



NATIONAL BANK  
OF GREECE

# Comprehensive Assessment Results and Envisaged Capital Actions Plan

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3 November 2015





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# Comprehensive capital plan with strong business proposition



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**Strong brand  
recognition**



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**Deeply rooted  
customer  
relationships**

- ✓ Strategy to fully address all capital shortfalls identified by the 2015 Comprehensive Assessment
- ✓ Swift repayment of CoCos through the intended sale of Finansbank
- ✓ Settle any debate regarding capital quality
- ✓ Deploy capital and liquidity strength to support the Greek economy
- ✓ Geared to deliver RoTE in excess of cost of capital with low execution risk
- ✓ Well positioned for potential future capital distributions



# Capital plan credibly addresses capital needs

1

## Capital Requirements

- The Baseline stress scenario identified €1.6 bn capital shortfall that NBG needs to cover with capital actions to avoid resolution
- The Adverse stress scenario identified an additional contingent capital shortfall of €3.0 bn that can be covered with State participation, if capital actions do not suffice

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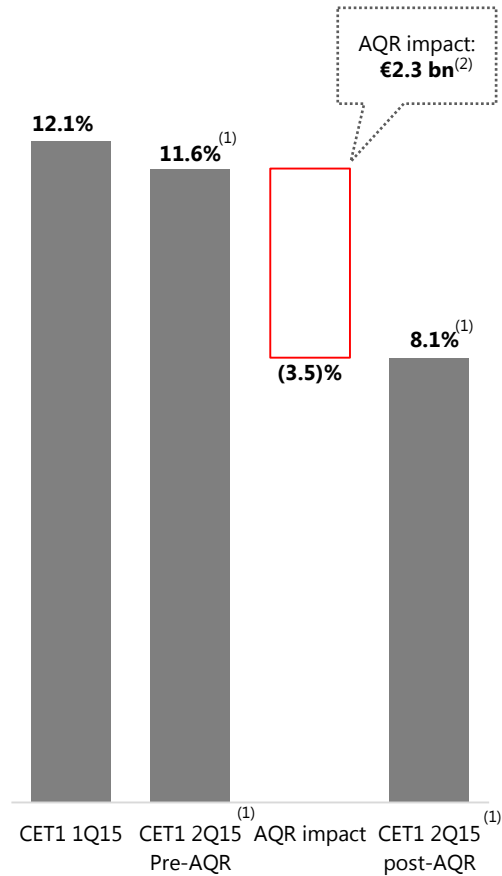
## Capital Plan

- NBG has already announced a Liability Management Exercise ('LME') and in short order will announce the terms of a €1.6 bn Share Capital Increase ('SCI')
  - NBG intends to more than cover the capital needs derived in the baseline scenario with proceeds from the SCI and the LME
- HFSF common equity to cover the residual adverse shortfall will further strengthen NBG's capital position
- Capital expected to be generated from the intended sale of Finansbank is planned to repay State Aid in the form of HFSF's Convertible Securities (CoCos) received in the interim to cover the residual portion of the adverse scenario
  - The disposal of Finansbank could include the reversal of the capital surcharge related to international operations

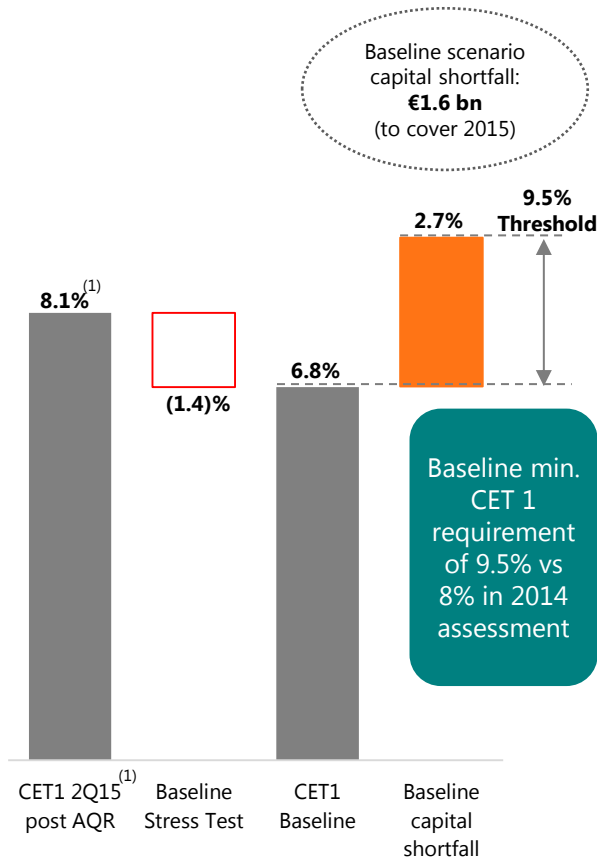
**NBG's Capital Plan is expected to be sufficient to cover the bank's identified shortfalls under the baseline and adverse scenarios**

# 1 Comprehensive assessment result: manageable 'incurred' as well as 'contingent' capital need

## AQR



## AQR + baseline scenario impact



## AQR + adverse scenario impact



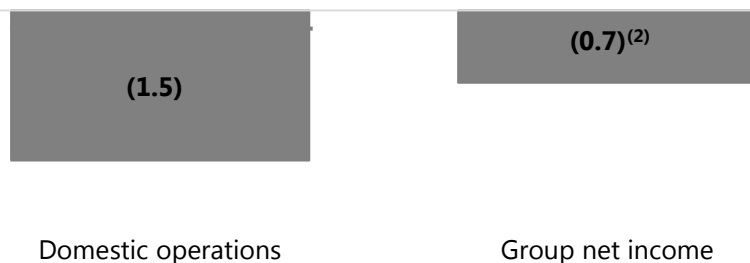
**Note:** (1) Based on preliminary data, which differs from final results published on Oct 31, 2015  
 (2) AQR losses gives rise to DTCs which are not included in the SSM calculations, but will be recognised in NBG's capital position

- As part of the AQR exercise, private sector domestic loan portfolios have been reviewed, with gross balances in excess of €43 bn
  - Credit file review ('CFR') of 864 files (incl. 173 for Large Corporates, 284 for Large SMEs and 313 for mortgages)
- Overall the exercise resulted in additional €2.3 bn regulatory provisions driven by:
  - €1.0 bn for mortgages, primarily due to more conservative haircuts on collateral valuation
  - €1.0 bn for Large SMEs, of which the majority stemmed from i) reclassification of performing exposures ('PE') into new NPEs due to stricter definitions; and ii) higher collateral haircuts
  - €0.3 bn for Large Corporates, of which one third arose from performing loans (IBNR<sup>(1)</sup>)
- Limited impact on Large Corporates portfolio both from reclassification and additional provisioning, attests to NBG's business model with respect to this portfolio and the relative resilience of the Greek large corporates
- The assessment of the consumer portfolio (including credit cards), the small business portfolios, as well as the shipping portfolio did not identify the need for any additional provisions

# 1 Baseline scenario severely stressed domestic net income Identified Baseline capital need to cover 2015 shortfall

## Severe stress in domestic net income<sup>(1)</sup> combined with...

€ bn  
Cumulative 2H 2015 - 2017



### Driven by depressed PPI and elevated credit losses

- Severe frontloaded impact on domestic earnings mainly from
  - Stress on PPI from trading losses (c. 50% of cumulative in 2H 2015) and very conservative assumptions on both loan and deposit spreads
  - Domestic credit losses maintained at elevated levels (cost of risk ('CoR') c. 240bps) with c. 30% cumulative credit losses booked in 2H 2015

## ...Reduced impact from capital actions contained in restructuring plan<sup>(3)</sup>

- Significantly reduced recognised capital from minorities of Finansbank due to regulatory filters
- Reduced impact from sale of NBG insurance
- No credit for disposal of Astir Palace

### Total impact from capital actions: @€1.0bn

vs. €2.0bn in restructuring plan<sup>(3)</sup>

Commentary based on NBG's internal estimates

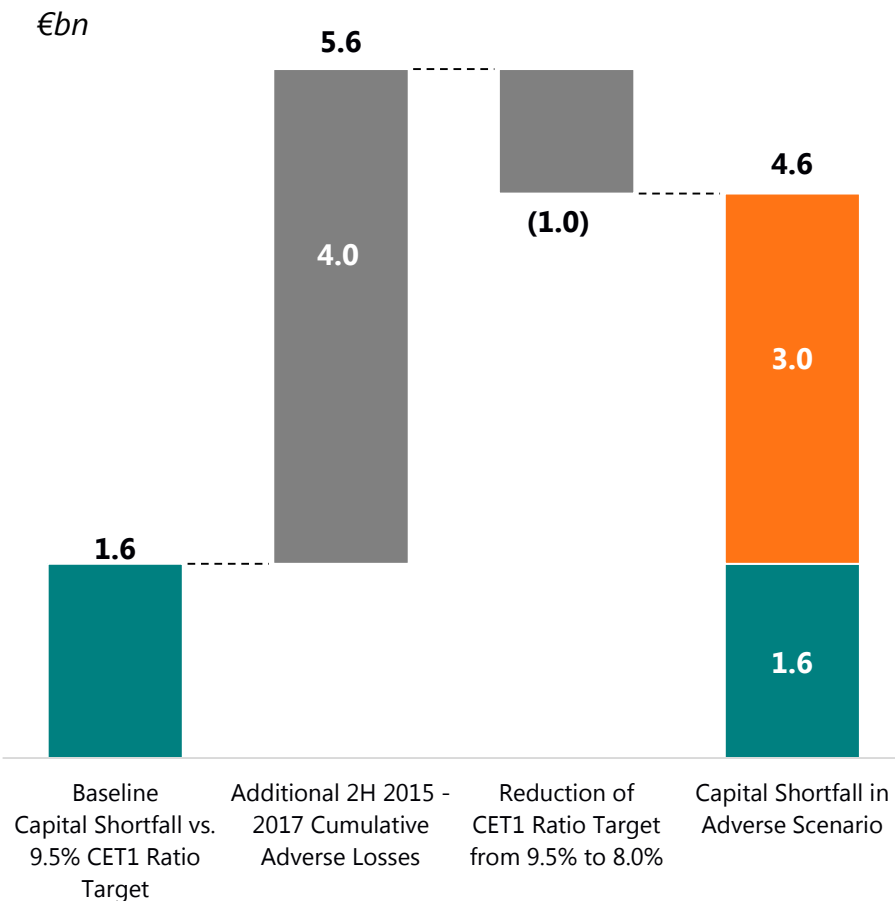
**Note:** (1) NBG estimates

(2) Excluding €1.1bn of goodwill impairment (does not impact capital)

(3) Approved on 23 July 2014

# 1 More than two thirds of adverse shortfall comes from Greek sovereign impairment and stressing of the international operations

## Capital Shortfall Bridge From Baseline to Adverse Scenario



## Decomposition of Adverse Scenario vs Baseline

- >€1bn from stressing the international operations
- c. €1.1bn impairment on Greek sovereign exposure
- c. €1bn from higher domestic credit losses
- The majority of the residual came from additional domestic PPI stress compared with the baseline scenario

Commentary based on NBG's internal estimates



## 2 Concrete capital actions aim to more than address capital shortfall



(€ bn)

Total Uses		Total Sources	
• <b>Baseline scenario capital shortfall</b>	1.6	• <b>Target Equity Offering</b> - Fully covering Baseline shortfall	c. 1.6
• <b>Adverse scenario capital shortfall</b> o/w international operations capital surcharge	3.0 > 1.0	• <b>Announced LME</b> - Partially covering Adverse shortfall with LME proceeds	max of 0.8 <sup>(1)(3)</sup>
		• <b>Mandatory conversion of liabilities</b>	min of 0.2 <sup>(2)(3)</sup>
		• <b>HFSF capital injection on Adverse</b>	c. 0.5
		• <b>Sale of 100% of Finansbank</b> - Impact from the sale of Finansbank - Potential release of the capital surcharge related to international operations subject to SSM decision	TBD
<b>Total Uses</b>	<b>4.6</b>	<b>Total Sources</b>	<b>&gt; 4.6</b>

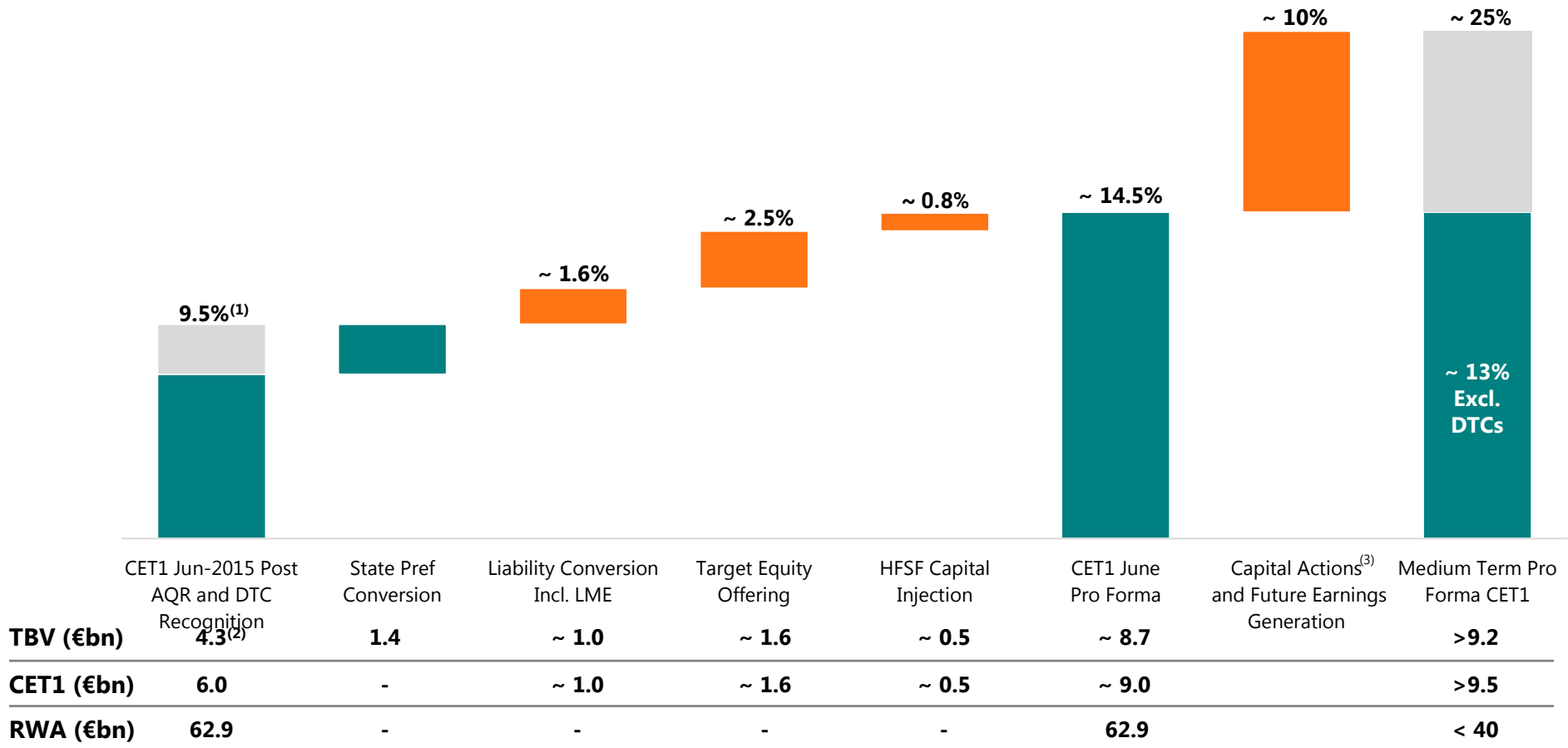
Finansbank  
TBV: €3.4bn<sup>(4)</sup>  
RWA: €21.6bn<sup>(4)</sup>

**Note:** (1) Based on €803 mn of issued securities  
(2) Bail in of US preference shares (€197 mn) along with remaining securities post-LME  
(3) Upon receipt of State aid the residual amount of €803 mn of securities not tendered will be converted mandatorily  
(4) Based on latest IFRS financials converted at TRY / EUR 3.00

## 2 Plan settles any debate regarding capital quality



### Post Repayment of CoCos



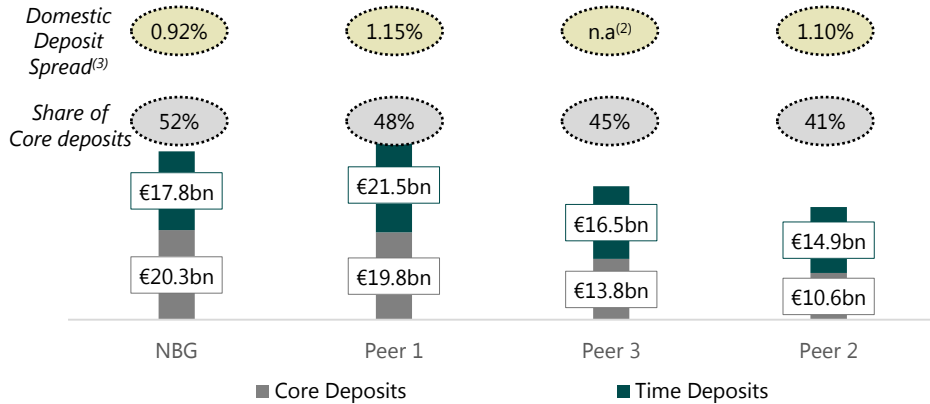
**Note:** (1) Including additional DTC not accounted for in 2015 Comprehensive Assessment

(2) Excluding preference shares and hybrids

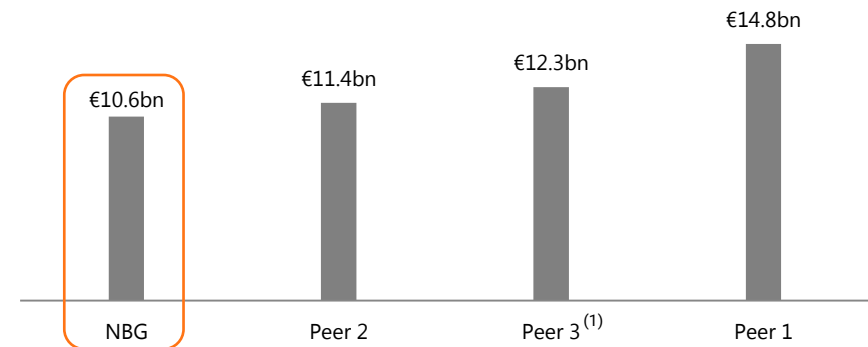
(3) Including the impact of the sale of Finansbank

# Deploy capital and liquidity strength to support the Greek economy

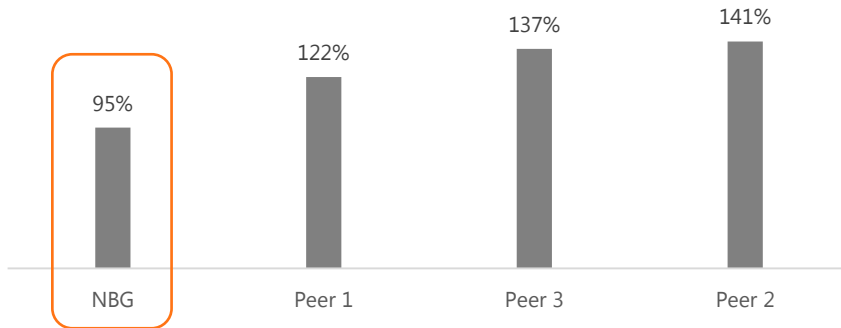
## Highest exposure in domestic core deposits (1Q'15)...



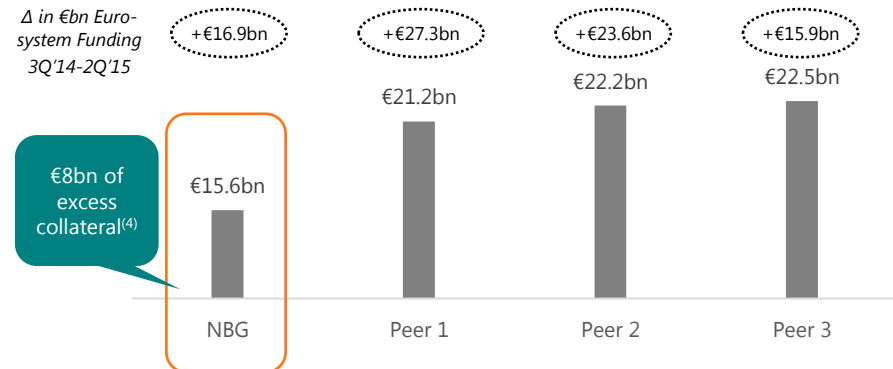
## ... results in lower deposit outflows between Sep'14-Jun'15...



