NATIONAL BANK
OF GREECE

Group and Bank
Six-month Financial Report
for the period ended 30 June 2022

July 2022

Table of Contents

At a glance 3
Chairman's Statement 4
Chief Executive Officer's Statement 5
Certification of the Board of Directors 7
Board of Directors Report 9
Independent Auditor's Report 46
Statement of Financial Position 48
Income Statement – 6-month period 49
Statement of Comprehensive Income – 6-month period 50
Income Statement – 3-month period 51
Statement of Comprehensive Income – 3-month period 52
Statement of Changes in Equity – Group 53
Statement of Changes in Equity – Bank 54
Cash Flow Statement 55
NOTE 1: General information 56
NOTE 2: Summary of significant accounting policies 57
2.1 Basis of preparation 57
2.2 Going concern 57
2.3 Adoption of International Financial Reporting Standards (IFRS) 59
2.4 Critical judgments and estimates 60
NOTE 3: Segment reporting 62
NOTE 4: Net trading income / (loss) and results from investment securities 65
NOTE 5: Credit provisions and other impairment charges 65
NOTE 6: Restructuring costs 65
NOTE 7: Tax benefit /(expense) 65
NOTE 8: Earnings per share 66
NOTE 9: Loans and advances to customers 66
NOTE 10: Assets and liabilities held for sale and discontinued operations 72
NOTE 11: Due to banks 74
NOTE 12: Due to customers 74
NOTE 13: Contingent liabilities, pledged assets and commitments 74
NOTE 14: Share capital, share premium and treasury shares 76
NOTE 15: Tax effects relating to other comprehensive income / (expense) for the period 77
NOTE 16: Related party transactions 78
NOTE 17: Capital adequacy 79
NOTE 18: Fair value of financial assets and liabilities 82
NOTE 19: Acquisitions, disposals and other transactions 88
NOTE 20: Group companies 90
NOTE 21: Ukraine crisis 91
NOTE 22: Events after the reporting period 91

At a glance

About **National Bank of Greece**

Who we are: National Bank of Greece S.A. (hereinafter "NBG" or the "Bank") was founded in 1841 and its shares have been listed on the Athens Exchange since 1880. The Bank's headquarters are located at 86 Eolou Street, 10559 Athens, Greece, (Register number G.E.MH. 237901000), tel. (+30) 210 334 1000, www.nbg.gr. By resolution of the Board of Directors, the Bank can establish branches, agencies and correspondence offices in Greece and abroad. In its 181 years of operation, the Bank has expanded on its commercial banking business by entering into related business areas. The Bank and its subsidiaries (hereinafter the "Group") provide a wide range of financial services including mainly retail, corporate and investment banking, troubled assets management, transactional banking, leasing, factoring, brokerage, asset management, real estate management and insurance services. The Group operates mainly in Greece; however, it does also have branches and subsidiaries in UK, North Macedonia, Romania, Bulgaria, Cyprus, Malta, Egypt, and Luxembourg. In 2021, the Bank decided to cease its operation in the NBG London Branch, NBG Egypt Branch and its subsidiary in Malta, which are currently under liquidation.

The Bank is one of the four systemic banks in Greece and one of the largest financial institutions in Greece by market capitalization, holding a significant position in Greece's financial services sector.

Our **Purpose**

Our Purpose Statement is "***Together we create future***".

Our **Vision**

Our vision is to become the "***Bank of First Choice***" for customers, talent, and investors. A trustworthy, human, responsive bank, that acts as a growth catalyst and unlocks potential for households, businesses, communities, and our employees.

Our **Values**

Throughout our history, from 1841 until today, we recognize that our successful business activity is mainly based on the fact that we operate guided by our values and our principles.

Those values are, and will remain etched in our DNA, in order to move forward together to the next day.

We are:

Human

Your needs and choices are at the centre of everything we do.

Trustworthy

We operate with transparency, knowledge and experience.

Responsive

We provide flexible solutions tailored to your needs.

A Growth Catalyst

We accelerate progress and prosperity.

About **Environment, Social and Governance**

In 2021, NBG launched a holistic Environment, Social and Governance ("ESG") effort to ensure compliance with evolving regulatory framework, fulfilment of its commitment to the Principles of Responsible Banking ("PRB") of the United Nations Environment Program Finance Initiative ("UNEP FI") and implementation of ESG best practices across the organization (covering management of credit and other types of risk, business strategy, products and services, reporting, as well as efforts to reduce NBG's direct and indirect emissions footprint).

An ESG Management Committee, chaired by the Chief Executive Officer, has been set up to govern all strategic decisions related to ESG, while a dedicated Group Corporate Social Responsibility & Sustainability Division has been established under the Group Chief Compliance and Corporate Governance Officer to oversee matters pertaining to corporate social responsibility, sustainability, and climate change.

Moreover, key initiatives relevant to the implementation of the ESG strategy are being included in the Transformation Program to ensure high level of focus and execution discipline in the aforementioned critical areas (see section "*Transformation Program*").

Chairman's Statement

Gikas A. Hardouvelis

Chair of the Board of Directors

In the first half of 2022, NBG continued its successful transformation journey, investing in technology and people, and staying close to its customers by helping them navigate through a challenging economic environment. Persistent geopolitical uncertainty and mounting inflationary pressures across the globe are raising production costs and pushing downwards disposable incomes and household and business economic sentiment.

Despite the global economic headwinds, economic activity in Greece remained strong in 1H.22, exceeding expectations, as several positive catalysts cushioned the pressures from surging inflation and uncertainty. Domestic demand remained buoyant, financed by the accumulated stock of deposits that were created during the pandemic, underpinned by State fiscal support and resilient personal income flows. The rebound in tourism since the second quarter has surpassed the most optimistic expectations, presaging a new record in the sector's performance.

Strong labor market conditions and additional fiscal support measures bolstered consumer spending and sheltered the most vulnerable households from a potentially sizeable erosion of their purchasing power due to the accelerating inflation. And on the fiscal side, the idiosyncratic characteristics of Greece's public debt with very low debt servicing costs, long maturities, and a large share of ownership by the official sector, protect the trajectories of the fiscal metrics from the adverse effects of the upcoming euro area monetary policy tightening.

In the face of persistent supply-side headwinds, healthy businesses remain resilient, driven by extensive restructurings during the 10-year domestic sovereign and banking crisis, ending up with high operational efficiency and improved competitiveness and agility. Low leverage and significant accumulated cash buffers add to their resilience, rendering them less sensitive to monetary policy tightening.

The strong domestic growth in the first half of the year was reflected on the solid financial performance of NBG. In 1H.22, our capital position improved further: The Common Equity Tier 1 ("CET1") capital ratio on a fully loaded basis stood at 15.0%, mirroring positive organic capital generation as well as the successful completion of capital accretive actions. Similarly, our profitability improved sharply, mainly through strong core income growth, a contained cost structure, and lower credit risk charges. The latter reflect favorable NPE formation trends that remain negative, driving the domestic NPE ratio to 6.1% in June.

During the first half of the year, our core domestic business continued to grow in line with our mission to facilitate a healthier and more sustainable future for businesses and households. In corporate banking, we were the first bank in Greece to approve financing within the Recovery & Resilience Facility ("RRF") framework's green transition pillar. Most notably, we rolled out Environmental, Social and Governance ("ESG") assessments for new lending in corporate banking, in line both with supervisory expectations and our strategy to lead the market in green financing. For all our efforts, in the previous Spring, we received the year's Diamond ESG & Social Responsibility award by the Corporate Responsibility Institute's ("CRI"). This is the 4th time we receive the award since it started 14 years ago in Greece.

In retail banking, our digital footprint continued to expand, with new functionalities and more than two and a half million users active on our mobile and internet banking platforms. We also paid close attention to improved fee generation, focusing on revamping our asset management business, establishing NBG Pay Single Member S.A., and preparing for the inauguration of the joint venture with EVO Payments Inc in the merchant acquiring business.

None of those achievements would have been possible without the strong dedication and tireless efforts of our people. In the first half of the year, we re-introduced a variable compensation framework, providing tangible recognition to our employees for their efforts and results. Negotiations with the labor unions were successfully concluded, both at the sectoral level and at the Bank level, providing for a three-year agreement on wages, benefits, and the start of an effort to redesign the architecture of job descriptions at the Bank.

In 1H.22, NBG exited the 2019 Revised Restructuring Plan, which was agreed between the Hellenic Republic and the Directorate General for the Competition of the European Commission, because of the State Aid received by the Bank during the two large recapitalizations of the Greek banking sector, which took place in 2013 and 2015. The official exit signals new possibilities for the Bank, the ability to begin distributing dividends to shareholders, and a new era of opportunities for expansion.

Looking forward, risks for economic and business stability in Greece remain high but manageable, despite deteriorating economic conditions in the euro area and the rally in energy prices. Persistent cost increases could put additional pressure on private sector spending in 2H.22. Yet, in contrast to other euro area countries, risks for Greece's energy security are very limited, as the country exhibits an increasingly differentiated energy production mix.

In this uncertain global backdrop, we will continue strengthening our defense lines, remaining focused on our strategic direction of growing our core business, providing quality service to our customers and supporting the Greek economy and society.

Athens, 29 July 2022

Gikas A. Hardouvelis

Chair of the Board of Directors

Pavlos K. Mylonas

Chief Executive Officer

Economic activity in Greece has consistently been surpassing expectations over the past two years and has defied mounting headwinds from surging inflation and geopolitical turbulence in the first half of 2022. In 1Q.22, Gross Domestic Product ("GDP") increased by 7.0% year-over-year ("y-o-y"), accelerating relative to the previous quarter, thus providing 2022 GDP growth with a strong carry over effect. Greece is steadily on an outperformance trajectory relative to the Eurozone economies. Demand remains buoyant, benefiting from the full uplift of COVID-19 induced restrictions, financed by increased savings buffers and resilient personal income flows. Additional public fiscal measures and a strong labor market are providing significant protection to households, especially the weakest segment, offsetting the impact of accelerating inflation on their disposable incomes and purchasing power. Revived tourism in the second and third quarters of the year, already exceeding respective record 2019 levels both in terms of traffic and spend, reinforces strong domestic demand, pushing 2022 GDP growth potentially in excess of 4%.

Economic conditions in Greece suggest we are far from a scenario driving the creation of a new wave of NPE affecting credit risk, or even a slow-down in loan demand putting core income recovery at risk. Even though we do remain alert and track early signs of client and sector-specific stress, both the economic performance of the country, as well as, our own remain strong and encouraging. Nevertheless, in light of surging inflation and to provide additional relief on top of the agreed wage rises later this year, a regressive special wage supplement will be given in 3Q.22, supporting our employees and especially the ones in the middle and lower end of the wage structure. In recognition of the commitment of our people, we have reinstated variable payment schemes as of this year, intricately linked to our new Performance Management System. These schemes provide tangible recognition to their efforts, as well as, motivation for continued strong performance in the future.

In the first half of 2022, we have delivered a solid financial performance, underpinned by strong core income growth, contained costs and sustained normalization of our credit risk charges, reflecting continued positive asset quality trends. Our core operating profit has increased by 40.0% y-o-y, comprising already more than half of €0.5 billion of the FY.22 profitability guidance. Our balance sheet is robust, underpinned by a small residual net NPE exposure, high coverage exceeding 80% and consistently negative NPE formation trends. Our capital position has improved further year-to-date ("ytd"), standing at 15.0% in terms of fully loaded CET1 capital ratio, on the back of positive organic capital generation as well as the successive completion of capital accretive actions. In the transactions front, the completion of our large NPE securitization transaction "Project Frontier" in 2021 constituted a step change towards fulfilling the medium term <3% NPE target. Similarly, the closing of the Ethniki Hellenic General Insurance S.A. sale and the completion of other commitments earlier this year, allowed us to exit the 2019 Revised Restructuring Plan agreed between the Hellenic Republic and the Directorate General for the Competition of the European Commission, post the receipt of State aid by the Bank in 2013 and 2015.

Looking into more detail in our 1H.22 financial performance, the reduction in NPEs continued unabated, with organic flows remaining negative, reflecting our successful restructuring products and efforts sustaining high cure rates. Our domestic NPE ratio continued dropping throughout 1H.22 reaching 6.1% in June 2022, already fulfilling the FY.22 NPE target. Net of Expected Credit Losses ("ECL") allowance, NPEs stood at just €0.4 billion equivalent to 1.1% of loans. As regards our capital, our fully loaded CET1 capital ratio and total capital ratios already fulfilling our YE.22 target, before factoring in the positive impact from the completion of the merchant acquiring joint venture with EVO Payments Inc that will add c.60bps to capital upon completion in 2H.22.

Our focus in core operating profit improvement remains sharp. Both core operating profit and profit for the period attributable to NBG equity shareholders have shown consistent improvement over the past few years, driven by core income expansion and operating expenses rationalization. In 1H.22, core income recovery reflects growth in both net interest income ("NII") and net fee and commission income, with the former benefitting from the accelerating expansion of our performing exposures, up €2.3 billion on a y-o-y basis. On the net fee and commission income side, sustained strong growth of 23.2% on a y-o-y basis is driven by core banking fee growth, especially from the retail business, followed by double digit growth in corporate fees. Our operating expenses, weighed by spiking inflation and the roll out of our strategic IT Investment Plan, which includes the ongoing replacement of our Core Banking System, came out near flat in 1H.22 on a y-o-y basis, as a result of containment of personnel expenses and rigorous demand management on our general, administrative and other operating expenses ("G&As"). Recovering core income, normalizing impairment charges for ECL and tight cost control, have pushed our cost to core income lower throughout 1H.22, dropping below 48.8% in the 2Q.22. In terms of profit after tax ("PAT") attributable to NBG equity shareholders, 1H.22 profit reached €546 million.

Our efforts to transform NBG continued in the first half of 2022. We continued to support our household and corporate clients, opting to continue to improve the quality and breadth of our service offering. Under the RRF, NBG was the first bank in Greece to approve financing in March 2022, subsequently working on relevant investment projects valued in excess of €1 billion. In Retail, we leveraged digital channels, partnerships with retailers and our branch network to accelerate credit extension, and improve our clients' experience. Our digital offering leveraged new functionalities, pushing monthly active users up by 14.8% y-o-y to 2.1 million. The establishment of NBG PAY Single Member S.A., our joint venture with EVO Payments Inc in the merchant acquiring *and payment processing services, by offering innovative services, will allow for the continuation of that trend.*

Looking into 2H.22 and beyond, the challenges will continue with uncertainty remaining high. However, Greece is coming out with confidence from a period of significant restructuring and the economy will be reactively resilient. Similarly, over the past several years, NBG has transformed itself becoming far more dynamic and agile, and thus I am sure that it will be able to play its role in leading the economy — comprising of many of its current and future clients — through this period of turbulence.

Athens, 29 July 2022

Pavlos K. Mylonas
Chief Executive Officer

Certification of the Board of Directors
on the six-month Financial Report as at 30 June 2022

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

We, the members of the Board of Directors of National Bank of Greece S.A. certify that to the best of our knowledge:

(1) The interim financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with the applicable accounting standards and present a true and fair view of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement of the Bank and of the companies included in the consolidation.

(2) The Board of Directors Report for the six-month period ended 30 June 2022 truly and fairly presents all information required by Article 5, Para 6 of Greek Law 3556/07, as in force.

Athens, 29 July 2022

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE BOD MEMBER
GIKAS A. HARDOUVELIS	PAVLOS K. MYLONAS	MATTHIEU A. KISS

Board of Directors Report

First half 2022

For the six months period ended 30 June 2022

Key Highlights

First half 2022

Group Financial Results

Adjusted Group profit for the period from continuing operations at €490 million

Adjusted Group profit for the period from continuing operations

€490 million for the six month period ended 30 June 2022 (30 June 2021: €644 million).

Domestic new loan disbursements

Domestic loan disbursements reach €3.0 billion, driven by corporates.

Non-Performing Exposures ("NPEs")

Group NPE stock amounted to €2.1 billion, with NPE ratio at 6.3%.

Liquidity

Group deposits grew by €0.8 billion to €54.3 billion, Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") stand comfortably above regulatory requirements.

Common Equity Tier 1 ratio ("CET1")

The Group's Common Equity Tier 1 ("CET1") and Total Capital ratios as at 30 June 2022 were 14.3% and 15.4% respectively, exceeding the OCR ratio of 11.75% for 2022, post capital relief measures. By including the profit for the period, amounted to 15.9% and 17.1%, respectively.

Digital functionality

Digital transactions soared, supported by our efforts to increase user engagement and enhance the digital capabilities of our customers

The introduction of new digital capabilities in combination with campaigns to promote digital channels led to a significant acceleration of digital usage and engagement:

- Digital active users reach 2.6 million (+14.1% year-over-year ("y-o-y")).
- 19.9% y-o-y increase in transactions via digital channels.
- 9.0% y-o-y increase in sales via digital channels.

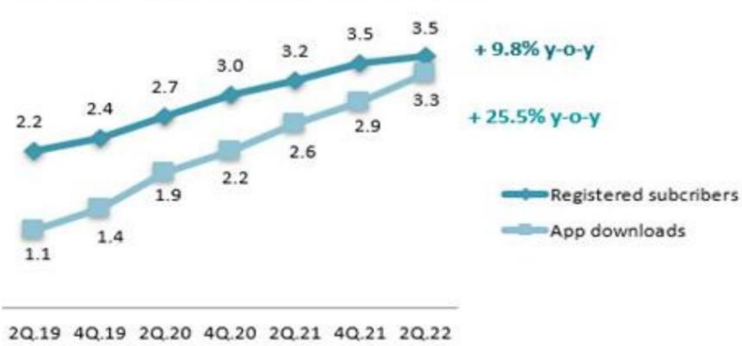
Acceleration of digital transformation and new digital functionalities

A digital leap forward creating a new competitive advantage

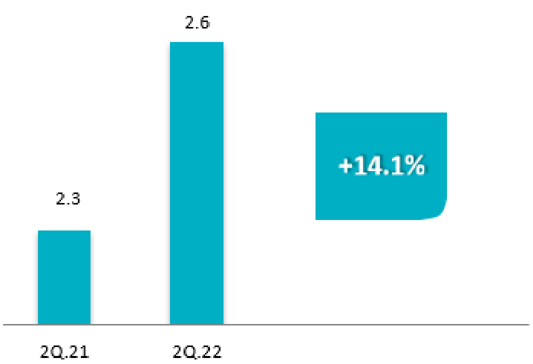
	Key digital metrics	New digital functionalities
Onboard	– **Digital subscribers:** 3.5 million (+9.8% y-o-y). – **Mobile app downloads** 3.3 million (+25.5% y-o-y).	• **Digital onboarding** enhancements.
Engage	**Digital active users (12 months)** 2.6 million (+14.1% y-o-y). – **Digital active users (1 month)** 2.1 million (+14.8% y-o-y).	• **Contactless Payments via Mobile Banking**: NBG cards on Google Pay and Apple Pay. • **FX transfers** for all retail customers. • Internet & Mobile Banking based on **Accessibility Compliance** standards for people with disabilities. • Second Authentication Factor using **Push OTP.**
Gross-sell	**Digital sales** c.124k items (+9.0% y-o-y).	• **Expansion of online repayments** to full set of applicable lending products**.** • **e-Gov integration** for Know your Customer ("KYC") data updates.

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

Digital subscribers (in millions)



Digital active users (in millions)



Key achievements and significant developments of NBG Group in the first half of 2022

Large scale Transformation Program
NPE reduction plan
Disposal of NPE portfolios
Divestments
Financial highlights
2019 Revised Restructuring Plan
Regulatory developments
Other

Large scale Transformation Program

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

The Transformation Program addresses the strategic priorities that leverage on our strengths and address our weaknesses. Four years into its implementation, the Transformation Program has delivered impressive results in terms of core profitability – fully in line with the Bank's financial and business targets up to 2023 – and tangible improvements to NBG's business and operating model. These results are delivered through discrete workstreams encompassing 40+ initiatives and involving 1,000+ managers and employees of the Bank.

NPE reduction plan

From December 2015 to June 2022, the Group achieved a decrease of €22.2 billion of the NPE stock through a combination of organic and inorganic actions, with Group NPE stock as of 30 June 2022 at €2.1 billion (Bank: €1.9 billion). Similarly, the NPE ratio dropped from

46.8% to 6.3% post to the Project "Frontier" derecognition and the Project "Frontier II" classification as Held for Sale. More specifically, NPE reduction continued in 1H.22, with the stock of domestic NPEs reduced further by €0.2 billion to €1.9 billion, reflecting mainly inorganic actions (see below "*Disposal of NPE portfolios*").

Domestic NPE ratio dropped by c. 78 bps to 6.1% in 1H.22, with NPE coverage at 80.8% from 77.5% in 4Q.21.

International NPE ratio and coverage in 1H.22 settled at 10.0% and 74.8%, respectively.

Furthermore, as per the regular European Central Bank ("ECB") calendar, the revised NPE targets for the 2022-2024 period were submitted to the Single Supervisory Mechanism ("SSM") on 31 March 2022. The core objective of the revised 3-year plan is to support a continuous and sharp NPE ratio improvement and converge to EU average (<3%) by 2024.

Disposal of NPE portfolios

Project "Frontier II"

On 25 November 2021, the Bank decided the disposal of a portfolio of Greek NPEs in the form of a rated securitization that will utilize the provisions of the Hellenic Asset Protection Scheme ("Hercules II", see below). The Project "Frontier II" accounted for c. €1.0 billion, in terms of gross book value as of 31 December 2021. The portfolio consists of predominantly secured Large Corporate, Small and Medium Enterprises ("SMEs"), Small Business Lending ("SBL"), Mortgage Loans and Consumer Loans. On 29 June 2022, the Bank announced the submission of the application under Hercules II, for the securitisation of Project Frontier II. The application relates to the provision of a guarantee by the Greek State on the senior notes of an amount up to €460 million.

Subsequently, on 29 July 2022, the Bank announced that it has entered into a definitive agreement with funds managed by Bracebridge Capital, LLC, for the sale of 95% of the Mezzanine and Junior notes. NBG will retain the 100% of the Senior notes and 5% of the Mezzanine and Junior notes. The transaction is expected to be completed within 2H.22, subject to required approvals. The transaction is being implemented in the context of the Bank's NPE deleveraging strategy and is in line with the targets submitted to the SSM.

Hellenic Republic Asset Protection Scheme

In December 2019, the Greek parliament voted for the creation of a Hellenic Asset Protection Scheme ("HAPS") (Greek Law 4649/2019) also known as the "Hercules Scheme". The Hercules Scheme will support banks on deleveraging NPEs through securitization, with the aim of obtaining greater market stability. The participation in the Hercules Scheme is voluntary and open to all Greek banks and it does not constitute state aid as guarantees are priced on market terms.

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

Moreover, in July 2021, following the approval from the Directorate General for the Competition of the European Commission (the "DG Competition") on 9 April 2021 and based on the Greek Law 4818/2021, the "Hercules" Scheme (named also as "Hercules II") was extended by 18 months, with no material changes in terms.

Project "Pronto"

In December 2021, the Bank decided the disposal of the non-performing leasing exposures including: the sale of Probank Leasing S.A. shares, the sale of the Bank's leasing portfolio (ex-FBB) and the sale of NBG Leasing S.A. lease portfolio. The gross book value of the Bank's and NBG Leasing's leasing portfolios, at the same date, amounted to €52 million. The closing of the transaction is expected to be completed by the end of 4Q.22.

Project "Solar"

In December 2021, the Bank decided to launch the divestment of the secured portfolio of SMEs (Project "Solar") with a gross book value c. €170 million as of 31 December 2021, through a joint securitization process under HAPS, while in parallel continues to explore divestment through alternative routes. The divestment is expected to be concluded within the 4Q.22.

Divestments

Planned disposal of subsidiary under 2019 Revised Restructuring Plan commitments

Sale of a majority equity holding in Ethniki Hellenic General Insurance S.A.

On 24 March 2021, the Bank's Board of Directors approved the sale of the 90.01% out of 100.00% stake in Ethniki Hellenic General Insurance S.A. ("Ethniki Insurance" or "NIC") and authorized the Bank's Management to proceed with the signing of the Share Sale and Purchase Agreement ("SPA") with CVC Capital Partners ("CVC") on 26 March 2021. The transaction was approved by the Extraordinary General Meeting of NBG's Shareholders held on 21 April 2021.

The closing of the transaction took place on 31 March 2022, following the reception of the required supervisory approvals by national and EU authorities.

Other divestments

CAC Coral Ltd

On 16 October 2020, the Bank announced that it has entered into a definite agreement with Bain Capital for the disposal of its 100% stake in a Cypriot Credit Acquiring Company, CAC Coral Ltd (Project "Marina"), which contains a portfolio of non-performing corporate, SME and consumer and mortgage loans with total gross book value of c. €325 million (€200 million of allocated collateral value) as of 30 June 2019. The portfolio consists predominantly of legacy non-performing loans. The transaction is being implemented in the context of NBG's NPE deleveraging strategy and in accordance with the Operational Targets submitted to the SSM.

The closing of the transaction took place on 15 July 2022, following the reception of the required approvals by the competent regulatory authorities.

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

Other transactions

Strategic Partnership of NBG with EVO Payments Inc

On 17 December 2021, the Bank announced that it has entered into a long-term strategic partnership with EVO Payments, Inc ("EVO") to provide merchant acquiring and payment processing services. Significant value creation is expected from the synergies the Joint Venture partnership will create from combining NBG's wide client base with EVO's technological expertise in the payments business.

NBG's Merchant Acquiring Business will form the basis of a new established company NBG PAY Single Member Societe Anonyme ("NBG PAY S.M.S.A.") and EVO will acquire 51.00% of its share capital for a cash consideration of €158 million, valuing NBG's Merchant Acquiring Business at €310 million. In addition, there will be a long-term exclusive distribution agreement where NBG will offer to its merchants the market-leading, card acceptance solutions of NBG PAY S.M.S.A., through the proprietary products and processing platforms of EVO.

Cease of Group's operations in London, Malta & Egypt

NBG London Branch

In May 2021, the Bank decided to cease its operation in the U.K. through its branch.

NBG Malta Ltd

In October 2021, the Bank decided to cease its operation in Malta.

NBG Egypt Branch

In May 2021, an official approval was received by the Central Bank of Egypt for the downsize and ultimately cease of the Bank's branch operations in Egypt (see below "*2019 Revised Restructuring Plan*").

Financial highlights

Adjusted Group profit after tax ("PAT") from continuing operations at €490 million with Core Operating Profit ("COP") up by 40.0% y-o-y

Adjusted Group profit after tax ("PAT") from continuing operations reached €490 million for the six month period ended 30 June 2022, with COP up by 40.0% y-o-y, reflecting mainly the improved core income by 4.9%, a sharp decrease in loan impairments by 31.1%, while operating expenses were kept near flat y-o-y (up by 0.8% y-o-y).

Net Interest Income ("NII") at Group level increased by 0.7% y-o-y to €600 million, supported by the new loan production, higher income from investment securities and a sharp decrease in interest payable on time and sight deposits mainly from decrease in yields, and partially offset by a reduction in loan interest income due to NPE deleveraging.

Net fee and commission income reached €170 million, expanding by 23.2% y-o-y, supported by significant growth in retail and corporate fees driven by loan origination, card, payments and trade finance fees, capitalizing on the transformation initiatives and economic growth.

Operating expenses were kept near flat y-o-y

Operating expenses for the six month period ended 30 June 2022 increased by 0.8% y-o-y to €386 million on the back of strong cost containment efforts, despite the increasing inflationary pressures and a reduction of personnel expenses by 2.4% y-o-y, (1H.22: €207 million, 1H.21 €212 million), as the Group and the Bank realized the benefits of the Voluntary exit scheme ("VES") launched in 2020 and 2021. Depreciation and administrative and other operating expenses ("G&As") increased by 4.7% y-o-y, mainly due to charges driven by a reinforced IT investment strategy.

Domestic performing loans additions accelerated in 1H.22 at €3.0 billion

Domestic performing loan portfolio continued to expand in 2Q.22 reaching €1.9 billion. Disbursements in 1H.22 reached at €3.0 billion, pushing domestic Performing Exposures ("PE") higher by €2.3 billion y-o-y driven mainly by corporates.

ECB exposure to significantly lower funding terms under TLTRO, while domestic deposit increased by savings deposits

The Bank continues to benefit from ECB's temporary liquidity measures and its participation to the favourable ECB funding as of 30 June 2022, amounted to €11.6 billion (31 December 2021: €11.6 billion), consisting exclusively of TLTROs, while the Group's customer deposit balance stood at €54.3 billion, an increase of €0.8 billion compared to 31 December 2021, mainly due to saving deposits. Bank's secured interbank funding transactions decreased by €1.1 billion compared to 31 December 2021 and amounted to €0.1 billion as at 30 June 2022.

During the six-month period ended 30 June 2022, interest income recorded in respect to funding transactions with ECB and included in Net Interest Income amounted to €58 million and accrued at a rate of -1%.

2019 Revised Restructuring Plan

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

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

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

A further reduction of the number of branches in Greece to 420 (by the end of 2019) and 390 (by the end of 2020). As at 31 December 2020, the Bank had reduced its branches to 365. The Commitment has been attained.

A further reduction of the number of employees in Greece to 8,600 as at 31 December 2019 and 8,000 as at 31 December 2020. As at 31 December 2020, the Bank had reduced the number of employees at domestic level to 7,762[1]. The Commitment has been attained.

A further reduction of total operating expenses in Greece to €845 million as at 31 December 2019 and €800 million as at 31 December 2020. As at 31 December 2020 such costs amounted to €768[1] million. The Commitment has been attained.

Divestment of domestic non-banking activities: In May 2019 the Bank had completed the sale of its remaining stake in NBG Pangaea REIC (currently Prodea Investments S.A.). Regarding the NIC, the transaction was closed on 31st of March 2022 (see above "*Sale of a majority equity holding in Ethniki Hellenic General Insurance S.A.*"). The Commitment has been attained.

Divestment from international operations: The Bank reduced its international activities, by disposing certain subsidiaries in the years 2016 - 2019. The only non-complete divestment from international operations, since the Bank complied with its commitments with the run-off of NBG Cyprus assets, relates to the Bank's branch network in Egypt. In May 2021, an official approval was received by the Central Bank of Egypt for the downsize and ultimately cease of operations in Egypt.

As communicated by DG Competition in June 2022, the restructuring period and the mandate of the Monitoring Trustee for NBG has ended, as NBG complied with its commitments with the exception of the run-off of NBG Egypt. It is noted, that the size of asset deleveraging remaining in NBG Egypt is very limited compared to the overall assets NBG deleveraged, and that NBG exceeded the overall level of deleveraging required by the commitments of its Restructuring Plan. The effort to complete the wind-down of NBG Egypt is in progress.

Regulatory developments

2022 Climate Risk Stress Test

The Bank successfully completed the 2022 Climate Risk Stress Test, led by the ECB, under common methodological rules and scenario assumptions published on 27 January 2022.

2022 Climate Risk Stress Test is primarily prescribed by ECB as one of pivotal, but also mutually learning nature for all participating Banks and Supervisors, forming part of the green transition roadmap and effective management of climate risks. In this context, the 2022 Climate Risk Stress Test does not constitute a solvency exercise; its outcome will inform the Supervisory Review and Evaluation Process ("SREP") from a qualitative perspective, without a direct impact on capital through the Pillar 2 guidance.

NBG's overall performance was in line with the average of the EU-wide participating institutions. In terms of advancement in the internal climate stress-testing capabilities (qualitative part of the Exercise), the Bank ranked above the average of Total EU sample at Medium-Advance level, while in the domestic banking sector, NBG's overall transition impact on Business Model viability was assessed as of relatively lower risk (Advanced scoring).

The 2022 Risk Climate Stress Test outcome reflects the firm commitment and progress made by the Bank, setting the basis for an effective Climate Risk Management Framework and timely adaptation of processes and strategies, including via ambitious plans for substantial investment in human and technical capabilities.

MREL Requirements

See section "*Economic and Financial Review – MREL Requirements*").

Greek Law 4941/2022 on the reform of the institutional framework of the HFSF

See section "*Corporate Governance - Greek Law 4941/2022 on the reform of the institutional framework of the HFSF*".

Other

The Initiative 1821 - 2021 and the 200th anniversary of the beginning of the Hellenic Revolution

In light to its 181 year long history, NBG which is closely linked to the creation and development of the Hellenic Republic and to the philhellene individuals responsible for establishing the Bank – has turned to the 15 charitable and cultural institutions to provide input, recognizing their highly commendable work and contribution to the wider Greek community, in order to create a focus of understanding for the celebration of our National rebirth.

