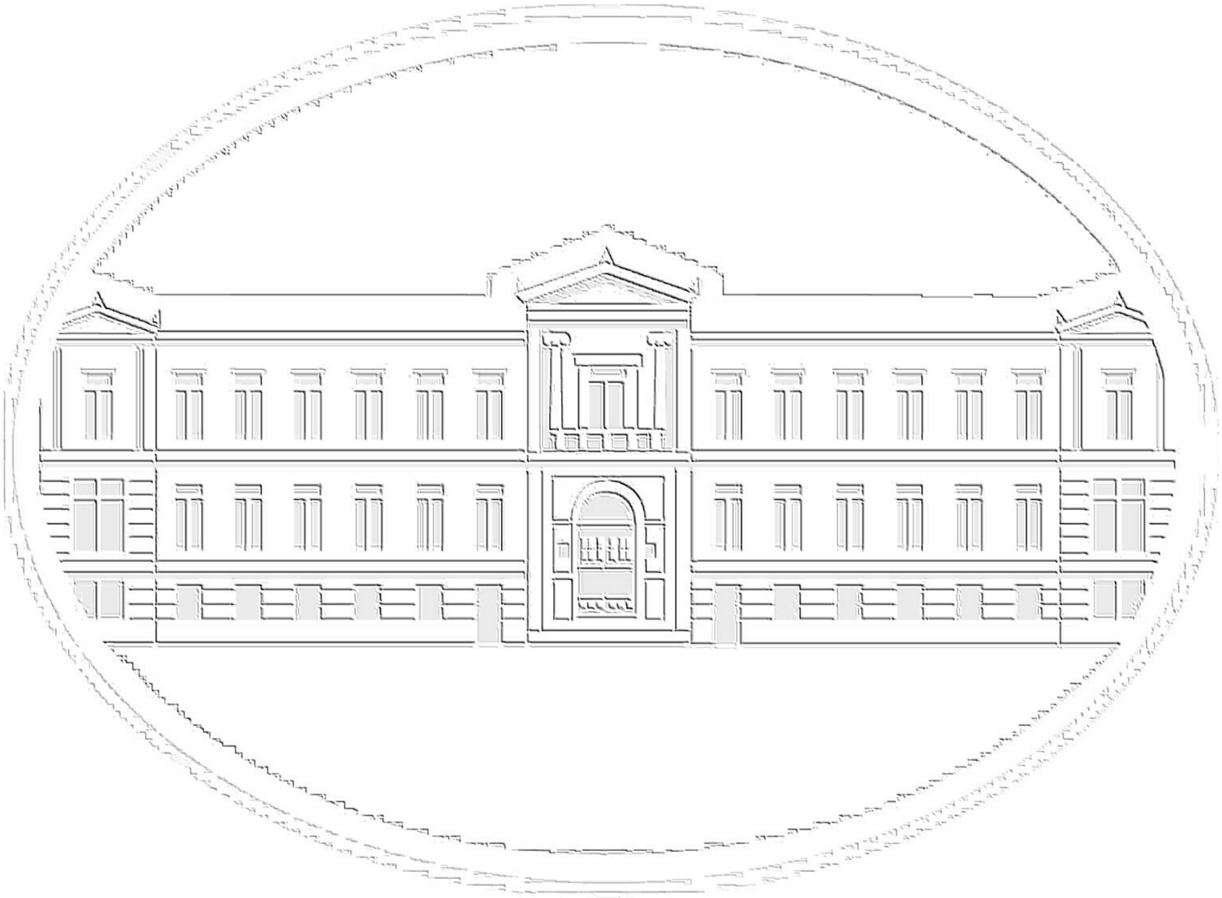
National Bank of Greece S.A.



NBG Group

Interim Financial Statements

31 March 2019

May 2019

Table of Contents

Statement of Financial Position

as at 31 March 2019

€ million	Note	Group 31.03.2019	Group 31.12.2018
ASSETS			
Cash and balances with central banks		2,570	5,138
Due from banks		3,072	2,587
Financial assets at fair value through profit or loss	8	613	4,519
Derivative financial instruments		4,312	3,791
Loans and advances to customers	9	30,057	30,134
Investment securities	8	8,510	4,440
Investment property		127	1,016
Investments in subsidiaries		-	-
Equity method investments		8	8
Goodwill, software and other intangible assets		145	150
Property and equipment		522	1,046
Deferred tax assets		4,910	4,909
Current income tax advance		365	359
Other assets		1,823	1,777
Non-current assets held for sale	10	7,183	5,221
Total assets		**64,217**	**65,095**
LIABILITIES			
Due to banks	11	5,743	7,667
Derivative financial instruments		2,596	2,131
Due to customers	12	42,500	43,027
Debt securities in issue	13	957	1,146
Other borrowed funds		6	268
Deferred tax liabilities		10	14
Retirement benefit obligations		237	239
Current income tax liabilities		5	9
Other liabilities		1,453	864
Liabilities associated with non-current assets held for sale	10	4,936	4,092
Total liabilities		**58,443**	**59,457**
SHAREHOLDERS' EQUITY			
Share capital	15	2,744	2,744
Share premium account	15	13,866	13,866
Reserves and retained earnings		(11,491)	(11,570)
Amounts recognised directly in equity relating to non-current assets held for sale	10	(41)	(78)
Equity attributable to NBG shareholders		**5,078**	**4,962**
Non-controlling interests		696	676
Total equity		**5,774**	**5,638**
Total equity and liabilities		**64,217**	**65,095**

Athens, 14 May 2019

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

Income Statement
for the period ended 31 March 2019

€ million	Note	Group 3-month period ended 31.03.2019	31.03.2018
Continuing Operations			
Interest and similar income		347	343
Interest expense and similar charges		(57)	(53)
Net interest income		**290**	**290**
Fee and commission income		80	77
Fee and commission expense		(21)	(17)
Net fee and commission income		**59**	**60**
Net trading income / (loss) and results from investment securities		122	36
Net other income / (expense)		(21)	(25)
Total income		**450**	**361**
Personnel expenses		(132)	(139)
General, administrative and other operating expenses		(50)	(58)
Depreciation and amortisation on investment property, property & equipment and software & other intangible assets		(23)	(18)
Credit provisions and other impairment charges	4	(110)	(118)
Restructuring cost	5	(101)	-
Profit / (loss) before tax		**34**	**28**
Tax benefit / (expense)	6	(4)	(3)
Profit / (loss) for the period from continuing operations		**30**	**25**
Discontinued Operations			
Profit / (loss) for the period from discontinued operations	10	**21**	**19**
Profit / (loss) for the period		**51**	**44**
Attributable to:			
Non-controlling interests		10	10
NBG equity shareholders		**41**	**34**
Earnings / (losses) per share - Basic and diluted from continuing operations	7	**€0.02**	**€0.02**
Earnings / (losses) per share - Basic and diluted from continuing and discontinued operations	7	**€0.04**	**€0.04**

Athens, 14 May 2019

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

The notes on pages 8 to 31 form an integral part of these financial statements

Statement of Comprehensive Income

for the period ended 31 March 2019

		Group	
		3-month period ended	
€ million	Note	31.03.2019	31.03.2018
Profit / (loss) for the period		**51**	**44**
Other comprehensive income / (expense):			
Items that may be reclassified subsequently to profit or loss:			
Investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI"), net of tax		52	(20)
Currency translation differences, net of tax		5	(7)
Cash flow hedge, net of tax		-	(1)
Total of items that may be reclassified subsequently to profit or loss		**57**	**(28)**
Items that will not be reclassified subsequently to profit or loss:			
Investments in equity instruments measured at FVTOCI, net of tax		13	2
Remeasurement of the net defined benefit liability / asset, net of tax		-	-
Total of items that will not be reclassified subsequently to profit or loss		**13**	**2**
Other comprehensive income / (expense) for the period, net of tax	16	**70**	**(26)**
Total comprehensive income / (expense) for the period		**121**	**18**
Attributable to:			
Non-controlling interests		10	10
NBG equity shareholders		**111**	**8**

