ANNUAL REPORT
2014

NATIONAL BANK
OF GREECE

GROUP FINANCIAL HIGHLIGHTS

Profit & loss account data (€ millions)	2014	2013	2012
Net interest income	3,129	3,157	3,365
Net fee & commission income	531	529	495
Earned insurance premia net of claims & commissions	86	67	131
Net trading income/ (loss) & results from investment securities	(187)	(95)	(431)
Net other income	5	113	(33)
Total operating income	3,564	3,771	3,527
Total operating expenses & other non-cash expenses	(2,122)	(2,572)	(2,349)
Operating profit / (loss) before provisions	1,442	1,199	1,178
Credit provisions & other impairment charges	(2,865)	(1,373)	(2,966)
Impairment of Greek Government bonds	-	-	(187)
Share of profit / (loss) of equity method investments	1	(5)	2
Profit/ (loss) before tax & minorities	(1,442)	(179)	(1,973)
Taxes	1,528	986	(158)
Minorities	40	(2)	(4)
Attributable profit/ (loss)	66	809	(2,127)

Balance sheet data (€ millions)			
Due from banks (net)	3,324	2,847	4,318
Loans & advances to customers (net)	68,109	67,250	69,135
Investment securities & financial assets	19,123	20,564	13,744
Other assets	24,908	20,269	17,601
Total assets	115,464	110,930	104,798
Due to banks	22,226	27,897	33,972
Due to customers	64,929	62,876	58,722
Debt securities in issue & other borrowed funds	5,991	3,806	3,771
Other liabilities	12,706	9,240	10,617
Total shareholder equity	9,612	7,111	(2,284)
Total equity & liabilities	115,464	110,930	104,798

Key figures & ratios			
Earnings (losses) per share (€)	0.02	0.62	(10.62)
Dividend per common share (€)	-	-	-
Net interest margin	3.4%	3.4%	3.7%
Core Tier I	13.5%[1]	10.5%[2]	7.8%[3,4]
Total CAR	13.6%[1]	10.6%[2]	9,2%[4]
Staff numbers (year end)	34,129	37,591	34,881

1. The funds of 2014 have been recalculated on the basis of article 26-2 of Regulation (EU) 575/2013, excluding profit for year 2. The funds of 2013 have been recalculated on the basis of Regulation (EU) 575/2013. 3. Core Tier I 4. The funds of 2012 have been recalculated on the basis of Act 13/28.3.2013 of the Executive Committee of the BoG

Credit ratings	Long-term	Short-term
Moody's	Caa3	NP
Standard & Poor's	CCC	C
Fitch Ratings	CCC	C

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LETTERS TO SHAREHOLDERS

Dear Shareholder,

In 2014, the Greek economy posted marginal recovery and improvement in public finances and the business climate. However, this upturn does not reflect a healthy new growth model, nor does it imply that government debt has been placed on a sustainable trajectory, while high unemployment and social inequalities still remain key social problems.

Despite the climate of uncertainty, in 2014 the NBG Group retained a strong and robust capital position, improved the quality of its portfolio, reduced operating expenses and achieved positive results even after the formation of extraordinary provisions for loan impairments in Q4.2014.

In addition, despite the adverse liquidity conditions and the contraction of domestic deposits, National Bank of Greece posted lower outflows than its competitors while also maintaining a strong reserve of liquidity. Following the announcement by the ECB in February 2015 that it would no longer accept Greek government guarantees as collateral for the provision of liquidity, liquidity is now raised via the ELA mechanism, which, though ensuring liquidity, comes at a high price.

The challenge, therefore, for 2015 is to restore the economy to growth, on solid, sustainable foundations, by boosting investment and exports. The agreement between Greece and its partners should generate the conditions for removing uncertainty and restoring normality and stability to the banking system and, generally, the economic, productive and social life of the country. The restoration of liquidity in the real economy, the return of capital to the domestic banking system, and gradual mobilization and attraction of investment capital are all essential for the country to exit the crisis.

The NBG Group is ready to respond and contribute actively to the reconstruction of the economy on the basis of an export-oriented, innovative and productive growth model, supporting healthy business initiatives that focus on high value-added products and services.

Through its Restructuring Plan and the upgrade of its corporate governance framework, the NBG Group aspires to grow its deposit base, reduce new loan impairments, ensure effective risk management, further strengthen its capital position, channel financing to viable businesses, and deal with problem loans so that it not only adapts effectively to the new environment, but also consolidates further its position in the domestic and international market.

Our key objective is to ensure that the NBG Group continues to be a robust, profitable, solvent, cutting-edge banking organization for the benefit of shareholders, customers and the wider society.

Chair of the Board

Professor Louka T. Katseli

Dear Shareholder,

2014 saw major changes in the Greek economy and the domestic banking system. The domestic economy presented first signs of recovery, while there was also a reduction in the rate of unemployment and an improvement in economic sentiment. However, the escalation of uncertainty in the last months of 2014 brought about a setback in this performance, generating difficult operating conditions for the domestic banking system.

Despite the increased pressures that emerged at the end of the year, both in terms of liquidity and asset quality, National Bank of Greece succeeded in delivering results that demonstrate once again the resilience of its business model and the comparative advantages of the Group.

In 2014, the NBG Group posted a positive operating performance even after accounting for sizeable extraordinary provisions incurred during the year, and especially in Q4. Thus, net income totaled €174 million, excluding one-off non-loan loss related charges. Profitability in Turkey and SE Europe remained strong, reaching €318 million and €41 million, respectively.

With regard to liquidity, despite the significant deposit outflows from November 2014 onwards, the Bank reported lower outflows than the rest of the banking sector, keeping its loan-to-deposit ratio at 100%. This was aided by the dominant position of NBG in domestic savings deposits, which have shown notable resilience throughout the period of uncertainty relative to all other deposit classes. At the same time, NBG's eligible collateral pool that can be used for additional funding from the Eurosystem remains at particularly high levels.

With regards to asset quality, the rate of delinquency formation in the domestic market continued to decelerate throughout the course of 2014, picking up since early Q1.2015 due to the rise in uncertainty. NBG had already stepped up its provisioning rates since late last year, as well as during Q1.2015, in anticipation of such developments, thereby bringing the delinquent loan coverage ratio to 61%, the highest in the Greek banking sector.

During 2014, the Group's capital position strengthened significantly, mainly through the successful raising of €2.5 billion from private shareholders in mid-year, though backed also by the positive financial results of the year. Today, despite strong pressures on the industry in terms of profitability, liquidity and asset quality, the Bank maintains a strong capital base, with the Core Equity Tier I ratio standing at 12.1% at the end of Q1.2015, reflecting the robust position of NBG within a challenging environment.

In 2015, the NBG Group will continue to concentrate on the following key strategic priorities:

- Efficient delinquency management, stepping up the role of the Bank's Retail Collections' division and Corporate Special Assets Unit
- Further enhancement of capital adequacy, mainly through capital strengthening actions that have already been approved
- Further improvements in the Group's operating efficiency, optimizing central and administrative functions and rationalizing operating costs
- Channeling liquidity to healthy and viable domestic businesses, and supporting households

I would like to express my warmest thanks to the shareholders and the employees of NBG, whose support enables us to continue to rise to the challenges and seize the opportunities of the times. With your support, NBG will remain a dynamic banking group, opting to further fortify its balance sheet and provide a solid stimulus to the Greek economy.

Chief Executive Officer

Leonidas Frangkiadakis

BOARD OF DIRECTORS

Louka T. Katseli
Chair of the Board, Professor at the National and Kapodistrian University of Athens (Non-executive member)

Leonidas Fragkiadakis
Chief Executive Officer (Executive Member)

EXECUTIVE MEMBERS
Dimitris Dimopoulos
Deputy CEO

Paul Mylonas
Deputy CEO

NON-EXECUTIVE MEMBERS
Efthymios Katsikas
Employees' Representative
Stavros Koukos
Employees' Representative, President of OTOE

INDEPENDENT NON-EXECUTIVE MEMBERS
Dimitrios Afendoulis
Economist, Secretary of the Executive Board, John S. Latsis Public Benefit Foundation
Spyridon Theodoropoulos
Chief Executive Officer, Chipita SA
Alexandra Papalexopoulou-Benopoulou
Member of the Board of Titan Cement SA
Petros Sabatacakis
Economist

REPRESENTATIVE OF THE HELLENIC REPUBLIC (Law 3723/2008)
Angeliki Skandaliari
Economist

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

SECRETARY OF THE BOARD & BOARD COMMITTEES
Panagiotis Dasmanogolou
Assistant General Manager - Group Chief Compliance Officer and Corporate Governance Officer

Notes:

The current Board, whose term expires in 2016, was reconstituted as a body at its 23 March 2015 meeting and all its members have been elected (besides the members appointed by the Hellenic Republic and the HFSF) since 2012 to the present.

The Board of Directors was reconstituted as a body at its 23 March 2015 meeting with the election of Professor Louka Katseli as the new non-executive Chair and Mr. Leonidas Fragkiadakis as NBG's Chief Executive Officer, following the resignations of Mr. Georgios Zanias, Chairman, and Alexandros Tourkolias, CEO, on 23.03.2015.

The following changes were made to the membership of the Bank's Board in 2014 and up to the present date:

- Mr Ioannis Giannidis resigned from his position as member of the Board on 20.02.2014.
- Messrs. D. Dimopoulos, P. Mylonas and P. Hadjisotiriou were elected by the AGM of 26.06.2014 as new Board members, their term of office ending in 2016; following the AGM the Board was constituted as a body and thereupon elected the said new members as Deputy CEOs.
- Mr. D. Afendoulis, who was elected as non-executive Board member at its meeting of 20.02.2014, was appointed as independent non-executive member of the NBG Board by the AGM of 26.06.2014.
- Mr. Petros Christodoulou resigned from his position as Deputy CEO on 26.06.2014 staying on as non-executive member of the Board.
- Ms. Maria (Marily) Frangista resigned from her position as member of the Board on 26.06.2014.
- Mr. Panagiotis-Aristides Thomopoulos resigned from his position as member of the Board on 26.06.2014.
- Ms. Angeliki Skandaliari, the new representative of the Hellenic Republic, was appointed by the Board at its meeting of 23.03.2015 as an additional non-executive member of the Board, subject to Article 1, par. 3 of Law 3723/2008, and following the relevant decision of the Ministry of Finance (Govt. Gazette YODD 104/6.3.2015) appointing Ms. A. Skandaliari, economist, as representative of the Hellenic Republic on the Bank's Board, in replacement of Mr. Alexandros Makridis.
- Mr. Petros Christodoulou resigned from his position as member of the Board on 30.04.2015.
- Ms. Paula Hadjisotiriou resigned from her position as member of the Board on 28.05.2015.

NBG SENIOR MANAGEMENT

EXECUTIVE COMMITTEE

Chair:

Leonidas Fragkiadakis	CEO

Members:

Dimitris Dimopoulos	Deputy CEO
Paul Mylonas	Deputy CEO
Damianos Charalampidis	Chief of Operations
Nelly Tzakou-Lambropoulou	General Manager, Retail Banking
Dimitrios Kapotopoulos	General Manager, Corporate Banking

Non-voting members:

George Triantafyllakis	Assistant General Manager of Legal Services
Panagiotis Dasmanogolou	Assistant General Manager - Group Chief Compliance Officer and Corporate Governance Officer

GENERAL MANAGERS

Tilemachos A. Paleologos	General Manager of Procurements
Marianna Politopoulou	General Manager, Group Retail Collections
Petros Fourtounis	General Manager, Group Human Resources
Nikos Christodoulou	General Manager, Group CIO
Marinis Stratopoulos	General Manager, International Activities

ASSISTANT GENERAL MANAGERS

Anthony Antonopoulos	Assistant General Manager, Group Security
Ioannis Vagionitis	Assistant General Manager, Group Chief Credit Officer
Constantinos Vossikas	Assistant General Manager of Corporate Special Assets
Panagiotis Georgiou	Assistant General Manager, Branch Network
Andreas Exarchos	Assistant General Manager, Retail Collections
Georgios Kaloritis	Assistant General Manager, Group Chief Audit Executive
Ioanna Katzilieri-Zour	Assistant General Manager, Group Marketing & Communications
Vassilis Kavalos	Assistant General Manager, Treasury & Global Markets
Angelos Katsikas	Assistant General Manager, Business Processes
George Koutsoudakis	Assistant General Manager, Corporate Banking
George Maligiannis	Assistant General Manager, Retail Lending
Vassilis Mastrokalos	Assistant General Manager of Group Strategy
Alexander Benos	Group Chief Risk Officer
Konstantinos Bratos	Assistant General Manager of International Activities
Nikolaos Voutychtis	Deputy Chief Financial Officer
Dimitrios Kolimanis	Assistant General Manager, Corporate Workout & Remedial Management
Vassilis Skiadiotis	Assistant General Manager of Retail Banking
George Frangou	Assistant General Manager, Head of Group Real Estate

FINANCIAL REVIEW 2014

The positive performance of NBG in both the last quarter and full-year 2014 vindicates our strategic choices and highlights the comparative strengths of the Group.

Despite the uncertainty that prevailed in Q4, the Group succeeded in posting positive results even after the deduction of substantial one-off provisions for loan losses in Q4.2014. Accordingly, net profit remained in positive territory, at €66 million, while if one-off charges are excluded, profit amounted to €174 million. In addition, profitability in our Turkish and SE Europe operations remained strong, at €318 million and €41 million respectively.

Regarding liquidity, outflows – although significant – have not been as severe as among our competitors. Notably, the Bank still has a loan-to-deposit ratio that is clearly below 100%, while it retains a significant buffer of Eurosystem eligible collateral, at circa €12 billion. And as regards the quality of the loan book, the growth of domestic loan losses continued to slow during Q4.2014. This – combined with the one-off provisions – boosted the NPL coverage ratio to over 60%.

The Group's capital adequacy remained solid, with the Common Equity Tier I ratio standing at 13.6%, reflecting the well-anchored position of NBG in a severely unsettled environment.

Adequate liquidity position despite headwinds

Domestic deposits contracted by €2.2 billion in Q4.2014 as political uncertainty began to rise. However, in view of NBG's advantageous starting point of a low domestic loan-to-deposit ratio (81.5% in Q3.2014) and significant Eurosystem liquidity buffers, it maintained its ability to support the Greek economy, extending €0.4 billion in new disbursements in the last quarter of 2014, reaching a total of €1.4 billion in new disbursements for the entire year.

On 11 February 2015, the ECB announced that Greek government guarantees were no longer eligible as collateral for refinancing purposes and that the provision of liquidity had to be transferred to the ELA. Moreover, the continued uncertainty provoked further deposit outflows in January and February which, along with repos that were previously funded in the market and were not renewed, led to substantially greater Eurosystem reliance. By mid-March, NBG's total exposure amounted to €23.0 billion, of which €13.3 billion was drawn from the ELA. Excluding EFSF bonds, the exposure to the Eurosystem is equivalent to 13% of Total Assets.

Despite the increased exposure, NBG retains a significant buffer of ELA eligible collateral of circa €15 billion (cash value). As such, the bank retains a solid liquidity buffer allowing it to navigate through this challenging period.

Profitability

Greece:

Loan balances contracted by 1.9% yoy as deleveraging in the household segment continued steadily throughout the year. In contrast, the corporate segment balances presented a stabilizing trend. It is worth noting that almost all new disbursements in 2014 were to the corporate segment, reflecting NBG's strategy to extend credit to healthy corporates.

On the deposit side, time deposits continued to reprice throughout the year by almost 100bps, thus improving the total deposit spread to -99bps in Q4.2014 vs. -147bps a year earlier. This significant improvement on deposit spreads and the resilience of asset spreads was reflected in domestic NIM, which gained 22bps yoy, reaching 274bps. As a result of the above, Greek NII increased by 7.4% yoy to €1.7 billion.

On the cost containment front, the large-scale voluntary retirement scheme (VRS) delivered solid results, as Greek personnel costs dropped by 18% yoy, leading total operating expenses down by 15% yoy. G&A expenses were also down by 8% yoy, aided by the streamlining of the network and the closing of 12 branches. Overall, efficiency improved greatly with the cost-to-income ratio dropping by 10pps yoy to 60.3%, while cost-to-core income declined by 16pps yoy to 58.2%.

As a result of the above, core pre-provision income (i.e. excluding trading and other income) rose by an impressive 76% yoy to €754 million. If the negative non-core results are included, pre-provision income stood at €692 million, up 32% yoy.

Domestic recurring provision charges for the full year were down 11% yoy to €1.1 billion. The cost of risk declined by 28bps from the previous year, to 269bps. As such, operating profit remained in negative territory at -€359 million, though improved by 46% yoy.

Finansbank:

In Turkey, Finansbank continued to expand in 2014. Total loans (in TL terms) increased by 15% yoy to TL55 billion. The loan mix continued to shift in favor of the corporate segment, posting an increase of 40% yoy vs. the retail book which contracted by 7% yoy. By the end of 2014, corporate loans represented 56% of the total book.

Core revenue grew on a yearly basis by 4% to TL4.4 billion, despite pricing limitations introduced by local legislation on retail loans and fees. Operating expenses were up by just 3% yoy to TL2.2 billion despite inflation of around 8%. Cost over total assets declined by 6% to 287bps vs. 306bps in 2013, while cost-to-income remained flat yoy at 51%.

Provision charges increased by 18% yoy to TL994 million (CoR: 200bps), increasing coverage to 75%. The bottom line settled at TL0.9 billion, reduced by 16% yoy. At the full-year level, profitability in the Group's Turkish and SE Europe operations remained strong at TL925 million (up by €318 million) and €41 million, respectively.

Asset quality

Formation of 90dpd loans continued to abate in the last quarter of 2014 both in Greece and the Group's international operations.

In Greece, 90dpd formation dropped by 13% on a yearly basis, circa 1.1x, covered by the provision charge. As a result, the 90dpd ratio was contained at 31.9%. This, together with additional provisions due to the revised impairment model, enabled total coverage in Greece to reach 60%.

Restructured loans stood at €6.6 billion, of which 53% are performing. Mortgages account for more than 50% of the total restructured book.

In Turkey, the 90dpd ratio declined to 5.3% (from 6.1% the previous year, while the coverage increased to 75%. In SEE and other international operations the 90dpd ratio dropped to below 28% with coverage increasing to 54%.

Capital adequacy

The Group's capital position remained strong with the CET 1 ratio at 13.6%.

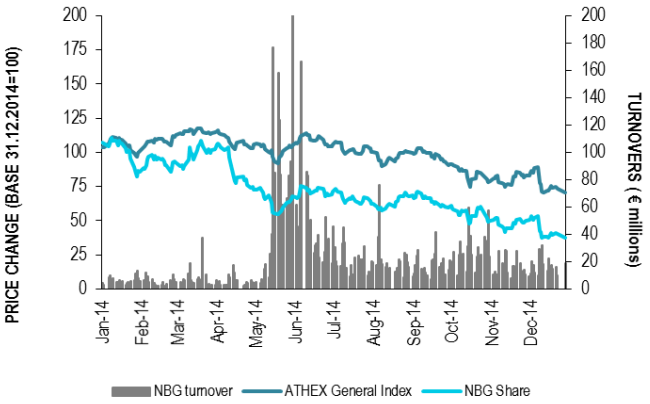
When applying fully loaded Basel III (CRD IV, 2024 rules), the CET 1 ratio settles at 9.4% and does not include any capital actions.

THE NBG SHARE

In 2014, the Athens Exchange (Athex) posted significant losses mainly because of political uncertainty, particularly in the second half of the year. NBG's share presented greater volatility, peaking at €4.26 on 9 January 2014, and dipping to €1.43 on 29 December, while its closing price on 31 December 2014 was €1.47.

NBG's market capitalization as at 21 December 2014 stood at €5.2 billion vs. €9.2 billion in the previous year, including the share capital increase. The total volume of NBG shares traded was €2.4 billion, higher than the previous year (€2.1 billion), comprising 8.4% of the annual trading volume in the domestic capital market vs. 11.8% in 2013.

DIAGRAM 1



Sources: Bloomberg, NBG calculations

TABLE 1
NBG STOCK MARKET DATA [1]

	2014	2013	2012	*2011*	*2010*
Year-end price (€)	***1,5***	3,9	6,5	*8,2*	*30,5*
Year high(€)	***4,3***	9,9	15,8	*40,8*	*89,1*
Year Low (€)	***1,4***	1,8	4,5	*7,2*	*30,3*
Yearly standard deviation for NBG share price (%)	***3,7***	6,6	6,2	*5,4*	*3,8*
Yearly standard deviation for banking sector (%)	***2,9***	5,1	6,1	*4,8*	*3,4*
NBG market capitalization at year end (€ billions)	***5,2***	9,2	1,2	*1,5*	*5,8*
Annual trading volume (€ billions)	***2,4***	2,1	2,5	*4,7*	*11,1*
NBG-to-ATHEX trading volume ratio (%)	***8,4***	11,8	19,8	*22,6*	*31,7*

Sources: ATHEX, Bloomberg, NBG calculations

[1] For ease of comparison, share prices have been adjusted

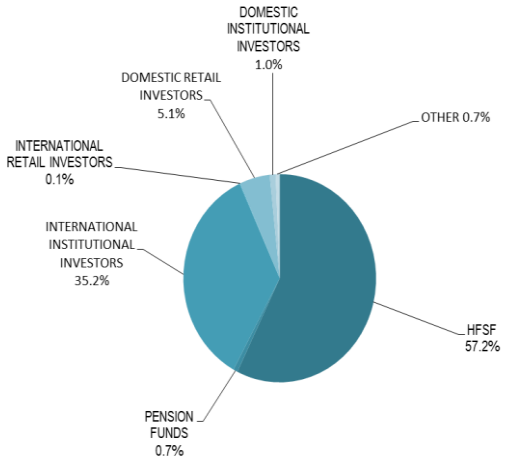
SHAREHOLDER STRUCTURE

As at 31 December 2014, NBG's share capital was divided into: (a) 3,533,149,631 common shares of a nominal value of €0.30 each, (b) 12,639,831 redeemable, registered preference shares without voting right or cumulative dividend, of a nominal value of €0.30 each, and (c) 270,000,000 redeemable, registered preference shares pursuant to Law 3723/2008, of a nominal value of €5 each.

On 19 May 2014, the Extraordinary General Meeting of the Bank's shareholders approved a €2.5 billion increase in the Bank's share capital, with the issue of 1,136,363,637 common registered shares of a nominal value of €0.30 each and cancellation of the preemption right of old shareholders, which was completed on 13 May 2014. The offer price was set at €2.20 per share, as determined by institutional and other qualified investors in the global bookbuilding process organized abroad.

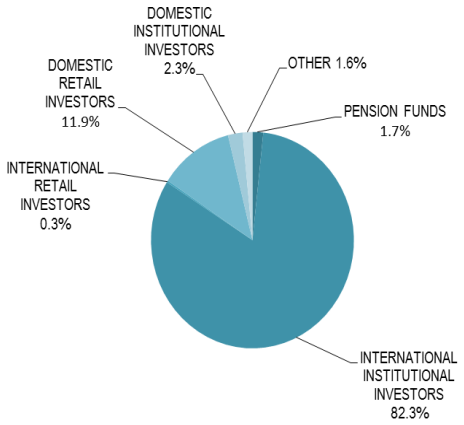
At the end of December 2013 NBG's free float was broad-based, including circa 225,500 institutional and retail shareholders. As at 31 December 2014, NBG's shareholder data indicate that the HFSF held 57.2% of its share capital, while 35.3% was held by international institutional and retail investors, and 5.1% by domestic retail investors (DIAGRAM 2). Excluding the HFSF's shareholding, the participation of international institutional and retail investors stood at 82.6% while the participation of domestic retail investors stood at 11.9% (DIAGRAM 3).

DIAGRAM 2
NBG SHAREHOLDER STRUCTURE
AT 31.12.2014



* These include NBG Subsidiairies, domestic private sector companies, banks, insurance companies, hospitals, foundations and legacies, associations etc.

DIAGRAM 3
NBG SHAREHOLDER STRUCTURE
(excl. HFSF) AT 31.12.2014



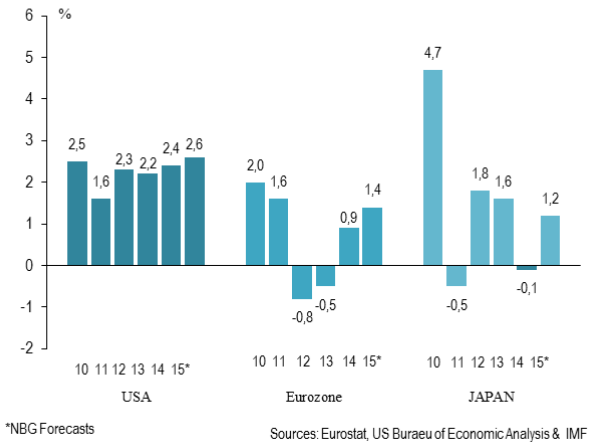
* These include NBG Subsidiairies, domestic private sector companies, banks, insurance companies, hospitals, foundations and legacies, associations etc.

SECTION 1 THE FINANCIAL ENVIRONMENT

1.1 THE GLOBAL ENVIRONMENT

In 2014, the gradual recovery of the global economy continued -though at a varying pace across the key regions- with GDP growing by 3.4%, largely unchanged on the previous year. The faster growth in the developed economies (up from +1.4% in 2013 to +1.8% in 2014) was offset by the slowdown in economic activity in the developing economies to 4.6% in 2014, from 5.0% a year earlier. The US economy grew at a rapid pace, assisted mainly by strong private consumption amid asteadily improving labor market. Accordingly, economic activity posted growth of 2.4% in 2014, from 2.2% in 2013. In the euro area, economic activity presented a gradual recovery after two years of recession, posting positive growth of 0.9% in 2014 from -0.5% in 2013. Japan's economy reported negative growth of -0.1% in 2014 from 1.6% in 2013, as the consumer taxhikeenacted in April 2014 took its toll on private consumption.

