NATIONAL BANK
OF GREECE

Group and Bank

Six-month Financial Report

for the period ended 30 June 2020

August 2020

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Chairman's Statement

Costas P. Michaelides | Chairman of the Board of Directors

"Today we are in the middle of a new reality that has changed dramatically life as we knew it. The post Coronavirus ("COVID-19") world, is very different from our expectations, overthrew targets and plans, and reminded us that the most important virtue in an organization is the ability to adapt swiftly and effectively to new conditions as challenging as they may be. Ensuring the safety of our employees, as well as providing support to our customers throughout this crisis, has been and remains our top priority.

Our Transformation Program has acted as a catalyst for addressing the challenges that emerge from the crisis. The Transformation mechanism provided the backbone upon which we built a solid structure to safeguard the reliance and trustworthiness of the Bank's operations. Moreover, capitalizing on the established transformation momentum, we have become more flexible, taking decisions swiftly and operating more efficiently, whilst ensuring National Bank of Greece ("NBG's") commitment to social responsibility and business continuity.

The 1H.20 results support these assertions and we will continue in our direction. Our efforts focus on cleaning-up our balance sheet, improving our efficiency, aiding our accelerating digital transformation, and instilling a new customer-centric model that already delivers significant results. We are also continuing to create an Human Resources framework that promotes efficiency, cooperation, and a solid career path for our people. We will continue the commitments we made, despite going through testing times in order to create a Bank that we and our people aim and are able to achieve."

Athens, 6 August 2020

Costas P. Michaelides

Chairman of the Board of Directors

Chief Executive Officer's Statement

Pavlos K. Mylonas | Chief Executive Officer

"In the first half of the year 2020 we experienced the unprecedented pandemic crisis that has spread across Europe and then moved to the US and the rest of the world. As a result COVID-19, the way we conduct business will change permanently.

Having taken proactive precautionary measures, with full lockdown early on, the Greek government has succeeded in keeping COVID-19 incidents and death statistics at remarkably low levels, compared to other European countries. The enforcement of restrictive measures and heightened uncertainty led to an unprecedented drop in economic activity in the 2Q.20. With the gradual opening up of the economy and especially the tourism sector and increasing fiscal and liquidity stimuli, activity in specific sectors is showing clear signs of a recovery in June and July, while COVID-19 incidents have slightly increased but remain still under control.

This period has been a "stress test" for all companies, and especially for banks. Until now, NBG has succeeded at all levels and proved that it can act quickly, leveraging on the set up of its transformation team, the newly appointed and young management team and the support of its Board of Directors. First, operationally, we swiftly switched to a functional new "work from home" operating model, able to protect the health of our people, with c.70% of Head Office employees working from home at peak of lockdown and c.50% today. In parallel, we adapted processes to "remote access" functionality for our employees and clients, while minimizing operational risk. Second, we significantly improved our digital offering, by introducing new features and digital products (e.g. debit and prepaid cards for retail customers and new loan applications for corporate), while always taking into account cyber risk. Digital transactions increased by 31.6% year-over-year ("y-o-y") and digital subscribers reached 2.7 million in June (26.4% y-o-y). Third and equally important, we were there for the needs of our customers for liquidity. NBG has offered payment moratoria to existing loans to both retail and corporate customers and has actively participated in all state driven liquidity support programs. In specific, during 2Q, we have granted payment moratoria amounting to c€3.5 billion to more than 39 thousand clients. In addition, we have disbursed new loans of €2.8 billion, in conjunction with the Government guarantee schemes, while another €2 billion of additional disbursements are currently in the pipeline for the second half of the year.

But the pandemic crisis did not stop our transformation efforts. During the first half of the year, we achieved important milestones, some of which are mentioned below:

- *We continued decreasing Non-Performing Exposures ("NPEs") by succeeding in signing the sale of Project Icon (c. €1.6 billion corporate NPEs) despite the crisis.*
- *We finalized the agreement for the transfer of NBG Auxiliary Pension Plan ("LEPETE") to Single Social Security Entity ("EFKA"), providing a fair solution to our pensioners.*
- *We created two new units. The first is for the control of the bank's operating cost (demand management) and the second is in corporate banking in order to enhance our corporate offering and especially optimize cross-selling (Corporate Transaction Banking).*
- *We reached an agreement with our Employee Union in order to change and upgrade the Performance Measurement System for our people.*

Moreover, our financial results were resilient during a very difficult period. Core Operating Profit rose by 21.4% y-o-y to €132 million for 1H.20. This performance reflects solid results in containing personnel and General & Administrative ("G&A") costs by -8.6% and -6.5% respectively y-o-y, as well as lower underlying credit risk charges. In addition, we managed to decisively address the issue of incremental COVID-19 related provisions by absorbing nearly €0.5 billion of loan provisions, raising coverage by c.300 bps. Despite this heavy charge, Group Profit after Tax reached €360 million for the 1H.20, providing further flexibility in our NPE strategy.

The fact that we followed a conservative approach of incurring the total anticipated provisions relating to COVID-19 in 1Q.20 (c.€0.4 billion) allows us to launch the Project Frontier NPE securitization later this year. With a perimeter of over €6 billion, Project Frontier's successful conclusion would reduce NBG's current NPE stock of €10.1 billion by significantly more than one half. We will be leveraging our enhanced Pre-Provision Income ("PPI") capacity to absorb the incremental provisions required. We target to complete the transaction in 1H.21.

In this critical period and as the economy recovers, we will continue to capitalize on our established and successful Transformation Program. Building on the existing momentum, the shift to digital will be accelerated, as will the implementation of a more agile operating model so as to improve the Bank's efficiency. I am proud of our achievements during the turbulent first half of the year; keeping our people safe, supporting our clients, thus fulfilling our historical role as an economic catalyst."

Athens, 6 August 2020

Pavlos K. Mylonas

Chief Executive Officer

Certification of the Board of Directors
on the six-months Financial Report as at 30 June 2020

Certification of Chairman, Chief Executive Officer and a member of the Board of Directors pursuant to Article 5 of Greek Law 3556/07, as in force.

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 interim financial statements for the six-month period ended 30 June 2020 has been prepared in accordance with the current accounting standards and present a true and fair view of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement of the Bank and of the companies included in the consolidation.

(2) The Board of Directors Report for the six-month period ended 30 June 2020 truly and fairly presents all information required by Article 5, Para 6 of Greek Law 3556/07, as in force.

Athens, 6 August 2020

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

NATIONAL BANK
OF GREECE

Board of Directors Report

First half 2020

For the six months period ended 30 June 2020

Highlights

Response to COVID-19 crisis

The health and safety of our employees, customers and stakeholders, together with our ability to continue to deliver services, has been our top priority

Our People

- We ensured that the majority of our employees at headquarters were able to work remotely, activating our Business Continuity Plan ("BCP") sites to decongest critical on-site based operations;
- activated rigorous incident management processes,
- ensured required protective and cleaning materials were made available to employees;
- deployed extensive internal communications;
- secured uninterrupted operations by redesigning critical processes to facilitate remote work while at the same time ensuring that emerging risks were mitigated by adequate and efficient controls.

Our Customers

- We shifted towards digital banking platforms to ensure nationwide service availability to our customers;
- redirected resources to prepare for the necessary financial support to our customer base, mitigating the immediate impact of the COVID-19 pandemic;
- implemented payment moratoria for corporate and retail customers corresponding to c. €3.5 billion in gross loans via c.39,500 applications approved to date;
- participated in all State Schemes COVID-19 support schemes, including Entrepreneurship Fund II ("TEPIX II") through c.2,400 customers and c.€230 million of gross loans approved by Hellenic Development Bank S.A. ("HDB"), State-guaranteed working capital with c.€800 million of gross loans approved (of which c.€550 million have already been disbursed), as well as Interest Payment subsidies, approving 8,800 applications corresponding to interest payment subsidy of c.€35 million;
- deployed extensive external communications.

Our Stakeholders

- We kept our employees, customers, shareholders, investors and regulatory bodies informed at all times by raising awareness about key hygiene measures, travel restrictions and policies;
- encouraged and educated our customers to use digital channels.

Our Society

- We donated medical equipment to the National Health System;
- we monitored closely the parameters relating to the pandemic health crisis and maintained support for our employees, customers, stakeholders and society through these unprecedented times.

About NBG's Transformation Program

Transformation Program acts to deliver a robust mechanism to respond to the COVID-19 crisis.

√ **Strong governance and cadence**, with full sponsorship of management team and Board of Directors;

√ **800+ colleagues** across whole organization actively involved in delivery to-date;

√ **Platform** for swift and effective response to COVID-19 crisis and medium-term economic implications.

First half 2020 Group Financial Results

Resilient operating performance fends off 2Q.20 COVID-19 shock

Group profit for the period from continuing operations *(excluding non recurring cost)*

€465 million for the six-month period ended 30 June 2020 (30 June 2019: €245 million)

Domestic new loan disbursements

At €1.8 billion up 14.0% y-o-y, driven by corporate origination

Non-Performing Exposures (“NPEs”)

Bank NPE stock edges lower to €10.1 billion in first half of 2020

Liquidity

Domestic deposits grew by €1.0 billion to at €43.3 billion, Liquidity Coverage Ratio (“LCR”) and Net Stable Funding Ratio (“NSFR”) comfortably above regulatory requirements and Eurosystem funding at €10.5 billion, reflecting the full use of the ECB’s Targeted Longer-Term Refinancing Operations (“TLTROs”) funding facilities, the Bank’s blended funding cost at a historic low of 19 basis points (“bps”).

Common Equity Tier 1 ratio (“CET1”)

The Group’s CET1 and Total Capital ratios at 30 June 2020 were 14.8% and 15.8%, respectively, exceeding the Overall Capital Requirement (“OCR”) 2020 ratio of 11.5%, as amended due to COVID-19 post capital relief measures.

Digital functionality

Digital transactions soared, supported by our efforts to accelerate onboarding & engagement and enhance the digital capabilities of our customers

COVID-19 restrictions in combination with campaigns to promote digital channels usage and the introduction of new digital capabilities led to a significant acceleration of digital customer onboarding and engagement:

- More than 22% year-over-year (“y-o-y”) increase in transactions via digital channels.
- Digital active users reach 1.8 million in June (+42.7% y-o-y).
- More than 340,000 new digital customers registered year-to-date.

Digital Strategy Key milestones

Inform

- Digital & direct marketing.
- Campaigns & digital events.

Onboard

- More than 158,000 new customers registered via Mobile Banking.
- Existing customer onboarding for personal businesses via Mobile Banking/Internet Banking.
- Self-service info & document management via Mobile Banking/Internet Banking.

Engage

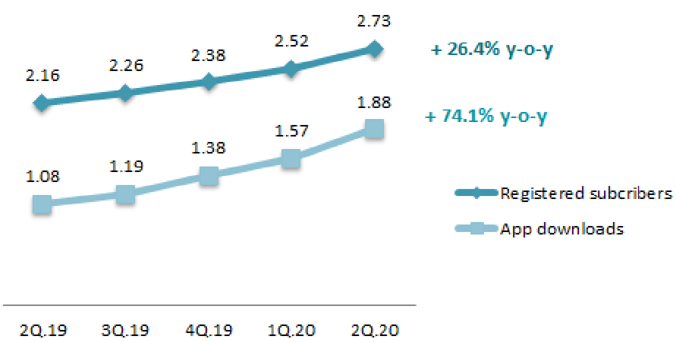
- New Internet Banking for business customers.
- Self Service Functionalities for business customers (i.e. online legalization, enhanced approval workflows).
- Peer to Peer (“P2P”) transfers (individuals).
- Online disbursements & loan repayments (business).
- Online Application for Loan Payment Holiday, and Cheque Payment Suspension due to COVID-19.

Gross-sell

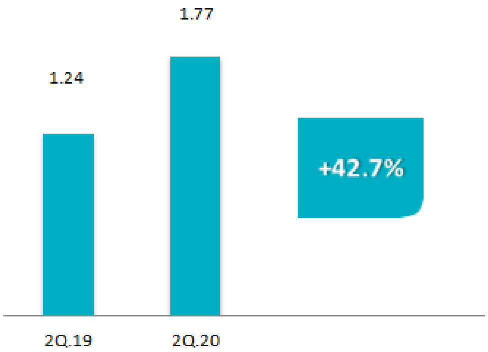
- Available:
  - Cards (debit/prepaid/virtual):+75,000 new cards issued ytd.
  - Time deposits: +12,000 new accounts ytd.
  - Savings & current accounts launched: +6,000 ytd.
- In progress:
  - Instant credit cards & consumer lending.
  - Bancassurance & investments.
  - E-commerce for businesses.
  - Digital Signatures.

Digital transactions soared, supported by our efforts to accelerate onboarding & engagement and to enhance the digital capabilities of our customers

Digital subscribers (in millions)



Digital active users (in millions)



Key developments of NBG Group in the first half of 2020

Large scale Transformation Program

Building upon its long-lasting tradition of trust and service to society, the National Bank of Greece ("NBG" or the "Bank") embarked on a large-scale Transformation Program (see section "*Transformation Program*") in the second half of 2018 to transform the Bank, responding to the challenges and tapping the business opportunities presented by the rapidly changing economic and banking landscape.

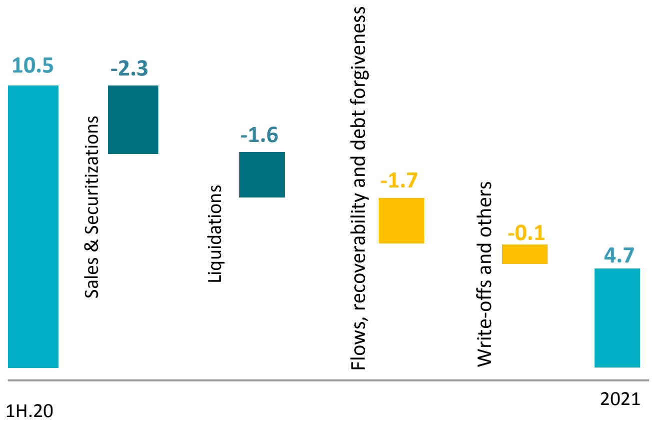
The Transformation Program identified the strategic areas that leverage our strengths and address our weaknesses, so as to unlock the Bank's substantial untapped profitability potential, though six discrete workstreams, 30+ initiatives and 100+ sub-initiatives, involving more than 800+ executives and employees of the Bank.

The Bank's new strategy, including key drivers and the resulting ambitious set of financial and business targets up to 2022, along with the new management team, was presented to the investment community in London on 16 May 2019. NBG's Investor Day was highly successful, bringing together c. 120 investors in London, constituting the first such event of a Greek Bank for more than 10 years. The Investor Day Presentation is posted on the Bank's website www.nbg.gr/en/the-group/investor-relations/financial-information/presentations).

Bank's NPE reduction trend, continued during the first half of 2020

From December 2015 to June 2020, the Bank achieved a decrease of €11.5 billion of the NPE stock through a combination of organic and inorganic actions. Similarly, the NPE ratio dropped from 48.8% to 30.4%. In the first half of 2020, the NPE reduction continued, with a decrease of NPEs at Group level by €0.5 billion (almost entirely from the Bank), mainly attributed to organic actions of €0.4 billion (restructurings/debt forgiveness and liquidations). Inorganic actions led to a decrease of €0.1 billion, mainly through write-offs.

NPE REDUCTION TARGET FOR 1H.20-2021 (GROUP, € billion)



The annual revision of NPE operational targets and submission to Single Supervisory Mechanism ("SSM") (regularly due in March) postponed by European Central Bank ("ECB") due to the COVID-19 pandemic crisis (see also section "*Response to COVID-19 crisis-European Central Bank*") and has been rescheduled for September 2020. The above chart reflects the latest, officially approved targets for the period 1H.20-2021.

Disposal of NPE portfolios

As part of the implementation of the NBG Transformation Program the Bank, on 5 June 2020, announced that it has entered into a definite agreement with the Investment Firm Bain Capital Credit ("Bain Capital") for the disposal of a portfolio of c. 2,800 non-performing, predominantly secured, corporate contracts ("Project Icon") with total principal amount of c. €1.6 billion (c. €0.6 billion of allocated collateral value). The transaction is being implemented in the context of NBG's NPE deleveraging strategy and in accordance with the Operational Targets submitted to the Single Supervisory Mechanism ("SSM").

The closing of the transaction is subject to standard conditions precedent and the consent of the Hellenic Financial Stability Fund ("HFSF").

Other NPEs disposal

Additionally, the Group is in process of the disposals of Romanian risk secured and unsecured loans and advances to customers (project Danube) with net book value of €29 million. The Bank expects that this sale will be completed in the fourth quarter 2020.

Divestments

Planned disposals of subsidiaries under 2019 Revised Restructuring Plan commitments

National Bank of Greece – Egyptian Branch Network

As of 31 December 2018, the Network in Egypt ("NBG Egypt") had been classified as held for sale and discontinued operations.

On 2 May 2019, the Bank signed a definitive agreement to sell certain assets and liabilities of NBG Egypt to Bank Audi S.A.E. ("Bank Audi Egypt"). Closing of the Egypt transaction was subject to the approval of the Central Bank of Egypt ("CBE"), as the Central Bank of Lebanon approved the transaction in June 2019. Given that the CBE approval was still pending six months after the signing of the definitive agreement, Bank Audi SAE issued an agreement termination notice in November 2019.

On 11 May 2020, Bank Audi Egypt informed the Bank that will not pursue further the potential acquisition of NBG's operations in Egypt. As a result the financial statements of the Bank and the Group were amended retrospectively, as if the NBG Egypt never qualified as held for sale and discontinued operations.

The divestment of NBG Egypt is an obligation of the Bank under its 2019 Revised Restructuring Plan (see below "*2019 Revised Restructuring Plan*").

National Bank of Greece (Cyprus) Ltd

On 26 November 2019, the Bank signed a definitive agreement with AstroBank Limited for the sale of its 100.00% stake in National Bank of Greece (Cyprus) Ltd ("NBG Cyprus"). Closing of the transaction is subject to approval from the Central Bank of Cyprus and the Commission for the Protection of Competition in Cyprus and is currently expected to be concluded by the end of the fourth quarter of 2020. NBG Cyprus has been classified as held for sale and discontinued operations.

The divestment of NBG Cyprus is an obligation of the Bank under its 2019 Revised Restructuring Plan (see below "*2019 Revised Restructuring Plan*").

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

The Bank relaunched NIC's sales process in October 2019. NBG is currently expecting a revised offer from the bidder on the basis of updated post-COVID-19 due diligence.

Other divestments

Planned divestment of CAC Coral Ltd

The divestment of CAC Coral Ltd was launched in December 2019, while signing of the transaction documents is expected to occur in the third quarter of 2020. CAC Coral Ltd has been classified as held for sale and discontinued operations.

Financial highlights

Exchange of Greek government bonds

On 22 January 2020, the Bank announced that the Hellenic Republic and NBG had agreed on a Greek Government Bond exchange, involving three existing Greek Government Bonds held by NBG with a new Greek Government Bond. The terms of the existing and new Greek Government Bonds are as follows:

Existing Greek Government Bonds

ISIN	Maturity	Interest Rate	Nominal Amount in € million	Settlement Amount in € million
GR0112009718	20 March 2023	2.90%	250	271
GR0116007924	20 March 2025	3.25%	964	1,092
GR0118018663	20 March 2026	3.55%	2,100	2,440

New Greek Government Bond at issue price of 114.7114415026

ISIN	Maturity	Interest Rate	Nominal Amount in € million	Issue Date
GR0138016820	20 March 2050	3.25%	3,314	21 January 2020

The exchange was executed at market terms and was settled on 21 January 2020. NBG realized a gain of €515 million (based on the accounting value of the existing Greek Government Bonds) resulting from the recent Greek sovereign spread compression, through an exchange that safeguards recurring interest income at a yield to maturity of 2.5%.

The transaction enhances Bank's capital position, facilitating the frontloading of an ambitious NPE reduction plan.

ECB exposure to Targeted Longer-Term Refinancing Operations increased, fueling credit extension, while domestic deposit momentum is maintained in 1H.20 benefitting by private deposit inflows

On an annual basis, deposits in Greece increased by €1.0 billion or 2.4% to €43.3 billion, driven solely by private deposit inflows. International deposits remained flat at €1.5 billion.

Eurosystem funding amounted to €10.5 billion in the second quarter of 2020, as NBG took full advantage of ECB's TLTROs facilities coming in at negative rates. Benefitting from the repricing of time deposits and the low cost liquidity from the ECB, the Bank's blended funding cost is currently at a historic low of 19 bps. LCR and NSFR are kept at very high levels well above 100%, far exceeding regulatory thresholds.

As a result, Loans-to-Deposits Ratio settled at 63.7% in Greece and 64.5% at the Group level.

Cost cutting through Voluntary exit scheme as a key transformation lever towards an efficient and agile organization

Domestic operating expenses for the six-month period ended 30 June 2020 decreased by 1.4% y-o-y to €383 million, as the sharp reduction in both personnel expenses (-9.2% y-o-y) and General & Administrative ("G&A") (-6.1% y-o-y) was nearly offset by the increase in depreciation charges (+48.5% or €23 million y-o-y) arising from the application of IFRS 16 and the disposal of NBG Pangaea REIC (currently Prodea Investments S.A.) in May 2019. The reduction in personnel expenses incorporates the full quarterly benefit of the VES that expired in February 2020, with participation reaching c.1,100 employees.

Loan impairments in 1H.20 related to the COVID-19

Loan impairments of €562 million in the first half of 2020 include the total anticipated COVID-19 impact of €426 million, with underlying for the first half of 2020 Cost of Risk ("CoR") at 94 bps.

NBG Auxiliary Pension Plan

On 10 June 2019 a legislative amendment (Greek Law 4618/2019 art.24) was enacted effectively transferring Bank employees and pensioners from LEPETE to Unified Fund for Auxiliary Insurance and Lump Sum Benefits ("ETEAEP"), the Greek State auxiliary pension plan. The legislative amendment stipulated, inter alia, that the Bank should cover the following costs:

- the normal employer's contributions for the employees transferred to ETEAEP, from 1 January 2019 and onwards. The applicable rates are 3.50% from 1 January to 31 May 2019, 3.25% from 1 June 2019 to 31 May 2022 and 3.00% from 1 June 2022 and onwards;
- a retrospective payment in relation to the 2018 pensions to be calculated on the basis provided by Greek Law 4618/2019. This amount has been estimated by the Bank at €50 million. The Greek Law 4618/2019 provides that the 1/5 of the total amount was payable by 31 August 2019 whereas the remaining amount is due in instalments and at the latest by 31 December 2020;
- supplementary social security contributions of €40 million per annum from 2019 to 2023;
- supplementary employer's contributions from 1 January 2024 onwards to be defined following a study to be prepared by the Greek National Actuarial Authority. The Bank cannot provide a reasonable estimate of the related costs, as Greek Law 4618/2019 does not provide the basis under which the relevant study would be carried out, nor the required clarity as to the extent that any shortfalls would be covered by the Bank; and
- the normal employees' contributions for the period from 1 January to 31 May 2019, only.

Further to this legislative amendment and related Ministerial Decision 28153/276/21.6.2019, on 5 July 2019, the Bank addressed a statement to ETEAEP informing it that it will continue to pay to ETEAEP, as from 1 June 2019 onwards, the corresponding, in accordance with the applicable provisions, auxiliary pension employer's and employee's contributions with regard to the persons (employees) who had been insured by LEPETE up to the enactment of the aforementioned legislative amendment. The Bank also pointed out that any private relationship between the Bank and LEPETE has been terminated and thus no payment of any kind will be made in future.

On 2 July 2019 and 29 November 2019, the Bank paid amounts of €36 million and €4 million, respectively, with respect to the supplementary contribution for 2019 and on 3 February 2020 the Bank paid €20 million as the first instalment of the supplementary social security contributions for 2020, as required by the Ministerial Decision (see (c) above).

On 19 March 2020, a legislative amendment (art. 63, Greek Law 4680/2020) on art. 24 of Greek Law 4618/2020 was passed ("the amendment"), changing the previous status described above. According to the amendment, the employees insured with LEPETE were transferred to the former ETEAEP and are now governed by the legislation of the Auxiliary Insurance Plan of Single Social Security Entity ("e-EFKA"). As a result, the Bank is liable for normal employer's contributions described in item (a) above. The Bank is also obligated to pay an additional social security contribution to the Auxiliary Insurance Plan of e-EFKA for the years 2018 to 2032, amounting to 12.0% per annum of the gross salaries of employees with any employment relationship with the Bank on 31 December of each respective year. The additional annual contribution for the year 2018 paid from the Bank on 29 June 2020, and for the remaining years shall be payable by the last business day of the first quarter of each following year. The additional contribution for the years 2019 and 2020 is offset by the additional contribution paid by the Bank to the former ETEAEP pursuant to art. 24 of Greek Law 4618/2019, as in force prior to its replacement herein. With the payment of the above additional social security contributions the obligation of the Bank to the Auxiliary Insurance Plan of e-EFKA as well as to any other third party is exhausted.

2019 Revised Restructuring Plan

The Group is subject to European Commission rules on European Union ("EU") State aid in light of the aid received from the Hellenic Financial Stability Fund ("HFSF") and the Hellenic Republic. These rules are administered by the Directorate General for the Competition of the European Commission (the "DG Competition"). Under these rules, the Bank's operations are monitored and limited to the operations included in the 2019 Revised Restructuring Plan, which aims to ensure the Bank's return to long term viability. The 2019 Revised Restructuring Plan was approved on 10 May 2019 by the European Commission.

The 2019 Revised Restructuring Plan includes a number of commitments to implement certain measures and actions that have to be completed during the period 2019-2020 (the "2019 Revised Restructuring Plan Commitments"). The 2019 Revised Restructuring Plan Commitments relate both to domestic and foreign operations of the Group. Differentiations to the 2015 Restructuring Plan which expired on 31 December 2018 relate to the deepening of the Bank's operational restructuring, some amendments on the commitments and deadlines, as well as a commitment to sell the remaining stake (32.66%) in NBG Pangaea REIC in substitution for the commitment to dispose of Stopanska Banka A.D.-Skopje.

For domestic operations, the 2019 Revised Restructuring Plan Commitments relate to constraining operating expenses, including the number of personnel and branches. In particular, the Commitments include the following:

A further reduction of the number of branches in Greece to 420 (by the end of 2019) and 390 (by the end of 2020). As at 30 June 2020, the Bank had reduced its branches to 389.