Athens, 14 May 2019

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

Statement of Changes in Equity - Group

for the period ended 31 March 2019

€ million	Share capital Ordinary shares	Share premium Ordinary shares	Treasury shares	Securities at FVTOCI	Currency translation reserve	Net investment hedge	Cash flow hedge	Defined benefit plans	Other reserves & Retained earnings	Total	Non-controlling Interests	Total
	Attributable to equity holders of the parent company											
Balance at 1 January 2018	**2.744**	**13.866**	**-**	**160**	**13**	**(119)**	**-**	**(165)**	**(9.803)**	**6.696**	**683**	**7.379**
Impact of IFRS 9	-	-	-	43	-	-	-	-	(1.590)	**(1.547)**	-	**(1.547)**
Balance at 1 January 2018 adjusted for impact of IFRS 9	**2,744**	**13,866**	**-**	**203**	**13**	**(119)**	**-**	**(165)**	**(11,393)**	**5,149**	**683**	**5,832**
Other Comprehensive Income/ (expense) for the period	-	-	-	(18)	(7)	-	(1)	-	-	**(26)**	-	**(26)**
Profit / (loss) for the period	-	-	-	-	-	-	-	-	34	**34**	10	**44**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**-**	**(18)**	**(7)**	**-**	**(1)**	**-**	**34**	**8**	**10**	**18**
Acquisitions, disposals & share capital increases of subsidiaries/equity method investments	-	-	-	-	-	-	-	-	2	**2**	-	**2**
Balance at 31 March 2018	**2,744**	**13,866**	**-**	**185**	**6**	**(119)**	**(1)**	**(165)**	**(11,357)**	**5,159**	**693**	**5,852**
Movements to 31 December 2018	-	-	-	(95)	6	-	1	3	(112)	**(197)**	(17)	**(214)**
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 impact of IFRS 16	**2,744**	**13,866**	**-**	**90**	**12**	**(119)**	**-**	**(162)**	**(11,465)**	**4,966**	**676**	**5,642**
Other Comprehensive Income/ (expense) for the period	-	-	-	65	5	-	-	-	-	**70**	-	**70**
Profit / (loss) for the period	-	-	-	-	-	-	-	-	41	**41**	10	**51**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**-**	**65**	**5**	**-**	**-**	**-**	**41**	**111**	**10**	**121**
Acquisitions, disposals & share capital increases of subsidiaries/equity method investments	-	-	-	-	-	-	-	-	1	**1**	10	**11**
Balance at 31 March 2019	**2,744**	**13,866**	**-**	**155**	**17**	**(119)**	**-**	**(162)**	**(11,423)**	**5,078**	**696**	**5,774**

The notes on pages 8 to 31 form an integral part of these financial statements

Cash Flow Statement
for the period ended 31 March 2019

	Group	
	3-month period ended	
€ million	31.03.2019	31.03.2018
Cash flows from operating activities		
Profit / (loss) before tax	**58**	**46**
Adjustments for:		
Non-cash items included in income statement and other adjustments:	**110**	**158**
Depreciation and amortisation on property & equipment, intangibles and investment property	27	22
Amortisation of premiums /discounts of investment securities, debt securities in issue and borrowed funds	(6)	1
Credit provisions and other impairment charges	187	130
Provision for employee benefits	3	3
Result from fair value hedges	1	1
Net (gain) / loss on disposal of property & equipment and investment property	(1)	1
Net (gain) / loss on disposal of investment securities	(49)	(13)
Accrued interest from financing activities and results from repurchase of debt securities in issue	11	9
Valuation adjustment on instruments designated at fair value through profit or loss	(66)	-
Other non-cash operating items	3	4
Net (increase) / decrease in operating assets:	**(786)**	**1,197**
Mandatory reserve deposits with Central Bank	(2)	166
Due from banks	(722)	58
Financial assets at fair value through profit or loss	683	559
Derivative financial instruments assets	(513)	122
Loans and advances to customers	(184)	260
Other assets	(48)	32
Net increase / (decrease) in operating liabilities:	**(1,537)**	**(24)**
Due to banks	(1,924)	187
Due to customers	(526)	30
Derivative financial instruments liabilities	453	(35)
Retirement benefit obligations	(12)	(4)
Insurance related reserves and liabilities	50	31
Income taxes (paid) / received	(11)	(21)
Other liabilities	433	(212)
Net cash from / (for) operating activities	**(2,155)**	**1,377**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(8)	-
Purchase of property & equipment, intangible assets and investment property	(18)	(23)
Proceeds from disposal of property & equipment and investment property	1	-
Purchase of investment securities	(3,477)	(1,402)
Proceeds from redemption and sale of investment securities	2,496	1,875
Net cash (used in) / provided by investing activities	**(1,006)**	**450**
Cash flows from financing activities		
Proceeds from debt securities in issue and other borrowed funds	255	79
Repayments of debt securities in issue, other borrowed funds and preferred securities	(54)	(55)
Proceeds from disposal of treasury shares	7	8
Repurchase of treasury shares	(7)	(8)
Net cash from/ (for) financing activities	**201**	**24**
Effect of foreign exchange rate changes on cash and cash equivalents	(2)	-
Net increase / (decrease) in cash and cash equivalents	**(2,962)**	**1,851**
Cash and cash equivalents at beginning of period	6,453	2,516
Cash and cash equivalents at end of period	**3,491**	**4,367**

The notes on pages 8 to 31 form an integral part of these financial statements

NOTE 1: General information

National Bank of Greece S.A. (hereinafter "NBG" or the "Bank") was founded in 1841 and its shares have been listed on the Athens Exchange since 1880. The Bank's headquarters are located at 86 Eolou Street, Athens, Greece, (Register number G.E.MH. 237901000), tel.: (+30) 210 334 1000, www.nbg.gr. By resolution of the Board of Directors, the Bank can establish branches, agencies and correspondence offices in Greece and abroad. In its 179 years of operation, the Bank has expanded on its commercial banking business by entering into related business areas. National Bank of Greece and its subsidiaries (hereinafter the "Group") provide a wide range of financial services including retail and commercial banking, asset management, brokerage, investment banking, insurance and real estate at a global level. The Group operates in Greece, UK, South East Europe ("SEE"), which includes Romania and North Macedonia, Cyprus, Malta and Egypt.

The Board of Directors consists of the following members:

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

The Chief Executive Officer
Paul K. Mylonas

Executive Members
Panos A. Dasmanoglou
Dimitrios N. Kapotopoulos [(1)]

Non-Executive Members
Yiannis G. Zographakis

Independent Non-Executive Members
Haris A. Makkas
Eva Cederbalk
Claude Edgar L.G.Piret
Andrew J. McIntyre
John P.J. McCormick

Hellenic Financial Stability Fund representative
Periklis F. Drougkas

[(1)] On 24 January 2019, Dimitrios N. Kapotopoulos was elected as executive member of the Board of Directors, replacing the resigned executive member Dimitrios G. Dimopoulos.

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 14 May 2019.

NOTE 2: Summary of significant accounting policies

2.1 Basis of preparation

The condensed interim consolidated financial statements as at and for the 3-month period ended 31 March 2019 (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 annual consolidated financial statements as at and for the year ended 31 December 2018, 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 below.

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.

2.2 Going concern

Liquidity

As at 31 March 2019, the funding from European Central Bank ("ECB") amounted to €2.25 billion (31 December 2018: €2.25 billion). Furthermore, as of 31 March 2019 the Bank had entered into secure interbank transactions with foreign financial institutions of €2.2 billion, while the Bank's Eurosystem liquidity buffer stood at €10.1 billion (cash value).

Capital adequacy

The Group's Common Equity Tier 1 ("CET1") ratio at 31 March 2019 was 15.7% exceeding the Overall Capital Requirement ("OCR") ratio of 13.75% for 2019 (see Note 18).

Macroeconomic developments

Economic activity in Greece accelerated in 2018, on the back of increasing net exports and strengthened private consumption. Real Gross Domestic Product ("GDP") grew by 1.9% y-o-y in 2018, recording the strongest pace in 11 years, and official sector estimates (average of European Commission and IMF forecasts) envisage a further acceleration of GDP growth to 2.3% y-o-y in 2019 and 2.2% y-o-y in 2020, despite a slowing in the euro area economy during the same period. Latest data on forward-looking and coincident indicators suggest that this momentum is maintained in the first four months of 2019.

The successful completion of the Third Program, the release of the first two evaluation reports of the country's progress under the European Commission's Enhanced Surveillance Framework, along with the accumulation of a sizeable cash buffer by the Greek State covering more than 4 years of sovereign financing needs, contributed to a further improvement in economic sentiment. On the fiscal front, Greece overperformed its fiscal targets, for a third consecutive year, in 2018, with the primary surplus in General Government budget reaching 4.3% of GDP or 0.8% higher than the 3.5% of GDP target. It should be noted that the aforementioned overperformance is 0.3% of GDP above the value of the expansionary measures applied in 2019 (0.5% of GDP). This small fiscal loosening, along with positive economic sentiment, are expected to support domestic demand and the turnover of Greek firms in the domestic market in 2019.

However, the pace of improvement of the liquidity conditions and the strengthening of the private sector balance sheets remain very weak, as does investment spending (-12.0% y-o-y in 2018), which continues to show a high dependency on public investment. Moreover, despite the significant improvements, Greece's economic performance and financial asset valuations – which rallied in 4M:2019 – remain sensitive to a slowing of the euro area economy and increased volatility in the international financial markets. Furthermore, the second report of the European Commission under the Enhanced Surveillance Framework and the respective first report published by the IMF in the post-program monitoring period identify some risks for medium-term fiscal stability and competitiveness and recommend a faster resolution of the non-performing exposures, with a view to support Greece's economic viability and recovery in the following years.

Going concern conclusion

The Board of Directors concluded that the Bank is a going concern after considering (a) the low ECB funding and the current access to the Eurosystem facilities with significant collateral buffer (b) the Group's CET1 ratio of 31 March 2019 which exceeded the OCR requirements and (c) the recent developments regarding the Greek economy and the latest estimates regarding macroeconomic indicators, as discussed above.

2.3 Adoption of International Financial Reporting Standards (IFRS)

New standards, amendments and interpretations to existing standards effective from 1 January 2019

New standards

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

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

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

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

Leases in which the Group is a Lessor

There was no significant impact for the Group's finance leases or for the leases in which the Group is a lessor.

