

Answers to Shareholders' Queries – Request for the provision of information in the context of the Annual General Meeting on 30.6.2020

On 24 June 2020, the Bank received from the Hellenic Investors Association, as well as from a shareholder who is a natural person, Requests to provide information to the Annual General Meeting of 30/06/2020. In accordance with 141 par. 6 of Law 4548/2018 “6. If any shareholder so requests, and provided that the said request is filed at least five (5) full days before the General Meeting, the Board of Directors shall provide the General Meeting with any such specific information on the Company’s business as may be requested, insofar as such information is relevant to the items on the agenda. No such obligation to provide information applies in the event that the said information is available on the Company’s website, particularly in the form of questions and answers ...”, and with a view to the proportionate information of investors, the National Bank publishes the answers to shareholder queries - requests for provision of information.

Request from the Hellenic Investors Association

Issue 1: LEPETE

Question:

According to a recent judgment by the Athens One-Member Court of Appeal (No. 3550/2020), which vindicates (in part) NBG pensioners/LEPETE beneficiaries: “...By virtue of decision No. 455/23-2-2010 of the Management Committee of LEPETE (chaired by the CEO of the Bank and counting among its members the General Manager of Diethniki, an NBG subsidiary, and the General Manager of Group Treasury & Financial Markets), although the sole purpose of the Investment Committee of LEPETE was to profitably invest the reserve funds of LEPETE, as per the provisions of art. 2.2 of its Special Regulation, the Committee SYSTEMATICALLY INVESTED THE RESERVES SOLELY IN NBG SHARES; ACCORDINGLY, WHEN WITH THE PASSING OF TIME THE VALUE OF THE SHARES DECLINED SUBSTANTIALLY, THE RESERVES DECLINED SIMILARLY AND THE FIRST CASH DEFICITS OCCURRED.” In light of the above, we ask that you inform us of the following:

- 1. What actions has Management taken to restore the enormous damage caused to LEPETE reserves, and whether it intends to turn against the previous managements and all liable persons, who – pursuant to the above decision – have breached the Regulation of LEPETE.*
- 2. Whether Management has been apprised of Litigation Reports No. GAD 6456468/2018, 7036198/2018 and 3935/2019 related to pensioners’ complaints regarding the management of their reserves.*
- 3. Whether the Bank has made provisions in its balance sheet for a potential rejection of its appeal before the Supreme Court against the final judgment (2048/2018) in favor of the pensioners.*
- 4. Given the damage, at individual level, to pensioners/beneficiaries of the supplementary pension, the significant majority of whom are borrowers, whether the Bank has taken into*

consideration the pensioners' difficulties, through no fault of their own, in repaying their loan obligations, due to the cuts imposed on their supplementary pension.

Answer:

NBG's civil litigation with former employees (pensioners of LEPETE etc.) and LEPETE, and developments on legislative measures with respect to securing supplementary pension for said persons by the Greek State, are recorded in detail in the NBG Group Annual Financial Report 31.12.2019, pages 15-16, 151, 247-249, to which detailed reference is made.

In short, it is pointed out that pending legal actions concern essentially the above persons' allegation that the Bank is required to cover any cash deficit that may arise.

Up to 10 March 2020, nine petitions for the issue of a provisional order were rejected, 21 decisions for provisional injunction measures were issued in favor of the Bank and 6 in favor of the pensioners. With respect to the 6 cases where the competent courts issued a decision against the Bank, the adjudicated amounts have been recorded in its Profit & Loss Accounts.

Up to 11 March 2020, the Bank paid the amount of €755 thousand.

In addition, 114 actions have been brought, of which 108 have been heard and 76 decisions thereon have been issued to this date.

The 21 first-instance court decisions were against the Bank and the Bank has brought an appeal against 14 of them to this date, while 55 decisions were in favor of the Bank, for which 45 appeals have been brought to this date. The Court of Appeal has delivered at second instance 8 judgments of which 2 were against the Bank and 6 in its favor.

It is noted that the Bank has already lodged an appeal directly with the Greek Supreme Court against one of the 20 negative first-instance decisions.

The appeal came before the Greek Supreme Court on 17 December 2019 and the decision is pending. Regarding the same case, the Bank has filed a petition for injunction measures regarding suspension of the unfavorable decision and the Greek Supreme Court approved the petition and adjudicated the requested injunction measures.

We also note that, further to Athens One-Member Court of Appeal Decision No 3550/2020, the Athens Court of Appeal has already issued the 6 decisions as above (Nos 2850/2020, 3055/2020, 3855/2020, 3971/2020, 3972/2020, 3973/2020) which accept that the determining cause of LEPETE's failure to pay supplementary pensions was the dramatic reduction in the ratio of insurance paying members to pensioners, especially following the insurance of the persons engaged as of 1-1-2005 to ETEAM (now ETEAEP), instead of LEPETE by virtue of Law 3371/2005, and accordingly they rejected at second instance the respective actions against the Bank.

