



NBG FINANCE PLC

(incorporated with limited liability in England)

Guaranteed by

NATIONAL BANK OF GREECE S.A.

(incorporated with limited liability in the Hellenic Republic)

€5,000,000,000 Global Medium Term Note Programme

Pursuant to the Global Medium Term Note Programme (the **Programme**) NBG Finance plc (the **Issuer**) may from time to time issue Notes in bearer or registered form denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

As more fully described herein, Notes may be issued (a) on an unsubordinated basis (**Unsubordinated Notes**) or (b) on a subordinated basis (**Subordinated Notes**) having in each case the benefit of the Unsubordinated Guarantee or Subordinated Guarantee as the case may be (all as defined in **Terms and Conditions of the Notes** herein). The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by National Bank of Greece S.A. (the **Bank** or the **Guarantor**, and with its subsidiaries, the **Group**).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**), in its capacity as a competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**) to approve this document as a base prospectus (the **Base Prospectus**). The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €5,000,000,000 (or its equivalent in other currencies calculated as described herein). This document constitutes a Base Prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any certain other terms and conditions not contained herein as well as any information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the Luxembourg Stock Exchange will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Neither the Notes nor the Guarantee of the Notes (as defined in the Terms and Conditions of the Notes) have been nor will be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Notes are subject to certain restrictions on transfer, see "*Forms of the Notes and Transfer Restrictions relating to U.S. Sales*" and "*Subscription and Sale*".

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a **Dealer** and together the **Dealers**). References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to the lead manager of such issue and, in relation to an issue of Notes subscribed by one Dealer, be to such Dealer.

Notes of each Tranche will initially be represented by either a Temporary Global Note, a Permanent Global Note, an Unrestricted Global Note and/or a Restricted Global Note (each as defined below), in each case as indicated in the applicable Final Terms (as defined herein). Temporary Global Notes and Permanent Global Notes may also be issued in new global note form. See "*Forms of the Notes and Transfer Restrictions Relating to U.S. Sales*" **Form of the Notes** below.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Bank to fulfil their respective obligations in respect of the Notes are discussed under "*Risk Factors*" below.

The Issuer has not been rated. The Bank has been rated B- for long-term debt and B for short-term debt by Fitch Ratings Limited (**Fitch**), Caa1 for long-term debt and NP for short-term debt by Moody's Investors Service Cyprus Limited (**Moody's**) and CCC for long-term debt and C for short-term debt by Standard & Poor's Credit Market Services Europe Limited (**S&P**). The Programme has been rated CCC for long-term senior unsecured debt and B for short-term senior unsecured debt by Fitch, (P)Caa1 for senior unsecured debt and (P)Caa3 for subordinated debt by Moody's and CCC for senior unsecured long-term debt, C for senior unsecured short-term debt and CC for dated subordinated debt by S&P. Each of Fitch, Moody's and S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such each of Fitch, Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger

BofA Merrill Lynch

Dealers

Barclays
BNP PARIBAS
Credit Suisse
Goldman Sachs International
Morgan Stanley

BofA Merrill Lynch
Citigroup
Deutsche Bank
HSBC
UniCredit Bank

The date of this Base Prospectus is 13 February 2014.

Each of the Issuer and the Bank accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer and the Bank (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The Issuer and the Bank have confirmed to the Dealers named under “*General Information*” below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes and the Guarantee of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes and the Guarantee of the Notes) not misleading in any material respect; and that all proper inquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or the Bank or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Bank or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Bank since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented, or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer, the Bank and each of the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see “*Subscription and Sale*”. In particular, neither the Notes nor the Guarantee of the Notes have been nor will be registered under the Securities Act and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. Notes may be offered and sold outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**) and, in the case of Registered Notes, in the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act (**Rule 144A**), each a **QIB**) in reliance on Rule 144A or another applicable exemption from registration under the Securities Act. In addition, prospective purchasers of Notes are hereby notified that a seller of Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Bank, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase

any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Bank.

Neither the Notes nor the Guarantee of the Notes have been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed €5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement as defined under "*Subscription and Sale*".

In this Base Prospectus, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area, references to **U.S.\$, U.S. dollars** or **dollars** are to United States dollars, references to **€, EUR** or **euro** are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended and references to **TL** or **Turkish Lira** are to the lawful currency for the time being of the Republic of Turkey.

In this Base Prospectus, all references to **Greece** or to the **Greek State** are to the Hellenic Republic.

This Base Prospectus contains references to certain measures which are not defined by the International Financial Reporting Standards (**IFRS**), namely "adjusted loans", "net interest margin", "cost of risk", "return on average equity", "total capital ratio", "liquidity ratio", "Net Stable Funding Ratio", "Loan to Deposit ratio", and accordingly, should not be considered as an alternative to other measures derived in accordance with IFRS.

The Group defines as "adjusted loans" or "adjusted loans and advances to customers", loans and advances to customers originated by the Group as distinguished from those acquired from the Hellenic Republic. Adjusted loans amount to €70,779.2 million, €70,509.0 million and €72,432.4 million as at 30 September 2013, 31 December 2012 and 31 December 2011 respectively.

The Group defines "net interest margin" as net interest income divided by the average of interest earning assets (the average of interest earning assets at the end of the current year and the end of the previous year and all quarter ends in between). For the nine-month period ended 30 September 2013 net interest margin equals annualised net interest income divided by the average of interest earning assets for the period (the average of interest-earning assets at the end of the previous period and at the end of the relevant nine-month period and at the end of the interim quarter).

The Group defines "cost of risk" as impairment charges for credit losses for the period divided by average of net adjusted loans (the average of net adjusted loans at the end of the previous year and the end of the respective year). For the nine-month period ended 30 September 2013 cost of risk equals annualised impairment charges for credit losses for the period divided by average of net adjusted loans (average of net adjusted loans at the end of the previous year and the total assets at the end of the relevant nine-month period).

The Group defines "return on average equity" as return on average assets equals profit for the period divided by average of total assets (the average of total assets at the end of the previous year and the end of the respective year). For the nine-month period ended 30 September 2013 return on average assets equals

annualised profit for the period divided by average of total assets for the period (average of total assets at the end of the previous year and the total assets at the end of the relevant nine-month period).

The Group defines "total capital ratio" as total capital (Tier I and Tier II) divided by total Risk Weighted Assets (Total Capital and Risk Weighted Assets as defined by the Bank of Greece). The pro-forma ratio as at 31 December 2012 includes the amount of €9,756.0 million contributed by HFSF to the Bank as an advance for participation in the Bank's future share capital increase within the context of the recapitalization of Greek banks following the PSI which comprise a) an amount of €7,430.0 million relates to the EFSF bonds contributed on 28 May 2012 and b) an amount of €2,326.0 million which relates to the EFSF bonds contributed on 21 December 2012. The pro-forma ratio as at 30 September 2013 includes a number of completed actions including a liability management exercise, deleveraging and de-risking and the buy-back of US preference shares.

The Group defines "liquidity ratio" as cash, amounts due from credit institutions maturing within 30 days and liquid securities adjusted for covered bond issues divided by liabilities maturing within 12 months including 80% of the aggregate balance of sight, current and savings deposit accounts (as defined by the Bank of Greece).

The Group defines "Net Stable Funding Ratio" (**NSFR**) as available stable funds divided by required stable funds. The NSFR measures the amount of longer-term, stable sources of funding employed by the Group relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations. The NSFR requires a minimum amount of funds estimated to be stable beyond a one year horizon based on liquidity risk ratios for assets and off-balance sheet items exposed to liquidity risk.

The Group defines "Loan to Deposit ratio" as adjusted loans less allowance for impairment on loans and advances to customers less covered bond balances held by third parties divided by amounts due to customers. The carrying amount of covered bonds held by third parties as at 30 September 2013, 31 December 2012 and 31 December 2011 were €716.7 million, €600.1 million and €1,059.3 million respectively.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer, the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, the Bank nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Bank or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the relevant Tranche of Notes and sixty (60) days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

To permit compliance with Rule 144A under the Securities Act in connection with the resale of Notes that are "Restricted Securities" (as defined in Rule 144(a)(3) under the Securities Act), each of the Issuer and the Guarantor will furnish, upon the request of a holder of such Notes or of a beneficial owner of an interest therein, to such holder or beneficial owner or to a prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act, if, at the time of such request, any of the relevant Notes are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer or the Guarantor is not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT NOR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED

STATUTES WITH THE STATE OF NEW HAMPSHIRE OR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

U.S. INFORMATION

This Base Prospectus may be submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Restricted Global Note or any Notes issued in registered form in exchange or substitution therefor (together **Legended Notes**) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Forms of the Notes and Transfer Restrictions Relating to U.S. Sales*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “Form of the Notes”.

CIRCULAR 230 DISCLOSURE

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE U.S. INTERNAL REVENUE SERVICE, ANY TAX DISCUSSION HEREIN WAS NOT WRITTEN AND IS NOT INTENDED TO BE USED AND CANNOT BE USED BY ANY TAXPAYER FOR PURPOSES OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER. ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES DESCRIBED HEREIN. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organised under the laws of England. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside England upon the Issuer or such persons, or to enforce judgments against

them obtained in courts outside England predicated upon civil liabilities of the Issuer or such directors and officers under laws other than England, including any judgment predicated upon United States federal securities laws.

The Guarantor is incorporated under the laws of the Hellenic Republic. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Guarantor and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside the Hellenic Republic upon the Guarantor or such persons, or to enforce judgments against them obtained in courts outside the Hellenic Republic predicated upon civil liabilities of the Guarantor or such directors and officers under laws other than the Hellenic Republic, including any judgment predicated upon United States federal securities laws.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes forward-looking statements. Such statements in this Base Prospectus include, but are not limited to, statements made under “*Risk Factors*”, “*The Business of the Group*” and “*Regulation and Supervision of Banks in Greece*”. Such statements can be generally identified by the use of terms such as “believes”, “expects”, “may”, “will”, “should”, “would”, “could”, “plans”, “anticipates” and comparable terms, including the negatives of such terms. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this Base Prospectus could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. The Issuer and the Bank have based these forward-looking statements on their management’s current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about the Group, including, among other things:

- uncertainty resulting from the Hellenic Republic’s economic crisis;
- prospective changes in regulation in the Hellenic Republic and other jurisdictions in which the Group operates;
- recessionary pressures in the Hellenic Republic;
- the Bank’s need for additional capital and liquidity, most notably from increased asset impairment, as well as a significant deterioration in asset quality;
- the severe restriction in the Bank’s ability to obtain funding in the capital markets and its heavy dependence on Eurosystem funding;
- the ability of the Hellenic Republic and state-related entities to exercise an important influence on the Bank in specific areas of the Bank’s operations;
- deterioration in macroeconomic conditions, such as the lack of liquidity in the global financial and other assets markets and the lack of availability and rising cost of credit;
- the financial stability of other financial institutions and the Bank’s counterparties and borrowers;
- macroeconomic and political risks in Turkey and the other South East Europe (**SEE**) countries in which the Group operates; and
- other factors described under “*Risk Factors*”.

The Bank undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions,

the forward-looking events discussed in this Base Prospectus might not occur. Any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Investors are cautioned not to place undue reliance on such forward-looking statements, which are based on facts known only as at the date of this Base Prospectus.

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RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer and the Bank may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer and the Bank becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Bank may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Bank's control. The Issuer and the Bank have identified in this Base Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME AND THE BANK'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE

The Notes and the Guarantee of the Notes (as applicable) will constitute unsecured obligations of the Issuer and the Bank (as applicable), respectively. A purchaser of Notes relies on the creditworthiness of the Issuer and the Bank (as applicable) and no other person. Investment in the Notes involves the risk that subsequent changes in actual or perceived creditworthiness of the Issuer and the Bank (as applicable) may adversely affect the market value of the Notes.

The Issuer is not an operating company and relies, in part, upon other members of the Group for its financing.

The Issuer is not an operating company. The Issuer's financial condition depends upon the results of its financing and investment activities, as well as upon the receipt of funds provided by other members of the Group. The ability of the Issuer to meet its obligations to make payments in relation to the Notes will depend, in part, upon the receipt by it of funds provided by other members of the Group. No assurance can be given that the Issuer will be successful in its financing and investment activities or that it will receive adequate funding to maintain its financial condition. These factors could materially and adversely affect the Issuer's ability to make payments on the Notes.

Risks Relating to the Hellenic Republic's Economic Crisis

The Greek economy has faced and continues to face substantial macroeconomic pressures. Such pressures derive from the impact of an extremely deep recession on private sector finances and the remaining fiscal effort needed to achieve sustainable primary surpluses in government budget in the following years. Moreover potential delays in Eurozone decisions (to ensure Greek public debt sustainability and sufficient near-to-medium term financing for the country), compounded by other deep-rooted structural vulnerabilities of the economy, could slow or derail the economic recovery, undermining the considerable fiscal adjustment and fuel a new round of uncertainty. More specifically:

- Despite the successful completion of the debt buy-back programme in December 2012 (the **Hellenic Programme**), which replaced the original programme of €110 billion agreed in May 2010 (the **Original Hellenic Programme**), progress in fiscal deficit reduction and the adjustment in the labour market and external balance, the Greek economy continues to face substantial macroeconomic

challenges. Uncertainty about debt sustainability and transition to a new sustainable export-oriented model of economic growth remains high.

- The need to impose additional austerity measures in the form of additional corrective spending cuts to offset potential slippages in the implementation of the 2014 government budget – in view of weaker-than-expected government revenue performance for most of 2013 and a continued drop in social security system revenue – could amplify recessionary pressures, reinforcing the vicious cycle of weakening economic sentiment, declining liquidity, reduced private spending and the need for additional fiscal measures, such as those that characterised the period of 2010 to 2012.
- Funding provided to the Hellenic Republic under the Hellenic Programme is insufficient to cover the Hellenic Republic’s financing needs from the second quarter of 2014 and the shortfall could increase in the event that markets remain closed for the Greek State. In this respect, it is not certain whether funding will be increased by its European partners and the International Monetary Fund (**IMF**) as this depends on Greece’s performance under the Hellenic Programme¹ while the IMF is considered to have already exhausted its statutory limits in providing financing to Greece. The views currently expressed in Europe, as evidenced by recent events in Cyprus, suggest that a broader spectrum of creditors could be bailed in to cover such financing needs. Even the prospect of such a development could be destabilising for the Greek economy.
- According to reports by the IMF, the European Central Bank (**ECB**) and the EU (collectively, the **Troika**) Greece has little, if any, margin to absorb additional adverse shocks or slippages in the implementation of the Hellenic Programme. In the event that policy implementation takes longer than expected or falls short of expectations, or the economy takes longer than expected to respond to the labour market and other structural competitiveness-enhancing reforms, or the fiscal impact of the recession is higher than estimated, the likely result would be a higher debt trajectory than that suggested by the post-private sector involvement analysis underlying the Hellenic Programme. Such slippages could even outweigh the benefits from the additional debt and funding relief provided to Greece by the private sector involvement (**PSI**), the supplementary Eurogroup decisions and the successful completion of the Hellenic Programme in December 2012.
- Failure to successfully implement the Hellenic Programme over its term to 2016 may lead to termination of financial support by the IMF and the EU or undermine a potential agreement for the provision of additional medium-term financing and debt relief to the Greek State in 2014. Such a development would create the conditions for a new credit event with respect to Hellenic Republic debt or lead to a default by the Hellenic Republic on its debt, which would include both marketable instruments and official sector loans from EU Member States.
- Even if the Hellenic Republic successfully implements the Hellenic Programme, government debt as a percentage of GDP is projected to remain above 170% of GDP until 2015, according to IMF projections in the recent review of the Hellenic Programme, and it remains uncertain whether the Greek economy will grow sufficiently, or even limit its contraction, to ease the financing constraints of the Hellenic Republic without a new agreement with EU partners and the IMF which would provide additional debt relief with direct official sector involvement. This relief could occur through new changes in the conditions of official sector loans or further restructuring of Greek government bonds held by the Eurosystem) and a direct haircut on official sector loans or loans from the European Financial Stability Facility (**EFSF**) or a combination of the above. Failure to agree on a credible way to restore long-term debt sustainability and cover possible additional needs (even if due to factors outside the control of the Hellenic Republic) of the country for external financing in upcoming years may result in a credit event with respect to the Hellenic Republic debt occurring prior to the completion of the Hellenic Programme.

¹ Information on the Hellenic Programme is drawn from the IMF report entitled: “Greece: First and Second Reviews Under the Extended Arrangement Under the Extended Fund Facility/Staff Report No. 13/20 January 2013”.

- Further instability in the current coalition government (elected on 17 June 2012), or a shrinkage of its parliamentary majority through the withdrawal of one of the two parties (following the withdrawal of “Democratic Left” in June 2013) currently supporting the Hellenic Programme, could pose significant risks to the implementation of the Hellenic Programme. In addition, the commitment by the Member States of the Eurozone to provide long-term support to Greece on adequate terms is subject to significant risks related not only to Greece’s ability to avoid any additional slippages in the implementation of the Hellenic Programme but also to increasing public opinion discontent in these countries regarding support to Greece.
- The large losses experienced by private creditors from the PSI exchange in conjunction with the high level of Greek sovereign debt, even after the PSI and successful completion of the debt buy-back in December 2012, (above 120% of GDP until 2020) render an improvement of market sentiment and a significant upward revision of sovereign ratings highly unlikely for the short to medium-term unless new decisions that provide significant long-term relief on Greek sovereign debt profile are taken by Eurozone member states. In this respect, valuations of Hellenic Republic assets (and thus privatisation revenue budgeted for in the Hellenic Programme), as well as the ability of Greece to access the international capital markets, remain subject to substantial uncertainty.
- The recovery in economic sentiment and the first signs of increase in the private deposit base of the Greek banking system (since the second half of 2012) could be undermined by slower progress in structural reforms, tensions in fiscal adjustment strategy and, more importantly, a new round of systemic turbulence in the Eurozone triggered by developments related to the eruption and management of the recent crisis in Cyprus.
- The bail-out agreement between the Troika and Cyprus, reached on 25 March 2013, regarding financial assistance of €10 billion (57% of Cyprus’s GDP), is expected to weigh heavily on the real and financial conditions of the Cypriot economy in coming years and could take an indirect toll on macroeconomic conditions in Greece. The recent economic turbulence and elevated uncertainty in Cyprus may have an impact on Greece mainly through the external trade and foreign direct investment channels (with Greece being the largest investor in Cyprus and Cypriot markets being a leading destination of Greek goods exports). Furthermore, the situation in Cyprus gives rise to a contagion risk of a prolonged banking crisis and deep recession in Cyprus. There is a possibility of elevated systemic turbulence originating from the management and resolution strategy of Eurogroup decisions, with uninsured creditors/depositors and shareholders bearing an unprecedented amount of losses and the related progress towards genuine banking union being subject to considerable uncertainties and delays.

For more information about the main elements of each reform and the substantial risks to the Hellenic Programme, see *“The Macroeconomic Environment in Greece: The Hellenic Republic’s Economic Crisis—The Hellenic Republic’s economic crisis, the successful sovereign debt restructuring (PSI), the revised economic adjustment programme for Greece and recent macroeconomic developments”*.

The uncertainty relating to the implementation of the Hellenic Programme and sovereign debt reduction has directly affected the capital levels, liquidity and profitability of the financial system of the Hellenic Republic and consequently that of the Bank. Specifically:

- the PSI-related losses have resulted in significant recapitalisation of Greek banks, which were satisfied out of resources made available under the Hellenic Programme, resulting in 84.38% (as at 30 September 2013) of the Bank’s capital being held by the Hellenic Financial Stability Fund (**HFSF**) (see *“Following the participation of the HFSF in the capital structure of the Bank, the management and business decisions of the Bank may be materially affected by the veto powers of the representatives of the HFSF within the framework of the Bank’s recapitalisation under the second support package to Greece”*);

- the buy-back of Greek government bonds by the Hellenic Republic in December 2012 deprives Greek banks of future income and gains from a potential increase in the fair value of the bonds;
- there is limited liquidity in the Greek banking system, reflecting an effective closing of private capital market financing since the end of 2009 and a sizeable contraction of the domestic deposit base since 2010 (35.8% in total in the period up to November 2013 registering a mild recovery (of +3.7%) between July 2012 and November 2013, according to Bank of Greece data) and a heavy reliance on Eurosystem funding; and
- increased competition for, and thus cost of, customer deposits.

A failure of the Hellenic Programme to result in a marked improvement in the Greek economy would have significant adverse consequences on the Bank. If another credit event with respect to the Hellenic Republic debt or an additional restructuring of the Hellenic Republic debt were to occur, the Bank's regulatory capital would be severely affected due to its direct exposure to the Hellenic Republic debt, requiring the Bank to raise additional capital and thus diluting existing shareholders significantly. Furthermore, there would be no assurance that the Bank could raise all of the required additional capital on acceptable terms.

Recessionary pressures in Greece stemming from the Hellenic Programme have had and may continue to have an adverse effect on the Group's business, results of operations and financial condition.

The Group's business activities are dependent on the level of banking, finance and financial products and services the Group offers, as well as customers' capacity to repay their liabilities. In particular, the levels of savings and credit demand are heavily dependent on customer confidence, employment trends and the availability and cost of funding.

Following a cumulative output decline of 20% during the period 2009 to 2012, the decline in economic activity in 2013 is expected to be slightly lower than 4% year-on-year (**y-o-y**), according to estimates of the latest EU evaluation report of the Hellenic Programme, taking a new toll on disposable income, spending and the debt repayment capacity of the Greek private sector.

A protracted period of poor economic conditions in the Hellenic Republic is materially and adversely affecting the liquidity, business activity and financial conditions of the Bank's borrowers, which in turn leads to further increases in the Bank's loans and advances to customers +90 days past due ("dpd"), impairment charges on loans and other financial assets and decreased demand for borrowings in general and increasing deposit outflows.

Adding to the negative impact of a sharp drop in consumer and business confidence – despite the notable recovery in 2013 - resulting from the economic crisis and ongoing sizeable macroeconomic imbalances, the additional fiscal adjustment agreed under the Hellenic Programme had in 2012 and 2013, and in the future is likely to continue to have, a significant negative effect on economic activity in the Hellenic Republic.

Loans to businesses and households declined in 2013 and are expected to decline further in Greece as the downward pressure on household disposable incomes will remain strong and firms' profitability from the austerity measures, as well as the resulting deterioration in the business environment (against a backdrop of tighter credit criteria and stressed liquidity conditions), are likely to inhibit a notable recovery in demand for loans. In addition, the need to reduce further the Bank's dependency on Eurosystem funding will also increase the likelihood of de-leveraging. Moreover, the Bank's customers may further significantly decrease their risk tolerance to non-deposit investments such as stocks, bonds and mutual funds, which would adversely affect the Bank's fee and commission income.

In the context of a new round of uncertainty-driven market turmoil, worsening macroeconomic conditions and increasing unemployment, coupled with declining consumer spending and business investment and the worsening credit profile of the Bank's corporate and retail borrowers, the value of assets collateralising the

Bank's secured loans, including houses and other real estate, could suffer further significant declines in value. Such decline could result in impairment of the value of the Bank's loan assets or an increase in the level of past due loans, either of which may have a material adverse effect on the Group's business, results of operations and financial condition.

Finally, if the Hellenic Programme is not implemented successfully – especially with respect to the structural reform agenda – or if additional austerity measures beyond those agreed to in the Hellenic Programme are required to counterbalance potential deviations from the Hellenic Programme's targets, economic activity may register a weaker than expected performance in 2014, which will result in a delayed recovery and a further adverse effect on the Bank's business, results of operations and financial condition.

As a recipient of state aid, the Bank's operational autonomy is constrained.

The recapitalisation of the Greek banks placed the Bank under European state aid rules. Under such rules, the Bank's operations are restricted so that the state aid provided does not lead to the distortion of competition. Pursuant to commitments undertaken by the Hellenic Republic Greek banks undergoing restructuring, including the Bank, are not permitted (without receiving approval from the General Directorate for Competition of the European Commission) to pay any coupon or dividend on their equity instruments (unless there is a legal obligation) until the end of the restructuring period or to acquire any stake in any undertaking, unless the purchase price falls below certain thresholds or said acquisition takes place in the ordinary course of the banking business or is required to take place in the context of the consolidation of the Greek banking sector. There are also restrictions on lending practices and risk monitoring requirements.

The commitments of the Hellenic Republic towards the European Commission refer, *inter alia*, to the appointment of a Monitoring Trustee for each bank, who acts on behalf of the EC and aims to ensure the compliance of the Bank with the aforementioned commitments (for the Monitoring Trustee's powers, rights and the content and extent of the supervision, see "*Regulation and Supervision of Banks in Greece—Monitoring Trustee*"). The Monitoring Trustee's powers affect the Bank Management's discretion through further supervision and by imposing restrictions which may affect business decisions and development strategies and limit the operational flexibility of the Group. Grant Thornton was appointed as the Bank's Monitoring Trustee on 16 January 2013.

The Group participated in the PSI and, as a result, recorded impairment losses on its Greek government bond portfolio and loans and advances to customers of €11.8 billion in 2011. These losses have adversely affected the capital position of the Group and led to loss for the period of €12.3 billion in 2011. As a result, the Group's total capital adequacy ratio fell below the minimum 8.0% (-2.6% as at 31 December 2011) and the Bank had to seek support from the HFSF. Initially, the Bank received the EFSF bonds from the HFSF on 28 May 2012, maturing during the period 2018 to 2022, with a nominal value of €1,486.0 million each, and a total nominal value of €7,430.0 million, and on 21 December 2012 received additional EFSF bonds of a nominal value of €2,326.0 million maturing from 2022 to 2024 as an advance contribution to the Bank's future share capital increase under the presubscription agreement signed on 28 May 2012, as amended and codified on 21 December 2012, with the HFSF and the EFSF (the **Presubscription Agreement**). As a result, the pro forma capital adequacy ratio increased to 9.0% as at 31 December 2012.

On 27 July 2012, the European Commission temporarily approved the state aid received by the Bank in the form of a commitment letter from the HFSF as well as advance payment, for the recapitalisation. In addition, the European Commission expressed its views and concerns by assessing the required criteria applicable to such state aid, such as the appropriateness, necessity and proportionality of these measures. As a result, the European Commission launched a formal investigation regarding these measures in order to conduct a more detailed assessment and allow third parties to submit comments.

Furthermore, on 27 July 2012, the European Commission issued a temporary approval and initiation of a formal investigation, in accordance with EU state aid rules regarding the advance payments for the recapitalisation granted by the HFSF in favour of the Bank, Alpha Bank S.A., Eurobank Ergasias Bank S.A.

(**Eurobank**) and Piraeus Bank S.A. for reasons of financial stability. The European Commission may conclude, at the end of its investigation, that the assistance provided by the HFSF to the Bank:

- (a) is in compliance with the common market rules and therefore approve such aid (“positive decision”). This favourable decision could be subject to other requirements (in addition to those already included in the Bank’s restructuring plan) which will be proposed by the Hellenic Republic; or
- (b) is not in compliance with the rules of the common market and thus request the return of the advance payment to the HFSF (“negative decision”).

A negative decision or a positive decision, subject to excessive additional requirements for the recapitalisation of the Bank, may significantly affect the Group’s capital ratios and restrict access to the Eurosystem funding system.

Additionally, approval of aid from the Directorate General for Competition of the European Commission requires approval of an amended restructuring plan which needs to be submitted by 30 July 2013. Following the Presubscription Agreement, on 31 October 2012 the Bank submitted (through the Ministry of Finance) restructuring plan according to Greek Law 3864/2010 to the Directorate General for Competition of the European Commission. As a consequence of the subsequent mergers and acquisitions that took place in the banking sector, the submitted restructuring plan was deemed not representative. The Directorate General for Competition of the European Commission requested re-submission of the restructuring plan by 30 July 2013, which should include the updates required. In view of progress in preparation of the restructuring plan and based on the communication between the Bank and the Directorate General for Competition of the European Commission, the Bank considers that the European Commission will request disposal of certain of the Bank’s assets or its subsidiaries (including significant subsidiaries) or divestment from participations, as this has been requested in the past from other banks within the European Union that have received capital injections. The implementation of these measures by the Bank may have a significant impact on its business activity, operating results and financial position. Furthermore, the timing of their implementation may be to the detriment of shareholders.

Furthermore, any future failure of the Bank in fulfilling its restructuring plan obligations will be submitted to the EU and the HFSF. This could lead to the HFSF exercising in full the voting rights of the shares to which it would be entitled from its participation in the recapitalisation of the Bank.

Following the participation of the HFSF in the capital structure of the Bank, the management and business decisions of the Bank may be materially affected by the veto powers of the representatives of the HFSF within the framework of the Bank’s recapitalisation under the second support package to Greece.

The Original Hellenic Programme in May 2010 introduced restructuring measures, such as the establishment of the HFSF, whose only shareholder is the Hellenic Republic and whose role is to maintain the stability of the Greek banking system by providing capital support in the form of ordinary shares or contingent convertible securities or other convertible securities if a significant decline in capital buffers of the banks occurs (see “*Regulation and Supervision of Banks in Greece—The Hellenic Financial Stability Fund*”).

On 11 June 2012, in the context of the recapitalisation of the Greek banks and specifically pursuant to the provisions of Greek Law 3864/2010, as currently in force, and Cabinet Acts 15/2012 and 38/2012, and following the contribution on 28 May 2012 to the Bank by the HFSF of EFSF bonds with a total nominal amount of €7,430.0 million (as an advance for the participation in the Bank’s share capital increase that closed in June 2013), the HFSF appointed, pursuant to the Presubscription Agreement, a representative to the Bank’s Board of Directors. On 21 December 2012, the Bank received additional EFSF bonds with a total nominal amount of €2,326.0 million from the HFSF as an additional advance for the participation of the HFSF in the Bank’s future share capital increase, pursuant to the Presubscription Agreement. Pursuant to the above legal framework, the HFSF’s appointed representative to the Bank’s Board of Directors has the following powers:

- (a) to call a General Meeting of shareholders of the Bank;
- (b) to veto any decision of the Bank's Board of Directors:
 - (i) regarding the distribution of dividends and the remuneration policy concerning the Chairman, the Chief Executive Officer, Deputy Chief Executive Officer and other members of the Board of Directors, as well as General Managers and their deputies; or
 - (ii) where the decision in question could seriously compromise the interests of depositors or materially affect the Bank's liquidity or solvency or its overall sound and smooth operation (including business strategy and asset/liability management);
- (c) to request an adjournment of any meeting of the Bank's Board of Directors for three business days in order to receive instructions from the HFSF's Executive Committee, following consultation with the Bank of Greece;
- (d) to request the convocation of the Board of Directors of the Bank;
- (e) to approve the appointment of the Chief Financial Officer of the Bank; and
- (f) to have unlimited access to the Bank's books and records for the purposes of Greek Law 3864/2010 with the assistance of consultants of their choice.

Following the Bank's recapitalisation, the HFSF has become the largest ordinary shareholder of the Bank with 84.4% shareholding as at 30 June 2013 (which remained unchanged as at 30 September 2013). HFSF's exercise of voting rights is limited only in cases of amendments to the articles of association of the Bank, merger, divestiture, spin-off, corporate transformation, revival, extension of the term, dissolution, transfer of assets, and any other matter for which increased majority requirements are set by Greek company law.

Consequently, as a result of the participation of the Bank in the recapitalisation plan, the HFSF can exercise significant influence over the operations of the Group. There is a risk that the HFSF may disagree with certain decisions of the Bank relating to dividend distributions, benefits policies and other commercial and management decisions that will ultimately limit the operational flexibility of the Group.

Even though the private sector participation has been attained, the HFSF could obtain full voting rights in the future and as a consequence the Bank may be controlled by the HFSF. Pursuant to article 7a of Greek Law 3864/2010, the conditions under which the HFSF may regain its voting rights are if it is ascertained, by a decision of the General Council of the HFSF, that the Bank's obligations provided in the restructuring plan or promoting its implementation, are not met.

On 10 July 2013, the Bank and the HFSF signed the NBG-HFSF Relationship Framework Agreement that applies to banks with private sector participation of equal to or more than 10%, as per Greek Law 3864/2010. This agreement determines the relationship between the Bank and the HFSF and matters related to, amongst others, (a) the corporate governance of the Bank, (b) the development and approval of the restructuring plan, (c) the material obligations of the restructuring plan and the switch of voting rights, (d) the monitoring of the implementation of the restructuring plan and the Bank's ensuing risk profile and (e) the HFSF's consent for material matters.

The Hellenic Republic and the legal entities associated with the Greek government have the ability to exercise significant influence in specific areas of the Bank's operations.

As at 30 September 2013, the Hellenic Republic directly owns 270 million non-transferable redeemable preference shares amounting to €1,350.0 million issued by the Bank under the Hellenic Republic's Bank Support Plan (Greek Law 3723/2008) (see "*The Macroeconomic Environment in Greece: The Hellenic*

Republic's economic crisis”). The direct stake of the Hellenic Republic in the Bank (as described above), provides the Hellenic Republic, among other things, with voting rights at the General Meeting of preference shareholders, the right to appoint a representative to the Board of Directors of the Bank, who has the ability to veto decisions relating to strategic issues or to make decisions that could have a material impact on the legal or financial status of the Bank and for which the approval of the General Meeting is required, or to make decisions on the distribution of dividends and the remuneration of the Bank's Chairman, Chief Executive Officer, Deputy Chief Executive Officer, the remaining members of the Board of Directors, the General Managers and their deputies under the relevant decision of the Ministry of Finance, or, in case of decisions that the representative considers detrimental to the interests of the depositors or that may materially affect the Bank's solvency and operations. Furthermore, the representative of the Hellenic Republic has unlimited access to the Bank's books and records, restructuring reports, plans for medium-term financing needs, as well as data relating to the level of funding of the economy.

The aforementioned preference shares shall be redeemed after five years or at an earlier time with the approval of the Bank of Greece provided the Bank can still comply with capital adequacy requirements as defined by the Bank of Greece. In the event of the expiration of the five-year period, and if there has been no resolution from the Bank's General Assembly for the repurchase of the preference shares, it is predicted, following a decision of the Minister of Finance upon a recommendation from the Bank of Greece, that a progressively cumulative increase of 2% per annum should be given on the expected annual fixed income granted to the Hellenic Republic. However, in accordance with article 1 of Greek Law 3723/2008 and the decision of the Minister of Finance No. 54201/B2884/2008 as currently in force, the banks will be required to convert the preferred shares to ordinary shares or other classes of shares, if their purchase is not possible, due to the fact that the banks are not in compliance with the Core Tier 1 capital adequacy ratio required by the Bank of Greece following a decision of the Ministry of Finance upon recommendation of the Bank of Greece. (see “*Regulation and Supervision of Banks in Greece — The Hellenic Financial Stability Fund*”).

If economic conditions do not improve or continue to deteriorate, or if the financial position of the Group deteriorates, further government or inter-governmental intervention may take place through the HFSF. Any further government or inter-governmental intervention, including through the HFSF, may have a material adverse effect on the interests of holders of the Notes and the Group's results of operations and financial condition.

Furthermore, the Hellenic Republic and the HFSF also have interests in other Greek financial institutions and an interest in the health of the Greek banking industry and other industries generally, and those interests may not always be aligned with the commercial interests of the Group or the holders of the Notes.

There are risks associated with the Bank's need for additional capital and liquidity, most notably from increased asset impairment, as well as a significant deterioration in asset quality compared to previous estimates.

The Bank and the Group are required by regulators in the Hellenic Republic and other countries in which they undertake regulated activities to maintain adequate capital. Where they undertake regulated activities elsewhere in the European Economic Area (EEA), they will remain subject to the minimum capital requirements prescribed by the regulatory authority in the Hellenic Republic, except in jurisdictions where they have regulated subsidiaries, which will be subject to the capital requirements prescribed by local regulatory authorities. In jurisdictions where it has branches, including within the EEA, the Bank is also subject to the regulatory capital and liquidity requirements of such jurisdictions. The Bank, its regulated subsidiaries and its branches may be subject to the risk of having insufficient capital resources to meet the minimum regulatory capital and/or liquidity requirements. In addition, those minimum regulatory capital requirements are likely to increase in the future, or the methods of calculating capital resources may change. Likewise, liquidity requirements may come under heightened scrutiny, and may place additional stress on the Group's liquidity demands in the jurisdictions in which it operates.

The Group participated in the PSI and, as a result, the Group recognised impairment on its Greek government bond portfolio and loans and advances for customers of €11.8 billion in 2011. These losses have adversely affected the capital position of the Group and led to loss for the period of €12.3 billion in 2011. As a result, the Group's total capital adequacy ratio fell below the minimum threshold of 8.0% (-2.6% as at 31 December 2011) and the Bank had to seek support from the HFSF. Initially, the Bank received from the HFSF, on 28 May 2012, the five series of EFSF bonds, maturing from 2018 to 2022, with a nominal amount of €1,486.0 million each, totalling €7,430.0 million. On 21 December 2012 the Bank received additional EFSF bonds of a nominal value of €2,326.0 million maturing from 2022 to 2024 as an advance contribution to the Bank's future share capital increase under the Presubscription Agreement. This capital increase closed in June 2013. Even though the pro forma capital adequacy ratio increased to 9.0% as at 31 December 2012, the new criterion introduced by the Bank of Greece in March 2013 for Core Tier I capital was not met with data as of 31 December 2012.

One of the features of the recapitalisation plan was that all Greek banks were required to achieve a Core Tier I capital ratio of 9.0% by September 2012 and 10.0% by June 2013. This requirement was subsequently abolished by Act No. 2664/18.09.2012 of the Governor of the Bank of Greece. In March 2013, the Executive Committee of the Bank of Greece issued Decision 13/28.03.2013, amending the Governor's Act (**GA/BoG**) 2630/29.10.2010, according to which Greek financial institutions should have achieved a Core Tier I Capital Ratio of 9.0% effective from 31 March 2013, and redefining the assets that are eligible for Core Tier I Capital. Based on information regarding the Group's capital adequacy as of 31 December 2012, and taking into consideration the total amount of the share capital increase in the context of the recapitalisation, the Core Tier I ratio was 7.8% as at 31 December 2012 and increased to 8.4% as at 30 September 2013. Furthermore, actions completed or currently being completed, are expected to further increase the Group's capital adequacy ratio. In December 2013, the Bank transferred 66.0% of its stake in its subsidiary NBG Pangaea REIC (**NBG Pangaea**) for a total consideration of €653.0 million. In December 2013, the Bank also disposed of its subsidiary Grand Hotel Summer Palace for a consideration of €38.0 million. On 9 December 2013, Jermyn Street Real Estate Fund IV LP, submitted the highest bid amounting to €400.0 million, which concerns 90.0% of Astir Palace Vouliagmeni S.A. (**Astir Palace**) shares (which includes the Bank's entire 85.35% interest). The transaction is subject to approval by the HFSF and is expected to be completed in early 2014.

The main risks to the Bank's further recapitalisation needs are: (a) the poor economic environment in Greece, which may result in: (i) a sharper deterioration in asset quality than the one projected by the independent loan diagnostic study performed on the domestic loan portfolio of the Group (the **BlackRock loan diagnostic**) by BlackRock Financial Management Inc. (**BlackRock**), in accordance with the commitment undertaken by the Bank of Greece under the Hellenic Programme in the context of ensuring that Greek banks are adequately capitalised; and (ii) weaker pre-provision profits in the domestic market; and (b) a weaker international environment, which may lead to lower-than-projected profits from the Group's international subsidiaries. Even if the Bank initially meets the minimum capital ratio requirements established by the Bank of Greece, by raising the required capital as ruled by the Bank of Greece, there are no assurances that the above risks will not result in further recapitalisation needs.

The Bank is currently limited in its ability to obtain funding in the capital markets and is dependent on the Eurosystem for funding, which may be affected by changes in Eurosystem rules relating to the eligibility of collateral used for funding, such as Greek government bonds and guarantees.

The ongoing economic crisis has adversely affected the Bank's credit risk profile, delayed its return to the markets for funding and increased the cost of such funding and the need for additional collateral requirements in repo contracts and other secured funding arrangements, including those with the Eurosystem. Concerns relating to the ongoing impact of these conditions may further delay the Bank's ability to obtain funding in the private capital markets in the medium term.

The severity of pressure experienced by the Hellenic Republic in its public finances has restricted the access of the Bank to the capital markets for funding because of concerns by counterparty banks and other lenders,

particularly for unsecured funding and funding from the short-term interbank market. These markets have been effectively closed to all Greek banks since the end of 2009. As a result, maturing interbank liabilities have not been renewed or have been renewed only at higher costs. In addition, deposit outflows beginning in late 2009, and subsequently persisting, continue to put pressure on the liquidity position of many Greek banks.

Reflecting the loss of access to market funding as well as the sharp decline in deposits, the Bank's net ECB funding and funding from the Bank of Greece, through its Emergency Liquidity Assistance (**ELA**) facility, which has less strict collateral rules but higher cost of funds, increased considerably since the start of the crisis. As at 30 September 2013, the Bank's net ECB funding amounted to €22.2 billion, while exposure to the local ELA facility was zero. The liquidity the Bank receives or may receive in the future from the Eurosystem may be adversely affected by changes in Eurosystem rules. The amount of funding available from the Eurosystem is tied to the value of the collateral the Bank provides, including the market value of the Bank's holdings of EFSF and Greek government bonds, which may also decline. If the value of the Bank's assets declines, then the amount of funding the Bank can obtain from the Eurosystem will be correspondingly limited. In addition, if the Eurosystem were to revise its collateral standards or increase the rating requirements for collateral securities such that these instruments were not eligible to serve as collateral with the Eurosystem, the Bank's funding costs could increase and its access to liquidity could be limited. The Eurosystem could also place time limitations on the use of government guaranteed securities as eligible collateral, and may set conditions for the continued use of liquidity under exceptional terms.

A further downgrade or withdrawal of Greek sovereign ratings would likely have a material adverse effect on the Bank's ability to continue to access current levels of funding from the Eurosystem or from any other source.

A continued loss of deposits and the prolonged need for additional Eurosystem funding may result in the exhaustion of collateral eligible for funding from the Eurosystem.

Accelerated outflow of funds from customer deposits could cause an increase in the Bank's costs of funding and have a material adverse effect on the Bank's operating results, financial condition and liquidity prospects.

Historically, one of the Bank's principal sources of funds has been customer deposits. Since the Bank relies on customer deposits for the majority of its funding, if the Bank's depositors withdraw their funds at a rate faster than the rate at which borrowers repay their loans, or if the Bank is unable to obtain the necessary liquidity by other means, the Bank may be unable to maintain its current levels of funding without incurring significantly higher funding costs or having to liquidate certain of its assets, or without increasing access to the Eurosystem under their exceptional terms. As at 30 September 2013, the Group's domestic customer deposits increased by 16.0% compared to 31 December 2012, largely due to the acquisition of First Business Bank (**FBB**) and Probank S.A. (**Probank**). As at 31 December 2012, the Group's domestic customer deposits had decreased by 7.1% compared with 31 December 2011.

The ongoing funding of the Bank's loan portfolio from customer deposits is subject to potential changes in certain factors outside the Bank's control, such as depositors' concerns relating to the economy in general, the financial services industry or the Bank specifically, significant further deterioration in economic conditions in Greece and the availability and extent of deposit guarantees. Any of these factors separately or in combination could lead to a sustained reduction in the Bank's ability to access customer deposit funding on appropriate terms in the future, which would impact on the Bank's ability to fund its operation and meet its minimum liquidity requirements, having an adverse effect on the Group's results, financial condition and prospects. Unusually high levels of withdrawals could have the result that the Bank or another member of the Group may not be in a position to continue to operate without additional funding support, which it may be unable to secure.

The improvement in economic sentiment in Greece since the second half of 2012 is reflected in the €10.6 billion increase in private sector bank deposits between June 2012 and March 2013, albeit corresponding to only a small fraction of the €25.5 billion contraction registered in the first half of 2012 and the approximately €95 billion drop since the beginning of the Greek crisis in 2009. Deposit inflows in the three quarters prior to the first quarter of 2013 mostly reflected the increase in household deposits - i.e. a part of the liquidity previously hoarded outside the banking system and, to a lesser extent, firms' deposits.

However in March 2013, the government of Cyprus, in the context of its agreement with the Eurogroup, proceeded with measures that led to losses on deposits exceeding €100,000 (the insured deposit level) of 100% at Cyprus Popular Bank (CPB), while at Bank of Cyprus Ltd, depositors with deposits exceeding the insured deposit level of €100,000 received Bank of Cyprus Ltd shares in exchange. The losses suffered by shareholders, bondholders and, most importantly, depositors with balances exceeding €100,000 for the two Cypriot banks that were considered non-viable could lead to fears of similar action taking place in Greece. Popular concern has been expressed that the burden-sharing implemented in Cyprus could be a precedent to be applied in the context of depositors bearing part of the burden of financial institution losses in the financially weaker Member States. These concerns could lead to deposit outflows from the Bank, which would have a material adverse effect on the Group's business, results of operation and financial condition.

Moreover, the increased access of tax authorities on debtors' deposit accounts in the context of an intensifying effort against tax evasion, in conjunction with a still active mechanism of cash burn by income-constrained households and firms, led to a marginal decline in total deposits in the banking system of €0.7 billion, or -0.4% y-o-y, in 2013. The dependence of Greek banks on Eurosystem financing declined to €73 billion in December 2013 from €121.2 billion in December 2012, with the share of ELA diminishing to below 14% of the total financing of the Greek banking system at end-December 2013 (c. €9.8 billion out of a total of €73 billion).

There is uncertainty about the Bank's ability to continue as a "going concern".

The Bank's independent auditors have added an emphasis of matter paragraph to their review report issued in connection with the Group and Bank Interim Financial Statements for the period ended 30 June 2013, which includes the Certification of the Board of Directors, Board of Directors' Report, the Auditor's Review Report and the Unaudited Consolidated Financial Statements for the Group for the period ended 30 June 2013 (the **2013 June Interim Financial Statements**), incorporated by reference into this Base Prospectus, with respect to their doubts about the Bank's ability to continue as a going concern. In Note 2.2 of the 2013 June Interim Financial Statements, incorporated by reference into this Base Prospectus, reference is made to the fact that the crisis in the Greek economy, in conjunction with the strict international supervisory rules, continue to restrict the Bank's access to liquidity from other financial institutions and therefore the Eurosystem remains a major source of liquidity for the bank. Note 2.2 also states that the ability of the Bank to continue as a going concern is dependent on (a) the successful completion of the planned actions in order to comply with the regulatory requirements to maintain a Core Tier 1 ratio above the minimum threshold of 9.0% and (b) the continuing reliance on and the continuation of the Eurosystem liquidity facilities.

Additionally, in March 2013, the Executive Committee of Bank of Greece issued decision 13/28.03.13, modifying GA/BoG 2630/29.10.2010, which defines a new criterion for the capital adequacy of Greek banks, i.e. the Core Tier I ratio being at a minimum of 9.0%, effective from 31 March 2013. Taking into account information on the Group's capital adequacy as at 31 December 2012, as well as the total amount of the Share Capital Increase in the context of the recapitalisation, the above-mentioned ratio was 7.8% as at 31 December 2012 and increased to 8.4% as at 30 September 2013 (see also "*There are risks associated with the Bank's need for additional capital and liquidity, most notably from increased asset impairment, as well as a significant deterioration in asset quality compared to previous estimates*").

Negative results in the Bank's stress testing may lead to further capital increases or loss of public confidence in the Bank.

Stress tests analysing the European banking sector have been, and the Group anticipates that they will continue to be, published by national and supranational regulatory authorities. At present, it is not clear how the European Banking Authority (EBA) stress tests will be aligned with the requirements of the Hellenic Programme. Loss of confidence in the banking sector following the announcement of stress tests regarding the Bank or the Greek banking system as a whole, or a market perception that any such tests are not rigorous enough, could also have a negative effect on the Group's cost of funding and may thus have a material adverse effect on its results of operations and financial condition.

The Bank's wholesale borrowing costs and access to liquidity and capital have been negatively affected by a series of downgrades of the Hellenic Republic's credit rating. Further downgrades of the Hellenic Republic's credit rating may result in a respective downgrade of the Bank's credit rating.

Since 2009, the Hellenic Republic has undergone a series of credit rating downgrades and in 2010 moved to below investment grade. The credit rating of the Hellenic Republic was lowered by all three credit rating agencies to levels just above default status following the activation of collective action clauses in Greek government bonds subject to Greek Law in late February 2012. Specifically, Standard & Poor's lowered the Hellenic Republic's credit rating to Selective Default-SD (27 February 2012), Fitch lowered the Hellenic Republic's credit rating to Restricted Default-RD (9 March 2012), and Moody's lowered the Hellenic Republic's credit rating to C (2 March 2012). Following the conclusion of the exchange of Greek government bonds under Greek Law, Fitch raised its rating to B- (13 March 2012) and Standard & Poor's raised its rating to CCC (2 March 2012). Furthermore, on 17 May 2012, Fitch lowered the Hellenic Republic's credit rating to CCC due to the upcoming general elections.

On 6 December 2012, Standard & Poor's downgraded the Hellenic Republic to Selective Default-(SD) following the invitation to eligible holders of new Greek government bonds issued under the PSI to participate in the tender offer for the debt buy-back by the Hellenic Republic. However, on 18 December 2012, following the completion of the auction process relating to the debt buy-back, Standard & Poor's upgraded the long-term credit rating of the Hellenic Republic by six notches to B- and the short-term credit rating to B with stable outlook, based on the strong commitment of the Eurozone countries to ensure that Greece will remain in the euro and the commitment of the Hellenic Republic to achieve the fiscal adjustment. On 17 May 2013, Fitch restored the Hellenic Republic's credit rating to B- due to the progress achieved in reducing the fiscal deficit and in applying the Greek economy stabilisation programme and structural reforms. On 29 November 2013, Moody's upgraded the Hellenic Republic's credit rating to Caa3, with a stable outlook, due to positive developments in the fiscal consolidation, medium term economic outlook and the reduction in the Greek State's interest burden.

A further downgrade of the Hellenic Republic's rating may occur in the event of a failure to implement the Hellenic Programme or if the Hellenic Programme fails to produce sufficient results. Accordingly, the cost of risk for the Hellenic Republic would increase further, with negative effects on the cost of risk for Greek banks and thereby on their results. Further downgrades of the Hellenic Republic could result in a corresponding downgrade in the Bank's credit rating.

Deteriorating asset valuations resulting from poor market conditions may adversely affect the Bank's future earnings and its capital adequacy.

An increase in financial market volatility or adverse changes in the marketability of the Bank's assets could impair its ability to value certain of its assets and exposures. The value ultimately realised by the Bank will depend on their fair value determined at that time and may be materially different from their current value. Any decrease in the value of such assets and exposures could require the Bank to realise additional impairment charges, which could adversely affect the Bank's financial condition and results of operations, as well as the Bank's capital.

The global economic slowdown and economic crisis in Greece from 2009 to 2013 have resulted in an increase in past due loans and significant changes in the fair values of the Bank's financial assets.

A substantial portion of the Bank's loans and advances to corporate and individual borrowers is secured by collateral such as real estate, securities, vessels, term deposits and receivables. In particular, as mortgage loans are one of the Bank's principal assets, the Bank is currently highly exposed to developments in real estate markets, especially in Greece. From 2002 to 2007, demand for housing and mortgage financing in Greece increased significantly, driven by, among other things, economic growth, declining unemployment rates, demographic and social trends and historically low interest rates in the Eurozone. In late 2007, the housing market began to adjust in Greece as a result of excess supply, higher interest rates and an accelerated decline in household disposable income. Construction activity started to contract sharply in 2009. The adjustment in residential valuations started in the third quarter of 2008 and continued at an accelerating pace up to the end of 2012. The cumulative decline in house prices from a peak in September 2008 to December 2012 reached 27.9% (source "Bank of Greece report for the year 2012, 25 February 2013") and the decline may continue due to further contraction of disposable income and a high stock of unsold houses. The sharp increase in unemployment during the economic crisis, which in December 2012 reached 26.4%, aggravated the situation, with mortgage delinquencies increasing further.

Adverse developments could be triggered by any further significant deterioration of global economic conditions, including the credit profile of other EU countries such as Ireland, Portugal, Cyprus, Spain or international banks. Any of these events may give rise to concerns regarding the ability of the Hellenic Republic to meet its funding needs. These developments could:

- further directly impact the carrying amount of the Bank's portfolio of Greek government debt;
- further directly impact the impairment losses for receivables relating to the Hellenic Republic;
- severely affect the Bank's ability to raise capital and meet minimum regulatory capital requirements; and
- severely limit the Bank's ability to access liquidity.

A continued decline in the Greek economy, or a deterioration of economic conditions in any industry in which the Bank's borrowers operate or in the market of the collateral, may result in the value of collateral falling below the outstanding principal balance for some loans, particularly those disbursed in the years prior to the crisis. A decline in the value of collateral, or the Bank's inability to obtain additional collateral, may require the Bank to establish additional allowance for loan losses.

In addition, the Bank's failure to recover the expected value of collateral in the case of foreclosure, or its inability to initiate foreclosure proceedings due to domestic legislation, may expose it to losses which could have a material adverse effect on the Bank's business, results of operations and financial condition. Specifically, since 1 July 2010, auctions initiated by banks or their assignees for satisfaction of claims not exceeding €200,000 were suspended until 31 December 2013. As at 31 December 2012, outstanding balances that were subject to this suspension were €1,200.2 million. According to Greek Law 4224/2013 which was published on 31 December 2013, from 1 January 2014 until 31 December 2014 enforcement of auctions concerning the primary residence of individuals (declared as such in income tax returns) continue to be suspended, provided that the assessed market value of such residence does not exceed the amount of €200,000 and necessary criteria concerning family income and movable and immovable property are also fulfilled. Those properties that do not fall under the criteria of the new law are no longer protected from foreclosure and auction proceedings.

The Group may be subject to the provisions of the Recovery and Resolution Directive, once finalised and implemented, in the future

As described under “- Risks related to the structure of a particular issue of Notes-Loss absorption at the point of non-viability of the Issuer and resolution”, on 22 December 2013 the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the **RRD**). The powers provided to authorities in the draft RRD are divided into three categories: (i) preparatory steps and plans to minimise the risks of potential problems (preparation and prevention); (ii) in the event of incipient problems, powers to arrest a bank’s deteriorating situation at an early stage so as to avoid insolvency (early intervention); and (iii) if insolvency of an institution presents a concern as regards the general public interest, a clear means to reorganise or wind down the bank in an orderly fashion while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses in insolvency (resolution).

The draft RRD currently contains four resolution tools and powers: (i) sale of business - which enables resolution authorities to the sale of the institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply; (ii) bridge institution - which enables resolution authorities to transfer of all or part of the business of an institution to a “bridge bank” (a public controlled entity); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time; and (iv) bail-in - which gives resolution authorities the power to write down the claims of senior unsecured creditors and subordinated creditors (including holders of Tier II securities, such as the Subordinated Notes, and non-common Tier I securities) of a failing institution and to convert unsecured debt claims to equity (subject to certain parameters as to which liabilities would be eligible for the bail-in tool).

Except for the senior debt bail-in tool (which is expected to be implemented by 1 January 2018), it is currently contemplated that the measures set out in the draft RRD (including the power of authorities to write off non-common Tier I and Tier II capital) will be implemented in Member States with effect from 1 January 2015.

The powers currently set out in the draft RRD would impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. However, the proposed directive is not in final form and changes may be made to it in the course of the legislative procedure. As such, it is too early to anticipate the full impact of the draft directive but there can be no assurance that, once it is agreed upon and implemented, Noteholders will not be adversely affected by actions taken under it. In addition, there can be no assurance that, once the draft RRD is agreed upon and implemented, its application will not have a significant impact on the Group’s results of operations, business, assets, cash flows and financial condition, as well as on funding activities carried out by the Group and the products and services offered by the Group.

Risks Relating to Volatility in the Global Financial Markets

The Group is vulnerable to the ongoing disruptions and volatility in the global financial markets.

Global growth gained traction in the course of 2013 with the impetus coming from advanced economies, while major emerging economies lost steam. The global economic growth is expected to improve further in 2014, mainly supported by the ongoing ultra-accommodative monetary policy, as well as less severe fiscal tightening in most major advanced economies. The US economic growth gathered pace in the second half of 2013 driven by housing and labour market rebound, expansionary unorthodox monetary policy, as well as declining fiscal risks related to the rise of the Government debt ceiling, which was temporarily suspended until the first quarter of 2014. Moreover, the US economy managed to overcome the partial Federal Government shutdown in mid-October, and is expected to expand by 1.8% in 2013 in total, followed by 2.8% in 2014 (approximately the U.S. long-term trend pace) as the fiscal drug will be less intense compared

with 2013, housing recovery is expected to broaden and private consumption is expected to gain traction. The euro area economy exited recession in the second quarter of 2013 following six quarters of negative economic activity. In 2013, the euro area real GDP growth is expected to decline by 0.4%, before expanding by 1.0% in 2014 driven by a decreased severity of fiscal austerity and strong exports growth. The Eurosystem is expected to remain on an easing mode throughout 2014 and it is expected to use more unconventional policy tools (such as vLTROs (also known as Very Long Term Refinancing Operations), lower policy rates, asset purchases) to hold off deflationary pressures. In Japan, bold fiscal and monetary policies contributed to above-trend growth in 2013, boosting consumer and business confidence. However, structural reforms – that constitute the “third arrow” of PM Abe’s administration economic agenda – have been met with scepticism, so far, and the forthcoming consumption tax-rate hike will negatively affect activity in the first half of 2014. Overall, Japanese real GDP growth is expected to increase by 1.8% in 2013, followed by 1.5% in 2014. Finally, the Chinese economy avoided a hard landing in 2013 due to proactive fiscal and monetary policy. Economic growth is expected to decelerate slightly in 2014, albeit remaining solid at a pace of 7.3%, from 7.6% in 2013 despite elevated risks related to the rapid credit expansion and fears of overheating housing market. Global market conditions generally improved in the second half of 2013 with equity markets reaching all-time highs (particularly in the U.S.), while corporate bond issuance spiked on both sides of the Atlantic as risk appetite improved further.

Looking forward, the balance of global growth risks is tilted to the downside, mainly stemming from tighter global financial conditions if the slowdown of asset purchases by the Federal Reserve (beginning in January 2014) leads to a spike in government bond yields and sharp portfolio rebalances. Furthermore, in the U.S., policy uncertainty remains relatively high, despite the recent budget accord, as Congress has to address the statutory Government debt ceiling at least until the first quarter of 2014. In the euro area, unacceptable delays and setbacks toward the completion of Banking Union that aims to break the vicious cycle between weak banks and weak sovereigns could reignite the euro area sovereign-cum-banking crisis. Finally, slower-than-expected growth and rapid capital outflows in emerging economies, especially in those with large macroeconomic imbalances (large current account and budget deficits), could pose additional risks the global outlook.

The Bank is exposed, as counterparty, to risks potentially faced by other financial institutions.

The Bank routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Sovereign credit pressures may weigh on Greek financial institutions, limiting their funding operations and weakening their capital adequacy by reducing the market value of their sovereign and other fixed income holdings. These liquidity concerns have negatively impacted, and may continue to negatively impact, inter-institutional financial transactions in general. Many of the routine transactions into which the Bank enter expose it to significant credit risk in the event of default by one of its significant counterparties. In addition, the Bank’s credit risk may be exacerbated when the collateral the Bank holds cannot be realised or is liquidated at prices not sufficient for it to recover the full amount of the loan or derivative exposure. A default by a significant financial counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on the Group’s business, results of operations, financial condition and capital position.

Risks Relating to the Group’s Operations Outside the Hellenic Republic

The Group’s Turkish operations make a significant contribution to the Group’s net profit, but operating in Turkey carries certain macroeconomic and political risks.

Turkish operations through Finansbank, the Group's Turkish subsidiary, represented 24.5% of the Group's adjusted loans as at 30 September 2013 compared with 25.6% as at 31 December 2012 and accounted for 42.6% of net interest income for the period ended 30 September 2013 compared with 35.4% for the period ended 30 September 2012. As a result, the Group is subject to operating risks in Turkey, including the following:

- Turkey is a parliamentary democracy and, although stable, is not free from political instability and domestic terrorist acts.
- Military operations in the Middle East, particularly Syria, and elsewhere have increased the political and economic risks in the region. The current security situation in the Middle East may contribute to further tension. These risks may have an impact on the Turkish economy and, consequently, on the Group's operations in Turkey.
- Since the early 1980s, the Turkish economy has undergone a transformation from a highly protected state-directed system to a more free market economy, experiencing a general growth trend from 1992 to 2007. However, the Turkish economy has experienced a succession of financial crises, most notably in 2000 and 2001, as well as macroeconomic imbalances, including substantial budget deficits, significant balance of payments deficits, high inflation rates and high real interest rates. Turkey's economy is exposed to the effects of the continuing global credit difficulties, having experienced four successive quarters of deep recession between the fourth quarter of 2008 and the third quarter of 2009 before Turkey's GDP subsequently grew again, by 9.2% in 2010, 8.8% in 2011 and 2.2% in 2012. Despite the European economic crisis, the rate of growth of the Turkish economy is expected to increase to 4.0% in 2013 (in line with recently released above-the consensus first nine months' growth pace). There can be no assurance that Turkey will remain economically stable during any periods of renewed global economic weakness. Future negative developments in the Turkish economy could impair Finansbank's business strategies and have a materially adverse effect on Finansbank's and the Group's business, financial condition and results of operations.
- Turkey remains dependent on external financing, and its economy is highly exposed to a turnaround in global activity and investor sentiment. Although recent Turkish Central Bank policies have had some success in reducing inflation, there can be no assurance that they will continue to be successful in the future, especially given Turkey's substantial current account deficit and the global liquidity conditions. If the recovery from the downturn in the global financial markets takes longer than expected, or if there is any further turbulence in the global credit and liquidity markets, this could have an adverse effect on Turkey's ability to service its debt, leading to increased volatility in the Turkish economy. In addition to measures taken by the Turkish Central Bank and the Banking Regulation and Supervision Agency of Turkey (**BRSA**) to maintain financial stability, re-escalation of concerns regarding Eurozone economies weighed on Turkey's economic growth. Rebalancing of the economy since the final quarter of 2011 has been evident in the slowdown in domestic demand as reflected in the slowing GDP growth to 2.2% in 2012, down from 8.8% in 2011 (source: Republic of Turkey – Turkish Statistical Institute: Press Release No. 13471, 1 April 2013 “Gross Domestic Product, IV. Quarter 2012 <http://www.turkstat.gov.tr/PreHaberBultenleri.do?id=13471>”), and the narrowing cumulative current account deficit to 6.2% as of 31 December 2012 (compared with 9.7% for 2011). If the level of inflation in Turkey were to fluctuate significantly as a result of global commodity and oil prices, global interest rates or other factors, Finansbank's and the Group's business, financial condition and results of operations, as well as the market price of the Bank's shares, could be adversely affected. Further, the implementation of certain austerity measures proposed by the government and the BRSA to control inflation and bring down the current account deficit could have an adverse effect on the Turkish economy and on the value of Turkish securities. Although the rate of inflation has decreased in recent years, there can be no assurance that this trend will continue, particularly if the Turkish government fails to continue its current economic policies or if those policies cease to be effective.
- Historically, the TL has been subject to significant volatility against the euro and other currencies. For example, the TL appreciated by 3.9% against the euro and by 5.7% against the U.S. dollar between 31 December 2011 and 31 December 2012. Since the acquisition of Finansbank by the Group on 18 August 2006 until 18 December 2013, the TL depreciated by 33.8% against the euro and by 29.3% against the U.S. dollar. The TL depreciated by 16.4% against the euro and by 13.3%

against the U.S. dollar between 31 December 2012 and 18 December 2013. Such fluctuations could have an adverse effect on the value of the Bank's investment in Finansbank and on the Group's overall profitability. The Group has taken steps in the past to reduce its exposure to TL exchange rate fluctuations. The Group may or may not continue implementing such initiatives. In any event such protection may not be available on as favourable terms as have been available in the past or at all, and may not provide a sufficient hedge against such fluctuations.

- The Group believes the general level of macroeconomic and political risk to be higher in Turkey than in a number of countries whose economies and banking markets are more developed and that are already members of the EU, but the risk levels are converging. While the Group believes there is potential for substantial growth in the Turkish banking market, growth may not occur, or Finansbank may be unable to benefit from that growth. Adverse macroeconomic and political events that limit economic growth in Turkey or restrict the growth of the banking market may adversely affect Finansbank's business and could adversely affect the Group's business, results of operations and financial condition. For example, various new laws and regulations have been adopted or proposed in Turkey that affect the Group's business in Turkey. The reserve requirement ratios for TL deposits were increased in 2013 on a tiered basis so that they range from 5% to 11.5% depending on maturity. In addition, the reserve requirement ratios for foreign currency deposits were increased on a tiered basis so that they range from 6% to 13% depending on maturity. The Turkish Central Bank also allowed the banking sector to hold up to 60% of TL-denominated required reserves in foreign currencies and up to 30% of TL-denominated required reserves in gold accounts. Any failure by Finansbank to adopt adequate responses to these or other future changes in the regulatory framework could adversely affect Finansbank's and the Group's business, results of operations and financial condition.
- Turkey is facing a particularly challenging year, due to tightening global liquidity conditions, as the US Federal Reserve started tapering asset purchases in January, large external financing needs, and the looming fiscal calendar (local elections and presidential elections to be held in March 2014 and August 2014, respectively). A major political crisis has recently brought additional uncertainty to this challenging outlook. Indeed, uncertainty has heightened since 17 December 2013, when a 14-month corruption investigation into the upper levels of the Government was suddenly announced by the judiciary, to the surprise of the government. This has led to the resignation of three senior ministers in Prime Minister (PM) Erdogan's government, whose sons were among those detained as part of the investigation. Tensions have intensified, as the government dismissed members of the police and the judiciary on the grounds that they conducted the long-running investigation without the PM's knowledge, and are part of a plot to displace the PM. A protracted period of high uncertainty seems more likely, with a negative impact for growth, inflation, and the TL, and therefore, on Finansbank.
- The Central Bank of Turkey significantly tightened its monetary policy stance in an emergency Monetary Policy Meeting at the end of January 2014 and stands ready to tighten it further if depreciation pressures do not dissipate. Indeed, amid intensifying sell-off in emerging markets, the Central Bank of Turkey significantly hiked its effective funding rate by around 280 bps from the January 2014 average of 7.2%, at the regular January Monetary Policy Committee Meeting and its aggressive intervention in the foreign exchange market proved to be ineffective to contain the Lira's depreciation. This development will have a negative impact on growth, inflation, and the profitability of the banking sector. The bottom line of the banking sector, and therefore that of Finansbank, will be adversely affected by weakening lending activity and narrowing net interest margin, reflecting the fact that the upward loan repricing is likely to take two quarters while upward deposit repricing is quasi-immediate.

Protracted uncertainty in the political stability in Turkey could have a material adverse effect on Finansbank's and the Group's business, results of operations and financial condition.

An inquiry based on corruption allegations involving businessmen and senior bureaucrats started in Turkey in December 2013. This inquiry has led to a political crisis that continues to deepen causing increasing concerns among investors about political stability in Turkey. This change in investor sentiment is reflected in the 11.7% and 9.3% depreciation of TL against the euro and the U.S. dollar respectively and -11.2% return of the IMKB 100 index of Borsa Istanbul between 16 December 2013 and 21 January 2014. The depreciating TL could hurt the Turkish economy as many companies have borrowed in foreign currencies. Moreover, depending on the extent of the TL depreciation, the Central Bank of the Republic of Turkey (CBRT) might have to hike interest rates to stabilise the value of the currency. Such an action could lead to an increase in the funding cost for banks and to a decrease in the demand for new loans from consumers and businesses. This could, in turn, have a material adverse effect on Finansbank's and the Group's business, results of operations and financial condition.

Any loss in consumer confidence in Finansbank's banking operations may lead to an accelerated outflow of funds from customer deposits and could cause an increase in the Group's cost of funding.

Historically, Finansbank's principal sources of funds have included individual deposits. All of Finansbank's individual deposits are effectively short-term deposits (the average maturity of individual deposits as at 30 September 2013 was approximately 62.7 days), which could expose Finansbank to liquidity risks if retail customers were to withdraw large amounts of their deposits or do not roll over their term deposits upon maturity. Although customer deposits have increased as at 30 September 2013 by 14.2% compared with 31 December 2012 (in TL terms), any loss in consumer confidence in Finansbank's banking operations could significantly increase the amount of individual deposit withdrawals in a short space of time or result in higher interest rates on individual deposits, which, in turn, could significantly increase Finansbank's cost of funding. Finansbank also relies heavily upon other types of short-term liabilities for its funding in addition to individual deposits. As at 30 September 2013, 48.0% of Finansbank's borrowed funds and issued debt securities had maturity of less than one year. Given such reliance upon short-term liquidity, there can be no assurance that, in the event of a sudden or unexpected shortage of funds in the banking system or otherwise, Finansbank will be able to maintain its levels of funding and on commercially reasonable terms. The Bank may be called on to provide liquidity support to Finansbank.

A deterioration of the credit quality of Finansbank's loans and advances to customers could have a material adverse effect on Finansbank's and the Group's business, results of operations and financial condition.

The 2009 economic downturn had an adverse effect on the financial condition of some of Finansbank's corporate and retail customers and, in some instances, ultimately affected their ability to service and repay their obligations. This has led to an increase in Finansbank's loans and advances to customers that are more than 90 dpd, accompanied by increased allowance for loan losses. During 2011, recoveries improved markedly. During 2012, recoveries deteriorated to 45.7% compared with 59.9% in 2011. Over time, Finansbank has increased its exposure to retail customers, whose loans generally yield higher interest income but also tend to have higher levels of default than loans of corporate customers. There can be no assurance that continued weakness in consumer spending, high unemployment, decreased profitability of corporate businesses, increasing numbers of insolvencies and/or deterioration of the credit quality of corporate customers will not result in continued increases in the levels of Finansbank's impaired loans in the future. This could, in turn, have a material adverse effect on Finansbank's and the Group's business, results of operations and financial condition.

Finansbank's funding costs and its access to the debt capital markets may be affected by credit ratings.

Any reduction in the current long-term ratings of Finansbank or any of its principal subsidiaries by rating agencies may increase Finansbank's funding costs, limit access to the capital markets and trigger additional

collateral requirements in derivative contracts and other secured funding arrangements. As a result, such reduction could have a material adverse effect on Finansbank's ability to obtain financing, and the Group's business, financial condition and results of operations. In addition, any deterioration in the Bank's credit rating or any decrease in Turkey's sovereign credit rating could affect Finansbank's ability to obtain financing and, in turn, Finansbank's and the Group's business, financial condition and results of operations.

Finansbank faces intense competition in the Turkish banking sector from private banks and Government-owned financial institutions.

The Turkish banking sector is highly competitive and has in recent years undergone a period of consolidation. As at 30 September 2013, there were a total of 45 banks (excluding the Turkish Central Bank and four "participation banks" (interest-free banking institutions) licensed to operate in Turkey.

A small number of these banks have a significant presence in the industry. According to the Banks Association of Turkey's published reports (Source: September 2013 – Turkish Banks – Ranked by Total Assets – EURO), as at 30 September 2013, the top seven private banks in Turkey held approximately 58.1% of the banking sector's total loan portfolio and approximately 56.9% of the total bank assets in Turkey.

The intense competition may increase the pressure for Finansbank to expand the range and sophistication of its products and services currently offered as well as reducing its margins. Increased pricing competition in the Turkish banking sector through the offering of products at significantly lower prices may also impact customer behaviour patterns and loyalty. Any failure to maintain customer loyalty or to offer customers a wide range of high quality, competitive products with consistently high levels of service could have a material adverse effect on Finansbank's and the Group's business, financial condition and results of operations. In addition, state-owned banks in Turkey have historically had access to inexpensive funding in the form of significant Turkish government deposits, which has provided a competitive advantage over private banks.

Finansbank's increased exposure to intense competition in each of its key areas of operation may, among other things, limit Finansbank's ability to increase its customer base, maintain customer loyalty, reduce its asset growth rate and profit margins on services it provides and increase competition for investment opportunities. There can be no assurance, therefore, that the continuation of existing levels of competition or increased competition will not have a material adverse effect on Finansbank's and the Group's business, financial condition and results of operations.

The Turkish banking sector has experienced significant volatility in the past.

The significant volatility in the Turkish currency and foreign exchange markets experienced in 1994, 1998 and 2001, combined with the short foreign exchange positions held by many Turkish banks at those times, affected the profitability and liquidity of certain Turkish banks. In 2001, this resulted in the collapse of several financial institutions. Following this crisis, the government made structural changes to the Turkish banking system to strengthen the private (ie non-governmental) banking sector and allow it to compete more effectively against the state-owned banks. Notwithstanding such changes, the Turkish banking sector remains subject to volatility. If the general macroeconomic conditions in Turkey, and the Turkish banking sector in particular, were to suffer another period of volatility, there can be no assurance that this would not result in further bank failures, reduced liquidity and weaker public confidence in the Turkish banking system.

Finansbank is subject to risks associated with anti-money laundering and know-your-customer policies and procedures.

Finansbank has implemented internal measures to prevent its use as a conduit for money laundering or terrorist financing in order to ensure compliance with applicable anti-money laundering and anti-terrorist financing laws and regulations. In parallel it takes all necessary measures intended to safeguard itself against and mitigate the risk of use of Finansbank and its correspondent banks as a conduit for money laundering.

However, especially in cases where third parties are involved, the relevant risk cannot be completely eliminated. In this respect Finansbank reviews its correspondent banks' internal policies and procedures with respect to such matters, Finansbank, to a large degree, relies upon its correspondent banks to maintain and properly apply their own appropriate anti-money laundering and anti-terrorist financing procedures. If Finansbank is associated with money laundering (including illegal cash operations) or terrorist financing, then Finansbank's and the Group's reputation could suffer and/or they could become subject to fines, sanctions and/or legal enforcement (including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with Finansbank or the Group), which could have a material adverse effect on Finansbank's and the Group's business, financial condition and results of operations.

A possible increase of the minimum capital adequacy ratio of Finansbank could have a material adverse impact on Finansbank's and the Group's business, results of operations and financial condition.

