

ANNUAL REPORT
2017



ΕΘΝΙΚΗ ΤΡΑΠΕΖΑ

GROUP FINANCIAL HIGHLIGHTS

Profit & loss account data (€ millions)	2017	2016
Net interest income	1.551	1.648
Net fee & commission income	240	177
Earned insurance premia net of claims & commissions	(126)	(123)
Net trading income / (loss) & results from investment securities	(48)	130
Total operating income	1.617	1.832
Total operating expenses & other non-cash expenses	(944)	(1.006)
Operating profit / (loss) before provisions	673	826
Credit provisions & other impairment charges	(811)	(784)
Share of profit / (loss) of equity method investments	1	1
Profit / (loss) before tax & minorities	(137)	43
Taxes	(26)	(19)
Profit (loss) from discontinued operations	(249)	(2.884)
Minorities	31	27
Attributable profit / (loss)	(443)	(2.887)

Balance Sheet data (€ millions)

Due from banks (net)	1.736	2.227
Loans & advances to customers (net)	37.941	41.643
Investment securities & financial assets	5.573	14.761
Other assets	19.518	19.900
Total assets	64.768	78.531
Due to banks	7.341	18.188
Due to customers	40.265	40.459
Debt securities in issue & other borrowed funds	1.197	673
Other liabilities	9.269	12.304
Total shareholder equity	6.696	6.907
Total equity & liabilities	64.768	78.531

Key figures & ratios

Earnings (losses) per share (€)*	(0,05)	(0,33)
Net interest margin	3,1%	2,8%
Core Tier I**	17,0%	16,3%
Total CAR	17,0%	16,3%
Staff number (average)	11.501	12.358

*Earnings/(losses) per share- Basic & diluted from continuing and discontinuing operations

** Average personnel from continued operations

Credit ratings	Long-term	Short-term
Moody`s	Caa2	NP
Standard & Poor`s	B-	B
Fitch Ratings	RD	RD
DBRS	D	R-5

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Dear Shareholder,

It is with great pleasure that I address you today, at a time when the design and implementation of the Group's strategy going forward is of major importance, as it focuses on active support for economic recovery after a prolonged period of crisis. Posting successful performance in 2017, during which the Greek economy returned to positive growth after almost a decade of recession, the Greek banking system received a certificate of good health following the stress tests carried out in early 2018. It is therefore right that we should now focus our attention on the challenges of tomorrow.

Through a socially painful and protracted process the Greek economy has regained its fiscal credibility and ranks among the very few countries that over-perform systematically against their fiscal targets. The cost competitiveness of the economy has grown to a large extent and in a sustainable way, as evidenced by the stability of core inflation and the steady growth in exports, while there have been significant structural changes in fiscal policy, the functioning of the market for goods and services, and the labor market, all of which generate multiple economic benefits that will become increasingly visible as economic activity gains pace.

The fundamentals of the viable business sector are displaying a steady trend toward improvement, with the largest and more competitive companies leading the way. Increased extroversion, rationalization and restructuring of domestic activities are the key pillars in creating strong business concerns. The impact of these improvements can already be seen in overall business profitability and value added generated in the economy, as they rebounded by 3.4% and 3.6% respectively y-o-y in 2017 and by 0.9% and 1.7% respectively y-o-y in the first quarter of 2018. In addition, as the new business landscape takes shape and domestic demand picks up, new business undertakings will identify more and more opportunities to expand their activities.

Strong tourist activity is a key pillar for the performance of the economy and has a significant knock-on effect for other productive sectors. As a result, the new impressive growth in tourism receipts by 21.7% y-o-y in the first 5 months of 2018 from 10.8% y-o-y in 2017 augurs a new round of favorable feed-throughs in economic activity and employment.

Employment is rising at a healthy pace (2.2% y-o-y on average in 2017, and 1.3% y-o-y in the first 4 months of 2018), while unemployment is on a downward path for the 5th consecutive year, remaining, however, at high levels. Nevertheless, it is encouraging that there are growing signs that higher value added sectors, such as manufacturing and niche services, are beginning to create more and better quality jobs, contributing to the gradual recovery of pay per working hour and forging the conditions to contain the flight of precious human resources abroad.

The successful completion of the 3rd Program and the decision of our Eurozone partners to activate a new package of measures to ensure the medium-term sustainability of Greek government debt reflect the strengthening climate of confidence in the outlook of the economy. This is evidenced by the upgrades in the Greek sovereign debt rating, which is directly passed on to banks and individual debt instruments backed by high quality collateral – such as NBG's last covered bond program, which has succeeded in achieving "investment grade". The bond market has already started to evaluate the news positively despite the instability emanating from Italy.

It is also notable that FDI flows into the Greek economy are on the rise, with a cumulative increase of €6 billion (excluding the financial sector) between 2016 and the first five months of 2018. The sectors that have been receiving the bulk of these capital inflows include mainly real estate, transport, and various manufacturing sub-sectors that present strong competitiveness.

In addition, there are consistent signs that liquidity conditions are improving, with the steady growth in deposits and improving access by banks and businesses to market lending reflecting the increasingly positive impact of the receding uncertainty.

The situation, as I have just described it, confirms that the Greek economy has been realigned and has managed to reach a new balance and win the battle for sustainability after a long ordeal. However, in a global and highly challenging environment, and with the social impact of the crisis very intense, the outlook of the strategy for tomorrow must far exceed the goal of sustainability. We still have to cover significant ground for the economy to create the conditions needed for an ambitious recovery in competitiveness and efficiency, and thereby raise living standards at a satisfactory pace. This is the central challenge for economic policy and corporate strategy.

Against this backdrop the banking system has been fighting a battle on two fronts. On the one hand, it is required to manage the heritage of the crisis as effectively as possible – for instance, to deal with the still large stock of non-performing loans, a significant part of which corresponds to unsustainable business undertakings – and, on the other, it has to diagnose and respond as rapidly as possible to the needs of the viable private sector and actively support it in the recovery phase. The scale and nature of the challenge is unprecedented for a European country, but I am convinced that we are ready to meet the challenge and facilitate – by marshalling all our forces – the imminent strategic transformation of the Greek economy.

Costas Michaelides

Chair of the Board

Dear Shareholder,

2017 signaled the return to economic growth by 1.4%, with Greece's economy growing in all four quarters of the year for first time since 2006. Economic growth in 2018 is picking up driven by export oriented corporate activity picking up, with 1Q18 GDP up by 2.3% yoy being the strongest pace in over 10 years. Residential property prices are stabilizing, commercial real estate prices are already recovering since 2H17 and the unemployment rate has been on a steady downtrend for more than three years. Having reached a fiscal surplus in 2017 for a second year in a row, Greece's recovery is set to gain further momentum in 2018, buoyed by increased investment activity and exports, and the successful completion of the stability support programme in August.

In this improving economic and business environment, NBG has demonstrated increasing balance sheet strength and enhanced capital buffers; we have managed to reduce NPEs for yet another year, exceeding the FY.17 SSM target by €0.8b, whilst increasing our leading provision coverage levels. At the same time, the Bank improved further its liquidity position, underpinned by zero ELA exposure excess liquidity, re-gained access to the debt markets and the lowest cost of funding in the domestic system.

With regards to asset quality, the Bank has managed to maintain a solid pace of NPE reduction throughout the past two years, reducing the stock by an impressive €4.2b since YE.15, covering half of the distance to the 2019 target. The reduction was driven by fully provided write offs and negative NPE formation. Encouragingly, this formation outcome derives from lower new defaults mainly as a result of curings, consisting the key outperformance driver vs the 2017 SSM target.

In 2018 we successfully completed the sale of a sizable unsecured consumer and SB portfolio of €2.0b, at c.6% of the total outstanding principal amount. This transaction, along with the sales of other systemic banks, pave the way for a follow up secured transaction in the second half of 2018. With an outperformance buffer of c€0.8b and the planned NPL sale, we feel confident that we are well on track to deliver FY.18 targets well ahead of time.

Notably, NBG's coverage levels in Greece stand at a sector-high, despite significant accounting write offs of €1.3b in 2017. At the same time, we maintained a very conservative provisioning policy, increasing domestic CoR yoy to c250bps, while adopting an equally conservative stance upon IFRS9 transition using the stricter EBA NPE definition. As a result, our domestic coverage has increased to c61% for NPEs and c84% for NPLs. In that light, and given improving economic and banking conditions, we managed to reduce CoR charges significantly already in 1Q18 by more than 80bps, paving the way for our return to meaningful operating profitability.

On the liquidity front, we managed to reduce our ELA reliance by €5.6b in the course of 2017, disengaging completely in end-November. This reflected the execution of our capital plan, re-access to the interbank and wholesale funding markets, sustained deleveraging, as well as deposits gradually flowing back in. At the same time, our funding cost is at the low-end of the sector, at c50bps, reflecting our leading market share in the country's cheapest retail liquidity source, savings.

Factoring in all these as well as current liquidity buffers, NBG remains in an advantageous position to tap Greece's economic recovery, focusing mainly on healthy corporate lending during 2H18. We are witnessing early signs of a pick-up in corporate credit demand in so far in 2018, with corporate disbursements exceeding €0.5b per quarter in 1H18 and expected to increase substantially during the last four months of the year.

On capital, our transitional CET1 ratio increased by c.70bps yoy to 17.0%. Remaining divestments are expected to add c.200bps of CET1 capital, driven mainly by the sale of Ethniki Insurance.

Regarding our profitability this year, we have set the basis for a substantial turnaround, which will allow us to produce a meaningful operating profit in 2018, driven mainly by CoR de-escalation. In particular, CoR is expected to decrease by c80-100bps yoy, already evident in 1Q18 results' performance, reflecting our outlook on NPE formation as well as our confidence on our coverage levels. A 50bps reduction in domestic CoR translates into c€150m lower provisions, constituting the largest driver of our profitability turnaround.

Looking ahead our aim is to make NBG once again the Bank of reference for the Greek corporates and households, leveraging on our strengths, our competitive advantages and our determination to evolve, moving fast. Management and Board focus towards achieving this objective is pin sharp and we will work together with our staff to deliver it. The new strategy will be characterized by customer centricity, flexibility, operating efficiency and innovation. I aim to achieve these transformational goals with consensus, transparency and clear rules of corporate governance.

Paul Mylonas

Chief Executive Officer

BOARD OF DIRECTORS

Costas Michaelides

Chair of the Board (Non-Executive Member)

EXECUTIVE MEMBERS

Paul Mylonas

Chief Executive Officer

Dimitrios Dimopoulos

Deputy CEO

NON-EXECUTIVE MEMBERS

Eva Cederbalk

Banking Experience

INDEPENDENT NON-EXECUTIVE MEMBER

Claude Piret

Independent Non-Executive Expert Member as prescribed by Art. 10 of Greek law 3864/2010 as in force. Risk experience/Financial Services

Haris Makkas

Economist / Financial Services

Andrew McIntyre

Independent Non-Executive Expert Member as prescribed by Art. 10 of Greek Law 3864/2010 as in force. Risk and Financial Audit Expertise

Marianne Økland

Independent Non-Executive Expert Member as prescribed by Art. 10 of Greek law 3864/2010 as in force Financial Services / Shipping

REPRESENTATIVE OF THE HELLENIC FINANCIAL STABILITY FUND (HFSF) (Law 3864/2010)

Periklis Drougkas

Economist

SECRETARY OF THE BOARD & BOARD COMMITTEES

Panagiotis Dasmanoglou

General Manager – Group Chief Compliance and Corporate Governance Officer

Notes:

The current Board, whose term expires in 2018, was reconstituted as a body at its 17 July 2018 meeting. In 2017, and up until today, the following changes were made to the Board's membership:

- On 23 July 2018, Mr. Periklis Drougkas was appointed as the new Representative of the Hellenic Financial Stability Fund on the Board of Directors, in the context of Law 3864/2010.
- Mr. Paul Mylonas was elected as Chief Executive Officer, at the meeting of the Board of Directors held on 17 July 2018. Consequently, the Board of Directors convened and decided on its constitution into a body. The Chair (non-executive) of the Board of NBG is Mr. Costas Michaelides, the Bank's Chief Executive Officer is Mr. Paul Mylonas, Deputy Chief Executive Officer is Mr. Dimitrios Dimopoulos, and Secretary of the Bank's Board of Directors and of its Committees is Mr. Panagiotis Dasmanoglou, General Manager of Group Compliance and Corporate Governance.
- By HFSF's Letter, dated 23.05.2018, the duties of HFSF's Representative to the Board of Directors, in the context of Law 3864/2010, are exercised by Mr. Christoforos Koufalias.
- On 4 May 2018, at the meeting of the Board of Directors, the Board of Directors accepted the resignation of the Bank's Chief Executive Officer, Mr. Leonidas Fragkiadakis. Consequently, in accordance with Article 21 of the Bank's Articles of Association, the Board of Directors unanimously resolved upon its reconstitution into a body and upon the appointment of Mr. Paul Mylonas, Deputy Chief Executive Officer as Acting Chief Executive Officer until the Annual General Meeting of Shareholders of year 2018.
- On 23 April 2018 the Board of Directors elected Mr. Andrew McIntyre as new independent non-executive member of the Board of Directors.
- On 28 February 2018, Mr Petros Sabatacakis submitted his resignation as independent non – executive member of the Board of Directors.
- On 31 January 2018, during the Board of Directors session, the stepping down of Mr. Mike Aynsley from the position of independent non-executive Board member was announced.
- On 27 December 2017, at the meeting of the Board of Directors, Mr. Panayotis (Takis) Aristidis Thomopoulos submitted his resignation from the position of non-executive member and Chair of the Bank's Board of Directors. By decision of the Bank's Board of Directors during its session taking place the same day, the Board resolved upon its reconstitution into a body and upon the appointment of Mr. Costas Michaelides as new non-executive Chair of the Board.
- On 1 November 2017 the Board of Directors elected Mr. Costas Michaelides as new non-executive member and Vice-Chair of the Board of Directors.
- On June 19, 2017, the non-executive member of the Board of Directors, Mr. Spyros Lorentziadis, informed the Board of Directors about his resignation, which came into force on June 30 2017.
- On 7 June 2017, Ms. Stavros Koukos submitted his resignation from non-executive member of the Board and now participates as an observer of the employees of the Bank in the Board.
- On 30 March 2017, Ms. Panagiota Iplixian was appointed as the new Representative of the Hellenic Financial Stability Fund on the Board of Directors, in replacement of Mr. Panayiotis Lefteris.

NBG SENIOR MANAGEMENT

EXECUTIVE COMMITTEE

Chair:

Paul Mylonas - CEO

Members:

Dimitrios Dimopoulos – Deputy CEO

Dimitrios Kapotopoulos – General Manager, Corporate Banking

Ioannis Kyriakopoulos – General Manager, Group Chief Financial Officer (CFO)

Ioannis Vagionitis – General Manager of Group Risk Management (Chief Risk Officer)

Nelly Tzakou-Lambropoulou – General Manager, Retail Banking

Nikos Christodoulou – General Manager, Group Chief Operating Officer (COO)

Panagiotis Dasmanoglou – General Manager, Group Chief Compliance and Corporate Governance Officer

Georgios Triantafyllakis – General Manager of Legal Services

GENERAL MANAGERS

Panagiotis Dasmanoglou

General Manager, Group Chief Compliance and Corporate Governance Officer

Dimitrios Kapotopoulos

General Manager, Corporate Banking

Ioannis Kyriakopoulos

General Manager, Group Chief Financial Officer (CFO)

Nelly Tzakou-Lambropoulou

General Manager, Retail Banking

Nikos Christodoulou

General Manager, Group Chief Operating Officer (COO)

Georgios Triantafyllakis

General Manager of Legal Services

Marinis Stratopoulos

General Manager of International Activities

Petros Fourtounis

General Manager of Human Resources

Ioannis Vagionitis

General Manager of Group Risk Management (Chief Risk Officer)

Constantinos Vosikas

General Manager of Corporate Special Assets

Georgios Kaloritis

General Manager of Internal Audit of the Bank and the Group

ASSISTANT GENERAL MANAGERS

Vassileios Kavalos

Assistant General Manager, Group Treasurer

Vassilis Karamouzis

Assistant General Manager of Corporate and Investment Banking

Ioanna Katziliari-Zour

Assistant General Manager, Group Marketing & Communications

George Koutsoudakis

Assistant General Manager, Group Corporate Banking

George Maligiannis

Assistant General Manager, Retail Collections

Vassileios Mastrokalos

Assistant General Manager of Group Strategy

Constantinos Bratos

Assistant General Manager, Corporate Workout & Remedial Management

Dimitrios Pavlineris

Assistant General Manager, Branch Network

Vassilis Skiadiotis

Assistant General Manager of Retail Banking

George Fragkou

Head of Group Real Estate, Deputy General Manager

FINANCIAL REVIEW 2017

In a positive, yet less auspicious than expected 2017 for the Greek economy, National Bank of Greece has managed to deliver strong results on key aspects of the domestic business, demonstrating increasing balance sheet strength.

On the liquidity front, NBG exited ELA in late November, the first Greek bank to do so, reflecting the Bank's unique advantage as regards its traditionally strong deposit base, especially in low cost core deposits, as well as the liquidity impact from the completed capital actions. Notably, NBG has already built a liquidity buffer, safeguarding the Bank's disengagement from ELA, facilitating the extension of credit during 2018.

In terms of asset quality, NBG has managed to maintain a solid pace of NPE reduction throughout the past two years, reducing the stock by €4.2bn since YE.15, covering half of the distance to the 2019 target. This result exceeds the end-2017 target by €0.8bn, while NPE coverage remains at a sector-high of 56% in Greece or 61% post IFRS 9 implementation. This highlights our conservative provisioning stance, thus setting the basis for further positive developments on the NPE front for 2018. On capital, CET1 ratio stands at 17.0%, with future positive impact from pending restructuring plan capital actions. Indeed, NBG enters the 2018 EU-wide stress test with strengthened capital and coverage levels.

With regards to P&L performance, NBG managed to increase domestic core PPI by c5% yoy, despite sustained deleveraging impacting NII, reflecting fee income strength and solid cost reduction of 7% yoy.

In 2018, Greece's macro backdrop continues to improve, underpinned by an upswing in investments and exports, and reflected in a sustained improvement in the labor market and consumer sentiment. The diminishing need for further economic adjustment provides an important signal regarding the sustainability of Greece's recovery. Within this supportive economic and business environment, we remain focused on our key strategic objectives, namely to increase lending to the economy, reduce NPEs ahead of SSM targets and return to meaningful operating profitability, by capitalizing on NBG's balance sheet strength.

Profitability

Greece

Q4.17 domestic core pre-provision income (PPI) reached €175m from €184m the previous quarter, weighed mainly by the seasonal pick-up in operating expenses (+4.4% qoq).

NII amounted to €343m from €352m in Q3.17, reflecting continuing loan deleveraging that more than offset the benefit from the reduction of ELA balances (at €0.7bn on average in Q4'17 from €3.1bn the previous quarter). The additional EFSF/ESM bond disposals under the ESM bond exchange scheme resulted in NIM improving by 6bps qoq to 311bps.

Net fee and commission income recovered sharply to €60m from €51m the previous quarter benefitting from increased card usage and the pick-up in corporate lending and asset management related fees. On a FY.17 basis, net fees reached €218m, up by 41.7% yoy, driven mainly by the elimination of Pillar funding costs. Adjusting for Pillar & ELA-related fees, fee income grew by 9.6% yoy, reflecting the 26.9% yoy increase in fund management, brokerage & other fees, as well as the 9.1% yoy rise in retail banking fees income.

Q4.17 operating expenses amounted to €228m from €219m in Q3.17, mainly on increased expenses related to professional services (legal, audit and consulting fees). On a FY.17 basis, OpEx settled 7.0% lower yoy at €868m on the back of the personnel cost containment (-10.9% yoy), while G&As remained broadly flat yoy. The sharp decline in personnel expenses incorporates the benefit from the Dec'16 Voluntary Exit Scheme (VES) that involved c10% of the domestic workforce. Cost-to-core income recovered to 51.8% in FY.17 from 54.7% in FY.16.

Q4.17 domestic losses from continued operations amounted to €55m from €49m in Q3.17, reflecting the increased loan impairments (+25.6% qoq).

On a FY basis, the bank reported losses from continued operations of €177m, weighed mainly by high loan impairments (CoR at c250bps in FY.17).

SE Europe¹:

In SE Europe¹, losses from continued operations reached €5m against the Q3.17 profits of €4m, mainly on the back of increased provisions (€11m in Q4.17 from €4m the previous quarter).

NPEs stock declines for a 7th consecutive quarter

NPE reduction continued in Q4.17, with the stock of domestic NPEs down by €0.7bn qoq. The decline was a function of both curings and fully provided write-offs of €683m. NPE formation (SSM perimeter) remained negative (-€51m in Q4.17 from -€126m in Q3.17), with FY.17 formation at -€127m. Notably, the Bank has reduced NPEs by €4.2bn since end-Q4.15, exceeding the FY.17 SSM operational reduction target by €0.83bn, covering

c1/2 of the distance to the 2019 target. The NPE ratio in Greece dropped by 113bps qoq to 44.1% in Q4.17, while the NPE coverage was maintained at 55.7%, which increases to 61.3% post IFRS 9 FTA, by far the highest among the systemic Greek banks.

Domestic 90dpd formation turned firmly negative in Q4.17 (-€311m from €66m in Q3'17), with contribution from all loan segments, reflecting an acceleration in restructurings. 90dpd coverage stood at 76.0% in Greece (74.7% at the Group level) or at 83.9% post the IFRS 9 FTA, highlighting NBG's greater degree of freedom.

Q4.17 domestic provisioning run rate increased to 250bps from 197bps in Q3.17, reflecting a pick-up of impairments on mortgages mainly due to collateral fair value adjustments. As a result, domestic CoR remained elevated in FY.17, standing at 250bps, up from 212bps in FY.16. The combination of conservative FY.17 provisioning policy and IFRS 9 FTA prepare the ground for a significant CoR de-escalation in 2018, a key prerequisite for a return to meaningful operating profitability. In SE Europe¹, the 90dpd ratio settled at 33.2% on coverage of 52.2%.

¹ SE Europe includes the Group's businesses in Cyprus and the former Yugoslav Republic of Macedonia

Superior liquidity position

Group deposits amounted to €40.3bn in Q4.17 (+4.4% qoq), reflecting a €1.7bn qoq increase in domestic deposits on the back of favorable seasonality and corporate inflows. Since the imposition of capital controls the Bank's deposit base in Greece has increased by €3.0bn, comprising mostly savings accounts and leading to a market share of 37% in this key segment. In SE Europe¹ deposits remained broadly flat qoq at €1.9bn.

As a result, NBG's best-in-class L:D ratio improved further to 79% in Greece (83% in Q3.17) and 80% at the Group level, providing the basis for credit growth in 2018.

Notably, Eurosystem funding has been reduced to just €2.8bn currently from €12.3bn at end-Q4.16, with zero ELA exposure since late Nov '17, partly assisted by capital actions. ELA elimination constitutes a clear credit differential compared with the other systemic Greek banks. Currently, the Bank has built a liquidity buffer, which may be disbursed as credit to healthy corporates, taking advantage of our low cost of funding. Tellingly, we have witnessed early signs of a pick-up in corporate credit demand in Q4.17 that has led to a post crisis record in corporate disbursements exceeding €0.5bn.

The successful execution of NBG's restructuring plan, coupled with increasing market access, will safeguard

NBG's disengagement from ELA, providing liquidity to fund credit expansion.

Capital position

CET1 ratio stood at 17.0% and at 16.7% on a CRD IV FL basis. The IFRS 9 adoption implies a FL impact of c350bps, which is c120bps over the 3yr ST horizon, due to the gradual phase in. Remaining divestments are expected to boost capital and liquidity meaningfully, driven mainly by the sale of Ethniki Insurance.

THE NGB SHARE

In 2017, the Athens Exchange (ATHEX) posted significant losses mainly because of political uncertainty, particularly in the second half of the year. NGB's share presented greater volatility, its year high standing at €0.38 on 16.08.2017 and its year low at €0.21 on 09.02.2017, and its closing price on 31.12.2017 at €0.32.

NBG's market capitalization as at 31 December 2017 stood at €2.9 billion vs €2.3 billion in the previous year. The total trading volume of shares stood at €2.1 billion, lower than the previous year (€2.0 billion), comprising 14.8% of the annual trading volume in the domestic capital market vs 13.6% in 2016.

DIAGRAM 1



TABLE1
NGB STOCK MARKET DATA

	2017	2016
Year-end price (€)	0.3	0.3
Year high(€)	0.4	0.3
Year Low (€)	0.2	0.1
Yearly standard deviation for NGB share price (%)	3.1	5.9
Yearly standard deviation for banking sector (%)	2.9	5.5
NBG market capitalization at year end (€ billions)	2.3	2.3
Annual trading volume (€ billions)	2.1	2.0
NBG-to-ATHEX trading volume ratio (%)	8.7	10.6

Sources: ATHEX, Bloomberg, NGB calculations

SHAREHOLDER STRUCTURE

As at 31 December 2017, NBG's share capital was divided into 9,147,151,527 common shares of a nominal value of €0.30 each.

At the end of December 2017 NBG's free float was broad-based, including circa 185,000 institutional and retail shareholders. As at 31/12/2017, NBG's shareholder data indicate (DIAGRAM 2) that the HFSF held 40.4% of its share capital, while 49.6% was held by international institutional and retail investors, and 6.2% by domestic retail investors. Excluding the HFSF's shareholding, the participation of international institutional and retail investors stood at 83.2% while that of domestic retail investors stood at 10.4% (DIAGRAM 3).

DIAGRAM 2
SHAREHOLDERS STRUCTURE NBG 31.12.2017

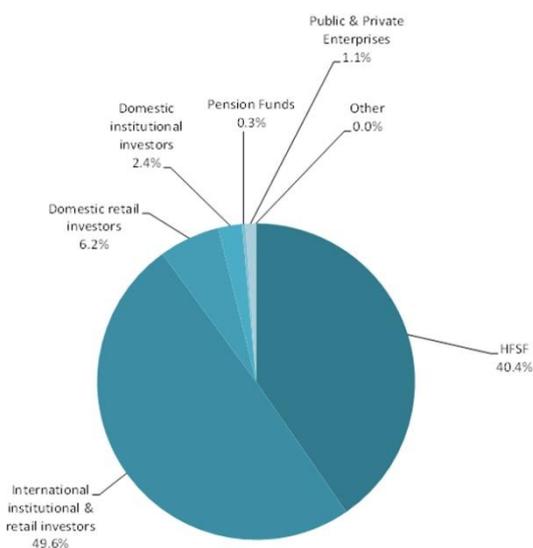
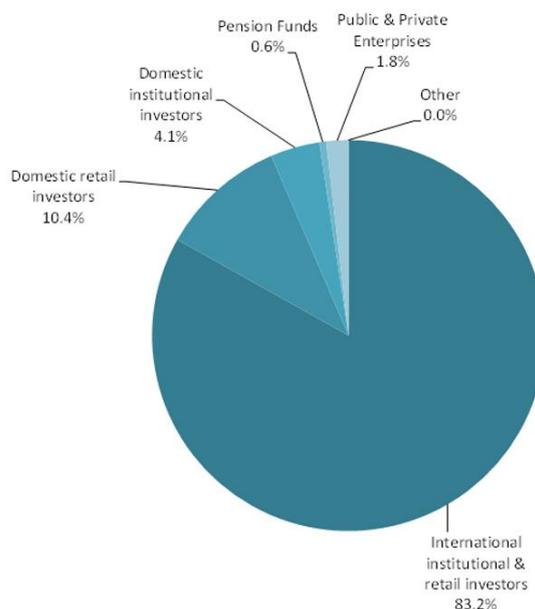


DIAGRAM 3
SHAREHOLDERS STRUCTURE (x-HFSF) 31.12.2017

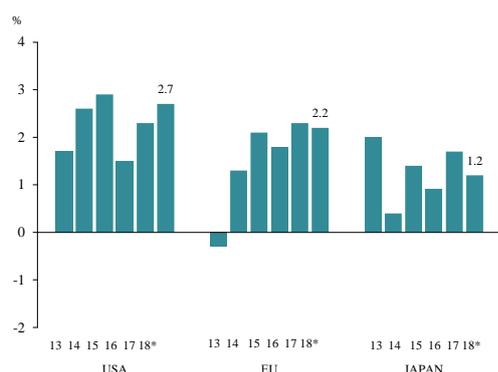


SECTION **1** THE FINANCIAL ENVIRONMENT

1.1 THE GLOBAL ENVIRONMENT

The global economy picked up pace in 2017, with real GDP increasing by 3.6% y-o-y from 3.2% y-o-y in 2016. In the US, improving business investment in the energy sector and the sustained resilience of private consumption stimulated activity, with real GDP accelerating to 2.3% y-o-y in 2017, from 1.5% y-o-y in 2016 (DIAGRAM 1.1.1). The euro area economy continued to recover solidly, as domestic demand found support from robust employment gains, improving bank credit conditions amid expansionary monetary policy by the ECB, and a pick-up in business investment activity. For 2017, real GDP advanced by 2.3% y-o-y (the highest growth since 2007), from 1.8% y-o-y in 2016. Japanese growth also gathered pace, buoyed by accommodative fiscal policy and the faster pace of global economic growth, with real GDP increasing by 1.7% y-o-y in 2017, from 0.9% y-o-y in 2016.

