PRESS RELEASE

NBG Group: Q3.15 results highlights

- **CET1 ratio stable qoq despite protracted bank holiday and capital controls hitting top line in Greece**
  - CET 1 stood at 9.6% in Q3, unchanged qoq
  - Turkish Lira depreciation impact was offset by €2.2bn RWAs reduction (including domestic deleveraging) and DTA of €0.5bn (relating to the increase of the corporate tax rate)
  - Following the announcement of intention to sell 100% of Finansbank, the associated goodwill of €1.05bn was partially impaired (€0.65bn) – no impact on regulatory capital
- **Sector-best 90dpd coverage of 73% in Greece; 72% at Group level**
  - Domestic 90dpd formation at €766m in July, as a direct result of the bank holiday; Rapid reversal in August and September (net reduction of 90dpd of €360m)
  - 90dpd ratio in Greece increased to 33.8% from 32.1% in Q2, affected also by deleveraging (60bps);
  - Group NPE coverage remained flat qoq at 53% in Q3
- **Early signs of deposit recovery in Greece; Best-in-class domestic L:D of 94%**
  - Q3 deposit inflows of €345m in Greece after cumulative outflows of €10.6bn in the past three quarters
  - Eurosystem funding dropped by €2bn at the end of Q3; Excess collateral at €8bn
  - Deposit growth of 1.0% qoq in Greece and 10.8% qoq in Turkey in TL terms
- **Top line temporarily reduced due to capital controls**
  - Group core pre-provision income at €345m, impacted by lower banking activity due to capital controls and FX in Q3
  - Domestic NII rebounded to €389m in Q3 (+2.6% qoq) on lower deposit costs
  - Group operating expenses at €525m (-3.0% qoq); Personnel expenses down by 2.3% qoq in Greece
  - Post-AQR CoR still high in Greece at 271bps due to increased formation relating to capital controls
  - Gross loan balance up 5.0% qoq in Turkey on a constant exchange rate basis

Athens November 9, 2015

Superior liquidity position despite headwinds

Following the imposition of capital controls and the gradual restoration of confidence, group deposits remained relatively stable qoq at €55.8bn in Q3, after dropping by 7.8% qoq the previous quarter. This mainly reflects the domestic deposit inflows of €0.3bn against extended outflows totaling €10.6bn in the past three quarters. In Turkey, deposits grew by 10.8% qoq on a constant exchange rate basis, while SE Europe and other counties' deposits were up 1% qoq.

As a result, NBG's maintains a best-in-class L:D ratio of 94% in Greece and 103% at the Group level.

Eurosystem funding decreased to €25.6bn at the end of September (ELA: €15.6bn) from €27.6bn at the end of June (ELA: €17.6bn), remaining the lowest among Greek banks. Since the end of September[1], Eurosystem funding has marginally declined to €25.4bn (ELA: €15.6bn), with the cash value of excess collateral amounting to €8.0bn, roughly equivalent to the Pillar II bonds.

Sector-best 90dpd coverage at the Group level and in Greece

At the Group level, 90dpd formation totaled €495m in Q3 from €133m in Q2, reflecting the substantial increase in Greece, as 90dpd formation surged to €406m from €41m the previous quarter. This mainly reflects the 3-week bank holiday and the introduction of capital controls in July. Domestic 90dpd formation in August and more evidently in September stood at firmly negative territory revealing rapid reversal.

Domestic impairments settled at €232m in Q3, with CoR still high at 271bps, due to increased formation relating to capital controls. The Bank maintains a sector-best 90dpd coverage ratio of 73% in Greece and 72% at the Group level. Group NPE coverage remained relatively flat qoq at 53% in Q3.

In Turkey, the 90dpd ratio remained stable qoq at 6.1% in Q3, while coverage increased to 78.2% (+0.4pps qoq). In SE Europe and other international activities the 90dpd ratio stood at 28.3% (+0.3pps qoq), with coverage increasing to 56.6% from 55.6% in Q2.