Leases in which the Group is a Lessee

The Group applied the modified retrospective approach, where the RoU asset is set equal to the amount of the lease liability upon adoption, and did not restate the comparative information. The Group applied the practical expedient to grandfather the lease definition on transition to IFRS 16 and not reassess whether a contract is or contains a lease. Therefore, at transition date (i.e. 1 January 2019), the Group applied IFRS 16 solely to contracts that were previously identified as leases based on IAS 17 and IFRIC 4.

The Group has elected to take a recognition exemption for short-term leases and leases of low-value items, for which lease payments are recognized as operating expenses on a straight-line basis over the lease term.

The most significant estimate used in the measurement of the lease liability relates to the interest rate used for discounting the lease payments to their present value as of the date of initial application and is considered to be a critical accounting estimate.

As at 31 December 2018, the Group had non-cancellable operating lease commitments of €196 million. Since most of these arrangements relate to leases other than short-term leases and leases of low-value assets, IFRS 16 increased the assets, liabilities and retained earnings of the Group by €136 million, €132 million and €4 million, respectively, as at 1 January 2019. Refer to Note 23 for more details on the impact of the first time adoption of IFRS 16, as at 1 January 2019.

The Group's RoU assets and lease liabilities are included in line items 'property and equipment' and 'other liabilities', respectively.

Amendments and interpretations

The Group has adopted the following amendments and interpretations which did not have a material impact on the Group's consolidated financial statements.

-IFRS 4 (Amendment) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply IAS 39. The Group has elected to defer the provisions of IFRS 9 for its insurance subsidiary, Ethniki Hellenic General Insurance SA ("NIC"), as allowed by Commission Regulation (EU) 2017/1988 from 1 January 2018 to 1 January 2021, the adoption date of IFRS 17 Insurance Contracts. At its meeting on 14 November 2018, the IASB tentatively decided to extend the use of the deferral approach to IFRS 9 for a further year, so that insurance entities would only be required to apply IFRS 9 for annual periods beginning on or after 1 January 2022.

As of 31 March 2019, Ethniki Hellenic General Insurance SA was classified as a discontinued operation and shall continue applying the requirements of IAS 39 after 1 January 2019.

-IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

-IAS 19 (Amendment) Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur.

-Annual Improvements to IFRS Standards 2015–2017 Cycle (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB).

IFRS 3 - amended to clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 - amended to clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 - clarified to state that a company accounts for all income tax consequences of dividend payments in the same way.
IAS 23 - clarified to provide that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

-IFRS 9 (Amendment) Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss.

-IAS 28 (Amendment) Long-Term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). The amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9.

New standards, amendments and interpretations to existing standards effective after 2019

New standards

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

Amendments to standards and interpretations effective after 2019

-Definition of a Business - Amendments to IFRS 3, which becomes effective for annual periods beginning on 1 January 2020, as issued by the IASB. The IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements or processes and continuing to produce outputs, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods.

-Definition of Materiality - Amendments to IAS 1 and IAS 8 (effective for the Group on 1 January 2020). In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

-Conceptual Framework In March 2018, the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the "Framework"), which becomes effective in annual periods beginning on 1 January 2020. The Framework sets out the fundamental concepts of financial reporting that guide the IASB in developing IFRS Standards. The Framework underpins existing IFRS Standards but does not override them. Preparers of financial statements use the Framework as a point of reference to develop accounting policies in rare instances where a particular business transaction is not covered by existing IFRS Standards. The IASB and the IFRS Interpretations Committee will begin to use the new Framework immediately in developing new, or amending existing, financial reporting standards and interpretations. The Group is currently assessing the effect of the amended Framework on its accounting policies.

2.4 Critical judgments and estimates

In preparing these interim financial statements, the significant estimates, judgments and assumptions 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 financial statements as at and for the year ended 31 December 2018.

NOTE 3: Segment reporting

NBG Group manages its business through the following business segments:

Retail banking

Retail banking includes all individual customers, professionals, small-medium and small-sized companies (companies with annual turnover of up to €2.5 million) except for exposures transferred to the Special Assets Unit ("SAU"). The Bank, through its extended network of branches, offers to its retail customers various types of loans, deposit and investment products, as well as a wide range of other traditional services and products.

Corporate & investment banking

Corporate & investment banking includes lending to all large and medium-sized companies and shipping finance except for exposures transferred to the SAU and investment banking activities. The Group offers its corporate customers a wide range of products and services, including financial and investment advisory services, deposit accounts, loans (denominated in both euro and foreign currency), foreign exchange and trade service activities.

Special Assets Unit ("SAU")

In order to (a) manage more effectively delinquent, non-performing and denounced loans to legal entities, and (b) ensure compliance with the provisions of the Bank of Greece Executive Committee Act 42/30.5.2014 and Act 47/9.2.2015 and the Code of Conduct (referred to in Article 1(2) of Greek Law 4224/2013, the Bank established the SAU, which has the overall responsibility for the management of such loans to legal entities (end-to-end responsibility).

Global markets and asset management

Global markets and asset management includes all treasury activities, private banking, asset management (mutual funds and closed end funds), custody services, private equity and brokerage.

Insurance

The Group offers a wide range of insurance products through its subsidiary company, Ethniki Hellenic General Insurance S.A. and other subsidiaries in SEE. As of 30 June 2017, NIC was classified as Held for Sale and Discontinued Operations (see Note 10).

International banking operations

The Group's international banking activities include a wide range of traditional commercial banking services, such as commercial and retail credit, trade financing, foreign exchange and taking of deposits. In addition, the Group offers shipping finance, investment banking and brokerage services through certain of its foreign branches and subsidiaries. As of 31 March 2019 and 31 December 2018, Banka Romaneasca S.A. ("Romaneasca"), NBG Cyprus and Cairo branch were classified as Held for Sale and Discontinued Operations.

Other

Includes proprietary real estate management, hotel and warehousing business as well as unallocated income and expense of the Group (interest expense of subordinated debt, loans to personnel etc.) and intersegment eliminations. As of 31 March 2019, NBG Pangaea REIC was classified as Held for Sale and Discontinued Operations.

Breakdown by business segment

3 month period ended 31.03.2019	Retail Banking	Corporate & Investment Banking	SAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Net interest income	105	107	32	31	-	16	(1)	**290**
Net fee and commission income	30	21	1	4	-	3	-	**59**
Other	1	(10)	(2)	119	-	-	(7)	**101**
Total income	**136**	**118**	**31**	**154**	**-**	**19**	**(8)**	**450**
Direct costs	(97)	(11)	(3)	(8)	-	(10)	(14)	**(143)**
Allocated costs and provisions[1]	(166)	11	(4)	(5)	-	(3)	(106)	**(273)**
Profit / (loss) before tax	**(127)**	**118**	**24**	**141**	**-**	**6**	**(128)**	**34**
Tax benefit / (expense)								**(4)**
Profit / (loss) for the period from continuing operations								**30**
Non-controlling interests								**(10)**
Profit/(loss) for the period from discontinued operations					4	20	(3)	**21**
Profit attributable to NBG equity shareholders								**41**

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

Depreciation and amortisation	16	1	-	1	-	1	4	**23**
Credit provisions and other impairment charges	123	(19)	(1)	3	-	3	1	**110**

Breakdown by business segment

3 month period ended 31.03.2018	Retail Banking	Corporate & Investment Banking	SAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Net interest income	109	105	19	10	-	16	31	**290**
Net fee and commission income	27	22	1	6	-	4	-	**60**
Other	4	(8)	(3)	35	-	2	(19)	**11**
Total income	**140**	**119**	**17**	**51**	**-**	**22**	**12**	**361**
Direct costs	(106)	(10)	(4)	(8)	-	(11)	8	**(131)**
Allocated costs and provisions[1]	(164)	(9)	7	41	-	1	(78)	**(202)**
Profit / (loss) before tax	**(130)**	**100**	**20**	**84**	**-**	**12**	**(58)**	**28**
Tax benefit / (expense)								(3)
Profit / (loss) for the period from continuing operations								**25**
Non controlling interests								**(10)**
Profit / (loss) for the period from discontinued operations					25	(3)	(3)	**19**
Profit attributable to NBG equity shareholders								**34**

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

Depreciation, amortisation & impairment charges[1]	8	1	-	-	-	1	8	**18**
Credit provision and other impairment charges	125	3	(11)	(44)	-	(1)	46	**118**

	Retail Banking	Corporate & Investment Banking	SAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Segment assets as at 31 March 2019								
Segment assets	15,253	11,846	1,725	9,197		2,464	11,274	**51,759**
Deferred tax assets and Current income tax advance								**5,275**
Non-current assets held for sale					3,300	1,910	1,973	**7,183**
Total assets								**64,217**
Segment liabilities as at 31 March 2019								
Segment liabilities	35,053	2,572	128	7,205		1,872	6,662	**53,492**
Current income and deferred tax liabilities								**15**
Liabilities associated with non-current assets held for sale					2,398	1,744	794	**4,936**
Total liabilities								**58,443**
Segment assets as at 31 December 2018								
Segment assets	15,597	11,446	1,773	7,106		2,422	16,262	**54,606**
Deferred tax assets and current income tax advance								**5,268**
Non-current assets held for sale					3,156	2,045	20	**5,221**
Total assets								**65,095**
Segment liabilities as at 31 December 2018								
Segment liabilities	34,543	2,706	191	9,934		1,921	6,047	**55,342**
Current income and deferred tax liabilities								**23**
Liabilities associated with non-current assets held for sale					2,342	1,750		**4,092**
Total liabilities								**59,457**

NOTE 4: Credit provisions and other impairment charges

Continuing Operations	Group 31.03.2019	Group 31.03.2018
a. Impairment charge for credit losses		
Loans and advances to customers	86	119
Net modification loss	17	-
	103	**119**
b. Impairment charge for securities		
Investment in debt instruments	3	(45)
	3	**(45)**
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	3	44
	4	**44**
Total	**110**	**118**

NOTE 5: Restructuring Cost

Restructuring costs include €94 million estimated cost for the Voluntary Exit Scheme of 2019, whose terms were announced on 10 May 2019 to the Bank's employees.