The purpose of the "Initiative" and its actions

The "Initiative 1821-2021" (www.protovoulia21.gr) regarding the celebration since the outbreak of the Greek Revolution aims to highlight a message of unity of purpose, declaring that history should be a source of inspiration for the future. In this spirit, the preparation of a variety of actions and events for the celebration of our National Rebirth, in Greece and abroad, began in 2019, including conferences, exhibitions, music concerts, educational - research programs and scholarships, as part of the planned objectives for the three years 2020-2022.

[1] Excluding NIC.

Ukraine crisis

On 24 February 2022, Russia invaded Ukraine where in addition to the humanitarian crisis it has caused in the region, it has had negative economic consequences for the global economy mainly through higher energy and commodity prices that have fueled higher inflation which has produced weaker confidence in households and business. The extent of these effects will depend to a great extent on how the conflict evolves. The invasion also escalated tensions between Russia and the U.S., NATO, the EU and the U.K. The US has imposed and is likely to impose material additional, financial and economic sanctions and export controls against certain Russian organizations and/or individuals, with similar actions implemented by the EU and the U.K. and other jurisdictions. In the first half of 2022 the U.S., the EU and the U.K., each imposed packages of financial and economic sanctions that, in various ways, constrain transactions with numerous Russian entities and individuals; transactions in Russian sovereign debt; investment, trade and financing to and from certain regions of Ukraine. For a further information on the effect of the Ukrainian crisis see section "*Economic and Financial Review – Global Economy & Financial Environment*".

The Group has taken all necessary measures to comply with sanctions imposed by the competent authorities. Management is closely monitoring the developments and assessing periodically the impact that these may have on the Group's operations and financial position.

The Group has an insignificant exposure in any positions in securities, interbank transactions (secured or unsecured), derivatives, or commercial transactions, related to Russia or Ukraine, or to the Ruble, or with any Bank or subsidiary that is domiciled in these countries.

The Group also examined indirect exposure through its corporate loan portfolio. Corporate clients that were analysed had one of the following characteristics:

- *Business Activity*: Companies that sell their products/services in the affected countries or have local presence through subsidiaries/ branches.
- *Supplier(s):* Companies with key suppliers in the affected countries.
- *Shareholder(s)*: Key shareholder(s) or final beneficiary or other key stakeholder is of Russian nationality/citizenship.

As a result of the Ukrainian crisis, the expected impact from first order effects on the underlying obligors, that meet the above criteria, was deemed immaterial.

Ukraine crisis and Cyber security threats

The Group also continuously invests in infrastructure to prevent, detect, and mitigate cyber threats. NBG already has in place a robust framework supported by experienced staff and appropriate IT infrastructure to minimize the probability of a cyber intrusion (see also see section "*Risk Management – Other Risk Factors - Cyber security"*). From the onset of the Ukraine crisis, NBG has proactively augmented this framework with a significant number of preparedness and security enhancement actions which will help reduce the impact of any such attacks.

Transformation Program

Following a clear mandate from NBG's Board of Directors, NBG launched a rigorous Transformation Program in the second half of 2018, committing to the delivery of an aspiring financial and operational targets. Through 4 years of implementation, the Transformation Program has enabled the delivery of impressive results in terms of core profitability – fully in line with the Bank's financial and business targets – and tangible improvements to NBG's business and operating model. The Transformation Program has been designed and is being delivered across Workstreams, each led by a senior executive of the Bank.

Delivering the Transformation

Since its launch, the Transformation Program has been structured into six-month Seasons. This setup helped gain the necessary pace in the early years and ensured that the Bank remained focused to the targets.

As of 2022, recognizing the increased maturity and ownership of the involved employees, the Transformation Program transitioned to an annual planning horizon. The Bank maintains its agility as new Initiatives can be added to the Transformation Program, while existing ones are adjusted or removed throughout the year. Each annual cycle begins and ends with a Ceremony, aiming to review progress made, acknowledge achievements, and embed lessons learned from each Season in our future planning. In parallel, a strong Transformation Program Office ("TPO") has been established to:

- Ensure coherent and consistent planning of Workstreams and Initiatives, including prioritisation of activities and tracking of programme-level interdependencies.
- Provide project and Transformation Program Management discipline and best practices across Workstreams and Initiatives.
- Deploy a thorough, timely and effective progress (and risk) reporting mechanism.

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

Transformation Program achievements in 1H.22

During 1H.22, more than 1,000 staff have been directly involved in the Transformation Program in at least one of the 40+ Initiatives, achieving significant tangible results across all Workstreams:

Workstreams	Key achievements in 1H.22
Best Bank for our Clients	• Acceleration of customers' migration to digital channels, through the offering of new solutions and customer experience enhancements: – For individuals: NBG cards live on Google wallet & NBG credit cards live on Apple Pay. – For businesses/ corporates: Expansion of online repayments to full set of applicable lending products. Digital migration to online platforms (Client Trade & i-FX) and innovative solutions via Application Programming Interfaces ("APIs"). • Roll out of NBG 2.0 program, being the first Greek Bank to announce financing through the Recovery and Resilience Facility ("RRF"). • Focus on cross-selling, fees generation and creation of new revenue streams from our Corporate clientele with a comprehensive offering of services through the Bank's Corporate Transaction Banking ("CTB") unit. • Roll out of new extroverted Small Business service model in branches and implementation of high impact productivity improvements in SB credit underwriting process. • Enhancement of cross-selling for Cards, Investments & Bancassurance products to Retail customers through improved product offering and analytics-driven campaigns. • Acceleration of branch network transformation, incl. operations streamlining and customer-centricity/ sales training.
Healthy Balance Sheet	• Completion of technical migration of Frontier portfolio. • Design of new operating model of Troubled Asset Unit following NPE portfolio clean-up.
Efficiency & Agility	• Targeted efforts to optimise operating model and capacity efficiencies in selected Head Office functions. • Targeted efforts to optimise non-staff costs, including real estate spend factoring in a more flexible working model.
Technology & Processes	• Core Banking System ("CBS") replacement program in progress; ongoing testing of Corporate loans. • Reengineering of core process (e.g., Corporate lending process) and centralizations (e.g., Small Business lending, Corporate middle office). • Expansion of usage of new technologies, incl. Robotics Process Automation ("RPAs"), Artificial Intelligence, Optical Character Reader ("OCR") and Blockchain.
People, Organisation & Culture	• Conclusion of new Performance Management System ("PMS") for 2021 performance cycle and variable payment compensation for 2021, in line with PMS results. • Completion of 2nd Employee Engagement Survey. • Deployment of SAP Success Factors as the new core HR IT system.
ESG & Enterprise Risk Management	• Roll-out of ESG credit assessment for new Corporate originations. • Measurement of Green-house Gas ("GHG") emissions, including financed emissions. • Ongoing alignment to UNEP FI Principles of Responsible Banking ("PRB") and EU Taxonomy.

Economic and Financial environment

Global Economy & Financial Environment

The outlook for 2022 has weakened amid broad-based inflation pressures

United States' private domestic final demand has been strong, albeit demonstrating signs of fatigue in the second quarter of 2022.

The euro area economy operates in an environment of heightened uncertainty due to the war in Ukraine and concerns regarding gas shortages.

Monetary policy has tightened in response to surging inflation.

The European Central Bank

Discontinued net asset purchases (pandemic emergency purchase programme ("PEPP"), asset purchase programme ("APP")).

Announced an anti-fragmentation tool (Transmission Protection Instrument, ("TPI")).

Raised the key policy interest rates by 50 basis points at its 21 July 2022 meeting.

The Federal Reserve

Increased the target range of the Federal Funds Rate by 225 basis points to a range of 2.25% to 2.50%.

Communicated that ongoing increases in the target range will be appropriate.

Began reducing US Treasury and agency Mortgage-Backed securities holdings.

The global economy posted signs of deterioration in the first half of 2022, with risks to the downside as long as inflation remains high and geopolitical tensions persist

Global economic growth has decelerated in the first half of 2022, following a strong outcome in the second half of 2021 due to less favourable financial conditions amid central banks' pivot, which undertook policy tightening measures in order to bring down elevated inflation. Moreover, high energy costs due to the war in Ukraine and related sanctions on Russia are taking a toll on households' purchasing power. In addition, lockdown measures in China to control COVID-19 infections contributed to the slowdown of economic activity. Finally, the large swings in real GDP growth rates reflected also variations in the volatile expenditure components of inventory investment and net exports, inter alia, due to exceptional developments in global supply chains in the past two years.

Regarding majors, United States ("US") real Gross Domestic Product ("GDP") is expected to have increased by +0.5% six-month annualized rate in the first half of 2022, from +4.5% recorded in the second half of 2021, mainly due to variations in inventories. Private domestic final demand has been strong, albeit demonstrating signs of fatigue in the second quarter, as the impetus from 2020/21-enacted fiscal policy measures gradually fades and financing conditions are tightening. Private consumption found support from favourable labour market conditions, with the unemployment rate hovering at multi-year lows of 3.6%. Inflation, after surging +6.0% over the second half of 2021, continued to post remarkable increases, with the consumer price index ("CPI") increasing by +9.1% year-over-year in June.

The euro area economy operates in an environment of heightened geopolitical-related uncertainty, as the war in Ukraine, concerns regarding gas shortages and weaker-than-expected Chinese economic growth weigh on consumer and business confidence. On the other hand, fiscal policy is cushioning the impact of the war in Ukraine, as the fiscal stance in the European Union is estimated to have been expansionary at circa +1.75% of GDP for 2022, following +1% of GDP in 2021, according to the European Commission, while the labour market remains strong, with the unemployment rate declining to 6.6% in May, a historic low. Overall, real GDP is expected to have increased by +1.7% six-month annualized rate in the first half of 2022 from +7.2% in the second half of 2021, albeit underlying growth momentum remains muted. Inflation (CPI) rose further to +8.6% year-over-year in June, with broadening price pressures, after averaging +3.7% over the second half of 2021.

In China, economic activity continued to decelerate due to zero-tolerance policies against COVID-19 and the related drag early in the second quarter, as well as disruptions in the residential activity. Indeed, real GDP growth increased by +2.6% year-over-year on average in the first half of 2022, from +4.5% in the second half of 2021. More recently, several fiscal, administrative and monetary policy measures are expected to cushion activity. Inflation (CPI) increased by +2.5% year-over-year in June, from a mean value of +1.3% over the second half of 2021.

Monetary policy has tightened in response to surging inflation. The Federal Reserve ("Fed") on 27 July 2022 increased its main policy interest rate by 225 basis points to a range of 2.25% to 2.50% from the begging of 2022 and communicated that ongoing increases in the target range will be appropriate. According to the Summary of Economic Projections (SEP, June 2022), participants in the Federal Open Market Committee expect an increase in the Federal Funds rate to 3.4% by end-2022. In addition, net large-scale asset purchases ceased in March, with the balance sheet standing at USD 8.9 trillion or 39% of 2021 GDP. The Fed began reducing US Treasury and agency Mortgage-Backed securities holdings on 1 June 2022, with a terminal monthly pace of USD 95 billion.

On the other side of the Atlantic, as inflation pressures have been amplified by the war in Ukraine and by the recovery in contact-intensive sectors of the economy, the ECB discontinued net asset purchases under the PEPP in March 2022 and under the APP as of 1 July 2022, with the balance sheet standing at EUR 8.8 trillion or 71.6% of 2021 GDP. The ECB will continue to reinvest in full the principal payments from maturing securities -- applying flexibility across jurisdictions in the PEPP portfolio. At the same time, the ECB announced the new TPI, to safeguard the smooth transmission of monetary policy across jurisdictions. The TPI can be activated to counter unwarranted, disorderly market dynamics that pose a serious threat to the transmission of monetary policy across the euro area. The ECB will be able to purchase public sector, mainly, bonds in jurisdictions experiencing a deterioration in financing conditions not warranted by country specific macroeconomic fundamentals. The scale of TPI purchases is not restricted ex ante, and it will depend on the severity of the risks facing monetary policy transmission, while the ECB accepts "pari passu" treatment with respect to bonds purchased by the TPI. Potential purchases under the TPI will regard securities with a remaining maturity of between one and ten years. In addition, the member states in which the ECB may conduct purchases under the TPI should pursue sound fiscal and macroeconomic policies, whereas the following criteria will be applied in the decision process for the activation of the TPI: i) reliable fiscal policy and not being subject to an excessive deficit procedure; ii) absence of severe macroeconomic imbalances; iii) fiscal sustainability and; iv) complying with the commitments submitted in the recovery and resilience plans for the Recovery and Resilience Facility and with the European Commission's country-specific recommendations.

At the same time, the ECB increased the three key policy interest rates for the first time since July 2011, by 50 basis points on 21 July 2022 (Main Refinancing Operations: 0.50% | Marginal Lending Facility: 0.75% | Deposit Facility Rate: 0.00%). According to the ECB, further normalization of interest rates will be appropriate, with the size of increments being left open to be decided on a meeting-by-meeting basis. Finally, the favourable cost of funding conditions for commercial banks, applicable under targeted longer-term refinancing operations (TLTRO III) ended, as expected, on 23 June 2022.

Financial developments were mostly negative, as central banks' shift towards more restrictive stance and war-inducing uncertainty led risk premia and government bond interest rates simultaneously higher. Global equities recorded significant losses in the first half of 2022, with the Morgan Stanley Capital International All Country World Index ("MSCI ACWI") declining by -20.9% in USD terms. In a similar vein, speculative grade corporate bond spreads widened substantially both in the USD and the EUR spectrum by circa 300 basis points to 590 and 640 basis points, respectively, amid growing risks to the economic outlook and European Central Bank's ("ECB") decision to terminate net asset purchases as of 1 July 2022. Nominal long-term Government bond yields increased in the United States by 145 basis points to 3.0%, while the inversion of the yield curve -- short term interest rates above long-term bond interest rates -- reignited recession concerns. German ten-year nominal Government bond yields rose by 156 basis points to 1.4%, their highest level since 2014, with euro area periphery Government bond spreads heading north. The nominal effective exchange rate of the euro continued to depreciate in trade-weighted terms by -2% in the first half of 2022, with euro depreciating by -8% against the US Dollar to 1.05 and sliding closer to parity in the first half of July. Finally, Energy and agricultural commodities increased over the review period, albeit with subdued gains in the second quarter. A deteriorating economic environment, particularly in China, took its toll on industrial metals' prices. Overall, the S&P/GS Commodities Index increased by 29.0% in the first quarter, followed by losses of -2.1% in the second quarter of 2022

2022 outlook

Looking forward, the withdrawal of monetary accommodation and the gradual unwinding of fiscal stimulus, is expected to slow down the growth rate of the global economy to a subpar +3.0% in full-year 2022 from +5.8% in 2021, according to the OECD. Risks are tilted to the downside, including a faster-than-anticipated tightening of monetary policy due to persistently elevated inflation that fails to engineer a soft landing for the global economy. The prolonged war in Ukraine remains a source of concern, with any escalation jeopardizing to disrupt gas supplies to Europe, hurting, initially, the industrial sector of the economy and pushing up global energy prices, fueling inflation further. Moreover, the emergence of new COVID-19 variants could cause renewed economic and supply-chain disruptions. On the positive side of the ledger, a potential unwinding of policy-related and international trade-related uncertainties, could improve the pace of growth of the global economy, as balance sheets of households and corporates are lacking the large imbalances that have been built ahead of the Global Financial Crisis.

World GDP

Source: OECD. June 2022

Greek Economy

Economic activity remained on an upward trend in 1H.22 showing resilience to the headwinds from surging inflation and geopolitical turbulence

GDP grew by 7.0% y-o-y in 1Q.22, and conjunctural and leading indicators of economic activity suggest that growth continued at a solid pace in 2Q.22.

Buoyant labor market conditions – increase in employment of 10.9% y-o-y in 4M.22 – and additional fiscal support cushioned the impact of inflation especially on the most vulnerable households and SMEs.

Strong business profitability and rapidly increasing turnover strengthened the capacity of the business sector to withstand a longer period of elevated production costs.

Tourism is heading to a new all-time high in terms of revenue, offsetting part of the external hit from surging energy and food prices.

Credit growth to the corporate sector showed signs of strengthening in 5M.22, with cumulative net flows at €2.2 billion compared to only €0.1 billion in 5M.21, while private sector deposits recorded a small decline as firms and households use their cash reserves more actively.

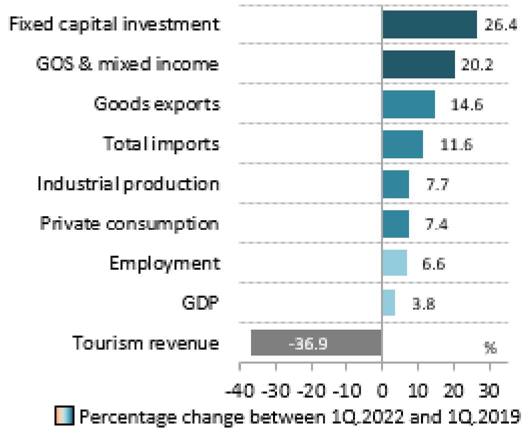
House prices increased by 8.6% y-o-y in 1Q.22 posting a cumulative appreciation from their lowest point in 2017 (during the 10-year crisis) of 28.7%.

The stronger-than-expected economic performance in 1H.22 sets the stage for an annual GDP growth of 4.0% or higher in FY.22, despite a prospective weakening in 4Q.22.

Increasing risks of energy shortages in the euro area and significant upward revisions in energy price forecasts for 2H.22 and 2023 point to potentially stronger downside pressures on economic activity in the coming quarters, when the support from tourism will subside and fiscal capacity to offset the pressure will decline.

Greece's economic recovery exceeded expectations in 1Q.22, with GDP growth at 7.0% y-o-y (compared with a euro area average of 5.4%) from 8.1% y-o-y in 4Q.21. Most notably, GDP growth recorded a remarkable acceleration in q-o-q s.a. terms, up by 2.3% in 1Q.22 from 0.8% q-o-q in 4Q.21, as the economy moved past a wave of COVID-19 infections and sustained the increasing pressure from rising inflation and the eruption of the Ukraine crisis. The GDP growth outcome in 1Q.22 creates a positive carryover effect of 5.6% y-o-y to 2Q.22 GDP growth[2]. GDP in 1Q.22 exceeded its pre-pandemic level in 1Q.19 by 3.8% as was the case for all key components and key indicators of activity, which outperformed their pre-pandemic levels by even higher margins.

Key indicators of economic activity
(1Q.22 compared with 1Q.19)



Source: ELSTAT

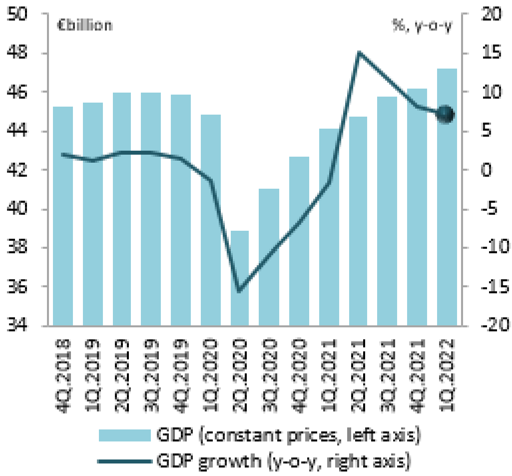
As regards the key activity components, private consumption grew by an impressive 11.6% y-o-y (+2.5% q-o-q) in 1Q.22, on the back of a strong improvement in labor market conditions.[3] Available data for 2Q.22 show that consumption remained on an upward path, with retail trade volume (excluding fuels) increasing by 7.6% y-o-y in April and VAT revenue rising by 34.2% y-o-y in April-May 2022, pointing to solid underlying demand growth even when adjusting for the impact of rising inflation.[4]

Gross fixed capital investment increased in 1Q.22 at a strong double-digit pace for a 5th consecutive quarter (+12.7% y-o-y), rising to an 11-year high of 13.3% of GDP, whereas the capacity utilization rate in industry remained significantly above its 10-year average in 4M.22, with survey data on current production trends and new orders remaining at expansion territory, above their long-term average levels, despite a modest weakening compared to 1Q.22.[5]

The stronger-than-expected 1Q.22 GDP outcome, in conjunction with encouraging signs for 2Q.22 activity, according to latest information by high frequency indicators (estimated GDP growth of 5.0-5.5% y-o-y in 2Q.22), buoyed by increasing support from tourism, presage a FY.22 growth of, at least, 4.0%, significantly above the euro area average.[6]

[2] Source: ELSTAT, Gross domestic product, 1Q.22 & NBG Economic Analysis estimates.
[3] Source: ELSTAT, Gross domestic product, 1Q.22.
[4] Sources: ELSTAT, Turnover Index in retail trade, April 2022 & Hellenic Ministry of Finance, State Budget Execution, Monthly bulletin, May 2022.
[5] Source: ELSTAT, Gross fixed capital formation, 1Q.22.
[6] Source: NBG Economic Analysis estimates.

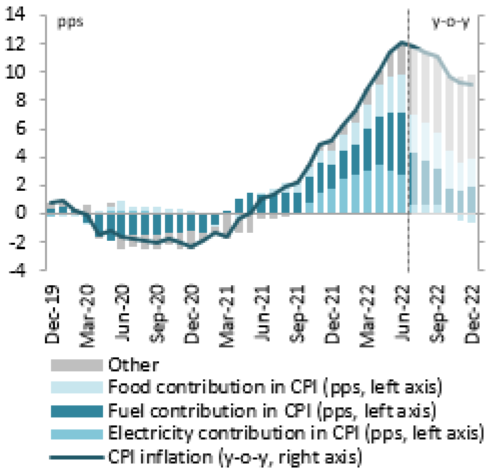
GDP: level in billion euro & annual change



Source: ELSTAT

Although pressures from inflation in 1H.22 – induced by spikes in energy, and food and commodity prices – have been much more severe-than-previously-thought, with CPI inflation accelerating sharply to 11.2% y-o-y in 2Q.22, posting an annual increase of 12.1% in June 2022 (a 29-year high), the negative impact on private disposable income has been lowered, due to: i) the strong rebound in tourism since 2Q.22; ii) the buoyancy of the labor market; and iii) the activation of new fiscal measures especially for the most vulnerable population groups. Inflation is expected to peak in June-July 2022, but its deceleration is likely to be much more gradual than previously expected, as energy-contract prices in June-July have started pricing in a more turbulent path towards the EU's disengagement from Russian supply, involving risks for energy security, especially, as regards natural gas for which supply constraints at an EU level are far more binding.[7]

Energy & food contribution in CPI



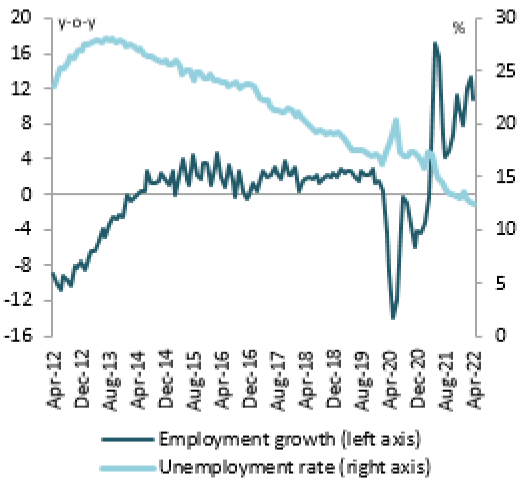
Source: ELSTAT

On the other hand, there are some important supportive factors as tourism revenue increased by 560% y-o-y in 4M.22, pointing to an increased probability for FY.22, for the first time since the COVID-19 eruption, tourism revenue to surpass its all-time high in 2019. That corresponds to a FY.22 revenue increase of, at least, €7 billion, which could offset a substantial part of increased outflows due to higher energy and food prices. In this vein, international arrivals at Athens International Airport are edging closer to their respective 2019 levels – at 60% in 1Q.22 and 87% in 2Q.22.[8]

Total compensation of employees increased by 7.4% y-o-y in 1Q.22 – the strongest pace in almost 14 years – buoyed by rapid employment growth, with the unemployment rate falling to a 12-year low of 12.5% in April 2022 and the minimum wage rising by 9.7% y-o-y in FY.22, following the legislation of a new significant increase from May 2022 onwards. Data on wage earner hiring flows for May-June 2022 point to a further improvement due to the opening of new positions in the tourism sector in the run-up to the core months of the tourism season.[9]

Fiscal support aiming at cushioning the impact of energy-price hikes (mainly regarding electricity costs) reached €3.5 billion in 1H.22 and is expected to exceed €6.5 billion in FY.22 based on the announcements made until July 2022. This support is mostly targeting low-income households and SMEs and could increase further in view of the recent spike in natural gas prices, which directly affects electricity prices.[10]

Greek labor market



Source: ELSTAT

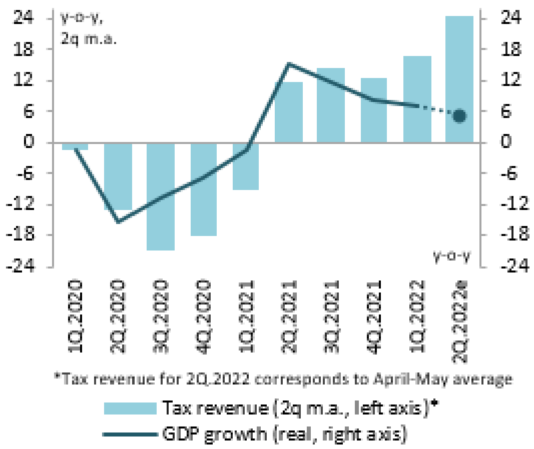
The net fiscal cost is substantially lower, reduced by about 2/3rds, compared with the nominal value of the support measures, as it is recouped by the strong cyclical recovery in tax revenue, proceeds from the carbon emissions trading system and a windfall tax on excessive profits of electricity producers. Tax revenue increased by 22.3% y-o-y in 5M.22, lowering the State Budget primary deficit at 0.7% of estimated GDP, €2.4 billion below the 5M.22 target and by 82% below 5M.2021.[11] In this respect, the primary deficit of the General Government is expected to meet the revised target of the new Stability Program for 2022 (-2.0% of GDP from -5.0% of GDP in

---

[7] Source: ELSTAT, Consumer Price Index database.
[8] Sources: Bank of Greece, Balance of Payments Statistics & Athens International Airport, Passenger Traffic database.
[9] Sources: ELSTAT, Labour Force Survey database & Ministry of Labour, Ministerial decision n. 38866/2022.
[10] Sources: Hellenic Ministry of Finance & Hellenic Ministry of Labour and Social Affairs, Press Releases, 1H.22.
[11] Source: Hellenic Ministry of Finance, State Budget Execution, Monthly bulletin, May 2022.

2021) although additional fiscal risks remain in view of the recent new spike in forecasts of natural gas prices in EU for 2H.22 and 2023 and the surge in the wholesale electricity market prices. Nonetheless, strong GDP growth in both real and nominal terms (7.0% and 15.4% y-o-y, respectively, in 1Q.22 and an estimated 4.0% and 12.0%, respectively, in FY.22) is expected to lead to a new sharp decline in public debt as percent of GDP, to below 180.2% in 2022, from 193.3% of GDP in 2021 and 206.3% of GDP in 2020. [12]

Tax revenue and real GDP growth
(per quarter)

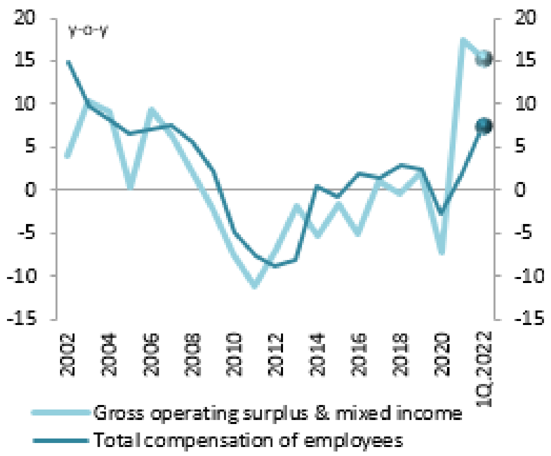


Sources: ELSTAT, Ministry of Finance, NBG Economic Analysis

High-frequency information from indicators of economic activity, available for 2Q.22, suggests that GDP continued to expand at a healthy pace despite the intensifying headwinds from the energy crisis. Indeed, economic sentiment, sectoral survey data, and other conjunctural and leading indicators of economic activity have remained in expansion territory until June 2022, significantly above their 20-year average, despite a modest weakening in the outlook of most sectors in June.

Moreover, business sector data suggest that healthy firms enjoyed supportive demand conditions until end-1H.22, which counteracted increased pressures form the cost side. On that note, Greek business sector's gross operating surplus and mixed income – approximating profits from entrepreneurial activity – was up by 15.3% y-o-y, to a 10½-year high of €26 billion in 1Q.22 and business turnover, excluding energy related activities, increasing by 29.7% y-o-y in 5M.22 (+37.8% y-o-y in May 2022) exceeding by €20.8 billion or 26.0% its pre-pandemic level in 5M.19.[13]

Gross operating surplus & mixed income and labor compensation (national accounts)



Source: ELSTAT

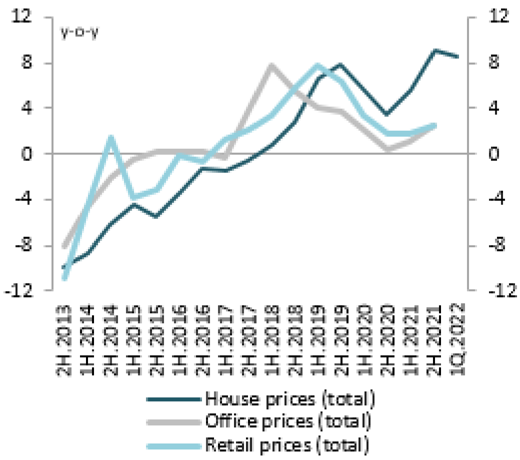
Manufacturing production accelerated to 4.9% y-o-y in May, from 4.8% in 1Q.22[14], while the manufacturing Purchasing Managers' Index ("PMI") remained above the expansion threshold of 50 points (51.1 in June)[15] despite increasing producers' worries regarding still-rising input costs and a potential weakening of demand, down from its current robust level, for the remainder of the year.

Moreover, the impact of COVID-19 has diminished in 2Q.22, despite a new pick-up in Omicron related infections in June. In fact, the lifting of the remaining restrictions and protective measures contributed to the dynamism of the services sector with y-o-y performance in 1H.22 bolstered by favorable base effects, due to comparison with the same period in 2021 when several restrictions remained in place. Nonetheless, losses of human lives from COVID-19 remain high in Greece, compared to EU, with the 7-day rolling average (relative to population) of human losses standing at c. 2.4 deaths per day (0.9 for the EU)[16], while a further acceleration in the number of infections – due to increased mobility trends during the summer months – could increase health risks until Autumn, possibly leading to a modest and targeted tightening of protective restrictions in 4Q.22.

The baseline economic scenario for 2022 assumes no major recurrence of COVID-19 pressures until the end of the year, that could result to a broad-based tightening of restrictions to contain the spread of the pandemic which could result to severe disruptions in economic activity.

[12] Source: Hellenic Ministry of Finance, Stability Programme 2022, April 2022 & NBG Economic Analysis estimates.
[13] Source: ELSTAT, Gross domestic product, 1Q. 2022 & Evolution of Turnover of Greek Enterprises, May 2022.
[14] Source: ELSTAT, Industrial Production Index, May 2022.
[15] Source: S&P Global, Greece Manufacturing PMI, Press Release.
[16] Source: Our World in Data, Daily new confirmed COVID-19 deaths per million people.

