SECOND SUPPLEMENT DATED 23 SEPTEMBER 2022 TO THE BASE PROSPECTUS DATED 17 DECEMBER 2021

NATIONAL BANK OF GREECE S.A.

(incorporated with limited liability in the Hellenic Republic)

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

This second supplement (the **Second Supplement**) to the Base Prospectus, as amended by the First Supplement dated 21 January 2022 (the **Base Prospectus**) dated 17 December 2021 which comprises a base prospectus for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) constitutes a supplement to the prospectus for the purposes of article 23(1) of the Prospectus Regulation and is prepared in connection with the €5,000,000,000 Global Medium Term Note Programme (the **Programme**) of National Bank of Greece S.A. (the **Bank** or the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Second Supplement. This Second Supplement is supplemental to and should be read in conjunction with the Base Prospectus.

The Bank accepts responsibility for the information contained in this Second Supplement. To the best of the knowledge of the Bank (having taken all reasonable care to ensure that such is the case), the information contained in this Second Supplement is in accordance with the facts and contains no omission likely to affect its import.

Purpose of the Second Supplement

The purpose of this Second Supplement is to:

(i) update the "*Risk Factors*" section of the Base Prospectus,

(ii) incorporate by reference:

(I) certain sections of the Group and Bank Annual Financial Report 31 December 2021, which includes the Independent Auditor's Report and the Audited Consolidated Financial Statements for the Group for the year ended 31 December 2021;

(II) the NBG Group Interim Financial Statements 31 March 2022;

(III) certain sections of the Group and Bank Six-month Financial Report for the period ended 30 June 2022, which includes the Independent Auditor's Review Report and the Unaudited Consolidated Financial Statements for the Group for the period ended 30 June 2022; and

(IV) certain recent press releases of the Bank,

(iii) update the "*Description of the Group*" section of the Base Prospectus,

(iv) update the "*Management and Employees*" section of the Base Prospectus,

(v) update the "*Regulation and Supervision of Banks in Greece*" section of the Base Prospectus,

(vi) update the "*Taxation*" section of the Base Prospectus, and

(vii) update the "*General Information - No significant or material change*" section of the Base Prospectus.

RISK FACTORS

The section headed "*Risk Factors*" on pages 21 to 67 of the Base Prospectus shall be updated as follows:

a) on page 35 of the Base Prospectus, in the sub-section headed "*Risks relating to the Bank's Recapitalisation and Receipt of State Aid*", the risk factor entitled "*As a recipient of state aid, the Bank's operational autonomy is constrained.*" shall be deleted and replaced as follows:

"As a result of recapitalisations in 2013 and 2015, each of which included State Aid within the meaning of applicable EU legislation, and in order for the HFSF to fulfil its objectives under the HFSF Law (as defined below), exercise its rights and obligations and comply with the commitments undertaken through the Financial Assistance Facility Agreement (**FFA**) signed on 19 August 2015 by and between the ESM, the Hellenic Republic, the Bank of Greece and the HFSF and the MoU signed on 19 August 2015 between the ESM, on behalf of the European Commission, the Hellenic Republic and the Bank of Greece, the HFSF and the Bank entered to a revised relationship framework agreement dated 3 December 2015 (the **Relationship Framework Agreement**), which amended the initial relationship framework agreement dated 10 July 2013 between the Bank and the HFSF (see "*Regulation and Supervision of Banks in Greece – The Hellenic Financial Stability Fund – The Greek Recapitalisation Framework –Relationship Framework Agreement*" below).

Under European State Aid rules, the Bank had undertaken certain commitments, among others, setting out restrictions, as well as certain procedures that the Bank had to follow (the **Commitments**) and in 2015 submitted a Revised Restructuring Plan which was approved by the Directorate General for Competition on 4 December 2015 (the **2015 Revised Restructuring Plan**). On 10 May 2019, the Directorate General for Competition of the European Commission approved the Bank's 2019 Revised Restructuring Plan (as defined in "*Description of the Group – History and Development of the Group - Revised Restructuring Plan as approved by the Directorate General for Competition on 10 May 2019 (the 2019 Revised Restructuring Plan)*" below and, together with the 2015 Revised Restructuring Plan, the **Revised Restructuring Plans** and each a **Revised Restructuring Plan**).

Furthermore, the Commitments of the Hellenic Republic towards the European Commission also provided for the appointment of a monitoring trustee (the **Monitoring Trustee**) for each bank under restructuring, including the Bank. The Monitoring Trustee acted on behalf of the European Commission and aimed to ensure the compliance of the Bank with such Commitments, and oversee the implementation of restructuring plans and the Bank's compliance with the applicable State Aid rules. As communicated by Directorate General for 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 (see p. 14 of the June 2022 Interim Financial Statements under "*Board of Directors' Report - 2019 Revised Restructuring Plan*", as incorporated by reference in this Base Prospectus, as well as "*Regulation and Supervision of Banks in Greece – Monitoring Trustee"* below).".

b) on page 36 of the Base Prospectus, in the sub-section headed "*Risks relating to the Bank's Recapitalisation and Receipt of State Aid*", the risk factor entitled "*The HFSF, as shareholder, has certain rights in relation to the operation of the Bank and has and will continue to have the ability to exercise significant influence over the Group's operations.*" shall be deleted and replaced as follows:

"*The HFSF, as shareholder, has certain rights in relation to the operation of the Bank and has, and will continue to have, the ability to exercise significant influence over the Group's operations.*

Under the Relationship Framework Agreement governing the relationship between the Bank and the HFSF, the HFSF, as shareholder, has certain rights in relation to the operation of the Bank. Although the Relationship Framework Agreement provides that the Bank's decision making bodies will continue to determine independently, among other things, the Bank's commercial strategy and policy, the monitoring and veto powers held by the HFSF representative appointed to the Board of Directors (appointed since June 2012 pursuant to Greek Law 3864/2010) restrict to a certain extent the discretion of the Bank's management. Accordingly, as a result of the Bank's participation in recapitalization programmes, the HFSF is able to exercise on certain matters significant influence over the operations of the Bank (See Section "*Regulation and Supervision of Banks in Greece*" – p. 229 and following, below).

Pursuant to the provisions of the HFSF Law and the Relationship Framework Agreement, the HFSF's appointed representative has powers to veto key corporate decisions of the Bank and exercise other powers relating to corporate governance.

In addition to the provisions of the HFSF Law, and pursuant to the Relationship Framework Agreement, the HFSF has a series of information rights with respect to matters pertaining to the Bank. Additionally, as prescribed by the Relationship Framework Agreement, the HFSF representative shall be appointed as member in all Board Committees, while the HFSF observer (who participates in the Board without voting rights) will also be appointed in all Committees. Finally, the Bank is obliged to obtain the prior approval of the HFSF on a number of material matters, determined in detail within the Relationship Framework Agreement.

Consequently, there is a risk that the HFSF may exercise the rights it has to exert influence over the Bank and may disagree with certain of the Bank's decisions relating to Board of Directors or other management appointments, dividend distributions, benefits policies and other commercial and management decisions which will ultimately limit the Group's operational flexibility.

As at 12 September 2022, the HFSF holds 369,468,775 common shares with voting rights, representing 40.39% of the Bank's share capital. See "*Description of the Group – Major Shareholders – Common Shares*" – p. 165 below.".

c) on page 38 of the Base Prospectus, in the sub-section headed "*Risks Relating to the Group's Business*", two new risk factors shall be inserted immediately following the risk factor entitled "*The Group's loan portfolio may continue to contract.*" and before the risk factor entitled "*The Group is exposed to credit risk, market risk, liquidity risk, operational risk and insurance risk.*" as follows:

"Our business may be impacted by the war between Russia and Ukraine.

On 24 February 2022, Russia invaded Ukraine, with 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 further 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. As a result of the Ukrainian crisis, the expected impact from first order effects on the underlying obligors was deemed immaterial. However, the exclusion of Russian banks from SWIFT and the sanctions imposed on Russian persons and assets are expected to have a material adverse effect not only on Russian borrowers, increasing the risk of defaults, but also the global economy as a whole.

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. However, such precautions may not be sufficient to avert cyber-attacks affecting the Group's IT systems which, if successful, could have an adverse effect on the Group's operations and business.

The prolonged war in Ukraine remains a source of concern, resulting in increased macroeconomic uncertainty, causing a sharp rise in commodities prices and inflationary pressure, further global supply-chain disruption, a tightening of financial conditions, heightened uncertainty and a sharp drop in consumer confidence. More specifically, geopolitical risks are pushing energy prices upwards, due to the fact that Russia is currently the main supplier of natural gas to the European Union. Although the direct economic exposure of the Greek economy to the crisis zone (i.e., Russia and 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. Moreover, 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. Therefore, the war in Ukraine may adversely affect the value of assets collateralising secured loans, including houses and other real estate, where such a decline could result in impairment of its values or an increase in the level of the Bank's NPEs. Finally, the war in Ukraine may adversely affect South Eastern European countries where NBG has certain subsidiaries, and could therefore have an adverse effect on the Group's business and results of operations.

In light of the above, an assessment by the ECB (March 2022), indicates the Russian invasion of Ukraine will have a significant impact on economic activity and inflation, with rising energy and commodity prices, disruption in international trade and weaker confidence as its main drivers. As inflation builds, the ECB is changing its monetary stance and the markets are repricing interest rate expectations, also in view of the potential cessation of gas supply from Russia. More specifically, on 21 July 2022 and on 8 September 2022, ECB raised the key policy interest rates by 50 basis points and 75 basis points, respectively. As a consequence, expectations regarding the performance of the global economy remain uncertain in both the short and medium term. See further "*Inflationary pressures may have an adverse effect on our business.*" below.

Persistent inflation pressures, compounded by a looming energy crisis and expectations of a significant deterioration in economic conditions worldwide, may have an adverse effect on our business.

The Group's business and operations may be affected by the ongoing inflation surge, which started around mid-2021 – mostly reflecting a sluggish adjustment of the supply/production side of the global economy to the sharp rebound in activity that followed the lift of Covid-19 restrictions – and has been amplified by the eruption of the crisis in Ukraine.

Specifically, the buoyant response of global demand to the gradual reopening of economic activities worldwide from the pandemic-induced lockdowns – following a period of limited investment and a scaling down of production – set the stage for a spike in inflation. The Russian invasion in Ukraine and retaliatory sanctions since February 2022 led to new massive increases in energy costs and other international commodity prices, pushing inflation rates in most advanced economies around the world to the highest level since the early 1980s. In Greece, inflation started to increase in August 2021, mainly due to rising import costs and food and energy products appreciation, with the annual increase in the Consumer Price Index (CPI) reaching 5.1% in December 2021 and spiking further in the first half of 2022 climbing to a 28-year high of 12.1% year-on-year in June, slowing marginally to 11.5%, on average, in July-August (Source: ELSTAT, Consumer Price Index (CPI) – National Index/August 2022). This upsurge is coming following a decade of very low or negative inflation in Greece, resulting from intensive economic adjustment and restrictive policies which have been accompanied by a significant contraction of economic activity and high unemployment.

This observed surge in inflation is attributed to a variety of reasons, some of which have been magnified by the crisis in Ukraine, posing broader risks even as regards the EU's energy security in the near term. The significant upward revisions in energy price forecasts for the rest of 2022 and the coming years, along with occasional disruptions in supply chains (mostly related to Covid-19 restrictions in China), as well as with higher freight costs and limited availability of vehicles in specific segments of global cargo shipping due to the profound changes in global trade patterns that followed the war-related sanctions to Russia, increase the uncertainty regarding the future path of inflation. In fact, due to the above-mentioned local or sector-specific factors, the resilience of post-pandemic recovery until mid-2022, and considerable shortages in food and other globally traded commodities (for which Russia and Ukraine are important suppliers), it is not clear whether the inflation will remain high and persist. The answer depends largely on the distribution of current and future shocks to the economy and how the monetary and fiscal policies will react, as well as on the duration of the war in Ukraine and its impact on energy costs, food prices, and global growth.

In this respect, the sharp acceleration in inflation poses additional pressure for a more rapid tightening in monetary policy, following a long period of highly accommodative monetary and liquidity conditions. Increases in policy rates are already material in the US and the euro area and additional hikes are expected until early-2023, bringing the policy rates in neutral or slightly contractionary territory. This tightening, along with increasing fears of energy shortages in the EU in the coming quarters and prospects of an imminent slowdown of the world economy, have already led to a rise in market lending costs and perceived credit risk levels in the euro area.

The exact impact of inflationary pressures on the Group's activities depends on the duration and the actual inflation rate and, therefore, it is difficult to predict. It is possible that there will be a significant, and economically important, negative relationship between inflation, household disposable income and business conditions which will also adversely affect both banking and equity market activity. This unfavourable sequence of developments has been avoided until the first nine months of 2022, due to the dynamic recovery of tourism and the increased fiscal support to cushion the pressure from rising energy costs, but may have a material adverse effect on the business operations and economic results of the Group in the future. Moreover, inflation is expected to put upward pressure on the Group's expenses.

For what concerns the Euro area, annual inflation is expected at 8.1% in FY.2022 and at 5.5% in 2023 by the ECB (Source: ECB staff macroeconomic projections for the euro area, September 2022). Actual data available until mid-September 2022 showed that the euro area annual inflation rate reached 9.1% in August 2022 (7.6%, on average, in the first eight months of 2022), up from 8.9% in July (Source: Eurostat, press release, 16 September 2022). The figure is driven once again mainly by energy prices alongside rises in the prices of food, alcohol and tobacco, services and other industrial goods.

Should the inflation spike persist or increase further in the following months, this would adversely impact Greek households, businesses, banks and the Greek government. Reduced purchasing power of households, and increased costs for businesses, could reduce the size and/or the quality of the pool of prospective borrowers, and increase repayment delinquency rates. On the fiscal side, it could lead to lower tax revenue, and induce higher government spending in relief measures. A potential escalation of inflationary pressures into Q4.2022 and 2023 could also lead ECB (and other major central banks) to new interest rate increases. In addition, if inflation persists, the Group may have to identify effective means for hedging interest rate risk related to inflationary pressures and adjust its operations. Any failure of the Group to address or hedge persisting inflationary pressures could adversely affect its financial condition, capital adequacy and operating results.".

d) on page 53 of the Base Prospectus, in the sub-section headed "*General risks relating to a particular issue of Notes*", the risk factor entitled "*The Notes issued under the Programme may be subject to the general bail-in tool under the BRRD (and/or, in the case of Subordinated Notes, Non-Viability Loss Absorption) and to the mandatory burden sharing measures for the provision of precautionary capital support, which may result in their write-down in full* " shall be amended by the deleting the word "*preferred*" after "*senior*" and before "*liabilities*" in the relevant text of the risk factor.

DOCUMENTS INCORPORATED BY REFERENCE

The information set out below supplements the section of the Base Prospectus headed "*Documents Incorporated by Reference*" on pages 68 to 69 of the Base Prospectus.

Information included in the following document which has previously been published shall, by virtue of this Second Supplement, be incorporated by reference in, and form part of, the Base Prospectus (in the case of documents (a) to (c), as set out in the relevant cross-reference lists below, and in the case of documents (d) to (h) in its entirety):

a) the Group and Bank Annual Financial Statements for the period ended 31 December 2021, which includes the Independent Auditor's Report and the Audited Consolidated Financial Statements for the Group for the year ended 31 December 2021 (the **2021 Annual Financial Statements**), available at https://www.nbg.gr/-/jssmedia/Files/Group/enhmerwsh-ependutwn/Annual_Financial_Reports/Annual-Financial-Report-2021-EN.pdf?rev=1af4ccd624fb46b1a0e321f203dc4fde;

b) the NBG Group Interim Financial Statements for the period ended 31 March 2022 (the March **2022 Interim Financial Statements**), available at https://www.nbg.gr/-/jssmedia/Files/Group/enhmerwsh-ependutwn/Financial-statements-annual-interim/Financial-Report-31-03-2022-EN.pdf?rev=c5ec683f86c64a669dab0c5c5690077d;

c) the Group and Bank Six-Month Financial Statements for the period ended 30 June 2022, which includes the Independent Auditor's Review Report and the Unaudited Consolidated Financial Statements for the Group for the period ended 30 June 2022 (the **June 2022 Interim Financial Statements**), available at https://www.nbg.gr/-/jssmedia/Files/Group/enhmerwsh-ependutwn/Financial-statements-annual-interim/Financial-Report-30-06-2022-EN.pdf?rev=30d42e6cae7446c89d0833fcd021bbf6;

d) the press release dated 1 April 2022 and headed "*NBG completes the sale of Ethniki Insurance*", available at https://www.nbg.gr/en/group/press-office/r-01-04-22-ethniki-asfalistikh;

e) the press release dated 31 May 2022 and headed "*National Bank of Greece approves the draft demerger deed for the spin-off of its Merchant Acquiring Business*" available at https://www.nbg.gr/en/group/press-office/r-01-06-22;

f) the press release dated 15 July 2022 and headed "*National Bank of Greece completes the disposal of Cypriot-risk non-performing loans to Bain Capital Credit (Project Marina)*" available at https://www.nbg.gr/en/group/press-office/r-15-07-2022-project-marina;

g) the press release dated 15 July 2022 and headed "*2022 ECB Climate risk Stress Test Results*" available at EN-NBG-PR-2022-ECB-Climate-risk-ST-EN-F.pdf;

h) the press release dated 29 July 2022 and headed "*National Bank of Greece enters into a definitive agreement with Bracebridge Capital, LLC for the disposal of a portfolio of non-performing exposures (Project Frontier II)*", available at https://www.nbg.gr/-/jssmedia/Files/Group/Press-office/Press-office-releases/R-29-07-22-frontier-en/NBG_Frontier-II_Signing_Press-Release_EN.pdf?rev=82a0893107d64dd39eced97db36f1442.