A further reduction of the number of employees in Greece to 8,600 as at 31 December 2019 and 8,000 as at 31 December 2020. As at 30 June 2020, the Bank had reduced the number of employees at domestic level to 8,238[1].

A further reduction of total operating costs in Greece to €845 million as at 31 December 2019 and €800 million as at 31 December 2020. As at 30 June 2020 such costs (excluding LEPETE) amounted to €383[1] million.

Divestment of domestic non-banking activities: The Bank will divest from certain domestic non-banking activities. Under the 2019 Revised Restructuring Plan, the Bank must dispose at least 80% of NIC. See above *"Sale of a majority equity holding in Ethniki Hellenic General Insurance S.A."* for a description of the status of this Commitment. Furthermore, in line with the 2019 Revised Restructuring Plan, in May 2019 the Bank completed the sale of its remaining stake in *NBG Pangaea REIC*.

Divestment from international operations: The Bank reduced its international activities, by disposing of certain subsidiaries in the years 2016 - 2018. On 23 January 2020, with the consideration settlement the Bank completed the sale of 99.28% of Banca Romaneasca to EximBank S.A., following the lost control on 30 December 2019.

The only incomplete divestment from international operations relate to the subsidiary NBG Cyprus, as the divestment in the branch network in Egypt was cancelled in May 2020, see above *"Delivery of 2019 Revised Restructuring Plan commitments - Planned disposals of subsidiaries"*.

Lastly, the 2019 Revised Restructuring Plan provides for prolongation of the 2015 Restructuring Plan's Commitments on corporate governance, commercial operations, acquisitions and advertising.

The implementation of the 2019 Revised Restructuring Plan Commitments is monitored by the Monitoring Trustee.

Regulatory developments

2020 EU-wide Stress Test

On 31 January 2020, the European Banking Authority ("EBA") launched the 2020 EU-wide stress test, which will be conducted on a sample of 51 EU banks. Similar to the 2018 exercise, it is a bottom-up exercise with constraints, including a static balance sheet assumption. The aim of the EU-wide stress test is to assess the resilience of EU banks to a common set of adverse economic developments in order to identify potential risks, inform supervisory decisions and increase market discipline.

However, in the light of the operational pressure on banks due to the COVID-19 crisis, on 12 March 2020 the EBA announced its decision to postpone the EU-wide stress test exercise to 2021, in order to allow banks to focus on and ensure continuity of their core operations (see also section "*Response related to the COVID-19 crisis- European Banking Authority*").

[1] Excluding NIC.

COVID-19 outbreak

See section **"***Response related to the COVID-19 crisis*".

Other developments

Hellenic Republic Asset Protection Scheme

In December 2019, the Greek parliament has voted the creation of an Asset Protection Scheme ("APS") (Greek Law 4649/2019) also known as the "Hercules Scheme", that will support banks on deleveraging non-performing exposures through securitization, with the aim of obtaining greater market stability. The participation to this scheme is voluntary and open to all Greek banks and it does not constitute state aid as guarantees are priced on market terms.

Under the Hercules Scheme, the Hellenic Republic will provide guarantees up to €12.0 billion on the senior tranches of securitizations of NPEs. The Hercules Scheme will become effective only when the originator has sold at least 50% plus one of junior tranches (and mezzanine if any) and the notes are of such amount that allows the derecognition and the Significant Risk Transfer ("SRT") of the securitized receivables.

NBG aims to accelerating its NPE reduction plan through a large securitization of over €6 billion ("Project Frontier"). The key preparatory steps for our large securitization have already been taken, with the transaction expected to be launched in the last quarter of 2020 and be completed in the first half of 2021.

Response to COVID-19 crisis

(Reviewed)

In the first quarter of 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. COVID-19 has caused a significant global economic downturn which has adversely affected, and is expected to continue to adversely affect, the Group's business and results of operations. The future impacts of the COVID-19 pandemic on the Greek and/or global economy and the Group's business, results of operations and financial condition remain uncertain. The COVID-19 pandemic has resulted in authorities implementing numerous measures attempting to contain the spread and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter in place orders, and limitations on business activity, including closures. These measures severely restrict economic activity. These measures have also negatively impacted, and could continue to negatively impact, businesses, market participants, our counterparties and customers as well as the Greek and/or global economy for a prolonged period of time. The COVID-19 pandemic led to the activation of our Crisis Management Committee in February 2020 with the aim of dealing with increased measures regarding our employee health & safety, business continuity through remote work and customers support in response to COVID-19 pandemic (see below: "*Key Focus on our Employee, Customer Support, Other Stakeholders and Society in Response to the COVID-19 crisis*"). The deterioration of financial conditions has increased our impairment charges for ECL (see Note 4 of the Interim Financial Statements) and has led to loan modification programs (see below: "*Customer Support measures in response to COVID-19 crisis*"). The Group also evaluated its assets, including intangibles and equity investments, for potential impairment, and reviewed fair values of financial instruments that are carried at fair value. Based upon our review as of 30 June 2020, no significant impairments have been recorded for the Group and the Bank with the exception of the impairment charge for ECL relating to loans and advances to customers at amortised cost, and there have been no significant changes in fair values and in fair value hierarchy classifications.

Key Focus on our Employee, Customers, Other Stakeholders and Society

Leveraging on our Business Continuity Plans and capabilities to ensure that our employees remain healthy and safe as well as being able to serve our customers and other stakeholders of the Group and the Bank was put as our key priority. This was achieved through:

- Ensuring that the majority of our employees at the Central Units were able to work remotely, activating our BCP site to decongest critical site-based operations. More specifically, c.50% of our staff are still working remotely relative to a peak of c.70% during the lockdown, but efficiently and cyber-securely.
- Activating rigorous incident management processes, ensuring required protective and cleaning material were made available to employees.
- Deploying extensive internal and external communications, etc.
- Ensuring uninterrupted operations by redesigning critical processes to facilitate remote work.
- Shifting to digital banking platforms to ensure nation-wide service offerings to our customers.
- Redirecting resources to prepare for the necessary financial support to our customer base to mitigate the COVID-19 emergency implications.
- Donating medical equipment to the National Health System to contribute to society.
- Monitored closely the parameters relating to the pandemic health crisis and maintained support for our

employees, customers, stakeholders and society through these unprecedented times.

We will continue to manage the increased operational risk relating to the execution of our Business Continuity Plans in accordance with our Risk Framework, Operational Risk Management Program and our Business Continuity Management Systems.

Customer Support measures in response to COVID-19 crisis

Summary of COVID-19 relief measures offered to NBG's customers, within the context of EBA guidelines, government and sector initiatives:

I. Medium & Large Corporates

To facilitate Medium-sized and Large Enterprises, NBG offers to all performing borrowers whose operations have been impacted by COVID-19 following the outbreak of the pandemic in our country, the option to defer the payment of their loans' principal instalments (amortization amounts), in all or in part, for the period 1 March 2020 through to 31 December 2020.

This relief measure shall be reviewed upon request submitted by the businesses and may be implemented by:

- deferring the instalments, fully or in part, at the end of the loan duration and/or;
- increasing the subsequent loan instalments and/or;
- extending the loan duration for a respective time period.

Alternatively, all capital instalments starting from 1 March 2020 till the end of the repayment schedule, can be transposed for up to nine months, with a respective increase to the loan's total duration. No further amendments to any of the loan's terms are permitted, especially regarding the interest rate.

II. SMEs

As part of the actions NBG has undertaken regarding the business sectors described in emergency legislation and the relevant Ministerial Decisions of the Greek Government to address the impact of the crisis, NBG offers to all performing SMEs whose operations have been impacted by COVID-19 as a result of the outbreak of the pandemic in our country, the option to **defer payment** of all of their loan principal repayment instalments (amortization amounts) for the period 1 March 2020 through to 31 December 2020, by extending the term on their loans accordingly.

At the same time, with respect to SMEs that have duly fulfilled their obligations through to the outbreak of the pandemic in Greece, NBG has already approved the **renewal of all the credit lines** expiring 1 March 2020 through to 31 May 2020 for three months as of their expiry date under the same terms and conditions.

Additionally, NBG, as applicable for the Medium & Large Corporates and SMEs customers, participated in following COVID-19 support schemes:

- **Interest subsidy program** offered by the Ministry of Development for the period 1 April 2020 to 31 August 2020, applicable to customers holding a loan or revolving credit line prior to 1 April 2020 and less than 90 days in arrears by 31 December 2019.
- **Co-financing working capital loans with the HDB (TEPIX II)**, for amounts up to €500,000, with zero interest rate for the first two years.
- **Loan Guarantee Program with the participation of HDB:** 80% of the loan is guaranteed by HDB, it has a total duration of up to five years, and the amount can reach 25% of 2019 turnover or the equivalent of double the annual salary costs of the companies for 2019.
- **Extension of 75 days** according to emergency legislation **for cheques**, with payment date from 31 March 2020 to 31 May 2020. An additional extension of 60 days was provided to companies in the tourism industry specifically.

These measures form part of NBG's actions in line with the respective initiative by Greek banks, emergency legislation and relevant Ministerial Decisions of the Greek government aiming at addressing the impact of the crisis.

III. Individuals & Professionals

NBG also recognizes that many of our performing debt holders, individuals and professionals, have been severely impacted by the COVID-19 and may be experiencing difficulty in continuing to service their loans. Accordingly, it announces the option to **suspend instalment payments** through to 30 September 2020 by extending the term on their loans accordingly.

This relief measure applies to all borrowers who have regularly fulfilled their loan obligations until the outbreak of the pandemic in Greece, and who have experienced a severe drop in their income due to the coronavirus health emergency and now wish to be included in the support program.

Additional initiatives for our customers

At the same time, NBG implemented a comprehensive and broad range of initiatives aimed at enabling & informing our Retail customers to perform with safety their day-to-day banking activities without the need to visit a Branch, thus also supporting the general social distancing measures in response to COVID-19.

Such initiatives included:

Communication of important guidelines and information via email, SMS, ATMs and internet banking regarding:

(a) COVID-19 safety instructions and promoting usage of alternative channels for transactions in order to avoid branch visits;

(b) cybersecurity – safe online practices;

(c) Hellenic Bank Association guidelines regarding changes in basic banking transactions and payments;

(d) changes in limits related to contactless (from €25 to €50) and pin-less transactions (from €100 to €150);

(e) capability to repay consumer loans via online platforms of selected commercial partners.

Pensioners support through:

(a) informative targeted campaigns via outbound calls and SMS to:

- encourage debit card usage at the NBG ATM network for basic transactions and promoting POS transactions;
- notify of the crediting of pensions and encourage withdrawal via NBG ATM network;

(b) debit-card issuance without branch visit.

Increasing e-banking penetration & usage through:

(a) targeted informative campaigns (such as e-banking registration for customers who transact at Branches);

(b) "Learn with NBG" promotion of internet banking via video tutorials and dedicated help line to individuals and Businesses

Response to COVID-19 crisis from Greek and European authorities

Greek authorities

In response to the economic and market conditions resulting from the COVID-19 pandemic the Greek government has provided the following measures:

Financial state aid measures

The measures for the qualifying businesses include:

- Granting of guarantees on working capital.
- Subsidising the interest cost for performing loans initially for April, May and June and subsequently up to August 2020.
- New loans through the Hellenic Fund for Entrepreneurship & Development S.A. with a 100% interest rate subsidy for the first two years.
- The granting of a new State loan (“Repayable Advance”) which is conditioned upon turnover loss in March, April and May 2020, and the total amount to be granted for the two phases will amount to €2 billion.

Tax measures

The measures for the qualifying businesses and the individuals that affected by the COVID-19 crisis includes:

- Suspension of tax obligation payments until 31 October 2020.
- Suspension of VAT payments until 30 September 2020.
- Suspension of Social Security Contributions (SSC) payments for the period of February and March 2020, until 30 September 2020 and 31 October 2020, respectively and April 2020 until 30 November 2020.
- 3-month extension of the deadline for the payment of scheduled instalment, in the context of a debt settlement scheme until 31 August 2020.
- Postponement of the payment of any instalments of debts owed to the tax authorities by qualifying businesses and for employees, whose employment contracts have been suspended.
- 25% discount on tax and social security contributions instalment schemes for April, in case they are paid on time. Following the amendment the measure extended to cover the month of June. Only for tax liabilities paid between 30 March and 30 April 2020, for employees of halted firms as well as for self-employed, freelancers and firms.
- Advance tax payment reduction for qualifying businesses with turnover decrease in March, April and May 2020 under certain conditions.
- Provision of a set off on certified tax liabilities with payment date from 1 May 2020 onwards, equal to 25% of VAT payable in April, in case the latter is paid in due time. Only for VAT payable in April, for qualifying businesses.
- Provision of Income Tax payment in eight installments and provision for 2% tax credit for individuals on the total amount of tax and other settling debt, provided that the tax due will be pain in a single lump sum payment on the basis of the timely filing.
- Accelerated refunds of up to €30,000 for income tax and VAT for all open tax audit cases, as on 20 March 2020 for all legal entities for income tax and VAT refunds and all individuals for VAT refunds.
- Reduction of the VAT on certain goods and services from a rate of 24% to a rate of 13% for the period from 1 June 2020 to 31 October 2020 and reduction of the VAT to 6%, from 24%, for sanitary products (masks, gloves, etc.) until 31 December 2020.
- Relief from import duties and VAT exemption on importation granted for goods needed to combat the effects of the COVID-19 crisis until 31 July 2020 for legal persons or individuals, provided, however, that such items shall be made available free of charge to beneficiaries specified in decision.
- The calculation of the Tax on Ownership of Real Estate Property (ENFIA) will be based on the currently applicable "deemed" property values for 2020.
- Owners of real estate property rented to affected businesses, may also benefit from offsetting part of the revenue lost against their tax liabilities arising after July 2020.
- R&D expenses will have a super deduction of 200% instead of the current 130% for expenses incurred as of 1 September 2020 onwards.
- Tourist packages from 80/20 (80% taxable at 13%, 20%

taxable at 24%) to 90/10 (90% taxable at 13%, 10% taxable at 24%) for the period from 1 June 2020 to 31 October 2020.

Labor protection measures

- Special allowance of €800: (1) for short period of time for qualifying self-employed, freelancers and individual businesses affected by the COVID-19 crisis, (2) during the suspension period for employees of firms affected by the COVID-19 crisis, whose labor contract has been suspended based on specific NACE codes, (3) for short period of time for employers (with up to 20 employees) affected by the COVID-19 crisis.
- Special allowance of €600 for a short period of time for economists/accountants, engineers, lawyers, doctors, teachers and researchers
- Unemployment benefit of €400. Lump sum payment for 155,000 individuals that became long term unemployed since April 2019.
- Extension of the regular unemployment benefit payment, as well as extension of the long term unemployment benefit.
- Introduction of special purpose leave up to 31 May 2020, only for workers with children attending to schools (while schools are closed), the cost of which will be shared between the state, the firm and the employee.
- 40% reduction in commercial rent from March until August 2020 for businesses affected by the COVID-19 crisis.
- 40% reduction in primary and student residence rent for March and April 2020 for employees of firms affected by COVID-19 crisis.
- Ability to suspend contracts of employment of part or all of the staff for a continuous period of 45 days, while prohibiting employees' dismissal. It can be applied for short period of time for qualifying businesses affected by the COVID-19 crisis. The right to suspend employment contracts, the provision of the special purpose compensation, as well as the social security coverage will be extended for a prolonged period.
- Ability of transfer staff to other companies within the same group, following a relevant intra company agreement. For qualifying businesses affected by the COVID-19 crisis. Duration of measure is to be determined.
- Possibility for employers to pay the Easter bonus at a later time and until 30 June 2020 for qualifying businesses affected by the COVID-19 crisis.

The Bank believes the above mentioned measures implemented or announced by Greek authorities will help its customers meet their financial obligations.

The European Central Bank

In March, April and June 2020, ECB announced the following measures:

- Temporary increase in the Asset Purchase Programme ("APP") of €120 billion (12 March 2020).
- Pandemic Emergency Purchase Programme ("PEPP") €750 billion until the end of 2020 for all asset categories eligible. Expanded the range of eligible assets under the Corporate Sector Purchase Programme ("CSPP") to non-financial commercial paper (18 March 2020).
- Modifications to the terms and conditions of its targeted longer-term refinancing operations (TLTRO III): Interest rate on all targeted longer-term refinancing operations (TLTRO III) reduced by 25 basis points to -0.5% from June 2020 to June 2021. For banks meeting the lending threshold of 0% introduced on 12 March 2020, the interest rate can be as low as -1%. Start of the lending assessment period brought forward to 1 March 2020 (30 April 2020).
- Collateral easing measures: Package of temporary collateral easing measures to facilitate the availability of eligible collateral for Eurosystem counterparties to participate in liquidity providing operations. The main features are:
  - Collateral measures to facilitate an increase in bank funding against loans to corporates and households,
  - General reduction of collateral valuation haircuts by a fixed factor of 20% and other measures (lowering of the non-uniform minimum size threshold for domestic claims, increase of maximum share of unsecured debt instruments issued by any single other banking group in a credit institution's collateral pool and waiver of the minimum credit quality requirement for marketable debt instruments issued by the Hellenic Republic for acceptance as collateral in Eurosystem credit operations) (7 April 2020).
- New pandemic emergency longer-term refinancing operations: Series of additional longer-term refinancing operations to ensure sufficient liquidity and smooth money market conditions during the pandemic period. Operations allotted on a near monthly basis maturing in the third quarter of 2021 (30 April 2020).
- The envelope for PEPP will be increased by €600 billion to a total of €1,350 billion. In response to the pandemic-related downward revision to inflation over the projection horizon, the PEPP expansion will further ease the general monetary policy stance, supporting funding conditions in the real economy, especially for businesses and households. The purchases will continue to be conducted in a flexible manner over time, across asset classes and among jurisdictions. This allows the Governing Council to effectively stave off risks to the smooth transmission of monetary policy (4 June 2020).
- The horizon for net purchases under the PEPP will be extended to at least the end of June 2021. In any case, the Governing Council will conduct net asset purchases under the PEPP until it judges that the coronavirus crisis phase is over (4 June 2020).
- The maturing principal payments from securities purchased under the PEPP will be reinvested until at least the end of 2022. In any case, the future roll-off of the PEPP portfolio will be managed to avoid interference with the

appropriate monetary stance (4 June 2020).

The following prudential measures have also been implemented by ECB:

- Pillar 2: Banks permitted to cover Pillar 2 requirements with capital instruments other than common equity tier 1 (CET1) (12 March 2020).
- Operational flexibility in implementation of bank specific supervisory measures (12 March 2020).
- Will allow banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance ("P2G"), the capital conservation buffer ("CCB") and the Liquidity Coverage Ratio ("LCR"). The ECB considers that these temporary measures will be enhanced by the appropriate relaxation of the countercyclical capital buffer ("CcyB") by the national macroprudential authorities (12 March 2020).
- Will consider rescheduling on-site inspections and extending deadlines for the implementation of remediation actions stemming from recent on-site inspections and internal model investigations, while ensuring the overall prudential soundness of the supervised banks. In this context, the ECB Guidance to banks on non-performing loans also provides supervisors with sufficient flexibility to adjust to bank-specific circumstances. Extending deadlines for certain non-critical supervisory measures and data requests will also be considered (12 March 2020).
- Capital relief: Total package amounts to €120 billion to absorb losses, or potentially finance up to €1.8 trillion of lending (20 March 2020).
- Dividends and Buy Back: banks should not pay dividends for financial years 2019 and 2020 until at least 1 January 2021. Also, banks should refrain from share buy-backs until the 1 January 2021 (28 July 2020).
- Non-objection opinion on measures taken by macro-prudential authorities in the Euro area by releasing or reducing capital buffer in reply to COVID-19 (15 April 2020).
- Market Risk: Temporary relief on market risk capital charges, by allowing banks to adjust the supervisory component of this requirement. The ECB will reduce the qualitative market risk multiplier. This decision will be reviewed after six months on the basis of observed volatility (16 April 2020).
- Grandfathering until September 2021 of eligible marketable assets used as collateral in Eurosystem credit operations falling below current minimum credit quality requirements (22 April 2020).
- Possibility for employers to pay the Easter bonus at a later time and until 30 June 2020 for qualifying businesses affected by the COVID-19 crisis.

The European Commission

In April 2020, European Commission announced the following measures:

- Banking package to facilitate lending to households and businesses in the EU (28 April 2020).
  - Amendments to the Capital Requirements Regulation (CRR). The European Commission proposes exceptional temporary measures to alleviate the immediate impact of Coronavirus-related developments, by adapting the timeline of the application of international accounting standards on banks' capital, by treating more favorably public guarantees granted during this crisis, by postponing the date of application of the leverage ratio buffer and by modifying the way of excluding certain exposures from the calculation of the leverage ratio. The European Commission also proposes to advance the date of application of several agreed measures that incentivise banks to finance employees, SMEs and infrastructure projects.
  - Interpretative Communication on the EU's accounting and prudential frameworks. The Communication confirms the recent statements on using flexibility within accounting and prudential rules, such as those made by the Basel Committee of Banking Supervision, the EBA and the ECB, amongst others. For example, the respective communication confirms – and welcomes – the flexibility available in EU rules when it comes to public and private moratoria on loan repayments (EBA guidelines of 2 April 2020).

EU Member States - Coronavirus Recovery Fund

On 21 July 2020, EU leaders agreed to a €1.8 trillion aid and budget deal aimed at helping members recover from the economic fallout of the COVID-19 pandemic. The package includes a €750-billion fund to be sent as loans and grants, as well as a seven-year €1 trillion EU budget. The plan includes €390 billion worth of grants and €360 billion worth of loans. The deal has to be approved by the European Parliament.

European Banking Authority

In March and April 2020, European Banking Authority ("EBA") announced the following measures:

- Stress tests: EU-wide stress test postponed to 2021 (12 March 2020).
- Supervisory requests: Competent Authorities ("CAs") recommended to be pragmatic, flexible and to postpone non-essential activities (12 March 2020).
- Pillar 2: CAs encouraged to make full use of flexibility in Pillar 2 Guidance (P2G) to provide the necessary support (12 March 2020).
- Dividends and share buy backs: EBA stressed institutions should refrain from the distribution of dividends of share buy-backs and assess their remuneration policies in line with the risks stemming from the economic situation (1 April 2020).
- Risk weights for specialised lending exposures: The EBA published a response to the European Commission's intention to amend the EBA's final draft regulatory technical standards ("RTS") for assigning risk weights to

specialised lending exposures. The EBA takes the view that the proposed changes, despite their substantive nature, do not alter the draft RTS in a significant manner, as they still maintain a good balance between the flexibility and risk sensitivity required for the Internal Ratings Based ("IRB") approach and the need for a harmonised regulatory framework (16 April 2020).

- Prudent Valuation RTS: Amendment of the regulatory technical standard on prudent valuation by introducing the use of a 66% aggregation factor to be applied until the 31 December 2020 under the so-called core approach (22 April 2020).
- SREP 2020: Need for a pragmatic approach focusing on the most material risks and vulnerabilities driven by the crisis (22 April 2020).

Council of Ministers of the European Union

On 12 March 2020 the Ministers of Finance of the Member States of the EU agreed with the assessment of the Commission, that the conditions for the use of the general escape clause of the EU fiscal framework – a severe economic downturn in the euro area or the Union as a whole – are fulfilled.

The use of the clause will ensure the needed flexibility to take all necessary measures for supporting our health and civil protection systems and to protect our economies, including through further discretionary stimulus and coordinated action, designed, as appropriate, to be timely, temporary and targeted, by Member States.

Ministers remain fully committed to the respect of the Stability and Growth Pact. The general escape clause will allow the Commission and the Council to undertake the necessary policy coordination measures within the framework of the Stability and Growth Pact, while departing from the budgetary requirements that would normally apply, in order to tackle the economic consequences of the pandemic.

European Banking Authority

On 25 March 2020 the EBA stated it is of the view that the public and private moratorium to the extent they are not borrower specific but rather addressed to broad ranges of product classes or customers, do not have to be automatically classified as forbearance measures as for IFRS9 and the definition of default.

Hellenic Bank Association

The Hellenic Bank Association announced in March 2020 that workers, freelancers and small business owners that have been directly affected by the COVID-19 crisis as a result of the Government ordering the suspension of their business operations in order to fight the pandemic, will benefit, if the customer so desires, with a deferral of all loan payments for a short period of time. Furthermore, corporations likewise effected by the COVID-19 crisis measures will also benefit, if they so desire, with a short term deferral in the payment of capital and an extension of 75 days has been provided for post-dated cheques at maturity.

Similar initiatives have been taken by other countries and central banks where the Group operates.

Transformation Program

Following a clear mandate from NBG's Board of Directors, NBG launched a rigorous Transformation Program in the second half of 2018, committing to the delivery of ambitious financial and operational targets. The Transformation Program has been designed and is being delivered across six key Workstreams, each led by a senior executive of the Bank. For the first half of 2020, a temporary workstream was added under the umbrella of the Transformation Programme, focusing on the Bank's business response with respect to the COVID-19 crisis.

Delivering the Transformation

The Transformation Program is structured over six-month periods, termed Seasons. This setup helps sustain the pace and ensures that the Bank remains focused yet agile, as new Initiatives may enter or be removed from the Program and existing ones may be adjusted in line with the needs of the moment. Each Season begins and ends with a Ceremony, aimed at reviewing the progress made, acknowledging achievements and ensuring that lessons to be learned from each Season are embedded in our future planning. In parallel, a strong Transformation Program Office ("TPO") has been established so as to:

- Ensure coherent and consistent planning of Workstream, Initiative and Sub-Initiative activities, including prioritisation of activities and tracking of programme-level dependencies.
- Provide project and Transformation Program management discipline and best practices to Workstream, Initiative and Sub-Initiative Leaders.
- Deploy a thorough, timely and effective progress (and risk) reporting mechanism.

The TPO is a fundamental factor in executing the Transformation Program in a coordinated, timely and disciplined manner.

