SUPPLEMENT DATED 16 FEBRUARY 2018

TO THE BASE PROSPECTUS DATED 28 MARCH 2017

NATIONAL BANK OF GREECE S.A.

(incorporated with limited liability in the Hellenic Republic)

€15 billion Covered Bond Programme II

BY APPROVING THIS SUPPLEMENT, THE *COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER* (THE "CSSF") GIVES NO UNDERTAKING AS TO THE ECONOMICAL OR FINANCIAL OPPORTUNENESS OF THE TRANSACTION OR THE QUALITY AND SOLVENCY OF THE ISSUER IN LINE WITH THE PROVISIONS OF ARTICLE 7 (7) OF THE LUXEMBOURG LAW DATED 10 JULY 2005 ON PROSPECTUSES FOR SECURITIES.

This second prospectus supplement (the "**Second Supplement**") constitutes a supplement to the base prospectus dated 28 March 2017 (the "**Base Prospectus**"), as supplemented by the first supplement dated 28 September 2017 (the "**First Supplement**"), for the purposes of Article 16 of Directive 2003/71/EC (the "**Prospectus Directive**") and Article 13, paragraph 1, of the Luxembourg Law on Prospectuses for Securities dated 10 July 2005, as subsequently amended (the "**Luxembourg Law**").

This Second Supplement constitutes a supplement to, and should be read in conjunction with, the Base Prospectus.

Capitalized terms used in this Second Supplement and not otherwise defined herein, shall have the same meaning ascribed to them in the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Second Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Second Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Second Supplement has been approved by the CSSF, which is the Luxembourg competent authority for the purposes of the Prospectus Directive and Luxembourg Law, as a supplement issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of: (i) updating the cover page of the Base Prospectus; (ii) updating the section of the Base Prospectus entitled "*Risk Factors*"; (iii) incorporating by reference in the Base Prospectus (a) the Issuer's unaudited interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2017 and (b) certain press releases published by the Issuer; (iv) updating the cover page of the form of Final Terms; (v) updating the section of the Base Prospectus entitled "*Directors and Management*"; (vi) updating the section of the Base Prospectus entitled "*The Macroeconomic Environment in the Group's Market*"; (vii) updating the section of the Base Prospectus entitled "*The Mortgage and Housing Market in Greece*"; (viii) amending the section of the Base Prospectus entitled "*Subscription and Sale*" and (ix) updating the section of the Base Prospectus entitled "*General Information*".

In accordance with Article 16, paragraph 2, of the Prospectus Directive and Article 13, paragraph 2, of the Luxembourg Law, investors who have already agreed to purchase or subscribe for the securities before this

Second Supplement is published have the right, exercisable on the date falling two working days after the publication of this Second Supplement (being 16 February 2018), to withdraw their acceptances.

Save as disclosed in this Second Supplement, there has been no other significant new factor and there are no material mistakes or inaccuracies relating to information included in the Base Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Programme since the publication of the Base Prospectus. To the extent that there is any inconsistency between (i) any statement in this Second Supplement and (ii) any statement in or incorporated by reference into the Base Prospectus (as already supplemented by the First Supplement), the statements in this Second Supplement will prevail.

Copies of this Second Supplement and all documents incorporated by reference in this Second Supplement and in the Base Prospectus may be inspected during normal business hours at the specified office of the Luxembourg Listing Agent as described on page 88 of the Base Prospectus.

Copies of this Second Supplement and all documents incorporated by reference in the Base Prospectus are available on the Luxembourg Stock Exchange's website (www.bourse.lu).

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COVER PAGE

On the cover page of the Base Prospectus, before the second paragraph of page 3, the following paragraphs shall be added:

"**IMPORTANT – EEA RETAIL INVESTORS:** If the Final Terms in respect of any Covered Bonds include a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC on insurance mediation ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET – The Final Terms in respect of any Covered Bonds will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**Distributor**") should take into consideration the target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the arrangers nor the dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

Amounts payable on Floating Rate Covered Bonds will be calculated by reference to one of LIBOR, EURIBOR or another reference rate as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR and EURIBOR are not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Intercontinental Exchange (in respect of LIBOR) and European Money Markets Institute (in respect of EURIBOR) are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)."

RISK FACTORS

The section of the Base Prospectus headed "*Risk Factors*" shall be updated as follows:

(i) on pages 51-52 of the Base Prospectus, the paragraph headed "*Insolvency Procedures*" shall be replaced as follows:

"*Insolvency Procedures*

The bankruptcy code was enacted by Greek law 3588/2007 (the "**Bankruptcy Code**"), amending and replacing older provisions on insolvency (both in connection with winding up and rehabilitation). The Bankruptcy Code has been amended several times and most recently by virtue of Greek laws 4446/2016 (effective as of 22 December 2016) 4472/2017 (effective as of 19 May 2017) and 4512/2018 (effective as of 17 January 2018). The latest amendments modified and replaced several provisions of the Bankruptcy Code, with respect to restructuring and insolvency proceedings. The Bankruptcy Code only applies to business undertakings, which include sole traders, partnerships, companies and unincorporated legal entities that pursue a financial purpose and have the place of their main interests in Greece, but excluding certain regulated entities (such as credit institutions and insurance companies).

Under the Bankruptcy Code, as amended and in force, the following insolvency proceedings are currently available:

(a) bankruptcy, which is regulated by Articles 1-98 of the Bankruptcy Code (except for the simplified bankruptcy proceedings in respect of small debtors (where the value of the bankruptcy estate does not exceed €100,000), which are regulated by Articles 162-163 of the Bankruptcy Code as replaced by article 62 of Greek law 4472/2017, and Articles 163a – 163c of the Bankruptcy Code, added through article 62 of Greek law 4472/2017);

(b) a rehabilitation agreement under the Bankruptcy Code (Articles 99-106) between a debtor and a qualifying majority of its creditors;

(c) a restructuring plan under the Bankruptcy Code (Articles 107-131, as amended by article 7 of Greek law 4446/2016) following its approval by the court and the creditors.

(d) special liquidation under Article 106(ia) of the Bankruptcy Code.

The Bankruptcy Code includes detailed provisions on each of the above insolvency proceedings and the requirements that need to be met in respect of each proceeding, including the rights of creditors thereunder. The latest amendments of the Bankruptcy Code include provisions intended to make these proceedings more expedient and efficient, including by setting stricter timeframes for completion of various stages of these proceedings and by strengthening documentary and expert evidence requirements in connection with the rehabilitation prospects.

In addition, the recent Greek law 4512/2018 introduced significant amendments in respect of creditors' ranking in case of insolvency. According to the new law, in the event of insolvency, the claims shall be satisfied in the following order:

(a) claims of general privilege under article 154, case a;

(b) claims of special privilege under article 155, para. 1, cases a and b;

(c) rest of the claims of general privilege under article 154 and claims of special privilege under article 155, para. 1 case c;

(d) unsecured claims.

As regards the other provisions of claims' ranking order, article 977A of Greek law 4512/2018 shall apply *mutatis-mutandis (see "Auction Proceeds").*"

(ii) on pages 52-53 of the Base Prospectus, the paragraph headed "*Auction Proceeds*" shall be replaced as follows:

"*Auction Proceeds*

The proceeds of an auction following enforcement against a property securing a Loan must be allocated in accordance with Articles 975, 976 and 977 of the Greek Civil Procedure Code as amended by Greek law 4335/2015 and most recently by Greek Law 4512/2018. The new Greek law 4512/2018 introduced significant amendments to the Greek Civil Procedure Code and mostly in respect of the allocation of proceeds to the creditors of the Borrower. More specifically, the most important amendments are the following:

After the entry of new article 977A into force and in respect of the new claims arising as of 17 January 2018 and onwards, if such claims are secured through a first ranking pledge, the auction proceeds are allocated, after deduction of the enforcement expenses, to the extent applicable, in the following order:

a) creditors enjoying special privileges under cases 1 and 2 of article 976 of the Greek Civil Procedure Code, as in force, (which include secured creditors through a mortgage or a mortgage pre-notation over the property or a pledge);

b) creditors enjoying privileges under articles 975 and case 3 of article 976 of the Greek Civil Procedure Code, as in force;

c) unsecured creditors.

In addition, proceeds raised prior to the date of the first auction and relate to unpaid wages of up to six (6) months on the basis of dependent –employment relationship and up to the amount which is equal to the monthly due salary per employee with the statutory minimum wage of an employee above of twenty five (25) years multiplied by 275% are allocated before any other claim (super privilege) and after deduction of the costs of execution.

In case that a pre-notation or mortgage are registered in more than one assets of the Borrower, the abovementioned claims related to unpaid wages, if announced, are satisfied by the auction proceeds which have to be allocated to the creditors as following: a) *pari passu*, if the auctions took place simultaneously or b) depending on the chronological order that auctions took place until their full payment, if the auctions took place successively. In the latter case, the creditors who enjoy special privileges and are not satisfied due to the abovementioned provision, succeed to the rest of the auction proceeds deriving from the auctioning of the remaining assets of the Borrower. After the satisfaction of privileged creditors, the non-privileged creditors are satisfied *pari passu* by the remaining amount of the auction proceeds.

In respect of the claims arising as of 1 January 2016 until 16 January 2018 and in respect of orders of execution served to the debtor after 1 January 2016, auction proceeds continue to be allocated, after deduction of the enforcement expenses justifiably defined by the auction clerk, to the following creditors of the Borrower, to the extent applicable, in the following order, pursuant to the Greek law 4335/2015, as it previously stood:

(a) creditors enjoying general privileges under Article 975 of the Greek Civil Procedure Code, namely (in the following ranking order):

(i) claims for hospitalization and funeral costs of the Borrower and his family arising in the 12 months prior to the day of the public auction or the declaration of bankruptcy and compensation claims (except claims for moral damages) due to disability exceeding eighty percent (80%) or more that arose until the day of the public auction or the declaration of bankruptcy;

(ii) costs for the nourishment of the Borrower and his family arising in the previous six months before the day of the public auction or the declaration of bankruptcy;

(iii) claims based on employees' salaries and claims for fees, expenses and compensation of lawyers paid under fixed regular remuneration that arose during the last 2 years prior to the day of the public auction or the declaration of bankruptcy. However, such time limit does not apply on any compensation claims raised by employees or in-house lawyers arising by reason of termination of their agreements. The same rank also includes claims of the State arising out of the Value Added Tax (VAT) and any attributable or withholding taxes together with any increments and interests imposed on such claims, as well as claims of social security organizations, alimony claims in case of death of the person owing such alimony and compensation claims due to disability exceeding sixty seven percent (67%) which arose up to the day of the public auction or the declaration of bankruptcy;

(iv) claims by farmers or farming partnerships arising from the sale of agricultural goods arising within the last year prior to the day that the public auction was first set to occur or the declaration of bankruptcy;

(v) claims of the Greek state and municipal authorities arising out of any cause, together with any increments and interest imposed on such claims; and

(vi) claims by the Athens Stock Exchange Members' Guarantee Fund (if the borrower is or was an investment services company) arising in the previous 24 months prior to the day of the public auction or the declaration of bankruptcy (this should not be relevant for any Borrower).

(b) creditors enjoying special privileges under Article 976 of the Greek Civil Procedure Code (which include secured creditors through a mortgage or a mortgage pre-notation over the property or a pledge); and

(c) unsecured creditors.

In case of concurrence of general privileges (as mentioned above) and special privileges (as mentioned above), the percentage of satisfaction of the creditors with general privileges is limited to up to one-third of the auction proceeds whereas the percentage of satisfaction of creditors with special privileges is up to two-thirds. In case of concurrence of general privileges (as mentioned above) and special privileges (which include claims secured by pledge or mortgage) and non-privileged claims, the percentage of satisfaction of the creditors with general privileges is limited to up to 25%, whereas the percentage of satisfaction of creditors with special privileges is up to 66%. The remaining amount of 10% of the auction proceeds is allocated to the non-privileged creditors. In case of concurrence of creditors with special privileges and non - privileged creditors, an amount of 90% is allocated to creditors with special privileges, while an amount of 10% of the auction proceeds is allocated to the non-privileged creditors. In case of concurrence of claims with general privileges and non - privileged claims, the percentage of satisfaction of the former is 70%.

Accordingly, the Issuer, as owner of a first ranking pre-notation could be limited to receiving approximately two-thirds or 66% (as applicable) of the proceeds raised by an auction of a property securing a Loan if a claim under Article 975 of the Greek Civil Procedure Code exists. In such case, the proceeds may not be sufficient to discharge the amount that is owed by the Borrower to the Issuer under the Loan, which may in turn affect the Issuer's ability to meet its obligations in respect of the Covered Bonds.

However, given that the loans are given a maximum 80% LTV indexed value for the purpose of calculating the Statutory Tests and the Amortization Test the value of the property securing a Loan should exceed the Outstanding Principal Balance of that portion of the Loan accredited value for the purposes of the Statutory Tests. Accordingly, the possibility that the Issuer will not receive sufficient proceeds following the enforcement against a property securing a Loan to discharge the amounts that are owed to it by the relevant Borrower is reduced."

(iii) on pages 31 of the Base Prospectus, before the paragraph headed "*The Issuer faces significant competition from Greek and foreign banks*" the following paragraph shall be added:

"Changes in reference rates

Reference rates and indices, including interest rate benchmarks such as the London Interbank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**") have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. For instance, in June 2016, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") came into force. The majority of the Benchmark Regulation provisions applied from 1 January 2018.

Under the Benchmark Regulation, new requirements will apply with respect to the provision of a wide range of benchmarks (including LIBOR and EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmark Regulation will, among other things: (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

In addition, the sustainability of LIBOR has been questioned by the UK Financial Conduct Authority ("**FCA**") as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. In July 2017, the chief executive of the FCA announced that the FCA does not intend to continue to encourage, or use its power to compel, panel banks to provide rate submissions for the calculation of the LIBOR benchmark to be set beyond the end of 2021 and that, as a result, there can be no guarantee that LIBOR will be determined after 2021 on the same basis at present, if at all.

The Programme provides for the issuance of Covered Bonds with a floating rate of interest determined on the basis of Benchmarks including LIBOR and EURIBOR. The reforms outlined above and other pressures may cause one or more Benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain Benchmarks or have other consequences which cannot be predicted.

Based on the foregoing, prospective investors should in particular be aware that:

(a) any of these reforms or pressures described above or any other changes to a Benchmark (including LIBOR and EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;

(b) if LIBOR or EURIBOR or any other relevant Benchmark is discontinued or is otherwise unavailable, then the rate of interest on the Floating Rate Covered Bonds (in relation to which Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Interest Rate is to be determined) will be determined for a period by the fall-back provisions provided for under Condition 4.2 (*Floating Rate Covered Bond and Variable Interest Rate*

Covered Bond Provisions), although such provisions, being dependent in part upon the provision by the principal Relevant Financial Centre office of the reference banks of offered quotations for the relevant Benchmark to prime banks in the Relevant Financial Centre interbank market, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous Interest Period when LIBOR or EURIBOR was available;

(c) if LIBOR or EURIBOR or any other relevant Benchmark is discontinued, there can be no assurance that the applicable fall-back provisions under the Hedging Agreements would operate to allow the transactions under the Hedging Agreements to effectively mitigate interest rate risk in respect of the Floating Rate Covered Bonds; and

(d) if LIBOR, EURIBOR or any other relevant Benchmark is discontinued, there can be no assurance that the operation of the applicable fall-back provisions would not have an indirect impact on the ability of the Issuer to meet its obligations under the Covered Bonds.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Floating Rate Covered Bonds and/or the Hedging Agreements due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Floating Rate Covered Bonds.

Moreover, any of the above matters or any other significant change to the setting or existence of LIBOR, EURIBOR or any other relevant Benchmark could affect the ability of the Issuer to meet its obligations under the Floating Rate Covered Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Covered Bonds. No assurance may be provided that relevant changes will not occur with respect to LIBOR, EURIBOR or any other relevant Benchmark and/or that such Benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Floating Rate Covered Bonds."