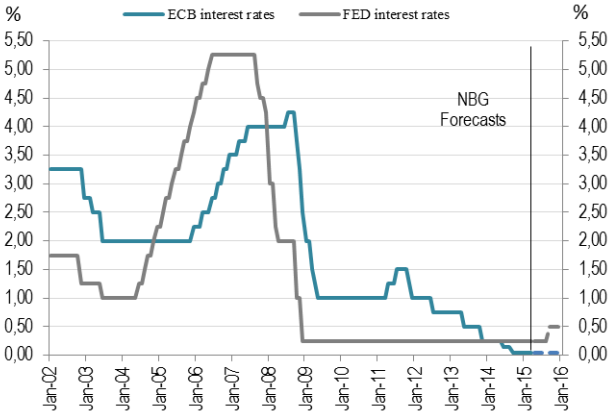
DIAGRAM 1.1.1
GDP GROWTH (YEAR - ON - YEAR)



International oil prices followed a downward trend in 2014, especially in the second half of the year, because of increased oil supplies from the US, sluggish demand due to the slowdown in growth in emerging Asia, and the OPEC decision in November 2014 to maintain its oil production target unchanged. By the end of the year, the price of crude oil fell 50% to USD56/barrel from USD111/barrel in 2013.In terms of average annual prices, oil fell to USD99/barrel from USD109/barrel in 2013. At the same time, the average annual prices of agricultural produce fell in 2014 by 12%. As a result of these developments, inflation in the developed economies slowed in the second half of 2014 to 1.3% (average annual change) from 1.5% (average annual change) in the first half of the year, remaining virtually flat for full year 2014 (1.4%) vs. 2013. In the developing economies, the average annual inflation rate fell to 5.1% in 2014 from 5.9% in 2013.

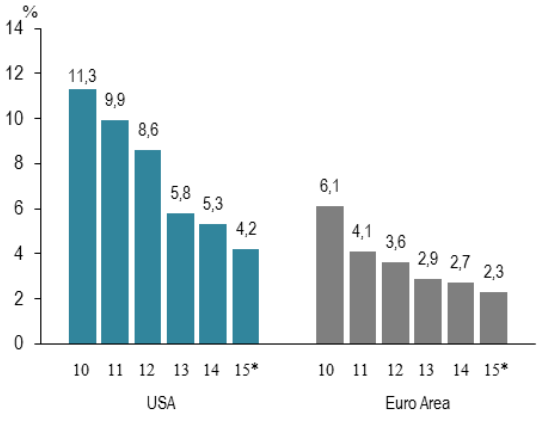
Most central banks maintained a very loose monetary policy during 2014. In the US, the Fed continued and completed, as expected, in October 2014, its program to buy up Treasuries and agency mortgage-backed securities, which it had launched in September 2012. Nevertheless, the Fed continues to reinvest the proceeds from Treasuries and mortgage-backed securities it holds on its balance sheet, thereby maintaining a supportive monetary policy, at least until it proceeds with its first interest rate rise. With regard to interest rate policy, the Fed is expected to increase the target rate (currently 0.0%-0.25%) once it is reasonably certain that inflation will return to the target of 2.0% and the labor market has picked up. The European Central Bank (ECB) lowered its refinancing rate by 20 basis points to 0.05% during 2014 (DIAGRAM 1.1.2) and announced additional monetary policy measures such as targeted longer-term refinancing operations ending in September 2018 and two private sector asset purchase programs. In early 2015, the ECB expanded its asset purchase program in order to address the risks arising from a protracted period of low or negative inflation. Specifically, since March 2015 the ECB has purchased €60 billion of government and private sector securities per month; the asset purchase program will extend at least through to September 2016.

DIAGRAM 1.1.2
SHORT-TERM INTEREST RATES



The fiscal deficit in the US dropped to 5.3% of GDP in 2014 from 5.8% in 2013, there by reaching its lowest level since 2007. In the euro area, the deficit-to-GDP ratio decreased to 2.7% in 2014 from 2.9% 2013 (DIAGRAM 1.1.3). The continued pursuit of fiscal adjustment, although decelerating because of the progress that has been achieved recent years, demonstrates the intention of the authorities on both sides of the Atlantic to adhere to their policies for improving their fiscal profile.

DIAGRAM 1.1.3
BUDGET DEFICIT (% GDP)



Source: IMF

*IMF Forecasts

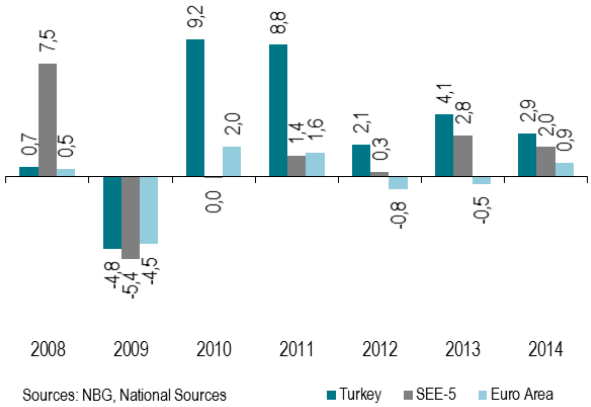
SE Europe (SEE-5)* and Turkey

The economies and banking systems of Turkey and SEE-5 posted a relatively good performance in 2014

The Turkish economy and banking sector performed relatively well in 2014, despite a weakened global risk appetite for emerging market assets and heightened domestic political uncertainty owing to the prolonged electoral cycle (local and presidential elections took place in March and August 2014, respectively, while legislative elections are scheduled for June 2015). Economic activity slowed, with real GDP growth moderating to 2.9% in 2014 from 4.2% in 2013, mainly due to weaker domestic demand following the sharp hike of the central bank of the Republic of Turkey's key policy rate (the 1-week repo rate) by 550 bps to 10% at the end of January 2014, and the implementation of macro-prudential measures to contain credit expansion at 15%. On a positive note, the current account deficit - the "Achilles' heel" of this economy - narrowed to 5.7% of GDP (USD45.8 billion) in 2014 from 7.9% of GDP (USD60.0 billion) in 2013, on the back of the gradual normalization of the gold balance (which posted its worst ever performance in 2013) and the significant improvement in the underlying balance (excluding oil and gold).

** SEE-5 includes Albania, Bulgaria, Former Yugoslav Republic of Macedonia, Romania and Serbia.*

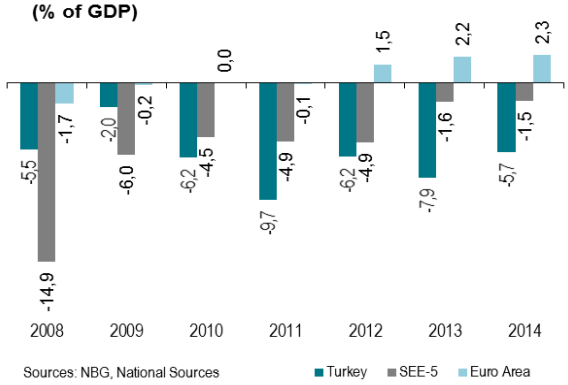
DIAGRAM 1.1.4
REAL GDP GROWTH (%)



Sources: NBG, National Sources

Despite a backdrop of anemic economic growth and the tight liquidity conditions, the Turkish banking sector posted a relatively good performance in 2014. Specifically, while ROAE edged down to 12.2% in 2014 from 14.2% το 2013, it was nevertheless robust, reflecting *inter alia* the faster repricing of deposits and moderating lending activity (up 18.5% yoy in December 2014 vs. 32.2% yoy in December 2013). In addition, the +90dpd to total loans ratio inched up to 2.9% in December 2014 from 2.8% in December 2013, but was still quite low. Last, the capital adequacy ratio strengthened to 16.3% in December 2014 from 15.3% in December 2013, well above the statutory threshold of 8.0%.

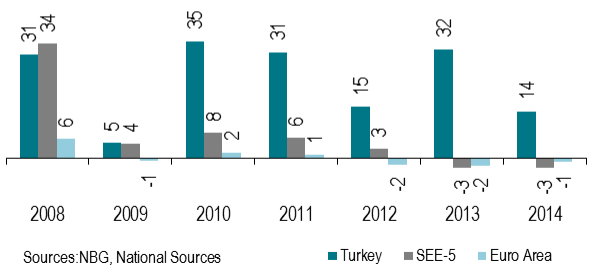
DIAGRAM 1.1.5
CURRENT ACCOUNT BALANCE
(% of GDP)



Sources: NBG, National Sources

Likewise, the SEE-5 economies and banking sectors performed relatively well in 2014. Economic activity slowed, as GDP growth eased to 2% in 2014 from 2.8% in 2013, mainly reflecting a base effect from a surge in agricultural output in Q3.2013 and a contraction in Serbia's GDP due to devastating floods last May. The relatively strong growth performance in 2014 was supported by external demand. Exports gained steam, mainly due to increasing penetration in non-EU fast-growing regions and broadening export base (especially in the automotive sector, which currently comprises circa 40% of Romania's total exports of goods). A positive development was the reduction of the current account deficit to a low of 1.5% of GDP in 2014, well below the pre-crisis all-time high of 15.0% of GDP, supported by subdued domestic demand, reflecting, *inter alia*, a tight fiscal policy stance and weak credit activity, mainly as a result of limited financing of the primarily foreign-owned banking sector by parent banks and banks' tight credit standards.

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



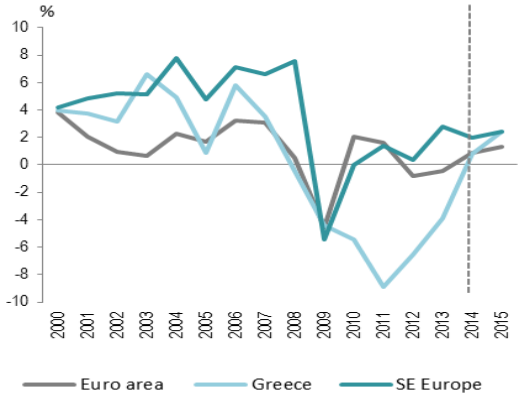
Sources:NBG, National Sources

Against this backdrop, the SEE-5 banking sector's fundamentals strengthened and its performance improved in 2014. In particular, excluding Romania, where massive provisioning for bad loans continued for a third consecutive year, the profit is estimated to have increased to €658 million in 2014 from €366 million in 2013, underpinned by lower provisions for bad loans, in line with the stabilization of the ratio of problematic loans to total gross loans (ranging between 11.3% in FYROM and 22.8% in Albania at end-2014 vs. 11.5% in FYROM and 23.2% at end-2013). In addition, the capital adequacy ratio stabilized at high levels (ranging between 15.7% in FYROM and 21.9% in Bulgaria at end-2014 vs. 15,5% in Romania and 20.9% in Serbia at end-2013), boding well for a rebound in lending activity in the near future, in view of the region's low penetration rate (loan-to-GDP ratios in SEE-5 ranged between 31.3% and 60.8% at end-2014), especially in the retail segment (retail lending-to-GDP ratios in SEE-5 ranged between 10.7% and 21.6% at end-2014) and adequate liquidity ratios (the SEE-5 average loan-to-deposit ratio returned, for the first time in eight years, to below the 100% threshold at end-2014).

1.2 THE GREEK ECONOMY

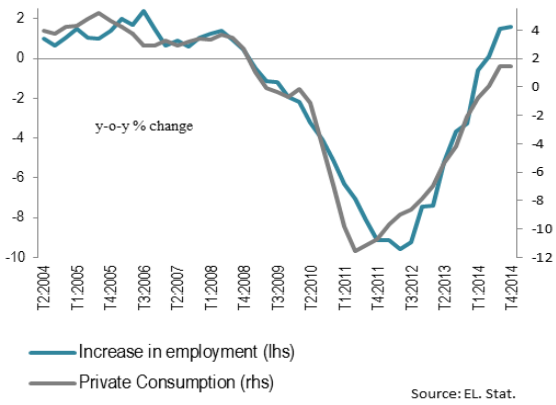
In 2014, the Greek economy emerged from the deepest and most prolonged crisis it has experienced since World War II, with GDP managing to attain growth of 0.8% for the first time since 2007. The return of economic activity to positive territory was supported by an upswing in consumption and a notable rise in investment spending, as well a strong performance in the tourism sector.

DIAGRAM 1.2.1
GDP GROWTH (%)



Sources: National Statistical Authorities, El. Stat., NBG estimates

DIAGRAM 1.2.2
EMPLOYMENT & PRIVATE CONSUMPTION



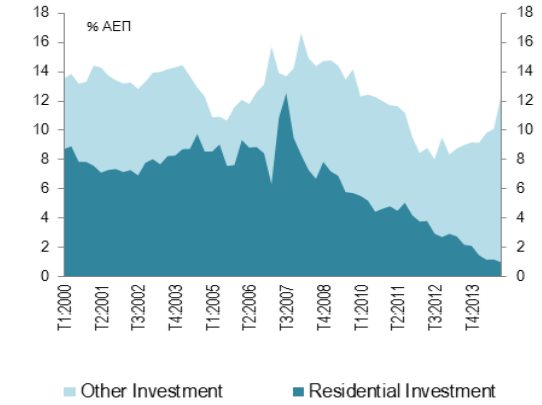
Source: EL. Stat.

Specifically, consumer spending rose by 1.4% yoy, reflecting the positive change in employment (up by 0.6% on average in 2014, after a cumulative decline of 23% since 2009), reduced uncertainty, and stabilization of wages following a significant contraction of around 24% in total during the period 2010-2013.

Specifically, consumer spending rose by 1.4% yoy, reflecting the positive change in employment (up by 0.6% on average in 2014, after a cumulative decline of 23% since 2009), reduced uncertainty, and stabilization of wages following a significant contraction of around 24% in total during the period 2010-2013.

Fixed capital formation, excluding residential construction, grew by 18.4% yoy, the strongest performance since 2007, after a cumulative decline of 57% in the seven years 2008-2013. This mainly reflects the improved business climate, expectations of modest recovery in domestic demand and the rebooting of some key construction projects. The slowdown in deleveraging in H2.2014, coupled with the strengthening of external demand (mainly from the euro area) in the same period, further boosted the investment climate.

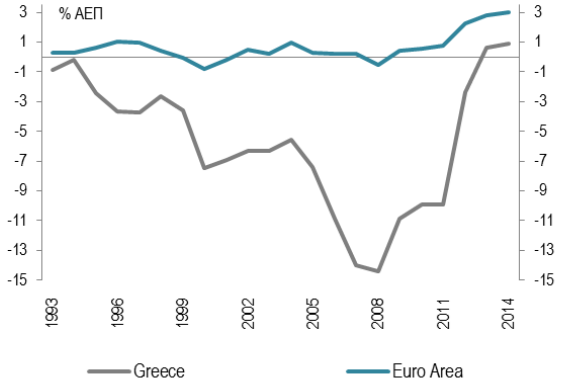
DIAGRAM 1.2.3
INVESTMENT (% of GDP)



Source: El. Stat

However, construction activity slumped yet further to a record low, with transactions in the property market remaining extremely limited and the high inventory of homes for sale showing only a negligible decline. The significant increase in property tax in previous years and the very slow improvement in liquidity conditions contributed to a further slide in property prices by 38% vs. Q3.2008, though the decline slowed to -5.4% yoy in Q4.2014.

DIAGRAM 1.2.4
CURRENT ACCOUNT BALANCES (% of GDP)



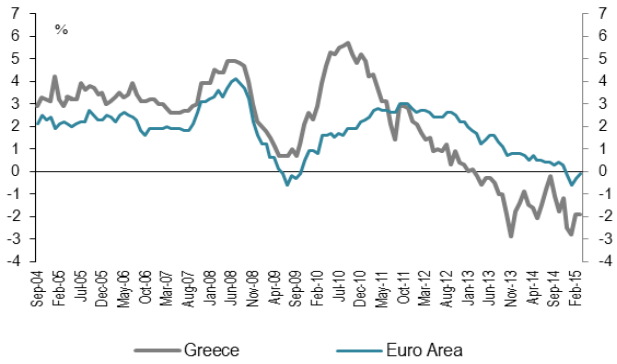
Source: OECD

The tourism industry was the main driver of exports, with tourism receipts posting a strong annual increase of circa 10.2%. Total exports of services at constant prices grew by 12.7% yoy.

Exports of goods rose in H2.2014, posting an annual increase of 5.2% (at constant prices). Imports of goods also posted a significant increase (up 8.4% yoy), reflecting mainly imports of raw materials, capital goods and transport equipment. Overall, the increase in tourism receipts plus reduced spending on oil imports, due to the accelerating fall in international prices and the increase in transfers from the EU, led to an increase in the current account surplus to 0.9% of GDP in 2014 from 0.6% in 2013.

The annual change of employment moved into positive territory, growing by 0.6% yoy, while the unemployment rate retreated to 26.5%, though remaining extremely high.

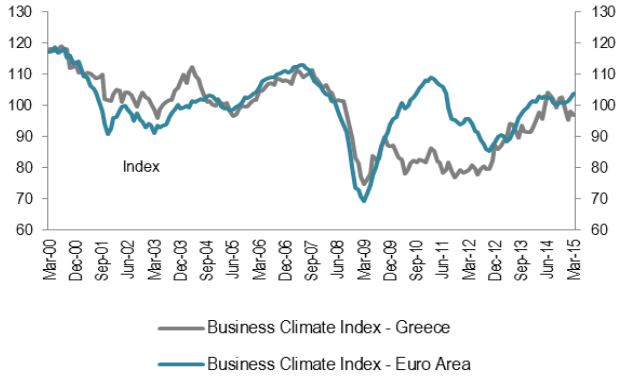
DIAGRAM 1.2.5
HARMONIZED CPI



Source: European Commission

Deflationary trends in the economy persisted, with the CPI posting an annual decrease of -1.3% and core inflation standing at -0.8%. This development reflects the spillover impact of the internal devaluation process that peaked in 2013, coupled with the decline in oil prices and raw materials in H2.2014.

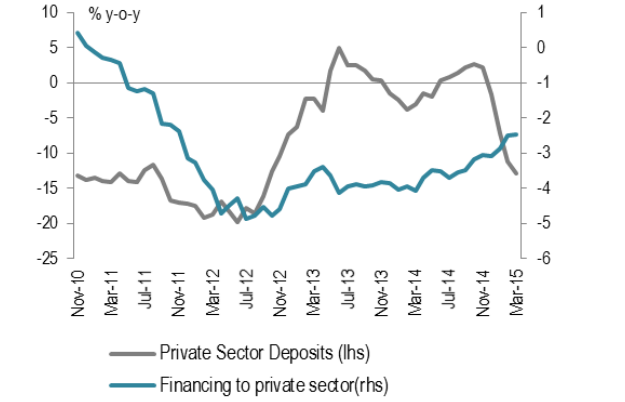
DIAGRAM 1.2.6
CORPORATE BUSINESS CLIMATE INDEX



Source: European Commission

Following the significant improvement in the country's public finances in 2013, the fiscal performance lost momentum in 2014, as the primary surplus fell to 0.4% of GDP (ESA 2010 figures, without the impact of the support measures for the financial sector) from 0.9% in 2013 (as defined by the economic support program), mainly due to the lag in budget revenue, which peaked towards the end of the year, and deteriorating financial position of social security institutions and the health system. Government debt increased further to 177.1% of GDP from 175.0% in 2013.

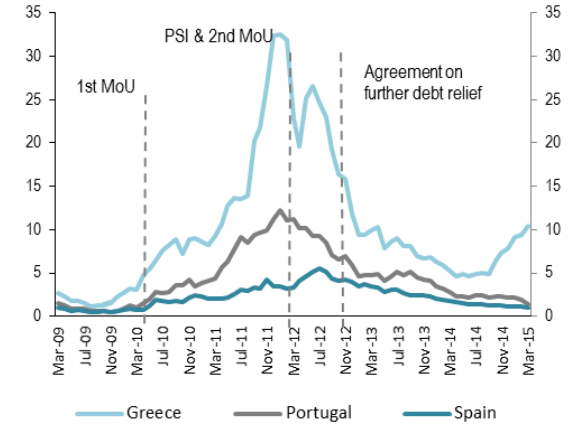
DIAGRAM 1.2.7
BANK FINANCING & DOMESTIC PRIVATE SECTOR DEPOSITS



Source: Bank of Greece

The financial environment improved during the first 9 months of 2014, with retail deposits growing by €1.4 billion between January and September, while the rate of deleveraging slowed during the year, so that its contraction was limited to -3.1% at end-2014. However, the delay in completion of the outstanding evaluation under the Support Program and the non-disbursement of the corresponding funding from the EU and the IMF, together with the unfolding of the electoral cycle in late 2014 - in view of early presidential and, thereafter, parliamentary elections - translated to an increase in uncertainty.

DIAGRAM 1.2.8
10Y GGB/BUND SPREADS



Source: Bloomberg

Conditions in the markets for Greek financial instruments deteriorated, with the yield on 10-year Greek bonds rising to 8.5% in December 2014 from 5.9% in September, while as of November 2014 bank deposits began to decline again. Specifically, in the period November-December 2014, bank deposits contracted by €5.1 billion, while the trend deteriorated further in the first quarter of 2015 when the cumulative loss of deposits amounted to €30.1 billion. Despite achieving a short-term agreement to extend loan support to 20 February 2015, uncertainty regarding the gradual transition of the Greek economy to normality and the pressing need to find new funding for the Greek government, as access to markets became problematic, further darkened the financial environment in the first months of 2015.

Anticipated developments

The Greek economy is confronting significant challenges in 2015. The protracted negotiations with the lenders (the European Commission, the ECB and the IMF) regarding the release of the pending financing

(€7.3 billion) that would meet the high financing needs of the second and, especially third, quarters of the year has generated pressures in financial markets, squeezed liquidity yet further, and burdened the macroeconomic picture in the first half of the year. A timely resolution of the Greek Government's funding predicament in 2015, and the need to quickly reach a broader agreement to secure the funding required to achieve a smooth transition of the economy to stability, further easing of the debt dynamics and support for growth, as well as full access to the ECB's emergency monetary loosening measures, are all essential if the economic environment is to improve. The weakening of the euro and the reduction in oil prices, coupled with the positive performance of most of the euro area economies and the favorable dynamic of the tourism sector, serve to contain recessionary risks in 2015. The removal of uncertainty and timely implementation of measures to enhance fiscal efficiency, as well as other structural changes, are key challenges in the struggle to regain momentum in the drive towards fiscal adjustment and the consolidation of a sustainable growth path for the Greek economy.

SECTION 2 ACTIVITIES OF THE GROUP IN GREECE

2.1 RETAIL BANKING

As at 31.12.2014, the Group's retail lending business, before provisions, stood at €42.5 billion, down by 1.6% yoy, €28 billion of which comprised the Bank's retail portfolio.

Mortgage lending

In 2014, the Greek economy showed signs of stabilization for the first time since the crisis began, with a rise in mortgage lending demand and with absolute figures remaining at low levels.

Mortgage lending balances declined by 2% to €18.2 billion, mainly due to regular repayments. New disbursements amounted to €45 million, from €30 million in 2013. Accordingly, NBG maintained its market share at 25% while, according to Bank of Greece data, the Bank increased its share of new loan disbursements.

NBG placed greater focus on cleaning up its mortgage loan book, and succeeded in reducing new delinquencies. More specifically, the Bank arranged loan reschedulings worth €1.7 billion (corresponding to a total of 27,782 loans). The NPL rate in 2014 reached 26.5%, vs. 23.4% in 2013 and 18.7% in 2012, mainly due to the contraction of the aggregate portfolio, while the rate of new delinquencies gradually decelerated during the course of the year.

In 2014, the credit approving centers of the Retail Banking segment were merged under the umbrella of the Mortgage & Personal Loans Division, thus generating economies of scale and significant operating synergies. The new Unit is responsible for assessing mortgage and consumer loans as well as credit cards. In the meantime, related services provided via the internet in the process of being upgraded, and an extensive program aimed at updating and training Network personnel was implemented.

In 2015, the Bank is launching its Code of Conduct, which should have a positive impact on dealing with defaults. The Bank aims at increasing mortgage credit to levels higher than those of recent years.

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

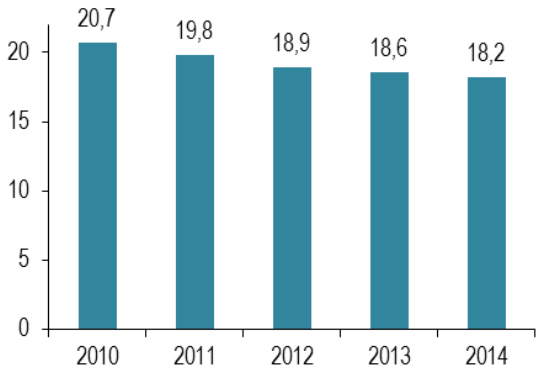


DIAGRAM 2.1.2
NBG MORTGAGE LOANS
(NEW DISBURSEMENTS- € BILLIONS)

Credit cards and consumer loans

In 2014, with respect to debit cards, the Bank continued to focus its strategy on increasing their use through POS machines for the purchase of products and services, as well as on the continuous improvement of their features and the services provided.

Accordingly, NBG set in motion a major project to upgrade its debit portfolio with the issue of new Debit MasterCard and Debit MasterCard Business cards, and the launch of contactless transaction technology for its card products. Thus, over 3 million customers are being supplied with the new debit card, which will soon replace the older Ethnocash Plus card.

Contactless transaction technology enables easy, safe and fast purchases with businesses equipped with the special readers.

In addition, Debit MasterCard combines new improved features, including wide acceptance at millions of businesses displaying MasterCard logo worldwide and Internet electronic stores, and enabling the payment of fixed obligations, cash withdrawals and other banking transactions via an extended i-bank ATM network of NBG and ATM network of other banks in Greece and abroad. At the same time, it also offers participation in go4more, a unique total reward program, the first of its kind in Greece.

NBG also launched its Ethnocash Plus Agrokarta debit card, a purpose-designed product that accompanies the pilot Contract Agriculture/Farming program.

The Bank continued to seek the qualitative expansion of its credit card portfolio by supporting reward & cash-back programs. Emphasis was placed on "go" cards and the "go National" customer loyalty program, which enables cardholders to enjoy cash bonuses and special offers via partner retailers.

As part of its efforts to enhance its relationship with the entire clientele and not just credit cardholders, the Bank prepared the ground, in early 2015, for the launch of a unique and pioneering program to reward the overall customer-Bank relationship, known as go4more, and intended to replace go National. With go4more, via the banking products held and the daily transactions, the customer collects points that can be redeemed as products and services.

In addition, within the context of its CSR actions, the Bank ran its "go for Kids" program twice in 2014, which supports not-profit bodies that care for children in need. Through this program, the Bank gives a part of its "go" card turnover to finance the work of such organizations.

With respect to consumer loans, the Bank's main aim has been to support customers who continue to face problems in repaying their debts due to the persistence of the adverse economic environment in 2014.

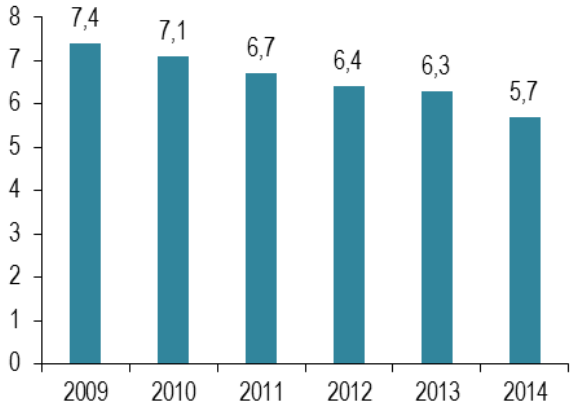
More specifically, the most important actions were the following:

- The continuation of debt rescheduling and restructuring packages, offering ways of putting debt repayments back on a realistic and sustainable basis

- The said packages were offered throughout the year with the option to register a prenotation on real estate. In this case, much lower interest rates and longer repayment terms are offered, the combination of which leads to a reduction of the installments to very low levels and increases the likelihood of normal debt repayment. At a consistently high rate (30% in 2014), the Bank's customers are electing for a prenotation on real estate as collateral in order to improve the financial terms of their debt rescheduling.

