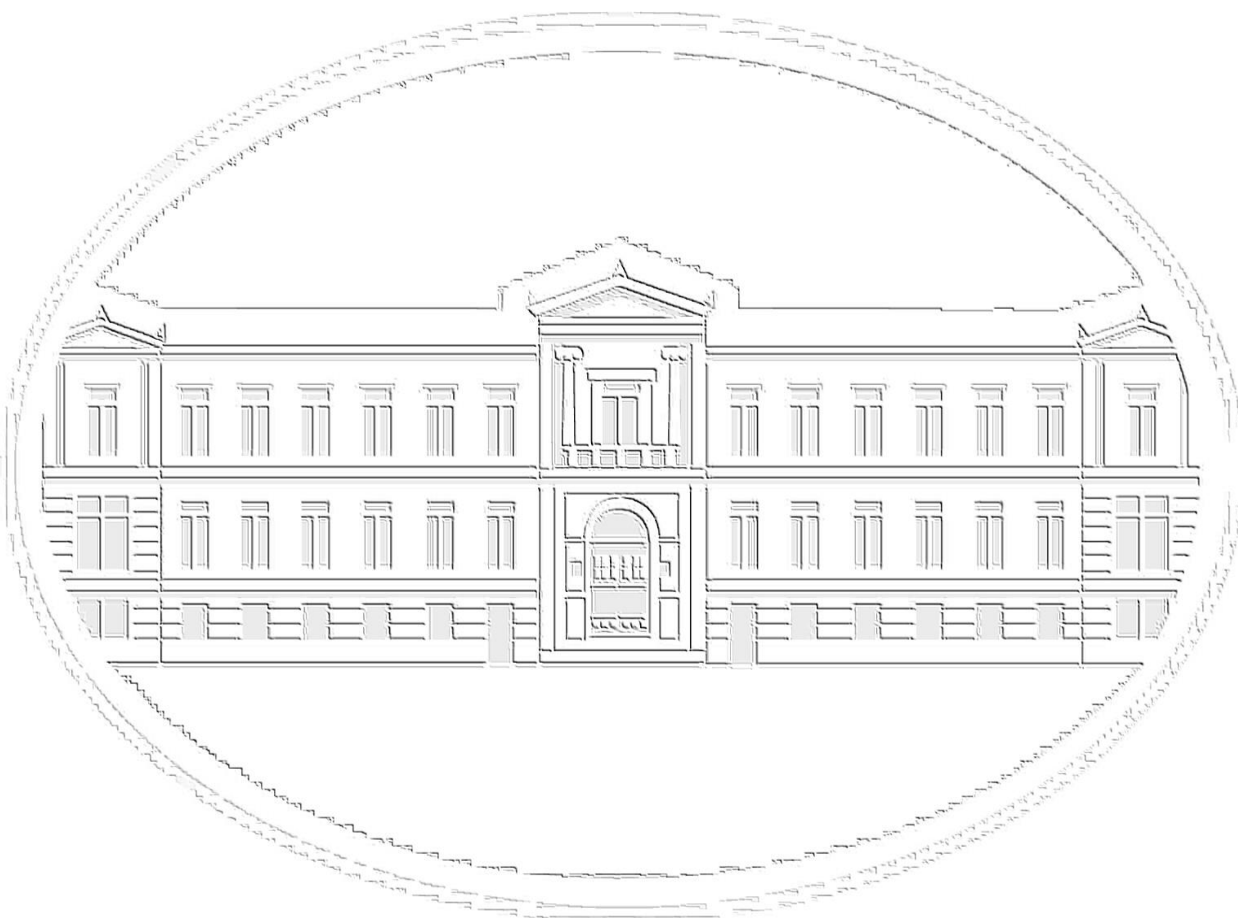
National Bank of Greece S.A.



Group and Bank

Annual Financial Report

31 December 2018

March 2019

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Certification by the Chairman of the Board of Directors, the Chief Executive Officer and the Board of Directors member pursuant to Article 4 of Law 3556/07

We, the members of the Board of Directors of National Bank of Greece S.A. certify that to the best of our knowledge:

(1) The financial statements for the annual period ended 31 December 2018 have been prepared in accordance with the applicable accounting standards and present a true and fair view of the assets, liabilities, equity and results of operations of the Bank and of the companies included in the consolidation.

(2) The Board of Directors annual report fairly presents the evolution, the performance and the position of the Bank and of the companies included in the consolidation, including the description of the main risks and uncertainties they face.

Athens, 29 March 2019

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE BOD MEMBER
COSTAS P. MICHAELIDES	PAUL K. MYLONAS	ANDREW J. MCINTYRE

Board of Directors' Annual Report

on the consolidated financial statements of National Bank of Greece S.A. for the financial year 2018

Efforts of National Bank of Greece S.A. ("NBG") to turnaround operating profitability bore fruit in the fourth quarter of 2018. Core operating profitability reached €114 million in 2018 compared with losses of €103 million in 2017. Most importantly, Net Interest Income ("NII") has reversed trend, in the fourth quarter, operating costs (excluding restructuring costs such as the Voluntary Exit Scheme ("VES")) declined by 4% quarter over quarter ("qoq"), starting to reflect the impact of the 750 Full time equivalent personned ("FTE") VES (which mainly occurred in the second half of 2018), and the Cost of Risk ("CoR") continued to decline, reaching 113bps for the financial year ("FY") 2018.

2019 is a pivotal year, as National Bank of Greece ("NBG" or the "Bank") capitalizes on balance sheet strengths and makes significant progress on improving operating profitability and reducing Non-Performing Exposures ("NPEs") aggressively, significantly improving 2019 Group operating profit. Moreover, NII will benefit by €113 million on an annualized basis from the exchange of the Greek State interest rate swap ("IRS") for Greek government bonds conluded in mid-February, also simplifying the Bank's asset structure, improving liquidity and reducing further funding costs. Fee and commission income will be supported by loan origination, following buoyant disbursements of €1.2 billion in the fourth quarter of 2018. With Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") ratios well above 100%, and a substantial cash buffer, NBG is taking the driver's seat in new corporate disbursements. Finally, the decline in staff costs will accelerate, reflecting both the current VES, as well a new larger scale VES to be launched before mid-year.

NBG's new NPE operational targets are front-loaded and more aggressive, aiming for an NPE reduction by €11.5 billion by 2021 at the Group level, of which €4.5 billion in 2019, facilitated by NBG's high coverage ratio of 59%. The NPE ratio will be in the low teens by 2021, and near mid-single digits by 2022.

Aiming to capitalize on NBG's strong competitive advantages, also addressing weaknesses to unlock the Bank's profitability potential, NBG's large scale Transformation program (see below) has an ambitious set of financial and business targets for 2019-2022, focusing on specific strategic areas

The National Bank of Greece S.A. ("NBG") transformation

On 26 July 2018, when addressing the shareholders at the Annual General Meeting, the Chairman of the Bank Mr. Costas Michaelides and the Chief Executive Officer ("CEO") Mr. Paul Mylonas announced the launch of a far-reaching transformation of NBG going forwards. They stated the Board of Director's decision to steer the Bank towards new destinations and respond effectively to the challenges presented by the rapidly changing economic and banking environment. Therefore, NBG embarked into a journey to transform itself deeply and radically. Building upon its long-lasting tradition of trust and service to society, NBG's Top Management has designed a rigorous and appropriate Transformation Programme management and delivery mechanism.

Key aspects of the program include

The Transformation Programme will be delivered within six (6) work streams, each to be led by a General Manager, member of the Bank's Executive Committee. These workstreams take into account the executives functional areas, but strongly encourage cross-functional oversight as well.

More specifically the workstreams are:

- **Healthy Balance Sheet ("HBS") Workstream**: relating to the reduction of Non-Performing Exposures ("NPEs"), the optimization of capital requirements and the Group's funding structure.
- **Efficiency & Agility ("ENA") Workstream**: relating to the timely and sustainable reduction of costs, as well as to the optimization of the Branch network footprint.
- **Best Bank for our Clients ("BBC") Workstream**: relating to Retail and Corporate service and coverage model, product offerings, digital proposition, use of analytics and branding.
- **Technology & Processes ("TEP") Workstream**: relating to the underlying technological platform of the Bank as well as to the redesign of its processes towards an efficient and agile operating model.
- **People, Organization & Governance ("POG") Workstream**: relating to the redesign of the Human Resources framework, the target organizational structure and the introduction of a unified, comprehensive and rigorous Performance Management System.
- **Visibility, Controls & Compliance ("VCC") Workstream**: relating to the delivery of a Bank-wide value based management framework, the management of non-financial risks, risk culture, as well as a focused mechanism for the enhancement of its system of internal controls.

Developments of NBG Group in 2018

Completed disposals of subsidiaries

Sale of Banka NBG Albania Sh.A to American Bank of Investments SA ("ABI")

On 2 February 2018, NBG entered into a definitive agreement for the sale of its entire stake (100.00%) in its subsidiary, Banka NBG Albania Sh.A. ("NBG Albania") to American Bank of Investments SA. On 3 July 2018, following the receipt of the required regulatory approvals from i) the Bank of Albania and ii) the Competition Authority of Albania, the Bank announced the completion of the sale. The agreed consideration for the sale amounted to €25 million.

With the successful completion of the transaction, which has taken place in the context of NBG's Restructuring Plan, the Group's Common Equity Tier 1 ("CET1") ratio increased by circa 11 bps, following the capital impact already booked in the fourth quarter of 2017 upon signing of the agreement.

Sale of South African Bank of Athens Ltd ("S.A.B.A.") to AFGRI Holdings Proprietary Limited

On 22 December 2016, the Group entered into a definitive agreement with AFGRI Holdings Proprietary Limited ("AFGRI"), a company incorporated in the Republic of South Africa for the divestment to AFGRI of its 99.83% stake in S.A.B.A. On 4 October 2018, following the receipt of the required regulatory approvals from i) the South African Reserve Bank, (ii) the South African Ministry of Finance and (iii) the South African Competition Commission and Competition Tribunal, the Bank announced the completion of the sale with the control of S.A.B.A. passed to AFGRI. The agreed consideration for the sale of the subsidiary amounts to €18 million (ZAR 301 million).

With the successful completion of the transaction, which has taken place in the context of NBG's Restructuring Plan, the Group's CET1 ratio increased by circa 6 bps, in 2018.

NBG participation in the short term measures of Greek debt restructuring through a Bond Exchange program

Based on the implementation of the short-term debt relief measures beginning in early 2017, endorsed from Eurogroup on 5 December 2016, these measures included, among others, a bond exchange of the floating rate notes used for Greek banks' recapitalization for fixed-rate notes with much longer maturities, with a view of stabilizing interest rates and smoothen the future debt repayments profile for the Greek State.

In this context, in 2017, from February and up to December, the Bank participated in the Bond Exchange Program of European Financial Stability Facility ("EFSF")/ European Stability Mechanism ("ESM") bonds of total amount with the nominal amount of €8.0 billion. During 2017, the Bank participated in the Bond Exchange Program with €7.1 billion. The bonds were sold at their carrying amount, therefore, it had no impact on the Bank's and the Group's income statement.

The process of Bond Exchange Program was completed in January 2018 with the sale of €1.0 billion and all outstanding EFSF/ESM bonds have been sold.

Transition to International Financial Reporting Standard 9 ("IFRS 9") as of 1 January 2018

As of 1 January 2018, IFRS 9 "Financial Instruments" replaced International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for a) the classification and measurement of financial instruments, b) impairment of financial assets and c) hedge accounting.

In order to comply with the requirements of the new Standard, the Group established an IFRS 9 implementation program ("the IFRS 9-Program") to ensure a timely and high quality implementation, in accordance with the standard and additional regulatory guidance. The IFRS 9-Program involves Finance, Group Risk Control and Architecture Division ("GRCAD"), Management Information and IT Divisions across the Group and is overseen by a Project Steering Committee. This Committee comprises of the CEO (Chair), Group Chief Financial Officer ("CFO"), Group Chief Risk Officer ("CRO"), Group Chief Operating Officer ("COO"), Group Treasurer and the General Managers of Retail, Corporate Banking, Corporate Special Assets and International Activities Divisions of the Bank. A full-time Project Management Office ("PMO") was setup and a Project Manager assigned. Subject matter experts were also appointed to assist in model development of IFRS 9 compliant credit risk parameters. The Board Risk Committee, Audit Committee and Board of Directors were regularly updated by the Executive Management on the status of the IFRS 9-Program.

Impact from the first time adoption of IFRS 9 on shareholders' equity as of 1 January 2018

The adoption of IFRS 9 on 1 January 2018 decreased the Group's and the Bank's shareholders' equity by approximately €1.5 billion, of which €1.3 billion respectively, due to changes in impairment requirements and €0.2 billion respectively, due to classification and measurement. A deferred tax asset of €6 million and Nil was recognised by the Group and the Bank respectively, in accordance with the Group's accounting policy for recognition of deferred tax assets. Refer to Note 2.31 to the annual Financial Statements of the Group and the Bank for the year ended 31 December 2018.

By applying the regulatory transitional arrangements for 2018, the Group's and the Bank's CET1 ratio as at 31 December 2017, decreased by approximately 58bps at 16.4% and 12bps at 16.7% respectively. On a fully loaded basis, as at 31 December 2017 the Group's CET1 ratio decreased by approximately 373bps at 13.2%, while the Bank's CET1 ratio decreased by approximately 408bps at 12.8%.

The above IFRS 9 impact estimates are based on the accounting policies, assumptions and judgments of the Group and are included in Notes 2 and 3 to the annual Financial Statements of the Group and the Bank for the year ended 31 December 2018. For more details, please also refer to Note 48.

2018 EU wide stress test

On 31 January 2018 the European Central Bank ("ECB") commenced the stress test exercise relating to the four systemic Greek banks (Alpha Bank, Eurobank, National Bank of Greece and Piraeus Bank) with the publication of the macroeconomic scenarios to be used by the banks. The stress test of the four systemic Greek banks was conducted on an accelerated timeline compared to the other in scope banks in order to allow the results to be published before the end of the Third Program[1] for Greece (August 2018), but following the same European Banking Authority ("EBA") approach and methodologies as that applied to the other EU banks. The results for the four systemic Greek banks were announced by the Supervisory Board of the ECB on 5 May 2018, and showed that in the adverse scenario, the average Common Equity Tier 1 ("CET1") capital depletion was 9 percentage points, equivalent to €15.5 billion across the four systemic Greek banks.

The Bank conducted the stress test exercise using the EBA methodology, the benchmark parameters, macroeconomic scenarios and shocks provided by the EBA and the ECB, as well as any additional guidance and notes published and/or relayed though formal communication channels. As a result, under the EBA adverse scenario, the CET1 ratio declined by 9.6 percentage points ("ppts"), reaching a CET1 level of 6.9% in 2020, including an IFRS 9 impact of -70 bps post 1 January 2018 and a CRD IV (as per Directive 2013/36/EU and the EU Capital Requirements Regulation (together, the "CRD IV")) impact of -20bps. Under the baseline scenario, the CET1 ratio of the Group declined by 50bps reaching 16.0% in 2020, including an impact of -70bps from IFRS 9 phased in adoption and -20bps from CRD IV. Following the supervisory dialogue, the Bank was informed that the stress test outcome, along with other factors, have been assessed by Single Supervisory Mechanism's ("SSM's") Supervisory Board pointing to no capital shortfall and that no capital plan was deemed necessary as a result of the exercise.

The stress test results informed the 2018 Supervisory Review and Evaluation Process ("SREP"), challenging banks' capital plans and leading to relevant supervisory outcomes. The stress test has also provided enhanced transparency so that market participants can compare and assess the resilience of EU banks on a consistent basis.

Appointment of Mr. Paul Mylonas as the Bank's Chief Executive Officer following the resignation of Mr. Leonidas Fragkiadakis

On 4 May 2018, the Board of Directors accepted the resignation of the Bank's CEO, Mr. Leonidas Fragkiadakis. At the same meeting, the Board of Directors announced that it decided to proceed promptly with the formulation and implementation of a new strategy following the completion of the biggest part of the Revised Restructuring Plan. The Board of Directors appointed Deputy Chief Executive Officer Mr. Paul Mylonas as Acting CEO of the Bank, and commenced a recruitment process for appointing a new CEO.

Subsequently, on 18 July 2018, the Board of Directors of NBG unanimously elected Mr. Paul Mylonas as CEO of the Bank.

Completion of the transaction for the disposal of a portfolio of non-performing unsecured retail and small business loans in Greece

On 2 July 2018, NBG completed the disposal of a portfolio of non-performing unsecured retail and small business loans in Greece, of an outstanding principal amount of c. €2.0 billion, to CarVal Investors and Intrum AB (see Note 21).

The transaction was part of NBG's NPE management strategy and in accordance with the NPE reduction plan submitted to SSM. The consideration of the transaction, which amounted to c. 6% of the total outstanding principal amount, was capital accretive adding circa. 18 bps in CET1.

2018 Reverse split

On 26 July 2018, the Annual General Meeting of the Bank's shareholders approved to increase the nominal value of each common voting share of the Bank from €0.30 to €3.00 per share and simultaneously combining and decreasing the total number of shares by a ratio of 10 old shares for 1 new, that is from 9,147,151,527 to 914,715,153.

The reverse split was approved by Athens Exchange Corporate Actions Committee on 24 August 2018. The trading of the old shares ceased on 29 August 2018 and the trading of the new shares commenced on 3 September 2018.

[1] The third economic adjustment program for Greece implemented in August 2015

Issuance of debt securities

On 30 July 2018, the Bank issued under its Covered Bond Programme II, a five-year fixed rate €200 million Covered Bond at 1.85% coupon and yield, of which €100 million were privately placed with the European Investment Bank ("EIB") in the context of financing loans to medium-sized enterprises ("SMEs")and medium-sized companies ("Mid-Caps"), and the remaining €100 million have been initially retained by the Bank. The Bank and EIB have agreed, that the EIB, subject to the agreement to the Bank, may purchase the remaining retained covered bonds in the following six months, at the same price levels. The Bank's actual cost is 1.42% per annum, as the EIB returns to NBG part of the coupon, in accordance to its mandate to increase the available financing for SMEs and Midcaps. As of 31 December 2018, €100 million were already placed with EIB and on 12 February 2019 the remaining €100 million was placed with EIB.

Furthermore, on 14 August 2018, the Bank issued under its Covered Bond Programme II, one-year fixed rate €600 million Covered Bond at 0.75% coupon and yield, which has been retained by the Bank and used as collateral for the main refinancing operations of the ECB. Subsequently, on 11 January 2019, the Bank proceeded with the cancelation of €100 million of this issuance.

Agreement between the four Greek systemic banks and doBank S.p.A. for the management of a portfolio of NPEs with a value of €1.8 billion

On 31 July 2018, the four systemic Banks (Alpha Bank, National Bank of Greece, Eurobank and Piraeus Bank) entered into an internationally innovative servicing agreement with the credit institution specialized on servicing of non-performing loans, doBank S.p.A ("doBank"). This agreement is part of the strategic framework of the Greek systemic Banks to reduce their non-performing exposures by protecting the viability of SMEs and supporting the recovery of the Greek economy.

Voluntary exit scheme

During 2018 and in the context of the on-going VES as initiated in December 2016, 622 and 615 employees for the Group and the Bank, respectively, participated in the scheme. Furthermore, in 2019 and up to March 2019, 121 employees and 118 employees for the Group and the Bank, respectively, participated in the scheme.

SSM On-site inspection – Mortgage Portfolio

Since September 2018, the Bank is subject to an On-site inspection with the purpose of assessing its Mortgage Portfolio through a Credit Quality Review. The inspection is carried out according to the supervisory examination programme adopted by the ECB and is expected to be finalized by May 2019.

Planned disposals of subsidiaries

National Bank of Greece (Cyprus) Ltd

The divestment of NBG (Cyprus) Ltd ("NBG Cyprus") is an obligation of the Bank under its Restructuring Plan that was approved by its Board of Directors on 4 December 2015. The sale process for NBG Cyprus commenced in April 2018. Given that the process is in an advance stage, the Bank is expecting to conclude the sale of NBG Cyprus within the next 12 months.

National Bank of Greece – Egyptian Branch Network

The divestment of NBG's Branch Network in Egypt ("NBG Egypt") is an obligation of the Bank under its Restructuring Plan. On 31 January 2018, the Board of Directors of the Bank resolved to apply to the Central Bank of Egypt in order to commence the sales process, as per the local regulatory requirement.

The application was finally submitted to on March 2018, the approval to commence the sales process was granted in July 2018 and the sales process was launched in October 2018, the Bank is expecting to conclude the sale of NBG Egypt within the next 12 months.

Grand Hotel Summer Palace S.A.

On 18 October 2018 the Bank announced the opening of the sale process of its total shareholding in its 100% subsidiary Grand Hotel Summer Pallas S.A. ("Grand Hotel") through an open auction with seal bids on 10 December 2018. Upon completion of the aforementioned process the Bank on 14 January 2019 entered into a sale agreement with the highest bidder, Mitsis Company S.A., to dispose of its 100% stake in Grand Hotel. The agreed consideration for the sale amounted to €50 million.

Closing of the transaction is expected in the second quarter of 2019.

Sale of Banca Romaneasca S.A.

On 26 July 2017, NBG entered into a definitive agreement with OTP Bank Romania ("OTPR") for the divestment to OTPR of its 99.28% stake in its Romanian subsidiary Banca Romaneasca S.A. ("Romaneasca").

However, on 19 March 2018, the Bank announced that the National Bank of Romania ("NBR") rejected OTPR's application to acquire 99.28% of Romaneasca as NBR's approval of OTPR, as the new shareholder of Romaneasca, was a condition precedent for the closing of the transaction. The Share Purchase agreement between the Bank and OTPR was terminated on 13 April 2018.

Following the NBR rejection, the Bank started a new sale process in June 2018 approaching a wide range of potential buyers. Binding offers were received in December 2018. The Bank expects to conclude the sale within the next 12 months and therefore Romaneasca remains classified as held for sale and discontinued operations.

Sale of a majority equity holding in Ethniki Hellenic General Insurance S.A. ("Ethniki Insurance" or "NIC")

On 27 June 2017, the NBG's Board of Directors approved the divestiture of a 75% stake in NIC to EXIN Financial Services Holding B.V. ("EXIN") and the establishment of an exclusive bancassurance agreement, to govern the distribution of products of NIC via the NBG network.

However, on 28 March 2018, which was the last date ("Longstop Date") for EXIN to fulfil certain condition precedents specified in the Share and Purchase Agreement ("SPA") entered into between NBG and EXIN, the Bank took note that such condition precedents were not fulfilled and henceforth decided to terminate the SPA on the 29 March 2018.

Following a decision by the Bank's Board of Directors and in consultation with the Hellenic Financial Stability Fund ("HFSF"), the Bank renewed the sale process of NIC with the remaining selected bidders that participated in the last stage of the binding offers phase in May 2017 and received an updated binding offer. However, following the examination and assessment of the various aspects of the binding offer received, including certainty of the successful conclusion of the transaction, the Bank decided not to proceed with further negotiations with the prospective investor.

NBG remains committed to implementing alternative options of compliance with its Commitments under the Restructuring Plan as agreed with the DG Competition.

NBG considers that the sale is highly probable, given that it is preparing towards relaunching the sales process in the second quarter of 2019, hence it is expected that the sale being concluded within 12 months. For this reason NIC remains classified as held for sale and discontinued operations.

Recent developments

Amendment to the shareholders' agreement between NBG and INVEL Group

On 4 January 2019, a second amendment to the shareholders' agreement between the two entities took place, as first signed on 30 December 2013 and amended on 18 August 2015. The matter of this amendment agreement was the extension of the duration of the said Shareholders' Agreement by three months, i.e. from 31 December 2018 to 31 March 2019. This extension of the said Agreement also implies the corresponding extension of INVEL's call option on the shares held by NBG at the weighted average price of NBG Pangaea REIC in the last quarter of 2018 and on the basis of the other terms and conditions set out in the shareholders' agreement, as applicable after this latest amendment.

The said extension of the duration of the shareholders' agreement for a three-month period results in a continuation of NBG's control, over the same period, of NBG Pangaea REIC, under the terms stipulated in the relevant provisions of the shareholders' agreement, as published each year in the financial statements of NBG Pangaea REIC.

Exchange of interest rate swap ("IRS") contract with the Hellenic Republic with Greek government bonds

On 15 February 2019 the Bank announced that the Hellenic Republic and NBG have agreed to cancel the IRS contract of 31 December 2008, whose initial nominal value was €5,500,000,000. This instrument was replaced with Greek Government bonds maturing 2023, 2025 and 2026 of a total nominal value of €3,314,250,000, which was the value of the IRS on NBG's balance sheet at the transaction date (excluding credit risk adjustements). The Greek Government bonds received NBG have the following terms:

ISIN	Maturity	Coupon	Nominal Value
GR0112009718	20/3/2023	2.90%	€250,250,000
GR0116007924	20/3/2025	3.25%	€964,000,000
GR0118018663	20/3/2026	3.55%	€2,100,000,000

NBG recognised a gain of €46 million from the transaction in the first quarter of 2019, which includes the release of the Credit Valuation Adjustment ("CVA") on the Swap with the Hellenic Republic and the allowance for expected credit losses on the GGBs acquired. Furthermore, the Greek government bonds earn annual interest income of €113 million, while eliminating the need to hedge the IRS (together with the substantial associated cost). It also simplifies the Bank's asset structure, securing a reduction in funding costs, and further enhancing the liquidity coverage ratio ("LCR").

This transaction is part of NBG's strategic plan that aims at the effective leverage of the Bank's strong liquidity, and significant strengthening of the Group's net interest income and return on equity.

NBG files Form 15F to terminate SEC registration and reporting obligations

On 18 March 2019, NBG announced that it has filed a Form 15F with the U.S. Securities and Exchange Commission (the "SEC") in order to terminate its registration and reporting obligations under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result of this filing, NBG's reporting obligations with the SEC, including its obligations to file annual reports on Form 20-F and reports on Form 6-K, will be suspended immediately.

The filing of a Form 15F immediately and automatically suspends NBG's reporting obligations. After 90 days, if the SEC does not object, the suspension becomes a permanent termination of SEC reporting obligations. Until the termination of registration becomes effective, NBG will continue to comply fully with all other requirements applicable to foreign private issuers registered under the Exchange Act.

On 15 November 2017, NBG announced that its Board of Directors has resolved to voluntarily terminate the amended and restated deposit agreement dated 28 May 1998 (the "Agreement"), between NBG and The Bank of New York Mellon, as depositary (the "Depositary") relating to its American Depositary Receipts each representing one ordinary share ("ADRs"). This resolution was adopted following the suspension of trading in the ADRs by the New York Stock Exchange (the "NYSE") and, pursuant to a Form 25 filed by the NYSE with the SEC on 12 December 2015, the delisting of the ADRs from the NYSE. Following the termination of NBG's ADR program on 15 March 2018, the underlying ordinary shares of NBG continued to trade on the Athens Exchange.

The Board of Directors of NBG weighed the benefits of maintaining the ADR program against the associated costs and risks and determined that terminating the ADR program is in the best interest of NBG due to the limited size of the ADR program, the costs associated with such program and NBG's reporting, filing and compliance obligations under the Exchange Act.

ECB Sensitivity analysis of Liquidity Risk – Stress Test 2019 ("LiST")

Since February 2019, the four Greek Systemic Banks are subject to a LiST exercise carried out by the ECB. The exercise is performed according to the methodology, scenarios and templates developed by the ECB. The LiST for the four Greek Banks is expected to be finalized by May 2019.

Financial Results for the year ended 31 December 2018

Capital position

Group Common Equity Tier 1 ("CET1") ratio at 31 December 2018, by applying the IFRS 9 regulatory transitional arrangements stood at 16.1%, and remains above regulatory requirements. Furthermore, it incorporates the reduction of the Risk Weighted Assets ("RWAs") due to the disposal of the Albanian operations and S.A.B.A. completed on 3 July 2018 and 4 October 2018, respectively and includes the impairment charges on Romaneasca, NBG Cyprus and NBG Egypt. The completion of these transactions will benefit capital through RWA deconsolidation, currently not factored in the capital ratios.

Profitability

Group:

Continuing operations**:** Group profit from continuing operations in FY.18, excluding the one-off cost of the ongoing Voluntary Exit Scheme ("VES") of €66 million and the restructuring costs of €12 million, amounted to €50 million compared to losses of €158 million in FY.17, mainly due to decline in loan impairments offset by reduced Net Interest Income ("NII").

Discontinued operations**:** Loss from discontinued operations in FY.18 amounted to €22 million from loss €254 million in FY.17. In FY.18, the losses included the impairment losses of €39 million from NBG Cyprus, €9 million from NBG Egypt and €18 million from Romaneasca, as well as, a loss of €9 million from the completed sale of S.A.B.A., partly offset by the €52 million profits of the insurance subsidiary. In FY.17, the losses included the impairment losses of €86 million and €39 million for Romaneasca and NBG Albania, as well as, a loss €237 million from the completed sale of the Serbian operations, relating mainly to recycling of currency translation differences from other comprehensive income with zero impact on equity and regulatory capital, offset by the gain on disposal of the Bulgarian operations of €48 million and profits of €67 million of the insurance subsidiary.

Greece:

Profit after tax for the period from continuing operations, excluding one-off cost of the ongoing VES of €66 million, and restructuring costs of €12 million, amounted to €32 million in FY.18 against losses of €175 million in FY.17, reflecting the CoR decrease (-144 bps year-over-year ("yoy"), which more than offset the NII pressure, bringing operating result to positive territory of €71 million against losses in FY.17 of €135 million.

In 2018, NII declined by 20% yoy to €1,029 million, negatively affected by the IFRS 9 adoption and the one-off impact from the repricing of part of the mortgage book linked with Greek 12-month T-bills in H1.18, as well as the impact of restructurings and deleveraging on the retail book.

Net fee and commission income increased in FY.18 by4.6% yoy, driven by the elimination of Emergency Liquidity Assistance ("ELA")-related fees.

Operating expenses in FY.18, amounted to €875 million from €868 million in YE.17, an increase of 0.8% y-o-y, incorporating one-off personnel costs related to retroactive pay and special unit performance based payments, as well as to information technology, ATM & POS and increased advertising expenses. Personnel expenses were broadly stable yoy, yet are expected to decrease post the successful VES completion, with related participation at circa 750 FTEs.

Loan impairments amounted to €293 million in FY.18 from €771 million the previous year, aided by recoveries related to the €2 billion NPL disposal. As a result, in FY.18 CoR settled at 102bps from 252bps in FY.17, constituting the key driver for the return to operating profitability.

SE Europe:

In SE Europe[2], gains from continuing operations in FY.18 reached €18 million, flat compared to FY.17 (€17 million).

Asset Quality

NPE reduction continued in 2018, driven by a sharp pick up in liquidations, net recoveries and debt forgiveness, with the stock of domestic NPEs down by €2.0 billion from 31 December 2017. Excluding accounting write offs, negative NPE formation reached €337 million in Q4.18 (-€2 million in Q3.18). The NPE movement in 2018 incorporates the completed NPL disposal in July 2018 of an unsecured retail and small business lending portfolio in Greece of an outstanding principal amount of circa €2 billion. The consideration of the transaction, which amounted to circa 6% of the outstanding principal amount, was capital accretive adding circa 18bps to CET1.

Following the NPL sale, the NPE stock for the Bank amounted to €15.4 billion on 31 December 2018, exceeding the SSM target. The Bank's net NPE reduction achieved since end-2015 amounts to €6.1 billion, reflecting negative NPE formation of €2.4 billion, as well as fully provided write offs (€3.7 billion), circa €2 billion of which were subsequently sold.

The NPE ratio in Greece dropped by 140 bps in YE.18 to 41.1%, with NPE coverage settling at 59.0%.

Domestic 90dpd formation also remained in negative territory in YE.18 (-€513 million). 90dpd ratio settled at 29.6% (-242bps in YE.18) on coverage of 81.6% (80.7% at the Group level).

In SE Europe[2], the 90dpd ratio in YE.18 settled at 35.8% (from 33.2% in YE.17) on coverage of 63.9% (from 59.5% in YE.17).

Enhanced Liquidity

Group deposits increased by 8.6% to €43.0 billion as of 31 December 2018 compared to 31 December 2017, reflecting deposit inflows of €3.4 billion in Greece, despite continuous capital control relaxation. Domestic deposits amounted to €41.7 billion on YE.18 from €38.4 billion on YE.17. In SE Europe[2], deposits remained almost stable at €1.3 billion.

As a result, NBG's Loan to Deposit ratio decreased further to 68.9 % in Greece (76.2% in YE.17, as adjusted per IFRS 9) and 70.0% at the Group level.

Eurosystem funding decreased by €0.5 billion and amounted to €2.25 billion as at 31 December 2018, from €2.75 billion as at 31 December 2017 and from €12.3 billion at end-Q4.16, comprising of Targeted Long-term Refinancing Operations ("TLTROs") funding from the ECB, with the Bank enjoying a large liquidity buffer. Group Liquidity Coverage Ratio ("LCR") has restored above 100% in July 2018 and further increased thereafter, reaching the highest level of 144% at year end. Moreover, Group Net Stable Funding Ratio ("NSFR") exceeded the minimum regulatory threshold of 100% for the first time in September 2018 and stood at 108% on 31 December 2018.

The removal of ECB's waiver in August 2018 did not affected NBG's funding cost, as Greek government bonds and treasury bills were replaced by investment grade covered bonds.

Furthermore, the Bank agreed in mid-February 2019 to replace the Greek State interest rate swap ("IRS") with Greek government bonds earning annual NII and profit before tax of €113 million, also simplifying the Bank's asset structure, increasing liquidity and reducing funding costs.

The enhanced liquidity profile facilitates NBG's credit expansion plans, with corporate disbursements reaching €2.6 billion in 2018 (of over €1 billion in Q4.18) and corporate performing balances expanding, hitting 3-year highs.

Going concern

Liquidity

As at 31 December 2018, the funding from ECB amounted to €2.25 billion, from €2.75 billion as at 31 December 2017. Furthermore, as of 31 December 2018 the Bank had entered into secure interbank transactions with foreign financial institutions of €5.4 billion, while the Bank's Eurosystem liquidity buffer stood at €9.3 billion (cash value).

[2] SE Europe includes the Group's businesses in North Macedonia (Stopanska Banka A.D.-Skopje), Malta (NBG Malta Ltd) and Cyprus (CAC Coral Limited.

Capital adequacy

The Group's CET1 ratio at 31 December 2018 was 16.1% exceeding the Overall Capital Requirement ("OCR") ratio of 12.875% and 13.75% for 2018 and 2019, respectively (see Note 4.7 Capital adequacy).

2018 Stress Test

Between February and April 2018, the ECB conducted a Stress Test Exercise on the four Greek Systemic Banks. The exercise was performed following the same approach of European Banking Authority ("EBA") exercise in terms of methodology, templates, scenarios and quality assurance of the results. The 2018 Stress Test results were published on 5 May 2018 and ECB has not requested NBG to submit a capital plan.

Going concern conclusion

The Board of Directors concluded that the Bank is a going concern after considering (a) the decreased ECB funding and the current access to the Eurosystem facilities with significant collateral buffer (b) the Group's CET1 ratio of 31 December 2018 which exceeded OCR requirements even after the adoption of IFRS 9, (c) the results of the recent Stress Test exercise, based on which no capital plan was deemed necessary (see above "*2018 Stress Test*" and Note 4.7 Capital adequacy) and (d) the recent developments regarding the Greek economy and the latest estimates regarding macroeconomic indicators, as discussed below (see "*Economic activity in Greece accelerated in 2018, on the back of increasing net exports and strengthened private consumption*" "*Developments in the assessment of Greece's creditworthiness*" and "*Anticipated developments (risk and uncertainties*)").

Restructuring Plan

The Group is subject to European Union rules on state aid in light of the aid received from the HFSF and the Hellenic Republic. These rules are enforced by the Directorate General for Competition of the European Commission ("DG Competition"). Under these rules, the Bank's operations are monitored and limited to the operations approved in the 2015 Restructuring Plan, which aims to ensure the Bank's return to long term viability. The Bank is in discussions with the DG Competition for the prolongation and amendment of certain commitments set out in NBG's 2015 Restructuring Plan which expired on 31 December 2018 (the "Amended Commitments"). The DG Competition's decision on the Amended Commitments is expected to be adopted after the publication of this Annual Financial Report for the year ended 31 December 2018.

Trend information

The recovery of the Greek economy is expected to continue in 2019, driven by increased exports and tourism, improvement in labor market conditions, as well as the successful completion of the Third Program. This is a significant enabler for the Bank to achieve profitability and start growing its capital internally, to outweigh the impact on regulatory capital from the phased-in application of IFRS 9.

Within this improved financial and business environment, the Bank managed in 2018 to reduce further its non-performing exposures by €2.0 billion. At the same time, the Bank improved its liquidity position, having zero exposure to ELA, creating a significant liquidity reserve, regaining access to the financial markets and maintaining the lower cost of funding in the Greek banking system.

In July 2018, the Bank completed successfully the disposal of a portfolio of non-performing unsecured retail and small business loans in Greece, of an outstanding principal amount of c. €2.0 billion, which had a positive effect on profitability and capital. On 31 March 2019, the Bank will submit to the SSM an updated NPE strategy with even more aggressive targets, aiming to accelerate further the NPE reduction, achieving an NPE ratio below 15% by 2021.

Further to the above, the four systemic Banks (Alpha Bank, National Bank of Greece, Eurobank and Piraeus Bank) on 31 July 2018 entered into an internationally innovative servicing agreement with a credit institution specialized on servicing of non-performing loans, doBank S.p.A ("doBank"). This agreement is part of the strategic framework of the Greek systemic Banks to reduce their non-performing exposures by protecting the viability of small and medium enterprises ("SMEs") and supporting the recovery of the Greek economy.

The Bank with the adoption of IFRS 9 implemented a comprehensive provisioning policy, applying the stricter definition of default as per the EBA regarding the non-performing exposures. The coverage ratio for non-performing exposures from accumulated provisions increased to 59.9% at 31 December 2018. Against this context, and given the improvement in economic and banking conditions, the Group managed to substantially reduce the Cost of Risk in 2018 to 113 bps, contributing decisively to its return in organic profitability.

In terms of liquidity, the Bank managed from November 2017 to fully eliminate its dependence on ELA. This is due to the effective implementation of its Revised Restructuring Plan, the regaining of its access to interbank and money markets, the deleveraging of the loan portfolio and the gradual return of deposits. At the same time, NBG's low financing cost, reflects its significant market share in savings deposits and its optimal management of funding sources. Moreover, following the official ECB statement, of non-inclusion in the bond-buying program ("QE") program the Greek government bonds and the removal of the waiver that allows Greek debt to be accepted as collateral from the ECB ("waiver"), the Bank has anticipated these developments, and proactively implemented its strategy for increasing its liquidity instruments that are acceptable by the Eurosystem, or can be placed with the market. Specifically, on 30 July 2018 and on 14 August 2018, the Bank issued new covered bonds of €200 million of which the amount of €100 million were privately placed and €600 million which has been retained by the Bank and used as collateral for the main refinancing operations of the ECB,

respectively (see above "*Issuance of debt securities*"). These covered bonds are investment grade as they have been rated as BBB- by S&P and replaced Greek government bonds and treasury bills as collateral with the ECB. Subsequently, on 11 January 2019, the Bank proceeded with the cancelation of €100 million of the €600 million issuance and on 12 February 2019, the remaining €100 million placed with EIB of the €200 million issuance.

Following the above, since July 2018, the LCR exceeds the minimum regulatory requirement of 100% at both Bank and Group level, reaching at 31 December 2018 128.4% and 143.9%, respectively.

Furthermore, the exchange of the interest rate swap with the Hellenic Republic with Greek government bonds (see above) has a positive impact for NBG as the Greek government bonds will earn annual interest income of €113 million, while eliminating the need to hedge the IRS (together with the substantial associated cost). It also simplifies the Bank's asset structure, securing a reduction in funding costs, and further enhancing the LCR. This transaction is part of NBG's strategic plan that aims at the effective leverage of the Bank's strong liquidity, and significant strengthening of the Group's net interest income and return on equity.

In the context for further increasing profitability, the Bank will continue to focus on improving its cost structure by implementing VES initiatives and reducing general and administrative expenses, in alignment with the Bank's overall strategy. Further cost reductions of general and administrative costs are expected to result from reorganization of banking operations, optimization of internal processes, and further rationalization of branch network and operations. More specifically, in 2018 the number of employees decreased due to the VES, with 622 and 615 employees for the Group and the Bank, respectively, participating in the scheme, and up to March 2019, additional 121 and 118 employees for the Group and the Bank, respectively, participated in the scheme. Furthermore, the number of branches in Greece decreased to 460 at the end of 2018 from 485 at the end of 2017 and is expected to decrease further in 2019 by 85 branches. Digitalization benefits are also to be expected in the medium term, after the relevant investments are completed (see also above "*The National Bank of Greece S.A. ("NBG") transformation*").

Based on the above, and considering the Bank's liquidity surplus, NBG focuses mainly on the financing of healthy businesses. It is worth noting that there are already signs of a recovery in the demand for business loans in 2018, with business disbursements exceeding €2.6 billion in 2018, and expected to increase further in 2019.

Regarding our planned disposals of Romaneasca, Egyptian Branch Network, NBG Cyprus and Grand Hotel (see above *"Planned disposals of subsidiaries*"), the Bank expects to conclude with the sales within 2019, with impairment losses already recognized at Group and Bank level and a gain for Grand Hotel upon sale. For the NIC, the Bank expects to conclude with the sales within 2020.

Looking forward, the Bank aims to become again the preferred partner and consultant for Greek businesses and households, by capitalizing its comparative advantages and its determination to evolve quickly. The new strategy of the Bank, as client oriented, will be characterized, in the context of consensus, transparency and clear corporate governance rules, with flexibility, operational efficiency and innovation.

NPE reduction targets

From December 2015 to December 2018 the Bank has achieved a decrease of €6.1 billion through a combination of write offs, sales and liquidations, amounting to €4.3 billion and negative NPE formation of €1.8 billion.

Based on the Bank's NPE management strategy and the associated updated financial and operational targets and key performance indicators will be submitted to the SSM at the end of March 2019, the Bank has committed to reduce further its levels of NPEs by €11.0 billion (€11.5 billion for Group level) by 2021 from the end of December 2018 (€15.4 billion for the Bank and €16.3 billion for the Group). Upon achieving these targets the NPE ratio will have been reduced to a level below 15%.

Events after the reporting period

Receivables from withholding taxes on bonds and treasury bills

On 29 March 2019, a Law amendment was passed regarding Corporate Income Tax Legislation, clarifying the status of the withholding tax receivables of banks, relating to the financial years 2009, 2011, 2012 and 2013 (tax years 2008, 2010, 2011 and 2012). Specifically for NBG, (a) taxes of €41 million, withheld in accordance with the provisions of paragraph 8 of article 12 of Law 2238/1994, are offset as a priority when income tax is incurred and to the extent that income tax is sufficient for the purposes of the above set-off, (b) withholding taxes of €162 million, which are subject to the provisions of paragraph 6 of article 3 of Law 4046/2012 and not offset within five years, are offset in equal instalments within 10 years with any tax liabilities of banks, starting from 1 January 2020.

Developments regarding the Financial and Macroeconomic environment

The global economy slowed in the second half of 2018, while downside risks to growth persist

The global economy continued to grow at a strong pace in 2018, with real gross domestic product ("GDP") increasing by 3.7% year-over-year ("yoy"), from 3.8% in 2017 (according to International Monetary Fund ("IMF") World Economic Outlook, January 2019). Nevertheless, global growth lost steam in the second half of 2018. Escalating trade concerns, less accommodative monetary policy and elevated financial markets volatility at the end of 2018 took their toll on GDP growth in major advanced economies. Specifically, in the United States ("US"), private consumption remained strong amid increasing labour market income, while business investment supported economic growth as well. Real GDP increased by 2.9% yoy in 2018, from 2.2% in 2017 despite minor disruptions due to the partial government shutdown at the end of the fourth quarter.

The euro area economy was hurt in the second half of 2018 due to slowing global trade, as did China's economy, which is a major trading partner. At the same time, sectoral (Germany's auto sector) and political (Italy, France) risk factors largely offset the still resilient domestic demand, that found support from robust employment gains and improving bank credit conditions. For 2018, real GDP advanced by 1.8% yoy, from 2.4% yoy in 2017, albeit masking the significant deceleration in growth over the course of the year. Indeed, real GDP increased by 2.3% yoy in the first half of 2018 and slowed to 1.4% yoy in the second half. In Japan, real GDP advanced by 0.8% yoy in 2018, from 1.9% in 2017. Accommodative monetary, and to a lesser extent fiscal, policy should continue to support GDP growth, albeit external sector conditions might pose a restrictive factor. Finally, activity proved weaker than expected in China, initially reflecting the authorities' efforts to stem the surging credit expansion, and later on the negative repercussions of reciprocal tariffs' imposition with the US, as well as decelerating global trade. More specifically, China's real GDP rose by 6.6% yoy in 2018, from 6.8% in 2017.

Financial markets recorded losses in 2018 as a result of a sudden surge in risk aversion due to US-China trade war concerns and fears of a more aggressive reassessment of central banks' interest rate tightening cycle. Equity market implied volatility surged, with the Chicago Board Options Exchange ("Cboe") S&P500 Volatility Index ("VIX") increasing to 17% from 11% on average in 2017, while it reached its highest levels since 2015 in February (37%) and in December 2018 (36%). In addition, domestic political woes in Italy led to a sharp rise in the 10-Year yield spread over the German Bund (+91 bps to 250 bps). Nevertheless, investors' concerns remained confined to Italy, as other Euro area periphery country bond spreads remained broadly unchanged relating to 2017. In all, financial markets ended 2018 down (MSCI ACWI World: -11.2%, S&P500: -6.2%, EuroStoxx: -14.8%). At the same time, nominal government bond yields in major advanced economies have followed diverging paths (US Treasury 10-Year Yield: +28 bps to 2.69%, German 10-Year Bund Yield: -19 bps to 0.24%), whereas speculative grade corporate bond spreads widened significantly in the Euro area (+234 bps to 506 bps) as the ECB terminated its corporate bond purchases in December 2018. Finally, the euro foreign exchange rate weakened by 4.5% against the US Dollar, inter alia, due to lower nominal yields and slightly elevated European political uncertainty.

However, since the beginning of 2019, global equity markets have recorded strong gains (MSCI ACWI World: +12.2% as of March 18th), *inter alia*, supported by easing trade tensions between the US and China and the shift in monetary policy, with major central banks adopting a patient approach regarding interest rate hikes. This factor, combined with slower growth, have led government bond yields to decline (US Treasury 10-Year Yield: -8 bps to 2.61%, German 10-Year Bund Yield: -16 bps to 0.08%). Increased risk appetite and low nominal government bond yields, have in turn increased corporate bonds' appeal for investors, with speculative grade spreads tightening by 138 bps to 395 bps in the US and by 122 bps to 348 in the Euro area.

Monetary policies in advanced economies remain supportive, although the gradual removal of accommodation continued in the course of 2018. The Federal Reserve ("Fed") increased the target for the federal funds interest rate by a cumulative 100 bps to the range of 2.25%-2.5% in 2018. The Fed began, in October 2017, to passively downsize its balance sheet reinvesting a portion, instead of the full amount, of principal payments from its holdings of Treasury and agency mortgage-backed securities that mature each month. However, in January 2019, the Fed communicated a "wait-and-see" approach to future policy changes in light of global economic and financial developments, and it is likely to end its balance sheet normalization ($4 trillion) earlier-than-expected, even during the course of 2019. On the other side of the Atlantic, the ECB has kept its benchmark policy interest rates unchanged at 0.0% (main refinancing rate) and -0.4% (deposit facility rate) during 2018, and is expected to keep them at present levels "at least through the end of 2019". In addition, the ECB completed its Asset Purchase Programme in December 2018, accumulating €2.7 trillion of assets. In March 2019, the ECB announced a new series of seven quarterly TLTROs with a maturity of two years, starting in September 2019 and ending in March 2021. The Bank of England ("BoE") raised its benchmark policy rate by 25 basis points to 0.75% in August 2018, communicating its intent to continue the "ongoing tightening of monetary policy" at a gradual pace and to a limited extent, conditioned on an orderly "Brexit" transition. The BoE will likely continue to preserve some degree of monetary policy accommodation in the short term, through maintaining unchanged the amount of UK government bonds (£435 billion) and sterling non-financial investment grade corporate bonds (£10 billion) it currently holds on its balance sheet. Finally, the Bank of Japan ("BoJ") continues the aggressive expansion of its balance sheet mainly through purchases of Government bonds and equity exchange-traded funds' ("ETFs"). At the same time, the BoJ targets 10 year Japanese government bond yields to remain around zero percent under its "yield curve control" framework (with the range of yield deviation it is willing to allow around the target at +/-20 bps) and introduced forward guidance for short-term policy rates that are expected to remain at "extremely low levels" for an extended period of time.

Economic activity in Greece accelerated in 2018, on the back of increasing net exports and strengthened private consumption

Economic activity gathered additional strength in 2018 with GDP increasing by 1.9% y-o-y – the strongest pace in 11 years – following a pick-up in GDP growth in 2017, when GDP rose by 1.4% y-o-y for the first time since 2014. The main driver of GDP growth in 2018 was a strong increase in total exports (8.8% y-o-y in constant price terms), which outweighed the increase in total imports of 2.9% y-o-y, with net exports contributing 1.8 pps to annual GDP, growth. A broadly steady expansion in private consumption – of 1.0% y-o-y in 2018 from 0.9% y-o-y in 2017 – was the second pillar of growth (Source: EL.STAT., Quarterly National Accounts Press Release, 4th Quarter 2018, March 2019). However, investment spending recorded a sharp and largely unanticipated decline of 12.0% in FY:2018, following a healthy average growth of 7.0%, per annum, in 2016-2017). This contraction in investment that reached 27.2% y-o-y in Q4:2018 has been amplified by the shrinkage in non-residential construction (-36.5% y-o-y in Q4:2018) which reflected a carry in Q4:2018 of an abnormally negative base effect in Q3:2018 GDP, resulting from a reclassification related to the inclusion in investment expenditure in H2:2017 for non-residential construction of completed projects carried out by means of concession agreements, which – prior to completion – were recorded under inventories (Source: EL.STAT., Quarterly Gross fixed capital formation by Asset, Chain-linked volumes, reference year 2010, Fourth Quarter 2018, March 2019).

Looking forward, the notable improvement in coincident and forward-looking indicators of business activity in H2:2018 and early 2019 (mentioned below), compounded by a positive base effect related to the above described investment shrinkage and a positive carry of public investment activity from 2018, are estimated to support an investment growth in 2019. The above factors are expected to counteract the negative impact on goods exports and tourism from a prospective slowdown in the euro area economy and the typical sluggishness in investment decisions during an election year.

GDP deflator increased by 0.6% y-o-y in 2018 (by a marginally higher pace than in 2017, Source: EL.STAT., Quarterly National Accounts Press Release, fourth Quarter 2018, March 2019) indicating a subdued response of the domestic price level to the strengthening in economic activity. On the same note, the consumer price index increased by 0.6%, y-o-y in FY:2018, despite the significant increase in oil prices (25.4% y-o-y, in the same period), whereas core inflation (which excludes the impact of energy and unprocessed fruit and vegetable prices) stabilized in 2018 (0.1% y-o-y), exemplifying, inter alia, a sustainable cost containment by Greek firms and the still limited pricing power in the domestic market. Similar trends for CPI and core inflation are observed in in January-February 2019 (increases of 0.5% y-o-y and 0.1% y-o-y, respectively, Sources: Bank of Greece, Bulletin of Conjunctural Indicators, January-February 2019, EL.STAT., Press Release, Consumer Price Index, February 2019 and Federal Reverse Bank Of St. Louis Economic data).

A joint improvement in a significant number of coincident and economic confidence indicators in H2:2018 and in 2M:2019 suggests that economic activity is going to gain additional traction in the first semester of 2019. In this regard, the Purchasing Managers' Index ("PMI") remained clearly above 50 for a 21st consecutive month and stood at 54.2in February 2019 from 54.1, on average, in 2018, whereasthe capacity utilization rate in Greek industry reached 71.5 in December 2018 and 70.2 in 2M:2019, being broadly in line with its 25-year average following protracted period of very low use of productive capital (Sources: Bank of Greece, Bulletin of Conjunctural Indicators, January-February 2019 and Markit Economics, Press Releases, January 2018-February 2019). In addition, consumer confidence remained on an upward trend during 2018 and in 2M:2019 – reaching a 9-year high in January 2019 – and presaging a further strengthening in domestic demand in H1:2019. In fact, the assessment by households of the general economic situation and their willingness to proceed with major purchases over the course of 2019 showed a notable improvement in Q4:2018, with the relevant subcomponent of the consumer survey index, increasing at pre-crisis levels (Source: European Commission, Business and Consumer Surveys, February 2019). The above trends are expected to be buoyed: i) by the supportive impact on disposable income from the continuing recovery of the Greek labor market and a pick-up in hourly compensation, through the legislated increase in the national minimum wage (+11% since February 2019) and the conclusion of new collective agreements in specific sectors; and ii) declining country risk, reflected in the gradual improvement in sovereign debt valuations, on the basis of increased fiscal credibility and the implementation of new debt relief measures.

Against this backdrop, real GDP growth is expected to reach 2.3%, y-o-y, on average, in 2019, according to the latest estimates of the International Monetary Fund ("IMF") and the European Commission (Sources: IMF, Country Report No 19/73 - Greece, First Post-Program Monitoring Discussions, March 2019 and European Commission, Enhanced Surveillance Report - Greece, February 2019). However, the recovery remains susceptible to downside risks related, *inter alia*, to the consistently high fiscal effort to meet the medium-term fiscal targets, a gradual improvement in domestic liquidity conditions and the still vulnerable financial position of a significant number of business entities and households, following the multiyear crisis. Adverse external factors affecting export demand or a tightening in financial and monetary conditions internationally could weigh on Greece's economic performance.

The Greek real estate market showed consistent signs of revival, which has been accompanied by an increase in market transactions (mostly self-financed) and a joint increase in rents and prices in both commercial and residential market segments. House prices in Greece increased by 2.5% y-o-y (0.7% q-o-q) in Q4:2018 – the strongest annual pace in almost eleven years – and by 1.5% y-o-y in 2018, responding gradually to improving macroeconomic conditions. Positive annual growth is recorded in all market segments (new and old apartments) and regions, with the Athens area outperforming the market average (4.2% y-o-y in Q4:2018 and 2.4% y-o-y in 2018), supported by a pick-up in demand for premium properties (which suffered a sharper price adjustment during the crisis) and tourism-related demand (mainly for renting, Source: Bank of Greece, Real estate statistics). In this vein, prices of prime commercial spaces (average of retail and office prices) increased by a solid 5.3%, y-o-y, on average, in H1:2018. Office and retail prices increased by 7.4% y-o-y and 3.1% y-o-y, respectively, in H1:2018 from 3.5% y-o-y and 2.1% y-o-y, respectively, in H2:2017. As in the case of the residential market, the Athens area outperformed the commercial real estate market average in H1:2018 (increase in office and retail prices of 8.4% y-o-y and 4.9% y-o-y, respectively, latest available data, Source: Bank of Greece, Bulletin of Conjunctural Indicators, November-December 2018). Nonetheless, Greece's commercial real estate market remains highly heterogeneous and, thus, the observed recovery in prime properties has not been transmitted to the rest of the property stock, with downward pressures on prices in specific (lower demand – lower quality) areas remaining significant. Elevated tax pressure, liquidity factors and the still high oversupply are likely to continue weighing on the recovery process in the residential market. Nonetheless, the operation of a web-based auction platform since January 2018 contributed to a speeding up of foreclosures, which does not appear to have intensified the pressure on prices in 2018 since banks' participation in some of these operations mitigated the downside pressure on prices, mainly, through a signalling effect.

Moreover, the above developments, along with the finalization of the first round of revisions in the zonal values of property used for tax purposes with relatively small changes, reduced uncertainty and possibly mobilized new demand, from potential buyers over the course of 2018 (including foreigners). Investors' interest for the Greek market strengthened further in 2018 as exemplified by the fact, that the Greek golden visa programme – which grants a five year residency visa in return for an investment of €250,000 in real estate (either residential or commercial properties) – led to the issuance of about 3,600 residency grants in 2018, almost 45% higher than the respective performance in 2017 (Source: Ministry for Migration Policy). In this vein, residential construction increased by 17.4% y-o-y in 2018, following a decline of 5.5% y-o-y in 2017, according to the relevant national accounts data (Source: EL.STAT., Quarterly Gross fixed capital formation by Asset, Chain-linked volumes, reference year 2010, 4th Quarter 2018, March 2019), posting its first annual

expansion in a decade and signalling the end of the longest adjustment cycle in the market. The increase by 30.4% y-o-y in the issuance of residential construction permits in 11M:2018 (Source: EL.STAT., Building activity database) presages a further increase in building activity in the following months, which is also related to increasing renovation of houses and commercial properties in high demand areas.

The improvement in the Greek labor market continued in 2018, with employment increasing by 2.0% y-o-y, showing a close correlation to economic activity. The unemployment rate declined further to a 7½-year low of 18.0% in December 2018 from 20.8% in December 2017 and 23.4% in December 2016 (Source: EL.STAT., Press Releases, Labor Force Survey, Monthly Data, December 2016, January-December 2017 and January-December 2018). Furthermore, the improvement in labor market has become more broad-based and is also reflected by the reactivation of the sectoral wage bargaining in specific sectors of the economy (e.g. a number of tourism and transportation services), which took place in H2:2018 and is estimated to be translated into an increase in hourly compensation in 2019, in conjunction with the 11.0% increase in the minimum wage and the elimination of the "sub-minimum" wage for young employees (aged under 25), legislated in February 2019. This pick-up in hourly compensation is expected to be the first in a decade, following a cumulative decline in average wage of 20.0% between 2010 and 2018 (Sources: EL.STAT., Evolution of the Index of Wages Cost, 3rd Quarter 2018, December 2018, Bank of Greece, Governor's Annual Reports, 2014-2017 and NBG Economic Analysis estimates).

The current account deficit increased to 2.9% of GDP in 2018, against a deficit of 1.8% of GDP in 2017, as the increase in imports of oil and non-oil products of 1.8% and 1.3% of GDP, respectively, compared with 2017 (or by 31.0% y-o-y and 9.4% y-o-y, respectively) offset the strong combined increase in exports of goods and services of 3.4% of GDP (or 12.7% y-o-y) in this period. In addition, the widening of the primary income deficit (by 0.5% of GDP), mainly due to higher net interest, dividend and profit payments, also contributed to the widening of the current account balance. The increase in imports reflects a still high import dependence of the economy, in a period of strengthened domestic spending on production inputs, fuels, capital and discretionary consumer products. The services surplus increased by 0.5% of GDP compared with 2017, reflecting higher net revenue from tourism and transportation services (net increases of 0.5% of GDP and 0.3% of GDP, higher than in 2017, respectively). In this regard, tourism arrivals and receipts increased by 10.8% y-o-y and 10.5% y-o-y, respectively, in 2018, and by 12.8% y-o-y and 40.4% y-o-y, respectively, in December 2018. Overall, the current account deficit is estimated to widen further to 3.1% of GDP in 2019 (excluding the impact from a potential refund of ANFA/SMP profits), due to the typically high responsiveness of import spending to increasing domestic demand, in a period of slowing economic activity in Greece's major exporting markets (Sources: Bank of Greece, Developments in the Balance of Travel Services, Press Release, December 2018, Bank of Greece, Balance of Payments, Press Release, December 2018, Federal Reverse Bank Of St. Louis Economic data and NBG Economic Analysis estimates).

The Greek banking system remained in deleveraging mode, for an 8th consecutive year, with credit to the private sector declining by 1.1% y-o-y in December 2018 and at a broadly constant pace of 1.1% y-o-y, as well, in January 2019, compared with -0.8% y-o-y in December 2017. Credit to corporations increased slightly in January 2019, (0.2% y-o-y), following a stabilization in December 2018, with a limited number of business sectors, such as agriculture, tourism and real estate recording positive credit flows (annual increases in credit of 4.9% y-o-y, 3.5% y-o-y and 3.1% y-o-y, respectively, in January 2019). Loans to households declined by a broadly stable pace during the course of 2018, closing the year with a contraction of 2.2% y-o-y in December 2018, which continued in January 2019 (-2.2% y-o-y). Mortgage credit contracted by -2.8% y-o-y in January 2019, the same pace as in December 2018, whereas consumer credit dropped by 0.8% y-o-y in both January 2019 and December 2018 from -3.0% yoy in December 2017. Domestic private sector deposits increased by €7.9 billion in FY:2018 to €134.5 billion and showed a seasonal decline of €1.5 billion in January 2019. The observed upward trend in private sector deposits in FY:2018 reflects, *inter alia*, the improvement of economic activity, a pick-up in export oriented activities and supportive trends in net external capital inflows, in the form of portfolio investment and foreign direct investment in 2018 (Sources: Bank of Greece, Monetary and Banking Statistics and Balance of Payments Press Release, December 2017, December 2018 and January 2019 and NBG Economic Analysis estimates). Accordingly, the Greek banking system's liquidity balance has been restored with banks' dependence on the Eurosystem returning at a pre-crisis level. Specifically, the Greek banking system's financing from the Eurosystem (including the ELA) decreased to €11.1 billion in December 2018, from €33.7 billion in December 2017 and by €115.5 billion cumulatively since its peak in June 2015, with ELA dependence contracting by €85.8 billion in this period (from €86.8 billion in June 2015 to €0.9 billion in December 2018, Source: Bank of Greece, Monthly Balance Sheets, June 2015, December 2017 and December 2018).

On the fiscal front, Greece is heading towards a third consecutive year of significant fiscal overperformance in 2018, following an achievement of primary surplus of 3.8% and 4.1% of GDP in 2016 and 2017, respectively (Sources: EL.STAT., Press Release, Fiscal data for the years 2014-2017, 2nd Notification, October 2018, Ministry of Finance, Budget 2019, November 2018 and NBG Economic Analysis estimates). According to the Government Budget for 2019, the primary surplus in General Government in FY:2018 is estimated at 3.98% of GDP, exceeding the maximum target of the Enhanced Surveillance Framework for a surplus of 3.5% of GDP (Source: Ministry of Finance, Budget 2019, November 2018). European institutions also project that Greece appears capable to exceed the General government primary surplus target of 3.5% of GDP in 2018 and be in line with this target in 2019 (Source: European Commission, Enhanced Surveillance Report - Greece, February 2019). In this respect, State Budget recorded a primary surplus of 1.7% of GDP in FY:2018, 0.6% of GDP higher than in 2017 (Source: Ministry of Finance, State Budget Execution Monthly Bulletin, December 2018). This overperformance continues in 2M:2019, with the primary surplus exceeding Budget target by 0.5% of GDP (Source: Ministry of Finance, State Budget Execution Monthly Bulletin, February 2019). The implementation of a modest set of expansionary measures – the first in 11 years – amounting to 0.5% of GDP has been legislated under the Government budget for 2019 and take effect in 2019. This small expansion will be financed by the recurring part of the fiscal overperformance in the period 2016-2018 (0.5% of GDP, per annum on average). The set of measures, mostly, comprise a housing allowance, a weighted average reduction in property tax of 10% y-o-y (ENFIA) and a reduction in social security contributions of the independent professionals, self-employed and farmers by about one third and implementation of the lowest entry-level salary for supplementary pension contributions (Source: Ministry of Finance, Budget

2019, November 2018). In fact, the estimated direct fiscal impulse from the above measures of about 0.5% of GDP in 2019 follows an unprecedented fiscal contraction of about 14% of GDP between 2010 and 2018.

On 20 August 2018, Greece officially concluded the Third Program, receiving in total €61.9 billion by the ESM between August 2015 and August 2018, mainly for external debt servicing purposes and, to some extent, for the clearance of State's arrears to the private sector and bank recapitalization. About €24.0 billion available, out of total Third Program financing envelope of up to €86 billion, was not needed and had not been disbursed. Out of the last two tranches of the Third program, €11.4 billion were disbursed in March and August 2018 to finance the creation of the Hellenic Republic's cash buffer, which is estimated at above €30.0 billion in early-2019 (including the issuance of the new 5-year and 10-year General Government bonds ("GGB") that raised €2.5 billion, each), which is sufficient to cover, if necessary, sovereign financing needs, at least, until 2022, assuming the achievement of the medium-term fiscal targets, even without additional issuance of GGBs (Sources: ESM, Conclusion of ESM programme for Greece: an overview, 20 August 2018, European Commission, Enhanced Surveillance Report - Greece, February 2019, Public Debt Management Agency, Announcement on the issuance of 5-year bond, 1 February 2019, Public Debt Management Agency, Announcement on the issuance of 10-year bond, 5 March 2019 and NBG Economic Analysis estimates).

The General government debt is estimated to have peaked at 182.8% of GDP in 2018 (Source: European Commission, Enhanced Surveillance Report - Greece, February 2019), including a funding of 8.6% of GDP related to a pre-emptive accumulation of a cash buffer of the Greek state ahead of the completion of the Third Program. According to the European Commission's Debt Sustainability Analysis ("DSA") of 27 February 2019 – similar to that of 22 November 2018 – the stock of gross debt is estimated to follow a steady declining trend from 2019 onwards. However, the future dynamics of the public debt remain conditional to the pace of GDP growth in the long run and the achievement of fiscal targets for a primary surplus of 2.2% of GDP in 2023-2060 (Source: European Commission, Compliance Report, ESM Stability Support Programme for Greece, Fourth Review, June 2018 and Enhanced Surveillance Report - Greece, November 2018 and February 2019).

More specifically, regarding the debt sustainability issue, new sets of measures, that reduce debt servicing costs and improve debt sustainability, have been agreed and partially implemented under the Third Program. In this context, the Eurogroup of 25 May 2016 had initially committed to provide new conditional concessions with a view to ensuring debt sustainability – based on the Hellenic Republic's annual gross financing needs ("GFNs"), related to the servicing costs of the Hellenic Republic's total debt – by agreeing on a package of debt measures, which would be phased in progressively and subject to the pre-defined conditionality under the Third program (Source: Eurogroup Statement on Greece, May 25, 2016).

In this context, short-term measures were implemented in 2017 and were mainly comprised of: i) a smoothing of future debt repayments profile, through the lengthening of the repayment schedule of official loans from the EFSF to 32.5 years from 28 years in June 2018, ii) a reduction of interest rate risk, through debt swaps by the ESM, with a view to stabilize the ESM's overall cost of funding and, thus, reduce the risk that Greece would have to pay higher interest rates on its loans in the future, and iii) the decision of the ESM to finance its future disbursements to Greece under the Third Program with the issuance of long term notes that closely match the maturities of loans to Greece, stabilizing the related interest rate costs for Greece.

The Eurogroup of 21 June 2018 agreed to implement an additional set of medium-term debt measures to ensure that GFNs remain below 15.0% of GDP until the late 30's and below 20.0% of GDP in the long run and that the gross public debt will remain on a downward path. This new set of medium-term measures includes: i) the abolition of the step-up interest rate margin, related to the debt buy-back tranche of the Second Program as of 2018; ii) the use of the 2014 SMP profits from the ESM segregated account and the restoration of the transfer of ANFA and SMP income equivalent amounts to Greece (as of budget year 2017); and iii) a further deferral of EFSF interest and amortization on €96.9 billion of EFSF by ten years, along with an extension of the maximum weighted average maturity ("WAM") of these loans by 10 years. Debt sustainability is planned to be reviewed at the end of the extended grace period on the specific part of the EFSF loans in 2032, permitting Eurogroup to assess whether additional debt measures are needed to ensure debt sustainability. On this matter, the Eurogroup members stated that they are going to take into consideration a positive assessment of Greece's post-program surveillance record, particularly in the fiscal area and economic reform policies (Source: Eurogroup Statement, 22 June 2018 and ESM, Remarks by Klaus Regling, Press conference after Eurogroup meeting, 22 June 2018).

According to the latest DSA estimates by the European Commission of 27 February 2019, which incorporate the estimated impact of the medium-term measures (Source: European Commission, Enhanced Surveillance Report - Greece, February 2019) – the long-term debt-to-GDP ratio is projected to be substantially improved by the implementation of the above described measures, agreed in the Eurogroup of 21 June 2018. Gross general government debt is expected to decline to 112.4% of GDP in 2040 and to 87.6% in 2060 (or about 40.0% of GDP lower than the respective estimate without the implementation of the medium-term measures by 2060), whereas GFNs will be maintained below the agreed thresholds of 15.0% and 20.0% of GDP in the medium and the long term, respectively. However, the developments in GFNs in the long run (beyond 2032) remain sensitive to the macroeconomic assumptions, especially, as regards nominal GDP growth. To this end, the Eurogroup of 21 June 2018 stated that the official lenders are committed to reassess Greece's debt sustainability in the future and implement debt relief measures, if needed (Sources: Eurogroup Statement, 22 June 2018 and European Commission, Compliance Report, ESM Stability Support Programme for Greece, Fourth Review, June 2018, & Enhanced Surveillance Report - Greece, February 2019). Moreover, for the long run, the Eurogroup recalled the agreement that had been reached in the Eurogroup of May 2016, on a contingency mechanism on debt that could be activated in the case of an unexpectedly more adverse macroeconomic scenario, adjusting debt servicing costs to more sustainable levels, if required and decided by the Eurogroup (Source: Eurogroup Statement, 22 June 2018).

The updated Debt Sustainability Analysis included in the first IMF's report under "post-program discussions", also confirms the sustainability of debt refinancing terms until, at least, 2028 which is the terminal point in the respective analysis. The Public debt-to-GDP ratio is projected to remain on a downward trajectory declining to 153.8% in 2022 and to 135.4% in 2028, with GFNs remaining below the medium term threshold of 15% of GDP over the forecasting horizon (2019-2028). Medium-term debt sustainability is estimated by the IMF to remain robust under "standard macro-fiscal stress tests", with temporary shocks to GDP growth, the primary balance, and interest rates not significantly endangering Greece's debt servicing capacity over the projection horizon (Source: IMF, Country Report No. 19/73 – Greece, First Post-Program Monitoring Discussions, March 2019).

Against this backdrop and taking into consideration the decision on the set of the implementation of medium-term debt relief measures, the capacity of the Hellenic Republic to access the markets for financing its maturing debt on a sustainable basis is a critical step for the return of the country to economic normalcy. Towards this direction, there was further progress in 2018 and, especially, in Q1:2019 with the Hellenic Republic proceeding in new government bond issuance. More specifically, on 8 February 2018, the Hellenic Republic issued, through syndication, a new 7-year benchmark bond, raising €3.0 billion at a re-offer yield of 3.5% (Source: Athens Exchange (the "ATHEX"), Press Release "Hellenic Republic – Press points for 7-year new GGB", 8 February 2018). On 29 January 2019, the Hellenic Republic issued a new 5-year benchmark bond, raising €2.5 billion at 3.6%, with coupon at 3.45%, which is the first issuance following the completion of the Third Program (Source: Public Debt Management Agency, Announcement on the issuance of 5-year bond, 1 February 2019). Moreover, on 5 March 2019, the Hellenic Republic issued a new 10-year benchmark bond – the first 10-year bond issuance since 2010 – raising €2.5 billion at 3.9%, with coupon at 3.875% (Source: Public Debt Management Agency, Announcement on the issuance of 10-year bond, 5 March 2019).

The swift progress towards the completion of the Third Program and its successful conclusion in August 2018, in conjunction with the decision by the Eurogroup of 21 June 2018 regarding the implementation of additional measures to ensure debt sustainability, have been accompanied by an improvement in Greece's sovereign debt valuations which, however, remained slow until end-2018, mainly, due to the increasing turbulence in the emerging markets (especially Turkey) and Italy in H2:2018. In this respect, the yield of the 10-year Greek bond declined to 3.9% in July 2018 from 4.4% in December 2017, increased, however, to 4.3% in December 2018 (Source: Bloomberg). Greece's sovereign bond yields decreased in Q1:2019, capitalizing on improving macroeconomic and fiscal conditions, which have been reaffirmed by the first two reports published by the European Commission under the "Enhanced Surveillance Procedure". This improvement has been supported by lowered uncertainty regarding Italy and more dovish statements by major central banks over the same period.

Enhanced Surveillance Framework

Following the successful completion of the Third Program and the commitment of the Greek authorities to continue and complete all key reforms adopted under the Third Program, Greece has agreed to be subject to a post-program monitoring framework, which is based on an "Enhanced Surveillance Procedure" directed by the European Commission (Source: Annex of the Eurogroup of 22 June 2018: Specific commitments to ensure the continuity and completion of reforms adopted under the ESM programme). Indeed, on 11 July 2018, following the preceding Eurogroup agreement, the European Commission, adopted the decision on the activation of enhanced surveillance for Greece, under Article 2(1) of the EU Regulation 472/2013 for a renewable period of six months. This framework has been entered into force, following the expiration of the ESM programme on 20 August 2018 and has been designed to support the completion, delivery and continuity of reforms Greece has committed to implementing under the ESM programme, to ensure a smooth transition of the economy to normalcy and maintain a high degree of credibility (Source: European Commission, Commission Implementing Decision of 11 July 2018 on the activation of enhanced surveillance for Greece). These remaining reforms are mainly related to areas of fiscal efficiency, structural reforms, social welfare, financial stability, labor and product markets efficiency, privatization and public administration. Moreover, the country has committed to maintain a primary surplus of 3.5% of GDP until 2022 and 2.2% of GDP, on average, in the period 2023-2060, ensuring that its overall fiscal performance remains in line with the EU fiscal framework. Another commitment is related to the adjustment of real estate property taxation, in order to be aligned with updated market valuations. The government has committed to undertake, by mid-2019 and mid-2020, nationwide valuation exercises of property tax value based on market values, as well as, to update property tax values for ENFIA and other taxes with a view to bring them in line with market values by mid-2020 (Sources: Eurogroup Statement, 22 June 2018, Annex: Specific commitments to ensure the continuity and completion of reforms adopted under the ESM programme and European Commission, Enhanced Surveillance Report - Greece, November 2018 and February 2019).

The Enhanced Surveillance framework entails quarterly reports by the European Commission that assess the economic, fiscal and financial situation, along with the implementation of the post-program policy commitments, and will serve as a basis for the Eurogroup to agree, *inter alia*, on the implementation of some of the debt relief measures. This surveillance is supplemented by the ESM's "early warning system" for assessing fiscal imbalances, while the IMF remains engaged in the new monitoring framework, the same way it has been engaged in other similar cases of euro area countries that exited a financial support program. Specifically, Greece is subject to IMF reporting twice a year under the respective IMF's framework of post-program monitoring and the regular Article IV consultation process, whereas the IMF continues to provide technical assistance in cooperation with the European Institutions (Sources: Eurogroup Statement, 22 June 2018, IMF, Transcript of IMF Press Briefing with Gerry Rice, 28 June 2018 & Comments by Peter Dohlman following the publication of the Article IV, 31 July 2018 and European Commission, Fact Sheet, Memo on enhanced surveillance in Greece, 11 July 2018 & Enhanced Surveillance Report - Greece, November 2018).

In this context, a 'Cooperation and Support Plan' has been signed between the Greek authorities and the European Commission's Structural Reform Support Services ("SRSS"), which provides the continued provision of technical assistance to support reform implementation in the coming years (Source: Eurogroup Statement, 22 June 2018).

On 21 November 2018, the European Commission adopted the first enhanced surveillance report for Greece under the European Semester, following the country's successful completion of the ESM stability support programme in August 2018. The report included, alongside an assessment of economic conditions in Greece, an evaluation of Greece's progress in implementing the reform commitments given to the European partners, as well as an updated assessment on debt sustainability analysis and sovereign financing conditions. Overall, the report pointed out that there were some delays in sixteen particular reform commitments – with the main issues relating to the acceleration of the NPL resolution efforts and the government's privatization program – which should be completed by the second report in the context of the enhanced surveillance framework, in order for some of the agreed debt measures – return of the SMP/ANFA income equivalent amounts and the waiver of the step-up interest rate margin – to be implemented (Source: European Commission, Enhanced Surveillance Report - Greece, November 2018).

The second enhanced surveillance report by the European Commission was released on 27 February 2019. The report acknowledges Greece's progress and estimates that the general government primary surplus is going to exceed the enhanced surveillance maximum target of 3.5% of GDP in 2018 for a third consecutive year. The updated Debt Sustainability Analysis reaffirms that the gross sovereign debt will follow a declining trend as percent of GDP and that the gross financing needs of the Hellenic Republic will remain below the agreed sustainability thresholds of 15% and 20% of GDP in the medium and long-term. Despite the progress achieved in certain areas compared with the findings of the first report, such as the clearance of government arrears and privatizations, this second report raises some concerns regarding the accumulation by the State of new arrears and delays in a number of pending transactions under the agreed privatization process. Furthermore, the report identifies some additional fiscal risks stemming from the prospective Council of State rulings on the reversal of pension and public sector wage cuts and a potential re-activation of a new multiple-instalment settlement scheme for social contributions and tax debt. Moreover, Greece's financial system is reported to face considerable challenges as regards the speeding up of resolution of non-performing exposures in the following years. Additionally, special reference is made to the appropriateness of the new system of protection of primary residences, which will replace the existing protection under the laws 3869/2010 and 4549/2018 and potential implications of this framework on borrowers' behavior and banks' financial position (Source: European Commission, Enhanced Surveillance Report - Greece, February 2019).

Following the publication of the second enhanced surveillance report, the Eurogroup of 11 March 2019 invited the upcoming Euroworking Group to examine the appropriateness of the proposed new scheme of the protection of primary residences and evaluate if all reformed commitments are met, in order to approve the implementation of further debt relief measures (the return of SMP/ANFA income equivalent amounts and the waiver of the step-up interest rate margin) in the next Eurogroup meeting of 5 April 2019 (Source: European Commission, Remarks by M. Centeno following the Eurogroup meeting of 11 March 2019).

In March 2019, the Executive Board of the International Monetary Fund (IMF) also concluded its First Post-Program Monitoring "PPM" Discussions with Greece, accompanied by the publication of the staff report. These discussions take place between successive Article IV consultations and focus, especially, on areas related to macroeconomic performance, structural policies, and potential vulnerabilities.

In line with the second enhanced surveillance report prepared by the European Commission, the IMF's report acknowledges the broad-based improvement in macroeconomic and fiscal conditions in Greece, projecting GDP growth at 2.4% y-o-y in 2019 from an estimated 2.1% y-o-y in 2018. Greece is also expected, by the IMF, to over perform its fiscal targets in 2018, with the primary surplus in general government budget reaching 3.8% of GDP (Source: IMF, Country Report No. 19/73 – Greece, First Post-Program Monitoring Discussions, March 2019).

According to the IMF, the Hellenic Republic's cash buffer is estimated at about €30 billion (16% of GDP) as of end-2018, being "substantially higher than in other euro area countries upon program exit". This buffer is considered to provide additional flexibility as to the timing of additional market issuance of Greek government bonds.

However, the IMF also identifies a number of vulnerabilities and risks that surround Greece's macroeconomic and fiscal performance, which should be ameliorated through appropriate policy actions. The report:

- states that further efforts are likely to be required "to lock in competitiveness gains, enhance productivity, and ensure labor market flexibility" and expresses concerns about the risks to employment and competitiveness from the reinstatement of collective bargaining and the legislation of an 11% increase in the statutory minimum wage in February 2019 (along with the abolition of the sub-minimum wage for individuals aged under 25), which according to IMF's estimates exceeds productivity growth;
- urges the authorities to accelerate progress in reforms that boost productivity, lower non-wage costs and increase the structural competitiveness of the economy (e.g. deeper product and services market reforms or other institutional reforms);
- asks for a more efficient distribution of the fiscal burden and a broadening of tax base, which will permit a lowering of direct tax rates and better targeting of social spending without compromising the medium term fiscal targets;
- recommends allocating more fiscal space to public investment, better targeting social spending and further addressing the structural causes of arrears' creation by the public sector;
- suggests a deeper and a more proactive contingency planning for the occurrence of fiscal risks stemming from potential court rulings, which could lead to a partial or complete reversal of past fiscal reforms, resulting in significant one-off retroactive payments by the Greek State and/or in permanent fiscal obligations in the future;
- as regards the challenging task of reducing non-performing exposures ("NPEs"), encourages the authorities "to bring together key stakeholders and base policy measures on cost-efficiency assessments of various NPE reduction options, while

considering the impact of forthcoming regulatory changes and related fiscal implications". The report also recommends a further strengthening of the legal and institutional framework to facilitate private-sector based NPE reduction before considering the provision of state support.

(Source: IMF, Country Report No. 19/73 – Greece, First Post-Program Monitoring Discussions, March 2019).

Developments in the assessment of Greece's creditworthiness

The above described improvements in macroeconomic conditions and debt sustainability, along with the decision on the implementation of the enhanced surveillance framework for Greece's post-program monitoring, led major rating agencies to upgrade the Hellenic Republic's sovereign rating in 2018 and Q1:2019. More specifically, on 19 January 2018 and on 16 February 2018, S&P Ratings and Fitch Global Ratings upgraded, respectively, Greece's sovereign bond rating to "B" from "B-", while on 21 February 2018, Moody's upgraded Greece's sovereign rating by two notches to "B3" from "Caa2", citing improvements in growth and fiscal outlook as the main drivers of their decisions. On 25 June 2018, S&P Ratings further upgraded Greece's sovereign bond rating to "B+" from "B, on the back of the 21 June 2018 Eurogroup's decision on debt, which is estimated, by the S&P, to minimize sovereign debt servicing risks over the next two years. On 10 August 2018, Fitch Global Ratings upgraded Greece's sovereign bond rating by two notches, to "BB-" from "B", bringing the country's long-term sovereign rating three notches away from an investment grade rating, with a stable outlook. The successful build-up of a sovereign liquidity buffer, in order to pre-finance future government debt repayments upon the country's exit from the Third Program, has been referred to as an additional factor, which has been taken into account in assessing Greece's creditworthiness. On 1 March 2019, Moody's upgraded Greece's sovereign bond rating by two notches to "B1" from "B3", changing the outlook to stable from positive (Source: S&P Ratings, Fitch Global Ratings and Moody's press releases on Greek Sovereign outlook).

All major rating agencies referred to a potential for additional rating upgrades, with Moody's and Fitch Global Ratings maintaining a stable outlook and S&P Ratings adopting a positive outlook on Greece's sovereign rating in 2019, provided that the improvement in macroeconomic trends continues, the credibility of the fiscal adjustment is maintained in the post-program era and the process of reducing the still sizeable stock of non-performing exposures meets the ambitious medium-term targets (Source: S&P Ratings, Fitch Global Ratings and Moody's press releases on Greek Sovereign outlook).

Nonetheless, the rating agencies also refer that the Hellenic Republic's rating could be adversely affected in the event of a re-appearance of doubts about the country's commitment to maintain a sound fiscal position, implement important reforms or meet other obligations of the post-program monitoring (Source: S&P, Fitch and Moody's press releases on Greek Sovereign outlook).

It should be noted that improvements in Greece's sovereign rating have started to be gradually transmitted to the risk assessment of other high quality financial and real assets in Greece (such as corporate bonds and the stock markets in Q1:2019), but valuations remain highly sensitive and subject to downside risks.

The Macroeconomic Environment and the Banking Services Sector in South Eastern Europe operations ("SEE operations", comprising North Macedonia and Romania)[3]

The economies and banking sectors of SEE operations performed relatively well in 2018.

GDP growth in SEE operations reached 4.0% in 2018 -- 2.1pps higher than that in EU-28 -- supported by both domestic and external demand. Private consumption remained the main engine of growth, mainly underpinned by improving labour market conditions, strengthening retail lending activity and a generous incomes policy. On the other hand, exports of goods and services maintained momentum, despite a deceleration in economic activity in SEE operations' main trading partner - the euro area.

Not surprisingly, despite strong exports, the current account deficit in SEE operations reached a multi-year high, though manageable, of 4.5% of GDP in 2018, due to buoyant domestic demand and, to a lesser extent, unfavourable global oil prices. Encouragingly, the quality of financing of the current account deficit remained sound. Indeed, non-debt generating foreign direct investments covered the bulk of the current account deficit (an estimated 58.8% in 2018).

Amid a favourable operating environment, the fundamentals and the performance of the SEE operations banking sector continued to improve. Indeed, released 2018 figures show that SEE operations' banking sector bottom line rose to an estimated € 1,830 million (annualised) in the first 9 months of 2018 from € 1,296 million (annualised) in the same period a year earlier and €1,268 million in full-year 2017. This performance was largely underpinned by lower provisions for bad loans, in line with the moderation of the ratio of problematic loans to total gross loans (to 5.0% and 5.6% in North Macedonia and Romania, respectively, at end-September 2018 from 6.6% and 8.0% a year earlier). The downward trend in the non-performing loans reflects strong economic activity and, to a large extent, significant write-offs and sales of problematic loans encouraged by Central Banks. Moreover, the capital adequacy ratio remained sound (ranging between 16.3% in North Macedonia and 20.0% in Romania at end-September 2018). The improved asset quality and solvency bode well for a strong rebound in lending activity in the near future, in view of SEE operations' low penetration rate (total loans-to-GDP ratios ranged between 26.0% in Romania and 49.3% in North Macedonia in December 2018), especially in the retail segment (retail lending-to-GDP ratios ranged between 14.2% in Romania and 24.1% in North Macedonia in December 2018) and ample liquidity (the SEE operations average loan-to-deposit ratio stood at 79.0% in December 2018).

[3] Source: Published data from the Central Banks and the National Statistical Agencies of the related countries and processed by NBG. The SEE operations weighted averages are based on NBG estimates of nominal EUR GDP in each country.

The positive macroeconomic and banking sector performance in SEE operations is expected to continue this year.

We see SEE operations' economic expansion slowing to a still robust 3.8% in 2019 – above its long-term potential of 3.5%. Specifically, in North Macedonia, GDP growth is expected to rebound to 3.8% this year from 2.7% in 2018, on the back of strengthening confidence in the domestic economy following the finalisation of the name change agreement with Greece in January, which will open the door for the country to start EU accession talks and join NATO. In Romania, economic growth is expected to ease to a still robust 3.8% this year from 4.1% in 2018, due to a weak external demand and unsupportive base effects stemming from a strong private consumption growth last year.

There are, however, downside risks to the SEE operations positive outlook, stemming mainly from a significant escalation of world trade tensions, a no-deal Brexit and a sharp slowdown in China's growth, which could lead to tighter-than-currently-anticipated global liquidity conditions and weaker-than-currently-expected economic activity in SEE operations' main trading, investing and financing partner -- the euro area. In Romania, the introduction of a tax on bank financial assets on January 1st and elevated domestic political tensions between the President and the Government ahead of the November presidential elections could also cloud the positive outlook.

Anticipated developments (risk and uncertainties)

Looking forward in 2019, the growth rate of the global economy is expected to slow down to 3.5% yoy (according to IMF World Economic Outlook, January 2019) from 3.7% yoy in 2018, due to downside risks surrounding the outlook. In detail, a rising protectionism sentiment and/or a rapidly escalating trading clash between major economies (US, China, European Union) could hurt business investment, global trade, growth prospects and financial markets, while political and geopolitical risks (North Korea, Middle East, Ukraine/Russian clash) could derail the global recovery.

Noticeable stress in European banks amid unresolved legacy issues (e.g. non-performing exposures) and weak profitability could reignite the euro area sovereign banking crisis. In parallel, European political uncertainty could resurface (Italy). In addition, as the March 2019 deadline approaches, any political strains in the UK will likely focus investors' attention in 2019, in case of a Brexit without a deal.

Finally, in China, authorities' efforts to address financial risks and curb excess credit could result to a sharper than expected slowdown of the Chinese economy that could bear negative repercussions in both emerging and advanced economies through confidence and currency channels, commodity prices, as well as global trade.

Regarding Greece, the official projections envisage a continuance of the economic recovery in 2019 (GDP growth of 2.3% y-o-y, on average, from an estimated 2.1% y-o-y, on average, in 2018, Sources: IMF, Country Report No. 19/73 - Greece, First Post-Program Monitoring Discussions, March 2019 and European Commission, Enhanced Surveillance Report - Greece, February 2019). However, these forecasts remain subject to downside risks, related, *inter alia*, to the pace of improvement in the private sector financial position liquidity conditions and other macroeconomic factors, the sustainability of fiscal performance in the long run, as well as external factors, such as a prospective slowdown of the global economy in 2019 and the increased volatility in the international financial markets.

Greece's economic performance in 2019 is expected to be supported by: i) higher private consumption, buoyed by an increase in households' disposable income (projected at about 2.3% y-o-y in 2019, in constant prices terms, according to NBG Economic Analysis estimates), on the back of healthy employment growth, a pick-up in hourly wages (reflecting, *inter alia*, an increase in the national minimum wage of 11.0%) and a notable improvement in consumer confidence in Q4:2018 and early-2019; ii) a relatively healthy, albeit slowed, export growth, since the expected slowing in external demand, in comparison with the period 2017-2018, will be translated into lower growth in goods exports and tourism revenue (especially compared to the double digit increases in 2017 and 2018); iii) a prospective increase in investment, due to improving domestic demand conditions and increased capacity utilization levels, in conjunction with a positive carry of almost 1.0% of GDP (according to NBG Economic Analysis estimates), from 2018 to 2019, of public investment spending, which remained lower-than-initially-envisaged in 2018; iv) a modest fiscal easing, in the form of a small set of expansionary measures amounting to 0.5% of GDP, which will take effect in 2019, corresponding to the first loosening in fiscal policy since 2009, and is expected to support domestic demand; v) continuing support from portfolio and foreign direct investment inflows, attracted by very low domestic asset valuations, following a very strong performance in 2016-2018 (estimated foreign direct investment inflows of about €9.0 billion in this period, Source: Bank of Greece, Balance of Payments statistics) and vii) a potential further easing or elimination of capital controls.

Most of the above developments are estimated to keep GDP growth in 2019 broadly unchanged compared to 2018, however, medium-term growth prospects, the pace of improvement in the private sector financial position – especially of households and less competitive enterprises – and liquidity conditions, as well as, the capacity of the public and private sectors to remain committed to a sustainable structural reforms plan – which will upgrade the productive potential of the economy – continue to be surrounded by a significant degree of uncertainty. Moreover, the estimated acceleration in domestic spending in 2019 is likely to be accompanied by increased imports, which will likely soften the GDP growth momentum. In addition, the Greek banking sector remains weak, with high levels of non-performing exposures and a restricted ability to finance the economy, thus weighing on the financial conditions of households and of a significant number of less competitive business units. Furthermore, despite the improvement in foreign direct investment inflows, especially in 2017-2018, the inflows remain modest, compared to the country's peers, and are primarily channelled to tourism, transportation and real estate related sectors and typically involve relatively low technology and knowledge content.

Moreover, there are still risks relating, *inter alia*, to Greece's short and longer term potential growth prospects and the sustainability of fiscal performance in longer time horizon, without an additional cost to long-term growth potential. It should be noted that the continuing fiscal effort to maintain a targeted primary surplus of 3.5% of GDP until 2022 and to an average of 2.2% of GDP between 2023-2060 (Source: European Commission, Enhanced Surveillance Report - Greece, November 2018 and February 2019) implies that there are very limited margins for a loosening in fiscal conditions and thus, the process of improvement in the financial position of the domestic private sector will be lengthy. In addition, political risks could increase again in 2019, as a series of elections are planned to take place during the course of the year (elections for local governments, elections for the European parliament and domestic parliamentary elections), that could lead to lower compliance and perhaps potential reversals of previously implemented reforms, as well as possible delays and risks in areas such as privatizations, the pace of the efficiency of the judicial system and the business environment. Accordingly, the magnitude and timing of the potential confidence, liquidity and other macroeconomic benefits related to the provision of additional debt relief to Greece, following the successful completion of the Third Program, are difficult to gauge and may be less than anticipated or take considerable time to show.

Furthermore, elevated risks related to external factors, such as mounting protectionism in international trade and its impact on global growth, along with an ongoing slowdown in Eurozone economies, fragile economic conditions in Italy and Brexit uncertainties, in conjunction with market volatility internationally, could weigh on fixed income and equity market conditions and, hence, create considerable downside risks for Greece's export growth, domestic spending and Greek asset valuations, adversely affecting Greece's economic performance and conditions in the financial sector.

In this vein, Greece's sovereign and private debt valuations and economic conditions, in general, are likely to be affected in the event of a significant adjustment in international markets and/or a protracted increase in volatility internationally, despite the supportive role of improving macroeconomic stability domestically. Potential delays in the completion of key structural reforms, subject to the post-program surveillance framework, or the inability to safeguard the objectives of the adopted reforms, or the failure in reaching the primary surplus targets, could undermine the credibility of the assumptions underlying the debt-relief measures and, could, subsequently, give rise to negative confidence and liquidity effects, delay the further relaxation or complete lift of capital controls and exert additional downward pressures on collateral valuations – especially real estate. Moreover, the recovery in domestic demand could be weaker-than-expected, if additional fiscal measures are needed to ensure the achievement of the medium term fiscal targets and/or the capacity to activate offsetting expansionary measures is diminished in the event of a fiscal underperformance in the following years.

Risk management

The Group, as an international organisation operating in a rapidly growing and changing environment, acknowledges its exposure to banking risks and the need for these risks to be managed effectively. Risk management and control forms an integral part of the Group's commitment to pursue sound returns to its shareholders.

Credit risk

Credit risk is the risk of financial loss relating to the failure of a borrower to honor its contractual obligations. It arises in lending activities as well as in various other activities where the Group is exposed to the risk of counterparty default, such as trading, capital markets and settlement activities. Credit risk is the largest single risk the Group faces. Credit risk control processes are conducted separately by the Bank and each of its subsidiaries. The credit risk procedures established by the subsidiaries are coordinated by the Group Risk Control & Architecture Division ("GRCAD") that reports to the Group CRO.

The Group's credit granting processes include:

- Credit-granting criteria based on the particular target market, the borrower or counterparty, as well as the purpose and structure of the credit and its source of repayment.
- Credit limits that aggregate in comparable and meaningful manner different types of exposures, at various levels.
- Clearly established procedures for approving new credits as well as the amendment, renewal and re-financing of existing credits.

The Group maintains on-going credit administration, measurement and monitoring processes, including in particular:

- Documented credit risk policies.
- Internal risk rating systems.
- Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities.

The Group's internal controls that are implemented for the credit risk related processes include:

- Proper management of the credit-granting functions.
- Periodical and timely remedial actions on deteriorating credits.
- Independent, on-going assessment of the credit risk management processes by Internal Audit, covering in particular the credit risk systems/models employed by the Group.

Active credit risk management is achieved through:

- The application of appropriate limits for exposures to a particular obligor, a group of associated obligors, obligors that belong in the same economic sector, etc.
- The use of credit risk mitigation techniques (such as collaterals and guarantees).
- The estimation of risk adjusted pricing for most products and services.
- A formalized validation process, encompassing all risk rating models, conducted by the Bank's independent Model Validation Unit.