Copies of documents incorporated by reference in the Base Prospectus (including by virtue of this Second Supplement) can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus, as supplemented.

Unless specifically incorporated by reference into this Second Supplement, information contained on the Issuer's website does not form part of this Second Supplement.

CROSS-REFERENCE LIST RELATING TO THE GROUP AND BANK 2021 ANNUAL FINANCIAL STATEMENTS

Information Incorporated	**As at 31 December 2021**
Economic and Financial Review - key developments in the Macroeconomic and Financial environment - Global Economy & Financial Environment	pp. 32-34
Appendix for alternative performance measures	pp. 158-159
Independent Auditor's Report	pp. 174 -180
Statement of Financial Position	p. 182
Income Statement	p. 183
Statement of Comprehensive Income	p. 184
Statement of Changes in Equity - Group	p. 185
Statement of Changes in Equity - Bank	p. 186
Cash Flow Statement	p. 187
Notes to the Financial Statements	pp. 188-314

CROSS-REFERENCE LIST RELATING TO THE GROUP MARCH 2022 INTERIM FINANCIAL STATEMENTS

Information Incorporated	**As at 31 March 2022**
Statement of Financial Position	p. 3
Income Statement	p. 4
Statement of Comprehensive Income	p. 5
Statement of Changes in Equity - Group	p. 6

CROSS-REFERENCE LIST RELATING TO THE GROUP AND BANK JUNE 2022 INTERIM FINANCIAL STATEMENTS

DESCRIPTION OF THE GROUP

The section headed "*Description of the Group*" on pages 154 to 204 of the Base Prospectus shall be updated as follows:

a) on page 157 of the Base Prospectus, in the sub-section headed "*History and Development of the Group*", the paragraph entitled "*2019 Revised Restructuring Plan*" shall be amended by adding a further final sentence as follows:

"The mandate of the Monitoring Trustee ended in June 2022, as communicated by the Directorate General for Competition of the European Commission (see p. 14 of the June 2022 Interim Financial Statements under "*Board of Directors' Report - 2019 Revised Restructuring Plan*", as incorporated by reference in this Base Prospectus).".

b) on page 165 of the Base Prospectus, the sub-sections headed "*Major Shareholders*" and "*Common Shares*" shall be deleted and replaced in their entirety as follows:

"*Major Shareholders*

By resolution of the Bank's Annual General Meeting of 26 July 2018, it was decided to simultaneously increase (i) the share capital by €0.90, due to capitalization of an equal part of the Bank's special reserve of Article 4.4a of Codified Law 2190/1920, and (ii) the nominal value of each common registered voting share of the Bank from €0.30 to €3.00, reducing the aggregate number of the Bank's old common registered shares from 9,147,151,527 to 914,715,153 new common registered shares with voting rights by means of a reverse split at a rate of ten (10) old common shares of the Bank to one (1) new common share of the Bank.

Further to the above, the Bank's outstanding issued share capital amounted to €2,744,145,459, divided into consisted of 914,715,153 common shares of a nominal value of €3.00 each.

By resolution of the Bank's Annual General Meeting of 30 July 2021, it was decided to reduce the Bank's share capital by €1,829,430,306 through reduction of the nominal value of each common registered share from €3.00 to €1.00, for the purpose of setting off equal cumulative accounting losses of previous years in the context of launching a Stock Options Program in accordance with Article 113(4) of Law 4548/2018. As a result, the Bank's share capital would stand at €914,715,153.00 divided into 914,715,153 common shares of a nominal value of €1.00 each.

Following the above resolution and the required approvals by competent authorities, on 18 November 2021, the Bank announced the aforementioned share capital decrease by reduction of the nominal value of its shares, determining 22 November 2021 as the date of change of the nominal value of the Bank's shares to €1.00.

Further to the above, the Bank's share capital amounts to €914,715,153.00 and is divided into 914,715,153 common shares of a nominal value of €1.00 each.

Common Shares

The following table sets forth certain information regarding holders of the Bank's common shares, based on information known to or ascertainable by the Bank as at12 September 2022:

	12 September 2022	
	Number of common shares	**Percentage holding**
HFSF	369,468,775	40.39%
Legal entities and individuals outside of Greece	440,769,819	48.19%
Legal entities and individuals in Greece	100,210,652	10.95%
Domestic pension funds	3,648,350	0.40%
Other domestic public sector related legal entities and Church of Greece	616,188	0.07%
Other………………………………………………………	1,369	0.00%
Private placement by investors	—	—
Total common shares	**914,715,153**	**100.00%**

The Bank's ordinary shares are listed for trading on the Athens Exchange (**ATHEX**).

Other than the above, the Bank does not know of any other persons who, directly or indirectly, jointly or individually, exercise or could exercise control over the Bank.

Other than the HFSF, no single shareholder beneficially owns 5.00% or more of the Bank's common shares.".

c) on page 166 of the Base Prospectus, the sub-section headed "*State Interest"* shall be deleted and replaced in its entirety as follows:

"In the context of the recapitalisation in December 2015, the HFSF acquired 40.39% or 3,694,687,756 (369,468,775 respectively after the reverse split, as mentioned herein above) of the Bank's share capital through holding shares of which 134,818,596 (13,481,859 respectively after the reverse split) used to fall under the restrictions of Article 7a paragraph 2 of the HFSF Law. However, in accordance with Law 4941/2022, which amended the HFSF Law, Article 107 par. 2, as of 16.07.2022, the HFSF, pursuant to Article 7a of the HFSF Law, as amended by Law 4941/2022 and in force, fully exercises voting rights corresponding to the total shares that it holds, i.e., to 369,468,775 shares.".

d) on page 192 of the Base Prospectus, the sub-section headed "*Recent Events",* the paragraph entitled "*MREL Requirements*" shall be deleted and replaced as follows:

"Banks in the European Union are required to maintain a MREL which ensures that banks have sufficient loss-absorbing capacity in resolution. See also "Risk Factors - Application of the Minimum Requirements for Own Funds and Eligible Liabilities under the BRRD may affect the Group's profitability."

MREL is set by the resolution authorities for each supervised bank individually to ensure that a bank maintains at all times sufficient eligible instruments to facilitate the implementation of the preferred resolution strategy. Guidance on the calculation methodology is provided through the MREL policy published by the Single Resolution Board (the **SRB**).

The SRB calibrates the MREL targets based on the appropriate reference date. This means that for setting MREL in a given year, the SRB will use the final supervisory review and evaluation process (**SREP**) decisions and Pillar 2 requirements applicable in that year and the previous year balance sheet data, or later data where deemed necessary to address a relevant change in circumstances. The SRB uses transitional prudential values applicable at the reference date. In subsequent resolution planning cycles, the MREL target is re-calibrated and communicated based on the input values of the new reference date.

MREL includes a risk- and a leverage-based dimension. MREL is not computed only as a percentage of the total risk exposure amount (**TREA**) but also as a percentage of the leverage ratio exposure (**LRE**). MREL is therefore expressed as two ratios that both have to be met: (i) as a percentage of TREA (the **MREL-TREA**); and (ii) as a percentage of the 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). The SRMR allows the SRB to set in addition to the MREL requirement, a "subordination" requirement, within MREL, against which only subordinated liabilities and own funds count.

The SRB sets subordination requirements in accordance with the legal framework and has developed a methodology to estimate No Creditor Worse Off (**NCWO**) risk.

The Bank has been categorized by the SRB as a non-Pillar 1 Bank and is subject to a subordination requirement upon the decision of the resolution authority to avoid a breach of the NCWO principle, following a bank-specific assessment. The SRB uses a valuation-based approach to quantify the possible NCWO risk. Assessing the need for subordination depends on projections of the size and distribution of losses for different classes of creditors under different strategies and conditions.

Common Equity Tier 1 (**CET1**) used to meet the MREL-TREA cannot be used to meet the Combined Buffer Requirement (**CBR**). However, the usability of the same amount of capital is unrestricted for MREL-LRE. The same distinction applies to the subordination requirement.

Article 12k of the SRMR as amended by the SRMR II specifies the provisions applicable to define transitional periods up to 1 January 2024. In particular, all banking groups have a common deadline of 1 January 2024 to meet their full MREL targets including subordination; and two intermediate targets, a first binding intermediate target to be met by 1 January 2022, and a second intermediate target of informative nature for 1 January 2023.

The SRB may consider a deviation from the deadline of 1 January 2024 only exceptionally, taking into consideration (i) whether a bank has taken all necessary steps and actions to meet its target by the deadline; and (ii) whether banks in the same jurisdiction have adequate access to capital markets.

On 24 January 2022, the Bank received from the Bank of Greece the SRB's decision regarding the binding MREL targets and the dates to meet the requirements. The decision was based on the 2021 MREL policy.

The SRB has granted the Bank an extended transition period to meet its final MREL requirement, until 31 December 2025. As a result, the Bank is subject to four intermediate targets: a binding intermediate target to be met by 1 January 2022, a second informative intermediate target to be met by 1 January 2023, a third informative target to be met by 1 January of 2024 and a fourth informative intermediate target to be met by 1 January 2025.

According to the MREL decision received, the Bank should meet by 31 December 2025 an MREL target of 23.29 per cent. of TREA and 5.87 per cent. 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 per cent. of TREA and 5.85 per cent. of LRE on a consolidated basis. The above requirements do not include the CBR, which for 1 January 2022 stands at 3.25 per cent. and is expected to increase to 3.5 per cent. from 1 January 2023.

The MREL ratio is calculated as the amount of own funds and eligible liabilities expressed as a percentage of the institution's TREA. Own funds, in addition to senior non-preferred and senior preferred debt instruments with residual maturities of more than one year, are eligible for the numerator of the MREL ratio.

Finally, according to the MREL decision, for 2022 no subordination requirement is set for the Bank.".

MANAGEMENT AND EMPLOYEES

The section headed "*Management and employees*" on pages 216 to 229 of the Base Prospectus shall be updated as follows:

a) on page 217 of the Base Prospectus, in the sub-section headed "*Responsibilities of the Board*" the second last paragraph shall be deleted and replaced in its entirety as follows:

   "Moreover, pursuant to Article 10 of Greek Law 3864/2010 (the **HFSF Law**), as amended and in force, the representative of the HFSF may, *inter alia*, veto the decision making process of the Board in relation to dividend allocation and remuneration of the Chairman of the Board, the Chief Executive Officer and the other members of the Board of Directors, as well as the General Managers and their substitutes, for any credit institutions whose ratio of non-performing loans to total loans, as calculated in accordance with subsection f(ii), of paragraph 2 of Article 11 of Commission Implementing Regulation (EU) 2021/451, exceeds 10%.".

b) on page 223 of the Base Prospectus, the sub-section headed "*Monitoring Trustee*" shall be deleted and replaced in its entirety as follows:

"From January to February 2013, monitoring trustees (each, a **Monitoring Trustee**), acting on behalf of the European Commission, were appointed in all banks under restructuring—including the Bank, in accordance with the commitments undertaken by the Hellenic Republic towards the European Commission in 2012, regarding banks under restructuring, in the Memorandum of Economic and Financial Policies, contained in the First Review of the Second Economic Adjustment Programme for Greece.

The Monitoring Trustees are respected international auditing or consulting firms approved by the European Commission on the basis of their competence, their independence from the banks and the absence of any potential conflict of interest. In each credit institution under restructuring, the Monitoring Trustees worked on behalf and under the direction of the European Commission, within the terms of reference agreed with the European Committee (**EC**), ECB and IMF staff.

Grant Thornton had been the Bank's Monitoring Trustee since 16 January 2013, with the duty to monitor the Bank's compliance with the commitments undertaken.

The commitments undertaken in 2012 were updated and included as an Annex in the 2014 Restructuring Plan. The commitments were further updated in December 2015 and included as an Annex in the 2015 Revised Restructuring Plan. On 10 May 2019, the Directorate General for Competition of the European Commission approved the Bank's 2019 Revised Restructuring Plan, amending the commitments of 2015.

As communicated by the Directorate General for Competition of the European Commission in June 2022, the restructuring period and the mandate of the Monitoring Trustee for NBG has ended (see p. 14 of the June 2022 Interim Financial Statements under "Board of Directors' Report - 2019 Revised Restructuring Plan", as incorporated by reference in the Base Prospectus).".

REGULATION AND SUPERVISION OF BANKS IN GREECE

The Section "*Regulation and supervision of banks in Greece*" on pages 229-263 of the Base Prospectus shall be deleted and replaced in its entirety by the relevant Section attached hereby under Schedule I.

TAXATION

The section headed "Taxation" on pages 264 to 268 of the Base Prospectus shall be updated as follows:

a) on page 265 of the Base Prospectus, in the sub-section headed "*Payments of Interest under the Listed Notes*", the paragraph entitled "*Holders which are Legal Persons or Legal Entities – Greek tax residents***"** shall be amended by adding the word "*onwards*" after "*2021*" and before "*(29% for credit institutions participating in the scheme allowing for the conversion of deferred tax assets into final deferred tax credits against the State under certain circumstances)*";

b) on page 266 of the Base Prospectus, in the sub-section headed "*Payments of Interest under the Non-Listed Notes*", the paragraph entitled "*Holders which are Legal Persons or Legal Entities – Greek tax residents***"** shall be amended by adding the word "*onwards*" after "*2021*" and before "*(29% for credit institutions participating in the scheme allowing for the conversion of deferred tax assets into final deferred tax credits against the State under certain circumstances)*".

GENERAL INFORMATION

The paragraph "*No significant or material change*" on page 275 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

"As the prolonged war in Ukraine remains a source of concern for the Bank and the Group (as further described in the section of the Board of Directors Report headed *"Economic and Financial Review - key developments in the Macroeconomic and Financial environment - Global Economy & Financial Environment*" of the 2021 Annual Financial Statements and in the in the section of the Board of Directors Report headed "*Key Highlights*" of the Six-month Financial Report for the period ended 30 June 2022, which are incorporated by reference herein), there has been no material adverse change in the prospects of the Bank or the Group since 31 December 2021. There has been no significant change in the financial performance or position of the Bank or the Group since 30 June 2022.".

For so long as the Programme remains in effect or any Notes shall be outstanding, copies of this Second Supplement and the documents incorporated by reference in the Base Prospectus by virtue of this Second Supplement will be available for inspection (i) from https://www.nbg.gr/en/the-group/investor-relations/dept-investors/globalmediumtermnoteprogramme, and (ii) on the website of the Luxembourg Stock Exchange (www.bourse.lu).

To the extent that there is any inconsistency between (a) any statement in this Second Supplement or any statement incorporated by reference into the Base Prospectus by this Second Supplement and (b) any other statement in, or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Second Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

SCHEDULE I

"REGULATION AND SUPERVISION OF BANKS IN GREECE

The Group is subject to financial services laws, regulations, administrative acts and codes applying in each jurisdiction in which it operates.

Further to this, the Group is subject to the European Union regulatory framework and Greek laws and regulations and to supervision by the ECB/SSM and the Bank of Greece.