Gross Residential & commercial real estate prices

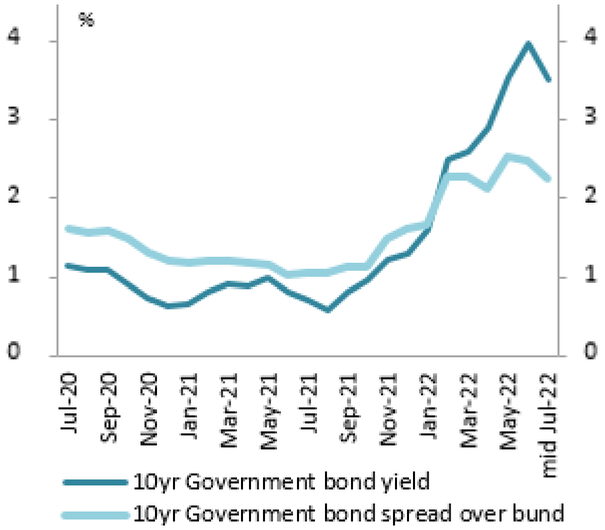


Source: Bank of Greece

The Greek real estate market remained in expansion territory during the first months of 2022 with a further strengthening in demand, market transactions and construction activity. House prices increased by 8.6% in 1Q, bringing the cumulative appreciation from the lowest point during the Greek crisis in 2017 to 28.7%, a level which however remains 25.8% lower than the pre-crisis peak in 3Q.08[17]. Residential construction activity rose by 18.6% y-o-y in 1Q.22, from 27.0% y-o-y in FY.2021, according to national accounts data. Interest from abroad gained additional traction, as indicated by the significant increase in demand from short-term rental platforms (following a sharp drop in 2020 and a partial recovery in 2021) and solid net foreign direct investment inflows in real estate (up by 34.4% y-o-y in 2021 and +74.8% in 1Q.22).[18]

On the financial conditions front, 1H.22 marked the turning point of an unprecedented cycle of monetary policy easing by the ECB and other major central banks worldwide. Rapidly increasing inflation and resilient economic recovery until 1Q.22 had already set the stage for a withdrawal of extraordinary support measures, activated due to COVID-19, with net purchases of securities under the ECB's (PEPP) – through which the ECB acquired c. €40 billion of Greek government bonds – terminated in end-March 2022. The ECB stated that the re-investment of funds from maturing bonds will continue until at least the end of 2024 and will be used with increased flexibility, in order to avoid disruptions in monetary policy transmission. ECB also accounted, in April 2022, that Greece's sovereign securities will continue to be accepted in refinancing operations[19] despite their non-investment grade status. Nonetheless, fixed-income markets responded strongly to the increasing worries of a faster than-previously-expected monetary policy reversal, against a backdrop of heightened inflation risks worldwide, with the yield of the 10-year Greek Government bond increasing sharply to a 4 year high of 4.7% in mid-June, from 2.2% on average in 1Q.22, and the German bund to a 8.5-year high of 1.7%, while the 10-year Greek government bond spread over the German bund peaked to 295 bps in the same period. In view of the very strong reaction in fixed income markets, the ECB's Governing Council mandated, on 15 June 2022, the relevant Eurosystem Committees to accelerate the completion of a new "anti-fragmentation instrument", with a view to ease the heightened pressure on valuations of specific euro area bonds. This announcement, along with increased recession fears, led to a 47bps compression in bund yields by mid-July, while the yield of the 10-year Greek government bond declined by c. 120 bps, to 3.5% in the same period.[20]

Gross 10-year Greek Government bond yield & spread over bund



Source: Bank of Greece

Bank lending to the private sector posted a y-o-y increase of €2.2 billion in 5M.22, on the back of increased lending to corporates (€2.1 billion y-o-y in the same period). Private sector deposits stood at €179 billion in May 2022 (from €168 billion in May 2021), marking a cumulative fall of €0.8 billion in 5M.22, as corporates and especially households utilized part of their sizable cash reserves, accumulated in the past two years.

The Greek economy is expected to outperform the euro area average in 2022 as tourism will continue to bolster activity until 3Q.22 but there are additional downside risks for 4Q.22 and 2023 in view of persistent energy challenges and increased recession fears for the euro area

The stronger-than-expected 1Q.22 GDP outcome, buoyed by the robust performance of the tourism sector, implies a carry-over effect of 5.6% in 2Q.22 GDP growth. The encouraging signs for 2Q.22 activity, in conjunction with the observed resilience of the Greek economy against headwinds from surging inflation and geopolitical turbulence, point to a FY.22 GDP growth of 4.0% or even higher (compared to our previous estimate of 3.1%).

GDP growth is expected to ease to 3.3% in 2023 due to higher-than-previously-expected energy prices and the fiscal effort to return to a balanced position, at the minimum, in the primary budget that limits the margins for extending additional fiscal support to the private sector. The prospective slowdown of euro area economies and the impressive upswing in tourism in 2022 limit upside risks for 2023. On the other hand, the effective use of the Recovery Fund resources, following a rather subdued impact in 1H.22, could bolster

[17] Source: Bank of Greece, Indices of residential property prices, 1Q.22.
[18] Sources: ELSTAT, Gross fixed capital formation, 1Q.22 & Bank of Greece, Direct Investment Statistics.
[19] Source: ECB – Pandemic emergency purchase programme (PEPP).
[20] Source: Bank of Greece, Greek government securities statistics & Thompson Reuters database

investment to a 10-year high in 2023, whereas a faster-than-currently-expected fall in energy prices could support private sector's purchasing power and economic sentiment.

Despite the favorable dynamics surrounding the current trajectory of the economy, there are some significant downside risks on the horizon, which could weigh on Greece's economic performance in late 2022 and 2023. These risks, mainly, relate to the following factors:

i. Inflation is expected to peak in June-July, but it will most likely remain significantly above previous estimates, due to considerably higher energy price forecasts for 2H.22 and 1H.23 (especially as regards natural gas where supply security fears increased sharply) and a rapid transmission of inflation to a broader spectrum of goods and services categories, on the back of resilient demand. Accelerating inflation will inevitably push further upwards production costs for businesses, through rising energy and input prices, with second round effects already exceeding estimations made in 2Q.22. Diminished expectations for a diplomatic breakthrough in Ukraine and increasing incidences of disruption in pipeline natural gas inflows, from Russia to EU countries, increase the risk of a forced and more disruptive disengagement of EU from Russian energy supply, with significant adverse implications in the near-term.

ii. Additional pressure on monetary authorities to further speed up the tightening of monetary policy, as inflation increased to 40-year highs in most developed economies, has already led to a relatively fast increase in government and corporate bond yields and high exchange rate volatility worldwide. The observed pressures could intensify further if the ECB's announcements on the prospective activation of an "anti-fragmentation" instrument fall short of market expectations, putting additional pressure on debt-burdened countries like Greece.

iii. A deterioration in the economic outlook of the euro area, due to a combined erosion of disposable income from inflation and of economic sentiment from heightened uncertainty, against a backdrop of worsening geopolitical tensions and retaliatory sanctions – particularly those affecting the energy sector – is still on the cards. Although the direct economic exposure of the Greek economy to the crisis zone (Russia, Ukraine) remains comparably low, the energy factor represents a significant risk for economic growth in Greece and the euro area as a whole, whereas a prolonged increase of geostrategic threats could impose significant pressures to the performance of other sectors of economic activity, including tourism.

iv. Additional – and unexpected – geopolitical and financial shocks could increase risk aversion, leading to a deferral of private spending decisions, especially for new investment on fixed capital, and could also put downward pressure on collateral values.

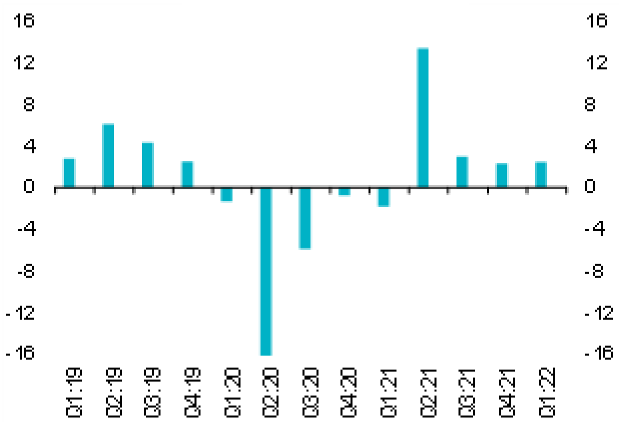
v. The risk of emergence of new, more contagious, COVID-19 variants, which could interrupt the upward trend in economic activity, halting the recovery of services and having significant macroeconomic impact in the absence of additional fiscal support, still exists. A deterioration in the epidemic front in Greece and the euro area could lead to a more rapid deceleration of inflation due to the weakening of demand.

The Macroeconomic Environment and the Banking Sector in North Macedonia[21]

The economy enters the new crisis on a weak footing

GDP grew by a lackluster 2.4% year-over-year in the first quarter of 2022, a pace broadly unchanged compared with that of the previous quarter, leaving the economy still below pre-pandemic levels of output (note that full year 2021 GDP growth came in at 4.0% against a contraction of 6.1% in 2020). Gross capital formation accelerated markedly in the first quarter of 2022, emerging as the main driver of economic expansion. This performance was largely attributed to a massive -- yet largely one-off -- build-up in inventories, in the face of rising global energy and food prices. At the same time, private consumption remained resilient, as the sharp upward adjustment in inflation expectations brought about a frontloading in spending. Unsurprisingly, with stronger domestic demand feeding into imports, net exports deteriorated sharply, leaving GDP growth broadly unchanged in the first quarter of 2022.

GDP (y-o-y % change)



Source: National Statistical Agency of North Macedonia

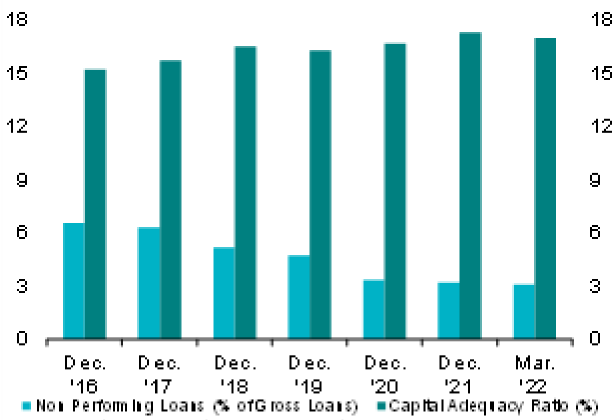
Against the backdrop of higher global energy prices, external accounts deteriorated markedly, with the current account deficit widening to 6.2% of GDP, on a 4-quarter rolling basis, in the first quarter of 2022 from 3.5% in the previous quarter. Worryingly, despite stronger non-debt generating foreign direct investment inflows, net external borrowing fell short of closing the external financing gap, leading FX reserves to decline by €371 million between March 2022 and December 2021 to a still adequate €3.3 billion (covering 3.8 months of imports of goods and non-factor services).

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

Despite the challenges lying ahead, the performance of the banking sector remained strong in the first quarter of 2022

Released figures show that banking sector's profits increased to €171 million (annualized) in the first quarter of 2022 from €149 million in 2021, with the (annualized) return-on-average-equity ratio strengthening to 14.0% in the first quarter of 2022 from 12.9% in 2021, driven by lower loan loss provisioning charges. Indeed, with the ratio of non-performing loans to total gross loans remaining subdued (at 3.1% in March 2022, a tad lower than in December 2021), banks curtailed further provisioning in the first quarter of 2022, despite the challenging economic prospects (see below "*Banking System Fundamentals*"). At the same time, pre-provision income remained strong, in line with still solid expansion in business volumes (credit to the private sector increased by 9.5% year-over-year in March 2022 against a rise of 8.0% in December 2021). Importantly, the sector remained well-capitalized, with the capital adequacy ratio easing marginally to 17.0% in March 2022, still well above the minimum regulatory threshold of 8.0%.

Banking System Fundamentals



Source: National Bank of the Republic of North Macedonia

The implications of the Ukraine crisis (especially in terms of higher inflation) are set to weigh on economic growth

Headline inflation is due to hit record high levels in 2022 (10.0% on average against 3.2% in 2021, well above its long-term historical average of c. 1.0%), reflecting the jump in global energy and food prices, in the aftermath of the ongoing geopolitical tensions, and associated second round effects. The implied income effect, together with deteriorating economic sentiment, cannot but weigh on domestic demand, especially private consumption, in the period ahead, despite strong state support. At the same time, against the backdrop of slowing economic growth in the EU, North Macedonia's main trade partner, and persistent strains in global supply chains (especially those related to the automotive industry, which accounts for 40% of the country's total exports), net exports should remain a large drag on overall growth, despite weaker domestic demand. Note that direct trade linkages with Russia and Ukraine are minimal, with combined exports to these countries accounting for just 1.0% of North Macedonia's total exports.

All said, GDP growth is projected at 2.0% in 2022, bringing the economy back to pre-pandemic levels, albeit with a significant delay compared with its peers. Assuming some easing of price pressures in 2023, GDP growth is set to pick up slightly to 2.3%. Should the implications of the ongoing geopolitical tensions prove to be harsher than assumed (e.g., involving physical disruptions to energy supply), economic growth could come in lower than projected. On a positive note, the 2-year precautionary agreement with the IMF (still subject to approval) should provide a critical safety net to the economy, in the event external financing conditions deteriorate further.

Importantly, North Macedonia's path to the EU could soon unlock after the Government and the Bulgarian Parliament both signalled their intention to reach a compromise solution, based on a set of conditions proposed by French authorities. Note that Bulgaria has put a veto on the launch of EU accession negotiations with North Macedonia over a dispute about several aspects of the latter's national identity, including the origin of its language, and the existence of a Bulgarian minority in North Macedonia. Worryingly, however, the deep rift between the Government and the opposition suggests that reaching a broad-based domestic consensus would not be an easy task.

Financial Results of 1H.22

1H.22 Adjusted Group profit after tax ("PAT") from continuing operations at €490 million with Core Operating Profit ("COP") (excluding trading and other income) at €280 million up by 40.0% y-o-y, reflecting the following key Income Statement movements:

- **NII up by 0.7% y-o-y to €600 million**, mainly due to the new loan production, the repricing of time deposits and the increased income from securities partly offset by Frontier deconsolidation.
- **Net fees and commissions at €170 million in 1H.22 up by 23.2% y-o-y**, supported by retail and corporate loan origination, with card, payments and trade finance fees driving the outperformance.
- **Net trading income/(loss) & Net other income/(loss) at €301 million in 1H.22 down by 32.8%,** mainly incorporating the gains in derivatives and Bilateral Credit Valuation Adjustment ("BCVA") following the increase in the interest rates during 1H.22, while 1H.21 benefited mainly from the non-recurring gains from the Greek government bond swap transaction amounted to €209 million.
- **Operating expenses up by 0.8% y-o-y** (down by 2.4% in personnel expenses, G&As up by 3.2% and depreciation up by 6.4%) on the back of strong cost containment efforts, despite the increasing inflationary pressures and a reduction of domestic personnel costs, reflecting the impact of the 2021 VES programme. Depreciation increased mainly due to charges driven by a reinforced IT investment strategy.
- **Loan impairments for 1H.22 at €104 million from €151 million in 1H.21,** down by 31.1%, in alignment with the improvement of the macroeconomic environment.
- **1H.22 Cost: Core Income** drops to 50.1% vs 52.1% a year ago, supported by net fee and commission income and the near flat operating expenses base despite inflationary pressures.
- **1H.22 Cost of Risk** at 68bps on a normalising trend, consistent with formation trends and high coverage. Total CoR in 1H.21 stood at 112bps.
- **1H.22 profit for the period from discontinued operations** of €234 million from €46 million in 1H.21, was mainly due to NIC.

NPE performance

- **NPE balance** at Group level as at 30 June 2022 was reported at €2.1 billion, recording a total reduction of €0.2 billion compared to 31 December 2021, mainly attributed to inorganic actions (see section "*Key Highlights- NPE reduction plan*").
- **NPE ratio** decreased to 6.3% as at 30 June 2022, compared to 7.0% (or 13.6% pro-forma, including the senior bond from the Frontier securitization) as at 31 December 2021.
- **NPE coverage ratio** stood at 80.3% as at 30 June 2022, increasing from 77.2% as at 31 December 2021.

Group deposits up 1.5%

Group deposits increased by €0.8 billion and stood at €54.3 billion as at 30 June 2022 compared to 31 December 2021. The increase is mainly attributed to the increase of the most stable deposit class (the savings deposits, current, sight accounts & other) by €1.4 billion, more than offsetting the decrease of retail time deposits, which was due to the low-rate environment that does not incentivize customers to rollover their time deposits.

CET1 ratio at 15.9%

- **1H.22 CET1 and total Capital ratio** including the period PAT at 15.9% and 17.1% respectively, (excluding the period PAT 14.3% and 15.4% respectively), exceeding the OCR ratio of 11.75% for 2022, post capital relief measures.

Income Statement

€ million	1H.22	1H.21	Y-o-Y
Net interest income	600	596	0.7%
Net fee and commission income	170	138	23.2%
Core Income	**770**	**734**	**4.9%**
Net trading income / (loss), Net other income/(loss) and Share of profit / (loss) of equity method investments	301	448	-32.8%
Total income	**1,071**	**1,182**	**-9.4%**
Operating Expenses	(386)	(383)	0.8%
Core PPI	**384**	**351**	**9.4%**
PPI	**685**	**799**	**-14.3%**
Loan impairments	(104)	(151)	-31.1%
Core Operating Profit[1]	**280**	**200**	**40.0%**
Operating Profit	**581**	**648**	**-10.3%**
Adjusted profit before tax	**581**	**648**	**-10.3%**
Taxes	(91)	(4)	>100%
Adjusted PAT (continuing operations)	**490**	**644**	**-23.9%**
Discontinued Operations, Other & Non controlling interest	**56**	**(69)**	**n/a**
PAT attributable to NBG equity shareholders	**546**	**575**	**-5.0%**

[1] Excludes trading income, other income/ (expense) and share of profit of equity method investments.

Key Ratios | Group

Profitability	**1H.22**	**1H.21**	**Δ**
NIM (bps)	188	214	-26
Cost of Risk (bps)	68	112	-44
Cost: Income	36.0%	32.4%	3.6%
Cost: Core Income	50.1%	52.1%	-2.0%
Liquidity	**30.6.2022**	**31.12.2021**	**Δ**
Loans-to-Deposits ratio	57.8%	56.9%	0.9%
LCR	259.5%	242.0%	17.5%
Capital	**30.6.2022 Pro-forma [1]**	**31.12.2021 Pro-forma [1]**	
CET1 ratio	15.9%	16.9%	
RWAs (€ billion)	35.1	34.7	

[1] Pro-forma figures have been calculated including the period PAT.

Going concern

Going concern conclusion

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

a) the significant profitability both at Group and Bank level;

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

c) the Group's CET1 ratio at 30 June 2022 which exceeded the OCR requirement;

d) the extensive and continuous fiscal and monetary support of the European and Greek authorities in response to the unprecedented COVID-19 crisis;

e) the activation of new fiscal measures in response to pressures from increased inflation; and

f) the Group's insignificant exposure to Russia and the Ukraine and Management's actions with respect to the Ukraine crisis (see section "*Key Highlights - Key achievements and significant developments of NBG Group in the first half of 2022 – Other - Ukraine crisis*").

Profitability

The profit for the period from continuing operations for the six month period ended 30 June 2022 amounted to €313 million and €302 million for the Group and the Bank, respectively.

In 1H.22, earnings per share from continuing operations amounted to €0.34 for the Group and €0.33 for the Bank.

Liquidity

As at 30 June 2022, funding from the ECB solely through TLTROs remained stable at €11.6 billion (31 December 2021: €11.6 billion, solely TLTROs). Additionally, as at 30 June 2022, the Bank's decreased its interbank transactions with foreign financial institutions to €0.2 billion from €1.2 billion as at 31 December 2021, while the Bank's liquidity buffer stood at €25.8 billion (cash value), with the LCR and NSFR ratios well above 100%.

Capital adequacy

The Group's CET1 and Total Capital ratios at 30 June 2022 were 14.3% and 15.4%, respectively, exceeding the OCR ratio of 11.75% for 2022, post capital relief measures (see Note 17 of the Interim Financial Statements).

Macroeconomic developments

Please refer above to the "*Economic and Financial environment - Greek Economy*".

Trend information

Economic activity in Greece during 1H.22 overcame headwinds from geopolitical tensions and surging inflation, delivering a performance that consistently exceeded expectations. Targeted fiscal support measures combined with increasing employment and wages alleviate pressure on real household disposable income, providing domestic demand with substantial resilience. At the same time, encouraging signs from high frequency indicators and a strong tourism season that is set to exceed pre COVID-19 record levels point to the maintenance of Greece's growth momentum throughout 2H.22.

The Group's 1H.22 financial results demonstrate sustained strength across business lines: core operating profit, up by 40.0% y-o-y, keeps improving, in line with our FY.22 guidance, the quality of our balance sheet nears that of European peers, with net NPEs at €0.4 billion and no signs of pick up in NPE formation and Group's CET1 and Total Capital ratios at 30 June 2022 were 14.3% and 15.4%, respectively, exceeding the OCR ratio of 11.75% for 2022, post capital relief measures.

In terms of profitability, 1H.22 Group Core Operating Profit accelerated to €280 million (+40.0% y-o-y), while profit for the period attributable to NBG equity shareholders reached €546 million. These developments reflect NII growth mainly due to the expansion from our performing exposures portfolio, which was up by €2.3 billion y-o-y. Furthermore, it reflects impressive net fee and commission income growth of 23.2% y-o-y, as well as, steadily normalizing CoR of c.70bps, against near flat Operating Expenses despite high inflation.

With regards to asset quality, our domestic gross NPE exposure dropped to €1.9 billion implying an NPE ratio of c.6%, with our cash coverage exceeding 80%. More importantly though, organic NPE formation remains negative with no sign of a pick-up in the default rate of our clients, previously under State or Bank sponsored support programs, or the increase in inflation.

Our capital buffers remain robust, with CET1 and total capital ratios on a fully loaded basis (including profits for the period) in 1H.22 standing at 15.0% and 16.1%, respectively, benefiting from strong quarterly profitability far exceeding credit RWA expansion despite their sharp acceleration. Our capital ratios will increase further by c.60bps upon completion of the merchant acquiring and payment processing services (see section "*Key Highlights - Key achievements and significant developments of NBG Group in the first half of 2022 - Divestments - Other divestments - Strategic Partnership of NBG with EVO Payments Inc*") and Project Frontier II in 2H.22.

Looking into 2H.22 and beyond, the Group will continue building on the strong momentum of the Group's successful Transformation Program, with a steady focus on supporting the clients and the Greek economy navigate this critical period. At the same time, loyal to our guidance and continuing on a strong track record of credibility, we will continue delivering at or above the operational and financial targets we have set, adding value to our clients and shareholders.

However, although the Greek economy is expected to outperform the euro area average in 2022 as tourism will continue to bolster activity until 3Q.22, there are additional downside risks for 4Q.22 and 2023 in view of persistent energy challenges and increased recession fears for the euro area (see above to the "*Economic and Financial environment - Greek Economy*").

MREL Requirements

Under the Directive 2014/59 Bank Recovery and Resolution Directive or ("BRRD"), as amended by Directive 2019/879 (BRRD II), banks in the European Union are required to maintain a Minimum Requirement for own funds and Eligible Liabilities ("MREL"), which ensures sufficient loss-absorbing capacity in resolution. For more information, see Note 17 to the Interim Financial Statement.

Events after the reporting period

Closing of the CAC Coral Ltd transaction

The closing of the transaction took place on 15 July 2022, following the reception of the required approvals by the competent regulatory authorities.

2022 Climate Risk Stress Test

See section "Key highlights - Key achievements and significant developments of NBG Group in the first half of 2022 - 2022 Climate Risk Stress Test".

Changes to the Board of Directors composition

See section "*Corporate Governance - Constitution into a body of the new Board of Directors*".

Definitive agreement with Bracebridge Capital, LLC for the disposal of Project Frontier II

On 29 July 2022, the Bank announced that it has entered into a definitive agreement with funds managed by Bracebridge Capital, LLC, for the sale of 95% of the Mezzanine and Junior notes. NBG will retain the 100% of the Senior notes and 5% of the Mezzanine and Junior notes. The transaction is expected to be completed within 2H.22, subject to required approvals.

Related Party Transactions

Based on the existing regulatory framework, the Group must disclose any transaction between the Bank, its subsidiaries and all its related parties as defined in IAS 24 "Related Parties", which took place during the six-month period ended 30 June 2022. Management's total compensation, receivables and payables must be also disclosed separately. Regarding the transactions with the Bank's main shareholder HFSF, other than the ordinary shares issued by the Bank and held by HFSF, no material transactions or balances exist with HFSF. The following table presents the transactions between the Bank and its subsidiaries, while there are no significant transactions with its associates.

For further details, see Note 16 of the Interim Financial Statements.

Subsidiaries

(€ million)	Assets	Liabilities	Income	Expenses	Off Balance Sheet (net)
National Securities S.A.	1	92	2	1	28
NBG Asset Management Mutual Funds S.A.	1	36	2	-	-
Ethniki Leasing S.A.	584	21	6	-	151
NBG Property Services Single Member S.A.	-	1	-	-	-
Pronomiouhos Single Member S.A. Genikon Apothikon Hellados	2	33	-	1	1
NBG Greek Fund Ltd	-	-	-	-	-
National Bank of Greece (Cyprus) Ltd	8	44	-	1	12
NBG Management Services Ltd	-	2	-	-	-
Stopanska Banka A.D.-Skopje	55	1	1	-	-
NBG International Ltd	-	25	-	-	-
NBG Finance Plc	-	54	-	-	-
NBG Asset Management Luxembourg S.A.	-	-	-	-	-
Ethniki Hellenic General Insurance S.A.(Group)***	-	-	6	2	-
KADMOS S.A.	-	-	-	-	-
DIONYSOS S.A.	-	-	-	-	-
EKTENEPOL Construction Company Single Member S.A.	-	1	-	-	-
Mortgage, Touristic PROTYPOS Single Member S.A.	-	-	-	-	-
Hellenic Touristic Constructions S.A.	-	-	-	-	-
Ethniki Ktimatikis Ekmetalefsis Single Member S.A.	-	-	-	-	-
NBG International Holdings B.V.	-	4	-	-	-
NBG Leasing S.R.L.	3	-	-	-	-
NBG Finance (Dollar) Plc*	-	18	-	-	-
NBG Finance (Sterling) Plc*	-	70	-	-	-
NBG Bank Malta Ltd*	-	222	-	-	-
Ethniki Factors S.A.	476	30	6	-	461
ARC Management One S.R.L. (Special Purpose Entity)	-	-	-	-	-
ARC Management Two EAD (Special Purpose Entity)	-	-	-	-	-
I-BANK DIRECT S.A.*	-	1	-	-	-
Probank Leasing S.A.**	33	3	-	-	-
Probank Insurance Brokers S.A.	-	2	-	-	-
Bankteco EOOD	-	-	-	-	-
CAC Coral Limited**	71	3	1	-	-
Stopanska Leasing DOOEL Skopje****	-	-	-	-	-
NBG PAY Single Member S.A. ****	-	-	-	-	-
Total	**1,234**	**663**	**24**	**5**	**653**

** Under liquidation.*

*** Held for sale subsidiaries.*

**** The sale of Ethniki Hellenic General Insurance S.A. and its subsidiaries completed on 31 March 2022.*

***** Established in 1H.22.*

Risk Management

The Group, as an international organization operating in a rapidly growing and changing environment, acknowledges its exposure to risks and the need for these risks to be managed effectively. Risk management and control forms an integral part of the Group's commitment to pursue sound returns to its shareholders.

Credit Risk

Credit risk is the risk of financial loss relating to the failure of a borrower to honour its contractual obligations. It arises in lending activities as well as in various other activities where the Group is exposed to the risk of counterparty default, such as its trading, capital markets and settlement activities. Credit risk is the largest single risk the Group faces. The credit risk processes are conducted separately by the Bank and each of its subsidiaries. The credit risk procedures established by the subsidiaries are coordinated by the Group Credit Risk Control Division ("GCRCD").

The Group's credit granting processes include:

- credit-granting criteria based on the particular target market, the borrower or counterparty, as well as the purpose and structure of the credit and its source of repayment;
- credit limits that aggregate in comparable and meaningful manner, different types of exposures at various levels;
- clearly established procedures for approving new credits as well as the amendment, renewal and re-financing of existing credits.

The Group maintains on-going credit administration, measurement and monitoring processes, including in particular:

- documented credit risk policies;
- internal risk rating systems;
- information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities.

The Group's controls implemented for the above processes include:

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

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

- the application of appropriate limits for exposures to a particular single or group of obligors;
- the use of credit risk mitigation techniques;
- the estimation of risk adjusted pricing for most products and services;
- a formalized validation process, encompassing all risk rating models, conducted by the Bank's independent Model Validation Unit ("MVU").

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

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

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

Through the application of the Retail Banking Credit Policy, the evaluation and estimation of credit risk, for new as well as for existing products, are effectively facilitated. NBG's Senior Management is regularly informed on all aspects regarding the Credit Policy. Remedial action plans are set to resolve the issues, whenever necessary, within the risk appetite and strategic orientation of the Bank. The Bank's Retail Banking Credit Policy is approved and can be amended or revised by the Board of Directors following recommendation from the BRC and is subject to periodic revision. Retail Banking Credit Policy is reviewed on an annual basis and revised whenever deemed necessary and in any case every two years. All approved policy changes are incorporated in the Policy Manual.

Concentration Risk

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 GCRCD is responsible for limits setting, limits monitoring and regulatory compliance.

The fundamental instruments for controlling Corporate Portfolio concentration are obligor limits, reflecting the maximum permitted level of exposure for a specific obligor, given its Risk Rating and sector limits, that set the maximum allowed level of exposure for any specific industry of the economy; industries are classified in groups on the basis of NACE (General Industrial Classification of Economic Activities within the European Communities) codes. Sector limits constitute part of the Bank's RAF and are revised at least annually. Excesses of the Industry Concentration Limits should be approved by the BRC following a proposal of the General Manager of Group Risk Management CRO. Any risk exposure in excess of the authorized 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. Like Sector Limits, obligor limits are subject to BRC approval on an annual basis.

Credit risk concentration arising from a large exposure to a counterparty or group of connected clients whose probability of default depends on common risk factors is monitored through the Large Exposures reporting framework.

Finally, within the 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.

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, as well as their levels of volatility. The main contributor to market risk in the Group is the Bank. NBG seeks to identify, estimate, monitor and effectively manage market risk through a robust framework of principles, measurement processes and a valid set of limits that apply to all the Bank's transactions. The most significant types of market risk are the following: interest rate risk, equity risk, foreign exchange risk and Value at Risk.

Interest Rate Risk is the risk related to the potential loss on the Bank's portfolio due to adverse movements in interest rates. A principal source of interest rate risk stems from the interest rate, over-the-counter ("OTC") and exchange traded derivative transactions, as well as from the trading and the held to collect and sell ("HTCS") bond portfolios.

More specifically, the Bank maintains a material derivatives portfolio of mainly vanilla interest rate products, which are mostly cleared in Central Counterparties ("CCPs") or managed through bilateral International Swaps and Derivatives Association ("ISDA") and Credit Support Annexes ("CSAs") agreements. Their main function is to hedge the IR risk of the bonds classified in the HTCS and Held to Collect ("HTC") portfolios or the exposure of other derivative products in the Trading Book. Additionally, the Bank retains a significant securities portfolio, mainly comprising of Greek and other periphery sovereign bonds, which is primarily held in the Banking Book and predominantly in the HTC portfolio. Furthermore, NBG holds moderate positions in Greek and international corporate bonds. Overall, NBG has moderate exposure to interest rate risk in the Trading Book, while it enters into vanilla IRS transactions in order to mitigate the interest rate risk of the bonds listed in the Banking Book.

Equity Risk is the risk related to the potential loss due to adverse movements in the prices of stocks and equity indices. The Group holds a limited portfolio of stocks, the majority of which are traded on the Athens Exchange (the "ATHEX") and retains positions in stock and equity index derivatives traded on the ATHEX, as well as on international exchanges. The cash portfolio comprises of trading (i.e. short-term) and held to collect and sell (i.e. long-term) positions. The portfolio of equity derivatives is mainly used for the hedging of equity risk arising from the Group's cash position and equity-linked products offered to customers and to a lesser extent for proprietary trading.

Foreign Exchange Risk is the risk related to the potential loss due to adverse movements in foreign exchange rates. The Open Currency Position ("OCP") of the Bank primarily arises from foreign exchange spot and forward transactions, as well as from the mark-to-market of NBG's OTC derivatives' trades denominated in foreign currency. The OCP is distinguished between trading and structural. The structural OCP contains all of the Bank's assets and liabilities in foreign currency (for example loans, deposits, etc.), along with the foreign exchange transactions performed by the Treasury Division. Apart from the Bank, the foreign exchange risk undertaken by the rest of the Group's subsidiaries is insignificant. The Group trades in all major currencies, holding mainly short-term positions for trading purposes and for servicing its institutional /corporate, domestic and international customers.

Value at Risk ("VaR"). The Bank uses market risk models and dedicated processes to assess and quantify its portfolios' market risk, based on best practice and industry-wide accepted risk metrics. More specifically, the Bank estimates the market risk of its Trading and HTCS portfolios, using the Variance-Covariance ("VCV") VaR methodology. The VaR estimates are used both for internal management as well as for regulatory purposes. In order to verify the predictive power of the VaR model, the Bank conducts back-testing on a daily basis. Moreover, since the daily VaR estimations refer to "normal" market conditions, a supplementary analysis is necessary for capturing the potential loss that might arise under extreme and unusual circumstances in the financial markets. Thus, the Bank conducts stress testing on a weekly basis, on both the Trading and HTCS portfolios, based on specific scenarios per risk factor category (interest rates, stock index prices, exchange rates). For more details on the VaR model and the respective results, as well as on the back-testing and stress-testing procedures, please see Note 4.3 of the Annual Financial Statements.