Since 2008, the Bank is following the Internal Ratings Approach ("IRB") for the calculation of capital requirements arising from credit risk in its corporate, SME Retail and mortgage portfolios, which exceed 80% of its banking book loan exposures on a standalone basis.

Market risk

Market risk is the current or prospective risk to earnings and capital arising from adverse movements in interest rates, equity and commodity prices and exchange rates, and their levels of volatility. The Group engages in moderate trading activities in order to enhance profitability and service its clientele. These trading activities create market risk, which the Group seeks to identify, estimate, monitor and manage effectively through a framework of principles, measurement processes and a valid set of limits that apply to all of the Group's transactions. The most significant types of market risk for the Group are interest rate, equity and foreign exchange risk.

Interest rate risk is the risk related to the potential loss on the Group's portfolio due to adverse movements in interest rates.

A principal source of interest rate risk exposure arises from the interest rate, over-the-counter ("OTC") and exchange traded derivative transactions, as well as from the trading and the held to collect and sell ("HTCS") bond portfolios.

The most significant contributor to market risk in the Group is the Bank. More specifically, the Bank is active in the interest rate and cross currency swap market and engages in vanilla and more sophisticated transactions for hedging and proprietary purposes and it maintains positions in bond and interest rate futures, mainly as a means of hedging and to a lesser extent for speculative purposes. Additionally, the Bank retains a portfolio of, Greek T-Bills and government bonds and other EU sovereign debt, EFSF bonds, as well as moderate positions in Greek and international corporate bonds.

Equity risk is the risk related to the potential loss due to adverse movements in the prices of stocks and equity indices. The Group holds a limited portfolio of stocks, the majority of which are traded on the Athens Exchange (the "ATHEX") and retains positions in stock and equity index derivatives traded on the ATHEX, as well as, on international exchanges. The cash portfolio comprises of trading (i.e. short-term) and held to collect and sell (i.e. long-term) positions. The portfolio of equity derivatives is used for proprietary trading, as well as for the hedging of equity risk arising from the Group's cash positions and equity-linked products offered to its clientele. In the same context and to a lesser extent, the Group enters into OTC equity derivative transactions for trading and hedging purposes.

Foreign exchange risk is the risk related to the potential loss due to adverse movements in foreign exchange rates. The Open Currency Position ("OCP") of the Bank primarily arises from foreign exchange spot and forward transactions. The OCP is distinguished between Trading and Structural. The Structural OCP contains all of the Bank's assets and liabilities in foreign currency (for example loans, deposits, etc.), along with the foreign exchange transactions performed by the Treasury Division. Apart from the Bank, the foreign exchange risk undertaken by the rest of the Group's subsidiaries is insignificant.

The Bank, in order to ensure the efficient management of market risk, calculates the Value at Risk ("VaR") of its Trading and HTCS portfolios on a daily basis, along with the VaR per risk type. This has been implemented through RiskWatch by Algorithmics (currently IBM). The VaR estimates refer to a 1-day holding period and a 99% confidence interval. The most significant types of market risk to which the Bank is exposed are interest rate, equity and foreign exchange risk.

Additionally, the Bank calculates the stressed VaR (sVaR) of the trading portfolio, which is defined as the VaR, where model inputs are calibrated to historical data from a continuous 1-year period of significant financial stress, relevant to the Bank's portfolio. Similarly to VaR, NBG calculates sVaR on a daily basis, using a 1-day holding period and 99% confidence level. Finally, the Bank calculates the VaR of the portfolios by applying the Historical Simulation approach, for comparative purposes.

The Bank has established a framework of VaR limits in order to control and manage more efficiently the risks to which it is exposed. These limits are based on the Bank's Risk Appetite, as outlined in the Risk Appetite Framework ("RAF"), the anticipated profitability of the Treasury, as well as on the level of the Bank's own funds (capital budgeting), in the context of the Group strategy. The VaR limits refer not only to specific types of market risk, such as interest rate, foreign exchange and equity, but also to the overall market risk of the Bank's trading and HTCS portfolios, taking into account the respective diversification between portfolios. Moreover, the same set of limits are used to monitor and manage risk levels on the regulatory trading book, on an overall basis and per risk type, since this is the aggregation level relevant for the calculation of the own funds requirements for Market Risk, under the Internal Model Approach (IMA).

In order to verify the predictive power of the VaR model, which is used for the estimation of market risk, the Bank conducts back-testing on a daily basis. In accordance with the guidelines set out in the Capital Requirements Regulation 575/2013, the calculations only refer to the Bank's trading portfolio and involve the comparison of the hypothetical and actual daily gains/losses of the portfolio with the respective estimates of the VaR model. Any excess of the hypothetical / actual losses over the VaR estimate is reported to the authorities within five business days.

The daily VaR estimations refer to "normal" market conditions. However, supplementary analysis is necessary for capturing the potential loss that might arise under extreme and unusual circumstances in the financial markets. Thus, the Bank conducts stress testing on a weekly basis, on both the Trading and HTCS portfolios, based on specific scenarios, depending on the risk factor category (interest rates, stock index prices, exchange rates).

Liquidity Risk

Liquidity risk is defined as the current or prospective risk to earnings and capital arising from the institution's inability to meet its liabilities when they come due without incurring unacceptable losses.

It reflects the potential mismatch between incoming and outgoing payments, taking into account unexpected delays in repayments (term liquidity risk) or unexpectedly high outflows (withdrawal/call risk). Liquidity risk involves both the risk of unexpected increases in the cost of funding of the portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner and on reasonable terms.

The Bank's executive and senior management has the responsibility to implement the liquidity risk strategy approved by the Board Risk Committee ("BRC") and to develop the policies, methodologies and procedures for identifying, measuring, monitoring and controlling liquidity risk, consistent with the nature and complexity of the relevant activities. The Bank's executive and senior management is informed about current liquidity risk exposures, on a daily basis, ensuring that the Group's liquidity risk profile stays within the approved levels.

In addition, top management receives, on a daily basis, a liquidity report which presents a detailed analysis of the Group's funding sources, counterbalancing capacity, cost of funding and other liquidity metrics related to the Risk Appetite Framework ("RAF"), Recovery Plan ("RP") and Contingency Funding Plan ("CFP"). Moreover, the Asset Liability Committee ("ALCO") monitors the gap in maturities between assets and liabilities, as well as the Bank's funding requirements based on various assumptions, including conditions that might have an adverse impact on the Bank's ability to liquidate investments and trading positions and its ability to access the capital markets. On a long term perspective, the Loans-to-Deposits ratio is monitored. This ratio stood at 68.9% and 70.0% as of 31 December 2018, on a domestic (Greece) and on a Group level, respectively.

Since liquidity risk management seeks to ensure that the respective risk of the Group is measured properly and is maintained within acceptable levels then, even under adverse conditions, the Group must have access to funds necessary to cover customer needs, maturing liabilities and other capital needs, while simultaneously maintaining the appropriate counterbalancing capacity to ensure the above. In addition to the Bank's liquidity buffer, the rest of the Group's subsidiaries maintain an adequate liquidity buffer, well above 10% of their total deposits, which ensures their funding self-sufficiency in case of a local crisis.

The Bank's principal sources of liquidity are its deposit base, Eurosystem funding currently via the Targeted Longer-term Refinancing Operations ("TLTRO") with ECB and repurchase agreements (repos) with major foreign Financial Institutions ("FIs"). ECB funding and repos with FIs are collateralized mainly by high quality liquid assets, such as, EU sovereign bonds, Greek government bonds and T-Bills, as well as by other assets, such as highly rated corporate loans and covered bonds issued by the Bank.

After the successful disengagement from the ELA in November 2017, where NBG was the first Greek systemic bank to achieve this goal, 2018 was another milestone year for NBG's liquidity profile, since it managed to restore both Basel III liquidity metrics (LCR and NSFR) within the regulatory limits. This development clearly marks NGB's leading position in the liquidity front and ensures the ability of the Bank to fund the recovering Greek economy and contribute to a healthy balance sheet.

More specifically, on 31 December 2018, the Bank's customer deposit balance stood at €42.2 billion, a significant increase of €3.4 billion compared to the respective figure as of 31 December 2017. Notably, about half of this increase pertains to retail deposits that are considered the most stable type of customer deposits. Moreover, during the same period, the Bank managed to further decrease its reliance on ECB funding by €0.5 billion, reducing its total exposure to Eurosystem funding, through the TLTRO, to €2.25 billion, the lowest level since the beginning of the crisis. In addition, NBG's covered bond issuances received an investment grade rating, and thus are considered eligible collateral for ECB's Main Refinancing Operations, another major achievement and vote of confidence for the Bank.

Additionally, the international net secured financing markets continued to be open for NBG, which the Bank tapped for €3.3 billion, approximately at the same level as in 2017. Finally, the divestment of foreign subsidiaries, namely NBG Albania and S.A.B.A. contributed marginally to NBG's liquidity position in the amount of €66 million.

As discussed above, both the LCR and the NSFR were significantly improved during 2018, exceeding their respective minimum regulatory thresholds for the first time. The Bank's LCR has restored in July 2018 and further increased thereafter, reaching the highest level of 128% at year end. Moreover, NSFR exceeded the minimum regulatory threshold of 100% for the first time in September and stood at 107% on 31 December 2018.

Finally, another metric that the Bank closely monitors, the Distance to ELA, increased by €5.4 billion and stood at €6.9 billion on 31 December 2018, of which €4.0 billion was deposited with the Bank of Greece, €0.9 billion was collateral eligible for funding with the ECB and circa. €2 billion pertained to the unencumbered Greek Government bonds and T-Bills that could be used for secured funding with FIs, further showing NBG's improved liquidity position.

Counterparty Risk

Counterparty risk for the Group is due to OTC derivative transactions and other interbank secured and unsecured funding transactions and it arises from the obligor's failure to meet her contractual obligations. For the efficient management of counterparty risk, the Bank has established a framework of counterparty limits. The Group Financial and Liquidity Risk Management ("GFLRMD") is responsible for setting these limits and monitoring the respective exposures.

Counterparty limits are based on the credit rating of the financial institutions as well as the product type. The credit ratings are provided by internationally recognized rating agencies, in particular by Moody's and Standard & Poor's. According to the Bank's policy, if the agencies diverge on the creditworthiness of a financial institution, the lowest credit rating is considered.

Counterparty limits apply to all financial instruments in which the Treasury is active in the interbank market. The limits framework is annually revised according to the business needs of the Bank and the prevailing conditions in international and domestic financial markets. A similar limit structure for the management of counterparty risk applies across all of the Group's subsidiaries.

The estimation of the exposure to each counterparty depends on the type of the financial product. In the case of money market placements, exposure is equal to the face amount of the transaction. In OTC transactions, exposure is calculated based on Credit Equivalent Factors, according to the type of the transaction, its maturity, netting and collateralization.

The Group seeks to reduce counterparty risk by standardizing its transactions with counterparties through International Swaps and Derivatives Association ("ISDA") and Global Master Repurchase Agreement ("GMRA") contracts, which encompass all necessary netting and margining clauses. Additionally, for almost all active counterparties, Credit Support Annexes ("CSAs") have been signed, so that net current exposures are managed through margin accounts on a daily basis, by exchanging cash or debt securities as collateral, thus minimizing counterparty credit risk.

The Group avoids taking positions on derivative contracts where the values of the underlying assets are highly correlated with the credit quality of the counterparty (wrong way risk).

Operational risk

Operational risk is defined as the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events.

The Group, acknowledging the importance of operational risk, has established and maintains a firm wide and effective framework for its management since 2006. Starting in 2009, the operational risk management on a Group level was supported by Algorithmics (currently IBM) OpVar system, whereas in 2018 NBG migrated to a new more advanced software (OpenPages, also developed by IBM). This specific software supports the overall operational risk management framework, which consists of the Loss Event Data Collection, the Risk and Controls Self-Assessment annual process, the definition and monitoring of Key Risk Indicators, the Structured Scenario Analysis process and the determination and monitoring of Action Items.

During 2018 the Operational Risk Committee convened two times, where amongst other issues:

- Stress Test results for Operational Risk were presented to the members of the Committee.
- A back testing performed for Legal Risk was also presented to the members of the Committee.
- The revised process for the calculation of Operational Risk capital charges was also presented to the members of the Committee, whereas the revised Operational Risk Policy and Methodologies document was approved.
- The new Key Risk Indicators Framework was also presented and approved.

In addition, the development of synergies with other Bank Units (CISO, Legal) has been strengthened, whereas the Operational Risk loss events internal database was enhanced by appropriately flagging the new emerging subcategories of Conduct, Model and ICT Risk.

Finally, during 2018, the activities performed by Operational Risk were included in the Business Continuity Plan of the Bank.

The Bank has adopted the Standardized Approach for the calculation of operational risk regulatory capital requirements, both on a solo and on a consolidated basis.

Interest rate risk in the banking book

The Group systematically measures and manages the interest rate risk arising from its banking book items through:

- The analysis of re-pricing and liquidity gaps arising from its balance sheet structure.
- The measurement of economic value of equity and net interest income sensitivity under normal and exceptional changes in interest rates.

Risk related to the recognition of the main part of deferred tax assets as regulatory capital or as an asset

The Group currently includes deferred tax assets ("DTAs") in calculating the Group's capital and capital adequacy ratios. As at 31 December 2018, the Group's DTAs, excluding the amount of the DTA that was classified as non-current assets held for sale, were €4.9 billion (31 December 2017: €4.9 billion).

The Bank reviews the carrying amount of its DTAs at each reporting date, and such review may lead to a reduction in the value of the DTAs on the Bank's statement of financial position, and therefore reduce the value of the DTAs as included in the Group' s regulatory capital.

EU Regulation 575/2013 provides that DTAs recognized for IFRS purposes that rely on future profitability and arise from temporary differences of a credit institution and exceed certain thresholds must be deducted from its CET1 capital. This deduction is implemented gradually until 2019.

The deduction would have a significant impact on Greek credit institutions, including the Bank. However, as a measure to mitigate the effects of the deduction, article 27A of Greek Law 4172/2013, ("DTC Law"), as currently in force, allows credit institutions, under certain conditions, and from 2017 onwards to convert DTAs arising from (a) private sector initiative ("PSI") losses, (b) accumulated provisions for credit losses recognized as at 30 June 2015, (c) losses from final write off or the disposal of loans and (d) accounting write offs, which will ultimately lead to final write offs and losses from disposals, to a receivable ("Tax Credit") from the Greek State. Items (c) and (d) above were added with Greek Law 4465/2017 enacted on 29 March 2017. The same Greek Law 4465/2017 provided that Tax Credit cannot exceed the tax corresponding to accumulated provisions recorded up to 30 June 2015 less (a) any definitive and cleared Tax Credit, which arose in the case of accounting loss for a year according to the provisions of par.2 of article 27A, which relate to the above accumulated provisions, (b) the amount of tax corresponding to any subsequent specific tax provisions, which relate to the above accumulated provisions and (c) the amount of the tax corresponding to the annual amortization of the debit difference that corresponds to the above provisions and other losses in general arising due to credit risk.

Furthermore, Greek Law 4465/2017 amended article 27 "Carry forward losses" by introducing an amortization period of 20 years for losses due to loan write offs as part of a settlement or restructuring and losses that crystallize as a result of a disposal of loans.

As at 31 December 2018, Group's eligible DTAs amounted to €4.6 billion (31 December 2017: €4.7 billion). The main condition for the conversion of DTAs to a Tax Credit is the existence of an accounting loss on a solo basis of a respective year, starting from accounting year 2016 and onwards. The Tax Credits will be calculated as a ratio of IFRS accounting losses to net equity (excluding the year's losses) on a solo basis and such ratio will be applied to the remaining Eligible DTAs in a given year to calculate the Tax Credit that will be converted in that year, in respect of the prior tax year. The Tax Credit may be offset against income taxes payable. The non-offset part of the Tax Credit is immediately recognized as a receivable from the Greek State. The Bank will issue conversion rights to the Greek State for an amount of 100% of the Tax Credit in favour of the Greek State and will create a specific reserve for an equal amount. Common shareholders have pre-emption rights on these conversion rights. The reserve will be capitalized with the issuance of common shares in favour of the Greek State. This legislation allows credit institutions to treat such DTAs as not "relying on future profitability" according to CRD IV, and as a result such DTAs are not deducted from CET1, hence improving a credit institution's capital position.

On 7 November 2014, the Bank convened an extraordinary General Shareholders Meeting which resolved to include the Bank in the DTC Law. An exit by the Bank from the provisions of the DTC Law requires regulatory approval and a General Shareholders meeting resolution.

If the regulations governing the use of DTCs as part of the Group's regulatory capital change, this may affect the Group's capital base and consequently its capital ratios. As at 31 December 2018, 81.9% of the Group's CET1 capital was comprised of DTC. Additionally, there can be no assurance that any final interpretation of the amendments described above will not change or that the European Commission will not rule the treatment of the DTCs under Greek law illegal and as a result Greek credit institutions will ultimately not be allowed to maintain certain DTCs as regulatory capital. If any of these risks materialize, this could have a material adverse effect on the Group's ability to maintain sufficient regulatory capital, which may in turn require the Group to issue additional instruments qualifying as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have a material adverse effect on the Group's operating results and financial condition and prospects.

Related party transactions

Based on the existing regulatory framework, the Group must disclose any transaction between the Bank and all its related parties as defined in IAS 24, which took place during the fiscal year. Management's total compensation, receivables and payables must be also disclosed separately. The following table presents the transactions between the Bank and its subsidiaries, while there are no significant transactions with its associates.

Subsidiaries

(€ million)	Assets	Liabilities	Income	Expenses	Off Balance Sheet (net)
National Securities S.A.	-	53	2	1	23
NBG Asset Management Mutual Funds S.A.	1	19	3	-	-
Ethniki Leasing S.A.	649	71	17	1	350
NBG Property Services S.A.	-	1	-	1	-
Pronomiouhos S.A. Genikon Apothikon Hellados	1	21	-	2	3
NBG Greek Fund Ltd	-	6	-	-	-
The South African Bank of Athens Ltd (S.A.B.A.)	-	-	4	-	-
National Bank of Greece (Cyprus) Ltd	1	176	1	1	2
NBG Management Services Ltd	2	-	2	-	-
Stopanska Banka A.D.-Skopje	2	-	2	-	-
NBG International Ltd	-	14	-	-	-
NBG Finance Plc	-	55	-	-	-
NBG Asset Management Luxembourg S.A.	-	-	-	-	-
Innovative Ventures S.A. (I-Ven)	-	2	-	-	-
Banca Romaneasca S.A.	386	80	2	1	467
Ethniki Hellenic General Insurance S.A.(Group)	51	401	18	8	3
Grand Hotel Summer Palace S.A.	-	1	-	-	-
KADMOS S.A.	-	-	-	-	-
DIONYSOS S.A.	-	-	-	-	-
EKTENEPOL Construction Company S.A.	-	-	-	-	-
Mortgage, Touristic PROTYPOS S.A.	-	-	-	-	-
Hellenic Touristic Constructions S.A.	-	-	-	-	-
Ethniki Ktimatikis Ekmetalefsis S.A.	-	-	1	-	-
NBG International Holdings B.V.	-	1	-	-	-
NBG Leasing IFN S.A.	5	-	1	-	-
NBG Finance (Dollar) Plc	-	280	-	-	-
NBG Finance (Sterling) Plc	-	114	-	1	-
NBG Bank Malta Ltd	52	144	2	2	46
Ethniki Factors S.A.	362	28	10	-	417
NBG Pangaea REIC	-	6	-	67	1.368
Banka NBG Albania Sh.a.	-	-	-	-	-
ARC Management One SRL (Special Purpose Entity)	-	-	-	-	-
ARC Management Two EAD (Special Purpose Entity)	-	-	-	-	-
Probank M.F.M.C.	-	2	-	-	-
I-BANK DIRECT S.A.	-	1	-	-	-
Probank Leasing S.A.	50	7	1	-	-
Probank Insurance Brokers S.A.	-	1	-	-	-
Bankteco EOOD	-	-	-	-	-
CAC Coral Limited	98	-	-	-	28
Total	**1,660**	**1,484**	**66**	**85**	**2,707**

For further details, see NOTE 42: Related party transactions.

The external auditors

The Board of Directors' Audit Committee reviews the independence of the external auditors (or "auditors"), as well as their relationship with the Group, including monitoring mandates for non-audit services and the amount of audit and non-audit fees paid to the auditors. In accordance with the requirements set by the Amended Relationship Framework Agreement[4], the Bank has to rotate its auditors every five years. The appointment of PwC was approved by the 2017 Annual General Meeting of the NBG Shareholders held on 30 June 2017 who elected PwC for first time to undertake the audit of the Annual and Semi-Annual Financial Statements of the Bank and the Financial Statements of the Group for the year 2017. The Annual General Meeting of the NBG Shareholders held on 26 July 2018 re-elected certified auditors PwC to undertake the audit of the Annual and Semi-Annual Financial Statements of the Bank and the Financial Statements of the Group for the year 2018.

[4] As a result of recapitalizations in 2013 and 2015, the HFSF and the Bank entered to a revised Relationship Framework Agreement dated 3 December 2015 (the "Amended Relationship Framework Agreement"), which amended the initial Relationship Framework Agreement dated July 10, 2013 between the Bank and the HFSF (the "Relationship Framework Agreement").

Non - Financial Statement

Introduction

In accordance with the Articles 43a and 107a of the Company Law 2190/1920 (or Codified Law 2190/1920), as in force[5], the Bank has included in its Board of Directors Report a non-financial statement aiming at the understanding of the development, performance, level and impact of the activities of the Bank and the Group. In the context of the aforementioned provisions, the non-financial statement includes the following sections:

A. Environmental Issues,

B. Social and labour issues,

C. Respect of human rights,

D. Combating bribery and issues related to corruption.

Within the scope of the requirement for the disclosure of non-financial information, the Bank took into account international practices and standards such as the Organisation for Economic Co-operation and Development ("OECD") Guidelines for Multinational Enterprises (2011).

A) Environmental Issues

The Bank, as a large banking group of the country, considering that sustainability issues are critical, both for the development of its activities and the decision making processes has already been voluntarily adjusting to internationally best practices. In particular, it has established and implements the Corporate Social Responsibility Policy of the Bank and the Group, the Environmental Policy, the Code of Ethics and the Corporate Governance Code, while it has developed since 2004 an Environmental Management System which is in conformity with the requirements of the international standard ISO 14001.

Environmental Management Policy and Corporate Social Responsibility Policy of the Bank and the Group

In the context of the Environmental Management System, the Bank's total environmental impact was analysed and led to the formation of the following 5 key principles of NBG's Action Program:

1. Conservation of natural resources and energy.
2. Rationalization of work-related travel and commuting.
3. Effective management of paper and solid waste.
4. Deployment of environmental standards in procurements.
5. Deployment of an environmental risk assessment policy in investment and credit processes.

Moreover, the Bank has been positively assessed for its social and environmental performance by independent analysts and as a result it has been included in the FTSE4Good Emerging Index. It has also published since 2007 through the independent non-profit Organization Carbon Disclosure Project, information about its strategy regarding the greenhouse effect and data on its water consumption and CO_2 emissions. In addition, in 2018 NBG was rated by ISS Corporate Solutions regarding the pillars of "Environment", "Society" and "Governance". The Bank was ranked in the top category 1 "Highest Rating by Institutional Shareholder Services" for the "Society" and "Environment" pillars. This performance is another confirmation of the Bank's high level of environmental and social responsibility.

[5] As of 1 January 2019, Greek Law 4548/2018 has entered into force, which replaces Codified Law 2190/1920.

Aiming at the continuous promotion of the concept of sustainable development and corporate social responsibility, the Bank participates in relevant Associations and Initiatives. Specifically:

- The Hellenic Network for Corporate Social Responsibility: NBG has been a core member of the Hellenic Network for Corporate Social Responsibility ("CSR") since December 2008.
- Hellenic Bank Association (HBA): Through its participation in the HBA, NBG takes part in the regulatory process and the decision making process regarding the drafting of relevant legislation. With regard to actions related to sustainable development, the HBA has set up an interbank Committee of which NBG is a member.
- Sustainable Greece 2020 Initiative: The Sustainable Greece 2020 Initiative, launched by the QualityNet Foundation in partnership with the leading business associations of Greece, aims to raise awareness among the Greek business community and society at large on issues relating to Sustainable Development, Responsible Entrepreneurship and Social Responsibility. The Initiative's strategic goal is the development of a systematic dialogue and the creation of methodologies and tools that would support national efforts towards sustainable development on the micro and macroeconomic level. NBG continues to support this initiative as Sustainability Ambassador. The Sustainable Greece 2020 Initiative is being developed in collaboration with European and National Institutions, 9 founding Entities, 35 Business Associations and an important number of Enterprises, local Authorities and Organizations of the Civil Society. In this context, NBG was ranked by the "Sustainability Performance Directory" the Sustainable Development Business Index, among the top 21 companies being "The Most Sustainable Companies in Greece 2017". The "Sustainability Performance Directory" was developed by the Quality Net Foundation, is part of the Sustainable Greece 2020 Initiative, and rounds off the creation of a toolbox that supports organizations in adopting sustainable policies, upgrading their corporate approach to sustainable development and Responsible Entrepreneurship, and boosting their competitiveness. The "Sustainability Performance Directory" was created on the basis of Greek Sustainability Code standards, in line with the German Sustainability Code, and supports companies in addressing major challenges such as adapting their companies to regulatory frameworks for non-financial reporting, environmental management and social risk, their integration into responsible networks of suppliers and international value chains, and, last, the signalling and recognition of responsible entrepreneurship. The emergence of NBG as a leading player of the business elite resulted from an assessment of its performance as well as from its holistic approach to Sustainable Development issues.

In addition to this, the Bank organizes educational seminars for providing training and certifications on its staff dealing with CSR issues of the Units. Also, the Bank has included in its educational program «CREDIT ACADEMY» an one-day training cycle, regarding CSR issues, environmental policy and management, sustainable finance and human rights. Through this training program, 84 executives of the Bank were informed/trained on the above issues, during 2018.

Finally, the Bank has been publishing since 2007 on an annual basis a CSR Report by applying the relevant Guidelines of GRI. From 2010 onwards the CSR Report of the Bank is annually certified by an independent Assurance Body and includes performance indicators (KPI's) for Sustainable Development and Corporate Responsibility.

B) Social and labour issues

Corporate Social Responsibility of the Bank and the Group

As mentioned above, the Bank draws up an annual Corporate Social Responsibility Report, while it provides information under its evaluation by third parties and a variety of Rating Services regarding the corporate responsibility actions carried out. What shall be further noted is that the Bank in order to include the stakeholders (authorities, State, NGOs, media, employees, business people, suppliers, shareholders, investors, etc.) in the process of identifying, understanding and responding to CSR issues, applies the AA1000 Accountability Principles Standard (APS) 2008. The AA1000 APS and the Guidelines of GRI Standards, are the basis for the Bank's CSR report.

Subsequently, the Bank proceeds in concrete actions aimed at meeting the needs and expectations of stakeholders in order to enhance cooperation with each group of stakeholders and address their key issues and expectations.

Moreover, the Bank has designed and implemented the Act4Greece Program which aims to support social protection, welfare and solidarity initiatives, social and business innovation and investment in human resources with an emphasis on humans, the environment and sustainable development. It also seeks to contribute to the effective management of financial resources allocated by natural and / or legal persons who wish to assist in the economic, social and environmental transformation of the Greek economy. In this context a special platform was developed on the Bank's website (www.nbg.gr/act4greece).

Policy on Donations, Sponsorships, Charity Contributions and other Actions of the Group

NBG Group has developed and implemented, since May 2016, Policy on Donations, Sponsorships, Charity Contributions and other Actions of the Group. This Policy aims, among others, at setting specific principles and rules concerning actions related to donations, sponsorships, charitable contributions, scholarships and other related activities in the context of this Policy, at ensuring high level of ethics on donations, complying with the applicable legal and regulatory framework regarding actions that fall into the scope of this policy (e.g. transparency) as well as adopting procedures that promote transparency in NBG Group's donations. According to the Policy, the NBG Group shall not undertake and / or participate in actions to support political organizations, parties or movements.

Furthermore, in accordance with international best practices related to donations, sponsorships and other related actions and in compliance with the provisions of Article 6 of Greek Law 4374/2016 regarding transparency in the relationships between banks and

media companies and sponsored persons, the Bank discloses information on all payments made within the relevant fiscal year, to media companies and sponsored persons.

Code of Ethics

As defined within the Code of Ethics of the Bank and the Group, the Bank constantly aims at ensuring equal treatment of all staff members. The bank:

- Has developed a meritocratic system for the assessment of performance, promotions and remuneration of the staff.
- Provides pleasant and safe working conditions, respecting the balance between work and personal life, and ensuring that equal opportunities are provided to employees.
- Believes in the constant improvement of the staff's skills and holds significant training and educational programs for the staff's professional development. Within this context, NBG covers the expenses of staff enabling their participation in training courses in Greece and abroad.

The Bank's and the Group companies' philosophy is founded on respect for each employee's personality. The protection of human dignity is fundamental and, as a result, the Group constantly seeks to develop a harmonious working environment. To this effect, the Bank:

- Rejects any kind of social exclusion.
- Provides equal opportunities for promotion and professional career development regardless of gender, age, religion, nationality.
- Implements a meritocratic system to assess the performance, promotion and remuneration of staff.
- Designs and implements actions, development and incentive systems aiming at recruitment, selection and further leverage of human resources.
- Invests in the staff's training through the use of modern methods as well as the staff's development through a training plan tailored to the needs of each job position, so as to ensure that the full potential of employees is exploited and that they can adapt in a timely and smooth manner to the ever increasing requirements for new knowledge, skills and specializations in a rapidly changing business environment.
- Does not use any kind of forced labor.
- Does not accept any kind of offensive behavior against one's personality (for example moral, sexual or other kind of harassment, intimidation, persecution and other) or unfair treatment due to nationality, race, gender, family status, religious or political views or physical disabilities.

Health and safety in the workplace remain a priority both for the Bank and the Group companies in order to ensure a safe working environment, enhance the quality of employees' professional life, and prevent any associated risks.

Within this context, the Bank carries out regular controls to ensure the adequacy and appropriateness of existing health and safety standards in the workplace while it has also developed plans for handling emergencies.

The Code of Ethics is posted on the Bank's website www.nbg.gr (section: The Group / Corporate Governance / Regulations and Principles). Furthermore, all of the Bank's staff has been trained through a special e-learning program, regarding the content of the code.

C) Respect of human rights

Code of Ethics

The Code sets out clearly the rules that frame the actions of the staff and the Management. To this end, the Bank:

- Does not use any kind of forced labor.
- Does not accept any kind of offensive behavior against one's personality (for example moral, sexual or other kind of harassment, intimidation, persecution and other) or unfair treatment due to nationality, race, gender, family status, religious or political views or physical disabilities.
- Rejects any kind of social exclusion.

The Code of Ethics is posted on the Bank's website www.nbg.gr (section: The Group / Corporate Governance / Regulations and Principles).

The Bank also incorporates terms and corporate responsibility standards in tender notices and in agreements with its suppliers, as prescribed by the relevant EU directives on issues relating to environmental protection, respect of human / labor rights and child labor, health and safety at work, and social equality and solidarity.

The Bank and its Subsidiaries comply fully with the decisions prohibiting cooperation with countries, companies or persons who foster violence and terrorism.

In 2018 National Bank of Greece -following review of its activities in 2017- received an internationally important distinction. The Bank was included in the group of 104 international companies whose business covers various sectors that make up the "**Bloomberg Gender Equality Index 2018"**. The Gender Equality Index 2018 covers 24 countries, including for the first time companies based in Greece, Italy, Belgium, Chile, Ireland, Singapore and Taiwan. This distinction has been reaffirmed with the Bank's assessment for 2018 by the

aforesaid Index, as it has been positively assessed for the second year running, and listed in the **"Gender Equality Index 2019"** that covers 36 countries and includes 230 companies working in a variety of sectors. This Index measures gender equality with regard to intragroup statistics, companies' policies for staff, external support and collaboration with society, and products and services that enhance gender equality and awareness. The selection was made by Bloomberg itself.

D) Combating bribery and issues related to corruption

In Greece, bribery (either active or passive) is considered a criminal act and is punished according to the provisions of the Penal Code. Furthermore, bribery is one of the main offenses of Greek Law 4557/2018, as in force, regarding the prevention of money laundering and the combat of terrorism. Moreover, Greece has ratified/adopted the following Conventions:

- The Convention of the Organization for Economic Cooperation and Development (O.E.C.D.) on Combating Bribery of Foreign Public Officials in International Business Transactions (through Greek Law 2656/1998); and
- The Convention on Combating Bribery of Foreign Public Officials of the E.U. Member States (1997), (through Greek Law 2802/2000).

Moreover, in 2018 the Bank proceeded – within the context of upgrading the CSR procedures it follows - to the participation in the voluntary initiative of the United Nations 'Global Compact', which lays great emphasis on anti-corruption issues. More detailed information on the said initiative is presented below, within CSR section.

NBG Group's fundamental values and principles governing its business activities strongly emphasize the importance of ensuring ethical conduct at all times, while NBG Group shows zero tolerance on corruption and bribery and it is of its high priorities to prevent and combat them. The Bank's activities entail exposure to corruption and bribery phenomena, which if not appropriately and timely managed, they may present a significant risk for the Bank, and could adversely affect its financial results, with a serious impact on the Bank and its subsidiaries' reputation, as well as on the further development of its activities, while they could cause adverse effects on the interests of its clients, shareholders and employees.

In this context, preventive control mechanisms are applied so as to safeguard against any potential risk of bribery and corruption to which the Bank may be exposed in the course of its business/operations.

This approach is reflected on the Codes and Policies that the Bank has adopted, on the controls embedded within the procedures followed in the Bank's day-to- day operations and on the monitoring and audit processes applied.

The Bank has in place internal controls and procedures which serve to mitigate potential risk and ensure that NBG is compliant with laws and regulations, which in the event of non-compliance could have a material effect on financial statements. The effective operation of these controls and procedures is independently monitored and audited by the Bank's Internal Control System Units (Compliance, Risk and Internal Audit), while the Audit Committee of the Bank's Board of Directors and the Board of Directors are duly informed through reporting on internal controls by the Internal Control System Units.

Further, Management performs an annual assessment of the internal controls over financial reporting in order to provide reasonable assurance as regards the soundness of the financial statements preparation process.

Additionally, in accordance with particular requirements which the applicable regulatory framework imposes in this respect, external auditors review and assess the effectiveness of the Bank's Internal Control System on a three-year basis.

A set of Codes and Policies which the Board of Directors has approved include several measures against the risk of bribery and corruption. Indicatively, such measures are incorporated in the NBG Group Code of Ethics, the Code of Ethics for Financial Professionals, the Anti-Fraud Policy, the Conflict of Interest Policy and the Anti-Bribery Policy.

Furthermore, on process level, internal controls are in place for the timely prevention or detection of fraud risks. Such controls may include clearly defined approval / authorization levels, segregation of duties, IT embedded controls, access rights, reconciliation controls etc.

At a further level, the Whistleblowing Policy in force, provides for the existence of appropriate communication channels enabling the submission of whistle-blowers' reports, both in case these may come from within the Bank as well as in case such are being submitted by third-parties.

The Board of Directors is committed to preventing bribery and corruption and promotes the establishment of a culture against them, according to which any form of bribery and corruption is non-acceptable, while it is responsible for approving the relevant Policies, as well as overseeing its implementation and periodic assessment. Additionally, updates and evaluations of the internal control system in general, as well as any material incidents identified are reported to the Bank's Audit Committee and the Board of Directors.

Further, mandatory training programs on the NBG Group's applicable Code of Ethics, which, focuses, among others, on bribery and corruption issues, are provided to all employees of the Bank, and all personnel has access to the internal e-communication network of the Bank (intranet), through which they are able to get prompt and full information on all key matters regarding NBG Group's developments and operations, including internal communication announcements, internal circulars, policies that the Bank has in place etc.

With a view to the Bank's full compliance with the current legal and regulatory framework, as well as international best practices and guidelines regarding the combating of corruption and bribery, and considering that these phenomena are very common in

international business transactions and undermine the effective corporate governance of the companies, the Bank has in place the following arrangements, policies and codes:

Ethics and Culture Committee

The Bank lays great emphasis on ensuring that the highest standards on ethics and integrity are applied throughout all of its activities in accordance with international best practices, and within this context the Ethics and Culture Committee of the Board of Directors was established by Board decision in July 2018.

Detailed information on the responsibilities, composition and modus operandi of the Ethics and Culture Committee is included in the Charter of the Committee posted on the Bank's website, at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors / Committees).

NBG Group Code of Ethics

The Principles of the Code of Ethics are based on the fundamental values that the Bank follows in its business activities, taking into account the relevant provisions under the national, European and international legal and regulatory framework under which Management and all staff perform their duties with the purpose of the protection of the interests of employees, customers and shareholders, the proper functioning of the financial environment, as well as the enhancement of credibility, solvency and reputation of the Bank and the Group. The Code is available on the Bank's website (www.nbg.gr). Through this publication, the Bank seeks to enhance its transparency as each person is able to acknowledge and assess the core values, principles and rules governing the operation of the Group.

Bank and Group Anti-bribery Policy

The Bank and Group Anti-Bribery Policy has been set according to the requirements of the legal framework for combating bribery as well as the international best practices and guidelines of international organizations and bodies for preventing and combating financial crime (OECD, FATF, Wolfsberg Group, etc.).

The Policy applies to all members of the Board of Directors, senior executives, the employees of the Bank and the Group, and generally to any person working for the Group whether under a contract of employment or otherwise, and:

- Binds third parties who perform services for or on behalf of the Group
- Establishes specific principles and rules governing the Group's activities for the prevention and combat of bribery
- Adopts procedures which discourage bribery and corruption practices, such as procedures on bribery risk assessment, handling of gifts and business hospitality, donations to political parties and charitable institutions, evaluation of third parties etc.
- Encourages confidential reporting of suspicions, through the appropriate communication channels, which ensures the protection of individuals and the appropriate investigation of the reported event.

Whistleblowing Policy for the Bank and the Group

The Bank has adopted the Whistleblowing Policy for the Bank and the Group through which procedures are established for the submission of confidential reports or comments by any party, either anonymously or not, regarding behaviors of the Bank and the Group's executives, which indicate the existence of an irregular activity or misconduct or omission relating to breaches in regards to internal Policies and Procedures. The Policy complies with the provisions of Greek Law 4261 / 2014 regarding the internal procedures for violation complaints.

The Ethics and Culture Committee and Audit Committee of the Bank's Board of Directors are responsible for the establishment and the continuous monitoring of the implementation of these procedures, which ensure confidentiality and secrecy of the reports or comments received.

Contact details for the submission of confidential reports are available on the Bank's website www.nbg.gr (section: The Group / Corporate Governance / Contact Information/ Contact Audit Committee).

Anti-Fraud Policy

The Bank, as all credit institutions, is exposed to the risk of fraud and illegal activities of any type, which, if not addressed in a timely and effective manner, they could have negative effects on its business activities, financial condition, results of its activities and its prospects for success.

NBG Management, has among its highest priorities the prevention and combating of fraud as well as of any other irregular activity, and accounting and auditing practice inconsistent with international practices and applicable provisions, activities which are contrary to the fundamental Values and Principles governing the Bank and the Group's business activities.

Through the Anti-Fraud Policy, and taking into account the obligations stemming from the institutional, legal and regulatory framework, at a national and international level, the Bank aims at:

- defining specific principles and rules for the prevention and combating of fraud and developing a single business conduct for its handling,
- raising awareness and vigilance of Group employees for the detection and avoidance of actions related to fraud,
- encouraging the submission of confidential reports on suspicions of fraud, through appropriate communication channels that ensure the protection of the persons and the proper investigation of the reported incident,
- developing systems, procedures and control mechanisms that help to promote prevention and combating of fraud.

Code of Ethics for Financial Professionals

The Code of Ethics for Financial Professionals sets out the key ethical obligations and standards of conduct applying to persons who are involved in the procedures for the preparation, compilation and submission of financial statements and other financial disclosures of the Bank and the Group companies. Its main purposes are to promote ethical conduct, including the prevention of situations where there is actual or potential conflict of interest, to promote transparency and ethical conduct during the performance of Financial Professionals' duties as well as to ensure compliance with the applicable regulatory framework, complete and accurate filing of financial statements and any other financial disclosures, timely submission of internal reports in the event of the Code's breach and binding of Financial Professionals to comply with the provisions of the Code and the ethical rules underlying the regulatory framework applying to the Bank and/or the Group companies.

PREVENTION OF CONFLICTS OF INTEREST

The Bank and the Group Companies place emphasis and take the appropriate measures to handle cases that may cause or lead to conflict of interest within the context of the services they provide. With the purpose of preventing real or potential cases of conflict of interest, the Bank has adopted the following policies:

- Policy for avoiding Conflicts of Interest for Board Members, Senior Executives and other Related Parties of NBG, to control and manage real or potential conflicts of interests between the Bank and its Board Members, Senior Executives and other Related Parties.
- Conflict of Interest Policy that sets out the framework for the prevention, detection and management of conflict of interest between the Bank, the Group and its customers, as well as among the customers themselves during the provision of investment and ancillary services.
- Policy for Connected Borrowers of the Bank and the Group in Greece, which sets out the framework for the performance of transactions between the Bank, its subsidiaries and its staff.

POLICIES FOR COMBATING MONEY LAUNDERING AND TERRORIST FINANCING ISSUES

The Bank and the Group consider of primary importance the prevention and combating of money laundering and terrorist financing phenomena (Anti-Money Laundering/Counter-Terrorist Financing - AML/CFT), through the use of their products and services. These actions are contrary to the fundamental values and principles governing the conduct of the business activities of the Group and lead or could lead to undesirable consequences, with a significant impact on the Bank and the Group companies' reputation as well as on the interests of its customers, shareholders and staff, exposing the Group to an unacceptable level of associated risks.

For this reason, and in compliance with applicable regulatory requirements for the prevention and combatting of AML/CFT issues, the Group has adopted the following policies:

- AML/CFT Policy, which incorporates the Acceptance Policy for New Customers.
- AML/CFT Policy on Cross-border correspondent banking relationships.

These policies ensure the compliance with the applicable regulatory requirements of the Supervisory Authorities on combatting ML/TF, prevent the imposition of criminal and/or administrative sanctions against the Bank and the Group companies due to their direct or indirect involvement in ML/TF issues and ensure the Group's good reputation by taking timely and appropriate measures that will prevent the use of its services for AML/CFT purposes. For the implementation of the above Policies, procedures regarding the approach based on the risk categorization of the customers and the relevant implementation of due diligence measures have been established and adopted.

It is noted that, according to the local legal framework, bribery (active and passive) and specific cases of tax evasion have been included in Crime activities. It should also be noted that specific enhanced due diligence procedures are applied to customers who fall into the category of "politically exposed persons".

Presentation of NBG Corporate Social Responsibility Actions in 2018

In line with the Bank's framework of operations as outlined above, below are presented the Corporate Social Responsibility Actions that NBG undertook and developed in 2018, responding to the challenges and expectations of all stakeholders.

Corporate Social Responsibility

NBG fully recognizes the value of CSR as a key factor in generating sustainable growth for the Group, and has been applying increasingly systematic management techniques in its approach to the concept of Social Responsibility, an issue that has long been high on the Bank's agenda.

In this context, on 18 June 2018, the participation of NBG in the UN's voluntary initiative Global Compact, in which thousands of companies from more than 150 countries participate, was approved. National Bank of Greece is the only Greek financial institution that has joined the UN Global Compact as a "Participant". The UN Global Compact is a non-binding framework for operation and strategy-setting whereby participants are invited to align themselves with 10 globally accepted Principles in the fields of human rights, working conditions, the environment, the fight against corruption, and the 17 Sustainable Development Goals (SDGs). The adoption of corporate practices formed on the basis of the above Principles builds trust relationships with society, contributes to the creation of stability and ensures the development and sustainability of all the parties involved.

Standing by its CSR commitments and strategy, NBG continued in 2018 its wide ranging community actions, attaining the targets set to promote economic development, support actions designed to foster environmentally friendly growth, further enhance the quality of its workforce, offer more efficient services to its customers, and contribute, in general, to the community.

Below are listed some of the key CSR actions carried out by the Bank:

- The Bank continued to launch initiatives within the context of supporting SMEs and professionals (with turnover up to €2.5 million) in light of the adverse economic environment, with a view to enhancing their growth and supporting their viablity. In particular:
  - The Bank entered into an agreement with the European Investment Fund (EIF) for micro-credits up to €25,000 via the EaSI Guarantee Instrument program as part of the EU initiative for employment and social innovation, with a view to enhancing employment and fostering the healthy development of micro-enterprises. Via the EaSI Guarantee Instrument program, NBG supports micro-enterprises that otherwise would not be able to receive financing -due to their size or inability to provide guarantees- to implement their business plans. The EIF under the auspices of the EU will provide NBG with guarantee instruments, enabling micro-financing at reduced interest rates backed by the guarantees provided. In addition, NBG offers by means of its specialized advisors customized training programs and mentoring services on issues such as preparing a business plan, liquidity management, sales promotion and so on. Accordingly, the Bank contributes to the strengthening and development of micro-enterprises and reducing business failures. Approvals in 2018 amounted to €5 million.
  - With a view to enhancing the services offered to its business customers and leveraging the new opportunities provided by the digital environment, the Bank enabled -for the first time in the sphere of business lending - submission of loan applications via the EaSI Guarantee Instrument program, through the Internet Banking account of the interested customers without their physical presence at an NBG branch.
  - In 2018, NBG continued to grant financing via the COSME Loan Guarantee Facility in cooperation with the European Investment Fund (EIF). The loans provided via this program are 50% guaranteed by the EIF, and accordingly there are substantially reduced requirements for provision of collateral by the businesses seeking financing. At 31 December 2018, the aggregate sum of loans granted to business with turnover up to €3 million totaled €54 million.
  - Since the beginning of 2018, the Bank provides its support to SMEs by financing their investment and business plans at particularly low interest rates, via (INTERIM) "Entrepreneurship Fund Action" coordinated by the Hellenic Fund for Entrepreneurship and Development (ETEAN S.A.). Approvals in 2018 amounted to €7 million.
  - In addition, recognizing the dynamic and growth potential of the agricultural sector as a key pillar of the primary sector of the Greek economy, the Bank in recent years has applied an expanded action plan for the sector's support and growth, using funding tools and solutions across the entire range of banking operations. In this context, NBG has been participating since 2017 in the initiative of the Ministry of Rural Development & Food promoting the distribution of the "Farmer's Card" to farmers/livestock breeders. The said product offers to those entitled to financial support for agricultural activity a boost in liquidity at favorable terms, so as to be able to cover their operational needs. In addition, NBG continued in 2018 its Contract Farming financing program by which it finances farmers and livestock breeders who cooperate with selected agricultural product trading and processing companies for the production of products that are bought by the latter on the basis of sales agreements between both parties. As a result, the production and trading cycle of the buyers and farmers is upgraded, and both sides enjoy significant benefits (reduction of production cost, better planning of inventories). In the production period of 2018 more than 1,500 farmers enjoyed the benefits of the program.
- With a view to optimizing the handling of loans that require special management and providing real support to Greek businesses and the economy in general, NBG set up a number of Corporate Special Assets Divisions. The said Units seek to formulate effective rescheduling and restructuring programs that help companies that are facing operational and financial problems and are having difficulty paying their dues, to get back on a sustainable trajectory. The Corporate Special Assets Divisions carry out assessment of the firms in question by considering various data such as the viability of the firms, their ability to service their debts, market conditions, competition, the sector of activity and so on. Thereafter, they propose loan rescheduling solutions to the firms in the framework of their financial and operational restructuring efforts. Backed by the operation of these new units, NBG is pursuing faster and more effective handling of its distressed loan portfolios so as to remove obstacles to the growth and development of

the Greek economy. At 31 December 2018 the total balance of rescheduled customer dues handled by the Corporate Special Assets Units was circa € 2.2 billion.

- In the context of the Bank's strategy, the Units responsible for the management of the Retail loans portfolio (personal & SME loans) act with a view to improving NBG's quality and social responsibility, and offer debt assistance programs for performing loans, as well as specialized restructuring and rescheduling programs for distressed loans. As a result, the Bank provides customer-oriented debt assistance programs and sustainable debt repayment solutions tailored to the abilities of each customer. At 31 December 2018, NBG's debt assistance portfolio of personal and mortgage loans amounted to €864 million. Accordingly, the Bank's aggregate portfolio of personal and mortgage loan restructurings amounted to €233 million, and the respective rescheduling portfolio €7,920 million. Last, the aggregate portfolio of restructurings, reschedulings and debt rearrangements for SME loans amounted to €361 million.
- With a view to creating value for the Bank and its employees through the enhancement of knowledge, competences and experience, 664 training sessions were carried out, where attendance levels reached 29,923 participations, of which 5,850 concerned in-house training sessions, 1,389 were run by external providers, and 22,511 in-house e-learning courses and 173 e-learning courses run by external providers, equivalent to 213,886 training man-hours and a total investment of €4 million.
- In the context of the implementation of its Environmental Policy and Environmental Management Program, the Bank also carried out the following actions in 2018:
  - The development of processes/transactions with a view to reducing operating costs, rationalizing printing and saving natural resources (paper) was continued in 2018.
  - Recycling programs were implemented with the participation of employees. For example, 307 tonnes of paper, 4,150 kg of small and large batteries, and approximately 170 tonnes of electronic and electrical equipment were recycled. In addition, 3,306 kg of low voltage lamps and lighting equipment were recycled through the expansion of recycling across the Bank's branch network. All these recycling programs were implemented in cooperation with licensed contractors.
  - As regards prevention of consumption of natural resources, note that in the course of the Bank's normal business activity the bulk of solid waste is paper. Since 2011, the Bank's correspondence (internal and to third parties) is fully managed by the Internal Electronic Document Management System, resulting in a significant reduction in printing and paper consumption. In 2018, 728,796 documents were exchanged through the Internal Electronic Document Management System, thus saving almost 1,821,990 page prints.
  - As regards toner management, the Bank has arranged since 2014 the outsourcing of MPS printing needs of Central NBG Services hosted in central buildings and its Branch Network. The Administration Units are housed in nearly 36 buildings and the Branch Network includes 509 locations, distributed geographically throughout Greece. Environmentally friendly management of waste originating from the device consumables, is also part of this outsourcing arrangement. This program leads to the reduction of printouts and, as a consequence, the reduction of paper and toner consumption. The project establishes centralized management of printing needs. The number of the system's current users amounts to circa 9,000 individuals. In 2018, the toners supplied through the MPS system totalled 11,474 items, while 4,829 items were recycled through the 3,727 MPS units. It is anticipated that the future benefit for the Bank will be a 25-35% reduction in printing costs.
  - Aiming at environmental protection, the Bank launched its i-bank statements service whereby its customers receive electronic statements regarding their credit cards and mortgage or consumer loans and credit accounts, at the same time stop receiving printed statements. More than 570,000 statements have already been converted from printed to electronic format. Moreover, NBG's i-bank delivery channels are being enriched on an ongoing basis with new services and more transactions enabling customers to carry out transactions 24/7 from home or with their mobile phone. Note that 362,000 new users were registered in 2018 for NBG's Internet-Phone-Mobile Banking services.
- In addition, the Bank launched in 2018 the following green banking products, which contribute to environmental protection:
  - Loans for participation in the "Energy-Saving at Home II" program co-funded by ETEAN S.A., on favorable terms for energy improvements in homes. In 2018, 4,979 of such loan applications were approved totalling €33 million, of which 3,119 corresponding to a total of €14 million were disbursed.
  - "Green Loan": a loan granted under favourable terms and conditions for financing the purchase and installation of energy-saving equipment.
  - "Photovoltaic Home" loan for the installation of Photovoltaic Systems in homes.
  - "Estia Green Home" loan for the purchase, repair or construction of energy upgraded homes.
  - For yet another year the Bank contributed to the country's efforts to improve its environmental footprint by financing RES projects worth €251 million.
- In 2018, in spite of the particularly adverse economic climate, NBG -standing by its commitment to social support- continued its sponsorship program, with funds amounting to €13 million. In this context, NBG supported a wide range of corporate, social and cultural responsibility initiatives, both directly and indirectly as a bank, and via its Cultural Foundation ("MIET") and Historical Archives. The three key pillars of the "RESPONSIBILITY" CSR program are: Community - Culture - Environment. Specifically:

Community

SOCIETY

- Strengthening of actions to upgrade health services.
- Development of social solidarity programs.
- Supporting the work of bodies and organizations with distinguished track records in the alleviation of social problems.
- Supporting vulnerable social groups and individuals (the elderly, children, individuals with special needs).

SCIENCE – RESEARCH – TRAINING

- Sponsorship for scholarship programs for bachelor and master's degrees in Greece and abroad.
- Contribution to the enhancement of the education provided and support for educational programs.
- Sponsorship for research programs, awards, and support for innovative ideas.
- Support for scientific work and promotion of research, predominately in the form of sponsoring scientific meetings (conferences, summer schools, seminars, workshops) covering the entire spectrum of sciences.
- Sponsorship for the publication of books and special editions.

SPORTS

- Continuation of sponsorship support to sports organizations and distinguished individual athletes preparing for and participating in international sporting events.

Cultural Heritage

CULTURE – HISTORY –ART

- Sponsoring the preservation and showcasing of the historical and cultural heritage.
- Sponsoring the preservation and restoration of monuments, and sponsoring of archaeological excavations.
- Sponsorship support for initiatives involving publications of cultural and historical interest.
- Supporting actions and events that involve music and the performing arts.

MISCELLANEOUS

- Support for publications, conferences and other events dealing with investment and financial issues.

Environment

- Support for environmental training programs.
- Sponsorships for fire prevention programs and ecosystem rehabilitation in regions of Greece devastated by fire.
- Contribution to actions designed to support biodiversity.
- Support for the work of bodies that are involved in environmental preservation and sustainable development actions.

Act4Greece 2018 - Overview

Since the act4Greece program was launched in February 2016, and by 31 December 2018, a total of €3,302,875 has been raised, compared to €1,769,180 through to 31 December 2017 and €1,012,761 through to 31 December 2016.

During the whole course of the program, NBG has contributed to the actions totaling €1,810,989 while the NBG Group has contributed the sum of €1,966,989 (59.6%). Under the program, the strategic partners donated €215,141 (6.5%), while individuals and legal entities (outside NBG Group) donated a total of €1,120,745 (33.9%) (€738,631 legal entities and €382,114 individuals).

In 2018, a total of €1,533,695 was collected, €1,124,407 (73%) of which was donated by NBG Group, €86,070 (6%) by strategic partners, €65,738 (4%) by third parties (legal entities) and €257,480 (17%) by individuals (mainly for the victims of the Attica wildfires).

Since the program commenced 31 actions have been included, 25 of which were completed by 31 December 2018. In particular, in 2018, 10 new actions were included in the Program with a total budget of €2,211,000. Furthermore, in 2018, 11 actions were completed and a total of €378,118 was raised, as compared to the target of €690,000 (i.e. 55% of the target).

Among the actions launched in 2018, 7 actions fall under the Welfare, Health and Solidarity action area with a total budget of €1,836,000; 1 action under Research, Education and Training with a total budget of €50,000; 1 action under Environment & Sustainability with a total budget of €300,000; and 1 action under Sporting Activities with a total budget of €25,000 (2nd stage of an action with a total budget of €100,000).

The overall amount raised was achieved through 31,203 donations that can be broken down under the following channels:

Donations by channel

Channel	Number of donations	Amount of donations (€)	Percentage of total (%)
NBG Branch	24,283	3,206,534	97.1
Online	2,378	80,314	2.4
Stands	4,542	16,027	0.5
Total	**31,203**	**3,302,875**	**100.0**

Awards and Distinctions

In recognition of its ongoing endeavour to serve the needs of its customers and shareholders, and to provide full and transparent information on its CSR actions, NBG received a number of important awards and distinctions in 2018, including:

- **"Best Corporate Governance" award from CFI:** For the third consecutive year, NBG was named "Best Corporate Governance – Greece 2018" by Capital Finance International (CFI.co), that enjoys the support of international bodies and organizations such as the Organisation for Economic Co-operation and Development (OECD), the European Bank for Reconstruction and Development (EBRD) and the United Nations Conference on Trade and Development (UNCTAD). NBG won the distinction on the basis of the corporate governance practices it has in place, receiving excellent reviews by the CFI.co.
- **Awarded Silver Award for its Corporate Governance Framework,** among Private Enterprises, in the context of the "Hellenic Responsible Business Awards 2018".
- The Bank has been given the title **"Best Corporate Governance Bank Greece 2018"** in the context of the "Corporate Excellence Awards of 2018". Corporate Excellence Awards are handpicked by CV Magazine and are based purely on the comprehensive analysis of both qualitative and quantitative research.
- **Business Awards "HRIMA 2018":** NBG was awarded 1st prize in the category ''BEST BANK - 2018'' at the ''Business Awards HRIMA 2018''.
- **CR INDEX 2017-2018 award:** The Corporate Responsibility Institute rewarded NBG's initiatives to integrate CSR in its business strategy by fostering activities that generate benefits for the community, the environment, its employees, and the market. NBG, which participated for the seventh time in the CR Index, succeeded in gaining a **Diamond award** for 2017-2018. It serves as recognition of the Bank's policy, actions and initiatives developed in order to support society at large. The CR Index is an important international rating index of the performance of corporations in the area of CSR and is used as a national CSR index in various countries. A key rating tool, it also serves as a benchmark for comparative evaluation of CSR performance in four specific areas: Community, the Environment, Employees and the Market.
- **"Environmental Awards 2018":** NBG won **GOLD** prize for its "Prevention" program aiming at the support of Parnitha National Park Management Agency under the Section: Organization & Process Innovation - Environmental CSR" at the "Environmental Awards 2018".
- **"Healthcare Business Awards 2018":** NBG was awarded **GOLD** prize at the Healthcare Business Awards organized for the 3rd consecutive year by Boussias Communications and Health Daily. The Bank gained a distinction for the program "Multi-year sponsorship of public hospital units and other health structures in Greece" in the "Support to Health sector by Companies/ Organizations outside the health sector" category.
- **Award for NBG in the context of "BRAVO 2018":** The Bravo Sustainability Awards aim at promoting and rewarding "best practices" launched in Greece for Sustainability, Social Cohesion, standards for responsible behavior, and improvement in the quality of life. National Bank of Greece won distinctions for:
  - "NBG Corporate Governance framework" in the "Governance" category.
  - "NBG Business Seeds program" in the "Market" category.
- **Important distinctions for NBG by International Banker magazine:** NBG won the "Best Commercial Bank of the Year Greece" and "Best Innovation in Retail Banking Greece" prizes, at the annual awards organized by International Banker magazine, based on a survey conducted among its readers. International Banker is a news organization that follows developments in the global banking sector and every year give awards to top banking organizations that set new performance standards and broaden the growth of the financial sector. Such prizes confirm the Bank's contribution to the Greek banking sector including: granting of funds to foster economic growth, new innovative technologies that improve the security and efficiency of transactions, and initiatives enhancing the Bank's position and its shareholder value. These distinctions are particularly significant given that National Bank of Greece is, at this time, implementing a plan to renew its historical role and enhance its market position. The key factor in this transition drive is the change in the Groups strategic focus, i.e. traditional banking products are giving way to new state-of-the-art services that place the customer at the center, and preparing the way to a new era.

Dividends

There were no distributable funds available by the end of 2017. Therefore, the Annual Ordinary General Meeting of the Bank's shareholders held on 26 July 2018 took no decision on dividend distribution.

Corporate Governance

Introduction

In accordance with article 43bb, para. 1 of Company Law 2190/1920, as amended[6], the Bank is obliged to include the Corporate Governance Statement, as a specific part of the annual Board of Directors' Report. As per the said article, the Bank's Corporate Governance Statement includes the following sections:

A. NBG's Corporate Governance Code ("CGC");
B. NBG's Corporate Governance Practices;
C. General Meeting of Shareholders and Shareholders' rights;
D. Board of Directors and other management, administrative and supervisory Bodies;
E. Internal Control System and Management of Risks.

It is noted that additional information in relation to public offers for acquisitions, as mandated by Article 10 of the European Directive 2004/25/EC, is included in a separate section of the Board of Directors' Report, namely, the Supplementary Report to the Annual General Meeting of Shareholders.

NBG'S CORPORATE GOVERNANCE CODE

The Bank's corporate governance framework is aligned with the requirements of Greek and European legislation and the rules of the Hellenic Capital Market Commission ("HCMC") as incorporated in the Bank's Articles of Association, the Corporate Governance Code and other internal regulations/charters. Additionally, the stipulations of the Amended Relationship Framework Agreement between the Bank and the HFSF, and the obligations of the Bank towards the Monitoring Trustee (in accordance with particular procedures foreseen as long as these are in force) are applied, while finally, considering the fact that NBG was registered with the SEC, the Bank was also subject to U.S. legal and regulatory framework (Sarbanes Oxley Act and SEC rules). However, on 18 March 2019, the Bank filed the Form 15F with the SEC in order to terminate its registration and reporting obligations under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result of this filing, NBG's reporting obligations with the SEC, including its obligations to the file annual reports on Form 20-F and reports on Form 6-K, were suspended immediately.

After 90 days, if the SEC does not object, the suspension becomes a permanent termination of SEC reporting obligations. Until the termination of registration becomes effective, NBG will continue to comply fully with all other requirements applicable to foreign private issuers registered under the Exchange Act.

In February 2006, the Bank's Board of Directors adopted a directional framework that describes the Bank's corporate governance structure and policy. This framework was based on international best practices and fosters continuity, consistency and efficiency in the modus operandi of the Board of Directors and also the governance of the Bank and the Group. In March 2011, in compliance with the provisions of the corporate governance framework, the Board of Directors adopted the Corporate Governance Code of the Bank, which was thereinafter amended in November 2013, with a view to bringing it into line with the Relationship Framework Agreement between the Bank and the HFSF as well as with the Bank's obligations towards the Monitoring Trustee and in December 2014 in order to incorporate the changes in the regulatory framework (especially Greek Law 4261/2014, which transposed CRD IV into Greek law), to further adopt international best practices, as well as to better reflect the Bank's organizational structure. In 2015, an annual review and update of the Bank's Corporate Governance Code took place and specifically it was amended in part in September 2015. The Bank's Corporate Governance Code was further revised in March 2017, as deemed appropriate in compliance with the new provisions of Greek Law 3864/2010 and the Amended Relationship Framework Agreement between the Bank and the HFSF, as well as the draft Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU. Furthermore, in June 2017, following the establishment of position of Observer Employee Representative on the Board of Directors of the Bank, the provisions of the Bank's Corporate Governance Code were adjusted accordingly. The Bank is in compliance with the Corporate Governance Code and provides explanations for any exceptions identified in accordance with Greek Company Law 2190/1920, as in force. Within the context of its Corporate Governance Code, and in accordance with its Articles of Association and applicable legislation, the authorities and responsibilities of the Bank's management bodies are determined and the Board of Directors has delegated authorities to Bank's executives in line with the applicable framework, while the Bank is in the process of updating its Corporate Governance Code, taking also into account the provisions of the recent Greek Law 4548/2018 on Sociétés Anonymes (applicable as of 1 January 2019).

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[6] As of 1 January 2019, Greek Law 4548/2018 has entered into force, which replaces Codified Law 2190/1920.

In the context of the current Corporate Governance Code, the Board has in place a self-assessment system for its operation, as well as the operation of its Committees based on a methodology, which has been formed and approved by the Corporate Governance and Nominations Committee, while additionally the HFSF monitors and evaluates the performance of the Board and its Committees in accordance with the criteria stipulated in the legal and regulatory framework and the Relationship Framework Agreement (RFA) entered into between the Bank and the HFSF. Every three years, the assessment of the performance of the Board and its Committees, is carried out by an external advisor, the selection and monitoring of whom falls within the responsibilities of the aforementioned Board Committee. The assessment is carried out with the use of a methodology based on the best practices and includes interviews with the Board members and the use of detailed questionnaires, covering all the activities of the Board and its Committees. Further details on the evaluation of the Board and its Committees is presented below.

The Corporate Governance Code can be viewed on the Bank's website: www.nbg.gr (section: The Group / Corporate Governance / Regulations and Principles).

NBG'S CORPORATE GOVERNANCE PRACTICES

In its endeavor to maintain corporate governance excellence and enhance its existing risk management framework, the Bank has adopted the following main corporate governance policies and practices, which are aligned with its activities and ensure the transparency and effectiveness of its operations.

Directors' Nomination Policy

The Bank has in place a detailed Directors' Nomination Policy which is aligned with the provisions of the Corporate Governance Code and the Corporate Governance and Nominations Committee Charter, and incorporates the provisions of Greek Law 4261/2014, which transposed into Greek law Directive 2013/36/EU (CRD IV), the Greek law 3864/2010 (the "HFSF Law"), the Bank of Greece Executive Committee's Act No. 22/12.7.2013 "Procedures (a) for the authorization of credit institutions in Greece and (b) for the acquisition of a holding in an existing credit institution – Prudential assessment of the liable persons", as well as international best practices, while taking into account relevant guidelines of the European Banking Authority, while it also reaffirms the important role of the Board's Corporate Governance and Nominations Committee ("CGNC") and its Chairman in the selection of candidate members for the Bank's Board.

The Directors' Nomination Policy was lastly updated in August 2016, considering among others the process which the Bank followed in 2016 for recruitment and selection of Board Chairman and of Non-Executive Directors through publicly advertising relevant positions, both in Greece and abroad. Further, the revised Nominations Policy also includes the revised target Board profile in accordance with the eligibility criteria determined based on the latest amendments of Greek Law 3864/2010.

Furthermore, in September 2017 the final Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU were released, which entered into force on 30 June 2018. Moreover, in March 2018, the HFSF published its revised Guidelines on the Board of Directors' selection and appointment process of Greek systemic banks, while in May 2018, the ECB guide to fit and proper assessments was revised. In June 2018, the Bank of Greece Executive Committee's Act No. 142/11.6.2018 "Procedures for (a) the authorization of credit institutions in Greece; (b) the acquisition of, or increase in, a holding in credit institutions; and (c) the taking up of a post as a member of the Board of Directors and as a key function holder of credit institutions" repealed the Bank of Greece Executive Committee's Act No. 22/12.7.2013.The Bank monitors developments in the applicable framework and relevant guidelines and best practices and proceeds to the actions deemed appropriate in order to ensure that the policies followed are in alignment with the each time applicable regulatory framework and relevant guidelines.

Policy for avoiding conflicts of interest for Board members, Senior Executives and other Related Parties of NBG

The Policy for avoiding conflicts of interest for Board members, Senior Executives and other Related Parties of NBG aims at enhancing the Bank's Internal Controls System, as well as preventing and managing potential conflicts of interest between the Bank and its Senior Executives, which could potentially have an adverse impact on the reputation and interests of the Bank as well as its clients, shareholders and employees. In April 2017, the said policy was updated and its scope was extended including also members of the Board of Directors and other related parties.

Connected Borrowers

In accordance with the provisions of the Amended Relationship Framework Agreement with the HFSF and the commitments that apply throughout the restructuring period unless the individual commitment states otherwise and which are monitored by the Monitoring Trustee in accordance with particular procedures foreseen as long as these are in force, taking into account the current legal and regulatory framework, the Policy for Connected Borrowers of the Bank and the Group in Greece has been adopted.

The Policy aims to ensure that Connected Borrowers are not treated preferentially in comparison to non-Connected Borrowers, i.e. the same criteria as those stipulated by the relevant Credit Policies of the Bank shall apply for Connected Borrowers. The Policy establishes the basic rules applying in extending credits and in the treatment of forbearance and restructuring requests concerning loans of Connected Borrowers, while monitoring of appropriate implementation of the Policy is facilitated through special functionality that has been developed in the Bank's system for this purpose.

Code of Ethics

The Code of Ethics has been formulated on the basis of the fundamental ethical values that the Bank applies in the course of its business activities and the provisions of national, European and international legislation and regulations which, accordingly, concern management and employees throughout the Bank and its Group in order to protect the interests of employees, clients and shareholders, ensure the proper operation of the Group, and maintain and enhance the reliability, solvency and reputation of the Bank and its Group. The Code of Ethics was updated in December 2015 and is in the process of being further reviewed.

The Code of Ethics is available on the Bank's website www.nbg.gr (section: The Group / Corporate Governance / Regulations and Principles).

Insurance Cover for members of the Board of Directors of the Group companies

In compliance with the provisions of the Corporate Governance Code, the Bank has entered into a multi insurance contract in order to cover the civil liability of the Directors and Executives of all the Group entities, with respect to the civil liability for claims against the Bank and its subsidiaries arising from negligence, error or oversight by Directors, Executives and employees, and damages arising from fraud, including electronic fraud, as well as cyber security breaches. During 2017 the Bank entered into a new insurance contract including increased coverage limits and improved contract wording and terms. In 2018, the Bank renewed the above insurance contracts, with enhanced policy texts, as well as in accordance with the applicable legal and regulatory framework.

Code of Ethics for Financial Professionals

The Code of Ethics for Financial Professionals aims at preventing situations where conflict of interest may arise where the interests of the covered persons are not aligned with those of the Bank and the Group, as well as in the cases of unauthorized disclosure of confidential information obtained or created in connection with the covered persons' duties. Furthermore, it stipulates that the information contained in public announcements and in official reports and documents is complete, accurate, timely and comprehensive, and that all such information is presented in accordance with applicable rules and regulations.

The Code of Ethics for Financial Professionals is available on the Bank's website www.nbg.gr (section: The Group / Corporate Governance / Regulations and Principles).

Group Governance Policy

Within the context of establishing a unified corporate governance framework of NBG Group and with a view to optimize the cooperation between the NBG and its Group companies and to ensure coherence and efficiency at a Group level, the Board of Directors has adopted in January 2018 the NBG Group Governance Policy. The NBG Group Governance Policy depicts the main corporate governance principles at NBG Group level and provisions concerning, among others, Group companies' governance bodies, cooperation with NBG, internal control system and regulatory requirements.

Whistleblowing Policy

The Bank, in compliance with the U.S. legal and regulatory framework and SEC rules as well as the relevant provisions of Bank of Greece Governor's Act 2577/09.03.2006, as amended, has established a Whistleblowing Policy that sets out procedures for the submission of confidential reports or comments by any party, whether anonymously or not. These reports mainly relate to behaviours employed by the Bank's and the Group's executives and employees that raise concerns about irregular or illegal actions related to accounting and auditing matters, which are inconsistent with international practices and regulations. The policy also covers the provisions of Greek Law 4261/2014.

In November 2018 the Whistleblowing Policy has been revised so as to –among others- incorporate responsibilities of the newly established Board Ethics & Culture Committee and extend the scope of the existing Policy so as to include the reporting of serious irregularities not only in relation to accounting, auditing, fraud, bribery and conflicts of interest, but further in relation to other internal policies and procedures, while also taking into account the proposal for a Directive on the protection of persons reporting on breaches of Union law setting out obligations for the establishment of appropriate internal reporting channels and procedures for receiving and following-up on reports, and the common minimum standards those internal reporting channels and procedures should meet COM(2018) 218 final.

The Audit Committee and the Ethics and Culture Committee of the Bank are responsible for the adoption and ongoing monitoring of the implementation of the procedures, which safeguard the confidentiality and anonymity of the received reports or comments.

The Bank's website, at www.nbg.gr (section: The Group / Corporate Governance / Contact / Contact Audit Committee), provides the contact information for the submission of confidential reports.

Bank and Group Anti-Bribery Policy

The Bank and Group Anti-Bribery Policy aims at further enhancing the current corporate governance procedures of the Bank and Group, and in particular, the current framework that sets out the various rules adopted in order to address bribery issues, as stipulated in the relevant provisions of the Code of Ethics and the Bank's Labor Regulation.

The Bank's website www.nbg.gr (section: Home / NBG Group Compliance) provides additional information on the Anti-Bribery Policy.

Bank and Group Remuneration Policy

The Bank's and the Group's Remuneration Policy is aligned with the framework provided by Greek Law 4261/2014 (which transposed European Directive 2013/36/EUCRD IV) and the Bank of Greece Governor's Act 2650/19.01.2012. Additionally, the Remuneration practices which the Bank follows are consistent with Greek Law 3864/2010 as in force and the Amended Relationship Framework Agreement between the Bank and the HFSF and the Bank's obligations towards the Monitoring Trustee. In any case, remuneration of the Chairman, the CEO as well as other members of the Board of Directors, the General Managers and their deputies should not exceed the Bank of Greece Governor's remuneration. Any other type of additional remuneration (bonus) of the aforementioned persons is abolished for the period during which the institution participates in the Recapitalization Plan of Greek Law 3864/2010.

The Bank monitors developments in the applicable framework, and in case there are further changes in the relevant EU framework or Bank of Greece Acts, following also the developments on the Proposal for a Directive amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as well as the EBA Guidelines and EBA Opinion on the application of the principle of proportionality to the remuneration provisions in Directive 2013/36/EU (EBA-Op-2016-20) and communication which has taken place in this respect among EBA and the EU, the Remuneration Policy shall be further revisited and where deemed appropriate adjusted in accordance with developments in the applicable framework.

Information on the Bank and Group Remuneration Policy and general remuneration practices is available on the Bank's website at www.nbg.gr (section: The Group / Investor Relations / Annual Reports and Offering Circulars).

Diversity policy concerning Bank's management, administrative and supervisory bodies

In accordance with Greek Law 4261/2014, as in force, which incorporated Directive 2013/36/EU into Greek legislation, institutions should engage a broad set of qualities and competencies when recruiting members to the Board of Directors and for that purpose shall put in place a policy promoting diversity on the Board of Directors.

Within this context, the Bank follows practices and policies that promote diversity both at the level of the Board of Directors, as well as at executive level, aiming at promoting a diverse pool of members of its supervisory and management bodies. In particular, the Bank aims at engaging a broad set of qualities and competencies when recruiting members of the Board and of its executive management, with a view to achieving a variety of views and experiences and to facilitating sound decision making. Collectively, there is a set of skills and expertise in place so as to contribute to the efficient operation of the Bank's supervisory and management bodies, aiming at collective suitability of the said, while the Board of Directors shall collectively have the skills to present its views and influence the decision making process within the executive management body.

In particular, the Bank gives great emphasis on ensuring diversity including in terms of gender representation, age, nationality and variety of educational background, experience and expertise. At the same time, as regards in particular the composition of the Board of Directors, the Bank follows the provisions of Law 3864/2010, as in force, with regard to the eligibility criteria foreseen by the said law.

As far as gender representation is concerned it shall indicatively be noted that during 2018, 3 women held Directors' positions at the Bank's Board, while currently representation of women on the Board of Directors is at 9.1% , while one out of the six (6) Board Committees are chaired by a woman. Previously, until November 2016 the Board of Directors was chaired by a woman.

Further, at executive level, important senior executive positions are held by female Executives, like the positions of Senior Executives heading Retail Banking, Marketing and Human Resources Strategy and Development, while there are women in a number of important positions like Heads of Group Corporate Governance and Corporate Social Responsibility Division, Group Regulatory Supervision of Banking Activities Division, Group Strategy Division, Human Resources Strategy Division, Financial Planning and MIS Division, Mid-Corporate Special Assets Division, Group Operational Risk Division and so on.

In terms of age, the age of Board members varies and is in the range of 50 to 70, while the age of Senior Executives is mainly in the range of 50 to 60.

The Board of Directors of the Bank has a multinational composition, including six different nationalities, with Greek, Cypriot, Swedish, British, Irish and Belgian Board members having international experience among others by previously being Board members or Senior Executives in a number of different countries, including in the United Kingdom, the U.S., Ireland and Iceland.

Bank's Directors and Senior Executives have a variety of educational backgrounds and work experience, including indicatively educational background in Economics, Business Administration, certifications and prior experience in Accounting, Audit and Risk, extensive Banking and Financial Services experience, legal background, commercial prior experience and experience in IT and in operations. In any case, the purpose is for the Bank to ensure that areas of knowledge and experience required in accordance with the Bank's business activities are covered, while at the same time also being aligned with the provisions of the applicable legal and regulatory framework that applies, like for example as aforementioned in terms of specific eligibility criteria applying to Board members in accordance with Greek Law 3864/2010 as in force.

The competent Committee of the Bank's Board of Directors responsible for establishing and monitoring the implementation of the Policies and procedures that the Bank has in place with regard to diversity, succession planning, selection, nomination and evaluation of Board members is the Corporate Governance and Nominations Committee.

Policy for the Annual Training of members of the Board of Directors and its Committees

The Bank has established, in 2017, a Policy for the Annual Training of members of the Board of Directors and its Committees, with the objective of assisting the Board of Directors in enhancing its performance by expanding its existing Directors' relevant skill base and competencies. The Policy establishes the procedures for the formulation of the Annual Training Plan for members of the Bank's Board of Directors and Board Committees which is developed taking into consideration the Board and its Committees' educational needs, the Bank's priorities and requirements and any existing learning and development programs, in accordance with current developments in the legal and regulatory framework as well as best practices in corporate governance.

Corporate Social Responsibility Policy

The Bank has adopted a CSR Policy that reflects the keystones of the CSR framework, determines the CSR Action framework for the Bank and the Group and provides guidelines to NBG and its subsidiaries for the delegation of authorities and responsibilities for the planning, implementation and control of these Actions. Further, the NBG Group has developed and implements, since May 2016, the Policy on Donations, Sponsorships, Charity Contributions and other Actions of the Group.

The CSR policy is posted on the Bank's website, at www.nbg.gr (section: The Group / Corporate Social Responsibility / CSR framework).

CORPORATE GOVERNANCE AWARDS

During 2018 and the first quarter of 2019 the Bank was awarded four times concerning its corporate governance arrangements. Specifically, during 2018 and the beginning of 2019 the Bank received the following awards:

- Awarded "Best Corporate Governance Greece 2018" by Capital Finance International ("CFI"). Following its nomination by third parties based on published and widely available data and information, NBG participated in the evaluation of its internal corporate governance arrangements and received the award and the excellent reviews from CFI.
- The Bank has been given the title "Best Corporate Governance Bank Greece 2018" in the context of the "Corporate Excellence Awards of 2018". Corporate Excellence Awards are handpicked by CV Magazine and are based purely on the comprehensive analysis of both qualitative and quantitative research.
- Awarded Silver Award for its Corporate Governance Framework among Private Enterprises Sector in the context of the "Hellenic Responsible Business Awards".
- The Bank received the "Bravo Governance 2018" Award for the corporate governance framework it has adopted in the context of the "Bravo Sustainability Awards 2018". Bravo Sustainability Awards are organized by the QualityNet Foundation, the Network of Responsible Organizations and Active Citizens, in collaboration with the Sustainable Greece 2020 Initiative, with the purpose of highlighting and rewarding the "best practices" that are being implemented in Greece and help promote sustainable development, social cohesion, creation of responsible behavior standards and improvement of quality of life.

GENERAL MEETING OF SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Bank's Articles of Association (articles 7-17 and 31-36) describe the modus operandi of the General Meeting of Shareholders, its key responsibilities and authorities as well as the Shareholders' rights, taking into consideration especially the provisions of Company Law 2190/1920, Greek Law 3864/2010 and the Relationship Framework Agreement between the Bank and the HFSF.

The Bank's Articles of Association are available on the Bank's website www.nbg.gr (section: The Group / Corporate Governance / Regulations and Principles).

General Meeting of Shareholders functioning and responsibilities

The General Meeting is the Bank's supreme, collective body. Its lawful resolutions are binding to all Shareholders, even to those absent or dissenting. All of the Bank's Shareholders are entitled to participate in the General Meeting. Shareholders may be represented at the General Meeting by other, duly authorised persons, in line with the applicable provisions of law. Each share entitles the holder to one vote as stipulated by law. The Bank ensures the equal treatment of Shareholders who are in the same position.

The General Meeting is the sole corporate body vested with authority to decide on:

- amendments to the Bank's Articles of Association. Such amendments shall be deemed to include share capital increases or decreases, except the share capital increase for which the Board decides as per the relevant legislation and the Articles of Association;
- election of the members of the Board and the auditors;
- approval of the Group and the Bank's annual financial report;
- appropriation of the annual profits;
- merger, split-off, transformation, revival, extension of duration or dissolution of the Bank;
- appointment of liquidators; and
- any other matter provided for by law.

The provisions of the previous paragraph do not apply to:

- capital increases by Board resolution pursuant to paragraphs 1 and 14 of Article 13 of the Company Law 2190/1920 as well as capital increases imposed by provisions of other laws;
- amendments to the Articles of Association introduced by the Board under para. 5 of Article 11, pars 2 and 13 of Article 13 and para. 4 of Article 17b of the Company Law 2190/1920;
- the election of Directors in replacement of Directors resigned, deceased or having forfeited their office for whatever reason, in line with the provisions of the Articles of Association pursuant to para. 7 of Article 18 of the Company Law 2190/1920;
- the absorption of a company fully owned by another company as per Article 78 of the Company Law 2190/1920; and
- the option for distribution of profits or non-mandatory reserves within the current financial year by resolution of the Board, subject to prior General Meeting authorisation.

The General Meeting decides on all Board proposals included in the agenda. It is convened by the Board, or as otherwise provided for by law, regularly at least once each year, at the latest until the tenth calendar day of the ninth month following the end of each financial year. Ordinarily, it is held at the Bank's registered office or in the region of another municipality within the prefecture where the Bank's registered office is located. The General Meeting may also be convened extraordinarily whenever deemed necessary, at the discretion of the Board. Moreover, at the auditors' request, the Board is obliged to convene a General Meeting within ten days as of the date such request was submitted to the Chairman of the Board, determining the agenda thereof as per the auditors' request. Furthermore, the representative of the HFSF to the Board has the right to convene the General Meeting. In line with para.4 of article 7 of Greek Law 3864/2010, as amended by Greek Law 4340/2015 and 4346/2015, the minimum time limits for the calling of the General Assembly is seven days and the deadline for the convocation of the General Meeting that will decide the share capital increase for the issuance of common shares, convertible bonds or other financial instruments, is ten calendar days. The deadline for the convocation of every repeat or adjourned is reduced to the one third (1/3) of the deadlines stipulated in Company Law 2190/1920, as in force. The previous subparagraph is applied in every General Meeting convened in the context of Greek Law 3864/2010 or related thereto.

The Annual General Meeting reviews and approves the annual financial report. The Annual General Meeting elects at least one auditor, as specifically provided for under par. 1 of Article 33 of the Articles of Association. Following approval of the annual financial report, the Annual General Meeting, by special voting, by roll call and as per the Articles of Association, decides on the discharge from personal liability of the Board and the auditors. Discharge is invalid in the cases provided for under Article 22a of the Company Law 2190/1920. Entitled to participate in the voting process on the discharge are the members of the Board as well as Shareholders - Bank employees only by shares, of which they are holders or as other Shareholders' representatives, provided that they have received relevant authorization that includes express and specific voting directions.

The annual financial report is available to Shareholders ten days prior to the Annual General Meeting, and in accordance with applicable regulatory framework shall incorporate: a) the Certifications of the Board of Directors, b) Board of Directors' Report, c) Supplementary Report, d) Independent Auditor's Report, e) the financial statements and the notes thereto, f), Summary Financial Data, g) the annual report for the distribution of capital of the financial year it concerns, provided that the distribution has not been finalized or that it was finalized during the second semester, and was drawn from a share capital increase in the form of cash or upon issuance of a bond loan, following the references made in the relevant Prospectus of the issuance and h) reference to the website where the annual financial statements, the Auditor's Reports, as well as the Board of Directors' Reports of the consolidated non-listed companies that represent cumulatively an amount higher that 5% of the consolidated turnover or the consolidated assets or the consolidated results after the deduction of the corresponding part concerning minority shareholders are published.

With the exception of repeated General Meetings and General Meetings deemed similar thereto, the General Meeting shall be called at least 20 days before the date set for it. The said 20-day period shall be inclusive of non-business days, but exclusive of the date the invitation is published and the date the General Meeting is held.

The invitation to the General Meeting, including the information provided for by law from time to time, including inter alia the place where the General Meeting is to be held, i.e. the premises along with the exact address, the date and time thereof, the items on the agenda, clearly specified, and the shareholders entitled to participate therein, along with precise instructions as to the method of participation and exercise of the rights thereof in person or by legally authorized proxy or even by distance participation, is displayed in a conspicuous place at the Bank's Head Office and published as per the legal stipulations. In addition, the Bank, at its own discretion and without being under relevant obligation by law, is also entitled to publish specific invitation to the General Meeting in other media as well. In that case, the publication must be carried out 20 full days before.

Any person appearing as a Shareholder (i.e. holder of ordinary registered shares of the Bank) in the registry of the Dematerialized Securities System managed by Hellenic Exchanges S.A. ("HELEX"), in which the shares of the Bank are being held, as on the record date stipulated in Article 28a.4 of the Company Law 2190/1920, and timely and duly complying with the formalities of Article 28a of the Company Law 2190/1920 and the relevant invitation to the General Meeting and of article 7 of Greek Law 3864/2010 in case of a General Meeting that decides the share capital increase for the issuance of common shares, convertible bonds or other financial instruments as well as every General Meeting convened the context of Greek Law 3864/2010 or related thereto.

The HFSF exercises its voting right in the General Meeting as stipulated in article 7a of Greek Law 3864/2010 and the Relationship Framework Agreement between the Bank and the HFSF.

The procedure and deadline for submitting the legalization documents of proxies and representatives of the Shareholders are set out in par. 1 to 3 of Article 28a of the Company Law 2190/1920. In particular, shareholder status should be confirmed (e.g. via written certification from HELEX) at the latest by the third (3rd) day prior to the General Meeting. The said deadline shall also apply to

Shareholders' representatives' or proxies' legalization documents being deposited at the Bank. Specifically, the shareholder capacity must be in effect during the registration date, as this is defined in the Notice of the General Meeting. Shareholders that have not adhered to the above provisions, may participate in and vote at the General Meeting subject to permission thereof. Shareholders that are legal entities may participate in the General Meeting by up to three representatives each.

Upon relevant decision of the Board, the shareholders may participate in the General Meeting by electronic means without attending the Meeting in person at the place where it is held. In addition, following relevant decision of the Board the shareholders may vote at the General Meeting by distance voting, either by exercising their voting rights by electronic means or by mail, as per the applicable provisions of law.

Twenty-four (24) hours before each General Meeting, a list of the names of the Shareholders entitled to vote thereat, along with each Shareholder's number of shares and votes, the names of their proxies, where applicable, and the said Shareholders' and proxies' addresses is displayed in a conspicuous place at the Bank's Head Office. The Board includes in the said list all the Shareholders that have adhered to the above provisions. As of the date the invitation to the General Meeting is published until the day the General Meeting is held, the Bank is required to have the information provided under article 27 par. 3 of the Company Law displayed on its corporate website, and to inform the Shareholders through its website of the way the relevant material can be provided in case access to such information via the internet is impossible due to technical reasons. Should a Shareholder or proxy thereof object to the list, such objection may be raised only at the commencement of the General Meeting and prior to the deliberation on the agenda.

The Chairman of the Board provisionally chairs the General Meeting. Should s/he be unable to attend the General Meeting, s/he will be replaced by her/his substitute as per par. 2 of Article 21 of the Articles of Association or by the CEO. Should such substitute be also unable to attend, the General Meeting will be provisionally chaired by the Shareholder that owns the largest number of shares, or by the proxy thereof. Two of the Shareholders or proxies present, designated by the Chairman, act as provisional secretaries. Following the ratification of the list of Shareholders, the General Meeting promptly elects the Chairman and two secretaries, the latter also acting as vote counters.

The General Meeting forms a quorum and validly deliberates on the items on the agenda when Shareholders owning at least 1/5 of the paid-up capital are present or represented thereat. Should there be no such quorum, the General Meeting must reconvene within twenty days as of the date of the meeting that was cancelled, by at least ten full days' prior invitation to this effect; at such repeat meeting, the General Meeting forms a quorum and validly deliberates on the original agenda irrespective of the portion of the paid up share capital represented. In the event that no quorum is formed, if the place and time of the repeat meetings prescribed by law are specified in the original invitation, no further invitation is required, provided the repeat General Meeting takes place at least ten full days after the cancelled General Meeting.

Exceptionally, with respect to resolutions concerning:

- a change in corporate nationality;
- a change in corporate activities;
- an increase in Shareholder liability;
- a share capital increase, not provided for by the Articles of Association, as per para. 1 and 2 of Article 13 of the Company Law 2190/1920, as amended, or unless imposed by law or implemented through capitalization of reserves;
- a decrease in share capital, unless carried out in accordance with par. 6 of Article 16 of the Company Law 2190/1920;
- a change in the profit appropriation method;
- a corporate merger, split-off, transformation, revival, extension of duration or dissolution;
- delegation or renewal of powers to the Board to decide for the share capital increase as per para. 1 of Article 13 of the Company Law 2190/1920, as amended; and
- in any other case provided for by law.

The General Meeting forms quorum and validly deliberates on the agenda when Shareholders representing 2/3 of the paid-up share capital are present or represented thereat. Should no quorum be formed at the first meeting, as described in the preceding paragraph, a first repeat meeting must convene within twenty days as of the first meeting, with at least ten full days' prior invitation, and forms quorum and validly deliberates on the original agenda when at least 1/2 of the paid up share capital is represented thereat. If, again, no quorum is formed, a second repeat meeting must convene within twenty days, with at least ten full days' prior invitation, and forms quorum and validly deliberates on the original agenda when at least 1/5 of the paid up share capital is represented thereat. In the event that no quorum is formed, if the place and time of the repeat meetings prescribed by law are specified in the original invitation, no further invitation is required, provided that the repeat General Meeting takes place at least 10 full days after the cancelled General Meeting.

Resolutions are adopted by absolute majority of the votes represented at the General Meeting. Exceptionally, resolutions on items that require increased quorum are adopted by a majority of 2/3 of the votes represented at the General Meeting.

Specifically for the resolutions for the share capital increase mentioned in para. 2 of article 7 of Greek Law 3864/2010, including the resolutions for the issuance contingently convertible bonds or other convertible financial instruments, are taken by the General Meeting, representing at least 1/5 of the paid-up share capital and with absolute majority of the votes represented in the General Meeting. If this is not the case, para. 2 of article 29 of Company Law 2190/1920 is applied.

Minority Shareholder's Rights

The shareholders' rights of minority are in accordance with the applicable provisions of the Company Law 2190/1920 as amended and also with the relevant Articles of Association.

At the request of Shareholders representing 1/20 of the paid-up share capital, the Board is obliged to convene an extraordinary General Meeting setting the date thereof not later than forty-five (45) days as of the date on which the request was submitted to the Chairman of the Board. The request indicates the items on the agenda.

At the request of Shareholders representing 1/20 of the paid-up share capital, the Board shall add to the agenda of the General Meeting that has been convoked additional items, provided the respective request is submitted to the Board at least 15 days prior to the said General Meeting and meets the requirements of Article 31 par.2 of the Articles of Association.

By request of shareholders representing 1/20 of the paid-up share capital, the Board shall, pursuant to article 27 par.3 of the Company Law 2190/1920, provide shareholders at least 6 days prior to the date of the General Meeting draft resolutions on the items included in the initial or the revised agenda, provided the respective request has been submitted to the Board at least 7 days prior to the date of the General Meeting. The Board is under no obligation to take any of these steps if the content of the respective request by shareholders clearly infringes the law and decent conduct. Specifically for the General Meetings convened in accordance with article 7 of Greek Law 3864/2010, the 6 and 7 days that are stipulated above, are reduced to 3 and 4 days respectively.

At the request of Shareholders representing 1/20 of the paid up share capital, the Chairman of the General Meeting shall postpone, only once, decision-making by the General Meeting, whether it is annual or extraordinary, for a new General Meeting to be held on the date indicated in the Shareholders' request, but not later than thirty (30) days as of the said postponement. Specifically for the General Meetings convened in accordance with article 7 of Greek Law 3864/2010, the above 30 days are reduced to 3 days.

The General Meeting held following such postponement, being a continuation of the previous General Meeting, is not subject to publication requirements as regards the invitation to Shareholders, and new Shareholders may also participate therein subject to the provisions of articles 27.2, 28 and 28a of the Company Law 2190/1920.

At the request of Shareholders representing 1/20 of the paid-up share capital, decision-taking on the General Meeting agenda shall be by roll-call.

At the request of any Shareholder filed to the Bank at least five full days before the date of the General Meeting, the Board provides the General Meeting with any such specific information on the Bank's business as may be requested, insofar as it serves for real assessment of items on the agenda. Specifically for the General Meetings convened in accordance with article 7 of Greek Law 3864/2010, the above 5 days are reduced to 3 days. The Board may provide a single answer to shareholders' requests that are of similar content. No such obligation to provide information applies in the event that the said information is already available on the company's website, particularly in the form of questions and answers. Moreover, at the request of Shareholders representing 1/20 of the paid up share capital, the Board informs the General Meeting, provided it is an annual one, of the amounts paid by the Bank to each Director or the Managers of the Bank over the last two years, and of any benefits received by such persons from the Bank for whatever reason or under any agreement with the Bank. In all of these cases the Board is entitled to decline the provision of the information requested, for good reasons, which are recorded in the minutes. Depending on the circumstances, one such good reason may be the requesting Shareholders' representation on the Board as per para. 3 or 6 of Article 18 of the Company Law 2190/1920.

At the request of Shareholders representing 1/5 of the paid-up share capital, filed with the Bank at least five full days before the General Meeting, the Board shall provide the General Meeting with information on the current status of corporate affairs and assets. Given the fact that the deadline of at least five full days before the General Meeting of para. 4 of article 39 of Company Law 2190/1920 is applied, especially for the General Meetings convened in accordance with article 7 of Greek Law 3864/2010 the above deadline of three days will be applicable. The Board may decline to supply the information requested for good reasons, which are recorded in the minutes.

In the cases of subparagraph 5 of par. 6, and of subparagraph 2 of par. 7 of Article 39 of the Bank's Articles of Association, any dispute as to the validity of the reason for declining to provide the Shareholders with the information requested shall be settled by a judgment rendered by the competent court of the place of the Bank's registered office. By virtue of the said judgment, the Bank may be required to provide the information it had declined.

Under all circumstances, when requesting shareholders exercise their rights as above, they are required to produce proof of their shareholder capacity and number of shares. A certificate to this effect from the organization where the relevant securities are held or verification of shareholder status through direct electronic link-up between the records held by such organization and the Bank may also serve as such proof.

The Shareholders representing at least 1/20 of the paid-up share capital are entitled to file with the competent court a petition for an audit of the Bank in accordance with the procedure provided for by law. The said audit is ordered if the acts alleged by the petitioners are deemed likely to contravene provisions of the law, or of Articles of Association, or of General Meeting resolutions. Under all circumstances, audit requests as above must be filed within three years of approval of the annual financial statements for the year in which such acts allegedly occurred.

Shareholders representing 1/5 of the paid up share capital may file with the competent court a petition for an audit if the overall corporate performance suggests that the management of corporate affairs has not been based on sound or prudent practices.

Shareholders requesting an audit as above shall provide the court with proof of ownership of the shares entitling them to the audit request.