## ... which is combined with the lowest L/D ratio (1Q'15)...



## ... and less reliance on ELA funding



Source: NBG calculations based on company filings

Notes: (1) Based on group deposit outflows for 2Q'15 of €4.9bn

(2) Not available for domestic, only available for Group level

(3) Cost of funding of total deposits (spread)

(4) ELA eligible collateral

- 
- |          |                              |   |
|----------|------------------------------|---|
| <b>1</b> | Funding cost improvement     | <ul style="list-style-type: none"><li>■ Return of deposits to the system</li><li>■ Time deposit repricing</li><li>■ Reduction of ELA</li><li>■ Reduction / expiration of government guaranteed bonds (Pillar II)</li></ul>  |
| <hr/>    |                              |   |
| <b>2</b> | Business mix optimisation    | <ul style="list-style-type: none"><li>■ New production to be directed to higher margin corporate business</li><li>■ Repayments of low margin mortgages to improve loan mix</li></ul>  |
| <hr/>    |                              |   |
| <b>3</b> | Commission income generation | <ul style="list-style-type: none"><li>■ Currently depressed run-rate vs. pre-crisis levels due to recessionary environment</li><li>■ Significant potential for increasing commission income from well-positioned fee-generating businesses</li></ul>                                    |
| <hr/>    |                              |   |
| <b>4</b> | Efficiency improvement       | <ul style="list-style-type: none"><li>■ Room to reduce staff costs further</li><li>■ Additional G&amp;A rationalisation and centralisation of operations</li></ul>  |
| <hr/>    |                              |   |
| <b>5</b> | Cost of risk normalisation   | <ul style="list-style-type: none"><li>■ Aim of AQR is to fully address any provisioning requirements</li><li>■ Capital controls affected delinquency formation only temporarily</li><li>■ Any economic recovery would reduce formation levels, allowing for CoR normalisation</li></ul> |

**Strategy geared towards significant profitability potential**

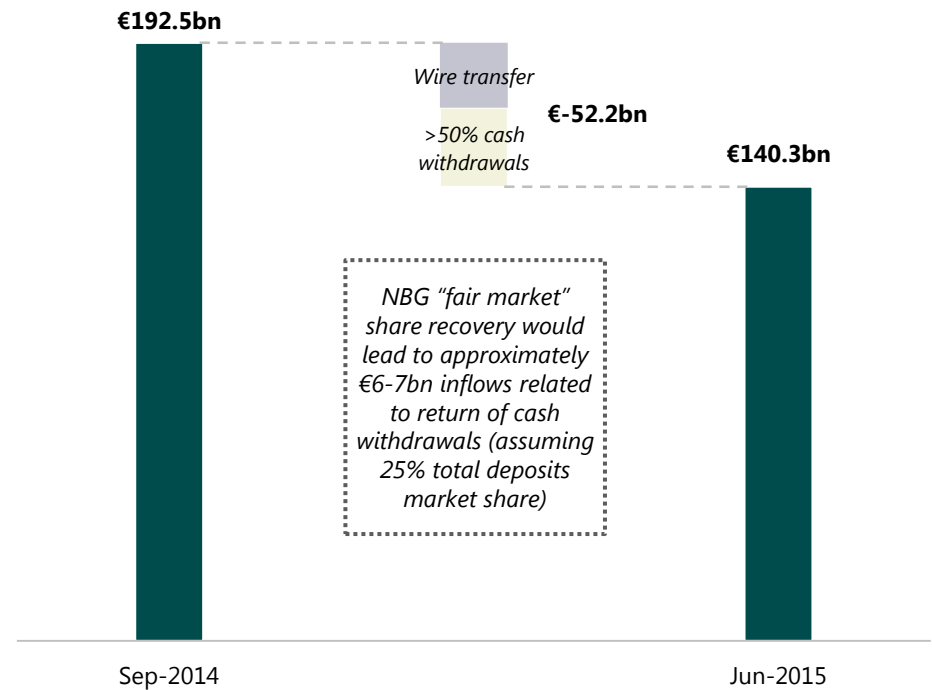
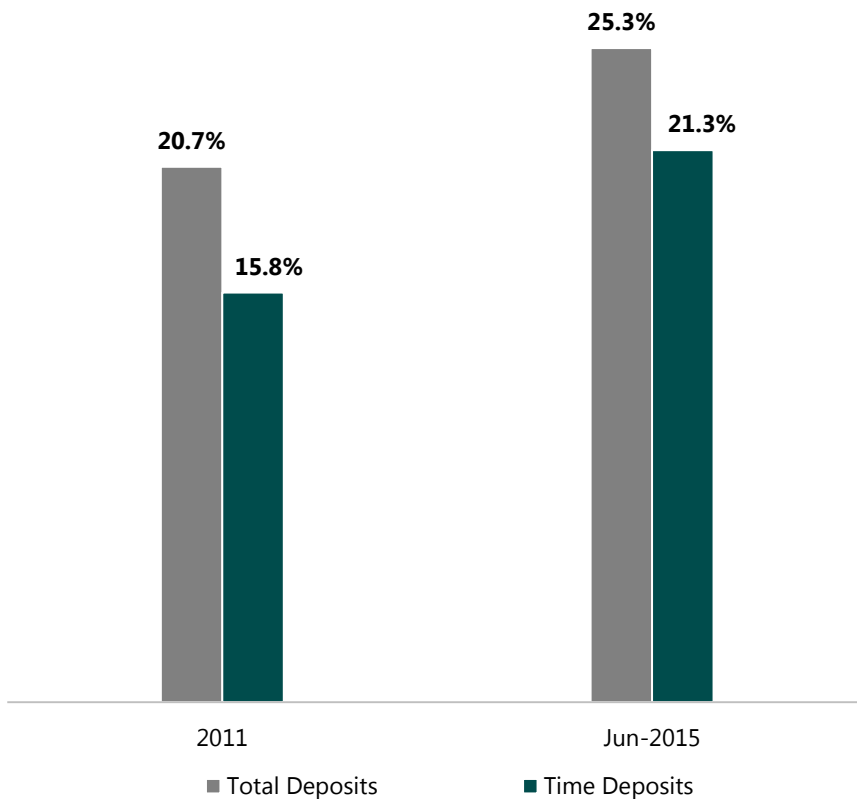
# 1 Positioned to benefit from deposit inflows



Our valuable Franchise has seen organic gains in market share

NBG "fair market" share in deposits should lead to €6-7bn inflows

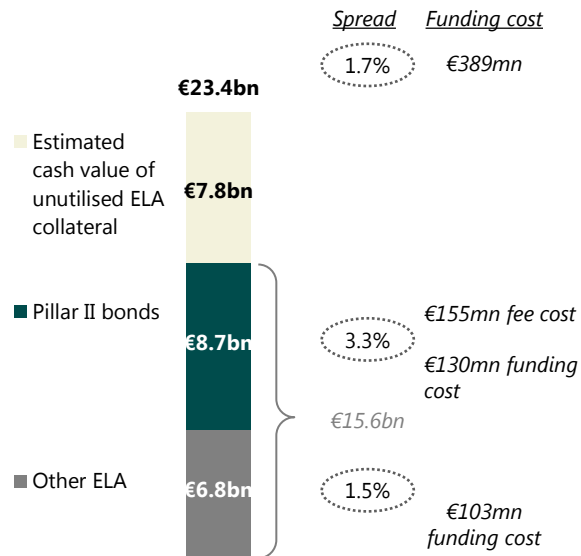
*Part of the cash withdrawals is expected to return as soon as confidence in the banking system is restored*



*NBG "fair market" share recovery would lead to approximately €6-7bn inflows related to return of cash withdrawals (assuming 25% total deposits market share)*

# 1 Potential uplift from improved funding costs

## Cash value of ELA collateral <sup>(1)</sup>



## Substitution of Pillar II bonds within ELA funding

- Return of deposits to the system is expected
- An improving deposit base and economic environment would allow considerable reduction in Pillar II guarantees
- Associated fee costs of guarantees at 178 bps on cash value or €155mn per annum

## Substitution of ELA funding with ECB and deposits

- In line with Greece's MoU deliverable, ECB can be expected over time to:
  - Reduce haircuts
  - Reinstate Greek banks waiver
  - Accept credit claims
- Spreads on time deposits likely to price down in line with EU coverage
  - Current pricing at ca. 100 bps

### Areas of potential uplift:

- Pillar II bonds left to expire: €155mn per annum
- Replacement of €3.8bn of ELA with ECB funding post reinstatement of waiver by ECB: €55mn per annum <sup>(2)</sup>
- 100 bps improvement in Q2'15 time deposit spreads would deliver >€150mn per annum (in Q3'15, spreads have already reduced by ca. 50 bps) <sup>(3)</sup>

Source: NBG

Notes: all NBG figures refer to domestic Greek business

(1) As of 30-Sep-2015

(2) Based on €3.8bn multiplied by 150 bps cost of ELA funding minus 5 bps cost of ECB funding

(3) Based on time deposit funding cost improvement from current levels to European levels across €15.1 Bn time deposit portfolio

## 2 Increased corporate lending improves business mix

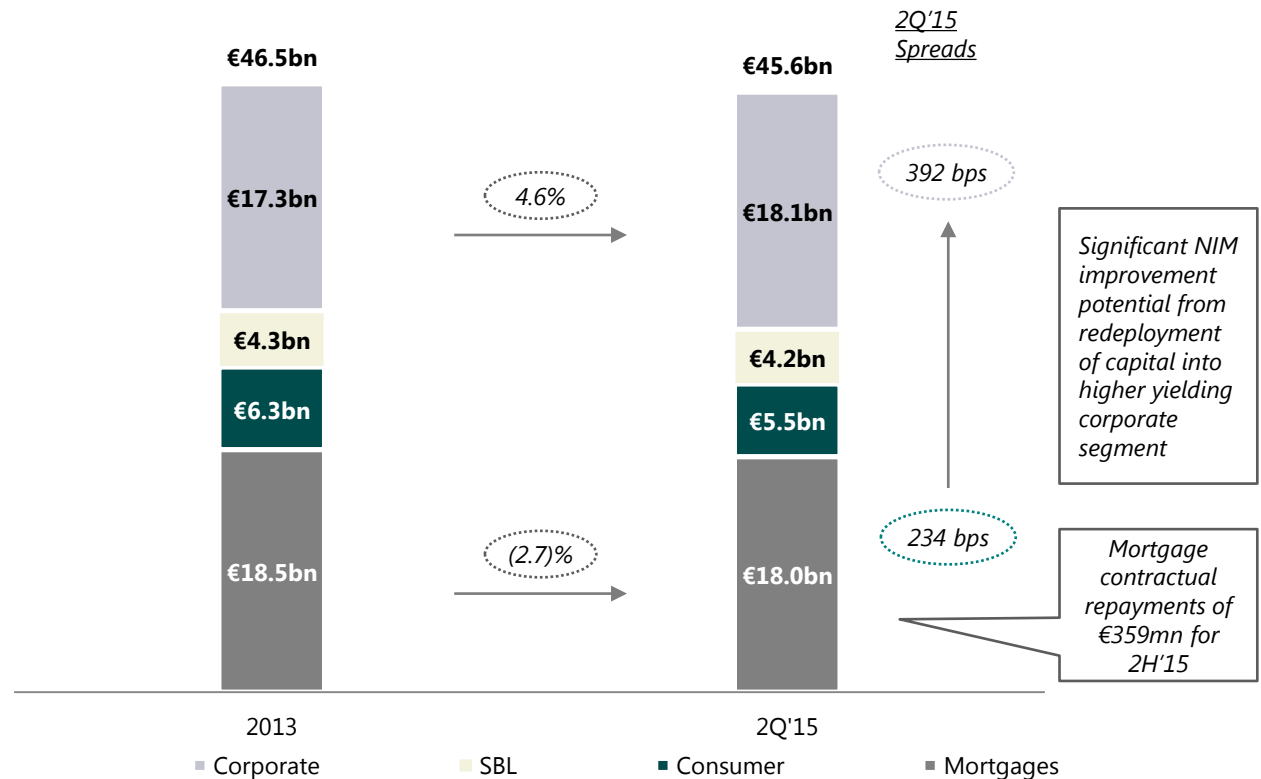


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### Well positioned to extend credit

- Leveraging on its liquidity position, NBG expects to resume extending credit as soon as the situation in Greece normalises
  - Track record of disbursing €1.4bn in 2014 of which €1.2bn in corporate loans
  - Highly leveraged peers are more liquidity constrained
- Demand for credit expected from corporate clients where NBG intends to focus
- Rebalancing of business mix should enhance lending margins considerably

### Portfolio rebalancing towards corporates to enhance lending spread <sup>(1)</sup>



Source: NBG

Notes: all NBG figures refer to domestic Greek business

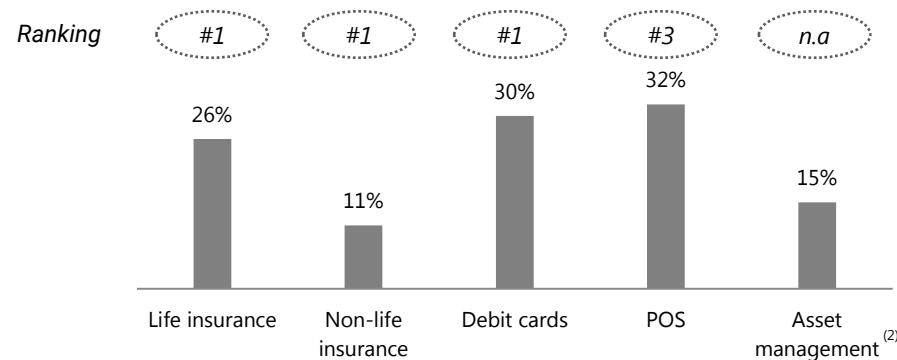
(1) Data in charts refers to gross loans

# 3 Depressed fee income should be revived by an economic recovery and increase in banking activity

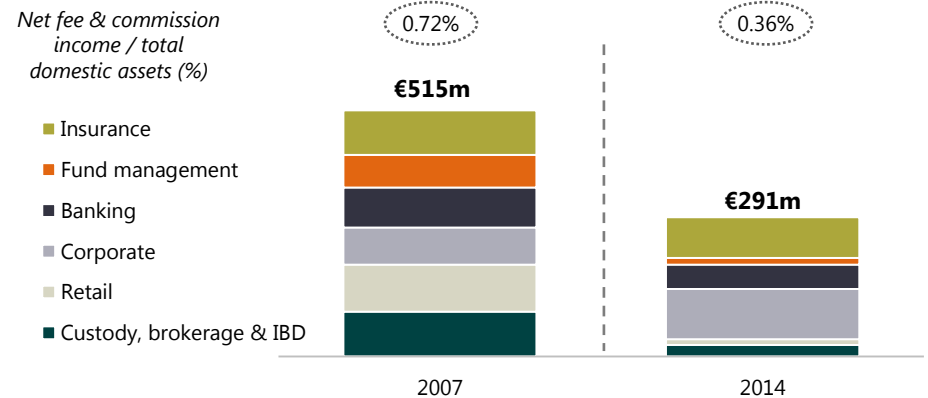
## Drivers of fee and commission revenue

- Low run-rate vs. pre-crisis levels due to economic recession and depressed transaction activity levels
- Potential for major uplift in income through attractive and diversified fee sources:
  - New disbursements to drive origination fees
  - Cashless activity to drive fee generation from transactions, debit cards and POS
  - Cross-selling investment, mutual funds, insurance and brokerage services
  - Private banking services to high net worth individuals

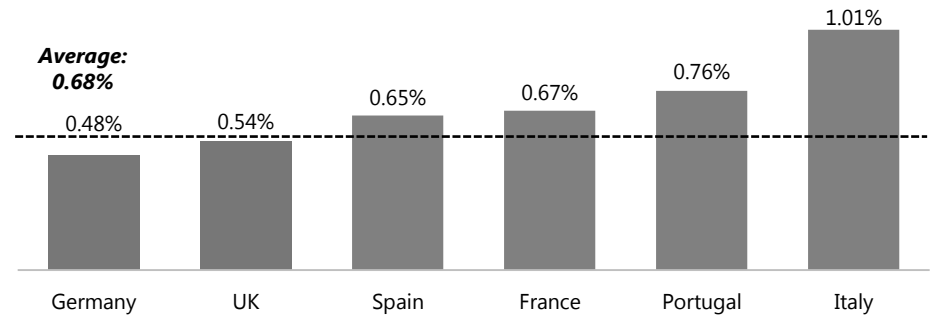
## Market leading positions across fee generating businesses <sup>(3)</sup>



## Fee commission income through the cycle (excl. guarantee fees)



## NFC income / total assets (%) in Europe <sup>(1)</sup> as of 2014



Source: NBG

Notes: all NBG figures refer to domestic Greek business

(1) ECB data for all domestic banking groups and standalone banks

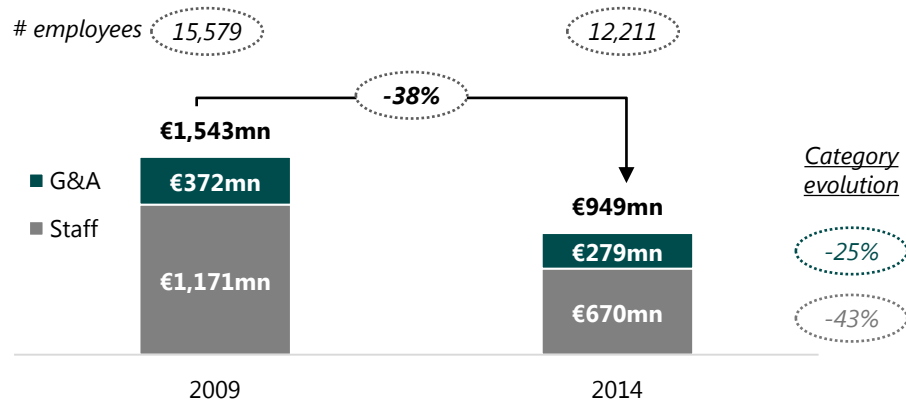
(2) Based on mutual fund market share

(3) Market share as of December 2014



# 4 Potential for further efficiency improvements

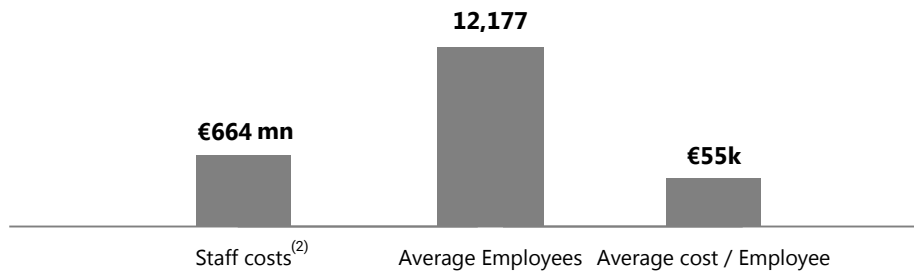
## Operating expenses<sup>(1)</sup> evolution



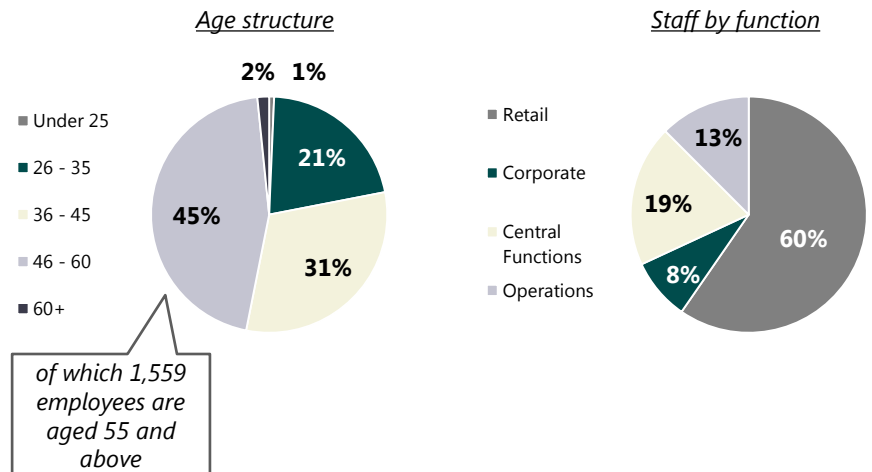
## Key Drivers

- 4.4% contractually agreed reduction on pension fund related employer contributions in 2016, more to come
- Expected natural attrition of 420 FTEs in 1H'15, 48 in 2H'15, 202 in 2016 and 333 in 2017
- Digitalisation of banking operations, rationalisation of IT investments and projects
- Further centralisation of branch operations

## Average cost per employee as of 1H 2015



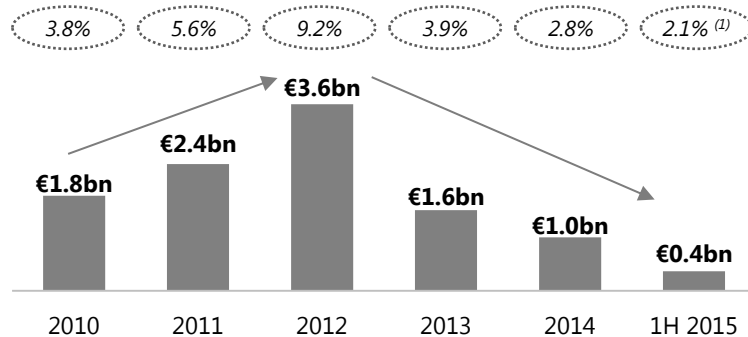
## Breakdown of staff by age and function



# 5 Declining NPL formation and cost of risk improvement

## Delinquency formation abates

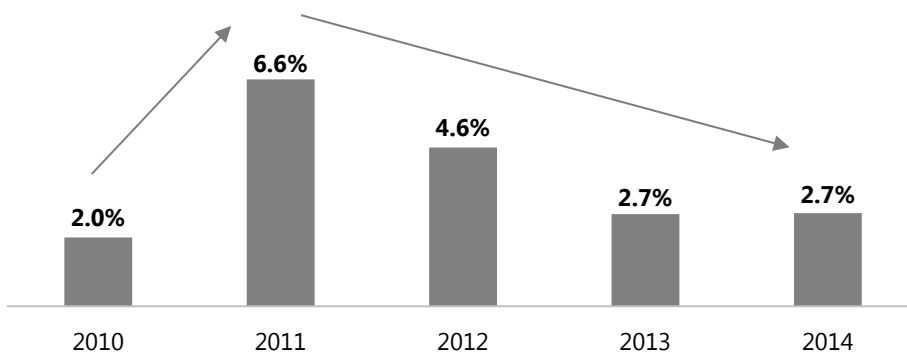
Delinquency formation / net customer loans