The Bank has also established a framework of VaR limits, in order to control and manage the risks to which it is exposed, in an efficient way. These limits are based on the Bank's Risk Appetite, as outlined in the RAF, the anticipated profitability of the Treasury Division, as well as on the level of the Bank's own funds (capital budgeting), in the context of the Group strategy. The VaR limits refer not only to specific types of market risk, such as interest rate, foreign exchange, equity and commodities but also to the overall market risk of the Bank's Trading and HTCS portfolios, taking into account the respective diversification between portfolios. Moreover, the same set of limits are used to monitor and manage risk levels on the Trading Book, on an overall basis and per risk type, since this is the aggregation level relevant for the calculation of the own funds requirements for Market Risk, under the Internal Model Approach ("IMA").

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

The adequacy of the Market Risk Management Framework as a whole, as well as the appropriateness of the VaR model, were successfully reassessed by the SSM, in the context of the Targeted Review of Internal Models ("TRIM"). ECB concluded in its final Decision that NBG may continue calculating the own funds requirements for general market risk with the internal model approach, which verifies the robustness of the Bank's Market Risk management model. Furthermore, the Bank's independent MVU assesses the validity of the VaR model, on an annual basis, while the Internal Audit Division evaluates the effectiveness of the relevant controls, on a periodic basis. Finally, the GFLRMD implemented the new standardized approach for the calculation of the Market Risk capital requirements under Basel III (SA-FRTB), in the current risk engine. The revised framework came into force for reporting purposes in 3Q.21.

Interest Rate Risk in the Banking Book

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

- Gap risk: the risk related to the timing mismatch in the maturity and re-pricing of assets and liabilities and off-balance sheet short and long term positions;
- Basis risk: arises from imperfect correlation in the adjustment of the rates earned on and paid on different instruments with otherwise similar repricing characteristics;
- Option risk: arises from embedded options in the Group's assets, liabilities or off-balance sheet portfolios;
- Credit Spread Risk in the Banking Book ("CSRBB"): the risk driven by changes in the market perception about the price of credit risk, liquidity premium and potentially other components of credit-risky instruments, which is not explained by IRRBB or by expected credit (i.e., jump-to-default) risk.

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

The Group's Banking Book consists mainly of loans and advances to customers, reserves with the Central Bank, due from banks, securities measured at amortized cost and Fair Value through Other Comprehensive Income ("FVTOCI") (mainly Greek government and other EU sovereign fixed rate bonds), due to customers, due to banks, debt securities in issue, Eurosystem Funding and other borrowed funds that are measured at amortized cost. The Group maintains adequate measurement, monitoring, and control functions for Interest Rate Risk in the Banking Book ("IRRBB"), including:

- measurement systems of interest rate risk that capture all material sources of interest rate risk and that assess the effect of interest rate changes in ways that are consistent with the scope of the Group's activities;
- measurement of vulnerability to loss under stressful market conditions;
- processes and information systems for measuring, monitoring, controlling, and reporting interest rate risk exposures in the Banking Book; and
- a documented policy regarding the management of IRRBB.

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

- NII sensitivity, a measure of the effect of interest rate changes to the Group's expected interest earnings. NII sensitivity measures changes to interest income under varying interest rate scenarios over a one-year horizon and assuming a constant balance sheet over this period. Its main purpose is to measure the vulnerability of the Group's profitability to changing interest rates conditions.
- Economic Value of Equity ("EVE") Sensitivity, a measure of the Bank's Balance sheet value vulnerability to interest rate changes. EVE Sensitivity represents the change in the net present value of all

cash flows in the Bank's balance sheet under a set of interest rate stress scenarios and is calculated on the entire balance sheet under a run-off assumption, i.e., no replenishment of matured transactions.

Both metrics are used in establishing the Group's IRRBB capital requirements. The evaluation and review of IRRBB measurement systems and processes is undertaken annually by the Group's Internal Audit Division in relation to capital requirements calculations performed for the ICAAP exercise. Furthermore, the Bank's independent MVU granted full approval to the IRRBB calculation framework during 2020, and recertified the model in 2021, in line with MVU's annual ongoing validation process.

A set of IRRBB limits are defined in the Group's RAF in relation to the EVE sensitivity measure and in alignment with the limits prescribed in the Supervisory Outlier Test of the latest IRRBB Regulatory Guidelines. In addition, new IRRBB limits of the Bank's NII sensitivity to interest rate fluctuations have been introduced and approved in the latest Group RAF update. Both EVE and NII limits are monitored and reported to the BRC as well as the ALCO on a monthly basis. The Group is exposed to moderate levels of IRRBB, which are increasing amidst an increasing interest rates environment, but remain within the limit structure prescribed in the Regulatory Guidelines.

Counterparty Credit Risk

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

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

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

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

For the efficient management of counterparty credit risk, the Bank has established a framework of counterparty limits, which are based on the credit rating of the financial institutions as well as the product type. The credit ratings are provided by internationally recognized rating agencies, in particular by Moody's and Standard & Poor's. According to the Bank's policy, if the agencies diverge on the creditworthiness of a financial institution, the lowest credit rating is considered. Limits exist for each product type and are set at the respective counterparty's Group level, as analyzed in the Counterparty Credit Risk Framework. Sub-limits are then allocated to the subsidiaries of each counterparty Group, in accordance with the business needs of the Bank.

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

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

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

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

Also, NBG avoids taking positions on derivative contracts where the values of the underlying assets are highly correlated with the credit quality of the counterparty (wrong way risk).

Finally, the calculation of the counterparty credit risk capital requirements is based on the revised standardized approach (SA-CCR) introduced by Basel III, which became effective on 30 June 2021.

Country Risk

Country risk is the current or prospective risk to earnings and capital caused by events in a particular country, which are at least to some extent, under the control of the government but not under the control of a private enterprise or individual. The main categories of country risk consist of sovereign, convertibility and transfer risk. Sovereign risk stems from a foreign government's lack of capacity and/or unwillingness to repay its debt or other obligations. Convertibility and transfer risk arise when a borrower is unable to convert funds from local to foreign currency, in order to repay external obligations. Therefore, country risk stems from all cross border transactions, either with a central government, or with a financial institution, a corporate or a retail client.

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

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

- funded and unfunded commercial transactions with foreign counterparties; and
- holdings of foreign sovereign debt.

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

GFLRMD monitors country risk exposure, as defined above, on a daily basis, mainly focusing on the countries where the Group has presence. Currently, the Bank has limited exposure to country risk, since the only subsidiaries operating abroad are located in Cyprus and Northern Macedonia.

Liquidity Risk

Liquidity Risk is defined as the risk arising from the institution's inability to meet its liabilities when they come due without incurring unacceptable losses.

It reflects the potential mismatch between incoming and outgoing payments, taking into account unexpected delays in repayments (term Liquidity Risk) or unexpectedly high outflows (withdrawal/call risk). Liquidity Risk captures both the risk of the Bank being unable to liquidate assets in a timely manner with reasonable terms, and the risk of unexpected increases in the Bank's cost of funding.

The Bank's executive and senior management has the responsibility to implement the Liquidity Risk appetite approved by the BRC and to develop the policies, methodologies and procedures for identifying, measuring, monitoring and controlling Liquidity Risk, consistent with the nature and complexity of the Bank's activities. The Bank's executive and senior management is informed daily of the Bank's Liquidity Risk position, ensuring that the Group's Liquidity Risk stays within approved levels.

On a daily basis, senior management receives the Bank's liquidity report, which presents a detailed analysis of the Bank's funding sources, liquidity buffer, cost of funding and other liquidity metrics and indicators in line with the Bank's RAF, Recovery Plan and Contingency Funding Plan. Risk Management is also able to produce and report the LCR to executive management daily, leveraging the capabilities of the in-house developed liquidity platform. Additionally, Risk Management reports monthly to ALCO, all approved liquidity metrics and indicators, as well as liquidity stress testing outcomes, maturity gaps between assets and liabilities, and cost of funding evolution.

Liquidity Risk management aims to ensure that the Bank's liquidity risk is measured appropriately and reported frequently to confirm that liquidity metrics are within set risk appetite and management is promptly informed of any developing liquidity risks. In addition, the Group's subsidiaries measure, report and manage their own individual Liquidity Risk, ensuring they are self-sufficient in a liquidity stress (i.e., not reliant to the Parent entity).

Current Liquidity Status

NBG's robust liquidity position has been successfully tested and confirmed in real stressed conditions with the COVID-19 crisis, and more recently with the prolonged geopolitical uncertainty and the increasing inflationary pressures. The Bank's strong liquidity position stems from the stability of its funding sources, and from the high level of its liquidity buffer, making the Bank very resilient to a potential liquidity stress.

On 30 June 2022, the Bank's strong liquidity profile is representative of a healthy liability side of the balance sheet. The improved funding structure is marked by the significant inflow of customer deposits that reached the 2011 levels, the stable long-term funding, through the cheaper TLTRO III ECB's refinancing operations and the full access to the secured interbank markets. Moreover, LCR and NSFR, as well as the Bank's liquidity buffer currently stand at the highest historical levels.

Funding Sources and Key Liquidity Metrics

The Bank's principal sources of liquidity are its customer deposits, Eurosystem funding currently via the TLTROs with ECB, repurchase agreements (repos) with major FIs and wholesale funding through the issuance of (MREL-eligible) senior unsecured debt, as well as the Tier II debt. ECB funding and repos with FIs are collateralized mainly by high quality liquid assets, such as, EU sovereign bonds, Greek government bonds and T-Bills, as well as by other assets, such as highly rated corporate loans and own issued covered bonds.

At the end of the first half of 2022, the Bank further strengthened its liquidity profile, due to continued growth in customer deposits. On 30 June 2022, the Group's customer deposit balance continued its upward trend and stood at €54.3 billion, an increase of €0.8 billion compared to 31 December 2021. The increase is mainly attributed to the increase of the most stable deposit class, the savings deposits, by €1.4 billion, more than offsetting the decrease of retail time deposits, which was due to the low-rate environment that does not incentivize customers to rollover their time deposits.

Additionally, the Bank's LCR, remained strong and steadily increased during the first half of 2022, driven by the increase of customer deposits, reaching its highest historical level on 30 June 2022 at 255.4% (Group 259.5%), 11 percentage points higher than a year prior. The Bank's NSFR also improved during 2022 and on 31 March 2022, reached its highest historical level of 133.7% (Group 136.0%), 12 percentage points higher than on 31 March 2021. Finally, Loan-to-Deposit ratio stood at (56.7%) and (57.8%) as of 30 June 2022, on a domestic (Greece) and on a Group level, respectively.

The Bank continues to benefit from ECB's temporary liquidity measures and its participation to the favourable ECB funding as of 30 June 2022, amounted to €11.6 billion, consisting exclusively of TLTROs, while the Bank's secured interbank funding transactions decreased by €1.1 billion compared to 31 December 2021 and amounted to €0.1 billion as at 30 June 2022.

The Bank's funding cost was at 1bp as of 30 June 2022, an increase of 3bps compared to the respective figure as of 31 December 2021, driven by the reduction in low cost secured interbank transactions.

Finally, the Bank's ample liquidity buffer, which stood at €25.8 billion as at 30 June 2022, increased by €1.3 billion compared to 31 December 2021. More specifically, it comprises of €14.8 billion in the form of cash deposited with the Bank of Greece and other cash deposited in Nostro accounts, €4.2 billion of collateral eligible for ECB funding and €6.8 billion of unencumbered tradable collateral that could be used for secured interbank funding with FIs.

Operational Risk

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

NBG Group maintains a detailed Operational Risk Taxonomy as part of the NBG's Risk Taxonomy Framework, that establishes a common language and understanding of the Bank's risk profile by all stakeholders, allowing for the effective mapping of operational risk to the seven regulatory Risk Types, to the 17 Risk Themes and the nine regulatory business lines.

Risk Types

- Internal Fraud
- External Fraud
- Employment Practices and Workplace Safety
- Clients, Products and Business Practices
- Damage to Physical Assets
- Business Disruption and System Failures
- Execution, Delivery and Process Management

Risk Themes

- Legal Risk
- Compliance Risk
- Financial Crime Risk
- Conduct Risk
- Model Risk
- ICT Risk
- ICT Failure
- Cyber-attack (internal & external)
- Data Quality Risk
- Vendor/3rd Party Risk
- Outsourcing Risk
- Environmental Risk
- Social Risk
- Business Continuity Risk
- Project Risk
- Human Resources Risk
- Reputational Risk

Business Lines

- Corporate Finance
- Trading and Sales
- Retail Banking
- Commercial Banking
- Payment and Settlement
- Agency Services
- Asset Management
- Retail Brokerage
- Corporate Items

The Group Operational Risk Management Division ("GORMD") is responsible for overseeing and monitoring the risks assessment, providing appropriate tools and methodologies, coordination and assistance to the Business Units and proposing appropriate risk mitigation measures. Furthermore, regularly reviews the Group's Operational Risk Management Framework in order to ensure that all relevant regulatory requirements are met.

NBG has established a Group-wide Operational Risk Management Framework ("ORMF") that provides the foundations, principles and governance arrangements for designing, implementing, monitoring, reviewing and continually strengthening operational risk management throughout the Group.

In particular, under this ORMF, NBG aims to:

1) establish a consistent Group-wide approach to operational risk management leading to a proactive approach in avoiding unexpected events and minimizing of operational risk losses;
2) support the Group's business strategy by ensuring that business objectives are pursued in a risk-controlled manner;
3) improve the quality of operational risk information leading to more informed risk decision-making and capital allocation;
4) ensure consistency with best practices and compliance with regulatory (quantitative and qualitative) requirements;
5) promote a Group-wide operational risk awareness and culture further contributing to process efficiency and control effectiveness.

The GORMD reports to the Operational Risk Management Committee ("ORCO"), a sub-committee of the Senior Executive Committee. ORCO, that has the overview of the ORMF implementation, meets regularly on a quarterly basis, providing a semi-annual report to the Senior Executive Committee. In January 2022 an Outsourcing Committee was established, which operates in accordance with the applicable legal and regulatory framework and is responsible for overseeing the outsourcing arrangements' risk of the Group.

The overall responsibility for the management of Operational Risk relies within the First Line of Defense Business Units (please refer to section "*Corporate Governance Statement - E. Internal Control System and Risk Management*" of the Board of Directors Report in the Annual Financial Report for the year ended 31 December 2021 for the Lines of Defense), that are responsible and accountable for directly identifying, assessing, controlling and mitigating operational risk within their business activities in compliance with the Bank's policies and procedures.

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

- **The Risk & Controls Self Assessment ("RCSA")** process: it is a recurring, forward looking process performed on an annual basis aiming at the identification and assessment of the operational risks faced by the Group. The scope of RCSA extends to all business lines, thereby to all business, support or specialized Units;
- **The Internal Events Management** process: NBG requires accurate and timely knowledge of operational risk related internal events and has therefore established an appropriate event management process that covers the event life cycle, comprising the event identification, categorization, analysis, on-going management, remediation actions and reporting;
- **The Key Risk Indicators definition and monitoring** process: NBG defines as Key Risk Indicator any simple or combined data variable, which allows the assessment of a situation exposing the Bank to operational risk, as well as its trend, by monitoring/comparing its values over time. Therefore, KRIs are metrics providing early warning signs, preventing and detecting potential risks and vulnerabilities in the activities of the Bank;
- **The Scenario Analysis process**: NBG defines Risk Scenario as the creation of a potential event or consequence of events that expose the organization to significant operational risks and can lead to severe operational losses. Scenario Analysis is the process that reveals all the long-term exposures to major and unusual operational risks which can have substantial negative impacts on the organization's profitability and reputation;
- **The Training Initiatives and Risk Culture awareness** actions: The GORMD designs and implements training programs on operational risk and the ORMF, the use and implementation of programs, methods and systems as well as other actions aiming at knowledge sharing and the establishment of Operational Risk culture Group-wide.

Model Risk

Model Risk is the potential loss the Group may incur, as a consequence of decisions that could be principally based on the output of the models deployed, due to errors in the development, implementation or use of these models.

Model Risk occurs primarily for two reasons:

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

Model Risk is measured, monitored, and controlled by the MVU. Specifically, the MVU has elaborated a set of policies, guidelines, methodologies and controls that comprise the Model Risk Management ("MRM") Framework. The suitable application of the MRM Framework to cover models' lifecycle, empowers the MVU to perform and to be engaged in various control activities as part of the model validation process. In case that certain deficiencies are identified following the completion of a model validation cycle, the MVU raises Required Action Items "RAIs" which are acted upon after their competent approval and may effect material changes to the models.

Since 2018, the MVU has organized its tasks towards the following directions, aiming to thoroughly implement the mentioned MRM Framework:

- *Key Policy and Governance Elements*: The MVU regularly updates the Bank's Model Validation Policy, develops and introduces in a phased approach, documents and guidelines subordinate to the Policy to enhance the actual MRM Framework. Based on them, relevant controls have been designed and an issue and action plan management workflow has been inaugurated. The MVU has compiled a set of business processes in the form of workflows, that serve the management of models' lifecycle and has also developed a Model Risk quantification methodology. The latter has been approved in April 2020 and is utilized for ICAAP reporting purposes.
- *Model Risk Management Tools and Platform:* The MVU has put in effect automation tools and has developed in-house processes and libraries, following best practices and engineering standards, to effectively perform all quantitative validation tasks. The MVU is also participating in the new Common GRC platform implementation team. All necessary actions regarding the Common GRC Platform's MRM module that will mainly assist the Unit's day-to-day business, including the IT configuration of the platform and the extended UAT phases that have contributed to the module's release to production in December 2020, have been duly completed. The module has been meticulously customized to comply with the existing MRM Framework thus facilitating its integration into the Unit's and the Bank's daily processes. An MRM module User Workbook, which meets the training needs of the platform's delegated users by incorporating the module's various functionalities, has been compiled by the Unit. Furthermore, the Unit has already proceeded with the registration of most material models in the module's embedded Model Inventory.

MVU has undertaken further initiatives towards the above two directions. Firstly, an update of the Model Validation Policy and its Annexes has been drafted, mainly focusing on their alignment with the Bank's internal control mechanisms and their enhanced integration with the MRM Framework's recent developments. In addition, MVU will work towards implementing any potential enhancements and resolving any prospective findings related to the applied validation processes as a result of the onsite Market Risk Vega TRIM inspection, which was completed in June 2022.

Moreover, the MRM module's use is scoped to be further expanded by completing the registration process of all the Bank's models being in use, including even those recognized as non-material, that are not currently contributing to the quantification of Model Risk. Additionally, MVU plans to formulate processes related to the existing communication needs through the issuance of specific directives concerning the adoption of MRM module's use and the widened introduction of the comprising model lifecycle workflows, the training of the appropriate personnel and finally, will be working towards embedding the reporting stream produced by various Risk and Control Units into the Common GRC Platform, integrating all reports being pertinent to the Model Risk management process as encoded in the controls developed by the MVU, the related Policy documents and their Annexes.

The Key aspects of the Model Risk Management framework are:

- *Policies and Processes:* In an effort to ensure the accurate, timely and flowless Model Risk quantification process and to manage it in its entirety, a comprehensive set of guidelines regarding the models' lifecycle being in effect as well as Policy and methodology documents relevant to model governance, management and validation have been elaborated. The set consists of clear and streamlined workflows and methodology documents resulting from MVU's expertise and "deep dive" analysis which are concerning the Banks' existing business processes and the relevant regulatory framework.

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

- *Issues and Action Plans:* The MVU has accomplished a specific issue tracking business process, implemented in the Bank's new Common GRC platform, for the purpose of communicating model issues to the model owners, tracking their statuses, approving action plans regarding the necessary mitigating initiatives, keeping track of their accomplishment and finally reporting the completion of issues' resolution to the BRC. This multitude of processes ensures that validation exercises are contributing effectively to maintain the models sound and functional, keeping them fit for purpose and assisting at the same time active Model Risk management while ensuring that their business essence is not to be solely performed for the fulfilment of reporting need and purposes.

- *Model Inventory and Model Risk Management Module:* The Group's Risk Units have worked extensively towards the adoption of a workflow management system which aims among other purposes, to automate most of the procedures being pertinent to the models' lifecycle. This need will be covered by the Model Risk Management module being part of the Common GRC Platform, that also incorporates a self-contained model inventory comprising a thorough and concise model registry in terms of model attributes. These attributes can provide the required supportive evidence to the mentioned issues workflow management system. Furthermore, they will be utilized – in their entirety or partly – as a pool of necessary inputs for Model Risk estimation purposes. The inventory is intended to become the Bank's comprehensive model repository and to play an essential role in the centralized and holistic approach of Model Risk assessment.

The structure of the Model Risk Management process followed by the MVU, is built around a set of distinct phases.

Initially, when the development of a new model is decided, the model has to be registered in the Model Inventory by its owner. Effective Model Risk Management requires the maintenance of a complete and exhaustive inventory, comprising the entirety of the models employed by the Bank, so that the prioritization of the validation exercises and also the tiering and the monitoring of the Model Risk can be adequately supported. During the models' development phase, the MVU is kept informed of the performed process's progress status. Upon model development completion, the Model Inventory is updated by the model owner with the essential material that is needed to conclude the model materiality tiering, the Model Risk assessment and the model review and finally the completion of the validation process as a whole.

After a new model is registered, if it is assessed to present material Model Risk it is determined that the model's Initial Validation is required. This process is also a key component of the efficient Model Risk management, as it allows for an accurate Model Risk estimation. During an Initial Validation exercise, the model is examined through a series of controls that cover a multitude of qualitative and quantitative aspects, being mainly designed to mitigate specific areas constituting Model Risk sources, such as input data quality issues, model design deficiencies, non-adherence to internal or/and external requirements, improper model use, erroneous model implementation and inadequate model performance. These checks are performed utilizing a set of inputs made available by the model owner through the Common GRC Platform, contained in the data quality reports, the model development report, the model use reports etc. The outcome of the model validation effort is a combined assessment regarding the classification of the model's risk rating, the type of model's approval, an ensuing list of RAIs if any issues/deficiencies are observed in the model assessment areas and need to be remediated.

Following the model's approval by the competent management level or committee, the model is implemented in the appropriate system. The implementation phase constitutes an additional source of Model Risk. The MVU conducts an implementation review to assess if the implementation process and all available reports covering the IT and UAT tests were suitably performed and examined, with the aim to determine if the deployed model is fit for the intended purpose and functions as expected. Deployed models and their correct use are regularly monitored by their owners, while they are also re-visited by the MVU through ongoing validation exercises (yearly in case of models that present material Model Risk, or less frequently for the rest of the models), focusing mainly on models' discriminatory power, accuracy and stability. Any validation exercise could potentially lead to the issuance of RAIs and could possibly trigger the necessity of creating a new model version in case of required material model changes. The latter could consequently kick-off a new model lifecycle and maintenance set of actions, as described above.

Other Risk Factors

Cyber security

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

A significant portion of the Group's operations rely 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 endeavors to safeguard its systems and processes and strives to continuously monitor and develop them to protect its technology infrastructure and data from misappropriation. However, its computer systems, software and networks have been and will continue to be exposed and possibly vulnerable to unauthorized 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 external attacks or events, as well as internal breaches. 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 (such as 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 Group's operations (such as the lack of availability of its online banking systems) or otherwise hinder its operational effectiveness, as well as the operations of its clients, customers or other third parties. Given the volume of its transactions, 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 does business with, may also be sources of cyber security or other technological risks. 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, unauthorized 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.

The EU General Data Protection Regulation was directly applicable in Greece as of 25 May 2018 and the penalties in case of personal data leakage could impact the Bank and the Group.

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

The Group, due to its business activities, produces and exchanges large volume of data. In order to support these business activities and in the context of digital transformation for its services, implements a plethora of solutions that often interact and connect with multiple systems inside or/and outside the Group. Due to the criticality of the non-stop delivery of services to its customers and personnel (e.g., Internet Banking, Mobile Banking, teleworking systems) cybercrime, in cyberspace, possesses a significant threat to the Group.

Potential increase of cyber risk due to new conditions introduced by the COVID-19 and the recent geopolitical updates, regarding the Russia - Ukraine tension

COVID-19 affected and continues to affect the global cybersecurity landscape. The increased usage of digital services during the pandemic, that is expected to remain increased even when the pandemic ends, in tandem with the dependence on technology make the technological infrastructure of financial institutions more efficient, but also more vulnerable to cyber-attacks. Advanced social engineering attacks, targeted phishing attacks, and the exploitation of special conditions created by working from home were on the rise during the reporting period. The Group has successfully identified and addressed the risks from the onset of the pandemic.

Moreover, following the Russian invasion in Ukraine in February 2022, significant cyber activity has been noted. While the situation is evolving rapidly and the attack on Ukraine continues to widen, the Bank adopts a heightened posture when it comes to cybersecurity and the protection of its most critical assets. Controls are in place in order to reduce the likelihood of a damaging cyber intrusion, mechanisms to ensure that the Bank is prepared to respond if an intrusion occurs, whereas plans have been developed to maximize the Bank's resilience to a destructive cyber incident.

The Group safeguards its systems and processes and continuously monitors and develops them to protect its technology infrastructure and data from embezzlement. The Bank, in order to certify that it follows best practices regarding information security and to strength its security footprint, has been certified against ISO 27001 for the scope of IT infrastructure and services.

The digital global landscape is continuously changing and evolving, thus the risks related to information security in the banking sector are also increasing.

NBG Group's cyber security systems continue to improve with the strengthening of detection, response, and protection mechanisms, in order to ensure high quality of customer service, protection of personal data, increase of service efficiency and secure business activity.

Deferred tax assets as regulatory capital or as an asset

Risk related to the recognition of the main part of deferred tax assets as regulatory capital or as an asset

The Group currently includes deferred tax assets ("DTAs") in calculating the Group's capital and capital adequacy ratios. As at

30 June 2022, the Group's DTAs, amounted to €4.8 billion (31 December 2021: €4.9 billion).

The Bank reviews the carrying amount of its DTAs at each reporting date, and such review may lead to a reduction in the value of the DTAs on the Bank's Statement of Financial position, and therefore reduce the value of the DTAs as included in the Group's regulatory capital.

EU Regulation 575/2013 provides that DTAs recognized for IFRS purposes that rely on future profitability and arise from temporary differences of a credit institution and exceed certain thresholds must be deducted from its CET1 capital.

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

Furthermore, Greek Law 4465/2017 amended article 27 "Carry forward losses" by introducing an amortization period of 20 years for losses due to loan write offs as part of a settlement or restructuring and losses that crystallize as a result of a disposal of loans. In addition, in 2021 Greek Law 4831 further amended article 27 of Greek Law 4172/2013. According to this amendment the annual amortization / deduction of the debit difference arising from PSI losses is deducted at a priority over the debit difference arising from realized NPL losses. The amount of annual deduction of the debit difference arising from realized NPL losses is limited to the amount of the profits determined according to the provisions of the tax law as in force before the deduction of such debit differences and after the deduction of the debit difference arising from PSI losses. The remaining amount of annual deduction that has not been offset, is transferred to be utilized in the 20 subsequent tax years, in which there will be sufficient profit after the deduction of the above debit differences (PSI & NPL losses) that correspond to those years. As to the order of deduction of the transferred (unutilized) amounts, older balances of debit difference have priority over newer balances. If at the end of the 20-year amortization period, there are balances that have not been offset, these qualify as tax losses which are subject to the 5-year statutes of limitation.

As at 30 June 2022, the Group's eligible DTAs amounted to €3.9 billion (31 December 2021: €4.1 billion). The main condition for the conversion of DTAs to a Tax Credit is the existence of an accounting loss at Bank level of a respective year, starting from accounting year 2016 and onwards. The Tax Credits will be calculated as a ratio of IFRS accounting losses to net equity (excluding the year's losses) on a solo basis and such ratio will be applied to the remaining Eligible DTAs in a given year to calculate the Tax Credit that will be converted in that year, in respect of the prior tax year. The Tax Credit may be offset against income taxes payable. The non-offset part of the Tax Credit is immediately recognized as a receivable from the Greek State. The Bank is obliged to issue conversion rights to the Greek State for an amount of 100% of the Tax Credit in favour of the Greek State and will create a specific reserve for an equal amount. Common shareholders have pre-emption rights on these conversion rights. The reserve will be capitalized with the issuance of common shares in favour of the Greek State. This legislation allows credit institutions to treat such DTAs as not "relying on future profitability" according to Capital Requirement Directive ("CRD") IV, and as a result such DTAs are not deducted from CET1, hence improving a credit institution's capital position.

On 7 November 2014, the Bank convened an extraordinary General Shareholders Meeting which resolved to include the Bank in the DTC Law. An exit by the Bank from the provisions of the DTC Law requires regulatory approval and a General Shareholders meeting resolution.

If the regulations governing the use of Deferred Tax Credit ("DTCs") as part of the Group's regulatory capital change, this may affect the Group's capital base and consequently its capital ratios. As at 30 June 2022, 79.5% of the Group's CET1 capital (including the profit for the period) was comprised of DTA eligible for DTC. Additionally, there can be no assurance that any final interpretation of the amendments described above will not change or that the European Commission will not rule the treatment of the DTCs under Greek law illegal and as a result Greek credit institutions will ultimately not be allowed to maintain certain DTCs as regulatory capital. If any of these risks materialize, this could have a material adverse effect on the Group's ability to maintain sufficient regulatory capital, which may in turn require the Group to issue additional instruments qualifying as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have a material adverse effect on the Group's operating results and financial condition and prospects.

Corporate Governance

Annual General Meeting of Shareholders

Our Annual General Meeting of Shareholders took place remotely, in real-time via teleconference, on Thursday, 28 July 2022. For further information please refer to our site https://www.nbg.gr/en/group/investor-relations/general-meetings-all-data.

Constitution into a body of the new Board of Directors

Pursuant to the resolution of the Annual General Meeting of Shareholders held on 30 July 2021, twelve (12) Directors were elected on the Board of Directors with a three-year term, i.e. through to the Annual General Meeting of Shareholders of 2024. The Annual General Meeting of Shareholders held on 28 July 2022, resolved upon the increase of the number of Board members from twelve (12) to thirteen (13) and the election of Mr. Athanasios Zarkalis as new Independent Non-Executive member of the Board of Directors, in fulfilment of the new position in the Board, with a term equal to the remaining Board members, i.e. up to the Annual General Meeting of Shareholders of 2024. On the same day, the Board of Directors convened and decided on its constitution into a body, in line with the applicable law and the Bank's Articles of Association, as follows:

Board of Directors composition	
Executive Members:	Mr. Pavlos Mylonas, Chief Executive Officer
	Ms. Christina Theofilidi, Executive Member
Non - Executive Members:	Mr. Gikas Hardouvelis, Chair of the Board of Directors
	Mr. Periklis Drougkas, Member, Representative of the Hellenic Financial Stability Fund under Greek Law 3864/2010
Independent Non-Executive Members:	Mr. Avraam Gounaris, Senior Independent Director
	Mr. Matthieu Kiss, Member
	Mr. Claude Piret, Member
	Ms. Aikaterini Beritsi, Member
	Mr. Wietze Reehoorn, Member
	Ms. Elena Ana Cernat, Member
	Mr. Athanasios Zarkalis, Member
	Ms. Anne Marion Bouchacourt, Member
	Mr. Jayaprakasa (JP) C.S. Rangaswami, Member

Secretary of the Board of Directors and its Committees is Mr. Panos Dasmanoglou, General Manager of Group Compliance and Corporate Governance. It is noted that the election of the members of the Board of Directors of credit institutions is subject to approval and constant review by the SSM of the ECB.

Audit Committee

Following the Board of Directors session held on 28 July 2022, during which the members of the Audit Committee were appointed in accordance with Article 44 par. 1 case (c) of Greek Law 4449/2017, based on the relevant decision of the Annual General Meeting of 28 July 2022 and following recommendation of the Corporate Governance & Nominations Committee, the Audit Committee, in accordance with Article 44 par. 1 case (e) of Greek Law 4449/2017 and its Charter, convened on the same day and constituted into a body, appointing its Chair and Vice – Chair as follows:

Audit Committee	
Chair:	Mr. Matthieu Kiss
Vice-Chair:	Mr. Claude Piret
Members:	Mr. Avraam Gounaris
	Mr. JP Rangaswami
	Mr. Periklis Drougkas (HFSF representative)

As resolved upon by the Annual General Meeting of 30 July 2021, the term of office of the Audit Committee members shall follow their term of office as Board members, i.e. until the Annual General Meeting of year 2024.

