



NATIONAL BANK  
OF GREECE



# Q4.15 Financial Results

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March 15, 2016

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# Financial Highlights

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1



# Balance sheet well positioned for improved profitability in 2016

## Capital

### **CET 1 pro-forma<sup>1</sup> ratio at 17.5%**

- CET1 ratio on a CRD IV fully loaded basis at 16.8%<sup>1</sup>
- Including CoCos, CET 1 at 22.7%<sup>1</sup>
- Group RWAs at 40.3bn<sup>1</sup> of which €34.1bn in Greece
- Capital to be further enhanced by full implementation of restructuring plan

## Profitability

### **Q4 domestic core PPI at €153m up by 9% qoq, reflects early signs of expected core income recovery, induced by funding cost improvement**

- Funding costs benefits derive from time deposit repricing (-19bps qoq), deposit mix rebalancing (core depos at 68% of total) and ELA reduction (€4.1bn qoq); impacts to be reflected fully in NII and NIM starting from Q1.16
- FY.15 personnel expenses in Greece slightly down yoy, add up to a total containment through the crisis of 43%
- Q4.15 Group bottom line from continued operations was negatively affected by one off impairment charges and other one-offs, which incorporate among others the impairment charge from the sale of NBGI Private Equity (€106m) and a VRS provision (€118m)

## Liquidity

### **Capital actions and domestic deposit pick up result in a substantial ELA reduction**

- ELA funding drops by €4.1bn qoq to €11.5bn; senior debt guarantees more than halved by €4.8bn (March 2016), to €3.8bn translating to ca €90m in annualized funding savings for 2016
- Finansbank transaction to boost liquidity further by €3.5bn
- Best-in-class L:D ratio improves further to 90% in Greece (91% at the Group level)
- Domestic deposit stock increase of €0.8bn in Q4, aided by seasonality

## Asset quality

### **Q4 domestic formation levels of €86mn sharply lower vs Q3 levels (€406m)**

- Q4 domestic formation dropped to just €86mn, aided by recoveries across the entire product range in the latter half of Q4
- Domestic 90dpd ratio up 30bps qoq to 34.1%, principally due to sustained deleveraging (+20bps impact)
- FY.15 domestic provisions of €3.5bn, fully reflect the €2.3bn AQR result, driving 90dpd coverage to a sector high 77% (+3.4ppts qoq)
- Additional to AQR, domestic provisioning run rate of 329bps in Q4.15, reflect more conservative specific provisioning

1. Pro-forma for the agreed transactions of Finansbank, Astir Palace and NBGI PE

# P&L and key ratios

## Key ratios & metrics – Group (excl. TUR)

	4Q15	3Q15	2Q15	1Q15	4Q14	FY15	FY14
<b>Liquidity</b>							
L/D ratio	91%	96%	99%	96%	85%	91%	85%
ELA exposure (€ bn)	11.5	15.6	17.6	13.9	0	11.5	0
<b>Profitability</b>							
NIM (bps)	280	279	264	278	285	275	280
Cost / Core income ratio	64%	64%	62%	57%	60%	62%	59%
<b>Asset quality</b>							
90dpd ratio	33.1%	33.0%	31.5%	31.4%	31.3%	33.1%	31.3%
90dpd coverage ratio	74.6%	71.3%	72.3%	59.7%	59.3%	74.6%	59.3%
Cost of Risk (bps)	746	251	2 195	325	1 119	887	466
<b>Capital</b>							
CET1 phased-in	17.5% <sup>1</sup>	9.6%	9.5%	12.1%	13.6%	17.5% <sup>1</sup>	13.6%
CET1 ratio CRD4 fully loaded	16.8% <sup>1</sup>	8.8%	8.7%	8.7%	9.4%	16.8% <sup>1</sup>	9.4%
RWAs (€ b)	40.3 <sup>1</sup>	60.7	62.9	64.7	59.7	40.3 <sup>1</sup>	59.7

## Group P&L (excl. TUR)

€ m	FY15	FY14	yoy%	4Q15	3Q15	qoq%
NII	1 905	1 998	-5%	474	472	1%
Fees & Commissions <sup>2</sup>	290	300	-3%	75	66	14%
Pillar II costs	(197)	(161)	22%	(54)	(53)	2%
Insurance income	112	86	31%	29	21	37%
Trading & other income	(99)	(157)	-37%	108	(178)	n/m
<b>Income</b>	<b>2 010</b>	<b>2 065</b>	<b>-3%</b>	<b>632</b>	<b>328</b>	<b>93%</b>
<b>Operating Expenses</b>	<b>(1 300)</b>	<b>(1 304)</b>	<b>0%</b>	<b>(333)</b>	<b>(325)</b>	<b>2%</b>
<b>Core PPI</b>	<b>810</b>	<b>918</b>	<b>-12%</b>	<b>190</b>	<b>180</b>	<b>6%</b>
<b>PPI</b>	<b>710</b>	<b>760</b>	<b>-7%</b>	<b>298</b>	<b>3</b>	<b>&gt;100%</b>
Provisions	(3 675)	(2 100)	75%	(739)	(256)	>100%
<b>Operating Profit</b>	<b>(2 965)</b>	<b>(1 340)</b>	<b>&gt;100%</b>	<b>(441)</b>	<b>(253)</b>	<b>74%</b>
Other impairments <sup>3</sup>	(469)	(423)	11%	(247)	(51)	>100%
PBT	(3 434)	(1 763)	95%	(688)	(304)	>100%
Taxes	990	1 606	-38%	(62)	518	n/m
<b>PAT (cont. ops)</b>	<b>(2 444)</b>	<b>(157)</b>	<b>&gt;100%</b>	<b>(750)</b>	<b>214</b>	<b>n/m</b>
PAT (discount. ops) <sup>3</sup>	(1 606)	315	n/m	(1 160)	(595)	95%
Minorities	(29)	(40)	-28%	(2)	(12)	-84%
Other one-offs	(147)	(53)	>100%	(138)	(9)	>100%
<b>Attributable PAT</b>	<b>(4 226)</b>	<b>66</b>	<b>n/m</b>	<b>(2 050)</b>	<b>(401)</b>	<b>&gt;100%</b>

1. Pro-forma for Finansbank, Astir Palace and NBGI divestments and CoCos repayment

2. Excludes Pillar II costs

3. See details on slide 29



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# Liquidity

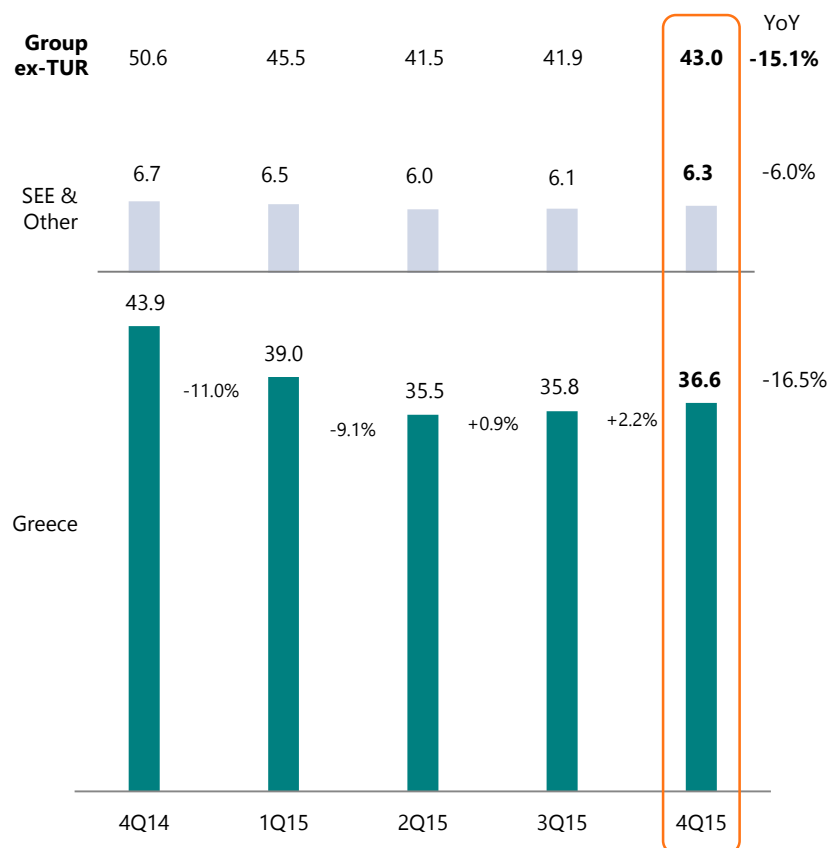
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# 2