Banking institutions in Turkey, including Finansbank, are required to hold adequate capital at levels determined by regulatory requirements and market expectations. Under the Turkish Banking Law No. 5411, a bank's capital adequacy ratio must be greater than or equal to 8% within the framework of the Regulation regarding the Measurement and Evaluation of Capital Adequacy of Banks. Despite the 8% minimum capital adequacy ratio requirement, the BRSA has publicly announced that its approach is, and will continue to be, to prohibit banks having a capital adequacy ratio of less than 12% from opening new branches. In accordance with these guidelines, because Finansbank intends to open new branches from time to time, it must maintain a capital adequacy ratio in excess of 12%. Furthermore, the BRSA is authorised to increase the minimum capital adequacy ratio or to set different ratios for each bank by taking into consideration such banks' internal systems as well as their asset and financial structures. If implemented by the BRSA in Turkey, potential changes relating to Basel III, as well as any uncertainty in financial markets, may change regulations or market expectations, which could have the result of banks having to hold higher capital levels than currently expected. Definitions of capital tiers may also be subject to change. Any such changes could require Finansbank to maintain a capital adequacy ratio of greater than the 12% that is currently required by the BRSA. This could adversely impact the Bank's operational flexibility or ability to implement its growth strategy and could reduce income growth, which, in turn, could have a material adverse effect on Finansbank's and the Group's business, financial condition and results of operations.

In the future, Turkish banks' capital adequacy requirements may be further affected by changes in regulations related to Basel III, which includes requirements regarding regulatory capital, liquidity adequacy, leverage ratio and counterparty credit risk measurements. If these or any other capital adequacy-related revisions are adopted in Turkey, or if Finansbank is unable to maintain its capital adequacy ratios above the minimum levels required by the BRSA whether due to, an inability to, obtain additional capital on acceptable economic terms, if at all, or to sell assets (including subsidiaries) at commercially reasonable prices if at all, or for any other reason, this could have a material adverse effect on Finansbank's and the Group's business, financial condition and results of operations.

The Group conducts significant international activities in SEE operations, which carry certain political, governmental or macroeconomic risks.

Apart from the Group's operations in the Hellenic Republic and Turkey, it has substantial operations in Bulgaria, Romania, FYROM, Serbia, Albania and Cyprus. The Group's SEE operations accounted for 10.7% of its adjusted loans as at 30 September 2013 compared with 11.0% as at 31 December 2012 and 9.3% of its net interest income for the period ended 30 September 2013 compared with 9.1% for the period ended 30 September 2012. The Group's SEE operations are exposed to the risk of adverse political, governmental or economic developments in the countries in which it operates. In addition, most of the countries outside the Hellenic Republic in which the Group operates are emerging markets in which it faces particular operating risks. These factors could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's SEE operations also expose it to foreign currency risk. A decline in the value of the currencies in which the Group's SEE subsidiaries receive their income or value their assets relative to the value of the euro may have an adverse effect on the Group's results of operations and financial condition.

The economic crisis in Greece may:

- materially adversely affect the operations of the Group's SEE subsidiaries and operations in Turkey;
- increase depositors' concerns in these countries regarding the creditworthiness of the Hellenic Republic and the Bank, which may, in turn, affect their willingness to continue to do business with the Group's international subsidiaries; and
- result in local governmental intervention.

Risks Relating to the Group's Business

The Group has incurred and may continue to incur significant losses on its trading and investment activities due to market fluctuations and volatility.

The Group maintains trading and investment positions in debt, currency, equity and other markets. These positions could be adversely affected by continuing volatility in financial and other markets and the Greek sovereign debt crisis, creating a risk of substantial losses. Significant declines in perceived or actual values of the Group's assets have resulted from previous market events.

Continuing volatility and further dislocation affecting certain financial markets and asset classes could further impact the Group's results of operations, financial condition and prospects. In the future these factors could have an impact on the mark-to-market valuations of assets in the Group's available-for-sale, trading portfolios and financial assets and liabilities for which the fair value option has been elected. In addition, any further deterioration in the performance of the assets in the Group's investment securities portfolios could lead to additional impairment losses, including the Bank's holdings of Greek government bonds. The investment securities portfolios accounted for 7.9% of the Group's total assets as at 31 December 2012.

Volatility can also lead to losses that relate to a broad range of the other trading securities and derivatives that are held by the Group, including swaps, futures, options and structured products. For further information on market risk exposures in those portfolios, refer to "Risk Management".

The increase of past due loans may have a negative impact on the Group's operations in the future and its financial results.

Loans and advances to customers +90 dpd and +180 dpd for mortgage loans represented 21.9% of the Group's adjusted loans as of 30 September 2013, while the equivalent ratio for the Group for its Greek operations was 27.1%. The effect of the economic crisis in Greece and adverse macroeconomic conditions in the countries in which the Group operates may result in further adverse effects on the credit quality of its borrowers, with increasing delinquencies and defaults. In accordance with Greek Law 3869/2010, individuals who are in a state of permanent inability to pay their debts not attributable to wilful misconduct, have the ability to adjust their debts and may be released from a portion of such debts through the successful filing of an application at the competent court. Following modifications to Law 3869/2010 by Law 4161/2013 a judge can impose on the debtor the obligation to pay monthly instalments until the issuance of the final decision on the petition. The amount cannot be less than the amount corresponding to 10% of the instalments the debtor had to pay to all the creditors at the day of the submission of the petition (not less than €40 per month). Nevertheless, in exceptional cases (eg permanent unemployment or severe health problems of the debtor), the Court can define very low monthly or zero amount payments. In order for an individual to apply to the courts under this law, the applicant is required to follow a lengthy procedure.

As at 31 December 2012 and 31 December 2011, 25,003 and 5,930 customers, respectively, had applied to the courts under this law, with an aggregate outstanding balance of €839 million and €286 million, respectively. In addition, collateral collections are more difficult in a period of economic recession, particularly in light of the existing legislation relating to the valuation of collateral in enforcement proceedings. Moreover, as a result of the financial crisis and for the protection of the weaker debtors, enforcement auctions were suspended until 31 December 2013 in cases where either the outstanding balance does not exceed €200,000, or that have recourse to the primary residence of an individual, regardless of whether or not such individual is considered a merchant under Greek Law, provided that such residence does not exceed the non-taxable threshold increased by 50% (See “*Regulation and Supervision of Banks in Greece*”). As at 31 December 2012 and 31 December 2011, outstanding balances that could be subject to the above-mentioned Act were €1,200.2 million and €365.7 million, respectively.

Moreover, according to Law 4224/2013, from 1 January 2014 until 31 December 2014 enforcement of auctions concerning the primary residence of individuals are suspended, declared as such in income tax returns provided that the assessed market value of such residence does not exceed the amount of €200,000 and some necessary criteria concerning family income and movable and immovable property are also fulfilled. During the aforementioned suspensions, the debtors are obliged to pay monthly instalments. Nevertheless, in exceptional cases (eg debtors with no income), there is an option of zero amount payments.

Future credit provisions and impairment charges for impaired loans could have a material adverse effect on the Group’s profitability.

Moreover, Greek Law 4161/2013 established a facilitation programme allowing individuals in financial distress to service their loans by paying reduced monthly instalments for a prescribed period of time. Those eligible to benefit from the facilitation programme are individuals whose total household income (at the time of the application submission), has fallen by at least 20% compared with 2009. The provisions of Greek Law 4161/2013 lay down additional eligibility criteria relating, *inter alia*, to the value of the debtor’s primary residence and total immovable property, as well as to the total annual household income. The Bank is obliged not to terminate the contracts of individuals who have joined the facilitation programme and also to refrain from any enforcement proceedings against the debtor and its guarantor subject to exemptions provided by Greek Law 4161/2013.

Further to the above, new measures have recently been announced. Specifically, according to Greek Law 4224/2013 a decision of the Bank of Greece concerning the issuance of a code of conduct for management of non-performing private debt, will be made public and enforced by 31 December 2014 at the latest.

Volatility in interest rates may negatively affect the Group’s net interest income and have other adverse consequences.

Interest rates are highly sensitive to many factors beyond the Group’s control, including monetary policies, as well as domestic and international economic or political conditions. There is no assurance that further events will not alter the interest rate environment in Greece and other markets in which the Group operates. The cost of funding is especially at risk for the Bank due to increased Eurosystem funding and tight liquidity conditions in the domestic deposit market.

As with any bank, changes in market interest rates may affect the interest rates the Group charges on its interest-earning assets differently from the interest rates it pays on its interest-bearing liabilities. This difference could reduce the Group’s net interest income. Since the majority of the Group’s loan portfolio effectively re-prices within a year, rising interest rates may also result in an increase in the Group’s allowance for the impairment of loans and advances to customers if customers cannot refinance in a higher interest rate environment. Further, an increase in interest rates may reduce the Group’s clients’ capacity to repay in the current economic circumstances. The occurrence of any of these events could have an adverse effect on the Group’s business, financial condition and results of operations.

The Bank faces significant competition from Greek and foreign banks.

The general scarcity of wholesale funding since the onset of the economic crisis has led to a significant increase in competition for retail deposits in Greece. The Bank faces competition from foreign banks, some of which may have resources greater than that of the Bank's. The Bank may not be able to continue to compete successfully with domestic and international banks in the future, which will not be subject to the limitations and increased supervision associated with state aid. These competitive pressures on the Group may have an adverse effect on its business, results of operations and financial condition.

Laws regarding the bankruptcy of individuals and regulations governing creditors' rights in Greece, Turkey and various SEE countries may limit the Group's ability to receive payments on past due loans.

Laws regarding the bankruptcy of individuals who are not merchants (including Greek Law 3869/2010, as in force, regarding the debt arrangement of debts for over-indebted individuals) and Greek Law 4161/2013 establishing a facilitation programme allowing individuals in financial distress to service their loans by paying reduced monthly instalments for a prescribed period of time) and other laws and regulations governing creditors' rights generally vary significantly within the region in which the Group operates. In some countries, the laws offer significantly less protection for creditors than the bankruptcy regimes in Western Europe and the United States. If the current economic crisis persists or worsens, bankruptcies could intensify, or applicable bankruptcy protection laws and regulations may change to limit the impact of the recession on corporate and retail borrowers. Such changes may have an adverse effect on the Group's business, results of operations and financial condition.

Changes in consumer protection laws might limit the fees that the Group charges in certain banking transactions.

Changes in consumer protection laws in Greece, Turkey and other jurisdictions where the Group has operations could limit the fees that banks can charge for certain products and services such as mortgages, unsecured loans and credit cards. If introduced, such laws could reduce the Group's profit for the period, although the amount of any such reduction cannot be estimated with any accuracy at this time. There can be no assurance that such effects will not have an adverse effect on the Group's business, results of operations and financial condition.

The Group's business is subject to increasingly complex regulation which may increase its regulatory and capital requirements.

The Group is subject to financial services laws, regulations, administrative actions and policies in each jurisdiction in which it operates. All of these regulatory requirements are subject to change, particularly in the current market environment where there have been unprecedented levels of government intervention and changes to the regulations governing financial institutions. In response to the global financial crisis, national governments as well as supranational groups, such as the EU, have been considering significant changes to current regulatory frameworks, including those pertaining to capital adequacy, liquidity and the scope of banks' operations. As a result of these and other ongoing and possible future changes in the financial services regulatory framework (including requirements imposed by virtue of the Group's participation in any government or regulator-led initiatives such as the Hellenic Republic's Bank Support Plan), the Group may face greater regulation in the Hellenic Republic, Turkey, SEE and the United States. Current and future regulatory requirements may differ across each of these locations and even requirements with EEA-wide application may be implemented or applied differently in various jurisdictions.

Compliance with these new requirements may increase the Group's regulatory capital and liquidity requirements and costs, disclosure requirements, restrict certain types of transactions, affect its strategy and limit or require the modification of rates or fees that it charges on certain loan and other products, any of which could lower the return on the Group's investments, assets and equity. The Group may also face increased compliance costs, including the potential cost for compliance with the Foreign Account Tax

Compliance Act and limitations on its ability to pursue certain business opportunities. The new regulatory framework may have significant scope and may have unintended consequences for the global financial system, the Greek financial system or the Group's business, including increasing competition, increasing general uncertainty in the markets or favouring or disfavouring certain lines of business. The Group cannot predict the effect of any such changes on its business, financial condition, cash flows or future prospects.

Regulation of the banking industry in the Hellenic Republic has changed in recent years largely as a result of Greece's implementation of applicable EU directives and in response to the economic crisis in the Hellenic Republic.

During 2012 and 2013, the Bank of Greece issued a series of Governor's Acts and other secondary legislation (**GAs/BoG**) aiming to further strengthen the regulatory framework of Financial Institutions and to incorporate specific European Guidelines. More specifically, the Bank of Greece issued the following:

- GA/BoG 2645/09.09.2011 (Redefining rules for calculating regulatory capital for exposures to Securitisation/Resecuritisation);
- GA/BoG 2646/09.09.2011 (Updating rules for calculating regulatory capital for market risk);
- GA/BoG 2647/07.11.2011 (Training and knowledge certification of insurance and reinsurance intermediaries);
- GA/BoG 2648/19.01.2012 (Recovery plan in accordance with par. 7 of article 62 of Law 3601/2007);
- GA/BoG 2650/19.01.2012 (Remuneration policy implemented by credit institutions – Amendment of GA/BoG 2577/09.03.2006 and 2592/20.08.2007);
- GA/BoG 2651/20.01.2012 (Regulatory reports to be submitted periodically by financial institutions to Bank of Greece);
- GA/BoG 2652/29.02.2012 (Amendment of the BoG Banking and Credit Committee Decisions 281/5/17.03.2009 and 285/6/09.07.2009);
- GA/BoG 2653/29.02.2012 (Establishment of a Resolution Measures Committee – Amendment of provisions of GA/BoG 336/29.02.1984, as in force);
- GA/BoG 2655/16.03.2012 (Technical criteria on disclosure requirements);
- GA/BoG 2659/11.06.2012 (Amendment of GA/BoG 2623/12.02.2010 and 2637/07.12.2010, regarding the Monthly Accounting Position submitted by credit institutions to the Bank of Greece);
- GA/BoG 2661/03.07.2012, which amended several GAs/BoG on capital adequacy, the measurement of regulatory capital and the exposures and risks of banks. More specifically, it amended GA/BoG 2588/20.08.2007 (Calculation of capital requirements for Credit Risk in the Banking Book according to the STD Approach), GA/BoG 2589/20.08.2007 (Calculation of capital requirements for Credit Risk in the Banking Book according to the IRB Approach), GA/BoG 2590/20.08.2007 (Minimum capital requirements of Banks for Operational Risk), GA/BoG 2594/20.08.2007 (Counterparty Risk), GA/BoG 2630/29.10.2010 (Definition of Own Funds for Banks located in Greece), GA/BoG 2635/29.10.2010 (Supervision and control of Banks' Large Exposures) and GA/BoG 2646/9.09.2011 (Calculation of capital requirements of Banks for Market Risk);
- GA/BoG 2662/03.07.2012 (Amendment of the provisions of GA/BoG 336/29.02.1984 and GA/BoG 2653/29.02.2012); and

- GA/BoG 2664/28.09.2012, which cancelled GA/BoG 2654/29.02.2012. The latter set new Core Tier I Capital Ratio for Greek Financial Institutions at 9.0% as of 30 September 2012 and 10.0% as of 30 June 2013. In March 2013, however, the executive committee of the Bank of Greece issued a decision (No. 13/28.03.2013) amending GA/BoG 2630/29.10.2010, according to which the Greek financial institutions were required to achieve a Core Tier I Capital Ratio of 9.0% effective from 31 March 2013 and redefining the assets deemed eligible for Core Tier I Capital. Moreover, in December 2013 the executive committee of the Bank of Greece issued a Decision (No. 36/23.12.2013), in force from 31 December 2013, amending its Decision No. 13/28.03.2013.

The European Parliament and the Council of Europe proceeded during 2011 in issuing and publishing for consultation a new directive (known as **CRD IV**: “European Commission, Proposal for a Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, 20 July 2011”), which incorporates respective amendments that have been proposed by the Basel Committee for Banking Supervision (the **Basel Committee**) (**Basel III**). CRD IV was finalised in June 2013.

The directive on the undertaking and pursuit of the business of Insurance and Reinsurance “Solvency II” (Directive 2009/138/EC) of 25 November 2009 is a fundamental review of the capital adequacy regime for the European insurance sector business. When implemented, the capital structure and overall governance of the Group’s life assurance business will alter significantly and this may have an impact on the capital structure of the Group. Although the date of transposition was initially 31 October 2012, Directive 2012/23/EE stated that the date for transposition into national law was 30 June 2013. Further, 1 January 2014 was set as the date of application and subsequent removal of the existing relevant insurance and reinsurance directives. Additionally, Directive 2013/58 changed the date for transposition into national law to 31 March 2015 and 1 January 2016 was set as the date of application and subsequent removal of the existing relevant insurance and reinsurance directives (see – “*The Group may be subject to the provisions of the Recovery and Resolution Directive, once finalised and implemented, in the future*”).

Finansbank is subject to a number of banking and other regulations in Turkey, in particular those of the BRSA. Banking regulations in Turkey are evolving in parallel with the global changes and international regulatory environment. Since June 2012, Turkish banks have been required to measure and report on their capital adequacy in compliance with the proposals of the Basel Committee on capital standards (known as **Basel II**), as adopted in Turkey. Although the impact on Finansbank’s capital ratios from adopting Basel II was positive, requirements relating to the proposed implementation of Basel III may have an adverse effect on Finansbank’s capital ratios if implemented by the BRSA in Turkey.

The Group may be unable to recruit or retain experienced and/or qualified personnel.

The Group’s competitive position depends, in part, on its ability to continue to attract, retain and motivate qualified and experienced banking and management personnel. Competition in the Greek, Turkish and other SEE banking industries for personnel with relevant expertise is intense due to the relatively limited availability of qualified individuals. To recruit qualified and experienced employees and to minimise the possibility of their departure, the Group provides compensation packages consistent with evolving standards in the relevant labour markets. Under the terms of the Hellenic Republic’s Bank Support Plan, as currently applicable, the Bank is prohibited from paying bonuses to the members of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officer and any General Managers or their successors. Furthermore, as a result of the economic crisis and regulatory restrictions on bonus payments, the Group is limiting or restricting the bonuses it pays to its personnel, which may inhibit the retention and recruitment of qualified and experienced personnel. The inability to recruit and retain qualified and experienced personnel in the Hellenic Republic, Turkey and SEE, or manage the Group’s current personnel successfully or replace departed personnel, could have a material adverse effect on its business, results of operations, financial condition and prospects. This risk has increased in view of the current economic situation in Greece.

The Group could be exposed to significant future pension and post-employment benefit liabilities.

As with other large companies in the Hellenic Republic that are, or were historically, in the public sector, the employees of the Bank and certain of the Group's subsidiaries participate in employee-managed pension schemes. The Bank and certain of the Group's subsidiaries make significant contributions to these schemes. In addition, the Bank and several of the Group's subsidiaries offer other post-employment benefit plans, including medical benefit plans. The consolidated net liability under these plans as of 31 December 2012 was €229.8 million, determined by reference to a number of critical assumptions. These include assumptions about movements in interest rates which may not be realised. Potential variations may cause the Group to incur significantly increased liabilities in respect of these obligations. In an effort to further reduce operating expenses, the Bank successfully completed its voluntary retirement programme on 31 December 2013, which involved the participation of 2,510 workers. As a result, the Bank projects a reduction of personnel expenses by about €150.0 million annually. For more information on the Group's current obligations under pension plans and the assumptions by reference to which they are determined, please refer to Note 12 of the 2012 Annual Financial Statements, incorporated by reference into this Base Prospectus.

In accordance with Greek Law 3655/2008, applicable from April 2008, the Bank's main pension plan and the main pension branch of Ethniki Hellenic General Insurance S.A.'s (**EH**) post-employment and health plan, both of which are defined-contribution plans, have been incorporated into the main pension branch of the state-sponsored social security fund IKA-ETAM as of 1 August 2008. Pursuant to this legislation, the Bank will contribute €25.5 million into IKA-ETAM per year for 15 years starting from December 2009. The April 2008 legislation also prescribed that employer contributions made by the Bank to the existing funds that are to be merged into IKA-ETAM will be reduced every three years in equal increments starting from 26.5% in 2013 until they reach 13.3%. This rule applies to employees who joined any social security plan prior to 1 January 1993. Employer contributions made by EH to the existing funds that are to be merged with IKA-ETAM will also be reduced every three years in equal increments until they reach 13.3% (from 20%) for employees who joined any social security plan prior to 1 January 1993.

In 2005 and 2006, the Hellenic Republic passed legislation permitting bank employee auxiliary pension schemes to merge with the new Insurance Fund of Bank Employees (**ETAT**). The relevant legislation provides that, in connection with the merger of auxiliary schemes with ETAT, the relevant employer shall make a payment to ETAT solely in an amount to be determined by an independent financial report commissioned by the Ministry of Finance pursuant to this legislation.

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. Benefits paid are determined by years of service with the Bank and the employee's final pensionable salary. Under Greek Law 3371/2005 employees hired after 1 January 2005 are insured in the single auxiliary social security fund (**ETEAM**). The Bank has been paying contributions to ETEAM since 1 May 2007.

In accordance with Greek Law 4052/2012 (GG A' 41), a new auxiliary fund called the Integrated Auxiliary Pension Fund (**ETEA**) was established on 1 July 2012. ETEA includes, among others, ETEAM and, according to transitional provisions of the same law (GG A' 256/2012), from 1 January 2013, the ETAT Fund is mandatorily included as regards only auxiliary schemes. However according to the Legislative Act of the Greek Cabinet (GG A' 256/31.12.2012) the ETAT Fund retains the obligation to grant pension allowances (which pertain to the period prior to the main pension status quo of an employee) to the beneficiaries of the auxiliary pension schemes which have been integrated into ETAT under L.3371/2005. Moreover the ETAT Fund, according to the provisions of its charter as provided for by L.3371/2005 (the said provisions have not been negated up to this date) maintains the capacity to act as a Fund into which auxiliary social security pension funds could be assimilated.

In April 2006, the Bank applied under Greek Law 3371/2005, as amended, to merge its Auxiliary Pension Fund, a defined-contribution plan, into ETAT. Consequently, the Bank may have to contribute a significant

amount either to ETAT or to ETEA in relation to this merger depending on which of the two aforementioned funds is part of the planned merger.

Furthermore, Greek Law 3863/2010 substantially amended the structure and operation of the Greek pensions system. These developments, as well as future interpretations of existing laws and any future legislation regarding pensions and pension liabilities or other post-employment benefit obligations, including those under the Hellenic Programme, may increase the liability of the Bank or its subsidiaries with respect to pension and other post-employment benefit plan contributions to cover actuarial or operating deficits of those plans.

The Greek banking sector is subject to strikes, which may adversely affect the Group's operations.

Most of the Bank's employees belong to a union and the Greek banking industry has been subject to strikes over the issues of pensions and wages. Bank employees throughout the Hellenic Republic went on strike for 14 days in 2012. In 2013, Bank employees went on strike for 15 days, largely to express their opposition to the new austerity measures implemented in light of the Hellenic Programme. Greek bank unions in general participate in general strikes, which have increased in number. Prolonged labour unrest could have a material adverse effect on the Bank's operations in the Hellenic Republic, either directly or indirectly; for example, on the willingness or ability of the government to pass the necessary reforms to implement the Hellenic Programme successfully.

The fair value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may not be accurate.

In establishing the fair value of certain financial instruments, the Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable financial market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in financial market conditions. In such circumstances, the Group's internal valuation models require the Group to make assumptions, judgements and estimates to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgements and estimates the Group is often required to make relate to matters that are inherently uncertain, such as expected cash flows. Such assumptions, judgements and estimates may need to be updated to reflect changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments could have a material adverse effect on the Group's earnings and financial condition. Also, recent market volatility and illiquidity has challenged the factual bases of certain underlying assumptions and has made it difficult to value certain of the Group's financial instruments. Valuations in future periods, reflecting prevailing market conditions, may result in changes in the fair values of these instruments, which could have a material adverse effect on the Group's results, financial condition and prospects.

The Group is exposed to credit risk, market risk, liquidity risk, operational risk and insurance risk.

As a result of the Group's activities, it is exposed to a variety of risks. Among the most significant of these risks are credit risk, market risk, liquidity risk, operational risk and insurance risk. Failure to control these risks could result in material adverse effects on the Group's financial performance and reputation.

- **Credit Risk.** Credit Risk is the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with the Group or otherwise fail to perform as agreed. It arises in lending activities as well as in various other activities where the Group is exposed to the risk of counterparty default, such as the Group's trading, capital markets and settlement activities. The risk of counterparty default is the largest single risk the Group faces.

- **Market Risk.** Market risk is the current or prospective risk to earnings and capital arising from adverse movements in bond, equity, commodity, currency and derivative prices. Changes in interest rate levels, yield curves and spreads may affect the Group's net interest margin. Changes in currency exchange rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets or financial conditions generally may cause changes in the value of the Group's investment and trading portfolios. The Group has implemented risk management methods to mitigate and control these and the other market risks to which its portfolios are also exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's financial performance and business operations.
- **Liquidity Risk.** Liquidity risk is defined as the current or prospective risk to earnings and capital arising from an entity's inability to meet its liabilities when they come due without incurring unacceptable losses. It reflects the potential mismatch of payment obligations to incoming payments, taking into account unexpected delays in repayments (term liquidity risk) or unexpectedly high payment outflows (withdrawal/call risk). Liquidity risk involves both the risk of unexpected increases in the cost of funding a portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner on reasonable terms. The severity of pressure experienced by the Hellenic Republic in its public finances has restricted access to markets for the Bank, which currently relies almost entirely on the Eurosystem (See "*—Risks Relating to the Hellenic Republic's Economic Crisis—The Bank is currently limited in its ability to obtain funding in the capital markets and is dependent on the Eurosystem for funding, which may be affected by changes in Eurosystem rules relating to the eligibility of collateral used for funding, such as Greek government bonds and guarantees.*").
- **Operational Risk.** Operational risk corresponds to the risk of loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal events include, but are not limited to, fraud by employees, clerical errors, record-keeping errors and information system malfunctions or manipulations. External events include floods, fires, earthquakes, riots or terrorist attacks, fraud by outsiders and equipment failures. Finally, the Group may also fail to comply with regulatory requirements or conduct-of-business rules.
- **Insurance Risk.** The principal risk that the Group may face under its insurance policies is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This could occur because the frequency or severity of claims is greater than estimated. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behaviour, changes in public health, pandemics and catastrophic events such as earthquakes, industrial disasters, fires, riots or terrorism.

Although Management believes that its risk management and risk mitigation policies are adequate, the Group's risk management processes may not prevent all instances of fraud. In addition, continuing volatility as a result of market forces that are out of the Group's control could cause the Bank's liquidity position to deteriorate. Such deterioration would raise funding costs and limit the Bank's capacity to increase its credit portfolio and the total amount of its assets, which could have a material adverse effect on the Bank's business, results of operations and financial condition.

The Group's economic hedging may not prevent losses.

If any of the variety of instruments and strategies that the Group uses to hedge its exposure to market risk economically is not effective, the Group may incur losses. Many of the Group's strategies are based on historical trading patterns and correlations. Unexpected market developments therefore may adversely impact the effectiveness of the Group's hedging strategies. Moreover, the Group does not economically hedge all of its risk exposure in all market environments or against all types of risk. For example, the Group

is exposed to TL fluctuations and it does not always economically hedge this exposure. The Group has not hedged the sovereign credit risk of the Hellenic Republic.

The Group's information systems and networks have been, and will continue to be, vulnerable to an increasing risk of continually evolving cyber security or other technological risks which could result in the disclosure of confidential client or customer information, damage to the Group's reputation, regulatory penalties and financial losses to the Group.

A significant portion of the Group's operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions on a minute-by-minute basis. The Group stores an extensive amount of personal and client-specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions. These activities have been, and will continue to be, subject to an increasing risk of cyber attacks, the nature of which is continually evolving.

The Group's computer systems, software and networks have been and will continue to be vulnerable to unauthorised access, loss or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber attacks and other events.

These threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to the Group's reputation with its clients and the market, additional costs to the Group (such as for repairing systems or adding new personnel or protection technologies), regulatory penalties and financial losses to both the Group and its clients. Such events could also cause interruptions or malfunctions in the operations of the Group (such as the lack of availability of the Group's online banking systems), as well as the operations of its clients, customers or other third parties. Given the volume of transactions at the Group, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences.

In addition, third parties with which the Group conducts business under stringent contractual agreements may also be sources of cyber security or other technological risks. The Group outsources a limited number of supporting functions, such as the printing of customer credit card statements, which results in the storage and processing of customer information. Although the Group adopts a range of actions to eliminate the exposure resulting from outsourcing, such as not allowing third party access to the production systems and operating a highly controlled IT environment, unauthorised access, loss or destruction of data or other cyber incidents could occur, resulting in similar costs and consequences to the Group as those discussed above.

While the Group maintains insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks such as fraud and financial crime, such insurance coverage may be insufficient to cover all losses.

The Group's loan portfolio may continue to contract.

In the current economic environment, the Group's Greek loan portfolio may continue to decline, and its foreign loan portfolio may not grow at historic rates or may decline. Furthermore, there is a limited number of high credit quality customers to whom banking services may be provided in the Group's target markets. Developments in the Group's loan portfolio will be affected by, among other factors, the health of the Greek economy in light of the economic crisis and the Hellenic Programme. The continuing decline in the Group's loan portfolio, in combination with past due loans, may limit its net interest income, and this could have a material adverse effect on its business, results of operations and financial condition.

The Group could be subject to additional taxes.

Due to uncertainty regarding the success of the Hellenic Programme, new taxes may be imposed on the Group, such as “one-off” taxation on profitable companies, and existing taxes may be increased. Greek Law 4110/2013 provides that for periods commencing from 1 January 2013 and thereafter, the nominal corporation tax rate is increased to 26% from 20%. In 2010, the Group was subject to a €79.1 million windfall tax, which comprised a tax on 2009 earnings and a non-offsettable withholding tax of €53.0 million relating to interest income from bonds. There can be no assurance that further ad-hoc taxes on financial institutions will not be imposed in future periods.

In addition, the 25 March 2013 agreement between the Eurogroup and the Republic of Cyprus also included an increase of withholding tax on capital and of the income tax rate.

At the European Council Summit held on 17 June 2010, representatives agreed that Member States should introduce a system of levies and taxes on financial institutions to promote an equitable distribution of the costs of the global financial crisis. In February 2013, a new Directive was adopted for the enhancement of cooperation on the taxation of financial transactions. This Directive will be applied in 11 member states of the EU (known as the **FTT** zone) including Greece, and covers the tax imposition on each transaction associated with FTT. Any additional taxes imposed on the Group in the future may have a material adverse effect on its business, results of operations and financial condition.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Fixed Reset Notes

Fixed Reset Notes will initially bear interest at the Initial Interest Rate until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin as determined by the Principal Paying Agent on the relevant Reset Determination Date (each such interest rate, a **Subsequent Reset Rate**). The Subsequent Reset Rate for any Reset Period could be less than the Initial Interest Rate or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Fixed Reset Notes.

The Issuer's obligations under Subordinated Notes are subordinated

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to Senior Creditors of the Issuer. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

The Bank's obligations under a Subordinated Guarantee are subordinated

The Bank's obligations under a Subordinated Guarantee will be unsecured and subordinated and will rank junior in priority of payment to Senior Creditors of the Bank. Although Subordinated Notes guaranteed by a Subordinated Guarantee may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in such Subordinated Notes will lose all or some of his investment should the Bank become insolvent.

Regulatory classification of the Notes

The intention of the Bank is for Subordinated Notes to qualify on issue as "Tier II capital", for regulatory capital purposes.

Although it is the Bank's expectation that the Notes qualify as "Tier II capital", as applicable, there can be no representation that this is or will remain the case during the life of the Notes or that the Notes will be grandfathered under the implementation of future EU capital requirement regulations. If the Notes are not grandfathered, or, as a result of a change in Greek law or Applicable Banking Regulations or any change in the official application or interpretation thereof, cease to qualify, as "Tier II capital", the Bank will have the right to redeem the Notes in accordance with Condition 11.6 (Redemption of Subordinated Notes for regulatory reasons) (subject as set out in such Condition), subject to the prior approval of the Bank of Greece. There can be no assurance that holders of such Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Notes, as the case may be.

Loss absorption at the point of non-viability of the Issuer and resolution

The powers provided to "resolution authorities" in the draft RRD described under "*– Risks Relating to the Hellenic Republic's Economic Crisis-The Group may be subject to the provisions of the Recovery and Resolution Directive, once finalised and implemented, in the future*" include write down/conversion powers

to ensure capital instruments fully absorb losses at the point of non-viability of the issuing institution. Accordingly, the draft RRD contemplates that resolution authorities will be required to write-down such capital instruments in full on a permanent basis, or convert them in full into Common Equity Tier 1 instruments (**RRD Non-Viability Loss Absorption**), before any resolution action is taken (see below). The draft RRD currently provides, *inter alia*, that resolution authorities shall exercise the write-down power in a way that results in (i) Common Equity Tier 1 instruments, written down first in proportion to the relevant losses and (ii) thereafter, the principal amount of other capital instruments being reduced to zero on a permanent basis. Common Equity Tier 1 instruments may be issued to holders of other capital instruments that are written down.

The point of non-viability under the draft RRD is the point at which the national resolution authority determines if the institution meets the condition for resolution, defined as:

- (a) the institution is failing or likely to fail, which means:
 - (i) the institution has incurred/is likely to incur, in the near future, losses depleting all or substantially all its own funds; and/or
 - (ii) the assets are/will be, in the near future, less than its liabilities; and/or
 - (iii) the institution is/will be, in the near future, unable to pay its obligations; and/or
 - (iv) the institutions requires public financial support;
- (b) there is no reasonable prospect that a private action would prevent the failure; and
- (c) a resolution action is necessary in the public interest.

The draft RRD contemplates that it will be implemented in Member States by 31 December 2014, with the RRD Non-Viability Loss Absorption provisions (*inter alia*) becoming effective as of 1 January 2015.

An additional bail-in tool, which comprises a more general power for resolution authorities to write down the claims of unsecured creditors of a failing institution and convert unsecured debt claims into equity, is expected to be implemented under the RRD as of 1 January 2018.

The draft RRD currently provides that a write down/conversion resulting from the use of the bail-in tool would, in summary, follow the ordinary allocation of losses and ranking in an insolvency of the relevant institution.

The draft RRD currently represents the only official proposal at the EU level for the implementation in the European Economic Area of the non-viability requirements set out in the press release dated 13 January 2011 issued by the Basel Committee on Banking Supervision (the **Basel Committee**) entitled “Minimum requirements to ensure loss absorbency at the point of non-viability” (the **Basel III Non-Viability Requirements**). The Basel III Non-Viability Requirements form part of the broader Basel III package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions.

The Basel Committee contemplated implementation of the Basel III reforms as of 1 January 2013. However, implementation of these reforms in the European Economic Area has been delayed but will be by way of a Directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (**CRD IV**) or by Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (**CRR**). These texts were published in the Official Journal of the European Union on 27 June 2013. They must be applied from 1 January 2014. CRR contemplates that the Basel III Non-Viability Requirements will be implemented in the European

Economic Area by way of the RRD and the RRD Non-Viability Loss Absorption. If such statutory loss absorption at the point of non-viability is not implemented by 31 December 2015, then the most recent text of CRR indicates that the European Commission shall review and report on whether provision for such a provision should be included in CRR and, in light of that review, come forward with appropriate legislative proposals.

It is currently unclear whether RRD Non-Viability Loss Absorption, when implemented, will apply to capital instruments (such as the Subordinated Notes) that are already in issue at that time or whether certain grandfathering rules will apply. If and to the extent that such provisions, when implemented, apply to the Subordinated Notes, and/or if the Basel III Non-Viability Requirements become applicable to the Subordinated Notes at any time, the Subordinated Notes may be subject to write down or conversion to common equity tier 1 instruments upon the occurrence of the relevant trigger event, which may result in Holders losing some or all of their investment in the Subordinated Notes. The exercise of any such power or any suggestion or anticipation of such exercise could, therefore, materially adversely affect the value of the Subordinated Notes.

In addition to RRD Non-Viability Loss Absorption, the draft RRD provides resolution authorities with broader powers to implement other resolution measures with respect to distressed banks, which may include (without limitation) the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

The draft RRD is not in final form and changes may be made to it in the course of the legislative process. In addition, as noted above, it is unclear whether the Basel III Non-Viability Requirements could be applied in respect of the Subordinated Notes ahead of implementation of the RRD. Accordingly, it is not yet possible to assess the full impact of the relevant loss absorption provisions. There can be no assurance that, once implemented, the fact of applicable loss absorption provisions or the taking of any actions currently contemplated or as finally reflected in such provisions would not adversely affect the price or value of a Holder's investment in the Subordinated Notes and/or the ability of the Issuer to satisfy its obligations under the Subordinated Notes.

Trading in the Clearing Systems.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the Specified Denomination (or its equivalent) that are not integral multiples of the Specified Denomination (or its equivalent). In such a case an investor who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive definitive Notes in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination. If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to Notes generally.

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive. A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment to an individual were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Terms and Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent with a specified office in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Greek tax laws are uncertain and the Notes may be subject to optional redemption by the Issuer in the event of changes in tax laws, including changes in application or official interpretation of such laws

Greek tax laws are uncertain and subject to change. In particular, Greek Law 4172/2013 on income tax (as amended by law 4223/2013), which is applicable from 1 January 2014, was enacted very recently and its provisions have not yet been interpreted or clarified by the competent departments of the Greek Ministry of Finance in accordance with the Greek Ministry of Finance's past practice. Consequently, such law may be subject to contrary or different future interpretations, guidelines or other form of instructions that may be issued by the Greek Ministry of Finance in the form of circulars (POL), ministerial decisions or other secondary legislation.

If, as a result of any change in, or amendment to, the laws or regulations of the Hellenic Republic or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of first Tranche of a Series of Notes, the Bank would be required to pay additional amounts under the Guarantee of the Notes as provided in Condition 13 (Taxation), and the Bank is unable, for reasons outside its control, to procure payment by the Issuer, then the Issuer will have the option to redeem the Notes prior to their stated maturity pursuant to Condition 11.2 (Redemption for tax reasons) at a redemption price equal to the relevant Early Redemption Amount.

There is a risk that at the time of such redemption an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

U.S. Foreign Account Tax Compliance Act Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not

comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has paid the clearing systems and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Prospective investors should refer to the section "*Taxation-Foreign Account Tax Compliance Act*".

Change of law

The Terms and Conditions of the Notes are based on English law (or, in respect of Condition 6.2 (Status — Subordinated Guarantee), the laws of the Hellenic Republic) in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or Greek law or administrative practice after the date of this Base Prospectus.

Risks related to the market generally.

Set out below is a description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Bank will make any payments under the Guarantee of the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Bank to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that if market interest rates are subsequently increased above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Bank or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restrictions will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions of the Notes, in which event, if appropriate, and in the case of listed Notes only, a supplement to the Base Prospectus or a new Base Prospectus will be published.

*This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the **Prospectus Regulation**).*

Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this summary.

Issuer: NBG Finance plc

Guarantor: National Bank of Greece S.A.

Risk Factors: Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Bank to fulfil their respective obligations in respect of the Notes are discussed under “*Risk Factors*” above and include risks relating to competition, the performance of the Group as a whole, risks relating to the Hellenic Republic’s economic crisis, risks relating to the Bank’s operational autonomy being constrained due to it being a recipient of state aid and other general banking risks, including credit risk and exchange rate risk. In addition, there are certain factors which are material for assessing the potential market risks associated with Notes issued under the Programme. These are also discussed under “*Risk Factors*” above and include certain risks associated with the structure of a particular issue of Notes and risks common to the Notes generally.

Arranger: Merrill Lynch International

Dealers: Barclays Bank PLC
BNP PARIBAS
Citigroup Global Markets Limited
Credit Suisse Securities (Europe) Limited
Deutsche Bank AG, London Branch
Goldman Sachs International
HSBC Bank plc
Merrill Lynch International
Morgan Stanley & Co. International plc
UniCredit Bank AG

and any other Dealer appointed from time to time by the Issuer and the Bank either generally in respect of the Programme or in relation to a particular Tranche of Notes.

Certain Restrictions:

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*”) including the following restrictions applicable at the date of this Base Prospectus.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in other currencies, see “*Subscription and Sale*”.

Under Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than twelve (12) months and complying also with the definition of securities are not subject to the approval provisions of Part II of such Act.

Fiscal Agent:

The Bank of New York Mellon (acting through its London branch)

Registrar:

The Bank of New York Mellon (acting through its New York branch)

Transfer Agent:

The Bank of New York Mellon (acting through its New York branch) and acting through its London branch

Luxembourg Listing Agent:

Banque Internationale à Luxembourg, *société anonyme*

Listing:

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the Official List of the Luxembourg Stock Exchange

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer, the Bank and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Clearing Systems:

Euroclear Bank S.A./N.V., of 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium (**Euroclear**), Clearstream Banking, *société anonyme*, Luxembourg, of 42 Avenue J. F. Kennedy, L-1855

Luxembourg (**Clearstream, Luxembourg**) and/or The Depository Trust Company of 55 Water Street, New York, New York 10041-0004, U.S.A. (**DTC**) and/or any other clearing system as may be specified in the relevant Final Terms.

Initial Programme Amount:

Up to €5,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding and guaranteed at any one time. The Issuer and the Bank may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Issuance in Series:

Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to the same terms and conditions in all respects (or in all respects except for the first payment of interest) so as to form a single Series.

Forms of Notes:

Notes may be issued in bearer form (**Bearer Notes**) or registered form (**Registered Notes**), as specified in the relevant Final Terms. Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

Bearer Notes

Each Tranche of Notes in bearer form will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a **Classic Global Note** or **CGN**), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a **New Global Note** or **NGN**), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Registered Notes

Notes in registered form which are offered and sold outside the United States in reliance on Regulation S will be represented by interests in a global registered note certificate (the **Unrestricted**

Global Note), deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company (**DTC**) on or about the date of issue of the relevant Tranche. Up to and including the 40th day after the later of the commencement of the offering and the relevant issue date, beneficial interests in the Unrestricted Global Note may be held only through Euroclear or Clearstream, Luxembourg.

Notes which are offered and sold in the United States or to, or for the account or benefit of U.S. persons in reliance on Rule 144A or another applicable exemption from registration will be represented by interests in a global registered note certificate (the **Restricted Global Note** and, together with the Unrestricted Global Note, the **Registered Global Notes**), deposited with a custodian for and registered in the name of a nominee of DTC on or about the date of issue of the relevant Tranche. Interests in the Registered Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including depositories for Euroclear and Clearstream, Luxembourg.

Definitive registered notes (**Definitive Registered Notes**) evidencing holdings of Notes will only be available in certain limited circumstances. (See “*Form of the Notes and Transfer Restrictions relating to U.S. Sales*”).

Currencies:

Notes may be denominated in U.S. dollars, Sterling, Euro, Yen and such other currencies without limitation, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Status of the Notes:

Notes may be issued on a subordinated (**Subordinated Notes**) or unsubordinated basis (**Senior Notes**), as specified in the relevant Final Terms.

Status of the Guarantee:

Notes will be unconditionally and irrevocably guaranteed by the Bank on an unsubordinated or a subordinated basis, as specified in the relevant Final Terms, pursuant to a Deed of Guarantee dated 13 February 2014 (as amended, supplemented, novated or restated from time to time). The Bank has agreed to guarantee the payment of all sums expressed to be payable from time to time by the Issuer in respect of the Notes. The obligations of the Bank under the Guarantee of the Notes will be direct, unconditional and (subject to the provisions of Condition 7 (Negative Pledge)) unsecured obligations of the Bank.

Issue Price:

Notes may be issued at any price. The price and amount of Notes to be issued under the Programme will be determined by the Issuer, the Bank and the relevant Dealers(s) at the time of issue in accordance with prevailing market conditions.

Maturities:

Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central

bank requirements.

- Redemption:** The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons, following an Event of Default or, in the case of Subordinated Notes only, for regulatory reasons) or that such Notes will be redeemable at the option of the Issuer and/or (in the case of Senior Notes only) the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.
- Interest:** Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate (which, in the case of Fixed Reset Notes, will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin) or a floating rate. The Issuer may also have the right to convert the interest rate from a fixed rate to a floating rate or vice versa.
- Denominations:** The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
- Negative Pledge:** Senior Notes will have the benefit of a negative pledge as described in Condition 7 (Negative Pledge).
- Cross Default:** Senior Notes will have the benefit of a cross default as described in Condition 14 (Events of Default).
- Taxation:** All payments of principal and interest in respect of Notes will be made free and clear of withholding taxes of the United Kingdom or the Hellenic Republic, as the case may be, unless the withholding is required by law. In that event, the Issuer or, as the case may be, the Bank will (subject as provided in Condition 13 (Taxation)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
- Rating:** The Programme has been rated CCC for long-term senior unsecured debt and B for short-term senior unsecured debt by Fitch, (P)Caa1 for senior unsecured debt and (P)Caa3 for subordinated debt by Moody's and CCC for senior unsecured long-term debt, C for senior unsecured short-term debt and CC for dated subordinated debt by S&P. A Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a

recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Governing Law:

English law except for Condition 6.2 (Status – Subordinated Guarantee) and Clause 4.9 of the Deed of Guarantee dated 13 February 2014 (as amended, supplemented, novated or restated from time to time) which describes certain arrangements relating to the subordination of the Guarantee of the Notes and which will be governed by the laws of the Hellenic Republic.

Enforcement of Notes in Global Form:

In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 13 February 2014 (as amended, supplemented, novated or restated from time to time), a copy of which will be available for inspection at the specified office of the Fiscal Agent.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, the Hellenic Republic, The Netherlands and Japan, see "*Subscription and Sale*" below.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Base Prospectus:

- (a) Group and Bank 2012 Annual Financial Report, which includes the Certification of the Board of Directors, the Board of Directors' Report, the Auditor's Report and the Audited Consolidated Financial Statements for the Group for the year ended 31 December 2012 (the **2012 Annual Financial Statements**);
- (b) Group and Bank 2011 Annual Financial Report, which includes the Certification of the Board of Directors, the Board of Directors' Report, the Auditor's Report and the Audited Consolidated Financial for the Group for the year ended 31 December 2011 (the **2011 Annual Financial Statements**);
- (c) the auditor's report and audited non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012;
- (d) the auditor's report and audited non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2011;
- (e) Group and Bank Interim Financial Statements for the period ended 30 June 2013, which includes the Certification of the Board of Directors, Board of Directors' Report, the Auditor's Review Report and the Unaudited Consolidated Financial Statements for the Group for the period ended 30 June 2013 (the **2013 June Interim Financial Statements**);
- (f) Group and Bank Interim Financial Statements for the period ended 30 September 2013, which includes the Unaudited Consolidated Financial Statements for the Group for the period ended 30 September 2013 (the **2013 September Interim Financial Statements**).

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

CROSS-REFERENCE LIST RELATING TO THE 2011 ANNUAL FINANCIAL STATEMENTS AND THE 2012 ANNUAL FINANCIAL STATEMENTS

Information Incorporated	31 December 2011	31 December 2012
Auditor's Report	p.40-41	p.42-43

Statement of Financial Position	p.42	p.44
Income Statement	p.43	p.45
Statement of Comprehensive Income	p.44	p.46
Statement of Changes in Equity	p.45-46	p.47-48
Cash Flow Statement	p.47	p.49
Accounting Policies and Explanatory Notes	p.49-140	p.51-144

**CROSS-REFERENCE LIST RELATING TO THE AUDITORS' REPORT AND THE AUDITED
NON-CONSOLIDATED ANNUAL FINANCIAL STATEMENT OF THE ISSUER FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2011 AND 2012**

Information Incorporated	31 December 2011	31 December 2012
Auditor's Report	p.6-7	p.6
Balance Sheet	p.9	p.8
Income Statement	p.8	p.7
Accounting Policies and Explanatory Notes	p.10-17	p.9-16

**CROSS-REFERENCE LIST RELATING TO THE 2013 JUNE INTERIM FINANCIAL
STATEMENTS**

Information Incorporated	30 June 2013
Auditor's Review Report	p.16
Statement of Financial Position	p.17
Income Statement	p.18
Statement of Comprehensive Income	p.19
Statement of Changes in Equity	p.22-23
Cash Flow Statement	p.24
Accounting Policies and Explanatory Notes	p.26-49

**CROSS-REFERENCE LIST RELATING TO THE 2013 SEPTEMBER INTERIM FINANCIAL
STATEMENTS**

Information Incorporated	30 September 2013
Statement of Financial Position	p.3
Income Statement	p.4
Statement of Comprehensive Income	p.5
Statement of Changes in Equity	p.8-9
Cash Flow Statement	p.10
Accounting Policies and Explanatory Notes	p.12-34

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at specified offices of the Paying Agents and will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu). The information incorporated by reference that is not included in the cross-reference lists above is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) 809/2004 as amended.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on or incorporated by reference in each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Forms of the Notes and Transfer Restrictions Relating to U.S. Sales-Conditions applicable to Bearer Global Notes and Registered Global Notes”.

1. Introduction

1.1 Programme

NBG Finance plc (the **Issuer**) has established a Global Medium Term Note Programme (the **Programme**) for the issuance of notes (the **Notes**) guaranteed by National Bank of Greece S.A. (the **Bank**).

1.2 Final Terms

Notes issued under the Programme are issued in series (each a **Series**) and each Series may comprise one or more tranches (each a **Tranche**) of Notes. Each Tranche is the subject of a Final Terms (the **Final Terms**) which completes these terms and conditions (the **Conditions**). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

1.3 Agency Agreement

The Notes are the subject of an amended and restated agency agreement dated 13 February 2014 (as amended or supplemented from time to time, the **Agency Agreement**) between the Issuer, the Bank, The Bank of New York Mellon acting through its London branch as fiscal agent (the **Fiscal Agent**, which expression includes any successor Fiscal Agent appointed by the Issuer and the Bank acting together from time to time in connection with the Notes), The Bank of New York Mellon acting through its New York branch as registrar (the **Registrar**, which expression includes any successor registrar appointed from time to time in connection with the Notes) and the transfer and paying agents named therein (together with the Fiscal Agent and the Registrar, the **Agents**, which expression includes any successor or additional agents appointed from time to time in connection with the Notes).

1.4 Deed of Guarantee

The Notes are the subject of a deed of guarantee dated 13 February 2014 (as amended, supplemented, novated or restated from time to time, the **Deed of Guarantee**) entered into by the Bank.

1.5 The Notes

All subsequent references in these Conditions to **Notes** are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are obtainable during normal business hours at the Specified Office of the Fiscal Agent or, in the case of Registered Notes (as defined in Condition 2) the Registrar and, in any event, at the Specified Office of the Paying Agent in Luxembourg, the initial Specified Office of which is set out below.

1.6 Summaries

Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and are subject to their detailed provisions. Noteholders and Couponholders, if any, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. Interpretation

Definitions:

In these Conditions the following expressions have the following meanings:

Accrual Yield has the meaning given in the relevant Final Terms;

Additional Business Centre(s) means the city or cities specified as such in the relevant Final Terms;

Additional Financial Centre(s) means the city or cities specified as such in the relevant Final Terms;

Amortised Face Amount has the meaning given in Condition 11.8 (Early redemption of Zero Coupon Notes);

Applicable Banking Regulations means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Greece and/or applicable to the Issuer, the Bank or to the Bank and each entity within the prudential consolidation of the Bank pursuant to Chapter 2 of Title II of Part One of CRD IV Regulation, including, without limitation to the generality of the foregoing, the CRD IV Regulation, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission, the European Parliament and Council and any regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer, the Bank or to the Bank and each entity within the prudential consolidation of the Bank pursuant to Chapter 2 of Title II of Part One of CRD IV Regulation).

Bearer Note means a Note in bearer form;

Business Day means a day which is both:

- (a) a day (other than a Saturday, Sunday or a public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a currency other than euro, a day (other than a Saturday, Sunday or a public holiday) on which commercial banks and foreign exchange markets settle payments in such currency and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Principal Financial Centre of the relevant currency or (ii) in relation to any sum payable in euro, a TARGET Settlement Day;

Business Day Convention, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **Preceding Business Day Convention** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **FRN Convention, Floating Rate Convention** or **Eurodollar Convention** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **No Adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

Calculation Agent means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

Calculation Amount has the meaning given in the relevant Final Terms;

Coupon means an interest coupon pertaining to a Bearer Note;

Coupon Sheet means, in respect of a Bearer Note, a coupon sheet relating to such Note;

Couponholder means the holder of a Coupon;

Covered Bond means any bond, note or other security (however defined) designated by the Issuer or the Bank as a covered bond and secured on a defined pool of assets;

CRD IV Regulation means the Regulation (2013/575) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time;

Day Count Fraction means (subject as provided in Condition 8 (Fixed Rate Note and Fixed Reset Note Provisions)), in respect of the calculation of an amount of interest on any Note in accordance with these Conditions:

- (a) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms,
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Dates that would occur in one calendar year;
- (b) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (c) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (d) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (e) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (f) if **30/360** is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of days with 12 30-day months) divided by ;

- (g) if **30E/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by , calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (h) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (i) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be , in which case D_1 , will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D_2 will be 30;

Determination Date has the meaning given in the relevant Final Terms;

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

Early Redemption Amount means (i) in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms, or (ii) in respect of Zero Coupon Notes, the Amortised Face Amount;

Early Redemption Date means a date prior to the scheduled Maturity Date on which the Issuer, in accordance with Condition 11 (Redemption and Purchase), redeems the Notes;

Exchange Rate means the exchange rate specified in the applicable Final Terms;

Extraordinary Resolution has the meaning given in the Agency Agreement;

Final Redemption Amount means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

First Reset Rate means the sum of the Reset Margin and the Mid-Swap Rate in respect of the First Reset Period and subject to Condition 8.6;

Fixed Coupon Amount has the meaning given in the relevant Final Terms;

Floating Leg Reference Rate has the meaning given in the relevant Final Terms;

Floating Leg Screen Page has the meaning given in the Relevant Final Terms;

Guarantee means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness;

Guarantee of the Notes means the guarantee of the Notes given by the Bank in the Deed of Guarantee;

Holder means a Registered Holder or, as the context requires, the holder of a Bearer Note;

Indebtedness means any indebtedness of any Person for money borrowed or raised;

Initial Mid-Swap Rate has the meaning given in the relevant Final Terms;

Interest Amount means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

Interest Commencement Date means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

Interest Determination Date has the meaning given in the relevant Final Terms;

Interest Payment Date means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

Interest Period means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

ISDA Definitions means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

Issue Date has the meaning given in the relevant Final Terms;

Margin has the meaning given in the relevant Final Terms;

Material Subsidiary means at any time any Subsidiary of the Bank:

- (a) whose profits or (in the case of a Subsidiary which has subsidiaries) consolidated profits before tax as shown by its latest audited income statement are at least 15% of the consolidated profits before tax of the Bank and its Subsidiaries as shown by the latest published audited consolidated income statement of the Bank and its Subsidiaries;
- (b) whose gross assets or (in the case of a Subsidiary which has subsidiaries) consolidated total assets as shown by its latest audited balance sheet are at least 15% of the consolidated total

assets of the Bank and its Subsidiaries as shown by the then latest published audited consolidated statement of financial position of the Bank and its Subsidiaries; or

- (c) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Material Subsidiary provided that, in such a case, the Subsidiary so transferring its assets and undertaking shall thereupon cease to be a Material Subsidiary;

Maturity Date has the meaning given in the relevant Final Terms;

Maximum Redemption Amount has the meaning given in the relevant Final Terms;

Mid-Swap Rate means, in relation to a Reset Determination Date and subject to Conditions 8.5 and 8.6, the rate for the Reset Determination Date of, in the case of semi-annual or annual Interest Payment Dates, the semi-annual or annual swap rate, respectively (with such semi-annual swap rate to be converted to a quarterly rate in accordance with market convention, in the case of quarterly Interest Payment Dates) for swap transactions in the Specified Currency with a term equal to the relevant Reset Period and commencing on the relevant Reset Date, expressed as a percentage, which appears on the Reset Relevant Screen Page as of approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent. If such rate does not appear on the Reset Relevant Screen Page, the Mid-Swap Rate for the Reset Date will be the Reset Reference Bank Rate for the Reset Period;

Minimum Redemption Amount has the meaning given in the relevant Final Terms;

Note Certificate means a certificate issued to each Registered Holder in respect of its registered holding;

Noteholder means a holder of a Bearer Note or, as the context requires, a Registered Holder;

Optional Redemption Amount (Call) means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

Optional Redemption Amount (Put) means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

Optional Redemption Date (Call) has the meaning given in the relevant Final Terms;

Optional Redemption Date (Put) has the meaning given in the relevant Final Terms;

Payment Business Day means any day (other than a Saturday, Sunday or a public holiday) which (subject to Condition 15 (Prescription)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the

Principal Financial Centre of the relevant currency or (ii) in relation to any sum payable in euro, a TARGET Settlement Day;

Permitted Security Interest means any Security Interest upon or with respect to any present or future undertaking or assets (including uncalled capital), receivables, remittances or the payment rights of the Issuer or the Bank which is created pursuant to any securitisation or like arrangement in accordance with normal market practice in the Hellenic Republic and whereby the Relevant Indebtedness secured by such Security Interest is substantially limited to the proceeds envisaged by the Issuer or the Bank in exchange for the sale, assignment, pledge or other transfer of such undertaking, assets, receivables, remittances or other payment rights;

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Postponed Early Redemption Date means the tenth Business Day following the Early Redemption Date (if any);

Postponed Maturity Date means the tenth Business Day following the originally scheduled Maturity Date;

Postponed Payment Interest Date means the tenth Business Day following the originally scheduled Interest Payment Date;

Principal Financial Centre means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to Australian dollars, it means Sydney and, in relation to New Zealand dollars, it means Auckland;

Put Option Notice means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

Put Option Receipt means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

Rate of Interest means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

Redemption Amount means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, and in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market;

Reference Price has the meaning given in the relevant Final Terms;

Reference Rate means either LIBOR or EURIBOR, as specified in the relevant Final Terms;

Register means the register maintained by the Registrar in respect of Registered Notes in accordance with the Agency Agreement;

Registered Holder means the person in whose name a Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof);

Registered Note means a Note in registered form;

Regulatory Event means the determination by the Bank, after consultation with the Relevant Authority, that, as a result of a change in any Applicable Banking Regulations or any change in the official application or interpretation thereof which becomes effective on or after the relevant Issue Date, which change the Relevant Authority considers sufficiently certain, the Subordinated Notes are partially or fully excluded from Tier 2 Capital of the Bank (other than as a result of any applicable limitation on the amount of such capital) and the Bank demonstrates to the satisfaction of the Relevant Authority that such change was not reasonably foreseeable at the relevant Issue Date.

Relevant Authority means the Bank of Greece or other governmental authority in Greece (or other country in which the Bank is then domiciled) or in the European Union having primary responsibility for the prudential oversight and supervision of the Bank.

Relevant Date means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

Relevant Indebtedness means any Indebtedness having an original maturity of more than one-year which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other note, but excluding any Covered Bond, which, with the consent of the issuer of such security, is or is intended to be listed, quoted or traded on any stock exchange, over-the-counter or other organised market for securities (whether or not initially distributed by way of private placement);

Relevant Screen Page means the page, section or other part of a particular information service (or any successor or replacement page, section or other part of a particular information service, including, without limitation Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

Relevant Settlement Currency Amount means the Specified Currency amount per Specified Denomination which would have been payable on the Relevant Date if the Settlement Disruption Event had not occurred;

Relevant Time means 11.00 a.m. (London time), in the case of LIBOR, or 11.00 a.m. (Brussels time), in the case of EURIBOR;

Representative Amount means an amount that is representative for a single transaction in the relevant market at the relevant time;

Reserved Matter means, *inter alia*, any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to cancel or reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

Reset Date means the First Reset Date, the Second Reset Date and each Subsequent Reset Date, as applicable;

Reset Determination Date means the second Business Day immediately preceding the relevant Reset Date;

Reset Period means the First Reset Period or any Subsequent Reset Period, as the case may be;

Reset Period Mid-Swap Rate Quotations means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency, such day count basis as determined by the Calculation Agent), of a fixed-for-floating interest rate swap transaction in the Specified Currency with a term equal to the relevant Reset Period and commencing on the relevant Reset Date and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg (calculated on the day count basis customary for floating rate payments in the Specified Currency, such day count basis as determined by the Calculation Agent), is equivalent to the Rate of Interest that would apply in respect of the Notes if (a) Screen Rate Determination was specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, (b) the Reference Rate was the Floating Leg Reference Rate and (c) the Reset Relevant Screen Page was the Floating Leg Screen Page; and

Reset Reference Bank Rate means, in relation to a Reset Determination Date and subject to Conditions 8.5 and 8.6, the percentage determined on the basis of the Reset Period Mid-Swap Rate Quotations provided by the Reset Reference Banks at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on such Reset Determination Date. The Principal Paying Agent will request the principal office of each of the Reset Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the Reset Reference Bank Rate for the Reset Date will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, it will be the arithmetic mean of the quotations provided. If only one quotation is provided, it will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be the Mid-Swap Rate for the immediately preceding Reset Period or, if none, the Initial Mid-Swap Rate.

Reset Reference Banks means five leading banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate in the Specified Currency with an equivalent maturity to the Reset Period as selected by the Bank on the advice of an investment bank of international repute;

Reset Relevant Screen Page means the page, section or other part of particular information service (or any successor or replacement page, section or other part of a particular information service, including, without limitation Reuters) as specified in the applicable Final Terms or such other page, section or other part as may replace it on that information service, or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Mid-Swap Rate;

Security Interest means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

Senior Creditors of the Bank means creditors of the Bank (a) who are unsubordinated creditors of the Bank, or (b) who are subordinated creditors of the Bank whose claims are expressed to rank in priority to the claims of the Holders or other persons claiming under the Guarantee of the Notes (whether only in the winding up of the Bank or otherwise);

Senior Creditors of the Issuer means creditors of the Issuer (a) who are unsubordinated creditors of the Issuer, or (b) who are subordinated creditors of the Issuer whose claims are expressed to rank in priority to the claims of the Holders (whether only in the winding up of the Issuer or otherwise);

Settlement Determination Period means (a) in relation to any Interest Payment Date, the period which falls between ten and three Business Days (inclusive) preceding any relevant Interest Payment Date, as adjusted in accordance with the Following Business Day Convention; (b) in relation to the Maturity Date, the period which falls between ten and three Business Days (inclusive) preceding the Maturity Date, as adjusted in accordance with the Following Business Day Convention; and (c) in relation to any Early Redemption Date, as adjusted in accordance with the Following Business Day Convention, the period which falls between ten and three Business Days (inclusive) preceding any Early Redemption Date, as the case may be;

Settlement Disruption Event means, as determined by the Issuer in its sole discretion acting in good faith and in a commercially reasonable manner, the imposition of laws or regulations by the central banking authority or other legislative, governmental or regulatory authority of the jurisdiction of the Specified Currency which (a) require non-residents of such jurisdiction to obtain permission from such central banking authority or other authority to obtain the Specified Currency, or (b) otherwise restrict a non-resident's ability to obtain the Specified Currency or (c) otherwise regulate the purchase or holding of the Specified Currency by non-residents of such jurisdiction such that costs are imposed on obtaining the Specified Currency which would not be imposed in the absence of such regulations, or (d) has the direct or indirect effect of hindering, limiting or restricting the transfer of the Specified Currency between non-residents of such jurisdiction;

Specified Currency has the meaning given in the relevant Final Terms;

Specified Denomination(s) has the meaning given in the relevant Final Terms;

Specified Office has the meaning given in the Agency Agreement;

Specified Period has the meaning given in the relevant Final Terms;

Subordinated Notes has the meaning given in Condition 5.2 (Status – Subordinated Notes);

Subsequent Reset Rate means the sum of the Reset Margin and the Mid-Swap Rate for the relevant Subsequent Reset Period;

Subsidiary means, in relation to the Bank at any particular time, any entity:

- (a) whose affairs and policies the Bank controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of such entity or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the Bank;

Talon means a talon for further Coupons;

TARGET Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open;

Tier 2 Capital means capital that is treated as a constituent of tier 2 under Applicable Banking Regulations from time to time (and shall also include any successor or substitute term applicable pursuant to Applicable Banking Regulations) for the purposes of the Bank;

Zero Coupon Note means a Note specified as such in the relevant Final Terms,

Interpretation:

In these Conditions:

- (a) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (b) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (c) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (d) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (Taxation), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (e) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (Taxation) and any other amount in the nature of interest payable pursuant to these Conditions;
- (f) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement; and
- (g) if an expression is stated in Condition 2 to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes.

3. Form, Denomination and Title

The Notes are Bearer Notes or Registered Notes, as specified in the relevant Final Terms.

Notes in Bearer Form

Bearer Notes are issued in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Title to Bearer Notes and Coupons will pass by delivery. The holder of any Bearer Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.

Notes in Registered Form

Registered Notes are issued in the Specified Denominations and may be held in holdings equal to the specified minimum amount (specified in the relevant Final Terms) (an **Authorised Holding**). The Holder of each Registered Note in whose name such Registered Note is for the time being registered in the Register shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

4. Register and Transfers of Registered Notes

4.1 Register

The Registrar will maintain the Register in accordance with the provisions of the Agency Agreement. A Note Certificate will be issued to each Registered Holder in respect of its holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

4.2 Transfers

Subject to Conditions 4.5, 4.6, 4.7 and 4.8 below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer, provided however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Holdings. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

4.3 Registration and delivery of Note Certificates

Within five business days of the surrender of a Note Certificate in accordance with Condition 4.1 above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each Registered Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Registered Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such Registered Holder. In this Condition, **business day** means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

4.4 No charge

The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer, the Bank, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

4.5 Closed periods

Registered Holders may not require transfers to be registered during the period of 15 days (i) ending on the due date for any payment of principal or interest in respect of the Registered Notes or (ii) before the Notes may be called for redemption by the Issuer pursuant to Condition 11.3 or after any such Note has been called for redemption.

4.6 Regulations concerning transfers and registration

All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Bank with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

5. Status of the Notes

5.1 Status — Unsubordinated Notes

This Condition 5.1 is applicable in relation to Notes specified in the Final Terms as being unsubordinated or not specified as being subordinated (**Unsubordinated Notes**).

The Notes constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 7 (Negative Pledge)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer (save for such obligations as may be preferred by mandatory provisions of law).

5.2 Status — Subordinated Notes

This Condition 5.2 is applicable only in relation to Notes specified in the Final Terms as being subordinated (**Subordinated Notes**).

The Subordinated Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank at all times *pari passu* among themselves and *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank, or do not rank, junior to the Subordinated Notes.

The claims of the Holders will be subordinated to the claims of Senior Creditors of the Issuer in that payments of principal and interest in respect of the Subordinated Notes (whether in the winding up of the Issuer or otherwise) will be conditional upon the Issuer being solvent at the time of payment by the Issuer and in that no principal or interest shall be payable in respect of the Subordinated Notes (whether in the winding up of the Issuer or otherwise) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For this purpose, the Issuer shall be considered to be solvent if it can pay principal and interest in respect of the Subordinated Notes and still be able to pay its outstanding debts to Senior Creditors of the Issuer, which are due and payable.

In the case of dissolution, liquidation and/or bankruptcy of the Issuer, the Holders will only be paid by the Issuer after all Senior Creditors of the Issuer have been paid in full and the Holders irrevocably waive their right to be treated equally with all other unsecured, unsubordinated creditors of the Issuer in such circumstances.

Each Holder unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of the Subordinated Notes.

6. Status of Guarantee

6.1 Status — Unsubordinated Guarantee

This Condition 6.1 is applicable in relation to Unsubordinated Notes.

The obligations of the Bank under the Guarantee of the Notes constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 7 (Negative Pledge)) unsecured obligations of the Bank which at all times rank at least *pari passu* with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Bank (save for such obligations as may be preferred by mandatory provisions of law).

6.2 Status — Subordinated Guarantee

This Condition 6.2 is applicable in relation to Subordinated Notes.

The obligations of the Bank under the Guarantee of the Subordinated Notes constitute direct, subordinated and unsecured obligations of the Bank and rank at all times *pari passu* with all other subordinated obligations of the Bank that are not expressed by their terms to rank, or do not rank, junior to the Guarantee of the Subordinated Notes. All claims under the Guarantee of the Subordinated Notes will be subordinated to the claims of Senior Creditors of the Bank (as defined below) in that payments under the Guarantee of the Subordinated Notes (whether in the winding up of the Bank or otherwise) will be conditional upon the Bank being solvent at the time of payment by the Bank and in that no amount shall be payable under the Guarantee of the Subordinated Notes (whether in the winding up of the Bank or otherwise) except to the extent that the Bank could make such payment and still be solvent immediately thereafter. For this purpose, the Bank shall be considered to be solvent if it can pay principal and interest in respect of the Subordinated Notes in accordance with the Guarantee of the Subordinated Notes and still be able to pay its outstanding debts to Senior Creditors of the Bank, which are due and payable.

In the case of dissolution, liquidation and/or bankruptcy of the Bank the Holders will only be paid by the Bank after all Senior Creditors of the Bank have been paid in full and the Holders irrevocably waive their right to be treated equally with all other unsecured, unsubordinated creditors of the Bank in such circumstances.

Each Holder of Subordinated Notes unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which they might otherwise have, under the laws of any jurisdiction, in respect of the obligations of the Guarantor in respect of the Subordinated Notes.

7. Negative Pledge

This Condition 7 (Negative Pledge) is applicable only to Unsubordinated Notes. So long as any Note or Coupon remains outstanding, neither the Issuer nor the Bank shall create or permit to be outstanding any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking or assets (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes and the Coupons equally and rateably therewith or (b) providing such other security for the Notes and the Coupons as may be approved by an Extraordinary Resolution of Noteholders.

8. Fixed Rate Note and Fixed Reset Note Provisions

Fixed Rate Note Provisions

8.1 Application

Conditions 8.1 (Application) to 8.4 (Fixed Rate Note and Fixed Reset Note Provisions) are applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

8.2 Accrual of interest

The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (Payments). Each Note will cease to bear interest from (and including) the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (as well after as before judgment) until (and including) whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

8.3 Fixed Coupon Amount

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

8.4 Calculation of interest amount

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

Fixed Reset Note Provisions

8.5 Application

Conditions 8.5 (Application) to 8.7 (Calculation of interest amount) are applicable to the Notes only if the Fixed Reset Note Provisions are specified in the relevant Final Terms as being applicable.

8.6 Accrual of interest

Each Fixed Reset Note bears interest:

- (a) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Interest Rate;

- (b) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if none, the Maturity Date (the **First Reset Period**) at the rate per annum equal to the First Reset Rate; and
- (c) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a **Subsequent Reset Period**) at the rate per annum equal to the relevant Subsequent Reset Rate,

(in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) (each a **Fixed Reset Rate of Interest**) payable, in each case, in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

8.7 Calculation of interest amount

The provisions of Conditions 8.5 to 8.7 shall apply, as applicable, in respect of any determination by the Calculation Agent of the Rate of Interest for a Reset Period in accordance with Conditions 8.5 to 8.7 as if the Fixed Reset Notes were Floating Rate Notes. The Fixed Reset Rate of Interest for each Reset Period shall otherwise be determined by the Calculation Agent on the relevant Reset Determination Date in accordance with the provisions of Condition 8.5 to 8.7. Once the Fixed Reset Rate of Interest is determined for a Reset Period, the provisions of Conditions 8.1 to 8.4 shall apply to Fixed Reset Notes, as applicable, as if the Fixed Reset Notes were Fixed Rate Notes.

9. Floating Rate Note Provisions

9.1 Application

This Condition 9 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

9.2 Accrual of interest

The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (Payments). Each Note will cease to bear interest from (and including) the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until (and including) whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9.3 Screen Rate Determination

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (a) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (b) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (c) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (i) request each of the Reference Banks to provide its quotation (expressed as a percentage rate per annum) of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro Zone inter-bank market (if the Reference Rate is EURIBOR) in an amount that is representative for a single transaction in that market at that time; and
 - (ii) determine the arithmetic mean of such quotations; and
- (d) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

9.4 ISDA Determination

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where **ISDA Rate** in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (b) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date (as defined in the ISDA Definitions) is the day specified in the relevant Final Terms.

9.5 Maximum or Minimum Rate of Interest

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

9.6 Calculation of Interest Amount

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

9.7 Publication

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Bank, the Paying Agents and each stock exchange (if any) on which the Notes are then listed as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

9.8 Notifications etc

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be final and binding on the Issuer, the Bank, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

9.9 Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next

longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

10. Zero Coupon Note Provisions

10.1 Application

This Condition 10 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

10.2 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 11.1 (Scheduled Redemption), 11.2 (Redemption for tax reasons), 11.3 (Redemption at the option of the Issuer) or 11.5 (Redemption at the option of Noteholder) below or upon its becoming due and repayable as provided in Condition 14.1 (Events of Default — Unsubordinated Notes) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 11.8 (Early redemption of Zero Coupon Notes) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 20 (Notices).

11. Redemption and Purchase

11.1 Scheduled redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 12 (Payments).

11.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer (but subject, in the case of Subordinated Notes, to the prior approval of the Relevant Authority and compliance with Applicable Banking Regulations) in whole, but not in part:

- (a) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable); or
- (b) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms to the Fiscal Agent and, in accordance with Condition 20 (Notices), to Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to (but excluding) the date fixed for redemption, if:

- (i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes (provided that in the case of Subordinated Notes the Bank demonstrates to the satisfaction of the Relevant Authority that any such change or amendment was not reasonably foreseeable at the relevant Issue Date); and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) (A) the Bank would be unable, for reasons outside its control, to procure payment by the Issuer and, in making payment itself under the Guarantee of the Notes, would be required to pay additional amounts as provided in Condition 13 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Hellenic Republic or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (B) such obligation cannot be avoided by the Bank taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (A) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Bank would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
- (B) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Bank would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (I) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (II) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Bank has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 11.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 11.2.

11.3 Redemption at the option of the Issuer

If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer (but subject, in the case of Subordinated Notes, to the prior approval of the Relevant Authority and compliance with Applicable Banking Regulations) in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call))

at the Optional Redemption Amount (Call) plus accrued interest (if any) to (but excluding) such date).

11.4 Partial redemption

Partial redemption of Bearer Notes:

If Bearer Notes are to be redeemed in part only on any date in accordance with Condition 11.3 (Redemption at the option of the Issuer), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each stock exchange on which the Notes are then listed, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), and the notice to Noteholders referred to in Condition 11.3 (Redemption at the option of the Issuer) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

Partial Redemption of Registered Notes:

If Registered Notes are to be redeemed in part only on any date in accordance with Condition 11.3 (Redemption at the option of the Issuer), each Registered Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Registered Notes to be redeemed on the relevant Option Redemption Date (Call) bears to the aggregate principal amount of outstanding Registered Notes on such date provided always that the amount redeemed or purchased in respect of each Note shall be equal to the minimum denomination thereof, or an integral multiple thereof.