DOCUMENTS INCORPORATED BY REFERENCE

The section "*Documents incorporated by reference*", on pages 87-91 of the Base Prospectus, is replaced as follows:

"The following documents which have previously been published and have been filed with the CSSF shall be incorporated by reference, and form part of, this Base Prospectus:

(a) Unaudited interim condensed consolidated financial statements of National Bank of Greece S.A. as at and for the nine-month period ended 30 September 2017 (the "**Nine Months 2017 Financial Statements**") which have been prepared in accordance with International Financial Reporting Standards ("**IFRS"**) as endorsed by the European Union (the "**EU**");

(b) Unaudited interim condensed consolidated financial statements of National Bank of Greece S.A. as at and for the six-month period ended 30 June 2017 (the "**Six Months 2017 Financial Statements**") which have been prepared in accordance with IFRS as endorsed by the EU;

(c) Group and Bank 2016 Annual Financial Report, which includes the Certification of the Board of Directors, the Board of Directors' Report, the Independent Auditor's Report and the Audited Separate and Consolidated Financial Statements for the Bank and the Group as at and for the year ended 31 December 2016, which have been prepared in accordance with IFRS as endorsed by the EU (the "**2016 Annual Financial Statements**");

(d) Unaudited interim condensed consolidated financial statements of National Bank of Greece S.A. as at and for the nine-month period ended 30 September 2016 (the "**Nine Months 2016 Financial Statements**") which have been prepared in accordance with IFRS as endorsed by the EU;

(e) Unaudited interim condensed consolidated financial statements of National Bank of Greece S.A. as at and for the six-month period ended 30 June 2016 (the "**Six Months 2016 Financial Statements**") which have been prepared in accordance with IFRS as endorsed by the EU;

(f) Group and Bank 2015 Annual Financial Report, which includes the Certification of the Board of Directors, the Board of Directors' Report, the Independent Auditor's Report and the Audited Separate and Consolidated Financial Statements for the Bank and the Group as at and for the year ended 31 December 2015, which have been prepared in accordance with IFRS as endorsed by the EU (the "**2015 Annual Financial Statements**");

(g) Unaudited interim condensed consolidated financial statements of National Bank of Greece S.A. as at and for the nine-month period ended 30 September 2015 (the "**Nine Months 2015 Financial Statements**") which have been prepared in accordance with IFRS as endorsed by the EU;

(h) Unaudited interim condensed consolidated financial statements of National Bank of Greece S.A. as at and for the six-month period ended 30 June 2015 (the "**Six Months 2015 Financial Statements**") which have been prepared in accordance with IFRS endorsed by the EU;

(i) Group and Bank 2014 Annual Financial Report, which includes the Certification of the Board of Directors, the Board of Directors' Report, the Independent Auditor's Report and the Audited Separate and Consolidated Financial Statements for the Bank and the Group as at and for the year ended 31 December 2014, which have been prepared in accordance with IFRS as endorsed by the EU (the "**2014 Annual Financial Statements**");

the 2016 Annual Financial Statements, the 2015 Annual Financial Statements and the 2014 Annual Financial Statements are collectively referred to as the "**Annual Financial Statements**".

(j) the sections entitled "*Terms and Conditions of the Covered Bonds*" set out on pages 67 to 98 (inclusive) of the base prospectus dated 23 February 2011 (for the avoidance of doubt, the applicable Final Terms for a Series or Tranche of Covered Bonds will indicate the Terms and Conditions applicable to such Series or Tranche and unless otherwise indicated in the applicable Final Terms, the Terms and Conditions of all Covered Bonds issued after the date hereof shall be those set out in full in this Base Prospectus). The remaining portions of the base prospectus dated 23 February 2011 are not relevant for prospective investors and are not incorporated by reference in this Base Prospectus.

(k) the press release issued by NBG on 26 April 2017 and entitled "Board Chairman announcement with regards to planned departure by year end 2017";

(l) the press release issued by NBG on 8 June 2017 and entitled "The resignation of non-executive member of the Board of Directors – Mr. Stavros A. Koukos";

(m) the press release issued by NBG on 14 June 2017 and entitled "NBG Group announces the completion of the sale of its Bulgarian Operations";

(n) the press release issued by NBG on 19 June 2017 and entitled "The resignation of non-executive member of the Board of Directors – Mr. Spyros Lorentziadis";

(o) the press release issued by NBG on 29 June 2017 and entitled "NBG announces the sale of a majority equity holding in its subsidiary Ethniki Hellenic General Insurance S.A. to EXIN Financial Services Holding B.V.";

(p) the press release issued by NBG on 26 July 2017 and entitled "The resignation of our group Chief Risk Officer";

(q) the press release issued by NBG on 27 July 2017 and entitled "Agreement between NBG SA and OTP Bank (Romania) for the sale of Banca Romaneasca";

(r) the press release issued by NBG on 4 August 2017 and entitled "Agreement between NBG SA and OTP Serbia for the sale of Vojvodjanska Banka A.D. and NBG Leasing doo";

(s) the press release issued by NBG on 21 August 2017 and entitled "Announcement Date & Time of 2nd Quarter 2017 Results";

(t) the press release issued by NBG on 31 August 2017 and entitled "NBG Group: Q2.17 results highlights";

(u) the press release issued by NBG on 11 October 2017 and entitled "Issuance of Covered Bond";

(v) the press release issued by NBG on 30 October 2017 and entitled "Announcement Date & Time of 3rd Quarter 2017 Results";

(w) the press release issued by NBG on 1 November 2017 and entitled "New member of the Board of Directors";

(x) the press release issued by NBG on 15 November 2017 and entitled "NBG Press Release of ADR Program";

(y) the press release issued by NBG on 22 November 2017 and entitled "NBG Group: Q3.17 results highlights";

(z) the press release issued by NBG on 1 December 2017 and entitled "NBG Group announces the completion of the sale of its Serbian Operations";

(aa) the press release issued by NBG on 11 December 2017 and entitled "Titlos Announcement";

(bb) the press release issued by NBG on 13 December 2017 and entitled "MacroView Outlook GDP Flash December";

(cc) the press release issued by NBG on 19 December 2017 and entitled "Process Regarding the Final Exercise of Titles Representing Share Ownership Rights (Warrants) and the Settlement of Participation Orders";

(dd) the press release issued by NBG on 27 December 2017 and entitled "Board Chairman Resignation in Accordance with NBG Succession Plan for Board Members and Reconstitution of the Board of Directors Into a Body";

(ee) the press release issued by NBG on 29 December 2017 and entitled "Final Results of the Final Exercise of the Titles Representing Share Ownership Rights (Warrants) [27.12.2017]";

(ff) the press release issued by NBG on 31 January 2018 and entitled "Announcement"; and

(gg) the press release issued by NBG on 2 February 2018 and entitled "Sale of Banka NBG Albania Sh.A".

Documents referred to under letters from (k) to (gg) are incorporated by reference in their entirety.

Following the publication of this Base Prospectus a supplement to this Base Prospectus may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained free of charge from the registered office of the Issuer at 86 Eolou Street, Athens, the Issuer's website www.nbg.gr, the Luxembourg Stock Exchange' website www.bourse.lu and from the specified offices of the Paying Agents for the time being in London and Luxembourg.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Covered Bonds, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Covered Bonds.

CROSS-REFERENCE LIST RELATING TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL BANK OF GREECE S.A. FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2017, 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015

	30 September 2017	30 September 2016	30 September 2015
Information Incorporated			
Statement of Financial Position	p. 3	p. 3	p. 3
Income Statement	p. 4	p. 4	p. 4
Accounting policies and explanatory notes	p. 10-35	p. 10-32	p. 11-36

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) N° 809/2004.

CROSS-REFERENCE LIST RELATING TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL BANK OF GREECE S.A. FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2017, 30 JUNE 2016 AND 30 JUNE 2015

	30 June 2017	30 June 2016	30 June 2015
Information Incorporated			
Statement of Financial Position	p. 20	p. 17	p. 15
Income Statement	p. 21	p. 18	p. 16
Accounting policies and explanatory notes	p. 28-54	p. 25-45	p. 23-47

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) N° 809/2004.

CROSS-REFERENCE LIST RELATING TO THE AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL BANK OF GREECE S.A. FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 31 DECEMBER 2015 AND 30 DECEMBER 2014

Information Incorporated	31 December 2016	31 December 2015	31 December 2014
Statement of Financial Position	p. 60	p. 55	p. 40
Income Statement	p. 61	p. 56	p. 41
Statement of changes in equity	p. 63-64	p. 58-59	p. 43-44
Cash-flow statement	p. 65	p. 60	p. 45
Accounting policies and explanatory notes	p. 66-176	p. 61-175	p. 46-160
Auditor's report	p. 58-59	p. 53-54	p. 38-39

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) N° 809/2004.

FORM OF FINAL TERMS

The section of the Base Prospectus headed "Form of Final Terms" shall be amended as follows:

(i) on page 129 of the Base Prospectus, the following paragraphs shall be inserted after the first paragraph:

"**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**Distributor**") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels."

(ii) On page 132 of the Base Prospectus, the following paragraph shall be inserted after item 13:

"14. Prohibition of Sales to EEA Retail Investors	[Applicable/Not Applicable]"

DIRECTORS AND MANAGEMENT

(i) Under the section "*Directors and Management*", on pages 199-200 of the Base Prospectus, the sub-subsection headed "*Board of Directors of the Bank*" is replaced by the following:

"**Board of Directors of the Bank**

The Bank is managed by the Board of Directors, which is responsible for ensuring strategic direction, management supervision and adequate control of the Bank, with the ultimate goal of increasing the long term value of the Bank and protecting the corporate interest at large, in compliance with the current legislation and regulatory framework, including the provisions of the Amended Relationship Framework Agreement between the Bank and the HFSF and the obligations of the Bank towards the Monitoring Trustee.

In the context of further enhancing the efficient operation of the Board of Directors, in 2015 the Bank proceeded with the implementation of a special Board Secretariat system to further support operation of the Board of Directors. The use of this system is expected to enhance procedures for providing Board members with appropriate information and notifications, and facilitate exchange of opinions and commenting on issues placed under consideration of the Board of Directors and Board Committees and better monitoring of issues discussed by the Board of Directors and its Committees.

The Bank's Board is supported by five Board Committees, which have been established and operate for this purpose, namely the Strategy Committee, the Board Risk Committee, the Audit Committee, the Corporate Governance and Nominations Committee, and the Human Resources and Remuneration Committee. (See *"Board Committees"* below).

The current Board of Directors, whose term expires in 2018, constituted into a body at the meeting of Board of Directors on 9 November 2016.

The following table sets forth, for each of the Directors, their names, professional activities and the dates on which their respective term began:

Name	Activities	Start of Term
Costas Michaelides	Chair of the Board and non-executive member	27 December 2017
Executive Members		
Leonidas E. Fragkiadakis	Chief Executive Officer	19 June 2015
Dimitrios G. Dimopoulos	Deputy Chief Executive Officer	19 June 2015
Paul K. Mylonas	Deputy Chief Executive Officer	19 June 2015
Non-Executive Members		
Eva Cederbalk	Banking Experience	27 December 2016
Independent Non-Executive Members		
Petros Sabatacakis	Economist / Risk and Financial Audit Expertise	19 June 2015
Claude Piret	Independent Non-Executive Expert Member as prescribed by Art. 10 of Greek law 3864/2010 as in force. Risk experience / Financial Services	02 November 2016
Haris Makkas	Economist / Financial Services	28 July 2016
Marianne Økland	Independent Non-Executive Expert Member as prescribed by Art. 10 of Greek law 3864/2010 as in force Financial Services / Shipping	29 June 2016

Hellenic Financial Stability Fund Representative		
Panagiota Iplixian	Economist	30 March 2017
Secretary of Board of Directors & Board Committees		
Panos Dasmanoglou	General Manager—Group Chief Compliance & Corporate Governance Officer	27 December 2017

For the purpose of this Base Prospectus, the business addresses of each member of the Board of Directors is that of the Bank's registered office.

The following changes took place during 2016, 2017 and 2018:

- On 31 January 2018, at the meeting of the Board of Directors, the stepping down of Mr. Mike Aynsley from the position of independent non-executive member was announced.

- On 27 December 2017, at the meeting of the Board of Directors, Mr. Panayotis (Takis) Aristidis Thomopoulos submitted his resignation from the position of non-executive member and Chairman of the Bank's Board of Directors. By decision of the Bank's Board of Directors during its session taking place the same day, the Board resolved upon its reconstitution into a body and upon the appointment of Mr. Costas Michaelides as new non-executive Chairman of the Board.

- On 1 November 2017 the Board of Directors elected Mr. Costas Michaelides as new non-executive member and Vice-Chairman of the Board of Directors.

- On 19 June 2017, the non-executive member of the Board of Directors, Mr. Spyros Lorentziadis, informed the Board of Directors about his resignation, which came into force on 30 June 2017.

- On 7 June 2017, at the meeting of the Board of Directors, Mr. S. Koukos submitted his resignation from a non-executive member, and henceforth participates in the Board of Directors as Observer, Representative of the Employees of the Bank.

- On 30 March 2017, Ms. Panagiota Iplixian was appointed as the new Representative of the Hellenic Financial Stability Fund on the Board of Directors, in replacement of Mr. Panagiotis Leftheris.

- On 27 December 2016 the Board of Directors elected Ms. Eva Cederbalk as non-executive member of the Board of Directors, in replacement of Mr. Efthymios Katsikas who resigned from non – executive member.

- On 9 November 2016, the Board of Directors convened and decided on its constitution into a body. The Chair (non-executive) of the Board of NBG is Mr. Panayotis – Aristidis Thomopoulos, the Bank's Chief Executive Officer is Mr. Leonidas Fragkiadakis and the Bank's Deputy Chief Executive Officers are Mr. Dimitrios Dimopoulos and Mr. Paul Mylonas. Secretary of the Bank's Board of Directors and of its Committees is Mr. Panagiotis Dasmanoglou, General Manager of Group Compliance and Corporate Governance.

- On 2 November 2016, at the meeting of the Board of Directors, the Chair of the Board of NBG Mrs. Louka Katseli, as well as the independent non-executive members Mr. Dimitrios Afendoulis and Mr. Spyridon Theodoropoulos submitted their resignation. By decision of the Bank's Board of Directors during its session taking place the same day, the Board elected Mr. Panayotis – Aristidis Thomopoulos, Mr. Claude Piret and Mr. Spyros Lorentziadis as non-executive Board members, in replacement of the members who submitted their resignation.

- On 28 July 2016, the Board of Directors elected Mr. Charalampos Makkas as non-executive member of the Board of Directors.

- On 22 July 2016, Mrs. Angeliki Skandaliari ceased to be the Hellenic Republic Representative to the Board, according to the definitive expiry of the guarantees granted by the Hellenic Republic pursuant to Greek law 3723/2008.

- On 19 July 2016, the Board of Directors appointed Mr. Panagiotis Leftheris as the new Representative of the Hellenic Financial Stability Fund of the Board of Directors, in replacement of Mr. Charalampos Makkas who submitted his resignation.

- On 17 July 2016 Mrs. Alexandra Papalexopoulou-Benopoulou resigned as independent non-executive member of the Board of Directors.

- On 29 June 2016, the Board of Directors elected Mrs. Marianne Økland as independent non-executive member of the Board of Directors, in replacement of Mr. Kurt Geiger who resigned from independent non-executive member.

- On 26 May 2016, the Board of Directors elected Mr. Kurt Geiger and Mr. Mike Aynsley as independent non-executive members.

- On 26 January 2016, Mr Andreas Boumis, submitted his resignation as independent non-executive member of the Board of Directors.

During 2016, the Board of Directors convened 28 times in total.

During 2016, the Bank's Board Committees convened 67 times in total.

30.0% (3 out of 10) of members of the Board of Directors are women."

(ii) On page 208 of the Base Prospectus, the table set forth in the sub-subsection headed "*Audit Committee*" is replaced by the following:

Temporary Chair	Costas Michaelides
Vice-Chair	Claude Piret
Member	Petros Sabatacakis
Member	Marianne Økland
Member	Eva Cederbalk
Member	Panagiota Iplixian (HFSF Representative)

(iii) On page 208 of the Base Prospectus, the table set forth in the sub-subsection headed "*Human Resources and Remuneration Committee*" is replaced by the following:

Chair	Marianne Økland
Member	Petros Sabatacakis
Member	Claude Piret
Member	Haris Makkas
Member	Panagiota Iplixian (HFSF representative)

(iv) On page 209 of the Base Prospectus, the table set forth in the sub-subsection headed "*Corporate Governance and Nominations Committee*" is replaced by the following:

Chair	Marianne Økland
Vice-Chair	Claude Piret
Member	Petros Sabatacakis
Member	Haris Makkas
Member	Panagiota Iplixian (HFSF representative)

(v) On page 210 of the Base Prospectus, the table set forth in the sub-subsection headed "*Board Risk Committee*" is replaced by the following:

Chair	Claude Piret
Vice-Chair	Marianne Økland
Member	Haris Makkas
Member	Panagiota Iplixian (HFSF representative)

(vi) On pages 210-211 of the Base Prospectus, the table set forth in the sub-subsection headed "*Strategy Committee*" is replaced by the following:

Chair	Eva Cederbalk
Vice Chair	Haris Makkas
Member	Costas Michaelidis
Member	Leonidas Fragkiadakis
Member	Petros Sabatacakis
Member	Marianne Økland
Member	Claude Piret
Member	Panagiota Iplixian (HFSF representative)

(vii) On page 211 of the Base Prospectus, the table set forth in the sub-subsection headed "*Senior Executive Committee*" is replaced by the following:

Chairman	Leonidas Fragkiadakis	CEO
Member	Dimitrios Dimopoulos	Deputy CEO
Member	Paul Mylonas	Deputy CEO
Member	Nelly Tzakou-Lambropoulou	General Manager of Retail Banking
Member	Dimitrios Kapotopoulos	General Manager of Corporate Banking
Member	Ioannis Kyriakopoulos	General Manager—Group CFO
Member	Nikos Christodoulou	General Manager, Group Chief Operating Officer
Member	Ioannis Vagionitis	General Manager of Group Risk Management, Chief Risk Officer
Member without voting rights	Panos Dasmanoglou	General Manager—Group Chief Compliance and Corporate Governance Officer
Member without voting rights	Georgios Triantafillakis	General Manager of Legal Services

(viii) On page 212 of the Base Prospectus, the table set forth in the sub-subsection headed "*Asset and Liability Committee (ALCO)*" is replaced by the following:

Chairman	Leonidas Fragkiadakis	CEO

Deputy Chairman & Member	Paul Mylonas	Deputy CEO
Member	Dimitrios Dimopoulos	Deputy CEO
Member	Nelly Tzakou-Lambropoulou	General Manager of Retail Banking
Member	Ioannis Kyriakopoulos	General Manager, Group CFO
Member	Ioannis Vagionitis	General Manager of Group Risk Management, Chief Risk Officer
Member	Vasileios Kavalos	Assistant General Manager, Group Treasurer

(ix) On page 212 of the Base Prospectus, the table set forth in the sub-subsection headed "*Executive Credit Committee*" is replaced by the following:

Chairman	Leonidas Fragkiadakis	CEO
Member	Paul Mylonas	Deputy CEO
Member	Dimitrios Dimopoulos	Deputy CEO
Member	Ioannis Vagionitis	General Manager of Group Risk Management Chief Risk Officer
Member	Dimitrios Kapotopoulos*	General Manager of Corporate Banking

* In the case of meetings where issues regarding corporate special assets are discussed, Mr. Constantinos Vossikas, General Manager of Corporate Special Assets, participates in the Committee.