DIAGRAM 1.1.1
GDP GROWTH
(YEAR-ON-YEAR)

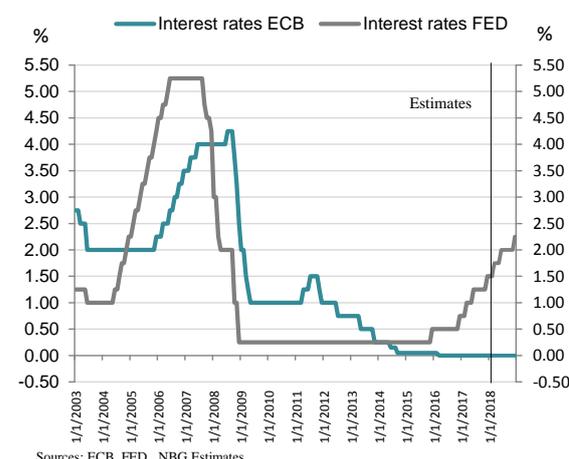


Sources: Eurostat, US Bureau of Economic Analysis and IMF, * IMF Estimates

International oil prices showed an upward trajectory in 2017, due to the expansion of the agreement between OPEC and selected countries (Russia) to reduce oil output through December 2018, and the strong demand for oil on the back of global economic growth. By the end of the year, the price of crude oil had risen by approximately 11% to USD 60/barrel vs USD 54/barrel in 2016. In terms of average year-on-year percentage change, the price of oil rose by 19% in 2017 (to USD 51/barrel in 2017 from USD 43/barrel in 2016) vs a fall of approx. 11% in 2016. On the back of these developments, and combined with the momentum in economic activity, inflation in advanced economies accelerated to 1.7% (average annual change) in 2017 vs 0.8% in the previous year.

Monetary policies in advanced economies remain supportive, although there was a gradual removal of accommodative policies in the course of 2017. The Fed increased the target for the federal funds interest rate by a cumulative 75 bps to the range of 1.25%-1.5% as of December 2017, with officials expecting the rate to settle at 2.0%-2.25% by end-2018 (DIAGRAM 1.1.2). It is important to note that, as of October 2017, the Fed began to passively downsize its balance sheet by reinvesting a portion, and not the full amount, of the principal payments from its holdings of Treasury and agency mortgage-backed securities that mature each month, thereby bringing the balance sheet down to USD 4.4 trillion at end-2017. On the other side of the Atlantic, the ECB kept its benchmark policy interest rates unchanged at 0.0% (main refinancing rate) and -0.4% (deposit facility rate) during 2017. Moreover, during October 2017, the ECB decided to extend its purchases at least until September 2018, albeit at a reduced monthly pace of EUR 30 billion (vs €60 billion previously), effective from January 2018, as economic growth has accelerated and deflationary concerns for the euro area economy have subsided. Finally, the Bank of Japan continues the aggressive expansion of its balance sheet mainly through purchases of Government bonds and equity exchange traded funds ("ETFs"), targeting 10-year Japanese government bond yields to remain around zero percent under its "yield curve control" framework.

DIAGRAM 1.1.2
SHORT-TERM INTEREST RATES

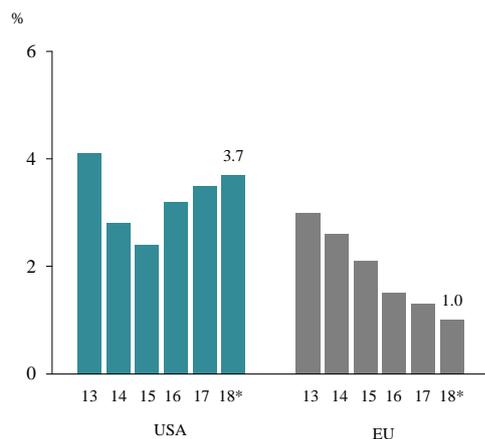


Sources: ECB, FED, NBG Estimates

The process of fiscal adjustment, which began in the wake of the financial crisis of 2008/2009 and has led to a significant improvement in public finances in recent years, continued rapidly in the euro area. Indeed, the fiscal deficit contracted to 1.3% of GDP in 2017 vs 1.5% in 2016, reflecting lower interest payments on debt, slower growth in government expenditure, and renewed strength in the economic cycle. In the US, the fiscal deficit of the

Federal Government increased to 3.5% of GDP in 2017 from 3.3% in 2016. More significantly, further substantial growth in the fiscal deficit is anticipated in 2018 (DIAGRAM 1.1.3), and mainly in 2019, reflecting the recently announced tax breaks for individuals and legal entities (December 2017), as well as approved increases in spending by the Federal Government (January 2018).

**DIAGRAM 1.1.3
BUDGET DEFICIT
(% of GDP)**



Source: IMF, CBO, Fiscal Year in USA, *Estimates IMF & CBO

SEEurope (SEE-5)*

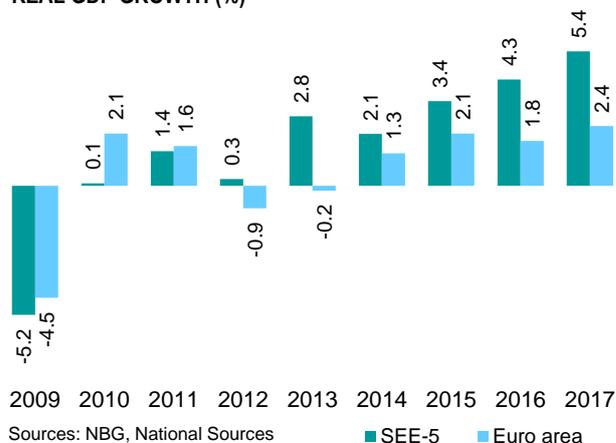
* SEE-5 comprises Albania, Bulgaria, the Former Yugoslav Republic of Macedonia, Romania and Serbia

The fundamentals and performance of the economies as well as the banking sectors of SEE-5 operations improved on a large scale in 2017. However, while economic activity gained momentum and the banking sector performance strengthened, the fiscal balance deteriorated and the current account deficit widened, albeit within manageable levels.

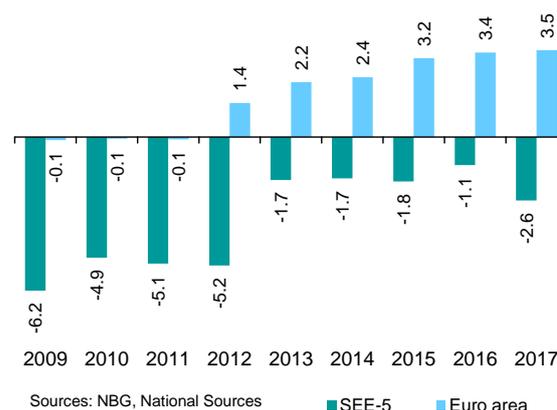
GDP growth accelerated to a post global crisis high of 5.4% in 2017—surpassing its long term potential of 3.0% and the previous year’s outcome of 4.3%. The acceleration was supported by both rising domestic and external demand. Private consumption remained the main engine of growth, underpinned by an expansionary fiscal policy stance (the fiscal deficit widened mildly to 1.7% of GDP in 2017 from 1.5% in 2016), improving labor market conditions, and a rebound in credit activity (loans to the private sector increased by a 6-year high of 4.3% in December against a rise of 1.1% in 2016). On the other hand, exports of goods and services gained steam, mainly on the back of accelerating economic activity in SEE operations’ main trading partner—

the euro area (GDP growth reached a 10-year high of 2.4% in 2017, up from 1.8% in 2016).

**DIAGRAM 1.1.4
REAL GDP GROWTH (%)**



**DIAGRAM 1.1.5
CURRENT ACCOUNT BALANCE
(% of GDP)**

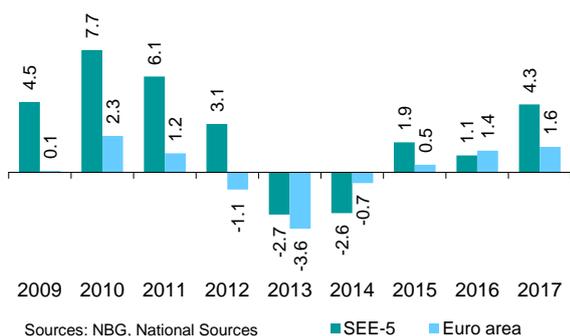


Not surprisingly, despite stronger exports, the current account deficit widened to 2.6% of GDP in 2017 from 1.1% in 2016, due to unfavorable global oil prices and, to a large extent, the significant rebound in domestic demand. However, this negative development was not a cause for concern since the current account deficit remained at manageable levels and the quality of its financing remained sound. Indeed, foreign direct investments continued covering the current account deficit for a fifth year in a row (114.6% in 2017).

Amid a favorable operating environment, the fundamentals and the performance of the SEE banking sector improved in 2017. Indeed, the bottom line rose to an estimated €2,578 million in 2017 from €1,954 million in 2016. This performance was mainly supported by lower provisions for bad loans, in line with the moderation of the ratio of problematic

loans to total gross loans (ranging between 6.3% in the Former Yugoslav Republic of Macedonia and 13.2% in Albania in December 2017). The downward trend in non-performing loans reflects strengthening economic activity and, to a large extent, significant write offs and sales of problematic loans encouraged by central banks. Moreover, the capital adequacy ratio improved further (ranging between 15.7% in FYROM and 22.5% in Serbia in December 2017). The improved asset quality and solvency bode well for a strengthening recovery in lending activity, in view of the region's low penetration rate (loan-to-GDP ratios ranged between 27.4% in Romania and 50.9% in Bulgaria in December 2017), especially in the retail segment (retail lending-to-GDP ratios ranged between 11.3% in Albania and 22.7% in FYROM in December 2017), and adequate liquidity ratios (the SEE operations average loan-to-deposit ratio stood at 80.7% in December 2017—well below the 100% threshold).

DIAGRAM 1.1.6
CREDIT EXPANSION TO THE PRIVATE SECTOR
(y-o-y change, %)



For this year, the fundamentals and performance of the economies and banking sectors of the SEE-5 are expected to remain strong. There are, however, downside risks to the SEE operations' positive outlook, stemming mainly from tighter-than-initially-anticipated global liquidity conditions and weaker-than-initially-expected economic activity in the region's main trading, investing and financing partner—the euro area. Indeed, stronger-than-initially-expected growth momentum or inflation in the US could prompt the Fed to proceed with a faster or stronger monetary policy tightening than currently anticipated. Moreover, elevated geopolitical tensions (e.g. on the Korean peninsula and in the Middle East) and increased protectionism by the US administration could have a negative impact on the rest of the world's growth—including the euro area. The SEE operations' positive outlook could also be negatively affected by deteriorating investor confi-

dence, in the event of renewed domestic political uncertainty and subsequent policy slippage.

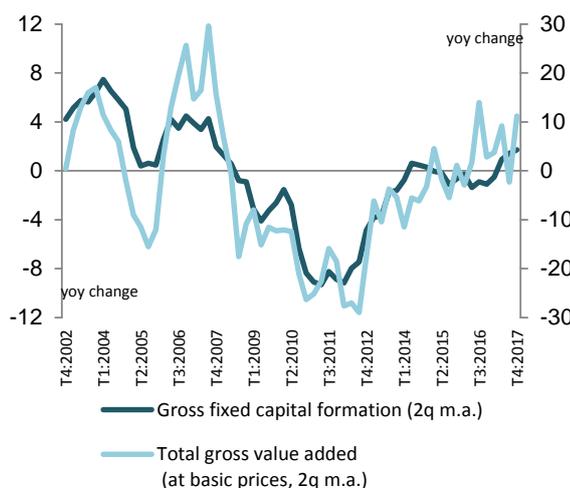
1.2 THE GREEK ECONOMY

In 2017, GDP grew by 1.3% y-o-y (seasonally adjusted figures), the best performance after almost a decade of unrelenting contraction, despite the application of tighter-than-anticipated fiscal policy. A key input for GDP growth in 2017 was undoubtedly investment spending, which grew by 9.7% y-o-y, thereby making a 1.1 pp contribution to GDP growth and reflecting the increase in non-residential investments (a 10-year high of 10.8% y-o-y) over the same period. Residential construction activity declined, though at a slower rate than in previous years (-8.7% y-o-y), while downward pressure on house prices eased significantly in 2017 (-0.3% y-o-y in Q4:2017, and -1.0% y-o-y on average in 2017, vs -2.4% y-o-y in 2016). GDP data for 2017 indicate subdued private consumption for the year as a whole, reflecting fiscal pressures, the still high level of unemployment, and the significant cumulative reduction in incomes over the preceding years. In addition, the increase in consumer prices (1.1% y-o-y in 2017), following four years of deflation, contributed to a corresponding reduction in real (deflated) household incomes. The combination of these factors offset the positive impact of the healthy course of employment, which improved by 2.2% y-o-y in 2017.

DIAGRAM 1.2.1
GDP GROWTH



DIAGRAM 1.2.2
INVESTMENTS AS A % OF GDP

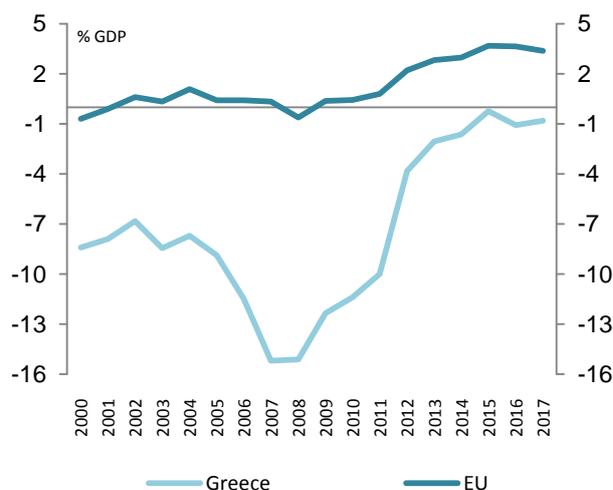


Source: Hellenic Statistical Authority

The improved economic climate was based primarily on the business sector, where manufacturing output grew by 3.8% y-o-y in 2017, the second best year-on-year performance since 2007 (the best was 2016, though it started out from a very low base), backed by robust output growth in basic metals, petroleum products, pharmaceuticals and food. Reflecting the improved business climate is the Purchasing Managers' Index (PMI) for the manufacturing sector, which posted a 10-year high in 2017, while yet further improvement in the first two months of 2018 (highest level in 17½ years) points to a positive outlook for the sector. With regard to services, the sector generally posted a strong performance, mostly due to tourism-related activity, as the growth in tourist receipts (11.1% y-o-y) outperformed that in arrivals (9.7% y-o-y) in 2017, for the first time since 2013.

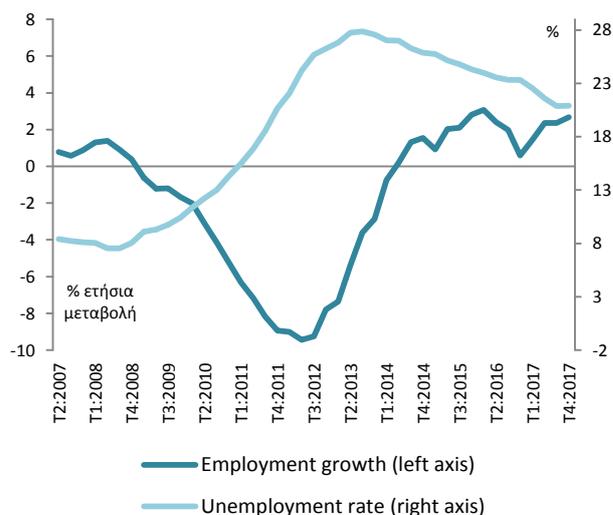
In 2017, the current account posted a deficit of 0.8% of GDP, slightly less than in 2016 (-1.1% of GDP), as the increased surplus in the services balance offset the higher deficit in the trade balance. Specifically, the services sector outperformed, based on the strong performance of the tourism sector, while exports of non-fuel goods also followed an upward trend (up 9.6% y-o-y), reflecting the dynamics of outward-looking enterprises, which were assisted by healthy growth in the euro area. However, non-fuel imports also posted a significant increase (up 8.1% y-o-y), mainly reflecting increased demand for raw materials.

DIAGRAM 1.2.3
CURRENT ACCOUNT BALANCE AS A % OF GDP



Source: OECD, Bank of Greece

DIAGRAM 1.2.4
EMPLOYMENT & UNEMPLOYMENT RATE

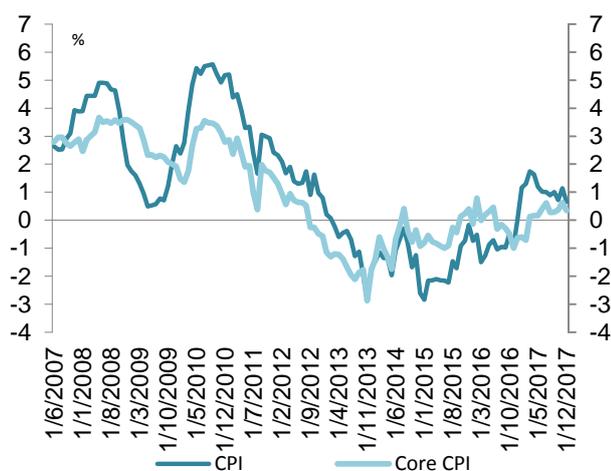


Source: Hellenic Statistical Authority

The Greek labor market continued to display improvement in 2017, with the level of employment rising by 2.2% y-o-y, as economic activity gradually picked up, particularly in sectors related to trade, tourism, and manufacturing. Unemployment fell to its lowest level in six years, at 20.8% in December 2017 from 23.4% in December 2016, while in Q4.2017 71.8% of total unemployed corresponded to long-term unemployed. Average pay in the economy showed signs of stabilization in 2017 after a cumulative contraction of 20% between 2009 and 2016.

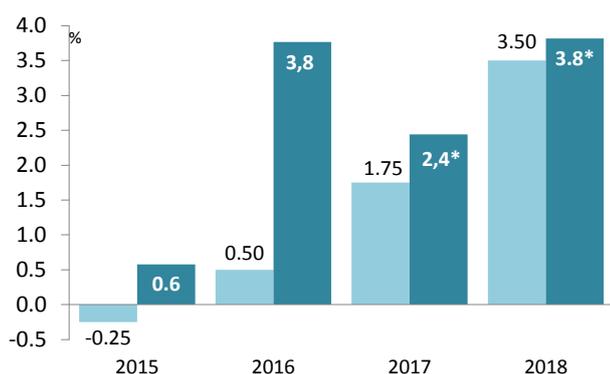
The deflationary trends of the Greek economy ended in 2017, with the consumer price index shifting upwards by 1.1% y-o-y after an average annual decline of circa 1.2% in the period 2013-2016, largely due to rising energy prices (mainly oil), up by 11.0 % y-o-y, while core inflation (excluding the impact of energy prices ,fresh fruit and vegetables) increased marginally by 0.2% y-o-y in 2017 from -0.1% y-o-y in 2016, reflecting the limited pricing power of Greek businesses under conditions of the currently low () domestic demand.

**DIAGRAM 1.2.5
HARMONISED CPI**



Source: Hellenic Statistical Authority

**DIAGRAM 1.2.6
PRIMARY SURPLUS AS A % OF GDP**



*2017 & 2018: Estimates of Government Budget 2018

- Primary surplus - 3rd program target (% of GDP)
- Primary surplus (% of GDP)*

Source: Ministry of Finance, HSA

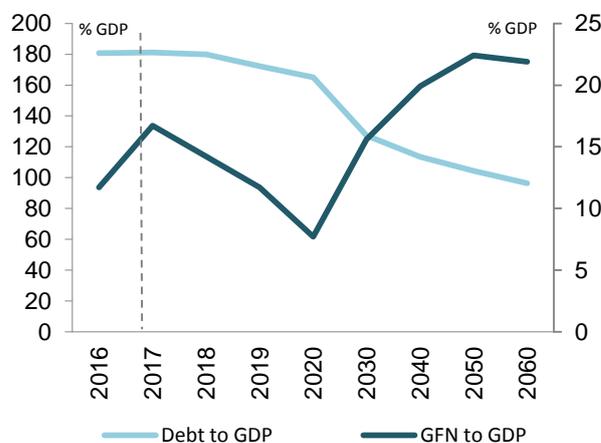
In the sphere of public finances, Greece is expected to outperform the targets of the Third Program, achieving a primary surplus of at least 2.44% of

GDP in 2017 vs the Program's target of a surplus of 1.75% of GDP. The finalization of this figure in April 2018 should serve to enhance credibility with respect to achieving the adjustment targets for 2018 (aiming at a minimum primary surplus of 3.5% of GDP).

The General government debt-to-GDP ratio rose to 180.8% in 2016, is anticipated to peak at the end of 2017, and from 2018 onwards to gradually decline, under the baseline estimate (Scenario A) of the Debt Sustainability Analysis of the European Commission. According to ESM estimates, the prospective benefit for Greece's gross public debt from the implementation of the short-term debt relief measures that were endorsed by the Eurogroup on 5 December 2016 and began to be implemented from the beginning of 2017 is estimated at 25 pps of GDP by 2060. When these measures are implemented they should contribute to a reduction of the medium- and long-term financing needs of the Greek State towards sustainable, albeit higher, levels of 15% of GDP for the post-program period through to 2040 and around 20% after 2040, under the baseline scenario of the renewed debt sustainability analysis by the European Commission.

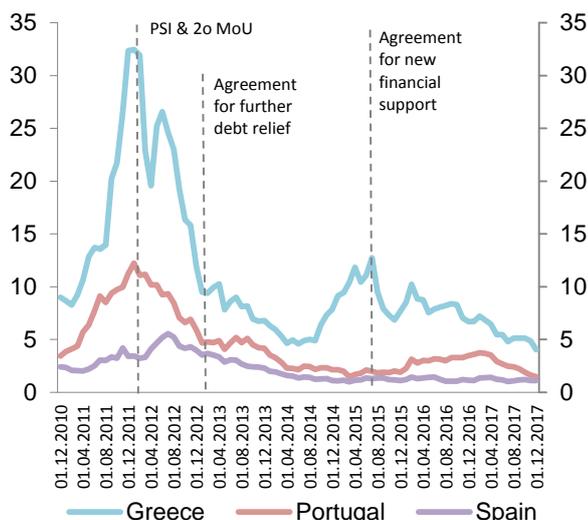
The Eurogroup of 15 June 2017 reiterated the willingness of the lenders to design and implement a mechanism for correlating potential future relief in the cost of servicing Greek debt associated with loans of the European Financial Stability Facility ("EFSF") with the growth rate of the Greek economy, the plan for which will be presented in the second quarter of 2018. This mechanism will be part of the medium-term debt relief measures, which can be applied, by agreement, following the successful implementation of the European Support Mechanism (ESM) program.

**DIAGRAM 1.2.7
PUBLIC DEBT & GROSS FINANCIAL NEEDS OF GREECE
(as a % of GDP)**



Source: European Commission, Compliance Report, March 2018

**DIAGRAM 1.2.8
COMPLEX COMPOSITE OF ECONOMIC CLIMATE**



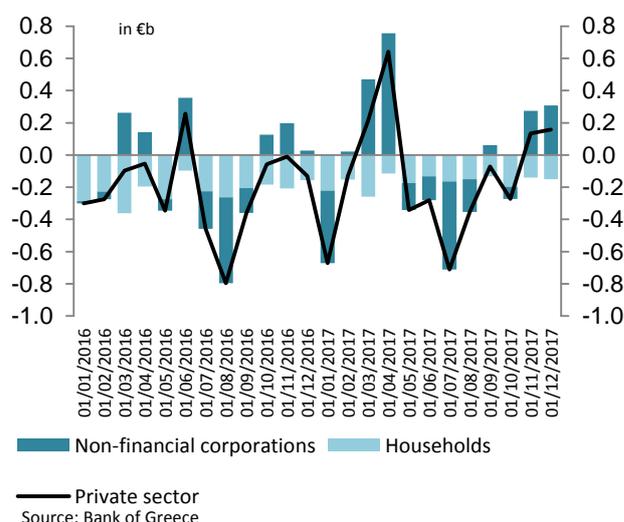
Source: Bloomberg

These positive fiscal developments, coupled with the successful issuance of a 5-year bond by the Hellenic Republic in July 2017 and the completion of the swap of bonds issued under the PSI with new securities in November 2017, were also accompanied by a significant decline in Greek bond yields at the end of 2017 (4.4% in December vs 6.1% on average in the 11 months of 2017), while this was followed by upgrades in the country's credit ratings by key rating agencies in early 2018. Notably, rating agencies Standard and Poor's ("S&P") and Fitch upgraded Greece's credit rating by one notch from "B-" to "B" with a positive outlook, on 19 January 2018 and 16 February 2018, respectively, while Moody's, on 21 February 2018, upgraded the rating for the Greek economy by two notches from "Caa2" to "B3" with a positive outlook.

Bank retail deposits for FY.2017 posted a cumulative increase of €5.9 billion with household deposits increasing by €3.7 billion and business deposits by €2.2 billion, reflecting, inter alia, improving economic activity and, above all, export-oriented entrepreneurship. The Greek banking system remained in deleveraging mode in 2017, with the rate of contraction of lending to the private sector slowing down vs the end of 2016 (-0.8% y-o-y in December 2017 vs -1.5% y-o-y in December 2016), while loans to households declined by 2.3% y-o-y (vs -2.8% y-o-y in December 2016). Lending to businesses increased in December 2017 (+0.4% y-o-y, vs 0.0% y-o-y in December 2016), in response mainly to improved demand by specific sectors, for the most part export-oriented, such as transport and storage, retail trade and tourism. Against this backdrop, the Greek banking system's financing from the Euro-system decreased to €33.7 billion in December

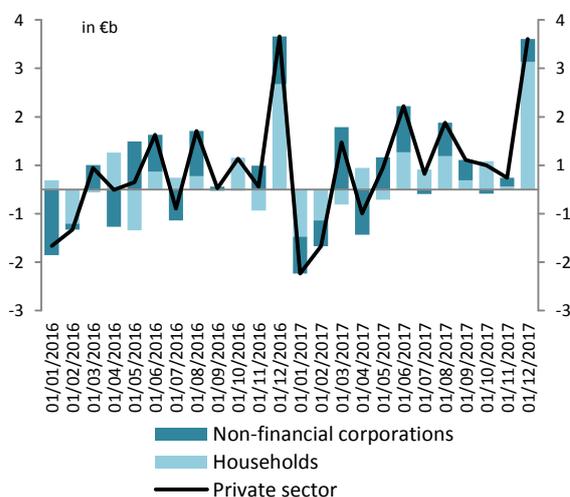
2017 vs €66.6 billion in December 2016, with the country's banking system relying on emergency liquidity assistance ("ELA") contracting by €22.5 billion in the same period. It is worth pointing out that NBG, in early 2018, became the first Greek bank to eliminate fully its reliance on the ELA.

**DIAGRAM 1.2.9
BANK FINANCING OF PRIVATE SECTOR (NET MONTHLY FLOW)**



Source: Bank of Greece

**DIAGRAM 1.2.10
PRIVATE SECTOR DEPOSITS (NET MONTHLY FLOW)**



Source: Bank of Greece

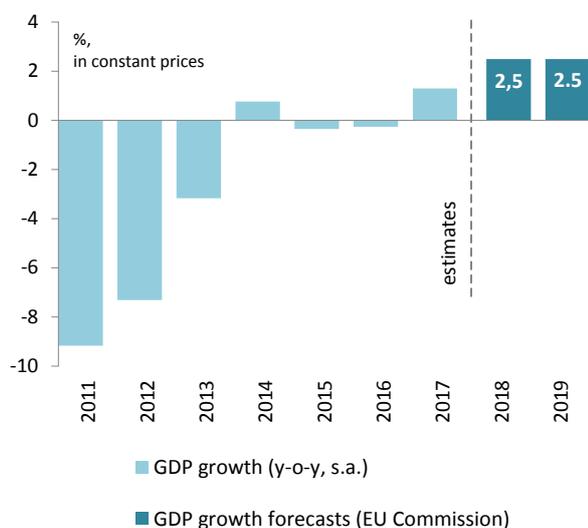
Anticipated developments – Outlook

Official projections (European Commission and the IMF) for a healthy 2.6% y-o-y recovery of the Greek economy in 2018 are based on the following factors: a) continued improvement of the economic climate vs the previous year, which will support the decisions of the private sector regarding spending (especially investment spending); b) sustainable

positive dynamics in tourism, as is evident by the favorable trends in pre-bookings and data for the first months of 2018; (c) the positive outlook for exports of goods (on the back of an increase of +7.1% y-o-y, excluding fuel, in FY.2017), supported by strong growth in the euro area; d) the positive input of private and public investment activity, which is backed by the financial inflows under the Program and the structural funds from the European Union, plus the scheduled increase in disbursements under the public investment program as compared with the previous year; e) further normalization of liquidity conditions (reflecting, among other things, progress in payments of arrears by the General Government and improved conditions in the labor market) , acceleration of inflows from portfolio investment and foreign direct investment, which has already become visible in 2017, and f) the gradual relaxation of capital controls.