Other Shareholder Rights

Additional information on the Shareholder rights and their exercise is included in the Supplementary Report for the Annual General Meeting, as required by article 4 of Greek Law 3556/2007, as in force, which is part of the Bank's Annual Board of Directors' Report.

BOARD OF DIRECTORS AND OTHER MANAGEMENT, ADMINISTRATIVE AND SUPERVISORY BODIES

Board of Directors of the Bank

The Bank is managed by the Board of Directors, which is responsible for ensuring strategic direction, management supervision and adequate control of the Bank, with the ultimate goal of increasing the long-term value of the Bank and protecting the corporate interest at large, in compliance with the current legal and regulatory framework, including the provisions of the Amended Relationship Framework Agreement between the Bank and the HFSF and the obligations of the Bank towards the Monitoring Trustee.

The Board's tasks, key responsibilities and authorities are set out in Greek Company Law 2190/1920, Greek Law 4261/2014, EU Regulation 468/2014, Greek Law 3016/2002, Greek Law 3864/2010, as in force, and the Relationship Framework Agreement between the Bank and the HFSF and in the Bank's Articles of Association and in the Corporate Governance Code which are available on the Bank's website, at www.nbg.gr (section: The Group / Corporate Governance / Regulations and Principles).

Appointment of Directors and Operation of the Board

The members of the Board of Directors are elected by the Bank's General Meeting of the Shareholders for a term that cannot exceed three years and ends at the ordinary General Meeting of the Shareholders of the year in which such provisioned term expires. Uneven terms of office may be provisioned for each Director, insofar as this is prescribed by the current legal and regulatory framework. All members can be re-elected, subject to the meeting of requirements set by the each time applicable legal and regulatory framework. The General Meeting of Shareholders determines each time the exact number of the members of the Board of Directors (the Board of Directors may consist of a minimum of seven up to a maximum of 15 members and must always be an odd number) and its independent members.

An HFSF Representative also participates in the Bank's Board of Directors, in line with Greek Law 3864/2010, as in force. In accordance with the Amended Relationship Framework Agreement between the Bank and the HFSF, signed in December 2015, the HFSF is also entitled to the appointment of an observer (HFSF Observer-without voting right) to the Board of Directors of the Bank. Currently, Mr. Christoforos Koufalias is the HFSF's Observer to the Bank's Board of Directors and Board Committees.

Furthermore, until 22 July 2016, pursuant to the Bank's participation in the Hellenic Republic Bank Support Plan Greek Law 3723/2008, the Hellenic Republic had the right to participate in the Board through the appointment of a representative, however as the Bank no longer benefits from any support under the Hellenic Republic's Bank Support Plan, the Bank is no longer subject to the provisions of Greek Law 3723/2008 and the representation of the Hellenic Republic on the Bank's Board of Directors has been ceased.

Moreover, in June 2017, an Employees' representative was appointed as Observer in the Board of Directors with all rights of a board member except voting rights. The Observer Employee Representative has consultation rights on the Human Resources and Remuneration Committee agenda, monthly access to the Chair of the Human Resources and Remuneration Committee to discuss proposals or matters of concern and the right to address the Human Resources and Remuneration Committee on request.

The Board of Directors' members can be removed at any time by the General Meeting. In the event that a member ceases to participate in the Board of Directors, due to resignation, disease or having forfeited their office for whatever reason, and in case its replacement by deputy members, that have potentially been elected by the General Meeting is impossible, the rest of the members may either provisionally elect another member to cover the unoccupied seat for the period of time that remains until the replaced member's term of office ends, or may continue to manage and represent the Bank without replacing the missing Director(s), provided that the number of the remaining Directors shall remain within the range prescribed by the applicable framework and the Bank's laws (currently at least seven). In the event that a new Director is provisionally elected, the election shall be valid for the remaining term of office of the Director replaced and is announced by the Board of Directors at the immediately following General Meeting, which may replace the Directors even if no relevant item is included on the agenda. Under all circumstances, the remaining Directors, irrespective of number, may call a General Meeting solely for electing a new Board.

The Board of Directors elects, by absolute majority from its members, the Chairman and the Chief Executive Officer who manages the Bank and decides on the appointment of executive and non-executive members of the Board. Moreover, the Board of Directors may also elect from among its members one or more Vice Chairman(en). Furthermore, the Board decides on the appointment and duties of the Deputy Chief Executive Officer(s). The Bank constantly monitors developments internationally in the field of corporate governance and aims to adopt best practices and continuously updates its corporate governance framework, in which context, as well as in accordance with the current regulatory framework, and best practices in corporate governance, the Bank distinguishes the role of the Chairman from that of the Chief Executive Officer.

The Board of Directors is constituted into a body at its first meeting following each election of Directors by the General Meeting, as well as under any circumstances when the Chairman's or the Chief Executive Officer's post is vacated for whatever reason. Until the Board of Directors elects a new Chairman or Chief Executive Officer, the relevant duties are exercised by the substitute thereof. Furthermore,

the Board may be constituted into a body anytime, following relevant decision by majority, determining anew its executive and non-executive members.

The Board of Directors convenes as prescribed by Greek legislation, the Bank's Articles of Association and the Corporate Governance Code, as well as according to the provisions of the Amended Relationship Framework Agreement between the Bank and the HFSF and the obligations of the Bank towards the Monitoring Trustee. The Board is convened (a) by the Chairman, upon invitation sent by the Board of Directors Secretary to the Board members at least three business days before the meeting. The invitation must clearly specify the items on the agenda, otherwise decisions cannot be reached unless all members of the Board of Directors' are present or represented at the meeting and no member objects to decision-making or (b) by the Chairman upon request by two (2) members, within seven days from the submission of the written request, which should clearly specify the agenda of the Board meeting requested or (c) by the Chairman upon request of the HFSF representative within seven days from the submission of the request to the Chairman. In case the Board of Directors Chairman does not proceed with convocation of the Board upon request of two (2) members or the HFSF representative within the above deadline or does not include in the invitation all proposed items on the agenda, then the two (2) members or the HFSF representative respectively are able to convene the Board within five days from expiry of the above deadline of seven days. The invitation shall be notified to all Board of Directors members and to the HFSF observer.

Any member may request the Chairman to include one or more items on the agenda of the next Board of Directors' meeting. Two (2) or more members may require that the Chairman to include one or more items on the agenda of the next Board meeting. The HFSF representative also has the right to include items on the agenda and, to that end, must send to the Chairman of the Board of Directors in writing, the proposed/additional items at least two (2) business days prior to the date of the Board meeting. The Chairman of the Board of Directors must include those items on the agenda of the scheduled Board of Directors' meeting.

The Board of Directors forms a quorum and validly deliberates when one half plus one of the Board of Directors are present or represented, but under no circumstances may the number of Directors present be less than five. The Articles of Association describe in detail the requirements of Directors' representations for valid resolutions adoption.

In the context of further enhancing the efficient operation of the Board of Directors, in mid-2016 the Bank proceeded with the implementation of a special Board Secretariat system to further support operation of the Board of Directors. A new upgraded Board Secretariat System was installed in February 2018. The use of this system has enhanced procedures for providing Board of Directors members with appropriate information and notifications, accessing remotely the Board and Board Committees' material and facilitate exchange of opinions and commenting on issues placed under consideration of the Board of Directors and Board Committees and better monitoring of issues discussed by the Board of Directors and its Committees.

Responsibilities of the Board of Directors

Among other matters, the Board of Directors is responsible for:

- reviewing and approving the strategic direction of the Bank and the Group, including the business plan, the annual budget and the key strategic decisions as well as providing guidance to the Bank's and the Group's Management;
- reviewing the Group's corporate structure, monitoring its embedded risks and ensuring the cohesiveness and effectiveness of the Group's corporate governance system;
- acquiring shareholdings in other banks in Greece or abroad, or divestment thereof;
- establishing Branches, Agencies, and Representation Offices in Greece and abroad;
- establishing associations and foundations under Article 108 and participating in companies falling under Article 784 of the Greek Civil Code;
- approving the Bank's internal labour regulations;
- nominating General Managers and other executives of the Bank, as appropriate in line with the applicable framework and accordingly following proposals by the Bank's responsible bodies;
- reviewing and approving the Group and the Bank's annual and interim financial report;
- issuing Bonds of any type, with the exception of those for which the Bank's General Meeting is exclusively responsible in accordance with the Greek law;
- approving and reviewing a Code of Ethics for the employees of the Bank and the Group and the Code of Ethics for financial professionals;
- approving the Bank's and the Group's CSR Policy; and
- approving and reviewing the Group Remuneration Policy upon decision of its non-executive members, following recommendation by the Human Resources and Remuneration Committee of the Board.

Moreover, pursuant to article 10 of Greek Law 3864/2010 (the "HFSF Law"), as in force, as well as according to the Amended Relationship Framework Agreement entered into with the HFSF, the representative of the HFSF may, *inter alia*, veto the decision making process of the Board of Directors in relation to dividend allocation and remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and Board members, as well as the General Managers and their substitutes.

The Bank's Board of Directors is supported by six Board Committees, which have been established and operate for this purpose, namely the Strategy and Transformation Committee, the Board Risk Committee, the Audit Committee, the Corporate Governance and Nominations Committee, the Human Resources and Remuneration Committee and the Ethics and Culture Committee (established in July 2018), the operation of which is in accordance with legislation and the regulatory framework, including the provisions of the Amended Relationship Framework Agreement between the Bank and the HFSF and the obligations of the Bank towards the Monitoring Trustee.

Directors Nomination

The nomination procedure and the qualification criteria for Directors (excluding the HFSF Representative) are subject to specific rules that are set out by Greek Laws 4261/2014, 3016/2002, 3864/2010, as in force, the Executive Committee Act No 142/11.6.2018 of the Bank of Greece, the EU Regulation 468/2014, the Amended Relationship Framework Agreement between the Bank and the HFSF, the Bank's Articles of Association, the Corporate Governance Code and the Directors' Nomination Policy. Each nominee fulfils such criteria that ensure the appropriate governance and guidance of the Bank's strategy in respect of economic, business and policy issues, so as to insure the required approval of the supervisory authorities in national and European level.

According to para. 1(b) of Article 9 of the Bank's Articles of Association, the General Meeting of the Shareholders is the sole corporate body vested with the authority to elect of the members of the Board of Directors and their substitutes, as well as to determine the independent non-executive members. Exceptionally, according to the provisions of para. 3 of Article 18 of the Bank's Articles of Association and para. 7 article 18 of Law 2190/1920, in the event that as a result of resignation, death or forfeiture for whatever reason a Director ceases to be on the Board of Directors and his replacement by substitute Directors elected by the General Meeting is not feasible, the remaining Directors may either provisionally elect another Director to fill the vacancy for the remaining term of office of the Director replaced, or continue to manage and represent the Bank without replacing the missing Director(s), provided that the number of the remaining Directors shall be within the range prescribed by the applicable framework (currently at least seven).

Moreover, according to Law 2190/1920, as in force, each shareholder can propose to the General Meeting of the shareholders one candidate for Board of Directors membership and this right (to propose one candidate to the General Meeting of Shareholders), is also given to the Board of Directors. To this end, according to the Bank's Corporate Governance Code, the Board of Directors, assisted by the Board of Directors' Corporate Governance and Nominations Committee ("CGNC"), proposes to the General Meeting candidate Directors on the basis of the Nominations Policy which requires them to meet the "fit and proper" criteria and not have any systematic conflict of interest with the Bank. It is not necessary for the Board of Directors to submit a separate proposal for the positions of Chairman of the Board and Chief Executive Officer.

Following the election of the new members of the Board of Directors by the General Meeting of the Shareholders, the Board of Directors in its first meeting elects its Chairman and the Chief Executive Officer who manages the Bank, by absolute majority among its members. According to the Bank's Corporate Governance Code, the Bank distinguishes the role of the Chairman of the Board and the role of the Chief Executive Officer. Moreover, the Board of Directors has the authority to elect Vice Chairman(men) and to decide on the appointment and duties of the Deputy Chief Executive Officer(s).

In selecting and proposing to the General Meeting of the Shareholders potential members of the Board of Directors, or in appointing new members in replacement of members who for whatever reason cease to be on the Board of Directors, the Board of Directors shall endeavour to propose candidates who meet the fit and proper requirements, as set out in the applicable framework, who do not have any systematic conflict of interest with the Bank and whose nomination ensures that the Board of Directors as a collective body presents especially the following basic profile:

- has in-depth knowledge of the financial industry, counting among its members individuals who are serving or have served in the past in leadership positions in financial institutions; The Board shall have the appropriate mix and experience in financial services or commercial banking and adequate time to provide effective oversight of a Group that offers a diverse range of financial services and operates on an international scale. Some of its members have significant long time experience in financial management, accounting, and risk and capital management and control. Board members must also be aware of the legal and regulatory requirements of the banking industry;
- possesses significant business and professional experience counting among its members, individuals that are serving or have served as Chairmen, Chief Executive Officers or senior managers of large organizations and have built a reputation that demonstrates the ability to form judgments over important and sensitive matters upon which the Board of Directors is called to decide;
- has a full understanding of the Bank's client base structure and dynamics, and of the main geographic markets in which the Bank is currently active;
- has considerable international experience and is able to contribute to NBG's aspirations in the geographical region in which the Bank is active;
- has the financial expertise required to provide effective oversight of a diversified financial services Group that operates on an international scale;
- ensures, as far as possible, an adequate representation of the two genders.

The Bank's Corporate Governance Code, as well as the Directors' Nomination policy describe specific suitability criteria that shall be met by candidates as regards professional competencies that are incompatible with the position of Board member at the Bank, criteria concerning independence of non-executive members, participation of candidates on other boards, as well as other cases that are incompatible with the position of Board member. All the above aim to ensure the best composition for the Board of Directors. It is noted that, in March 2018, the HFSF published its revised Guidelines on the Board of Directors' selection and appointment process of Greek systemic banks. The Bank monitors developments in the applicable framework and relevant guidelines and best practices and proceeds to the actions deemed appropriate in order to ensure that the policies followed are in alignment with the each time applicable regulatory framework and relevant guidelines.

In any case, the Bank is subject to the provisions of the Relationship Framework Agreement in place with the HFSF, and particular eligibility criteria foreseen by Law 3864/2010, as in force.

Evaluation of the Chief Executive Officer, the Board of Directors and the Board Committees

According to the Bank's Corporate Governance Code, the Board of Directors has a self-assessment system to evaluate the effectiveness of its work and that of its Committees, based on a methodology formulated and approved by the Corporate Governance and Nominations Committee.

In alignment with the Amended Relationship Framework Agreement between the Bank and the HFSF, the Policy and Procedures for the annual evaluation of the Board of Directors has been revised, in May 2016. This Policy sets out the procedures for the evaluation of the Board of Directors and Board Committees collective performance as well as for the evaluation of the members of the Board of Directors on an individual basis.

The Board of Directors and its Committees has decided to conduct its self-assessment concerning year 2018 during the second semester of 2019, while during 2018 the Board of Directors and its Committees carried out their self-assessment concerning year 2017, as well as the performance assessment of the Board members on an individual basis, according to the provisions of the abovementioned Policy, through relevant questionnaires that include questions addressing the Bank's priorities, the applicable regulatory framework and best practices in corporate governance, and also with the use of the new Board of Directors Secretariat Software. The said questionnaires have been completed by the members of the Board of Directors. The results of the self- assessment of the Board of Directors and its Committees are processed by the competent Board Committee, i.e. the Corporate Governance and Nominations Committee of the Board and the Chairman of the Board.

In addition, during 2017 the HFSF performed its own evaluation of the Board of Directors, in collaboration with independent consultants and in accordance with Art. 10 of Greek Law 3864/2010 as amended and currently in force. In particular, as prescribed by Art. 10 of Greek Law 3864/2010 as in force, the HFSF, with the assistance of an independent consultant of international reputation and established experience and expertise, shall evaluate the Bank's corporate governance arrangements of credit institutions with which the HFSF has signed an Amended Relationship Framework Agreement. Specifically, Art. 10 of Greek Law 3864/2010 states that the evaluation involves the size, organization, structure, and allocation of tasks and responsibilities within the Board of Directors and its Committees in view of the business needs of the credit institutions, while the evaluation also extends to the individual members of the boards and the committees concerned.

The results of HFSF evaluation of the Board of Directors have been reviewed and discussed at the level of the Board of Directors by the competent Board Committee, being the Corporate Governance and Nominations Committee of the Board and the Bank has proceeded to corrective action which has been closely monitored.

Directors Remuneration

The Board of Directors formulates a proposal on the remuneration of its members for the services they provide, which is submitted to the General Meeting. This proposal is formulated in line with the legal and regulatory framework to which the Bank is subject and in line with the Bank's Remuneration Policy (the "Remuneration Policy"), the regulation of the Human Resources and Remuneration Committee of the Board, as well as industry best practices, in a way that adequately reflects the time and effort the members are expected to contribute to the work of the Board of Directors, while at the same time promoting effectiveness of the Board of Directors' operations. The remuneration of the Board's Chairman, the Chief Executive Officer and the Executive Board Members is proposed by the Corporate Governance and Nominations Committee consisting of non-executive members of the Board of Directors. Remuneration is ultimately approved by the General Meeting of Shareholders, which is competent to approve Board members' remuneration.

According to Article 10 of Greek Law 3864/2010, as in force, the representative of the HFSF can, inter alia, exercise his/her veto right in the Board decision making process with regards to the distribution of dividends and the remuneration policy for the Chairman of the Board of Directors, the Chief Executive Officer and other Board members, the General Managers and their deputies. Compensation of the aforementioned persons shall in no case exceed compensation of the Governor of the Bank of Greece. For NBG, which received a capital injection from the HFSF in 2015, the remuneration cap will be re-evaluated in line with the European Commission Banking Communication of 1 August 2013, point 38 and shall be prolonged until the end of the restructuring period. According to the HFSF Law as in force, it is prohibited for the Bank to award variable remuneration (bonuses) to the Chair of the Board, the Chief Executive Officer and other Board members or General Managers and their deputies, while the Bank participates in recapitalization programs. With regards to executive members of the Board, the Bank has adopted a Remuneration Policy which determines their remuneration within the broader context of determining senior executives' remuneration, and with the aim of promoting meritocracy and creating a culture and mentality of focusing on performance, while being aligned with the applicable framework. During 2018, no variable remuneration was granted to the Chairman and the executive members of the Board of Directors, while the remuneration of non-executive directors does not include bonuses in accordance with the Remuneration Policy of the Bank.

On 26 July 2018, following the proposal by the Board of Directors after relevant recommendation of the Board's Human Resources and Remuneration Committee and Corporate Governance and Nominations Committee, the Annual General Meeting of the Shareholders approved the remuneration of the members of the Board of Directors of the Bank for the fiscal year 2017, according to para. 2 of Article 24 of Company Law 2190/1920, and determined the remuneration of the Chairman of the Board and executive and non-executive members of the Board of Directors until the Annual General Meeting of 2019. Additionally, the Annual General Meeting approved for the fiscal year 2017, the remuneration of the members of the Board of Directors for their participation at the Bank's Audit Committee, the Corporate Governance and Nominations Committee, the Human Resources and Remuneration Committee, the Board Risk Committee and the Strategy Committee, and determined their remuneration until the Annual General Meeting of 2019, as per the relevant regulatory framework.

Continuous Education and Training of Directors

The Bank offers new Board members an introductory informative program, which includes a one-day induction program, covering among others issues concerning the Bank's corporate governance and organisational arrangements and including meetings with key executives of Bank. As part of the one-day induction program, new Directors are informed about governance, compliance, key developments at Group level, matters concerning internal audit, finance and accounting. Further, upon their appointment, new Board members are provided with detailed material that includes a manual prescribing basic rights and obligations of Board members in accordance with applicable legislation, the Bank's key policies, as well as all other relevant regulatory provisions or documents concerning for example obligations of the Bank deriving from the Amended Relationship Framework Agreement with the HFSF. Further, there are briefings of the Board by Bank's competent executives on matters with which Directors shall familiarise themselves, for example concerning developments in the applicable corporate governance framework, on risk related issues, on issues concerning non-performing exposures, while also external trainings can take place as may be deemed appropriate, for example the training of the Board members on Cyber Security, Artificial Intelligence and Big Data, as well as detailed presentation to the Board members on issues of Corporate Governance.

Board of Directors – Structure

Pursuant to Greek Law 3864/2010 and the Amended Relationship Framework Agreement between the Bank and the HFSF, the HFSF participates in the Board of Directors through the appointment of a representative. As notified to the Bank by HFSF's Letter dated 23 July 2018, the duties of the HFSF's Representative, in the context of Law 3864/2010, are exercised by Mr. Periklis Drougkas. The HFSF representative is entitled to participate in the Board Committees and committees which do not solely comprise executive members, and has the rights and authorities prescribed by Greek Law 3864/2010 as in force and the Relationship Framework Agreement between the National Bank of Greece and the HFSF.

In the context of overseeing the implementation of the restructuring plan of the banking sector, and specifically, the implementation of any other commitments undertaken by the Greek Government relating to the Bank's operations, Grant Thornton has been appointed as "Monitoring Trustee" with a view to ensuring compliance of the Bank with the aforesaid commitments, as long as these are in force. The Monitoring Trustee participates as an observer in meetings of the Board of Directors and certain Board/Executive Committees and has full access to any of the Bank's records including board minutes, in accordance with procedures foreseen depending on commitments remaining in force. More specifically, the Monitoring Trustee is responsible for monitoring the implementation of the commitments concerning an effective internal control system, the implementation of the appropriate credit, deposit and risk management policies, scaling down Government assistance, control over payment of dividends, interest payments and the acquisition of own financial instruments, as long as these are in force. The Monitoring Trustee attended Board and Board Committee meetings as an observer until the end of June 2018 and has further on been receiving Board and Board Committee Agenda Items.

Moreover, in June 2017, an Employees' representative was appointed as Observer in the Board of Directors with all rights of a board member except voting rights. The Observer Employee Representative has consultation rights on the Human Resources and Remuneration Committee agenda, monthly access to the Chair of the Human Resources and Remuneration Committee to discuss proposals or matters of concern and the right to address the Human Resources and Remuneration Committee on request.

The current Board of Directors of the Bank has been elected by the Annual General Meeting of Shareholders on 26.07.2018, with a term of 3 years, i.e. through to the AGM of 2021. On the same day the Board of Directors convened and decided on its constitution into a body.

It is noted that, on 24 January 2019 the Board of Directors elected Mr. Dimitrios Kapotopoulos as an executive member of the Board of Directors replacing the resigned executive member Mr. Dimitrios Dimopoulos, whereas during 2018, the following changes took place as regards composition of the Board:

- As notified to the Bank by HFSF's Letter, dated 23 July 2018, the duties of the HFSF's Representative, in the context of Law 3864/2010, are exercised by Mr. Periklis Drougkas.
- Ms Marianne T. Økland was an independent non-executive member of the Board of Directors until 25 July 2018.
- On 17 July 2018, at the meeting of the Board of Directors, Mr. Paul Mylonas was elected as Chief Executive Officer.
- As notified to the Bank by HFSF's Letter, dated 23.05.2018, the duties of HFSF's Representative, in the context of Law 3864/2010, are exercised by Mr. Christoforos Koufalias.
- On 4 May 2018, at the meeting of the Board of Directors, the Board of Directors accepted the resignation of the Bank's Chief Executive Officer, Mr. Leonidas Fragkiadakis. Consequently, in accordance with Article 21 of the Bank's Articles of Association, the Board of Directors unanimously resolved upon its reconstitution into a body and upon the appointment of Mr. Paul Mylonas, Deputy Chief Executive Officer as Acting Chief Executive Officer until the Annual General Meeting of Shareholders of year 2018.
- On 23 April 2018, the Board of Directors elected Mr. Andrew McIntyre as new Independent non-executive member of the Board of Directors.
- On 28 February 2018, Mr. Petros Sabatacakis submitted his resignation as independent non – executive member of the Board of Directors.
- On 31 January 2018, during the Board of Directors session, the stepping down of Mr. Mike Aynsley from the position of independent non-executive Board member was announced.

The following table sets forth the current Board of Directors:

Board of Directors of the Bank

Name	Position in Board	Start of Term	End of Term	Profession/ Main Expertise, Experience
Costas Michaelides	Chair (Non-executive Member)	26 July 2018	2021	Chair of the Board
Executive members				
Paul Mylonas	Chief Executive Officer	26 July 2018	2021	Chief Executive Officer
Panos Dasmanoglou	Executive Member	26 July 2018	2021	Executive Board Member
Dimitrios Kapotopoulos	Executive Member	24 January 2019	2021	Executive Board Member
Non-executive members				
Yiannis Zographakis	Member	26 July 2018	2021	Banking Experience
Independent non-executive members				
Claude Piret	Member	26 July 2018	2021	Independent Non-Executive Expert Member as prescribed by Art. 10 of Greek Law 3864/2010 as in force. Risk experience/Financial Services
Haris Makkas	Member	26 July 2018	2021	Economist / Financial Services
Eva Cederbalk	Member	26 July 2018	2021	Independent Non-Executive Expert Member as prescribed by Art. 10 of Greek Law 3864/2010 as in force. Banking Experience
Andrew McIntyre	Member	26 July 2018	2021	Independent Non-Executive Expert Member as prescribed by Art.10 of Greek Law 3864/2010 as in force. Risk and Financial Audit Expertise
John McCormick	Member	26 July 2018	2021	Independent Non-Executive Expert Member as prescribed by Art.10 of Greek Law 3864/2010 as in force. Banking and Audit Experience
Representative of the HFSF (Greek Law 3864/2010)				
Periklis Drougkas	Member	26 July 2018	2021	Economist
Board and Board Committees' Secretary				
Panos Dasmanoglou		26 July 2018	2021	Executive Board Member

During 2018 the Board of Directors convened 23 times in total.

During 2018 the Bank's Board Committees convened 64 times in total.

9.1% (1 out of 11) of the Board Members are women.

A budget exists for the Board.

Directors' short CVs have been posted on the Bank's website, at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors).

Board Committees

Six Committees, namely the Strategy and Transformation Committee, the Board Risk Committee, the Audit Committee, the Corporate Governance and Nominations Committee, the Human Resources and Remuneration Committee and the Ethics and Culture Committee (established in July 2018), have been set up and operate at Board level. Respective charters have been posted on the Bank's website, at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors / Committees). The Committee members are remunerated annually for their participation in each Committee.

Audit Committee

The Audit Committee was established in 1999 and operates in accordance with the provisions of the Bank of Greece Governor's Act No. 2577/2006, Greek Law 3693/2008 (article 37), Greek Law 4449/2017 (article 44) and the Sarbanes-Oxley Act ("SOX").

The members of the Committee are elected by the General Meeting of Shareholders upon recommendation of the Corporate Governance and Nominations Committee to the Board Chair. The Chairman and the Vice Chairman of the Committee are appointed by the Board. The Committee is currently composed of five non-executive Directors, four of whom are independent and one of whom is the HFSF representative at the Board of Directors. The Committee's members are appointed for one year term of office, which can be renewed indefinitely. The Committee employs a specialized consultant who reports directly to the Chairman of the Committee. The Committee convenes regularly at least six times per annum or extraordinarily, whenever deemed necessary, keeps minutes of its meetings and reports to the Board every three months or more frequently if deemed necessary.

During 2018 the Audit Committee convened thirteen times. In the context of its responsibilities and during the course of the year, the Committee reviewed the 2017 Annual IFRS statutory financial statements, the 2017 interim IFRS Financial Statements, as well as the 2017 Annual US GAAP Financial Statements and reports for the Bank and the Group. Additionally, in March 2018, the Committee assessed 2017 Annual Report of the Money laundering reporting officer ("MLRO") for the prevention and suppression of money laundering and financing of terrorism; whereas, in June 2018, the Annual Compliance Report to the Bank of Greece for 2017 as per the provisions of the Bank of Greece Governor's Act No. 2577/2006 was presented to the Committee, while the Audit Committee was also informed about the activities of the Audit Committees of NBG Group subsidiaries. Furthermore, the Committee monitored on a quarterly basis and evaluated on an annual basis the operations of the NBG Group Internal Audit and Compliance Divisions, and assessed the adequacy of the Internal Control System in line with Bank of Greece Governor's Act No. 2577/2006. The Committee, among others, has been trained on the latest developments in international accounting and auditing requirements.

The Committee is comprised of the following members:

Audit Committee	
Chair	Andrew McIntyre
Vice-Chair	Claude Piret
Member	Haris Makkas
Member	Eva Cederbalk
Member	Periklis Drougkas (HFSF representative)

Detailed information on the responsibilities, composition and modus operandi of the Committee are included in the Committee's charter (which was last approved by the Board on 1 March 2019) posted on the Bank's website, at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors / Committees).

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee ("HRRC") was established by Board decision (meeting no. 1259/ 5.5.2005).

The Committee solely consists of non-executive members of the Board, which are at least three in number, in their majority (including the Chairman) are independent Board members, in accordance with the definition of independence specified in the Bank's Corporate Governance Code and one member is the HFSF representative at the Board of Directors. The Committee composition includes members possessing experience in the financial sector, while at least one member possesses adequate expertise and professional experience in risk management and audit activities, mainly in alignment of remuneration policy with the risk and capital profile of the Bank.

The members and Chairman of the Committee are elected by the Board of the Bank, following recommendation by the Board's Corporate Governance and Nominations Committee. The Committee members shall be selected on the basis of their competence and experience.

The Committee convenes at least four times a year and keeps minutes of its meetings.

In 2018, the HRRC convened twelve times. During the year, the HRRC dealt with the contracts, promotions and appointments of General Managers and Assistant General Managers of the Bank while it was thoroughly briefed on the HR Strategic Projects such as the implementation of the Performance Management System. Furthermore, the Committee submitted to the Board of Directors for approval, among others, the Voluntary Exit Scheme as well as the Personnel Training Policy. The Committee submitted to the Board of Directors an Annual Report of its work, as per the provisions of its Charter.

The Committee is comprised of the following members:

Human Resources and Remuneration Committee	
Chair	John McCormick
Member	Claude Piret
Member	Haris Makkas
Member	Yiannis Zographakis
Member	Periklis Drougkas (HFSF representative)

Detailed information on the responsibilities, composition and modus operandi of the HRRC are included in the charter of the HRRC (which was last approved by the Board on 1 March 2019) posted on the Bank's website, at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors / Committees).

Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee ("CGNC") was established by Board decision (meeting no. 1259/ 5.5.2005). The Committee is composed of at least three Board members. The members and Chairman of the Committee are elected by the Board of the Bank, pursuant to proposal of the Chairman of the Board. All members of the Committee are non-executive Board members, in their majority independent members of the Board, in accordance with the definition of independence specified in the Bank's Corporate Governance Code and one member is the HFSF representative at the Board of Directors. They are appointed for a one-year term of office, which shall be automatically renewed for successive one-year renewal terms, unless otherwise decided. The Committee convenes at least three times per annum and keeps minutes of its meetings.

In 2018, the CGNC convened fifteen times. During the year, the Committee reviewed corporate governance practices and arrangements, the composition of the Board of Directors in accordance with the existing legal and regulatory framework, recommended new candidate members to the Board of Directors, and coordinated the Board and Board Committees annual self-evaluation concerning year 2017 in accordance with the applicable regulatory framework and the provisions of the Bank's Policy and Procedures for the annual evaluation of the Board of Directors. Additionally, the Committee reviewed the results of the HFSF evaluation of the Board of Directors and its Committees as per Law 3864/2010 as in force and was regularly updated on the progress of the implementation of corrective actions where appropriate. Furthermore, the Committee submitted to the Board of Directors for approval its new Group Governance Policy within the context of the overall group oversight, discussed the annual board training program, and was informed about latest developments, global trends and other compliance issues in the Corporate Governance framework. The Committee submitted to the Board of Directors an Annual Report of its work, as per the provisions of its Charter.

The Committee is comprised of the following members:

Corporate Governance and Nominations Committee	
Chair	Costas Michaelides
Member	Claude Piret
Member	Andrew McIntyre
Member	Haris Makkas
Member	Periklis Drougkas (HFSF representative)

Detailed information on the responsibilities, composition and modus operandi of the CGNC are included in the CGNC's charter (which was last approved by the Board on 1 March 2019) posted on the Bank's website, at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors / Committees).

Board Risk Committee

The Board Risk Committee ("BRC") was established by Board decision (meeting no. 1308/20.7.06) in accordance with the requirements of Bank of Greece Governor's Act No. 2577/9.3.2006. The Committee has two roles, namely it operates a) as the Board Risk Management Committee and b) as the Board Committee Responsible for Non-Performing Loans/Exposures (NPLs/NPEs) as prescribed by Art. 10 par. 8 of Greek Law 3864/2010, as in force.

The Committee is composed exclusively of non-executive Board members, at least three in number, one third of which (excluding the HFSF representative and rounded to the nearest whole number) are independent non-executive members of the Board, in accordance with the definition of independence specified in the Bank's Corporate Governance Code and one member is the HFSF representative at the Board of Directors. The members and the Chairman of the Committee are elected by the Board of the Bank, following recommendation by the Board's Corporate Governance and Nominations Committee. All members should have adequate knowledge and prior experience in banking and financial services, while at least one member as an expert should have significant experience in risk and capital management, as well as knowledge of the local and international regulatory framework.

The BRC convenes regularly at least on a monthly basis, as well as extraordinarily, whenever deemed necessary by its Chairman.

During 2018, the Committee convened thirteen times. In the context of its responsibilities and during the course of the year, the Committee was briefed in detail and on a regular basis on risk issues such as the IFRS 9 Credit Risk Models, the Stress Tests results, the Risk Appetite Framework project and the 2018 internal capital adequacy assessment process ("ICAAP")/ internal liquidity adequacy assessment process ("ILAAP") results. In addition, the Committee was extensively updated on issues related to NPL/NPEs, particularly based on reports of systemic measurements of their effectiveness and efficiency. Furthermore the Committee submitted to the Board of Directors for approval the NBG Group Recovery Plan 2018 as well as Policies related to the proper internal operations of the Group such as the ILAAP & ICAAP Frameworks/Liquidity Policies, the updated Market Risk Policies and Methodologies and IFRS 9 related Policies, the NPE Divestment Policy, the Retail Credit Policy and the Credit Policy for the Corporate Portfolio. In addition, the Committee approved on a quarterly basis the Report to the Bank of Greece on the Management of Loans in Arrears and Non-Performing Loans, as per Bank of Greece Act 42.

The Committee is comprised of the following members:

Board Risk Committee	
Chair	Claude Piret
Member	Yiannis Zographakis
Member	Haris Makkas
Member	Andrew McIntyre
Member	Periklis Drougkas (HFSF representative)

Detailed information on the responsibilities, composition and modus operandi of the BRC are included in the Charter of the BRC (which was last approved by the Board on 1 March 2019) posted on the Bank's website at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors / Committees).

Strategy and Transformation Committee

The Strategy Committee was established by Board decision (meeting no. 1387/ 29.9.2009), while it was renamed to Strategy and Transformation Committee by Board Decision (meeting no. 1622/26.07.2018). The Committee supports the executive Board members in developing the Group's strategic options, assists the Board in taking decisions on all issues related to NBG Group strategy and regularly reviews the implementation of the Group's strategy by the Group's management team. The Committee is composed of at least five members, of which three are independent non-executive Board members and one member is the HFSF representative at the Board of Directors. The Chief Executive Officer participates ex officio as a member in the Committee.

The Committee members are appointed by the Board upon recommendation of its Chairman, who consults with the Corporate Governance and Nominations Committee to this effect. The Committee members shall be selected on the basis of their competence and experience and appointed for a one-year term of office, which can be automatically renewed for successive one-year renewal terms, unless otherwise decided.

In 2018, the Strategy and Transformation Committee convened nine times. In the context of its responsibilities and during the course of the year, the Committee was updated on the progress of the NBG Transformation Project as well as on the implementation of the restructuring plan and Group divestments. Furthermore, the Committee reviewed the 2019 budget and has been briefed on the key investor themes deriving from discussions of investors with NBG management.

The Committee is comprised of the following members:

Strategy and Transformation Committee	
Chair	Costas Michaelides
Member	Paul Mylonas
Member	Panos Dasmanoglou
Member	Dimitrios Kapotopoulos
Member	Haris Makkas
Member	Claude Piret
Member	Andrew McIntyre
Member	John McCormick
Member	Eva Cederbalk
Member	Yiannis Zographakis
Member	Periklis Drougkas (HFSF representative)

Detailed information on the responsibilities, composition and modus operandi of the Strategy and Transformation Committee are included in the Strategy and Transformation Committee's charter (which was last approved by the Board on 1 March 2019) posted on the Bank's website, at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors / Committees).

Ethics and Culture Committee

The Ethics and Culture Committee was established by Board decision (meeting no. 1622/26.07.2018), aiming, among others, to ensure the application of the highest standards of ethics and integrity throughout all of the activities of the Bank in accordance with international best practice. The Committee is composed of at least three non-executive Board members. The Executive members participate in the Committee without voting rights. The Chair of the Committee is an Independent non-executive member, in accordance with the definition of independence specified in the Bank's Corporate Governance Code and one member is the HFSF representative at the Board. The members of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance & Nominations Committee. The Committee convenes at least quarterly.

During 2018 the Ethics and Culture Committee convened two times. During the year, the Committee was informed on the Bank's Code of Ethics and the training program developed for the NBG Group, reviewed the NBG Group Whistleblowing Policy, in cooperation with the Audit Committee, discussed ethical issues and discussed on its annual planning and main action points in the context of the Committee's areas of responsibility.

The Committee is comprised of the following members:

Ethics and Culture Committee	
Chair	Eva Cederbalk
Member	Costas Michaelides
Member (without voting right)	Paul Mylonas
Member (without voting right)	Panos Dasmanoglou
Member (without voting right)	Dimitrios Kapotopoulos
Member	Haris Makkas
Member	Claude Piret
Member	Andrew McIntyre
Member	John McCormick
Member	Yiannis Zographakis
Member	Periklis Drougkas (HFSF representative)

Detailed information on the responsibilities, composition and modus operandi of the Ethics and Culture Committee are included in the Ethics and Culture Committee's charter (which was approved by the Board on 27 September 2018) posted on the Bank's website, at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors / Committees).

Attendance of each member of the Board and the Board Committees' meetings (times) in 2018 and respective compensation

The table below sets out the attendance of each member of the Board and the Board Committees' meetings in 2018, the respective compensation as well as the gross annual remuneration for dependent employment for year 2018. Additionally, as a result of the relationship with the Bank, in 2018, the Chair, the Executive members and the Non-executive members of the Board, received compensation, as follows:

Name	Board	Audit Committee	Board Risk Committee	HR and Remuneration Committee	Corporate Governance and Nomination Committee	Strategy & Transformation Committee	Ethics & Culture Committee	Compensation for participation to the Board of Directors and Committees (in €)	Gross Annual Remuneration for Dependent Employment for year (in €)
Chair (Non-Executive member)									
Costas Michaelides[1]	23	3	-	-	5	9	2	-	292,751.92
Executive members									
Paul Mylonas[2]	23	-	-	-	-	8	2	-	309,623.39
Leonidas Fragkiadakis[3]	6	-	-	-	-	1	-	-	110,414.29
Dimitrios Dimopoulos[4]	23	-	-	-	-	5	2	-	280,691.23
Panos Dasmanoglou[5]	10	-	-	-	-	5	2	-	121,013.96
Dimitrios Kapotopoulos[6]	-	-	-	-	-	-	-	-	-
Non-Executive members									
Yiannis Zographakis[7]	10	-	5	5	-	5	2	30,333.48	-
Independent Non-Executive members									
Petros Sabatacakis[8]	1	-	-	-	-	-	-	11,666.72	-
Haris Makkas[9]	23	5	13	12	15	9	2	78,667.06	-
Marianne Økland[10]	13	8	12	7	10	4	-	51,250.20	-
Claude Piret[11]	23	13	13	12	15	9	2	100,000.32	-
Andrew McIntyre[12]	19	9	9	-	5	5	2	61,222.39	-
Eva Cederbalk[13]	23	11	-	-	-	9	2	64,333.49	-
John McCormick[14]	10	-	-	5	-	5	2	30,333.42	-

Name	Board	Audit Committee	Board Risk Committee	HR and Remuneration Committee	Corporate Governance and Nomination Committee	Strategy & Transformation Committee	Ethics & Culture Committee	Compensation for participation to the Board of Directors and Committees (in €)	Gross Annual Remuneration for Dependent Employment for year (in €)
HFSF Representative									
Periklis Drougkas[15]	11	6	6	5	6	5	2	39,000.22	-
Christoforos Koufalias[16]	4	2	3	3	4	3	-	14,222.28	-
Panagiota Iplixian[17]	8	5	4	4	5	1	-	31,333.50	-

[1] Mr. Costas Michaelides was Temporary Chair of the Audit Committee until 23 April 2018. In addition Mr. Michaelides was member of the Strategy and Transformation Committee until 26 July 2018. At the same day Mr. Michaelides was appointed as Chair of the Strategy & Transformation Committee, Chair of the Corporate Governance and Nomination Committee and member of the Ethics & Culture Committee.

[2] Mr. Paul Mylonas was appointed as member of the Strategy & Transformation Committee on 4 May 2018, while on 26 July 2018 Mr. Mylonas was appointed as member of the Ethics & Culture Committee (without voting right).

[3] Mr. Leonidas Fragkiadakis submitted his resignation as Chief Executive Officer of the Board of Directors and as member of the Strategy & Transformation Committee on 4 May 2018.

[4] Mr. Dimitrios Dimopoulos submitted his resignation as Executive member of the Board of Directors, member of the Strategy and Transformation Committee and member of the Ethics & Culture Committee (without voting right) on 24 January 2019.

[5] Mr. Panos Dasmanoglou was elected as Board member on 26 July 2018 and appointed as member of the Strategy & Transformation Committee and member of the Ethics & Culture Committee (without voting right) as of the same date. Remuneration shown above concerns the period in which Mr. Dasmanoglou has been member of the Board of Directors.

[6] Mr. Dimitrios Kapotopoulos was appointed as member of the Strategy & Transformation Committee and member of the Ethics & Culture Committee (without voting right) on 24 January 2019.

[7] Mr. Yiannis Zographakis was appointed as member of Human Resources & Remuneration Committee, member of the Risk Committee, member of the Strategy & Transformation Committee and member of the Ethics & Culture Committee on 26 July 2018.

[8] Mr. Petros Sabatacakis was Vice Chair of the Audit Committee until 31 January 2018 and member of the Audit Committee until 28 February 2018, when Mr. Sabatacakis submitted his resignation as independent non-executive member of the Board of Directors and as member of the Audit Committee, member of the Human Resources and Remuneration Committee, member of the Corporate Governance & Nomination Committee and member of the Strategy and Transformation Committee.

[9] On 26 July 2018 Mr. Haris Makkas was appointed as member of the Ethics & Culture Committee and member of the Audit Committee.

[10] Ms. Marianne Økland was Chair of the Corporate Governance & Nomination Committee, Chair of the Human Resources and Remuneration Committee, member of the Risk Committee, member of the Audit Committee and member of the Strategy and Transformation Committee until 26 July 2018.

[11] Mr. Claude Piret was Chair of the Audit Committee until 31 January 2018. At the same day Mr. Piret was appointed as Chair of the Risk Committee and Vice Chair of the Audit Committee. On 26 July 2018 Mr. Piret was appointed as member of the Ethics & Culture Committee.

[12] Mr. Andrew McIntyre was appointed as Chair of the Audit Committee and member of the Risk Committee on 23 April 2018. Additionally Mr. McIntyre was appointed as member of the Strategy & Transformation Committee, member of the Corporate Governance & Nomination Committee and member of the Ethics & Culture Committee on 26 July 2018.

[13] Ms. Eva Cederbalk was Chair of the Strategy & Transformation Committee until 26 July 2018. At the same day Ms. Cederbalk was appointed as Chair of the Ethics & Culture Committee and member of the Strategy & Transformation Committee.

[14] Mr. John McCormick was appointed as Chair of the Human Resources & Remuneration Committee, member of the Strategy & Transformation Committee and member of the Ethics & Culture Committee on 26 July 2018.

[15] On 23 July 2018 Mr. Periklis Drougkas was appointed as the new Representative of the HFSF on the Board of Directors in replacement of Mr. Christoforos Koufalias. At the same day Mr. Drougkas was appointed as member of the Risk Committee, member of the Audit Committee, member of the Strategy & Transformation Committee, member of the Corporate Governance & Nomination Committee, member of the Human Resources and Remuneration Committee and member of the Ethics & Culture Committee.

[16] On 23 May 2018 Mr. Christoforos Koufalias was appointed as the new Representative of the HFSF on the Board of Directors in replacement of Ms. Panagiota Iplixian. At the same day Mr. Koufalias was appointed as member of the Risk Committee, member of the Audit Committee, member of the Strategy & Transformation Committee, member of the Corporate Governance & Nomination Committee and member of the Human Resources and Remuneration Committee until 23 July 2018.

[17] Ms. Panagiota Iplixan was member of the Risk Committee, member of the Audit Committee, member of the Strategy & Transformation Committee, member of the Corporate Governance & Nomination Committee and member of the Human Resources and Remuneration Committee until 23 May 2018.

It is noted that, according to the decision of the General Meeting of 30 June 2017 the Chair of the Board of Directors and executives of the Bank do not receive remuneration as members of the Board of Directors and their remuneration is incorporated in their annual gross remuneration.

Additional to the above, certain Board members received early termination payment of a total of €450,000.

In 2018, the above individuals did not receive any additional compensation (bonus).

The General Manager of Legal Services, Mr. Georgios Triantafillakis, participates at the Board of Directors, without voting right.

Ordinary Shares Owned by the Board of Directors

Name	Activities	31 December 2018 Number of Ordinary Shares
Costas Michaelides	Member of the Board of Directors (Chair)	-
Paul Mylonas	Member of the Board of Directors (Chief Executive Officer)	3,341
Panos Dasmanoglou	Member of the Board of Directors (Executive Board Member)	80
Dimitrios Kapotopoulos	Member of the Board of Directors (Executive Board Member)	2,668
Yiannis Zographakis	Member of the Board of Directors	-
Claude Piret	Member of the Board of Directors	-
Haris Makkas	Member of the Board of Directors	-
Eva Cederbalk	Member of the Board of Directors	-
John McCormick	Member of the Board of Directors	-
Andrew McIntyre	Member of the Board of Directors	-
Periklis Drougkas	Member of the Board of Directors	-
Total		**6,089**

Management, administrative and supervisory bodies of the Bank- Executive Committees

According to the Bank's Management, the following Executive Committees are included in the supervisory, management and administrative bodies of the Bank: 1) the Senior Executive Committee, 2) the ALCO, 3) the Executive Credit Committee, 4) the Disclosure and Transparency Committee, 5) the Provisions and Write-Off Committee, 6) the Crisis Management Committee, 7) the Compliance and Reputational Risk Committee. The committees are composed of executive Board members, General Managers and Deputy General Managers of the Bank.

Senior Executive Committee

The Senior Executive Committee was established in 2004 and operates via specific Charter. It is the supreme executive body that supports the Chief Executive Officer of the Bank in his duties. The Senior Executive Committee has strategic and executive powers in regard to the more efficient operation of the Group and the monitoring of the execution of the Bank's business plan, as well as approval authority that cannot be delegated to other members of the Bank's management or to other collective bodies of the Bank.

In April 2015, it was determined that the Senior Executive Committee will carry out the activities of the Risk Management Council while as formally determined by means of Internal Act in 2016 the Committee also has the authority to decide on matters falling within the authority of the Compliance and Reputational Risk Committee, whenever deemed necessary by the Chairman or Deputy Chairman of the Compliance and Reputational Risk Committee.

The Committee is comprised of the following members:

Senior Executive Committee		
Chairman	Paul Mylonas	CEO
Member	Panos Dasmanoglou	Executive Board Member
Member	Dimitrios Kapotopoulos	Executive Board Member
Member	Ioannis Kyriakopoulos	General Manager, Group Chief Financial Officer ("CFO")
Member	Ioannis Vagionitis	General Manager of Group Risk Management, Chief Risk Officer
Member	Christina Theofilidi	General Manager of Retail Banking
Member without voting rights	Georgios Triantafillakis	General Manager of Legal Services

The Committee is convened by its Chairman and meets regularly at least two times every calendar month and extraordinarily, whenever deemed necessary by its Chairman.

At the invitation of its Chairman, it is possible for General Managers as well as other Bank executives to attend the meetings of the Senior Executive Committee, the presence of which is deemed necessary. Members' short CVs have been posted on the Bank's website www.nbg.gr (section: The Group / Corporate Governance / Management and Organizational structure/ Members).

The Committee members do not receive any remuneration for their participation in the Committee.

Asset and Liability Committee (ALCO)

ALCO was established in 1993. The Committee's key purpose is to establish the Bank's and its Group financial sector entities' strategy and policy as to matters relating to the structuring and management of assets and liabilities taking into account the current regulatory framework and market conditions, as well as the risk limits set by the Bank.

The Committee is comprised of the following members:

Asset and Liability Committee (ALCO)		
Chairman	Paul Mylonas	CEO
Deputy Chairman and Member	Ioannis Vagionitis	General Manager of Group Risk Management, Chief Risk Officer
Member	Dimitrios Kapotopoulos	Executive Board Member
Member	Ioannis Kyriakopoulos	General Manager, Group CFO
Member	Vasileios Kavalos	Assistant General Manager – Group Treasurer
Member	Christina Theofilidi	General Manager of Retail Banking

The Committee convenes regularly once a month or extraordinarily, at the invitation of its Chairman.

At the invitation of its Chairman, it is possible for other executives of the Bank and the Group to attend its meetings.

The Committee members do not receive any remuneration for their participation in the Committee.

Executive Credit Committee

The Executive Credit Committee was established in 2008 and its purpose is the optimization and the sound operation of the risk taking limits.

The Committee is comprised of the following members:

Executive Credit Committee		
Chairman	Paul Mylonas	CEO
Member	Dimitrios Kapotopoulos	Executive Board Member
Member	Ioannis Vagionitis	General Manager of Group Risk Management, Chief Risk Officer

** In the case of meetings where issues regarding corporate special assets are discussed, Mr. Constantinos Vossikas, General Manager of Corporate Special Assets, participates in the Committee.*

The Committee convenes regularly at least two times every calendar month and extraordinarily, whenever deemed necessary by its Chairman.

The General Manager of Legal Services is invited and attends the meetings of the Committee.

The Chairman can invite other executives of the Bank and Group to attend, if necessary.

The Committee members do not receive any remuneration for their participation in the Committee.

Disclosure and Transparency Committee

The Disclosure and Transparency Committee was established in 2003. Its purpose is to monitor the accuracy and completeness of the information included in public announcements and in any publications issued by the Bank, especially those included in the informative documents submitted to SEC, monitoring and submission of proposals for the improvement of the procedures carried out for the collection, assessment and timely disclosure of information required by the relevant legal framework, and generally for compliance with the legal and regulatory framework concerning the obligations for accurate and timely disclosure of information.

The Committee is comprised of the following members:

Disclosure and Transparency Committee		
Chairman	Paul Mylonas	CEO
Member	Dimitrios Kapotopoulos	Executive Board Member
Member	Panos Dasmanoglou	Executive Board Member
Member	Ioannis Kyriakopoulos	General Manager, Group CFO
Member	Marinis Stratopoulos	General Manager, Group Real Estate and International Activities
Member	Georgios Triantafillakis	General Manager of Legal Services
Member	Ioannis Vagionitis	General Manager of Group Risk Management, Chief Risk Officer
Member	Georgios Kaloritis	General Manager, Group Chief Audit Executive
Member	Vasileios Kavalos	Assistant General Manager—Group Treasurer
Member	Christina Theofilidi	General Manager of Retail Banking

The Committee used to convene at the invitation of its Chairman, at least twice per annum and ad hoc as deemed necessary. However, due to NBG's filing of Form 15F to terminate SEC registration and reporting obligations the respective committee ceased its conventions.

The Chairman can invite other executives of the Bank and Group to attend if necessary.

The Committee members do not receive any remuneration for their participation in the Committee.

Provisions and Write Offs Committee

The Committee was established in 2010. Its purpose is the decision making process on the provisions and write offs of NBG Group claims of any nature, which are considered by the Committee to be liable of a loss in value in accordance with the relevant "Provisions and Write Offs Policy" of NBG Group.

The Committee is comprised of the following members:

Provisions and Write Offs Committee		
Chairman	Paul Mylonas	CEO
Member	Ioannis Kyriakopoulos	General Manager, Group CFO
Member	Ioannis Vagionitis	General Manager of Group Risk Management, Chief Risk Officer

The Committee is convened at the invitation of its Chairman.

The Chairman can invite other executives of the Bank and Group to attend, if necessary.

The Committee members do not receive any remuneration for their participation in the Committee.

Crisis Management Committee

The Crisis Management Committee was established in 2012 and is the supreme executive body with responsibilities over the Business Continuity Plan ("BCP"). The Committee acts upon every sudden and unforeseen change of conditions (relating to operational, business, environmental and personnel issues etc.), which can lead to a crisis that may have strategic impact consequences, and aims to effectively coordinate the actions necessary to deal with unforeseen situations which may jeopardize the smooth operation of the Bank. Specifically, it is in charge of informing, mobilizing and coordinating the Bank's relevant units, taking into account the nature, extent and the size of the crisis; and solving problems that require immediate attention.

The Committee is comprised of the following members:

Crisis Management Committee		
Chairman	Paul Mylonas	CEO
Member	Dimitrios Kapotopoulos	Executive Board Member
Member	Panos Dasmanoglou	Executive Board Member
Member	Ioannis Kyriakopoulos	General Manager, Group CFO
Member	Ioannis Vagionitis	General Manager of NBG Group Risk Management, Chief Risk Officer
Member	Georgios Kaloritis	General Manager, Group Chief Audit Executive
Member	Georgios Triantafillakis	General Manager of Legal Services
Member	Christina Theofilidi	General Manager of Retail Banking
Member	Stylianos Dionysopoulos	Head of Group Security Division

The Committee is convened as deemed necessary at the invitation of its Chairman.

At the invitation of its Chairman and depending on the issues discussed, it is possible for General Managers, Assistant General Managers, the General BCP Coordinator as well as other Bank executives, the presence of which is deemed necessary, to attend the meetings of the Committee.

The Committee members do not receive any remuneration for their participation in the Committee.

Compliance and Reputational Risk Committee

The Compliance and Reputational Risk Committee was established in 2013. The Committee ensures the adequacy of the Bank's and the Group's controls that enable compliance with the regulatory framework as well as with the Policies of the Bank and the Group. Additionally, the Committee ensures that the management of reputational risk is in accordance with the risk appetite that has been approved by the Board of Directors and with the creation of long-term value for shareholders. It shall be noted that in accordance with internal Management Act, the Senior Executive Committee has competence to also discuss on issues under the competence of the Compliance and Reputational Risk Committee.

The Committee is comprised of the following members:

Compliance and Reputational Risk Committee		
Chairman	Paul Mylonas	CEO
Deputy Chair and Member	Panos Dasmanoglou	Executive Board Member
Member	Dimitrios Kapotopoulos	Executive Board Member
Member	Ioannis Vagionitis	General Manager of NBG Group Risk Management, Chief Risk Officer
Member	Georgios Triantafillakis	General Manager of Legal Services
Member	Christina Theofilidi	General Manager of Retail Banking
Member	Chara Dalekou	General Manager of Group Marketing

The Committee is convened at least quarterly and ad hoc as deemed necessary at the invitation of its Chairman.

The Chairman can invite other executives of the Bank and Group to attend, if necessary.

The Committee members do not receive any remuneration for their participation in the Committee.

MAIN FEATURES OF THE INTERNAL CONTROL SYSTEM AND MANAGEMENT OF RISKS

Objectives of the Internal Control System

Aiming to safeguard the reputation and credibility of the Bank and the Group towards its shareholders, customers, investors and the supervisory and other independent authorities, the Bank provides for the continuous enhancement, at Group level, of its Internal Control System ("I.C.S."). The I.C.S. refers to the set of controls and processes that cover all activities on an ongoing basis and is designed to ensure that the Bank and the Group operate effectively.

The I.C.S. aims to achieve, among others, the following key objectives:

- Consistent implementation of the Group business strategy through the efficient use of available resources;
- Identification and management of all undertaken risks, including the operational risk;
- Completeness and reliability of data and information that are necessary for the accurate and timely determination of the Group's financial position and the production of reliable financial statements filed to Greek and other authorities abroad;
- Compliance with the local, European and international legal and regulatory framework that governs the operation of the Bank and the Group, including internal regulations, IT systems and code of ethics;
- Adoption of international Corporate Governance best practices; and
- Prevention and avoidance of any errors and irregularities that may put at risk the reputation and the interests of the Bank, its shareholders and customers.

In the context of reviewing the corporate strategy and the main business risks, the Board of Directors, with the support of its Committees, adopts appropriate policies aiming to ensure an adequate and effective I.C.S. for the Bank and the Group. Management is responsible for the design and implementation of adequate controls and procedures, relevant to the range, risks and nature of the activities undertaken by the Group Units, for assessing any I.C.S.'s deficiencies and for undertaking the necessary corrective actions.

Risk Management Framework

The Group aims to adopt practices regarding risk management governance, taking into account all relevant guidelines and regulatory requirements, as set by the Basel Committee on Banking Supervision, the European Banking Authority ("EBA"), the ECB, the Bank of Greece and the Hellenic Capital Markets Commission ("HCMC"), including any decisions of the competent authorities supervising the Group's entities.

The Group's risk governance framework comprises a number of constituents. In particular, the Board of Directors has established the Board Risk Committee ("BRC") overseeing risk management across the Group. All risk management units report to the NBG GRCAD, to the NBG GFLRMD and to the NBG GORMD, which are supervised by the Chief Risk Officer. In addition, an independent Model Validation Unit has been established reporting directly to the Group CRO. A separate compliance function, the Group Compliance and Corporate Governance Division, oversees all internal and external compliance matters, such as applicable Greek and EU, laws and regulations. The Internal Audit—Inspection Division of the Bank and the Group (the "IAID"), which reports directly to the Board of Directors through the Audit Committee, complements the risk management framework, acting as an independent reviewer, focusing on the effectiveness of the risk management framework and control environment (the detailed presentation of the Bank's and the Group's risk management framework is cited in the Notes to the Financial Statements – Note 4).

Regulatory Compliance and Corporate Governance

Within the context of appropriately incorporating the applicable Greek and EU legal and regulatory framework and best practices into the Group's operation, Compliance and Corporate Governance Function, oversee all compliance matters, in line with the applicable Greek and EU regulatory framework and supervisory authorities' decisions, as well as all Corporate Governance and Shareholder activities. In particular, the Compliance and Corporate Governance Functions include distinct Divisions, having competence over Corporate Governance, Corporate Social Responsibility Compliance, Anti-Money Laundering/Counter-Terrorist Financing ("AML/CFT"). The Compliance and Corporate Governance Functions continuously monitor developments in the applicable framework and best practices, each in their field of responsibility, and provide guidelines and support to the Bank Units and the Group Entities, while they monitor implementation of the applicable provisions. In that context, Compliance and Corporate Governance Function in 2018 continued to focus on the establishment of an adequate and effective compliance environment, in order to safeguard the reputation and credibility of the Bank and the Group against all stakeholders, including shareholders, customers, Supervisory and other Authorities.

In order to comply with the regulatory framework in force, the Bank has set up policies and procedures. The monitored areas include among others Corporate Governance, AML/CFT, Tax and other Public Authorities requests, Consumer Protection, Banking secrecy, Personal Data Protection etc.

Given the particular emphasis which the Group places in ensuring constant enhancement of corporate governance arrangements and practices applied, during 2018, the Group Corporate Governance and CSR Division focused on reviewing corporate governance policies, arrangements and practices (including the review of a series of Articles of the Bank's Articles of Association which were eventually submitted to the Annual General Meeting of Shareholders for approval, and the drafting the new Group Governance Policy which was approved by the Board of Directors on January 2018, following proposal of the Corporate Governance and Nominations Committee), providing continuous support to the Board of Directors and Board Committees, including providing support throughout the process following the Corporate Governance evaluation that took place in 2017 by the HFSF.

Moreover, in the context of further enhancement of the Director's Induction and ongoing training and development, Group Corporate Governance and CSR Division, updated the introductory informative program for the new Board members, covering among others issues concerning the Bank's Corporate Governance and organizational arrangements.

The Group Corporate Governance and CSR Division also proceeded with informing the Board Corporate Governance and Nominations Committee in developments in the regulatory framework and latest trends and practices in corporate governance, while it also briefed the Audit Committee on related parties' transactions.

Additionally, Compliance and Corporate Governance Functions also provided support, advice and guidance to the Bank's Units in the context of ensuring the alignment and compliance of the Bank to the new regulatory framework and proceeded to actions regarding changes in policies and procedures, disclosures of participations in the share capital of the Bank, compliance with EU and national legislation to reform statutory audit and implementation of the non–financial information disclosure in the management report. Furthermore, Compliance and Corporate Governance Functions handled a number of projects, such as GDPR, MiFiD II, IDD, NPLs/NPEs management and PSD II.

In the context of constant adjustment to developments in the surrounding environment and striving to further strengthen the Group corporate social responsibility framework, during 2018, incorporation of international standards in the field of social and environmental management at Group level has already been initiated.

Finally, the Compliance and Corporate Governance Functions continued to systematically follow and monitor developments and compliance in accordance with the applicable framework, while in parallel also being involved in the submission of a series of regular and ad hoc reports to supervisory Authorities and constituting the point of contact and liaison between the Authorities and the Bank.

Management of risks relating to the process of financial statements preparation

Management is responsible for the preparation and fair presentation of the Bank and Group financial statements in accordance with the International Financial Reporting Standards ("IFRS") and for such internal controls over financial reporting ("ICFR") as Management determines are necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

With the aim of enhancing ICFR, Finance Division has established the Internal Control over Financial Reporting Unit that is responsible for the design and testing of the internal controls over financial reporting to ensure that the financial statements are prepared in accordance with IFRS.

The Bank's Audit Committee is responsible for the oversight and the annual evaluation of the adequacy and effectiveness of the Group I.C.S. based on reports submitted by the Heads of the GIAD, the Group Compliance and Governance Division, and the external auditors. The Audit Committee monitors the process of the financial statements preparation and reports any significant deficiencies identified to the Board. Furthermore, the Audit Committee monitors the progress of the corrective actions undertaken in the context of I.C.S. including ICFR.

The GIAD is administratively independent from other Bank's and Group's units. The Chief Internal Auditor is appointed or dismissed exclusively by the Bank's Board, based on the recommendation of the Audit Committee and the Bank's CEO. The appointment or dismissal of the Chief Internal Auditor is communicated to the Bank of Greece and the HCMC. The Chief Internal Auditor reports periodically on the GIAD's activities directly to the Audit Committee and to the Bank's Board, through the Audit Committee. The GIAD performs systematic assessment in order to evaluate the adequacy and effectiveness of Bank's and the Group's governance, risk management and control as these are devised and maintained by the Board and Management.

Athens, 29 March 2019

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER
COSTAS P. MICHAELIDES	PAUL K. MYLONAS

Appendix for alternative performance measures

The definitions of NBG's Group selected figures (ratios/measures) are presented in the table below:

Common Equity Tier 1 ("CET1") ratio	CET1 capital as defined by Regulation No 575/2013, with the application of the regulatory transitional arrangements for IFRS 9 impact over RWAs.
CET1 ratio on a CRD IV fully loaded basis	CET1 capital as defined by Regulation No 575/2013, without the application of the regulatory transitional arrangements for IFRS 9 impact over RWAs.
Core Income	Net Interest Income ("NII") + Net fee and commission income.
Core Operating Result (Profit / (Loss))	Core income less operating expenses and credit provisions
Core Pre-Provision Income ("core PPI")	Core Income less operating expenses.
Cost of Risk / Provisioning Rate	Credit provisions of the period annualized over average net loans and advances to customers
Cost-to-Core Income ratio	Operating expenses over Core Income.
Deposits	Refers to Due to customers.
Interest earning assets	Interest earning assets include all assets with interest earning potentials and includes cash and balances with central banks, due from banks, financial assets at fair value through profit or loss (excluding Equity securities and mutual funds units), loans and advances to customers and investment securities (excluding equity securities and mutual funds units).
Funding cost	The weighted average cost of deposits, ECB refinancing, repo transactions, covered bonds and securitization transactions.
Loans-to-Deposits Ratio	Net loans and advances to customers over due to customers, at period end.
Liquidity Coverage Ratio ("LCR")	The LCR refers to the liquidity buffer of High Quality Liquid Assets ("HQLAs") that a Financial Institution holds, in order to withstand net liquidity outflows over a 30 calendar-day stressed period as per Regulation (EU) 2015/61.
Net Interest Margin	Net interest income over average interest earning assets. Net Interest Margin equals net interest income divided by the average of interest earning assets (the average of interest earning assets at the end of the current year and the end of the previous year and all quarter ends in between (5 periods) for the year end).
Net Stable Funding Ratio	The NSFR refers to the portion of liabilities and capital expected to be sustainable over the time horizon considered by the NSFR over the amount of stable funding that must be allocated to the various assets, based on their liquidity characteristics and residual maturities.
Non-Performing Exposures ("NPE")	Non-performing exposures are defined according to EBA ITS technical standards on Forbearance and Non-Performing Exposures as exposures that satisfy either or both of the following criteria: a) Material exposures which are more than 90 days past due. b) The debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or of the number of days past due.
NPE Coverage Ratio	Allowance for impairment for loans and advances to customers divided by NPE, excluding loans mandatorily classified as FVTPL, at period end.
NPE ratio	NPEs divided by loans before allowance for impairment at the end of the period.
NPE formation	Net increase / (decrease) of NPEs, before write-offs.
Non-Performing Loans ("NPLs")	Loans and advances to customers that are in arrears for 90 days or more.
Operating Expenses	Personnel expenses + General, administrative and other operating expenses ("G&As") + Depreciation and amortisation on investment property, property & equipment and software & other intangible assets.
Operating Profit / (Loss)	Total income less operating expenses and credit provisions.

Pre-Provision Income	Total income less operating expenses, before credit provisions and other impairment charges
Risk Weighted Assets ("RWAs")	Assets and off-balance-sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013.
90 Days Past Due Formation	Net increase / (decrease) of loans and advances to customers in arrears for 90 days or more, before write-offs and after restructurings.
90 Days Past Due Coverage Ratio	Allowance for impairment for loans and advances to customers divided by loans and advances to customers more than 90dpd, excluding loans mandatorily classified as FVTPL, at the end of the period.
90 Days Past Due Ratio/NPL ratio	Loans more than 90 days past due divided by loans before allowance for impairment at the end of the period.

The Directors' report contains financial information and measures as derived from the Group's and the Bank's financial statements for the year ended 31 December 2017 and 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by the EU. Additionally, it contains financial data which is compiled as a normal part of our financial reporting and management information systems. For instance, financial items are categorized as foreign or domestic on the basis of the jurisdiction of organization of the individual Group entity whose separate financial statements record such items.

Moreover, it contains references to certain measures which are not defined under IFRS, including "pre-provision income" ("PPI"), "net interest margin" and others, as defined above. These measures are non-IFRS financial measures. A non-IFRS financial measure is a measure that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. The Group believes that the non-IFRS financial measures it presents allow a more meaningful analysis of the Group's financial condition and results of operations. However, the non-IFRS financial measures presented are not a substitute for IFRS measures.

Supplementary Report

To the Annual General Meeting of Shareholders of National Bank of Greece Pursuant to article 4 of Greek Law 3556/2007

Pursuant to article 4 of Greek Law 3556/2007, listed companies must submit a supplementary report to the General Meeting of Shareholders providing detailed information on specific issues. This Board of Directors' supplementary report to the General Meeting of Shareholders contains the required additional information.

A) Share capital structure

By resolution of the Bank's Annual General Meeting of 26 July 2018, it was decided to simultaneously (i) increase the share capital by €0.90, due to capitalization of an equal part of the Bank's special reserve of Article 4.4a of Codified Law 2190/1920[7], and (ii) increase the nominal value of each common registered voting share of the Bank from €0.30 to €3.00 and reduce the aggregate number of the Bank's old common registered shares from 9,147,151,527 to 914,715,153 new common registered shares with voting rights by means of a reverse split at a rate of ten old common shares of the Bank to one new common share of the Bank.

Further to the above, the Bank's share capital on 31 December 2018 amounted to €2,744,145,459 and is divided into 914,715,153 common shares of a nominal value of €3.00 each.

The Bank's shares are listed for trading on the Athens Exchange ("ATHEX"). National Bank of Greece shares used to also be listed on the New York Stock Exchange ("NYSE") in the form of American Depositary Receipts ("ADRs"). On 27 November 2015 NYSE Regulation Inc. determined that NBG's shares were no longer suitable for listing based on abnormally low price levels of NBG's Common share ADRs, pursuant to Section 802.01d of the NYSE listed company manual, defining as such a price level of USD 0.15 per ADR. As a result, NYSE Regulation Inc. commenced delisting procedures which followed an immediate suspension of the ADR trading and thereafter the ADR was traded at the Over the Counter ("OTC") market.

On 15 November 2017, the Bank announced that its Board of Directors resolved to voluntarily terminate the amended and restated deposit agreement dated 28 May 1998, between NBG and The Bank of New York Mellon, as depositary (the "Depositary") relating to its ADRs, each representing one ordinary share. Following the termination of NBG's ADR program on 15 March 2018, the underlying ordinary shares of NBG continue to trade on the Athens Exchange. On 18 March 2019, the Bank announced that it has filed a Form 15F with the U.S. Securities and Exchange Commission (the "SEC") in order to terminate its registration and reporting obligations under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result of this filing, NBG's reporting obligations with the SEC, including its obligations to the file annual reports on Form 20-F and reports on Form 6-K, suspended immediately.

The rights of the shareholders of the Bank, arising from each share, are at first proportional to the percentage of the share capital to which they correspond. Each share carries the rights stipulated by law and the Articles of Association, with the reservation of the rights of 13,481,859 dematerialized ordinary shares held by HFSF, falling under the restrictions of article 7a par. 2 of Greek Law 3864/2010. In particular:

1. The following rights arise out of the 901,233,294 ordinary shares (corresponding to an amount of €2,703,699,882 or 98.53% of the Bank's total share capital) of which 355,986,916 owned by HFSF (corresponding to an amount of €1,067,960,748 or 38.92% of the Bank's total share capital):

   - The right to participate in and vote at the General Meeting of Shareholders.
   - The right to a dividend from the Bank's profit for the year ended, or from liquidation, which amounts to 35% of the distributable profits, following deduction of the amounts specified in the applicable legal framework. This is annually distributed to shareholders as a statutory dividend, whereas the distribution of a supplementary dividend is subject to General Meeting resolution. Shareholders entitled to a dividend are those whose names appear in the Register of the Bank's Shareholders on the date the dividend beneficiaries are determined, and a dividend on each share owned by them is paid within two (2) months of the date of the General Meeting of Shareholders that approved the Bank's annual financial statements. The dividend payment method and place are announced in the press. After the lapse of five years from the end of the year in which the General Meeting approved the dividend, the right to collect the dividend expires and the corresponding amount is forfeited in favour of the Greek state.
   - The pre-emptive right to each share capital increase in cash and issue of new shares.
   - The right to receive a copy of the Bank's financial statements and of the certified public accountants' report and the Board of Directors' report.

[7] As of 1 January 2019, Greek Law 4548/2018 has entered into force, which replaces Codified Law 2190/1920

- The General Meeting of Shareholders maintains all of its rights during liquidation proceedings (pursuant to Article 38 of the Bank's Articles of Association).

2. The 13,481,859 common shares held by HFSF (corresponding to an amount of €40,445,577 or 1.47% of the Bank's total share capital) according to the Article 7a par. 2 of the Greek Law 3864/2010, give the right to HFSF to exercise its voting rights in the General Meeting of Shareholders only for decisions regarding amendments to the Articles of Association, including increase or reduction of capital or provision of proxy powers to the Board of Directors to that effect, merger, division, conversion, revival, extension of duration or dissolution of the company, transfer of assets, including the sale of subsidiaries or any other issue requiring an increased majority as provided by Codified Law 2190/1920. Specifically, in order to calculate quorum and majority at the General Meeting, these shares of HFSF are not taken into account regarding decisions on matters other than those mentioned above. According to Article 7a of Greek Law 3864/2010, HFSF exercises its full voting rights without the aforementioned limitations in case it is concluded, by decision of the HFSF General Council, that there is a breach of material obligations which are included in the restructuring plan or which promote its implementation or which are described in the Relationship Framework Agreement between the Bank and the HFSF.

Moreover, the common shares held by HFSF provide also, as the common shares held by other private investors, dividend rights, pre-emptive right in case of share capital increase and the right to receive a copy of the financial statements and auditors' reports, as mentioned above.

Furthermore, these common shares provide the HFSF representative to the Bank's Board of Directors, the following rights under the Greek Law 3864/2010, as in force:

1. The right to request convening of the General Meeting of the Shareholders within the deadlines provided by Greek Law 3864/2010, as in force.
2. Veto power over any decision taken by the Board of Directors:
   i. Regarding the distribution of dividends and the remuneration policy concerning the Chairman, the CEO as well as other members of the Board of Directors, the General Managers and their deputies; or
   ii. If the decision in question could seriously jeopardize the interests of depositors or seriously affect the Bank's liquidity or solvency or its overall sound and smooth operation (such as business strategy, management of assets and liabilities, etc.)
   iii. Related to corporate actions of paragraph 3 of article 7A of Law 3864/2010, meaning decisions regarding charter modifications, including capital increase or reduction or providing proxy powers to the Board of Directors to that effect, merger, division, conversion, revival, extension of duration or dissolution of the company, material asset transfers, including sales of subsidiaries, or any other matters that requires an increased majority as provided in Codified Greek Law 2190/1920, which might substantially influence the Fund's participation at the share capital of the credit institution.
3. The right to request an adjournment of any meeting of the Bank's Board of Directors for three (business) days, in order to receive instructions from the HFSF Executive Board. This right may be exercised until the end of the Board of Directors' meeting.
4. The right to request convocation of the Board of Directors.
5. The right to approve the appointment of the Chief Financial Officer.

While exercising the aforementioned rights to the Bank's Board, the HFSF Representative shall respect the Bank's business autonomy. Furthermore, for the purposes of Greek Law 3864/2010, as in force, the HFSF has free access to the Bank's books and records with employees or with consultants of its choice.

Finally, the International Finance Corporation ("IFC") and the European Bank for Reconstruction and Development ("EBRD") participated in the Bank's share capital increase, which was completed in December 2015 with 66,666,667 shares and 166,666,666 shares respectively, by representing 0.73% and 1.82% over the Bank's total share capital, respectively. At that time, the Bank signed an agreement with each organization that remains in force as far as Bank's shares are held by the two organizations. Subsequently, from May 2017, EBRD holds 92,715,204 shares of the Bank, or 1.01% over total share capital, while IFC, from July 2017, ceased to hold shares of the Bank. As of 31 August 2018, following the reverse split at a rate of ten old common shares of the Bank to one new common share (resolution of Annual General Meeting of 26 July 2018), EBRD holds 9,271,520 shares of the Bank, or 1.01% over total share capital. Therefore, as the respective agreement with EBRD remains in force, EBRD has the right to propose a candidate Board member, which could be elected to sit on the Board of Directors, subject to applicable law, the Bank's relevant internal policies and shareholders' approval. Furthermore, the agreement includes representations, warranties and covenants as regards the Bank's compliance with applicable legislation concerning indicatively anti-money laundering, anti-corruption, and environmental and social management. The agreement prescribes that the Bank shall comply with the Performance Standards and Performance Requirements of EBRD according to the particular requirements outlined within the agreement. Finally, based on the agreement, the EBRD is entitled to receive reports from the Bank, mainly concerning its environmental and social management system.

B) Restrictions on transfers of the Bank's shares

The Bank's Articles of Association do not impose restrictions on the transfer of the common shares of the Bank. The disposal of shares of the Bank held by the HFSF is made pursuant to the provisions of the HFSF Law, article 8, as amended and in force.

C) Significant direct and indirect holdings as per Greek Law 3556/2007

As of 31 December 2018, there are no significant direct or indirect holdings as per Greek Law 3556/2007, i.e. of a direct or indirect participation percentage higher than 5.0% of the aggregate number of the Bank's ordinary shares, except for the 369,468,775 ordinary dematerialised registered shares with voting rights held by HFSF following the Bank's recapitalization in 2013 and 2015, of which 13,481,859 falling under the restrictions of article 7a par. 2 of Greek Law 3864/2010.

D) Shares with special control rights

There are no shares with special control rights with the following exceptions.

According to the stipulations of article 10 par. 2 of Greek Law 3864/2010, as amended and in force, HFSF has since 11 June 2012 a representative to the Bank's Board of Directors, with the abovementioned rights of Greek Law 3864/2010.

In particular, the objective of the HFSF according to Greek Law 3864/2010, as amended and in force, is to contribute to the maintenance of the stability of the Greek banking system, for the sake of public interest.

In pursuing its objective, the HFSF should, among others, (i) monitor and assess how credit institutions, to which capital support is provided by the HFSF, comply with their restructuring plans, (ii) exercise its shareholding rights in compliance with the rules of prudent management of its assets and in compliance with State aid and Competition rules of the European Union, (iii) ensure that the Bank operates on market terms, and (iv) that in due time the Bank returns to private ownership in an open and transparent manner.

For the purpose of accomplishing the aforementioned, the Bank and HFSF entered into a Relationship Framework Agreement dated 10 July 2013 (the initial Relationship Framework Agreement). Furthermore, in view of the capital injected to the Bank, as a result of the recapitalization, which was completed in December 2015, and in order for the HFSF to fulfill its objectives under Greek Law 3864/2010, as in force, exercise its rights and obligations and comply with the commitments undertaken through the Financial Assistance Facility Agreement[8] ("FFA") and the Memorandum of Understanding[9] ("MoU"), the HFSF and the Bank entered into the revised Relationship Framework Agreement dated 3 December 2015, which amended the initial Relationship Framework Agreement.

The Relationship Framework Agreement determines the relationship between the Bank and the HFSF and the matters related with, amongst others, (a) the corporate governance of the Bank, (b) the Restructuring Plan and its monitoring, (c) the monitoring of the implementation of the Bank's Non-Performing Loans (NPLs) management framework and of the Bank's performance on NPL resolution. In addition to that, the Relationship Framework Agreement deals with (d) the Material Obligations and the switch to full voting rights, (e) the monitoring of Bank's actual risk profile against the approved Risk and Capital Strategy (f) the HFSF's consent for Material Matters, (g) Material Litigation and Proceedings concerning the Bank, and (h) the duties, rights and obligations of HFSF's Representative in the Board.

Moreover, the Relationship Framework Agreement mentions that subject to its provisions, the applicable Law and the Charter Documents, the Bank's decision making bodies will continue to determine independently, amongst others, the Bank's commercial strategy and policy in compliance with the Restructuring Plan and the decisions on the day-to-day operation of the Bank will continue to rest with the Bank's competent bodies and officers, as the case may be, in accordance with their statutory, legal and fiduciary responsibilities.

Furthermore, under the Relationship Framework Agreement, the Bank shall provide HFSF with all information and data concerning the Bank Group and related matters that the HFSF reasonably deems necessary in order to safeguard its assets, monitor the Bank's implementation of the Restructuring Plan and to exercise its statutory rights and obligations, as well as the Contractual Obligations. In the context of efficient implementation of the Relationship Framework Agreement, the Bank and the HFSF shall cooperate effectively. Bank's and the HFSF's officers shall meet periodically and work collaboratively as part of the monitoring process of the Bank's Restructuring Plan in accordance with Clause 2.3 of the Relationship Framework Agreement. The HFSF's Executive Board and the Bank's Executive Committee members shall meet at least once per quarter while the Bank's management (including the Chief Financial Officer, the Chief Risk Officer, Head of Strategy, depending on the items of the agenda) and the HFSF's Directors and Portfolio Manager shall meet at least once per month.

In addition to the above, the HFSF Representative to the Bank's Board of Directors is appointed as a member in all Board Committees, while the Relationship Framework Agreement also provides for the appointment of an HFSF Observer (with no voting rights) at the Board and all Board Committees.

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[8] The agreement signed on 19 August 2015 by and between the European Stability Mechanism ("ESM"), the Hellenic Republic, the Bank of Greece and the HFSF.

[9] Means the memorandum signed on 19 August 2015 between the ESM, on behalf of the European Commission, the Hellenic Republic and the Bank of Greece.

Further, the amended Relationship Framework Agreement foresees among others that:

- The Bank shall at each time adopt and apply a corporate governance structure that ensures the implementation of the Relationship Framework Agreement, compliant at any time with the requirements of the Law, the Contractual Obligations and the Restructuring Plan.
- Provide to the HFSF the documents, as required, in order to ensure the effective monitoring of the implementation of the Restructuring Plan and the Non-Performing Loans ("NPL") management framework, to effectively allow the HFSF to perform its statutory role.
- If the Bank has engaged, prior to the signing of the Relationship Framework Agreement, an external audit firm for more than five years, the Bank should replace the audit firm. The new engagement contracts should not exceed five years. The Bank's initial five-year period expired following the 2016 financial year. In this context, the Board of Directors approved at the meeting held on 18 January 2017 PwC as the most appropriate audit firm for the audit of the Group for the year ending 31 December 2017, following the recommendation of the Audit Committee. The appointment of PwC was approved by the 2017 Annual General Meeting of the NBG Shareholders held on 30 June 2017. The Annual General Meeting of the NBG shareholders held on 26 July 2018 appointed PwC to undertake the audit of the Group for the year ending 31 December 2018, following relevant proposal of the Audit Committee.
- In case of any actual or reasonably foreseeable adverse deviations in the Group's performance and risk profile, relative to the base scenario of the Restructuring Plan, or relative to the budget, or with respect to the Risk and Capital Strategy if adverse deviations have already been approved by the HFSF through the approval of the budget, the Board should promptly submit its recommended corrective strategic actions to the HFSF for its review and consent.
- Performance against the Restructuring Plan as well as progress on key initiatives undertaken by the Bank (e.g. Divestments, Integrations, etc.) will be performed as follows:
  i. Regular meetings between the Bank's management and the HFSF.
  ii. A formal monitoring review of performance against the Restructuring Plan or relative to the budget, if adverse deviations have already been approved by the HFSF through the approval of the budget, will be conducted on a quarterly basis, in line with the Bank's results reporting cycle. For the purpose of the monitoring reviews, the Bank will provide the HFSF with a report on its financial and business performance against the Restructuring Plan or relative to the budget, if adverse deviations have already been approved by the HFSF through the approval of the budget quarterly targets, clearly highlighting performance to date vs. restructuring plan targets as well as vs. budget, key initiatives and expected impact for the next four quarters rolling and identifying any adverse deviations from the targets and associated corrective measures /initiatives, which must be approved by the HFSF.
- The HFSF will monitor and evaluate the performance of the Bank's Board of Directors and its Committees.
- The Bank will inform in writing the HFSF as soon as it executes a non-binding agreement /MOU for the sale of (or receives any proposal from third parties for the acquisition of) a subsidiary of the Bank, or part of its business.
- The Board should conduct a self-assessment exercise on an annual basis not only as a whole, as per current legislation but also for each of its Committees. The results of this evaluation should be disclosed in the Annual Report on Corporate Governance.

  The Board should approve the following policies and amendments thereof: the Bank's Group Strategy, Policy and Governance regarding the management of its Arrears and Non-Performing Loans, conflict of Interest policy, related party transactions policy, provisioning & write off policy, sponsorship/donation policy, outsourcing policy, Board / Committees self-assessment policy.

According to the provisions of the Relationship Framework Agreement, the HFSF Representative in the Board of Directors has the following rights:

i. To request the Board to convoke the General Assembly of Shareholders or to include items on the agenda to be discussed at a General Assembly to be convoked by the Board. The request regarding the convocation of the General Assembly shall be addressed to the Chair of the Board in writing and shall include the proposed items on the agenda. The Board shall have the obligation to convoke the General Meeting upon respective request of the HFSF Representative. Furthermore, the Board shall have the obligation to include the proposed items in the respective invitation for the convocation of the General Meeting.

ii. To request that the Board is convened within the next seven calendar days from the HFSF's Representative written request to the Chair of the Board. The relevant request shall be addressed to the Chair of the Board in writing and include the proposed items on the agenda. If the Chair of the Board does not proceed to the convocation of the Board within the above deadline or does not include all the proposed items in the invitation, then the HFSF Representative shall be entitled to convoke the Board within five days as of the expiry of the above seven days period. Such invitation shall be notified to all the members of the Board.

iii. To include items in the agenda of a scheduled Board meeting, including any item which may be related to any entity of the Group. For this purpose, HFSF Representative will submit in writing to the Chair of the Board the desired additional items on the agenda at least two (2) business days prior to the date of the Board meeting. The Chair of the Board must include these items in the agenda of the scheduled Board meeting.

iv. To request an adjournment of any meeting of the Board or the discussion of any item up to three business days, if they find that the material, data or information and the supporting documents submitted to the HFSF pursuant to the items of the agenda of the forthcoming Board meeting are not sufficient.

v. To approve the appointment of the Bank's Chief Financial Officer.

The HFSF has the right to perform/order field reviews and ad hoc audits with the participation of experts and or external auditors appointed by the HFSF, in order to fulfill its contractual obligations under the Relationship Framework Agreement. The HFSF shall have free access to the Bank's books and records for the purposes of Greek Law 3864/2010 as in force, with employees and/or consultants of HFSF's choice in order to ensure the effective exercise of the HFSF rights under the said Law, including monitoring of the implementation of the Restructuring Plan.

Finally, the IFC and the EBRD participated in the Bank's share capital increase completed in December 2015, as mentioned under section A) above. The Bank, at the time of the share capital increase in 2015, signed an agreement with each organization which remains in force as far as shares of the Bank are held by the two organizations. Subsequently and from May 2017, EBRD holds 92,715,204 shares of the Bank, i.e. 1.01% percentage over total share capital, while IFC from July 2017, ceased to hold shares of the Bank. As of 31 August 2018, following the reverse split at a rate of ten old common shares of the Bank to one new common share (resolution of Annual General Meeting of 26 July 2018), EBRD holds 9,271,520 shares of the Bank, or 1.01% over total share capital. Therefore, as the respective agreement with EBRD remains in force, EBRD has the right to propose a candidate Board member, which could be elected to sit on the Board, subject to applicable law, the Bank's relevant internal policies and shareholders' approval, while the agreement also includes representations, warranties and covenants as mentioned under section A) above.

E) Restrictions to voting rights

There are no restrictions to voting rights attached to the Bank's ordinary shares, except for the restrictions on ordinary shares held by HFSF which are subject to the provisions of article 7a par. 2 of Greek Law 3864/2010, as abovementioned.

F) NBG Shareholders' agreements

Referring to shareholders' agreements pursuant to which restrictions apply to transfers of, or to the exercise of voting rights arising from the Bank's shares, HFSF, according to Greek Law 3864/2010 and article 3 of Cabinet Act 38/2012 (as amended by Cabinet Act 6/2013) issued on 26 June 2013, 245,779,626 warrants granted to private investors participating in the capital increase of the Bank that took place in 2013, according to Greek Law 3864/2010 and Cabinet Act 38/2012. Trading of the warrants on the Athens Exchange began on 27 June 2013.

In particular, warrants are transferable securities with no restrictions concerning their transfer. Each warrant incorporates the right of its holder to purchase HFSF shares, the corresponding number of which is determined based on the provisions of Cabinet Act 38/2012, while relevant terms are adjusted in case of corporate actions according to the provisions of the relevant legal and regulatory framework. In line with Cabinet Act 43/2015 which amended Cabinet Act 38/2012, the warrants exercise terms and conditions were adjusted in 2015, to each warrant incorporating the right of its holder to purchase from HFSF 0.54861592129144 shares, acquired by HFSF due to its participation in the above capital increase of Bank, while based on Cabinet Act 43/2015 the exercise prices applying to each exercise period were also adjusted in 2015. The warrants do not provide voting rights to holders or owners thereof.

The call options embedded in the warrants may be exercised every six months, with the first exercise date being six months following their issuance and the last exercise date being fifty-four (54) months following their issuance. Call options not exercised until the last aforementioned exercise date will automatically cease to exist and the corresponding warrants will be cancelled by HFSF. The procedure for the exercise of the call option and their settlement, as well as any change in the rights and obligations of the holders of warrants that may occur during the term that the warrants are in force, is announced by the Bank on its website and in the Daily Bulletin of the Athens Exchange at least 10 days prior to each date of exercise of the warrants. The ninth and final exercise date (27 December 2017) was the date of expiry of the warrants.

After the end of the ninth and final exercise process (27 December 2017), and following the settlement of participation orders including the fractional shares, 2,538 Warrants in total on shares issued by the Bank and owned by the HFSF were exercised. The exercised Warrants corresponded to 1,391 common shares, i.e. to 0.00002% of the total share capital, increasing commensurately the Bank's free float. The total consideration paid by the Warrant holders to the HFSF amounted to €112,803.57.

In accordance with the provisions of Greek Law 3864/2010 and Cabinet Act 43/2015, which amended Cabinet Act 38/2012, the Warrants which were not exercised until that date automatically expired and were cancelled by the HFSF after the settlement date of the exercise orders on 29 December 2017.

G) Rules regarding the appointment and replacement of Board members and amendments to Articles of Association

The provisions of the Bank's Articles of Association regarding the appointment and replacement of members of the Board of Directors, as well as for amendments to the Articles of Association are in alignment with the corresponding provisions of the Codified Law 2190/1920, as in force. Relevant provisions regarding the appointment and replacement of Board members are included in the Corporate Governance Code and the Charter of the Corporate Governance and Nominations Committee that were updated in 2017 with a view to incorporate regulatory developments in national and European law concerning corporate governance.

In the context of the recapitalization of the Greek banks and specifically pursuant to the provisions of Greek Law 3864/2010, as currently in force, and Cabinet Acts 15/2012 and 38/2012, and following the contribution on 28 May 2012 to the Bank by HFSF of EFSF bonds as an advance for the participation in the Bank's future share capital increase, HFSF, pursuant to the Presubscription Agreement dated 28 May 2012 and executed by the Bank, HFSF and EFSF, as amended and restated on 21 December 2012, has a Representative to the Bank's Board of Directors, who has the rights provided by Greek Law 3864/2010 and the terms of the Relationship Framework Agreement, as in force.

Finally, the IFC and the EBRD participated in the Bank's share capital increase completed in December 2015, as mentioned under section A) above. The Bank, at the time of the share capital increase in 2015, signed an agreement with each organization which remains in force as far as shares of the Bank are held by the two organizations. Subsequently and from May 2017, EBRD holds 92,715,204 shares of the Bank, i.e. 1.01% percentage over total share capital, while IFC from July 2017, ceased to hold shares of the Bank. As of 31 December 2018, following the reverse split at a rate of ten old common shares of the Bank to one new common share (resolution of Annual General Meeting of 26 July 2018), EBRD holds 9,271,520 shares of the Bank, or 1.01% over total share capital. Therefore, as the respective agreement with EBRD remains in force, EBRD has the right to propose a candidate Board member, which could be elected to sit on the Board, subject to applicable law, the Bank's relevant internal policies and shareholders' approval.

H) Board of Directors' authority for the issue of new shares or the purchase of own shares

Issue of new shares

Pursuant to the provisions of Codified Law 2190/1920 Article 13 par. 1, by General Meeting resolution, subject to the publication requirements provided for under Codified Law 2190/1920 Article 7b, the Board of Directors can increase the Bank's share capital through the issue of new shares by resolution adopted on a two-third-majority basis. In that case, pursuant to Article 5 of the Bank's Articles of Association, the Bank's share capital may increase up to the amount of capital paid up as at the date the Board of Directors' is authorized to do so by the General Meeting. The said authorization may be renewed from the General Meeting, each time for a period of up to 5 years.

On 19 June 2015, the Annual General Meeting of shareholders approved authorization for the Board of Directors to increase the Bank's share capital, as per Article 13 of Codified Law 2190/1920 and/or arrange the issue of convertible bond loans, as per Article 3a of Codified Law 2190/1920 and Article 5 of the Bank's Articles of Association, up to the total paid-up share capital of the Bank as at the time of the General Meeting as regards the share capital increase, i.e. €2,413,736,838.60, and up to 50% of the total paid-up share capital of the Bank as at the time of the General Meeting as regards convertible bond loans, i.e. 1,206,868,419.30. The Meeting authorized the Board to decide at its discretion the detailed terms of such increase and/or issue of bond loans, subject to the provisions of law.

Stock options

In accordance with Codified Law 2190/1920 Article 13 par. 13, pursuant to a General Meeting resolution a Stock Options Program may be launched for the management and staff in the form of options to acquire shares of the Bank as per the terms of the resolution. The General Meeting resolution determines the maximum number of shares to be issued if the beneficiaries' stock options are exercised, which by law cannot exceed 1/10 of the Bank's existing shares, as well as the purchase price and the terms of allocation of the shares to the beneficiaries.

Currently, there are no active Stock Options Programs.

Purchase of own shares

Article 16 of Codified Law 2190/1920, prescribes provisions for the acquisition of own shares, pursuant to a General Meeting resolution. However, pursuant to the restrictions imposed by article 16C of Greek Law 3864/2010 during the period of HFSF participation in the capital of the Bank, it is prohibited for the Bank to purchase own shares without HFSF approval.

During 2018, National Securities S.A. (the Bank's subsidiary which conducts treasury shares transactions for its brokerage business) acquired 55,802,511 and disposed of 55,932,483 of the Bank's shares at the amount of €20 million and €20 million respectively. On 31 December 2018, the Bank did not hold any own shares, while NBG Securities S.A., held 373,800 own shares corresponding to 0,0409% % of the Bank's total share capital.

I) Significant agreements that come into effect, are modified or terminated in the event of a change in control following a public offering

There are no significant agreements that shall come into effect, be modified or terminated in the event of a change in control of the Bank following a public offering.

J) Agreements with Board members or officers of the Bank

In the case of the Chair and executive members of the Board of Directors and the highly ranked officers (General Managers and Assistant General Managers) the Bank reserves the right for groundless termination of their employment contracts by paying specific levels of compensation, as specified in the contract. The compensation may reflect the entitled salaries for the remaining period of the contract. Especially as to the members of the Board of Directors which are part of senior management, as defined as part of the resolutions of the Annual General Meeting of Shareholders of 2018, the compensation may not exceed the salaries of six (6) months.

