EUROPEAN COMMISSION

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In the published version of this decision, some information has been omitted, pursuant to articles 30 and 31 of Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union, concerning non-disclosure of information covered by professional secrecy. The omissions are shown thus […]		PUBLIC VERSION This document is made available for information purposes only.

Subject: **State Aid SA.43365 (2019/N-2) - Greece**
Amendment of the restructuring plan of National Bank of Greece approved in 2015

Sir,

1. PROCEDURE

(1) By decision of 23 July 2014[1] ("the 2014 Restructuring Decision") the Commission approved the recapitalisation and restructuring of National Bank of Greece (the "Bank"[2] or “NBG”) based on a number of commitments and the restructuring plan notified by the Greek authorities.

[1] Commission Decision of 23 July 2014 in State aid SA.34824 (2012/C), "Recapitalisation and restructuring of National Bank of Greece" (OJ L 183, 10.7.2015, p. 29).

[2] "The Bank" refers to the National Bank of Greece Group.

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(2) On 30 November 2015 the Greek authorities notified the backstop by the Hellenic Financial Stability Fund ("HFSF")[3] of a capital increase to cover the capital shortfall determined by the comprehensive assessment made by the competent prudential authority – the Single Supervisory Mechanism. On 4 December 2015, the Greek authorities notified to the Commission the amount of aid (EUR 2.7[4] billion) to be paid out to the Bank through a capital injection by the HFSF. By decision of 4 December 2015[5] ("the 2015 Restructuring Decision"), the Commission approved the recapitalisation and restructuring of the Bank based on a final restructuring plan for the Bank ("the 2015 Restructuring Plan") and amended commitments ("the 2015 Commitments"). The Greek authorities committed amongst other that the Bank would sell its insurance activities in Greece, Romania and Cyprus ("Ethniki Insurance") before the closing date of 30 June 2017 and to dispose of its shareholdings of all foreign businesses before 30 June 2018.

(3) As regards Ethniki Insurance, a sales agreement was signed and agreed on 28 June 2017[6]. On 28 March 2018, which was the last date for the preferred bidder to fulfil certain conditions precedent specified in the Share and Purchase Agreement ("SPA"), the Bank took note that such conditions precedent were not fulfilled and decided to terminate the SPA. The Bank then decided to re-open and involve the two institutions that had previously submitted final bids. However, one of the remaining bidders decided to no longer participate in the sale process and the Bank decided to stop the continuation of that sale process with the other remaining bidder on 15 October 2018 due to the absence of satisfactory […] information and […].

(4) As regards the sale of the foreign assets, on 31 December 2018, the Bank has not been able to close the sales transactions for its Cypriot, Romanian, Egyptian and North Macedonian subsidiary.

(5) From September 2018 to March 2019, during a number of pre-notification contacts, the Greek authorities updated the Commission on the process of the sale of the above assets and the possibility for amended commitments.

(6) On 10 April 2019, Greece formally notified a request to change some of the commitments undertaken at the time of the 2015 Restructuring Decision, asking the Commission to confirm on that basis the compatibility analysis made in the 2015 Restructuring Decision.

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3 The HFSF was established following the signature of the Memorandum of Understanding on Specific Economic Policy Conditionality between the Greek Government, the European Union, the International Monetary Fund and the European Central Bank on 3 May 2010. According to the HFSF Law, the objective of the HFSF is to safeguard the stability of the Greek banking system. The HFSF Law has been amended several times.

4 The exact amount of the capital injection is EUR 2 705 660 748.

5 Commission Decision of 4 December 2015 in State aid SA.43365 (2015/N), "Amendment of the restructuring plan approved in 2014 and granting of new aid to National Bank of Greece" (OJ C 220, 17.6.2016, p.6).

6 Information based on the monitoring trustee reports of the Bank on 14 August 2017, 30 April 2018 and 12 November 2018

(7) By letter of 12 April 2019, Greece agreed to waive its rights deriving from Article 342 TFEU in conjunction with Article 3 of Regulation No 1[7] and to have this Decision adopted and notified in English.

2. FACTUAL BACKGROUND

2.1 Description of the Bank

(8) The Bank's main operations in Greece relate to retail banking, corporate and private banking, asset management, treasury, investment banking and insurance. It offers a full range of banking and financial products and services to households and businesses. As at 31 December 2018, it has a network of 460 branches in Greece (retail and corporate) with the number of employees in Greece corresponding to 9 184 full-time equivalents ("FTEs") (excluding the insurance activities which are to be sold)[8].

(9) As at 30 September 2018, the total consolidated balance sheet size of the Bank amounted to EUR 63 billion. The Bank's risk-weighted assets ("RWA") amounted to EUR 35 billion and its phased-in Common Equity Tier 1 ("CET1)[9] ratio amounted to 16.4%.

(10) As at 30 September 2018, the Bank's net loans-to-deposits ratio stood at 71% on a domestic level[10]. The Bank's dependency on Emergency Liquidity Assistance has been reduced to EUR 0 since November 2017 (whereas this amounted to EUR 17.6 billion mid-2015)[11] and the Bank fully redeemed the Greek Government Guaranteed Bonds.

(11) Ethniki Insurance accounts for EUR […] billion of RWA[12] with total assets amounting to EUR 3.5 billion. Ethniki Insurance has been consistently profitable in the past years with a Return on Equity of 8-10% in over the past years. It is the largest private insurance company in Greece with a total market share of 15.5% (21.3% in Life Sector and 9.8% in General Sectors).

(12) The Bank still has a substantial presence in four countries outside Greece. The Bank has subsidiaries in North Macedonia, Egypt, Romania and Cyprus. The RWA of those four remaining subsidiaries account for EUR […] billion (of which EUR […] billion relates to the subsidiary in North Macedonia), whereas the RWA of all the foreign subsidiaries of NBG originally accounted for EUR 27.4 billion on 30 June 2015.

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7 Council Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

8 Based on the 24th Monitoring Trustee report of 29th January 2019 and the notification received from the Greek authorities. The Bank is expected to have 9 969 FTEs at year-end, of which 785 FTEs relate to Ethniki Insurance, which are already excluded from the commitment as per the 2015 Restructuring Decision.

9 The fully loaded CET1 ratio of the Bank amounted to 13%.

10 Based on the 24th Monitoring Trustee report of 29th January 2019.

11 See the most recent Corporate presentation of the Bank, as available on: https://www.nbg.gr/english/the-group/investor-relations/financial-information/presentations/Documents/Presentations/NBG%20Corporate%20Presentation_December18%20VF%20version.pdf

12 On a stand-alone basis, the subsidiary has a Solvency II ratio of 140% (without transitional measures)

(13) The Bank's subsidiary in North Macedonia has a loan-to-deposit ratio of 86% and has been profitable in the past years with a Return on Equity of 16%. The subsidiary has an non-performing loan ratio of 9.5% and a market share of 22%[13].