In 2015, the Bank intends to launch purpose-designed Retail Banking products and services aimed at meeting more specialized consumer needs.

DIAGRAM 2.1.3
NBG CONSUMER LOANS
(BALANCES AT YEAR END- € BILLIONS)



Lending to small businesses

Against a harsh economic backdrop, NBG continued to support healthy SMEs by providing essential liquidity as well as enterprises facing difficulties in servicing their financial obligations. Lending to small businesses with turnover below €2.5 million at year end stood at €4.2 billion vs. €4.3 billion a year earlier, including the

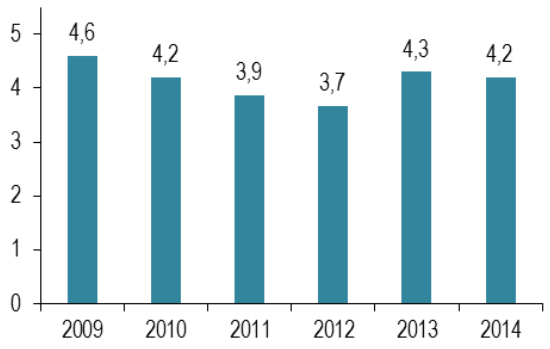
portfolios of former FBBank and Probank (DIAGRAM 2.1.4).

With a view to enhancing domestic economic activity, NBG provided financing for businesses to cover working capital needs as well as investment plans of older and newly-launched businesses, the main tool being the provision of credit through co-funded programs as well as from the Bank's own funds. Specifically, in 2014, through the JEREMIE initiative (in cooperation with the European Investment Fund), and ETEAN actions, the Bank granted loans to SMEs totaling some €38.1 million, under particularly favorable terms. At the same time, new loans totaling €182.9 million, and deriving from the Bank's own funds, were disbursed by the Bank.

NBG continued to help customers repay their obligations by means of various rescheduling and restructuring programs. As at 31.12.2014 the total balance of such facilities handled by the Small Business Loans Division ("SBLD") stood at €518.2 million[1].

In 2015, the SBLD will continue to support the growth of Greek entrepreneurship by helping customers who are facing difficulties in meeting their obligations, complying fully with the Code of Conduct under Law 4224/2013 and the rescheduling options provided for by legislation.

DIAGRAM 2.1.4
NBG LENDING TO SMALL BUSINESSES WITH TURNOVER BELOW €2.5 MILLION (BALANCES AT YEAR END - € BILLIONS)

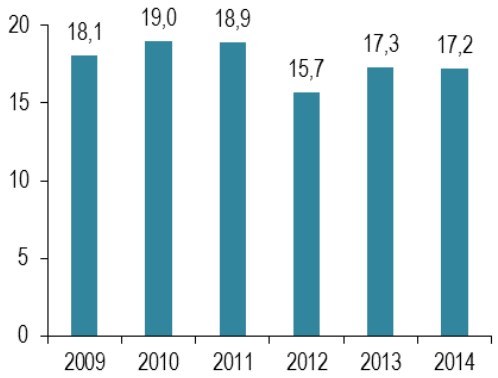


[1] These do not include restructured/rescheduled debts that have in the meantime been transferred to bad debt.

2.2 BUSINESS BANKING

The business loan portfolio (for businesses with turnover over €2.5 million) in Greece totaled €17.2 billion, down by 0.7% yoy, including the portfolios of former FBBank and Probank (DIAGRAM 2.2.1).

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



Corporate lending

In 2014, the market showed signs of improvement relative to the recessionary spiral of the previous years, which helped sustain the quality of the Bank's corporate lending portfolio and expand it with the offering of new loans to viable large corporations.

The Bank sought to assist businesses by financing new business plans, on a selective basis, and to further support them by refinancing existing loans. To this effect, the Bank financed several new projects in the fields of energy, tourism, industry, metals and other, while it continued its policy of refinancing loans, under terms adjusted to the needs of each firm and enhancing the collateral accordingly. Despite significant repayments, NBG's total lending to corporations remained unchanged in 2014 due to the production of new financing.

Last, in mid-2014, part of the Bank's corporate portfolio was transferred to the newly-established Special Assets Unit. This contributed to the cleaning-up of the corporate lending portfolio and the more effective management of impaired cases by the Bank's specialized unit.

Project finance

In 2014, the project finance portfolio in Greece grew by 57%, reflecting mainly the funding of projects in the field of electric power and Public and Private Partnerships (PPP). In 2015, and the years ahead, the PPP and energy sectors (mainly RSE) are likely to be the key drivers of project finance in Greece, while, through its participation in the JESSICA program, the Bank aspires to play a leading role in financing such projects.

Conversely with the growth of the domestic portfolio, project finance abroad posted an almost equivalent decline, mainly due to withdrawal from projects that held out low benefits for the Bank, and to the repayment of loans.

In 2014, the issue of syndicated loans increased both for new financing and refinancing of older facilities.

Advisory services

In the previous year, provision of advisory services to public and private bodies with regard to concession projects and PPPs remained at the same levels due to the overall economic situation.

However, it is likely that, once the economic climate has stabilized, the interest of the Greek State in promoting international tenders for the implementation of major infrastructure projects, as well as that of investors in participating in the said tenders, will be rekindled.

JESSICA Initiative

As of December 2011, the Bank, in its capacity of "Urban Development Fund", has undertaken the management of resources of the European Structural & Investment Funds within the context of Joint European Support for Sustainable Investment in City Areas - JESSICA Initiative of a total value of €83.3 million for the regions of Attica, Ionian Islands and Western Greece, as well as the Environment and Sustainable Growth program. For the period 2012-2015, these funds, together with the Bank's and other private funds, are earmarked for the financing of eligible urban development projects. This activity should generate significant earnings for the Bank in the form of handling fees.

Lending to medium-sized businesses

NBG achieved its 2014 credit expansion target, channeling €1 billion to medium-sized businesses, out of a total of €3 billion supplied to the Greek market to support healthy businesses, whether old or new, that are implementing viable investments aiming at enhancing competitiveness, innovation, extroversion and job creation.

The Bank also gave tangible support to efforts to bring the Greek economy back on a growth path, by actively participating in the promotion of programs designed to enhance investment and business plans, leveraging sources available through NSRF 2007-2013 funds.

More specifically, the Bank participated in the provision of low-interest loans to new and older businesses to assist the implementation of investment and business plans. Such loans were co-funded by the National Fund of Entrepreneurship & Development (ETEAN S.A.) and the JEREMIE initiative of the European Investment Fund.

It also contributed to the containment of businesses' financing costs, with the provision of funds through the *Grouped Loans for SMEs* action of the European Investment Bank, backed by the Hellenic Guarantee Fund for Small and Medium-Sized Enterprises.

As part of its efforts to efficiently manage its loan impairments, the Bank set up Corporate Special Assets Divisions.

NBG stands by efforts to develop and support sectors of the Greek economy and Greek businesses at the critical stage of their recovery, and intends to further support the financing of healthy businesses in 2015.

Leasing

The slowdown in economic activity and the general climate prevailing in the market, especially at the end of 2014, had a significant negative impact on interest in implementing new private investment plans.

Against this backdrop, investment activity was anemic, having a direct impact on the growth of leasing activity.

Ethniki Leasing S.A. continued the portfolio deleveraging process, with leases outstanding falling by around 3% (€532 million in 2014, vs. €551 million in 2013). Nevertheless, new financing remained at roughly the same level vs. 2013 (€56.9 million in 2014, vs. €57.2 million in 2013), reflecting our efforts to contribute to the generation of new investments and to support viable customers. It is noted that in 2014, Ethniki Leasing ranked 1st regarding new financing among its peers, improving on last year's ranking of 2nd place.

Ethniki Leasing maintained its capital adequacy ratio at levels above the mandatory requirement. More specifically, as at 31 December 2014, the company's CAR stood at circa 16.8%.

Although 2014 was the 6th consecutive year of GDP contraction, the company's key priority was to sustain, even at marginal levels, core profitability and contain operating costs.

Thus, the company's operating results before provisions, impairments and taxes remained positive. Specifically, core profitability was adversely affected by the reduction in interest income due to the increase of NPLs and portfolio deleveraging, resulting from losses incurred through the sale of returned cars, whose market prices are exceptionally low at the present conjuncture.

In 2015, the company will seek to provide new leasing arrangements for investment programs, within the context of the overall credit expansion set by the NBG Group's Management in light of the current economic environment.

Shipping

In 2014, the challenges of the economic environment were confronted effectively, though the shipping market presented a mixed picture. Specifically, the liquid cargo market posted a significant improvement, while further pressure was placed on the bulk cargo segment. Taking up potential investment opportunities, there was increased interest in buying vessels at low market prices.

The Bank continued its long tradition of supporting Greek-flagged shipping, offering new financing arrangements – on a selective basis – to existing as well as new customers, placing emphasis on conservative rates of financing at higher prices. In addition, NBG placed emphasis on improving the prospects of repayment and enhancement of existing collateral for part of the existing loan exposures.

In 2014, the Bank's shipping portfolio grew, with the granting of €300 million new financing facilities, while its quality remained satisfactory. 32% of the portfolio corresponded to loans for vessels under 5 years old, while the average age of the total mortgaged fleet is 14 years. The greater part of the loan book concerns dry cargo vessels (43%) and tankers (37%). Exposure to coastal shipping is limited.

In 2015, similar efforts will continue, on the basis of the nascent signs of revival following the downturn of the previous years, with significant variations in the liquid and dry cargo segments, as a result of the gradual absorption of excess supply of tonnage and the emergence of new trends in the market, technology and environmental protection.

Global transaction services

NBG is a strategic partner of export-oriented Greek businesses.

NBG's recent distinction as "Greece Best Trade Finance Bank 2015" awarded by Global Finance magazine for a third year in a row reflects the emphasis that NBG places on trade finance and especially exports, as well as the confidence shown in it by the international business and banking community.

The Bank's international standing enables it to participate in the shaping of a new environment that is linked to the management and financing of the cross-border supply chain, providing modern and competitive solutions that respond to the ever changing needs of Greek businesses and ensuring their access to foreign markets on the best possible terms.

It is notable that over the years NBG has held the largest market share in exports, at 31.1% in 2014, and

offers its services to a broad customer base of over 18,000 exporting businesses, supporting one of the most significant pillars in the drive to reboot and develop the Greek economy.

Corporate Special Assets Divisions (CSAD)

On the basis of the applicable regulatory framework and seeking to ensure the efficient management of its corporate loan book as regards loans extended to businesses that are facing difficulties in meeting their obligations, the Bank has developed a strategy for the independent handling of relevant cases and launched Corporate Special Assets Divisions that are solely responsible for addressing such cases.

The CSADs offer tailor-made solutions to companies that are unable to repay their loans normally and face operating and financial difficulties, offering them the opportunity to reschedule/restructure their loans. To help them find a viable solution, CSADs assess the viability of the business, the ability to repay the loan, market conditions and the existing competition, as well as the industry in which the business operates. For the assessment of businesses and the suggested solutions, CSADs apply customer viability control models as well as a model for determining the net current value under alternative rescheduling proposals.

In 2014, CSADs undertook a portfolio totaling €5.4 billion and prioritized its management on the basis of size, stage of default, and collateral, establishing at the same time an effective number of rescheduling formulae and frameworks, as well as recovery and resolution solutions.

2.3 ASSET MANAGEMENT

Deposits – Investment products

As at 31.12.2014, NBG's deposits outstanding declined by 0.3% yoy to €43.9 billion. NBG's market share posted growth, both in respect of total deposits (up 0.03 pps from 24.62% to 24.65%), while the various individual categories presented fluctuations (i.e. demand deposits down 0.42 pps (sight and current deposits down 0.66 pps, savings deposits down 0.22 pps) and time deposits up 0.16 pps).

With regard to its deposit mix, NBG managed to maintain its comparative edge vs. its peers in terms of cost (time to savings/sight deposits: 1 to 1, vs. 1.61 to 1 of peers).

In addition, with a view to maintaining and further enhancing and expanding its deposit base, the Bank continued its efforts to market its products dynamically. Specifically, the Bank:

- stepped up its efforts to market "NBG Sight Account",
- endeavored to attract private sector salaried employees, as well as employees of the public sector and public entities.
- enhanced the servicing of beneficiaries of farming subsidies and further penetrated the said customer category by expanding collaboration with farmers' cooperatives.

In 2014, a number of projects in line with the requisites of the Bank's strategy were successfully realized. The main focus of actions, with the ultimate aim of providing yet more effective and integrated services to its clientele and reducing related costs for the organization, were the following:

- the development and launch of new products and services (time deposit via Internet Banking, products that combine time deposits and placements in Mutual Funds or bancassurance products), and
- further upgrading of its systems and applications that support deposits and investment products.

Mutual funds

NBG Asset Management Mutual Funds S.A. ranks among the 10 Top Companies (8th place) on the basis of profits recorded for the Financial Services segment in 2012-2013, according to the business survey carried out by ICAP in 2015.

The company's profit before tax in 2014 amounted to €5.9 million.

Its Mutual Funds achieved significant distinctions. For instance, in 2014, for a second year in a row, Delos Income–Domestic Bond Fund gained first place among Greek Bond Funds. Indeed, according to an article in the Wall Street Journal (28/2/2014) this mutual fund product ranked first place worldwide among all bond funds, for 2013.

In 2014, the NBG SICAV FUND Global Equity and DELOS USD Bond–International Bond product gained first place in their investment categories.

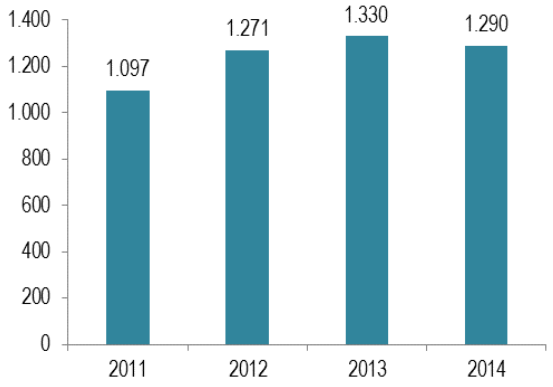
Almost 100% of the order books outperformed their benchmarks.

NBG Asset Management's goals for 2015 include growth of its assets and the achievement of returns that outperform their benchmarks, both with respect to Mutual Funds and order books.

The company's total assets deriving from mutual funds and portfolio management amounted to €1,290 million yoy (DIAGRAM 2.3.1). As at 31 December 2013, the company's market share in Mutual Funds stood at 14.0%. With respect to portfolio management, total funds under management amounted to €443 million, up by 25.5% yoy.

NBG Asset Management manages 23 DELOS Mutual Funds and 3 SICAV funds of NBG International, which is registered in Luxembourg. The clientele is particularly wide and consists of over 45,000 shareholders, 84 of whom are institutional investors.

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



Private Banking

In 2014, NBG Private Banking underwent various changes following the design and implementation of a new operational structure. The changes took place within the context of a customer-oriented approach, aimed at addressing the pressing and complex needs of today's customers. This new approach is reflected in the launch of new products and services, the provision of flexible and customized services, as well as the streamlining of internal functions and the alignment of processes.

NBG Private Banking significantly enhanced its competitive position in the market. Emphasis was placed on enriching the mix of products and services with top global investment houses, within the context of the Bank's strategic decision to deploy "Open Architecture" (including, for example, Pictet, Pioneer, Blackrock, Schroders, UBS, BNP Paribas and others). Accordingly, customers are able to tap the know-how and experience of first-class fund managers of the international market and can invest their funds safely, enjoying significant benefits.

2.4 INVESTMENT BANKING

Treasury

In the first half of 2014, the positive developments that were identified in 2013 continued to play out. Total deposit product further increased and the Bank managed to post a small increase in market share. The cost of the deposits declined and, accordingly, although in 2013 the interest rate margin offered for time deposits over euribor was circa 250 bps, in the first half of 2014, the rate stood at 200 bps, reflecting significant de-escalation.

The interest rate margin offered over euribor in H2.2014 continued to contract, albeit at a slower pace, to 170 bps. Total deposits in the first 4 months of H2 remained unchanged, while in the last two months of 2014, the pre-election period affected the prevailing economic climate triggering deposit outflows. Thus, the year ended slightly negative as regards total deposits.

Developments in the market for Greek bonds were similar. In H2.2014, the prices of Greek bonds continued to move upwards. For example, the 10-year GGB started off at 65 (yield: 8.40%) and by the end of the first half stood at 81 (yield: 5.95%). In this period, the Hellenic Republic issued a 5-year bond, and in July a 3-year bond.

In Q4.2014, Greek bonds lost their gains, with the 10-year GGB closing at 64.3 (yield: 9.6%).

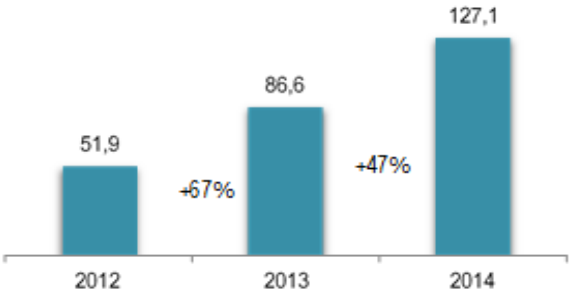
Meanwhile, the Bank played a significant role as a Primary Dealer of bonds issued under the euro area Support Mechanisms (EFSF and ESM) for yet another year, actively participating in all the syndicated issuances and auctions of bonds and T-bills of these organizations.

Last, the Bank participated in the issuance of Greek T-bills, thereby contributing to the ongoing funding of the country's short-term needs.

Brokerage

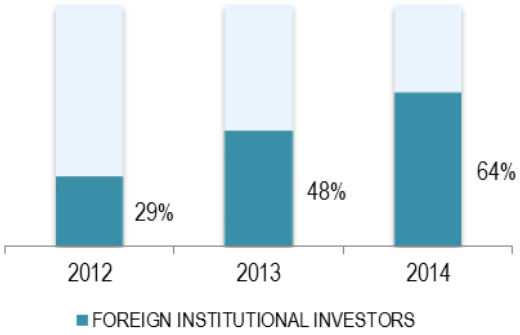
The ATHEX General Index declined by 28.9% (826.18 points as at 31/12/2014 vs. 1,162.68 points yoy). Conversely, Average Daily Trading Volume posted an increase for the second year running (DIAGRAM 2.4.1).

DIAGRAM 2.4.1
AVERAGE TRADING VOLUME
(€ MILLIONS)



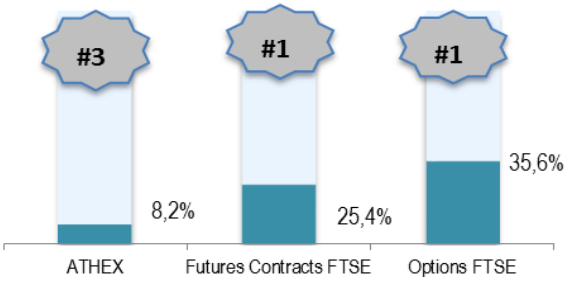
A significant role in this positive performance of average daily trading volumes was played by the participation of foreign institutional investors, which likewise increased for a second consecutive year (DIAGRAM 2.4.2). The participation of remote members also increased notably to 18.3% from 10.9% yoy.

DIAGRAM 2.4.2
AVERAGE TRADING VOLUME
(€ MILLIONS)

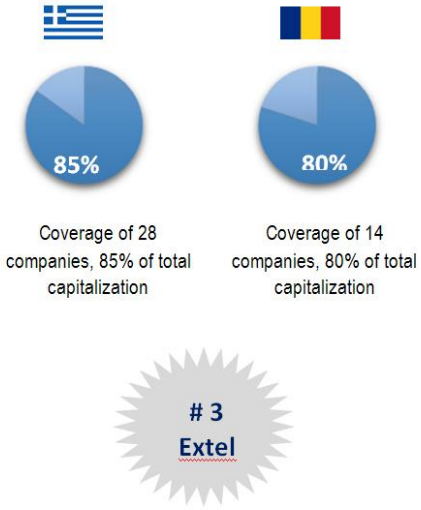


NBG Securities ranked third in the ATHEX ranking list, with an 8.27% market share, and first in FTSE/ASE Large Cap futures contracts, at 25.4%. Furthermore, it ranked first as regards Options on the index, holding a share of 35.6% (DIAGRAM 2.4.3).

DIAGRAM 2.4.3



The Analysis Department offers strategic analysis and covers the markets of Greece and Romania, while more detailed information and secondary analysis on international markets are provided on a daily basis. Our London Branch placed special focus on meeting the needs of institutional investors. More than 200 meetings with institutional investors were held in 2014, in the UK and Europe. Moreover, the Analysis Department came third in the survey conducted by Extel.



Capital market operations

The Investment Banking Division provided a wide range of services in the fields of corporate finance, and stock and bond issuances, thereby boosting market share within a harsh environment. More specifically, the Group:

- Acted as book-runner, lead underwriter and manager of the book-building process for the public offering carried out by EL.TECH. ANEMOS.

- Acted as a book-runner and lead underwriter in the share capital increase by LAMDA DEVELOPMENT S.A.
- Acted as an Advisor to LYKOS AG and NBG PANGAEA REIC within the context of the tender offer submitted for the acquisition of INFORM LYKOS SA and MIG REAL ESTATE REIC, respectively.
- Advised the Board of CYCLON S.A. regarding the fairness and reasonableness of the price within the context of the mandatory tender offer submitted for the acquisition of MOTOR OIL S.A.
- Acted as joint manager of the book-building process for the global note issues by HELLENIC PETROLEUM S.A., PPC S.A. (DEH), TITAN S.A. and MOTOR OIL S.A.

In 2014, NBG Securities upgraded the functionality of its trading site and launched a new corporate site.

In the year ahead, the key objectives are to:

- capture more market share,
- sustain profitability,
- increase sales to international end clients,
- finalize integration of the Bucharest Branch,
- bring investment banking services into international markets (Romania and Cyprus), and
- further develop on-line transactions through the Company's trading site.

Private equity

In 2014, the portfolio managed by NBGI Private Equity (NBGI) channeled circa €6.6 million into existing investments. Within the year two investments were sold off, generating income of circa €28.3 million.

As the economic crisis started to wane, the returns of certain portfolios began to recover, as can be inferred by the increase in the valuation of the Group's companies. However, some other businesses continued to be negatively affected. Nevertheless, through the active management of NBGI investment teams and the support of sector advisors, the Group continued to support businesses so as to address the difficulties they were facing. The region, however, continues to face problems (in particular, the recovery rate in Greece), which continue to affect the valuations of the various businesses which NBGI manages in these countries, despite the dynamic and steady management of the said businesses.

In 2014, NBG decided to carry out a strategic review of its activities in the Private Equity sector and was involved in discussions, which are still in progress, with two potential investors who have expressed interest in acquiring the position held by the Bank with respect to the portfolio managed by NBGI.

Custodian services

With its long standing presence in custodian services in the Greek market, NBG offers top quality services to its Greek and foreign clients in respect of their investment activities in domestic and global markets.

The persistent low level of activity in every kind of investment service, as a result of the crisis, has inevitably had a direct impact on custodian activities, while also depriving local custodian service providers of significant competitive advantages because of their low credit ratings. Despite the extremely adverse environment, NBG managed to mitigate the impact of the crisis by maintaining excellent business relationships with its clientele and providing top-class tailor-made services.

According to the annual survey conducted by *Global Custodian*, the high quality services offered by NBG to Greek and foreign customers rank the Bank among the top custodians of the Greek market for a 6th consecutive year.

2.5 STRATEGY FOR OPERATIONS UPGRADE

Branch network

In 2014, NBG's branch network continued to play a crucial role in the implementation of the Bank's strategic priorities, enabling the Bank to achieve its frontline targets:

- Sustaining liquidity
- Cleaning up loan books
- Strengthening the relationship between the Bank and its customers, seeking to further improve operating results

The Units of the Bank's branch network, as at 31.12.2014, totaled 528 branches and 50 transaction offices or agencies, offering wide geographical and population coverage and having a dynamic presence

even in remote or economically weaker areas of the country. They act as a service point for over 6 million customers carrying out circa 200 million transactions.

With a view to further improving the organizational structure and profitability of the branches and upgrading the services offered to customers, the Bank launched a series of actions:

- Deployment of a new system for monitoring branch efficiency with a view generating value for our customers.
- Launch of the new customer-focused operational model at branches on a pilot basis in 22 branches.
- Opening of two network units that provide exclusive services to Premium Banking customers.

As part of the Bank's ongoing efforts to enhance the business operations of the network and the services provided to customers, the following actions have been scheduled:

- Shift to customer-focused model across the entire branch network
- Improvement of branches' image through targeted interventions in hub units, including the creation of Premium Banking and i-bank corners at selected NBG branches.
- Strategically designed actions for optimum management of transaction operations at branch front-line posts, through:
    - the deployment of a mechanism that facilitates rapid adjustment of cashier posts to transaction activity,
    - the introduction of cutting-edge technologies to improve customer service times,
    - actively encouraging customers to use alternative transaction networks.

Alternative networks

In 2014, NBG placed strategic emphasis on developing electronic delivery channels, both by upgrading existing i-bank services and by launching new services.

i-bank services offer flexibility in customer service, on a 24/7 basis, enabling savings through zero or very low charges, and a high level of security in transactions.

In 2014, the Contact Center supported key projects of the Bank, such as the new Internet Banking service, the promotion of Virtual MasterCard, the last stage of deployment of the Ethnocash cards, PROBANK products, and the replacement of AB VISA cards. The services provided expanded with the launch of the special PREMIUM Line. In all, some 2.5 million incoming calls, 400,000 outgoing calls for the marketing, support and resale of various NBG products, and 113,866 back office operations were serviced.

Stock broking transactions worth a total of €106.5million (33% of the Bank's total) and banking transactions worth €14.5 million were carried out, and consumer credit products worth €4.1 million were granted.

There were over 550,000 unique visits to the four i-bank stores, and 100,000 banking transactions were carried out.

In 2014, a full upgrade of NBG's website, at www.nbg.gr, as well as of i-bank Internet Banking for individuals was completed.

The new web portal at www.nbg.gr attracted an even greater number of visitors, up by 15% in 2014, while the use of i-bank internet banking significantly increased during the course of the year: total registered Internet Banking users numbered 870K, making 69 million transactions worth over €25 billion (DIAGRAMS 2.5.1 & 2.5.2).