The realization of the scenario described above is subject to risks related to further fiscal efforts to achieve the primary surplus target of 3.5% of GDP in 2018, the trend of increasing international market volatility since the beginning of 2018, and the increased geopolitical instability. The successful completion of the Third Program, with the economy securing sustainable access to the markets for debt refinancing, combined with timely clarification of new interventions to normalize the debt of the Hellenic Republic, should have a positive impact on liquidity conditions of the economy and more generally in economic activity, enhancing the likelihood of implementing the baseline economic scenario for 2018 and limiting downside risks.

DIAGRAM 1.2.11
GDP GROWTH



Source: HSA, European Commission

SECTION **2**

**ACTIVITIES OF THE GROUP
IN GREECE**

2.1 RETAIL BANKING

As at 31.12.2017, the NBG Group retail loan book, before provisions, stood at €24,6 billion, down 11,2% y-o-y.

Mortgage lending

In 2017, National Bank of Greece continued to offer:

“Green Loans” with favourable terms for the purchase and installation of energy saving equipment, “Photovoltaic Home” loans for the installation of photovoltaic systems in homes, and “Estia Green Home”, a loan for the purchase, repair or construction of energy upgraded homes.

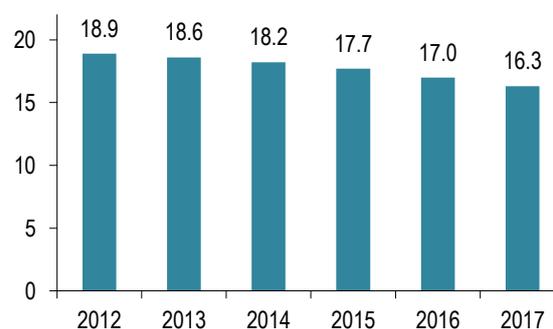
Other notable mortgage lending activities in 2017 included:

- The Bank’s participation in the market for new mortgage loans remained strong. Within the context of its alignment with the new institutional framework and following the implementation of Law 4438/2016, the Bank took the measures needed to provide customers applying for mortgage loans with the required pre-contractual information, thereby maintaining transparency in transactions.
- In order to support the borrowers affected by the floods of November 2017, NBG announced the temporary suspension of instalment payments on Mortgage and Consumer Loans, Credit Cards and SME loans for this group of customers.
- The Bank always endeavors to develop products that meet the needs of its customers. Accordingly, it relaunched “Easy Taxes Loans” intended to provide liquidity and to cover the duly repaid certified obligations to the State.

During the year ahead, our Unit shall focus on:

- participation in the co-funded “Energy-Saving at Home II” program by offering loans with favorable terms for energy home improvements in.
- presentation of specialized products and services to the Retail Banking Sector as part of its effort to meet customer needs.

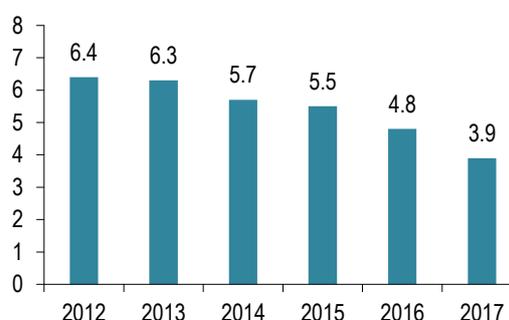
DIAGRAM 2.1.1
NBG MORTGAGE LOANS
(BALANCES AT YEAR END -€ BILLIONS)



Credit cards and consumer loans

One of the Bank’s strategic targets in 2017 was to generate growth by promoting the use of debit cards with POS devices when paying for products and services. In this context, the Bank continued to replace its debit card portfolio with Debit MasterCard and Debit MasterCard Business Cards that enable contactless transactions at businesses which are equipped with the special readers.

DIAGRAM 2.1.2
NBG CONSUMER LOANS
(BALANCES AT YEAR END - € BILLIONS)



Within the context of the Humanitarian Crisis Relief Program (Law 4320/2015), NBG, in cooperation with the Ministry of Labor, Social Insurance & Social Solidarity, continued to manage the prepaid “Solidarity Card” granted to circa 150,000 beneficiaries of food subsidies. The Bank also continued to market and service the “Social Solidarity Income” program.

In addition, within the context of improving the systems for issuing and supporting card products, the Bank selected a new Card Management System (CMS). Through the new system, products were upgraded and new features and services were

launched, including the new service of internet transaction security Mastercard Identity Check, whereby the holders of debit cards carry out online transactions with authorized merchants by using an OTP that is sent to their mobile phone or email address.

Meanwhile, NBG proceeded with the issuance of new debit cards to meet the needs of a specific category of retail customers (farmers, livestock breeders):

- Agrokarta Debit Mastercard and Agrokarta Debit Mastercard Business with embedded contactless technology, which are supplied within the context of participation in NBG's Contract Farming financing program.
- "Farmer's Card Debit Mastercard", with embedded contactless technology, issued on the basis of a special agreement with the Ministry of Rural Development and Food. The said product comprises a financing tool aimed at financing farmers' short-term transactional needs while also securing inflows of EU subsidies under the Basic Support Scheme.

As regards its prepaid card portfolio, the Bank issued the co-branded international Cosmote Prepaid Mastercard. This was developed within the framework of collaboration between two big organizations that aim at offering their customers cutting-edge technological solutions. This card is exclusively available in COSMOTE-GERMANOS stores. It includes a Reward Program which offers free MB for web browsing, as well as the Cosmote Prepaid app that enables the use and control of the card via the cardholder's mobile phone (75,000 cards).

The Bank also launched a pioneering payment product, i-bank payband Visa. This is a Prepaid Visa card that the customer can obtain in the form of a wearable wristband with built-in contactless technology. With its slick design and waterproof materials, the i-bank payband enables the wearer to perform contactless transactions free of the need to carry a wallet around.

In 2017, the Bank completed the replacement of its credit card portfolio with cards with embedded chip and pin/contactless technology.

The Bank placed special emphasis on the frame of acceptance, management and clearing of card transactions at businesses via electronic card acceptance readers (POS), the cost of which is met either by the business (i-bank POS) or the Bank subject to conditions. The new POS devices supplied in 2017 totalled 99,204, as part of a compre-

hensive implementation plan (marketing and advertisements).

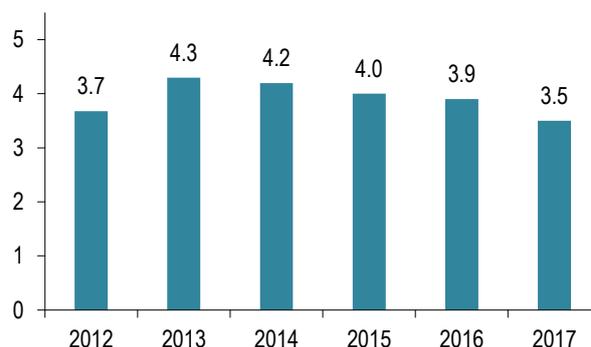
The outlook regarding the progress of operations in 2018 appears particularly favorable. Market trends and ongoing activities indicate that the future will be particularly competitive and auspicious.

Lending to small businesses

In 2017, NBG undertook a range of new initiatives to channel financing to the real economy:

- by participating in the agreement to increase the COSME budget to EUR 500 million, thereby providing SMEs with total financing of EUR 33.5 million in 2017.
- by entering an agreement -- at the end of 2017 -- with the EIF for the sum of €40 million, earmarked for the financing of micro-enterprises via the EaSI Guarantee Instrument program as part of the EU initiative for employment and social innovation, with a view to fostering the healthy growth of micro-enterprises. The EIF, under the auspices of the EU, will provide NBG with guarantee instruments, enabling micro-financing for enterprises that otherwise would not be able to receive financing. In addition, this program includes a series of targeted training and educational programs, thereby further contributing to the strengthening of business footholds and reducing business failures.

DIAGRAM 2.1.3
NBG LENDING TO SMALL BUSINESSES
WITH TURNOVER BELOW €2.5 MILLION
(BALANCES AT YEAR END - € BILLIONS)



In addition, having recognized the dynamic and growth potential of the agricultural sector as a key pillar of the Greek economy, the Bank has been implementing an expanded action plan for the sector's support and growth, providing funding tools that cover the entire range of banking operations. In this context, NBG has been participating since 2017

in the initiative of the Ministry of Rural Development & Food, promoting the distribution of the "Farmer's Card" to farmers/livestock breeders. This product offers a boost in liquidity to those entitled to financial support for agricultural activity, thus enabling them to cover their operational needs. Moreover, NBG continued its Contract Farming financing program by which it finances farmers and livestock breeders who cooperate with selected agricultural product trading and processing companies for the production of products that are bought by the latter on the basis of sales agreements between both parties. As a result, the production and trading cycle of the buyers and farmers is streamlined, and both sides enjoy significant benefits.

During the year ahead, this Unit shall focus on:

- promoting electronic banking and utilising digital technologies throughout the life-cycle of the business relationship with customers, thus improving communications, streamlining and speeding up procedures for the assessment of loan applications;
- promoting entrepreneurship, with special emphasis on start-ups, through participation in innovative programs alongside European bodies and providing, apart from credit facilities, non-financial services, such as advisory services and training programs;
- participating in co-funded, guaranteed and subsidized programs in cooperation with European and national bodies such as the EIB, the EIF and ETEAN for the provision of financing products;
- meeting the needs of the existing clientele by means of the "Agro-carta" banking product as well as attracting new clientele by offering comprehensive banking solutions that can meet farmers' needs.

Group Retail Collections Management

The Group Retail Collections Management function is entrusted with the management of all overdue debts deriving from housing and consumer loans, credit cards and small business loans (<€150,000) of legal entities and individuals.

More specifically, it is responsible for the coordination, support and implementation of the actions required regarding such portfolios from the first day in arrears up until their potential definitive write-down or sale.

With a view to ensuring effective management, an appropriate and functional organizational structure has been adopted so as to cover fully and in a discreet manner the spectrum of the key responsibilities

(strategy, support, approval procedure, implementation). Throughout the entire management process, approximately 1700 employees are involved via all channels of communication and management (internal collections center, collection agencies, law firms, branch network). The management of loans in arrears includes 7 main stages/strategies:

- Collections
- Restructurings
- Legal
- Settlements
- Bad debt sales
- Managing the portfolio of customers who are subject to the provisions of Law 3869
- Managing Loans guaranteed by the Hellenic Republic

Within the context of the methodical and coordinated efforts to manage non-performing loans and exposures, NBG prepared and submitted to the SSM (Single Supervisory Mechanism) a revised strategy containing a detailed analysis (with specific reduction targets) of how the Bank intends to reduce NPEs/NPLs over the period 2016-2019.

In 2017, rescheduling/restructuring in the portfolio managed by Group Retail Collections totalled €1344M and settlements totalled €268M, as shown in the table below:

	RESTRUCTURINGS	SETTLEMENTS
	BALANCES (€)	BALANCES (€)
MORTGAGE LOANS (ML)	1028M	8M
CONSUMER LOANS (CL)	172M	156M
SMALL BUSINESS LOANS (SBL)	144M	104M
	1344M	268M

In 2017, the goals agreed upon with the SSM regarding the level of non-performing exposures, long-term restructurings, and cash recoveries from NPEs were attained. The following projects, which were completed within 2017, contributed to attainment of the-SSM goals:

- ongoing segmentation of the portfolio, in order to select the best solution for the obligor;
- extensive training of the Branch Network staff on managing customers with overdue debts so as to improve collections and be able to propose the most appropriate restructuring solution;
- development and installation of an integrated system for handling requests for rescheduling household loans, which simplifies the procedure for customers facing payment difficulties, as well as the work that the branch network and the approval center are required to carry out;
- development and implementation of a new strategy for customers with mortgage loans

who are facing payment difficulties. This strategy comprises two pillars: on the one hand, the offering of new sustainable L-T restructuring products by the use of a pioneering tool designed to assess borrowers' economic status and assets, with special provision vulnerable social groups and, on the other hand, targeted intensification of legal actions mainly against non-cooperative customers that do not respond to proposed rescheduling solutions.

- Active management of customers subject to Law 3869 in two stages: Carrying out reminder calls for compliance with court decisions and taking legal action in the event of non-compliance thereof.

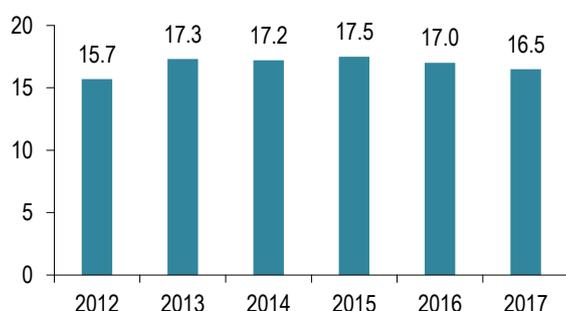
In order to meet the targets for 2018, a significant number of projects are underway, the most important of which are the following:

- Launch of the sale of the NPL portfolio.
- Intensification of foreclosure proceedings and development of alternative closure solutions, including voluntary surrender.
- Launching of NPE management centers at selected network branches ("NPL hubs") with officers who will have specialized training and support from the appropriate systems.
- Upgrade of the operational level with emphasis on centralization of rescheduling procedures.
- Participation in the bank-wide effort for coordinated customer management subject to Law 3869.

2.2 BUSINESS BANKING

The corporate lending portfolio in Greece for businesses with turnover over €2.5 million stood at €16.0 billion, down by 3,2% y-o-y.

DIAGRAM 2.2.1
NBG LENDING TO BUSINESSES
WITH TURNOVER ABOVE €2.5 MILLION
(BALANCES AT YEAR END - € BILLIONS)



Corporate lending

Following the adverse economic climate of recent years and the ongoing recession that affected the ability of many businesses to service their debts, 2017 saw a marginal recovery of GDP, mainly on the back of export-oriented business activity, tourism and investments.

Against this backdrop and on the basis of its long-standing and diverse staff experience and expertise, the Corporate Banking Division continued:

- to support businesses' liquidity via refinancing of existing loans so as to help viable businesses meet the impact of the protracted crisis.
- to develop and offer tailor-made solutions to businesses with a view to maintaining loan book quality,
- to provide for the systematic clean-up of the portfolio by transferring businesses to the specialized Special Asset Unit for further debt recovery actions.

In addition, the Division focused on:

- supporting investment plans of viable businesses by providing long-term financing as well as working capital, particularly in the energy and tourism sectors,
- sustaining the level of Corporate deposits,
- enhancing cooperation with businesses in all sectors of banking operations, so as to offer all-round banking service to customers and thereby grow fee and commission income.

Last, special emphasis was placed on internal reorganization so as to better approach and meet the various needs of businesses on the basis of their line of activity and size, and to broaden the penetration of NBG products and services to its customer base and thereby further enhance the returns on our business relationship.

Targets 2018

Backed by the strong capital adequacy and liquidity of the Bank, coupled with its long-standing culture for selective risk undertaking and the Group's wide-ranging product potential, the Division seeks to:

- expand the Bank's share in the country's major healthy businesses,
- support their activity with the offering of products and services that cover the whole range of banking business,
- support sustainable investment plans that will enhance the business of companies as well as domestic economy

with a view to further improving NBG's portfolio mix and enhancing returns.

Project finance

In 2017, there was a remarkable change in the domestic loan portfolio, which mainly reflected the channelling of funds to existing approved projects, early repayments, new approvals implemented within the year, as well as to portfolio transfers from other units within the context of the Bank's ongoing reorganization measures. New domestic loans were mainly channelled to RES projects and concession projects.

In the years ahead, the PPP and Energy sectors are expected to comprise the key driving force behind project finance in Greece, in which NBG aspires to play a significant role, either through own funds or through its participation in any new JESSICA programs.

Exposure to financing abroad continued to decline in 2017, as total credit declined by 58.3%, taking into account loan sales carried out within the year.

JESSICA Initiative

Since December 2011, in its capacity as an "Urban Development Fund", the Bank has undertaken the management of resources of European Structural Funds within the context of the Joint European Support for Sustainable Investment in City Areas - JESSICA Initiative.

In its capacity as manager of the "Urban Development Fund" for Attica and the Ionian islands totalling €58.8 million, the Bank participated in the financing of 4 Urban Development projects of a total budget of €133.7 million in school infrastructures, technological applications and road transport.

In 2017, the "Urban Development Fund" focused mainly on monitoring the implementation of financed projects, as full disbursement of JESSICA funds in financed projects was completed in October 2016. In 2017, JESSICA loan principal repayments totalled €1.5 million.

In summary, the Project Financing portfolio figures are as shown below:

Project Finance (€ millions)	2016		2017	
	Approvals	Balance	Approvals	Balance
In Greece	466.2	245.5	642.5	484.6
Abroad	189.7	185.2	81.7	77.2
Jessica	41.0	41.0	39.5	39.5
Total	696.9	471.7	763.7	601.3

Syndication Desk

Last year, the issue of syndicated loans increased both in respect of new loan facilities and the refinancing of existing loans.

Syndicated loans issued in 2017 totalled €3,158.1 million, the Bank's participation amounting to €1,540 million. In 18 of those, we played a leading role as Coordinator/Arranger, and in 5 NBG was a Co-arranger.

Advisory Services

In 2017, advisory services to the public and private sector with regard to concession projects and Public and Private Partnership (PPP) projects remained at the same levels due to the general economic situation as well as due to the contraction of fees. The Bank was assigned the role of financial advisor to ERGOSE for the preparation of a financial study regarding the exploitation of the Thrasio Pedio Freight Complex.

However, it is reasonably forecast that demand for advisory services relating to the development and financing of projects will revive, thus generating opportunities to offer services both to State agencies as well as private investors.

Lending to medium-sized businesses

NBG provides tangible support to Greek businesses and the Greek economy in the pursuit of growth, and reported a significant increase in lending to medium-sized businesses.

The improvement in its performance reflects the improvement in the financial environment and the results of its long-term strategy to ensure a steady flow of liquidity to businesses that continue to invest in competitiveness, innovation and export potential. The Bank also participates in programs for the provision of credit on favorable terms to businesses, in cooperation with European organizations such as

the European Investment Bank and the European Investment Fund, through which the Bank granted circa €475 million in 2017.

Specifically, leveraging the benefits of the first Greek securitization of business loans carried out since 2007, NBG in collaboration with the European Investment Bank provided €200 million to enhance access by SMEs and MidCaps to bank financing. As a result of this, the high cost of financing faced by Greek companies is reduced and they are enabled to enhance their competitiveness while also providing an additional benefit to businesses that contributed to the creation and maintenance of jobs for under 25s through the "Young Employment" initiative.

Following the completion of this program, NBG offered successively (and on the basis of a new agreement with the EIB) a business financing program with favorable terms, totalling €100 million, €55 million of which was granted within 2017. The final disbursement was scheduled for completion in Q1.2018.

Furthermore, in collaboration with the Hellenic Fund for Entrepreneurship & Development (ETEAN) and backed by the European Fund for Strategic Investments (EFSI) -- a key pillar of the Investment Plan for Europe -- NBG granted circa €220 million to businesses in 2017, following the expansion of the agreement concerning the implementation of the COSME Loan Guarantee Facility. The total available budget for the provision of the guarantees within the context of the said facility increased to €500 million.

In 2018, NBG remains committed to its goals for the financing of healthy medium businesses that display export-orientation and will endeavor to help them expand to foreign markets. Special emphasis is placed on activities such as Tourism, Logistics, production of medicines (particularly generics), Agro-food, and packaging products. In addition, financing is offered to companies that, within the context of the domestic market, aspire to become leaders in their industries.

In this context, the Bank aspires to enhance the available financing tools for the improvement of financing terms for businesses, by expanding its collaboration with the European Investment Bank, the European Investment Fund, the Hellenic Fund for Competitiveness & Development, ETEAN and other programs. NBG will also focus on the development and sale of products and services, while exploring collaborations with European and national developmental organizations so as to leverage any

potential means of enhancing access by businesses to liquidity provision schemes on favorable terms and to offer tailor-made solutions to meet their financial needs.

Leasing

In 2016, Ethniki Leasing sought to develop new leasing operations in selected business sectors aiming at customers of strong credit standing. In parallel, the company supported businesses that are facing problems in servicing their debt obligations by offering debt restructuring arrangements, extending the maturity of contractual obligations, and by any other way facilitating debt sustainability within the policy framework applied by NBG Group.

New leasing of Ethniki Leasing increased significantly y-o-y (€92.7 million in 2016, vs €55.9 million in 2015). Ethniki Leasing ranked 2nd in 2016 (just €0.2 million from first place) in new leasing among its peers, vs its 1st position in 2015 and 2014.

The company's key priority was to increase core profitability and to contain operating costs. The Company's operating result before depreciation, provisions and tax stood at € 10.9 million in 2016 vs €2.1 million in 2015.

Ethniki Leasing kept its capital adequacy ratio at levels well above the regulatory minimum requirement (8.0%). Specifically, as at 31 December 2016, the capital adequacy ratio calculated according to Basel II rules stood at 20.6%.

In 2017, Ethniki Leasing will continue its efforts to support businesses that are facing problems and to develop new leasing lines, contributing to the implementation of investment programs by customers of strong credit standing in selected business areas, within the context of the overall credit expansion of NBG Group.

Shipping

In 2017, financial conditions improved as a result of the consistently positive international economic environment, the small improvement in the Greek economy, and progress on the restructuring of part of the loan book.

In the first quarter of 2017, the Bank intensified its efforts to deal with specific individual cases that presented (or were expected to present) problems with regard to the likelihood of repayment. Thereafter, as of mid-2017 the Bank pursued a targeted and cautious expansion in shipping finance, in co-

operation mainly with the existing NBG clientele in the Greek shipping industry.

Regarding the various individual freight markets, conditions in dry cargo shipping improved significantly compared with the previous year, while future prospects for the current year appear significantly more optimistic. Liquid cargo shipping saw a decline in activity compared with 2016, mainly influenced by the relatively weak demand, while the market fundamentals are expected to recover at a slow pace. Changes in the regulatory framework regarding the operation of ships and environmental protection are also taken into account and are expected to impact the pace of reform in the shipping sector over time. The Bank closely monitors the impact of gradual replacement of fossil fuels by more ecological fuel in ship propulsion.

In coastal shipping, relatively low fuel prices in 2017 contributed to the profitability of the larger players in the shipping industry, which remain cautiously optimistic for the future of the sector. The various acquisitions and mergers that were announced in Q3.2017, combined with ongoing sales of surplus vessels, will continue to roll out gradually in the current year, in cooperation with the regulatory authorities so as to ensure that monopolistic configurations do not emerge, while aiming to reform the sector and reduce bank borrowing.

According to end-year 2017 data, the shipping portfolio was comprised mainly part (41% of the total) of financing for bulk carriers and tankers. Furthermore, 22% of the total portfolio concerned vessels younger than 5 years, while the average age was circa 13 years. Exposure to the passenger shipping segment and container ships is small.

In 2018, the Bank will focus on further extending finance within the context of specific target setting at levels of pricing, financial health, funding ratios and quality of collateral that ensure smooth repayment of new loans over time and thus improved profitability for the Bank.

Global transaction services

In 2017, having adjusted to the adverse operating environment generated by the capital controls in 2015, NBG took further advantage of the potential offered by guarantee programs of European lending agencies in 2017 so as to meet the needs of Greek businesses. Holding the first place regarding absorption of the EIB program (88%) that expired at the end of 2016, NBG played a significant role in the activation of the Organization's 2nd Program on more favorable terms, as such was concluded in

early 2017, while NBG is already working with the EIB on the 3rd Program, which will be designed to meet the changing needs in the market. The Bank's key objective is to finance cross-border trade through the EIB Program.

To ensure the Bank's ongoing adjustment to international development in the area of Payments, NBG launched Instant Payments, a new product for payments outside Greece, while deployment of SCT Instant Payments is also in preparation. In addition, the Bank has made the necessary adjustments to converge fully with the new European regulatory framework for payments and address the new market conditions generated by the implementation of the Payment Service Directive 2 (PSD2) via the introduction to the market of new Payment Service Providers, a project which is included in the IT Master Plan. The Bank's business strategy includes the implementation of APIs for the provision of new value added payment services aiming to sustain the current market share in payments as well as create the right conditions for better results.

In 2017, the Bank successfully completed the first phase of the projects designed to upgrade software for the management of Trade Finance and Payments. Moreover, NBG prepared the business requirements for the use of digital signatures in the bank's business flows, a project that will allow the provision of integrated customer services through digital channels. Once these projects have been completed, the Bank will be in a position to meet the needs of any modern business, significantly enhancing the customer's experience and ensuring reductions in operational risk and costs.

In 2017, the increase in Trade Finance commission income was +25% deriving from loans totalling €1,255 million and financing totalling €400 million. Commissions from payments increased by 7%. In the meantime, the Bank maintained its strong market shares in payments and trade finance.

Corporate Special Asset Unit

The Corporate Special Assets Units focus primarily on the management of the non-performing corporate loan book in Greece, their principal mission being to maximize recovery rates for existing loans. The loan book under management stood at €6.3 billion at the end of 2016 (€6.8 billion at Group level) and comprised €2.8 billion outstanding loans definitively in default and €2.8 billion loans in arrears but still in pre-default status.

Within the context of the Bank's systematic efforts to manage loans in arrears and non-performing

exposures, it is successfully implementing the Strategy submitted to the Single Supervisory Mechanism (SSM) setting out the targets to reduce NPEs through 2019, on the basis of multiple scenarios, as well as the strategy adopted to achieve these targets. The basic scenario provides for a reduction of 32% over a three-year horizon (2016-2019).

To achieve these targets, the Bank is implementing specific projects so as to enhance its effectiveness in managing the existing portfolio, upgrading active portfolio management procedures, and thereby successfully the bulk of the portfolio and contribute to the recovery of the Greek economy.

The strategy of the Corporate Special Asset Units focuses on the provision of tailor-made long-term rescheduling solutions, so as to enable customers to put their debt back on a sustainable trajectory, using modern sustainability assessment models, as well as models for determining net current value under the various alternative rescheduling proposals.

In the event that debtors under the management of Corporate Special Asset Units are considered non-sustainable, the aforementioned Units, in conjunction with the Property Management Division, explore the possibility of reaching a consensual resolution with the customer (amicable settlement) for the purposes of avoiding liquidation of collateral via court proceedings, while in the event of debtors with shared characteristics, specific strategies apply per category with the provision of targeted definitive settlement products. In the event that debtors are not cooperative, in line with the institutional framework and relevant circulars, the Bank pursues collection of the relevant claims through liquidation of collateral already obtained.

2.3 ASSET MANAGEMENT

The mission of the Retail Banking Division is to:

- grow and manage the Premium and Retail clientele, design and implement the service model, and define the product offering and pricing policy,
- design, implement and define the pricing policy for deposit, investment and bancassurance products and services,
- design and manage Customer Analytics models, customer relationship management (CRM), implementation of promotional actions (CMS) and reports at customer level (MIS) for Retail Banking,
- design and manage Retail Banking loyalty programs.

Key figures

- As at 31.12.2017, NBG's deposit balances stood at €33.3 billion, up by 3.36% y-o-y. Market shares, in respect of total deposits, posted a reduction (-0.19 percentage points, from 26.5% to 26.3%), while the various individual categories presented fluctuations: +0.43 percentage points in sight and current accounts, +0.59 percentage points in savings accounts, and -0.85 percentage points in time deposits
- Regarding the deposit mix, the Bank maintained its comparative cost advantage vs competition (time to demand deposits: 0.43-to-1 vs 0.67-to-1 for other banks).
- The Premium Banking customer base consists of ~200,000 customers with funds under management totalling €15.4 billion, and loans totalling €590 million, maintaining a cross-selling ratio of 3.5 and reaching a Net Promoter Score of 53.
- The customer base of retail customers of special interest consists of ~900,000 customers with funds under management totalling €9.8 billion and loans totalling €4.9 billion, maintaining a cross-selling ratio of 2.9 and reaching a Net Promoter Score of 48.
- Regarding the go4more reward program, growth in the number of members remained unchanged compared with 2016 at ~250,000 new members in 2017, while the number of merchants participating increased by 60% compared with 2016 with 2,800 new merchant points. NBG implemented 27 new promotional actions in which a total of 30 partner businesses participated.