(14) The Bank owns a 32.66%[14] share in Pangaea Real Estate Investment Company ("Pangaea"). Pangaea's business is leasing primarily office and retail properties to blue-chip tenants. Its real estate portfolio consists of commercial properties, primarily of office and retail properties, located in urban areas mainly in Greece but also in Cyprus and Italy[15]. As at 30 September 2018, the portfolio is worth EUR 1.7 billion and is comprised of 345 properties[16]. It generated a profit after taxes of EUR 79.5 million in the first nine months of 2018. The market capitalisation is around EUR 1.2 billion, valuing the Bank's share at around EUR 400 million.

2.2 The 2015 Restructuring Decision and the 2015 Commitments

(15) The Commission approved several aid measures in the 2014 Restructuring Decision and the 2015 Restructuring Decision of which the total approved capital aid injections received by the Bank since 2009 amounted to EUR 12 733 million[17]. The approval in the 2015 Restructuring Decision was based on a number of commitments and the amended restructuring plans notified by the Greek authorities. This allowed the Commission to conclude that the 2015 Restructuring Plan and the 2015 Commitments provided for an appropriate own contribution and burden sharing, for sufficient safeguards to limit distortions of competition and sufficient restructuring to restore the Bank's long-term viability. On this basis, the Commission found that the aid measures described in the 2014 Restructuring Decision and the 2015 Restructuring Decision fulfilled the requirements of Article 107(3)(b) TFEU and were compatible with the internal market for reasons of financial stability.

(16) The 2015 Restructuring Decision included among others the following commitments:

(a) "**Commitment 1 – 3 -** Number of branches in Greece, Number of employees in Greece, Total costs in Greece": The number of branches in Greece should amount to 540 at the maximum on 31 December 2017. The number of FTEs in Greece should amount to 10 250 at the maximum on 31 December 2017 and to 9 950 at the maximum on 31 December 2018. The total costs in Greece should amount to EUR 961 million at the maximum on 31 December 2017."

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13 Numbers based on presentation received from the Bank (based on 1H 2018 financials).

14 The sale of 66% of NBG's shares in 2013 resulted in a gain of EUR 155 million and increased the capital ratio of NBG by around 40 basispoints: see also https://www.nbg.gr/english/the-group/investor-relations/financial-information/annual-interim-financial-statements/Documents/Annual%20and%20interim%20financial%20statements/EN+Financials+Dec+2013_final+document.pdf

15 For more information on Pangaea, see "NBG Pangaea Company presentation" dated December 2018 available here: https://www.nbgpangaea.gr/articlefiles/341-536-2018_12_10_en.pdf.

16 See Pangaea's most recent company presentation, as available on: https://www.nbgpangaea.gr/articlefiles/341-536-2018_12_10_en.pdf

17 See also recital 113 of the 2015 Restructuring Decision

(b) “**Commitment 8** - Disposal of entire shareholdings of all foreign businesses by 30 June 2018: The Bank shall sell (signing) by 30 June 2018 its foreign subsidiaries in South Eastern Europe, i.e. Albania, Bulgaria, North Macedonia, Romania and Serbia, Cyprus[18], South Africa and its branch network operating in Egypt to reduce its international activities.”

(c) “**Commitment 10** - Sale of insurance activities: The sale of the insurance activities (life and non-life) shall be concluded (i.e. signing) by 31 December 2016 and shall be closed by 30 June 2017. In its contact with potential buyers, the Bank and its advisers shall invite potential buyers to submit a bid for a 100% shareholding. However, bids for a shareholding of at least 75% shall not be excluded, so that if explicitly required by the best bidder, the Bank may retain a minority stake of up to 25% in its insurance company. Otherwise, 100% of the insurance activities shall be divested.”

(d) “**Chapter III** - Commitments on Corporate Governance and Commercial Operations”. This section included various commitments with regard to the set-up of an efficient and adequate internal organization, commercial practices and risk monitoring (incl. commitments related to connected borrowers and the resolution of NPLs).”

(e) “**Commitment 28** - Acquisition ban: The Hellenic Republic commits that the Bank shall not acquire any stake in any undertaking, be it an asset or share transfer. That ban on acquisitions covers both undertaking which have the legal form of a company and any package of assets which forms a business.”

(f) “**Commitment 29** Advertising ban: The Hellenic Republic commits that the Bank shall refrain from advertising referring to state support and from employing any aggressive commercial strategies which would not take place without the support of the Hellenic Republic.”

These commitments were assessed by the Commission to contribute to the restoration of the long-term viability of the Bank[19], as contributing to the own burden sharing by the Bank[20] and as measures to limit distortion of competition[21].

2.3 Compliance with the 2015 Commitments

(17) As regards the restructuring commitments, the latest Monitoring Trustee report of 29 January 2019 and the notification of the Greek authorities include that the Bank has 9 184 employees in Greece at year-end 2018 (excluding employees of Ethniki Insurance) and the Bank has therefore complied with the relevant commitment of the 2015 Restructuring Decision. The Monitoring Trustee reports also include that Bank has complied with the maximum number of branches commitment (460 branches at year-end 2018 compared to the commitment of 540

[18] NBG shall keep its branches in Cyprus and the United Kingdom, as well as its subsidiary in Malta as booking centres for assets belonging to its Greek businesses.

[19] See for example recitals 125 and 129 of the 2015 Restructuring Decision and recital 383 of the 2014 Restructuring Decision.

[20] See for example recitals 147 and 148 of the 2015 Restructuring Decision and recital 396 of the 2014 Restructuring Decision.

[21] See for example recitals 163 and 164 of the 2015 Restructuring Decision and recital 407 of the 2014 Restructuring Decision.

branches) and the total cost in Greece commitment (EUR 870 million for 2017 compared to the commitment of EUR 961 million)[22].

(18) As regards the sale of the foreign assets, the Bank still has four foreign subsidiaries it committed to sell. Therefore the Bank has not complied with the deadline to sell those assets before the committed deadline as per the 2015 Commitments. The latest steps to sell those remaining foreign subsidiaries are the following:

a) For the Cypriot subsidiary, […].

b) For the Romanian subsidiary, […].

c) For the assets in Egypt, binding offers were received on 20 March 2019 and NBG selected the preferred bidder on 28 March 2019. Negotiations of the transaction documents are ongoing and signing of the SPA is expected within the first half of 2019.

d) For the subsidiary in North Macedonia, the two previous attempts were unsuccessful. The first divestment attempt during the first half of 2017 was unsuccessful as there was low investor interest with only one non-binding offer received from an unsuitable candidate and at a low price. The sale process was paused and re-launched in early 2018, but also the second divestment attempt resulted in low investor interest.