(x) On page 213 of the Base Prospectus, the table set forth in the sub-subsection headed "*Disclosure and Transparency Committee*" is replaced by the following:

Chairman	Paul Mylonas	Deputy CEO
Member	Dimitrios Dimopoulos	Deputy CEO
Member	Nelly Tzakou-Lambropoulou	General Manager of Retail Banking
Member	Dimitrios Kapotopoulos	General Manager of Corporate Banking
Member	Ioannis Kyriakopoulos	General Manager, Group CFO
Member	Nikos Christodoulou	General Manager, Group COO
Member	Marinis Stratopoulos	General Manager of International Activities
Member	Georgios Triantafillakis	General Manager of Legal Services
Member	Georgios Kaloritis	General Manager, Group Chief Audit Executive
Member	Panos Dasmanoglou	General Manager—Group Chief Compliance and Corporate Governance Officer
Member	Ioannis Vagionitis	General Manager of Group Risk Management, Chief Risk Officer
Member	Vasileios Kavalos	Assistant General Manager—Group Treasurer
Member	Alexander Benos	Assistant General Manager, NBG Group Risk Management, CRO*

* Mr Alexander Benos was Assistant General Manager of Group Risk Management, Chief Risk Officer and member of the Committee until 26 July 2017 when he resigned from the Bank.

(xi) On page 214 of the Base Prospectus, the table set forth in the sub-subsection headed "*Crisis Management Committee*" is replaced by the following:

Chairman	Leonidas Fragkiadakis	CEO
Member	Paul Mylonas	Deputy CEO
Member	Dimitrios Dimopoulos	Deputy CEO
Member	Nikos Christodoulou	General Manager, Group COO
Member	Nelly Tzakou-Lambropoulou	General Manager of Retail Banking
Member	Petros Fourtounis	Group Human Resources General Manager
Member	Panos Dasmanoglou	General Manager—Group Chief Compliance and Corporate Governance Officer
Member	Georgios Kaloritis	General Manager, Group Chief Audit Executive
Member	Dimitrios Kapotopoulos	General Manager of Corporate Banking
Member	Ioannis Kyriakopoulos	General Manager, Group CFO
Member	Ioannis Vagionitis	General Manager of NBG Group Risk Management, Chief Risk Officer
Member	Georgios Triantafillakis	General Manager of Legal Services
Member	Stylianos Dionysopoulos	Head of Group Security Division

(xii) On pages 214-215 of the Base Prospectus, the table set forth in the sub-subsection headed "*Compliance & Reputational Risk Committee*" is replaced by the following:

Chairman	Leonidas Fragkiadakis	CEO
Deputy Chair & Member	Panos Dasmanoglou	General Manager—Group Chief Compliance and Corporate Governance Officer
Member	Paul Mylonas	Deputy CEO
Member	Dimitrios Dimopoulos	Deputy CEO
Member	Nikos Christodoulou	General Manager, Group COO
Member	Nelly Tzakou-Lambropoulou	General Manager of Retail Banking
Member	Dimitrios Kapotopoulos	General Manager of Corporate Banking
Member	Georgios Triantafillakis	General Manager of Legal Services
Member	Ioanna Katzilieri-Zour	Assistant General Manager of Group Marketing and Communications

THE MACROECONOMIC ENVIRONMENT IN THE GROUP'S MARKET

The section headed "*The Macroeconomic Environment in the Group's Market*", on pages 253-265 of the Base Prospectus, shall be entirely replaced as follows:

"THE MACROECONOMIC ENVIRONMENT IN THE GROUP'S MARKET

The Macroeconomic Environment in the Group's Markets

The Hellenic Republic's Economic Crisis

For the six-month period ended 30 June 2017, 93.7% of the Issuer's net interest income from continuing operations and 95.1% of the Issuer's loans and advances to customers before allowance for impairment, were derived from Issuer's domestic operations. In addition, the Issuer's holdings of €2.9 billion of Greek government bonds and Greek treasury bills represented, as at 30 June 2017, 4.6% of its total assets excluding non-current assets held for sale and 39.2% of Issuer's trading and investment debt securities. Accordingly, the Issuer's financial condition and its results of operations are heavily dependent on macroeconomic and political conditions prevailing in Greece.

Greece has been receiving financial support from the euro area member States and the IMF to cope with financial difficulties and economic challenges, since May 2010. See "*—Private Sector Initiative (PSI) for Greek Government Debt restructuring and effort for Economic Stabilization and in the context of financial Support Programs*" below. The extremely intensive fiscal adjustment on the back of a significant increase in tax burden and broad-based government spending cuts in a very limited time period, in conjunction with uncertainty and structural deficiencies of the economy, translated in into a deep and protracted recession which has been accompanied by a sharp drop in Greek financial and real asset valuations. The progress in fiscal consolidation, the gradual recovery in economic sentiment and the easing in fiscal pressure ultimately led to a moderate pick-up in economic activity in 2014, which was the first year with positive GDP growth since 2007 (Sources: EL.STAT, Quarterly National Accounts Press Release, December 2017 and EL.STAT., Annual National Account Press Release, October 2017). However, uncertainty started to build up again since the third quarter of 2014, when there were increasing signs of difficulties in reaching an agreement with official creditors on the completion of the pending review of the Second Program of financial support which was followed by the holding of early elections in January 2015 (Source: EL.STAT, Quarterly National Accounts Press Release, December 2017).

Uncertainty has been on an upward trend and macroeconomic conditions deteriorated in the first half of 2015, following protracted negotiations between the new Greek Government (elected on 25 January 2015) and official creditors on the continuation of, or transition to, a new program of financial support. Rising domestic liquidity constraints and the absence of external financing to the Hellenic Republic amplified uncertainty over the Greek Government's ability to meet its domestic obligations, including sizeable upcoming repayments on both official (IMF and ECB) and marketable debt in the period June–August 2015. Uncertainty peaked in late-June 2015, when an agreement with the official lenders had still not been reached and, as a result, the Program expired and a referendum called in the relation to the conditions underlying the agreement on the activation of a new program of financial support.

Financial markets, pushed Greek Government bond yields into "credit event" territory in late-June and early-July 2015, when the Greek government delayed the repayment of maturing debt to the IMF (EUR 1.5 billion to the IMF on 30 June 2015 which was subsequently cleared) and the absence of sufficient external financing. Accordingly, the Governing Council of the ECB decided to maintain the Emergency Liquidity Assistance ("**ELA**") ceiling for the Greek banking sector unchanged (at the 26 June 2015 level) (Source: ECB, Press Release, June 28, 2015), effectively inhibiting any additional access by Greek banks to the Eurosystem financing in a period of accelerating deposit withdrawals.

In response to the fear of an outright bank run the Greek government imposed a "bank holiday" on 28 June 2015 that lasted until 19 July 2015 and applied specific restrictions on banking and other financial transactions of Greek citizens and legal entities (jointly referred to as "capital controls" (Source: Bank of Greece, Act of Legislation, 28 June 2015), with a view to protecting financial and macroeconomic stability. Moreover, in view of the severe economic and financial disturbance that appeared to threaten the continued membership of the Hellenic Republic in the European Monetary Union and the EU, the Greek government officially requested financial assistance from the European Union on 10 July 2015 (Source: European Commission's proposal for a council implementing decision on granting short term European Union financial assistance to Greece under a new program from the European Stability Mechanism "**ESM**"). A Third Program was subsequently agreed with its creditors in August 2015, in order to restore the sustainability of public finances and to continue participating in the Eurozone and Greece pledged to implement an ambitious program of structural and fiscal reforms. The Eurogroup on 16 July 2015 (Source: Eurogroup Statement, 16 July 2015) on the basis of a positive assessment by the Institutions decided to grant "in principle" a three-year ESM-based program of financial support to Greece.

The challenges relating to the state of Greek public finances (compounded by high uncertainty, declining demand, weakening private sector balance sheets, protracted capital flight, increasing risk premium and credit downgrades) have affected the liquidity and profitability of the financial system in the Hellenic Republic in 2015 and have resulted in:

1. limited liquidity in the Greek banking system reflecting very limited access to market financing and a sizeable contraction of the domestic deposit base since the end of 2009 and through July 2015 of about −51.0%. It should be noted that, the domestic deposit base contracted by 26.4% (EUR 41.3 billion) between November 2014–June 2015 (Source: Bank of Greece, Monetary and Banking Statistics), and this liquidity gap has been covered by the ECB and the Bank of Greece mainly through ELA funding (Source: Bank of Greece, Monthly Balance Sheet, November 2014 and June 2015);

2. very limited and unstable access to interbank and wholesale markets and limited unutilized collateral at a banking system level;

3. an increase in the amount of past due loans reflecting the substantial impact of the recession on the debt servicing ability of the Greek private sector;

4. a protracted period of deleveraging in the economy (−18.2% between 2009 and 2015 which reached 26.4%, cumulatively, in the period 2009-2017) (Source: Bank of Greece, Monetary and Banking Statistics); and a continuing cycle of deposit contraction and falling domestic demand, business activity and GDP; and

5. lower market values for Government debt and other Greek financial and real estate assets.

As a consequence of the preceding developments, the Bank has experienced higher costs of funding (in particular in the first half of 2015, relative to the comparable period in 2014), increased provisions for loan losses and increasing level of past due loans.

Private Sector Initiative (PSI) for Greek Government Debt restructuring and effort for Economic Stabilization and in the context of financial Support Programs

A private sector initiative for Greek debt restructuring took place in February 2012 due to the insufficiency of the first intensive round of fiscal adjustment achieved under the First Program of financial support (Source: IMF Country Report No. 10/110, May 2010) to bring the Greek sovereign debt to a sustainable level. The completion of the PSI in April 2012 contributed to a significant reduction of the Greek debt burden and debt servicing needs through lower interest rates on the bonds issued as part of an exchange process and a substantial extension of the average debt maturity and deferral of a significant part of the effective debt servicing costs on loans provided by the EU and the EFSF.

A commitment to a future intervention of the official sector with a view to improving the public debt sustainability was decided by the Eurogroup of 27 November 2012 (Source: Eurogroup Statement on Greece, 27 November 2012). This intervention, *inter alia* was intended to include debt repurchases by the Hellenic Republic, new changes in official loan conditions (interest rate reduction on bilateral loans and deferral of interest payments on EFSF loans) and a refund to Greece of income and profits related to Eurosystem holdings of Greek bonds. For more details see section below "*Eurogroup decisions of 27 November 2012 on the disbursement of pending financing for 2012 under the Second Program, the coverage of medium-term funding gap and the provision of additional sovereign debt relief*".

The Second Program[(7)]

In March 2012, following the effective completion of the sovereign debt restructuring, the Government agreed to a second economic adjustment program, jointly supported by the IMF and the member states of the Eurozone (the "**Second Program**"), the term of which extended through 2016 and which was jointly supported by the IMF and Eurozone Member States. The Second Program replaced the original program of EUR 110 billion, agreed in May 2010, for the period of 2010–2013 in the form of a cooperative package of IMF and Eurozone Member State funding. The international assistance loans disbursed under the original program amounted to EUR 73 billion. Of this amount, EUR 52.9 billion was sourced from Eurozone Member States and EUR 20.1 billion from the IMF.

(7) Note: most of the data referred to in this sub-section is drawn from the IMF Country Report No. 12/57 (March 2012), and European Commission Occasional paper on Greece March 2012, Source: European Commission.

The main elements of the Second Program were as follows:

- Direct measures to improve Greek competitiveness through an internal devaluation comprising making collective bargaining more effective, reducing the minimum wage by 22%, lowering non-wage labor costs, and liberalizing product and services markets according to Organization for Economic Co-operation and Development ("OECD") guidelines.

- A front-loaded additional fiscal adjustment for the 2013–14 period primarily based on structural expenditure reforms, permanent revenue measures and improvements in tax collection had been specified with a view to reach, a surplus in the primary general Government budget of 1.5% of GDP by the end of 2014.

- Measures to restore financial sector stability. Significant resources—EUR 48.2 billion, according to the IMF report "2nd Review of the program" embedded in IMF Country Report No. 12/57 (March 2012)—were disbursed in 2012 and 2013 to help Greek banks build sufficient capital buffers to cope with the impact of the recession on their portfolio quality and of the restructuring of Government debt. Around EUR 37.3 billion of those funds were used for Greek banks' recapitalization and resolution costs through 2013. Under the terms of the banks' recapitalization, the desire for private sector management and effective control of the banking sector was to be balanced with the need to safeguard the taxpayers' significant capital injection.

The adjustment process also contemplated the successful completion of an ambitious privatization agenda. Similarly, the structural reform agenda included measures to increase fiscal efficiency, strengthen Greece's institutional capacity and improve efficiency of the labor, product and service markets.

Eurogroup decisions of 27 November 2012 (Source: Eurogroup Statement on Greece, 27 November 2012) on the disbursement of pending financing for 2012 under the Second Program, the coverage of medium-term funding gap and the provision of additional sovereign debt relief.

On 27 November 2012, the Eurogroup's finance ministers and the IMF Managing Director provisionally agreed to disburse EUR 43.7 billion of the pending EU tranches (for 2012) of the Second Program for Greece and agreed to offer Greece some additional debt relief with a view to counteracting the adverse impact of sharper-than-expected macroeconomic conditions and the slower build-up of a general government primary surplus targeted at 4.5% of GDP (estimated according to updated program assumptions to be achieved in 2016 or two years later than envisaged in the original program of economic support for Greece). The agreement involved a combination of additional measures to reduce the debt servicing burden and related funding needs of the Hellenic Republic including: interest rate cuts on bilateral loans; a 10-year interest payments deferral on EFSF loans; and refund to Greece of ECB/national central banks' profits on Greek bond holdings. These measures aimed at providing sufficient liquidity to the Government to fully cover the funding gap until mid-2014—following the use of about EUR 10 billion of funding for the financing of the repurchase by the Hellenic Republic of its own debt securities in December 2012 (Source: IMF Country Report No. 13/20, January 2013). In this context, the deadline for the achievement of a primary surplus of 4.5% of GDP was extended from 2014 to 2016.

In addition, a debt buyback was introduced as part of the debt-reduction strategy, resulting in a reduction in Greek government debt of EUR 21.1 billion in net terms. The PSI and the debt-buyback were the key building blocks of the Greek sovereign debt reduction strategy in conjunction with the official creditors' commitment in the Eurogroup of 27 November 2012 to provide additional debt relief to the Greek State which has been conditioned on the progress in program implementation and the achievement of the respective fiscal targets. These developments provided a considerable boost to the economic sentiment (Source: European Commission, Indicators of confidence and economic sentiment, October 2014) and have been accompanied by a gradual improvement in economic conditions in 2013 and most part of the first half of 2014 (when the economy showed positive annual economic growth of +0.7% year-over-year in full year 2014, Source: EL.STAT, Annual National Accounts Press Release, October 2017).

However, by the end of the second quarter of 2014 significant delays occurred in the completion of the pending since mid-2014, second program review, attributed to delays in implementation of structural reform and fatigue in fiscal adjustment effort (Source: Ministry of Finance, General Government Monthly Data, December 2014), which inhibited the disbursement of related financing of up to EUR 7.2 billion according to the original funding plan. The unsuccessful conclusion of the Presidential Election - ahead of the termination of the President's term in March 2015- led to a snap Parliamentary election on 25 January 2015, which resulted in the formation of a new coalition government with a stable parliamentary majority.

Macroeconomic developments from the fourth quarter of 2014

On 8 December 2014, (Source: Eurogroup Statement, 8 December 2014), the Eurogroup agreed to withhold the disbursements due under the Second Program of financial support of the Hellenic Republic and announced a "technical extension" of this program to end February 2015 of the EU side of the Second Program, initially set to be completed by the end of 2014.