Restructuring costs also include €7 million direct expenditure relating to the Transformation Program.

NOTE 6: Tax benefit /(expense)

Continuing Operations	Group	
	31.03.2019	31.03.2018
Current tax	(3)	(3)
Deferred tax	(1)	-
Tax benefit / (expense)	**(4)**	**(3)**

The nominal corporation tax rate for the Bank for 2019 and 2018 is 29%. Following Law 4603/2019, the withholding tax on dividends distributed from 1 January 2019 onwards is decreased from 15% to 10%.

The unaudited tax years of the Group's equity method investments and subsidiaries are presented in Note 21.

Based on Law 4579/2018 effective from 2019, the corporate income tax rate for legal entities other than credit institutions will be gradually reduced as follows:

- 28% for income earned in 2019;
- 27% for income earned in 2020;
- 26% for income earned in 2021; and
- 25% for income earned as from 2022.

The corporate tax rate applicable to credit institutions remains at 29%.

Receivables from withholding taxes on bonds and treasury bills

Current income tax advance includes withholding tax receivables of €203 million relating to the financial years 2009, 2011, 2012 and 2013 (tax years 2008, 2010, 2011 and 2012), which the Bank claims from the Greek State. On 29 March 2019, an amendment was passed through Law 4605/2019 (article 93, para. 1 & 2) regarding Corporate Income Tax legislation, clarifying the status of these withholding tax receivables of banks. Specifically, (a) taxes of €41 million, withheld in accordance with the provisions of para. 8 of article 12 of Law 2238/1994, are offset as a priority when income tax is incurred and to the extent that income tax is sufficient for the purposes of the above set-off, (b) withholding taxes of €162 million, which are subject to the provisions of para. 6 of article 3 of Law 4046/2012 and not offset within five years, are offset in equal instalments within 10 years with any tax liabilities of banks, starting from 1 January 2020.

NOTE 7: Earnings / (losses) per share

	Group	
	31.03.2019	31.03.2018
Profit/(loss) for the period attributable to NBG equity shareholders from continuing operations	20	15
Earnings/(losses) for the period attributable to NBG ordinary shareholders from continuing operations	**20**	**15**
Earnings/(losses) for the period from discontinued operations	21	19
Earnings/(losses) for the period attributable to NBG ordinary shareholders from continuing and discontinued operations	**41**	**34**
Weighted average number of ordinary shares outstanding for basic and diluted EPS	**914,557,568**	**914,558,240**
Earnings/(losses) per share - Basic and diluted from continuing operations	**0.02**	**0.02**
Earnings/(losses) per share - Basic and diluted from continuing and discontinued operations	**0.04**	**0.04**

NOTE 8: Financial assets at fair value through profit or loss and investment securities

Financial assets at FVTPL as of 31 December 2018 included the amount of €3,273 million for the Swap with the Hellenic Republic mandatorily measured at FVTPL as it failed the SPPI test. In February 2019, NBG exchanged the Swap with the Hellenic Republic for three GGBs maturing in 2023, 2025 and 2026 with a total nominal value of €3,314 million and fair value of €3,282 million. The GGBs were classified as Held-To-Collect and measured at amortised cost under investment securities. A gain of €46 million was recognized from the transaction, which includes the release of the CVA on the Swap with the Hellenic Republic and the allowance for expected credit losses on the GGBs acquired.

NOTE 9: Loans and advances to customers

	Group	
	31.03.2019	31.12.2018
Mortgages	15,589	15,795
Consumer loans	3,062	3,087
Credit cards	636	668
Small business lending	2,629	3,094
Retail lending	**21,916**	**22,644**
Corporate and public sector lending	16,892	16,956
Total before allowance for impairment on loans and advances to customers	**38,808**	**39,600**
Less: Allowance for impairment on loans and advances to customers	(8,751)	(9,466)
Total	**30,057**	**30,134**

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

As at 31 March 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	3,057	5,491	7,041	15,589
ECL allowance	(33)	(185)	(2,757)	(2,975)
Net carrying amount	**3,024**	**5,306**	**4,284**	**12,614**
Consumer loans				
Gross carrying amount	1,288	442	1,332	3,062
ECL allowance	(19)	(84)	(1,074)	(1,177)
Net carrying amount	**1,269**	**358**	**258**	**1,885**
Credit Cards				
Gross carrying amount	467	14	155	636
ECL allowance	(3)	(1)	(154)	(158)
Net carrying amount	**464**	**13**	**1**	**478**
Small business lending				
Gross carrying amount	426	660	1,544	2,630
ECL allowance	(4)	(77)	(1,147)	(1,228)
Net carrying amount	**422**	**583**	**397**	**1,402**
Corporate lending				
Gross carrying amount	10,471	959	4,891	16,321
ECL allowance	(79)	(62)	(3,026)	(3,167)
Net carrying amount	**10,392**	**897**	**1,865**	**13,154**
Public sector lending				
Gross carrying amount	346	28	64	438
ECL allowance	(3)	-	(43)	(46)
Net carrying amount	**343**	**28**	**21**	**392**
Total loans and advances to customers at amortised cost				
Gross carrying amount	16,055	7,594	15,027	38,676
ECL allowance	(141)	(409)	(8,201)	(8,751)
Net carrying amount of loans and advances to customers at amortised cost	**15,914**	**7,185**	**6,826**	**29,925**
Loans and advances to customers mandatorily measured at FVTPL				**132**
Total loans and advances to customers				**30,057**

Movement in the ECL allowance on loans and advances to customers - Group

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total allowance
Balance at 1 January 2019	**144**	**428**	**8,894**	**9,466**
Impairment charge for credit losses	(3)	(18)	107	86
Modification impact on ECL	-	-	(21)	(21)
Write-offs and Sales	-	-	(218)	(218)
Change in the present value of the allowance account	-	-	(22)	(22)
FX and other movements	-	(1)	11	10
Reclassified as Held For Sale	-	-	(550)	(550)
Balance at 31 March 2019	**141**	**409**	**8,201**	**8,751**

NOTE 10: Assets and liabilities held for sale and discontinued operations

Non-current assets held for sale at 31 March 2019 comprise of Banca Romaneasca, NIC, NBG Cyprus Ltd, NBG Cairo Branch, Grand Hotel S.A. and NBG Pangaea REIC while at 31 December 2018 comprised of Banca Romaneasca, NIC, NBG Cyprus Ltd, NBG Cairo Branch and Grand Hotel S.A. The profit or losses from discontinued operations for the period ended 31 March 2019, comprises of Banca Romaneasca, NIC, NBG Cyprus Ltd, NBG Cairo Branch and NBG Pangaea REIC. The comparative profit or loss from discontinued operations includes S.A.B.A., Banca Romaneasca, NIC and NBG Albania and has been re-presented to also include NBG Cyprus Ltd, NBG Cairo Branch (which were classified as discontinued operations in December 2018) and NBG Pangaea REIC which was classified as discontinued operations in March 2019.

Banka NBG Albania Sh.A.

On 2 February 2018, the Bank entered into a definitive agreement with American Bank of Investments S.A. ("ABI") for the divestment to ABI of its entire stake (100%) in its subsidiary Banka NBG Albania Sh.A. ("NBG Albania"). The agreed consideration for the disposal amounted to €25 million.

The disposal was completed on 3 July 2018, on which date control of NBG Albania passed to ABI. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal of the above transactions, are disclosed in Note 43 of the Annual Financial Report of 31 December 2018.

The South African Bank of Athens Ltd

On 22 December 2016, the Group entered into a definitive agreement with AFGRI Holdings Proprietary Limited ("AFGRI"), a company incorporated in the Republic of South Africa for the divestment to AFGRI of its 99.83% stake in its South African subsidiary S.A.B.A. The agreed consideration for the disposal of the subsidiary amounts to €18 million (ZAR 301 million).

The disposal was completed on 4 October 2018, on which date control of SABA passed to AFGRI. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal of the above transactions, are disclosed in Note 43 of the Annual Financial Report of 31 December 2018.