Human Resources and Remuneration Committee

Following the election of Mr. Athanasios Zarkalis by the Annual General Meeting of 28 July 2022, the Board of Directors, at its session held on the same day, decided upon his participation as a new (additional) member at the Human Resources and Remuneration Committee, the composition of which is as follows:

Human Resources and Remuneration Committee	
Chair:	Ms. Anne Marion-Bouchacourt
Vice-Chair:	Ms. Elena Ana Cernat
Members:	Mr. JP Rangaswami
	Mr. Athanasios Zarkalis
	Mr. Periklis Drougkas (HFSF representative)

Innovation and Sustainability Committee

Following the election of Mr. Athanasios Zarkalis by the Annual General Meeting of 28 July 2022, the Board of Directors, at its session held on the same day, decided upon his participation as a new (additional) member at the Innovation and Sustainability Committee, the composition of which is as follows:

Innovation and Sustainability Committee	
Chair:	Mr. JP Rangaswami
Vice-Chair:	Ms. Elena Ana Cernat
Members:	Ms. Anne Marion-Bouchacourt
	Mr. Athanasios Zarkalis
	Mr. Periklis Drougkas (HFSF representative)

Greek Law 4941/2022 on the reform of the institutional framework of the HFSF

On 16 June 2022, Greek Law 4941/2022 on the reform of the institutional framework of the HFSF was published, significantly amending the provisions of Greek Law 3864/2010.

Among others, the following significant amendments were introduced:

- *Extension of the duration of the HFSF*: The duration of the HFSF is prolonged to 2025 (instead of 2022, which was previously foreseen) in order for the HFSF to serve its revised purpose as per the new framework, while the possibility of extending the duration of the HFSF is no longer foreseen.
- *Amendments to special rights of the HFSF,* i.e.:
  - i. Elimination of most of the "eligibility criteria" foreseen for Board members.
  - ii. The following special rights of the HFSF are no longer foreseen:
    - to call the General Assembly;
    - to approve the Chief Financial Officer; and
    - to veto any decision of the Board where the decision in question could seriously compromise the interests of depositors, or impair the credit institution's liquidity or solvency or its overall sound and smooth operation (e.g., business strategy, asset/liability management, etc.).
  - iii. Significant amendments to veto rights and remuneration restrictions are foreseen:
    - the veto right on dividends and bonus policy of Board members and Senior Management shall apply only to specific credit institutions that fall within the scope of the provision (i.e., to those whose ratio of NPLs to total loans exceeds 10%);
    - the remuneration cap for Board members and Senior Management (i.e., to the remuneration of the Governor of the Bank of Greece) shall apply for as long as the ratio of NPLs to total loans exceeds 10% or for the financial years referring up to 2022, while it is also clarified that it concerns fixed remuneration, while variable remuneration of such persons is abolished until the completion of the institution's restructuring plan or for as long as the ratio of NPLs to total loans exceeds 10% or for the financial years referring up to 2022. Similarly, for the period of participation of the credit institution in the capital increase program, variable remuneration may be granted only in the form of shares or stock options or other instruments within the meaning of articles 52 or 63 of the Regulation (EU) 575/2013, according to article 86 of Greek Law 4261/2014.
  - iv. *Voting rights of shares held by the HFSF*: The scope of the HFSF's voting rights is extended so as to refer to the shares held by the HFSF in any way (i.e., not only those subscribed to in the context of a capital support). Consequently, the limitations to the exercise of voting rights in particular cases of shares are no longer applicable. Therefore, such shares shall be taken into account for the purposes of calculating the quorum and majority in the General Assembly and shall have full voting rights on all items on the agenda (i.e., not just in the case of the particular matters).
  - v. *Divestment process*: A specific process is foreseen for the disposal of HFSF's own participation in credit institutions, which shall take place in accordance with a reasoned divestiture strategy meeting at least the principles set out in the Law, and which is closely monitored (e.g., through regular status reports).

Other

Restructuring Plan

As communicated by DG Competition in June 2022, the restructuring period and the mandate of the Monitoring Trustee for NBG has ended see section "*Key Highlights - Key achievements and significant developments of NBG Group in the first half of 2022 - 2019 Revised Restructuring Plan*".

Athens, 29 July 2022

THE CHAIRMAN OF THE BOARD OF DIRECTORS

GIKAS A. HARDOUVELIS

THE CHIEF EXECUTIVE OFFICER

PAVLOS K. MYLONAS

Important Information

ESMA Alternative Performance Measures ("APMs"), definition of financial data and ratios used

The Board of Directors' report contains financial information and measures as derived from the Group and the Bank's financial statements for the six months period ended 30 June 2022 and for the year ended 31 December 2021, which have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRS"), as endorsed by the EU. Additionally, it contains financial data which is compiled as a normal part of our financial reporting and management information systems. For instance, financial items are categorized as foreign or domestic on the basis of the jurisdiction of organization of the individual Group entity whose separate financial statements record such items.

Moreover, it contains references to certain measures which are not defined under IFRS, including "pre-provision income" ("PPI"), "net interest margin" and others, as defined below. These measures are non-IFRS financial measures. A non-IFRS financial measure is a measure that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. The Group believes that the non-IFRS financial measures it presents allow a more meaningful analysis of the Group's financial condition and results of operations. However, the non-IFRS financial measures presented are not a substitute for IFRS measures.

Name	Abbreviation	Definition
Adjusted Profit before Tax	**PBT**	Profit before tax, excluding the additional social security contribution for LEPETE to e-EFKA, restructuring cost and one-off costs. More specifically, for the six months period ended 30 June 2022, operating expenses exclude personnel expenses of €18 million related to defined contributions to LEPETE to e-EFKA, VES cost of €59 million, restructuring cost of €3 million and other one-off costs of €51 million. For the six months period ended 30 June 2021, operating expenses exclude personnel expenses of €18 million related to defined contributions for LEPETE to e-EFKA, VES cost of €53 million, restructuring cost of €1 million and other one off-costs of €42 million.
Adjusted profit for the period (PAT) from continuing operations	**Adjusted PAT**	Profit for the period from continuing operations, excluding the additional social security contribution for LEPETE to e-EFKA, restructuring cost and one-off costs. More specifically, for the six months period ended 30 June 2022, operating expenses exclude personnel expenses of €18 million related to defined contributions to LEPETE to e-EFKA, VES cost of €59 million, restructuring cost of €3 million and other one-off costs of €97 million. For the six months period ended 30 June 2021, operating expenses exclude personnel expenses of €18 million related to defined contributions for LEPETE to e-EFKA, VES cost of €53 million, restructuring cost of €1 million and other one off-costs of €42 million.
Balance Sheet		Statement of Financial Position
Common Equity Tier 1 ratio	**CET1**	CET1 capital as defined by Regulation No 575/2013, with the application of the regulatory transitional arrangements for IFRS 9 impact over RWAs.
CET1 ratio fully loaded	**CET1FL**	CET1 capital as defined by Regulation No 575/2013, without the application of the regulatory transitional arrangements for IFRS 9 impact over RWAs.
Core Income		Net Interest Income ("NII") + Net fee and commission income.
Core Operating Profit		Core income less operating expenses and loan impairments.
Core Pre-Provision Income	**Core PPI**	Core Income less operating expenses.
Cost of Risk	**CoR**	Loan impairments of the period/year over average loans and advances to customers, excluding the short term reverse repo facility of €3.0 billion as at 30 June 2022.
Cost-to-Core Income ratio	**C:CI**	Operating expenses over core income.
Cost-to-Income ratio		Operating expenses over total income.
Deposits		Due to customers.
Depreciation		Depreciation and amortisation on investment property, property & equipment and software & other intangible assets
Disbursements of loans		Loan disbursements for the period/year, not considering rollover of working capital repaid and increase of unused credit limits.
Domestic banking activities		Refers to banking business in Greece and includes retail, corporate and investment banking. Group's domestic operations includes operations of the Bank in Greece, Ethniki Leasing S.A (Ethniki Leasing) and Ethniki Factors S.A. (Ethniki Factors).
Funding cost		The weighted average cost of deposits, ECB refinancing, repo transactions, covered bonds and securitization transactions.
Gross loans		Loans and advances to customers at amortised cost before Expected Credit Loss ("ECL") allowance and loans and advances to customers mandatorily measured at FVTPL.

Name	Abbreviation	Definition
Interest earning assets		Interest earning assets include all assets with interest earning potentials and includes cash and balances with central banks, due from banks, financial assets at fair value through profit or loss (excluding Equity securities and mutual funds units), loans and advances to customers and investment securities (excluding equity securities and mutual funds units).
Liquidity Coverage Ratio	LCR	The LCR refers to the liquidity buffer of High Quality Liquid Assets ("HQLAs") that a Financial Institution holds, in order to withstand net liquidity outflows over a 30 calendar-day stressed period as per Regulation (EU) 2015/61.
Loan Impairments		Impairment charge for ECL.
Loans-to-Deposits Ratio		Loans and advances to customers over due to customers, at period/year end, excluding the short term reverse repo facility of €3.0 billion as at 30 June 2022.
Fees / Net Fees		Net fee and commission income.
Net Interest Margin	NIM	Net interest income over average interest earning assets. Net Interest Margin equals net interest income divided by the average of interest earning assets (the average of interest earning assets at the end of the current year/period and the end of the previous year and all quarter ends in between (5 periods) for the year/period end).
Net Stable Funding Ratio	NSFR	The NSFR refers to the portion of liabilities and capital expected to be sustainable over the time horizon considered by the NSFR over the amount of stable funding that must be allocated to the various assets, based on their liquidity characteristics and residual maturities.
Net trading income/ (loss), Net other income/ (loss) and Share of profit / (loss) of equity method investments		Net trading income / (loss) and results from investment securities ("trading income/(loss)") + Gains / (losses) arising from the derecognition of financial assets measured at amortised cost + Net other income / (expense) ("other income / (expense)") + Share of profit / (loss) of equity method investments.
Non-Performing Exposures	NPEs	Non-performing exposures are defined according to EBA ITS technical standards on Forbearance and Non-Performing Exposures as exposures that satisfy either or both of the following criteria: a. Material exposures which are more than 90 days past due. b. The debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or of the number of days past due.
Non-Performing Loans NPLs	NPLs	Loans and advances to customers at amortised cost that are in arrears for 90 days or more.
NPE Coverage Ratio		ECL allowance for loans and advances to customers at amortised cost divided by NPEs, excluding loans and advances to customers mandatorily measured at FVTPL, at period/year end.
NPE formation		Net increase / (decrease) of NPEs, before write-offs.
NPE Organic Formation		NPE balance change, excluding sales and write-offs
NPE ratio		NPEs divided by loans and advances to customers at amortised cost before ECL allowance and loans and advances to customers mandatorily measured at FVTPL at the end of the year/period, excluding the short term reverse repo facility of €3.0 billion as at 30 June 2022.
Operating Expenses		Personnel expenses + General, administrative and other operating expenses ("G&As") + Depreciation and amortisation on investment property, property & equipment and software and other intangible assets, excluding the additional social security contribution for LEPETE to e-EFKA and other one-off costs. More specifically, for the six months period ended 30 June 2022, operating expenses exclude personnel expenses of €18 million related to defined contributions to LEPETE to e-EFKA and other one-off costs of €4 million. For the six months period ended 30 June 2021, operating expenses exclude personnel expenses of €18 million related to defined contributions for LEPETE to e-EFKA and other one off-costs of €19 million.
Operating Profit / (Loss)		Total income less operating expenses and loan impairments.
Other impairments		Impairment charge for securities and Other provisions and impairment charges
Pre-Provision Income	PPI	Total income less operating expenses, before loan impairments.
Risk Weighted Assets	RWAs	Assets and off-balance-sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013.
Risk Adjusted NIM		NIM minus CoR
Staff Costs/ Personnel expenses		Personnel expenses excluding the additional social security contribution for LEPETE to e-EFKA and one-off costs. More specifically, for the six months period ended 30 June 2022, personnel expenses exclude defined contributions to LEPETE to e-EFKA of €18 million and other one-off costs of €3 million. For the six months period ended 30 June 2021, personnel expenses exclude defined contributions for LEPETE to e-EFKA of €18 million and other one off-costs of €13 million.

Name	Abbreviation	Definition
Tangible Equity / Book Value		Common equity less goodwill, software and other intangible assets.
Taxes		Refers to tax benefit / (expense) excluding one-off taxes of amount €46 million.
Total Capital Ratio		Total capital as defined by Regulation No 575/2013, with the application of the regulatory transitional arrangements for IFRS 9 impact over RWAs.
Total Income		Refers to Net interest income, Net fee and commission income, Net trading income / (loss) and results from investment securities, Gains / (losses) arising from the derecognition of financial assets measured at amortised cost, Net other income / (expense) and Share of profit / (loss) of equity method investments.

Disclaimer

The information, statements and opinions set out in the Board of Director's Report (the "Board of Director's Report") have been provided by National Bank of Greece S.A. (the "Bank") (together with its consolidated subsidiaries (the "Group"). They serve informational only purposes and should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and do not take into account particular investment objectives, financial situation or needs. It is not a research report, a trade confirmation or an offer or solicitation of an offer to buy/sell any financial instruments.

Accuracy of Information and Limitation of Liability

Whilst reasonable care has been taken to ensure that its contents are true and accurate, no representations or warranties, express or implied are given in, or in respect of the accuracy or completeness of any information included in the Board of Director's Report. To the fullest extent permitted by law in no circumstances will the Bank, or any of its respective subsidiaries, shareholders, affiliates, representatives, directors, officers, employees, advisers or agents be responsible or liable for any direct, indirect or consequential loss or loss of profit arising from the use of the Board of Director's Report, its contents (including the internal economic models), its omissions, reliance on the information contained within it, or on opinions communicated in relation thereto or otherwise arising in connection therewith.

Recipients of the Board of Director's Report are not to construe its contents, or any prior or subsequent communications from or with the Bank or its representatives as financial, investment, legal, tax, business or other professional advice. In addition, the Board of Director's Report does not purport to be all-inclusive or to contain all of the information that may be required to make a full analysis of the Bank. Recipients of the Board of Director's Report should consult with their own advisers and should each make their own evaluation of the Bank and of the relevance and adequacy of the information. The Board of Director's Report includes certain non-IFRS financial measures. These measures are presented in this section under "*ESMA Alternative Performance Measures (APMs), definition of financial data and ratios used*". Section herein may not be comparable to those of other credit institutions. Reference to these non-IFRS financial measures should be considered in addition to IFRS financial measures but should not be considered a substitute for results that are presented in accordance with IFRS. Due to rounding, numbers presented throughout the Board of Director's Report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Forward-Looking Statements

The Board of Director's Report contains forward-looking statements relating to management's intent, belief or current expectations with respect to, inter alia, the Bank's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, risk management practices, liquidity, prospects, growth and strategies ("Forward Looking Statements"). Forward Looking Statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "may", "will", "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", "would", "could" or similar expressions or the negative thereof. Forward Looking Statements reflect knowledge and information available at the date of the Board of Director's Report and are subject to inherent uncertainties and qualifications and are based on numerous assumptions, in each case whether or not identified in the Board of Director's Report. Although Forward Looking statements contained in the Board of Director's Report are based upon what management of the Bank believes are reasonable assumptions, because these assumptions are inherently subject to significant uncertainties and contingencies, including risks related to increased geopolitical tensions, that are difficult or impossible to predict and are beyond the Bank's control, no assurance can be provided that the Bank will achieve or accomplish these expectations, beliefs or projections. COVID -19 developments, along with the current geopolitical situation and its economic impact remains highly uncertain. Therefore, this outbreak constitutes another factor that could cause actual results to differ materially from the ones included in the Forward-Looking Statements. Forward-Looking Statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. The Bank's actual results may differ materially from those discussed in the Forward-Looking Statements. Some important factors that could cause actual results to differ materially from those in any Forward Looking Statements could include, inter alia, changes in domestic and foreign business, market, financial, political and legal conditions including changing industry regulation, adverse decisions by domestic or international regulatory and supervisory authorities, the impact of market size reduction, the ability to maintain credit ratings, capital resources and capital expenditures, adverse litigation and dispute outcomes, impact of COVID-19 and the effect of such outcomes on the Group's financial condition. There can be no assurance that any particular Forward-Looking Statement will be realized, and the Bank expressly disclaims any obligation or undertaking to release any updates or revisions to any Forward-Looking Statement to reflect any change in the Bank's expectations with regard thereto or any changes in events, conditions or circumstances on which any Forward-Looking Statement is based. Accordingly, the reader is cautioned not to place undue reliance on Forward-Looking Statements.

No Updates

Unless otherwise specified all information in the Board of Director's Report is as of the date of the Board of Director's Report. Neither the delivery of the Board of Director's Report nor any other communication with its recipients shall, under any circumstances, create any implication that there has been no change in the Bank's affairs since such date. Except as otherwise noted herein, the Bank does not intend to, nor will it assume any obligation to, update the Board of Director's Report or any of the information included herein. The Board of Director's Report is subject to Greek law, and any dispute arising in respect of the Board of Director's Report is subject to the exclusive jurisdiction of the Courts of Athens.

Translation from the original text in Greek

Report on Review of Interim Financial Statements

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

Introduction

We have reviewed the accompanying condensed company and consolidated statement of financial position of the Bank and the Group of National Bank of Greece S.A., as of 30 June 2022 and the related condensed company and consolidated statements of income, comprehensive income, changes in equity and cash flow statements for the six-month period then ended, and the selected explanatory notes that comprise the interim condensed financial statements and which form an integral part of the six-month financial report as required by L.3556/2007.

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

Scope of Review

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

Conclusion

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

Report on other legal and regulatory requirements

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

Athens, 4 August 2022

The Certified Auditor

PricewaterhouseCoopers S.A.
Certified Auditors
268 Kifissias Avenue
152 32 Halandri

Soel Reg. No. 113

Despina Marinou

Soel Reg. No 17681

NATIONAL BANK
OF GREECE

Group and Bank
Interim Financial Statements

First half 2022

As at and for the period ended 30 June 2022

Statement of Financial Position
as at 30 June 2022

€ million	Note	Group 30.06.2022	Group 31.12.2021	Bank 30.06.2022	Bank 31.12.2021
ASSETS					
Cash and balances with central banks		15,261	15,827	15,042	15,539
Due from banks		2,711	3,639	2,647	3,539
Financial assets at fair value through profit or loss		312	314	296	295
Derivative financial instruments		2,417	4,331	2,417	4,331
Loans and advances to customers	9	34,362	30,439	32,678	28,886
Investment securities		13,900	14,937	13,620	14,552
Investment property		74	80	2	2
Investments in subsidiaries		-	-	848	1,133
Equity method investments		20	18	17	17
Goodwill, software and other intangible assets		390	353	382	345
Property and equipment		1,602	1,655	1,204	1,240
Deferred tax assets		4,825	4,912	4,822	4,906
Current income tax advance		244	289	241	285
Other assets		2,721	2,671	2,630	2,584
Non-current assets held for sale	10	607	4,493	546	866
Total assets		**79,446**	**83,958**	**77,392**	**78,520**
LIABILITIES					
Due to banks	11	13,580	14,731	13,793	14,900
Derivative financial instruments		2,026	3,014	2,026	3,014
Due to customers	12	54,292	53,493	52,983	52,228
Debt securities in issue		933	912	934	912
Other borrowed funds		63	79	-	-
Deferred tax liabilities		14	15	-	-
Retirement benefit obligations		265	271	263	269
Current income tax liabilities		5	4	-	-
Other liabilities		2,315	2,250	2,001	1,956
Liabilities associated with non-current assets held for sale	10	25	3,417	-	-
Total liabilities		**73,518**	**78,186**	**72,000**	**73,279**
SHAREHOLDERS' EQUITY					
Share capital	14	915	915	915	915
Share premium account		13,866	13,866	13,863	13,863
Reserves and retained earnings		(8,875)	(9,264)	(9,386)	(9,537)
Amounts recognised directly in equity relating to non-current assets held for sale		-	233	-	-
Equity attributable to NBG shareholders		**5,906**	**5,750**	**5,392**	**5,241**
Non-controlling interests		22	22	-	-
Total equity		**5,928**	**5,772**	**5,392**	**5,241**
Total equity and liabilities		**79,446**	**83,958**	**77,392**	**78,520**

Athens, 29 July 2022

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
GIKAS A. HARDOUVELIS	PAVLOS K. MYLONAS	CHRISTOS D. CHRISTODOULOU

The notes on pages 56 to 91 form an integral part of these Interim Financial Statements

Income Statement
for the period ended 30 June 2022

€ million	Note	Group 6-month period ended 30.06.2022	Group 6-month period ended 30.06.2021	Bank 6-month period ended 30.06.2022	Bank 6-month period ended 30.06.2021
Continuing Operations					
Interest and similar income		674	674	624	625
Interest expense and similar charges		(74)	(78)	(79)	(82)
Net interest income		**600**	**596**	**545**	**543**
Fee and commission income		221	193	196	169
Fee and commission expense		(51)	(55)	(46)	(48)
Net fee and commission income		**170**	**138**	**150**	**121**
Net trading income / (loss) and results from investment securities	4	288	236	285	230
Gains / (losses) arising from the derecognition of financial assets measured at amortised cost		54	247	54	247
Net other income / (expense)		(42)	(35)	(54)	(44)
Total income		**1,070**	**1,182**	**980**	**1,097**
Personnel expenses		(228)	(243)	(211)	(222)
General, administrative and other operating expenses		(97)	(99)	(82)	(84)
Depreciation and amortisation on investment property, property & equipment and software & other intangible assets		(83)	(78)	(75)	(70)
Credit provisions and other impairment charges	5	(151)	(174)	(116)	(167)
Restructuring costs	6	(62)	(54)	(62)	(54)
Share of profit / (loss) of equity method investments		1	-	-	
Profit before tax		**450**	**534**	**434**	**500**
Tax benefit / (expense)	7	(137)	(4)	(132)	-
Profit for the period from continuing operations		**313**	**530**	**302**	**500**
Discontinued Operations					
Profit for the period from discontinued operations	10	234	46	(8)	-
Profit for the period		**547**	**576**	**294**	**500**
Attributable to:					
Non-controlling interests		1	1	-	-
NBG equity shareholders		**546**	**575**	**294**	**500**
Earnings per share (Euro) - Basic and diluted from continuing operations	8	**€0.34**	**€0.58**	**€0.33**	**€0.55**
Earnings per share (Euro) - Basic and diluted from continuing and discontinued operations	8	**€0.60**	**€0.63**	**€0.32**	**€0.55**

Athens, 29 July 2022

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
GIKAS A. HARDOUVELIS	PAVLOS K. MYLONAS	CHRISTOS D. CHRISTODOULOU

The notes on pages 56 to 91 form an integral part of these Interim Financial Statements

Statement of Comprehensive Income
for the period ended 30 June 2022

€ million	Note	Group 6-month period ended 30.06.2022	Group 6-month period ended 30.06.2021	Bank 6-month period ended 30.06.2022	Bank 6-month period ended 30.06.2021
Profit for the period		**547**	**576**	**294**	**500**
Other comprehensive income / (expense):					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale securities, net of tax		(246)	(46)	-	-
Investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI"), net of tax		(152)	(130)	(151)	(130)
Currency translation differences, net of tax		(2)	6	(2)	-
Cash flow hedge, net of tax		18	17	18	17
Total of items that may be reclassified subsequently to profit or loss		**(382)**	**(153)**	**(135)**	**(113)**
Items that will not be reclassified subsequently to profit or loss:					
Investments in equity instruments measured at FVTOCI, net of tax		(12)	9	(12)	9
Total of items that will not be reclassified subsequently to profit or loss		**(12)**	**9**	**(12)**	**9**
Other comprehensive income / (expense) for the period, net of tax	15	**(394)**	**(144)**	**(147)**	**(104)**
Total comprehensive income / (expense) for the period		**153**	**432**	**147**	**396**
Attributable to:					
Non-controlling interests		1	1	-	-
NBG equity shareholders		**152**	**431**	**147**	**396**

Athens, 29 July 2022

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
GIKAS A. HARDOUVELIS	PAVLOS K. MYLONAS	CHRISTOS D. CHRISTODOULOU

Income Statement
for the period ended 30 June 2022

	Group	
	3-month period ended	
€ million	30.06.2022	30.06.2021
Continuing Operations		
Interest and similar income	348	338
Interest expense and similar charges	(36)	(38)
Net interest income	**312**	**300**
Fee and commission income	113	101
Fee and commission expense	(28)	(31)
Net fee and commission income	**85**	**70**
Net trading income / (loss) and results from investment securities	203	(28)
Net other income / (expense)	(23)	(16)
Total income	**577**	**326**
Personnel expenses	(116)	(121)
General, administrative and other operating expenses	(49)	(51)
Depreciation and amortisation on investment property, property & equipment and software & other intangible assets	(42)	(38)
Credit provisions and other impairment charges	(77)	(92)
Restructuring costs	(2)	-
Share of profit / (loss) of equity method investments	1	-
Profit before tax	**292**	**24**
Tax benefit / (expense)	(100)	(1)
Profit for the period from continuing operations	**192**	**23**
Discontinued operations		
Profit / (Loss) for the period from discontinued operations	(6)	(5)
Profit for the period	**186**	**18**
Attributable to:		
NBG equity shareholders	**186**	**18**
Earnings / (losses) per share (Euro) - Basic and diluted from continuing operations	**€0.21**	**€0.03**
Earnings / (losses) per share (Euro) - Basic and diluted from continuing and discontinued operations	**€0.20**	**€0.02**

Athens, 29 July 2022

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
GIKAS A. HARDOUVELIS	PAVLOS K. MYLONAS	CHRISTOS D. CHRISTODOULOU

The notes on pages 56 to 91 form an integral part of these Interim Financial Statements

Statement of Comprehensive Income
for the period ended 30 June 2022

	Group	
	3-month period ended	
€ million	30.06.2022	30.06.2021
Profit for the period	**186**	**18**
Other comprehensive income / (expense):		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale securities, net of tax	-	6
Investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI"), net of tax	(89)	(17)
Currency translation differences, net of tax	-	(1)
Cash flow hedge, net of tax	-	5
Total of items that may be reclassified subsequent to profit or loss	**(89)**	**(7)**
Items that will not be reclassified subsequent to profit or loss		
Investment in equity instruments at FVTOCI, net of tax	(6)	3
Total of items that will not be reclassified subsequent to profit or loss	**(6)**	**3**
Other comprehensive income/(expense) for the period, net of tax	**(95)**	**(4)**
Total comprehensive income/(expense) for the period	**91**	**14**
Attributable to:		
NBG equity shareholders	**91**	**14**

Athens, 29 July 2022

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER
GIKAS A. HARDOUVELIS	PAVLOS K. MYLONAS	CHRISTOS D. CHRISTODOULOU

Statement of Changes in Equity - Group

for the period ended 30 June 2022

€ million	Attributable to equity holders of the parent company: Share capital Ordinary shares	Share premium Ordinary shares	Treasury shares	Securities at FVTOCI reserve	Currency translation reserve	Net investment hedge reserve	Cash flow hedge reserve	Defined benefit plans	Other reserves & Retained earnings	Total	Non-controlling Interests	Total
Balance at 31 December 2020 and at 1 January 2021	**2,744**	**13,866**	**(1)**	**417**	**59**	**(111)**	**(40)**	**(208)**	**(11,661)**	**5,065**	**20**	**5,085**
Other Comprehensive Income/ (expense) for the period	-	-	-	(167)	6	-	17	-	-	**(144)**	-	**(144)**
Gains/(losses) from equity instruments at FVTOCI reclassified to retained earnings	-	-	-	1	-	-	-	-	(1)	**-**	-	**-**
Profit for the period	-	-	-	-	-	-	-	-	575	**575**	1	**576**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**-**	**(166)**	**6**	**-**	**17**	**-**	**574**	**431**	**1**	**432**
Balance at 30 June 2021	**2,744**	**13,866**	**(1)**	**251**	**65**	**(111)**	**(23)**	**(208)**	**(11,087)**	**5,496**	**21**	**5,517**
Movements to 31 December 2021	(1,829)	-	1	(56)	4	-	5	9	2,120	**254**	1	**255**
Balance at 31 December 2021 and at 1 January 2022	**915**	**13,866**	**-**	**195**	**69**	**(111)**	**(18)**	**(199)**	**(8,967)**	**5,750**	**22**	**5,772**
Other Comprehensive Income/ (expense) for the period	-	-	-	(406)	(2)	-	18	-	1	**(389)**	-	**(389)**
Gains/(losses) from equity instruments at FVTOCI reclassified to retained earnings	-	-	-	(4)	-	-	-	-	4	**-**	-	**-**
Profit for the period	-	-	-	-	-	-	-	-	546	**546**	1	**547**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**-**	**(410)**	**(2)**	**-**	**18**	**-**	**551**	**157**	**1**	**158**
Acquisitions, disposals & share capital increases of subsidiaries/equity method investments	-	-	-	-	-	-	-	-	(1)	**(1)**	(1)	**(2)**
Balance at 30 June 2022	**915**	**13,866**	**-**	**(215)**	**67**	**(111)**	**-**	**(199)**	**(8,417)**	**5,906**	**22**	**5,928**

The notes on pages 56 to 91 form an integral part of these Interim Financial Statements

Statement of Changes in Equity - Bank

for the period ended 30 June 2022

€ million	Share capital	Share premium	Securities at FVTOCI reserve	Currency translation reserve	Cash flow hedge reserve	Defined benefit plans	Other reserves & retained earnings	Total
	Ordinary shares	Ordinary shares						
Balance at 31 December 2020 and 1 January 2021	**2,744**	**13,863**	**76**	**(52)**	**(40)**	**(201)**	**(11,779)**	**4,611**
Other Comprehensive Income/ (expense) for the period	-	-	(122)	-	17	-	-	**(105)**
Gains/(losses) from equity instruments at FVTOCI reclassified to retained earnings	-	-	1	-	-	-	(1)	**-**
Profit for the period	-	-	-	-	-	-	500	**500**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**(121)**	**-**	**17**	**-**	**499**	**395**
Balance at 30 June 2021	**2,744**	**13,863**	**(45)**	**(52)**	**(23)**	**(201)**	**(11,280)**	**5,006**
Movement to 31 December 2021	**(1,829)**	**-**	**(14)**	**1**	**5**	**12**	**2,060**	**235**
Balance at 31 December 2021 and 1 January 2022	**915**	**13,863**	**(59)**	**(51)**	**(18)**	**(189)**	**(9,220)**	**5,241**
Other Comprehensive Income/ (expense) for the period	-	-	(159)	(2)	18	-	-	**(143)**
Gains/(losses) from equity instruments at FVTOCI reclassified to retained earnings	-	-	(4)	-	-	-	4	**-**
Profit for the period	-	-	-	-	-	-	294	**294**
Total Comprehensive Income / (expense) for the period	**-**	**-**	**(163)**	**(2)**	**18**	**-**	**298**	**151**
Balance at 30 June 2022	**915**	**13,863**	**(222)**	**(53)**	**-**	**(189)**	**(8,922)**	**5,392**

Cash Flow Statement

for the period ended 30 June 2022

	Group		Bank	
	6-month period ended		6-month period ended	
€ million	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Cash flows from operating activities				
Profit before tax	**691**	**601**	**426**	**500**
Adjustments for:				
Non-cash items included in income statement and other adjustments:	**256**	**161**	**465**	**120**
Depreciation and amortisation on investment property, property & equipment and software & other intangible assets	83	78	75	70
Amortisation of premiums /discounts of investment securities, debt securities in issue and other borrowed funds	42	51	40	49
Credit provisions and other impairment charges	42	234	175	205
Provision for employee benefits	10	5	4	4
Share of (profit) / loss of equity method investments	(1)	-	-	-
Result from fair value and cash flow hedges	15	27	15	27
Dividend income from investment securities	(2)	(1)	(2)	(1)
Net (gain) / loss on disposal of property & equipment and investment property	(8)	(2)	-	(4)
Net (gain) / loss on disposal of subsidiaries	(34)	-	-	-
Net (gain) / loss on disposal of investment securities	36	(116)	33	(114)
Gain on exchange of Greek Government Bonds	-	(209)	-	(209)
Accrued interest from financing activities and results from repurchase of debt securities in issue	23	23	24	24
Accrued interest of investment securities	45	68	44	69
Valuation adjustment on instruments designated at fair value through profit or loss	3	1	3	1
Other non-cash operating items	2	2	54	(1)
Net (increase) / decrease in operating assets:	**3,560**	**1,538**	**4,071**	**1,566**
Mandatory reserve deposits with Central Bank	(4)	5	2	(1)
Due from banks	2,453	832	2,896	865
Financial assets at fair value through profit or loss	4	(6)	(2)	2
Derivative financial instruments assets	2,004	952	2,004	952
Loans and advances to customers	(872)	53	(882)	64
Other assets	(25)	(298)	53	(316)
Net increase / (decrease) in operating liabilities:	**(647)**	**3,115**	**(1,004)**	**3,206**
Due to banks	(1,181)	1,180	(1,108)	1,080
Due to customers	796	2,529	753	2,728
Derivative financial instruments liabilities	(580)	(432)	(580)	(432)
Retirement benefit obligations	(23)	(3)	(11)	(4)
Insurance related reserves and liabilities	329	18	-	-
Income taxes (paid) / received	(7)	(5)	-	-
Other liabilities	19	(172)	(58)	(166)
Net cash from / (for) operating activities	**3,860**	**5,415**	**3,958**	**5,392**
Cash flows from investing activities				
Participation in share capital (increase)/decrease of subsidiaries	-	-	268	-
Disposals of subsidiaries, net of cash disposed	142	-	233	-
Dividends received from investment securities & equity method investments	2	1	2	1
Purchase of investment property, property & equipment, software & other and intangible assets	(84)	(70)	(81)	(67)
Proceeds from disposal of property & equipment and investment property	7	6	-	12
Purchase of investment securities	(5,204)	(8,642)	(4,647)	(7,909)
Proceeds from redemption and sale of investment securities	3,876	7,891	3,021	7,126
Net cash (used in) / provided by investing activities	**(1,261)**	**(814)**	**(1,204)**	**(837)**
Cash flows from financing activities				
Proceeds from debt securities in issue and other borrowed funds	24	-	-	-
Repayments of debt securities in issue, other borrowed funds and preferred securities	(40)	-	-	-
Principal elements of lease payments	(30)	(28)	(25)	(24)
Proceeds from disposal of treasury shares	9	11	-	-
Repurchase of treasury shares	(9)	(11)	-	-
Net cash from/ (for) financing activities	**(46)**	**(28)**	**(25)**	**(24)**
Effect of foreign exchange rate changes on cash and cash equivalents	(1)	(7)	-	(7)
Net increase / (decrease) in cash and cash equivalents	**2,552**	**4,566**	**2,729**	**4,524**
Cash and cash equivalents at beginning of period	16,105	9,784	15,810	9,450
Cash and cash equivalents at end of period	**18,657**	**14,350**	**18,539**	**13,974**

The notes on pages 56 to 91 form an integral part of these Interim Financial Statements

NOTE 1: General information

National Bank of Greece S.A. (hereinafter "NBG" or the "Bank") was founded in 1841 and its shares have been listed on the Athens Exchange since 1880. The Bank's headquarters are located at 86 Eolou Street, 10559 Athens, Greece, (Register number G.E.MH. 237901000), tel. (+30) 210 334 1000, www.nbg.gr. By resolution of the Board of Directors, the Bank can establish branches, agencies and correspondence offices in Greece and abroad. In its 181 years of operation, the Bank has expanded on its commercial banking business by entering into related business areas. The Bank and its subsidiaries (hereinafter the "Group") provide a wide range of financial services including mainly retail, corporate and investment banking, non-performing management, transactional banking, leasing, factoring, brokerage, asset management, real estate management and insurance services. The Group operates mainly in Greece, however it does also have branches in the UK, Cyprus and Egypt and subsidiaries in North Macedonia, Romania, Bulgaria, Cyprus, Malta and Luxembourg. In 2021, the Bank decided to cease its operation in the NBG London Branch and NBG Egypt Branch and the subsidiary in Malta, where are currently under liquidation.