11.5 Redemption at the option of Noteholder

If the Put Option is specified in the relevant Final Terms as being applicable, upon the Holder of any Note giving to the Issuer no less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms, the Issuer shall, at the option of the Holder of any Note, redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to (but excluding) such date. No Series of Subordinated Notes shall contain the Put Option. In order to exercise the option contained in this Condition 11.5, the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Agent or the Registrar (in the case of Registered Notes) such Note together, in the case of Bearer Notes, with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Agent. The Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 11.5, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by an Agent in accordance with this Condition 11.5, the depositor of such Note and not such Agent shall be deemed to be the holder of Note for all purposes.

11.6 Redemption of Subordinated Notes for regulatory reasons

If a Regulatory Event occurs, the Subordinated Notes may be redeemed at the option of the Issuer (subject to the prior approval of the Relevant Authority and compliance with Applicable Banking Regulations), in whole but not in part, at the Early Redemption Amount specified in the applicable Final Terms, together with any accrued but unpaid interest to the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and the holders of such Subordinated Notes (which notice shall be irrevocable and shall specify the date fixed for redemption). Prior to the publication of any notice of redemption pursuant to this Condition 11.6, the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer stating that the Regulatory Event has occurred, that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. Upon the expiry of any such notice as is referred to in this Condition 11.6, the Issuer shall be bound to redeem the Subordinated Notes in accordance with this Condition 11.6.

11.7 No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 11.1 to 11.6 above.

11.8 Early redemption of Zero Coupon Notes

The Early Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

11.9 Purchase

The Issuer, the Bank or any of their respective Subsidiaries may (subject, in the case of Subordinated Notes, to the prior approval of the Relevant Authority and compliance with Applicable Banking Regulations) at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.

11.10 Cancellation

All Notes so redeemed or purchased by the Issuer, the Bank or any of their respective Subsidiaries, and any unmatured Coupons attached to or surrendered with them, may be held or resold or surrendered for cancellation.

12. Payments

12.1 Payments under Bearer Notes

(a) *Principal*

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

(b) *Interest*

Payments of interest shall, subject to Condition 12.1(h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 12.1(a) above.

(c) *Payments in New York City*

Payments of principal or interest may be made at the Specified Office of an Agent in New York City if (i) the Issuer and the Bank have appointed Agents outside the United States with the reasonable expectation that such Agents will be able to make payment of the full amount of the interest on the Bearer Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) *Payments subject to fiscal laws*

All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 13 (Taxation)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deductions for unmatured Coupons*

If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will

be deducted from the amount of principal due for payment, provided however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Coupons**) being equal to the amount of principal due for payment, provided however, that where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment, provided however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 12.1(a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) *Unmatured Coupons void*

If the relevant Final Terms specifies that this Condition 12.1(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 11.2 (Redemption for tax reasons), Condition 11.3 (Redemption at the option of the Issuer), Condition 11.5 (Redemption at the option of Noteholder), Condition 11.6 (Redemption of Subordinated Notes for regulatory reasons) or Condition 14 (Events of Default), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) *Payments on business days*

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) *Payments other than in respect of matured Coupons*

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Agent outside the United States (or in New York City if permitted by Condition 12.1(c) above).

(i) *Partial payments*

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) *Exchange of Talons*

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (Prescription). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12.2 Payments under Registered Notes

(a) *Principal*

Payments of principal in respect of each Registered Note will be made against presentation and surrender of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the Registered Holder appearing in the Register at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a Registered Holder does not have a Designated Account or (b) the principal amount of the Notes held by a Registered Holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non-resident account) maintained by a Registered Holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the Principal Financial Centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

(b) *Interest*

Payments of interest in respect of each Registered Note will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the Registered Holder appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the Registered Holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the Registered Holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such Registered Holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

(c) *Payments subject to fiscal laws*

All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 13 (Taxation)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Registered Holders in respect of such payments.

(d) *Payments on business days*

Where payment is to be made by transfer to an account, payment instructions (for value the due date or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of an Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Registered Holder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition arriving after the due date for payment or being lost in the mail.

13. Taxation

13.1 Gross up

All payments of principal and interest in respect of the Notes and the Coupons (if any) by or on behalf of the Issuer or the Bank shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the United Kingdom or the Hellenic Republic or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or the Bank shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders (if relevant) of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) in the United Kingdom or the Hellenic Republic; or
- (b) by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the United Kingdom or the Hellenic Republic other than the mere holding of such Note or Coupon; or
- (c) more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days; or
- (d) by or on behalf of a Holder who would not be liable or subject to such withholding or deduction if it were to comply with a statutory requirement or to make a declaration of non-residence or other similar claim for exemption but fails to do so; or

- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) by or on behalf of a Holder who would have been exempted from such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

13.2 Taxing jurisdiction

If the Issuer or the Bank becomes subject at any time to any taxing jurisdiction other than the United Kingdom or the Hellenic Republic references in the Conditions to the United Kingdom or the Hellenic Republic shall be construed as references to the United Kingdom or (as the case may be) the Hellenic Republic and/or such other jurisdiction.

14. Events of Default

14.1 Events of Default — Unsubordinated Notes

This Condition 14.1 is applicable only in relation to Unsubordinated Notes. If any of the following events occurs, and is continuing:

(a) *Non-payment:*

the Issuer fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or

(b) *Breach of other obligations:*

the Issuer or the Bank defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof requiring the same to be remedied and addressed to the Issuer and the Bank by any Noteholder, has been delivered to the Issuer and the Bank; or

(c) *Cross-default of Issuer, Bank or Material Subsidiary:*

- (i) any Indebtedness of the Issuer, the Bank or any Material Subsidiary is not paid when due or within any originally applicable grace period;
- (ii) the repayment of any such Indebtedness is accelerated by reason of default and such acceleration has not been rescinded or annulled; or
- (iii) the Issuer, the Bank or any Material Subsidiary fails to pay when due or within any originally applicable grace period any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in subparagraph (a) and/or subparagraph (b) above and/or the amount payable under any Guarantee referred to in subparagraph (c) above individually or in the aggregate exceeds €15,000,000 (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgment:*

one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of an aggregate amount in excess of €10,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, the Bank or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced:*

a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Bank or any Material Subsidiary and in any of the foregoing cases it shall not be stayed or discharged within 60 days; or

(f) *Insolvency etc:*

(x) any of the Issuer, the Bank or any Material Subsidiary shall be declared insolvent by a court of competent jurisdiction or is unable to pay its debts as they fall due, (y) an administrator or liquidator of the Issuer, the Bank or any Material Subsidiary or over half of the assets and revenues of the Issuer, the Bank or any Material Subsidiary is appointed (or application for any such appointment is made), (z) the Issuer, the Bank or any Material Subsidiary makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (zz) the Issuer, the Bank or any Material Subsidiary ceases to carry on all or substantially all of its business (other than for the purpose of an amalgamation, merger or reconstruction (1) on terms approved by an Extraordinary Resolution of the Noteholders or (2) in the case of a Material Subsidiary whereby the undertaking and the assets of the Material Subsidiary are transferred to or otherwise vested in the Bank or another of its Subsidiaries); or

(g) *Winding up etc:*

an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Bank or any Material Subsidiary (other than for the purpose of amalgamation, merger or reconstruction (i) on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary whereby the undertaking and the assets of the Material Subsidiary are transferred to or otherwise vested in the Bank or another of its Subsidiaries); or

(h) *Analogous Event:*

any event occurs which under the laws of the United Kingdom or the Hellenic Republic has an analogous effect to any of the events referred to in paragraphs (d) to (g) inclusive above; or

(i) *Disposal of Assets:*

the Issuer or, if applicable, the Bank or any Material Subsidiary sells, transfers, lends or otherwise disposes of the whole or a major part of its undertaking or assets (including shareholdings in its Subsidiaries or associated companies) and such disposal is substantial in relation to the assets of the Issuer or the Bank and its Subsidiaries as a whole, other than selling, transferring, lending or otherwise disposing (i) on an arm's length basis; or (ii) of

any present or future undertakings or assets (including uncalled capital), receivables, remittances or the payment rights of the Issuer, the Bank or any Material Subsidiary pursuant to any securitisation or like arrangements in accordance with normal market practice in the Hellenic Republic; or

(j) *Guarantee not in force:*

the Guarantee of the Notes is not in full force and effect, then any Note may, by written notice addressed to the Issuer and the Bank and delivered to the Issuer and the Bank, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Redemption Amount together with accrued interest (if any) to (but excluding) the date of payment without further action or formality.

14.2 Events of Default—Subordinated Notes

This Condition 14.2 is applicable only in relation to Subordinated Notes. The following event is a **Subordinated Default Event**: if, otherwise than for the purposes of a reconstruction or amalgamation on terms previously approved by Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding up of the Issuer or the Bank, any Noteholder may, by written notice to the Fiscal Agent, declare such Note(s) to be due and payable whereupon the same shall become immediately due and payable at its Early Redemption Amount as may be specified in, or determined in accordance with the relevant Final Terms, together (if appropriate) with accrued interest to (but excluding) the date of redemption unless such Subordinated Default Event shall have been remedied prior to receipt of such notice by the Fiscal Agent.

15. Prescription

Claims against the Issuer for payment of principal and interest in respect of the Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date.

16. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent or, in the case of Registered Notes, the Registrar (and, if the Notes are then listed on any stock exchange which requires the appointment of an Agent in any particular place, the Paying Agent having its Specified Office in the place required by such stock exchange), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

17. Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and the Bank and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer and the Bank reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Fiscal Agent or Calculation Agent and additional or successor paying agents provided, however, that:

- (a) the Issuer and the Bank shall at all times maintain a Fiscal Agent and a Registrar; and

- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Bank shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are listed on any stock exchange which requires the appointment of an Agent in any particular place, the Issuer and the Bank shall maintain an Agent having its Specified Office in the place required by such stock exchange; and
- (d) the Issuer and the Bank shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (e) the Issuer and the Bank shall at all times maintain a paying agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer or the Bank is incorporated.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 20 (Notices).

18. Meetings of Noteholders; Modification and Waiver

18.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Bank (acting together) and shall be convened by them upon the request in writing signed by Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that certain Reserved Matters, described in the Agency Agreement, may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing one more than half or, at any adjourned meeting, one-quarter of the aggregate nominal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not. In addition, (i) a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders and/or (ii) a resolution passed by way of electronic consents given by Noteholders through the relevant Clearing System(s) will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

18.2 Modification

The Notes, these Conditions and the Deed of Guarantee may be amended, without the consent of the Noteholders or the Couponholders, to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof but the Issuer and the Bank shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer and the Guarantor, not materially prejudicial to the interests of the Noteholders. The Subordinated Notes shall only be capable of such modification if the Issuer and the Bank comply with all rules and requirements of the Relevant Authority and of the Applicable Banking Regulations.

19. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

20. Notices

To Holders of Bearer Notes

Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*). In addition, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices to Registered Holders will be published on the date of such mailing in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

To Registered Holders

Notices to the Registered Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices to Registered Holders will be published on the date of such mailing in a daily newspaper of general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.

21. Substitution of the Issuer

21.1 The Issuer may, without the consent of any Noteholder or Couponholder, substitute for itself any other body corporate incorporated in any country in the world as the debtor in respect of the Notes, any Coupons, the Deed of Covenant and the Agency Agreement (the **Substituted Debtor**) upon notice by the Issuer and the Substituted Debtor to be given in accordance with Condition 20 (Notices), provided that:

- (a) the Issuer is not in default in respect of any amount payable under the Notes;
- (b) the Issuer and the Substituted Debtor have entered into such documents (the **Documents**) as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder to be bound by these Terms and Conditions and the provisions of the Agency Agreement as the debtor in respect of the Notes in place of the Issuer (or of any previous substitute under this Condition 21);
- (c) the Substituted Debtor shall enter into a deed of covenant in favour of the holders of the Notes then represented by a global Note on terms no less favourable than the Deed of Covenant then in force in respect of the Notes;

- (d) if the Substituted Debtor is not the Bank, the Guarantee extends to the obligations of the Substituted Debtor under or in respect of the Notes, any Coupons, the Deed of Covenant and the Agency Agreement and continues to be in full force and effect;
- (e) if the Substituted Debtor is resident for tax purposes in a territory (the **New Residence**) other than that in which the Issuer prior to such substitution was resident for tax purposes (the **Former Residence**), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of an undertaking in terms corresponding to the provisions of Condition 13 (Taxation), with the substitution of references to the Former Residence with references to the New Residence;
- (f) the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents;
- (g) legal opinions shall have been delivered to the Agent from lawyers of recognised standing in the jurisdiction of incorporation of the Substituted Debtor, in England and in Greece as to matters of law relating to the fulfilment of the requirements of this Condition 21 and that the Notes and any Coupons and/or Talons are legal, valid and binding obligations of the Substituted Debtor;
- (h) if Notes issued or to be issued under the Programme have been assigned a credit rating by Standard & Poor's and/or Moody's as the case may be, having been notified of the proposed substitution, shall not have stated within 30 days thereafter that, as a result of such substitution the credit rating of the Notes would be downgraded;
- (i) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Notes will continue to be listed on such stock exchange; and
- (j) if applicable, the Substituted Debtor has appointed a process agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes and any Coupons.

21.2 Upon such substitution the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Notes, any Coupons, the Deed of Covenant and the Agency Agreement with the same effect as if the Substituted Debtor has been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes, any Coupons and/or Talons, the Deed of Covenant and under the Agency Agreement.

21.3 After a substitution pursuant to Condition 21.1 the Substituted Debtor may, without the consent of any Noteholder or Couponholder, effect a further substitution. All the provisions specified in Conditions 21.1 and 21.2 shall apply *mutatis mutandis*, and references in these Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.

21.4 After a substitution pursuant to Condition 21.1 or 21.3 any Substituted Debtor may, without the consent of any Noteholder or Couponholder, reverse the substitution, *mutatis mutandis*.

21.5 The Documents shall be delivered to, and kept by, the Fiscal Agent. Copies of the Documents will be available free of charge during normal business hours at the specified office of each of the Paying Agents.

22. Provision of Information

Each of the Issuer and the Guarantor shall, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**) nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any Registered Holder of a Note which is a “restricted security” within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933, as amended (the **Securities Act**) or to any prospective purchaser of such securities designated by such Holder, upon the written request of such Holder or (as the case may be) prospective Holder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

23. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005%., being rounded up to 0.00001%.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. Settlement Disruption Event and Fallback Provisions

- 24.1** If this Condition 24 is specified as applicable in the relevant Final Terms, all payments in respect of the Notes will be made in the Specified Currency, subject to the occurrence of a Settlement Disruption Event and will in all cases be subject to any fiscal or other laws and regulations applicable thereto.
- 24.2** If the Issuer determines that a Settlement Disruption Event has occurred or is subsisting during the Settlement Determination Period:
- 24.3** The Issuer shall notify the Fiscal Agent of its determination as soon as practicable after making such determination (but in no event later than one (1) Business Day thereafter) and as soon as practicable thereafter notify the Noteholders thereof, and Noteholders will not be entitled to any amounts in respect of the Notes until the earlier to occur of (a) the day falling two Business Days after the day on which the Issuer notifies the Fiscal Agent that a Settlement Disruption Event no longer subsists and (b) the Postponed Interest Payment Date, the Postponed Maturity Date, or the Postponed Early Redemption Date, as the case may be.
- 24.4** If a Settlement Disruption Event no longer subsists, the Issuer shall notify the Fiscal Agent thereof as soon as practicable on or after the Business Day on which the Settlement Disruption Event no longer subsists (but in no event later than one (1) Business Day thereafter) whereupon the Issuer shall as soon as practicable thereafter notify the Noteholders thereof.
- 24.5** If any amount is to be paid on a Postponed Interest Payment Date, Postponed Maturity Date or Postponed Early Redemption Date (as the case may be), payment shall instead be made in Euro (**EUR**) or such other currency as may be specified in the applicable Final Terms and shall be calculated by the Issuer (and promptly notified to the Fiscal Agent (but in no event later than 10:00 a.m. (London time) two Business Days before the Postponed Interest Payment Date, Postponed Maturity Date or Postponed Early Redemption Date (as the case may be)) in an amount per Specified Denomination which shall be equal to the greater of zero and the amount produced by

the following calculation, such amount to be rounded to the nearest whole cent (with 0.5 cent being rounded upwards):

$$\text{Relevant Settlement Currency Amount} \times \text{Exchange Rate}$$

24.6 For the avoidance of doubt, no additional amounts shall be payable by the Issuer in respect of any delay in payment resulting from the operation of the provisions of this Condition 24 (Settlement Disruption Event and Fallback Provisions). Any postponement of payment in accordance with this Condition 24 will not constitute an Event of Default.

25. Governing Law and Submission to Jurisdiction

25.1 Governing law

The Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law except that Condition 6.2 and clause 4.9 of the Deed of Guarantee are governed by and shall be construed in accordance with the laws of the Hellenic Republic.

25.2 Submission to Jurisdiction of the Issuer

- (a) Subject to Condition 25.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 25.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

25.3 Submission to Jurisdiction of the Guarantor

The Guarantor has in the Agency Agreement and the Deed of Guarantee submitted to the jurisdiction of the English courts in terms substantially similar to those set out in Condition 25.2 above.

26. Third Parties

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999.

FORMS OF THE NOTES AND TRANSFER RESTRICTIONS RELATING TO U.S. SALES

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note (the **Temporary Global Note**), without interest coupons, or a permanent global note (the **Permanent Global Note**), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a **Bearer Global Note**) which is not intended to be issued in NGN form as specified in the relevant Final Terms will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Bearer Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Bearer Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor United States Treasury Regulation section including, without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **TEFRA C Rules**) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section including, without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **TEFRA D Rules**) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than the date (the **Exchange Date**) which is the later of (i) 40 days after the Issue Date and (ii) the expiry of the period that ends 40 days after completion of the distribution of this Tranche of Notes as certified by the relevant Dealer(s) to the Issuer and the Fiscal Agent, upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note on or after the Exchange Date unless exchanged for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes prior to the Exchange Date cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (a) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent (as defined in the **Terms and Conditions of the Notes**); and
- (b) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership, provided, however, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested the exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note;
- (b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (a) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 13 February 2014 (as amended, supplemented, novated or restated from time to time) (the Deed of Covenant) executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive

Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange. The form of Notes “Temporary Global Note exchangeable for Definitive Notes” should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency).

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (a) if an Event of Default has occurred and is continuing; or
- (b) if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so; or
- (c) if the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the relevant Permanent Global Note in definitive form.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (a) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Bearer Global Note, references in the Terms and Conditions of the Notes to “**Noteholder**” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN, for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Bearer Global Note (each an **Accountholder**) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer or the Bank to the bearer of such Global Note and in relation to all other rights arising under the Bearer Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under any Bearer Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Bearer Global Note, Accountholders shall have no claim directly against the Issuer or the Bank in respect of payments due under the Notes and such obligations of the Issuer and the Bank will be discharged by payment to the bearer of the Bearer Global Note.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to in such legend provide that a United States person who holds a Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Registered Notes

Each Tranche of Registered Notes will be represented by:

- (a) interests in an Unrestricted Global Note (in the case of Notes initially sold outside the United States in reliance on Regulation S under the Securities Act) (**Unrestricted Notes**); and/or
- (b) interests in a Restricted Global Note (in the case of Notes initially sold to QIBs in reliance on Rule 144A or another exemption from registration under the Securities Act) (**Restricted Notes**).

Each Unrestricted Global Note will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC and will be deposited on or about the relevant issue date with the custodian for DTC (the **DTC Custodian**) specified in the applicable Final Terms.

Each Restricted Global Note will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC and will be deposited on or about the issue date with the DTC Custodian as custodian for DTC. The Restricted Global Note (and any Definitive Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer as described below under “*Transfer Restrictions*”.

Transfer Restrictions

On or prior to the 40th day after the relevant issue date, Notes represented by an interest in an Unrestricted Global Note may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Note only upon receipt by the Registrar of a written certification from the transferor (in the form set out in the Fourth Schedule (*Form of Certificate for Exchange or Transfer from Unrestricted Global Note to Restricted Global Note*) to the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Note, as described below under “*Exchange of Interests in Registered Global Notes for Definitive Registered Notes*”.

Notes represented by an interest in a Restricted Global Note may also be transferred to a person who wishes to hold such Notes in the form of an interest through an Unrestricted Global Note, but only upon receipt by the Registrar of a written certification from the transferor (in the form set out in the Fifth Schedule (*Form of Certificate for Exchange or Transfer from Restricted Global Note to Unrestricted Global Note while the Note is a "Restricted Security" within the meaning of Rule 144 under the Securities Act*) to the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Transfer restrictions will terminate one year after the relevant issue date provided that any Notes purchased by or on behalf of the Issuer, the Bank or any of their respective affiliates have been cancelled in accordance with Condition 11.10 (Cancellation) or resold solely in reliance on Regulation S.

Any interest in either a Restricted Global Note or an Unrestricted Global Note that is transferred to a person who takes delivery in the form of an interest in the other Registered Global Note will, upon transfer, cease to be an interest in such Registered Global Note and become an interest in the other Registered Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in such other Registered Global Note. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions as set out below.**

The Notes are being offered and sold in the United States only to qualified institutional buyers within the meaning of Rule 144A in transactions exempt from the registration requirements of the Securities Act.

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it may be made in reliance on Rule 144A or (ii) it is outside the United States and is not a U.S. person;
- (b) that, unless it holds an interest in an Unrestricted Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is two

years after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (c) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (b) above, if then applicable;
- (d) that Notes initially offered in the United States to QIBs will be represented by one or more Restricted Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Unrestricted Global Note;
- (e) it understands that the Restricted Global Note and any Restricted Definitive Registered Note (as defined below) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY AND THE GUARANTEE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE **SECURITIES ACT**) OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE RE-OFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE AFFILIATES OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR REALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND

BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

- (e) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (i)(A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Unrestricted Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THE NOTES REPRESENTED HEREBY AND THE GUARANTEE THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (f) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Upon the transfer, exchange or replacement of a Restricted Global Note or a Restricted Definitive Registered Note bearing the above legend, or upon specific request for removal of the legend, the Issuer will deliver only Definitive Registered Notes that bear such legend (**Restricted Definitive Registered Notes**) or will refuse to remove such legend, unless there is delivered to the Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. Such transfer restrictions will terminate one year after the relevant issue date provided that any Notes purchased by or on behalf of the Issuer, the Bank or any of their respective affiliates have been cancelled in accordance with Condition 11.10 (Cancellation) or resold solely in reliance on Regulation S.

Exchange of Interests in Registered Global Notes for Definitive Registered Notes

Registration of title to Notes initially represented by the Registered Global Notes in a name other than DTC or a successor depository or one of their respective nominees will not be permitted unless:

- (a) an Event of Default has occurred and is continuing, or
- (b) DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available; or

- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by Definitive Registered Notes.

In such circumstances, the Issuer shall procure the delivery of Definitive Registered Notes in exchange for the Unrestricted Global Note and/or the Restricted Global Note. A person having an interest in a Registered Global Note must provide the Registrar (through DTC) with (a) such information as the Issuer and the Registrar may reasonably require to complete and deliver Definitive Registered Notes (including the name and address of each person in which the Definitive Registered Notes are to be registered and the principal amount of each such person's holding) and (b) (in the case of the Restricted Global Note only) a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a qualified institutional buyer and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A.

Definitive Registered Notes issued in exchange for interests in the Restricted Global Note will bear the legends and be subject to the transfer restrictions set out above under "*Transfer Restrictions*". Such transfer restrictions will terminate one year after the relevant issue date, provided that any Notes purchased by or on behalf of the Issuer, the Bank or any of their respective affiliates have been cancelled in accordance with Condition 11.10 (Cancellation) or resold solely in reliance on Regulation S.

Whenever a Registered Global Note is to be exchanged for Definitive Registered Notes, such Definitive Registered Notes will be issued within five business days of the delivery to the Registrar of the information and any required certification described in the preceding paragraph against the surrender of the relevant Registered Global Note at the Specified Office of the Registrar. Such exchange shall be effected in accordance with the regulations concerning the transfer and registration from time to time relating to the Notes and shall be effected without charge, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If (a) Definitive Registered Notes have not been delivered by 5.00 p.m. (London time) on the 30th day after the due date for their delivery in exchange for interests in a Registered Global Note or (b) any of the Notes represented by a Registered Global Note has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the registered Holder of such Registered Global Note in accordance with its terms on the due date for payment, then such Registered Global Note (including the obligation to deliver Definitive Registered Notes) will become void at 5.00 p.m. (London time) on such 30th day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the registered Holder will have no further rights under such Registered Global Note (but without prejudice to the rights which the Holder of the Notes represented by such Registered Global Note or others may have under a deed of covenant dated 13 February 2014 (as amended, supplemented, novated or restated from time to time) (the **Deed of Covenant**) executed by the Issuer). Under the Deed of Covenant, persons shown in the records of DTC as being entitled to an interest in the Notes represented by a Registered Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before such Registered Global Note became void, they had been the registered Holders of Notes represented by Definitive Registered Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of DTC.

The Registrar will not register the transfer of or exchange of interests in a Registered Global Note for Definitive Registered Notes for a period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

DTC Book-Entry Ownership of Registered Global Notes

The Issuer will make an application to DTC for acceptance in its book-entry settlement system of each Tranche of Unrestricted Notes and each Tranche of Restricted Notes. Restricted and Unrestricted Notes will have a CUSIP number.

The DTC Custodian and DTC will record electronically the principal amount of the Notes represented by an Unrestricted Global Note and a Restricted Global Note held within the DTC system. Up to and including the 40th day after the later of the commencement of the offering and the relevant issue date, investors may hold their interests in an Unrestricted Global Note only through Clearstream, Luxembourg or Euroclear. Thereafter, investors may additionally hold such interests directly through DTC, if they are participants in DTC. Clearstream, Luxembourg and Euroclear will hold interests in the Unrestricted Global Note on behalf of their account holders through customers' securities accounts in Clearstream, Luxembourg's or Euroclear's respective names on the books of their respective depositaries, which in turn will hold such interests in the Unrestricted Global Note in customers' securities accounts in the depositaries' names on the books of DTC. Investors may hold their interests in the Restricted Global Note directly through DTC, if they are participants in DTC, or indirectly through organisations which are participants in DTC.

Payments of the principal of, interest on and any other amounts payable under each Registered Global Note registered in the name of DTC's nominee will be made to, or to the order of, its nominee as the registered Holder of such Registered Global Note. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective interests in the principal amount of the relevant Registered Global Note as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of interests in such Registered Global Note held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the Issuer, the Bank, the Registrar, the Fiscal Agent, any Transfer Agent or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such ownership interests.

While a Registered Global Note is lodged with DTC or its custodian, Notes represented by Definitive Registered Notes will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

Transfers of Interests in Registered Global Notes

Transfers of interests in Registered Global Notes will be in accordance with the usual rules and operating procedures of DTC.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Registered Global Note to such persons will be limited. Because DTC only acts on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Registered Global Note to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of an Definitive Registered Note representing such interest.

Subject to compliance with the transfer restrictions applicable to the Notes described above and under "Subscription and Sale", cross-market transfers between DTC participants, on the one hand, and Clearstream, Luxembourg or Euroclear account holders, on the other, will be effected in DTC in accordance with DTC rules and procedures and on behalf of Clearstream, Luxembourg or (as the case may be) Euroclear by its respective depositary. However, such cross-market transactions will require delivery of instructions to

Clearstream, Luxembourg or (as the case may be) Euroclear by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Clearstream, Luxembourg or (as the case may be) Euroclear will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving beneficial interests in the relevant Registered Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg account holders and Euroclear account holders may not deliver instructions directly to the depositories for Clearstream, Luxembourg or Euroclear.

Because of time zone differences, credits of Notes received in Clearstream, Luxembourg or Euroclear, as a result of a transaction with a DTC participant, will be made during the securities settlement processing day dated the business day following the DTC settlement date and such credits of any transactions in such securities settled during such processing will be reported to the relevant Clearstream, Luxembourg or Euroclear account holder on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of Notes by or through a Clearstream, Luxembourg account holder or a Euroclear account holder to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC. Settlement between Euroclear or Clearstream, Luxembourg account holders and DTC participants cannot be made on a delivery versus payment basis. The arrangements for transfer of payments must be established separately from the arrangements for transfer of Notes, the latter being effected on a free delivery basis. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see “*Subscription and Sale*”.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of Registered Global Notes for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Registered Global Notes are credited, and only in respect of such portion of the aggregate principal amount of the Registered Global Notes as to which such participant or participants has or have given such direction.

However, in certain circumstances, DTC will exchange the Registered Global Notes for Definitive Registered Notes (which will, in the case of Restricted Notes, bear the legend set out above under “*Transfer Restrictions*”).

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the Registered Global Notes among participants and account holders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Bank, the Registrar, the Fiscal Agent, any Transfer Agent and any Paying Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” above and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

Conditions applicable to Bearer Global Notes and Registered Global Notes

Each Bearer Global Note and Registered Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Bearer Global Note and the Registered Global Note. The following is a summary of certain of those provisions:

Bearer Global Notes

Payments. All payments in respect of the Bearer Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Bearer Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Bearer Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro-rata in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option. In order to exercise the option contained in Condition 11.5 (Redemption at the option of Noteholder) the bearer of the Permanent Global Note must, within the period specified in the Terms and Conditions of the Notes for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option. In connection with an exercise of the option contained in Condition 11.3 (Redemption at the option of the Issuer) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Terms and Conditions of the Notes and the Notes to be redeemed will not be selected as provided in the Terms and Conditions of the Notes but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices. Notwithstanding Condition 20 (Notices), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (Notices) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Registered Global Notes

Partial exercise of call option. In connection with an exercise of the option contained in Condition 11.3 (Redemption at the option of the Issuer) in relation to some only of the Notes, the Registered Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Terms and Conditions of the Notes and the Notes to be redeemed will not be selected as provided in the Terms and Conditions of the Notes but in accordance with the rules and procedures of DTC.

Exercise of put option. In order to exercise the option described in Condition 11.5 (Redemption at the option of Noteholder) the Holder of a Registered Global Note must, within the period specified in the Terms and Conditions of the Notes for the deposit of the relevant Note Certificate and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Payments in respect of Registered Notes. So long as the Notes are represented by a Registered Global Note, any reference in Condition 12.2 (Payments under Registered Notes) to Registered Holder, shall be to the Registered Holder as at the close of the business day (being for this purpose a day on which DTC and banks

located in the city where the specified office of the Registrar is located are open for business) before the relevant due date,

Notice. Notwithstanding Condition 20 (Notices), so long as a Registered Global Note is held on behalf of DTC or any other clearing system (an **Alternative Clearing System**), notices to Holders of notes represented by such Registered Global Note may be given by delivery of the relevant notice to DTC or (as the case may be) such Alternative Clearing System: *provided, however, that*, so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

FORM OF FINAL TERMS

[Date]

NBG FINANCE PLC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] Guaranteed by

NATIONAL BANK OF GREECE S.A.

Under the €5,000,000,000

Global Medium Term Note Programme

PART A—CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated 13 February 2014 [and the supplement to the Base Prospectus dated []] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the **Prospectus Directive**). This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.

Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained from the registered offices of the Issuer, the Guarantor and the specified office of the Principal Paying Agent.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]

1. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on *[[insert date]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below, which is expected to occur on or about [date]]**[Not Applicable]*
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount of Notes: []
 - [(a)] Series: []
 - [(b)] Tranche: []
4. Issue Price: []%. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. (a) Specified Denominations: []

(N.B. Notes must have a minimum denomination of EUR 100,000 (or equivalent))

(Note—where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”)

(b) Calculation Amount: []

(If only one Specified Denomination, insert the Specified Denomination.

If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

6. (a) Issue Date: []

(b) Interest Commencement Date: [Specify/Issue Date/Not Applicable]

(NB An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)

7. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]

8. Interest Basis: [[]% Fixed Rate]

[Fixed Reset Notes]

[[] month [LIBOR/EURIBOR] +/- []% Floating Rate]

[Zero Coupon]

(further particulars specified below)

9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount.

10. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 17 below and identify there][Not Applicable]

11. Put/Call Options: [Investor Put]

[Issuer Call]

[Not Applicable]

[(further particulars specified below)]

12. [(a)] Status of the Notes: [Unsubordinated]/Subordinated]
- [(b)] Status of the Guarantee: [Unsubordinated]/Subordinated]]
- [(c)] [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]

(NB Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)

13. Exchange Rate [[]/[Not Applicable]]

14. Settlement Disruption Event [Applicable/Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Rate[(s)] of Interest: []%. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date *(Amend appropriately in the case of irregular coupons)*
- (c) Fixed Coupon Amount[(s)]: [] per Calculation Amount
- (d) Broken Amount(s): [] per Calculation Amount payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year][Not Applicable]

(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

16. **Fixed Reset Note Provisions:** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Initial Interest Rate: [] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear on each

Interest Payment Date]

- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
- (c) Fixed Coupon Amount to (but excluding) the First Reset Date: [[] per Calculation Amount/Not Applicable]
- (d) Broken Amount(s): [[] per Calculation Amount payable on the Interest Payment Date falling [in/on] []][Not Applicable]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year][Not Applicable]

(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

- (g) First Reset Date: []
- (h) Second Reset Date: []/[Not Applicable]
- (i) Subsequent Reset Date(s): [] [and []]
- (j) Reset Margin: [+/-][] per cent. per annum
- (k) Reset Relevant Screen Page: []
- (l) Floating Leg Reference Rate: []
- (m) Floating Leg Screen Page: []
- (n) Initial Mid-Swap Rate: [] per cent. per annum (quoted on a[n annual/semi-annual basis])

17. **Floating Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Specified Period(s): *(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (b) Specified Interest Payment Dates: *(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (c) First Interest Payment Date: []

- (d) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (e) Additional Business Centre(s): []
- (f) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (g) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): []
- (i) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: Reference Rate: [] month [LIBOR/EURIBOR]
- Interest Determination Date(s): []
- (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: []
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (h) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (i) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (j) Margin(s): [+/-][]%. per annum

- (k) Minimum Rate of Interest: [[]%. per annum/[Not Applicable]]
- (l) Maximum Rate of Interest: [[]%. per annum/[Not Applicable]]
- (m) Day Count Fraction: [[Actual/Actual (ISDA)],[Actual/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30E/360][360/360][Bond Basis]
[30E/360][Eurobond basis]
30E/360 (ISDA)]

18. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) [Amortisation/Accrual] Yield: []%. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

19. **Notice periods for Condition 11.2** Minimum period: [] days
Maximum period: [] days

20. **Call Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [] per Calculation Amount
- (ii) Maximum Redemption Amount: [] per Calculation Amount
- (d) Notice periods: Minimum period: [] days
Maximum period: [] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information)

through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)

21. **Put Option**

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s): []

(b) Optional Redemption Amount: [] per Calculation Amount

(c) Notice period Minimum period: [] days

Maximum period: [] days

(NB When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)

22. **Final Redemption Amount**

[] per Calculation Amount

23. **Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons, for regulatory reasons or on event of default: *[Not Applicable if the Early Redemption Amount is the principal amount of Notes/specify the Early Redemption Amount if different from the principal amount of the Notes]*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. **Form of Notes:**

[Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]]

[Registered Notes:

[Regulation S Global Note registered in the name of a nominee for DTC]

[Rule 144A Global Note registered in the name of a nominee for DTC]]

25. **New Global Note** [Yes][No]
26. **Additional Financial Centre(s)** [Not Applicable/*give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which item 17(e) relates*]
27. **Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature)** [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

[**SIGNED** on behalf of NBG Finance plc:

By: _____
Duly authorised]

[**SIGNED** on behalf of National Bank of Greece S.A.

By: _____
Duly authorised]

PART B—OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange with effect from [].]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange with effect from [].][Not Applicable]

(Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading)

- (b) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]/[have not been]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

[Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. YIELD (Fixed Rate Notes only)

Indication of yield: /[Not Applicable]

5. OPERATIONAL INFORMATION

ISIN Code:

Common Code:

CUSIP:

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s):

Names and addresses of additional Paying Agent(s) (if any):

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Date of [Subscription] Agreement: []
- (iv) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category [2]; TEFRA D/TEFRA C/TEFRA not applicable]] [Rule 144A]

THE MACROECONOMIC ENVIRONMENT IN GREECE: THE HELLENIC REPUBLIC'S ECONOMIC CRISIS

*The Hellenic Republic's economic crisis, the successful sovereign debt restructuring (PSI), the revised economic adjustment programme for Greece and recent macroeconomic developments*²

The Greek economy continued to face severe macroeconomic pressures for a sixth consecutive year, as high uncertainty about the sustainability of Greek debt combined with an extraordinarily large fiscal effort in a relatively limited time period. Relatively slow progress in fiscal efficiency and other structural reforms, amplified recessionary difficulties, creating a self-reinforcing cycle of weakening economic sentiment, declining liquidity and reduced private spending. Extremely adverse macroeconomic conditions in the four years to 2013 posed additional challenges to the fiscal adjustment effort by eroding the tax base and by increasing social spending needs which, in tandem with shrinking economic activity, further reduced Government debt sustainability in 2011, rendering government debt levels unsustainable and ultimately prompted a more radical response by the Greek government in the form of sovereign restructuring with private sector involvement (PSI), which has been supported by EU partners, the ECB and the IMF. Since the second half of 2012 there have been some signs of improvement, reflected by financial market valuations of Greek assets (especially government bonds) while the pace of GDP contraction slowed considerably on the back of very strong performance in the tourism sector.

In this respect, Greece proceeded with the first sovereign debt restructuring process in the Eurozone in April 2012, following the agreement by a high portion of holders of Greek government bonds (96.9%) to participate voluntarily in the PSI (following an agreement by EU leaders on 26 October 2011). The PSI imposed deep haircuts on private debt holders (53.5% of the nominal value), with the residual 46.5% replaced by short-dated EFSF paper (one and two-year notes) for 15% of the original nominal value for which the Hellenic Programme had set aside €30 billion, and the remaining 31.5% of the nominal value by the issuance of new long-term Greek bonds (with an average maturity of 20 years). The high level of participation in the PSI (€199 billion out of an offer for €205.5 billion) reflected the fact that the agreement included collective action clauses into eligible Greek Law-governed bonds of the Hellenic Republic.

The PSI also contained provision for detachable GDP-linked warrants, providing for higher returns if actual output in Greece exceeded that set out in the IMF's medium-term debt sustainability scenario, as well as the payment of accrued interest on the exchanged bonds, also in the form of short-term EFSF notes. Holders of the new bonds will also be entitled to the benefit of a co-financing agreement with the EFSF, linking the new bonds to the Hellenic Republic's loans from the EFSF up to €30 billion. The exchange was launched on 24 February 2012 (and for bonds issued by state enterprises and guaranteed by the Hellenic Republic on 4 April 2012) and completed for the bonds issued under Greek Law on 12 March 2012, while, for bonds issued under foreign law, the offering was extended until 25 April 2012 in order to accommodate the specific terms regarding the holding of bondholder meetings.

During the debt exchange process, the Hellenic Republic's long-term sovereign credit rating was lowered to the lowest rating available (corresponding to selective default state) by all rating agencies. The downgrade was triggered after Greece retroactively inserted collective action clauses in the documentation of certain sovereign debt series governed by Greek law. The credit rating of the Hellenic Republic has been subsequently upgraded after the completion of the PSI by Fitch to B on 13 March 2012 but the rating was lowered again to CCC on 17 May 2012, due to the uncertainty about the progress in programme implementation and the upcoming general elections. On 17 May 2013, Fitch restored the Hellenic

² Information on the Hellenic Programme is drawn from the IMF and EU reports titled: "Greece: First and Second Reviews Under the Extended Arrangement Under the Extended Fund Facility/Staff Report No. 13/20 January 2013", "IMF-Greece: Third Review Under the Extended Arrangement Under the Extended Fund Facility/Staff Report No. 13/153 June 2013," "IMF-Greece: First and Second Reviews Under the Extended Arrangement Under the Extended Fund Facility/Staff Report No. 13/241 July 2013", "EU Commission, European Economic Forecasts, Autumn 2013" and "EU Commission, European Economy, Occasional Papers 159/2013, the Second Economic Adjustment Programme for Greece Third Review, July 2013".

Republic's credit rating to B-, due to the progress achieved in reducing the fiscal deficit and in applying the Greek economy stabilisation programme and structural reforms. Standard & Poor's upgraded Greece's sovereign rating from selective default status to CCC on 2 May 2012 and to B- on 18 December 2012, following a temporary downgrade to selective default status during the debt buy-back process (early December 2012). Finally Moody's upgraded Greece's sovereign rating to Caa3 from C on 29 November 2013.

The new Greek government bonds were issued in 20 separate tranches and have a term of 30 years (final maturity is in 2042) and an amortisation period starting on the eleventh anniversary of the issue date. They bear a coupon of 2% per annum until 2015, 3% per annum until 2020, 3.65% per annum until 2021 and 4.3% per annum thereafter. Greece's debt service capacity was improved by the fact that official creditors retroactively lowered spreads on EU loans to Greece disbursed under the Original Hellenic Programme to 150 basis points over Euribor and pushed maturities out beyond 2020. The second loan facility is funded through the EFSF at cost, with loans amortising over 25 years (with grace periods of ten years) and interest paid annually while the IMF contribution will be financed through the lower cost extended fund facility (EFF). Furthermore, governments of Member States whose central banks currently hold Greek government bonds in their investment portfolio (which were excluded from the exchange) commit to pass on to Greece amounts equal to any future income accruing to their national central bank stemming from this portfolio until 2020 (estimated benefit of 1.8% of GDP).

The successful completion of the PSI resulted in a significant decline of the Greek debt burden, as well as a sharp reduction in debt servicing needs through low interest rates on the new bonds and a substantial extension of the average debt maturity. The PSI achieved a direct nominal debt relief on €199 billion of eligible bonds, directly reducing Greece's debt burden by approximately 50% of GDP from a level of 165% of GDP at the end of 2011 (excluding Greek banks' recapitalisation cost). However the net impact on the level of Greek sovereign debt from the restructuring was lower, as €50 billion has been committed for bank recapitalisation and resolution costs of Greek banks (which experienced a severe hit on their portfolio holding of Greek sovereign debt) of which €48.2 billion (or 26.3% of 2013 GDP) has been disbursed up until the end of 2013 in the form of new loans from the official sector (Eurozone and the IMF) have been used to recapitalise Greek banks that experienced a severe hit on their portfolio holding of Greek sovereign debt. Interest service costs have also been reduced as the effective average cost of Greek debt servicing is lowered to around 2.5% in the 2012-2014 period, from around 5% in 2011. Finally, amortisation payments are minimal until 2020 due to long grace periods on the PSI bonds and the majority of the official financing.

Overall, the completion of the PSI had been planned to result in a sustainable reduction of Greek debt in the vicinity of 120% of GDP by 2020, and significantly below 90% by 2030 (from 165% in 2011), under certain assumptions about macroeconomic conditions or outcomes of the Hellenic Programme's measures, as reflected in the baseline projections of the Hellenic Programme. In this respect, under the baseline debt sustainability analysis of the Hellenic Programme, Greek government debt was expected to revert to 163% of GDP by the end of 2012 (due to the large disbursements under the Hellenic Programme in 2012 and significant fiscal deficit), before declining gradually towards 120% by 2020. Due to the magnitude of Greek government debt and debt servicing cost reductions, the required primary surplus target for the period 2014-2019 was scaled back from an ambitious 6.5% of GDP under the Original Hellenic Programme to 4.5% of GDP for the period 2014-2020.

Following successful completion of the main part of the PSI in March 2012, the Hellenic Republic agreed a revised economic adjustment programme, the term of which extends through 2015 and is jointly supported by the IMF and Eurozone Member States. This Hellenic Programme has replaced the Original Hellenic Programme of €110 billion, agreed in May 2010, for the period 2010-2013 and had the form of a cooperative package of IMF and Eurozone Member States funding. The international assistance loans disbursed under the Original Hellenic Programme amounted to €72.8 billion. Of this amount, €52.9 billion had been sourced from Eurozone Member States, and €19.9 billion from the IMF. In the Hellenic Programme, for the years 2012-2015, Eurozone Member States through the EFSF and the IMF committed the undisbursed amounts from the Original Hellenic Programme, plus an additional €130 billion for the period 2012-2014, covering

Greece's expected funding needs fully for the four-year period. During this period, the EFSF could provide an overall amount of €144.7 billion, while the IMF will contribute €28 billion under EFF. The Hellenic Programme is heavily front-loaded, especially regarding financing; €75 billion have been disbursed from Eurozone Member States in the first half of 2012 – to fund €35.7 billion of the PSI debt enhancements and accrued interest. Overall, by the end of 2013, Greece had received from the EFSF €133.04 billion (which includes €48.2 billion of HFSF funding, earmarked for bank recapitalisation and resolution of which about €38 billion have been utilised) out of the total committed amount of financing of €144.6 billion, under the Hellenic Programme, and €8.5 billion of IMF loans..

The disbursements of financial assistance to Greece under the Hellenic Programme are conditional on quarterly reviews for the duration of the arrangement. The release of the tranches by the lenders are based on observance of quantitative performance criteria and a positive evaluation of progress made with respect to policy criteria set by the Memorandum of Economic and Financial Policies (MEFP) and the Memorandum underlying the Hellenic Programme. Moreover, in April 2012, the Greek parliament passed new legislation prioritising government debt service obligations to private and official holders of Greek debt over any other fiscal use of Hellenic Programme funding. The Hellenic Republic is committed to similar use of the primary budget surpluses which are expected (according to the EU Commission Autumn 2013 forecasts, adjusted for the Hellenic Programme definition of primary balance) to be achieved from 2013 onwards.

The Hellenic Programme also sets forth a blueprint for the stabilisation of public finances and the safeguarding of financial stability in Greece. Overall, the implementation of the growth-enhancing structural reforms becomes the basic element in the overall implementation of the Hellenic Programme, while the debt restructuring and higher official financing allows a more realistic pace of fiscal adjustment and a more gradual privatisation process. Specifically, the Hellenic Programme's strategy is primarily based on expenditure reduction in order to achieve a primary surplus of 1.5% of GDP in 2013, and 4.5% of GDP for the period 2014-2020 – and the timely and decisive implementation of growth-enhancing structural reforms. The Hellenic Programme also foresees more aggressive nominal wage adjustments and benefit cuts to reduce costs and thus improve price competitiveness, and permit Greece's transition to a more investment and export-led growth model.

The main elements of the Hellenic Programme are as follows:

- Direct measures to improve Greek competitiveness through an internal devaluation comprising making collective bargaining more effective, reducing the minimum wage by 22%, lowering non-wage labour costs, and liberalising services and professions.
- A frontloaded additional fiscal adjustment for the 2013-14 period primarily based on structural expenditure reforms (exceeding 45% of GDP), permanent revenue measures and improvements in tax collection have been specified with a view to reach, at least, a primary balance in 2014 and a surplus in primary surplus of 1.5% of GDP in government budget by the end of 2014.
- Measures to restore financial sector stability. Significant resources - €48.2 billion (according to the IMF report "2nd Review of the programme") - have been set aside in the Hellenic Programme and ultimately disbursed until the first half of 2013 to help banks cope with the impact of the recession and of the restructuring of Greek government debt. Around €37 billion of those funds have been used for Greek banks' recapitalisation and resolution costs in 2013. Through the terms of the banks' recapitalisation, the desire for private sector management and effective control of the banking sector is balanced with the need to safeguard the taxpayers' significant capital injection.

The adjustment process also contemplates the successful completion of an ambitious privatisation agenda, which has been adapted to economic developments and market conditions domestically and abroad and the impact of recession on asset valuations. Similarly, the structural reform agenda includes measures to increase fiscal efficiency, strengthen Greece's institutional capacity and improve efficiency of the labour, product and service markets.

At the same time, the Hellenic Republic is receiving technical assistance with a view to enhancing the government's capacity to implement policies coordinated by the EU Commission's taskforce under the guidance of the European Commission, Member States and the IMF. The assistance concerns several areas which are crucial for the success of the Hellenic Programme, such as tax administration and the fight against tax evasion, public financial management, public administration and business environment reforms.

The significant delay in the completion of the first review of the Hellenic Programme for Greece (due to relatively slow progress in the implementation of the relevant reform and privatisations milestones set for the second and early third quarter of 2012 and a prolonged pre-election period) and the concomitant delay in the disbursement of the €31.5 billion tranche, originally planned for June 2012, amplified recessionary pressures and fiscal adjustment challenges. However, Greece appears to have regained the lost ground in the four months to December 2012 and met most of the evaluation criteria for a successful completion of the 1st Review by the Troika. The Parliamentary approval of the Government Budget for 2013 on November 2012 and an omnibus bill including the key austerity and structural reform measures underlying the Budget and Medium Fiscal-Strategy for the period 2013-16 represented basic prerequisites for the positive progress evaluation.

Moreover, on 27 November 2012 the Eurogroup finance ministers and the IMF Managing Director provisionally agreed to disburse €43.7 billion of aid to Greece and further agreed to offer Greece additional debt relief to counteract the adverse impact of sharper-than-expected deterioration in macroeconomic conditions and the slower build-up of a primary surplus of 4.5% of GDP (estimated to be achieved in 2016, two years later than envisaged in the Hellenic Programme of economic support for Greece). In addition, the Eurogroup statement of 27 November 2012 recognised that additional measures could possibly be considered in the future (such as lower co-financing on EU structural funds or even lower interest rates on bilateral loans) once Greece achieves a fiscal primary surplus (close to the debt sustainability threshold that the Troika has defined as sustainable). Official comments by EU and European government officials following the Eurogroup agreement implicitly open the door for the provision of additional debt relief with further official sector involvement in following years, if Greece successfully delivers on its fiscal and structural adjustment targets with the achievement of a primary surplus in general government budget being specified as a key prerequisite for the provision of additional debt relief to Greece in following years.

The Eurogroup agreement on 27 November 2012 also aims to bring the Greek debt-to-GDP ratio down from around 175% in 2016 to 124% by 2020 (close to the debt sustainability threshold that the Troika has previously defined as sustainable, including the impact additional concessions from eurozone members which are going to be specified in 2014 with a view to improve debt sustainability profile) and to below 110% of GDP in 2022.

To this end, the Hellenic Programme involves a combination of various debt and funding needs reducing measures, including:

- A debt buy-back: The Greek Public Debt Management Agency presented on 3 December 2012 the terms of the buyback. The buy-back entailed exchanging the 20 designated bonds resulting from the PSI (with a total outstanding value of €62 billion at par) with six-month, zero-coupon EFSF notes. For each 1,000 principal amount of a designated bond, the bondholder received EFSF notes with a principal amount equal to 1,000 times the purchase price expressed as a percentage of the par value of the original PSI bond. The purchase prices ranged from 32.2% to 40.1% depending on the maturity of the original PSI bond. The amount of EFSF notes issued was €11.3 billion. Greece successfully carried out the public debt buy-back tender process on 11 December 2012. The buy-back invitation yielded a total participation of approximately €31.9 billion (or about 50% of existing Greek government bonds at an average price of 33.8% of the nominal value). Following settlement, Greek debt had been reduced by €21.1 billion in net terms. The buy-back in conjunction with other supportive measures appears sufficient (according to IMF and EU latest estimates) at bringing the projected Greek debt-to-GDP ratio down from around 175% of GDP in 2016 to approximately 124%

by the end of 2020 (close to the debt sustainability threshold that the Troika has previously defined as sustainable) and to below 110% of GDP in 2022.

- A 100 bps reduction in the margin on the bilateral loans (from 150 bps to 50 bps).
- A ten 10-year interest rate moratorium on EFSF loans.
- A giving-up of Eurosystem/national central banks' profits on Greek bond holdings to be returned to Greece by Member States that are not under a complete financial assistance programme.
- A 10 bps lowering of the guarantee fee on the EFSF loans.

These measures have been planned by Troika to provide additional liquidity sufficient to cover the external financing needs of Greek State, at least until July 2014, offsetting the funding gap that has emerged due to the deeper-than-expected recession in 2012 and the deadline extension for the achievement of a government primary surplus of 4.5% of GDP to 2016 (from 2014 that was initially set).

On 13 December 2012, the Eurogroup approved the second disbursement under the second economic adjustment programme for Greece of the EU part of the second tranche of the Hellenic Programme. Member States have authorised the EFSF to release the next disbursement for a total amount of €49.1 billion, of which €34.3 billion was paid out to Greece in December 2012, and the remaining €14.8 billion (an amount that includes the remaining €7.2 billion earmarked for the completion of bank recapitalisation and potential resolution costs) was disbursed in the five months of 2013 in three sub-tranches following successful interim evaluations by Eurogroup and Euro Working Group (**EWG**), of the Greek progress in meeting the specific agreed Hellenic Programme milestones for this period. The IMF also released its €3.3 billion instalment in January 2013. By the end of May 2013 and including the disbursement of €7.2 billion, Greece had received a total of €49.1 billion in EFSF bonds out of the €50 billion committed for the recapitalisation of its banking sector under the Hellenic Programme.

In the four months to July 2013, the 3rd and 4th Reviews of the Hellenic Programme had been successfully completed leading to the approval of cumulative disbursements of €10 billion from EFSF, €1.5 billion in the form of refund of income on the SMP (**Securities Markets Programme**) portfolio accruing to euro area national central banks in 2012, and €1.8 billion of IMF funds. The disbursement of these funds was completed in August 2013. The disbursement of the remaining sub-tranches under the 3rd and 4th Hellenic Programme Reviews – that amounted to €0.5 billion of EFSF and €0.5 billion of SMP revenue refund – was conditional on the achievement of additional programme milestones in the fourth quarter of 2013, as agreed between Greece and the Troika, has been passed on to Greece's segregated account in December 2013.

The Greek economy remained deep in recession in 2012 with some preliminary signs of stabilisation emerging in 2013. More specifically, GDP contracting by 6.4% year-on-year in 2012 (Hellenic Statistical Authority (ELSTAT)) against a backdrop of high uncertainty (reflecting a protracted pre-election period and intense Euro exit speculation), a persistently strong fiscal drag from the additional austerity measures implemented in the second half of 2011 and in 2012, and tight liquidity conditions. The resolution of electoral uncertainty following the formation of a coalition government with a strong parliamentary majority by mid-June 2012, in conjunction with the intensification of compliance efforts under the Hellenic Programme targets, as well as the gradual recognition by EU partners and the IMF of Hellenic Republic's adjustment efforts, led to an improvement in economic sentiment in the second semester of 2012. Nonetheless, recessionary headwinds remained strong until the first quarter of 2013, as an already sizeable hit on household real disposable income has been compounded by additional austerity measures, implemented in the fourth quarter of 2012 and 2013 under the Medium-Term Fiscal Strategy for the period of 2013-16, agreed with Troika in late October 2012.

Against this backdrop of declining uncertainty, the financial situation has steadily improved from the second half of 2012 whereas several coincident and forward-looking indicators (manufacturing PMI, services

confidence, industrial production released by EU Commission, ELSTAT and Markit) pointed to a gradual improvement of macroeconomic conditions especially in the first half of 2013. Between August and December 2012, yields on ten-year government bonds dropped from approximately 25% to 12%. Following the successful and timely completion of planned Hellenic Programme reviews in the first seven months of 2013 and satisfactory progress in Hellenic Programme implementation for the most part of 2013, the yield of Greek ten-year government bonds dropped further to 10% in July and to 8.7% in December 2013. The cumulative reduction in spread of Greek ten-year bonds over the German bunds between July 2012 and December 2013 exceeded 1700 bps.

The improvement in forward-looking indicators have translated into a slowing of recessionary momentum, supported by a strong recovery of the tourism sector, which registered double-digit growth in terms of tourism arrivals and revenue in ten months 2013 (+15% y-o-y) in revenue according to Bank of Greece data). In this respect real GDP declined by -3.3% y-o-y, on average in the second and third quarters of 2013 compared with -5.5% y-o-y, in the first quarter of 2013 and -6.4% y-o-y 2012. As a result, the annual estimate of GDP growth in 2013 has been upwardly revised by the EU Commission to -4% (EU Commission forecasts, Autumn 2013) from -4.2% in the 2nd and 3rd Hellenic Programme Reviews by the EU Commission (June/July 2013).

As regards the fiscal outcomes in the period 2012-13, the 2012 primary balance, as defined in the Hellenic Programme reached -1.5% of GDP, being in line with the Hellenic Programme target, while the overall balance declined by 3.1% of GDP and reached 6.3% of GDP in 2012. Government budget implementation has over-performed in 2013 compared to the Hellenic Programme targets with the Greek State budget registering a primary surplus of 0.4% of GDP (according to the relevant press release from the Greek Ministry of Finance, adjusted for the Hellenic Programme), and latest estimates of EU Commission and Government Budget 2014 projections point to an annual surplus in the general government budget of 0.3% in 2013 compared to a Hellenic Programme target for a balanced budget position in 2013. Modified data on a cash basis at a general government level suggests, according to the latest Ministry of Finance estimates in January 2014, that the primary surplus of general government budget in 2013 will be 0.5% of GDP (or slightly higher) but the data will be finalised in April 2014 following the approval by Eurostat (the statistical office of the European Union) in the same month. The achievement of this surplus is a prerequisite for the provision of additional relief as regards the Greek sovereign-debt-servicing burden during 2014. The underlying fiscal improvement in recent years was significantly larger when taking into account the fact that the deficit reduction was achieved during a deep recession and evolving disinflation since early 2013. In this respect, the structural balance –adjusted for the impact cyclical conditions in the economy on the basis of EU Commission estimates-- has improved by over 13% of GDP in the period 2010-2013. The Hellenic Programme target for 2014 is for a primary surplus of 1.5% of GDP.

The update of the medium-term fiscal framework and the specification of remaining fiscal measures and interventions needed for ensuring sufficient financing to the Greek State through 2015 or 2016 are expected to be finalised in early 2014. In this regard, the Eurogroup's commitment in November 2012 to provide adequate support to Greece during the life of the Hellenic Programme and beyond, provided that Greece fully complies with the Hellenic Programme and succeeds in producing a sustainable surplus in primary government budget, is particularly important. However progress on fiscal institutional reforms – including tax and revenue collection efficiency, fairness, compliance and resolution of the tax evasion problem – has been slow and gained some momentum only in the second half of 2013. These latter reforms are of utmost importance to enhance the efficiency and effectiveness of the public sector and ensure a more equitable distribution of the adjustment burden.

Ample spare capacity and intensive structural reforms in the labour market continue to lower wages and, more recently, prices. The cumulative adjustment in the average nominal wage between 2009 and the first half of 2013 exceeded 19% and unit labour cost contracted in excess of 14% (EU Commission estimates) out-performing compared with Hellenic Programme targets. CPI inflation entered negative territory since and the average consumer price inflation for 2013 is estimated (by EU Commission and the IMF) at -0.8% y-o-y. Unemployment continues to rise (from 26.2% in December 2012 to 27.4% in September 2013),

although the pace of increase is slowing, with a modest pickup in hiring in tourism, communication and specialised business sectors since April 2013. Spare capacity in industry has stabilised at an elevated level as suggested by EU Commission business survey data.

Fiscal adjustment and falling incomes further reduced public and private consumption, while fixed investment (gross fixed capital formation) continued to contract at a rapid pace (-11.6% y-o-y in the first nine months of 2013 compared with the same period in the previous year). External adjustment is continuing largely through import compression and a very strong performance by the tourism sector while merchandise exports register a moderate growth against an environment of soft demand in the euro area.

In this respect, the pace of adjustment of the current account balance accelerated in 2012 and 2013, with the current account deficit registering significant improvement. The current account deficit declined by 7.5% of GDP, to 2.4% of GDP in 2012 and registered a surplus of 1.2% of GDP in the January-October 2013 period (Source: Bank of Greece Balance of payments data), on the back of a sharp reduction in external trade deficit, a significant contraction of public debt servicing costs following the successful completion of the PSI, and the favourable terms on official loans to Greece.

As regards public administration reform and progress on exits of publicly employed staff through attrition and mandatory exits (attrition is subject to the 1:5 rule of hiring one new staff for five retiring staff and 1:1 for replacing dismissals) and the application of labour redundancy/mobility schemes have been broadly in line with Hellenic Programme targets.

The privatisation programme is behind schedule due to technical difficulties, poor market conditions and delays that reflect, in some cases, conflicts with EU standards for competition in network industries and energy. Nonetheless, an agreement was reached in June 2013 to sell the government's 31% stake in Greece's gas transportation system operator (DESFA) and the sale of the betting company OPAP was concluded in the third quarter of 2013.

Latest estimates of the EU Commission and the IMF project a bottoming-out of economic activity in Greece in 2014 with the economy registering a slightly positive GDP growth (in the range of +0.2% y-o-y to +0.6% y-o-y), which is expected to support considerably the remaining fiscal adjustment effort. Risks remain high, however, mainly from lower growth due to a continuing drag from austerity and diminishing stocks of financial and real estate wealth. There is a potential increase in uncertainty due to extraordinary or exogenous factors, with potential slippages in privatisation revenue that could create new shortages in programme financing after 2014.

The bail-out deal between the Troika and Cyprus for the provision of financial assistance in the amount of €10 billion (57% of GDP) reached on 25 March 2013, is expected to weigh heavily on the real and financial conditions of the Cypriot economy in upcoming years and is likely to take a toll on macroeconomic conditions in Greece due to the links between the two economies. The economic turbulence in Cyprus had a relatively small direct impact on Greece, mainly through the channels of external trade (exports to Cyprus corresponded to about 5.5% of Greek goods exports in 2012) and financial returns on Greek foreign direct investment to the country (€9 billion in 2011, the most significant destination of Greek outward foreign direct investment). While developments in the months following the eruption of the crisis in Cyprus suggest that the contagion risk for Greece remains limited, this risk could potentially originate from a potentially prolonged banking crisis and deep recession in Cyprus and the possibility of elevated systemic turbulence originating from the management and resolution strategy of the crisis at the Eurozone level, with uninsured creditors/depositors and shareholders bearing an unprecedented amount of losses.

For more detail on the risks and uncertainties relating to a failure to successfully implement the Hellenic Programme, see "*Risk Factors—Risks Relating to the Hellenic Republic's Economic Crisis*".

Implementing the Hellenic Programme

The implementation of the Hellenic Programme is subject to significant uncertainties, the most important of which are the following:

- recessionary pressures remain considerable and prolonged – especially if the significant support from the tourism sector on GDP weakens due to seasonal or exogenous factors in the first half of 2014 – posing continuous challenges on the fiscal adjustment effort, both on the revenue and expenditure sides, while continuing pressures on Greek labour market conditions will take considerable time to dissipate (unemployment rate of 27.3% in the third quarter of 2013);
- the ability of the Greek households and firms to smooth spending and service their debts on the back of accumulated financial wealth or liquidation of their real estate wealth is now very limited. Bank deposits remained in December 2013 about 32% lower than their 2009 level and the adjustment in house valuations to September 2013 exceeded 31% from the peak in 2008 (Bank of Greece data).
- in the event of policy implementation deficiencies or shortfalls, or in the event that the economy takes longer to respond to labour market and supply-side reforms, recession is likely to continue in 2014 and/or the economy to be trapped in a low-growth, medium-term path, leading to a higher debt trajectory and additional debt relief by the public sector, and/or a default on bonded debt, EFSF and/or GLF (bilateral loans from other euro area countries) loans to Greece;
- market concerns regarding public debt sustainability may not dissipate despite substantial debt relief and significant debt re-profiling, especially if international market conditions and the perception of Greek sovereign risk remain unfavourable and prohibit the Greek State's return to markets for medium-term financing in the second half of 2014 or in 2015;
- the process of internal devaluation and the restoration of competitiveness – despite the rapid progress in wage cost containment – could be more prolonged than currently projected by the Hellenic Programme, investor sentiment could remain poor despite the reform efforts, or bank de-leveraging could proceed at a more rapid-than-envisioned speed, undermining corporate investment and private sector sentiment;
- the implementation of the Hellenic Programme requires strong political will and public support in the upcoming years, which will be greatly challenged by already substantial social costs, due to austerity measures and prolonged recession. Against this backdrop, a potential demand from EU partners or the IMF for additional corrective measures on the fiscal side or amendments of the Agreement underlying the Hellenic Programme, could destabilise the coalition government, possibly derailing the adjustment Hellenic Programme. Political pressure could increase substantially if the result of elections for the European Parliament in May 2014 signify a significant decline in the public support for the two parties that form the coalition government;
- the Hellenic Republic may continue to experience difficulty accessing the private capital markets, even if, for example, the time period for which the Hellenic Programme provides full funding is extended further by almost two years up to 2016, in the context of a supplementary agreement with the Troika which could also provide additional relief in sovereign debt servicing terms or an outright reduction in Greek public debt. On a positive note, as was stated by the Eurogroup on 27 November 2012, Eurozone Member States reiterated their willingness to provide “adequate support to Greece during the life of the Hellenic Programme and beyond until (the country) has regained market access provided that Greece fully complies with the requirements and objectives of the adjustment”;
- despite the completion of bank recapitalisation and improving trends in deposit base in the second half of 2012 and the first quarter of 2013 on the back of declining uncertainty, Greek bank deposits declined marginally by €0.7 billion, or -0.4% y-o-y, in 2013. In this vein, economy-wide liquidity

conditions are likely to remain tight against a background of limited, lacking or costly access in interbank and wholesale markets and a continuous pressure in domestic bank deposit base caused by extensive use of financial saving to service current needs and/or an increase in uncertainty; and

- still sizeable uncertainty surrounds the short-term economic prospects of the Eurozone and the medium-term unconditional political commitment of Eurozone member partners to support Greece in the future, including concerns about Eurozone member partners' ability and determination to support the Greek effort in the upcoming years and ensure the Hellenic Programme has sufficient financing and debt sustainability in the medium to long-term which could potentially involve a haircut on official loans. In this vein, the commitment of the IMF to participate in Hellenic Programme financing may be also be questioned in the future.

Accordingly, although significant steps towards stabilisation have been made, macroeconomic and financial conditions remain very challenging for the banking sector in the Hellenic Republic and the EU. It is difficult to predict or state with any degree of certainty whether the Hellenic Programme (and any amendments thereto), will be implemented successfully and, if implemented successfully, whether it will have the effects intended, and how severe an impact on the Group's results of operations and financial condition an implementation of the Hellenic Programme (and any amendments thereto), successful or unsuccessful, might have. For more detail on the risks and uncertainties that the Group faces regarding the failure to implement the stabilisation plan and otherwise, see "*Risk Factors — Risks Relating to the Hellenic Republic's Economic Crisis*".

BlackRock diagnostic study

In August 2011, the Bank of Greece commissioned BlackRock, a U.S.-based investment, advisory and risk management company, to carry out an independent diagnostic study of the domestic loan portfolios of the Greek commercial banks, including the Bank. This was in accordance with the commitment undertaken by the Bank of Greece under the Hellenic Programme in the context of ensuring that the Greek banks are adequately capitalised. BlackRock's exercise was conducted on balances as at 30 June 2011 and the methodology was based on proprietary econometric models tailored for Greece and applied on loan-level data, while the Bank of Greece provided BlackRock with assumptions regarding the evolution of key macroeconomic variables used in the analysis as at the fourth quarter 2011. The study estimated Credit Loss Projections (CLPs) both over a three-year and a loan-lifetime horizon on the basis of two scenarios: a baseline scenario and an adverse scenario. The findings were individually communicated to each bank in order to be incorporated in their capital needs estimations for 2012.

A CLP is defined as the non-discounted loss of principal due to the (total or partial) non-repayment of loans, taking into account any amounts recovered from the sale of any relevant collateral and not taking into account the banks' loan loss reserves. The Bank's allowance for impairment on loans and advances to customers for the domestic portfolio amounted to €5.5 billion as at 31 December 2012.

In December 2012, the Bank of Greece circulated the full report of BlackRock, together with the detailed findings for each bank. The study highlighted that the CLPs of the Bank's domestic loan portfolio, under the baseline scenario, would amount to €4,421 million in a three-year period and to €5,623 million during the portfolio life. Under the adverse scenario, the respective amounts would be €5,812 million and €7,581 million.

In July 2013, the Bank of Greece re-engaged BlackRock Solutions, to perform a diagnostic assessment of the loan books of Greek banks falling under its supervision, distinguished between Group A (systemic) and Group B Banks. This was agreed in a Memorandum of Understanding between the Troika and the Greek government.

BlackRock's exercise was conducted on balances as at 30 June 2013 and the methodology was based on proprietary econometric models tailored for Greece and applied on loan-level data, while the Bank of Greece

provided BlackRock with assumptions regarding the evolution of key macroeconomic variables used in the analysis. The exercise had four areas of focus, (i) Asset Quality Review (**AQR**), (ii) Credit Loss Projections (**CLP**), (iii) Troubled Asset Review (**TAR**) and (iv) Review of the Foreign Loan Book (**FLB**), focusing on Greek Risk exposures. AQR and CLP had also been part of the respective exercise in 2011, while TAR and FLB were performed for the first time in 2013. The AQR aimed to assess banks' lending practices and processes for establishing and monitoring asset quality and underwriting quality via loan file reviews across all asset classes and due diligence sessions. The exercise estimated CLPs both over a three-year and a loan-lifetime horizon on the basis of two scenarios (a baseline scenario and an adverse scenario, provided by the Bank of Greece) and covers loan portfolios on a solo basis, as well as the loans of domestic leasing, factoring and credit finance subsidiaries, while the loans absorbed as part of the acquisition of the healthy assets of FBB and Probank were examined as a separate part of the portfolio. A CLP is defined as the non-discounted loss of principal due to the (total or partial) non-repayment of loans, taking into account any amounts recovered from the sale of any relevant collateral and not taking into account banks' loan loss reserves. The Group's allowance for impairment on loans and advances to customers for the domestic portfolio amounted to €6.2 billion as at 30 September 2013. Regarding TAR, the main objective was to assess the operational readiness and effectiveness of Banks' established strategy, policies and practices to deal with the accumulated volume of troubled assets. The asset classes under review were residential mortgages, SBP loans and SME loans, while consumer loans were reviewed at a high level. Finally, as part of the FLB review, BlackRock performed a detailed assessment of The Group's largest subsidiaries (Finansbank and UBB) and a more high-level assessment of all Greek Risk exposures of international subsidiaries, including leasing and factoring.

BlackRock was expected to deliver final results to the Bank of Greece by early December 2013; The Group has only received the qualitative findings of the TAR exercise, but has not yet received any communication regarding the CLP or FLB results.

Recapitalisation Framework

The Hellenic Programme also contains measures to protect the stability of the banking system by providing capital support. The HFSF, funded by the government out of the resources available from the IMF and EU under the Hellenic Programme, was established under Greek Law 3864/2010 with a view to ensuring adequate capitalisation of the banking system. If supervisory assessments conclude that a bank's capital buffer might fall below adequate levels, the shareholders will be invited to immediately bring additional capital or take capital support from the HFSF.

A prior action for the approval of the Hellenic Programme was the ratification of Greek Law 4051/2012, which modified the governance structure of the HFSF and altered the Greek bank recapitalisation framework. Pursuant to Greek Law 3864/2010, the decision-making bodies of the HFSF will be the General Council and the Executive Committee. The General Council consists of seven members, and the Executive Committee consists of three members. A representative of the Ministry of Finance and an appointee of the Bank of Greece sit on the General Council, while an appointee of the Bank of Greece sits on the Executive Committee. Save from these persons, the other members of the General Council and the Executive Committee are selected from a special committee that consists of an equal number of representatives of the Ministry of Finance and the Bank of Greece. Representatives of the EC and ECB may participate in this committee as 'observers'. The appointment of the members of the General Council and Executive Committee, save from those appointed by the Bank of Greece and the Ministry of Finance, requires the consent of the Euro Working Group.

The HFSF, a fully owned entity of the Hellenic Republic, has an initial duration until 30 June 2017 with a potential of a one-year extension in the event that there are outstanding warrants upon termination of the initial duration of the HFSF and a two-year additional extension, by decision of the Minister of Finance if this is necessary for fulfilment of its scope (for more information on the HFSF, see "*Regulation and Supervision of Banks in Greece — The Hellenic Financial Stability Fund*"). Any shares remaining in the HFSF at the time it ceases its activities will be transferred to the Hellenic Republic. The amount of funds

earmarked for the HFSF out of the Hellenic Programme's resources to date is about €50 billion. At 31 December 2012, €42.5 billion out of the €50 billion had already been paid.

As stipulated in its founding law, Greek Law 3864/2010, the HFSF will manage its participation in the banks with a view to safeguarding the value of its holdings, minimising the risks for the Greek public and ensuring adequate competition in the Greek banking system.

With the ministerial Cabinet Act 38 dated 9 November 2012, the Hellenic Republic unveiled the terms of the recapitalisation framework. Specifically, the recapitalisation of each bank would occur through common equity shares with restricted voting rights if the individual bank succeeds in raising at least 10% of its capital needs from private investors. Otherwise, the bank would be recapitalised by standard common equity to be held by the HFSF (for more information on the Bank's implementation of the recapitalisation, see "*The Business of the Group – Share Capital*"). In the former case, the recapitalisation would occur through common equity with voting rights, including HFSF's voting rights, only for resolutions relating to modifications of its articles of association, including an increase or reduction of the share capital of the bank or provision of relevant authorisation to the board of directors of the bank, merger, division, conversion, revival, extension of duration or dissolution of the bank, material asset transfers, including the sale of subsidiaries, or any other matters that require an increased majority, as explicitly provided in Greek Company Law 2190/1920. Cabinet Act 38 further sets forth the method of calculating the total amount of the share capital increases and the subscription price of the shares to be issued in the context of the share capital increases.

In addition, Cabinet Act 38 provided the terms of the issuance of share warrants issued by the HFSF, on condition that the minimum capital to be paid by private investors was achieved. Private investors participating in the relevant share capital increase were entitled to such warrants pro rata to their participation in the relevant share capital increase. Warrants are securities issued by the HFSF, listed on the ATHEX and are freely transferable. Each security incorporates the right of its holder to buy from the HFSF a pre-determined number of ordinary shares acquired by the HFSF by participating in the share capital increase of the relevant bank in accordance with Greek Law 3864/2010.

Moreover, Cabinet Act 38 determined the terms for issuing and converting the contingent convertible securities (**Contingent Convertible Securities** or **CoCos**) that a bank may issue to be subscribed for by the HFSF, in accordance with Greek Law 3864/2010. In accordance with this act, the unpaid amount of the bonds will be mandatorily converted to ordinary shares of the relevant bank five years after the date of issuance of the bonds at the conversion price determined by this act. However, no such securities were issued in the context of the eligible Greek banks' recapitalisation efforts.