Ethniki Hellenic General Insurance S.A.

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

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

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

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

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

Banca Romaneasca S.A.

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

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

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

The proceeds of disposal are expected to be lower than the carrying amount of the related net assets and accordingly cumulative impairment losses of €85 million (31 December 2018: €110 million) have been recognized at Group level.

Grand Hotel Summer Palace S.A.

On 18 October 2018 the Bank announced the opening of the sale process of its total shareholding in its 100% subsidiary Grand Hotel Summer Pallas S.A. ("Grand Hotel") through an open auction with seal bids on 10 December 2018. Upon completion of the aforementioned process the Bank on 14 January 2019 entered into a sale agreement with the highest bidder, Mitsis Company S.A., to dispose of its 100% stake in Grand Hotel. The agreed consideration for the disposal amounted to €50 million.The disposal was completed on 5 April 2019, on which date control of Grand Hotel passed to Mitsis Company S.A.

National Bank of Greece (Cyprus) Ltd

The divestment of NBG (Cyprus) Ltd ("NBG Cyprus") is an obligation of NBG under its amended Restructuring Plan that was approved by its Board of Directors on 4 December 2015. The sales process for NBG Cyprus commenced in April 2018 and, given that the process is very advanced, the Bank is expecting to conclude the sale of NBG Cyprus within the next 12 months.
The proceeds of disposal are expected to be lower than the carrying amount of the related net assets and accordingly cumulative impairment losses of €39 million (31 December 2018: €39 million) have been recognized at Group level on the classification of the subsidiary as held for sale. NBG Cyprus has been classified as held for sale and discontinued operations.

National Bank of Greece – Egyptian Branch Network

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

The application was finally submitted in March 2018, the approval to commence the sales process was granted in July 2018 and the sales process was launched in October 2018.

The proceeds of disposal are expected to be lower than the carrying amount of the related net assets and accordingly cumulative impairment losses of €16 million (31 December 2018: €9 million) have been recognized at Group level on the classification of the subsidiary as held for sale.

The Bank signed a definitive agreement to sell certain assets and liabilities of NBG Egypt to Bank Audi SAE on 2 May 2019 and expects that the sale will be consummated within the next 12 months and therefore the assets and liabilities of NBG Egypt have been classified as held for sale and discontinued operations. Closing of the transaction is subject to the approvals of the Central Bank of Egypt and the Central Bank of Lebanon.

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 ("Pangaea"), 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 Pangaea. According to the relevant terms of Shareholders Agreement, the entities nominated by Invel, namely "Invel Real Estate B.V." and CL Hermes Opportunities L.P., shall acquire NBG's Shareholding by 30 May 2019 at call option price (€4.684 per share). The total amount to be received for NBG's Shareholding (comprising 83,438,113 shares of NBG Pangaea REIC ("Pangaea")) shall be €391 million.

It is also noted that despite the Shareholders Agreement term expiration on 31 March, NBG retains control of Pangaea (according to applicable legal and contractual provisions) until the date of the consummation of the acquisition of NBG's shareholding and relevant competent Pangaea's corporate bodies resolutions. Therefore, on 31 March 2019, Pangaea was classified as held for sale and discontinued operations.

Condensed income statement of discontinued operations [1]

€ million	Group 12 month period ended 31.03.2019	31.03.2018
Net interest income	21	26
Net fee and commission income	-	1
Earned premia net of claims and commissions	18	24
Other income	18	16
Total income	**57**	**67**
Operating expenses	(52)	(45)
Provisions and impairments	19	(4)
Profit/(loss) before tax	**24**	**18**
Tax benefit/(expense)	(3)	1
Profit/(loss) for the period from discontinued operations	**21**	**19**
Total profit/(loss) for the period from discontinued operations (attributable to NBG equity shareholders)	**21**	**19**

(1) Includes Banka Romaneasca, NIC, NBG Cyprus Ltd, NBG Pangaea REIC and NBG Cairo branch while in 2018 S.A.B.A. and NBG Albania is also included.

€ million	31.03.2019	31.03.2018
Cash Flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	27	14
Net cash inflows/(outflows) from investing activities	(57)	(143)
Net cash inflows/(outflows) from financing activities	100	24
Net Cash inflows /(outflows)	**70**	**(105)**

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

ASSETS	Group 31.03.2019[1]	31.12.2018[2]
Cash and balances with central banks	194	227
Due from banks	390	299
Financial assets at fair value through profit or loss	64	64
Derivative financial instruments	1	1
Loans and advances to customers	1,377	1,217
Investment securities	2,610	2,494
Investment property	989	90
Goodwill, software and other intangible assets	30	16
Property and equipment	787	141
Deferred tax assets	118	125
Insurance related assets and receivables	476	455
Current income tax advance	23	19
Other assets	118	67
Non-current assets held for sale	6	6
Total assets	**7,183**	**5,221**
LIABILITIES		
Due to banks	10	11
Derivative financial instruments	1	-
Due to customers	1,594	1,590
Debt securities in issue	415	-
Other borrowed funds	318	-
Insurance related reserves and liabilities	2,244	2,210
Deferred tax liabilities	22	1
Retirement benefit obligations	65	66
Current income tax liabilities	3	-
Other liabilities	264	214
Total liabilities	**4,936**	**4,092**

(1) Includes Ethniki Hellenic General Insurance S.A., B.R.O.M., NBG Cairo branch, NBG Cyprus Ltd, NBG Pangaea REIC and Grand Hotel Summer Palace S.A.
(2) Includes Ethniki Hellenic General Insurance S.A., B.R.O.M., NBG Cairo branch, NBG Cyprus Ltd and Grand Hotel Summer Palace S.A.

NOTE 11:

NOTE 12: Due to banks

"Due to Banks" mainly includes the Bank's funding from the ECB of €2.25 billion and securities sold under agreements to repurchase of €2.2 billion, other deposits with financial institutions of €1.3 billion (31 December 2018: €2.25 billion, €4.1 billion and €1.3 billion, respectively).

NOTE 13: Due to customers

	Group	
	31.03.2019	31.12.2018
Deposits:		
Individuals	32,028	31,866
Corporate	5,835	6,102
Government and agencies	4,637	5,059
Total	**42,500**	**43,027**

	Group	
	31.03.2019	31.12.2018
Deposits:		
Savings accounts	19,440	19,449
Current & Sight accounts	9,478	9,142
Time deposits	12,829	13,640
Other deposits	742	785
	42,489	**43,016**
Securities sold to customers under agreements to repurchase	11	11
	11	**11**
Total	**42,500**	**43,027**

Included in time deposits are deposits, which contain one or more embedded derivatives. The Group has designated such deposits as financial liabilities at fair value through profit or loss. As at 31 March 2019, these deposits amounted to €911 million (31 December 2018: €1,043 million).

NOTE 14: Debt securities in issue

On 11 January 2019, NBG proceeded with the partial cancellation of €100 million of Series 9 covered bonds and therefore the outstanding amount as at 31 March 2019 was €500 million, which has been retained by the Bank and used as collateral for the main refinancing operations of the ECB.

On 12 February 2019, the remaining amount of €100 million of Series 8 covered bonds, which initially had been retained by the Bank, was placed with EIB and therefore the outstanding amount that NBG sold to EIB as at 31 March 2019 was €200 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 consolidated or separate Statement of Financial Position, Income Statement and Cash Flow Statement, taking into account that at 31 March 2019 the Group has provided for cases under litigation the amounts of €67 million (31 December 2018: €67 million).

b. Pending tax audits

Tax authorities have not yet audited all subsidiaries for certain financial years and accordingly their tax obligations for those years may not be considered final. Additional taxes and penalties may be imposed as a result of such tax audits; although the amount cannot be determined, it is not expected to have a material effect on the consolidated Statement of Financial Position.
The years 2011-2016 have been tax audited by Deloitte Certified Public Accountants S.A., in accordance with article 82 of law 2238/1994 and subsequently with article 65A of law 4174/2013 and the tax audit certificates which were unqualified, were issued on

27 July 2012, 27 September 2013, 10 July 2014, 30 October 2015, 30 September 2016 and 23 October 2017 respectively. The year 2017 has been tax audited by PWC S.A. and the tax certificate which was unqualified issued on 26 October 2018. Tax audit for 2018, by PwC S.A., is currently in progress, expected to be finalized with the issuance of tax certificate, by the end of June 2019.

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. In accordance with Ministerial Decision 1159/2011, the year 2013 is considered as tax audited due to the passage of the 18-month period from the issue of the tax certificate during which the tax authorities were entitled to tax audit the entity. However, under Decision 1680/2018 of the Legal Counsel of the State, the year 2013 should not be considered as permanently tax audited until a final decision by the Supreme Court. For the years 2014 onwards, in accordance with the Ministerial Decision 1006/2016 there is no exception from tax audit by the tax authorities to those entities that have been tax audited by the independent auditor and its tax audit certificate was unqualified.

Therefore, the tax authorities may re-audit the tax books of the Bank. However, it is not expected to have a material effect on the consolidated Statement of Financial Position.