DIAGRAM 2.5.1
INTERNET, PHONE AND MOBILE BANKING SUBSCRIBERS

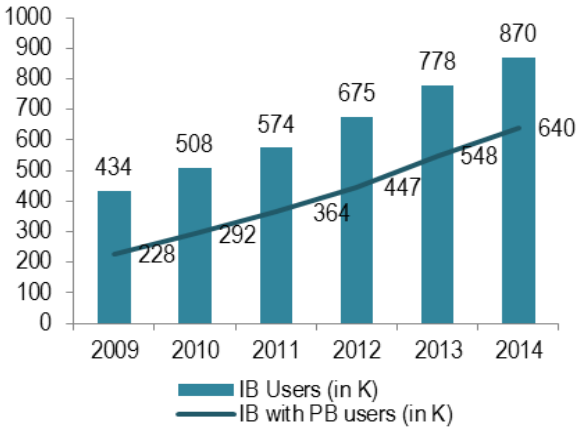
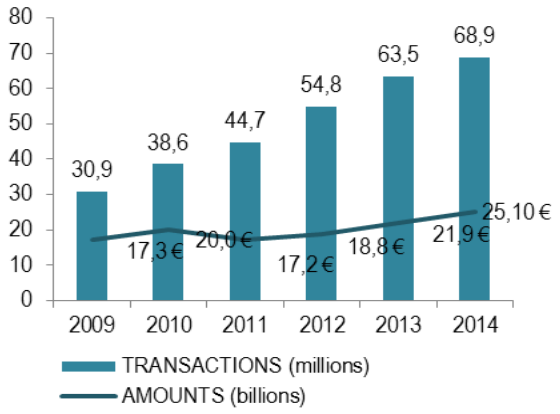


DIAGRAM 2.5.2
INTERNET BANKING TRANSACTIONS



At the end of the year, i-bank Mobile Banking counted more than 74,000 active customers, who carried out 157,593 transactions worth over €67 million.

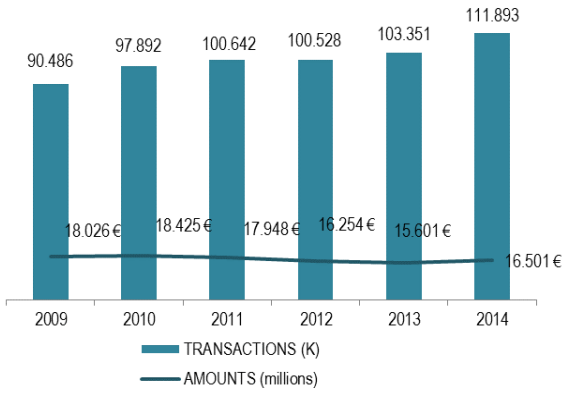
In addition, a comprehensive overhaul of the design and operation of the Bank's i-bank Mobile Banking facility was completed with a view to offering a fully-integrated Mobile Banking application to NBG customers.

i-bank Simple Pay also posted a significant increase: subscribers in 2014 numbered more than 25K, while 60.5 million transactions worth over €10.5 billion were carried out.

As at December 2014, the new i-bank Simple Pay Spot service was launched, specifically designed to meet the needs of consumers and enhance small retail businesses.

As at 31.12.2014, the Bank ran 1,414 ATMs. Transaction volume at ATMs grew by 8.5 million vs. 2013 (DIAGRAM 2.5.3) to 111.9 million transactions worth a total of €16.5 billion.

DIAGRAM 2.5.3
ATM TRANSACTIONS (€ millions)



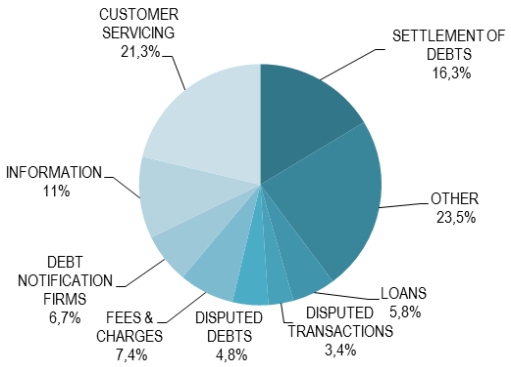
2.6 NBG OMBUDSMAN

The NBG Ombudsman aims at enhancing the valuable relationship of trust that the NBG Group has built with its customers. The Customer Ombudsman reports directly to the Board of Directors of the NBG Group and operates independently as an "Amicable Settlement of Disputes Unit" for issues relating to the Bank and Ethniki Insurance prior to the customer's recourse to judicial or other arbitration bodies.

In 2014, the Customer Ombudsman:

- was awarded a distinction by EBEN GR (a not-profit organization that represents Greece in the European Business Ethics Network) for its Business Ethics.
- vindicated the strategic choice of the Bank and Ethniki Insurance to place "the Customer at the Center of Focus", listening to the customer and respecting the customer's problems and seeking mutually acceptable solutions to address such problems. The impact of the economic crisis continued to determine the nature of most of the complaints. Of the total complaints investigated (and which properly fall within the Ombudsman's jurisdiction), 79% reached a successful resolution, while 73% were processed within one week.

DIAGRAM 2.6.1
TYPES OF ISSUES FILED WITH THE CUSTOMER OMBUDSMAN



SECTION 3

INTERNATIONAL ACTIVITIES OF THE GROUP

3.1 THE GROUP'S INTERNATIONAL PRESENCE

In addition to the Turkish performance, the results of the Group's international operations were particularly satisfactory, as net profits amounted to €32 million, up 18% yoy. The macroeconomic environment remained harsh, culminating in the crisis in Bulgaria's financial sector in the summer of 2014 (with the local bank CCB ceasing operations).

Nevertheless, the international subsidiaries continued to concentrate on attaining qualitative targets, which contributed decisively to their solid financial performance:

- Control of operating costs, with further rationalization of the branch network and central services (a 4% year on year reduction in operating expenses);
- Significant decline in the cost of raising retail deposits, in line with the trend of local markets, as most of the Group international companies have adequate liquidity, thereby leading to an increase in the net interest margin by 29 bps in 2014, to 3.45%;
- Prudent growth of the loan book, applying strict credit criteria that contributed to further enhancing its quality;
- Slowdown in the growth of NPLs, and as a result +90dpd loans remained at the same levels as in the previous year for the first time since the onset of the crisis;
- Strong capital adequacy, which provides a wide margin for dealing with potential adverse developments in the future;
- Further reduction in the raising of funds from the parent company, as the loan-to-deposit ratio stood well below one (94%);

Note that 2014 was a landmark year for Stopanska Banka, the Group subsidiary in FYROM, which completed 70 years existence in the local market, and continues to be one of the leading banks in the country. This year also marked the launch of operations of the first i-bank store in the country in February 2014, while efforts continue to focus on promoting this innovation in all the Group's international subsidiaries.

In 2015, the macroeconomic environment prevailing in the countries where the Group is active is expected to improve and the economies should post satisfactory growth rates in all countries. Nevertheless, the challenges are likely to be significant, as the sociopolitical arena in many of the countries where NBG is active remains unstable, while the demand for new credit remains low.

International retail banking

In 2014, retail banking business managed to maintain loan book volume and profitability steady, consistently growing its deposit base within the strict framework of self-funding.

Retail loans were based on programs that focused on selective leverage of specific customer segments, backed by a multi-product relationship with our banks and sound quality and value-added transactional behavior.

Retail deposits continued to increase, while at the same time the cost of raising funds declined by 34% yoy.

These factors, combined with the slowdown in the total volume of NPLs and sustaining loan book performance at levels close to those of 2013 – despite the ongoing reduction of base rates – demonstrate the significant role of retail banking in the performance of our network in SE Europe.

International business banking

In 2014, our international business banking focused its efforts on improving the quality of the corporate portfolio with low-risk selective financing by leveraging, on the one hand, the satisfactory liquidity conditions and the low cost of raising funds in the markets where the Group is active, and on the other hand, through the active management of non-performing loans pursuant to the applicable policies of the Group. Specifically, the rate of NPLs remained stable, while the provisioning coverage to deal with them was increased.

3.2 FINANSBANK SA

2014 was a year when the economic and social environment in Turkey and the rest of the world was marked by uncertainty and limited growth. Under these circumstances, Finansbank was once again able to demonstrate its ability to shape its strategic position and forge a dynamic outlook.

Finansbank responded successfully to the challenges of the times thanks to its customer-focused strategy implemented since mid-2012 and expert "Finansçı" employees dedicated to the Bank's values.

Finansbank's assets reached TL75 billion, up 14% yoy. The bank also achieved 46% growth in business loans. Total loan growth stood at 17%, higher than the average for the sector. Reflecting customer trust in the bank, retail deposits increased by 10%, again above the average for the sector, reaching TL41 billion. The share capital amounted to TL8.6 billion, up 12%. Net interest income stood at TL3.1 billion, while net fees and commissions at TL1.3 billion. Consequently in 2014, the Bank's net profit increased by 20% to TL877 million.

In 2014, Finansbank obtained its highest syndicated loan to date, totaling USD845 million, with the participation of 26 banks from 15 countries, a development that emphasizes its international standing and creditworthiness.

In 2014, Finansbank took many innovative initiatives. It offered its customers the opportunity to apply for low-cost loans without needing to visit a branch, through Enpara.com, the pioneering Internet bank of the sector. Moreover, through subsidiary eFinans, the bank was able to provide the first e-invoice service in the sector.

In the Corporate Internet Banking segment, "Instant Loan" and "Turkcell Talking Loan", both first-time products in the sector, were top performers at the International Stevie Business Awards.

During 2015 and the years to come, Finansbank will continue to compete with its peers, providing a first-class service to its customers and growing the value that it generates for the country and the bank's shareholders.

3.3 UNITED BULGARIAN BANK (UBB)

2014 was dominated by weak credit demand and the collapse of one of the biggest banks in Bulgaria – Corporate Commercial Bank (CCB). The liquidity crisis during the summer affected several banks, and CCB ended up without a license, after being for more than four months under special supervision by the Bulgarian National Bank (BNB). In a very short time the system lost the confidence of depositors, but quickly regained their confidence, with savings at the end of Q3.2014 higher than in May.

In 2014, UBB managed to increase profits despite the uncertainty in the sector during the summer months due to CCB, the continued unsatisfactory credit growth, and the persistent high share of bad and restructured loans in the banking sector (18.8% overall, comprised of 18% in retail credit and 19.2% in business credit).

At the end of 2014, UBB recorded a profit before tax of €43.3 million compared with €9.6 million at the end of 2013, representing a 3.5x increase yoy. On a consolidated basis, profit before tax of the bank increased almost threefold and reached €44.1 million at the end of 2014. UBB's financial result was affected by significant growth in net interest income (13.3% yoy), net income from fees and commissions (5.5% yoy for the bank and by 6.3% yoy on a consolidated basis) with the simultaneous contraction of administrative costs (by almost 3% for the bank and by 2.8% on a consolidated basis). Thus, in the space of a year, UBB generated a return on assets (ROA) of 1.3%, while return on equity (ROE) rose to 7.3%. In 2014, the bank had one of the lowest cost-to-income ratios – 43.2% – in the Bulgarian banking sector.

As a result of its strategy for 2014, UBB managed to report a significant improvement in loan portfolio quality, to create a substantial liquidity buffer, and to restore its self-financing capacity to pre-crisis levels.

As at 31 December 2014, the bank's subordinated debt decreased from €104 million to €78 million, down 25% yoy.

In 2015, UBB's board, management and staff will continue their efforts to enhance the quality of the loan portfolio, rationalize costs, and maintain optimum liquidity and a strong capital position.

3.4 STOPANSKA BANKA AD

2014 was a top performance year for Stopanska Banka (SB), with net profits reaching €30.7 million, up 52% on the previous year.

With ROE over 15%, ROA at 2.3% and the operating cost/income ratio below 44%, these key performance ratios reflect in the best manner the Bank's domination among its peers and its leading position in the domestic banking sector.

In addition, SB managed to further enhance the trust it enjoys among households and businesses and, accordingly, to increase its deposit base by 4%. The liquidity position of the Bank continued to stand at excellent levels as it remained self-funded, with a net loan-to-deposit ratio below 90%. Enjoying the strongest capital base in the country, with total equity of €218 million and a total capital adequacy ratio of 16.4%, the bank is in a position to implement successfully its strategy and increase further its market share in lending, backed also by its indisputable dominance in retail business with a 34% market share, and thereby become an even stronger player in corporate banking, where Stopanska currently holds a market share of 16%.

The NPL ratio in retail loans remained at the impressive low of 6.0%. (despite the fact that the bank has the largest and oldest retail portfolio in the country).

In 2015, SB will focus its efforts on maintaining its leading position in the market, by offering cutting-edge products, especially in the digital communication sector. The branch network, the largest in the country, will continue to be the main delivery channel.

3.5 BANCA ROMANEASCA SA

In 2014, the Romanian macroeconomic environment showed encouraging signs of improvement. GDP increased by 2.9% yoy, exports by 6.4% yoy, while inflation dropped by 0.83%, thus generating an encouraging outlook for the future.

Throughout 2014, Banca Romaneasca laid the foundations for returning to profitability, as pressure on both funding availability and especially cost of funding diminished. The money market cost of funding decreased on average by 89 bps, reaching 81 bps by the end of the year, whilst the cost of customer funding dropped by 152 bps. However, BROM's performance was impacted by the measures taken by the Central Bank of Romania to increase the provisioning ratios for some specific NPL customers, and to reduce the percentage of non-performing loans across the banking system as a whole.

The Bank's assets totaled €1.9 billion (including loans abroad), generating a profit before provisions of €10.7 million, a 72% improvement on the previous year. Customer deposits stood at €890 million, up 1% yoy.

As asset deterioration continued to be a sensitive item on every bank's agenda during 2014, BROM continued to take steps to defend the quality of its assets by improving its collection infrastructure while simultaneously writing off uncollectible loans. Hence, the NPL ratio posted a decrease of 5% yoy.

In retail banking, Banca Romaneasca continued to promote unsecured consumer loans, targeting both new and existing clients, in an effort to give buoyancy to lending volumes.

With regard to deposits, in a market still marked by some aggressive offers, Banca Romaneasca managed to increase retail volumes by 4% in 2014, while maintaining a balanced price offering. The main drivers of the increase were RON deposits, a development that affirms the Bank's strategy to focus on lending in local currency.

Corporate banking posted growth in short-term financing – factoring, reverse factoring, discounting and trade finance. To illustrate, tailor-made products were deployed in cooperation with top credit risk insurers, in order to have a complementary product that would offer both liquidity and risk mitigation to BROM'S corporate customers.

BROM is well capitalized, with a total CAD ratio of 19.1% at the end of the year (under Basel III rules), above the average for the Romanian banking sector. In 2014, operating expenses presented an 8% reduction yoy, reflecting the company's

implementation of cost control measures. NIM stood at 263 bps.

3.6 VOJVODJANSKA BANKA AD

In 2014, the Serbian economy faced severe challenges. However, it managed to maintain a stable credit ranking (BB-/B+/B1), with FDIs at the sound level of €1.2 billion. Economic growth is likely to remain steady in 2015, due to competitive economic and tax incentives, driven by EU integration and systematic and intensive reforms and development of infrastructures. The banking sector remained sound and liquid, with 29 banks operating in the country and recording positive financial results and growth of total assets (€25 billion).

Against an adverse economic backdrop, Vojvodjanska Banka managed to over-perform, as it achieved sustainable revenue growth and net profit of €4.2 million. It remained among the top 10 banks in Serbia, ranking #8 in terms of asset size. The Bank's CAR stood at 17.6%, well above the regulatory threshold. The Bank has also managed to keep the percentage of NPLs well below the market average, primarily due to effective risk assessment policy.

As one of the systemic banks in Serbia, with the 3rd largest network in the country, the Bank's retail lending portfolio grew by 19% while the total retail market grew by 9%.

The Bank's future will be based on the provision of high-quality services and products to customers, meeting the short-term liquidity needs of profitable business customers, and arranging long-term funding for economically viable investment projects.

3.7 BANKA NBG ALBANIA SH.A

2014 has been a challenging year for the Albanian economy, including fiscal system changes, weak economic growth, and a general decline in market interest rates. Although statistically higher than the previous year, GDP growth continued to remain well below country potential, at 1.89%, mainly impacted by weak demand. Credit expansion posted an increase of approximately 5.21% according to the Albanian Association of Banks, while deposits increased by 4.47%.

During 2014, NBG Albania improved its risk management policies and processes, focusing on maintaining good asset quality, and also upgraded its corporate governance framework in line with regulatory requirements and NBG Group guidelines.

The bank also managed to maintain a strong capital base with CAR at 20%, well above the minimum regulatory level of 15%. At the same time, liquidity remained strong with the liquidity ratio standing at 41% in total.

NBG Albania is self-financed and remained profitable for a fifth consecutive year, despite the unfavorable conditions in the market, posting net profit of €1.2 million. Profit before provisions and tax amounted to €2.5 million in 2014. Loan impairment provisions amounted to €1.1 million, thereby pushing up the NPL coverage ratio to 49%, compared with 43% in 2013. Weak demand for lending caused loan outstandings to decline by 3%, while external factors impacted deposits, which declined by 2% yoy.

3.8 NATIONAL BANK OF GREECE (CYPRUS)

The Cypriot economy continued, for a third consecutive year, to show marked signs of recession, with high unemployment and severe problems affecting the real economy (most notably NPLs), impacting in turn banks' results and capital adequacy.

Note that throughout 2014 (and Q1.2015) the +90dpd ratio continued to deteriorate, and now stands at over 50%. Besides the problems in Cyprus, however, the developments in Greece have had an intense negative impact on all the Greek subsidiary banks in Cyprus.

Against this challenging backdrop, National Bank of Greece (Cyprus) has shown its ability to evolve and adapt so as to ensure its business remains self-sustaining and dynamic in the Cypriot banking sector. These efforts delivered the expected results, including:

- Strong capital base with a Capital Adequacy Ratio (CET 1) over 18% (as at 31/12/2014);
- Significant NPL coverage with sufficient provisions (circa 47%, one of the highest in the sector);
- Satisfactory liquidity, despite losses due to the uncertainty and ongoing developments in Greece.
- Further improvement of the cost/income ratio, which for 2014 stands well below 50%.

Last, as a result of the above results, core profitability increased by 33% (from €17.0 million in 2013 to €22.6 million in 2014), with revenues originating exclusively from activities in Cyprus.

For 2015, the estimates and outlook are encouraging, since all-round improvement in the bank's financial performance is anticipated even if the economic crisis persists.

SECTION 4 OTHER NBG GROUP ACTIVITIES

4.1 INSURANCE

Via its subsidiaries Ethniki Insurance and NBG Bancassurance, the Group offers a full range of retail and business insurance products and services on the domestic market.

Ethniki Insurance, the largest insurance company in Greece, recorded profit before tax of €105 million in 2014 vs. €111 million in 2013, confirming the company's ability to sustain its profitability at high levels.

This positive performance for 2014 was attained mainly by reversing the downtrend of the life insurance sector, keeping loss ratios at relatively low levels, continued effective management of the investment portfolio, designing new revenue-rich products, enhancing alternative sales networks, and efficient management of operating expenses helped in part by synergies with the parent company NBG.

In 2014, the key loss ratios were satisfactory, with car insurance standing at 58.1%, fire insurance at 7.2%, other sectors at 23.5%, and health insurance at 69.1%.

In addition, Ethniki Insurance reduced the volume of uncollected claims by €20.9 million yoy (down 20.7% compared with 2013) by applying stricter procedures, changing areas of its credit policy, and deploying new ways of collecting premiums across all insurance sectors.

Note that Ethniki Insurance managed to reduce its operating costs from €113.4 million to €108.5 million, down 4.5% vs. 2013.

The key financial data of Ethniki Insurance are as follows:

Key financial data

(€ millions)	2014	2013	%
Total assets	3,189	3,384	-5.8%
Equity	567	503	12.8%
Profit after tax	105	111	-5.4%

The significant strengthening of its equity reflects the leading position of Ethniki Insurance in the life and damages sectors and manifests its ability to withstand the adverse conditions created by the recession in the Greek economy. It also places it on a strong footing from where it can continue to play a frontline role as the Greek economy transforms from recession to recovery.

The network of Ethniki Insurance in Greece consists of 13 branches, 158 sales offices, 2,204 insurance consultants and 1,461 associated insurance agencies, while its products are marketed through the Bank's extensive branch network (bancassurance) and direct selling through the Ethniki Protect on-line platform.

In 2015, emphasis will be placed on the implementation of a number of significant infrastructure projects:

- Integrated IT System (the largest such project in the Greek insurance market).
- Systems for cost management and operational improvement, such as anti-fraud systems for the car insurance sector and medical protocols for the life (health) insurance sector.
- Sales development systems (e-underwriting, social media, mobile applications).
- Systems for the management of reserves and regulatory requirements (implementation of Solvency II, new application for actuarial computation).

The key objective of the company is to remain first in the insurance market and promote cutting-edge products to its customers, offering top-quality service, further enhancing its operating efficiency, leveraging its human resources, and ensuring

profitability going forward while also fortifying its capital position.

4.2 HOTEL BUSINESS

In 2014, the NBG Group was also involved in the hotel business through Astir Palace Vouliagmeni S.A.

In 2014, Athens remained a popular destination, with tourist arrivals at Athens airport increasing by 30% (source: Association of Greek Tourist Enterprises). Average room occupancy in international luxury hotels in the Attiki region stood at 59.2% in 2014 (2013: 52.2%), while the average daily room rate was €153.41 (2013: €141.22) (Source: statistical analysis by Astir Palace).

A similar trend was recorded by Astir Palace, which posted a substantial increase in room occupancy and turnover, and improved results relative to 2013. This improvement reflects the efforts of management to further contain operating expenses as well as the rollout of the program to restructure financial costs.

Consolidated turnover in 2014 amounted to €30.9 million vs. €26.9 million in 2013, up by circa 14%.

For the year ended 31 December 2014, the Group and the Company recorded net losses of €4,006 thousand and €3,611 thousand respectively, while short-term liabilities exceeded current assets by €808 thousand and €3,730 thousand respectively. The protracted financial crisis in the Greek economy has had a direct impact on the ability of Greek banks to supply liquidity and this may reduce the Company's ability to raise funds from domestic banks, if such a move becomes necessary, in order to meet operating or investment needs.

4.3 REAL ESTATE

In 2014, the Bank's Property Management Division was highly active in the management and exploitation of the real estate of the Bank itself and of the real estate of the NBG Group companies, within the framework of the Group's policy and strategy to implement a single integrated real estate policy across the organization.

Although the real estate market has now experienced six consecutive years of decline, aggravated by excess supply and weak demand, management of the Bank's real estate holdings in 2014 generated revenue of €15.6 million as a result of the sale of two properties at a total sale price of €17.1 million, the collection of debts from property leases standing at €1.4 million, and compensation owed for the year amounting to €1 million.

In 2014, efforts continued to be placed on leasing properties. As a result, eight new agreements were entered into with a total annualized lease of €560 thousand, while the total number of lease agreements reached 96, generating total annual lease revenue of €2.8 million.

At 31.12.2014, our Unit's real estate portfolio comprised 1,454 properties of a total book value (under IFRS) of €236.6 million, of which 54 were newly-acquired properties of a total purchase price of €7.2 million. The acquisition of new properties was mainly due to the absorption of the subsidiary Ethniki Kefalaiou S.A. and the transfer of 48 properties to NBG's Property Management Division.

SECTION 5

RISK MANAGEMENT & CORPORATE GOVERNANCE

5.1 GROUP RISK MANAGEMENT

The management and control of risk is a vital part of the overall strategy of the Group, aiming to both effectively monitor the recognized and potential risks for the organization and to align with the legal and institutional requirements deriving from its activities.

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

The general framework established by the Board is a guide to develop adequate and appropriate policies, methods and procedures, required for the identification, measurement, monitoring and control of all forms of risk.

The BRC submits for approval to the Board of Directors the risk appetite and capital management strategy of the Bank and the Group, on an annual basis. It also sets the principles and approves the policies that govern risk management, and also monitors the appropriate management of risk. The Committee is composed exclusively of non-executive Board members, at least one third (1/3) of which are independent. The members and the Chairman of the Committee are appointed by the Board of the Bank, following recommendation by the Board's Corporate Governance & Nominations Committee. The BRC has the responsibility to review reports and evaluate the overall risk exposure of the Bank and the Group on a regular basis, taking into account the approved risk strategy and the business plan of the Group. The proposals to the BRC are submitted by the Group Chief Risk Officer (CRO). During 2014, the Board Risk Committee convened 12 times. Detailed information on the responsibilities, composition and *modus operandi* of the Committee is included in the Charter of the Committee which is available on the Bank's website at www.nbg.gr (section: The Group / Corporate Governance / Board of Directors / Committees).

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

The two Group Risk Management Units support the following:

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

The two Group Risk Management Units also cooperate with the Credit Units, which supervise the credit departments of the financial institutions across the Group and participate in their approval granting bodies. Credit Units' independence ensures an unbiased first level control for risk

undertaken. These Units are also responsible for developing and updating specific Credit Policies.

Market risk

NBG &Finansbank

Estimation and Management

The Bank, in order to ensure the efficient management of market risk, calculates the Value at Risk (VaR) of its Trading and Available for Sale ("AFS") portfolios on a daily basis, along with the VaR per risk type (interest rate, equity and foreign exchange risk). This calculation is implemented through the RiskWatch™ platform by Algorithmics (currently IBM). In particular, due to the linear nature of its portfolio, the Bank has adopted the variance-covariance (VCV) methodology, with a 99% confidence interval and 1-day holding period.[1] The most important market risk types for the Bank are namely interest rate, equity and foreign exchange risk.

VaR estimates are used both as a risk management tool, as well as for regulatory purposes. For internal use, the Bank calculates the VaR of its Trading and AFS portfolios, on a daily basis, using the latest 75 exponentially weighted daily observations to construct the VCV matrices. The risk factors, relevant to the financial products in NBG's portfolio, are interest rates, equity indices, foreign exchange rates and commodity prices.

VaR estimates are also used for the calculation of the Bank's regulatory capital charges against market risk. Under the current BoG regulation Act, the VaR approach is only allowed for the Bank's Trading portfolio and the calculations are based on 252 equally-weighted daily observations per risk factor.

On a Group level, Finansbank is the other main contributor to market risk, through its positions held in the Trading and AFS portfolios. In order to monitor and efficiently manage market risk, Finansbank calculates VaR on a daily basis for its Trading and AFS portfolios, as well as VaR per risk type (interest rate, equity and foreign exchange risk). These calculations are based on a 99% confidence interval and 1-day holding period. The engine used for all the calculations is the same as that of the Bank (i.e. RiskWatch).