In view of the delay in completing the recapitalisation framework, pursuant to Greek Law 3864/2010 as amended by legislative act dated 19 April 2012, (which was ratified by Greek Law 4079/2012) the HFSF, following a decision by the Bank of Greece, issued to banks which were deemed viable by the Bank of Greece and had submitted a request for recapitalisation to the HFSF, a certificate by which the HFSF committed to participate in the share capital increase of such banks for an amount determined by the Bank of Greece, provided that: (i) the business plan of the bank is assessed by the Bank of Greece as viable and credible, (ii) the above request is approved by the Bank of Greece and notified to the EC, and (iii) the Bank of Greece considers the issuance of the certificate necessary for the smooth continuation of the bank's operation as a going concern and the attainment of the capital requirements in accordance with the decisions of the Bank of Greece, as well as for the maintenance of the stability of the Greek banking system.

On 4 April 2012, the Bank of Greece sent a letter to the Bank, by which it informed the Bank that its capital adequacy ratio was below the acceptable level and therefore suggested that the Bank should submit to the HFSF a request for capital support, along with a three-year business plan. Following receipt of this letter, the Bank submitted the necessary documents, and the HFSF provided the Bank with the relevant certificate, by which it committed to participate in the Bank's share capital increase.

In an effort to safeguard the participation of Greek banks in the Eurosystem's liquidity operations, the legislative act dated 30 April 2012 gave an opportunity to the HFSF to advance its contribution in view of its participation in the capital support of banks. More specifically, pursuant to article 6 of Greek Law 3864/2010, as recently amended by legislative act dated 30 April 2012, (which was ratified by Greek Law 4079/2012) following a decision by the Bank of Greece, and upon consent of the EU and the EFSF, the HFSF was allowed to advance its contribution to the recapitalisation of a bank, or part thereof, up to the amount to be determined by the Bank of Greece, subject to certain conditions that were met in the case of the Bank and the three other systemic Greek banks.

Pursuant to Greek Law 3864/2010 the representatives of the HFSF on a bank's board of directors have the right to:

- (a) call the General Meeting of Shareholders of the Bank, where the deadline for calling the General Meeting and any Repeat General Meeting is reduced to the one-third of the deadline provided by the Greek Company Law 2190/1920;
- (b) veto any decision of the bank's board of directors:
 - (i) regarding the distribution of dividends and the remuneration policy concerning the chairman, the managing director and the other members of the board of directors, as well as the general managers and their deputies; or
 - (ii) where the decision in question could seriously compromise the interests of depositors, or impair the bank's liquidity or solvency or its overall sound and smooth operation (including business strategy, and asset/liability management);
- (c) request an adjournment of any meeting of the bank's board of directors for three business days in order to get instructions from the HFSF's Executive Committee, following consultation with the Bank of Greece;
- (d) request the convocation of the board of directors of the bank;
- (e) approve the appointment of the Chief Financial Officer of the bank; and
- (f) have unlimited access to the Bank's books and records for the purposes of Greek Law 3864/2010 with consultants of their choice.

The restrictions of Greek Law 3723/2008 with respect to distribution of dividends apply by analogy to banks for so long as they participate in the recapitalisation framework of Greek Law 3864/2010.

By virtue of the Presubscription Agreement dated 28 May 2012, entered into by the Bank, the HFSF and the EFSF, the HFSF contributed five series of EFSF bonds with nominal amount of €7,430.0 million, as an advance for participation in the Bank's future recapitalisation. On 20 December 2012, the Bank of Greece stated by letter to the Bank that the total capital requirement of the Bank needed to achieve the minimum capital adequacy ratio, amounted to €9,756.0 million. Taking into consideration the €7,430.0 million of EFSF bonds already received, the remaining capital requirement needed amounted to €2,326.0 million, whereas the HFSF, on 21 December 2012, contributed EFSF bonds, with a nominal amount of €2,326.0 million as a supplementary advance payment for its participation in the Bank's future share capital increase.

Apart from the restrictions of the Greek Law 3864/2010, the relationship of the Bank with the HFSF is further regulated through a Relationship Framework Agreement (**RFA**) as indicated in the Memorandum of Economic and Financial Policies.

For more information on the HFSF please see "*Regulation and Supervision of Banks in Greece*".

NBG FINANCE PLC

Introduction

NBG Finance plc was incorporated under the laws of England on 28 April 1997 as a public limited company with an indefinite length of life with registration number 3364682. The company remained dormant until it was acquired by National Bank of Greece S.A. on 22 May 1997 and 100% of the share capital of NBG Finance plc continues to be held, directly or indirectly, by National Bank of Greece S.A. The registered office of NBG Finance plc is at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ, telephone number +44 207 661 5664.

Directors

The Directors of NBG Finance plc and their respective business addresses and principal activities in relation to NBG Finance plc and National Bank of Greece S.A. are:

<u>Name</u>	<u>Address</u>	<u>Principal activities in relation to NBG Finance plc and National Bank of Greece S.A.</u>
E. Chatziannis.....	Old Change House, 128 Queen Victoria Street, London EC4V 4BJ	Director
J.H. North	Old Change House, 128 Queen Victoria Street, London EC4V 4BJ	Director and Non-Executive Director of NBG International
L. Grenier	Old Change House, 128 Queen Victoria Street, London EC4V 4BJ	Director

The Secretary of NBG Finance plc is J.H. North.

NBG Finance plc has no employees.

There are no potential conflicts of interest between any duties to NBG Finance plc of the Directors listed above and their private interests and/or other duties.

Activities

The share capital of NBG Finance plc was acquired, directly or indirectly, by National Bank of Greece S.A. with the intention that NBG Finance plc should operate as a financing vehicle for National Bank of Greece S.A. and its subsidiaries. The principal activity of the Issuer in the last financial year was to operate as a financing vehicle for National Bank of Greece S.A. (of which the Issuer is a wholly owned subsidiary) and its subsidiaries. The Issuer does not have subsidiaries.

As at the date of this Base Prospectus, NBG Finance plc had commitments of €100.0 million, €100.0 million and €60.0 million in NBGI PE France Fund I, NBGI Turkish Private Equity Fund LP, and NBGI SEE Energy Fund LP respectively. All three funds are managed by NBGI's subsidiary NBGI Private Equity Limited.

Accounts and Dividends

Since the date of its incorporation, no dividends have been declared or paid by the Issuer. Copies of the latest accounts of NBG Finance plc will be available at the specified offices of Banque Internationale à Luxembourg, *société anonyme*.

THE BUSINESS OF THE GROUP

Introduction

National Bank of Greece S.A. (the **Bank** and, together with its subsidiaries, the **Group**) holds a significant position in Greece's retail banking sector, with 620 branches and 1,529 ATMs as at 30 September 2013. The Group's core focus outside Greece is in Turkey and SEE, where it currently operates in Bulgaria, Serbia, Romania, Albania, Cyprus and FYROM. Customers are offered a wide range of integrated financial services, including:

- corporate and investment banking;
- retail banking (including mortgage lending);
- leasing and factoring;
- stock brokerage, asset management and venture capital;
- insurance; and
- real estate and consulting services.

The Bank is the principal operating company of the Group, representing 75.6% of the Group's total assets as at 30 September 2013. The Bank's liabilities represented 75.4% of the Group's total liabilities as at 30 September 2013. While the Bank conducts most banking activities, the Group also operates banking operations through nine foreign banking subsidiaries: Finansbank, United Bulgarian Bank AD-Sofia (**UBB**), Vojvodjanska Banka a.d. Novi Sad (**Vojvodjanska**), Banca Romaneasca S.A. (**Banca Romaneasca**), Stopanska Banka A.D.-Skopje (**Stopanska Banka**), the National Bank of Greece (Cyprus) Ltd. (**NBG Cyprus**), Banka NBG Albania Sh.a. (**NBG Albania**), the South African Bank of Athens Ltd. (**SABA**) and NBG Bank Malta Ltd. The Bank's headquarters and registered office are located at 86 Eolou Street, 10232 Athens, Greece. The telephone number of the Bank is (+30) 210 334 1000 and the official website is www.nbg.gr.

History and Development of the Group

National Bank of Greece S.A. was founded in 1841 and incorporated in Greece as a *société anonyme* pursuant to Greek law (registration number 6062/06/B/86/01). The Bank's current corporate form will expire on 27 February 2053, but may be further extended by a shareholder resolution passed at the General Meeting.

The Bank has operated a commercial banking business for 173 years. Since its incorporation, the business has expanded to become a large, diversified financial services group that today comprises the Group. The Bank founded Ethniki Insurance in 1891 and the National Mortgage Bank of Greece S.A. (**NMB**) in 1927. Until the establishment of the Bank of Greece as the central bank of Greece in 1928, the Bank, in addition to commercial banking activities, was responsible for issuing currency in Greece. The Bank expanded its business further when, in 1953, it merged with Bank of Athens S.A. On 2 October 1998, the Bank merged with NMB to enhance revenue generation, realise cost-saving efficiencies and provide more integrated mortgage-lending services to the Bank's customers. In December 2002, the Bank fully acquired and integrated the operations of the National Bank for Investment and Industrial Development, an investment bank that was a subsidiary of the Bank. As part of the ongoing effort to improve portfolio structure and effectively respond to changes in the domestic and international markets, in December 2005, the Bank fully acquired and integrated the operations of the securities portfolio management subsidiary, the National Investment Company S.A.

The Bank's efforts to further integrate its operations also led to the absorption-merger of the wholly owned subsidiary, National Real Estate, on 31 March 2006, and to the spin-off of the Bank's warehousing division into the wholly owned subsidiary, Pronomiouhos S.A. Genikon Apothikon Hellados, which was completed on 17 March 2008. The Bank also merged National Management & Organisation Co. through absorption, effective as at 31 March 2007.

On 14 January 2010, the Extraordinary General Meeting of Shareholders of the Bank approved the contribution, as of 30 September 2009, of the Bank's property of book value of €615.0 million, corresponding to 241 properties in the Real Estate Investment Company with the name NBG Pangaea. These properties were contributed to NBG Pangaea in lieu of cash for share capital. Cash contribution to the share capital amounted to €132,000. The assets contributed include land and buildings with a net book value at 31 December 2012 of €342.8 million and €236.5 million respectively, and their commercial value estimated at €767.9 million by an independent appraisal company as at 31 December 2012. The majority of properties rented by the Bank were under long-term leases. On 25 November 2013, NBG signed an agreement with Invel Real Estate (Netherlands) II BV for the sale and transfer of a 66% stake in subsidiary National Pangaea REIC at current valuations (NAV) for a total consideration of €653 million. Upon completion of the transaction NBG will retain a 34% stake in NBG Pangaea REIC. In addition, it will continue to have control of NBG Pangea REIC for up to five years, appointing the majority of the members of the Board of Directors and the Investment Committee, and it will hold additional contractual rights.

In December 2013, the Bank also disposed of its subsidiary Grand Hotel Summer Palace for a consideration of €38.0 million.

On 9 December 2013, Jermyn Street Real Estate Fund IV LP, submitted the highest bid amounting to €400.0 million, which concerns 90.0% of Astir Palace shares (which includes the Bank's entire 85.35% interest). The transaction is subject to approval by the HFSF and is expected to be completed in early 2014.

During the first half of the previous decade, the Group boosted its presence in SEE through a series of acquisitions. In October 2003, the Group acquired Banca Romaneasca S.A. (**Banca Romaneasca**) in Romania, and in 2005 acquired Eurial Leasing IFN S.A., a Romanian car leasing company later renamed as NBG Leasing IFN S.A. Furthermore, the Group's presence was further enhanced through the acquisitions of Stopanska Banka AD-Skopje (**Stopanska Banka**) in FYROM and of United Bulgarian Bank AD-Sofia (**UBB**) in Bulgaria in 2000.

On 18 August 2006, the Bank undertook its largest international acquisition to date, acquiring 46.0% of the ordinary shares and 100.0% of the founder shares of Finansbank, a Turkish commercial bank, from Fiba and Fina sellers. On 29 January 2007, a further 43.44% of Finansbank's publicly held outstanding ordinary shares were acquired by the Bank. In April 2007, following an agreement signed in January of the same year, 5.0% of Finansbank's shares were disposed of to the International Finance Corporation (**IFC**) (the relevant agreement includes put and call options, amounting to €256.6 million as at 31 December 2012). Following the mandatory tender offer and the sale of shares to IFC, a further 0.45% of the outstanding share capital of Finansbank was acquired by the Bank over the course of February 2007 to December 2007. As at 30 September 2013 the Group held 94.81% of Finansbank's outstanding share capital (a 5% stake is held by the IFC which is subject to put and call options, resulting in a total holding of 99.81%). Finansbank's Group of companies includes Finans Leasing, Finans Invest, Finans Portfolio Management, Finans Investment Trust, Finans Factoring, IBTech and E-Finance.

In July 2013, the Bank absorbed the healthy parts of FBB and Probank, following its participation in the tender process arranged by the Bank of Greece and the HFSF, thus playing an active role in the restructuring of the Greek banking system.

In October 2012, the Bank announced a voluntary offer for the acquisition of Eurobank, which completed in mid-February 2013. (Source: the Bank's press releases on 5 October 2012 and 18 February 2013). On 22 April 2013, Eurobank's board of directors announced that it would propose at the general shareholders'

meeting on 30 April 2013, that all rights be issued without offering pre-emptive rights to the existing shareholders. This proposal was approved at the general shareholders' meeting on 30 April 2013. As a result, the recapitalisation of Eurobank through the HFSF completed on 31 May 2013, led to the Bank's shareholding in Eurobank being reduced to 1.2%, with the HFSF having full voting rights in the Eurobank shares acquired. Consequently, following the recapitalisation of Eurobank, the Bank ceased to be the majority shareholder and does not have control over Eurobank.

Competitive Strengths

- *Reputation and brand.* The Bank is the largest financial institution in Greece by market capitalisation³, enjoying a reputation for trustworthiness and strong brand recognition over a 173-year history. It was the first Greek company to list on the ATHEX in 1880; the strength of its reputation and brand awareness provides the Bank with an advantage in attracting business in Greece from retail customers.
- *The Bank's retail customer base in Greece.* Banking services are provided to a substantial portion of the Greek population, the Bank having more than 10.8 million deposit accounts and more than 2.8 million lending accounts as at 30 September 2013. The breadth of its deposit base and penetration of the Greek market allow the Bank to offer other banking products to its customers and also cross-sell new products.
- *Liquidity position.* The Group's amounts due to customers as at 30 September 2013 were €65.0 billion, corresponding to a loan-to-deposit ratio of 95.5%. The Group's large deposit base offers a sizeable and relatively inexpensive source of liquidity. Throughout the crisis, the Bank has managed to mitigate the effect of a sharply declining deposit base more effectively than its key competitors, especially in savings and current accounts. At 30 September 2013, Group deposits posted a significant growth of 10.8% when compared to 31 December 2012: Greece +16.0%; SEE +6.9%; and Finansbank -2.5%. Additionally, the Bank managed to reduce Eurosystem funding by €8.7 billion when compared to 31 December 2012, with a parallel elimination of any ELA exposure, thus, significantly reducing funding costs.
- *Position in financial service products in Greece.* The Bank offers many financial service products in Greece, such as deposits, mortgage loans, corporate lending, life and non-life insurance and fund management. In particular, the Bank's aim is to consolidate its position in key lower-risk segments, such as mortgages and large corporations. The Bank's position in financial services in Greece provides a strong platform for the successful and prudent growth of its business, cross-selling products across product groups and an increase of its share of customers' "wallets".
- *Loan portfolio and conservative risk management policies.* The Bank is not exposed to structured credit or high-yield instruments. Its lending policies have traditionally been among the more conservative of Greek banks and this has resulted in a loan portfolio comprising, in large part, highly collateralised loans to large corporate customers and secured, low loan-to-value mortgages, with relatively small exposures to unsecured consumer financing and less established small or medium-sized enterprises, or SMEs. As at 30 September 2013, the ratio of the Group's loans +90 dpd to adjusted loans was 21.9%, while loans +90 dpd coverage was 55.1% without taking collateral into account. As for the domestic portfolio, a high percentage of the Group's lending in Turkey and SEE is secured. In Turkey, loans +90 dpd represented 5.4% of the total loans and advances to customers of Finansbank at 30 September 2013, rising slightly by 20 bps from September 2012. Recent downturns in macroeconomic conditions are expected to continue to adversely affect the credit quality of borrowers.

³ Source: ATHEX, Monthly Statistical Bulletin Exchange Developments-November 2013

- *A regional platform providing diversification of revenues.* The diversification of the Group's business activities over the past decade is helping to balance the pressures on the business in Greece. The Group is active in seven developing countries neighbouring Greece: Albania, Bulgaria, Romania, Serbia, Turkey, Cyprus and FYROM, with 1,199 branches providing access to a total population of approximately 118 million in countries in which the Group is present. The Turkish subsidiary, Finansbank, is one of the leading retail private banks in Turkey⁴, and is ranked fifth in terms of total assets and sixth in terms of branches and employees, according to the Banks Association of Turkey. Market presence outside Greece offers additional opportunities to deploy capital effectively and take advantage of experience accumulated across the business and to benefit from cost synergies.

Strategy

The Group's medium-term goal has been to become a large regional financial institution, a strategy which the Group had been implementing through measured, organic expansion combined with carefully considered strategic acquisitions, most notably the Group's acquisition of Finansbank in 2006, the fifth largest private sector bank in Turkey in terms of assets. The international crisis has confirmed the prudence of the Bank's historically conservative approach to risk management as its subsidiaries in Turkey and SEE Europe have all emerged on a solid footing from their respective country's crisis, with the performance of Finansbank, the largest international subsidiary of the Bank, particularly standing out. Emerging markets are set to be tested again, against the backdrop of the tapering of the U.S. Federal Reserve's asset purchasing programme, with Turkey impacted in particular in the last months of 2013 and early 2014. This new crisis will again test the resilience of Finansbank, and will lead to a reduction in profitability in 2014. The countries of SEE, so far, are relatively immune to the EU crisis in 2014.

The main challenge currently is the extremely protracted recession in Greece and its impact on the Bank's operations. In this regard, the Bank's strong liquidity position and capital base at the beginning of the crisis, as well as its diversified footprint, provide a strong advantage.

The Group's strategy for meeting the challenges of the economic crisis entails the following six pillars:

- **improvement of the Group's liquidity conditions** through de-leveraging the Greek loan portfolio, which was down by 16.3% at 30 September 2013, from a second quarter 2010 peak, reducing funding of the Group's banking affiliates to zero level and selling non-core assets;
- **strengthening capital base**, which had been depleted due to the Bank's participation in the Greek sovereign debt restructuring (also referred to as the PSI) (total provision for the exchanged Greek government bonds and loans amounted to €12.2 billion as at 31 December 2012) and has been restored following the successful recapitalisation of the Bank completed in June 2013 through a share capital increase of €9,756.0 million of which €1,079.0 million was contributed by private investors and €8,677.0 million by the HFSF.. Furthermore, the Group improved its capital base on a pro forma basis by liability management exercises (buy-back of covered bonds and hybrids, buy-back of preference shares issued in the U.S. market) and the disposal of non-core assets (NMG Pangaea and Astir Palace);
- **active management of loans in arrears**, through the use of several types of loan restructuring products that target retail and business banking customers. The intention is to facilitate repayment and increase collections taking into consideration the impact of the crisis on the financial situation of customers. Efforts are also being made to improve the effectiveness of mechanisms for recovering overdue loans. In response to the economic crisis, the Bank has reviewed and tightened its credit approval criteria;

⁴ Source: Published data from the Bank's Association of Turkey ("*The Banking System in Turkey, Quarterly Statistics by Banks, Branches and Employees March 2013*")—Report code: DE13, April 2013 - Report: September 2012-Turkish Banks-Ranked by Total Assets-Euro).

- **enhancement of pre-provision profitability**, primarily through cost-cutting measures. The reduction in operating expenses in the domestic market, by 23.1% in the first nine months of 2013 (adjusted for first time FBB & Probank consolidation and one-off integration costs) relative to the first nine months of 2009, reflects the success with which this goal is being pursued;
- **continuing support for international activities** in countries where the economic environment is improving, so as to enhance healthy earnings growth and the geographical diversification of the Group's income; and
- **improve viability** and thus, the ability to repay part of the capital support received by the Hellenic Republic and maximise the exit value for the Hellenic Republic. In the context of the Greek banking system recapitalisation framework, the Bank has restored its capital adequacy ratios, with an ultimate goal to play its systemic role in the stability of the banking sector and the restoration of the Greek economy.

Share Capital

In light of the capital losses that the Greek banks incurred as a result of the PSI and the extremely negative macroeconomic situation in Greece, the Bank of Greece initiated a process for the recapitalisation of the Greek banks. In the first quarter of 2012, the Bank of Greece requested and received from the Greek banks detailed business plans covering the period 2012 to 2015, as well as their recapitalisation plans. On the basis of these recapitalisation plans, which include both the effect of the PSI and the results of the diagnostic assessment conducted by BlackRock on the domestic loan portfolios of the Greek banks, the four systemic Greek banks, were assessed as viable by the Bank of Greece, and their capital needs were determined accordingly (see "*The Macroeconomic Environment in Greece: The Hellenic Republic's Economic Crisis—BlackRock Diagnostic study*"). The Bank of Greece determined that the Bank required €9,756.0 million in capital assistance and, in order to raise such amount, the Bank implemented a recapitalisation plan that was successfully completed in June 2013.

As part of this plan, on 22 May 2013 the Bank launched an offering of rights to subscribe for new shares of the Bank. On 14 June 2013 the Bank announced that the total percentage of the rights offering covered by private investors (under Greek Cabinet Act 6/5-6-2013) was 10.8%; 75% of the participation in the share capital increase was carried out by exercising preference rights. Almost 50% of the rights issue was subscribed by international investors, implying that Greece has benefited from about €500 million in foreign direct investment; one-third of the increase was covered by domestic households, comprising approximately some 120,000 investors, reflecting the broad shareholder base of the Bank; two-thirds of the share capital increase was covered by existing shareholders.

As at 30 September 2013, following completion of the Bank's recapitalisation and repurchase of a portion of the Bank's series A preference shares, the Bank's paid-in share capital amounted to €2,073.0 million, divided into: (i) 2,396,785,994 Ordinary Shares, of €0.30 nominal value each, (ii) 12,639,831 series A non-cumulative non-voting redeemable preference shares offered in the form of American depositary receipts in the United States, of €0.30 nominal value each, and (iii) 270,000,000 preference shares issued to the Hellenic Republic pursuant to the Hellenic Republic's Bank Support Plan, of €5.00 nominal value each. The following table sets forth certain information regarding holders of the Bank's Ordinary Shares, based on information known to or ascertainable by the Bank as at 31 January 2014:

Shareholders	Number of ordinary shares	Percentage holding
HFSF	2,022,323,827	84.38%
Legal and natural persons outside Greece	217,244,419	9.06%
Legal and natural persons within Greece	118,091,361	4.93%

Domestic pension funds and other public sector	39,126,387	1.63%
Total	2,396,785,994	100.00%

As at 31 December 2013, various domestic pension funds and other public sector related entities owned approximately 1.82% in total of the Bank's ordinary share capital, and the Hellenic Republic held directly 84.38% of the Bank's ordinary shares through the HFSF.

Other than as disclosed above, the Bank does not know of any other persons who, directly or indirectly, jointly or individually, exercise or could exercise control over the Bank.

Other than the HFSF, no single shareholder beneficially owns 5.0% or more of the Bank's ordinary shares.

The Bank's major ordinary shareholders do not possess different voting rights from the Bank's ordinary shareholders. Other than certain Hellenic Republic-related entities whose boards of directors are appointed by the Hellenic Republic, the Bank does not know of any other persons who, directly or indirectly, jointly or individually, could exercise control over the Bank.

Organisational Structure

The following table indicates the individual companies within the Group and the Group's participation (direct and indirect) in each company as at the date of this Base Prospectus:

Primary Operating Area	Country of incorporation	Direct	Indirect	Total
Corporate & Investment Banking				
Ethniki Leasing S.A.	Greece	93.33%	6.67%	100.00%
Ethniki Factors S.A.	Greece	100.00%	—	100.00%
Probank Leasing S.A.	Greece	84.52%	0.19%	84.71%
Titlos Plc ⁽¹⁾	U.K.	—	—	—
Retail Banking				
Revolver APC Limited ⁽¹⁾	U.K.	—	—	—
Revolver 2008-1 PLC ⁽¹⁾	U.K.	—	—	—
Spiti Plc ⁽¹⁾	U.K.	—	—	—
Autokinito Plc ⁽¹⁾	U.K.	—	—	—
Agorazo Plc ⁽¹⁾	U.K.	—	—	—
Turkish Operations				
Finansbank A.S.	Turkey	82.23%	17.58%	99.81%
Finans Finansal Kiralama A.S. (Finans Leasing)	Turkey	29.87%	68.91%	98.78%
Finans Yatirim Menkul Degerler A.S. (Finans Invest)	Turkey	0.20%	99.61%	99.81%
Finans Portfoy Yonetimi A.S. (Finans Portfolio Management)	Turkey	0.01%	99.80%	99.81%
Finans Yatirim Ortakligi A.S. (Finans Investment Trust)	Turkey	5.30%	75.96%	81.26%
IBTech Uluslararası Bilisim Ve İletisim Teknolojileri A.S.	Turkey	—	99.81%	99.81%
Finans Faktoring Hizmetleri A.S. (Finans Factoring)	Turkey	—	99.81%	99.81%
E-Finans Elektronik Ticaret Ve Bilisim Hizmetleri A.S. (E-Finance)	Turkey	—	50.90%	50.90%
NBG (Malta) Holdings Ltd	Malta	—	100.00%	100.00%
NBG Bank (Malta) Ltd	Malta	—	100.00%	100.00%
International				
The South African Bank of Athens Ltd (S.A.B.A.)	South Africa	94.39%	5.35%	99.74%
National Bank of Greece (Cyprus) Ltd	Cyprus	100.00%	—	100.00%
National Securities Co (Cyprus) Ltd	Cyprus	—	100.00%	100.00%
NBG Management Services Ltd	Cyprus	100.00%	—	100.00%
Stopanska Banka A.D.-Skopje	FYROM	94.64%	—	94.64%
United Bulgarian Bank A.D. - Sofia (UBB)	Bulgaria	99.91%	—	99.91%
UBB Asset Management Inc.	Bulgaria	—	99.92%	99.92%
UBB Insurance Broker A.D.	Bulgaria	—	99.93%	99.93%
UBB Factoring E.O.O.D.	Bulgaria	—	99.91%	99.91%

Interlease E.A.D., Sofia	Bulgaria	100.00%	—	100.00%
Interlease Auto E.A.D.	Bulgaria	—	100.00%	100.00%
Hotel Perun – Bansko E.O.O.D.	Bulgaria	—	100.00%	100.00%
Banca Romaneasca S.A.	Romania	99.28%	—	99.28%
NBG Leasing IFN S.A.	Romania	6.43%	92.90%	99.33%
NBG Factoring Romania IFN S.A.	Romania	—	99.28%	99.28%
Vojvodjanska Banka a.d. Novi Sad	Serbia	100.00%	—	100.00%
NBG Leasing d.o.o. Belgrade	Serbia	100.00%	—	100.00%
NBG Services d.o.o. Belgrade	Serbia	—	100.00%	100.00%
Banka NBG Albania Sh.a.	Albania	100.00%	—	100.00%
Global Markets & Asset Management				
NBG Securities S.A.	Greece	100.00%	—	100.00%
NBG Asset Management Mutual Funds S.A.	Greece	81.00%	19.00%	100.00%
Probank M.F.M.C.	Greece	95.00%	5.00%	100.00%
Profinance S.A.	Greece	99.90%	0.10%	100.00%
NBG Greek Fund Ltd	Cyprus	100.00%	—	100.00%
NBG Funding Ltd	U.K.	100.00%	—	100.00%
NBG Finance Plc	U.K.	100.00%	—	100.00%
NBG Finance (Dollar) Plc	U.K.	100.00%	—	100.00%
NBG Finance (Sterling) Plc	U.K.	100.00%	—	100.00%
NBG International Ltd	U.K.	100.00%	—	100.00%
NBGI Private Equity Ltd	U.K.	—	100.00%	100.00%
NBGI Private Equity S.A.S.	France	—	100.00%	100.00%
NBG Securities Romania S.A.	Romania	73.12%	26.88%	100.00%
NBG Asset Management Luxembourg S.A .	Luxembourg	94.67%	5.33%	100.00%
NBGI Private Equity Funds	U.K.	—	100.00%	100.00%
CPT Investments Ltd	Cayman Islands	100.00%	—	100.00%
Insurance				
NBG Bancassurance S.A.	Greece	99.70%	0.30%	100.00%
Ethniki Hellenic General Insurance S.A.	Greece	100.00%	—	100.00%
National Insurance Brokers S.A.	Greece	—	95.00%	95.00%
Probank Insurance Brokers S.A.	Greece	99.90%	0.08%	99.98%
FB Insurance Agency Inc.	Greece	99.00%	—	99.00%
Audatex Hellas S.A.	Greece	—	70.00%	70.00%
Ethniki Insurance (Cyprus) Ltd	Cyprus	—	100.00%	100.00%
Ethniki General Insurance (Cyprus) Ltd	Cyprus	—	100.00%	100.00%
National Insurance Agents & Consultants Ltd	Cyprus	—	100.00%	100.00%
S.C. Garanta Asigurari S.A.	Romania	—	94.96%	94.96%
Other				
Ethniki Kefalaïou S.A.	Greece	100.00%	—	100.00%
NBG Property Services S.A.	Greece	100.00%	—	100.00%
Pronomiouhos S.A. Genikon Apothikon Hellados	Greece	100.00%	—	100.00%
Innovative Ventures S.A. (I-Ven)	Greece	—	100.00%	100.00%
ASTIR Palace Vouliagmenis S.A.	Greece	85.35%	—	85.35%
ASTIR Marina Vouliagmenis S.A.	Greece	—	85.35%	85.35%
NBG Training Center S.A.	Greece	100.00%	—	100.00%
Ethnodata S.A.	Greece	100.00%	—	100.00%
KADMOS S.A.	Greece	100.00%	—	100.00%
DIONYSOS S.A.	Greece	99.91%	—	99.91%
EKTENEPOL Construction Company S.A.	Greece	100.00%	—	100.00%
Mortgage, Touristic PROTYPOS S.A.	Greece	100.00%	—	100.00%
Hellenic Tourist Constructions S.A.	Greece	77.76%	—	77.76%
Anthos Properties S.A.	Greece	100.00%	—	100.00%
Ethniki Ktimatikis Ekmetalefsis S.A.	Greece	100.00%	—	100.00%
NBG Pangaea Reic	Greece	34.00%	—	34.00%
Karela S.A.	Greece	—	34.00%	34.00%
NBG International Holdings BV	The Netherlands	100.00%	—	100.00%
ARC Management One SRL (Special Purpose Entity)	Romania	—	100.00%	100.00%
ARC Management Two EAD (Special Purpose Entity)	Bulgaria	—	100.00%	100.00%

(1) (Special Purpose Entity)

The Banking Services Sector in Greece

The Greek banking sector has expanded rapidly since the 1990s, due to both deregulation and technological advances. This trend reversed recently due to the country's fiscal crisis. As at January 2014, the date of the most recent available information from the Bank of Greece, there were 40 banks in Greece: ten Greek commercial banks, ten cooperative banks and 19 foreign banks branches (including branches of Citibank, HSBC Bank and RBS) as well as one specialised bank (Source: Bank of Greece website, Statistics, List of MFIs).

Universal Banks

Traditionally, commercial banks have dominated the Greek financial services market. However, specialised banks have expanded into commercial banking, thereby increasing competition in the market. The distinction between commercial and investment banks has ceased to exist officially and the Bank of Greece classifies all banks that operate in Greece as "universal banks", with the exception of the Consignment Deposits and Loans Fund (which is a legal entity under public law, fully owned and controlled by the Hellenic Republic). Universal banks have been shielded to some degree from the deteriorating interbank lending conditions as they are able to access funding through deposits, in contrast to institutions that are unable to draw on such deposit bases.

During the last two decades, the Hellenic Republic has proceeded with privatising a large number of banks. The outbreak of the global financial crisis and, especially, the Greek sovereign debt crisis, has had multiple negative effects on banking activities, which has led to the consolidation of the banking sector. In March 2012, the Bank of Greece revoked the licences of three cooperative banks, which were not economically viable, subjecting them to the special liquidation proceedings of article 68 of Greek Law 3601/2007 and ordering in parallel the transfer of some of their assets in accordance with article 63D of Greek Law 3601/2007. The Bank acquired all such assets following its participation in the relevant bidding process launched by the Bank of Greece (Source: Bank of Greece press release on 23 March 2012). In July 2012, Piraeus Bank absorbed the healthy part of ATE Bank (Source: Piraeus Bank press release on 27 July 2012). In October 2012, Alpha Bank came to an agreement with Crédit Agricole for the acquisition of Emporiki Bank (Source: Alpha Bank press release on 17 October 2012). The transaction closed in early 2013. In October 2012, the Bank announced a voluntary offer for the acquisition of Eurobank, which completed in mid-February 2013 (see "*The Business of the Group - History and Development of the Group*"). In December 2012, Piraeus Bank acquired a 99.08% stake in General Bank from Société Générale and proceeded to a compulsory tender offer for the remaining shares in March 2013 (Source: Piraeus Bank press releases on 14 December 2012 and 1 March 2013). In March 2013, Piraeus Bank signed an agreement to acquire all of the Greek deposits, loans and branches of Bank of Cyprus, CPB and Hellenic Bank, including the loans and deposits of their Greek subsidiaries (leasing, factoring and the Investment Bank of Greece (**IBG**)) (Source: Piraeus Bank press release on 26 March 2013). In April 2013, Piraeus Bank reached a final agreement with Millennium BCP (**BCP**) concerning the acquisition of Millennium Bank Greece (**MBG**) and the participation of BCP in the forthcoming share capital increase of the Bank of Piraeus. (Source: Piraeus Bank press release on 22 April 2013). In July 2013, Eurobank acquired 100% of New Hellenic Postbank and 100% of New Proton Bank (Source: Eurobank press release dated 15 July 2013). Also in July 2013, the Bank acquired the healthy parts of FBB and Probank (Source: the Bank's press releases dated 23 and 26 July 2013). In December 2013, Alpha undertook the deposits of three cooperative banks; namely, cooperative banks of Western Macedonia, Dodecanese and Evia (Source: Alpha press release dated 8 December 2013).

In the years 2000 to 2008, many of the major Greek banks have expanded internationally, establishing or enhancing their presence in SEE. In addition to the Bank's acquisition of controlling stakes in Finansbank and Vojvodjanska during 2006 and the first months of 2007, other Greek banks have proceeded with acquisitions of banks in the region. Eurobank became the owner of 100% of the shares of Nacionalna Stedionica Banca in Serbia in March 2007 and took control of over 90% of DZI Bank in Bulgaria in December 2006. Furthermore, in March 2007, Eurobank concluded the purchase of a 99% stake in Universal Bank in Ukraine, and completed the acquisition of the majority of shares in Tekfenbank in Turkey,

which was disposed of in April 2012. Piraeus Bank acquired a nearly 100% stake in International Commerce Bank JSC in Ukraine in 2007, and Alpha Bank acquired the majority of shares of the Ukrainian OJSC Astra Bank in 2008. ATE Bank made its first expansion steps in SEE by acquiring a 20% stake in AIK Bank in Serbia and a stake of 57% in MindBank in Romania during the same year (Source: the Group's financial statements for 2006 and 2007).

The economic downturn of recent years has led Greek financial institutions to make divestments, in order to shield their balance sheets against the new adverse conditions. In 2011, Eurobank announced its agreement with Raiffeisen Bank International AG in Poland (**RBPL**) to dispose of a 70% stake in its operations in the country (Polbank EFG) and exchange the remaining 30% stake for a 13% stake in the combined RBPL-Polbank EFG operations (Source: Eurobank press release on 3 February 2011). The transaction completed in April 2012 (Source: Eurobank press release on 30 April 2012). Additionally, in April 2012, Eurobank signed an agreement with Kuwaiti Burgan Bank, to dispose of its 70% holding in its Turkish subsidiary, Eurobank Tefken. The transaction closed in December 2012 (Source: Eurobank press release on 9 April 2012 and 21 December 2012). In June 2012, Piraeus Bank signed an agreement with Investors Bancorp Inc. for the transfer of its 98.5% shareholding in its subsidiary Marathon Banking Corporation in New York, USA (Source: Piraeus Bank press release on 15 June 2012). The transaction completed in October 2012 (Source: Piraeus Bank press release on 16 October 2012). In June 2012, Emporiki Bank transferred its shareholdings in its subsidiary banks in Romania, Bulgaria and Albania to the Crédit Agricole Group (Source: Emporiki Bank press release on 14 June 2012).

Foreign Banks

In December 2013, according to data published by the Bank of Greece, there were 19 foreign-owned or incorporated banks that were established in the Greek banking market. As mentioned before, in March 2013 Piraeus Bank signed an agreement to acquire the operations of the three Cypriot banks in Greece, thus further reducing the number of foreign banks in the country. The majority of foreign banks operating in Greece have little presence in retail banking services.

Specialised Banks

The Consignment Deposits and Loans Fund, an autonomous financial institution organised as a public law legal entity under the supervision of the Ministry of Finance, is the only remaining specialised bank in Greece. Its activities include the acceptance of consignments in cash or in kind, the granting of housing loans to qualifying borrowers, primarily civil servants, and the support of regional development.

Non-Banking Institutions

As of April 2002, Greek Law allows non-banking institutions that are licensed by the Bank of Greece to extend consumer credit or loan facilities. These institutions are in direct competition with universal banks in the consumer credit sector.

The Banking Services Sector in SEE and Turkey

The macroeconomic picture improved in South Eastern Europe-5 (**SEE-5**, comprising Albania, Bulgaria, FYROM, Romania and Serbia) while it remained mixed in Turkey in the first nine months of 2013.

In Turkey, growth accelerated significantly and the banking sector performance remained strong. However, external imbalances worsened. The significant economic rebound was driven by strengthening domestic demand, despite tight liquidity conditions, as the authorities took measures to contain credit activity growth at 15% and to limit surging foreign capital inflows in order to avoid financial instability. As a result, real GDP growth accelerated to 4.0% y-o-y from 2.2% in 2012. On a negative note, the current account deficit widened to 7.1% of GDP (on a 12-month rolling basis) in September from 6.2% of GDP in December 2012.

The widening of the current account in the first nine months of 2013 was driven exclusively by a temporary deterioration of gold trade balance.

Against a backdrop of strong economic growth and despite tight liquidity conditions, the Turkish banking sector's already strong fundamentals improved somewhat and its performance remained impressive. Specifically, the return on average equity ratio stood at 15.0% (annualised) in the first nine months of 2013, almost unchanged from the 2012 outcome of 15.7%, the loan +90 dpd to gross loans and advances to customers ratio receded to 2.7% in September from 2.9% in December 2012, and the capital adequacy ratio declined to 15.0% in September from 17.8% in December 2012, in line with a surge in credit activity (up 30.3% y-o-y in September from 15.3% y-o-y in December 2012), but remained well above the statutory threshold of 8%.

In SEE-5, economic activity accelerated, external imbalances receded, and the banking sector performance improved. The strong growth performance and the narrow external balance were driven by a buoyant external demand. Indeed, exports soared in the first nine months of 2013, on the back, *inter alia*, of increasing penetration in non-EU fast-growing regions, broadening export base (especially in the automotive sector, which accounts currently for 40.0% of exports of goods in the largest SEE-5 economy, Romania) and, to a lesser extent, the ongoing timid recovery in the region's main trading partner, the Eurozone. Subdued domestic demand contributed also to the reduction of external imbalances, reflecting, *inter alia*, lower foreign capital inflows and weak credit activity, on the back of limited financing of the primarily foreign-owned banking sector by parent banks and bank tighter credit standards. As a result, real GDP in SEE-5 is estimated to have accelerated to 2.2% y-o-y in the first months of 2013 from 0.4% in 2012, and the adjustment in external imbalances, which began in 2009 in the wake of the global economic and financial crisis, gained steam, with the current account deficit moderating to a record low of 1.6% of GDP (on a 12-month rolling basis) in September from 4.9% of GDP in December 2012 and an all-time high of 15% of GDP in 2008.

Amid a more favourable operating environment, the fundamentals of the SEE-5 banking sector strengthened and its performance improved. Indeed, the bottom line turned positive in the first nine months of 2013, standing at an estimated €716.0 million compared with a mild loss of €76.0 million in 2012 as the pace of creation of non-performing loans has embarked on a downward trend with the ratio of problematic loans to total gross loans deteriorating at a slower pace, ranging between 11.6% (FYROM) and 24.3% (Albania) in September 2013 against 10.5% (FYROM) and 22.8% (Albania) in December 2012, and the capital adequacy ratio remained broadly stable at comfortable levels, ranging between 13.9% (Romania) and 19.9% (Serbia) in September 2013 against 14.9% (Romania) and 19.9% (Serbia) in December 2012.

Banking Activities in Greece

Most of the Group's banking business is domestic and includes mainly retail, commercial and investment banking. As at 31 December 2012, 38.9% of the Group's total segment assets was attributable to the Greek retail and Greek corporate and investment banking segments. Banking activities in Greece also include the Bank's domestic operations, Ethniki Leasing S.A. (**Ethniki Leasing**), Ethniki Factors S.A. (**Ethniki Factors**) and loans granted by Ethniki Insurance and NBG Securities S.A. (**NBG Securities**). In this section, financial information pertaining to the Bank relates to banking activities in Greece. The Group's Greek banking operations accounted for 63.3% of adjusted loans as at 31 December 2012. Adjusted loans before allowance for impairment on loans and advances to customers attributable to Greek banking activities were €44.7 billion as at 31 December 2012, a 9.3% decrease compared with €49.2 billion at 31 December 2011.

The tables below set forth details of the Bank's domestic operations (in terms of adjusted loans and deposits) as at 31 December 2012, 2011 and 2010:

Year ended 31 December 2012		Year ended 31 December 2011	
Loans	Deposits	Loans	Deposits

	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
	(€ billion ⁽¹⁾ , except for percentages)							
Retail ⁽¹⁾	29.0	64.9%	32.0	82.4%	30.3	61.6%	36.2	86.4%
Corporate.....	13.8	30.9%	4.1	10.6%	14.7	29.9%	3.6	8.6%
Public Sector ⁽²⁾	1.9	4.3%	2.7	7.0%	4.2	8.5%	2.1	5.0%
Total	44.7	100.0%	38.8	100.0%	49.2	100.0%	41.9	100.0%

Year ended 31 December 2010				
	<u>Loans</u>		<u>Deposits</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
	(€ billion ⁽¹⁾ , except for percentages)			
Retail ⁽¹⁾	32.0	62.7%	42.6	84.0%
Corporate.....	14.8	29.1%	4.8	9.5%
Public Sector ⁽²⁾	4.2	8.2%	3.3	6.5%
Total	51.0	100.0%	50.7	100.0%

(1) Retail loans include consumer loans, personal loans, mortgages, automobile financing, small business loans and credit cards.

(2) Comprises public utilities and entities governed by Greek public law. The decrease of Public Sector Loans as at 31 December 2012 compared with 31 December 2011 is mainly due to the loans, amounting to €1.9 billion, which were exchanged in the PSI. As a result, these loans are no longer reported under loans and advances to customers as at 31 December 2012.

Greek Banking Distribution Channels

As at 30 September 2013, the Group operated in Greece through 620 branches, one private banking unit, one unit for financial institutions and seven specialised banking units that deal exclusively with troubled and non-performing loans. As at 30 September 2013 the Bank had 1,529 ATMs, of which at least 588 were situated in key locations such as supermarkets, metro stations, shopping centres, hospitals and airports (12% of ATMs belonged to the Probank network). During the first nine months of 2013, the total number of ATM transactions reached approximately 75 million with a total value of approximately €11.4 billion. In addition, alternative distribution channels have been developed, such as an e-banking platform targeted at both corporate and retail clients. During the first 9 months of 2013, the total number of phone and internet banking users increased by 11%, reaching approximately 747,000, out of which 513,000 were also phone banking users. The total number of electronic transactions during the nine-month period of 2013 was approximately 45.5 million, with a total value of approximately €14.4 billion. The Bank provides information and transaction services through the use of a voice portal and a manned help desk as part of a contact centre, which began operation in 2007. In 2012, four new “i-bank” stores (two in Athens and two in Thessaloniki) were launched, offering all i-bank services (internet, mobile and phone banking, ATM and APS) and hosting entertainment and educational events.

The Bank’s branches are located in almost every major city and town in Greece. Approximately 47% of the Bank’s branches are located in Attica, Peiraeus and Thessaloniki prefectures, the major population centres in Greece. The Bank is engaged in a continuous process of streamlining the organisation of its branch network in order to reduce costs, primarily by centralising back-office functions to free more employees to work on sales activities directly with customers. In addition, the Bank is continuing to consolidate redundant branches in order to maintain equivalent geographic coverage at a lower cost. As at 30 September 2013, the Bank operated 231 full banking branches and 277 retail banking branches.

The Bank participates in DIAS Interbanking Systems S.A., which currently has 36 banks as shareholder direct participants, including the Bank. DIAS Interbanking Systems S.A. provides interbank services such as cheque clearing, ATM networking, fund transfers and payroll and pension services for the benefit of customers of shareholder participants.

A variety of marketing channels are used to maintain and enhance the Bank’s market position, including radio, television, press and internet advertising and the distribution of promotional information brochures in its branches. As part of the Group's marketing strategy, the Group seeks to capitalise on existing relationships with individual customers through cross-selling efforts aimed at increasing such customers’ awareness of other products that are offered by Group companies. For instance, mortgage customers are informed of insurance products, through which they may insure against damage to their property, as well as against events and circumstances that might cause them to default on their mortgage loans. The Bank’s

marketing strategy also includes indirect marketing, pursuant to which agency agreements have been stipulated with retailers, such as automobile dealers and electronic chain stores, who agree to offer the Bank's consumer loan products to their customers in connection with purchases of consumer goods. Contractual arrangements are in place with mobile telephone service providers in Greece that enable the Bank to offer customers certain banking services, such as balance inquiries, through their mobile telephones. Certain banking services are provided over the internet, including the transfer of funds between accounts, balance inquiries, bill payments, stock brokerage services and subscriptions to initial public offerings on the ATHEX.

The Group has also introduced "i-bank", a web-based portal which allows clients to select their preferred place and method to transact with the Bank in order to achieve immediate and reliable service at low cost. Presently "i-bank" is being implemented at the Group level in all countries in which it operates, which will allow for convergence across distribution channels through the utilisation of a common platform for trans-border products and services.

Savings and Investment Products

Savings and investment products of the Bank are offered both in euro and in other currencies in response to customer demand. These products include capital guaranteed principal products, bonds from the Bank's proprietary portfolio, repurchase agreements between the Bank and clients and a wide range of mutual funds and unit trust products provided by NBG Asset Management Mutual Funds S.A. (**NBG Asset Management**), which is 100% owned by Group companies.

Payment Services

Payment services are made available to clients participating in all local interbank payment channels. The Bank is also a direct member of the Euro interbank channels of TARGET, TARGET2, EBA for Euro 1, Step 1 and Step 2. As a member of Step 2, the Bank is the main Greek entry point for Eurozone payments. For payments, especially outside the Eurozone, the Bank maintains a global network of correspondent banks. The Bank has completed the centralisation of its payment operations. The Cash Management service offering in Greece leverages extensively the Bank's branch network in providing customers with online transaction processing, which is particularly useful for electronic collection services.

Retail Banking

All retail banking activities in Greece are conducted by the Bank. The Bank offers retail customers a number of different types of deposit and investment products, as well as a wide range of traditional services and products.

As a result of the economic crisis, the Bank has adopted a more conservative approach to new retail lending, with a greater emphasis on risk-averse lending criteria. As a result, the Bank's retail portfolio decreased in 2012 and the Bank expects slower credit expansion across each of its products throughout the remainder of 2013.

Consumer Credit Products

The Bank sought to address the significant continued deterioration of its lending portfolio, and to assist those customers willing to repay by offering more competitive modification programmes according to each customer's need and repayment ability. Since 2011, the Bank has improved the modification programmes offered by extending the maturity of modification products and by introducing fractional instalment payments during the first years of the modification programme.

Apart from management of its portfolio and the support it offers to its customers, the Bank has introduced a full suite of green banking solutions.

The Bank's portfolio of consumer credit amounted to €6,420.8 million as at 31 December 2012, compared with €6,656.5 million at 31 December 2011.

The Bank is among the most active card issuers in Greece, having circulated more than 2.5 million debit cards and 520,000 credit cards and managed a total credit card portfolio of €1,469.7 million as at 31 December 2012 compared with €1,550.7 million as at 31 December 2011.

Mortgage Lending Products

Since 2010, the Bank's attention has primarily been focused on proactively dealing with customers who currently face financial difficulty in serving their mortgage in accordance with contractual terms. For customers with no delay or in early delay, the Bank offers products with interest payments for a period up to 24 months only combined with an extension of the loan's maturity. Additionally, for loans in default for over 90 days, a number of modification programmes have been applied that offer the opportunity of a maturity extension and a "fractional payment" scheme whereby the customer pays for a predetermined period of two to three years a proportion of the instalments due. These products also offer a reduction of up to 30% of the interest accrued off-balance sheet. Modified loans bear a credit spread on average higher by 30 bps compared with their rate before modification.

The years 2011 and 2012 were characterised by deep recession in the Greek economy, marked by extremely high unemployment, low personal incomes, heavier taxation (especially in the real estate sector), and low construction activity. Private construction activity, based on the volume of building permits, declined by 30.5% in 2012 following a decline of 37.7% in 2011, 23.3% in 2010 and 17.3% in 2009. In this environment, the number of house sales declined by 34.2% in 2012 following a decline of 42.9% in 2011 (Source: Bank of Greece Monetary Policy, Report 2012, January 2013). House prices also fell by 11.8% in 2012, after falling by 5.3% in 2011, 4.4% in 2010 and 4.3% in 2009 (Source: Bank of Greece, "Bulletin of Conjunctural Indicators", Number 148, January-February 2013).

In this context, the volume of new mortgage loan disbursements dropped significantly in 2012, following the decline of the last two years. As at 31 December 2012, the Bank's outstanding mortgage balances amounted to €18,882.9 million, a decrease of 4.6% compared with €19,790.6 million at 31 December 2011. Factors affecting the mortgage lending portfolio relate to the decrease in demand, and to the stringent underwriting criteria set by the Bank.

As at 31 December 2012 the Bank's mortgage portfolio included mortgage loans amounting to €1,540.8 million which carry an interest rate subsidy, either by the Hellenic Republic or the Social Housing Organisation (**O.E.K.**), with €1,322.3 million of loans being fully guaranteed by the Hellenic Republic.

As a result of the ongoing economic crisis in Greece, no significant changes are expected in relation to the approach to new mortgage lending in 2013; in addition the Bank will continue to focus on supporting customers experiencing difficulties in the repayment of their obligation.

Small Business Lending Unit

The Small Business Lending Unit (**SBL Unit**) constitutes a division of retail banking and manages credit provision to small businesses with an annual turnover of up to €2.5 million and total exposure of up to €1.0 million for small and medium entities (**SMEs**) that keep a full set of accounting reports (C Category Books). The SBL Unit comprises three business credit centres in Athens, Thessaloniki and Patras.

In 2012, the Bank further supported SMEs who experienced difficulties in servicing their debt obligations by agreeing on more favourable terms and conditions for the restructuring of their debts. The relevant products offered by the SBL Unit are as follows:

- “Debt Settlement/Restructuring”: a medium or long-term debt restructuring facility that is proposed to SBLs and SMEs with at least one account in “past due” for more than 90 days. The restructuring product includes the granting of a grace period of up to 24 months during which the borrower only pays interest, the extension of the maturity of the loan up to 20 years and the option to the borrower to make a down payment, which, if the loan is repaid in accordance with the renegotiated terms, will be returned as a discount or the application of lower interest rates if the customer provides fresh collateral; and
- “Restructuring-on-restructuring (**R-O-R**)”: a programme aimed at those customers having difficulty in servicing their restructured debt, as a result of the prolonged economic crisis. The product offers a recalibration of the debt. Clients eligible for this R-O-R product are those with restructured loans in default for more than 60 days, either being fully secured (with existing or new collaterals) or for which at least 50% of the accrued interest of the first modified loan has been paid.

The size of the SBL Unit portfolio has continued to be negatively affected from the limited demand for funds as a result of the domestic financial crisis, and the partial repayment of loans guaranteed by the National Fund for Entrepreneurship and Development S.A. (**ETEAN**). As at 31 December 2012, the Bank’s outstanding SBL portfolio amounted to €3,679.8 million, decreasing by 5.5% compared with €3,892.3 million at 31 December 2011.

The SBL Unit offers lending solutions as outlined below, which cover a full range of business credit needs. More specifically:

- “Open Business Plan”, a flexible financing programme, operating on the basis of an overdraft facility account linked to a business current account, which covers working capital needs; and
- “Business Multiloan — Development”, a medium or long-term loan either for the purchase of tangible and intangible assets such as real property, mechanical equipment and vehicles or for the enhancement of business liquidity.

In addition, the Bank continued in 2012 to support the financing of SMEs, participating in actions for the improvement of competitiveness and the enhancement of SME liquidity in the current adverse financial environment in Greece. In particular, the Bank participated in co-financed and other state guarantee programmes, as follows:

- the JEREMIE programme: a €60.0 million initiative in cooperation with the European Investment Fund for the financing of micro and small enterprises; and
- mid-term loans through state-funded ETEAN. The principal of those loans are state-guaranteed up to 80%.

Also in 2012, the Bank participated in the following new programmes:

- in cooperation with state-funded ETEAN, a €150.0 million budget initiative to finance business projects related to thematic tourism, renewable energy and implementation of technologies that help conserve natural resources and environmental protection; and
- in cooperation with Export Credit Insurance Organisation (**OAEP**), a programme aimed at financing Greek exporters with OAEP receivables (from foreigner buyers) (**Exostrefeia**). More specifically, OAEP insures exporters against specific risks at a level of 80% per invoice and up to €500,000. Through this programme, the Bank offers funding to Greek export businesses for the amount insured by OAEP.

Corporate and Investment Banking

The Bank's commercial loan portfolio in Greece comprises approximately 58,000 corporate clients, including SMEs and most of the largest corporate groups in Greece. The Group offers corporate clients a wide range of products and services, including financial and investment advisory services, deposit accounts, loans denominated in euro and other currencies, foreign exchange services, insurance products, custody arrangements and trade finance services.

As a result of the ongoing economic crisis in Greece, the Bank has adopted a more conservative approach to new commercial lending, with a greater focus on larger corporate borrowers that it perceives to be of lower risk.

The Bank lends to all sectors of the economy. Since 31 December 2008, the Bank's portfolio has included a loan to the Hellenic Republic that has a nominal value of €5.4 billion and 30 years' duration. As at 31 December 2012, domestic commercial (i.e. corporate and public sector) adjusted loans amounted to €15.7 billion and represented 35.1% of the domestic adjusted loans of the Bank, compared with €18.9 billion or 38.4% at 31 December 2011. The Bank's exposure to loans and advances to customers to the ten largest performing loans to non-affiliated enterprises amounted to €1,998.9 million as at 31 December 2012, representing approximately 4.5% of its domestic adjusted loans.

The Bank offers:

- corporate accounts with overdraft facilities;
- foreign currency loans;
- variable rate loans; and
- currency swaps and options (mostly euro-related) for corporate customers.

The Bank lends primarily in the form of credit lines, which are generally at variable rates of interest with payment terms of up to 12 months. In addition, the Bank provides letters of credit and guarantees for its clients. At 31 December 2012, the Bank had standby letters of credit and financial guarantees of €3,625.5 million and commercial letters of credit of €304.8 million (31 December 2011: €4,010.3 million and €110.3 million, respectively).

Shipping Finance

The Bank has traditionally provided financing for many of the largest Greek shipping companies. As at 31 December 2012, outstanding shipping loans were €1,722.5 million compared with €1,868.2 million as at 31 December 2011, representing a decline of 7.8% in relation to the balances at 31 December 2011. Of the Bank's shipping finance portfolio, as at 31 December 2012, 2.6% concerned the financing of vessels under construction (31 December 2011: 4.0%), with the remainder relating to the financing of existing vessels.

The Bank's conventional shipping finance and syndicated loan portfolio consists of first-tier shipping groups involved in diversified shipping activities (eg dry bulk, wet bulk, liner business) in a continuous effort towards maintaining quality, spreading risk and enhancing the profitability of its shipping loan portfolio. Nearly all of the Bank's shipping loans are secured by vessels.

As a result of the ongoing economic crisis in Greece as well as of the global macroeconomic conditions, the Bank has adopted a more conservative approach to new lending, with credit terms including higher equity contribution and increased pricing to reflect the higher cost of funding.

Project Finance

The Bank's Project Finance loan portfolio includes loans to big infrastructure projects both in Greece and abroad (Western Europe, UK, U.S.). However, the current economic environment has halted the growth rate of the Bank's activities in the field of Project Finance. The overall size of its portfolio was €430.0 million as at 31 December 2012, a decrease of 5.3% compared with 31 December 2011. The decrease was a result of a voluntary de-leveraging effort undertaken by the Bank since the beginning of 2011, mainly regarding its international portfolio. No new loans were advanced in 2012 or in the period up to 30 September 2013 for projects outside Greece. The domestic loan portfolio remained stable given that all of the large motorway infrastructure projects, except one, have remained stagnant since 2011 due to problems encountered in their implementation and the overall deterioration of the country's financial standing, resulting in an effective draw-stop of the disbursements under the corresponding loans.

Through an operational agreement signed in December 2011, the Bank, acting as an Urban Development Fund (**UDF**), has been awarded the management of EU Structural Funds under the Joint European Support for Sustainable Investment in City Areas initiative (the **JESSICA**) for three lots (out of ten lots in total for Greece) and an operational programme "Environment and Sustainable Development", amounting to €83.3 million (33.0% of total JESSICA Funds for Greece).

Leasing

The Bank began leasing activities in 1990 through its subsidiary, Ethniki Leasing. Ethniki Leasing leases land and buildings, machinery, transport equipment, furniture and appliances, computers and communications equipment. As at 31 December 2012, Ethniki Leasing had total assets of €719.5 million and a total income comprising interest income, fee income and other income of €27.9 million, before elimination of intercompany transactions and balances, compared with €699.4 million and €32.6 million, respectively, in 2011.

Factoring

The Bank has been active in the provision of factoring services since 1994. In May 2009, Ethniki Factors was established as a wholly owned factoring subsidiary of the Bank, as part of the strategic decision to expand the Bank's factoring operations in Greece. The company is a specialist factoring agency offering a comprehensive range of factoring services, including prepayment (discounting), management and collection of receivables, credit control and protection for credit risk. Ethniki Factors provides both domestic and international factoring services. The company focuses mainly on broadening its portfolio by offering a wide range of services to Group corporate customers and developing synergies with the Bank, which have resulted in establishing a robust portfolio, the enhancement of market share and the sustainment of profitability.

Investment Banking

The Bank's Investment Banking department provides a complete range of services within the areas of Corporate Finance, Equity Capital Markets and Debt Capital Markets and has succeeded in strengthening its market share while acting in a deteriorating economic environment coupled with increased competition.

In 2012, the Bank's Investment Banking department continued to successfully provide corporate finance advisory services and was appointed as financial advisor to a) the Hellenic Republic Asset Development Fund's (**HRADF**) in the successful privatisation of the International Broadcasting Centre (**IBC**), b) Rilken S.A. Board of Directors on the mandatory tender offer launched by Henkel Hellas S.A., c) Agricultural Bank of Greece S.A. on the sale of its stake in Dodoni and d) Public Power Corporation S.A. regarding the monetisation of its option in DEPA S.A.

As of 2013, the Bank's Investment Banking operations have been transferred to NBG Securities. In the first three months of 2013, Investment Banking has acted as: a) financial advisor, tender agent and broker to P&P

Water Holdings (Greece) S.A. in connection with the mandatory tender offer for Eurodrip S.A., and b) exchange agent to Coca-Cola HBC AG in connection with the offer for the shares in Coca-Cola Hellenic Bottling Company S.A. In parallel, Investment Banking continued to advise the HRADF in ongoing privatisation projects (Athens International Airport, OPAP S.A., exploitation of Hellenic Republic's real estate assets) as well as offering advisory and restructuring services to a number of listed and non-listed companies.

Global Investment and Asset Management

Treasury

The Bank and each of its banking subsidiaries carry out their own treasury activities within the prescribed position and counterparty limits. These activities include:

- sovereign securities trading;
- foreign exchange trading;
- interbank lending and borrowing in euro and other currency placements/deposits;
- forward rate agreement trading;
- repurchase agreements;
- corporate bonds; and
- derivative products, such as options and interest rate and currency swaps.

The Group's Treasury is active across a broad spectrum of capital market products and operations, including bonds and securities, interbank placements in the international money and foreign exchange markets and market-traded and over-the-counter financial derivatives. It supplies the branch network with value-added deposit products, and its client base includes institutions, large corporations, insurance funds and large private sector investors. In general, the Bank and its subsidiaries enter into derivatives transactions for economic hedging purposes or in response to specific customer requirements. The Bank is active in the primary and secondary trading of Greek government securities, as well as in the international Eurobond market. The Bank is a founding member of the Group of Greek Government Securities Primary Dealers which was established by the Bank of Greece in early 1998.

Private Banking

The Bank launched its private banking operations (**Private Banking**) in 2003 and is dedicated to serving a high net-worth clientele, by offering first class services that maximise clients' personal aspirations. The Bank's team of investment experts provides customers with continuous support and direct access to the major international financial centres and Private Banking services of a global reach.

Each Private Banking client is addressed as being unique, with specific financial needs and goals. The understanding of each client's personal investment profile is the essence of Private Banking. To that end, a personal and long-standing relationship between the Bank and the client is established, based on trust, confidence and discretion, such that the client's requirements can be efficiently and effectively addressed. Additionally, NBG Asset Management provides advisory and discretionary asset management services, adding important solutions to the Bank's investment services.

Custodian Services

The Bank offers custody services to foreign institutional clients investing in the Greek and Cypriot markets, as well as clearing services to remote members of the ATHEX, while its services to domestic institutional clients cover all other markets worldwide. Especially for SEE, the Bank is using, as subcustodians, its subsidiaries in those countries.

As at 31 December 2012, the Bank serviced 55 domestic institutional clients (three mutual funds, two asset management companies, 12 insurance companies, four brokerage companies, 29 pension funds and five other companies) and 33 foreign institutional clients, including several leading global custodians. The Bank also offers custody services to individual Greek investors and as at 31 December 2012 had approximately 288,000 active custody accounts.

Asset Management

The Group's domestic fund management business is operated by NBG Asset Management, which is wholly owned by the Group. NBG Asset Management manages funds that are made available to customers through the Bank's extensive branch network

As at 31 December 2012, NBG Asset Management's total assets under management in mutual funds and discretionary asset management were €1.3 billion compared with €1.1 billion as at 31 December 2011. Its market share in Greece was 17.2% as at 31 December 2012, compared with 17.4% as at 31 December 2011 according to the Hellenic Fund and Asset Management Association.

The total value of mutual funds managed since 2005 is set forth in the table below:

As at 31 December	Mutual Funds Managed	Market Share
	<i>(in € billion)</i>	<i>%</i>
2005	6.9	24.8
2006	7.0	29.1
2007	7.6	31.1
2008	2.8	26.6
2009	1.9	17.8
2010	1.4	17.3
2011	0.9	17.4
2012	1.0	17.2

Source: Hellenic Fund and Asset Management Association (distribution of market share per company).

Stock Brokerage

NBG Securities was established in 1988 as National Securities S.A. and constitutes the Bank's brokerage arm. In 2007, it acquired P&K Securities S.A. NBG Securities offers a wide spectrum of investment services to both individual and institutional customers, holding a strong position in the Greek market.

As at 31 December 2012, NBG Securities had a market share of 12.32% of trades brokered by total trading volume on the ATHEX, ranking second in terms of total trading volume, according to ATHEX data (Source: Transactions of Athex Members 1 January 2012-31 December 2012). The provision of investment services in Greece has become increasingly competitive, with a number of banks and brokerage houses participating actively in this area. The NBG Securities network consists of eight branches, three of which are located abroad, in London, Nicosia and Bucharest.

Private Equity and Venture Capital

With offices in London, Paris and Istanbul, NBGI Private Equity Limited (**NBGI Private Equity**), a subsidiary of NBGI International Ltd, manages the private equity funds described below. NBGI Private Equity has invested amounts totalling €452.5 million as at 31 December 2012, compared with €366.5 million as at 31 December 2011.

<u>Fund</u>	<u>Closing Date</u>	<u>Invested amounts</u> (in millions)	<u>Geographic Focus</u>
NBG Private Equity Fund LP	August 2000	GBP63.0	UK
NBGI Private Equity Fund II LP	June 2007	GBP49.0	UK
NBG South Eastern Europe Fund LP	March 2006	€35.0	SEE
NBGI SEE Development Capital Fund LP	March 2007	€39.0	SEE
NBGI SEE Real Estate Fund LP	October 2009	€77.0	SE and Central Europe
NBGI SEE Energy Fund LP	October 2008	€8.0	Predominantly Central & Eastern Europe, and selectively Western Europe
NBGI Private Equity France Fund LP	December 2009	€17.0	France and other French speaking countries
NBGI Turkish Private Equity Fund LP	October 2008	€21.0	Turkey
NBG Technology LP	October 2001	€32.0	Predominantly Europe
NBGI Technology Fund II LP	October 2009	€52.0	Predominantly Europe & U.S.
NBGI Private Equity (Tranche II) LP	August 2011	GBP28.0	UK

The Bank is the sole investor in the above funds, with the exception of NBGI Private Equity Fund II LP and NBG Technology LP where external investors also participate.

In total during 2012, NBGI Private Equity's funds invested in seven new investments, including a securities transaction in Bulgaria via the Emerging Europe team, one securities transaction in France and various additions across its Technology portfolio.

Banking Activities outside Greece

The Group operates in 11 countries outside Greece. As at 31 December 2012, the Group's international network comprised 1,180 branches (including foreign subsidiaries and Bank branches in the UK, Egypt and Cyprus), which offer traditional banking services and financial products and services. The Bank has nine commercial banking subsidiaries in Turkey, Malta, Bulgaria, Romania, FYROM, Serbia, Cyprus, Albania and South Africa.

There are no other subsidiaries besides Finansbank with equity or profitability greater than 10% of the respective Group figures. The subsidiaries analysed below, other than Finansbank, are cited because they operate in the banking sector.

Turkish Operations — Finansbank Group

Turkish Operations

The Group's Turkish operations include the Finansbank group of companies and NBG Malta, which holds a portfolio of Turkish businesses.

In December 2012, Turkish operations contributed €668.1 million of profit for the period to the Group, compared with €365.4 million in December 2011. Turkish operations' profit before tax was €813.3 million as at 31 December 2012 and €473.6 million as at 31 December 2011. As at 31 December 2012, total gross lending was €18,061.7 million while total deposits reached €14,887.3 million, compared with €15,073.7 million and €11,937.1 million, respectively, as at 31 December 2011. The total assets of Turkish operations as at 31 December 2012 were €25.1 billion, accounting for 23.9% of the Group's total assets compared with €20.7 billion and 19.4% as at 31 December 2011. In addition, Turkish operations through Finansbank represented 25.6% of the Group's adjusted loans as at 31 December 2012 compared with 20.8% as at 31 December 2011 and accounted for 37.8% of the Group's net interest income for the year ended 31 December 2012 compared with 23.6% for the year ended 31 December 2011.

Retail loans of Turkish operations amounted to €10.7 billion as at 31 December 2012 compared with €8.3 billion as at 31 December 2011, whereas retail sector deposits amounted to €8.2 billion compared with €8.1 billion for the same dates

Corporate and commercial loans of Turkish operations amounted to €7.4 billion as at 31 December 2012, compared with €6.8 billion as at 31 December 2011, whereas corporate and commercial sector deposits amounted to €5.5 billion compared with €3.8 billion for the same dates.

Finansbank Group

Finansbank's group of companies includes Finans Invest, Finans Leasing, Finans Portfolio Management, Finans Investment Trust, Finans Factoring, IBTech and E-Finance. Finansbank was the fifth largest private bank in Turkey in terms of total assets, loans and deposits as at 31 December 2012, according to data from the Banks' Association of Turkey and it offers a wide range of retail, commercial, corporate, private banking and international trade finance services. In addition, Finansbank's subsidiaries provide financial leasing, capital market, corporate finance, portfolio management, brokerage and insurance services. As at 31 December 2012, Finansbank operated through a network of 582 branches in 68 cities, making it the sixth largest private bank in Turkey by size of branch network according to statistics published by the Banks' Association of Turkey. As at 31 December 2012, Finansbank and its subsidiaries had 13,113 employees.

Selected financial information with respect to Turkish operations for the periods ended 31 December 2011 and 2012, respectively, are provided in the tables below:

	As at 31 December 2011		As at 31 December 2012	
	(€ millions) ⁽¹⁾	(TL millions)	(€ millions) ⁽¹⁾	(TL millions)
Total assets	20,669	50,498	24,910	58,666
Loans and advances to customers	14,518	35,469	17,293	40,727
Total deposits.....	11,937	29,165	13,656	32,161

	For the year ended 31 December			
	2011		2012	
	(€ millions) ⁽¹⁾	(TL millions)	(€ millions) ⁽¹⁾	(TL millions)
Impairment charge for credit losses	(146)	(340)	(265)	(614)
Profit before tax	474	1,101	813	1,880
Profit for the period	365	849	668	1,545

(1) Solely for the convenience of the reader, the conversion of TL into EUR has been made at the rate of €1.00 = TL2.3551 and €1.00 = TL2.4432, the rate announced by the European Central Bank as at 31 December 2012 and as at 31 December 2011 respectively, and €1.00 = TL2.3122 and €1.00 = TL2.3237, the average rates for the periods ended 31 December 2012 and 2011, respectively, the rates used for the consolidation of Finansbank into the Group's annual financial statements and interim financial statements.

Turkish Banking Distribution Channels

As at 31 December 2012, Finansbank maintained a branch network of 582 branches, consisting of 570 branches, four corporate branches, two retail branches, four satellite and Easy Credit branches and one branch at the Atatürk International Airport Free Track Zone in Istanbul, as well as one branch in Bahrain. By the end of September 2013, Finansbank's number of branches in operation amounted to 658.

As at 31 December 2012, 63.0% of Finansbank's customer transactions were made through alternative distribution channels (internet, phone banking, ATM and Interactive Voice Response (IVR)). As at 31 December 2012, the number of online banking customers exceeded 2.2 million, an increase of 28.4%, while the total number of transactions through Finansbank's internet banking services decreased by 11.7% compared with December 2011, respectively. Finansbank's ATM network grew by 19.5% in 2012, as the number of ATMs reached 2,182 compared with 1,826 as at 31 December 2011.

Retail Banking

Finansbank's retail banking activities consist primarily of mortgages, consumer lending, credit and debit card services, deposits and investment management and insurance products.

Income from Finansbank's retail banking activities includes net interest income from loans and advances to retail customers and deposits collected from individuals, as well as fee and commission income received from loan underwriting, asset management services, life and property and casualty insurance products, credit and debit card-related services, settlements and cash-related transactions with or for individuals.

As at 31 December 2012, Finansbank had approximately 10.8 million retail banking customers, compared with approximately 9.5 million as at 31 December 2011. The continuous expansion of the retail branch network has allowed Finansbank to organically grow its customer base. Retail deposits decreased by 3.5%, from TL19.9 billion as at 31 December 2011 to TL19.1 billion as at 31 December 2012. Finansbank's market share in time deposits was 4.6% as at 31 December 2012, according to statistics published by the Banks' Association of Turkey.

Finansbank's retail loan portfolio increased by 23.0% from TL19.3 billion as at 31 December 2011 to TL23.8 billion as at 31 December 2012. Finansbank's mortgage portfolio increased by 9.3% from TL6.2 billion as at 31 December 2011 to TL6.8 billion as at 31 December 2012. Finansbank's retail products and services include retail loans, which comprise mortgage loans, credit card loans, personal loans, auto loans and overdraft and other loans, retail time and demand deposits as well as investment products such as mutual funds and insurance products.

Credit Cards

Finansbank earns interest income on outstanding credit balances, transaction commissions from merchants, cash withdrawal fees, annual membership fees from cardholders and other service-based fees such as insurance fees and payment fees from its credit card business. As at 31 December 2012, the number of credit cards issued by Finansbank exceeded 5.2 million, representing 9.6% of the total Turkish credit card market, according to statistics published by the Interbank Card Center (ICC) and the number of member merchants was 187,731.

Within the Turkish credit card market, Finansbank was the second largest Visa card issuer in terms of the number of cards issued, according to statistics published by the ICC. The number of CardFinans commercial credit cards in issue was approximately 279,000 as at 31 December 2012, representing 15.6% of the total Turkish commercial credit card market, according to statistics published by the ICC. The number of point of sales (POS) terminals of CardFinans reached 218,100 as at 31 December 2012, representing an 8.2% market share, according to statistics published by the ICC.

Finansbank Group's total credit card loan portfolio was TL11.2 billion as at 31 December 2012, compared with TL8.3 billion as at 31 December 2011. Finansbank launched a new business card for SMEs under the "VadeKart" brand at the beginning of 2010, which allows users to post-date their purchases for three months and offers a 12-month instalment feature for any purchase. Finansbank Group's net fees and commissions from credit card operations amounted to TL397.4 million for the period ended 31 December 2012, compared with TL319.0 million for the period ended 31 December 2011.

Corporate Banking

Since its foundation, Finansbank's focus on Corporate Banking continues to serve its customers with the approach of being a solution partner. Finansbank's corporate banking activities aim to establish long-term relationships with customers and continue to develop tailor-made solutions for them. Finansbank serves its corporate customers via four branches located in Istanbul and Ankara, all employing expert customer service staff. Large-sized groups and multinational companies in Turkey are offered corporate banking services.

Commercial Banking

Commercial Banking categorises its commercial customers into three groups: small, medium and large. The appropriate segment is determined based on the annual turnover of a customer: customers that have an

annual turnover of between TL2 million and TL10 million are part of the small commercial customers segment, customers' that have an annual turnover of between TL10 million and TL40 million are part of the medium commercial customers' segment, and customers that have an annual turnover of between TL40 million and TL100 million are part of the large commercial customers' segment. As at 31 December 2012, the number of active commercial customers designated 'small' was approximately 22,983, while the medium and large customer segments included approximately 9,289 customers in total. The goal of Commercial Banking is to achieve sustainable and profitable growth by understanding customer needs and providing tailor-made solutions.