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

c. Credit commitments

In the normal course of business, the Group enters into a number of contractual commitments on behalf of its customers and is a party to financial instruments with off-balance sheet risk to meet the financing needs of its customers. These contractual commitments consist of commitments to extend credit, commercial letters of credit and standby letters of credit and guarantees. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of the conditions established in the contract. Commercial letters of credit ensure payment by the Bank to a third party for a customer's foreign or domestic trade transactions, generally to finance a commercial contract for the shipment of goods. Standby letters of credit and financial guarantees are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. All of these arrangements are related to the normal lending activities of the Group. The Group's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and commercial and standby letters of credit is represented by the contractual nominal amount of those instruments. The Group uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

	Group	
	31.03.2019	31.12.2018
Standby letters of credit and financial guarantees written	2,972	2,760
Commercial letters of credit	224	279
Total	**3,196**	**3,039**

Total commitments to extend credit at 31 March 2019 are €6,129 million (31 December 2018: €6,350 million). Commitments to extend credit at 31 March 2019 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	
	31.03.2019	31.12.2018
Assets pledged as collateral	**3,806**	**5,138**

As at 31 March 2019, the Group has pledged mainly for funding purposes with the ECB, other central banks and financial institutions, the following instruments:

- trading and investment debt instruments of €1,148 million;
- loans and advances to customers amounting to €979 million; and
- covered bonds of a nominal value of €1,679 million backed with mortgage loans of total value of €2,624 million;

In addition to the pledged items presented in the table above, as at 31 March 2019, the Group has pledged an amount of €318 million included in due from banks with respect to a guarantee for the non-payment risk of the Hellenic Republic, as well as Hellenic Republic Treasury bills of €343 million for trade finance purposes.

Moreover, the Group has received assets from third parties that can be sold or repledged, that are not recognized on the balance sheet, but there are held as collateral. The fair value of these assets that were used as collateral for funding purposes with ECB and financial institutions was €1,965 million, for the Group.

e. Operating lease commitments

	Group
	31.12.2018
No later than 1 year	24
Later than 1 year and no later than 5 years	35
Later than 5 years	137
Total	**196**

NOTE 16: Share capital, share premium and treasury shares

Share Capital – Ordinary Shares

The total number of ordinary shares as at 31 March 2019 and 31 December 2018 was 914,715,153, with a nominal value of 3.00 Euro.

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 2018	**503,772**	**1**
Purchases	55,802,511	33
Sales	(55,932,483)	(34)
At 31 December 2018	**373,800**	**-**
Purchases	5,298,056	7
Sales	(5,616,356)	(7)
At 31 March 2019	**55,500**	**-**

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

Group	3 month period ended 31.03.2019			3 month period ended 31.03.2018		
	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	113	(8)	105	22	(4)	18
Gains / (losses) on investments in debt instruments measured at FVTOCI reclassified to profit or loss on disposal	(54)	-	(54)	(18)	(21)	(39)
Impairment loss recognised on investments in debt instruments classified at FVTOCI	1	-	1	1	-	1
Investments in debt instruments	**60**	**(8)**	**52**	**5**	**(25)**	**(20)**
Currency translation differences	**5**	**-**	**5**	**(7)**	**-**	**(7)**
Cash flow hedge	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Total of items that may be reclassified subsequently to profit or loss	**65**	**(8)**	**57**	**(3)**	**(25)**	**(28)**
Items that will not be reclassified subsequently to profit or loss:						
Gains / (losses) on investments in equity instruments measured at FVTOCI	13	-	13	2	-	2
Total of items that will not be reclassified subsequently to profit or loss	**13**	**-**	**13**	**2**	**-**	**2**
Other comprehensive income / (expense) for the period	**78**	**(8)**	**70**	**(1)**	**(25)**	**(26)**

NOTE 18: Related party transactions

The nature of the significant transactions entered into by the Group with related parties during the 3-month period ended 31 March 2019 and 31 March 2018 and the significant balances outstanding as at 31 March 2019 and 31 December 2018 are presented below.

a. Transactions with members of the Board of Directors and management

The Group entered into transactions with the members of the Board of Directors, the General Managers and the members of the Executive Committees of the Bank, the key management of other Group companies, as well as with the close members of family and entities controlled or jointly controlled by those persons.

All loans granted to related parties (i) were made in the ordinary course of business, (ii) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and (iii) did not involve more than the normal risk of collectability or present other unfavourable features.

The list of the members of the Board of Directors of the Bank is presented under Note 1.

As at 31 March 2019, loans, deposits/liabilities and letters of guarantee, at Group level, amounted to €2 million, €7 million and NIL respectively (31 December 2018: €4 million, €8 million and NIL respectively).

Total compensation to related parties amounted to €2 million (31 March 2018: €2 million) for the Group, mainly relating to short-term benefits and in particular salaries and social security contributions.

b. Transactions with subsidiaries, associates and joint ventures

At a Group level, only transactions and balances with associates and joint ventures are included, as transactions and balances with subsidiaries are eliminated on consolidation.

	Group	
	31.03.2019	31.12.2018
Assets	17	17
Liabilities	8	11
Letters of guarantee, contingent liabilities and other off balance sheet accounts	1	1

	3 month period ended	
	31.03.2019	31.03.2018
Interest, commission and other expense	1	-

c. Transactions with other related parties

The total receivables of the Group from the employee benefits related funds as at 31 March 2019 amounted to €746 million (31 December 2018: €747 million). For these receivables the Group recognized a provision of €742 million (31 March 2018: €727 million).

The total payables of the Group to the employee benefits related funds as at 31 March 2019 amounted to €124 million (31 December 2018: €135 million).

d. Hellenic Financial Stability Fund

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

NOTE 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 CRD IV and CRR respectively), which incorporate the key amendments that have been proposed by the Basel Committee for Banking Supervision (known as Basel III). Directive 2013/36/EU has been transported into Greek Law by virtue of Greek Law 4261/2014 and Regulation (EU) No 575/2013 has been directly applicable to all EU Member States since 1 January 2014 and certain changes under CRD IV were implemented gradually.

Regulation (EU) No 575/2013 defines the minimum capital requirements (Pillar 1 requirements) and Directive 2013/36/EU defines the combined buffer requirements for EU institutions. In addition, Directive 2013/36/EU provides (Art. 97 et seq.) that Competent Authorities regularly carry out the Supervisory Review and Evaluation process ("SREP"), to assess and measure risks not covered, or not fully covered, under Pillar 1 and determine additional capital and liquidity requirements (Pillar 2 requirements). SREP is conducted under the lead of the ECB. The SREP decision is tailored to each bank's individual profile.

The table below summarises Pillar 1 & 2 capital requirements for NBG Group for 2019 and 2018:

	CET1 Capital Requirements		Overall Capital Requirements	
	2019	2018	2019	2018
Pillar 1	4.5%	4.5%	8.0%	8.0%
Pillar 2	3.0%	3.0%	3.0%	3.0%
Capital Conservation Buffer	2.5%	1.875%	2.5%	1.875%
O-SII Buffer	0.25%	0.00%	0.25%	0.00%
Total	**10.25%**	**9.375%**	**13.75%**	**12.875%**

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

	Group	
	31.03.2019	31.12.2018
Common Equity Tier 1	**15.7%**	**16.1%**
Tier 1	**15.7%**	**16.1%**
Total	**15.8%**	**16.2%**

DTC Law

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

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

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

On 7 November 2014 the Bank convened an extraordinary General Shareholders Meeting which resolved to include the Bank in the DTC Law. In order for the Bank to exit the provisions of the DTC Law it requires regulatory approval and a General Shareholders meeting resolution.

As of 31 March 2019, the amount of DTAs that were eligible for conversion to a receivable from the Greek State subject to the DTC Law was €4.6 billion (31 December 2018: €4.6 billion). The conditions for conversion rights were not met in the year ended 31 December 2018 and no conversion rights are deliverable in 2019.

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's Statement of Financial Position at fair value and the fair value is materially different from the carrying amount.

Financial instruments not measured at fair value - Group

	Carrying amount	Fair value
	31.03.2019	31.03.2019
Financial Assets		
Loans and advances to customers	29,925	29,230
Investment securities at amortised cost	6,107	5,602
Financial Liabilities		
Due to customers	41,589	41,644
Debt securities in issue	957	974

	Carrying amount	Fair value
	31.12.2018	31.12.2018
Financial Assets		
Loans and advances to customers	30,001	29,273
Investment securities at amortised cost	1,872	1,253
Financial Liabilities		
Due to customers	41,984	42,040
Debt securities in issue	1,146	1,164
Other borrowed funds	268	268

The following methods and assumptions were used to estimate the fair values of the above financial instruments at 31 March 2019 and 31 December 2018:

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

Loans and advances to customers: The fair value of loans and advances to customers is estimated using discounted cash flow models. The discount rates are based on current market interest rates offered for instruments with similar terms to borrowers of similar credit quality.

Investment securities at amortised cost: The fair value of investment securities at amortised cost is estimated using market prices, or using discounted cash flow models based on current market interest rates offered for instruments with similar credit quality.

Due to customers: The fair value for demand deposits and deposits with no defined maturity is determined to be the amount payable on demand at the reporting date. The fair value for fixed-maturity deposits is estimated using discounted cash flow models based on rates currently offered for the relevant product types with similar remaining maturities.