(19) For Ethniki Insurance, a sale process[23] was launched in 2016 and a SPA was signed on 28 June 2017 (including the Bancassurance agreement) with Exin Group for 75% of the share capital of Ethniki. The transaction was further ratified by the Bank's shareholders on 30 June 2017. On 28 March 2018, which was the last date for the Exin Group to fulfil certain conditions precedent specified in the SPA, the Bank took note that such conditions precedent were not fulfilled and henceforth decided to terminate the agreement. The process was re-opened and involved the two institutions that had previously submitted final bids (along with the Exin Group). One of the bidders decided to no longer participate in the sale process. Due to the absence of satisfactory […] information and […] from the other bidder, the Bank considered it was unlikely that these would be resolved to allow for a purchase of the insurance business to be completed. The Bank decided to stop the continuation of that sale process with the remaining bidder on 15 October 2018. Therefore the Bank has breached the deadline to sell its insurance activities before the committed deadline as per the 2015 Commitments.

2.4 New commitments by the Greek authorities

(20) In view of the delays in assets to be sold as included in the 2015 Commitments, the Greek authorities explain that they want to amend the commitment catalogue. The amended commitments would take effect upon the date of adoption of this Decision. The restructuring period shall end on 31 December 2020 at the latest[24]:

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[22] As per the 24st Monitoring Trustee report of the Bank of 29 January 2019.

[23] The description of the sale process is based on the information included in the 18th to 24th Monitoring Trustee reports of the Bank and the notification of the Greek authorities.

[24] If the Bank has fulfilled the Commitments in (b) to (d) before 31 December 2019, then the restructuring period shall end at this date and other Commitments shall cease to apply. If the Bank has

the commitments apply throughout the restructuring period unless stated otherwise. More specifically, the proposed amended commitment catalogue include the following proposed commitments:

(a) Commitment 1 – 3 - Number of branches in Greece, Number of employees in Greece, Total costs in Greece:

   i. The number of branches in Greece shall amount to […] at the maximum on 31 December 2019 and […] at the maximum on 31 December 2020.

   ii. The number of FTEs in Greece (excluding insurance activities) shall amount to […] at the maximum on 31 December 2019 and to […] at the maximum on 31 December 2020.

   iii. The total costs[25] in Greece (excluding insurance activities) should amount to EUR […] million at the maximum on 31 December 2019 and EUR […] million on 31 December 2020.

(b) Completion of the initiated disposal of shareholdings in three of the Bank's foreign businesses:

   i. The Bank shall complete (i.e. closing) by […] the sale of its foreign banking subsidiaries in Cyprus (NBG Cyprus Ltd) and Romania (Banca Romaneasca) and its branch network operating in Egypt.

   ii. Alternatively, this commitment can be achieved by […].

(c) Sale of shareholding in Pangaea: The Bank shall sell its remaining shareholding in Pangaea by 31 December 2020.

(d) Renewed efforts to sell at least 80% of Ethniki Insurance: The sale of Ethniki Insurance shall be completed (i.e. closing) at the latest by 31 December 2020. The disposal shall be achieved through either of the following processes:

   […]

(e) Other commitments, such as the commitment not to acquire businesses the Bank committed to divest for a period of five years after the sale, commitments on corporate governance and commercial operations and the acquisition and advertising ban would be prolonged until the end of the restructuring period with only minor modifications.

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fulfilled the Commitments in (b) to (d) before 30 June 2020, then the restructuring period shall end at this date and Commitments in (a) will be deemed to have been fulfilled if achieved on a time proportional basis.

25 In continuation of the 2015 Commitments, the Bank's costs would exclude certain costs stemming from the consolidation of non-financial companies acquired by the Bank in the framework of restructuring of its exposure towards firms in difficulty (that are clearly earmarked for future sale), the Bank's costs stemming from potential new Voluntary Exit Schemes and any contribution of the Bank to a deposit guarantee fund or resolution fund. In addition, total costs in Greece will not include any restructuring costs of the Bank or additional compulsory contributions related to the Auxiliary Pension Fund (LEPETE).

3 POSITION OF GREECE AND COMMENTS BY THE BANK

(21) The Greek authorities submit that the notified amendments to the 2015 Commitments do not entail additional aid to NBG. The Greek authorities note that the Commission found in its 2015 Restructuring Decision that the measures fulfill the requirements of Article 107(3)(b) and are compatible with the internal market for reasons of financial stability. The Greek authorities consider this conclusion is not altered by the new proposed commitments since they continue to ensure viability, an appropriate degree of burden-sharing and sufficient measures to address distortions of competition.

(22) The Greek authorities submit that the Commission has accepted in the past prolongations and replacements for divestments, in particular when such amendments were necessary because the aid beneficiary was unable to comply with the commitment, despite its best efforts, due to external factors. The Greek authorities consider that the delay in the sales process for the Bank's foreign assets and Ethniki Insurance was due to external factors outside of NBG's control. The prolongation of the divestment deadlines for the three foreign assets by […] and for Ethniki Insurance by year-end 2020 is necessary in order to allow NBG to complete these divestments. The Greek authorities consider that the prolongation is limited to a short period of time, which is the minimum necessary to complete the divestments. Furthermore, the prolongation is accompanied by ambitious compensatory measures.

(23) Regarding the sale of the subsidiary in North Macedonia, the Greek authorities submit that a renewed divestment attempt in the near future would again face insurmountable obstacles. The political situation further precludes the acceptability by the regulator of investors from specific geographic regions. Additionally, the banking market in North Macedonia is small and attracts limited foreign investments. The Greek authorities submit that the new commitment to sell the Bank's stake in Pangaea can be implemented in a more timely and certain manner within the proposed timeframe, compared to another attempt to divest the sale of the subsidiary in North Macedonia. The Greek authorities consider that new commitment also improves NBG's viability since the positive impact on CET1 ratio from the sale of Pangaea is higher compared to the sale of Stopanska (see also recital (25). The Greek authorities submit that the subsidiary in North Macedonia is not among NBG's foreign subsidiaries which contributed to increase the Bank's capital and liquidity needs in the past: it is well capitalised and fully self-funded, it has a sound asset quality and high Non Performing Loan cash coverage and it is a highly efficient and profitable business.

(24) Finally, the Greek authorities submit that the proposed commitments continue to limit potential distortions of competition. As foreseen in the 2015 Commitments, NBG will complete the outstanding divestments of its foreign banking businesses in the EU i.e. active in the banking markets in Cyprus and Romania. The sale of the remaining stake in Pangaea compared to the sale of Stopanska constitutes an improvement in limiting competition distortions, since NBG will divest its remaining stake in Pangaea which is active in the EU real-estate market, while the divestment of Stopanska which is active in a non-EU banking market did not have

such an objective.[26] The Bank will also proceed with the divestment of Ethniki Insurance, active in the insurance markets in Greece, Romania and Cyprus. The Greek authorities submit that the short prolongation of the divestment deadlines is compensated by the additional reductions in branches, employees and costs and as by the reduction by 5% of the stake that NBG is allowed to retain in Ethniki Insurance further limiting its non-controlling position in the insurance business.