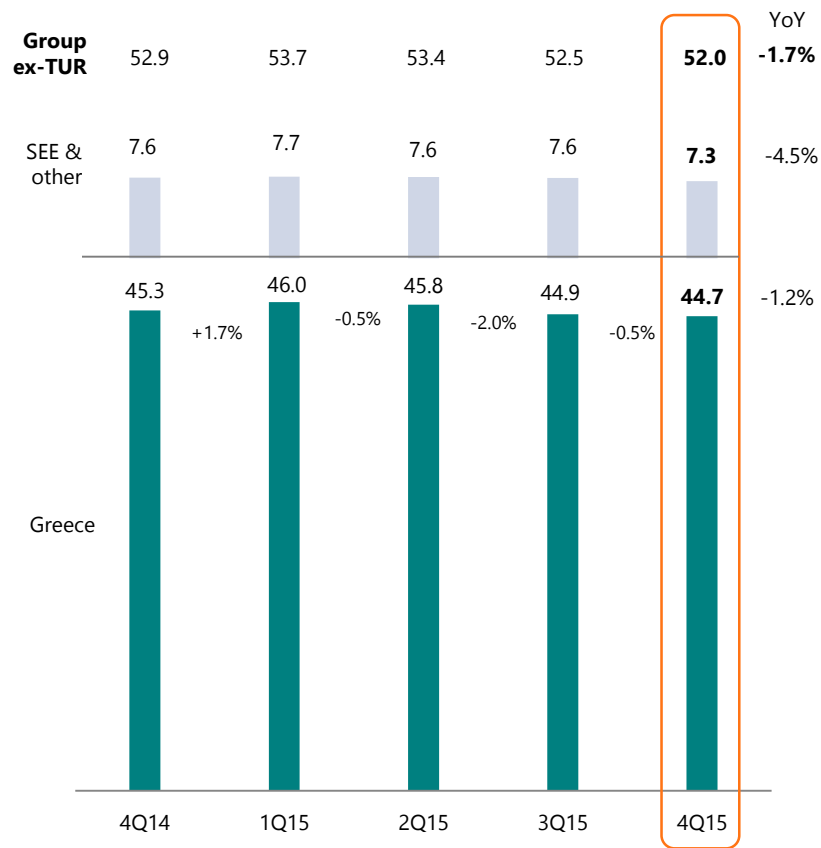


# Domestic deposits pick up slightly in 4Q15...

Deposit evolution by geography (€ bn)



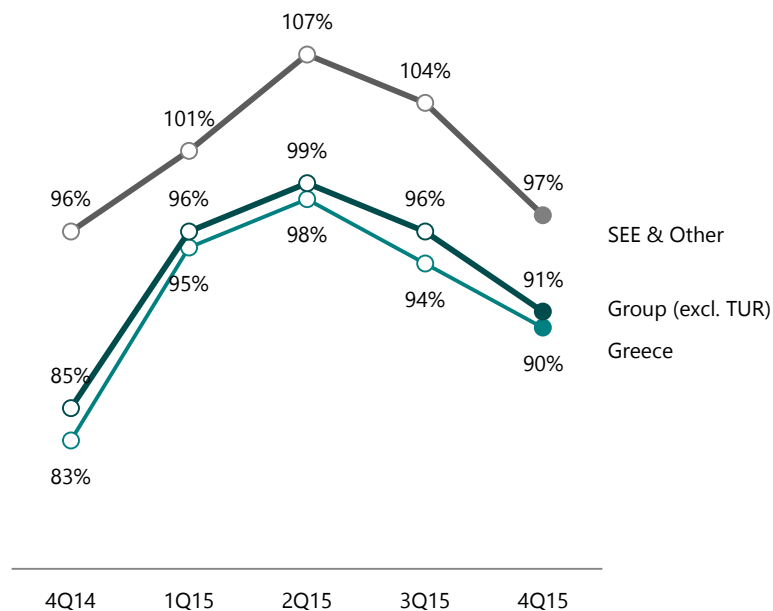
Gross loans' evolution by geography (€ bn)



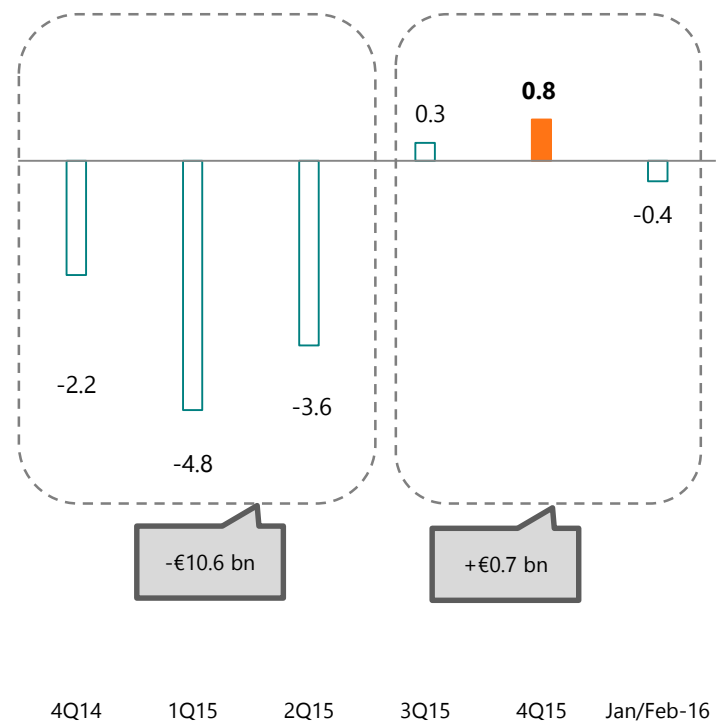


...pushing L:D to 90%, way below the sector, providing the basis for future credit growth

L:D ratio evolution

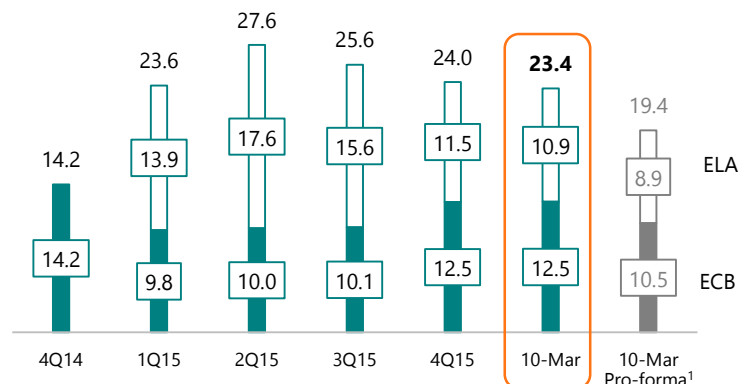


Greek deposit flows per quarter (€ bn)

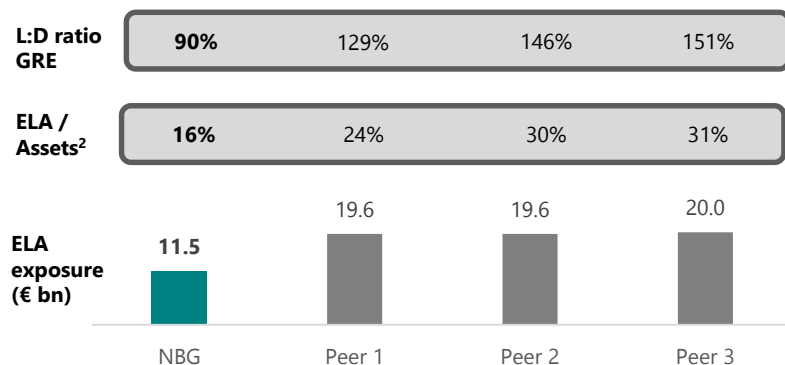


# Pillar II exposure is reduced substantially to €3.8bn; Eurosystem exposure at €23.4bn, before accounting for the liquidity impact of Finansbank

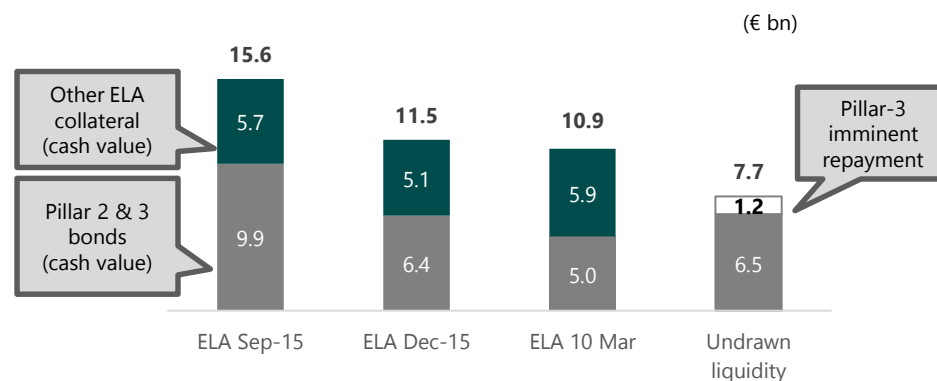
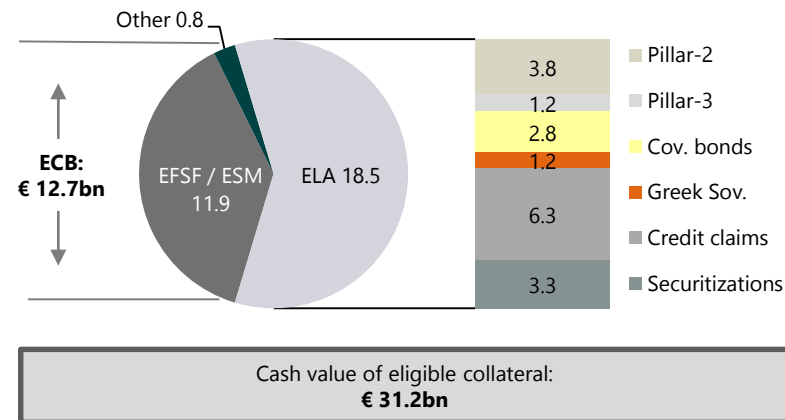
## Eurosystem funding (€ bn)



