NATIONAL BANK OF GREECE S.A.

REPLACEMENT OF INTEREST RATE SWAP (IRS) CONTRACT BY THE ISSUANCE OF GREEK GOVERNMENT BONDS (GGBS)

Athens, 15/02/2019

The Hellenic Republic and National Bank of Greece have agreed to cancel the interest rate swap (IRS) contract of 31/12/2008, whose initial nominal value was €5,500,000,000 and its non-depreciated value stands at €4,038,000,000. This instrument will be replaced by the issuance of Greek Government bonds (GGBs) maturing 2023, 2025 and 2026 of a total nominal value of €3,314,250,000 – i.e. representing the current value of the IRS – which will be fully disbursed to NBG under the following terms:

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

This transaction generates benefits for both parties. For its part, the Hellenic Republic enhances the reduction in public debt by around €724 million, increasing the share of fixed rate liabilities in the Government's debt portfolio by circa 2.5% at no further cost for the Hellenic Republic at a time of historically low reference rates.

The reduction of €724 million stems from the difference between, the non-depreciated value of €4,038,000,000, which is currently charged to the public debt and will be reduced upon termination of the IRS contract, and, the nominal value of €3,314,250,000 of the new GGBs that will be given to NBG for payment of the equivalent current value of the IRS.

It's worth noting that this benefit for the public debt has been made possible by the significant drop in benchmark interest rates (mainly due to the policy of Quantitative Easing), though without creating a burden for NBG, as the associated interest rate risk has been fully and effectively hedged.

This transaction brings benefits to National Bank of Greece as the GGBs will earn annual interest income of €110 million, while eliminating the need to hedge the IRS (together with the substantial associated cost). It also simplifies the Bank's asset structure, securing a reduction in funding costs, and further enhancing the liquidity coverage ratio (LCR).

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