In view of the above, the Bank has not paid any amount for the above judgments issued against it and has not recognized any provision for the pending court cases, given that the Management estimates that there is little likelihood that these cases will have a negative outcome for the Bank.

Moreover, in view of the same, as above, overwhelming majority of court decisions that do not consider that the previous Managements of the Bank have prejudiced LEPETE, there is no question of illegal actions on the part of the Bank's officers.

As regards the payment of loan-related obligations, all borrowers are eligible to apply for the support measures that have been legislated, in combination with attractive credit assistance programs, loan installment deferrals and debt restructurings offered by the Bank, depending on each borrower's income status and social criteria.

Issue 2: Request for valuations of NATIONAL BANK OF GREECE SA by an independent valuer in line with the requirements of Article 6A par. 4 and 9, Law 3864/10

Question:

Regarding our question submitted last year on the same issue, instead of discussing the substance of the matter, i.e. to grant 2 valuations, as provided for by law, you chose rather to state that our request was addressed to the Bank of Greece, and had been merely copied to NBG.

Accordingly, in order to enable investors-members of the Hellenic Investors Association (HIA) to exercise their legal rights as such derive from par. 8 of Article 6A, Law 3864/2010, we hereby ask that you provide a clear answer to our question, relating to your Bank and with reference to the period December 2015 and the said 2 valuations provided for by law. More specifically:

- a) The valuation by an independent valuer required under Greek legislation as per par. 4 of Article 6A, Law 3864/2010, and*
- b) The valuation by an independent valuer required under Greek legislation as per par. 9, Article 6A, Law 3864/2010.*

Answer:

With regard to Issue 2 of the Request for Information dated 24.6.2020 by the Hellenic Investors Association, please refer to our detailed answer to a relevant query of the HIA, similarly worded and submitted in the context of NBG's AGM of 26.7.2018, where, inter alia, the HIA had asked the following:

“Are there any valuations carried out by an independent valuer in line with the requirements of Article 6A of L. 3864/10, so as to ensure that the NCWO (No Creditor Worst Off) principle apply, with respect to your shareholders prior to the AGM of 2015? If yes, where are they available?”

The above query has already been answered by our Bank, and the relevant answer is still posted on NBG's website, under "Investor Relations"/ "General Assemblies".

Further to the above answer, we deem it expedient to point out the following:

The obligatory implementation of the measures under Article 6A, par. 2 of L. 3864/2010 re equitable allocation of the balance of the capital deficit to the holders of capital assets or other eligible liabilities of a bank, especially in terms of their implementation as a step in the then increase of the share capital of NBG – as approved by NBG's AGM on 17.11.2015 – was carried out through the issuance of Cabinet Act No. 45/5-12-2015 (Government Gazette A 167/07.12.2015) as provided for in Article 6A, par. 1 of said law; in the introductory part of the said Act the reasons as well as the legal grounds for such issuance are set out, as clearly defined and required by Article 6A, par. 10 of L. 3864/2010.

Among the reasoning and background to Cabinet Act No. 45/5-12-2015, reference is made (under item 5 of the Act) to the proposal of the Bank of Greece, in accordance with Decision No. 165/1/5-2015 of the BoG Credit and Insurance Committee. The said Proposal is set out in Article 6A, par. 4 of L. 3864, where it is stipulated that the BoG submits it to the Cabinet, so that the latter determine the capital means or obligations of a bank to which the Weight Allocation Measures of Article 6A, par. 2 will be applied. In line with the specific provisions of Article 6A, par. 4 of L. 3864/2010 and of Article 1 of Cabinet Act No. 11/2014 (as amended by Cabinet Act No. 44/2015, Government Gazette A 165/5.12.2015), the BoG proposal includes a valuation by an independent valuer appointed by the BoG, provided that the latter deems it necessary to carry out a valuation for the purposes of the proposal submitted to the Cabinet.

However, in accordance with the explicit provisions of Article 6A, par. 10 of L. 3864/2010, the Cabinet Act issued as per Article 6A, par. 1, is the only Act published in the Government Gazette (and a summary thereof in the Official Journal of the EU), and not any other component that may form part of its legal grounds.

Consequently, as pointed out by our Bank in its answer given in the context of its AGM on 31.7.2019 (also posted on the NBG's website, under "Investor Relations"), the request for provision of documents (in this instance, the BoG Proposal together, presumably, with an attached valuation) which has not been published should be addressed to the legal entity that issued said documents, while our Bank does not possess a respective report.