## Peer group analysis: liquidity position as of 31 Dec15



## Eurosystem collateral cash values (€ bn) | Mar-16



1. Pro-forma for Finansbank, Astir Palace, NBGI sales and CoCo repayment

2. Excl. EFSF & ESM bonds and Finansbank



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## Profitability

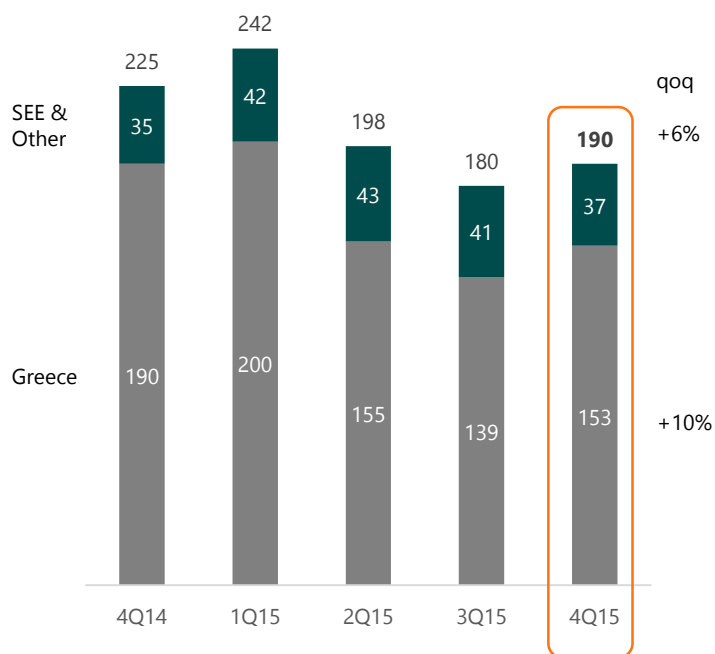
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# FY15 Group Core Operating result affected by sustained deleveraging and increased Pillar II exposure; early signs of core PPI recovery in 4Q15 (+10% qoq)

Group Core PPI decomposition by region (€ m)

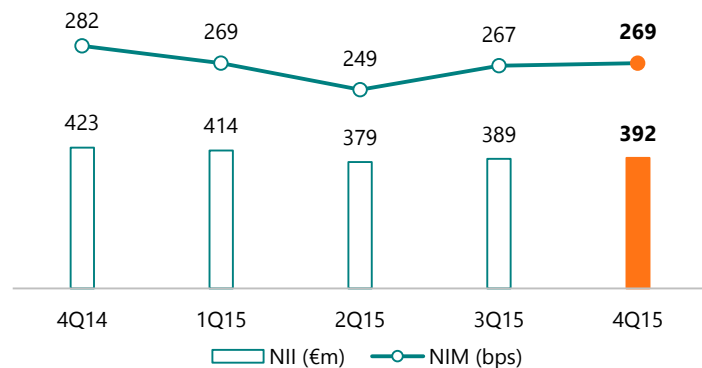


Group FY Core PPI bridge



# Early signs of domestic NII and NIM recovery in Q4 as funding costs improve

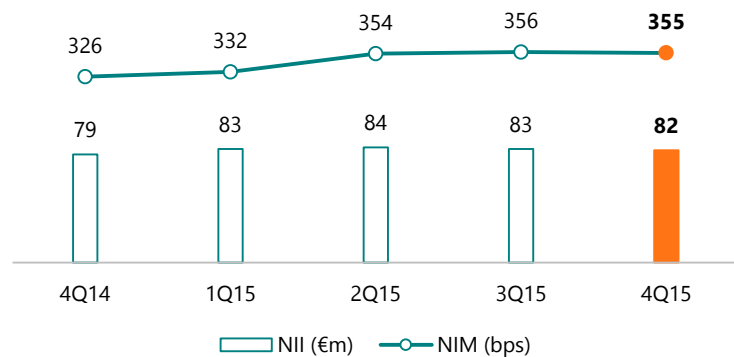
## Greece



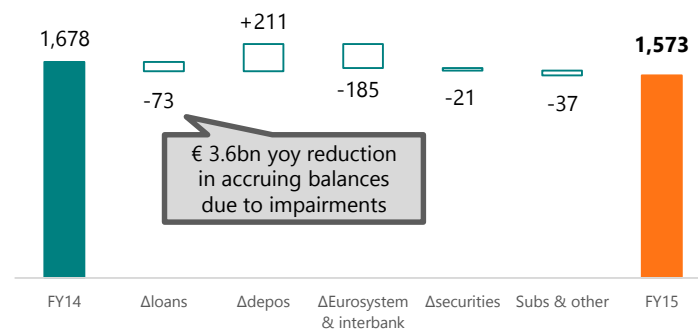
## Domestic NII quarterly evolution (€ m)