Athens, 29 March 2019

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER
COSTAS P. MICHAELIDES	PAUL K. MYLONAS

TRANSLATION

Independent Auditor's Report

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

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of National Bank of Greece S.A. (Bank and Group) which comprise the statement of financial position as of 31 December 2018, the statements of income, comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Bank and the Group as at 31 December 2018, their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

During our audit we remained independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Bank and its subsidiaries are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Bank and its subsidiaries, for the year ended 31 December 2018, are disclosed in note 45 to the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
Expected credit loss allowances for loans and advances to customers under IFRS 9	
Due to the magnitude of the loans and advances balances and the extent of management judgement inherent in the impairment calculations, allowance for impairment of loans and advances to customers has been identified as an area of most significance in the current year audit of the Bank's and Group's financial statements. With the introduction of IFRS 9 in 2018, a number of additional judgements and assumptions are introduced and reflected in the financial statements, including the identification of significant increases in credit risk and the application of forward looking economic scenarios.	We considered the appropriateness of accounting policies and assessed the loan impairment methodologies applied, and compared these to the requirements of IFRS 9. We understood management's process and tested key controls over the determination of the allowance for impairment on loans and advances to customers. **Economic Analysis** We understood management's process and tested key controls relating to the generation, selection and weighting applied to economic scenarios. With the support of our

Economic Analysis

The Group's Economic Analysis Division develops future economic scenarios by using a system of macroeconomic equations. Estimates for three macroeconomic scenarios represent distinct economic scenarios and sensitivities of historical loss experience. These three scenarios together with relative weightings are then provided for incorporation into the Stage allocation process and the calculation of expected credit loss allowances.

Retail Lending

Apart from a small part of the Small Business Lending portfolio, expected credit loss allowances relating to Retail lending exposures are determined on a portfolio basis.

Statistical impairment models are used in calculating the impairment provision on a portfolio basis. The following inputs to these models require significant judgement by management:

- The probability of default (PD);
- The loss given default (LGD); and
- Valuation of Recoveries

Management also applies overlays where they believe that the calculated assumptions, either

due to emerging trends or the models not capturing the risks in the loan portfolio.

Corporate Lending

A significant proportion of Corporate Lending loans with signs of Credit impairment are assessed on an individual basis. Significant judgements, estimates and assumptions have been made by management to:

- Determine if the loan is impaired;
- Evaluate adequacy, recoverability, value of collateral and timing of collateral liquidation;
- Determine the expected cash flows to be collected under multiple weighted scenario outcomes; and
- Estimate the timing of the future cash flows.

An expected credit loss allowance is also determined on Corporate loans and advances which are not individually assessed, using impairment models based on key assumptions including probability of default (PD) and loss given default (LGD). Management applies overlays when necessary to address developments not captured by the model.

Please refer to notes 3, 4.2 and 21 of the annual financial statements for more details on critical judgements and estimates, on how the Bank and Group manage and measure credit risk, and relevant note of allowance for impairment on loans and advances to customers.

internal specialists, when needed, we:

- Assessed the identification and use of appropriate external economic data;
- Assessed the methodology for determining the economic scenarios used and the probability weightings applied to them;
- Understood and assessed the design, implementation and operation of key related controls; and
- Assessed the risk of bias in the forecasts, as well as the existence of contrary evidence;

Based on the evidence obtained, we consider that the data used were appropriate, the key assumptions were reasonable and that the economic scenarios adopted reflect an unbiased, probability weighted view.

Retail Lending

Where impairment provisions were calculated on a collective basis, with the support of our internal credit risk specialists, when needed, we:

- Assessed the appropriateness of the portfolios' segmentation based on specific credit characteristics;
- Understood and tested key controls around the determination of expected credit loss allowances
- Tested the completeness and accuracy of data used in the impairment models by agreeing details to the source systems;
- Assessed the design and implementation of the models, including significant assumptions and the quality of the observable data used to derive model parameters;
- Assessed the reasonableness of the impairment model methodology applied by management and key modelling judgements to determine the credit risk parameters for the expected credit loss calculation; and
- Assessed the appropriateness of management's overlays in light of recent economic events and circumstances, and other factors that might not yet be fully reflected in the impairment models.

Based on the evidence obtained, we found that the methodologies, impairment model assumptions, management judgements and data used within the allowance assessment were appropriate and in line with the requirements of IFRS 9.

Corporate Lending

Where impairment was recognised on an individual basis, we considered the impairment indicators, uncertainties and assumptions applied by management in their assessment of the recoverability of the exposure and supporting collateral with reference to current economic performance, assumptions most commonly used in the industry, and comparison with external evidence or historical trends.

For a sample of individually impaired loans, we understood the latest developments in relation to each case and considered whether key judgments were appropriate. We also re-performed the impairment calculation and tested key inputs including the expected cash flows to be collected, timing of the collection, discount rates used and the valuation of any collateral held that was included in the expected cash flows. For the aforementioned sample we

inspected legal agreements and supporting documentation to confirm the existence and legal right to collateral. We assessed collateral valuation techniques applied against Bank and Group policy and industry standards.

We selected a sample of loans that had not been identified as impaired and formed an independent view, critically assessing whether a credit impairment event occurred and therefore whether they were appropriately categorised.

Where impairment provisions were calculated on a collective basis, we carried out the same procedures as for the retail portfolio indicated above.

Based on the evidence obtained, we found that the methodologies, model assumptions, management judgements and data used within the allowance assessment were appropriate and in line with the requirements of IFRS 9.

National Bank of Greece Auxiliary Pension Plan ("LEPETE")

The Bank's employees' Auxiliary Pension Plan provides for defined contributions to be made by the Bank at a rate of 9% of the employee's salary. The aforementioned plan covers almost all pensioners and active employees hired prior to 1 January 2005. As per Law 3371/2005 the Bank's employees hired after 1 January 2005 are insured in the single auxiliary social security fund, currently called ETEAEP. The Bank's contributions to this fund, are limited to 3,5% on the respective employee's salaries.

LEPETE is treated as a defined contribution scheme on the basis that the Bank has no obligation to make any payments other than the defined contribution of 9%.

The Bank had been providing financial assistance to LEPETE, in excess of the 9% monthly contributions, for the latter to cover cash shortfalls. The Bank's Board of Directors decided during its meeting on 30 June 2017 to discontinue the provision of this additional financial assistance to LEPETE from October 2017 onwards.

Former employees have taken legal action against the Bank, claiming that the Auxiliary Pension Plan is a defined benefit scheme and as such the Bank has an obligation to cover any deficits.

We considered LEPETE to be a key audit matter mainly because of the complexities involved and the high level of judgement required by management in estimating the future outcome of the legal actions.

Please refer to note 11 of the annual financial statements for more details on the matter.

We have discussed with the management and reviewed relevant documentation in order to understand and assess:

- The status of all pending litigations regarding LEPETE; and
- Whether the Bank should make a provision for related costs in accordance with IFRS.

Based on the work performed and the evidence obtained, we found management's assessment and the related accounting treatment to be appropriate.

Recoverability of Deferred Tax Assets ('DTA')

The Bank and Group recognised DTA of €4.9bn in relation to tax deductible temporary differences. Assessing its recoverability requires significant judgement and the use of estimates.

The Group has recognised DTA for deductible temporary

We have assessed the reasonableness of the assumptions used in drafting the business plan, that was approved by the Bank's and Group's Board of Directors, taking into account the execution risks and uncertainties stemming from the macroeconomic environment in Greece. Specifically, we:

differences to the extent it considers this to be recoverable. These differences relate to:

- The losses resulted from Group's participation in the Greek debt voluntary restructuring ("PSI+") and subsequent debt buyback program of 2012, which are subject to a 30 year tax amortization, starting from year 2012; and
- the loan impairment losses that can offset future taxable gains according to current tax legislation.

The recoverability of the recognised DTA is dependent on the Group's ability to generate future taxable profits sufficient to cover the deductible temporary differences when such differences crystallise for tax purposes.

Management's assessment regarding the ability of the Bank to generate future taxable profits requires the use of significant judgement and estimates as indicated below:

- The assumptions that underpin the business plan of the Group;
- the projections required to cover the time horizon up to the legal expiration of the period within which the DTA can be recovered; and

the adjustments required to derive the estimated tax profits from the projected accounting profits to infer the amount of DTA that will be recoverable in future periods.

Business plans may be impacted by the risks and uncertainties stemming from the macroeconomic environment in Greece.

Please refer to notes 3 and 27 of the financial statements for more details on critical accounting judgements and estimates and note of deferred tax asset.

- Compared these to our own expectations derived from our knowledge of the industry and our understanding obtained during our audit and;
- Performed a sensitivity analysis to determine the effect of changes in the assumptions and how estimation uncertainty may affect Group's projected profitability.

For the purpose of our recoverability assessment we have evaluated the appropriateness of the adjustments applied to convert accounting profits into taxable ones and have assessed management's projections beyond the business plan horizon. Furthermore, our procedures also included assessing management's interpretations of current tax legislation with respect to the accounting write-offs and the gradual amortisation of the crystallised tax loss arising from non performing loans' disposals, and debt forgiveness arrangements.

We evaluated the adequacy of the financial statements disclosures, including disclosures of key assumptions and judgements.

Based on the evidence obtained we found management's assessment with respect to the recoverability of the DTA to be reasonable.

IT systems

The Bank's and Group's financial reporting processes are highly reliant on information produced by the Bank's and Group's Information Technology (IT) systems, and / or automated processes and controls (i.e. calculations, reconciliations) implemented in these systems.

The nature, complexity and the increased use of these information systems combined with the large volume of transactions being processed on a daily basis increase the risk over the effective inter-connectivity of the IT systems and data, and the risk around the degree of reliability of the financial reporting information. The banking environment is also subject to a number of internal and external threats relating to cyber security.

We assessed the information security resilience of the Bank and Group by evaluating the design and implementation of key IT processes and controls over financial reporting. More specifically, we assessed the administration of access, changes and daily IT operations for key layers of underlying infrastructure (i.e. application, operating system, database) for the systems in scope of the audit.

In addition, in order to place reliance on the system generated information (i.e. data and reports), and any automated controls (i.e. calculations, reconciliations) implemented in these systems, we have also relied on business process controls, and performed additional substantive procedures as part of our audit.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information, which is included in the Annual Report in accordance with Law 3556/2007, is the Certification of the Board of Directors, the Board of Directors' Report, the Board of Directors' Supplementary Report to the Annual General Meeting of the Shareholders, Disclosures of Law 4261/2014 Art.81, Disclosures of Law 4261/2014 Art. 82 and Disclosures of article 6 of Law 4374/2016 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920 and the Corporate Governance Statement required by article 43bb of Codified Law 2190/1920 has been prepared.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the Board of Directors' Report for the year ended at 31 December 2018 is consistent with the financial statements;
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A of the Codified Law 2190/1920; and
- The Corporate Governance Statement provides the information referred to items c and d of paragraph 1 of article 43bb of the Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Bank and Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report and Other Information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the financial statements of the Group

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Codified Law 2190/1920, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Bank and Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report.

Report on other legal and regulatory requirements

1. Additional Report to the Audit Committee

Our opinion on the accompanying financial statements is consistent with our as per Art. 11 of Regulation (EU) No 537/2014, additional Report to the Audit Committee of the Bank.

2. Appointment

We were first appointed as auditors of the Company by the decision of the annual general meeting of shareholders on 30 June 2017. Our appointment has been renewed annually by the decision of the annual general meeting of shareholders for a total uninterrupted period of appointment of 2 years.

PricewaterhouseCoopers S.A.
268 Kifissias Avenue, Halandri 152 32
SOEL Reg. No. 113

Athens, 29 March 2019
The Certified Auditor

Marios Psaltis
SOEL Reg. No. 38081

Statement of Financial Position
as at 31 December 2018

€ million	Note	Group 31.12.2018	Group 31.12.2017	Bank 31.12.2018	Bank 31.12.2017
ASSETS					
Cash and balances with central banks	17	5,138	1,778	4,904	1,491
Due from banks	18	2,587	1,736	2,507	1,723
Financial assets at fair value through profit or loss	19	4,519	1,793	4,508	1,773
Derivative financial instruments	20	3,791	3,681	3,791	3,673
Loans and advances to customers	21	30,134	37,941	29,103	36,248
Investment securities	22	4,440	3,780	4,239	3,452
Investment property	23	1,016	874	6	6
Investments in subsidiaries	43	-	-	1,467	1,443
Equity method investments	24	8	8	7	7
Goodwill, software and other intangible assets	25	150	132	147	125
Property and equipment	26	1,046	1,086	262	248
Deferred tax assets	27	4,909	4,916	4,906	4,906
Current income tax advance		359	421	351	410
Other assets	28	1,777	1,612	1,637	1,459
Non-current assets held for sale	29	5,221	5,010	1,452	1,461
Total assets		**65,095**	**64,768**	**59,287**	**58,425**
LIABILITIES					
Due to banks	30	7,667	7,341	8,143	7,673
Derivative financial instruments	20	2,131	3,798	2,131	3,798
Due to customers	31	43,027	40,265	42,249	38,849
Debt securities in issue	32	1,146	1,026	848	742
Other borrowed funds	33	268	171	-	-
Deferred tax liabilities	27	14	6	-	-
Retirement benefit obligations	11	239	254	237	251
Current income tax liabilities		9	10	-	-
Other liabilities	34	864	995	930	898
Liabilities associated with non-current assets held for sale	29	4,092	3,523	111	-
Total liabilities		**59,457**	**57,389**	**54,649**	**52,211**
SHAREHOLDERS' EQUITY					
Share capital	36	2,744	2,744	2,744	2,744
Share premium account	36	13,866	13,866	13,863	13,863
Reserves and retained earnings	38	(11,570)	(9,912)	(11,969)	(10,393)
Amounts recognised directly in equity relating to non-current assets held for sale	29	(78)	(2)	-	-
Equity attributable to NBG shareholders		**4,962**	**6,696**	**4,638**	**6,214**
Non-controlling interests	39	676	683	-	-
Total equity		**5,638**	**7,379**	**4,638**	**6,214**
Total equity and liabilities		**65,095**	**64,768**	**59,287**	**58,425**

Athens, 29 March 2019

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
COSTAS P. MICHAELIDES	PAUL K. MYLONAS	IOANNIS P. KYRIAKOPOULOS

The notes on pages 85 to 210 form an integral part of these financial statements

Income Statement
for the period ended 31 December 2018

€ million	Note	Group 12 month period ended 31.12.2018	Group 12 month period ended 31.12.2017	Bank 12 month period ended 31.12.2018	Bank 12 month period ended 31.12.2017
Continuing Operations					
Interest and similar income		1,337	1,780	1,244	1,682
Interest expense and similar charges		(243)	(248)	(212)	(218)
Net interest income	6	**1,094**	**1,532**	**1,032**	**1,464**
Fee and commission income		332	302	294	261
Fee and commission expense		(92)	(69)	(82)	(64)
Net fee and commission income	7	**240**	**233**	**212**	**197**
Net trading income / (loss) and results from investment securities	8	17	(124)	14	(151)
Net other income / (expense)	9	(31)	(47)	67	(48)
Total income		**1,320**	**1,594**	**1,325**	**1,462**
Personnel expenses	10	(562)	(562)	(528)	(528)
General, administrative and other operating expenses	12	(269)	(266)	(286)	(287)
Depreciation and amortisation on investment property, property & equipment and software & other intangible assets		(90)	(90)	(68)	(68)
Credit provisions and other impairment charges	13	(312)	(807)	(299)	(822)
Restructuring cost	14	(78)	-	(78)	-
Profit / (loss) before tax		**9**	**(131)**	**66**	**(243)**
Tax benefit / (expense)	15	(37)	(27)	(4)	(3)
Profit / (loss) for the period from continuing operations		**(28)**	**(158)**	**62**	**(246)**
Discontinued Operations					
Profit / (loss) for the period from discontinued operations	29	**(22)**	**(254)**	**(55)**	**255**
Profit / (loss) for the period		**(50)**	**(412)**	**7**	**9**
Attributable to:					
Non-controlling interests		34	31	-	-
NBG equity shareholders		**(84)**	**(443)**	**7**	**9**
Earnings / (losses) per share - Basic and diluted from continuing operations	16	**€(0.07)**	**€(0.21)**	**€0.07**	**€(0.27)**
Earnings / (losses) per share - Basic and diluted from continuing and discontinued operations	16	**€(0.09)**	**€(0.48)**	**€0.01**	**€0.01**

Athens, 29 March 2019

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
COSTAS P. MICHAELIDES	PAUL K. MYLONAS	IOANNIS P. KYRIAKOPOULOS

The notes on pages 85 to 210 form an integral part of these financial statements

Statement of Comprehensive Income

for the period ended 31 December 2018

€ million	Note	Group 12 month period ended 31.12.2018	Group 12 month period ended 31.12.2017	Bank 12 month period ended 31.12.2018	Bank 12 month period ended 31.12.2017
Profit / (loss) for the period		**(50)**	**(412)**	**7**	**9**
Other comprehensive income / (expense):					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale securities, net of tax		-	108	-	116
Investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI"), net of tax		(95)	-	(63)	-
Currency translation differences, net of tax		(1)	136	-	(5)
Total of items that may be reclassified subsequently to profit or loss		**(96)**	**244**	**(63)**	**111**
Items that will not be reclassified subsequently to profit or loss:					
Investments in equity instruments measured at FVTOCI, net of tax		(17)	-	(18)	
Remeasurement of the net defined benefit liability / asset, net of tax		3	(2)	3	(4)
Total of items that will not be reclassified subsequently to profit or loss		**(14)**	**(2)**	**(15)**	**(4)**
Other comprehensive income / (expense) for the period, net of tax	37	**(110)**	**242**	**(78)**	**107**
Total comprehensive income / (expense) for the period		**(160)**	**(170)**	**(71)**	**116**
Attributable to:					
Non-controlling interests		34	31	-	-
NBG equity shareholders		**(194)**	**(201)**	**(71)**	**116**

Athens, 29 March 2019

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
COSTAS P. MICHAELIDES	PAUL K. MYLONAS	IOANNIS P. KYRIAKOPOULOS

The notes on pages 85 to 210 form an integral part of these financial statements

Statement of Changes in Equity - Group

for the period ended 31 December 2018

€ million	Attributable to equity holders of the parent company											
	Share capital Ordinary shares	Share premium Ordinary shares	Treasury shares	Securities at FVTOCI	Currency translation reserve	Net investment hedge	Cash flow hedge	Defined benefit plans	Other reserves & Retained earnings	Total	Non-controlling Interests	Total
Balance at 1 January 2017	**2,744**	**13,866**	**(1)**	**52**	**(123)**	**(119)**	**-**	**(163)**	**(9,349)**	**6,907**	**680**	**7,587**
Other Comprehensive Income/ (expense) for the period	-	-	-	108	136	-	-	(2)	-	**242**	-	**242**
Profit / (loss) for the period	-	-	-	-	-	-	-	-	(443)	**(443)**	31	**(412)**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**-**	**108**	**136**	**-**	**-**	**(2)**	**(443)**	**(201)**	**31**	**(170)**
Dividend distribution	-	-	-	-	-	-	-	-	-	**-**	(37)	**(37)**
Acquisitions, disposals & share capital increases of subsidiaries/associates	-	-	-	-	-	-	-	-	(11)	**(11)**	9	**(2)**
(Purchases)/ disposals of treasury shares	-	-	1	-	-	-	-	-	-	**1**	-	**1**
Balance at 31 December 2017 and 1 January 2018	**2,744**	**13,866**	**-**	**160**	**13**	**(119)**	**-**	**(165)**	**(9,803)**	**6,696**	**683**	**7,379**
Impact of IFRS 9	**-**	**-**	**-**	**42**	**-**	**-**	**-**	**-**	**(1,582)**	**(1,540)**	**-**	**(1,540)**
Balance at 1 January 2018 adjusted for IFRS 9 impact	**2,744**	**13,866**	**-**	**202**	**13**	**(119)**	**-**	**(165)**	**(11,385)**	**5,156**	**683**	**5,839**
Other Comprehensive Income/ (expense) for the period	-	-	-	(112)	(1)	-	-	3	-	**(110)**	-	**(110)**
Profit / (loss) for the period	-	-	-	-	-	-	-	-	(84)	**(84)**	34	**(50)**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**-**	**(112)**	**(1)**	**-**	**-**	**3**	**(84)**	**(194)**	**34**	**(160)**
Dividend distribution	-	-	-	-	-	-	-	-	-	**-**	(41)	**(41)**
Balance at 31 December 2018	**2,744**	**13,866**	**-**	**90**	**12**	**(119)**	**-**	**(162)**	**(11,469)**	**4,962**	**676**	**5,638**

The notes on pages 85 to 210 form an integral part of these financial statements

Statement of Changes in Equity - Bank

for the period ended 31 December 2018

€ million	Share capital	Share premium	Securities at FVTOCI	Currency translation reserve	Defined benefit plans	Other reserves & retained earnings	Total
	Ordinary shares	Ordinary shares					
Balance at 1 January 2017	**2,744**	**13,863**	**(24)**	**(51)**	**(157)**	**(10,278)**	**6,097**
Other Comprehensive Income/ (expense) for the period	-	-	116	(5)	(4)	-	**107**
Profit for the period	-	-	-	-	-	9	**9**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**116**	**(5)**	**(4)**	**9**	**116**
Merger through absorption of subsidiaries	-	-	-	-	-	1	**1**
Balanced at 31 December 2017 & at 1 January 2018	**2,744**	**13,863**	**92**	**(56)**	**(161)**	**(10,268)**	**6,214**
Impact of IFRS 9 adoption			41			(1,546)	**(1,505)**
Balanced at 1 January 2018 adjusted for IFRS 9 impact	**2,744**	**13,863**	**133**	**(56)**	**(161)**	**(11,814)**	**4,709**
Other Comprehensive Income/ (expense) for the period	-	-	(81)	-	3	-	**(78)**
Profit for the period	-	-	-	-	-	7	**7**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**(81)**	**-**	**3**	**7**	**(71)**
Balance at 31 December 2018	**2,744**	**13,863**	**52**	**(56)**	**(158)**	**(11,807)**	**4,638**

The notes on pages 85 to 210 form an integral part of these financial statements

Cash Flow Statement

for the period ended 31 December 2018

	Group		Bank	
	12-month period ended		12-month period ended	
€ million	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Cash flows from operating activities				
Profit / (loss) before tax	**14**	**(370)**	**12**	**12**
Adjustments for:				
Non-cash items included in income statement and other adjustments:	**471**	**1,261**	**226**	**578**
Depreciation and amortisation on property & equipment, intangibles and investment property	91	99	69	68
Amortisation of premiums /discounts of investment securities, debt securities in issue and borrowed funds	(14)	(28)	(13)	(16)
Credit provisions and other impairment charges	431	966	381	926
Provision for employee benefits	14	14	10	11
Share of (profit) / loss of equity method investments	-	(3)	-	-
Result from fair value hedges	6	56	6	56
Dividend income from investment securities	(3)	(3)	(180)	(120)
Net (gain) / loss on disposal of property & equipment and investment property	(1)	(2)	1	(1)
Net (gain) / loss on disposal of investment securities	(67)	(48)	(63)	(42)
Net (gain) / loss on disposal of subsidiaries	3	203	3	(308)
Accrued interest from financing activities and results from repurchase of debt securities in issue	4	7	3	4
Valuation adjustment on instruments designated at fair value through profit or loss	1	(9)	1	(9)
Negative goodwill	(2)	-	-	-
Other non-cash operating items	8	9	8	9
Net (increase) / decrease in operating assets:	**182**	**1,747**	**161**	**1,810**
Mandatory reserve deposits with Central Bank	(7)	321	(48)	(3)
Due from banks	(220)	(288)	(9)	162
Financial assets at fair value through profit or loss	420	18	411	44
Derivative financial instruments assets	(109)	789	(119)	784
Loans and advances to customers	414	892	289	937
Other assets	(316)	15	(363)	(114)
Net increase / (decrease) in operating liabilities:	**3,971**	**(10,110)**	**3,942**	**(10,162)**
Due to banks	351	(10,753)	470	(10,716)
Due to customers	3,671	1,671	3,498	1,532
Derivative financial instruments liabilities	191	(1,228)	193	(1,228)
Retirement benefit obligations	(23)	(22)	(22)	(26)
Insurance related reserves and liabilities	(17)	81	-	-
Income taxes (paid) / received	(32)	129	(12)	144
Other liabilities	(170)	12	(185)	132
Net cash from / (for) operating activities	**4,638**	**(7,472)**	**4,341**	**(7,762)**
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	(50)	-	-	-
Participation in share capital increase/(decrease) of subsidiaries	-	-	(145)	2
Disposals of subsidiaries, net of cash disposed	(28)	596	32	720
Disposal of equity method investments	-	9	-	-
Dividends received from investment securities & equity method investments	3	4	110	116
Purchase of property & equipment, intangible assets and investment property	(151)	(188)	(106)	(80)
Proceeds from disposal of property & equipment and investment property	29	13	3	7
Purchase of investment securities	(5,804)	(5,023)	(2,783)	(1,426)
Proceeds from redemption and sale of investment securities	5,170	11,870	2,391	8,288
Net cash (used in) / provided by investing activities	**(831)**	**7,281**	**(498)**	**7,627**
Cash flows from financing activities				
Proceeds from debt securities in issue and other borrowed funds	242	899	114	814
Repayments of debt securities in issue, other borrowed funds and preferred securities	(73)	(364)	(12)	(334)
Proceeds from disposal of treasury shares	20	34	-	-
Repurchase of treasury shares	(20)	(33)	-	-
Dividends paid to non-controlling interests	(41)	(36)	-	-
Net cash from/ (for) financing activities	**128**	**500**	**102**	**480**
Effect of foreign exchange rate changes on cash and cash equivalents	2	(11)	3	(16)
Net increase / (decrease) in cash and cash equivalents	**3,937**	**298**	**3,948**	**329**
Cash and cash equivalents at beginning of period	2,516	2,218	1,818	1,489
Cash and cash equivalents at end of period	**6,453**	**2,516**	**5,766**	**1,818**

The notes on pages 85 to 210 form an integral part of these financial statements

NOTE 1: General information

National Bank of Greece S.A. (hereinafter "NBG" or the "Bank") was founded in 1841 and its shares have been listed on the Athens Exchange since 1880. The Bank's headquarters are located at 86 Eolou Street, Athens, Greece, (Register number G.E.MH. 237901000), tel.: (+30) 210 334 1000, www.nbg.gr. By resolution of the Board of Directors, the Bank can establish branches, agencies and correspondence offices in Greece and abroad. In its 178 years of operation, the Bank has expanded on its commercial banking business by entering into related business areas. National Bank of Greece and its subsidiaries (hereinafter the "Group") provide a wide range of financial services including retail and commercial banking, asset management, brokerage, investment banking, insurance and real estate at a global level. The Group operates in Greece, UK, South East Europe ("SEE"), which includes Romania and North Macedonia, Cyprus, Malta and Egypt.

The Board of Directors consists of the following members:

The Non-Executive Chairman of the Board of Directors
Costas P. Michaelides

The Chief Executive Officer
Paul K. Mylonas (1)

Executive Members
Panos A. Dasmanoglou (2)
Dimitrios N. Kapotopoulos (3)

Non-Executive Members
Yiannis G. Zographakis(4)

Independent Non-Executive Members (5), (6), (7)
Haris A. Makkas
Eva Cederbalk
Claude Edgar L.G.Piret
Andrew J. McIntyre(8)
John P.J. McCormick (9)

Hellenic Financial Stability Fund representative
Periklis F. Drougkas (10)

(1) On 18 July 2018, Paul K. Mylonas was elected as Chief Executive Officer of the Board of Directors.
(2) On 26 July 2018, Panos A. Dasmanoglou was elected as executive member of the Board of Directors.
(3) On 24 January 2019, Dimitrios N. Kapotopoulos was elected as executive member of the Board of Directors, replacing the resigned executive member Dimitrios G. Dimopoulos.
(4) On 26 July 2018, Yiannis G. Zographakis was elected as non-executive member of the Board of Directors.
(5) On 28 February 2018, Petros K. Sabatacakis resigned from his position as an independent non-executive member of the Board of Directors.
(6) On 31 January 2018, Arthur Michael Royal Aynsley resigned from his position as an independent non-executive member of the Board of Directors.
(7) Ms Marianne T. Økland was an independent non-executive member of the Board of Directors until 25 July 2018.
(8) On 23 April 2018, Andrew J. McIntyre was elected as independent non-executive member of the Board of Directors.
(9) On 26 July 2018, John P.J. McCormick was elected as independent non-executive member of the Board of Directors.
(10) On 26 July 2018, Periklis F. Drougkas was appointed as HFSF Representative in accordance with Law 3864/2010, as in force, in replacement of Christoforos E. Koufalias.

The Directors are elected by the Bank's General Meeting of Shareholders for a maximum term of 3 years and may be re-elected. The term of the above members expires at the annual General Meeting of the Bank's shareholders in 2021.

The financial statements are subject to approval by the Bank's Annual Shareholder's Meeting.

These annual financial statements have been approved for issue by the Bank's Board of Directors on 29 March 2019.

NOTE 2: Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the separate financial statements of the Bank as at and for the year ended 31 December 2018 (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the European Union (the "EU").

The amounts are stated in Euro, rounded to the nearest million (unless otherwise stated) for ease of presentation.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

The financial statements have been prepared under the historical cost convention, except for fair value through other comprehensive income financial assets, financial assets and financial liabilities held at fair value through profit or loss and all derivative contracts, which have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: impairment of loans-and-receivables, valuation of financial instruments not quoted in active markets, including OTC derivatives and certain debt securities, impairment of investment securities, impairment assessment of intangible assets, assessment of the recoverability of deferred tax assets ("DTA"), estimation of retirement benefits obligation, insurance reserves, liabilities from unaudited tax years and contingencies from litigation. Actual results in the future may differ from those reported.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 Going concern

Liquidity

As at 31 December 2018, the funding from European Central Bank ("ECB") amounted to €2.25 billion from €2.75 billion as at 31 December 2017. Furthermore, as of 31 December 2018 the Bank had entered into secure interbank transactions with foreign financial institutions of €5.4 billion, while the Bank's Eurosystem liquidity buffer stood at €9.3 billion (cash value).

Capital adequacy

The Group's Common Equity Tier 1 ("CET1") ratio at 31 December 2018 was 16.1% exceeding the Overall Capital Requirement ("OCR") ratio of 12.875% and 13.75% for 2018 and 2019 respectively (see Note 4.7).

Macroeconomic developments

Economic activity in Greece accelerated in 2018, on the back of increasing net exports and strengthened private consumption. Real Gross Domestic Product ("GDP") grew by 1.9% y-o-y in 2018, recording the strongest pace in 11 years and official sector estimates (average of European Commission and IMF forecasts) envisage a further acceleration of GDP growth to 2.3% y-o-y in 2019, despite a slowing in the euro area economy during the same period. Latest data on forward-looking and coincident indicators suggest that this momentum is maintained in the first months of 2019.

The successful completion of the Third Program, the release of the first two evaluation reports of the country's progress under the European Commission's Enhanced Surveillance Framework, along with the accumulation of a sizeable cash buffer by the Greek State covering more than 4 years of sovereign financing needs, contributed to a further improvement in economic sentiment. On the fiscal front, Greece is expected to overperform its fiscal targets for a third consecutive year in 2018. Accordingly, a modest set of expansionary measures has been legislated for 2019, which corresponds to the recurring part of the overperformance and is expected to support domestic demand and the turnover of Greek firms in the domestic market.

However, the pace of improvement of the liquidity conditions and the strengthening of the private sector balance sheets remains very weak, as does investment spending. Moreover, despite the significant improvements, Greece's economic performance and financial asset valuations remain sensitive to a slowing of the euro area economy and increased volatility in the international financial markets. Furthermore, the second report of the European Commission under the "Enhanced Surveillance Framework" and the respective first report published by the IMF in the post-program monitoring period identify some risks for medium-term fiscal stability and competitiveness and recommend a faster resolution of the non-performing exposures, with a view to support Greece's economic viability and recovery in the following years.

2018 Stress Test

Between February and April 2018, the ECB conducted a Stress Test Exercise on the four Greek Systemic Banks. The exercise was performed following the same approach of European Banking Authority ("EBA") exercise in terms of methodology, templates, scenarios and quality assurance of the results. The 2018 Stress Test results were published on 5 May 2018 and ECB has not requested NBG to submit a capital plan.

Going concern conclusion

The Board of Directors concluded that the Bank is a going concern after considering (a) the decreased ECB funding and the current access to the Eurosystem facilities with significant collateral buffer (b) the Group's CET1 ratio of 31 December 2018 which exceeded the OCR requirements even after the adoption of IFRS 9, (c) the results of the Stress Test exercise, based on which no capital plan was deemed necessary (see Note 4.7) and (d) the recent developments regarding the Greek economy and the latest estimates regarding macroeconomic indicators, as discussed above.

2.3 Adoption of International Financial Reporting Standards (IFRS)

New standards, amendments and interpretations to existing standards effective from 1 January 2018

-IFRS 9 Financial Instruments On 1 January 2018, the Group adopted IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: Recognition and Measurement* and changes the requirements for classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

The Group applied IFRS 9 retrospectively, but elected not to restate prior periods, in accordance with the transitional provisions of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018.

The adoption of IFRS 9 on 1 January 2018, decreased the Group's shareholders' equity by approximately €1.5 billion, of which €1.3 billion, due to changes in impairment requirements and €0.2 billion due to classification and measurement. Further information on the impact of IFRS 9 upon adoption, is included in Note 48. The accounting policies and critical judgments applied by the Group in order to comply with the requirements of IFRS 9, are included in Notes 2.7 and 3, respectively.

-IFRS 7 Financial Instruments: Disclosures The Standard was updated in line with IFRS 9 *Financial Instruments*. The Group adopted the revised standard on 1 January 2018.

-IFRS 15 Revenue from Contracts with Customers IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 replaced the revenue recognition guidance included in IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

- Identify the contract with the customer
- Identify the performance obligations in the contracts
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. There was no material impact from the adoption of IFRS 15 on the Group's consolidated or separate financial statements.

Amendments and interpretations

-IFRS 4 (Amendment) Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply IAS 39. On 14 November 2018, the IASB tentatively decided to propose an amendment to IFRS 4 to allow insurers qualifying for deferral of IFRS 9 one additional year of deferral. This would mean that qualifying insurers could apply both standards for the first time in reporting periods beginning on or after 1 January 2022.

The Group has elected to defer the provisions of IFRS 9 for its insurance subsidiary, Ethniki Hellenic General Insurance SA, as allowed by Commission Regulation (EU) 2017/1988 from 1 January 2018 to the adoption date of IFRS 17 Insurance Contracts. As of 1 January 2018, Ethniki Hellenic General Insurance SA was classified as a discontinued operation and shall continue applying the requirements of IAS 39 after 1 January 2018.

-IFRS 2 (Amendment) Classification and Measurement of Share-based Payment Transactions The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendment did not have an impact on the Group's consolidated financial statements.

-IFRS 15 (Amendment) Clarifications to IFRS 15 Revenue from Contracts with Customers The amendment clarifies three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts. The amendment did not have a material impact on the Group's consolidated or separate financial statements.

-IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation did not have a material impact on the Group's consolidated or separate financial statements.

-IAS 40 (Amendment) Transfers to Investment Property The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The amendment did not have an impact on the Group's consolidated or separate financial statements.

-Annual Improvements to IFRS Standards 2014–2016 Cycle The amendments applicable to the Group relate solely to IAS 28 and clarify that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss, this election should be made separately for each associate or joint venture at initial recognition. The amendment did not have an impact on the Group's consolidated or separate financial statements.

-Amendments to IAS 1 Presentation of Financial Statements In line with amendments to IAS 1, the Group presents interest income and interest expense, calculated using the effective interest method, on financial instruments measured at amortised cost and financial assets measured at fair value through other comprehensive income separately from interest income and expense on financial instruments measured at fair value through profit or loss, in the notes. The amendment did not have a material impact on the Group's consolidated or separate financial statements.

New standards, amendments and interpretations to existing standards effective after 2018

New standards effective after 2018

-IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019). IFRS 16 supersedes relevant lease guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an agreement contains a lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal From of a Lease*, and establishes principles for the recognition, measurement, presentation and disclosure of lease agreements, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use (RoU) asset, representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The lease liability is initially measured at the present value of the future lease payments, discounted using the rate implicit in the lease or, if this rate cannot be readily determined, the lessee's incremental borrowing rate (IBR). The RoU asset is initially measured at the amount of the lease liability.

Subsequently, the RoU asset is amortised over the length of the lease, and the financial liability is measured at amortised cost. The operating lease expense for the leases accounted for under IAS 17 is replaced by a depreciation charge for the RoU asset and an interest expense from the unwinding of the discount on the lease liability. The change in presentation of operating lease expenses will result in an improvement in cash flows from operating activities and a corresponding decline in cash flows from financing activities.

There are optional recognition exemptions for short-term leases and leases of low-value items, for which lease payments are recognized as operating expenses on a straight-line basis over the lease term.

Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases, using the same classification criteria with IAS 17.

Leases in which the Group is a Lessor

No significant impact is expected for the Group's finance leases or for the leases in which the Group is a lessor.

Leases in which the Group is a Lessee

The Group shall apply the modified retrospective approach, where the RoU asset is set equal to the amount of the lease liability upon adoption, and will not restate the comparative information. The Group plans to apply the practical expedient to grandfather the lease definition on transition to IFRS 16 and not reassess whether a contract is or contains a lease. Therefore, at transition date (i.e. 1 January 2019), the Group shall apply IFRS 16 solely on contracts that were previously identified as leases based on IAS 17 and IFRIC 4. In addition, the Group has decided to make use of the relief options provided for leases of low value assets and short-term leases.

The most significant estimate used in the measurement of the lease liability relates to the interest rate used for discounting the lease payments to their present value as of the date of initial application. The Group shall use its IBR as of 1 January 2019, which was estimated with a built-up approach, using market observable information relating to the Bank's Covered Bond maturing in 2020 and the European Financial Institutions yield curve for the equivalent credit rating. The determination of an IBR term structure inherently involves significant judgments and uncertainties. A small change in the IBR used would change the value of the lease liabilities and corresponding RoU assets materially, hence the IBR is considered to be a critical accounting estimate.

As at 31 December 2018, the Group and the Bank have non-cancellable operating lease commitments of €0.2 billion and €1.6 billion, respectively. Since most of these arrangements relate to leases other than short-term leases and leases of low-value assets, IFRS 16 is expected to increase the assets of the Group and the Bank by €0.1billion and €1.1billion respectively, and increase the liabilities of the Group and the Bank by the same amounts with an immaterial impact on retained earnings.

In relation to the estimated impact on regulatory capital, as at 31 December 2018 the Group's and the Bank's CET1 ratio is expected to decrease by approximately 5 bps and 56 bps, respectively.

-**IFRS 17 Insurance Contracts** (effective for annual periods beginning on or after 1 January 2021, as issued by the IASB). IFRS 17 has been issued in May 2017 and supersedes IFRS 4. On 14 November 2018, the IASB tentatively decided to defer the effective date of IFRS 17 by one year to reporting periods beginning on or after 1 January 2022. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU. The Group is in the process of implementing IFRS 17. Industry practice and interpretation of the standard is still developing and there may be changes to it, therefore the likely impact of its implementation remains uncertain.

Amendments to standards and interpretations effective after 2018

-IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2021, as issued by the IASB). The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

Consensus: The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The interpretation has been endorsed by the EU.

-IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods on or after 1 January 2019, as issued by the IASB). The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has been endorsed by the EU.

-**IAS 19 (Amendment) Plan Amendment, Curtailment or Settlement** (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendment has been endorsed by the EU.

-**Annual Improvements to IFRS Standards 2015–2017 Cycle** (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB).The amendments, which have been endorsed by the EU, impact the following standards:

IFRS 3 - amended to clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 - amended to clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business

IAS 12 - clarified to state that a company accounts for all income tax consequences of dividend payments in the same way

IAS 23 - clarified to provide that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

-IFRS 9 (Amendment) Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss. The interpretation has been endorsed by the EU.

-IAS 28 (Amendment) Long-Term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). The amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9. The amendments has been endorsed by the EU.

-Definition of a Business - Amendments to IFRS 3, which becomes effective for annual periods beginning on or after 1 January 2020, as issued by the IASB. The IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements or processes and continuing to produce outputs, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. The amendments have not yet been endorsed by the EU.

-Definition of Materiality - Amendments to IAS 1 and IAS 8 (effective for the Group on 1 January 2020). In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are applied prospectively. The amendments have not yet been endorsed by the EU.

-Conceptual Framework In March 2018, the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the "Framework"), which becomes effective in annual periods beginning on 1 January 2020. The Framework sets out the fundamental concepts of financial reporting that guide the IASB in developing IFRS Standards. The Framework underpins existing IFRS Standards but does not override them. Preparers of financial statements use the Framework as a point of reference to develop accounting policies in rare instances where a particular business transaction is not covered by existing IFRS Standards. The IASB and the IFRS Interpretations Committee will begin to use the new Framework immediately in developing new, or amending existing, financial reporting standards and interpretations. The Group is currently assessing the effect of the amended Framework on its accounting policies. The amendments have not yet been endorsed by the EU.

The Group and the Bank have not adopted these amendments and interpretations, however they are not expected to have a material impact on the consolidated and separate financial statements.

2.4 Consolidation

2.4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries (including structured entities), which are entities controlled by the Bank. Control is achieved, if and only if, the Bank has a) power over the subsidiaries b) exposure, or rights to variable returns from its involvement with the subsidiaries and c) the ability to use its power over the subsidiaries to affect the amount of the Bank's returns.

Income and expenses and other comprehensive income of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and in the consolidated statement of comprehensive income, respectively, from the effective date of acquisition and up to the effective date of disposal, as appropriate. Profit/(loss) for the period and total comprehensive income/(expense) of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2.4.2 Non-controlling interests

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income/(expense) is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.4.3 Changes in the Group's ownership interests in subsidiaries that do not result in loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

2.4.4 Loss of control

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. For assets of the subsidiary carried at fair value with the related cumulative gain or loss recognised in other comprehensive income, the amounts previously recognised in other comprehensive income are accounted for as if the Bank had directly disposed of the relevant assets (i.e. reclassified to the income statement or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2.4.5 Contribution of assets to subsidiary in exchange for shares of the subsidiary

When the Bank transfers property and equipment, intangible assets or investment property to an existing or new subsidiary in exchange for shares in the subsidiary, the Bank recognises in the individual financial statements the carrying value of the transferred asset as investment in subsidiaries. Such transactions do not affect the consolidated financial statements.

2.4.6 Associates

Associates are entities over which the Group has significant influence, but which it does not control. If the Group holds, directly or indirectly, 20% or more of the voting power of the investee, it is presumed that the Group has significant influence, unless it can be clearly demonstrated that this is not the case. Investments in associates are accounted for by applying the equity method of accounting. Under the equity method of accounting, the investment is initially recorded at cost. Goodwill arising on the acquisition of an associate is included in the carrying amount of the investment (net of any accumulated impairment loss). The carrying amount of the investment is increased or decreased by the proportionate share of the associate's post-acquisition profits or losses (recognised in the Group income statement) and movements in reserves (recognised in reserves). Dividends received from the associate during the year reduce the carrying value of the investment. Investments in associates for which significant influence is intended to be temporary because such investments are acquired and held exclusively with a view to their subsequent disposal within twelve months from their acquisition, are recorded as assets held for sale. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred. Where necessary, the associate's financial statements used in applying the equity method are adjusted to ensure consistency with the accounting policies adopted by the Group.

2.4.7 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

(a) The parties are bound by a contractual arrangement and

(b) The contractual arrangement gives two or more of those parties joint control of the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

The Group determines the type of joint arrangement in which it is involved and classifies the joint arrangement as a joint operation or a joint venture depending upon the rights and obligations of the parties to the arrangement.

In case of a joint operator the Group recognizes:

a) its assets, including its share of any assets held jointly, b) its liabilities, including its share of any liabilities incurred jointly, c) its revenue from the sale of its share of the output arising from the joint operation d) its share of the revenue from the sale of the output by the joint operation and e) its expenses, including its share of any expenses incurred jointly.

When the Group acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 *Business combinations*, it applies, to the extent of its share in accordance with previous paragraph, all of the principles on

business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in IFRS 11 *Joint arrangements*. This applies to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business.

In case of a joint venture the Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method. (see Associates above).

2.4.8 Investments in subsidiaries, associates and joint ventures in individual financial statements

In the Bank's financial statements subsidiaries, associates and joint ventures are measured at cost less impairment.

2.4.9 Impairment assessment of investments in subsidiaries, associates and joint ventures in individual financial statements

At each reporting date, the Group and the Bank assesses whether there is any indication that an investment in a subsidiary, associate or joint venture may be impaired. If any such indication exists, the Group estimates the recoverable amount of the investment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

2.5 Business combinations

2.5.1 Acquisition method

Acquisitions of businesses within the scope of IFRS 3 are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the income statement as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see Share based payment transactions); and

(c) assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2.5.2 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the income statement.

2.5.3 Contingent consideration

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration that is either a financial instrument within the scope of IFRS 9 or a non-financial asset or liability, is remeasured, at fair value at each subsequent reporting date and the changes in fair value are recognised in the income statement.

2.5.4 Business combination achieved in stages

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the

income statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the income statement where such treatment would be appropriate if that interest were disposed of.

2.5.5 Provisional accounting

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see Contingent consideration), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.6 Foreign currency translations

Items included in the financial statements of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements of the Group are presented in millions of Euro (€), which is the functional currency of the Bank.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as gains or losses from qualifying cash flow or net investment hedging instruments. Translation differences on debt securities and other monetary financial assets re-measured at fair value are included in "Net trading income and results from investment securities". Translation differences on non-monetary financial assets are a component of the change in their fair value and are recognised in the income statement for equity securities held for trading, or in other comprehensive income for equity securities classified as available-for-sale investment securities. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

When preparing the financial statements, assets and liabilities of foreign entities are translated at the exchange rates prevailing at the reporting date, while income and expense items are translated at average rates for the period. Differences resulting from the use of closing and average exchange rates and from revaluing a foreign entity's opening net asset balance at closing rate are recognised directly in foreign currency translation reserve within other comprehensive income.

When a monetary item forms part of a reporting entity's net investment in a foreign operation and is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, the exchange differences that arise in the individual financial statements of both companies are reclassified to other comprehensive income upon consolidation. When a foreign entity is sold, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 Classification and Measurement of financial instruments under IFRS 9

On 1 January 2018, the Group adopted IFRS 9 *Financial Instruments*, which replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39). The Group applied IFRS 9 retrospectively, but elected not to restate prior periods, in accordance with the transitional provisions of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018.

The adoption of IFRS 9 on 1 January 2018 decreased the Group's shareholders' equity by approximately €1.5 billion, of which €1.3 billion, due to changes in impairment requirements, and €0.2 billion due to classification and measurement. Further information on the impact of IFRS 9 upon adoption, is included in Note 48. The accounting policies applied by the Group in order to comply with the requirements of IFRS 9 are discussed below.

2.7.1 Classification of financial assets

The Group uses the following measurement categories for financial assets:

- Debt instruments at amortised cost.
- Debt instruments at fair value through other comprehensive income (FVTOCI) with cumulative gains and losses reclassified to profit and loss on derecognition.
- Equity instruments designated as measured at FVTOCI with gains and losses remaining in other comprehensive income (OCI) without recycling to profit or loss on derecognition.
- Debt instruments, derivatives, equity instruments and mutual funds at fair value through the profit and loss (FVTPL).

Except for debt instruments that are designated at initial recognition as at FVTPL, such assets are classified at amortised cost or FVTOCI on the basis of:

a) the Group's business model for managing the financial asset and

b) the contractual cash flow characteristics of the financial asset.

IFRS 9 precludes the separation of any embedded derivatives from a hybrid contract when the host contract is a financial asset within its scope. Instead, the entire hybrid financial asset is classified into one of the categories listed above. The Group continues to recognise financial assets on a trade basis.

Business model assessment

The business models reflect how the Group manages its debt financial assets in order to generate cash flows. This assessment is performed on the basis of scenarios that the Group reasonably expects to occur. The assessment is based on all relevant and objective information that is available at the time of the business model assessment. The Group has identified the following business models for debt financial assets:

- **Held to collect contractual cash flows ("HTC"):** The Group's objective is to hold the financial assets and collect the contractual cash flows. All the assets in this business model give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Debt instruments classified in this business model are measured at amortised cost. Loans within this category may be sold to manage the concentration of the Group's credit risk to a particular obligor, country or industrial sector, without an increase in the asset's credit risk. Such sales are consistent with the business model's objective if they are infrequent (even if significant in value) or insignificant in value both individually and in the aggregate (even if frequent).

- **Held to collect contractual cash flows and sell ("HTCS"):** The objective of this business model is to meet everyday liquidity needs and such objective is achieved by both collecting contractual cash flows and selling debt instruments. Assets within this business model are not sold with the intention of short-term profit taking, however frequent sales may occur and such sales may be significant in value. All the assets in this business model give rise to cash flows that are SPPI. The debt instruments in this business model are accounted for at FVTOCI.

- **Held for trading ("HFT"):** Under this business model, the Group actively manages the instruments in order to realise fair value gains arising from changes in credit spreads and yield curves. The assets in this business model are accounted for at FVTPL.

- **Held and managed on a fair value basis ("HMFVB"):** Refers to assets that are managed by the Group on a fair value basis without the intent to sell them in the near future. The assets in this business model are accounted for at FVTPL.

Contractual cash flow characteristics

The Group assesses the characteristics of its financial assets' contractual cash flows at initial recognition in order to determine whether they are SPPI. This is referred to as the "SPPI test". Interest amount within a basic lending arrangement, is typically the consideration for the time value of money and the credit risk. Interest may also include consideration for other basic lending risks such as liquidity and costs (e.g. administration associated with holding the financial asset for a particular period of time), as well as a profit margin. Interest may also be negative if the Group decides to effectively pay a fee for the safekeeping of its money for a particular period of time. The Group considers that an originated or a purchased financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form and irrespective if it was purchased at a deep discount.

Non-recourse loans

When a financial instrument's contractual cash flows are specifically derived from specified assets of the borrower, the Group assesses whether the cash flows arising from the debt instrument are SPPI. In order to conclude whether the loan represents a basic lending agreement and its return does not vary based on the performance of the underlying asset or project, the Group assesses whether there is an adequate buffer to absorb credit losses.

Equity instruments designated at FVTOCI

The Group may acquire an investment in an equity instrument that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. At initial recognition, the Group may make an irrevocable election to present in OCI subsequent changes to the fair value of the investment, except for equity securities that give an investor significant influence over an investee, which are accounted for in accordance with IAS 28 *Investments in Associates and Joint Ventures*.

The election to designate an investment in an equity instrument at FVTOCI is made on an instrument-by-instrument basis. Investments in mutual funds cannot be designated at FVTOCI, as they do not meet the definition of an equity instrument under IAS 32, hence are mandatorily measured at FVTPL.

2.7.2 Measurement of financial assets

Financial assets measured at amortised cost

A debt financial asset is measured at amortised cost if it is held in a business model that has an objective to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that pass the SPPI test.

The financial assets classified within this category, mainly include the following asset classes:

- Cash and balances with central banks
- Sight and time deposits with banks
- Securities purchased under agreements to resell
- Deposits in margin accounts
- Other receivables due from banks
- Loans and advances to customers
- Debt securities
- Other receivables included in line item "other assets"

Subsequent to initial recognition, the debt financial asset is measured at amortised cost using the effective interest rate ("EIR") method for the allocation and recognition of interest revenue in line item "interest and similar income" of the income statement over the relevant period. The amortised cost is the amount at which the financial asset is measured at initial recognition minus any principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income on debt financial assets is calculated on the gross carrying amount if the asset is classified in stage 1 or 2. When a debt financial asset becomes credit-impaired (classified in stage 3), interest income is calculated on the amortised cost (i.e. the gross carrying amount adjusted for the impairment allowance).

The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's gross carrying amount. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (e.g. prepayment, extension, call and similar options). The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the EIR, transaction costs, and all other premiums or discounts. Fees that are an integral part of the EIR of a financial instrument are treated as an adjustment to the EIR.

Except for purchased or originated financial assets that are credit-impaired ("POCI") on initial recognition, expected credit losses ("ECL") are not considered in the calculation of the EIR. For a POCI financial asset, the credit-adjusted EIR is applied when calculating the interest revenue and it is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to the asset's amortised cost. The Group includes the initial ECL in the estimated cash flows when calculating the credit-adjusted EIR for such assets.

Debt instruments measured at FVTOCI

A debt financial asset is measured at FVTOCI if it is held in a business model that has an objective to hold financial assets to collect contractual cash flows and sell the assets and the contractual terms of the financial asset result in cash flows that pass the SPPI test.

After initial recognition, investments in debt financial assets are measured at fair value in the statement of financial position (with no deduction for sale or disposal costs) with unrealised gains and losses reported in OCI, net of applicable income taxes, until such investments are derecognised (i.e. when sold or collected). Upon derecognition, the cumulative gains or losses previously recognised in OCI are reclassified from equity to "net trading income/(loss) and results from investment securities" of the income statement, as a reclassification adjustment.

For debt financial assets measured at amortised cost or FVTOCI, the following items are recognised in the income statement:

- ECL allowance recognised in "credit provisions and other impairment charges".
- Foreign exchange gains and losses, calculated based on the amortised cost of the instrument, are recognised in "net trading income/(loss) and results from investment securities".
- Interest revenue calculated with the EIR method is recognised in "interest and similar income".
- Modification gains or losses, recognised in "credit provisions and other impairment charges".

Equity instruments designated at FVTOCI

After initial recognition, investments in equity instruments designated at FVTOCI are measured at fair value, with no deduction for sale or disposal costs. With the exception of dividends received, the associated gains and losses (including any related foreign exchange

component) is recognised in OCI. Amounts presented in OCI are not subsequently recycled to the income statement, instead the cumulative gain or loss is transferred within equity from accumulated OCI to retained earnings.

Dividends are recognised in "net other income/(expense)" line item of the income statement when all of the following criteria are met:

- the Group's right to receive payment of the dividend is established
- it is probable that the economic benefits associated with the dividend will flow to the Group
- the amount of the dividend can be measured reliably
- the dividend clearly does not represent a recovery of part of the cost of the investment.

Financial assets and financial liabilities measured at FVTPL

After initial recognition, financial assets and financial liabilities that are classified as at FVTPL are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from fair value remeasurement are recognised in their entirety in "net trading income/(loss) and results from investment securities". All changes to the fair value of a FVTPL liability due to market risk are recorded in profit and loss while changes due to the Group's own credit risk are recorded in OCI. The amount presented in OCI is not subsequently transferred to profit or loss even when the liability is derecognised and the amounts are realised. The cumulative gain or loss is transferred within equity from accumulated OCI to retained earnings.

2.7.3 Financial assets with legal form of debt

Unrealised gains and losses from changes in the fair value of assets measured at FVTPL are included in "net trading income and results from investment securities". Interest revenue is calculated with the EIR method on financial assets with legal form of debt measured at FVTPL and recognised in "interest and similar income". Financial assets which are loan contracts in their legal form and their contractual cash flows are not SPPI, are mandatorily measured at FVTPL, and classified within "loans and advances to customers". Debt securities that fail the SPPI test are mandatorily measured at FVTPL and classified within "financial assets at FVTPL".

2.7.4 Reclassification of financial assets

The Group reclassifies all affected financial assets only when the Group changes its business model for managing financial assets. The reclassification is applied prospectively from the reclassification date, which is the first day of the first quarterly reporting period following the change in the business model.

Changes in the Group's business models are usually the result of external or internal changes, affecting significantly the Group's operations.

Investments in equity instruments that are designated as at FVTOCI, or any financial assets or liabilities that are designated at FVTPL, cannot be reclassified because the election to designate them as at FVTOCI or FVTPL respectively, at initial recognition, is irrevocable.

2.7.5 Impairment - Expected Credit Losses

ECL are recognised for all financial assets measured at amortised cost, debt financial assets measured at FVTOCI, lease receivables, financial guarantees and certain loan commitments. ECL represent the difference between contractual cash flows and those that the Group expects to receive, discounted at the EIR. For loan commitments and other credit facilities in scope of ECL, the expected cash shortfalls are determined by considering expected future draw downs.

Recognition of expected credit losses

At initial recognition, an impairment allowance is required for ECL resulting from default events that are possible within the next 12 months (12-month ECL), weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in Stage 1. For instruments with a remaining maturity of less than 12 months, ECL are determined for this shorter period.

In the event of a significant increase in credit risk ("SICR"), an ECL allowance is required, reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of the financial instrument ("lifetime ECL"), weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in Stage 2.

Lifetime ECL are always recognised on financial assets for which there is objective evidence of impairment, that is they are considered to be in default or otherwise credit-impaired. Such instruments are referred to as instruments in Stage 3.

POCIs are classified as credit impaired. An instrument is POCI if it has been purchased with a material discount to its par value that reflects the incurred credit losses or is originated with a defaulted counterparty.

For POCI financial assets, the Group recognises adverse changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the income statement. POCI are initially recognised at fair value with interest income subsequently being recognised based on a credit-adjusted EIR. POCI may also include financial instruments that are newly recognised following a substantial modification and remain a separate category until maturity. Any favourable changes for POCI assets are impairment gain even if the resulting expected cash flows exceed the estimated cash flows on initial recognition.

The Group does not apply the practical expedient that allows a lifetime ECL for lease receivables to be recognised irrespective of whether a SICR has occurred. Instead, all such receivables are incorporated into the standard ECL calculation.

ECL are recognised in the income statement with a corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at amortised cost on the statement of financial position. For financial assets measured at FVTOCI, the carrying value is not reduced, but the ECL allowance is recognised in OCI. For off-balance sheet financial instruments, the ECL allowance is reported as a provision in “other liabilities”. ECL are recognised within the income statement in “credit provisions and other impairment charges”.

Write-off

A write-off is made when the Group does not have a reasonable expectation to recover all or part of a financial asset. Write-offs reduce the principal amount of a claim and are charged against previously established allowances for credit losses. Recoveries, in part or in full, of amounts previously written off are generally credited to “credit provisions and other impairment charges”. Write-offs and partial write-offs represent derecognition or partial derecognition events.

Definition of default

The Group has aligned the definition of default for financial reporting purposes, with the non performing exposures (NPE) definition used for regulatory purposes, as per EBA Implementing Technical Standards on Supervisory reporting on forbearance and non-performing exposures, as adopted by the Commission Implementing Regulation (EU) 2015/227 of 9 January 2015 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (“EBA ITS”). The definition of default for financial reporting purposes is consistent with the one used for internal credit risk management purposes.

A debt security is considered as credit impaired, and is classified into Stage 3, when at least one payment of capital or interest is overdue by the issuer, based on the contractual terms of the instrument, irrespective of the days past due. In addition, a debt security is assessed as credit impaired if there is at least one external credit rating on the security or the issuer corresponding to Default or Selective Default.

Measurement of expected credit losses

The Group assesses on a forward-looking basis the ECL associated with all financial assets subject to impairment under IFRS 9. The Group recognises an ECL allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The Group uses three macroeconomic scenarios and estimates the ECL that would arise under each scenario. A weighting is allocated to each scenario, such that the weighted probabilities of all three scenarios are equal to one. The distribution of possible ECL may be non-linear, hence three distinct calculations are performed, where the associated ECLs are multiplied by the weighting allocated to the respective scenario. The sum of the three weighted ECL calculations represents the probability-weighted ECL.
- The time value of money.
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For the purposes of measuring ECL, the estimate of expected cash shortfalls reflects the cash proceeds expected from collateral liquidation (if any) and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralized loan exposure reflects the assumptions used regarding the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether the foreclosure is probable.

The ECL calculations are based on the following factors:

- **Exposure at Default (“EAD”):** This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.
- **Credit Conversion Factor (“CCF”):** The CCF converts the amount of a credit line and other off-balance sheet amounts to an EAD amount.
- **Probability of Default (“PD”):** Represents the likelihood of a borrower/issuer defaulting on its financial obligation, assessed on the prevailing economic conditions at the reporting date, adjusted to take into account estimates of future economic conditions that are likely to impact the risk of default either over the next 12 months for Stage 1 financial assets, or over the remaining lifetime, for Stage 2 and 3 financial assets.
- **Loss given default (“LGD”):** Represents the Group’s expectation of the extent of loss on a defaulted exposure. The LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. The determination of LGD takes into account expected future cash flows from collateral and other credit enhancements, or expected payouts from bankruptcy proceedings for unsecured claims and, where applicable, time to realization of collateral and the seniority of claims. LGD is expressed as a percentage loss per unit of EAD.
- **Discount Rate:** The implied discount factor based on the original EIR of the financial asset or an approximation thereof.

The PD and LGD are determined for three different scenarios whereas EAD projections are treated as scenario independent.

The ECL is determined by projecting the PD, LGD and EAD for each time step between future cash flow dates and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival, if appropriate. This effectively calculates an ECL for each future period, which is then discounted back to the reporting date and summed.

The Group recognises an ECL allowance on irrevocable commitments to extend credit, financial guarantee contracts and letters of credit, on the date that the Group becomes a party to the irrevocable commitment. No ECL allowance is recognised on revocable loan commitments, as such commitments do not meet the definition of a financial instrument. For revolving lending exposures (i.e. facilities that include both a loan and a revocable undrawn commitment component), the EAD represents the expected balance at default, taking into account any expected drawdowns, based on the Group's historical experience. The ECL allowance on financial guarantees and letters of credit written by the Group, is based on the CCF applicable to the relevant financial instrument type.

Forward looking economic inputs

Forward looking information (FLI) is incorporated in the ECL measurement of collectively assessed loans and debt securities through the PD and LGD models. The expected recoveries (cash flow recoveries or liquidation of collateral) used in the ECL calculation of corporate lending exposures individually assessed, takes into account FLI based on the Bank's forecasts of the relevant macroeconomic factors.

The Group applies three scenarios, i.e. baseline, optimistic, pessimistic, developed by the Bank's Economic Research and Analysis Division. The macroeconomic scenarios used for measuring ECL are the same with the ones used for evaluating SICR.

The main macroeconomic variables utilized by the Group, affecting the level of ECL are the following:

- GDP growth rate
- Real estate prices

Significant increase of credit risk

A financial asset is considered as non-credit impaired, when the definition for Stage 3 classification is not met. The exposure is classified as Stage 2 if it has suffered a SICR, otherwise it is classified as Stage 1.

At each reporting date, the Group performs the SICR assessment comparing the risk of a default occurring over the remaining expected lifetime of the exposure with the expected risk of a default as estimated at origination.

The Group's process to assess SICR has three main components:

- a quantitative element, i.e. reflecting a quantitative comparison of PD or credit rating at the reporting date versus the respective metric at initial recognition (see below);
- a qualitative element, i.e. all Forborne Performing Exposures (FPE), in accordance with EBA ITS, internal watch list for corporate obligors; and
- "backstop" indicators. The Group applies on all lending exposures the IFRS 9 presumption that a SICR has occurred when the financial asset is more than 30 days past due.

The first two criteria are analysed below per type of exposure:

a. Corporate lending exposures

The Group assesses SICR based on changes in the obligor's internal credit rating since origination.

b. Retail lending exposures

Stage allocation is performed by the comparison of scenario weighted lifetime PDs from the risk assessment performed at origination versus the lifetime PDs at each reporting date, for the financial asset's residual term. Lifetime PD at origination decreases over time, as the loan gets closer to its maturity.

c. Debt securities and other financial assets

All debt securities and financial assets due from sovereigns and financial institutions are assessed on an individual basis in order to determine if a SICR has occurred since initial recognition, based on external credit ratings. If an external credit rating is available for a debt security, then SICR is assessed based on this rating, rather than the issuer's rating, in order to incorporate in the analysis any instrument-specific credit characteristics. All other financial assets due from sovereigns and financial institutions, such as money market placements, reverse repurchase agreements and unrated debt securities, are assessed for SICR based on the counterparty's or issuer's external credit rating. Any of the aforementioned financial assets rated as 'investment grade' at the reporting date, are assumed as having low credit risk and are classified within Stage 1 without any further SICR analysis. The Group applies the low credit risk exception solely on debt securities and financial assets due from sovereigns and financial institutions.

d. Transfer of financial assets from Stage 2 to Stage 1

Lending exposures, debt securities and financial assets due from sovereigns and financial institutions move back to Stage 1 when the SICR criteria are no longer met.

2.8 Classification and Measurement of financial instruments under IAS 39

The following is applicable to the periods prior to 1 January 2018, for financial instruments accounted for under IAS 39.

2.8.1 Financial assets and liabilities at fair value through profit or loss

This category has the following two sub-categories:

(a) Trading and

(b) Financial assets and liabilities designated as at fair value through profit or loss.

Trading

The trading category includes securities, which are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are included in a portfolio in which a pattern of short-term profit making exists, and derivatives unless they are designated as and are effective hedging instruments.

Trading securities may also include securities sold under sale and repurchase agreements (see Sale and repurchase agreements).

Financial assets and liabilities designated as at fair value through profit or loss

The Group designates at initial recognition certain financial assets or liabilities as at fair value through profit or loss when:

i. Doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost for such as loans and advances to customers or banks and debt securities in issue;

ii. A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel, for example the Board of Directors and Chief Executive Officer.

iii. The financial instruments contain one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments and would have to be separated if not in this category.

The fair value designation, once made, is irrevocable.

Measurement

Financial assets and liabilities at fair value through profit or loss (both trading and designated) are initially recognised at fair value and subsequently re-measured at fair value.

Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in the fair value are included in "Net trading income and results from investment securities".

Dividend income is recognised in the income statement when the right to receive payment is established. This is the ex-dividend date for equity securities and is separately reported and included in "Net other income / (expense)".

The amount of change during the period, and cumulatively, in the fair values of designated financial liabilities and loans and advances to customers that is attributable to changes in their credit risk is determined as the amount of change in the fair value that is not attributable to changes in market conditions that give rise to market risk.

2.8.2 Investment securities

Investment securities are initially recognised at fair value (including transaction costs) and are classified as available-for-sale, held-to-maturity, or loans-and-receivables based on the securities' characteristics and management intention on purchase date. Investment securities are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. All other purchases and sales, which do not fall within market convention, are recognised as derivative forward transactions until settlement.

Available-for-sale investment securities are measured subsequent to initial recognition at fair value. Unquoted equity instruments whose fair value cannot be reliably estimated are carried at cost. Unrealised gains and losses arising from changes in the fair value of available-for-sale investment securities are reported in other comprehensive income, net of taxes (where applicable), until such investment is sold, collected or otherwise disposed of, or until such investment is determined to be impaired.

Available-for-sale investment securities may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or equity prices. When an available-for-sale investment security is disposed of or impaired, the accumulated unrealised gain or loss included in other comprehensive income is transferred to the income statement for the period and reported as gains / losses from investment securities. Gains and losses on disposal are determined using the moving average cost method.

Held-to-maturity investment securities consist of non-derivative, securities that are quoted in an active market, with fixed or determinable payments and fixed maturity, which the management has the positive intent and ability to hold to maturity.

Loans and receivables investment securities consist of non-derivative investment securities with fixed or determinable payments that are not quoted in an active market.

Held-to-maturity and Loan and receivable investment securities are carried at amortised cost using the effective interest rate method, less any provision for impairment. Amortised cost is calculated by taking into account any fees, points paid or received, transaction costs and any discount or premium on acquisition.

Impairment: The Group assesses at each reporting date whether there is objective evidence that an investment security or a group of such securities is impaired.

Particularly for equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired.

If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income statement) is removed from Other comprehensive income and recognised in the Income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the Income statement.

The amount of the impairment loss for held-to-maturity and loans and receivable investment securities, which are carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate.

Dividend income is recognised when the right to receive payment is established (the ex-dividend date) for equity securities and is separately reported and included in "Net other income/ (expense)".

2.8.3 Reclassification of financial instruments

The Group reclassifies non-derivative debt instruments out of the trading and available-for-sale categories and into the loans-and-receivables category if the instruments meet the definition of this category at the date of reclassification and the Group has the intention and ability to hold the instruments for the foreseeable future or until maturity.

When rare circumstances cause significant deterioration in the trading activity or substantially affect the observable prices of non-derivative financial assets classified in the trading category, the Group reclassifies such financial assets out of the trading category and into the held-to-maturity or available-for-sale categories, provided the assets meet definition of the respective category at the date of reclassification and the Group does not have the intention to sell them in the near term. Such reclassifications can occur only once in response to a single rare event.

If there is a change in intention or ability to hold a debt financial instrument to maturity, the Group reclassifies such instruments out of the available-for-sale category and into the held-to-maturity category, provided the instruments meet the definition of the latter at the date of reclassification.

For financial assets reclassified as described above, the fair value at the date of reclassification becomes the new amortized cost at that date.

When the instruments reclassified out of the trading category include embedded derivatives, the Group reassesses at the reclassification date, whether the embedded derivatives need to be separated from the host contract, on the basis of the circumstances that existed when the Group became a party to the contract.

The Group transfers debt instruments that have been reclassified as loans-and-receivables from the trading or available-for-sale categories, into the available-for-sale category if the instruments subsequently become quoted in an active market and the Group does not intend to hold them for the foreseeable future or until maturity. The fair value of the instruments at the date of reclassification becomes the new amortised cost at that date. The difference between the amortised cost immediately prior to reclassification and the fair value at the date of reclassification is recognized in the available-for-sale securities reserve through other comprehensive income and is amortised in the Income statement.

2.8.4 Loans and advances to customers

Loans and advances to customers include loans and advances originated by the Group, where money is provided directly to the borrower, finance lease and factoring receivables.

Loans and advances to customers that are originated with the intent to be sold (if any) are recorded as assets at fair value through profit or loss or available-for-sale investment securities.

Loans originated by the Group are recognised when cash is advanced to borrowers. Loans and advances to customers are initially recorded at fair value, which is usually the net amount disbursed at inception including directly attributable origination costs and certain types of fees or commission (syndication commission, commitment fees and handling charges) that are regarded as an adjustment to the effective interest rate of the loan, and are subsequently measured at amortised cost using the effective interest rate method, unless they are "designated as at fair value through profit or loss" (see Financial assets and liabilities designated as at fair value through profit or loss).

Impairment losses on loans and advances to customers and write-offs

The Group assesses at each reporting date whether there is objective evidence that a loan (or group of loans) is impaired.

A loan (or group of loans) is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the loan (or group of loans) that can be reliably estimated.

An allowance for impairment is established if there is objective evidence that the Group will be unable to collect all amounts due according to the original contractual terms.

Objective evidence that a loan is impaired includes observable data that comes to the attention of the Group about the following loss events:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that it would not otherwise consider;

(d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

  i. adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or

  ii. national or local economic conditions that correlate with defaults on the assets in the group.

The impairment loss is reported through the use of an allowance account on the Statement of Financial Position. Additions to impairment losses are made through credit provisions and other impairment charges in the Income statement.

The Group assesses whether objective evidence of impairment exists individually for loans that are considered individually significant and individually or collectively for loans that are not considered individually significant. Individually significant exposures are those exposures that exceed the lower of 0.1% NBG's group entity's equity and €1 million.

If there is objective evidence that an impairment loss on loans and advances to customers carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the loans' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at a) the loan's original effective interest rate, if the loan bears a fixed interest rate, or b) current effective interest rate, if the loan bears a variable interest rate.

The calculation of the present value of the estimated future cash flows of a collateralised loan reflects the cash flows that may result from obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics. Corporate loans are grouped based on days in arrears, product type, economic sector, size of business, collateral type and other relevant credit risk characteristics. Retail loans are also grouped based on days in arrears or product type. Those characteristics are relevant to the estimation of future cash flows for pools of loans by being indicative of the debtors' ability to pay all amounts due and together with historical loss experience for loans with credit risk characteristics similar to those in the pool form the foundation of the loan loss allowance computation. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects and conditions in the historical period that do not currently exist.

The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

In the case of loans to borrowers in countries where there is an increased risk of difficulties in servicing external debt, an assessment of the political and economic situation is made, and additional country risk provisions are established if necessary.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Income statement as part of the impairment charge for credit losses on loans and advances to customers.

Subject to compliance with tax laws in each jurisdiction, a loan, which is deemed to be uncollectible or forgiven, is written off against the related provision for loans impairment. Subsequent recoveries are credited to impairment losses on loans and advances to customers in the Income statement.

Write-offs

The Group's write-off policy prescribes which loans and receivables fall into its scope and the criteria that must be met for each type of asset in order for each write-off to be approved by the relevant competent committee.

Loan amounts to be written off for accounting purposes are individually identified and fully provided for. For all loan amounts written-off for accounting purposes, documentation is retained and is available to evidence and support the reasoning for the write-off and that the appropriate actions have been taken.

The following factors are taken into consideration when qualifying a loan for write-off:

i. The past due status of the loan.

ii. The existence of collateral held by the Group to secure the loan and the ability to liquidate that collateral.

iii. The status of legal actions undertaken by the Group as well as the results of recent research regarding the borrower's real property. However, completion of such legal actions is not a necessary condition to write-off a loan if the claim against the borrower would remain valid after the loan is written-off.

iv. The existence of other assets held by the borrower identified through available databases.

v. An assessment of the costs expected to be incurred for pursuing recovery compared to the expected recovery.

In particular:

i. Mortgages are written-off for accounting purposes after a maximum period in past-due of at least 10 years and when there is no realistic prospect of recovering those amounts. The competent business units ensure that all appropriate actions have been taken in order to collect and no further recovery action is possible or practicable.

ii. Unsecured consumer, credit card and Small Business Lending ("SBL") exposures may not be written-off for accounting purposes even after a period of at least 60 months after the agreement is terminated.

iii. Corporate and secured SBL exposures are considered for write-off for accounting purposes on a case by case analysis, based on the general requirements (i)-(v) above.

In specific cases corroborated with legal evidence, such as for example fraud or bankruptcy of the borrower, exposures can be written-off for accounting purposes regardless of whether the criteria above are satisfied. Written-off loans, either retail or corporate, are monitored until completion and exhaustion of legal actions having taken into consideration the efforts and cost required.

Write-offs are approved by each competent committee in accordance with its authority limits prescribed in its charter.

2.8.5 Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments using the effective interest rate method. Interest income includes interest on loans and advances to customers, coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other instruments.

Fees and direct costs relating to a loan origination or acquiring a security, financing or restructuring and to loan commitments are deferred and amortised to interest income over the life of the instrument using the effective interest rate method.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.9 Derivative financial instruments and hedging

2.9.1 Derivative financial instruments

Derivative financial instruments including foreign exchange contracts, forward rate agreements, currency and interest rate swaps, interest rate futures, currency and interest rate options (both written and purchased) and other derivative financial instruments are initially recognised in the Statement of Financial Position at fair value and subsequently are re-measured at their fair value. Derivatives are presented in assets when favourable to the Group and in liabilities when unfavourable to the Group. Where the Group enters into derivative instruments used for trading purposes, realised and unrealised gains and losses are recognised in the income statement.

A derivative may be embedded in another financial instrument, known as "host contract". In such cases, under IAS 39, the derivative instrument is separated from the host contract and treated as a separate derivative, provided that its risks and economic characteristics are not closely related to those of the host contract, the embedded derivative actually meets the definition of a derivative and the host contract is not carried at fair value with unrealised gains and losses reported in the income statement. IFRS 9 precludes the separation of any embedded derivatives from a hybrid contract when the host contract is a financial asset within its scope. Instead, the hybrid financial asset is measured at fair value in its entirety.

2.9.2 Continuation of IAS 39 hedge accounting requirements

IFRS 9 includes an accounting policy choice to continue IAS 39 hedge accounting, which the Group has exercised, and will comply with the revised annual hedge accounting disclosures as required by the related amendments to IFRS 7 *Financial Instruments: Disclosures*. Refer to Note 20.

2.9.3 Hedge accounting

Certain derivative instruments transacted as effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting under the specific rules of IAS 39 and are therefore treated in the same way as derivative instruments held for trading purposes.

The Group also uses derivative instruments as part of its asset and liability management activities to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions. The Group applies fair value, cash flow or net investment hedge accounting when transactions meet the specified criteria to obtain hedge accounting treatment. The Group's criteria for a derivative instrument to be accounted for as a hedge include:

i. at inception of the hedge, there is formal designation and documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship;

ii. the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the hedging period. A hedge is considered to be highly effective when the Group achieves offsetting changes in fair value between 80 percent and 125 percent for the risk being hedged; and

iii. the hedge is highly effective on an ongoing basis.

2.9.4 Fair value hedges

For qualifying fair value hedges, the change in fair value of the hedging derivative is recognised in the income statement along with the corresponding change in the fair value of the hedged item that is attributable to that specific hedged risk. If the hedge relationship no longer meets the criteria for hedge accounting, for reasons other than the derecognition of the hedged item, or the hedging designation is revoked, the cumulative adjustment to the carrying amount of the hedged item, is, in the case of interest bearing financial instruments, amortised to the income statement over the remaining term of the original hedge item, while for non-interest bearing instruments that amount is immediately recognised in the income statement. If the hedged item has been derecognised, e.g. sold or repaid, the unamortized fair value adjustment is recognised immediately in the income statement.

2.9.5 Cash flow hedges

Fair value gains or losses associated with the effective portion of a derivative designated as a cash flow hedge are recognised initially in other comprehensive income. When the cash flows that the derivative is hedging (including cash flows from transactions that were only forecast when the derivative hedge was effected) materialize, resulting in income or expense, then the associated gain or loss on the hedging derivative is simultaneously transferred from other comprehensive income to corresponding income or expense line item.

If a cash flow hedge for a forecast transaction is deemed to be no longer effective, or the hedge relationship is terminated, the cumulative gain or loss on the hedging derivative previously reported in other comprehensive income is transferred to the income statement when the committed or forecast transaction occurs.

The foreign currency risk of a highly probable forecast intragroup transaction may qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect the consolidated income statement.

2.9.6 Net investment hedge

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. The gain or loss on the effective portion of the hedging instrument is recognised in other comprehensive income; any gain or loss on the ineffective portion is recognized immediately in the income statement. Gains and losses accumulated in other comprehensive income are recycled in the income statement on the disposal of the foreign operation.

2.9.7 Hedge effectiveness testing

To qualify for hedge accounting, the Group requires that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective (prospective test), and demonstrate actual effectiveness (retrospective test) on an ongoing basis.

The documentation of each hedging relationship sets out how effective the hedge is assessed. The method the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

Hedge ineffectiveness is recognized in the income statement in Net trading income / (loss) and results from investment securities.

2.9.8 Novation of derivatives and continuation of hedge accounting

When a) a derivative designated as a hedging instrument is novated to a clearing counterparty and b) certain conditions are met, a relief from discontinuing hedge accounting is provided.

2.10 Fair value of financial instruments

The Group measures the fair value of its financial instruments based on a framework for measuring fair value that categorises financial instruments based on a three-level hierarchy of the inputs to the valuation technique, as discussed below.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active market. An active market, is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis and are characterized with low bid/ask spreads.

Level 2: Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data (for example derived from prices) for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, as well as debt securities without quoted prices and certain derivative contracts whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes government and corporate debt securities with prices in markets that are not active and certain over-the-counter (“OTC”) derivative contracts.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety, is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

2.11 Recognition of deferred Day 1 profit or loss

When the fair value is determined using valuation models for which not all inputs are market observable prices or rates, the Group initially recognises a financial instrument at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. Such a difference between the transaction price and the model value is commonly referred to as “Day 1 profit or loss”. The Group does not recognise that initial difference, immediately in the income statement.

Deferred Day 1 profit or loss is amortised over the life of the instrument. Any unrecognised Day 1 profit or loss is immediately released to income statement if fair value of the financial instrument in question can be determined either by using market observable model inputs or by reference to a quoted price for the same product in an active market or upon settlement.

After entering into a transaction, the Group measures the financial instrument at fair value, adjusted for the deferred Day 1 profit or loss. Subsequent changes in fair value are recognised immediately in the income statement without reversal of deferred Day 1 profits and losses.

2.12 Derecognition

2.12.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or group of similar financial assets) is derecognised when:

i. the rights to receive cash flows from the asset have expired;

ii. the Group retains the right to receive cash flows from the asset, but assumes a contractual obligation to pay the cash flows to one or more recipients under a ‘pass through’ arrangement; or

iii. the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

iv. When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. Continuing involvement in the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

As part of its activities, the Bank securitises certain financial assets, generally through the sale of these assets to special purposes entities, which issue securities collateralised with these assets.

To the extent that the Bank sells these securities to third party investors, the transferred assets may qualify for derecognition in full or in part. Gains or losses on transfers that qualify for derecognition are based on the carrying amount of the financial assets derecognised and the retained interest, based on their relative fair values at the date of the transfer.

Modification

Forbearance measures do not lead to derecognition unless changes to the original contractual terms, result in a substantially different loan i.e. the loan is altered in a manner that the terms under the modified contract are substantially different from those under the original contract. When the modification is not considered substantial in order to lead to derecognition, the gain or loss arising from the modification is calculated as the difference between the present value of the new contractual cash flows (i.e. based on the modified terms) discounted by the original effective interest rate of the loan and the carrying amount post write-off (if any).

2.12.2 Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the carrying amount of the extinguished or transferred liability and the consideration paid including any non-cash assets transferred or liabilities assumed is recognised in the Income statement.

When equity instruments issued to a creditor to extinguish all or part of a financial liability are recognised initially, an entity shall measure them at the fair value of the equity instruments issued, unless that fair value cannot be reliably measured.

2.13 Sale and repurchase agreements

Securities sold subject to a commitment to repurchase them at a predetermined price ('Repos') are retained on the Statement of Financial Position and the counterparty liability is included in amounts due to banks, due to customers or other deposits, as appropriate. Securities purchased under agreement to resell ('Reverse Repos') are recorded as due from banks or loans and advances to customers, as appropriate. The difference between sale and repurchase price (or the purchase and resale price) is treated as interest expense (or income) and accrued over the life of the Repos (or Reverse Repos) agreement using the effective interest rate method.

2.14 Securities borrowing and lending

Securities borrowed and securities lent are recorded at the amount of cash collateral advanced or received, plus accrued interest. Securities borrowed and securities received as collateral under securities lending transactions are not recognised in the financial statements unless control of the contractual rights that comprise these securities transferred is gained or sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

Respectively, securities lent and securities provided as collateral under securities borrowing transactions are not derecognised from the financial statements unless control of the contractual rights that comprise these securities transferred is relinquished.

The Group monitors the market value of the securities borrowed and lent on a regular basis and provides or requests additional collateral in accordance with the underlying agreements. Fees and interest received or paid are recorded as interest income or interest expense, on an accrual basis.

2.15 Regular way purchases and sales

"Regular way" purchases and sales of financial assets and liabilities (that is, those that require delivery within the time frame established by regulation or market convention) are recognised on the settlement date apart from trading and investment securities and derivative financial instruments, which are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Other purchases and sales of trading securities are treated as derivatives until settlement occurs.

2.16 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when, and only when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to realise the asset and settle the liability simultaneously or on a net basis.

2.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue associated with the rendering of services is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

2.17.1 Interest and similar income

Interest from interest-bearing assets and liabilities except for those that have the legal form of a derivative are recognized as net interest income using the effective interest rate (EIR). EIR is the rate that discounts expected future cash flows for the expected life of the financial instrument to its carrying value. The calculation takes into account the contractual interest rate, along with any fees or incremental costs that are directly attributable to the instrument and all other premiums or discounts.

All realised and unrealised gains or losses from changes in fair value of financial assets mandatorily measured at FVTPL, with a legal form of a derivative, are recognised in “net trading income/(loss) and results from investment securities”, including interest income, if any. Financial assets which are derivatives in their legal form but do not meet the accounting definition of a derivative, are mandatorily measured at FVTPL and classified within “financial assets at FVTPL”.

2.17.2 Fee and commission income

Fee and commission income includes asset management fees, commission fees, investment banking fees and credit card fees. The Bank recognizes asset management fees based on time elapsed, which depicts the rendering of investment management services over time.

Commission income includes sales, mutual fund management fees and brokerage commissions. Sales and brokerage commissions are generally recognized at a point in time when the transaction is executed. Mutual fund management fees are recognized over time and are generally calculated based on the average daily net asset value of the fund during the period.

Investment banking fees include advisory fees and underwriting fees and are generally recognized at a point in time as income upon successful completion of the engagement.

2.18 Property and equipment

Property and equipment include land and buildings, leasehold improvements, transportation and other equipment, held by the Group for use in the supply of services or for administrative purposes. Property and equipment are initially recorded at cost, which includes all costs necessary to bring an asset into operating condition.

Property and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset which is classified as property and equipment are capitalised only when it is probable that they will result in future economic benefits to the Group beyond those originally anticipated for the asset, otherwise they are expensed as incurred.

Depreciation begins when the asset is available for use and ceases only when the asset is derecognised. Depreciation of an asset that is retired from active use does not cease unless it is fully depreciated, but its useful life is reassessed. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land	No depreciation
Buildings	Not exceeding 50 years
Leasehold improvements	Residual lease term, not exceeding 12 years
Furniture and related equipment	Not exceeding 12 years
Motor vehicles	Not exceeding 10 years
Hardware and other equipment	Not exceeding 5 years

At each reporting date the Group assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Where the carrying amount of an asset exceeds its estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining profit/(loss) before tax.

Assets that are classified as “foreclosed assets” are included in other assets upon actual foreclosure or when physical possession of the collateral is taken, through mutual agreement or court action. Foreclosed assets arise when the Group initiates legal actions for debt collection upon the recognition that repayment or restructuring of the debt cannot be achieved. In case the exposures are collateralized with assets, legal actions involve the initiation of an auction program that targets the repayment of the loans through the collateral liquidation value. Foreclosed assets are initially measured at the fair value of the property less estimated costs to sell. Prior to foreclosure, any write-downs, if necessary, are charged to the allowance for loan losses. Subsequent to acquisition, gains or losses on the disposal of, and losses or gains up to the amount of previous write-downs arising from the (periodic) revaluation of repossessed properties are recorded in “Net other income/(expense)”.

2.19 Investment property

Investment property includes land and buildings owned by the Group (or held through a finance lease agreement) with the intention of earning rent or for capital appreciation or both, and is initially recorded at cost, which includes transaction costs.

Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

Investment property is depreciated on a straight-line basis over its estimated useful life, which approximates the useful life of similar assets included in property and equipment. Investment property is reviewed at frequent intervals for impairment based mainly on external appraisals.

2.20 Goodwill, software, and other intangible assets

2.20.1 Goodwill

Subsequent to initial recognition, goodwill is stated at cost, as established at the date of acquisition (see Business combinations-Goodwill) less accumulated impairment losses.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The Group assesses goodwill for possible impairment annually or more frequently if there are indications for impairment. The assessment involves estimating whether the carrying amount of the goodwill remains fully recoverable. When making this assessment the Group compares the carrying value of the CGU to which the goodwill is allocated to its recoverable amount, which is the higher of fair value less cost to sell and value in use. Fair value is estimated by reference to market value, if available, or is determined by a qualified evaluator or pricing model. Determination of a fair value and value in use requires management to make assumptions and use estimates, as described in Note 3 and Note 25. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

2.20.2 Intangible assets acquired through business combinations

Intangible assets acquired through business combinations include brand names, which have an indefinite life and core deposits (consist of sight deposits, savings accounts and other deposits, and exclude repos and time deposits) and customer relationships, which have a finite life and are amortised on a straight line basis over their useful lives of 6-11 years.

2.20.3 Software

Software includes costs that are directly associated with identifiable and unique software products controlled by the Group that are anticipated to generate future economic benefits exceeding costs beyond one year. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Software is amortised using the straight-line method over the useful life, not exceeding a period of 20 years.

In particular for **internally generated software,** the amount initially recognised is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred.

Research costs are expensed as incurred. An internally generated software arising from development expenditure incurred on an individual project is recognized only when the Group can demonstrate:

i. the technical feasibility of completing the internally generated software so that it will be available for use,

ii. its intention to complete and use the asset,

iii. the ability to use the asset,

iv. how the asset will generate future economic benefits,

v. the ability of adequate technical, financial and other resources to complete the development and use the asset and

vi. the ability to measure reliably the expenditure during development.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and impairment losses.

Expenditure on starting up an operation or branch, training personnel, advertising and promotion and relocating or reorganizing part or the entire Group is recognised as an expense when it is incurred.

2.21 Impairment

At each reporting date, management reviews intangible assets and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

2.22 Insurance operations

In accordance with the requirements of IFRS 4 the Group classifies its contracts into insurance contracts and investment contracts.

2.22.1 Contract classification

a. Insurance contracts

Insurance contracts are defined as those contracts that contain significant insurance risk at the inception of the contract. A contract which exposes the insurance company to financial risk without material insurance risk is not an insurance contract.

The Group classifies its financial guarantee contracts issued by its insurance companies as insurance contracts.

Insurance contracts are categorized in two categories according to the nature of the insurance risk.

a1. Life insurance contracts

Life insurance includes all types of traditional coverage (term, whole life, endowment, annuities) and unit-linked products for which a guaranteed premium return is provided at maturity. The associated premiums are recognized on issuance or renewal of the contracts.

a2. Property & casualty insurance contracts (P&C)

Premiums are recorded on inception of the policies and are recognized as revenue (earned premiums) on a pro rata basis over the related policy term. Deferred income is carried over to the unearned premium reserve.

b. Investment contracts

Investment Contracts are defined as those contracts that are not classified as Insurance Contracts.

b1. Deposit Administration Funds (DAF)

Such policies offer a guaranteed investment return on members contributions plus a discretionary participation feature. Policies are written to employees of companies, which define the benefits to be received. Any shortfalls are covered by the company whose employees are insured.

b2. Unit Linked investment contracts

Policies linked with financial instruments where the insured bears the investment risk.

2.22.2 Deferred acquisition costs (DAC)

Commissions and other acquisition costs incurred during the financial period for issuing new contracts and /or renewing existing contracts, which are related to subsequent financial periods are deferred and recognised over the period in which the revenue is recognised.

2.22.3 Insurance reserves

Insurance reserves include the statutory reserves for life and non-life insurance and the results of the test performed to assess the adequacy of these reserves:

Mathematical reserves: Life insurance mathematical reserves represent net premium statutory reserves calculated using a specific technical basis regarding the underlying interest and mortality rates.

Outstanding claims reserve: Outstanding claims reserves consist of the case provisions set by the assessors and the actuarially estimated additional amounts to cover the possible inadequacy of these provisions, the cost of not reported (IBNR) claims and the associated claims handling expenses. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs.

Unearned premium reserve: Calculated on a pro-rata basis for the time period from the valuation date to the end of the period for which premium has been booked.

Unexpired risk reserve: Represents an estimate for the additional amount required to cover the inadequacy of the unearned premium reserve in case of high loss and expense ratios.

Liability Adequacy Test (LAT): The Group assesses whether its recognised insurance liabilities are adequate by applying a liability adequacy test ("LAT"), by using current estimations of future cash flows. Additional liability resulting from the LAT, increases the carrying amount of insurance liabilities as determined in accordance with the above mentioned policies and is charged to the Income statement.

2.22.4 Reinsurance

The Group has reinsurance treaties that transfer significant insurance risk. Liabilities for reinsured contracts are calculated gross of reinsurance and a separate reinsurance asset is recorded. Amounts paid for retroactive reinsurance are reported as reinsurance receivables, increased to the amount of the recorded reserves relating to the underlying reinsured contracts. Any resulting gain is deferred and amortised over the remaining settlement period. Where the amount paid exceeds recorded reserves, the excess is recognized in the income statement.

2.23 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset.

2.23.1 A Group company is the lessee

Finance lease: Leases where the Group has substantially all the risks and rewards of ownership of the asset are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the income statement over the lease period. All assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating lease: Leases where a significant portion of the risks and rewards of ownership of the asset are retained by the lessor are classified as operating leases. The total payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.23.2 A Group company is the lessor

Finance leases: When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Finance lease receivables are included in loans and advances to customers.

Operating leases: Fixed assets leased out under operating leases are included in the Statement of Financial Position based on the nature of the asset. They are depreciated over their useful lives on a basis consistent with similar owned property. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.24 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, unrestricted balances held with central banks, amounts due from other banks and highly liquid financial assets with original maturities of less than three months from the date of acquisition such as treasury bills and other eligible bills, investment and trading securities which are subject to insignificant risk of changes to fair value and are used by the Group in the management of its short-term commitments.

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

2.26 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract, other than those assessed as insurance contracts, is recognised initially at their fair value and subsequently measured at the higher of: (a) the unamortized balance of the related fees received and deferred, and (b) the best estimate of the amount required to settle the guarantee at the reporting date.

2.27 Employee benefits

Group companies operate various post-employment benefit plans in accordance with local conditions and practices in their respective countries. Such plans are classified as defined benefit and defined contribution plans.

2.27.1 Pension plans

a. Defined benefit plans

A defined benefit plan is a post-employment benefit plan that defines an amount of benefit to be provided, determined using a number of financial and demographic assumptions. The most significant assumptions include age, years of service or compensation, life expectancy, the discount rate, expected salary increases and pension rates. For defined benefit plans, the liability is the present value of the defined benefit obligation as at the reporting date minus the fair value of the plan assets.

The defined benefit obligation and the related costs are calculated by independent actuaries on an annual basis at the end of each annual reporting period, using the projected unit credit method. The present value of the defined benefit obligation is determined by

discounting the estimated future cash outflows using interest rates of high quality corporate bonds or government bonds that are denominated in the currency in which the benefits will be paid and, which have terms to maturity approximating the terms of the related liability, or for currencies for which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency shall be used. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined liability/(asset). Service cost (current service cost, past service cost (including the effect of curtailments) and gains or losses on settlements) and net interest on the net defined benefit liability/(asset) are charged to the income statement and are included in staff costs. The defined benefit obligation net of plan assets is recorded on the Statement of Financial Position, with changes resulting from remeasurements (comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan asset (excluding interest)) recognized immediately in OCI, with no subsequent recycling to profit or loss, in order to fully reflect the full value of the plan deficit or surplus.

b. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions, if the entity does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods. Group contributions to defined contribution plans are charged to the income statement in the year to which they relate and are included in staff costs.

2.27.2 Share based payment transactions

The fair value of the employee services received in exchange for the grant of the options is measured by reference to the fair value of the share options at the date on which they are granted and is recognised in the income statement over the period that the services are received, which is the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted. Fair value of the options granted is determined using an option-pricing model that takes into account the share price at the grant date, the exercise price of the option, the life of the option, the expected volatility of the share price over the life of the option, the expected dividends on it, and the risk-free interest rate over the life of the option.

When the options are exercised and new shares are issued, the proceeds received net of any transaction costs are credited to share capital (par value) and the surplus to share premium.

2.27.3 Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.28 Income taxes

Current income tax liability is based on taxable profit for the year. Taxable profit differs from profit/(loss) for the period as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current income tax liability is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

The principal temporary differences arise from revaluation of certain financial instruments, including securities and derivatives, insurance reserves, provisions for defined benefit obligations and other post retirement benefits, loss from the Private Sector Initiative ("PSI") and property and equipment. DTA relating to the unused tax losses carried forward are recognised to the extent that it is probable that sufficient taxable profits will be available in the future against which these deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profits.

Recognition of deferred tax assets is based on management's belief that it is probable that the tax benefits associated with certain temporary differences, such as tax losses carry forward and tax credits, will be realized, based on all available evidence. The carrying amount of deferred tax assets is reviewed annually and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. In making such determination, the Group and the Bank consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income and recent financial results. In the event the Group and the Bank were to determine that it would be able to realize their deferred income tax assets in the future in excess of their recorded amount, it would make an adjustment to increase the carrying amount of deferred tax assets.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax advances against current income tax liabilities and when they relate to income taxes levied by the same taxation authority and the management intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax is recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

Deferred income tax relating to fair value changes of available-for-sale investment securities and cash flow hedges, which are charged or credited to other comprehensive income, is also credited or charged to other comprehensive income where applicable and is subsequently recognised in the income statement together with the deferred gain or loss.