Commercial Banking provides services to its clients through a network of 291 branches and 12 regional offices with 785 dedicated sales employees. These branches are full-service branches where retail and commercial customers are served together.

As at 31 December 2012, Commercial Banking had a loan portfolio of TL14.9 billion, representing 37.1% of total Bank loans, an increase of 14.1% compared with 2011. As at 31 December 2012, it had a deposits portfolio of TL12.6 billion compared with TL9.0 billion in 2011.

Corporate and Commercial Banking Products and Services

Loans and Advances to Customers

Finansbank offers loan facilities predominantly in TL, U.S. dollars and euro. TL loans are generally short-term in nature, usually with maturities ranging from overnight to 365 days and are principally for working capital financing. However, Finansbank also extends medium-term loans with maturities of between 365 and 730 days mainly to finance working capital requirements. Moreover, Finansbank provides foreign currency principally for financing exports from Turkey.

Finansbank also extends longer-term facilities to corporate customers in Turkey for industrial and manufacturing investment purposes in different sectors and project financing. In relation to both its domestic and foreign operations, Finansbank provides facilities to various industries through letters of guarantee, bid bonds and foreign trade products. Finansbank aims to increase its market share in loans by using conventional banking products as well as cash management products and by applying competitive pricing policies.

As a major foreign currency generating industry, the contracting sector has been one of the focus sectors of corporate and commercial banking since Finansbank's establishment. As at 31 December 2012, loans and advances to customers to the contracting industry represented 14.3% of the Finansbank's total corporate and commercial loan portfolio, followed by food, beverage and tobacco at 8.9%, textile and fabrics at 8.2%, iron and steel at 6.5% and finance 6.3%.

Structured Finance and Syndications

Finansbank's Structured Finance and Syndication Unit has primary responsibility for arranging and/or participating in syndicated loans and club deals, project finance loans and mid-term lending in the Turkish market. The Structured Finance and Syndication Unit prepares loan proposals and manages the Credit Committee approval process. Once loans are approved, this unit manages the legal documentation, the disbursement phases as well as bank-to-bank relations regarding corporate loans. Throughout the maturity of all loans under its responsibility, the Structured Finance and Syndication Unit performs the initial evaluation of all waiver/amendment requests before passing them along to the Credits Department should any formal approval be required.

During the period between 2000 and 31 December 2012, Finansbank committed a total of TL1,341.3 million in 16 primary and secondary cash and non-cash syndications, with a total value of TL12,705.2 million. Of Finansbank's total commitments, the total amount that was utilised was TL1,307.2 million.

Cash Management

In addition to providing credit facilities, Finansbank provides cash management services to its corporate, commercial and retail customers. Cash management services include direct debiting for payment of invoices, supplier finance systems, utility bills, social security, tax payments, cash in transit (“CIT”) services and providing foreign exchange transfers, remittance services and cash management solutions tailored for individual customers. As at 31 December 2012, Finansbank provides online banking and cash management services to around 11,000 companies and more than 573,000 individual customers.

Foreign Trade and Trade Finance

Finansbank’s trade financing activities consist of pre-export financing, import financing, issuing, confirming and discounting letters of credit and letters of guarantee, avalising and discounting drafts and promissory notes. Finansbank’s trade finance activities are funded through correspondent bank facilities matched in terms of currency and maturity and through general term facilities. Currently Finansbank has an international correspondent banking network of over 1,670 banks. Finansbank also participates in various export credit programmes provided by overseas export credit agencies.

Finansbank is actively involved in international trade and trade finance in terms of volume. As at 31 December 2012, Finansbank’s foreign trade financing volume was about TL23,488.6 million in total, composed of an import volume of TL12,693.1 million and an export volume of TL10,795.4 million.

Bancassurance

In 2011, Finansbank established the Commercial Marketing Insurance Product and Sales Management unit under the Commercial Marketing Group. The unit serves the insurance needs of corporate, commercial and small business banking customers. This unit works with nine insurance companies operating in Turkey, using the branch network of Finansbank to provide tailor-made solutions for customers’ needs.

Micro Enterprises

Finansbank was one of the first banks in Turkey to focus on SME banking. Finansbank started its SME banking operations at the beginning of 2003 to support small business enterprises which Finansbank defines as small-and medium-scale enterprises with an annual turnover of up to TL2.0 million. As at 31 December 2012, Finansbank had 599,763 customers with at least one product. In addition to traditional banking products and services, Finansbank offers an extensive range of products and services to create financial resources for micro enterprises’ specific needs.

Investment Banking

Finansbank Investment Banking consists of Project Finance, Corporate Finance and Technical Consulting. Investment Banking acts as a client relations specialist while providing medium to long-term loans and other products.

Private Banking

Finansbank’s Private Banking department helps customers build and preserve their financial wealth through tailored investment strategies and offers its customers time deposits, mutual funds, emerging market bonds, domestic and international equities, government bonds, corporate bonds, currency exchange, forward contracts, futures, options and structured products. The Private Banking department also creates and implements medium to long-term asset allocation within the context of each customer’s particular risk tolerance. The Private Banking department supports all of Finansbank’s business lines (Retail, SME, Commercial and Corporate) in Finansbank within a matrix structure and cooperates within Finans Portfolio Asset Management and Finans Invest to execute and advise on clients’ transactions.

As at 31 December 2012, Finansbank Private Banking provided investment products and asset management services through seven private banking centres and 13 private banking corners located in Finansbank's branches in all major cities throughout Turkey. As of December 2012, Finansbank Private Banking had TL10,220.3 million in assets under management.

Finansbank Subsidiaries

The most significant subsidiaries of Finansbank include the following:

Finans Invest

Finans Invest was established in December 1996 and began operations in January 1997. As an intermediary institution, Finans Invest provides a wide range of financial services to both individual and institutional investors, including investment counselling and brokerage services, portfolio management, intermediation of derivatives, leveraged transactions (such as foreign exchange, contracts for difference (**CFD**)), short selling and credit sale of capital markets instruments, fund investment services and corporate finance and international investment services.

The company ranked seventh by volume of stocks traded on the Istanbul Stock Exchange (**ISE**), with a 4.5% market share, according to a breakdown of stock market transactions by ISE members, as at 31 December 2012. As at 31 December 2012, the total assets of Finans Invest were TL272.0 million (TL167.3 million as at 31 December 2011) and its profit for the period ending 31 December 2012, before elimination of intercompany transactions and balances, was TL10.4 million (TL15.2 million as at 31 December 2011).

Finans Portfolio Management

Finans Portfolio Management, which was established in September 2000, currently manages eight exchange traded funds, 13 mutual funds, one principal protected fund, seven pension funds, one fund of funds and one hedge fund.

As at 31 December 2012, the total assets of Finans Portfolio Management amounted to TL13.0 million (TL18.3 million as at 31 December 2011) and the profit for the period (including exchange traded funds) was TL1.1 million (TL6.4 million as at 31 December 2011). During 2012, Finansbank and Finans Portfolio Management introduced two exchange traded funds. As at 31 December 2012 the company's assets under management was TL1.1 billion.

Finans Investment Trust

Finans Investment Trust, established in 1995, is a closed-end investment company, managing portfolios composed of capital and money market instruments. As at 31 December 2012, Finans Investment Trust's total assets amounted to TL22.6 million (TL18.3 million as at 31 December 2011) and its profit/(loss) for the period, before elimination of intercompany transactions and balances, was TL3.7 million (TL(2.1) million as at 31 December 2011).

Finans Factoring

Finans Factoring was established in 2009. As at 31 December 2012, the total assets of Finans Factoring amounted to TL375.2 million (TL281.4 million as at 31 December 2011) and its profit for the period, before elimination of intercompany transactions and balances, was TL3.6 million (TL3.1 million as at 31 December 2011). As at 31 December 2012, total factoring receivables for Finans Factoring amounted to TL368.6 million compared with TL255.8 million as at 31 December 2011. The distribution of factoring receivables by industry as at 31 December 2012 was as follows: building and construction 19.1%, oil product 14.2%, textile 11.8%, food 6.7%, transportation and storage 10.9% and metal industries 5.7%.

Finans Leasing

For information on Finans Leasing, see “—International—Leasing Services—Finans Leasing” below.

NBG Bank Malta Ltd

Finansbank (Malta) Ltd was established on 30 June 2005. Subsequent to its disposal from Finansbank to NBG (Malta) Holdings Ltd in 2009, Finansbank (Malta) Ltd was renamed NBG Bank Malta Ltd effective on 18 March 2010.

During the third quarter of 2011, NBG Bank Malta Ltd received an Investment Services Licence from the Maltese Financial Services Authority that enabled the bank to provide a full range of financial products and services to meet the constantly changing needs of corporate customers and private individuals.

International

The Bank’s international operations, other than those in Turkey, include the Bank’s branches in the UK, Egypt and Cyprus, as well as banking subsidiaries in eight countries: UBB in Bulgaria, Banca Romaneasca in Romania, Stopanska Banka in FYROM, Vojvodjanska in Serbia, NBG Cyprus in Cyprus, NBG Albania in Albania, SABA in South Africa and NBG Malta in Malta along with other subsidiaries, primarily in the leasing sector. The Bank’s international operations contributed a €98.9 million loss for the period in 2012 to the Group and accounted for €9.7 billion or 9.3% of Group total assets as at such date. Total gross loans and advances to customers were €7.8 billion at 31 December 2012 compared with €8.1 billion at 31 December 2011. Likewise, deposits as at 31 December 2012 stood at €6.2 billion compared with €5.7 billion at 31 December 2011.

The Bank’s international network is described below. In the analysis that follows, all amounts are before elimination of intercompany transactions and balances.

National Bank of Greece S.A.: Foreign Branches

As at 31 December 2012, the Bank had 20 foreign branches in three countries, including one in the UK, one in Cyprus and 18 in Egypt. At 31 December 2012, loans and advances to customers of the Bank’s Cypriot and Egyptian operations were €292.4 million and €76.7 million, respectively, compared with €282.7 million and €86.4 million at 31 December 2011.

The table below provides selected financial information of the Bank’s foreign branches as at 31 December 2012 and 31 December 2011, and for the periods ended 31 December 2012 and 2011:

	<u>As at 31 December 2012</u> (€ millions)	<u>As at 31 December 2011</u> (€ millions)
Total assets	458	396
Loans and advances to customers	369	369
Total deposits.....	154	174
	<u>For the years ended 31 December</u>	
	<u>2011</u> (€ millions)	<u>2012</u> (€ millions)
Impairment charge for credit losses	(1)	(3)
Profit before tax	(2)	(2)
Profit/(loss) for the period	(2)	(2)

(1) The table above relates solely to the business of the Bank’s foreign branches (with the exception of the United Kingdom branch which is considered part of domestic operations or part of other international operations).

UBB

UBB is a commercial bank with headquarters in Sofia, which provides retail and corporate finance services in Bulgaria. The Bank acquired UBB in 2000, where it held an 89.9% interest. As at 31 December 2012, the Bank held a 99.91% interest in UBB. At 31 December 2012, UBB's distribution network included 210 units: 124 "Type 1" (retail business), 45 "Type 2" (retail and micro business), 18 "Type 3" (retail, micro and SME business), nine "Type 4" SME business centres and 14 branches and operated over 800 ATMs and over 10,500 POS terminals in Bulgaria.

Selected financial information with respect to UBB at 31 December 2012 and 31 December 2011 and for the periods ended 31 December 2012 and 2011 is provided in the table below.

	As at 31 December 2011		As at 31 December 2012	
	(€ millions) ⁽¹⁾	(BGN millions)	(€ millions) ⁽¹⁾	(BGN millions)
Total assets	3,449	6,746	3,270	6,395
Loans and advances to customers	2,509	4,908	2,352	4,600
Total deposits.....	2,212	4,326	2,432	4,756

	For the years ended 31 December			
	2011		2012	
	(€ millions) ⁽¹⁾	(BGN millions)	(€ millions) ⁽¹⁾	(BGN millions)
Impairment charge for credit losses	(106)	(207)	(104)	(204)
Profit before tax	7	13	(24)	(47)
Profit/(loss) for the period	6	11	(21)	(42)

(1) Solely for the convenience of the reader, the conversion of Bulgarian leva into euro has been made at the rate of €1.00 = BGN 1.9558, the rate announced by the European Central Bank as at 31 December 2012 and as at 31 December 2011, respectively, and €1.00 = BGN1.9558, the average rates for the periods ended 31 December 2012 and 2011, respectively, the rates used for the consolidation of UBB into the Group's interim financial statements.

Banca Romaneasca

Banca Romaneasca is a commercial bank with headquarters in Bucharest providing a range of retail, SME and corporate banking services in Romania through its head office and through 135 banking units in Bucharest and other cities in Romania. The Bank acquired Banca Romaneasca in October 2003 and as at 31 December 2012 held 99.28% of its share capital. On 15 March 2012, the Bank acquired 10.20% of Banca Romaneasca from the European Bank for Reconstruction and Development (**EBRD**), which was the second largest shareholder through put and call arrangements as provided for in the 2005 shareholders' agreement, between the Bank and EBRD, for a consideration of €26.1 million.

In order to further enhance the financial services offered by the Group in Romania, a new company, NBG Factoring Romania IFN S.A. was established during 2010, with Banca Romaneasca holding 99.29% of its share capital. During 2012, the company was dissolved, and its activities transferred to Banca Romaneasca. The factoring activities are now performed by the bank's Corporate Banking Unit.

On 19 October 2012, Banca Romaneasca participated in a share capital increase of NBG Leasing IFN S.A., the Group's leasing subsidiary in Romania. Following the Bank's resignation from its pre-emptive right to participate in the share capital increase, Banca Romaneasca now has a controlling interest in the entity, with its shareholding having increased to 93.57%.

Selected financial information with respect to Banca Romaneasca as at 31 December 2012 and 31 December 2011 and for the periods ended 31 December 2012 and 2011, is provided in the table below.

	As at 31 December 2011	As at 31 December 2012
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	(€ millions) ⁽¹⁾	(RON millions)	(€ millions) ⁽¹⁾	(RON millions)
Total assets	2,359	10,200	2,124	9,439
Loans and advances to customers	1,733	7,493	1,586	7,049
Total deposits	787	3,401	780	3,468

For the years ended 31 December

	2011		2012	
	(€ millions) ⁽¹⁾	(RON millions)	(€ millions) ⁽¹⁾	(RON millions)
Impairment charge for credit losses	(32)	(135)	(51)	(226)
Profit before tax	(3)	(14)	(53)	(234)
Profit/(loss) for the period	3	11	(46)	(207)

(1) Solely for the convenience of the reader, the conversion of Romanian lei into euro has been made at the rate of €1.00 = RON 4.4444 and €1.00 = RON 4.3234, the rate announced by the European Central Bank as at 31 December 2012 and as at 31 December 2011, respectively, and €1.00 = RON 4.4518 and €1.00 = RON 4.2312, the average rates for the periods ended 31 December 2012 and 2011, respectively, the rates used for the consolidation of Banca Romaneasca into the Group's interim financial statements.

Stopanska Banka

Stopanska Banka is a commercial bank registered in FYROM, headquartered in Skopje, that provides a wide range of retail and corporate banking services in FYROM. The Bank acquired Stopanska Banka in 2000 and as at 31 December 2012, held a 94.64% stake in it, the remaining 5.36% being held by other minority shareholders. On 17 August 2010, the Bank increased its shareholding in Stopanska Banka by 21.60%, acquiring the related shareholdings from EBRD and IFC (10.80% each) through the exercise of existing put and call arrangement as provided for in the 2001 shareholders' agreement, for a consideration of €35.2 million.

Stopanska Banka operates the largest branch network in FYROM, with a dense nationwide network of ATMs and POS terminals. As at 31 December 2012, the bank had 64 branches.

Selected financial information with respect to Stopanska Banka as at 30 December 2012 and 31 December 2011 and for the periods ended 31 December 2012 and 2011, is provided in the table below:

	As at 31 December 2011		As at 31 December 2012	
	(€ millions) ⁽¹⁾	(MKD millions)	(€ millions) ⁽¹⁾	(MKD millions)
Total assets	1,156	71,085	1,242	76,358
Loans and advances to customers	734	45,133	758	46,587
Total deposits	922	56,708	964	59,257

For the years ended 31 December

	2011		2012	
	(€ millions) ⁽¹⁾	(MKD millions)	(€ millions) ⁽¹⁾	(MKD millions)
Impairment charge for credit losses	(6)	(359)	(10)	(591)
Profit/(loss) before tax	13	787	17	1,029
Profit for the period	13	769	17	1,025

(1) Solely for the convenience of the reader, the conversion of Macedonian dinars into euro has been made at the rate of €1.00 = MKD 61.5006 and €1.00 = MKD 61.5006, the rate announced by the National Bank of FYROM as at 31 December 2012 and as at 31 December 2011, respectively, and €1.00 = MKD 61.1247 and €1.00 = MKD 61.0501, the average rates for the periods ended 31 December 2012 and 2011, respectively, the rates used for the consolidation of Stopanska Banka into the Group's interim financial statements.

Vojvodjanska

In December 2006, the Bank acquired a 99.4% stake in Vojvodjanska and in October 2007 became the sole shareholder. In February 2007, the Group's branch network in Serbia (with 24 branches) became a subsidiary, NBG Beograd. Following relevant decisions of the shareholders' general assembly of Vojvodjanska and NBG Beograd, dated 3 January 2008, the latter was absorbed by the former and the merger was completed on 14 February 2008. As at 31 December 2012, Vojvodjanska's 117 branches served over 1,000,000 private accounts and 100,000 company accounts.

Selected financial information with respect to Vojvodjanska as at 31 December 2012 and 31 December 2011 and for the periods ended 31 December 2012 and 2011, is provided in the table below:

	As at 31 December 2011		As at 31 December 2012	
	(€ millions)(1)	(RSD millions)	(€ millions)(1)	(RSD millions)
Total assets	997	104,339	987	112,303
Loans and advances to customers	596	62,369	617	70,199
Total deposits	601	62,853	672	76,447

	For the years ended 31 December			
	2011		2012	
	(€ millions)(1)	(RSD millions)	(€ millions)(1)	(RSD millions)
Impairment charge for credit losses	(5)	(478)	(10)	(1,068)
Profit before tax	(10)	(1,052)	(14)	(1,547)
Loss for the period	(7)	(739)	(14)	(1,592)

(1) Solely for the convenience of the reader, the conversion of Serbian dinars into euro has been made at the rate of €1.00 = RSD 113.7656 and €1.00 = RSD 104.6025, the rate announced by the National Bank of Serbia as at 31 December 2012 and as at 31 December 2011, respectively, and €1.00 = RSD 112.3596 and €1.00 = RSD 101.3171, the average rates for the periods ended 31 December 2012 and 2011, respectively, the rates used for the consolidation of Vojvodjanska into the Group's interim financial statements.

NBG Cyprus

NBG Cyprus, headquartered in Nicosia, had 14 branches, one satellite branch and one foreign exchange bureau as at 31 December 2012. In March 2011, NBG Cyprus was granted a licence for the establishment of a representative office in Moscow. The bank provides a wide range of commercial and retail banking services. During 2011, NBG Cyprus enforced its risk management policies and processes, focusing on maintaining good asset quality and a strong capital base, and also updated its framework of corporate governance, in alignment with regulatory requirements and Group guidelines.

The current debt crisis in Cyprus and the sustainability problems facing the financial sector are not expected to have a significant effect on the operations and capital needs of NBG Cyprus and subsequently of the Group.

Selected financial information with respect to NBG Cyprus as at 31 December 2012 and 31 December 2011 and for the periods ended 31 December 2012 and 2011, is provided in the table below:

	As at 31 December 2011	As at 31 December 2012
	(€ millions)	
Total assets	1,130	1,047
Loans and advances to customers	572	568
Total deposits.....	798	867

	For the years ended 31 December	
	2011	2012

	(€ millions)	
Impairment charge for credit losses	(20)	(32)
Profit/(loss) before tax	4	(5)
Profit/(loss) for the period	2	(5)

NBG Albania

NBG Albania, headquartered in Tirana, operates through a network of 27 branches and provides a wide range of commercial and retail banking services. Originally, the operations in Albania were in the form of a foreign branch network of the Group. As of 1 July 2012, following the approval of the general assembly of the entity, it became a subsidiary. Primarily, it lends to certain of the Bank's established Greek corporate clients operating in Albania and has gradually started lending to local corporate clients with significant liquid assets as well as individuals, mainly focusing on the secured product of housing loans.

Selected financial information with respect to NBG Albania as at 31 December 2012 and 31 December 2011, and for the periods ended 31 December 2012 and 2011, is provided in the table below:

	As at 31 December 2011		As at 31 December 2012	
	(€ millions) ⁽¹⁾	(ALL millions)	(€ millions) ⁽¹⁾	(ALL millions)
Total assets	280	38,900	299	41,710
Loans and advances to customers.....	207	28,715	187	26,082
Total deposits.....	223	30,923	222	30,985

	For the years ended 31 December			
	2012		2011	
	(€ millions) ⁽¹⁾	(ALL millions)	(€ millions) ⁽¹⁾	(ALL millions)
Impairment charge for credit losses.....	(5)	(624)	(3)	(472)
Profit/(loss) before tax	1	126	(1)	(91)
Profit/(loss) for the period	1	181	1	75

(1) Solely for the convenience of the reader, the conversion of Albanian lek into euro has been made at the Noon Buying Rate of €1.00 = ALL 139.6648 and €1.00 = ALL 138.8889, the rate announced by the European Central Bank as at 31 December 2012 and as at 31 December 2011, respectively, and €1.00 = ALL 136.6120 and €1.00 = ALL 137.7410, the average rates for the periods ended 31 December 2012 and 2011, respectively, the rates used for the consolidation of NBG Albania into the Group's interim financial statements.

SABA

SABA, founded by the Bank in 1947, as at 31 December 2012, had seven branches, primarily in urban centres across South Africa. It generally offers traditional commercial and retail banking services, with particular emphasis on the SME market in South Africa.

Selected financial information with respect to SABA as at 31 December 2012 and 31 December 2011, and for the periods ended 31 December 2012 and 2011, is provided in the table below:

	As at 31 December 2011		As at 31 December 2012	
	(€ millions)(1)	(ZAR millions)	(€ millions)(1)	(ZAR millions)
Total assets	158	1,657	181	2,023
Loans and advances to customers.....	135	1,420	145	1,623
Total deposits.....	92	968	88	980

	For the years ended 31 December			
	2011		2012	
	(€ millions)(1)	(ZAR millions)	(€ millions)(1)	(ZAR millions)
Impairment charge for credit losses.....	(5)	(624)	(3)	(472)
Profit/(loss) before tax	1	126	(1)	(91)
Profit/(loss) for the period	1	181	1	75

Impairment charge for credit losses	(0)	(2)	(1)	(14)
Profit/(loss) before tax	(0)	(3)	0	2
Profit/(loss) for the period	(0)	(2)	0	1

(1) Solely for the convenience of the reader, the conversion of South African rand into euro has been made at the Noon Buying Rate of €1.00 = ZAR 11.1732 and €1.00 = ZAR 10.4833, the rate announced by the European Central Bank as at 31 December, 2012 and as at 31 December 2011, respectively, and €1.00 = ZAR 10.5164 and €1.00 = ZAR10.0311, the average rates for the periods ended 31 December 2012 and 2011, respectively, the rates used for the consolidation of SABA into the Group's interim financial statements.

Leasing Services

As part of its foreign banking operations, the Group offers leasing services through certain of its foreign subsidiaries.

Finans Leasing

Finans Leasing was established in March 1990. As at 31 December 2012, Finans Leasing ranked sixth in the leasing sector in Turkey, with a total business volume representing a market share of 6.0%, according to the Turkish Leasing Association.

As at 31 December 2012, the total assets of Finans Leasing were TL1,321.0 million (compared with TL1,302.6 million as at 31 December 2011) and its profit before tax was TL55.8 million (compared with TL47.0 million as at 31 December 2011).

Interlease E.A.D.

Interlease E.A.D. (**Interlease**), headquartered in Sofia, is a wholly owned subsidiary of the Group as at 31 December 2012 and operates in the Bulgarian leasing industry. In 2002, Interlease established a subsidiary company, Interlease Auto E.A.D., specialising in the car leasing sector. In line with its cross-selling strategy, Interlease offers its leasing services in Bulgaria through the Group's Bulgarian banking subsidiary, UBB. Interlease possesses a fully diversified client portfolio, consisting of lessees from almost all sectors of the country's economic activity, focusing on the transportation and industrial equipment industries. For the period ended 31 December 2012, Interlease's profit before tax was €1.2 million compared with €5.2 million for the same period in 2011. Total assets as at 31 December 2012 amounted to €300.4 million compared with €372.9 million as at 31 December 2011.

NBG Leasing IFN S.A. (formerly Eurial Leasing IFN S.A.)

NBG Leasing IFN S.A., headquartered in Bucharest, is a wholly owned subsidiary of the Group as at 31 December 2012 and operates in the leasing industry of Romania. The Group acquired a 70% stake in NBG Leasing IFN S.A. in 2005 and on 18 December 2008 the remaining 30%. NBG Leasing IFN S.A. operates primarily in the automobile leasing sector, being the major lessor of Peugeot automobiles in Romania. Following Interlease's success in Bulgaria, NBG Leasing IFN S.A. has adopted a strategy of supporting its clientele via alternative financial services, together with cross-selling operations. On 19 October 2012, the company completed a share capital increase of €15.0 million. Following the Bank's resignation from its pre-emptive right to participate in the share capital increase, Banca Romaneasca now has a controlling interest in the entity with its shareholding having increased to 93.57%. For the period ended 31 December 2012, NBG Leasing IFN S.A.'s loss before tax was €10.9 million compared with a loss before tax of €18.5 million for the same period in 2011. Total assets as at 31 December 2012 amounted to €118.6 million compared with €174.3 million as at 31 December 2011.

NBG Leasing d.o.o.

NBG Leasing d.o.o., headquartered in Belgrade, is a wholly owned subsidiary of the Group as at 31 December 2012 and operates in the Serbian leasing market. Furthermore, NBG Leasing d.o.o. established a

subsidiary company, NBG Services d.o.o., in order to exploit additional income sources, such as operational leasing. For the period ended 31 December 2012, NBG Leasing d.o.o.'s profit before tax was €0.7 million, compared with €1.1 million for the same period in 2011. Total assets as at 31 December 2012 amounted to €53.9 million, remaining at the same levels compared with 31 December 2011 when total assets amounted to €54.1 million.

Other Group Operations

Apart from its banking operations, the Group holds a significant position in the insurance sector, real estate management as well as hotel management sectors.

Ethniki Insurance Group

Ethniki Insurance Group (**EH**) offers a full range of products such as life, accident and health insurance for individuals and groups, fire, catastrophe, motor, marine hull and cargo insurance, and general third party liability.

EH operates through a network of 2,630 tied agents and 1,771 independent insurance brokers, in addition to selling bancassurance products through the Bank's network. Furthermore, insurance products are also available through the Bank's extensive Branch network.

In the Greek insurance market, despite the adverse economic environment EH maintained its leadership during 2012, with a market share of 17.4% in life insurance and 12.4% in property and casualty insurance, compared with 18.4% and 15.3%, respectively, in 2011, according to the Hellenic Association of Insurance Companies.

Gross written premiums at EH Group level amounted to €651.1 million in 2012, compared with €848.8 million in 2011.

In particular, life insurance gross written premiums at an EH Group level reached €321.5 million in 2012, compared with €377.1 million in 2011; however, in relation to EH's property and casualty insurance business' gross written premiums, at EH Group level this reached €329.6 million in 2012 compared with €471.7 million in 2011.

Bancassurance premiums for life and fire insurance amounted to €60.5 million and €33.6 million, respectively, in 2012, compared with €89.9 million and €36.9 million respectively for 2011. For more information on the bancassurance business, see "*Bancassurance*" below.

With a view towards expansion in SEE, EH operates two Cypriot subsidiaries in collaboration with NBG Cyprus which are active in life and non-life insurance. EH also operates in Romania, where it holds a 94.96% share in Societate Comerciala Asigurari Garanta S.A. (**Garanta**). Garanta offers consumer credit insurance and personal accident products through its network of four banks: Pireaus Bank Romania, Romextera, ATE Bank and Credit Europe.

In Bulgaria, EH operates jointly with UBB and ALICO: UBB ALICO Life Insurance Company AD (life insurance) and jointly with UBB and Chartis Central Europe, CIS Insurance Holding: UBB Chartis Insurance Company AD (non-life insurance). These companies promote bancassurance products in the Bulgarian market. Additionally, in partnership with UBB, EH operates UBB Insurance Broker AD, holding 20.0% of the share capital.

National Insurance Brokerage S.A., a Greek insurance broker acquired in 2005 by EH, contributes to the further expansion of services provided in the maritime and aviation insurance markets.

Bancassurance

National Bank of Greece has offered bancassurance products through its insurance brokerage subsidiary NBG Bancassurance S.A. (NBGB) and the Bank's extensive network in Greece since 1989.

The wide range of insurance products currently offered can be divided into five major categories:

- **Investment savings and retirement insurance products:** Traditional endowment plans with retirement options, which were either lump sum or monthly instalment policies, were sold between 2006 and 2012. A new series of Unit Linked investment insurance products was launched in January 2013, in order to target the affluent clientele of the Bank who wish to build up a fund for future needs, such as supplementary pension income or children's tuition fees. **NBG Efpax** provides a lump sum payment to customers or their children when they reach a certain age and can also be converted into a pension.
- **Life and Health protection insurance** such as "Preventive Healthcare for all" and "Protection", which provide a wide range of medical services. "Preventive Healthcare for all" focuses on primary health services and is offered in collaboration with one of the major Greek health service providers. It offers free of charge: an annual check up tailor-made for men, women and children (including special diagnostic tests such as Mammogram, PAP test, PSA, Spirometry etc), an unlimited number of diagnostic tests up to the amount of €200 per year, as well as unlimited visits to paediatricians for children. "Protection" offers an annual check-up free of charge, life insurance of up to €20,000 and hospital indemnity of €100 per day, following the third day of hospitalisation, for up to 30 consecutive days in a public hospital as well as private hospitals both in Greece and abroad.
- **Motor insurance** is offered in three pre-defined insurance packages (Classic Plus, Extra Plus and Premium Plus), which include third party liability coverage for vehicle damages and body injuries, uninsured motorists' coverage, theft coverage, fire coverage, collision coverage, etc. A special discount system depending on the clients' profile (ie according to the number of banking or insurance products that he/she owns) is also included. Further synergies with other banking products are currently under development (ie credit card payment in interest-free instalments).
- **Home insurance** (against fire, earthquake, flood and other similar risks) is offered in two comprehensive insurance packages (Basic and Full). Content insurance coverage is offered as an option. The programme is offered for both mortgaged and mortgage-free houses as well as for selected categories of offices and businesses.
- **Insurance products bundled with banking products**, which reduce risk for both the customers and the bank. These products are:
 - **Life and disability insurance** for mortgage and small business loan customers. Under this policy, the outstanding balance of the mortgage is reimbursed in the event of death or permanent disability of the borrower and/or guarantor.
 - **Payment protection insurance** for consumer and mortgage loan customers. Under this policy, a pre-defined amount that corresponds to the borrower and/or guarantor's monthly loan payment is paid in the event of the temporary disability or involuntary unemployment of the borrower and/or guarantor.

Real Estate Management

The Bank engages in real estate management activities, including warehousing and third party property management. For more information in relation to Real Estate Management of the Group, see "*Property and Equipment*".

On 14 January 2010, the Extraordinary General Meeting of Shareholders of the Bank approved the contribution, as of 30 September 2009, of the Bank's property of book value of €615.0 million, corresponding to 241 properties in the Real Estate Investment Company with the name NBG Pangaea. These properties were contributed to NBG Pangaea in lieu of cash for share capital. The assets contributed include land and buildings with a net book value at 31 December 2012 of €342.8 million and €236.5 million respectively, and their commercial value was estimated at €767.9 million by an independent appraisal company as at 31 December 2012. Cash contribution to the share capital amounted to €132,000. Currently the majority of properties rented by the Bank are under long-term leases.

On 25 November 2013, the Bank signed with Invel Real Estate II BV (Netherlands) an agreement for the disposal of a 66.0% stake in NBG Pangaea for a total consideration of €653.0 million, and in December 2013 the Bank transferred this stake.

Consulting and Professional Training

Ethnodata S.A. provides consulting and development in the area of information systems and software to other companies in the Group and to third parties. In addition, the Bank runs a training centre through its subsidiary NBG Training Centre S.A. for its employees as well as for other banks and companies in Greece and abroad. The Bank's training centre offers training courses and advisory services.

Ethnodata S.A. also engages in business consultancy services through Planet S.A., a business consultancy firm based in Athens in which the Bank held a 36.99% stake as at 31 December 2012.

Hotel Management

The Group's presence in the tourism sector is through the Bank's subsidiary, Astir Palace, owner of the Astir Palace Hotel Complex, which is currently under the management of Starwood Hotels & Resorts Worldwide Inc.

In December 2011, Astir Palace announced the successful bidder of the international competition for the 40 year-long lease of the Tourist Port of Vouliagmeni, offering an amount of €43 million. In October 2012, a 100% subsidiary of Astir Palace was formed with the name Astir Marina Vouliagmenis S.A. (Astir Marina Vouliagmenis) with the sole purpose of managing the operations of the marina and developing plans for its upgrade and renovation.

In 2012, Astir Palace invested €662,000 (compared with €1.6 million in 2011 and €3.1 million in 2010) in renovations and facility improvement projects including the renovation of the Aphrodite Hotel and the development of a new conference centre.

On 16 January 2013, the Bank in agreement with HRADF, launched an international open competitive process for the identification of an investor, within the framework of a proposed joint exploitation of assets of the Group and the HRADF at the "Mikro Kavouri" peninsula of Vouliagmeni (the **Process**). These assets include a plot of land owned by Astir Palace Vouliagmenis S.A. and an adjacent plot of land of the National Tourism Organisation that is to be managed through the HRADF, in accordance with applicable legislation.

The Process is part of the Bank's recapitalisation plan and reflects the broader strategic approach of the Bank in the disposal of non-core holdings of the Group.

In December 2013, the Bank announced that Jermyn Street Real Estate Fund IV LP submitted the highest bid for Astir Palace, amounting to €400.0 million, corresponding to 90.0% of Astir Palace shares (which includes the Bank's entire 85.35% interest), as these shares shall stand following completion of the transaction.

New products and services

Settlement products

Since January 2010, the Bank has launched settlement products for amounts due by corporate clients and individuals, in accordance with Greek Law 3816/2010 regarding the settlement of business and corporate debts.

For more information on Greek Law 3816/2010 please see “*Regulation and Supervision of Banks in Greece—Settlement of business and corporate debts*” and also “*Regulation and Supervision of Banks in Greece—Settlement of amounts due by indebted individuals*”.

Significant Equity Method Participations

The following table sets out equity participations in which the Group holds in excess of 20% but less than 50%, or in which the Group does not have control as at 31 December 2012, ordered by the length of time in which the Group has held a participation:

Name	31 December 2012		
	Country of incorporation	Interest held by Group (%)	Reported book value ⁽¹⁾ (€ thousands)
1. Social Securities Funds Management S.A.	Greece	20.00%	1,006
2. Larco S.A.	Greece	33.36%	—
3. Eviop Tempo S.A.	Greece	21.21%	2,762
4. Teiresias S.A.	Greece	39.34%	1,252
5. Pella S.A.	Greece	20.89%	—
6. Planet S.A.	Greece	36.99%	1,721
7. Pyrrichos Real Estate S.A.	Greece	21.83%	344
8. Aktor Facility Management S.A.	Greece	35.00%	575
9. Bantas A.S.(Cash transfers and Security Services).....	Turkey	33.27%	1,656
10. Finans Emeklilik ve Hayat A.S. (Finans Pension)	Turkey	48.91%	104,196
11. UBB AIG Insurance Company A.D. ⁽²⁾	Bulgaria	59.97%	2,890
12. UBB Alico Life Insurance Company A.D.	Bulgaria	59.97%	3,301
13. Drujestvo za Kasovi Uslugi A.D.	Bulgaria	19.98%	1,234
Various minor companies	Various	N/A	37,712

(1) As reflected in the 2012 Annual Financial Statements under the equity method of accounting.

(2) On 3 November 2012 the company was renamed UBB AIG Insurance Company A.D. from UBB Chartis Insurance Company A.D.

Equity participations in which the percentage ownership interest held by the Group is less than 20% are accounted for as portfolio investments in accordance with IAS 39, as the Group does not have the ability to influence the operations of the investees. Equity participations in which the percentage ownership interest held by the Group is greater than 20% but less than 50%, or which are jointly controlled by the Group and other entities, are accounted for using the equity method in accordance with IAS 28 “Investments in Associates”, because the Group can influence the operations of the investees. During 2010, Larco S.A. was transferred to Assets Held for sale.

UBB AIG Insurance Company A.D. and UBB Alico Life Insurance Company A.D. are jointly controlled by Group companies UBB and EH and companies of AIG.

Intellectual Property, Contracts and Manufacturing Processes

The Group's business and profitability are not materially dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.

Competition

The Group competes with other banks, financial services firms and a wide range of insurance companies in providing mutual fund, capital markets and advisory services and financial and insurance products. Internationally, the Group competes with banking firms of varying size and geographic scope. For more information regarding the markets in which the Group operates, see "*The Banking Services Sector in Greece*" and "*The Banking Services Sector in SEE and Turkey*" above.

Property and Equipment

As at 31 December 2012, the Group owned approximately 2,557 properties, approximately 1,711 of which are buildings. These properties are, for the most part, held free of encumbrances. Most of the Group's properties are occupied by branches and offices and so are where customer relationships are maintained and operations are administered. Most of the Group's other properties have been acquired as a result of foreclosure on the collateral of defaulted loans. There are no environmental issues of which the Group is aware of that may affect the Group's utilisation of its real estate assets.

The Group's real estate portfolio had a net book value of €2,042.0 million as at 31 December 2012, compared with €2,081.7 million as at 31 December 2011, which is included in the 2012 Annual Financial Statements under "property and equipment", "investment property" and "other assets". Properties that have been acquired as a result of foreclosure on the collateral of defaulted loans had a book value of €212.7 million as at 31 December 2012, compared with €203.5 million as at 31 December 2011, and are included under "other assets" in the 2012 Annual Financial Statements. According to a fair value report from independent evaluators, the current market value of real estate assets exceeds their book value.. For any new property acquired from foreclosure proceedings, the Group performs valuations of the fair value by applying internationally recognised valuation methodologies. The valuations are performed either internally by qualified appraisers or externally by international certified valuation companies or qualified appraisers. Additionally, valuations are back-tested for outliers through a standardised statistical process. Due to the current circumstances in the property market a valuation which has been performed within the last six months is required prior to the liquidation of a foreclosed asset. Moreover, all assets are monitored for signs of physical impairment. In such case the Group performs a valuation in order to determine any potential write-down. A full review for potential impairment of the most important foreclosed assets of material value is performed on a regular basis, by taking into account the condition of the properties and the market conditions. The Group is not always able to realise the full market value of real estate which the Group is required to or wishes to sell because of variations in the property market and legal impediments to the open market sale of such property.

Litigation

The Bank and certain of its subsidiaries are defendants in certain claim and legal actions and proceedings arising in the ordinary course of business. These actions and proceedings are generally based on alleged violations of consumer protection, banking, employment and other laws. None of these actions and proceedings is individually material. The Group and the Bank establishes accruals for all litigations for which it believes it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. These accruals may change from time to time, as appropriate, in light of additional information. At 31 December 2012, the Group and the Bank had provided for cases under litigation the amounts of €79.8 million and €55.3 million, respectively, for those litigations for which the Group and the Bank believe that this loss is probable and reasonably estimated. The relative amounts for 2011 are €85.4 million and €76.4 million. For the cases for which an accrual has not been recognised, management is not able to estimate

reasonable possible losses, because the proceedings may last for many years, many of the proceedings are in early stages, there is uncertainty of the likelihood of the final result, there is uncertainty as to the outcome of pending appeals and there are significant issues to be resolved. However, in the opinion of the management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the consolidated statement of financial position, results of operation or cash flows.

The Bank's Management declares, taking the above into consideration, that neither the Bank nor any other Group member is involved in any legal or arbitration proceeding (including proceedings that are pending or imminent to start and of which the Bank is aware) that have or might have had a significant impact on the financial position and income statement of the Bank and the Group during the 12-month period ending at the date of this document.

Information Technology

Since 2009, the Bank has adopted a new brand, i-bank, which reflects its change in approach to customer service. The Bank's alternative banking services networks (ATM network, phone banking, internet banking) are developed on a common platform which promotes interactive communication and offers increased speed and security. This strategy has been implemented at the Group level in all the countries in which the Group operates with an aim of standardising networks and using a single platform for cross-border products and services.

The new building for the Group's IT and Operations Support Unit, with a total area of 38,000 square metres, is based in Gerakas, Attica with high safety standards and equipped with the latest technology. The Bank's Data Centre, occupying 5,000 square metres, is at the heart of the building and is the largest in the Balkans. It services the Bank's information systems and the Group plans to gradually incorporate the systems of the Group and its subsidiaries in Greece and abroad. The Data Centre was certified in 2011 with ISO 20000-1 for the provision of IT infrastructure and services for a core banking system hosting to Group Subsidiaries abroad, being the third organisation in Greece with such certification.

With regard to the IT applications domain, the Group's strategy is for all affiliate banks to use a common core banking system, the TEMENOS T24 system. The system is customised for the needs of the Group by a competence centre. Similar centres have been established for major complementary systems such as the SAP ERP system, which is used on a Group-wide basis. As another key to IT strategy, specific Group needs for specialised IT systems and applications will be covered by common satellite solutions, centrally evaluated and selected, such as solutions for risk management, fraud management, accounting management and anti-money laundering handling.

In 2012, the upgrade of the Group's Telecom Network on MPLS technology that ensures faster communication and the highest availability was completed. In parallel, the Group is improving its Core banking System IRIS with enhanced functionality in Consumer and Corporate Loans, rolling out the new CRM system in the branch network, completing the new payments platform GPP and expanding the SAP system with enhanced functionality around Financial Management, Supplier Relationship Management, Human Resource Management and Payroll.

Recent Developments

Tender Offer to buy back the five series of Hybrid Instruments – repurchase of Preferred Securities

On 23 May 2013, the Bank announced the results of the tender offer, which commenced on 8 May 2013 and expired on 22 May 2013, for the buyback of up to the total amount of the five different series of preferred securities (hybrid instruments) issued by its subsidiary NBG Funding Limited (the **Tender Offer**). Based on the total nominal values of the securities, which were offered in the Tender Offer, the Bank has calculated that the final amount of the total nominal value accepted for repurchase is as follows:

Titles	Repurchase Price	Total Nominal Value acceptable for the repurchase according to the Tender Offer (in million)	Total Nominal value that is not in the possession of the Bank after the settlement date (in million)⁽¹⁾
Series A	40.0%	€37.0	€19.0
Series B	40.0%	€20.0	€18.0
Series C	40.0%	\$25.0	\$14.0
Series D	40.0%	€13.0	€22.0
Series E	40.0%	£1.0	£9.0

⁽¹⁾ For every series, the defined as the current total nominal value of the relevant Series less (a) the Titles that have been purchased by the Bank before the commencement of the Tender Offer and (b) the Titles that have been purchased by the Bank according to the Tender Offer.

The profit that resulted from the buyback of the hybrid instruments for the Group and the Bank amounted to €54.0 million.

The expiration deadline for the repurchase of the securities in offer by the Bank was 27 May 2013. The repurchase was funded by the Bank's own existing funds.

Tender Offer to buy back American Depositary Shares

On 31 May 2013, the Bank announced an offer to purchase for cash 22,500,000 out of the 25,000,000 outstanding American Depositary Shares (the **ADSs**) (the **Offer**). On the terms and subject to the conditions of the Offer, the Bank offered to pay USD12.50 per ADS net to the seller in cash, less any applicable withholding taxes and without interest, after deduction of any other applicable fees and taxes.

The Offer aimed to generate Core Tier I capital for the Bank and to further strengthen the quality of its capital base.

As of 28 June 2013, which was the expiration date of the Offer, 12,360,169 ADSs were validly tendered, representing approximately 49.4% of the ADSs outstanding at the expiration time. Based on the results of the Offer, the aggregate purchase price for the tendered ADSs was approximately USD155 million settled on 3 July 2013.

Therefore, following the purchase of the ADSs, 12,639,831 ADSs remain outstanding. The Bank submitted for cancellation the ADSs purchased pursuant to the Offer, and cancelled the Preference Shares represented thereby, having obtained the requisite corporate approvals for cancellation of the Preference Shares.

Acquisitions, disposals and other capital transactions

The acquisition of “selected” assets and liabilities of First Business Bank

On 10 May 2013 the Bank, acquired, free of any consideration, selected healthy assets and liabilities of FBB which is under special liquidation following the decision 10/1/10.05.2013 of the Bank of Greece Resolution Measures Committee. The Bank acquired FBB's network of 19 branches with personnel and FBB's operations.

Based on a preliminary analysis of the unaudited accounting records of FBB as of 10 May 2013, the provisional values of the assets acquired and liabilities assumed from FBB are presented below.

<i>Amounts in € million</i>	10 May 2013
ASSETS	
Due from banks	36

Financial assets at fair value through profit or loss	5
Loans and advances to customers	593
Investment securities	53
Other assets	83
Receivable from HFSF (provisional amount)	607
Total assets	1,377

LIABILITIES	
Due to banks	309
Due to customers	1,066
Other liabilities	2
Total liabilities	1,377

The “Receivable from HFSF” amount represents the difference between the value of the transferred assets and liabilities (funding gap) that will be covered by the HFSF according to the existing legal framework, which will have the effect of providing additional liquidity to the Bank. The Bank of Greece, in accordance with its Decision 10/2/10.5.2013, determined that the funding gap based on FBB’s financial information as of 31 March 2013 is €524.0 million. Based on the provisional values of FBB’s assets acquired and liabilities assumed as of 10 May 2013, the funding gap has been revised to €607.0 million. As of 30 June 2013 the HFSF contributed to the Bank as an advance, European Financial Stability Facility (“EFSF”) bonds, with nominal value of €350.0 million.

The acquisition of “selected” assets and liabilities of PROBANK S.A.

On 26 July 2013 the Bank acquired, free of any consideration, selected healthy assets and liabilities of Probank which is under special liquidation following the Decision 12/1/26.7.2013 of the Bank of Greece Resolutions Measures Committee. The Bank acquired Probank’s network of 112 branches with personnel and Probank’s operations.

Based on the preliminary analysis of the unaudited accounting records of Probank as of 26 July 2013, the provisional values of the assets acquired and liabilities assumed from Probank are presented below:

<i>Amounts in € million</i>	26 July 2013
ASSETS	
Cash and balance with central bank	60
Due from banks	22
Financial assets at fair value through profit or loss	181
Loans and advances to customers	2,160
Investment securities	70
Other assets	134
Receivable from HFSF (provisional amount)	380
Total assets	3,007
LIABILITIES	
Due to customers	2,989
Other liabilities	18
Total liabilities	3,007

The “Receivable from HFSF” amount represents the difference between the value of the transferred assets and liabilities (funding gap) that will be covered by the HFSF according to the existing legal framework, which will have the effect of providing additional liquidity to the Bank. The Bank of Greece, in accordance with its Decision 12/2/26.7.2013, determined that the funding gap based on Probank’s financial information as of 31 March 2013 is €237.0 million. Based on the provisional values of Probank’s assets acquired and

liabilities assumed as of 26 July 2013, the funding gap has been revised to €380.0 million. On 12 August 2013 the HFSF contributed to the Bank as an advance €158.0 million in cash.

RISK MANAGEMENT

Effective risk management is a key factor in the Group's ability to deliver sustained returns to its shareholders. The Group allocates substantial resources to upgrading its policies, methods and infrastructure to ensure compliance with best international practices and the guidelines of the Basel Committee for Banking Supervision.

Risk Management Governance

The Group aims to adopt practices regarding risk management governance, taking into account all relevant guidelines and regulatory requirements, as set by the Basel Committee for Banking Supervision, the Committee of European Banking Supervisors, the Bank of Greece and the Hellenic Capital Market Commission (**HCMC**), as well as any decisions of the competent authorities supervising the Group's entities.

The Group's risk governance framework comprises a number of different constituents. In particular, the Board of Directors has established the Board Risk Committee (**BRC**) overseeing all risk management functions across the Group. All risk management units report to the Group Risk Control and Architecture Division (**GRCAD**) and to the Group Market and Operational Risk Management Division (**GMORMD**), which are supervised by the Group Risk Manager. A separate compliance function, the Compliance Division, oversees all internal and external compliance matters, such as applicable Greek and EU, laws and regulations, as well as accounting standards. The Internal Audit-Inspection Division of the Bank and the Group (the **IAID**), which reports directly to the Board of Directors through the Audit Committee, complements the risk management framework and acts as an independent reviewer, focusing on the effectiveness of the risk management framework and control environment.

Board Risk Committee

The BRC forms and submits for approval to the Board of Directors the risk appetite and capital management strategy of the Bank and the Group, on an annual basis. It also sets the principles that govern the management of risk and monitors the implementation and outcome of these policies. Non-executive board members are eligible to the BRC, as defined by the 2013/36/EE Directive, coming into power on 1 January 2014. 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 strategy and the business plan of the Group. Proposals to the BRC are submitted by the Group's Chief Risk Officer or any other senior executive member of management. For a further description of the BRC and a list of its current members, see "*Management and Employees—Board Committees—Risk Management Committee*".

Group Risk Management

The Bank acknowledges the need for enhanced risk management and has established two specialised units, the GRCAD and the GMORMD, to properly measure, analyse and manage the risks entailed in all its business activities. All risk management units of the Group adequately report to the two above-mentioned Divisions.

Based on its charter, the mission of the GRCAD is to:

- specify and implement credit risk policies emphasising rating systems, risk assessment models and risk parameters, according to the guidelines set by the Bank's Board of Directors;
- plan, specify, implement and introduce capital management policies, under the guidelines of the Bank's Board of Directors;

- assess the adequacy of methods and systems that aim to analyse, measure, monitor, control and report credit risk undertaken by the Bank and other financial institutions of the Group and periodically validate them; and
- estimate regulatory and economic capital required in respect to all banking risks and prepare relevant reports.

The mission of the GMORMD is to:

- plan, specify, implement and introduce market, counterparty, liquidity and operational risk policies, under the guidelines of the Bank's Board of Directors;
- assess the adequacy of methods and systems that aim to analyse, measure, monitor, control and report the aforementioned risks undertaken by the Bank and other financial institutions of the Group and periodically validate them;
- independently evaluate financial products, assets and liabilities of the Bank and the Group; and
- regularly handle issues relevant to market, counterparty, liquidity and operational risks, under the guidelines and specific decisions of the BRC and the Asset and Liability Committee (the **ALCO**).

Each Division has distinct responsibilities and covers specific types of risk. The GRCAD consists of:

- the Credit Risk Control Subdivision;
- the Analysis and Risk MIS Subdivision;
- the Capital Reporting Subdivision; and
- the Model Validation Unit,

whereas the GMORMD consists of:

- the Market and Liquidity Risk Management Subdivision;
- the Counterparty Risk Management Subdivision; and
- the Operational Risk Management Subdivision.

Both Divisions report to the Group's General Risk Manager.

Credit Risk

Credit risk is the risk of financial loss relating to the failure of a borrower to honour its contractual obligations'. It arises in lending activities as well as in various other activities where the Group is exposed to the risk of counterparty default, such as its trading, capital markets and settlement activities. The risk of counterparty default is the largest single risk the Group faces. The credit risk processes are conducted separately by the Bank and each of its subsidiaries. The credit risk procedures established by the subsidiaries are coordinated by the GRCAD.

Credit granting processes

The Group's credit granting processes include:

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

The Group maintains ongoing credit administration, measurement and monitoring processes, including in particular:

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

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

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

Credit Risk Assessment, Monitoring and Internal Ratings

The credit risk process for the Bank is managed centrally by Group Risk Control & Architecture Division (GRCAD), working closely with the centralised underwriting units, responsible for the particular types of credit.

The Bank uses different credit risk rating models, according to the nature of credit portfolios, they are reviewed regularly and validated annually. More specifically:

Corporate Portfolio

The Bank developed a corporate portfolio rating system which, following approval by the Bank of Greece, is used to quantify risk parameters, such as Probability of Default, PD, and supports the application of the Internal Ratings-Based Approach (IRBA) for calculating capital requirements against credit risk. The rules for rating customers (obligors) are set out in detail in the Corporate Credit Policy. In brief, the ratings scale contains 22 grades, 19 of which correspond to borrowers who are not in default and 3 to borrowers who are in default. Different exposures against the same borrower receive the same rating grade, regardless of the specificities of various forms of credit (eg type of facility, collateral provided, etc). The rating procedure is carried out at least annually and whenever new information or new financial data arise and may affect the risk undertaken. The Bank uses four models to assess the creditworthiness of corporate obligors. All of these, since October 2010, are hosted on the Risk Analyst™ (RA) platform, developed by Moody's. Corporate obligors are assessed via the following models:

1. All companies with full financial data are rated using the Bank's internally developed Corporate Rating Model.

2. Special case borrowers (such as newly established firms without financial data, construction consortiums, insurance companies, etc) are rated using an Expert Judgment Model.
3. Project finance and Object finance credits are rated using two different Simplified Slotting Criteria models, developed on the guidelines given by the Bank of International Settlements.
4. Finally, smaller companies, which are members of larger corporate conglomerates but keep simplified B-class accounting ledgers, are rated using a scorecard for businesses with limited financial data.

All these models produce ordinal rankings of obligors (or credits, in the case of project and object finance) which are then mapped to a unique Probability of Default (PD). Models are validated annually and calibrated, whenever necessary.

Retail Portfolio

The management of credit risk in the retail portfolio starts at the approval stage. Approvals are fully centralised and every application is assessed using product based application scorecards. These statistical models follow well-established international methodologies and are based on the Bank's historical data. Their predictive power is monitored systematically.

Furthermore, throughout the life of each credit, the payment behaviour is monitored centrally and regularly, using statistically-developed behavioural scorecards. Monthly reports about the quality of each retail loan book is provided by GRCAD for management review and corrective measures are proposed to mitigate and control credit risk, whenever necessary.

The mortgage portfolio in particular, is reviewed using more advanced methods since, starting on the 1st quarter of 2008, the Bank adopted the Internal Rating Based Approach (IRBA) for estimating capital requirements against credit risk for mortgage exposures. The Bank's original PD model was developed in 2007 and re-calibrated in 2012; its use for capital reporting is approved by Bank of Greece (the Regulator). Any non-defaulted exposure is rated using this PD model on a monthly basis and is classified in one of ten pools with common risk attributes (Rating pools). Each pool receives a different probability of default (PD). All defaulted exposures receive a PD of 100%.

Another model was internally developed (validated and calibrated in 2010) by the Bank in order to estimate LGD for mortgage loans. The model takes into account loan maturity, product type, the borrower's behaviour (eg whether there have been any delinquencies during the last 18 months of payment history) as well as maturity ratios. The approach used to measure recoveries allows the Bank to extend its debt collection horizon to 15 years for mortgages. Though seemingly long, recent analysis shows that, even during the current recession period, defaulted accounts before 2001 (ie more than 12 years back), continue to produce positive cash flows, increasing significantly recovery ratios. The LGD model was recently validated and is submitted to Bank of Greece, as well.

As far as loans to Small & Medium Enterprises (SMEs) are concerned, the same basic principle of centralised assessment and monitoring is followed here too. All credit applications are evaluated first, at inception, and then at least once a year and certainly, on credit limits renewal dates. The assessment uses the SMEs Model that generates a rating score, which in turn corresponds to a Probability of Default (PD). This model is used by the business units since the end of 2010 and was thoroughly revised in 2012 by the addition of an independent "behavioural score" variable. A standard behavioural scorecard examines the customer's behaviour in respect to all of his accounts, both credit and deposit ones, weighs a number of variables accordingly (eg delinquencies, limit usage, etc) and generates automatically a score every month. The addition of a behavioural score led to a significant increase in the predictive power of the SMEs Model.

Loans and advances to SMEs are, like corporate credits, secured by various types of eligible collateral aiming to mitigate credit risk. Such collateral include pledges over business premises or residential real estate, post-dated cheques, invoices and other receivables. The LGD model measures the potential loss for the Bank in case an SME borrower defaults. The analysis is done on two levels: first, the model estimates the probability of the borrower returning to current status within a reasonable period of time. Then, the model estimates the loss that will be occurred if the loan agreement with the borrower is terminated. The product of the two is LGD. Similarly to the LGD model applied to mortgage loans, the model focuses on the repayment behaviour of the borrower, the existence or not of real estate assets pledged as collateral, on the existence of a Greek Government guarantee, as well as the total exposure amount. As a result, every SME obligor receives an accurate LGD estimate.

Finally, the Group's subsidiaries use a combination of statistical and empirical models for the measurement, management and approval of credit risk for both corporate and retail portfolio, similarly to the Bank. GRCAD is responsible for the development, validation and calibration of the abovementioned models on an annual basis.

Concentration Risk Management

The Bank manages the extension of credit, controls its exposure to credit risk and ensures its regulatory compliance based on an internal limits system. The GRCAD is responsible for limits setting, limits monitoring and regulatory compliance.

The fundamental instrument for controlling Corporate Portfolio concentration are Obligor Limits, which reflect the maximum permitted level of exposure for a specific Obligor, given its Risk Rating. Obligor Limits are subject to Risk Management Committee approval on an annual basis. Any risk exposure in excess of the authorised internal Obligor Limits must be approved by a higher level Credit Approving Body, based on the Credit Approval Authorities as presented in the Corporate Credit Policy document.

Credit risk concentration arising from a large exposure to an individual or group of individuals whose probability of default depends on common factors, is monitored through the Large Credit Exposures (LCE) framework per group of connected customers (as defined by Bank of Greece).

Finally, within the Internal Capital Adequacy Assessment Process (ICAAP), the Bank has adopted a methodology to measure the risk arising from concentration to economic sectors (sectoral concentration) and to individual companies (name concentration). Additional capital requirements are calculated, if necessary, and Pillar 1 capital adequacy is adjusted to ultimately take into account such concentration risks.

Collateral and Other Credit Enhancements

The most common practice used by the Group to mitigate credit risk with respect to loans and advances to customers is receiving collateral. The Group implements guidelines on the eligibility of specific classes of collateral, as described in Corporate and Retail Credit Policy documents. In the same documents, eligible types of collateral for regulatory purposes (funded and unfunded credit risk mitigation techniques), are also presented.

The principal collateral types for loans and advances to customers are:

- Mortgages over residential properties;
- Charges over business assets such as premises, ships, vehicles, inventory and accounts receivable;
- Pledges over financial instruments, such as debt securities and equities;
- Cash collateral;

- State, bank or personal guarantees;
- Credit Derivatives.

The Bank has internally developed a Collateral Management System in order to upgrade the control and monitoring of collaterals received as protection for both corporate and retail loans, as well as to fulfil the requirements arising from the “Basel II” regulatory framework. The user of the system is able to retrieve information regarding collateral at different aggregation levels, to monitor all useful aspects of collateral in order to preserve adequate coverage as well as automatically calculate required haircuts on the collateral values.

Furthermore, the Collateral Management System is designed so as to provide information regarding exposure per guarantor in the case of credit guarantees. The basic types of credit guarantees are:

- Bank Guarantees.

This guarantee is deemed an acceptable form of unfunded credit protection and takes the form of a Letter of Credit (L/C) or a Letter of Guarantee (L/G) from Financial Institutions, at home and abroad.

- Hellenic Government (State) Guarantee.

This guarantee is considered as equivalent to the pledge on a liquid asset only if it is direct, explicit, irrevocable and unconditional, hence no external factors could affect the substance of coverage.

- Guarantee by ETEAN Fund (formerly known as TEMPME).

This guarantee is considered as equivalent to the pledge on a liquid asset if the decision of the Fund does not include conditions and special clauses concerning factors beyond the Bank’s control.

Longer-term finance and lending to corporate entities are generally secured. Revolving credit facilities to individuals are generally unsecured. In addition, in order to mitigate the potential credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances to customers. Debt securities, treasury and other eligible bills are generally unsecured

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk related to the potential loss on the Group’s portfolio due to adverse movements in interest rates. A principal source of interest rate risk exposure arises from its trading and available-for-sale bond portfolios, as well as the interest rate exchange-traded and over-the-counter derivative transactions.

More specifically, the Bank retains a portfolio of Greek, T-Bills, EFSF issuances and EU sovereign debt, as well as positions in Greek and international corporate bonds.

Additionally, the Bank is active in the swap market and engages in vanilla and more sophisticated transactions for hedging and proprietary purposes and it maintains positions in bond and interest rate futures, mainly as a means of hedging, and to a lesser extent for speculative purposes.

The other significant contributor to market risk in the Group is Finansbank, through its trading and available-for-sale portfolios. Of the three types of market risk (interest rate, equity and foreign exchange), Finansbank is mostly exposed to interest rate risk that arises from the positions it retains in Turkish government bonds, denominated mainly in TL, U.S. dollars and euros. In addition, Finansbank enters into swap transactions either for hedging purposes, or for proprietary trading.

Moreover, Finansbank draws liquidity in U.S. dollars which are then converted into TL through Cross Currency Interest Rate Swaps, in order to offer loans to its clientele. These Cross Currency Interest Rate Swaps also act as a hedge of the interest rate risk of Finansbank's instalment loan portfolio.

Equity Risk

Equity risk is the risk related to the potential loss due to adverse movements in the prices of stocks and equity indices. The Group holds a 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 cash portfolio comprises trading (ie short-term) and available-for-sale (ie long-term) positions. The portfolio of equity derivatives is used for proprietary trading as well as for the hedging of equity risk arising from the Group's cash position and equity-linked products offered to its clientele. In the same context and to a lesser extent, the Group enters into OTC equity derivative transactions for trading and hedging purposes.

Foreign Exchange Risk

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

On a Group level, the foreign exchange risk comes from the OCP of each subsidiary, through the transactions in foreign currencies performed by the local treasury units.

The Group trades in all major currencies, holding mainly short-term positions for trading purposes and for servicing its institutional/corporate, domestic and international clientele. According to the Bank's policy, the OCP should remain within the limits set by the Treasury Division and the GMORMD at the end of each trading day.

Risk Metrics

The Bank estimates the market risk of its trading and available-for-sale portfolios using the VaR methodology. This has been implemented through RiskWatch by Algorithmics (currently IBM). In particular, the Bank has adopted the variance-covariance methodology, with a 99.0% confidence interval and a one-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 approach and the VaR calculations have been thoroughly examined and approved by the Bank of Greece, as well as by internal auditors and external consultants.

The VaR estimates are used internally as a risk management tool as well as for regulatory purposes. For internal use, the GMORMD calculates the VaR of the Bank's trading and available-for-sale portfolios, on a daily basis, using the latest 75 exponentially weighted daily observations. However, for the period between

12 March 2012 and 30 June 2012, the volatilities of Greek government bond yields were calculated based on 252 equally weighted daily observations. The reason for the methodological adjustment was the intense fluctuations of the Greek bond yields around the PSI period due to the prevailing economic conditions and the lack of depth in the Greek bond market. The use of the weighted approach would have resulted in an “extreme” increase of the volatility levels of the Greek government bond yields and an overestimation of the Bank’s market risk. From 1 July 2012 onwards, the Group reverted back to the previous methodology.

The risk factors relevant to the financial products in the Bank’s portfolio are interest rates, equity indices, foreign exchange rates and commodity prices. Currently the number of risk factors involved in the VaR calculations is 1,045. Additionally, the Bank calculates the VaR of the Bank’s portfolios by applying the Historical Simulation approach, for comparative purposes.

The Bank has also established a framework of VaR limits in order to control and manage more efficiently the risks to which it is exposed. These limits have been determined by reference to world-wide best practices; they refer not only to specific types of market risk, such as interest rate, foreign exchange and equity risk, but also to the overall market risk of the Bank’s trading and available-for-sale portfolios.

The tables below present the Bank’s VaR (99.0%, one-day) for the years ended 31 December 2011 and 2012 respectively:

	Year ended 31 December 2011*			
	Total VaR	Interest Rate Risk VaR	Equity Risk VaR	Foreign Exchange Risk VaR
	(€ thousands)			
As at 31 December	29,472	29,046	1,617	765
Average (daily value)	32,859	30,749	3,723	1,136
Max (daily value)	55,033	52,777	7,114	2,439
Min (daily value)	15,933	13,750	1,559	696

	Year ended 31 December 2012			
	Total VaR	Interest Rate Risk VaR	Equity Risk VaR	Foreign Exchange Risk VaR
	(€ thousands)			
As at 31 December	5,567	4,498	1,699	2,175
Average (daily value)	58,431	56,981	2,178	2,110
Max (daily value)	100,078	98,249	3,782	5,742
Min (daily value)	5,567	4,498	1,307	552

* During 2012, the calculation of the variance-covariance matrix, with respect to Greek government bonds, used in the VaR model, was revised to incorporate the credit risk. As a result the VaR estimates for 2011 have been restated in accordance with the revised methodology. Following this revision, the fair value inputs into the NBG Group’s VaR model include any inherent credit risk.

The level of interest rate risk VaR mostly depends on the level and volatility of the underlying interest rates as well as on the positions of the portfolio.

During the first nine months of 2012, the IR and Total VaR increased substantially due to the classification of the new Greek government bonds received under the PSI, in the Bank’s available-for-sale portfolio, while the old Greek government bonds that were exchanged were classified as held-to-maturity or loans-and-receivables. Moreover, near the 2012 year end - in the period between the announcement of the buy-back programme by the Hellenic Republic and the day that it took place - the yields of the new Greek government bonds decreased significantly, leading to higher market prices and subsequently to higher VaR estimates.

After the completion of the buy-back program, the Bank's portfolio of Greek government bonds was drastically reduced and this caused the IR and Total VaR to decrease.

During the second half of 2012, the volatilities of the new Greek government bond yields gradually declined, and this led to higher VaR estimates for the Bank. Moreover, in December 2012, after the completion of the buy back by the Hellenic Republic, the Bank's portfolio of Greek government bonds was drastically reduced which in turn caused the IR and Total VaR to decrease substantially.

On a Group level, Finansbank is the other main contributor of market risk, through its positions held in the trading and available-for-sale portfolios. In order to monitor and efficiently manage market risk, Finansbank calculates VaR on a daily basis for its trading and available-for-sale portfolios, as well as the VaR per risk type (interest rate, equity and foreign exchange risk). These calculations are based on a 99.0% confidence interval and one-day holding period. The engine used for all the calculations is the same as that of the Bank (ie RiskWatch).

The tables below present Finansbank's VaR (99.0%, one-day) for the year ended 31 December 2011 and 2012 respectively:

	Year ended 31 December 2011*			
	Total VaR	Interest Rate Risk VaR	Equity Risk VaR	Foreign Exchange Risk VaR
	(€ thousands)			
As at 31 December	17,458	17,480	111	864
Average (daily value)	15,758	15,582	254	749
Max (daily value)	27,107	26,571	676	2,111
Min (daily value)	9,616	9,726	80	68

	Year ended 31 December 2012			
	Total VaR	Interest Rate Risk VaR	Equity Risk VaR	Foreign Exchange Risk VaR
	(€ thousands)			
As at 31 December	6,288	7,239	292	229
Average (daily value)	11,424	11,349	285	659
Max (daily value)	17,810	18,261	655	1,756
Min (daily value)	5,907	6,161	94	53

* During 2012, the calculation of the variance-covariance matrix, with respect to Greek government bonds, used in the VaR model, was revised to incorporate the credit risk. As a result the VaR estimates for 2011 have been restated in accordance with the revised methodology. Following this revision, the fair value inputs into the NBG Group's VaR model include any inherent credit risk.

The change in Finansbank's Total VaR is mainly attributed to the change in the interest rate risk VaR. During 2012, the Turkish sovereign interest rates and the respective volatilities gradually decreased, which resulted to a lower VaR estimate.

Moreover, the Bank calculates the Group VaR on a daily basis, taking into account both its own portfolios and the respective portfolios of Finansbank.

Finally, on a Group level, the VaR (99.0%, one-day) for the year ended 31 December 2011 and 2012 respectively, on a Group level, is presented in the tables below:

Year ended 31 December 2011*				
	Total VaR	Interest Rate Risk VaR	Equity Risk VaR	Foreign Exchange Risk VaR
	(€ thousands)			
As at 31 December	32,841	32,148	1,737	769
Average (daily value)	38,116	36,049	3,864	1,273
Max (daily value)	60,913	58,499	7,286	2,744
Min (daily value)	20,669	18,207	1,696	728

Year ended 31 December 2012				
	Total VaR	Interest Rate Risk VaR	Equity Risk VaR	Foreign Exchange Risk VaR
	(€ thousands)			
As at 31 December	11,043	10,334	1,690	2,284
Average (daily value)	63,615	61,930	2,287	2,265
Max (daily value)	110,925	109,048	4,015	6,619
Min (daily value)	11,043	10,334	1,383	639

* During 2012, the calculation of the variance-covariance matrix, with respect to Greek government bonds, used in the VaR model, was revised to incorporate the credit risk. As a result the VaR estimates for 2011 have been restated in accordance with the revised methodology. Following this revision, the fair value inputs into the NBG Group's VaR model include any inherent credit risk.

Limitations of the Group's VaR model

The VaR model is based on certain theoretical assumptions, which under extreme market conditions might not capture the maximum loss the Bank will suffer. The restrictions of this methodology are summarised as follows:

- the use of volatilities and correlations as predictive measures for the behaviour of risk factors in the future might prove insufficient in periods of intense volatility in financial markets;
- the one-day holding period for VaR calculations (or ten days for regulatory purposes) implies that the Bank will be able to liquidate all its trading assets within this length of time. This assumption might underestimate market risk in periods of insufficient liquidity in financial markets';
- VaR refers to the plausible loss on the Bank's portfolio at a 99.0% confidence interval, not taking into account any losses beyond that level;
- all calculations are based on the Bank's positions at the end of each business day, without taking into account the intra-day transactions or any realised losses that have been incurred;
- VaR estimates rely on small changes in the level of the relevant risk factors. For bigger movements (tail events), the methodology would not fully capture the impact on the value of the portfolio; and
- returns on individual risk factors are assumed to follow a normal distribution. If this is not the case, the probability of extreme market movements could be underestimated.

Back-testing

The Bank performs back-testing on a daily basis, in order to verify the predictive power of the VaR model. The calculations refer to the Bank's trading positions, in accordance with the guidelines from the Bank of Greece, and involve the comparison of "hypothetical" daily gains/losses with the respective estimates of the VaR model used for regulatory purposes. The aim of back-testing is to examine whether the hypothetical change in the value of the portfolio, due to the actual movements in the prices of the underlying risk factors, is captured by the VaR estimate of that day. The procedure of back-testing is summarised as follows:

- Calculation of the hypothetical gains/losses on the Bank's trading portfolio between days t and t+1;
- Comparison of the hypothetical gains/losses with the VaR calculated for positions as of the close of business on day t.

Any excess of the hypothetical losses over the VaR estimate is immediately reported to the Bank of Greece within five business days. Back-testing is applied on the Bank's end-of-day positions and does not take into account any intra-day transactions. During 2012, there was only one exception in which the back-testing result exceeded the respective VaR calculation.

Finansbank also performs back-testing on a daily basis, following a procedure similar to the one that the Bank has established. During 2012, there were two exceptions in which the back-testing result exceeded the respective VaR calculation.

Stress Testing

The VaR model is based on certain theoretical assumptions, which do not fully capture the potential "tail events" in the markets.

To enhance the predictability of its VaR model and minimise the effect of the aforementioned limitations, the Group performs stress testing on a weekly basis. The aim of stress testing is to evaluate the gains or losses that may occur under extreme market conditions. Stress testing applies on both trading and available-for-sale portfolios and the scenarios used have been approved by the relevant regulatory authorities. These scenarios are presented in the following tables:

Interest rate-related scenarios:

Scenario	Description	0-3 Months	3 Months-5 Years	>5 Years
1	Parallel Curve Shift	+200 bps	+200 bps	+200 bps
2	Parallel Curve Shift	-200 bps	-200 bps	-200 bps
3	Steepening	0 bps	+100 bps	+200 bps
4	Flattening	+200 bps	+100 bps	0 bps

Stock market indices-related scenarios:

Scenario	Description
1	-30.0% for all indices

Foreign exchange rate-related scenarios:

Scenario	Description
1	€ depreciation by 30.0%

Moreover, stress test analysis is also performed by Finansbank on its trading and available-for-sale portfolios, on a monthly basis. The scenarios refer to extreme movements of interest rates and foreign exchange prices and are based on the latest financial crises which have taken place in Turkey.

Counterparty Risk and Country Risk

Counterparty risk for the Group is due to interbank secured and unsecured funding, and other derivative over-the-counter transactions and it arises from the obligor's failure to meet the contractual obligations. For the efficient management of counterparty risk, the Bank has established a framework of counterparty limits. The GMORMD is responsible for setting and monitoring these limits.

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

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

The Group seeks to reduce counterparty risk by standardising relationships with counterparties through ISDA and GMRA contracts, which encompass all necessary netting and margining clauses. Additionally, for almost all active counterparties that are financial institutions, Credit Support Annexes (CSAs) have been signed, so that net current exposures are managed through margin accounts on a daily basis, by exchanging cash or debt securities as collateral.

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

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

Country risk is the current or prospective risk to earnings and capital, caused by events in a particular country which are at least to some extent under the control of the government but definitely not under the control of a private enterprise or individual. The main categories of country risk consist of sovereign risk, convertibility risk and transfer risk. Sovereign risk stems from a foreign government's capacity and willingness to repay its debt or other obligations. Convertibility and transfer risk arise when a borrower is unable to convert funds from local to foreign currency in order to repay external obligations. Therefore, country risk refers to all cross-border transactions, either with a central government, or with a financial institution, a corporate or retail client.

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

- interbank secured and unsecured placements and risk that arises from over-the-counter transactions, with financial institutions which operate abroad;
- loans to corporations or financial institutions, positions in corporate bonds and project finance loans;
- funded and unfunded commercial transactions;
- participation in the equity of the Group's subsidiaries, which operate in other countries; and

- holdings in sovereign debt and the sale of protection through Credit Default Swaps, where the underlying reference entity is a sovereign.

In this context, the GMORMD monitors the country risk arising from the Bank's operations on a daily basis, mainly focusing on the countries of the SEE, Turkey, Egypt and South Africa, where the Group has a presence.