(25) The Bank highlights that, the positive impact on CET1 ratio from the sale of the current participation in Pangaea is higher than the impact of the sale of its subsidiary in North Macedonia by around […] basispoints. The sale of Pangaea's assets will allow the Bank to decrease the deduction to the regulatory capital, increasing the CET1 by EUR […] million. The Bank also considers the commitments on further reduction of FTEs, total costs in Greece and number of branches, as contributing to the viability of the Bank in the restructuring period. The Bank submits that the reduction in costs will help steer it towards profitability in the next years as supported by Table 1.

Table 1: Forecasted Profit and Loss by the Bank based on the new restructuring commitments (Bank's own data)

In EUR million	**FY18E[27]**	**FY19F**	**FY20F**
[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**
[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**
[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]
[...][28]	**[...]**	**[...]**	**[...]**
[...]	**[...]**	**[...]**	**[...]**
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**

26 See 2015 Restructuring Decision recital 163: "*the Bank will fully deleverage its foreign assets, […] which include all its EU activities. The aid will therefore not be used to distort competition within the banking markets of EU Member States.*"

27 Restated for International Financial Reporting Standard 16, with Pangaea transferred to discontinued operations.

28 Operating expenses exclude costs related to a voluntary exit scheme, restructuring and additional auxiliary pension fund costs.

4 ASSESSMENT

4.1 Existence of aid

(26) According to Article 107(1) TFEU, State aid is any aid granted by a Member State or through State resources in any form whatsoever which distorts, or threatens to distort, competition by favouring certain undertakings, in so far as it affects trade between Member States.

(27) In the 2014 and 2015 Restructuring Decisions, the Commission already concluded that the measures summarised in recital (15) represent State aid[29]. That assessment remains unchanged. The Commission also observes that the requested amendment does not entail any additional State aid to the Bank.

4.2 Compatibility of the aid

(28) In the 2014 and 2015 Restructuring Decisions, the Commission concluded that the State aid measures in favour of the Bank were compatible with the internal market since they were necessary to remedy a serious disturbance in the Greek economy in the meaning of Article 107(3)(b) TFEU. The Commission concluded that the 2015 Restructuring Plan and the 2015 Commitments would allow the Bank to return to long-term viability, while also sufficiently addressing burden sharing and competition issues.

(29) The Commission observes that the Bank has not complied with all the 2015 Commitments i.e. the Bank has not sold on time its insurance activities and four of the bank's foreign subsidiaries.

(30) The Commission notes that the Greek authorities notified on 10 April 2019 an amended commitment catalogue. The Greek authorities propose to extend the deadline to sell its insurance activities until 31 December 2020 and the deadline to sell three of NBG's remaining foreign subsidiaries until […]. In addition, the Greek authorities propose to discontinue the commitment to sell the subsidiary in North Macedonia. In exchange for the postponement of the commitments and the discontinuation to sell its North Macedonian subsidiary, the Greek authorities propose to prolong several existing commitments and propose revised restructuring commitments (with regard to the number of employees, branches and costs in Greece). Furthermore, the Greek authorities also propose the commitment to sell the Bank's 32.66% remaining stake in its real estate subsidiary (Pangaea).

(31) The Commission observes that a restructuring decision can be amended where the amendment does not entail any additional aid and the amendment is based on new commitments which can be considered equivalent to those originally provided. In that situation, the existing aid measures would remain compatible on the basis of Article 107(3)(b) TFEU if the overall balance of the original decision remains intact. In order to preserve the original balance, the altered commitments should not negatively affect the viability of the aid beneficiary, with the overall set of commitments remaining equivalent in terms of burden-sharing and compensatory

[29] See section 5 of the 2015 Restructuring Decision.

measures taking into account the requirements of the Restructuring Communication[30].

4.2.1 Considerations on viability

(32) In the absence of additional aid, the Commission will not assess the viability of NBG entirely afresh. It will only examine whether the proposed modifications to the 2015 Restructuring Plan call into question the conclusion as to NBG's viability reached in the 2015 Restructuring Decision and whether the new proposed commitments address NBG's viability in an equivalent manner as the 2015 Commitments.

(33) The Commission takes positive note of the fact that the Bank's viability is only moderately affected by the delay in the sales of some of its foreign subsidiaries and the Bank's insurance activities. The disposal of the remaining subsidiaries only concerns a fraction of the subsidiaries the Bank had to divest[31] and the disposal of three of its foreign subsidiaries and branches is still planned to be completed […][32]. Similarly, the Commission notes that the Greek authorities remain committed to selling the Bank's insurance subsidiary and the revised commitments only include an extension in the deadline of this subsidiary[33].

(34) The Commission also notes that the Greek authorities now propose to discontinue the sale of the Bank's North Macedonian subsidiary. This subsidiary has a loan-to-deposit ratio of 86%[34] and has been profitable in the past years, so it has not drained the Bank's liquidity nor its profitability.However, the Bank's international activities have contributed to increase the Bank's capital needs in the past and therefore the Commission assessed in the 2015 Restructuring Decision[35] that the sale of all foreign assets would contribute positively to the viability of NBG. The Commission notes that the impact on the Bank's capital position from the discontinuation of the North Macedonian subsidiary would likely only be limited[36] and that the Bank has now proposed to sell instead its remaining stake in Pangaea. The sale of the participation in Pangaea should have a more positive impact on the Bank's capital position[37] than the expected impact from the sale of its subsidiary in North Macedonia[38]. Therefore, the Commission considers that the discontinuation of the sale of the North Macedonian subsidiary together with the new proposed commitment to sell NBG's remaining stake in Pangaea does not negatively affect the Bank's viability.

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30 Commission Communication on the return to viability and the assessment of restructuring measures in the financial sector in the current crisis under the State aid rules, OJ C 195, 19.8.2009, p. 9.

31 See also recital (12) of this Decision

32 Therefore, the impact of the international activities on the Bank's capital, liquidity and profitability in the past (as per recital 384 of the 2014 Restructuring Decision) is largely unaltered compared to the original restructuring commitments.

33 See recital (19) of this Decision

34 The loan-to-deposit ratio indicates that the liquidity of the Greek banking operations would not be significantly affected by maintaining the subsidiary. See also recital (9)

35 See recitals 127 and 128 of the 2015 Restructuring Decision

36 The past failed sale attempts for this subsidiary imply a low expectation that the sale will generate in a bid that would improve the Bank's capital position.

37 In view also of the positive price and capital impact of the original sale of the Bank's shares in Pangaea (see footnote 14)

38 See also the Bank's assessment of the different impact as outlined in recital (25) of this Decision

(35) Furthermore, the Commission notes that there are several additional commitments in terms of viability to compensate for the deadline extensions to sell NBG's three foreign subsidiaries and its insurance subsidiary. Firstly, the Bank proposes a prolongation of the commitments on corporate governance and commercial operations to ensure that the Bank's operations in the field of risk management, internal audit and compliance are carried out according to the best standards of the sector. Secondly, the Commission considers that the new restructuring commitments in terms of total employees in Greece, total branches in Greece and total costs in Greece contribute significantly to the viability of the Bank. While the Bank has complied with the previous restructuring commitments[39], the proposed restructuring commitments will further rationalise the Bank's operations and steer it towards positive profitability[40].