## SEE & Other

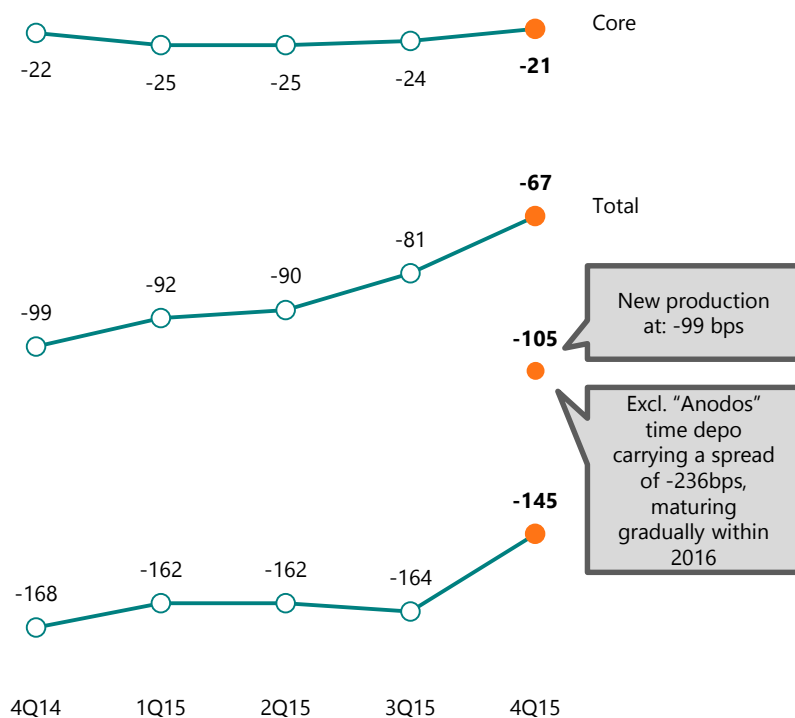


## Domestic NII yearly evolution (€ m)

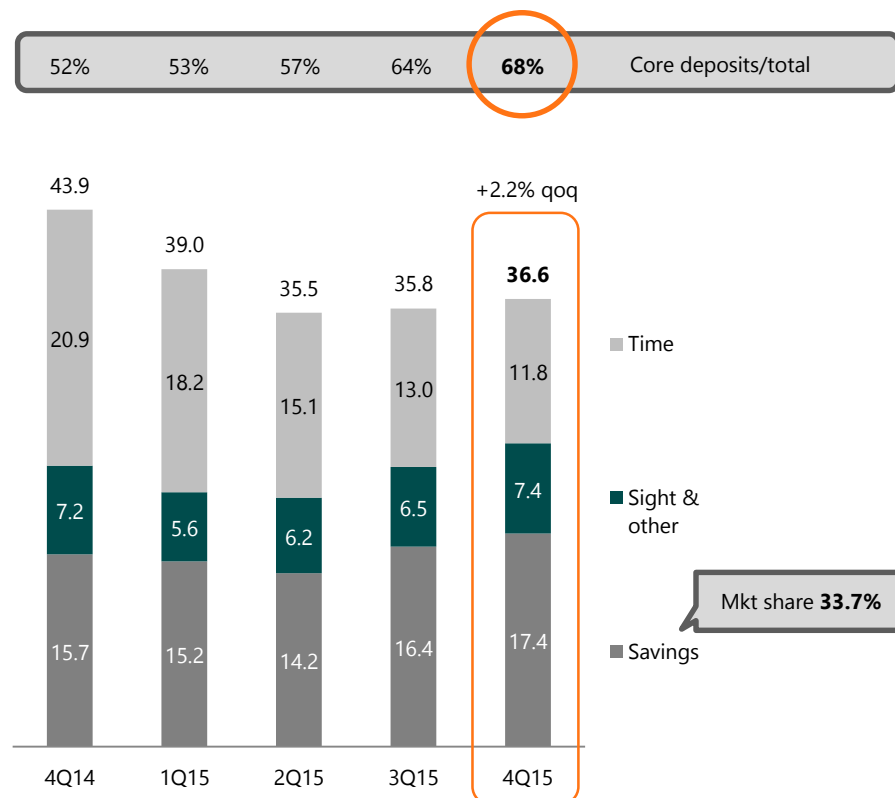


# Deposit costs down 14bps qoq, driven by time deposit repricing and deposit mix rebalancing

## Greek deposit spreads (bps)

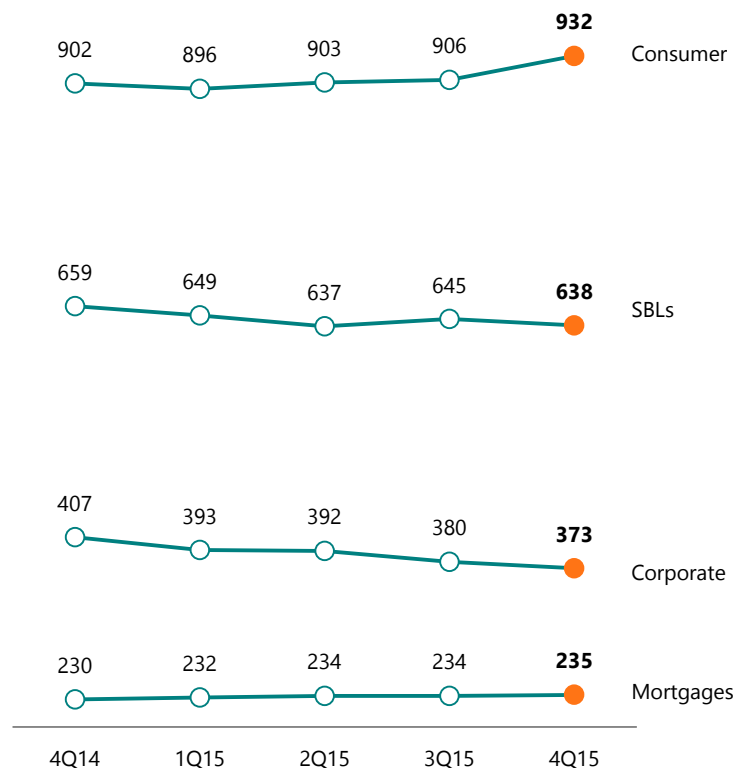


## Greek deposits evolution (€ bn)

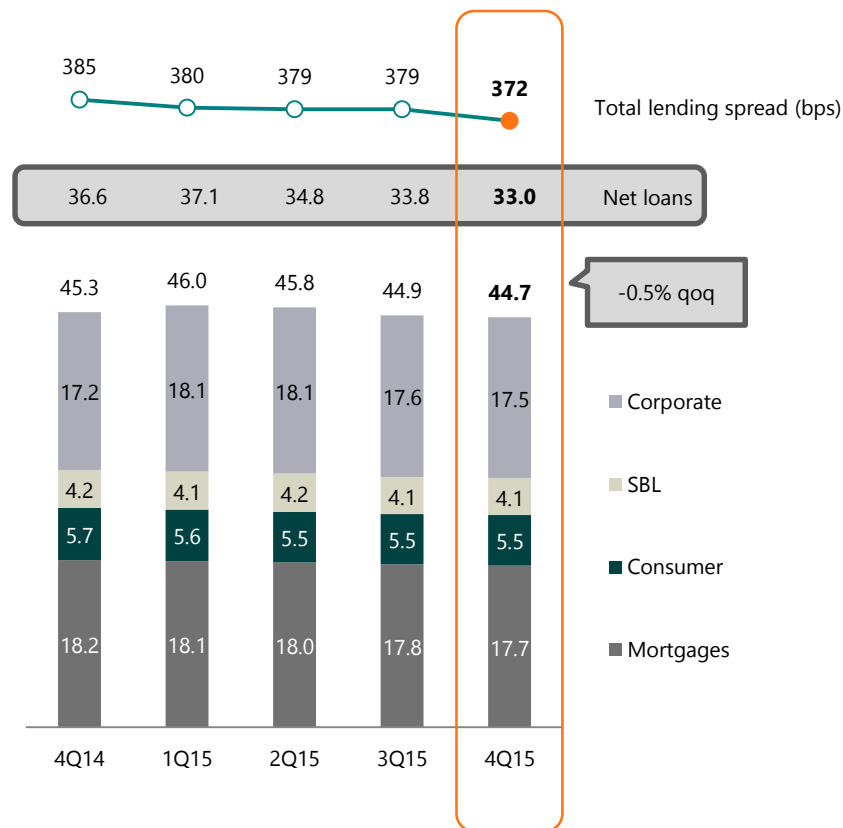


# Greek lending spreads edge lower but remain resilient; corporate spread at 373bps

Greek lending spread (bps)



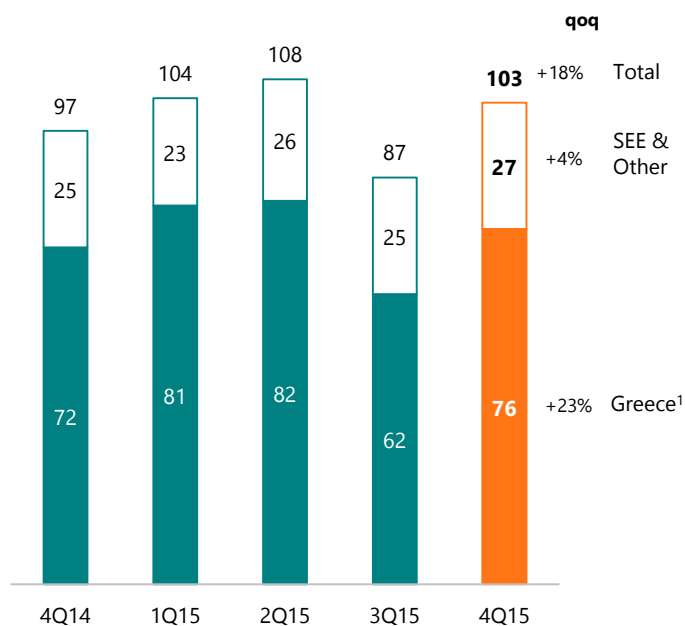
Greek gross loans evolution (€ bn)



# Fee income recovers in 4Q15, +23% qoq

## Group fees & insurance income (€ m)

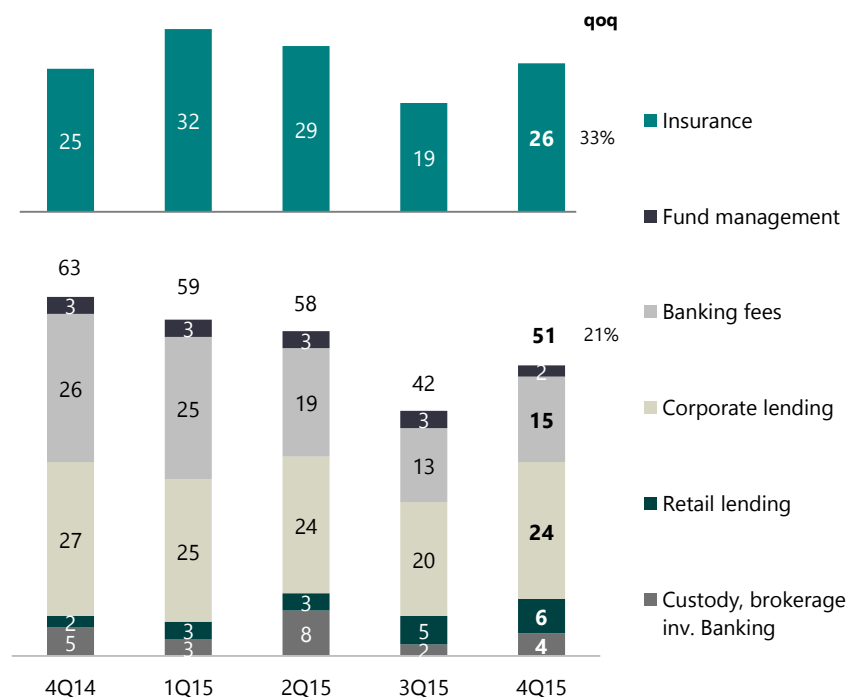
0.45% 0.47% 0.52% 0.42% **0.49%** Fees<sup>1</sup>/Assets



-37 -43 -48 -53 **-54** Pillar 2 cost

## Domestic fees & insurance decomposition (€ m)

88 91 86 62 **76** Total



1. Excl. Pillar-2 bonds

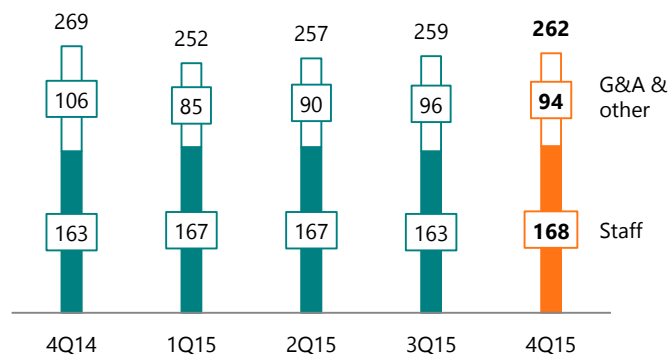


# Domestic FY.15 OpEx down 2.6% yoy, adding up to a 38% cut in costs since 2009

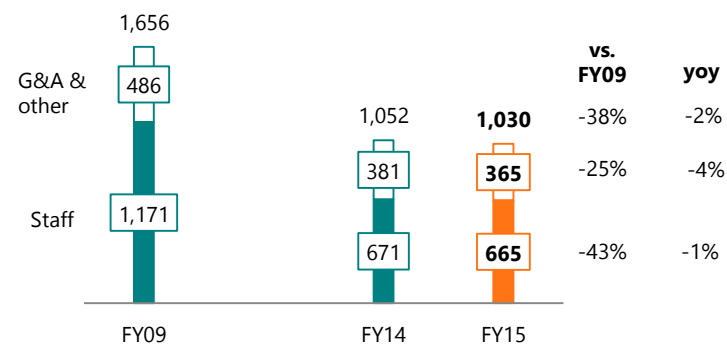
## Group OpEx by category (€ m)

	FY15	FY14	yoy
Personnel	802	797	0.6%
G&As	378	383	-1.2%
Depreciation	121	125	-3.2%
<b>Group</b>	<b>1,300</b>	<b>1,304</b>	<b>-0.3%</b>
<b>Greece</b>	<b>1,030</b>	<b>1,052</b>	<b>-2.1%</b>

