report this to at least 3 other Customers or potential Customers. In the event that their claim is not satisfied, a Customer can influence up to 11 other Customers.
If each one of these individuals further relays this negative information the number of individuals who hear of it expands exponentially.
- Consequently, it is not enough that a complaint be heard but it must be resolved quickly, and this must be done in a constructive manner for the Bank. It must also be accompanied by a genuine show of interest in the Customer.

In this context on **6 February 2009** (Management Act 60/ 21.01.2009 and Policy for the Management of Complaints by Customers of the Bank and Group), the **Customer Services Sector** was set up, which will have two basic functions: the timely management of complaints and the improvement of the products and services that we offer.

Concerning the use of Customer complaints as a learning tool and as a tool for improving ourselves it bears remembering that:

- Bill Gates has said that "the most dissatisfied customers are the greatest source of education".
- Customer complaints are a source of information beyond the fact that they allow us to act quickly in resolving potential problems in that they provide us with many ideas as to how to improve and develop our products and services.

| Timely Management of Complaints | Improving Services/Products |
|--|---|
| 1. Managing complaints in a consistent manner | 1. Analysis of complaints and identifying corrective actions |
| 2. Hearing and Caring for the customer | 2. Standardizing responses – wherever possible – with the goal of improving our response time |
| 3. An honest and responsible approach to our customers | 3. Improving and/or modifying services and products |
| 4. Quick resolution and communication with the customer | 4. Significant feedback on market trends and on our competition. |
| 5. Confirming the resolution of the complaint and follow-up with the customer. | |

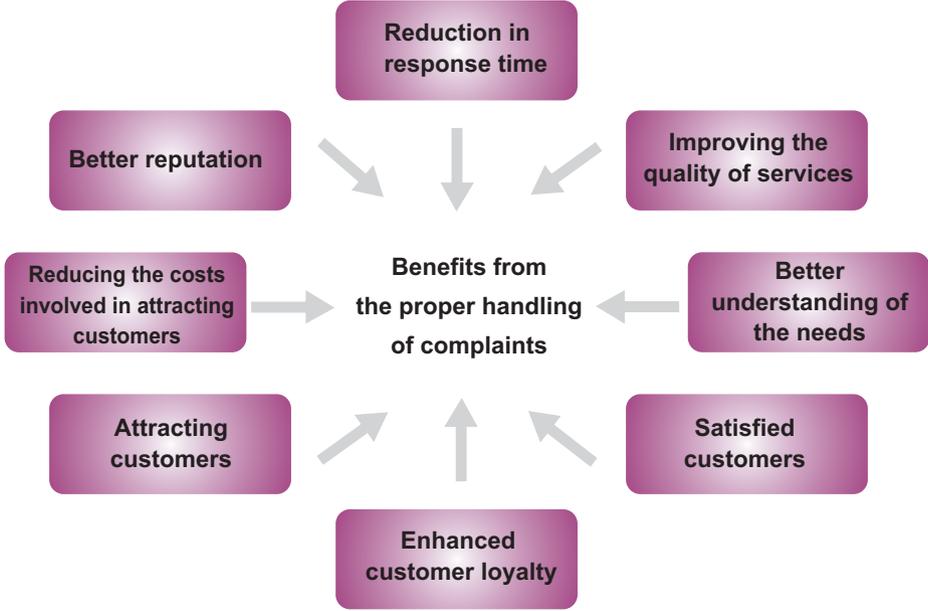


In order to make the procedures for submitting complaints and recommendations from our Customers simpler and quicker we have created:

1. The complaint form, which we have distributed to our branches
2. A Hot-Line, which is free of charge
3. Electronic Complaint Form, which can be found on our web site



Examples of benefits for our Bank that can be obtained from the proper handling of complaints:



Our guiding belief is that the customer is especially important to the Bank. The customer is the one who decides who they will work with and who they will reject. If they are dissatisfied and they express their complaints to the Bank, they provide us with a last chance which we must regard as an opportunity and not as a headache.

Our goal is to quickly resolve, in the customer's favour, their complaint whenever this is possible, based of course on the operational policies of the Bank. If following the resolution of their complaint, the customer decides to continue their relationship with the Bank then the customer will turn out to be our best promoter.