Projects in 2017

In 2017, the Bank completed projects in line with its strategy, focusing on the provision of upgraded customer services, assistance to the work of the Branch Network, maintenance of liquidity, and reduction in the overall cost for the Bank.

Customer-focused service model

NBG further implemented the shift of Branch operations from the product to the customer-oriented model, which focuses on the overall customer service over the whole range of the customer's banking needs (except for teller transactions) to a specific space inside the Branch with a dedicated service team. The customer-focused model aims at developing and enhancing the relationship of trust and cooperation with the clientele, further improving quality of customer service and the Bank's image,

and at the more effective management of the skills and experience of human resources.

In order to implement the customer-focused model, NBG undertook a series of significant actions including:

- analysis of 8.5 million retail banking customers and their classification under Premium, Retail customers of special interest and Other retail customers, and the assignment of each customer to a branch based on the product that they own and their transaction behavior,
- formation and use of a customer base comprising Retail customers of special interest per Branch. Specifically, 900,000 customers with specific characteristics were selected, and the Bank immediately pursued the development of business relationships with them.

Deposits and investment products

Following the imposition of capital controls, NBG continued its product promotion campaigns aiming at sustaining, enhancing and expanding its deposit base. In particular, NBG:

- continued its efforts to attract salaried employees of the private sector, and to approach salaried employees of the public sector and of public legal entities.
- launched, in cooperation with the Ministry of Rural Development & Food a new product named "Farmer's Card" which is also related to another new product, a current account under the name "Financial Support for Farmers".
- improved systems and applications that support deposit and investment products.
- reached full harmonization with and utilization of the institutional framework regarding MiFID II and the PRIIPS regulation.

Customer Analytics

Within the context of implementing the customer-oriented philosophy and culture as a strategic choice, NBG further developed its Customer Analytics and placed "data analysis" at the center of decision-making procedures. Specifically, within 2017 more than 100 new models were developed for the management and in-depth processing of the Retail Banking clientele for all NBG's products and services.

i-bank payband

As part of its efforts to target tech-savvy young customers, National Bank launched the use of i-bank paybands. The payband is a Prepaid Visa card that the customer can obtain in the form of a wearable wristband with embedded contactless technology.

This product was presented for the first time in the summer of 2017 at the "Colour Day Festival", in which NBG participated as Grand Sponsor. Some 20,000 paybands were distributed at the event. Special editions of i-bank payband were also designed for the "Ladies Run" and the "35th Athens Marathon".

The successful marketing of the i-bank payband is reflected in the awards it has received:

- 1st prize as the "Most Innovative Digital Customer Service or Product", as well as the prize of the best –overall proposal in the "Financial Services" section of the "EMEA Gartner Eye on Innovation Awards 2017"
- GOLD prize in the "Service Providers, Technologies & Infrastructures" section under the "Smartphone/Tablet/Wearable Technology" category of the "Marketing Excellence Awards 2017"

The i-bank payband is currently available at NBG branches and is will be available at retail chain stores within the next year.

Outlook regarding the progress of operations in 2018

In 2018, NBG has planned the implementation of projects aligned with the Bank's strategy, focusing on the provision of upgraded customer services, efforts to facilitate the work of the Branch Network, sustaining liquidity and reducing the overall cost for the Organization. Specifically:

1. Ongoing improvement of the customer-focused service model and development of the special product offering by customer segment.
2. Improvement in the Bank's communication strategy, placing emphasis on targeted customer categories (university students, salaried employees, etc.).
3. Absorption of Bancassurance, NBG's subsidiary, for further promotion of bancassurance products.
4. Expansion of Customer Analytics by developing a methodology for determining the next best action for all NBG products and services and all retail customers.
5. Installation of the new Campaign Management System, which will contribute to the optimum implementation of promotional actions via all NBG's available channels.
6. Development of a mechanism for the promotion of products and services in real time through Customer Relationship Management operating systems.
7. Creation of the new myNBG Platform work environment for gathering all the required infor-

mation, applications and reports with a view to facilitating the work of the Branch Network staff, optimizing quality of customer service, and providing detailed information to officers of the NBG Network and Administration.

8. Development of new products and rationalization of existing ones, with particular emphasis on maintaining levels of funds and deposit market shares while also increasing penetration in the business clientele.
9. Establishment and operation of an integrated Suppliers Relationship Management System for all banking operations.
10. Increasing commission income, taking into consideration market conditions (competition, the Greek economy, etc.) as well as the institutional and regulatory framework.
11. Alignment with the institutional and regulatory framework of the Payment Services Directive (PSD II), the Payment Account Directive (PAD), and the General Data Protection Regulation (GDPR).

Act4Greece

NBG -- a longstanding pioneer in the sphere of corporate social responsibility -- undertook the initiative to launch the act4Greece program, thereby introducing crowdfunding into Greece. The project concerns the design, development and implementation of a new internet fund-raising platform for significant social and business purposes, based on the crowdfunding principle. This service is based on the use of an online donation platform and leverages the Bank's existing service distribution channels, aiming to raise public awareness and encourage people and businesses to contribute.

The overall management of the program is carried out by NBG in strategic cooperation with organizations and foundations of international standing, such as the Alexandros S. Onassis Foundation, the John S. Latsis Foundation, the Bodossaki Foundation, the Hellenic National Commission for UNESCO, and the Hellenic Network for Corporate Social Responsibility. The strategic partners support act4Greece by contributing in terms of know-how and infrastructures which are valuable for the achievement of the program's targets.

The act4Greece program will ultimately facilitate funding for projects falling within 7 social and developmental action areas:

- Welfare, Health & Solidarity
- Culture & cultural entrepreneurship
- Environment & Sustainability
- Research, education & training

- Young & Innovative Entrepreneurship
- Sports activities
- Social Economy & Entrepreneurship

NBG's Retail Banking Division, with the support of all the competent Bank Divisions, is responsible for operating and managing the electronic platform www.act4greece.gr, observing the timetable for the implementation of actions, coordinating the actions taken by all the parties involved, and designing and running the promotion of the program to the public, leveraging its own resources, know-how and infrastructure. In addition, NBG ensures the sound economic base of the program, through transparent operational procedures, so that the funds raised can cover the real needs of society.

From the start of the program in February 2016 through to 31.12.2017, 20 actions were posted, 13 of which were completed raising €1.7 million in total, while within the context of the whole program, a total of €1.8 million had been raised by 31.12.2017.

Specifically, in 2017, 8 actions were completed in the following areas: welfare, health & solidarity, culture & cultural entrepreneurship and research, education and training, raising donations totalling €756,419, €434k of which were contributed by the NBG Group.

The results of the program in its first two years of operation are particularly encouraging. Specifically, the response of businesses is very positive as 93% of the total donations comes from legal entities.

However, the program does not aim solely at gathering donations for the implementation of selected projects. The act4Greece program aspires to make a positive impact on social awareness, and to motivate all social groups for the common good, while it generates synergies and offers new prospects for collaboration between the implementing agencies of the actions, donors and social groups. The Program's philosophy and scope are directly related to the 17 Sustainable Development Goals - SDGs as established by the United Nations, and in particular with Goal 17-Partnership for the goals regarding solidarity and collaboration with a view to ensuring prosperity worldwide.

The successful course of act4Greece is reflected in the awards it has received to date:

- Corporate Social Responsibility award, 18th InfoCom World 2016 conference
- Silver Award in the "CSR Strategy Support" category, Business IT Excellence (BITE)
- Bravo in action 2017 award, "Bravo Sustainability Awards 2017"

- 1st prize in the “Communicating Effectively” section of the “Cause Related Marketing Communications” category of “Marketing Excellence Awards 2017”
- Golden award within the framework of “Hellenic Responsible Business Awards 2018”, in the “Society” category of the private companies section.

Finally, act4Greece was included as a success story for Greece in NBG’s Annual Report 2016, showing itself to be a significant example of best practice that contributes to a more caring and sustainable planet.

Mutual Funds

According to a relevant article in Naftemporiki newspaper on 26 September 2017, NBG Asset Management Mutual Funds SA remained for a third consecutive year, the most profitable mutual funds company among 14 of its peers in Greece.

In June 2017, NBG Asset Management MFMC was commended by New Times Publishing - Diamonds of The Greek Economy 2017 for being listed among The DIAMONDS OF THE GREEK ECONOMY 2017 - The healthiest growing companies.

Profit before tax for 2017 amounted to €6.4 million.

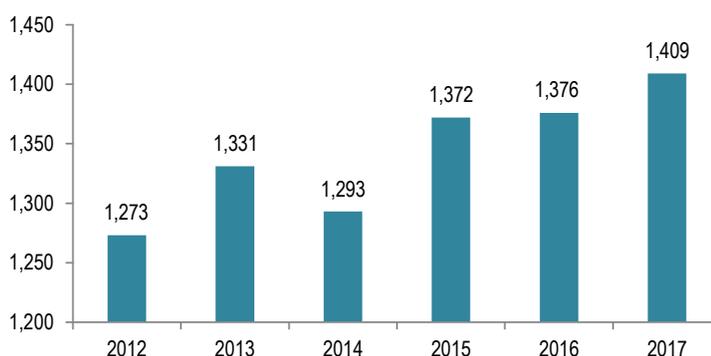
The order books of institutional and individual customers as well as the UCITS managed by the company posted significant returns. The total order books of institutional investors managed by the Company outperformed the targets that had been set, thus making a positive contribution to profitability as well as the Company’s brand name in the institutional MF management community.

The assets of the order books increased by 6.5% y-o-y, with total assets under management amounting to 525 million at the end of the year. At the end of 2017, total Company assets deriving from UCITS and order book management services stood at €1,409 million.

In 2018, as the domestic economic environment normalizes, NBG Asset Management Mutual Funds SA, the investment arm of the NBG Group, aims at growing its assets, both in the UCITS market and asset management business, by expanding its customer base to individuals and institutional clients - pension funds. In addition, the Company intends to maintain and achieve, both in UCITS and the order books, returns above and beyond its domestic and international peers.

The Company will assess the economic and investment environment and, in collaboration with NBG’s Private Banking and the Investment Products & Deposits Division, will support and coordinate RMs and the NBG network for the effective offering of UCITS both to existing and new customers.

DIAGRAM 2.3.1
TOTAL ASSETS OF NBG ASSET MANAGEMENT MF SA
(BALANCES AT YEAR END - € MILLIONS)



NBG Asset Management Mutual Funds SA manages 17 DELOS mutual funds, 2 FCP funds and 3 SICAV funds of NBG International (which is registered in Luxembourg) that cover a wide range of investment options in terms of key investment categories (equities, bonds, money market instruments), as well as geographic and sectoral dispersion.

The Company’s clientele base is particularly wide, exceeding 41,000 unit-holders, 71 of which are institutional investors (pension funds and organizations).

Private Banking

Year 2017 has also been a difficult year for the Private Banking business given the restrictions in capital movement imposed still in effect that highly diminish Clients available options for participation in investment products as well as the gathering of assets from the (international) competition. Despite the difficult environment, NBG Private Banking managed to record a further 30% increase in RoA, accompanied by an asset base increase of 8%. Achieving a second consecutive year-on-year business expansion result, is a strong reassurance that the business changes devised and introduced gradually over the last two years that aimed to in-

roduce a more extrovert, professional and competitive business model, had a very positive effect.

Further to delivering the above mentioned targets, 2017 was another year during which operations were further streamlined with a supplemental reduction in costs. Additionally, significant emphasis was paid in the development and introduction of business practices that promote cooperation and synergies with the other business segments of the Bank and primarily with the Retail segment. We envisage that such co-operation will boost the business performance of both segments over the next years.

For 2018 we anticipate the potential adoption of further relaxation measures on the imposed controls in capital movement. This will enhance the products and services options of the business to cover Client needs and at the same time will create more favourable conditions for the potential repatriation of assets residing offshore. Year 2018 will also be the introduction year of the new compliance regulation, namely MIFID II. The new regulation imposes a number of restrictions to the purchase of investment products by Retail investors while at the same time further burdens procedural bureaucracy for the Client. Business consequences cannot be predicted yet given the fact that the market is currently absorbing the new framework during its efforts to adapt and there are a number of issues that need further clarification and attention at European level.

2.4 INVESTMENT BANKING

Treasury

In 2017, for the first time since the imposition of capital controls, the valuations of Greek securities pursued an upward trend, in tandem with the general performance of the Greek economy as it found its way back to growth. Against this backdrop, the yield on the 10-year Greek government bond stood at 4% at the close of the year, well below the level at the beginning of 2017 (over 7%), while the ATHEX General Index rose by circa 25%.

A key development in 2017 for the Bank was its complete disengagement from ELA exposure. At the beginning of 2017, ELA exposure was over €5.5 billion, placing a respective cost on the Bank and limiting NBG's competitiveness and ability to finance the real economy. At the end of the year, the Bank had regained full independence from this costly funding source.

The positive environment enabled reduction of the cost of funding from the interbank market and the eurosystem backed by Greek assets eligible as collateral, while it also contributed significantly to further deescalation of deposit rates in general.

That said, the return of deposits remained slow. Specifically, total deposits increased by €800 million, up by 2%. The main reason for the limited recovery in levels of deposits was uncertainty about when capital controls were likely to be lifted.

In any case, the generally favourable developments played a significant role in enabling the Bank to reaccess the markets after a period of 4 years. Specifically, in October 2017, NBG issued a 3-year Covered Bond totalling €750 million, at a cost of 2.90%. The issue was welcomed by the market, as the book-building process succeeded in gathering €2 billion, while it also contributed to the endeavor to construct a respective interest rate curve, which will help the Bank meet upcoming regulatory requirements (MREL). In addition, NBG's return to the markets paved the way for similar moves by other Greek banks.

In 2017, NBG's interbank trading increased due to the better picture presented by Greek banks abroad and to the higher volatility presented by the market leading to an increase in customer needs and investment opportunities. In anticipation of a better economic environment, the Treasury Division, in conjunction with other NBG Divisions, aims at growing the Bank's share in such trading.

Moreover, the Bank consolidated its significant presence as a primary dealer in EFSF and ESM Bonds, participating in syndicated issues and acting as an investor in long-tenor (20+ years) issues of the said organizations, the ultimate goal being to grow interest income. The decision of these supra-national organizations regarding repayment of the recapitalization bonds of Greek Banks led to a decline in the Bank's portfolio of high-rated bonds. As part of its efforts to partially make up for the repaid bonds with similar bonds and with a view to increasing its presence in the bond market, the Treasury department built a similar portfolio of securities totalling €400 million.

To conclude, the past year marked the return of the Hellenic Republic to the markets, mainly through the exchange of existing securities with new ones. NBG's Treasury Division was an active player in these efforts, strengthening this market and enhancing the Bank's interest income. It should be noted that the strong demand for Greek T-bills led to a reduction in the Bank's respective portfolio despite the fact that the Treasury Division was in-

volved in all Greek T-bill auctions. The foregoing developments served to reduce the volume of the Bank's portfolio in Greek Government bonds and T-bills.

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Brokerage

The ATHEX General Index rose by 24.7% (802.37 pps as at 29/12/2017 vs 643.64 pps at 30/12/2016). Average Daily Turnover posted a decline of 3.5% (€58.3 million in 2017 vs €60.4 million in 2016).

The subdued turnover levels on the ATHEX were mainly due to the capital controls that have been in effect since July 2015.

The participation of foreign institutional investors increased y-o-y by 0.4% (53.7% in 2017 vs 53.5% in 2017).

Correspondingly, the participation of international institutional investors acting as Remote Members was higher (18.6% in 2017 vs 17.5% in 2016).

NBG Securities ranked fourth in the ATHEX ranking list, with a 9.81% market share, and second as regards market share in FTSE/ATHEX Large Cap futures contracts, at 17.06%. Furthermore, it ranked second as regards Options on the index, holding a share of 26.60%.

The Company continued to operate as a market maker for all listed derivatives and key equities in terms of capitalization, having gained high market

shares and strong quality assessments, providing uninterrupted liquidity and serving the wider market.

During the course of the year, the Research Division further enhanced the quality of its activities, focusing on the publication of targeted analyses and communicating on a daily basis with institutional investors and the managements of the companies it covers. The Division's analysts met with a number of investors, while the Bank participated in conferences run by the Hellenic Exchange to promote collaboration between institutional investors and the managements of Greek-listed companies.

NBG's Performance

- Total income from operating activities amounted to €10.1 million in 2017 vs €6.2 million in 2016, up by 61.9%.
- Costs for operating activities stood at €10.4 million in 2017 vs €17.8 million in 2016, down by 41.9% (the cost of the voluntary retirement scheme for 38 employees amounting to €3.9 million is included in 2016).
- Profit for the period stood at €736k for 2017 vs a loss of €8.6 million in 2016.

The main targets for next year are:

- increase in market share
- growth of profitability
- increase in sales to foreign brokers/dealers and foreign end-clients
- further growth of DMA trading, and
- of e-trading through the Company's trading site.

2.5 STRATEGY FOR OPERATIONS UPGRADE

Branch network

As of 31.12.2017, the units of the Bank's branch network totalled 485 branches and 63 transaction offices or agencies. They offer wide geographical and population coverage and are present even in remote or economically weaker areas of the country, acting as a point of service for over 6 million customers.

In 2017, the Branch Network continued to play a key role in:

- implementing the Bank's strategic priorities: enhancing liquidity, restructuring the loan book, achieving the right conditions for significant business volumes, and further growing the bank-customer relationship.
- providing quality services to customers, individuals and businesses, as they strive to cope

with the special conditions generated by the ongoing capital controls.

Against this backdrop, the restructuring plan for the branch network, launched in 2016, was completed in 2017, in compliance with NBG's strategy to optimize its presence on a region-by-region basis, with a view to rationalizing the operation of the branch network, saving resources and enhancing its presence in areas of significant business activity.

Aiming to further enhance customer service and upgrading customers' digital experience at its branches, the Bank applied innovative solutions by using new technologies:

- e-signature platform enabling the activation of e-signatures at branch counters and storage of transaction vouchers, thus helping to reduce the need for printouts and physical records. In total, 2,725 e-signature tablets were installed at branch counters.
- barcode scanners were installed at counters for faster payments of Organization and Company bills. In the first implementation phase, 627 scanner devices (QR code readers) were installed in 165 branches;
- integration of applications for handling loan rescheduling requests, with a view to carrying out Bank operations more effectively;
- expansion of systematic monitoring of customer satisfaction through an e-questionnaire at all network branches as well as through the use of special devices installed at 50 selected branches throughout Greece;
- "Branch Network Help Desk 10015", to serve as a basic communications hub and support center for all network staff, providing any information needed through centralized management of the network's enquiries;
- implementation of solutions aiming at best customer service (prognostic model for the workload at cash desks) in 80% of the branches.

As part of the Bank's ongoing efforts to enhance the operational efficiency of the network and the services provided to customers, the following actions have been scheduled for 2018:

- operational implementation of customer service model in all branches,
- establishment and operation of specialized Teams at selected Branches for more efficient settlement of individuals' debts,
- launch of a new model for the upgrade of services provided to business customers at selected branches all over Greece,
- creation of new i-bank & Premium banking corners,

- further modernization of the branches' image and operation by adopting cutting-edge solutions aimed at providing quality services to customers,
 - expansion of the use of e-signature technology to posts other than teller posts, thus enabling digital signing and record keeping of applications and agreements,
 - further installation of the innovative i-bank pass service at a larger number of branches (~400) so that NBG customers can schedule their visits to branches online, for other banking services besides cash-desk transactions,
 - expansion of customer satisfaction monitoring on the basis of the customers' experience at branches,
 - cash-desk management application at ~300 Branches aiming to keep branch staff up-to-date on actions designed to reduce congestion at cash desks or to free-up tellers,
 - centralization of business credit and retail loan management operations,
 - enhancement of alternative transaction networks and active encouragement of customers to use them.

Alternative networks

In 2017, all i-bank networks posted significant growth in operations and revenue, as such networks are upgraded with new services and functionality on an ongoing basis with a view to providing an ever better banking experience for the Bank's customers.

For yet another year, the use of **i-bank Internet & Mobile Banking** increased sharply. Registered users exceeded **1.6 million**, with the average number of new users per month increasing by **35% y-o-y**.

DIAGRAM 2.5.1
TRANSACTION VOLUME THROUGH i-bank store

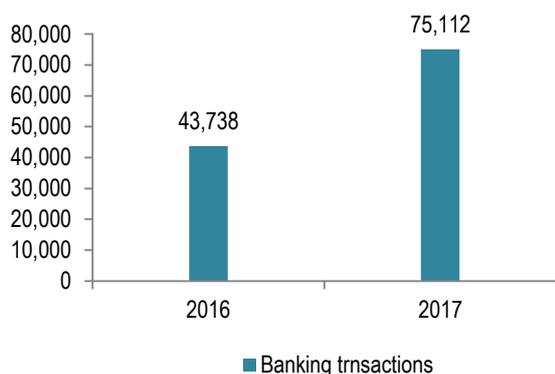
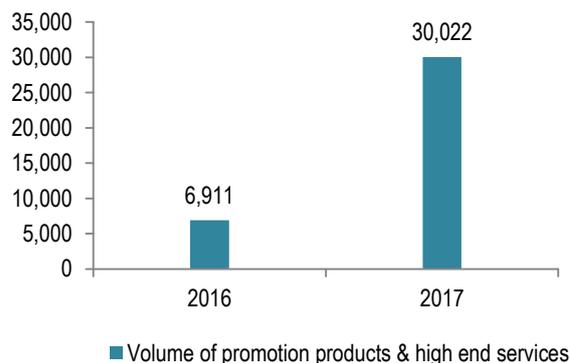


DIAGRAM 2.5.2
HIGH END PRODUCTS i-bank store



Active users of i-bank Internet Banking increased y-o-y by **32%** and the number of money transactions by **23%**.

Similarly, in **i-bank Mobile Banking**, **active users** increased on an annual basis by **66%**, and the number of money transactions by **147%**.

The use of i-bank Pay, NBG's cutting-edge electronic wallet, was also significant as well as the use of i-bank Pay 4 Business, an integrated collections system provided by NBG for merchants and professionals, which by the end of 2017 recorded almost 150,000 downloads. The Bank systematically invests in its ability to provide top quality customer services through its mobile applications (i-bank Mobile Banking, i-bank Pay, i-bank Pay 4B, go4more app, i-bank pass), the use of which steadily increases. **The number of downloads stood at 1.12 million in 2017, up 73% on the previous year.**

Rapid changes in the Greek market led to a further increase in customers' need to communicate via the Contact Center. **Incoming telecom traffic exceeded 2,800,000 calls.** In addition, special emphasis is placed on the outward orientation of the Contact Center, which performed outgoing calls in order to update and promote the Bank's products and services to its clientele. For example, in 2017 circa **500,000** outgoing calls were carried out by the Bank's Contact Center, posting a year-on-year increase of **80%**.

With the objective of upgrading customer services and effectively handling large volumes of operations, the Bank deployed innovative automated services using a Voice Portal, at 181818, and Natural Language Understanding (NLU) software. In 2017, circa **200,000** PINs for debit and credit cards were delivered through automated services.

The five **(5) i-bank stores** were used to promote both i-bank services and to familiarize customers with the use of such services. In 2017, more than **1,000,000** customers visited the Bank's premises, while more than **75,000** banking tasks (Diagram 2) and **30,000** promotion actions for cutting-edge products and services* (Diagram 3) were carried out. At the end of 2017, a new i-bank store in Athens (Athens Metro Mall) was launched in line with the same philosophy regarding provision of services and the promotion of online banking, while further expansion of the i-bank store concept is planned for 2018.

As at 31/12/2017, the Bank ran 1,460 **ATMs**. The number of transactions carried out via ATMs rose by 5% vs 2016 reaching a total of 140.7 million transactions worth €16 billion.

The Bank's APS (Automated Payment Systems) fleet increased by 85 machines. The total of 133 APS centers serviced circa 1 million transactions worth €178 million.

DIAGRAM 2.5.3
ATM TRANSACTIONS (in € MILLIONS)

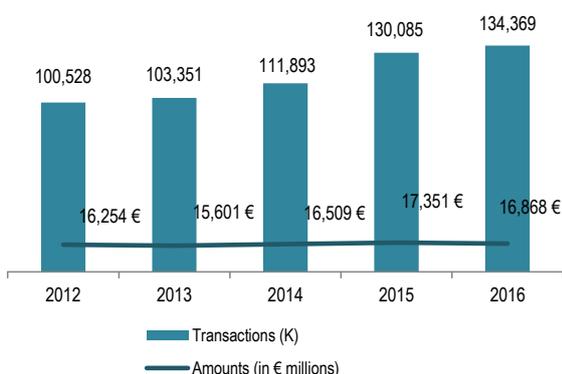
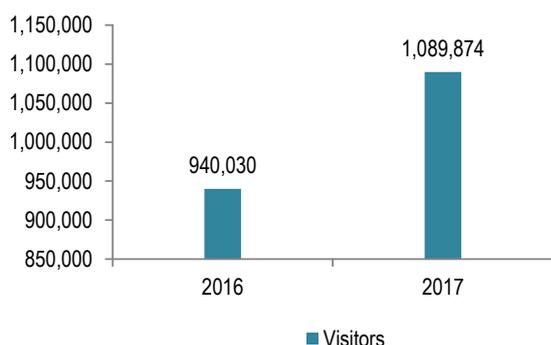


DIAGRAM 2.5.4
VISITORS i-bank store



SECTION **3**

**INTERNATIONAL ACTIVITIES
OF THE GROUP**

3.1 THE GROUP'S INTERNATIONAL PRESENCE

In 2017, the International Activities Division played a key role in the successful implementation of the Group's Restructuring Plan for its International Activities.

Specifically, the Division contributed to the successful completion of the sale of our subsidiaries in Bulgaria (UBB & Interlease) and Serbia (Vojvodjanska & NBG Leasing doo), as well as to the planned sale within 2018 of the Group's subsidiaries in South Africa (South African Bank of Athens) and Albania (NBG Bank Albania).

The Division also assisted the work of the Committees and other bodies of the Group's subsidiaries on an ongoing basis, with respect to growth of operations, adoption of best practices and enrichment of services provided.

Following the completion of the sale of Finansbank in Turkey, and in consideration of the fact that certain loans granted to Turkish businesses continued to comprise part of the Group's assets, the International Activities Division made considerable efforts within 2017 to reduce them. Specifically, outstanding loans to Turkish businesses totalled €48 million at the end of 2017 vs €105 million at the end of 2016, while with the implementation of the full package of actions within the first months of 2018 a further reduction to circa €18 million should be achieved.

In view of the persistent headwinds the Group has been facing over recent years in the markets where it conducts business -- primarily due to the rapidly changing macroeconomic environment -- the Group's overseas units focused on the more energetic management of credit risk, reducing operating costs and streamlining activities.

In 2017, it was decided to place emphasis on countries where the Group will continue to conduct business, so that the relevant units will be able to focus on achieving quality results through ongoing improvements in the level of services offered.

International Retail Banking

In 2017, the Group's International Retail Banking focused on sustaining market shares in deposits and loan books. The main objective was to continue the good interest yields in the sphere of consumer credit alongside effective management of NPLs. The retail loan book remained broadly unchanged

from the previous year, while deposits followed an upward trend.

In addition, particular attention was paid to the enhancement of services offered to our customers and the design of tailor-made programs for specific target groups of customers (merchants, small businesses, payrolls), by placing emphasis on improving their transactional experience and increasing penetration of e-banking applications.

International Corporate Banking

Within the context of the Group's restructuring plan, our international corporate banking activities focused on maintaining the quality of the corporate portfolio by expanding cross-border financing. This strategy dictated that efforts be made to maintain market share through selective credit expansion carried out in line with strict eligibility criteria and long-term relationships with businesses that have consistently demonstrated their ability to effectively manage their operations. In the context of its tasks, NBG's International Corporate Banking Sector was active in effectively leveraging all the Group's overseas Units and in forging profitable synergies.

3.1.1 OVERSEAS BRANCHES (EGYPT, UK)

In Egypt, NBG operates through a network of 17 branches, which offer integrated retail and corporate banking services.

Egypt, a country with a population of some 100 million residents, continues to see the social, political and economic climate regain normality. The Egyptian economy reported growth of over 4% during the past year, while unemployment progressed to lower levels of around 12%.

Against this backdrop, in 2017 business in NBG's branch network in Egypt recorded the following developments:

- excellent loan book quality (NPLs below 2.3%),
- the maintenance of a strong deposit base (with the Loan/Deposit ratio at 76%), as well as efforts to contain the cost of deposits, and
- sustained efforts to contain operating costs, in an economy where inflation is currently at 21%.

Finally, NBG's London Branch is active mainly in corporate financing (booking centre), private & transactional banking, and trade finance. Besides providing supervision and assistance in its operations, the International Activities Division makes every effort to ensure compliance with the new situ-

ation arising from Brexit, and the respective regulatory requirements imposed by the Supervisory Authorities.