2.29 Debt securities in issue and other borrowed funds

Debt securities issued and other borrowed funds are initially recognised at fair value net of transaction costs incurred. Subsequent measurement is at amortised cost (unless they are designated as at fair value through profit or loss) and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

2.30 Share capital, treasury shares and other equity items

Share and other equity items issue costs: Incremental external costs directly attributable to the issue of shares and other equity items, other than on a business combination, are deducted from equity net of any related income tax benefit.

Dividends on ordinary shares, preference shares and preferred securities: Dividends on ordinary shares are recognised as a liability in the period in which they are approved by the Bank's Shareholders at the Annual General Meeting. Dividends on preference shares and preferred securities classified as equity are recognised as a liability in the period in which the Group becomes committed to pay the dividend.

Treasury shares: NBG shares held by the Group are classified as treasury shares and the consideration paid including any attributable incremental external costs, net of income taxes, is deducted from total shareholders' equity until they are cancelled, reissued or resold. Treasury shares do not reduce the number of shares issued but affect the number of outstanding shares used in the calculation of earnings per share. Treasury shares held by the Bank are not eligible to receive cash dividends. Any difference between acquisition cost and ultimate proceeds from subsequent resale (or reissue) of treasury shares is included in shareholders' equity and is therefore not to be considered a gain or loss to be included in the income statement.

2.31 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Executive Committee as its chief operating decision-maker.

All transactions between business segments are conducted on an arm's length basis, with inter-segment revenue and costs being eliminated. Income and expenses directly associated with each segment are included in determining business segment performance.

Geographical segments include income from assets that are either located or are managed in the respective geographical areas.

2.32 Assets and liabilities held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification except as permitted by IFRS 5, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets classified as held for sale are measured at their lower of carrying amount and fair value less costs to sell. Assets and liabilities of disposal groups classified as held for sale and non-current assets classified as held for sale are shown separately on the face of the Statement of Financial Position.

Impairment losses on initial classification as held for sale are included in the income statement, even when there is a revaluation. The same applies to gains and losses on subsequent re-measurement.

If the Group has classified an asset (or disposal group) as held for sale, but the criteria for classification as such are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset (or disposal group) that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation or amortisation that would have been recognised had the asset (or disposal group) not been classified as held for sale, and

(b) its recoverable amount at the date of the subsequent decision not to sell.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is classified as held for sale or is a subsidiary acquired exclusively with a view to resale. Classification as discontinued operations occurs upon disposal or when the operations meet the criteria to be classified as held for sale.

The results of discontinued operations are shown as a single amount on the face of the income statement comprising the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognized either on measurement to fair value less costs to sell or on the disposal of the discontinued operation.

2.33 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in other liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.34 Related party transactions

Related parties include entities, which the Bank has the ability to exercise significant influence in making financial and operating decisions. Related parties include the members of the Board of Directors, the General Managers the members of the Executive Committees of the Bank, the key management of the Group companies, their close relatives, companies controlled or joint controlled by them and companies over which they can influence the financial and operating policies.

2.35 Fiduciary and trust activities

The Group provides fiduciary and trust services to individuals and other institutions, whereby it holds and manages assets or invests funds received in various financial instruments at the direction of the customer. The Group receives fee income for providing these services. Trust assets are not assets of the Group and are not recognised in the financial statements. The Group is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

2.36 Earnings /(losses) per share

A basic earnings per share (EPS) ratio is calculated by dividing the profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

A diluted earnings per share ratio is computed using the same method as for basic EPS, but the determinants are adjusted to reflect the potential dilution that could occur if convertible debt securities, options, warrants or other contracts to issue ordinary shares were converted or exercised into ordinary shares.

NOTE 3: Critical judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the consolidated and standalone financial statements and accompanying notes. The Group believes that the judgments, estimates and assumptions used in the preparation of the consolidated and standalone financial statements are appropriate.

The most significant areas, for which judgments, estimates and assumptions are required in applying the Group's accounting policies, are the following:

3.1 Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. These include present value methods and other models based mainly on observable input parameters and to a small extent on non-observable input parameters. Valuation models are used primarily to value derivatives transacted in the over-the-counter market.

These models take into consideration the impact of credit risk. For derivatives, this impact is estimated by calculating a separate credit value adjustment ("CVA") for each counterparty to which the Group has exposure. The calculation considers expected exposures generated using simulation techniques, as well as netting agreements and collateral postings. Furthermore, the CVA is based on expected loss rates derived from Credit Default Swaps ("CDS") rates observed in the market, or, if these are not available, the probability of default of the counterparty derived from internal rating models, or otherwise the regulatory risk weight is applied. With respect to the impact of own credit risk on the valuation of derivatives, the Group applies a methodology symmetric to the one applied for CVA.

All valuation models are validated before they are used as a basis for financial reporting. Valuation results are periodically reviewed by qualified personnel independent of the area that created the valuation. Wherever possible, the Group compares valuations derived from models with quoted prices of similar financial instruments and with actual values when realised, in order to further validate and calibrate its models. A variety of factors are incorporated into the Group's models, including actual or estimated market prices and rates, such as time value and volatility, market depth and liquidity, and changes in own credit risk for financial liabilities.

The Group applies its models consistently from one period to the next, ensuring comparability and continuity of valuations over time, but estimating fair value inherently involves a significant degree of judgment. Management therefore periodically reviews the output of the model to cover the risks associated with the estimation of unobservable input parameters and the assumptions within the models themselves.

Although a significant degree of judgment is, in some cases, required in establishing fair values, management believes the fair values recorded in the Statement of Financial Position and the changes in fair values recorded in the income statement are prudent and reflective of the underlying economics, based on the controls and procedural safeguards employed.

Additional information related to fair value of financial instruments is disclosed in Note 4.8.

3.2 Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provision for income taxes and the amount of deferred tax asset that is recoverable. The Group considers many factors including statutory, judicial and regulatory guidance in estimating the appropriate accrued income taxes for each jurisdiction. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on the technical merits of tax position taken and estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which the final outcome is determined.

Deferred tax assets are recognized in respect of tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the losses and deductible temporary differences can be utilized. Estimating the expected future taxable income requires the application of judgment and making assumptions about the future trends of the key drivers of profitability, such as loan and deposits volumes and spreads and operating expenses.

As of 31 December 2018 the Bank assessed the recoverability of its deferred tax asset, taking into account the actual performance for the year ended 31 December 2018, the completed and agreed disposals of NBG's subsidiaries and the improved economic conditions in Greece (see Note 2.2).

Taking into consideration the above, Management prepared analytical financial projections up to the end of 2022 and used its best estimates regarding the growth assumptions thereafter. Based on the above, Management concluded that a deferred tax asset of 4,909 million for the Group and 4,906 million for the Bank may be treated as realisable.

The amount of the deferred tax asset on tax losses and deductible temporary differences is currently treated as non-realizable, however, could be recognised in future periods if estimates of future taxable income during the carry-forward period are increased. Taxable income is calculated in accordance with applicable Greek tax laws and regulations; accordingly taxable income should not be considered as equal to or an alternative to net income.

3.3 Pension benefits - Defined benefit obligation

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions such as mortality, disability and rates of employee turnover and financial assumptions such as the discount rate, salary changes and benefit levels. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The Group determines the appropriate discount rate at the end of each year by reference to market yields based on high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related defined benefit obligations. Where a deep market in these bonds does not exist, estimates of rates which take into account the risk and maturity of the related liabilities are used.

Additional information related to other key assumptions for defined benefit obligations is disclosed in Note 11.

3.4 Impairment assessment of investments in subsidiaries, associates and joint ventures in individual financial statements

The Bank accounts for and assesses for impairment investments in subsidiaries, associates and joint ventures in its individual financial statements as described in Note 2.4.9. This assessment requires the use of certain assumptions and estimates, which management believes are reasonable and supportable in the existing market environment and commensurate with the risk profile of the assets valued. However, different ones could be used which would lead to different results.

3.5 Assessing whether the contractual cash flows are SPPI: Non-recourse features

The Group applies judgment when considering whether non-recourse features significantly affect future cash flows. In order to conclude whether the loan represents a basic lending agreement and its return does not vary based on the performance of the underlying asset or project, the Group assesses whether there is an adequate buffer to absorb credit losses primarily by comparing the value of asset performance indicators, (e.g. loan-to-value and average debt servicing coverage ratio) against predefined thresholds.

3.6 Measurement uncertainty in determination of ECL estimates

The calculation of ECL requires management to apply significant judgment and make estimates and assumptions that involve significant uncertainty at the time they are determined. Changes to these estimates and assumptions can result in significant changes to the amount and timing of ECL to be recognised. The most significant sources of measurement uncertainty relate to the following ECL factors:

Determination of a significant increase of credit risk

The Group assesses whether a SICR has occurred since initial recognition based on qualitative and quantitative criteria that include significant management judgment. Refer to Note 2.7.5 for further information on the criteria applied. More stringent criteria could significantly increase the number of instruments being classified into Stage 2. All staging criteria and thresholds determined based on FLI are subject to validation by the Bank's Model Validation Unit. Changes in the staging criteria are approved by the Group's Executive Committee and Board Risk Committee.

Model risk inherent in the IFRS 9 models

Compliance with the IFRS 9 impairment model requires the use of a variety of models. The complexity of the models as well as dependency to other model-based inputs is high therefore any changes in inputs and data (e.g. internal credit ratings, behavioural scores etc.), as well as new or revised models, may significantly affect ECL. The models are validated by the Bank's Model Validation Unit, in accordance with the Group's Model Validation Framework.

Forward looking information

FLI is incorporated in the ECL measurement of collectively assessed loans and debt securities through the PD and LGD models. The expected recoveries (cash flow recoveries or liquidation of collateral) used in the ECL calculation of corporate lending exposures individually assessed, takes into account FLI based on the Bank's forecasts of the relevant macroeconomic factors. Management selects forward-looking scenarios and judges the suitability of respective weights to be applied. Each of the scenarios is based on Management's assumptions around future economic conditions in the form of macroeconomic, market and other factors. Changes in the scenarios and weights, the relevant macroeconomic variables and the assumptions made under those variables for the forecast horizon would have a significant effect on the ECL.

Impairment of financial assets under IAS 39 (prior to 1 January 2018)

The following are applicable to the periods prior to 1 January 2018 for financial instruments accounted for under IAS 39.

Impairment of investment securities

The Group follows the guidance of IAS 39 to determine when investment securities are impaired. This determination requires significant judgment. In particular, for investments in equity instruments, the Group evaluates, among other factors, whether there has been a significant or prolonged decline in the fair value below its cost. This evaluation of what is significant or prolonged requires judgment. In making this judgment, the Group considers among other factors, the severity and duration of the unrealized losses, the variation in share price and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance. For investments in debt instruments, the Group assesses whether the issuer is expected to meet all payment obligations when due. This assessment takes into consideration the financial condition and prospects of the issuer.

Impairment assessment of Hellenic Republic exposure

At 31 December 2017, the exposure to the Hellenic Republic, other than bonds with no unrealised losses, was assessed for impairment and the Group concluded that there is no objective evidence of impairment, because there is no evidence at the date these financial

statements were authorised that there is a loss event that has an impact on the estimated future cash flows associated with these financial assets, hence that the future cash flows will not be recovered in accordance with the contractual terms.

Impairment losses on loans and advances to customers

Management is required to exercise judgment in making assumptions and estimates when calculating loan impairment allowances on both individually and collectively assessed loans and advances to customers.

The methodology and assumptions used are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The estimation methods used by the Bank's management for collective impairment allowances, include the use of statistical analyses of historical information, supplemented with significant judgment, to assess whether current economic and credit conditions are such that the actual level of incurred losses is likely to be greater or less than historical experience. Where changes in economic, regulatory or behavioral conditions result in the most recent trends in portfolio risk factors being not fully reflected in the statistical models, risk factors are taken into account by adjusting the impairment allowances derived solely from historical loss experience.

Risk factors include changes in the macroeconomic environment and economic conditions such as national trend in housing market, unemployment rates, political circumstances, changes in laws and regulations and other influences on customer payment patterns. For individually assessed loans, judgment was exercised in evaluating all recent relevant information on indicators of impairment, including the consideration of whether payments are contractually past-due and the consideration of other factors indicating deterioration in the financial condition and outlook of borrowers affecting their ability to pay.

NOTE 4: Financial risk management

The Group considers effective risk management to be a key factor in its ability to deliver sustained returns to the shareholders. The Group allocates substantial resources to keep upgrading its policies, processes, methods and infrastructure to ensure compliance with best international practices and the guidelines of the Basel Committee for Banking Supervision.

4.1 Risk management framework

The Group aims to adopt practices regarding risk management governance, taking into account all relevant guidelines and regulatory requirements, as set by the Basel Committee on Banking Supervision, the European Banking Authority ("EBA"), the ECB, the Bank of Greece and the Hellenic Capital Markets Commission ("HCMC"), including any decisions of the competent authorities supervising the Group's entities.

The Group's risk governance framework comprises a number of constituents. In particular, the Board of Directors has established the Board Risk Committee ("BRC") overseeing risk management across the Group. All risk management units report to the NBG Group Risk Control and Architecture Division ("GRCAD"), to the NBG Group Financial and Liquidity Risk Management Division ("GFLRMD") and to the NBG Group Operational Risk Management Division ("GORMD"), which are supervised by the Chief Risk Officer. In addition, an independent Model Validation Unit has been established reporting directly to the Group CRO. A separate compliance function, the Group Compliance and Corporate Governance Division, oversees all internal and external compliance matters, such as applicable Greek and EU, laws and regulations. The Internal Audit—Inspection Division of the Bank and the Group (the "IAID"), which reports directly to the Board of Directors through the Audit Committee, complements the risk management framework, acting as an independent reviewer, focusing on the effectiveness of the risk management framework and control environment.

4.1.1 Board Risk Committee

The BRC was established by Board decision (meeting no. 1308/20.7.06) in accordance with the requirements of Bank of Greece Governor's Act No. 2577/9.3.2006. The Committee has two roles, namely it operates a) as the Board Risk Management Committee and b) as the Board Committee Responsible for Non-Performing Loans/Exposures (NPLs/NPEs) as prescribed by Art. 10 par. 8 of Greek Law 3864/2010, as in force.

The BRC convenes regularly at least on a monthly basis, as well as extraordinarily, whenever deemed necessary by its Chairman.

During 2018, the Committee convened thirteen times. In the context of its responsibilities and during the course of the year, the Committee was briefed in detail and on a regular basis on risk issues such as the IFRS 9 Credit Risk Models, the Stress Tests results, the Risk Appetite Framework project and the 2018 internal capital adequacy assessment process ("ICAAP")/ internal liquidity adequacy assessment process ("ILAAP") results. In addition, the Committee was extensively updated on issues related to NPL/NPEs, particularly based on reports of systemic measurements of their effectiveness and efficiency.

Furthermore the Committee submitted to the Board of Directors for approval the NBG Group Recovery Plan 2018 as well as Policies related to the proper internal operations of the Group such as the ILAAP & ICAAP Frameworks/Liquidity Policies, the updated Market Risk Policies and Methodologies and IFRS 9 related Policies, the NPE Divestment Policy, the Retail Credit Policy and the Credit Policy for the Corporate Portfolio. In addition, the Committee approved on a quarterly basis the Report to the Bank of Greece on the Management of Loans in Arrears and Non-Performing Loans, as per Bank of Greece Act 42.

Since 19 December 2013 the Committee has been composed exclusively of non-executive Board members, at least three in number, the majority of which (including the Chairman) are independent members of the Board, in accordance with the definition of independence specified in the Bank's Corporate Governance Code and one member is the HFSF representative at the Board of Directors. The members and the Chairman of the Committee are elected by the Board of the Bank, following recommendation by the Board's Corporate Governance and Nominations Committee. All members should have adequate knowledge and prior experience in banking and financial services, while at least one member should have significant experience in risk and capital management, as well as knowledge of the local and international regulatory framework.

4.1.2 Group risk management

The Bank acknowledges the need for efficient risk management and has established three specialized units, the GRCAD, the GFLRMD and the GORMD, to properly measure, analyze and manage the risks entailed in all its business activities. All risk management units of the Group adequately report to the three aforementioned Divisions.

In addition, an independent Model Validation Unit (MVU), reporting directly to the CRO, is assigned the task of the validation of the Bank's models and the production of all relevant reports to the Board and the top management.

Based on its charter, the mission of the GRCAD is to:

- Specify and implement credit risk policies emphasizing on rating systems, risk assessment models and risk parameters, according to the guidelines set by the Bank's Board of Directors;
- Establish guidelines for the development of methodologies for Expected Loss (EL) and its components, i.e. Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for each segment of corporate and retail asset class;
- Assess the adequacy of methods and systems that aim to analyze, measure, monitor, control and report credit risk undertaken by the Bank and other financial institutions of the Group and periodically validate them; and
- Estimate Regulatory Capital required in respect with Credit Risk and Internal Capital required in respect to all banking risks and prepare relevant regulatory and MIS reports.

The mission of the GFLRMD is to:

- Plan, specify, implement and introduce market, counterparty, liquidity and operational risk policies, under the guidelines of the Bank's Board of Directors;
- Assess the adequacy of methods and systems that aim to analyze, measure, monitor, control and report the aforementioned risks undertaken by the Bank and other financial institutions of the Group and periodically validate them;
- Independently evaluate financial products, assets and liabilities of the Bank and the Group;
- Estimate Regulatory Capital required in respect with Market Risk and prepare relevant regulatory and MIS reports; and
- Regularly handle issues relevant to market, counterparty and liquidity risks, under the guidelines and specific decisions of the BRC and the Asset and Liability Committee (the "ALCO").

The mission of the GORMD is to:

- Estimate Regulatory Capital required in respect with Operational Risk and prepare relevant regulatory and MIS reports;
- Regularly handle issues relevant to operational risks, under the guidelines and specific decisions of the BRC.

MVU's responsibility is to:

- Establish, manage, and enforce Credit Risk and Market Risk Validation Policies;
- Develop Model Risk Management standards for Credit and Market Risk;
- Update the Credit and Market Risk Validation Policies based on applicable regulatory guidance and requirements;
- Communicate and escalate model risk metrics to the Board, the BRC, the Group CRO and the Senior Management;
- Independently validate and approve new and existing models for credit and for market risk;
- Document material changes in model review reports;
- Annually recertify models and review results of on-going monitoring.

Each Division has distinct responsibilities and covers specific types of risk.

The GRCAD consists of:

- the Credit Risk Control Sector, which in turn consists of the Credit Risk Control Subdivision and Credit Risk Internal Reporting and the Non-Performing Exposures' (NPE) Independent Review Subdivision;
- the Corporate Credit Risk Model Development Subdivision;
- the Retail Credit Risk Model Development Subdivision;

- the Credit Risk Regulatory Reporting Subdivision;
- the Internal Capital Adequacy Assessment Process (ICAAP), Stress Testing and Risk Management Regulatory Framework Monitoring Subdivision; and
- the Risk Management Operations Support Subdivision

The GFLRMD consists of:

- the Market Risk Management & Interest Rate Risk in the Banking Book Sector which in turn consists of the Market Risk Management Subdivision and the Interest Rate Risk in the Banking Book (IRRBB) Management Subdivision;
- the Liquidity Risk Management Subdivision;
- the Internal Liquidity Adequacy Assessment Process (ILAAP) Framework Monitoring Subdivision and
- the Counterparty Credit Risk Subdivision

The GORMD consists of:

- the Operational Risk Framework Implementation Sector, which in turn consists of the Operational Risk Program Implementation Subdivision and the Operational Risk Internal Events Collection and Monitoring Subdivision;
- the Operational Risk Framework Development Subdivision;
- the Operational Risk Reporting Subdivision;
- the Operational Risk Awareness and Training Subdivision

All Divisions report to the Group CRO.

4.1.3 Asset and liability management

The asset and liability management policy concerns the Bank's and its Group financial sector entities' strategy and policy as to matters relating to the structuring and management of assets and liabilities taking into account the current regulatory framework and market conditions, as well as the risk limits set by the Bank.

4.1.4 Internal Audit

Internal Audit of the NBG Group is an independent and objective, assurance and consulting activity, designed to add value and improve the Group's operational effectiveness and to protect its assets, reputation and sustainability. Internal Audit assists the Group in accomplishing its objectives, by contributing to the regular, systematic and disciplined evaluation and improvement of the effectiveness of the Group's governance, risk management and internal control environment.

4.1.5 Management of risks

The Group risk management processes distinguish among the following kinds of risks: credit risk, market risk, country risk, liquidity risk, and insurance risk, as discussed in the section below.

4.2 Credit risk

Credit risk is the risk of financial loss relating to the failure of a borrower to honor its contractual obligations. It arises in lending activities as well as in various other activities where we are exposed to the risk of counterparty default, such as our trading, capital markets and settlement activities. Credit risk is the largest single risk NBG Group faces. The credit risk processes are conducted separately by the Bank and each of its subsidiaries. The credit risk procedures established by the subsidiaries are coordinated by the GRCAD.

4.2.1 Credit policy for corporate lending

The credit policies for corporate lending of the Bank and its Subsidiaries provide the fundamental guiding principles for the management (i.e. identification, measurement, approval, monitoring and reporting) of credit risk related to corporate lending. The credit policies have been designed to meet the organizational requirements and the regulatory framework of each country in the best possible way, as well as to allow the Group to maintain and enhance its position in the market.

Credit risk control is performed according to the rules described in the credit policies. The credit policy of the Bank ("Corporate Credit Policy") is approved and can be amended or revised (if deemed appropriate) in the course of its annual review, by the Board of Directors upon a recommendation by the BRC following a proposal by the Group CRO.

Any deviation from the Corporate Credit Policy is reported by the Group CRO to the Board Risk Committee. Any exception to the Corporate Credit Policy is approved by the Executive Committee following a proposal by the Group CRO.

4.2.2 Credit policy for retail lending

The credit policy for retail lending ("Retail Banking Credit Policy") sets the minimum credit criteria, policies, procedures and guidelines for managing and controlling credit risk undertaken in retail portfolios, both at Bank and Group level. Its main scope is to enhance, guide and regulate the effective and adequate management of credit risk, thus achieving a viable balance between risk and return.

The Retail Banking Credit Policy is communicated through the use of respective credit policy manuals (“Credit Policy Manual”). The Credit Policy Manual is made to serve three basic objectives:

- to set the framework for basic credit criteria, policies and procedures,
- to consolidate retail credit policies of the Group, and,
- to establish a common approach for managing retail banking risks.

The Bank’s Retail Banking Credit Policy is approved and can be amended or revised by the Board of Directors following recommendation from the BRC, and is subject to periodic revision.

The NBG Group Retail Credit Division reports directly to the Group CRO and its main task is to evaluate, design and approve the credit policy that governs the retail banking products, both locally and abroad. Furthermore, the Division closely monitors the consistent implementation of both the Retail Banking Credit Policy provisions and credit granting procedures.

Through the application of the Retail Banking Credit Policy, the evaluation and estimation of credit risk, for new as well as for existing products, are effectively facilitated. NBG’s Senior Management is regularly informed on all aspects regarding the credit policy. Remedial action plans, are put together to resolve the issues, whenever necessary, within the risk appetite and strategic orientation of the Bank. The Retail Banking Credit Policy is subject to periodic reviews during which all approved policy changes are incorporated into the Policy Manual.

4.2.3 Credit granting processes

The Group’s credit granting processes include:

- Credit-granting criteria based on the particular target market, the borrower or counterparty, as well as the purpose and structure of the credit and its source of repayment.
- Credit limits that aggregate in comparable and meaningful manner different types of exposures, at various levels.
- Clearly established procedures for approving new credits as well as the amendment, renewal and re-financing of existing credits.

The Group maintains on-going credit administration, measurement and monitoring processes, including in particular:

- Documented credit risk policies.
- Internal risk rating systems.
- Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities.

The Group’s internal controls that are implemented for the credit risk related processes include:

- Proper management of the credit-granting functions.
- Periodical and timely remedial actions on deteriorating credits.
- Independent, on-going assessment of the credit risk management processes by Internal Audit, covering in particular the credit risk systems/models employed by the Group.

Active credit risk management is achieved through:

- The application of appropriate limits for exposures to a particular obligor, a group of associated obligors, obligors that belong in the same economic sector, etc.
- The use of credit risk mitigation techniques (such as collaterals and guarantees).
- The estimation of risk adjusted pricing for most products and services.

The Bank is following the Internal Ratings Approach (“IRB”) for the calculation of capital charges arising from credit risk in its corporate, SME Retail and mortgage portfolios which exceed 80% of its banking book loan exposures on a standalone basis.

4.2.4 Credit risk assessment, monitoring and internal ratings

The credit risk process for the Bank on obligor level is managed centrally by GRCAD, working closely with the Credit Units and the centralised underwriting units, responsible for the particular types of credit.

The Bank uses different credit risk rating models, according to the nature of credit portfolios, which are reviewed systematically and validated annually by the independent MVU. More specifically:

Corporate Portfolio

NBG developed a corporate portfolio rating system which, following approval and certification by the Bank of Greece, is used to quantify risk parameters, such as Probability of Default (“PD”), and supports the application of the Internal Ratings-Based Approach (IRB) for calculating capital requirements against credit risk. The rules for classifying customers (obligors) into rating grades are set out in detail in the Corporate Credit Policy. In brief, the ratings scale contains 21 grades, 19 of which correspond to borrowers who are not

in default and 2 to borrowers who are in default. Different exposures against the same borrower receive the same rating grade, regardless of the specificities of various characteristics of credit (e.g. type of facility, collateral provided, etc.). The rating procedure is carried out at least annually and whenever new information or new financial data arise and may affect the risk undertaken. The Bank uses four models to assess the creditworthiness of corporate obligors. All of these models, are hosted on the Risk Analyst™ (RA) platform, developed by Moody's. Corporate obligors are assessed via the following models:

1. Corporate Rating Model (CRM): "Hybrid" rating model implemented via Risk Analyst platform (upgraded version of Moody's Risk Advisor software) focusing on companies with full financial data.
2. Expert judgement model: Used for specific type of obligors (such as newly established firms without financial data, construction consortiums, insurance companies, etc.) that cannot be rated by the CRM.
3. Specialised Lending – Slotting Criteria Scorecards: Project and Object Finance credits.
4. Limited Financials Scorecards: Applied to newly founded companies and smaller firms with limited financial data, which keep simplified B-class accounting ledgers.

All these models produce ordinal rankings of obligors (or credits, in the case of project and object finance) which are then mapped to a unique PD. Models are validated annually and calibrated, whenever necessary.

Retail Portfolio

The management of credit risk in the retail portfolio starts at the approval stage. The underwriting process is centralised which ensures segregation of duties and uniform enforcement of underwriting standards. Every application is assessed using product based application scorecards. Furthermore, throughout the life of each credit, the payment behaviour is regularly monitored, using statistically-developed scorecards. Monthly reports about the quality of each retail loan book are provided by GRCAD for management review and corrective measures are proposed to mitigate and control credit risk, whenever necessary.

The mortgage portfolio in particular, is reviewed using more advanced methods since the Bank adopted the A- IRB approach in 2008 for estimating capital requirements against credit risk for mortgage exposures. The Bank's original PD model was developed in 2007 and re-calibrated in 2012. Its use for capital reporting is approved by Bank of Greece (NCA) and its discriminative power is regularly monitored. Any non-defaulted exposure is rated using this PD model on a monthly basis and is classified in one of 10 pools with common risk attributes (Rating pools). Each pool receives a different PD. All defaulted exposures receive a PD of 100%.

An LGD model for mortgage loans was internally developed in 2010. The model is divided into two parts; the first part calculates the probability that a loan account will return to performing status (probability of curing) while the second measures the loss, which is calculated based on recovery cash inflows. The model takes into account loan maturity, product type, the borrower's behaviour (e.g. whether there have been any delinquencies during the last 18 months of payment history) as well as maturity ratios. The approach used to measure recoveries allows the Bank to extend its debt collection horizon to 15 years for mortgages. The LGD model was validated and calibrated in 2012 and was submitted to Bank of Greece.

As far as loans to SBL are concerned, the same basic principle of centralised assessment and monitoring is followed as in corporate portfolio. All credit applications are evaluated first, at inception, and then at least once a year and certainly, on credit limits renewal dates. The assessment uses the SBL Model that generates a rating score, which in turn corresponds to a PD. This model is being used by the business units since the end of 2010 and henceforth and was thoroughly revised in 2012 by the addition of an independent "behavioural score" variable. A standard behavioural scorecard examines the customer's behaviour in respect to all of his accounts, both credit and deposit ones, weighs a number of variables accordingly (e.g. delinquencies, limit usage, etc.) and generates automatically a score every month. The addition of a behavioural score led to a significant increase in the predictive power of the SBL Model.

Loans and advances to SBL are, like corporate credits, secured by various types of eligible collateral aiming to mitigate credit risk. Such collateral include pledges over business premises or residential real estate, post-dated checks, invoices and other receivables. The LGD model measures the potential loss for the Bank in case an SBL borrower defaults. The analysis is done on two levels: first, the model estimates the probability of the borrower returning to current status within a reasonable period of time. Then, the model estimates the loss that will be occurred if the loan agreement with the borrower is terminated. The product of the two is LGD. The model focuses on the repayment behaviour of the borrower, the existence or not of real estate assets pledged as collateral, on the existence of a Greek Government guarantee, as well as the total exposure amount. As a result, every SBL obligor receives an accurate LGD estimate.

4.2.5 Concentration risk management

The Bank manages the extension of credit, controls its exposure to credit risk and ensures its regulatory compliance based on an internal limits system. The GRCAD is responsible for limits setting, limits monitoring and regulatory compliance.

The fundamental instruments for controlling Corporate Portfolio concentration are Obligor Limits, which reflect the maximum permitted level of exposure for a specific Obligor, given its Risk Rating and Sector Limits. Any risk exposure in excess of the authorized internal Obligor Limits must be approved by a higher level Credit Approving Body, based on the Credit Approval Authorities as presented in the Corporate Credit Policy document. Both limits are subject to BRC approval on an annual basis.

Credit risk concentration arising from a large exposure to a counterparty or group of connected clients whose probability of default depends on common risk factors, is monitored through the Large Exposures and Large Debtors reporting framework.

Finally, within the Internal Capital Adequacy Assessment Process (ICAAP), the Bank has adopted a methodology to measure the risk arising from concentration to economic sectors (sectoral concentration) and to individual companies (name concentration). Additional capital requirements are calculated, if necessary, and Pillar 1 capital adequacy is adjusted to ultimately take into account such concentration risks.

4.2.6 Impairment of amortised cost and FVTOCI financial assets

An ECL allowance is recognised for all financial assets measured at amortised cost, debt financial assets measured at FVTOCI, lease receivables, financial guarantee contracts and certain loan commitments that meet the financial instrument definition. The Bank has established a policy for impairment of financial instruments under IFRS 9 (the "Impairment Policy"), which also applies to all subsidiaries and establishes guidelines on measurement of ECL. The Group's accounting policies on recognition and measurement of ECL are described in Note 2.7.5. Based on the Impairment Policy, the Group's Financial Assets Impairment Provision and Write-off Committee is responsible for:

- Reviewing that impairment provisions on all financial assets and off-balance sheet commitments within the scope of IFRS 9 are made in accordance with the Impairment Policy.
- Approving the macroeconomic scenarios and the probability weights assigned to each scenario.
- Reviewing and approving the amount of impairment provisions which have been estimated either on an individual basis by the Corporate Divisions, or on a collective basis by the dedicated ECL calculation system.
- Reporting to the BRC, the amount of impairment provision for annual and interim, individual and consolidated financial statements.
- Ensuring compliance with the approved procedures for calculating financial assets impairment provision.
- Reporting to the BRC and the Audit Committee changes in the credit risk parameters used in the impairment provisions calculation.

4.2.6.1 Definition of default

The Group has aligned the definition of default for financial reporting purposes, with the NPE definition used for regulatory purposes, as per the EBA ITS, thus a financial asset is considered as credit impaired, and is classified into stage 3, when it is classified as NPE in accordance with the Group's NPE and Forbearance Classification Policy. Exposures, which are not held for trading, are classified as NPE, when:

- The obligor is classified as defaulted for regulatory purposes in accordance with Article 178 of Regulation (EU) No 575/2013 and the Bank's Corporate and Retail Banking Credit Policies; or
- have material amounts which are more than 90 days past due. In case of credit cards, the exposure is considered non-performing in case of more than three unpaid monthly instalments; or
- have been classified as Forborne NPE, according to the EBA ITS.

A commitment is regarded as NPE if, when withdrawn or otherwise used, it would lead to exposures that present a risk of not being paid back in full without realisation of collateral. Financial guarantees written by the Bank are regarded as NPE for their nominal value when the financial guarantee is at risk of being called by the holder of the guarantee, including, in particular, when the underlying guaranteed exposure meets the criteria to be considered as NPE.

A debt security is considered as credit impaired under an objective approach, and classified into stage 3, when at least one payment of capital or interest is overdue by the issuer, based on the contractual terms of the instrument, irrespective of the days past due. In addition, a debt security is assessed as credit impaired if there is at least one external credit rating on the security or the issuer (if no external rating on the security is available) corresponding to Default or Selective Default.

4.2.6.2 Significant increase of credit risk

A non-credit impaired asset is classified in stage 2 if it has suffered a SICR, otherwise it is classified in stage 1. An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment compares the risk of default occurring at the reporting date compared with that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The assessment is unbiased, probability-weighted, and to the extent relevant, uses forward-looking information consistent with that used in the measurement of ECL.

The Bank assesses SICR, in accordance with the Impairment Policy, which includes three main components:

- a quantitative element, i.e. reflecting a quantitative comparison of PD or credit rating at the reporting date versus the respective metric at initial recognition. The weighted average SICR threshold of all lending portfolios approximates 5%.
- a qualitative element, that is all Forborne Performing Exposures (FPE) and internal watch list for corporate obligors; and
- "Backstop" indicators. The Group applies on all lending exposures the IFRS 9 presumption that a SICR has occurred when the financial asset is more than 30 days past due.

4.2.6.3 Movement of financial assets to stage 1

Financial assets are transferred back to stage 1 when the SICR criteria are no longer met.

4.2.6.4 ECL measurement period

On term loans, the period of exposure over which lifetime ECL is measured, is based on the maximum contractual period over which the Bank is exposed to credit risk. For revolving lending exposures, judgment is applied to estimate the period over which the Bank is exposed to credit risk. This applies to credit card limits and overdraft accounts, which do not have a defined contractual maturity date, are callable on demand and where the drawn and undrawn components are managed as one unit. The ECL measurement period is capped at 12 months for Stage 1 balances.

4.2.6.5 Forward-looking information

ECL measurement incorporates forward looking information (FLI). The Group selects forward-looking scenarios and assesses the suitability of respective weights to be applied. Each of the scenarios, and its respective weight, is based on Management's assumptions about future economic conditions in the form of macroeconomic, market and other factors. The Bank applies three forward-looking macroeconomic scenarios, i.e. baseline, optimistic and pessimistic, with a probability weighting of 55%, 20% and 25%, respectively, developed by the Economic Research and Analysis Division on a quarterly basis. The macroeconomic scenarios and weighting of probabilities are approved by the Group's Financial Assets Impairment Provision and Write-off Committee and validated by the MVU at least on annual basis. The macroeconomic scenarios used for measuring ECL are the same with the ones used for evaluating SICR.

The macroeconomic variables utilised by the Bank, relate to Greek economic factors and the ECL allowance is mainly driven by the change in gross domestic product (GDP) and house price index (HPI). The annual average 2019-2023 forecasts for each key variable and macroeconomic scenario are the following:

	Baseline	Optimistic	Pessimistic
GDP growth rate	1.6%	2.7%	0.5%
HPI growth	2.7%	4.4%	1.0%

The ECL allowance is sensitive to changes in forward-looking scenarios of the aforementioned macroeconomic variables. Given that the Group's allowance is mainly driven by the Bank, Management assessed and considered the sensitivity of the Bank's ECL allowance on loans and advances to customers, against reasonably possible changes in the aforementioned variables, compared to the FLI scenarios utilised in the ECL measurement as of 31 December 2018. The sensitivity analysis was performed assuming a "favourable' and an "adverse" shift in the three FLI scenarios for GDP and HPI growth, while retaining the same probability weights assigned to each scenario (i.e. 55%, 20% and 25%, for the baseline, optimistic and pessimistic scenarios, respectively). For GDP growth forecasts a complete re-estimation of all modelled macroeconomic variables (including the HPI) was performed conditioned on the aforementioned "favourable" and "adverse" variations of the original FLI scenarios, since GDP plays a pivotal role in the modelling of all other variables, while an additional sensitivity analysis focusing exclusively on the HPI growth was performed keeping all other macroeconomic variables constant to their original values.

The alternative scenarios were applied to the full trajectory of GDP growth and HPI,2019-2050. The average deviation assumed in the mid-term horizon for 2019-2022 for each macroeconomic variable and scenario, is the following:

	Change compared to FLI scenarios utilized in the ECL measurement as of 31 December 2018, expressed in percentage points		
Alternative scenario assumed	Baseline	Optimistic	Pessimistic
Higher GDP	+0.9	+0.9	+0.9
Lower GDP	-0.8	-0.8	-0.9
Higher HPI	+1.0	+1.0	+1.0
Lower HPI	-1.0	-1.0	-1.0

The following table includes the ECL impact for each of the alternative scenarios assumed, which is expressed as a percentage of the Bank's allowance for impairment on loans and advances to customers as of 31 December 2018. The ECL impact should be read in the context of the sensitivity analysis as a whole, in conjunction with the narrative disclosures provided above.

Alternative scenario assumed	ECL impact
Higher GDP	-2.6%
Lower GDP	+2.4%
Higher HPI	-0.9%
Lower HPI	+0.9%

4.2.6.6 Model risk inherent in the IFRS 9 models

Compliance with the impairment requirements of IFRS 9 requires the use of a variety of models. The complexity of the models as well as dependency to other model-based inputs is high, therefore any changes in inputs and data (e.g. ORRs, behavioral scores etc.), as well as new or revised models, may significantly affect ECL. The models are validated by the Bank's Model Validation Unit (MVU), in

accordance with the Group's Model Validation Framework. The Bank's Credit Risk Model Development and Validation Policy, includes specific tests and metrics that the MVU applies for performing the quantitative validation of the following models and methodologies:

- PD, LGD and CCF models
- SICR and ECL methodology
- FLI macroeconomic models

The model validation tests address all key aspects of the models i.e. discriminatory power, calibration accuracy, segmentation accuracy, representativeness and stability.

4.2.7 Maximum exposure to credit risk before collateral held or other credit enhancements

The following table represents a worst case scenario of credit risk exposure of the Group and the Bank at 31 December 2017 and 2016, without taking account of any collateral held or other credit enhancements attached.

For on-balance sheet assets, the exposures set out below are based on net carrying amounts as reported in the Statement of Financial Position:

Maximum exposure to credit risk before collateral and other credit enhancements

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Due from banks (see Note 18)	2,587	1,736	2,507	1,723
Trading Securities (see Note 19)	4,482	1,725	4,482	1,725
Derivative financial instruments (see Note 20)	3,791	3,681	3,791	3,673
Loans and advances to customers (see Note 21)	30,134	37,941	29,103	36,248
Investment securities (see Note 22)	4,313	3,685	4,113	3,363
Other assets (see Note 28)	1,530	1,452	1,408	1,323
Credit commitments (see Note 35)*	3,039	3,138	3,641	3,746
Total	**49,876**	**53,358**	**49,045**	**51,801**

** Commitments to extend credit at 31 December 2018 include amounts, which cannot be cancelled without certain conditions being met at any time and without notice, or for which automatic cancellation due to credit deterioration of the borrower is not allowed.Such commitments are used in the Risk Weighted Assets calculation for capital adequacy purposes under regulatory rules currently in force. The total commitments to extend credit at 31 December 2018 for the Group and the Bank amount to €6,350 million (2017: €6,474 million) and €6.027 million (2017: €6.110 million), respectively.*

4.2.8 Collateral and other credit enhancements

Counterparty risk

Counterparty risk is due to interbank Securities Financing Transactions (SFTs) and OTC derivatives transactions and it arises from the possibility of the obligor's failure to meet the contractual obligations. For an efficient management of counterparty risk, the Bank has established a framework of counterparty limits. The GMORMD is responsible for setting and monitoring these limits.

Counterparty limits are based on the credit rating of the financial institutions as well as the product type. The credit ratings are provided by internationally recognized rating agencies, in particular by Moody's and Standard & Poor's. According to the Bank's policy, if the agencies diverge on the creditworthiness of a financial institution, the lowest credit rating is considered.

Counterparty limits apply to all financial instruments in which the Treasury is active in the interbank market. The limits framework is annually revised according to the business needs of the Bank and the prevailing conditions in international and domestic financial markets. A similar limit structure for the management of counterparty risk is enforced across all of the Group's subsidiaries.

The Group seeks to reduce counterparty risk by standardizing relationships with counterparties through International Swaps and Derivatives Association ("ISDA") and Global Master Repurchase Agreement ("GMRA") contracts, which encompass all necessary netting and margining clauses. Additionally, for almost all active counterparties that are financial institutions, Credit Support Annexes ("CSAs") have been signed, so that net current exposures are managed through margin accounts on a daily basis, by exchanging cash or debt securities as collateral.

The Group avoids taking positions on derivative contracts where the values of the underlying assets are highly correlated with the credit quality of the counterparty (wrong-way-risk).

Loans and advances to customers

The most common practice used by the Group to mitigate credit risk with respect to loans and advances to customers is receiving collateral. The Group implements guidelines on the eligibility of specific types of collateral, as described in Corporate and Retail Credit Policy documents. In the same documents, eligible types of collateral for regulatory purposes (funded and unfunded credit risk mitigation techniques), are also presented.

The main collateral types for loans and advances to customers are:

Real Estate Collaterals

- Residential real estate,
- Commercial real estate,
- Industrial real estate

Financial Collaterals

- Cash collaterals,
- Assigned receivables,
- Pledges over financial instruments, such as debt securities and equities;

Other Collaterals

- State guarantees, vessels, equipment, inventory, and other collateral.

Guarantees received

- Personal, corporate, public entities, local authorities and other guarantees.

The Bank has internally developed a Collateral Management System in order to upgrade the control and monitoring of collaterals received for both corporate and retail loans, as well as to fulfil the requirements arising from the regulatory framework. The user of the system is able to retrieve information regarding collateral at different aggregation levels, to monitor all useful aspects of collateral in order to preserve adequate coverage as well as automatically calculate required haircuts on the collateral values.

Furthermore, the Collateral Management System is designed so as to provide information regarding exposure per guarantor in the case of credit guarantees. The basic types of credit guarantees are:

Bank Guarantees

This guarantee is deemed an acceptable form of unfunded credit protection and takes the form of a Letter of Credit (L/C) or a Letter of Guarantee (L/G) from Financial Institutions, domestically and abroad.

State Guarantee

This guarantee is considered as equivalent to the pledge on a liquid asset only if it is direct, explicit, irrevocable and unconditional, hence no external factors could affect the substance of coverage.

Guarantee by ETEAN Fund (formerly known as TEMPME)

This guarantee is considered as equivalent to the pledge on a liquid asset if the decision of the ETEAN Fund does not include conditions and special clauses concerning factors beyond the Bank's control.

Longer-term finance and lending to corporate entities are generally secured. Revolving credit facilities to individuals are generally unsecured. In addition, in order to mitigate the potential credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances to customers. Debt securities, treasury and other eligible bills are generally unsecured.

Valuation of collateral

According to the Bank's Credit Policy, the existence and value of collateral is closely monitored. The frequency and the objective of the appraisals are determined by the approval responsible parties and do not usually exceed an interval of two years. Real estate collateral valuations are coordinated by the Technical Services Department of Bank, which is independent from Retail and Corporate divisions. The valuations are performed by qualified and appropriately trained external appraisers, appointed by the Department. Regarding domestic retail Lending, the value of all residential collaterals is annually adjusted based on an independent published Greek property index (Propindex).

In addition, according to the Group impairment methodology, bank units that are responsible for the impairment assessment of Corporate and SBL portfolios have to ensure that in cases where cash flows are expected from collateral liquidation, collateral value has to be based on a recent (within the current year) independent appraisal from a qualified appraiser, unless loan exposures are significantly lower than the collateral values.

When the value of the collateralised property exceeds the loan balance, the value of collateral is capped to the loan balance before allowance for impairment. A breakdown of collateral and guarantees received to mitigate credit risk exposure arising from loans and advances to customers is summarised as follows:

Breakdown of collateral and guarantees - Group

	31.12.2018					31.12.2017				
	Value of collateral received				Guarantees received	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral		Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	14,148	201	980	15,329	10,316	14,847	414	1,064	16,325	11,053
Corporate Lending	4,606	1,202	3,388	9,196	8,138	4,942	1,113	2,980	9,035	8,280
Public Sector Lending	67	12	28	107	25	68	10	32	110	27
Total	**18,821**	**1,415**	**4,396**	**24,632**	**18,479**	**19,857**	**1,537**	**4,076**	**25,470**	**19,360**

Breakdown of collateral and guarantees for Credit impaired assets - Group

	31.12.2018				
	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	6,294	38	171	6,503	5,308
Corporate Lending	2,379	424	486	3,289	3,368
Public Sector Lending	47	-	1	48	22
Total	**8,720**	**462**	**658**	**9,840**	**8,698**

Breakdown of collateral and guarantees - Bank

	31.12.2018					31.12.2017				
	Value of collateral received				Guarantees received	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral		Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	13,849	182	926	14,957	10,316	14,729	194	1,023	15,946	11,053
Corporate Lending	4,047	915	2,783	7,745	8,102	3,851	921	2,676	7,448	8,248
Public Sector Lending	66	12	28	106	25	68	10	31	109	27
Total	**17,962**	**1,109**	**3,737**	**22,808**	**18,443**	**18,648**	**1,125**	**3,730**	**23,503**	**19,328**

Breakdown of collateral and guarantees for Credit impaired assets - Bank

	31.12.2018				
	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	6,241	37	165	6,443	5,308
Corporate Lending	2,027	222	458	2,707	3,368
Public Sector Lending	47	-	1	48	22
Total	**8,315**	**259**	**624**	**9,198**	**8,698**

Loan to Value (LTV) Ratio of Mortgage portfolio

Loan to Value Ratio is the relationship between the loan and the appraised value of the property held as collateral. A breakdown of mortgages by range of LTV is summarised as follows:

	Group			Bank		
	31.12.2018	of which: Credit Impaired	31.12.2017	31.12.2018	of which: Credit Impaired	31.12.2017
Less than 50%	1,784	256	1,911	1,701	244	1,810
50%-70%	1,988	419	2,265	1,909	412	2,176
71%-80%	1,166	350	1,339	1,143	346	1,317
81%-90%	1,143	412	1,274	1,141	410	1,267
91%-100%	1,437	419	1,625	1,436	417	1,623
101%-120%	1,989	892	2,152	1,988	891	2,150
121%-150%	2,552	1,463	2,669	2,549	1,461	2,666
Greater than 150%	3,736	2,871	3,256	3,723	2,862	3,247
Total exposure	**15,795**	**7,082**	**16,491**	**15,590**	**7,043**	**16,256**
Average LTV	**110.7%**	**133.9%**	**106.1%**	**110.7%**	**133.9%**	**107.0%**

4.2.9 Credit quality of loans and advances to customers

4.2.9.1. Credit quality of loans and advances to customers - Group

Disclosures 2018-IFRS 9

A breakdown of the portfolio by range of probability of default is summarized as follows:

As at 31 December 2018	Mortgages				Consumer loans			
12-month PD	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
0,01% - 2%	1,837	1,988	-	**3,825**	565	141	-	**706**
2,01% - 10%	656	2,598	-	**3,254**	689	238	-	**927**
10,01% - 20%	693	3	-	**696**	46	53	-	**99**
20,01% and above	2	936	7,082	**8,020**	2	15	1,338	**1,355**
Total Gross carrying amount	**3,188**	**5,525**	**7,082**	**15,795**	**1,302**	**447**	**1,338**	**3,087**

As at 31 December 2018	Credit cards				Small Business Lending			
12-month PD	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
0,01% - 2%	364	3	-	**367**	295	122	-	**417**
2,01% - 10%	132	5	-	**137**	103	103	-	**206**
10,01% - 20%	3	5	-	**8**	24	134	-	**158**
20,01% and above	-	-	156	**156**	5	313	1,994	**2,312**
Total Gross carrying amount	**499**	**13**	**156**	**668**	**427**	**672**	**1,994**	**3,093**

As at 31 December 2018	Corporate Lending				Public Sector			
12-month PD	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
0,01% - 2%	7,221	122	-	**7,343**	264	1	-	**265**
2,01% - 10%	2,800	167	-	**2,967**	85	1	-	**86**
10,01% - 20%	65	341	-	**406**	1	1	-	**2**
20,01% and above	31	161	5,464	**5,656**	-	6	93	**99**
Total Gross carrying amount	**10,117**	**791**	**5,464**	**16,372**	**350**	**9**	**93**	**452**

As at 31 December 2018	Total Loans			
12-month PD	Stage 1	Stage 2	Credit impaired	Total
0,01% - 2%	10,546	2,377	-	**12,923**
2,01% - 10%	4,465	3,112	-	**7,577**
10,01% - 20%	832	537	-	**1,369**
20,01% and above	40	1,431	16,127	**17,598**
Total Gross carrying amount	**15,883**	**7,457**	**16,127**	**39,467**

Ageing analysis of loans and advances to customers

	Mortgages				Consumer loans			
As at 31 December 2018	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Current	3,057	4,446	820	**8,323**	1,193	362	121	**1,676**
1-30 days	131	812	328	**1,271**	95	47	34	**176**
31-60 days	-	185	270	**455**	-	29	35	**64**
61-90 days	-	82	196	**278**	-	9	32	**41**
91-180 days	-	-	337	**337**	-	-	58	**58**
Past due over 180 days	-	-	5,131	**5,131**	14	-	1,058	**1,072**
Gross Balance 31.12.2018	**3,188**	**5,525**	**7,082**	**15,795**	**1,302**	**447**	**1,338**	**3,087**
ECL allowance	(36)	(208)	(2,734)	**(2,978)**	(21)	(83)	(1,053)	**(1,157)**
Net carrying amount as at 31.12.2018	**3,152**	**5,317**	**4,348**	**12,817**	**1,281**	**364**	**285**	**1,930**

	Credit cards				Small Business Lending			
As at 31 December 2018	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Current	454	2	-	**456**	398	477	146	**1,021**
1-30 days	45	1	-	**46**	29	167	69	**265**
31-60 days	-	7	-	**7**	-	20	15	**35**
61-90 days	-	3	-	**3**	-	8	10	**18**
91-180 days	-	-	27	**27**	-	-	41	**41**
Past due over 180 days	-	-	129	**129**	-	-	1,713	**1,713**
Gross Balance 31.12.2018	**499**	**13**	**156**	**668**	**427**	**672**	**1,994**	**3,093**
ECL allowance	(5)	(1)	(156)	**(162)**	(4)	(77)	(1,469)	**(1,550)**
Net carrying amount as at 31.12.2018	**494**	**12**	**-**	**506**	**423**	**595**	**525**	**1,543**

As at 31 December 2018	Large				SMEs			
	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Current	7,535	290	920	**8,745**	2,247	219	356	**2,822**
1-30 days	159	153	419	**731**	176	65	152	**393**
31-60 days	-	19	70	**89**	-	9	41	**50**
61-90 days	-	14	230	**244**	-	14	31	**45**
91-180 days	-	5	46	**51**	-	-	35	**35**
Past due over 180 days	-	2	1,226	**1,228**	-	1	1,938	**1,939**
Gross Balance 31.12.2018	**7,694**	**483**	**2,911**	**11,088**	**2,423**	**308**	**2,553**	**5,284**
ECL allowance	(53)	(34)	(1,885)	**(1,972)**	(22)	(25)	(1,541)	**(1,588)**
Net carrying amount as at 31.12.2018	**7,641**	**449**	**1,026**	**9,116**	**2,401**	**283**	**1,012**	**3,696**

As at 31 December 2018	Public Sector				Total Loans			
	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Current	346	8	52	**406**	15,230	5,804	2,415	23,449
1-30 days	4	1	2	**7**	639	1,246	1,004	2,889
31-60 days	-	-	-	**-**	-	269	431	700
61-90 days	-	-	8	**8**	-	130	507	637
91-180 days	-	-	-	**-**	-	5	544	549
Past due over 180 days	-	-	31	**31**	14	3	11,226	11,243
Gross Balance 31.12.2018	**350**	**9**	**93**	**452**	**15,883**	**7,457**	**16,127**	**39,467**
ECL allowance	(3)	-	(56)	**(59)**	(144)	(428)	(8,894)	**(9,466)**
Net carrying amount as at 31.12.2018	**347**	**9**	**37**	**393**	**15,739**	**7,029**	**7,233**	**30,001**

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Loans and advances to customers

As at 31 December 2017	Non impaired		Impaired		Total before allowance	Allowance for impairment		Total Allowance for impairment	Total	Value of collateral
	Neither past due nor impaired (1)	Past due but not impaired	Individual	Collective		Individual	Collective			
Retail Lending	**11,691**	**2,116**	**414**	**10,357**	**24,578**	**(240)**	**(5,571)**	**(5,811)**	**18,767**	**16,325**
Mortgages	8,536	1,528	34	6,393	16,491	(8)	(2,403)	(2,411)	14,080	13,862
Consumer loans	1,727	308	21	1,630	3,686	(12)	(1,388)	(1,400)	2,286	449
Credit cards	477	65	1	286	829	-	(281)	(281)	548	-
Small Business Lending	951	215	358	2,048	3,572	(220)	(1,499)	(1,719)	1,853	2,014
Corporate Lending	**10,048**	**638**	**5,845**	**709**	**17,240**	**(3,550)**	**(808)**	**(4,358)**	**12,882**	**9,035**
Large	7,441	319	3,302	153	11,215	(1,974)	(456)	(2,430)	8,785	5,352
SMEs	2,607	319	2,543	556	6,025	(1,576)	(352)	(1,928)	4,097	3,683
Public Sector Lending	**6,133**	**141**	**82**	**6**	**6,362**	**(61)**	**(9)**	**(70)**	**6,292**	**110**
Greece	6,064	141	82	6	6,293	(61)	(9)	(70)	6,223	110
Other countries	69	-	-	-	69	-	-	-	**69**	
Total	**27,872**	**2,895**	**6,341**	**11,072**	**48,180**	**(3,851)**	**(6,388)**	**(10,239)**	**37,941**	**25,470**

[(1)] *Loans of €683 million are included in neither past due nor impaired on the basis that they are loans guaranteed by the Hellenic Republic*

Credit quality of loans and advances to customers neither past due nor impaired

The Group actively monitors the credit quality of its loan portfolio using several credit quality indicators. The days past due is the credit quality indicator most relevant to the loans in our Mortgage, Consumer and Credit Cards portfolio. In accordance with our policies, the number of days past due is the key factor the Group considers when determining the appropriate course of action. The credit quality indicators considered to be the most significant for Small Business Lending and Corporate Lending are the delinquency status and the credit rating. The ratings scale for Corporate Lending and Small Business customers corresponds to likelihood of default. Corporate and Small Business customers classified as "strong" have very low likelihood of default (below 1%), those classified as “Satisfactory” have low to medium likelihood of default and those customers classified as “Watchlist” have higher likelihood of default.

As at 31 December 2017	Strong	Satisfactory risk	Watch list	Total neither past due nor impaired	Value of Collateral
Retail Lending	**7,572**	**3,820**	**299**	**11,691**	**8,564**
Mortgages	5,811	2,716	9	8,536	7,716
Consumer loans	1,265	462	-	1,727	204
Credit cards	477	-	-	477	-
Small Business Lending	19	642	290	951	644
Corporate Lending	**2,475**	**6,019**	**1,554**	**10,048**	**4,876**
Large	1,668	4,446	1,327	7,441	3,278
SMEs	807	1,573	227	2,607	1,598
Public Sector Lending	**12**	**6,077**	**44**	**6,133**	**59**
Greece	12	6,008	44	6,064	59
Other countries	-	69	-	69	-
Total	**10,059**	**15,916**	**1,897**	**27,872**	**13,499**

Ageing analysis of loans and advances to customers past due but not impaired

	Retail Lending				Corporate Lending		Public Sector lending		Total Past due but not impaired
As at 31 December 2017	Mortgages	Consumer loans	Credit cards	Small Business Lending	Large	SMEs	Greece	Other countries	
1-30 days	940	186	52	190	274	203	139	-	1,984
31-60 days	368	57	9	18	13	52	-	-	517
61-90 days	220	33	4	6	18	9	-	-	290
91-180 days	-	1	-	-	-	-	-	-	1
Past due over 180 days	-	31	-	1	14	55	2	-	103
Total	**1,528**	**308**	**65**	**215**	**319**	**319**	**141**	**-**	**2,895**
Fair value of collateral	1,342	55	-	135	273	240	5	-	2,050

Impaired Loans

Impaired exposures are defined as follows

- loans that are individually impaired,
- loans that are collectively assessed for impairment with one of the following :
  - loans for which interest, principal, or other amount relating to the loans is past due for more than 90, and
  - loans for which Management believes that there is objective evidence of impairment due to other factors

Restoration to non-impaired status

Impaired exposures can be restored to non-impaired status following objective evidence to justify the restoration. In general, exposures can return to unimpaired status when the situation of the customer has improved to the extent that full repayment, according to the original or when applicable the modified conditions, is likely to be made.

Ageing analysis of impaired loans and advances to customers net of allowance for impairment by product line

	Retail Lending				Corporate Lending		Public Sector Lending		Total
As at 31 December 2017	Mortgages	Consumer loans	Credit cards	Small Business Lending	Large	SMEs	Greece	Other countries	
Performing	565	102	-	156	527	241	16	-	1,607
1-30 days	120	12	-	22	104	58	2	-	318
31-60 days	73	9	-	9	8	28	-	-	127
61-90 days	45	4	-	7	53	17	-	-	126
91-180 days	289	17	5	22	12	25	-	-	370
Past due over 180 days	3,048	137	4	509	489	841	6	-	5,034
Total	**4,140**	**281**	**9**	**725**	**1,193**	**1,210**	**24**	**-**	**7,582**
Fair value of collateral	4,804	190	-	1,235	1,801	1,845	46	-	9,921

Movement in impaired loans and advances to customers by product line

31 December 2017	Retail Lending: Mortgages	Retail Lending: Consumer loans	Retail Lending: Credit cards	Retail Lending: Small Business Lending	Corporate Lending: Large	Corporate Lending: SMEs	Public Sector Lending: Greece	Public Sector Lending: Other countries	Total
Gross balance as at 1.1.2017	**6,601**	**2,378**	**461**	**2,731**	**3,939**	**3,347**	**85**	**-**	**19,542**
New impaired Loans	799	164	25	105	363	114	11	-	**1,581**
Loans transferred to non-impaired	(803)	(223)	(27)	(88)	(198)	(61)	-	-	**(1,400)**
Repayment*	(76)	(44)	-	(55)	(129)	(123)	(3)	-	**(430)**
Write offs	(23)	(579)	(169)	(277)	(346)	(99)	(5)	-	**(1,498)**
Sale / disposal	-	-	-	-	(63)	-	-	-	**(63)**
Exchange differences	-	-	-	-	3	-	-	-	**3**
Reclassified as held for sale	(71)	(45)	(3)	(10)	(114)	(79)	-	-	**(322)**
Gross balance as at 31.12.2017	**6,427**	**1,651**	**287**	**2,406**	**3,455**	**3,099**	**88**	**-**	**17,413**
Allowance for impairment	(2,287)	(1,370)	(278)	(1,681)	(2,262)	(1,889)	(64)	-	**(9,831)**
Net balance as at 31.12.2017	**4,140**	**281**	**9**	**725**	**1,193**	**1,210**	**24**	**-**	**7,582**

** Relates to impaired exposures at the beginning of the year*

The amounts reported in the “Reclassified as held for sale” line item are based on the carrying amount of the respective items as of 1 January 2017 (see Note 29).

4.2.9.2. Credit quality of loans and advances to customers - Bank

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A breakdown of the portfolio by range of probability of default is summarized as follows:

As at 31 December 2018	Mortgages				Consumer loans			
12-month PD	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
0,01% - 2%	1,694	1,988	-	**3,682**	316	141	-	**457**
2,01% - 10%	646	2,588	-	**3,234**	496	237	-	**733**
10,01% - 20%	693	3	-	**696**	15	49	-	**64**
20,01% and above	1	934	7,043	**7,978**	-	-	1,281	**1,281**
Total Gross carrying amount	**3,034**	**5,513**	**7,043**	**15,590**	**827**	**427**	**1,281**	**2,535**

As at 31 December 2018	Credit cards				Small Business Lending			
12-month PD	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
0,01% - 2%	304	3	-	**307**	271	121	-	**392**
2,01% - 10%	129	5	-	**134**	53	100	-	**153**
10,01% - 20%	3	4	-	**7**	23	131	-	**154**
20,01% and above	-	-	150	**150**	5	303	1,936	**2,244**
Total Gross carrying amount	**436**	**12**	**150**	**598**	**352**	**655**	**1,936**	**2,943**

As at 31 December 2018	Corporate Lending				Public Sector			
12-month PD	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
0,01% - 2%	7,888	116	-	**8,004**	262	1	-	**263**
2,01% - 10%	2,515	124	-	**2,639**	86	1	-	**87**
10,01% - 20%	57	303	-	**360**	1	1	-	**2**
20,01% and above	2	58	4,702	**4,762**	-	6	93	**99**
Total Gross carrying amount	**10,462**	**601**	**4,702**	**15,765**	**349**	**9**	**93**	**451**

As at 31 December 2018	Total Loans			
12-month PD	Stage 1	Stage 2	Credit impaired	Total
0,01% - 2%	10,735	2,370	-	**13,105**
2,01% - 10%	3,925	3,055	-	**6,980**
10,01% - 20%	792	491	-	**1,283**
20,01% and above	8	1,301	15,205	**16,514**
Total Gross carrying amount	**15,460**	**7,217**	**15,205**	**37,882**

Ageing analysis of loans and advances to customers

	Mortgages				Consumer loans			
As at 31 December 2018	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Current	2,917	4,440	818	**8,175**	766	354	121	**1,241**
1-30 days	117	810	328	**1,255**	61	44	34	**139**
31-60 days	-	182	270	**452**	-	22	34	**56**
61-90 days	-	81	195	**276**	-	7	31	**38**
91-180 days	-	-	337	**337**	-	-	54	**54**
Past due over 180 days	-	-	5,095	**5,095**	-	-	1,007	**1,007**
Gross Balance 31.12.2018	**3,034**	**5,513**	**7,043**	**15,590**	**827**	**427**	**1,281**	**2,535**
ECL allowance	(36)	(208)	(2,720)	**(2,964)**	(14)	(80)	(1,023)	**(1,117)**
Net carrying amount as at 31.12.2018	**2,998**	**5,305**	**4,323**	**12,626**	**813**	**347**	**258**	**1,418**

	Credit cards				Small Business Lending			
As at 31 December 2018	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Current	397	2	-	**399**	338	467	144	**949**
1-30 days	39	1	-	**40**	14	165	68	**247**
31-60 days	-	6	-	**6**	-	16	14	**30**
61-90 days	-	3	-	**3**	-	7	10	**17**
91-180 days	-	-	27	**27**	-	-	38	**38**
Past due over 180 days	-	-	123	**123**	-	-	1,662	**1,662**
Gross Balance 31.12.2018	**436**	**12**	**150**	**598**	**352**	**655**	**1,936**	**2,943**
ECL allowance	(5)	(1)	(150)	**(156)**	(3)	(77)	(1,426)	**(1,506)**
Net carrying amount as at 31.12.2018	**431**	**11**	**-**	**442**	**349**	**578**	**510**	**1,437**

	Large				SMEs			
As at 31 December 2018	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Current	8,018	188	859	**9,065**	1,962	165	344	**2,471**
1-30 days	368	162	420	**950**	114	44	142	**300**
31-60 days	-	14	52	**66**	-	3	29	**32**
61-90 days	-	13	215	**228**	-	12	22	**34**
91-180 days	-	-	34	**34**	-	-	28	**28**
Past due over 180 days	-	-	1,061	**1,061**	-	-	1,496	**1,496**
Gross Balance 31.12.2018	**8,386**	**377**	**2,641**	**11,404**	**2,076**	**224**	**2,061**	**4,361**
ECL allowance	(62)	(31)	(1,704)	**(1,797)**	(18)	(20)	(1,275)	**(1,313)**
Net carrying amount as at 31.12.2018	**8,324**	**346**	**937**	**9,607**	**2,058**	**204**	**786**	**3,048**

	Public Sector				Total Loans			
As at 31 December 2018	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Current	345	8	51	**404**	14,743	5,624	2,337	**22,704**
1-30 days	4	1	2	**7**	717	1,227	994	**2,938**
31-60 days	-	-	-	**-**	-	243	399	**642**
61-90 days	-	-	8	**8**	-	123	481	**604**
91-180 days	-	-	-	**-**	-	-	518	**518**
Past due over 180 days	-	-	32	**32**	-	-	10,476	**10,476**
Gross Balance 31.12.2018	**349**	**9**	**93**	**451**	**15,460**	**7,217**	**15,205**	**37,882**
ECL allowance	(3)	-	(56)	**(59)**	**(141)**	**(417)**	**(8,354)**	**(8,912)**
Net carrying amount as at 31.12.2018	**346**	**9**	**37**	**392**	**15,319**	**6,800**	**6,851**	**28,970**

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Loans and advances to customers

As at 31 December 2017	Non impaired: Neither past due nor impaired [1]	Non impaired: Past due but not impaired	Impaired: Individual	Impaired: Collective	Total before allowance	Allowance for impairment: Individual	Allowance for impairment: Collective	Total Allowance for impairment	Total	Value of collateral
Retail Lending	**11,013**	**1,994**	**303**	**10,282**	**23,592**	**(180)**	**(5,534)**	**(5,714)**	**17,878**	**15,946**
Mortgages	8,377	1,506	-	6,373	16,256	-	(2,402)	(2,402)	13,854	13,633
Consumer loans	1,322	235	3	1,593	3,153	(2)	(1,359)	(1,361)	1,792	383
Credit cards	418	59	-	280	757	-	(275)	(275)	482	-
Small Business Lending	896	194	300	2,036	3,426	(178)	(1,498)	(1,676)	1,750	1,930
Corporate Lending	**10,073**	**387**	**5,270**	**555**	**16,285**	**(3,415)**	**(791)**	**(4,206)**	**12,079**	**7,448**
Large	8,031	216	3,214	113	11,574	(2,090)	(451)	(2,541)	9,033	4,808
SMEs	2,042	171	2,056	442	4,711	(1,325)	(340)	(1,665)	3,046	2,640
Public Sector Lending	**6,132**	**141**	**82**	**6**	**6,361**	**(61)**	**(9)**	**(70)**	**6,291**	**109**
Greece	6,063	141	82	6	6,292	(61)	(9)	(70)	6,222	109
Other countries	69	-	-	-	69	-	-	-	69	-
Total	**27,218**	**2,522**	**5,655**	**10,843**	**46,238**	**(3,656)**	**(6,334)**	**(9,990)**	**36,248**	**23,503**

[1] *Loans of €683 million are included in neither past due nor impaired on the basis that they are loans guaranteed by the Hellenic Republic*

Credit quality of loans and advances to customers neither past due nor impaired

As at 31 December 2017	Strong	Satisfactory risk	Watch list	Total neither past due nor impaired	Value of Collateral
Retail Lending	**6,929**	**3,787**	**297**	**11,013**	**8,319**
Mortgages	5,652	2,716	9	8,377	7,557
Consumer loans	859	463	-	1,322	160
Credit cards	418	-	-	418	-
Small Business Lending	-	608	288	896	602
Corporate Lending	**3,117**	**5,519**	**1,437**	**10,073**	**4,135**
Large	2,549	4,161	1,321	8,031	3,045
SMEs	568	1,358	116	2,042	1,090
Public Sector lending	**13**	**6,075**	**44**	**6,132**	**58**
Greece	13	6,006	44	6,063	58
Other countries	-	69	-	69	-
Total	**10,059**	**15,381**	**1,778**	**27,218**	**12,512**

Ageing analysis of loans and advances to customers past due but not impaired

As at 31 December 2017	Retail Lending: Mortgages	Retail Lending: Consumer loans	Retail Lending: Credit cards	Retail Lending: Small Business Lending	Corporate Lending: Large	Corporate Lending: SMEs	Public Sector Lending: Greece	Total Past due but not impaired
1-30 days	922	123	47	172	178	115	139	1,696
31-60 days	365	50	8	16	6	30	-	475
61-90 days	219	30	4	5	18	5	-	281
91-180 days	-	1	-	-	-	3	-	4
Past due over 180 days	-	31	-	1	14	18	2	66
Total	**1,506**	**235**	**59**	**194**	**216**	**171**	**141**	**2,522**
Fair value of collateral	1,319	45	-	119	168	133	5	1,789

Ageing analysis of impaired loans and advances to customers net of allowance for impairment by product line

As at 31 December 2017	Retail Lending: Mortgages	Retail Lending: Consumer loans	Retail Lending: Credit cards	Retail Lending: Small Business Lending	Corporate Lending: Large	Corporate Lending: SMEs	Public Sector Lending: Greece	Total
Performing	564	102	-	150	530	211	16	1,573
1-30 days	120	12	-	21	67	17	2	239
31-60 days	66	7	-	6	4	20	-	103
61-90 days	45	3	-	6	50	7	-	111
91-180 days	285	16	5	21	1	17	-	345
Past due over 180 days	3,015	121	4	494	383	592	6	4,615
Total	**4,095**	**261**	**9**	**698**	**1,035**	**864**	**24**	**6,986**
Fair value of collateral	4,757	178	-	1,209	1,595	1,417	46	9,202

Movement in impaired loans and advances to customers by product line

	Retail Lending				Corporate Lending		Public Sector Lending	Total
31 December 2017	**Mortgages**	**Consumer loans**	**Credit cards**	**Small Business Lending**	**Large**	**SMEs**	**Greece**	
Gross balance as at 1.1.2017	**6,473**	**2,253**	**450**	**2,665**	**3,532**	**2,576**	**85**	**18,034**
New impaired loans	796	146	22	85	395	83	11	1,538
Transferred to non-impaired	(799)	(215)	(26)	(84)	(88)	(3)	-	(1,215)
Repayment*	(74)	(44)	-	(54)	(117)	(94)	(3)	(386)
Write offs	(23)	(544)	(166)	(276)	(334)	(64)	(5)	(1,412)
Sale / disposal	-	-	-	-	(60)	-	-	(60)
Exchange differences	-	-	-	-	(1)	-	-	(1)
Gross balance as at 31.12.2017	**6,373**	**1,596**	**280**	**2,336**	**3,327**	**2,498**	**88**	**16,498**
Impairment allowance	(2,278)	(1,335)	(271)	(1,638)	(2,292)	(1,634)	(64)	(9,512)
Net balance as at 31.12.2017	**4,095**	**261**	**9**	**698**	**1,035**	**864**	**24**	**6,986**

** Relates to impaired exposures at the beginning of the year*

4.2.10 Interest income on loans and advances to customers

Interest income from loans and advances to customers - Group

	31.12.2018		
	Not Credit Impaired Loans	Credit Impaired Loans	Total interest income
Retail Lending	399	202	601
Corporate Lending	491	126	617
Public sector Lending	1	-	1
Total interest income	**891**	**328**	**1,219**

	31.12.2017		
	Interest income excl. unwinding	Unwinding of discount	Total interest income
Retail Lending	572	120	692
Corporate Lending	747	7	754
Public sector Lending	174	-	174
Total interest income	**1,493**	**127**	**1,620**

Interest income from loans and advances to customers - Bank

	31.12.2018		
	Not Credit Impaired Loans	Credit Impaired Loans	Total interest income
Retail lending	343	201	544
Corporate Lending	466	115	581
Public sector Lending	1	-	1
Total interest income	**810**	**316**	**1,126**

	31.12.2017		
	Interest income excl. unwinding	Unwinding of discount	Total interest income
Retail lending	510	127	637
Corporate Lending	693	18	711
Public sector Lending	174	-	174
Total interest income	**1,377**	**145**	**1,522**

4.2.11 Forbearance

Forbearance measures occur in situations in which the borrower is considered to be unable to meet the terms and conditions of the contract due to financial difficulties. Taking into consideration these difficulties, the Bank decides to modify the terms and conditions of the contract to provide the borrower the ability to service the debt or refinance the contract, either totally or partially.

The main restructuring program applied to the mortgage and secured consumer loans' portfolio is the "Split & Freeze" program, a split-balance type product. Its main characteristic is the separation of total debt in two parts: "Split" and "Freeze" amount. The split amount is repaid in monthly instalments (principal plus interest) while the freeze amount, which ranges from 20% to 60% of the total debt according to the borrower's affordability, is amortized after remaining frozen for up to 15 years. During the "frozen" period, an annual write off of 4% of the initial freeze amount takes place (under certain conditions of repayment).

Furthermore, in order to settle debt without collateral arising from consumer credit products and credit cards, the "Split & Settle" program, a new split-balance type program has been offered since September 2018. Its main characteristic is the separation of total debt in two parts: the amount to be repaid (Split), which is amortized in monthly instalments (principal plus interest) and the amount

to be potentially forgiven (Settle), which remains interest-free. The conventional debt forgiveness occurs one month after the end of the repayment period, only if the Split amount is totally repaid.

An additional product offered especially for SB loans is the Fast Capital Repayment. It offers a 5-year grace period, whereby the capital is paid on a monthly or quarterly basis with possibility of fractional payment ranging from 30% to 70% according to the borrower's affordability. The interest is calculated semi-annually and is forgiven up to 100% if the customer remains current in his capital instalment payments. Those programs also offer a reduction on the off-balance sheet interest. Besides, the aforementioned new "Split & Settle" program is offered for the restructuring of SB loans (sole entrepreneurs/ professionals), since August 2018.

Finally, another forbearance program applied in the Retail portfolio (mortgages, consumer loans, credit cards, SBL) offers extension of the loan term combined with a reduction of the instalment through fractional payment scheme for up to 72 months, whereby the customer pays a proportion, ranging from 35% to 80% of the full instalment due.

For Corporate loans, the types of forbearance measures usually include a mix of tailor made solutions to cover current conditions and the borrower's projected cash flows.

The Bank's Credit Policy for both Retail and Corporate portfolios provides clear instructions and guidelines regarding the full range of forbearance products offered to customers, the requirements to be filled for the participation in the said product, the handling and monitoring of restructured loans after approval and until the stage of termination of the loan contract. The approval rights of the Credit Committees are also described in the Bank's Credit Policy.

Forborne loans are separately managed and monitored by Management. For example, re-default trends are closely monitored and analysed in order to identify their drivers. In certain cases, monitoring and assessment of the payment history of modified loans can lead to a modification of the forbearance policy.

Forbearance measures do not lead to derecognition unless changes to the original contractual terms, result in a substantially different loan i.e. the loan is altered in a manner that the terms under the modified contract are substantially different from those under the original contract.

The type of forbearance measures extended are summarized in the following table:

Forborne Loans and Advances to Customers by Type of Forbearance Measure

	Group		Bank	
Forbearance measures:	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Reduced payment schedule	2,182	3,609	2,177	3,375
Hybrid modifications	993	504	993	476
Term extension	2,097	2,475	1,853	2,421
Interest only schedule	146	280	142	277
Other type of forbearance measures	477	369	471	327
Total net amount	**5,895**	**7,237**	**5,636**	**6,876**

Credit Quality of Forborne Loans - 2018

	Group			Bank		
As at December 2018	Loans and advances to customers	Forborne loans	% of forborne loans	Loans and advances to customers	Forborne loans	% of forborne loans
Stage 1	15,883	-	0%	15,460	-	0%
Stage 2	7,457	2,570	34%	7,217	2,507	35%
Credit impaired	16,127	6,605	41%	15,205	6,354	42%
Exposure before impairment	**39,467**	**9,175**	**23%**	**37,882**	**8,861**	**23%**
ECL allowance - Individual	(2,920)	(1,235)	42%	(2,600)	(1,205)	46%
ECL allowance - Collective	(6,546)	(2,045)	31%	(6,312)	(2,020)	32%
Total net amount	**30,001**	**5,895**	**20%**	**28,970**	**5,636**	**19%**
Value of collateral	24,632	6,173	25%	22,808	5,926	26%

As at 31 December 2018, credit-impaired loans and advances to customers subject to forbearance measures include loans with delays less than 90 days.

	Group	Bank
Mortgages	1,594	1,594
Consumer loans	177	177
Small Business Lending	229	229
Corporate Lending	1,914	1,822
Total	**3,914**	**3,822**

Credit Quality of Forborne Loans -2017

As at December 2017	Group: Loans and advances to customers	Group: Forborne loans	Group: % of forborne loans	Bank: Loans and advances to customers	Bank: Forborne loans	Bank: % of forborne loans
Neither past due nor impaired	27,872	2,882	10%	27,218	2,857	10%
Past due but not impaired	2,895	985	34%	2,522	934	37%
Impaired	17,413	6,244	36%	16,498	5,914	36%
Total before allowance for impairment	**48,180**	**10,111**	**21%**	**46,238**	**9,705**	**21%**
Allowance for impairment- Individual	(3,851)	(1,517)	39%	(3,656)	(1,475)	40%
Allowance for impairment-Collective	(6,388)	(1,357)	21%	(6,334)	(1,354)	21%
Total	**37,941**	**7,237**	**19%**	**36,248**	**6,876**	**19%**
Collateral received	25,470	6,611	26%	23,503	6,437	27%

As at 31 December 2017, impaired loans and advances to customers subject to forbearance measures include loans with delays less than 90 days.

	Group	Bank
Mortgages	909	900
Consumer loans	137	136
Small Business Lending	257	251
Corporate Lending	1,988	1,836
Total	**3,291**	**3,123**

Movement in Forborne Loans net of allowance for impairment

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Opening balances	**6,338**	**7,800**	**6,052**	**7,280**
New forborne assets	596	807	548	741
Interest income	263	201	261	196
Repayments	(498)	(415)	(426)	(336)
Exposures that exited forbearance status	(550)	(853)	(547)	(832)
Write - offs	(133)	(41)	(133)	(40)
Impairment charge for credit losses	(121)	(130)	(119)	(133)
Reclassified as held for sale	-	(94)	-	-
Exchange differences	-	(38)	-	-
Closing balance	**5,895**	**7,237**	**5,636**	**6,876**

The amounts reported in the "Reclassified as held for sale" line item are based on the carrying amount of the respective items as of 1 January. For more information (see Note 29).

Forborne Loans net of allowance for impairment by Product Line

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Retail Lending	**4,493**	**5,601**	**4,484**	**5,566**
Mortgages	3,704	4,396	3,704	4,379
Consumer loans	399	730	399	727
Small Business Lending	390	475	381	460
Corporate Lending	**1,369**	**1,604**	**1,119**	**1,278**
Large	954	1,019	799	894
SMEs	415	585	320	384
Public Sector Lending	**33**	**32**	**33**	**32**
Total net amount	**5,895**	**7,237**	**5,636**	**6,876**

Forborne Loans net of allowance for impairment by Geographical Region

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Greece	5,880	7,087	5,636	6,874
SEE	15	39	-	2
Other countries	-	111	-	-
Total net amount	**5,895**	**7,237**	**5,636**	**6,876**

4.2.12 Repossessed collateral

As at 31 December 2018, repossessed collateral amounted to €247 million (2017: €213 million). The corresponding figures for the Bank are €201 million (2017: €85 million). During 2018, the Group obtained assets by taking possession of collateral held as security of €130 million (2017: €53 million). The corresponding figures for the Bank are €122 million (2017: €12 million).

Almost all repossessed assets relate to properties. Repossessed properties are sold as soon as practicable. Repossessed assets are classified in the Statement of Financial Position within other assets, except for those properties that are held for capital appreciation or rental income, which are classified within Investment Property.

4.2.13 Credit risk concentration of loans and advances to customers and credit commitments

The geographical and industry sector concentration of the Group's and Bank's loans and advances to customers and credit commitments is summarised in the following tables:

Loans and advances to customers, Credit impaired loans and ECL allowance by Product Line, Industry and Geographical Region – Group

As at 31 December 2018	Greece			South East			Other countries			Total		
	Gross	Credit impaired	ECL allowance	Gross	Credit impaired	ECL allowance	Gross	Credit impaired	ECL allowance	Gross	Credit impaired	ECL allowance
Retail lending	**21,770**	**10,465**	**(5,784)**	**818**	**50**	**(37)**	**55**	**55**	**(26)**	**22,643**	**10,570**	**(5,847)**
Mortgage	15,590	7,044	(2,962)	172	5	(2)	33	33	(14)	15,795	7,082	(2,978)
Consumer	2,549	1,281	(1,117)	520	39	(30)	18	18	(10)	3,087	1,338	(1,157)
Credit cards	598	149	(157)	67	4	(3)	3	3	(2)	668	156	(162)
Other (incl. SBL)	3,033	1,991	(1,548)	59	2	(2)	1	1	-	3,093	1,994	(1,550)
Corporate lending	**15,474**	**4,924**	**(3,217)**	**510**	**223**	**(139)**	**388**	**317**	**(204)**	**16,372**	**5,464**	**(3,560)**
Industry & mining	3,413	1,440	(888)	162	40	(24)	35	22	(18)	3,610	1,502	(930)
Trade and services (excl. tourism)	3,982	1,568	(1,073)	37	26	(18)	132	108	(87)	4,151	1,702	(1,178)
Construction and real estate development	1,751	538	(391)	173	96	(70)	108	108	(50)	2,032	742	(511)
Energy	1,875	32	(44)	54	26	(6)	16	12	(10)	1,945	70	(60)
Tourism	1,078	339	(159)	33	22	(11)	12	12	(6)	1,123	373	(176)
Shipping	1,888	373	(209)	-	-	-	-	-	-	1,888	373	(209)
Transportation and telecommunications	721	387	(283)	9	2	(2)	18	5	(4)	748	394	(289)
Other	766	247	(170)	42	11	(8)	67	50	(29)	875	308	(207)
Public sector	**393**	**93**	**(59)**	**-**	**-**	**-**	**59**	**-**	**-**	**452**	**93**	**(59)**
Total	**37,637**	**15,482**	**(9,060)**	**1,328**	**273**	**(176)**	**502**	**372**	**(230)**	**39,467**	**16,127**	**(9,466)**

Loans and advances to customers, Impaired loans and allowance for impairment by Product Line, Industry and Geographical Region – Group

As at 31 December 2017	Greece			South East			Other countries			Total		
	Gross	Impaired	Allowance	Gross	Impaired	Allowance	Gross	Impaired	Allowance	Gross	Impaired	Allowance
Retail lending	**23,692**	**10,647**	**(5,756)**	**759**	**49**	**(34)**	**127**	**75**	**(21)**	**24,578**	**10,771**	**(5,811)**
Mortgage	16,255	6,373	(2,403)	159	5	(1)	77	49	(7)	16,491	6,427	(2,411)
Consumer	3,158	1,595	(1,361)	483	34	(27)	45	22	(12)	3,686	1,651	(1,400)
Credit cards	758	280	(275)	67	4	(4)	4	3	(2)	829	287	(281)
Other (incl. SBL)	3,521	2,399	(1,717)	50	6	(2)	1	1	-	3,572	2,406	(1,719)
Corporate lending	**15,968**	**5,933**	**(4,037)**	**514**	**251**	**(143)**	**758**	**370**	**(178)**	**17,240**	**6,554**	**(4,358)**
Industry & mining	3,571	1,653	(1,105)	193	57	(30)	94	26	(20)	3,858	1,736	(1,155)
Trade and services (excl. tourism)	3,896	1,832	(1,157)	(11)	27	(23)	143	132	(79)	4,028	1,991	(1,259)
Construction and real estate development	1,731	646	(521)	193	132	(71)	205	141	(37)	2,129	919	(629)
Energy	1,964	34	(34)	51	1	(1)	8	1	-	2,023	36	(35)
Tourism	1,030	415	(209)	35	20	(11)	14	7	(6)	1,079	442	(226)
Shipping	2,029	581	(380)	-	-	-	1	1	(1)	2,030	582	(381)
Transportation and telecommunications	847	453	(365)	13	4	(3)	41	14	(7)	901	471	(375)
Other	900	319	(266)	40	10	(4)	252	48	(28)	1,192	377	(298)
Public sector	**6,293**	**88**	**(70)**	**-**	**-**	**-**	**69**	**-**	**-**	**6,362**	**88**	**(70)**
Total	**45,953**	**16,668**	**(9,863)**	**1,273**	**300**	**(177)**	**954**	**445**	**(199)**	**48,180**	**17,413**	**(10,239)**

Loans and advances to customers, Credit impaired loans and ECL allowance by Product Line, Industry and Geographical Region – Bank

As at 31 December 2018	Greece			South East			Other countries			Total		
	Gross	Credit impaired	ECL allowance	Gross	Credit impaired	ECL allowance	Gross	Credit impaired	ECL allowance	Gross	Credit impaired	ECL allowance
Retail lending	**21,666**	**10,410**	**(5,743)**	**-**	**-**	**-**	**-**	**-**	**-**	**21,666**	**10,410**	**(5,743)**
Mortgage	15,590	7,043	(2,964)	-	-	-	-	-	-	15,590	7,043	(2,964)
Consumer	2,535	1,281	(1,117)	-	-	-	-	-	-	2,535	1,281	(1,117)
Credit cards	598	150	(156)	-	-	-	-	-	-	598	150	(156)
Other (incl. SBL)	2,943	1,936	(1,506)	-	-	-	-	-	-	2,943	1,936	(1,506)
Corporate lending	**15,457**	**4,572**	**(3,025)**	**128**	**128**	**(77)**	**180**	**2**	**(8)**	**15,765**	**4,702**	**(3,110)**
Industry & mining	3,149	1,370	(877)	-	-	-	13	-	(1)	3,162	1,370	(878)
Trade and services (excl. tourism)	4,396	1,313	(902)	8	8	(8)	124	-	(5)	4,528	1,321	(915)
Construction and real estate development	1,685	528	(385)	97	97	(63)	-	-	-	1,782	625	(448)
Energy	1,856	31	(43)	15	15	(2)	4	-	-	1,875	46	(45)
Tourism	1,059	338	(159)	8	8	(4)	-	-	-	1,067	346	(163)
Shipping	1,888	373	(209)	-	-	-	-	-	-	1,888	373	(209)
Transportation and telecommunications	719	386	(283)	-	-	-	14	-	-	733	386	(283)
Other	705	233	(167)	-	-	-	25	2	(2)	730	235	(169)
Public sector	**393**	**93**	**(59)**	**-**	**-**	**-**	**58**	**-**	**-**	**451**	**93**	**(59)**
Total	**37,516**	**15,075**	**(8,827)**	**128**	**128**	**(77)**	**238**	**2**	**(8)**	**37,882**	**15,205**	**(8,912)**

Loans and advances to customers, Impaired loans and allowance for impairment by Product Line, Industry and Geographical Region –Bank

As at 31 December 2017	Greece			South East			Other countries			Total		
	Gross	Impaired	Allowance	Gross	Impaired	Allowance	Gross	Impaired	Allowance	Gross	Impaired	Allowance
Retail Lending	**23,577**	**10,584**	**(5,713)**	**-**	**-**	**-**	**15**	**1**	**(1)**	**23,592**	**10,585**	**(5,714)**
Mortgages	16,256	6,373	(2,402)	-	-	-	-	-	-	16,256	6,373	(2,402)
Consumer loans	3,138	1,595	(1,361)	-	-	-	15	1	(1)	3,153	1,596	(1,362)
Credit cards	757	280	(275)	-	-	-	-	-	-	757	280	(275)
Small Business Lending	3,426	2,336	(1,675)	-	-	-	-	-	-	3,426	2,336	(1,675)
Corporate lending	**15,852**	**5,583**	**(4,032)**	**147**	**118**	**(76)**	**286**	**124**	**(98)**	**16,285**	**5,825**	**(4,206)**
Industry & mining	3,358	1,573	(1,091)	23	-	-	60	1	(1)	3,441	1,574	(1,092)
Trade and services (excl. tourism)	4,185	1,596	(1,271)	8	8	(8)	15	2	(2)	4,208	1,606	(1,281)
Construction and real estate development	1,635	632	(516)	101	100	(65)	25	1	-	1,761	733	(581)
Energy	1,947	34	(34)	-	1	-	18	-	-	1,965	35	(34)
Tourism	1,009	415	(209)	10	9	(3)	1	1	(1)	1,020	425	(213)
Shipping	2,029	581	(380)	-	-	-	1	1	(1)	2,030	582	(381)
Transportation and telecommunications	843	453	(365)	-	-	-	17	-	-	860	453	(365)
Other	846	299	(166)	5	-	-	149	118	(93)	1,000	417	(259)
Public sector	**6,292**	**88**	**(70)**	**-**	**-**	**-**	**69**	**-**	**-**	**6,361**	**88**	**(70)**
Total	**45,721**	**16,255**	**(9,815)**	**147**	**118**	**(76)**	**370**	**125**	**(99)**	**46,238**	**16,498**	**(9,990)**

4.2.14 Debt securities

The table below presents the movement of expected credit losses during 2018, for the Group & the Bank:

Expected Credit Losses Movement - Group & Bank

	Securities measured at amortised cost		Securities measured at fair value through other comprehensive income	
	Stage 1	Stage 2	Stage 1	Stage 2
Balance at 1 January	3	110	4	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Net remeasurement of loss allowance	(1)	(35)	-	-
Impairment losses on new assets	-	-	4	-
Balance at 31 December	**2**	**75**	**8**	**-**

The tables below present an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at 31 December 2018 and 2017, based on the lower rating between Moody's and S&P ratings expressed in Moody's equivalent:

Ratings – Group

As at 31 December 2018	Securities measured at fair value through Profit or Loss	Securities measured at fair value though other comprehensive income	Securities measured at amortised cost	Total
Aaa	3	-	-	**3**
Aa1 to A3	318	27	-	**345**
Baa1 to Ba3	67	933	619	**1,619**
Lower than Ba3	668	1,424	1,248	**3,340**
Of which: Greek sovereign debt	650	1,406	1,237	**3,293**
Unrated	1	57	5	**63**
Total	**1,057**	**2,441**	**1,872**	**5,370**

As at 31 December 2017	Trading securities	Available for sale portfolio	Held to maturity	Loans-and-receivables	Total
Aaa	3	-	-	-	**3**
Aa1 to A3	204	226	-	977	**1,407**
Baa1 to Ba3	92	262	386	-	**740**
Lower than Ba3	1,426	279	310	1,243	**3,258**
Of which: Greek sovereign debt	*1,378*	*225*	*252*	*1,106*	***2,961***
Unrated	-	-	-	2	**2**
Total	**1,725**	**767**	**696**	**2,222**	**5,410**

Ratings – Bank

As at 31 December 2018	Securities measured at fair value through Profit or Loss	Securities measured at fair value though other comprehensive income	Securities measured at amortised cost	Total
Aaa	3	-	-	**3**
Aa1 to A3	318	27	-	**345**
Baa1 to Ba3	67	852	500	**1,419**
Lower than Ba3	668	1,424	1,248	**3,340**
Of which: Greek sovereign debt	*650*	*1,406*	*1,237*	***3,293***
Unrated	1	57	5	**63**
Total	**1,057**	**2,360**	**1,753**	**5,170**

As at 31 December 2017	Trading securities	Available for sale	Held to maturity	Loans-and-receivables	Total
Aaa	3	-	-	-	**3**
Aa1 to A3	204	226	-	977	**1,407**
Baa1 to Ba3	92	78	385	-	**555**
Lower than Ba3	1,426	279	296	1,120	**3,121**
Of which: Greek sovereign debt	*1,378*	*225*	*252*	*1,106*	***2,961***
Unrated	-	-	-	2	**2**
Total	**1,725**	**583**	**681**	**2,099**	**5,088**

During 2018, Hellenic Republic has been upgraded by one notch from Moody's and S&P rating agencies.

Specifically, Hellenic Republic has been upgraded by Moody's to B3 from Caa2 and by S&P to B from B-.

4.3 Market risk

Market risk is the current or prospective risk to earnings and capital arising from adverse movements in interest rates, equity and commodity prices and exchange rates, and their levels of volatility. The Group engages in moderate trading activities in order to enhance profitability and service its clientele. These trading activities create market risk, which the Group seeks to identify, estimate, monitor and manage effectively through a framework of principles, measurement processes and a valid set of limits that apply to all of the Group's transactions. The most significant types of market risk for the Group are interest rate, equity and foreign exchange risk.

Interest rate risk is the risk arising from fluctuations of interest rates and/or their implied volatility. A principal source of interest rate risk exposure arises from the interest rate, over-the-counter (OTC) and exchange traded derivative transactions, as well as from the trading and the held to collect and sell (HTCS) bond portfolios.

The most significant contributor to market risk in the Group is the Bank. More specifically, the Bank is active in the interest rate and cross currency swap market and engages in vanilla and more sophisticated transactions for hedging and proprietary trading purposes and it maintains positions in bond and interest rate futures, mainly as a means of hedging and to a lesser extent for speculative purposes. Additionally, the Bank retains a portfolio of, Greek T-Bills and government bonds and other EU sovereign debt, EFSF bonds, as well as moderate positions in Greek and international corporate bonds.

Equity risk is the risk arising from fluctuations of equity prices or equity indices and/or their implied volatility. The Group holds a limited portfolio of stocks, the majority of which are traded on the Athens Exchange (the "ATHEX") and retains positions in stock and equity index derivatives traded on the ATHEX, as well as, on international exchanges. The cash portfolio comprises of trading (i.e. short-term) and held to collect and sell (i.e. long-term) positions. The portfolio of equity derivatives is used for proprietary trading, as well as, for the hedging of equity risk arising from the Group's cash position and equity-linked products offered to its clientele. In the same context and to a lesser extent, the Group enters into OTC equity derivative transactions for trading and hedging purposes.

Foreign exchange risk is the risk arising from fluctuations of foreign exchange rates and/or their implied volatility. The Open Currency Position ("OCP") of the Bank primarily arises from foreign exchange spot and forward transactions. The OCP is distinguished between Trading and Structural. The Structural OCP contains all of the Bank's assets and liabilities in foreign currency (for example loans, deposits, etc.), along with the foreign exchange transactions performed by the Treasury Division. Apart from the Bank, the foreign exchange risk undertaken by the rest of the Group's subsidiaries is insignificant.

The Group trades in all major currencies, holding mainly short-term positions for trading purposes and for servicing its institutional/corporate, domestic and international clientele. According to the Bank's policy, the OCP should remain within the limits set by the Treasury Division and the GFLRMD at the end of each trading day. The same policy applies to all of the Group's subsidiaries.