Liquidity Risk

Liquidity risk is defined as the current or prospective risk to earnings and capital arising from the institution's inability to meet its liabilities when they come due without incurring unacceptable losses. It reflects the potential mismatch between incoming and outgoing payments, taking into account unexpected delays in repayments (term liquidity risk) or unexpectedly high payment outflows (withdrawal/call risk). Liquidity risk involves both the risk of unexpected increases in the cost of funding of the portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

Liquidity risk management seeks to ensure that the liquidity risk of the Group is measured properly and is maintained within acceptable levels and that, even under adverse conditions, the Group has access to funds necessary to cover customer needs, maturing liabilities and other capital needs.

The Bank's executive and senior management have the responsibility for implementing the liquidity risk strategy approved by the BRC and for developing the policies, methodologies and procedures for identifying, measuring, monitoring and controlling liquidity risk, consistent with the nature and complexity of the relevant activities. The Bank's executive and senior management is regularly informed about current liquidity risk exposures, ensuring that the Group's liquidity risk profile stays within approved levels.

The ALCO monitors the gap in maturities between assets and liabilities as well as the Bank's funding requirements, based on various assumptions, including conditions that might have an adverse impact on the Bank's ability to liquidate investments and trading positions and its ability to access the capital markets.

Currently, the Group's principal sources of liquidity are its deposit base, Eurosystem funding in the form of repurchase agreements with the Eurosystem and long-term debt. Eurosystem funding is collateralised mostly by notes issued by the Bank and guaranteed by the Hellenic Republic in the context of the Group's participation in the Hellenic Republic's Bank Support Plan, and EFSF bonds received by the HFSF.

Regarding the Group's, Finansbank is mostly self funded through customer deposits, repurchase agreements with the Central Bank of Turkey and funds borrowed through the capital markets. The rest of the Group's subsidiaries are mostly self-funded.

Additionally, the Group monitors the Liquidity Coverage Ratio (**LCR**) and Net Stable Funding Ratio (**NSFR**) on a monthly basis, which on 30 September 2013 stood at 70.9% and 83.4%, respectively.

As at 30 September 2013, funding from the Eurosystem (ECB) amounted to €22.2 billion, whereas the funding through the ELA was zero. This constitutes a substantial reduction of the order of €8.7 billion in Eurosystem exposure compared to the respective figure as at 31 December 2012, caused mainly by the gradual increase of the Bank's domestic customer deposits.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Group, acknowledging the importance of operational risk, has established and maintained a firm wide and effective, high quality Operational Risk Management framework (ORM) for its management, since 2006. The ORM framework is designed and organised to support the

operational risk management process on an on-going basis, while being compliant to regulatory requirements. Additionally, the specific framework was designed to enable the Group to meet the qualitative requirements for the implementation of the Standardised Approach under Basel II and to develop, in the medium term, the necessary prerequisites to adopt the Advanced Measurement Approach under Basel II for calculating its capital requirements for operational risk.

The ORM methodology covers both qualitative and quantitative aspects of operational risk and is compatible with the Basel II and CRD documentation. The Bank conducts self-assessment workshops for the identification and assessment of operational risks as well as their control procedure. The Bank monitors all identified risks and determines a number of action plans for their mitigation. In addition, a data collection process is initiated in cases where losses stemming from operational risk have been incurred. The ORM methodology is enhanced by defining and monitoring a number of Key Risk Indicators, as well as by carrying out a number of Structured Scenario Analysis workshops for the identification of potentially high severity cases.

Since 2008, the implementation of the ORM framework has been extended to the Bank's foreign and domestic subsidiaries. The primary objective is to ensure the adoption of a uniform and consistent operational risk management function across the Group that will effectively meet local supervisory requirements. Furthermore, since 2009, the ORM framework implementation is supported by a new software application (OpVar by Algorithmics – currently IBM).

The latest developments in Group's ORM framework are summarised below:

- Successful implementation of the OpVar application to all Group entities;
- Integration of all Group subsidiaries that are consolidated for regulatory purposes, in the capital requirements calculations, under the Standardised Approach Measurement;
- Enhancement of the ORM culture through the organisation of training workshops/seminars on the framework, as well as in OpVar, for NBG Managers and Operational Risk Correspondents.

Finally, the Bank aiming at the prospective adoption of an Advanced Measurement Approach for the calculation of its operational risk capital charges both on a solo and on a consolidated basis, has been developing an internal model for the quantification of its operational risk.

Capital Adequacy

The table below presents the Group's capital structure as at 31 December 2012 according to the 2012 Annual Financial Statements.

	31 December 2012
SHAREHOLDERS' EQUITY	€ thousands *
Share capital	6,137,952
Share premium account	3,326,063
Less: treasury shares	(23)
Reserves and retained earnings	(11,593,487)
Equity attributable to the Bank's shareholders	(2,129,495)
Non-controlling interests	70,139
Preferred securities	171,793
Total equity	(1,887,563)

* Any differences in totals are due to roundings.

Source: Data processed based on the 2012 Annual Financial Statements under IFRS and audited by an independent Auditor.

The Group's Total Equity as at 31 December 2012 amounted to negative €1,887.6 million. Additionally, in the table, below the total regulatory capital, the total risk-weighted assets and the Group's capital adequacy as of 31 December 2010, 2011 and 2012 respectively are presented. During 31 December 2011 and 2012, the equity ratio was below the minimum of 8.0%, due to the recognition of losses from the Group's participation in the PSI. Taking into account the recapitalisation plan, the Bank of Greece allowed the Bank to operate at a capital adequacy ratio lower than the required ratio.

		Group				
		Basel II				
Capital (amounts in € millions):		31.12.2010	31.12.2011	31.12.2011*	31.12.2012	31.12.2012*
Upper Tier I	(a)	10,386	(2,502)	7,254	(4,219)	5,537
Lower Tier I	(b)	1,156	2,127	2,127	1,912	1,912
Deductions	(c)	(2,584)	(1,992)	(1,992)	(1,985)	(1,985)
Tier I	(d)	8,958	(2,367)	7,389	(4,292)	5,464
Upper Tier II		(11)	305	305	400	4000.
Lower Tier II		563	430	430	18	18
Deductions		(199)	(32)	(32)	(63)	(63)
Total regulatory capital	(e)	9,311	(1,664)	8,092	(3,937)	5,819
Total risk-weighted assets	(f)	68,198	64,248	64,248	64,521	64,521
Ratios:						
Basic capital adequacy ratio	d/f	13.1%	(3.7)%	11.5%	(6.7)%	8.5%
Total capital adequacy ratio	e/f	13.7%	(2.6)%	12.6%	(6.1)%	9.0%

* Pro forma capital and capital ratios include the amount of €9,756.0 million of capital confirmed by the HFSF. For comparison purposes, the pro forma ratios for 2011 include this amount.

Source: Data processed based on the 2011 Annual Financial Statements (including the comparative and the year 2010) and the 2012 Annual Financial Statements under IFRS and audited by an independent Auditor.

At 31 December 2012, the total capital adequacy ratio of the Group in accordance with Basel II requirements was negative 6.1%. The pro forma total capital ratio at 31 December 2012, taking into account the Share Capital increase, amounted to 9.0%.

In March 2013, the Executive Committee of Bank of Greece issued the decision 13/28.03.13, modifying GA/BoG 2630/29.10.2010, which defines a new criterion for the capital adequacy of the Greek Banks, i.e. the Core Tier I ratio being at a minimum of 9.0%, effective from 31 March 2013. Taking into account information on the Group's capital adequacy as at 31 December 2012, as well as the total amount of the forthcoming Share Capital Increase in the context of the recapitalisation, the above ratio was 7.8% for the Group.

In June 2013, the recapitalisation of the Bank was completed through a share capital increase of €9,756.0 million.

On 30 September 2013, the Group's capital adequacy ratio, calculated in accordance with the above Decision, increased from 7.8% to 8.4%, through a number of completed actions, including a liability management exercise, deleveraging and de-risking and the buy-back of U.S. Preference shares. Furthermore, actions completed or currently completing, are expected to increase the Group's capital adequacy ratio to 9.4%.

Such actions include the following:

In December 2013, the Bank disposed of its 66.0% stake in its subsidiary NBG Pangaea for a total consideration of €653.0 million.

In December 2013, the Bank also disposed of its subsidiary Grand Hotel Summer Palace for a consideration of €38.0 million.

On 9 December 2013, Jermyn Street Real Estate Fund IV LP, submitted the highest bid amounting to €400.0 million, which concerns 90.0% of Astir Palace shares (which includes the Bank's entire 85.35% interest). The transaction is subject to approval by the HFSF and is expected to be completed in early 2014.

The Recapitalisation Programme

The Group actively manages its capital base to ensure that entities in the Group maximise the return to stakeholders through the optimisation of the debt and equity balance. The Group takes advantage of contemporary means for raising capital, with the objective to sustain its capital adequacy ratios well above the minimum regulatory levels and at the same time to improve the weighted average cost of capital to the benefit of its shareholders (See "*Regulation and Supervision of Banks in Greece*"). In this framework, both the calculation of the capital requirements and the dynamic management of the capital base are embedded in the business plan and the annual budgeting processes, in accordance with the capital adequacy targets that have been set in the Group's risk strategy.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain a minimum ratio determined on a risk-weighted basis, of capital (as defined) to assets, certain off-balance sheet items, and the notional credit equivalent arising from the total capital requirements against market risk. At least half of the required capital must consist of "Tier I" capital (as defined), and the rest of "Tier II" capital (as defined). The framework applicable to Greek banks conforms to EU requirements, in particular the Own Funds, the Solvency Ratio and the Capital Adequacy Directives. However, under the relevant European legislation, supervisory authorities of the Member States have some discretion in determining whether to include particular instruments as capital guidelines and to assign different weights, within a prescribed range, to various categories of assets.

The crisis in the Greek economy resulted in impairment losses recorded in several classes of assets such as Greek government bonds and other loans in Greece which have adversely impacted the regulatory capital of the Group and the Bank (which has been reduced significantly), and there is need for recapitalisation. The recapitalisation plan for Greek banks forms an integral part of the financial assistance under the Hellenic Programme.

The recapitalisation plan for Greek banks, which forms an integral part of the Bank's financial assistance under the Hellenic Programme, and was ratified by the Greek Parliament on 14 February 2012 and adopted by the Eurogroup on 21 February 2012 and 13 March 2012, includes a specific sequence of disbursements, amounting up to €50.0 billion and is now in the implementation phase under the auspices of the Bank of Greece and HFSF.

The main features of this plan are as follows:

- all Greek banks were required to achieve a Core Tier I capital ratio of 9.0% by September 2012 and 10.0% by June 2013. In this context, the Bank of Greece Governor's Act 2654/29.02.2012 was issued, which was subsequently abolished by the Bank of Greece Governor's Act 2664/18.09.2012, resulting in the suspension of the implementation dates for the new capital requirements. On 28 March 2013, the Executive Committee of the Bank of Greece issued the decision 13/28.03.2013 (published in the Government Gazette issue B708/28.03.2013), which resets the percentage of the total of risk-weighted assets that must be covered by a bank's own funds at 9.0%. The provisions of this decision came into force on 31 March 2013;
- banks that were deemed viable based on their business and capital raising plans, as assessed by the Bank of Greece, are given the opportunity to raise capital in the market. Residual capital needs will be met from public support from the HFSF, through ordinary shares or CoCos. If the banks succeed in raising at least 10.0% of their capital needs from the private sector, then the HFSF's ordinary shares will have restricted voting rights. In such a case, the voting rights of the ordinary shares held by the HFSF will be strictly limited to specific strategic decisions in a manner that preserves private sector incentives to inject capital.

In its letter to the Bank on 20 April 2012, the HFSF stated that, on 19 April 2012, the Bank of Greece replied to HFSF with the following:

- (a) the Bank is evaluated as viable;
- (b) the Bank submitted a business plan that includes the time schedule for the implementation of the capital actions described therein, and this plan is evaluated as viable and reliable.

In the same letter to the Bank, HFSF stated that it will participate in the share capital increase or in the issuance of a convertible bond by the Bank. Further, the HFSF stated that it will cover any amount of unsubscribed share capital and/or the convertible bonds.

Furthermore, under Greek Cabinet Act no. 38/9.11.2012, banks eligible for recapitalisation will proceed with a share capital increase in accordance with Greek Law 3864/2010.

On 28 May 2012, the HFSF contributed five series of EFSF bonds, maturing 2018 to 2022, each with nominal value of €1,486.0 million and with total nominal amount of €7,430.0 million, as an advance for participation in the Bank's future share capital increase.

On 20 December 2012, the Bank of Greece notified the Group of the decision of the Credit and Insurance Committee of the Bank of Greece no. 52/23/26.10.2012, according to which the capital requirements of the Bank were set to amount to €9,756.0 million. Taking into account the EFSF bonds of €7,430.0 million that were contributed by the HFSF as an advance to the share capital

increase of the Bank (see previous paragraph), the additional capital requirement needed amounted to €2,326.0 million.

On 21 December 2012, the HFSF contributed EFSF bonds, with a total nominal amount of €2,326.0 million, as an additional advance for the participation of the HFSF in the Bank's future share capital increase pursuant to the Presubscription Agreement of 28 May 2012 (as amended and codified on 21 December 2012). For further details on this subject see "*Regulation and Supervision of Banks in Greece—The Hellenic Financial Stability Fund*".

On 24 April 2013, the extension of the validity period of the Presubscription Agreement was signed by the Bank and the HFSF to 30 June 2013. Pursuant to the Presubscription Agreement, the above securities, before and after the completion of the recapitalisation, can be used exclusively for raising liquidity through repo transactions with market counterparties, or through Eurosystem funding. On 31 December 2012, out of the total €9,756.0 million nominal value of EFSF bonds which have been provided as an advance contribution to future increases in share capital, €7,430.0 million have been used for securing liquidity to Bank of Greece through ELA, while on 31 March 2013, the total amount of €9,756.0 million were used for securing liquidity to the Eurosystem.

LOANS AND FINANCING

Financings under the Hellenic Republic's Bank Support Plan

The Bank participated in the Hellenic Republic's Bank Support Plan of Greek Law 3723/2008 as follows:

Pillar I—Preference share facility

Following the Extraordinary General Meeting of the Bank's Shareholders held on 22 January 2009, the Bank issued on 21 May 2009, 70 million Redeemable Preference Shares at a nominal value of €5.00 each with the cancellation of the pre-emptive rights of the existing shareholders in favour of the Hellenic Republic, in accordance with Greek Law 3723/2008.

On 26 November 2010 at an Extraordinary General Meeting of the Bank's Shareholders approved the repurchase by the Bank of the preference shares of a nominal value of €350.0 million through payment in cash, subject to obtaining Bank of Greece and other statutory approvals.

Furthermore, on 22 December 2011, the Extraordinary General Meeting of the Bank's Shareholders approved a) the share capital increase by €1,000.0 million through the issue of additional 200.0 million Redeemable Preference Shares at a nominal value of €5.00 each with the cancellation of the pre-emptive rights of the existing shareholders in favour of the Hellenic Republic, in accordance with Greek Law 3723/2008 and b) the revocation of the decision of the Extraordinary General Meeting of the Bank's Shareholders held on 26 November 2010 regarding the repurchase by the Bank of the 70 million Redeemable Preference Shares in favour of the Hellenic Republic, in accordance with Greek Law 3723/2008.

On 30 December 2011, following the above decision, the Bank issued the 200,000,000 Redeemable Preference Shares at a nominal value of €5.00 each.

Pillar II—Government guaranteed short-term borrowings facility

Under the government-guaranteed borrowings facility, the Bank participated in the second pillar of Greek Law 3723/2008 as follows:

<u>Description</u>	<u>Issue date</u>	<u>Maturity date</u>	<u>Nominal amount in million €</u>	<u>Interest rate</u>
Floating Rate Notes	7 June 2011	June 2014	1,925.0 ⁽¹⁾	Paid quarterly at a rate of three-month Euribor plus 1,200 bps per annum
Floating Rate Notes	2 May 2013	May 2016	4,500.0	Paid quarterly at a rate of three-month Euribor plus 1,200 bps per annum
Floating Rate Notes	26 June 2013	June 2015	4,265.6 ⁽²⁾	Paid quarterly at a rate of three-month Euribor plus 800 bps per annum
Floating Rate Notes	23 December 2013	December 2014	4,107.7 ⁽²⁾	Paid quarterly at a rate of three-month Euribor plus 1,200 bps per annum
Total			14,798.3	

(1) The bonds are currently rated Caa1 by Moody's and B- by Fitch.

(2) The bonds are currently rated Caa1 by Moody's

The notes described above are held by the Bank and therefore are not presented as liabilities on the Consolidated Statement of Financial Position.

During 2013, the following Notes matured:

Description	Issue date	Maturity date	Nominal amount in million €
Floating Rate Notes	26 April 2010	April 2013	2,500.0
Floating Rate Notes	4 May 2010	May 2013	1,345.0
Floating Rate Notes	4 May 2010	May 2013	655.0
Floating Rate Notes	28 June 2010	June 2013	4,265.6
Floating Rate Notes	23 December 2010	December 2013	4,107.7

Pillar III—Debt instruments issued by the Public Debt Management Agency

On 6 August 2013 and 16 September 2013, the Bank under the provisions of Law 3723/2008 (Pillar III) received new three-year zero coupon special Greek Government bonds of €787 million and €60 million, respectively.

Recent Financing

Other borrowings

The financial condition of the major other borrowings subsequent to the period ended 30 September 2013 are as follows:

On 11 October 2013, Finansbank issued bonds with a nominal value of TL750.0 million, maturing in three months with a 9.5% interest rate;

On 31 October 2013, Finansbank issued bonds with nominal value TL150.0 million, maturing in three months with a 9.6% interest rate;

On 22 November 2013, Finansbank entered into a one-year syndicated loan facility with 20 banks in the amounts of USD167.0 million and €265.0 million;

On 26 November 2013, Finansbank issued bonds with nominal value TL244.6 million, maturing in three and a half months;

On 11 December 2013, Finansbank issued bonds with nominal value TL899.1 million, maturing in four months with an 8.7% interest rate;

On 24 December 2013, Finansbank issued bonds with nominal value TL116.2 million, maturing in four months.

Past due loans and write-offs

The Group's level of loans and advances to customers +90 dpd and +180 dpd for mortgages increased from 12.4% of adjusted loans at 31 December 2011 to 19.0% as at 31 December 2012 and 21.9% as at 30 September 2013. The Group has made the necessary provisions for all past due loans as at 30 September 2013, as appropriate in accordance with the Group's provisioning policy and taking into account any collateral with respect to such loans. The effect of the economic crisis in Greece, the implementation of the Hellenic Programme and adverse macroeconomic conditions in the countries in which the Group operates may result in adverse effects on the credit quality of its borrowers, with increasing delinquencies and defaults. Provisions will continue to negatively affect profit in 2014. The Group has also provided for other probable losses inherent in the portfolio to the extent such losses are reasonably estimable.

Past due loans generally remain on the Group's statement of financial position significantly longer than would be the case for banks in other Western European countries. The Group's write-off policy prescribes which loans and advances to customers fall into its scope and the criteria that must be met for each type of asset in order for each write-off to be approved by the relevant competent committee. Loans and advances to customers to be written off for accounting purposes are individually identified and fully provided for. For all loans and advances to customers written-off for accounting purposes, documentation is retained and is available to evidence and support the reasoning for the write-off and that the appropriate actions have been taken. The following factors are taken into consideration when qualifying a loan for write-off: (i) the past due status of the loan; (ii) the existence of collateral held by the Group to secure the loan and the ability to liquidate that collateral; (iii) the status of legal actions undertaken by the Group as well as the results of recent research regarding the borrower's real property (however, completion of such legal actions is not a necessary condition to write-off a loan if the claim against the borrower would remain valid after the loan is written-off); (iv) the existence of other assets held by the borrower identified through available databases; and (v) an assessment of the costs expected to be incurred for pursuing recovery compared to the expected recovery.

In particular:

- Mortgage loans are written-off for accounting purposes after a maximum period of at least ten years past-due and when there is no realistic prospect of recovering those amounts. The competent business units ensure that all appropriate actions have been taken in order to collect and no further recovery action is possible or practicable.
- Unsecured consumer loans, credit card and Small Business Loans (SBL) exposures are written-off for accounting purposes after a maximum period of at least 60 months past-due after the agreement is terminated.
- Corporate and secured SBL exposures are considered for write-off for accounting purposes on a case by case analysis, based on the general requirements (i)-(v) above.

In specific cases corroborated with legal evidence, for example, fraud or bankruptcy of the borrower, exposures can be written-off for accounting purposes regardless of whether the above criteria are satisfied. Written-off loans, either retail or corporate, are monitored until completion and exhaustion of legal actions having taken into consideration of the efforts and cost required.

Write-offs are approved by each competent committee in accordance with its authority limits prescribed in its charter.

The Group has improved its methods of assessing credit quality in its loan portfolio. In Greece, the Group has taken and is continuing to take steps to improve its credit approval and risk management procedures in order to reduce the amount of past due loans that occur in the future. Such credit procedures are intended to ensure consistency in the loan approval process throughout the Bank while tailoring this process to meet the specific needs of the Bank's borrowers. The Group has established centralised credit centres, thereby removing the decision-making discretion for loan approval from its branches. The Group has also established special divisions to monitor and strengthen its position with respect to delinquent commercial and consumer loans by working flexibly with clients (ie restructuring payments and taking additional collateral) to help them meet their payment obligations.

Outside of Greece, the Group is in the process of fully harmonising credit approval and credit review policies throughout the Group's lending operations in order to reduce future past due loans.

Deposit Outflows and Higher Deposit Costs

The decline in the domestic banking sector of 21.7% since the beginning of 2010 until 31 December 2012, has resulted in increased competition between banks for deposits. As a result, the cost of domestic deposits has increased, reducing the net interest income of Greek banks, including the Bank, and thus their profitability. The decline in deposits may continue resulting in further pressure on deposit pricing. As at 30 September 2013, the Group's loan-to-deposit ratio was 95.5%.

MANAGEMENT AND EMPLOYEES

Board of Directors

The Bank is managed by the Board of Directors, which is responsible for ensuring the strategic direction, management supervision and adequate control of the Bank, with the ultimate goal of increasing the long-term value of the Bank and protecting the corporate interest at large, in compliance with the provisions of the law.

The members of the Board of Directors are elected by the Bank's General Meeting of Shareholders for a term that cannot exceed three years and shall end at the ordinary General Meeting of Shareholders of the year in which such term expires. All members can be re-elected. The General Meeting of Shareholders determines each time the exact number of the members of the Board of Directors (according to the provisions of the revised Bank's Code of Corporate Governance, in effect as of 27 November 2013, the Board of Directors may consist of a minimum of nine up to a maximum of 15 members, only odd numbers allowed) and its independent members. One representative of the Hellenic Republic, as per Greek Law 3723/2008 and one representative of the HFSF, as per Greek Law 3864/2010, are appointed as members of the Board of Directors.

The General Meeting of Shareholders may, at any time, remove members of the Board of Directors. In the event that, as a result of resignation, death or forfeiture for whatever reason, a Director ceases to be on the Board, and his replacement by substitute Directors elected by the General Meeting is not feasible, the remaining Directors may either provisionally elect another Director to fill the vacancy for the remaining term of office of the Director replaced, or continue to manage and represent the Bank without replacing the missing Director(s), provided that the number of the remaining Directors shall be at least nine. In the event that a new Director is provisionally elected, the election is announced by the Board of Directors at the next General Meeting, which may replace the Directors elected for the remaining term, even if no relevant item is included in the agenda. Under all circumstances, the remaining Directors, irrespective of number, may call a General Meeting solely for electing a new Board of Directors.

The Board of Directors elects by absolute majority, from its members, the Chairman and the Chief Executive Officer, who manage the Bank. Moreover, the Board of Directors may elect Vice Chairmen and Deputy Chief Executive Officer(s). According to the Bank's Articles of Association the Chairman and the Chief Executive Officer may be the same person, and the same applies for the Vice Chairman and the Deputy Chief Executive Officers. However, the Bank, remaining abreast of the international developments in corporate governance issues while continuously updating its corporate governance framework, distinguishes the role of the Chairman from the Chief Executive Officer as well as the role of the Vice Chairman from the Deputy Chief Executive Officer. Notably, according to the provisions of the revised Code of Corporate Governance the Chairman as well as the Vice Chairmen of the Board of Directors should be non-executive members of the Board.

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

The Board of Directors is convened by the Chairman, by means of an invitation to the Directors at least three business days prior to the meeting. The invitation must clearly specify the items on the agenda; otherwise resolutions may not be adopted at the meeting unless all Directors are present or represented and no Director objects to such resolutions. The Board of Directors can be alternatively convened by the Chairman or his substitute, at the request of two Directors, and within seven days of such request being filed with the Chairman or his substitute. Finally, according to the provisions of the RFA, the Board of Directors can be convened by the Chairman or his substitute at the written request of the HFSF representative and within

seven days of such request being filed with the Chairman of the Board. If the Chairman of the Board does not proceed with the convocation of the Board within the above deadline, then the HFSF Representative shall be entitled to convoke the Board within five days as of the expiry of the above seven day-period. Such invitation shall be notified to all the members of the Board.

The Board of Directors forms a quorum and validly deliberates when one-half plus one of the Directors is present or represented, but under no circumstances may the number of Directors present be less than five. Resolutions are adopted by majority vote of those present and those who have submitted proxies. Each Director has one vote but may also represent one other Director by proxy. The Articles of Association describe in detail the requirements of Directors' representations for valid resolutions adoption. Furthermore, as per Greek Laws 3723/2008 and 3864/2010, the Hellenic Republic and the HFSF, through their representatives on the Board, have veto rights on certain issues decided by the Board.

The Board of Directors represents the Bank in court and out of court, and may delegate its powers and functions, in whole or in part, including the right of representation, to the Chief Executive Officer, the Deputy Chief Executive Officers, one or more members of the Board of Directors, the Bank's General Managers, Deputy General Managers, Managers, employees and third parties in general, by virtue of a Board resolution, which determines the matters in respect of which, the said powers and functions are delegated. Excluded are any such matters that may require collective action by the Board of Directors.

The Bank is bound in its transactions by the signature of either one or two authorised signatories. The Board of Directors may validly grant sole signature authorisation only to the Chief Executive Officer, the Deputy Chief Executive Officers or the General Managers of the Bank.

Indicatively, the Board of Directors is responsible for:

- reviewing and approving the strategic direction of the Bank and the Group, including the long-term business plan, the annual budget and the key strategic decisions as well as providing guidance to the Bank's and the Group's management;
- reviewing the Group's corporate structure, monitoring its embedded risks and ensuring the cohesiveness and effectiveness of the Group's corporate governance system;
- acquiring shareholdings in other banks in Greece or abroad, or divestment thereof;
- establishing branches, agencies or representative offices in Greece and abroad;
- establishing associations and foundations under Article 108 and participating in companies falling under Article 784 of the Greek Civil Code;
- approving the Bank's internal labour regulations;
- nominating General Managers and Managers, following either the proposal of the Human Resources and Remuneration Committee after the Chief Executive Officer's recommendation, or the Chief Executive Officer's recommendation, respectively;
- reviewing and approving the Bank's annual and consolidated financial statements;
- issuing Bond Loans, with the exception of those for which the Bank's General Meeting of Shareholders is exclusively responsible in accordance with Greek Law;
- approving and reviewing a Code of Ethics for the employees of the Bank and the Group;
- approving and reviewing a Code of Ethics for financial professionals at the Bank and the Group

- approving the Bank's and the Group's Corporate Social Responsibility Policy; and
- approving and reviewing the Group Remuneration Policy upon the decision of its non-executive members, following recommendation by the Human Resources and Remuneration Committee of the Bank (**HRRC**).

In addition, according to the RFA, the Board of Directors:

- is responsible for the prudent management of the Bank and for delivering the objectives in the agreed Restructuring Plan and for taking any action necessary to that effect;
- is responsible to the HFSF for monitoring and ensuring full compliance with the RFA by the relevant bodies, officers and employees of the Bank and for taking all necessary measures for the enforceability of HFSF rights;
- oversees the appropriateness and implementation of the Bank's policies and procedures regarding the lending decisions and the pricing of loans or other commercial policies within the normal course of business or operations;
- takes all corporate or other actions to ensure that the RFA is implemented by the Bank, including any amendments required by the Bank's Corporate Governance Code and the convocation of the General Assembly for any necessary amendments to the Articles of Association; and
- informs the HFSF's Representative on the activities and decisions of the Board and, to that end, notifies the HFSF Representative of the dates of Board meetings and their agendas. Specifically, the agendas and relevant material and supporting documents are sent to the HFSF Representative by written notice at least three business days prior to a Board meeting. If the agenda and/or the supporting material or documents are not sent in time and, unless an emergency case unforeseeable by the Bank exists, the HFSF Representative is entitled to request a postponement of the Board meeting of three business days. The Board submits to the HFSF Representative the decisions and minutes of the Board meetings as soon as they are finalised but no later than two business days after the next Board meeting.

Furthermore, in the context of the recapitalisation of the Greek banks and following the contribution on 28 May 2012 to the Bank by the HFSF of EFSF bonds with a total nominal amount of €7,430.0 million, as an advance for its participation in the Bank's future share capital increase, the HFSF appointed, on 11 June 2012 a representative to the Bank's Board of Directors, pursuant to Greek Law 3864/2010, art 6.10 (the **HFSF Law**). On 21 December 2012, the Bank received an additional €2,326.0 million as an advance for its participation in the Bank's future share capital increase pursuant to the Presubscription Agreement of 28 May 2012. In June 2013, the recapitalisation of the Bank was completed through a share capital increase of €9.756.0 million, of which €1,079.0 million was contributed by private investors and €8.677.0 million by the HFSF. The HFSF now holds 84.4% of ordinary shares, but has restrictions on voting rights and on the sale of its shares.

Currently, according to the provisions of the RFA the HFSF's representative has, among other rights, the power to veto any decision of the Board of Directors regarding the distribution of dividends and the remuneration policy concerning the Bank's Management or where the decision in question could seriously compromise the interests of depositors, or impair the Bank's liquidity or solvency or its overall sound and smooth operation (including business strategy, and asset/liability management). See also, "*Risk Factors—Risks Relating to the Hellenic Republic's Economic Crisis—The Hellenic Republic and the legal entities associated with the Greek government have the ability to exercise significant influence in specific areas of the Bank's operations*".

The Bank's Board of Directors is supported by competent Committees, which have been established and operate for this purpose.

The current Board of Directors, whose term expires in 2016, was elected (with the exception of the Hellenic Republic representative pursuant to Greek Law 3723/2008 and the Hellenic Financial Stability Fund representative pursuant to Greek Law 3864/2010, respectively) by the Second Repeat Extraordinary General Meeting of Shareholders held on 23 November 2012 and was constituted as a body in its 23 November 2012 meeting.

The current Board of Directors of the Bank comprises two executive members, and 12 non-executive members, of whom one is the Hellenic Republic's representative and one is the HFSF's representative pursuant to Greek Law 3723/2008 and the terms of participation in the Hellenic Republic's Bank Support Plan and the HFSF's representative on the Bank's Board of Directors pursuant to Greek Law 3864/2010, respectively. According to the provisions of the revised Bank's Code of Corporate Governance at least two thirds of the members of the Board of Directors are non-executive members (and do not belong to the Bank's personnel), and also at least half of the members of the Board of Directors should be independent non-executive members. The quorum for a Board of Directors meeting is a majority of all Directors. Resolutions are adopted by majority vote of those present and those who have submitted proxies. Each Director has one vote but may also represent one other Director by proxy.

The following table sets forth the names, activities and dates on which their terms began for each of the Bank's current Directors:

Name	Activities	Start of Term
George P. Zanias.....	Chairman of the Board and non-executive member	23 November 2012
Executive Members		
Alexandros G. Tourkolias.....	CEO	23 November 2012
Petros N. Christodoulou.....	Deputy CEO	23 November 2012
Non-Executive Members		
Ioannis C. Giannidis	Professor, University of Athens Law School, and Legal Counsellor	23 November 2012
Stavros A. Koukos	Employees' representative, Chairman of Federation of Greek Banks Employees (OTOE)	23 November 2012
Efthymios C. Katsikas	Employees' representative	23 November 2012
Independent Non-Executive Members		
Stefanos C. Vavalidis	Ex-Member of the Board of Directors, European Bank for Reconstruction & Development	23 November 2012
Spyridon J. Theodoropoulos	Chief Executive Officer, Chipita S.A.	23 November 2012
Alexandra T. Papalexopoulou-Benopoulou	Member of the Board of Directors, TITAN Cement S.A.	23 November 2012
Petros K. Sabatacakis	Economist	23 November 2012
Maria A. Frangista	Chief Executive Officer, Franco Compania Naviera S.A.	23 November 2012
Panagiotis-Arsteidis Thomopoulos.....	Ex Deputy Governor of the Bank of Greece	19 December 2013
Hellenic Republic Representative		
Alexandros N. Makridis	President of the Board of Directors & Managing Director of Chryssafidis S.A.	26 February 2009
Hellenic Financial Stability Fund Representative		
Charalampos A. Makkas	Economist	11 June 2012

At the Board of Directors meeting held on 9 April 2013 H.E. the Metropolitan of Ioannina Theoklitos submitted his resignation, which the Board accepted.

At the meeting of the Board of Directors held on 19 December 2013 Mr. Panagiotis-Aristeidis Thomopoulos was elected as a new member of the Board replacing the resigned Metropolitan of Ioannina Theoklitos.

No director has any actual or potential conflicts of interest between his or her duties to the Bank and his or her private interest or other duties which have not been declared and managed in accordance with the corporate governance and conflicts of interest policies adopted by the Bank.

Board Practices — Corporate Governance

Introduction

In accordance with article 43a, section 3(d) of the Greek Company Law 2190/1920, as amended by, among others, Law 3873/2010 on 6 September 2010, which incorporates the European Directive 2006/46/EU into the Greek Law, the Bank is obliged to incorporate into the annual Board of Directors' Report a specific section referring to the Corporate Governance Statement. The Bank's Corporate Governance Statement therefore includes the following sections:

- the Bank's Corporate Governance Code;
- the Bank's Corporate Governance Practices over and above the legal requirements;
- General Meeting of Shareholders and Shareholders' rights;
- Board of Directors and other management, administrative and supervisory bodies; and
- Internal Control System and management of risks relating to the process of financial statements' preparation.

Additional information in relation to public offers for acquisitions, as mandated by Article 10 of the European Directive 2004/25/EE, is included in a separate section of the Board of Directors' Report; namely, the Supplementary Report to the annual General Meeting of the Shareholders.

The Bank's corporate governance framework is governed by the requirements of Greek legislation (mainly the provisions of L.3016/2002, the decision of the board of directors of the HCMC no 5/204/2000, as currently applicable, L.3693/2008, L.3873/2010, L.3601/2007 and L.3606/2007), all related Acts issued by the Bank of Greece as in force, the decrees of the HCMC and the Bank's Articles of Association and regulations. The Bank, being listed on the NYSE, is also subject to the U.S. legal and regulatory framework (Sarbanes-Oxley Act), the U.S. Securities and Exchange Commission (**SEC**) decrees and the NYSE regulations. Furthermore, the RFA determines the relationship between the Bank and the HFSF, as well as issues that deal with corporate governance and the cooperation framework of the Bank.

The Bank's Corporate Governance Code

In February 2006, the Bank's Board of Directors adopted a framework that describes the Bank's corporate governance structure and policy. This framework was based on international best practices and fosters continuity, consistency and efficiency in the *modus operandi* of the Board of Directors and the governance of the Bank and the Group. The Corporate Governance Code, which was adopted by the Bank's Board of Directors in March 2011, results from the provisions of the aforementioned corporate governance framework. Furthermore in compliance with its obligations arising from the RFA the Bank's Board of Directors adopted in November 2013 a revised Code of Corporate Governance pursuant to the provisions of

HFSF's Corporate Governance Guidelines for Supported Credit Institutions (Appendix I of RFA). The revised Bank's Code of Corporate Governance specifically defines:

- the purpose, key duties and responsibilities of the Board of Directors;
- the structure and *modus operandi* of the Board of Directors and the Board Committees;
- the role and responsibilities of the Chairman of the Board and the CEO;
- the process for the performance evaluation of the Board of Directors;
- the required qualifications and independence criteria of the Directors;
- directors' orientation and continuing education of newly appointed Board members;
- the Directors' nomination and election process;
- the Directors' rights and obligations;
- potential conflict of interest situations;
- the approval and disclosure of Director's compensation; and
- relations with the Bank's Shareholders.

The Bank, in keeping abreast of international developments in corporate governance issues and conforming to contractual obligations (RFA) and the provisions of the applicable legislative framework (HFSF Law 3864/2010), continuously updates its corporate governance framework and consistently applies the principles and rules dictated by the revised Corporate Governance Code, focusing on the long-term protection of the interests of its depositors and customers, shareholders and investors, employees and other stakeholders.

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

Hellenic Republic's Representative

Furthermore, pursuant to the Bank's participation in the Hellenic Republic's Bank Support Plan for the liquidity of the Greek economy as per Greek Law 3723/2008, the Hellenic Republic has the right to participate on the Board of Directors through the appointment of a representative. Mr. Alexandros Makridis was appointed as the Hellenic Republic's representative on 26 February 2009. In certain circumstances, this representative has the ability to veto decisions relating to strategic issues or decisions that could have a material impact on the legal or financial status of the Bank and for which the approval of the General Meeting is required, or decisions referring to the distribution of dividends and the remuneration of the Bank's Chairman, Chief Executive Officer, the remaining members of the Board of Directors, the General Managers and the Deputy General Managers under the relevant decision of the Ministry of Finance, or, in case of decisions that the representative considers detrimental to the interests of the depositors or that may materially affect the Bank's solvency and orderly operations. Furthermore, the representative of the Hellenic Republic has free access to the Bank's books and records, restructuring reports, plans for medium-term financing needs as well as data relating to the level of funding (see "*Regulation and Supervision of Banks in Greece—Main regulatory framework*").

HFSF's Representative

Additionally, in the context of the recapitalisation of Greek banks, the HFSF appointed on 11 June 2012 Mr. Charalampos Makkas as its representative on the Bank's Board of Directors, pursuant to Greek Law 3864/2010.

Pursuant to Greek Law 3864/2010 and the RFA, the HFSF's representative on the Board has the following powers:

- (a) to call the General Meeting of Shareholders of the Bank, where the deadline for calling the General Meeting and any Repeat General Meeting is reduced to the one third of the deadline provided by the Greek Company Law 2190/1920;
- (b) to veto any decision of the Bank's Board of Directors:
 - (i) regarding the distribution of dividends and the remuneration policy concerning the Chairman, the CEO and the Deputy CEO and the other members of the Board of Directors, as well as the General Managers and the Deputy General Managers; or
 - (ii) where the decision in question could seriously compromise the interests of depositors, or impair the Bank's liquidity or solvency or its overall sound and smooth operation (including business strategy, and asset/liability management);
- (c) to request an adjournment of any meeting of the Bank's Board of Directors for three business days in order to get instructions from the HFSF's Executive Committee, following consultation with the Bank of Greece;
- (d) to request the convocation of the Board of Directors of the Bank;
- (e) to approve the appointment of the chief financial officer of the Bank;
- (f) to have unlimited access to the Bank's records and information as provided for by Greek Law 3864/2010 as well as nominating any consultants.

Further to the above, as per the RFA, dated 10 July 2013, signed by the Bank and the HFSF, the HFSF's representative who has been appointed to the Bank's Board of Directors, has the following additional specific rights:

- (a) to request the Board to convoke the General Assembly of Shareholders within the deadlines described in the HFSF Law or to include items on the agenda to be discussed at a General Assembly to be convoked by the Board. The Board shall have the obligation to convoke the General Assembly upon respective request of the HFSF Representatives. Furthermore, the Board shall have the obligation to include the proposed items in the respective invitation for the convocation of the General Assembly;
- (b) to request that the Board is convened within seven days from the Representatives' written request to the Chairman of the Board. If the Chairman of the Board does not proceed to the convocation of the Board within the above deadline or does not include all the proposed items in the invitation, then the HFSF Representatives shall be entitled to convoke the Board within five days as of the expiry of the above seven days
- (c) to include items in the agenda of a Board meeting scheduled. The Chairman of the Board must include these items in the agenda of the scheduled Board meeting;

- (d) to request an adjournment of any meeting of the Board or the discussion of any item for three business days, until instructions are given by the HFSF's Executive Board, following consultation with the Bank of Greece;
- (e) to approve the Bank's CFO;
- (f) the HFSF Representatives shall have free access to the credit institution's books and records for the purposes of the HFSF Law with consultants of their choice in order to ensure the effective exercise of the HFSF rights under the Law, including the monitoring of the implementation of the Restructuring Plan; and
- (g) the HFSF is entitled to perform an annual overall evaluation of the Board and submit its recommendations to the Board for the purpose of identifying weaknesses and improving working methods and the Boards effectiveness.

Moreover at least one of the HFSF Representatives is appointed as a member of the Committees. The HFSF Representatives will have the following rights in the Committees:

- (a) to include items in the agenda of a Committee meeting scheduled;
- (b) to request that the Committee is convened within the next seven days from the HFSF Representatives' written request to the Chairman of the Committee. If the Chairman of the Committee does not proceed to the convocation of the Committee within the above deadline or does not include all the proposed items in the invitation, then the HFSF Representatives shall be entitled to convoke the Committee within five days as of the expiry of the above seven days
- (c) the Bank shall inform the HFSF Representatives on the activities and decisions of the Committees in which they participate and to that end it shall notify in writing the dates of the Committees meetings and the agendas of the meetings. The Bank shall report to the HFSF Representatives the decisions and meetings of the Committees meetings within ten business days after the respective meetings; and
- (d) the HFSF is entitled to perform an annual overall evaluation of the Committees' performance and submit its recommendations to the relevant Committees for the purpose of identifying weaknesses and improving working methods and work effectiveness.

Monitoring Trustee

The Monitoring Trustee is responsible for the compliance of the Bank with Greek Company Law 2190/1920 on *sociétés anonymes*, corporate governance provisions and the banking regulatory framework in general, and monitors the organisational structure in order to ensure that the units of the internal control system (internal audit, compliance and risk management departments) of the Bank are fully independent from commercial networks. In order to fulfil the above role, the Monitoring Trustee has the right to attend the meetings of the audit committee and risk management committee of the Bank as an observer, review the annual audit plan and may require additional investigations, receive all reports emanating from internal control bodies of the Bank and be entitled to interview any auditor. The Monitoring Trustee monitors the commercial practices of the Bank, with a focus on credit policy and deposit policy. Accordingly, the Monitoring Trustee has the right to attend the meetings of the credit committees of the Bank as an observer, and monitor the development of the loan portfolio, the maximum amount that can be granted to borrowers, the transactions with related parties and other relevant matters. The Monitoring Trustee also has access to all the relevant credit files and the right to interview credit analysts and risk officers. Furthermore, the Monitoring Trustee monitors the management policy of legal cases of the Bank. As a result, the Bank's Management's discretion is subject to further oversight and certain decisions may be constrained by powers accorded to the Monitoring Trustee.

The Board of Directors at its meeting held on 29 November 2012 adopted the Commitments on Corporate Governance and Commercial Operations undertaken by the Hellenic Republic in the framework of the Memorandum of Economic and Financial Policies (MEFP) of the second Adjustment Programme for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund (IMF) and the European Central Bank in the context of the First Review under the extended Fund Facility for Greece (the **Commitments**). The **Commitments** provide for the appointment of a monitoring trustee in all banks under restructuring. Regarding his scope of work the monitoring trustee shall verify proper governance and the use of commercial basis criteria in key policy decisions, as defined in the **Commitments**. Once the European Commission reaches a decision on the restructuring plan, the Monitoring Trustee appointed to monitor these **Commitments** shall also monitor the commitments undertaken following that restructuring decision, and his mandate will be extended to include the monitoring of the Restructuring Commitments.

The Bank has appointed Grant Thornton SA as Monitoring Trustee for the monitoring of the **Commitments**. Following that decision a “Monitoring Trustee Mandate” was signed between the Bank and Grant Thornton SA, in effect as of 16 January 2013. According to the provisions of the Monitoring Trustee Mandate the Trustee acts on behalf of the Commission to monitor the Bank’s compliance with all the Commitments, assumes the duties specified in the Commitments for a Monitoring Trustee, and, submits quarterly reports to the Commission which cover topics falling within the Trustee’s Mandate.

According to the Initial Trustee Work Plan for National Bank of Greece, the Monitoring Trustee’s activities cover the monitoring of the Bank on the following areas:

- (a) the setting up of an efficient and adequate internal structure (**Governance Commitments**);
- (b) the commercial practices and risk monitoring (**Commercial Practices Commitments**);
- (c) the limitation of the state aid to the minimum (**Limitation of State Aid Commitments**);
- (d) the Dividend, coupon and call ban (**Dividend, Coupon and Call Ban Commitments**);
- (e) the acquisition ban (**Acquisition Ban Commitments**);
- (f) the advertising ban (**Advertising Ban Commitments**).

Senior Management

The Bank’s senior management includes the members of the Board of Directors, the Bank’s General Managers and the Deputy General Managers who participate in the ten committees that operate in the Bank.

Below are the curricula vitae of the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officer, as well as those of the principal managers of various business lines of the Bank. The business address of the Chairman and Chief Executive Officer is 86 Eolou Street, 10232 Athens, Greece.

Chairman

George Zanias, born 1955, was appointed non-executive Chairman of the Board of Directors of the Group in July 2012. He is also the Chairman of the Hellenic Bank Association and a Professor of Economics at the Athens University of Economics and Business. From May to July 2012 he served as the Minister of Finance, and prior to that (and from November 2009) was Chairman of the Council of Economic Advisors. He was also Director on the Board of Directors of the Bank from 2010 to 2012. He was a member of the Economic and Financial Committee (EFC) of the EU and of the Euro Working Group of the Eurozone (2009-2012). He has served as Chairman of the Department of European and International Economic Studies of Athens University of Economics and Business (1996-1998, 2004-2008), Chairman and Scientific Director of the Centre of Planning and Economic Research (KEPE)—The National Economic Institute—(1998-2001) and

the General Secretary of the Ministry of Economy and Finance (2001-2004). Moreover, he was a Director on the Board of Directors of the EFSF (2010-2012), the Hellenic Exchanges (EXAE) (2000-2001), and General Bank of Greece (1996). He has also served as Governor to the IMF (2012), the Black Sea and Development Bank, and as Alternate Governor of the EBRD (2001-2004). He holds a PhD from Oxford University and has also studied economics at the Athens University of Economics and Business and at the University of Reading (UK).

Chief Executive Officer

Alexandros Tourkoulis, born 1946, was appointed Chief Executive Officer of the Group in June 2012. Since November 2010, he has been Deputy Chief Executive Officer and an executive member of the Bank's Board of Directors. He has been a member of the Group Executive Committee since September 2006. He is Chairman of the Group Executive Committee and the Executive Credit Committee and member of the Risk Management Committee, the Strategy Committee as well as Chairman of the International Corporate Credit Committee (ICCC) of the Group. He is an honorary member of the Board of Directors of the American Hellenic Chamber of Commerce, the Chairman of the Association of Banking and Financial Executives of Hellenic Shipping and a board member of the Piraeus Association for Maritime Arbitration. From 2004 to 2010, he held the position of General Manager of Corporate and Investment Banking at the Group, while in 2002 he was appointed General Manager of the Bank's Shipping Division. In 1997, he joined the Bank as Manager of the Shipping Division. From 1989 to 1997, he held the position of Head of Shipping Financing and Assistant General Manager for Greece at Bank of Nova Scotia. During the years 1977-1988, he worked at Bank of America initially as Shipping Credit Officer in the Piraeus branch and thereafter as Vice President, based in London, with responsibility for shipping financing for London, Monte Carlo and Geneva and finally as Vice President in charge of Shipping Centre in Piraeus. He holds a BA in Political Science and Business Administration from Panteion University, a BA in Political Science and Public Administration from the Law School of the University of Athens, a Post-graduate Diploma in Shipping Administration, Marine Insurance and Maritime Law, as well as a MPhil in Shipping Economics (Maritime Studies Department) from the University of Wales.

Deputy Chief Executive Officer

Petros Christodoulou, born 1960, was appointed Deputy Chief Executive Officer of the Group in June 2012. Since that time he has also been a member of the Group and Hellenic Banking Association Executive Committees. In September 1998, he joined the Bank and until January 2010 held the position of Group Treasurer. In February 2010 he was appointed General Manager of the Public Debt Management Agency (PDMA). He started his career in banking in 1985 with Goldman Sachs in London, as Head of Money Markets Trading and from 1989 to September 1998 he served in several managerial positions with J.P. Morgan in London, initially as Vice President and later as Managing Director of Emerging Markets. He participates as Chairman or member in the following Committees of Group: ALCO Committee, Risk Management Committee, Crisis Management Committee, Disclosure and Transparency Committee, Advertising Committee, Procurement Committee and Strategy Committee. Mr. Christodoulou serves as a Chairman on the Board of Directors of Astir Palace, and as a member on the Board of Directors of Hellenic Exchanges. He holds an MBA from Columbia University in New York with specialisation in Finance and Global Markets, and a Bachelor of Commerce from the Athens University of Economics and Business.

Key Management of major subsidiaries

Dr. Omer A. Aras, born 1954, is Chairman and Executive Member of Finansbank A.Ş. and Chief Executive Officer of the Finansbank Group. Dr. Aras graduated from the Academy of Economic and Commercial Sciences, Department of Economics, in 1975. He received an MBA in 1978 and a PhD in Business Administration in 1981 from Syracuse University. Over the next three years, he was a faculty member at the Business Administration Department of Ohio State University, and worked as a consultant. Between 1984 and 1987, he served as Credit Marketing Manager and Credit Committee Member at Citibank, and worked as the Head of Yapı Kredi Securities. Dr. Aras participated in the founding of Finansbank in 1987, and served

as an Assistant General Manager for two years and as the General Manager for six years and as an Executive Board Member of Finansbank and Vice Chairman of Fiba Holding from 1989 to 2006. Between 2003 and 2007 he held a Board Member position in TUSIAD (Turkish Industrialists' Businessmen's Association). Dr. Aras served as Vice Chairman of Finansbank A.Ş. and Group CEO of Finansbank Group of Financial Companies (Finans Leasing, Finans Invest and Finans Portfolio Asset Management) between November 2006 and April 2010. Dr. Aras was appointed as Chairman of the Board of Directors in April 2010. He is also Chairman of Finans Pension and Member to Board of Trustees of Mother Child Education Foundation (AÇEV), Hüsnü Mustafa Özyeğin Foundation (HMÖ) and Özyeğin University.

Spiridon Mavrogalos, born 1968, was appointed as the Chief Executive Officer of EH (Ethiniki Hellenic General Insurance S.A.) in September 2013 and before that he had been the Deputy General Manager of Group Procurement and Administrative Support since February 2008. He is a certified accountant (ACCA) and holds an MBA in Finance from the University of Nottingham and a BSc in Computer Information Systems from Deree College. Before joining the Bank he served as General Manager of Group Operations in Cosmote Group. He has also worked for six years in Eurobank in their Integration Office, Risk Management and Internal Audit divisions, as well as at ABN Amro Bank N.V. and at KPMG.

Marinos Vathis, born 1957, has been President of the Executive Board of Vojvodjanska since July 2010. He started his career in banking in 1986 with Midland Bank/HSBC in Corporate and Investment Banking. From 1997 to 2002, he served in several managerial positions with Egnatia Bank S.A., initially as Head of Corporate Banking and later as Head of Consumer and Retail Banking. In 2002, he joined the Bank and served as General Manager of French operations until 2005 and as General Manager of UK operations from 2005 to 2007. Between 2007 and 2010, he served as Director of the Group, International Corporate. He was the Member of the Board of Directors of Egnatia Securities from 1997 until 2002. Between 2005 and 2010, he served as a Board Member in the Association of European Banks in the UK, representing Greece. He was appointed President of the Board of Directors of NBG Leasing d.o.o. in Belgrade in May 2012. He has also actively participated in several organisations in the past two years as a Member of Hellenic Business Association Serbia and Foreign Investors Council. He holds a BA from the City of London Polytechnic, a Post-graduate Degree in Monetary Economics from Kent University and a Post-graduate Degree in Business Finance from Reading University.

Stilian Vatev, born 1956, is the Chairman and a member of the Board of Directors and an acting Chief Executive Officer of UBB. He joined UBB in 1993 after serving in several managerial positions at the National Bank of Bulgaria. He is also a member of the Board of Directors of Interlease AD, Interlease Auto AD, UBB Asset Management AD, UBB Insurance Broker EOOD and Bankservice Borika AD. Mr. Vatev is the Chairman of the Management Boards of UBB-ALICO Life Insurance Company AD and UBB-AIG Insurance Company AD and is a member of the SEE Regional Advisory Board of MasterCard-Europe and Plenary Member of the European Payment Council. Mr. Vatev holds an MA in Finance and Credit from the University for National and World Economy, Sofia, Bulgaria and has attended several banking-related programmes in the United Kingdom, Switzerland and Japan.

Nicholas Beis, born 1952, has been Managing Director of NBG Cyprus since April 2010 and a member of the Board of Directors since March 2010. During his career, he has held several managerial positions including General Manager and Executive Board Member at Emporiki Bank S.A., General Manager at Piraeus Bank S.A., Corporate Manager at ABN AMRO Bank NV, Athens and Relationship Manager at Barclays Bank PLC, Athens. Mr. Beis holds a Bachelor in Economics from Kapodistriakon Athens, University, a Bachelor of Science in Business Economics from New York Institute of Technology and an MA in Quantitative Economics from New York University, New York, USA.

Marinis S. Stratopoulos, born 1964, has been Chief Executive Officer and Deputy Chairman of the Board of Directors of Banca Romaneasca since August 2010. Until a new Chairman Board of Directors is approved by the National Bank of Romania, he retains the position of Interim Chairman of the Board of Directors. He has also been appointed as Chairman of the Board of Directors of NBG Leasing IFN and is a member of Board of Directors of Garanta and NBG Securities Romania. In Banca Romaneasca, he acts as Chairman of

the Executive Committee, Credit Committees, ALCO and Loan Monitoring Committee. He started his career in banking in 1993 in Xiosbank S.A. and then served in several managerial positions in Piraeus Bank Group, Egnatia Bank Romania S.A., Egnatia Bank S.A., National Bank of Greece a.d. Beograd and has been President of the Executive Board of Vojvodjanska since 2007. In parallel with his banking career, he was a part-time instructor from 1993 to 2000 in Accounting, Mathematics of Finance, Business Administration and Business Finance at the American College of Greece. He holds a Deck Officer Diploma from the Merchant Marine, a BSc in Business Administration from the American College of Greece and an MSc from the University of Lancaster.

Konstantinos Bratos, born 1956, has been Chairman of NBG Malta Holdings Ltd and NBG Bank Malta Ltd since 2009, of NBG Albania since 2012 and Chairman of the Supervisory Board of NBG Egypt since 2012. He is also a Board Member of UBB, Vojvodjanska and Stopanska Banka. He was appointed Manager of International Activities, a Division at National Bank of Greece, in April 2012. From 2010 to April 2012, he held the position of Executive Manager for Corporate & Business Banking at UBB. From 2005 to 2010 he was Manager of International Network Division A at the Bank. From 2002 to 2005 he held the position of Second General Manager at Stopanska Banka. From 1992 to 2002 he also served as Deputy Manager at the Bank's branch in Boston and after that became Manager at the Bank's branches in Belgrade, Sofia and Bucharest. From 1984 to 1992 he worked in the Audit Division at the Bank which he joined in 1975 and until 1984 he worked in the branch network of the Bank. Mr. Bratos holds a BSc in Economics from the University of Piraeus, as well as a MSc in Economic Management with a specialisation in Marketing Management from Burgas University (Bulgaria).

Cenk Kahraman, born 1975, has been Managing Director of NBG Bank Malta Ltd since 2008. He started his banking career in 1998 in Finansbank Turkey where he worked in different departments in the Finansbank Group. In 2005, he was appointed as General Manager in the newly established Finansbank (Malta) Ltd. He is also a board member in NBG Malta Holdings Ltd., Executive Committee member in the Malta Bankers Association and served as co-chairman of the Malta Banker's Association in 2008-2009. He holds a BSc in Mechanical Engineering from Istanbul Technical University.

Efstratios Sarantinos, born 1965, has been Chief Executive Officer of NBG Asset Management since February 2012. He previously worked as a derivatives trader at Merrill Lynch, Barclays de Zoete Wedd and Citibank N.A. in London and as Counsel at National Bank of Greece and General Manager of Kyrou Asset Management M.F.M.C. He also holds a United Kingdom Investment Management Certificate. Dr. Sarantinos holds a PhD in Computer Science-Artificial Intelligence from the University of London and a BSc (Hons) in Computer Science from the University of Wales.

General Managers

The General Managers, currently 14 in number, each report to the Chief Executive Officer and Deputy Chief Executive Officer and are responsible for:

- supervising and coordinating the activities of their respective units;
- monitoring progress with regard to the Bank's business targets and goals;
- approving expenditures, investments and financing within set limits; and
- contributing to the Bank's management regarding the design of the Bank's strategy, setting targets for the Bank and drawing up an annual budget for their respective divisions.

The General Managers are as follows:

Miltiadis Stathopoulos, born 1944, was appointed General Counsel at the National Bank of Greece in February 2010, while in July 2012 he was also appointed General Manager of Corporate Governance. He is

a Member of the Bank's Executive Committee and attends the meetings of the Board as legal counsel. Mr. Stathopoulos is a member of the Legal Committee of the Hellenic Bank Association and a founding member of the Banking and Stock Exchange Law Society, on the committee of which he also serves. From February 2013 he has been a member of the Council of National Bequests. He is also Vice Chairman of the Boards of Directors of Ektenepol, Ethniki Kefalaïou and NBGB and a member of the Board of Directors of Larco and Astir Palace. He participates in the Bank's Legal Council, all the Board Committees (Corporate Governance & Nominations, Human Resources & Remuneration, Risk Management, Strategy and Audit), the Bank's Credit Committees and its Supreme Disciplinary Council. In addition, he is Vice Chairman of the Crisis Management Committee and the Disclosure & Transparency Committee, as well as Chairman of the AML/CFT Committee. From 1998 to 2010 he was Director of Legal Services at the National Bank of Greece. In 1995 he was appointed Director of Legal Services at National Mortgage Bank until 1998 when National Mortgage Bank merged with the Bank. For a number of years he was Vice Chairman and board member of the brokerage firm DELPHI (a subsidiary of National Mortgage Bank). He has been a lawyer since 1970 and has published in leading law journals. Mr. Stathopoulos has a BA' from the Law School of the Aristotle University of Thessaloniki.

Dimitrios Dimopoulos, born 1947, has been General Manager of Corporate Banking in the National Bank of Greece since February 2008, and Chairman of the Board of Directors of EH since July 2012. He joined the National Bank of Greece in 1975, serving as Director of the Large Corporate Division and was involved in corporate financing as well as project financing of investments in infrastructure, energy and tourism sectors. He is Vice Chairman of Ethniki Leasing and a member of the Board of Directors of NBG Securities, Astir Palace and Ethniki Factors. He is also permanent representative of the Bank at the Board of Directors of the Athens Chamber of Commerce and Industry. Mr. Dimopoulos holds a BA' in Economic and Political Sciences from the Aristotle University of Thessaloniki and a Post-graduate degree in Economics from the University of East Anglia, United Kingdom.

Paul Mylonas, born 1958, joined the Group in 2000. In December 2013, he was appointed Chief Risk Officer. In April 2004 he was appointed General Manager of Strategy and Research, Chief Economist of the Group and Head of Investor Relations. In December 2010, he became General Manager of Strategy and Governance while in July 2012 he was appointed General Manager of Strategy and International Operations. He runs the Investment Committee; he is member of the Executive Committee and a member of ALCO. Mr. Mylonas is Chairman of the Board of Directors of Vojvodjanska Banka, National Bank of Greece (Cyprus) Ltd, Vice-Chairman of the Board of Directors at Ethniki Insurance Co and serves on the Boards of Directors of: Finansbank A.S., Astir Palace Vouliagmenis S.A., NBG Asset Management, NBG Securities S.A and United Bulgarian Bank AD. Moreover, he is a member of the Economic Advisory Board of the Hellenic Banks' Association. Before joining the Bank, he worked at the OECD and the IMF and taught at Boston University. Mr. Mylonas holds a Master of Arts and PhD from Princeton University and a BSc from Brown University.

Nelly Tzakou-Lambropoulou, born 1962, has been General Manager of Retail Banking at the National Bank of Greece since July 2013; she is responsible for Retail Banking, the Branch Network and e-Business & Alternative Channels of the Bank. She is a member of the Executive Committee of the Bank. Since December 2012, she held the position of General Manager, Group Head of Operations, Business Processes & IT at the Bank. She joined the Group in July 2007 as General Manager, Group Head of Operations & Global Transaction Services. She is responsible for the Group Operations, Business Processes, IT, e-Business & Alternative Channels and Group Head of the Global Transaction Services. She is Vice Chairman of the Board of Directors at Dias (Greek ACH), and NBG Securities. She is a member of the Board of Directors of Ethniki Factors S.A and Ethnodata. Moreover, she is a member of the Euro Banking Association (EBA-Paris) and SEPA High Level Meeting (ECB), a Council Member of the European Financial Management Association (EFMA) Operational Excellence Advisory Council as well as a member of "Junior Achievement Greece". Before joining the Bank, Mrs. Tzakou worked at Eurobank between 1990 and 2007, where she held the position of General Manager, responsible for Group Operations and the Global Transaction Services

business unit. Mrs. Tzakou holds a Bachelor's Degree in Economics from the University of Piraeus and an MBA from the University of Wales & Manchester Business School.

Dr. Aristotelis Karytinis, born 1956, is the General Manager of Group Real Estate of the National Bank of Greece. He is also CEO of NBG Pangaea and Ektenepol, Chairman and CEO of NBG Property Services, Hellenic Tourist Constructions, Kadmos, Dionysos, Mortgage Tourist Prottypos, Grand Hotel Summer Palace S.A, Ethniki Ktimatikis Ekmetalefsis, Chairman of Pronomiouhos Genikon Apothikon Hellados, Aktor Facility Management, Vice Chairman of Propindex and a member of the Board of Directors of Eurobank Properties REIC, Dipli Anaplası and Astir Palace. He possesses long-standing experience in banking and investment through key positions both in the public and the private sectors. Before joining the Bank, he held senior positions within Eurobank Group, including Head of Group Real Estate, Head of Mortgage Lending and CEO of Eurobank Properties REIC. Dr. A. Karytinis holds a BSc in Economics from the University of Athens, an MSc in Urban Economics from Pantion University and a PhD in Finance from the University of Warwick.

Leonidas Fragkiadakis, born 1966, is the General Manager of Treasury and Global Markets of the National Bank of Greece. He is a member of the Board of Directors of NBG Securities and the Chairman of the Hellenic Chapter of Forex Club/ACI. He is a member of the Committee of Primary Dealers Supervision & Control. Moreover, he is a member of ALCO. He obtained a BA in Economics from Trinity College, Cambridge University and an MBA from the Wharton School, University of Pennsylvania. Prior to joining the Bank, he was employed by Credit Suisse First Boston, New York.

Marianna Politopoulou, born 1969, has been General Manager of Group Retail Collections since July 2010. She has been extensively involved in the fields of finance, marketing and strategy for banks and corporations in Greece and abroad. Before joining the Bank, she held senior positions including Head of e-Banking/Private Banking at Credit Agricole Luxembourg, General Manager at Eurolease and CEO at Eurobank-FPS. She holds an MSc in Civil Engineering from the National Technical University of Athens with distinction and an MBA from the Wharton School, University of Pennsylvania.

Damianos Charalampidis, born 1964, was appointed Chief of Operations at the National Bank of Greece in September 2012. He participates in the Executive Committee of the Bank and is the Chairman of the Business Processes, IT & Technical Portfolio Projects Approval Committee and the IT Steering Committee of the Bank. Among others, he is a member of the Crisis Management Committee. He is a member of the Institute of Electrical and Technical Engineers Board of Directors. From May 2009 to August 2012, he was the Chief Operating Officer at Vodafone Hellas. During 2005-2009 he joined Wind Hellas as Chief Commercial Officer, while later he assumed the responsibilities of the Chief Operating Officer. From 1998 until 2005 he worked at Cosmote as a Product and Services Manager and then he assumed the General Management of the sector. He started his career in 1991 at Intracom in the Research & Development division moving later to Marketing and Sales. He holds a BSc in Electrical and Electronic Engineering from John Moores University in Liverpool as well as an MSc in Digital Electronics from the University of Manchester Institute of Science and Technology (UMIST).

Paula Hadjisotiriou born 1957, was appointed the Group Chief Financial Officer of the Group in July 2013. She is responsible for Group Financial Services, Group Taxation and Treasury Back Office. In November 2013, she was appointed as a Board Member of the Bank. During the period from 1990 to 2013 she worked in the Eurobank Group where she held the position of General Manager Finance & Strategy Group Chief Financial Officer and was a member of the Executive Committee and the Strategy Planning Group and was the Board Secretary. She also has served as Deputy General Manager and Chief Financial Officer (Eurobank), Head of Finance and Control and Head of Internal Audit (Euromerchant Bank), Deputy General Manager of Internal Audit (John S. Latsis Group of Companies) and Senior Auditor (Price Waterhouse & Co., Pannel Fitzpatrick & Co.). Mrs. Hadjisotiriou is a Chartered Accountant and a member of the Institute of Chartered Accountants of England and Wales (ICAEW).

Theofanis Panagiotopoulos, born 1955, was appointed General Manager of Corporate Branches at the National Bank of Greece in September 2013, following his years as Deputy General Manager in Corporate Banking at the Bank, a position he held since May 2008. During the period 2002-2008 he was Director of the Bank's Corporate Lending Department. From 2000 until 2002 he was Head of Business Centre for Medium Sized Enterprises, while between 1998 and 2000 he was Head of Business Centre for Small Medium Enterprises. Since 1973, after joining the National Bank of Greece, he has worked entirely in the corporate lending sector, in various Bank' branch positions. He is a member of the Board of Directors of Ethniki Leasing, Ethniki Factors, EH and General Cables Company. Mr. Panagiotopoulos holds a Bachelor's degree in Business Administration from the University of Piraeus and has attended several business education seminars, mainly in the field of Banking Operations.

Panos Goutakis, born 1958, was appointed General Manager of Investment Banking at the National Bank of Greece in September 2013; since January 2011 he has been Deputy General Manager of Investment Banking at the Bank and Chairman of the Board of Directors and CEO of NBG Securities. Before joining NBG Securities, he was Advisor to the CEO of Piraeus Bank, responsible for strategic planning. Between 1990 and 2009 he served as Managing Director of Morgan Stanley & Co Ltd., Country Head of Greece. Mr. Goutakis holds an MBA from the University of Rochester and a Bachelor's Degree in Business Administration from the Athens University of Economics and Business.

Telemachos Palaiologos, born 1950, was appointed General Manager of Procurement & Security at the Group in September 2013; since December 2010 he has been Deputy General Manager of Security at the Bank. From November 2011 he has been Chairman of Ethniki Leasing and a member of its Board of Directors. From 1999 to 2009 he served as General Director of Ethniki Leasing. From December 1993 to March 2002 he was a member of the Board of Directors of Ethniki Kefalaiou. Before joining the Group of National Bank of Greece he was Chief Executive in leading organisations and enterprises. Mr. Palaiologos holds a Bachelor's degree in Economics from the National and Kapodistrian University of Athens. He also holds MAs in Development Economics from the University of Bath, and in Business Administration from the University of Birmingham.

Petros Fourtounis, born 1955, was appointed as the head of the Bank's new Corporate Credit Management Specialist Unit in January 2014. Previously he was a Deputy General Manager and Group Chief Audit Executive at the Bank before being promoted to General Manager in September 2013. He is a member of the Economic Chamber of Greece and the Institute of Internal Auditors. He has been extensively involved in the fields of audit, corporate - project financing and international credit. From 2002 to 2010, he held the position of Director in the NBG Divisions of Corporate Banking, Structured and International Finance and Group International Credit. In the time period 1984-1999 he worked as Internal Auditor for branches, administration units and subsidiaries of the bank in Greece and abroad. He joined the Bank in 1975 and until 1984 he worked in the branch network of the bank. He has been a member of the Board of Directors or Executive Credit Committees of several of the Bank's subsidiaries and he was actively involved in the due diligence procedures of foreign bank acquisitions by the Bank. P. Fourtounis holds a Bachelor's Degree in Economics from the University of Macedonia, Economic and Social Sciences and a Certification in Risk Management Assurance from the Institute of Internal Auditors Global (IIA Global).

Nikolaos Christodoulou, born 1965, has been General Manager/Group Chief Information Officer at the National Bank of Greece since September 2013. He joined Group in November 2011 as Assistant General Manager, Group CIO. Before joining the Bank, he was a Partner at Accenture, the global consulting and technology firm, where he was head of the Management Consulting Unit in Greece. He was also heading the Financial Services Unit in Greece. He is a member of the Association of Chief Executive Officers, a member of Hellenic Management Association and a member of the Technical Chamber of Greece. He is also the Chairman of the Board of Directors of Ethnodata and member of the Board of Directors of CosmoOne. Mr. Christodoulou holds a Bachelor's degree in Electrical and Computer Engineering from the National Technical University of Athens, an MBA from Warwick Business School, UK and a PhD in Decision Systems from the National Technical University of Athens. He has also worked as a Research Associate at INSEAD and at the National Technical University of Athens.

Deputy General Managers

Ioanna Katzileri-Zour, born 1961, was appointed Deputy General Manager in Group Communications and Marketing in December 2012. She is a member of the Group Marketing Committee. She joined the Bank in 2006 as Deputy General Manager in Retail Banking after having served as Deputy General Manager of Strategic Marketing at Eurobank. She has worked for Millennium Bank as Deputy General Manager, responsible for various divisions including Branch Network, Mortgage Lending, Alternative Channels and Marketing (1999-2004). She has also served as Marketing Director in Wind Telecommunications (1998-1999) and Pepsico-Ivi (1995-1998) and started her career at Procter & Gamble in 1989. She holds an MSc in Economics from the London School of Economics and a BSc in Economics from Bristol University.

Angelos Katsikas, born 1956, was appointed Deputy General Manager of Business Processes at the Bank, in December 2012. He joined the Bank in 1975 after starting his career at branch networks in various positions in the Divisions of Business Processes, Branch Network, HR and Housing Loans. From 2006 until December 2012, he was NPL Division's Head of Corporate Banking. He holds a Bachelor's Degree in Economics from the National and Kapodistrian University of Athens, an MA' from the Hellenic National Defense College and is a member of the Economic Chamber of Greece.

Panagiotis Georgiou, born 1956, was appointed Deputy General Manager responsible for the NBG Branch Network in December 2012. Among others, he is a member of the NBG Security Committee, Anti-money Laundering Committee and Crisis Management Committee. He is also a member of the Board of Directors of the NBG Training Centre and a member of the Personnel Nominations and Personnel Promotions & Transfers Councils. He holds the Certified Fraud Examiner (CFE) accreditation and is a member of the Association of Certified Fraud Examiners. In 2011 he was elected as President of the Hellenic Association of Certified Fraud Examiners. He is a member of the Economic Chamber of Athens. Mr. Georgiou has worked for the Group since 1973 and during his career he has held several different positions, both in the Branch Network and Head Offices, at all levels of the Bank's hierarchy. He has extensive experience in all aspects of Internal Audit, but his expertise lies primarily in Fraud Investigations and Special Audits. He also designed and implemented the NBG Fraud Awareness Training Programme aiming to promote a zero tolerance culture to fraud at the Group. He holds a degree in Business Administration with Post-graduate studies in Banking. He is also a member of the Scientific Committee for the "Postgraduate Level Programme in Internal Audit" of the National and Kapodistrian University of Athens.

Andreas Exarhos, born 1954, was appointed Deputy General Manager of Retail Banking in December 2012. He holds a degree in Business Administration from Athens University of Economics and Business and has participated in many seminars held in Greece and at overseas universities, such as City University and INSEAD. Mr. Exarhos joined National Bank of Greece in March 1978. He has worked and served as manager in several full banking branches and given presentations on trade finance in various seminars held by the National Bank of Greece and the Hellenic Bank Association.

Vassilis Mitrakos, born 1952, was appointed Deputy General Manager responsible for matters of Social Security for the Insurance Fund of the National Bank of Greece Personnel in December 2012. Since July 2009 he has also been serving as the acting Director of the Insurance Fund of National Bank of Greece Personnel. From June 2004 to July 2009 he was responsible for matters of Public Relations of the Bank. Between 2001 and 2006 he served as the Vice Chairman of the Mutual Health Fund of National Bank of Greece Personnel (T.Y.P.E.T.). From 2004 to 2007 he served as a Board member of the Onassis Cardiac Surgery Center (O.C.S.C.). He has also served as a member of the Administration of the Greek Chamber of Economics, a board member of the Federation of Greek Mutualities (O.A.T.Y.E.) as well as a member of the Parnassus Literary Society. Since he joined the Bank in 1978 he has worked in various positions in both the Branch Network and Administration. He holds a Bachelor's degree in Business Administration from the University of Piraeus and an 'MSc in Management from the National School of Public Health. He has also participated in many training seminars on Banking and Social Security.

Anthony Antonopoulos, born 1955, was appointed Deputy General Manager of Human Resources at National Bank of Greece in December 2012. From 2008 to 2012 he held the position of Director and Section Head of the Division of Centralised Operations of the Bank. From 2002 to 2008 he served as the Bank's Regional Branch Director for the Peloponnese area. Since he was first employed by the Bank in 1973, he has worked in many branches as Deputy Manager and Manager. He is a graduate of the Thessaloniki University of Economics and has participated in many training seminars on a wide variety of banking-related issues.

Panagiotis Dasmanoglou, was appointed Assistant General Manager of Group Compliance at National Bank of Greece in September 2013 and was elected Secretary of the Board of Directors and its Committees on 28 January 2014. Since July 2009 he served as Manager of Group Compliance Division, and he was responsible for the Group's compliance with the legislative and regulatory framework. In his various positions in the past as a lawyer at the Bank, he handled significant issues regarding the integration of European banking legislation in the Bank's processes, domestic and international credit operations, and M&A activity, thereby gaining substantial experience across a broad spectrum of banking operations. For a number of years, he has been an active participant in the workings of the Hellenic Bank Association and the European Banking Federation, and specifically on the Committees for international banking issues, compliance, consumer issues, AML, derivatives and repos, while he serves on the board of the Hellenic Ombudsman for Banking and Investment Services as well as the boards of some Group companies, including NBG Securities S.A., Ethniki Factors S.A. and NBG Asset Management S.A. Mr. Dasmanoglou holds a BA from the Law School of the University of Athens, a Post-graduate degree in European Law from the University of Brussels, as well as international accreditations in international banking law, compliance and banking management.