In today's highly competitive environment, the way in which an organization responds to complaints demonstrates its interest in the quality of its products and services, and its commitment to satisfying its customers. The successful resolution of customer complaints is free advertising for us.

In respect of this effort, the key to success is YOUR contribution. With the assistance of both you and our customers we can become better!

How the market sees Reputation and Social Responsibility

How does corporate social responsibility impact the reputation and the image of a business? What is the opinion of consumers regarding the social responsibility of NBG?

In today's business environment, the reputation of a company is perhaps its most valuable asset, since it creates value and a significant competitive advantage. The importance of a good reputation is decisive for the future of a company and it is created over time on the basis of the various actions that it takes, its behaviour towards consumers, the intentions that it advances, its innovations, the quality of its products and services, its corporate governance, its financial results, its marketing and promotional efforts, its ability to attract customers, to develop and to maintain a high standard of bank officers, and its social responsibility.

According to surveys, among the most important factors determining the improvement or otherwise of the reputation of a company is the quality of

the products offered and the company's practical concern for social and environmental issues.

Can therefore, corporate social responsibility affect the reputation and the image of a business? Can it affect the purchasing behaviour, the preference and loyalty of consumers?

Reputation and Social Responsibility in international markets

On the basis of surveys conducted mainly abroad, involving not only staff but also consumers, the most important qualitative characteristics that the "ideal" business should possess reflect policies concerning corporate social responsibility, such as a high level of corporate ethics, the adoption of equal opportunity policies and contributions to the whole of society. At the same time it has been observed that there is a trend towards more "ethical" consumer behaviour, by which businesses and products that are considered as socially and environmentally more responsible

"Corporate Social Responsibility is the concept according to which businesses incorporate on a voluntary basis social and environmental concerns in their entrepreneurial activities and in their contacts with other interested parties, since they understand that responsible behaviour leads to even greater business success".

Source: Hellenic Network for Corporate Social Responsibility

are preferred.

A survey that was conducted on behalf of the European Network for Corporate Social Responsibility (MORI, Sep. 2000, sample of 12,000 consumers in 12 European countries) indicated that 70% of European consumers declared that a company's commitment to the principles of social responsibility constitutes a criterion in selecting whether to purchase a product or a service, whereas one in five consumers seems willing to pay more for a product that is "socially and environmentally more responsible".

Reputation and Social Responsibility in the Greek market

In Greece, in a survey conducted by the Institute for Communication (Jan. 2008, MRB Hellas) on Responsible Consumption and Corporate Social Responsibility, demonstrated the way in which Greek consumers view companies and their products.

22% of Greek consumers have rewarded

Expectations from companies in respect of their responsible position in society



a socially responsible company, either through the purchase of a product, or through positive comments expressed for the specific company. Conversely, 37.1% of Greek consumers have “punished” a company that is not socially responsible either by not choosing its products or through negative comments about the company in question.

The Greek consumer considers that companies should above all show responsibility in matters that are related to the good quality of the products, respect the environment, be reliable and trustworthy, despite the fact that a large number of respondents did not exactly know what the term socially responsible company means or what such a company should do.

Famous Brand 2008 award for NBG

NBG maintains the best reputation in the banking sector for the fourth consecutive year according to the “Famous Brands 2008, the brands with the best reputation” survey which is carried out by Tradelink Reputation Research & Consultancy in cooperation with the international organization Reputation Institute. The survey was carried out by telephone in the period September to October 2008 using a sample of 1,000 individuals from across the population.

“Famous Brands” is a unique method where consumers spontaneously choose those companies that have the best reputation in every one of 42 product groups that are examined. Additionally, they list the most powerful trademarks and those companies that possess a timeless value regardless of category.

By winning first place as a Famous Brand, NBG demonstrates that consumers consider as especially important factors for the Bank its long-standing offering of top quality products and services, the “Greekness” of the company, and its support for socially responsible programmes. These all constitute important criteria for choosing the company with the best reputation.

Therefore, we can see that sensitivity to social issues and the development of Corporate Social Responsibility significantly affect the reputation and profile of a company, whereas at the same time they can also constitute a significant competitive advantage for supporting a company’s position in the market place and also for protecting its reputation during times of crisis.