4.3.1 Market risk on trading and HTCS portfolios - Value-at-Risk (“VaR”)

The Bank uses market risk models and specific processes to assess and quantify the portfolio market risk, based on best practice and industry-wide accepted risk metrics. More specifically, the Bank estimates the market risk of its trading and held to collect and sell portfolios using the VaR methodology. This has been implemented in NBG’s risk platform which is RiskWatch by Algorithmics (currently IBM). In particular, the Bank has adopted the variance-covariance (VCV) methodology, with a 99% confidence interval and a 1-day holding period. The VaR is calculated on a daily basis for the Bank’s trading and HTCS portfolios, along with the VaR per risk type (interest rate, equity and foreign exchange risk). The VaR estimates are used internally as a risk management tool, as well as for regulatory purposes. The GFLRMD calculates the VaR of the Bank’s trading and HTCS portfolios, for internal use, on a daily basis, using the latest 75 exponentially weighted daily observations to construct the VCV matrices. For regulatory purposes, the calculations apply only on the trading portfolio and the VCV matrices are based on 252, equally weighted, daily observations. The risk factors relevant to the financial products in the Bank’s portfolio are interest rates, equity indices, foreign exchange rates and commodity prices. Currently the number of risk factors involved in the VaR calculations is 1,435. Additionally, the GFLRMD calculates the stressed VaR (sVaR) of the Bank’s trading portfolio, which is defined as the VaR, where model inputs are calibrated to historical data from a continuous 1-year period of significant financial stress, relevant to the Bank’s portfolio. The relevant VCV matrices are identified over a period starting on January 2008. Similarly to VaR, NBG calculates sVaR on a daily basis, using a 1-day holding period and 99% confidence level.

The Bank has also established a framework of VaR limits in order to control and manage the risks to which it is exposed in a more efficient way. These limits are based on the Bank’s Risk Appetite, as outlined in the Risk Appetite Framework (“RAF”), the anticipated profitability of the Treasury, as well as on the level of the Bank’s own funds (capital budgeting), in the context of the Group strategy. The VaR limits refer not only to specific types of market risk, such as interest rate, foreign exchange and equity, but also to the overall market risk of the Bank’s trading and held to collect and sell portfolios, taking into account the respective diversification between portfolios. Moreover, the same set of limits are used to monitor and manage risk levels on the regulatory trading book, on an overall basis and per risk type, since this is the aggregation level relevant for the calculation of the own funds requirements for Market Risk, under the Internal Model Approach (IMA).

The operation of the market risk management unit as a whole, including the VaR calculation framework, have been thoroughly reviewed and approved by the Bank of Greece. Also, the Internal Audit assesses the effectiveness of the relevant internal controls on a regular basis. Moreover, the adequacy of the market risk management framework as well as the appropriateness of the VaR model used for the calculation of the Bank’s capital requirements, were successfully reassessed by the Single Supervisory Mechanism (“SSM”) during the on-site investigation in the context of the “Targeted Review of Internal Models” (“TRIM”), that took place in the last quarter of 2017. The final assessment report of the TRIM contained no major findings and most of the findings reported were of the lowest severity. The successful completion of the TRIM assured the use of the Bank’s internal model for the calculation of own funds requirements for market risk.

The following tables reflect the VAR of the Bank (99%, 1 day) for the years ended 31 December 2018 and 2017, respectively.

2018 (in € 000)	Total VaR	Interest Rate Risk VaR	Equity Risk VaR	Foreign Exchange Risk VaR
31 December	13,494	12,744	1,822	282
Average (daily value)	12,641	12,211	1,335	331
Max (daily value)	20,857	19,706	2,305	574
Min (daily value)	6,952	6,806	723	158

2017 (in € 000)	Total VaR	Interest Rate Risk VaR	Equity Risk VaR	Foreign Exchange Risk VaR
31 December	7,996	7,702	1,742	452
Average (daily value)	7,293	6,766	1,014	506
Max (daily value)	12,426	11,389	2,226	945
Min (daily value)	4,730	4,241	328	171

The Bank is mostly exposed to interest rate risk, which is quantified through IR VaR. The evolution of the IR VaR depends on the sensitivity of the Bank’s trading and HTCS portfolios to key risk factors, namely the euro swap rates and the respective government yields, as well as on the level of their volatilities.

The sensitivity of the Bank’s portfolios to euro swap rates followed a decreasing path during the first semester of 2018, as a result of a change in the Trading book product mix. Moreover, the sensitivity of the Bank’s trading book decreased sharply due to the deleveraging of the interest rate portfolio, in the fourth quarter of 2018.

In parallel, the volatilities to key interest rate risk factors presented moderate fluctuations until mid-May, which combined with the decreasing levels of IR sensitivity led to a moderate decrease of the IR and Total VaR. However, the political turmoil in Italy in the end of May, caused a significant increase in the volatility of the Greek sovereign yields that resulted in a corresponding sharp increase in the Bank’s IR and Total VaR estimates, reaching their highest levels in mid-June and decreasing steadily thereafter in line with the respective yield volatilities trend. Nevertheless, at the end of the third quarter, the deficit-widening budget plans of the Italian government triggered additional volatility in the financial markets. The crisis also affected the yields and the respective volatilities of the Greek government bonds, causing the IR and Total VaR to increase, due to the positions held in Italian and Greek sovereign debt in

the Bank's HTCS portfolio. The VaR estimates peaked in the beginning of October and followed a decreasing path afterwards, still above the respective estimates at the end of the previous year.

Back-testing

The Bank performs back-testing on a daily basis, in order to verify the predictive power of the VaR model. In accordance with the guidelines set out in the Capital Requirements Regulation 575/2013, the calculations only refer to the Bank's trading portfolio and involve the comparison of the hypothetical as well as the actual daily gains/losses of the portfolio, with the respective estimates of the VaR model used for regulatory purposes. The hypothetical gains/losses is the change in the value of the portfolio between days t and t+1, assuming that the portfolio remains constant between the two days. In the same context, the actual gains/losses is the change in the value of the portfolio between days t and t+1, including all transactions and/or any realized gains/losses that took place in day t+1, excluding fees, commissions and net interest income.

Any excess of the hypothetical/actual losses over the VaR estimate is reported to the regulatory authorities within no later than five business days. During 2018, there were three cases, in which the back-testing result exceeded the respective VaR calculation.

Stress Testing

The VaR model is based on certain theoretical assumptions, which do not fully capture the potential "tail events" in the markets.

To enhance the predictability of our VaR model and minimize the effect of the aforementioned limitations, NBG performs stress testing on a weekly basis. The aim of stress testing is to evaluate the gains or losses that may occur under extreme market conditions and applies on both, trading and HTCS portfolios. These scenarios are presented in the following tables:

Interest rate-related scenarios:

Scenario	Description	0-3 Months	3 Months-5 Years	>5 Years
1	Parallel Curve Shift	+200 bps	+200 bps	+200 bps
2	Parallel Curve Shift	−200 bps	−200 bps	−200 bps
3	Steepening	0 bps	+100 bps	+200 bps
4	Flattening	+200 bps	+100 bps	0 bps

Equities/Commodities scenarios:

Scenario	Description
1	-30% for all indices

Foreign exchange rate-related scenarios:

Scenario	Description
1	appreciation by 30%
2	depreciation by 30%

Additionally, the following volatility stress scenarios are defined and the trading and HTCS portfolios are assessed, on a daily basis:

Volatility scenarios:

Scenario	Description
1	± 1% on log-normal IR, EQT, FX, CMD vols or ± 1 bps on normal IR vols
2	± 5% on log-normal IR, EQT, FX, CMD vols or ± 5 bps on normal IR vols
3	± 10% on log-normal IR, EQT, FX, CMD vols or ± 10 bps on normal IR vols
4	± 0.1% on log-normal FX, CMD vols

4.3.2 Limitations of the VAR model

The VaR model is based on certain theoretical assumptions, which under extreme market conditions might not capture the maximum loss the Bank may suffer. The restrictions of this methodology are summarized as follows:

- The use of volatilities and correlations as predictive measures for the behaviour of risk factors in the future might prove insufficient in periods of intense volatility in financial markets. However, this limitation is mitigated with the calculation of the stressed VaR;
- The ten-day holding period for the VaR calculations (used for regulatory purposes and capital allocation), implies that the Bank will be able to liquidate all its trading positions within this time period. This assumption might underestimate market risk in periods of insufficient liquidity in the financial markets;
- VaR refers to the plausible loss at a 99% confidence interval, without taking into account any losses beyond that level;

- All VaR calculations are performed on a close-of-business ("COB") basis and not on an intraday basis, thus not taking into account the respective portfolio changes;
- VaR estimates rely on small changes in the level of the relevant risk factors. For bigger movements (tail events), this metric might not fully capture the impact on the value of the portfolio; and
- Returns on individual risk factors are assumed to follow a normal distribution. If this assumption does not hold, the probability of extreme market movements could be underestimated. This limitation is mitigated through the stress testing framework, analysed in the previous section.

4.3.3 Interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) is the current or prospective risk to earnings (net interest income) and capital due to adverse movements in interest rates affecting the banking book positions. Exposure to interest rate risk in the banking book arises from re-pricing mismatches between assets and liabilities. The Group's banking book consists mainly of loans and advances to customers, cash and balances with central banks, due from banks, securities measured at amortised cost and FVTOCI, due to customers, due to banks, debt securities in issue and other borrowed funds that are measured at amortised cost. The Group maintains adequate measurement, monitoring, and control functions for interest rate risk in the banking book, including:

- measurement systems of interest rate risk that capture all material sources of interest rate risk and that assess the effect of interest rate changes in ways that are consistent with the scope of the Group's activities. The Group has recently upgraded its measurement capabilities in this area, through the implementation of a new IRRBB calculation engine;
- measurement of vulnerability to loss under stressful market conditions;
- processes and information systems for measuring, monitoring, controlling, and reporting interest rate risk exposures in the banking book and
- a documented policy regarding the management of interest rate risk in the banking book.

Interest rate risk in the banking book is measured, monitored, and controlled by the Risk Management function (GFLRMD), based on the Group's established risk appetite framework. Specifically, GFLRMD calculates a number of risk metrics for the purpose of monitoring and controlling IRRBB:

- Net Interest Income (NII) sensitivity, a measure of the effect of interest rate changes to the Group's expected interest earnings. NII sensitivity measures changes to interest income under varying interest rate scenarios over a one year horizon and assuming a constant balance sheet over this period. Its main purpose is to measure the vulnerability of the Group's profitability to changing interest rates conditions and;
- Economic Value of Equity (EVE) Sensitivity, a measure of the change of the net present value of the balance sheet due to adverse interest rate changes. EVE Sensitivity is calculated on the entire balance sheet under a run-off assumption, i.e., no replenishment of matured transactions.

Both metrics are used in establishing the Group's IRRBB capital requirements.

4.3.4 Interest rate risk based on next re-pricing date

The interest rate risk for the Group and the Bank, relating to financial instruments based on next re-pricing date, is summarised as follows:

Interest re-pricing dates - Group

As at 31 December 2018	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
Assets							
Cash and balances with central banks	4,445	-	-	-	-	693	**5,138**
Due from banks	1,687	739	97	7	-	57	**2,587**
Financial assets at fair value through profit or loss	226	3,527	250	89	250	177	**4,519**
Loans and advances to customers	19,067	4,463	4,613	1,034	709	248	**30,134**
Investment securities at fair value through OCI	197	119	536	271	1,317	127	**2,567**
Investment securities at amortised cost	-	35	1,144	620	74	-	**1,873**
Other assets	11	-	3	-	-	1,511	**1,525**
Total	**25,633**	**8,883**	**6,643**	**2,021**	**2,350**	**2,813**	**48,343**
Liabilities							
Due to banks	1,846	3,233	110	2,390	85	3	**7,667**
Due to customers	30,401	2,946	5,576	2,733	1	1,370	**43,027**
Debt securities in issue & other borrowed funds	36	122	713	475	59	9	**1,414**
Other liabilities	49	-	-	-	-	739	**788**
Total	**32,332**	**6,301**	**6,399**	**5,598**	**145**	**2,121**	**52,896**
Total interest sensitivity gap	**(6,699)**	**2,582**	**244**	**(3,577)**	**2,205**	**692**	**(4,553)**

Interest re-pricing dates - Group

As at 31 December 2017	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
Assets							
Cash and balances with central banks	996	4	-	-	-	778	**1,778**
Due from banks	1,345	-	-	296	-	95	**1,736**
Financial assets at fair value through profit or loss	44	820	612	35	214	68	**1,793**
Loans and advances to customers	21,246	3,799	3,573	2,556	6,153	614	**37,941**
Investment securities - Available-for-sale	94	24	86	125	437	96	**862**
Investment securities - Held-to-maturity	-	10	-	627	59	-	**696**
Investment securities – Loans-and-receivables	-	67	-	65	2,090	-	**2,222**
Other assets	16	-	-	18	1	1,412	**1,447**
Total	**23,741**	**4,724**	**4,271**	**3,722**	**8,954**	**3,063**	**48,475**
Liabilities							
Due to banks	3,188	368	881	2,855	44	5	**7,341**
Due to customers	27,898	3,167	5,488	2,554	2	1,156	**40,265**
Debt securities in issue & other borrowed funds	29	375	302	480	-	11	**1,197**
Other liabilities	42	-	3	2	-	942	**989**
Total	**31,157**	**3,910**	**6,674**	**5,891**	**46**	**2,114**	**49,792**
Total interest sensitivity gap	**(7,416)**	**814**	**(2,403)**	**(2,169)**	**8,908**	**949**	**(1,317)**

Interest re-pricing dates - Bank

As at 31 December 2018	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
Assets							
Cash and balances with central banks	4,368	-	-	-	-	536	**4,904**
Due from banks	1,620	625	216	7	-	39	**2,507**
Financial assets at fair value through profit or loss	215	3,527	250	89	250	177	**4,508**
Loans and advances to customers	18,761	4,208	4,360	772	715	287	**29,103**
Investment securities at fair value through OCI	117	119	536	271	1,318	126	**2,487**
Investment securities at amortised cost	-	5	1,097	576	74	-	**1,752**
Other assets	-	-	-	-	-	1,408	**1,408**
Total	**25,081**	**8,484**	**6,459**	**1,715**	**2,357**	**2,573**	**46,669**
Liabilities							
Due to banks	2,140	3,281	201	2,417	85	19	**8,143**
Due to customers	30,136	2,821	5,260	2,720	-	1,312	**42,249**
Debt securities in issue & other borrowed funds	36	71	321	415	-	5	**848**
Other liabilities	-	-	-	-	-	695	**695**
Total	**32,312**	**6,173**	**5,782**	**5,552**	**85**	**2,031**	**51,935**
Total interest sensitivity gap	**(7,231)**	**2,311**	**677**	**(3,837)**	**2,272**	**542**	**(5,266)**

Interest re-pricing dates - Bank

As at 31 December 2017	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
Assets							
Cash and balances with central banks	949	4	-	-	-	538	**1,491**
Due from banks	1,246	117	-	296	-	64	**1,723**
Financial assets at fair value through profit or loss	44	819	612	35	215	48	**1,773**
Loans and advances to customers	19,740	4,281	3,475	2,414	5,911	427	**36,248**
Investment securities - Available-for-sale	4	7	18	118	437	88	**672**
Investment securities - Held-to-maturity	-	10	-	612	59	-	**681**
Investment securities - Loans-and-receivables	-	-	-	8	2,091	-	**2,099**
Other assets	-	-	-	-	1	1,330	**1,331**
Total	**21,983**	**5,238**	**4,105**	**3,483**	**8,714**	**2,495**	**46,018**
Liabilities							
Due to banks	3,399	451	887	2,855	44	37	**7,673**
Due to customers	27,279	2,983	5,032	2,468	-	1,087	**38,849**
Debt securities in issue & other borrowed funds	22	43	195	478	-	4	**742**
Other liabilities	-	-	3	-	-	820	**823**
Total	**30,700**	**3,477**	**6,117**	**5,801**	**44**	**1,948**	**48,087**
Total interest sensitivity gap	**(8,717)**	**1,761**	**(2,012)**	**(2,318)**	**8,670**	**547**	**(2,069)**

4.3.5 Foreign exchange risk

The Group's and the Bank's exposure to foreign exchange risk, before taking into consideration the effect of hedging, is presented in the following tables. As described above, at the end of day OCP has to comply with the limits set by the Treasury Division and the GFLRMD. Compliance is achieved by entering into appropriate offsetting positions. Consequently, the net exposure to each foreign currency is maintained at low levels and within the pre-approved limits.

The foreign exchange risk concentration for the Group and the Bank as at 31 December 2018 and 2017 was as follows:

Foreign exchange risk concentration - Group

As at 31 December 2018	EURO	USD	GBP	JPY	CHF	Other	Total
Assets							
Cash and balances with central banks	5,014	15	3	-	2	104	**5,138**
Due from banks	2,379	137	15	11	14	31	**2,587**
Financial assets at fair value through profit or loss	4,511	8	-	-	-	-	**4,519**
Derivative financial instruments	3,669	106	10	3	1	2	**3,791**
Loans and advances to customers	26,933	1,879	29	1	559	733	**30,134**
Securities measured at fair value though other comprehensive income	2,463	23	-	-	-	82	**2,568**
Securities measured at amortised cost	1,806	-	-	-	-	66	**1,872**
Investment property	995	-	-	-	-	21	**1,016**
Equity method investments	8	-	-	-	-	-	**8**
Goodwill, software and other intangible assets	148	-	-	-	-	2	**150**
Property and equipment	1,032	-	-	-	-	14	**1,046**
Other assets	6,956	51	8	1	2	27	**7,045**
Total assets excl. assets held-for-sale	**55,914**	**2,219**	**65**	**16**	**578**	**1,082**	**59,874**
Non-current assets held for sale	4,109	171	12	1	205	723	**5,221**
Total assets	**60,023**	**2,390**	**77**	**17**	**783**	**1,805**	**65,095**

As at 31 December 2018	EURO	USD	GBP	JPY	CHF	Other	Total
Liabilities							
Due to banks	7,542	22	9	-	93	1	**7,667**
Derivative financial instruments	1,949	161	12	2	5	2	**2,131**
Due to customers	39,466	2,027	126	1	45	1,362	**43,027**
Debt securities in issue & Other borrowed funds	1,410	-	-	-	-	4	**1,414**
Other liabilities	849	16	3	-	-	19	**887**
Retirement benefit obligations	239	-	-	-	-	-	**239**
Total liabilities excl. liabilities held-for-sale	**51,455**	**2,226**	**150**	**3**	**143**	**1,388**	**55,365**
Liabilities associated with non-current assets held for sale	3,278	105	13	-	1	695	**4,092**
Total liabilities	**54,733**	**2,331**	**163**	**3**	**144**	**2,083**	**59,457**
Net on balance sheet position	**5,290**	**59**	**(86)**	**14**	**639**	**(278)**	**5,638**

Foreign exchange risk concentration - Group

As at 31 December 2017	EURO	USD	GBP	JPY	CHF	Other	Total
Assets							
Cash and balances with central banks	1,649	22	3	-	2	102	**1,778**
Due from banks	1,463	156	28	18	29	42	**1,736**
Financial assets at FV through Profit or Loss	1,748	32	-	-	-	13	**1,793**
Derivative financial instruments	3,486	122	9	2	54	8	**3,681**
Loans and advances to customers	34,873	1,715	29	-	630	694	**37,941**
Investment securities - Available-for-sale	680	19	-	-	-	163	**862**
Investment securities - Held-to-maturity	696	-	-	-	-	-	**696**
Investment securities - Loans-and-receivables	2,221	1	-	-	-	-	**2,222**
Investment property	852	-	-	-	-	22	**874**
Equity method investments	8	-	-	-	-	-	**8**
Goodwill, software & other intangibles	130	-	-	-	-	2	**132**
Property & equipment	1,071	-	-	-	-	15	**1,086**
Other assets	6,878	31	8	1	1	30	**6,949**
Total assets excl. assets held-for-sale	**55,755**	**2,098**	**77**	**21**	**716**	**1,091**	**59,758**
Assets held-for-sale	3,920	69	4	2	205	810	**5,010**
Total assets	**59,675**	**2,167**	**81**	**23**	**921**	**1,901**	**64,768**

As at 31 December 2017	EURO	USD	GBP	JPY	CHF	Other	Total
Liabilities							
Due to banks	7,225	67	3	-	46	-	**7,341**
Derivative financial instruments	3,635	137	16	1	2	7	**3,798**
Due to customers	36,775	1,893	149	1	42	1,405	**40,265**
Debt securities in issue & Other borrowed funds	1,193	-	-	-	-	4	**1,197**
Other liabilities	949	27	2	-	-	33	**1,011**
Retirement benefit obligations	253	-	-	-	-	1	**254**
Total liabilities excl. liabilities held-for-sale	**50,030**	**2,124**	**170**	**2**	**90**	**1,450**	**53,866**
Liabilities held-for-sale	2,717	59	5	-	8	734	**3,523**
Total liabilities	**52,747**	**2,183**	**175**	**2**	**98**	**2,184**	**57,389**
Net on balance sheet position	**6,928**	**(16)**	**(94)**	**21**	**823**	**(283)**	**7,379**

Foreign exchange risk concentration - Bank

As at 31 December 2018	EURO	USD	GBP	JPY	CHF	Other	Total
Assets							
Cash and balances with central banks	4,881	14	3	-	2	4	**4,904**
Due from banks	2,366	106	11	11	3	10	**2,507**
Financial assets at fair value through profit or loss	4,500	8	-	-	-	-	**4,508**
Derivative financial instruments	3,669	106	10	3	1	2	**3,791**
Loans and advances to customers	26,622	1,893	29	1	558	-	**29,103**
Securities measured at fair value though other comprehensive income	2,463	23	-	-	-	-	**2,486**
Securities measured at amortised cost	1,753	-	-	-	-	-	**1,753**
Investments in subsidiaries	1,467	-	-	-	-	-	**1,467**
Investment property	6	-	-	-	-	-	**6**
Equity method investments	7	-	-	-	-	-	**7**
Goodwill, software and other intangible assets	147	-	-	-	-	-	**147**
Property and equipment	262	-	-	-	-	-	**262**
Other assets	6,833	51	4	1	2	3	**6,894**
Total assets excl. Non Current assets held for Sale	**54,976**	**2,201**	**57**	**16**	**566**	**19**	**57,835**
Non-current assets held for sale	1,110	73	-	1	202	66	**1,452**
Total assets	**56,086**	**2,274**	**57**	**17**	**768**	**85**	**59,287**

As at 31 December 2018	EURO	USD	GBP	JPY	CHF	Other	Total
Liabilities							
Due to banks	7,852	100	91	2	96	2	**8,143**
Derivative financial instruments	1,949	161	12	2	5	2	**2,131**
Due to customers	39,544	1,949	122	1	32	601	**42,249**
Debt securities in issue & Other borrowed funds	848	-	-	-	-	-	**848**
Other liabilities	918	10	2	-	-	-	**930**
Retirement benefit obligations	237	-	-	-	-	-	**237**
Total liabilities excl. Liabilities held for Sale	**51,348**	**2,220**	**227**	**5**	**133**	**605**	**54,538**
Liabilities associated with Non Current Assets held for Sale	6	23	1	-	-	81	**111**
Total liabilities	**51.354**	**2.243**	**228**	**5**	**133**	**686**	**54.649**
Net on balance sheet position	**4,732**	**31**	**(171)**	**12**	**635**	**(601)**	**4,638**

Foreign exchange risk concentration - Bank

As at 31 December 2017	EURO	USD	GBP	JPY	CHF	Other	Total
Assets							
Cash and balances with central banks	1,453	21	3	-	1	13	**1,491**
Due from banks	1,512	130	16	18	27	20	**1,723**
Financial assets at FV through Profit or Loss	1,728	32	-	-	-	13	**1,773**
Derivative financial instruments	3,478	122	9	2	54	8	**3,673**
Loans and advances to customers	33,942	1,638	29	-	605	34	**36,248**
Investment securities - Available-for-sale	657	15	-	-	-	-	**672**
Investment securities - Held-to-maturity	681	-	-	-	-	-	**681**
Investment securities - Loans-and-receivables	2,095	1	-	-	-	3	**2,099**
Investment in subsidiaries	1,443	-	-	-	-	-	**1,443**
Investment property	6	-	-	-	-	-	**6**
Equity method investments	7	-	-	-	-	-	**7**
Goodwill, software & other intangibles	125	-	-	-	-	-	**125**
Property & equipment	247	-	-	-	-	1	**248**
Other assets	6,735	31	4	1	1	3	**6,775**
Total assets excl. Non Current assets held for Sale	**54,109**	**1,990**	**61**	**21**	**688**	**95**	**56,964**
Non-current assets held for sale	1,188	23	-	1	197	52	**1,461**
Total assets	**55,297**	**2,013**	**61**	**22**	**885**	**147**	**58,425**

As at 31 December 2017	EURO	USD	GBP	JPY	CHF	Other	Total
Liabilities							
Due to banks	7,410	125	88	2	46	2	**7,673**
Derivative financial instruments	3,635	137	16	1	2	7	**3,798**
Due to customers	36,227	1,755	136	1	30	700	**38,849**
Debt securities in issue & Other borrowed funds	742	-	-	-	-	-	**742**
Other liabilities	872	11	1	-	-	14	**898**
Retirement benefit obligations	251	-	-	-	-	-	**251**
Total liabilities	**49,137**	**2,028**	**241**	**4**	**78**	**723**	**52,211**
Net on balance sheet position	**6,160**	**(15)**	**(180)**	**18**	**807**	**(576)**	**6,214**

4.4 Country risk

Country risk is the current or prospective risk to earnings and capital, caused by events in a particular country which are at least to some extent under the control of the government but definitely not under the control of a private enterprise or individual. The main categories of country risk consist of sovereign risk, convertibility risk and transfer risk. Sovereign risk stems from a foreign government's lack of capacity and/or willingness to repay its debt or other obligations. Convertibility and transfer risk arise when a borrower is unable to convert funds from local to foreign currency in order to repay external obligations. Therefore, country risk refers to all cross border transactions, either with a central government, or with a financial institution, a corporate or a retail client.

The on and off balance sheet items which potentially entail country risk are the following:

- participation in the equity of the Group's subsidiaries, which operate in other countries;
- interbank secured and unsecured placements and the risk that arises from OTC transactions, with financial institutions which operate abroad;
- loans to corporations or financial institutions that operate abroad, positions in corporate bonds of foreign issuers and cross-border project finance loans;
- funded and unfunded commercial transactions with foreign counterparties; and
- holdings in sovereign debt and the sale of protection through Credit Default Swaps, where the underlying reference entity is a sovereign

In this context, the GFLRMD on a daily basis monitors the country risk arising from the Bank's operations, mainly focusing on the countries of South East Europe as well as on Cyprus, Egypt and Malta, where the Group has presence. Country risk has been decreasing during the last years, as the Bank is divesting international subsidiaries in accordance with the Restructuring Plan (see Note 46) as agreed with the European Commission and presented in the restructuring plan.

4.5 Liquidity risk

4.5.1 Liquidity risk management

Liquidity risk is defined as the current or prospective risk to earnings and capital arising from the institution's inability to meet its liabilities when they come due without incurring unacceptable losses. It reflects the potential mismatch between incoming and outgoing payments, taking into account unexpected delays in repayments (term liquidity risk) or unexpectedly high outflows (withdrawal/call risk). Liquidity risk involves both the risk of unexpected increases in the cost of funding of the portfolio of assets at appropriate maturities and rates, as well as the risk of being unable to liquidate a position in a timely manner and on reasonable terms.

The Bank's executive and senior management has the responsibility to implement the liquidity risk strategy approved by the Board Risk Committee ("BRC") and to develop the policies, methodologies and procedures for identifying, measuring, monitoring and controlling liquidity risk, consistent with the nature and complexity of the relevant activities. The Bank's executive and senior management is informed about current liquidity risk exposures on a daily basis, ensuring that the Group's liquidity risk profile stays within approved levels. In addition, top management receives, on a daily basis, a liquidity report, which presents a detailed analysis of the Group's funding sources, counterbalancing capacity, cost of funding and other liquidity metrics related to the Risk Appetite Framework ("RAF"), Recovery Plan ("RP") and Contingency Funding Plan ("CFP") . Moreover, the Asset Liability Committee ("ALCO") monitors the gap in maturities between assets and liabilities as well as the Bank's funding requirements based on various assumptions, including conditions that might have an adverse impact on the Bank's ability to liquidate investments and trading positions and its ability to access the capital markets. On a long term perspective, the Loans-to-Deposits ratio is also monitored. This ratio stood at 68.9%and 70.0%, on a Bank and on a Group level, respectively, as of 31 December 2018.

Since liquidity risk management seeks to ensure that the respective risk of the Group is measured properly and is maintained within acceptable levels then, even under adverse conditions, the Group must have access to funds necessary to cover customer needs, maturing liabilities and other capital needs, while simultaneously maintaining the appropriate counterbalancing capacity to ensure the above. In addition to the Bank's liquidity buffer, the rest of the Group's subsidiaries maintain an adequate liquidity buffer, well above 10% of their total deposits, which ensures the funding self-sufficiency in case of a local crisis.

4.5.2 Sources of liquidity

The Bank's principal sources of liquidity are its deposit base, Eurosystem funding, currently via the Targeted Longer-term Refinancing Operations ("TLTRO") with ECB and repurchase agreements (repos) with major foreign Financial Institutions ("FIs"). ECB funding and repos with FIs are collateralized mainly by high quality liquid assets, such as EU sovereign bonds, Greek government bonds and T-Bills, as well as by other assets, such as highly rated corporate loans and covered bonds issued by the Bank.

After the successful disengagement from the ELA in November 2017, where NBG was the first Greek systemic bank to achieve this goal, 2018 was another milestone year for NBG's liquidity profile, since it managed to restore both Basel III liquidity metrics (LCR and NSFR) within the regulatory limits. This development clearly marks NGB's leading position in the liquidity front and ensures the ability of the Bank to fund the recovering Greek economy and contribute to a healthy balance sheet.

More specifically, on 31 December 2018, the Bank's customer deposit balance stood at €42.2 billion, a significant increase of €3.4 billion compared to the respective figure as of 31 December 2017. Notably, about half of this increase pertains to retail deposits that are considered the most stable type of customer deposits. Moreover, during the same period, the Bank managed to further decrease its reliance on ECB funding by €0.5 billion, reducing its total exposure to Eurosystem funding, through the TLTRO, to €2.25 billion, the lowest level since the beginning of the crisis. In addition, NBG's covered bond issuances received an investment grade rating, and thus are considered eligible collateral for ECB's Refinancing Operations, another major achievement and vote of confidence for the Bank.

Additionally, the net international secured financing markets continued to be open for NBG, which the Bank tapped for €3.3 billion, approximately at the same level as in 2017. Finally, the divestment of foreign subsidiaries, namely NBG Albania and SABA contributed marginally to NBG's liquidity position in the amount of €66 million.

As discussed above, both the LCR and the NSFR were significantly improved during 2018, exceeding their respective minimum regulatory thresholds for the first time. The Bank's LCR has restored in July 2018 and further increased thereafter, reaching the highest level of 128% at year end. Moreover, NSFR exceeded the minimum regulatory threshold of 100% for the first time in September and stood at 107% on 31 December 2018.

Finally, another metric that the Bank closely monitors, the Distance to ELA, increased by €5.4 billion and stood at €6.9 billion on 31 December 2018, of which €4.0 billion was deposited with the Bank of Greece, €0.9 billion was collateral eligible for funding with the ECB and circa €2 billion pertained to the unencumbered Greek Government bonds and T-Bills that could be used for secured funding with FIs, further showing NBG's improved liquidity position.

4.5.3 Contractual undiscounted cash flows

The contractual undiscounted cash outflows of the Group's and the Bank's non-derivative financial liabilities are presented in the tables below. Liquidity risk arising from derivatives is not considered significant.

Contractual undiscounted cash outflows – Group

As at 31 December 2018	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Total
Due to banks	1,885	3,213	73	2,438	88	**7,697**
Due to customers	34,153	2,821	5,634	437	54	**43,099**
Debt securities in issue & Other borrowed funds	1	-	23	876	4	**904**
Other liabilities	71	359	211	-	57	**698**
Total – on balance sheet	**36,110**	**6,393**	**5,941**	**3,751**	**203**	**52,398**
Credit commitments *	**509**	**238**	**502**	**485**	**1,326**	**3,060**

Contractual undiscounted cash outflows – Group

As at 31 December 2017	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Total
Due to banks	3,206	409	825	2,922	45	**7,407**
Due to customers	31,523	2,858	5,304	825	60	**40,570**
Debt securities in issue & Other borrowed funds	55	49	34	1,132	10	**1,280**
Other liabilities	81	560	-	1	64	**706**
Total – on balance sheet	**34,865**	**3,876**	**6,163**	**4,880**	**179**	**49,963**
Credit commitments *	**583**	**173**	**691**	**392**	**1,299**	**3,138**

Contractual undiscounted cash outflow – Bank

As at 31 December 2018	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Total
Due to banks	2,221	3,321	78	2,465	88	**8,173**
Due to customers	34,086	2,673	5,234	268	51	**42,312**
Debt securities in issue & Other borrowed funds	-	-	22	875	-	**897**
Other liabilities	6	358	209	-	56	**629**
Total – on balance sheet	**36,313**	**6,352**	**5,543**	**3,608**	**195**	**52,011**
Credit commitments *	**506**	**233**	**517**	**696**	**1,707**	**3,659**

Contractual undiscounted cash outflow – Bank

As at 31 December 2017	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Total
Due to banks	3,488	452	830	2,925	45	**7,740**
Due to customers	30,926	2,625	4,691	612	55	**38,909**
Debt securities in issue & Other borrowed funds	-	-	20	783	-	**803**
Other liabilities	2	548	211	-	59	**820**
Total – on balance sheet	**34,416**	**3,625**	**5,752**	**4,320**	**159**	**48,272**
Credit commitments *	**660**	**169**	**674**	**522**	**1,721**	**3,746**

** Commitments to extend credit at 31 December 2018 include amounts, which cannot be cancelled without certain conditions being met at any time and without notice, or for which automatic cancellation due to credit deterioration of the borrower is not allowed.Such commitments are used in the Risk Weighted Assets calculation for capital adequacy purposes under regulatory rules currently in force. The total commitments to extend credit at 31 December 2018 for the Group and the Bank amount to €6,350 million (2017: €6,474 million) and €6.027 million (2017: €6.110 million), respectively.*

Other liabilities mainly include accrued interest and commissions, payables to suppliers, amounts due to government agencies, taxes payable (other than income taxes), and accrued expense.

4.6 Insurance risk

The insurance policies issued by the Group carry a degree of risk. The risk under any insurance policy is the possibility of the insured event resulting in a claim. By the very nature of an insurance policy, risk is based on fortuity and is therefore unpredictable.

The principal risk that the Group may face under its insurance policies are that the actual claims and benefit payments or the timing thereof, may differ from expectations. This could occur because the frequency or severity of claims is greater than estimated. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behaviour, changes in public health, pandemics and catastrophic events such as earthquakes, industrial disasters, fires, riots or terrorism.

The above risk exposure is mitigated by diversification across a large portfolio of insurance policies. The variability of risks is also improved by the careful selection and implementation of the Group's underwriting policy, reinsurance strategy and internal guidelines, within an overall risk management framework. Pricing is based on assumptions and statistics and the Group's empirical data, taking into consideration current trends and market conditions.

Reinsurance arrangements include proportional, optional facultative, excess of loss and catastrophe coverage.

Life insurance

Life insurance policies written by the Group include whole life, endowment, term assurance, term assurance with survival benefit, pension, unit-linked and rider benefits attached to insurance policies.

Traditional Life insurance contracts

These policies insure events associated with insured persons' life (for example, death or survival). Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the financial loss suffered by the policyholder.

The main risks that the Group is exposed to under Life insurance policies are the following:

- Mortality risk: risk of loss arising due to policyholder actual death experience being different than expected.
- Longevity risk: risk of loss arising due to the annuitant living longer than expected.
- Investment return risk: risk of loss arising from actual returns being different than expected.
- Expense risk: risk of loss arising from expense experience being different than expected.
- Lapse/Surrender risk: risk of loss arising due to policyholder behaviour (lapses and surrenders) being different than expected.

Key assumptions

Life insurance policy estimates are initially made at inception of the policy, where the Group determines the key assumptions applicable to the type of life insurance policy, such as future deaths, voluntary terminations, investment returns and administration expenses. Subsequently, new estimates are developed at each reporting date to determine whether the liabilities are adequate in the light of the current experience. The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

- *Mortality*: Assumptions are based on appropriate standard industry and national tables, according to the type of policy written, reflecting the recent historical experience of the Group and thus reflecting the best estimate for that year. Assumptions are differentiated by sex.
- *Investment return*: Estimates for investment returns that affect the level of future benefits due to the policyholders are based on current market returns as well as expectations about future economic and financial developments.
- *Expenses*: Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies. The current level of expenses, as at 31 December 2018, is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.
- *Lapse and surrender rates*: Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using historical statistical measures based on the Group's experience and vary by product type.
- *Discount rate:* The liability adequacy test is based on the estimate of future cash flows. Future cash flows are discounted using the risk free curve plus an illiquidity premium, which is calculated as the difference between a curve based on a basket current performance of bonds with similar maturities to those of the insurance liabilities they match, and the risk free interest rate curve plus a credit default swap ("CDS") spread. All bonds in the basked are weighted equally, based on the characteristics of the relevant insurance liabilities, with the exception of Greek government bonds for which a country bias is applied, corresponding to the share of Greek assets in the investment portfolio of Ethniki Insurance.
- *Rate that option to surrender is exercised at the beginning of retirement*: The percentage of insured in individual insurance programs which elect for a lump-sum benefit (surrender value) instead of a monthly pension benefit, which is estimated based on past experience.

Liability adequacy test

Life business comprises of the following three main categories depending on the nature of the cover:

i. *Individual traditional policies (whole life, endowment, pure endowment, term, pension plans etc):* The test was based on the projection of the future cash flows using current assumptions in terms of mortality, lapses, interest rate and expenses for the expected remaining term of insurance policies. The aforementioned test resulted in additional reserves.

ii. *Unit-linked policies:* Analysis considered both risks associated to parameters (mortality, lapses, interest rate, expenses) and risks associated to guaranteed return at the end of the policy terms. Despite the increase in the value of the funds during the last year an additional liability was necessary to cover the guaranteed return to policyholders.

iii. *Pension beneficiaries that stem from Deposit Administration Funds ("DAF"):* The process followed was similar to that of individual traditional policies. The test produced a liability that exceeded reserves to cover longevity risk.

Sensitivity analysis

The sensitivity analysis set out below is calculated for those factors which are considered significant (discount rate and lapse rates) as regards the effect of their change in the recorded reserves.

The results of the sensitivity analysis refer to the liabilities which relate to the portfolio of individual traditional policies, to benefits to pensioners who previously held DAF policies as well as to the portfolio of Unit Linked policies.

Sensitivity analysis

2018	Change in Assumptions	Impact on Insurance Liabilities
Discount Rate	+0.5%	(46)
	-0.5%	68
Lapse / Surrender Rates	Increase by +10%	(7)
	Decrease by -10%	8
Mortality Rates	Increase by +10%	(1)
	Decrease by -10%	1
Operating Expenses	Increase by +10%	8

2017	Change in Assumptions	Impact on Insurance Liabilities
Discount Rate	+0.5%	(51)
	-0.5%	55
Lapse / Surrender Rates	Increase by +10%	(8)
	Decrease by -10%	9
Mortality Rates	Increase by +10%	(2)
	Decrease by -10%	2
Operating Expenses	Increase by +10%	5

Riders on Life insurance contracts

Life insurance contracts may include personal accident and hospitalization riders, which protect the Group's clients from the consequences of disability or hospital treatment due to an accident or illness of the insured or their dependants.

The main risks that the Group is exposed to under Life insurance policies are the following:

- *Morbidity risk:* risk of loss arising due to policyholder health experience being different than expected.
- *Expense risk:* risk of loss arising from expense experience being different than expected.
- *Lapse/Surrender risk:* risk of loss arising due to policyholder behaviour (lapses and surrenders) being different than expected.

Key assumptions

The key assumptions (appart from lapse / surrender risk, expense risk and discount rate) to which the estimation of liabilities is particularly sensitive are as follows:

- *Morbidity rates*: Rates of hospitalization, by age and type of coverage, derived from the historical experience.
- *Disability*: Disability percentages for life riders with benefits in the event of disability of the insured are based mainly on the corresponding rates of reinsurance contracts currently in force.

Liability adequacy test

Life business comprises of the following two main categories depending on the nature of the cover:

- *Hospitalisation riders:* The test was based on current assumptions for discount rate, morbidity, medical claim inflation, lapses, expenses and annual premium increase. The aforementioned test did not result in additional reserves.
- *Other riders:* The test was based on current assumptions for discount rate, disability rates, lapses and expenses. The test resulted in additional reserves.

Liability adequacy test for individuals Life insurance contracts (health riders) was based on the projection of the present value of the portfolio's future cash flows. The test did not result in additional reserves as it did not exceed Unearned Premium Reserve (UPR) that was already recorded.

Sensitivity analysis

The sensitivity analysis set out below is calculated for those factors which are considered significant (discount rate, lapse rates and morbidity rates) as regards the effect of their change in reserves.

Sensitivity analysis

2018	Change in Assumptions	Impact on Insurance Liabilities
Discount Rate	+0.5%	-
	-0.5%	-
Lapse / Surrender Rates	Increase by +10%	-
	Decrease by -10%	-
Morbidity Rates	Increase by +5%	30
	Decrease by -5%	-

2017	Change in Assumptions	Impact on Insurance Liabilities
Discount Rate	+0,5%	-
	-0,5%	-
Lapse / Surrender Rates	Increase by +10%	-
	Decrease by -10%	-
Morbidity Rates	Increase by +5%	21
	Decrease by -5%	-

Property and casualty insurance

The Group provides products that cover a large range of risks such as personal, commercial, industrial risks and other risks related to property damage and third party liability.

The above risk exposure is mitigated by diversification across a large portfolio of insurance policies. The diversity of risks is also improved by careful selection and implementation of underwriting policy, reinsurance strategy and internal guidelines, within an overall risk management framework. Pricing is based on past experience taking into consideration current trends and market conditions.

For specific risks arising from an unexpected number of claims or unusually large claims, an appropriate proactive policy is applied to all business units:

Underwriting process: The criteria for the acceptance of insurance risk are such that a geographical dispersion of risks and their diversification to different activity sectors are ensured. Furthermore where necessary, policy limits and claim deductibles are applied in order to reduce the Group's share of the risk. In addition, in many cases insurance policies include exclusion clauses for risks whose probability of occurrence and financial consequences are difficult to estimate (such as general third party liability or environmental risks with discernable causing events).

Claims handling: The Group's policy for claims handling is focused on the timely settlement of claims and the prevention of fraudulent cases being accepted by the Group. This is achieved by appropriate information systems, reliable claim assessment procedures and qualified personnel with a high degree of ethical standing.

Provisions for Outstanding Claims: In addition to the claim-by-claim procedure, a number of statistical and actuarial techniques are employed for the estimation of the ultimate cost of claims incurred and the calculation of the corresponding reserves. These techniques are based on historic data for the determination of the final cost and on assumptions regarding the average claims' cost, future inflation, changes in legal framework, as well as on expert judgment. The process entails a significant degree of subjectivity, particularly with regards to the estimation of the incurred claims reserve for bodily injury, loss of life, legal cases and damage of property. The process includes the creation of reserves which have not been reported to the Group companies at the reporting date.

Reinsurance Policy: The selection of the optimal reinsurance coverage varies depending on the nature of the risks involved, the Group's solvency and its capacity to absorb losses arising from extreme events. The structure of the reinsurance program ensures the protection against high frequency of claims, exceptional claims or concentration of claims. The Group places particular emphasis on the coverage of catastrophic events, arising from natural perils, such as earthquakes by selecting reinsurance programs that cover events with a small probability of incurrence.

Liability adequacy test

For all lines of businesses a liability adequacy test is performed for the adequacy of the technical provisions. With regards to the motor line of business (the largest line of business), historical data was examined on a per nature of claim basis, for each accident year after 2000 and the following methods were applied in order to estimate the ultimate cost for each accident year: cumulative payments, incurred claims, average claim cost projections and the Bornhuetter-Ferguson method of which the results were selected for the estimation of the total cost for each accident year.

Claims development tables

The tables below present the development of the incurred claims cost for each accident year from 2012 to 2018. In addition, the corresponding amounts of the cumulative actual claims payments are included, in order for there to be a distinction between actual payments and reserves. Outstanding claims estimates for years prior to 2012 are presented for reconciliation reasons. Note that for Motor TPL, where additional reserves, resulted from the LAT performed (for both IBNR claims and adverse future deviation of the case estimates for reported claims) are included in the estimates presented.

For the Fire business (the second largest property and casualty line of business after Motor), the total cost per year is the sum of the cumulative payments and the reserves per case (no additional reserves resulted from the LAT performed).

The Motor and Fire lines of business account for over 85% of the outstanding claim reserves balances.

Motor TPL claims development

		Group							
Accident year	**Reserves prior to 2012**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total reserves**
Accident year		82	64	61	50	48	40	45	-
One year later		83	63	53	52	46	50	-	-
Two years later		82	62	52	51	48	-	-	-
Three years later		82	61	54	51	-	-	-	-
Four years later		83	64	53	-	-	-	-	-
Five years later		76	57	-	-	-	-	-	-
Six years later		65	-	-	-	-	-	-	-
Current estimate of cumulative claims		**65**	**57**	**53**	**51**	**48**	**50**	**45**	**-**
Accident year		(21)	(16)	(12)	(11)	(11)	(10)	(10)	-
One year later		(33)	(24)	(21)	(18)	(20)	(17)	-	-
Two years later		(38)	(28)	(23)	(21)	(22)	-	-	-
Three years later		(44)	(31)	(26)	(23)	-	-	-	-
Four years later		(47)	(33)	(29)	-	-	-	-	-
Five years later		(51)	(37)	-	-	-	-	-	-
Six years later		(53)	-	-	-	-	-	-	-
Cumulative payments		**(53)**	**(37)**	**(29)**	**(23)**	**(22)**	**(17)**	**(10)**	**-**
Total outstanding claims reserve	**71**	**12**	**20**	**24**	**28**	**26**	**33**	**35**	**249**

Fire claims development

		Group							
Accident year	**Reserves prior to 2012**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total reserves**
Accident year		16	10	15	36	17	14	14	-
One year later		15	9	13	34	21	22	-	-
Two years later		14	9	20	14	22	-	-	-
Three years later		14	9	32	14	-	-	-	-
Four years later		13	8	31	-	-	-	-	-
Five years later		19	8	-	-	-	-	-	-
Six years later		19	-	-	-	-	-	-	-
Current estimate of cumulative claims		**19**	**8**	**31**	**14**	**22**	**22**	**14**	**-**
Accident year		(5)	(3)	(6)	(5)	(12)	(3)	(9)	-
One year later		(10)	(7)	(10)	(11)	(15)	(7)	-	-
Two years later		(10)	(7)	(11)	(11)	(18)	-	-	-
Three years later		(10)	(8)	(30)	(11)	-	-	-	-
Four years later		(11)	(8)	(31)	-	-	-	-	-
Five years later		(19)	(8)	-	-	-	-	-	-
Six years later		(19)	-	-	-	-	-	-	-
Cumulative payments		**(19)**	**(8)**	**(31)**	**(11)**	**(18)**	**(7)**	**(9)**	**-**
Total outstanding claims reserve	**5**	**-**	**-**	**-**	**3**	**4**	**15**	**5**	**32**

4.7 Capital adequacy

In June 2013, the European Parliament and the Council of Europe issued Directive 2013/36/EU and Regulation (EU) No 575/2013 (known as CRD IV and CRR respectively), which incorporate the key amendments that have been proposed by the Basel Committee for Banking Supervision (known as Basel III). Directive 2013/36/EU has been transported into Greek Law by virtue of Greek Law 4261/2014 and Regulation (EU) No 575/2013 has been directly applicable to all EU Member States since 1 January 2014, but some changes under CRD IV will be implemented gradually, mainly between 2014 and 2019.

Regulation (EU) No 575/2013 defines the minimum capital requirements (Pillar 1 requirements) and Directive 2013/36/EU defines the combined buffer requirements for EU institutions. In addition, Directive 2013/36/EU provides (Art. 97 et seq.) that Competent Authorities regularly carry out the Supervisory Review and Evaluation process (“SREP”), to assess and measure risks not covered, or not fully covered, under Pillar 1 and determine additional capital and liquidity requirements (Pillar 2 requirements). SREP is conducted under the lead of the ECB. The SREP decision is tailored to each bank’s individual profile.

The table below summarises Pillar 1 & 2 capital requirements for NBG Group for 2019 and 2018:

	CET1 Capital Requirements		Overall Capital Requirements	
	2019	2018	2019	2018
Pillar 1	4.5%	4.5%	8.0%	8.0%
Pillar 2	3.0%	3.0%	3.0%	3.0%
Capital Conservation Buffer	2.5%	1.875%	2.5%	1.875%
O-SII Buffer	0.25%	0.00%	0.25%	0.00%
Total	**10.25%**	**9.375%**	**13.75%**	**12.875%**

The capital adequacy ratios for the Group and the Bank, according to the CRD IV transitional provisions, are presented in the table below:

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Common Equity Tier 1	**16.1%**	**17.0%**	**16.5%**	**16.8%**
Tier I	**16.1%**	**17.0%**	**16.5%**	**16.8%**
Total	**16.2%**	**17.0%**	**16.7%**	**16.9%**

DTC Law

Article 27A of Law 4172/2013 ("DTC Law"), as currently in force, allows credit institutions, under certain conditions, and from 2017 onwards to convert deferred tax assets ("DTAs") arising from (a) private sector initiative ("PSI") losses, (b) accumulated provisions for credit losses recognized as at 30 June 2015, (c) losses from final write off or the disposal of loans and (d) accounting write offs, which will ultimately lead to final write offs and losses from disposals, to a receivable ("Tax Credit") from the Greek State. Items (c) and (d) above were added with Law 4465/2017 enacted on 29 March 2017. The same Law 4465/2017 provided that Tax Credit cannot exceed the tax corresponding to accumulated provisions recorded up to 30 June 2015 less (a) any definitive and cleared tax credit, which arose in the case of accounting loss for a year according to the provisions of par.2 of article 27A, which relate to the above accumulated provisions, (b) the amount of tax corresponding to any subsequent specific tax provisions, which relate to the above accumulated provisions and (c) the amount of the tax corresponding to the annual amortization of the debit difference that corresponds to the above provisions and other losses in general arising due to credit risk.

The main condition for the conversion of DTAs to a Tax Credit is the existence of an accounting loss on a solo basis of a respective year, starting from accounting year 2016 and onwards. The Tax Credits will be calculated as a ratio of IFRS accounting losses to net equity (excluding the year's losses) on a solo basis and such ratio will be applied to the remaining Eligible DTAs in a given year to calculate the Tax Credit that will be converted in that year, in respect of the prior tax year. The Tax Credit may be offset against income taxes payable. The non-offset part of the Tax Credit is immediately recognized as a receivable from the Greek State. The Bank will issue conversion rights to the Greek State for an amount of 100% of the Tax Credit in favour of the Greek State and will create a specific reserve for an equal amount. Common shareholders have pre-emption rights on these conversion rights. The reserve will be capitalized with the issuance of common shares in favour of the Greek State. This legislation allows credit institutions to treat such DTAs as not "relying on future profitability" according to CRD IV, and as a result such DTAs are not deducted from CET1, hence improving a credit institution's capital position.

Furthermore, Law 4465/2017 amended article 27 "Carry forward losses" by introducing an amortization period of 20 years for losses due to loan write offs as part of a settlement or restructuring and losses that crystallize as a result of a disposal of loans.

On 7 November 2014 the Bank convened an extraordinary General Shareholders Meeting which resolved to include the Bank in the DTC Law. In order for the Bank to exit the provisions of the DTC Law it requires regulatory approval and a General Shareholders meeting resolution.

As of 31 December 2018, the amount of DTAs that were eligible for conversion to a receivable from the Greek State subject to the DTC Law was €4.6 billion (2017: €4.7 billion). The conditions for conversion rights were not met in the year ended 31 December 2018 and no conversion rights are deliverable in 2019.

2018 Stress Test

On 31 January 2018 the ECB commenced the stress test exercise relating to the four systemic Greek banks (Alpha Bank, Eurobank, National Bank of Greece and Piraeus Bank) with the publication of the macroeconomic scenarios to be used by the banks. The stress test of the four systemic Greek banks was conducted on an accelerated timeline compared to the other in scope banks in order to allow the results to be published before the end of the Third Program for Greece (August 2018), but following the same EBA approach and methodologies as that applied to the other European Union banks. The results for the four systemic Greek banks were announced by the Supervisory Board of the ECB on 5 May 2018, and showed that in the adverse scenario, the average CET1 capital depletion was 9

percentage points, equivalent to €15.5 billion across the four systemic Greek banks. The results for the other European Union banks were published on 2 November 2018.

The Bank conducted the stress test exercise using the EBA methodology, the benchmark parameters, macroeconomic scenarios and shocks provided by the EBA and the ECB, as well as any additional guidance and notes published and/or relayed though formal communication channels. As a result, under the EBA adverse scenario, the CET1 ratio declined by 9.6 percentage points ("ppts"), reaching a CET1 level of 6.9% in 2020, including an IFRS 9 impact of -70 basis points ("bps"), post 1 January 2018 and a CRD IV impact of -20bps. Under the baseline scenario, the CET1 ratio of the Group declined by 50bps reaching 16.0% in 2020. Following the supervisory dialogue, the Bank was informed that the stress test outcome, along with other factors, have been assessed by SSM's Supervisory Board pointing to no capital shortfall and that no capital plan was deemed necessary as a result of the exercise.

The stress test results informed the 2018 SREP, challenging banks' capital plans and leading to relevant supervisory outcomes. The stress test has also provided enhanced transparency so that market participants can compare and assess the resilience of European Union banks on a consistent basis.

4.8 Fair values of financial assets and liabilities

a. Financial instruments not measured at fair value

The table below summarises the carrying amounts and the fair values of those financial assets and liabilities that are not presented on the Group's and the Bank's Statement of Financial Position at fair value and the fair value is materially different from the carrying amount.

Financial instruments not measured at fair value - Group

	Carrying amount	Fair value			
	31.12.2018	31.12.2018	Level 1	Level 2	Level 3
Financial Assets					
Loans and advances to customers	30,001	29,273	-	-	29,273
Investment securities at amortised cost	1,872	1,253	465	315	473
Financial Liabilities					
Due to customers	41,984	42,040	28,676	13,363	-
Debt securities in issue	1,146	1,164	-	1,164	-
Other borrowed funds	268	268	-	268	-

	Carrying amount	Fair value			
	31.12.2017	31.12.2017	Level 1	Level 2	Level 3
Financial Assets					
Loans and advances to customers	37,941	36,345	-	-	36,345
Held-to-maturity investment securities	696	711	365	335	10
Loans-and-receivables investment securities	2,222	1,787	-	1,266	521
Financial Liabilities					
Due to customers	39,399	39,446	27,441	12,005	-
Debt securities in issue	1,026	1,041	-	1,041	-
Other borrowed funds	171	171	-	171	-

Financial instruments not measured at fair value - Bank

	Carrying amount	Fair value			
	31.12.2018	31.12.2018	Level 1	Level 2	Level 3
Financial Assets					
Loans and advances to customers	28,970	28,242	-	-	28,242
Investment securities at amortised cost	1,752	1,134	465	195	473
Financial Liabilities					
Due to customers	41,206	41,262	28,625	12,638	-
Debt securities in issue	847	866	-	866	-

	Carrying amount	Fair value			
	31.12.2017	31.12.2017	Level 1	Level 2	Level 3
Financial Assets					
Loans and advances to customers	36,248	34,652	-	-	34,652
Held-to-maturity investment securities	681	695	365	320	10
Loans-and-receivables investment securities	2,099	1,663	-	1,142	521
Financial Liabilities					
Due to customers	37,983	38,029	27,160	10,869	-
Other borrowed funds	742	757	-	757	-

The following methods and assumptions were used to estimate the fair values of the above financial instruments at 31 December 2018 and 31 December 2017:
The carrying amount of cash and balances with central banks, due from and due to banks, as well as accrued interest, approximates their fair value.

Loans and advances to customers: The fair value of loans and advances to customers is estimated using discounted cash flow models. The discount rates are based on current market interest rates offered for instruments with similar terms to borrowers of similar credit quality.

Investment securities at amortised cost: The fair value of investment securities at amortised cost is estimated using market prices, or using discounted cash flow models based on current market interest rates offered for instruments with similar credit quality.

Due to customers: The fair value for demand deposits and deposits with no defined maturity is determined to be the amount payable on demand at the reporting date. The fair value for fixed-maturity deposits is estimated using discounted cash flow models based on rates currently offered for the relevant product types with similar remaining maturities.

Debt securities in issue: Fair value is estimated using market prices, or if such are not available, using a discounted cash flow analysis, based on current market rates of similar maturity and credit quality debt securities.

Other borrowed funds: Fair value of other borrowed funds is estimated using market prices, or discounted cash flow analysis based on the Group's current incremental borrowing rates for similar types of borrowing arrangements.

b. Financial instruments measured at fair value

The tables below present the fair values of those financial assets and liabilities presented on the Group's and the Bank's Statement of Financial Position at fair value by fair value measurement level at 31 December 2018 and 31 December 2017:

Financial instruments measured at fair value - Group

As at 31 December 2018	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	375	675	-	1,050
Financial assets mandatorily at fair value through profit or loss	156	3,287	159	3,602
Derivative financial instruments	30	3,753	8	3,791
Investment securities at fair value through other comprehensive income	827	1,693	48	2,568
Total	**1,388**	**9,408**	**215**	**11,011**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	1,043	-	1,043
Derivative financial instruments	12	2,115	4	2,131
Total	**12**	**3,158**	**4**	**3,174**

As at 31 December 2017	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	304	1,489	-	1,793
Derivative financial instruments	27	3,629	25	3,681
Available-for-sale investment securities	93	732	8	833
Total	**424**	**5,850**	**33**	**6,307**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	866	-	866
Derivative financial instruments	-	3,781	17	3,798
Total	**-**	**4,647**	**17**	**4,664**

Financial instruments measured at fair value - Bank

As at 31 December 2018	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	368	675	-	1,043
Financial assets mandatorily at fair value through profit or loss	152	3,287	159	3,598
Derivative financial instruments	30	3,753	8	3,791
Investment securities at fair value through other comprehensive income	827	1,612	48	2,487
Total	**1,377**	**9,327**	**215**	**10,919**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	1,043	-	1,043
Derivative financial instruments	12	2,115	4	2,131
Total	**12**	**3,158**	**4**	**3,174**

As at 31 December 2017	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	284	1,489	-	1,773
Derivative financial instruments	27	3,629	17	3,673
Available-for-sale investment securities	89	548	8	645
Total	**400**	**5,666**	**25**	**6,091**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	866	-	866
Derivative financial instruments	-	3,781	17	3,798
Total	**-**	**4,647**	**17**	**4,664**

The tables below present the fair values for the assets and liabilities classified as held-for-sale in the Group’s and the Bank's Statement of Financial Position and measured at fair value for 31 December 2018 and 2017:

Held for Sale Operations - Financial instruments measured at fair value - Group

As at 31 December 2018	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	3	61	-	64
Derivative financial instruments	-	1	-	1
Investment securities at fair value through other comprehensive income	1,016	993	6	2,015
Insurance related assets and receivables	151	119	-	270
Total	**1,170**	**1,174**	**6**	**2,350**

Held for Sale Operations - Financial instruments measured at fair value - Bank

As at 31 December 2018	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	-	50	-	50
Total	**-**	**50**	**-**	**50**

Held for Sale Operations - Financial instruments measured at fair value - Group

As at 31 December 2017	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	4	10	-	14
Derivative financial instruments	-	3	-	3
Available-for-sale investment securities	956	1,161	-	2,117
Insurance related assets and liabilities	178	112	-	290
Total	**1,138**	**1,286**	**-**	**2,424**
Financial Liabilities				
Derivative financial instruments	-	1	-	1
Total	**-**	**1**	**-**	**1**

Transfers between Level 1 and Level 2

As at 31 December 2018, there are no transfers of financial assets or liabilities between fair value hierarchy levels according to the Group fair value hierarchy policy.

As at 31 December 2017, certain fair value through profit or loss securities issued by EFSF, for which the Group determined that sufficient liquidity and trading did not exist as at 31 December 2017, have been transferred from Level 1 to Level 2 according to the Group fair value hierarchy policy. The carrying amount of the fair value through profit or loss securities transferred as at 31 December 2017 was €3 million.

All transfers between levels are assumed to happen at the end of the reporting period.

Level 3 financial instruments

Level 3 financial instruments at 31 December 2018 and 31 December 2017 include:

(a) Derivative products, which are valued using valuation techniques with significant unobservable inputs, including certain correlation products, such as correlation between various interest indices. They also include products where implied volatility represents a significant input and derivatives for which the CVA is based on significant unobservable inputs and the amount of the CVA is significant relative to the total fair value of the derivative.

(b) Securities mandatorily at fair value through profit or loss, for which the models used to estimate their fair value is based on unobservable credit spreads or which are price-based and the price is obtained from the issuers of the securities. They also include loans and advances to customers mandatorily at fair value through profit or loss, which are valued using discounted cash flow valuation techniques incorporating unobservable credit spreads.

(c) Equity securities at fair value through other comprehensive income, which are not traded in active markets and their fair value is estimated using an income or market approach, for which the main inputs used are not market observable.

The table below presents a reconciliation of all Level 3 fair value measurements for the year ended 31 December 2018 and 31 December 2017, including realized and unrealized gains/(losses) included in the “income statement” and “statement of other comprehensive income”.

Transfers into or out of Level 3

The Group conducts a review of the fair value hierarchy classifications on a quarterly basis. For the years ended 31 December 2018 and 31 December 2017, transfers from Level 2 into Level 3 include derivative instruments for which the bilateral CVA adjustment is significant to the base fair value of the respective instruments.

Reconciliation of fair value measurements in Level 3 – Group

	2018			
	Net derivative financial instruments	Available-for-sale investment securities	Investment securities at FVTOCI	Mandatorily at FVTPL
Balance at 1 January	**8**	**8**	**-**	**-**
Impact of IFRS 9	-	(8)	24	185
Balance at 1 January	**8**	**-**	**24**	**185**
Gain / (loss) included in Income Statement	5	-	-	4
Gain / (loss) included in OCI	-	-	1	-
Purchases	-	-	23	-
Sales	-	-	-	(1)
Settlements	(3)	-	-	(29)
Transfer into/ (out of) level 3	(6)	-	-	-
Balance at 31 December	**4**	**-**	**48**	**159**

	2017		
	Financial assets at fair value through profit or loss	Net derivative financial instruments	Available-for-sale investment securities
Balance at 1 January	**8**	**12**	**9**
Gain / (loss) included in Income Statement	-	(5)	(1)
Purchases	-	3	-
Settlements	(8)	-	-
Transfer into/ (out of) level 3	-	(2)	-
Balance at 31 December	**-**	**8**	**8**

Reconciliation of fair value measurements in Level 3 – Bank

	2018			
	Net derivative financial instruments	Available-for-sale investment securities	Investment securities at FVTOCI	Mandatorily at FVTPL
Balance at 1 January	**-**	**8**	**-**	**-**
Impact of IFRS 9	-	(8)	23	185
Balance at 1 January	**-**	**-**	**23**	**185**
Gain / (loss) included in Income Statement	13	-	-	4
Gain / (loss) included in OCI	-	-	1	-
Purchases	-	-	24	-
Sales	-	-	-	(1)
Settlements	(3)	-	-	(29)
Transfer into/ (out of) level 3	(6)	-	-	-
Balance at 31 December	**4**	**-**	**48**	**159**

	2017		
	Financial assets at fair value through profit or loss	Net derivative financial instruments	Available-for-sale investment securities
Balance at 1 January	**8**	**(3)**	**9**
Gain / (loss) included in Income Statement	-	2	(1)
Purchases	-	3	-
Settlements	(8)	-	-
Transfer into/ (out of) level 3	-	(2)	-
Balance at 31 December	**-**	**-**	**8**

Changes in unrealised gains/(losses) included in the income statement of financial instruments measured at fair value using significant unobservable inputs (level 3), relate to financial assets mandatorily at fair value through profit or loss and net derivative financial instruments, and amount to €3 million and €6 million respectively, for the Group and the Bank, for the year ended 31 December 2018.

Changes in unrealised gains/(losses) included in the income statement of financial instruments measured at fair value using significant unobservable inputs (level 3), relate to financial assets at fair value through profit or loss and net derivative financial instruments, and amount to €(15) million for the Group and €(7) million for the Bank, for the year ended 31 December 2017.

Valuation Process and Control Framework

The Group has various processes in place to ensure that the fair values of its assets and liabilities are reasonably estimated and has established a control framework which is designed to ensure that fair values are validated by functions independent of the risk-taker.

To that end, the Group utilizes various sources for determining the fair values of its financial instruments and uses its own independent functions to validate these results, where possible.

Fair values of debt securities are determined either by reference to prices for traded instruments in active markets, to external quotations or widely accepted financial models, which are based on market observable or unobservable information where the former is not available, as well as relevant market based parameters such as interest rates, option volatilities, currency rates, etc.

The Group may, sometimes, also utilize third-party pricing information, and perform validating procedures on this information to the extent possible or base its fair value on the latest transaction prices available, given the absence of an active market or similar transactions or other market observable inputs. All such instruments are categorized within the lowest level of fair value hierarchy (i.e. Level 3).

Generally, fair values of debt securities, including significant inputs on the valuation models are independently checked and validated by the Middle Office and Risk Management function on a systematic basis.

Fair values of derivatives are determined by Management using valuation models which include discounted cash-flow models, option pricing models or other appropriate models. Adequate control procedures are in place for the validation of these models, including the valuation inputs, on a systematic basis. Middle Office and Risk Management function provide the control valuation framework necessary to ensure that the fair values are reasonably determined, reflecting current market circumstances and economic conditions. Furthermore, over-the-counter derivatives are also compared on a daily basis with counterparties' valuations, under the daily collateral management process.

Market Valuation Adjustments

Counterparty credit risk-adjustments are applied to all over-the-counter derivatives. Own credit-risk adjustments are applied to reflect the Group's own credit risk when valuing derivatives. Bilateral credit-risk adjustments consider the expected cash flows between the Group and its counterparties under the relevant terms of the derivative instruments and the effect of the credit-risk profile of the counterparties on the valuation of these cash flows. Where appropriate, the Group takes into consideration the credit-risk mitigating arrangements, including collateral agreements and master netting arrangements, for the purpose of estimating own and counterparty credit risk valuation adjustments.

Quantitative Information about Level 3 Fair Value Measurements 31 December 2018

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Input	Range of Inputs	
				Low	High
Investment securities mandatorily at fair value through profit or loss	8	Price based	Price	93.76	100.00
	18	Discounted Cash Flows	Credit Spread	316 bps	366 bps
Interest Rate Derivatives	3	Discounted Cash Flows	Constant Maturity Swap correlation between different tenors	-50.00%	100.00%
Other Derivatives	1	Discounted Cash Flows, Internal Model (for CVA/DVA)	Credit Spread	814 bps	1360 bps
Investment Securities at fair value through other comprehensive income	48	Income and market approach	n/a[1]	n/a[1]	n/a[1]
Loans and advances to customers mandatorily at fair value through profit or loss	133	Discounted Cash Flows	Credit Spread	300 bps	650 bps

[1] Equity securities at fair value through other comprehensive income include equity securities which are not traded in active markets. In the absence of an active market we estimate the fair value of these securities using a market or an income valuation approach. Given the bespoke nature of the valuation method in respect of each holding, it is not practicable to quote a range of unobservable inputs.

Quantitative Information about Level 3 Fair Value Measurements 31 December 2017

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Input	Range of Inputs	
				Low	High
Available-for-Sale investment securities	8	Price Based	Price	93.76	93.76
Interest Rate Derivatives	4	Discounted Cash Flows, Internal Model for CVA/DVA	Credit Spread	80 bps	1000 bps
	3	Discounted Cash Flows	Constant Maturity Swap correlation between different tenors	-50.00%	99.50%
Other Derivatives	2	Binomial Model	Volatility of stock price	30.74%	104.83%
	8	Monte Carlo Simulation	Volatility of stock price	49.00%	49.00%
	(9)	Discounted Cash Flows, Internal Model for CVA/DVA	Credit Spread	70 bps	1000 bps

Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs

For structured interest rate derivatives, a significant change in the correlation inputs (e.g. the degree of correlation between two different interest rates, or between interest rates and foreign exchange rates) would have a significant impact on the fair value of the individual instrument; however, the magnitude and the direction of the impact depends on whether the Group is long or short the exposure, among other factors. Due to the limited exposure that the Group has to these instruments, a reasonable change in the above

unobservable inputs would not be significant to the Group. Additionally, interest rate derivatives include interest rate swaps for which the bilateral credit valuation adjustment is significant in comparison to their fair value. The counterparty credit-risk adjustment in these cases is mainly driven by the internal ratings of the counterparty. A reasonable increase in the credit spread of these entities would result in an insignificant change in the fair value of the Group's and the Bank's financial instruments.

Other derivatives include derivatives for which the bilateral credit valuation adjustment is significant in comparison to their fair value. In these cases, the counterparty credit risk adjustment is mainly driven by the internal ratings of the counterparty. A reasonable increase in the credit spread of these entities would result in an insignificant change in the fair value of the Group's and the Bank's financial instruments.

For loans and advances to customers mandatorily at fair value through profit or loss, the valuation includes a parameter which is not observable in the market, i.e. the credit spread of the client. A reasonable increase in the respective credit spreads used would not have a significant effect on their fair value for the Group and the Bank.

4.9 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where the Group and the Bank currently have a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Group and the Bank enter into various master netting arrangements or similar agreements that do not meet the criteria set by the applicable accounting guidance for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in the event of a default by the counterparty (such as bankruptcy or a failure to pay or perform). The table below presents the recognised financial instruments that are either offset or subject to master netting arrangements or similar agreements but not offset, as at 31 December 2018 and 2017, and shows under "Net amount" what the net impact would be on the Group's and the Bank's Statement of Financial Position if all set-off rights were exercised.

a. Financial assets subject to offsetting, enforceable netting arrangements and similar agreements

		Group					Bank				
At 31 December 2018		Derivative instruments (1)	Reverse repurchase agreements (2)	Financial assets mandatorily classified at FVPTL	Deposits in margin accounts (2)	Total	Derivative instruments (1)	Reverse repurchase agreements (2)	Financial assets mandatorily classified at FVPTL	Deposits in margin accounts (2)	Total
Gross amounts of recognised financial assets		**4,191**	**761**	**3,283**	**1,374**	**9,609**	**4,191**	**761**	**3,283**	**1,374**	**9,609**
Positive market values from derivative financial instruments that have been offset		(400)	-	-	-	**(400)**	(400)	-	-	-	**(400)**
Negative market values from derivative financial instruments		-	-	-	(274)	**(274)**	-	-	-	(274)	**(274)**
Net amounts of financial assets presented in the Statement of Financial Position		**3,791**	**761**	**3,283**	**1,100**	**8,935**	**3,791**	**761**	**3,283**	**1,100**	**8,935**
Related amounts not set off in the Statement of Financial Position	Financial instruments	(1,884)	(761)	(3,283)	-	**(5,928)**	(1,884)	(761)	(3,283)	-	**(5,928)**
	Cash collateral received	(752)	-	-	-	**(752)**	(752)	-	-	-	**(752)**
Net amount		**1,155**	**-**	**-**	**1,100**	**2,255**	**1,155**	**-**	**-**	**1,100**	**2,255**

[(1)] *Included in Derivative assets in the Statement of Financial Position of the Group and the Bank as at 31 December 2018.*
[(2)] *Included in Due from Banks in the Statement of Financial Position of the Group and the Bank respectively, as at 31 December 2018.*

		Group					Bank				
At 31 December 2017		Derivative instruments (1)	Reverse repurchase agreements (2)	Loans and advances to customers	Deposits in margin accounts (2)	Total	Derivative instruments (1)	Reverse repurchase agreements (2)	Loans and advances to customers	Deposits in margin accounts (2)	Total
Gross amounts of recognised financial assets		**3,985**	**-**	**5,873**	**1,195**	**11,053**	**3,977**	**8**	**5,879**	**1,195**	**11,059**
Positive market values from derivative financial instruments that have been offset		(304)	-	-	-	**(304)**	(304)	-	-	-	**(304)**
Negative market values from derivative financial instruments		-	-	-	(321)	**(321)**	-	-	-	(321)	**(321)**
Net amounts of financial assets presented in the Statement of Financial Position		**3,681**	**-**	**5,873**	**874**	**10,428**	**3,673**	**8**	**5,879**	**874**	**10,434**
Related amounts not set off in the Statement of Financial Position	Financial instruments	(1,881)	-	(5,506)	-	**(7,387)**	(1,881)	(8)	(5,506)	-	**(7,395)**
	Cash collateral received	(686)	-	-	-	**(686)**	(686)	-	-	-	**(686)**
Net amount		**1,114**	**-**	**367**	**874**	**2,355**	**1,106**	**-**	**373**	**874**	**2,353**

[(1)] *Included in Derivative assets in the Statement of Financial Position of the Group and the Bank as at 31 December 2017.*
[(2)] *Included in Due from Banks in the Statement of Financial Position of the Group and the Bank respectively, as at 31 December 2017.*

b. Financial liabilities subject to offsetting, enforceable netting arrangements and similar agreements

At 31 December 2018		Group			Bank		
		Derivative instruments [1]	Repurchase agreements [2]	**Total**	Derivative instruments [1]	Repurchase agreements [2]	**Total**
Gross amounts of recognised financial liabilities		**2,805**	**4,110**	**6,915**	**2,805**	**4,110**	**6,915**
Negative market values from derivative financial instruments that have been offset		(400)	-	**(400)**	(400)	-	**(400)**
Deposits in margin accounts		(274)	-	**(274)**	(274)	-	**(274)**
Net amounts of financial liabilities presented in the Statement of Financial Position		**2,131**	**4,110**	**6,241**	**2,131**	**4,110**	**6,241**
Related amounts not set off in the Statement of Financial Position	Financial instruments	(1,078)	(4,110)	**(5,188)**	(1,078)	(4,110)	**(5,188)**
	Cash collateral pledged	(671)		**(671)**	(671)	-	**(671)**
Net amount		**382**	**-**	**382**	**382**	**-**	**382**

[1] *Included in Derivative liabilities in the Statement of Financial Position of the Group and the Bank as at 31 December 2018.*
[2] *Of which, €4,099 million included in Due to Banks and €11 million included in Due to Customers in the Statement of Financial Position of the Group and the Bank as at 31 December 2018.*

At 31 December 2017		Group			Bank		
		Derivative instruments [1]	Repurchase agreements [2]	**Total**	Derivative instruments [1]	Repurchase agreements [2]	**Total**
Gross amounts of recognised financial liabilities		**4,422**	**3,415**	**7,837**	**4,422**	**3,415**	**7,837**
Negative market values from derivative financial instruments that have been offset		(304)	-	**(304)**	(304)	-	**(304)**
Deposits in margin accounts		(321)	-	**(321)**	(321)	-	**(321)**
Net amounts of financial liabilities presented in the Statement of Financial Position		**3,797**	**3,415**	**7,212**	**3,797**	**3,415**	**7,212**
Related amounts not set off in the Statement of Financial Position	Financial instruments collateral pledged	(1,010)	(3,415)	**(4,425)**	(1,010)	(3,415)	**(4,425)**
	Cash collateral pledged	(460)		**(460)**	(460)	-	**(460)**
Net amount		**2,327**	**-**	**2,327**	**2,327**	**-**	**2,327**

[1] *Included in Derivative liabilities in the Statement of Financial Position of the Group and the Bank as at 31 December 2017.*
[2] *Of which, €3,369 million included in Due to Banks and €46 million included in Due to Customers in the Statement of Financial Position of the Group and the Bank, as at 31 December 2017.*

NOTE 5: Segment reporting

NBG Group manages its business through the following business segments:

Retail banking

Retail banking includes all individual customers, professionals, small-medium and small-sized companies (companies with annual turnover of up to €2.5 million) except for exposures transferred to the Special Assets Unit ("SAU"). The Bank, through its extended network of branches, offers to its retail customers various types of loans, deposit and investment products, as well as a wide range of other traditional services and products.

Corporate & investment banking

Corporate & investment banking includes lending to all large and medium-sized companies and shipping finance except for exposures transferred to the SAU and investment banking activities. The Group offers its corporate customers a wide range of products and services, including financial and investment advisory services, deposit accounts, loans (denominated in both euro and foreign currency), foreign exchange and trade service activities.

Special Assets Unit ("SAU")

In order to (a) manage more effectively delinquent, non-performing and denounced loans to legal entities, and (b) ensure compliance with the provisions of the Bank of Greece Executive Committee Act 42/30.5.2014 and Act 47/9.2.2015 and the Code of Conduct (referred to in Article 1 para.2 of Greek Law 4224/2013, the Bank established the SAU, which has the overall responsibility for the management of such loans to legal entities (end-to-end responsibility).

Global markets and asset management

Global markets and asset management includes all treasury activities, private banking, asset management (mutual funds and closed end funds), custody services, private equity and brokerage.

Insurance

The Group offers a wide range of insurance products through its subsidiary company, Ethniki Hellenic General Insurance S.A. ("NIC") and other subsidiaries in SEE. As of 30 June 2017, NIC was classified as Held for Sale and Discontinued Operations.

International banking operations

The Group's international banking activities include a wide range of traditional commercial banking services, such as commercial and retail credit, trade financing, foreign exchange and taking of deposits. In addition, the Group offers shipping finance, investment banking and brokerage services through certain of its foreign branches and subsidiaries. As of 31 December 2018, Banka Romaneasca S.A. ("Romaneasca"), NBG Cyprus and Cairo branch were classified as Held for Sale and Discontinued Operations. As of 31 December 2017, S.A.B.A., Romaneasca, and NBG Albania were classified as Held for Sale and Discontinued Operations.

Other

Includes proprietary real estate management, hotel and warehousing business as well as unallocated income and expense of the Group (interest expense of subordinated debt, loans to personnel etc.) and intersegment eliminations.

12 month period ended 31.12.2018	Retail Banking	Corporate & Investment Banking	SAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Net interest income	437	438	112	56	-	65	(14)	**1,094**
Net fee and commission income	120	81	4	18	-	13	4	**240**
Other	5	(28)	(21)	20	-	4	6	**(14)**
Total income	**562**	**491**	**95**	**94**	**-**	**82**	**(4)**	**1,320**
Direct costs	(448)	(45)	(15)	(33)	-	(47)	(29)	**(617)**
Allocated costs and provisions[(1)]	(433)	49	(132)	21	-	(10)	(189)	**(694)**
Profit / (loss) before tax	**(319)**	**495**	**(52)**	**82**	**-**	**25**	**(222)**	**9**
Tax benefit / (expense)								**(37)**
Profit / (loss) for the period from continuing operations								**(28)**
Non-controlling interests								**(34)**
Profit/(loss) for the period from discontinued operations					22	2		**(22)**
Loss attributable to NBG equity shareholders								**(84)**

[(1)] *Includes depreciation and amortisation on investment property, property & equipment, software & other intangible assets.*

	Retail Banking	Corporate & Investment Banking	SAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Depreciation and amortisation	34	3	1	2	-	3	47	**90**
Credit provisions and other impairment charges	243	(78)	108	(31)	-	8	62	**312**
Non current asset additions	14	-	-	1	-	2	128	**145**

Breakdown by business segment

12 month period ended 31.12.2017	Retail Banking	Corporate & Investment Banking	SAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Net interest income	507	510	127	180	-	73	135	**1,532**
Net fee and commission income	94	91	4	25	-	16	3	**233**
Other	18	(40)	(13)	(181)	-	1	44	**(171)**
Total income	**619**	**561**	**118**	**24**	**-**	**90**	**182**	**1,594**
Direct costs	(437)	(40)	(12)	(33)	-	(50)	(9)	**(581)**
Allocated costs and provisions[1]	(560)	(117)	(185)	(12)	-	(16)	(254)	**(1,144)**
Profit / (loss) before tax	**(378)**	**404**	**(79)**	**(21)**	**-**	**24**	**(81)**	**(131)**
Tax benefit / (expense)								(27)
Profit / (loss) for the period from continuing operations								**(158)**
Non controlling interests								**(31)**
Profit / (loss) for the period from discontinued operations					69	(323)		**(254)**
Loss attributable to NBG equity shareholders								**(443)**

[1] *Includes depreciation and amortisation on investment property, property & equipment, software & other intangible assets.*

	Retail Banking	Corporate & Investment Banking	SAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Depreciation, amortisation & impairment charges[1]	33	4	1	2	-	3	47	**90**
Credit provision and other impairment charges	405	93	167	1	-	16	125	**807**
Non current asset additions	8	-	-	1	-	2	160	**171**

	Retail Banking	Corporate & Investment Banking	SAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Segment assets as at 31 December 2018								
Segment assets	15,597	11,446	1,773	7,106	-	2,422	16,262	**54,606**
Deferred tax assets and Current income tax advance								**5,268**
Non-current assets held for sale					3,156	2,045	20	**5,221**
Total assets								**65,095**
Segment liabilities as at 31 December 2018								
Segment liabilities	34,543	2,706	191	9,934	-	1,921	6,047	**55,342**
Current income and deferred tax liabilities								**23**
Liabilities associated with non-current assets held for sale					2,342	1,750		**4,092**
Total liabilities								**59,457**
Segment assets as at 31 December 2017								
Segment assets	17,468	10,813	2,158	8,697		3,023	12,262	**54,421**
Deferred tax assets and current income tax advance								**5,337**
Non-current assets held for sale					3,150	1,860		**5,010**
Total assets								**64,768**
Segment liabilities as at 31 December 2017								
Segment liabilities	32,794	2,966	156	8,217		2,803	6,914	**53,850**
Current income and deferred tax liabilities								**16**
Liabilities associated with non-current assets held for sale					2,327	1,196		**3,523**
Total liabilities								**57,389**

Breakdown by location

12 month period ended 31 December 2018	Greece	S.E. Europe	Other	Group
Net interest income	1,029	57	8	**1,094**
Net fee and commission income	228	12	-	**240**
Other	(18)	4	-	**(14)**
Total income	**1,239**	**73**	**8**	**1,320**
Direct costs	(570)	(41)	(5)	**(616)**
Allocated costs and provisions[1]	(687)	(2)	(6)	**(695)**
Profit / (loss) before tax	**(18)**	**30**	**(3)**	**9**
Tax benefit / (expense)				**(37)**
Profit / (loss) for the period from continuing operations				**(28)**
Non-controlling interests				**(34)**
Discontinued operations	52	(13)	(61)	**(22)**
Loss attributable to NBG equity shareholders				**(84)**
Depreciation and amortisation[1]	87	3	-	**90**
Credit provisions and other impairment charges	304	2	6	**312**
Non-current asset additions	143	2	-	**145**
Non-current assets	2,378	46	1	**2,425**

[1] *Includes depreciation and amortisation on investment property, property & equipment, software & other intangible assets and amortisation and write-offs of intangible assets recognised on business combinations.*

Breakdown by location

12 month period ended 31 December 2017	Greece	S.E. Europe	Other	Group
Net interest income	1,458	58	16	**1,532**
Net fee and commission income	217	16	-	**233**
Other	(171)	1	(1)	**(171)**
Total income	**1,504**	**75**	**15**	**1,594**
Direct costs	(530)	(45)	(5)	**(580)**
Allocated costs and provisions[1]	(1,128)	(4)	(13)	**(1,145)**
Profit / (loss) before tax	**(154)**	**26**	**(3)**	**(131)**
Tax benefit / (expense)				**(27)**
Profit/ (loss) for the period from continuing operations				**(158)**
Non-controlling interests				**(31)**
Profit/(loss) for the period from discontinued operations	68	(304)	(18)	**(254)**
Profit / (loss) attributable to NBG equity shareholders				**(443)**
Depreciation and amortisation[1]	87	3	-	**90**
Credit provisions and other impairment charges	791	3	13	**807**
Non-current asset additions	168	2	1	**171**
Non-current assets	2,127	52	17	**2,196**

[1] *Includes depreciation and amortisation on investment property, property & equipment, software & other intangible assets and amortisation and write-offs of intangible assets recognised on business combinations*

NOTE 6: Net interest income

	Group		Bank	
Continuing Operations	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Interest earned on:				
Amounts due from banks	14	6	19	11
Financial assets at fair value through profit or loss	18	50	18	50
Investment securities	86	104	81	99
Loans and advances to customers	1,219	1,620	1,126	1,522
Interest and similar income	**1,337**	**1,780**	**1,244**	**1,682**
Interest payable on:				
Amounts due to banks	(50)	(74)	(55)	(79)
Amounts due to customers	(147)	(148)	(133)	(133)
Debt securities in issue and other borrowed funds	(46)	(26)	(24)	(6)
Interest expense and similar charges	**(243)**	**(248)**	**(212)**	**(218)**
Net interest income	**1,094**	**1,532**	**1,032**	**1,464**

The reduction in interest income from loans and advances to customers is partly due to change in the accouting treatment of the Interest Rate Swap (the "Swap") with HR since 1 January 2018 following the adoption of IFRS 9. Specifically, in 2017 €165 million interest income was recognised from the host loan instrument, while since 1 January 2018 the combined instrument was mandatorily

classified at FVTPL and accounted for as a single unit of account, because the hybrid contract failed the SPPI test and as a result no interest income was recognised from the Swap with HR. In 2018, the realized and unrealized gains/losses from the Swap with HR were recognized in “net trading income” line item. Further decrease is mainly due to lower interest on NPEs as the provisions coverage increased following the adoption of IFRS 9, deleveraging and reduced yields.

NOTE 7: Net fee and commission income

	Group		Bank	
Continuing Operations	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Custody, brokerage & investment banking	8	14	4	4
Retail lending fees	37	37	32	26
Corporate lending fees	90	94	82	84
Banking fees & similar charges	93	87	93	93
Commissions on ELA for funding purposes	-	(10)	-	(10)
Fund management fees	12	11	1	-
Net fee and commission income	**240**	**233**	**212**	**197**

NOTE 8: Net trading income / (loss) and results from investment securities

	Group		Bank	
Continuing Operations	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net trading result and other net unrealized gains / (losses) from financial instruments	(46)	(165)	(49)	(192)
Net gain / (loss) from disposal of investment debt securities	63	27	63	27
Net gain / (loss) from disposal of investment equity securities	-	11	-	11
Net gain / (loss) from disposal of investment mutual funds	-	3	-	3
Total	**17**	**(124)**	**14**	**(151)**

Net trading result and other net unrealized gains/(losses) from financial instruments includes losses of €(16) million (2017: losses of €57 million) for the Group and the Bank relating to the bilateral CVA of derivatives.

Furthermore, for the year ended 31 December 2017 it includes €(89) million from amortization of accumulated hedging adjustments of ineffective hedge relationships.

NOTE 9: Net other income / (expenses)

	Group		Bank	
Continuing Operations	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Income/(expense) from non-banking activities	84	66	2	(7)
Dividends	2	3	180	70
Deposit Insurance Premium	(58)	(55)	(56)	(50)
Withholding taxes and duties on loans granted	(59)	(61)	(59)	(61)
Total	**(31)**	**(47)**	**67**	**(48)**

Contributions to Deposit Insurance and Resolution Funds for the Bank includes €32 million regarding the regular contribution to the Hellenic Deposit and Investment Guarantee Fund (“HDIGF”) Resolution Leg (2017: €33 million) and €24 million contribution towards the Single Resolution Fund (“SRF”) (2017: €17 million).

NOTE 10: Personnel expenses

	Group		Bank	
Continuing Operations	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Salaries and other staff related benefits	550	550	518	517
Pension costs: defined benefit plans (see Note 11)	12	12	10	11
Total	**562**	**562**	**528**	**528**

Salaries and other staff related benefits include the amount of €26 million (2017: €26 million) paid to IKA-ETAM in accordance to Law 3655/2008, after the incorporation of the Bank’s main pension fund into the main pension branch of the state sponsored social security fund IKA–ETAM as of 1 August 2008. This amount will be paid annually to IKA-ETAM for the next 5 years up to 2023 (see Note 11).

The average number of employees from continuing operations for the Group during the period 1 January 2018 up to 31 December 2018 was 10,606 (2017: 11,016) and for the Bank was 9,195 (2017: 9,473). The decrease on the number of employees in 2018 is due to the ongoing Voluntary Exit Scheme (“VES”), in which 622 and 615 employees for the Group and the Bank, respectively participated in the scheme (see Note 11).

NOTE 11: Retirement benefit obligation

I. Defined Contribution Plans

National Bank of Greece Pension Plan

In accordance with Law 3655/2008, applicable from April 2008, the Bank's main pension plan, which was a defined-contribution plan, has been incorporated into the main pension branch of the state sponsored social security fund IKA–ETAM as of 1 August 2008. Pursuant to Law 3655/2008, the Bank will contribute €26 million per annum into IKA–ETAM for 15 years starting from December 2009. This legislation also prescribes that employer contributions made by the Bank will be reduced every three years in equal increments from 26.50% in 2013 until they reach 13.33% of employees' gross salary, for employees who joined any social security plan prior to 1 January 1993.

However, in accordance with Law 4387/2016 and Ministry decision number F11321/OIK.45947/1757/2016 (Govt. Gazette 4458/B/30.12.2016, from 1 January 2017, the Bank's employer contributions will be reduced equally every year until they reach 13.33% in 2020 (31 December 2018: 16.66%, 31 December 2017: 18.27%). Additionally, the aforementioned law introduced a maximum gross monthly income of €5,860.80, upon which social security contributions are calculated). Employer contributions for employees, who joined any social security fund post 1 January 1993, will remain at 13.33%.

National Bank of Greece Auxiliary Pension Plan

The Bank's employees' Auxiliary Pension Plan ("LEPETE") provides for defined contributions to be made by the Bank at a rate of 9% of the employee's salary. Benefits paid are determined by years of service with the Bank and the employee's final pensionable pay.

Under Law 3371/2005 employees hired after 1 January 2005 are insured in the single auxiliary social security fund ("ETEAM"). The Bank pays its contributions to ETEAM since 1 May 2007, which is now part of the Unified Fund for Auxiliary Insurance and Lump Sum Benefits ("ETEAEP"). The Bank's contributions for these employees, are limited to 3.5% on their respective salaries.

The Bank has been providing financial assistance to LEPETE, in order for the latter to cover cash shortfalls. The Board of Directors decided that the Bank will not provide any additional assistance to the fund from October 2017 onwards. Since December 2017, LEPETE has ceased making payments to the pensioners.

There are pending legal actions against the Bank from LEPETE pensioners who are disputing the defined contribution status of the plan, claiming that the Bank has an obligation to cover any deficit arising. Up to 18 March 2019, nine applications for a preliminary injunction were rejected, 21 temporary injunctive measures were ruled in favour of the Bank, whereas five injunction orders were ruled in favour of former employees. For these decisions against the Bank, the Bank recognises the relevant expense as incurred. The Bank has paid in total €541 thousand until 18 March 2019. There have been 105 legal claims of which 90 have been heard in court and 25 decisions have been issued. Seven first instance court decisions were not in favour of the Bank, and the Bank has currently filed 4 appeals while 18 decisions were in favour of the Bank for which 14 appeals have been filed until now. The Bank has not made any payment yet with respect to any of the decisions against it. The Group has not recorded any provisions for these pending legal actions, because management has assessed that the likelihood of the final outcome of the outstanding legal claims being negative is remote.

Other Defined Contribution Pension Plans

The London branch of the Bank and NBG Asset Management Mutual Funds also make contributions to other defined contribution pension plans and funds for their employees.

Defined contribution health plans

Contributions by the Bank to the National Bank of Greece Health Plan ("T.Y.P.E.T.") amount to 6.25% of employees' salaries. Employees' contributions amount to 2.5% of their salaries. Additional contributions are paid for insured members of the employees' families (such as spouse that does not work and children), and are increased further in the event that the insured spouse is employed or that members of the paternal family are also insured. Contributions of retired employees amount to 4% of their pensions, while additional contributions are paid for other insured members of their families. T.Y.P.E.T. offers health benefits to employees before and after their retirement, and to insured members of their families.

Total contributions to social security funds, state run plans and defined contribution plans for 2018 and 2017 were €164 million and €168 million respectively. The respective figures for the Bank were €158 million and €161 million respectively. As mentioned above, as of 1 August 2008, the Bank's pension plan was incorporated into IKA-ETAM and therefore ceased to exist as separate defined contribution plan.

National Bank of Greece Lump Sum Benefit Plan

Up to 2013, the Bank did not contribute to the aforementioned plan. Following the amendment of the aforementioned plan's regulation, from 1 January 2014 the Bank pays voluntary contribution of 2%.

II. Defined Benefit Plans

Retirement indemnities

Most of the Group companies are required by local law to offer retirement indemnities to employees leaving service to retire. Such retirement indemnities are in the form of a lump sum payment based usually on final salary and years of service, the calculation of which depends on the jurisdiction in which the company operates and the employee's profession (e.g. Greek Law provides for different indemnities for salaried employees, wage earners and lawyers). In some cases, Group company regulations provide for additional benefits to employees above the statutory minimum.

In accordance with Law 4046/2012 and Board of Ministers' Decision (6/28.2.2012), from 14 February 2012 onwards, the employment contracts that lapse on attainment of the normal retirement age or based on the particular retirement conditions, are considered as indefinite duration employment contracts and therefore, the provisions for employees statutory retirement indemnity of Law 2112/1920, are applied.

Prior to the enactment of the above Law, the Bank considered the employment contracts with its employees as finite duration contracts; therefore no provision for staff leaving indemnity was recognized.

On 12 November 2012, the new Law 4093/2012 (GG A' 222) decreased the Law 2112/1920 statutory indemnity scale in case of employee dismissal or normal retirement. The new law restricts the maximum indemnity payable to an employee upon dismissal or retirement, to 12 monthly salaries instead of 24.

The transitional provisions of the law state that for employees who on 12 November 2012 had 17 or more full years of service to the same employer there is an additional monthly salary as indemnity per year and up to 24 monthly salaries. In case of dismissal the additional monthly salary is restricted to 2,000 euros.

Lump sum and annuity benefits

Former Ethnokarta employees are entitled to benefits from Deposit Administration Fund ("DAF") type policies, which offer lump sum benefits and pension benefits additional to those offered by social security funds or main pension plans. Such benefits are usually based on the employees' salary and years of service, and vary depending on the provisions of each policy.

Benefits for the employees' children

Benefits to employees' children are lump sum and are also based on the parents' salary and pension where applicable and on the age at which the child receives the benefits. Such benefits are offered to former Ethnokarta employees' children through a DAF type policy, as well as to the Bank's employees' children through a separate fund.