Finally, Group VaR (total and per risk type) is calculated on a daily basis since 2009, for the trading and AFS portfolios of NBG and Finansbank. The market risk undertaken by the rest of the subsidiaries is relatively low in comparison to the risk entailed in the portfolios of NBG and Finansbank. In order to verify the predictive power of its VaR model, NBG conducts backtesting on a daily basis. In accordance with the regulatory guidelines of BoG, testing is limited to VaR calculations for the Trading portfolio and involves the comparison between the hypothetical and the actual daily profit and loss (P&L) of the portfolio with the respective estimates of the VaR model used for regulatory purposes. In 2014, there were only three (3) cases in which the backtesting result exceeded the corresponding VaR estimate.

Back-testing is also carried out daily by Finansbank, based on a similar procedure with that developed by NBG. In 2014, there were only two (2) cases where the result of the back-testing exceeded the corresponding VaR estimate.

NBG and Finansbank have also established a framework of VaR limits in order to control and manage in a more efficient way the risks to which they are exposed. These limits are determined based on their Risk Appetite framework and refer not only to specific types of market risk, but also to the overall risk of their Trading and AFS portfolios.

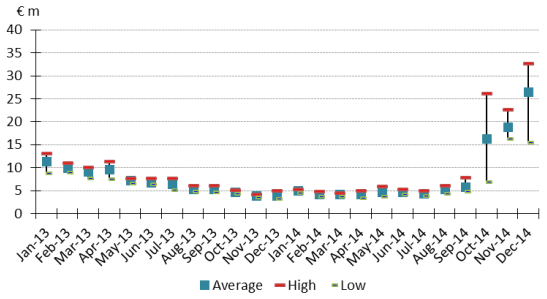
Total market risk

During 2014, total VaR (99%, 1-day) of NBG's Trading and AFS portfolios ranged between €3.4 million and €32.8 million, while the average for the year stood at €8.8 million. As of December 31st, 2014, the total VaR was €32.4 million (DIAGRAM 5.1.1).

As shown below, total VaR increased significantly in the last quarter of the year, mainly due to an increase in interest rate risk (DIAGRAM 5.1.3).

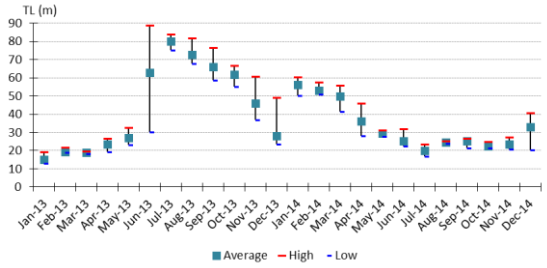
[1] For comparison purposes, the Bank also calculates VaR using the Historical Simulation method.

DIAGRAM 5.1.1
NBG TOTAL VAR[2]



Accordingly, in 2014, the VaR (99%, 1-day) of the Trading and AFS portfolio of Finansbank (DIAGRAM 5.1.2) ranged between TL16.8 million (€5.9 million) and TL60.5 million (€21.3 million), while the average for the year stood at TL33.3 million (€11.8 million). As of December 31st, 2014, the total VaR was TL40.4 million (€14.3 million).

DIAGRAM 5.1.2
FINANSBANK TOTAL VAR



The change in Finansbank's total VaR is also mainly attributed to the change in the interest rate risk of the subsidiary (DIAGRAM 5.1.4)

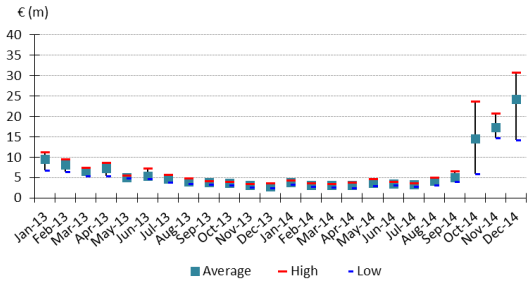
During 2014, the total VaR of the Group's (NBG & Finansbank) Trading and AFS portfolios ranged between €7.3 million and €41.7 million, while the average for the year was €15.2 million. As of December 31st, 2014, the total VaR was €39.7 million.

Interest rate risk

The most significant type of market risk to which NBG is exposed, is interest rate risk. It arises mainly from the Bank's trading and AFS bond portfolios, as well as from the interest rate derivatives, both exchange traded and over-the-counter. The level of interest rate (IR) risk VaR mostly depends on the level and volatility of the underlying interest rates as well as on positions of the portfolio. During 2014, the IR VaR (99%, 1-day) of NBG's Trading and AFS portfolios ranged between €2.5 million and €30.8 million, while the average for the year stood at €7.4 million. As of December 31st, 2014, the IR VaR was €30.5 million.

During the first three quarters of 2014, the Bank's interest rate (IR) and total VaR presented minor fluctuations, mostly attributed to changes of the underlying interest rates and their respective volatilities. In the beginning of the fourth quarter, however, there was a sharp rise in Greek Government Bond (GGB) yields that led to a substantial increase in the respective volatilities and to significantly higher VaR estimates for the Bank. Since sovereign spreads remained at around the same level, volatilities gradually decreased, resulting in lower IR and total VaR estimates. Nevertheless, near the end of the year, spreads between the Greek and the German Government Bond yields widened suddenly, mostly due to political uncertainty, which in turn caused the IR and total VaR to increase significantly (DIAGRAM 5.1.3).

DIAGRAM 5.1.3
NBG INTEREST RATE VAR

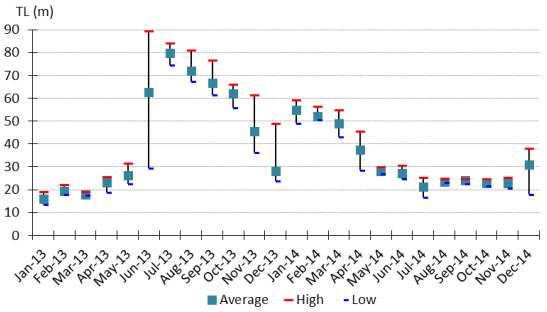


Finansbank is mostly exposed to IR risk that arises from the positions it retains in Turkish government bonds, denominated mainly in TL, USD and EUR. It enters into swap transactions either for hedging the interest rate risk of its bond portfolio, or for proprietary trading. During 2014, the IR VaR (99%, 1-day) of the Trading and AFS portfolio of Finansbank ranged between TL16.7 million (€5.9 million) and TL59.3 million (€20.9 million), while the average for the year stood at TL33.0 million (€11.6 million). As of December 31st, 2014, the IR VaR was TL38.0 million (€13.4 million).

[2] All VaR numbers in graphs are calculated at a 99% confidence interval and a 1 day horizon.

During 2014, Turkish interest rates and their respective volatilities decreased gradually, leading to lower VaR estimates. In December, however, due to concerns about the economic developments in Turkey, interest rates increased suddenly, resulting in significantly higher IR and Total VaR estimates for the subsidiary (DIAGRAM 5.1.4).

DIAGRAM 5.1.4
FINANSBANK INTEREST RISK VAR



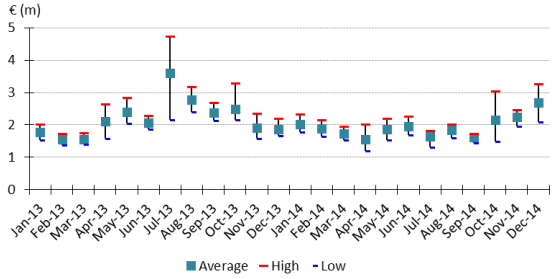
During 2014, the IR VaR of the Group (NBG & Finansbank) ranged between €6.5 million and €37.8 million, while the average for the year was €14.1 million. As of December 31st, 2014, the IR VaR stood at €37.0 million.

Equity risk

NBG has a moderate exposure to equity risk, arising from the positions it retains in stocks and equity derivatives. More specifically, the Bank holds a limited portfolio of stocks, the majority of which are traded on the ATHEX, and retains positions in stock and equity index derivatives traded on the ATHEX as well as on international exchanges. The portfolio of equity derivatives is used for proprietary trading, as well as for hedging the equity risk arising from the Bank's cash position and equity-linked products offered to its clientele. During 2014, the Equity VaR (99%, 1-day) of the Trading and AFS portfolios of NBG ranged between €1.2 million and €3.3 million, while the average for the year stood at €1.9 million. As of December 31st, 2014, the Equity VaR was €2.3 million.

Throughout the year, the Bank's equity VaR (DIAGRAM 5.1.5) remained almost at the same level with the end of 2013; any minor fluctuations were due to changes in the prices of underlying equity indices and their volatilities. In the fourth quarter, however, because ofthe prevailing economic uncertainty in Greece, there were intense movements in the prices of stocks and equity indices traded on the ATHEX that led to higher volatilities and caused the equity VaR to increase.

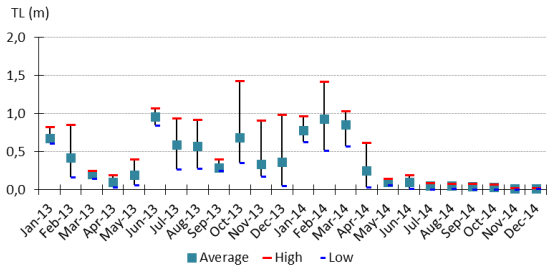
DIAGRAM 5.1.5
NBG EQUITY VAR



Finansbank retains an even smaller exposure to equity risk (DIAGRAM5.1.6), due to its positions in stocks traded on the BORSA. During 2014, the Equity VaR (99%, 1-day) of the Trading and AFS portfolio of Finansbank ranged between TL0.001 million (€0.0003 million) and TL1.4 million (€0.5 million), while the average for the year stood at TL0.3 million (€0.1 million). As of December 31st, 2014, the Equity VaR was TL0.03 million (€0.01 million).

During 2014, the Group's (NBG & Finansbank) equity VaR ranged between €1.2 million and €3.3 million, while the average for the year was €2.0 million. As of December 31st, 2014, the equity VaR stood at €2.3 million.

DIAGRAM 5.1.6
FINANSBANK EQUITY VAR



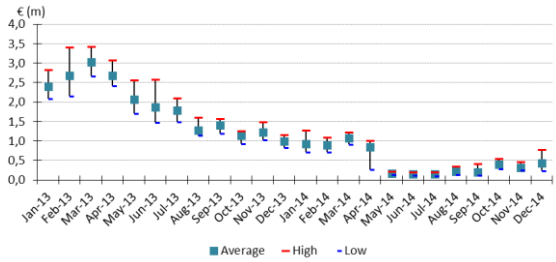
Foreign Exchange risk

Foreign exchange (FX) risk of NBG and Finansbank stems from their Open Currency Position (OCP). The OCP primarily arises from foreign exchange spot and forward transactions performed by their Treasury Division.

During 2014, the FX VaR (99%, 1-day) of NBG ranged between €0.1 million and €1.3 million, while the average for the year stood at €0.5 million. As of December 31st, 2014, the FX VaR was €0.3 million.

As shown in DIAGRAM 5.1.7, the FX VaR remained at relatively low levels, while the drop observed in May is attributed to the unwinding of the short position in USD.

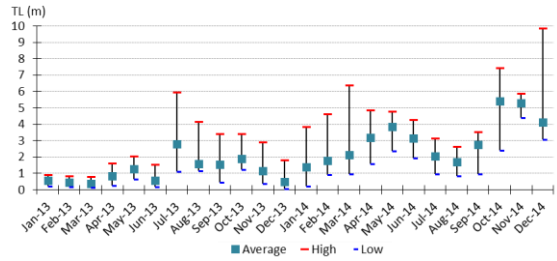
DIAGRAM 5.1.7
NBG FX VAR



In addition, the FX VaR (99%, 1-day) of Finansbank in 2014 ranged between TL0.2 million (€0.1 million) and TL9.8 million (€3.5 million), while the average for the year stood at TL3.1 million (€1.1 million). As of December 31st, 2014, the FX VaR was TL3.3 million (€1.2 million).

As shown below in DIAGRAM 5.1.8, FX VaR increased significantly in the last quarter of the year, mainly due the increase of Finansbank's long position in USD.

DIAGRAM 5.1.8
FINANSBANK FX VAR



During 2014, the FX VaR of the Group (NBG & Finansbank) ranged between €0.2 million and €3.1 million, while the average for the year was €1.1 million. As of December 31st, 2014, the FX VaR amounted to €2.0 million.

Stress testing

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

Stress test analysis is also performed separately by Finansbank on its Trading and AFS portfolios, on a monthly basis. The scenarios refer to extreme movements of interest rates and foreign exchange prices and are based on the latest financial crises that have taken place in Turkey.

Credit risk

The implementation of projects required to ensure that the risk management principles will be adhered to and the key risk management capability goals will be met within defined timeframes is a crucial part of the Group's Risk Strategy. Such projects are considered the "vehicles" for the achievement of risk strategic objectives and capability goals and aim to introduce a beneficial change to the Group.

As the Group Risk division responsible for Credit Risk, all credit risk control management units of Group FIs effectively report to Group Risk Control (GRCAD) to properly measure, analyze, monitor, mitigate and manage credit risk. GRCAD also sets the standards for the development, validation and calibration of all models implemented for identifying, and measuring credit risk, both at NBG Bank and all other FIs of the Group. The division is supervised by the Chief Risk Officer (CRO). Analytically, the responsibility of GRCAD is to:

- Specify and implement credit risk policies emphasizing on rating systems, risk assessment models and risk parameters, according to the guidelines set by the Bank's Board of Directors;

- Plan, specify, introduce and implement risk management policies, under the guidelines of the Bank's Board of Directors;
- Assess the adequacy of methods and systems that aim to analyze, measure, monitor, control and report credit risk undertaken by the Bank and other financial institutions of the Group and periodically validate them;
- Calculate Regulatory and Economic Capital required in respect of all banking risks and prepare relevant regulatory and MIS reports;
- Establish guidelines for the development of assessment methodologies for Expected Loss (EL) and its components, i.e. Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) for each category of corporate and retail exposure.

Special Assets Unit

In April 2014, the Bank proceeded with a large-scale restructuring of its corporate units. The main scope for that strategic reform was the necessity for a more effective and comprehensive management of its troubled assets segment. The obligors that were transferred to these units – called Special Asset Units (SAU), met certain precise and well-documented criteria, mainly involving the delinquency profile of the relative outstanding balances, the collateral coverage as a percentage of the entire amount of their debt obligations and finally their litigation status.

The restructuring process is assisted by specialized tools (models), designed by Group Risk and having as a goal to improve recoverability and minimize economic loss, always measured in NPV terms. The process is based on two distinct criteria:

1. Obligor's viability
2. Debt sustainability

The first is assessed in two different ways, depending on whether a large or medium company is under examination, or retail SBL loans are examined. For the former, an expert model based on a forward-looking assessment of the company's economic condition ranks the obligor on a "viability" scale. For the latter, a statistical model gauges the obligor's ability to honour a possible offer of financial restructuring.

Debt sustainability takes into account the present value of future free cash flows available to service outstanding debt. A tailor-made NPV tool supports the underwriter to choose between alternative solutions, each with a diverse repayment scheme. The amount of loan loss allowances already in place per obligor is then compared to the NPV result of each option, reinforcing his/her judgment and assisting him/her to reach the optimal solution.

A. Corporate Portofolio – NBG

The persistence of the severe economic crisis in Greece in 2014 (GDP growth remained negative for the 6th consecutive year) led business lending units to put large efforts into increasing the quantity and quality of collateral, channelling fresh funds towards export-oriented firms and revising most credit programs in order to strengthen the portfolio and improve the repayment likelihood by corporate clients.

Since 2008, the Bank has been using five (5) corporate rating models, all of them implemented through the web-based Risk Analyst™ (RA) platform (an upgraded version of Moody's Risk Advisor™ software), backed, where necessary, by the ratings of Moody's Investors Service and S&P. It comes as no surprise that the deterioration in the financial statements of companies led to rating downgrades by most of the models. A further analysis of each rating model used in the Corporate Portfolio is provided below.

Portfolio analysis

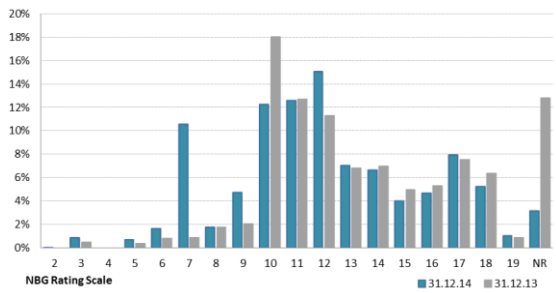
The table below illustrates the distribution, per model type, of both outstanding exposures and obligors for NBG Bank:

TABLE 5.1.1
NBG – DISTRIBUTION OF CORPORATE CUSTOMERS AND EXPOSURES BY MODEL

Model	Customers	% Customers	EAD (€m)	% Total
Customer Level				
CRM	3,029	84.9%	8,688.4	94.7%
Limited Financial Scorecard	136	3.8%	30.5	0.3%
Expert Judgement Model	367	10.3%	442.7	4.8%
Non-Rated	35	1%	20.4	0.2%
In Default	3,994		3,935.2	
Sub-Total	7,561	100.0%	13,117.2	100.0%
Exposure Level				
Project Finance	1,008	83.7%	999.8	37.3%
Object Finance	196	16.3%	1,680.3	62.7%
In Default	52		215.8	
Sub-Total	1,256	100.0%	2,895.9	100.0%
GRAND TOTAL	**8,817**		**16,013.1**	

As shown in the table above, the majority of obligors of the corporate portfolio concerns entities with full financial data. The distribution of obligors and exposures in NBG's ORR Scale (DIAGRAM 5.1.9 and DIAGRAM 5.1.10, respectively) indicates sufficient dispersion without any high concentration (over 25%) at any rating grade.

DIAGRAM 5.1.9
NBG – CORPORATE PORTFOLIO – RATINGS DISTRIBUTION OF PERFORMING CUSTOMERS[3]



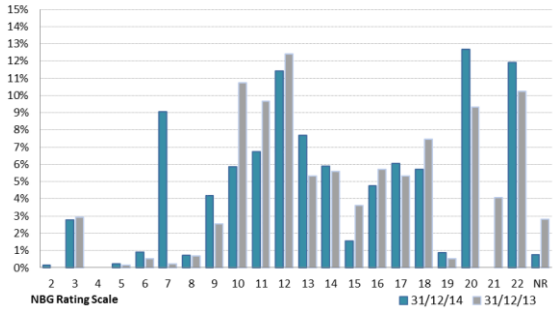
Each grade of the NBG Rating Scale corresponds to a Probability of Default (PD)[4], as illustrated in the following table. These PD values correspond to long term (2000 – 2012) "through-the-cycle" default frequencies, observed per OR Rating.

TABLE 5.1.2
NBG – ORR SCALE AND PDs

Rating	Probability of Default (%)
1	0.09
2	0.12
3	0.20
4	0.25
5	0.35
6	0.50
7	0.70
8	1.00
9	1.35
10	1.90
11	2.65
12	3.75
13	5.25
14	7.35
15	10.30
16	14.50
17	20.30
18	28.50
19	40.00
20, 21, 22 (Default)	100.00

Compared with the previous year, exposures in default (Rating grades 20, 21, 22 – DIAGRAM 5.1.10) increased, resulting from a further deterioration of Greek macroeconomic conditions. The weighted average PD (by outstanding Exposure) of all performing corporate obligors on 31.12.2014 is estimated at 6.6%.

DIAGRAM 5.1.10
NBG – CORPORATE PORTFOLIO – RATINGS DISTRIBUTION OF EXPOSURES

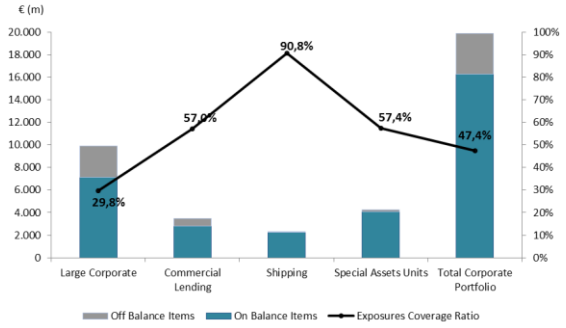


[3] NR: Non-Rated Customers. The relatively high proportion of NR obligors in December 2013 is due to the customers transferred from Probank and FBB, acquired by NBG in 2013Q2.

[4] Until 31.12.2014, the relevant NCA Division had not yet approved the use of these PDs, for the calculation of capital requirements. Nevertheless, the above PDs are already incorporated in the Corporate Credit Policy and used in approvals and pricing.

Collateral[5] distribution per Approving Unit (DIAGRAM 5.1.11) indicates that shipping facilities achieve the highest coverage (over 90%), with the corresponding percentage for the entire corporate portfolio being close to 50%.

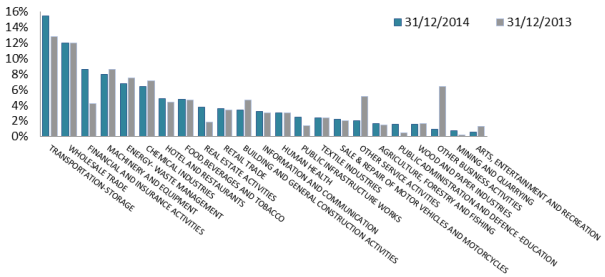
DIAGRAM 5.1.11
NBG – CORPORATE PORTFOLIO – RISKS COVERED BY STRONG COLLATERAL



Sectoral analysis

Looking at the sectoral distribution of the Bank's corporate portfolio, there is no significant concentration risk in any industry sector, as was the case in the year before. The Financial & Insurance Activities sector indicates the highest increase in balances on a y-t-y basis (€1,446 million), while Other Business Activities records the largest decline (€158.1 million). It is worth mentioning that a more accurate IT flagging of the corporate portfolio sector mapping which took place during 2014, resulted in significant differences between FY2013 and FY2014.

DIAGRAM 5.1.12
NBG – CORPORATE PORTFOLIO – SECTORAL DISTRIBUTION



[5]The term "collateral" includes various types of pledging (deposits, cash, securities, corporate & other claims), mortgage liens (on Residential and Commercial RE andvessels) and guarantees bythe Hellenic Republic, other States, local authorities, public entities and banks. Guarantees provided by individuals or private legal entities are not included.

The highest concentration observed is in the Transportation – Storage sector (15.5%), slightly above the Risk Appetite limit of 15%, a breach attributable to new building financing in ocean shipping (ca. €400 millions in 2014). The BRC acknowledged the limit breach and brought it to the BoD's and management's attention, requesting a remedial plan. The second largest sector (Wholesale Trade) reaches 11.9% of total exposures, but is rather diversified, since it is made up of a large number of various trading activities.

B. Retail Portofolios – NBG

Due to adverse macroeconomic conditions in Greece, the approvals of new loans were relatively low throughout 2014. The emphasis, however, on the management of retail credit risk in the approval stage was still central to the centralized underwriting process. This ensures segregation of duties and uniform enforcement of underwriting standards. Every application for a retail loan product is assessed using a specific scorecard. All of them follow well-established international standards for development and validation and are based on the Bank's historical data. Their predictive power is monitored systematically. Furthermore, throughout the life of each credit, the payment behaviour of the account is regularly monitored, using statistically - developed behavioural scorecards.

Group Risk provides monthly reports on the quality of all retail portfolios to management for review, and corrective measures are proposed, when necessary, in agreement with the Group Retail Credit Division. These reports include a variety of metrics such as delinquency ratios, vintage analyses, default frequencies, Loan-To-Value distributions, recovery rates, transition matrices and roll rates. Some of these regular analyses provide the basis for determining loan provisions by the Finance Division, as well as for regulatory capital adequacy calculations.

Housing Loans

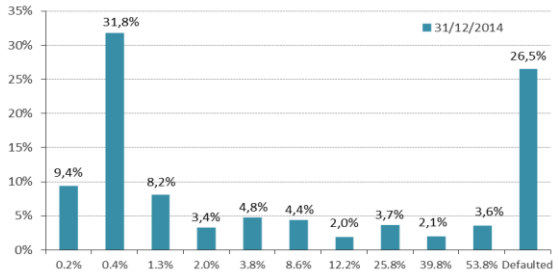
Housing loans represent the largest portfolio of the Bank (€17,957 millions on 31.12.14), so naturally, it is more closely reviewed using more advanced methods compared with the rest of

retail portfolios. Additionally, the Bank has adopted the Advanced IRB approach (A-IRB) for calculating capital requirements against credit risk for retail exposures secured by residential real estate ("mortgage loans") since the beginning of 2008.

The Bank's Probability of Default (PD) model, initially developed in 2007, was redesigned in mid-2012, validated and its PDs recalibrated, before receiving the approval of the NCA. The model is divided into two parts, one for "New Loans" (those with less than 14 months on book) and one for "Mature Loans"; it takes into account the application score of the loan (for the "new" loans), the product type, the behaviour of the borrower, the initially disbursed amount, the amounts in arrears and maturity ratios. Thus, every month, any non-defaulted exposure[6] is rated by the model and is classified in one of ten pools with common risk attributes. Each pool receives a distinct PD. Apart from capital requirement calculations, the model is used for MIS and provisioning purposes as well as for the periodic monitoring of the portfolio.

The distribution of mortgage loans in PD pools for December 2014 is shown below. Almost half of the population is allocated to a low-PD Pool (less than 1.3%), while 26.5% of the population is defaulted.

DIAGRAM 5.1.13
NBG – MORTGAGE LOANS –
PD POOL DISTRIBUTION OF EXPOSURES

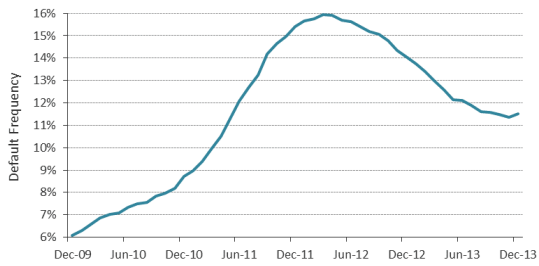


In addition to the PD model, the Bank has also developed a Loss Given Default (LGD) model in 2010. That model is divided into two parts: the first part calculates the probability that a loan account will return to performing status (probability of curing), while the second measures the loss, for those accounts which are not cured, based on observed recovery cash inflows. The model takes into account loan maturity, product type, the borrower's behaviour (e.g. whether there have been any delinquencies during the last 18 months of payment history) as well as maturity ratios. To measure recoveries, the Bank allows its debt collection horizon to extend up to 15 years; though this may seem long, it is justified both by the slow judicial system in Greece and by recent analysis showing that, even during the current recession period, accounts which defaulted before 2001 (i.e. more than 14 years back), continued to produce positive cash flows during 2014.