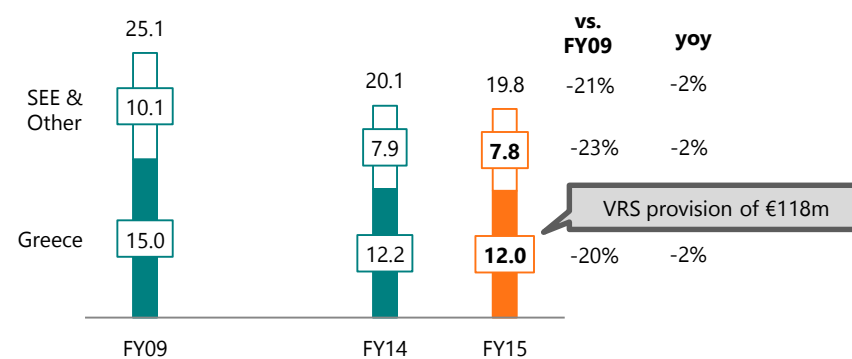
## Domestic OpEx evolution (€ m)



## Domestic Costs (€ m)



## Headcount evolution ('000)





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## Asset quality

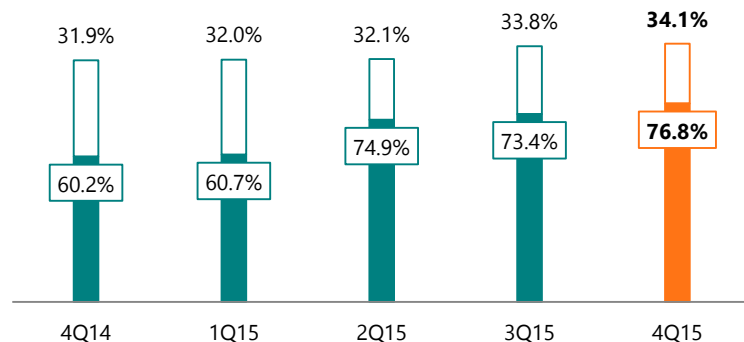
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4

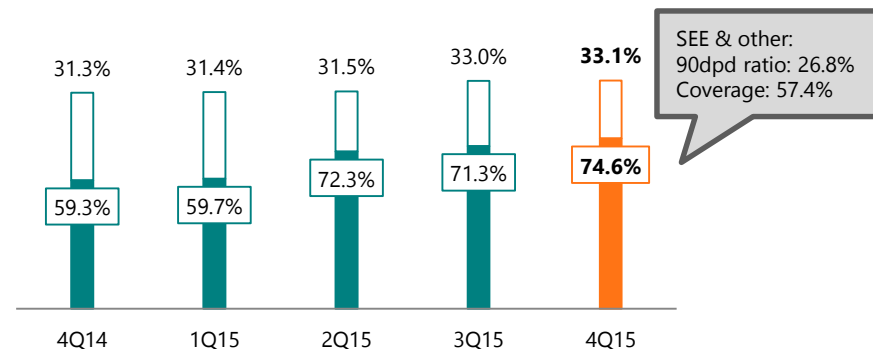


# FY.15 domestic credit risk charges of €3.5bn push 90dpd cash coverage to an industry leading 77%

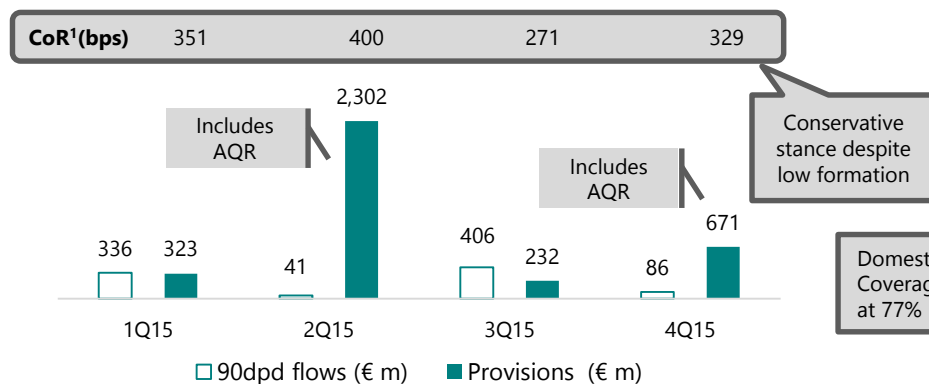
## Greece: 90dpd ratio and coverage



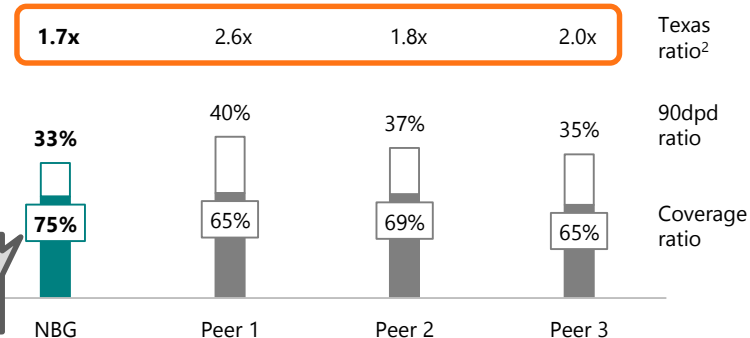
## Group: 90dpd ratio and coverage



## Greece: 90dpd formation and provisions



## Peer Group analysis: asset quality (Group, excl. TUR)

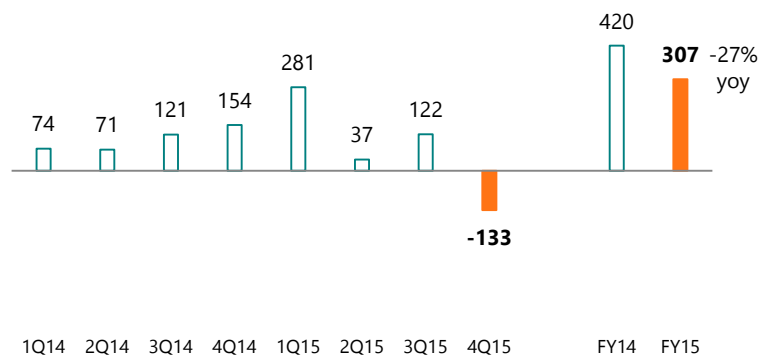


1. CoR (bps) adjusted for AQR charges, calculated on net loans

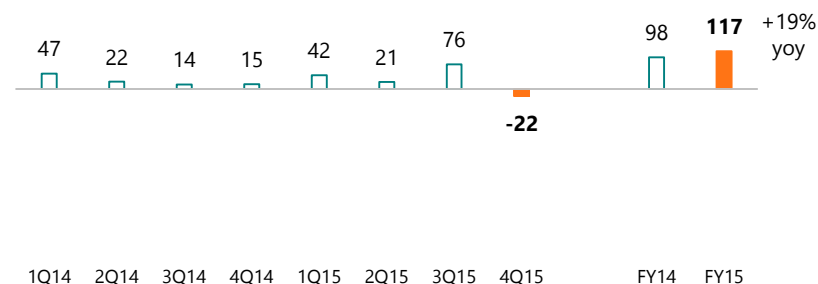
2. Texas Ratio: (NPEs-Provisions)/TBV

# Clear reversal of delinquency formation trends in Q4.15

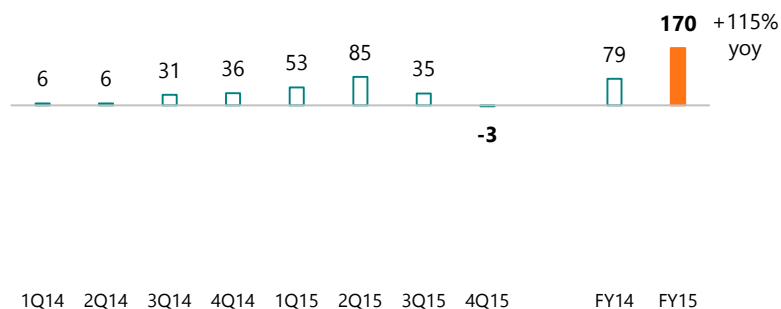
## Mortgages<sup>1</sup> (€ m)



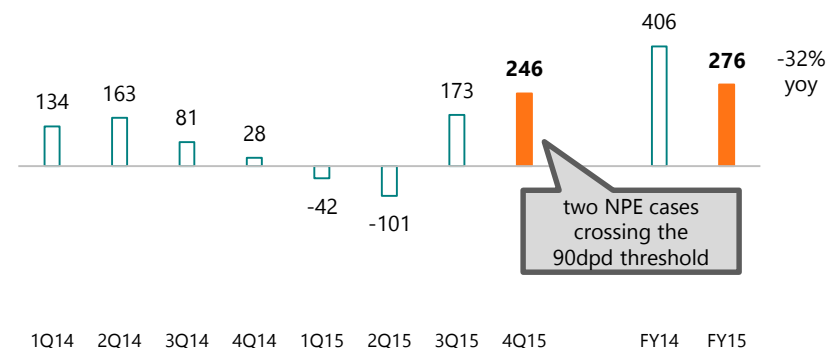
## Consumer (€ m)



## SBLs (€ m)



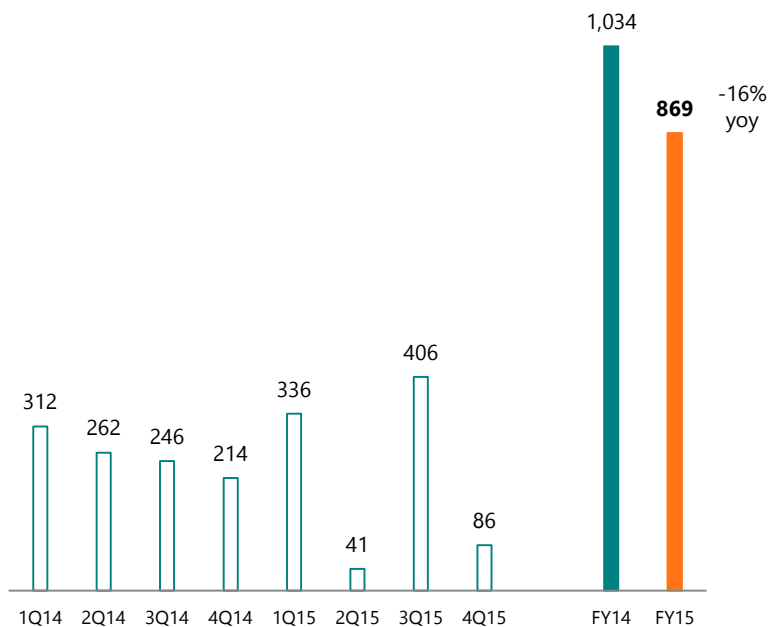
## Corporate (€ m)