Single Supervisory Mechanism (SSM)

Council Regulation (EU) No 1024/2013 (**Regulation 1024/2013**) established the SSM for Eurozone credit institutions. The SSM maintains an important distinction between significant and non-significant entities, which will be subject to differing supervisory regimes. The Bank is included in the list of significant supervised entities which the ECB updates and publishes regularly (as at the date of this Supplement, last updated on 1 July 2022). As a result, the ECB has been granted certain supervisory powers as from 4 November 2014, which include:

- the authority to grant and revoke authorisations regarding credit institutions;

- with respect to credit institutions established in a participating EU member state establishing a branch or providing cross border services in EU member states that are not part of the Eurozone, to carry out the tasks of the competent authority of the home EU member state;

- the power to assess notifications regarding the acquisition and disposal of qualifying holdings in credit institutions;

- the power to ensure compliance with respect to provisions regarding requirements on own funds securitisation, large exposure limits, liquidity, leverage, as well as on the reporting and public disclosure of information on those matters;

- the power to ensure compliance with respect to corporate governance, including fit and proper requirements for the persons responsible for the management of credit institutions, risk management processes, internal control mechanisms, remuneration policies and practices and effective internal capital adequacy assessment processes (including internal ratings based models);

- the power to carry out supervisory reviews, including, where appropriate and in coordination with the EBA, stress tests and supervisory reviews which may lead to the imposition of specific additional own funds requirements, specific publication requirements, specific liquidity requirements and other measures;

- the power to supervise credit institutions on a consolidated group basis, extending supervision over parent entities established in one of the EU member states; and

- the power to carry out supervisory tasks in relation to recovery plans, provide early intervention where a credit institution or group does not meet or is likely to breach the applicable prudential requirements and, only in the cases explicitly permitted under law, implement structural changes to prevent financial stress or failure, excluding any resolution powers.

The SSM framework Regulation 468/2014 (ECB/2014/17) sets out the practical arrangements for the SSM, while Regulation 1163/2014 lays down the methodology and procedure regarding the annual supervisory fees which are born by the supervised credit institutions.

In Greece, as an EU member state whose currency is the euro, the ECB exercises its supervisory responsibilities in cooperation with the Bank of Greece. The ECB is responsible for the effective and consistent functioning of the SSM and exercises oversight over the functioning of the system, based on the distribution of responsibilities between the ECB and National Competent Authorities (**NCAs**), which in Greece is the Bank of Greece. To ensure efficient supervision, credit institutions are categorized as "significant" or "less significant": the ECB directly supervises significant banks, whereas the NCAs are in charge of supervising less significant banks, with the ECB exercising indirect supervision. The Bank is currently categorised as "significant" and is therefore subject to direct supervision by the ECB. The day to day supervision is conducted by Joint Supervisory Teams, which comprise staff from both NCAs and the ECB.

Supervisory Review Evaluation Process

The Bank is subject to continuous evaluation of its capital adequacy in the context of the SSM and could be requested to operate with higher than minimum regulatory capital and/or liquidity ratios. Such evaluations are carried out by the ECB mainly through the SREP.

Following the completion of SREP for 2021, the ECB notified the Group of its new total SREP capital requirement (**TSCR**), which applies from 1 March 2022. According to this decision, the ECB requires the Bank to maintain, on a consolidated and on an individual basis, a TSCR of 11%.

The TSCR of 11% includes:

- the minimum Pillar I own funds requirement of 8% to be maintained at all times in accordance with Article 92(1) of the CRR (as defined below), and
- an additional Pillar II own funds requirement of 3% to be maintained at all times in accordance with Article 16(2)(a) of Regulation 1024/2013, to be made up entirely of Common Equity Tier 1 (**CET1**) capital.

In addition to the TSCR, the Group is also subject to the Overall Capital Requirement (**OCR**). The OCR consists of TSCR and the combined buffer requirement as defined in point (6) of Article 128 of the CRD IV Directive (as defined below).

The combined buffer requirement is defined as the sum of:

- a capital conservation buffer (the **Capital Conservation Buffer**);
- the institution specific Countercyclical Capital Buffer (**CcyB**); and
- the systemic risk buffer (**Systemic Risk Buffer**) / systemically important institutions buffer (**Systemically Important Institutions Buffer**), as applicable.

The Capital Conservation Buffer was 2.5% for 2022 for all banks in the EU.

The CcyB is implemented as an extension of the Capital Conservation Buffer and has the primary objective of protecting the banking sector from periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk. It is calculated as the weighted average of the buffers in effect in the jurisdictions to which a credit institution has significant credit exposures. Bank of Greece defined its methodology for determining the CcyB in 2015 and consecutively set the CcyB at 0% for Greece throughout 2016, 2017, 2018, 2019, 2020 and 2021 (Bank of Greece Acts 55/2015, 83/2016, 97/2016, 103/2016, 107/2016, 115/2017, 119/2017, 122/2017, 127/2017,135/2018, 143/2018, 148/2018, 152/2018, 156/2019, 159/2019, 161/2019, 164/2019, 167/2020, 173/2020, 177/2020, 180/2021, 186/2021, 190/2021, 193/2021, and 202/2022). The CcyB is also currently 0% in all other countries in which the Group has significant exposures. Thus, the institution specific CcyB for the Group is currently 0%.

For O-SIIs an additional capital buffer is applied, which was 0.25% for 2019, 0.50% for 2020 and 0.50% for 2021 for all four credit institutions that were characterised as O-SIIs in Greece (including the Bank) (Bank of Greece, Executive Committee Act no 151/30.10.2018, Bank of Greece Executive Committee Act no 163/1/1.11.2019, Bank of Greece Executive Committee Act no 174/26.6.2020, and Bank of Greece, Executive Committee Act no 195/29.11.2021) and was set at 0.75% for 2022. See further "Capital Requirements/Supervision" below.

Following the completion of the 2021 SREP cycle, in February 2022 the Bank received the final SREP Decision letter from the ECB which established the capital requirements for 2022. In particular based on 2021 SREP letter, the Pillar 2 Requirement rate for 2022 remained stable at 3%, but OCR increased to 14.25% (from 14.00% in 2021) due to the phase-in of the O-SII buffer (0.25%). However, due to the reduction in Pillar 2 Guidance (P2G) by 25bps for 2022 (1.75% for 2022 vs. 2.00% in 2021), the OCR + P2G capital requirements remained at 16.00%, which is the same level as 2021.

EU-wide stress test 2020

On 31 January 2018 the ECB commenced the stress test exercise (the **2018 Stress Test**) relating to the four systemic Greek banks (Alpha Bank, Eurobank, the Bank and Piraeus Bank) with the publication of the macroeconomic scenarios to be used by the banks. The stress test of the four systemic Greek banks was conducted on an accelerated timeline compared to the other in-scope banks in order to allow the results to be published before the end of the current European Stability Mechanism Programme for Greece (August 2018), but following the same EBA approach and methodologies as that applied to the other EU banks. The results for the four systemic Greek banks were announced by the Supervisory Board on 5 May 2018, and showed that in the adverse scenario, the average CET1 capital depletion was 9 percentage points, equivalent to €15.5 billion. Following the supervisory dialogue, the Bank was informed that the stress test outcome, along with other factors, have been assessed by SSM's Supervisory Board pointing to no capital shortfall and that no capital plan was deemed necessary as a result of the exercise.

On 7 November 2019, the EBA published a press release[1] to announce the publication of the final methodology and draft templates for the 2020 EU-wide stress test along with the key milestones of the exercise. The stress test exercise was be formally launched in January 2020 and the results were planned to be published by 31 July 2020. However, the EBA in its statement[2] dated 12 March 2020, announced its decision to postpone the 2020 EU-wide stress test exercise to 2021, allowing banks to focus on and ensure continuity of their core operations in light of the COVID-19 pandemic. According to the EBA's press release[3] on 30 July 2020, the exercise was expected to be launched at the end of January 2021 and its results to be published at the end of July 2021.

Similar to the 2018 exercise, the 2021 EU-wide stress test is a bottom-up exercise with constraints, including a static balance sheet assumption. The aim of the EU-wide stress test is to assess the resilience of EU banks to a common set of adverse economic developments in order to identify potential risks, inform supervisory decisions and increase market discipline. The exercise is primarily focused on the assessment of the impact of risk drivers on the solvency of banks. Banks are required to stress a common set of risks and in addition,

[1] https://eba.europa.eu/eba-publishes-2020-eu-wide-stress-test-methodology-and-draft-templates
[2] https://eba.europa.eu/eba-statement-actions-mitigate-impact-covid-19-eu-banking-sector
[3] https://eba.europa.eu/eba-updates-2021-eu-wide-stress-test-timeline-sample-and-potential-future-changes-its-framework

banks are requested to project the impact of the scenarios on net interest income and to stress P&L and capital items not covered by other risk types.

EU-wide stress test 2021

Following the postponement of the EU-wide stress test exercise of 2020 due to the outbreak of COVID-19, the ECB commenced the stress test exercise (the **2021 Stress Test**) on 29 January 2021, with the publication of the macroeconomic and market scenario assumptions.

Similar to the 2018 exercise, the 2021 Stress Test is a bottom-up exercise with constraints, including a static balance sheet assumption. The aim of the EU-wide stress test is to assess the resilience of EU banks to a common set of adverse economic developments in order to identify potential risks, inform supervisory decisions and increase market discipline. The exercise is primarily focused on the assessment of the impact of risk drivers on the solvency of banks.

Starting from a Fully Loaded (**FL**) CET1 ratio of 12.8% (15.7% on transitional basis), under the adverse scenario, the FL CET1 ratio maximum depletion reached 6.4% in year 2022, while the respective FL CET1 ratio for 2023 settled at 6.4%.

Following the supervisory dialogue, the Bank was informed that the stress test outcome, along with other factors, have been assessed by SSM's Supervisory Board pointing to no capital shortfall and that no capital plan was deemed necessary as a result of the exercise.

Single Resolution Mechanism

Regulation (EU) No 806/2014 (the **SRM Regulation**) establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (**SRM**) and the Fund. The SRM Regulation establishing a SRM for the Banking Union (as defined by the European Commission) entered into force on 19 August 2014. On 1 January 2016, the SRM became fully operational.

The SRM Regulation, which complements the SSM (as discussed under "*The Group may need additional capital and liquidity as a result of regulatory changes*" above), applies to all banks supervised by the SSM, including the Bank. These uniform rules and uniform procedures established under the SRM Regulation will be applied by a single resolution board (the **Single Resolution Board** or the **SRB**) together with the EU Council and the European Commission and the national resolution authorities within the framework of the SRM. The Single Resolution Board shall have available the same range of tools as are available under the BRRD as described below. The SRM will be supported by the Fund. In the Banking Union, the national resolution funds set up under the BRRD were superseded by the Fund as at 1 January 2016 and those funds will be pooled together gradually. Therefore, as at 2016, the Single Resolution Board, calculates the annual contributions of all institutions authorized in the Member States participating in the SSM and the SRM. The European banking sector pays contributions to the Fund. The Council Implementing Regulation (EU) 2015/81 provides for an adjustment mechanism to avoid distortions between institutions and achieve a balanced distribution of contributions between the different types of institutions. This Regulation lays down rules specifying the conditions for implementing of the obligation of the SRB to calculate the contributions for individual institutions pursuant to the SRM Regulation to the Fund and the methodology for the calculation of those contributions, introducing also by derogation of the general methodology an adjusted methodology for an initial transitional period of eight years by way of a gradual phasing in of the SRM methodology. In May 2017 European Commission Delegated Regulation (EU) 2017/747 of 17 December 2015 entered into force, providing for criteria relating to the calculation of *ex ante* contributions, and the circumstances and conditions under which the payment of extraordinary *ex post* contributions to the Fund may be partially or entirely deferred.

The SRM works as follows:

- The SSM, as the supervisor, would signal when a bank in the euro area or established in an EU member state participating in the Banking Union is in severe financial difficulties and needs to be resolved.

- The Single Resolution Board, the ECB and the European Commission, will carry out specific tasks to prepare for and carry out the resolution of a bank that is failing or likely to fail. The SRB decides whether and when to place a bank into resolution and sets out, in the resolution scheme, a framework for the use of resolution tools and the potential use of the Fund. The SRB is responsible for the effective and consistent functioning of the SRM and shall only use the Fund for the purpose of ensuring the efficient application of the resolution tools and exercise of resolution powers. The SRB is the owner of the Fund.

- The resolution scheme can then be approved or rejected by the European Commission or, in certain circumstances, by the Council within 24 hours.

- Under the supervision of the SRB, national resolution authorities will be in charge of the execution of the resolution scheme.

- The SRB oversees the resolution. It monitors the execution at national level by the national resolution authorities and, should a national resolution authority not comply with its decision, directly addresses executive orders to the troubled banks.

The Fund was set up under the control of the SRB. It will ensure the availability of funding support while the bank is resolved. The European banking sector pays contributions to the Fund. The Fund can only contribute to resolution if at least 8% of the total liabilities and own funds of the bank have been written down or converted into equity.

The SRM II Regulation amended the SRM Regulation as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms. This Regulation applies from 28 December 2020. The SRB and national resolution authorities should ensure that institutions and entities have sufficient loss-absorbing and recapitalisation capacity to ensure a smooth and fast absorption of losses and recapitalisation in the event of resolution, with a minimum impact on taxpayers and financial stability. That should be achieved through compliance by institutions with an institution-specific MREL as set out in the SRM Regulation. Among the new provisions are included the following:

- In order to align denominators that measure the loss-absorbing and recapitalisation capacity of institutions and entities with those provided for in the TLAC (Total Loss-Absorbing Capacity) standard, the MREL should be expressed as a percentage of the total risk exposure amount and of the total exposure measure of the relevant institution or entity, and institutions or entities should meet simultaneously the levels resulting from the two measurements.

- The SRB, after consulting the competent authorities, including the ECB, shall determine the requirements for own funds and eligible liabilities, subject to write-down and conversion powers, which are to be met at all times by the entities and groups when the conditions for the application are met.

Capital Requirements/Supervision

In December 2010, the Basel Committee issued two prudential framework documents ("Basel III: A global regulatory framework for more resilient credit institutions and banking systems", and "Basel III:

International framework for liquidity risk measurement, standards and monitoring") which contain the Basel III capital and liquidity reform package (**Basel III**).

The Basel III framework has been implemented in the EU through Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of financial holding companies, credit institutions and investment firms (the **CRD IV Directive**), which has been transposed into Greek legislation by the CRD Law, and Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the **CRR** and together with the CRD IV Directive, **CRD IV**) which is legally binding and directly applicable in all EU member states. Implementation began on 1 January 2014, with particular elements being phased in over a period of time, mainly until 2019.

Some major points of the framework include:

- ***Quality and Quantity of Capital.*** CRD IV revised the definition of regulatory capital and its components at each capital instrument level. It also imposed a minimum CET1 ratio of 4.5% and Tier 1 Ratio of 6.0%, and introduced a requirement for Additional Tier 1 and Tier 2 capital instruments "own funds" to have loss absorbing features allowing them to be written off or converted on the occurrence of a bail in of the institution;

- ***Capital Buffer Requirements.*** In addition to the minimum CET1 ratio of 4.5% credit institutions will have to hold the following CET1 capital buffers as fixed by the relevant authorities:

  – A Capital Conservation Buffer of 2.5% that is applied gradually between 2016 and 2019 with an annual step up of 0.625%. In case of non-compliance the regulator will impose the constraints on dividends distribution and executive bonuses inversely proportional to the level of the actual CET1 ratio.

  – A CCyB ranging between 0% and 2.5% depending on macroeconomic factors. This buffer is also applied gradually from 2016 to 2019 having a range of 0%-0.625% for 2016, 0%-1.25% for 2017, 0%-1.875% for 2018 and 0%-2.5% for 2019. Bank of Greece specified the CCyB at 0% for Greece for all quarters of 2016, 2017, 2018, 2019, 2020 and 2021 (the CCyB is currently set at 0% by the competent authorities of all countries in which the Group has significant exposures.)

  – A Systemic Risk Buffer of at least 1% made up of CET1 instruments set at the discretion of national authorities of EU member states to be applied to institutions at consolidated or solo level, or even at the level of exposures in certain countries at which a banking group operates. Bank of Greece has not used this macro prudential instrument thus far.

  – A Systemically Important Institutions Buffer. For globally systemically important institutions the additional buffer ranges between 1% and 3.5%, whereas for O SIIs it could reach 2%. Bank of Greece specified a 0% capital buffer for 2016, 2017 and 2018 for all four institutions in Greece that were characterized as O SIIs (including the Bank). However, starting from 2019, a buffer of 1% was gradually phased in for the Bank during a five-year period (2019: 0.25%, 2020: 0.5%, 2021: 0.50%, 2022: 0.75%, 2023: 1.00%).