The LGD model is based on the Bank's historical internal data from 1990 onwards. Estimates are therefore, consistent with the long experience of the Bank in mortgage lending, but simultaneously take into account both the Greek legal framework and practices of the Bank regarding liquidation of collateral over the past five years. The LGD model was validated and calibrated in 2012 and is currently under NCA approval.

A positive point of view on the future evolution of the housing loan portfolio comes to surface when the annual default frequency of the entire portfolio is studied. If we measure the rate of defaults within 12 months from the observation date to the number of non-defaulted accounts at the observation date, we observe it to decrease steadily since its peak in 2012Q1. The flattening of the trend during the last quarters of 2013 (performing in 2014Q4) is probably due to the political uncertainty in the country during the last months of 2014.

DIAGRAM 5.1.14
NBG – MORTGAGE LOANS –
12 MONTH DEFAULT FREQUENCY



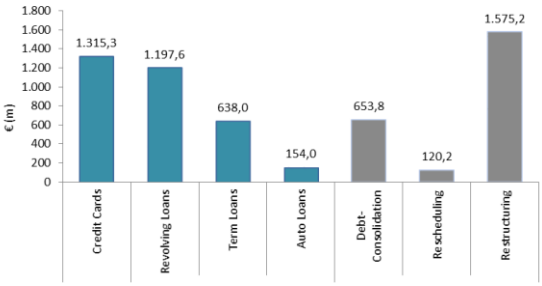
[6] Except those secured by the unconditional guarantee of the Hellenic Republic

Consumer Credit Lending

The Consumer Credit portfolio (€ 5,6 billion) includes Credit Cards, Consumer Term loans, Revolving facilities and Consumer Auto loans. In 2014, total balance declined by 4.3% compared with 2013.

A large share of this portfolio are modified loans (42%), offered to existing customers to facilitate debt servicing; the products proposed include debt consolidation products to performing customers (0dpd), rescheduling products, for early delinquencies and restructuring products, for late delinquencies. The new "modified" loan consolidates all consumer credit facilities owed by the customer, irrespective of the delinquency status of each facility.

DIAGRAM 5.1.15
NBG – CONSUMER CREDIT BALANCES DISTRIBUTION



The granting of modification products as well as the further collateralization of unsecured loans with residential real estate where possible, contributed to the improvement of the quality of the consumer credit portfolio. This improvement is evidenced by the evolution of the historical default frequency of the performing consumer loans portfolio within the 12 months following the observation month (the approach is similar to that above for housing loans).

DIAGRAM 5.1.16
NBG – CONSUMER LOANS 12 MONTH 90+ DPD FREQUENCY

Small Business Loans (SBLs)

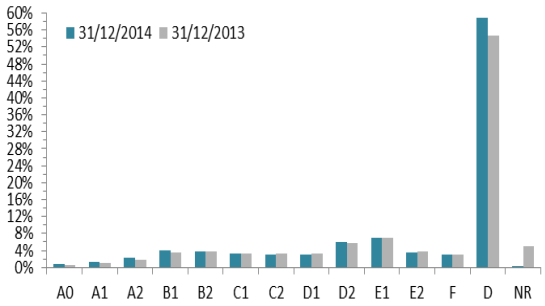
All credit applications in this category are assessed both at the initial approval and the renewal date of respective facilities, using the "SME Evaluation Model". This model was revised in 2009 by adding to the standard financial and qualitative criteria, the behavioural score of the customer as an extra independent variable. In 2013, as per the NCA request, Group Risk recalibrated the model using recent default and collections data. The new PDs per rating are as follows (TABLE 5.1.3):

TABLE 5.1.3
NBG SBL MODEL PDs

Rating	A0	A1	A2	B1	B2	C1	C2	D1	D2	E1	E2	F
New PDs (%)	2.00	3.00	4.00	6.00	8.00	11.00	14.50	20.00	28.50	40.00	53.00	68.00

Exposure distributionshows that the percentage relatingto customers in default ("D") increased from 55% to 59%. The other rating grades show adequate dispersion without high concentration in any grade. Looking at the portfolio as a whole, balances with a grade better than or equal to D1 was slightly higher in December 2014 than a year earlier (21.6% vs. 20.8%).

DIAGRAM 5.1.17
NBG – SBLs BALANCE DISTRIBUTION PER RATING GRADE



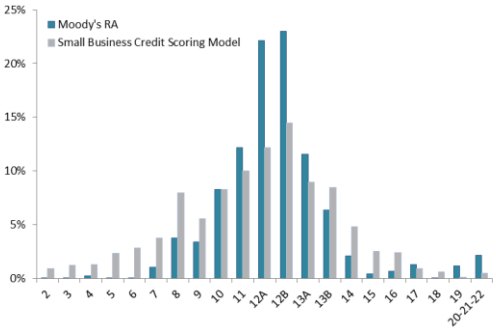
C. Subsidiaries

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

Corporate Portfolio

Regarding the largest subsidiary, Finansbank, the following figure shows the distribution of corporate exposures in rating grades, broken down by model: it looks like a normal distribution pattern, with relatively high concentration (above 20%) in the rating grades[7] "12A" and "12B" of the Moody's RA model.

DIAGRAM 5.1.18
FINANSBANK - CORPORATE PORTFOLIO DISTRIBUTION PER RATING GRADE



Retail Portfolio

A. Finansbank

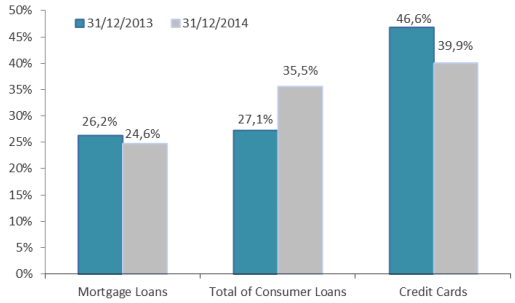
In 2013, in view of the adoption of the A-IRB Approach for the subsidiary's Retail Banking portfolio, six PD models (Mortgage, Auto, Consumer, Credit Cards, Overdrafts, SME) and two LGD models (Mortgage, Auto - secured credits) were developed. All demonstrated satisfactory discriminatory power, as measured by the relevant statistical indicators (Accuracy Ratio and K-S), both in the development samples and the out-of-time validation samples. Additionally, the subsidiary adjusted its Retail Credit Policy and IFRS Provisioning Policy, incorporating the risk parameters in the accounting provisioning process in the retail portfolios. Throughout these preparations by the subsidiary, Group Risk was responsible for the co-ordination, monitoring and supervision of the models as well as the planning of information flows and the smooth transition from the Standardized to the AIRB Approach calculations.

After examining the models and the framework on retail risk management, BoG (acting as the NCA of the Group) requested a number of corrective actions which were completed in July 2014. These actions were:

- the implementation of PD & LGD Models in Finansbank's core systems;
- the development of the Restructuring Policy and assessment of its impact on PD estimates;
- the estimation of downturn LGD values;
- several analyses such as:
  - the impact of repossessions on estimated LGD for the mortgage portfolio;
  - the impact of inactive credit cards on PD estimates; and
- a full review of all retail scorecards;

The completion of the above allowed NBG Group to apply for the adoption of A-IRB approach for Finansbank's retail portfolios. Due to the transition of the Supervising Authority from NCA (Bank of Greece) to the Single Supervisory Mechanism (SSM) of the ECB, the final decision on this application is still pending.

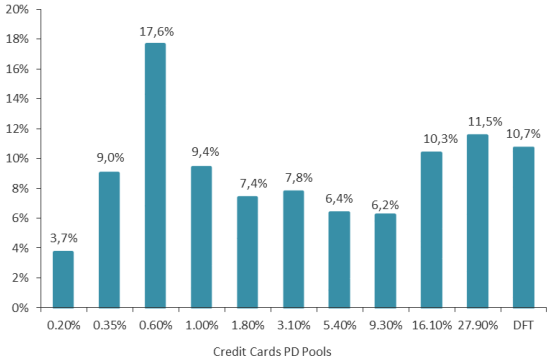
DIAGRAM 5.1.19
FINANSBANK –RETAIL BANKING BREAKDOWN BY SEGMENT



The credit card portfolio, which is the largest retail segment of the Bank, is of relatively good quality: almost 50% of balances are classified into low risk pools (less than 3% PD).

[7] Grades between 20 and 22 represent borrowers in default.

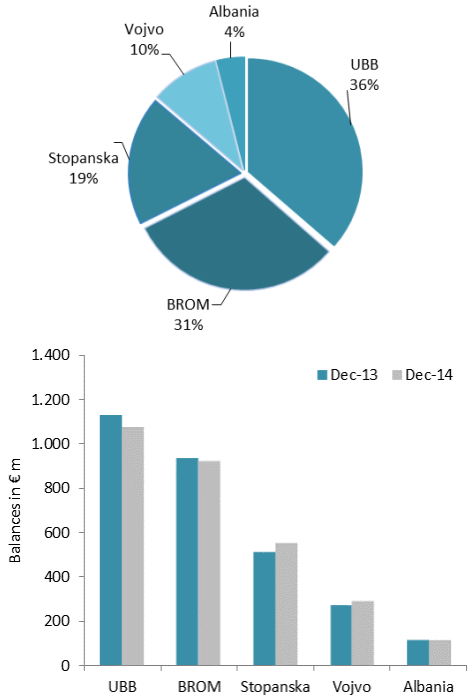
DIAGRAM 5.1.20
FINANSBANK –CREDIT CARDS
PD POOL DISTRIBUTION



B. Other Subsidiaries

The retail volumes in SEE subsidiaries remained almost steady, showing a slight decrease of 0.3%. The greatest balance changes took place in Stopanska and Vojvodjanska, whose retail portfolios increased by 7.5% and 7.0% respectively. On the contrary, UBB balances declined by 4.8%.

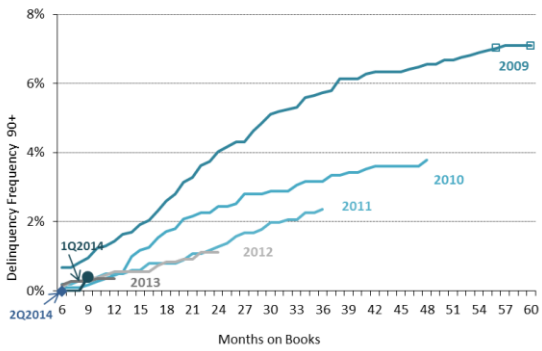
DIAGRAM 5.1.21
SEE SUBSIDIARIES
RETAIL BANKING PORTFOLIOS



UBB's retail portfolio is the largest in terms of balances when compared with the rest of SEE Subsidiaries.

As far as the Vintage Analysis for mortgage loans is concerned, the evolution of the 90+dpd delinquency frequency from 2009 until 2011 shows continuous improvement, whereas from 2011 onwards, there are signs of stability. The same conclusions can be drawn from the vintage analysis of consumer loans.

DIAGRAM 5.1.22
UBB – RETAIL BANKING
VINTAGE ANALYSIS OF MORTGAGE LOANS



Counterparty Risk

A. NATIONAL BANK OF GREECE

Counterparty risk for the Bank is due to OTC derivative and other interbank secured and unsecured funding transactions, as well as commercial transactions, and it arises from the obligor's failure to meet its contractual obligations.

For the efficient management of this risk, the Bank has established a framework of limits, which are set and monitored by Group Market and Operational Risk Management Division (GMORMD). Limits are set on the counterparty's Group level and are based on the credit rating of the financial institutions, as well as the product type. Credit ratings are provided by ECAIs, in particular by Moody's and Standard & Poor's; if they diverge on the creditworthiness of a financial institution, the lowest credit rating is considered. The limits framework is revised annually according to the business needs of the Bank and the prevailing conditions in international and domestic financial markets.

For interbank transactions, the maximum acceptable exposure per counterparty group equals 70% of the corresponding Obligor Limit, as defined in NBG's Corporate Credit Policy[8]. Subsequently, limits are allocated to the subsidiaries of the counterparty group, in accordance with the business needs of the Bank.

Interbank transactions are carried out mainly with low and medium risk (investment grade) financial institutions, whose credit ratings range between AAA and BBB-. Given their low ratings, Greek banks are exempted from this general rule and a separate framework is put in place for them to better serve the Bank's business needs. Interbank placements with Greek banks are limited to O/N and T/N, while the maximum tenor with foreign banks cannot exceed three months.

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

Finally, the Bank is also active in international trade finance, with a limit framework in place to efficiently manage counterparty risk from funded commercial transactions.

B. FINANSBANK

The subsidiary with the second largest exposure to counterparty risk is Finansbank. It is mainly due to OTC derivative transactions and other interbank secured and unsecured funding transactions.

As with NBG, Finansbank has set a similar framework of counterparty limits with much stricter tenor terms (maximum one week tenor for interbank placements with other financial institutions, either domestic or foreign).

Additionally, CSAs have been signed with almost all active counterparties that are financial institutions, so that net current exposures are managed through margin accounts, on a daily basis, by exchanging cash or debt securities as collateral.

Finally, there is a counterparty limit arrangement similar to NBG's, for funded and unfunded commercial transactions.

Finansbank reports to GMORMD the utilization of all its limits on a monthly basis.

C. OTHER SUBSIDIARIES:

UBB, BancaRomaneasca, Vojvodjanska Banka

Counterparty risk undertaken by these is relatively limited; as above, it also stems from the same kind of exposures (OTC derivatives, interbank secured and unsecured funding).

A limit structure, similar to NBG's, is in place for the above subsidiaries: all interbank transactions are performed with financial institutions with high credit ratings andlocated in low or very low risk countries, with the exception of transactions with local and/or Greek banks. The maximum tenor of interbank placements with other FIs (domestic & foreign) cannot exceed three months.

To a lesser extent, the above subsidiaries also undertake (funded or unfunded) commercial transactions, producing counterparty risk, managed through relevant limits' frameworks.

All the above limits are monitored, on a daily basis, by GMORMD.

Issuer Risk

NBG Bank maintains low positions in Greek and international corporate bonds. For the efficient management of issuer risk, the Bank has set a

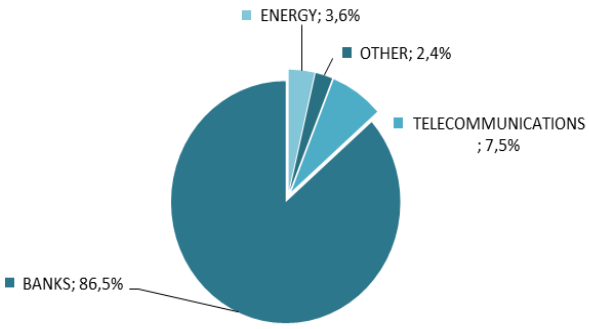
[8] The Bank's Corporate Credit Policy uses the counterparty – obligor rating as the sole criterion to define the maximum exposure allowed per counterparty for credit lines (Obligor Limit). Ratings are provided by ECAIs or by the internal NBG Obligor Risk Rating (ORR) scale (cf. TABLE 5.1.2).

framework for corporate issuer limits, per credit rating and per sector.

As of December 31st, 2014, the Bank's nominal positions in international and Greek corporate bonds amounted to €243 million.

The portfolio of corporate bonds primarily consists of positions in bonds issued by financial institutions (86.5%) and smaller positions in telecommunications (7.5%), energy (3.6%) and other sectors (2.4%) (DIAGRAM 5.1.23).

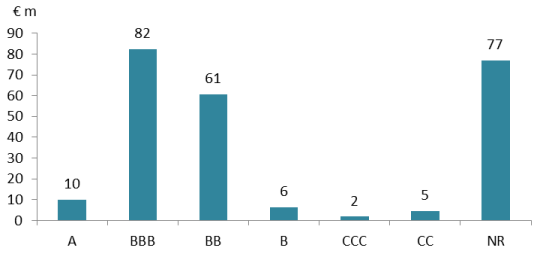
DIAGRAM 5.1.23
SECTOR DISTRIBUTION OF NBG CORPORATE BOND PORTFOLIO



Regarding the credit standing of the portfolio, 38%, or €92 million, consists of low and medium risk (investment grade) issues, while non-rated issues stood at 32%, or €77 million (DIAGRAM 5.1.24).

Finally, 84% of the total corporate bonds' portfolio comprises of international issues and 16% of Greek titles.

DIAGRAM 5.1.24
CREDIT RATING DISTRIBUTION OF NBG CORPORATE BOND PORTFOLIO



Country Risk

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

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

- participation in the equity of the Group's subsidiaries, which operate in other countries;
- interbank secured and unsecured placements and risk that arises from OTC transactions, with financial institutions which operate abroad;
- loans to corporations or financial institutions, positions in corporate bonds and project finance loans;
- funded and unfunded commercial transactions; and
- holdings in sovereign debt and the sale of protection through Credit Default Swaps, where the underlying reference entity is a sovereign.

In this context, GMORMD monitors country risk arising from the Bank's operations on a daily basis, mainly focusing on Turkey, the countries of South East Europe, Egypt, Malta and South Africa, where NBG Group has presence (DIAGRAM 5.1.25).

As of December 31st, 2014, NBG's country risk exposure in the above countries amounted to 7.2% of the total NBG Group assets (TABLE 5.1.4).

DIAGRAM 5.1.25
NBG GROUP –
COUNTRY RISK ALLOCATION

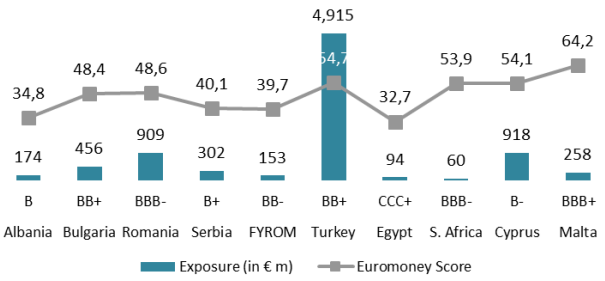


TABLE 5.1.4
NBG COUNTRY RISK

Country	Moody's Rating	S&P Rating	Exposure to Country Risk / Group Total Assets
Albania	B1	B	0.15%
Bulgaria	Baa2	BB+	0.40%
Romania	Baa3	BBB-	0.79%
Serbia	B1	BB-	0.26%
FYROM		BB-	0.13%
Turkey	Baa3	BB+	4.27%
Egypt	Caa1	B-	0.08%
S. Africa	Baa2	BBB-	0.05%
Cyprus	B3	B+	0.80%
Malta	A3	BBB+	0.22%
Total			**7.16%**

Operational Risk (OR)

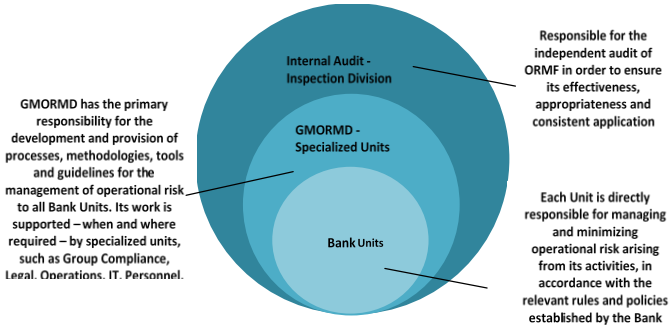
Identifying early operational risk, NBG Group established in 2007 an effective framework for its management across the Group operations: the Operational Risk Management Framework (ORMF).

The basic components of the Bank's Framework are the following:

- Risks and Control Self-Assessment (RCSA) process;
- Loss Collection process and the maintenance of a sound and consistent loss database;
- Determination, update and monitoring of Action Plans;
- Definition and monitoring of Key Risk Indicators;
- Structured Scenario Analysis.

The governance model of the Group's operational risk management is based on the "three lines of defence model", as illustrated in below (DIAGRAM 5.1.26):

DIAGRAM 5.1.26
"THREE LINES OF DEFENCE"
FOR OPERATIONAL RISK



Operational Risk correspondents have been appointed to each unit of NBG Bank and are responsible for coordinating the implementation of ORMF in their Units. Their role is to liaise between the GMORMD and their respective unit (business, support or specialized), convey the key principles of OR management, develop the OR culture and reinforce the risk awareness on OR issues.

The active management of OR was strengthened further with the installation of Algorithmics' OpVar software in the Bank (including foreign branches) and Finansbank. Since 2010, the use of the new platform was subsequently expanded to other key subsidiaries of the Group (BROM, UBB, Stopanska, Vojvodjanska, NBG Leasing Belgrade, NBG Cyprus, National Securities, and NBG Asset Management Mutual Funds S.A.) as well as other smaller entities of the Group. At the end of 2014, a total of 1,142 users (OR Correspondents, BU Managers and OR Managers) were using OpVar, at a Group level.

NBG – ORM Implementation

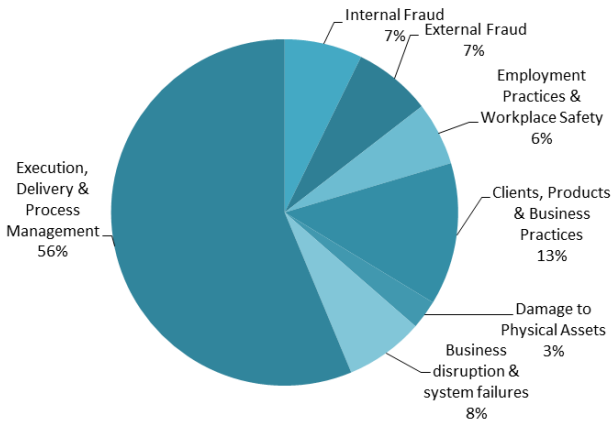
The annual ORMF implementation took place in 76 Bank Units (including the foreign branches'

network), during 2014 and the key results of each component of the framework are presented below:

Risks & Control Self Assessment Process

As part of the annual implementation of the Risk & Control Risk Assessment (RCSA) cycle in 2014, a total of 1,475 risks were identified across the entire range of the Bank's activities. Of all the risks identified, 15 were assessed as high risk, 452 were assessed as medium risk and 1,008 as low risk. The chart below shows the distribution of all the identified operational risks per Event Type Category.

DIAGRAM 5.1.27
NBG – OR – RISK DISTRIBUTION BY EVENT TYPE CATEGORY

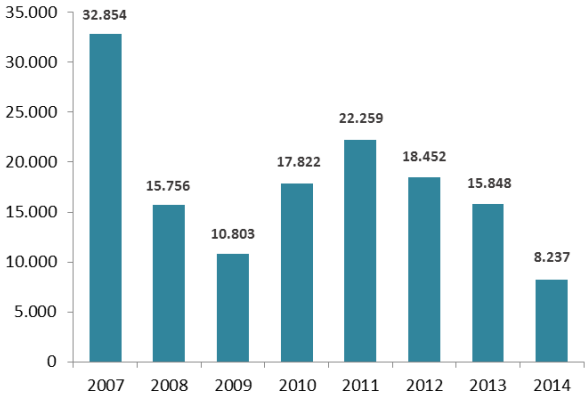


Loss Data Collection

Loss events data collection is an ongoing process that contributes significantly to the analysis, monitoring and control of operational risk within the Bank. The Bank has, since 2007, developed and maintained an integrated, sound and consistent operational loss database.

Loss events are classified, in accordance with the regulatory requirements, in seven Event Type categories and in eight Business Lines. Losses affecting the entire Bank are classified under the "Corporate Items" Business Line. The DIAGRAM 5.1.28 below shows the annual average Gross loss in €, since 2007 (for events over €1000).

DIAGRAM 5.1.28
NBG – OR – ANNUAL AVERAGE GROSS LOSS



Action Plans Determination

In order to mitigate operational risks that were identified in the Bank's Units in 2014, 27 new Action Plans were proposed, whereas an additional number of 31 Action Plans addressing the same risks are currently in progress.

Key Risk Indicators (KRIs) Definition

A KRI is defined as any simple or combined data variable, which allows the assessment of a situation exposing the Bank to operational risk, by monitoring/comparing its values over time.

Since 2010, the most appropriate of these KRIs have been implemented and effectively monitored through OpVar system.

Structured Scenario Analysis

Scenario Analysis is the systematic procedure of obtaining expert opinions, based on reasoned assessments of likelihood and impact of plausible severe operational losses. The Bank has, since 2010, developed a Scenario Analysis methodology, as a regulatory precondition for the future adoption of the Advanced Measurement Approach (AMA).

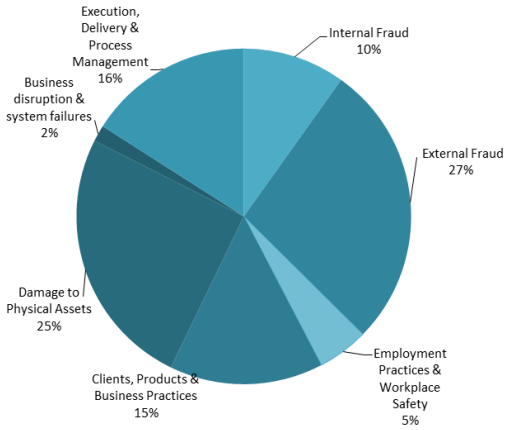
Group – ORM Implementation

Finansbank Group[9]

During the annual ORMF implementation cycle of 2014, a total of 1,584 risks were identified, out of which 6 were evaluated as high risk, 259 were assessed as medium risk, and 999 as low risk.

A total of 44 action plans, which mainly included process and system improvements, were proposed during the RCSA cycle, in order to mitigate the identified risks. The chart below shows gross losses of Finansbank Group per Event Type Category.

DIAGRAM 5.1.29
FINANSBANK– OR – LOSS DISTRIBUTION BY EVENT TYPE CATEGORY



Additionally, for a fifth consecutive year, the Structured Scenario Analysis procedure was implemented. It took place in 12 workshops, using the same methodology as that applied in NBG

.

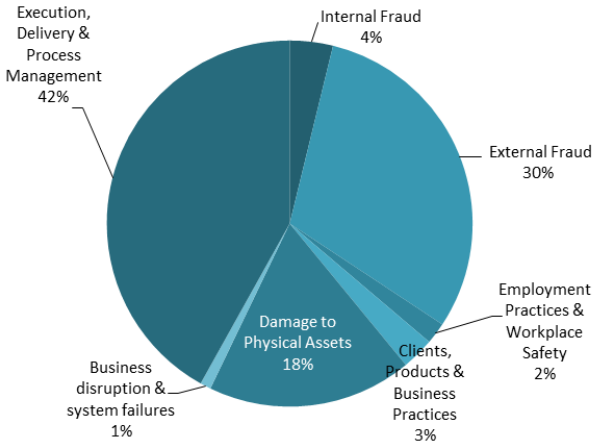
Other Subsidiaries

The annual ORMF implementation cycle was completed by the rest of the major Group subsidiaries. 2 high risk and 618 medium risk were identified. Regarding mitigation actions, a total of 57 new Action Plans were proposed.