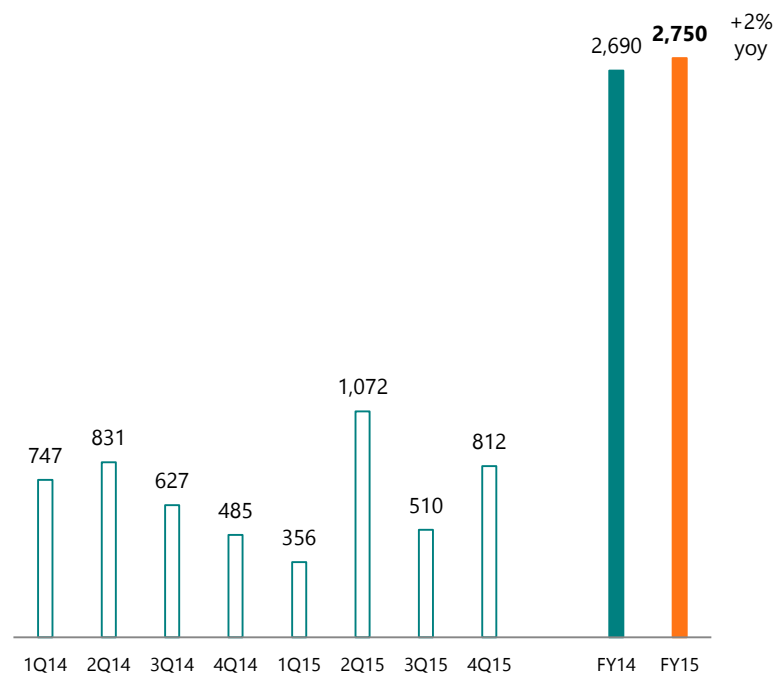
1. Mortgage formation up to 3Q14 is on 180dpd basis; 4Q14 onwards is on a 90dpd basis

# Despite a turbulent year restructuring flows and delinquency formation trends were positive

Domestic delinquency formation (€ m)

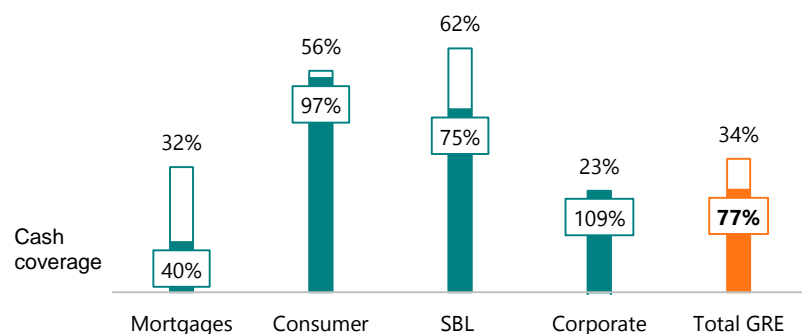


Domestic 90dpd restructuring flows (€ m)

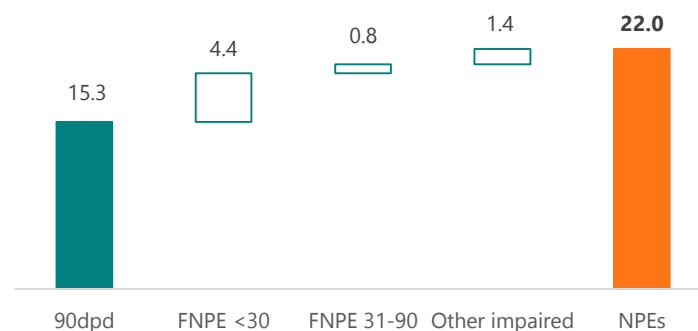


# Domestic LLAs cover more than 1/4<sup>th</sup> of loans and more than 3/4<sup>ths</sup> of +90dpd

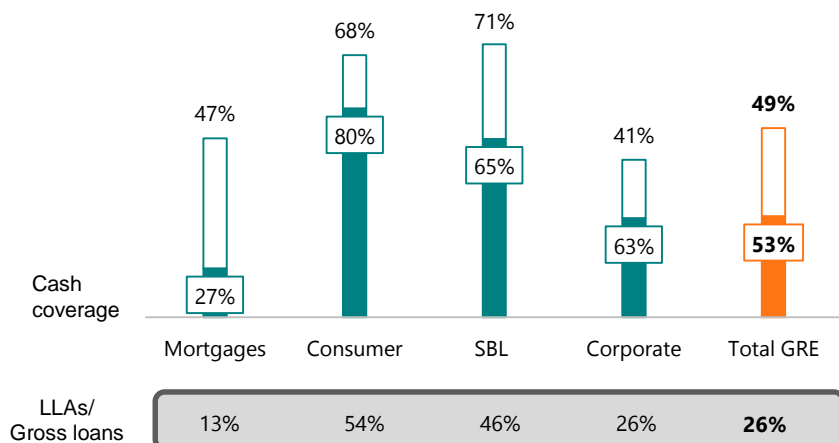
## 90dpd ratios per segment



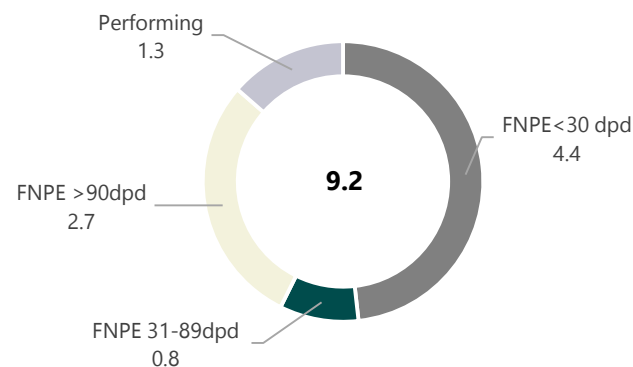
## 90dpd – NPE bridge (€ bn)



## NPE ratios per segment



## Forborne stock breakdown (€ bn)





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# Capital

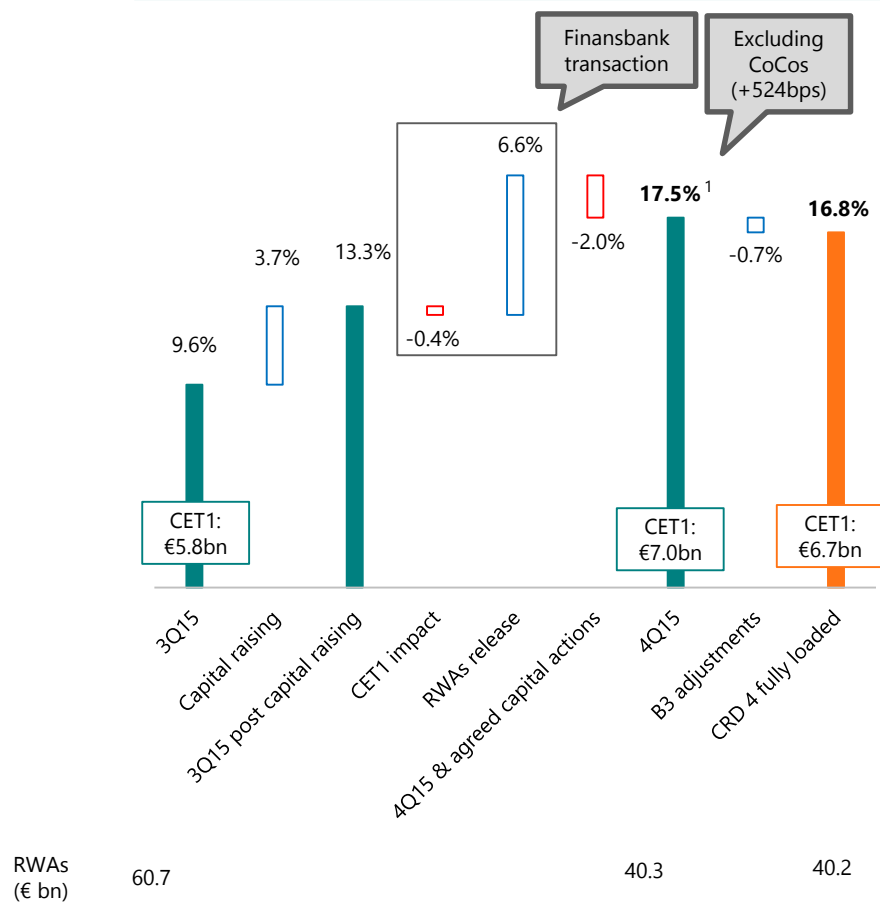
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# 5