- ***Deductions from Common Equity Tier 1.*** CRD IV revised the definition of items that should be deducted from regulatory capital. In addition, most of the items that were required to be deducted from regulatory capital are now deducted in whole from the CET1 component;

- ***Central Counterparties.*** To address the systemic risk arising from the interconnectedness of credit institutions and other financial institutions through the derivatives markets, the new framework is supporting the efforts of the committee on payments and settlement systems and International Organization of Securities Commissions (**IOSCO**) to establish strong standards for financial market infrastructures, including central counterparties (**CCPs**). A 2.0% risk weight factor is introduced to certain trade exposures to qualifying CCPs (replacing the current 0% risk weighting). The capitalization of credit institution exposures to CCPs will be based in part on the compliance of the CCP with the IOSCO standards (since non-compliant CCPs will be treated as bilateral exposures and will not receive the preferential capital treatment referred to above);

- ***Counterparty Credit Risk.*** CRD IV is raising counterparty credit risk management standards in a number of areas, including for the treatment of so-called wrong way risk, i.e., cases where the exposure increases when the credit quality of the counterparty deteriorates. For example, the proposal includes a capital charge for potential mark to market losses associated with a deterioration in the creditworthiness of a counterparty (i.e. CVA risk) and the calculation of expected positive exposure by taking into account stressed parameters;

- ***Leverage Ratio.*** CRD IV introduced an unweighted Tier I leverage ratio (the Leverage Ratio) that applies for all credit institutions as part of the Pillar II framework from 1 January 2013. The ratio has migrated to a Pillar I minimum requirement now that CRR II (as defined below) has entered into force;

- ***Liquidity Requirements.*** From 1 October 2015, CRD IV progressively introduced a liquidity coverage ratio (which defines an amount of unencumbered, high quality liquid assets that must be held by a credit institution to offset estimated net cash outflows over a 30-day stress scenario, and has been phased in gradually, starting at 60% in 2015, and set at 100% in 2018) (the **LCR**). CRD IV also provides for a net stable funding ratio (which defines an amount of longer term, stable funding that must be held by a credit institution over a one-year timeframe based on liquidity risk factors assigned to assets and off balance sheet exposures) (the **NSFR**). On 8 March 2017, the EBA published the final guidelines on the liquidity coverage ratio disclosure. The final guidelines provide harmonised disclosure templates and tables for liquidity coverage ratio disclosure without altering the general disclosure framework provided for in the CRR. Moreover, on 17 April 2018 the EBA published its final draft of implementing technical standards amending the European Commission's Implementing Regulation (EU) No. 680/2014 on supervisory reporting. The updated implementing technical standards include changes to additional monitoring metrics for liquidity. Additionally, the CRR II and the CRD V Directive, were published in June 2019. With respect to liquidity requirements, the new regulatory framework sets the EU rules for the measurement of the NSFR, amending the existing BCBS framework, incorporated in the EU Capital Requirements Regulation 575/2013 (CRR). The provisions for the NSFR amendment apply from 28 June 2021; and

- ***Maximum Distributable Amount.*** Pursuant to Article 131 of the CRD Law, the Bank may not make discretionary payments (as defined in the CRD Law), beyond the Maximum Distributable Amount.

It should be noted that Regulation (EU) 2019/876 amended Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012. This Regulation applies from 28 June 2021 subject to certain exceptions.

In addition to CRD IV, the EBA produces a number of binding technical standards, guidelines and recommendations for its implementation. EBA published on 21 November 2019 a set of roadmaps outlining its approach and timelines for delivering the mandates stemming from the above regulatory texts published in the Official Journal on 7 June 2019. These mandates are mainly focused in the areas of governance and remuneration, large exposures, resolution as well as reporting and disclosure.

Together with Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (see below "*Bank Recovery and Resolution Directive*") CRD IV forms the common financial regulatory framework in the EU, also known as 'the Single Rulebook'.

In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and CRD IV, there are several new global initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include, among others, the Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014), applicable since 3 January 2018 and a revised Markets in Financial Instruments Directive (Directive 2014/65/EU) transposed into national legislation by Greek Law 4514/2018 published in Government Gazette Issue A No.14 of 30 January 2018.

In addition, on 23 November 2016, the European Commission published legislative proposals for amendments to the CRR, CRD IV Directive, the BRRD and the SRM Regulation (together, the **EC Proposals**), which proposals were subsequently amended during the approval process prior to formal approval of the final text by the European Council in May 2019. The final text was published in the Official Journal of the European Union on 7 June 2019 and entered into force on 27 June 2019. Among other things, these proposals aim to implement a number of new Basel standards (such as the leverage ratio, the net stable funding ratio, market risk rules and requirements for own funds and eligible liabilities) and to transpose the Financial Stability Board's Total Loss Absorbing Capacity termsheet into European law. The CRD IV Directive has subsequently been amended by the CRD V Directive and the CRR has subsequently been amended by the CRR II. The CRD V Directive and the CRR II were both published in the Official Journal of the European Union on 7 June 2019 and entered into force on 27 June 2019. Member States had to adopt and publish, by 28 December 2020, the measures necessary to comply with CRD V with certain exceptions. As of 18 May 2021, Greek Law 4799/2021 came into force, transposing the CRD V Directive into Greek law. CRR II applies from 28 June 2021 subject to certain exceptions. CRR II is directly applicable to the Bank.

Solvency II

As at 1 January 2016, Greek Law 4364/2016 came into force, replacing the previously existing Presidential Decree 400/70 and establishing in Greece the new Solvency II framework as detailed in Directive 2009/138/EC, which is a fundamental revision of the capital adequacy regime for the European insurance sector business.

Bank Recovery and Resolution Directive

On 15 May 2014, the European Parliament and the Council of the European Union adopted Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (the **BRRD**). It establishes a harmonized framework for the recovery and resolution of credit institutions and investment firms incorporated under the laws and licensed by the competent authorities of any of the EU member states. Directive (EU) 2017/2399, which was transposed into Greek Law by Law 4583/2018 (published in the Government Gazette Issue A No. 212/18.12.2018), amended BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy. The BRRD has been subsequently amended by the publication of Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 (the **BRRD II**). Member States had to adopt and put into force the measures necessary to comply with BRRD II by 28 December 2020. As of 17 May 2021, with few exceptions, Greek Law 4799/2021 came into force, transposing the BRRD II into Greek law.

By virtue of Greek Law 4335/2015, as amended, *inter alia* by Greek Law 4799/2021 (the **BRR Law**), and in particular Article 2 "Recovery and resolution of credit institutions and investment firms and other provisions", the BRRD was transposed into Greek Law and the Bank of Greece has been designated as the national resolution authority empowered to apply the resolution tools and exercise the resolution powers (the **National Resolution Authority**). Greek Law 4335/2015 provides among others for the following:

(a) **Preparation and planning stage**: Preparation for adopting measures of recovery and resolution, including (a) drawing up and submitting recovery plans by credit institutions to the competent authority for evaluation, which provide the measures to be taken for restoring their financial position following a significant deterioration of their financial position and (b) drawing up of a resolution plan by the National Resolution Authority for each credit institution.

The Bank of Greece has specified the information to be included in the recovery plans. In particular, Bank of Greece Executive Committee Act No 99/18.7.2016 clarifies the information to be provided in the recovery plans and provides qualitative and quantitative recovery plan indicators. Moreover, Bank of Greece Executive Committee Act No 98/18.7.2016 specifies the range of scenarios to be used in recovery plans.

(b) **Early Intervention stage**: When the institution infringes its licensing and operational requirements or it is likely to infringe them in the near future due to rapid deterioration of its financial condition, the BRR Law the competent authority shall have at its disposal at least the following:

(i) requires that the board of directors of the credit institution updates the recovery plan and/or implement one or more of the measures provided in the recovery plan,

(ii) requires that the board of directors of the credit institution examines the situation, identifies measures to overcome any problems identified and draws up an action plan to overcome those problems, within a specific timeline,

(iii) requires that the board of directors of the credit institution convenes a general meeting of its shareholders or, in case the board of directors does not comply, promptly convenes itself a general meeting of the shareholders of the credit institution, and in both cases sets the agenda and require certain decisions to be considered for adoption by the shareholders;

(iv) requires that one or more members of the board of directors or senior management be removed or replaced if they are considered unfit to perform their duties,

(v) requires that the board of directors of the credit institution draws up and submits for consultation a plan for debt restructuring with one or all of its creditors according to the recovery plan, where applicable,

(vi) requires the updating of the business strategy of the credit institution,

(vii) requires changes in the legal or business structures of the credit institutions, and

(viii) collects (through, *inter alia*, on-site inspections) and transmits to the National Resolution Authority all necessary information for the update of the resolution plan and the preparation of the potential resolution of the credit institution and the valuation of its assets and liabilities for the resolution purposes.

Resolution measures: The SRB is the resolution authority for significant banking groups whose parent entity is located in the Banking Union. Together with national resolution authorities it forms the SRM. Where, pursuant to the SRM Regulation, the SRB performs tasks and exercises powers which, pursuant to the BRRD, are to be performed or executed by the national resolution authority, the Board, shall, for the application of the SRM Regulation and of the BRRD, be considered to be the relevant national resolution authority or, in the event cross-border group resolution, the relevant group level resolution authority.

The SRB shall take action only if all of the following conditions are met:

(a) the institution is failing or is likely to fail,

(b) no alternative private sector measure, or supervisory action, including early intervention measures, would prevent the failure of the institution within a reasonable timeframe, and

(c) a resolution action is necessary in the public interest.

Before proceeding to resolution measures, the SRB shall ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out.

The Board of Directors must notify immediately the ECB, as Competent Authority, in cases that an institution is failing or likely to fail. EBA Guidelines on "the interpretation of the different circumstances when an institution shall be considered as failing or likely to fail" provide clarifications on the cases where an institution is assessed as "failing or likely to fail".

The resolution measures that may be implemented either individually or in conjunction (save for the asset separation tool, which may only be applied in conjunction with another resolution tool), are the following:

- *Sale of business tool*: transfer to a purchaser who is not a bridge institution, of shares or other instruments of ownership and/or some or all of the assets of the institution under resolution, namely rights, obligations and contractual relationships, without the consent of the shareholders of the institution under resolution or of any third party other than the acquirer.

- *Bridge institution tool*: establishment of a bridge institution to which shares or other instruments of ownership and/or some or all of the assets of the institution under resolution, namely rights, obligations and contractual relationships, are transferred without the consent of the shareholders of the institution under resolution or of any third party.

- *Asset separation tool*: transfer of assets, namely rights, obligations and contractual relationships, of an institution under resolution or of a bridge institution to one or more asset management companies, without the consent of the shareholders of the institutions under resolution or of any third party other than the bridge institution. The asset management companies are legal persons owned in total or partially or controlled by one or more authorities, including the Fund or the National Resolution Authority.

- *Bail in tool* write-down or conversion of any obligations of an institution that meets the resolution conditions, except for the cases prescribed by BRRD.

  When using the bail-in tool, the relevant resolution authority must write down or convert obligations of the entity under resolution in the following order:

  (i) CET1;

  (ii) AT1 instruments;

  (iii) T2 instruments;

  (iv) other subordinated debt, in accordance with the ranking of claims in special liquidation proceedings; and

  (v) other eligible liabilities, in accordance with the ranking of claims in special liquidation proceedings.

The above obligations do not include liabilities expressly excluded from the scope of the bail-in tool by operation of Article 44 of the BRR Law, including, *inter alia*, covered deposits and secured liabilities (including covered bonds).

The ranking of liabilities in the case of special liquidation proceedings against a credit institution are provided for by Article 145A of the CRD Law, as follows:

(a) claims deriving from the provision of employment services and legal fees to the extent that the claims arose during the two years prior to the opening of special liquidation proceedings under Greek law 4261/2014, as well as employees' and in-house lawyers' claims deriving from the termination of their employment/mandate, irrespective of the point at which such claims arose, claims of the Greek state for value added tax and other taxes aggregated with any surcharges and interest accrued, and claims of social security organizations;

(b) Greek State claims arising in case of application of internal Articles 57 or 58 of Article 2 of the BRR Law referring to financial stabilization tools;

(c) claims deriving from guaranteed deposits or claims of the Hellenic Deposit and Investment Guarantee Fund (**HDIGF**), the latter assuming the depositors' rights and obligations, who have been compensated by the HDIGF, and for the amount of such compensation or claims of the HDIGF due to the use of the Deposit Cover Scheme (**DCS**) in the context of resolution under Article 104 of BRR Law;

(d) any type of Greek State claim aggregated with any surcharges and interest charged on these claims;

(e) the following claims:

(A) Claims of the Resolution Fund pursuant to internal Article 98, par. 6, of the BRR Law, in case of provision of financing to the institution in the context of the fulfilment of the obligations of the Resolution Fund, as per the specific provisions of internal Article 95, par. 2, of the BRR Law; and

(B) Claims deriving from eligible deposits of natural persons and micro, small and medium-sized enterprises to the extent that they exceed the coverage threshold for deposits pursuant to Article 9 of Law 4370/2016, and claims deriving from deposits of natural persons and micro, small and medium-sized enterprises that would be eligible deposits if such deposits have not been made through third country (non-EU) branches of EU credit institutions.

(f) Claims deriving from investment services that are covered by the HDIGF within the meaning of Articles 12 and 13 of Law 4370/2016 or claims of the HDIGF, the latter assuming the rights and obligations of investor clients, who have been compensated by the HDIGF, and for the amount of such compensation;

(g) claims deriving from eligible deposits to the extent that they exceed the coverage limit and do not fall under e) above;

(h) claims deriving from deposits exempted from compensation in accordance with Article 12 of Law 4370/2016, excluding claims deriving from transactions of investors for which a final court decision has been issued for a penal violation of AML/CTF rules; and

(i) without prejudice to points j) and k) below, other claims that do not fall within the above listed points and are not subordinated claims as per the relevant agreement, including but not limited to, liabilities under loan agreements and other credit agreements, agreements for the supply of goods or for the provision of services or from derivatives, claims deriving from debt instruments issued by the credit institution, claims deriving from guarantees granted by the credit institution in relation to debt instruments issued by its subsidiaries (as defined by paragraph 2 of Article 32 of Law 4308/2014), irrespective whether such subsidiaries have their registered seat in Greece or abroad, as well as claims of such subsidiaries, when their claims derive from a loan or deposit agreement with the credit institution in question, by virtue of which the proceeds from such issuance of debt instruments by the subsidiaries is on lent to or deposited with the relevant credit institution. In the case of such a deposit by such a subsidiary, this paragraph applies in relation to that part of the deposit for which subparagraph (c) of this paragraph does not apply.

(j) claims deriving from debt instruments issued by the credit institution that meet the following conditions: (aa) the original contractual maturity of the debt instruments is at least one (1) year; (bb) they do not contain any embedded derivatives and they are not themselves derivatives, and the debt instruments are not considered to contain embedded derivatives solely on the basis that they have floating interest based on a widely used reference interest rate or on the basis that they are denominated in a foreign currency, provided that the principal, the repayment and the interest are in the same currency; and (cc) the relevant contractual documentation and, where applicable, the prospectus related to the issuance and the distribution thereof explicitly refer to the lower ranking as provided for in the present point. In addition, this paragraph applies to claims deriving from guarantees granted by the credit institution in relation to debt instruments issued by its subsidiaries (as defined by paragraph 2 of Article 32 of Law 4308/2014), irrespective whether such subsidiaries have their registered seat in Greece or abroad, that meet the above conditions under (aa) to (cc), as well as claims of such subsidiaries, when their claims derive from a loan or deposit agreement with the credit institution in question, by virtue of which the proceeds from such issuance of debt instruments by the subsidiaries is on lent to or deposited with the relevant credit institution. In the case of such a deposit by such a subsidiary, the previous sentence applies in relation to that part of the deposit for which subparagraph (c) of this paragraph does not apply.

(k) Claims deriving from subordinated debt instruments or Tier 2 instruments or hybrid securities or Additional Tier 1 instruments or preferential shares or common shares, common equity tier 1 instruments issued by the credit institution, applying the different ranking between the different categories of claims that fall within this instance. In addition, this paragraph applies to claims deriving from guarantees granted by the credit institution in relation to debt instruments of lower ranking or hybrid securities or other securities included in the above categories issued by its subsidiaries (as defined by paragraph 2 of Article 32 of Law 4308/2014), irrespective whether such subsidiaries have their registered seat in Greece or abroad, when such claims derive from a loan or deposit agreement with the credit institution in question, by virtue of which the proceeds from such issuance of debt instruments or hybrid securities or other securities included in the above categories issued by its subsidiaries. In the case of such a deposit by such a subsidiary, the previous sentence applies in relation to that part of the deposit for which subparagraph (c) of this paragraph does not apply.

The claims under points (A) and (B) of case (e) above are satisfied pro rata. As for the rest, the provisions of Articles 975 to 978 of the Greek Code of Civil Procedure shall apply by way of analogy.

Further to the above resolution tools, the SRB is entitled to decide on the exercise of the write-down or conversion powers in respect of Additional Tier 1 and Tier 2 capital instruments, as well as eligible liabilities of the institution, either independently or in combination with the resolution tools, under the circumstances provided by the law, for example when it is established that the conditions for resolution are met or when the competent authority establishes that if the said power is not exercised, the institution will cease to be viable. If an institution meets the requirements for resolution and the SRB decides to implement a resolution tool, then the exercise of the above power is required.