Pension cost for these defined benefit plans and termination indemnities includes the following components which are recognised in the income statement for the periods ended:

Pension costs – defined benefit plans

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Service cost	7	7	7	7
Net interest expense on the net defined benefit liability/(asset)	4	4	4	4
Losses / (income) on curtailments /settlements and other expense/ (income)	55	9	53	8
Less amounts recognised as restructuring cost	(54)	-	(54)	-
Utilization of prior year provision	-	(8)	-	(8)
Total	**12**	**12**	**10**	**11**

In 2018, losses / (income) on curtailments / settlements and other expense / (income) mainly include the ongoing VES cost implemented by the Bank, amounting to €54 million for the Group and the Bank.

Furthermore, the amount of €54 million is recognised as restructuring cost (see also Note 13), relates to the cost recognized during 2018 in the context of Bank's commitment under the 2015 Restructuring Plan to decrease its total FTEs in (see Note 46).

In 2017, losses / (income) on curtailments / settlements and other expense / (income) mainly include the remaining cost of the 2016 VES implemented by the Bank, amounting to €8 million for the Group and the Bank, respectively.

Furthermore, the amount of €8 million utilization of prior year provision, relates to full utilisation of the provision recognized as of 31 December 2015 in the context of Bank's commitment under the 2015 Restructuring Plan to decrease its total FTEs in Greece (see Note 46).

Net liability in Statement of Financial Position

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Present value of funded obligations	141	148	141	148
Fair value of plan assets	(11)	(13)	(11)	(13)
	130	**135**	**130**	**135**
Present value of unfunded obligations	109	119	107	116
Total	**239**	**254**	**237**	**251**

Movement in net liability

	Group		Bank	
	2018	2017	2018	2017
Net liability at the beginning of the period	**254**	**269**	**251**	**255**
Acquisition/Merger of subsidiaries/transfers to non-current assets held for sale	-	(11)	-	-
Actual employer contributions paid	(8)	(8)	(8)	(8)
Benefits paid directly	(69)	(20)	(67)	(19)
Total expense recognised in the income statement - continuing operations	65	20	64	19
Amount recognized in the OCI	(3)	4	(3)	4
Net liability at the end of the period	**239**	**254**	**237**	**251**

Remeasurements on the net liability

	Group		Bank	
	2018	2017	2018	2017
Liability (gain)/loss due to changes in assumptions	(5)	-	(5)	-
Liability experience (gain)/loss arising during the year	2	4	2	4
Total amount recognised in OCI	**(3)**	**4**	**(3)**	**4**

In 2019, the Group and the Bank are expected to make €7 million and €7 million respectively, in contributions to funded plans, and pay €24 million and €24 million respectively, in retirement indemnities.

Reconciliation of defined benefit obligation

	Group		Bank	
	2018	2017	2018	2017
Defined benefit obligation at the beginning of the period	**267**	**339**	**264**	**270**
Acquisition/ mergers of subsidiaries/transfers to non-current assets to held for sale	-	(65)	-	-
Service cost-continuing operations	7	7	7	7
Interest cost -continuing operations	4	4	4	4
Employee contributions	2	2	2	2
Benefits paid from the Fund	(12)	(12)	(12)	(12)
Benefits paid directly	(69)	(20)	(67)	(19)
Losses/(gains) on curtailments / settlements- continuing operations	54	9	53	8
Remeasurements (gains)/losses:				
Loss/(Gain) - financial assumptions	(5)	-	(5)	-
Loss/(Gain) - demographic assumptions	-	-	-	-
Loss/(Gain) - experience	2	4	2	4
Foreign exchange rate differences	-	(1)	-	-
Defined benefit obligation at the end of the period	**250**	**267**	**248**	**264**

Reconciliation of plan assets

	Group		Bank	
	2018	2017	2018	2017
Fair value of plan assets at the beginning of the period	**13**	**70**	**13**	**15**
Acquisition/ mergers of subsidiaries/transfers to non-current assets to held for sale	-	(55)	-	-
Employer contributions	8	8	8	8
Employee contributions	2	2	2	2
Benefits paid from the fund	(12)	(12)	(12)	(12)
Fair value of plan assets at the end of the period	**11**	**13**	**11**	**13**

The weighted average assumptions used to determine the pension costs for these defined benefit obligations, for the years ended 31 December 2018 and 31 December 2017 are:

Weighted average assumptions at the end of the reporting period

	Group		Bank	
	2018	2017	2018	2017
Discount rate	1.8%	1.6%	1.8%	1.60%
Price inflation	1.5%	1.5%	1.5%	1.5%
Rate of compensation increase	1.5%	1.5%	1.5%	1.5%
Pension increase	0.0%	0.0%	0.0%	0.0%
Plan duration	11.0	11.4	11.3	11.6

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date.

Sensitivity analysis of significant actuarial assumptions-Group

		31 December 2018
Actuarial assumption	**Change in Assumptions**	**Increase / (decrease) in defined benefit obligation**
Discount rate	Increase by 50 basis points	(5,2%)
	Decrease by 50 basis points	5,7%
Price inflation	Increase by 50 basis points	0,4%
	Decrease by 50 basis points	(0,4)%
Rate of compensation increase	Increase by 50 basis points	3,5%
	Decrease by 50 basis points	(3,3)%
Pension growth rate	Increase by 50 basis points	1,2%
	Decrease by 50 basis points	(1,1)%
Life Expectancy	Plus 1 year	0,8%
	Minus 1 year	(0,8)%

Sensitivity analysis of significant actuarial assumptions-Bank

		31 December 2018
Actuarial assumption	**Change in Assumptions**	**Increase / (decrease) in defined benefit obligation**
Discount rate	Increase by 50 basis points	(5,3)%
	Decrease by 50 basis points	5,8%
Price inflation	Increase by 50 basis points	0,4%
	Decrease by 50 basis points	(0,4)%
Rate of compensation increase	Increase by 50 basis points	3,7%
	Decrease by 50 basis points	(3,5)%
Pension growth rate	Increase by 50 basis points	1,6%
	Decrease by 50 basis points	(1,5)%
Life Expectancy	Plus 1 year	0,8%
	Minus 1 year	(0,9)%

Allocation of plan assets

	Group				Bank			
	2018		2017		2018		2017	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Cash and cash equivalents	2	18.2%	2	15.4%	2	18.2%	2	15.4%
Other	9	81.8%	11	84.6%	9	81.8%	11	84.6%
Total	**11**	**100.0%**	**13**	**100.0%**	**11**	**100.0%**	**13**	**100.0%**

Other relates mainly to assets of DAF policies issued by the Group’s main insurance company EH.

NOTE 12: General, administrative & other operating expenses

	Group		Bank	
Continuing Operations	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Duties and taxes	26	24	11	10
Utilities	78	79	69	67
Rentals	22	22	87	88
Maintenance and other related expenses	18	17	16	15
Other administrative expenses	125	124	103	107
Total	**269**	**266**	**286**	**287**

NOTE 13: Credit provisions and other impairment charges

	Group		Bank	
Continuing Operations	31.12.2018	31.12.2017	31.12.2018	31.12.2017
a. Impairment charge for credit losses on loans and advances to customers				
Impairment charge for credit losses excluding net modification loss	211	785	202	865
Net modification loss	87	-	87	-
	298	**785**	**289**	**865**
b. Impairment charge for securities				
Investment in debt instruments	(32)	-	(32)	-
Equity securities	-	1	-	1
	(32)	**1**	**(32)**	**1**
c. Other provisions and impairment charges				
Impairment of investment property, property and equipment, software & other intangible assets and other assets	4	12	2	2
Impairment / Reversal of impairment of investment in subsidiaries and equity method investments	-	-	-	(54)
Legal and other provisions	42	9	40	8
	46	**21**	**42**	**(44)**
Total	**312**	**807**	**299**	**822**

The reduction in impairment charge on loans and advances to customers is mainly attributable to improved macroeconomic forecasts, reduction of the NPE formation and to the already increased coverage ratios due to IFRS 9 adoption. The comparative information for 2017 on impairment charge for credit losses on Loans and Advances to customers is reported under IAS 39 and therefore is not comparable to the information presented for 2018.

The reversal of impairment of €32 million recognized in 2018 on investment in debt instruments is mainly due to the improvement of HR's credit rating by two notches from Caa2 to B3 incurred in Q1.2018. The inflation linked GGB maturing in 2057 is classified in stage 2, hence the ECL is sensitive to changes in HR's credit rating. The comparative figure is Nil, as under IAS 39 no impairment allowance was recognized for non credit impaired bonds.

NOTE 14: Restructuring cost

Restructuring costs of €78 million relate to €66 million estimated cost of the Voluntary Exit Schemes initiated in 2018 (of which €54 million relate to employees already left the Bank as of 31 December 2018, see Note 11) and €12 million direct expenditure relating to the Transformation Program.

NOTE 15: Tax benefit /(expense)

	Group		Bank	
Continuing Operations	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Current tax	(32)	(23)	(4)	(3)
Deferred tax	(5)	(4)	-	-
Tax benefit / (expense)	**(37)**	**(27)**	**(4)**	**(3)**
Profit / (loss) before tax	**9**	**(131)**	**66**	**(243)**
Tax calculated based on the current tax rate of 29% (2017: 29%)	(3)	38	(19)	70
Adjustments in respect of income tax of previous years	(2)	(1)	-	-
Effect of different tax rates in other countries	6	10	-	-
Income not subject to taxation and other permanent differences	22	40	16	40
Expenses not deductible for tax purposes	(17)	(13)	(22)	(34)
Effect of unused tax losses and deductible temporary differences not recognised as deferred tax assets	(41)	(88)	(40)	(75)
Tax effect of utilization of tax losses not previously recognised	64	-	64	-
Intragroup dividends	(47)	-	-	-
Non off-settable taxes with current year income taxes	(6)	-	(5)	-
Other	(13)	(13)	2	(4)
Income tax (expense) / benefit	**(37)**	**(27)**	**(4)**	**(3)**
Effective tax rate for the period	**365.9%**	**(20.2%)**	**6.2%**	**(1.4%)**

The nominal corporation tax rate for the Bank for 2018 and 2017 is 29%. Following the law 4603/2019, the withholding tax on dividends distributed from 1 January 2019 onwards is decreased from 15% to 10%.

The unaudited tax years of the Group's equity method investments and subsidiaries are presented in Notes 24 and 44.

According to article 82 of law 4472/2017 an annual fee of 1.5% is imposed on the excess amount guaranteed by the Greek State of deferred tax assets stemming from the difference between the tax rate applicable under law 4336/16.07.2015 for fiscal year 2015 onwards (29%) and the tax rate applicable on 30.6.2015 (26%). The corresponding amount for the Bank is €8 million for 2017 and 2018. The total charge of €8 million is presented within net other income / (expense).

Based on Law 4579/2018 effective from 2019, the corporate income tax rate for legal entities other than credit institutions will be gradually reduced as follows:

- \- 28% for income earned in 2019;
- \- 27% for income earned in 2020;
- \- 26% for income earned in 2021; and
- \- 25% for income earned as from 2022.

The corporate tax rate applicable to credit institutions remains at 29%.

Receivables from withholding taxes on bonds and treasury bills

Current income tax advance includes withholding tax receivables of €203 million relating to the financial years 2009, 2011, 2012 and 2013 (tax years 2008, 2010, 2011 and 2012), which the Bank claims from the Greek State. On 29 March 2019, a Law amendment was passed regarding Corporate Income Tax legislation, clarifying the status of these withholding tax receivables of banks. Specifically, (a) taxes of €41 million, withheld in accordance with the provisions of para. 8 of article 12 of Law 2238/1994, are offset as a priority when income tax is incurred and to the extent that income tax is sufficient for the purposes of the above set-off, (b) withholding taxes of €162 million, which are subject to the provisions of para. 6 of article 3 of Law 4046/2012 and not offset within five years, are offset in equal instalments within 10 years with any tax liabilities of banks, starting from 1 January 2020.

Current income tax advance also includes withholding tax receivables on interest income from Greek government bonds and Treasury bills of €124 million, which were withheld after 1 January 2013 (tax year 2013), but according to the para. 1 of article 9 of Law 4110/2013 (which amended the article 99 of Law 2238/1994), such interest income is taxed under the general tax provisions. Therefore the amounts withheld are offset against income tax in the next five financial years from the financial year the tax was withheld. After the end of the five-year period, any amounts not offset have to be repaid by the Greek State. Finally, the said account includes withholding taxes on corporate bonds of €32 million withheld in 2018 which are refundable by the Greek State.

NOTE 16: Earnings / (losses) per share

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit/(loss) for the period attributable to NBG equity shareholders from continuing operations	(62)	(189)	62	(246)
Earnings/(losses) for the period attributable to NBG ordinary shareholders from continuing operations	**(62)**	**(189)**	**62**	**(246)**
Earnings/(losses) for the period from discontinued operations	(22)	(254)	(55)	255
Earnings/(losses) for the period attributable to NBG ordinary shareholders from continuing and discontinued operations	**(84)**	**(443)**	**7**	**9**
Weighted average number of ordinary shares outstanding for basic and diluted EPS	**914,559,161**	**914,557,452**	**914,715,153**	**914,715,153**
Earnings/(losses) per share - Basic and diluted from continuing operations	**(0.07)**	**(0.21)**	**0.07**	**(0.27)**
Earnings/(losses) per share - Basic and diluted from continuing and discontinued operations	**(0.09)**	**(0.48)**	**0.01**	**0.01**

NOTE 17: Cash and balances with central banks

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Cash in hand	556	577	533	546
Balances with central banks	4,582	1,201	4,371	945
Total	**5,138**	**1,778**	**4,904**	**1,491**
Of which				
Obligatory balances with central banks	**462**	**467**	**337**	**295**

The Bank is required to maintain a current account with the BoG to facilitate interbank transactions with the central bank, its member banks, and other financial institutions through the Trans-European Automated Real-Time Gross Settlement Express Transfer system (TARGET). BoG requires all banks established in Greece to maintain deposits with the central bank equal to 1% of total customer deposits as these are defined by the ECB. Similar requirements apply to the other banking subsidiaries of the Group. The Bank's deposits at BoG bear interest at the refinancing rate as set by the ECB of 0.00% at 31 December 2018 while the corresponding deposits of certain subsidiaries are non-interest bearing.

NOTE 18: Due from banks

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Sight deposits with banks	200	280	125	191
Time deposits with banks	52	72	51	145
Securities purchased under agreements to resell	761	-	761	8
Deposits in margin accounts	978	735	978	735
Other	596	649	592	644
Total	**2,587**	**1,736**	**2,507**	**1,723**

NOTE 19: Financial assets at fair value through profit or loss

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Trading Securities:				
Government bonds	343	289	343	289
Treasury bills	672	1,435	672	1,435
Other debt securities	2	1	2	1
Equity securities	32	63	26	48
Mutual funds units	5	5	-	-
Financial assets mandatorily classified at fair value through profit and loss	3,465	-	3,465	-
Total	**4,519**	**1,793**	**4,508**	**1,773**

Financial assets at FVTPL as of 31 December 2018 include the amount of €3,273 million for the Swap with the Hellenic Republic mandatorily measured at FVTPL as it fails the SPPI test. On 4 and 5 of February 2019, NBG exchanged the Swap with the Hellenic Republic for three GGBs maturing in 2023, 2025 and 2026 with a total nominal value of €3,314 million and fair value of €3,282 million. The GGBs were received on 15 February 2019, classified as Held-To-Collect and measured at amortised cost. A gain of €46 million was recognized from the transaction in the first quarter of 2019, which includes the release of the CVA on the Swap with the Hellenic Republic and the allowance for expected credit losses on the GGBs acquired.

NOTE 20: Derivative financial instruments

	Group			Bank		
	31.12.2018			31.12.2018		
	Notional amounts	Fair values Assets	Fair values Liabilities	Notional amounts	Fair values Assets	Fair values Liabilities
Derivatives held for trading						
Interest rate derivatives – OTC	36,395	3,655	1,761	36,308	3,655	1,761
Foreign exchange derivatives – OTC	3,007	78	79	3,007	78	79
Other types of derivatives – OTC	246	20	67	246	20	67
Interest rate derivatives – Exchange traded	2,444	3	9	2,444	3	9
Other types of derivatives - Exchange traded	2,795	35	3	2,784	35	3
Total	**44,887**	**3,791**	**1,919**	**44,789**	**3,791**	**1,919**
Derivatives held for fair value hedging						
Interest rate derivatives – OTC	150	-	212	150	-	212
Total	**150**	**-**	**212**	**150**	**-**	**212**
Total	**45,037**	**3,791**	**2,131**	**44,939**	**3,791**	**2,131**

	Group			Bank		
	31.12.2017			31.12.2017		
	Notional amounts	Fair values Assets	Fair values Liabilities	Notional amounts	Fair values Assets	Fair values Liabilities
Derivatives held for trading						
Interest rate derivatives – OTC	39,087	3,546	3,482	38,982	3,546	3,482
Foreign exchange derivatives – OTC	3,761	73	64	3,778	73	64
Other types of derivatives – OTC	728	22	33	477	15	33
Interest rate derivatives – Exchange traded	1,165	10	-	1,165	10	-
Other types of derivatives - Exchange traded	2,584	30	4	2,584	29	4
Total	**47,325**	**3,681**	**3,583**	**46,986**	**3,673**	**3,583**
Derivatives held for fair value hedging						
Interest rate derivatives – OTC	150	-	215	150	-	215
Total	**150**	**-**	**215**	**150**	**-**	**215**
Total	**47,475**	**3,681**	**3,798**	**47,136**	**3,673**	**3,798**

As at 31 December 2017, trading interest rate OTC derivatives for the Group and the Bank included a derivative liability with the Hellenic Republic of €1,871 million. This derivative which was embedded in the whole agreement with the Hellenic Republic (see Note 21) had been bifurcated under IAS 39 and accounted for separately. Upon adoption of IFRS 9 on 1 January 2018, the whole agreement was mandatorily measured at FVPTL and classified within "Financial assets at FVPTL" (see Note 48 and Note 19).

In February 2019, NBG settled the Swap with the Hellenic Republic for three GGBs maturing in 2023, 2025 and 2026 (see Note 19).

Credit risk

The Group calculates a separate CVA for each counterparty to which the Group has exposure. The CVA is estimated considering expected exposures generated using simulation techniques, as well as netting agreements and collateral postings. Furthermore, the CVA is based on implied probabilities of default, derived from CDS rates observed in the market, or, if these are not available, the probability of default of the counterparty derived from internal rating models, or otherwise the regulatory risk weight is applied.

With respect to own credit risk, the Group estimates a Debit Value Adjustment ("DVA") by applying a methodology symmetric to the one applied for CVA. The bilateral CVA for the Group and the Bank at 31 December 2018 amounted to a cumulative loss of €133 million (2017: gain €192 million).

Fair value hedges

The Group's and the Bank's fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate, long-term financial instruments due to movements in market interest rates.

	Hedging Instruments				Hedged Items			
Derivative Instrument	Nominal Amount	Fair Value	Balance Sheet Line	Change in fair value	Carrying Amount	Accumulated hedge adjustment on the hedged item	Balance Sheet Line	Change in fair value due to the risk being hedged
Interest Rate Swaps	150	212	Derivative Liabilities	(94)	1.097	470	Securities measured at amortised cost	92
Interest Rate Swaps	150	6	Due from Banks [1]	(4)	226	N/A	Securities measured at FVTOCI	4
Total	**300**	**218**		**(98)**	**1.323**	**470**		**96**

[1] Relates to derivatives traded with Central Clearing Counterparties (CCPs). Please refer to Note 4.9.

The accumulated amount of fair value hedge adjustments remaining in the statement of financial position for discontinued hedges was €377 million as at 31 December 2018 for the Group and the Bank respectively.

Hedge ineffectiveness recognised in profit or loss amounted to Nil and €(1) million, for the year ended 31 December 2018 and 2017 respectively, for the Group and the Bank.

NOTE 21: Loans and advances to customers

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Mortgages	15,795	16,491	15,590	16,256
Consumer loans	3,087	3,686	2,535	3,153
Credit cards	668	829	598	757
Small business lending	3,094	3,572	2,944	3,426
Retail lending	**22,644**	**24,578**	**21,667**	**23,592**
Corporate and public sector lending	16,956	23,602	16,348	22,646
Total before allowance for impairment on loans and advances to customers	**39,600**	**48,180**	**38,015**	**46,238**
Less: Allowance for impairment on loans and advances to customers	(9,466)	(10,239)	(8,912)	(9,990)
Total	**30,134**	**37,941**	**29,103**	**36,248**

As at 31 December 2017, corporate and public sector lending for the Group included a loan to the Hellenic Republic of €5,873 million. The whole agreement with the Hellenic Republic relating to this loan also included an embedded derivative with fair value €1,871 million that had been bifurcated under IAS 39 and accounted for as a separate derivative liability.

Upon adoption of IFRS 9 on 1 January 2018, the whole agreement did not pass the SPPI test and thus, under IFRS 9, it was mandatorily measured at FVPTL and classified within "financial assets at FVPTL" (see Note 48).

On 2 July 2018 the Bank completed the transaction for the disposal of a portfolio of non-performing unsecured retail and small business loans in Greece, of an outstanding principal amount of c. €2.0 billion. The gross carrying amount and ECL allowance of these loans as at 31 December 2017 are analyzed per portfolio in the table below:

Disposal of non-performing loans-Group

As at 31 December 2017	Gross carrying amount	ECL allowance	Net carrying amount
Consumer loans	459	426	33
Credit Cards	122	113	9
Small business lending	332	316	16
Total loans and advances to customers	**913**	**855**	**58**

Loans and advances to customers at amortised cost and mandatorily measured at FVTPL -Group

As at 31 December 2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL Individually assessed	Credit impaired Lifetime ECL Collectively assessed	Total
Loans and advances to customers at amortised cost					
Mortgages					
Gross carrying amount	3,188	5,525	-	7,082	15,795
ECL allowance	(36)	(208)	-	(2,734)	(2,978)
Net carrying amount	**3,152**	**5,317**	**-**	**4,348**	**12,817**
Collateral held for financial assets	2,926	4,927	-	5,124	12,977
Consumer loans					
Gross carrying amount	1,302	447	-	1,338	3,087
ECL allowance	(21)	(83)	-	(1,053)	(1,157)
Net carrying amount	**1,281**	**364**	**-**	**285**	**1,930**
Collateral held for financial assets	141	83	-	195	419
Credit Cards					
Gross carrying amount	499	13	-	156	668
ECL allowance	(5)	(1)	-	(156)	(162)
Net carrying amount	**494**	**12**	**-**	**-**	**506**
Collateral held for financial assets	-	-	-	-	-
Small business lending					
Gross carrying amount	427	672	-	1,994	3,093
ECL allowance	(4)	(77)	-	(1,469)	(1,550)
Net carrying amount	**423**	**595**	**-**	**525**	**1,543**
Collateral held for financial assets	294	455	-	1,184	1,933
Corporate lending					
Gross carrying amount	10,117	791	4,741	723	16,372
ECL allowance	(75)	(59)	(2,873)	(553)	(3,560)
Net carrying amount	**10,042**	**732**	**1,868**	**170**	**12,812**
Collateral held for financial assets	5,339	568	2,830	459	9,196
Public sector lending					
Gross carrying amount	350	9	78	15	452
ECL allowance	(3)	-	(47)	(9)	(59)
Net carrying amount	**347**	**9**	**31**	**6**	**393**
Collateral held for financial assets	50	9	40	8	107
Total loans and advances to customers at amortised cost					
Gross carrying amount	15,883	7,457	4,819	11,308	39,467
ECL allowance	(144)	(428)	(2,920)	(5,974)	(9,466)
Net carrying amount of loans and advances to customers at amortised cost	**15,739**	**7,029**	**1,899**	**5,334**	**30,001**
Collateral held for financial assets	8,750	6,042	2,870	6,970	24,632
Loans and advances to customers mandatorily measured at FVTPL					**133**
Total loans and advances to customers					**30,134**

Stage 1 and 3 mortgage exposures include mortgage loans of €695 million and €53 million, respectively, guaranteed by the Hellenic Republic. For the purposes of assessing the NPE classification for the specific mortgage guaranteed exposures, the Bank equalizes the guarantor, i.e. the Greek State with the obligor. In substance, for these specific exposures the Greek State guarantee is considered obligor substitution rather than credit enhancement means. Thus, the specific exposures are classified as Stage 1 unless specific circumstances exist.

Stage 2 and 3 SBL exposures include SBL loans of €1 million and €90 million, respectively, partially guaranteed by the Hellenic Republic.

Stage 1, 2 and 3 corporate exposures include corporate loans of €39 million, €9 million and €239 million, respectively, partially guaranteed by the Hellenic Republic.

Loans and advances to customers at amortised cost and mandatorily measured at FVTPL -Bank

As at 31 December 2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL Individually assessed	Credit impaired Lifetime ECL Collectively assessed	Total
Loans and advances to customers at amortised cost					
Mortgages					
Gross carrying amount	3,034	5,513	-	7,043	15,590
ECL allowance	(36)	(208)	-	(2,720)	(2,964)
Net carrying amount	**2,998**	**5,305**	**-**	**4,323**	**12,626**
Collateral held for financial assets	2,771	4,914	-	5,091	12,776
Consumer loans					
Gross carrying amount	827	427	-	1,281	2,535
ECL allowance	(14)	(80)	-	(1,023)	(1,117)
Net carrying amount	**813**	**347**	**-**	**258**	**1,418**
Collateral held for financial assets	76	79	-	185	340
Credit Cards					
Gross carrying amount	436	12	-	150	598
ECL allowance	(5)	(1)	-	(150)	(156)
Net carrying amount	**431**	**11**	**-**	**-**	**442**
Collateral held for financial assets	-	-	-	-	-
Small business lending					
Gross carrying amount	352	655	-	1,936	2,943
ECL allowance	(3)	(77)	-	(1,426)	(1,506)
Net carrying amount	**349**	**578**	**-**	**510**	**1,437**
Collateral held for financial assets	232	442	-	1,167	1,841
Corporate lending					
Gross carrying amount	10,462	601	4,019	683	15,765
ECL allowance	(80)	(51)	(2,553)	(426)	(3,110)
Net carrying amount	**10,382**	**550**	**1,466**	**257**	**12,655**
Collateral held for financial assets	4,620	418	2,298	409	7,745
Public sector lending					
Gross carrying amount	349	9	78	15	451
ECL allowance	(3)	-	(47)	(9)	(59)
Net carrying amount	**346**	**9**	**31**	**6**	**392**
Collateral held for financial assets	49	9	40	8	106
Total loans and advances to customers at amortised cost					
Gross carrying amount	15,460	7,217	4,097	11,108	37,882
ECL allowance	(141)	(417)	(2,600)	(5,754)	(8,912)
Net carrying amount of loans and advances to customers at amortised cost	**15,319**	**6,800**	**1,497**	**5,354**	**28,970**
Collateral held for financial assets	7,748	5,862	2,338	6,860	22,808
Loans and advances to customers mandatorily measured at FVTPL					**133**
Total loans and advances to customers					**29,103**

Stage 1 and 3 mortgage exposures include mortgage loans of €695 million and €53 million, respectively, guaranteed by the Hellenic Republic. For the purposes of assessing the NPE classification for the specific mortgage guaranteed exposures, the Bank equalizes the guarantor, i.e. the Greek State with the obligor. In substance, for these specific exposures the Greek State guarantee is considered obligor substitution rather than credit enhancement means. Thus, the specific exposures are classified as Stage 1 unless specific circumstances exist.

Stage 2 and 3 SBL exposures include SBL loans of €1 million and €90 million, respectively, partially guaranteed by the Hellenic Republic.

Stage 1, 2 and 3 corporate exposures include corporate loans of €39 million, €9 million and €239 million, respectively, partially guaranteed by the Hellenic Republic.

Movement in the ECL allowance on loans and advances to customers – Group

	Retail lending				Corporate and public sector lending				Total loans and advances to customers			
	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Balance 1.1.2018	**70**	**461**	**6,264**	**6,795**	**61**	**68**	**4,211**	**4,340**	**131**	**529**	**10,475**	**11,135**
Transfer to stage 1 (from 2 or 3)	43	(26)	(17)	-	23	(22)	(1)	-	66	(48)	(18)	-
Transfer to stage 2 (from 1 or 3)	(4)	311	(307)	-	(4)	50	(46)	-	(8)	361	(353)	-
Transfer to stage 3 (from 1 or 2)	(2)	(117)	119	-	(1)	(5)	6	-	(3)	(122)	125	-
Net remeasurement of loss allowance (a)	(43)	(272)	465	**150**	(11)	(39)	87	**37**	(54)	(311)	552	**187**
Impairment losses on new assets (b)	3	4	-	**7**	16	-	1	**17**	19	4	1	**24**
Impairment losses on loans (a+b)	**(40)**	**(268)**	**465**	**157**	**5**	**(39)**	**88**	**54**	**(35)**	**(307)**	**553**	**211**
Derecognition of loans	-	-	(129)	**(129)**	-	-	(48)	**(48)**	-	-	(177)	**(177)**
Modification impact on ECL	-	-	(62)	**(62)**	-	-	(19)	**(19)**	-	-	(81)	**(81)**
Write-offs	-	-	(846)	**(846)**	-	-	(679)	**(679)**	-	-	(1,525)	**(1,525)**
Foreign exchange differences and other movements	(1)	8	11	**18**	(4)	8	(12)	**(8)**	(5)	16	(1)	**10**
Change in the present value of the allowance account	-	-	(82)	**(82)**	-	-	-	**-**	-	-	(82)	**(82)**
Reclassified as Held For Sale	-	-	(4)	**(4)**	(2)	(1)	(18)	**(21)**	(2)	(1)	(22)	**(25)**
Balance 31.12.2018	**66**	**369**	**5,412**	**5,847**	**78**	**59**	**3,482**	**3,619**	**144**	**428**	**8,894**	**9,466**

Movement in the ECL allowance on loans and advances to customers – Bank

	Retail lending				Corporate and public sector lending				Total loans and advances to customers			
	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Balance 1.1.2018	**61**	**459**	**6,169**	**6,689**	**67**	**61**	**3,811**	**3,939**	**128**	**520**	**9,980**	**10,628**
Transfer to stage 1 (from 2 or 3)	43	(27)	(16)	-	21	(21)	-	-	64	(48)	(16)	-
Transfer to stage 2 (from 1 or 3)	(4)	311	(307)	-	(4)	46	(42)	-	(8)	357	(349)	-
Transfer to stage 3 (from 1 or 2)	(2)	(114)	116	-	-	(3)	3	-	(2)	(117)	119	-
Net remeasurement of loss allowance (a)	(44)	(268)	464	**152**	(16)	(34)	77	**27**	(60)	(302)	541	**179**
Impairment losses on new assets (b)	2	4	-	**6**	16	-	1	**17**	18	4	1	**23**
Impairment losses on loans (a+b)	**(42)**	**(264)**	**464**	**158**	**-**	**(34)**	**78**	**44**	**(42)**	**(298)**	**542**	**202**
Derecognition of loans	-	-	(129)	**(129)**	-	-	(48)	**(48)**	-	-	(177)	**(177)**
Modification impact on ECL	-	-	(62)	**(62)**	-	-	(19)	**(19)**	-	-	(81)	**(81)**
Write-offs	-	-	(843)	**(843)**	-	-	(669)	**(669)**	-	-	(1,512)	**(1,512)**
Foreign exchange differences and other movements	2	1	9	**12**	(1)	2	(78)	**(77)**	1	3	(69)	**(65)**
Change in the present value of the allowance account	-	-	(82)	**(82)**	-	-	-	**-**	-	-	(82)	**(82)**
Reclassified as Held For Sale	-	-	-	**-**	-	-	(1)	**(1)**	-	-	(1)	**(1)**
Balance 31.12.2018	**58**	**366**	**5,319**	**5,743**	**83**	**51**	**3,035**	**3,169**	**141**	**417**	**8,354**	**8,912**

Movement in the allowance for impairment on loans and advances to customers

	Group				Bank			
	31.12.2017				31.12.2017			
	Retail Lending	Corporate Lending	Public sector Lending	Total	Retail Lending	Corporate Lending	Public sector Lending	Total
Balance at 1 January	**6,614**	**4,757**	**86**	**11,457**	**6,438**	**4,411**	**87**	**10,936**
Impairment charge for credit losses (see Note 13)	486	317	(18)	**785**	486	397	(18)	**865**
Loans written off	(1,089)	(538)	-	**(1,627)**	(1,051)	(551)	-	**(1,602)**
Amounts recovered	8	1	-	**9**	5	-	-	**5**
Unwind of the discount	(120)	(7)	-	**(127)**	(127)	(18)	-	**(145)**
Reclassified as held for sale	(65)	(102)	-	**(167)**	-	-	-	**-**
Foreign exchange rate differences	(23)	(70)	2	**(91)**	(37)	(33)	1	**(69)**
Balance at 31 December	**5,811**	**4,358**	**70**	**10,239**	**5,714**	**4,206**	**70**	**9,990**

The amounts reported in the "Reclassified as held for sale" line item are based on the carrying amount of the respective items as of 1 January 2017 for the subsidiaries classified as HFS in 2017 (see Note 29).

Movement in Gross carrying amount of loans and advances to customers at amortised cost – Group

	Retail lending				Corporate and Public sector lending				Total loans and advances to customers			
As at 31 December 2018	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Gross Balance 1.1.2018	**6,186**	**6,734**	**11,656**	**24,576**	**9,731**	**1,090**	**6,553**	**17,374**	**15,917**	**7,824**	**18,209**	**41,950**
Transfer to Stage 1 (from 2 or 3)	442	(416)	(26)	**-**	365	(363)	(2)	**-**	807	(779)	(28)	**-**
Transfer to Stage 2 (from 1 or 3)	(821)	1,681	(860)	**-**	(211)	368	(157)	**-**	(1,032)	2,049	(1,017)	**-**
Transfer to Stage 3 (from 1 or 2)	(133)	(871)	1,004	**-**	(57)	(108)	165	**-**	(190)	(979)	1,169	**-**
New financial assets originated or purchased	405	41	-	**446**	1,975	22	-	**1,997**	2,380	63	-	**2,443**
Derecognition of financial assets	-	-	(226)	**(226)**	-	-	(63)	**(63)**	-	-	(289)	**(289)**
Repayments and other changes	(616)	(516)	(19)	**(1,151)**	(1,195)	(190)	(132)	**(1,517)**	(1,811)	(706)	(151)	**(2,668)**
Changes due to modifications that did not result in derecognition	-	-	(146)	**(146)**	-	-	(22)	**(22)**	-	-	(168)	**(168)**
Write-offs	-	-	(807)	**(807)**	-	-	(721)	**(721)**	-	-	(1,528)	**(1,528)**
Foreign exchange differences	2	7	16	**25**	46	4	16	**66**	48	11	32	**91**
Reclassified as held for sale	(49)	(3)	(22)	**(74)**	(187)	(23)	(80)	**(290)**	(236)	(26)	(102)	**(364)**
Gross Balance 31.12.2018	**5,416**	**6,657**	**10,570**	**22,643**	**10,467**	**800**	**5,557**	**16,824**	**15,883**	**7,457**	**16,127**	**39,467**
ECL allowance	(66)	(369)	(5,412)	**(5,847)**	(78)	(59)	(3,482)	**(3,619)**	(144)	(428)	(8,894)	**(9,466)**
Net carrying amount as at 31.12.2018	**5,350**	**6,288**	**5,158**	**16,796**	**10,389**	**741**	**2,075**	**13,205**	**15,739**	**7,029**	**7,233**	**30,001**

Movement in Gross carrying amount of loans and advances to customers at amortised cost – Bank

	Retail lending				Corporate and Public sector lending				Total loans and advances to customers			
As at 31 December 2018	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total	Stage 1	Stage 2	Credit impaired	Total
Gross Balance 1.1.2018	**5,414**	**6,702**	**11,470**	**23,586**	**9,835**	**849**	**5,736**	**16,420**	**15,249**	**7,551**	**17,206**	**40,006**
Transfer to Stage 1 (from 2 or 3)	433	(408)	(25)	**-**	332	(330)	(2)	**-**	765	(738)	(27)	**-**
Transfer to Stage 2 (from 1 or 3)	(784)	1,642	(858)	**-**	(182)	306	(124)	**-**	(966)	1,948	(982)	**-**
Transfer to Stage 3 (from 1 or 2)	(127)	(869)	996	**-**	(42)	(75)	117	**-**	(169)	(944)	1,113	**-**
New financial assets originated or purchased	326	41	-	**367**	1,989	22	-	**2,011**	2,315	63	-	**2,378**
Derecognition of financial assets	-	-	(226)	**(226)**	-	-	(63)	**(63)**	-	-	(289)	**(289)**
Repayments and other changes	(602)	(507)	(11)	**(1,120)**	(1,137)	(152)	(147)	**(1,436)**	(1,739)	(659)	(158)	**(2,556)**
Changes due to modifications that did not result in derecognition	-	-	(146)	**(146)**	-	-	(22)	**(22)**	-	-	(168)	**(168)**
Write-offs	-	-	(805)	**(805)**	-	-	(716)	**(716)**	-	-	(1,521)	**(1,521)**
Foreign exchange differences	3	7	15	**25**	46	4	17	**67**	49	11	32	**92**
Reclassified as held for sale	(14)	(1)	-	**(15)**	(30)	(14)	(1)	**(45)**	(44)	(15)	(1)	**(60)**
Gross Balance 31.12.2018	**4,649**	**6,607**	**10,410**	**21,666**	**10,811**	**610**	**4,795**	**16,216**	**15,460**	**7,217**	**15,205**	**37,882**
ECL allowance	(58)	(366)	(5,319)	**(5,743)**	(83)	(51)	(3,035)	**(3,169)**	(141)	(417)	(8,354)	**(8,912)**
Net carrying amount as at 31.12.2018	**4,591**	**6,241**	**5,091**	**15,923**	**10,728**	**559**	**1,760**	**13,047**	**15,319**	**6,800**	**6,851**	**28,970**

Modification of loans and advances to customers

The amortised cost (before modification) of financial assets with lifetime ECL whose cash flows were modified during the period amounted to €2,186 million resulting in a net modification loss of €168 million for the Group and the Bank.

The modification loss represents the difference between the present value of the new contractual cash flows (i.e. based on the modified terms of the loan) discounted by the original effective interest rate of the loan and the carrying amount post write-off (if any). The impact of modification on the ECL allowances associated with these assets was a release of €81 million (Bank: €81 million). The net impact on the statement of profit or loss for the period was, therefore, €87 million (Bank: €87 million).

Securitisation of loans and Covered Bonds

Loans and advances to customers include securitised loans and loans used as collateral in the covered bonds program, as follows:

Securitized Loans

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
SME loans (Sinepeia d.a.c.-August 2016)	197	286	197	286
Total securitized loans	**197**	**286**	**197**	**286**

On 12 July 2016, the Special Purpose Entity SINEPIA Designated Activity Company (d.a.c.) was established in Ireland, for the purposes of SME loans securitization, in which the Bank has a beneficial interest. In 2016 Sinepia d.a.c. issued A1, A2, A3 & A4 notes which were placed with the European Investment Bank ("EIB"), the European Investment Fund ("EIF") and the European Bank for Reconstruction and Development ("EBRD"), allowing the Bank to raise €300 million of medium term funding. The Notes were subject to mandatory redemption in whole or in part on each interest payment date (i.e. on a quarterly basis) and only to the extent that the issuer had funds available for such purpose after making payment of any prior ranking liabilities in accordance with the agreement in force.

During 2017, NBG proceeded with the redemption of class A1, A2, A3 and A4 notes held by third parties of €123 million, €29 million, €41 million and €65 million, respectively.

During 2018, NBG proceeded with the cancellation part of Class M notes of €96 million. The outstanding amounts of Sinepia d.a.c. Class M and Z notes as at 31 December 2018 are as follows:

Issuer	Description	Type of collateral	Issue date	Maturity date	Nominal amount in million €	Interest rate
Sinepia d.a.c. [(1)]	Asset Backed Floating Rate Notes- Class M	SME loans	8 August 2016	July 2035	141	Paid quarterly at a rate of three month Euribor plus a margin of 300 bps
Sinepia d.a.c. [(1)]	Asset Backed Floating Rate Notes- Class Z	SME loans	8 August 2016	July 2035	65	Paid quarterly at a rate of three month Euribor plus a margin of 500 bps

[(1)] *The Bank retains the option to call the notes on any interest payment date after the fourth Interest Payment Date, or place them with investors.*

Notes M and Z which have not been placed with investors, are held by the Bank and therefore are not presented within "Other borrowed funds" (see Note 33).

Covered bonds

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Mortgages	**4,600**	**4,916**	**4,600**	**4,916**
of which eligible collateral	*4,478*	*4,792*	*4,478*	*4,792*

Under the covered bond Programs I and II, the Bank has the following covered bond series in issue as at 31 December 2018:

Program	Series number	Type of collateral	Issue date	Maturity date	Nominal amount in million €	Interest rate
Program I[(1)]	Series 6	Residential mortgage loans	5 October 2016	5 April 2021	1,500	Paid quarterly at rate of three month Euribor plus a margin of 50 bps
Program II[(2)]	Series 7	Residential mortgage loans	19 October 2017	19 October 2020	750	Paid semi-annually at a fixed rate 2.75%
Program II[(2)]	Series 8	Residential mortgage loans	30 July 2018	28 July 2023	200	Paid annually at a fixed rate 1.85%
Program II[(2)]	Series 9	Residential mortgage loans	14 August 2018	14 August 2019	600	Paid annually at a fixed rate 0.75%

[(1)] The issues under this Program are currently rated Baa1 by Moody's and BBB- by S&P
[(2)] The issues under this Program are currently rated Baa3 by Moody's, BBB- by S&P and BBB- by Fitch

On 10 October 2017, the Bank issued a 3-year €750 million Covered Bond at 2.90% yield. The issue serves towards the Bank's strategic objective to re-establish a recurring presence in the international capital markets and accelerated the disengagement from the ELA, normalizing its funding profile.

On 30 July 2018, the Bank issued €200 million of new 5-year fixed rate covered bonds (Series 8) with an annual coupon of 1.85% under its Covered Bond Program II. The EIB and the Bank have agreed that the EIB will initially purchase €100 million of covered bonds in the next 6 months, while the remaining €100 million will be retained by the Bank. As of 31 December 2018, €100 million were already placed with EIB and on 12 February 2019, the remaining €100 million placed with EIB.

On 14 August 2018, the Bank issued under its Covered Bond Program II, one-year fixed rate €600 million covered bond (Series 9) at 0.75% coupon and yield, which has been retained by the Bank and used as collateral for the main refinancing operations of the ECB. Subsequently, on 11 January 2019, the Bank proceeded with the cancelation of €100 million of Series 9.

The Series 6 & 9 issue has not been sold to institutional investors, is held by the Bank and therefore is not presented within "Debt securities in issue" (see Note 32).

Information regarding covered bonds and securitizations can be found at the Bank's site (www.nbg.gr) under "Investor Relations\Debt Investors".

Loans and advances to customers include finance lease receivables:

	Group	
	2018	2017
Maturity		
Not later than 1 year	322	319
Later than 1 year but not later than 5 years	271	299
Later than 5 years	196	223
	789	**841**
Unearned future finance income on finance leases	(100)	(121)
Net investment in finance leases	**689**	**720**

Allowance for impairment on finance lease receivables in 2018 amounts to €289 million (2017: €326 million).

The net investment in finance leases may be analysed as follows:

	Group	
	2018	2017
Maturity		
Not later than 1 year	299	294
Later than 1 year but not later than 5 years	223	242
Later than 5 years	167	184
Net investment in finance leases	**689**	**720**

NOTE 22: Investment securities

On 1 January 2018, according to IFRS 9 provisions, the Group has changed its classification categories for financial assets, from the previous IAS 39 standard. The new applicable financial assets categories are based on the business models for managing those financial assets and their contractual cash flow characteristics. For further information on the classification categories of financial assets please refer to Note 2.7.1 Classification of financial assets and for further information on the impact of the transition to IFRS 9, for financial assets please refer to Note 48 Impact upon transition to IFRS 9.

	Group 31.12.2018	Bank 31.12.2018
Securities measured at fair value though other comprehensive income:		
Debt securities		
Greek government bonds	675	675
Treasury bills and other eligible bills	812	731
Debt securities issued by other governments and public sector entities	806	806
Corporate bonds incorporated in Greece	135	135
Debt securities issued by Greek financial institutions	13	13
Total debt securities	**2,441**	**2,360**
Equity securities	127	126
Total securities measured at fair value though other comprehensive income	**2,568**	**2,486**
Securities measured at amortised cost:		
Greek government bonds	1,237	1,237
Treasury bills and other eligible bills	58	-
Debt securities issued by other government and public sector entities	515	479
Corporate bonds incorporated in Greece	21	21
Debt securities issued by Greek financial institutions	41	16
Total securities measured at amortised cost	**1,872**	**1,753**
Total investment securities	**4,440**	**4,239**

	Group 31.12.2017	Bank 31.12.2017
Available-for-sale investment securities:		
Debt securities		
Greek government bonds	225	225
Treasury bills and other eligible bills	167	-
Debt securities issued by other governments and public sector entities	250	233
Corporate bonds incorporated in Greece	90	90
Corporate bonds incorporated outside Greece	15	15
Debt securities issued by foreign financial institutions	20	20
Total debt securities	**767**	**583**
Equity securities	89	85
Mutual funds units	6	4
Total available-for-sale investment securities	**862**	**672**
Held-to-maturity investment securities:		
Greek government bonds	252	252
Debt securities issued by other government and public sector entities	375	385
Corporate bonds incorporated in Greece	30	20
Debt securities issued by Greek financial institutions	39	24
Total held-to-maturity investment securities	**696**	**681**
Loans-and-receivables investment securities:		
Greek government bonds	1,106	1,106
EFSF bonds received by HFSF	977	977
Treasury bills and other eligible bills	66	-
Debt securities issued by other government and public sector entities	57	1
Corporate bonds incorporated in Greece	15	14
Debt securities issued by Greek financial institutions	1	1
Total loans and receivable securities	**2,222**	**2,099**
Total investment securities	**3,780**	**3,452**

On 5 December 2016, Eurogroup endorsed the implementation of the short-term debt relief measures beginning in early 2017. These measures included, among others, a bond exchange of floating rate notes used for Greek banks' recapitalization for fixed-rate notes with much longer maturities. This exchange was effected at the bonds' carrying amount, therefore, it had no impact on the Bank's income statement. During 2017 the Bank participated in the Bond Exchange Program with €7.1 billion. The outstanding amount of notes eligible for this program as at 31 December 2017, was €1.0 billion. The process of Bond Exchange Program has been completed in January 2018 and all outstanding notes have been exchanged.

On 15 November 2017, the Hellenic Republic (HR) announced an invitation to exchange the 20 Greek government bonds issued in 2012 within the context of PSI ("PSI GGB's") maturing from 2023 to 2042, with 5 Greek government bonds, maturing on 2023, 2028, 2033, 2037 and 2042. The purpose of this exchange was to align the terms of the outstanding debt of the Hellenic Republic with market standards for sovereign issuers, provide the market with a limited number of benchmark securities which are expected to have significantly higher liquidity than the PSI GGBs and hence normalize the benchmark yield curve for such securities. Each PSI GGB is

exchanged with one or two securities with defined exchange ratio on the nominal value. The exchange offer was treated as a modification of the “PSI GGB’s”.

At 31 December 2017 Greek government bonds held by the Group and the Bank, and for which no impairment has been recognised comprised mainly of:

a) a Greek government bond held by the Bank in the loans-and-receivables investment securities, maturing in 2057, with nominal amount €550 million and carrying value €965 million,

b) Greek government bonds received in the context of the 15 November 2017 exchange announced by the HR, of nominal value €97 million and carrying value of €59 million

c) other Greek government bonds maturing in 2019, 2028 and 2034 of nominal value €88 million and carrying value €82 million.

d) Greek government bonds received in the context of the 15 November 2017 exchange announced by the HR, held by the Bank in the available-for-sale investment securities, of nominal value €192 million and carrying value of €181 million,

e) other Greek government bonds maturing in 2019 and 2022 of nominal value €37 million and carrying value €38 million, and PSI Greek government bonds maturing from 2023 to 2042, with nominal value €6 million and carrying value €5 million.

f) a Greek government bond held by the Bank in the held-to-maturity portfolio maturing in 2022, with nominal €255 million and carrying value €252 million.

The Group has concluded that there is no objective evidence of impairment with respect to these bonds described above as at 31 December 2017, because there is no evidence at the date these financial statements were authorised that there is a loss event that has an impact on the estimated future cash flows associated with this exposure, hence that the future cash flows will not be recovered in accordance with the contractual terms.

The movement of investment securities may be summarised as follows:

	Group	Bank
	31.12.2018	31.12.2018
Securities measured at fair value though other comprehensive income:		
Balance at 1 January [1]	**862**	**672**
Impact of IFRS 9	1,112	1,214
Balance at 1 January	**1,974**	**1,886**
Additions within the period	3,909	2,924
Disposals (sales and redemptions) within the period	(3,311)	(2,324)
Transfers to Non-current assets held for sale	(3)	-
Gains / (losses) from changes in fair value	(8)	(8)
Amortisation of premiums / discounts	7	7
Balance at 31 December	**2,568**	**2,486**
Securities measured at amortised cost:		
Balance at 1 January [2]	**2,919**	**2,780**
Impact of IFRS 9	(1,045)	(1,144)
Balance at 1 January	**1,874**	**1,636**
Additions within the period	233	130
Disposals (sales and redemptions) within the period	(152)	(53)
Transfers to Non-current assets held for sale	(124)	-
Impairment charge	36	36
Amortisation of premiums / discounts	6	6
Foreign exchange differences	(1)	(2)
Balance at 31 December	**1,872**	**1,753**

[1] *The balance at 1 January includes securities classified as available for sale under IAS 39 .*
[2] *The balance at 1 January includes securities classified as held to maturity and loans and receivables under IAS 39.*

	Group	Bank
	31.12.2017	31.12.2017
Available-for-sale investment securities:		
Balance at 1 January	**2,634**	**251**
Additions within the period	2,115	924
Disposals (sales and redemptions) within the period	(1,820)	(599)
Transfers to Non-current assets held for sale	(2,164)	-
Gains / (losses) from changes in fair value	94	93
Amortisation of premiums / discounts	3	3
Balance at 31 December	**862**	**672**
Held-to-maturity investment securities:		
Balance at 1 January	**149**	**84**
Additions within the period	687	671
Disposals (sales and redemptions) within the period	(5)	(5)
Transfers to Non-current assets held for sale	(137)	(71)
Amortisation of premiums / discounts	2	2
Balance at 31 December	**696**	**681**
Loans-and-receivables investment securities		
Balance at 1 January	**10,099**	**9,872**
Additions within the period	347	114
Disposals (sales and redemptions) within the period	(8,106)	(7,900)
Transfers to Non-current assets held for sale	(131)	-
Amortisation of premiums / discounts	13	13
Balance at 31 December	**2,222**	**2,099**

The disposals of securities measured at amortized cost during the period ended 31 December 2018, include bonds maturing during 2018 of carrying amount €104 million and sales of bonds of carrying amount €48 million with realized gain €8 million which is included in net trading income/(loss) results from investment securities.

NOTE 23: Investment property

	Group		
	Land	Buildings	Total
Cost			
At 1 January 2017	**466**	**584**	**1,050**
Foreign exchange differences	(1)	-	**(1)**
Acquisition/ Disposal of subsidiary(ies)	-	(2)	**(2)**
Transfers	14	41	**55**
Transfers to Held for Sale	(49)	(98)	**(147)**
Additions	43	31	**74**
Disposals and write offs	(1)	(8)	**(9)**
At 31 December 2017	**472**	**548**	**1,020**
Accumulated depreciation & impairment			
At 1 January 2017	**(18)**	**(163)**	**(181)**
Transfers	-	(12)	**(12)**
Transfers to Held for Sale	4	59	**63**
Disposal of subsidiary(ies)	-	1	**1**
Disposals and write offs	-	4	**4**
Depreciation charge	-	(12)	**(12)**
Impairment charge	(5)	(4)	**(9)**
At 31 December 2017	**(19)**	**(127)**	**(146)**
Net book amount at 31 December 2017	**453**	**421**	**874**

	Group		
	Land	Buildings	Total
Cost			
At 1 January 2018	**472**	**548**	**1,020**
Transfers	27	(1)	**26**
Transfers to Held for Sale	-	(2)	**(2)**
Additions	69	75	**144**
Disposals and write offs	(14)	(18)	**(32)**
At 31 December 2018	**554**	**602**	**1,156**
Accumulated depreciation & impairment			
At 1 January 2018	**(19)**	**(127)**	**(146)**
Transfers	(10)	20	**10**
Transfers to Held for Sale	-	1	**1**
Disposals and write offs	3	5	**8**
Depreciation charge	-	(12)	**(12)**
Impairment charge	(3)	2	**(1)**
At 31 December 2018	**(29)**	**(111)**	**(140)**
Net book amount at 31 December 2018	**525**	**491**	**1,016**

The fair value of investment property as at 31 December 2018 exceeded the carrying amount and amounted to €1,143 million. Rental income for the year ended 31 December 2018 amounts to €55 million (2017: €51 million).

NOTE 24: Equity method investments

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
At 1 January	**8**	**7**	**7**	**7**
Share of profit/(loss) of equity method investments	-	1	-	-
At 31 December	**8**	**8**	**7**	**7**

The Group's and Bank's equity method investments are as follows:

			Group		Bank	
	Country	Tax years unaudited	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Social Securities Funds Management S.A.	Greece	2014-2018	20.00%	20.00%	20.00%	20.00%
Larco S.A.	Greece	2009-2018	33.36%	33.36%	33.36%	33.36%
Eviop Tempo S.A.	Greece	2014-2018	21.21%	21.21%	21.21%	21.21%
Teiresias S.A.	Greece	2010-2018	39.93%	39.93%	39.93%	39.93%
Planet S.A.	Greece	2009-2018	36.99%	36.99%	36.99%	36.99%
Pyrrichos Real Estate S.A.	Greece	2012-2018	21.83%	21.83%	21.83%	21.83%
Sato S.A.	Greece	2014-2018	23.74%	23.74%	23.74%	23.74%
Olganos S.A.	Greece	2014-2018	33.60%	33.60%	33.60%	33.60%

Summarised financial information in respect of the Group's equity method investments is set out below based on the most recent financial information available:

	31.12.2018	31.12.2017
Total assets	54	51
Total liabilities	21	18
Net assets	33	32
Group's share of net assets of equity method investments	8	8
Total revenue	57	54
Total profit/(loss) for the year	-	1
Group's share of profit/(loss) of equity method investments	-	1

The difference between the "Equity method investments" and the Group's share of net assets of equity method investments represents purchased goodwill.

NOTE 25: Goodwill, software and other intangibles assets

	Group						Bank		
	Goodwill	Software	Other finite life intangibles	Other indefinite life intangibles	Other intangibles	Total	Software	Other intangibles	Total
Cost									
At 1 January 2017	**225**	**590**	**21**	**8**	**138**	**982**	**474**	**137**	**611**
Disposal of subsidiaries	(201)	(8)	(21)	(8)	-	**(238)**	-	-	**-**
Transfers	-	1	-	-	(1)	**-**	1	(1)	**-**
Reclassified as held for sale	(3)	(58)	-	-	-	**(61)**	-	-	**-**
Additions	-	41	-	-	19	**60**	40	14	**54**
At 31 December 2017	**21**	**566**	**-**	**-**	**156**	**743**	**515**	**150**	**665**
Accumulated amortisation & impairment									
At 1 January 2017	**(224)**	**(479)**	**(21)**	**(8)**	**(113)**	**(845)**	**(388)**	**(115)**	**(503)**
Disposal of subsidiaries	201	5	21	8	-	**235**	-	-	**-**
Reclassified as held for sale	2	43	-	-	-	**45**	-	-	**-**
Amortization charge	-	(36)	-	-	(10)	**(46)**	(34)	(3)	**(37)**
At 31 December 2017	**(21)**	**(467)**	**-**	**-**	**(123)**	**(611)**	**(422)**	**(118)**	**(540)**
Net book amount at 31 December 2017	**-**	**99**	**-**	**-**	**33**	**132**	**93**	**32**	**125**
Cost									
At 1 January 2018	**21**	**566**	**-**	**-**	**156**	**743**	**515**	**150**	**665**
Transfers	(20)	3	-	-	(3)	**(20)**	3	(3)	**-**
Reclassified as held for sale	-	(12)	-	-	-	**(12)**	-	-	**-**
Additions	-	41	-	-	21	**62**	39	21	**60**
At 31 December 2018	**1**	**598**	**-**	**-**	**174**	**773**	**557**	**168**	**725**
Accumulated amortisation & impairment									
At 1 January 2018	**(21)**	**(467)**	**-**	**-**	**(123)**	**(611)**	**(422)**	**(118)**	**(540)**
Transfers	20	-	-	-	-	**20**	-	-	**-**
Reclassified as held for sale	-	7	-	-	-	**7**	-	-	**-**
Amortisation charge	-	(37)	-	-	(2)	**(39)**	(36)	(2)	**(38)**
At 31 December 2018	**(1)**	**(497)**	**-**	**-**	**(125)**	**(623)**	**(458)**	**(120)**	**(578)**
Net book amount at 31 December 2018	**-**	**101**	**-**	**-**	**49**	**150**	**99**	**48**	**147**

NOTE 26: Property and equipment

Group	Land	Buildings	Vehicles & equipment	Leasehold improvements	Assets under construction	Total
Cost						
At 1 January 2017	**852**	**905**	**781**	**146**	**2**	**2,686**
Disposal of subsidiaries	-	(32)	(3)	-	(1)	**(36)**
Transfers	(11)	4	-	(8)	(1)	**(16)**
Reclassified as held for sale	(65)	(110)	(56)	(17)	(2)	**(250)**
Additions	-	2	13	11	11	**37**
Disposals and write offs	(1)	(9)	(8)	-	-	**(18)**
At 31 December 2017	**775**	**760**	**727**	**132**	**9**	**2,403**
Accumulated depreciation & impairment						
At 1 January 2017	**(153)**	**(419)**	**(702)**	**(126)**	**-**	**(1,400)**
Transfers	-	2	-	-	-	**2**
Reclassified as held for sale	1	42	52	15	-	**110**
Disposals and write offs	-	6	8	-	-	**14**
Depreciation charge	-	(13)	(23)	(5)	-	**(41)**
Impairment charge	(2)	-	-	-	-	**(2)**
At 31 December 2017	**(154)**	**(382)**	**(665)**	**(116)**	**-**	**(1,317)**
Net book amount at 31 December 2017	**621**	**378**	**62**	**16**	**9**	**1,086**
Cost						
At 1 January 2018	**775**	**760**	**727**	**132**	**9**	**2,403**
Transfers	(12)	(7)	-	(8)	(10)	**(37)**
Reclassified as held for sale	(18)	(14)	(7)	(3)	-	**(42)**
Additions	-	3	31	13	2	**49**
Disposals and write offs	-	-	(24)	-	-	**(24)**
At 31 December 2018	**745**	**742**	**727**	**134**	**1**	**2,349**
Accumulated depreciation & impairment						
At 1 January 2018	**(154)**	**(382)**	**(665)**	**(116)**	**-**	**(1,317)**
Transfers	-	9	-	-	-	**9**
Reclassified as held for sale	-	12	6	3	-	**21**
Disposals and write offs	-	-	24	-	-	**24**
Depreciation charge	-	(12)	(22)	(5)	-	**(39)**
Impairment charge	(1)	-	-	-	-	**(1)**
At 31 December 2018	**(155)**	**(373)**	**(657)**	**(118)**	**-**	**(1,303)**
Net book amount at 31 December 2018	**590**	**369**	**70**	**16**	**1**	**1,046**

For more information regarding what it is included under 'Reclassified as held for sale' in 2018 and 2017, please refer to Note 29.

Bank	Land	Buildings	Vehicles & equipment	Leasehold improvements	Assets under construction	Total
Cost						
At 1 January 2017	**84**	**100**	**637**	**171**	**-**	**992**
Transfers	-	-	-	1	(1)	**-**
Additions	-	1	12	11	2	**26**
Disposals and write offs	(1)	(9)	-	-	-	**(10)**
At 31 December 2017	**83**	**92**	**649**	**183**	**1**	**1,008**
Accumulated depreciation & impairment						
At 1 January 2017	**(5)**	**(47)**	**(572)**	**(112)**	**-**	**(736)**
Disposals and write offs	-	6	1	-	-	**7**
Depreciation charge	-	(2)	(21)	(8)	-	**(31)**
At 31 December 2017	**(5)**	**(43)**	**(592)**	**(120)**	**-**	**(760)**
Net book amount at 31 December 2017	**78**	**49**	**57**	**63**	**1**	**248**
Cost						
At 1 January 2018	**83**	**92**	**649**	**183**	**1**	**1,008**
Transfers	-	-	-	1	(1)	**-**
Reclasified as held for sale	-	-	(2)	(1)	-	**(3)**
Additions	-	2	30	13	1	**46**
Disposals and write offs	-	-	(24)	-	-	**(24)**
At 31 December 2018	**83**	**94**	**653**	**196**	**1**	**1,027**
Accumulated depreciation & impairment						
At 1 January 2018	**(5)**	**(43)**	**(592)**	**(120)**	**-**	**(760)**
Reclasified as held for sale	-	-	1	1	-	**2**
Disposals and write offs	-	-	24	-	-	**24**
Depreciation charge	-	(1)	(21)	(8)	-	**(30)**
Impairment charge	(1)	-	-	-	-	**(1)**
At 31 December 2018	**(6)**	**(44)**	**(588)**	**(127)**	**-**	**(765)**
Net book amount at 31 December 2018	**77**	**50**	**65**	**69**	**1**	**262**

NOTE 27: Deferred tax assets and liabilities

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Deferred tax assets:				
Unamortised PSI losses	2,110	2,202	2,110	2,202
Property and equipment and intangible assets	1	7	-	-
Loans and advances to customers	2,797	2,705	2,796	2,704
Tax losses	-	1	-	-
Other temporary differences	1	1	-	-
Deferred tax assets	**4,909**	**4,916**	**4,906**	**4,906**

	Group	
	31.12.2018	31.12.2017
Deferred tax liabilities:		
Property and equipment and intangible assets	4	2
Loans and advances to customers	6	3
Other temporary differences	4	1
Deferred tax liabilities	**14**	**6**

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Deferred tax charge in the income statement				
Unamortised PSI losses	(92)	(92)	(92)	(92)
Loans and advances to customers	89	89	92	92
Other temporary differences	(2)	(1)	-	-
Deferred tax charge in the income statement	**(5)**	**(4)**	**-**	**-**
Deferred tax through OCI	(1)	1	-	-
Net deferred tax movement	**(6)**	**(3)**	**-**	**-**

The Group and the Bank believe that the realization of the recognized DTA of €4,909 million and €4,906 million for the Group and the Bank, respectively, at 31 December 2018 is probable based upon expectations of Group's and Bank's taxable income in the future (see Note 3).

At 31 December 2018, cumulative Group tax losses amounted to €5,151 million (2017: €5,353 million) and were incurred in 2014 through to 2018. The amount of €5,091 million (2017: €5,314 million) relates to the Bank and was incurred in 2014 through to 2017. Management has estimated that tax losses of €4 million for the Group and Nil for the Bank (2017: €19 million and Nil) can be utilised thus a DTA of €1 million and Nil (2017: €4 million and Nil) for the Group and the Bank respectively has been recognised. The unused tax losses amounted to €5,148 million for the Group and €5,091 million for the Bank (2017: €5,334 million and €5,314 million) and the unrecognised DTA amounted to €1,491 million and €1,476 million (2017: €1,547 million and €1,541 million) respectively.

The following table presents the year of expiration of the unused tax losses for the Group and the Bank.

	Group	Bank
Year	31.12.2018	31.12.2018
2019	1,831	1,831
2020	940	933
2021	2,131	2,112
2022	218	215
2023	31	-
Total	**5,151**	**5,091**

The Group and the Bank have offset the deferred tax assets and deferred tax liabilities on an entity by entity basis based on the legally enforceable right to set off the recognized amounts i.e. offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

NOTE 28: Other assets

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Accrued interest and commissions	47	32	49	34
Receivables from Greek State	734	690	720	676
Tax prepayments and other recoverable taxes	5	4	1	-
Trade receivables	82	99	11	18
Assets acquired through foreclosure proceedings	213	103	201	85
Prepaid expenses	34	57	28	51
Hellenic Deposit and Investment Guarantee Fund	494	492	494	492
Cheques and credit card transactions under settlement	30	16	29	13
Other	138	119	104	90
Total	**1,777**	**1,612**	**1,637**	**1,459**

Receivables from the Greek State of €734 million mainly include amounts claimed or eligible to be claimed from the Hellenic Republic relating to mortgage loans guaranteed from the Hellenic Republic.

In accordance with article 9 of Law 4370/07.03.2016, the upper coverage level for the amount of deposits guaranteed by the Hellenic Deposit and Investment Guarantee Fund (HDIGF) is €100 thousand per client. Accordingly, the contributions paid by credit institutions to HDIGF increased from 2008 onwards.

Law 4370/07.03.2016 article 25 par. 8, 9 and 10 provides that the Supplementary Deposit Cover Fund (SDCF), is considered as a distinct group of assets which consists of the annual contributions of the credit institutions, pursuant to paragraph 2 of Article 6 of Law 3714/2008 (A '231). The assets of the SDCF are considered to be assets of the SDCF members credit institutions, according to their participation in it and is part of the funds of and subject to management by the HDIGF, for the achievement of its objectives.

In accordance with article 13 of Law 4370/2016, HDIGF guarantees up to an amount of €30 thousand per client for investing activities. In 2010, the participating credit institutions paid the first contributions. The said contributions are included in a special reserve which is jointly owned by the credit institutions in proportion to their participation. Each credit institution participating in the Investment Cover Scheme (ICS) has an individual share in it. The individual share of each ICS member is proportional to its participation in the assets of the ICS, Article 30/4370/ 07.03.2016.

In accordance with article 36 of Law 4370/07.03.2016, the Resolution Scheme (RS) assets, as Resolution Fund for credit institutions, are from ordinary contributions paid in advance, extraordinary contributions and alternative means of funding, pursuant to the internal articles 98, 99 and 100 of Article 2 of Law 4355/2015. The contributions are determined in accordance with the provisions in force.

Also, according to Regulation (EU) 806/2014, the Bank participates in the Single Resolution Fund, through predetermined regular annual contributions, set by the SRB (Single Resolution Board).

NOTE 29: Assets and liabilities held for sale and discontinued operations

Non-current assets held for sale at 31 December 2018 comprise of Banca Romaneasca, NIC, NBG Cyprus Ltd, NBG Cairo Branch and Grand Hotel S.A. while at 31 December 2017 comprised of S.A.B.A., NBG Albania, Banca Romaneasca and NIC. The profit or losses from discontinued operations for the period ended 31 December 2018, comprises of S.A.B.A., Banca Romaneasca, NIC, NBG Albania, NBG Cyprus Ltd and NBG Cairo Branch. The comparative profit or loss from discontinued operations includes S.A.B.A., UBB and Interlease, Vojvodjanska and NBG leasing doo, Banca Romaneasca, NIC and NBG Albania and has been re-presented to also include NBG Cyprus Ltd and NBG Cairo Branch (which were classified as discontinued operations in December 2018).

United Bulgarian Bank A.D. and Interlease E.A.D. (“Bulgarian operations”)

On 30 December 2016, the Bank entered into a definitive agreement with KBC Group (“KBC”) for the divestment to KBC of its 99.91% stake in UBB and its 100% stake in Interlease, its subsidiaries in Bulgaria. The agreed consideration for the sale of the two subsidiaries amounted to €610 million. On 26 April 2017 UBB made a €50 million dividend distribution to NBG, following approval of its Annual General Assembly.

The above agreement included the sale of the 30% stake in UBB-Metlife Life Insurance Company AD and 20% stake in UBB Insurance Broker AD held by Ethniki Hellenic General Insurance S.A. The consideration amounted to €10.5 million.

The disposal was completed on 13 June 2017 on which date control of Bulgarian operations passed to KBC. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal of the above transactions, are disclosed in Note 43.

Vojvodjanska Banka a.d. Novi Sad (“Vojvodjanska”) and NBG Leasing d.o.o. Belgrade (“Serbian operations”)

On 4 August 2017, the Bank entered into a definitive agreement with OTP Bank Serbia (“OTPS”) for the divestment to OTPS of its 100% stake in its subsidiaries in Serbia Vojvodjanska and NBG Leasing d.o.o. Belgrade (along with the 100% held subsidiary NBG Services d.o.o. Belgrade). The agreed consideration for the sale amounted to €125 million.

The disposal was completed on 1 December 2017 on which date control of Serbian Operations passed to OTPS. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal of the above transactions, are disclosed in Note 43.

Banka NBG Albania Sh.A.

On 2 February 2018, the Bank entered into a definitive agreement with American Bank of Investments S.A. (“ABI”) for the divestment to ABI of its entire stake (100%) in its subsidiary Banka NBG Albania Sh.A. (“NBG Albania”). The agreed consideration for the sale amounted to €25 million.

The disposal was completed on 3 July 2018, on which date control of NBG Albania passed to ABI. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal of the above transactions, are disclosed in Note 43.

The South African Bank of Athens Ltd

On 22 December 2016, the Group entered into a definitive agreement with AFGRI Holdings Proprietary Limited (“AFGRI”), a company incorporated in the Republic of South Africa for the divestment to AFGRI of its 99.83% stake in its South African subsidiary S.A.B.A. The agreed consideration for the sale of the subsidiary amounts to €18 million (ZAR 301 million).

The disposal was completed on 4 October 2018, on which date control of SABA passed to AFGRI. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal of the above transactions, are disclosed in Note 43.

Ethniki Hellenic General Insurance S.A. (“NIC”)

On 27 June 2017, the NBG’s Board of Directors approved the divestiture of a 75 % stake in NIC to EXIN Financial Services Holdings B.V. (“EXIN”) and the establishment of an exclusive bancassurance agreement, which will govern the distribution of products of NIC via the NBG network.

However, on 28 March 2018, which was the last date (“Longstop Date”) for EXIN to fulfil certain condition precedents specified in the Share and Purchase Agreement (“SPA”) entered into between NBG and EXIN, the Bank took note that such condition precedents were not fulfilled and henceforth decided to terminate the SPA on the 29th of March 2018.

Following a decision of the Bank’s Board of Directors and in consultation with the HFSF, the Bank renewed the sale process of NIC with the remaining selected bidders that participated in the last stage of the binding offers phase in May 2017 and received an updated binding offer. However, following the examination and assessment of the various aspects of the binding offer received, including certainty of the successful conclusion of the transaction, the Bank decided not to proceed with further negotiations with the prospective investor.

NBG remains committed to implementing alternative options of compliance with its Commitments under the Restructuring Plan as agreed with the DG Competition.

NBG considers that the sale is highly probable, given that it is preparing towards relaunching the sales process in the second quarter of 2019, hence it is expected that the sale being concluded within 12 months. For this reason NIC remains classified as held for sale and discontinued operations.

Banca Romaneasca S.A.

On 26 July 2017, the Bank entered into a definitive agreement with OTP Bank Romania ("OTPR") for the divestment to OTPR of its 99.28% stake in its Romanian subsidiary Banca Romaneasca.

However, on 19 March 2018, the Bank announced that the National Bank of Romania ("NBR") rejected OTPR's application to acquire 99.28% of Banca Romaneasca as NBR's approval of OTPR (as the new shareholder of Banca Romaneasca) was a condition precedent for the closing of the transaction. The Share Purchase agreement between the Bank and OTPR was terminated on 13 April 2018.

Following the NBR rejection, the Bank started a new sale process in June 2018 approaching a wide range of potential buyers. Binding offers were received in December 2018. The Bank expects to conclude the sale within the next 12 months and therefore Banca Romaneasca remains classified as held for sale and discontinued operations.

The proceeds of disposal are expected to be lower than the carrying amount of the related net assets and accordingly cumulative impairment losses of €110 million (31.12.2017 €92 million) have been recognized at Group level. At Bank level the corresponding impairment amounted to €82 million (31.12.2017 €67 million).

Grand Hotel Summer Palace S.A.

On 18 October 2018 the Bank announced the opening of the sale process of its total shareholding in its 100% subsidiary Grand Hotel Summer Pallas S.A. ("Grand Hotel") through an open auction with seal bids on 10 December 2018. Upon completion of the aforementioned process the Bank on 14 January 2019 entered into a sale agreement with the highest bidder, Mitsis Company S.A., to dispose of its 100% stake in Grand Hotel. The agreed consideration for the sale amounted to €50 million.

Closing of the transaction is expected in the second quarter of 2019. For this reason Grand Hotel has been classified as held for sale.

National Bank of Greece (Cyprus) Ltd

The divestment of NBG (Cyprus) Ltd ("NBG Cyprus") is an obligation of NBG under its amended Restructuring Plan that was approved by its Board of Directors on 4 December 2015. The sales process for NBG Cyprus commenced in April 2018 and, given that the process is very advanced, the Bank is expecting to conclude the sale of NBG Cyprus within the next 12 months.

The proceeds of disposal are expected to be lower than the carrying amount of the related net assets and accordingly impairment losses of €39 million have been recognized at Group level on the classification of the subsidiary as held for sale. At Bank level, the corresponding impairment amounted to €23 million. NBG Cyprus has been classified as held for sale and discontinued operations.

National Bank of Greece – Egyptian Branch Network

The divestment of NBG's Branch Network in Egypt ("NBG Egypt") is an obligation of NBG under its amended Restructuring Plan. On 31 January 2018, the Board of Directors of NBG resolved to apply to the Central Bank of Egypt in order to commence the sales process, as per the local regulatory requirement.

The application was finally submitted to on March 2018, the approval to commence the sales process was granted in July 2018 and the sales process was launched in October 2018.

The proceeds of disposal are expected to be lower than the carrying amount of the related net assets and accordingly impairment losses of €9 million have been recognized at Group and Bank level on the classification of the subsidiary as held for sale.

The Bank expects that the sale will be concluded within the next 12 months and therefore the assets and liabilities of NBG Egypt have been classified as held for sale and discontinued operations.

Condensed income statement of discontinued operations [1]

€ million	Group 12 month period ended 31.12.2018	Group 12 month period ended 31.12.2017	Bank 12 month period ended 31.12.2018	Bank 12 month period ended 31.12.2017
Net interest income	121	221	5	5
Net fee and commission income	4	41	1	1
Earned premia net of claims and commissions	95	58	-	-
Other income	15	28	1	48
Total income	**235**	**348**	**7**	54
Operating expenses	(145)	(231)	(6)	(14)
Provisions and impairments	(82)	(148)	(55)	(141)
Profit/(loss) before tax	**8**	**(31)**	**(54)**	**(101)**
Tax benefit/(expense)	(27)	(14)	(1)	-
Profit/(loss) for the period from discontinued operations	**(19)**	**(45)**	**(55)**	**(101)**
Profit/(Loss) on disposal (see Note 43)	(3)	(209)		356
Total profit/(loss) for the period from discontinued operations (attributable to NBG equity shareholders)	**(22)**	**(254)**	**(55)**	**255**

[1] Includes S.A.B.A., Romaneasca, NIC, NBG Albania, NBG Cyprus Ltd and NBG Cairo branch while in 2017 UBB, Interlease, Vojvodjanska, NBG Leasing d.o.o., is also included.

€ million	31.12.2018	31.12.2017
Cash Flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	283	67
Net cash inflows/(outflows) from investing activities	(209)	32
Net cash inflows/(outflows) from financing activities	95	(44)
Net Cash inflows /(outflows)	**169**	**55**

Analysis of non-current assets held for sale and liabilities associated with non-current assets held for sale

	Group 31.12.2018[1]	Group 31.12.2017[2]	Bank 31.12.2018[1]	Bank 31.12.2017
ASSETS				
Cash and balances with central banks	227	186	25	-
Due from banks	299	164	353	440
Financial assets at fair value through profit or loss	64	14	50	-
Derivative financial instruments	1	3	-	-
Loans and advances to customers	1,217	1,298	52	25
Investment securities	2,494	2,372	66	51
Investment property	90	92	-	-
Investments in subsidiaries	-	-	904	937
Goodwill, software and other intangible assets	16	15	-	-
Property and equipment	141	135	-	-
Deferred tax assets	125	145	-	-
Insurance related assets and receivables	455	505	-	-
Current income tax advance	19	19	-	-
Other assets	67	62	2	8
Non-current assets held for sale	6	-	-	-
Total assets	**5,221**	**5,010**	**1,452**	**1,461**
LIABILITIES				
Due to banks	11	8	-	-
Derivative financial instruments	-	1	-	-
Due to customers	1,590	1,040	99	-
Insurance related reserves and liabilities	2,210	2,283	-	-
Deferred tax liabilities	1	1	-	-
Retirement benefit obligations	66	8	-	-
Other liabilities	214	182	12	-
Total liabilities	**4,092**	**3,523**	**111**	**-**

[1] Includes Ethniki Hellenic General Insurance S.A., B.R.O.M., NBG Cairo branch, NBG Cyprus Ltd and Grand Hotel Summer Palace S.A.
[2] Includes S.A.B.A., Ethniki Hellenic General Insurance S.A., B.R.O.M., and Banka NBG Albania Sh.a.

NOTE 30: Due to banks

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Demand deposits due to credit institutions	51	72	158	166
Time deposits due to credit institutions	125	125	431	308
Interbank deposits	37	44	99	100
Amounts due to ECB and Central Banks	2,250	2,751	2,252	2,751
Securities sold under agreements to repurchase	4,099	3,369	4,099	3,369
Other	1,105	980	1,104	979
Total	**7,667**	**7,341**	**8,143**	**7,673**

NOTE 31: Due to customers

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Deposits:				
Individuals	31,866	30,875	30,734	29,435
Corporate	6,102	6,242	6,457	6,271
Government and agencies	5,059	3,148	5,058	3,143
Total	**43,027**	**40,265**	**42,249**	**38,849**

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Deposits:				
Savings accounts	19,449	18,690	19,306	18,500
Current & Sight accounts	9,142	8,662	9,233	8,572
Time deposits	13,640	12,079	12,908	10,942
Other deposits	785	788	791	789
	43,016	**40,219**	**42,238**	**38,803**
Securities sold to customers under agreements to repurchase	11	46	11	46
	11	**46**	**11**	**46**
Total	**43,027**	**40,265**	**42,249**	**38,849**

Included in time deposits are deposits, which contain one or more embedded derivatives. The Group has designated such deposits as financial liabilities at fair value through profit or loss. As at 31 December 2018, these deposits amounted to €1,043 million (31 December 2017: €866 million).

In accordance with Law 4151/2013, all dormant deposit accounts are subject to statute of limitations of 20 years in favour of the Greek State. All banks operating in Greece are required by April of every year to remit the cash balances of such dormant accounts to the Greek State. According to Article 1, paragraph 6 of the Legislative Act published in the Government Gazette "N.84/18.07.2015", the aforementioned obligation had been suspended.

Following Ministerial Decision on 14 November 2017, the above suspension was cancelled and the Bank, during 2018, remitted to the Greek State €35 million in respect to dormant account balances.

During 2018, €1.6 billion due to customers were reclassified as liabilities associated with non-current assets held for sale relating to Romanian, Egyptian, and Cyprus operations.

NOTE 32: Debt securities in issue

	Group			Bank		
	Weighted Interest rate	31.12.2018	31.12.2017	Weighted Interest rate	31.12.2018	31.12.2017
Corporate bonds - floating rate	4.33%	298	284	-	-	-
Covered bonds - fixed rate	2.64%	848	742	2.64%	848	742
Total		**1,146**	**1,026**		**848**	**742**

The financial terms of the major debt securities in issue as of 31 December 2018, are as follows:

Issuer	Type	Issue date	Maturity date	Currency	Outstanding Nominal amount	Own held by the Group (nominal amount)	Interest rate
Covered bonds							
NBG	Fixed rate covered bonds - Program II Series 7	19 October 2017	October 2020	EUR	750	3	Paid semi-annually at a fixed coupon rate of 2.75%
NBG	Fixed rate covered bonds - Program II Series 8	30 July 2018	July 2023	EUR	200	100	Paid annually at a fixed coupon rate of 1.85%
Corporate bonds							
NBG Pangaea REIC	Floating rate bond	20 August 2014	July 2019	EUR	237	-	Paid quarterly Euribor plus 485 bps
NBG Pangaea REIC	Floating rate bond	28 March 2018	March 2023	EUR	59	-	Paid quarterly Euribor plus 350 bps

The outstanding amounts of Asset Backed Notes of Sinepia d.a.c., Class M and Z (see Note 21), are held by the Bank and therefore are not presented within 'Debt securities in issue'.

The movement of debt securities in issue may be summarised as follows:

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Balance at 1 January	**1,026**	**536**	**742**	-
Additions within the period	159	742	100	742
Disposals (sales and redemptions) within the period	(61)	(332)	(12)	(76)
Sold Back	14	72	14	72
Accruals	3	6	1	4
Amortisation of premiums / discounts	4	1	3	-
Other	1	1	-	-
Balance at 31 December	**1,146**	**1,026**	**848**	**742**

NOTE 33: Other borrowed funds

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Loans-fixed rate	5	7	-	-
Loans-floating rate	263	164	-	-
Total	**268**	**171**	**-**	**-**

Fixed rate borrowings of the Group include borrowings from Stopanska Banka A.D. amounting to €5 million (2 million in EUR and 3 million in MKD).

Floating rate borrowings of the Group include borrowings from NBG Pangaea REIC group amounting to €262 million, all denominated in EUR and from Stopanska Banka A.D. amounting to €1 million, all denominated in MKD.

The movement of other borrowed funds may be summarised as follows:

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Balance at 1 January	**171**	**137**	**-**	**258**
Additions within the period	108	85	-	-
Disposals (sales and redemptions) within the period	(12)	(32)	-	(258)
Disposals of subsidiaries	-	(15)	-	-
Exchange differences	-	(6)	-	-
Accruals	1	1	-	-
Other	-	1	-	-
Balance at 31 December	**268**	**171**	**-**	**-**

NOTE 34: Other liabilities

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Accrued interest and commissions	2	4	2	4
Creditors and suppliers	241	223	182	175
Amounts due to government agencies	55	63	53	63
Collections for third parties	202	359	202	359
Other provisions	144	81	303	75
Taxes payable - other than income taxes	46	50	37	42
Accrued expenses and deferred income	33	60	31	37
Payroll related accruals	28	34	27	32
Cheques and credit card transactions under settlement	-	3	-	-
Other	113	118	93	111
Total	**864**	**995**	**930**	**898**

The movement of other provisions for the Group and the Bank may be summarised as follows:

	Group						
	2018				2017		
	Litigation	Provisions for forfeiture of letters of guarantee (LG's)	Other	Total	Litigation	Other	Total
Balance at 1 January	**76**		**5**	**81**	**91**	**9**	**100**
Transfer from loan provisions due to IFRS 9 (see Note 48)		71		**71**			
Transfer to liabilities associated with non-current assets held for sale	(2)	-	(5)	**(7)**	(18)	(2)	(20)
Transfer to other assets	(4)		(4)	**(8)**	-	-	-
Provisions utilised during the year	(5)		(52)	**(57)**	-	-	-
Provisions charged/ (released) to income statement during the year	2	(4)	66	**64**	-	(2)	**(2)**
Foreign exchange differences	-		-	**-**	3	-	3
Balance 31 December	**67**	**67**	**10**	**144**	**76**	**5**	**81**

	Bank						
	2018				2017		
	Litigation	Provisions for forfeiture of letters of guarantee (LG's)	Other	Total	Litigation	Other	Total
Balance at 1 January	71	-	4	**75**	**69**	**3**	**72**
Transfer from loan provisions due to IFRS 9 (see Note 48)		288		**288**	**-**	**-**	**-**
Transfer to liabilities associated with non-current assets held for sale	-	-	(1)	**(1)**	-	-	-
Transfer to other assets	(4)	-	-	**(4)**	-	-	-
Provisions utilised during the year	(5)	(54)	(52)	**(111)**	-	1	**1**
Provisions charged/ (released) to income statement during the year	2	(9)	63	**56**	1	-	**1**
Due to absorption of subsidiaries	-	-	-	-	1	-	1
Balance 31 December	**64**	**225**	**14**	**303**	**71**	**4**	**75**

Legal proceedings: The Bank and certain of its subsidiaries are defendants in certain claims and legal actions and proceedings arising in the ordinary course of business. These actions and proceedings are generally based on alleged violations of consumer protection, banking, employment and other laws. None of these actions and proceedings is individually material. The Group and the Bank establishes provisions for all litigations, for which it believes it is probable that a loss will be incurred and the amount of the loss can be reasonably estimated. These provisions may change from time to time, as appropriate, in light of additional information. For the cases for which a provision has not been recognized, management is not able to reasonably estimate possible losses, since the proceedings may last for many years, many of the proceedings are in early stages, there is uncertainty of the likelihood of the final result, there is uncertainty as to the outcome of pending appeals and there are significant issues to be resolved. However, in the opinion of management, after consultation with legal counsel, the final outcome of these matters is not expected to have a material adverse effect on the Group's and Bank's Statement of Financial Position, results of operation or cash flows.

NOTE 35: Contingent liabilities, pledged, transfers of financial assets and commitments

a. Legal proceedings

The Group is a defendant in certain claims and legal actions arising in the ordinary course of business. For the cases for which a provision has not been recognized, Management is unable to estimate the possible losses because the proceedings may last for many years, many of the proceedings are in early stages, there is uncertainty of the likelihood of the final result, there is uncertainty as to the outcome of the pending appeals and there are significant issues to be resolved. However, in the opinion of Management, after consultation with its legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the consolidated or separate Statement of Financial Position, Income Statement and Cash Flow Statement, taking into account that at 31 December 2018 the Group and the Bank has provided for cases under litigation the amounts of €67 million and € 64 million respectively (31 December 2017: €76 million and € 71 million respectively).

b. Pending tax audits

Tax authorities have not yet audited all subsidiaries for certain financial years and accordingly their tax obligations for those years may not be considered final. Additional taxes and penalties may be imposed as a result of such tax audits; although the amount cannot be determined, it is not expected to have a material effect on the consolidated Statement of Financial Position.

The years 2011-2016 have been tax audited by Deloitte Certified Public Accountants S.A., in accordance with article 82 of law 2238/1994 and subsequently with article 65A of law 4174/2013 and the tax audit certificates which were unqualified, were issued on 27 July 2012, 27 September 2013, 10 July 2014, 30 October 2015, 30 September 2016 and 23 October 2017 respectively. The year 2017 has been tax audited by PWC S.A. and the tax certificate which was unqualified issued on 26 October 2018. The year 2018 will also be tax audited by PWC S.A. however; it is not expected to have a material effect on the consolidated Statement of Financial Position.

On 31 December 2018, the right of the tax authorities to issue a deed for re-calculation of income tax for the years up to and including year 2012 was expired. In accordance with Ministerial Decision 1159/2011, the year 2013 is considered as tax audited due to the passage of the 18-month period from the issue of the tax certificate during which the tax authorities were entitled to tax audit the entity. However, under Decision 1680/2018 of the Legal Counsel of the State, the year 2013 it should not considered as permanently tax audited until a final decision by the Supreme Court. For the years 2014 onwards, in accordance with the Ministerial Decision 1006/2016 there is no exception from tax audit by the tax authorities to those entities that have been tax audited by the independent auditor and its tax audit certificate was unqualified.

Therefore, the tax authorities may re-audit the tax books of the Bank. However, it is not expected to have a material effect on the consolidated Statement of Financial Position.

For the subsidiaries and associates regarding unaudited tax years refer to Note 44 and Note 24 respectively.

c. Credit commitments

In the normal course of business, the Group enters into a number of contractual commitments on behalf of its customers and is a party to financial instruments with off-balance sheet risk to meet the financing needs of its customers. These contractual commitments consist of commitments to extend credit, commercial letters of credit and standby letters of credit and guarantees. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of the conditions established in the contract. Commercial letters of credit ensure payment by the Bank to a third party for a customer's foreign or domestic trade transactions, generally to finance a commercial contract for the shipment of goods. Standby letters of credit and financial guarantees are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. All of these arrangements are related to the normal lending activities of the Group. The Group's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and commercial and standby letters of credit is represented by the contractual nominal amount of those instruments. The Group uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Commitments to extend credit*	-	7	-	7
Standby letters of credit and financial guarantees written	2,760	2,828	3,344	3,410
Commercial letters of credit	279	303	297	329
Total	**3,039**	**3,138**	**3,641**	**3,746**

** Commitments to extend credit at 31 December 2018 include amounts, which cannot be cancelled without certain conditions being met at any time and without notice, or for which automatic cancellation due to credit deterioration of the borrower is not allowed.Such commitments are used in the Risk Weighted Assets calculation for capital adequacy purposes under regulatory rules currently in force. The total commitments to extend credit at 31 December 2018 for the Group and the Bank amount to €6,350 million (2017: €6,474 million) and €6.027 million (2017: €6.110 million), respectively.*

d. Assets pledged

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Assets pledged as collateral	**5,138**	**8,608**	**5,138**	**8,608**

As at 31 December 2018, the Group has pledged mainly for funding purposes with the ECB, other central banks and financial institutions, the following instruments:

- trading and investment debt instruments of €1,638 million;
- loans and advances to customers amounting to €1,160 million;
- covered bonds of a nominal value of €2,200 million backed with mortgage loans of total value of €3,415 million; and
- securitized notes of a nominal value of €140 million backed with small business loans of €197 million.

In addition to the pledged items presented in the table above, as at 31 December 2018, the Group has pledged an amount of €319 million included in due from banks with respect to a guarantee for the non-payment risk of the Hellenic Republic, as well as Hellenic Republic Treasury bills of €343 million for trade finance purposes.

Moreover, the Group and the Bank have received assets from third parties that can be sold or repledged, that are not recognized on the balance sheet, but there are held as collateral. The fair value of these assets that were used as collateral for funding purposes with ECB and financial institutions was €4.485 million, for the Group and the Bank.

e. Transferred financial assets

As at 31 December 2018 and 2017 the carrying amount of transferred financial assets, which have been transferred but are subject to continued recognition in full and the associated recognized liabilities are presented in the tables below.

	Group		Bank	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
	31.12.2018			
Amounts due to ECB and Central Banks				
Trading and investment securities	841	793	841	793
Loans and advances to customers	1,160	892	1,160	892
Securities sold under agreements to repurchase				
Trading and investment securities	797	692	797	692
Other				
Trading and investment securities	343	38	343	38
Total	**3,141**	**2,415**	**3,141**	**2,415**

	Group		Bank	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
	31.12.2017			
Amounts due to ECB and Central Banks				
Trading and investment securities	3,402	2,520	3,402	2,520
Securities sold under agreements to repurchase				
Trading and investment securities	1,342	854	1,342	854
Other				
Trading and investment securities	149	64	149	64
Total	**4,893**	**3,438**	**4,893**	**3,438**

Transactions whereby financial assets are transferred, but continue to be recognized in their entirety on the Group's Statement of Financial Position relate to Eurosystem funding under the general terms applying to such agreements, and securities sold under agreements to repurchase (see Note 2.13, Note 30 and Note 31), which, in general, are conducted under standard market agreements. With respect to Eurosystem funding, a haircut is generally applied to the collateral, which results in the associated liabilities having a carrying value less than the carrying value of the transferred assets. As a result of these transactions, the Group is unable to use, sell or pledge the transferred assets for the duration of the transaction. The Group remains exposed to interest rate risk and credit risk on these pledged instruments. The counterparty's recourse is not limited to the transferred assets.

The Group and the Bank have no transferred financial assets that are not subject to derecognition in full, but remain on the Statement of Financial Position to the extent of continuing involvement or were derecognised in full, but continuing involvement exists.

f. Operating lease commitments

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
No later than 1 year	24	15	87	81
Later than 1 year and no later than 5 years	35	29	299	295
Later than 5 years	137	143	1,187	1,289
Total	**196**	**187**	**1,573**	**1,665**

The major part of operating lease commitments of the Bank relates to the operating lease rentals to NBG Pangaea REIC, a real estate investment company of the Group. The leases typically run for a period of up to 25 years, with an option to renew the lease after the period. The Bank has waived its statutory right to terminate the leases, as provided by the Greek Commercial Leases Law, for 15 or 25 years, depending on the property and subject to a flexibility mechanism.

NOTE 36: Share capital, share premium and treasury shares

Share Capital – Ordinary Shares

The total number of ordinary shares as at 31 December 2018 was 914,715,153, with a nominal value of 3.00 Euro and 31 December 2017 was 9,147,151,527 with a nominal value of 0.30 Euro.

On 26 July 2018, the Annual General Meeting approved (i) the increase of the share capital by €0.90, due to capitalization of an equal part of the Bank's special reserve of Article 4.4a of Codified Law 2190/1920, and (ii) the increase of the nominal value of each ordinary share of the Bank from €0.30 to €3.00 and the reduction of the number of the Bank's existing shares from 9,147,151,527 to 914,715,153 new ordinary shares by means of a reverse split at a rate of ten (10) old ordinary shares of the Bank to one (1) new ordinary share of the Bank. On 3 September 2018, the new shares started trading in the Athens Exchange.