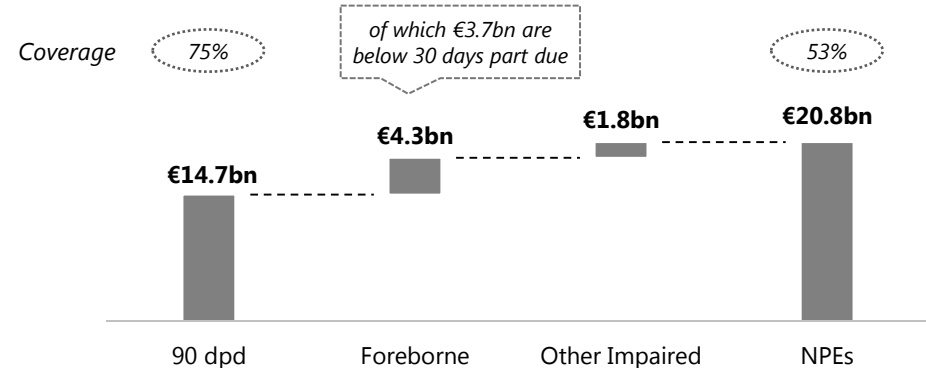
## Key drivers

- NPL formation peaked in 2012, decelerating thereafter
- Aim of AQR to fully address provisioning requirements
- The macro backdrop supports continued decline in formation and likely to lead to normalised cost of risk levels excluding recoveries
- For every 100 bps of CoR reduction, €370mn<sup>(2)</sup> of impairment charges reduction per annum

## Cost of risk



## 90 dpd - NPE reconciliation as of 2Q'15



Source: NBG

Notes: all NBG figures refer to domestic Greek business

(1) Annualised figure

(2) Calculated as average of net loans in 2013 and 2014 multiplied by 100 bps



# Position to deliver RoTE recovery with low execution risk

	Medium term targets post capital actions	Key drivers
1 <b>NIM</b>	NIM (excluding interest income from NPL) <sup>(1)</sup> > 260 bps	<ul style="list-style-type: none"> <li>Improved funding costs               <ul style="list-style-type: none"> <li>Reduction of ELA funding through higher deposits and capital actions</li> <li>Improved time deposit spreads</li> </ul> </li> <li>Increased new corporate lending improves business mix               <ul style="list-style-type: none"> <li>Improved margins on new lending</li> </ul> </li> </ul>
2 <b>Non-interest income</b>	Non-interest income / Average Total Assets > 35 bps	<ul style="list-style-type: none"> <li>Recovery in fee and commission revenue               <ul style="list-style-type: none"> <li>New production pick up as economy and savings recover</li> <li>Higher transaction volumes</li> <li>Cross selling</li> </ul> </li> </ul>
3 <b>Efficiency gains</b>	c. 10% cost reduction	<ul style="list-style-type: none"> <li>Further efficiency improvements               <ul style="list-style-type: none"> <li>Personnel cost reduction</li> <li>Streamlining of operations</li> </ul> </li> </ul>
4 <b>Cost of risk</b>	Cost of Risk (excluding interest income from NPL) <sup>(2)</sup> < 100 bps	<ul style="list-style-type: none"> <li>Declining NPL formation and cost of risk improvement               <ul style="list-style-type: none"> <li>AQR conclusively addresses provisioning requirements</li> <li>Conservative estimates including maintaining high coverage ratio in view of AQR on new formation</li> <li>Potential provision recoveries would provide further upside not factored in</li> </ul> </li> </ul>
5 <b>Profitability</b>	RoTE <sup>(3)</sup> > 12%	<ul style="list-style-type: none"> <li>Based on minimum capital target of 12%</li> <li>Post repayment of potential CoCos</li> <li>DTC largely covered with excess capital in the medium term</li> <li>Paves the way for attractive capital distribution to shareholders</li> </ul>

<sup>(1)</sup> Calculated as NII over average interest earning assets

<sup>(2)</sup> Calculated as provision charge over average net customer loans

<sup>(3)</sup> Defined as reported net profit over common tangible equity

# LME can generate up to €0.8bn of capital



## LME Timeline

2 November	Launch of Exchange Offer and publication of EOM
9 November	3Q 2015 results release
11 November	Exchange Offer Expiration and LME results release
Post Capital Plan Approval	Launch of Equity Offering
Equity Offering Settlement Date	Exchange Offer settlement date

## Key Terms

- Voluntary exchange into ordinary shares of National Bank of Greece
- Target Instruments: €701m Senior 2019 notes, €18m Hybrid (Tier 2) 2020 notes, €84m equiv. Preferred Securities
- Exchange terms at the relevant purchase price determined in equity book building of the upcoming SCI as follows:
  - 100% par conversion for Senior Notes
  - 75% par conversion for Tier 2
  - 30% par conversion for Preferred Securities
- Conversion price equals SCI offering price

# Summary of New Greek Recapitalization Law

## HFSF Capital Support

- There are two conditions for qualification for HFSF capital support
  - Existence of a capital shortfall as determined by the competent authority (i.e. ECB)
  - A capital plan that leads to “adequate profitability” for the petitioning bank within the next 3-5 years

## Bail-in Provisions

- To the extent that capital support from HFSF is required (i.e. baseline and adverse capital needs not covered by private capital), all capital and debt instruments will be eligible for a write-down or equity conversion

## HFSF CoCos / Common Equity

- If baseline needs are covered by private capital, HFSF’s support will be allocated 25%/75% between common equity and CoCos respectively
- CoCos terms include: (i) perpetual with 8% coupon (ii) HFSF has option to convert to equity after year 7, (iii) mandatory conversion if two interest payments are missed or if CET1 ratio falls below 7%, (iv) conversion at 116% of face value
- Common shares will have full voting rights and will be issued at the price set by the book-building of the SCI

## State Preference Shares

- State preference shares to be converted to equity in case of bail-in
- Valuation and extent of bail-in will reflect pari passu principle with instruments of same seniority
- New shares will be issued at the price set by the book-building of the SCI

## DTCs

- AQR adjustment will give rise to further DTC recognition not included in the Comprehensive Assessment providing further capital cushion
- DTC law will be applicable from tax year 2016



## Appendix

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- 1** Additional materials on ECB Comprehensive Assessment
- 2** Upside Potential from NPL Management
- 3** NBG Business Overview
- 4** Q2.2015 Financial Results
  - *Liquidity*
  - *Profitability*
  - *Asset Quality*
  - *Capital*
- 5** Macro Update
- 6** Additional Financial Information





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# Additional materials on ECB Comprehensive Assessment

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# 1





## Comprehensive assessment ('CA') description

- Exercise performed by the single Supervisory mechanism ('SSM') on the four systemic Greek banks following events of mid-2015
- The CA represents a step towards ensuring stability and soundness of the Greek banking system
- Results and findings of the CA based on two main pillars: Asset Quality Review (AQR) and Stress Test (ST)

### Asset Quality Review (AQR)

- Comprehensive exercise aimed at enhancing the transparency of bank balance sheets, by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions
- Review of loan portfolios and projections based on large samples within each category
- Standardised approach across all banks assessed, taking into account the bank's exposures and the underlying borrowers' financials and collateral valuation as of 30 June 2015

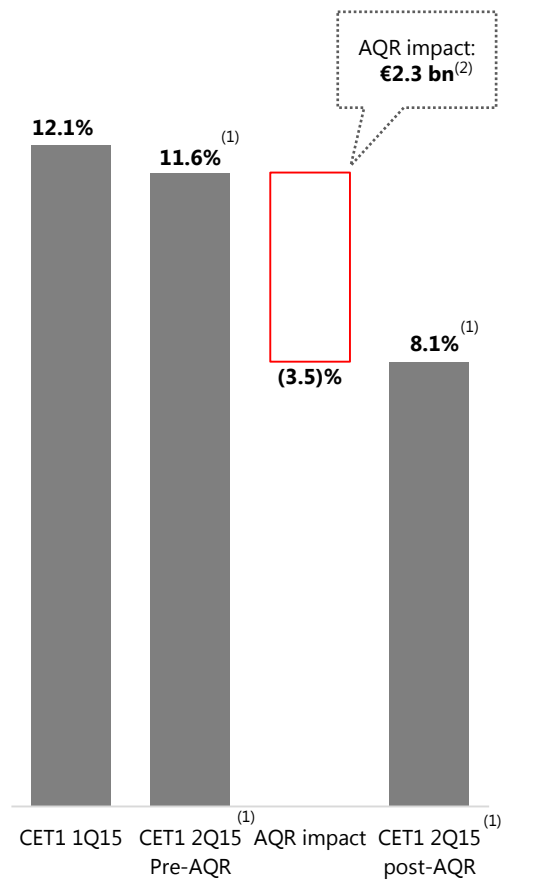
### Stress test

- Performed in order to examine the resilience of banks' balance sheets to two stress test scenarios: Baseline and Adverse
- Capital adequacy was assessed over a 2.5-year time period (H2 2015-2017) against a Common Equity Tier 1 (CET 1) ratio benchmark of 9.5% and 8.0% in the Baseline and Adverse scenario, respectively

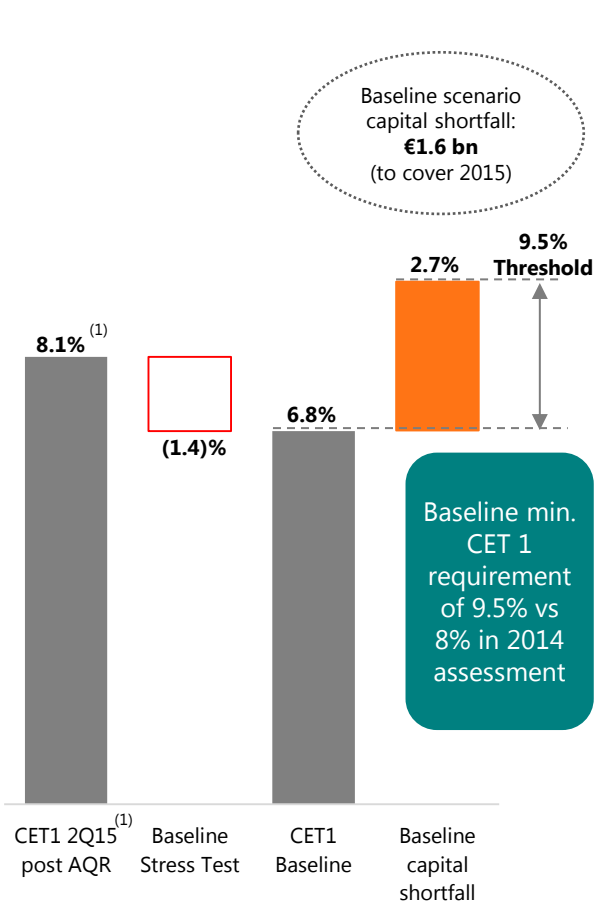


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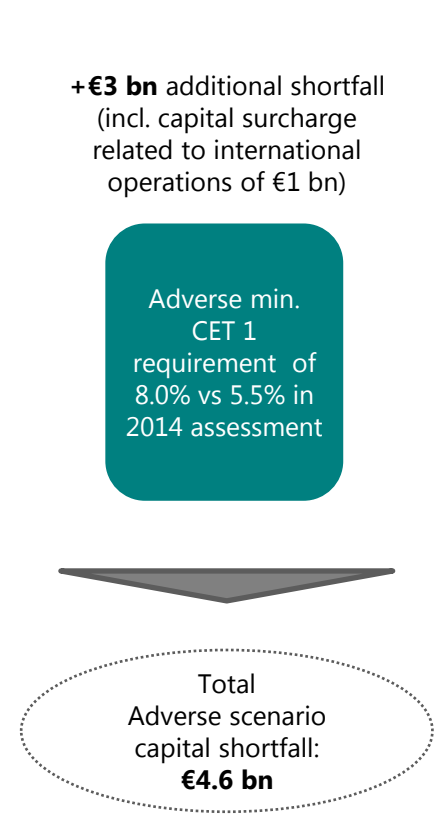
## AQR



## AQR + baseline scenario impact



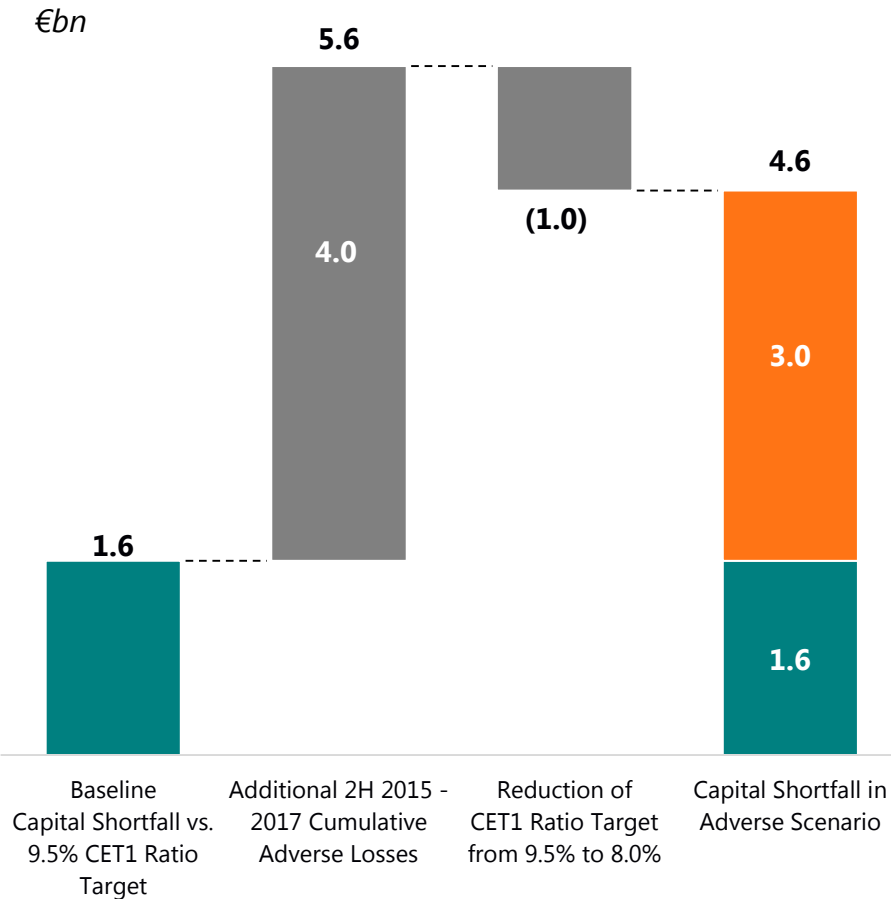
## AQR + adverse scenario impact



**Note:** (1) Based on preliminary data, which differs from final results published on Oct 31, 2015  
 (2) AQR losses gives rise to DTCs which are not included in the SSM calculations, but will be recognised in NBG's capital position

# More than two thirds of adverse shortfall comes from Greek sovereign impairment and stressing of the international operations

## Capital Shortfall Bridge From Baseline to Adverse Scenario



## Decomposition of Adverse Scenario vs Baseline

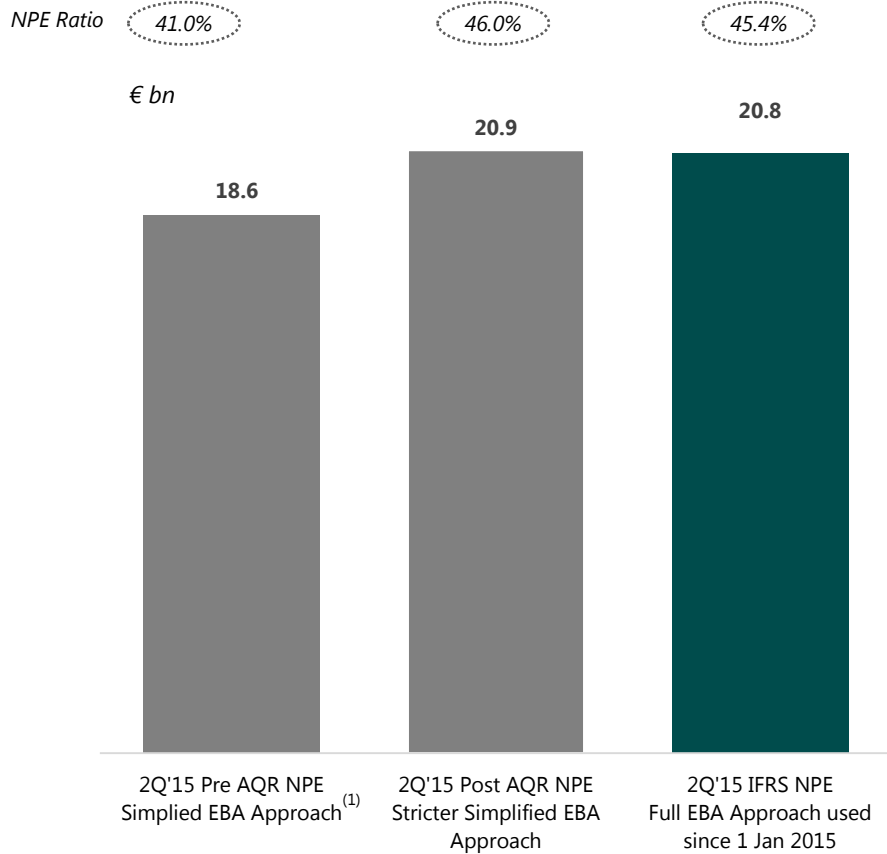
- >€1bn from stressing the international operations
- c. €1.1bn impairment on Greek sovereign exposure
- c. €1bn from higher domestic credit losses
- The majority of the residual came from additional domestic PPI stress compared with the baseline scenario

Commentary based on NBG's internal estimates

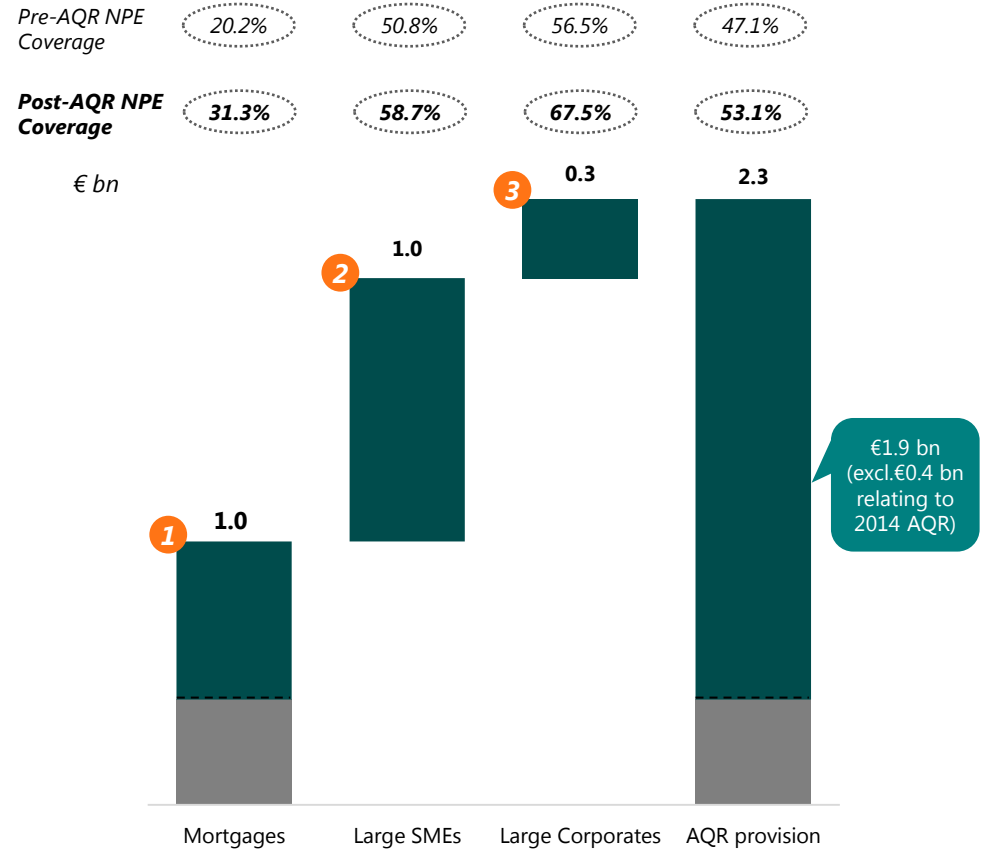


# AQR provisions at €2.3bn, derive mainly from domestic large SME and mortgages

AQR reclassification of NPEs are insignificant overall



AQR provisions increase NPE coverage to 53.1%

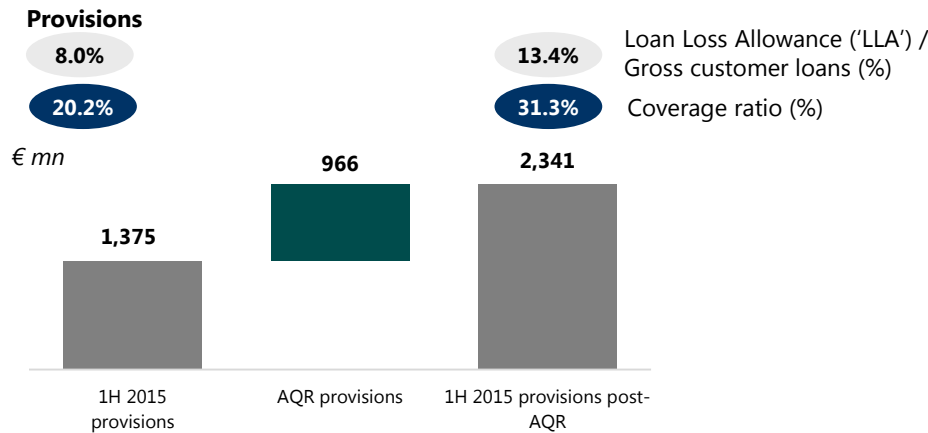


Note: (1) The simplified EBA approach is a point-in-time definition (on a half year basis based on the data-tapes) while the full EBA definition is a continuous time concept



# Mortgage collateral valuation haircuts result in €1 bn of additional provisions

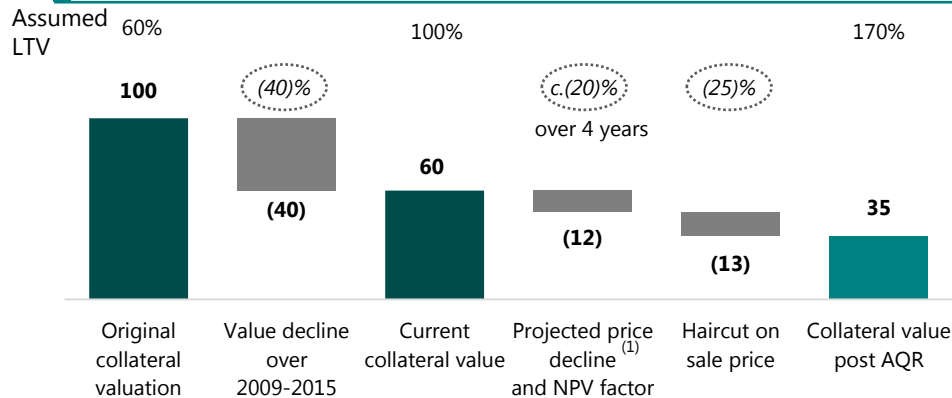
Post AQR, mortgage coverage ratio at 31%