(36) Overall, the Commission concludes that in terms of viability, the compensatory measures and the proposed sale of NBG's remaining stake in Pangaea are sufficient to compensate for the delay in the sale of foreign assets and the insurance business, the discontinuation to sell its North Macedonian subsidary and the extended restructuring process.

4.2.2 Burden-sharing

(37) In the 2014 Restructuring Decision and the 2015 Restructuring Decision, Greece committed to measures ensuring adequate burden sharing for compatible aid. In particular, in recital (401) of the 2014 Restructuring Decision, the Commission concluded that commitments of divestments were considered as a sufficient contribution to the burden sharing requested in the Restructuring Communication.

(38) The Commission notes that the proposed new commitments constitute largely a continuation of the pre-existing measures providing a similar level of burden sharing. While NBG would retain its subsidiary in North Macedonia, NBG would increase the shares it has to sell in its insurance subsidiary (from 75% to 80%) and proposes the divestment of its remaining shares in Pangaea[41]. Finally, the Commission takes positive note of the prolongation of the acquisition ban as set out in recital (20) (e).

(39) Finally, the Commission takes positive note of the fact that the amended commitments are to a certain extent linked to the divestment process of its remaining foreign assets and the insurance subsidiary, thereby setting the right incentives for a faster sale process.

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[39] Based on the previous Monitoring Trustee reports, NBG has achieved its commitments total FTEs, total branches and total costs in Greece

[40] The Bank has a substantially higher cost-to-income ratio compared to what was expected in the 2014 and 2015 Restructuring Plans (driven by lower than expected income). The further substantial reduction in costs will allow the Bank to significantly improve the overall profitability of the Bank (bringing the actual profitability substantially closer to what was expected at the time of the 2015 Restructuring Decision).

[41] See also recital (34) in which the Commission assessed the capital impact of NBG's sale of its remaining shares in Pangaea would have a more positive capital impact compared to the sale of its subsidiary in North Macedonia.

(40) For those reasons, the Commission concludes that the proposed new commitments are equivalent to the commitments of the 2015 Restructuring Decision in terms of burden sharing.

4.2.3 Distortions of competition

(41) The 2015 Restructuring Plan offered sufficient measures limiting distortions of competition and ensuring a competitive banking sector in line with the Restructuring Communication. Greece is proposing a continuation of the pre-existing measures, namely the sale of the insurance activities and of the foreign assets[42].

(42) The Commission notes that the new deadline to sell NBG's insurance subsidiary is a substantial delay compared to the original deadline. However, the Commission notes that in view of the past failed sale attempts, the new proposed deadline would be appropriate to ensure a fair and transparent sale process. In addition, the Commission takes positive note of the fact that the minimum divestment of Ethniki insurance will increase from 75% to 80%. The Commission concludes that this increase of the minimum divestment will introduce additional compensatory measures as compared to the original ones, which are sufficient to compensate for any potential additional distortions of competition caused by the delay of the divestment. Furthermore, the Commission takes a positive note of the fact that the amended commitments are to a certain extent linked to the divestment process of its remaining foreign assets and the insurance subsidiary, thereby setting the right incentives for a faster sale process.

(43) The Commission also takes positive note of the prolongation of the acquisition ban, which ensures that NBG will not use the State aid to the detriment of competitors by acquiring other financial institutions or by acquitting foreign assets. Furthermore Greece has given a commitment that the Bank will comply with some behavioural limitations, such as a ban on advertising State support.

(44) Taking into account that all these measures were assessed in the 2015 Restructuring Decision[43] as sufficient to limit the distortion of the competition and considering the arguments developed in recitals (42) and (43), the Commission concludes that the proposed amendment of the 2015 Commitments ensures that competition distortion concerns are still adequately addressed.

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[42] The retention of the subsidiary in North Macedonia would not have any impact in terms of competition distortion on the EU Banking market

[43] See recitals 153 to 165 of the 2015 Restructuring Decision

5 CONCLUSION

(45) In light of the above, the Commission concludes that the proposed amendments do not have a negative impact on the assessment of NBG's viability, nor on the assessment of burden sharing and of measures to limit distortions of competition. Therefore, the replacement of the 2015 Commitments by the new commitments as listed in the Annex to this decision does not affect the conclusions reached in the 2015 Restructuring Decision. Therefore, the Commission concludes that the State aid provided to NBG remains compatible with the internal market on the basis of Article 107(3)(b) TFEU.

The Commission notes that Greece exceptionally accepts the notified decision to be adopted and notified in the English language.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: http://ec.europa.eu/competition/elojade/isef/index.cfm.

Your request should be sent by registered letter or electronically to the following address:

European Commission,
Directorate-General Competition
State Aid Greffe
B-1049 Brussels
Stateaidgreffe@ec.europa.eu

Yours faithfully
For the Commission

Margrethe VESTAGER
Member of the Commission

CERTIFIED COPY
For the Secretary-General,

Jordi AYET PUIGARNAU
Director of the Registry
EUROPEAN COMMISSION

ANNEX

HELLENIC REPUBLIC
MINISTRY OF FINANCE

Athens, 10 April 2019

National Bank of Greece – Commitments by the Hellenic Republic

The Hellenic Republic shall ensure that the Bank is implementing the restructuring plan submitted on 4 December 2015, as amended hereby.

The Hellenic Republic hereby provides the following amended commitments (the "***Commitments***") which are integral part of the restructuring plan. The Commitments include the commitments regarding to the implementation of the restructuring plan (the "***Restructuring Commitments***") and the **Commitments on Corporate Governance and Commercial Operations.** The Restructuring Commitments (1) – (3) are based on NBG's financial projections for 2019-2020 as provided in **Appendix I**.

The Commitments shall take effect upon the date of adoption by the European Commission ("***Commission***") of the decision approving the Commitments and the extension of the restructuring period (the "***Decision***").

The restructuring period shall end on 31 December 2020 at the latest. The Commitments apply throughout the restructuring period unless stated otherwise.

This text shall be interpreted in the light of the Decision in the general framework of Union law, and by reference to Council Regulation (EU) 2015/1589.

Chapter I. Definitions

For the purpose of the Commitments, the following terms shall mean:

(1) **Bank:** National Bank of Greece S.A. and all its subsidiaries. Therefore, it includes the entire National Bank of Greece Group with all its remaining Greek and non-Greek subsidiaries and branches, both banking and non-banking.

(2) **Closing:** the date of transfer of the legal title of the Divestment Business to the Purchaser.

(3) **Divestment Business:** all the businesses and assets that the Bank commits to sell.

(4) **Effective Date:** the date of adoption of the Decision.

(5) **End of restructuring period:** 31 December 2020.

(6) **Foreign businesses:** foreign banking and non-banking subsidiaries and branches of the Bank.