Social Responsibility in the banking sector

The same is demonstrated by the results of phone survey that was carried out on behalf of NBG on the subject of Social Responsibility in the banking sector by Tradelink Reputation Research & Consultancy.

To a great extent there was much ignorance (60%) regarding what is meant by Social Responsibility, while many (20%) believe that socially responsible bank means a bank that offers products and services with clear terms and conditions. In addition, a significant number (16%) sees dependability, reliability, trustworthiness and truthfulness on the part of a bank in its relationship with customers and the service it offers to them as indications of Social Responsibility. Finally, 10% associated a bank’s sponsorship activity and contribution to society with Social Responsibility.

Despite the fact that a large number of respondents declared that they cannot precisely identify the terms that make up the definition of Social Responsibility in the banking sector, as regards the question of “How important is Social Responsibility for the reputation of a bank in general?”, the overwhelming majority (97%) considered it to be a very important factor in the reputation of a bank.

Finally, in respect of the question of whether they believe that banks are Socially Responsible, 33% answered affirmatively.

As far as the position of NBG is concerned, in respect of both Reputation and Social Responsibility, it appears that the Bank is in the strongest position compared to all the other Greek banks. This is a result of specific features, such as size, financial results, the products it offers, its corporate governance and operations framework, its social contribution and its prospects for growth.

The Group's Strategy Team

The Business Plan for the period 2005-2007, which is regularly updated in response to changing circumstances and priorities, was formulated in order to support NBG's long-term business strategy, i.e. to consolidate its status as a leading financial institution in the region of SE Europe.

Many know that the Business Plan encompasses quantitative and qualitative targets, and – and this is perhaps even more important in terms of the long-term normal operation of the Group – the planning of strategic actions and support projects whose deployment is considered vital for achieving the goals set for the Group.

Accordingly, Management has recognized the need to support the Group's business units and functions in deploying projects of strategic importance, by means of an in-house project management mechanism. In this way it has secured the development of project planning and deployment capabilities while reducing costs that would otherwise be needed for external consultants.

This was the main rationale behind Management's decision to set up the Group Strategy Team. The Strategy Team, which reports to the Chief Economist and Chief of Strategy, Paul Mylonas, was created in 2006 and is composed of 7 individuals.

The Team's operating principles

The Team's working principles and philosophy may be summarised as follows:

- The need to design and implement a project is determined by the relevant business unit or function and is discussed with the Strategy Team in order to define its role and involvement.
- The competent business unit or function defines the objectives and makes the principal decisions regarding each project, which is managed by the head of the unit as the project owner, supported by the Strategy Team on issues of analysis, drawing up of proposals and recommendations.
- The project team is staffed by persons from all of the units (business and functions) involved, in thereby securing best leverage of the collective know-how in the Group, and facilitating actual deployment of the project at the later stage. The Strategy Team provides essential support for the smooth operation of the project team by taking on a coordinating role.
- The support that the Strategy Team provides to the project team covers the entire period up to the deployment or pilot implementation of each project, thereby securing the workability of its recommendations.

In the 3 years that the Strategy Team has been acting as a strategic advisor to Group units, it has been involved in a number of projects of strategic importance for the Group and has been recognized as a trusted partner both by the Management and by the units it has supported.

Projects

Some of the projects in which the members of the Team have been involved include:

Retail Banking

- Optimization of customer service at cash desks in branches, by developing a system for monitoring transactions carried out by tellers and by introducing an ad hoc productivity related additional pay.
- Determining, prioritising and drafting a plan, and commencing deployment of the centralisation of Network procedures programme (e.g. management of engineers and lawyers, imports and exports), for the purpose of freeing up valuable branch time at the branch in order to provide better service to customers.

Corporate Banking

Designing a corporate shops-in-shop network – number of shops, organizational structure, staffing – in areas of business density, and providing support during the pilot phase in order to enhance the level of service provided to corporate customers while further reducing costs.

International activities

- Due diligence, investment evaluation and drafting of a business plan in respect of the acquisition of Finansbank, Turkey.
- Design of a prototype business model and customer service model for the Group's retail and corporate banking business, analysis of the current situation, and development of an implementation plan that will provide a uniform approach across all of the Group's subsidiaries

Priorities for 2009-2010

Looking ahead and bearing in mind the Group's long-term strategy, the priorities for 2009-2010 can be summarised as follows:

- Reducing NPLs through the systematic management of our portfolio.
- Containing operating expenses and enhancing resource allocation within the Group.