Furthermore, it should be noted that the following EU Regulations have been issued:

- Commission Delegated Regulation (EU) 2016/860 specifies further the circumstances where exclusion from the application of write-down or conversion powers is necessary.

- Commission Delegated Regulation (EU) 2016/1401 established regulatory technical standards for methodologies and principles on the valuation of liabilities arising from derivatives.

- Commission Delegated Regulation (EU) 2017/867 on classes of arrangements to be protected in a partial property transfer.

- Commission Delegated Regulation (EU) 2016/1450 with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the MREL to be set by resolution authorities in order to determine the loss absorption amount which the institution or group should be capable of absorbing.

- Commission Delegated Regulation (EU) 2016/1075 regarding regulatory technical standards specifying the content of recovery plans, resolution plans and group resolution plans, the minimum criteria that the competent authority is to assess as regards recovery plans and group recovery plans, the conditions for group financial support, the requirements for independent valuers, the contractual recognition of write-down and conversion powers, the procedures and contents of notification requirements and of notice of suspension and the operational functioning of the resolution colleges.

- Commission Implementing Regulation (EU) 2016/911 provided implementing technical standards with regard to the form and the content of the description of group financial support agreements. In the same context Executive Committee Act 131/23.01.2018 of Bank of Greece specifies the conditions for the group financial support.

Use of public funds in the context of the resolution framework

In cases of an exceptional systemic crisis, extraordinary public financial support may be provided with respect to institutions meeting the conditions for resolution. Extraordinary public financial support is provided under strict conditions by virtue of a decision of the Greek Minister of Finance, following a recommendation of the Systemic Stability Board of the Greek Ministry of Finance and a consultation with the resolution authority, through public financial stabilisation tools as a last resort and only after having assessed and utilised, to the maximum extent, the other resolution tools, in order to avoid, through the direct intervention, the winding-up of the said institutions and in order for the resolution purposes to be accomplished. The public financial stabilisation tools are:

(a) public capital support provided by the Greek Ministry of Finance or by the HFSF following a decision by the Greek Minister of Finance; and

(b) temporary public ownership of the institution, i.e. the transfer of the shares of an institution to a transferee of the Hellenic Republic or a company which is fully owned and controlled by the Hellenic Republic.

The following conditions must be cumulatively met in order for the public financial stabilisation tools to be implemented:

i. the institution meets the conditions for resolution;

ii. the shareholders, owners of other instruments of ownership, holders of relevant capital instruments and the holders of eligible liabilities have contributed, through conversion, write-down or by any other means, to the absorption of losses and the recapitalization by an amount equal to at least 8% of the total liabilities, including own funds of the institution under resolution, calculated at the time of the resolution action in accordance with the valuation conducted, and

iii. prior and final approval by the European Commission regarding the EU State aid framework for the use of the chosen tool has been granted.

In addition to the above, for the provision of public financial support, one of the following conditions must be met:

i. the application of the resolution tools would not suffice to avoid a significant adverse effect on the financial stability;

ii. the application of the resolution tools would not suffice to protect the public interest, where extraordinary liquidity assistance from the central bank has previously been given to the institution; and

iii. in respect of the temporary public ownership tool, the application of the resolution tools would not suffice to protect the public interest, where public equity support through the equity support tool has previously been given to the institution.

Use of public funds outside the resolution framework

By way of exception, extraordinary public financial support may be granted to a credit institution in the form of an injection of own funds or purchase of capital instruments without the involvement of resolution measures, under the following cumulative conditions:

- in order to remedy a serious disturbance in the economy of an EU member state and preserve financial stability;
- to a solvent credit institution in order to address a capital shortfall identified in a stress test, assets quality reviews or equivalent exercises;
- at prices and on terms that do not confer an advantage upon the institution;
- on a precautionary and temporary basis;
- subject to final approval of the European Commission;
- not to be used to offset losses that the institution has incurred or is likely to incur in the near future;
- the credit institution has not infringed and there are no objective elements to support that the credit institution will, in the near future, infringe its authorization requirements in a way that would justify the withdrawal of its authorization;

- the assets of the credit institution are not and there are no objective elements to support that the assets of the credit institution will, in the near future, be less than its liabilities;

- the credit institution is not and there are no objective elements to support that the credit institution will be unable to pay its debts or other liabilities when they fall due; and

- the circumstances for the exercise of the write-down or conversion powers in respect of Additional Tier 1 and Tier 2 capital instruments of the institution do not apply.

MiFID II

Directive 2014/65/EU on markets in financial instruments repealing MiFID I (**MiFID II**) was transposed into Greek law by Law 4514/2018.

MiFID II together with Regulation (EU) 600/2014 on markets in financial instruments (**MiFIR**) introduced the new framework on financial markets. Both documents aim to have more efficient, resilient and transparent markets.

In particular, MiFID II introduced rules, *inter alia*, on high frequency trading, improves the transparency and oversight of financial markets, including derivatives markets, and addresses the issue of excessive price volatility in commodity derivatives markets. Furthermore, it expands supervision to all financial instruments admitted to trading, over-the-counter transactions and trading venues.

MiFID II also enhanced investor protection by introducing new product governance requirements and more stringent organisational and business conduct requirements.

MiFID II empowered the European Commission to adopt delegated and implementing acts to specify how competent authorities and market participants shall comply with the obligations laid down in the directive.

The Greek Regulatory Framework

The CRD IV framework, comprising CRD IV Directive (as transposed into Greek law by way of the Greek Law 4216/2014 on access to the activity of credit institutions) and the CRR on the prudential supervision of credit institutions and investment firms establishes the regulatory framework which governs the operation and supervision of credit institutions in the European Union. The CRD IV Directive has subsequently been amended by the CRD V Directive and the CRR has subsequently been amended by the CRR II. The CRD V Directive and CRR II were both published in the Official Journal of the European Union on 7 June 2019 and entered into force on 27 June 2019. CRR II is directly applicable to the Bank and applies from 28 June 2021, subject to certain exceptions. The Member States had to adopt and publish by 28 December 2020 the measures necessary to comply with the CRD V Directive, with certain exceptions. As of 18 May 2021, Greek Law 4799/2021 came into force, transposing the CRD V Directive into Greek law.

The Greek Law 4261/2014 as amended by Greek Law 4799/2021 replaced Greek Law 3601/2007. According to Article 166 of Greek Law 4261/2014, regulatory decisions issued by ministers or competent authorities by virtue of Greek Law 3601/2007 remain in force as long as they are not contrary to the provisions of the CRD Law or Regulation No. 575/2013/EC and until replaced by new regulatory acts under Greek Law 4261/2014.

Under the current regulatory framework, credit institutions operating in Greece are, among others, required to:

- observe the liquidity ratios prescribed by Regulation No. 575/2013/EC and relevant acts of the Governor of the Bank of Greece or the Executive Committee of the Bank of Greece, to the extent that (according to Article 166 of Greek Law 4261/2014) such acts are not contrary to the provisions of the CRD Law or the CRR and until replaced by new regulatory acts issued under Greek Law 4261/2014;

- observe the own funds requirements and calculation rules provided for by Regulation No. 575/2013/EC, Decision No. 114/1/4.8.2014 of the Credit and Insurance Committee Decisions as in force and Decision No. 191/1/23.07.2021 of the Executive Committee of the Bank of Greece;

- maintain efficient and independent internal audit, compliance and risk management systems and procedures (Bank of Greece Governor Act No. 2577/2006, as supplemented and amended by subsequent decisions of the Governor of the Bank of Greece and of the Banking and Credit Committee of the Bank of Greece). The Monitoring Trustee mandate and the Relationship Framework Agreement also include provisions regarding the maintenance of such systems and procedures;

- submit to the Bank of Greece periodic reports and statements required under Bank of Greece Governor Act No. 2651/2012, as amended and currently applicable and other relevant Acts of the Governor of the Bank of Greece;

- disclose data regarding the credit institution’s financial position and the risk management policy;

- provide the Bank of Greece any other information requested;

- in connection with certain operations or activities, notify or request the prior approval of the Bank of Greece/SSM, in each case in accordance with the applicable laws of Greece and the relevant acts, decisions and circulars of the Bank of Greece and the European regulatory framework; and

- permit the Bank of Greece to conduct audits and inspect books and records of the credit institution, in accordance with Greek law (including Greek Law 4261/2014) and certain Bank of Greece Governor’s Acts;

If a credit institution breaches any law or a regulation falling within the scope of the supervisory power attributed to the Bank of Greece, the Bank of Greece is empowered, among others, to:

- require the relevant bank to take appropriate measures to remedy the breach;

- impose fines (Article 55A of the Articles of Association of the Bank of Greece, as ratified by Law 2832/2000 and as amended by Bank of Greece Governor Act No. 2602/2008), and provisions of Law 4261/2014; and

- revoke, in cooperation with the ECB according to Regulation 1024/2013, the license of the bank.

In the context of the SSM, the ECB and the NCAs (the Bank of Greece in Greece), Regulation 1024/2013 stipulates the supervisory tasks conferred upon the SSM and Regulation (EU) 468/2014 determines the framework of cooperation within the SSM.

The regulatory framework applicable to the Bank has been also affected by the establishment of the HFSF and the recapitalization framework. Moreover, Regulation (EU) 2016/445 specifies certain of the options and discretions conferred on competent authorities under Union law concerning prudential requirements for credit institutions that the ECB is exercising. The ECB on 29 June 2021 launched a public consultation on updates to its harmonised policies for exercising the options and discretions that it is allowed to exercise under European Union law when supervising banks. In this context, the abovementioned Regulation is under revision. This Regulation was further specified by the Executive Committee of the Bank of Greece.

The Hellenic Financial Stability Fund – The Greek Recapitalisation Framework

Formation of the Hellenic Financial Stability Fund

The HFSF was established by Greek Law 3864/2010 (the HFSF Law), as a private law entity, to which the provisions of the Corporate Law including, inter alia, with respect to voting rights, are applicable on an ancillary basis, with capital funded by the Greek government out of the resources made available by the EU and the IMF to ensure adequate capitalization of the Greek banking system. Additionally, Greek Law 4389/2016 (Article 188) prescribes HFSF as a subsidiary of Hellenic Corporation of Assets and Participations. It should be noted that Hellenic Corporation of Assets and Participations does not belong to the Greek public sector. A recent amendment of the HFSF Law by means of Greek Law 4941/2022 has introduced significant changes to HFSF's competencies. These changes include, indicatively, the addition of detailed provisions related to HFSF's divestment strategy, the extension of the scope of the HFSF's voting rights, as well as changes to the HFSF representative's rights, some of which have been repealed and others amended.

The purpose of the HFSF, according to the HFSF Law, is to maintain the stability of the Greek banking system for protection of the public interest and to effectively divest the shares or other financial instruments of credit institutions that it holds, on the basis of its divestment strategy which does not, in principle, extend further than its duration. The duration of the HFSF has been set until and including 31 December 2025.

Relationship Framework Agreement

Following the participation of the HFSF in the Bank's share capital in 2013, the Bank and the HFSF entered into a relationship framework agreement. In connection with its receipt of State Aid as part of its recapitalization in December 2015, the Bank entered into an amended relationship framework agreement (hereinafter "**the Relationship Framework Agreement**") with the HFSF on 3 December 2015. This Relationship Framework Agreement replaced the earlier Relationship Framework Agreement entered into by the Bank in 2013.

According to the Relationship Framework Agreement, the HFSF should, among others, (i) exercise its shareholding rights in compliance with the rules of prudent management of its assets and in compliance with State Aid rules, (ii) ensure that the Bank operates on market terms, and (iii) that in due time the Bank returns to private ownership in an open and transparent manner. The Relationship Framework Agreement determines the relationship between the Bank and HFSF certain matters relating to, amongst others: (a) the corporate governance of the Bank, (b) the monitoring of the implementation of the Bank's NPL management framework and of the Bank's performance on NPL resolution. In addition, the Relationship Framework Agreement deals with, (c) the obligations that are defined as material for the purposes of the Relationship Framework Agreement, (d) the monitoring of Bank's actual risk profile against the approved risk and capital strategy, (e) the HFSF's consent for matters that are defined as material for the purposes of the Relationship Framework Agreement and, in particular, for the HFSF's consent request, (f) litigation and other proceedings that are defined as material for the purposes of the Relationship Framework Agreement and concern the Group, and (g) the duties, rights and obligations of HFSF's representative on the Board. Moreover, the Relationship Framework Agreement states that, subject to its provisions, the applicable law, and the charter documents, the Bank's decision making bodies will continue to determine independently, amongst others, the Bank's commercial strategy and policy and the decisions on the day-to-day operation of the Bank will continue to rest with the Bank's competent bodies and officers, as the case may be, in accordance with their statutory, legal and fiduciary responsibilities.

The Relationship Framework Agreement prescribes the appointment of the HFSF representative to the Board of Directors and the appointment of an observer (without voting rights) also participating at the Board of Directors. Additionally, as prescribed by the Relationship Framework Agreement, both the representative and the observer participate in the Board Committees.

The HFSF representative's rights as prescribed within the Relationship Framework Agreement, in conjunction with the amended HFSF Law, include the following:

(a) to veto any decision of the credit institution's Board of Directors:

(i) regarding the distribution of dividends and the benefits and bonus policy concerning the Chairman, the Chief Executive Officer and the other members of the Board of Directors, as well as whoever exercises general manager's powers and their deputies for any credit institutions whose ratio of non-performing loans to total loans, as calculated in accordance with subsection f(ii), of paragraph 2 of Article 11 of Commission Implementing Regulation (EU) 2021/451, exceeds 10%, or;

(ii) regarding a decision to amend the articles of association, including the increase or decrease of capital or the granting of relevant authority to the Board of Directors, merger, division, conversion, revival, extension or dissolution of the company, transfer of assets, including the sale of subsidiary or for any other issue for which an increased majority is required according to the provisions of Law 4548/2018 and which decision may significantly affect the participation of the HFSF in the share capital of the credit institution;

(b) to request an adjournment of any meeting of the credit institution's Board of Directors for three (3) business days, until instructions are given by the HFSF's Chief Executive Officer. Such right may be exercised by the end of the meeting of the credit institution's Board of Directors;

(c) to request that the Board of Directors of the credit institution be convened within the next seven (7) calendar days from the HFSF's representative written request to the Chairman of the Board. The relevant request shall be addressed to the Chairman of the Board in writing and include the proposed items on the agenda. If the Chairman of the Board does not proceed to the convocation of the Board within the above deadline or does not include all the proposed items in the invitation, then the HFSF representative shall be entitled to convoke the Board within five (5) days as of the expiry of the above seven (7) days period;

(d) to include items in the agenda of a scheduled Board meeting, including any item which may be related to any entity of the Group. For this purpose, the HFSF representative will submit in writing to the Chairman of the Board the desired additional items on the agenda at least two (2) business days prior to the date of the Board meeting. The Chairman of the Board must include these items in the agenda of the scheduled Board meeting.

Additionally, as per the Relationship Framework Agreement, the HFSF representative has the following rights in Board Committees:

(e) to include items on the agenda of a committee meeting scheduled. For this purpose, the HFSF representative will submit in writing to the Chairman of the Committee the proposed additional items of the agenda at least one (1) day prior to the date of the Committee meeting;

(f) to request that the committee is convened within the next seven (7) days from the HFSF representatives' written request to the Chairman of the committee. The relevant request shall include the proposed items of the agenda. If the Chairman of the committee does not proceed to the convocation of the committee within the above deadline or does not include all the proposed items in the invitation, then the HFSF representative shall be entitled to convene the committee within five (5) days as of the expiry of the above seven (7) days period.

Further, the Relationship Framework Agreement prescribes in detail requirements for the Bank to inform the HFSF representative and the HFSF Observer, including on the activities and decisions of Board committees in which they participate.

Under the Relationship Framework Agreement, the Bank has the obligation to obtain the prior written consent of the HFSF for all material matters set forth within the agreement, including, among others, the Group policy governing relations with connected borrowers and any amendment, extension, revision or deviation thereof, the Group Risk and Capital strategy document(s) especially the risk appetite statements and risk governance and any amendment, extension, revision or deviation thereof, the Group Investment/Divestment Policy regarding participations, real estate and loan portfolios and any amendment, extension, revision or deviation thereof, and other matters particularly prescribed within the Relationship Framework Agreement as material materials requiring prior-written consent and according to the exceptions the Relationship Framework Agreement prescribes.