Highlights of Transformation Program in 1H.2020

Workstreams:	Achievements in 1H.2020
Healthy Balance Sheet	■ Sale of portfolio Project Icon (€1.6 billion) and preparation of Project Frontier securitisation. ■ Launch of Real Estate Owned ("REO") website for online sales of repossessed assets. ■ Implementation of payment moratoria to address COVID-19 impact.
Efficiency & Agility	■ Extension of 2019 VES in first quarter of 2020 (over 300 participants). ■ Rigorous management for all G&A spending categories for the Bank and domestic subsidiaries. ■ Deployment of demand management function and increased procurement centralisation.
Best Bank for our Clients	■ Acceleration of further enhancements and migration of customers to NBG's digital offering: o For individuals: digital sales of debit, prepaid & virtual cards, credit cards, time deposits, savings & current accounts. o For businesses: new digital portal, online legalisation, disbursements & repayments. ■ Roll out of new customer-centric operating model at c. 220 branches. ■ Distribution of programmes sponsored by the State & European Union ("EU") institutions to address COVID-19 impact.
Technology & Processes	■ Redirection of IT resources to further speed up digital transformation. ■ Implementation of core customer-facing processes (e.g., Corporate & Small Business Lending) in a "Work from Home" environment to enable remote sales and servicing. ■ Acceleration of remote workplace infrastructure (e.g., c. 4,000 remote access, virtual team rooms).
People, Organisation & Governance	■ Leaner organisational structure rolled-out. ■ Marked progress on new labour code, with formal agreement on new performance management system. ■ Continuous engagement of staff through internal communications, support measures, and digital learning.
Visibility, Control & Compliance	■ Design of adequate and efficient controls to mitigate emerging risk for remote workplace and "Work from Home" processes. ■ Deployment of enhanced bank-wide operational risk framework and risk culture program.

Key developments in the Macroeconomic and Financial environment

Global Economy & Financial Environment

Global Gross Domestic Product ("GDP") growth is expected to decline by 4.9% in 2020 due to COVID-19 related restrictions and dislocations

Euro area: An unprecedented recession with real GDP growth expected at -10.2% in 2020.

The ECB

Announced a package of collateral easing measures.

Set a new series of Pandemic Emergency Longer-Term Refinancing Operations ("PELTROs").

Expanded its Pandemic Emergency Purchase Program ("PEPP") to €1.35 trillion by mid-2021.

The Federal Reserve ("Fed")

Lowered its policy rate to near zero.

Expanded its balance sheet by USD 2.9 trillion compared to end-2019.

Announced a number of emergency lending facilities.

Global economic growth is set to rebound in 2H.2020 on the easing of lockdown restrictions following an unprecedented decline in activity in 1H.2020 due to the COVID-19 pandemic

The COVID-19 outbreak and the measures undertaken to contain its spread disrupted economic activity severely, particularly in Developed Economies. Notwithstanding some signs of improvement in May and June, as restrictions and social-distancing measures started to ease, the global economy is expected to post a historically large decline in the first half of 2020. Specifically, the euro area economy is projected to have entered recession, with real GDP growth at -8.6% year-over-year ("y-o-y") in 1H.2020 compared with +1.1% y-o-y in 2H.19. In the United States ("US"), growth is expected to have contracted by -5.8% y-o-y in 1H.2020 compared with +2.2% y-o-y in 2H.19. Moreover, economic activity in China, where restrictions were lifted by the end of the first quarter, is expected to have slowed down to -2.5% y-o-y in 1H.2020 from +6% y-o-y in 2H.19.

Fiscal policy is expected to partially mitigate the deterioration in economic conditions through direct payments and tax credits issued to households, as well as loans, grants and changes in business tax provisions. The euro area fiscal stance is projected to be strongly supportive in 2020 in response to the COVID-19 pandemic with discretionary fiscal spending measures of c. 3% of euro area 2019 GDP, on average, and liquidity support measures (tax deferrals and state guarantees) north of 20% of GDP. On the other side of the Atlantic, fiscal policy support has been more-than-forceful, with the discretionary effects of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act for Fiscal Year 2020 heading north of 5% of US 2019 GDP.

In a similar vein, monetary policy has shifted to a much more accommodative stance to support economic activity. The Fed lowered its main policy interest rate cumulatively by 150 basis points ("bps") to 0%-0.25%. Furthermore, to support the smooth functioning of markets for US Treasury securities and agency mortgage-backed securities ("MBSs"), the Fed has purchased c. USD 1,600 billion of Treasury coupon securities and USD 550 billion of MBSs since early March. Alongside enhanced US dollar liquidity swap lines, the Fed's total balance sheet stood at USD 7.1 trillion as of end June 2020 (33% of 2019 GDP) compared with USD 4.2 trillion in end-2019. In addition, to support the unperturbed flow of credit that is critical to economic activity, the Fed announced a number of emergency lending facilities including the Main Street Lending Program, the Paycheck Protection Program Liquidity Facility, the Municipal Liquidity Facility, two corporate credit facilities and the Term Asset-Backed Securities Loan Facility with a total firepower of up to USD 2.6 trillion.

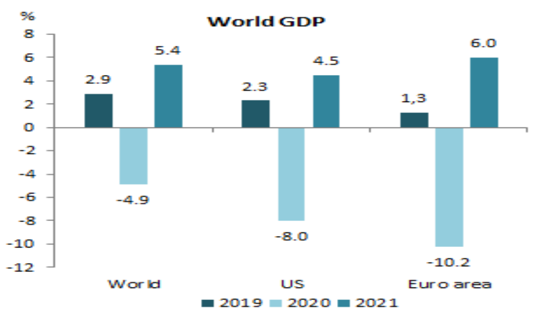
The ECB in order to lessen the economic impact of the COVID-19 spread, decided (i) to apply considerably more favourable terms (volumes and pricing) during the period from June 2020 to June 2021 to all Targeted Longer-Term Refinancing Operations ("TLTROs") III (ii) to conduct a new series of unconditional longer-term refinancing operations, called Pandemic Emergency Longer-Term Refinancing Operations between May and December 2020 (iii) to proceed with additional net asset purchases of €120 billion until the end of 2020 on top of the "open-ended" net purchases of

€20 billion per month under the Asset Purchase Program and iv) to announce a new asset purchase programme of private and public sector securities of €750 billion PEPP. On June, the PEPP was increased to €1,350 billion and the horizon of net purchases was extended to, at least, by mid-2021, whereas reinvestments of maturing securities under the PEPP will take place until at least the end of 2022. Finally, the ECB announced on April a comprehensive package of temporary collateral easing measures, whereas the ECB's Banking Supervision arm will provide temporary capital, liquidity and operational relief to the euro area financial institutions. The ECB's key policy interest rates have remained unchanged at 0% (main refinancing operations) and -0.5% (deposit facility).

Financial developments exhibited heightened volatility in the course of the first half of 2020. Risk assets suffered sharp losses due to concerns for the rapid spread of COVID-19 and the collapse in oil prices between mid-February and mid-March. However, central banks' shift towards a more accommodative stance, expansionary fiscal policy and the flattening of the epidemic curve supported risk appetite in the second quarter. All told, the Morgan Stanley Capital International All Country World Index ("MSCI ACWI") has declined by 7.1% in USD terms as of 30 June 2020 with substantial differences across regions and sectors. Equity implied volatility has decreased from its March peak, albeit still stood at the 92nd percentile of its distribution since 1990 with the S&P500 Vix Index at 30%. Investment and Speculative Grade corporate bond spreads have narrowed considerably vis-a-vis their peak stress levels albeit remaining wider by 50 to 280 bps relative to year start. Finally, expansionary monetary policy alongside declining expectations for global growth and inflation, have led nominal government bond yields lower during the first half of the year by 126 bps (10 years US Treasuries) and by 27 bps (10 years German Bunds) to 0.66% and -0.45%, respectively.

Looking forward, the growth rate of the global economy is expected to recover in the second half of the year as economies gradually re-open and mobility is picking up. Overall, global real GDP growth is expected at -4.9% in 2020[2], while is projected to strengthen by +5.4% in 2021 according to the International Monetary Fund ("IMF"), albeit there is higher-than-usual uncertainty around these forecasts. Risks are tilted to the downside though, including a longer lasting and more intensive COVID-19 outbreak resulting in a sharper-than-expected global economic slowdown. A re-escalation of trade tensions between the US and China or/and a broadening of these tensions between the US and the EU could hurt economic prospects, as well. On the upside, medical breakthroughs (vaccine, therapies) could allow economic normalisation to proceed faster than currently expected.

World GDP



Source: IMF, World Economic Outlook, June 2020

[2] Source: IMF, World Economic Outlook, June 2020

Domestic Economy

COVID-19 shock took a heavy toll on economic activity in 1H.2020. First signs of bottoming out in June 2020

Greek GDP declined by 0.9% y-o-y in 1Q.20, a quarter that includes the initial impact of the pandemic.

The complete enforcement of containment measures pointed to a further broad-based drop in activity in April and May 2020, with a wide range of indicators recording an unprecedented contraction.

Labor market data are starting to reflect the impact of the shock, which will weigh on the private sector's financial position of, despite the significant government support.

Greece responded promptly, activating a fiscal stimulus package amounting to about 9.5% of GDP to counteract the economic impact of the pandemic.

ECB accommodative stance and accelerating financing inflows from the EU will assist the recovery and limit the fiscal impact.

European Union ("EU") "Recovery Fund" could be the catalyst for medium-term growth and investment.

COVID-19 interrupts Greece's recovery and tests the resilience of its economy

The escalation of the COVID-19 pandemic since mid-March 2020 has led to a sharp increase in uncertainty and to the enforcement of stringent containment measures. These restrictions weighed heavily on economic conditions, halting Greece's recovery in a period when the economy had exhibited signs of further improvement.

Against this backdrop, Greek GDP declined by 0.9% y-o-y in 1Q.20 (-1.6% s.a. q-o-q) – in a quarter that included the initial impact of COVID-19 – compared with an average growth of 2.0% y-o-y during the past 6 quarters. The decline was led by gross fixed capital formation and private consumption (-6.4% y-o-y and -0.7% y-o-y, respectively in 1Q.20[3]). Lower domestic demand reflected, *inter alia*, the impact of increased uncertainty and the restrictions on economic and social activity that bolstered precautionary saving and led to a deferral of investment spending, especially, in segments mostly affected by the lockdown.

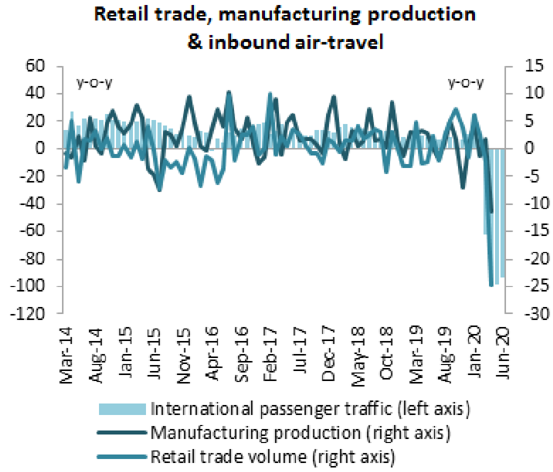
The complete enforcement of containment measures pointed to a further broad-based drop in activity in April and May 2020. Turnover data for the Greek business sector recorded an unprecedented decline of 32.2% y-o-y in April, with the accommodation, transportation and wholesale and retail trade

[3] Source: EL.STAT., Quarterly National Accounts Press Release, 1st quarter 2020, June 2020.

sectors suffering losses of 92.0%, 65.6% and 28.6% y-o-y, respectively, in this month.[4]

Sources: EL.STAT. & European Commission

In this vein, retail trade volume and manufacturing production dropped by 23.1%[5] y-o-y and 11.3%[6] y-o-y, respectively, in April 2020, with food and pharmaceuticals being the only segments showing resilience. In this respect, international arrivals in the Athens International Airport dropped by 96.7% y-o-y in 2Q.20 (5.2 million arrivals less than in 1H.2019)[7]. The Economic Sentiment Indicator ("ESI") for Greece declined for a 4th consecutive month to 87.6 in June 2020 – down by 25.6 points from a 19-year high recorded in February 2020 – remaining, however, above the lowest points of 79.3 and 81.2 recorded in August 2015 and June 2012, respectively[8]. The services component showed the sharpest deterioration as tourism prospects remain bleak. On a positive note, consumer and retail trade confidence, along with the manufacturing Purchasing Managers Index and Google data on mobility, showed increasing signs of improvement in June 2020, pointing to a rebound in domestic demand from the extremely low levels of April-May.



Sources: EL.STAT. & Athens International Airport

"Ergani" data on dependent employment flows have started to reflect the direct impact of the shock on the labor market and, in particular, on the labor-intensive services sectors related to tourism. Specifically, net employment flows in 1H.2020 reflect a gap of 253,000 jobs compared with the same period in the previous year, mainly due to a shrinkage in seasonal hirings.[9] Notably, the timely introduction of a new employment subsidization scheme, along with the provision of higher flexibility to firms, that allows them to proceed to near-term adjustments in labor utilization – including an option for temporary suspension of contracts – appear to have limited the number of layoffs until June 2020. Nonetheless, a deterioration in labor market conditions, as reflected in the labor force survey data, is unavoidable in 3Q.2020, when firms will have to adjust labor utilization to the underlying demand conditions, especially in tourism-related sectors.

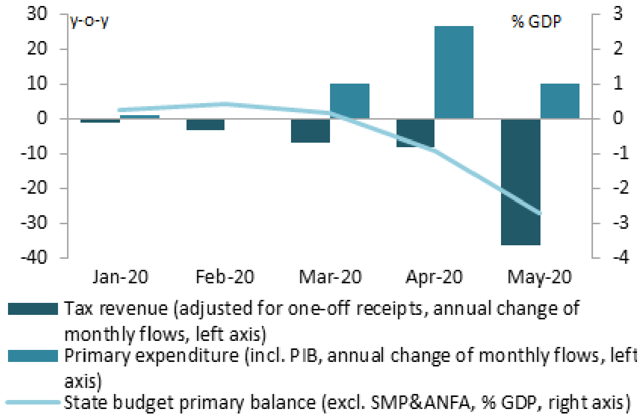
The containment measures that were imposed in late-March 2020 limited losses of human lives, enabling Greece to lift most part of COVID-19 related restrictions by end-May and June 2020, respectively.

A sharp reversal in the fiscal stance is recorded in 5M.2020, with the State budget recording a primary deficit (excl. Agreement on Net Financial Assets ("ANFA") & Securities Market Programme ("SMP")) of 2.7% of GDP from a surplus of 0.1% of GDP in 5M.2019. An increase in primary spending by 10.2% y-o-y or €1.9 billion in 5M.2020, in order to support disposable income, employment and health policies, was combined by a decline in tax revenue of 11.3% y-o-y (due to tax deferrals and the operation of automatic stabilizers) in the same period[10]. Overall, the government, in order to ameliorate the recessionary hit to the economy, has announced and implemented, over the past four months, fiscal expansion measures of a combined value of c. €17.0 billion - comprising €9.3 billion in social transfers, subsidies and tax relief, €3.6 billion in payment deferrals for tax and social security contributions and €4.0 billion in the form of State loans and guarantees for new bank lending. This easing has been endorsed by the European institutions, which suspended the Enhanced Surveillance primary surplus target of 3.5% of GDP in 2020 for Greece, as part of the activation of the general "escape clause" within the Stability and

[4] Source: EL.STAT., Turnover of Enterprises under Suspension of Operation due to COVID-19 pandemic, Press Release, May 2020.
[5] Source: EL.STAT., Turnover Index in Retail Trade, Press Release, April 2020.
[6] Source: EL.STAT., Production Index in Industry, Press Release, April 2020.
[7] Source: Athens International Airport Statistics.
[8] Source: European Commission, Business and consumer survey database.
[9] Source: Ministry of Labor and Social Affairs, "Ergani" Information System, Monthly Data, July 2020.
[10] Source: Ministry of Finance, State Budget Execution Monthly Bulletin, May 2020.

Growth Pact for all countries, to allow the necessary increase in government spending[11].

State budget primary balance, tax revenue & primary expenditure



Source: Ministry of Finance

In 1H.2020, two reports regarding Greece's progress under the Enhanced Surveillance regime were successfully concluded, acknowledging the continuing progress in the implementation of efficiency increasing policies, although areas of slower than initially planned progress have also been identified. Following the Enhanced Surveillance Report in May and the Eurogroup decision in June 2020, the European Stability Mechanism ("ESM") Board of Directors approved the transfer of the SMP - ANFA income equivalent amounts and the reduction to zero of the step-up interest margin on certain European Financial Stability Facility ("EFSF") loans, worth €748 million cumulatively.

Greece has already started to increasingly benefit from ECB's monetary stimulus measures, following the granting of a waiver on the eligibility requirements for securities issued by the Greek government for i) purchases under the PEPP and ii) for participating in the ECB' amended longer-term refinancing operations ("LTROs") and TLTRO III. As of March 2020, the ECB has expanded the collateral framework for participating in the LTRO funding by accepting collateral and new debtor types covered by COVID-19 government guarantees; enlarging the scope of acceptable credit assessment systems (e.g. supervisor-approved banks' own assessments); and reducing the additional credit claims ("ACC") loan level reporting requirements to speed up processes. In this context, until May 2020 the ECB has acquired €4.7 billion of Greek bonds, since it launched the PEPP in late-March[12] and Greek banks have taken up €28.1 billion of LTRO financing[13], leading to a compression of GGB yields in June 2020 near to the all-time lows recorded in February 2020 (the 10-year Greek government bond yield declined to 1.3% in June 2020 from 2.1%, on average, in March-April and from 3.9% on March 18[14]. In this environment, the Hellenic Republic issued a new 7-year and a new 10-year government bond on April 15 and June 9, respectively, raising €5.0 billion in total[15]. Despite the increasing needs to finance the fiscal expansion measures and the limited inflows from the EU in 1H.2020, the cash balances of the Greek State reached €37 billion in June, assisted by the Hellenic Republic's new bond issuances.

Bank lending to the Greek private sector accelerated further to 0.7% y-o-y in May 2020 from 0.3% y-o-y in April, buoyed by a strengthening in corporate lending (4.7% y-o-y), mainly, towards the manufacturing, real estate, trade and tourism sectors (increases of 8.9%, 6.6%, 3.2% and 1.7% y-o-y, respectively). Private sector deposits increased by €4.9 billion cumulatively in 5M.2020, with household and corporate deposits contributing €2.6 billion and €2.3 billion, respectively[16]. The increase in corporate deposits is, mainly, attributed to lower outflows, due to the debt moratoria and the tax deferrals, along with an extension of credit lines to corporates, whereas the pick-up in household deposits in the same period, mainly, reflects precautionary savings in March-April 2020.

Recovery will be assisted by fiscal and monetary stimulus, the rebound of the euro area economy and the initiation of an EU "Recovery Fund"

The hit to the economy can be reversed in 2021-2022, assuming that: a) the pandemic is sufficiently addressed in 2020, with no significant recurrence of the disease in 2H.20; and b) the ongoing fiscal and monetary easing, in conjunction with liquidity measures, assists the recovery in most sectors of economic activity, preventing the temporary liquidity stress from turning into a solvency issue for a part of the private sector. Greater flexibility in fiscal and supervisory frameworks will facilitate a smooth withdrawal of the support without weakening the recovery in 2021, which is expected to be synchronized across the globe, bolstering exports. Greek public debt's special characteristics and the ECB's decisive stance provide protection against incidences of market turbulence caused by growing debt levels globally.

The recessionary impact of the containment measures is expected to have peaked in 2Q.20, but tourism-related activity will suffer additional losses in 3Q.20, slowing the pace of recovery. The swift implementation of fiscal measures, amounting to about 9.5% of GDP[17], is expected to ameliorate the impact of the pandemic, by supporting employment and compensation of employees, as well as effective demand and liquidity conditions in the corporate sector. Furthermore, increasing inflows of EU resources are expected to reduce the pressure on public finances in 2H.20, while the significant support on growth from the prospective activation of an EU "Recovery Fund" for the 2021-2024 period could speed up the reversal of activity losses in 2020 and bolster critical elements of activity, such as business and public investment.

However, the intensity of the shock could possibly lead to a differentiation in the speed of recovery among sectors, with tourism-related activities possibly lagging behind. Additionally, a resurgence of the pandemic could result in more permanent adjustments in consumption, production and supply chains, creating new investment needs and sectoral restructuring.

[11] Source: Ministry of Finance, Stability Program 2020, April 2020.
[12] Source: European Central Bank, Press Releases.
[13] Source: Bank of Greece, Monthly Balance Sheet, May 2020.
[14] Source: Bloomberg.
[15] Source: PDMA, Press Releases of 15 April 2020 and 9 June 2020.
[16] Source: Bank of Greece, Monetary and Banking Statistics.
[17] Source: European Commission, Summer Forecasts, July 2020.

Macroeconomic Environment and the Banking Services Sector in North Macedonia[18]

Economic activity and banking sector performance weakened in the first quarter of 2020, as COVID-19 took its toll

GDP growth decelerated to 0.2% year-over-year in the first quarter of 2020 from 3.4% in the previous quarter, still above that in the EU-27 (down 2.5% year-over-year). Indeed, high uncertainty due to the outbreak of COVID-19 in March and lockdown measures hit domestic demand in the first quarter of 2020, especially gross capital formation (including change in inventories, which is believed to have been highly negative). The sharp moderation in domestic demand was partly offset by an improvement in net exports, which, nonetheless, remained a drag on overall growth.

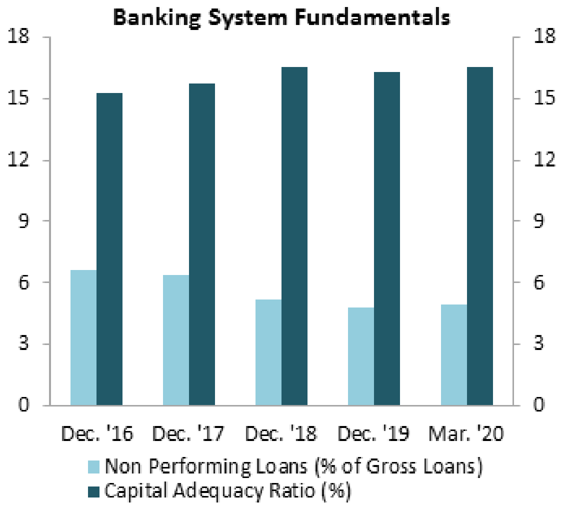
Importantly, the deterioration in external accounts halted, with the current account deficit stabilising at 2.8% of GDP, on a 4-quarter rolling basis, in the first quarter of 2020. In fact, weaker domestic demand and favourable global energy prices compensated for the drop in demand from the EU, the country's main trading partner. Encouragingly, the quality of external financing improved, with non-debt generating foreign direct investments more than covering the current account deficit, on a 4-quarter rolling basis, in the first quarter of 2020 against a coverage ratio of c. 90% in 2019.

Against the backdrop of a deteriorating operating environment, the performance of the banking sector weakened in the first quarter of 2020, but remained strong. Released figures show that profits fell to €75 million (annualised) in the first quarter of 2020 from €106 million in 2019, with the (annualised) return-on-average-equity ratio easing to a still solid 7.5% in the first quarter of 2020 from 11.7% in 2019. The main driver behind the weaker bottom line was higher provisioning charges, reflecting the slight pick-up in the ratio of non-performing loans to total gross loans (to a still manageable 5.0% in March 2020 from a low of 4.8% in December 2019) and deteriorating prospects (see below). Pre-provision income remained strong, in line with still solid expansion in business volumes (credit to the private sector increased by 5.9% year-over-year in March 2020, a pace broadly equal to that observed in December 2019). Importantly, the banking sector remained well-capitalised, with the capital adequacy ratio improving marginally to 16.5% in March 2020.

North Macedonia should enter a severe recession in the second quarter of 2020, before slowly recovering in the remainder of the year

Negative supply-side shocks from the lockdown and heightened uncertainty, together with the concomitant drop in demand, are set to deal a serious blow to economic activity in the second quarter of 2020. Assuming no second wave of the pandemic, we expect economic activity to start recovering in the third quarter of 2020 onwards. The Government's fiscal relief measures should also help to this end. The latter, together with the impact of automatic stabilisers, should boost the budget deficit to 7.0% of GDP in 2020 from 2.0% in 2019. All said, we see GDP falling by 4.5% in 2020 against an expansion of 3.6% in 2019.

Besides the uncertainty over the extent and duration of the COVID-19 pandemic, both domestically and globally, there are additional downside risks to this outlook. On the domestic front, these risks mainly stem from the relatively large corporate debt burden and the structurally weak labour market. Moreover, an inconclusive outcome in the July 15th Parliamentary elections could heighten political uncertainty. On the other hand, a resurgence of global trade tensions involving the EU, North Macedonia's main trade partner, could put the recovery at risk. On a positive note, the recent launch of EU accession negotiations should provide a policy anchor and a strong incentive to accelerate reforms, as soon as normality resumes.



Source: National Bank of the Republic of North Macedonia

[18] Source: Published data from the Central Bank, the National Statistical Agency and the Ministry of Finance of the country and processed by the NBG.

Financial Results of 1H.20

1H.20 Group profit after tax ("PAT") from continuing operations at €465 million, reflecting the following key Income Statement movements:

- **Net Interest Income ("NII") down by 8.1% y-o-y to €551 million**, driven by a reduction y-o-y in loan interest income due to disposal in 4Q.19 of held for sale loans and new lending at lower rate.
- **Net Fees and Commissions are up by 2.8% y-o-y to €123 million**, on the back of strong growth in retail banking fees (+14.3% y-o-y), driven by card, intermediation and lending fees.
- **Trading & other income** benefits from large non-recurring gains from the Greek government bond swap transaction (€515 million) as well as from the Greek and other sovereign bond portfolio sales (€315 million).
- **Operating expenses excluding depreciation down by 8.1% y-o-y** (down by 8.6% in personnel expenses and 6.5% in G&A's) on the back of strong cost containment efforts and a reduction of domestic personnel expenses reflecting the impact of the 2019 VES. Y-o-y operating expenses decrease is offset by higher depreciation charges resulting from the application of IFRS 16 in combination with the deconsolidation of NBG Pangaea REIC which was not included in 1H.19 respective figures.
- **Frontloading in 1H.20 credit provisions for FY.20 related to the COVID-19 negative impact amounting to €426 million.** Total credit provisions at €562 million.
- **Cost of Risk at 241bps** in 1H.20 due to COVID-19 credit provisions of €426 million. Cost of Risk excluding COVID-19 credit provisions stood at 94 bps.

1H.20 Core Operating Profit is up 21.4% y-o-y, with 2Q.20 Core Operating Profit down 4.1% q-o-q due to decreased Core income in 2Q.20 reflecting the maximum impact of COVID-19.