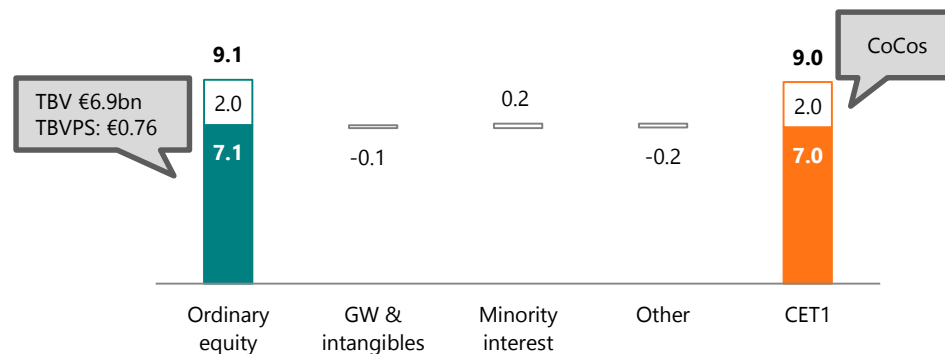


# CET1 ratio at 17.5% pro forma for agreed capital actions, and CoCo repayment

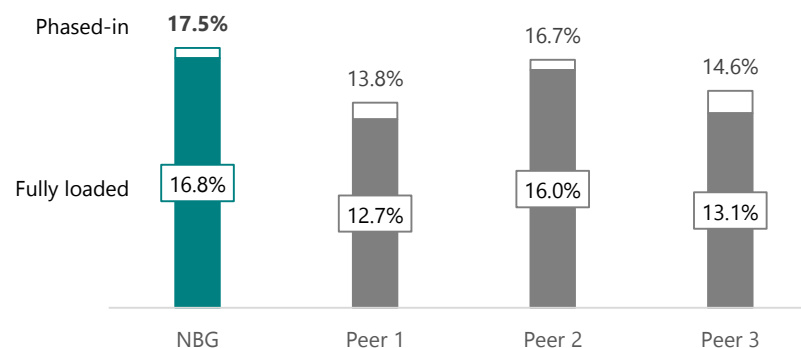
## CET 1 ratio



## Ordinary equity to CET 1 reconciliation (€ bn)



## Peer Group analysis: CET1 Capital ratios<sup>2</sup>



1. Includes Finansbank, Astir Palace and NBGI divestments, excludes CoCos.

2. Post SCIs, excl. CoCos





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## Macro

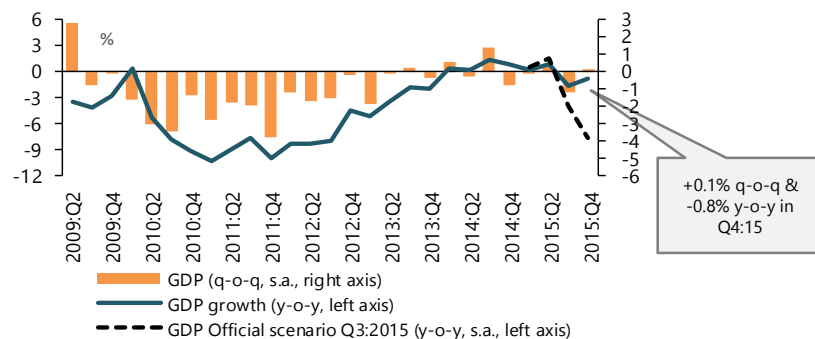
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# 6

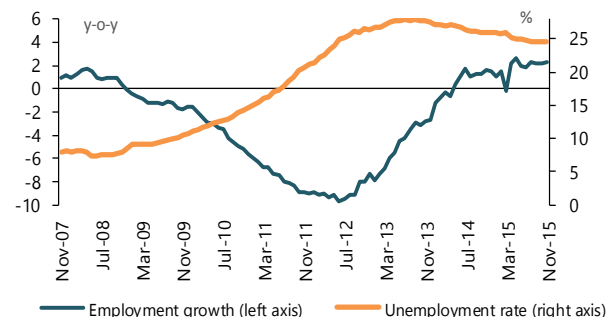


# The Greek economy is proving resilient, and the fiscal adjustment is ongoing

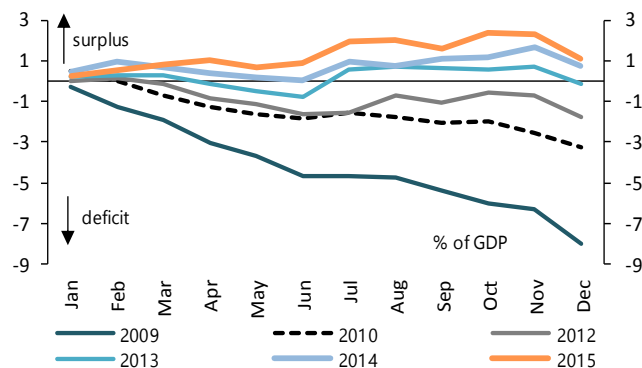
## GDP growth (y-o-y and s.a. q-o-q)



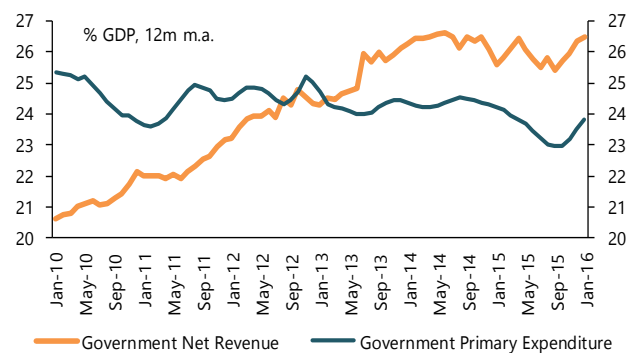
## Unemployment rate and employment growth



## Greece – State budget primary balance (% GDP)



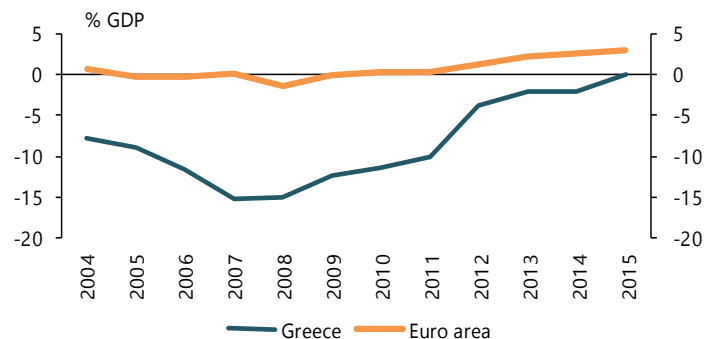
## State budget – revenue & expenditure trends



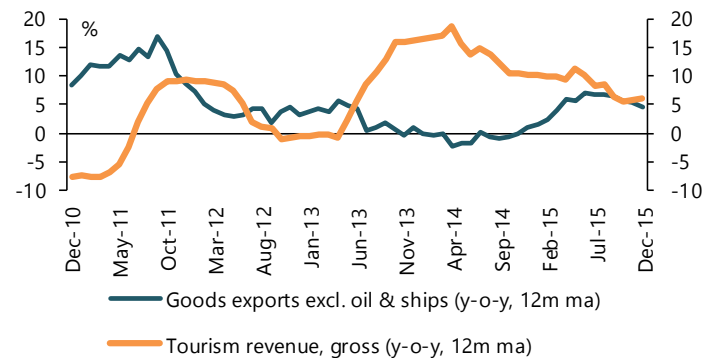
Source: ELSTAT, Greek MinFin

# External rebalancing continues, supported by more competitive tourism and goods export sectors

## Current account balance (% GDP)



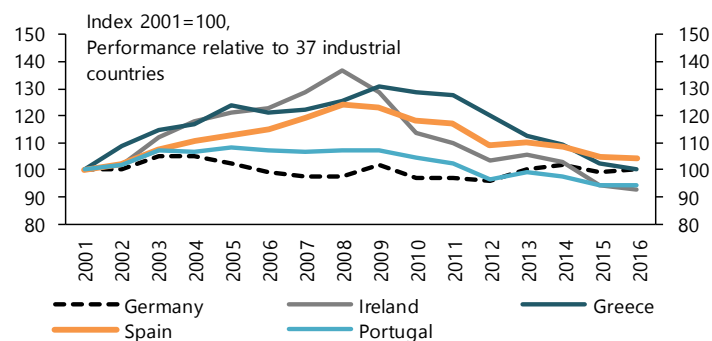
## Goods exports & tourism revenue (y-o-y change)



## Exports & imports of goods and services (% of GDP)



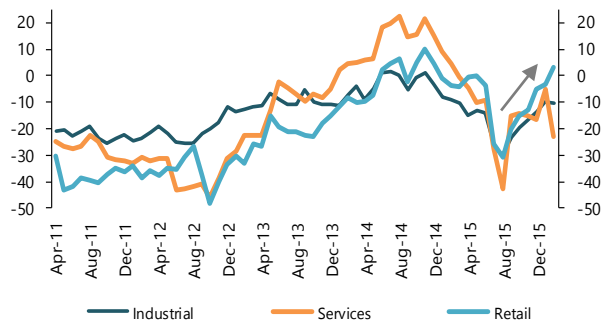
## Cost competitiveness – ULC based exchange rate



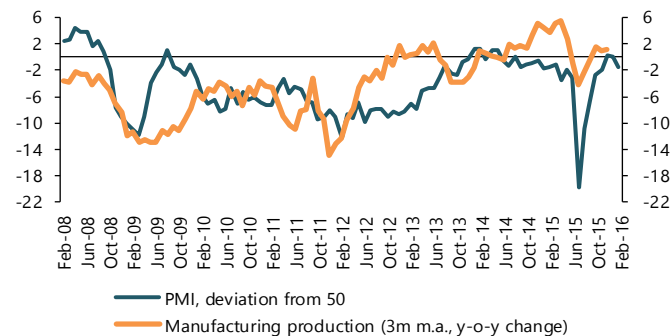
Source: ELSTAT., Bank of Greece, Eurostat