On 20 February 2015, the Eurogroup agreed to a four-month extension of the Master Financial Assistance Facility Agreement ("**MFFA**") underpinning the Second Program (Source: Eurogroup Statement, 20 February 2015). Pursuant to the agreement to extend the MFFA, the Greek government presented a list of new reform proposals, which had been planned to be discussed with official creditors and agreed with the Institutions by the end of April 2015, with a view to set the groundwork for policy conditionality which could support a further extension of the existing program or related to the transition to a new program of financial support. However, the agreement with the Institutions was not finalized and the pending review of the financial assistance program was not completed by June 2015. This resulted in further weakening of economic sentiment and intensifying financing shortages for the Hellenic Republic. Rising liquidity constraints and the absence of any external financing amplified uncertainty over the Greek government's ability to meet its domestic obligations as well as upcoming repayments on both official and marketable debt in the period June–August 2015.

The Greek government called a referendum on 26 June 2015 which took place on 5 July 2015, in which Greek citizens voted not to accept a set of conditionality terms imposed by lenders for extending a new financing agreement. On 30 June 2015, the MFFA and the Second Program, which had already been extended twice, expired without an agreement on a follow-up program. As a result, Greece had to forfeit access to the remaining EUR 12.7 billion of available funding through the EFSF (including the remaining EUR 10.9 billion buffer earmarked for bank resolution and recapitalization) (Source: EFSF Statement, 30 June 2015). Consequently, Greece did not repay EUR 1.5 billion in payments due to the IMF on 30 June 2015 and the IMF's Executive Board declared that Greece was in arrears with the fund (Source: IMF, Press Release, 30 June 2015).

In response to escalating Greek sovereign risk the ECB Governing Council decided to maintain the ELA ceiling for the Greek banking sector at an unchanged level of approximately EUR 89 billion (since 26 June 2015, Source: ECB, Press Release, 28 June 2015), limiting any additional access of Greek banks to ELA financing in a period of extremely high cash withdrawals from Greek banks (Source: Bank of Greece, Monthly Balance Sheet, June 2015). Against this backdrop, confidence in the banking system evaporated, leading to the decision for the imposition of a bank holiday on 28 June 2015. Although the bank holiday terminated on 19 July 2015, the capital controls remain in place. See "*Regulation and Supervision of Banks in Greece—Capital Controls applying to banks operating in Greece*".

The Third Program

In view of the severe economic and financial disturbance that appeared to threaten the continued membership of the Hellenic Republic in the European Monetary Union and the EU, the Greek government officially requested financial assistance from the European Union on 10 July 2015 (Source: European Commission's proposal for a council implementation decision on granting short term European Union financial assistance to Greece under a new program from the ESM), with a view to restoring confidence and enabling the return of the economy to sustainable growth, and safeguarding the country's financial stability. The Greek government submitted a draft proposal of the new economic and financial adjustment program to the European Commission and the Council on 14 July 2015. The Eurogroup on 16 July 2015 (Source: Eurogroup Statement, 16 July 2015) on the basis of a positive assessment by the Institutions decided to grant "in principle" a three-year ESM stability support to Greece.

On 19 August 2015 - and following the Eurogroup Statement of 14 August 2015 (Source: Eurogroup Statement, 14 August 2015) - the Board of Governors of the ESM approved the proposal for a Financial Assistance Facility Agreement (FFA, Source: ESM Statement, 19 August 2015) with Greece, and adopted a Memorandum of Understanding with Greece (Source: European Commission, Memorandum of Understanding, 19 August 2015). The MoU and FFA together constitute the "Third Program" and specify the relevant deliverables that must be successfully implemented and on which the total amount of financial assistance will depend.

The Third Program aims to achieve sustainable fiscal consolidation and promote key structural reforms—predominantly designed by the Greek Government – that enhance Greece's long-term growth potential and promote social cohesion. The program is accompanied by a new financial assistance agreement that provides financing of up to EUR 86 billion to cover the external financing needs of the Hellenic Republic until mid-2018 – including the State contribution to bank recapitalization. The disbursement of this financing is conditional on periodic reviews of Greece's progress in implementing agreed measures and reforms. As of the date of this Annual Report, the participation of the IMF in the funding relating to the Third Program has not been specified. The financing of up to EUR 86 billion is only indicative, and may be considerably lower since bank recapitalization funding from the Third Program resources has been significantly smaller than anticipated at the time of the agreement on the Third Program. In this respect, it should be noted that the comprehensive assessment of Greek systemic banks released on 30 October 2015 identified a system-wide shortfall of EUR 4.4 billion in the baseline scenario and EUR 14.4 billion in the adverse scenario of the stress test. The official sector has participated in the recapitalization through the HFSF with only EUR 5.4 billion – compared with a total financing that has been earmarked of up to EUR 25 billion under the Greek financial support program – with the participation of private investors limiting further the use of earmarked program funding. Accordingly the Hellenic Republic's funding needs for the period 2016–2018 are limited to below EUR 60 billion compared to the initial estimate and a respective Third Program financing envelope of EUR 86 billion (Sources: ESM Statement, 22 December 2015 and European Commission, Compliance Report, ESM Stability Support Programme for Greece, Third Review, January 2018).

Furthermore, the Eurogroup of 25 May 2016 committed to provide new conditional concessions with a view to ensuring debt sustainability by agreeing on a package of debt measures, which will be phased in progressively and subject to the pre-defined conditionality under the ESM program. These measures include, *inter alia*, a smoothing of payment profiles and design of other debt-management and re-profiling measures in the short, medium and long-run in order to extend further the effective maturities, lower medium-to-longer-term debt servicing costs and effectively reduce the net present value of the outstanding Greek debt (Source: Eurogroup Statement on Greece, 25 May 2016).

Moreover, on 25 May 2016 the Eurogroup agreed on a contingency fiscal mechanism as a prerequisite for the successful completion of the first review of the Third Program and the Greek government legislated this mechanism in May 2016, with a view to enhancing longer-term credibility. This mechanism provides for the automatic triggering of a set of corrective measures in the case of objective evidence that there is a failure to meet the annual primary surplus targets according to the program. These measures include an automatic reduction of non-discretionary expenditure and the corresponding claims, as well as selected reductions in discretionary expenditure. If measures enacted have a temporary nature when the mechanism is triggered, permanent structural measures agreed with the institutions, including revenue measures, should become effective in the year thereafter, as part of the regular budgetary process, in order to bring the budget implementation back on track (Source: European Commission, Supplemental Memorandum of Understanding, June 2016).

The Eurogroup of 5 December 2016 (Source: Eurogroup Statement on Greece, 5 December 2016) endorsed the implementation of the short-term debt relief measures which mainly include: i) a smoothing of future debt repayments profile through the lengthening of the repayment schedule of official loans from the European Financial Stability Facility (EFSF) to 32.5 years from the existing 28 years, ii) a reduction of interest rate risk through debt swaps by the ESM with a view to stabilize the ESM's overall cost of funding and, thus, reduce the risk that Greece would have to pay higher interest rates on its loans in the future. Moreover a prospective bond exchange of floating rate notes used for Greek banks' recapitalization for fixed-rate notes with much longer maturities has been suggested, iii) The European Stability Mechanism (ESM) has decided to finance its future disbursements to Greece under the Third Program with the issuance of long-term notes that closely match the maturities of loans to Greece, stabilizing the related interest rate costs for Greece. Finally, the waiver of the step-up interest rate margin applying to the €11.3 billion tranche of the EFSF loans under the Second Program used to finance a debt buy-back has been maintained for 2017.

The implementation of some of the above measures (namely the smoothing of the EFSF repayment profile, the ongoing exchange of the floating rate notes held by Greek banks with long-term fixed rate notes and the waiver of the step-up interest rate margin for the year 2017, Source: ESM Stability Support Programme for Greece, Third Review, January 2018) has been advanced in 2017 and is estimated to have further improved the sustainability of the Hellenic Republic's debt servicing costs. According to ESM estimates (Source: Transcript of statement by ESM Managing Director K. Regling in the Press conference following Eurogroup meeting, 5 December 2016) the prospective benefit from the implementation of the above short-term debt relief measures to Greece's gross public debt is estimated at 20% of GDP by 2060, while also contributing to a reduction of the longer-term financing needs of the Greek State closer to the sustainability threshold – decided by the Eurogroup – of 15% of GDP during the post-programme period for the medium term, and below 20% of GDP after that.

The Executive Board of the IMF approved in principle on 20 July, 2017 a precautionary Stand-By Arrangement (SBA) for Greece amounting to 1.3 billion special drawing rights "SDR" (about EUR 1.6 billion). According to the IMF, this arrangement "will become effective only after the Fund receives specific and credible assurances from Greece's European partners to ensure debt sustainability, and provided that Greece's economic Program remains on track". The IMF acknowledges that the newly-legislated measures for broadening the income-tax base and reforming pension spending are critical to rebalancing the budget toward more growth-friendly policies and that they will help achieve an ambitious primary surplus target of 3.5% of GDP. However, the IMF considers that this fiscal target should be reduced to a more sustainable level of 1.5% of GDP "as soon as possible, to create fiscal space" for promoting economic growth and social cohesion through efficiency increasing policies. The IMF statement concludes that despite the significant progress on the structural front, Greece's overarching challenge remains the liberalization of restrictions that impair its investment climate and that "even with full Program implementation, Greece will not be able to restore debt sustainability and needs further debt relief from its European partners. A debt strategy anchored in more realistic assumptions needs to be agreed. Effectiveness of the new Stand-By Arrangement is contingent on this agreement on debt" (Source: IMF, Press Release No 17/294, 20 July 2017).

The recorded progress of the Hellenic republic in implementation of the Third Program paved the way for the disbursement of several tranches of Third Program financing. More specifically, on 20 August 2015, the first sub-tranche of EUR 13 billion of the Third Program was disbursed to cover budget financing and debt servicing needs of the Hellenic Republic, EUR 10 billion in ESM notes were made immediately available for bank recapitalization and resolution purposes of which EUR 5.4 billion have been used for bank recapitalization in November 2016 (while the remaining EUR 4.6 billion were not used and the notes were subsequently cancelled) and another EUR 3 billion have been disbursed (in two sub-tranches) in November-December 2015, following the completion of a set of prior actions (Source: ESM Press Releases, 20 August 2015, 24 November 2015 and 23 December 2015). On 17 June 2016 and following the successful completion of the first review of the program, the Board of Directors of the ESM authorized the second tranche of ESM financial assistance to Greece amounting to EUR 10.3 billion -- for debt servicing obligations and arrears clearance -- which was disbursed in two subtranches of EUR 7.5 and EUR 2.8 billion in June and October 2016, respectively (Source: ESM Press Releases, 17 June 2016 and 25 October 2016). A third tranche, amounting to EUR 8.5 billion, has been approved by the ESM Board of Directors, following the successful completion of the second review of the program, and has been disbursed in two subtranches of EUR 7.7 and EUR 0.8 billion in July and October 2017, respectively (Source: ESM Press Releases, 7 July 2017 and 26 October 2017). Finally, the Eurogroup of 22 January 2018 welcomed the progress for the completion of the third review and agreed, in principal, to the disbursement of the 4th tranche of the Program in two installments of EUR 5.7 billion in February and EUR 1.0 billion after April upon completion of a limited number of remaining prior actions and subject to the completion of national procedures and the final decision by the European Institutions.

Fiscal adjustment and pension system viability

The deterioration in macroeconomic conditions in 2015 due to higher uncertainty, the further pressure on liquidity conditions from the capital flight and the imposition of capital controls, and the potential implications of the above for the economic and fiscal trends in the following years were taken into account in designing the fiscal adjustment strategy under the Third Program. The planned fiscal adjustment path under this program has been more gradual compared to the previous program, with the targeted annual improvement in primary balance of the general government budget (i.e. the annual change in primary surplus as per cent of nominal GDP) set at 0.75% of GDP in 2016, 1.25% in 2017, and 1.75% in 2018 that correspond to primary surplus levels of 0.5% of GDP in 2016, 1.75% in 2017 and 3.5% of GDP in 2018 and beyond (Source: Memorandum of Understanding, 19 August, 2015). Nonetheless, the significant overperformance in Greece's budgetary outcomes in 2015-2017 is likely to have had a higher than planned negative impact on economic activity, albeit having increased the credibility of economic policies.

The fiscal adjustment strategy has been planned to be achieved primarily through a combination of upfront fiscal reforms and new interventions in the pension system. The cornerstones of the adjustment on the revenue side are: a) an effective increase of about 2% in the effective VAT rate through the transition of almost one-fifth of goods and services to the higher VAT rate of 23% (since 20 July 2015), which was then raised to 24% as of 1 June 2016 and intensification of effort to reduce tax evasion, and b) parametric and qualitative changes in 2016 of the tax system that involve an increase in personal income tax progressivity, reforms in the taxation of farmers, self-employed, corporates and other sources of non-wage income and sustainable gains in tax efficiency. Most of these measures have been fully implemented until end-2017 and early-2018, while other tax policy reforms, such as the review of preferential tax treatments for the shipping industry or the codification and simplification of the VAT legislation and its alignment with the Tax Procedure Code, are planned to be implemented under the completion of the fourth review of the Third program. Government revenue is also expected to be supported by structural fiscal reforms aimed at strengthening tax compliance and fighting tax evasion by capitalizing on the increasing technical capabilities for verifying wealth profiles and income flows.

New savings from further interventions on the pension system correspond to a core aspect of the fiscal strategy for 2016–18 with a view to ensuring the medium-to-longer term sustainability of the social security system and minimizing near-term financing gaps of social security entities through additional parametric changes in conjunction with measures to increase the efficiency and the incentives structure provided by the system. In this respect, the Third Program also outlines a new round of changes in the pension system, primarily focusing on the complete implementation of provisions of the relevant laws of 2010–2011 and new amendments focusing on minimizing the impact of remaining exemptions, increasing disincentives for early retirement and further rationalizing wage replacement ratios for new retirees. These changes aim at minimizing fiscal pressures and improving the efficiency and long-term viability of the system.

Financial stability and soundness

Safeguarding financial stability is one of the four pillars under the Third Program, acknowledging the critical role that a stable and sound banking system must play during the recovery process. The 2015 Comprehensive Assessment was finalized on 30 October 2015 specifying the additional capital needs of systemically significant Greek banks at EUR 4.4 billion in the baseline scenario and EUR 14.4 billion in the adverse scenario of the stress test. In turn, the banks undertook capital raising exercises during the fourth quarter of 2015, with the recapitalization process completed by the end of 2015 (Source: ESM Statement, 8 December 2015).

Moreover, a comprehensive strategy for addressing non-performing loans and related changes in the legal framework have taken place in 2016 (such as amendments of corporate bankruptcy law) and in 2017 (such as the amendment of the “Dendias Law”, the legislation regarding the out-of-court settlement and electronic auctions) and have been finalized in 2017, permitting banks to cope more effectively with problematic loans, protect the weakest income groups and, at the same time, release vital financial resources to finance the economy during the recovery process. Finally, a number of measures intended to improve the governance of the HFSF and the Greek banks have been legislated in 2016 and have been fully implemented until the end of 2017.

Structural reforms in labor, product and services markets to enhance competitiveness and growth and sustainable progress in privatization strategy

The third pillar of the Third Program focuses on a number of wide ranging reforms in labour and product markets to enhance competitiveness along with the growth-enhancing implications of the ambitious privatization strategy. In recent years, major changes have been made to Greek labor market institutions and wage bargaining systems to make the labor market more flexible and efficient. On this basis, the Greek authorities have announced their commitment to launching a consultation process to review a number of existing labor market frameworks, including collective dismissal, industrial action and collective bargaining, taking into account best practices internationally and in Europe. Furthermore, an integrated action plan has been adopted under the second Program review, with a view to fight undeclared and under-declared work in order to strengthen the competitiveness of legal companies and protect workers, as well as raise tax and social security revenue. A number of legislative changes to the above plan have been introduced, under the third review of the Program, with a view to improving monitoring, reinforcing cooperation among different institutions and reviewing the system of incentives to promote a transition to the formal economy.

The Greek government authorities have also been committed to improve public administration and judicial system efficiency. The latter aims at effective implementation of the Greek Civil Procedure Code (adopted in July 2015), rationalization of court fees and implementation of measures to reduce the backlog of cases in administrative and civil courts. In this regard, the legislative framework for the regulation and conduct of electronic auctions was enacted in 2017 and was strengthened in January 2018, under the third review of the Program. Although it was envisaged that the new electronic auction system would operate in parallel with the traditional auction system at courthouses, the Greek government authorities adopted legislation in January 2018 (law 4512/2018) entailing the mandatory conversion of all auctions to an electronic platform and the cessation of physical auctions, because of security concerns regarding the process.