DIAGRAM 5.1.30 below shows the number of Loss Events per Event Type Category.

[9]The ORMF was implemented in Finansbank and its subsidiaries Finans Invest, Finans Leasing, Finans Asset Management & Finans Factoring.

DIAGRAM 5.1.30
OTHER SUBSIDIARIES– OR – NUMBER OF LOSS EVENTS BY EVENT TYPE CATEGORY

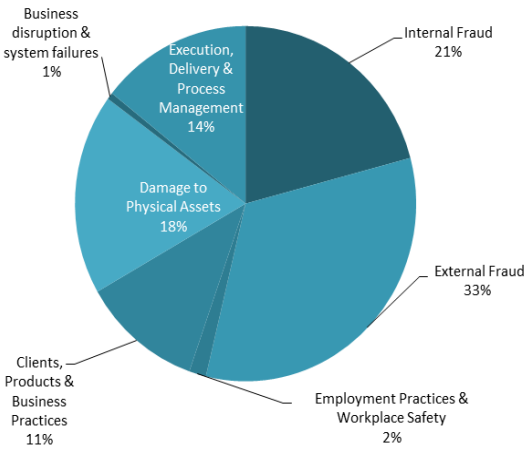


Loss collection Process

The Loss data collection process is an essential component of the ORM Framework, which contributes significantly to the analysis and monitoring of operational risk. It is an independent and continuous process related to the objective recording of actual operational losses. Risk Management Units of the Group subsidiaries review the loss data reported for consistency and completeness purposes, consolidate, maintain and process the loss database.

The DIAGRAM 5.1.31 below shows the distribution of Loss Events that occurred in 2014 on a Group level, by Event Type.

DIAGRAM 5.1.31
NBG GROUP– OPERATIONAL LOSS EVENTS DISTRIBUTION PER EVENT TYPE CATEGORY



Liquidity Risk

Liquidity ratios

Current regulatory ratios

Under the current regulatory framework for liquidity risk (BoG Governor's Act 2614/7.4.2009), the evaluation and control of a credit institution's liquidity is primarily based on the determination of the minimum thresholds for the following metrics:

- Liquid asset ratio, and
- Asset-Liability Maturity Mismatch ratio.

The components of the ratios and their regulatory thresholds are shown below:

$$\text{Liquidity Asset Ratio} = \frac{\text{Liquid Assets (0-30 days)}}{\text{Short term Borrowing}} \geq 20\%$$

$$\text{Asset-Liability Maturity Mismatch ratio} = \frac{\text{(Assets – Liabilities) (0-30 days)}}{\text{Short term Borrowing}} \geq -20\%$$

Liquid assets include:

- Cash and cash equivalents
- Due from banks (0-30 days)
- Liquid assets

Short term borrowing includes all liabilities maturing within 12 months. In particular, sight deposits, current and savings accounts are included at a level of 80%.

The time evolution of the above ratios is shown in the following two charts (DIAGRAM 5.1.32 & 5.1.33):

DIAGRAM 5.1.32
NBG GROUP
LIQUID ASSETS RATIO

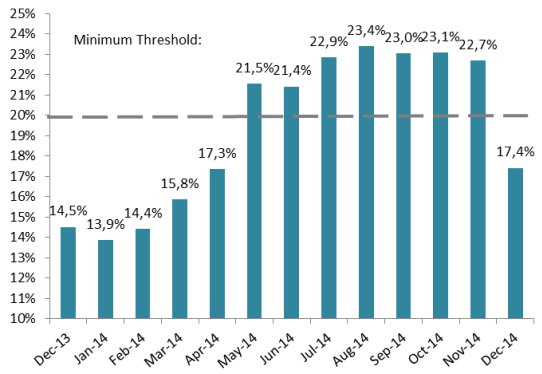
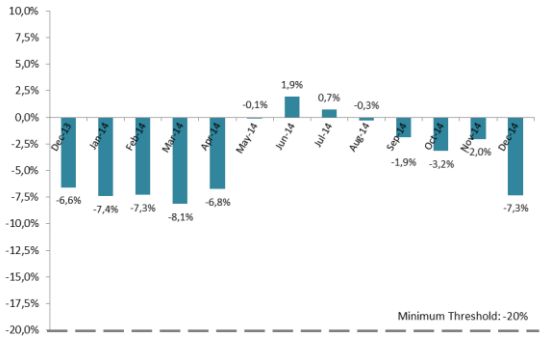


DIAGRAM 5.1.33
NBG GROUP
ASSET LIABILITY MISMATCH RATIO



Basel III ratios

In view of the forthcoming changes to the supervisory framework as described in Basel III, the Bank calculates two additional liquidity ratios:

- Liquidity Coverage Ratio (LCR), and
- Net Stable Funding Ratio (NSFR)

which are defined as follows:

$$\text{Liquidity Coverage Ratio} = \frac{\text{High Quality Liquid Assets}}{\text{Net Liquidity Outflows(0-30 days)}} \geq 60\%$$

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

The Liquidity Coverage Ratio reflects the short-term ability of the financial institution (FI) to respond over a 30 calendar day stress period, using unencumbered, high quality liquid assets to replenish the net outflows during this period.

The scenario for the purpose of the LCR is based on the prevailing conditions during the global financial crisis that began in 2007, and assumes a combination of idiosyncratic and market-wide stressed conditions, including the following:

- a significant credit rating downgrade of the FI;
- a run-off of its customer deposits;

- a significant loss of unsecured wholesale funding;
- a significant impairment of securities pledged as collateral;
- additional collateral needs for derivative products;
- a partial loss of contingent funding, such as committed or uncommitted liquidity or credit lines.

As at December 31st, 2014, the Group's LCR stood at 79.9%. This metric will be effective on October 1st, 2015, with a minimum requirement of 60%, which will gradually reach 100% on January 1st, 2018.

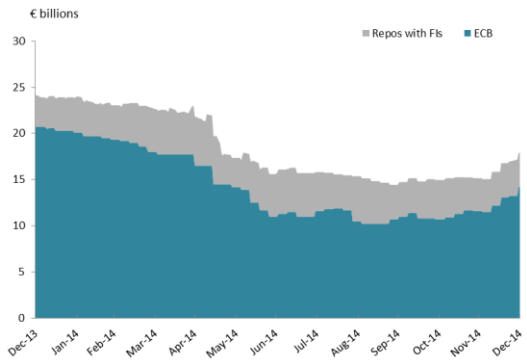
The Net Stable Funding Ratio illustrates the ability to finance an FI's medium and long-term assets. Specifically, this ratio ensures that an FI's liquidity needs, arising from assets, as well as from off-balance sheet items are funded to a minimum degree by an amount of fixed liabilities. The ratio aims at limiting the excessive dependence of an FI on short-term funding, during times of increased liquidity in the markets, and enables better assessment of the risk involved, considering total on and off-balance sheet items. As at December 31st, 2014, the NBG Group NSFR stood at 86.9%.

Liquidity sources

The Bank's principal sources of liquidity are its deposit base, Eurosystem funding in the form of repurchase agreements with the ECB, and long-term debt. NBG also enters into repurchase agreements in the interbank market. ECB funding is collateralized mainly by EFSF bonds received from the HFSF and notes issued by the Bank and guaranteed by the Hellenic Republic in the context of NBG's participation in the Hellenic Republic Bank Support Plan. As of December 31st, 2014, funding from the ECB amounted to €14.2 billion while no funding was received from ELA.

The chart below (DIAGRAM 5.1.34) shows the evolution of NBG's key funding sources throughout 2014:

DIAGRAM 5.1.34
NBG – LIQUIDITY SOURCES



Regarding the Group's subsidiaries, Finansbank is mostly self-funded through customer deposits, repurchase agreements with the Central Bank of Turkey and funds borrowed through the capital markets. The rest of the subsidiaries are also mostly self-funded, except for Romaneasca, which receives around €345 million from NBG, through interbank transactions.

5.2 REGULATORY COMPLIANCE

2014 marked a watershed in the European banking system, mainly because of the launch of the supervisory framework under the first pillar of the European Banking Union and implementation of Basel III.

Specifically, the ECB was assigned supervisory authorities over euro area credit institutions through the Single Supervisory Mechanism (SSM), comprised of the ECB and the various relevant national authorities. In addition, Capital Requirements Directive 2013/36/EC was incorporated into Greek law (L. 4261/2014), which together with Regulation (EU) 575/2013 make up the framework governing the operation and supervision of banks in the European Union.

Given that NBG was among the major credit institutions directly supervised by the SSM, 2014 saw increasing attention being paid to issues relating to compliance with the new supervisory framework.

It was also deemed expedient to enhance the area of corporate governance and further strengthen

the regulatory compliance function. Accordingly, two new divisions were set up, reporting to the Assistant General Manager, Group Chief Compliance & Corporate Governance Officer. The first is responsible for corporate governance issues and implementation of the regulatory framework, and the second for prevention of money laundering and financing of terrorism (AML/CFT) and matters relating to investigation of private depositors and relations with the regulatory authorities.

In 2014, Regulatory Compliance dealt with issues related to corporate governance, customer/investor protection, data privacy, AML/CFT, investigation of customer assets, cases of garnishment, customer complaint management, staff training, monitoring, and communications with the Supervisory Authorities.

In addition, special emphasis was placed on preparing the Bank for implementation of the new regulatory framework for managing distressed loans (Act of the Executive Committee of the Bank of Greece 42/2014, Code of Conduct under L. 4224/2013), including, for example, the provision of guidance to the Units involved, preparation of relevant information material, and training programs.

Further, other regulatory issues concerned, *inter alia*, implementation of the US "Foreign Account Tax Compliance Act", compliance with the new regulatory framework governing the Bank's participation in Euribor, and monitoring of the Bank's observance of requirements deriving from the Relationship Framework Agreement with the HFSF, as well as its contract with the Monitoring Trustee.

In the year ahead, the key aim of Regulatory Compliance is to ensure timely and effective compliance with the legal and regulatory framework, and to maintain top level corporate governance, as well as the good name and standing of the Bank and its Group vis-à-vis shareholders, customers, investors, and supervisory and other authorities.

5.3 INTERNAL AUDIT

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

The relevant unit, whose charter states that it has Group oversight in its field of competence, aims at covering all auditing areas by means of the *in situ* audits that its own team carries out, the work of the local internal control units and of external providers who have undertaken to conduct audits at some of the Group's subsidiaries outside Greece. In addition, it provides internal audit services on an outsourced basis to some of the Group's subsidiaries in Greece. All the Group's internal audit units use a single:

- internal control methodology that is based on the COSO internal controls integrated framework and the IFRS of the Institute of Internal Auditing,
- methodology for controlling IT systems, based on ISACA's COBIT framework,
- online application that enables effective management of internal control processes and standardization of control methodology at Group level.

The auditing and advisory activities carried out by Internal Audit are regularly adjusted so as to help in attaining the strategic goals of the Group and in mitigating all potential risks.

In January 2014, the Board of the Bank assigned supervision of its Internal Audit unit, as well as those of its subsidiaries, to a new Group Chief Audit Executive, and in June of the same year, approved the relevant amendments to the organization chart and its charter, to which were added the updated Basel guidelines and the new IAA standards. Furthermore, in the fourth quarter of 2014, the Internal Control methodology was

updated on the basis of the COSO 2013 framework. Last, the process of procuring a new "continuous auditing/ antifraud" system from a major international supplier was launched and should be completed by the end of 2015.

NBG's revised audit schedule for 2014 was covered in its entirety, while the respective schedules of the IC units at the Group's subsidiaries were also covered to a satisfactory level.

5.4 CORPORATE GOVERNANCE

The Bank's corporate governance framework is aligned with the requirements of the European regulatory framework, Greek legislation, the rules of the Hellenic Capital Market Commission ("HCMC"), the Bank's Articles of Association and regulations as well as with the stipulations of the Relationship Framework Agreement (RFA) between the Bank and the HFSF, and the obligations of the Bank towards the Monitoring Trustee. The Bank, being listed on the New York Stock Exchange ("NYSE"), is also subject to the US legal and regulatory framework (Sarbanes Oxley Act), the US Securities & Exchange Commission ("SEC") rules, and NYSE regulations.

The key corporate governance actions that took place in 2014 included the following:

- Reorganization of the Bank's units, with the merger of the supervisory responsibilities of Regulatory Compliance and Corporate Governance.
- Revision of the Corporate Governance Code and the Nominations Policy, with the inclusion of provisions deriving from the new regulatory framework (under L. 4261/2014) and adoption of best practices (e.g., the institution of a Senior Independent Advisor), also taking into consideration the relevant EBA Guidelines.
- Revision of the charters of various Board committees (e.g., the Charter of the Corporate Governance & Nominations Committee, the Charter of the HR & Remunerations Committee).

Strengthening of the existing compliance architecture in the area of corporate governance and its efficient functioning so as to ensure a robust corporate governance framework at Group level are key objectives for 2015. Accordingly, specific actions have already been set in motion, such as the development and upgrade of applications and the adoption of procedures for further harmonizing the corporate governance framework at Group level.

SUMMARY FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "NATIONAL BANK OF GREECE SA"

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of the "NATIONAL BANK OF GREECE S.A." (the "Bank") and its subsidiaries (the "Group"), which comprise the separate and consolidated Statement of Financial Position as of 31 December 2014, and the separate and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Bank and the Group as of 31 December 2014 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the disclosures made in Note 2.2 to the separate and consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments, that affect the banking sector and in particular its liquidity. These material uncertainties may cast significant doubt on the Group's and the Bank's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

The Directors' Report includes a Corporate Governance Statement which provides the information required according to the provisions of paragraph 3d of Article 43a and paragraph 3f of article 107 of Codified Law 2190/1920.

We have agreed and confirmed the content and consistency of the Directors' Report to the accompanying separate and consolidated financial statements according to the provisions of the articles 43a, 108 and 37 of the Codified Law 2190/1920.

Athens, 31 March 2015
The Certified Public Accountant

Beate Randoulf
Reg. No. SOEL: 37541

Deloitte.

Hadjipavlou Sofianos & Cambanis SA
3a Fragoklissias & Granikou Str., 151 25 Maroussi
Reg. No. SOEL: E.120

National Bank of Greece SA

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014
(Published in accordance with article 135 of Law 2190/1920, for enterprises preparing annual stand-alone and consolidated financial statements in accordance with IFRS)
(amounts in milion EURO)

Company Information

Headquarters:	86, Eolou Str., 102 32 Athens
Register Numbers of S.A.:	6062/06/B/86/01
Supervising Prefecture:	Athens Prefecture
Date of approval of Financial Statements by BoD:	23 March 2015
Certified Public Accountant - Auditor:	Beate Randulf (RN SOEL 37541)
Audit Firm:	Deloitte, Hadjipavlou Sofianos & Cambanis S.A. Assurance & Advisory Services
Independent Auditor's Report:	Unqualified opinion - Emphasis of matter
Issue date of Auditor's report:	23 March 2015
Website:	www.nbg.gr

The financial data and information listed below, derive from the financial statements and aim to a general information about the financial position and results of National Bank of Greece and NBG Group. We therefore recommend the reader, prior to making any investment decision or other transaction concerning the Bank, to visit the Bank's web site (www.nbg.gr), where the set of financial statements is posted, as well as the auditor's report when necessary.

Statement of Financial Position (Consolidated and Standalone)

	Group		Bank	
Assets	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
Cash and balances with central banks	5.837	5.910	1.870	2.195
Due from banks (net)	3.324	2.847	3.790	3.478
Financial assets at fair value through profit or loss	2.408	3.087	2.049	2.411
Derivative financial instruments	5.943	3.671	4.796	2.581
Loans and advances to customers (net)	68.109	67.250	43.531	46.327
Available for sale investment securities	4.775	4.285	778	908
Held to maturity investment securities	1.553	1.237	961	902
Loans and receivables investment securities	10.387	11.955	10.117	11.660
Investment property	912	535	6	-
Investments in subsidiaries	-	-	7.300	8.216
Equity method investments	141	143	10	7
Goodwill, software & other intangible assets	1.756	1.709	119	111
Property & equipment	2.109	1.766	260	263
Deferred tax assets	4.024	2.414	3.855	2.189
Insurance related assets and receivables	848	721	-	-
Current income tax advance	522	441	481	435
Other assets	2.591	2.758	1.768	2.259
Non-current assets held for sale	225	201	255	255
Total Assets	**115.464**	**110.930**	**81.946**	**84.197**
Liabilities				
Due to banks	22.226	27.897	20.481	26.473
Derivative financial instruments	6.258	3.029	5.706	2.559
Due to customers	64.929	62.876	44.130	45.290
Debt securities in issue	3.940	2.199	872	810
Other borrowed funds	2.051	1.607	871	102
Insurance related reserves and liabilities	2.532	2.404	-	-
Deferred tax liabilities	44	53	-	-
Retirement benefit obligations	337	530	270	487
Current income tax liabilities	75	46	-	-
Other liabilities	2.599	2.407	963	2.093
Liabilities associated with non-current assets held for sale	7	8	-	-
Total Liabilities	**104.998**	**103.056**	**73.293**	**77.814**
Shareholders' Equity				
Share capital	2.414	2.073	2.414	2.073
Share premium account	14.060	11.975	14.057	11.972
Less: treasury shares	-	(2)	-	-
Reserves and retained earnings	(6.862)	(6.935)	(7.818)	(7.662)
Equity attributable to NBG shareholders	**9.612**	**7.111**	**8.653**	**6.383**
Non-controlling interests	772	683	-	-
Preferred securities	82	80	-	-
Total equity	**10.466**	**7.874**	**8.653**	**6.383**
Total equity and liabilities	**115.464**	**110.930**	**81.946**	**84.197**

Statement of Changes in Equity (Consolidated and Standalone)

	Group		Bank	
	From 01.01 to		From 01.01 to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Balance at beginning of period	**7.874**	**(2.042)**	**6.383**	**(3.930)**
Changes during the period:				
Total comprehensive income / (expense), net of tax	117	(361)	(551)	643
Share capital increase	2.426	9.791	2.426	9.789
Dividends declared	-	-	-	-
(Purchases) / disposals of treasury shares	2	(2)	-	-
Other changes	47	488	395	(119)
Balance at end of period	**10.466**	**7.874**	**8.653**	**6.383**

Statement of Comprehensive Income (Consolidated and Standalone)

	Group		Bank	
	From 01.01 to		From 01.01 to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Interest and similar income	5.285	5.520	2.355	2.517
Interest expense and similar charges	(2.156)	(2.363)	(770)	(1.069)
Net interest income	**3.129**	**3.157**	**1.585**	**1.448**
Fee and commission income	777	793	242	237
Fee and commission expense	(246)	(264)	(219)	(236)
Net fee and commission income	**531**	**529**	**23**	**1**
Earned premia net of reinsurance	519	530	-	-
Net claims incurred	(433)	(463)	-	-
Earned premia net of claims and commissions	**86**	**67**	**-**	**-**
Net trading income / (loss) and results from investment securities	(187)	(95)	(222)	(169)
Net other income / (expense)	5	113	(63)	592
Total income	**3.564**	**3.771**	**1.323**	**1.872**
Personnel expenses	(1.163)	(1.530)	(588)	(915)
General, administrative and other operating expenses	(750)	(811)	(334)	(339)
Deprec. & amortis. on properties, equipment, software & other intang. assets	(202)	(206)	(78)	(88)
Amortis. & write offs of intang. assets recognised on business combinations	(4)	(20)	-	-
Finance charge on put options of non-controlling interests	(3)	(5)	(3)	(5)
Credit provisions and other impairment charges	(2.865)	(1.373)	(2.370)	(1.026)
Share of profit / (loss) of equity method investments	1	(5)	-	-
Profit/(loss) before tax	**(1.422)**	**(179)**	**(2.050)**	**(501)**
Tax benefit / (expense)	1.528	986	1.668	1.119
Profit / (loss) for the period, net of tax (A)	**106**	**807**	**(382)**	**618**
Attributable to:				
Non-controlling interests	40	(2)	-	-
NBG equity shareholders	**66**	**809**	**(382)**	**618**
Other comprehensive income/(expense), net of tax (B)	11	(1.168)	(169)	25
Total comprehensive income/(expense), net of tax (A+B)	**117**	**(361)**	**(551)**	**643**
Attributable to:				
Non-controlling interests	42	(5)	-	-
NBG equity shareholders	**75**	**(356)**	**(551)**	**643**
Earnings/(losses) per share (Euro) - Basic and Diluted:	**€0,0211**	**€0,6230**	**€(0,1223)**	**€0,4455**

Statement of Cash Flows (Consolidated and Standalone)

	From 01.01 to		From 01.01 to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Net cash flows from / (used in):				
Operating activities	(4.544)	(1.074)	(4.238)	(2.536)
Investing activities	693	105	1.543	1.374
Financing activities	3.995	1.201	2.930	1.172
Net increase / (decrease) in cash and cash equivalents in the period	**144**	**232**	**235**	**10**
Effect of foreign exchange rate changes on cash and cash equivalents	50	(144)	35	(36)
Net increase / (decrease) in cash and cash equivalents	**194**	**88**	**270**	**(26)**
Cash and cash equivalents at beginning of period	4.255	4.167	3.498	3.524
Cash and cash equivalents at end of period	**4.449**	**4.255**	**3.768**	**3.498**

The Board of Directors

Georgios P. Zanias	Non-Executive Member - Chairman of the BoD
Alexandros G. Tourkolias	Executive Member - Chief Executive Officer
Dimitrios G. Dimopoulos	Executive Member - Deputy Chief Executive Officer
Paul K. Mylonas	Executive Member - Deputy Chief Executive Officer
Paula N. Hadjisotiriou	Executive Member - Deputy Chief Executive Officer
Stavros A. Koukos	Non-Executive Member
Efthymios C. Katsikas	Non-Executive Member
Petros N. Christodoulou	Non-Executive Member
Stefanos C. Vavalidis	Independent Non-Executive Member
Alexandra T. Papalexopoulou - Benopoulou	Independent Non-Executive Member
Petros K. Sabatacakis	Independent Non-Executive Member
Dimitrios N. Afendoulis	Independent Non-Executive Member
Spyridon J. Theodoropoulos	Independent Non-Executive Member
Aggeliki J. Skandaliari	Greek State representative
Charalampos A. Makkas	Hellenic Financial Stability Fund representative

Notes

1) The Auditor's Report includes emphasis of matter in which they draw attention to the disclosures made in Note 2.2. "Going concern" of the separate and consolidated financial statements which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments, that affect the banking sector and in particular its liquidity. Management concluded that the Bank is going concern after considering (a) the Bank's capital ratios at 31 December 2014 which are well above of the thresholds required (see Note 4.7) in the annual financial statements as of 31.12.2014, (b) its current access to the Eurosystem facilities and (c) the €10,9 billion currently held by the ESM and available to be re-borrowed for the recapitalisation of the Greek banks (if needed).

2) The principal accounting policies that have been adopted are in accordance with the requirements of International Financial Reporting Standards ("IFRS") and are the same with those applied in the 2013 financial statements. Details are included in Note 2 of the annual financial statements as of 31.12.2014. During 2014, the management of the Bank revised its estimates regarding the losses incurred in the loan portfolios at the reporting date by revisiting the underlying assumptions used as inputs in both the collective and the individual impairment assessment models. The impact on the Bank's impairment losses on loans and advances to customers as a result of the above changes is as follows: impairment loss on RetailLending has increased to €1,287 million in 2014 compared to €815 million as in 2013. Impairment loss on Corporate Lending has increased to €717 million in 2014 compared to €391 million in 2013.

3) The Bank has been audited by the tax authorities up to and including the year 2008. Tax audit for the years 2009 and 2010, by the Greek Tax Authorities, was finalized on 4 February 2015. According to the tax assessment notice received on 11 March 2015, an additional tax of €36 million was levied to the Bank (see note 37b of the financial s tatements as of 31.12.2014). The financial years 2011, 2012 and 2013 were audited and 2014 is currently being audited by the independent auditor of the Bank. The unaudited tax years of the companies of the Group fully consolidated and associated are reflected in Notes 47 and 24 of the annual financial statements as of 31.12.2014.

4) Cases under litigation or in arbitration as well as pending cases before the Courts or Arbitration Courts are not expected to have a material adverse effect on the financial position or operations of the Bank and the Group. As of 31.12.2014, the provisions recognized by the Group and the Bank, amounted to:
   a) for cases under litigation €67 million and €55 million respectively, and
   b) for other risks €19 million and €3 million respectively.

5) The number of Group and Bank employees as of 31.12.2014 was 34.129 and 10.205 respectively (31.12.2013: 37.591 and 12.527 respectively).

6) Related party transactions and balances as defined in IAS 24 are analyzed as follows: assets, liabilities, interest, commission and other income, interest, commission and other expense and off-balance sheet items with associated companies and joint ventures of the Group, as of 31.12.2014, amounted to €16 million, €44 million, €38 million, €9 million and €2 million respectively. The corresponding balances and transactions with subsidiaries, associated companies and joint ventures of the Bank as of 31.12.2014 were €3.308 million, €2.483 million, €129 million, €209 million and €3.294 million. Loans, deposits, letters of guarantee and total compensation of the members of the Board of Directors of the Bank, the General Managers and the members of the Executive Committees of the Bank, the key management of other Group companies, as well as the close members of family and entities controlled or jointly controlled by those persons amounted, as of 31.12.2014, to €108 million, €16 million, €15 million and €17 million respectively and for the Bank alone the corresponding amounts amounted to €107 million, €6 million, €15 million and €7 million. The total receivables of the Group and the Bank from the employee benefits related funds as of 31.12.2014, amounted to €674 million. The total payables of the Group and the Bank to the employee benefits related funds as of 31.12.2014, amounted to €142 million and €72 million respectively.

7) Acquisitions, disposals & other capital transactions:

(a) On 16.1.2013, the assets and liabilities of Astir Palace Vouliagmenis S.A. and its subsidiary Astir Marina Vouliagmenis S.A. were reclassified in "Non-current assets held for sale" in accordance with the decision of NBG and the agreement with the Hellenic Republic Asset Development Fund S.A. ("HRADF").

(b) On 20.3.2014, NBG Pangaea REIC acquired 100% of mutual fund Fondo Picasso for €38 million.

(c) On 24.4.2014, the Bank disposed of its participation (35%) in the associate "AKTOR FACILITY MANAGEMENT S.A." for a consideration of €1 million.

(d) On 19.6.2014, the Board of Directors of the Bank and Ethniki Kefalaiou S.A agreed the merger of the two companies through absorption of the latter by the Bank. The merger was completed on 23.12.2014.

(e) In 2014, NBG Pangaea REIC acquired 96,9% of MIG's RE total paid-up share capital and voting rights for a consideration of €39 million.

(f) On 23.9.2014 NBG disposed off its 100% subsidiary "ANTHOS PROPERTIES" S.A.

