

Titlos plc

ABS / Greece

Closing Date

26 February 2009

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DEFINITIVE RATINGS

	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon
	A1	€ 5,100	100.00	Sept. 39	6mE + 0.5%
Total		€ 5,100	100.00		

The ratings address the expected loss posed to investors by the legal final maturity. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

OPINION

Strengths of the Transaction

- National Bank of Greece (NBG) (**Aa3/Prime-1**) acts as Hedge Counterparty, Account Bank and Cash Manager.
- The Hedge Agreement with NBG complies with Moody's published criteria for de-linkage of hedge counterparty risk.
- The Cash Management Agreement and Bank Agreement provide that, if NBG is downgraded below certain rating thresholds, its obligations shall be transferred to another suitable entity.
- A reserve fund to cover on-going costs of the Issuer.

Weaknesses and Mitigants

- There is full exposure to the Hellenic Republic (**A1/Prime-1**), so that the rating of the Notes is linked to the rating of the Hellenic Republic on a one-to-one basis.
- The Re-novation mechanism is relatively complex.



STRUCTURE SUMMARY *(see page 3 for more details)*

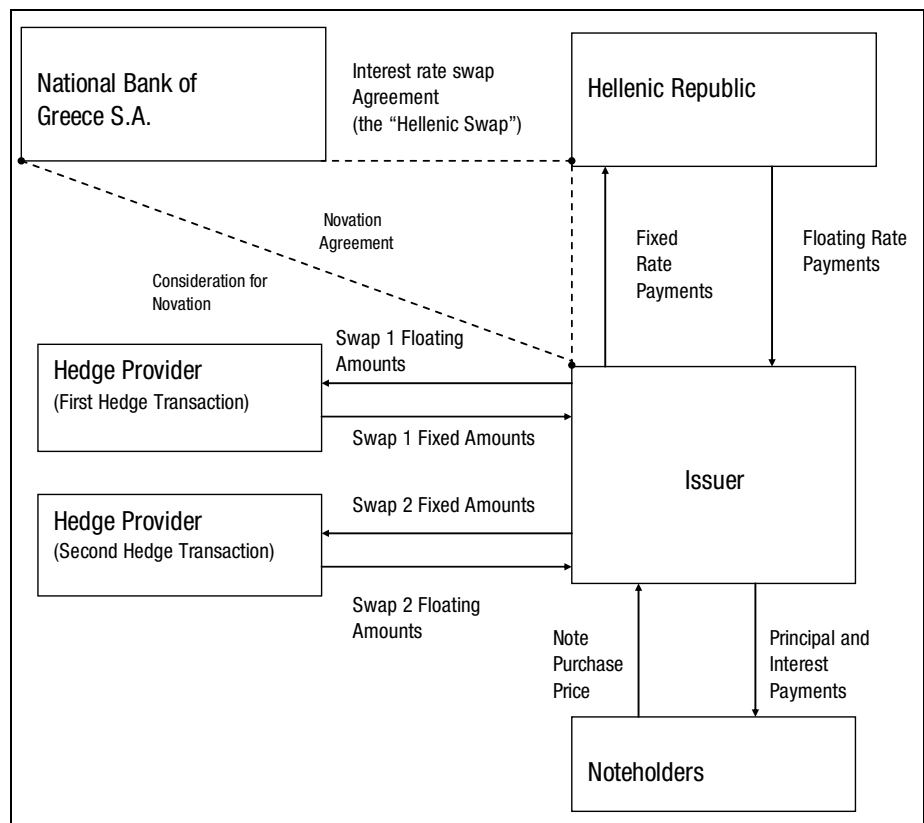
Issuer:	Titlos plc
Borrower:	N/A
Seller/Originator:	National Bank of Greece S.A.
Interest Payments:	Semi annual
Principal Payments:	Semi annual, amortising
Credit Enhancement/Reserves:	€175,000 semi annually
Hedging:	Interest rate swaps, National Bank of Greece S.A.
Subordinated Loan Provider	National Bank of Greece S.A., London Branch
Cash Manager:	National Bank of Greece S.A.
Principal Paying Agent:	Citibank, N.A., London Branch
Security Trustee:	Citicorp Trustee Company Limited
Note Trustee:	Citicorp Trustee Company Limited
Arranger/Lead Manager:	Goldman Sachs International

TRANSACTION SUMMARY

In December 2008, National Bank of Greece S.A. (“NBG”) (**Aa3, Prime-1**) entered into an interest rate swap transaction with the Hellenic Republic (the “Hellenic Swap”).

On the closing date, NBG novated the Hellenic Swap to the Issuer (subject to certain amendments to its terms) pursuant to a Novation Agreement. The initial purchase price paid by the issuer under the Novation Agreement was equal to the issuance proceeds of the Notes. At the same time, the Issuer entered into a Hedge Agreement with NBG comprising two swap transactions (Swap 1 and Swap 2), to exchange its cashflows from the Hellenic Swap for cashflows matching the interest and principal payments under the Notes plus a margin to cover the Issuer’s on-going expenses. (see diagram below).

STRUCTURAL AND LEGAL ASPECTS



Issuer established in the UK

The Issuer is established as a bankruptcy remote vehicle incorporated in the UK.

Novation Agreement

The rights and obligations of NBG under the Hellenic Swap were transferred by NBG to the Issuer by way of novation pursuant to a Novation Agreement between NBG, the Hellenic Republic and the Issuer. The Issuer used the proceeds of the Notes to pay NBG the initial consideration for the novation. The Issuer will also pay deferred consideration to NBG to the extent of excess funds on each interest payment date after all items ranking senior in the relevant priority of payments are paid in full.