The Greek Government has also committed to facilitate the privatization process and complete all needed Government actions to allow tenders to be successfully executed. In line with the statement of the Euro Summit of 12 July 2015, a new independent fund has been established and has under its management a sizeable portfolio of the Hellenic Republic's assets. The "overarching objective of the fund is to manage valuable Greek assets; and to protect, create and ultimately maximize their value which it will monetize through privatizations and other means" (Source: Memorandum of Understanding, 19 August 2015). The privatizations fund ("**HCAP**") has been established in Greece and is planned to be managed by the Greek authorities under the supervision of the relevant European institutions and is expected to fulfill its objective by adhering to international best practices in terms of governance, oversight and transparency of reporting standards, and compliance. In addition, as part of the third review of the Program, a number of actions in order to enable HCAP to be fully operational (such as the transfer of State-Owned Enterprises and real estate assets to the fund or the elaboration of its strategic plan) have taken place (Source: European Commission, Compliance Report, ESM Stability Support Programme for Greece, Third Review, January 2018).

For risks relating to the Hellenic Republic economic crisis and the impact it may have on the Bank, see "*Risk Factors—Recessionary pressure and uncertainty resulting from the Hellenic Republic's economic crisis and the challenging effort to restore macroeconomic equilibrium have had and may continue to have an adverse impact on the Issuer's business, results of operations and financial condition*" and "*—Deteriorating asset valuations resulting from poor market conditions may adversely affect the Issuer's business, results of operations and financial condition and may limit its ability to post collateral for funding purposes from Eurosystem*".

Implementation of the Capital controls and "Bank Holiday"

Greek depositors (especially households) withdrew EUR 52.4 billion of bank deposits between November 2014 and June 2015 (of which EUR 32.6 billion were household deposits, EUR 7.9 billion were non-financial corporation deposits, EUR 5.3 billion were general government deposits and around EUR 6.6 billion other deposit-categories and non-resident deposits), with withdrawals peaking in late-June 2015, when the standstill in negotiations had become evident. The significant reduction in the banking system's deposit base and the loss of access to private funding markets were covered by a net increase in Eurosystem financing (including the ELA) of EUR 81.7 billion in the same period (Source: Bank of Greece, Monthly Balance Sheet, November 2014 and June 2015). Total dependence peaked at EUR 126.6 billion in June 2015, of which EUR 86.8 billion corresponded to ELA.

However, due to the further deterioration in liquidity conditions in the Greek banking sector, the non-timely servicing of a maturing loan to the IMF and the termination of the Second Program on 30 June 2015, without agreement on a new program, the ECB Governing Council decided to maintain the ELA ceiling for the Greek banking sector unchanged at around EUR 89 billion (at the 26 June 2015 level) effectively inhibiting any additional access by Greek banks to the Eurosystem financing in a period of accelerating deposit withdrawals (especially in cash form, Source: ECB Press Release, 28 June 2015).

Against this backdrop, the Greek Government imposed a "bank holiday" on 28 June 2015 that lasted until 19 July 2015, and applied specific restrictions on banking and other financial transactions of Greek citizens and legal entities (jointly referred to as "capital controls", Source: Bank of Greece, Act of Legislation, 28 June 2015).

Accordingly, liquidity tensions eased somewhat in the second half of 2015, permitting a reduction in Greek banks' Eurosystem reliance by EUR 19.1 billion, to EUR 107.5 billion in December 2015 (Source: Bank of

Greece, Monthly Balance Sheet, December 2015), despite the concurrent loosening of capital controls on enterprises, through higher approvals at the respective committees. Eurosystem funding followed a steadily declining trend falling further to EUR 82.8 billion in July 2016, to EUR 66.6 billion in December 2016 and to EUR 33.7 billion in December 2017, with the underlying dependence on the ELA subcomponent declining to EUR 21.6 billion in December 2017 from EUR 86.8 billion in June 2015, (Source: Bank of Greece, Monthly Balance Sheet, June 2015, July 2016, December 2016 and December 2017).

Although there was considerable progress in the implementation of the Third Program, as noted above, macroeconomic conditions remained challenging in 2015-2016, due to the intensification of fiscal adjustment effort, the slow improvement in liquidity conditions and the lagged impact of uncertainty and the capital controls on private sector spending decisions. Moreover, the fiscal drag remained significant in 2015-2017 due to the implementation of the new fiscal measures, as agreed with official creditors in the context of the Medium Term Fiscal Strategy for 2018-2021 with a view to achieve the ambitious program target for a primary surplus in General government budget of 3.5% of GDP by 2018 (Sources: Memorandum of Understanding, 19 August 2015 and Ministry of Finance, Medium Term Fiscal Strategy (MTFS) for 2018-2021, May 2017, in Greek). However, since the beginning of 2017 there have been clear signs of an improvement in macroeconomic conditions, which has been accelerated in the second semester following the successful completion of the second Review of the program and significant progress towards the completion of the third review in early 2018.

Recent Macroeconomic Developments in Greece

More specifically, following a slight decline of 0.3% year-over-year, in real Gross Domestic Product ("GDP", in constant prices) in 2016, GDP growth entered positive territory in the first half of 2017 (+1.0%, year-over-year), supported by exporting activity and resilient private consumption (7.5% year-over-year and 0.6% year-over-year, respectively, in the same period). Greece's recovery continued in the third quarter of 2017, with GDP increasing by 1.3% year-over-year (+0.3% on a seasonally-adjusted quarterly basis) for a third consecutive quarter of positive growth. It is the first time in eleven years that economic activity has increased for three quarters in a row (on a quarterly basis). The main driver of GDP growth in the third quarter of 2017 was a strong increase in inventories – mostly related to the industrial sector – recording an outstanding 2.2 percentage points contribution to annual GDP growth and pointing to a rebound in business activity (Source: EL.STAT., Quarterly National Accounts Press Release, December 2017).

Deflation ended in the first nine months of 2017, with the GDP deflator increasing by 0.6%, following an annual average decline of 1.4% in 2012-2016 (Source: EL.STAT., Quarterly National Accounts Press Release, December 2017 and Annual National Accounts Press Release, October 2017). A solid improvement in a significant number of coincidence and economic confidence indicators in the third quarter of 2017 and, especially, in the fourth quarter of 2017 suggest that economic activity is going to gain additional traction towards the end of 2017 and early 2018 (Sources: Bank of Greece, Bulletin of Conjunctural Indicators, November-December 2017 and European Commission, Business and Consumer Surveys, January 2018). This trend is expected to be buoyed by inflows of the Third Program funding (including funds for general government arrears clearance), a supportive impact on disposable income from the sustainable improvement in labour market conditions (increase in employment of 2.0%, year-over-year, in 2016 and of 2.2%, year-over-year, in the first ten months of 2017, respectively, Source: EL.STAT., Labour Force Survey, Monthly Data, Press Release, December 2016 and October 2017) and a strong tourism performance – with tourism revenue growth (11.3% year-over-year in the eleven months of 2017 (Source: Bank of Greece, Balance of Payments Press Release, November 2017) exceeding arrivals growth (9.9% year-over-year in the eleven months of 2017, Source: Bank of Greece, Developments in the Balance of Travel Services Press Release, November 2017) – which jointly provide a significant impetus to GDP growth. Against this backdrop, real GDP growth is expected to reach +1.7%, year-over-year, on average, in 2017, according to the latest estimates of the European Commission and the International Monetary Fund (the "IMF", Sources: European Commission, Compliance Report, ESM Stability Support Programme for Greece, Third Review, January 2018 and IMF, World Economic Outlook, October 2017). However, the recovery remains susceptible to downside risks related, *inter alia*, to the additional fiscal effort to meet the medium term fiscal targets, a slower-than-expected improvement in liquidity conditions and the still vulnerable financial position of a significant number of business entities and households, following the multiyear crisis. Adverse external factors affecting export demand or financial and monetary conditions internationally could weigh on Greece's economic performance.

Developments in the business sector, and the path of forward looking indicators (with some of these indicators reaching multi-year highs in December 2017 and January 2018 i.e. Economic Sentiment Indicator reached a 3-year high in January 2018, whereas PMI reached a 9 ½ -year high in December 2017) (Source: Bank of Greece, Bulletin of Conjunctural Indicators, November-December 2017, European Commission, Business and Consumer Surveys, January 2018 and Markit Economics, Manufacturing PMI, News Release, December 2017), have been supportive of improving macroeconomic trends in end-2017 and early 2018.

In the first eleven months of 2017, the current account was broadly balanced (-0.1% of GDP) compared to -0.5% of GDP in the same period of 2016, reflecting two offsetting trends: i) the strong growth in exports of goods and services (3.0% of GDP) and ii) a broadly analogous widening in trade deficit mainly, due to higher imports of goods (Source: Bank of Greece, Balance of Payments Press Release, November 2017).

The Greek labour market showed a remarkable resilience to the contraction in GDP of 0.3% on average in 2015-16, with employment expanding by a solid 2.0% year-over-year, on average, in these two years, while the improvement continued in the ten months of 2017 (2.1% year-over-year, on average) supported by the pick up in economic activity in this period. The unemployment rate declined further to a six-year low of 20.7% in October 2017 from 23.4% in December 2016 (Source: EL.STAT., Labour Force Survey, Monthly Data, Press Release, December 2016 and October 2017).

CPI inflation entered positive territory in 2017 increasing by 1.1% year-over-year, on average, marking the end of a 4-year period of negative inflation (Source: EL.STAT., Press Release, Consumer Price Index, December 2017). Fuel prices added almost 0.8 percentage points to inflation in 2017, while the net contribution of the increase in indirect taxes in mid-2016 and early 2017 is estimated at 0.9 percentage points, on average, during this period (Source: Eurostat database and NBG estimates). Core inflation entered positive territory in March, and increased by 0.3% year-over-year, on average, in 2017, from -0.1% year-over-year, in 2016, indicating the still limited pricing power of firms in the domestic market, along with a sustainable reduction of cost structure during the crisis years (Source: Source: Bank of Greece, Bulletin of Conjunctural Indicators, November-December 2017). Inflation is expected to show a further increase in 2018 as economic activity will accelerate leading to a closing of the output gap and labor market conditions will improve further.

On the fiscal front, Greece has overperformed strongly in comparison with the Third Program target in 2016, for a second consecutive year, achieving a primary surplus of 3.8% of GDP in General Government budget (according to the Program definition, Sources: EL.STAT., Fiscal data, 2nd notification, October 2017, Ministry of Finance, Budget 2018, November 2017 and NBG estimates), compared to a targeted surplus of 0.5% of GDP for this period (Source: European Commission, Memorandum of Understanding, 19 August, 2015). This overperformance continued in 2017 as indicated by the twelve month outcome in Greece's State budget which recorded a primary surplus of 1.1% of GDP compared with a Programme target of 0.5% of GDP (Source: Ministry of Finance, State Budget Execution, Monthly Bulletin, December 2017). Government Budget for 2018 estimates the primary surplus for 2017 to be 2.44% of GDP, against a programme target of 1.75% of GDP – overperforming compared to the annual targets for a third consecutive year (Source: Ministry of Finance, Budget 2018, November 2017). European institutions also project that Greece is likely to overachieve the 1.75 % of GDP primary surplus program target for 2017 by a margin of at least 0.5% of GDP and appears capable to meet the General government primary surplus target of 3.5% of GDP in 2018 (Source: European Commission, Compliance Report, ESM Stability Support Programme for Greece, Third Review, January 2018).

As regards the medium-term fiscal strategy a second Supplemental Memorandum of Understanding ("SMoU") has been agreed and signed in July 2017 – following the one signed on 16 June 2016 – after the completion of the second review of the Third Program in June 2017, outlining key aspects of the fiscal policy for the coming years. Greek government has legislated a new set of fiscal and structural policies which, in conjunction with the completion of a list of related prior actions, led in late May and early June 2017 to a positive assessment by the Institutions of the progress in completing the second review of the Third Program, which has been confirmed by the Eurogroup of 15 June 2017 (Source: Eurogroup Statement on Greece, 15 June 2017). In this context, a set of additional fiscal measures – comprising income tax reform and a new round of interventions in the pension system – has been pre-legislated in May 2017 and is planned to take effect in 2019-2020. The agreement provides for the possibility of activation of some offsetting expansionary measures in the event of a fiscal overperformance in these years. Accordingly, the risk of imposition of additional fiscal pressure is expected to remain evident in the following years in the event of slippage from fiscal targets in 2018 (Source: Ministry of Finance, Medium Term Fiscal Strategy (MTFS) for 2018-2021, May 2017, in Greek). In this vein, it should be noted that on 25 May 2016 the Eurogroup agreed on a contingency fiscal mechanism as a prerequisite for the successful completion of the first review of the Third Program and the Greek government legislated this mechanism in May 2016, with a view to enhance longer term credibility by ensuring the sustainable achievement of future fiscal targets. This mechanism provides for automatic triggering of a set of corrective measures in the case of objective evidence that there is a failure to meet the annual primary surplus targets according to the Program and could weigh on economic performance looking forward (Source: Eurogroup Statement on Greece, 25 May 2016).

As regards developments in the Hellenic Republic’s General Government debt to GDP ratio, the latest official projections estimate to reach 181.1% of GDP in end-2017 and follow a downward trend in 2018 onwards, according to the baseline estimate (Scenario A) of European Commission’s Debt Sustainability Analysis (Source: European Commission, Compliance Report, ESM Stability Support Programme for Greece, Third Review, January 2018). However, it should be noted that the above development is conditional on the pace of GDP growth and the achievement of fiscal targets, while a sustainable reduction of gross debt as per cent of GDP is highly dependent on the provision of additional concession from official lenders, especially as regards the EFSF and ESM loans.

The Eurogroup of 25 May 2016 committed to provide new conditional concessions with a view to lower medium-to-longer term debt servicing costs by agreeing on a package of debt measures, which will be phased in progressively and subject to the pre-defined conditionality under the ESM Program (Source: Eurogroup Statements on Greece, 25 May, 2016). In this context, the Eurogroup of 9 May, 2016 outlined the following general guiding principles for a potential provision of additional relief in Greece’s public debt servicing burden: (a) facilitating market access; (b) smoothing the repayment profile; (c) incentivizing the country’s adjustment process even after the Program ends; and (d) flexibility to accommodate uncertain GDP growth and interest rate developments in the future. The new debt measures have been planned to include, *inter alia*, a smoothening of payment profiles and design of other debt-management and re-profiling measures in the short, medium and long-run aiming at extending further the effective maturities, lower medium-to-longer-term debt servicing costs and effectively reduce the net present value of the outstanding Greek debt (Source: Eurogroup Statements on Greece, 9 May, 2016).

The Eurogroup of 5 December 2016 endorsed the implementation since early 2017 of a first set of short-term debt relief measures agreed in principle in the Eurogroup meetings of 9 May and 25 May, 2016, when the Eurozone countries stated that they stand ready to consider, if necessary, “possible additional debt measures aiming at ensuring that Greece’s refinancing needs are kept at sustainable levels in the long run (Source: Eurogroup Statement on Greece, 9 May, 2016). The Eurogroup of 5 December 2016 also agreed to establish a benchmark for assessing sustainability of the Greek debt, based on the Hellenic Republic’s annual gross financing needs “GFNs” related to the servicing costs of the Hellenic Republic’s total debt. The Eurogroup decision had foreseen a sequenced approach, whereby a package of debt measures could be phased in progressively, as necessary to meet the agreed benchmark on gross financing needs and subject to the pre-defined conditionality of the ESM Program (Source: Eurogroup Statement on Greece, 5 December, 2016). According to ESM estimates, the prospective benefit from the implementation of the above short-term debt relief measures on Greece’s gross public debt is estimated at 20 percentage points of GDP by 2060, while contribute to a reduction of the longer-term financing needs of the Greek State closer to sustainability threshold -- decided by the Eurogroup -- of 15% of GDP during the post-program period until 2040 and the vicinity of 20% of GDP post 2040 under two of the four alternative scenarios of the European Commission’s updated debt sustainability analysis (“**DSA**”). However, these estimates continue to be surrounded by uncertainty related to macroeconomic and financial market conditions as referred in the respective "DSA" documentation (Source: Compliance Report, Second Review, June 2017).

The Eurogroup of 15 June 2017 repeated the assessment of debt sustainability on the basis of gross financing needs ("**GFN**") and stated that it stands ready to implement a second set of debt measures to the extent needed to meet the GFN objectives. These measures will be implemented at the end of the Program in 2018, conditional upon its successful implementation and their "exact calibration will be confirmed at the end of the Program by the Eurogroup on the basis of an updated DSA". In order to take into account possible differences between GDP growth assumptions and actual growth developments over the post-program period, the Eurogroup decided that "the EFSF loans re-profiling could be recalibrated according to an operational growth-adjustment mechanism to be agreed". This mechanism will be fully specified as part of the medium-term debt relief measures, following the successful implementation of the ESM Program. According to the Eurogroup of 15 June 2017 additional measures which "shall not lead to additional costs for other beneficiary Member States", could be taken into consideration in the future including liability management operations within the current ESM Program and a contingency mechanism for ensuring the longer term debt servicing capacity of the Hellenic republic "in the case of an unexpectedly more adverse scenario, a contingency mechanism on debt could be activated. The activation of this mechanism would be considered, subject to a decision by the Eurogroup, and could entail measures such as a further EFSF re-profiling and capping and deferral of interest payments" (Source: Eurogroup Statement on Greece, 15 June 2017).