(7) **Foreign subsidiaries:** all banking and non-banking subsidiaries of the Bank outside Greece.

(8) **Greek banking activities:** the Bank's Greek banking activities independently from where the assets are booked.

(9) **Greek non-banking activities:** the Bank's Greek non-banking activities independently from where the assets are booked.

(10) **Greek subsidiaries:** all Greek banking and non-banking subsidiaries of the Bank.

(11) **Monitoring Trustee:** one or more natural or legal person(s), independent from the Bank, approved by the Commission and appointed by the Bank; the Monitoring Trustee has the duty to monitor the Bank's compliance with the Commitments.

(12) **Purchaser:** one or more natural or legal person(s) to acquire, in whole or in part, the Divestment Business.

(13) **Sale:** the sale of 100% of the shareholding held by the Bank, unless the individual Commitment states otherwise.

For the purpose of the Commitments, the singular of those terms shall include the plural (and vice versa), unless the Commitments provide otherwise.

Chapter II. Restructuring Commitments

(1) **Further reduction of the number of branches in Greece:** The number of branches in Greece shall amount to […] at the maximum on 31 December 2019 and […] at the maximum on 31 December 2020.

(2) **Further reduction of the number of employees in Greece:** The **number** of Full Time Equivalents (the "***FTEs***") in Greece (Greek banking and non-banking activities, excluding Greek insurance activities (life and non-life)) shall amount to […] at the maximum on 31 December 2019 and to […] at the maximum on 31 December 2020.[44]

(3) **Further reduction of the total costs in Greece:** The total costs[45] in Greece (Greek banking and non-banking activities excluding Greek insurance activities (life and non-life) shall amount to EUR […] million at the maximum on 31 December 2019 and to EUR […] million at the maximum on 31 December 2020.

(4) **Completion of the initiated disposal of shareholdings in foreign businesses:** The Bank shall complete (i.e. closing) by […] the sale of its foreign banking subsidiaries in Cyprus (NBG Cyprus Ltd) and Romania (Banca Romaneasca)

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[44] In continuation of the Commitments submitted in December 2015 (the **"*2015 Commitments*"**), the FTEs belonging to non-financial companies acquired by the Bank in the framework of restructuring of its exposure towards firms in difficulty (e.g. debt to equity swaps) and clearly earmarked for future sale shall not be taken into account for the monitoring of compliance with the cap on the number of employees in Greece.

[45] In continuation of the 2015 Commitments, the Bank's costs stemming from the consolidation of non-financial companies acquired by the Bank in the framework of restructuring of its exposure towards firms in difficulty (e.g. debt to equity swaps) and clearly earmarked for future sale shall not be taken into account for the monitoring of the compliance with the cap on total costs in Greece. Also, the Bank's costs stemming from potential new Voluntary Exit Schemes (VES) and incurred, if any, in 2019 / 2020 in order to comply with the target of number of employees as described in Chapter II.(2), shall not be taken into account for the monitoring of the compliance with the cap on total costs in Greece. The total costs in Greece shall exclude any contribution of the Bank to a deposit guarantee fund or resolution fund. In addition, total costs in Greece will not include any restructuring costs of the Bank or […].

and its branch network operating in Egypt (NBG Egypt) to reduce its international activities.

Alternatively, this commitment can be achieved by […][46].

(5) **Sale of shareholding in Pangaea REIC**: In exchange for retaining its foreign **subsidiary** in North Macedonia (Stopanska Banka), the Bank shall sell (i.e. signing in case of a package sale) its remaining shareholding in Pangaea REIC by 31 December 2020.

In continuation of the 2015 Commitments, for Pangaea REIC, the Commitments provided in Chapter III shall continue not to apply for as long as the Bank owns less than 35% in Pangaea REIC.

(6) **Renewed efforts to sell at least 80% of Ethniki Hellenic General Insurance:** The sale of Ethniki Hellenic General Insurance shall be completed (i.e. closing) at the latest by 31 December 2020.

The disposal shall be achieved through either of the following processes:

[…]

(7) **End of restructuring period in case of earlier sale**: If the Bank has fulfilled the Commitments in (4) to (6) before 31 December 2019, and the Commitments in (1) to (3) referred as at the date of 31 December 2019 are achieved, then the restructuring period shall end at this date and other Commitments shall cease to apply. If the Bank has fulfilled the Commitments in (4) to (6) before 30 June 2020, then the restructuring period shall end at this date and the Commitments in (1), (2) and (3) will be deemed to have been fulfilled if achieved on a time proportional basis.

(8) **For any sale under these Commitments, the Hellenic Republic commits that:**

a. The Purchaser shall be independent of and unconnected to the Bank;

b. For the purpose of acquiring the Divestment Business, the Purchaser shall not be financed directly or indirectly by the Bank;[47]

c. The Bank shall, for a period of 5 years after the closing of the sale, not acquire direct or indirect influence over the whole or part of the Divestment Business without a pre-approval from the Commission.

Chapter III. Commitments on Corporate Governance and Commercial Operations – Prolongation and amendments

(1) In case an individual Commitment does not apply at the Bank's level, the Bank shall not use the subsidiaries or activities not covered by that individual Commitment to circumvent the Commitment.

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46 […]

47 This does not apply to the sale of real estate, in which case the Bank can provide financing to the Purchaser, if this new lending is performed in line with prudent lending practice. For the purpose of verifying the compliance with the commitment on deleveraging of non-Greek assets, any new lending falling in the defining of non-Greek assets will be taken into account.

<u>Section A. Maintaining an efficient and adequate internal organization</u>

(2) The Bank, excluding its foreign subsidiaries, shall abide at all times with the totality of the provisions of law 3016/2002 on Corporate Governance and law 2190/1920 on the Societes Anonymes and especially the provisions related to the functions of corporate bodies such as the shareholders' meeting and Board of Directors in order to secure a clear distribution of responsibilities and transparency. The powers of the shareholders' meeting shall be restricted to the tasks of a general meeting in line with company law, in particular as regards rights related to information. More extensive powers, which would allow improper influence on management, shall be rescinded. Responsibility for day-to-day operational management shall clearly rest with the executive Directors of the Bank.

(3) The Bank, excluding its foreign subsidiaries, shall comply at all times with the Hellenic Financial Stability Fund (the "***HFSF***") Relationship Framework.

(4) The Bank shall abide by the provisions of Governor's Act 2577/9.3.2006, as in force, in order to maintain, on an individual and a group basis, an effective organisational structure and an adequate Internal Control System including the three key pillars, namely the Internal Audit, Risk Management and Compliance functions and best international corporate governance practices.

(5) The Bank shall have an efficient organizational structure, so as to ensure that the Internal Audit and the Risk Management departments are fully independent from commercial networks and report directly to the Board of Directors. An Audit Committee and a Risk Committee - created within the Board of Directors - shall assess all issues raised by those respective departments. The Internal Audit Charter and Risk Management Charter shall specify the roles, responsibilities and resources of those departments. Those charters shall comply with international standards and secure a full independence to the departments. Credit Policies shall provide guidance and instructions regarding the granting of loans and the restructuring of loans while specific policies and procedures specify the pricing of loans.