NPE performance

- **NPE balance** at Bank level was reported at €10.3 billion, recording a total reduction of €0.5 billion in the 1H.20.
- **NPE ratio** in Greece decreased to 30.9%, compared to 32.2% in December 2019.
- NPEs are reduced by €0.3 billion q-o-q in 2Q.20 organically and despite the abrupt slowdown in liquidation flows due to the lockdown.
- **NPE coverage** in Greece stood at 56.9%, declining from 53.2% in December 2019.
- **Group NPE ratio and NPE coverage** for 1H.20 stood at 29.9% and 57.2% respectively.

Domestic deposits up 2.4% y-o-y

Domestic deposit increased by €1.0 billion mainly due to increased savings and sight account balances by €1.7 billion as a result to the decrease in consumption due to COVID-19 quarantine offset by reduced time deposits by €0.7 billion.

CET1 ratio at 14.8%

- **1H.20 CET1 and Total Capital ratio** at 14.8% and 15.8% respectively, well above 2020 SREP capital requirements of 11.5% (reduced from 14.0% due to capital relief measures).
- **Group CET1 ratio Full Loaded basis** at 11.8%.

€ million	1H.20	1H.19	YoY	2Q.20	1Q.20	QoQ
Net interest income	551	600	(8.1)%	273	278	(2.0)%
Net fee and commission income	123	120	2.8%	57	66	(14.0)%
Core Income	**674**	**720**	**(6.3)%**	**330**	**344**	**(4.3)%**
Trading and other income	786 [1]	146 [2]	>100%	12	774	(98.4)%
Income	**1,460**	**866**	**68.7%**	**342**	**1,119**	**(69.4)%**
Operating expenses	(406)	(410)	(0.9)%	(199)	(208)	(4.4)%
Core PPI	**268**	**310**	**(13.5)%**	**131**	**136**	**(4.1)%**
PPI	**1,054**	**456**	**>100%**	**143**	**911**	**(84.3)%**
Loan impairments	(136)	(201)	(32.3)%	(66)	(70)	(4.9)%
COVID-19 Loan impairments	(426)	-		(10)	(416)	(97.6)%
Core Operating Profit	**132**	**109**	**21.4%**	**65**	**67**	**(3.4)%**
Operating Profit	**492**	**255**	**93.2%**	**67**	**425**	**(84.2)%**
Other impairments	(19)	(2)	>100%	(6)	(14)	(58.0)%
PBT	**472**	**253**	**87.1%**	**61**	**411**	**(85.1)%**
Tax benefit / (expense)	(8)	(8)	(1.3)%	(3)	(4)	(22.7)%
PAT (continuing operations)	**465**	**245**	**90.0%**	**58**	**407**	**(85.8)%**
PAT (discontinuing operations)	14	111	(87.6)%	10	3	>100%
VES & other restructuring costs[3]	(99)	(105)	(6.0)%	(3)	(95)	(96.8)%
LEPETE	(19)	-		(9)	(10)	
Non-controlling interest	(1)	(18)	-94.4%	-	(1)	-100.0%
PAT	**360**	**233**	**54.7%**	**56**	**304**	**(81.4)%**

[1] Includes among others €515 million trading gain from the Greek government bond swap arrangement with the Greek state excluding the allowance for expected credit losses.
[2] Includes among others €65 million trading gain from the Greek government bond swap arrangement with the Greek state excluding the allowance for expected credit losses and €30 million capital gain from Grand hotel disposal.
[3] VES, restructuring charges and other one off, comprising of VES costs of €90 million (1H.19: €94 million), restructuring cost of €4 million (1H.19: €11 million) and other one off costs of €5 million (1H.19: Nil).

Profitability	**1H.20**	**1H.19**	**Δ**	**2Q.20**	**1Q.20**	**Δ**
NIM (bps)	226	269	*-43 bps*	216	236	*-20 bps*
Cost of Risk (bps)	241	134	*+106 bps*	106	670	*-565 bps*
Cost of Risk excl. COVID-19 (bps)	94	134	*-40 bps*	92	96	*-5 bps*
Cost of Risk COVID-19 (bps)	147	n/a		14	573	*-559 bps*
Risk adjusted NIM[(1)]	132	135	*-3 bps*	124	140	*-15 bps*

Liquidity	**30.06.20**	**31.12.19**	**Δ**	**31.03.20**	**Δ**
Loans-to-Deposits ratio	64.5%	66.8%	*-2 ppts*	70.0%	*-5 ppts*
LCR	216.3%	207.3%	*+9 ppts*	143.9%	*72 ppts*

Capital	**30.06.20**	**31.12.19**	
CET1 ratio	14.8%	16.0%	*SREP 2019 / 2020 : 10.25% /8.00%[(2)]*
RWAs (€ billion)	36.0	37.3	

(1) Risk Adjusted NIM=NIM-Cost of Risk excl. COVID-19
(2) Post capital relief measures

Going concern

Liquidity

As at 30 June 2020, funding from the ECB increased by €8.3 billion through TLTROs at €10.5 billion (31 December 2019: €2.2 billion, solely TLTROs). As of 30 June 2020 the Bank's secure interbank transactions with foreign financial institutions amounted to €0.5 billion, while the Bank's liquidity buffer stood at €15.2 billion (cash value), with the LCR and NSFR ratios well above 100%.

Capital adequacy

The Group's CET1 and Total Capital ratios at 30 June 2020 were 14.8% and 15.8%, respectively (ratios including profit for the period: 15.9% and 16.9%, respectively), exceeding the 2020 OCR of 11.5%, as amended due to COVID-19 post capital relief measures (see Note 19 of the Interim Financial Statements).

Going concern conclusion

The Board of Directors concluded that the Bank is a going concern after considering:

a) the current level of ECB funding solely from TLTROs, the current access to the Eurosystem facilities with significant collateral buffer, and the LCR and NSFR ratios well above 100%;

b) the Group's CET1 ratio at 30 June 2020 which exceeded the OCR requirement; and

c) the unprecedented response to COVID-19 from European and Greek authorities to provide both fiscal and monetary support (see section "*Response to COVID-19 crisis*").

Trend information

2020 will be a year of extreme uncertainty, especially with regard to the depth of the recession. Official sector forecasts for the global economic activity project a deep recession – with wide divergences across regions – which will be followed by a relatively strong recovery in 2021. On that note, according to the EU Commission forecasts, the euro area economy is expected to contract by about 8.7% y-o-y in 2020 before recovering at an annual growth rate of 6.1% next year, while Greek real GDP is expected to decline by 9.0% y-o-y in 2020 and to increase by 6.0% y-o-y in 2021 (Source: European Commission, Summer (interim) Economic Forecasts, July 2020).

On a positive note, Greece's successful crisis management strategy, led to an early flattening of the pandemic curve and permitted Greece to proceed to a timely lift of restrictions in May and June 2020. A subset of high frequency indicators has already responded positively, pointing to a pick-up in June 2020. Additionally, the Greek government activated a fiscal and liquidity package of measures to support the economy, along with the important measures at European level (see section "*Response to COVID-19 crisis*").

The Bank, and in cooperation with the Greek government, supports and will support those businesses that will need funding in order to surmount the problems created by the impact of the pandemic, under the following three pillars:

The first pillar of support comprises the restructuring of existing loans. Support comes mainly through a holiday on instalment payments, through to the end of 2020, and in exceptional cases, such as the hotel sector, in 2021.

The second pillar of support is the TEPIX II, which is aimed more at small businesses.

The third main pillar of support is the financing program of the HDB, which enables banks to provide new working capital backed by Greek State guarantees. In the context of the funding programs run by the HDB, alongside other financing actions launched by NBG, by the end of the year our loan disbursements will likely to amount to over €4 billion, excluding any renewal/extension of working capital facilities, of which a substantial part will be channelled in the second half of the year to SMEs.

Additionally, the Bank will participate in the future support programs that the Greek government will announce, such as the subsidy for instalments on mortgage loans for first homes and the upcoming phases of the Guarantee Fund from HDB.

Lastly, the Bank supports our retail and business customers, so that they can successfully manage the current period of severe challenges.

It should be noted that the pandemic calls for a change in priorities in the short term, and will radically change the way we operate in the medium and long term. This compels us, even in this difficult time, not only to continue to focus on the core principles and thrust of our Transformation Program (see section "*Transformation Program*") but also to step up our efforts. To this end, the following priorities are distinct:

First, the clean-up of the Bank's balance sheet by reducing NPEs remains one of our key objectives. A clean bank with a low NPE ratio is a prerequisite for our final return to banking normalcy. In 2H.20, we expect to launch the Project Frontier securitization With a perimeter of over €6 billion, Project Frontier's successful conclusion would reduce NBG's current NPE stock of €10.1 billion by significantly more than one half. We will be leveraging our enhanced PPI capacity to absorb the incremental provisions required. We target to complete the transaction in 1H.21.

In early 2020, the exchange of the three existing Greek Government Bonds held by NBG with a new Greek Government Bond had a positive impact for NBG of €515 million (based on the accounting value of the existing Greek Government Bonds) resulting from the recent Greek sovereign spread compression, through an exchange that safeguards recurring interest income at a yield to maturity of 2.5%. The transaction, alongside the anticipated operating profit has provided NBG with a significant capital buffer. In the event that based on Management's best estimate additional ECL allowance is needed to complete the securitisation process, as discussed above, the Bank will still have a sufficient capital adequacy ratios.

Second, digital banking will continue to evolve rapidly. It will provide flexibility, speed and security to customers. Simple transactions and sales of simple products will shift to alternative delivery channels. Inevitably, we are being driven to re-examine the operating model of our Branch network, as COVID-19 has accelerated this trend.

Third, a new and more efficient operating model will emerge for all businesses, including banks. Working from home, where possible, will continue to be the preferred mode of employment and with no doubt form the basis for a more flexible operating model in the future.

Last, the crisis will bring about structural changes in the economy, which will be leveraged by those who demonstrate the necessary agility and skill. In this context, the progress of NBG's Transformation Program gives us an added competitive edge.

Other events

Covered Bond cancellation

On 19 March 2020 NBG proceeded with an additional partial cancelation of €100 million of Series 9.

Brexit

On 29 January 2020, a majority in the European Parliament ratified the withdrawal agreement of the UK from the EU. A transition period was established between 2 February to 31 December 2020. The Group has limited activities in the UK.

Events after the reporting period

IBOR-Reform

On 27 July 2020, the interest rate curve used for discounting Euro denominated interest rate swap derivatives centrally cleared through London Clearing House ("LCH"), EUREX and Chicago Mercantile Exchange ("CME") changed from Euro overnight index average ("EONIA") to Euro short-term rate ("€STR"). This has changed the fair value of the derivatives with a compensating cash payment or receipt from or to the respective clearing houses, so there is no value transfer. The change of the interest rate curve used for discounting did not have an impact to the consolidated or separate income statement.

Related Party Transactions

Based on the existing regulatory framework, the Group must disclose any transaction between the Bank, its subsidiaries and all its related parties as defined in IAS 24 "Related Parties", which took place during the six-month period ended 30 June 2020. Management's total compensation, receivables and payables must be also disclosed separately. For further details, see Note 18 of the Interim Financial Statements. Regarding the transactions with the Bank's main shareholder HFSF, other than the ordinary shares issued by the Bank and held by HFSF, no material transactions or balances exist with HFSF. 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.	1	98	1	-	28
NBG Asset Management Mutual Funds S.A.	1	25	2	-	-
Ethniki Leasing S.A.	534	64	5	-	151
NBG Property Services S.A.	-	1	-	-	-
Pronomiouhos S.A. Genikon Apothikon Hellados	1	32	-	1	-
NBG Greek Fund Ltd	-	8	-	-	-
National Bank of Greece (Cyprus) Ltd*	6	175	-	2	4
NBG Management Services Ltd	2	-	-	-	-
Stopanska Banka A.D.-Skopje	4	-	1	-	-
NBG International Ltd	-	18	-	-	-
NBG Finance Plc	-	55	-	-	-
NBG Asset Management Luxembourg S.A.	-	-	-	-	-
Ethniki Hellenic General Insurance S.A.(Group)*	49	346	9	3	6
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.	-	-	-	-	-
NBG International Holdings B.V.	-	4	-	-	-
NBG Leasing IFN S.A.	5	-	1	1	-
NBG Finance (Dollar) Plc	-	280	-	-	-
NBG Finance (Sterling) Plc	-	114	-	-	-
NBG Bank Malta Ltd	40	82	-	1	36
Ethniki Factors S.A.	386	32	5	-	392
ARC Management One SRL (Special Purpose Entity)	-	-	-	-	-
ARC Management Two EAD (Special Purpose Entity)	-	-	-	-	-
Probank M.F.M.C.	-	1	-	-	-
I-BANK DIRECT S.A.	-	1	-	-	-
Probank Leasing S.A.	49	8	1	-	-
NBG Insurance Brokers S.A.	-	1	-	-	-
Bankteco EOOD	-	-	-	-	-
CAC Coral Limited*	98	-	1	-	26
Total	**1,176**	**1,345**	**26**	**8**	**643**

**Held for sale subsidiaries.*

Risk Management

Management of Risks

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 honour 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 its trading, capital markets and settlement activities. Credit risk is the largest single risk the 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 Group Risk Control & Architecture Division "GRCAD".

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 controls implemented for the above processes include:

- proper management of the credit-granting functions;
- periodical and timely remedial actions on deteriorating credits;
- independent, periodic audit of the credit risk management processes by the Group Internal Audit Division, covering in particular the credit risk systems/models employed by the Group.

Additionally, the GRCAD measures and monitors credit risk on an on-going basis through documented credit risk policies, internal rating systems, as well as information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities. Thus, the Group achieves active credit risk management through:

- the application of appropriate limits for exposures to a particular single or group of obligors
- the use of credit risk mitigation techniques;
- 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 ("MVU").

The Credit Policies for the Corporate and the Retail Banking portfolios of the Bank and its subsidiaries set the minimum credit criteria, present the fundamental policies, procedures and guidelines for the identification, measurement, approval, monitoring and managing of credit risk undertaken in Corporate and Retail Banking Portfolios respectively, both at the Bank and Group levels.

The Credit Policy of the Bank is approved by the Board of Directors upon recommendation of the Board Risk Committee ("BRC") following proposal by the Chief Risk Officer ("CRO") to the Executive Committee and the BRC, and are reviewed on an annual basis and revised whenever deemed necessary and in any case every two years.

Credit Policies of each subsidiary are approved by the competent local boards or committees, following a recommendation by the responsible officers or subsidiaries' bodies, according to the decisions of the Bank and the provisions of the Credit Policies. Each proposal must bear the prior consent of the Group Chief Credit Officer ("CCO"), or the Head of NBG's Group Retail Credit Division or the Head of NBG's Group International Credit Division depending on the portfolio, in cooperation with the Head of NBG's GRCAD for issues falling under their responsibility. The subsidiaries' Credit Policies are reviewed on an annual basis and revised whenever deemed necessary and in any case every two years.

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 set to resolve the issues, whenever necessary, within the risk appetite and strategic orientation of the Bank. 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. Retail Banking Credit Policy is reviewed on an annual basis and revised whenever deemed necessary and in any case every two years. All approved policy changes are incorporated in the Policy Manual.

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 customers. 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 stems 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 markets 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 European Union ("EU") sovereign debt, European Financial Stability Fund ("EFSF") bonds, as well as moderate positions in Greek and international corporate issues. NBG's exposure to interest rate risk in the Trading Book has significantly decreased due to the deleveraging of the interest rate derivatives portfolio, while the Bank enters into hedge accounting relationships in order to reduce the interest rate sensitivity arising from the HTCS bonds portfolio.

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 mainly used for the hedging of the equity risk arising from the equity-linked products offered to customers and to a lesser extent for proprietary trading.

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, as well as from the mark-to-market of NBG's OTC derivatives' trades denominated in foreign currency. 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 customers.

Value at Risk ("VaR"). The Bank uses market risk models and dedicated processes to assess and quantify its 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 HTCS portfolios, using Variance-Covariance ("VCV") VaR methodology. The VaR estimates are used both for internal management, as well as for regulatory purposes. In order to verify the predictive power of the VaR model, the Bank conducts back-testing on a daily basis. Moreover, since the daily VaR estimations refer to "normal" market conditions, a 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 per risk factor category (interest rates, stock index prices, exchange rates). For more details on the VaR model and the respective results, as well as on the back-testing and stress-testing procedures, please see Note 4.3 of the Annual Financial Statements for the year ended 31 December 2019.

The Bank has also established a framework of VaR limits, in order to control and manage the risks to which it is exposed, in an 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 Division, 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, equity and commodities 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 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 principles and practices for sound market risk management at NBG are set forth in the Market Risk Management Policy ("Policy") which is subject to ongoing revision, as changes in business conditions, amendments to existing regulations and other events may affect market risk practices and controls. The Policy is established to evidence the Bank's commitment to develop and adhere to the highest standards for assessing, measuring, monitoring and controlling market risk arising from trading and non-trading activities. Additionally, the VaR model as well as the processes followed by the Group Financial & Liquidity Risk Management ("GFLRMD") for the measurement and monitoring of Market Risk are described in the VaR/sVaR Model Methodology document, which is subordinate to the Market Risk Management Policy and is subject to changes, in accordance with amendments to the Policy.

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, as well as by external advisors. Furthermore, the Group's Internal Audit

Division assesses the effectiveness of the relevant controls on a periodic basis. Furthermore, 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 SSM during the on-site investigation in the context of the Targeted Review of Internal Models ("TRIM"), while no major findings were identified. Based on the TRIM assessment report, ECB concluded in its final Decision that NBG may continue calculating the own funds requirements for general market risk with the internal model approach, which verifies the robustness of NBG's Market Risk management model.

Finally, the GFLRMD is working on the implementation of the revised regulatory framework for market risk under Basel IV, which is also included in the Transformation Program.

Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book ("IRRBB") refers to the current or prospective risk to the Bank's capital and earnings arising from adverse movements in interest rates that affect the Bank's Banking Book positions. The main sources of IRRBB are the following:

- Re-pricing risk: risk related to the timing mismatch in the maturity and re-pricing of assets and liabilities and off-balance sheet short and long term positions;
- Yield curve risk: risk arising from changes in the slopes and the shape of the yield curve;
- Basis risk: arises from imperfect correlation in the adjustment of the rates earned on and paid on different instruments with otherwise similar repricing characteristics;
- Optionality risk: arises from embedded options in the Group's assets, liabilities or off balance sheet portfolios.

Interest rate fluctuations affect the economic value of the Group's assets, liabilities and off-balance sheet items, through corresponding changes in the cash flows' amounts and discount rates and – therefore – their present value. Changes in interest rates also affect the Group's earnings by increasing or decreasing its NII and the level of other interest rate-sensitive income and operating expenses. It is therefore important to examine IRRBB from these two complementary views, and quantify the effect of interest rate changes using both value and earnings measures.

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 Fair Value through Other Comprehensive Income ("FVTOCI") (mainly Greek government and other EU sovereign fixed rate bonds), 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 IRRBB, 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;
- 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 IRRBB.

IRRBB is measured, monitored, and controlled by GFLRMD, based on the Group's established RAF. Specifically, GFLRMD calculates a number of risk metrics for the purpose of monitoring and controlling IRRBB:

- 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.
- Economic Value of Equity ("EVE") Sensitivity, a measure of the Bank's Balance sheet value vulnerability to interest rate changes. EVE Sensitivity represents the change in the net present value of all cash flows in the Bank's balance sheet under a set of interest rate stress scenarios, and 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. The evaluation and review of IRRBB measurement systems and processes is undertaken annually by the Group's Internal Audit Division in relation to capital requirements calculations performed for the Internal Capital Adequacy Assessment Process ("ICAAP") exercise.

A set of IRRBB limits are defined in the Group's RAF in relation to the EVE sensitivity measure and in alignment with the limits prescribed in the Supervisory Outlier Test of the latest IRRBB Regulatory Guidelines. The prescribed limits are monitored and reported to the BRC as well as the Asset Liability Committee ("ALCO") on a monthly basis. The Group is exposed to moderate levels of IRRBB, as evidenced by the current levels of the established limit structure utilization, which are comfortably below the Risk Tolerance level defined in the Group's RAF.

Counterparty Credit Risk

Counterparty credit risk ("CCR") for the Group stems from OTC derivative and other interbank secured and unsecured funding transactions, as well as commercial transactions, and is due to the potential failure of a counterparty to meet its contractual obligations.

The framework for managing CCR that pertains to Financial Institutions ("FIs") is established and implemented by the GFLRMD. It consists of:

- measuring the exposure to each counterparty, on a daily basis;
- establishing the respective limits per counterparty;
- monitoring the exposure against the defined limits, on a daily basis.

The estimation of the exposure to each counterparty depends on the type of the financial product. In the case of unsecured interbank transactions and commercial transactions, exposure is equal to the nominal amount of the transaction, whereas secured interbank transactions and OTC Derivatives create Pre-Settlement Risk, which is measured through each product's Credit Equivalent Factors ("CEFs"), as described in the Counterparty Credit Risk Management Framework.

For the efficient management of counterparty credit risk, the Bank has established a framework of counterparty limits, which 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. Limits exist for each product type and are set at the respective counterparty's Group level, as analyzed in the Counterparty Credit Risk Framework. Sub-limits are then allocated to the subsidiaries of each counterparty Group, in accordance with the business needs of the Bank.

Counterparty limits apply to all financial instruments in which the Treasury is active in the interbank market. The Bank is also active in international trade finance, therefore a limit framework is in place for the efficient management of counterparty credit risk arising from funded commercial transactions. A similar limit structure for the management of counterparty credit risk applies across all of the Group's subsidiaries.

The limit-framework is revised periodically, according to business needs of the Bank and the prevailing conditions in the international and domestic financial markets.

Subsequently, all limits are monitored by GFLRMD on a daily basis.

NBG seeks to further mitigate CCR by standardizing the terms of the agreements with counterparties through International Swaps and Derivatives Association ("ISDA") and Global Master Repurchase Agreement ("GMRA") contracts that encompass all necessary netting and margining clauses. Credit Support Annexes ("CSAs") have also been signed with almost all active FIs, so that net current exposures are managed through margin accounts, on a daily basis, by exchanging mainly cash or debt securities as collateral. Moreover, NBG performs OTC transactions with central counterparties ("CCPs"), either directly or through qualified clearing brokers.

Finally, NBG 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).

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 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, senior management receives, on a daily basis, a liquidity report which presents a detailed analysis of the Group's funding sources, the liquidity buffer, the cost of funding and other liquidity indicators related to the RAF, the Recovery Plan ("RP") and the Contingency Funding Plan. Moreover, leveraging on the new capabilities of the newly developed in-house liquidity platform, Risk Management, has established the daily calculation of the LCR and the subsequent production of the internal LCR reporting, which is also sent to the senior management on a daily basis. Additionally, the 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 63.7% and 64.5% as of 30 June 2020, 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 liquidity buffer 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.

Current Liquidity status during COVID-19 Crisis

NBG's robust liquidity position has been successfully tested and confirmed in real stressed conditions, during the COVID-19 crisis. The stability of its funding sources, combined with the comfortable level of its liquidity buffer and LCR, especially during this period, further underpin the quality, as well as the resilience of the Bank's overall liquidity profile.

On 30 June 2020 the Bank's strong liquidity profile is representative of a healthy liability side of the balance sheet. NBG has fully recovered from all the limitations that ensured the previous liquidity crisis. The improved funding structure is marked by the inflow of stable retail deposits, the increase of stable long-term funding, through the cheaper TLTRO III ECB's refinancing operations and the full access to the secured interbank markets. Moreover, LCR and NSFR, as well as the Bank's liquidity buffer currently stand at the highest historical levels, while cost of funding has significantly decreased to a historically low level. The liquidity state of the Bank on 30 June 2020 is further analyzed in the next section.

In addition to its liquidity position, the COVID-19 crisis has also tested the Bank's operational readiness and effectiveness, especially during the period that the lockdown was imposed and large part of the Treasury and its Operations, as well as the entire Risk Management was working remotely from home. However, the entire liquidity management and monitoring chain of the Bank worked seamlessly and successfully, even under these unprecedented market and operational conditions, which is a testament to the resilience and robustness of the existing infrastructure.

Funding Sources and Key Liquidity Metrics

The Bank's principal sources of liquidity are its deposit base, Eurosystem funding currently via the LTROs and TLTROs with ECB, repurchase agreements (repos) with major FIs and wholesale funding through the placement of own issued covered bonds and Tier II notes. 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.

Following a pivotal year for the Bank's liquidity in 2019, the first half of 2020 verified the Bank's strong liquidity profile. On 30 June 2020, the Bank's customer deposit balance stood at €43.9 billion, an increase of €1.1 billion compared to 31 December 2019. More importantly, this increase is mainly attributed to the increase of the most stable deposit class, such as savings deposits, by €1.3 billion.

Additionally, both the LCR and the NSFR, remained strong even during the first quarter of 2020 where the market volatility increased to unprecedented levels, while they significantly increased during the second quarter of 2020, reaching their highest historical level on 30 June 2020. More specifically, the Bank's LCR remained comfortably above the regulatory and internal limits, at all times, while it significantly increased in June, driven by the new Additional Credit Claims ("ACC") framework introduced by the Bank of Greece and ECB, reaching the highest level of 199.8%, on 30 June 2020. Moreover, the Bank NSFR slightly decreased during the worst point of the COVID-19 crisis, in March, and significantly improved thereafter, standing at the highest historical level of 116.1% on 30 June 2020.

Moreover, the international secured financing markets continued to be open for NBG, which the Bank tapped for €0.5 billion, on 30 June 2020. More specifically, the Bank successfully tested the accessibility of the repo market, based on Greek sovereign collateral that was not ECB eligible, during the first months of the COVID-19 crisis. Even during the first half of March that the market turmoil reached its peak, the Bank comfortably accessed the repo market, taping the necessary liquidity. After the announcement of ECB's measures the Bank adjusted its liquidity strategy, in order to take advantage of the newly available liquidity tools. As a result, the Bank moved ECB eligible collateral from the repo market to ECB. Finally, after the stabilization of the global markets in April, as well as ECB's temporary collateral easing measures, including the waiver that resulted in accepting Greek sovereign debt instruments as collateral for Eurosystem refinancing operations, the Bank's exposure to the cheaper ECB Funding gradually increased and stood at €10.5 billion on 30 June 2020, consisting exclusively of TLTROs.