3.2 STOPANSKA BANKASA

The rational expansion of the loan portfolio accompanied by the efficient management of the funding sources and operational excellence, combined with the prudent risk management secured the stability and soundness of the Bank and ensured SB profitability.

In the year under review, all through the uncertainty that prevailed, SB succeeded in delivering results that demonstrate once again the resilience of its business model and successful management. Thus, the positive performance in 2017 indicates the strategic choices of SB to continue to rise to the challenges and seize the opportunities of the times. SB remains a dynamic bank, determining to further fortify its balance sheet and provide a solid stimulus to local economy. The distinguished performance was supported by the Bank strategy: driving organic growth, client-centric approach for satisfying different financial needs of the customers, managing risk and maintaining strong capital and liquidity position and to operate efficiently and reduce costs. Accordingly, throughout the uncertainty that prevailed, SB succeeded in delivering impressive results that demonstrate once again the resilience of its business model and successful management. Its powerful brand name remained symbol for extraordinary services, trust and safety.

Consequently, at the end of the year, the Bank recorded profit before taxes of **EUR 44.7 million** slightly below the same indicator in 2016. Analysing the performance review, improvement can be noticed in the area of net interest income, net fee and commission income and other operating income. In addition, because of the best efforts was put in order to rationalize the operating costs, it can be noticed their reduction this year. The Bank's **total assets** reached **EUR 1,437 million**, exceeding the corresponding 2016 figure by 9.0 million. Consequently, **ROA** equalled **2.9%** or the same as the one in 2016, while **ROE** reached **16.3%** significantly above the same in 2016 of 15.0%, indicating stable returns for shareholders. With the capital strength, which ensured high capital adequacy ratio of **15.4%**, SB confirms to be one of the most trustworthy financial partner in the country.

Net Interest income

During 2017, the **interest income from the retail loans** amounted **EUR 50.4 million**, having the big-

gest participation within the total interest income of 71.8%. In the same time, corporate and other activities amounted to EUR 19.8 million i.e. decreased by EUR 3.2million compared to the previous year. The total interest income amounted to EUR 70.2 million, which is decrease of 0.7 % compared to the previous year. At the same time, the Bank reduced the **interest expenses** by 15.2%, so the **net interest income** showed **improvement by 3%**, and on a top of that improving the **NIM** from 4.14% to **4.28%**.

in EUR million

	2016	2017	% change
Interest income	70.7	70.2	-0.7%
Retail loans	47.7	50.4	5,7%
Corporate loans	15.6	13.7	-12.1%
Other	7.4	6.1	-17.5%
Interest expense	-14.4	-12.2	15.2%

Fee and Commissions Income

Activities in 2017 contributed the net fees and commission income to reach EUR 15.8 million. Within this, the most significant part (52 % of the Bank's total fee and commission income) relates to lending activities in amount of EUR 8.9 million, recording additional amount of EUR 0.6 million compared to 2016, representing an increase of 7.5%. The fee income from transfer of funds is the second largest item, which at the end of 2017 amounted to EUR 6.5 million representing 38 % of the total fee and commission income.

in EUR million

	2016	2017	% change
Fees and commissions income	17.1	17.5	2.4%
loans	8.3	8.9	7.5%
letters of guarantee	0.9	0.7	-19.0%
transfer of funds	6.8	6.5	-3.1%
other	1.2	1.4	13.5%

Operating expense

During 2017, the Bank continued to pursue operational excellence in both cost efficiency and risk management, resulting in keeping the costs in line with budgeted figure and maintaining excellent credit quality results. The total **operating expense** amounted **EUR 27.3 million** showing slight increase of 2.6 % compared with the corresponding 2016 figure mainly due to the growing business. Because of its effective cost containment policy in place followed by simultaneous increasing of the net operating income, the Bank succeeded to achieve **cost to income ratio of 37.5%** from 37.7%

last year, continuously reducing for several years in a row.

SB continues to be the dominant player in Retail banking and is always pioneer of modern banking offers in the country. SB is generally known and recognised as the most active Bank in CSR events, supporting various projects and introducing fresh CSR concepts with broader impact for the whole community.

Finally, and since the Bank has delivered the last years more than excellent profits and having a very strong liquidity and capital position, in 2017 was able to disburse second year in a row a significant dividend to its shareholders, amounting to **€36 m** and providing an excellent return.

3.3 BANCA ROMANEASCA SA

In 2017 the Bank recorded a profit result which significantly exceeded the budget for the year. The Bank focused on satisfying the client needs both in Retail and in Corporate Banking and maintained the quality of the portfolio through extensive collection activities and sales of non-performing exposures.

The Bank has a strong capital base and its capital adequacy ration was above the one from 2016.

Liquidity was also kept at a comfortable level, with no significant turnover in customers deposits.

Retail

The retail business of Banca Romaneasca was a successful one in 2017. Targets were achieved on unsecured lending due to continuous communication on the product throughout the year, mainly online, but also through special projects. In 2017 Banca Romaneasca successfully migrated Visa debit cards to Mastercard within the agreed timeframe. Due to continuous campaigns and product offers the credit cards, the sales targets were achieved. Sales results exceeded all expectations in Transactional Packages, reaching more than double the initial targets in terms of units sold. The same positive outcome was registered in mortgage loans, a success built on the Governmental "First Home" program.

2018 will be the year in which the credit cards and unsecured lending will remain at the core of Banca Romaneasca lending strategy. Transactional packages will continue to be promoted as a source of low cost funds and fees, while the bank will start

digital projects which will enhance its online presence.

Corporate and SME Banking

Corporate Banking faced a very challenging 2017. The Corporate banking division focused on traditional products developed in factoring and reverse factoring as well as in trade finance lines with the support of IFC and EBRD. In the same time, the bank has maintained its interest on its traditional sectors like automotive, FMCG and leasing but also on specialized financing addressed to oil gas and energy sector and on financing investments developed with European funds.

During 2017, Commercial lending activity was stable, remaining at a similar level compared to the previous year, largely by focusing on sectors with tested limited default potential. On the deposits side, the figures display a slight increase compared to 2016.

Banca Romaneasca will continue its tradition to provide SMEs with suitable, tailor-made products and services for backing up their business needs, from adequate financing solutions to a complete offer of savings, guarantees and payments services. Particularly regarding supplying the SME with the much-needed funding, the cooperation with financial institutions to support the increase of SME access to financing, such as National Guarantee Fund for SME Loans, Rural Loan Guarantee Fund and EXIMBANK or run subsidized investment programs (APIA), will carry on. Another key element in Banca Romaneasca's offer remains the financing of EU funded projects developed by our clients.

IT and OPS.

In 2017 Banca Romaneasca focused on the implementation of complex regulatory projects, the upgrade of the critical hardware and software infrastructure and improvement of the information security infrastructure. The IFRS9 project was completed successfully on time and within budget and developments for PSD2 directive are in progress. In the same time, the employees of the bank but also the users of "e-bancomea" (the internet banking solution of the bank) are better protected from malware and spyware through the state of the art solutions that were deployed in the bank.

For 2018, the Bank will focus on the digitalization of its services and automation of internal processes, while observing and respecting the local and European mandatory regulatory requirements.

3.4 BANKA NBG ALBANIA SH.A

Banka NBG Albania left behind a very peculiar year after its 20 years of effective operations in the Albanian market.

In the context of NBG Group commitment towards the divestment from international operations (part of the Restructuring Plan), for NBG Albania the main strategic focus during 2017 was oriented on the M&A process, finalized in early 2018.

Amid this challenging environment and throughout the uncertainty that prevailed, Banka NBG Albania achieved to maintain its solid position in the fundamentals and performance. Main highlights of 2017 financial year are:

- Retain the NPL ratio within targeted levels, through effective NPL Management;
- Expansion in the Corporate Clientele span and in Consumer Lending via competitive products and client-centric orientation;
- Maintain strong capital adequacy position, well above the market average and regulatory requirements.
- Operating as self-reliant in terms of liquidity needs.

Disregarding the short term switch in strategy, NBG Albania realized an Operating Profit of Euro 3.47 million, being almost to the same levels of the previous year. The main contribution derives from the following revenue streams:

- Net Interest Margin expansion amidst a highly competitive environment, being supported as well from reduction in cost of funding;
- Net Fee and Commission income growth sustained from risk related items;
- Cost containment through efficient measures applied, however impacted from one-off expenses.

(amounts expressed in Euro mio)	12M17	12M16	Δ
Nil	9.6	9.2	5%
Net Fees	1.8	1.7	5%
Other income	(0.2)	0.6	>100%
Total Income	11.23	11.52	-3%
Operating expenses	(7.8)	(7.6)	2%
Operating Profit	3.47	3.95	-12%

The Albanian Banking Market in 2017 continued to record contraction in crediting volumes. Increase in lending activities was noted mainly in Consumer and Small Business Lending.

Lending Activity

In the year under review, NBG Albania has maintained the *lending volumes* within the previous levels, disregarding the following factors:

- Corporate Portfolio: Repayment from big tickets & seasonality in utilization of overdraft accounts;
- Retail Lending: High early attrition ratio mainly in Mortgage portfolio;
- Repossession of collaterals impacting the lending volumes (both Corporate & Retail);
- Cautious risk appetite of the bank in relation to lending;

Funding

Funding wise, the bank continues to operate as self-funded, highly independent from the inter-bank market and parent company. Customer deposit make-up circa 99% of the funding base, while the remaining 1% (Euro 3 million) represent subordinated hybrid debt. The bank managed to further increase the customer deposits volumes, being fully recovered from domino effect of the 2015 Greek economy crises.

Capital Adequacy Ratio

Capital preservation remains one of the key strategic priorities of the management. The bank started the year 2017 with a CAD ratio of 18.2% and managed to further improve it throughout the year, concluding the year end with a CAD ratio of 19.1%, even after the partial repayment of the subordinated debt of Euro 4 million (Tier II Capital).

Banka NBG Albania will continue to be a pro-active role player in the banking market in Albania, through further exploiting and rationalizing its potentials, distribute qualitative services to the customers through its corporate culture embedded with values and tradition, increase brand reputation via its well established corporate governance framework.

3.5 NATIONAL BANK OF GREECE (CYPRUS) LTD

Within a changing political and economic international environment, the Cypriot economy managed in 2017 to continue a positive growth trajectory. The fiscal indicators in Cyprus present significant improvement, with GDP growing by circa 4%, public debt falling, for the first time in five years, to below 100% of GDP, unemployment pursuing a downward trend, and the country regaining access to international markets at a low interest rate, taking advan-

tage of the international environment of low-cost money.

Statistical data demonstrate that the real estate market has improved. According to Statistical Authority data, the number of sale contracts and building permits has grown. By providing specific incentives, the country succeeded in attracting a significant number of high net worth individuals from many countries around the world for investments and/or establishment in its territory.

There are still significant challenges ahead, the key problem being non-performing loans, which impact significantly the financial sector, whichover recent years, has undergone a long process of restructuring, and the economy in general. The high percentage of private borrowing hinders efforts made in the sphere of debt restructuring, as well as endeavors to channel liquidity to the market through new loans. The creation of a secondary debt market will mark a new step in efforts to reduce NPLs.

Five years after the decisions taken in March 2013 - contraction of the banking sector by closing the 2nd largest bank in Cyprus (Cyprus Popular Bank), the sale of the networks of the 3 Cypriot banks in Greece, the imposition of strict capital controls, the loss of deposits with Cyprus Popular Bank, and the bail-in executed by the Bank of Cyprus with the mandatory conversion of 48% of deposits into equity -- the Cypriot economy entered recovery mode, with the biggest challenge being to give long-term support to sustainable growth free of unnecessary bureaucratic hurdles.

According to ECB figures, in 2017 Cypriot banks granted nearly double the loans that they granted in 2015. In the first ten months of 2017, the volume of new loans stood at €2.2 billion vs €1.6 billion in 2016 and €1.1 billion in 2015.

Strictly applying the directives of the Central Bank of Cyprus, the Bank closely monitors the developments in the sector and continues to operate in a spirit of flexibility and adaptability.

In 2017, NBG Cyprus recorded the following:

- Capital Adequacy Ratio (CET 1): 26.74%
- Liquidity Coverage Ratio (LCR): 737%
- Profit before provisions: €7.3 million

SECTION **4**

**OTHER NBG GROUP
ACTIVITIES**

4.1 INSURANCE

Via its subsidiary Ethniki Insurance, the Group offers a full range of retail and business insurance products and services to the domestic market.

Ethniki Insurance, the largest insurance company in Greece, recorded profits before tax of €74.1 million in 2017 vs €57.8 million in 2016, up €16.4 million, mainly due to stronger results in the General Insurance sector. This level of profit is particularly satisfactory, as the Company has succeeded in sustaining its profitability at healthy levels amid adverse economic conditions.

The Company's operating costs reached €90.7 million vs €85.2 million, up 6.4% vs 2016, without including impairment of tangible assets of €1.7 million in the 2017 costs.

The key financial data of Ethniki Insurance are as follows:

Key financial data			
(€ millions)	2017	2016	%
Total Assets	3,459	3,331	3.8%
Equity	807	722	11.8%
Profit before tax	74	58	28.4%
Profit after tax	71	43	65.0%

The network of Ethniki Insurance in Greece is comprised of 13 branches, 149 sales offices, 2,058 insurance advisors and 1,454 associated insurance agencies, while its products are marketed through the Bank's extensive branch network (bancassurance) and direct selling through the Ethniki Protect on-line platform.

Beyond Greece, Ethniki Insurance maintains also an active presence in Romania, through Societate Comerciala Asigurari Garanta SA, and in Cyprus, through Ethniki Insurance (Cyprus) and Ethniki General Insurance (Cyprus).

For the year ahead (2018), Ethniki Insurance is well prepared for its compliance with the new PRIIPs and GDPR regulatory frameworks and the IDD Directive, adapting accordingly its culture, structures and procedures and IT systems, and is fully oriented to the needs of its customers, while at the same time it has launched the process for conducting a study on the likely impact of the adoption of IFRS.

For yet another year, Ethniki Insurance was a front-line business player, working for the community and the individual in every aspect of its operations. Again in 2017, driven by a strong sense of Corporate Social Responsibility, Ethniki Insurance supported actions and organizations that offer important work to vulnerable social groups and in the fields of the environment, culture and science.

The Company's key objective in the current year is to remain at the top of the league in the insurance market, ensuring sustainable profitability and further fortifying its capital position. At the same time, Ethniki Insurance will continue to offer cutting-edge products to its customers, effectively meeting their needs, providing top-quality services, further enhancing its business performance and effectively leveraging its human resources.

4.2 REAL ESTATE

In 2017 the Bank's Property Management Division was highly active in the management and exploitation of the real estate of the Bank itself and of the real estate of the NBG Group companies. Special emphasis was placed on the review of city-planning/technical issues, with a view to finalizing the inclusion of the Bank's real estate assets under Law 4495/2017 and the issuance of ~150 certifications of legality as regards building license issues. Moreover, in the framework of settlement of legal issues, a Transfer Agreement (declaratory act) was signed with respect to 64 real estate assets of the former FBB and Probank, which were transferred to NBG, in compliance with the Bank of Greece's decision regarding the transfer of assets and liabilities of the two banks, as part of the resolution of the banking system.

Moreover, a review was conducted regarding the land designation as "forestry, open land" in respect of around 360 real properties owned by NBG in 32 regions throughout the country, with the posting of "forestry, open land" maps and filing of objections of such designation with respect to 34 real properties.

Within the context of implementing a range of planned actions regarding the exploitation and management of real estate assets, the Bank's Property Management Division announced two sales of 132 properties, at an aggregate starting price of €16.2 million through a public bidding process. Already, eleven (11) of these properties have been auctioned at a total sale price of €2.3 million and an estimated profit of €1 million.

Despite the harsh economic environment, capital controls and the tight liquidity, total collections of credited proceeds from the sale of properties amounted to €7 million, while total collections of dues from leases and subleases of properties amounted to €2.7 million.

Annual lease contracts generated revenue of €2.8 million.

Further renegotiations on reducing payments for property leased from third parties generated a total recurring annualized saving of €114k.

Moreover, negotiations on the leases for properties owned by PANGAEA generated year-on-year potential savings of €590k.

The sale of the property in Frankfurt was completed at a price of €6 million and a profit (under IFRS) of €2.7 million. In addition, the sale of other properties generated a profit (under IFRS) of €333k.

A total amount of ≈ €295k was collected in relation to the appropriation of properties owned by NBG.

The extension on the term of the lease for property at ASTERIA GLYFADAS generated savings of €13.5 million (cost for the renovation of 114 suites), and the prospect for NBG -- as a result of the operation of the hotel -- of extra revenue, with respect to future cash flows, of €21.4 million.

At 31.12.2017, our Unit's real estate portfolio comprised 1,443 properties -- single entities or 1,757 rights of ownership of a total book value (under IFRS) of €206 million (specifically: 116 owner-occupied and investment properties worth €133 million, and 1,327 properties from auction proceedings worth €73 million).

Finally, within the context of upgrading our IT systems, we proceeded with the search for a new improved IT solution that will enable the calculation of fair values of properties and respective taxes, and the submission of tax returns.

SECTION **5** **RISK MANAGEMENT
AND GOVERNANCE**

5.1 GROUP RISK MANAGEMENT

Risk control and management plays a fundamental role in the overall strategy of the Group, aiming to both effectively monitor the recognized and potential risks for the organization and to align with the legal and regulatory requirements.

The Group has clearly defined its risk profile and risk appetite and has designed a risk strategy and management policy. Utterly responsible for the development and application of this general framework of risk management at a Group level is the Board of Directors (the Board) and more specifically the Board Risk Committee (the "BRC"), directly supported by the Audit Committee.

The BRC forms and submits for approval to the Board of Directors the risk appetite and risk strategy of the Bank and the Group, on an annual basis. It also sets the principles, approves the policies that govern risk management and monitors the appropriate management of risk. The Committee is composed exclusively of non-executive Board members, at least three in number, the majority of whom (including the Chairman) are independent members of the Board. The members and the Chairman of the Committee are elected by the Board of the Bank, following recommendation by the Board's Corporate Governance & Nominations Committee. The BRC has the responsibility to review reports and evaluate the overall risk exposure of the Bank and the Group on a regular basis, taking into account the approved risk strategy and the business plan of the Group. The proposals to the BRC are submitted by the Group Chief Risk Officer (CRO). During 2017 the Board Risk Committee convened 12 times. Detailed information on the responsibilities, composition and modus operandi of the Committee is included in the Charter of the Committee which is available on the Bank's website at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors / Committees).

A central role in the risk management framework, that is to recognize, evaluate, monitor and control risks accepted by the Group, has been assigned to the two Group Risk Management Units: the NBG Group Risk Control and Architecture Division (GRCA) and the NBG Group Market and Operational Risk Management Division (GMORM). The Units identify the risks of different portfolios and activities, and supervise all subsidiaries operating in the financial sector.

The two Group Risk Management Units are supportive to the following:

- The Asset Liability Committee of the Bank (ALCO), which defines the strategy and policy concerning the structure and management of assets and liabilities, taking into account current market conditions and risk limits that the Bank has set.
- The Group Compliance Department, which is responsible for ensuring compliance to existing rules and regulators. Such rules and regulators are the current Greek legislation, the Basel Committee of Banking Supervision, the European Central Bank (ECB), the Single Supervisory Mechanism, the European Banking Authority (EBA), Bank of Greece (BoG), the Greek Securities Exchange Commission and the decisions of all competent authorities supervising the Group's subsidiaries. Group Compliance Department reports to the Board via the Audit Committee.
- The Group Internal Audit Division, which reports to the Board through the Audit Committee. This Unit is part of the risk management framework, acting as an independent supervisory body that focuses on its effective implementation.

The two Group Risk Management Units also cooperate with the Credit Units, which supervise the credit departments of the financial institutions across the Group and participate in their approval granting bodies. These Units are also responsible for developing and updating specific Credit Policies.

Market risk

NBG

Estimation and Management

The Bank uses market risk models and specific processes to assess and quantify its portfolio market risk, based on best practice and industry-wide accepted risk metrics. More specifically, the Bank estimates the market risk of its trading and available-for-sale portfolios, using the VaR methodology based on the implementation of its risk platform, namely RiskWatch by Algorithmics (currently IBM). In particular, due to the predominantly linear nature of its portfolio, the Bank has adopted the variance-covariance (VCV) methodology, with a 99% confidence interval and a 1-day holding period. The VaR is calculated on a daily basis for the Bank's trading and available-for-sale portfolios, along with the VaR per risk type (interest rate, equity and foreign exchange risk). The VaR estimates are used internally as a risk management tool, as

well as for regulatory purposes. For internal use, the Bank calculates the VaR of its Trading and Available-for-Sale (AFS) portfolios, on a daily basis, using the latest 75 exponentially weighted daily observations to construct the VCV matrices. For regulatory purposes, the calculations apply only on the trading portfolio and the VCV matrices are based on 252, equally weighted, daily observations. The risk factors, relevant to the financial products in NBG's portfolio, are interest rates, equity indices, foreign exchange rates and commodity prices.

Additionally, the Group Market and Operational Risk Management Division (GMORMD) calculates the stressed VaR (sVaR) of the Bank's trading portfolio, which is defined as the VaR, where model inputs are calibrated to historical data from a continuous 1-year period of significant financial stress, relevant to the Bank's portfolio. More specifically, VCV matrices dating back to the 3rd of January 2008, are calculated on a daily basis and the VCV matrix that corresponds to the maximum VaR of NBG's Trading portfolio, over the entire period, is selected. Similarly to VaR, NBG calculates sVaR on a daily basis, using a 1-day holding period and 99% confidence level. Finally, the GMORMD also calculates the VaR of the Bank's portfolios by applying the Historical Simulation approach, for benchmarking purposes.

The Bank has established a framework of VaR limits in order to control and manage the risks to which it is exposed, in a more efficient way. These limits are based on the Bank's Risk Appetite, as outlined in the Risk Appetite Framework ("RAF"), the anticipated profitability of the Treasury, as well as on the level of the Bank's own funds (capital budgeting), in the context of the Group strategy. The VaR limits refer not only to specific types of market risk, such as interest rate, foreign exchange and equity, but also to the overall market risk of the Bank's trading and available-for-sale portfolios taking into account the respective diversification between portfolios.

The operation of the market risk management unit as a whole, including the VaR calculation framework, have been thoroughly reviewed and approved by the Bank of Greece, as well as by external advisors. Also, the Internal Audit assesses the effectiveness of the relevant internal controls on a regular basis. Moreover, the adequacy of the market risk management framework, as well as the appropriateness of the VaR model used for the calculation of the Bank's capital requirements, were successfully reassessed by the Single Supervisory Mechanism (SSM) during the on-site investigation in the context of the "Targeted Review of Internal Models" (TRIM), that took place in the last quarter of 2017. The final assessment report of the TRIM contained

no major findings, while most of the findings reported were of the lowest severity, thus further ensuring the robustness of NBG's Market Risk management model.

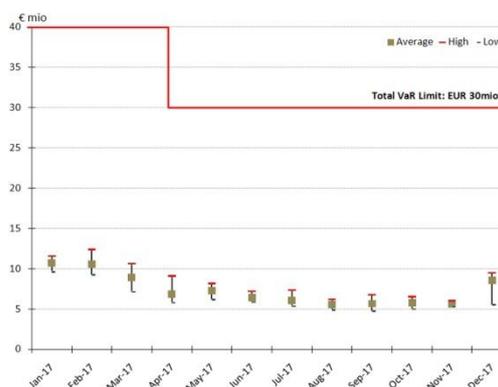
The remaining subsidiaries of the Group bear minimal market risk and taking into account the current divestment program, NBG Bank is the only Group entity with material risk of this type.

Total market risk

The total VaR(99%, 1-day) of the Bank's Trading and AFS portfolios ranged between €4.7mio and €12.4mio during 2017, while the average for the year stood at €7.3mio. As of December 29th, 2017, the total VaR was €8.0mio (see Chart 1).

The total VaR followed a decreasing path almost throughout the entire year, as shown below in Chart 1, and increased at the end of the fourth quarter, mainly due to an increase in interest rate risk (see Chart 2).

**DIAGRAM 1
NBG TOTAL VAR (99%, 1-DAY)**



Interest rate risk

The most significant type of market risk to which the Bank is exposed, is interest rate (IR) risk which arises mainly from the interest rate, over-the-counter (OTC) and exchange traded derivative transactions, as well as from the Trading and AFS bond portfolios. Interest rate risk is quantified through IR VaR. The IR VaR (99%, 1-day) of the Trading and AFS portfolios of NBG ranged between €4.2mio and €11.4mio during 2017, while the average for the year stood at €6.8mio. As of December 29th, 2017, the IR VaR was €7.7mio.

The evolution of IR VaR (Chart 2) depends on the sensitivity of the Bank's Trading and AFS portfolios to key risk factors, namely the euro swap rates and the respective sovereign yields, as well as on the

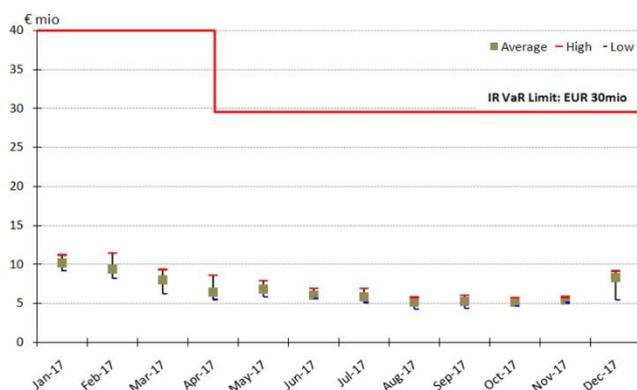
level of the respective volatilities.

Assessing the latter factor, the volatilities of the key risk factors, in particular of the euro swap rates, decreased substantially during 2017. More specifically, although euro rates have followed a mildly upward path, the improved outlook of the global financial markets resulted in historically low volatility levels. Furthermore, the prospects of the Greek economy improved in 2017, as evidenced by the narrowing of the credit spreads of the Greek sovereign bonds against the respective German benchmarks, which subsequently led to lower volatility levels of the Greek sovereign yields. Consequently, the decreased volatilities of the key interest rate risk factors resulted in lower IR and Total VaR estimates for the Bank, reaching their lowest level towards the end of the third quarter of the year. However, in early December, due to the exchange of the post-PSI Greek government bonds with new long term fixed rate issues, sovereign bond yields came down sharply, causing an increase of the underlying volatilities, which in turn resulted in an increase of the Bank's IR and Total VaR.

Subsequently, volatility levels continued decreasing following the bond swap event, leading to overall lower VaR levels at 2017 year end, compared to the respective estimates at the end of the previous year.

Exposure levels (i.e., sensitivity to interest rates – swap or sovereign) as expressed by the PV01 metric (change in market value of the portfolio for a 1bp increase in interest rates) remained stable throughout the entire year at average level of €1mio.

**DIAGRAM 2
NBG INTEREST RATE VAR (99%, 1-DAY)**



Equity risk

The Bank has a moderate exposure to equity risk, which arises from the positions it retains in stocks and equity derivatives. More specifically, the Bank holds a portfolio of stocks, the majority of which are traded on the ATHEX and retains positions in stock and equity index derivatives traded on the ATHEX as well as, on international exchanges. The portfolio of stocks and equity derivatives are mainly used for hedging of the equity risk that arises from the Bank's equity-linked products offered to its clientele and to a lesser extent for proprietary trading. The equity VaR (99%, 1-day) of the Trading and AFS portfolios of NBG ranged between €0.3mio and €2.2mio during 2017, while the average for the year stood at €1.0mio. As of December 29th, 2017, the Equity VaR was €1.7mio.

The Bank's equity VaR (Chart 3) remained at relatively low levels during the first eight months of the year and any fluctuations were attributed to the changes in the prices of the underlying equity indices and their respective volatilities. As a reference, the evolution of the volatility of the ATHEX Large Cap index is shown in Chart 3, below. However, towards the end of the third quarter, the prices of the ATHEX stocks and equity indices fell significantly, mainly due to concerns about the outcome of forthcoming stress tests on the four systemic Greek banks. This led to higher volatilities and caused the equity VaR to increase.