In this context, a significant number of short-term measures has been implemented in 2017 (including smoothing of the EFSF repayment profile, the ongoing exchange of the floating rate notes held by Greek banks with long-term fixed rate notes and the waiver of the step-up interest rate margin for the year 2017), with the remaining measures planned to be phased in during 2018. Furthermore, the Eurogroup of 22 January 2018 confirmed "the start of the technical work by the Euro Working Group on the growth-adjustment (contingency) mechanism, *[relating a potential provision of further relief to GDP growth developments]* as part of the medium-term debt relief measures to be implemented, if needed, following the successful conclusion of the programme, in line with the agreement in the Eurogroup of 15 June 2017" (Source: Eurogroup Statement on Greece, 22 January 2018). This latter development also contributes to an improvement in market sentiment that Greece will be in a position to service its debt obligations in the long-run. According to the latest Debt Sustainability Analysis estimates, long term debt ratio as per cent of GDP is expected to follow a steadily downward trend declining to 96.4% of GDP in 2060, whereas gross financing needs as a per cent of GDP are projected to reach levels slightly above the threshold which the Eurogroup of 26 May 2016 considered to be sustainable (Source: European Commission, Compliance Report, ESM Stability Support Programme for Greece, Third Review, January 2018).

Following the staff level agreement on the policy package that was presented to the Eurogroup of 4 December 2017, the Eurogroup of 22 January 2018 welcomed the implementation of almost all of the agreed prior actions for the third review. However, the Eurogroup called on the Greek authorities to complete the outstanding prior actions by February and reconfirmed the importance of an ambitious comprehensive growth strategy with strong ownership from the Greek authorities. The Eurogroup confirmed the beginning of the technical work by the Euro Working Group on the growth-adjustment mechanism, as part of the medium-term debt relief measures to be implemented, if needed, following the successful conclusion of the programme, in line with the agreement in the Eurogroup of 15 June 2017. The Eurogroup invited the European institutions and the IMF to take into account the holistic Greek growth strategy when updating the DSA (Source: Eurogroup Statement on Greece, 22 January 2018).

As regards the most recent disbursements of Program financing, following the completion, in principal, of the third review of the Third Program in January 2018, the Institutions decided on the disbursement of the fourth tranche of the ESM Program amounting to EUR 6.7 billion to cover current financing needs, further arrears clearing, and "to support the build-up of the cash buffer of the Greek State, in order to support Greece's return to the market". The amount is planned to be disbursed in various instalments, beginning with a first instalment of EUR 5.7 billion in February 2018, whereas the second disbursement of EUR 1 billion will be used for arrears clearance in April 2018, upon completion of the necessary actions by the Greek government (Source: Eurogroup Statement on Greece, 22 January 2018).

The Greek banking system remained in deleveraging mode during 2017 (-0.9% year-over-year in December 2017), with the pace of annual contraction in the lending to private sector slowing compared with end-2016 (-1.5% year-over-year in December 2016), with loans to households contracting by 2.3% year-over-year (-2.8% year-over-year in December 2016). Credit to non-financial corporates (outstanding amounts) increased in December 2017 (0.4% year-over-year compared with 0.0% year-over-year in December 2016) showing some responsiveness to the improving performance of a significant part of the business sector during 2017. Domestic private sector deposits increased by EUR 5.9 billion cumulatively in 2017, with corporate deposits increasing by EUR 2.2 billion and household deposits by EUR 3.7 billion, reflecting, *inter alia*, the improvement of the economic sentiment, a pick up in export oriented activities and supportive trends in net external capital inflows in the form of portfolio investment and foreign direct investment during 2017 (Source: Bank of Greece, Monetary and Banking Statistics and Balance of Payments Press Release, November 2017). Accordingly, the Greek banking system's financing from the Eurosystem decreased to EUR 33.7 billion in December 2017 from EUR 66.6 billion in December 2016 and by EUR 92.9 billion cumulatively since June 2015, with the ELA dependence contracting by EUR 65.2 billion, in this period (Source: Bank of Greece, Monthly Balance Sheet, June 2015, December 2016 and December 2017) also assisted by increasing interbank lending and sales of EFSF bonds used for recapitalization Source: Bank of Greece, Aggregated Balance Sheet of MFIs excluding the Bank of Greece Statistics) and further deleveraging, which contributed to a reduction of the banking system's funding gap (Source: Bank of Greece, Overview of the Greek Financial System, July 2017, in Greek).

The Hellenic Republic successfully issued on 25 July 2017, through syndication, a new five-year benchmark bond, alongside a tender to buy back an outstanding five-year bond issued in 2014. This was the first attempt in three years to tap markets, and the total amount raised was EUR 3.0 billion, with the coupon set at 4.375% and the implied yield at 4.625% (Sources: Greek Government Gazette (ΦΕΚ), Volume B΄, No2557/24.07.2017, July 2017, in Greek and Athex Exchange Group, Press Release "The Hellenic Republic announces the pricing of its new 2022 Notes", 25 July 2017). The capacity of the Hellenic Republic to re-access markets for financing its maturing debt on a sustainable basis is a critical step for the return of the country to economic normalcy and thus, additional successful attempts for new debt issuance in the following quarters will be crucial for ensuring a smooth disengagement from program financing as the Third Program is planned to end in August 2018. In this respect, Greece launched a EUR 30 billion debt swap and invited all holders of the twenty outstanding Sovereign bonds issued during the PSI process, which mature in the years 2023-2042 with five new bonds with longer effective maturities -- 5, 10, 15, 17 and 25 years -- and coupons ranging from 3.5% to 4.2%. The completion, by the Hellenic Republic, of a debt swap on November 29th (in which holders of 20 different PSI bonds – corresponding to a principal of €25.5 billion, i.e., a participation rate of c. 86% – agreed to swap their PSI securities for five new benchmark issues, maturing between 2023 and 2042) has been accompanied by an accelerating decline in Greek bond yields.

The staff level agreement on the policy package that was presented to the Eurogroup of 4 December 2017 and the endorsement by the Eurogroup of 22 January 2018, of the significant progress towards the completion of the third review along with the successful swap on PSI in November-December 2017 led to a sharp improvement in Greek government bond valuations. The Hellenic Republic's bond yields declined significantly in all maturities with the 10-year General Government bond yield reaching an eleven-year low, of 3.65% in late January 2018 from 5.05% in early December 2017 and 6.99% in December 2016 and bond yields with maturities less than 5 years fell to all-time lows in January 2018 (Source: Bloomberg).

Against this backdrop, on 23 June 2017, Moody's upgraded Greece's sovereign bond rating to 'Caa2' and changed the outlook to positive, reflecting its view that the prospects for a successful conclusion of Greece's Third Program have improved, a development that raises the likelihood of provisions of additional debt relief by the official lenders. On 18 August 2017, Fitch Global Ratings upgraded Greece's sovereign rating by one notch to 'B-' and revised its outlook to positive, while S&P also revised its outlook to positive on 21 July 2017 affirming, however, its 'B-' long-term sovereign rating on the Hellenic Republic. The key drivers for the rating agencies decisions were declining uncertainty, recovering economic growth, improving fiscal credibility, alongside improving prospects for the provision of further official debt relief (Sources: Bloomberg and Moody's, Fitch and S&P press releases on Greek Sovereign outlook). On January 19, 2018 S&P Ratings upgraded Greece's sovereign bond rating to 'B' from 'B-', citing improvements in general government finances and fiscal outlook as the main drivers of its decision. Moreover, the rating agency maintained a positive outlook on Greece, referring to a potential for rating upgrades in 2018 and 2019, if the improvement in macroeconomic trends, the additional targeted progress in fiscal adjustment and the scenario of a successful completion of the Third Program are confirmed. A successful build-up of a sovereign liquidity buffer in order to pre-finance future government debt repayments upon the country's exit from the Third Program has been referred to as an additional factor which will be considered in assessing Greece's creditworthiness. (Source: S&P press release on Greek Sovereign outlook).

Uncertainties, risks and future prospects

The official projections for a strong economy recovery in 2018 (Sources: European Commission Autumn Forecast, November 2017 and IMF World Economic Outlook, October 2017) continue to be subjected to downside risk related to the additional fiscal drag from the implementation of new fiscal measures to support the achievement of a targeted primary surplus of 3.5% of GDP in 2018 and in 2019 (Source: Memorandum of Understanding, 19 August 2015) and the uncertainties regarding the path of transition to economic normalcy, following the end of the Third Program, and the capacity of the economy to refinance its debt in the markets, in a sustainable way and at competitive terms. The timeliness of specification of new interventions on the Hellenic Republic's debt, along the lines of relevant Eurogroup decisions, could also have an impact on liquidity conditions and general economic conditions.

The projected recovery is expected to be supported by: i) improving sentiment compared to the previous year, which will support private sector spending decisions; ii) positive tourism contribution, as indicated by the current momentum in tourism revenue (11.3%, year-over-year, in the first eleven months of 2017) and favorable prospects for 2018 as indicated by the latest trends in early bookings; iii) improving goods' net export trends (+6.8%, year-over-year, excluding oil products, in the first eight months of 2017) and positive trends in export orders until end 2017; iv) supportive business and public investment activity enhanced by inflows of program funding and EU structural funds, v) an additional normalization of liquidity conditions (reflecting, *inter alia*, additional progress in the clearance of government arrears and improving labor market conditions), an acceleration in portfolio and foreign direct investment inflows which has already become evident in 2017 and, vi) a further easing of capital controls.

Most of the above developments are supportive of an acceleration in GDP growth in 2018, however, medium term growth prospects, as well as, the pace of improvement in the private sector financial position – especially of households and less competitive enterprises – and liquidity conditions, as well as, the exact timeline for lifting capital controls, remain uncertain.

The timely completion of the fourth review of the Third Program, which will unlock additional funding resources and set the stage for a successful completion of the Third Program, along with the accumulation of a sizeable cash buffer (financed by Program funds and sovereign bind issuance) by the Greek State, with a view to fully cover its debt servicing needs on a 2-year horizon, is expected to provide a considerable boost in activity and economic confidence and more than compensate for the drag from the new fiscal measures.

However, a significant delay in the completion of the fourth review, possible uncertainties regarding the additional debt relief measures or an insufficient build-up of liquidity buffers regarding the country's post-program financing needs, could give rise to negative confidence and liquidity effects, delay the relaxation of capital controls and exert additional downward pressures on collateral valuations – especially real estate – along with the considerable pressure on demand from fiscal measures. External factors related to the risk of a deterioration in financial or broader macroeconomic conditions in the euro area or globally, geopolitical risks and/or a further appreciation in oil prices could create considerable downside risk to the baseline scenario for Greece, described above.

Overview of the Macroeconomic Impact of the Capital Controls

Overall, capital controls and restrictions on cash transactions in Greece are generally considered to have affected domestic demand and small business activity since their imposition in July 2015, but the recessionary impact appears to have mitigated by the reduction in uncertainty and gradual normalization of liquidity conditions, following the activation of the Third program. See also "*Regulation and Supervision of Banks in Greece—Capital Controls applying to banks operating in Greece*".

Capital controls and constraints on cash withdrawals in Greece have created downward pressures on economic activity, albeit less severe than initially expected, contributed to an increase of cashless transactions (higher use of credit, debit cards and electronic money transfers which registered an increase of 80% year-over-year in the second half of 2015, according to estimates of the Hellenic Banks Association) and stabilized bank deposits (Source: Bank of Greece, Monetary and Banking Statistics). The negative impact on domestic demand from the three-week bank holiday in July and restrictive limits on financial transactions has been partially offset by the pre-emptive adjustment of the business sector (liquidity and inventory hoarding since the first half of 2015) and the over-doubling in the use of cashless payments in economy-wide transactions. Moreover, falling energy prices and a strong tourism season (increase in tourism revenue of 5.5% year-over-year in 2015 or 0.4% of GDP annualized excluding second round effects, Source: Bank of Greece, Bulletin of Conjunctural Indicators, November-December 2017) also absorbed a considerable part of the recessionary shock due to uncertainty and the capital controls. Nonetheless, the sharp reduction in services revenue (-10.1% year-over-year, in 2015 and -10.4%, year-over-year, in 2016, Source: Bank of Greece, External Sector Statistics) on the back of sizeable decline in transportation and other services revenue is indicative of a still significant negative impact of capital controls on the export performance of the economy with many firms –especially in exporting services – hoarding their liquidity abroad and avoiding repatriate the proceeds from their exporting activities.

The negative macroeconomic impact of capital controls – especially on external transactions – is estimated to have receded further in 2017, as exemplified by the strong expansion in services receipts from abroad (+13.7% year-over-year in the first eleven months of 2017) and the increase in non-oil exports and imports of goods of 9.4% year-over-year and 8.3% year-over-year, respectively, in the first eleven months of 2017 (Source: Bank of Greece, Balance of Payments Press Release, November 2017). The impact of capital controls on larger firm activity is estimated to have declined further in 2017 but remains evident in the external transactions of smaller firms. Most households are not considering capital controls and remaining restrictions on cash withdrawals as a significant constraint to their spending decisions as indicated by the sharp increase in the number and value of retail transactions made through cashless payment methods (Sources: Bank of Greece, Survey on capital controls and cash withdrawal restrictions, November 2017 and ECB, Statistical Data Warehouse, Payment Statistics Report, September 2017).

The Macroeconomic Environment and the Banking Services Sector in South Eastern Europe-5 ("SEE-5", comprising Albania, Bulgaria, FYROM, Romania, and Serbia)[1]

The economies and banking sectors of SEE-5 performed relatively well in 2017.

Statistics released for 2017 suggest that economic activity gained momentum and the banking sector's performance improved; however, the fiscal deficit and the external gap widened to still manageable levels.

GDP growth accelerated sharply to a post-global crisis high of 5.4% year-over-year in the first three quarters of 2017 from 4.2% year over year in the same period a year earlier. The acceleration was supported by both domestic and external demand. Private consumption remained the main engine of growth, underpinned by an expansionary fiscal policy stance (the fiscal deficit is estimated to have widened to 1.8% of GDP in 2017 from 1.5% in a year earlier), improving labour market conditions and strengthening consumer confidence. On the other hand, exports of goods and services gained steam, mainly on the back of accelerating economic activity in SEE's main trading partner -- the euro area (growth is estimated to have reached a 10-year high of 2.2% in the

[1] Source: Published data from the Central Banks and the National Statistical Agencies of the related countries and processed by NBG. The SEE-5 weighted averages are based on NBG estimates of nominal EUR GDP in each country.

euro area in 2017, up from 1.8% in 2016, according to the latest European Commission forecast -- Autumn 2017).

Not surprisingly, despite stronger exports, the current account deficit is estimated to have widened to 2.4% of GDP in 2017 from 1.1% in a year earlier, due to unfavourable global oil prices (the price of the Brent Barrel surged by 19.2% to EUR 48.8 in 2017) and to, a large extent, the significant rebound in domestic demand. Encouragingly, the quality of financing of the current account deficit remained sound. Indeed, non-debt generating foreign direct investments are estimated to have continued, for the fifth year in a row, to more than cover the current account deficit (128.8% in 2017).

Amid a favourable operating environment, the fundamentals and the performance of the SEE-5 banking sector improved in the first three quarters of 2017. Indeed, the bottom line rose to an estimated €2,643 million (annualised) in the first three quarters of 2017 from €2,339 million (annualised) in the same period a year earlier. This performance was largely underpinned by lower provisions for bad loans, in line with the moderation of the ratio of problematic loans to total gross loans (ranging between 6.6% in FYROM and 14.8% in Albania at end-September 2017 and 7.4% in FYROM and 20.3% in Albania a year earlier). The downward trend in the non-performing loans reflects strengthening economic activity and, to a large extent, significant write-offs and sales of problematic loans encouraged by Central Banks. Moreover, the capital adequacy ratio improved further (ranging between 16.2% in FYROM and 22.5% in Serbia at end-September 2017 and 15.6% in Albania and 22.8% in Bulgaria a year ago). The improved asset quality and solvency bode well for a strong rebound in lending activity in the near future, in view of the region's low penetration rate (loan-to-GDP ratios ranged between 28.0% in Romania and 51.6% in Bulgaria in November 2017), especially in the retail segment (retail lending-to-GDP ratios ranged between 11.4% in Albania and 23.2% in FYROM in November 2017) and adequate liquidity ratios (the SEE-5 average loan-to-deposit ratio stood at 82.8% in November 2017).

The positive macroeconomic and banking sector performance in SEE-5 is expected to continue in 2018.

In view of leading indicators, economic activity is estimated to have maintained momentum in the fourth quarter of 2017, bringing full-year 2017 growth to a 9-year high of 5.3%. For 2018, the Issuer expects economic expansion to slow to 4.4% -- still above its long-term potential of 3.1% -- mainly on the back of normalizing private consumption, reflecting slower growth in employment and real disposable income.

There are, however, downside risks to the SEE-5 positive outlook, stemming mainly from tighter global liquidity conditions and weaker-than-expected economic activity in the region's main trading, investing and financing partner -- the euro area. Indeed, stronger-than-expected growth momentum or inflation in the US could prompt the Fed to proceed with a faster or stronger monetary tightening than currently anticipated. Moreover, elevated geopolitical tensions (e.g. on the Korean peninsula and in the Middle East) could create negative effects on the rest of the world growth -- including the euro area."