The Bank's funding cost stood at 19bps as of 30 June 2020, a significant decrease by 22bps compared to the respective figure as of 31 December 2019, driven by the decrease of the cost of customer deposits by 8bps, as well as the increased exposure in Eurosystem funding, at a cost of -50bps.

Finally, the Bank's liquidity buffer stood at €15.2 billion on 30 June 2020, of which €6.2 billion was collateral eligible for funding with ECB, €2.8 billion pertained to the unencumbered tradable collateral that could be used for secured funding with FIs, and the remaining €6.2 billion was either in the form of cash, or deposited with the Bank of Greece, as well as in the form of short term unsecured interbank placements and deposited in Nostro accounts further showing NBG's strong liquidity position.

Operational Risk

NBG Group defines Operational Risk as the risk of loss resulting from inadequate or failure in internal processes, people and systems or from external events. This definition includes legal risk, excludes strategic and business risk, but takes into consideration the reputational impact of Operational Risk.

The main subcategories of Operational Risk are: Legal risk, Compliance risk, Conduct risk, Information & Communication Technology ("ICT") risk and Model risk.

Operational Risk is inherent to all products/services, activities, processes and systems and is generated in all business and support areas. For this reason, all employees are responsible for managing and controlling operational risks generated in their sphere of action. Consequently, managers throughout the Group are accountable for operational risks related to their business area, and responsible for managing these risks within their risk appetite, in accordance with the Operational Risk Management Framework ("ORMF").

As a general statement, the Group is averse to operational risk events that could lead to financial loss, fraud and operational, technological, legal and regulatory breaches, misconduct or damage to its reputation.

The Group's goal in terms of Operational Risk Management is focused on identifying, evaluating, and mitigating risks, regardless of whether they have materialized or not. The analysis of potential Operational Risk exposures contributes to the establishment of risk management priorities.

The Group recognizes the importance of Operational Risk and has established a comprehensive and effective framework, for its management across all Group operations since 2007.

Operational Risk Management is integrated into the day-to-day business, adding value to the organization by applying a proactive approach. A series of techniques and tools have been defined by the Group in order to identify, measure and assess Operational Risk. The most important operational risk mechanisms used by the Group are the following:

- **The Risk and Control Self-Assessment ("RCSA") process**; it is a process that allows for the determination of the risk profile of all Group functions by the risk owners. The goal of the RCSA is to identify and assess operational risks that could prevent business or support units from achieving their objectives. Once they are assessed, mitigation actions are identified where risk exceeds tolerance levels;
- **The Internal Events Collection process**, as well as the maintenance of a sound and consistent internal events database; Operational Risk losses are collected at a Group level. All organizational units of the Bank, as well as all Greek and foreign subsidiaries are responsible for recording operational events and respective losses following specific guidelines, under a standardized methodology;
- **The definition and monitoring of Key Risk Indicators**; these are metrics for the monitoring of risk trends that act as early detection/warning indicators by identifying issues that may increase operational risk exposures;
- **The Scenario Analysis**; a systematic process of obtaining expert opinions, based on reasoned assessments of the likelihood and impact of plausible severe operational losses. The main objective is to identify potential events that could result in very high losses for the Group;
- **The Training Initiatives and Operational Risk Culture /Awareness**; Group Operational Risk Management Division promotes awareness and knowledge on operational risk at all levels of the organization.

During 2019 Group Operational Risk Management Division ("GORMD") revised the Operational Risk Management Framework ("ORMF") and started developing the appropriate documentation to cover all aspects of Operational Risk. By the first semester of 2020 all documents that constitute the ORMF, namely the RCSA Policy, the Key Risk Indicators ("KRI") Policy, the Scenario Analysis Policy, the Internal Events Management Policy, the respective Guidelines, as well as the Operational Risk Taxonomy and the Capital Management Guideline have been approved and are in effect.

Furthermore, in 2019, the role of the Operational Risk Management Committee ("ORCO") was enhanced as a sub-committee of the Bank's Executive Committee that convenes at least on a quarterly basis.

GORMD has finalized the project for the identification of NBG's Top Operational Risks of 2019 and 2020 and monitors the existing preventive measures as well as the planned mitigating actions.

During the first semester of 2020 a KRI Dashboard was developed by the Bank's business units contributing to a more effective operational risk management.

Finally, since the COVID-19 outbreak, GORMD overviews and continuously monitors the Bank's and the Group's response on COVID-19 related Operational Risks and reports frequently to Executive Management and the Board Risk Committee.

Model Risk

Model risk is the risk of the potential loss an institution may incur, arising from inadequate/incorrect decisions due to errors in the development, implementation or use of models employed by the Bank.

Model risk occurs primarily for two reasons:

- a model may produce inaccurate outputs due to errors in its design, methodology, data inputs or implementation;
- a model may be used incorrectly or inappropriately, without taking the proper considerations regarding its limitations and assumptions.

Model risk is measured, monitored, and controlled by the MVU. Specifically, the MVU has defined a set of policies, guidelines, methodologies and controls that comprise the model risk management framework. The proper application of the aforementioned framework during a model's lifecycle, enables the MVU to perform and to be engaged in various control activities as part of the model validation process. In case deficiencies are identified after a model validation exercise, the MVU issues Required Action Items ("RAIs") which are acted upon, after appropriate Management's approval. This process effects material changes to the Bank's models and processes and leads to sound model risk management.

Since 2018, the MVU has organized its tasks towards the following directions, in order to materialize the above mentioned framework:

- *Key Policy and Governance Elements*: The MVU has updated the Bank's Model Validation Policy and also developed and introduced in a phased approach, subordinate to the Policy documents and guidelines related to model risk management. Based on these, relevant controls have been designed and an issue and action plan management workflow has been inaugurated. The MVU has compiled a set of business processes that serve in managing the model's lifecycle and has also drafted model risk quantification guidelines.
- *Model Risk Management Tools and Platform:* The MVU has put in effect automation tools and has developed in-house processes and libraries, following best practices and engineering standards, which are used by internal and external personnel so as to effectively perform validation exercises. The MVU is also part of the new Governance Risk Management and Compliance ("GRC") platform implementation team. The platform will include a model risk management module which will be customized in order to comply with the Bank's framework. The module will further embed the framework into the Bank's daily processes.

During 2020, the MVU will continue to undertake initiatives in the above two directions. Furthermore, it will also formulate processes related to internal and external communication through the issuance of internal directives related to the GRC platform's "Model Risk Module" use and related model lifecycle stages, training of the appropriate personnel accordingly and finally, working in embedding the reporting stream produced by various control units into the GRC platform, when such reports are pertinent to the model risk management process as encoded in the MVU's recorded controls.

The Key aspects of the model risk management framework are:

- *Policies and Processes:* In order to ensure the timely and effective model risk quantification and manage it in its entirety, a comprehensive set of guidelines regarding the utilized models' lifecycle as well as policy and methodology documents pertinent to model governance, management and validation have been introduced. The set consists of clear and streamlined workflows and methodology documents resulting from the MVU's "deep dive" analysis on the Banks' existing business processes and the relevant regulatory framework.

- *Model Tiering and Model Risk Estimation:* As required by the regulator, the scrutiny under which each model is validated, monitored and managed is proportional to the model's materiality. The MVU has introduced a model tiering procedure with the specific intent of ascertaining the level of a model's importance or significance. Furthermore, the aforementioned classification and the models' validation outcome are appropriately combined in an internally designed methodology, in order to quantify Model Risk in terms of capital.

- *Issues and Action Plans:* The MVU follows a specific business process, implemented in the Bank's issue tracking system, for the purpose of communicating model issues to the model owners, tracking their statuses, approving action plans while following their execution and finally reporting issue completion to the BRC. This process ensures that validation exercises effect real change, leading to active model risk management and are not performed strictly for reporting purposes.

- *Model Inventory and Model Risk Module ("MRM") Platform:* The Group's Risk and Control units have worked extensively towards the adoption of a workflow management system which aims, among other purposes, to automate the majority of the procedures related with the models' lifecycle. The platform will also contain the MVU's model inventory comprising a thorough and inclusive, in terms of model attributes, model registry. The attributes will provide the proper support to the above mentioned issues workflow management system. Furthermore, they will be utilized – in their entirety or partly – as a pool of inputs for Model Risk estimation purposes. The inventory aims to become the Bank's comprehensive model repository and to play an essential role in the centralized and holistic approach of Model Risk assessment.

The structure of the model risk management process followed by the MVU, is built around a set of distinct phases.

Initially, when a new model is to be developed, it has to be registered to the Model Inventory by its owner. Effective Model Risk Management requires a complete and exhaustive inventory of the models employed by the Bank, so as to prioritize validation exercises, tier and monitor model risk. During the model's development phase, the MVU is kept informed on the process's progress status. On model development completion, the Model Inventory is updated by the model owner with pertinent material that will enable model tiering, model risk assessment and model review and validation processes to be performed if needed.

After a model is developed, if it is assessed to have material model risk, its independent Initial Validation is required. The Initial Validation exercise is also a key component of model risk management, as it enables an accurate Model Risk estimation. During an Initial Validation exercise, the model is examined through a series of controls that are designed to mitigate specific areas of model risk sources, such as input and data issues, model design deficiencies, non-adherence to internal or/and external requirements, improper model use, erroneous implementation and inadequate model performance. These checks are performed utilizing a set of inputs made available by the model owner through the GRC platform such as data quality reports, the model development report, model use reports etc. The outcome of the model validation exercise is the level of the model's risk rating, its approval / rejection status and a list of RAIs, if any issues / deficiencies are observed and need to be resolved.

Following the model's approval by the competent management level or committee, the model is implemented in the system in which it will be used. The implementation phase consists an additional source of model risk. The MVU conducts an implementation review where the implementation process and available reports covering IT and User Acceptance Testing ("UAT") tests are examined, so as to determine if the deployed model is fit for purpose and functions as expected. Deployed models and their correct use are regularly monitored by their respective owners, but are also additionally re-visited by the MVU through ongoing validation exercises (yearly in case of models that present material model risk, or less frequently for the rest of the models), focused mainly on stability and model performance. Any validation exercise can produce RAIs and possibly initiate the creation of a new model version in case of material changes. This process kicks-off a new cycle of model maintenance through the regular review, evaluation, model risk estimation and model change process described above.

Other Risk Factors

Deferred tax assets as regulatory capital or as an asset

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 30 June 2020, the Group's DTAs, excluding the amount of the DTA that was classified as non-current assets held for sale, amounted to €4.9 billion (31 December 2019: €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 was 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 the total Tax Credit relating to cases (b) to (d) above 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 of Greek Law 4172/2013, as currently in force, 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 30 June 2020, Group's eligible DTAs amounted to €4.4 billion (31 December 2019: €4.5 billion). The main condition for the conversion of DTAs to a Tax Credit is the existence of an accounting loss at Bank level 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 is obliged to 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 Capital Requirement Directive ("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 Deferred Tax Credit ("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 30 June 2020, 82.1% 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.

Cyber risk

Potential increase of cyber risk due to current conditions in operational systems and remote working

Our cyber security systems continued to be improved by strengthening detection, response and protection mechanisms, in order to ensure adequate customer service and correct performance of our services and business operations.

Corporate Governance

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders was held remotely, in real-time via teleconference, on 30 June 2020. For further information please refer to our site https://www.nbg.gr/en/the-group/investor-relations/general-assemblies.

Changes in the Board of Directors in the first half of 2020

On 30 January 2020, at the Board of Directors meeting, the resignation of Mr. Dimitrios N. Kapotopoulos from his position as executive member of the Board of Directors was announced.

On 1 April 2020, at the Board of Directors meeting, Ms. Anne Clementine L. Marion-Bouchacourt was elected as new independent non-executive member of the Board of Directors.

On 16 April 2020, at the meeting of the Board of Directors, it was decided to functionally abolish the position of Vice Chair of the Board of Directors, held until that day by Ms. Aikaterini K. Beritsi, who continues serving as non-executive member of the Board of Directors.

Changes to the composition of the Board's Committees in the first half of 2020

On 16 April 2020, at the meeting of the Board of Directors, it was decided that Mrs. Anne Clementine L. Marion-Bouchacourt, an independent non-executive member of the Board, assumes the duties of Chair of the Human Resources and Remuneration Committee.

During the same Board of Directors meeting, Mr. Wietze J.P. Reehoorn was appointed as member of the Audit Committee in replacement of Mrs. Aikaterini Beritsi, who continues participating in the Corporate Governance and Nominations Committee as its Vice Chair and in the Human Resources and Remuneration Committee as a member.

The Annual General Meeting of 30 June 2020 elected as regular members of the NBG Board Audit Committee, with a term of office through to the Annual General Meeting of 2021, Mr. Andrew J. McIntyre (Chairman of the Audit Committee), Mr. Claude Edgar L.G. Piret (Vice-Chairman of the Audit Committee), Mr. Avraam C. Gounaris, Mr. Wietze J.P. Reehoorn and Mr. Periklis F. Drougkas (HFSF Representative).

Athens, Athens, 6 August 2020

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

Appendix for alternative performance measures

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

Balance Sheet	Statement of Financial Position
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 fully loaded	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 Profit / Core Operating performance	Core income less operating expenses and loan impairments (excluding the impact from COVID-19 of €426 million).
Core Pre-Provision Income ("core PPI")	Core Income less operating expenses.
Cost of Risk ("CoR")	Loan impairments of the period annualized over average loans and advances to customers.
Cost-to-Core Income ratio	Operating expenses over core income.
Cost-to-Income ratio	Operating expenses over total income.
Deposits	Due to customers.
Domestic banking activities	Refers to banking business in Greece and includes retail, corporate and investment banking. Group's domestic operations includes Ethniki Leasing S.A (Ethniki Leasing), Probank Leasing S.A. (Probank Leasing) and Ethniki Factors S.A. (Ethniki Factors).
Net Fees & Commissions / Fees / Net Fees	Net fee and commission income
Funding cost	The weighted average cost of deposits, ECB refinancing, repo transactions, covered bonds and securitization transactions.
Gross loans	Loans and advances to customers at amortised cost before Expected Credit Loss ("ECL") allowance for impairment on loans and advances to customers and Loans and advances to customers mandatorily measured at FVTPL
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).
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.
Loan Impairments / credit risk charges/credit provision	Impairment charge for ECL.

Loans-to-Deposits Ratio	Loans and advances to customers over due to customers, at period end.
Net Interest Margin ("NIM")	Net interest income over average 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). On a quarterly basis, NIM is calculated over monthly average interest earning assets.
Net Stable Funding Ratio ("NSFR")	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	ECL allowance for loans and advances to customers at amortised cost divided by NPE, excluding loans and advances to customers mandatorily measured at FVTPL, at period end.
NPE formation	Net increase / (decrease) of NPEs, before write-offs.
NPE Organic Formation	NPE balance change at period end, excluding sales and write-offs
NPE ratio	NPEs divided by loans and advances to customers before ECL allowance at the end of the period.
Non-Performing Loans ("NPLs")	Loans and advances to customers at amortised cost 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 and other intangible assets, excluding the additional social security contribution for LEPETE, restructuring cost direct expenditure relating to the Transformation Program, COVID-19 and related one-off costs. More specifically, for the six months period ended 30 June 2020, operating expenses exclude personnel expenses of €19 million related to defined contributions to LEPETE, VES cost of €90 million, restructuring cost of €4 million and COVID-19 related expenses and other one off-costs of €5 million. For the six months period ended 30 June 2019, operating expenses exclude restructuring cost related to the VES cost of €94 million and direct expenditure relating to the Transformation Program of €11 million.
Operating Profit / (Loss)	Total income less operating expenses and loan impairments.
Other impairments	Impairment charge for securities and Other provisions and impairment charges
Profit after Tax ("PAT")	Refers to the profit for the period from continuing operations
Profit for the Period ("PAT") from Continuing Operations	Profit for the period from continuing operations, excluding the additional social security contribution for LEPETE, restructuring cost direct expenditure relating to the Transformation Program, COVID-19 and related one-off costs. More specifically, for the six months period ended 30 June 2020, operating expenses exclude personnel expenses of €19 million related to defined contributions to LEPETE, VES cost of €90 million, restructuring cost of €4 million and COVID-19 related expenses and other one off-costs of €5 million. For the six months period ended 30 June 2019, operating expenses exclude restructuring cost related to the VES cost of €94 million and direct expenditure relating to the Transformation Program of €11 million.

Pre-Provision Income ("PPI")	Total income less operating expenses, before loan impairments.
Risk Weighted Assets ("RWAs")	Assets and off-balance-sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013.
Risk Adjusted NIM	NIM minus CoR
Staff Costs	Refer to personnel expenses
Tangible Equity / Book Value	Common equity less goodwill, software and other intangible assets.
Total Capital Ratio	Total capital as defined by Regulation No 575/2013, with the application of the regulatory transitional arrangements for IFRS 9 impact over RWAs.
Trading and Other Income / Non-Core Income	Net trading income / (loss) and results from investment securities ("trading income/(loss)") + Gains / (losses) arising from the derecognition of financial assets measured at amortised cost + Net other income / (expense) ("other income / (expense)")

The Board of Directors' report contains financial information and measures as derived from the Group and the Bank's financial statements for the six months period ended 30 June 2020 and for the year ended 31 December 2019, which have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and 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.

Translation from the original text in Greek

To the Board of Directors of National Bank of Greece S.A.

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed company and consolidated statement of financial position of the Bank and the Group of National Bank of Greece S.A., as of 30 June 2020 and the related condensed company and consolidated statements of profit or loss, comprehensive income, changes in equity and cash flow statements for the six-month period then ended, and the selected explanatory notes[1] that comprise the interim condensed financial statements and which form an integral part of the six-month financial report as required by L.3556/2007.

Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this interim separate and consolidated condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as they have been transposed into Greek Law and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Report on other legal and regulatory requirements

Our review has not revealed any material inconsistency or misstatement in the statements of the members of the Board of Directors and the information of the six-month Board of Directors Report, as defined in articles 5 and 5a2 of Law 3556/2007, in relation to the accompanying condensed interim financial statements.

Athens, 7 August 2020

The Certified Auditor

pwc

PricewaterhouseCoopers S.A.

Certified Auditors

268 Kifissias Avenue

152 32 Halandri

Soel Reg. No 113

Marios Psaltis

Soel Reg. No 38081

[1] Certain required disclosures have been presented elsewhere in the Board of Directors Report, rather than in the notes to the financial statements. These disclosures are cross-referenced from the financial statements and are identified as reviewed.

NATIONAL BANK
OF GREECE

Group and Bank
Interim Financial Statements

As at and for the period ended 30 June 2020

First half
2020

Statement of Financial Position
as at 30 June 2020

€ million	Note	Group 30.06.2020	Group 31.12.2019	Bank 30.06.2020	Bank 31.12.2019
ASSETS					
Cash and balances with central banks	8	6,705	3,519	6,533	3,317
Due from banks		3,562	3,008	3,504	2,948
Financial assets at fair value through profit or loss		483	518	472	494
Derivative financial instruments		5,767	4,833	5,767	4,833
Loans and advances to customers	9	28,891	29,222	27,636	27,952
Investment securities	10	14,793	8,890	14,513	8,588
Investment property		139	152	6	6
Investments in subsidiaries		-	-	1,141	1,139
Equity method investments		9	8	6	6
Goodwill, software and other intangible assets		236	202	233	199
Property and equipment		1,704	1,722	1,252	1,264
Deferred tax assets		4,909	4,911	4,906	4,906
Current income tax advance		361	366	354	358
Other assets		2,130	2,444	2,027	2,352
Non-current assets held for sale	11	4,471	4,453	1,020	999
Total assets		**74,160**	**64,248**	**69,370**	**59,361**
LIABILITIES					
Due to banks	12	12,847	4,449	13,161	4,780
Derivative financial instruments		3,494	2,870	3,494	2,870
Due to customers	13	44,763	43,748	43,890	42,761
Debt securities in issue	14	1,384	1,365	1,384	1,365
Other borrowed funds	14	2	5	-	-
Deferred tax liabilities		13	11	-	-
Retirement benefit obligations		251	267	248	264
Current income tax liabilities		3	1	-	-
Other liabilities		2,591	2,773	2,238	2,388
Liabilities associated with non-current assets held for sale	11	3,479	3,482	-	-
Total liabilities		**68,827**	**58,971**	**64,415**	**54,428**
SHAREHOLDERS' EQUITY					
Share capital	16	2,744	2,744	2,744	2,744
Share premium account	16	13,866	13,866	13,863	13,863
Less: treasury shares	16	(1)	(1)	-	-
Reserves and retained earnings		(11,523)	(11,581)	(11,652)	(11,674)
Amounts recognised directly in equity relating to non-current assets held for sale		228	231	-	-
Equity attributable to NBG shareholders		**5,314**	**5,259**	**4,955**	**4,933**
Non-controlling interests		19	18	-	-
Total equity		**5,333**	**5,277**	**4,955**	**4,933**
Total equity and liabilities		**74,160**	**64,248**	**69,370**	**59,361**

Athens, 6 August 2020

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
COSTAS P. MICHAELIDES	PAVLOS K. MYLONAS	CHRISTOS D. CHRISTODOULOU

Income Statement
for the six-month period ended 30 June 2020

€ million	Note	Group 6-month period ended 30.06.2020	Group 6-month period ended 30.06.2019	Bank 6-month period ended 30.06.2020	Bank 6-month period ended 30.06.2019
Continuing Operations					
Interest and similar income		652	721	603	673
Interest expense and similar charges		(101)	(121)	(106)	(135)
Net interest income		**551**	**600**	**497**	**538**
Fee and commission income		171	164	152	145
Fee and commission expense		(48)	(44)	(42)	(39)
Net fee and commission income		**123**	**120**	**110**	**106**
Net trading income / (loss) and results from investment securities		292	130	287	130
Gains / (losses) arising from the derecognition of financial assets measured at amortised cost		517	13	517	13
Net other income / (expense)		(23)	3	(36)	-
Total income		**1,460**	**866**	**1,375**	**787**
Personnel expenses		(260)	(264)	(245)	(248)
General, administrative and other operating expenses		(95)	(97)	(84)	(84)
Depreciation and amortisation on investment property, property & equipment and software & other intangible assets		(75)	(49)	(66)	(66)
Credit provisions and other impairment charges	4	(581)	(203)	(573)	(209)
Restructuring costs	5	(94)	(105)	(92)	(105)
Profit before tax		**355**	**148**	**315**	**75**
Tax benefit / (expense)	6	(8)	(8)	-	-
Profit for the period from continuing operations		**347**	**140**	**315**	**75**
Discontinued Operations					
Profit for the period from discontinued operations	11	**14**	**111**	**-**	**165**
Profit for the period		**361**	**251**	**315**	**240**
Attributable to:					
Non-controlling interests		1	18	-	-
NBG equity shareholders		**360**	**233**	**315**	**240**
Earnings per share (Euro) - Basic and diluted from continuing operations	7	**€0.38**	**€0.15**	**€0.34**	**€0.08**
Earnings per share (Euro) - Basic and diluted from continuing and discontinued operations	7	**€0.39**	**€0.25**	**€0.34**	**€0.26**

Athens, 6 August 2020

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
COSTAS P. MICHAELIDES	PAVLOS K. MYLONAS	CHRISTOS D. CHRISTODOULOU

Statement of Comprehensive Income
for the six-month period ended 30 June 2020

		Group		Bank	
		6-month period ended		6-month period ended	
€ million	Note	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit for the period		**361**	**251**	**315**	**240**
Other comprehensive income / (expense):					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale securities, net of tax		(3)	175	-	-
Investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI"), net of tax		(260)	177	(260)	178
Currency translation differences, net of tax		(10)	(1)	-	1
Cash flow hedge, net of tax		(17)	(21)	(17)	(21)
Total of items that may be reclassified subsequently to profit or loss		**(290)**	**330**	**(277)**	**158**
Items that will not be reclassified subsequently to profit or loss:					
Investments in equity instruments measured at FVTOCI, net of tax		(36)	18	(36)	17
Total of items that will not be reclassified subsequently to profit or loss		**(36)**	**18**	**(36)**	**17**
Other comprehensive income / (expense) for the period, net of tax	17	**(326)**	**348**	**(313)**	**175**
Total comprehensive income for the period		**35**	**599**	**2**	**415**
Attributable to:					
Non-controlling interests		1	18	-	-
NBG equity shareholders		**34**	**581**	**2**	**415**

Athens, 6 August 2020

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
COSTAS P. MICHAELIDES	PAVLOS K. MYLONAS	CHRISTOS D. CHRISTODOULOU

The notes on pages 54to 82 form an integral part of these interim financial statements

Income Statement
for the three-month period ended 30 June 2020

€ million	Group 3 month period ended 30.06.2020	Group 3 month period ended 30.06.2019
Continuing Operations		
Interest and similar income	319	374
Interest expense and similar charges	(46)	(64)
Net interest income	**273**	**310**
Fee and commission income	81	84
Fee and commission expense	(24)	(23)
Net fee and commission income	**57**	**61**
Net trading income / (loss) and results from investment securities	21	12
Gains / (losses) arising from the derecognition of financial assets measured at amortised cost	-	9
Net other income / (expense)	(11)	24
Total income	**340**	**416**
Personnel expenses	(127)	(132)
General, administrative and other operating expenses	(45)	(47)
Depreciation and amortisation on investment property, property & equipment and software & other intangible assets	(37)	(26)
Credit provisions and other impairment charges	(81)	(93)
Restructuring costs	(1)	(4)
Profit before tax	**49**	**114**
Tax benefit / (expense)	(4)	(4)
Profit for the period from continuing operations	**45**	**110**
Discontinued operations		
Profit for the period from discontinued operations	11	90
Profit for the period	**56**	**200**
Attributable to:		
Non-controlling interests	-	8
NBG equity shareholders	**56**	**192**
Earnings per share (Euro) - Basic and diluted from continuing operations	**€0.05**	**€0.12**
Earnings per share (Euro) - Basic and diluted from continuing and discontinued operations	**€0.06**	**€0.21**

Athens, 6 August 2020

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
COSTAS P. MICHAELIDES	PAVLOS K. MYLONAS	CHRISTOS D. CHRISTODOULOU

The notes on pages 54 to 82 form an integral part of these interim financial statements