**DIAGRAM 3
NBG EQUITY VAR (99%, 1-DAY)**

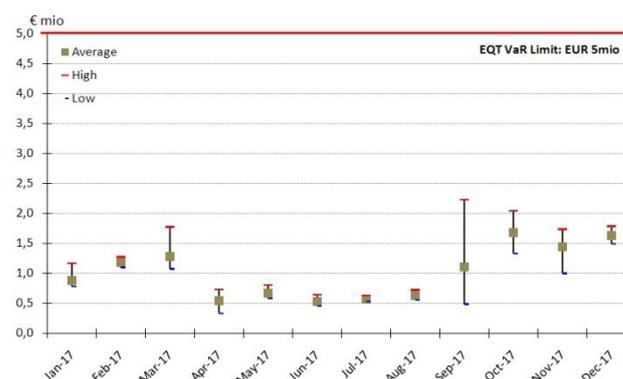
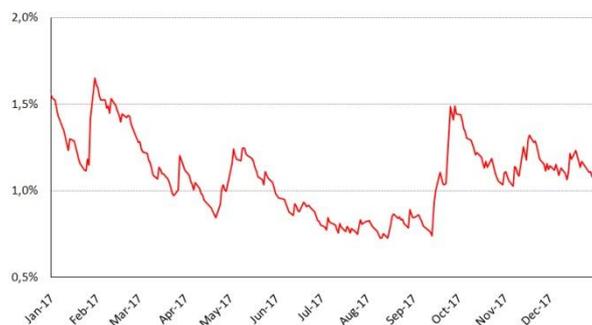


DIAGRAM 4
DAILY VOLATILITY OF ATHEX LARGE CAP INDEX

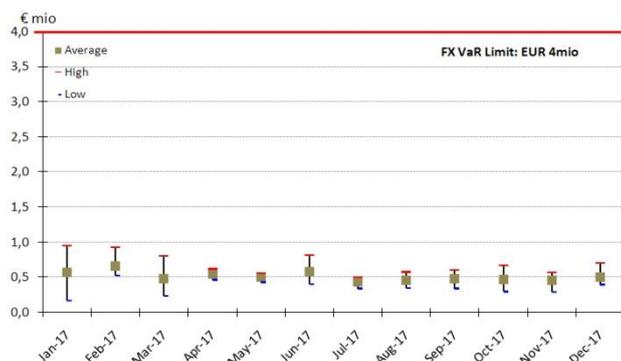


Foreign Exchange risk

Foreign exchange (FX) risk stems from the Bank's Open Currency Position (OCP). The OCP primarily arises from foreign exchange spot and forward transactions. The FX VaR(99%, 1-day) of the Trading and AFS portfolios of NBG ranged between €0.2mio and €0.9mio during 2017, while the average for the year stood at €0.5mio. As of December 29th, 2017, the FX VaR was €0.5mio.

In 2017, the FX VaR remained at relatively low levels and presented minor fluctuations, as shown below in Chart 5, due to the limited Open Currency Position of the Bank.

DIAGRAM 5
NBG FX VAR (99%, 1-DAY)



Bank-Testing

The Bank performs back-testing on a daily basis, in order to verify the predictive power of the VaR model. In accordance with the guidelines set out in the Capital Requirements Regulation 575/2013, the calculations only refer to the Bank's trading portfolio and involve the comparison of the hypothetical, as well as the actual daily gains/losses (P&L) of the portfolio, with the respective estimates of the VaR

model used for regulatory purposes. The hypothetical P&L is the change in the value of the portfolio between days t and t+1, assuming that the portfolio remains constant between the two days. In the same context, the actual P&L is the change in the value of the portfolio between days t and t+1, including all the transactions and/or any realized gains/losses that took place in day t+1, excluding fees, commissions and net interest income.

Any excess of the hypothetical / actual losses over the VaR estimate is reported to the regulatory authorities within no later than five business days. There were no cases during 2017, in which the back-testing result exceeded the respective VaR calculation, mainly due to the fact that interest rate volatilities were at their lowest levels, as mentioned in the respective section above.

Stress Tesing

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

Other Subsidiaries

Banca Romaneasca

The AFS portfolio of Banca Romaneasca consists mostly of Romanian sovereign bonds, issued in local and foreign currency (RON and EUR, respectively), which are mainly used for liquidity management purposes.

Romaneasca's interest rate risk arises from its sovereign bond holdings. As of December 29th, 2017, the total value of the AFS portfolio stood at €158.5mio, in nominal amounts. Romanian government bonds (RGBs) issued in RON comprised 86% of this amount, whereas RGBs denominated in EUR stood at 14%.

Moreover, Banca Romaneasca has a very limited exposure to FX risk, due to positions in major currencies. For the efficient management of FX risk, the subsidiary calculates the FX VaR of its portfolio on a daily basis, which as of December 29th, 2017, this stood at €18.5thou.

Stopanska Banca

Stopanska's interest rate risk arises from its AFS bond portfolio, which consists mostly of T-Bills and short term sovereign bonds, issued in local currency (MKD) or indexed to the EUR, which are also mainly used for liquidity management purposes. The total value of the AFS portfolio stood at €184mio, in nominal amounts as of December 29th, 2017, of which 88% comprised of positions issued in MKD and 12% were positions indexed to the EUR.

Banka NBG Albania

NBG Albania retains a moderate AFS bond portfolio, which consists of T-Bills and sovereign bonds, issued in local and foreign currency (ALL and EUR, respectively). The total value of the AFS portfolio stood at €46mio, in nominal amounts as of December 29th, 2017, of which 80% was denominated in ALL and 20% in EUR.

Credit Risk

Credit risk control and management plays a fundamental role in the overall strategy of the Group, aiming to effectively monitor both recognized and potential risks for the organization as well as to align with legal and regulatory requirements.

The Group's credit risk management function is spread across four different levels of defense, traced as follows:

- The First Line involves the operational function i.e. business units undertaking credit risk. They own the risk, hence they are accountable for it, so they are also responsible for implementing corrective actions to address process and control deficiencies. Their ultimate objective is to minimize risk for a given level of expected return by establishing and implementing internal rules to their "day-to-day" business.
- The Second Line of Defense is performed by Credit Units and Group Risk Control and Architecture (GRCA) Division. The first, are acting independently of business units. They receive credit proposals by operational units, on which they perform an impartial risk assessment, through the "four eyes principle", eventually underwriting the risk and having a veto right in the credit approving procedure. The role of GRCA division is to identify, monitor, control and quantify risks at portfolio or entity level. GRCA assists other units undertaking risks and establishes the adoption of appropriate pricing and risk measurement tools. In this sense, it

assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the Group. Group Compliance contributes to ensure compliance to applicable laws and regulations.

- Finally, the ThirdLine of Defense is the object of Group Internal Audit which provides independent assurance to the Board, based on the highest level of independence and objectivity within the organization.

The duties and responsibilities of all lines of defense functions above are clearly identified and separated in the Group's Risk Strategy.

GRCA occupies central stage in credit risk management since it recognizes, evaluates, monitors and controls risks accepted by the Group. It reports to the Group CRO and possesses the following responsibilities:

- To specify and implement credit risk policies emphasizing on rating systems, risk assessment models and risk parameters according to the guidelines set by the Board;
- To assess the adequacy of methods and systems that aim to identify, measure, monitor, control and report credit risk undertaken by the Bank and other financial institutions of the Group and periodically validate these methods and systems;
- To establish guidelines for the development of assessment methodologies for Expected Loss (EL) and its components, i.e. Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for each exposure class in corporate and retail portfolios;
- To calculate the Regulatory and Economic Capital required to support all banking risks, as well as prepare relevant regulatory and MIS reports;
- To introduce best practices and standards for the development, validation and calibration of all credit risk models at Group level.

The responsibilities of Credit Risk expand to the extent that new requirements emerge from regulatory developments or business needs. Two major notable projects involved GRCA within 2017.

First, NBG Group complying with the new accounting standard for provisions formation, the IFRS 9, replacing IAS 39 as of 1.1.2018, assigned to Credit Risk the responsibility to assess and address related modelling issues.

In this context, the GRCA has developed statistical credit risk models, in order to estimate the credit risk parameters (i.e. PD, LGD, EAD) used in ECL

estimation for all Bank's portfolios (i.e. Corporate, SME –Retail, Rest of Retail).

Secondly GRCA, is actively involved in themeasurement, monitoring and management of NPES since it:

- Reviews independently the reporting activity of the NPEs
- Participates in the working group of the NPE forbearance and classification policy, which sets the criteria for exposures to be classified as NPE (FNPE) and forborne.
- Follows closely the regulatory and supervisory framework and consults accordingly when deemed necessary.
- Develops and updates a set of tools and processes in order to enhance the management of the troubled assets portfolios.

In the context of the above, within 2017 GRCA developed new EWS models for all portfolios, to serve as prompt indicators of credit deterioration and to facilitate proper classification.

- EWSs scope is to warn for financial difficulty early, before it actually occurs, thus are applied in portfolios that are not defaulted (i.e. early or no delinquency).
- For the corporate portfolio, the EWS is complementary to the watch-list system that NBG has in place and inserts automation and advanced promptness.
- For the retail portfolio there are four separate EWS models designed, based on sub-portfolios' and further segmented by delinquency status and restructuring occurrence.
- The EWS is based on statistical models that were developed, based mostly on signals of recent transactional behavior.
- For each risk zone, specific remedial actions are defined and will be accordingly followed by the relative business units,
- EWSs for all NBG portfolios are in the course of being implemented in the IT systems within the next months and will be deployed in full force after a trial period.

A. Corporate Portfolio – NBG

Portfolio outline

Since the outbreak of the severe economic crisis in Greece, the Business Units have put a lot of effort in (a) increasing the quantity and quality of collateral pledged and (b) reviewing most credit programs to improve repayment likelihood of corporate clients.

Since 2008, the Bank is using five (5) corporate rating models, all of them implemented through the

web-based Risk Analyst™ (RA) platform (an upgraded version of Moody's Risk Advisor™ software), backed where necessary by the ratings of Moody's Investors Service and S&P's. It comes as no surprise that the deterioration in the financial statements of companies led to rating downgrades by most of the models.

The table below illustrates the distribution, per model type, of outstanding corporate exposures and obligors:

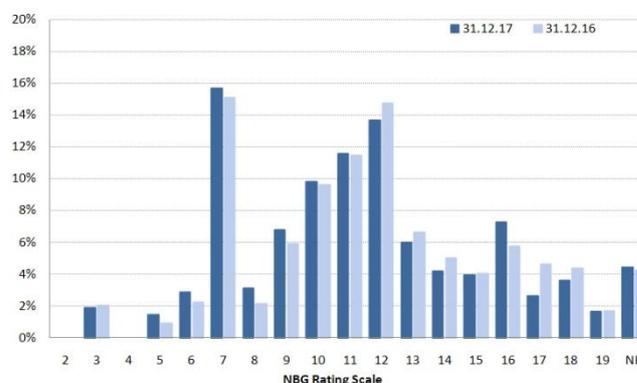
TABLE 1
NBG – CORPORATE – DISTRIBUTION BY MODEL TYPE

RatingModel	Exposure(in €mio)	% performingexposure
CorporateRatingModel	6,125.8	57.7%
ExpertJudgement	588.6	5.5%
SlottingCriteria-Project Finance	1,265.5	11.9%
SlottingCriteria-ObjectFinance	1,311.0	12.4%
Moody's - S&P	1,314.9	12.4%
Non Rated	3.0	0.0%
In Default	5,697.9	-
GRAND TOTAL	16,306.5	100.0%

Given the notable figure of obligors in need to be optimally worked out, as a result of the crisis, the GRCAD has developed tools attempting to assess the viability potential of customers facing financial difficulties (managed by the Special Assets Unit) to service their outstanding credit balance via a new restructured repayment scheme.

The vast majority of obligors of the corporate portfolio are entities with full financial data and their distribution on the ORR Scale indicates sufficient dispersion without any high concentration (over 25%) in any rating grade.

DIAGRAM 6
NBG – CORPORATE CUSTOMERS' DISTRIBUTION PER ORR¹



¹ Excluding defaulted obligors

- implement NPE strategy focusing on ECB's Guidance in terms of collection strategy & B.U.'s policies
- proceed with necessary transitional arrangements to implement the IFRS9 Standards

To effectively address these challenges, the Bank set new goals and reassessed its strategies whenever needed. During 2017, the Bank focused mainly on managing troubled assets and offered modification solutions to "correct" the harsh effect of 2015 and 2016, while focused in controlling early delinquencies mostly through collection efforts.

End of year the 90+d.p.d. ratio of Mortgage Loans remained stable (as FY2016) addressing to a "shrinkable" portfolio in terms of 90+ d.p.d. balances. Consumer Loans' and Credit cards' 90+d.p.d. ratio fell to its lowest values since December 2014, as a result of the Retail Collection's actions, but mostly because of the write-offs.

Housing Loans

Housing loans represent by far the largest portfolio of the Bank (€16,1bn on 31.12.17), consequently, it is very closely reviewed and constantly monitored using advanced credit risk techniques. Since the beginning of 2008, the Bank has adopted the Advanced IRB approach (A-IRB) for calculating capital requirements against credit risk for "retail exposures secured by residential real estate".

The PD and LGD models the Bank developed for housing loans are based on 20 years of historical data. They reflect its long term experience in mortgage lending and take into account the Greek legal framework as well as the Bank's policies regarding foreclosure of real estate collateral. The credit risk parameters produced by the models (PD and LGD), besides being the key inputs for the Expected Loss and the Risk Weighted Assets calculation, are further used in:

- ICAAP (adjusted for recent performance experience)
- quality assessment and monitoring

as well as the regular internal reporting to the BRC and the Executive Committee of the Bank. By year end 2017, half of the population (47.6%) remains rated in low value PD pools (<3.0%), that evidences a good quality of the performing portfolio, while 33% of the accounts are defaulted (vs. 32% in December 2016).

Consumer Credit Lending

The Consumer Credit portfolio (€3,9bn) includes

Credit Cards, Consumer Term loans, Revolving facilities and Consumer Auto loans. In 2017, total balance declined by 18.0% compared to 2016, due to deleveraging and write-offs.

Vintage analysis illustrates that new disbursements granted after 2010 improve by the year and exhibit lower and lower 90+ ever frequencies.

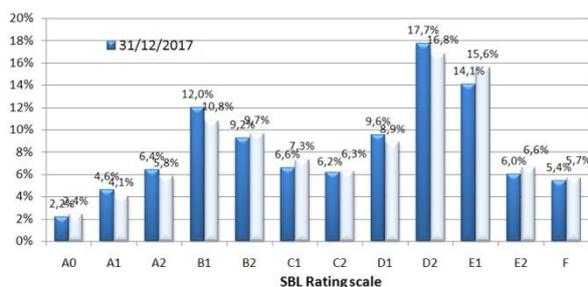
TABLE 2
NBG – CONSUMER LOANS – VINTAGE ANALYSIS (90+ EVER) FOR NEVER MODIFIED LOANS

Vintage	Loans	6MOB	12MOB	24MOB
2010	50,874	1.9%	5.8%	14.0%
2011	18,622	1.4%	5.4%	13.9%
2012	16,324	1.8%	6.4%	15.1%
2013	15,192	0.7%	2.8%	4.4%
2014	9,382	0.2%	0.6%	1.7%
2015	4,991	0.1%	0.7%	1.6%
2016	5,816	0.1%	0.6%	
1H2017	1,998	0.5%		

Small Business Loans (SBLs)

This portfolio has been struck by the crisis much more than any other retail portfolio with around 64% (vs. 65% in December 2016) of exposures concerning customers in default. Customer ratings for performing (non-defaulted clients) are adequately dispersed in the rating scale without high concentration in any grade. More than half of the balances (56.8%) are allocated to obligors with a grade better than or equal to D1 (these customers have a probability of default lower than 20%). This segment shows a slight improvement compared to 55.3% a year earlier.

DIAGRAM 12
NBG – SBLs – PERFORMING BALANCES DISTRIBUTION



The GRCAD, within its responsibility to assist the NPE management, has developed a segmentation tool through which it is attempted to rank restructur-

ing candidates based on their probability to successfully respond to the restructure to be granted. The purpose is to prevent targeted customers from (re)defaulting on the total of their obligations by granting a tailored forbearance measure.

C. Subsidiaries

The standards for the risk undertaken by NBG's subsidiaries as well as the framework for the estimation and measurement of the basic risk parameters for the Corporate and Retail portfolio are set by the NBG headquarters. The Bank also controls systematically and approves, when necessary, the credit assessment models developed by the subsidiaries.

Corporate Portfolio

An overview of the corporate banking portfolios of NBG SEE subsidiaries is presented below. On 14.16.2017, National Bank of Greece S.A. announced the completion of the sale of its 99.91% stake in its Bulgarian subsidiary United Bulgarian Bank A.D. and on 01.12.2017 announced the completion of the sale of its 100% stake in its Serbian subsidiary Vojvodjanska Banka AD.

TABLE 3
SEE – CORPORATE PORTFOLIO OVERVIEW

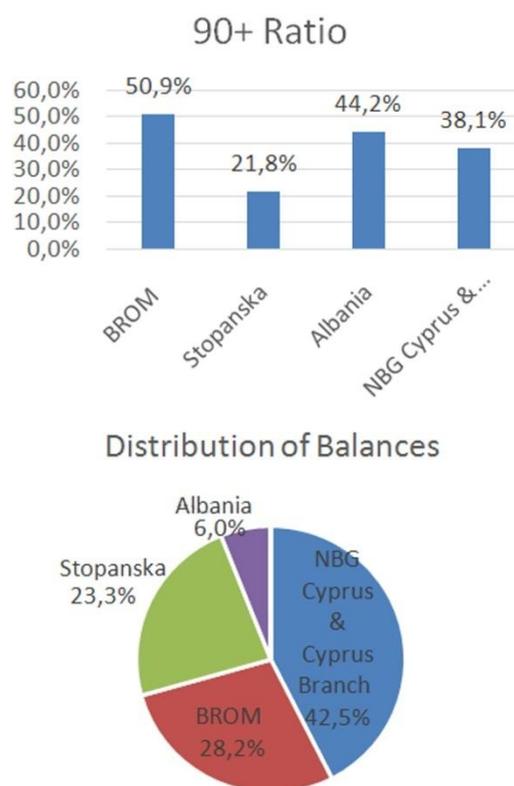
	BROM	Stopanska	Albania	NBG Cyprus & Cyprus Branch	FY2017	YoY
Large Corporate						
Balances	95	178	47	415	734	-167
90+	20	44	13	196	273	-27
SME Corporate						
Balances	61	161	41	87	351	-102
90+	21	30	26	40	117	-58
Booked in other Units (London, Malta, etc.)						
Balances	255	0	0	117	372	-3
90+	168	0	0	0	168	-46
Total Corporate Portfolio						
Balances	410	339	88	619	1,457	-272
90+	209	74	39	236	558	-131

Corporate volumes in SEE remaining subsidiaries decreased by €272mio (-15.7%). The greatest balance change, in 2017 compared to 2016, took place in NBG Cyprus along with Cyprus Branch (from €756mn to €619mn i.e., -18%). This led to an improvement in the 90+dpd ratio, falling to 38.1% in December 2017 compared to 44.9% in December 2016. Although the balance decrease, NBG Cyprus, along with Cyprus Branch's figures, has still the largest portion (42.5%) of the total corporate SEE portfolio.

BROM has the second largest portion (28.2%) of the total corporate SEE portfolio with the overall corporate balances declined in 2017 (-19.7%), with

a subsequent increase in the 90+dpd rate by 2.1pcp to 50.9%, compared to 48.7% of the previous year-end.

DIAGRAM 13 & 14
SEE – CORPORATE PORTFOLIO OVERVIEW



Retail Portfolios

An overview of the retail banking portfolios of NBG SEE subsidiaries is presented below.

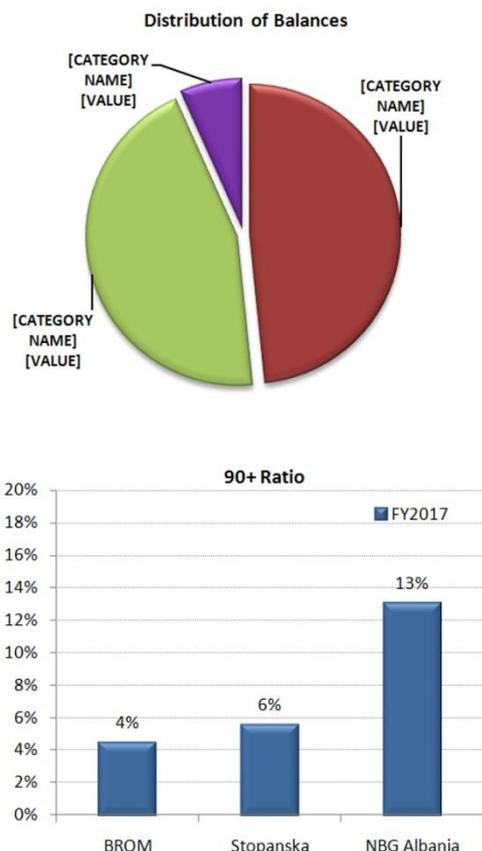
TABLE 5
SEE – RETAIL PORTFOLIO OVERVIEW

(€mio)	BROM	Stopanska	NBG Albania	FY2017	YoY
Consumer Loans					
Balances	223	482	16	721	47
90+	17	33	1	51	5
Credit Cards					
Balances	8	62	0	71	0
90+	0	3	0	4	0
Housing Loans					
Balances	568	155	92	814	-47
90+	19	3	12	34	-2
SBLs/Micro Loans					
Balances	8	50	3	61	8
90+	0	2	1	3	0
Total Retail Portfolio					
Balances	807	750	111	1,668	8
90+	36	42	14	92	4

Retail volumes in SEE Subsidiaries remained almost steady (0.6%). The greatest balance changes took place in BROM, where the retail portfolios decreased by 5.1% because of extensive write-offs in

the year 2017. A small decrease in retail portfolios appeared also in NBG Albania (-2.7%). On the contrary, retail balances of Stopanska increased by 8.1%.

DIAGRAM 15 & 16
SEE – RETAIL PORTFOLIO OVERVIEW



BROM's and Stopanskas' retail portfolio are the largest in terms of balances. In 2017, NBG in line with its restructuring plan, proceeded in the divestment of UBB and Vojvo.

BROM's retail portfolio is the largest portfolio, having a 48% share in the SEE Subsidiaries. Housing loans is the main retail market of the Bank (70%), followed by Consumer Loans (28%), both exhibited a small decrease in the year 2017. Stopanska is the second largest portfolio, with a share of 45%, with main retail market Consumer Loans (64%), followed by Housing loans (21%) and SBL Loans (7%).

Counterparty risk

National Bank of Greece

Counterparty Credit Risk (CCR) for NBG stems from Over the Counter (OTC) derivative and other interbank secured and unsecured funding transactions, as well as commercial transactions,

and is due to the potential failure of a counterparty to meet its contractual obligations.

The framework for managing CCR that pertains to Financial Institutions (FIs) is established and implemented by the Group Market and Operational Risk Management Division (GMORMD). It consists of:

- Measuring the exposure to each counterparty, on a daily basis
- Establishing the respective limits per counterparty
- Monitoring the exposure against the defined limits, on a daily basis

The methodology for measuring exposure to a FI depends on the characteristics of the transaction. Specifically, unsecured interbank placements and commercial transactions produce an exposure that is equal to the face amount of the transaction, whereas secured interbank transactions and OTC Derivatives create Pre-Settlement Risk, which is measured through each product's Credit Equivalent Factors (CEFs), as described in the Counterparty Credit Risk Policy.

NBG seeks to further mitigate CCR by standardizing the terms of the agreements with counterparties through ISDA and GMRA contracts that encompass all necessary netting and margining clauses. Credit Support Annexes ("CSAs") have also been signed with almost all active FIs, so that net current exposures are managed through margin accounts, on a daily basis, by exchanging mainly cash or debt securities as collateral.

Additionally, due to NBG's conservative profile, interbank transactions are carried out mainly with low and medium risk (investment grade) FIs, whose credit ratings range between AAA and BBB-. The only exception pertains to the rest of the Greek banking sector, with which a separate framework is in place, in order to serve NBG's business needs with domestic banks. To minimize CCR, interbank placements with Greek banks are O/N and T/N, while the maximum tenor with foreign banks cannot exceed three months, although in practice almost all interbank transactions mature within the week.

The methodology, by which limits are allocated to each counterparty, is based on the Obligor Limit, as defined in NBG's Corporate Credit Policy. More specifically, the maximum level of exposure per FI that is allocated to interbank transactions is equal to 70% of the Obligor Limit, while the remaining 30% is allocated to commercial transactions. In rare cases, a differentiation of the above levels is

allowed in order to facilitate exceptional operational needs, as long as the Obligor Limit is not breached.

The Obligor Limit is based on the (lowest) credit rating of the counterparty, as provided by internationally recognized rating agencies (mainly Moody's and Standard & Poor's).

The Bank has established a limit-framework that complies with the above rules, for both interbank and funded commercial transactions. Limits exist for each product type and are set at the respective counterparty's Group level, as analyzed in the Counterparty Credit Risk Policy. Sub-limits are then allocated to the subsidiaries of each counterparty Group, in accordance with the business needs of the Bank.

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

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

Other subsidiaries

The rest of the Group's subsidiaries have limited CCR, mainly through interbank transactions performed for liquidity purposes. Nonetheless, a limit structure, similar to that of NBG's, is in place to ensure the efficient management of the respective risk. All interbank transactions are performed with FIs, which are located in low or very low risk countries and carry high credit ratings, with the exception of transactions with local or Greek banks. As in the case of NBG, the maximum tenor of interbank placements with other FIs (domestic and foreign) cannot exceed three months.

To an even lesser extent, the subsidiaries undertake counterparty risk through commercial transactions (funded or unfunded), which they manage through their respective limit framework.

All limits are monitored on a daily basis by the local subsidiary's independent risk management, as well as by GMORMD, which oversees all subsidiaries centrally.

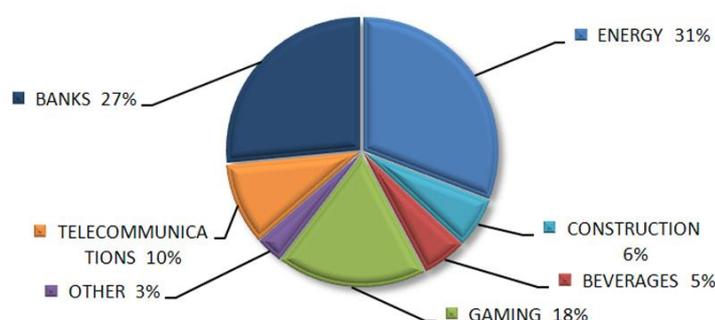
Issuer Risk

The Bank maintains a moderate portfolio in Greek and international corporate bonds, which is managed under a framework of corporate issuer limits, based on their credit rating and sector. As of De-

cember 29th, 2017, the Bank's nominal positions in international and Greek corporate bonds stood at €187.5mio.

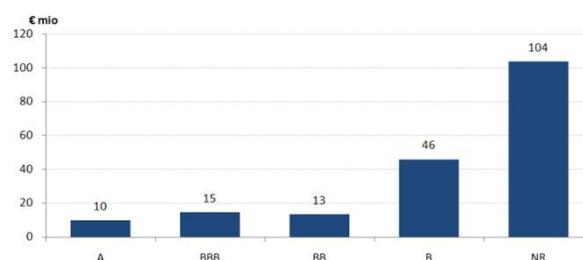
The portfolio of corporate bonds primarily consists of positions issued by energy companies (31%), financial institutions (27%), gaming companies (18%) and telecommunications (10%), while smaller positions in construction and beverage companies (6% and 5%, respectively) as well as in other sectors (3%) are present (Chart 6).

DIAGRAM 17
SECTOR DISTRIBUTION OF NBG CORPORATE BOND PORTFOLIO



The credit quality breakdown shown in Chart 7 below, indicates that 13%, or €25mio of the portfolio, consists of low and medium risk (investment grade) issues, while non-rated bonds stand at 55%, or €104mio, of the portfolio. Out of the entire portfolio, 87% comprises of Greek names and 13% of international issues.

DIAGRAM 18
NBG - CREDIT RATING DISTRIBUTION CORPORATE BOND PORTFOLIO



Country risk

Country risk is the current or prospective risk to earnings and capital caused by events in a particular country, which are at least to some extent, under the control of the government but not under the control of a private enterprise or individual. The main categories of country risk consist of sovereign, convertibility and transfer risk.

Sovereign risk stems from a foreign government's lack of capacity and/or unwillingness to repay its debt or other obligations. Convertibility and transfer risk arise when a borrower is unable to convert funds from local to foreign currency, in order to repay external obligations. Therefore, country risk stems from all cross border transactions, either with a central government, or with a financial institution, a corporate or a retail client.

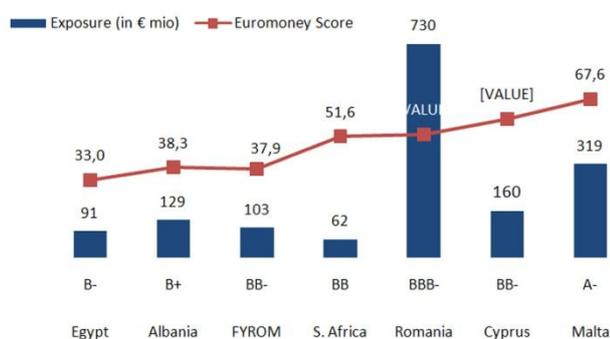
The on and off-balance sheet items, which potentially entail country risk are the following:

- participation in the equity of the Group's subsidiaries, which operate in other countries;
- interbank secured and unsecured placements and risk that arises from OTC transactions, with financial institutions that operate abroad;
- loans to corporations or financial institutions that operate abroad, positions in corporate bonds of foreign issuers and cross-border project finance loans;
- funded and unfunded commercial transactions with foreign counterparties; and
- holdings of foreign sovereign debt.