THE MORTGAGE AND HOUSING MARKET IN GREECE

The section headed "*The Mortgage and Housing Market in Greece*", on pages 266-272 of the Base Prospectus, shall be entirely replaced as follows:

"THE MORTGAGE AND HOUSING MARKET IN GREECE

The first mortgage lending institution, the National Mortgage Bank of Greece, was established in 1927, followed by the National Housing Bank in 1930. Both institutions were under government control, but have since been merged with the National Bank of Greece. Since then, another three institutions under government control have become active in the field of mortgage lending: the Postal Savings Bank (*Tachydromiko Tamieftirio*); the Consignment Deposits and Loans Fund (*Tamio Parakatathikon kai Daneion*); and Agricultural Bank, the first two providing loans to civil servants and the latter providing loans mainly to those in the agricultural industry. In 1985 the state monopoly of mortgage lending was ended, allowing commercial banks to enter the market, provided that their mortgage financing did not exceed 2.0% of their deposits. From the early 1990's onwards the mortgage loans market was rapidly deregulated and as a result many commercial banks operating in Greece (both foreign and national) now have a presence in this market as well as in the broader region of SEE.

As at the end of 2015, the four largest lenders in the Greek residential mortgage market were National Bank of Greece, Alpha Bank, Eurobank and Piraeus Bank together accounting for almost 100.0% of the total market.

Mortgage lending growth, which remained relatively resilient until H1:2008, followed a steep downward trend after the intensification of international financial crisis following the Lehman Brothers and the high pressures on peripheral economic crisis valuations in Q1:2009. Financial market conditions have deteriorated further since Q4:2009 and especially during 2010 when worries about Greece creditworthiness and the sizeable fiscal credibility deficit, in conjunction with turbulent market conditions, drove sovereign financing costs at pre-EMU levels. Against this backdrop, credit mortgage expansion slowed to 3.7% year-over-year in December 2009 and to 0.4% year-over-year in October 2010, falling for the first time below the euro area average since August 2010.

The pressures intensified significantly during 2010 following the eruption of the Greek crisis. The crisis took a severe toll on economic activity, household incomes and decisions for new household formation as well as on liquidity conditions and economic sentiment, giving rise to a period of severe adjustment in the real estate market that continued until Q3:2017. Following the Hellenic Republic's loss of access to market financing in April 2010, a Program of financial support (the 1st Program) from the EU and the IMF under certain policy conditionality was activated in May 2010 for restoring significant fiscal imbalances and implementing an agreed set of structural reforms. A second program was activated in March 2012 which was terminated in July 2015 and followed by a third program activated in August 2015 based on financing provided by European Stability Mechanism (ESM) under the surveillance of the EU, ECB and the IMF and has been planned to provide financing for covering the needs of the Greek state until mid-2018, under a new set of conditions relating to the achievement of fiscal and structural adjustment targets during this period.

In this environment, the Greek real estate market suffered a severe adjustment. House prices declined by 42.4% cumulatively between Q3:2008 and Q3:2017, while commercial prices (for which data are only available from 2010 until H1:2017) by 29.4% (Source: Bank of Greece, Real estate database), as a result of sharply deteriorating macroeconomic and financial conditions. The adverse macroeconomic and market conditions, led to a sharp reduction in supply and demand of mortgage loans and triggered a protracted period of deleveraging that continues until end-2017, during which the outstanding stock of mortgage loans declined by €2.6 billion in FY:2017, to €58.4 billion in December 2017, following a €6.2 billion decline in FY:2016. The cumulative decline between the peak of €81.1 billion in mortgage loan balances in 2010 and their level in December 2017 reached €22.7 billion or 27.9% of outstanding balance in 2010 (Source: Bank of Greece, Monetary and Banking Statistics).

Mortgage Products

The Greek mortgage market is characterised as a matured market, with fairly standard products on offer, although, in the last few years, this has further expanded to include a variety of newer and more sophisticated products, due to increasing demand from borrowers and strong competition among lenders. Currently, most banks offer the following mortgage products:

(a) long-term fixed rate mortgages (accounting for a small percentage of the market);

(b) medium-term fixed rate mortgages for an initial period up to 15 years, converting to a floating rate thereafter;

(c) floating rate mortgages, based on EURIBOR or ECB refinancing rates;

(d) mortgages with floating rates which are subsidised up to a certain amount and for a specific period of time by the Greek States; and

(e) preferential floating rate mortgages granted in favor of the banks' employees.

Typically, mortgage loans have a term of 15 to 30 years, although the maximum term is 40 years. Annuity loans are the most common form of repayment, while interest-only loans account for only a very small proportion of total loans.

The Greek Housing Market

Real estate has long been one of the pillars of economic growth in Greece in previous decades. In this respect the residential property market traditionally played a relatively more important role in the Greek economy compared with most other euro area countries: The estimated value of household wealth held in residential real estate was 510.0% GDP by end-2009, compared with 430.0% of GDP for the euro area as a whole (Source: Bank of Greece estimates) and residential investment accounted for a relatively large share of total investment for almost 5 decades. In 2007, the share of residential investment in GDP reached the highest point for this decade of 9.9% of GDP (Source: EL.STAT. Database). Apartments are the most common type of property available, with maisonettes and detached houses being usually restricted to the more affluent city areas.

Strong disposable income growth and low real interest rates, in addition to positive demographic trends between the early 1990s and 2006, related mainly to the significant increase in the immigrant population (which has increased to an estimated 10.0% of the total population from less than 4% in the late 1980s) and have prompted an acceleration in the pace of new household formation since the early 1990s (Source: ELSTAT population census data, several releases). This trend also reflected other supportive socioeconomic factors relating to changes in the traditional family structure during the same period, with younger members preferring to live on their own and the growth in secondary/holiday homes. The average household size has decreased to 2.7 persons in 2006 from 3.1 in 1994, remaining above the euro area average of 2.4 (Source: Eurostat Database).

In this vein, the average growth in private sector disposable income reached 6.6% per year, on average, in the period 1996-2007 (a cumulative growth of 96.5% between 1996 and 2007 and 58.5% between 2000 and 2007, Source: EL.STAT., Annual Non-Financial Sector Accounts, November 2017) and financial conditions showed an unprecedented improvement reflected in rapidly falling lending interest rates and strong credit expansion to the private sector that followed the participation in the euro area since 2000. In particular, mortgage lending showed a steady expansion of 26.9% per year, on average, in 2003-2007, starting from a very low base in the early 2000s (Source: Bank of Greece, Monetary and Banking Statistics). The sharp decline in lending rates that has accompanied the EMU participation (about 800 bps between 1998 and 2002) and higher growth in disposable income have been the main drivers of mortgage credit expansion. At the same time, the sufficient liquidity buffers of the Greek banking system reflected in the relatively low loan-to-value (LTV) ratio for the most part of the previous decade (74.2% between 2001 and 2008, Source: Bank of Greece, Monetary and

Banking Statistics) permitted bank loan supply to keep up with strong demand. Against this backdrop, house prices increased by 66.1% cumulatively at an economy-wide level between 2001 and 2008, being broadly in line with cumulative increases in nominal GDP and private sector disposable income of 59.0% and 51.9%, respectively, in the same period (Sources: ECB, Statistical Data Warehouse, EL.STAT. Database and Quarterly Non-Financial Sector Accounts, January 2018). Moreover, significant infrastructure projects, in conjunction with demand for dwellings of higher quality, have also supported demand and translated into a solid upward trend in construction activity until 2007.

The first signs of significant weakening in residential construction activity, credit demand and a slowing in house price growth were registered by end 2007, along with occurrence of the international financial crisis. The slowdown has been transformed into a sharp market adjustment following the eruption of the Greek crisis in 2009, which took a severe toll on economic activity, household incomes and decisions for new household formation as well as on liquidity conditions and economic sentiment. The reduction in residential valuations and activity has been particularly protracted and continued until Q3:2017, when the latest data are available.

House prices declined by 42.4% cumulatively between Q3:2008 and Q3:2017, reflecting a broad based deterioration in the private sector's financial position, increasing property taxes and deleveraging. The above adjustment in the residential market already exceeds the cumulative contraction in key drivers of residential valuations, such as the real GDP and nominal disposable income of households, which recorded cumulative declines of 25.0% and 32.0%, respectively, in Q3:2008-Q3:2017 (Sources: EL.STAT., Quarterly National Accounts, December 2017 and EL.STAT., Quarterly Non-Financial Sector Accounts, third quarter 2017, January 2018). According to the quarterly national accounts data on fixed investment, total investment in construction declined by 70.8%, year-over-year, cumulatively, in Q3:2008-Q3:2017, with residential construction declining by 93.4%, year-over-year, cumulatively, in this period (Source: EL.STAT. database). The average number of transactions in the residential market (with bank intermediation) dropped to 3,051 in H1:2015 from 39,284 in H1:2007 (Source: Bank of Greece, Real estate database) and the annual volume of building permits issues declined to 11,670 thousand cubic meters in 2013 and to 10,200 thousand cubic meters in 2016 and stood at 10,164 thousand cubic meters in the first ten months of 2017 (Source: EL.STAT., database). The share of total construction and residential investment in GDP declined steadily in the 9 years to 2016, with total construction remaining at historical lows (4.3% of GDP in 2015 and 5.1% of GDP in 2016) and residential investment reaching a historical low of 0.7% of GDP in 2016. Nonetheless, there are signs of stabilization in residential construction activity in the first nine months of 2017 with residential investment declining by a significantly milder pace of 0.6% of GDP compared to 0.7% GDP in 2016 and 3.3% of GDP on average in 2009-2015 (Source: EL.STAT., database). Moreover, in 2016 the issuance of residential building permits increased for the first time since 2005 (+2.3% year-over-year in FY:2016), after reaching its lowest level in 2015 (average annual decline of 24.5% in 2006-2015), and expanded further by 16.5% year-over-year in the first ten months of 2017, indicating that residential construction activity is likely to have bottomed in 2017 (calculations based on surface of new dwellings data, in square meters, Source: EL.STAT., Building Activity database).

On the demand side, the sharp adjustment in prices reflected a significant reduction in households' disposable income between 2009 and 2016 (-34.2%, per annum, Source: EL.STAT., Quarterly Non-Financial Sector Accounts database), mainly due to the decline in employment (-19.2%, year-over-year, in the same period, Source: EL.STAT. database) and a sharp adjustment in economy-wide wages of 20.2% year-over-year, cumulatively, in the same period (Source: EL.STAT., Press release, Index of Wages Cost, June 2017). Similarly, corporate profitability, as approximated by national accounts data (gross operating surplus of non-financial corporates), contracted by 32.3%, year-over-year, in this period (Source: EL.STAT., Quarterly Non-Financial Sector Accounts database, January 2018), weighing negatively on non-residential construction. The significant increase in property taxation (from 0.2% of GDP in 2009 to 2.1% of GDP in 2016 and to an estimated 1.8% of GDP in 2017, Source: Ministry of Finance, State Budget Execution Monthly Bulletin, December 2009, December 2016 and December 2017 and NBG estimates), in conjunction with high risk aversion and expectations of a further decline in prices, weighed further on investment decisions and amplified the downward pressures on prices.

Supply-side tensions have been also considerable, as the eruption of the crisis coincided with the completion of a significant number of projects related to the historical peak in building permit issuance in late 2006. This supply, in conjunction with sales of secondary residences and/or property held for investment purposes (including rented) under the pressure of falling incomes and higher taxation, amplified the adjustment in prices.

The turbulent financial environment has also weighed on real estate market conditions. Self-reinforcing pressures from recession and high uncertainty, in conjunction with a broad-based restructuring of the Hellenic Republic's sovereign debt (PSI, private sector initiative in February 2012, Source: Eurogroup Statement, February 21, 2012) and a subsequent debt buyback (December 2012, Source: Eurogroup Statement on Greece, 27 November 2012), which included the government bond holdings of Greek banks, have taken a severe hit on Greek banking system liquidity conditions and portfolio quality. The successful restoration of Greek systemic banks' capital adequacy on the basis of three successive rounds of bank recapitalizations, which have been financed mainly through earmarked funding under the economic support programs, has not resolved the liquidity pressures from the sizeable deposit flight and the very limited access to market financing. Moreover, the protracted recession impaired borrowers' debt servicing capacity, leading to a sharp increase in non-performing loans of Greek banks. In this environment, the deposit base of Greek banks contracted by €140.6 billion cumulatively (between December 2009 and July 2015 and then recorded an increase of € 12.5 billion until December 2017, Source: Bank of Greece, Monetary and Banking Statistics) creating -- in conjunction with the loss of access to market financing -- a sizeable funding gap which exceeded €125 billion in periods of intensification of the Greek crisis (May-June 2012 and June-July 2015, Source: Bank of Greece, Financial Statement, May 2012, June 2012, June 2015 and July 2015). This gap had been covered through an analogous increase in Greek banks' access to Eurosystem financing and especially to the ELA facility (emergency liquidity assistance facility provided by the Bank of Greece, following approval by the ECB's governing council). As a result of improving confidence, additional deleveraging and write-offs and the small increase in bank deposits, the funding gap has narrowed considerably in 2016 and 2017, with the total dependence in Eurosystem funding (including ELA) declining to €33.7 billion in December 2017 from €126.6 billion in June 2015 (Source: Bank of Greece, Financial Statement, June 2015 and December 2017).

The above trends, in conjunction with the turbulent macroeconomic environment, led to a sharp reduction in supply and demand of mortgage loans and triggered a protracted period of deleveraging that continues until December 2017 (annual change in the outstanding stock of mortgage loans of -3.0% year-over-year in December 2017 and -3.5% year-over-year in December 2016), during which the outstanding stock of mortgage loans declined by €22.7 billion cumulatively, to €58.4 billion in December 2017 from its peak of €81.1 billion in 2010 (Source: Bank of Greece, Monetary and Banking Statistics). The relatively rapid pass-through of the ECB's monetary policy easing on market rates in this segment (as most mortgages are with a floating rate) was insufficient to provide satisfactory support to demand and/or a material relief on household debt servicing capacity until today.

The temporary pick up in activity in 2014, when GDP increased by 0.8% (Source: EL.STAT., Quarterly National Accounts, third quarter, December 2017) and employment expanded by 0.6% (Source: EL.STAT. Database), in conjunction with lower uncertainty, has been translated into a significant slowing of pressure on house prices (-5.5% year-over-year in Q4:2014 from -11.3% year-over-year, on average, in 2012-2013), which continued in the first semester of 2015 (-4.6% year-over-year, on average). The spike in uncertainty, which has been followed by the imposition of capital controls on 28 June 2015, led to a re-acceleration of pressures in the second half of 2015 (-5.6% year-over-year, Source: Bank of Greece, Bulletin of Conjunctural Indicators, November-December 2017).

Pressures on house prices have started to ease over the course of 2016 and in 2017, with the average annual reduction in prices in 2016 slowing to -2.4% year-over-year – the slowest pace since 2008 – compared to an average annual decline of 7.0% between 2009 and 2015. This improvement has been supported by improving economic activity trends (GDP almost stabilized in FY:2016, declining by -0.3% year-over-year and expanding by 1.1% year-over-year in the first nine months of 2017, Source: Bank of Greece, Bulletin of Conjunctural Indicators, November-December 2017 and Quarterly National Accounts, December 2017).

House prices declined by 1.5% year-over-year in the first half of 2017 and by 0.6% in the third quarter of 2017, showing some responsiveness to a further improvement in general economic conditions (e.g. expansion in GDP of 1.1% year-over-year in the first nine months of 2017, for the first time since 2007 Sources: Bank of Greece, Bulletin of Conjunctural Indicators, November-December 2017, Bank of Greece, Indices of Residential Property Prices, third quarter 2017, Press Release, November 2017 and EL.STAT., Quarterly National Accounts, December 2017). Market conditions are expected to improve further in the first quarter of 2018, provided that the economic sentiment and other forward looking indicators showed signs of further strengthening in Q4:2017 and in January 2018 (Source: European Commission, Business and Economic Surveys, December 2017 and January 2018) and liquidity conditions are estimated to improve due to the prospective acceleration in public investment activity and payments for clearance of government arrears financed by the economic support program (Source: Ministry of Finance, State Budget Execution Monthly Bulletin, December 2017 and European Commission, Compliance Report, January 2018). In this respect, the EU Commission and the IMF project a relatively strong economic recovery in 2018 (average GDP growth of 2.6% year-over-year, Sources: EU Commission Compliance Report, January 2018 and IMF World Economic Outlook, October 2017), which along with improving liquidity conditions and a bottoming out of disposable income, is expected to be supportive of a stabilization of the real estate market in 2018. Near-term risks for the real estate market, mainly, relate to its high taxation, adding to the risk of new supply, and thus price declines, from accelerating foreclosures for tax arrears or for non-serviced private debt under the stricter legal framework. The operation of a web-based auction platform since January 2018 is expected to gradually speed up foreclosures, possibly exerting additional pressures on prices, but could also mobilize new demand, since it would make it easier for potential buyers (including foreigners) to bid on Greek properties especially in the medium term.