The Relationship Framework Agreement requires that:

(a) The Bank shall at each time adopt and apply a corporate governance structure that ensures the implementation of the Relationship Framework Agreement, and the requirements of the HFSF Law, both as each time in force.

(b) The Bank shall provide to the HFSF the documents, as required, in order to ensure the effective monitoring of the implementation of the applicable NPL management framework, to effectively allow the HFSF to perform its statutory role. In December 2016 the Board Risk Committee Charter was revised, such that the Committee has a dual role, having specific competence over NPLs/NPEs and operating as the Bank's special Committee that deals with NPLs.

If the Bank has engaged, prior to the signing of the Relationship Framework Agreement, an external audit firm for more than five years, the Bank should replace the audit firm. The new engagement contracts should not exceed five years. The Bank's initial five-year period expired following the 2016 financial year. In this context, the Board of Directors approved at the meeting held on 18 January 2017 PwC as the most appropriate audit firm for the audit of the Group for the year ending 31 December 2017, following the recommendation of the Audit Committee. The selection was based on the results of the tender process run by the Bank. The appointment of PwC was approved by the 2017 Annual General Meeting of the Bank's shareholders. The 2018 Annual General Meeting of the Bank's shareholders appointed PwC to undertake the audit of the Group for the year ending 31 December 2018, following relevant proposal of the Audit Committee. The 2019 Annual General Meeting of the Bank's shareholders appointed PwC to undertake the audit of the Group for the year ending 31 December 2019, following relevant proposal of the Audit Committee. The 2020 Annual General Meeting of the Bank's shareholders appointed PwC to undertake the audit of the Group for the year ending 31 December 2020, following relevant proposal of the Audit Committee. The 2021 Annual General Meeting of the Bank's shareholders appointed PwC to undertake the audit of the Group for the year ending 31 December 2021, following relevant proposal of the Audit Committee. The 2021 Annual General Meeting of the Bank's shareholders appointed PwC to undertake the audit of the Group for the year ending 31 December 2021, following relevant proposal of the Audit Committee.

However, according to Article 28 of Greek Law 4701/2020, HFSF and the financial institutions who participated in recapitalization plans, or the beneficiary financial institutions that resulted from fully or partial carve-outs of banking operations in the context of Greek law 4601/2019 (corporate transformation law), may decide to extend the term of its auditors for a period not exceeding 10 years in total (according to Article 17 EU 537/2014 (L158)) provided that the General Meeting of the financial institution approves reasoned proposal of the Board of Directors, following the recommendation of the Audit Committee. In that context, following the positive assessment and proposal of the Audit Committee and subsequent relevant reasoned proposal of the Board of Directors to the 2022 Annual General Meeting of the Bank's shareholders in accordance with the aforementioned Article of Greek Law 4701/2020, the 2022 Annual General Meeting of the Bank's shareholders appointed PwC to undertake the audit of the Group for the year ending 31 December 2022.

In case of any actual or reasonably foreseeable adverse deviations in the Bank's or the Group's performance and risk profile, relative to the budget, or with respect to the Risk and Capital Strategy if adverse deviations have already been approved by the HFSF through the approval of the budget, the Board should promptly submit its recommended corrective strategic actions to the HFSF for its review and consent. The Bank will inform in writing the HFSF as soon as it executes a non-binding agreement /memorandum of understanding for the sale of (or receives any proposal from third parties for the acquisition of) a subsidiary of the Bank, or part of its business.

The Board should conduct a self-assessment exercise on an annual basis not only as a whole, as per current legislation but also for each of its Committees. The results of this evaluation should be disclosed in the Annual Report on Corporate Governance.

The Board should approve the following policies and amendments thereof: the Bank's Group Strategy, Policy and Governance regarding the management of its Arrears and Non-Performing Loans, Conflict of Interest policy, Related Party Transactions policy, Provisioning & Write-off policy, Sponsorship/Donation policy, Outsourcing policy, Board /Committees self-assessment policy.

The Relationship Framework Agreement shall remain in force for as long the HFSF holds shares issued by the Bank, irrespective of its participation percentage. However, if its participation percentage falls below 15% of the Bank's share capital, only certain clauses of the Relationship Framework Agreement shall remain in force, as particularly prescribed within the Relationship Framework Agreement.

The Relationship Framework Agreement is available at HFSF's website https://hfsf.gr/wp-content/uploads/2020/10/RFA_HFSF_revised.pdf. The information on this website is not incorporated by reference in this Base Prospectus.

Disposal of Shares

The Board of Directors of the HFSF will decide on the way and procedure for disposing the shares or other financial instruments it may hold (the **Divestment Strategy)**, at a time it deems appropriate, whether in a single transaction or a series of transactions, in compliance with Article 8 of the HFSF Law. The disposal of shares may not be made to any entity belonging directly or indirectly to the Hellenic Republic, in accordance with Greek law.

The Board of Directors of the HFSF shall draw up a well-reasoned Divestment Strategy, which shall include the general program for the disposal of shares or other financial instruments of credit institutions held by the HFSF, as well as specific guidelines for any credit institution concerned, for which the relevant features of the HFSF's shareholding in it shall be taken into account. The divestment strategy shall adhere to the principles of free competition and shall be governed, indicatively and not exhaustively, by the following principles: (a) the financial and operational viability of the credit institution, (b) the conditions of the market, the macroeconomic conditions and the conditions of the banking sector, (c) the reasonably expected consequences of the Divestment Strategy on the financial sector, market and the wider Greek economy, (d) the transparent action principle, (e) the necessity for a timeplan for the realisation of the Divestment Strategy, taking also into consideration the duration of the HFSF, (f) the need for disposal within a timely and reasonable timeframe, (g) the necessity for the Greek financial sector to return to a purely private shareholding structure.

The Board of Directors of the HFSF may consult with other institutions including with credit institutions on matters that relate to the Divestment Strategy, provided that the confidentiality of information is maintained and that the rules of preferential information under current legislation are adhered to. In order to adopt a Divestment Strategy, the Board of Directors of the HFSF shall appoint an independent financial advisor of global reputation on relevant matters (the "divestment strategy advisor") the drafting of the relevant report.

The Divestment Strategy shall receive the previous consent of the Ministry of Finance, which may previously request the opinion of the Bank of Greece. The Divestment Strategy shall be kept up to date.

In order to resolve on a disposal, the HFSF shall appoint an independent financial advisor of global reputation on relevant matters (the "*disposal advisor*") for the provision of a report on the disposal. The capacity of divestment strategy advisor is mutually exclusive with the capacity of disposal advisor. The report of the disposal advisor for an intended disposal is made for each specific credit institution and is subject to minimum content requirements and is accompanied by a timeplan for the disposal. The disposal of the HFSF's participation in each credit institution is carried out in accordance with the HFSF's purposes.

Without prejudice to the relevant provisions of Regulation (EU) 2017/1129 (as amended) and Greek law 4706/2020, the disposal may take place by a public offer or an offer to one or more specific investors or group of investors: (i) through an open contest or interest solicitation from selected investors; (ii) through exchange trade orders; (iii) by public offer of shares for cash or in exchange of other securities; and (iv) by book building.

The HFSF may reduce its participation in credit institutions through a share capital increase of the credit institutions by waiving or disposing of its pre-emption rights.

Monitoring Trustee

Information in respect of the Monitoring Trustee is included in "*Management and Employees – Monitoring Trustee*" above.

Capital Controls

As of 1 September 2019, the restrictions on cash withdrawals and capital transfers have been repealed by virtue of Article 86 of Law 4624/2019. All relevant Ministerial Decisions and Decisions of the Committee for the approval of banking transactions that were adopted during the period that the restrictions on cash withdrawals and capital transfers were in force have been repealed by the abovementioned Article of Law 4624/2019 as well.

Settlement of Amounts Due by Indebted Individuals

Settlement of Amounts Due by Indebted Individuals under Greek Law 4738/2020 (entry into force from 1 March or 1 June 2021)

Greek Law 4738/2020 (the **Debt Settlement and Facilitation of a Second Chance Law**) regulates the settlement of debts from its entry into force (1 March or 1 June 2021, depending on the applicable provision). Greek Laws 3869/2010 and 4605/2019 shall no longer apply, save for applications already filed.

On 27 October 2020, Greek Law 4738/2020 was published in the Official Government Gazette (Issue A/No.207/27.10.2020) consolidating the provisions of several statutes dealing with excessive indebtedness and debt settlement (such as Greek laws 4469/2017, 3869/2010, 3588/2007, 4605/2019 and 4307/2014) into one comprehensive legal framework of expanded scope, with all existing tools for debt settlement consolidated, regardless of their subject (*inter alia* indebted households, protection of main residence and extrajudicial settlement mechanisms). Upon entry into force of Greek Law 4738/2020, (1.3.2021 or 1.6.2021, depending on the applicable provision), the provisions of the currently applicable Greek Bankruptcy Code (Greek Law 3588/2007) are repealed (see also "*Restrictions on Enforcement of Granted Collateral*" below).

Moreover, the ability to submit applications under the debt settlement schemes of Greek Law 3869/2010 and 4307/2014 will no longer be available but such laws will continue to govern procedures already opened under such provisions.

Greek Law 4738/2020 establishes a special regime for protecting main residences of eligible individuals considered to be vulnerable distressed debtors, which provides for a sale and lease back scheme for main residences and the establishment of a new organisation to implement the relevant process. The definition of *vulnerable* debtors is aligned with the criteria set out in Article 3 of Greek Law 4472/2017 (i.e. the eligibility criteria for the provision of housing benefits, including, *inter alia*, an individual yearly income cap set at €9,600). The objective of the new framework is the liquidation of a debtor's main residence for the purposes of debt settlement, without the vulnerable debtor having to relocate or definitively lose ownership of their asset. This is effected by the establishment of a Sale and Lease-Back private entity, contracting with the Greek State pursuant to a call for tenders of the latter.

According to this scheme, in the event that a vulnerable debtor is declared insolvent or that enforcement proceedings regarding their main residence are initiated, the debtor may submit a request under the new regime, which then acquires ownership right over the debtor's immovable property at market value price as determined by a certified valuator. In return, the new organisation shall lease the same property to the debtor for twelve (12) years for a set amount of monthly rent (to be determined primarily based on the applicable housing loans' average interest rate). However, regarding the purchase price it should be noted that in case that the request is submitted in the context of an auction and the first offer price is significantly higher (15% or more) than the valuation price, then the purchase price shall be the lower of the first offer price and the price provided by a second independent evaluator. Should no third-party, holder of right *in rem*, pose any objections to the transfer, the Sale and Lease-Back Entity shall purchase the residence free of any encumbrance or claim. The debtor maintains their status as beneficiary of the aforementioned housing benefits of Greek Law 4472/2017, which are now credited to the Sale and Lease-Back Entity as a partial payment of the relevant lease instalment. The lease shall be terminated in the event that the debtor has defaulted on three installments and remains in default for at least one month after relevant notice is served. The termination of the lease shall lead to the abolishment of the debtor's buyback rights. It is further noted that the any rights of the debtor deriving from the lease are non-transferable, save for instances of universal succession.

The debtor may be entitled to re-purchase the property at a price objectively determined under the provisions of the said Law upon fulfilment of their rental payment obligations. After full repayment by the debtor (at the end of the 12-year period or prior to that), they (or their successors) are entitled to exercise a buyback right. Pursuant to Ministerial Decision No. 81247 ΕΞ 2022/2022 of the Minister of Finance, the Ministry of Finance has resolved to carry out a tender by means of competitive dialogue, in the sense of Greek Law 4413/2016, for entering into an agreement for the delegation of obligations and competencies of the Sale and Lease Back Entity of Greek Law 4738/2020. Pursuant to Ministerial Decision No. 81247 ΕΞ 2022/2022 of the Minister of Finance, the Ministry of Finance has resolved to carry out a tender by means of competitive dialogue, in the sense of Greek Law 4413/2016, for entering into an agreement for the delegation of obligations and competencies of the Sale and Lease Back Entity of Greek Law 4738/2020. The buyback price shall be defined pursuant to a Decision of the Minister of Finance, in accordance with Article 225 of Greek Law 4738/2020, yet to be issued.

Non-performing loans and loans in arrears

Pursuant to Article 72 of Greek Law 4389/2016 a governmental council for private debt management (the **Council**) has been created, whose objective is, among others:

(a) to form and disclose the strategy and policies for the organization of an integrated mechanism for the effective administration of private debt, as well as to form and review an action plan with binding timetables for the implementation of the abovementioned strategy,

(b) to identify weaknesses and propose amendments to the existing legal framework, both in terms of substance and procedure to enhance the effectiveness of private debt resolution issues, including the acceleration of the procedures relating to delayed loan repayment and the improvement of the legal framework governing the real estate market;

(c) to define actions of public awareness for the purpose of directly and efficiently informing and supporting citizens and other interested parties with respect to taking decisions on the above matters;

(d) to create a network for the provision of free consultancy services to individuals and legal entities on debt management and for planning of financial management awareness for households and SMEs;

(e) to set any timetables required for the implementation of a strategic plan for the efficient management of private debt and monitor whether such timetables are respected;

The Council provided a definition of "cooperating borrower" specifying when a borrower is classified as cooperating towards his/her lenders and assessed a methodology for determining "reasonable living expenses".

Moreover, Greek Law 4389/2016 (Article 78) provides for a specialised secretariat for private debt management responsible for a) supporting the governmental council's for private debt management work, b) organizing and forming the policy for the provision of information and support to citizens interested in taking loans and to borrowers, as well as the financial education of households and small-medium enterprises, and c) business coordinating of the Steering Committee. Furthermore, Greek Law 4389/2016 (Article 81 as in force) also provides for 30 Borrowers' Service Centers, as regional offices of the specialised secretariat for private debt management, responsible for informing and supporting natural and legal persons (households and small-medium enterprises) and providing financial, legal and consulting services regarding taking up loans, management of debts and in general financial management issues. By virtue of Article 3 of Greek Law 4738/2020, access to the same Borrowers' Service Centers is expanded to all natural persons not deriving income through business activities or freelance professional activity, in the sense of Articles 21 and 47 of Greek Law 4172/2013, which have been classified as medium or high insolvency risk, in accordance with the provisions of Article 2 of Greek Law 4738/2020.

Additionally, Greek Law 4224/2013, as in force, provides for the establishment, by virtue of a decision of the Bank of Greece, of a Code of Conduct for NPLs.

Greek Law 4224/2013, as in force, in conjunction with ministerial decision No. 5921/2015, provides that the consumer ombudsman will act extra judicially as mediator solely for the amicable settlement of the dispute between lenders and borrowers for the purpose of settling non- accruing loans within the framework of the Code of Conduct for the management of non- accruing loans.

In the implementation of the above the Bank of Greece has published regulatory framework concerning the management of loans in arrears and non-accruing loans and specifically:

- Bank of Greece Executive Committee's Act No 175/29.7.2020 adopted EBA Guidelines on management of non-performing and forborne exposures. 'Credit institutions with a NPL ratio below 5% on a solo or consolidated basis shall apply certain provisions of this Act.

  This Act imposes, among others, the following obligations on credit institutions:

  (a) Credit institutions should establish an NPE strategy to target a time-bound reduction of NPEs over a realistic but sufficiently ambitious time horizon (NPE reduction targets). The NPE strategy should lay out the credit institution's approach and objectives regarding effective management to maximise recoveries and ultimately a reduction in NPE stocks in a clear, credible and feasible manner for each relevant portfolio.

(b) The overarching strategy of a credit institution and its implementation should cover the NPE strategy and operational plan.

(c) Credit institutions should establish dedicated NPE workout units (NPE WUs) that are independent from loan origination activities.

(d) Credit institutions should set up different NPE WUs for the different phases of the NPE life cycle and also for different portfolios, if appropriate.

(e) Homogeneous portfolios should be built up in order to tailor treatments specifically to NPEs. Credit institutions should consider designing customised processes for each portfolio, with a dedicated expert team taking ownership of each. NPE portfolios should be analysed with a high degree of granularity, resulting in clearly defined borrower subportfolios. For these analyses, credit institutions should develop appropriate management information systems (MIS) and sufficiently high data quality.

(f) Effective and efficient internal control processes should be implemented for the NPE workout framework in order to ensure full alignment between the NPE strategy and operational plan on the one hand and the credit institution's overall business strategy and risk appetite on the other hand.

(g) Forbearance measures should aim to return the borrower to a sustainable performing repayment status, taking into account the amount due and minimising expected losses.

(h) Credit institutions should monitor the repayment capacity of borrowers.

(i) When granting forbearance measures to performing exposures, credit institutions should assess whether these measures lead to a need to reclassify the exposure as non-performing. Granting forbearance measures to NPEs does not clear their non-performing status.