Share Capital – Total

Following the above, the total paid-up share capital and share premium of the Group, as at 31 December 2018 are as follows:

	Group				
	# of shares	Par value	Share capital	Share premium	Total
Ordinary shares	914,715,153	3.00	2,744	13,866	16,610
Total share capital			**2,744**	**13,866**	**16,610**

Treasury shares

Treasury shares transactions are conducted by the Group subsidiary, NBG Securities S.A. and are summarized as follows:

	Group	
	No of shares	€ million
At 1 January 2017	**2,410,995**	**1**
Purchases	115,768,780	33
Sales	(117,676,003)	(34)
At 31 December 2017	**503,772**	**-**
Purchases	55,802,511	20
Sales	(55,932,483)	(20)
At 31 December 2018	**373,800**	**-**

NOTE 37: Tax effects relating to other comprehensive income / (expense) for the period

Group	12 month period ended 31.12.2018			12 month period ended 31.12.2017		
	Gross	Tax	Net	Gross	Tax	Net
Items that may be reclassified subsequently to profit or loss:						
Unrealised gains / (losses) on investments in available-for-sale for the period	-	-	-	114	(3)	111
Reclassification adjustments on investments in available-for-sale included in the income statement	-	-	-	19	-	19
Unrealised gains / (losses) on investments in debt instruments measured at FVTOCI	(25)	6	(19)	-	-	-
Gains / (losses) on investments in debt instruments measured at FVTOCI reclassified to profit or loss on disposal	(60)	(21)	(81)	-	-	-
Impairment loss recognised on investments in debt instruments classified at FVTOCI	7	(1)	6	-	-	-
Gain reclassified to income statement on disposal of UBB	-	-	-	(24)	2	(22)
Gain reclassified to income statement on disposal of NBG Albania	(1)	-	(1)	-	-	-
Investments in debt instruments	**(79)**	**(16)**	**(95)**	**109**	**(1)**	**108**
Currency translation differences	(7)	-	(7)	(44)	-	(44)
Loss reclassified to income statement on disposal of Serbian operations	-		-	180	-	180
Gain reclassified to income statement on disposal of NBG Albania	(3)		(3)	-	-	-
Loss reclassified to income statement on disposal of SABA	9		9	-	-	-
Currency translation differences	**(1)**	**-**	**(1)**	**136**	**-**	**136**
Total of items that may be reclassified subsequently to profit or loss	**(80)**	**(16)**	**(96)**	**245**	**(1)**	**244**
Items that will not be reclassified subsequently to profit or loss:						
Gains / (losses) on investments in equity instruments measured at FVTOCI	(17)	-	(17)	-	-	-
Remeasurement of the net defined benefit liability / asset	4	(1)	3	(2)	-	(2)
Total of items that will not be reclassified subsequently to profit or loss	**(13)**	**(1)**	**(14)**	**(2)**	**-**	**(2)**
Other comprehensive income / (expense) for the period	**(93)**	**(17)**	**(110)**	**243**	**(1)**	**242**

Bank	12 month period ended 31.12.2018			12 month period ended 31.12.2017		
	Gross	Tax	Net	Gross	Tax	Net
Items that may be reclassified subsequently to profit or loss:						
Unrealised gains / (losses) on investments in available-for-sale for the period	-	-	-	93	-	93
Reclassification adjustments on investments in available-for-sale included in the income statement	-	-	-	23	-	23
Unrealised gains / (losses) on investments in debt instruments measured at FVTOCI	11	-	11	-	-	-
Gains / (losses) on investments in debt instruments measured at FVTOCI reclassified to profit or loss on disposal	(57)	(21)	(78)	-	-	-
Impairment loss recognised on investments in debt instruments classified at FVTOCI	4	-	4	-	-	-
Investments in debt instruments	**(42)**	**(21)**	**(63)**	**116**	**-**	**116**
Currency translation differences	**-**	**-**	**-**	**(5)**	**-**	**(5)**
Total of items that may be reclassified subsequently to profit or loss	**(42)**	**(21)**	**(63)**	**111**	**-**	**111**
Items that will not be reclassified subsequently to profit or loss:						
Gains / (losses) on investments in equity instruments measured at FVTOCI	(18)	-	(18)	-	-	-
Remeasurement of the net defined benefit liability / asset	3	-	3	(4)	-	(4)
Total of items that will not be reclassified subsequently to profit or loss	**(15)**	**-**	**(15)**	**(4)**	**-**	**(4)**
Other comprehensive income / (expense) for the period	**(57)**	**(21)**	**(78)**	**107**	**-**	**107**

NOTE 38: Reserves & retained earnings

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Statutory reserve	331	324	297	297
Investments in debt instruments reserve	53	96	51	92
Defined benefit obligations	(158)	(161)	(158)	(161)
Currency translation differences reserve	113	66	(56)	(56)
Other reserves and retained losses	(11,909)	(10,237)	(12,103)	(10,565)
Total	**(11,570)**	**(9,912)**	**(11,969)**	**(10,393)**

The movement on the investment in debt instruments reserve is as follows:

	Group		Bank	
	2018	2017	2018	2017
At 1 January	**96**	**36**	**92**	**(24)**
Impact from IFRS 9	41	-	41	-
Reclassified as held for sale	(3)	(57)	-	-
Net gains / (losses) from changes in fair value of AFS investments	-	94	-	93
Net (gains) / losses transferred to income statement upon disposal	-	23	-	22
Impairment losses on AFS investments	-	-	-	1
Net gains / (losses) on investments in debt instruments measured at FVOCI	10	-	10	-
Net gains / (losses) on investments in debt instruments measured at FVOCI reclassified to profit or loss on disposal	(78)	-	(78)	-
Impairment loss recognised on investments in debt instruments classified as at FVTOCI	5	-	4	-
Net gains / (losses) in equity instruments designated at FV measured at FVTOCI	(18)	-	(18)	-
At 31 December	**53**	**96**	**51**	**92**

NOTE 39: Non controlling interests

	Group	
	2018	2017
At 1 January	**683**	**680**
(Acquisitions) /disposals	-	8
Dividend distribution	(41)	(36)
Share of net profit of subsidiaries	34	31
At 31 December	**676**	**683**

In 2017, (Acquisition)/disposals line mainly relates to the acquisition of additional 15,36% of Probank Leasing in November 2017.

Dividends relate mainly to NBG Pangaea REIC (2018: €38 million, 2017: €34 million) and to Stopanska Banka A.D. (2018: €3 million, 2017: €2 million).

NOTE 40: Dividends

Codified Law 2190/1920 active up to 31 December 2018 and Law 4548/2018 active from 1 January 2019, on Greek companies imposes restrictions regarding the dividend distribution. Specifically, the laws state that no distribution to the shareholders can take place, if, on the day on which the last financial year ends, the total shareholders' equity, is or, following this distribution, will be, lower than the amount of the share capital increased by the reserves the distribution of which is forbidden by law or the Articles of Association. Such share capital amount is reduced by the amount for which payment has not yet been called.

In addition, the laws state that any distributable amount shall not exceed the profit of the last financial year on an unconsolidated basis net of tax, plus retained earnings and reserves the distribution of which is allowed and has been approved by the General Meeting, less any unrealised gains of the year, any losses carried forward and any amounts required by law or its Articles of Association to be allocated towards the formation of reserves.

Due to the above restrictions there were no distributable funds available by the end of 2017, therefore the Annual General Meeting of the Bank's shareholders held on 26 July 2018 took no decision on dividend distribution.

For the same reason the Bank's Board of Directors will not propose any distribution of dividend to the Bank's Annual Shareholders General Meeting of 2019.

Furthermore, pursuant to the Hellenic Financial Stability Fund ("HFSF") Law, and in line with the provisions of the Amended Relationship Framework Agreement with the HFSF, the HFSF's representative who sits on the Board of Directors has the veto right over decisions regarding the distribution of dividends.

NOTE 41: Cash and cash equivalents

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Cash and balances with central banks	4,765	1,370	4,585	1,196
Due from banks	1,318	480	925	225
Trading securities	20	396	20	397
Investment securities	350	270	236	-
Total	**6,453**	**2,516**	**5,766**	**1,818**

Cash and balances with central banks, Due from banks, Trading Securities and Investment Securities of the Group as at 31 December 2018, include €89 million, €305 million, €13 million and €33 million, respectively, relating to subsidiaries classified as Held for Sale. Cash and balances with central banks, Due from banks and Trading Securities of the Bank and the Group as at 31 December 2018, include €18 million, €34 million and €13 million, respectively, relating to operations classified as Held for Sale.

NOTE 42: Related party transactions

The nature of the significant transactions entered into by the Group with related parties during the 12-month period ended 31 December 2018 and 31 December 2017 and the significant balances outstanding as at 31 December 2018 and 31 December 2017 are presented below.

a. Transactions with members of the Board of Directors and management

The Group and the Bank entered into transactions with the members of the Board of Directors, the General Managers and the members of the Executive Committees of the Bank, the key management of other Group companies, as well as with the close members of family and entities controlled or jointly controlled by those persons.

All loans granted to related parties (i) were made in the ordinary course of business, (ii) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and (iii) did not involve more than the normal risk of collectability or present other unfavourable features.

The list of the members of the Board of Directors of the Bank is presented under Note 1.

As at 31 December 2018, loans, deposits/liabilities and letters of guarantee, at Group level, amounted to €4 million, €8 million and Nil respectively (31 December 2017: €5 million, €5 million and Nil respectively), whereas the corresponding figures at Bank level amounted to €4 million, €5 million and Nil respectively (31 December 2017: €5 million, €4 million and Nil respectively).

Total compensation to related parties amounted to €10 million (31 December 2017: €10 million) for the Group and to €7 million (31 December 2017: €6 million) for the Bank, mainly relating to short-term benefits and in particular salaries and social security contributions.

b. Transactions with subsidiaries, associates and joint ventures

Transactions and balances between the Bank, its subsidiaries, associates and joint ventures are set out in the table below. At a Group level, only transactions and balances with associates and joint ventures are included, as transactions and balances with subsidiaries are eliminated on consolidation.

	Group	
	31.12.2018	31.12.2017
Assets	17	17
Liabilities	11	10
Letters of guarantee, contingent liabilities and other off balance sheet accounts	1	1
	12 month period ended	
	31.12.2018	31.12.2017
Interest, commission and other income	-	2
Interest, commission and other expense	4	3

	Bank					
	31.12.2018			31.12.2017		
	Subsidiaries	Associates & Joint Ventures	Total	Subsidiaries	Associates & Joint Ventures	Total
Assets	1,660	17	1,677	1,799	17	1,816
Liabilities	1,484	11	1,495	1,232	10	1,242
Letters of guarantee, contingent liabilities and other off balance sheet accounts	2,707	1	2,708	2,939	1	2,940
	12 month period ended 31.12.2018			12 month period ended 31.12.2017		
Interest, commission and other income	66	-	66	69	1	70
Interest, commission and other expense	85	4	89	89	2	91

c. Transactions with other related parties

The total receivables of both, the Group and the Bank, from the employee benefits related funds as at 31 December 2018 amounted to €747 million (31 December 2017: €746 million). For these receivables the Group and the Bank have recognized a provision of €742 million (31 December 2017: €723 million). The interest income for the Group and the Bank amounted to Nil (31 December 2017: €2 million).

The total payables of the Group and the Bank to the employee benefits related funds as at 31 December 2018, amounted to €135 million and €49 million respectively (31 December 2017: €123 million and €41 million respectively).

d. Hellenic Financial Stability Fund

Taking into consideration the HFSF Law, the Relationship Framework Agreement ("RFA") between the Bank and the HFSF that was signed in December 2015, the fact that HFSF holds 40.39% of the Bank's ordinary shares, of which 38.92% with full voting rights and that HFSF has representation in the Bank's Board of Directors and other Board Committees of the Bank, HFSF is considered a related party of the Group. Other than the ordinary shares issued by the Bank and held by HFSF, no material transactions or balances exist with HFSF.

NOTE 43: Acquisitions, disposals and other capital transactions

Sale of Banka NBG Albania Sh.A.

On 3 July 2018, the Bank disposed of its 100% stake in Banka NBG Albania Sh.A. ("NBG Albania") to American Bank of Investments S.A. ("ABI"). The consideration less costs to sell was €23 million.

	Period ended 31 December 2018
Assets	
Cash and balances with central banks	11
Due from other banks	70
Loans and advances to customers	150
Investment securities	47
Other assets	9
Total assets	**287**
Liabilities	
Due to customers	233
Other liabilities	33
Total liabilities	**266**
Net Assets disposed of	**21**

Gain on disposal of NBG Albania

	Period ended 31 December 2018
Consideration received less costs to sell	23
Net Assets disposed of	(21)
Cumulative exchange gain in respect of the net assets of NBG Albania reclassified from equity to profit or loss	3
Cumulative gain on investment securities at FV through OCI reclassified from equity to profit or loss	1
Gain on disposal	**6**

The gain on disposal of €6 million is included in the Profit / (loss) for the period from discontinued operations (see Note 29).

Net cash inflow on disposal of NBG Albania

	Period ended 31 December 2018
Consideration received less costs to sell	23
Less: Cash and cash equivalent balances disposed of	(17)
Net cash inflow	**6**

Sale of South African Bank of Athens Ltd

On 4 October 2018, the Group disposed of its 99,83% stake in South African Bank of Athens Ltd ("SABA") to AFGRI Holdings Proprietary Limited ("AFGRI"). The consideration less costs to sell was €16 million.

	Period ended 31 December 2018
Assets	
Due from other banks	50
Loans and advances to customers	110
Investment securities	7
Other assets	7
Total assets	**174**
Liabilities	
Due to other banks	22
Due to customers	128
Debt securities in issue	3
Other liabilities	5
Total liabilities	**158**
Net Assets disposed of	**16**

Loss on disposal of SABA

	Period ended 31 December 2018
Consideration received less costs to sell	16
Net Assets disposed of	(16)
Cumulative exchange loss in respect of the net assets of SABA reclassified from equity to profit or loss	(9)
Loss on disposal	**(9)**

The loss on disposal of €9 million is included in the Profit / (loss) for the period from discontinued operations (see Note 29).

Net cash outflow on disposal of SABA

	Period ended 31 December 2018
Consideration received less costs to sell	16
Less: Cash and cash equivalent balances disposed of	(50)
Net cash outflow	**(34)**

Sale of Bulgarian Operations

On 13 June 2017, the Group disposed of its Bulgarian Operations to KBC Bank NV ("KBC"). The consideration was €610 million. The transaction included the transfer of NBG's 99.91% stake in United Bulgarian Bank AD ("UBB") and 100% stake in Interlease EAD ("Interlease"). In addition, KBC repaid the €26 million of subordinated debt that NBG had extended to UBB and the €70 million of loans that the Group had extended to Interlease.

	Period ended 31 December 2017
Assets	
Cash and balances with central banks	61
Due from other banks	630
Trading securities	584
Loans and advances to customers	2,005
Investment securities	335
Investment property	15
Equity method investments	6
Intangible assets	4
Property, plant and equipment	23
Deferred tax assets	2
Other assets	87
Total assets	**3,752**
Liabilities	
Due to other banks	169
Derivative financial instruments	2
Due to customers	2,944
Debt securities in issue	28
Retirement benefit obligations	6
Other liabilities	15
Total liabilities	**3,164**
Net Assets disposed of	**588**

Gain on disposal of Bulgarian Operations

	Period ended 31 December 2017
Consideration received less costs to sell	599
Net Assets disposed of	(588)
Non-controlling interests	1
Cumulative gain on available-for-sale financial assets reclassified from equity to profit or loss	22
Gain on disposal	**34**

The gain on disposal €34 million is included in the Profit / (loss) for the period from discontinued operations (see Note 29).

Net cash inflow on disposal of Bulgarian Operations

	Period ended 31 December 2017
Consideration received in cash and cash equivalents less costs to sell	599
Less: Cash and cash equivalent balances disposed of	(220)
Net consideration	**379**
Repayment by KBC of subordinated debt and loans that NBG Group had extended to Bulgarian Operations	96
Net cash inflow	**475**

Furthermore, in the context of the disposal of Bulgarian Operations, Ethniki Hellenic General Incurance SA disposed of its 20% and 30% stake in UBB Insurance Broker AD and UBB-Metlife Life insurance Company AD, respectively, for €10.5 million and the gain amounted to €7 million. The gain is included in the Profit / (loss) for the period from discontinued operations (see Note 29).

Sale of Serbian Operations

On 1 December 2017, the Group disposed of its Serbian Operations to OTP BANKA SRBIJA A.D. NOVI SAD ("OTP"). The consideration was €125 million. The transaction included the transfer of NBG's 100% stake in Vojvodjanska Banka a.d. Novi Sad, NBG Leasing d.o.o. Belgrade, NBG Services d.o.o. Belgrade. In addition, OTP repaid the €111 million of loans that the group had extended to Serbian Operations.

	Period ended 31 December 2017
Assets	
Cash and balances with central banks	41
Due from other banks	192
Loans and advances to customers	696
Investment securities	137
Investment property	1
Intangible assets	5
Property, plant and equipment	37
Deferred tax assets	2
Other assets	7
Total assets	**1,118**
Liabilities	
Due to other banks	90
Due to customers	814
Debt securities in issue	15
Retirement benefit obligations	2
Other liabilities	14
Total liabilities	**935**
Net Assets disposed of	**183**

Loss on disposal of Serbian Operations

	Period ended 31 December 2017
Consideration received less costs to sell	121
Net Assets disposed of	(183)
Cumulative exchange loss in respect of the net assets of Serbian Operations reclassified from equity to profit or loss	(180)
Loss on disposal	**(243)**

The loss on disposal of €243 million is included in the Profit / (loss) for the period from discontinued operations (see Note 29).

Net cash inflow on disposal of Serbian Operations

	Period ended 31 December 2017
Consideration received in cash and cash equivalents less costs to sell	121
Less: Cash and cash equivalent balances disposed of	(112)
Net consideration	**9**
Repayment by OTP of loans that NBG Group had extended to Serbian Operations	111
Net cash inflow	**120**

Other transactions

On 26 June 2018, NBG Pangaea Reic acquired in Cyprus the 100% of the share capital of the company LASMANE PROPERTIES LTD for a total consideration of €11 million.

On 9 May 2018, NBG Pangaea Reic established in United Kingdom the company Pangaea UK Finco Plc, a wholly owned subsidiary. The capital contributed amounted to €14 thousand. The company was dissolved on 8 January 2019.

On 30 October 2018 NBG Pangaea Reic acquired in Greece the 100% of the share capital of the company ANAPTYXI FRAGOKLISSIA AKINITON S.A. for a total consideration of €6 million.

On 19 December 2018 NBG Pangaea Reic acquired in Greece the 100% of the share capital of the company IRINA KTIMATIKI S.A. for a total consideration of €4 million.

On 28 December 2018 NBG Pangaea Reic acquired in Bulgaria the 100% of the share capital of the company I&B REAL ESTATE EAD for a total consideration of €41 million. The sole asset of the company is a property located in Sofia, Bulgaria.

On 19 January 2017, the Boards of Directors of the Bank, NBG Training Center S.A. and Bancassurance (wholly owned subsidiaries of the Bank), agreed the merger of the three companies through absorption of the two latter by the Bank. The merger date was agreed to be 31 January 2017 and accounted for at carrying values. On 27 June 2017 the Boards of Directors of the companies approved the Draft Merger Agreement. On 16 May 2018 the merger between the Bank and the two subsidiaries was approved by the Ministry of Development.

On 20 January 2017, following the decision of NIC BoD on 13 January 2017, the Group's subsidiary National Insurance Brokers S.A. was disposed of for a consideration of €1.2 million.

On 23 October 2017, NBG Pangaea Reic established in Bulgaria the company PNG PROPERTIES EAD, a wholly owned subsidiary. The capital contributed amounted to BGN 50 thousand.

The movement of the bank's investments in subsidiaries is presented below:

	Bank	
	2018	2017
Balance at the beginning of the period	**1,443**	**2,543**
Acquisition of additional interest/ share capital increase in existing subsidiaries	146	80
Contribution to new established subsidiary	70	-
Share capital decrease in existing subsidiaries	-	(2)
Disposals	-	(125)
Reversal of impairment	-	63
Impairment charge	(132)	(189)
Non-current assets held for sale	(60)	(927)
Balance at the end of the period	**1,467**	**1,443**

The contribution to new established subsidiary in 2018, relates to CAC Coral Limited, established in July 2018.

The impairment charge recognized in 2018 relates mainly, to the cost of investment in Ethniki Leasing S.A. of €42 million and in NBG Management Services Ltd of €90 million.

The impairment charge recognized in 2017 relates mainly, to the cost of investment in Banca Romaneasca S.A. of €43 million, in NBG Finance (Dollar) Plc of €9 million, in Banka NBG Albania Sh.a of €34 million, in Probank Leasing S.A. of €60 million, and in Vojvodjanska Banka a.d. Novi Sad of €42 million, and in NBG Leasing d.o.o. Belgrade of €3 million.

Non-current assets held for sale in 2018 include the acquisition cost of National Bank of Greece (Cyprus) Ltd and Grand Hotel Summer Palace S.A. (see Note 29).

The acquisition of additional interest / share capital increase in existing subsidiaries includes the following:

	Bank	
	2018	2017
Share capital increase in Ethiniki Leasing S.A.	45	-
Share capital increase in NBG Management Services Ltd	95	-
Share capital increase in Mortgage, Touristic PROTYPOS S.A.	1	-
Share capital increase in Probank Leasing S.A.	-	80
Share Capital Increase in Ethniki Ktimatikis Ekmetalefsis S.A.	5	-
Total	**146**	**80**

NOTE 44: Group companies

Subsidiaries	Country	Tax years unaudited	Group		Bank	
			31.12.2018	31.12.2017	31.12.2018	31.12.2017
National Securities S.A.	Greece	2013-2018	100.00%	100.00%	100.00%	100.00%
NBG Asset Management Mutual Funds S.A.	Greece	2009-2018	100.00%	100.00%	100.00%	100.00%
Ethniki Leasing S.A.	Greece	2010-2018	100.00%	100.00%	100.00%	100.00%
NBG Property Services S.A.	Greece	2010-2018	100.00%	100.00%	100.00%	100.00%
Pronomiouhos S.A. Genikon Apothikon Hellados	Greece	2010-2018	100.00%	100.00%	100.00%	100.00%
Innovative Ventures S.A. (I-Ven)(1)	Greece	2008-2018	100.00%	100.00%	-	-
Ethniki Hellenic General Insurance S.A. (2)	Greece	2013-2018	100.00%	100.00%	100.00%	100.00%
Audatex Hellas S.A.(5)	Greece	-	-	70.00%	-	-
Grand Hotel Summer Palace S.A.(2)	Greece	2010-2018	100.00%	100.00%	100.00%	100.00%
KADMOS S.A.	Greece	2010-2018	100.00%	100.00%	100.00%	100.00%
DIONYSOS S.A.	Greece	2010-2018	99.91%	99.91%	99.91%	99.91%
EKTENEPOL Construction Company S.A.	Greece	2010-2018	100.00%	100.00%	100.00%	100.00%
Mortgage, Touristic PROTYPOS S.A.	Greece	2010-2018	100.00%	100.00%	100.00%	100.00%
Hellenic Touristic Constructions S.A.	Greece	2010-2018	78.04%	78.04%	78.04%	78.04%
Ethniki Ktimatikis Ekmetalefsis S.A.	Greece	2010-2018	100.00%	100.00%	100.00%	100.00%
Ethniki Factors S.A.	Greece	2010-2018	100.00%	100.00%	100.00%	100.00%
NBG Pangaea REIC	Greece	2010-2018	32.66%	32.66%	32.66%	32.66%
Karolou S.A.	Greece	2012-2018	32.66%	32.66%	-	-
FB Insurance Agency Inc (5)	Greece	-	-	99.00%	-	99.00%
Probank M.F.M.C (1)	Greece	2013-2018	100.00%	100.00%	95.00%	95.00%
I-Bank Direct S.A.(3)	Greece	2010-2018	100.00%	100.00%	99.90%	99.90%
Probank Leasing S.A.	Greece	2009-2018	99.87%	99.87%	99.87%	99.87%
NBG Insurance Brokers S.A.	Greece	2010-2018	100.00%	100.00%	99.90%	99.90%
Anaptixi Fragokklisia Real Estate S.A.	Greece	-	32.66%	-	-	-
Irinna Ktimatiki S.A.	Greece	2017-2018	32.66%	-	-	-
NBG Malta Holdings Ltd	Malta	2006-2018	100.00%	100.00%	-	-
NBG Bank Malta Ltd	Malta	2005-2018	100.00%	100.00%	-	-
ARC Management Two EAD (Special Purpose Entity)	Bulgaria	2014-2018	100.00%	100.00%	-	-
Bankteco E.O.O.D.	Bulgaria	2016-2018	100.00%	100.00%	100.00%	100.00%
PNG Properties E.A.D.	Bulgaria	2017-2018	32.66%	32.66%	-	-
I&B Real Estate	Bulgaria	2016-2018	32.66%	-	-	-
Banca Romaneasca S.A.(2)	Romania	2011-2018	99.28%	99.28%	99.28%	99.28%
NBG Leasing IFN S.A.	Romania	2013-2018	100.00%	100.00%	100.00%	100.00%
S.C. Garanta Asigurari S.A.(2)	Romania	2003-2018	94.96%	94.96%	-	-
ARC Management One SRL (Special Purpose Entity)	Romania	2013-2018	100.00%	100.00%	-	-
Egnatia Properties S.A.	Romania	2013-2018	32.66%	32.66%	-	-
Stopanska Banka A.D.-Skopje	North Macedonia	2014-2018	94.64%	94.64%	94.64%	94.64%
NBG Greek Fund Ltd	Cyprus	2013-2018	100.00%	100.00%	100.00%	100.00%
National Bank of Greece (Cyprus) Ltd(2)	Cyprus	2006 & 2008-2018	100.00%	100.00%	100.00%	100.00%
National Securities Co (Cyprus) Ltd (1)	Cyprus	-	100.00%	100.00%	-	-
NBG Management Services Ltd	Cyprus	2013-2018	100.00%	100.00%	100.00%	100.00%
Ethniki Insurance (Cyprus) Ltd(2)	Cyprus	2004-2018	100.00%	100.00%	-	-
Ethniki General Insurance (Cyprus) Ltd(2)	Cyprus	2004-2018	100.00%	100.00%	-	-
National Insurance Agents & Consultants Ltd(2)	Cyprus	2008-2018	100.00%	100.00%	-	-
Quadratix Ltd	Cyprus	2016-2018	32.66%	32.66%	-	-
Lasmane Properties Ltd	Cyprus	2016-2018	32.66%	-	-	-
CAC Coral Limited	Cyprus	-	100.00%	-	100.00%	-
The South African Bank of Athens Ltd (S.A.B.A.)(7)	S. Africa	-	-	99.82%	-	57.93%
NBG Asset Management Luxemburg S.A.	Luxembourg	2017-2018	100.00%	100.00%	94.67%	94.67%
NBG International Ltd	U.K.	2003-2018	100.00%	100.00%	100.00%	100.00%
NBGI Private Equity Ltd(1)	U.K.	2003-2018	100.00%	100.00%	-	-
NBG Finance Plc	U.K.	2003-2018	100.00%	100.00%	100.00%	100.00%
NBG Finance (Dollar) Plc	U.K.	2008-2018	100.00%	100.00%	100.00%	100.00%
NBG Finance (Sterling) Plc(1)	U.K.	2008-2018	100.00%	100.00%	100.00%	100.00%
NBG Funding Ltd(5)	U.K.	-	-	100.00%	-	100.00%
Titlos Plc (Special Purpose Entity)(1)	U.K.	2016-2018	-	-	-	-
Pangaea UK Finco Plc(4)	U.K.	-	32.66%	-	-	-
SINEPIA Designated Activity Company (Special Purpose Entity)	Ireland	2016-2018	-	-	-	-
NBG International Holdings B.V.	The Netherlands	2018	100.00%	100.00%	100.00%	100.00%
Nash S.r.L.	Italy	2013-2018	32.66%	32.66%	-	-
Fondo Picasso	Italy	2013-2018	32.66%	32.66%	-	-
Banka NBG Albania Sh.a. (6)	Albania	-	-	100.00%	-	100.00%

(1) Companies under liquidation.
(2) Ethniki Hellenic General Insurance S.A. and its subsidiaries, Banca Romaneasca S.A., National of Bank Greece (Cyprus) Ltd, Grand Hotel Summer Palace S.A. and NBG Cairo Branch have been reclassified to Non-current assets held for sale (See Note 29).
(3) Profinance S.A., previously under liquidation, was revived and renamed to I-Bank Direct S.A.
(4) Pangaea UK Finco Plc was incorporated in May 2018 and was dissolved on 8 January 2019.
(5) Companies were liquidated.
(6) The transfer of the Group's entire stake in Banka NBG Albania Sh.a. was completed on 3 July 2018.
(7) The transfer of the Group's entire stake in The South African Bank of Athens Ltd (S.A.B.A.) was completed on 4 October 2018.

The table below provides details of the significant subsidiaries of the Group:

Name of subsidiary	Principal Activity	Voting power held by the Group	
		31.12.2018	31.12.2017
National Securities S.A.	Brokerage services	100.00%	100.00%
Ethniki Leasing S.A.	Leasing	100.00%	100.00%
Ethniki Factors	Factoring services	100.00%	100.00%
Ethniki Hellenic General Insurance S.A.	Insurance services	100.00%	100.00%
NBG Pangaea REIC	Real Estate Investment	32.66%	32.66%
National Bank of Greece (Cyprus) Ltd.	Credit Institution	100.00%	100.00%
Stopanska Banka A.D. - Skopje	Credit Institution	94.64%	94.64%
Banca Romaneasca S.A.	Credit Institution	99.28%	99.28%
NBG Bank Malta Ltd	Credit Institution	100.00%	100.00%

The table below provides details of non-wholly -owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interests		Total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
NBG Pangaea REIC	Greece	67.34%	67.34%	32	29	658	664
Individually immaterial subsidiaries with non-controlling interests	-	-	-	2	2	18	19
Total				**34**	**31**	**676**	**683**

PANGAEA REIC is a subsidiary of the NBG Group although the Group owns a 32.66% ownership interest. Based on the contractual arrangements between the Group and the majority shareholder, the Group has the power to appoint and remove the majority of the members of board of directors and of the investment committee of PANGAEA REIC, which have the power to direct the relevant activities of PANGAEA REIC. Therefore, the management of NBG concluded that the Group has the practical ability to direct the relevant activities of PANGAEA REIC unilaterally and hence the group has control over PANGAEA REIC. On 4 January 2019, the shareholders' agreement between NBG and INVEL group was extended for three months, i.e. from 31 December 2018 to 31 March 2019. The said extension of the duration of the shareholders' agreement for a three-month period results in a continuation of NBG's control, over the same period, of NBG Pangaea REIC, under the terms stipulated in the relevant provisions of the shareholders' agreement, as published each year in the financial statements of NBG Pangaea REIC.

Summarized financial of PANGAEA REIC that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Summarised statement of financial position	31.12.2018	31.12.2017
Due from banks	47	49
Investment property	889	734
Property, plant & equipment	580	613
Other assets	58	58
Total assets	**1,574**	**1,454**
Debt securities in issue & other borrowed funds	560	447
Other liabilities	39	24
Total liabilities	**599**	**471**
Equity attributable to owners of the Company	**975**	**983**
Non-controlling interests	**-**	**-**

Summarised statement of comprehensive income	31.12.2018	31.12.2017
Net interest income	(21)	(20)
Net other operating income	81	74
Income tax expense	(12)	(11)
Profit for the year	**48**	**43**
Other comprehensive income for the year	**-**	**-**
Total comprehensive income attributable to owners of the Company	**48**	**43**
Total comprehensive income attributable to the non-controlling interest	**-**	**-**
Dividends paid to non-controlling interests	**-**	**-**

Summarised cash flow statement	31.12.2018	31.12.2017
Net cash inflow/(outflow) from operating activities	69	86
Net cash inflow/(outflow) from investing activities	(84)	(72)
Net cash inflow/(outflow) from financing activities	12	(19)
Net cash inflow/(outflow)	(3)	(5)

NOTE 45: Independent auditor's fees

On 26 July 2018, the Annual General Meeting of the Shareholders appointed PricewaterhouseCoopers S.A. as our principal independent public accountant for the year ended 31 December 2018. The following table presents the aggregate fees for professional audit services, audit-related and other services rendered for the years ended 31 December 2018 and 31 December 2017 by the Group's principal accounting firm PwC, which is a member firm of PwC Network, other member firms of the Network and their respective affiliates (collectively, "PwC").

	Group		Bank	
	2018	2017	2018	2017
Audit fees	4	4	2	3
Audit-related fees	1	1	-	-
All other fees	1	1	1	1
Total	**6**	**6**	**3**	**4**

It is noted that the fees of the statutory auditor "PricewaterhouseCoopers, Greece" for non-audit services in 2018 amounted to €1 million for the Group and the Bank.

NOTE 46: Restructuring Plan

The Group is subject to European Union rules on state aid in light of the aid received from the HFSF and the Hellenic Republic. These rules are enforced by the Directorate General for Competition of the European Commission ("DG Competition"). Under these rules, the Bank's operations are monitored and limited to the operations approved in the 2015 Restructuring Plan, which aims to ensure the Bank's return to long term viability. The Bank is in discussions with the DG Competition for the prolongation and amendment of certain commitments set out in NBG's 2015 Restructuring Plan which expired on 31 December 2018 (the "Amended Commitments"). The DG Competition's decision on the Amended Commitments is expected to be adopted after the publication of this Annual Financial Report for the year ended 31 December 2018.

NOTE 47: Events after the reporting period

Events after the reporting period relate to the following:

- The resignation of the executive member Mr Dimitris G. Dimopoulos and his replacement by Mr Dimitrios N. Kapotopoulos (for further details see Note 1).
- The NBG exchanged the Swap with the Hellenic Republic for three Greek Government Bonds maturing in 2023, 2025 and 2026 (for further details see Note 19 and 20).
- On 11 January 2019 the cancelation of €100 million of Series 9 and on 12 February 2019 covered bonds €100 million placed with EIB (for further details see Note 21).
- On 4 January 2019, the shareholder agreement between NBG and the INVEL Group was extended by three months to 31 March 2019 (for further details see Note 44).
- Pangaea UK Finco Plc was dissolved on 8 January 2019 (for further details see Note 44).
- The provisions of Greek Law 3869/2010 regarding the protection of primary residence, as amended by Article 14 of Law 4346/2015, ceased to be in force on 28 February 2019, in accordance with Greek Law 4592/2019. On 29 March 2018 the new legal framework that will apply regarding the protection of primary residence was passed by the Hellenic Parliament. The new legislation introduces a scheme to subsidize the repayment of housing and business loans with mortgage in the main residence of individuals. This program pursues: a) to provide a new framework for the protection of primary residence for economically weak individuals and b) to introduce a restructuring mechanism for non-performing housing and corporate loans, which are secured by a mortgage on principal residence. Persons who meet the conditions specified in the new legislation can apply for participation in the abovementioned program until 31 December 2019.
- On 29 March 2019, a Law amendment was passed regarding Corporate Income Tax Legislation clarifying the status of the withholding tax receivables of banks (for further details see Note 15).

NOTE 48: Transition to IFRS 9 as of 1 January 2018

In order to comply with the requirements of the new Standard, the Group established an IFRS 9 implementation program ("the IFRS 9 Program") to ensure a timely and high quality implementation, in accordance with the standard and additional regulatory guidance. The IFRS 9 Program involved Finance, GRCAD, Management Information and IT Divisions across the Group and was overseen by a Project Steering Committee. The Committee comprised of the CEO (Chair), Group CFO, Group CRO, Group COO, Group Treasurer and the General Managers of Retail, Corporate Banking, Corporate Special Assets and International Activities Divisions of the Bank. A full-time Project Management Office (PMO) was setup and a Project Manager assigned. Subject matter experts were also appointed to assist in model development of IFRS 9 compliant credit risk parameters. The Board Risk Committee, Audit Committee and Board of Directors were regularly updated by the Executive Management on the status of the IFRS 9 Program.

Impact upon transition to IFRS 9

The adoption of IFRS 9 on 1 January 2018, decreased the Group's shareholders' equity by approximately €1.5 billion, of which €1.3 billion, due to changes in impairment requirements and €0.2 billion, due to classification and measurement. The accounting policies and critical judgments applied by the Group in order to comply with the requirements of IFRS 9 upon transition, are included in Notes 2 and 3 respectively.

The tables on the following pages provide a detailed overview of the IFRS 9 transition impact as of 1 January 2018 on the Group's and the Bank's financial assets, financial liabilities and shareholders' equity. This includes:

- Reclassification of IAS 39 carrying amounts to the new categories applicable under IFRS 9
- Remeasurement of carrying amount due to reclassification (measurement to fair value for assets moving from amortised cost to fair value).
- Recognition of IFRS 9 ECL for financial instruments scoped into the impairment requirements of IFRS 9.

a. Reclassification and remeasurement of carrying amounts and recognition of ECL upon transition to IFRS 9 – Group

Financial instruments	Measurement category under IAS 39	Measurement category under IFRS 9	Carrying amount 31.12.17 (IAS 39)	Reclassification of IAS 39 carrying amounts	Measurement adjustment (IFRS 9)	ECL allowance adjustment (IFRS 9)	Carrying amount 1.1.18 (IFRS 9)
Financial assets							
Cash and balances with central banks	*Loans and receivables*	*Amortised cost*	1,778	-	-	-	1,778
Due from banks	*Loans and receivables*	*Amortised cost*	1,736	-	-		1,736
Financial assets at FVTPL	*FVTPL*	*FVTPL*	1,793	4,051[a]	(475)[a]	-	5,369
Derivative financial assets	*FVTPL*	*FVTPL*	3,681	(1)[a]	-	-	3,680
Loans and advances to customers			***37,941***	***(5,832)***	***2***	***(1,139)***	***30,972***
	Loans and receivables	*Amortised cost*	37,941	(5,997)[b]	-	(1,139)	30,805
		FVTPL (Mandatory)	-	165[c]	2[j]	-	167
Investment securities			***3,780***	***(48)***	***229***	***(113)***	***3,848***
	Available for Sale	*FVTOCI (debt instruments)*	862	984[d]	42[i]	-	1,888
	Held to Maturity		696	(696)[e]	-	-	
	Loans and receivables	*Amortised cost*	2,222	(425)[f]	190[k]	(113)	1,874
	Available for sale	*Designated at FVTOCI (equity instruments)*	-	89[g]	(3)[l]	-	86
Other assets	Loans and receivables	Amortised cost	1,612	-	-	(19)	1,593
Total financial assets			***52,321***	***(1,830)***	***(244)***	***(1,271)***	***48,976***
Deferred tax assets			4,916	-	-	6	4,922
Financial liabilities							
Due to banks	*Amortised cost*	*Amortised cost*	7,341	-	-	-	7,341
Derivative financial liabilities	*FVTPL*	*FVTPL*	3,798	(1,871)[a]	-	-	1,927
Due to customers			***40,265***	**-**	**-**	**-**	***40,265***
	Designated at FVTPL	*Designated at FVTPL*	866	-	-	-	866
	Amortised cost	*Amortised cost*	39,399	-	-	-	39,399
Debt securities in issue	*Amortised cost*	*Amortised cost*	1,026	-	-	-	1,026
Other borrowed funds	*Amortised cost*	*Amortised cost*	171	-	-	-	171
Other liabilities			995	41[h]	-	30	1,066
Total financial liabilities			***53,596***	***(1,830)***	**-**	***30***	***51,796***

b. Reclassification and remeasurement of carrying amounts and recognition of ECL upon transition to IFRS 9 – Bank

Financial instruments	Measurement category under IAS 39	Measurement category under IFRS 9	Carrying amount 31.12.17 (IAS 39)	Reclassification of IAS 39 carrying amounts	Measurement adjustment (IFRS 9)	ECL allowance adjustment (IFRS 9)	Carrying amount 1.1.18 (IFRS 9)
Financial assets							
Cash and balances with central banks	*Loans and receivables*	*Amortised cost*	1,491	-	-	-	1,491
Due from banks	*Loans and receivables*	*Amortised cost*	1,723	-	-	-	1,723
Financial assets at FVTPL	*FVTPL*	*FVTPL*	1,773	4,049[a]	(475)[a]	-	5,347
Derivative financial assets	*FVTPL*	*FVTPL*	3,673	(1)[a]	-	-	3,672
Loans and advances to customers			***36,248***	***(5,625)***	***2***	***(1,088)***	***29,537***
	Loans and receivables	*Amortised cost*	36,248	(5,790)[b]	-	(1,088)	29,370
		FVTPL (Mandatory)	-	165[c]	2[j]	-	167
Investment securities			***3,452***	***(46)***	***229***	***(113)***	***3,522***
	Available for Sale	*FVTOCI (debt instruments)*	672	1,086[d]	42[i]	-	1,800
	Held to Maturity		681	(681)[e]	-	-	-
	Loans and receivables	*Amortised cost*	2,099	(540)[f]	190[k]	(113)	1,636
	Available for sale	*Designated at FVTOCI (equity instruments)*	-	89[g]	(3)[l]	-	86
Other assets	Loans and receivables	Amortised cost	1,459	-	-	(19)	1,440
Total financial assets			***49,819***	***(1,623)***	***(244)***	***(1,220)***	***46,732***
Financial liabilities							
Due to banks	*Amortised cost*	*Amortised cost*	7,673	-	-	-	7,673
Derivative financial liabilities	*FVTPL*	*FVTPL*	3,798	(1,871)[a]	-	-	1,927
Due to customers			***38,849***	**-**	**-**	**-**	***38,849***
	Designated at FVTPL	*Designated at FVTPL*	866	-	-	-	866
	Amortised cost	*Amortised cost*	37,983	-	-	-	37,983
Debt securities in issue	*Amortised cost*	*Amortised cost*	742	-	-	-	742
Other liabilities			898	248[h]	-	40	1,186
Total financial liabilities			***51,960***	***(1,623)***	**-**	***40***	***50,377***

Footnotes on reclassifications and remeasurements upon transition to IFRS 9:

a. The amount relates to reclassification of financial assets mandatorily measured at FVTPL, which are not loan agreements in their legal form. Under IAS 39 the interest rate swap with the Hellenic Republic maturing in September 2037 ("Swap with the Hellenic Republic") was bifurcated from the host contract and accounted for as a separate derivative (see Note 20). On 1 January 2018, the combined instrument was mandatorily classified at FVTPL and accounted for as a single unit of account, because the hybrid contract failed the SPPI test. The bifurcated derivative liability of €1,871 million and the carrying amount of the host loan of €5,873 million were reclassified from 'derivative financial liabilities' and 'loans and advances to customers' respectively, into 'financial assets at FVTPL'. The fair value adjustment recognised upon transition to IFRS 9 in order to reflect the measurement of the hybrid contract at fair value in its entirety, decreased equity by €475 million. An analysis of all reclassifications made into 'financial assets at FVTPL' line item, is provided below:

	Group	Bank
Bifurcated derivative related to the Swap with the Hellenic Republic reclassified from 'derivative financial liabilities'	(1,871)	(1,871)
Host loan's carrying amount under IAS 39 related to the Swap with the Hellenic Republic	5,873	5,873
Debt securities previously classified as 'available for sale' investments that fail the SPPI test	26	26
Debt securities previously classified as 'loans and receivables' investments that fail the SPPI test	16	16
Reclassification of bifurcated derivative assets for which the host debt securities fail the SPPI test and need to be accounted for as a single unit of account	1	1
Investments in mutual funds previously classified as 'available for sale' which do not meet the definition of equity instruments	6	4
Net amount reclassified into the 'financial assets at FVTPL'	**4,051**	**4,049**

b. The amount for the Group and the Bank consists of the following:

	Group	Bank
Reclassification of the host loan's carrying amount under IAS 39 related to the Swap with the Hellenic Republic into 'financial assets at FVTPL' (see (a) above)	(5,873)	(5,873)
Reclassification of loans that do not pass the SPPI test into 'loans and advances to customers' mandatorily measured at FVTPL	(165)	(165)
Reclassification of IAS 39 allowance for off balance sheet financial assets and commitments into 'other liabilities'	41	248
Net amount reclassified out of 'loans and advances to customers' measured at amortised cost	**(5,997)**	**(5,790)**

c. The reclassification of €165 million for the Group and the Bank, relates to financial assets that have failed the SPPI test, which are loan agreements in their legal form, transferred from 'loans and advances to customers' measured at amortised cost into 'loans and advances to customers' mandatorily measured at FVTPL.

d. The amount consists of the following:

	Group	Bank
Reclassification of equity securities into the 'designated at FVTOCI' portfolio of IFRS 9 applicable for investments that meet the definition of an equity instrument under IAS 32.	(89)	(89)
Reclassification of mutual funds into 'financial assets at FVTPL' (see (a) above)	(6)	(4)
Reclassification of debt securities that fail the SPPI test into 'financial assets at FVTPL'	(26)	(26)
Debt securities reclassified out of 'held to maturity' portfolio of IAS 39	163	163
Debt securities reclassified into the 'amortised cost' investment securities portfolio under IFRS 9	(100)	-
Debt securities reclassified out of 'loans and receivables' portfolio of IAS 39	1,042	1,042
Net amount reclassified into the 'FVTOCI' investment securities portfolio	**984**	**1,086**

e. The amount consists of the following:

	Group	Bank
Debt securities reclassified into the 'FVTOCI' investment securities portfolio under IFRS 9	(163)	(163)
Debt securities reclassified into the 'amortised cost' investment securities portfolio under IFRS 9	(533)	(518)
Net amount reclassified out of the 'held to maturity' portfolio of IAS 39	**(696)**	**(681)**

f. The amount consists of the following:

	Group	Bank
Reclassification of debt securities that fail the SPPI test into 'financial assets at FVTPL'	(16)	(16)
Debt securities reclassified out of the 'available for sale' portfolio of IAS 39	100	-
Debt securities reclassified into the 'FVTOCI' investment securities portfolio under IFRS 9	(1,042)	(1,042)
Debt securities reclassified out of the 'held to maturity' portfolio of IAS 39	533	518
Net amount reclassified into the 'amortised cost' investment securities portfolio	**(425)**	**(540)**

g. The Group and the Bank have elected to classify equity securities of €89 million within the 'designated at FVTOCI' measurement category of IFRS 9, applicable for equity instruments. The securities were previously classified as 'available for sale' investments.

h. The allowance of €41 million for the Group and €248 million for the Bank under IAS 39 has been established for off balance sheet financial assets and commitments and is reclassified from 'loans and advances to customers' into 'other liabilities'.

i. The amount for the Group and the Bank, represents the fair value adjustment recognised directly in the OCI reserve upon transition to IFRS 9, due to the reclassification of debt securities from the 'loans and receivables' and 'held to maturity' investment securities portfolios of IAS 39 into 'FVTOCI'.

j. Refers to the fair value adjustment of loan agreements that have failed the SPPI, recognised by the Group and the Bank in retained earnings.

k. The adjustment of €190 million is attributable to the GGB previously held by the Bank in the 'loans and receivables' investment securities portfolio, maturing in 2057, with nominal amount €550 million and carrying value €965 million as of 31 December 2017 (see Note 22). The Group reversed the impact of all reclassifications done in the past and revised the effective interest rate method for inflation linked instruments, by updating the expected cash flows at each period end in line with changes in expectations of inflation.

l. The amount represents the fair value adjustment recognised by the Group and the Bank directly in the OCI reserve upon transition to IFRS 9, due to the fair value measurement of investments in equity securities issued by private companies.

c. Reconciliation of allowances and provisions on adoption of IFRS 9 as of 1 January 2018

	31.12.2017	1.1.2018			
Group	Loss Allowances (IAS 39)	Reclassifications	Loss Allowances (IAS 39) after reclassifications	ECL Adjustment (IFRS 9)	Final ECL (IFRS 9)
On Balance Sheet					
Mortgages	2,411	-	2,411	486	2,897
Consumer loans & Credit Cards	1,681	-	1,681	287	1,968
Small business lending	1,719	(4)	1,715	214	1,929
Corporate and public sector lending	4,428	(239)	4,189	152	4,341
Allowance for Loan Losses	**10,239**	**(243)**	**9,996**	**1,139**	**11,135**
Other Assets	12	126	138	19	157
Debt Securities at amortized cost	-	-	-	113	113
Total On Balance Sheet	***10,251***	***(117)***	***10,134***	***1,271***	***11,405***
Off Balance Sheet					
Off Balance Sheet financial assets and commitments	-	41	41	30	71
Total Off Balance Sheet	***-***	***41***	***41***	***30***	***71***
Total Allowance	**10,251**	**(76)**	**10,175**	**1,301**	**11,476**
o/w Stage 1				*60*	*165*
o/w Stage 2				*531*	*659*
o/w Stage 3				*710*	*10,652*

	31.12.2017	1.1.2018			
Bank	Loss Allowances (IAS 39)	Reclassifications	Loss Allowances (IAS 39) after reclassifications	ECL Adjustment (IFRS 9)	Final ECL (IFRS 9)
On Balance Sheet					
Mortgages	2,402	-	2,402	478	2,880
Consumer loans & Credit Cards	1,636	-	1,636	286	1,922
Small business lending	1,676	(4)	1,672	217	1,889
Corporate and public sector lending	4,276	(446)	3,830	107	3,937
Allowance for Loan Losses	**9,990**	**(450)**	**9,540**	**1,088**	**10,628**
Other Assets	12	126	138	19	157
Debt Securities at amortized cost	-	-	-	113	113
Total On Balance Sheet	***10,002***	***(324)***	***9,678***	***1,220***	***10,898***
Off Balance Sheet					
Off Balance Sheet financial assets and commitments	-	248	248	40	288
Total Off Balance Sheet	***-***	***248***	***248***	***40***	***288***
Total Allowance	**10,002**	**(76)**	**9,926**	**1,260**	**11,186**
o/w Stage 1				*72*	*163*
o/w Stage 2				*531*	*651*
o/w Stage 3				*657*	*10,372*

In addition, ECL of €3 million for the Group and the Bank, has been estimated for debt securities at FVTOCI. The ECL is reflected as a transfer between retained earnings and OCI reserve on 1 January 2018.

Net reclassifications of €76 million for the Group and the Bank relate to allowance of loans mandatorily classified at FVTPL.

d. Gain/(loss) from transition to IFRS 9 on shareholders' equity as of 1 January 2018

The tables below present the transition impact recognised in OCI reserve and retained earnings upon adoption of IFRS 9.

Impact in OCI reserve	Group	Bank
Reclassification of debt securities from 'available for sale' into 'financial assets at FVTPL'	1	1
Fair value measurement of debt securities reclassified from 'loans and receivables' into 'FVTOCI' investment securities portfolio	42	42
ECL allowance for debt securities classified at FVTOCI	3	3
Fair value measurement of investments in equity securities issued by private companies designated at FVTOCI	(4)	(4)
Total gain recognised directly in OCI reserve upon transition	**42**	**42**

Impact in retained earnings	Group	Bank
Reclassification of debt securities from ‘available for sale’ into ‘financial assets at FVTPL’	(1)	(1)
Fair value measurement of Swap with the Hellenic Republic	(475)	(475)
Fair value measurement of loans and advances to customers mandatorily measured at FVTPL	2	2
Measurement adjustment of the inflation linked GGB classified at ‘amortised cost’ (see footnote k)	190	190
ECL allowance for financial assets classified at amortised cost	(1,271)	(1,220)
ECL allowance for off balance sheet commitments	(30)	(40)
ECL allowance for debt securities classified at FVTOCI	(3)	(3)
Deferred tax on ECL allowance	6	-
Total loss recognised in retained earnings upon transition	**(1,582)**	**(1,547)**

Impact on regulatory capital

On 12 December 2017 the European Parliament and the Council of the European Union adopted Regulation (EU) 2017/2395 (the "Regulation"), which amended Regulation 575/2013 with Article 473a, allowing credit institutions to gradually apply the impact of the application of IFRS 9 to own funds.

In particular, upon adoption of IFRS 9, credit institutions are allowed to include in the Common Equity Tier 1 capital (CET1), a portion of the increased ECL provisions over a 5-year transitional period starting in 2018. The portion of ECL provisions that can be included in CET1 should decrease over time down to zero to ensure the full implementation of IFRS 9, after the end of the transitional period.

In addition, in accordance with paragraph (4) of the Regulation, if the ECL provisions for Stages 1 and 2 incurred after the first adoption of IFRS 9 are increased, credit institutions are allowed to include the increase in the transitional arrangements.

The percentages of recognition in CET1 of the increased ECL provisions during the 5-year transition period are as follows:

- 0.95 during the period from 01/01/2018-31/12/2018
- 0.85 during the period from 01/01/2019-31/12/2019
- 0.70 during the period from 01/01/2020-31/12/2020
- 0.50 during the period from 01/01/2021-31/12/2021
- 0.25 during the period from 01/01/2022-31/12/2022

The Group has decided to apply the transitional arrangements set out in Article 1 of the aforementioned Regulation, including the provisions of paragraph (4), during the transitional period.

By applying the regulatory transitional arrangements for 2018, the Group’s and the Bank’s CET1 ratio as at 31 December 2017, decreased by approximately 58bps at 16.4% and 12bps at 16.7% respectively. On a fully loaded basis, as at 31 December 2017 the Group’s CET1 ratio decreased by approximately 373bps at 13.2%, while the Bank’s CET1 ratio decreased by approximately 408bps at 12.8%.

Disclosures of Law 4261/2014 Art. 81

Country-by-country reporting in accordance with article 81 of Law 4261/2014 for the year ended 31 December 2018

	Turnover[1] € in million	Profit before tax € in million	Income tax € in million	Employees number	Subsidies € in million
Greece	1.350	(52)	(50)	10.238	3
Malta	6	(3)	(1)	31	-
Bulgaria	2	(1)	-	24	-
Romania[2]	52	(13)	-	1.217	-
North Macedonia	72	47	(8)	1.028	-
Cyprus[2]	27	(33)	(1)	344	-
S. Africa[2]	9	18	-	135	-
Luxembourg	1	1	-	-	-
UK	22	17	(3)	33	-
The Netherlands	-	-	-	-	-
Italy	9	5	-	-	-
Albania [2]	1	35	-	292	-
Egypt [2]	7	-	-	235	-
Total	**1.558**	**21**	**(63)**	**13.577**	**3**

[1] Turnover: Includes a) net interest income, b) net fee and commission income, c) earned premia net of claims and commissions, d) net trading income / (loss) and results from investment securities, e) net other income / (expense) and f) share of profit / (loss) of equity method investments
[2] Discontinued operations

Country-by-country reporting in accordance with article 81 of Law 4261/2014 for the year ended 31 December 2018

Company	Country	Business activities
National Bank of Greece S.A. (Parent Company)	Greece	Banking institution
National Securities S.A.	Greece	Capital Markets & Investment Services
NBG Asset Management Mutual Funds S.A.	Greece	Mutual Fund Management
Ethniki Leasing S.A.	Greece	Leasing
NBG Property Services S.A.	Greece	Property Services
Pronomiouhos S.A. Genikon Apothikon Hellados	Greece	Warehousing services
Innovative Ventures S.A. (I-Ven) [1]	Greece	Venture capital
Ethniki Hellenic General Insurance S.A. [2]	Greece	Insurance Services
Audatex Hellas S.A. [3]	Greece	Insurance Services
Grand Hotel Summer Palace S.A. [2]	Greece	Hotel Services
KADMOS S.A.	Greece	Real Estate Services
DIONYSOS S.A.	Greece	Real Estate Services
EKTENEPOL Construction Company S.A.	Greece	Construstion Company
Mortgage, Touristic PROTYPOS S.A.	Greece	Real Estate Services
Hellenic Touristic Constructions S.A.	Greece	Real Estate Services
Ethniki Ktimatikis Ekmetalefsis S.A.	Greece	Real Estate Services
Ethniki Factors S.A.	Greece	Factoring
NBG Pangaea REIC	Greece	Investment Property Company
Karolou S.A.	Greece	Real Estate Services
FB Insurance Agency Inc [3]	Greece	Insurance Brokerage
Probank M.F.M.C [1]	Greece	Mutual Fund Management
i-Bank Direct S.A. [4]	Greece	Financial Services
Probank Leasing S.A.	Greece	Leasing
NBG Insurance Brokers S.A.	Greece	Insurance Brokerage
Anaptixi Fragokklisia Real Estate S.A.	Greece	Investment Property Company
Irinna Ktimatiki S.A.	Greece	Investment Property Company
NBG Malta Holdings Ltd	Malta	Holding Company
NBG Bank Malta Ltd	Malta	Banking institution
ARC Management Two EAD (Special Purpose Entity)	Bulgaria	Special Purpose Entity
Bankteco E.O.O.D	Bulgaria	Information Technology Services
PNG Properties E.A.D.	Bulgaria	Investment in real estates
I&B Real Estate	Bulgaria	Investment Property Company
Banca Romaneasca S.A. [2]	Romania	Banking institution
NBG Leasing IFN S.A.	Romania	Leasing
S.C. Garanta Asigurari S.A. [2]	Romania	Insurance - Reinsurance Services
Egnatia Properties S.A.	Romania	Investment Property Company
ARC Management One SRL (Special Purpose Entity)	Romania	Special Purpose Entity
Stopanska Banka A.D.-Skopje	North Macedonia	Banking institution

Company	Country	Business activities
NBG Greek Fund Ltd	Cyprus	Fund Investment Company
National Bank of Greece (Cyprus) Ltd [(2)]	Cyprus	Banking institution
National Securities Co (Cyprus) Ltd [(1)]	Cyprus	Capital Markets Services
NBG Management Services Ltd	Cyprus	Management Services
Ethniki Insurance (Cyprus) Ltd [(2)]	Cyprus	Insurance Services
Ethniki General Insurance (Cyprus) Ltd [(2)]	Cyprus	Insurance Services
National Insurance Agents & Consultants Ltd [(2)]	Cyprus	Insurance Brokerage
Quadratix Ltd	Cyprus	Investment Property Company
Lasmane Properties Ltd	Cyprus	Investment Property Company
CAC Coral Limited	Cyprus	Credit Acquiring Company
The South African Bank of Athens Ltd (S.A.B.A.) [(5)]	S. Africa	Banking institution
NBG Asset Management Luxemburg S.A.	Luxembourg	Asset Management Company
NBG International Ltd	U.K.	Financial Services
NBGI Private Equity Ltd [(1)]	U.K.	Private Equity
NBG Finance Plc	U.K.	Financial Services
NBG Finance (Dollar) Plc	U.K.	Financial Services
NBG Finance (Sterling) Plc [(1)]	U.K.	Financial Services
NBG Funding Ltd [(3)]	U.K.	Financial Services
Titlos Plc (Special Purpose Entity) [(1)]	U.K.	Special Purpose Entity
Pangaea UK Finco Plc [(6)]	U.K.	Financial Services/ Issuance of capital
SINEPIA Designated Activity Company (Special Purpose Entity)	Ireland	Special Purpose Entity
NBG International Holdings B.V.	The Netherlands	Holding Company
Nash S.r.L.	Italy	Real Estate Services
Fondo Picasso	Italy	Real Estate Services
Banka NBG Albania Sh.a. [(7)]	Albania	Banking institution
NBG London Branch	U.K.	Branch of Greek banking Institution
NBG Cyprus Branch	Cyprus	Branch of Greek banking Institution
NBG Cairo Branch [(2)]	Egypt	Branch of Greek banking Institution

[(1)] *Companies under liquidation.*
[(2)] *Ethniki Hellenic General Insurance S.A. and its subsidiaries, Banca Romaneasca S.A., National Bank of Greece (Cyprus) Ltd, Grand Hotel Summer Palace S.A. and NBG Cairo Branch have been reclassified to Non-current Assets held for sale.*
[(3)] *Companies were liquidated.*
[(4)] *Profinance S.A., previously under liquidation, was revived and renamed to i-Bank Direct S.A.*
[(5)] *The transfer of the Group's entire stake in the South African Bank of Athens Ltd (S.A.B.A.) was completed on 4th October 2018.*
[(6)] *Pangaea UK Finco Plc was incorporated in May 2018 and was liquidated on 8 January 2019.*
[(7)] *The transfer of the Group's entire stake in Banka NBG Albania Sh.a. was completed on 3 July 2018.*

Disclosures of Law 4261/2014 Art. 82

Law 4261/5.5.2014 article 82, which incorporated into Greek legislation the article 90 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, established the requirement to disclose the total return on assets. This ratio for the Group and the Bank for the year ended 31 December 2018 amounted to -0.1% and 0.0%, respectively 2017: -0.6% and 0.0% respectively).

Disclosures of article 6 of Law 4374/2016

TABLE 1: PAYMENTS FOR PROMOTION AND ADVERTISING EXPENSES TO MEDIA ENTITIES (ACCORDING TO PAR. 1 ARTICLE 6 OF LAW 4374/2016)

Name of Media entity	Net amount 2018 (in €)
1984 PRODUCTIONS S.A.	6,950.00
24 MEDIA S.A.	17,707.00
AGRO BROKERS LTD	2,500.00
AIRLINK S.A.	6,418.90
ALPHA SATELLITE TELEVISION S.A.	345,602.11
ALPHA RADIO S.A.	2,593.71
BANKINGNEWS S.A.	70,500.00
BCO DEVELOPMENT S.P.C.	1,000.00
CREAM S.A.	1,304.40
D.A. S.A.	8,000.00
DG NEWSAGENCY S.A.	7,200.00
DIGITAD PC S.P. LTD	3,910.00
DIMERA PUBLICATIONS S.A.	51,122.51
DOCUMENTO MEDIA S.P.C.	70,000.00
DPG DIGITAL MEDIA S.A.	19,800.00
ETHOS MEDIA S.A.	36,052.24
EUROMEDIA ACTION S.A.	9,140.00
EUROPEAN PLC MAZI D. GEORGIA MARKETING PUBLICATIONS	1,500.00
FAROSNET S.A.	15,303.00
FINANCIAL MARKETS VOICE S.A.	6,000.00
FINANCIAL PRESS P. C.	3,160.00
FORTHNET MEDIA S.A.	48,628.44
FREE SUNDAY PUBLISHING S.A.	29,050.00
FREED S.A.	11,500.00
FREENET S.A.	3,000.00
FRONTSTAGE ENTERTAINMENT S.A.	13,444.05
G&B COMAD	8,590.00
GRATIA PUBLISHING LTD	1,500.00
GREEN BOX PUBLISHING S.A.	9,500.00
HAZLIS & RIVAS CO LTD	10,500.00
HIGH BOOKS P.C.	2,650.00
HT PRESS ONLINE S.P.C.	8,840.00
HTTPOOL P.C.	19,200.34
ICAP GROUP S.A.	20,498.00
IDENTITY S.A.	8,050.00
INFOMARKET P.C.	15,750.00
INTERNATIONAL RADIO NETWORKS S.A.	6,383.40
INTERNATIONAL SHIPPING MEDIA SMPC	2,500.00
INTERNET COMMERCIAL S.A.	6,320.00
ISOBAR IPROSPECT S.A.	37,685.06
KISS MEDIA S.A.- KISS ENTERPRISES	4,269.64
KONTRA P.C.	4,000.00
KOOLWORKS S.A.	2,000.00
LEFT MEDIA ANONYMOUS RADIO - TELEVISION S.A.	4,370.70
LIQUID MEDIA S.A.	16,480.00
LOVE RADIO BROADCASTING S.A.	408.08
MARKETING AND MEDIA SERVICES S.P.C.	4,900.00
MEDIA2DAY PUBLISHING S.A.	86,036.00
MEDSTEM SERVICES	1,000.00
MONOCLE MEDIA LAB MONONEWS S.P.C.	30,750.00
MORAX MEDIA PUBLISHING S.A.	5,629.04
N.S.P. RADIO S.A.	5,467.70
NEW MEDIA NETWORK SYNAPSIS S.A.	49,210.00
NEW TIMES PUBLISHING P.C.	16,500.00
NEW YORK TIMES FRANCE-KATHIMERINI S.A.	6,320.00
NEWPOST PRIVATE COMPANY	12,840.00
NEWSIT LTD	49,588.00
NK HOLDING P.C.	14,790.00

Name of Media entity	Net amount 2018 (in €)
NK MEDIA GROUP LTD	12,100.00
OLIVE MEDIA S.A.	16,438.01
PARTY FM RADIO S.A.	12,408.00
PERFECT MEDIA ADVERTISING S.P.C.	3,500.00
PERMEDIA ATHENS S.A.	4,600.00
PREMIUM S.A.	7,475.00
PRIME APPLICATIONS S.A.	20,220.00
R MEDIA S.P. LTD	4,250.00
RADIO PLAN BEE P.C.	5,520.88
RASCAL S.A.	32,639.67
REAL MEDIA S.A.	61,500.00
REAL PRESS S.A.	1,500.00
RENFER S. LTD	1,050.00
REPORT PRIVATE COMPANY	2,000.00
SABD PUBLISHING S.A.	57,000.00
SATCO MEDIA TV- D. TRAMPAS	1,500.00
SBC LTD	31,080.00
SBC SINGLE MEMBER PRIVATE COMPANY	1,794.00
SBD P.C.	33,990.00
SFERA RADIO BROADCASTING S.A.	1,035.80
SINGLEPARENT.GR - HARITAKI KIRIAKI	800.00
SOLAR MEDIA S.A.	855.40
SPORT TV- RADIOTELEVISION BROADCASTING S.A.	8,374.40
SPORTNEWS INTERNET SERVICES S.A.	4,300.00
SYSTEM MEDIA ART S.A.	1,300.00
TELIA COMMUNICATIONS S.A.	3,000.00
THE MEDIA WORKSHOP LTD	1,500.00
THE MONOCLE MEDIA LAB	10,820.00
THE TOC DIGITAL MEDIA SERVICES S.A.	14,980.00
THESS NEWS P.C.	1,000.00
TLIFE LTD	7,800.00
TYPOS MEDIA S.A.	1,800.00
UW UNDERWRITER PRESS LIMITED	5,000.00
WAVE MEDIA OPERATIONS LTD	5,505.02
WAVEMAKER HELLAS S.A.	22,414.00
WEBJAR LTD	42,000.00
ZOUGLA.GR S.A.	18,882.00
AGROTYPOS S.A.	1,450.00
ADESMEFTI ENIMEROSI P.C. (VIP MEDIA)	5,860.00
ATHANASIADIS P. & CO S.A. – NAFTEMPORIKI	39,449.86
ATHENS VOICE PUBLISHING S.A.	41,100.00
ATHENS NEWS AGENCY - MACEDONIAN PRESS AGENCY S.A.	2,500.00
ALTSANTIRI.GR P.C.	2,500.00
ALEVRITIS TRIFON S.P.LTD	1,000.00
REALFM S.A.	142,375.70
ALTER EGO MEDIA S.A.	468,516.17
INDEPENDENT MEDIA S.A.	49,200.00
ANTENNA TV S.A.	627,278.04
NEW TECHNOLOGIES & INTERNET APPLICATIONS R&D S.A.	49,600.00
ARAMPATZIS A. ATHANASIOS	1,000.00
ARGO PUBLISHING AND ADVERTISING CO LTD	1,700.00
ARETI-ANNA TZALA & CO L.P.	1,550.00
ACHAIKI RADIO PUBLISHING S.A.	1,344.15
V. SKOUTARAS S.A.	3,244.50
VAVALIKOUDIS IOANNIS & CO L.P.	927.00
VAROUXIS K. ELEFTHERIOS & SONS G.P.	2,450.00
VERGINA S.A.	12,610.00
G. SIMANTONIS & CO G.P.	2,365.00
GARANTONAKIS EMMANOUIL	1,019.70
GENERAL RADIOTELEVISION ENTERPRISES S.A.	8,248.00
GEORGOULAS K. MARIOS	1,390.50
GNOMI S.P.LTD	1,950.00
D. ROUCHOTAS & CO G.P.	16,096.77
DESMI PUBLISHING ADVERTISING RADIO & INTERNET APPLICATIONS S.A.	2,185.00

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Name of Media entity	Net amount 2018 (in €)
DIMITRIADIS TH. & CO P.C.	8,947.15
DIMITRIOS ZOUGRIS	500.00
DEMOCRATIC PRESS NEWS PUBLISHING TRADE S.A.	112,340.00
ELEFTHERIA JOURNALISTIC ORGANIZATION S.A.	3,000.00
DIOGENIS NON PROFIT COMPANY	1,500.00
DIFONO BROADCASTING S.A.	1,370.00
DOUKAS CON. NIKOS PUBLICATIONS ADVERTISEMENTS	1,500.16
DOUSIS ANASTASIOS & CO L.P.	3,700.00
DIO DEKA PUBLISHING COMPANY S.A.	36,254.00
I.DRAKATOU-M.DRAKATOU G.P. – PRIVATE INSURANCE	4,800.00
E.SPYROU-G.K.SPYROU G.P.	11,774.18
THE NATIONAL HERALD OF NEW YORK HELLAS LTD	12,062.52
DOT COM NEWS S.A.	804,766.09
ETHNOS PUBLISHING S.A.	2,500.00
KARAMANOGLOU PRINTING MATERIAL PUBLICATIONS L.T.D.	6,100.00
EPIKAIRA PUBLISHING S.A.	2,400.00
KERKYRA PUBLICATIONS S.A.	2,550.00
NEO CHRIMA PUBLISHING S.A.	19,500.00
PROTO THEMA PUBLISHING S.A.	368,000.00
REVMATA PUBLICATIONS S.A.	22,000.00
STO KARFI PUBLISHING S.A.	7,600.00
ELEFTHERIA S.A.	2,450.00
ELEFTHERIA TIPOU PUBLISHING S.A.	34,550.00
GREEK SHIPPING PUBLISHING LTD	1,000.00
HELLENIC RADIO ENTERPRISES SA	7,490.00
ELNAVI LTD	600.00
ENIKOS S.A.	9,500.00
ENTYPOEKDOTIKI INDUSTRIAL & COMMERCIAL S.A.	13,000.00
EXPLORER S.A.	34,000.00
COMMUNICATION LTD	100,000.00
THE FURIES NEWS	2,500.00
HERMES PUBLICATIONS & PRINTING CIVIL COMPANY	1,500.00
ERMIDI GEORGIA	1,125.00
EVAGGELOS SPYROU LTD	11,500.02
ESTIA NEWSPAPER S.A.	64,200.00
AVGI PUBLISHING S.A.	19,000.00
EPOCHI COOPERATIVE COMPANY	1,700.00
HERODOTUS RADIO P.C.	1,812.60
ICHOS & RITHMOS S.A.	80,025.45
THEMA RADIO S.A.	3,472.90
THOMA D. ANTONIA	800.00
I. DIONATOS & CO L.P. "DELTA PRESS"	8,760.00
I. KOROMILIS S.A.	2,500.00
I. N. LEOUSIS – ADVERTISING COMMERCIAL S.A.	1,000.00
IKAROS RADIOTELEVISION COMPANY S.A.	5,012.00
INSTITUTE OF RESEARCH & STUDIES OF CENTRAL UNION OF HELLENIC CHAMBERS OF COMMERCE	5,890.00
IOANNIS N. SIFAKIS	1,500.00
IOANNIS PAPAYIANNIS	6,500.00
IOANNINA TV S.A.	1,480.00
K. TSIGA & CO L.P.	2,085.75
KAZANTZIDIS CHR. CHARALAMPOS	5,600.00
KATHIMERINES PUBLICATIONS S.A.	280,580.33
KANTARIDOU ELENI	927.00
KANTZIOS GR S.A.	2,000.00
CAPITAL.GR S.A.	115,200.00
KARAYIANNIS NIKOLAOS	2,010.20
KARIDAKIS STEFANOS	800.00
KATSATOU PINELOPI & CO S.A.	5,250.00
KLIK PUBLICATIONS S.A.	3,160.00
SOCIAL COOPERATIVE COMPANY	800.00
KOLLIAS A. NIKOLAOS	3,250.00
KOLOVOS DIMITRIS INTERNET RADIO PRODUCTIONS	3,160.00
KONTOYIANNIS GEORG. DIMITRIOS - NEWSPEPPER.GR	3,160.00
COSMORADIO S.A.	1,442.08

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Name of Media entity	Net amount 2018 (in €)
CRETAN NEWS PAPADAKIS MICHALIS	1,000.00
KIRIAZIDOU DIMOSTH. ANNA	1,158.75
LAMPSI RADIO & PUBLISHING COMPANIES S.A.	5,862.69
LEOTSAKOS P. & CO G.P.	2,140.00
LEOTSAKOS-BOUSBOURELIS G.P.	3,000.00
LOGOS PUBLISHING S.A.	1,787.50
M. KONSTANTINIDOU & CO G.P.	3,500.00
MARKETALL.EU EVDOKIA PAPADOPOULOU	4,180.00
MACEDONIA MEDIA S.A.	3,400.00
MAMA 365 INTERNET COMPANIES LTD	3,387.00
MANESIOTIS NIK-PSOMIADIS CON. G.P.	15,870.00
MARKOU S. STEFANOS	500.00
MELODIA S.A.	18,072.38
METRODEAL S.P.C.	13,905.39
BAKAS ARG. IOANNIS	1,004.25
BAKI DIM. DIMITRA	1,004.25
BAKIS KONSTANTINOS & CO L.P.	1,004.25
BABILI EVLAMPIA	1,850.00
BESKOS S. - KARAPAPAS G.P.	1,000.00
BONIOS G. VASILIOS	1,000.00
MPOULIS N. SPYRIDON	1,390.50
BOURAS D. & CO G.P.	7,000.00
BOUSIAS COMMUNICATIONS LTD	1,200.00
MIKONIATIS S.A.	2,700.00
NEA TELEORASI S.A.	199,325.74
NEW RADIO OF JOURNALISTS LTD	29,048.71
NEOEKDOTIKI ACHAIAS LTD	6,450.00
OPINION POST DIGITAL PUBLICATIONS S.A.	800.00
SPORT FM MEDIA ORGANIZATION	21,630.53
OTE S.A.	33,816.70
P.D. PUBLICATIONS L.TD.	21,140.00
PALO LTD – DIGITAL TECHNOLOGIES	7,000.00
PANHELLENIC FEDERATION OF FUEL STATION OWNERS AND OIL TRADERS	3,990.00
PAPALIOS CONSTANTINOS & CO L.P.	9,350.00
PAPAMICHALAKI G.I. PUBLICATIONS	6,457.50
PAPAMICHALAKIS KONSTANTINOS	2,900.00
PAPATRIANTAFYLLOU GEORGE	1,000.00
PARA ENA INTERNET SERVICES S. LTD	47,766.80
PARAPOLITIKA PUBLISHING S.A.	58,500.00
PAVLOPOULOS S. - INTERNET & SOCIALMEDIA	2,800.00
PELOPONNESE PATRON EDITIONS S.A.	7,300.00
POLIAS NIKOS L.P.	11,550.00
PROVOLI SALES PROMOTION S.A.	500.00
PROTAGON S.A.	10,500.00
RADIO ATHENS S.P. LTD	7,957.43
RADIO THESSALONIKI S.A.	11,258.43
RADIOTELEVISION GREEK PUBLISHING MEDIA S.A.	4,000.00
BROADCASTING ENTERPRISES S.A.	63,881.55
BROADCASTING S.A.	55,063.38
EXPRESS RADIO BROADCASTING S. LTD	2,415.60
DIESI FM RADIO COMMUNICATION S.A.	5,789.09
RAFTOPOULOS TH. & M G.P.	950.00
SARISA LTD	4,000.00
SELANA S.A.	4,800.00
SIADIMAS GEORGIOS	3,160.00
SIMOUSI L.P.	5,780.00
CINE NEWS S.A.	30,875.00
SOFIANNA S.A.	6,048.41
STASINOS NIKOLAOS & CO G.P.-MEDIA VIEW PUBLICATIONS	800.00
SICHRONI EPOCHI PUBLISHING I.C.S.A.	8,400.00
ALLIANCE FOR GREECE	6,500.00
SIRGANI LAM. PARASKEVI	500.00
TA NEA TIS TECHNIS PUBLISHING P.C.	1,000.00
TEKMIRIOSI S.LTD	2,650.00

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Name of Media entity	Net amount 2018 (in €)
TZEKAS P. CHARALAMPOS	1,000.00
PANDORA'S BOX MEDIA L.P.	10,620.00
TOULA G. MARINA & CO S.A.	1,240.00
TRAPEZIKO VIMA	5,300.00
TRAPEZIKOS AGONAS TOMELITOU I. KASTORINI	1,700.00
TSINIARAKIS MANOUSOS & CO L.P.	2,085.90
YPAITHROS CHORA S.A.	2,400.00
PHILELEFTHEROS PUBLISHING S.A.	67,995.00
FILLEYTHEROS TYPOS S.A.	7,400.00
FOTAGOGOS LTD	3,160.00
FOTINOS FOTIOS	2,000.00
HANIOTIKA NEA S.A.	1,450.00
CHATZINIKOLAOU NIKOLAOS & CO L.P.	5,000.00
CHRISTOS DIMOU & CO L.P.	1,615.24
XRISI EFKERIA S.A.	2,850.00
ΣΥΝΟΛΟ	**6,420,600.29**

Note:

Additional disbursements related to the above payments have been made, in compliance with the existing legislative, fiscal and regulatory framework, for VAT, tax and levies on TV and radio advertisements and other charges, amounting to €1,815,594.45.

TABLE 2: PAYMENTS FOR DONATIONS, GRANTS AND SPONSORSHIPS (ACCORDING TO PAR. 1 ARTICLE 6 OF LAW 4374/2016)

Legal Entities

Beneficiary	Net amount 2018 (in €)
"OLYMPUS MARATHON" NON PROFIT ORGANIZATION	25,000.00
1ST SPECIAL PRIMARY SCHOOL OF KALLITHEA	403.22
1ST GENERAL HIGH SCHOOL OF PAPAGOS	3,000.00
1ST FIRE STATION OF ATHENS	14,191.49
251 HELLENIC AIRFORCE GENERAL HOSPITAL	41,500.00
401 MILITARY HOSPITAL OF ATHENS	121,000.00
9TH NURSERY SCHOOL OF ACHARNAI	976.27
ACT4GREECE	1,003.62
CHARITY 4U	2,935.00
COEURS POUR TOUS HELLAS	43,000.00
FALIRO HOUSE PRODUCTIONS S.A.	25,000.00
FULBRIGHT FOUNDATION	10,000.00
GREAT PLACE TO WORK HELLAS	15,000.00
GREEK NEWSPACE SOCIETY & THE NASA SPACE APPS CHALLENGE	3,000.00
GREEK SHIPPING HALL OF FAME	8,000.00
HEAVEN LIVE S.P. LTD	70,000.00
MAKE A WISH GREECE	12,692.21
MFC 4 ALL N.P.O.	9,000.00
OPEN HOUSE GREECE	1,400.00
POST SCRIPTUM COMMUNICATION INFORMATICS	3,000.00
QUALITYNET FOUNDATION	41,000.00
RELOAD GREECE FOUNDATION	26,860.00
SAFE WATER SPORTS	5,000.00
ST CATHERINE'S BRITISH SCHOOL	500.00
SV MOTORSPORT RACING TEAM	10,000.00
TECHNOLOGY FORUM	5,000.00
PLATFORM N.P.O.	5,000.00
LYRIC ART ACADEMY “MARIA CALLAS”	10,000.00
THE AMERICAN COLLEGE OF GREECE	60,000.00
AG. SAVVAS GENERAL ANTI-CANCER HOSPITAL	187,000.00
APOSTOLI NON PROFIT ORGANIZATION	200,000.00
ARISTOTLE UNIVERSITY OF THESSALONIKI	7,000.00
HELLENIC POLICE HEADQUARTERS	3,185.00
MANDRA POLICE STATION	45.16
DIOMIDOUS BOTANICAL GARDEN	50,000.00
GENERAL POLICE DIRECTORATE OF ATTICA	12,873.16
HELLENIC NAVY GENERAL STAFF	1,195.00
GENERAL HIGH SCHOOL OF XILOKASTRO	15,000.00
GENERAL HOSPITAL OF SITEIA	15,900.00
GENERAL HOSPITAL OF ATHENS ALEXANDRA	44,000.00
GENERAL HOSPITAL OF VOLOS	17,500.00
ELEFSINA GENERAL HOSPITAL THRIASIO	85,000.00
GENERAL HOSPITAL OF KARDITSA	800.00
GENERAL HOSPITAL OF KARPENISI	52,600.00
GENERAL HOSPITAL OF NEA IONIA ''AGIA OLGA"	150,481.95
GENERAL HOSPITAL OF ATHENS ''SOTIRIA"	39,750.00
GENERAL CHILDREN HOSPITAL OF ATHENS "AGIA SOFIA"	55,000.00
PANAGIOTIS & AGLAIA KYRIAKOU CHILDREN'S HOSPITAL	307,914.00
PAPAGEORGIOU GENERAL HOSPITAL	67,600.00
TRIKALA GENERAL HOSPITAL	13,150.00
LARISA GENERAL HOSPITAL	7,505.00
GEFYRA ZOIS	20,000.00
MEDECINS SANS FRONTIERES	2,000.00
EVAGGELISMOS GENERAL HOSPITAL	1,083,251.01
JUNIOR HIGH SCHOOL OF VROSINA	2,685.00
DAPHNI GYNNASTICS ASSOCIATION-"DAFNI DAFNIOU"	2,000.00
DESMOS NON-PROFIT FOUNDATION	5,000.00
DEMOCRITUS UNIVERSITY OF THRACE	1,000.00
MUNICIPALITY OF ATHENS - SPECIAL NURSERY SCHOOL OF NIKOPOLIS STR.	33,794.29
MUNICIPALITY OF AEGINA	5,000.00
MUNICIPALITY OF EAST MANI	5,000.00

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Beneficiary	Net amount 2018 (in €)
MUNICIPALITY OF ELEFSINA	494.08
MUNICIPALITY OF KAVALA	500.00
MUNICIPALITY OF KARDITSA	2,000.00
MUNICIPALITY OF KONITSA	5,000.00
MUNICIPALITY OF MANDRA-EIDYLLIA	66,472.48
MUNICIPALITY OF PATMOS	3,025.60
MUNICIPALITY OF PETROUPOLI	2,000.00
MUNICIPALITY OF PYLOS - NESTOR	4,000.00
MUNICIPALITY OF SIFNOS - "SIFNOS RUN"	2,000.00
MUNICIPALITY OF SPETSES	3,100.00
MUNICIPALITY OF ORAIOKASTRO	539.00
DIAZOMA	6,000.00
INTERNATIONAL CHAMBER OF COMMERCE	2,500.00
INTERNATIONAL CENTER OF EDUCATION AND CULTURE "IONIA"	5,000.00
THESSALONIKI INTERNATIONAL FAIR	125,000.00
INTERNATIONAL SOCIAL SERVICE - HELLENIC BRANCH	10,280.00
DIELPIS FORMULA1	6,000.00
CRIMINAL INVESTIGATION DEPARTMENT	177,840.00
ATTIKA ROAD TRAFFIC POLICE DIVISION	7,950.00
ACTION GIFTS-GAMES 2018	1,500.00
SPECIAL ACCOUNT FOR RESEARCH FUNDS UNIVERSITY OF PATRAS	5,500.00
GREEK NATIONAL OPERA	80,000.00
NATIONAL SCHOOL OF PUBLIC HEALTH	6,964.29
ETWINNING NATIONAL SUPPORT SERVICES	5,810.00
NATIONAL AND KAPODISTRIAN UNIVERSITY OF ATHENS	5,000.00
NATIONAL ARCHAEOLOGICAL MUSEUM OF ATHENS	37,200.00
NATIONAL OBSERVATORY OF ATHENS	2,000.00
NATIONAL THEATRE OF GREECE	10,000.00
NATIONAL TECHNICAL UNIVERSITY OF ATHENS	15,990.61
NATIONAL GYMNASTIC ASSOCIATION	15,000.00
NATIONAL ORGANISATION FOR HEALTHCARE SERVICES PROVISION - EOPYY	83,293.41
NKUA-INNOVATION AND ENTREPRENEURSHIP RESEARCH CENTER	80,000.00
HWEA-HELLENIC WIND ENERGY ASSOCIATION	1,000.00
RESEARCH CENTER OF THE ATHENS UNIVERSITY OF ECONOMICS AND BUSINESS	5,000.00
HELLENIC POLICE	17,086.29
HELLENIC ASSOCIATION FOR ENERGY ECONOMICS	20,000.00
HELLENIC COMPANY OF CRIMINAL LAW	1,000.00
ELEPAP-REHABILITATION FOR THE DISABLED	87,732.78
HELLENIC LOGISTICS COMPANY	7,000.00
HELLENIC MATHEMATICAL SOCIETY	9,000.00
HELLENIC PARALYMPIC COMMITTEE	70,000.00
HELLENIC NETWORK FOR CORPORATE SOCIAL RESPONSIBILITY	8,000.00
HELLENIC FOUNDATION FOR EUROPEAN & FOREIGN POLICY	15,000.00
HELLENIC CARDIOLOGY FOUNDATION	2,000.00
HELLENIC INSTITUTE OF INTERNAL AUDITORS	3,000.00
HELLENIC INSTITUTE OF MARINE TECHNOLOGY (H.I.M.T.)	2,000.00
HELLENIC CHILDREN'S MUSEUM	1,401.72
"HERMES 1877" SPORTS CLUB	41,747.95
WHARTON CLUB OF GREECE	2,000.00
AMERICAN-HELLENIC CHAMBER OF COMMERCE	37,000.00
HELLENIC-GERMAN CHAMBER OF COMMERCE AND INDUSTRY	12,000.00
"E.M.E.I.S" SCIENTIFIC SOCIETY OF MASTOLOGY - TREATMENT AND SUPPORT	535.00
AEGEAN ENERGY & ENVIRONMENT AGENCY	1,000.00
HELLENIC ASSOCIATION OF INSURANCE COMPANIES	5,000.00
GREEK JURISTS' UNION "E-THEMIS"	2,000.00
TOGETHER FOR CHILDREN	3,289.24
CULTURAL ASSOCIATION "DROSOPIGI"	4,000.00
ACTIONAID	15,000.00
LABORATORY CENTER OF SCIENCES OF SECONDARY EDUCATION OF IOANNINA	800.00
EVENING SCHOOL OF ACHARNAI	1,000.00
ARCHIPELAGOS CIVIL NON-PROFIT COMPANY	20,000.00
SOCIETY OF MESSENIAN ARCHAEOLOGICAL STUDIES	100,000.00
CEREBRAL PALSY GREECE	8,148.46
EUROPEAN CULTURAL CENTRE OF DELPHI	40,000.00
GREEK ART THEATRE KAROLOS KOUN	25,000.00

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Beneficiary	Net amount 2018 (in €)
"PAMMAKARISTOS" FOUNDATION	6,129.32
AGIA ANNA FOUNDATION	500.00
ASPRES PETALOUDES FOUNDATION	10,000.00
CHILDREN ASYLUM FOUNDATION	10,000.00
HATZIKONSTA FOUNDATION	9,412.00
KONSTANTINOS SIMITIS FOUNDATION	8,000.00
FOUNDATION OF THE HELLENIC WORLD - "THOLOS VIRUAL REALITY THEATRE"	205,000.00
MICHAEL CACOYIANNIS FOUNDATION	40,000.00
MUSEUM FOR THE MACEDONIAN STRUGGLE	10,000.00
FOUNDATION FOR THE SUPPORT OF THE ECUMENICAL PATRIARCHATE	120,000.00
HOLY METROPOLIS OF CONGO-BRAZZAVILLE-HIS EMINENCE PANTELEIMON METROPOLITAN	1,000.00
METROPOLIS OF PATRAS	500.00
HOLY METROPOLIS OF PERISTERION	1,500.00
CHURCH OF SAINT GEORGE (AMFILOCHIA)	8,060.00
CHURCH OF THE ASSUMPTION OF VIRGIN MARY-LAFIONAS LESVOS	1,240.00
PANAGIA MARMARIOTISSA CHURCH CHALANDRI	300.00
INSTITUTE OF ENERGY FOR SOUTH EAST EUROPE	1,500.00
CORPORATE RESPONSIBILITY INDEX	2,500.00
ROAD SAFETY INSTITUTE "PANOS MYLONAS"	1,087.42
FOUNDATION FOR ECONOMIC & INDUSTRIAL RESEARCH	12,000.00
HIPPOKRATION GENERAL HOSPITAL OF THESSALONIKI	65,750.00
LAVRIO BASKETBALL SOCIÉTÉ ANONYME	1,000.00
AXANA ARTS COMPANY	10,000.00
PUBLIC BENEFIT ENTERPRISE OF THE MUNICIPALITY OF MARATHON	4,000.00
THERAPY CENTER FOR DEPENDENT INDIVIDUALS "DIAVASI"	442.00
CENTRAL UNION OF MUNICIPALITIES OF GREECE	3,000.00
KENTRO AGAPIS ELEFSINAS	5,217.22
CENTER FOR INDIVIDUALS WITH SPECIAL NEEDS "HARA"	3,039.78
HEALTH CENTER OF NEAPOLIS	1,692.38
CITIZENS' MOVEMENT FOR AN OPEN SOCIETY (GREECE)	3,000.00
ELLA - DIKA MAS COMMUNTITY OF ENTERPRISES	5,000.00
COMMUNITY SERVICE OF OROPOS MUNICIPALITY	1,000.00
ATHENS COLLEGE	700.00
BUILDINGS INFRASTRUCTURES S.A.	44,071.00
SUPPORT CENTRE FOR ADDICTS“METAMORPHOSIS”	4,000.00
CIVIL SERVANTS' SHARE FUND	4,997.20
NATIONAL BANK OF GREECE CULTURAL FOUNDATION	2,100,000.00
ANGELOS SIKELIANOS MUSEUM - LEFKADA	22,287.91
BENAKI MUSEUM	55,977.00
NOIAZOMAI KAI DRO	5,000.00
PENTELI GENERAL HOSPITAL FOR CHILDREN	15,900.00
MANPOWER EMPLOYMENT ORGANIZATION (OAED)	101,740.58
ECONOMIC CHAMBER OF GREECE	3,500.00
ATHENS UNIVERSITY OF ECONOMICS AND BUSINESS	12,200.00
OLYMPIC MUSEUM OF THESSALONIKI	9,502.82
I-ROBOT TEAM OF JUNIOR HICH SCHOOL" KESSARI"	1,000.00
TACHYTIS TEAM OF ERASMIOS GREEK-GERMAN SCHOOL	300.00
ROBOTICS TEAM UN SDSN	446.71
UNESCO ZAKYNTHOS	4,475.00
HELLENIC FEDERATION OF MOTORCYCLE SPORTS	5,645.16
OPEN TECHNOLOGIES ALLIANCE - EELLAK	2,000.00
CORFU EVENTS ORGANIZATION	2,000.00
ATHENS CONCERT HALL ORGANIZATION	79,372.25
SOS CHILDREN ‘S VILLAGE OF GREECE	13,777.96
PANHELLENIC CANCER PREVENTION COMPANY	12,000.00
PANHELLENIC CENTER OF ENVIRONMENTAL RESEARCH P.C.E.R.	4,000.00
"FRONTIDA" PANHELLENIC ASSOCIATION	3,000.00
HELLENIC SPORTS PRESS ASSOCIATION	3,000.00
PANHELLENIC ASSOCIATION OF INSURANCE ADVISORS	1,000.00
PANHELLENIC ASSOCIATION OF INSURANCE ADVISORS	1,350.00
AHEPA UNIVESRITY GENERAL HOSPITAL OF THESSALONIKI	36,750.00
UNIVERSITY OF IOANNINA	6,500.00
UNIVERSITY OF CRETE	6,500.00
UNIVERCITY OF MACEDONIA	5,000.00
UNIVERSITY OF PIRAEUS	9,928.00

Beneficiary	Net amount 2018 (in €)
PAN-THRACIAN FEDERATION OF SOUTHERN GREECE	300.00
PANTEIO UNIVERSITY	4,000.00
REGION OF WESTERN GREECE	5,000.00
REGIONAL DIRECTORATE OF PRIMARY AND SECONDARY EDUCATION	28.00
SERRES REGIONAL UNIT	3,000.00
CORFU ART GALLERY	11,615.00
“PISTI”-ASSOCIATION OF PARENTS AND GUARDIANS OF CHILDREN WITH NEOPLASTIC DISEASE	484.85
PLEGMA CIVIL NON-PROFIT ORGANIZATION	3,000.00
ATTIKA WILDFIRES VICTIMS	13,786.70
EMBASSY OF GREECE IN CYPRUS	800.00
EMBASSY OF GREECE IN EGYPT	1,686.30
PRESIDENCY OF THE HELLENIC REPUBLIC	18,900.00
NATIONAL NURSERY SCHOOL OF KALLITHEA	14,900.00
"RIZES" N.P.O.	6,000.00
VOLOS MUNICIPAL STADIUM	65,915.06
STOART KORAI - DIMITRIS PAPAGEORGOPOULOS	3,687.30
ASTROPHYSICS ASSOCIATION OF ASEA	1,000.00
ASSOCIATION OF PARENTS AND GUARDIANS OF A' ARSAKEIO LYCEUM OF PSICHIKO	800.00
RHODES HOTELIERS ASSOCIATION	500.00
VOLUNTEER FIREMEN OF AGIOS KIRIKOS IKARIA ASSOCIATION	1,000.00
ASSOCIATION OF NBG EMPLOYEES & RETIRED PERSONS WITH DISABLED CHILDREN	3,000.00
ASSOCIATION "LIVING WITH CANCER"	450.00
"KALLIPATEIRA" ASSOCIATION	1,000.00
LYRAVLOS ASSOCIATION	806.00
ASSOCIATION OF FRIENDS OF PATRIARCHAL GREAT SCHOOL OF THE NATION	15,584.00
FOREST FIRE PROTECTION VOLUNTEERS OF ATTICA	831.87
ALLIANCE FOR GREECE	12,000.00
SIMPLEFSI CIVIL NON-PROFIT COMPANY	13,000.00
SIMPOLITIA OLYMPIAS CIVIL NON-PROFIT COMPANY	3,000.00
YOUTH SYMPHONY ORCHESTRA OF GREECE	250.00
ASSOCIATION OF GRADUATES FROM ZOSIMEA SCHOOL OF IOANNINA	2,000.00
LEAGUE FOR WOMEN RIGHTS	1,000.00
KASTORIAN FUR ASSOCIATION	5,000.00
ASSOCIATION OF REPRESENTATIVES AND EMPLOYEES OF INSURANCE COMPANIES	3,300.00
HELLENIC INSURANCE BROKER ASSOCIATION	6,000.00
HELLENIC AMATEUR ATHLETIC ASSOCIATION (SEGAS)	120,000.00
HELLENIC FEDERATION OF ENTERPRISES	75,000.00
HELLENIC COMMITTEE OF LLOYD'S BROKERS' ASSOCIATES	3,000.00
SCOUTS OF GREECE	1,500.00
SANTA RUN CHANIA ASSOCIATION	1,120.00
ASSOCIATION OF PARENTS AND GUARDIANS OF DISABLED CHILDREN OF ARGOS KALYMNOS	1,289.05
JUNIOR ACHIEVEMENT GREECE	17,000.00
ARCHAEOLOGICAL RECEIPTS FUND	116,126.28
AUXILIARY INSURANCE AND WELFARE FUND FOR EMPLOYEES IN THE ARMED FORCES (TEAPASA)	52,173.27
MUTUAL HEALTH FUND OF NATIONAL BANK OF GREECE PERSONNEL	1,034,981.61
WESTERN GREECE UNIVERSITY OF APPLIED SCIENCES	2,500.00
VALIRAKI ARTS LTD	12,902.52
PREVEZA 3X3 BASKETBALL TOURNAMENT	808.00
FAROS ELPIDAS NON PROFIT ORGANIZATION	260.51
LIGHTHOUSE FOR THE BLIND OF GREECE	5,000.00
PAROS FESTIVAL	400.00
FLOGA	100.00
MANAGEMENT BODY OF MOUNT PARNITHA NATIONAL PARK	102,000.00
FRAGAKIS NIK. KIMON "NEW RUN"	18,000.00
THE SMILE OF THE CHILD	750.00
CHATZIKIRIAKEIO CHILDCARE INSTITUTION	2,000.00
ARMONIA PREVEZA CHOIR	3,000.00
MENTAL INSTITUTION FOR IMMATES OF KORIDALOS PRISON	1,000.00
TOTAL	**9,336,720.32**

Disclosures of article 6 of Law 4374/2016

Individuals

Number of individuals	Net amount 2018 (in €)
15	341,012.29

Note:

Additional disbursements related to the above payments have been made, in compliance with the existing legislative, fiscal and regulatory framework, for VAT and other charges, amounting to €1,392,607.78.

Availability of the Annual Financial Report

The Annual Financial Report, which includes:

- Certifications by the Members of the Board of Directors
- The Board of Directors' Report
- The Independent Auditor's Report
- The Annual Financial Statements of the Group and the Bank
- Summary Financial Data
- Reference Table to the information required by Law 3401/2005, article 10

is available on the website address: http://www.nbg.gr