## Mortgages (Residential Real Estate / RRE):

- Challenger model assumptions on collateral valuation result in an additional c. 40% haircut on already depressed market values (down c. 40% during the cycle to date), on the back of:
  - More severe assumptions on sales discounts
  - Increased assumption relating to the time until liquidation – average of 4 years – combined with projections for declining house prices
- Total provisioning adjustment at €1.0 bn, implying NPE coverage increase from 20.2% to 31.3% (+11ppts)

Mortgage collateral values haircut significantly – Illustrative example



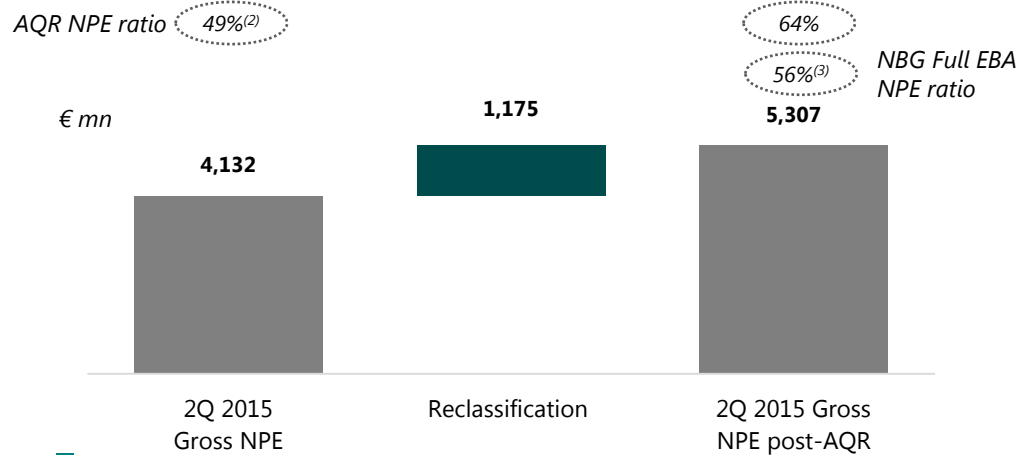
Commentary based on NBG's internal estimates

Note: (1) House price index as projected for the purposes of the AQR exercise

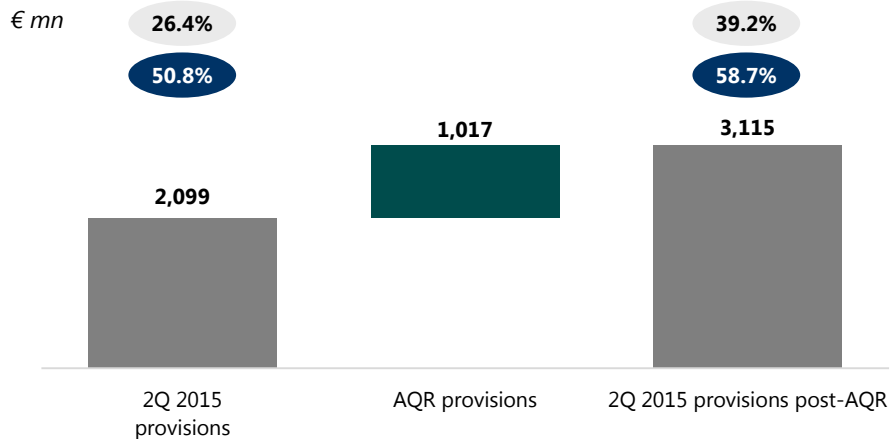
# AQR detail: Large SMEs suffered major reclassifications to NPE as well as increased coverage



## Large SMEs – increased NPE by 15 pts



## Large SMEs – Provisions stock increased by 50%



## Large SMEs:

- Reclassification of performing exposures ('PE') to NPE status in Large SMEs raised NPE ratio to 64% vs 49% pre-AQR (+15 pts) and 56% under the full EBA definition used by NBG since 1 Jan 2015
- Key drivers of reclassification from PE to NPE status are: (i) stricter curing criteria; (ii) debt service coverage ratio threshold set at 1.1 as well as +1dpd, despite five years of recession
  - resulting in c. two thirds of exposures to be classified as NPE
- Total provisioning adjustment deriving from existing and reclassified Large SME NPEs reached c. €1 bn
- NPE coverage of Large SME portfolio increased from 51% to 59% post-AQR due to more conservative commercial collateral valuations, despite their decline by c. 36%<sup>(1)</sup> from their pre-crisis peak

Commentary based on NBG's internal estimates

Note: (1) Bank of Greece

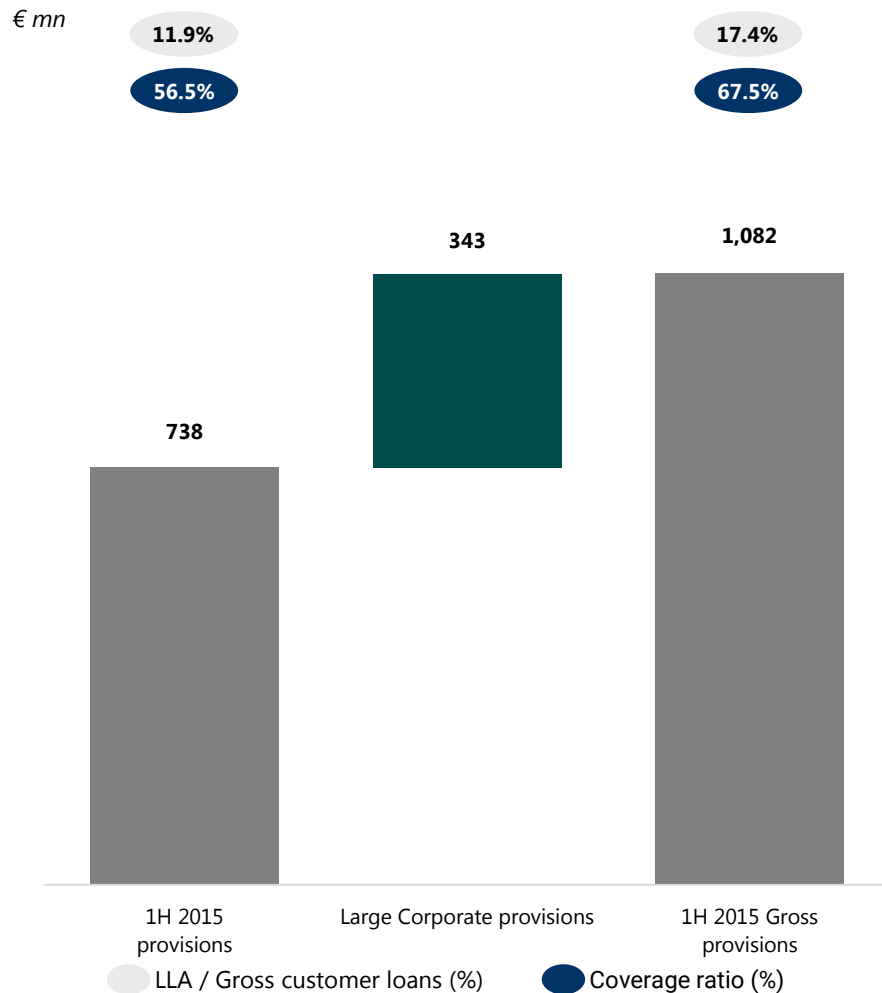
(2) On simplified EBA per AQR methodology (point in time)

(3) NBG employs full EBA definition



## AQR detail: Large Corporates were relatively resilient

Large Corporates – Provision stock increases to provide 68% coverage



### Large Corporates:

- Coverage of large corporate NPEs increased to 68% primarily due to lower commercial property valuations
- Approximately one third of provisions arose from performing loans (IBNR)
- No additional provisions identified in shipping portfolio
- Validates NBG's business model with respect to the large corporate portfolio and the relative resilience of large Greek corporates in the recent environment

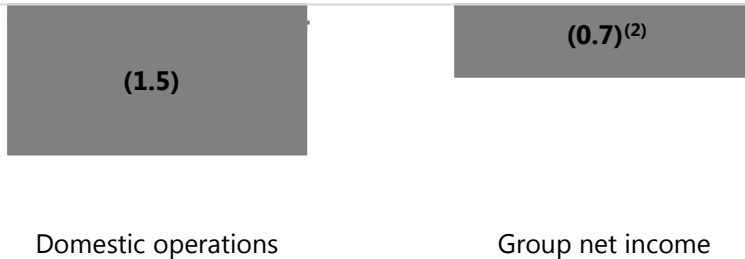
Commentary based on NBG's internal estimates



# Baseline scenario severely stressed domestic net income

## Severe stress in domestic net income<sup>(1)</sup> combined with...

€ bn  
Cumulative 2H 2015 - 2017



### Driven by depressed PPI and elevated credit losses

- Severe frontloaded impact on domestic earnings mainly from
  - Stress on PPI from trading losses (c. 50% of cumulative in 2H 2015) and very conservative assumptions on both loan and deposit spreads
  - Domestic credit losses maintained at elevated levels (cost of risk ('CoR') c. 240bps) with c. 30% cumulative credit losses booked in 2H 2015

## ...Reduced impact from capital actions contained in restructuring plan<sup>(3)</sup>

- Significantly reduced recognised capital from minorities of Finansbank due to regulatory filters
- Reduced impact from sale of NBG insurance
- No credit for disposal of Astir Palace

### Total impact from capital actions: @€1.0bn

vs. €2.0bn in restructuring plan<sup>(3)</sup>

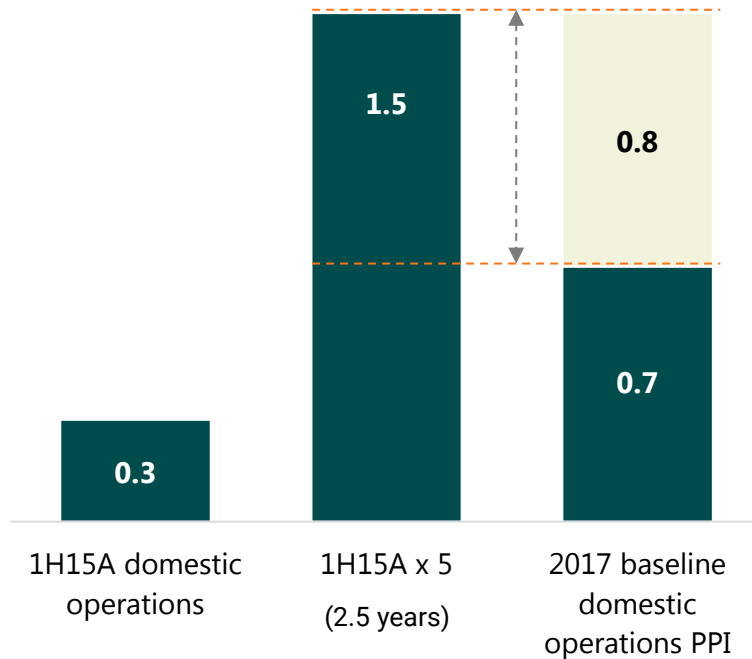
Commentary based on NBG's internal estimates

**Note:** (1) NBG estimates  
 (2) Excluding €1.1bn of goodwill impairment (does not impact capital)  
 (3) Approved on 23 July 2014



## Domestic PPI haircut estimated at more than 50% (€0.7 bn) in baseline

### >50% haircut on domestic PPI vs current depressed levels



### Decomposition of PPI impact through 2017

- Marginal new loan disbursements
- Loan spreads flat at 1H 2015 levels, despite expectations for higher market interest rates, with majority of portfolio carrying floating rates
- Marginal improvement in deposit spreads
- New deposit inflows in the form of time deposits
- High trading losses based on historical performance (plus one standard deviation)

Commentary based on NBG's internal estimates



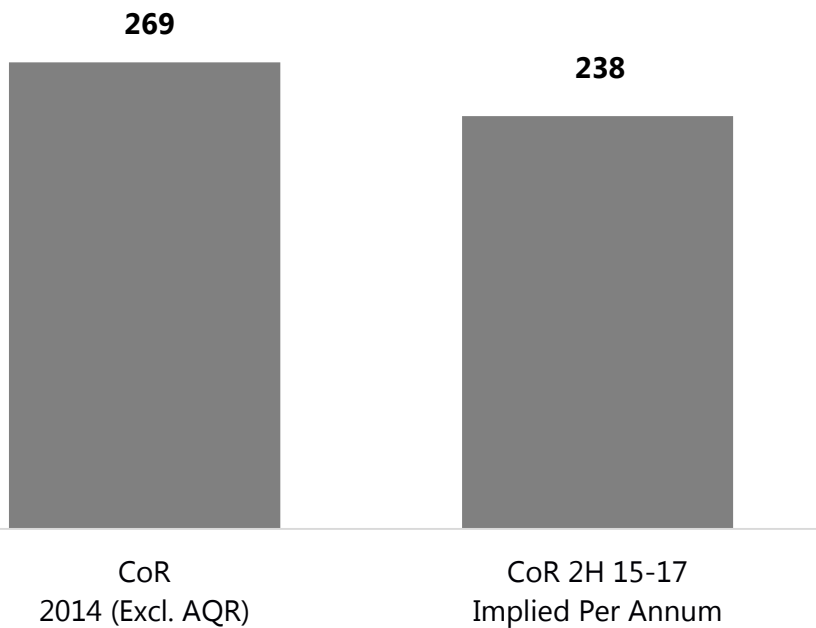
# Cumulative baseline credit losses of €2.2bn over 2.5 years, practically equal to AQR

- Additional provisions on domestic book 2H15-2017 despite limited new disbursements

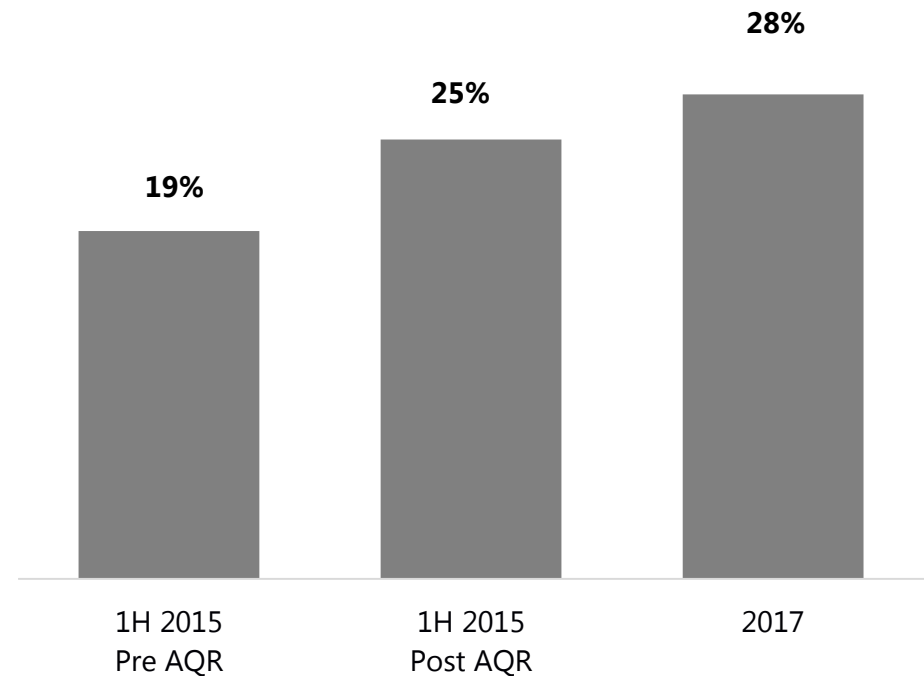
Domestic CoR maintained at elevated levels until 2017...

...Driving domestic LLAs to 28% of gross loans in 2017

bps



LLA/Gross Loans





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## NBG Business Overview

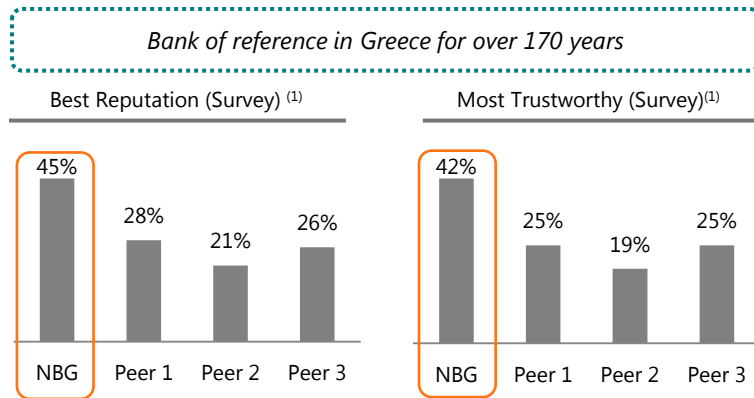
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# 2



# Strong brand recognition and deeply rooted customer relationships

## Reputational excellence in Greece: "premium brand of choice"

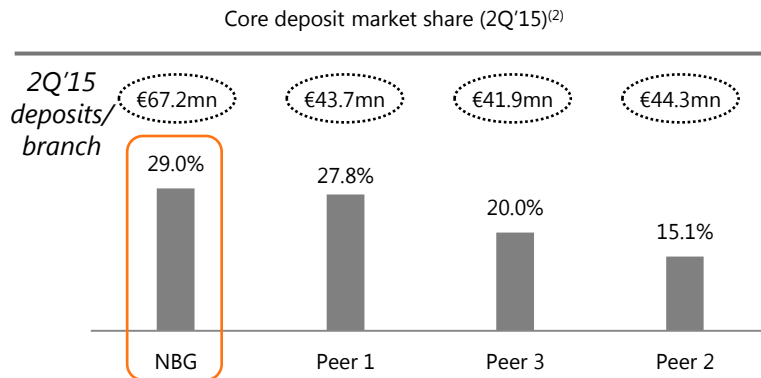


## Strategically positioned with high customer penetration

- High customer penetration
  - 6mn+ retail customers
  - c.8,700 corporate clients<sup>(4)</sup>
  - 1,423 ATMs
  - 55,000 POS
  - 3,5mn debit cards
- 527<sup>(3)</sup> branches providing full and efficient geographic coverage



## Deeply rooted customer relationships



- Limited participation in M&A activity during Greek banking sector consolidation has safeguarded NBG's identity, client relationships and has enhanced service experience*
- No brand contamination
  - Culture preservation and consistency in service with focus on innovation and improvements
  - Well positioned to manage loan performance and troubled assets
    - Knowledge of customer base (KYC)
    - Consistent, conservative underwriting standards
  - Well positioned to attract deposit inflows

Source: Company disclosure

Notes: (1) Based on C.A.P.I. tracking study during the period April-June 2015

(2) Core deposits include current, sight and savings. Greek deposit market as per the BoG definition includes deposits of the general government.