Issue 3: Lack of Directors' share ownership

Question:

In the financial statements of 2018, we found that out of the (then) 11 directors 8 had no shares in the Bank! While the other 3 members had only 6,089 shares (out of a total of 914 million shares) worth (X 2.4 EUR/SHR) in total EUR 14,613, despite what is stipulated in par. 8.18 of the Corporate Governance Code:

8.18 Directors' share ownership: In order to align their personal interests with the long-term interests of NBG shareholders, directors may acquire NBG shares. In addition to other disclosure obligations related to the acquisition and disposal of NBG shares, directors shall disclose, on an ...

In the new financial statements of 2019 (page 103-108/315), again we found that only 4 out of the 12 directors held 25,921 shares in total, worth (X 1.4 EUR/SHR) just EUR 36,289. Note that most of the said shares, i.e. 19,200, are held by a foreign director, Mr. Andrew McIntyre, who we congratulate for the trust he has shown in the Bank he directs.

Accordingly, we submit the following question so as to ascertain the degree of Board members' trust in the healthy performance of the company stock:

Is it the case that 8 out of the 12 Board members do not trust the Bank they direct sufficiently to risk placing a small but nevertheless significant amount of their assets in NBG shares?

Answer:

With respect to the question under issue 3 regarding non-ownership of NBG shares by the Board members as a whole, it is noted that there is no relevant provision based on which Board members are obliged to own NBG shares. Accordingly, non-ownership of NBG shares by all Board members does not constitute divergence from any obligation under the provisions of the regulatory framework or the Bank's internal documents.

Request from a shareholder

Question:

At 9/6/2017, the company "Mortgage, Touristic PROTYPOS SA", an NBG subsidiary, filed before the District Civil Court of Piraeus a petition (under ref. no. 4456/2017) for interim measures.

At first reading of the said petition it can be clearly inferred that Mortgage, Touristic PROTYPOS SA claims that the Municipality of Keratsini-Drapetsona has encroached on a large part of the broader property that belongs to the company and is situated in the "Lipasmaton" area, causing to the same and accordingly to NBG SA significant financial damage.

Despite the material financial damage incurred by the company, to date Mortgage, Touristic PROTYPOS SA does not appear to have taken any action to evict the Municipality of Keratsini-Drapetsona from its property or to pursue compensation for its long-term encroachment.

Such failure to act, however, involves the risk of further and irreversible damage.

It should be noted in particular that under the resolution of the Regional Council of Attica No 133/2019, it was decided that the said property of Mortgage, Touristic PROTYPOS SA of a total

surface area of 204,898.39 m² shall be expropriated against the trifling price of EUR 17,500,000, i.e. a mere EUR 85.40 per square meter.

Accordingly, it is now evident that the risk of further irreversible financial damage is imminent. To this effect, we ask, without prejudice to our legal rights, that we be notified in writing of the legal actions that NBG SA intends to take in order to protect its assets and the value of our shares.

Answer:

As for the first part of the question, the shareholder obviously refers to the encroachment by the Municipality of Keratsini-Drapetsona of an area of approximately 37 stremmata (3.7 hectares) owned 100% by the Bank's subsidiary "PROTYPOS TOURISTIKI KTIMATIKI" (hereinafter "the Company"). The Company has taken every legal action to protect its rights. In this context, the Company has already, since January 2018, filed a regular action for possession against the above Municipality before the One-Member Court of First Instance of Piraeus. Then, in June 2018, it filed an auxiliary action for return of possession, on the grounds of wrongful enrichment. Both actions have been tried and non-final judgments No. 5321/2018 and no. 3905/2019 have been issued by the One-Member Court of First Instance of Piraeus. By virtue of the first judgement, the Court ordered the commission of an expert's report, while by virtue of the second one, the hearing of the second action was postponed in order to be joined and co-examined with the action dated 11.01.2018.

Around the end of February 2020, the appointed expert submitted to the Court his opinion. Due to the conditions prevailing at courts after their reopening, it is expected that a new hearing will be appointed immediately to repeat the discussion of the above actions and issue a final decision thereon.

As regards the second part of the question (expropriation of an area of the same property), this is an expropriation of the remaining area (approximately 204 stremmata: 20.4 hectares) of the same property of "PROTYPOS TOURISTIKI KTIMATIKI", declared by the Region of Attica, against which the company has already filed an application for annulment before the Council of State. It is noted that the Company's intention is to file also an action for compensation against the State for the de facto expropriation that took place in 2015 when the General Urban Plan 2014 was overturned by law, reducing plot ratios and limiting uses, a development that drastically reduced its value. At the same time, the Company has already assigned the calculation of the relevant loss to an international valuer.