- Harmonizing the modus operandi and business approach across the Group's subsidiaries abroad.
- Developing the necessary infrastructure that will ensure optimal preparedness for the Group after the end of the current financial crisis.

By staying committed to our long-term strategy, by continuing to focus on the prudent management of Group

resources, by facing up to challenges and changes effectively, and by investing in infrastructures, our Group will, following the end of the crisis, be in a position to face "the day after" stronger and better prepared than ever. The role of the Strategy Team is to support all our efforts to this end.

Comments

I. Pehlivanidis, Deputy Chairman and Deputy CEO

"When we decided to set up the Strategy Team, following a proposal made by Mr. Mylonas, our goal was to support projects of strategic importance and to develop in-house project management capabilities for the Group, while reducing the costs otherwise needed for external consultants. Today, 3 years later, the Strategy Team has managed to win the trust of Group officers and is a valued partner:

- providing support to the heads of the Units involved, upon their request, for projects covering the entire range of the Group's operations,
- approaching issues and projects in a systematic manner and always keeping the final outcome in mind as well as the practical implications involved,
- analysing and offering solutions and recommendations on special issues that are priorities of Management."

N. Tzakou – Lambropoulou, General Manager Operations

"Having worked with the Strategy Team in a number of projects relating to Operations and Transactional Banking, either on a one-to-one basis or in cooperation with other sectors of the Bank and Group, I believe that the significance of its role can be summarised as follows:

- it can work alongside various different Units of the Group, both inside and outside Greece, and coordinate effectively all the parties involved,
- it provides objective, critical and synthetic evaluation of business data in order to reach practical conclusions and make recommendations,
- it allows for the dissemination and exchange of knowledge and know-how between the Bank's different business areas,
- it provides constant support even after the completion of short and long-term projects."

A. Koukakis, Manager of Business Processes

"Along with the members of the

Strategy Team, I participated in a series of inter-Divisional projects aiming at improving the productivity of network operations and centralising back office functions at the branches.

Under the coordination of the Strategy Team, full use was made of the rich experience of these multi-collective project teams, which formed the basis for the formulation of options and recommendations. As a result, practices were designed and deployed that did not just copy similar ones that have been adopted internationally but actually serve the needs of our Bank's staff and customers and reflect its own specific identity. The development of new structures and procedures is being monitored by the relevant units of the Bank and, when needed, with the support of the Strategy Team as well."

M. Escalante, Head of Cash Management Solutions

"I worked with the Strategy Team in setting up the Cash Management Solutions department, which I head. The Team's support was particularly important: it began with an assessment of the Group's need to provide cash management products and services to corporate customers. It then proceeded to the design of the department's strategy, and finally followed it

through to deployment. Even to this day, over a year later, the Strategy Team continues to support us, helping us with the design and launch of new products, the development and implementation of promotional projects, and with training Bank officers in new products and processes."

L. Chatziloukas – S. Theiadou, Network Operations

"I have been working together with the Strategy Team on the "Improving teller operations and service in the Network" Project. The Strategy Team participates in the coordination of the project and supports its development constructively and in a spirit of cooperation. The assistance of the Team in the development of the Project is critical and focuses on processing information, providing a detailed analysis and assessment of statistical data, on drawing highly helpful conclusions and providing recommendations, and on preparing presentations on the course of the Project. Now that the Project is reaching completion, the Team continues to respond to any issues that may arise and to cooperate constructively not only with Network Operations, but also with other Divisions involved."

The Bank strengthens its operations in Egypt



NBG is the first Greek bank to take advantage of the prospects offered by the Egyptian market

NBG's presence in the local market, via a history of mergers and acquisitions, goes back to the early 20th century. Since that time, we have successfully supported and substantially strengthened traditional bonds of friendship close economic ties, and the large Greek community living and working in the country.

History

- In 1933, NBG acquired Bank of the Orient (launched in 1904, and totaling a network of 7 branches). NBG ran 3 branches in Alexandria, Cairo and Zagazik.
- In 1953, NBG merged with the Bank of Athens (which had operated in Egypt since 1896 and totalled a network of 10 branches), running 3 branches in Alexandria, Cairo and Port Said.