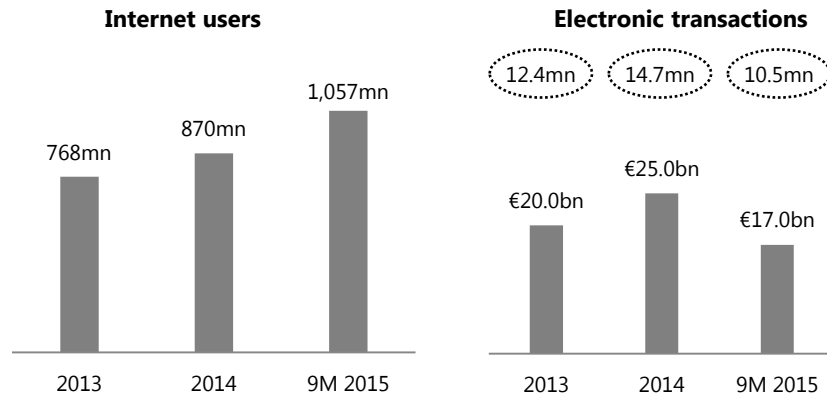
(3) Includes 1 private banking unit; number of branches as of October 2015

(4) Not including SBLs

# Technology and innovation provide new value added services

- Modern and sophisticated bank offering premium cashless and digital services
- Strategic emphasis on developing and upgrading the i-bank platform has resulted in significant transaction growth
- Following imposition of capital controls NBG issued c.609,000 debit cards and opened 130,000 e-banking accounts. Transaction volumes increased more than 100% yoy

## Strong digital channels



## Old but not old fashioned



i-bank Store

Premium Branches

## Selected digital and premium initiatives

- Extensive e-banking platform with ancillary value adding services (e.g. money transfers, share trading, payment of dues to tax authorities and other companies and organizations)
- Highly innovative i-bank store platform targeting young age groups
- Premium banking provides a personalized service to the affluent segment
- Upgrading digital infrastructure a key priority
- Popular loyalty programme (Go4more) with 220,000 members as of Oct'15



# Self funded, well diversified and profitable international business

## Bulgaria

Assets (€mn)	3,331
Loans <sup>(4)</sup> (€mn)	2,721
L:D	94.3%
Branches	200
Loans market share	10.8%
PBT <sup>(2)(3)</sup> (€mn) (1H'15)	15
CAR	28.1%

## FYROM

Assets (€mn)	1,365
Loans (€mn)	968
L:D	83.7%
Branches	64
Loans market share	22.7%
PBT (€mn) (1H'15)	20.2
CAR	17.8%

## Albania

Assets (€mn)	293
Loans (€mn)	203
L:D	85.7%
Branches	27
Loans market share	5.5%
PBT (€mn) (1H'15)	0.6
CAR	16.4%

## Turkey<sup>(3)</sup>

Assets (€mn)	28,377
Loans (€mn)	20,056
L:D	134.4%
Branches	654
Loans market share	4.1%
PBT (1H'15)	207
CAR (BRSA Consol)	15.9%

## Consolidated SEE & Other<sup>(1)</sup>

Assets (€mn)	9,675
Loans (€mn)	7,427
Deposits (€mn)	5,984
L:D	104.8%
Branches	557
PBT (1H'15, €mn)	29.6
Equity (1Q'15, €mn)	1,445

## Serbia

Assets (€mn)	1,131
Loans (€mn)	821
L:D	98.2%
Branches	109
Loans market share	5.3%
PBT (€mn) (1H'15)	0.3
CAR	16.7%

## Romania

Assets (€mn)	1,952
Loans (€mn)	1,522
L:D	184.9%
Branches	116
Loans market share	3.2%
PBT (€mn) (1H'15)	(2.5)
CAR	19.0%

## Cyprus

Assets (€mn)	482
Loans (€mn)	813
L:D	107.6%
Branches	16
Loans market share	2.1%
PBT (€mn) (1H'15)	2.8
CAR	24.0%

Also present in South Africa, Egypt, Malta, London, Australia  
Market shares for Bulgaria, Romania and Serbia include the Leasing entities

Source: NBG

Notes: (1) Includes international activities excluding Turkey

(2) PBT: profit before tax, all figures as of 1H'15 unless otherwise stated

(3) Turkey includes Finansbank IFRS Consol + London + Malta Loans. CAR is shown on Finansbank BRSA consolidated basis

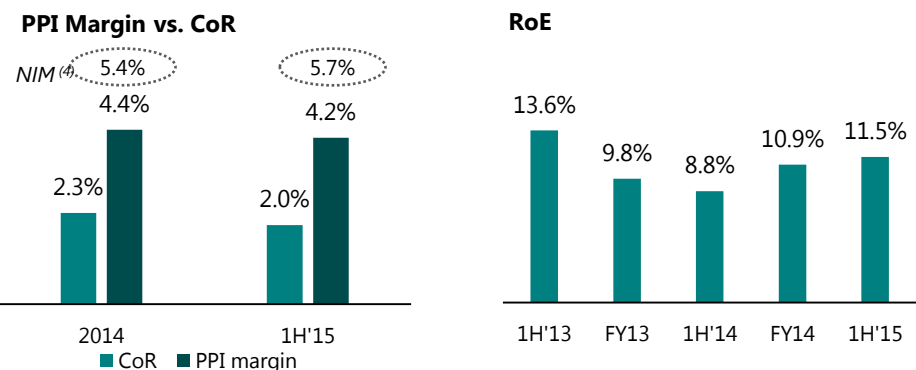
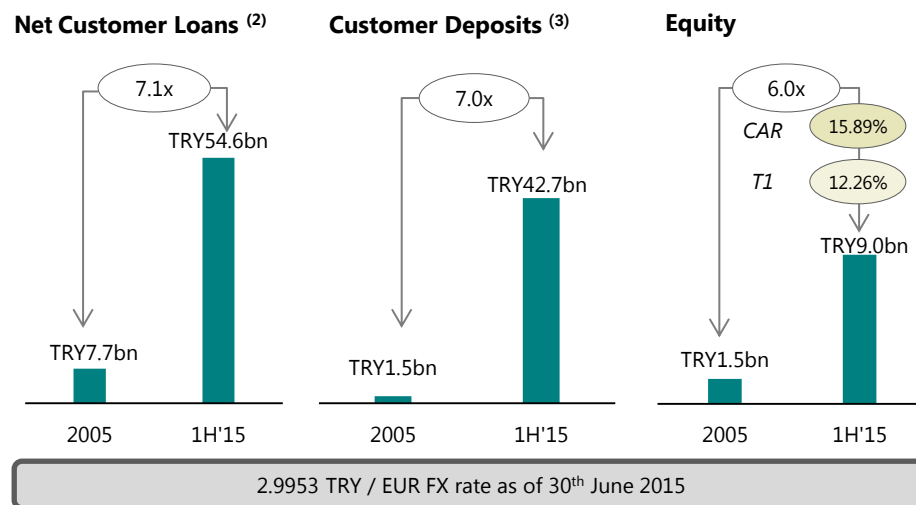
(4) Loans figures represent gross balances, L:D on a net basis

# Finansbank, a sizable and profitable asset in Turkey

Universal bank with proven track record of success since its foundation

- Finansbank operates in an attractive macroeconomic environment with low banking penetration, and has grown organically into a full service financial institution with an experienced management team
- Finansbank is well capitalised and self funded
- Young, nationwide distribution network
  - 654 branches as of 2Q'15, servicing 5.3mn active customers
  - 8.3 years average branch age (2Q'15)
  - More than 60% of employees client facing
- Operates the only successful internet bank in the country (Enpara)
- Partnerships with leading international institutions: Sompo Japan in P&C and Cigna in life insurance and private pensions
- Long term foreign currency ratings of Ba2 / BBB- (Moody's / Fitch)

No. 5 privately owned bank <sup>(1)</sup> with a strong track record of profitable growth



Source: Finansbank, BRSA bank only data, The Banks Association of Turkey

Notes: All information presented in this slide are BRSA bank only, except for CAR and T1 ratios that are BRSA consolidated

(1) As of 2Q'15

(2) Customer loans include loans measured at fair value through profit and loss

(3) Does not include bank deposits balance

(4) Before swap

# NBG Insurance: #1 in Greece both in life and non-life business

## Highly profitable on the back of a multi-channel distribution

- NBG insurance is well positioned in Greece both in life (**26%** market share <sup>(1)</sup>) and in non-life (**11%** market share <sup>(1)</sup>) insurance
  - NBG insurance accounts for **19%** of the total insurance market <sup>(1)</sup> and it is the only composite Greek insurer
- The Greek insurance market is significantly under-penetrated compared to European average
  - Life penetration Greece vs. Europe: 1.0% vs 4.1%<sup>(3)</sup>
  - Non-Life penetration Greece vs. Europe: 1.2% vs 2.7%<sup>(3)</sup>
  - The expected pension reforms will further assist the growth and profitability
- NBG insurance operates a multi-channel distribution
  - 2,300 tied agents
  - Long-lasting relationships with brokers
  - Direct business through
    - Online channel branded Ethniki Protect;
    - HQ corporate relationships
  - Bancassurance through NBG's 528 branches (the fastest growing channel)
- Post significant restructuring commenced in 2010 NBG Insurance has become highly profitable delivering RoEs above 15% during the crisis
- Strongly capitalised with a solvency margin of c. 500%<sup>(1)</sup> under Solvency I standards and strong position under Solvency II; BV of €631mn (1Q'15)

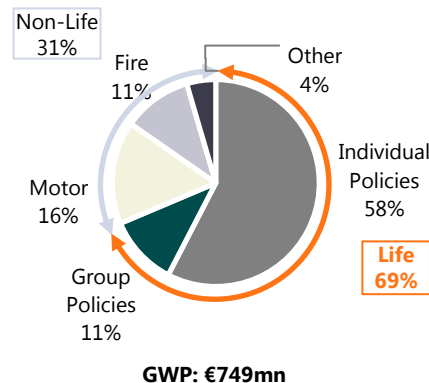
Source: NBG, Ethniki Insurance IFRS accounts, Management accounts

Note: (1) As of 30-Jun-2015

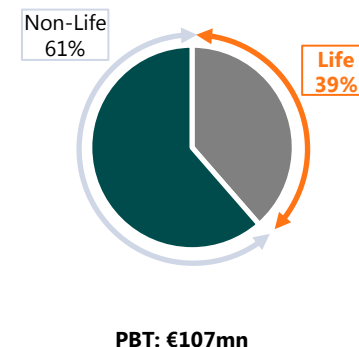
(2) GWP including reinsurance and policy fees and excluding international operations

(3) SwissRe Sigma report no 4/2015, Europe includes Greece

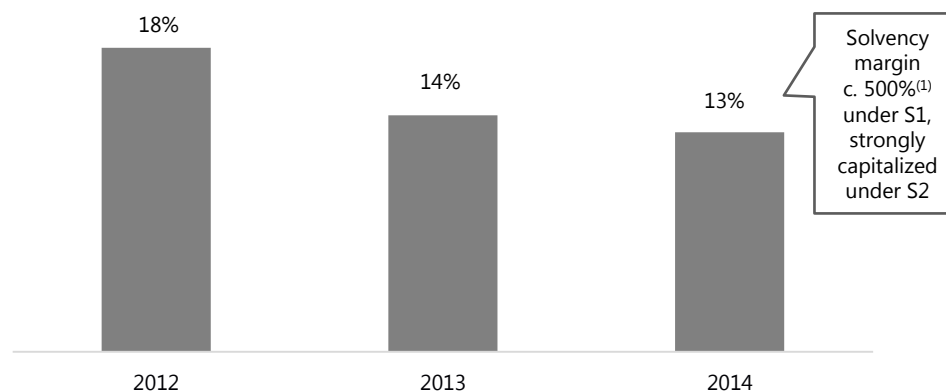
## GWP<sup>(2)</sup> breakdown FY2014



## PBT breakdown FY2014



## Delivers high RoE on the back of a strong solvency position





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## Upside Potential from NPL Management

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3





# Dedicated and independent internal units for retail and corporate NPL management

## Corporate NPL Management

- Special Assets Unit (“SAU”) is a centralised unit with end-to-end responsibility for the management of corporate NPLs with:
  - Vertically integrated management to ensure single point accountability and efficient decision making
  - Dedicated SAU RMs and separate Credit Committee
  - Clear prioritisation strategy based on status, size, collateralisation levels and legal status
  - Internally developed tools to prioritise alternative strategies and assess debtors’ viability
  - Short-term and longer-term target setting and RM productivity monitored monthly

## Retail NPL Management

- Retail Collections Unit (“RCU”) is an independent unit focused on management of retail NPL
  - Centralised unit with end-to-end responsibility
  - Strategy differentiated by customer segmentation : emphasis on collecting in early buckets, restructuring subsequently and settlements for >360dpd
  - New restructuring products designed to ensure solution sustainability based on PTI (i.e ability to repay)
  - Tight performance monitoring of internal collection center and external agents and lawyers through comprehensive KPIs
  - Champion/challenger tactics frequently employed to test new segment strategies based on cohort attributes (profession, income, dpd, collateral)

Source: NBG

Notes: all NBG figures refer to domestic Greek business

(1) SME: small & medium enterprises

(2) SBL: small business loans

## Overview of Portfolio

Corporate	Balance (€bn)	of which (denounced)	#Clients	FTEs
Large Corporates	1.7	2.7	373	19
SMEs <sup>(1)</sup>	2.4	0.6	3,871	62
SBL(Legal Entities) <sup>(2)</sup>	1.4	1.3	12,489	80
Denounced <sup>(3)</sup>	n.a	n.a	11,192	52
Legal, Control & Operational				54
<b>Total</b>	<b>5.5</b>		<b>16,733</b>	<b>267</b>

Retail <sup>(4)</sup>	Balance (€bn)	Functions	Clients ('000)	FTE
Mortgages	9.2	Collections	84	185
Consumer	3.8	Restructuring	100	170
Micro-SBL	1.3	Legal/ Settlements	227	170
<b>Total</b>	<b>14.3</b>		<b>411</b>	<b>525</b>

<b>Branches (execution)</b>	592
<b>External collection agencies</b>	212
<b>External law offices (restructuring/settlements)</b>	146

**c. 1,800 FTEs deployed in NPL management**

(3) Denounced: legal procedures have been initiated

(4) Based on preliminary operational figures as of 31.08.15 where RCU is responsible for >0 dpd loans

# RCU: A centralised approach delivers tangible results



▪ **Matrix strategy based on customer risk profile and delinquency status, on the back of statistical segmentation of customers**

	Channels	Offerings/Products
<b>Collections (Early Delinquencies)</b>	<ul style="list-style-type: none"> <li>▪ Call Centre with sophisticated call strategy and monitoring tools fully integrated with best in class IT</li> <li>▪ External agencies (focusing on smaller tickets and early delinquencies, mostly consumer credit, incentive based remuneration)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Soft collection/hard collection, based on risk category, balance size, dpd and client response</li> </ul>
	<p>Collections roll rates mortgage loans (non-restructured)</p>	<p>Collections roll rates consumer loans (non-restructured)</p>
	<p>▪ <b>Short-lived impact from capital controls, normalisation post July 2015</b></p>	

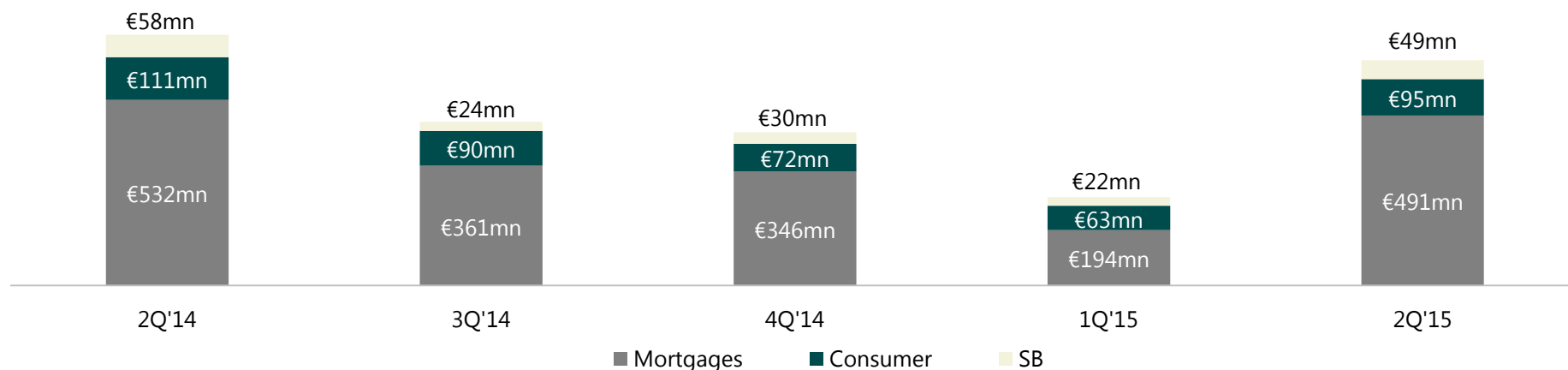
Source: NBG  
Notes: (1) Represent number of missed payments

# RCU: A centralised approach delivers tangible results

▪ **Matrix strategy based on customer risk profile and delinquency status, on the back of statistical segmentation of customers**

	Channels	Offerings/Products
Restructurings (Mid Delinquencies)	<ul style="list-style-type: none"> <li>Call centre (offers restructuring solutions based on client characteristics)</li> <li>Branches (execute call centre agreements)</li> <li>External law firms (offer restructuring solution to clients vs. pursuing legal action)</li> </ul>	<ul style="list-style-type: none"> <li>Collateral addition</li> <li>Incentives offered to remain current in the form of the write off (interest or capital) at maturity</li> <li>Maturity extension</li> <li>Monthly payment reduction for 3-6 years based on PTI</li> <li>Split &amp; freeze (no interest on frozen component for 5-10 years)</li> <li>Incentives offered to remain current in the form of the write-off (interest or capital) at maturity</li> </ul>
Settlements (Late Delinquencies)	<ul style="list-style-type: none"> <li>External law firms (offer settlement to denounced clients vs. pursuing legal action)</li> </ul>	<ul style="list-style-type: none"> <li>Write-off of penalty interest, as well as a % of capital depending on collateral and duration of repayment schedule, no interest agreement</li> </ul>

## Restructurings



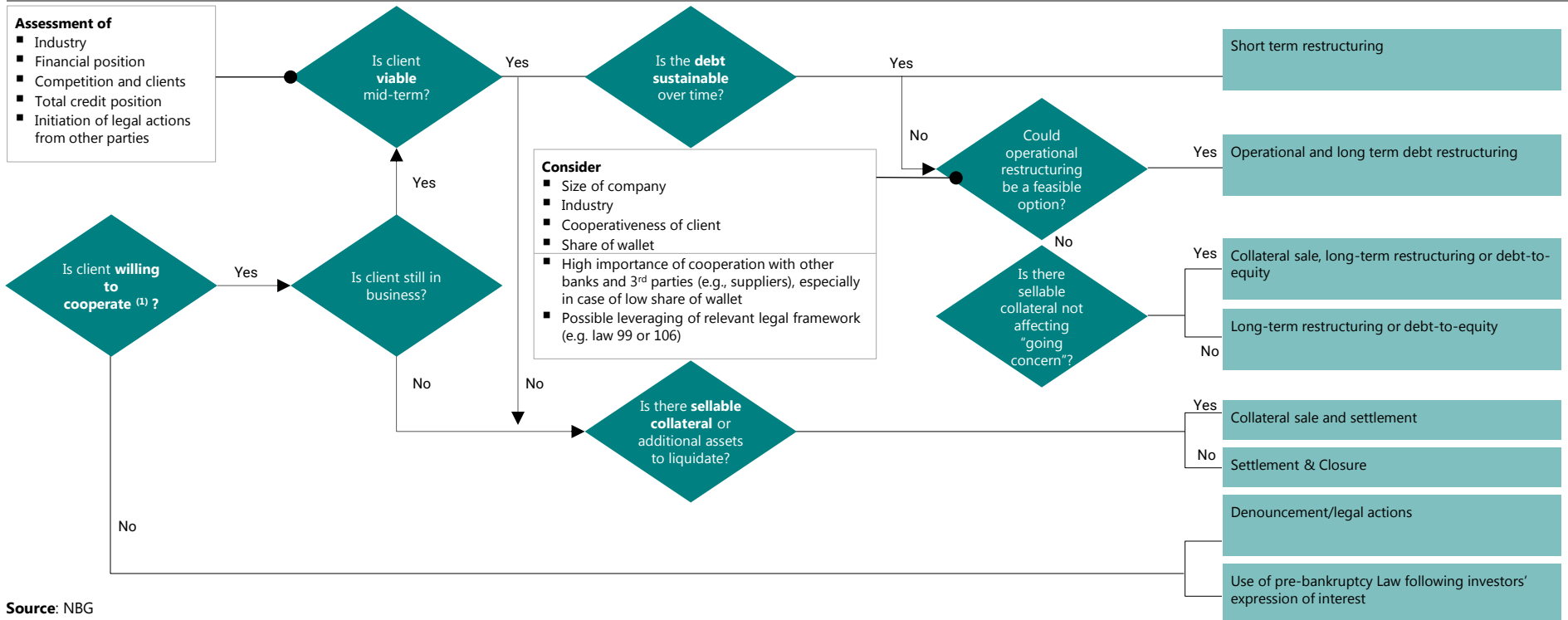
# SAU: Well designed, comprehensive strategy and solutions



## SAU: Independent unit for efficient and rapid solutions for corporate clients

Strategy	Operations/Monitoring	Tools
<ul style="list-style-type: none"> <li>✓ Independence</li> <li>✓ Dedicated resources</li> <li>✓ Prioritization Strategy</li> <li>✓ Standardised solutions for SBLs</li> <li>✓ Tight monitoring to ensure speed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Standalone from "Good Bank"</li> <li>✓ Well-defined criteria for loan transfers (only two times/year)</li> <li>✓ Dedicated investment banking unit for complex deals</li> <li>✓ Coordination with real estate unit of bank for foreclosed assets</li> <li>✓ Standardised RFPs for IBRs</li> <li>✓ Regular training to RMs</li> </ul>	<ul style="list-style-type: none"> <li>✓ Solution management for daily portfolio management (CRM)</li> <li>✓ Viability assessment for large and small corporates</li> <li>✓ NPV tool</li> <li>✓ Workflow application for SBLs</li> <li>✓ MIS on unit productivity</li> </ul>

## Selection of high level strategy – LCs/SMEs



Source: NBG

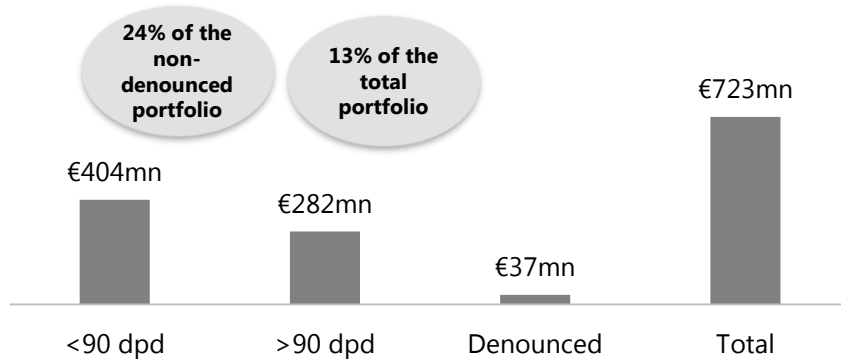
Notes: (1) Willing to meet/provide all necessary data

# Strong performance to date and robust coverage pave the way to recoveries and profitability



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## Restructurings (1H'15)

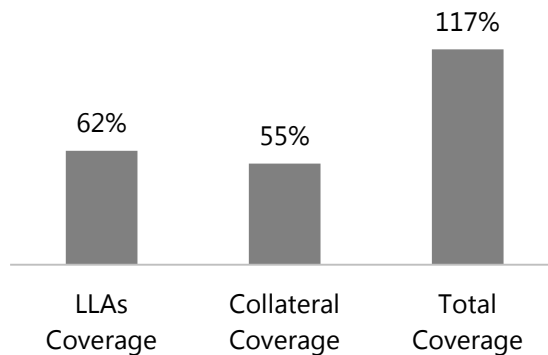


## Collections

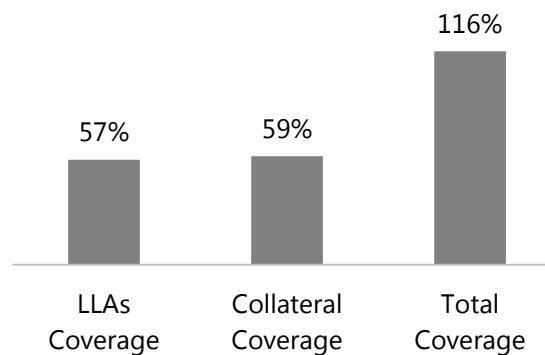
	% of Portfolio (annualised)
<90 dpd	9.0%
>90 dpd	1.7%
Denounced	0.8%
<b>Total</b>	<b>2.9%</b>