In this context, NBG's exposure to country risk arises from the participation in the Group's subsidiaries operating abroad, the Bank's holdings in foreign sovereign bonds and cross border activities in the form of interbank/commercial transactions and corporate lending.

GMORMD monitors country risk exposure, as defined above, on a daily basis, mainly focusing on the countries of South East Europe as well as on Egypt, Malta and South Africa, where NBG Group has presence (Chart 8).

DIAGRAM 19
NBG GROUP – COUNTRY RISK ALLOCATION



It should be noted though that, as per NBG's divestment plan for all the major non-Greek banking subsidiaries, the sale of United Bulgarian Bank and Vojvodjanska Banka, the respective subsidiaries in

Bulgaria and Serbia, was completed in June and November 2017, respectively.

Thus, as shown in the Table below, NBG's country risk exposure as of December 29th, 2017, decreased compared to 2016 and stood at 2.6% of the Group's total assets (vs 3.2% as of December 30th, 2016).

TABLE 6
NBG COUNTRY RISK

Country	Moody's Rating	S&P Rating	Exposure / Group Total Assets
Albania	B1	B+	0.21%
Romania	Baa3	BBB-	1.17%
FYROM		BB-	0.16%
Egypt	B3	B-	0.15%
S. Africa	Baa3	BB	0.10%
Cyprus	Ba3	BB+	0.26%
Malta	A3	A-	0.51%
Total			2.55%

Operational Risk (OR)

Operational risk (OR) is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. OR includes legal risk, but excludes strategic and/or business risk and reputational risk.

Operational risk management framework

NBG Group recognizes the importance of OR and has established a high quality, effective framework, namely the Operational Risk Management Framework (ORMF), for its management across all Group operations, since 2007.

Operational risk management is integrated into the day-to-day business, adding value to the organization, based on the following pillars:

- Identification, prioritization and management of potential risks, through the Risk and Control Self-Assessment (RCSA) process;
- Collection of OR losses through the respective process and the maintenance of a sound and consistent loss database;
- Analysis of operational risks over time and identification of warning signals through the definition and monitoring of Key Risk Indicators (KRIs);
- Analysis of the Group's potential exposure to extreme events of high impact / low frequency nature, through the Structured Scenario Analysis process;
- Initiation of mitigation actions, through the creation and monitoring of Action Plans;
- All the above components, improve the control environment and strengthen NBG Group's OR

culture, while generating a positive reputational impact.

NBG's ORMF was successfully assessed by the Single Supervisory Mechanism (SSM) during the on-site inspection that took place in the 1st quarter of 2017, with a minimal set of adverse findings.

Operational risk management principles

ORMF is designed in such a way as to:

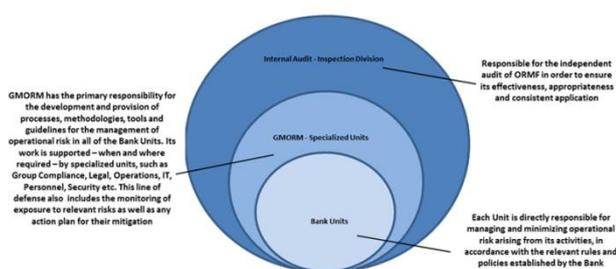
- be aligned with the risk appetite of the Bank, as approved by the Board of Directors;
- anticipate any potential operational risks resulting from products, activities, processes or systems and establish procedures for their evaluation and mitigation;
- identify the contributory factors of operational losses sustained by the Group and establish measures to mitigate them;

establish an efficient system of governance, where responsibilities in the areas and bodies involved in operational risk management are clearly defined.

Three lines of defense in operational risk management

The governance model of the Group's operational risk management is based on the "three lines of defense model", as illustrated in the figure below:

**SCHEME 1
THREE LINES OF DEFENSE MODEL**



Group Market & Operational Risk Management Division (GMORMD) lies within the second line of defense and Group's Internal Audit in the third line of defense.

All NBG Group Units constitute the first line of defense. Heads of their Units are considered as the Risk Owners and they in turn appoint OR Correspondents. The latter liaise between local OR Management teams and their Unit (business, support or specialized) and convey the key principles of OR management. They are responsible for coordinating the implementation of ORMF in their Units. Additionally, they raise OR culture and reinforce risk

awareness on OR issues, while being constantly updated on any policy or methodological changes by GMORMD.

Training initiatives and risk culture

The Group fosters awareness and knowledge of operational risk at all levels of the organization.

OR Correspondents receive training on an annual basis, with 2017 being the 12th consecutive year, in which seminars and awareness campaigns were organized for the correspondents, as well as for the Risk Owners of the Bank and the Group. NBG Group OR management has delivered training to more than 1,000 people, while a considerable number of employees have been trained through e-learning seminars, mainly in the foreign subsidiaries, over the last five years.

The active management of operational risk was further strengthened by the implementation of 'Algorithmics' (currently IBM) OpVar software in the Bank, as well as in all major Group subsidiaries. In 2018, NBG is planning to migrate to a new more advanced software (OpenPages, also developed by IBM) for the management of OR.

NBG Group's operational risk profile

The implementation of the ORM Framework aims to strengthen the Group's OR profile. In this context, the key pillars of ORMF provide all necessary elements that enable the senior management to obtain a clear view of NBG Group's profile.

In 2017, NBG, continued with the successful implementation of the Bank's restructuring plan. The most significant event was the cease of its operations in Bulgaria and Serbia through the sale of its Bulgarian subsidiaries (United Bulgarian Bank A.D. Group and Interlease EAD) and the sale of its Serbian subsidiaries (Vojvodjanska Banka AD and NBG Leasing doo).

Evolution of the main metrics

i. Risks & Control Self-Assessment Process (RCSA)

The RCSA is a bottom-up self-assessment process conducted at least annually and performed through the OpVar tool. Potential high risk areas are highlighted and risk mitigating measures are identified through workshops, aiming to evaluate risks specific to the countries and business sectors where NBG Group operates. Risk assessment is complemented

by the qualitative assessment of the control environment.

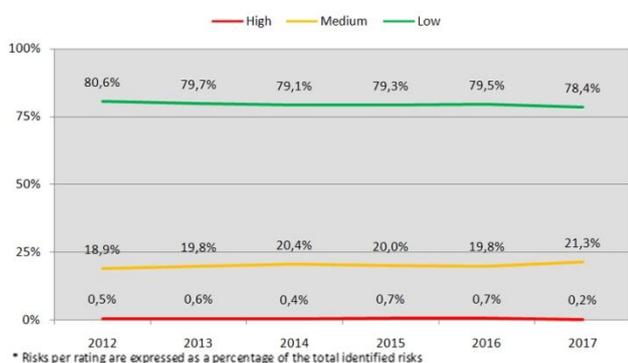
Once operational risks are identified, risk mitigation is required following the “as low as reasonably practicable” principle, by balancing the cost of non-mitigation with the benefits thereof and finally accepting the remaining residual risk. Risks resulting from business actions, which do not comply with the respective national or international regulations and legislation are not accepted.

During 2017, the RCSA was performed in 11 Group entities, where 3,991 risks were identified out of which 9 with high, 852 with medium and 3,130 with low severity. NBG Bank produced 43% of the total risks, South Eastern Europe entities 48% and domestic subsidiaries 9%, respectively.

According to the RCSA output, total Group exposure in operational risk is low and remains relatively unchanged during the last six years, with a slight decrease in high and low severity risks.

The following graph (Chart 9), depicts the trend of NBG’s operational risk evolution, based on the RCSAs severity scale, conducted over the last six years:

DIAGRAM 20
RCSA 2012-2017 - ANNUAL RISK SEVERITY EVOLUTION



In 2017, most risks were identified in the banking sector (Chart 10), whereas the primary cause of the identified risks in 2017 was the “People” category (Chart 11),

DIAGRAM 21
IDENTIFIED RISKS PER SECTOR

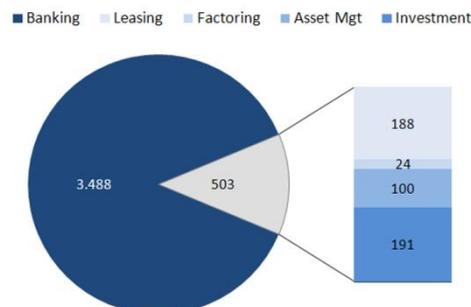
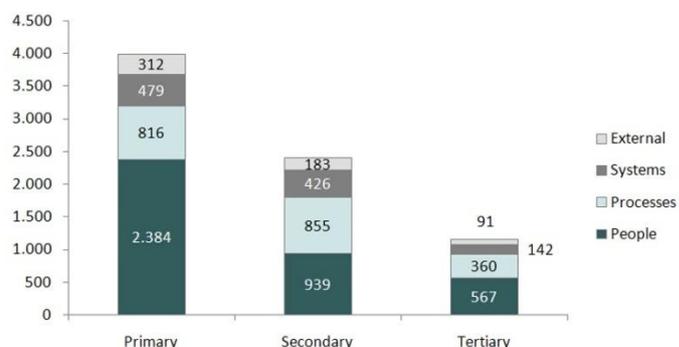


DIAGRAM 22
IDENTIFIED CAUSES PER OPERATIONAL RISK SOURCE



ii. Loss Data Collection

The Group has in place all necessary mechanisms for the appropriate collection and management of OR loss events that occur at the Bank and Group Level. This process is a critical step for the operational risk management.

OR loss events are mapped to the process they stem from. This approach allows the identification of significant loss events per process and thereby help identify processes with significant operational risk exposure. Direct operational losses that have a negative financial impact on the Bank’s financial statements are mainly collected through the loss collection process. However, although the emphasis is primarily placed on the collection of direct losses, risk owners are encouraged to report near misses, i.e. events with no financial loss as well as operational risk gains for risk management purposes. OR loss events resulting in credit or market risk losses are also reported, but are appropriately flagged.

The OR correspondents are mainly responsible for the continuous collection of all losses above €1,000 arising from OR loss events in the “Loss database

OpVar Reporting System". GMORMD is responsible for the timely loss event reporting, the completeness of the loss database and the correct classification of each event.

GMORMD performs systematic risk analysis, root cause analysis and lessons learned activities, for high severity events, in order to identify inherent areas of risk and define appropriate risk mitigating actions, which are monitored for resolution.

iii. Key Risk Indicators (KRIs)

KRIs are used to monitor the operational risk profile and alert the organization on impending problems, in a timely manner. They enhance the bank's risk culture and trigger risk mitigating actions. The GMORMD develops and monitors KRIs, which track changes in the operational risk profile within a given period. Indicative examples of KRIs, defined and monitored by NBG Group, are the number of customer complaints, the number and/or amounts of significant claims and employee turnover, the number of employee's disciplinary punishments, and the number of ATM and/or branch robberies.

When a KRI is established, the source of the data, the collection frequency and the escalation triggers are defined. Data sources include the Compliance, Legal, Human Resources and Security Divisions, which provide GMORMD with the relevant information on a periodic basis. Once the escalation triggers are breached, the process of investigating the related risk, establishing a control environment and subsequently creating action plans, is initiated.

iv. Structured Scenario Analysis (SSA)

The SSA is a systematic process of obtaining expert opinions, based on reasoned assessments of the likelihood and impact of plausible OR high impact / low frequency loss events, consistent with the regulatory standards.

Additionally, NBG Group systematically uses information on external events occurring in the banking industry, in order to compliment the SSA process.

Operational Risk Subcategories

The Bank additionally monitors four subcategories of operational risk, in a systematic way, namely Conduct, Legal, Model and Information & Communication Technology (ICT) Risk which are identified during the annual RCSA process.

Conduct, Legal, Model and ICT related losses are captured and reported as OR loss events and are

accordingly flagged, using the EBA's (European Banking Authority) definitions.

Liquidity risk

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

The Bank's liquidity profile was significantly improved during 2017. NBG managed to fully eliminate dependence from the ELA mechanism and further decreased its reliance on ECB funding, reducing its total exposure to Eurosystem funding to the lowest levels since the beginning of the crisis, in 2008.

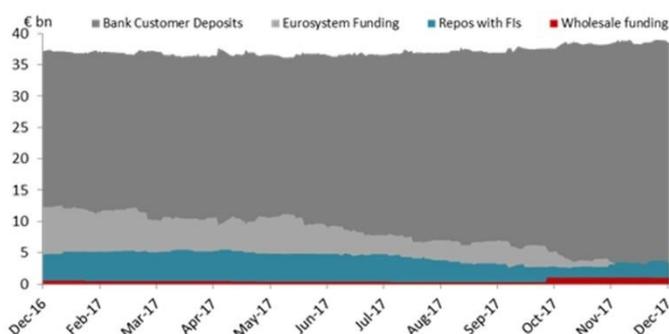
On December 31st 2017, Eurosystem funding comprised exclusively of TLTROs and stood at €2.75 billion, a decrease of €9.6 billion compared to December 31st 2016. More specifically, ECB funding decreased in the amount of €4 billion, due to the exchange of EFSF bonds in the context of the short-term debt relief measures for Greece. Furthermore, ELA funding decreased by €5.6 billion, due to a number of drivers that reflect the gradual restoration of market confidence in the Bank. In this context, the Bank's customer deposits increased in the amount of €1.5 billion and stood at €38.8 billion as of December 31st 2017. Additionally, the Bank issued and sold to private investors a new covered bond, in the amount of €0.75 billion, thus accessing long term funding. Moreover, the Bank further utilized own issuances, such as covered bonds and Asset-Backed Securities (ABS), in order to replace ELA funding with funding through repurchase agreements, in the amount of €1.1 billion. Finally, the divestment of foreign subsidiaries, namely UBB, Interlease and Vojvodjanska Banka further improved the Bank's liquidity position in the amount of about €0.95 billion, while deleveraging of the loans portfolio continued during 2017, resulting in a negative net expansion of €1 billion (excluding 1.3bn of write-offs) and a commensurate decrease in the Bank's funding needs.

The Bank's funding cost remained almost unchanged, when compared to the respective level of December 31st 2016 and stood at 0.50%, as of December 31st 2017. Moreover, the Bank's unencum-

bered ECB and ELA eligible collateral during this period increased by €1.4 billion and stood at €10.3 billion on December 31st 2017, of which €0.9 billion was collateral eligible for funding with the ECB and €9.4 billion was collateral that could be posted in order to draw liquidity from ELA.

The Chart below shows the evolution of NBG's main funding sources throughout 2017:

DIAGRAM 23
EVOLUTION OF NBG's MAIN FUNDING SOURCES



The structure of the Eurosystem funding, along with the level of the unencumbered ECB and ELA eligible collateral, during 2017, are presented in the following two charts, depicting ELA elimination in November 2017:

DIAGRAM 24
STRUCTURE OF EUROSISTEM FUNDING

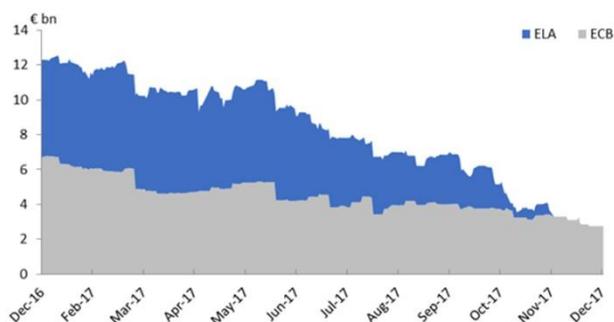


DIAGRAM 25
UNENCUMBERED ECB AND ELA ELIGIBLE COLLATERAL



Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) refers to the Liquidity Buffer of high quality liquid assets that a Financial Institution (FI) holds, in order to withstand the net liquidity outflows over a 30 calendar day stressed period and is defined as follows:

$$\text{Liquidity Coverage Ratio} = \frac{\text{Liquidity Buffer}}{\text{Net Liquidity Outflows(0-30 days)}}$$

The LCR intends to capture the liquidity capacity of an FI over a 30 calendar day stressed period. More specifically, LCR measures whether an FI holds sufficient, unencumbered, high quality liquid assets (HQLAs) to replenish the net outflows that could face under a sudden liquidity shock, triggered by a combination of idiosyncratic and market-wide stressed scenarios, such as:

- 1) a significant credit rating downgrade of the FI,
- 2) a run-off of its customer deposits,
- 3) a significant loss of wholesale funding,
- 4) a significant impairment of the securities pledged as collateral,
- 5) additional collateral needs for derivative products,
- 6) apartial loss of contingent funding, such as committed or uncommitted liquidity or credit lines.

During 2017, while phase-in arrangements were in effect, the LCR regulatory threshold was set at 80%. This threshold rose to the regulatory minimum requirement of 100%, on January 1st2018. However, due to the recent liquidity crisis in Greece, the Bank remained dependent on ELA funding until November 2017, rendering the use of LCR not applicable, as a liquidity metric. On December 31st 2017, the LCR reached the highest level since the introduction of capital controls, reflecting the Bank' improved liquidity situation. However, due to the fact that the metric still stands below the regulatory threshold, the Bank has developed and submitted to the regulator a detailed plan for its restoration, based on NBG's Funding Plan, as well as a set of additional macroeconomic assumptions.

Net Stable Funding Ratio

In the context of the Basel III liquidity requirements, the Net Stable Funding Ratio (NSFR) is a long term liquidity metric and aims at controlling excess maturity transformation risk and capturing funding risk. It encourages an FI to limit excessive reliance on short-term, unstable funding sources and use more stable and longer term liquidity sources to fund its on and off-balance sheet assets.

The NSFR compares the amount of “Available Stable Funding” to the amount of “Required Stable Funding” and requires that an FI holds this ratio at a minimum level of 100%, on an ongoing basis. The NSFR is defined as follows:

$$\text{Net Stable Funding Ratio} = \frac{\text{Available Stable Funding}}{\text{Required Stable Funding}} \geq 100\%$$

During 2017, the ratio was in an implementation phase, with the proposed target of 100% being effective from January 1st 2018.

Subsequently NBG’s NSFR increased during 2017, reflecting the Bank’s improved liquidity conditions. More specifically, the NSFR stood at 96% and 97.2% for the Bank and the Group, respectively, as of December 31st 2017. This improvement is mainly attributed to the deposit inflows, the sale of the Bank’s new covered bond to the private investors, as well as the observed deleveraging of the loans portfolio.

The evolution of the Bank’s and the Group’s NSFR, during 2017, is presented below:

DIAGRAM 26
BANK AND GROUP NSFR



Additional liquidity monitoring metrics

Further to the liquidity ratios mentioned above, the Bank calculates additional liquidity monitoring metrics (“ALMM”), as per the Basel III/ CRD IV regulatory requirements, on a monthly basis. These tools further enable the Bank to identify and monitor key aspects of its liquidity and funding risk. The ALMM include the following:

- 1) the concentration of funding by counterparty, which shows the top ten largest counterparties from which funding obtained exceeds a threshold of 1% of total liabilities,
- 2) the concentration of funding by product type, which is focused on the total amount of funding received from each product category that exceeds a threshold of 1% of total liabilities,
- 3) the prices for various lengths of funding, which provides information about the average bal-

ances of the new funds, obtained in each reporting month, distributed in time buckets, and their respective “Funds Transfer Pricing” (FTP) spread,

- 4) the roll-over of funding, which displays the volume of funds maturing and new funding obtained, on a daily basis over a monthly horizon, and
- 5) the concentration of counterbalancing capacity by issuer, which illustrates the 10 largest holdings of unencumbered central bank eligible assets (excluding unencumbered collateral eligible for ELA funding)

Examining the first two metrics above, the Bank significantly improved its funding profile during 2017 with the elimination of ELA funding and the material decrease of ECB funding and managed to diversify its funding sources in line with regulatory standards and best banking practices (see Table 2, below). Furthermore, the Bank managed to utilize its own issuances by performing repurchase agreements with major FIs and it assessed long term funding with the sale of the new covered bond.

TABLE 6
NBG- FUNDING CONCENTRATION BY COUNTERPARTY (€ mio)

No	Top Counterparties, each > 1% of Total Liabilities	Amount
1	European Central Bank	2,750
2	Goldman Sachs International	711
3	The Royal Bank of Scotland plc	692
4	Independent Power Transmission Operator	646
5	Bank of America NA	520
	Total	5,319

Finally, the Bank’s liquidity adequacy is thoroughly evaluated in the annual Internal Liquidity Adequacy Assessment Process (“ILAAP” report). In the context of the ILAAP, the Bank provides a broad analysis with regard to the identification, measurement and monitoring of the main liquidity and funding risks, under the current liquidity state. Moreover, the Bank’s liquidity prospects and challenges are further examined with a forward looking perspective, under a baseline scenario that incorporates the assumptions introduced in the Bank’s Business Plan, as well as under a number of stressed scenarios, intended to assess whether the Bank maintains an adequate buffer to withstand highly unlikely, but plausible liquidity shocks.

5.2 REGULATORY COMPLIANCE

With a view to incorporating the applicable Greek, EU and international legal and regulatory framework and best practices into the Group’s operations, the

Regulatory Compliance Units oversee all compliance matters, in line with the applicable Greek and EU regulatory framework and supervisory authorities' decisions, as well as all Corporate Governance and Shareholder service activities.

Specifically, the Regulatory Compliance function includes:

- the Group Compliance & Regulatory Affairs Management Division,
 - the Group Corporate Governance & Social Responsibility Division, and
 - the Group Compliance Monitoring Division,
- which are under the supervision of the Group Chief Compliance and Corporate Governance Officer, and are responsible for the ongoing monitoring and due implementation of the applicable, and incorporation of any new, regulatory framework in their field of responsibility, while providing guidance and support to the Bank and the Group.

In 2017, the Greek banking system continued to face extremely harsh challenges, thus rendering the role of the Compliance Units decisive for the task of ensuring swift harmonization to a constantly changing regulatory environment.

Group Compliance & Regulatory Affairs Management Division

In particular, within 2017, special emphasis was placed on keeping the Bank and the Group in step with the new legal and regulatory framework so as to ensure compliance with the requirements in respect of:

- the Markets in Financial Instruments Directive - MiFID II,
- PSD II: the Payment Services Directive in the internal market and interbank fees for card-based payment transactions,
- key investor information documents relating to packaged retail and insurance-based investment products (PRIIPs),
- the ratios and indices used as benchmarks for financial instruments and financial contracts or to measure the performance of investment funds (Benchmarks Regulation - BMR),
- the protection of individuals with regard to the processing of personal data and the free movement of such data (GDPR: General Data Protection Regulation).

MiFID II has brought about major changes in relation to MiFID I regarding markets in financial instruments and their participants as part of the efforts to better protect investors, increase transparency, reinforce confidence, address unregulated areas and, in general, structure the markets and

ensure that supervisors are granted adequate power to fulfil their tasks. PSD II was intended to enhance customer protection, to strengthen the security of electronic transactions by requiring effective verification of customer's ID particulars with respect to their payments, reinforce consumer confidence towards a harmonized payments market, improve competitiveness among all providers, open up the EU market to new services and providers, and encourage the reduction of fees on payment transactions.

Profound changes occurred in the areas of investment services and of payments. The Group Compliance function was responsible for the coordination of the overall compliance operations, including the adoption of new Policies and procedures, the revision of contractual documents and other forms, and the updating of existing ones. In addition, the competent Units of the Bank and the Group have been provided with relevant instructions and guidance.

With a view to ensuring the Bank's compliance with the requirements arising from the obligation to execute orders in financial instruments on terms most favorable to the customer (Best Execution of Orders under MiFID II) and in the context of establishing measures aimed at preventing market abuse, the Group Compliance Unit adopted the use of a specialized software (BTCA Bloomberg) that enables monitoring of the relevant operations.

Furthermore, capital controls continued to apply throughout 2017, although, as also in the previous year, legislative provisions were introduced aiming at further partial relaxation of the said controls.

With a view to the Bank's ongoing compliance with the applicable regulatory framework regarding the management of NPLs (including for example: Executive Committee Act no 42/2014, as amended, CICB 116/2014 and 195/2016, Law 4354/2015, as amended), a specific strategy has, and is, being pursued regarding the reduction and management of NPLs and NPEs. In addition, and pursuant to the Code of Ethics under Law 4224/2013 (as currently in force), the Arrears Resolution Procedure is being implemented, aiming at strengthening the climate of trust and enhancing exchange of information between borrower and credit institutions, so that each party can weigh the consequences of alternative forbearance, resolution or closure solutions for loans in arrears, with the ultimate goal of working out the most appropriate solution for the case in question, while at the same time borrowers classified as non-cooperating are provided with the option to challenge said classification, in line with the Pro-

cedure that has been adopted. In this context, the Group Compliance & Regulatory Affairs Division assists the Bank Units involved aiming at ongoing compliance with the requirements as above.

The Division's responsibilities included supervision of the operations of the various Compliance Units at the Bank's subsidiaries and review of updates made to their Policies, the implementation of MiFID rules, and the performance of central audits on branch procedures, while supervising the smooth operation of internal controls.

As in previous years, in 2017 particular attention was paid to the training programs held in collaboration with NBG's Group HR Development Division. Through seminars and e-learning programs, particular emphasis was placed on issues concerning consumer protection and protection of personal data, as well as on the certification/re-certification of staff that provides investment services. In addition, a special e-learning seminar was set up to ensure understanding and implementation by the Bank's employees of the requirements introduced by the MiFID II framework.

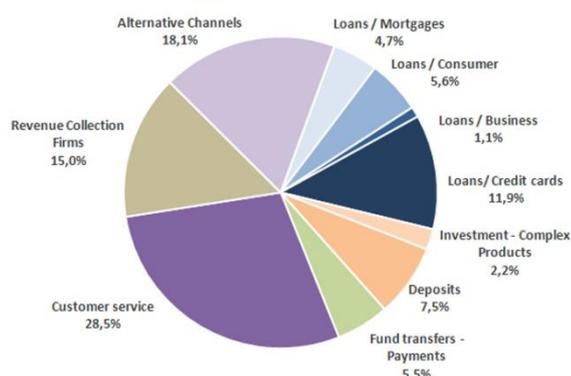
Sector for Governance of Customer Issues

The Sector for Governance of Customer Issues aims at investigating customer grievances or complaints, so as to propose a timely solution through transparent, impartial and fair procedures, to identify trends and to generate proposals for improvement of the Bank's products and services, while providing training and support to front desk staff, promoting best practices with regard to the handling of complaints.

Specifically, the Sector's activities for 2017 included the following:

In 2017 the Sector addressed 5,255 customer complaints and 419 requests. The complaints that the Sector addressed can be broadly categorized as follows:

DIAGRAM 27
CUSTOMER COMPLAINTS BY CATEGORY (2017)



Within a particularly challenging environment, the Sector endeavors to provide effective solutions to customer issues within a specific timeframe, seeking always to maintain a healthy bank-customer relationship, while at the same time looking to keep legal, regulatory, and operational risk to a minimum so as to safeguard the good name of the Bank.

The Sector had access to all related data via the Bank's Customer Management System (CMS) for the purpose of reporting to Management, while concurrently, it assessed on a qualitative and quantitative basis the grievances it had addressed, and submitted proposals for the improvement of services and products offered by the Bank.

With a view to reinforcing front-desk staff and developing a business culture in respect of effective handling of complaints, the Sector ensured that the Branch Network employees are properly trained via e-learning courses, strengthened collaboration with the relevant Business Units, and provided assistance to customer relationship officers to this end.

Moreover, in 2017 a new Customer Complaints Management Policy was prepared, with a view to updating and modernizing complaints management procedures and enhancing the level of the services provided through the analysis and systematic exploitation of information arising from their management.

Last, the Group Compliance & Regulatory Affairs Division continued to systematically follow and monitor developments and compliance in accordance with the applicable framework, while also participating in the submission of a series of regular and ad hoc reports to supervisory Authorities, and liaising between said Authorities and the Bank.

Targets 2018

Key objectives of the Division for 2018 are to ensure on an ongoing basis the timely and effective compliance of the Bank and the Group with the legislative and regulatory framework and international best practices within a constantly changing regulatory environment, to support substantially and effectively the Bank and the Group and to respond to requests submitted by the supervisory authorities.

In addition, the main activities of the Compliance function shall include monitoring implementation of the policies and procedures adopted in the context of the applicable legal and regulatory framework, ongoing monitoring of transactions and procedures at the Branches, staff training in the Bank on MiFID II issues, the Bank's compliance with issues related

to Protection of Personal Data, the enrichment of current monitoring scenarios, and the development of new monitoring scenarios.