Alexander Benos, was appointed Deputy General Manager for Group Risk Management in September 2013. He joined the National Bank of Greece in 2000 as a Senior Risk Associate in charge of systems and models, Risk Analytics and Risk Architecture. Since 2010, he has served as Director of Group Risk Control and Architecture and as Deputy Head of the "Basel II" Project Programme for Group. Dr. Benos was an academic for over 13 years, first as Assistant and then as Associate Professor of the Department of Finance and Economics at the HEC School of Management, France (1993-2000) and finally as Assistant Professor in the Department of Financial Management and Banking of Piraeus University (2001-2006). He has served as a Board Member of the European Financial Management & Marketing Association (EFMA) for the period 1996-98 and is currently a member of the American Finance Association (AFA), the American Institute of Finance and Management (AIFM), and the French Finance association (AFFI). Dr. Benos holds a degree in Economic Sciences from Athens University, a BA and an MA in Economics from the University of Cambridge in the UK and a PhD in Finance from the Graduate School of Business of Stanford University.

George Maligiannis was appointed Deputy General Manager of Household Lending at the National Bank of Greece in July 2013; he is responsible for Mortgage Credit, Consumer Finance and Credit Cards. Since November 2011, he has held the position of Director of Mortgage Credit Division of the National Bank. He has been with the Bank since 1999 and has more than 30 years of banking experience. Before joining the Group, he worked for the Mortgage Bank of Greece in the IT Department, in the branch network and from 1989 to 1998 as a manager in the Vancouver representative office in Canada. Mr. Maligiannis is a graduate in Economics from the University of Athens and holds an MBA from Simon Fraser University, Canada. He is also an Associate with the Institute of Canadian Bankers.

Constantinos Vossikas, born 1968, was appointed Deputy General Manager and Chief Credit Risk Officer at National Bank of Greece in December 2013. He joined National Bank of Greece in 2005 as a Credit Risk Manager for Group Risk Management and subsequently as a Senior Credit Officer for Credit Division. Since 2010, he served as Director of Group International Credit. He has been a member of Supervisory Boards of Group International Subsidiaries and Group Executive/Senior Credit Committees. Before joining the National Bank of Greece, during the period from 1994 to 2005, he worked in the Corporate Banking Departments of Midland Bank as a Credit Officer and Egnatia Bank, where he held the position of Head of Corporate and Investment Banking. During the period from 1990 to 1994 he worked in the audit departments

of Moore Stephens and Arthur Andersen, participating in external and internal audits for companies operating in various sectors of the Greek economy, valuations, feasibility studies etc. Mr. Vossikas is a Certified Public Accountant, member of the Institute of Certified Public Accountants in Ireland, holds a degree in Accounting and Finance from Deree College and has participated in many seminars held in Greece and abroad.

Georgios Kaloritis, born in 1964, was appointed Deputy General Manager responsible for the Group's Internal Audit Function in January 2014. He joined National Bank of Greece in 2006 as a Director of Internal Audit responsible for the areas of operations, compliance, information systems and several other support functions of the Group. He was in charge of the project team responsible for the integration of the Group's Internal Audit Units, the development of a common methodology according to the IIA standards and the implementation of a fully integrated system (EGRC) for the automation of the audit activities. Before joining the Group he served as the Corporate Security Officer at Eurobank (2003-2006) and as a Partner responsible for the Enterprise Risk Services at Deloitte Greece (1996-2003). He started his career in the United States of America where he served at various managerial positions at Price Waterhouse and AT&T (1990-1996). He holds an MBA degree in Executive Management from Saint John's University of New York, an MA in Management Information Systems and a BA Degree in Computer Science and Economics as a second major from Queens College of the City University of New York. He is a Certified Internal Auditor (CIA) and a Certified Information Systems Auditor (CISA). He is currently the President of the Board of the Hellenic Chapter of the Institute of Internal Auditors and he also served as the Vice President of the Hellenic Chapter of the Information Systems Audit and Control Association (2002-2004).

Executive and Board Committees

The following 13 committees operate at the Bank: Executive Committee; Asset and Liability Committee (**ALCO**); Executive Credit Committee; Disclosure and Transparency Committee; Provisions and Write-Off Committee; Crisis Management Committee; Compliance and Reputational Risk Committee; Risk Management Council; Risk Management Committee; Human Resources and Remuneration Committee; Audit Committee; Corporate Governance and Nominations Committee; and Strategy Committee. The first eight Committees comprise executive members of the Board of Directors, General Managers and Deputy General Managers. The remaining five Committees comprise exclusively members of the Board of Directors. Pursuant to the RFA, the Board of Directors of the Bank had to establish a committee which would be entrusted with the monitoring of the implementation of the restructuring plan approved by the HFSF and the European Commission, and the HFSF representative is able to participate in the above-mentioned committee. The Executive and the Board Committees, which currently operate at the Bank, are detailed below:

Senior Executive Committees

Senior Executive Committee

The Senior Executive Committee was established by the Board of Directors in 2004 and operates via a special Charter, which came in force through the Management Act 145/2 March 2007. The Senior Executive Committee is the Bank's highest administrative committee, with approving authority that supports the Chief Executive Officer of the Bank in his duties. The Senior Executive Committee has strategic powers and is responsible for monitoring the execution of the Bank's business plan. Furthermore, it has approval powers that cannot be delegated to other members of the Bank's management or to other collective bodies of the Bank.

The Committee is composed of the following members:

Chairman	Alexandros Tourkoulis	CEO
Member	Petros Christodoulou	Deputy CEO
Member	Damianos Charalampidis	Chief of Operations

Member	Paul Mylonas	Chief Risk Officer
Member	Nelly Tzakou-Lambropoulou	General Manager of Retail Banking
Member	Dimitrios Dimopoulos	General Manager of Corporate Banking
Member	Paula Hadjisotiriou	Group Chief Financial Officer
Member without voting rights	Miltiadis Stathopoulos	General Counsel & General Manager of Corporate Governance

The Chairman can invite other executives of the Bank and the Group to attend, if necessary. Also, Mr. Omer Aras, Chairman and Group Chief Executive Officer of Finansbank is invited every two months so as to inform the Senior Executive Committee on issues related to international activities and Finansbank.

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

Asset and Liability Committee

ALCO was established in 1993 and determines the Bank's strategy and policy as to matters relating to the structuring and management of assets and liabilities, taking into account the current market conditions and the risk limits set by the Bank.

The Committee is composed of the following members:

Chairman	Petros Christodoulou	Deputy CEO
Member	Paul Mylonas	Chief Risk Officer
Member	Leonidas Fragkiadakis	General Manager of Treasury and Global Markets
Member	Dimitrios Dimopoulos	General Manager of Corporate Banking
Member	Nelly Tzakou-Lambropoulou	General Manager of Retail Banking
Member	Paula Hadjisotiriou	Group Chief Financial Officer

Executive Credit Committee

The Executive Credit Committee was established in 2008. Its purpose is to:

- establish limits for risk exposure and credit approval for the lower level administrative Committees of the Bank, as well as for the employees of central services and units of the Bank's network;
- approve loans of amounts exceeding pre-existing limits set for lower level credit approval authorities. The Committee also decides on the settlement or the undertaking of measures regarding loans, which are not being serviced as expected or have been characterised as non-performing;
- implement new lower level credit approval committees and review or abolish existing credit approval limits; and
- amend the Credit Policy rules on credit approval levels, through a Chairman's Act, or in his/her absence, through a Vice Chairman's Act.

The Committee is composed of the following members:

Chairman	Alexandros Tourkolias	CEO
Member	Dimitrios Dimopoulos	General Manager of Corporate Banking
Member	Paul Mylonas	Chief Credit Risk Officer
Member	Konstantinos Vossikas	Deputy General Manager Chief Credit Risk Officer

The General Counsel and General Manager of Corporate Governance, Mr. Miltiadis Stathopoulos, is also present in the meetings of the Executive Credit Committee. The Chairman can invite other executives of the Bank and the Group to attend, if necessary.

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

Disclosure and Transparency Committee

The Disclosure and Transparency Committee was established in 2003 in compliance with the U.S. legal requirements for the financial markets. Its purpose is to monitor the accuracy and completeness of the information included in public announcements and in any publications issued by the Bank, including information submitted to the SEC. Specifically, the Committee has the following responsibilities:

- reviewing the accuracy and completeness of the data included in the information submitted to the SEC;
- monitoring the procedures and controls pertaining to the timely collection and evaluation by the Bank and the Group entities of the information for disclosure, as per the relevant legislation;
- evaluating the effectiveness of the said disclosure procedures and controls and ensuring their continuous development and improvement, as per the requirements of the relevant legislation;
- ensuring that the said procedures and controls are implemented effectively and uniformly by all Group entities;
- monitoring and timely informing the Bank's External Auditors and the Bank's Audit Committee on any material deficiencies of the said procedures and any fraud cases involving the Bank's management or any executive responsible for their supervision or implementation;
- conducting periodic evaluations of the said procedures and controls and submitting relevant reports to the Bank's management; and
- providing an opinion to the Bank's management and those executives who are responsible for complying with the certification requirements of the U.S. legislation, on the extent that these requirements are fulfilled so that they can proceed with the issuing of certifications.

The Committee is composed of the following members:

Chairman	Petros Christodoulou	Deputy CEO
Member	Miltiadis Stathopoulos	General Counsel & General Manager of Corporate Governance
Member	Damianos Charalampidis	Chief of Operations
Member	Paul Mylonas	Chief Risk Officer
Member	Nelly Tzakou-Lambropoulou	General Manager of Retail Banking
Member	Dimitrios Dimopoulos	General Manager of Corporate Banking
Member	Leonidas Fragkiadakis	General Manager of Treasury and Global Markets
Member	Petros Fourtounis	Chief Audit Officer
Member	Paula Hadjisotiriou	Group Chief Financial Officer
Member	Panagiotis Dasmanoglou	Group Chief Compliance Officer

The Committee is convened at the invitation of its Chairman, at least twice per annum and ad hoc as deemed necessary.

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

Provisions and Write-Off Committee

The Committee was established in 2010. Its mission is to decide on the provisions and write-offs of Bank claims of any nature, which are considered by the Committee to be subject to a loss in value. The Committee's key responsibilities include the following:

- review and approval of any provisions that have been proposed by the Bank's competent Divisions regarding either isolated financial assets or a collective assessment, as well as any provisions on possible losses that have been incurred but not reported;
- review and approval of provisions against losses in value of other claims, on and off balance sheet, as well as debt securities and equities;
- communication to the Risk Management Committee (**RMC**) of the Board of Directors of the provisions and write-offs of claims that have been realised for the annual and interim Bank's and Group's financial statements;
- ensuring compliance with financial assets provision procedures;
- review and approval of write-offs as per such provisions policy;
- communication to the RMC of the Board of Directors of any amendments on the statutory framework with regards to provisions for financial assets and the write-off of bad debt; and
- developing and updating the provisions policy and reporting relevant recommendations to the RMC of the Board of Directors.

The Committee is composed of the following members:

Chairman	Alexandros Tourkolias	CEO
Member	Petros Christodoulou	Deputy CEO
Member	Paul Mylonas	Chief Risk Officer
Member	Marianna Politopoulou	General Manager of Group Retail Collections
Member	Omer Aras	Chairman & CEO Finansbank A.S.
Member	Paula Hadjisotiriou	Group Chief Financial Officer
Member	Konstantinos Vossikas	Deputy General Manager Chief Credit Risk Officer

The Committee convenes at the invitation of its Chairman.

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

Crisis Management Committee

The Crisis Management Committee was established in 2013. Through the Crisis Management Committee, the Bank aims to effectively coordinate the actions necessary to deal with unforeseen situations which may jeopardise the smooth operation of the Bank; inform, mobilise and coordinate the Bank's relevant units, taking into account the nature, extent and the size of the crisis; and solve problems that require immediate attention.

The Committee is composed of the following members:

Chairman	Petros Christodoulou	Deputy CEO
Member	Miltiadis Stathopoulos	General Counsel & General Manager of Corporate Governance
Member	Damianos Charalampidis	Chief of Operations
Member	Nelly Tzakou Lambropoulou	General Manager of Retail Banking
Member	Marianna Politopoulou	General Manager of Group Retail Collections
Member	Dimitrios Dimopoulos	General Manager of Corporate Banking
Member	Telemachos Palaiologos	General Manager of Procurement & Security
Member	Nikolaos Christodoulou	Group Chief Information Officer
Member	Panagiotis Georgiou	Deputy General Manager of Branch Network
Member	Angelos Katsikas	Deputy General Manager of Business Processes
Member	Petros Fourtounis	Chief Audit Officer
Member	Dimitrios Spyropoulos	Journalist

The Committee convenes at the invitation of its Chairman.

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

Compliance & Reputational Risk Committee

The Compliance & Reputational Risk Committee was established in 2013. The Committee ensures the adequacy of the Bank's and the Group's controls that enable compliance with the regulatory framework as well as with the Policies of the Bank and the Group. Additionally, the Committee ensures that the management of reputational risk is in accordance with the risk appetite that has been approved by the Board of Directors and with the creation of long-term value for shareholders.

The Committee is composed of the following members:

Chairman	Petros Christodoulou	Deputy CEO
Member	Miltiadis Stathopoulos	General Counsel & General Manager of Corporate Governance
Member	Paul Mylonas	Chief Risk Officer
Member	Dimitrios Dimopoulos	General Manager of Corporate Banking
Member	Nelly Tzakou Lambropoulou	General Manager of Retail Banking
Member	Ioanna Katzilieris-Zour	Assistant General Manager of Group Marketing and Communications
Member	Panagiotis Dasmanoglou	Group Chief Compliance Officer

The Chairman can invite other executives of the Bank and Group to attend, if necessary. The Committee is convened at least quarterly and ad hoc as deemed necessary at the invitation of its Chairman.

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

Risk Management Council

The Risk Management Council was established in 2013. The Council is responsible for overseeing and managing all risks. It is also responsible for establishing policies relating to credit risk, market risk, operational risk, reputational risk and compliance risk. The Risk Management Council also determines the overall risk management framework.

The Council is composed of the following members:

Chairman	Alexandros Tourkolias	CEO
Member	Petros Christodoulou	Deputy CEO
Member	Paula Hadjisotiriou	Group Chief Financial Officer
Member	Paul Mylonas	Chief Risk Officer
Member	Dimitrios Dimopoulos	General Manager of Corporate Banking
Member	Nelly Tzakou Lambropoulou	General Manager of Retail Banking
Member	Konstantinos Vossikas	Deputy General Manager Chief Credit Risk Officer
Member without voting rights	Leonidas Fragkiadakis	General Manger of Treasury and Global Markets
Member with voting rights	Miltiadis Strathopoulos	General Counsel & General Manager of Corporate Governance

The Chairman can invite other executives of the Bank and Group, to attend, if necessary. The Council is convened at least monthly and ad hoc as deemed necessary at the invitation of its Chairman.

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

Board Committees

Strategy Committee

The Strategy Committee was established by a decision of the Board of Directors (meeting no. 1387/29 September 2009). Its purpose is to: assist the executive members of the Board of Directors in developing the Group's strategic focus; assist the Board of Directors in making decisions on all issues related to the Group's strategy; and regularly review the implementation of the Group's strategy by the Group's management.

At least three of the Strategy Committee's (minimum) five members are independent non-executive members of the Board of Directors. In the Committee the Chief Executive Officer participates as member *ex officio*. The Strategy Committee is chaired by the Chairman of the Board of Directors. Its members are appointed by the Board of Directors upon recommendation of its Chairman, who consults with the Corporate Governance and Nomination Committee. The committee members are selected based on their skills and experience and are appointed for a one-year term of office, which can be renewed indefinitely. The Committee meets at least three times per year and as often as necessary to discuss issues before they are assessed by the Board of Directors. It keeps minutes of its proceedings and reports regularly to the Board of Directors. The Chairman determines the agenda, the frequency and duration of meetings and ensures the Committee's effectiveness in discharging its responsibilities. The Bank's General Counsel and General Manager of Corporate Governance attend the Committee without voting rights.

The Committee is composed of the following members:

Chairman	George Zantias
Member	Alexandros Tourkolias
Member	Petros Christodoulou
Member	Stefanos Vavalidis
Member	Spyridon Theodoropoulos
Member	Alexandra Papalexopoulou-Benopoulou
Member	Petros Sabatacakis

During 2013, the Strategy Committee convened eight times.

The Committee's charter has been posted on the Bank's website www.nbg.gr.

Its members receive compensation for their participation.

Audit Committee

The Audit Committee was established in 1999 and operates in accordance with the provisions of the Bank of Greece Governor's Act No. 2577/2006, Greek Law 3693/2008 (article 37) and the U.S. Sarbanes-Oxley Act, while the RFA also includes relevant provisions. The purpose of the Committee includes:

- reviewing the integrity of the financial statements of the Bank and the Group as well as other important disclosures;
- making recommendations to the Board of Directors regarding the appointment of the independent auditor, as well as his remuneration and terms of cooperation following his appointment by the annual General Meeting;
- monitoring and reviewing the independence, objectivity and efficiency of the independent auditor;
- monitoring and reviewing the auditor's independence and objectivity regarding the provision of non-auditing services, as well as the amount of its remuneration;
- reviewing the effectiveness of the Bank's and Group's systems of internal controls and compliance and notifying the Board of Directors accordingly; and
- reviewing and controlling the independence, adequacy and effectiveness of the IAID.

The members of the Committee are elected by the General Meeting of Shareholders upon the recommendation of the Corporate Governance and Nominations Committee to the Chairman of the Board. The Chairman and the Vice Chairman of the Committee are appointed by the Board of Directors. One of the

HFSF's representatives to the Bank's Board of Directors should be a member of the Committee. The members of the Committee should not exceed 40% (rounded to the nearest integer) of the total number of Board members with a minimum of three members. All members of the Committee should be non-executive, while 75% (rounded to the nearest integer) of the members (including its Chairman) should be independent non-executive directors. The majority of the Committee's members should have competence in auditing and/or accounting. The Chairman of the Committee should have solid experience in financial management, accounting and auditing, and should not also serve as the Chairman of the Board of Directors or the Board's Risk Management Committee.

The Bank's General Counsel and General Manager of Corporate Governance also attends the Committee without voting rights. The Committee's members are appointed for a one-year term of office, which can be renewed indefinitely. The Committee employs a specialised consultant who reports directly to the Chairman of the Committee.

The Committee meets on a regular basis, at least six times a year, and on an extraordinary basis if required; it keeps minutes of its proceedings and reports to the Board of Directors every three months, or more often if deemed necessary. The external auditor or the Chief Audit Officer may request a meeting with the Committee. The Committee Chairman specifies the agenda, the frequency and the length of meetings, and ensures the Committee's effectiveness in discharging its duties.

The Committee is currently composed of the following members:

Chairman	Petros Sabatacakis (Financial expert)
Vice Chairperson	Alexandra Papalexopoulou-Benopoulou
Member	Stefanos Vavalidis
Member	Charalampos Makkas (HFSF representative)
Member	Alexandros Makridis (Hellenic Republic representative)

The current Audit Committee members were elected, as per the requirements of Greek Law 3693/2008, by the second Repeat Extraordinary General Meeting of Shareholders on 12 July 2013, following the consent of the Corporate Governance and Nominations Committee and the Board of Directors. The Committee's term of office was set to one year.

During 2013, the Audit Committee convened 17 times.

The Committee's charter (updated October 2013) has been posted on the Bank's website www.nbg.gr.

The members of the Committee receive compensation for their participation.

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee was established by a decision of the Board of Directors (meeting no. 1259/5 May 2005) and is of an advisory nature. Its purpose is to assist the Board of Directors in performing its duties with respect to attracting, retaining, developing and motivating executives and employees of the highest professional and moral calibre; developing a meritocratic framework of objective evaluation and fair compensation of executive performance; developing and maintaining a coherent system of values and incentives for the development of human resources throughout the Bank and the Group; and ensuring that the Group Remuneration Policy and procedures are designed and implemented in compliance with the Bank of Greece Governor's Act 2650/2012.

The Committee consists of exclusively non-executive members of the Board of Directors, at least three in number (and not exceeding 40% (rounded to the nearest integer) of the total number of Board members), the majority of whom (including the Chairman) are independent Directors, as per the independency definition included in the Corporate Governance Code. The members and the Chairman of the Committee are

appointed thereto by the Board of Directors upon recommendation of the Corporate Governance and Nominations Committee. One of the HFSF's representatives to the Bank's Board of Directors should be a member of the Committee. The Committee members are selected based on their competence and experience and are appointed for a one-year term of office, which can be renewed indefinitely. The Committee includes among its members, persons with proven experience over the financial services sector, while at least one member of the Human Resources and Remuneration Committee should have adequate expertise and professional experience in risk management and audit activities mainly in alignment of the remuneration policy with risk and capital profile of the Bank. The Committee should not include members that are executives in firms in which other Bank Board members or executives are in a position to influence their remuneration.

The Committee meets at least three times a year, keeps minutes of its proceedings and reports regularly to the Board of Directors. The Chairman determines the agenda, the frequency and the duration of meetings and ensures, in general, the Committee's effectiveness in discharging its responsibilities. The Bank's General Counsel and General Manager of Corporate Governance also attend the Committee without voting rights.

The charter of the Committee was most recently updated in October 2013 in order to be fully consistent with the current regulatory and contractual framework.

The Committee is composed of the following members:

Chairperson	Alexandra Papalexopoulou-Benopoulou (Risk management and control activities expert)
Member	George Zantias
Member	Spyridon Theodoropoulos
Member	Charalampos Makkas (HFSF representative)

During 2013, the Human Resources and Remuneration Committee convened seven times.

The Committee's charter has been posted on the Bank's website www.nbg.gr.

Its members receive compensation for their participation.

Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee was established by a decision of the Board of Directors (meeting no. 1259/5 May 2005) and is of a consultative nature. Its purpose is to assist the Board of Directors in ensuring that its composition, structure, policies and processes meet all relevant legal and regulatory requirements to achieve best practice standards of corporate governance across the Group and to facilitate the work of the Board of Directors and the Bank's Management, with a view to increasing the long-term value of the Bank.

The Committee consists of at least three Directors and its total number of members should not exceed 40% (rounded to the nearest integer) of the total number of Board members. The members and the Chairman of the Committee are appointed thereto by the Board of Directors. One of the HFSF's representatives to the Bank's Board of Directors should be a member of the Committee. All members of the Committee should be non-executive and the majority should be independent Directors, as per the independency definition included in the Corporate Governance Code. The Committee members are appointed for a one-year term of office, which can be renewed indefinitely. The Chairman of the Committee is (*ex officio*) the Chairman of the Board of Directors. The Committee meets at least three times a year, keeps minutes of its proceedings and reports to the Board of Directors on a regular basis. The Bank's General Counsel and General Manager of Corporate Governance also attends the Committee without voting rights.

The Committee is currently composed of the following members:

Chairman	George Zantias
Member	Ioannis Giannidis
Member	Maria Frangista
Member	Charalampos Makkas (HFSF representative)
Member	Alexandros Makridis (Hellenic Republic representative)
Member	Spyridon Theodoropoulos

During 2013, the Corporate Governance and Nominations Committee convened four times.

The Committee's charter has been posted on the Bank's website www.nbg.gr.

Its members receive compensation for their participation.

Risk Management Committee

The RMC was established by a decision of the Board of Directors (meeting no. 1308/July 20, 2006) in accordance with the requirements of the Bank of Greece Governor's Act No. 2577/9 March 2006. The purpose of the Committee is to:

- develop the risk assumption and capital management strategy in line with business objectives, both at the Bank and Group level, taking into consideration the adequacy of available resources in terms of infrastructure and employees;
- control the function of the Group Risk Management Division (**GRMD**) in terms of independence, adequacy and effectiveness;
- ensure the development and ongoing effectiveness of the internal risk management system and its integration into the business decision-taking process as regards any type of risk, including operational risk, across all business lines/units of the Bank and the Group;
- determine the principles governing risk management in terms of identifying, estimating, measuring, monitoring, controlling and addressing the relevant risks in line with the current business strategy and adequacy of available resources;
- be regularly apprised of and monitor the overall risk profile of the Bank and the Group and provide the GRMD with guidance as regards the implementation of the risk assumption strategy and risk management policies, including compliance with the current regulatory framework for capital adequacy; and
- ensure that the Bank's Board of Directors is adequately apprised of all matters relating to the risk assumption strategy, risk-bearing capacity and risk profile in the exercise of its supervisory and strategic functions.

The Committee consists of Directors appointed by the Board of Directors following the Corporate Governance and Nominations Committee's recommendation to the Chairman of the Board. The Committee comprises at least three members and its total number of members should not exceed 40% (rounded to the nearest integer) of the total number of Board members. The majority of the Committee members (including its Chairman) should be non-executive members of the Board, while at least one-third of the members (rounded to the nearest integer) should be independent. One of the HFSF's representatives to the Bank's Board of Directors should be a member of the Committee. The Chairman of the Committee should not also serve as the Chairman of the Board of Directors or the Audit Committee. The Chairman of the Committee should have solid experience in commercial banking and preferably risk and capital management, as well as

familiarity with local and international regulatory frameworks, while the members should have prior experience in the financial services or commercial banking industry, with at least one member (expert) having solid risk and capital management experience as well as familiarity with local and international regulatory frameworks. They are appointed for a term of one year, which may be renewed indefinitely.

The Committee meets regularly at least four times a year and extraordinarily whenever the Chairman deems fit. The Chairman determines the agenda and the frequency and length of meetings and ensures that the Committee's functions are performed effectively and submits reports on each meeting thereof to the Board of Directors. The Committee keeps minutes of its proceedings. The Bank's General Counsel and General Manager of Corporate Governance also attend the Committee without voting rights.

The Committee is composed of the following members:

Chairman	Panagiotis-Aristeidis Thompoulos
Member	George Zantias
Member	Alexandros Tourkolias
Member	Petros Christodoulou
Member	Paul Mylonas
Member	Stefanos Vavalidis
Member	Petros Sabatacakis
Member	Charalampos Makkas (HFSF representative)

During 2013, the RMC convened seven times. For the period 2011-2012, the Committee conducted an overview of the risk management framework of the Bank and adopted in October 2012 an improvement programme in relation to the organisational structure of risk management. It was estimated that the programme would be fully implemented by the end of 2013.

The Committee's charter has been posted on the Bank's website www.nbg.gr.

Employees

The Bank employed a total of 11,493 staff as of 31 December 2012 of which 263 are employed in the Bank's foreign branches, compared with 12,189 and 546 respectively, as of 31 December 2011. Additionally, the Group's subsidiaries in Greece and abroad employed 23,585 employees as of 31 December 2012, compared with 22,509 as of 31 December 2011. The Bank also employed 549 temporary employees Group-wide as of 31 December 2012. The table below sets forth average number of employees by geographic location for 2012:

Country	Average number of Group employees for the year ended 31 December 2012 ⁽¹⁾
Greece.....	13,493
Turkey	12,271
Bulgaria	2,710
Serbia.....	1,817
Romania.....	1,571
FYROM.....	1,019
Cyprus	362
Albania	257
Egypt	221
South Africa.....	157
United Kingdom	89

Malta.....	24
Total.....	33,991

(1) The average number of employees on a Group-wide basis for the years ended 31 December 2010, 2011 and 2012 was 36,376, 35,876 and 33,991 respectively.

The table below sets forth the main categories of activity in which The Group's employees were engaged during 2012:

	Average number of Group employees for the year ended 31 December 2012
Commercial and retail banking.....	31,648
Insurance.....	1,052
Investment banking	184
Asset management.....	64
Other Group companies.....	1,043
Total.....	33,991

The majority of the Group's employees in the Hellenic Republic are members of one of the various unions operating within the banking sector. A high level of union membership is common in most Greek companies. Each union that represents the Group's employees in the Hellenic Republic is affiliated with a larger, general union of employees in the banking sector known as the Union of Greek Bank Employees (OTOE). OTOE, in turn, is part of a multi-industry union, the General Confederation of Greek Workers. Accordingly, almost all of the Group's employees in the Hellenic Republic, including those not employed in the banking sector, are ultimately affiliated with the General Confederation of Greek Workers. Collective bargaining arrangements were concluded in the past between representatives of the Greek banks and OTOE based on the Hellenic Republic's inflation estimates, and then implemented by each bank (including the Bank) in agreement with its own unions.

Most of the Group's employees in the Hellenic Republic belong to a union and the Greek banking industry has been subject to strikes over the issues of pensions and wages. Group employees throughout the Hellenic Republic went on strike for 14 days in 2012. In 2013, the Group's employees in the Hellenic Republic went on strike for 15 days, largely to express opposition to the new austerity measures implemented in light of the Hellenic Programme.

In light of the Group's strategy to streamline its operations and maximise efficiency, voluntary retirement schemes have been implemented.

As with other large companies in the Hellenic Republic that are, or were historically, in the public sector, the employees of the Bank and certain of the Group's subsidiaries participate in employee-managed pension schemes. The Bank and certain of the Group's subsidiaries make significant contributions to these schemes. In addition, the Bank and several of the Group's subsidiaries offer other post-employment benefit plans, including medical benefit plans. The consolidated net liability under these plans as of 31 December 2012 was €229.8 million, determined by reference to a number of critical assumptions. These include assumptions about movements in interest rates which may not be realised. Potential variations may cause the Group to incur significantly increased liabilities in respect of these obligations. For more information on the Group's current obligations under pension plans and the assumptions by reference to which they are determined, please refer to Note 12 of the 2012 Annual Financial Statements.

In accordance with Greek Law 3655/2008, applicable from April 2008, the Bank's main pension plan and the main pension branch of Ethniki Hellenic General Insurance S.A.'s (EH) post-employment and health

plan, both of which are defined-contribution plans, have been incorporated into the main pension branch of the state-sponsored social security fund IKA-ETAM as of 1 August 2008. Pursuant to this legislation, the Bank will contribute €25.5 million into IKA-ETAM per year for 15 years starting from December 2009. The April 2008 legislation also prescribed that employer contributions made by the Bank to the existing funds that are to be merged into IKA-ETAM will be reduced every three years in equal increments starting from 26.5% in 2013 until they reach 13.3%. This rule applies to employees who joined any social security plan prior to 1 January 1993. Employer contributions made by EH to the existing funds that are to be merged with IKA-ETAM will also be reduced every three years in equal increments until they reach 13.3% (from 20%) for employees who joined any social security plan prior to 1 January 1993.

In 2005 and 2006, the Hellenic Republic passed legislation permitting bank employee auxiliary pension schemes to merge with the new Insurance Fund of Bank Employees (**ETAT**). The relevant legislation provides that, in connection with the merger of auxiliary schemes with ETAT, the relevant employer shall make a payment to ETAT solely in an amount to be determined by an independent financial report commissioned by the Ministry of Finance pursuant to this legislation.

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. Benefits paid are determined by years of service with the Bank and the employee's final pensionable salary. Under Greek Law 3371/2005 employees hired after 1 January 2005 are insured in the single auxiliary social security fund (**ETEAM**). The Bank has been paying contributions to ETEAM since 1 May 2007.

In accordance with Greek Law 4052/2012 (GG A' 41), a new auxiliary fund called the Integrated Auxiliary Pension Fund (**ETEA**) was established on 1 July 2012. ETEA includes, among others, ETEAM and, according to transitional provisions of the same law (GG A' 256/2012), from 1 January 2013, the ETAT Fund is mandatorily included as regards only auxiliary schemes. However according to the Legislative Act of the Greek Cabinet (GG A' 256/31.12.2012) the ETAT Fund retains the obligation to grant pension allowances (which pertain to the period prior to the main pension *status quo* of an employee) to the beneficiaries of the auxiliary pension schemes which have been integrated into ETAT under L.3371/2005. Moreover the ETAT Fund, according to the provisions of its charter as provided for by L.3371/2005 (the said provisions have not been negated up to this date) maintains the capacity to act as a Fund into which auxiliary social security pension funds could be assimilated.

In April 2006, the Bank applied under Greek Law 3371/2005, as amended, to merge its Auxiliary Pension Fund, a defined-contribution plan, into ETAT. Consequently, the Bank may have to contribute a significant amount either to ETAT or to ETEA in relation to this merger depending on which of the two aforementioned funds is part of the planned merger.

Furthermore, Greek Law 3863/2010 substantially amended the structure and operation of the Greek pensions system. These developments, as well as future interpretations of existing laws and any future legislation regarding pensions and pension liabilities or other post-employment benefit obligations, including those under the Hellenic Programme, may increase the liability of the Bank or its subsidiaries with respect to pension and other post-employment benefit plan contributions to cover actuarial or operating deficits of those plans.

REGULATION AND SUPERVISION OF BANKS IN GREECE

The Group is subject to financial services laws, regulations, administrative actions and policies in each location where the Group operates. The Bank of Greece is the central bank in Greece. It is responsible for the licensing and supervision of credit institutions in Greece, in accordance with Greek Law 3601/2007 on licensing, operation, supervision and control of credit institutions, Greek Law 3746/2009 on the Greek deposit and investment guarantee fund, Greek Law 3691/2008 on anti-money laundering provisions, Greek Law 3862/2010 on payment services and credit institutions and other relevant laws of Greece, each as amended and in force. Furthermore, in accordance with Greek Law 1266/1982 on organisations exercising monetary, credit and currency policy, the Bank of Greece has regulatory and supervisory powers relating to the operation of credit institutions in Greece.

Regulation 1024/2013 of 15 October 2013 confers on the ECB specific tasks concerning policies relating to the prudential supervision of credit institutions, with a view to contributing to the safety and soundness of credit institutions and the stability of the financial system within the Union and each Member State, with full regard and duty of care for the unity and integrity of the internal market based on equal treatment of credit institutions with a view to preventing regulatory arbitrage.

Regulation of the banking industry in Greece has changed in recent years as Greek Law has changed largely to comply with applicable EU directives. In August 2007, the EU directives (2006/48/EC and 2006/49/EC) regarding the adoption of the revised Basel Capital Accord, known as Basel II, were incorporated into Greek law relating to the business of credit institutions and to the capital adequacy of investment firms and credit institutions. Following this, on 20 August 2007, the Bank of Greece issued eleven Governor's Acts specifying the details for the implementation of Basel II, which took effect from 1 January 2008. A series of regulatory initiatives that have been recently proposed, would differentiate the Group Capital needs, including the Directive for Capital Adequacy II (**CRD II**) and Directive for Capital Adequacy III (**CRD III**) that are described below in the section "*Capital Adequacy*".

The above mentioned Regulation has been revised by CRD IV and Regulation No 575/2013 on prudential requirements for credit institutions and investment firms, that form the legal framework governing banking activities, the supervisory framework and the prudential rules for credit institutions and investment firms. Specifically, since Directives 2006/48/EC and 2006/49/EC have been significantly amended on several occasions and in order to ensure a clear and coherent application of those provisions, they were repealed and merged into new legislative acts that are applicable to both credit institutions and investment firms.

Directive 2013/36/EU, *inter alia*, contains provisions governing authorisation of the business, acquisition of qualifying holdings, exercise of freedom of establishment and freedom to provide services, powers of supervisory authorities of home and host Member States in this regard and provisions governing initial capital and supervisory review of credit institutions and investment firms. The main objective and subject-matter of this Directive is to coordinate national provisions concerning access to the activity of credit institutions and investment firms, the modalities for their governance, and their supervisory framework. Furthermore, Regulation (EU) No 575/2013 establishes uniform and directly applicable prudential requirements for credit institutions and investment firms, since such requirements are closely related to the functioning of financial markets in respect of a number of assets held by credit institutions and investment firms.

It should be noted that the provisions of 2013/36/EU Directive have to be transported to Greek law in order to come into force, whereas the majority of the articles of the Regulation shall apply from 1 January 2014.

The Hellenic Republic has revised the terms of the Hellenic Republic's Bank Support Plan to strengthen Greek credit institutions' capital and liquidity positions. For more information concerning the Bank's participation in this plan, see "*The Hellenic Republic's Bank Support Plan*" below. In addition, in relation to the Hellenic Republic's economic crisis, at the beginning of May 2010, the Greek Government agreed with

IMF, ECB and the members of the EU a Memorandum of Understanding and a Memorandum of Economic and Financial Policy (See section “*The Macroeconomic Environment in Greece: The Hellenic Republic’s Economic Crisis—The Hellenic Republic’s Economic Crisis, the successful sovereign debt restructuring (PSI), the revised economic adjustment programme for Greece and recent macroeconomic developments*”).

Prudential Supervision of Credit Institutions by the ECB

Regulation 1024/2013 of 15 October 2013 confers on the ECB specific tasks concerning policies relating to prudential supervision of credit institutions. Under this Regulation, specific supervisory tasks which are crucial to ensure a coherent and effective implementation of the Union’s policy relating to the prudential supervision of credit institutions should be conferred on the ECB, while other tasks should remain with national authorities. In general, the ECB shall be exclusively competent to carry out, for prudential supervisory purposes, the following tasks in relation to all credit institutions established in the participating Member States:

- (a) to authorise credit institutions and to withdraw authorisations of credit institutions;
- (b) for credit institutions established in a participating Member State that wish to establish a branch or provide cross-border services in a non-participating Member State to carry out the tasks which the competent authority of the home Member State shall have under the relevant Union law;
- (c) to assess notifications of the acquisition and disposal of qualifying holdings in credit institutions, except in the case of a credit institution resolution;
- (d) to ensure compliance with the acts referred to in the first subparagraph of Article 4(3) of the Regulation, which impose prudential requirements on credit institutions in the areas of own funds requirements, securitisation, large exposure limits, liquidity, leverage, and reporting and public disclosure of information on those matters;
- (e) to ensure compliance with the acts referred to in the first subparagraph of Article 4(3) of the Regulation, which impose requirements on credit institutions to have in place robust governance arrangements, including the fit and proper requirements for the persons responsible for the management of credit institutions, risk management processes, internal control mechanisms, remuneration policies and practices and effective internal capital adequacy assessment processes, including Internal Ratings Based models;
- (f) to carry out supervisory reviews, including where appropriate in coordination with EBA, stress tests and their possible publication, in order to determine whether the arrangements, strategies, processes and mechanisms put in place by credit institutions and the own funds held by these institutions ensure a sound management and coverage of their risks, and on the basis of that supervisory review to impose on credit institutions specific additional own funds requirements, specific publication requirements, specific liquidity requirements and other measures, where specifically made available to competent authorities by relevant Union law;
- (g) to carry out supervision on a consolidated basis over credit institutions’ parent companies established in one of the participating Member States, including over financial holding companies and mixed financial holding companies, and to participate in supervision on a consolidated basis, including in colleges of supervisors without prejudice to the participation of national competent authorities in those colleges as observers, in relation to parent companies not established in one of the participating Member States;
- (h) to participate in supplementary supervision of a financial conglomerate in relation to the credit institutions included in it and to assume the tasks of a coordinator where the ECB is appointed as the

coordinator for a financial conglomerate in accordance with the criteria set out in relevant Union law; and

- (i) to carry out supervisory tasks in relation to recovery plans, and early intervention where a credit institution or group in relation to which the ECB is the consolidating supervisor, does not meet or is likely to breach the applicable prudential requirements, and, only in the cases explicitly stipulated by relevant Union law for competent authorities, structural changes required from credit institutions to prevent financial stress or failure, excluding any resolution powers.

The ECB shall carry out its tasks within a single supervisory mechanism (**SSM**) composed of the ECB and national competent authorities. The ECB shall be responsible for the effective and consistent functioning of the SSM.

For the purpose of carrying out the tasks conferred on it by this Regulation, and with the objective of ensuring high standards of supervision, the ECB shall apply all relevant Union law, and where this Union law is composed of Directives, the national legislation transposing those Directives. Where the relevant Union law is composed of Regulations and where currently those Regulations explicitly grant options for Member States, the ECB shall also apply the national legislation exercising those options.

To that effect, the ECB shall adopt guidelines and recommendations, and take decisions subject to and in compliance with the relevant Union law and in particular any legislative and non-legislative act including those referred to in articles 290 and 291 of the Treaty on the Functioning of the European Union. It shall in particular be subject to binding regulatory and implementing technical standards developed by EBA and adopted by the Commission in accordance with Article 10 to 15 of Regulation (EU) No 1093/2010, to Article 16 of that Regulation, and to the provisions of that Regulation on the European supervisory handbook developed by EBA in accordance with that Regulation. The ECB may also adopt regulations only to the extent necessary to organise or specify the arrangements necessary for carrying out the tasks conferred on it by this Regulation.

To the extent necessary to carry out the tasks conferred on it by this Regulation, the ECB may require, by way of instructions, those national authorities to make use of their powers, under and in accordance with the conditions set out in national law, where this Regulation does not confer such powers on the ECB. Those national authorities shall fully inform the ECB about the exercise of those powers

Main regulatory framework

Credit institutions operating in Greece are required to:

- observe the liquidity ratios prescribed by the Bank of Greece (Act No. 2614/2009 of the Governor of the Bank of Greece, which abolished Act No. 2560/2005 and took effect on 1 July 2009, as amended by Decision No. 285/2009 of the Banking and Credit Committee and Act No. 2626/2010 of the Governor of the Bank of Greece);
- maintain efficient internal audit, compliance and risk management systems and procedures (Act No. 2577/2006 of the Governor of the Bank of Greece, as amended by Acts No. 2597/2007, 2595/2007, 2650/2012 and 2651/2012 of the Governor of the Bank of Greece and supplemented by Decisions No. 281/5/2009 and 285/6/2009 of the Banking and Credit Committee of the Bank of Greece);
- submit to the Bank of Greece periodic reports and statements (Act No. 2651/2012 of the Governor of the Bank of Greece, which replaced Act No. 2640/2011 of the Governor of the Bank of Greece);
- publish supervisory nature information mainly through the internet, while other means could also be used for this purpose (according to Act of Governor No. 2655/2012 which replaced Act No. 2592/20.8.2007);

- provide the Bank of Greece with such further information as it may require; and
- make (in connection with certain operations or activities) notifications to or request the prior approval of (as the case may be) the Bank of Greece, in each case in accordance with the applicable laws of Greece and the relevant Acts, Decisions and Circulars of the Bank of Greece (each as in force from time to time).

Under Greek Law 3601/2007, the Bank of Greece Governor's Acts and other relevant laws of Greece, the Bank of Greece, in the exercise of its control over Greek credit institutions, has the power to conduct audits and inspect the books and records of credit institutions. If a credit institution breaches any law or a regulation falling within the scope of the supervisory power attributed to the Bank of Greece, the Bank of Greece is empowered to:

- require the relevant credit institution to take appropriate measures to remedy the breach;
- impose fines (article 55A of the Articles of Association of the Bank of Greece, as amended by Act No. 2602/2008 of the Governor of the Bank of Greece);
- appoint a commissioner;
- revoke the licence of the credit institution where the breach cannot be remedied or there is a possibility of insolvency; and
- where deemed appropriate, implement the measures provided for in articles 62 etc, of Greek Law 3601/2007, as amended and currently in force.

The Bank of Greece has the power, pursuant to Greek Law 3601/2007, to impose at its discretion any of a number of measures if a credit institution is not in a position to meet the minimum capital adequacy ratios and is unable to increase its own funds. Such measures include precautionary supervisory measures (eg requiring institutions to maintain funds in excess of minimum amounts under current legislation, reviewing institutions' strategies, policies, systems and procedures) and other reorganisation measures provided for in Greek Law to address the failure of an institution to meet its capital adequacy ratios.

Greek Laws 4021/2011 and 4051/2012 have substantially amended the provisions of Greek Law 3601/2007 regarding the supervision, resolution and liquidation of credit institutions. The new provisions of Greek Law 3601/2007 in general terms: (i) reinforce the supervisory powers of the Bank of Greece in addressing an actual or potential breach by credit institutions of Greek Law 3601/2007 and the relevant decisions of the Bank of Greece; (ii) extend the role and powers of a commissioner appointed by the Bank of Greece to manage troubled credit institutions; and (iii) empower the Bank of Greece to take specific resolution measures vis-à-vis credit institutions. These provisions aim to enhance the framework for the supervision and control of credit institutions and to introduce resolution powers to the Bank of Greece in order to protect financial stability and public confidence in the Greek financial system.

Pursuant to the amended provisions of Greek Law 3601/2007 (and more specifically pursuant to articles 62A *et seq.* of Greek Law 3601/2007 as in force), the Bank of Greece has the following additional powers:

- (a) To appoint a commissioner to a credit institutions for a period of up to 12 months. This period may be extended by up to six months by decision of the Bank of Greece with a maximum duration of 18 months. The commissioner will assess the bank's situation and take any necessary next steps, either for preparing the credit institutions for any of the relevant resolution measures under the Greek Law 3601/2007 or placing it into special liquidation. By the time the credit institution is notified for the appointment of the commissioner any management act is powerless without his prior agreement, and if the Bank of Greece decides that the credit institution's operation cannot continue under the present

management, the Bank of Greece should assign the management of such credit institution to the commissioner. The commissioner will be subject to the oversight of the Bank of Greece.

- (b) To extend by up to 20 business days the period established by the commissioner for the credit institution to comply with some or all of its various obligations, if the credit institution's liquidity has been significantly reduced such that its own funds are insufficient to establish compliance during that initial period. The 20-day period may be further extended by ten business days by decision of the Bank of Greece. It should be noted that the referring extension does not activate the process of compensation to depositors and investors – clients that apply to the Greek Laws 3756/2009 and 2533/1997.
- (c) To commence certain resolution measures to ensure the financial stability of and strengthen public confidence in the Greek financial system. In particular, the Bank of Greece may:
 - (i) instruct the commissioner to proceed with a share capital increase by some specified time, with the negation of any pre-emptive rights of the existing shareholders;
 - (ii) compel the credit institution to transfer certain assets and liabilities to another credit institution or entity for consideration and by some specified time;
 - (iii) recommend that the Greek Minister of Finance establish on public interest grounds a transitional bank (the **TCI**), to which all or part of the assets and liabilities of the credit institution will be transferred. The share capital of the TCI will be fully paid by the HFSF, and the TCI will be subject to the control of the HFSF and, if the HFSF ceases to exist, of the Hellenic Republic pursuant to the provisions of Greek Law 3864/2010. The TCI may operate for a maximum period of two years, unless it is extended for two additional years by decision of the Minister of Finance, following a recommendation by the Bank of Greece.
- (d) To submit the institution under special liquidation and to appoint a liquidator to manage the credit institution, if the credit institution's licence has been withdrawn. The Credit and Insurance Committee of the Bank of Greece through its Decision No. 21/2/4.11.2011 has issued a regulation for the special liquidation of credit institutions (Government Gazette Issue 2498/4.11.2011), as was amended by No. 77/2/30.5.2013, 94/19/15.11.2013, 94/22/15.11.2013, Decisions of the Credit and Insurance Committee, which contains provisions regarding the liquidation of a credit institution.
- (e) Finally, pursuant to article 62 (on preventive supervisory measures) of Greek Law 3601/2007 the Bank of Greece may compel any credit institution that fails or may fail to comply with the requirements of the Greek Law 3601/2007 and/or the respective Acts of the Bank of Greece to take any measure at an early stage in order to confront any deficiencies or weaknesses. In the same context, and beyond the preventive measures described by Greek Law 3601/2007 (such as non-profit sharing or its restriction), the Bank of Greece may establish a recovery plan for credit institutions or may require the credit institution to establish or proceed with an increase of share capital or require the prior consent of the Bank of Greece for specific transactions that are considered to become injurious to the credit institution's creditworthiness.

The circumstances under which the Bank of Greece may take corrective measures under Greek Law 3601/2007, as amended by Greek Laws 4002/2011, 4021/2011, 4051/2012, 4063/2012, 4079/2012, 4093/2012, and 4099/2012 include, *inter alia*, the following:

- (i) if the credit institution fails or refuses to increase its Tier I capital;
- (ii) if the credit institution impedes the Bank of Greece in its oversight role in any way;

- (iii) if the credit institution commits serious or repetitive violations of Greek Law or Bank of Greece decisions, or when there are doubts with respect to the sound and prudent management of the credit institution, such that its solvency, the interests of depositors or the overall financial stability or public confidence in the Greek financial system are put at risk;
- (iv) if the credit institution has inadequate Tier I capital or is unable to service its obligations (and particularly to secure depositors' and creditors' fund);
- (v) if necessary for the protection of public confidence, particularly depositors, in the stability and proper operation of the Greek financial system;
- (vi) if necessary for the reduction of systemic risk or prevention of situations that might destabilise the Greek financial system, taking into account any prevailing credit institution and interbank market conditions; and
- (vii) if required to offer financial stability to the credit institution or to prevent the financial instability of the credit institution, in favour of the stability of the financial system.

Whenever the Bank of Greece decides that any of the above circumstances have been met in the case of a particular financial institution, it must notify the HFSF about its Decision and provide the HFSF with information about the financial situation of the credit institution, as well as any other information that the HFSF may need in order to apply any resolution measures. To this effect, the Bank of Greece and the HFSF will execute a memorandum providing the information that must be exchanged between them and the details of their cooperation.

The shareholders or the creditors of the credit institution who believe that their financial position has deteriorated following the implementation of any resolution measures according to articles 63B-63E of the Greek Law 3601/2007, as compared to the position that the credit institution may have in case of a direct special liquidation as applicable before the implementation of the Law, may request compensation from the Hellenic Republic in an amount that would restore them to the financial position they would have been in if a special liquidation had instead taken place directly.

Furthermore, according to Greek Law 2832/2000, which validated the Decision of the General Assembly of the Bank of Greece concerning amendments to its Articles of Association, in case a credit institution violates its obligations as stipulated in the Articles of Association of the Bank of Greece, the Bank of Greece as regulatory and supervisory authority, beyond its authority to impose penalties according to specific laws, has the general authority to impose penalties on credit institutions.

Amendments to the Law on Banking

Greek Law 3601/2007 transposed onto pre-existing Greek banking legislation the Directives of the European Parliament and Council 2006/48/EC relating to the taking up and pursuit of the business of credit institutions and 2006/49/EC on the capital adequacy of investment firms and credit institutions. This law was amended several times during the last year. Greek Laws 4002/2011 and 4079/2012 added provisions concerning governance and internal control systems. Specifically, credit institutions should implement remuneration policies and practices that promote sound and efficient risk management and provide sufficient information with respect to the remuneration of its staff to the Bank of Greece, according to its instructions (as explicitly stipulated in Governor's Acts No 2650/19.1.2012 and 2655/16.3.2012).

In addition to the above, Greek Law 4021/2011 transposed onto Greek banking legislation Directives 2009/111/EC of the European Parliament and Council of 16 September 2009, which amended Directives 2006/48/EC, 2006/49/EC and 2007/64/EC regarding credit institutions affiliated to central institutions, certain items of common equity, large exposures, supervisory arrangements and crisis management. As a

result, Greek Law 3601/2007 was amended as follows: (i) the level of supervisory convergence and cooperation at the EU level was enhanced by the implementation of colleges of Supervisors, implemented for the first time into Greek banking legislation for the purpose of reaching agreement on key supervisory tasks; (ii) the Bank of Greece is required to adopt standards and recommendations developed by the EBA, or to provide an appropriate explanation for not doing so; and (iii) the notion of significant branches of credit institutions was defined with respect to financial crises and systemic risk mitigation.

Greek Law 3601/2007 was also amended to enhance the supervision and control of credit institutions and to introduce resolution powers to ensure financial stability and public confidence in the Greek financial system. For this purpose the Greek Laws 4021/2011 and 4051/2012 were enacted. Specifically, Greek Law 4021/2011: (i) reinforces the Bank of Greece's supervisory powers in addressing an actual or potential breach by a credit institution and in taking any necessary or appropriate resolution measures at an earlier stage; (ii) extends the role and powers of the commissioner appointed to manage a credit institution; and (iii) empowers the Bank of Greece to take specific resolution measures vis-à-vis credit institutions. On the other hand, Greek Law 4051/2012 aims to clarify the procedures to be used to evaluate assets and liabilities and for the opening balance sheets of transitional credit institutions established in accordance with Article 63E of the Law on Banking. Moreover, Greek Law 3601/2007 as amended by Law 4172/2013 requires the establishment of a Liquidation Committee, whose opinion and authorisation is necessary to the liquidator in order to proceed with the conclusion of certain transactions.

Lastly, according to new provisions in article 27 of Greek Law 3601/2007, as amended by Greek Law 4051/2012, the Bank of Greece has the ability to determine the percentage of the total of risk-weighted assets that must be covered by a credit institution's own funds. On 28 March 2013, the Executive Committee of the Bank of Greece issued the decision 13/28.03.2013 (published in the Government Gazette issue B'708/28.03.2013), which sets the percentage of the total of risk-weighted assets that must be covered by a credit institution's own funds at 9%. The provisions of this decision came into force on 31 March 2013.

Furthermore, Greek Law 4079/2012 also amending Article 27 of Law 3601/2007 provides that credit institutions should have sufficient funds of their own to cover settlement risk exposure, not only for the trading portfolio as currently applicable, but for the entirety of their business activities. The provisions of Greek Law 4079/2012 also imposed a new obligation on credit institutions to adopt appraisal policies which will ensure that any published information will provide the market with comprehensive information and data relating to their risk profile. Otherwise, when the relevant disclosures do not communicate enough information and data about their risk profile, they must disclose the necessary data and information, which in their opinion are necessary for this purpose, in addition to those identified under criteria set by the Bank of Greece. Additionally, Law 4209/2013 requires credit institutions to disclose on an annual basis a description of their legal structure, as well as their governance and organisational structure on a group basis, disclosures which could also be made through reference to equivalent disclosures.

The Hellenic Financial Stability Fund

The Hellenic Financial Stability Fund (**HFSF**) was established by Greek Law 3864/2010 as a private law entity and it is governed by Greek Law 3864/2010, as amended mainly by Greek Laws 3870/2010, 3899/2010, 4021/2011, 4031/2011, 4051/2012, 4056/2012, 4063/2012, 4079/2012, 4092/2012, 4093/2012, 4099/2012, 4111/2013, 4138/2013, 4144/2013, 4152/2013 and 4172/2013. Although the Hellenic Republic is the sole shareholder of the HFSF, the latter is not a public sector entity or an entity of the broader public sector.

The primary objective of the HFSF is the maintenance of the stability of the Greek banking system by supporting the capital adequacy of both Greek credit institutions and subsidiaries of foreign credit institutions lawfully operating in Greece and by providing capital support to transitional credit institutions established in accordance with article 63E of Greek Law 3601/2007, pursuant to relevant amendment by Greek Law 4021/2011. In the context of fulfilling its purpose, the HFSF is required to manage its capital and assets and exercise its rights as a shareholder in a manner that protects the value of its assets, minimises risks

for Greek citizens and does not distort the competition in the banking sector. The liquidity support provided under Greek Law 3723/2008 or under the operating framework of the Eurosystem and the Bank of Greece does not fall under the scope of the HFSF. In addition, the HFSF is entitled to grant guarantees to states, international organisations or other beneficiaries, and in general to do anything required for the implementation of the Eurozone decisions related to the support of the Greek economy. Finally, the HFSF may provide guarantees to Greek credit institutions and Greek subsidiaries of foreign credit institutions, against security on its assets.

The HFSF has an initial duration until 30 June 2017 with a potential of a one-year extension in the event that there are outstanding warrants upon termination of the initial duration of the HFSF and a two-year additional extension, by decision of the Minister of Finance if this is necessary for fulfilment of its scope. Any shares or other assets remaining in the HFSF at the time it ceases its activities will be transferred to the Hellenic Republic.

HFSF's capital

The HFSF's earmarked share capital is €50.0 billion, consisting of funds raised under the Programme Agreement by virtue of Greek Law 3845/2010. It will be gradually paid in by the Hellenic Republic and shall be evidenced by instruments which shall not be transferable until the expiry of the term of the HFSF. At 31 December 2012, €42.5 billion out of the €50.0 billion had already been paid.

Organisational issues

The HFSF is managed by a seven-member General Council and a three-member Executive Committee. The General Council consists of five members (including the Chairman), having international experience in banking issues, one member being representative of the Ministry of Finance, one member proposed by the Bank of Greece, whereas the three-member Executive Committee consists of two members, including the CEO, having international experience in banking or resolution issues and one member proposed by the Bank of Greece. The members of the General Council and the Executive Committee shall be selected by a committee consisting of an equal number of representatives of the Ministry of Finance and the Bank of Greece following a public call for expression of interest and they shall be appointed by the decision of the Minister of Finance; a representative from the European Commission as well as the European Central Bank may also participate in the aforementioned committee as observers. Euro Working Group's prior consent is required for the appointment of the members of the General Council and the Executive Committee, as well as the renewal of their terms of office, excluding the appointment of the Ministry of Finance's representative in the General Council and the member nominated by the Bank of Greece. The members of both the aforementioned bodies must be reputable persons and not engaged in activities incompatible with their participation in the said bodies, set out in article 4 paragraph 7 of Greek Law 3864/2010, as in force.

The term of the members of the General Council and the Executive Committee is five years, renewable until 30 June 2017.

The members of the General Council and the Executive Committee, except for the representative of the Ministry of Finance, operate with full autonomy in the exercise of their powers and do not seek for or receive mandates from the Hellenic Republic or other governmental entity or financial institution supervised by the Bank of Greece and they are not subject to any influence whatsoever. The General Council provides information, at least twice a year and in any other case deemed necessary, to the Minister of Finance, the European Commission and the European Central Bank regarding the progress of its mission. The General Council informs, via prospectuses issued every two months, the Minister of Finance who is further informed by the Chairman and the Managing Director, following prior request.

Provision of Capital Support by the HFSF

Generally

Under Greek Law 3864/2010 the capital support provided by the HFSF would be through the subscription by the HFSF of new common shares, contingent convertible securities and other convertible financial instruments issued by the eligible credit institutions in order to meet the capital requirements set by the Bank of Greece.

The HFSF subscribed in the recapitalisation share capital increases of the four systemic banks with EFSF bonds.

The recapitalisation of all four systemic Greek banks (namely Alpha Bank SA, Eurobank Ergasias SA, the Bank and Piraeus Bank SA) was completed in the summer of 2013, through the issuance of common shares only.

In the context of the recapitalisation the Bank succeeded in raising the minimum 10.0% threshold of the aggregate share capital increase from private investors, with the HFSF providing the balance. As a result the HFSF's voting rights are limited to resolutions amending the Bank's articles of association, share capital increases and decreases (and granting relevant authorisations to the Board of Directors of the Bank), mergers, divisions, corporate conversions, revivals, extension of the term of the Bank's duration, dissolution of the Bank and transfer of assets, including the sale of subsidiaries or other matter requiring qualified majority under the Bank's articles of association or the law.

Warrants

Due to the Bank's meeting the 10.0% private investment threshold, the HFSF issued warrants for the ordinary shares which it took up; the warrants were allocated at no cost to all private investors who participated in the recapitalisation share capital increase, pro rata to their participation in such capital increase.

The terms of issuance of the warrants are governed by Greek Law 3864/2010 and Cabinet Act No. 38 Each warrant enables the holder thereof to purchase from the HFSF a predetermined number of the respective credit institution's ordinary shares held by the HFSF. The warrants are transferable registered securities, independently listed freely traded on the ATHEX in euros. There was only one issue of warrants per bank, following completion of its recapitalisation share capital increase.

The holders of the warrants do not have voting rights. The number of ordinary shares corresponding to each warrant will be adjusted accordingly in the case of corporate events or pursuant to a right of the HFSF to dispose of HFSF shares and shall be announced by the Bank on its website and in the official daily bulleting of the ATHEX. At the time of exercise, any fractional shares corresponding to the warrants of the same holder being exercised will be aggregated and rounded down to the nearest integral number.

The exercise price of the warrants will be equal to the price that the HFSF paid for acquiring each of the Bank's shares at the recapitalisation, plus accrued interest calculated by application of an annual interest rate of 3.0% increased by a spread of:

- 1.0% for the first year from the warrants issue date;
- 2.0% for the second year;
- 3.0% for the third year;
- 4.0% for the fourth year; and

- 5.0% for the remaining time,

over the number of HFSF Shares that the warrant holder is entitled to purchase by exercising its purchase right.

The warrants exercise price will be adjusted accordingly in case of corporate events and will be announced by the Bank on its website and in the official daily bulletin of the ATHEX, respectively.

Subject to the paragraph below with respect to the right of the HFSF to dispose of underlying ordinary shares of the Bank, warrants can be exercised by their holders every six months, starting from the date that falls six months from the warrants issue date until the date that falls 54 months from the warrants issue date. Warrants not exercised within this period shall lapse and shall be cancelled by the HFSF. For a period of 36 months from the warrants issue date, the HFSF is not allowed to transfer the ordinary shares underlying the warrants, unless such transfer occurs due to the exercise of a warrant.

The date of first exercise for the Bank's warrants was 27 December 2013, on which 31,046 warrants were exercised, corresponding to 255,410 common shares, and equivalent to 0.011% of the total share capital of NBG. Accordingly, the warrants currently outstanding amount to 245,748,580 and correspond to 2,022,323,827 shares of the Bank that are owned by the HFSF.

After this period and until the expiration of the warrants, the HFSF shall be entitled to transfer the underlying ordinary shares provided that it has announced to the holders of the warrants its intention to transfer a specific number of underlying ordinary shares to third parties and has given prior notice of not less than 30 calendar to the warrant holders inviting them to:

- (a) acquire the transferable shares at a price per ordinary share equal to the lower of:
 - (i) the exercise price; and
 - (ii) the volume-weighted average stock exchange price of the ordinary shares during the 50 trading days period preceding the above notice; and/or
- (b) exercise their warrants with respect to the underlying ordinary shares not being transferable shares at a date not being a scheduled exercise date (the **Extraordinary Exercise Date**).

Following the disposal of the transferable shares by the HFSF, the number of ordinary shares underlying each warrant shall be adjusted accordingly, and the HFSF shall not be obliged to indemnify the warrant holders for this reason. If the disposal of the transferable shares has not been wholly or partially completed by the HFSF within six months from the Extraordinary Exercise Date, then the HFSF shall not be allowed to transfer the underlying ordinary shares to third parties, unless it repeats the procedure set out above. For six months after the Extraordinary Exercise Date, the exercise of the warrants will be suspended, however, warrant holders will be entitled to exercise their warrants at the Extraordinary Exercise Date and the date falling six months thereafter.

Presubscription Agreement

The 15th Act of Cabinet dated 3 May 2012 defined the minimum terms of the presubscription agreements that were concluded on 28 May 2012 between the HFSF, the Greek systemic credit institutions and the EFSF pursuant to article 6 par. 10 of Greek Law 3864/2010 as follows:

- The obligation of the credit institution to proceed with the share capital increase through the issuance of ordinary shares or contingent convertible securities or other convertible financial instruments according to the provisions of Greek Law 3864/2010 and Cabinet Act 38/9.11.2012, proceeding, if applicable, with a prior reduction of the share capital and the number of existing shares.

- The amount of the HFSF contribution to be paid in advance with respect to the forthcoming share capital increase of the credit institution through EFSF securities.
- The commitment of the parties to observe the state aid rules and the relevant decisions of the Directorate General for Competition of the European Commission with respect to the compatibility of the contribution of the securities with the internal market as for the calculation method of the securities' value and their anticipated return.
- The acceptance by the credit institution of the terms of use of the contributed securities exclusively for liquidity purposes through sale and repurchase transactions with market counterparties or in the Eurosystem.
- The safeguarding of the HFSF's rights according to article 6 par. 9 of Greek Law 3864/2010 during the period which follows the contribution of the HFSF's advance until the certification of the payment of the share capital and the taking by the credit institution of the required corporate resolutions or approvals for the implementation of the relevant decisions, especially the appointment of up to two representatives of the HFSF on the credit institution's board of directors.
- The undertaking by the credit institution of the obligation to cover the cost and any expenses regarding the implementation of the presubscription agreement and the advance payment, including tax liabilities.
- Upon completion of the share capital increase, in case of transfer by the HFSF of securities issued by the credit institution, the right of the HFSF and EFSF to claim the retransfer of EFSF's securities through unilateral written declaration addressed to the credit institution.
- The right of the HFSF and EFSF to claim the assignment of the right of the credit institution to repurchase the EFSF's securities through unilateral written declaration addressed to the credit institution.
- The prior consent of HFSF to any announcement regarding the presubscription agreement and any actions provided therein.
- The right of the HFSF to offer to EFSF as security the assignment of any claims arising out of the presubscription agreement.
- The right of the HFSF to claim from the credit institution the return of the advance payment in case of non-completion of the share capital increase, as well as in cases where (a) any of the conditions for deposit of the advanced contribution by the HFSF are not being met or (b) there is a violation of the credit institution's obligation to proceed with the capital increase, according to the above-mentioned.
- The undertaking by the credit institution of the obligation to avoid any action that may cause a dilution of the HFSF's participation in the credit institution's share capital, save for those provided in the business plan of the credit institution of Article 6 par. 2 of Law 3864/2010 or in case of HFSF's written consent, and the maintenance of such restrictions for a period of at least 18 months after the capital increase.
- The rights and the obligations that continue to exist after the end or the termination of the presubscription agreement.
- The agreement upon the legal force, the binding force and the enforceability of the presubscription agreement.

- Any other terms, standard in agreements of similar content.

Finally, under Greek Law 3864/2010 the credit institutions that have received capital support by the HFSF, are not entitled to buy back their shares without HFSF approval, for as long as the HFSF continues to hold a stake in their share capital.

In addition, credit institutions that received capital support from the HFSF were required in December 2012 to pay to the HFSF a lump sum amounting to €555.6 million, according to Greek Law 4093/2012, which amended Greek Law 3864/2010 and in this context the Bank was required to pay to the HFSF the amount of €115.6 million.

Disposal of shares and bonds by the HFSF

Subject to the limitations included in the terms of the warrants as specified in art. 3 of Cabinet Act 38/2012, the HFSF will decide on the way and procedure for disposing of its shares at a time it deems appropriate and in any case within five years from its participation in the increase of the credit institution's capital increase, in case the participation of the private sector investors in the share capital increase is at least equal to 10% of the amount of the share capital increase (or more, provided that the relevant Decision of the Minister of Finance is issued) and if the above do not apply, within two years from its participation in the increase of the credit institution's capital. The disposal may take place gradually or one-off, at the HFSF's discretion, so long as all shares are disposed of within the time limits referred to above. The disposal of shares within the time limits stipulated above may not be made to any entity belonging directly or indirectly to the Hellenic Republic, in accordance with Greek Law. The disposal shall be carried out with a view to protect the interests of the Hellenic Republic, to strengthen the financial stability and ensure a level playing field in the financial sector. The Minister of Finance, following a proposal by the HFSF, can extend these periods.

It is expected that Greek Law 3864/2010 will be amended to allow more divestment options to the HFSF; however no formal announcements as regards the content of the proposed amendments were made prior to the date of this Base Prospectus.

Powers of the HFSF representative

The HFSF's representative has the following powers according to the provisions of Greek Law 3864/2010 as in force on the date of this Base Prospectus:

- to convoke the General Meeting of Shareholders of the Bank, where the deadline for convoking the General Meeting and any Repeat General Meeting is reduced to one-third of the deadline provided by the Greek Company Law 2190/1920;
- to veto any decision of the Bank's Board of Directors:
 - (a) regarding the distribution of dividends and the remuneration policy concerning the Chairman, the Managing Director and the other members of the Board of Directors as well as the general managers and their deputies; or
 - (b) where the decision in question could seriously compromise the interests of depositors, or impair the Bank's liquidity or solvency or its overall sound and smooth operation (including business strategy, and asset/liability management);
- to request an adjournment of any meeting of the Bank's Board of Directors for three business days in order to get instructions from the HFSF's Executive Committee, following consultation with the Bank of Greece;
- to request the convocation of the Board of Directors of the Bank;

- to approve the appointment of the Chief Financial Officer of the Bank; and
- to have unlimited access to the Bank's books and records for the purposes of Greek Law 3864/2010 with consultants of their choice.

During the execution of his tasks, the HFSF's representative is taking into consideration the autonomy of the credit institution's business.

The capacity of the HFSF's representative is incompatible with the capacity of the Hellenic Republic representative according to article 1 par. 3 of the Greek Law 3723/2008. The obligations in order to avoid conflict of interests and good faith as defined in the article 16B of the Greek Law 3864/2010 are applied to the HFSF's representatives on the credit institution's Board of Directors.

Following the provisions of the Memorandum of Economic and Financial Policies (**MEFP**), the RFA has been in force since 10 July 2013 and determines the relationship between the Bank and the HFSF and the matters related to, amongst others:

- (a) the corporate governance of the Bank;
- (b) the development and approval of the Restructuring Plan;
- (c) the material obligations of the Restructuring Plan and the switch of voting rights;
- (d) the monitoring of the implementation of the Restructuring Plan and the Bank's ensuing risk profile; and
- (e) the HFSF's consent rights.

PSI

Within the context of implementation of the PSI that took place in the first quarter 2012, several legislative acts were enacted.

First, Greek Law 4046/2012 was enacted on 14 February 2012 and its purpose was to enable the voluntary bond exchange between the Hellenic Republic and certain private sector investors, as described in the statement of the Euro Summit dated 26 October 2011 (Government Gazette Issue 28 A/14.02.2012).

Moreover, Greek Law 4050/2012 (Government Gazette Issue 36 A/23.02.2012) on the rules for the amendment of debt securities issued or guaranteed by the Hellenic Republic with the bondholder's agreement, which became effective on 23 February 2012, introduced a legal framework to amend the eligible debt securities. Based on the above mentioned law, the Hellenic Republic sought the consent of holders of Greek Law governed debt securities, issued or guaranteed by the Hellenic Republic prior to 31 December 2011, for the amendment of these debt securities. The proposed amendments provided for the redemption of the affected debt securities in exchange for new ones issued by the Hellenic Republic and EFSF. Ministerial Council Act No. 5 on 24 February 2012, amongst others, provided for the commencement of the amendment process of eligible debt securities by the bondholders and set the principal or the notional amount, duration as well as governing law of the new debt securities to be issued by the Hellenic Republic. Furthermore, the Public Debt Management Agency was authorised to issue one or more invitations on behalf of the Hellenic Republic. Under these invitations the bondholders of eligible debt securities were invited to decide within a specified period of time whether to accept or not the amendment of the eligible debt securities, as proposed by the Hellenic Republic and in accordance with the process stipulated by Greek Law 4050/2012. The invitations, according to Greek Law 4052/2012, included, *inter alia*, terms relevant to the eligible bonds and other terms such as subdivisions of the bonds, grace period, currency, terms and methods of payment,

repayment and repurchase, termination reasons, negative obligations of the issuer (negative pledges), rights and obligations of the trustee acting for the bondholders, etc.

In addition to the above, it should be noted that under the collective action clauses, the proposed amendments would become binding upon the holders of all the Hellenic Republic's Greek-law governed debt securities issued prior to 31 December 2011 identified in the Act No. 5 of the Ministerial Council approving the PSI invitations, if at least two-thirds by face amount of a quorum of these bonds, voting collectively without distinction by series, approved the proposed amendments.

The publication in the Government Gazette (Issue A. 50 dated 9 March 2012) of the decision of the Ministerial Council Act No. 10 dated 9 March 2012 followed. According to this Act, the Bank of Greece, as process manager, confirmed and ratified the decision of the bondholders of eligible debt securities to consent to the proposed amendments in accordance with Greek Law 4050/2012, Ministerial Council Act No. 5 and the relevant invitations. As a result, according to the provisions of Greek Law 4052/2012 this decision applies vis-à-vis any third party, binds all holders of eligible debt securities and supersedes all contrary provisions of law or contractual terms.

Additionally, the Hellenic Republic, after the confirmation and certification by the Bank of Greece, accepted the consents received and amended the terms of all of its Greek law-governed bonds, including those not tendered for exchange pursuant to the invitations, since the above-mentioned quorum, in relation to the participation of the Bondholders in the decision-making process, was achieved. Subsequently Ministerial Decision No. 2/20964/0023A was issued for the implementation of the amendment procedure of the eligible debt securities and the issuance of new bonds and GDP linked securities. The above-mentioned Ministerial Decision provided the details of the new debt securities as well as a list with the ISIN numbers of all the new debt securities, their duration and worth. Moreover, individual bondholders were called to convert their titles. Lastly, it should be underlined that the new bonds and the GDP-linked securities are admitted for trading on the Electronic Secondary Securities Market operated by the Bank of Greece.

Interest rates

Under Greek Law, interest rates applicable to credit institution loans are not subject to a legal maximum, but they must comply with certain requirements intended to ensure clarity and transparency, including with regard to their readjustments. Specifically, Act of the Governor of the Bank of Greece No. 2501/31.10.2002 regarding customers' information requirements on the terms of their transactions provides that credit institutions operating in Greece should, *inter alia*, determine their interest rates in the context of the open market and free competition rules, taking into consideration the risks undertaken on a case-by-case basis, potential changes in the financial conditions and data and information specifically provided by the parties for this purpose. Furthermore, Decision of the Banking and Credit Committee of the Bank of Greece No. 178/19.7.2004 clarifies Acts of the Governor of the Bank of Greece Nos. 1087/1987, 1216/1987, 1955/1991, 2286/1994, 2326/1994 and 2501/2002 concerning, among other things, the determination of interest rates and customer information requirements. Specifically, this decision expressly provides that the determination of the maximum limit for banking interest rates by administrative authorities, or their correlation with the maximum limit for non-banking interest rates, is not comparable with the principles governing the monetary policy of the European Central Bank's system. Banking interest rates are freely determined taking into consideration the estimated risks on a case-by-case basis, the current conditions on financial markets and the overall operational liabilities of credit institutions. Limitations apply to the compounding of interest. In particular, the compounding of interest with respect to credit institution loans and credits only applies if the relevant agreement so provides and is subject to limitations that apply under article 30 of Greek Law 2789/2000 (as amended by article 42 of Greek Law 2912/2001 and article 47 of Greek Law 2873/2000) and article 39 of Greek Law 3259/2004 (as supplemented by article 8 of Greek Law 3723/2008). It is also noted that with respect to interest rates of loans and other credits, Greek credit institutions must also apply article 88 of Greek Law 3601/2007.

Secured Lending

The provisions of legislative decree 17.7/13.08.1923 regulate issues regarding the granting of loans secured by *in rem* rights. Since 1992, article 26 of Greek Law 2076/1992, as amended by Greek Law 3601/2007 has permitted credit institutions to grant to customers loans and credit that are secured over real estate and movable assets of the debtor (including cash).

Mortgage lending is extended mostly on the basis of mortgage pre-notations, which are less expensive and easier to record than mortgages and may be converted into full mortgages upon final non-appealable court judgment.