## Highly provided and well-collateralised book

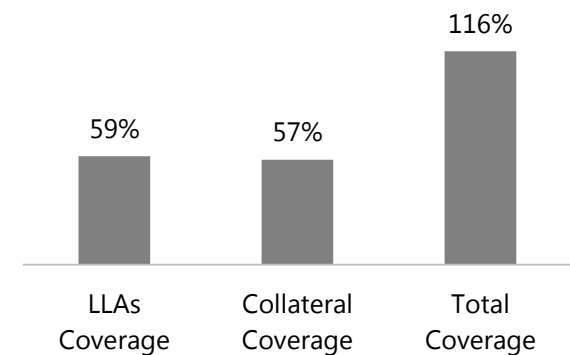
### Large Corporate



### SMEs



### SBLs



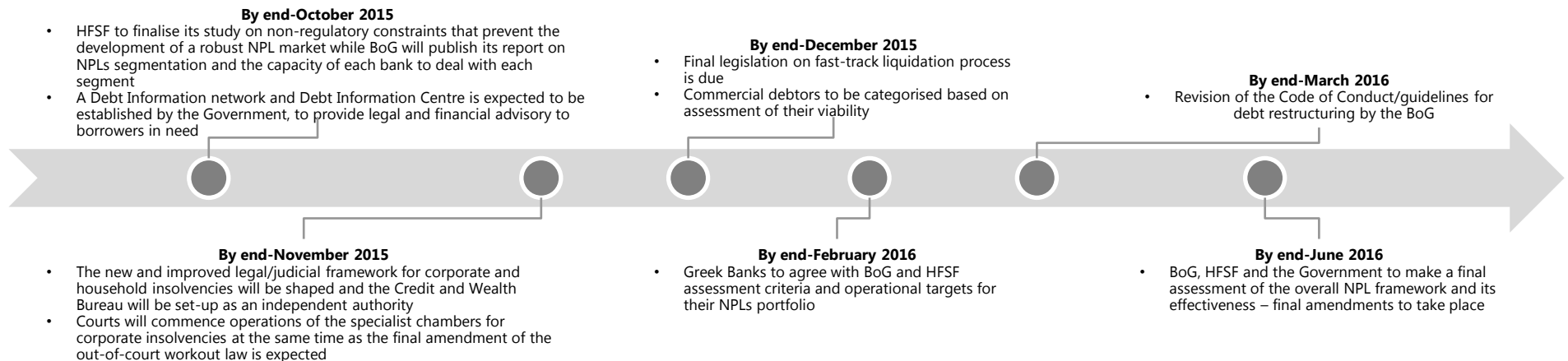
# Strengthened NPL resolution ability through legislative change

Creditor friendly Civil Procedure Law and imminent changes in Bankruptcy/ Personal Bankruptcy Code stipulated by the 3<sup>rd</sup> MoU programme (January 2016)

The new legal framework facilitates faster, simpler and more efficient processing of NPLs and significantly improves recoverability potential

- Shorter time from denouncement to auction (incl. enforcement period) completion and recovery of claims (1+ years vs. 3+ years today)
- Simpler and shorter liquidation process for non-viable debtors
- Improvement in auction proceed receipts (65% - 100%) to secured creditors
- Cost savings (20% average reduction in expenses pre-paid by the creditor)
- Limits possibility of manipulation or fraud by treating legal actions unfavourably
- Allows for amicable settlement
- Earlier initiation of rehabilitation pre-insolvency procedure based only on likelihood of future insolvency
- Shorter bankruptcy procedure

## Implementation Timeline of NPL resolution framework (3rd MOU)



# Successful NPL management holds the key for bottom-line and RoE outperformance



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## ■ External factors support NPL management

- Political stability and macro trends pave the way to recovery
- Regulatory focus with close monitoring of TAR development
- Credit friendly legal framework (following the signing of 3rd MOU Programme) a catalyst for effective NPL management and ambitious target setting

## ■ NBG leverages on developments and takes actions to overshoot targets:

- Operation of a fully fledged and independent internal bad bank for both retail and corporate NPLs already delivers tangible results
- Cooperation with external parties (collection agencies and law firms) has improved productivity and effectiveness
- Collaboration with other banks comprehensively addresses large client and sectorial exposures
- Potential to develop strategic partnerships or JVs to leverage international expertise
- Potential to explore value accretive portfolio sales

- **Top management priority**
- **15-20% reduction in post-AQR lifetime losses**



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## Q2.2015 Financial Results

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# 4





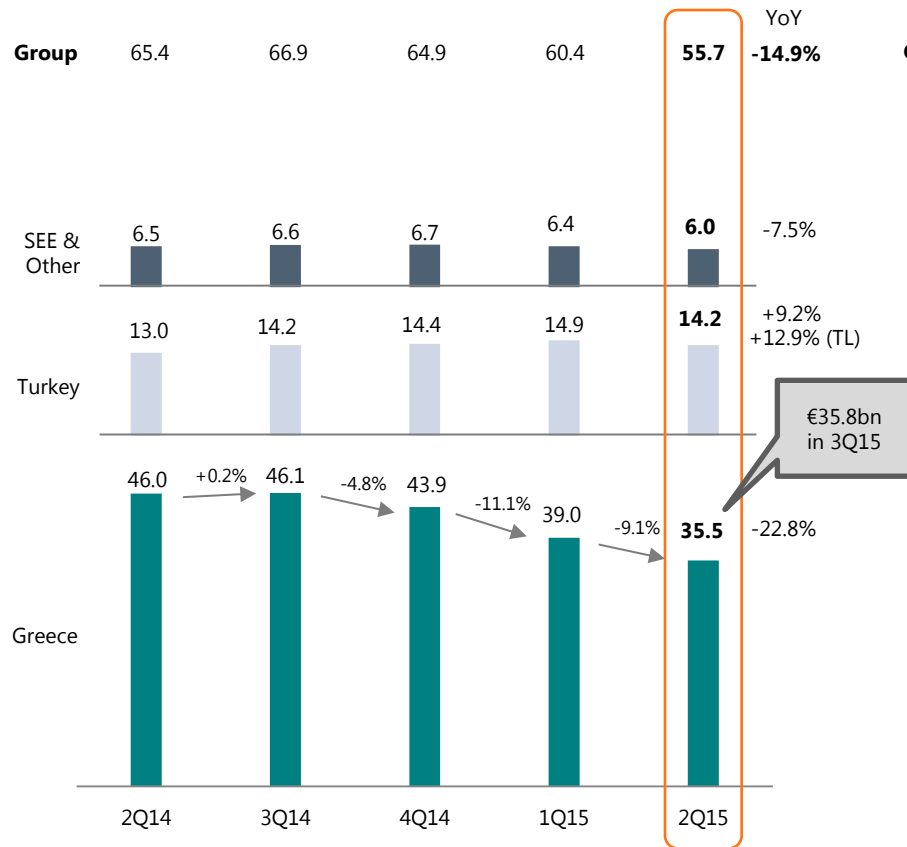
## Q2.15 Financial Highlights & Themes

- **Q2.15 Group PPI reaches €434m (+22%) fending off sustained TL devaluation; Group PPI margin at 282bps**
  - Group NII resilient at €750m (-3.7% qoq), despite increased ELA reliance in the domestic business and further depreciation of TL in Q2
  - Turkish NII up by an impressive 8.3% qoq in TL terms (2.2% in Euro terms)
  - Group C:I at 55%
- **Group 90dpd formation drops sharply to €133m in Q2 vs €477m in Q1 in large extent to more effective Troubled Asset strategy in both retail and corporate portfolios**
- **AQR induced provisions drive domestic NPE coverage up by 8.5ppts qoq**
  - Q2 domestic loan loss provisions of €2.3bn reflecting AQR result drive NPE coverage to 53% and 90dpd coverage to 73%
  - Domestic formation stood at €41m vs €336m in Q1 with negative formation in the corporate Special Asset Unit (SAU)
  - Group 90dpd ratio at 24.6%, 25bps up qoq due to deleveraging in the domestic market
  - Domestic 90dpd +15bps qoq to 32.1%, driven by improved collections efforts in the retail segment (€142m vs €377m in Q1.15)
  - Restructuring flows gather pace in Q2 and Q3
- **Domestic L:D at 98% despite substantial deposit outflows in Q2**
  - Greek banks' anticipated recapitalization is expected to allow for the gradual relaxation of capital controls, improving household and business confidence levels
  - Liquidity conditions remain tight, however, following the agreement on a new programme, deposit flows have turned positive and Eurosystem has been reduced
  - Domestic outflows slowed to €3.6bn from €4.8bn in Q1 - returned to positive territory in Q3
  - NBG operates with a best-in-class L:D of 98% in Greece and 108% at the Group level
  - Eurosystem funding at the end of Q3 stood at €25.6bn (ELA: €15.6bn) down from €23.6bn in March. Cash value of excess collateral at €8.0bn

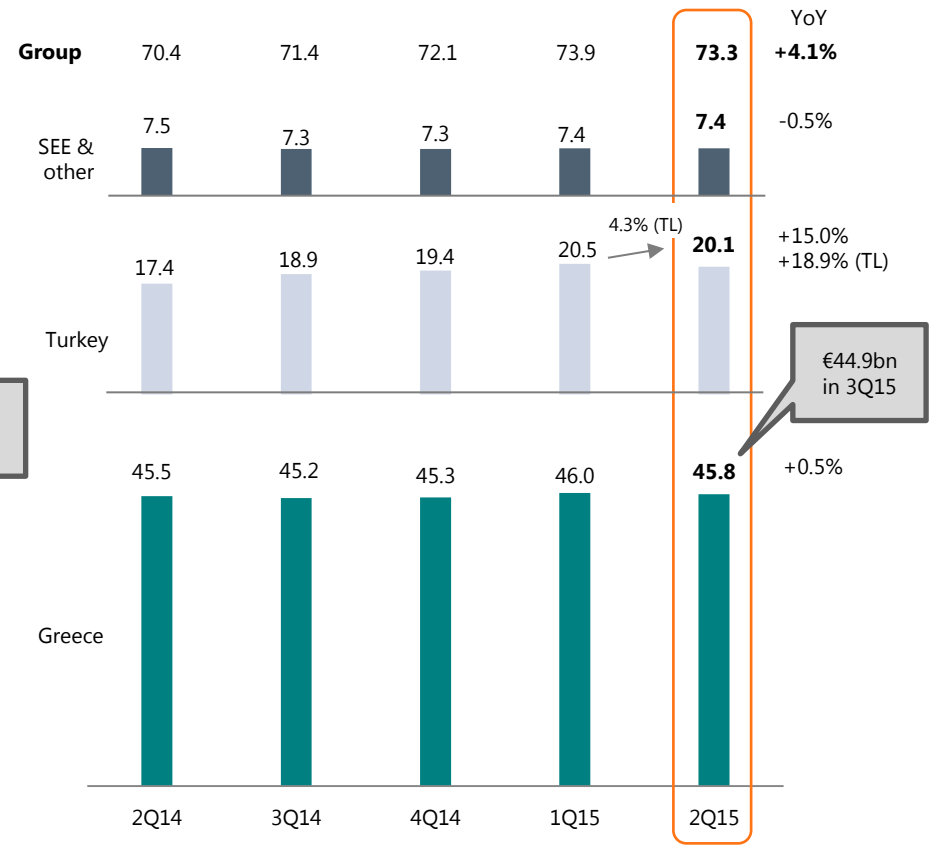
# Domestic deposit outflows moderate in 2Q, in positive territory in 3Q



### Deposits' evolution by geography (€ bn)



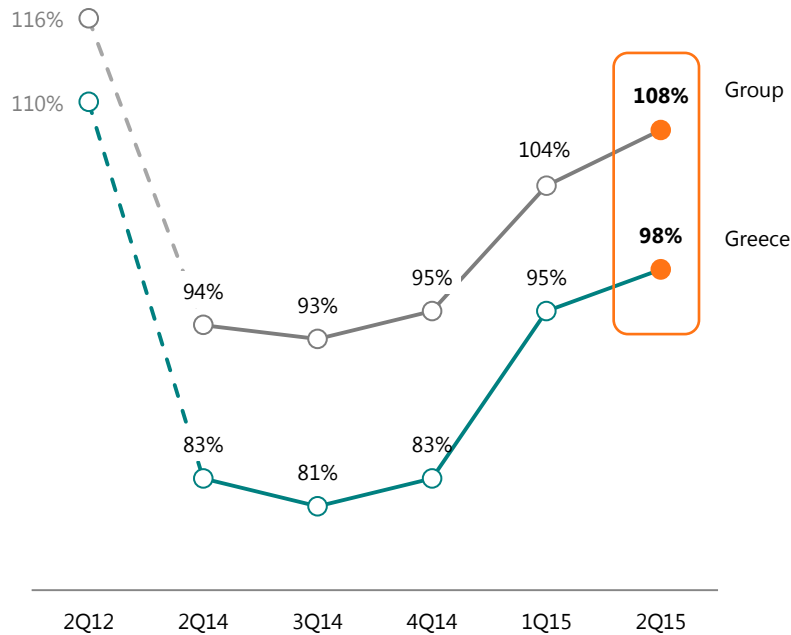
### Gross loans' evolution by geography (€ bn)



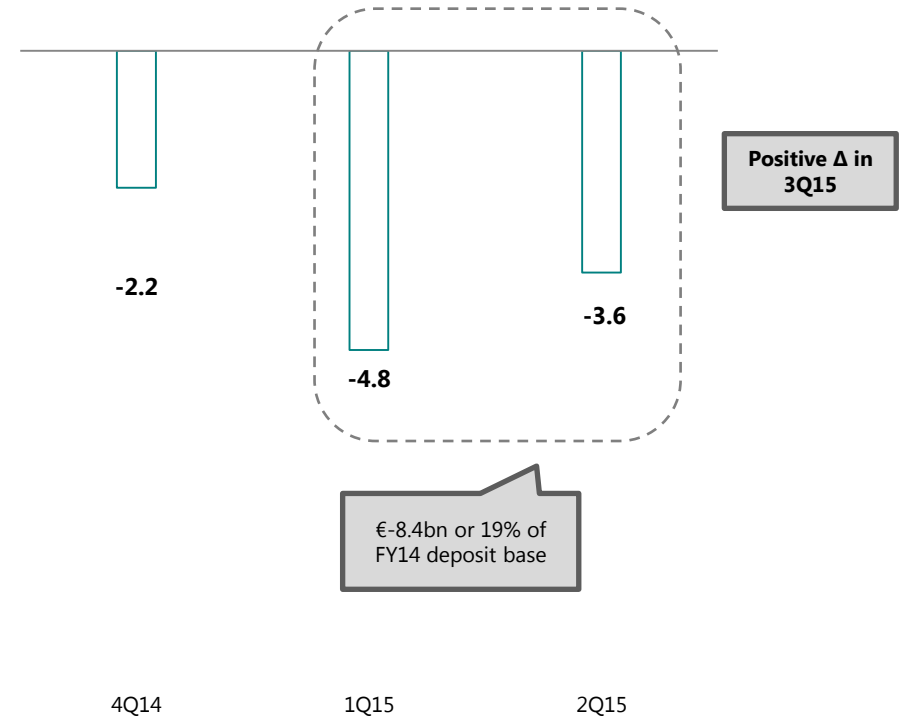
# Domestic L:D ratio below 100% despite cumulative deposit outflows of 23% from 3Q14 level



L:D ratio evolution

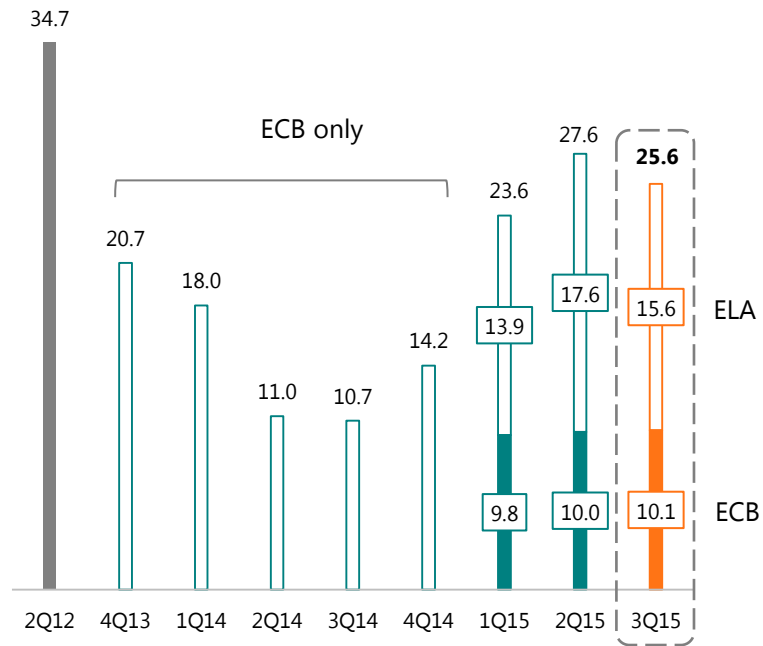


Greek deposit flows per quarter (€ bn)

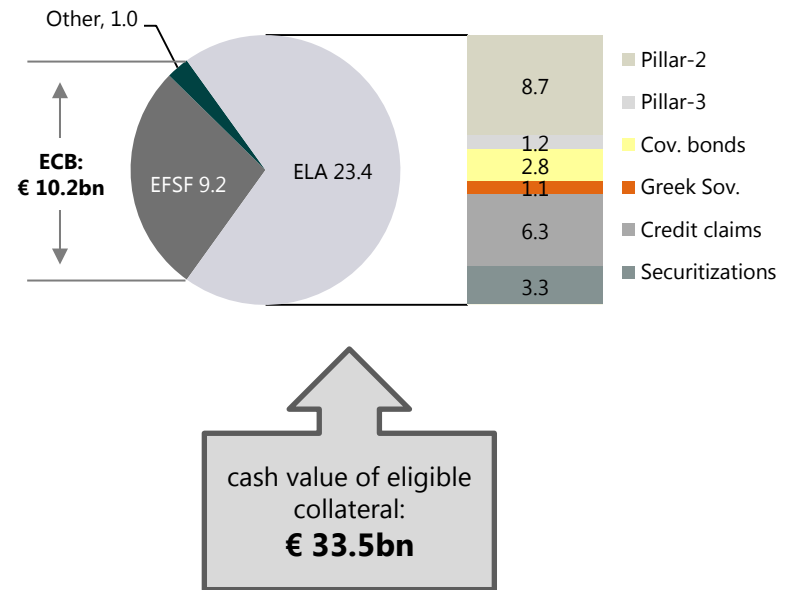


# Cash value of excess collateral at €8bn

Eurosystem funding (€ bn)



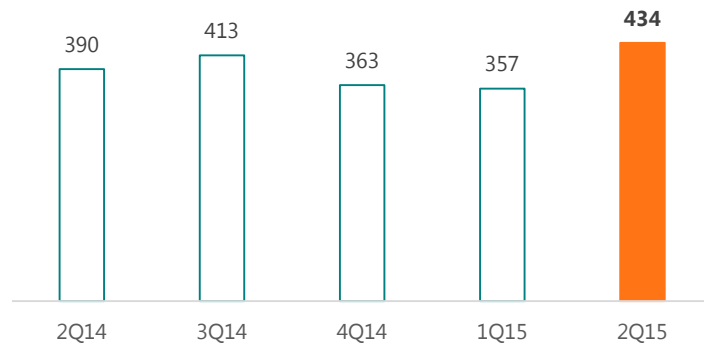
Eurosystem collateral cash values (€ bn) – 3Q15



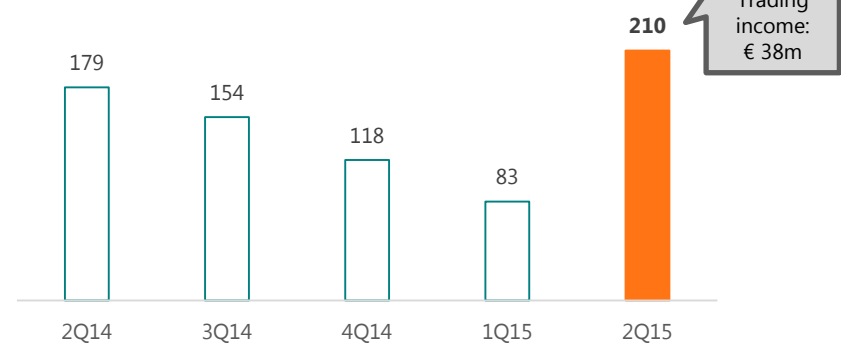
# Group PPI rises 22% qoq as non-core income rebounds



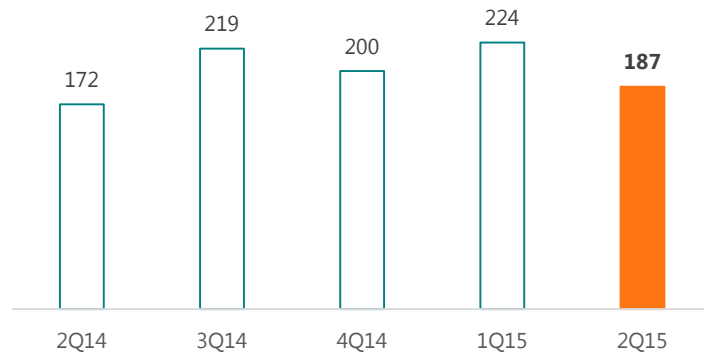
### PPI Group (€ m)



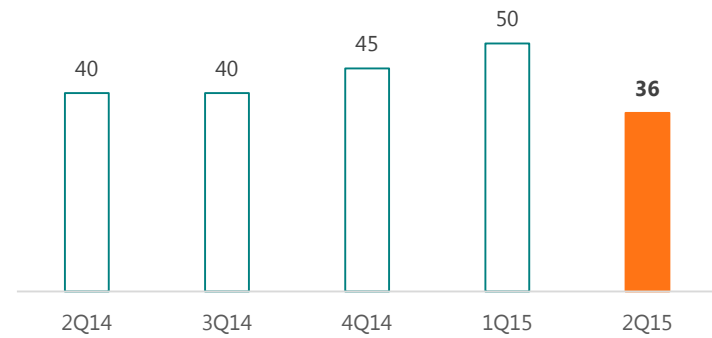
### PPI Greece (€ m)