Statement of Comprehensive Income
for the three-month period ended 30 June 2020

€ million	Group 3 month period ended 30.06.2020	 30.06.2019
Profit for the period	**56**	**200**
Other comprehensive income / (expense):		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale securities, net of tax	81	139
Investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI"), net of tax	40	161
Currency translation differences, net of tax	(6)	(6)
Cash flow hedge, net of tax	(4)	(21)
Total of items that may be reclassified subsequent to profit or loss	**111**	**273**
Items that will not be reclassified subsequent to profit or loss		
Investment in equity instruments at FVTOCI, net of tax	(13)	5
Total of items that will not be reclassified subsequent to profit or loss	**(13)**	**5**
Other comprehensive income for the period, net of tax	**98**	**278**
Total comprehensive income for the period	**154**	**478**
Attributable to:		
Non-controlling interests	-	8
NBG equity shareholders	**154**	**470**

Athens, 6 August 2020

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
COSTAS P. MICHAELIDES	PAVLOS K. MYLONAS	CHRISTOS D. CHRISTODOULOU

The notes on pages 54 to 82 form an integral part of these interim financial statements

Statement of Changes in Equity - Group

for the period ended 30 June 2020

€ million	Share capital	Share premium	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
	Attributable to equity holders of the parent company											
	Ordinary shares	Ordinary shares										
Balance at 31 December 2018 and at 1 January 2019	**2,744**	**13,866**	**-**	**90**	**12**	**(119)**	**-**	**(162)**	**(11,469)**	**4,962**	**676**	**5,638**
Impact of IFRS 16	-	-	-	-	-	-	-	-	4	**4**	-	**4**
Balance at 1 January 2019 adjusted for IFRS 16 impact	**2,744**	**13,866**	**-**	**90**	**12**	**(119)**	**-**	**(162)**	**(11,465)**	**4,966**	**676**	**5,642**
Other Comprehensive Income/ (expense) for the period	-	-	-	370	(1)	-	(21)	-	2	**350**	-	**350**
Profit for the period	-	-	-	-	-	-	-	-	233	**233**	18	**251**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**-**	**370**	**(1)**	**-**	**(21)**	**-**	**235**	**583**	**18**	**601**
Acquisitions, disposals & share capital increases of subsidiaries/equity method investments	-	-	-	-	-	-	-	-	2	**2**	(660)	**(658)**
Dividend distribution	-	-	-	-	-	-	-	-	-	**-**	(15)	**(15)**
(Purchases)/ disposals of treasury shares	-	-	(1)	-	-	-	-	-	-	**(1)**	-	**(1)**
Balance at 30 June 2019	**2,744**	**13,866**	**(1)**	**460**	**11**	**(119)**	**(21)**	**(162)**	**(11,228)**	**5,550**	**19**	**5,569**
Movements to 31 December 2019	-	-	-	161	59	8	(3)	(29)	(487)	**(291)**	(1)	**(292)**
Balance at 31 December 2019 and at 1 January 2020	**2,744**	**13,866**	**(1)**	**621**	**70**	**(111)**	**(24)**	**(191)**	**(11,715)**	**5,259**	**18**	**5,277**
Other Comprehensive Income/ (expense) for the period	-	-	-	(279)	(10)	-	(17)	-	-	**(306)**	-	**(306)**
Gains/(losses) from equity instruments at FVTOCI reclassified to retained earnings	-	-	-	(20)	-	-	-	-	20	**-**	-	**-**
Profit for the period	-	-	-	-	-	-	-	-	360	**360**	1	**361**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**-**	**(299)**	**(10)**	**-**	**(17)**	**-**	**380**	**54**	**1**	**55**
Acquisitions, disposals & share capital increases of subsidiaries/equity method investments	-	-	-	-	-	-	-	-	1	**1**	-	**1**
Balance at 30 June 2020	**2,744**	**13,866**	**(1)**	**322**	**60**	**(111)**	**(41)**	**(191)**	**(11,334)**	**5,314**	**19**	**5,333**

The notes on pages 54 to 82 form an integral part of these interim financial statements

Statement of Changes in Equity - Bank

for the period ended 30 June 2020

€ million	Share capital	Share premium	Securities at FVTOCI reserve	Currency translation reserve	Cash flow hedge reserve	Defined benefit plans	Other reserves & retained earnings	Total
	Ordinary shares	Ordinary shares						
Balance at 31 December 2018 and at 1 January 2019	**2,744**	**13,863**	**52**	**(56)**	**-**	**(158)**	**(11,807)**	**4,638**
Impact of IFRS 16	-	-	-	-	-	-	4	**4**
Balance at 1 January 2019 adjusted for IFRS 16 impact	**2,744**	**13,863**	**52**	**(56)**	**-**	**(158)**	**(11,803)**	**4,642**
Other Comprehensive Income/ (expense) for the period	-	-	195	1	(21)		2	**177**
Profit for the period	-	-	-	-	-	-	240	**240**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**195**	**1**	**(21)**	**-**	**242**	**417**
Balance at 30 June 2019	**2,744**	**13,863**	**247**	**(55)**	**(21)**	**(158)**	**(11,561)**	**5,059**
Movements to 31 December 2019	-	-	130	6	(3)	(25)	(234)	**(126)**
Balance at 31 December 2019 and 1 January 2020	**2,744**	**13,863**	**377**	**(49)**	**(24)**	**(183)**	**(11,795)**	**4,933**
Other Comprehensive Income/ (expense) for the period	-	-	(276)	-	(17)	-		**(293)**
Gains/(losses) from equity instruments at FVTOCI reclassified to retained earnings			(20)				20	**-**
Profit for the period	-	-	-	-	-	-	315	**315**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**(296)**	**-**	**(17)**	**-**	**335**	**22**
Balance at 30 June 2020	**2,744**	**13,863**	**81**	**(49)**	**(41)**	**(183)**	**(11,460)**	**4,955**

The notes on pages 54 to 82 form an integral part of these interim financial statements

Cash Flow Statement

for the period ended 30 June 2020

	Group		Bank	
	6-month period ended		6-month period ended	
€ million	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Cash flows from operating activities				
Profit before tax	**371**	**268**	**315**	**240**
Adjustments for:				
Non-cash items included in income statement and other adjustments:	**(99)**	**63**	**(96)**	**15**
Depreciation and amortisation on investment property & equipment and intangibles	75	54	66	66
Amortisation of premiums /discounts of investment securities, debt securities in issue and borrowed funds	14	(10)	14	(9)
Credit provisions and other impairment charges	683	270	669	266
Provision for employee benefits	7	19	5	5
Result from fair value and cash flow hedges	(32)	1	(32)	1
Dividend income from investment securities	(3)	(3)	(7)	(15)
Net (gain) / loss on disposal of property & equipment and investment property	(9)	-	1	1
Net (gain) / loss on disposal of subsidiaries	-	(90)	-	(175)
Net (gain) / loss on disposal of investment securities	(342)	(127)	(315)	(70)
Gain on exchange of Greek Government Bonds	(515)	-	(515)	-
Accrued interest from financing activities and results from repurchase of debt securities in issue	19	7	19	4
Valuation adjustment on instruments designated at fair value through profit or loss	-	(63)	-	(63)
Negative goodwill	-	(3)	-	-
Other non-cash operating items	4	8	(1)	4
Net (increase) / decrease in operating assets:	**(1,798)**	**(1,477)**	**(1,933)**	**(1,279)**
Mandatory reserve deposits with Central Bank	1	1	1	(75)
Due from banks	(1,049)	(657)	(1,060)	(481)
Financial assets at fair value through profit or loss	26	814	14	827
Derivative financial instruments assets	(920)	(1,196)	(920)	(1,195)
Loans and advances to customers	(191)	(323)	(256)	(243)
Other assets	335	(116)	288	(112)
Net increase / (decrease) in operating liabilities:	**9,634**	**(974)**	**9,816**	**(1,428)**
Due to banks	8,393	(2,015)	8,381	(2,072)
Due to customers	970	10	1,129	(269)
Derivative financial instruments liabilities	517	764	517	783
Retirement benefit obligations	(22)	(27)	(11)	(3)
Insurance related reserves and liabilities	44	158	-	-
Income taxes (paid) / received	(5)	(24)	4	(15)
Other liabilities	(263)	160	(204)	148
Net cash from / (for) operating activities	**8,108**	**(2,120)**	**8,102**	**(2,452)**
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	-	(55)	-	-
Participation in share capital increase/(decrease) of subsidiaries	-	-	(2)	-
Disposals of subsidiaries, net of cash disposed	55	319	55	440
(Acquisition) / Disposal of equity method investments	-	(6)	-	-
Dividends received from investment securities & equity method investments	3	3	-	8
Purchase of investment property, property & equipment and intangible assets	(75)	(44)	(72)	(35)
Proceeds from disposal of property & equipment and investment property	27	-	(1)	1
Purchase of investment securities	(10,040)	(6,671)	(8,377)	(5,024)
Proceeds from redemption and sale of investment securities	5,108	4,720	3,564	3,297
Net cash (used in) / provided by investing activities	**(4,922)**	**(1,734)**	**(4,833)**	**(1,313)**
Cash flows from financing activities				
Proceeds from debt securities in issue and other borrowed funds	12	297	12	108
Repayments of debt securities in issue, other borrowed funds and preferred securities	(16)	(94)	(13)	(6)
Principal elements of lease payments	(26)	(3)	(20)	(20)
Proceeds from disposal of treasury shares	8	15	-	-
Repurchase of treasury shares	(8)	(16)	-	-
Dividends paid to non-controlling interests	-	(15)	-	-
Net cash from/ (for) financing activities	**(30)**	**184**	**(21)**	**82**
Effect of foreign exchange rate changes on cash and cash equivalents	(1)	-	(1)	5
Net increase / (decrease) in cash and cash equivalents	**3,155**	**(3,670)**	**3,247**	**(3,678)**
Cash and cash equivalents at beginning of period	4,148	6,453	3,754	5,766
Cash and cash equivalents at end of period	**7,303**	**2,783**	**7,001**	**2,088**

The notes on pages 54 to 82 form an integral part of these interim 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 179 years of operation, the Bank has expanded on its commercial banking business by entering into related business areas. The Bank and its subsidiaries (hereinafter the "Group") provide a wide range of financial services including mainly retail, corporate and investment banking, non-performing management, transactional banking, leasing, factoring, brokerage, asset management, real estate management and insurance services. The Group operates mainly in Greece, UK, North Macedonia, Romania, Bulgaria, Cyprus, Malta, Egypt and Luxembourg.

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
Pavlos K. Mylonas

Executive Members (1)
Christina T. Theofilidi

Independent Non-Executive Members

Gikas A. Hardouvelis	Senior Independent Director
Andrew J. McIntyre	
Claude Edgar L.G.Piret	
Avraam C. Gounaris	
Anne Clementine L. Marion-Bouchacourt (2)	
Wietze J.P. Reehoorn	
Elena Ana E.V. Cernat	

Non-Executive Members
Aikaterini K. Beritsi (3)

Hellenic Financial Stability Fund representative
Periklis F. Drougkas

(1) On 30 January 2020, at the Board of Directors meeting, the resignation of Mr. Dimitrios N. Kapotopoulos from his position as executive member of the Board of Directors was announced.
(2) On 1 April 2020, at the Board of Directors meeting, Mrs. Anne Clementine L. Marion-Bouchacourt was elected as new independent non-executive member of the Board of Directors.
(3) At the meeting of the Board of Directors held on 16 April 2020, it was decided to functionally abolish the position of Vice Chair of the Board of Directors, held until that day by Mrs. Aikaterini K. Beritsi, who continues serving as non-executive member of the Board of Directors.

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.

These interim financial statements have been approved for issue by the Bank's Board of Directors on 6 August 2020.

NOTE 2: Summary of significant accounting policies

2.1 Basis of preparation

The condensed consolidated and separate interim financial statements as at and for the six-month period ended 30 June 2020 (the "interim financial statements") have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. These interim financial statements include selected explanatory notes and do not include all the information required for full annual financial statements. Therefore, the interim financial statements should be read in conjunction with the consolidated and separate annual financial statements as at and for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the European Union (the "EU").

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except for the adoption of new and amended standards as set out in section 2.3 Adoption of International Financial Reporting Standards ("IFRS").

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 current period's presentation.

The interim 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.

In connection with reviewing the Group and the Bank's financial position in light of the Coronavirus ("COVID-19") pandemic, the Group evaluated its assets, including intangibles and equity investments for potential impairment, and reviewed fair values of financial instruments that are carried at fair value. Based upon our review as of 30 June 2020, no significant impairments charges have been recorded except for charges for expected credit losses ("ECL") relating to loans and advances to customers at amortised cost (see Note 4) and there have been no significant changes in fair values and in fair value hierarchy classifications.

2.2 Going concern

Going concern conclusion

After considering (a) the current level of European Central Bank ("ECB") funding solely from Targeted Long-term Refinancing Operations ("TLTROs") and the current access to the Eurosystem facilities with significant collateral buffer and Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") well above 100% (b) the Group's CET1 ratio at 30 June 2020 which exceeded the Overall Capital Requirements ("OCR"), and (c) the unprecedented response to COVID-19 crisis from European and Greek authorities to provide both fiscal and monetary support, (see section "*Response to COVID-19 crisis*" of the Board of Directors Report), the Board of Directors concluded that the Group is a going concern and thus the application of the going concern principle for the preparation of the interim financial statements is appropriate.

Liquidity

As at 30 June 2020, funding from the ECB increased by €8.3 billion through TLTROs at €10.5 billion (31 December 2019: €2.2 billion, solely $TLTRO_S$). As of 30 June 2020 the Bank's secure interbank transactions with foreign financial institutions amounted to €0.5 billion, while the Bank's liquidity buffer stood at €15.2 billion (cash value), with the LCR and NSFR ratios well above 100%.

Capital adequacy

The Group's Common Equity Tier 1 ("CET1") and Total Capital ratios at 30 June 2020 were 14.8% and 15.8% respectively (ratios including profit for the period: 15.9% and 16.9% respectively), exceeding the 2020 OCR of 11.5% post capital relief measures, (see Note 19).

Macroeconomic developments

The COVID-19 pandemic is inflicting high and rising human costs worldwide, leading to a sharp deterioration in economic conditions since March 2020. As a result, the European and Global economy entered a sharp recession in the first half of this year. To counter the spread of COVID-19 pandemic, major containment measures were introduced around the world, voluntarily shutting down large parts of the economy. Greece responded quickly and decisively by taking the necessary economic and fiscal support measures to protect human lives and counteract the economic impact of the pandemic. The enforcement of protective restrictions, along with elevated uncertainty, weighed heavily on economic conditions, putting a brake on Greece's recovery in a period when the economy exhibited signs of further improvement.

Official sector forecasts for the global economic activity project a deep recession – with wide divergences across regions – which will be followed by a relatively strong recovery in 2021. On that note, according to the EU Commission forecasts, the euro area economy is expected to contract by about 8.7% y-o-y in 2020 before recovering at an annual growth rate of 6.1% next year, while Greek real GDP is expected to decline by 9.0% y-o-y in 2020 and to increase by 6.0% y-o-y in 2021 (Source: European Commission, Summer (interim) Economic Forecasts, July 2020).

The downturn in the Greek economy in 2020 is amplified by the hit to the tourism sector and goods exports. The recovery of tourism and exporting activity in general, depends heavily on the outlook in Greece's main trading partners and the progress made in the containment of the pandemic globally. Furthermore, the economic downturn led to a broad-based deterioration in activity and labor market indicators in Greece during Q2.20, which would have worsened further had it not been for the government measures protecting employment and disposable incomes. Moreover, the uncertainty led to an increase in the household saving rate.

On a positive note, Greece's successful crisis management strategy, led to an early flattening of the pandemic curve and permitted Greece to proceed to a timely lift of restrictions in May and June 2020. A subset of high frequency indicators has already responded positively, pointing to a pick-up in June 2020.

The government activated a fiscal and liquidity package comprised of fiscal transfers, tax deferrals and guarantees, corresponding to almost 9.5% of GDP (Source: European Commission, Summer (interim) Economic Forecasts, July 2020). The fiscal support is expected to continue during the rest of the year, with EU resources ameliorating the pressure on public finances in 2H.20. Greek public debt's special characteristics and the ECB's supportive stance provide protection against incidences of market turbulence caused by growing debt levels globally.

Furthermore, on 21 July 2020 EU leaders agreed to a €1.8 trillion aid and budget deal aimed at helping members recover from the economic fallout of the COVID-19 pandemic. The package includes a €750-billion fund to be sent as loans and grants, as well as a seven-year €1 trillion EU budget. The plan includes €390 billion worth of grants and €360 billion worth of loans. The deal has to be approved by the European Parliament.

However, economic risks remain considerable, with the severe drop in economic activity leading to a significant deterioration in the financial position of the private sector, whereas the pace of recovery remains uncertain, with more than 2 years possibly required to reverse the activity losses in 2020, assuming no significant recurrence of COVID-19. Moreover, there is still low visibility on the potential longer-term impact of the pandemic on specific sectors of the economic activity – especially tourism – in the event that COVID-19 remains a significant health concern. A prospective initiation of an EU "Recovery Fund" could provide a significant impetus to medium-term growth and investment spending, with Greece being among the main beneficiaries due to its socioeconomic characteristics.

For a list of measures that have been adopted in 2020 in order to provide support to the European banking system and the Greek economy in dealing with COVID-19, see "*Response to COVID-19 crisis*" of the Board of Directors Report.

2.3 Adoption of International Financial Reporting Standards (IFRS)

Amendments to existing standards and the conceptual framework effective from 1 January 2020

-Definition of a Business - Amendments to IFRS 3 (effective for annual periods beginning on 1 January 2020, as issued by the International Accounting Standards Board ("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. The amendments 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 adoption of the amendments did not have an impact on the Group's consolidated or separate interim financial statements.

-Definition of Material - Amendments to IAS 1 and IAS 8 (effective for annual periods beginning on 1 January 2020, as issued by the IASB). 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 adoption of the amendments did not have a material impact on the Group's consolidated or separate interim financial statements.

-Conceptual Framework. In March 2018, the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the "Framework"), which became effective for 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 adoption of the revised conceptual framework did not have a material impact on the Group's consolidated or separate interim financial statements.

The amendments to existing standards and the Framework effective from 1 January 2020 have been endorsed by the EU.

New standards and amendments to existing standards effective after 2020

New standard

-IFRS 17 *Insurance Contracts* (effective for annual periods beginning on or after 1 January 2021, as issued by the IASB). IFRS 17 was issued in May 2017 and supersedes IFRS 4 "In June 2019, the IASB issued an Exposure Draft which proposes targeted amendments to IFRS 17 including, amongst other matters, a deferral to the effective date by 1 year (1 January 2022)". IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this 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 and is currently assessing the impact of adopting this Standard and the proposed amendments.

Amendments

-IFRS 16 (Amendment): COVID-19-Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020 and effective for the consolidated and separate financial statements from 1 January 2021). The amendment provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would for changes which are not considered lease modifications. The amendments are mandatory for annual reporting periods beginning on or after 1 June 2020 and thus for the consolidated and separate interim financial statements from 1 January 2021. Earlier application is permitted, including interim or year-end financial statements not yet authorized for issue on 28 May 2020.

-IFRS 4 (Amendment): Extension of the Temporary Exemption from Applying IFRS 9 (effective for annual periods beginning on or after 1 January 2021). The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

-IAS 1 (Amendment): Classification of liabilities as current or non-current (effective for annual periods beginning on or after 1 January 2022). The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

-IAS 1 (Amendment): Classification of liabilities as current or non-current — Deferral of Effective Date. Classification of liabilities as current or non-current was issued in January 2020 and is effective for annual reporting periods beginning on or after 1 January 2022. However, in response to the COVID-19 pandemic, the IASB has deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from those amendments. Classification of Liabilities as Current or Non-current is now effective for annual reporting periods beginning on or after 1 January 2023.

-**Reference to the Conceptual Framework - Amendments to IFRS 3 *Business Combinations*** (effective for annual periods beginning on 1 January 2022, as issued by the IASB). The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

-**Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16** (effective for annual periods beginning on 1 January 2022, as issued by the IASB). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

-**Onerous Contracts: Cost of Fulfilling a Contract - Amendments to IAS 37** (effective for annual periods beginning on 1 January 2022, as issued by the IASB). The amendments specify which costs a company includes when assessing whether a contract will be loss-making.

-Annual Improvements to IFRS Standards 2018–2020 Cycle (effective for annual periods beginning on or after 1 January 2022, as issued by the IASB). The amendments applicable to the Group are:

IFRS 9 *Financial Instruments*: Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability. Only fees paid or received between the entity (the borrower) and the lender are included, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16: Lease Incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor, in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendments to existing standards effective after 2020 have not yet been endorsed by the EU.

Amendment adopted by the Group in prior periods

-Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment to IFRS 4). The amendment, which has been endorsed by the EU, introduces 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 (i.e. the difference between the amounts that would be recognized in profit or loss in accordance with IFRS 9 and the amounts recognized in profit or loss in accordance with IAS 39) – "overlay approach" and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021 – "deferral approach". The entities that defer the application of IFRS 9 will continue to apply IAS 39.

The Amendment 'Extension of the Temporary Exemption from Applying IFRS 9' (effective for annual periods beginning on or after 1 January 2021) would extend the expiry date of the extension described above from 1 January 2021 to 1 January 2023.

The Group has elected to defer the provisions of IFRS 9 for its insurance subsidiary, Ethniki Hellenic General Insurance S.A. ("NIC"), as allowed by Commission Regulation (EU) 2017/1988 to the adoption date of IFRS 17 from 1 January 2018 to 1 January 2021. If the EU endorses the Amendment to IFRS 4 Extension of the Temporary Exemption from Applying IFRS 9, then the Group may choose to defer the provisions of IFRS 9 for its insurance subsidiary, NIC, to 1 January 2023.

As of 30 June 2020, NIC was classified as a discontinued operation and shall continue applying the requirements of IAS 39.

2.4 Critical judgments and estimates

In preparing these interim financial statements for the six – month period ended 30 June 2020, the critical judgements and estimates made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the annual consolidated and separate financial statements as at and for the year ended on 31 December 2019, except for:

Forward-looking information

For the six- month ended 30 June 2020, there was an unprecedented deterioration in the economic outlook related to the COVID-19 pandemic and the complete application of containment measures in April-June 2020. The sharp contraction in economic activity and the worsened labor market conditions mainly affect the ECL allowance, with key economic factors showing a sharp, albeit transitory, deterioration. GDP is projected to record a sizeable contraction in the second and third quarter of 2020 (on both a quarterly and an annual basis). More specifically, under the baseline scenario the estimation of GDP envisages a recessionary environment in FY:2020 with the annual decline reaching 7.6%, whereas a recovery is envisaged for 2021 with the annual GDP growth rate at 6.5% y-o-y. This contraction in 2020, directly or indirectly, affects the whole spectrum of macro variables which are conditioned on the GDP path, including the House Price Index ("HPI"). HPI growth is assumed to remain zero between the second quarter of 2020 and the fourth quarter of 2021 in the baseline and optimistic scenarios, in view of the significant role of non-modelled factors affecting this market, whereas is expected to decline significantly in the adverse scenario in 2020 and 2021 (by -6.2% y-o-y on average, per annum), followed by a mild average growth of 2% y-o-y in 2022-2024. All three scenarios incorporate the effect of COVID-19 on the macroeconomic outlook, with differences mainly reflecting the assumptions regarding the strength of recovery in 2021. As a result, the probability weightings of the three forward-looking macroeconomic scenarios, i.e. baseline, optimistic and pessimistic, remained identical to those of 31 December 2019. More specifically, a probability weighting of 55%, 20% and 25% was assigned, respectively.

The macroeconomic variables utilized by the Bank relate to Greek economic factors, while the ECL allowance is mainly driven by the changes in GDP and HPI.

The annual average 2020-2024 forecasts for GDP baseline, optimistic and adverse scenarios is 1.7%, 3.3% and -1.4% respectively, while for HPI 4.2%, 4.2% and -1.3% respectively. The Group's approach for estimating the impairment charge for ECL of loans and advances to customers for the first half of 2020 included a qualitative overlays to the IFRS 9 models' output. These overlays aim at reducing the excessive procyclicality embedded in the models, due to the unprecedented front-loaded shock to GDP, in line with accounting and regulatory guidance, as well as overlays for information not fully captured by the models, such as sectors of the economy that were not affected by COVID-19.

The Group has exercised critical judgment in its best efforts to consider all reasonable and supportable information available at the time of the assessment with regard to the ECL allowance as at 30 June 2020, given the restrictions posed by the unprecedented levels of uncertainty on the macroeconomic outlook due to the negative effect of COVID-19.

There are still many unknowns, including the duration of the impact of COVID-19 on the economy and the results of the government fiscal and monetary actions of the ECB, along with recently implemented payment deferral programs (see section "*Response to COVID-19 crisis*" of the Board of Directors Report). The Group will continue to evaluate the ECL allowance and the related economic outlook each quarter.

NOTE 3: Segment reporting

The 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). The Bank, through its extended network of branches and digital business, offers to its retail customers various types of loans (mortgage, consumer and small business lending), cards (debit, credit and prepaid cards), deposit, investment and bancassurance 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(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, NIC and other subsidiaries in SEE. NIC is classified as Held for Sale and Discontinued Operations (see Note 11).

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. Non-current assets held for sale at 30 June 2020 and 31 December 2019 comprise of NBG Cyprus Ltd and CAC Coral Ltd. 31 December 2019 statement of financial position has been re-presented to exclude NBG Cairo branch from held for sale line to specific asset and liability lines. The profit or losses from discontinued operations for the period ended 30 June 2020, include NBG Cyprus Ltd and CAC Coral Ltd. The comparative profit or loss from discontinued operations includes Banca Romaneasca S.A. ("Romaneasca", "BROM"), NBG Cyprus Ltd, and has been re-presented to also include CAC Coral Ltd (which was classified as discontinued operations in December 2019) and exclude NBG Cairo branch (which was classified as continuing operations in June 2020).

Other

Includes proprietary real estate management, warehousing business as well as unallocated income and expense of the Group (interest expense of subordinated debt, loans to personnel etc.) and intersegment eliminations. The comparative profit or loss from discontinued operations includes NBG Pangaea REIC. The disposal of NBG Pangaea REIC was completed on 23 May 2019 (see Note 43 of the Annual Financial Statements as incorporated in the 2019 Annual Financial Report).