Debt securities in issue: Fair value is estimated using market prices, or if such are not available, using a discounted cash flow analysis, based on current market rates of similar maturity and credit quality debt securities.

Other borrowed funds: Fair value of other borrowed funds is estimated using market prices, or discounted cash flow analysis based on the Group's current incremental borrowing rates for similar types of borrowing arrangements.

b. Financial instruments measured at fair value

The tables below present the fair values of those financial assets and liabilities presented on the Group's Statement of Financial Position at fair value by fair value measurement level at 31 March 2019 and 31 December 2018:

Financial instruments measured at fair value - Group

As at 31 March 2019	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	361	204	-	565
Financial assets mandatorily at fair value through profit or loss	15	14	151	180
Derivative financial instruments	1	4,302	9	4,312
Investment securities at fair value through other comprehensive income	478	1,876	49	2,403
Total	**855**	**6,396**	**209**	**7,460**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	911	-	911
Derivative financial instruments	2	2,588	6	2,596
Total	**2**	**3,499**	**6**	**3,507**

As at 31 December 2018	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	375	675	-	1,050
Financial assets mandatorily at fair value through profit or loss	156	3,287	159	3,602
Derivative financial instruments	30	3,753	8	3,791
Investment securities at fair value through other comprehensive income	827	1,693	48	2,568
Total	**1,388**	**9,408**	**215**	**11,011**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	1,043	-	1,043
Derivative financial instruments	12	2,115	4	2,131
Total	**12**	**3,158**	**4**	**3,174**

The tables below present the fair values for the assets and liabilities classified as held-for-sale in the Group's Statement of Financial Position and measured at fair value for 31 March 2019 and 31 December 2018:

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

As at 31 March 2019	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	5	59	-	64
Derivative financial instruments	-	1	-	1
Investment securities at fair value through other comprehensive income	998	1,127	7	2,132
Insurance related assets and receivables	143	135	-	278
Total	**1,146**	**1,322**	**7**	**2,475**

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

As at 31 December 2018	Fair value measurement using			
	Level 1	Level 2	Level 3	Total asset/ liability at Fair value
Financial Assets				
Financial assets at fair value through profit or loss	3	61	-	64
Derivative financial instruments	-	1	-	1
Available-for-sale investment securities	1,016	993	6	2,015
Insurance related assets and liabilities	151	119	-	270
Total	**1,170**	**1,174**	**6**	**2,350**

Transfers between Level 1 and Level 2

As at 31 March 2019, a specific HTCS security issued by the Italian Republic, for which the Group determined that sufficient liquidity and trading did not exist as at 31 March 2019, has been transferred from Level 1 to Level 2 according to the Group fair value hierarchy policy. The carrying amount of the fair value through profit or loss securities transferred as at 31 March 2019 was €18 million.

As at 31 December 2018, there were no transfers of financial assets or liabilities between fair value hierarchy levels according to the Group fair value hierarchy policy.

All transfers between levels are assumed to happen at the end of the reporting period.

Level 3 financial instruments

Level 3 financial instruments at 31 March 2019 and 31 December 2018 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 CVA is significant relative to the total fair value of the derivative.

(b) Securities mandatorily at fair value through profit or loss, for which the models used to estimate their fair value is based on unobservable credit spreads or which are price-based and the price is obtained from the issuers of the securities. They also include loans and advances to customers mandatorily at fair value through profit or loss, which are valued using discounted cash flow valuation techniques incorporating unobservable credit spreads.

(c) Equity securities at fair value through other comprehensive income, which are not traded in active markets and their fair value is estimated using an income or market approach, for which the main inputs used are not market observable.

The table below presents a reconciliation of all Level 3 fair value measurements for the period ended 31 March 2019 and 31 March 2018, 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 31 March 2019 and 31 March 2018, transfers from Level 2 into Level 3 include derivative instruments for which the bilateral CVA adjustment is significant to the base fair value of the respective instruments.

Reconciliation of fair value measurements in Level 3 – Group

	2019		
	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)	-	(5)
Gain / (loss) included in OCI	-	1	-
Settlements	-	-	(3)
Balance at 31 March	**3**	**49**	**151**

	2018			
	Available-for-sale investment securities	Net derivative financial instruments	Investment securities at FVTOCI	Mandatorily at FVTPL
Balance at 1 January	**8**	**8**	**-**	**-**
Impact of IFRS 9	-	(8)	24	185
Balance at 1 January	**8**	**-**	**24**	**185**
Gain / (loss) included in Income Statement	(9)	-	-	-
Gain / (loss) included in OCI	-	-	1	-
Settlements	-	-	-	(10)
Transfer into / (out of) level 3	13	-	-	-
Balance at 31 March	**12**	**-**	**25**	**175**

Changes in unrealised gains/ (losses) included in the income statement of financial instruments measured at fair value using significant unobservable inputs (level 3) relate to financial assets mandatorily at fair value through profit or loss and net derivative financial instruments, and amount to €(5) million and NIL respectively, for the period ended 31 March 2019.

Changes in unrealised gains/ (losses) included in the income statement of financial instruments measured at fair value using significant unobservable inputs (level 3) relate to financial assets mandatorily at fair value through profit or loss and net derivative financial instruments, and amount to NIL and €(7) million respectively, for the period ended 31 March 2018.

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 31 March 2019

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Input	Range of Inputs	
				Low	High
Investment securities mandatorily at fair valoue through profit or loss	9	Price based	Price	93.76	100.00
	11	Discounted Cash Flows	Credit Spread	346 bps	1400 bps
Interest Rate Derivatives	1	Discounted Cash Flows	Constant Maturity Swap correlation between different tenors	-50.00%	100.00%
Other Derivatives	2	Discounted Cash Flows, Internal Model (for CVA/DVA)	Credit Spread	123 bps	702 bps
Investment Securities at fair value through other comprehensive income	49	Income and market approach	n/a[1]	n/a[1]	n/a[1]
Loans and advances to customers mandatorily at fair value through profit or loss	133	Discounted Cash Flows	Credit Spread	300 bps	650 bps

[1] Equity securities at fair value through other comprehensive income include equity securities which are not traded in active markets. In the absence of an active market 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 2018

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Input	Range of Inputs Low	High
Investment securities mandatorily at fair value through profit or loss	8	Price based	Price	93.76	100.00
	18	Discounted Cash Flows	Credit Spread	316 bps	366 bps
Interest Rate Derivatives	3	Discounted Cash Flows	Constant Maturity Swap correlation between different tenors	-50.00%	100.00%
Other Derivatives	1	Discounted Cash Flows, Internal Model (for CVA/DVA)	Credit Spread	814 bps	1360 bps
Investment Securities at fair value through other comprehensive income	48	Income and market approach	n/a[1]	n/a[1]	n/a[1]
Loans and advances to customers mandatorily at fair value through profit or loss	133	Discounted Cash Flows	Credit Spread	300 bps	650 bps

[1] Equity securities at fair value through other comprehensive income include equity securities which are not traded in active markets. In the absence of an active market 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's financial instruments.

Other derivatives include derivatives for which the bilateral credit valuation adjustment is significant in comparison to their fair value. In these cases, the counterparty credit risk adjustment is mainly driven by the internal ratings of the counterparty. A reasonable increase in the credit spread of these entities would result in an insignificant change in the fair value of the Group's financial instruments.

For loans and advances to customers mandatorily at fair value through profit or loss, the valuation includes a parameter which is not observable in the market, i.e. the credit spread of the client. A reasonable increase in the respective credit spreads used would not have a significant effect on their fair value for the Group.

NOTE 21: Acquisitions, disposals and other capital transactions

On 22 February 2019 PANGAEA Group acquired in Cyprus the 90% of the shares of the company Vibrana Holdings Ltd, for a symbolic price.

On 28 March 2019 PANGAEA Group acquired a majority stake (60%) in Aphrodite Hills Resort Limited, in Cyprus, for a consideration of €12,291 thousand.

On 28 March 2019 PANGAEA Group acquired a majority stake (60%) in Aphrodite Springs Public Limited, in Cyprus, for a consideration of €2,400 thousand.

The assets and liabilities of all above three companies are included in the lines of the Statement of Financial Position "Non-current Assets Held for Sale" and "Liabilities associated with Non-current Assets Held for Sale" due to the forthcoming sale of PANGEA.

On 18 April 2019 PANGAEA Group acquired in Cyprus the 96,82% of the shares of the company The Cyprus Tourism Development Public Company Limited, for a consideration of €54,896 thousand which is the owner of Hilton Cyprus Hotel. The signing of the final agreement is subject to approval by the Commission fot the Protection of the Competition of Cyprus.