# Market sentiment and business activity have been highly responsive to progress on program implementation in Q4:2015, albeit near-term risks remain

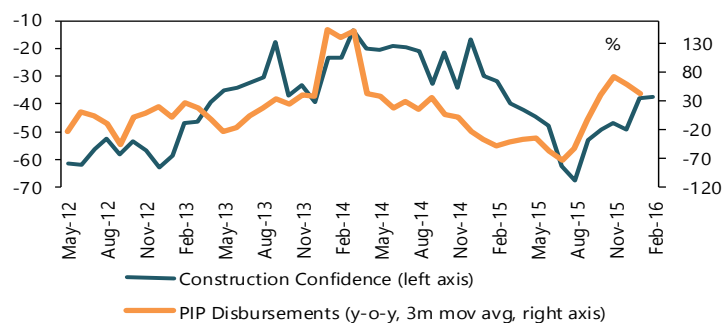
## Greece - Business sentiment indicators (EU Commission)



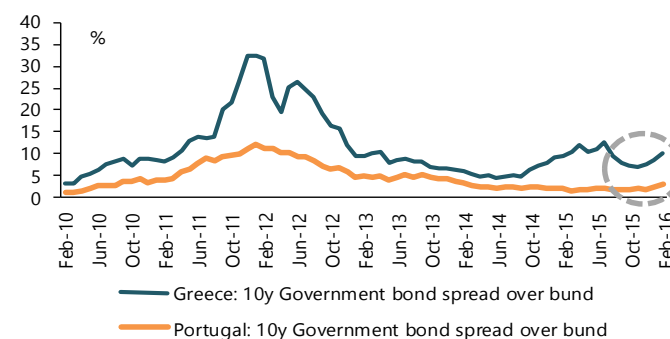
## Manufacturing production and PMI



## Fixed capital formation & public investment



## Greek & Portuguese 10y Gov. Bond spread over bund



Source: ELSTAT, Bank of Greece, Markit, EU Commission, Bloomberg



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# Appendix

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# 7



## 4Q15 impairments and one-offs

### Other income (€ m)

Includes:  
€ 26m SRF incremental charge

	4Q15	FY15
Deposit insurance premium	(17)	(94)
Private equity funds	(14)	0
Rentals & other	15	60
<b>Total</b>	<b>(16)</b>	<b>(34)</b>

### Other Impairments (€ m)

	4Q15	FY15
NBGI Private Equity sale	(106)	(106)
Investment properties	(69)	(126)
Int'l Subsidiaries	(26)	(26)
OEK, other State loans, legal & other	(46)	(211)
<b>Total</b>	<b>(248)</b>	<b>(470)</b>

### Discontinued operations - Finansbank (€ m)

	4Q15	FY15
Goodwill write-off	(432)	(1 085)
PPAs & intangibles write-off	(166)	(166)
Additional impairment based on consideration	(612)	(612)
Finansbank P&L	50	257
<b>Total P&amp;L impact</b>	<b>(1 160)</b>	<b>(1 606)</b>
OCI impact (FX)	305	
Total equity impact	(855)	
Total CET1 impact	288	

### One-offs (€ m)

	4Q15	FY15
VRS provisions	(118)	(118)
Other	(20)	(29)
<b>Total</b>	<b>(138)</b>	<b>(147)</b>

Includes:  
€ 12m Panellinia resolution

## Appendix: Group Balance Sheet & P&L



NATIONAL BANK  
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### Balance Sheet | Group

€ m	4Q15	3Q14	2Q15	1Q15	4Q14
Cash & Reserves	2 208	1 982	2 074	1 982	2 777
Interbank placements	2 799	2 788	3 002	3 295	3 071
Securities	24 852	22 233	22 584	23 383	22 477
Loans (Gross)	51 969	52 477	53 444	53 723	52 874
Provisions	(12 843)	(12 357)	(12 204)	(10 094)	(9 829)
Goodwill & intangibles	147	259	273	284	286
Tangible assets	1 325	1 384	1 413	1 467	1 472
DTA	5 096	5 104	4 582	4 014	4 017
Other assets	8 243	8 423	8 125	9 847	9 059
Assets held for sale	27 770	28 580	30 233	31 366	29 260
<b>Total assets</b>	<b>111 566</b>	<b>110 872</b>	<b>113 526</b>	<b>119 266</b>	<b>115 464</b>
Interbank liabilities	25 166	26 948	28 963	25 327	19 681
Due to customers	42 959	41 890	41 496	45 525	50 601
Debt securities	1 252	1 960	1 874	1 895	1 987
Other liabilities	8 721	9 170	8 869	11 300	9 754
Hybrids	-	83	83	83	82
Liabilities held for sale	23 643	23 555	24 028	24 879	22 977
Minorities	725	724	714	783	772
Equity	9 100	6 543	7 500	9 474	9 611
<b>Total liabilities and equity</b>	<b>111 566</b>	<b>110 872</b>	<b>113 526</b>	<b>119 266</b>	<b>115 464</b>

### P&L | Group

€ m	4Q15	3Q15	2Q15	1Q15	4Q14
NII	474	472	463	497	502
Net fees	21	13	30	29	35
Insurance income	29	21	30	32	25
Trading & other income	108	(178)	80	(111)	(72)
<b>Income</b>	<b>632</b>	<b>328</b>	<b>603</b>	<b>447</b>	<b>490</b>
<b>Operating Expenses</b>	<b>(333)</b>	<b>(325)</b>	<b>(325)</b>	<b>(317)</b>	<b>(337)</b>
<b>Pre-Provision Income</b>	<b>298</b>	<b>3</b>	<b>278</b>	<b>130</b>	<b>153</b>
Provisions	(739)	(256)	(2 329)	(352)	(1 225)
<b>Operating Profit</b>	<b>(441)</b>	<b>(253)</b>	<b>(2 051)</b>	<b>(222)</b>	<b>(1 073)</b>
Other impairments	(247)	(51)	(134)	(37)	(399)
PBT	(688)	(304)	(2 185)	(259)	(1 472)
Taxes	(62)	518	540	(5)	319
<b>PAT (cont. ops)</b>	<b>(750)</b>	<b>214</b>	<b>(1 645)</b>	<b>(264)</b>	<b>(1 153)</b>
PAT (discount. ops)	(1 160)	(595)	34	115	65
Minorities	(2)	(12)	(5)	(10)	(5)
Other one-offs	(138)	(9)	-	-	(16)
<b>Attributable PAT</b>	<b>(2 050)</b>	<b>(401)</b>	<b>(1 616)</b>	<b>(159)</b>	<b>(1 109)</b>

## Greece

€ m	4Q15	3Q15	2Q15	1Q15	4Q14
NII	392	389	379	414	423
Net fees	(3)	(10)	5	6	10
Insurance income	26	19	29	32	25
Trading & other income	105	(178)	84	(120)	(79)
<b>Income</b>	<b>520</b>	<b>219</b>	<b>497</b>	<b>332</b>	<b>379</b>
<b>Operating Expenses</b>	<b>262</b>	<b>259</b>	<b>257</b>	<b>252</b>	<b>269</b>
<b>Pre-Provision Income</b>	<b>258</b>	<b>(39)</b>	<b>240</b>	<b>80</b>	<b>110</b>
Provisions	(671)	(232)	(2 302)	(323)	(1 185)
<b>Operating Profit</b>	<b>(413)</b>	<b>(271)</b>	<b>(2 062)</b>	<b>(243)</b>	<b>(1 075)</b>
Other impairments	(242)	(51)	(134)	(36)	(397)
PBT	(655)	(322)	(2 196)	(280)	(1 471)
Taxes	(62)	521	543	(2)	321
<b>PAT (cont. ops)</b>	<b>(717)</b>	<b>199</b>	<b>(1 653)</b>	<b>(282)</b>	<b>(1 151)</b>
Minorities	(2)	(11)	(5)	(9)	(5)
Other one-offs	(138)	(9)	-	-	(16)
<b>Attributable PAT</b>	<b>(857)</b>	<b>179</b>	<b>(1 658)</b>	<b>(291)</b>	<b>(1 171)</b>

## SEE & Other

€ m	4Q15	3Q15	2Q15	1Q15	4Q14
NII	82	83	84	83	79
Net fees	24	23	25	23	25
Insurance income	3	2	1	-	-
Trading & other income	3	1	(4)	10	7
<b>Income</b>	<b>112</b>	<b>109</b>	<b>106</b>	<b>115</b>	<b>111</b>
<b>Operating Expenses</b>	<b>(72)</b>	<b>(67)</b>	<b>(68)</b>	<b>(64)</b>	<b>(68)</b>
<b>Pre-Provision Income</b>	<b>40</b>	<b>42</b>	<b>39</b>	<b>51</b>	<b>42</b>
Provisions	(68)	(23)	(27)	(28)	(41)
<b>Operating Profit</b>	<b>(28)</b>	<b>18</b>	<b>12</b>	<b>23</b>	<b>2</b>
Other impairments	(5)	(1)	(1)	(1)	(2)
PBT	(33)	18	11	22	(1)
Taxes	(0)	(2)	(3)	(3)	(2)
<b>PAT (cont. ops)</b>	<b>(33)</b>	<b>15</b>	<b>9</b>	<b>19</b>	<b>(3)</b>
Minorities	(0)	(1)	(1)	(1)	(0)
Other one-offs	-	-	-	-	-
<b>Attributable PAT</b>	<b>(34)</b>	<b>15</b>	<b>8</b>	<b>18</b>	<b>(3)</b>





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