It is notable that, according to the Bank of Greece, the gross investment flows to the Greek real estate market recorded in the Balance of Payments stood at €2.3 billion in 2016 (Source: Bank of Greece, External Sector database) providing some indication that demand could receive additional support through foreign demand, as macroeconomic conditions and country risk assessment improve.

Nonetheless, the continuing pressure on domestic demand from elevated property taxes and additional austerity measures implemented in 2017-18, in order to meet the medium-term fiscal targets, along with a slower than expected improvement in domestic liquidity conditions, especially for households, and a prospective revision of imputed zonal values used for tax purposes in the first semester of 2018, could create additional downside risks for the real estate market. Potential delays in completing the last review of the Third Program and in the specification by the official creditors of additional aspects of the longer term strategy for ensuring Greece's public debt sustainability or achieving the ambitious fiscal target for 2018, could delay further the improvement in liquidity conditions and could increase uncertainty, taking an additional toll on real and financial assets' valuations and could even put again into question the ability of the Greek state to service its debt. These negative factors could translate into a further adjustment in prices in the near-term by hitting consumer confidence and discouraging or deferring investors' decisions despite the attractive valuations.

Security for Housing Loans

In Greece, security for housing loans is created by establishing a mortgage. A mortgage can be established by a notarial deed (or by a judicial decision, or by law in special cases). The establishment of a mortgage by notarial deed is quite costly and it is therefore not the preferred method of establishing a mortgage among banks and borrowers. Instead, in most cases, banks obtain a pre-notation of a mortgage, which is an injunction over the property entitling its beneficiary to obtain a mortgage as soon as a final judgment for the secured claim has been obtained, but which is valid as of the date of the pre-notation. In relation to enforceability, ranking of the security and preferred right to the proceeds of the auction, there is no difference between a holder of a mortgage and a holder of a pre-notation of a mortgage, since the latter is treated as a secured creditor of the property. Both the holder of a pre-notation of a mortgage and a mortgagee need an enforcement right before being able to commence enforcement procedures. The difference between holding a mortgage and holding a pre-notation of a mortgage is that the pre-notation is a conditional security interest whose preferential treatment is subject to the unappealable adjudication of the claim it purports to secure, whereas a mortgagee's claim is enforceable pursuant to the mortgage deed itself.

Establishing a pre-notation is the most common way of establishing security for a housing loan in Greece. The pre-notation, as a form of injunction, can be established with or without the consent of the owner(s) of the property on which the pre-notation will be established, but is only granted pursuant to a court decision. The procedures adopted by lenders of housing loans in practice have led to an arrangement whereby pre-notations are granted "by consent", where both the lending bank and the owner of the property over which the pre-notation will be established (i.e. the Borrower, the Guarantor or a third party) appear before the competent court and consent to the establishment of the pre-notation on the specific real estate property. The court issues the decision immediately (in fact, the decision is drafted beforehand by the lending bank and is certified and signed by the judge who hears the claim). Having certified the court decision and a summary thereof, the lawyer of the lending bank takes them to the Cadastre or the Land Registry, where applicable, along with a written request for the issuance (by the Cadastre or the Land Registry) of certificates confirming:

(a) the ownership by the person that consented to the granting of the pre-notation (i.e. the Borrower, the Guarantor or a third party) of the mortgaged property;

(b) the registration and class of the pre-notation;

(c) the absence of (judicially raised) claims of third parties against the current and all previous owner(s) of the mortgaged property; and

(d) any other mortgages, pre-notations or seizures preceding the pre-notation registered by the bank.

At the same time the bank's lawyer conducts a search in the Cadastre or the Land Registry, where applicable, in order to confirm the uncontested ownership of the person that consented to the granting of the pre-notation (i.e. the Borrower, the Guarantor or a third party, as the case may be) and the first priority nature of the mortgage or pre-notation, before the loan can be disbursed. Once the certificates are issued, they are reviewed by the bank's legal department and are included in the Borrower's file. The legal review of both the ownership titles and the pre-notation registration is based on public documents, i.e. on notarial deeds and certificates issued by the competent land registries. The history of the ownership titles for the previous 20 years is examined (which is the period for adverse possession). Such a review together with a title search in the Cadastre or the Land Registry, precedes the approval of the loan. Upon registration of the pre-notation, a second titles search is made to confirm the status quo.

Enforcing Security

Following the amendment of Greek Civil Procedure Code by virtue of Law 4335/2015, as in force, the following apply in relation to enforcement proceedings commencing from 1 January 2016 onwards and in respect of demands for immediate payment served to the debtor after 1 January 2016:

Without prejudice to the procedures required under the Code of Conduct, it is NBG's policy to commence enforcement proceedings once an amount exceeding €2,000 remains unpaid under a Loan for more than 270 days, at which point, the loan is terminated. Once a Loan is in default and terminated, a notice is served on the Borrower and on the Guarantors, if any, informing them of this fact and requesting the persons indebted to make a payment of all amounts due within a limited period of time (usually 10 days). Following notification and in the case of continued non-payment, a judge of the competent court of first instance (i.e. the Single-Member Court of First Instance or the Magistrate's Court, as the case may be, the "**Competent Court of First Instance**") is presented with the case upon which the judge may issue an order for payment to be served on the borrower together with a demand for immediate payment. Service of the order and demand for payment is the first action of enforcement proceedings. Three working days after serving the payment order and demand, the property can be seized and the auction process starts (see below for a description of the auction process). The Borrower, after being served the order for payment, is granted 15 working days (or within 30 working days if the Borrower is of an unknown address or resides abroad) to contest the validity of the order for payment, either on the merits of the case or on the ground of procedural irregularities. This can be done by filing an annulment petition before the Competent Court of First Instance or Magistrate's Court in accordance with articles 632-633 of the Greek Civil Procedure Code (the "**Article 632-633 Annulment Petition**"). The said 15 working days period does not *per se* suspend the enforceability of the payment order, which can be enforced following the lapse of the three-working days period as of the date of service of the payment order. At the same time, the Borrower can file, as a provisional measure, a suspension petition in accordance with articles 632 of the Greek Civil Procedure Code (the "**Article 632 Suspension Petition**") for the suspension of the enforcement proceedings. At the time of filing the Article 632 Suspension Petition, in most cases, immediate suspension is granted up until the hearing of the Article 632 Suspension Petition. If the court decides that the arguments in the Article 632-633 Annulment Petition are correct and reasonable, the suspension of enforcement will be granted to the petitioner until the issue of the decision on the Article 632-633 Annulment Petition. If the judge decides that the Article 632-633 Annulment Petition has no grounds and rejects this, the suspended enforcement procedures can continue. Suspension of enforcement against a Borrower of an unknown address or residing abroad is granted by law during the 30 day period to file an Article 632 Annulment Petition. If the Borrower has not filed an Article 632-633 Annulment Petition and subsequent suspension within 15 working days after serving the payment order, then the bank may again serve the order for payment whereby a second period of 15 working days is granted to the Borrower to contest the payment order. Failure to contest the order for payment will result in the bank becoming the beneficiary and holder of a final deed of enforcement and the conversion of the pre-notation into a mortgage.

The Borrower may also file with the relevant Court of First Instance a petition in accordance with article 933 of the Greek Civil Procedure Code (the "**Article Annulment 933 Petition**") the annulment of certain actions of the foreclosure proceedings based on reasons pertaining to the validity of the order for payment, and/or to the relevant claim and/or to procedural irregularities. Both Article 632-633 and Article 933 Annulment Petitions may be filed either concurrently or consecutively, but it should be noted that the Article 933 Annulment Petition may not be based on reasons pertaining to the validity of the order for payment, once the order of payment has become final as mentioned above. The time for the filing of an Article 933 Annulment Petition varies depending on the foreclosure action that is being contested. In particular, the Article 933 Annulment Petition should be filed within 45 days as from the date of attachment of the Borrower's property, except for an Article 933 Annulment Petition contesting the auction which should be filed within 60 days as from registration with the competent land registry or cadastre of the relevant auction deed. The hearing of the Article 933 Annulment Petition is scheduled within 60 days from the date of the filing of such petition and the relevant decision must be issued within 60 days from the hearing before the court.

According to the provisions of Law 4335/2015, as in force, the ability of the Borrower to challenge the compulsory enforcement actions, which are carried out by the creditor, is significantly restricted. In particular, by virtue of the provisions of the Code of Civil Procedure, as in force until 31 December 2015, the Borrower was entitled to challenge separately each compulsory enforcement action and as a result the completion of the enforcement procedure was significantly delayed. However, by virtue of Law 4335/2015, as in force, the Borrower is entitled to oppose defects of the compulsory enforcement procedure in just two stages: the first one is set before the auction and is related to any reason of invalidity of the claim and the compulsory enforcement actions carried out before the auction, whereas the second one is set after the auction until the publication of the seizure report and is related to any defects, which arose from the auction until the awarding. In case that the compulsory enforcement procedure is based on a court's judgment or payment order, the litigant parties are only entitled to file an appeal issued against the judgment, which has been issued in relation to the Article 933 Annulment Petition. The possibility to file an appeal in cassation against the decision is abolished.

The filing of an Article 933 Annulment Petition entitles the Borrower to file a suspension petition in accordance with article 937 of the Greek Civil Procedure Code (the "**Article 937 Suspension Petition**") in relation to the enforcement until the decision of the Competent Court of First Instance on the annulment motion is issued. Again, foreclosure proceedings may be suspended until the hearing of the Article 937 Suspension Petition, which, in a normal case where the Borrower seeks the suspension of the auction, takes place five days prior to the auction and the relevant decision is issued by 12.00 pm on the Monday prior to the auction date, provided that the Borrower pays at least one quarter of the claimed capital and the enforcement expenses and also that there is no risk to the creditor's interests, on the grounds that the Borrower will be able to satisfy the enforcing party or that, following the suspension period, a better offer would be achieved at auction.

The actual auction process starts with seizure of the property, which takes places 3 working days after the order for payment is served on the Borrower. The seizure statement that is issued by the bailiff who performs it, contains the auction date which, in respect of demands for immediate payment served to the debtor after 1 January 2016, should take place within seven months from the date of completion of the seizure and in any case no later than eight months from the completion of the seizure (or within a deadline of three months since the continuation statement, in case the auction does not take place on the initial date) and place and the notary public who will act as the auction clerk. At this point all mortgagees (including those holding a pre-notation or mortgage) are informed of the upcoming auction.

Pursuant to Article 954 of the Greek Civil Code, the minimum auction price is determined within the statement of the court bailiff and can be contested by the Borrower or any other lender or anyone having a legal interest by filing an annulment petition against such court bailiff statement at the latest fifteen working days before the auction date. The relevant court's decision should be published at the latest by 12.00 p.m. eight days before the auction date. However, as regards the movable property, it is to be noted that the initial auction price cannot be less than 2/3 of the estimated value of the seized movable property (in accordance with para. 2 of Article 993, in conjunction with para. 2 of Article 954 of the Greek Civil Procedure Code, as amended and in force) and as regards the immovable property, the initial auction price cannot be less than the seized property's "commercial value". The evaluation of the immovable property is calculated in accordance with presidential decree 59/2016 (published in Government Gazette 95/A/27.5.2016). In particular, pursuant to such presidential decree, the immovable property's "commercial value" is determined by the relevant bailiff who is obliged to appoint a certified appraiser for this purpose, namely an individual or legal person that shall be included in the Certified Appraisers Registry held at the General Directorate for Financial Policy of the Ministry of Finance and published on the Ministry of Finance's website. The latter submits to the bailiff an appraisal report in accordance with the European or international recognised appraising standards and in accordance with the Code of Conduct issued by the Bank of Greece on the management of non-performing loans. Appraisal's fees are borne by the creditor who ordered the enforcement proceedings, but ultimately burden the Borrower.

If no bidders appear at the auction, the immoveable property is awarded at the minimum auction price to the person in favour of whom the enforcement proceedings were initiated, upon the latter's request. If no such request is submitted, a repetitive auction takes place within forty (40) days. If such repetitive auction is unsuccessful, the competent court, upon request of persons having legal interest, may order the conduct of another auction within thirty (30) days, at the same or a reduced auction price or allow the sale of the property to the person in favour of whom the enforcement proceedings were initiated or to third persons at a price determined by the court, which may also provide that part of the consideration may be paid in instalments. If such auction or disposal is unsuccessful, the competent court, upon request of persons having legal interest, may rescind the seizure or order the conduct of another auction at the same or a further reduced auction price.

The public auctions occur before a notary public of the district of the seized property, or if not available for any reason, a notary public of the district of the execution, or if not available either, an Athens notary public. The auctions take place in two stages. At first instance, the bids are submitted in closed envelopes and the amount of the bid must be accompanied by a bank guarantee or banker's draft of an amount equal to 30% of the starting price. At the second stage, the bids are oral.

In the auction, the property is sold to the highest bidder who then has 15 days to make the relevant payment. Once the price of the property is paid, the notary public prepares a special deed listing all the creditors and allocating the proceeds of the auction. Pursuant to Article 972 of the Greek Civil Procedure Code, each creditor must announce its claim to the notary public the latest fifteen days after the auction and submit all documents proving such claims, otherwise the notary public will not take his claim into account. Once the allocation of proceeds amongst the creditors of the Borrower has been determined pursuant to a deed issued by a notary public, the creditors of the Borrower may dispute the allocation of proceeds and file a petition contesting the deed, pursuant to Article 979 in conjunction with Article 933 of the Code of Civil Procedure. The competent Court of First Instance adjudicates the matter but the relevant creditor is entitled to appeal against the decision to the Court of Appeal. The hearing date of the petition contesting such deed must be obligatory set within 60 days from its filing (or within 120 days in case of the creditor residing abroad). This procedure may delay the collection of proceeds. However, the law provides that a creditor is entitled to the payment of its claim even if its allocation priority is subject to a challenge, provided that such creditor provides a letter of guarantee issued from a bank lawfully established in Greece securing repayment of the money in the event that such challenge is upheld. In addition, there is a period of mandatory suspension for all enforcement procedures, including auctions, between 1 and 31 August of each year and prohibition of auctions of real properties on the Wednesday before and after the date of any national, municipal or European elections.

Once the list of creditors is confirmed and adjudicated, the proceeds are distributed according to the deed setting out the allocation of proceeds (see for further details "*Auction Proceeds*" above).

The Code of Civil Procedure is amended from time to time. The creditor, by virtue of article 59 of Greek law 4472/2017, had the possibility, on its sole discretion to initiate the enforcement proceedings, of an auction to take place through the use of electronic means under the responsibility of a competent notary public acting as auction clerk. Relevant process was detailed in the new Article 959A of the Code of Civil Procedure (added through article 59 of Greek law 4472/2017 and further amended by article 7 of Greek law 4475/2017), as further specified by Decision no. 41756/26.5.2017 of the Minister of Justice, Transparency and Human Rights (published in Government Gazette 1884/B/30.5.2017) and by Decision no. 46904/12.06.2017 of the Minister of Justice, Transparency and Human Rights (published in Government Gazette 2030/B/13.06.2017). Nevertheless, by virtue of article 208 of Greek law 4512/2018, the abovementioned provision was abolished and as of 22 February 2018 onwards, all the auctions will take place exclusively through the use of electronic means regardless of the dates of seizure of the property and delivery of the order for payment. Within the context of harmonization of enforcement proceedings, the Greek law 4512/2018 provides that all the auctions which are to take place according to the Code for Collection of Public Revenues will be also conducted exclusively through the use of electronic means as of 1 May 2018 onwards and most of the Greek Civil Procedure Code provisions will apply *mutatis-mutandis* in this respect. An auction through electronic means may take place on a Wednesday, Thursday or Friday, from 10:00 until 14:00 or from 14:00 until 18:00. Such an auction may not take place between 1-31 August and the week before and after the date of any national, municipal or European elections. The new provisions for the conduct of an auction through the use of electronic means became effective as of 31 July 2017. With respect to enforcement proceedings initiated after 1 January 2016 and were pending as at above effective date, the creditor that initiated such proceedings may instruct the auction to take place through the use of electronic means, provided however that all required notices and publications have been completed the latest 2 months prior to the auction date (para. 2 of article 60 of Greek law 4472/2017)."

SUBSCRIPTION AND SALE

Under the section headed "*Subscription and Sale*", on pages 294-295 of the Base Prospectus, the sub-section headed "*Public Offer Selling Restrictions under the Prospectus*" shall be replaced as follows:

"**Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms in respect of any Covered Bonds specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus, as completed by the Final Terms in relation thereto, to any retail investor in the European Economic Area.

For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC on insurance mediation, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement to a base prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Covered Bonds to the public in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (as amended including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State."

GENERAL INFORMATION

Under the section headed "*General Information*", on page 297 of the Base Prospectus, the sub-section headed "*No significant or material change*" shall be replaced as follows:

"**No significant or material change**

There has been no material adverse change, or any development reasonably likely to involve material adverse change, in the prospects of the Issuer since 31 December 2016. Since 30 September 2017 there has been no significant change in the financial position of the Issuer or the Group."