The Board of Directors ("BoD") consists of the following members:

Non-Executive Chairman of the Board of Directors
Gikas A. Hardouvelis

Chief Executive Officer
Pavlos K. Mylonas

Executive Members
Christina T. Theofilidi

Independent Non-Executive Members
Avraam C. Gounaris - Senior Independent Director
Matthieu A. Kiss
Claude Edgar L.G. Piret
Aikaterini K. Beritsi
Wietze J.P. Reehoorn
Elena Ana E.V. Cernat
Nassos Zarkalis
Anne Clementine L. Marion-Bouchacourt
Jayaprakasa (JP) C.S. Rangaswami

Non-Executive Members - Hellenic Financial Stability Fund representative
Periklis F. Drougkas

The BoD Members are elected by the Bank's General Meeting of Shareholders on 28 July 2022 for a maximum term of 3 years and may be re-elected. The term of the above Members expires at the Annual General Meeting of the Bank's Shareholders in 2024.

Moreover, the Annual General Meeting of Shareholders held on 28 July 2022, resolved upon the increase of the number of Board members from twelve (12) to thirteen (13) and the election of Mr. Nassos Zarkalis as new Independent Non-Executive member of the Board of Directors, in fulfilment of the new position in the Board, with a term equal to the remaining Board members, i.e. up to the Annual General Meeting of Shareholders of 2024.

These Interim Financial Statements have been approved for issue by the Bank's Board of Directors on 29 July 2022.

NOTE 2: Summary of significant accounting policies

2.1 Basis of preparation

The condensed consolidated and separate Interim Financial Statements as at and for the six-month period ended 30 June 2022 (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". These Interim Financial Statements include selected explanatory notes and do not include all the information required for full Annual Financial Statements. Therefore, the Interim Financial Statements should be read in conjunction with the consolidated and separate Annual Financial Statements as at and for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the European Union (the "EU").

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

The amounts are stated in Euro, rounded to the nearest million (unless otherwise stated) for ease of presentation. Where necessary, comparative figures have been adjusted to conform to changes in current period's presentation.

The Interim Financial Statements have been prepared under the historical cost convention, except for fair value through other comprehensive income financial assets ("FVTOCI"), financial assets and financial liabilities held at fair value through profit or loss ("FVTPL") and all derivative contracts, which have been measured at fair value.

In connection with reviewing the Group's and the Banks's financial condition in light of the Coronavirus ("COVID-19") pandemic, the Group evaluated its assets, including intangibles and equity investments, for potential impairment, and assessed fair values of financial instruments that are carried at fair value. Based upon our assessment as of 30 June 2022, no significant impairments have been recorded and there have been no significant changes in fair values nor in the fair value hierarchy classifications (see Note 18 "Fair value of financial assets and liabilities").

2.2 Going concern

Going concern conclusion

After considering (a) the significant profitability of the Group and the Bank (b) the current level of European Central Bank ("ECB") funding solely from Targeted Long-term Refinancing Operations ("TLTROs") and the current access to the Eurosystem facilities with significant collateral buffer and Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") which is well above 100% (c) the Group and the Bank's Common Equity Tier 1 ("CET1") ratio at 30 June 2022 which exceeded the Overall Capital Requirements ("OCR"), (d) the extensive and continuous fiscal and monetary support of the European and Greek authorities in response to the unprecedented COVID-19 crisis, e) the activation of new fiscal measures in response to pressures from increased inflation and (f) the Group and the Bank's insignificant exposure to Russia and the Ukraine and Management's actions with respect to the crisis (see Note 21 "Ukraine crisis"), the Board of Directors concluded that the Group is a going concern and thus the application of the going concern principle for the preparation of these Interim Financial Statements is appropriate.

Profitability

The profit from continuing operations for the period ended 30 June 2022 amounted to €313 million and €302 million for the Group and the Bank, respectively.

Earnings per share from continuing operations in 1H.2022 amounted to €0.34 for the Group and €0.33 for the Bank.

Liquidity

As at 30 June 2022, funding from the ECB through TLTROs amounted to €11.6 billion (31 December 2021: €11.6 billion, solely TLTRO$_S$). Additionally, as at 30 June 2022, the Group's secure interbank transactions with foreign financial institutions amounted to €0.2 billion, while the Group's liquidity buffer at cash values amounted to €25.8 billion, with the LCR and NSFR ratios well above 100%.

Capital adequacy

The Group's Common Equity Tier 1 ("CET1") and Total Capital ratios as at 30 June 2022 were 14.3% and 15.4% respectively, exceeding the OCR ratios of 11.75% for 2022, post capital relief measures (see Note 17 "Capital Adequacy").

Macroeconomic developments

Economic activity in Greece remained on an upward trend in 1H.2022, showing resilience to the increasing headwinds from surging inflation and severe geopolitical uncertainty.

GDP increased by 7.0% y-o-y in 1Q.2022 recording a remarkable acceleration in q-o-q, s.a. terms (+2.5%), implying a positive carryover effect of 5.6 pp to 2Q.2022 GDP growth on annual basis. Private consumption and fixed capital investment showed increased dynamism strengthened by favorable base effects, due to significant COVID-19 restrictions enforced in the same period in 1Q.2021. Most notably, domestic demand, as a whole, remained resilient to the increasing drag from accelerating energy and food induced inflation due to the eruption of the Ukrainian crisis and the continuing deficiencies in global supply chains.

Although pressures from inflation, induced by increased energy and food and commodity prices, in 1H.2022 have been much more severe-than-previously-thought – with CPI inflation accelerating sharply to 11.2% y-o-y in 2Q.2022, posting an annual increase of 12.2% in June 2022 (corresponding to a 29-year high) – the negative impact on private disposable income has been lowered, due to: i) the strong rebound in tourism since March; ii) the buoyancy of the labor market; reflected in the spike in labor income growth of 7.4% in 1Q.2022 which is estimated to have continued at a broadly stable pace in 2Q.2022 and iii) the activation of new fiscal measures especially for the most vulnerable population groups exceeding €3.5 billion in 1H.2022 and an estimated €6.5 billion in FY.2022 according to information available until mid-July 2022.

Inflation is expected to peak in June or July 2022, but it will most likely remain significantly above previous estimates, as energy-contract prices in June-July 2022 have started pricing in a more turbulent path towards the EU's disengagement from the Russian supply, involving risks for energy security for some EU countries, especially, as regards natural gas for which supply constrains are more binding.

As regards 2Q.2022 activity trends, most high-frequency information from indicators of economic activity available for this period suggests that GDP continued to expand at a healthy pace despite the persistent pressure from energy costs and the broadening of inflation pressures in basic goods and services categories. Indeed, economic sentiment, sectoral survey data and other conjunctural and leading indicators of economic activity have remained in expansion territory until June 2022, significantly above their 20-year average, despite a modest weakening in the outlook of most sectors in June.

The estimated net fiscal cost is reduced by about 2/3rds, as it is recouped by the strong cyclical recovery in tax revenue, proceeds from the carbon emissions trading system and a windfall tax on excessive profits of electricity producers.

Tourism is expected to play a pivotal role in offsetting the drag from deteriorating terms of trade due to sharp increases in energy and non-energy commodity costs with inbound tourism revenue rising by more than €7.0 billion y-o-y to new highs (above their all-time record in 2019) also supporting business activity and tax revenue. Moreover, strong GDP growth in both real and nominal terms (7.0% and 15.4% y-o-y, respectively, in 1Q.2022 and an estimated 4.0% and 12.0%, respectively, in FY.2022) is expected to lead to a new sharp decline in public debt as percent of GDP, to below 180.0% in 2022 from 193.3% of GDP in 2021 and 206.3% of GDP in 2020.

The Greek real estate market remained in expansion territory during the first months of 2022 with a further strengthening in demand, market transactions and construction activity. House prices increased by 8.6% in 1Q.2022, bringing the cumulative appreciation from the lowest point in residential valuations during the Greek crisis in 2017 to 28.7%, a level which however remains 25.8% lower than the pre-crisis peak in 3Q.2008. Limited supply of new constructions and resilient demand portend a further increase in house prices in the remainder of the year.

The stronger-than-expected 1Q.2022 GDP outcome, in conjunction with encouraging signs for 2Q.2022 activity, presage a FY.2022 GDP growth of, at least, 4.0%, significantly above the euro area average. However, downside risks for 4Q.2022 and 2023 have increased as:

- Inflation risks remain significant, as indicated by the recent spikes in energy price forecasts for 2H.2022 and 1H.2023 (especially as regards natural gas where supply security fears increased sharply in July) and a rapid transmission of inflation to a broader spectrum of goods and services categories, amplified by resilient demand. Accelerating inflation will inevitably push further upwards production costs for businesses, through rising energy and input prices, with second round effects reflected on core inflation already exceeding estimations made in 2Q.2022. Diminished expectations for a diplomatic breakthrough in Ukraine and increasing incidences of disruption in pipeline natural gas inflows, from Russia to EU counties, increase the risk of a forced and more disruptive disengagement of EU from Russian energy supply, with potentially significant adverse implications for economic conditions in the coming quarters.
- Additional pressure on monetary authorities to further speed up the tightening of monetary policy, as inflation increased to 40-year highs in most developed economies, has already led to a sharp increase in government and corporate bond yields and high exchange rate volatility worldwide. The observed pressures could intensify further, if the ECB's announcements on the prospective activation of an "anti-fragmentation" instrument, fall short of market expectations, putting additional pressure on debt-burdened countries like Greece.
- A deterioration in the economic outlook of the euro area, due to a combined erosion of disposable income from inflation and of economic sentiment from heightened uncertainty, against a backdrop of worsening geopolitical tensions and retaliatory sanctions, particularly those affecting the energy sector, is still on the cards. Although the direct economic exposure of the Greek economy to the crisis zone (Russia, Ukraine) is very limited, the energy factor represents a significant risk for economic growth in Greece and the euro area as a whole, whereas a further escalation of geostrategic or energy threats could impose significant pressures to the performance of other sectors of economic activity, including tourism.
- Moreover, a further deterioration of existing risks or the eruption of new sources of geopolitical and financial turbulence could increase risk aversion leading to a deferral of private spending decisions, especially for new investment on fixed capital and could also put downward pressure on collateral values.

- The risk of emergence of new, more contagious, COVID-19 variants, which could interrupt the upward trend in economic activity, halting the recovery of services and having significant macroeconomic impact in the absence of additional fiscal support, is still considerable. A deterioration on the epidemic front in Greece and the euro area could lead to a more rapid deceleration of inflation, due to the weakening of demand, but it is going to amplify recession risks.

2.3 Adoption of International Financial Reporting Standards (IFRS)

Amendments to existing standards and the Conceptual Framework effective from 1 January 2022

-IFRS 16 (Amendment): COVID-19-Related Rent Concessions (effective for annual periods beginning on or after 1 April 2021 and effective for the consolidated and separate Financial Statements from 1 January 2022). The amendment extends the application period of the practical expedient in relation to rent concessions by one year to cover rental concessions that reduce leases due only on or before 30 June 2022. The adoption of this amendment did not have a material impact on the consolidated and separate Interim Financial Statements.

-IFRS 3 (Amendments): Reference to the Conceptual Framework (effective for annual periods beginning on 1 January 2022). The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The adoption of these amendments did not have a material impact on the consolidated and separate Interim Financial Statements.

-IAS 16 (Amendments): Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on 1 January 2022). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in the Income Statement. The adoption of these amendments did not have a material impact on the consolidated and separate Interim Financial Statements.

-IAS 37 (Amendments): Onerous Contracts: Cost of Fulfilling a Contract (effective for annual periods beginning on 1 January 2022). The amendments specify which costs a company includes when assessing whether a contract will be loss-making. The adoption of these amendments did not have a material impact on the consolidated and separate Interim Financial Statements.

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

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability. Only fees paid or received between the entity (the borrower) and the lender are included, including fees paid or received by either the entity or the lender on the other's behalf. The adoption of this amendment did not have a material impact on the consolidated and separate Interim Financial Statements.

IFRS 16: Lease Incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor, in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The adoption of this amendment did not have a material impact on the consolidated and separate Interim Financial Statements.

The amendments to existing standards effective from 1 January 2022 have been endorsed by the EU.

New standards and amendments to existing standards effective after 2022

New standard

-IFRS 17 *Insurance Contracts* (effective for annual periods beginning on or after 1 January 2023). IFRS 17 was issued in May 2017, including amendments issued in June 2020 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU.

Due to the sale of the Bank's insurance subsidiary NIC on 31 March 2022 the Group does not expect a material impact from the adoption of IFRS 17.

Amendments

-IAS 1 (Amendment): Classification of liabilities as current or non-current (effective for annual periods beginning on or after 1 January 2023). The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment Classification of liabilities as current or non-current was issued in January 2020 and was effective for annual reporting periods beginning on or after 1 January 2022. However, in response to the COVID-19 pandemic, the IASB has deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from those amendments. Classification of Liabilities as Current or Non-current is now effective for annual reporting periods beginning on or after 1 January 2023. Although the consolidated and separate statement of financial position of the Group and the Bank are presented on a liquidity basis, this amendment makes clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group and the Bank do not expect a material impact from the adoption of this amendment.

-IAS 1 and IFRS Practice Statement 2 (Amendments): Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'Four-Step Materiality Process'. The Group and the Bank are currently assessing the impact of this amendment.

-IAS 8 (Amendment): Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2023). The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The Group and the Bank do not expect a material impact from the adoption of this amendment.

-IAS 12 (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023). The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This will typically apply to transactions such as leases for the lessee and decommissioning obligations. The Group and the Bank are currently assessing the impact of this amendment.

-IFRS 17 (Amendment): Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023) The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for the users of financial statements. Due to the sale of the Bank's insurance subsidiary NIC on 31 March 2022 the Group does not expect a material impact from the adoption of IFRS 17.

The amendments to existing standards effective after 2022 have been endorsed by the EU, except for the amendments to IAS 1 Presentation of Financial Statements; IAS 12 Income taxes and IFRS 17 Insurance Contracts, which have not been endorsed by the EU.

Amendment adopted by the Group in prior periods

-Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment to IFRS 4). The amendment, which has been endorsed by the EU, introduces two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in the Statement of Other Comprehensive Income, rather than in the Income Statement, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued (i.e. the difference between the amounts that would be recognized in profit or loss in accordance with IFRS 9 and the amounts recognized in profit or loss in accordance with IAS 39) – "overlay approach" and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021 – "deferral approach". The entities that defer the application of IFRS 9 will continue to apply IAS 39.

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

On 31 March 2022, the Group sold its insurance subsidiary NIC, however NIC applied this amendment using the deferral approach in the Annual and Interim Consolidated Financial Statements up to the date of sale.

2.4 Critical judgments and estimates

In preparing these Interim Financial Statements for the six-month period ended 30 June 2022, the critical judgments and estimates made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the consolidated Annual Financial Statements as at and for the year ended on 31 December 2021, except for:

Forward-looking information

For 2Q.2022, macroeconomic conditions in Greece continued to improve, despite increasing challenges posed by rapidly rising production costs and a sizeable inflation drag on real private disposable income. Adverse geopolitical factors and persistent deficiencies in global supply chains pushed consumer price inflation to a nearly 30-year high in Greece and to 40-year highs in most developed and emerging economies against a backdrop of surging energy costs and skyrocketing food and industrial commodity prices.

In this increasingly challenging environment, economic activity in Greece remained on an upward path, benefiting from the strong momentum in FY.2021 and in 1Q.2022, when GDP increased by 8.3% y-o-y and 7.0% y-o-y respectively, exceeding its pre-COVID level. The resilient growth momentum in 1Q.2022 has been translated into a 5.6 pps carryover effect to 2Q.2022 GDP growth, mostly affecting private consumption and fixed capital investment which outperformed other expenditure components of GDP in 1Q.2022.

Key indicators of economic activity in 2Q.2022 from business surveys, business turnover, industrial production, labor market, mobility and international tourist arrivals and tourism revenue data show that the upward trend in economic growth continued into 2Q.2022, with the annual GDP growth estimated at 4.0% in FY.2022.

The economic sentiment indicator and its key sectoral components of business activity remained in healthy expansion territory in 2Q.2022, significantly above their 20-year average, despite a modest weakening in outlook in most sectors in June.

Business turnover, excluding energy-related activities, increased by 27.4% y-o-y in 4M.2022 (+23.2% in April) exceeding by €15.4 billion or 24.7% its pre-pandemic level (4M.2019).

The unemployment rate dropped to a 12-year low of 12.5% in April 2022, with employment growth spiking to 10.9% y-o-y in 4M.2022 (supported by favorable base effects due to COVID-19 restrictions in 2M.2021), exceeding by 6.7% its pre-pandemic level in 4M.2019.

International arrivals at Athens International Airport (AIA) increased by 277.2% y-o-y in 2Q.2022, only 13.5% below their pre-pandemic level, while tourism receipts were up by 560% y-o-y in 4M.2022, exceeding in April their 2019 level by 24%, pointing to a significant increase in revenue per arrival. These trends bode well for a buoyant tourism performance in FY.2022, with revenue exceeding their historical high in 2019 and recording a y-o-y increase of, at least, €7.0 billion. The realization of this favorable scenario for revenue would offset a significant part of the drag on activity from increasing energy and non-energy imported commodity costs.

Additional fiscal support of €3.5 billion has been provided in 1H.2022 – increasing to above €6.5 billion in FY.2022 – to counteract rising energy costs, especially for the most vulnerable households and SMEs. The net fiscal cost is reduced by about 2/3rds, as it is recouped by the strong cyclical recovery in tax revenue, proceeds from the carbon emissions trading system and a windfall tax on excessive profits of electricity producers.

The above factors cushioned the negative impact of inflation on household disposable income and the pressure on businesses from rising input costs, although energy and food commodity induced inflation pressures in 1H.2022 have been much more severe than previously thought, with CPI inflation accelerating sharply to 11.2% y-o-y in 2Q.2022 reaching 12.1% in June – the highest rate since 1993. Although inflation is estimated to have peaked in June-July, its deceleration is likely to be much more gradual than previously expected, as the market forecasts of energy prices based on futures contracts point to a protracted period of extremely high energy prices, especially as regards natural gas. In fact, the probability of a sudden and more disruptive than previously expected disengagement of the EU from the Russian energy supply has increased significantly in late 2Q.2022 and early 3Q.2022, with no signs of any easing of the severe geopolitical tensions.

Against this backdrop of high uncertainty, skyrocketing inflation globally and resilient growth, major central banks are speeding up the normalization of monetary policy, prompting a relatively sharp adjustment in financial market valuations, which is also reflected to the significant increase in government and corporate bond yields and high exchange rate volatility worldwide.

The Greek economy is unlikely to remain unaffected by the deterioration in economic conditions in the euro area and the persistent hikes in energy prices but is expected to exhibit higher resilience, due to the positive momentum and carryover effects from tourism, the sizeable liquidity reserves of the private sector and low leverage levels, in conjunction with an increasing role of public investment spending including projects financed by the RRF. Moreover, risks for Greece’s energy security are smaller than the euro area average, due to the lowered dependence on Russia, the relatively low domestic needs for natural gas use and readily available alternative options of energy supply and electricity production. However, the impact of increasing food and energy costs for a protracted period that extends beyond 1Q.2023 could not be offset by fiscal policy, implying an increasing drag on activity both in Greece and the euro area. Additionally, a potential recurrence of COVID-19 risk would require a tightening of protective restrictions, posing downward pressure on activity, especially in the services segment which is currently the most buoyant part of domestic spending.

A multiplicity of factors continues to affect the ECL allowance, with lagged effects from the pandemic shock being compounded by a particularly intense energy-driven inflation shock and elevated geopolitical uncertainty. The gradual tightening of monetary policy, along with the first signs of a slowing in economic growth in euro area, could further weigh on Greece’s economic performance.

Against this backdrop, Greece’s GDP is expected to grow at a healthy average annual pace of 3.0% in 2022-2026, whereas the optimistic and the adverse scenarios envisage average annual GDP changes of 4.7% and -0.5%, respectively, in the same period.

All three scenarios represent an informed assessment of the macroeconomic outlook, on the basis of the latest available information, with differences mainly reflecting the assumptions as regards the intensity and the persistence of the evolving supply-side shock and geopolitical risks in the current as well as in the coming years. The probability weighting of the three forward-looking macroeconomic scenarios, i.e. baseline, optimistic and adverse, remained identical to those of 31 December 2021 and 31 March 2022. Specifically, a probability weighting of 55%, 20% and 25% was assigned, respectively.

The macroeconomic variables utilized by the Bank relate to Greek economic factors, while the ECL allowance is mainly driven by the changes in GDP and House Price Index (“HPI”). GDP growth, directly or indirectly, affects the whole spectrum of the projected macro variables which are conditioned on the GDP path, including the HPI. The annual GDP growth in the baseline scenario is expected to reach 4.0%, on average, in FY.2022 and 3.4% in FY.2023 from 8.3% in FY.2021. For the HPI, the values corresponding to the optimistic scenario are exogenously assumed to be equal to those of the baseline over the projection period, in view of the uncertainty and the idiosyncratic non-modeled drivers of this market under the current juncture. The annual HPI growth in the baseline and the optimistic scenarios over the 2022-2026 period is projected at 4.5%, on average, compared with 1.2% in the same period under the adverse scenario.

The impact from new economic conditions, as a result of unexpected events, may not be timely reflected in ECL model outputs, as the inputs and models used for calculating ECL may not capture all characteristics of the market at the date of the Interim Financial Statements. Management critically assesses these conditions and may occasionally conclude to the requirement of ad hoc overlays in order to capture any additional risks. Indicative cases where overlays may be applied include, inter alia, customer support measures (i.e. in the context of the COVID-19 pandemic), as well as recovery strategies to be pursued for NPEs.

There are still many unknowns, including the persistence and the final impact of the energy and food commodity driven inflation spiral, as well as of rising energy security risks for the EU in the face of the evolving geopolitical crisis in Ukraine. Moreover, remaining risks related to COVID-19 pandemic and the potential impact of new COVID-19 variants, as well as the declining capacity of fiscal policy to support further the economy along with changes in monetary policy, as the ECB entered into a monetary policy normalization trajectory involving significant interest rate hikes in 2022-23, pose additional challenges to the near-term economic outlook. The Group will continue to evaluate the ECL allowance and the related economic conditions each quarter, so that any changes arising from the uncertainty on macroeconomic trends can be timely captured.

NOTE 3: Segment reporting

The Group manages its business through the following business segments:

Retail banking

Retail banking includes all individual customers, professionals, small-medium and small-sized companies (companies with annual turnover of up to €2.5 million). The Bank, through its extended network of branches and digital business, offers to its retail customers various types of loans (mortgage, consumer and small business lending), cards (debit, credit and prepaid cards), deposit, investment and bancassurance products, as well as a wide range of other traditional services and products.

Corporate & investment banking

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

Trouble Assets Units (“TAU”)

In order to (a) manage more effectively delinquent, non-performing and denounced loans and (b) ensure compliance with the provisions of the Bank of Greece Executive Committee Act 42/30.5.2014 and Act 47/9.2.2015 and the Code of Conduct (referred to in Article 1(2) of Greek Law 4224/2013), the Bank established two dedicated and independent internal units, one responsible for the management of the Bank’s retail loans (the Retail Collection Unit (“RCU”)) and the other for the Bank’s corporate delinquent exposures the SAU, which has the overall responsibility for the management of such loans (end-to-end responsibility). In the 30 June 2021 Interim Financial Statements, the RCU were included in Retail Banking segment. In order to report in a manner consistent with the internal reporting provided to the chief operating decision-maker, the comparative figures for 2021 segment reporting were restated by reclassifying the RCU figures from the Retail Banking segment to TAU segment. The impact from the restatement is reported at the end of the current Note under “Restatement” table.

Global markets and asset management

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

Insurance

Until 31 March 2022, the Group offered a wide range of insurance products through its subsidiary company NIC and other subsidiaries in SEE. NIC was classified as Held for Sale and Discontinued Operations. On 31 March 2022, the disposal to CVC Capital Partners was completed, see Note 19 “Acquisitions, disposals and other transactions”.

International banking operations

The Group’s international banking activities include a wide range of traditional commercial banking services, such as commercial and retail credit, trade financing, foreign exchange and taking of deposits. In addition, the Group offers shipping finance, investment banking and brokerage services through certain of its foreign branches and subsidiaries.

Non-current assets held for sale as at 30 June 2022 and 31 December 2021 include CAC Coral Ltd. The profit or losses from discontinued operations for the period ended 30 June 2022 and 30 June 2021, include CAC Coral Ltd. NBG Cyprus Ltd was reclassified as continuing operations.

Other

Includes proprietary real estate management, warehousing business as well as unallocated income and expense of the Group.

Breakdown by business segment

6-month period ended

30.06.2022	Retail Banking	Corporate & Investment Banking	TAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Net interest income	121	251	67	136	-	36	(11)	**600**
Net fee and commission income	85	55	5	12	-	10	3	**170**
Other	(9)	18	(6)	323	-	13	(39)	**300**
Total income	**197**	**324**	**66**	**471**	**-**	**59**	**(47)**	**1,070**
Direct costs	(161)	(20)	(3)	(12)	-	(26)	(43)	**(265)**
Allocated costs and provisions[1]	(68)	(60)	(120)	(16)	-	(8)	(84)	**(356)**
Share of profit of equity method investments	-	-	-	-	-	-	1	**1**
Profit / (loss) before tax	**(32)**	**244**	**(57)**	**443**	**-**	**25**	**(173)**	**450**
Tax benefit / (expense)								**(137)**
Profit for the period from continuing operations								**313**
Non-controlling interests								**(1)**
Profit/(loss) for the period from discontinued operations	-	-	-	-	240	(6)	-	**234**
Profit attributable to NBG equity shareholders								**546**
Depreciation and amortisation[1]	20	1	1	1	-	3	57	**83**
Credit provisions and other impairment charges	(25)	38	104	8	-	8	18	**151**

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

Breakdown by business segment

6-month period ended

30.06.2021	Retail Banking	Corporate & Investment Banking	TAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group As restated
Net interest income	102	227	131	112	-	33	(9)	**596**
Net fee and commission income	64	44	7	11	-	9	3	**138**
Other	(9)	3	(9)	476	-	1	(14)	**448**
Total income	**157**	**274**	**129**	**599**	**-**	**43**	**(20)**	**1,182**
Direct costs	(163)	(20)	(4)	(11)	-	(30)	(53)	**(281)**
Allocated costs and provisions[2]	(86)	(15)	(166)	(25)	-	(3)	(72)	**(367)**
Profit / (loss) before tax	**(92)**	**239**	**(41)**	**563**	**-**	**10**	**(145)**	**534**
Tax benefit / (expense)								**(4)**
Profit for the period from continuing operations								**530**
Non controlling interests								**(1)**
Profit for the period from discontinued operations	-	-	-	-	45	1	-	**46**
Profit attributable to NBG equity shareholders								**575**
Depreciation, amortisation[2]	18	1	1	1	-	2	55	**78**
Credit provision and other impairment charges	-	(2)	149	17	-	2	8	**174**

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

Breakdown by business segment

	Retail Banking	Corporate & Investment Banking	TAU	Global Markets & Asset Management	Insurance	International Banking Operations	Other	Group
Segment assets as at 30 June 2022								
Segment assets	7,188	22,498	3,218	33,623	-	2,549	4,694	**73,770**
Current income tax advance and deferred tax assets								**5,069**
Non-current assets held for sale	-	-	455	-	-	77	75	**607**
Total assets								**79,446**
Segment liabilities as at 30 June 2022								
Segment liabilities	44,251	6,563	203	17,501	-	1,744	3,212	**73,474**
Current income and deferred tax liabilities								**19**
Liabilities associated with non-current assets held for sale	-	-	-	-	-	1	24	**25**
Total liabilities								**73,518**

	Retail Banking	Corporate & Investment Banking	TAU	Global Markets & Asset Management	Insurance	International Banking Operations	Other	Group
Segment assets as at 31 December 2021								
Segment assets	7,052	18,395	3,559	38,420	-	2,739	4,099	**74,264**
Current income tax advance and deferred tax assets								**5,201**
Non-current assets held for sale	-	-	445	-	3,893	-	155	**4,493**
Total assets								**83,958**
Segment liabilities as at 31 December 2021								
Segment liabilities	43,482	6,325	186	19,250	-	1,951	3,556	**74,750**
Current income and deferred tax liabilities								**19**
Liabilities associated with non-current assets held for sale	-	-	-	-	3,413	4	-	**3,417**
Total liabilities								**78,186**

In order to report the breakdown by business segment in a manner consistent with the internal reporting provided to the chief operating decision-maker, the comparative figures for 2021 segment reporting were restated by reclassifying the RCU figures from the Retail Banking segment to TAU segment and by reclassifying certain general, administrative and other operating expenses and depreciation and amortization among all business segments of the Bank.

Restatement
Breakdown by business segment

6-month period ended 30.06.2021	Retail Banking	Corporate & Investment Banking	TAU	Global markets & Asset Management	Insurance	International Banking Operations	Other	Group
Net interest income	(88)	1	96	1	-	4	(9)	5
Net fee and commission income	(5)	(1)	5	-	-	3	-	2
Other	5	-	(5)	1	-	-	(3)	(2)
Total income	**(88)**	**-**	**96**	**2**	**-**	**7**	**(12)**	**5**
Direct costs	(7)	(2)	(2)	-	-	(10)	23	2
Allocated costs and provisions	101	(2)	(107)	(1)	-	2	(2)	(9)
Profit / (loss) before tax	**6**	**(4)**	**(13)**	**1**	**-**	**(1)**	**9**	**(2)**

NOTE 4: Net trading income / (loss) and results from investment securities

	Group		Bank	
	6-month period ended		6-month period ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net trading income / (loss) and results from investment securities	**288**	**236**	**285**	**230**

Net Trading Income during 1H.22 includes €124 million gains from ineffective hedge accounting relationships while the remaining Net Trading Income result, is mainly due to derivative and BCVA gains following the increase in interest rates.