(g) On 26.9.2014 NBG acquired the 5% of the voting common shares of its Turkish bank subsidiary Finansbank A.S. from International Finance Corporation ("IFC"). The total consideration paid amounted to USD 343 million.

(h) On 11 December 2014, the Board of Directors of the Bank and Ethnodata S.A., a wholly owned subsidiary of the Bank, agreed the merger of the two companies through absorption of the latter by the Bank. The merger date was the 30.11.2014.

(i) Following the preliminary agreement dated 30.9.2014 with "Sterling Properties Bulgaria EOOD", member of Marinopoulos S.A. Group, the NBG Pangaea REIC, on 27.2.2015, acquired the 100% of the share capital of the newly established company "PLAZA WEST A.D." in Bulgaria. The acquisition price amounted to €11 million paid in cash, as determined by an independent appraiser.

(j) The Group's joint venture company UBB-AIG Insurance Company AD, from 31.12.2014, has been reclassified to Non-current assets held for sale.

Details for the above transactions are included in Notes 30 & 46 of the annual financial statements as of 31.12.2014.

8) Included in Notes 47 and 24 of the annual financial statements as of 31.12.2014, are the group companies consolidated, their country of residence, the direct or indirect participation of the Bank in their share capital and the consolidation method applied for each such company. As of 31.12.2014 the following changes occurred in the Groups' structure:

(a) Fully consolidated:

From 20.3.2014 Fondo Picasso is included in the financial statements as subsidiary while CPT Investments Ltd is no longer included in the financial statements due to its liquidation. On 23.9.2014 the Bank disposed off its 100% subsidiary "ANTHOS PROPERTIES" S.A. Finally, from 30.09.2014 our indirect 31,68% subsidiary MIG Real Estate REIC and 31,67% Egnatia Properties S.A. are included in the financial statements for the first time.

(b) Equity method investments:

On 31.3.2014 included for the first time and accounted for under the equity method investment the 23,74% associate SATO S.A. and the 33,60% jointly controlled company Olganos Property S.A. whereas is not included the 35% equity

method investment "AKTOR FACILITY MANAGEMENT S.A." and the 59,97% equity method investment UBB-AIG Insurance Company AD which has been reclassified to Non-current assets held for sale.

(c) There are no entities exempted from the annual financial statements as of 31.12.2014.

(d) There have been no changes in the method of consolidation since the previous annual financial statements.

9) "Other comprehensive income for the period, net of tax" of the Group, in the current period, is comprised of €(95) million relating to the movement of available for sale investments reserve, €212 million relating to currency translation differences, €(48) million relating to net cash flow hedge and €(58) million relating to the remeasurement of the net defined benefit liability. The corresponding amounts for the Bank are comprised of €(128) million relating to the movement of available for sale investments reserve, NIL for the next two cases while for the forth is €(41) million.

10) As of 31.12.2014, the Group held 1.076 treasury shares with acquisition cost of € nil million approximately, while the Bank did not hold any treasury shares.

11) Other events:

(a) On 10.5.2014, the extraordinary general meeting of the Bank's shareholders approved the share capital increase by €2.500 million by issuing 1.136.363.637 ordinary shares of a par value of 0,3 Euro per share, through cancellation of the pre-emption rights for existing shareholders, completed on 13.5.2014. The subscription price was set at 2,2 Euro per share as it was determined by the international book-building process outside Greece to institutional and other eligible investors. An amount of €341 million was credited to the share capital while the remaining €2.159 million less expenses of € (74) million was credited to the share premium account.

(b) On 23.7.2014, the European Commission announced approval of the Bank's restructuring plan as submitted to the EC by the Finance Ministry on 25.6.2014.

(c) On 7.11.2014 the Bank convened an extraordinary General Shareholders which resolved upon the inclusion of the Bank in the DTC Law. In order for the Bank to exit the provisions of the DTC Law it requires regulatory approval and a General Shareholders meeting resolution.

(d) As of 1 November 2014, all systemic Eurozone banks are under the direct supervision of the European Central Bank ("ECB") (Single Supervision Mechanism – SSM). Before ECB assumed its supervisory responsibilities, NBG as all systemic European banks were subject to an EU-wide Comprehensive Assessment including an Asset Quality Review (AQR) and Stress Test with 31 December 2013 as the reference date, whose results were announced on 26 October 2014. The AQR and Baseline Stress Test required a minimum CET1 Ratio of 8% and the Adverse Stress Test a minimum CET1 Ratio of 5,5%.

The Adverse Dynamic Balance Sheet stress test, which is based on NBG's approved Restructuring Plan resulted in a CET1 ratio of 8,9%, and a capital surplus of €2,0 billion. In line with ECB's guidelines, the Bank submitted on 7 November 2014 as a capital plan the above approved Adverse Dynamic Balance Sheet scenario and the result for the nine month period ended 30 September 2014, which result in a capital surplus of more than €2,0 billion and no further capital action is required.

Athens, 23 March 2015

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE DEPUTY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
GEORGIOS P. ZANIAS	ALEXANDROS G. TOURKOLIAS	PAULA N. HADJISOTIRIOU

REPORT OF FACTUAL FINDINGS ON AGREED UPON PROCEDURES ON COUNTRY BY COUNTRY REPORTING

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

We performed the procedures agreed with you and described below with respect to country – by – country reporting of National Bank of Greece S.A. (hereinafter "the Bank"), in the context of article 89 of Directive 2013/36/EU as incorporated in Greek Legislation by article 81 of L. 4261/2014.

In particular, based on article 89 of Directive 2013/36/EU transposed in Greek legislation by article 81 of L. 4261/2014, the Bank is required from 1 January 2015 onwards to disclose annually, specifying by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year: i) name(s), nature of activities and geographical location; ii) turnover; iii) no of employees on a full time equivalent basis; iv) profit or loss before tax; v) tax on profit or loss; vi) public subsidies received.

Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 "Engagements to perform agreed – upon procedures regarding financial information" applicable to agreed upon procedures engagements. The procedures were performed, in context of the disclosures above, solely to report on you factual findings regarding country – by – country reporting.

The agreed upon procedures performed are summarized as follows:

1. We requested and obtained the disclosures made by the Bank in respect of the country – by – country reporting in accordance with article 89 of Directive 2013/36/EU as incorporated in Greek Legislation by article 81 of L. 4261/2014.

2. We traced and agreed the information regarding the names and geographical location of operations to Note 47 "Group Companies" to the Bank's published "Group and Bank Annual Financial Report for the period from January 1, 2014 to December, 31, 2014.

3. We traced and agreed the nature of activities of each establishment to its articles of incorporation or other relevant supporting documentation.

4. We traced and agreed the information in respect of i) total consolidated turnover (as defined by the European Banking Authority (EBA) for the purposes of country – by – country reporting) ii) totalconsolidated profit or loss before tax and iii) total consolidated tax on profit or loss, to the IFRS Consolidated Trial Balance of the Bank as of 31 December 2014.

5. We traced and agreed the information in respect of each geographical area of operations regarding total average number of employees on a full time equivalent basis during 2014 to the NBG IFRS consolidation packages received as of 31 December, 2014.

6. We agreed the information in respect of received public subsidies to supporting documentation.

7. We recomputed the aggregation performed by management on a country – by – country basis regarding the above required information.

We report our findings below:

a. With respect to Item 2 above we found that the information regarding the names and geographical location of the operations are in agreement with Note 47 "Group Companies" to the Bank's published "Group and Bank Annual Financial Report 31 December 2014".

b. With respect to Item 3 above we found that the nature of activities of each establishment is in agreement with its articles of incorporation or other relevant supporting documentation.

c. With respect to Item 4 above we found that the information in respect of each establishment regarding i) total turnover (as defined by the European Banking Authority (EBA) for the purposes of country – by – country reporting) ii) total profit or loss before tax and iii) total tax on profit or loss, on a consolidated basis (i.e. after intercompany eliminations) is in agreement with the IFRS Consolidated Trial Balance of the Bank as of 31 December 2014.

d. With respect to Item 5 we found that the total average number of employees during 2014 per geographical area of operations is in agreement with the information presented in the NBG IFRS consolidation packages received as of December 31, 2014.

e. With respect to Item 6 we found that the information in respect of public subsidies agrees to the supporting documentation.

f. With respect to Item 7 we verified the mathematical accuracy of the aggregation performed by Management on a country – by – country basis regarding the items 4, 5 and 6 above.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the compliance or not of the Bank to article 89 of Directive 2013/36/EU as transposed to Greek legislation by article 81 of L. 4261/2014.

Had we performed additional procedures or had we performed an audit or review of the information described above in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information. This report relates only to the accounts and items specified above and do not extend to any financial statements of National Bank of Greece S.A.

Athens, 18 June 2015
The Certified Public Accountant

Beate Randoulf
Reg. No. SOEL: 37541

Deloitte.

Hadjipavlou Sofianos & Cambanis SA
3a Fragoklissias & Granikou Str., 151 25 Maroussi
Reg. No. SOEL: E.120

Company	Country	Business activities
National Bank of Greece S.A. (Parent Company)	Greece	Banking institution
NBG Securities S.A.	Greece	Capital Markets & Investment Services
NBG Asset Management Mutual Funds S.A.	Greece	Mutual Fund Management
Ethniki Leasing S.A.	Greece	Leasing
NBG Property Services S.A.	Greece	Property Services
Pronomiouhos S.A. Genikon Apothikon Hellados	Greece	Warehousing services
NBG Bancassurance S.A.	Greece	Insurance Brokerage
Innovative Ventures S.A. (I-Ven)	Greece	Venture capital
Ethniki Hellenic General Insurance S.A.	Greece	Insurance Services
Audatex Hellas S.A.	Greece	Insurance Services
National Insurance Brokers S.A.	Greece	Insurance Brokerage
ASTIR Palace Vouliagmenis S.A.	Greece	Hotel Services
ASTIR Marina Vouliagmenis S.A.	Greece	Hotel Services
Grand Hotel Summer Palace S.A.	Greece	Hotel Services
NBG Training Center S.A.	Greece	Training services
KADMOS S.A.	Greece	Real Estate Services
DIONYSOS S.A.	Greece	Real Estate Services
EKTENEPOL Construction Company S.A.	Greece	Construstion Company
Mortgage, Touristic PROTYPOS S.A.	Greece	Real Estate Services
Hellenic Touristic Constructions S.A.	Greece	Real Estate Services
Ethniki Ktimatikis Ekmetalefsis S.A.	Greece	Real Estate Services
Ethniki Factors S.A.	Greece	Factoring
NBG Pangaea REIC	Greece	Investment Property Company
Karela S.A.	Greece	Real Estate Services
MIG Real Estate REIC	Greece	Investment Property Company
FB Insurance Agency Inc	Greece	Insurance Brokerage
Probank M.F.M.C	Greece	Mutual Fund Management
Profinance S.A.	Greece	Financial Services
Probank Leasing S.A.	Greece	Leasing
NBG Insurance Brokers S.A.	Greece	Insurance Brokerage
Finansbank A.S.	Turkey	Banking institution
Finans Finansal Kiralama A.S.	Turkey	Leasing
Finans Yatirim Menkul Degerler A.S.	Turkey	Investment Company
Finans Portfoy Yonetimi A.S.	Turkey	Mutual Fund Management
Finans Yatirim Ortakliği A.S.	Turkey	Investment Company
IBTech Uluslararasi Bilisim Ve Iletisim Teknolojileri A.S.	Turkey	IT services
Finans Faktoring Hizmetleri A.S.	Turkey	Factoring
E-Finans Elektronik Ticaret Ve Bilisim Hizmetleri A.S.	Turkey	E-Invoicing
NBG Malta Holdings Ltd	Malta	Holding Company
NBG Bank Malta Ltd	Malta	Banking institution
United Bulgarian Bank A.D. - Sofia	Bulgaria	Banking institution
UBB Asset Management Inc.	Bulgaria	Asset Management Company
UBB Insurance Broker A.D.	Bulgaria	Insurance Brokerage
UBB Factoring E.O.O.D.	Bulgaria	Factoring
Interlease E.A.D., Sofia	Bulgaria	Leasing
Interlease Auto E.A.D.	Bulgaria	Leasing
Hotel Perun – Bansko E.O.O.D.	Bulgaria	Hotel Services
ARC Management Two EAD	Bulgaria	Special Purpose Entity
NBG Securities Romania S.A.	Romania	Capital Markets & Investment Services
Banca Romaneasca S.A.	Romania	Banking institution
NBG Leasing IFN S.A.	Romania	Leasing
S.C. Garanta Asigurari S.A.	Romania	Insurance - Reinsurance Services
ARC Management One SRL	Romania	Special Purpose Entity
Vojvodjanska Banka A.D. Novi Sad	Serbia	Banking institution
NBG Leasing d.o.o. Belgrade	Serbia	Leasing

Company	Country	Business activities
NBG Services d.o.o. Belgrade	Serbia	Financial Services
Stopanska Banka A.D.-Skopje	F.Y.R.O.M.	Banking institution
NBG Greek Fund Ltd	Cyprus	Fund Investment Company
National Bank of Greece (Cyprus) Ltd	Cyprus	Banking institution
National Securities Co (Cyprus) Ltd	Cyprus	Capital Markets Services
NBG Management Services Ltd	Cyprus	Management Services
Ethniki Insurance (Cyprus) Ltd	Cyprus	Insurance Services
Ethniki General Insurance (Cyprus) Ltd	Cyprus	Insurance Services
National Insurance Agents & Consultants Ltd	Cyprus	Insurance Brokerage
The South African Bank of Athens Ltd	S. Africa	Banking institution
NBG Asset Management Luxemburg S.A.	Luxembourg	Asset Management Company
NBG International Ltd	U.K.	Financial Services
NBGI Private Equity Ltd	U.K.	Private Equity
NBG Finance Plc	U.K.	Financial Services
NBG Finance (Dollar) Plc	U.K.	Financial Services
NBG Finance (Sterling) Plc	U.K.	Financial Services
NBG Funding Ltd	U.K.	Financial Services
NBGI Private Equity Funds	U.K.	Private Equity
Revolver APC Limited	U.K.	Special Purpose Entity
Revolver 2008-1 Plc	U.K.	Special Purpose Entity
Titlos Plc	U.K.	Special Purpose Entity
Spiti Plc	U.K.	Special Purpose Entity
Autokinito Plc	U.K.	Special Purpose Entity
Agorazo Plc	U.K.	Special Purpose Entity
NBGI Private Equity S.A.S.	France	Private equity
NBG International Holdings B.V.	The Netherlands	Holding Company
Nash S.r.L.	Italy	Real Estate Services
Fondo Picasso	Italy	Real Estate Services
Banka NBG Albania Sh.a.	Albania	Banking institution
NBG London Branch	U.K.	Branch of Greek banking Institution
NBG Cyprus Branch	Cyprus	Branch of Greek banking Institution
NBG Cairo Branch	Egypt	Branch of Greek banking Institution

	Turnover[1]	Profit before tax	Income tax	Employee number	Subsidies
	€ in million	€ in million	€ in million		€ in million
Greece	1.549	(1.839)	1.620	12.132	3
Turkey	1.545	437	(78)	14.659	-
Malta	(22)	(27)	(1)	26	-
Bulgaria	171	34	(4)	2.682	-
Romania	56	(10)	(2)	1.349	-
Serbia	58	4	-	1.756	-
F.Y.R.O.M.	63	35	(3)	1.042	-
Cyprus	45	(3)	(4)	271	-
S. Africa	9	(3)	1	159	-
Luxembourg	1	1	-	-	-
UK	55	(69)	-	64	-
The Netherlands	12	12	-	-	-
Italy	4	2	-	-	-
Albania	10	2	-	279	-
Egypt	9	2	(1)	209	-
	3.565	**(1.422)**	**1.528**	**34.628**	**3**

(1) Turnover: Includes a) net interest income, b) net fee and commission income, c) earned premia net of claims and commissions, d) net trading income / (loss) and results from investment securities, e) net other income / (expense) and f) share of profit / (loss) of equity method investments

INVITATION TO THE BANK'S ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON FRIDAY, 19 JUNE 2015, AT 12:00 HOURS
(1ST Repeat AGM: Thursday, 2 July 2015, 12:00 - 2nd Repeat AGM: Thursday, 14 July 2015, 12:00)

Pursuant to Codified Law 2190/1920 ("the Companies Act") and the provisions of Law 2396/96 on dematerialized shares, and the Bank's Articles of Association (article 11) and following Board of Directors' resolution dated 28 May2015, the Shareholders of National Bank of Greece S.A., a banking corporation having its registered office at86 Eolou St., Athens, Greece, are invited to the Bank's Annual General Meeting ("AGM") to be held at 12:00 hours on Friday, 19June 2015 at 93 Eolou St. (Megaro Mela), Athens.

AGENDA

1. Submission for approval of the Board of Directors Report on the Annual Financial Statements of the Bank and the Group for the financial year 2014 (1.1.2014– 31.12.2014), and submission of the respective Auditors' Report.
2. Submission for approval of the Annual Financial Statements of the Bank and the Group for the financial year 2014 (1.1.2014– 31.12.2014).
3. Discharge of the members of the Board of Directors and the Auditors of the Bank, of ETHNIKI KEFALAIOU S.A. (absorbed through merger), and ETHNODATA S.A. (absorbed through merger) from any liability for indemnity regarding the Annual Financial Statements and management for the year 2014 (1.1.2014– 31.12.2014).
4. Election of regular and substitute Certified Auditors for the audit of the Financial Statements of the Bank and the Financial Statements of the Group for the year 2015, and determination of their remuneration.
5. Election of a new Board of Directors andappointment of independent non-executive members pursuant to the provisions of Law 3016/2002, as amended.
6. Approval of the remuneration of the Board of Directors of the Bank and of ETHNIKI KEFALAIOU S.A., which wasabsorbed through merger, for the financial year 2014 (pursuant to Article 24.2 of the Companies Act). Determination of the remuneration of the Chairman of the Board, the CEO, the Deputy CEOs and non-executive Directors through to the AGM of 2016. Approval,for the financial year 2014, of the remuneration of the Bank's Directors in their capacity as members of the Bank's Audit, Corporate Governance & Nominations, Human Resources & Remuneration, Risk Management, and Strategy Committees, and determination of their remuneration through to the AGM of 2016. Approval of the contracts of the Bank with members of the Board, as per Article 23a of the Companies Act.
7. Granting of permission for Directors, General Managers, Assistant General Managers and Managers to participate on the Board of Directors or in the Management of NBG Group companies pursuing similar or related business goals,as per Article 23.1 of the Companies Act and Article 30.1 of the Bank's Articles of Association.
8. Election of regular and substitute members to the Audit Committee.
9. Amendment of Article 24.2 and 24.3 of the Bank's Articles of Association.
10. Approval of the commitment of funds amounting to €3,013,550.23 from the taxable reserve of account 41 04 00 00 00, and the creation of an equivalent special taxed reserve to cover the Bank'sown participation in the NSRF program (ICT4GROWTHaction), and non-distribution of the amount before the lapse of five years from the completion and commencement of the production phase of the investment.
11. Authorization for the Board to increase the Bank's share capital, as per Article 13 of the Companies Act, and/or arrange the issue of convertible bond loans, as per Article 3a of the Companies Act and Article 5 of the Bank's Articles of Association, as amended.
12. Various announcements and approvals.

In the event that the General Meeting does not achieve the quorum required by law on 19 June 2015, the Shareholders are hereby invited to attend a 1st Repeat General Meeting on Thursday, 2 July 2015, at 12:00,at 93 Eolou St. (Megaro Mela), Athens.

If again quorum is not achieved, the Shareholders are hereby invited to attend a 2nd Repeat General Meeting on Tuesday, 14July 2015, at 12:00, at the same address.

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

In accordance with articles26.2, 26.2b and 28a of the Companies Act, as amended and supplemented by, respectively, articles 3 and 6 of Law 3884/2010, the Bank informs shareholders of the following:

ENTITLEMENT TO PARTICIPATE IN THE GENERAL MEETING

Any person listed as a shareholder (i.e. holder of common registered shares of the Bank) in the registry of the Dematerialized Securities System managed by Hellenic Exchanges S.A. ("HELEX"), at the start of the 5th day prior to the date of the General Meeting, i.e. on 14 June 2015 ("Record Date"), is entitled to participate in the GM. Each common share is entitled to one vote.

If this is the case, at the 1st Repeat General Meeting any person listed as a shareholder, as above, on 28 June 2015, i.e. at a the start of the 4th day prior to the date of the 1st Repeat GM of 2 July 2015 is entitled to participate in the said GM. In the case of the 2nd Repeat GM, shareholder status must exist on 10 July 2015, i.e. at the start of the 4th day prior to the date of the 2nd Repeat GM of 14 July 2015.

Preference shares in the Bank under Law 3723/2008 entitle the representative of their holder (the Hellenic Republic) to attend the Meeting, as per article 1 of the said Law.The Hellenic Financial Stability Fund participates in the AGM, as per Law 3864/2010, as amended.

Proof of shareholder status should be provided by presenting to the Bank relevant certification from HELEX or alternatively through direct electronic link-up of the Bank with the records of the Dematerialized Securities System of HELEX. The relevant written certification by HELEX or the electronic verification of shareholder status must have been received by the Bank by 16 June 2015 at the latest, i.e. on the 3rd day prior to the date of the AGM. The same deadline, i.e. the third day at the latest prior to the date thereof, also applies to the Repeat General Meetings. Specifically, with respect to the 1st Repeat GM, the certification or verification of shareholder status must have been received by the Bank by 29 June 2015 at the latest, while with respect to the 2nd Repeat GM, by 11 July 2015 at the latest.

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

Shareholders who do not comply with the provisions of article 28a of the Companies Act, as above, may participate in the AGM only after the Meeting has authorized them to do so.To exercise the said rights, it is not necessary to block the shares or follow any other similar process that may restrict the ability to sell and transfer shares in the period between the Record Date and the AGM.

PROCEDURE FOR VOTING BY PROXY

The shareholder may participate in the AGM and may vote either in person or by proxy. Each shareholder may appoint up to 3 proxy holders. Legal entities may participate in the AGM by appointing up to 3 natural persons as proxy holders. However, if the shareholder owns shares in the Bank that are held in more than one Investor Securities Account, such limitation shall not prevent the shareholder from appointing, in respect of the AGM, separate proxy holders for the shares appearing in each Account. A proxy holder holding proxies from several shareholders may cast votes differently for each shareholder. Before the AGM commences, the proxy holder must disclose to the Bank any particular facts that may be of relevance for shareholders in assessing the risk that the proxy holder may pursue interests other than those of the shareholder. Within the meaning intended in this paragraph, a conflict of interest may

arise in particular when the proxy holder: (i) is a controlling shareholder of the Bank or is another entity controlled by such shareholder; (ii) is a member of the Board of Directors or in general the management of the Bank, or of a controlling shareholder or an entity controlled by such shareholder; (iii) is an employee or an auditor of theBank, or of a controlling shareholder or an entity controlled by such shareholder; (iv) is a spouse or close relative (first degree) of a natural person referred to in (i) to (iii) hereinabove.

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

To participate in the AGM either in person or by proxy, shareholders are kindly requested to fill in and submit to the Bank the form "DECLARATION – AUTHORIZATION FOR PARTICIPATION IN THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF NATIONAL BANK OF GREECE TO BE HELD ON 19/6/2015, AND ANY REPEAT MEETINGS THEREOF". The Bank shall make available the said form on its website (www.nbg.gr) and through its Branch network. The said form, filled in and signed by the shareholder, must be filed with the Bank's Subdivision for Governance of NBG Shareholder Register & Shareholder Affairs (ground floor, 93 Eolou St., Athens) or any branch of the Bank's network, or, filled in and signed by the shareholder, sent by fax to +30 2103343404, 2103343406, 2103343410 and 2103343443, or by e-mail to inikol@nbg.gr at least 3 days prior to the date of the General Meeting. Shareholders should seek confirmation that the said form has been successfully received by the Bank by calling +30 2103343415,2103343421, 2103343422or 2103343411.

MINORITY RIGHTS

(a) If shareholders representing 1/20 of the paid-up share capital of the Bank so request, the Bank's Board of Directors is obliged to include additional items in the Agenda of the AGM, provided that the said request is communicated to the Board by 4June 2015, i.e. at least 15 days prior to the General Meeting.The said request should be accompanied by justification or a draft resolution to be approved by the AGM and on 6June 2015, i.e. 13 days prior to the AGM, the revised agenda should be disclosed in the same manner as the previous agenda, and at the same time made available to shareholders through the Bank's website, along with the justification or draft resolution tabled by the shareholders, in accordance with the provisions of article 27.3 of the Companies Act.

(b) If shareholders representing 1/20 of the paid-up share capital of the Bank so request, the Board of Directors shall, in accordance with the provisions of article 27.3 of the Companies Act, make available to shareholders by 13 June 2015 at the latest, i.e. at least 6 days prior to the AGM, any draft resolutions on the items included in the initial or revised agenda, provided that the said request is communicated to the Board by 12June 2014, i.e. at least 7 days prior to the AGM.

(c) If any shareholder so requests, and provided that the said request is filed with the Bank by 14June 2015, i.e. at least 5 full days before the AGM, the Board of Directors is obliged to provide the AGM with information regarding the affairs of the Bank, insofar as such information is relevant to a proper assessment of the items on the agenda. The Board may decline to provide such information citing sufficient material grounds, and this should be recorded in the minutes. The Board may provide a single answer to shareholders' requests that are of similar content. The obligation to provide information does not apply in the event that such information is already available through the Bank's website, particularly in the case of frequently asked questions.

(d) If shareholders representing 1/5 of the paid-up capital of the Bank so request, and provided that the said request is filed with the Bank by 14June 2015, i.e. at least 5 full days prior to the AGM, the Board of Directors is obliged to provide the AGM with information on the course of the business affairs and financial status of the Bank. The Board may decline to provide such information citing sufficient material grounds, and this should be recorded in the minutes.

In all the aforesaid cases the shareholders making requests are required to prove their shareholder status as well as the number of shares they hold as at the time of exercising the relevant right. A certificate to this effect from HELEX or

verification of shareholder status through direct online link-up between the records held by HELEX and the Bank may also serve as such proof.

AVAILABLE DOCUMENTS AND INFORMATION

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

Athens, 28 May 2015
By order of the Board of Directors
The Chair

Louka T. Katseli

NATIONAL BANK OF GREECE SA

Eolou 86, 102 32 Athens
TAX ID 094014201 - Corporation Tax Office Athens (DOY-FAE ATHINON)
SWIFT / BIC Code: ETHNGRAA
http://www.nbg.gr

Contact Center

Phone Banking
(181818, +30 210 4848484 (from abroad 24/7), fax: +30 210 4806865
e-mail: contact.center@nbg.gr

LAYOUT: GROUP MARKETING & COMMUNICATION DIVISION

NATIONAL BANK
OF GREECE

www.nbg.gr

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