In 1961 these branches were closed, due to social and economic changes in the country.

- In 1975, an NBG repo office opened in Cairo, which functioned until March 1979 as a full branch.

During our latest phase of business in Egypt, i.e the 30 years since 1979, we endeavoured--within a difficult economic environment--to remain active, seeking to keep alive the sole banking bridge between the two countries and the two nations.

In view of the recent positive developments in the Egyptian economy, substantial efforts by the government to modernize the economic and business framework, take further steps in the privatization process, further strengthen its ties with the EU, upgrade the role of the entire banking system as a key tool for development and stabilization in an open economy, NBG decided in July

2005 to develop further its activities in the country, increasing its capital by \$35 million to \$51.2 million (by December 2008 this figure had reached \$91.2 million).

In 2007, the Bank decided to expand its operations in Egypt, attempting to acquire a local bank, Banque du Caire. Although NBG made the highest bid, the Egyptian Government eventually decided to cancel the sale.

Objectives

NBG's policy is to develop its activities in Egypt through an expansion plan of organic growth, establishing a strong and well located branch network. During the last 12 months, NBG Egypt opened 10 new branches and soon we expect to open the 11th while the expansion plan for 2009 provides for the construction of another 15 branches, bringing the total to 26. Our branches have taken on board our newly launched image concept designed by Allen International.

Our current branches in Egypt are as follows:

- 1) Cairo Branch
- 2) Zamalek Branch
- 3) 6th of October Branch
- 4) Nasr City Branch
- 5) Heliopolis Branch
- 6) Maadi Branch
- 7) 10th of Ramadan Branch
- 8) Mohandseen Branch
- 9) Port Said Branch.
- 10) Alexandria Branch

NBG Egypt aspires to provide its existing and potential customers with a wide range of innovative products and unique services to suit all their needs and consistently ensure higher levels of customer satisfaction and business growth in order to achieve mutual growth and prosperity.

Operation of the Bank and services

The NBG Egypt network, equipped with the international experience and “know how” of National Bank of Greece and the willingness of its qualified staff, offers the following services and products (in local and foreign currencies):

Corporate services, including:

Working capital, covering short- and medium-term needs,
Trade finance, benefiting from the strong presence of the group in the region, and
Project finance, for medium- and long-term investment horizons.

Retail services, including:

Acceptance of deposits (opening current accounts, savings accounts and time deposits) and offering other investment products (certificates of deposits) maximizing the return for customers
Fund transfers locally and abroad
Collection of checks and bills of exchange

NBG Egypt is due to launch a range of additional retail products, designed for the Egyptian customer.

These products include:

- 1) Cash loans
- 2) Auto loans
- 3) Debit cards
- 4) Payroll services
- 5) Medium- and long-term depository products
- 6) ATM services

Other products, such as credit cards and mortgage loans, are also on the drawing board.

Our bank aims its services at those entrepreneurs and individuals who want to bank with a modern institution boasting international experience and prepared to lend an ear to the request of the customer.

Our policy is to develop our business in Egypt, meeting the clientele's needs with modern banking concepts, products, dynamism, and know-how so as to propose the best solutions for the full range of possible business requests.

Apart from its branch network, NBG's Egypt network function consists of well-structured centralised service units, including retail, corporate, risk, finance, IT, BPO, Treasury, network development & admin, audit, compliance, operations and human resources. It is supervised by a Supervisory Council.

Human Resources

NBG Egypt attracts well-qualified staff of diverse banking experience and background, and in the past year has increased its headcount from 38 employees to more than 130, and plans to reach 335 in-house employees by the end of 2009. We have set up a training



programme that embodies the needs and capabilities required to build up a strong and expert team. This training programme, together with the staff's substantial experience and other qualifications, will further sharpen NBG's competitive edge.

NBG Egypt aspires to become the preferred employer in the Egyptian banking sector by developing the following:

- 1) Competitive compensation structure
- 2) Employee development plans
- 3) Benefit scheme
- 4) Employee security plans
- 5) Incentive plans.

NBG Egypt aims to become a strong and powerful bridge for developing and strengthening ties not only between the two countries of Egypt and Greece, but also among all the countries of SE Europe and the East Mediterranean.



NATIONAL BANK OF GREECE