Net Trading Income during 1H.21 includes €209 million from non-recurring gains from the Greek government bond swap transaction.

NOTE 5: Credit provisions and other impairment charges

	Group		Bank	
	6-month period ended		6-month period ended	
Continuing Operations	30.06.2022	30.06.2021	30.06.2022	30.06.2021
a. Impairment charge for ECL				
Loans and advances to customers at amortised cost	101	144	80	134
Net modification loss	3	7	3	7
	104	**151**	**83**	**141**
b. Impairment charge for securities				
Investment in debt instruments	8	17	8	17
	8	**17**	**8**	**17**
c. Other provisions and impairment charges				
Impairment of investment property, property and equipment, software & other intangible assets and other assets	-	6	-	4
Impairment of investment in subsidiaries and equity method investments	21	(6)	13	-
Legal and other provisions	18	6	12	5
	39	**6**	**25**	**9**
Total	**151**	**174**	**116**	**167**

NOTE 6: Restructuring costs

For the period ended 30 June 2022, restructuring costs for the Group include €59 million for the Exit Schemes (30 June 2021: €53 million) and €3 million direct expenditure relating to the Transformation Program (30 June 2021: €1 million).

NOTE 7: Tax benefit /(expense)

	Group		Bank	
	6-month period ended		6-month period ended	
Continuing Operations	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Current tax	(49)	(4)	(45)	-
Deferred tax	(88)	-	(87)	-
Tax benefit / (expense)	**(137)**	**(4)**	**(132)**	**-**

The nominal corporation tax rate for the Bank for 2022 and 2021 is 29%. Following Greek Law 4646/2019, the withholding tax on dividends distributed from 1 January 2020 onwards was decreased from 10% to 5%.

The unaudited tax years of the Group's investments accounted for by applying the equity method of accounting and subsidiaries are presented in Note 20 "Group companies".

Based on Article 120 of Greek Law 4799/2021 (Government Gazette A78/18.5.2021), effective from 2021, the corporate income tax rate for legal entities, other than credit institutions, was reduced to 22% from 24%.

NOTE 8: Earnings per share

	Group		Bank	
	6-month period ended		6-month period ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit for the period attributable to NBG equity shareholders from continuing operations	312	529	302	500
Profit / (loss) for the period from discontinued operations	234	46	(8)	-
Profit for the period attributable to NBG ordinary shareholders from continuing and discontinued operations	**546**	**575**	**294**	**500**
Weighted average number of ordinary shares outstanding for basic and diluted EPS	**914,688,783**	**914,581,051**	**914,715,153**	**914,715,153**
Earnings per share (Euro) - Basic and diluted from continuing operations	**0.34**	**0.58**	**0.33**	**0.55**
Earnings per share (Euro) - Basic and diluted from continuing and discontinued operations	**0.60**	**0.63**	**0.32**	**0.55**

NOTE 9: Loans and advances to customers

	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Loans and advances to customers at amortised cost				
Mortgage loans	8,037	8,342	7,753	8,075
Consumer loans	1,641	1,648	1,015	1,035
Credit cards	434	437	381	384
Small business lending	1,552	1,457	1,424	1,342
Retail lending	**11,664**	**11,884**	**10,573**	**10,836**
Corporate and public sector lending	23,889	19,863	23,159	19,252
Gross carrying amount of loans and advances to customers at amortised cost	**35,553**	**31,747**	**33,732**	**30,088**
ECL allowance on loans and advances to customers at amortised cost	(1,612)	(1,655)	(1,472)	(1,543)
Net carrying amount of loans and advances to customers at amortised cost	**33,941**	**30,092**	**32,260**	**28,545**
Loans and advances to customers mandatorily measured at FVTPL	**421**	**347**	**418**	**341**
Total Loans and advances to customers	**34,362**	**30,439**	**32,678**	**28,886**

As at 30 June 2022, the gross carrying amount of loans and advances to customers at amortised cost in corporate and public sector lending includes the Frontier senior notes of €2.9 billion (31 December 2021: €3.1 billion) and a short-term reverse repo of €3.0 billion (31 December 2021: NIL), for the Group and the Bank.

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

As at 30 June 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total
Loans and advances to customers at amortised cost				
Mortgage loans				
Gross carrying amount	5,019	2,583	435	8,037
ECL allowance	(22)	(71)	(140)	(233)
Net carrying amount	**4,997**	**2,512**	**295**	**7,804**
Consumer loans				
Gross carrying amount	1,268	221	152	1,641
ECL allowance	(24)	(28)	(94)	(146)
Net carrying amount	**1,244**	**193**	**58**	**1,495**
Credit cards				
Gross carrying amount	389	9	36	434
ECL allowance	(7)	(1)	(32)	(40)
Net carrying amount	**382**	**8**	**4**	**394**
Small business lending				
Gross carrying amount	653	658	241	1,552
ECL allowance	(10)	(91)	(169)	(270)
Net carrying amount	**643**	**567**	**72**	**1,282**
Corporate lending [(1)]				
Gross carrying amount	20,962	1,153	1,192	23,307
ECL allowance	(125)	(64)	(713)	(902)
Net carrying amount	**20,837**	**1,089**	**479**	**22,405**
Public sector lending				
Gross carrying amount	515	52	15	582
ECL allowance	(6)	(3)	(12)	(21)
Net carrying amount	**509**	**49**	**3**	**561**
Total loans and advances to customers at amortised cost				
Gross carrying amount	28,806	4,676	2,071	35,553
ECL allowance	(194)	(258)	(1,160)	(1,612)
Net carrying amount of loans and advances to customers at amortised cost	**28,612**	**4,418**	**911**	**33,941**
Loans and advances to customers mandatorily measured at FVTPL				**421**
Total loans and advances to customers				**34,362**

[(1)] *The senior notes relating to the Frontier securitization are included in Stage 1 of Corporate lending*

As at 31 December 2021	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total
Loans and advances to customers at amortised cost				
Mortgage loans				
Gross carrying amount	5,031	2,773	538	8,342
ECL allowance	(30)	(81)	(184)	(295)
Net carrying amount	**5,001**	**2,692**	**354**	**8,047**
Consumer loans				
Gross carrying amount	1,254	233	161	1,648
ECL allowance	(21)	(32)	(111)	(164)
Net carrying amount	**1,233**	**201**	**50**	**1,484**
Credit cards				
Gross carrying amount	386	29	22	437
ECL allowance	(5)	(1)	(22)	(28)
Net carrying amount	**381**	**28**	**-**	**409**
Small business lending				
Gross carrying amount	573	664	220	1,457
ECL allowance	(10)	(92)	(160)	(262)
Net carrying amount	**563**	**572**	**60**	**1,195**
Corporate lending [1]				
Gross carrying amount	17,052	1,036	1,241	19,329
ECL allowance	(132)	(65)	(687)	(884)
Net carrying amount	**16,920**	**971**	**554**	**18,445**
Public sector lending				
Gross carrying amount	491	12	31	534
ECL allowance	(6)	(1)	(15)	(22)
Net carrying amount	**485**	**11**	**16**	**512**
Total loans and advances to customers at amortised cost				
Gross carrying amount	24,787	4,747	2,213	31,747
ECL allowance	(204)	(272)	(1,179)	(1,655)
Net carrying amount of loans and advances to customers at amortised cost	**24,583**	**4,475**	**1,034**	**30,092**
Loans and advances to customers mandatorily measured at FVTPL				**347**
Total loans and advances to customers				**30,439**

[1] *The senior notes relating to the Frontier securitization are included in Stage 1 of Corporate lending*

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

As at 30 June 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total
Loans and advances to customers at amortised cost				
Mortgage loans				
Gross carrying amount	4,854	2,481	418	7,753
ECL allowance	(22)	(70)	(132)	(224)
Net carrying amount	**4,832**	**2,411**	**286**	**7,529**
Consumer loans				
Gross carrying amount	743	162	110	1,015
ECL allowance	(20)	(25)	(70)	(115)
Net carrying amount	**723**	**137**	**40**	**900**
Credit cards				
Gross carrying amount	340	8	33	381
ECL allowance	(7)	(1)	(30)	(38)
Net carrying amount	**333**	**7**	**3**	**343**
Small business lending				
Gross carrying amount	568	626	230	1,424
ECL allowance	(9)	(90)	(165)	(264)
Net carrying amount	**559**	**536**	**65**	**1,160**
Corporate lending [1]				
Gross carrying amount	20,710	841	1,055	22,606
ECL allowance	(130)	(57)	(623)	(810)
Net carrying amount	**20,580**	**784**	**432**	**21,796**
Public sector lending				
Gross carrying amount	514	24	15	553
ECL allowance	(6)	(3)	(12)	(21)
Net carrying amount	**508**	**21**	**3**	**532**
Total loans and advances to customers at amortised cost				
Gross carrying amount	27,729	4,142	1,861	33,732
ECL allowance	(194)	(246)	(1,032)	(1,472)
Net carrying amount of loans and advances to customers at amortised cost	**27,535**	**3,896**	**829**	**32,260**
Loans and advances to customers mandatorily measured at FVTPL				**418**
Total loans and advances to customers				**32,678**

[1] *The senior notes relating to the Frontier securitization are included in Stage 1 of Corporate lending*

As at 31 December 2021	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total
Loans and advances to customers at amortised cost				
Mortgage loans				
Gross carrying amount	4,869	2,686	520	8,075
ECL allowance	(30)	(80)	(177)	(287)
Net carrying amount	**4,839**	**2,606**	**343**	**7,788**
Consumer loans				
Gross carrying amount	723	187	125	1,035
ECL allowance	(16)	(29)	(92)	(137)
Net carrying amount	**707**	**158**	**33**	**898**
Credit cards				
Gross carrying amount	348	15	21	384
ECL allowance	(5)	(1)	(21)	(27)
Net carrying amount	**343**	**14**	**-**	**357**
Small business lending				
Gross carrying amount	497	628	217	1,342
ECL allowance	(9)	(92)	(158)	(259)
Net carrying amount	**488**	**536**	**59**	**1,083**
Corporate lending [(1)]				
Gross carrying amount	16,907	725	1,114	18,746
ECL allowance	(139)	(58)	(614)	(811)
Net carrying amount	**16,768**	**667**	**500**	**17,935**
Public sector lending				
Gross carrying amount	466	9	31	506
ECL allowance	(6)	(1)	(15)	(22)
Net carrying amount	**460**	**8**	**16**	**484**
Total loans and advances to customers at amortised cost				
Gross carrying amount	23,810	4,250	2,028	30,088
ECL allowance	(205)	(261)	(1,077)	(1,543)
Net carrying amount of loans and advances to customers at amortised cost	**23,605**	**3,989**	**951**	**28,545**
Loans and advances to customers mandatorily measured at FVTPL				**341**
Total loans and advances to customers				**28,886**

[(1)] *The senior notes relating to the Frontier securitization are included in Stage 1 of Corporate lending*

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

Group	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total ECL allowance
ECL allowance at 1 January 2022	**204**	**272**	**1,179**	**1,655**
Transfers between Stages (net)	28	7	(35)	-
Impairment charge for ECL	(38)	(21)	160	101
Modification impact on ECL	-	-	(2)	(2)
Write-offs	-	-	(64)	(64)
Change in the present value of the ECL allowance	-	-	(6)	(6)
Foreign exchange differences and other movements	-	-	(31)	(31)
Reclassified as Held for Sale	-	-	(41)	(41)
ECL allowance at 30 June 2022	**194**	**258**	**1,160**	**1,612**

Group	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total ECL allowance
ECL allowance at 1 January 2021	**174**	**240**	**2,306**	**2,720**
Transfers between Stages (net)	58	134	(192)	-
Impairment charge for ECL	(31)	(88)	173	54
Modification impact on ECL	-	-	(16)	(16)
Derecognition of loans	-	-	184	184
Write-offs	-	(4)	(466)	(470)
Change in the present value of the ECL allowance	-	-	(53)	(53)
Foreign exchange differences and other movements	3	(6)	(21)	(24)
Reclassified as Held for Sale	-	(4)	(736)	(740)
ECL allowance at 31 December 2021	**204**	**272**	**1,179**	**1,655**

Bank	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total ECL allowance
ECL allowance at 1 January 2022	**205**	**261**	**1,077**	**1,543**
Transfers between Stages (net)	27	9	(36)	-
Impairment charge for ECL	(38)	(24)	142	80
Modification impact on ECL	-	-	(2)	(2)
Write-offs	-	-	(64)	(64)
Change in the present value of the ECL allowance	-	-	(6)	(6)
Foreign exchange differences and other movements	-	-	(34)	(34)
Reclassified as Held for Sale	-	-	(45)	(45)
ECL allowance at 30 June 2022	**194**	**246**	**1,032**	**1,472**

Bank	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit impaired Lifetime ECL	Total ECL allowance
ECL allowance at 1 January 2021	**169**	**220**	**2,171**	**2,560**
Transfers between Stages (net)	56	143	(199)	-
Impairment charge for ECL	(22)	(97)	148	29
Modification impact on ECL	-	-	(16)	(16)
Derecognition of loans	-	-	184	184
Write-offs	-	(4)	(444)	(448)
Change in the present value of the ECL allowance	-	-	(53)	(53)
Foreign exchange differences and other movements	2	(1)	(28)	(27)
Reclassified as Held for Sale	-	-	(686)	(686)
ECL allowance at 31 December 2021	**205**	**261**	**1,077**	**1,543**

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

Non-Current Assets and Disposal Groups classified as held for sale and discontinued operations

Non-current assets held for sale at 30 June 2022 comprise of CAC Coral Ltd and Probank Leasing S.A. (part of Project Pronto) while at 31 December 2021 comprised of NIC and CAC Coral Ltd and Probank Leasing S.A. Non-current assets held for sale as of 30 June 2022 and 31 December 2021 also include loan portfolio contemplated disposals mainly relating to Projects Frontier II, Project Solar and Project Pronto. The profit or losses from discontinued operations for the period ended 30 June 2022, comprises of NIC and CAC Coral Ltd. The comparative profit or loss from discontinued operations also includes NIC and CAC Coral Ltd.

Ethniki Hellenic General Insurance S.A.

On 24 March 2021 NBG's BoD approved the sale of the 90.01% out of 100% stake in NIC and authorized the Bank's Management to proceed with the signing of the SPA on 26 March 2021. The transaction was approved by the Extraordinary General Meeting of NBG's Shareholders held on 21 April 2021.

The closing of the transaction took place on 31 March 2022, following the reception of the required supervisory approvals by national and EU authorities (see Note 19 "Acquisitions disposals and other capital transactions").

CAC Coral Ltd

A sale and purchase agreement was signed with Bain Capital Credit on 16 October 2020, for the sale of a 100% stake in CAC Coral Ltd.

The transaction was concluded on 15 July 2022 (see Note 22 "Events after the reporting period"), after approval of the competent regulatory authorities.

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

Project Frontier II

In the context of deleveraging its NPEs through inorganic actions and according to its NPE Divestment Policy, NBG decided the disposal of a portfolio of Greek Non-Performing Exposures in the form of a rated securitization that will utilize the provisions of Hellenic Asset Protection Scheme ("HAPS"). The Frontier II perimeter stands at approximately €1 billion, in terms of gross book value. The portfolio includes secured Large Corporate, Small and Medium Enterprises, Small Business Lending, Residential Mortgage loans and Consumer loans.

On 29 July 2022, the Bank announced that it has entered into a definitive agreement with funds managed by Bracebridge Capital LLC (see Note 22 "Events after the reporting period").

The transaction is expected to be completed within the second half of the 2022, subject to required approvals.

Project Pronto

The Bank decided the disposal of the Non-Performing leasing exposures (Probank Leasing S.A. shares, Bank's leasing portfolio (ex-FBB) and NBG Leasing S.A. ("NBGL") leasing portfolio). As at 30 June 2022, the gross book value of the Bank's and NBGL's leasing portfolios, amounted to €52 million.

The transaction is estimated to be completed by the end of 2022.

Project Solar

The Bank decided to launch the divestment of the Solar Portfolio through a joint securitization process utilizing the provisions of HAPS law while in parallel continues to explore divestment through alternative routes. NBG's portfolio share includes secured Mid Corporate loans with a gross book value of €170 million.

The transaction is estimated to be completed within the fourth quarter of 2022.

Condensed Income Statement of discontinued operations [1]	Group		Bank	
	6-month period ended		6-month period ended	
€ million	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net interest income	8	23	-	-
Net fee and commission income	(3)	(5)	-	-
Earned premia net of claims and commissions	49	76	-	-
Net trading income / (loss) and results from investments securities	(4)	9	-	-
Other income	1	2	-	-
Total income	**51**	**105**	**-**	**-**
Operating expenses	(18)	(35)	-	-
Credit Provisions and other impairment charges [2]	174	(4)	(10)	-
Profit before tax	**207**	**66**	**(10)**	**-**
Tax benefit/(expense)	(7)	(20)	2	-
Profit for the period from discontinued operations	**200**	**46**	**(8)**	**-**
Profit on disposal (see Note 19)	34	-	-	-
Total profit for the period from discontinued operations (attributable to NBG equity shareholders)	**234**	**46**	**(8)**	**-**

[1] Includes NIC and CAC Coral Limited.

[2] Credit Provisions and other impairment charges refer mainly to remeasurement impairments of NIC.

Cash Flows from discontinued operations	Group		Bank	
	6-month period ended		6-month period ended	
€ million	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Cash Flows from discontinued operations				
Net cash inflows/(outflows) from operating activities	(1)	66	-	-
Net cash inflows/(outflows) from investing activities	-	(73)	-	-
Net cash inflows/(outflows) from financing activities	-	(1)	-	-
Net Cash inflows /(outflows)	**(1)**	**(8)**	-	**-**

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

	Group		Bank	
ASSETS	30.06.2022[1]	31.12.2021[2]	30.06.2022[1]	31.12.2021
Due from banks	-	64	-	-
Financial assets at fair value through profit or loss	-	27	-	-
Loans and advances to customers	587	606	526	497
Investment securities	-	3,245	-	-
Investment property	14	-	-	-
Investments in subsidiaries	-	-	15	352
Deferred tax assets	-	17	-	-
Insurance related assets and receivables	-	469	-	-
Other assets	6	57	-	-
Non-current assets held for sale	-	8	5	17
Total assets	**607**	**4,493**	**546**	**866**
LIABILITIES				
Insurance related reserves and liabilities	-	2,575	-	-
Deferred tax liabilities	-	(1)	-	-
Retirement benefit obligations	-	73	-	-
Current income tax liabilities	-	5	-	-
Other liabilities	25	765	-	-
Total liabilities	**25**	**3,417**	**-**	**-**

[1] Includes Probank Leasing and CAC Coral Ltd.

[2] Includes NIC, Probank Leasing SA and CAC Coral Ltd.

NOTE 11: Due to banks

Due to Banks mainly comprise of the Bank's participation in the TLTRO III operations which as at 30 June 2022 amounted to €11.6 billion (31 December 2021: €11.6 billion). During the six-month period ended 30 June 2022, interest income recorded in respect to these transactions is presented in Net Interest Income and amounted to €58 million (30 June 2021: €56 million) accrued at a rate of -1%. For more information regarding TLTRO III transactions please refer to Note 30 of the Annual Financial Statements as at and for the year ended 31 December 2021.

At a Group level, "Due to Banks", as at 30 June 2022, also include securities sold under agreements to repurchase with financial institutions of €0.2 billion and other deposits with financial institutions of €1.8 billion (31 December 2021: €1.2 billion and €1.9 billion, respectively).

NOTE 12: Due to customers

	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Deposits:				
Individuals	40,526	39,835	39,159	38,333
Corporate	12,029	11,912	12,094	12,156
Government and agencies	1,737	1,746	1,730	1,739
Total	**54,292**	**53,493**	**52,983**	**52,228**

	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Deposits:				
Savings accounts	29,967	28,957	29,683	28,667
Current & Sight accounts	15,322	15,311	14,859	15,033
Time deposits	7,408	7,971	6,860	7,293
Other deposits	1,595	1,254	1,581	1,235
Total	**54,292**	**53,493**	**52,983**	**52,228**

Included in time deposits are deposits which contain one or more embedded derivatives. The Group has designated such deposits as financial liabilities at fair value through profit or loss. As at 30 June 2022, these deposits amounted to €503 million (31 December 2021: €467 million).

In accordance with Greek Law 4151/2013, all dormant deposit accounts are subject to statute of limitations of 20 years in favour of the Greek State. All banks operating in Greece are required by April of every year to remit the cash balances of such dormant accounts to the Greek State. The Bank until 30 June 2022 had remitted to the Greek State NIL in respect of dormant account balances (2021: NIL).

NOTE 13: Contingent liabilities, pledged assets and commitments

a. Legal proceedings

The Bank and certain of its subsidiaries are defendants in certain claims 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 establish provisions for all litigations, for which they believe it is probable that a loss will be incurred and the amount of the loss can be reasonably estimated. These provisions may change from time to time, as appropriate, in light of additional information. For the cases for which a provision has not been recognized, management is not able to reasonably estimate possible losses, since the proceedings may last for many years, many of the proceedings are in early stages, there is uncertainty as to 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 management, after consultation with legal counsel, the final outcome of these matters is not expected to have a material adverse effect on the Group's Statement of Financial Position, Income Statement and Cash Flow Statement, taking into account that as at 30 June 2022 the Group and the Bank had provided for cases under litigation the amount of €32 million and €21 million, respectively (31 December 2021: €65 million and €50 million, respectively).

b. Pending tax audits

Tax authorities have not yet audited all subsidiaries for certain financial years and accordingly their tax obligations for those years may not be considered final. Additional taxes and penalties may be imposed as a result of such tax audits; although the amount cannot be determined, it is not expected to have a material effect on the Group's and the Bank's Statement of Financial Position.

The years 2011-2016 have been tax audited by Deloitte Certified Public Accountants S.A., in accordance with article 82 of Greek Law 2238/1994 and subsequently with article 65A of Greek Law 4174/2013 and the tax audit certificates which were unqualified, were issued on 27 July 2012, 27 September 2013, 10 July 2014, 30 October 2015, 30 September 2016 and 23 October 2017 respectively. The years 2017, 2018, 2019 and 2020 have been tax audited by PwC S.A. and the tax certificates, which were unqualified, were issued on 26 October 2018, 31 October 2019, 27 October 2020 and 27 October 2021, respectively. The year 2021 is currently tax audited by PwC S.A. however it is not expected to have a material effect on the Group's and the Bank's Statement of Financial Position.

On 31 March 2022, the right of the tax authorities to issue a deed for re-calculation of income tax for the years up to and including year 2014 expired. For the years 2015 onwards, in accordance with the Ministerial Decision 1006/2016 there is no exception from tax audit by the tax authorities for those entities that have been tax audited by an independent auditor who has issued an unqualified tax audit certificate.

Therefore, the tax authorities may re-audit the tax books of the Bank for those years. However, the Bank does not expect any material effect on the Group's and the Bank's Statement of Financial Position.

For the subsidiaries and associates regarding unaudited tax years refer to Note 20 "Group companies".

c. Credit commitments

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

	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Standby letters of credit and financial guarantees written	3,970	2,960	4,212	3,224
Commercial letters of credit	1,048	1,019	1,048	1,017
Total	**5,018**	**3,979**	**5,260**	**4,241**

In addition to the above, credit commitments also include commitments to extend credit which at 30 June 2022 amounted to €11,013 million for the Group (31 December 2021: €9,225 million) and amount €10,064 million for the Bank (2021: €8,242 million). Commitments to extend credit at 30 June 2022 do not include any amounts, which cannot be cancelled without certain conditions being met at any time and without notice, or for which automatic cancellation due to credit deterioration of the borrower is not allowed.

d. Assets pledged

	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Assets pledged as collateral	**15,439**	**16,256**	**15,439**	**16,203**

As at 30 June 2022, the Group and the Bank have pledged mainly for funding purposes with the ECB and financial institutions, the following instruments:

- trading and investment debt instruments of €7,647 million (31 December 2021: €8,824 million);
- loans and advances to customers at amortised cost amounting to €6,092 million (31 December 2021: €5,787 million); and
- covered bonds of a nominal value of €1,700 million backed with mortgage loans of total value of €3,393 million (31 December 2021: €1,645 million backed with mortgage loans of total value of €3,372 million).

In addition to the pledged items presented above, as at 30 June 2022, the Group and the Bank have pledged an amount of €312 million (31 December 2021: €313 million) included in due from banks with respect to a guarantee for the non-payment risk of the Hellenic Republic, as well as Hellenic Republic Treasury bills of €471 million (31 December 2021: €664 million) for trade finance transactions.

NOTE 14: Share capital, share premium and treasury shares

Share Capital – Ordinary Shares

The total number of ordinary shares as at 30 June 2022 and 31 December 2021 was 914,715,153, with a nominal value of 1.00 Euro per share.

Following the decision of the Annual General Meeting of the Bank's shareholders on 30 July 2021, to decrease the Bank's share capital by €1,829 million from €2,744 million, by reducing the nominal value of each common registered share from 3.00 Euros to 1.00 Euro (without any change in the total number of common registered shares), to set off equal cumulative accounting losses of previous years, on 26 October 2021, the Ministry of Development and Investments (Decision No 2420390/26.10.2021), approved the decision.

The Athens Exchange Corporate Actions Committee at its meeting held on 18 November 2021 was informed about the reduction of the nominal value of the Bank's shares. Following this, 22 November 2021, was determined as the date of change of the nominal value of the Bank's share to 1.00 Euro.

Treasury shares

Treasury shares transactions are conducted by the Group subsidiary, NBG Securities S.A. and are summarized as follows:

	Group	
	No of shares	€ million
At 1 January 2021	**335,818**	**1**
Purchases	6,274,150	15
Sales	(6,572,455)	(16)
At 31 December 2021	**37,513**	**-**
Purchases	2,733,293	9
Sales	(2,765,779)	(9)
At 30 June 2022	**5,027**	**-**

NOTE 15: Tax effects relating to other comprehensive income / (expense) for the period

Group	6-month period ended 30.06.2022			6-month period ended 30.06.2021		
	Gross	Tax	Net	Gross	Tax	Net
Items that may be reclassified subsequently to profit or loss:						
Unrealised gains / (losses) on investments in available-for-sale for the period	(217)	35	(182)	(56)	20	(36)
Reclassification adjustments on investments in available-for-sale included in the income statement	(35)	8	(27)	(11)	1	(10)
Impairment loss recognized on investments in available-for-sale	1	-	1	-	-	-
Unrealised gains / (losses) on investments in debt instruments measured at FVTOCI	(241)	-	(241)	(52)	-	(52)
Losses / (Gains) on investments in debt instruments measured at FVTOCI reclassified to profit or loss on disposal	88	-	88	(75)	-	(75)
ECL impairment recognised to profit or loss	1	-	1	(3)	-	(3)
Gain reclassified to income statement on disposal of NIC	(38)	-	(38)	-	-	-
Investments in debt instruments	**(441)**	**43**	**(398)**	**(197)**	**21**	**(176)**
Currency translation differences	(6)	-	(6)	6	-	6
Loss reclassified to income statement on disposal of NIC	4	-	4	-	-	-
Currency translation differences	**(2)**	**-**	**(2)**	**6**	**-**	**6**
Cash flow hedge	**18**	**-**	**18**	**17**	**-**	**17**
Total of items that may be reclassified subsequently to profit or loss	**(425)**	**43**	**(382)**	**(174)**	**21**	**(153)**
Items that will not be reclassified subsequently to profit or loss:						
Gains / (losses) on investments in equity instruments measured at FVTOCI	(8)	-	(8)	8	-	8
(Gains)/losses on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal	(4)	-	(4)	1	-	1
Total of items that will not be reclassified subsequently to profit or loss	**(12)**	**-**	**(12)**	**9**	**-**	**9**
Other comprehensive income / (expense) for the period	**(437)**	**43**	**(394)**	**(165)**	**21**	**(144)**

Bank	6-month period ended 30.06.2022			6-month period ended 30.06.2021		
	Gross	Tax	Net	Gross	Tax	Net
Items that may be reclassified subsequently to profit or loss:						
Unrealised gains / (losses) on investments in debt instruments measured at FVTOCI	(240)	-	(240)	(52)	-	(52)
(Gains) / losses on investments in debt instruments measured at FVTOCI reclassified to profit or loss on disposal	88	-	88	(75)	-	(75)
ECL impairment recognised to profit or loss	1	-	1	(3)	-	(3)
Investments in debt instruments	**(151)**	**-**	**(151)**	**(130)**	**-**	**(130)**
Currency translation differences	**(2)**	**-**	**(2)**	**-**	**-**	**-**
Cash flow hedge	**18**	**-**	**18**	**17**	**-**	**17**
Total of items that may be reclassified subsequently to profit or loss	**(135)**	**-**	**(135)**	**(113)**	**-**	**(113)**
Items that will not be reclassified subsequently to profit or loss:						
Gains / (losses) on investments in equity instruments measured at FVTOCI	(8)	-	(8)	8	-	8
(Gains)/losses on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal	(4)	-	(4)	1	-	1
Total of items that will not be reclassified subsequently to profit or loss	**(12)**	**-**	**(12)**	**9**	**-**	**9**
Other comprehensive income / (expense) for the period	**(147)**	**-**	**(147)**	**(104)**	**-**	**(104)**

NOTE 16: Related party transactions

The nature of the significant transactions entered into by the Group with related parties during the 6-month period ended 30 June 2022 and 30 June 2021 and the significant balances outstanding as at 30 June 2022 and 31 December 2021 are presented below.

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

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

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

The members of the Board of Directors of the Bank are disclosed in Note 1 “General Information”.

As at 30 June 2022, loans and advances to customers, deposits/liabilities and letters of guarantee, at Group level, amounted to €4 million, €6 million and NIL respectively (31 December 2021: €4 million, €5 million and NIL respectively), whereas the corresponding figures at Bank level amounted to €4 million, €5 million and NIL respectively (31 December 2021: €4 million, €4 million and NIL respectively)

Total compensation to related parties for the period ended 30 June 2022, amounted to €4 million for the Group (30 June 2021: €4 million) and to €4 million for the Bank (30 June 2021: €4 million), mainly relating to short-term benefits, in particular salaries and social security contributions.

b. Transactions with subsidiaries, associates and joint ventures

Transactions and balances between the Bank, its subsidiaries, associates and joint ventures are presented at the table below. At a Group level, only transactions and balances with associates and joint ventures are included, as transactions and balances with subsidiaries are eliminated on consolidation.

	Group	
	30.6.2022	31.12.2021
Assets	7	5
Liabilities	16	17
Letters of guarantee, contingent liabilities and other off balance sheet accounts	2	2
	6 month period ended	
	30.6.2022	30.6.2021
Interest, commission and other income	-	-
Interest, commission and other expense	1	1

	Bank					
	30.6.2022			31.12.2021		
	Subsidiaries	Associates & Joint Ventures	Total	Subsidiaries	Associates & Joint Ventures	Total
Assets	1,234	7	1,241	1,367	5	1,372
Liabilities	663	16	679	1,221	17	1,238
Letters of guarantee, contingent liabilities and other off balance sheet accounts	653	2	655	516	2	518
	6-month period ended 30.6.2022			6-month period ended 30.6.2021		
Interest, commission and other income	24	-	24	26	-	26
Interest, commission and other expense	5	1	6	6	1	7

c. Transactions with other related parties

The total receivables of the Group and the Bank, from the employee benefits related funds as at 30 June 2022, amounted to €747 million (31 December 2021: €747 million). For these receivables the Group and the Bank recognized a provision of €740 million (31 December 2021: €739 million).

The total payables of the Group and the Bank to the employee benefits related funds as at 30 June 2022, amounted to €34 million (31 December 2021: €112 million and €32 million respectively). The decrease of total payables is due to the disposal of Ethniki Hellenic General Insurance S.A, and its related employee benefits funds which was completed on 31 March 2022.

d. Transactions with Hellenic Financial Stability Fund

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

NOTE 17: Capital adequacy

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

Regulation (EU) No 575/2013 as amended by Regulation (EU) No 876/2019 (CRR2) defines the minimum capital requirements (Pillar 1 requirements) and Directive 2013/36/EU as amended by Directive 2019/878/EU (CRD V) defines the combined buffer requirements for EU institutions. In addition, Directive 2013/36/EU provides (Art. 97 et seq.) that Competent Authorities regularly carry out the Supervisory Review and Evaluation process ("SREP"), to assess and measure risks not covered, or not fully covered, under Pillar 1 and determine additional capital and liquidity requirements (Pillar 2 requirements). SREP is conducted under the lead of the ECB. The SREP decision is tailored to each bank's individual profile.