6 month period ended

30.06.2020	Retail Banking	Corporate & Investment Banking	SAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Net interest income	175	224	41	82	-	29	-	551
Net fee and commission income	66	40	2	9	-	6	-	123
Other	(14)	2	(4)	810	-	2	(10)	786
Total income	**227**	**266**	**39**	**901**	**-**	**37**	**(10)**	**1,460**
Direct costs	(175)	(21)	(7)	(14)	-	(24)	(30)	(271)
Allocated costs and provisions[1]	(466)	(89)	(101)	(29)	-	(1)	(148)	(834)
Profit / (loss) before tax	**(414)**	**156**	**(69)**	**858**	**-**	**12**	**(188)**	**355**
Tax benefit / (expense)								(8)
Profit for the period from continuing operations								**347**
Non-controlling interests								(1)
Profit/(loss) for the period from discontinued operations	-	-	-	-	19	(5)	-	14
Profit attributable to NBG equity shareholders								**360**
Depreciation and amortisation[1]	37	2	1	2	-	4	29	75
Credit provisions and other impairment charges	389	73	90	24	-	1	4	581

[1] Includes depreciation and amortisation on investment property, property & equipment, software & other intangible assets.

Breakdown by business segment

6 month period ended

30.06.2019	Retail Banking	Corporate & Investment Banking	SAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Net interest income	203	217	60	83	-	33	4	600
Net fee and commission income	58	44	2	9	-	7	-	120
Other	(15)	(4)	(2)	148	-	(3)	22	146
Total income	**246**	**257**	**60**	**240**	**-**	**37**	**26**	**866**
Direct costs	(194)	(20)	(7)	(17)	-	(22)	(15)	(275)
Allocated costs and provisions[1]	(337)	30	(3)	1	-	(6)	(128)	(443)
Profit / (loss) before tax	**(285)**	**267**	**50**	**224**	**-**	**9**	**(117)**	**148**
Tax benefit / (expense)								(8)
Profit for the period from continuing operations								**140**
Non controlling interests								(18)
Profit / (loss) for the period from discontinued operations	-	-	-	-	27	25	59	111
Profit attributable to NBG equity shareholders								**233**
Depreciation and amortisation [1]	35	1	1	1	-	2	9	49
Credit provision and other impairment charges	249	(45)	(8)	(6)	-	5	8	203

[1] Includes depreciation and amortisation on investment property, property & equipment, software & other intangible assets.

Breakdown by business segment

	Retail Banking	Corporate & Investment Banking	SAU	Global Markets & Asset Management	Insurance	International Banking Operations	Other	Group
Segment assets as at 30 June 2020								
Segment assets	13,726	12,585	1,020	30,714	-	2,262	4,112	**64,419**
Current income tax advance and deferred tax assets								**5,270**
Non-current assets held for sale	11	380	-	-	3,516	549	15	**4,471**
Total assets								**74,160**
Segment liabilities as at 30 June 2020								
Segment liabilities	36,969	3,205	177	19,649	-	1,469	3,863	**65,332**
Current income and deferred tax liabilities								**16**
Liabilities associated with non-current assets held for sale	-	-	-	-	2,888	591	-	**3,479**
Total liabilities								**68,827**

	Retail Banking	Corporate & Investment Banking	SAU	Global Markets & Asset Management	Insurance	International Banking Operations	Other	Group
Segment assets as at 31 December 2019								
Segment assets	14,356	12,432	1,163	20,033	-	2,477	4,057	**54,518**
Current income tax advance and deferred tax assets								**5,277**
Non-current assets held for sale	95	296	-	-	3,441	606	15	**4,453**
Total assets								**64,248**
Segment liabilities as at 31 December 2019								
Segment liabilities	36,343	3,229	148	10,430	-	1,668	3,660	**55,478**
Current income and deferred tax liabilities								**11**
Liabilities associated with non-current assets held for sale	-	-	-	-	2,831	651	-	**3,482**
Total liabilities								**58,971**

NOTE 4: Credit provisions and other impairment charges

	Group		Bank	
Continuing Operations	30.06.2020	30.06.2019	30.06.2020	30.06.2019
a. Impairment charge for expected credit losses ("ECL")				
Loans and advances to customers at amortised cost	555	178	545	183
Net modification loss	7	24	7	24
	562	**202**	**552**	**207**
b. Impairment charge for securities				
Investment in debt instruments	24	(6)	24	(6)
	24	**(6)**	**24**	**(6)**
c. Other provisions and impairment charges				
Impairment of investment property, property and equipment, software & other intangible assets and other assets	(1)	-	-	-
Legal and other provisions	(4)	7	(3)	8
	(5)	**7**	**(3)**	**8**
Total	**581**	**203**	**573**	**209**

Group impairment charge for ECL of €562 million includes the total anticipated COVID-19 impact of €426 million.

NOTE 5: Restructuring cost

For the six month period ended 30 June 2020, restructuring costs for the Group include a provisional cost of €90 million for a 2020 Voluntary Exit Scheme and €4 million direct expenditure relating to the Transformation Program.

For the six month period ended 30 June 2019, restructuring costs for the Group included €94 million cost for the 2019 Voluntary Exit Scheme and €11 million direct expenditure relating to the Transformation Program.

NOTE 6: Tax benefit /(expense)

	Group		Bank	
Continuing Operations	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Current tax	(5)	(6)	-	-
Deferred tax	(3)	(2)	-	-
Tax benefit / (expense)	**(8)**	**(8)**	-	-

	Bank
Income tax expense	30.06.2020
Profit before tax	**315**
Income tax expense calculated at 29%	91
Estimated utilisation of tax losses for which no deferred tax had been previously recognised	(91)
Income tax expense recognised in profit or loss	-

The nominal corporation tax rate for the Bank for 2020 and 2019 is 29%. Following Greek Law 4646/2019, the withholding tax on dividends distributed from 1 January 2020 onwards is decreased from 10% to 5%.

The unaudited tax years of the Group’s investments accounted for by applying the equity method of accounting and subsidiaries are presented in Note 21.

Based on Greek Law 4646/2019 effective from 2019, the corporate income tax rate for legal entities, other than credit institutions, was reduced to 24%.

NOTE 7: Earnings per share

	Group		Bank	
	6-month period ended		6-month period ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit for the period attributable to NBG ordinary shareholders from continuing operations	**346**	**139**	**315**	**75**
Profit for the period from discontinued operations	14	94	-	165
Profit for the period attributable to NBG ordinary shareholders from continuing and discontinued operations	**360**	**233**	**315**	**240**
Weighted average number of ordinary shares outstanding for basic and diluted EPS	**914,596,273**	**914,468,187**	**914,715,153**	**914,715,153**
Earnings per share (Euro) - Basic and diluted from continuing operations	**0.38**	**0.15**	**0.34**	**0.08**
Earnings per share (Euro) - Basic and diluted from continuing and discontinued operations	**0.39**	**0.25**	**0.34**	**0.26**

NOTE 8: Cash and balances with central banks

During the six-month period ended 30 June 2020, cash and balances with central banks increased by €3.2 billion as a result of ECB funding and the increase in due to customers.

NOTE 9: Loans and advances to customers

	Group		Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Loans and advances to customers at amortised cost				
Mortgages	14,040	14,503	13,850	14,318
Consumer loans	2,266	2,333	1,685	1,765
Credit cards	471	539	408	473
Small business lending	2,033	2,078	1,893	1,936
Retail lending	**18,810**	**19,453**	**17,836**	**18,492**
Corporate and public sector lending	15,824	15,403	15,348	14,899
Total before ECL allowance on loans and advances to customers	**34,634**	**34,856**	**33,184**	**33,391**
Less: ECL allowance on loans and advances to customers at amortised cost	(5,864)	(5,761)	(5,669)	(5,566)
Net carrying amount of loans and advances to customers at amortised cost	**28,770**	**29,095**	**27,515**	**27,825**
Loans and advances to customers mandatorily measured at fair value through profit or loss (“FVTPL”)	**121**	**127**	**121**	**127**
Total loans and advances to customers	**28,891**	**29,222**	**27,636**	**27,952**

Loans and advances to customers at amortised cost and mandatorily measured at FVTPL | Group

As at 30 June 2020	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total
Loans and advances to customers at amortised cost				
Mortgages				
Gross carrying amount	4,850	3,129	6,061	14,040
ECL allowance	(55)	(111)	(2,366)	(2,532)
Net carrying amount	**4,795**	**3,018**	**3,695**	**11,508**
Consumer loans				
Gross carrying amount	1,249	385	632	2,266
ECL allowance	(24)	(68)	(482)	(574)
Net carrying amount	**1,225**	**317**	**150**	**1,692**
Credit Cards				
Gross carrying amount	413	17	41	471
ECL allowance	(4)	(1)	(39)	(44)
Net carrying amount	**409**	**16**	**2**	**427**
Small business lending				
Gross carrying amount	383	657	993	2,033
ECL allowance	(21)	(121)	(749)	(891)
Net carrying amount	**362**	**536**	**244**	**1,142**
Corporate lending				
Gross carrying amount	11,947	827	2,591	15,365
ECL allowance	(109)	(64)	(1,621)	(1,794)
Net carrying amount	**11,838**	**763**	**970**	**13,571**
Public sector lending				
Gross carrying amount	265	155	39	459
ECL allowance	(2)	(6)	(21)	(29)
Net carrying amount	**263**	**149**	**18**	**430**
Total loans and advances to customers at amortised cost				
Gross carrying amount	19,107	5,170	10,357	34,634
ECL allowance	(215)	(371)	(5,278)	(5,864)
Net carrying amount of loans and advances to customers at amortised cost	**18,892**	**4,799**	**5,079**	**28,770**
Loans and advances to customers mandatorily measured at FVTPL				**121**
Total loans and advances to customers				**28,891**

As at 31 December 2019	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total
Loans and advances to customers at amortised cost				
Mortgages				
Gross carrying amount	5,142	2,981	6,380	14,503
ECL allowance	(32)	(110)	(2,408)	(2,550)
Net carrying amount	**5,110**	**2,871**	**3,972**	**11,953**
Consumer loans				
Gross carrying amount	1,301	375	657	2,333
ECL allowance	(21)	(70)	(457)	(548)
Net carrying amount	**1,280**	**305**	**200**	**1,785**
Credit Cards				
Gross carrying amount	484	13	42	539
ECL allowance	(4)	(1)	(39)	(44)
Net carrying amount	**480**	**12**	**3**	**495**
Small business lending				
Gross carrying amount	428	662	988	2,078
ECL allowance	(5)	(88)	(707)	(800)
Net carrying amount	**423**	**574**	**281**	**1,278**
Corporate lending				
Gross carrying amount	11,445	786	2,769	15,000
ECL allowance	(85)	(48)	(1,651)	(1,784)
Net carrying amount	**11,360**	**738**	**1,118**	**13,216**
Public sector lending				
Gross carrying amount	329	36	38	403
ECL allowance	(3)	(9)	(23)	(35)
Net carrying amount	**326**	**27**	**15**	**368**
Total loans and advances to customers at amortised cost				
Gross carrying amount	19,129	4,853	10,874	34,856
ECL allowance	(150)	(326)	(5,285)	(5,761)
Net carrying amount of loans and advances to customers at amortised cost	**18,979**	**4,527**	**5,589**	**29,095**
Loans and advances to customers mandatorily measured at FVTPL				**127**
Total loans and advances to customers				**29,222**

Loans and advances to customers at amortised cost and mandatorily measured at FVTPL | Bank

As at 30 June 2020	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total
Loans and advances to customers at amortised cost				
Mortgages				
Gross carrying amount	4,738	3,055	6,057	13,850
ECL allowance	(55)	(111)	(2,365)	(2,531)
Net carrying amount	**4,683**	**2,944**	**3,692**	**11,319**
Consumer loans				
Gross carrying amount	787	309	589	1,685
ECL allowance	(19)	(63)	(459)	(541)
Net carrying amount	**768**	**246**	**130**	**1,144**
Credit Cards				
Gross carrying amount	358	13	37	408
ECL allowance	(4)	(1)	(37)	(42)
Net carrying amount	**354**	**12**	**-**	**366**
Small business lending				
Gross carrying amount	316	627	950	1,893
ECL allowance	(20)	(120)	(723)	(863)
Net carrying amount	**296**	**507**	**227**	**1,030**
Corporate lending				
Gross carrying amount	11,974	594	2,355	14,923
ECL allowance	(112)	(57)	(1,494)	(1,663)
Net carrying amount	**11,862**	**537**	**861**	**13,260**
Public sector lending				
Gross carrying amount	235	155	35	425
ECL allowance	(2)	(6)	(21)	(29)
Net carrying amount	**233**	**149**	**14**	**396**
Total loans and advances to customers at amortised cost				
Gross carrying amount	18,408	4,753	10,023	33,184
ECL allowance	(212)	(358)	(5,099)	(5,669)
Net carrying amount of loans and advances to customers at amortised cost	**18,196**	**4,395**	**4,924**	**27,515**
Loans and advances to customers mandatorily measured at FVTPL				**121**
Total loans and advances to customers				**27,636**

As at 31 December 2019	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total
Loans and advances to customers at amortised cost				
Mortgages				
Gross carrying amount	4,978	2,964	6,376	14,318
ECL allowance	(32)	(109)	(2,407)	(2,548)
Net carrying amount	**4,946**	**2,855**	**3,969**	**11,770**
Consumer loans				
Gross carrying amount	821	327	617	1,765
ECL allowance	(15)	(66)	(435)	(516)
Net carrying amount	**806**	**261**	**182**	**1,249**
Credit Cards				
Gross carrying amount	423	12	38	473
ECL allowance	(3)	(1)	(37)	(41)
Net carrying amount	**420**	**11**	**1**	**432**
Small business lending				
Gross carrying amount	349	645	942	1,936
ECL allowance	(4)	(87)	(679)	(770)
Net carrying amount	**345**	**558**	**263**	**1,166**
Corporate lending				
Gross carrying amount	11,384	610	2,503	14,497
ECL allowance	(90)	(40)	(1,526)	(1,656)
Net carrying amount	**11,294**	**570**	**977**	**12,841**
Public sector lending				
Gross carrying amount	328	36	38	402
ECL allowance	(3)	(9)	(23)	(35)
Net carrying amount	**325**	**27**	**15**	**367**
Total loans and advances to customers at amortised cost				
Gross carrying amount	18,283	4,594	10,514	33,391
ECL allowance	(147)	(312)	(5,107)	(5,566)
Net carrying amount of loans and advances to customers at amortised cost	**18,136**	**4,282**	**5,407**	**27,825**
Loans and advances to customers mandatorily measured at FVTPL				**127**
Total loans and advances to customers				**27,952**

Movement of the ECL allowance on loans and advances to customers at amortised cost

Group	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total ECL allowance
Balance at 1 January 2020	**150**	**326**	**5,285**	**5,761**
Impairment charge for ECL	65	45	445	555
Modification impact on ECL	-	-	(5)	(5)
Write-offs and sales	-	-	(365)	(365)
Change in the present value of the ECL allowance	-	-	(39)	(39)
FX and other movements	-	-	(6)	(6)
Reclassified as Held For Sale	-	-	(37)	(37)
Balance at 30 June 2020	**215**	**371**	**5,278**	**5,864**

Bank	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total ECL allowance
Balance at 1 January 2020	**147**	**312**	**5,107**	**5,566**
Impairment charge for ECL	65	46	434	545
Modification impact on ECL	-	-	(5)	(5)
Write-offs and sales	-	-	(356)	(356)
Change in the present value of the ECL allowance	-	-	(39)	(39)
FX and other movements	-	-	(5)	(5)
Reclassified as Held For Sale	-	-	(37)	(37)
Balance at 30 June 2020	**212**	**358**	**5,099**	**5,669**

NOTE 10: Investment securities

On 22 January 2020, the Bank announced that the Hellenic Republic and NBG had agreed on a Greek Government Bond exchange, involving three existing Greek Government Bonds held by NBG with a new Greek Government Bond. The terms of the existing and new Greek Government Bonds are as follows:

Existing Greek Government Bonds

ISIN	Maturity	Interest Rate	Nominal amount in €million	Settlement amount in €million
GR0112009718	20 March 2023	2.9%	250	271
GR0116007924	20 March 2025	3.25%	964	1,092
GR0118018663	20 March 2026	3.55%	2,100	2,440

New Greek Government Bond at issue price of 114.7114415026

ISIN	Maturity	Interest Rate	Nominal amount in € million	Issue Date
GR0138016820	20 March 2050	3.25%	3,314	21 January 2020

The exchange was executed at market terms and was settled on 21 January 2020. The Bank realized a gain of €515 million (based on the accounting value of the existing Greek Government Bonds) resulting from the Greek sovereign spread compression at the date of exchange. Through this exchange the Bank safeguards recurring interest income at a yield to maturity of 2.54%. The transaction enhanced the Bank's capital position, facilitating the frontloading of an ambitious NPE reduction plan.

Moreover, during the six - month period ended 30 June 2020, gains from Greek government bonds of €311 million were recorded in net trading income / (loss) and results from investment securities, mainly due to sales.

NOTE 11: Assets and liabilities held for sale and discontinued operations

A. Disposal Groups classified as held for sale and discontinued operations

Non-current assets held for sale at 30 June 2020 and 31 December 2019 comprise of NIC, NBG Cyprus Ltd and CAC Coral Ltd. The profit or losses from discontinued operations for the period ended 30 June 2020, comprises of NIC, NBG Cyprus Ltd and CAC Coral Ltd. The comparative profit or loss from discontinued operations includes Banca Romaneasca, NIC, NBG Cyprus Ltd, NBG Pangaea REIC and has been re-presented to also include CAC Coral Ltd (which was classified as discontinued operations in December 2019).

NBG Pangaea REIC

On 29 March 2019, the Bank received from Invel Real Estate (Netherlands) II B.V. ("Invel") a "Call" Option Exercise Notice to acquire NBG's shareholding to NBG Pangaea REIC, pursuant to the Shareholders Agreement entered into between NBG, Invel, Invel Real Estate Partners Greece L.P, Invel Real Estate Partners Greece SAS, Invel Real Estate Partners Two Limited and NBG Pangaea REIC. According to the relevant terms of the Shareholders Agreement, the entities nominated by Invel, namely "Invel Real Estate B.V." and CL Hermes Opportunities L.P., ("the Buyers") acquired NBG's Shareholding on 23 May 2019 at call option price 4.684 euros per share. The total amount received for NBG's Shareholding (comprising 83,438,113 shares of NBG Pangaea REIC) was amounted to €391 million.

On 23 May 2019, control of NBG Pangaea REIC passed to the Buyers. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal of the above transaction, are disclosed in Note 43 of the Annual Financial Report of 31 December 2019.

Banca Romaneasca S.A.

On 20 June 2019, the Bank entered into a definitive agreement with Export-Import Bank of Romania ("EximBank") for the sale of its 99.28% stake in Banca Romaneasca.

On 30 December 2019, control of Banca Romaneasca passed to the Buyers. Details of the assets and liabilities derecognized and the calculation of the profit or loss on disposal of the above transaction, are disclosed in Note 43 of the Annual Financial Report of 31 December 2019.

National Bank of Greece (Cyprus) Ltd

A sale and purchase agreement has been signed with Astrobank on 26 November 2019, for the sale of a 100% stake in National Bank of Greece (Cyprus) Ltd.The transaction is currently expected to be concluded by the end of the fourth quarter 2020 after approval of the competent regulatory authorities.

NBG Cyprus has been classified as held for sale and discontinued operations.

Ethniki Hellenic General Insurance S.A.

NBG relaunched NIC's sales process in October 2019. NBG is currently expecting a revised offer from the bidder on the basis of updated post-COVID-19 due diligence.

NIC has been classified as held for sale and discontinued operations.

CAC Coral Ltd

The divestment of CAC Coral Ltd has been launched in December 2019, while signing of the transaction documents is expected to occur in the third quarter 2020.

CAC Coral Ltd has been classified as held for sale and discontinued operations.

B. Changes to a plan of sale

National Bank of Greece – Egyptian Branch Network

As of 31 December 2018, the Network in Egypt ("NBG Egypt") had been classified as held for sale and discontinued operations.

The Bank signed a definitive agreement to sell certain assets and liabilities of NBG Egypt to Bank Audi SAE on 2 May 2019. Closing of the transaction is subject to the approval of the Central Bank of Egypt ("CBE"). The Central Bank of Lebanon approved the transaction in June 2019.

Given that the CBE approval was still pending six months after the signing of the definitive agreement, Bank Audi SAE issued an agreement termination notice in November 2019.

On 11 May 2020, Bank Audi SAE informed NBG that will not pursue further the potential acquisition of NBG's operations in Egypt.

As a result the financial statements of the Bank and the Group were amended retrospectively as if the NBG Egypt never qualified as held for sale and discontinued operations.

Condensed income statement of discontinued operations [(1)]

	Group		Bank	
	6 month period ended		6 month period ended	
€ million	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Net interest income	27	41	-	-
Net fee and commission income	(5)	(2)	-	-
Earned premia net of claims and commissions	35	46	-	-
Net trading income / (loss) and results from investments securities	7	13	-	-
Other income	7	41	-	8
Total income	**71**	**139**	**-**	8
Operating expenses	(45)	(94)	-	-
Credit Provisions and other impairment charges	(10)	15	-	25
Profit before tax	**16**	**60**	**-**	**33**
Tax benefit/(expense)	(2)	(9)	-	-
Profit for the period from discontinued operations	**14**	**51**	**-**	**33**
Profit on disposal [(2)]	-	60	-	132
Total profit for the period from discontinued operations (attributable to NBG equity shareholders)	**14**	**111**	**-**	**165**

(1) Includes NIC, NBG Cyprus Ltd and CAC Coral Limited, while in 2019 Banca Romaneasca and NBG Pangaea REIC are also included.
(2) Includes the gain on disposal from NBG Pangaea REIC of €60 million at Group level and €132 million at Bank level.

€ million	30.06.2020	30.06.2019
Cash Flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	56	126
Net cash inflows/(outflows) from investing activities	(86)	(176)
Net cash inflows/(outflows) from financing activities	1	108
Net Cash inflows /(outflows)	**(29)**	**58**

Analysis of non-current assets held for sale and liabilities associated with non-current assets held for sale

	Group		Bank	
ASSETS	30.06.2020[(1)]	31.12.2019[(1)]	30.06.2020[(1)]	31.12.2019
Cash and balances with central banks	45	55	-	-
Due from banks	113	125	-	-
Financial assets at fair value through profit or loss	21	20	-	-
Derivative financial instruments	1	1	-	-
Loans and advances to customers	706	750	381	360
Investment securities	3,032	2,916	-	-
Investment in subsidiaries	-	-	639	639
Investment property	15	15	-	-
Goodwill, software and other intangible assets	-	1	-	-
Property and equipment	1	-	-	-
Deferred tax assets	36	43	-	-
Insurance related assets and receivables	426	453	-	-
Current income tax advance	16	11	-	-
Other assets	49	53	-	-
Non-current assets held for sale	10	10	-	-
Total assets	**4,471**	**4,453**	**1,020**	**999**
LIABILITIES				
Due to banks	13	17	-	-
Due to customers	543	587	-	-
Insurance related reserves and liabilities	2,475	2,431	-	-
Deferred tax liabilities	2	2	-	-
Retirement benefit obligations	57	56	-	-
Other liabilities	389	389	-	-
Total liabilities	**3,479**	**3,482**	**-**	**-**

[(1)] Includes NIC, NBG Cyprus Ltd and CAC Coral Ltd.

NOTE 12: Due to banks

Due to Banks mainly includes the Bank's funding from the ECB of €10.5 billion and securities sold under agreements to repurchase with financial institutions of €0.5 billion, other deposits with financial institutions of €1.8 billion (31 December 2019: €2.2 billion, €0.5 billion and €1.7 billion, respectively).

NOTE 13: Due to customers

	Group		Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Deposits:				
Individuals	34,793	33,738	33,601	32,549
Corporate	7,104	6,685	7,425	6,888
Government and agencies	2,866	3,325	2,864	3,324
Total	**44,763**	**43,748**	**43,890**	**42,761**

	Group		Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Deposits:				
Savings accounts	22,388	21,078	22,222	20,919
Current & Sight accounts	10,363	9,991	10,324	9,895
Time deposits	11,154	11,836	10,486	11,103
Other deposits	858	843	858	844
Total	**44,763**	**43,748**	**43,890**	**42,761**

Included in time deposits are deposits which contain one or more embedded derivatives. The Group and the Bank has designated such deposits as financial liabilities at fair value through profit or loss. As at 30 June 2020, these deposits amounted to €349 million (31 December 2019: €279 million).

In accordance with Greek 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. The Bank for 2020 and until 30 June 2020 has remitted to the Greek State €2 million in respect of dormant account balances.

NOTE 14: Debt securities in issue and other borrowed funds

On 19 March 2020, NBG proceeded with the partial cancelation of €100 million of Series 9 covered bonds and therefore the remaining outstanding amount as at 30 June 2020 was €300 million.

NOTE 15: 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 Group's and Bank's Statement of Financial Position, Income Statement and Cash Flow Statement, taking into account that as at 30 June 2020 the Group and the Bank have provided for cases under litigation the amount of €45 million and 43 million respectively (31 December 2019: €54 million and 49 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 Greek Law 2238/1994 and subsequently with article 65A of Greek 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 years 2017 and 2018 have been tax audited by PwC S.A. and the tax certificates, which were unqualified, issued on 26 October 2018 and 31 October 2019, respectively. The year 2019 is currently being tax audited by PwC S.A. however; it is not expected to have a material effect on the Group's and Bank's 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 expired. Furthermore, the year 2013, according to the Decision 320/2020 of the Council of State, is considered as permanently tax audited. 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 Group and the Bank's Statement of Financial Position.

For the subsidiaries and associates regarding unaudited tax years refer to Note 21.

c. Credit commitments

In the normal course of business, the Group and the Bank 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 and the Bank 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 and the Bank. The Group and the Bank's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit, commercial and standby letters of credit is represented by the contractual nominal amount of those instruments. The Group and the Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

	Group		Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Standby letters of credit and financial guarantees written	2,548	2,786	2,821	3,062
Commercial letters of credit	246	298	248	302
Total	**2,794**	**3,084**	**3,069**	**3,364**

In addition to the above, credit commitments also include commitments to extend credit which at 30 June 2020 are €7,271 million (31 December 2019: €6,419 million) for the Group and €6,447 million for the Bank (31 December 2019: €5,753 million). Commitments to extend credit at 30 June 2020 do not include any 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.

d. Assets pledged

	Group		Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Assets pledged as collateral	**14,707**	**3,689**	**14,637**	**3,635**

As at 30 June 2020, the Group and the Bank have pledged mainly for funding purposes with the ECB and financial institutions, the following instruments:

- trading and investment debt instruments of €7,335 million (31 December 2019: €826 million);
- loans and advances to customers amounting to €5,859 million (31 December 2019: €1,150 million); and
- covered bonds of a nominal value of €1,513 million backed with mortgage loans of total value of €2,192 million (31 December 2019: €1,713 million backed with mortgage loans of total value of €2,555 million)

In addition to the pledged items presented in the table above, as at 30 June 2020, the Group and the Bank have pledged an amount of €316 million (31 December 2019: €317 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 €708 million (31 December 2019: €462 million) for trade finance purposes.