(j) Credit institutions should estimate loss allowances for NPEs and FBEs subject to impairment in accordance with the Bank of Greece Executive Committee' s Act No 150/3.10.2018 on credit risk management practices and accounting for expected credit losses.

(k) Key elements are provided for collateral valuation of immovable and movable property pledged for NPEs

(l) Regular reporting should be provided to the Board of Directors of each credit institutions and to the Bank of Greece.

- Decision No. 392/1/31.5.2021 of the Credit and Insurance Committee of the Bank of Greece revised the Code of Conduct under Greek Law 4224/2013 and repealed and replaced the relevant Decision of the Credit and Insurance Committee No. 195/1/29.7.2016 and Decision No. 396/1/31.5.2021 of the Credit and Insurance Committee of the Bank of Greece governs the application of the Code of Conduct to debtors of credit institutions under special resolution and repealed and replaced the Decision of the Credit and Insurance Committee No. 221/2/17.3.2017.

  The provisions of this Code of Conduct shall apply to supervised institutions (including credit institutions, branches of foreign institutions, credit companies, microfinance institutions) that grant any type of loans or provide any type of credit or pursue the financial leasing activity in Greece. For the purpose of reaching forbearce or resolution and closure solutions, the Code of Conduct shall also apply to loans guaranteed by the Greek State, without prejudice to, in relation to the implementation of any solution reached, the Greek State's consent, where such consent is required under the guarantee agreement.

This Code lays down general principles of conduct and introduces best practices aimed to foster trust, mutual commitment and exchange between borrowers and institutions of the necessary information so that each party can weigh the benefits of the consequences of alternative forbearance or resolution and closure solutions for loans in arrears, with the ultimate goal of selecting the most appropriate solution following case-by-case assessment.

By its Executive Committee Act Decision No. 175/2/29.7.2020, the Bank of Greece has provided guidelines to supervised entities on the design and evaluation of sustainable types of forebearance solutions, whose objective is the return of the borrower to a sustainable payment status, taking into account the outstanding amount of debt, while minimising the expected losses and ensuring compliance with the applicable consumer protections requirements. Indicative types of solutions were provided in the same Act, which are developed by taking into consideration the repayment capacity of each borrower (natural or legal person). For the purpose of this Code, an "appropriate solution" shall be considered to be one which ensures the supervised institutions compliance with its supervisory requirements and, at the same time, duly takes into consideration the borrower's overall financial situation. If the parties fail to reach a mutually acceptable solution, then their dispute may be resolved through alternative dispute resolution mechanisms or mediation procedures or in and out of court debt restructuring procedures in accordance with EU and national legislation, or by the competent courts of law.

The Code of Conduct requires, *inter alia*, the establishment of detailed written policies and procedures for loans in arrears with a categorisation classification including a detailed and documentary appeals review procedure and provisions on treatment of non-cooperating borrowers. Moreover, the establishment of detailed and documented communication policies and procedures are also required, dealing with, among others, the standardisation of the content of communications, the manner, timing, frequency and confidentiality of communications. For the purposes of the Code, any provision applying to a borrower in arrears shall also apply to the respective guarantor(s) of the debt. Each institution bound by the Code of Conduct shall demonstrate at any time to the Bank of Greece its compliance with the requirements of the Code of Conduct.

In handling borrowers (natural persons and micro-enterprises) in arrears and in cases where indications of unlikeliness to pay exist, every institution shall apply an Arrears Resolution Procedure (the **ARP**) involving the following steps:

- Step 1: Communication with the borrower
- Step 2: Collection of financial and other information from the borrower
- Step 3: Assessment of financial data
- Step 4: Proposal of appropriate solution
- Step 5: Appeals review procedure

The Bank of Greece will not deal with individual cases of disputes between creditors and borrowers that may arise from the implementation of the Code of Conduct.

It is noted that the following are excluded from the scope of the Arrears Resolution Procedure:

- Claims against a borrower not exceeding the amount of one thousand euro (€1,000) in the case of claims against borrowers which are natural persons; or the amount of five thousand euro (€5,000) in cases of borrowers which are legal persons/micro enterprises.

Capital requirements for banks' non-performing loans

On 9 April 2019, the Council adopted a new framework for dealing with banks' non-performing loans. The new rules set capital requirements applying to banks with NPLs on their balance sheets. On the basis of a common definition of NPLs, the proposed new rules introduce a "prudential backstop", i.e. common minimum loss coverage for the amount of money banks need to set aside to cover losses caused by future loans that turn non-performing. Different coverage requirements will apply depending on the classifications of the NPLs as "unsecured" or "secured" and whether the collateral is movable or immovable:

Minimum coverage level (in %)

After year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Secured by immovable collateral	0%	0%	25%	35%	55%	70%	80%	85%	100%
Secured by movable collateral	0%	0%	25%	35%	55%	80%	100%		
Unsecured	0%	35%	100%						

Subsequently, Regulation (EU) 2019/630 amending the Capital Requirements Regulation as regards minimum loss coverage for NPEs was published in the Official Journal of the European Union. Furthermore, according to the said Regulation by way of derogation from the new amended provisions of the Capital Requirements Regulation, institutions shall not deduct from CET1 items the applicable amount of insufficient coverage for NPEs where the exposure was originated prior to 26 April 2019. Where the terms and conditions of an exposure which was originated prior to 26 April 2019 are modified by the institution in a way that increases the institution's exposure to the obligor, the exposure shall be considered as having been originated on the date when the modification applies and shall cease to be subject to the derogation provided above.

Regulation (EU) 2020/873 (the **CRR Quick Fix**) amended Regulations (EU) No 575/2013 and (EU) No 2019/876 as regards certain adjustments in response to the COVID-19 pandemic. By this Regulation, the EU temporarily adapted banking rules in order to maximise the capacity of banks to lend money and support households and businesses to recover from the COVID-19 crisis. The targeted amendments concern, among others, changes to the minimum amount of capital that banks are required to hold for NPLs under the "prudential backstop". In particular, the preferential treatment of NPLs guaranteed by export credit agencies will be extended to other public sector guarantors in the context of measures aimed at mitigating the economic impact of the COVID-19 pandemic.

On the 20 March 2017, the ECB published final guidance on NPLs. The guidance outlined measures, processes and best practices which banks should incorporate when tackling NPLs. The guidance called on banks to implement realistic and ambitious strategies to work towards a holistic approach regarding the problem of NPLs, including areas such as governance and risk management. The ECB did not stipulate quantitative targets to reduce NPLs. Instead, it asked banks to devise a strategy that could include a range of policy options such as NPL work-out, servicing, and portfolio sales.

The NPL guidance is non-binding in nature. However, banks should explain and substantiate any deviations upon supervisory request. This guidance is taken into consideration in the SSM regular SREP and non-compliance may trigger supervisory measures.

This guidance does not intend to substitute or supersede any applicable regulatory or accounting requirement or guidance from existing EU regulations or directives and their national transpositions or equivalent, or guidelines issued by the EBA. Instead, the guidance is a supervisory tool with the aim of clarifying the supervisory expectations regarding NPL identification, management, measurement and write-offs in areas where existing regulations, directives or guidelines are silent or lack specificity. Where binding laws, accounting rules and national regulations on the same topic exist, banks should comply with those.

Moreover, on the 15 March 2018 the ECB published the addendum to the ECB Guidance to banks on NPLs. The addendum supplements the qualitative NPL guidance and specified the ECB's supervisory expectations for prudent levels of provisions for new NPLs. The addendum is non-binding and will serve as the basis for the supervisory dialogue between the significant banks and ECB Banking Supervision. The addendum addresses loans classified as NPLs in line with the EBA's definition after 1 April 2018. In fact, the addendum sets out an expectation that, as of 1 April 2018, new unsecured NPLs will be fully covered after a period of two years from the date of their classification as NPLs. For example, the supervisor would expect a loan that is classified as an unsecured NPL on 1 May 2018 to be fully provisioned for by May 2020. For new secured NPLs, a certain level of provisioning is expected after three years of classification as an NPL, or "NPL vintage", which then increases over time until year seven. In this case, if a secured loan were classified as an NPL on 1 May 2018, the supervisor would expect this NPL to be at least 40% provisioned for by May 2021, and totally provisioned by May 2025.

Furthermore, according to its press release dated 22 August 2019, the ECB has decided to revise its supervisory expectations for prudential provisioning of new NPEs specified in the "Addendum to the ECB Guidance to banks on non-performing loans" (the **Addendum**). The decision was made after taking into account the adoption of Regulation (EU) 2019/630 amending the Capital Requirements Regulation as regards minimum loss coverage for NPEs, that outlines the Pillar 1 treatment for NPEs. In order to make the treatment of NPEs more consistent, the following changes have been made to the supervisory expectations communicated in the ECB's Addendum:

- the scope of the ECB's supervisory expectations for new NPEs will be limited to NPEs arising from loans originated before 26 April 2019, which are not subject to Pillar 1 NPE treatment;
- NPEs arising from loans originated from 26 April 2019 onwards will be subject to Pillar 1 treatment, with the ECB paying close attention to the risks arising from them; and
- the relevant prudential provisioning time frames, the progressive path to full implementation and the split of secured exposures, as well as the treatment of NPEs guaranteed or insured by an official export credit agency, have been aligned with the Pillar 1 treatment of NPEs set out in the EU regulation.

All other aspects, including specific circumstances, which may make prudential provisioning expectations inappropriate for a specific portfolio/exposure, remain as described in the Addendum.

Strategy to prevent a future build-up of NPLs across the European Union, as a result of the COVID-19 crisis

The European Commission on 16 December 2020 presented a strategy to prevent a future build-up of NPLs across the European Union, as a result of the coronavirus crisis. In order to give Member States and the financial sector the necessary tools to address a rise of NPLs in the EU's banking sector early on, the Commission is proposing a series of actions, including among others:

Further developing secondary markets for distressed assets: This will allow banks to move NPLs off their balance sheets, while ensuring further strengthened protection for debtors. A key step in process is the adoption of Directive (EU) 2021/2167 on credit servicers and credit purchasers that harmonises the rules for credit servicers and credit purchasers of a creditor's rights under a non-performing credit agreement. The objective of these rules will be to support development of secondary markets for non-performing loans in the European Union, while ensuring the sale of such loans does not undermine borrowers' rights. The Directive, which will become applicable by 30 December 2023, had not yet been transposed into Greek law. The Commission sees merit in the establishment of a central electronic data hub at EU level in order to enhance market transparency. Such a hub would act as a data repository underpinning the NPL market in order to allow a better exchange of information between all actors involved (credit sellers, credit purchasers, credit servicers, asset management companies (**AMCs**) and private NPL platforms) so that NPLs are dealt with in an effective manner. On the basis of a public consultation, the Commission would explore several alternatives for establishing a data hub at European level and determine the best way forward. One of the options could be to establish the data hub by extending the remit of the existing European DataWarehouse (**ED**). In this context, the EU Commision launched a targeted consultation until 8 September 2021 on improving transparency and efficiency in secondary markets for NPLs.

Support the establishment and cooperation of national AMCs at EU level: The Commission stands ready to support Member States in setting up national AMCs – if they wish to do so – and would explore how cooperation could be fostered by establishing an EU network of national AMCs. While national AMCs are valuable because they benefit from domestic expertise, an EU network of national AMCs could enable national entities to exchange best practices, enforce data and transparency standards and better coordinate actions. The network of AMCs could furthermore use the data hub to coordinate and cooperate with each other in order to share information on investors, debtors and servicers. Accessing information on NPL markets will require that all relevant data protection rules regarding debtors are respected.

ECB and EBA guidance on management of NPEs and FBEs

On 31 October 2018, the EBA published the final guidance on management of NPEs and FBEs. The Guidelines, which apply from 30 June 2019, are developed in accordance with the European Council Action Plan and aim to ensure that credit institutions have adequate prudential tools and frameworks in place to manage effectively their NPEs and to achieve a sustainable reduction on their balance sheets. To this end, the Guidelines require institutions to establish NPE reduction strategies and introduce governance and operational requirements to support them. In particular, the Guidelines specify that institutions should grant forbearance measures only with the view to return the borrower to a sustainable performing repayment status. Moreover, the Guidelines introduce a threshold of 5% of gross NPL ratio as a trigger for developing NPE strategies and applying associated governance and operational arrangements. Finally, the Guidelines outline requirements for competent authorities' assessment of credit institutions' NPE management activity as part of the SREP. The EBA Guidelines on management of NPEs and FBEs of 31 October 2018 were adopted by the Bank of Greece by virtue of Act No 175/2/29.7.2020 of its Executive Committee.

Further to the above and in the context of the financial turmoil triggered by the COVID-19 outbreak, it has been decided that banks should be supported as they provide solutions to viable but distressed customers. Such support did not refer to stock of NPLs accumulated prior to the outbreak.

More specifically, in relation to all exposures that will benefit from government guarantees issued by Member States in the context of public interventions relating to the COVID-19 pandemic, the ECB, within its own remit, and within the context of the ECB Guidance on NPLs and the Addendum, extended flexibility on the automatic classification of obligors as unlikely to pay, when institutions call on the COVID-19 related public guarantees, as allowed under the Guidelines on the application of the definition of default issued by the European Banking Authority.

The preferential treatment foreseen for NPLs guaranteed or insured by Official Export Credit Agencies was extended to non-performing exposures that benefit from guarantees granted by national governments or other public entities. This ensures alignment with the treatment provided in the CRR Quick Fix. Concretely, this means that banks would face a 0% minimum coverage expectation for the first seven years of the NPE vintage count.

The ECB also extended flexibility to the NPL classification of exposures covered by qualifying legislative and non-legislative moratoria, following the EBA guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis. The EBA Guidelines on legislative and non-legislative loan repayments moratoria were published on 2 April 2020 to ensure that banks, while maintaining comparable metrics, would be able to grant payment holidays to customers avoiding the automatic classification of exposures under the definition of forbearance or as defaulted under distressed restructuring However, it should be noted that these guidelines were initially applicable until 30 September 2020. On 2 December 2020, EBA announced that it has decided to reactivate its Guidelines on legislative and non-legislative moratoria. This reactivation will ensure that loans, which had previously not benefitted from payment moratoria, can also benefit from them. The role of banks to ensure the continued flow of lending to clients remains of utmost importance and with the reactivation of these Guidelines, the EBA recognises the exceptional circumstances of the second COVID-19 wave. The EBA revised Guidelines, which will apply until 31 March 2021, include additional safeguards against the risk of an undue increase in unrecognised losses on banks' balance sheet.

Guidelines on disclosure of NPEs and FBEs

On 17 December 2018, the EBA published the final guidelines on disclosure of NPEs and FBEs. Such disclosure shall allow the market participants and interested parties to have a clearer picture of the quality of the banks' assets, NPEs' and FBEs' main features and, in cases of troubled banks, the distribution of their problematic assets and the value of the collaterals backing such assets. The Guidelines include a group of common standards applicable to any bank and another group of additional standards applicable to significant credit institutions with gross NPL ratio at 5% or higher.

Asset protection scheme ("Hercules and Hercules 2") for banks in Greece

On 10 October 2019, the European Commission announced that it has found Greek plans aimed at supporting the reduction of NPLs of Greek banks to be free of any State aid. The Commission found that, under the asset protection scheme (known by the name of "Hercules"), the Greek State will be remunerated in line with market conditions for the risk it will assume by granting a guarantee on securitised NPLs. The asset protection scheme is designed to assist banks in securitising and moving NPLs off their balance sheets. Under the scheme, an individually managed, private securitisation vehicle will buy NPLs from the bank and sell notes to investors. The State will provide a public guarantee for the senior, less risky notes of the securitisation vehicle. In exchange, the State will receive remuneration at market terms.

Greek law 4649/2019, as amended by Greek law 4818/2021 (**Hercules**) provides the terms and conditions under which the State guarantee may be provided in the context of NPL securitisation by credit institutions under the asset protection scheme. This law provides for the conditions under which the securitisation must be implemented in order to qualify for the provision of the State guarantee, in line with decision No. C (2019)7309 of the European Commission (the **Initial Decision**). Such conditions include *inter alia,* that the notes to be issued in the context of the securitisation must include at least senior and junior notes and the price paid to the Greek banks for the sale and transfer of NPLs cannot exceed their aggregate net book value. The Greek state guarantee will be provided in favour of senior notes for the full repayment of principal and interest thereunder throughout the term of the notes. The aggregate commitment of the Greek state under the new law amounts to €12 billion. Applications for the provision of the Greek state guarantee may be filed by credit institutions, either in the context of securitisations that have already been implemented or for securitisations that are currently in the process of implementation exclusively within 18 months as of the publication date of the decision of the European Commission on the asset protection scheme programme of Law 4649/2019. By decision of the Minister of Finance, issued pursuant to the relevant decision of the European Commission, the period during which the guarantee may be granted may be extended and the terms governing the grant of such guarantee may be amended for the future. The asset protection scheme (known by the name of 'Hercules'), was approved by the Commission in October 2019, for an initial duration of 18 months. Greece notified the Commission of its plan to prolong the scheme for another 18 months, until October 2022. Such extension of the Hercules scheme (**Hercules 2**) entered into force by virtue of Ministerial Decision 45191/13.4.2021. The aggregate commitment under Hercules 2 amounts to an additional €12 billion. Under the Extension framework, applications for the provision of the Greek state guarantee may be filed exclusively within 18 months as of the publication of decision C (2021) 2545 (the **Extension Decision**) of the European Commission on 9 April 2021. The provision of the Greek state guarantee is governed inter alia by the provisions of the Initial Decision and the Extension Decision.