### PPI Turkey (€ m)



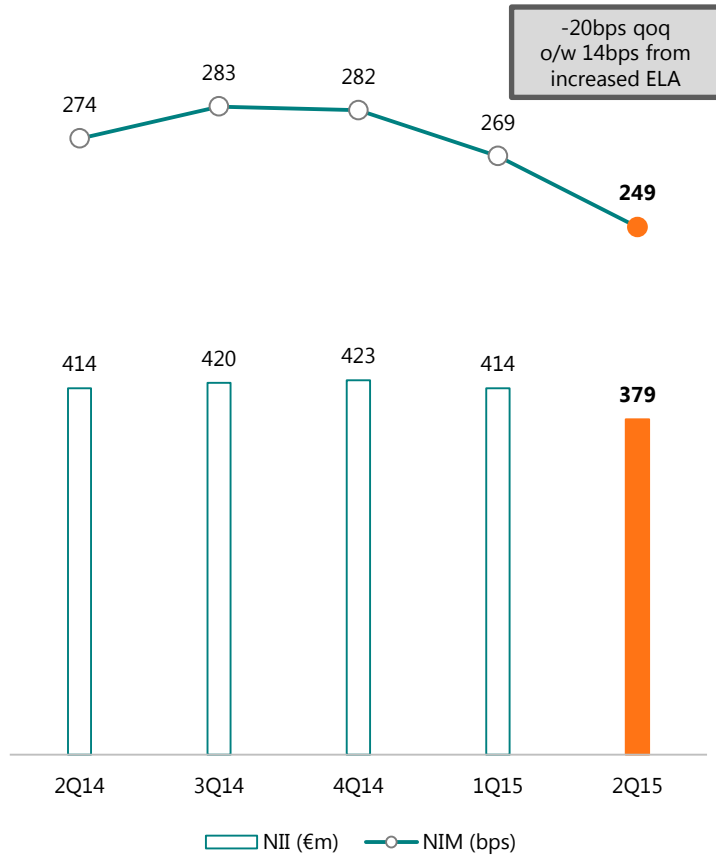
### PPI SEE & other (€ m)



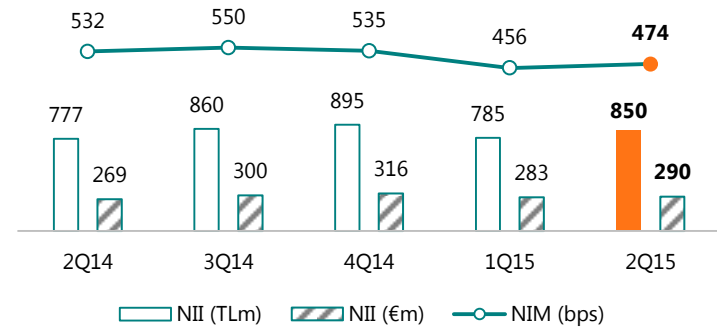
# Greek NII drops qoq due to cost from shift to ELA; international NII edges up



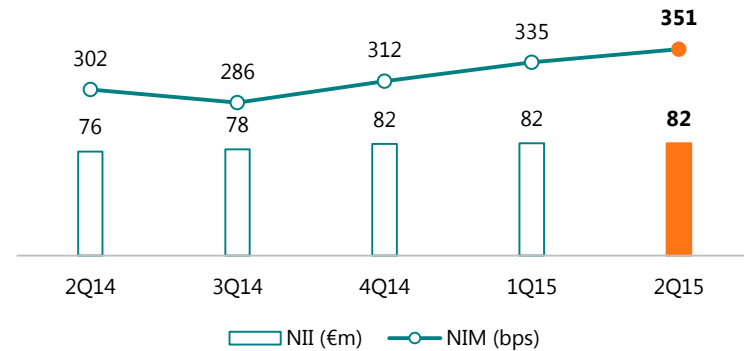
## Greece



## Turkey

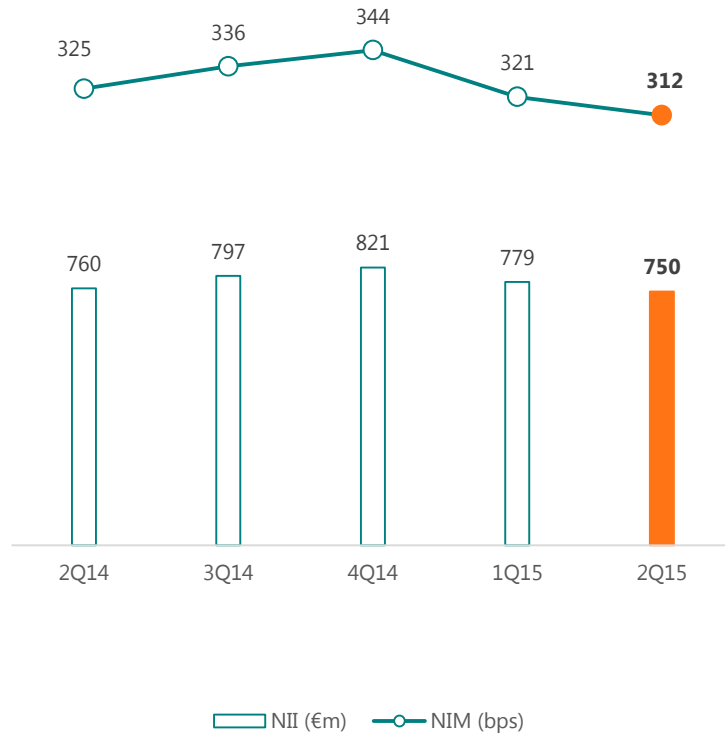


## SEE & Other

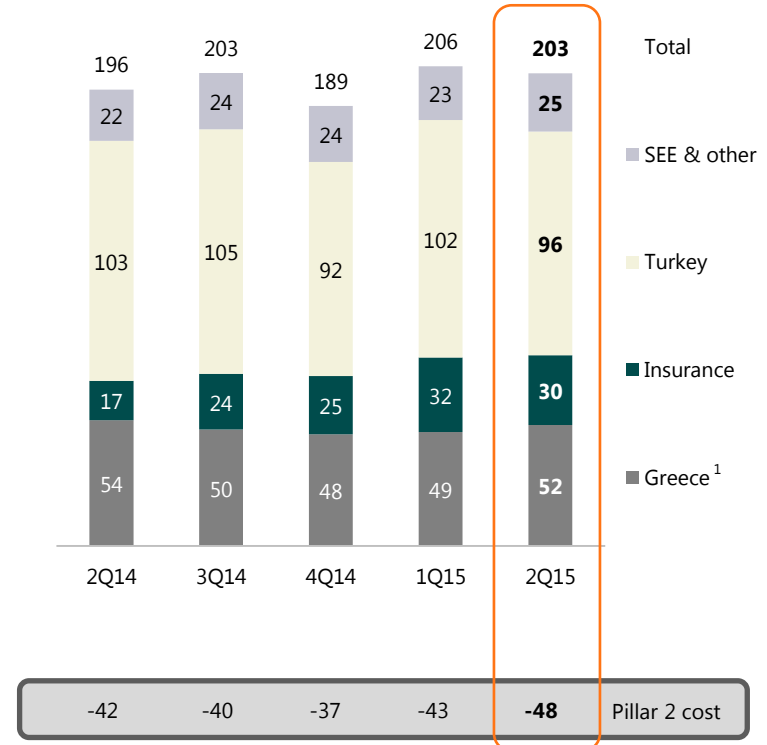


# Group NIM down by 9bps qoq on domestic funding cost pressure; commissions broadly flat and gradually recovering in domestic market

## Group NII & NIM



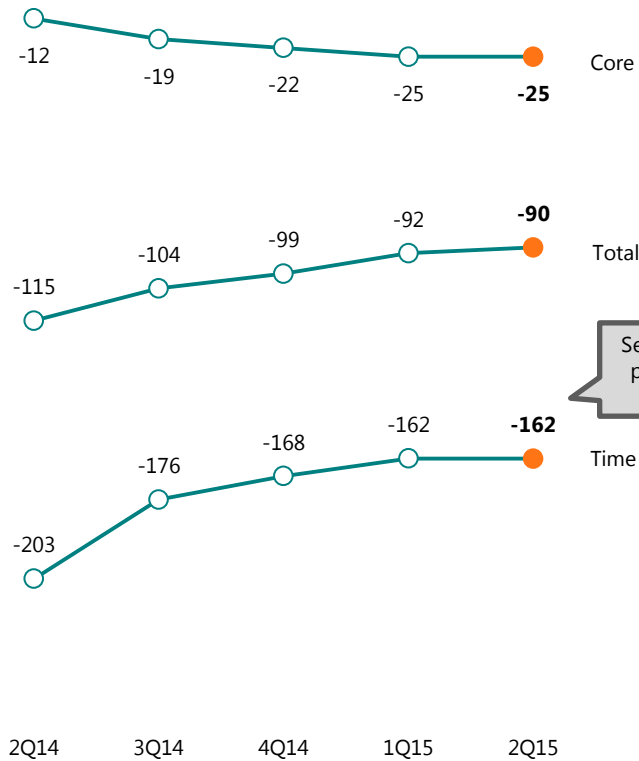
## Group fees & commissions and insurance income



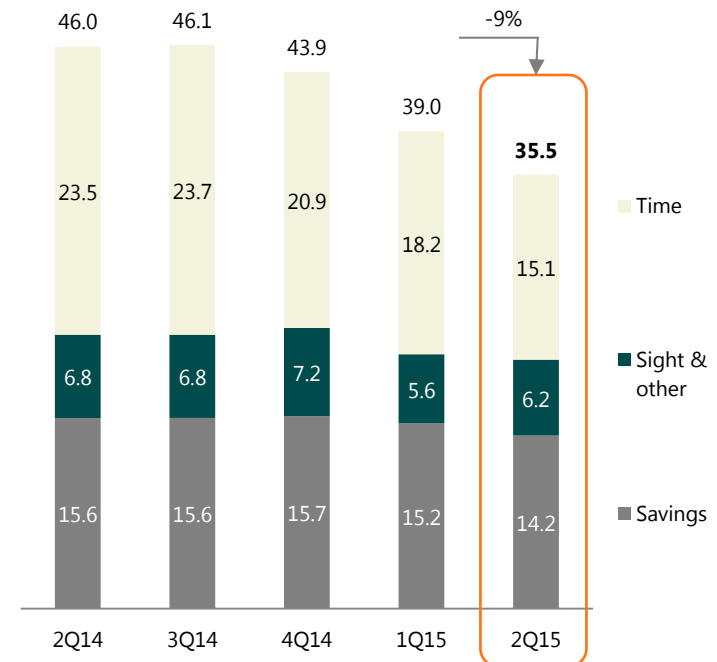
Notes: (1) Excluding cost for Pillar-2 Govt. guarantees

# Frontbook time deposit repricing continues signaling further funding cost reduction

Greek deposit spreads (bps)



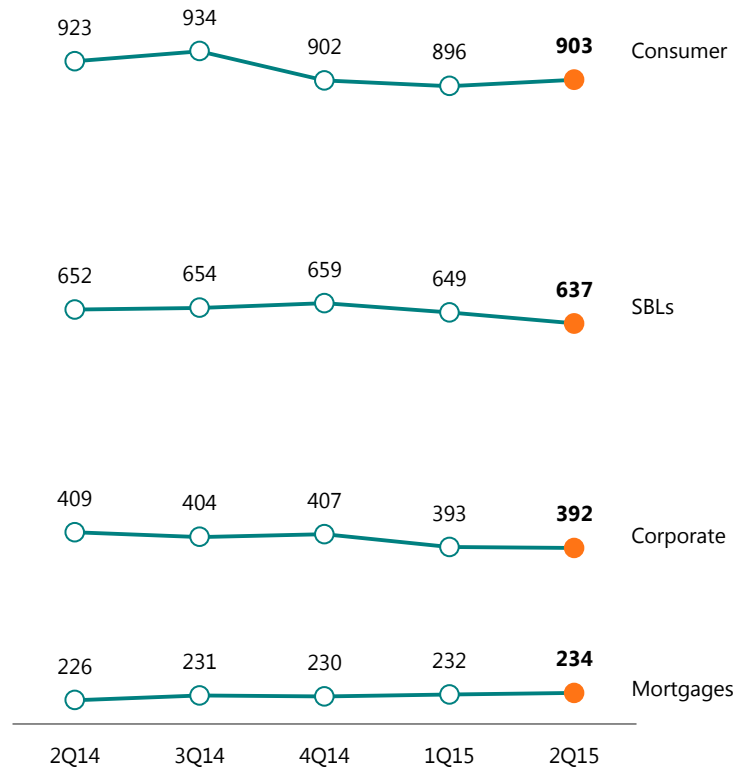
Greek deposits evolution (€ bn)



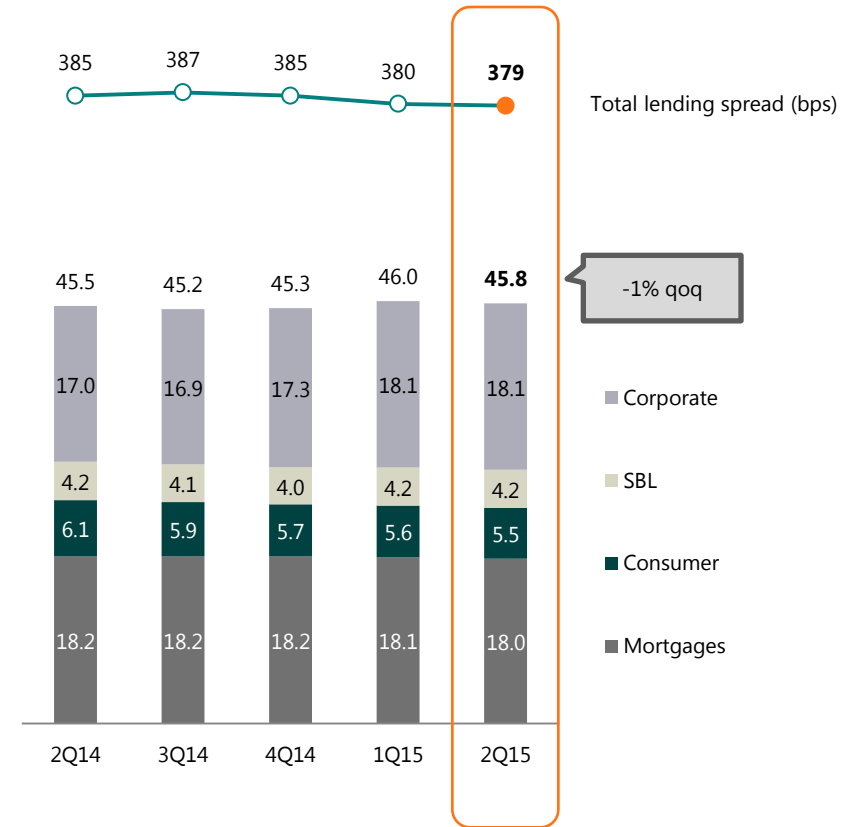


# Greek lending spread remains steady at 379bps

Greek lending spread (bps)



Greek gross loans evolution (€ bn)



# Domestic C:I improves

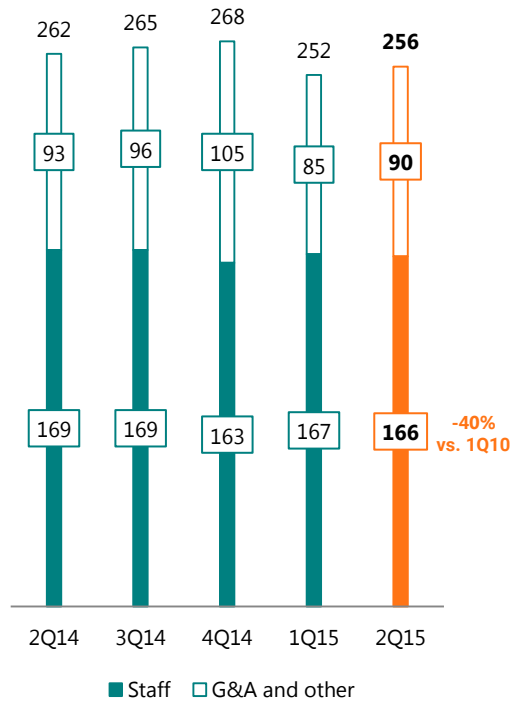
## Group Opex by geography (€ m)

	1H15	1H14	yoy
Greece	508	518	-2.0%
Turkey	426	370	+15.0%
SEE & other	132	122	+8.0%
<b>Group</b>	<b>1,065</b>	<b>1,010</b>	<b>5.4%</b>

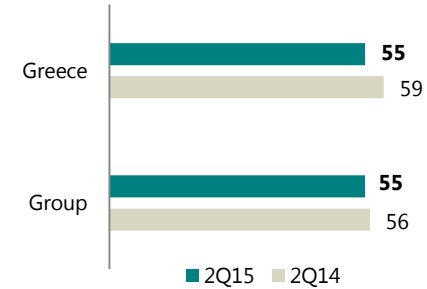
## Group OpEx by category (€ m)

	1H15	1H14	yoy
Personnel	598	554	7.9%
G&As	368	358	2.7%
Depreciation	100	98	1.5%
<b>Group</b>	<b>1,065</b>	<b>1,010</b>	<b>5.4%</b>

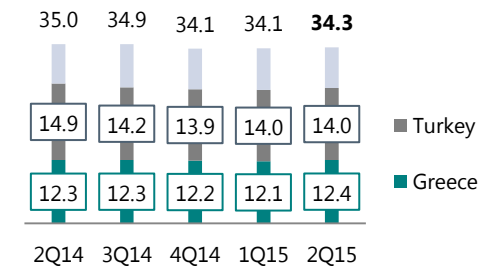
## Greek OpEx evolution (€ m)