NOTE 16: Share capital, share premium and treasury shares

Share Capital – Ordinary Shares

The total number of ordinary shares as at 30 June 2020 and 31 December 2019 was 914,715,153, with a nominal value of 3.00 Euro per share.

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 2019	**373,800**	**-**
Purchases	12,851,604	25
Sales	(12,925,281)	(24)
At 31 December 2019	**300,123**	**1**
Purchases	5,502,132	8
Sales	(5,429,356)	(8)
At 30 June 2020	**372,899**	**1**

NOTE 17: Tax effects relating to other comprehensive income / (expense) for the period

Group

	6 month period ended 30.06.2020			6 month period ended 30.06.2019		
	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	28	(10)	18	290	(65)	225
Reclassification adjustments on investments in available-for-sale included in the income statement	(32)	5	(27)	(64)	14	(50)
Impairment loss recognized on investments in available-for-sale	7	(1)	6	-	-	-
Unrealised gains / (losses) on investments in debt instruments measured at FVTOCI	52	-	52	263	-	263
(Gains) / losses on investments in debt instruments measured at FVTOCI reclassified to profit or loss on disposal	(313)	-	(313)	(85)	-	(85)
ECL impairment recognised to profit or loss	1	-	1	(1)	-	(1)
Investments in debt instruments	**(257)**	**(6)**	**(263)**	**403**	**(51)**	**352**
Currency translation differences	**(10)**	**-**	**(10)**	**(1)**	**-**	**(1)**
Cash flow hedge	**(17)**	**-**	**(17)**	**(21)**	**-**	**(21)**
Total of items that may be reclassified subsequently to profit or loss	**(284)**	**(6)**	**(290)**	**381**	**(51)**	**330**
Items that will not be reclassified subsequently to profit or loss:						
Gains / (losses) on investments in equity instruments measured at FVTOCI	(16)	-	(16)	20	-	20
(Gains)/losses on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal	(20)	-	(20)	(2)	-	(2)
Total of items that will not be reclassified subsequently to profit or loss	**(36)**	**-**	**(36)**	**18**	**-**	**18**
Other comprehensive income / (expense) for the period	**(320)**	**(6)**	**(326)**	**399**	**(51)**	**348**

Bank

	6month period ended 30.06.2020			6month period ended 30.06.2019		
	Gross	Tax	Net	Gross	Tax	Net
Items that may be reclassified subsequently to profit or loss:						
Unrealised gains / (losses) on investments in debt instruments measured at FVTOCI	52	-	52	234	-	234
(Gains) / losses on investments in debt instruments measured at FVTOCI reclassified to profit or loss on disposal	(313)	-	(313)	(55)	-	(55)
ECL impairment recognised to profit or loss	1	-	1	(1)	-	(1)
Investments in debt instruments	**(260)**	**-**	**(260)**	**178**	**-**	**178**
Currency translation differences	**-**	**-**	**-**	**1**	**-**	**1**
Cash flow hedge	**(17)**	**-**	**(17)**	**(21)**	**-**	**(21)**
Total of items that may be reclassified subsequently to profit or loss	**(277)**	**-**	**(277)**	**158**	**-**	**158**
Items that will not be reclassified subsequently to profit or loss:						
Gains / (losses) on investments in equity instruments measured at FVTOCI	(16)	-	(16)	19	-	19
Gain/(loss) on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal	(20)	-	(20)	(2)	-	(2)
Total of items that will not be reclassified subsequently to profit or loss	**(36)**	**-**	**(36)**	**17**	**-**	**17**
Other comprehensive income / (expense) for the period	**(313)**	**-**	**(313)**	**175**	**-**	**175**

NOTE 18: Related party transactions

The nature of the significant transactions entered into by the Group with related parties during the 6-month periods ended 30 June 2020 and 30 June 2019 and the significant balances outstanding as at 30 June 2020 and 31 December 2019 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 members of the Board of Directors of the Bank are disclosed in Note 1.

As at 30 June 2020, loans and advances to customers, deposits/liabilities and letters of guarantee, at Group level, amounted to €3 million, €5 million and NIL respectively (31 December 2019: €4 million, €4 million and NIL respectively), whereas the corresponding figures at Bank level amounted to €3 million, €4 million and NIL respectively (31 December 2019: €4 million, €3 million and NIL respectively).

Total compensation to related parties for the period ended 30 June 2020, amounted to €5 million (30 June 2019: €5 million) for the Group and to €4 million (30 June 2019: €3 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	
	30.06.2020	31.12.2019
Assets	12	12
Liabilities	13	12
Letters of guarantee, contingent liabilities and other off balance sheet accounts	2	1
	6 month period ended	
	30.06.2020	30.06.2019
Interest, commission and other income	-	-
Interest, commission and other expense	2	2

	Bank					
	30.06.2020			31.12.2019		
	Subsidiaries	Associates & Joint Ventures	Total	Subsidiaries	Associates & Joint Ventures	Total
Assets	1,176	12	1,188	1,059	12	1,071
Liabilities	1,345	13	1,358	1,260	12	1,272
Letters of guarantee, contingent liabilities and other off balance sheet accounts	643	2	645	770	1	771
	6 month period ended 30.06.2020			6 month period ended 30.06.2019		
Interest, commission and other income	26	-	26	27	-	27
Interest, commission and other expense	8	2	10	35	2	37

c. Transactions with other related parties

The total receivables of both, the Group and the Bank, from the employee benefits related funds as at 30 June 2020 amounted to €747 million (31 December 2019: €747 million). For these receivables the Group and the Bank recognized a provision of €742 million (31 December 2019: €741 million).

The total payables of the Group and the Bank to the employee benefits related funds as at 30 June 2020, amounted to €108 million and €37 million respectively (31 December 2019: €99 million and €29 million respectively).

d. Transactions with Hellenic Financial Stability Fund

Taking into consideration the Hellenic Financial Stability Fund ("HFSF") Law, the Relationship Framework Agreement ("RFA") between the Bank and the HFSF that was signed in December 2015, the fact that the HFSF holds 40.39% of the Bank's ordinary shares, of which 38.92% with full voting rights and that the HFSF has representation in the Bank's Board of Directors and other Board Committees of the Bank, the HFSF is considered a related party of the Group. Other than the ordinary shares issued by the Bank and held by the HFSF, no material transactions or balances exist with the HFSF.

NOTE 19: 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 Capital Requirements Directive IV ("CRD IV") and Capital Requirements Regulation ("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 and certain changes under CRD IV were implemented gradually.

Regulation (EU) No 575/2013 as amended by Regulation (EU) No 876/2019 (CRR2) defines the minimum capital requirements (Pillar 1 requirements) and Directive 2013/36/EU as amended by Directive 2019/878/EU (CRD V) 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 2020 and 2019:

	CET1 Capital Requirements			Overall Capital Requirements		
	2020 post capital relief measures	2020	2019	2020 post capital relief measures	2020	2019
Pillar 1	4.5%	4.5%	4.5%	8.0%	8.0%	8.0%
Pillar 2	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capital Conservation Buffer	-	2.5%	2.5%	-	2.5%	2.5%
O-SII Buffer	0.5%	0.5%	0.25%	0.5%	0.5%	0.25%
Total	**8.0%**	**10.50%**	**10.25%**	**11.50%**	**14.00%**	**13.75%**

The capital adequacy ratios for the Group and the Bank are presented in the table below:

	Group			Bank		
	30.06.2020	30.06.2020	31.12.2019	30.06.2020	30.06.2020	31.12.2019
		Pro-forma[1]			Pro-forma[1]	
Common Equity Tier 1	**14.8%**	**15.9%**	**16.0%**	**15.2%**	**16.2%**	**16.4%**
Tier 1	**14.8%**	**15.9%**	**16.0%**	**15.2%**	**16.2%**	**16.4%**
Total	**15.8%**	**16.9%**	**16.9%**	**16.2%**	**17.3%**	**17.4%**

(1) Pro-forma figures have been calculated including profits for the period.

DTC Law

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 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 Greek Law 4465/2017 enacted on 29 March 2017. The same Greek Law 4465/2017 provided that the total tax relating to cases (b) to (d) above 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 of Greek Law 4172/2013, 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 at Bank level 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 is obliged to 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, 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.

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.

As of 30 June 2020, the amount of DTAs that were eligible for conversion to a receivable from the Greek State subject to the DTC Law was €4.4 billion (31 December 2019: €4.5 billion). The conditions for conversion rights were not met in the year ended 31 December 2019 and no conversion rights are deliverable in 2020.

2020 EU-wide Stress Test

On 31 January 2020, the European Banking Authority (EBA) announced the launch of the 2020 EU-wide stress test, which would be conducted on a sample of 51 EU banks. Similar to the 2018 exercise, it would be a bottom-up exercise with constraints, including a static balance sheet assumption. The aim of the EU-wide stress test was to assess the resilience of EU banks to a common set of adverse economic developments in order to identify potential risks, inform supervisory decisions and increase market discipline.

However, in the light of the operational pressure on banks due to COVID-19, on 12 March 2020 the EBA announced its decision to postpone the EU-wide stress test exercise to 2021, in order to allow banks to focus on and ensure continuity of their core operations.

COVID-19 outbreak

The ECB has announced a number of measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy as the economic effects of the COVID-19 became apparent (see section "*Response to COVID-19 crisis*" of the Board of Directors Report).

In addition, on 24 June 2020, the EU Council announced that it adopted Regulation (EU) 873/2020 ("CRR Quick Fix") amending Regulations (EU) No 575/2013 and (EU) 876/2019 as regards certain adjustments in response to the COVID-19 pandemic.

More specifically, among others the amendments concern:

- IFRS 9 transitional adjustments: Extension of the transitional period for mitigating the impact on own funds from the potential sudden increase in ECL allowance.
- Revised supporting factor for small and medium-sized enterprises (SME): Relinquish of the preferential treatment threshold and assignment of a risk weight ranging from 76.19% to 85% to all SME exposures.

NOTE 20: Fair value 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 and the Bank's Statement of Financial Position at fair value and the fair value is materially different from the carrying amount.

	Carrying amount	Fair value
Group	30.06.2020	30.06.2020
Financial Assets		
Loans and advances to customers	28,770	28,587
Investment securities at amortised cost	11,986	12,100
Financial Liabilities		
Due to customers	44,414	44,444
Debt securities in issue	1,384	1,421

	Carrying amount	Fair value
Group	31.12.2019	31.12.2019
Financial Assets		
Loans and advances to customers	29,095	28,754
Investment securities at amortised cost	6,053	6,255
Financial Liabilities		
Due to customers	43,469	43,504
Debt securities in issue	1,365	1,443

	Carrying amount	Fair value
Bank	30.06.2020	30.06.2020
Financial Assets		
Loans and advances to customers	27,515	27,332
Investment securities at amortised cost	11,740	11,853
Financial Liabilities		
Due to customers	43,541	43,571
Debt securities in issue	1,384	1,421

	Carrying amount	Fair value
Bank	31.12.2019	31.12.2019
Financial Assets		
Loans and advances to customers	27,825	27,484
Investment securities at amortised cost	5,831	6,034
Financial Liabilities		
Due to customers	42,482	42,518
Debt securities in issue	1,365	1,443

The following methods and assumptions were used to estimate the fair values of the above financial instruments at 30 June 2020 and 31 December 2019:

The carrying amount of cash and balances with central banks, due from and due to banks, other borrowed funds as well as accrued interest, approximates their fair value.

Loans and advances to customers at amortised cost: 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.

b. Financial instruments measured at fair value

The tables below present the fair values of those financial assets and liabilities presented on the Group and the Bank's Statement of Financial Position at fair value by fair value measurement level at 30 June 2020 and 31 December 2019:

Group

As at 30 June 2020

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	307	134	-	441
Financial assets mandatorily at fair value through profit or loss	19	14	130	163
Derivative financial instruments	8	5,753	6	5,767
Investment securities at fair value through other comprehensive income	777	1,999	31	2,807
Total	**1,111**	**7,900**	**167**	**9,178**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	349	-	349
Derivative financial instruments	20	3,470	4	3,494
Total	**20**	**3,819**	**4**	**3,843**

As at 31 December 2019

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	257	172	-	429
Financial assets mandatorily at fair value through profit or loss	65	15	136	216
Derivative financial instruments	9	4,819	5	4,833
Investment securities at fair value through other comprehensive income	616	2,187	34	2,837
Total	**947**	**7,193**	**175**	**8,315**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	279	-	279
Derivative financial instruments	4	2,862	4	2,870
Total	**4**	**3,141**	**4**	**3,149**

Bank

As at 30 June 2020

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	298	134	-	432
Financial assets mandatorily at fair value through profit or loss	17	14	130	161
Derivative financial instruments	8	5,753	6	5,767
Investment securities at fair value through other comprehensive income	777	1,966	30	2,773
Total	**1,100**	**7,867**	**166**	**9,133**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	349	-	349
Derivative financial instruments	20	3,470	4	3,494
Total	**20**	**3,819**	**4**	**3,843**

As at 31 December 2019

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	237	173	-	410
Financial assets mandatorily at fair value through profit or loss	60	16	136	212
Derivative financial instruments	9	4,819	5	4,833
Investment securities at fair value through other comprehensive income	616	2,106	33	2,755
Total	**922**	**7,114**	**174**	**8,210**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	279	-	279
Derivative financial instruments	4	2,863	3	2,870
Total	**4**	**3,142**	**3**	**3,149**

The tables below present the fair values for the assets and liabilities classified as held-for-sale in the Group and the Bank's Statement of Financial Position and measured at fair value for 30 June 2020 and 31 December 2019:

Held for Sale Operations - Financial instruments measured at fair value | Group

As at 30 June 2020	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	4	17	-	21
Derivative financial instruments	-	1	-	1
Investment securities at fair value through other comprehensive income	1,180	1,643	10	2,833
Insurance related assets and receivables	123	120	-	243
Total	**1,307**	**1,781**	**10**	**3,098**

As at 31 December 2019	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	4	16	-	20
Derivative financial instruments	-	1	-	1
Investment securities at fair value through other comprehensive income	1,095	1,612	12	2,719
Insurance related assets and liabilities	130	133	-	263
Total	**1,229**	**1,762**	**12**	**3,003**

Transfers between Level 1 and Level 2

As at 30 June 2020, certain fair value through profit or loss securities issued by European Stability Mechanism ("ESM") for which the Group determined that sufficient liquidity and trading existed as of that date, have been transferred from Level 2 to Level 1 according to the Group's fair value hierarchy policy. The carrying amount of the fair value through profit or loss securities transferred as at 30 June 2020 was €31 million.

As at 31 December 2019, certain fair value through profit or loss securities issued by ESM and European Financial Stability Fund ("EFSF") for which the Group determined that sufficient liquidity and trading did not exist as of that date, have been transferred from Level 1 to Level 2 according to the Group's fair value hierarchy policy. The carrying amount of the fair value through profit or loss securities transferred as at 31 December 2019 was €85 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 30 June 2020 and 31 December 2019 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 derivatives for which the CVA is based on significant unobservable inputs and the amount of the credit value adjustment ("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 measured at fair value through profit or loss, 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 period ended 30 June 2020 and the year ended 31 December 2019, 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 period ended 30 June 2020, transfers from Level 3 into Level 2 include derivative instruments for which the bilateral CVA adjustment is no longer significant to the base fair value of the respective instruments.

For the year ended 31 December 2019, transfers from Level 2 into Level 3 include equity securities no longer traded in active markets.

Movement of Level 3 financial instruments

	2020		
Group	Net derivative financial instruments	Investment securities at FVTOCI	Mandatorily at FVTPL
Balance at 1 January	**2**	**34**	**136**
Gain/(loss) included in Income Statement	5	-	3
Gain/(loss) included in OCI	-	(3)	-
Settlements	-	-	(9)
Transfer into/(out of) level 3	(5)	-	-
Balance at 30 June	**2**	**31**	**130**

	2019		
Group	Net derivative financial instruments	Investment securities at FVTOCI	Mandatorily at FVTPL
Balance at 1 January	**4**	**48**	**159**
Gain/(loss) included in Income Statement	(1)	-	(18)
Gain/(loss) included in OCI	-	(2)	-
Purchases	-	1	12
Sales	-	(14)	(1)
Settlements	(1)	-	(16)
Transfer into/(out of) level 3	-	1	-
Balance at 31 December	**2**	**34**	**136**

	2020		
Bank	Net derivative financial instruments	Investment securities at FVTOCI	Mandatorily at FVTPL
Balance at 1 January	**2**	**33**	**136**
Gain/(loss) included in Income Statement	5	-	3
Gain/(loss) included in OCI	-	(3)	-
Settlements	-	-	(9)
Transfer into/(out of) level 3	(5)	-	-
Balance at 30 June	**2**	**30**	**130**

	2019		
Bank	Net derivative financial instruments	Investment securities at FVTOCI	Mandatorily at FVTPL
Balance at 1 January	**4**	**48**	**159**
Gain/(loss) included in Income Statement	(1)	-	(18)
Gain/(loss) included in OCI	-	(2)	-
Purchases	-	1	12
Sales	-	(14)	(1)
Settlements	(1)	-	(16)
Transfer into/(out of) level 3	-	1	-
Balance at 31 December	**2**	**33**	**136**

For the period ended 30 June 2020, 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, amounting to €3 million for the Group and the Bank (2019: €(18) million), as well as to net derivative financial instruments amounting to €7 million for the Group and the Bank (2019: €1 million).

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 functions 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 | 30 June 2020

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	93.76
	1	Discounted Cash Flows	Credit Spread	829 bps	829 bps
Interest Rate Derivatives	2	Discounted Cash Flows, Internal Model (for CVA/DVA)	Credit Spread	1043 bps	1043 bps
	(1)	Discounted Cash Flows	Constant Maturity Swap correlation between different tenors	72,80%	100,00%
Other Derivatives	1	Discounted Cash Flows, Internal Model (for CVA/DVA)	Credit Spread	122 bps	1043 bps
Investment Securities at fair value through other comprehensive income	31	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	121	Discounted Cash Flows	Credit Spread	235 bps	650 bps

[1] Equity securities at FVTOCI include equity securities which are not traded in active markets. In the absence of an active market the fair value of these securities is estimated 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 2019

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Input	Range of Inputs	
				Low	High
Investment securities mandatorily at fair value through profit or loss	9	Price based	Price	93.76	100.00
	1	Discounted Cash Flows	Credit Spread	729 bps	729 bps
Other Derivatives	2	Discounted Cash Flows, Internal Model (for CVA/DVA)	Credit Spread	91 bps	697 bps
Investment Securities at fair value through other comprehensive income	34	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	127	Discounted Cash Flows	Credit Spread	300 bps	650 bps

[1] Equity securities at FVTOCI include equity securities which are not traded in active markets. In the absence of an active market the fair value of these securities is estimated 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.

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 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 and the Bank's financial instruments.

For loans and advances to customers mandatorily measured 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.

NOTE 21: Group companies

			Group		Bank	
Subsidiaries	**Country**	**Tax years unaudited**	**30.06.2020**	**31.12.2019**	**30.06.2020**	**31.12.2019**
National Securities S.A.	Greece	2015-2019	100.00%	100,00%	100,00%	100,00%
NBG Asset Management Mutual Funds S.A.	Greece	2015-2019	100.00%	100,00%	100,00%	100,00%
Ethniki Leasing S.A.	Greece	2010-2019	100.00%	100,00%	100,00%	100,00%
NBG Property Services S.A.	Greece	2015-2019	100.00%	100,00%	100,00%	100,00%
Pronomiouhos S.A. Genikon Apothikon Hellados	Greece	2010-2019	100.00%	100,00%	100,00%	100,00%
Ethniki Hellenic General Insurance S.A. [2]	Greece	2014-2019	100.00%	100,00%	100,00%	100,00%
KADMOS S.A.	Greece	2010-2019	100.00%	100,00%	100,00%	100,00%
DIONYSOS S.A.	Greece	2010-2019	99.91%	99,91%	99,91%	99,91%
EKTENEPOL Construction Company S.A.	Greece	2010-2019	100.00%	100,00%	100,00%	100,00%
Mortgage, Touristic PROTYPOS S.A.	Greece	2010-2019	100.00%	100,00%	100,00%	100,00%
Hellenic Touristic Constructions S.A.	Greece	2010-2019	78.09%	78,09%	78,09%	78,09%
Ethniki Ktimatikis Ekmetalefsis S.A.	Greece	2010-2019	100.00%	100,00%	100,00%	100,00%
Ethniki Factors S.A.	Greece	2015-2019	100.00%	100,00%	100,00%	100,00%
Probank M.F.M.C [1]	Greece	2015-2019	100.00%	100,00%	95,00%	95,00%
I-Bank Direct S.A.	Greece	2015-2019	100.00%	100,00%	99,90%	99,90%
Probank Leasing S.A.	Greece	2010-2019	99.87%	99,87%	99,87%	99,87%
NBG Insurance Brokers S.A.	Greece	2015-2019	100.00%	100,00%	99,90%	99,90%
NBG Malta Holdings Ltd	Malta	2006-2019	100.00%	100,00%	-	-
NBG Bank Malta Ltd	Malta	2005-2019	100.00%	100,00%	-	-
ARC Management Two EAD (Special Purpose Entity)	Bulgaria	2014-2019	100.00%	100,00%	-	-
Bankteco E.O.O.D.	Bulgaria	2016-2019	100.00%	100,00%	100,00%	100,00%
NBG Leasing IFN S.A.	Romania	2014-2019	100.00%	100,00%	100,00%	100,00%
S.C. Garanta Asigurari S.A.[2]	Romania	2003-2019	94.96%	94,96%	-	-
ARC Management One SRL (Special Purpose Entity)	Romania	2013-2019	100.00%	100,00%	-	-
Stopanska Banka A.D.-Skopje	North Macedonia	2014-2019	94.64%	94,64%	94,64%	94,64%
NBG Greek Fund Ltd	Cyprus	2015-2019	100.00%	100,00%	100,00%	100,00%
National Bank of Greece (Cyprus) Ltd[2]	Cyprus	2006 & 2008-2019	100.00%	100,00%	100,00%	100,00%
National Securities Co (Cyprus) Ltd [1]	Cyprus	-	100.00%	100,00%	-	-
NBG Management Services Ltd	Cyprus	2015-2019	100.00%	100,00%	100,00%	100,00%
Ethniki Insurance (Cyprus) Ltd[2]	Cyprus	2004-2019	100.00%	100,00%	-	-
Ethniki General Insurance (Cyprus) Ltd[2]	Cyprus	2004-2019	100.00%	100,00%	-	-
National Insurance Agents & Consultants Ltd[2]	Cyprus	2008-2019	100.00%	100,00%	-	-
CAC Coral Limited[2]	Cyprus	2019	100.00%	100,00%	100,00%	100,00%
NBG Asset Management Luxemburg S.A.	Luxembourg	2019	100.00%	100,00%	94,67%	94,67%
NBG International Ltd	U.K.	2003-2019	100.00%	100,00%	100,00%	100,00%
NBGI Private Equity Ltd[1]	U.K.	2003-2019	100.00%	100,00%	-	-
NBG Finance Plc	U.K.	2003-2019	100.00%	100,00%	100,00%	100,00%
NBG Finance (Dollar) Plc[1]	U.K.	2008-2019	100.00%	100,00%	100,00%	100,00%
NBG Finance (Sterling) Plc[1]	U.K.	2008-2019	100.00%	100,00%	100,00%	100,00%
SINEPIA Designated Activity Company (Special Purpose Entity)[1]	Ireland	2019	-	-	-	-
NBG International Holdings B.V.	The Netherlands	2019	100%	100,00%	100%	100%

Notes:
[1] Companies under liquidation.
[2] Ethniki Hellenic General Insurance S.A. and its subsidiaries, National of Bank Greece (Cyprus) Ltd, and CAC Coral Limited, have been reclassified as Non-current assets held for sale (See Note 11).

The Group and Bank's equity method investments are as follows:

			Group		Bank	
	Country	Tax years unaudited	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Social Security Funds Management S.A.	Greece	2015-2019	20.00%	20.00%	20.00%	20.00%
Larco S.A.	Greece	2010-2019	33.36%	33.36%	33.36%	33.36%
Eviop Tempo S.A.	Greece	2014-2019	21.21%	21.21%	21.21%	21.21%
Teiresias S.A.	Greece	2010-2019	39.93%	39.93%	39.93%	39.93%
Planet S.A.	Greece	2015-2019	36.99%	36.99%	36.99%	36.99%
Pyrrichos Real Estate S.A.	Greece	2010-2019	21.83%	21.83%	21.83%	21.83%
SATO S.A.	Greece	2014-2019	23.74%	23.74%	23.74%	23.74%
Olganos S.A.	Greece	2010-2019	33.60%	33.60%	33.60%	33.60%

NOTE 22: Risks related to the COVID-19 Outbreak

For a list of measures that have been adopted in 2020 in order to provide support to the European banking system and the Greek economy in dealing with COVID-19 please see section "*Response to COVID-19 crisis*" of the Board of Directors Report.

NOTE 23: Events after the reporting period

Events after the reporting period relate to the following:

COVID-19 developments

For the Client Loan Modifications related to COVID-19 adopted by the Bank and for measures taken by authorities after the period end, please see section "*Response to COVID-19 crisis*" of the Board of Directors Report.

IBOR-Reform

On 27 July 2020, the interest rate curve used for discounting the Euro denominated interest rate swap derivatives centrally cleared through London Clearing House ("LCH"), EUREX and CME changed from EONIA to €STR. This has changed the fair value of the derivatives with a compensating cash payment or receipt from or to the respective clearing houses, so there is no value transfer. The change of the interest rate curve used for discounting did not have an impact to the consolidated or separate income statement.