NOTE 22: Group companies

Subsidiaries	Country	Tax years unaudited	Group 31.03.2019	Group 31.12.2018
National Securities S.A.	Greece	2013-2018	100.00%	100.00%
NBG Asset Management Mutual Funds S.A.	Greece	2009-2018	100.00%	100.00%
Ethniki Leasing S.A.	Greece	2010-2018	100.00%	100.00%
NBG Property Services S.A.	Greece	2010-2018	100.00%	100.00%
Pronomiouhos S.A. Genikon Apothikon Hellados	Greece	2010-2018	100.00%	100.00%
Innovative Ventures S.A. (I-Ven)(1)	Greece	2008-2018	100.00%	100.00%
Ethniki Hellenic General Insurance S.A. (2)	Greece	2013-2018	100.00%	100.00%
Grand Hotel Summer Palace S.A.(2)	Greece	2010-2018	100.00%	100.00%
KADMOS S.A.	Greece	2010-2018	100.00%	100.00%
DIONYSOS S.A.	Greece	2010-2018	99.91%	99.91%
EKTENEPOL Construction Company S.A.	Greece	2010-2018	100.00%	100.00%
Mortgage, Touristic PROTYPOS S.A.	Greece	2010-2018	100.00%	100.00%
Hellenic Touristic Constructions S.A.	Greece	2010-2018	78.04%	78.04%
Ethniki Ktimatikis Ekmetalefsis S.A.	Greece	2010-2018	100.00%	100.00%
Ethniki Factors S.A.	Greece	2010-2018	100.00%	100.00%
NBG Pangaea REIC(2)	Greece	2010-2018	32.66%	32.66%
Karolou S.A.(2)	Greece	2012-2018	32.66%	32.66%
Probank M.F.M.C (1)	Greece	2013-2018	100.00%	100.00%
I-Bank Direct S.A.	Greece	2010-2018	100.00%	100.00%
Probank Leasing S.A.	Greece	2009-2018	99.87%	99.87%
NBG Insurance Brokers S.A.	Greece	2010-2018	100.00%	100.00%
Anaptixi Fragokklisia Real Estate S.A.(2)	Greece	-	32.66%	32.66%
Irinna Ktimatiki S.A.(2)	Greece	2017-2018	32.66%	32.66%
NBG Malta Holdings Ltd	Malta	2006-2018	100.00%	100.00%
NBG Bank Malta Ltd	Malta	2005-2018	100.00%	100.00%
ARC Management Two EAD (Special Purpose Entity)	Bulgaria	2014-2018	100.00%	100.00%
Bankteco E.O.O.D.	Bulgaria	2016-2018	100.00%	100.00%
PNG Properties E.A.D.(2)	Bulgaria	2017-2018	32.66%	32.66%
I&B Real Estate(2)	Bulgaria	2016-2018	32.66%	32.66%
Banca Romaneasca S.A.(2)	Romania	2013-2018	99.28%	99.28%
NBG Leasing IFN S.A.	Romania	2013-2018	100.00%	100.00%
S.C. Garanta Asigurari S.A.(2)	Romania	2003-2018	94.96%	94.96%
ARC Management One SRL (Special Purpose Entity)	Romania	2013-2018	100.00%	100.00%
Egnatia Properties S.A.(2)	Romania	2013-2018	32.66%	32.66%
Stopanska Banka A.D.-Skopje	North Macedonia	2014-2018	94.64%	94.64%
NBG Greek Fund Ltd	Cyprus	2014-2018	100.00%	100.00%
National Bank of Greece (Cyprus) Ltd(2)	Cyprus	2006 & 2008-2018	100.00%	100.00%
National Securities Co (Cyprus) Ltd (1)	Cyprus	-	100.00%	100.00%
NBG Management Services Ltd	Cyprus	2014-2018	100.00%	100.00%
Ethniki Insurance (Cyprus) Ltd(2)	Cyprus	2004-2018	100.00%	100.00%
Ethniki General Insurance (Cyprus) Ltd(2)	Cyprus	2004-2018	100.00%	100.00%
National Insurance Agents & Consultants Ltd(2)	Cyprus	2008-2018	100.00%	100.00%
Quadratix Ltd(2)	Cyprus	2016-2018	32.66%	32.66%
Lasmane Properties Ltd(2)	Cyprus	2016-2018	32.66%	32.66%
CAC Coral Limited	Cyprus	-	100.00%	100.00%
Aphrodite Hills Resort Limited (2)	Cyprus	2016-2018	19.59%	-
Aphrodite Springs Public Limited (2)	Cyprus	2012-2018	19.59%	-
Vibrana Holdings Ltd(2)	Cyprus	2018	29.39%	-
NBG Asset Management Luxemburg S.A.	Luxembourg	2018	100.00%	100.00%
NBG International Ltd	U.K.	2003-2018	100.00%	100.00%
NBGI Private Equity Ltd(1)	U.K.	2003-2018	100.00%	100.00%
NBG Finance Plc	U.K.	2003-2018	100.00%	100.00%
NBG Finance (Dollar) Plc	U.K.	2008-2018	100.00%	100.00%
NBG Finance (Sterling) Plc(1)	U.K.	2008-2018	100.00%	100.00%
Titlos Plc (Special Purpose Entity)(1)	U.K.	2016-2018	-	-
Pangaea UK Finco Plc(3)	U.K.	-	-	32.66%
SINEPIA Designated Activity Company (Special Purpose Entity)	Ireland	2016-2018	-	-
NBG International Holdings B.V.	The Netherlands	2018	100.00%	100.00%
Nash S.r.L. (2)	Italy	2013-2018	32.66%	32.66%
Fondo Picasso(2)	Italy	2013-2018	32.66%	32.66%

(1) Companies under liquidation.
(2) Ethniki Hellenic General Insurance S.A. and its subsidiaries, Banca Romaneasca S.A., National of Bank Greece (Cyprus) Ltd, Grand Hotel Summer Palace S.A., NBG Cairo Branch and NBG Pangaea REIC and its subsidiaries, have been reclassified to Non-current assets held for sale (See Note 10).
(3) Pangaea UK Finco Plc was incorporated in May 2018 and was dissolved on 8 January 2019.
(4) Innovative Ventures S.A. (I-Ven) was liquidated on 7 May 2019.

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

	Country	Tax years unaudited	Group 31.03.2019	Group 31.12.2018
Social Security Funds Management S.A.	Greece	2014-2018	20.00%	20.00%
Larco S.A.	Greece	2009-2018	33.36%	33.36%
Eviop Tempo S.A.	Greece	2014-2018	21.21%	21.21%
Teiresias S.A.	Greece	2010-2018	39.93%	39.93%
Planet S.A.	Greece	2009-2018	36.99%	36.99%
Pyrrichos Real Estate S.A.	Greece	2012-2018	21.83%	21.83%
SATO S.A.	Greece	2014-2018	23.74%	23.74%
Olganos S.A.	Greece	2014-2018	33.60%	33.60%

NOTE 23: Events after the reporting period

- On 5 April 2019 NBG disposed of its total shareholding in its 100% subsidiary Grand Hotel Summer Palace S.A. (see Note 10).
- On 18 April 2019 Pangaea REIC Group acquired in Cyprus the 96.82% of the shares of the company The Cyprus Tourism Development Public Company Ltd (see Note 20).
- On 10 May 2019, the Bank announced to its employees the terms of the VES (see Note 5).
- On 10 April 2019, the Greek authorities submitted a new commitments package for NBG to the European Commission including revised deadlines to sell remaining assets or alternative additional assets, as well as compensatory measures, including additional restructuring commitments and the prolongation of key existing commitments. On 10 May 2019, the Commission issued a press release stating it has approved Greece's new commitment package for NBG.

NOTE 24: Transition to IFRS 16 as of 1 January 2019

The Group analysed the impact of IFRS 16 in a Group-wide project, including existing processes, systems, data and contracts and established an IFRS 16 Implementation Program ("the IFRS 16 Program") to ensure a timely and high-quality implementation, in accordance with the requirements of the Standard. The IFRS 16 Program involved Finance, Real Estate Management, Procurement, Digital Channels, Global Markets and IT Divisions of the Bank and was overseen by a Project Steering Committee. The Committee comprised of the CFO (Chair), the CIO and the General Managers of Real Estate Management and International Activities Divisions of the Bank. A full- time Project Management Office (PMO) was setup and a Project Manager assigned. The Group Audit Committee was updated by the Executive Management on the status of the IFRS 16 Program, as well as the accounting estimates and policies applied.

Impact upon transition to IFRS 16

The adoption of IFRS 16 on 1 January 2019, increased the assets, liabilities and retained earnings of the Group by €136 million, €132 million and €4 million, respectively. The reported impact on the Group's assets and liabilities includes an amount of €29 million attributable to entities classified as held for sale and discontinued operations, which has been recognized within line items 'non-current assets held for sale' and 'liabilities associated with non-current assets held for sale'. In relation to the impact on regulatory capital, the Group's CET1 ratio decreased by approximately 5 bps as at 1 January 2019.

The table below presents a reconciliation of the Group's operating lease commitments as of 31 December 2018 to the recognized lease liabilities as of 1 January 2019.

Reconciliation of Group's lease liabilities

	€ million
Operating lease commitments as of 31 December 2018	**196**
Relief option for short-term leases and low-value assets	(1)
Extension options reasonably certain to be exercised	13
Gross lease liabilities as of 1 January 2019	**208**
Discounting	(105)
Lease liabilities as of 1 January 2019	**103**

The lease liabilities were discounted at the Group's IBR as of 1 January 2019. The weighted average discount rate was 2.8%.