Restrictions on the Use of Capital

The compulsory commitments framework of the Bank of Greece has been amended in line with Eurosystem regulations. Effective as of 10 July 2000, commitment ratios are determined by category of deposits to clients instead of a single ratio of 12% previously in force for commercial credit institutions. The commitment ratio is 1% from January 2012 for all categories of deposits to clients comprising the commitment base, with the exception of the following categories to which a zero ratio applies:

- deposits with agreed maturity over two years;
- deposits redeemable at notice over two years;
- repos; and
- debt securities with agreed maturity over two years.

This commitment ratio applies to all credit institutions.

Restrictions on Enforcement of Granted Collateral

According to Greek Law 3814/2010 the forced auctions initiated either by credit institutions or by companies providing credit or by their assignees to satisfy claims not exceeding €200,000 were suspended until and including 30 June 2010. Following successive extensions that were granted pursuant to the relevant provisions (article 40 of Greek Law 3858/2010, article 1 of Greek Law 3949/2011, article 46 of Greek Law 3986/2011, article 1 of Greek Law 4047/2012 and article 1 of Greek Law 4128/2013), the above suspension was extended until 31 December 2013. As at 31 December 2012, outstanding balances that could be subject to this treatment were €1,200.2 million. Pursuant to a temporary suspension imposed by Law 4224/2013, which is set to expire on 31 December 2014, auctions in Greece against real estate property that constitutes the primary residence of the debtor are prohibited if the following conditions are met:

- (a) The “objective” value of the real estate property does not exceed €200,000;
- (b) The annual declared income of the debtor, excluding social security contributions, income tax and the one-off solidarity contribution, does not exceed €35,000;
- (c) The total value of the debtor’s property, both movable and immovable, does not exceed €270,000; and
- (d) The total value of the debtor’s deposits and investments in securities, both in Greece and abroad, does not exceed €15,000, as at 20 November 2013, excluding any periodic payments under pension and insurance plans.

The aforementioned amounts are increased by 10% in the case of debtors who have three or more children or who are handicapped.

Debtors whose primary residences are protected have the obligation to provide to their creditors a declaration with certain information, including their contact details and certain financial information. Furthermore, during the auction ban, creditors may address to the debtor a request for the provision of certain documents provided for by law, evidencing the debtor's financial situation, which the debtor must provide within one month from receipt of such request. Failure to comply with the aforementioned deadlines would result in the lifting of the ban with respect to the debtor and the claim in question.

During the ban, debtors have the obligation to pay to their creditor (or pro rata to their creditors, if more than one) a monthly installment, which may not exceed 10% of their net income up to €15,000, and 20% on the part of their net income which exceeds €15,000, if any. The aforementioned threshold is increased to €20,000 in case of debtors who have three or more children or who are handicapped, while unemployed debtors or debtors whose income does not exceed the amount of the unemployment benefit may be fully exempted from payment. For debtors who are not unemployed, under a dependent employment contract with the private or public sector, pensioners or salaried, the monthly installment amount, calculated as above, cannot be less than 20% of the last non-overdue installment paid to their creditor(s).

Any payments made during the ban are deducted from the balance of the debt. However, a failure to pay a total of three monthly installments would result in the lifting of the ban with respect to the debtor and the claim concerned. Finally, as long as the debtor's primary residence is protected under the law, the ban extends automatically to auctions against the primary residence of any guarantor(s) with respect to the debt in question.

Furthermore, enforcement of collateral has been affected by Greek Law 3869/2010 regarding restructuring of individuals' debt through a court application. As at 31 December 2011, customers that had applied to the court under the provisions of Greek Law 3869/2010 had outstanding balances of €286 million and as at 31 December 2012 were €839 million.

Capital Adequacy

In June 2006 the Basel Committee issued a revised capital adequacy framework and, in June 2006, the Basel Committee issued its final proposals on capital standards, known as "Basel II". Basel II promotes the adoption of certain enhanced risk management practices. It introduces conceptually sound approaches for the calculation of capital requirements that take into account the sophistication of risk management systems and methodologies applied by credit institutions.

The revised framework retains key elements of the 1988 capital adequacy framework, including the general requirement for credit institutions to hold an 8.0% own funds to risk-weighted asset ratio, the basic structure of the 1996 Amendment regarding the treatment of market risk and the definition of assets eligible for own capital purposes.

A significant innovation of the revised framework is the greater use of assessments of risk provided by credit institutions' internal systems as inputs to capital calculations. In taking this step, the framework also puts forward a detailed set of minimum requirements designed to ensure the integrity of these internal risk assessments. The revised framework introduces capital requirements for operational risk and directs credit institutions to establish an internal capital adequacy assessment process. This process takes into account market, credit and operational risks as well as other risks, including, but not limited to, liquidity risk, concentration risk, interest rate risk in the credit institution's investment portfolio, country risk, business risk and strategic risk.

The revised framework provides a range of options of escalated sophistication for the determination of the capital requirements for credit and operational risk. Various options allow credit institutions and supervisors

to select those approaches that are most appropriate for their own operations and the structure of their capital. Furthermore, Basel II significantly enhances the requirements for market disclosures on both quantitative and qualitative aspects of risk management practices and capital adequacy.

The Basel II framework was implemented in the EU in June 2006 by means of EU Directives 2006/48/EC and 2006/49/EC. These EU directives were transposed in Greece in August 2007 by means of Greek Law 3601/2007. Following the adoption of Greek Law 3601/2007 on 20 August 2007, the Governor of the Bank of Greece issued ten Governor's Acts relating to the implementation of Basel II. On 9 November 2007, the Bank applied to the Bank of Greece requesting authorisation to implement the Basel II capital adequacy framework. Specifically, the Bank of Greece's approval was sought for permission to use:

- the Foundation Internal Ratings-Based Approach (**FIRB**) with respect to its exposures to corporate customers, including specialised lending exposures; and
- the Internal Ratings-Based Approach (**IRB**) with respect to its mortgage loan portfolio, i.e., "receivables from individual customers, fully covered with real estate", as defined in Bank of Greece Governor's Act 2589/2007, Section, §9a.

Approval was granted by the relevant Bank of Greece authority in charge of credit institution supervision.

The Bank is in compliance with the Basel II regulations and consistently applies all relevant rules and guidelines at a Bank and Group level. The Bank uses both the option for gradual implementation of IRB in its portfolios and the option for permanent exemption of certain categories of exposures from the application of IRB.

The Bank has developed a comprehensive and well-documented roll-out plan that should enable the Group to gradually implement IRB with respect to the aggregate loan exposures included in the banking book (except those permanently exempted).

In 2008, the European Commission submitted a Proposal for a Directive of the European Parliament and the European Council amending Directives 2006/48/EC and 2006/49/EC regarding credit institutions affiliated with central institutions, certain own funds items, large exposures, supervisory arrangements and crisis management which led to the adoption of Directive 2009/111/EC of the European Parliament and of the Council, and Directives 2009/27/EC and 2009/83/EC (**CRD II**) as regards technical provisions concerning risk management. On 24 November 2010, EU Directive 2010/76/EC (**CRD III**) was issued amending Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies. This Directive introduces a number of changes in response to the recent and current market conditions, such as:

- increase of capital requirements for market risk in the trading book under the use of Internal Models taking into account potential losses from adverse market movements in stressed conditions;
- increase of capital requirements under the Standardised Approach for specific market risk of positions in equities held in the trading book;
- imposition of higher capital requirements for positions in re-securitisations; and
- restriction on the remuneration payable to individuals fulfilling roles with potential impact on a credit institution's risk profile.

The Hellenic Republic incorporated the new regulations through the Greek Laws 4002/2011 and 4021/2011, as well as the publishing of 11 Acts of Bank of Greece Governor, part of which are 2635/2010, 2645/2011 and 2646/2011.

In December 2010, the Basel Committee issued two prudential framework documents (“Basel III: A global regulatory framework for more resilient credit institutions and banking systems”, December 2010 and “Basel III: International framework for liquidity risk measurement, standards and monitoring”, December 2010) which contain the Basel III capital and liquidity reform package. The so-called Basel III documents were revised in June 2011. Furthermore, the European Parliament and the Council of Europe issued and published a new version of the directive, CRD IV, which incorporates the amendments that have been proposed by the Basel Committee (**Basel III**). CRD IV was finalised in June 2013. According to the documents the proposed changes shall be implemented gradually (“phase in-arrangements”) from 2013 to 2019. Some major points of Basel III include:

- *Quality and Quantity of Capital.* The Basel Committee revised the definition of regulatory capital and its components at each level. It also proposed a minimum Common Equity Tier I Ratio of 4.5% and Tier I Ratio of 6.0%, and introduced a requirement for non-Core Tier I and Tier II capital instruments to have a mechanism that requires them to be written off on the occurrence of a bail-out of the institution, which would apply to internationally active credit institutions;
- *Capital Conservation Buffer.* In addition to the minimum Common Equity Tier I Ratio and Tier I Ratio, credit institutions will be required to hold an additional buffer of 2.5% of common equity as capital conservation buffer. Depletion of the capital conservation buffer will trigger limitations on dividends, distributions on capital instruments and compensation and it is designed to incentivise credit institutions to operate above their minimum requirements;
- *Deductions from Common Equity Tier I.* The Committee revises the definition of items that should be deducted from regulatory capital. In addition, most of the items that are now required to be deducted from regulatory capital will be deducted in whole from the Common Equity Tier I component;
- *A Grandfathering Period for existing non-common Equity Tier I and Tier II equal to the Shorter of ten years or the Step-up Date.* Capital instruments that no longer qualify as non-common equity Tier I capital or Tier II capital will be phased out over a ten-year horizon beginning 1 January 2013. The regulatory recognition of existing capital instruments will be reduced by 10.0% in each subsequent year. Step-up instruments will be phased out at their effective maturity date (i.e. their call and step-up date) if the instruments do not meet the new criteria for inclusion in Tier I or Tier II. Existing public sector capital injections will be grandfathered until 1 January 2018;
- *No Grandfathering for Instruments issued after 12 September 2010.* Only those instruments issued after 12 September 2010 will likely qualify for the transition arrangements discussed above;
- *Countercyclical Buffer.* To protect the banking sector from excess aggregate credit growth the Basel Committee proposes an additional buffer of 0-2.5% of Common Equity Tier I, to be imposed during periods of excess credit growth, according to national circumstances. The countercyclical buffer, when in effect, will be introduced as an extension of the conservation buffer range;
- *Forward-looking provisioning.* The Committee is promoting stronger provisioning practices through three related initiatives. First, it is advocating a change in the accounting standards towards an expected loss (**EL**) approach. Second, it is updating its supervisory guidance to be consistent with the move to such an EL approach. Third, it is addressing incentives to stronger provisioning in the regulatory capital framework;
- *Central counterparties.* To address the systemic risk arising from the interconnectedness of credit institutions and other financial institutions through the derivatives markets, the Basel Committee is supporting the efforts of the Committee on Payments and Settlement Systems (**CPSS**) and International Organisation of Securities Commissions (**IOSCO**) to establish strong standards for financial market infrastructures, including central counterparties (**CCPs**). A 2.0% risk-weight factor

is also introduced to certain trade exposures to qualifying CCPs (replacing the current 0% risk-weighting). The capitalisation of credit institution exposures to CCPs will be based in part on the compliance of the CCP with the IOSCO standards (since non-compliant CCPs will be treated as bilateral exposures and will not receive the preferential capital treatment referred to above). As mentioned above, a credit institution's collateral and mark-to-market exposures to CCPs meeting these enhanced principles will be subject to 2.0% risk-weight, and default fund exposures to CCPs will be capitalised based on a risk-sensitive waterfall approach;

- *Downturn Probability of Default.* The Committee has reviewed a number of additional measures that supervisors could take to achieve a better balance between risk sensitivity and the stability of capital requirements, should this be viewed as necessary. In particular, the range of possible measures includes an approach by the EBA to use the Pillar II process to adjust for the compression of probability of default ("PD") estimates in internal ratings-based capital requirements during benign credit conditions by using the probability of default estimates for a credit institution's portfolios in downturn conditions;
- *Asset value correlation multiplier for large financial institutions.* A multiplier of 1.25 is proposed to be applied to the correlation parameter of all exposures to financial institutions meeting particular criteria that are specified by the Committee;
- *Counterparty Credit Risk.* The Committee is raising counterparty credit risk management standards in a number of areas, including for the treatment of so-called wrong-way risk, i.e. cases where the exposure increases when the credit quality of the counterparty deteriorates. For example, the proposal includes a capital charge for potential mark-to-market losses (ie CVA risk) associated with a deterioration in the creditworthiness of a counterparty and the calculation of Expected Positive Exposure by taking into account stressed parameters;
- *Leverage Ratio.* The Basel Committee confirmed its previously declared commitment to an unweighted Tier I leverage ratio of 3% that will apply for all credit institutions as part of the Pillar II framework from 1 January 2013 with a view towards migrating the ratio to a Pillar I minimum requirement by 2018 (subject to any final adjustments);
- *Systemically Important Banks.* Systemically important credit institutions should have loss-absorbing capacity beyond the minimum standards and work on this issue is ongoing. The Basel committee and the Financial Stability Board are developing a well integrated approach to systemically important financial institutions which could include combinations of capital surcharges, contingent capital and bail-in debt; and
- *Liquidity Requirements.* The Basel Committee confirmed its previously declared commitment to introduce a liquidity coverage ratio (which is an amount of unencumbered, high quality liquid assets that must be held by a credit institution to offset estimated net cash outflows over a 30 day stress scenario) from 1 January 2015 and a net stable funding ratio (which is the amount of longer-term, stable funding that must be held by a credit institution over a one year timeframe based on liquidity risk factors assigned to assets and off-balance sheet liquidity exposures) from 1 January 2018.

Settlement of business and corporate debts

Greek Law 3816/2010, was passed in January 2010 and, among other issues, allowed the settlement of professional and corporate debts, which were either due (from 1 January 2005 onwards) or not due to credit institutions by individuals or legal persons. To take advantage of the relevant provisions, an application must have been submitted by the debtor to the relevant credit institution by 15 April 2010.

In particular, the law provides, among other things, that:

- compound and delinquent interest not paid by 26 January 2010, is written off for loans or credit up to €1.5 million which became due between 30 June 2007 and 26 January 2010. The duration of repayment of the above debts depends on certain factors including without limitation whether the relevant agreement has been terminated or whether a debit-and-credit account has been opened. For the first two years of the settlement period only interest is paid. Also, the security already created remains in force; and
- for loans or credit for corporate, professional or agricultural purposes which became due between 1 January 2005 and 30 June 2007, there is an additional requirement to pay an amount equal to 10% of the outstanding balance excluding compound and delinquent interest by 15 May 2010.

Enforcement proceedings have been suspended until 31 July 2010, when an application has been submitted by the debtor.

Greek Law 3816/2010 also allows the settlement of debts from loans corporate, professional or agricultural purposes which are not yet due and the outstanding balance of which does not exceed €350,000. The settlement arrangement may provide for a grace period of up to one year, with no interest and capital payment with a corresponding extension of the contractual term of the loan and capitalisation of the interest at the end of the grace period, or a two-year suspension of the capital payment with a corresponding extension of the contractual term of the loan or a three-year extension of the contractual term of the loan.

Settlement of amounts due by indebted individuals

On 3 August 2010, Greek Law 3869/2010 was put in force with respect to the “settlement of amounts due by indebted individuals” and was modified mainly by Greek Laws 3996/2011 and 4161/2013. The law allows the settlement of amounts, due to credit institutions by individuals evidencing permanent inability to repay their debts, by arranging the partial repayment of their debts for three to five years and writing off the remainder of their debts, provided the terms of settlement are agreed. All individuals, both consumers and professionals, are subject to the provisions of the law, with the exception of individuals already subject to mercantile law.

This relevant regulatory regime, as amended by Greek Law 3996/2011 and 4019/2011, allows the settlement of all amounts due to credit institutions (consumer, mortgage and commercial loans), as well as those due to third parties with the exception of debts from intentional torts, administrative fines, monetary sanctions, debts from taxes and charges due to the state or levies to Social Security funds. Furthermore, it should be noted that the above exceptions from settlement loans granted from Social Security funds under the provisions of articles 15 and 16, Greek Law 3586/2007 should be added.

Debts must have been contracted more than one year before the application date and relief from debts may be used only once, according to the provisions of the Greek Law 3869/2010. According to Greek Law 3869/2010, the procedure has three steps: 1) Out of Court Settlement; 2) In-Court Compromise; 3) Judicial settlement–debts discharge. Nevertheless, according to Law 4161/2013, the Out of Court Settlement is no longer more a prerequisite in order to proceed with the petition. Out of Court Settlement was replaced by a discretionary mediation procedure.

It should be noted that according to Article 11 of Greek Law 4161/2013 credit institutions must deliver a full credit analysis of their claims (including capital, interest and expenses as well as the interest rate), free of charge, within ten working days from the debtor’s request, and inform at the same time the debtor about the amount that corresponds to 10% of the last performing instalment.

The debtor may apply to the local Justice of the Peace Court (*Eirinodikeio*) and present evidence regarding their property, the state of their creditors and their creditors’ claims by capital, interest and expenses, as well as the settling debt plan. Creditors’ claims that have not been included in the debtor’s list of creditors in such court are not affected.

According to Greek Law 4161/2013, at the day of the submission of the petition, two hearings are set. The first hearing concerning the petition is set obligatorily within six months from its submission. The second hearing is set within two months from the submission and until this hearing the execution measures and any change to the debtor's actual or legal situation are suspended. At this hearing the judge will verify the outcome of the settlement or if a settlement is not achieved, the judge on the day of the hearing can impose a suspension of the execution measures and prohibition on asset disposal. Additionally the judge can impose on the debtor the obligation to pay monthly instalments until the issuance of the final decision on the petition. The amount cannot be less than the amount corresponding to 10% of the instalments the debtor had to pay to all the creditors at the day of the submission of the petition (not less than €40 per month). In case the debtor intentionally delays the payment of the set instalments for more than three months the court may order cancellation of the settlement plan, upon the application of any creditor submitted within four months of the breach.

If the settlement plan is not accepted by the creditors, or the requirements for the substitution of consent of the creditors who do not agree are not met, the procedures for the judicial debt discharge are activated. In that case, the court proceeds with issuing its ruling on the petition. If the court rules that the debtor's property and income are inadequate after taking into consideration the spousal contribution, in conjunction with the personal circumstances of the debtor and his family, it will identify a specified amount that the debtor has to pay, on a monthly basis for a period of three to five years directly to his creditors (except if the court rules otherwise). In that case all the creditors are ranked *pari passu*. In exceptional cases (eg permanent unemployment or severe health problems of the debtor), the court can define very low monthly or zero amount payments. In that case the court can set a new hearing (not within the next five months) in order to modify the monthly payment plan. The amount of settlement may be modified by a new Court ruling, in the event of subsequent facts or changes in the debtor's property or income status. It is noted that during the period of the settlement the debtor is obliged to inform the court about any changes concerning his address, his employer and any substantial improvement of his income or his assets and to remain employed and if unemployed to make reasonable efforts to seek to be employed in suitable work.

If the court rules that liquidation of the property of the debtor is required, it proceeds with the appointment of a liquidator. Secured creditors are satisfied according to their privilege from the product of the liquidation. However, it is possible for the debtor to submit a liquidation proposal requesting the exemption of its main residence from the property under liquidation, provided that the main residence does not exceed the tax free property size set by the tax laws for the acquisition of a first residence plus 50%. In this case the debtor undertakes the obligation to repay debts corresponding to 80% of the objective (tax) value of his or her main residence at a floating or fixed, according to the stipulations of article 85 of Greek Law 3996/2011, interest rate and for a period of up to 20 years, unless the repayment period was longer according to the loan contract. However, even in that case the duration of the settlement cannot exceed a period of 35 years.

It should also be noted that according to the amendments of Greek Law 3996/2011, the debtor's main residence is protected not only in the case of full ownership, but also in cases of partial ownership.

Proper performance by the debtor of the obligations under the settlement plan releases the debtor from any remaining unpaid balance of the claims, including claims of creditors who had not announced their claims. On application by the debtor, the court certifies such release. If the debtor delays performance of the obligations under the settlement plan for more than three months or otherwise disputes the settlement plan, the court may order cancellation of the settlement plan, upon the application of any creditor submitted within four months of the breach. A cancellation has the effect of restoring the claims to the amount prior to ratification of the settlement plan, subject to deduction of any amount paid by the debtor, according to Greek Law 3869/2010.

The rights of creditors against co-borrowers or guarantors are not affected, unless such co-borrowers or guarantors are also subject to the same insolvency proceedings. Co-borrowers and guarantors have no rights of recourse against the debtor for any amount paid by them. The rights of secured creditors are not affected.

Pursuant to Greek Laws 3910/2011, 3986/2011, 4047/2012 and 4128/2013 which amended article 19 of Greek Law 3869/2010, until 31 December 2013 no enforcement was permitted over the debtor's only residence, as long as the latter does not exceed the specified "first home" tax free allowance plus 50%. In addition, pursuant to article 46 of Greek Law 3986/2011 the restriction of enforcement over the only residence refers to all natural persons, without taking into consideration whether they are subject to mercantile law or not.

Facilitation Programme

Greek Law 4161/2013 established a facilitation programme allowing individuals in financial distress to service their loans by paying reduced monthly instalments for a prescribed period of time. The facilitation programme shall apply exclusively to loans in which the contracts were originated the latest at 30 June 2010 and have not fallen due, are secured on residential property, and owed to credit institutions, financial institutions and credit companies.

Those eligible for benefiting from the facilitation programme are individuals whose total household income at the time of submission of the application has fallen by at least 20% compared with 2009. The provisions of the Greek Law 4161/2013 lay down additional eligibility criteria relating, *inter alia*, to the value of the debtor's primary residence and total immovable property, as well as to the total annual household income. Debtors who benefit from the facilitation programme are subject to an ongoing duty of disclosure of their financial status, and failure to comply with that duty results in the debtor's removal from the scheme. Moreover, it should be noted that the facilitation programme is granted only once and for a maximum grace period of 48 months. After the grace period the Facilitation Programme is automatically terminated and the debtor, if not otherwise agreed, fulfils its contractual obligations as agreed prior to the Facilitation Programme and in that case the duration for the performing of the contract is prolonged for a period equal to the grace period.

The Bank is obliged not to terminate the contracts of individuals who have joined the facilitation programme and also, subject to the exemptions provided under the law, to refrain from any enforcement proceedings against the debtor and its guarantor.

To take advantage of the relevant provisions, an application must have been submitted within six months starting 15 July 2013, which is the date of issuance of Ministry Decision Z1-743 referring to the necessary documents for applying for the facilitation programme. Nevertheless, a Ministerial Decision may postpone the aforementioned time framework.

Additional Reporting Requirements for the Banks

Following the adoption of Basel II guidelines, the Governor of the Bank of Greece issued Act No. 2606/21.2.2008 determining the new reporting requirements for credit institutions in Greece. This Act was replaced by Act 2640/18.1.2011, which was replaced by 2651/20.1.2012. The requirements include reports on the following items:

- Capital structure, special participations, persons who have a special affiliation with the credit institution and loans or other types of credit exposures that have been provided to these persons by the credit institution;
- Own funds and capital adequacy ratios;
- Credit risk, counterparty credit risk and delivery settlement risk;
- Market risk of the trading portfolio foreign exchange risk;
- Information on the underlying assets of the trading portfolio;

- Operational risk;
- Large exposures and concentration risk;
- Liquidity risk;
- Interbank market data;
- Financial statements and other financial information;
- Covered bonds;
- Internal control systems;
- Prevention and suppression of money laundering and terrorist financing;
- Information technology systems; and
- Other information.

The Bank submits to the Bank of Greece a full set of regulatory reports both at Bank level and at Group level, on a regular basis (daily, monthly, quarterly, semi-annually, annually, every three years) as determined by the Bank of Greece Governor's Act).

Capital Requirements in Foreign Markets

Banking regulations in Turkey are evolving in parallel to the global changes and international regulatory environment. The requirements of Basel II have been in effect in Turkey since June 2012. In addition, Serbia fully adopted the Basel II framework as of 1 January 2012. Romania, Bulgaria, Cyprus and Malta in their capacity as EU members have already adopted the Basel II framework.

Deposit and Investment Guarantee Fund

Pursuant to Greek Law 3746/2009 as currently in force, the Hellenic Deposit and Investment Guarantee Fund (**HDIGF**) operates as a private law entity and a general successor of the HDGF established by virtue of article 2 of Greek Law 2832/2000. The HDIGF has its registered seat in Athens, is supervised by the Minister of Finance, is not a public organisation or a state-owned legal entity and does not belong to the Greek public sector, as the latter is defined from time to time. It is managed by a seven-member board of directors. The Board shall be chaired by one of the Deputy Governors of the Bank of Greece. Of the remaining six members, one comes from the Ministry of Finance, three from the Bank of Greece and two from the Hellenic Bank Association. Members of the above board of directors are appointed by a decision of the Minister of Finance and have a five-year tenure. The initial capital of HDIGF was paid by the Bank of Greece and the Hellenic Bank Association, with a participation in the fund's constitutive capital at six-tenths and four-tenths respectively.

According to Greek Law 3746/2009, the HDIGF was founded with the objective to indemnify: (a) depositors of credit institutions participating in the HDIGF obligatorily or at their own initiative who are unable to fulfil their obligations towards their depositors; and (b) investors-clients of credit institutions, in relation to the provision of investment services from these credit institutions in case the latter are unable to fulfil their obligations from the provision of covered investment services. Greek Law 4021/2011, which amended Greek Law 3746/2009, expanded the HDIGF's scope to cover the provision of financing to credit institutions placed under the resolution measures of articles 63D' and 63E' of Greek Law 3601/2007. Thus, apart from the already existing Depositors' Coverage Branch and Investors' Coverage Branch, a Resolution Branch was further established and funded by contributions from credit institutions. All authorised credit institutions in

Greece are obliged to participate in the aforementioned branches of the HDIGF. The maximum coverage level for each depositor at a credit institution under Greek Law 3746/2009 is €100,000, taking into account the total amount of its deposits with a credit institution minus any due and payable obligations towards the latter. This amount is paid in euros to each depositor as an indemnity irrespective of the number of accounts, the currency, or the country of operation of the branch in which it holds the deposit. For the conversion of compensation received by depositors, whether this concerns deposits in foreign currency held in Greece or abroad, the legal provisions regarding foreign exchange and capital movements shall apply. The above-mentioned limit includes also any interest accrued up to the date on which the deposit became unavailable. In the case of accounts that have been opened jointly in the name of two or more persons, as defined by Law 5638/1932 (Government Gazette 307/A), the part that corresponds to each depositor of the joint account shall be considered a separate deposit and is entitled to cover up to the aforementioned limit in aggregate with his or her other deposits. In the event that the relative proportions of joint account holders in an account have not been specified, for the purposes of compensation, each joint account holder is considered as having an equal share of the value in the account. The deposit of a group of persons without legal personality shall be aggregated and treated as if made by a single depositor for the purpose of calculating the above mentioned limits.

The HDIGF also indemnifies the investors-clients of credit institutions participating in the Depositors' Coverage Branch of the HDIGF with respect to claims from investment services falling within the scope of Greek Law 3646/2009, up to the amount of €30,000 for the total of claims of such investor, irrespective of covered investment services, number of accounts, currency and place of provision of the relevant investment services. In the case of those investors of the HDIGF member credit institutions who are co-beneficiaries of the same claim to guaranteed investment services, the part of the claim corresponding to each investor shall be considered to be a separate claim and is entitled to cover, up to the aforementioned limit in aggregate with his or her other investment claims. If the part of the claim corresponding to each co-beneficiary is not specified in the agreement signed by the co-beneficiaries and the HDIGF member credit institution, for the purposes of compensation each co-beneficiary is considered as having an equal share in the investment. For the purposes of compensation, the claim of a group of persons without legal personality shall be treated as if made by a single investor.

The HDIGF is funded by the following sources: its founding capital, the initial and annual contributions of credit institutions obligatorily participating in the HDIGF and supplementary contributions, as well as special resources coming from donations, liquidation of the HDIGF's claims, and the management of the assets of the HDIGF's Deposit Cover Scheme. According to article 9 of Greek Law 4051/2012, as amended by Article 165 of Greek Law 4099/2012 the HFSF is required to pay any amount the HDIGF would pay as per article 63D par. 13 and Article 63E par. 7 of Greek Law 3601/2007, for the fulfilment of the obligations that have been generated or will be generated due to the above mentioned provisions up to 31 December 2013. In this case, the HFSF acquires the claims and privileges of the HDIGF as per article 13A par. 4 of Greek Law 3746/2009.

Prohibition of Money Laundering and Terrorist Financing

Greece, as a member of the Financial Action Task Force (**FATF**) and as a Member State of the EU, fully complies with FATF recommendations and the relevant EU legal framework. More specifically by August 2008, the Greek Parliament adopted Greek Law 3691/2008 on the prevention and suppression of money laundering and terrorist funding, which implemented EU Council Directives 2005/60/EC and 2006/70/EC. The main provisions of Greek legislation on money laundering and terrorist financing are as follows:

- a declaration that money laundering and terrorist financing are criminal offences;
- defining persons falling within the ambit of the law, including credit institutions, financial institutions and certain insurance undertakings;

- a requirement that credit institutions (and certain other persons) are required to identify customers, retain documents and report suspicious transactions to the relevant authorities;
- restrictions relating to banking confidentiality that do not apply to money laundering activities; and the establishment of an Anti-Money Laundering, Counter-Terrorist Financing and Source of Funds Investigation Authority responsible for examining reports filed by credit institutions and other individuals or legal persons with respect to suspicious transactions. The Authority shall consist of a president and 12 board members, as well as an equal number of alternates, who shall have the same capacities and qualifications. In the exercise of their duties, the president and the members shall enjoy personal and operational independence, and shall only be bound by the law and their conscience. By decision of the Supreme Judicial Council, a senior acting Public Prosecutor, fluent in English, shall be appointed President of the Authority with his alternate. The Board Members of the Authority shall be appointed by joint decision of various ministries, the Governor of the Bank of Greece and the Board of Directors of the Hellenic Capital Market Commission. The appointment of the regular Board Members follows an opinion of the Permanent Parliamentary Committee on Institutions and Transparency on the suitability of the recommended persons.

Following the amendments of the Greek Law 3691/2008 (from 3862/2010, 3875/2010, 3932/2011, 3994/2011, 3932/2011, 4021/2011, 4042/2012, 4051/2012, 4065/2012, 4099/2012, 4170/2013, 4174/2013) it should be noted that in the list of main offences targeting money laundering a number of offences have been added including, among others, the tax evasion offence, new legalisation documents for the verification of client's identity and the alteration of relevant provisions for law infringement. The Banking and Credit Committee of the Bank of Greece, has also issued Decision No. 281/5/17.3.2009 on the "Prevention of the Use of the Credit and Financial Institutions, which are Supervised by the Bank of Greece, for the Purpose of Money Laundering and Terrorist Financing" and the Decision 285/6/09.07.2009, which set an indicative typology of unusual or suspicious transactions within the meaning of Greek Law 3691/2008 as well as the Decision 290/12/11.11.2009. Both the aforementioned decisions of the Banking and Credit Committee of the Bank of Greece were modified by Decision 300/28.7.2010. The Decisions 281/5/17.3.2009 and 285/6/9.7.2009 of the Banking and Credit Committee were modified by the 2652/29.02.2012 Act of Bank of Greece Governor. The amendments refer to:

- (a) the introduction of a new obligation for financial institutions to confirm their clients' income through their tax reports or, in the case of legal persons, based on the tax returns they file (including confirmation of reporting and tax burden), when outlining their financial profile;
- (b) the compulsory addition of a new category of clients presenting a high risk of tax evasion or the unlawful laundering of proceeds from tax evasion, to which enhanced due diligence measures apply;
- (c) amending the limit of cash withdrawals to €50,000 (from €250,000), over which financial institutions should issue credit institution cheques or wire transfers to a credit institution account; and
- (d) the addition of a new category of target typology of unusual or suspicious transactions that may relate to or be associated with tax evasion.

Decision No. 281/5/2009 takes into account the principle of proportionality, and includes the obligations of all credit and financial institutions and FATF recommendations. This decision also reflects the common understanding of the obligations imposed by European Regulation 1781/2006 on the "Information on the Payer Accompanying Transfers of Funds".

The HCMC adopted the following decisions:

- (i) decision of the Board of Directors no. 1/506/8.4.2009 for the prevention of the use of the financial system for the purpose of money laundering and financing of terrorism;

- (ii) decision no. 34/586/26.5.2011 for the application of due diligence measures when outsourcing functions or within an agency relationship under the law against money laundering, which sets out the obligations of financial institutions to confirm the identity of clients and beneficiaries when they are outsourced to do so by a company supervised by HCMC; and
- (iii) decision no. 35/586/26.5.2011, which modifies the HCMC's basic decision to prevent usage of the financial system for the purpose of money laundering and terrorist financing. The above decision has reinforced the enhanced due diligence measures applicable to high risk customers, as well as the obligation of companies, subject to it, to freeze the assets of persons who are in the sanctions list.

In addition, HCMC issued circular 41 dated 8 April 2009 "Indicative typology of suspicious transactions/money laundering or terrorist financing" and later the HCMC issued circular 49 dated 28 November 2012, which sets out the criteria for the identification of transactions which create suspicion of committing tax evasion and/or money laundering, and typology of suspicious and unusual transactions related to the basic offence of tax evasion.

In July 2002, the Greek Parliament voted Greek Law 3034/2002, which transposed into Greek Law the International Convention for the Suppression of the Financing of Terrorism, with which the Group fully complies. In addition, the Group has fully complied with the U.S. legislation regarding the suppression of terrorism (known as "USA PATRIOT Act 2001"), which was put in force in October 2001 and incorporates provisions relating to credit institutions and financial institutions with respect to worldwide money laundering.

The Foreign Account Tax Compliance Act (FATCA)

FATCA was enacted in 2010 by the U.S. Congress as part of the Hiring Incentives to Restore Employment (**HIRE**) Act. FATCA requires Foreign Financial Institutions (**FFIs**), such as the Bank and many entities in its Group, to report to the U.S. Internal Revenue Service (**IRS**) information about financial accounts held by U.S. taxpayers or by foreign entities in which U.S. taxpayers hold a substantial ownership interest.

In order to avoid withholding under FATCA, a participating FFI will have to enter into an agreement with the IRS to: (a) identify U.S. accounts; (b) report certain information to the IRS regarding U.S. accounts; and (c) withhold a 30% tax on certain U.S.-connected payments to non-participating FFIs and account holders who are unwilling to provide the required information.

FFIs that do not enter into an agreement with the IRS will be subject to a 30% withholding tax on certain U.S.-source payments made to them. The FATCA rules will apply beginning 1 July 2014.

Registration of FFIs will take place through the "FATCA Registration Website" and, upon approval, the FFIs will receive a Global Intermediary Identification Number (**GIIN**) from the IRS. Every month, beginning 2 June 2014, the IRS will publish a list of registered and approved FFIs and their GIINs. Withholding agents will rely on this list to verify an FFI's GIIN and not withhold on payments made to the FFI.

The U.S. Department of the Treasury has collaborated with foreign governments to develop two alternative model intergovernmental agreements (**IGAs**) that facilitate FATCA implementation and further reduce burdens on FFIs in partner jurisdictions. Under a Model 1 IGA, reporting Model 1 FFIs would report specified information about U.S. accounts to their government, followed by the automatic exchange of that information on a government-to-government basis with the United States. Under a Model 2 IGA, reporting Model 2 FFIs would report specified information about U.S. accounts directly to the IRS in a manner consistent with the final FATCA regulations (as modified by the applicable Model 2 IGA), supplemented by a government-to-government exchange of information on request.

The U.S. Treasury has engaged with more than 80 countries and jurisdictions around the world to combat offshore tax evasion and improve global tax compliance. Currently, 20 countries have signed or initialled these agreements, specifically: for Model 1 IGA – the United Kingdom, Mexico, Bermuda, Guernsey, Isle of Man, Italy, Jersey, Malta, the Netherlands, Denmark, Ireland, Spain, Norway, Germany, France, Costa Rica and Cayman Islands; and for Model 2 IGA — Bermuda, Japan and Switzerland and more signed agreements are expected to follow in the near future. It should be noted that the Greek government is currently under negotiation and is expected to sign a Model 1 IGA with the IRS within the first half 2014.

FFIs in Model 1 IGAs jurisdictions — among which Greece will also be included – will have additional time beyond 1 July 2014, to register with the IRS and obtain a GIIN in order to ensure that they are included on the IRS FFI list before 1 January 2015.

Although most of the countries where the Group operates (with the exception of the United Kingdom, France and the Cayman Islands) have not signed an IGA, the Bank has nonetheless completed an impact assessment project for the Bank and its domestic companies, and intends to commence a Group-wide project in order to ensure compliance with the identification, withholding and reporting requirements imposed by the new regulatory framework.

Taking into consideration the impact that FATCA will have on Group entities that are considered FFIs, as well as the fact that Greece is expected to sign an intergovernmental agreement with the IRS in the first half 2014, the Bank is closely following developments regarding FATCA and is coordinating with all relevant authorities.

Payment Services

Directive 2007/64/EC on payment services (the **Payment Services Directive** or **PSD**) provides for common rules on electronic payments (eg payments through the use of debit card or money transfers) in 30 European countries (ie countries of the EU, Iceland, Norway and Lichtenstein). The PSD regulates in detail the information that must be provided to the users of the payment services and renders the payments faster and more secure. It also permits the new entities called “payment institutions” (eg companies of money transfers, retailers, telecommunication companies) to provide payment services in parallel to credit institutions as “payment services providers”. The PSD covers any kind of payment through electronic means and no cash, from transfer of credit and direct charge orders to payments through the use of a card (including credit cards), wire transfers and payments through the use of a mobile phone and internet, excluding the payments with cash and cheques. Payments in every European currency, not only euros, are covered, under the condition that the payment service providers of both the payer and the payee are located in one of the 30 European countries.

Directive 2007/64/EC was incorporated into Greek law by Greek Law 3862/2010, in accordance with which every payment service provider, including the Bank, is obliged to ensure in an accessible form a minimum level of information and transparency regarding the provided payment services, under specific terms and conditions. The new legislative regime also provides further protection regarding the rights of the users of the payment services.

More specifically, customers receive, free of charge, in paper or in electronic form, the Framework Contract, which describes in detail the terms under which the payment services are provided. These terms are mandated by law and applicable to existing contracts with customers, to the extent that these contracts include the provision of payment services, and override any contrary agreement. Customers have the right to raise objections within two months after the notification of the Framework Contract to them, should they not wish to continue trading with the credit institution without bearing any liability, unless the parties had already agreed to comply with the terms of a preceding contract, which in any case cannot have a duration of more than one month.

Customers are provided with the necessary background information prior to and after the signing of the payment services contract. Consequently, customers are able to easily compare the terms offered and choose the option that better satisfies their needs. Customers are not burdened with any costs to be provided with all the mandatory information or the one regarding the resolution and preventive measures that can be taken so as to ensure the proper execution of payment orders.

Customers have the right to reclaim the amount of money transferred in cases where:

- unauthorised credit of the customer's account was used for the purchasing of products or services;
- authorised credit of the customer's account for the purchase of products or services (a) did not mention the exact amount of the payment transaction and (b) the amount of the payment transaction exceeded the amount reasonably expected by the customer, taking into account previous spending patterns, the Framework Contract's terms and the circumstances of the specific case; and
- there was a non-execution or defective execution of the payment transaction by the Bank.

Consumer Services

The Directive 2008/48/EC of the European Parliament and Council on 23 April 2008, on credit agreements for consumers and repealing Council Directive 87/102/EEC, provides for increased consumer protection in the context of consumer credit transactions and prescribes, among others, the inclusion of standard information in advertising, the provision of pre-contractual and contractual information to consumers.

It was incorporated into Greek legislation by Ministerial Decision Z1-699/23.6.2010 (Government Gazette Issue B; 917/23.6.2010) with effective date 23 June 2010. Banks must have complied with the provisions of the relevant articles of the Ministerial Decision by 31 August 2010.

The Decision Z1-699/23.6.2010 does not apply to certain types of credit agreements, such as agreements for amounts lower than €200 or higher than €75,000, credit agreements under the terms of which the credit has to be repaid within three months and only credit agreements where the credit is granted without interest and with minor charges, credit agreements that are secured with real estate, credit agreements between employer and employee, and rental or leasing agreements under which the consumer has no obligation to purchase the leased property.

The aforementioned decision contains specific provisions regarding the provision of standard information for the advertising of credit agreements, and the minimum information that should be provided to consumers so as to enable them to compare different offers. In order for the consumers to make informed decisions, they must receive adequate information in a clear and precise manner through standard information that should be available to them prior to execution of the agreement, including the total amount of credit, the terms governing money withdrawals, duration, interest rate and relevant examples. The credit agreements should be executed in writing or by any other relevant means.

Furthermore, consumers should behave responsibly throughout the term of the credit agreement, taking into account the unique conditions of the relevant credit market. Banks must also monitor and assess every individual consumer's credit ability and creditworthiness.

Consumers have the right to withdraw from their contracts within 14 calendar days without providing any justification. In order to withdraw from their contracts, consumers must inform the credit institution and pay the capital and any accrued interest calculated from the date of the granting of the credit up to the date of its repayment, without any undue delay and at the latest within 30 days from the date of notification to the credit institution. In the case of interrelated credit agreements, there is an interdependent relationship between the purchase of products or services and the credit agreement concluded for this reason. Consumers have the right to fulfil the entirety of part of their obligations before the date specified in the agreement. In case of

early partial or full repayment, creditors are entitled to recover any expenses that will be incurred and are directly linked to the early repayment, taking into account, however, any gains stemming from the same cause.

The Decision Z1-699/23.6.2010 has been amended, partly concerning the additional criteria for the calculation of the total annual realised interest rate, by ministerial decision Z1-111/7.3.2012 (Government Gazette Issue B 627/7.3.2012) in force since 1 January 2013, which incorporated into Greek Law the provisions of Directive 2011/90/EU of the Commission of 14 November 2011.

Equity Participation by Banks in other Companies

Banks must follow certain procedures regarding holdings in other companies. Under article 23 of Greek Law 3601/2007, a credit institution may not have a qualifying holding, the amount of which exceeds 15% of its own funds in an undertaking, unless it is a credit institution, a financial institution, an insurance or re-insurance company, an investment firm or an undertaking carrying on activities which are a direct extension of banking or concern services ancillary to banking. A “qualifying holding” means a direct or indirect holding in an undertaking which represents 10% or more of the capital or the voting rights, or which makes it possible to exercise a significant influence over the management of that undertaking. Article 10 of Greek Law 3556/2007 is also taken into account for the determination of the term qualifying holding, while holdings through subsidiaries are considered as indirect holdings of special interests.

To calculate these thresholds, the following shares or holdings are not taken into account:

- (a) shares or holdings that are held by the credit institution as a result of credit support to an undertaking in distress for a period of one year (that may be extended for one more year following a resolution of the Bank of Greece);
- (b) shares or holdings that are held as a result of underwriting services provided by the credit institution for a period of six months following the end of the subscription period;
- (c) shares or holdings that are held by a credit institution on behalf of a third party; and
- (d) shares or holdings included in the trading portfolio of the credit institution.

The above thresholds or the time limits referred to above may be exceeded in exceptional cases following a decision of the Bank of Greece to that effect, provided that the credit institution either increases its own funds or takes equivalent measures. The Bank of Greece may also allow the thresholds and the time limits to be exceeded, provided that the excess is fully covered by own funds which are not taken into account for the calculation of the capital adequacy ratio.

According to the Act of the Governor of Bank of Greece No. 2604/4.2.2008, as amended by decision 281/10/17.03.2009 of the Banking and Credit Committee, credit institutions must obtain the Bank of Greece’s prior approval to acquire or increase a qualifying holding in the share capital of credit institutions, financial institutions, insurance and re-insurance companies, investment firms, information technology companies, real estate property management companies, asset and liability management companies, paying systems management companies, external credit rating agencies and financial data collection and processing companies. The provisions of this Act do not apply to branches of credit institutions with their registered seat in a country of the European Economic Area, or outside the European Economic Area provided that the Bank of Greece has recognised the equivalence of their supervisory regime.

Prior approval by the Bank of Greece for the acquisition or increase of a qualifying holding is not required in any of the following circumstances:

- (a) If the value of the qualifying holding does not exceed, in the aggregate, taking into account any increases effected within the same calendar year, 2% of the credit institution's own funds, as calculated on the basis of the data for the immediately preceding calendar quarter.
- (b) If the value of the qualifying holding amounts to, in the aggregate and taking into account any increases effected within the same calendar year, between 2% and 5% of own funds as calculated on the basis of the data for the immediately preceding calendar quarter, *provided that*:
- the capital adequacy ratio (on a consolidated basis), after calculating the influence of such qualifying holding, exceeds the minimum ratio required by the regulatory framework plus (i) one percentage point in case of credit institutions having the status of a *société anonyme* and (ii) five percentage points in case of cooperative credit institutions; and
 - the Tier I capital to risk-weighted asset ratio of the credit institution amounts to at least 6%.
- (c) If the acquisition or increase of the qualifying holding is:
- a result of investments made by portfolio investment companies of Greek Law 3371/2005 or real estate investment companies of Greek Law 2778/1999, as in force; or
 - the result of underwriting services provided by the credit institution for a period of six months following the end of the subscription period; or
 - effected without the direct or indirect disposal of funds, with the exception of exchange of shares in case of credit institutions' mergers (which, in such case the provisions of paragraphs (a) and (b) above apply).

The value of qualifying holdings under paragraph (c) is not taken into account for the calculation of the qualifying holdings for the purposes of paragraphs (a) and (b) above.

- (d) If the acquisition or increase of the qualifying holding in an undertaking is supervised on an individual basis by the Bank of Greece, provided that such holding is subject to approval pursuant to the general provisions regarding the establishment and operation of such undertaking and the suitability of its shareholders. The value of such qualifying holding is not taken into account for the calculation of the qualifying holdings for the purposes of paragraphs (a) and (b) above.

The value of qualifying holdings under paragraph (d) is not taken into account for the calculation of the qualifying holdings for the purposes of paragraphs (a) and (b) above.

Subject to EU regulations, new and significant holdings (concentrations) must be reported to the Greek Competition Commission according to Greek Law 3959/2011 and must notify the European Commission, provided that they have a community dimension within the meaning of Regulation No. 139/2004 on the control of concentrations between undertakings.

The HCMC and the ATHEX must be notified once certain ownership thresholds are exceeded with respect to listed companies according to Greek Law 3556/2009 and the ATHEX Regulation.

Equity Participations in Greek Banks

Article 24 of Greek Law 3601/2007, as amended by Greek Law 3682/2010, establishes a specific procedure for the notification to the Bank of Greece, of a natural or legal person's intention to acquire or lower its participation in a holding exceeding the thresholds mentioned in Article 24 above (namely, 5%, 10%, 20%, 1/3 and 50% of the total share capital of a credit institution that has been licensed by the Bank of Greece), and which includes an assessment of the acquirer and even, in some cases, the approval of the above

intended acquisition. It should be noted that the obligation of notification exists and in the case where an individual or legal entity decides stop holding directly or indirectly participation in a credit institution that is based in Greece or minimise his existing participation to the upper limits in order to form a percentage lower than the above-mentioned limits.

Moreover, Executive Committee Act No 22/12.7.2012 of Bank of Greece codifies the provisions regarding the establishment and operation of credit institutions in Greece and the acquisition of a qualifying holding in a credit institution in accordance with Law 3601/2007, as amended following the incorporation, with art. 85 of Law 3862/2010 of Directive 2007/44/EC. Furthermore, this Act specifies the necessary information for the prudential assessment of the proposed shareholders, the proposed members of the management body and the proposed key function holders of a credit institution by the Bank of Greece under the CEBS and EBA guidelines.

The Hellenic Republic's Bank Support Plan

In November 2008, the Greek Parliament passed Greek Law 3723/2008 setting forth the Hellenic Republic's Bank Support Plan initially at the amount of €28 billion and following increases thereof, at the amount of €98 billion. The law was passed with the goal of strengthening Greek credit institutions' capital and liquidity positions in an effort to safeguard the Greek economy from the adverse effects of the international financial crisis. Moreover, the Hellenic Republic's Bank Support Plan was revised by Greek Laws 3844/2010, 3845/2010, 3872/2010, 3965/2011, 4021/2011, 4063/2012 and 4093/2012 and ministerial Decisions no. 132624/B.527/2010, 29850/B.1465/2010, 59181/B.2585/24.12.2010, 29264/B.1377/2011, 57376/.2355/29.12.2011, 57863/.2535/29.12.2011, 5209/B.237/2012, 32252/B.1132/2012 and 30089/B.1785/8.7.2013 which rendered preference shares of Pillar I referred to below not mandatorily redeemable, increased the return on the preference shares of Pillar I, amended the payment of dividends prohibition, increased the total amount that can be provided by the Hellenic Republic under Pillar II referred to below, extended the veto power of the state's representative on the decisions of the Board of Directors, extended the duration of the period for participation in the Plan until 31 December 2013, and increased the commission paid to the Hellenic Republic for Hellenic Republic guarantees provided for under Pillar II from 1 July 2010 onwards.

The Hellenic Republic's Bank Support Plan, as currently applicable, comprises the following three pillars:

Pillar I: up to €5 billion in capital designed to increase Tier I ratios.

The capital will take the form of non-transferable voting redeemable preference shares with a 10% fixed return. Pursuant to article 1 of Greek Law 4093/2012, the above 10% fixed return is payable in any case, notwithstanding the provisions of Greek Company Law 2190/1920 as currently in force, save for article 44A of Greek Company Law 2190/1920, unless the payment of the relevant amount would result in the reduction of the core Tier I of the credit institution below the prescribed minimum limit.

The shares are to be redeemed at the subscription price either within five years after their issuance or earlier with the approval of the Bank of Greece. In accordance with article 1 of Greek Law 3723/2008 as supplemented by the Ministerial Decision 54201/B2884/2008, as amended by Ministerial Decision 21861/1259B/2009 (Government Gazette Issue B 825/4.5.2009), the preference shares will be redeemed at their original subscription price for Greek government bonds or cash of equal value. At the time the preference shares are redeemed for Greek government bonds, the nominal value of the bonds must be equal to the initial nominal value of the bonds used for redeeming the preference shares. Moreover, the maturity of the bonds should be the redemption date or within a period of up to three months from this date. In addition, on the redemption date for the preference shares, the market price of the bonds should be equal to their nominal value. If this is not the case, then any difference between their market value and their par value will be settled in cash between the credit institution and the Hellenic Republic after liquidation. On the date of redemption, the fixed dividend return (10%) will also be paid to the Hellenic Republic.

However, if the preference shares are not redeemed within five years after their issuance and if the participating credit institution's General Meeting of Shareholders has not approved their redemption, the Greek Minister of Finance will impose, pursuant to a recommendation by the Bank of Greece, a gradual cumulative increase of 2% per year on the 10% fixed return provided for during the first five years from the issuance of the shares to the Hellenic Republic. The issue price of the preference shares will be the nominal value of the ordinary shares of the last issue of each credit institution. Pursuant to Decision No. 54201/B2884/2008 of the Minister of Finance, as currently in force, the credit institutions will be required to convert the preference shares into ordinary shares or another class of shares if the redemption of the preference shares as described above is impossible because the Tier I capital of those credit institutions after such redemption would be less than the level set by the Bank of Greece.

Pillar II: up to €85 billion in Hellenic Republic guarantees in accordance with Greek Law 3965/2011

These guarantees will guarantee new borrowings (excluding interbank deposits) to be concluded until 30 December 2013 (whether in the form of debt instruments or otherwise) and with a maturity of three months to three years. These guarantees will be granted to credit institutions that meet the minimum capital adequacy requirements set by the Bank of Greece as well as criteria set forth in Decision No. 54201/B2884/2008 of the Minister of Finance, as currently in force, regarding capital adequacy, market share size and maturity of liabilities and share in the SME and mortgage lending market. The terms under which guarantees will be granted to financial institutions are included in Decision Nos. 2/5121/2009, 29850/B.1465/2010 and 5209/B.237/2012 of the Minister of Finance.

Pillar III: up to €8 billion in debt instruments

These debt instruments will have maturities of less than three years and will be issued by the Public Debt Management Agency by 31 December 2013 to participating credit institutions meeting the minimum capital adequacy requirements set by the Bank of Greece. These debt instruments bear no interest, are issued at their nominal value in denominations of €1 million and are listed on the ATHEX. They are issued by virtue of bilateral agreements executed between each participating credit institution and the Hellenic Republic. The debt instruments must be repaid at the applicable termination date of the bilateral agreement (irrespective of the maturity date of the debt instruments) or at the date Greek Law 3723/2008 ceases to apply to a credit institution. The titles returned are cancelled. The participating credit institutions must use the debt instruments received only as collateral for refinancing, in connection with fixed facilities from the ECB or for interbank financing purposes. The proceeds of liquidation of such instruments must be used to finance mortgage loans and loans to SMEs at competitive terms.

Participating credit institutions that use either the capital or guarantee facility will have to accept a government appointed member of the Board of Directors as state representative. Such representative will be in addition to the existing members of the Board of Directors and will have veto power on strategic decisions or decisions resulting in a significant change in legal or financial position of the Bank and for which the shareholders' approval is required. The same veto power applies to corporate decisions relating to the dividend policy and the compensation of the Chairman, the Managing Director and the other members of the Board of Directors of the participating credit institutions, as well as its General Directors and their deputies. However, the state appointed representative may only utilise its veto power following a decision of the Minister of Finance or if he considers that the relevant corporate decisions may jeopardise the interests of depositors or materially affect the solvency and effective operation of the participating credit institution. In addition, participating credit institutions will be required to limit maximum executive compensation to that of the Governor of the Bank of Greece, and must not pay bonuses to the aforementioned senior management as long as they participate in the Hellenic Republic's Bank Support Plan. Furthermore, the representative of the Hellenic Republic has full access to the books and the data, the restructuring and viability reports, the plans for the medium-term financing needs of the Bank, as well as to data relating to the funding level to the economy.

Also, during the period the Banks are participating in the Hellenic Republic's Bank Support Plan according to Greek Law 3723/2008, dividend payouts for those credit institutions will be limited to up to 35% of distributable profits of the participating credit institution (at the parent company level). According to the provisions of article 28 of Greek Law 3756/2009, as amended by article 39 par. 4 of Greek Law 3844/2010 and decision 20708/B/1175/23.4.2009 of the Minister of Economy and Finance, participating credit institutions were allowed to distribute dividends to ordinary shareholders only in the form of shares, but excluding repurchase of shares, for the financial year ended on 31 December 2008 and 2009. Pursuant to article 19 of Greek Law 3965/2011, article 4 of Greek Law 4063/2012 and article 78 of Greek Law 4144/2013, the distribution of dividends for the financial years ended 2010, 2011 and 2012 was also restricted to share distributions. Furthermore, according to article 28 of Greek Law 3756/2009, during the period of the credit institutions' participation in the plan to enhance liquidity according to Greek Law 3723/2008, the buyback of the participating credit institutions' shares is forbidden. However, by virtue of article 4 of Greek Law 4079/2012, the prohibition above does not apply for the repurchase of preference equity shares that have been issued as redeemable, if this acquisition is intended to strengthen the Tier I capital of participating credit institutions, as determined by the individual, generally applicable, decisions of the Bank of Greece, and if the Bank of Greece has granted its consent.

Furthermore, according to Decision 560/2008 of the EU, the participating credit institutions are deterred from exercising aggressive marketing strategies against its competitors that do not enjoy similar protection, including the advertising of the support that it receives from the plan. Additionally, they are obliged to avoid the extension of their activities or the pursuit of other goals with manners that would induce unjustified distortions of competition. For this purpose the participating credit institutions should ensure that, during the implementation of the programme, the average annual growth of their assets does not exceed any of the higher of the below percentages:

- (a) the annual rate of the nominal GNP of Greece during the previous year;
- (b) the average annual rate of the volume of assets in the banking sector in the countries of the EU for the past six months; or
- (c) the average annual rate of the assets for the period 1987-2007 for the banking sector.

To monitor the implementation of the Plan, Greek Law 3723/2008 provided for the establishment of a supervisory council (the **Council**). The Council is chaired by the Minister of Finance. Members will include the Governor of the Bank of Greece, the Deputy Minister of Finance, who is responsible for the Greek General Accounting Office, and the state representative at each of the participating credit institutions. The Council convenes on a monthly basis with a mandate to supervise the correct and effective implementation of the Plan and ensure that the resulting liquidity is used for the benefit of the depositors, the borrowers and the Greek economy overall. Participating credit institutions which fail to comply with the terms of the Plan will be subject to certain sanctions, while the liquidity provided to them may be revoked in whole or in part.

At the end of 2008, the Bank, together with Eurobank, Alpha Bank, Piraeus Bank and ATE Bank, among others, announced that it would participate in the Plan.

The Bank has decided to participate in the Plan at its commencement for the following reasons:

- to maintain and to acquire access to new sources of funding, given the current economic difficulties situation in the interbank markets and the lack of access to securities markets;
- to continue the credit expansion in Greece, as part of the coordinated efforts to preserve the liquidity supply to the Greek economy;
- to increase the Core Tier I and to reinforce its capital position; and

- to remain competitive against its local and European competitors, which participate in other European banks' support plans.

According to a resolution adopted by shareholders at an Extraordinary General Meeting held on 22 January 2009, the Bank issued €70 million redeemable preference shares at a par value of €5 each, with the cancellation of the pre-emptive rights of the existing shareholders in favour of the Hellenic Republic. Furthermore, on 22 December 2011, an Extraordinary General Meeting approved (i) the share capital increase by €1,000.0 million through the issue of additional €200 million Redeemable Preference Shares at a nominal value of €5 each with the cancellation of the pre-emptive rights of the existing shareholders in favour of the Hellenic Republic, and (ii) the revocation of the decision of an Extraordinary General Meeting held on 26 November 2010 regarding the repurchase by the Bank of the €70 million Redeemable Preference Shares in favour of the Hellenic Republic. On 30 December 2011, following the above decision, the Bank issued the €200 million Redeemable Preference Shares at a nominal value of €5 each. Both issues were fully subscribed by the Hellenic Republic, through the transfer by the latter to the Bank of an equivalent amount of Greek government bonds, in accordance with Greek Law 3723/2008.

Other Greek credit institutions participating in the Hellenic Republic's Bank Support Plan accessing Pillar I are as follows: Eurobank by €950 million, Alpha Bank by €940 million, Piraeus Bank by €750 million (in two tranches) and Attica Bank by €100 million. Moreover, ATE Bank, which is now in special liquidation, while some of its assets and liabilities have been transferred to Piraeus Bank, also utilised the facilities of the Hellenic Republic's Bank Support Plan by increasing its share capital by €675 million. Proton Bank, which has been placed under special liquidation, while some of its assets and liabilities have been transferred to the transitory bank New Proton Bank S.A. (**New Proton**), also utilised the facilities of the Hellenic Republic's Bank Support Plan by increasing its share capital by €80 million. Hellenic Postal Savings Bank, which has been also placed under special liquidation, while some of its assets and liabilities have been transferred to the transitory bank **New Hellenic Postal Savings Bank S.A.**, utilised the facilities of the Hellenic Republic's Bank Support Plan by increasing its share capital by €225 million. Emporiki Bank, a subsidiary of Credit Agricole S.A., which has been recently acquired by Alpha Bank, has not utilised the facilities of the Hellenic Republic's Bank Support Plan but proceeded with a share capital increase by €850 million in 2009 and by €1 billion in 2012.

Monitoring Trustee

The Memorandum of Economic and Financial Policies (**MEFP**) of the Second Adjustment Programme for Greece between the Hellenic Republic, the European Commission, the IMF and the ECB in the context of the First Review under the Extended Fund Facility for Greece provided for the appointment of a monitoring trustee in all credit institutions under restructuring.

As a consequence, in terms of the Hellenic Programme, the Hellenic Republic undertook a series of Commitments on corporate governance and commercial operations towards the EC regarding Greek credit institutions under restructuring, including the appointment of a Monitoring Trustee, which will act on behalf of the EC and will aim to ensure the compliance of the Bank with the aforementioned Commitments.

The Monitoring Trustee will be responsible for the compliance of the Bank with Greek Law 20130/1320 on *sociétés anonymes*, the corporate governance provisions and in general the banking regulatory framework. The Monitoring Trustee will monitor the organisational structure of the Bank in order to ensure that the internal audit and risk management departments of the Bank are fully independent from commercial networks. In order to fulfil the above role, the Monitoring Trustee will attend the meetings of the Audit Committee and Board Risk committee of the Bank as an observer, review the annual audit plan and may request additional investigations, receive all reports emanating from internal control bodies of the Bank and be entitled to interview any controller or auditor (see also – "*Management and Employees – Monitoring Trustee*").

TAXATION

Greece

The following summary of the principal Greek taxation consequences of the purchase, ownership and disposal of Notes is of a general nature and is based on the provisions of tax laws currently in force in Greece. The summary below does not constitute a complete analysis and therefore potential investors should consult their own tax advisers as to the tax consequences of such purchase, ownership and disposal, including the effect or availability of any double tax treaty concluded between Greece and any other relevant country. This summary is based on current Greek tax legislation and administrative practice of the Greek tax authorities and, with respect to income taxation, on the provisions of Greek Law 4172/2013 (applicable on the taxation of income generated from 1 January 2014 onwards) as amended by Greek Law 4223/2013 (the **New Income Tax Law**). Greek Law 4172/2013 was enacted very recently and its provisions have not yet been interpreted or clarified by the competent departments of the Greek Ministry of Finance, in accordance with the Greek Ministry of Finance's past practice; consequently, it is subject to any contrary or different future interpretations, guidelines or other forms of instruction that may be issued by the Greek Ministry of Finance in the form of circulars (*POL*), ministerial decisions or other secondary legislation.

Finally, the following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Payments of interest under the Notes

Withholding tax - foreign tax residents

In respect of Noteholders who are not Greek tax residents and/or do not have a permanent establishment in Greece for tax purposes, no Greek withholding tax will apply to interest payments under the Notes or accrued (but unpaid) interest at the time of disposal of the Notes, as the case may be.

Withholding tax - Greek tax residents

- **payments to individuals:** Interest payable under the Notes in favour of individuals who are Greek tax residents will be subject to a 15% income tax. Such tax may be withheld if interest payments are made through an intermediary banking institution, in which case the tax liability of individual Greek Noteholders will be exhausted.
- **payments to legal entities:** Interest payable under the Notes in favour of legal entities Noteholders, who are either Greek tax residents or maintain a permanent establishment in Greece for tax purposes will be treated as part of their annual gross income taxed at the standard applicable corporate income tax (in their annual income tax return). If payment is effected through an intermediary Greek bank, a withholding of 15% may apply which will not exhaust the tax liability and will be offsetable against their final income tax liability. The applicable tax rate for income for the fiscal year 2014 is currently 26% for legal entities keeping double entry books and for legal entities keeping single entry books, at a tax scale (26% for the amount of taxable income up to €50,000 and 33% for the amount over €50,000).

In addition, any income tax payable by Noteholders who are individuals or legal entities and Greek tax residents will be reduced by the amount of the tax paid abroad for the same income (foreign tax credit) subject to the provisions of the applicable tax treaty for the avoidance of double taxation. The payment of the foreign tax must be substantiated in accordance with Greek Law 4174/2013. Such credit is available only up to the amount of the tax that would be payable for this type of income in Greece. The same tax treatment applies to interest accrued, but unpaid at the time of disposal of the Notes.

Portfolio investment companies and real estate investment companies will benefit from a withholding tax exemption provided they purchase the Notes at least 30 days prior to the interest payment date.

Payments under the Deed of Guarantee which represent accrued interest on the Notes

In relation to payments to Noteholders made by the Guarantor under the Deed of Guarantee, which represent interest accrued on the Notes:

- (i) a withholding tax of 15% will be imposed on (a) Noteholders who are individuals or legal entities resident in Greece for tax purposes; (b) Noteholders who maintain a permanent establishment in Greece for tax purposes; and (c) Noteholders who are individuals not resident in Greece for tax purposes (such individuals mentioned in (c) being subject to the EU Savings Directive and/or applicable bilateral treaties for the avoidance of double taxation); the 15% withholding tax exhausts the tax liability for Noteholders who are individuals falling under (a) or (c), but not for Noteholders who are legal entities falling under (a) or (b), for which the withholding tax will be offsetable against their final income tax liability; and
- (ii) no Greek withholding tax will be imposed on Noteholders who are legal entities not resident in Greece for tax purposes and who do not maintain a permanent establishment in Greece for tax purposes.

Capital gains

Greek tax residents

Capital gains that may arise from the disposal of the Notes by a Greek tax resident from 1 January 2014 will be taxed in Greece, as follows:

- for individuals (not professionally engaged in business operation) at a tax rate of 15%;
- for legal entities keeping double entry books at the tax rate applicable for business income (currently 26%);
- for legal entities keeping single entry books, at a tax scale (26% for taxable income up to €50,000 and 33% for taxable income over €50,000).

The Bank is required to provide annually to the Greek Ministry of Finance, General Secretariat for Information Systems (GSIS), an electronic file with Noteholder data (both individuals and legal entities) on the capital gain occurred in the previous calendar year.

Foreign tax residents

No Greek income tax will apply to capital gains realised from the disposal of the Notes by Noteholders who are not Greek tax residents and/or do not have a permanent establishment in Greece for tax purposes, provided that such gain is effected outside Greece.

Value Added Tax

No value added tax (VAT) is payable upon disposal of the Notes (Article 22(1)(ka) of Greek Law 2859/2000).

Death Duties and Taxation on Gifts

The Notes are subject to Greek inheritance tax if the deceased holder of Notes had been a resident of Greece or a Greek national.

However, if the Notes were located abroad and the deceased Greek national holder of Notes had been residing abroad for at least ten successive years prior to his/her death, the Notes shall be exempt from Greek inheritance tax (unless certain exemptions apply) (Article 25(2e) of Law 2961/2001).

According to art. 29 par. 2 of Greek Law 2961/2001 (as amended by Greek Law 3842/2010) the Greek inheritance tax for bonds is calculated pursuant to progressive tax scales depending on the relationship between the heir and the deceased (a tax free amount may apply subject to certain conditions). In case no family relationship exists between the heir and the deceased the inheritance tax will be calculated on the basis of a progressive tax scale from 0% to 40% depending on the value.

Any foreign tax paid for the said bonds abroad may be credited against the relevant Greek tax liability, but the amount credited may not exceed the corresponding amount of Greek inheritance tax that would be due for the said bonds (article 32 of Greek Law 2961/2001).

A gift of Notes is subject to Greek tax if the holder of the Notes (donor) is a Greek national or if the recipient thereof is a Greek national or resident.

The rate of gift tax is the same as the rate for inheritance tax.

Stamp Duties

For territoriality reasons, the issuance or transfer of Notes and the issuance of, and performance under, the Guarantee outside Greek territory is exempt from Greek stamp duties. However, stamp duty on the Guarantee (2.4 per cent. on the amount secured under the Guarantee) will be payable: (i) upon enforcement in Greece of a judgment obtained in Greece or other jurisdiction; or (ii) upon payment in Greece by the Guarantor of its obligations under the Guarantee pursuant to a judgment obtained in Greece or other jurisdictions.

United Kingdom

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the published practice of Her Majesty's Revenue and Customs (**HMRC**), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisors as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

1. Withholding Tax on U.K. Source Interest

1.1 Notes which constitute Tier 2 Instruments

Payments of interest on a security which qualifies, or has qualified, as a Tier 2 instrument under Commission Regulation (EU) No 575/2013 (the **Regulations**) and which forms, or has formed, a component of Tier 2 capital for those purposes may be made without deduction of or withholding in respect of United Kingdom income tax (whether they are listed on a recognised stock exchange or not). This would be subject to there being no arrangements the main purpose, or one of the main purposes, of which is to obtain a tax advantage (as defined in section 1139 of the Corporation Tax Act 2010) for any person as a result of the application of those Regulations in respect of the security.

1.2 Notes which are not Tier 2 Instruments but which are listed on a recognised stock exchange

The Notes issued by the Issuer which carry a right to interest will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognised stock exchange. The Luxembourg Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed by a competent authority in that country in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Luxembourg Stock Exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

1.3 All other U.K. Notes

In all cases falling outside the exemptions described in 1.1 and 1.2 above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing intended to be capable of remaining outstanding for a year or more.

2. Payments by the Bank under the Guarantee

If the Bank makes any payments under the Guarantee of the Notes in respect of interest on Notes issued by the Issuer (or other amounts due under such Notes other than the repayment of amounts subscribed for the Notes) such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20%.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. Such payments by the Bank may not be eligible for the exemptions described in 1 above.

3. Payments under Deed of Covenant

Any payments made by the Issuer under the Deed of Covenant may not qualify for the exemptions from U.K. withholding tax described above.

4. Provision of Information

4.1 HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

- 4.2** The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.
- 4.3** The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.
- 4.4** HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2014.
- 4.5** Any information obtained as described in the paragraph above may, in certain circumstances, be exchanged by HMRC with the tax authorities of certain other jurisdictions.
- 4.6** Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

5. Other Rules Relating to United Kingdom Withholding Tax

- 5.1** Notes may be issued at an issue price of less than 100% of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined above.
- 5.2** Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.
- 5.3** Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
- 5.4** The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

- 5.5** The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Condition 21 of the Notes or otherwise and does not consider the tax consequences of any such substitution.

Luxembourg

The following summary is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(a) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 as amended (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent fiscal authority of Luxembourg, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

(b) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

The Proposed Financial Transactions Tax

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“FATCA”) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or “FFI” (as defined by FATCA)) that does not become a “Participating FFI” by entering into an agreement with the U.S. Internal Revenue Service (“IRS”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer (a “Recalcitrant Holder”). The Issuer is classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to “foreign passthru payments” (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S.

federal tax purposes that are issued on or after the “grandfathering date”, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an “IGA”). Pursuant to FATCA and the “**Model 1**” and “**Model 2**” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “Reporting FI” not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the **US-UK IGA**) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-UK IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depository, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SUBSCRIPTION AND SALE

Notes may be issued from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Notes may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers are set out in a Programme Agreement dated 13 February 2014 (the **Programme Agreement**) and made between the Issuer, the Bank and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States

The Notes and the guarantee thereof have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it has not offered and sold, and will not offer or sell Notes of any Tranche (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the date of issue of the relevant Tranche of Notes and the completion of the distribution of such Tranche, as certified to the Fiscal Agent or the Issuer by the relevant Dealer(s) (or, in the case of a sale of a Tranche of Regulation S Notes to or through more than one Dealer, by each of such Dealers as to Regulation S Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes of such Tranche during the distribution compliance period (other than pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject

of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;
- the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and
- the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not, or in the case of the Bank would not, if it was not an authorised person, apply to the Issuer or the Bank; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Hellenic Republic

The offering of the Notes have not been submitted to the approval procedure of the HCMC provided by Law 3401/2005 which implements the Prospectus Directive nor Greek Law 876/1979. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell the Notes by any form of solicitation or advertising in the Hellenic Republic that would not fall under the exceptions of article 3 of Greek Law 3401/2005.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Bank nor any of the other Dealers shall have any responsibility therefore.

None of the Issuer, the Bank and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Listing and Trading

Application has been made to list Notes issued under the Programme on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

However, Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Authorisations

The update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 4 February 2014. The giving of the guarantee contained in the Deed of Guarantee and the update of the Programme was authorised by a resolution of the Board of Directors of the Bank passed on 28 January 2014. Each of the Issuer and the Bank has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the Group to meet part of its general financing requirements.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Bank is aware), during the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the Issuer and/or the Bank's financial position or profitability.

No significant or material change

There has been no material adverse change in the prospects of the Issuer and of the Bank or the Group since 31 December 2012. Since 31 December 2012 there has been no significant change in the financial or trading position of the Issuer and since 30 September 2013 there has been no significant change in the financial position of the Bank or the Group.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected, by physical or electronic means, during normal business hours at the specified office of the Fiscal Agent and the Paying Agent in Luxembourg namely:

- (a) the Base Prospectus together with any supplement or further prospectus (the Base Prospectus together with any supplement or further prospectus will also be obtainable, free of charge);
- (b) the Agency Agreement;
- (c) the Deed of Guarantee;

- (d) the Deed of Covenant;
- (e) the Programme Agreement;
- (f) the Procedures Memorandum;
- (g) any Final Terms relating to Notes which are listed on any stock exchange (such Final Terms will also be obtainable, free of charge). (In the case of any Notes which are not listed on any stock exchange, copies of the relevant Final Terms will only be available by the relevant Noteholders);
- (h) any supplemental agreement prepared and published in connection with the Programme;
- (i) the Memorandum and Articles of Association of the Issuer and the Bank; and
- (j) in addition, this Base Prospectus is and, in the case of Notes to be listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the relevant Final Terms will be, available on the website of the Luxembourg Stock Exchange at www.bourse.lu.

Financial statements available

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Fiscal Agent and the Paying Agent in Luxembourg namely:

- (a) the published annual report and audited consolidated financial statements of the Group and the Bank and the published annual report and audited financial statements of the Issuer for the two most recent financial years ended prior to the date of this Base Prospectus; and
- (b) any subsequent interim financial statements of the Group and the Bank.

The Issuer does not produce interim financial statements.

Independent Auditors

The Financial Statements of NBG Finance plc, prepared in accordance with U.K. GAAP as of and for the years ended 31 December 2011 and 31 December 2012 incorporated by reference in this Base Prospectus have been audited by Deloitte LLP, chartered accountants and registered auditors, as stated in their report herein. Deloitte LLP is a member of the Institute of Chartered Accountants in England and Wales.

The 2012 Annual Financial Statements and 2011 Annual Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the EU as of and for the years ended 31 December 2011 and 31 December 2012 incorporated by reference in this Base Prospectus have been audited by Deloitte Hadjipavlou Sofianos & Cambanis S.A., being certified public accountants. Deloitte Hadjipavlou Sofianos & Cambanis S.A. is a member of the Body of Certified Public Accountants in Greece (SOEL) and is also registered with the Public Company Accounting Oversight Board (PCAOB) and Hellenic Accounting and Auditing Oversight Board (ELTE).

Deloitte Hadjipavlou Sofianos & Cambanis S.A. have reviewed the 2013 June Interim Financial Statements as at and for the six months ended 30 June 2013.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of

the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

REGISTERED OFFICE OF THE ISSUER

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REGISTERED OFFICE OF THE GUARANTOR

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Credit Suisse Securities (Europe) Limited
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HSBC Bank plc
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Germany

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AUDITORS TO THE ISSUER

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AUDITORS TO THE BANK

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