The Greek State guarantee becomes effective upon (i) transfer through sale against positive value, of at least 50% plus one of the issued junior notes to private investors and of such number of junior notes, and (if issued) mezzanine notes that allows the derecognition of the securitised receivables, (ii) rating of the senior tranche of the notes being rated at no less than BB- by an External Credit Assessment Institution (as defined in point (98) of Article 4(1) of the Capital Requirements Regulation) and (iii) assignment of the administration of the securitised NPL portfolio to an independent special purpose vehicle. If the State guarantee has not become effective within 12 months as of the publication of the respective Ministerial Decision granting the guarantee, then such decision ceases automatically to be in force and the amount of the guarantee is released. There can be no new application for the same securitisation before the lapse of six months. Certain ministerial decisions have been issued to set out the details for the implementation of the aforementioned law.

Framework for the management and transfer of claims

Articles 1-3A of Greek Law 4354/2015, as amended and in force, as well as Executive Committee Act 118/19.5.2017 as amended and in force establish the framework for the management and transfer of claims from loans that can include non-accruing loans and set the requirements for the operation of loan management companies and loan transfer companies. Certain loan categories had been temporarily excluded from the scope of the permitted sale and transfer until 31 December 2017; in particular such exclusion includes loan agreements with mortgage or prenotation of mortgage on first residence of an objective value of up to EUR 140,000.

Bank of Greece's Executive Committee Act No. 118/19.5.2017, as in force, includes among others provisions regarding banning of management of claims against natural and/or legal person who maintain a "special relationship" with the aforementioned companies and the obligation of the said companies to cooperate with accredited data collection and processing entities with regard to the economic behavior and the creditworthiness of debtors.

The management of claims from loans and credit granted by credit or financial institutions shall be undertaken, exclusively by Sociétés Anonymes having their registered offices:

(a) in Greece; or

(b) in another EEA Member-State, which have established a branch in Greece and have the aforementioned business activities in their scope.

Bank of Greece is the competent authority for the issuance of the respective license for such companies.

Furthermore, the aforementioned companies, following a relevant authorization by Bank of Greece, may grant loans or credit to debtors whose loans and/or credit have been managed by them, aiming exclusively at the refinancing of the debtors' loans or the restructuring of the debtor-business on the basis of a restructuring plan agreed between the parties and under the consent of the claims' owner.

In relation to the agreements for the assignment of claims' management from non- accruing loans, Greek Law 4354/2015 lays down that non-accruing loans management companies may undertake the management of claims from loans and/or credit, which have been granted or are granted by credit or financial institutions. Said management companies are entitled to initiate any legal proceedings and to proceed with any other judicial measures for the collection of claims.

The transfer of claims from credits and loans granted by credit or financial institutions can take place only through sale, under relevant written agreement, in accordance with the provisions in Article 3 of Greek Law 4354/2015, as in force, and only to:

(a) limited liability companies that according to their articles of association are allowed to engage in acquiring claims from loans and credits and they are seated in Greece and are also registered in General Commercial Registry (**GEMI**);

(b) companies that are seated in the EEA and according to their articles of association are allowed to engage in in acquiring claims from loans and credits and subject to the provisions of the European Union legislation; and

(c) companies that are seated in third countries, and according to their articles of association are allowed to engage in acquiring claims from loans and credits, subject to the provisions of the European Union legislation and have the discretion to be located in Greece through a branch under certain conditions.

A necessary condition in order for the claims of the credit or financial institutions from non-performing loans to be offered for sale, is the extrajudicial invitation of the borrower and the guarantor, if the borrower is considered a consumer, within twelve (12) months prior to the offer, to arrange its obligations on the basis of a written offer for an appropriate arrangement with specific payment terms according also to the provision of the Code of Conduct of Law 4224/2013. Disputed or adjudicated claims as well as claims against non-cooperative borrowers, are excluded from the abovementioned condition.

Furthermore, by virtue of Article 48 of Greek Law 4472/2017 certain provisions of Greek Law 4354/2015 were amended. In line with the new provisions, the credit servicing firms are also allowed to manage the property that was offered as collateral for the respective loans and credits and has been transferred to the beneficiary of the claim. However, these firms are not allowed to acquire, via transfer or assignment or voluntary sale or auction, any property related to the loans and credits serviced by them. Also, the new assignee, upon transfer of claims from NPLs, continues the procedure of the Code of Conduct of Law 4224/2013 from where it was stopped before the transfer.

Settlement of loans guaranteed by the Greek State

Ministerial Decision 2/94253/0025, published on 31 December 2018 and with effect one month after its publication, set the terms and conditions for the settlement of loans guaranteed by the Greek State pursuant to Article 103 of Greek law 4549/2018. Specifically, according to Article 103 of Greek law 4549/2018 and the said Decision, credit institutions and borrowers, natural persons and businesses, may proceed with settlement of loans guaranteed by the Greek State, without the intervention of the Greek State, according to the ordinary banking criteria, on the basis of increasing the probability of repayment of the loan by the borrower. The settlement of the aforementioned loans is concluded under specific terms and conditions specified in the Ministerial Decision, but without any increase in the liability of the Greek State under the guarantee.

The out-of-court debt settlement process pursuant to Greek Law 4738/2020 (entry into force from 1 June 2021)

The Debt Settlement and Facilitation of a Second Chance Law, in force from 1 June 2021, the provisions of which are further specified by means of the Joint Ministerial Decision No. 4027ΕΞ2022/2022, establishes a new Out-of-Court Debt Settlement mechanism (which replaces the procedure of Greek Law 4469/2017).

Within the context of the out-of-court debt settlement process provided for by Greek Law 4738/2020, individuals or legal entities, eligible to be declared insolvent, may apply for extrajudicial settlement of their monetary liabilities to the Greek State or financial institutions and social security institutions provided they do not fall under certain exemptions (e.g. 90% of a debtor's liabilities being owed to a single institution). The creditors may accept said invitation at their sole discretion. It is noted that entities falling outside the scope of said law, such as investment service providers, mutual funds, credit and (re-)insurance institutions may not apply as debtors for this out-of-court settlement. The process may also be initiated by creditors with an invitation to debtor(s) to apply within 45 days. Out-of-court settlement applications and relevant creditor invitations will be filed digitally to the Special Secretariat for the Administration of Private Debt through the electronic platform of the Special Private Debt Management Secretariat (**EGDICH**).

With respect to the filing of an out-of-court settlement application, so long as the process is not terminated, the procedure of Code of Conduct for NPLs, as well as any enforcement actions and measures, pending or not, are automatically suspended. The approval of the debt restructuring proposal requires the debtor's consent and the formation of a majority of 3/5 of participating creditors – financial institutions (in terms of nominal debt value), which includes 2/5 of participating creditors with special privilege. If the agreement concerns a loan secured with the debtor's main residence, then a subsidy (up to an amount of €210) may be granted for instalments due for a period of five years commencing on the date of submission of the application under certain conditions, including, *inter alia*, a *de minimis* provision regarding the amounts owed to the Greek State and Social Security Institutions (set at €20,000), as well as a cap to the amounts owed to each creditor (set at €135,000 for individuals and a maximum of €215,000 per household). Should a debt settlement agreement not be signed by the debtor and the participating creditors within two months of the application submission date, the application will be rejected. The debt settlement agreement can be terminated by any creditor whose claims are covered by the settlement if the debtor is in default for an aggregate amount equal either to three payment instalments or 3% of the total amount due under the settlement agreement. Termination of the debt settlement agreement will result in the reinstatement of the debtor's liabilities to the terminating creditor to the pre-settlement debt amount after the deduction of any amount already paid under the settlement to that date but will not affect the validity and enforceability of the settlement agreement vis-à-vis other covered creditors.

Finally, Article 30 of Greek law 4738/2020 provides the ability for credit institutions to establish common policies regarding (indicatively) the conditions of processing and approval of applications, a procedure of automated processing, the establishing of notification mechanisms for clients susceptible to financial hardship etc..

Early warning mechanism and borrowers' service centers (entry into force from 1 June 2021)

The Debt Settlement and Facilitation of a Second Chance Law, in force from 1 June 2021, the provisions of which are further specified by means of the Joint Ministerial Decision No. 4027ΕΞ2022/2022, introduces an early warning electronic mechanism, supervised by the Special Secretariat for Private Debt Administration of Ministry of Finance, in which debtors who apply are classified in three risk levels (low, medium and high). If a debtor has been classified as of medium or high risk and is a natural person, then depending on their profession or business activity, they can contact either the competent Borrower Service Centers (if they don't earn income from said business or freelance activity) or the relevant Professional Chambers and Associations (if they earn income from said business or freelance activity), so that the debtor may receive free, specialized advice relating to the status of their debts and the possible options for settling them under the Law 4738/2020.

Settlement of business debts

Settlement of business debts under Greek law 4738/2020

Greek Law 4738/2020 has replaced Greek Law 4307/2014 by integrating the latter's provisions on the power of the liquidator to conduct a public tender for the sale of the (totality of) assets/sectors of the business to its framework. The expediated liquidation process is followed pursuant to a relevant decision of the bankruptcy court on the liquidation of the business or individual operational units. Pursuant to the new framework, there is no capacity to submit new applications in accordance with Articles 68-77 of Greek Law 4307/2014, which will, however, remain into force, for procedures opened before the entry of Greek Law 4738/2020 into force. Extraordinarily, if the creditors' meeting so decides (in the context of a special administration) the process will be able to continue under the provisions of Greek Law 4738/2020 being applied by means of analogy.

The main differences between the previously applicable and the new expediated liquidation process are the following:

a. A notary public is hired to conduct the auction.

b. The auction is carried out electronically (namely, through the e-auction platform).

c. The creditors' meeting has a more important role, as it approves the liquidator's choice to liquidate one or more business sectors or separate assets. It may provide its approval subject to specific conditions (e.g. an amelioration of the proposed sale price).

In the event that individual assets are liquidated, it is also the objective of Greek Law 4738/2020 to expediate the process. In particular, although the procedural aspects are the same as those of Greek Code of Civil Procedure, it is noted that there is no legal remedy that can be used to challenge the initial offering price set by independent evaluators.

Interest Rates

Under Greek law interest rates applicable to bank loans are not subject to a legal maximum, but they must comply with certain requirements intended to ensure clarity and transparency, including with regard to their readjustments. Specifically, Governor of the Bank of Greece Act No. 2501/31.10.2002 and Decision No. 178/19.7.2004 of the Banking and Credit Committee of the Bank of Greece provide that credit institutions operating in Greece should, among others, determine their interest rates in the context of the open market and free competition rules, taking into consideration the risks undertaken on a case-by-case basis, as well as potential changes in the financial conditions and data and information specifically provided by parties for this purpose.

Limitations apply to the compounding of interest under Greek law. In particular, the compounding of interest with respect to bank loans and credits only applies if the relevant agreement so provides and is subject to limitations that apply under Article 30 of Greek Law 2789/2000 as in force and Article 39 of Greek Law 3259/2004, as in force. Greek credit institutions must also apply Article 150 of the CRD Law on interest rates of loans and other credits pursuant to which credit institutions are precluded from recognising on an accrual basis interest on loans or other credits extended, in any form, after the lapse of a time period during which recognised interest on loans or other credits remains overdue, which may not exceed six (6) months with respect to loans to natural persons fully secured by real estate and three (3) months with respect to debts from other credits. After the expiry of the above time period, they shall only be allowed to carry out nonaccounting calculation of interest, including any default and compound interest, where allowed, which shall be entered in accounting records if and when collected.

Moreover, according to Article 150 paragraph 2 of the CRD Law it is prohibited to grant new loans for the repayment of overdue interest or to enter into debt settlement having a similar result, unless such actions are taken in the context of an agreement for the settlement of the entirety of the debts of the borrower, which shall be based on a detailed examination of the borrower's capacity to fulfil the undertaken obligations under specific time frames. Credit institutions based in Greece may not capitalise interest unless this is provided for in the original medium- to long-term financing agreement or in the overall agreement for the settlement of the entirety of the debts of the borrower referred to herein above.

Governor of the Bank of Greece Act No. 2393/15.7.96 provides that default interest applied by credit institutions shall not exceed the aggregate applicable contractual interest more than a maximum percentage of 2.5% annually.

Secured Lending

According to Greek Law 4261/2014, Article 11, among the activities that Greek credit institutions are permitted to engage is lending including, *inter alia*: consumer credit, credit agreements relating to immovable property, factoring, with or without recourse, financing of commercial transactions (including forfeiting).

The provisions of legislative decree 17.7/13.08.1923 regulate issues regarding the granting of loans secured by *in rem* rights and Greek Law 3301/2004 regulates issues regarding financial collateral arrangements.

Mortgage lending is extended mostly on the basis of mortgage pre-notations, which are less expensive and easier to record than mortgages and may be converted into full mortgages upon final non-appealable court judgment.

European Directive 2014/17 on credit agreements for consumers relating to residential immovable property lays down a common framework for certain aspects of the laws, regulations and administrative provisions of the EU member states concerning agreements covering credit for consumers secured by a mortgage or otherwise relating to residential immovable property, including an obligation to carry out a creditworthiness assessment before granting a credit, as a basis for the development of effective underwriting standards in relation to residential immovable property in the EU member states, and for certain prudential and supervisory requirements, including for the establishment and supervision of credit intermediaries, appointed representatives and non-credit institutions. In Greece, the aforementioned Directive has been transposed into Greek legislation by virtue of Greek Law 4438/2016 (published in Government Gazette 220/A/28.11.2016). The main provisions of Greek Law 4438/2016, include among others, consumer information requirements, principle based rules and standards for the performance of services (e.g. conduct of business obligations, competence and knowledge requirements for staff), a consumer creditworthiness assessment obligation, provisions on early repayment, provisions on foreign currency loans, provisions on tying practices, some high-level principles and a passport for credit intermediaries who meet the admission requirements in their home EU member state.

Compulsory Deposits with the Bank of Greece

As of 26 June 2021, according to ECB Regulation 2021/378 on the application of minimum reserve requirements, minimum reserves held by credit institutions shall be calculated using the following reserve ratios for each of the liabilities of the reserve base:

a) a reserve ratio of 0% shall apply to the following categories referred to in Part 2 of Annex II to Regulation (EU) 2021/379 (ECB/2021/2):

i. deposits which fulfil one of the following conditions:

- have an agreed maturity over two years;

- are redeemable at notice over two years; and

- are repurchase agreements (repos); and

ii. debt securities issued with an original maturity over two years; and

b) a reserve ratio of 1% on all other liabilities included in the reserve base.

This commitment ratio applies to all credit institutions in Greece.

Restrictions on Enforcement of Granted Collateral

Moreover, with respect to out-of-court debt settlement mechanism regulated by Greek Law 4738/2020, as in force, any individual and collective enforcement measures against the debtor, pending or not, regarding claims the settlement of which is pursued through this mechanism, are automatically suspended following the execution of a debt settlement agreement. The suspension commences from the submission of the debtor's application to initiate the process, however, any auction that has been scheduled within three months following the debtor's application will not be covered by the suspension. Any preparatory action taken by a secured creditor with a view to conducting an auction will also not be affected by the suspension

Constraints on enforcement of granted collateral were further lifted by the commencement of electronic auctions by virtue of Greek Law 4472/2017. The first electronic auction took place in November 2017. Though Greek Law 4472/2017 amended Article 959 of Civil Procedure Code and introduced electronic auctions. Greek Law 4512/2018 (Article 208) imposed that all auctions shall be performed only electronically from 21 February 2018, except for auctions that shall be performed under the Code of Collecting Public Revenue where the aforementioned apply from 1 May 2018. The e-auction platform is also used for any liquidation proceedings conducted under the new Greek Law 4738/2020. Article 168 paragraph 2 of Greek Penal Code, as in force, further provides that it is a criminal action for anyone to cause interruption or disruption of the proper conduct of the service or auction.".