Greek legal counsel has opined that the Novation Agreement is valid and enforceable and that, on the basis that NBG was solvent as at the time of the novation, the Issuer’s rights under the Hellenic Swap could not be “claw-backed” following the insolvency of NBG. Further, they have opined that the novation will not be re-characterised as a secured loan, despite the fact that NBG retains a right of re-novation (see below).

Under the Novation Agreement, the Hellenic Republic has waived any right to set-off existing claims owing to it by NBG against its payments to the Issuer under the Hellenic Swap. Further, the events of default and termination events in the Hellenic Swap with respect to the Issuer have been modified in accordance with Moody's Hedge Framework¹.

Re-novation Agreement

The Hellenic Republic, NBG and the Issuer have also entered into a Re-novation Agreement, pursuant to which NBG has the right, but not the obligation, to have the Hellenic Swap novated back to it subject to:

- (a) NBG giving the Hellenic Republic and the Issuer not less than 12 days advance written notice of the date upon which such re-novation is to occur (the "Re-novation Date"); and
- (b) NBG paying a re-novation fee to the Issuer which is sufficient to enable the Issuer to pay the Notes (and certain other amounts, including all senior ranking claims) in full.

Following delivery of a re-novation notice, the Notes would become redeemable in full on the Re-novation Date. Such notice would also result in an early termination of the Hedge Agreement (effective as of the Re-novation Date). However, it will not prevent any scheduled swap payments from becoming payable up to the Re-novation Date. Any termination payment payable under the Hedge Agreement would be taken into account when determining the re-novation fee.

NBG is not required to have a minimum rating as a condition to serving a re-novation notice. However, if NBG does not pay the re-novation fee in full, the notice of redemption for the Notes and the termination notice under the swaps would have no effect, and the Hellenic Swap between the Issuer and the Hellenic Republic would continue as if no re-novation notice had been served.

Hellenic Swap

The Hellenic Swap between the Issuer and the Hellenic Republic has a fixed notional amount of Euro 5.5bn and is scheduled to terminate on 20 September 2037. The Issuer pays 4.50% annually and the Hellenic Republic pays 6 Month Euribor + 6.6025% semi annually. The Hellenic Republic (but not the Issuer) is required to gross-up for any tax in relation to its swap payments.

In order to make scheduled payments to Noteholders, the Issuer relies on, among other things, the receipt of amounts payable to it under the Hellenic Swap. Payments under the Hellenic Swap are due to be paid on the same date as the corresponding payments under the Notes, giving rise to a potential operational risk.

Hedge Agreement for Swap 1 and Swap 2

The Issuer has entered into a Hedge Agreement comprising two swap transactions with NBG as Hedge Provider.

Swap 1 has a fixed notional amount of Euro 5.5bn and is scheduled to terminate on 20 September 2037. Under Swap 1, the Issuer exchanges a flow of floating rate receipts into a stream of fixed rate payments. By virtue of payments under the Hellenic Swap and Swap 1, the Issuer retains a net fixed amount semi-annually. The Issuer uses such net amount to (i) make fixed payments under Swap 2, (ii) make scheduled principal payments under the Notes and (iii) replenish the expenses reserve fund.

Swap 2 has a notional amount that tracks the amortising principal amount of the Notes and is scheduled to terminate on 20 September 2037. Under Swap 2, the issuer makes fixed payments in exchange for floating amounts that equal the interest due under the Notes.

The Hedge Agreement complies with Moody's hedge de-linkage criteria for cash flow transactions¹. Therefore Moody's has not modelled the impact of NBG's credit risk (as Hedge Provider) on the expected loss posed to investors.

¹ Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Cashflow Transactions, May 10 2007

Expenses – Subordinated Loan Agreement and expenses reserve

The structure provides for annual expenses coverage of €350K, which is 7 times the Issuer’s estimated annual expenses of €50,000.

The expenses coverage for the first interest period is funded by a subordinated loan agreement provided by NBG London Branch. Subsequently, on each interest payment date, the expenses reserve fund will be replenished to €175,000 through application of the waterfall.

Security

Pursuant to the Deed of Charge, the Issuer has granted security over all of its assets, including its rights under the Hellenic Swap, the Transaction Account, and all transaction documents to which it is a party, to the Trustee for the benefit of the Noteholders and other secured creditors.

Replacement of Cash Manager / Account Bank

The Cash Management Agreement and Bank Agreement provide that, if NBG is downgraded below certain rating thresholds, its obligations shall be transferred to another suitable entity.

ORIGINATOR, SERVICER AND OPERATIONS REVIEW

National Bank of Greece S.A. and its consolidated subsidiaries comprise a diversified financial services group engaged in a wide range of banking, financial services, insurance, stock-brokerage and finance-related activities throughout the Hellenic Republic and internationally.

National Bank of Greece S.A. is currently rated **P-1** and **Aa3** (outlook negative).

RATING SENSITIVITIES AND MONITORING

Linkage to Hellenic Republic

There is full exposure to the Hellenic Republic (**A1/Prime-1**), so that the rating of the Notes is linked to the rating of the Hellenic Republic on a one-to-one basis.

Moody’s will monitor the transaction on an ongoing basis to ensure that its transaction continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody’s Client Service Desk.

RELATED RESEARCH

For a more detailed explanation of Moody’s approach to this type of transaction please refer to the following report:

- [Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Cashflow Transactions](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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