(6) The Bank shall make public to the competent authorities the list of shareholders holding at least 1% of ordinary shares.

<u>Section B. Commercial practices and risk monitoring</u>

General principles

(7) The Bank’s Credit Policies, both Corporate and Retail, shall specify that all customers shall be treated fairly through non-discriminatory procedures other than those related to credit risk and ability to pay. The Credit Policies define the thresholds above which the granting of loans must be approved by higher levels of management. Similarly, thresholds shall be defined regarding the restructuring of loans and the handling of claims and litigations. The Credit Policies shall describe the decision-making process at national level, and provide instructions to ensure the consistent implementation within all the Greek banking activities.

(8) For all the Greek banking activities, the Bank shall fully incorporate the Credit Policy rules in their loan origination and loan refinancing workflow and disbursement systems.

Specific provisions

(9) The specific provisions listed in paragraphs (7) to (18) of Chapter III of the Commitments shall apply to the Greek banking activities, unless explicitly stated otherwise.

(10) The Credit Policies shall require that the pricing of loans complies with strict guidelines. The Bank's Pricing Policies for Corporate and Retail are based on a functional and effective framework of well-defined rules for setting a risk-based Minimum Interest Rate charge for all credit facilities aiming to cover all cost involved along with an appropriate profit margin to safeguard the Bank's profitability. These rules define the foundation of the Bank's risk-based Pricing Framework. The aim of the aforementioned framework is to achieve the highest, as far as possible, net profitability with respect to the general principle applied to bank's credit process, according to which the Obligor's repayment ability should be ensured. Those guidelines shall include the obligation to respect strictly the credit policies and procedures either the standard tables of interest rate bands (ranges) or risk factors related to the maturity of the loan, the credit risk assessment of the customer, the expected recoverability of pledged collateral (including the time frame to a potential liquidation), the overall relationship with the Bank (e.g. level and stability of deposits, fee structure and other cross-sales activities) and the funding cost of the Bank.

(11) Specific loan asset classes are generated (e.g. commercial loan, mortgage, secured/unsecured, etc.) and their pricing framework is outlined in portfolio specific pricing policies and procedures and shall be updated on a regular basis by the Executive Committee. Any exception must be duly authorized by the Credit Committee, or at lower level of authority when allowed by the approved policies and procedure documents. Tailor-made transactions such as syndicated loans or project finance shall respect the same principles, with due account being taken of the fact that they may not fit in standardized pricing policy guidelines. Deviations of the pricing policy shall be reported to the Monitoring Trustee.

(12) The Risk Management Department shall be responsible for the assessment of credit risk. Collaterals valuation is performed according to the provisions of the Bank's Credit Regulation Manual and of the Policy for Property Valuations. When assessing the loan quality, the Risk Management shall act independently, participating in the credit approving process having the veto power, so as to ensure that criteria used in the assessment are applied consistently over time and among customers according to the Bank's credit policies.

(13) Regarding loans to individuals and legal entities, for all the Greek banking activities, on the basis of the best international practices, the Bank shall apply strict individual and aggregated limits governing the maximum loan amount that can be granted to a single credit risk (if at all allowed under Greek and EU law). Those limits shall take into account the quality of any collateral/security provided and shall be set against key benchmarks including against capital.

(14) Granting loans[48] to enable borrowers to purchase shares or hybrid instruments of the Bank shall be prohibited, whoever are those borrowers[49]. This provision shall apply and shall be monitored at the Bank's level.

(15) All loan requests by non-connected borrowers greater than […]% of the Bank's RWA or any loan which keeps the exposure to one group (defined as a group of connected borrowers that represent a single credit risk) higher than […]% of the Bank's RWA shall be reported to the Monitoring Trustee, which may, if the conditions do not appear to be set at arm's-length or if no sufficient information has been provided to the Monitoring Trustee, postpone the granting of the credit line or the loan by […] working days. In emergency cases, that period may be reduced to […] working days provided sufficient information has been provided to the Monitoring Trustee. That period will enable the Monitoring Trustee to report the case to the Commission and the HFSF before any definitive decision is taken by the Bank.

Resolution of NPLs

(16) The Bank shall take all measures to tackle the NPLs, in line with the NPL strategy included in the restructuring plan and consistent with any relevant regulatory requirements. The Monitoring Trustee shall report on the implementation of this Commitment and on the Bank's progress on the NPLs resolution in a specific chapter of the Monitoring Trustee report. The Credit Policies and the NPE & Forbearance Classification policy shall give clear instructions on the restructuring of loans. They clearly define which loans are eligible, under which circumstances, and indicate the terms and conditions that can be proposed to eligible customers. For all the Greek banking activities, the Bank shall ensure that all restructurings aim at enhancing the future recoveries by the Bank, thus safeguarding the interest of the Bank. In no case the restructuring policy will jeopardize the future profitability of the Bank. For that purpose, the Bank's Risk Management shall be responsible for developing and deploying adequate restructuring effectiveness reporting mechanisms, for performing in-depth analyses of internal and/or external best practices, reporting its findings at least on a quarterly basis to the Executive Committee and the Board Risk Committee, suggesting actionable improvements to the processes and policies involved and overseeing and reporting on their implementation to the Executive Committee and the Board Risk Committee.

(17) For all the Greek banking activities, the Bank shall enact a claim and litigation policy aiming at maximizing recovery and preventing any discrimination or preferential treatment in the management of litigations. The Bank shall ensure that all necessary actions are taken to maximize the recoveries for the Bank and protect its financial position in the long-term. Any breach in the implementation of that policy shall be reported to the Monitoring Trustee.

(18) The Bank shall monitor credit risk through a well-developed set of alerts and reports, which enable the Risk Management Department to: (i) identify early signals of loan impairment and default events; (ii) assess recoverability of the

48 For the purpose of that Commitment, the term "loans" shall be interpreted *largo sensu*, as any kind of financing, e.g. credit facility, guarantee, etc.

49 For clarification, all borrowers, including the Bank's private banking clients are covered by that Commitment.

loan portfolio (including but not limited to alternative repayment sources such as co-debtors and guarantors as well as collateral pledged or available but not pledged); (iii) assess the overall exposure of the Bank on an individual customer or on a portfolio basis; and (iv) propose corrective and improvement actions to the Board of Directors as necessary. The Monitoring Trustee shall be given access to that information.

Provisions applying to connected borrowers

(19) All the provisions applying on connected borrowers shall apply at the Bank's level.