Profitability

<u>Greece:</u>

Domestic core pre-provision profit amounted to €140m, down 10.4% qoq. This mainly reflects the pressure on net fee income, negatively affected by the bank holiday and the capital controls (lower brokerage, custody and investment banking related fees), as well as increased Pillar II securities-related expenses. On the positive side, net interest income increased by 2.6% qoq to

[1] Data as at 5 November 2015

€389m on the back of lower deposit costs coupled with improving deposit mix. Net interest margin grew by 17bps qoq to 266bps. Personnel expenses were down by 2.3% qoq.

At the bottom line, the Bank recorded net profit before one-offs of €269m, (excluding revaluation losses and TEKE (HDIGF) one-off cost of €90m in total).

International:

In Turkey, Finansbank continued to grow for yet another quarter. In TL terms, total loans expanded by 16.1% yoy and 5.0% qoq to TL63.1bn. The loan mix continues to shift in favor of the corporate segment, as corporate loans posted growth of 7% qoq, with the retail portfolio expanding by 2% qoq. In Q3, corporate loans accounted for almost 60% of the total gross loan book.

Core pre-provision income increased by 6.8% to TL525m in Q3, driven by the strong net fee income evolution (+8.4% qoq) and the 2.4% qoq decline in operating expenses (TL606m in Q3 from TL621m in Q2). Pre-provision profitability amounted to TL489m (-10.6% qoq), burdened mainly by trading and other losses of TL36m in Q3 against income of TL55m the previous quarter.

Provision charges declined by 2.7% qoq to TL278m (CoR: 189bps), with 90 dpd coverage further increasing by 45bps qoq to 78%. PAT stood at TL179m from TL111m the previous quarter.

Profitability in the Group's operations in SE Europe and other countries surged to €16m from €6m in Q2, reflecting the normalization of non-core income (trading and other income of €1m against losses of €4m in Q2), and the 14.4% qoq decline in provisions.

Capital position

CET 1 ratio remained stable qoq at 9.6%, despite protracted bank holiday and capital controls imposition hitting top line in Greece. Turkish Lira depreciation impact was offset by €2.2bn reduction in RWAs (including domestic deleveraging) and DTA of €0.5bn (relating to the increase of the corporate tax rate)

Annex

	Q3.15	Q2.15	*qoq Δ*	9M.15	9M.14	*yoy Δ*
Results (€m)						
Group net profit	(401)	(1,614)	*-75.1%*	(2,175)	1,176	*n.m.*
Greece	179	(1,656)	*n.m.*	(1,766)	888	*n.m.*
Turkey	56	36	*57.9%*	206	257	*-19.7%*
SE Europe[1]	16	6	*>100%*	39	42	*-8.4%*
Core Revenues (€m)						
Group	870	906	*-4.0%*	2,718	2,774	*-2.0%*
Greece	398	413	*-3.6%*	1,262	1,347	*-6.3%*
Turkey	363	386	*-6.0%*	1,134	1,123	*1.0%*
SE Europe[1]	109	108	*1.6%*	322	279	*15.5%*
Operating Expenses (€m)						
Group	525	541	*-3.0%*	1,590	1,520	*4.6%*
Greece	258	256	*0.5%*	765	783	*-2.3%*
Turkey	200	217	*-7.7%*	626	554	*13.0%*
SE Europe[1]	67	68	*-1.2%*	198	164	*20.9%*
Group Balance Sheet (€m)						
Total Assets	110,872	113,526	*-2.3%*	110,872	113,311	*-2.2%*
Net Loans	57,648	60,156	*-4.2%*	57,648	61,952	*-6.9%*
Deposits	55,772	55,681	*0.2%*	55,772	66,904	*-16.6%*
Group Ratios						
(Net) Loans: Deposits (%)	103%	108%	*5 pps*	103%	93%	*10 pps*
Net Interest Margin (bps)	320	312	*8 bps*	319	325	*-16 bps*

[1] SE Europe includes the Group's businesses in Bulgaria, Romania, Serbia, Albania, the Former Yugoslav Republic of Macedonia and other countries

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