Last, for 2018 a series of actions has been designed and initiated, which aim at placing the customer-bank relationship on a new footing, and at reducing occurrences of such complaints in the future. Specifically, the targets for the year ahead are: to reduce response times and ensure that regulatory timeframes are observed; to update and improve the operational potential of our IT system (CMS); to identify and record the root cause of recurring issues and to enrich the proposals for improvements backed by risk and cost data regarding the issues under review.

5.3 INTERNAL AUDIT

The Internal Audit function is an independent and objective activity providing a frame of assurance and advisory services, designed to add value and enhance the operations of the organization through regular assessment of the system of corporate governance, the risk management framework, and the internal audit process.

The relevant Unit, which under its own regulations operates at Group level, aims at covering the total audit universe through on-site controls carried out by the same, activities of local Internal Audit Units (IAU), and external auditors who are assigned to carry out controls in certain international subsidiaries. In addition, it provides internal audit services (outsourcing) to certain Group subsidiaries in Greece. All Group IAUs use a single:

- internal control methodology in compliance with the COSO 2013 principles and the International Internal Auditing Standards of the Institute of Internal Auditors (IIA);
- IT system control methodology based on the COBIT framework of the Information Systems Audit and Control Association (ISACA);
- online tool which enables efficient management of internal audit operations and standardization of control methodologies at Group level.

The Internal Audit's control and advisory activities are adapted so as to enable the Unit to contribute to the attainment of the Group's strategic goals as well as to confront effectively the fallout from any kind of risk.

The updated schedule of audits for 2017 was duly completed in its entirety, while the audit program of the subsidiaries' Internal Control Units was satisfactorily carried out. Besides scheduled audits, a signif-

icant number of investigations and flash audits was carried out.

In early 2017, and with a view to maximizing the operation of the Division, its new organizational structure was approved, which includes, besides the frame of Audit Sectors, a special team charged with the task of following-up on findings that have still to be addressed.

In 2017, the new continuous auditing and fraud detection platform was launched, and should enter into full operation within 2018.

In addition, in accordance with IIA Standards, the independent assessment of NBG's audit activity by an external assessor was launched at the end of the year. The assessor's findings should be published at the end of the first quarter of 2018.

5.4 CORPORATE GOVERNANCE

NBG places special emphasis on maintaining a strong corporate governance framework so as to ensure the long-term sustainability of its business, creating value for shareholders and all other stakeholders, and to continue its significant contribution to the community through its CSR actions.

In 2017, the Group Corporate Governance and CSR Division focused on supporting the adjustment of the Bank to the new legal and regulatory framework, with a view not only to adopting the new framework but also exploring the new opportunities that this framework offers the Bank.

Throughout the year the Division supported the Board, its Committees and the Board Secretary regarding issues of corporate governance and effective operation of the governance bodies, by monitoring on an ongoing basis developments and corporate governance trends. Pursuant to the said framework, the Board Committee Charters were revised to incorporate developments in the applicable framework, and the Board Corporate Governance & Nominations Committee and the Board Risk Committee were briefed on developments in the regulatory framework.

Moreover, the Division launched a special induction program for new Board members, which includes special modules covering compliance, corporate governance, risk management and NPE management issues. In addition, a Policy was introduced for the annual training of the Board members and its Committees, which aims at assisting the Board in improving its performance, by broadening existing members' skills. The Policy sets out the procedures

for the preparation of the annual training program for the Board members and its Committees, which is developed in consideration of their training needs, the Bank's priorities and requirements, as well as the already existing training and development programs, in line with the current requirements of the legal and regulatory framework, and corporate governance best practices. In the context of ongoing briefing and training of the Board members, seminars were held on issues such as IFRS 9, artificial intelligence and corporate governance.

To further enhance the effective operation of the governance bodies and in light of the special emphasis placed on continuous incorporation of new technologies to support of the work of the Board and its Committees, a new tailor-made Board Secretariat application were installed, by means of which, inter alia, the annual self-assessment of the Board and its Committees was performed.

Furthermore, with a view to upgrading the Bank's relations with its shareholders and enhancing the monitoring of its shareholder structure, the project on the identification of the Bank's shareholders and analysis of the shareholder structure, which was conducted in collaboration with a specialized consulting company, plus the launch of the new shareholder register software, has been upgraded, where required.

At Group level, the Bank continued to monitor and review the adoption of existing policies by NBG subsidiaries and to provide such subsidiaries with any requested clarifications in the context of the implementation of the said policies.

Note that in the last two years the Bank received more than six awards in total for its corporate governance practices. More specifically: the Bank was named "Best Corporate Governance in Greece for 2017" by Capital Finance International (CFI); it was awarded the "Bravo Governance 2017" prize within the context of the "Bravo Sustainability Awards 2017"; silver prize for its Corporate Governance Framework in the award category for private sector companies, in the context of the "Hellenic Responsible Business Awards"; and it was named "the Bank with the Best Corporate Governance in Greece for 2018", in the context of "Corporate Excellence Awards 2018".

In addition, fully aware of the vital significance of Corporate Social Responsibility, in the context of ongoing adjustment to developments in the surrounding environment, the Bank endeavoured, inter alia, to further strengthen its CSR program, to improve procedures regarding the processing of the

applications for sponsorships and donations, and to revise other procedures in line with the EBRD's standards and criteria for environmental and social management of credit activities.

Following the significant reforms in the structure and modus operandi of the Bank's management bodies, further initiatives are being designed for 2018 for the development of the Bank and the transition to the new era. The Corporate Governance initiatives will focus on ensuring a healthy corporate governance framework, adjusting on an ongoing basis to current requirements, monitoring/reviewing the current and new policies of the Bank, and assisting the Units in implementing such policies.

**SUMMARY FINANCIAL
STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "NATIONAL BANK OF GREECE S.A."

Our Opinion

We have audited the accompanying financial statements of National Bank of Greece S.A. (Bank or/and Group) which comprise the statement of financial position as of 31 December 2017, the statements of income, comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Bank and the Group as at 31 December 2017, their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

During our audit we remained independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code. We declare that the non-audit services that we have provided to the Bank and its subsidiaries are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Bank and its subsidiaries, for the year ended 31 December 2017, are disclosed in note 44 to the financial statements.

Key audit matters

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

Key audit matter

How our audit addressed the key audit matter

Allowance for impairment on loans and advances to customers

Due to the magnitude of the loans and advances balances and the extent of management judgement inherent in the impairment calculations, allowance for impairment of loans and advances to customers has been identified as an area of most significance in the current year audit of the Bank's and Group's financial statements. Impairment provisions represent management's best estimate around both timing of recognition and estimation of the amount of the losses incurred within the loan portfolios at balance sheet date.

We considered the appropriateness of accounting policies and assessed the loan impairment methodologies applied, and compared these to the requirements of IAS 39. We understood management's process and tested key controls over the determination of the allowance for impairment on loans and advances to customers.

Retail Lending

Apart from a small part of the Small Business Lending portfolio, retail impairment is calculated on a portfolio basis.

Retail Lending

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

- Assessed the appropriateness of the portfolios' segmentation based on specific credit characteristics;

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

- The probability of default (PD);
- The loss given default (LGD); and
- Treatment of forborne loans including curing assessment.

Management also applies overlays where they believe that the calculated assumptions based on historical experience are not appropriate, either due to emerging trends or the models not capturing the risks in the loan portfolio.

Corporate Lending

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

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

A collective allowance is also calculated to measure unidentified impairment (i.e. losses which have been incurred but not yet reported).

Please refer to notes 3, 4.2 and 20 of the annual financial statements for more details on critical judgements and estimates, how the Bank and Group manage and measure credit risk, and relevant note of allowance for impairment on loans and advances.

- Tested the completeness and accuracy of data used in the impairment models by agreeing details to the source systems;
- Assessed the design and implementation of the models, including significant assumptions and the quality of the observable data used to derive model parameters in relation to our understanding of industry norms;
- Assessed the reasonableness of the impairment model methodology applied by management to determine the PD, and LGD rates used to compute portfolio allowance; and
- Assessed the appropriateness of management's overlays in light of recent economic events and circumstances, and other factors that might not yet be fully reflected in the impairment models.

Based on the evidence obtained, we found that the methodologies and data used within the models were appropriate and that the key assumptions applied were reasonable.

Corporate Lending

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

For a sample of individually impaired loans, we understood the latest developments in relation to each case and considered whether key judgments were appropriate. We also re-performed the impairment calculation and tested key inputs including the expected cash flows to be collected, timing of the collection, discount rates used and the valuation of any collateral held that was included in the expected cash flows. For the aforementioned sample we inspected legal agreements and supporting documentation to confirm the existence and legal right to collateral. We assessed collateral valuation techniques applied against Bank and Group policy and industry standards.

We selected a sample of loans that had not been identified as impaired and formed an independent view about the appropriateness of the conclusions reached, including using external evidence to substantiate our views.

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

For the collective unidentified impairment we tested the completeness and accuracy of the underlying loan data used in the models and assessed the appropriateness of the key assumptions.

Based on the evidence obtained, we found that the methodologies and data used within the models were appropriate and that the key assumptions applied were reasonable.

Disclosure of the estimated impact of IFRS 9

The Bank and Group transitioned to IFRS 9 on 1 January 2018, which replaced IAS 39. This new standard introduces an impairment model, which is based on expected credit losses and new requirements on the classification and measurement of financial assets. The estimated transition impact is disclosed in note 47 to the Financial Statements in accordance with IAS 8.

Due to the significant changes introduced by the standard, the complexity of the implementation process, the magnitude of the impact and the requirements for new methodologies involving the use of significant judgements, new information systems, processes and controls, we have deemed the disclosure of the impact of IFRS 9 to be an area of focus.

We have performed the following audit procedures regarding the assessment of the Bank's and Group's IFRS 9 accounting policies and corporate governance framework:

- A. We have assessed the Bank's and Group's IFRS 9 accounting policies, with the support of our internal technical experts, focussing on:
- Classification and measurement policy; and
 - Impairment of financial instruments policy.

We understood and critically assessed the classification and measurement decisions made by the Bank and Group. Our work covered, inter alia, the assessment of business model and appropriate classification of financial assets at amortised cost.

- B. We have considered the corporate governance framework regarding IFRS 9, assessing its adequacy and compliance with best practices and relevant supervisory guidelines.

We also understood the management process for IFRS 9 credit loss models and with the support of our internal credit risk modelling experts, we have performed the following:

- Tested the completeness and accuracy of input data from underlying systems;
- Assessed the model design and documentation;
- Assessed the model source codes to ensure consistency with model development documentation;
- Assessed the model validation results;
- Assessed the methodology for the development of macroeconomic scenarios and the reasonableness of macroeconomic forecasts;
- Assessed the appropriateness of management's overlays; and
- Understood the expected credit loss calculation process and re-performed a number of model calculations to confirm the results were appropriate.

Based on the evidence obtained, we found that the methodologies, assumptions, data used and the resulting outputs are appropriate.

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

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

LEPETE is treated as a defined contribution scheme on the basis that the Bank has no obligation to make any pay-

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

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

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

ments other than the defined contribution of 9%.

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

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

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

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

Recoverability of Deferred Tax Assets ('DTA')

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

The Bank and Group has recognised DTA for deductible temporary differences to the extent it considers this to be recoverable. These differences relate primarily to:

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

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

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

- The assumptions that underpin the business plan of the Bank and Group;
- The projections required to cover the time horizon up to the legal expiration of the period within which the DTA can be recovered; and
- The adjustments required to derive the estimated tax profits from the projected accounting profits to infer the amount of DTA that will be recoverable in future periods.

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

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

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

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

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

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

Please refer to notes 3 and 26 to the financial statements for more details on critical judgements and estimates and note of deferred tax asset.

IT systems

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

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

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

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

Other Information

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

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

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

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

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

- The information given in the Board of Directors' Report for the year ended 31 December 2017 is consistent with the financial statements;
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A of the Codified Law 2190/1920; and
- The Corporate Governance Statement provides the information referred to items c and d of paragraph 1 of article 43bb of the Codified Law 2190/1920.

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

Other matter

The financial statements of the Bank and the Group for the year ended 31 December 2016 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 30 March 2017.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Bank and Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

1. **Additional Report to the Audit Committee**

Our opinion on the accompanying financial statements is consistent with our Additional Report to the Audit Committee of the Bank.

2. **Appointment**

We were first appointed as auditors of the Bank by the decision of the annual general meeting of shareholders on 30 June 2017.

Athens, 30 March 2018

The Certified Auditor
Marios Psaltis
SOEL Reg. No. 38081



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



Statement of Financial Position (Consolidated and Standalone)

Assets	Group		Bank	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Cash and balances with central banks	1.778	1.501	1.491	844
Due from banks (net)	1.736	2.227	1.723	2.579
Financial assets at fair value through profit or loss	1.793	1.879	1.773	1.851
Derivative financial instruments	3.681	4.482	3.673	4.466
Loans and advances to customers	37.941	41.643	36.248	38.166
Investment securities	3.780	12.882	3.452	10.207
Investment property	874	869	6	6
Investments in subsidiaries	-	-	1.443	2.543
Equity method investments	8	7	7	7
Goodwill, software & other intangible assets	132	137	125	108
Property & equipment	1.086	1.286	248	256
Deferred tax assets	4.916	5.078	4.906	4.906
Insurance related assets and receivables	-	515	-	-
Current income tax advance	421	596	410	558
Other assets	1.612	1.704	1.459	1.456
Non-current assets held for sale	5.010	3.725	1.461	315
Total assets	64.768	78.531	58.425	68.268
Liabilities				
Due to banks	7.341	18.188	7.673	18.389
Derivative financial instruments	3.798	5.169	3.798	5.166
Due to customers	40.265	40.459	38.849	37.326
Debt securities in issue	1.026	536	742	-
Other borrowed funds	171	137	-	258
Insurance related reserves and liabilities	-	2.207	-	-
Deferred tax liabilities	6	6	-	-
Retirement benefit obligations	254	269	251	255
Current income tax liabilities	10	11	-	-
Other liabilities	995	963	898	777
Liabilities associated with non-current assets held for sale	3.523	2.999	-	-
Total liabilities	57.389	70.944	52.211	62.171
Shareholder's equity				
Share capital	2.744	2.744	2.744	2.744
Share premium account	13.866	13.866	13.863	13.863
Less: treasury shares	-	(1)	-	-
Reserves and retained earnings	(9.912)	(9.707)	(10.393)	(10.510)
Amounts recognised directly in equity relating to non-current assets held for sale	(2)	5	-	-
Equity attributable to NBG shareholders	6.696	6.907	6.214	6.097
Non-controlling interests	683	680	-	-
Total equity	7.379	7.587	6.214	6.097
Total equity and liabilities	64.768	78.531	58.425	68.268

Statement of Income

	Group		Bank	
	12 month period ended		12 month period ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Continuing Operations				
Interest and similar income	1.807	1.972	1.694	1.861
Interest expense and similar charges	(256)	(324)	(225)	(307)
Net interest income	1.551	1.648	1.469	1.554
Fee and commission income	309	270	262	231
Fee and commission expense	(69)	(93)	(64)	(95)
Net fee and commission income	240	177	198	136
Net trading income / (loss) and results from investment securities	(126)	(123)	(153)	(174)
Net other income / (expense)	(48)	130	(48)	253
Total income	1.617	1.832	1.466	1.769
Personnel expenses	(579)	(643)	(531)	(577)
General, administrative and other operating expenses	(274)	(270)	(290)	(276)
Deprec. & amortis. on properties, equipment, software & other intang. assets	(91)	(93)	(68)	(70)
Credit provisions and other impairment charges	(811)	(784)	(822)	(819)
Share of profit of equity method investments	1	1	-	-
Profit/(loss) before tax	(137)	43	(245)	27
Tax benefit / (expense)	(26)	19	(3)	(3)
Profit / (loss) for the period from continuing operations	(163)	24	(248)	24
Profit / (loss) for the period from discontinued operations	(249)	(2.884)	257	(15)
Profit / (loss) for the period	(412)	(2.860)	9	9
Attributable to:				
Non-controlling interests	31	27	-	-
NBG equity shareholders	(443)	(2.887)	9	9
Earnings/(losses) per share (Euro)				
- Basic and diluted from continuing operations:	€(0.02)	€(0.02)	€(0.03)	€(0.02)
- Basic and diluted from continuing and discontinued operations:	€(0.05)	€(0.33)	€0.00	€(0.02)

Statement of Cash Flows (Consolidated and Standalone)

	Group		Bank	
	31.12.2016	31.12.2015 as restated	31.12.2016	31.12.2015 as restated
Net cash flows from / (used in):				
Operating activities	(4.792)	(845)	(4.992)	(2.699)
Investing activities	5.619	428	7.242	265
Financing activities	(2.739)	214	(2.813)	731
Net increase / (decrease) in cash and cash equivalents in the period	(1.912)	(203)	(563)	(1.703)
Effect of foreign exchange rate changes on cash and cash equivalents	(62)	(54)	(45)	32
Total cash inflows / (outflows) for the period	(1.974)	(257)	(608)	(1.671)
Cash and cash equivalents at beginning of period	4.192	4.449	2.097	3.768
Cash and cash equivalents at end of period	2.218	4.192	1.489	2.097

The Board of Directors

Panayotis-Aristidis (Takis) A. Thomopoulos	Non-Executive Member - Chairman of the BoD
Petros K. Sabatacakis	Non-Executive Member - Vice Chairman of the BoD
Leonidas E. Fragkiadakis	Executive Member - Chief Executive Officer
Dimitrios G. Dimopoulos	Executive Member - Deputy Chief Executive Officer
Paul K. Mylonas	Executive Member - Deputy Chief Executive Officer
Stavros A. Koukos	Non-Executive Member
Eva Cederbalk	Non-Executive Member
Spyridon L. Lorentziadis	Non-Executive Member
Charalampos A. Makkas	Independent Non-Executive Member
Marianne T. Økland	Independent Non-Executive Member
Arthur Michael Royal Ross Innes Aynsley	Independent Non-Executive Member
Claude Edgar L. G. Piret	Independent Non-Executive Member
Panagiota Iplixian	Hellenic Financial Stability Fund representative

INVITATION TO THE BANK'S ANNUAL GENERAL MEETING OF SHAREHOLDERS

To be held on Thursday, 26 July 2018, at 11:00am

(1st Repeat AGM: 8 August 2018, 11:00 am)

(2nd Repeat AGM: 28 August 2018, 11:00 am)

Pursuant to Codified Law 2190/1920 ("the Companies Act") and the provisions of Law 2396/96 on dematerialized shares, and the Bank's Articles of Association (article 11) and following Board of Directors' resolution dated June 28th 2018, the Shareholders of National Bank of Greece S.A., a banking corporation having its registered office at 86 Eolou St., Athens, Greece, are invited to the Bank's Annual General Meeting ("AGM") to be held at 11:00am on Thursday, 26 July 2018, at the Hotel Grande Bretagne, 1 Vassileos Georgiou A' Str., Syntagma Square, Athens.

AGENDA

1. Amendment of the Articles of Association of the National Bank of Greece S.A., in accordance with changes in the current legislation.
2. (i) Increase in the share capital by EUR 0.90, due to capitalization of an equal part of the Bank's special reserve of Article 4.4a of Codified Law 2190/1920, and concurrent (ii) increase in the nominal value of each common registered voting share of the Bank and reduction in the aggregate number of such shares by means of a reverse split. Amendment of Article 4 of the Banks Articles of Association. Granting of authorities.
3. Submission for approval of the Board of Directors Report on the Annual Financial Statements of the Bank and the Group for the financial year 2017 (1.1.2017 – 31.12.2017), and submission of the respective Auditors' Report.
4. Submission for approval of the Annual Financial Statements of the Bank and the Group for the financial year 2017 (1.1.2017 – 31.12.2017).
5. Discharge of the members of the Board of Directors and the Auditors of the National Bank of Greece S.A., NBG Bancassurance S.A. (absorbed through merger) and NBG Training Center S.A. (absorbed through merger), from any liability for indemnity regarding the Annual Financial Statements and management for the year 2017 (1.1.2017 – 31.12.2017).
6. Election of regular and substitute Certified Auditors for the audit of the Financial Statements of the Bank and the Financial Statements of the Group for the financial year 2018, and determination of their remuneration.
7. Election of a new Board of Directors and appointment of independent non-executive members.
8. Approval of the remuneration of the Board of Directors of the Bank for the financial year 2017 (pursuant to Article 24.2 of Codified Law 2190/1920). Determination of the remuneration of the Chairman of the Board, the CEO, the Deputy CEOs and executive and non-executive Directors through to the AGM of 2019. Approval, for the financial year 2017, of the remuneration of the Bank's Directors in their capacity as members of the Bank's Audit, Corporate Governance & Nominations, Human Resources & Remuneration, Risk Management, and Strategy Committees, determination of their remuneration through to the AGM of 2019 and approval of contracts as per Article 23a of Codified Law 2190/1920.
9. Granting of permission for members of the Board of Directors, General Managers, Assistant General Managers and Managers to participate on the Board of Directors or in the Management of NBG Group companies pursuing similar or related business goals, as per Article 23.1 of Codified Law 2190/1920 and Article 30.1 of the Bank's Articles of Association.
10. Election of regular and substitute members of the Audit Committee.
11. Various announcements.

In the event that the General Meeting does not achieve the quorum required by law on 26 July 2018, the Shareholders are hereby invited to attend a 1st Repeat General Meeting on 8 August 2018, at 11:00 am, at the Hotel Grande Bretagne, 1 Vassileos Georgiou A' Str., Syntagma Square, Athens.

If again quorum is not achieved, the Shareholders are hereby invited to attend a 2nd Repeat General Meeting on 28 August 2018, at 11:00 am, at the same address.

The items on the Agenda of any Repeat General Meetings shall be as above, with the exception of those on which a relevant decision was taken.

In accordance with articles 26.2, 26.2b and 28a of Codified Law 2190/1920, as amended and supplemented by, respectively, articles 3 and 6 of Law 3884/2010, the Bank informs shareholders of the following:

ENTITLEMENT TO PARTICIPATE IN THE GENERAL MEETING

Any person listed as a shareholder (i.e. holder of common registered shares of the Bank) in the registry of the Dematerialized Securities System managed by Hellenic Exchanges S.A. ("HELEX"), at the start of the 5th day prior to the date of the General Meeting, i.e. on 21 July 2018 ("Record Date"), is entitled to participate in the General Meeting. Each common share is entitled to one vote.

In the event that a 1st Repeat General Meeting is held, any person listed as a shareholder, as above, on 4 August 2018, i.e. at the start of the 4th day prior to the date of the 1st Repeat General Meeting of 8 August 2018 is entitled to participate in the said General Meeting.

The Hellenic Financial Stability Fund participates in the General Meeting as per Law 3864/2010, as amended.

Proof of shareholder status should be provided by presenting to the Bank relevant certification from HELEX or alternatively through direct electronic link-up of the Bank with the records of the Dematerialized Securities System of HELEX. The relevant written certification by HELEX or the electronic verification of shareholder status must have been received by the Bank by 23 July 2018 at the latest, i.e. on the 3rd day prior to the date of the AGM. The same deadline, i.e. the third day at the latest prior to the date thereof, also applies to the Repeat General Meeting. Specifically, with respect to the 1st Repeat General Meeting, the certification or verification of shareholder status must have been received by the Bank by 5 August 2018 at the latest.

Shareholders who are legal entities must also, by the same deadline, file, pursuant to the law, their legalisation documents, unless these documents have already been filed with our Bank, in which case it is sufficient to state where they have been filed in the relevant proxy form.

Shareholders who do not comply with the provisions of article 28a of Codified Law 2190/1920, as above, may participate in the General Meeting only after the Meeting has authorized them to do so.

To exercise the said rights, it is not necessary to block the shares or follow any other similar process that may restrict the ability to sell and transfer shares in the period between the Record Date and the AGM.

PROCEDURE FOR VOTING BY PROXY

The shareholder may participate in the AGM and may vote either in person or by proxy. Each shareholder may appoint up to 3 proxy holders. Legal entities may participate in the General Meeting by appointing up to 3 natural persons as proxy holders. However, if the shareholder owns shares in the Bank that are held in more than one Investor Securities Account, such limitation shall not prevent the shareholder from appointing, in respect of the AGM, separate proxy holders for the shares appearing in each Account. A proxy holder holding proxies from several shareholders may cast votes differently for each shareholder. Before the AGM commences, the proxy holder must disclose to the Bank any particular facts that may be of relevance for shareholders in assessing the risk that the proxy holder may pursue interests other than those of the shareholder. Within the meaning intended in this paragraph, a conflict of interest may arise in particular when the proxy holder: (i) is a controlling shareholder of the Bank or is another entity controlled by such shareholder; (ii) is a member of the Board of Directors or in general the management of the Bank, or of a controlling shareholder or an entity controlled by such shareholder; (iii) is an employee or an auditor of the Bank, or of a controlling shareholder or an entity controlled by such shareholder; (iv) is a spouse or close relative (first degree) of a natural person referred to in (i) to (iii) hereinabove.

The appointment and revocation of appointment of a proxy holder shall be made in writing and shall be notified to the Bank in writing at least 3 days prior to the date of the AGM.

To participate in the General Meeting either in person or by proxy, shareholders are kindly requested to fill in and submit to the Bank the form "DECLARATION – AUTHORIZATION FOR PARTICIPATION IN THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF NATIONAL BANK OF GREECE TO BE HELD ON 26.07.2018, AND ANY REPEAT MEETINGS THEREOF". The Bank shall make available the said form on its website (www.nbg.gr) and through its Branch network. The said form, filled in and signed by the shareholder, must be filed with the Bank's Subdivision for Governance of NBG Shareholder Register & Shareholder Affairs (ground floor, 93 Eolou St., Athens) or any branch of the Bank's network, or, filled in and signed by the shareholder, sent by fax to +30 2103343410 and +30 2103343095, or by e-mail to GIANNOPOULOS.NIK@NBG.GR at least 3 days prior to the date of the General Meeting. Shareholders should seek confirmation that the said form has been successfully received by the Bank by calling +30 2103343460, +30 2103343415, +30 2103343419, +30 2103343422, +30 2103343417 and +30 2103343411.

MINORITY RIGHTS

(a) If shareholders representing 1/20 of the paid-up share capital of the Bank so request, the Bank's Board of Directors is obliged to include additional items in the Agenda of the General Meeting, provided that the said request is communicated to the Board by 11 July 2018, i.e. at least 15 days prior to the General Meeting. The said request should be accompanied by justification or a draft resolution to be approved by the AGM and on 13 July 2018, i.e. 13 days prior to the AGM, the revised agenda should be disclosed in the same manner as the previous agenda, and at the same time made available to shareholders through the Bank's website, along with the justification or draft resolution tabled by the shareholders, in accordance with the provisions of article 27.3 of Codified Law 2190/1920, as amended.

(b) If shareholders representing 1/20 of the paid-up share capital of the Bank so request, the Board of Directors shall, in accordance with the provisions of article 27.3 of Codified Law 2190/1920, as amended, make available to shareholders by 20 July 2018 at the latest, i.e. at least 6 days prior to the AGM, any draft resolutions on the items included in the initial or revised agenda, provided that the said request is communicated to the Board by 19 July 2018, i.e. at least 7 days prior to the AGM.

(c) If any shareholder so requests, and provided that the said request is filed with the Bank by 21 July 2018, i.e. at least 5 full days before the AGM, the Board of Directors is obliged to provide the AGM with information regarding the affairs of the Bank, insofar as such information is relevant to a proper assessment of the items on the agenda. The Board may decline to provide such information citing sufficient material grounds, and this should be recorded in the minutes. The Board may provide a single answer to shareholders' requests that are of similar content. The obligation to provide information does not apply in the event that such information is already available through the Bank's website, particularly in the case of frequently asked questions.

(d) If shareholders representing 1/5 of the paid-up capital of the Bank so request, and provided that the said request is filed with the Bank by 21 July 2018, i.e. at least 5 full days prior to the AGM, the Board of Directors is obliged to provide the AGM with information on the course of the business affairs and financial status of the Bank. The Board may decline to provide such information citing sufficient material grounds, and this should be recorded in the minutes.

In all the aforesaid cases the shareholders making requests are required to prove their shareholder status as well as the number of shares they hold as at the time of exercising the relevant right. A certificate to this effect from HELEX or verification of shareholder status through direct online link-up between the records held by HELEX and the Bank may also serve as such proof.

AVAILABLE DOCUMENTS AND INFORMATION

The information required under article 27.3 of Codified Law 2190/1920, as amended, including the invitation to the AGM, the participation-proxy appointment form and the draft resolutions on the items of the agenda shall be made available in electronic form on the website of the Bank at www.nbg.gr. Hard copies of the full text of the draft resolutions and any documents specified under article 27.3(c) and (d) of Codified Law 2190/1920, as amended, can be obtained from the Bank's Subdivision for Governance of NBG Shareholder Register & Shareholder Affairs (ground floor of the Megaro Mela, 93 Eolou Str., Athens).

Athens, 28 June 2018
By order of the Board of Directors
The Chair of the Board

Costas P. Michaelides

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