(20) Within the Credit Policies, a specific section shall be devoted to the rules governing relations with connected borrowers. Connected borrowers include employees, shareholders, directors, managers, as well as their spouses, children and siblings and any legal entity directly or indirectly controlled by key-employees (i.e. employees involved in the decision-making process of the Credit Policies), shareholders, directors or managers or their spouses, children and siblings. By extension, any public institution or government-controlled organization, any public company or government agency shall be considered as a connected borrower. Political parties shall also be treated as connected borrowers in the Credit Policies. Particular focus shall be on decisions regarding any restructuring and write downs of loans to current or former employees, directors, shareholders, managers and their relatives as well as policies followed in the appropriateness, valuation, registration of liens and foreclosure of loan collateral. The definition of connected borrowers has been further specified in a separate document.

(21) The Risk Management Department shall be responsible for the mapping of all connected groups of borrowers that represent a single credit risk with a view to properly monitoring credit risk concentration.

(22) Regarding loans to individuals and legal entities, the Bank, on the basis of the best international practices, applies strict individual and aggregated limits governing the maximum loan amount that can be granted to a single credit risk which relates to connected borrowers (if at all allowed under Greek and EU law).

(23) The Bank shall monitor separately its exposure to connected borrowers including the public sector entities and political parties. The new production of loans[50] to connected borrowers (annual % of Y-1 stock[51]) shall be no higher than the new production of the total loan portfolio in Greece (annual % of Y-1 stock). The credit assessment of the connected borrowers, as well as the pricing conditions and possible restructuring offered to them, shall not be more advantageous compared to conditions offered to similar but unconnected borrowers, in order to secure a level-playing field in the Greek economy. That obligation does not apply to existing general schemes benefiting employees, offering them subsidized loans. The Bank shall report every quarter about the evolution of that

[50] For clarification, the new production of loans covers also the restructuring of existing loans.

[51] For clarification, "annual % of Y-1 stock" refers to the new production as a percentage of the stock at the end of the previous year. The amount of RWA is the one at the end of the year.

exposure, the amount of the new production and the recent requests greater than […]% of the Bank's RWA to be addressed at the Credit committee.

(24) The credit criteria applied to employees/managers/shareholders shall be no less strict than those applied to other, non-connected borrowers. If the total credit exposure to a single employee/manager/shareholder exceeds an amount equal to a […] fixed salary for secured loans and an amount equal to a […] fixed salary for unsecured loans, the exposure shall be reported promptly to the Monitoring Trustee who may intervene and postpone the granting of the loan pursuant to the procedure described in paragraph (25) of Chapter III of the Commitments.

(25) All loan requests by connected borrowers greater than […]% of the Bank's RWA or any loan which keeps the exposure to one group (defined as a group of connected borrowers that represent a single credit risk) higher than […]% of the Bank's RWA shall be reported to the Monitoring Trustee, which may, if the conditions do not appear to be set at arm's-length or if no sufficient information has been provided to the Monitoring Trustee, postpone the granting of the credit line or the loan by […] working days. In emergency cases, that period may be reduced to […] working days provided sufficient information has been provided to the Monitoring Trustee. That period will enable the Monitoring Trustee to report the case to the Commission and the HFSF before any definitive decision is taken by the Bank.

(26) The restructuring of loans involving connected borrowers shall comply with the same requirements as for non-connected borrowers. Furthermore, established frameworks and policies to deal with troubled assets shall be assessed and improved, if necessary. However, it is expected that restructured loans of connected borrowers shall be reported separately, at least per loan asset class and connected borrower type.

Section C: Other restrictions

(27) **Acquisition ban:** The Hellenic Republic commits that the Bank shall not acquire any stake in any undertaking, be it an asset or share transfer. That ban on acquisitions covers both undertaking which have the legal form of a company and any package of assets which forms a business[52].

i. **Exemption requiring Commission's prior approval:** Notwithstanding that prohibition, the Bank may, after obtaining the Commission's approval, and, where appropriate, on a proposal of the HFSF, acquire businesses and undertakings if it is in exceptional circumstances necessary to restore financial stability or to ensure effective competition.

ii. **Exemption not requiring Commission's prior approval:** The Bank may acquire stakes in undertakings provided that:

[52] For clarification, for the purpose of that Commitment, the Bank's Private Equity/Venture Capital business shall be excluded from the scope of that Commitment. In that respect, the Bank shall make a formal request to the Commission, which shall include a business plan for that entity.

a. The purchase price paid by the Bank for any acquisition is less than […]% of the balance sheet size[53] of the Bank at the Effective Date of the Commitments[54]; and

b. The cumulative purchase prices paid by the Bank for all such acquisitions starting with the Effective Date of the Commitments until the end of the restructuring period, is less than […]% of the balance sheet size of the Bank at the Effective Date of the Commitments.

iii. **Activities not falling under the acquisition ban:** The acquisition ban shall not cover:

a. acquisitions of Greek[55] performing loan portfolios as long as these do not lead to the acquisition of an incremental market position of more than […]% on the relevant market;

b. acquisitions that take place in the ordinary course of the banking business in the management of existing claims towards ailing firms.

(28) **Advertising ban:** The Hellenic Republic commits that the Bank shall refrain from advertising referring to state support and from employing any aggressive commercial strategies which would not take place without the support of the Hellenic Republic.

Chapter IV. Monitoring Trustee

(1) The Hellenic Republic commits that the Bank shall amend and extend the mandate of the Monitoring Trustee approved by the Commission and appointed by the Bank on 16 January 2013 until the end of the restructuring period. The Bank shall retain the scope of the mandate to monitor (i) the restructuring plan and (ii) all Commitments set out in this catalogue. The mandate of the Monitoring Trustee shall also ensure that the Monitoring Trustee participates as an observer in the meetings of the Board of Directors (BoD), including the Risk Management Committee and the Strategic Planning Committee, and the Group Executive Committee.

(2) Four weeks after the Effective Date of the Commitments, the Hellenic Republic shall submit to the Commission the full terms of the amended mandate, which shall include all provisions necessary to enable the Monitoring Trustee to fulfil its duties under those Commitments.

(3) Additional provisions on the Monitoring Trustee are specified in a separate document.

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53 For clarification, for the purpose of that Commitment, the size of the balance sheet is equal to the Bank's total assets.

54 For clarification, in case the Commission's approval to lift the acquisition ban is obtained according to point i., paragraph (27), Chapter III of the Commitments, the balance sheet of the Bank at the Effective Date of the Commitments shall be calculated to include also the assets of the acquired entities or the acquired assets at the date of acquisition.

55 For clarification, this includes loans with Greek ultimate beneficial owners.

The Secretary General

Elena Papadopoulou

Appendix I: NBG's financial projections for 2019-2020

In € million	**FY18E**[56]	**FY19F**	**FY20F**
[...]			
[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**
[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**
[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**
[...]	**[...]**	**[...]**	**[...]**
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**
[...]	[...]	[...]	[...]
[...]	**[...]**	**[...]**	**[...]**

Branches and FTES			
Branches	[...]	[...]	[...]
FTEs	[...]	[...]	[...]

[56] Restated for IFRS 16, with Pangaea REIC transferred to discontinued operations.