The table below summarises capital requirements for the NBG Group for 2022 and 2021:

	CET1 Capital Requirements				Overall Capital Requirements			
	2022 post capital relief measures	2021 post capital relief measures	2022	2021	2022 post capital relief measures	2021 post capital relief measures	2022	2021
Pillar 1	4.50%	4.50%	4.50%	4.50%	8.00%	8.00%	8.00%	8.00%
Pillar 2	1.69%	1.69%	1.69%	1.69%	3.00%	3.00%	3.00%	3.00%
Capital Conservation Buffer	-	-	2.50%	2.50%	-	-	2.50%	2.50%
O-SII Buffer	0.75%	0.50%	0.75%	0.50%	0.75%	0.50%	0.75%	0.50%
Total	**6.94%**	**6.69%**	**9.44%**	**9.19%**	**11.75%**	**11.50%**	**14.25%**	**14.00%**

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

	Group				Bank			
	30.06.2022	30.06.2022	31.12.2021	31.12.2021	30.06.2022	30.06.2022	31.12.2021	31.12.2021
		Pro-forma[1]		Pro-forma[1]		Pro-forma[1]		Pro-forma[1]
Common Equity Tier 1	**14.3%**	**15.9%**	**14.1%**	**16.9%**	**14.6%**	**15.6%**	**14.1%**	**16.6%**
Tier 1	**14.3%**	**15.9%**	**14.1%**	**16.9%**	**14.6%**	**15.6%**	**14.1%**	**16.6%**
Total	**15.4%**	**17.1%**	**14.7%**	**17.5%**	**15.9%**	**16.8%**	**14.8%**	**17.3%**

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

DTC Law

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

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

Furthermore, Greek Law 4465/2017 amended article 27 "Carry forward losses" by introducing an amortization period of 20 years for losses due to loan write offs as part of a settlement or restructuring and losses that crystallize as a result of a disposal of loans. In addition, in 2021 Greek Law 4831 further amended article 27 of Greek Law 4172/2013 (please see Note 27 "Deferred tax assets and liabilities" of the Annual Financial Report for the year ended 31 December 2021).

On 7 November 2014, the Bank convened an extraordinary General Shareholders Meeting which resolved to include the Bank in the DTC Law. An exit by the Bank from the provisions of the DTC Law requires regulatory approval and a General Shareholders meeting resolution.

As of 30 June 2022, the amount of DTAs that were eligible for conversion to a receivable from the Greek State subject to the DTC Law was €3.9 billion (31 December 2021: €4.1 billion). The conditions for conversion rights were not met in the year ended 31 December 2021 and no conversion rights are deliverable in 2022.

2022 ECB Climate risk Stress Test

On 27 January 2022, ECB launched a supervisory climate risk stress test to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk. The exercise was conducted in the first half of 2022 under common methodological rules and scenario assumptions and ECB published its aggregate results in July 2022.

The Exercise was primarily prescribed by ECB as one of pivotal, but also mutually learning nature for all participating Banks and Supervisors, forming part of the green transition roadmap and effective management of climate risks. In this context, the 2022 Climate risk Stress Test does not constitute a solvency exercise; its outcome will inform the Supervisory Review and Evaluation Process (SREP) from a qualitative perspective, without a direct impact on capital through the Pillar 2 guidance.

NBG's overall performance was in line with the average of the EU-wide participating institutions. In terms of advancement in the internal climate stress-testing capabilities (qualitative part of the Exercise), the Bank ranked above the average of Total EU sample at Medium-Advance level, while in the domestic banking sector, NBG's overall transition impact on Business Model viability was assessed as of relatively lower risk (Advanced scoring).

MREL Requirements

Under the Directive 2014/59 (Bank Recovery and Resolution Directive or ("BRRD"), as amended by Directive 2019/879 (BRRD II), banks in the European Union are required to maintain a Minimum Requirement for own funds and Eligible Liabilities ("MREL"), which ensures sufficient loss-absorbing capacity in resolution. MREL includes a risk- and a leverage-based dimension. MREL is therefore expressed as two ratios that both have to be met: (i) as a percentage of Total Risk Exposure Amount ("TREA"), (the "MREL-TREA"); and (ii) as a percentage of the Leverage Ratio Exposure ("LRE"), (the "MREL-LRE").

Instruments qualifying for MREL are own funds (Common Equity Tier 1, Additional Tier 1 and Tier 2), as well as certain eligible liabilities (mainly senior unsecured bonds). Regulation (EU) No 806/2014 of the European Parliament and of the Council, as amended by Regulation (EU) No 877/2019 of the European Parliament and of the Council allows the Single Resolution Board ("SRB") to set in addition to the MREL requirement, a "subordination" requirement, within MREL, against which only subordinated liabilities and own funds count.

On 24 January 2022, the Bank as being identified by the SRB as the Single Point of Entry ("SPE") of the Group and the only entity required to maintain an MREL capacity, received from the Bank of Greece the SRB's decision that should meet by 31 December 2025 an MREL target of 23.29% of TREA and 5.87% of LRE on a consolidated basis. In addition, as per the MREL decision the Bank should also meet by 1 January 2022 an interim binding target of 14.79% of TREA and 5.85% of LRE on a consolidated basis. To the above requirements the capital buffer requirement ("CBR") must be added, which from 1 January 2022 stands at 3.25% and is expected to increase to 3.50% until 31 December 2025. The Bank maintains the MREL capacity required to meet both the LRE requirements and the 1 January 2022 interim binding target of 18.04 % of TREA (including CBR).

Finally, according to the abovementioned SRB's decision, for 2022 no subordination requirement is set for the Bank.

NOTE 18: Fair value of financial assets and liabilities

a. Financial instruments not measured at fair value

The table below summarises the carrying amounts and the fair values of those financial assets and liabilities that are not presented on the Group's and the Bank's Statement of Financial Position at fair value and the fair value is materially different from the carrying amount.

Group	Carrying amount 30.06.2022	Fair value 30.06.2022
Financial Assets		
Loans and advances to customers	33,941	33,549
Investment securities at amortised cost	10,873	9,897
Financial Liabilities		
Due to customers	53,789	53,870
Debt securities in issue	934	867

Group	Carrying amount 31.12.2021	Fair value 31.12.2021
Financial Assets		
Loans and advances to customers	30,092	29,467
Investment securities at amortised cost	12,102	12,128
Financial Liabilities		
Due to customers	53,026	53,090
Debt securities in issue	912	974

Bank	Carrying amount 30.06.2022	Fair value 30.06.2022
Financial Assets		
Loans and advances to customers	32,260	31,870
Investment securities at amortised cost	10,631	9,654
Financial Liabilities		
Due to customers	52,480	52,562
Debt securities in issue	934	867

Bank	Carrying amount 31.12.2021	Fair value 31.12.2021
Financial Assets		
Loans and advances to customers	28,545	27,919
Investment securities at amortised cost	11,790	11,812
Financial Liabilities		
Due to customers	51,761	51,825
Debt securities in issue	912	974

The following methods and assumptions were used to estimate the fair values of the above financial instruments at 30 June 2022 and 31 December 2021:

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

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

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

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

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

b. Financial instruments measured at fair value

The tables below present the fair values of those financial assets and liabilities presented on the Group's and the Bank's Statement of Financial Position as at fair value by fair value measurement level at 30 June 2022 and 31 December 2021. Other Assets include an investment in spot position for emission rights which is carried at fair value through profit or loss for the Group and the Bank. Other Liabilities include debt securities from short selling activities which are carried at fair value through profit or loss for the Group and the Bank.

Group

As at 30 June 2022	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	132	106	-	238
Financial assets mandatorily at fair value through profit or loss	46	23	427	496
Derivative financial instruments	4	2,387	26	2,417
Investment securities at fair value through other comprehensive income	1,522	1,451	54	3,027
Other Assets	200	-	-	200
Total	**1,904**	**3,967**	**507**	**6,378**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	503	-	503
Derivative financial instruments	7	1,928	91	2,026
Other Liabilities	-	88	-	88
Total	**7**	**2,519**	**91**	**2,617**

As at 31 December 2021	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	167	114	-	281
Financial assets mandatorily at fair value through profit or loss	1	24	354	379
Derivative financial instruments	1	4,296	34	4,331
Investment securities at fair value through other comprehensive income	2,002	807	26	2,835
Other assets	330	-	-	330
Total	**2,501**	**5,241**	**414**	**8,156**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	467	-	467
Derivative financial instruments	-	3,008	6	3,014
Total	**-**	**3,475**	**6**	**3,481**

Bank

As at 30 June 2022	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	123	106	-	229
Financial assets mandatorily at fair value through profit or loss	44	23	418	485
Derivative financial instruments	3	2,388	26	2,417
Investment securities at fair value through other comprehensive income	1,516	1,420	53	2,989
Other Assets	200	-	-	200
Total	**1,886**	**3,937**	**497**	**6,320**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	503	-	503
Derivative financial instruments	7	1,928	91	2,026
Other Liabilities	-	88	-	88
Total	**7**	**2,519**	**91**	**2,617**

As at 31 December 2021	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	156	115	-	271
Financial assets mandatorily at fair value through profit or loss	-	24	341	365
Derivative financial instruments	1	4,296	34	4,331
Investment securities at fair value through other comprehensive income	1,995	741	26	2,762
Other assets	330	-	-	330
Total	**2,482**	**5,176**	**401**	**8,059**
Financial Liabilities				
Due to customers designated as at fair value through profit or loss	-	467	-	467
Derivative financial instruments	-	3,007	6	3,013
Total	**-**	**3,474**	**6**	**3,480**

There were no assets or liabilities classified as held-for-sale in the Group's Statement of Financial Position measured at fair value as at 30 June 2022. The table below presents the fair values for the assets and liabilities classified as held-for-sale in the Group's Statement of Financial Position and measured at fair value for 31 December 2021:

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

As at 31 December 2021	Fair value measurement using			
	Level 1	Level 2	Level 3	Total at fair value
Financial Assets				
Financial assets at fair value through profit or loss	7	20	-	27
Investment securities at fair value through other comprehensive income	1,467	1,722	15	3,204
Insurance related assets and receivables	173	112	-	285
Total	**1,647**	**1,854**	**15**	**3,516**

Transfers between Level 1 and Level 2

As at 30 June 2022, a fair value through profit or loss security issued by European Financial Stability Facility ("EFSF") for which the Group determined that sufficient liquidity and trading did not exist as of that date, has been transferred from Level 1 to Level 2 according to the Group's fair value hierarchy policy. The carrying amount of the fair value through profit or loss security transferred as at 30 June 2022 was €3 million. In addition a fair value through profit or loss security issued by the Kingdom of Spain for which the Group determined that sufficient liquidity and trading existed as of that date, has been transferred from Level 2 to Level 1 according to the Group's fair value hierarchy policy. The carrying amount of the fair value through profit or loss security transferred as at 30 June 2022 was €2 million.

As at 31 December 2021, certain fair value through profit or loss securities issued by European Stability Mechanism ("ESM") for which the Group determined that sufficient liquidity and trading existed as of that date, have been transferred from Level 2 to Level 1 according to the Group's fair value hierarchy policy. The carrying amount of the fair value through profit or loss securities transferred as at 31 December 2021 was €4 million.

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

Level 3 financial instruments

Level 3 financial instruments at 30 June 2022 and 31 December 2021 include:

(a) Derivative products, which are valued using valuation techniques with significant unobservable inputs, including certain correlation products, such as correlation between various interest indices. They also include derivatives for which the credit value adjustment ("CVA") is based on significant unobservable inputs and the amount of the CVA is significant relative to the total fair value of the derivative.

(b) Mandatorily at fair value through profit or loss items, include securities for which the models used to estimate their fair value is based on unobservable credit spreads or which are price-based and the price is obtained from the issuers of the securities. They also include loans and advances to customers mandatorily measured at fair value through profit or loss, valued using discounted cash flow valuation techniques incorporating unobservable credit spreads. Additionally, they include receivables resulted from the disposal of loan portfolios and other transactions. The main part of these receivables relates to an unconditional consideration to be received at a predetermined future date while the remaining part relates to a contingent consideration to be received based on the achievement of predetermined collection targets. The valuation of the contingent consideration incorporates a range of unobservable inputs, hence the Group assesses the whole receivable to be classified in the lowest level of the fair value hierarchy.

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

The table below presents a reconciliation of all Level 3 fair value measurements for the period ended 30 June 2022 and the year ended 31 December 2021, including realized and unrealized gains/(losses) included in the "Income Statement" and "Statement of Other Comprehensive Income".

Transfers into or out of Level 3

The Group conducts a review of the fair value hierarchy classifications on a quarterly basis.

For the period ended 30 June 2022 and the year ended 31 December 2021, transfers from Level 2 into Level 3 include derivative financial instruments for which the bilateral CVA is significant to the base fair value of the respective instruments. Transfers from Level 3 into Level 2 include derivative financial instruments for which the bilateral CVA is no longer significant to the base fair value of the respective instruments.

Movement of Level 3 financial instruments

Group	2022 Net derivative financial instruments	2022 Investment securities at FVTOCI	2022 Mandatorily at FVTPL
Balance at 1 January	**28**	**26**	**354**
Gain/(loss) included in Income Statement	(66)	-	11
Gain/(loss) included in OCI	-	1	-
Purchases/Additions	-	27	114
Settlements	-	-	(52)
Transfer into/(out of) level 3	(27)	-	-
Balance at 30 June	**(65)**	**54**	**427**

Group	2021 Net derivative financial instruments	2021 Investment securities at FVTOCI	2021 Mandatorily at FVTPL
Balance at 1 January	**13**	**26**	**78**
Gain/(loss) included in Income Statement	16	-	7
Purchases/Additions	-	-	296
Settlements	(1)	-	(27)
Balance at 31 December	**28**	**26**	**354**

Bank	2022 Net derivative financial instruments	2022 Investment securities at FVTOCI	2022 Mandatorily at FVTPL
Balance at 1 January	**28**	**26**	**341**
Gain/(loss) included in Income Statement	(66)	-	12
Purchases/Additions	-	27	114
Settlements	-	-	(49)
Transfer into/(out of) level 3	(27)	-	-
Balance at 30 June	**(65)**	**53**	**418**

Bank	2021 Net derivative financial instruments	2021 Investment securities at FVTOCI	2021 Mandatorily at FVTPL
Balance at 1 January	**13**	**27**	**78**
Gain/(loss) included in Income Statement	16	-	7
Purchases/Additions	-	-	281
Settlements	(1)	(1)	(25)
Balance at 31 December	**28**	**26**	**341**

For the period ended 30 June 2022, changes in unrealised gains/(losses) included in the income statement of financial instruments measured at fair value using significant unobservable inputs (Level 3), relate to financial assets mandatorily at fair value through profit or loss, amounting to €(2) million for the Group and the Bank (31 December 2021: €(3) million), as well as to net derivative financial instruments amounting to €(7) million for the Group and the Bank (31 December 2021: €18 million).

Valuation Process and Control Framework

The Group has various processes in place to ensure that the fair values of its assets and liabilities are reasonably estimated and has established a control framework which is designed to ensure that fair values are validated by functions independent of the risk-taker. To that end, the Group utilizes various sources for determining the fair values of its financial instruments and uses its own independent functions to validate these results, where possible.

Fair values of debt securities are determined either by reference to prices for traded instruments in active markets, to external quotations or widely accepted financial models, which are based on market observable or unobservable information where the former is not available, as well as relevant market based parameters such as interest rates, option volatilities, currency rates, etc.

The Group may, sometimes, also utilize third-party pricing information, and perform validating procedures on this information to the extent possible or base its fair value on the latest transaction prices available, given the absence of an active market or similar transactions or other market observable inputs. All such instruments are categorized within the lowest level of fair value hierarchy (i.e. Level 3).

Generally, fair values of debt securities, including significant inputs on the valuation models are independently checked and validated by the Middle Office and Risk Management Function on a systematic basis.

Fair values of derivatives are determined by Management using valuation models which include discounted cash-flow models, option pricing models or other appropriate models. Adequate control procedures are in place for the validation of these models, including the valuation inputs, on a systematic basis. Middle Office and Risk Management functions provide the control valuation framework necessary to ensure that the fair values are reasonably determined, reflecting current market circumstances and economic conditions. Furthermore, over-the-counter derivatives are also compared on a daily basis with counterparties' valuations, under the daily collateral management process.

Market Valuation Adjustments

Counterparty credit risk-adjustments are applied to all over-the-counter derivatives. Own credit-risk adjustments are applied to reflect the Group's own credit risk when valuing derivatives. Bilateral credit-risk adjustments consider the expected cash flows between the Group and its counterparties under the relevant terms of the derivative instruments and the effect of the credit-risk profile of the counterparties on the valuation of these cash flows. Where appropriate, the Group takes into consideration the credit-risk mitigating arrangements, including collateral agreements and master netting arrangements, for the purpose of estimating own and counterparty credit risk valuation adjustments.

Quantitative Information about Level 3 Fair Value Measurements | 30 June 2022

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Input	Range of Inputs Low	Range of Inputs High
Investment securities mandatorily at fair value through profit or loss	5	Price Based	n/a[1]	n/a[1]	n/a[1]
Interest Rate Derivatives	(66)	Discounted Cash Flows, Internal Model (for CVA/DVA)	Credit Spread	318 bps	784 bps
	(1)	Discounted Cash Flows	Constant Maturity Swap correlation between different tenors	72.80%	100.00%
Investment Securities at fair value through other comprehensive income	54	Income and market approach	n/a[1]	n/a[1]	n/a[1]
Loans and advances to customers mandatorily at fair value through profit or loss	21	Discounted Cash Flows	Credit Spread	300 bps	300 bps
	401	Discounted Cash Flows	Credit Spread	n/a[2]	n/a[2]

[1] Equity securities at FVTPL and at FVTOCI include equity securities which are not traded in active markets. In the absence of an active market the fair value of these securities is estimated using a market or an income valuation approach. Given the bespoke nature of the valuation method in respect of each holding, it is not practicable to quote a range of unobservable inputs.

[2] The valuation of the contingent part of the receivables from the loan portfolio sales and other transactions, has been performed using a discounted cash flow methodology under the income approach and includes a wide range of unobservable inputs, for which is not practicable to quote a relevant range of unobservable inputs, for disclosure purposes.

Quantitative Information about Level 3 Fair Value Measurements | 31 December 2021

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Input	Range of Inputs Low	Range of Inputs High
Investment securities mandatorily at fair value through profit or loss	1	Discounted Cash Flows	Credit Spread	766 bps	766 bps
	6	Price based	n/a[1]	n/a[1]	n/a[1]
Interest Rate Derivatives	29	Discounted Cash Flows, Internal Model (for CVA/DVA)	Credit Spread	166 bps	488 bps
	(2)	Discounted Cash Flows	Constant Maturity Swap correlation between different tenors	72.80%	100.00%
Other Derivatives	1	Discounted Cash Flows, Internal Model (for CVA/DVA)	Credit Spread	352 bps	488 bps
Investment Securities at fair value through other comprehensive income	26	Income and market approach	n/a[1]	n/a[1]	n/a[1]
Loans and advances to customers, mandatorily at fair value through profit or loss	61	Discounted Cash Flows	Credit Spread	200 bps	650 bps
	286	Discounted Cash Flows	Credit Spread	n/a[2]	n/a[2]

[1] Equity securities at FVTOCI include equity securities which are not traded in active markets. In the absence of an active market the fair value of these securities is estimated using a market or an income valuation approach. Given the bespoke nature of the valuation method in respect of each holding, it is not practicable to quote a range of unobservable inputs.

[2] The valuation of the contingent part of the receivables from the loan portfolio sales, has been performed using a discounted cash flow methodology under the income approach and includes a wide range of unobservable inputs, for which is not practicable to quote a relevant range of unobservable inputs, for disclosure purposes.

Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs

For structured interest rate derivatives, a significant change in the correlation inputs (e.g. the degree of correlation between two different interest rates, or between interest rates and foreign exchange rates) would have a significant impact on the fair value of the individual instrument; however, the magnitude and the direction of the impact depends on whether the Group is long or short the exposure, among other factors. Due to the limited exposure that the Group has to these instruments, a reasonable change in the above unobservable inputs would not be significant to the Group. Additionally, interest rate derivatives include interest rate swaps for which the bilateral credit valuation adjustment is significant in comparison to their fair value. The counterparty credit-risk adjustment in these cases is mainly driven by the internal ratings of the counterparty. A reasonable increase in the credit spread of these entities would result in an insignificant change in the fair value of the Group and the Bank's financial instruments.

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

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

The valuation of the contingent part of the receivables from sales of loan portfolios, mandatorily measured at fair value through profit or loss, includes a range of unobservable inputs. A reasonable change in the unobservable inputs used would not result in a significant change in the fair value of these receivables.

NOTE 19: Acquisitions, disposals and other transactions

Sale of Ethniki Hellenic General Insurance S.A.

On 24 March 2021, the Bank's Board of Directors approved the sale of the 90.01% out of 100.00% stake in Ethniki Hellenic General Insurance S.A. ("Ethniki Insurance" or "NIC") and authorized the Bank's Management to proceed with the signing of the Share Sale and Purchase Agreement ("SPA") with CVC Capital Partners ("CVC") on 26 March 2021.

On 31 March 2022 the Bank lost control of NIC and proceeded with the derecognition of its assets and liabilities due to the fact that at that date were fulfilled all the conditions agreed between NBG and CVC. The consideration less costs to sell plus the fair value of investment retained in NIC amounted to €314 million.

	Period ended 31 March 2022
Assets	
Due from banks	93
Financial assets at FVTPL	25
Loans and advances to customers	16
Investment securities	3,031
Deferred tax assets	53
Insurance related assets and receivables	702
Other assets	114
Total assets	**4,034**
Liabilities	
Debt securities in issue	175
Retirement benefit obligations	66
Insurance related liabilities	2,905
Other liabilities	573
Total liabilities	**3,719**
Net Assets derecognized	**315**

Gain on disposal of NIC

	Period ended 31 March 2022
Consideration less costs to sell	288
Fair value of 9.99% investment retained in NIC	26
Net assets derecognized	(315)
Non-controlling interests	1
Cumulative exchange loss in respect of the net assets of NIC reclassified from equity to profit or loss	(4)
Cumulative gain on financial assets measured at FVTOCI in NIC reclassified from equity to profit or loss	38
Gain on disposal	**34**

The gain on disposal €34 million at Group level is included in the profit / (loss) for the period from discontinued operations (see Note 10 "Assets and liabilities held for sale and discontinued operations").

Net cash inflow on disposal of NIC amounted to €142 million.

Establishment of NBG PAY Single Member S. A.

On 23 May 2022, a wholly owned subsidiary of the Bank, under the name of NBG PAY Single Member S. A. was established. The total paid-in share capital amounted to €125 thousand.

Establishment of Stopanska Leasing DOOEL - Skopje

On 24 February 2022, a wholly owned subsidiary of Stopanska Banka A.D. – Skopje, under the name of Stopanska Leasing DOOEL - Skopje was established. The total paid-in share capital amounted to MKD 15 million.

NOTE 20: Group companies

			Group		Bank	
Subsidiaries	Country	Tax years unaudited	30.06.2022	31.12.2021	30.06.2022	31.12.2021
National Securities Single Member S.A.	Greece	2016-2021	100.00%	100.00%	100.00%	100.00%
NBG Asset Management Mutual Funds S.A.	Greece	2016-2021	100.00%	100.00%	100.00%	100.00%
Ethniki Leasing S.A.	Greece	2011-2021	100.00%	100.00%	100.00%	100.00%
NBG Property Services Single Member S.A.	Greece	2016-2021	100.00%	100.00%	100.00%	100.00%
Pronomiouhos Single Member S.A. Genikon Apothikon Ellados	Greece	2011-2021	100.00%	100.00%	100.00%	100.00%
Ethniki Hellenic General Insurance S.A. [3]	Greece	-	-	100.00%	-	100.00%
KADMOS S.A.	Greece	2011-2021	100.00%	100.00%	100.00%	100.00%
DIONYSOS S.A.	Greece	2011-2021	99.91%	99.91%	99.91%	99.91%
EKTENEPOL Construction Company Single Member S.A.	Greece	2011-2021	100.00%	100.00%	100.00%	100.00%
Mortgage, Touristic PROTYPOS Single Member S.A.	Greece	2011-2021	100.00%	100.00%	100.00%	100.00%
Hellenic Touristic Constructions S.A.	Greece	2011-2021	78.24%	78.24%	78.24%	78.24%
Ethniki Ktimatikis Ekmetalefsis Single Member S.A.	Greece	2011-2021	100.00%	100.00%	100.00%	100.00%
Ethniki Factors S.A.	Greece	2016-2021	100.00%	100.00%	100.00%	100.00%
I-Bank Direct S.A.[1]	Greece	2016-2021	100.00%	100.00%	99.90%	99.90%
Probank Leasing S.A. [2]	Greece	2011-2021	100.00%	100.00%	100.00%	100.00%
NBG Insurance Brokers S.A.	Greece	2016-2021	100.00%	100.00%	99.90%	99.90%
NBG PAY S.M.S.A	Greece	-	100.00%	-	100.00%	-
NBG Malta Holdings Ltd[4]	Malta	2006-2021	100.00%	100.00%	-	-
NBG Bank Malta Ltd[4]	Malta	2005-2021	100.00%	100.00%	-	-
ARC Management Two EAD (Special Purpose Entity)	Bulgaria	2016-2021	100.00%	100.00%	-	-
Bankteco E.O.O.D.	Bulgaria	2016-2021	100.00%	100.00%	100.00%	100.00%
NBG Leasing S.R.L.	Romania	2017-2021	100.00%	100.00%	100.00%	100.00%
S.C. Garanta Asigurari S.A.[3]	Romania	-	-	94.96%	-	-
ARC Management One SRL (Special Purpose Entity)	Romania	2013-2021	100.00%	100.00%	99.51%	-
Stopanska Banka A.D.-Skopje	North Macedonia	2014-2021	94.64%	94.64%	94.64%	94.64%
Stopanska Leasing DOOEL Skopje[5]	North Macedonia	-	94.64%	-	-	-
NBG Greek Fund Ltd	Cyprus	2017-2021	100.00%	100.00%	100.00%	100.00%
National Bank of Greece (Cyprus) Ltd	Cyprus	2012-2021	100.00%	100.00%	100.00%	100.00%
National Securities Co (Cyprus) Ltd [1]	Cyprus	-	100.00%	100.00%	-	-
NBG Management Services Ltd	Cyprus	2017-2021	100.00%	100.00%	100.00%	100.00%
Ethniki Insurance (Cyprus) Ltd[3]	Cyprus	-	-	100.00%	-	-
Ethniki General Insurance (Cyprus) Ltd[3]	Cyprus	-	-	100.00%	-	-
National Insurance Agents & Consultants Ltd[3]	Cyprus	-	-	100.00%	-	-
CAC Coral Limited[2]	Cyprus	2019-2021	100.00%	100.00%	100.00%	100.00%
NBG Asset Management Luxemburg S.A.	Luxembourg	2021	100.00%	100.00%	94.67%	94.67%
NBG International Ltd	U.K.	2003-2021	100.00%	100.00%	100.00%	100.00%
NBGI Private Equity Ltd[1]	U.K.	2003-2021	100.00%	100.00%	-	-
NBG Finance Plc	U.K.	2003-2021	100.00%	100.00%	100.00%	100.00%
NBG Finance (Dollar) Plc[1]	U.K.	2008-2021	100.00%	100.00%	100.00%	100.00%
NBG Finance (Sterling) Plc[1]	U.K.	2008-2021	100.00%	100.00%	100.00%	100.00%
NBG International Holdings B.V.	The Netherlands	2021	100.00%	100.00%	100.00%	100.00%

Notes:

[1] Companies under liquidation.

[2] Probank Leasing S.A. and CAC Coral Ltd, have been reclassified as Non-current assets held for sale (See Note 10 "Assets and liabilities held for sale and discontinued operations").

[3] The sale of Ethniki Hellenic General Insurance S.A. and its subsidiaries, was completed on 31 of March 2022.

[4] In October 2021, the Bank decided to cease its operation in Malta.

[5] Entity was established on 24th of February 2022.

The Group's equity method investments are as follows:

			Group		Bank	
Name of associate	Country	Tax years unaudited	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Social Security Funds Management S.A.	Greece	2016-2021	20.00%	20.00%	20.00%	20.00%
Larco S.A.	Greece	2011-2021	33.36%	33.36%	33.36%	33.36%
Eviop Tempo S.A.	Greece	2016-2021	21.21%	21.21%	21.21%	21.21%
Teiresias S.A.	Greece	2011-2021	39.93%	39.93%	39.93%	39.93%
Planet S.A.	Greece	2016-2021	36.99%	36.99%	36.99%	36.99%
Pyrrichos Real Estate S.A.	Greece	2011-2021	21.83%	21.83%	21.83%	21.83%
SATO S.A.	Greece	2016-2021	23.74%	23.74%	23.74%	23.74%
Olganos S.A.	Greece	2011-2021	33.60%	33.60%	33.60%	33.60%
Perigenis Business Properties S.A.	Greece	-	28.50%	28.50%	28.50%	28.50%

NOTE 21: Ukraine crisis

On 24 February 2022, Russia invaded Ukraine where in addition to the humanitarian crisis it has caused in the region, it has had negative economic consequences for the global economy mainly through higher energy and commodity prices that have fuelled higher inflation which has produced weaker confidence in households and business. The extent of these effects will depend to a great extent on how the conflict evolves. The invasion also escalated tensions between Russia and the U.S., NATO, the EU and the U.K. The U.S. has imposed and is likely to impose material additional, financial and economic sanctions and export controls against certain Russian organizations and/or individuals, with similar actions implemented by the EU and the U.K. and other jurisdictions. In the first half of 2022 the U.S., the EU and the U.K., each imposed packages of financial and economic sanctions that, in various ways, constrain transactions with numerous Russian entities and individuals; transactions in Russian sovereign debt; investment, trade and financing to and from certain regions of Ukraine.

The Group has taken all necessary measures to comply with sanctions imposed by the competent authorities. Management is closely monitoring the developments and assessing periodically the impact that these may have on the Group's operations and financial position. The Group has no significant exposure in securities, interbank transactions (secured or unsecured), derivatives, or commercial transactions, related to Russia or Ukraine, or to the Ruble, or with any Bank or subsidiary that is domiciled in these countries.

The Group also examined any indirect exposure through its corporate loan portfolio. Corporate clients that were analysed had one of the following characteristics:

- Business Activity: Companies that sell their products/services in the affected countries or have local presence through subsidiaries/ branches
- Suppliers: Companies with key suppliers in the affected countries
- Shareholders: Key shareholders or final beneficiary or other key stakeholder is of Russian nationality/citizenship

As a result of the Ukrainian crisis, the expected impact from first order effects on the underlying obligors, that meet the above criteria, was deemed immaterial.

The Group also continuously invests in infrastructure to prevent, detect, and mitigate cyber threats. NBG already has in place a robust framework supported by experienced staff and appropriate IT infrastructure to minimize the probability of a cyber intrusion. From the onset of the crisis, NBG has proactively augmented this framework with a significant number of preparedness and security enhancement actions which will help reduce the impact of any such attacks.

For further information on the effect of the Ukrainian crisis please refer to Note 2.2 "Going-Concern", Macro-Economic Developments and on the effect on forward looking information from the conflict in Ukraine please refer to Note 2.4 "Critical judgements and estimates", Forward- looking information.

NOTE 22: Events after the reporting period

Events after the reporting period relate to the following:

2022 ECB Climate risk Stress Test

On 27 January 2022, ECB launched a supervisory climate risk stress test to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk. The exercise was conducted in the first half of 2022 under common methodological rules and scenario assumptions and ECB published its aggregate results in July 2022.

For further details please see Note 17 "Capital adequacy".

CAC Coral Ltd disposal

On 15 July 2022, the disposal of CAC Coral Ltd to Bain Capital Credit was concluded, see Note 10 "Assets and liabilities held for sale and discontinued operations".

Definitive agreement with Bracebridge Capital, LLC for the disposal of Project Frontier II

On 29 July 2022, the Bank announced that it has entered into a definitive agreement with funds managed by Bracebridge Capital, LLC, for the sale of 95% of the Mezzanine and Junior notes. NBG will retain the 100% of the Senior notes and 5% of the Mezzanine and Junior notes. The transaction is expected to be completed within the second half of 2022, subject to required approvals.