## Cost-to-income ratios (%)

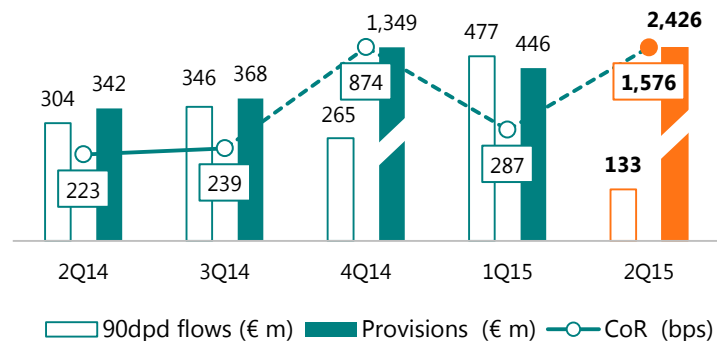


## Headcount evolution ('000)

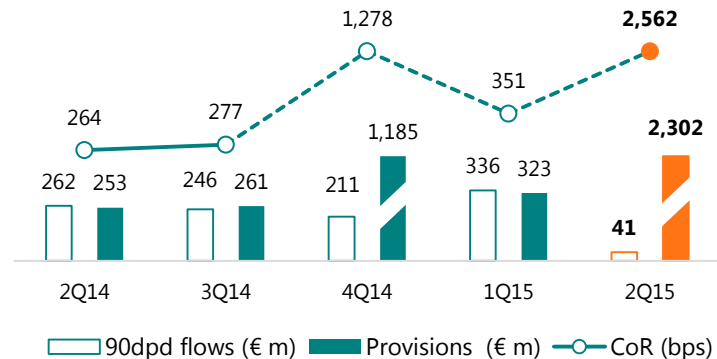


# CoR jumps on the back of increased provisions; expected to normalize going forward

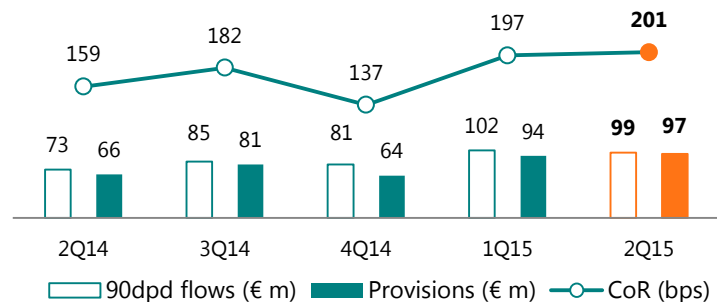
## Group



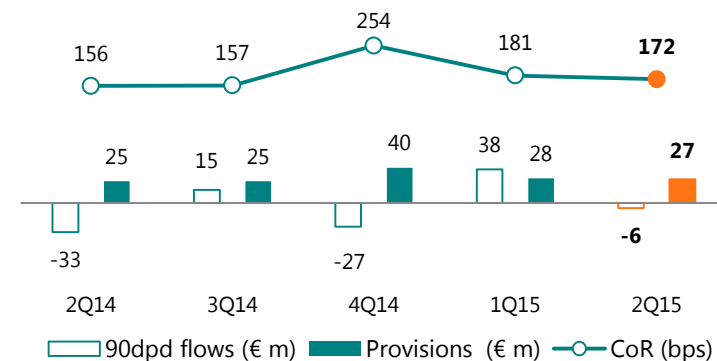
## Greece



## Turkey

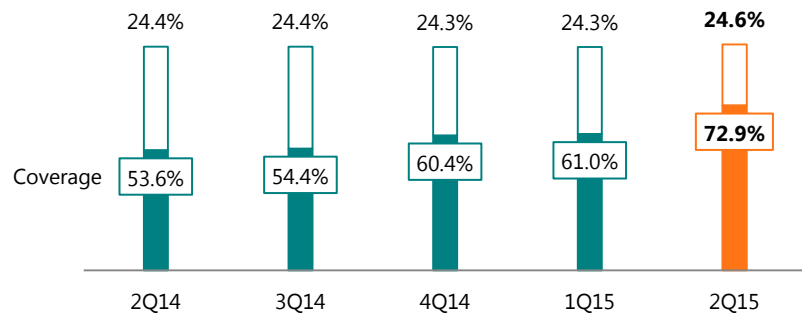


## SEE & other



# Domestic 90dpd up by just 15bps qoq, coverage increases to 75%

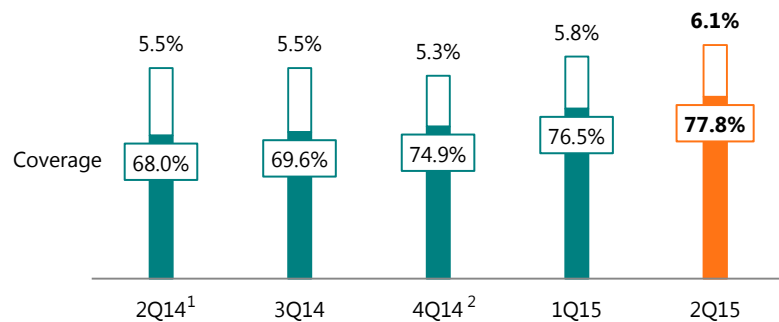
## Group 90 dpd ratio



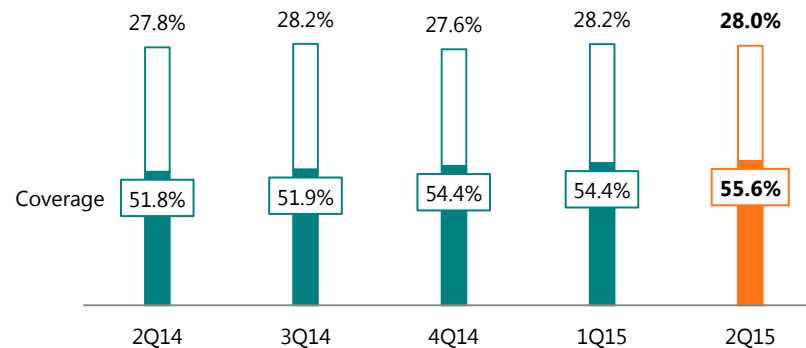
## Greece 90 dpd ratio



## Turkey 90 dpd ratio



## SEE & other 90 dpd ratio

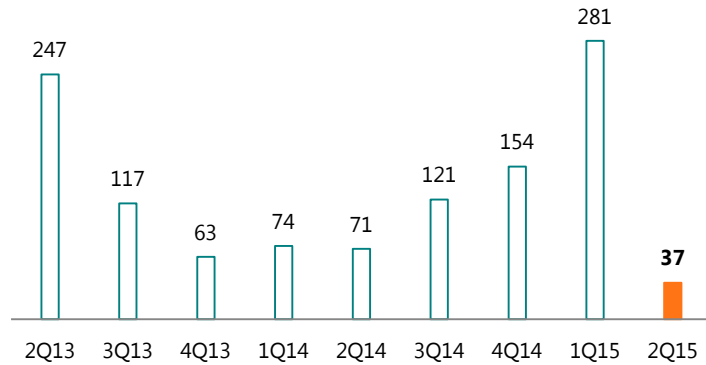


Notes: (1) Incl. TL 0.5bn NPL sale; 2. incl. TL 0.3bn NPL sale

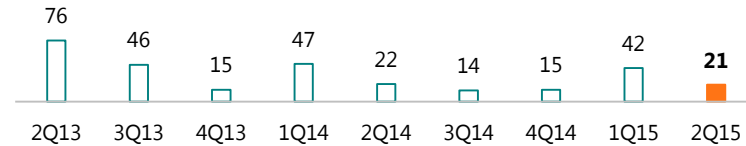


# Domestic formation abates in 2Q reflecting accelerated restructuring activity

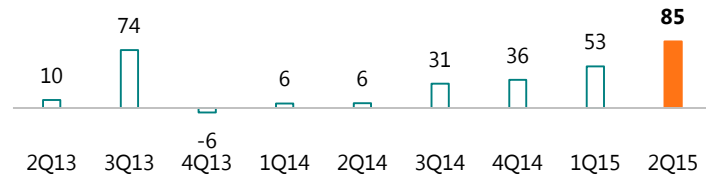
### Mortgages<sup>1</sup> (€ m)



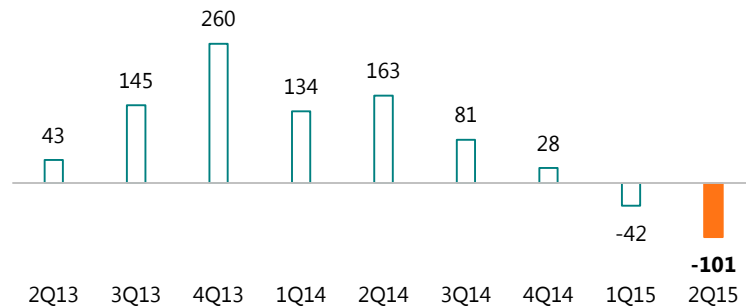
### Consumer (€ m)



### SBLs (€ m)



### Corporate (€ m)

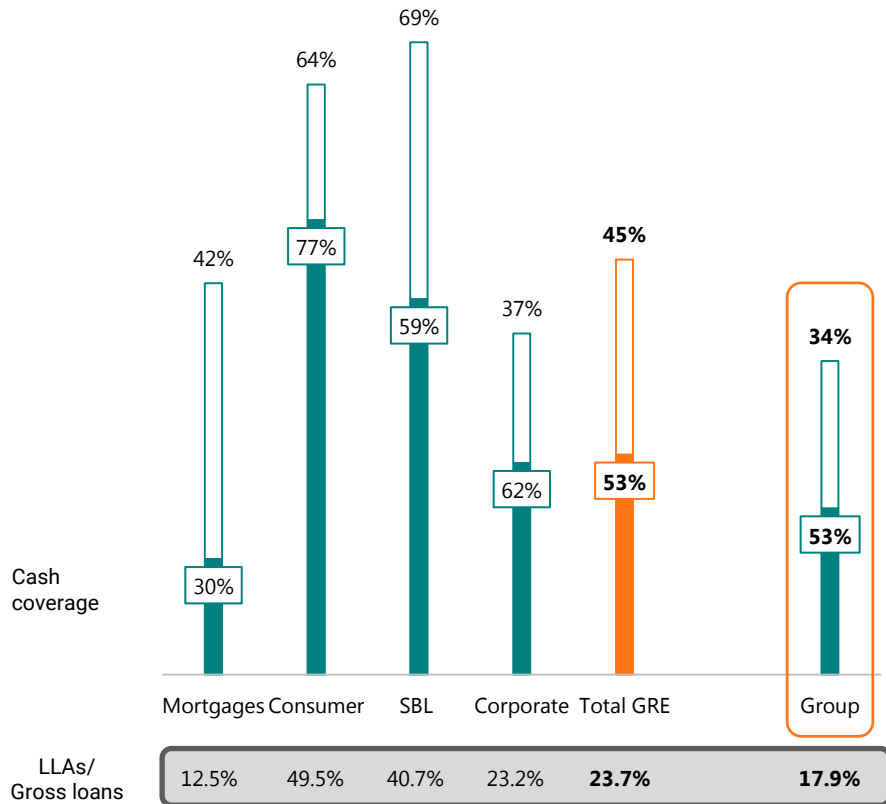


Notes: (1) Mortgage formation up to 3Q14 is on 180dpd basis; 4Q15 onwards is on a 90dpd basis

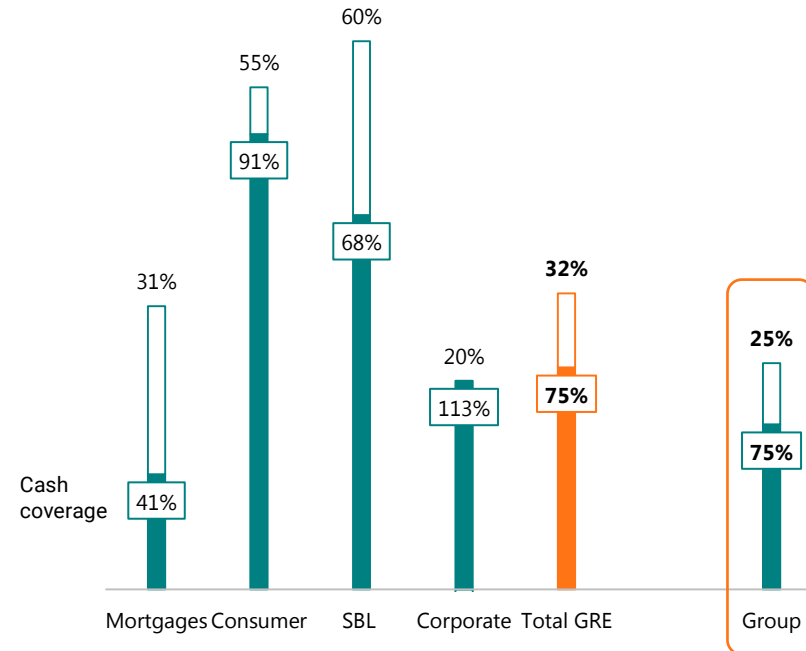
# Increased provisioning drives domestic NPE coverage up by 8.5ppts to 53%; 90dpd coverage to 73%



Greek NPEs per segment (post AQR)



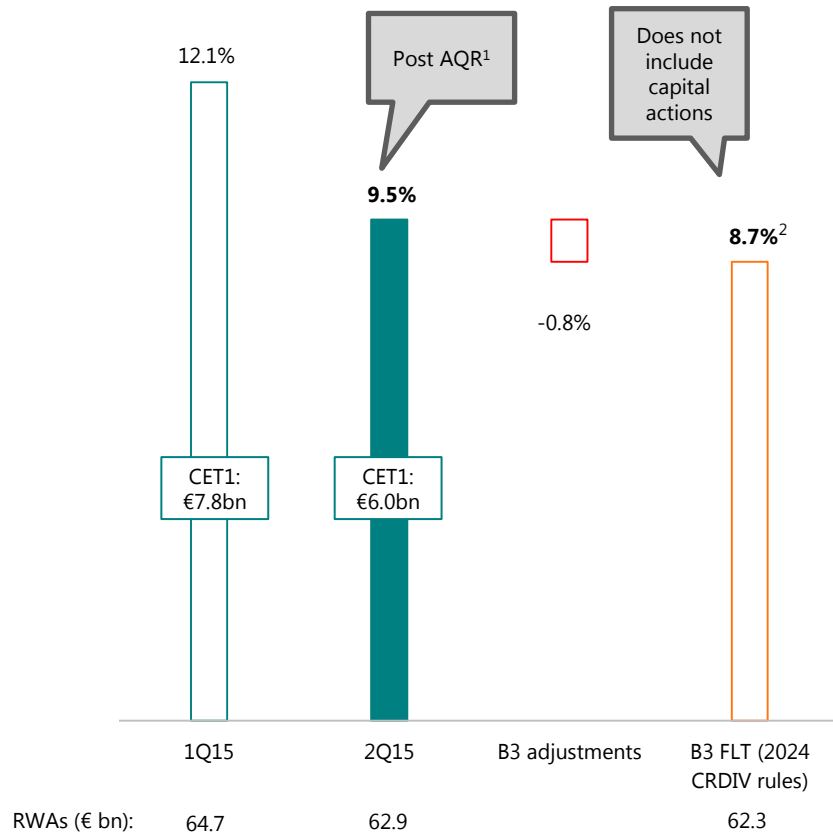
Greek 90dpd per segment



# CET1 at 9.5% post AQR



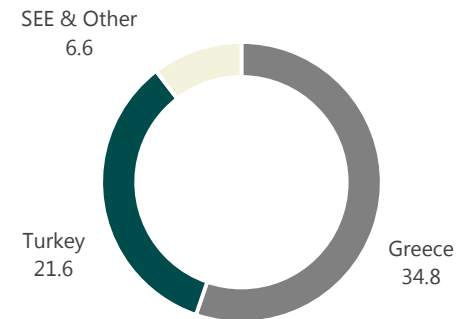
## CET 1 ratio



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



## RWAs distribution per geography (€ bn)



**Note:** (1) Including additional DTC not accounted for in the 2015 Comprehensive Assessment  
 (2) Pro-forma for conversion of State prefs into common equity



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## Macro update

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# 5



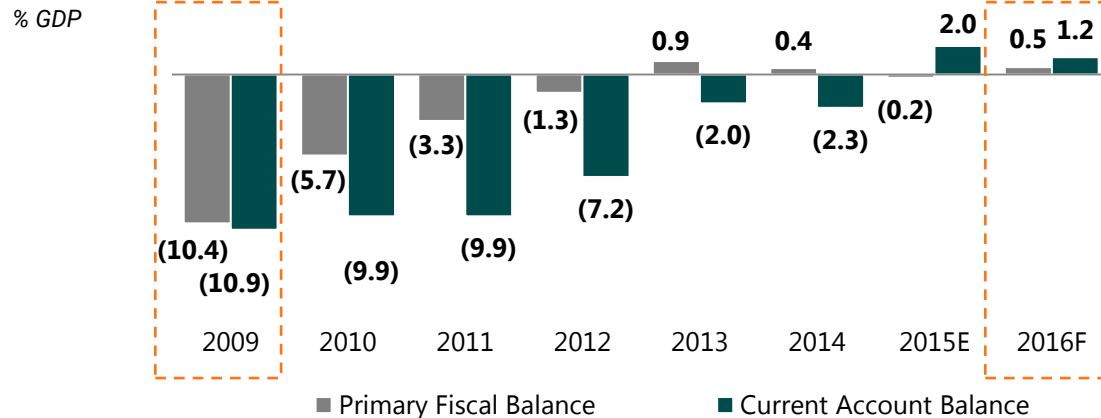


# Unprecedented economic adjustment results in correction of fiscal and external imbalances



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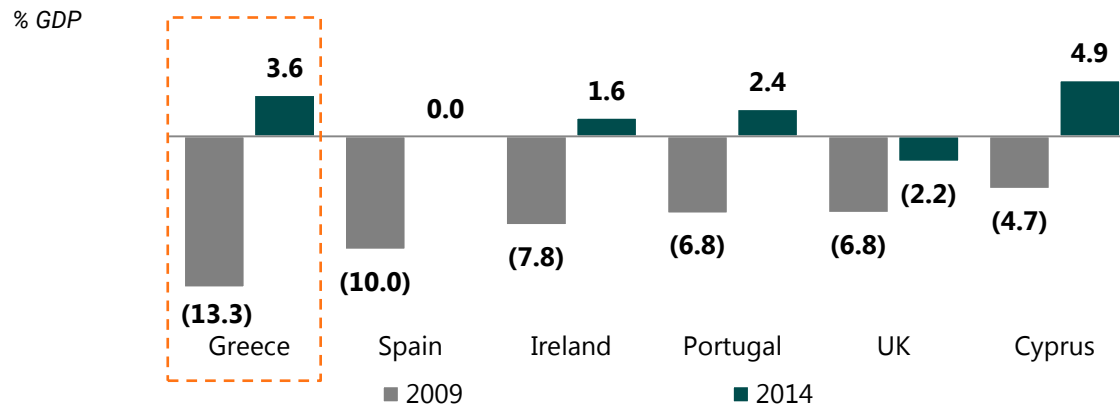
## Current account and primary fiscal balance



## Commentary

- During 2009 – 2015E, the Greek economy achieved significant fiscal and current account rebalancing
- Decline of primary fiscal balance of c. 10% and of current account balance of 13% of GDP during 2009 – 2015E

## Cyclically adjusted primary balance - comparison

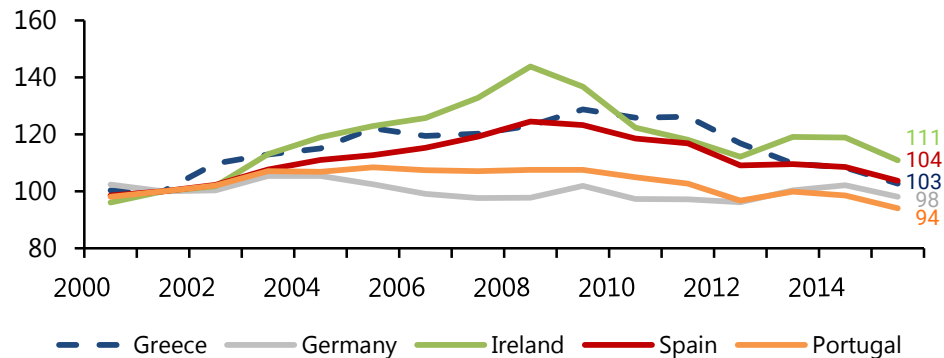


## Commentary

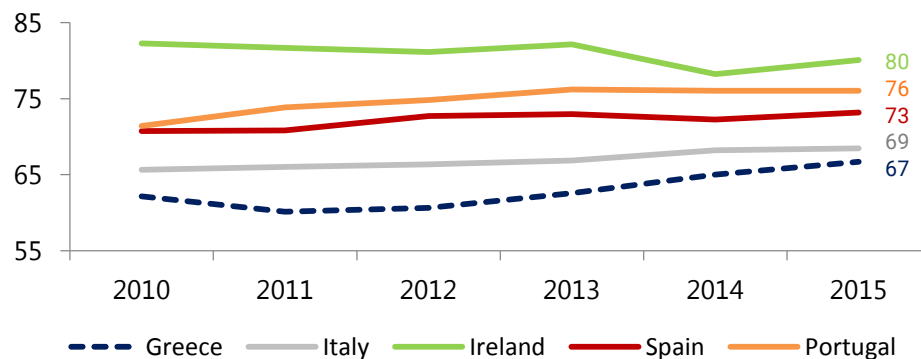
- Amongst countries that underwent an economic adjustment programme, Greece achieved the fastest and most intense fiscal correction/adjustment
- Cyclical adjusted primary fiscal balance improved by 17% of GDP during 2009 – 2014

# Economic adjustment has led to restoration of competitive positioning

## Real effective exchange rate – based on unit labour costs



## World Bank's Doing Business – distance to frontier score <sup>(1)</sup>



## Commentary

- Greece's real effective exchange rate based on unit labour costs has returned to 2000 levels
  - Improvement by 26% since 2009
- Over the past five years, Greece has implemented a number of important structural reforms including:
  - Increase in labour market flexibility in four directions<sup>(2)</sup>
  - Rationalisation of public sector wage bill (single salary grid to all public servants)
  - Around 65% of 350 regulated professions have been opened up to competition
  - Cost of creating new business has been cut by more than 60% and licencing procedures have been streamlined
  - Progress on pension system reform with retirement ages aligned to euro area average

Source: EU Commission; World Bank; OECD

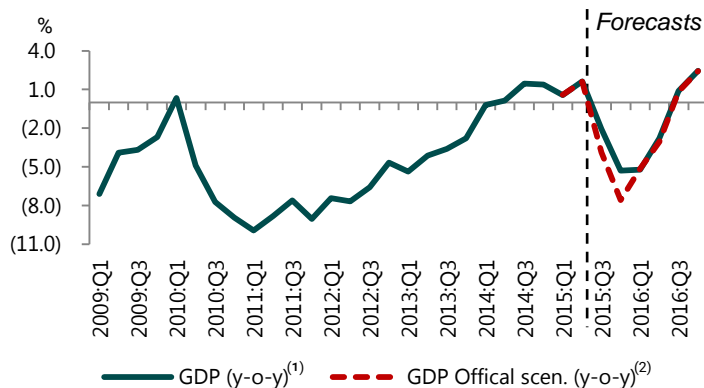
Notes: (1) An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier with the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005

(2) (i) Decentralisation of wage bargaining system, (ii) Softening of employment protection, (iii) Lowering of minimum wage, (iv) Notice prior to dismissal shortened and severance pay reduced

# Recession in 2015 is set to be milder than expected while a strong recovery is feasible

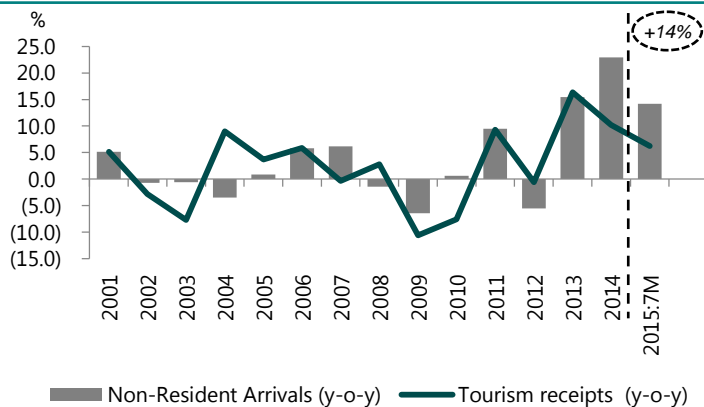
## GDP growth and strong recovery

- **Set-back expected to be temporary**
- **Strong recovery expected mid-2016**



## Tourism receipts and arrivals growth

- **Economic activity outpaced expectations driven by strong tourism and increasing spending power due to imported deflation**



## Economic Resilience During Capital Controls

- Capital controls were initially expected to have a large impact on a cash-based and import-dependent Greek economy
  - However downside pressures on activity are evident, but not severe
- Controls had been anticipated by Greek households and firms, permitting them to pre-emptively draw up contingency plans, such as:
  - Private sector built up liquidity buffers, and streamlined transactions with customers and suppliers from abroad
  - Greek firms preemptively increased their stocks of imported inputs to minimise the risk of external supply disruption
  - Cashless transactions doubled since July, reducing the impact of the capital controls and potentially accelerating the modernisation of transaction patterns
- **The resilience also reflects the advanced stage of economic rebalancing in Greece following a painful multi-year economic adjustment, which made it far more resilient to external shocks**
- **Importantly, the capital controls restricted fund outflows, keeping liquidity in the system**

Source: ELSTAT

Notes: (1) Forecasts based on NBG estimates

(2) Official sector includes ECB, EU Commission and Greek Government Budget 2016

# Near term catalysts for resetting the recovery process

## Key next steps for the Greek economy

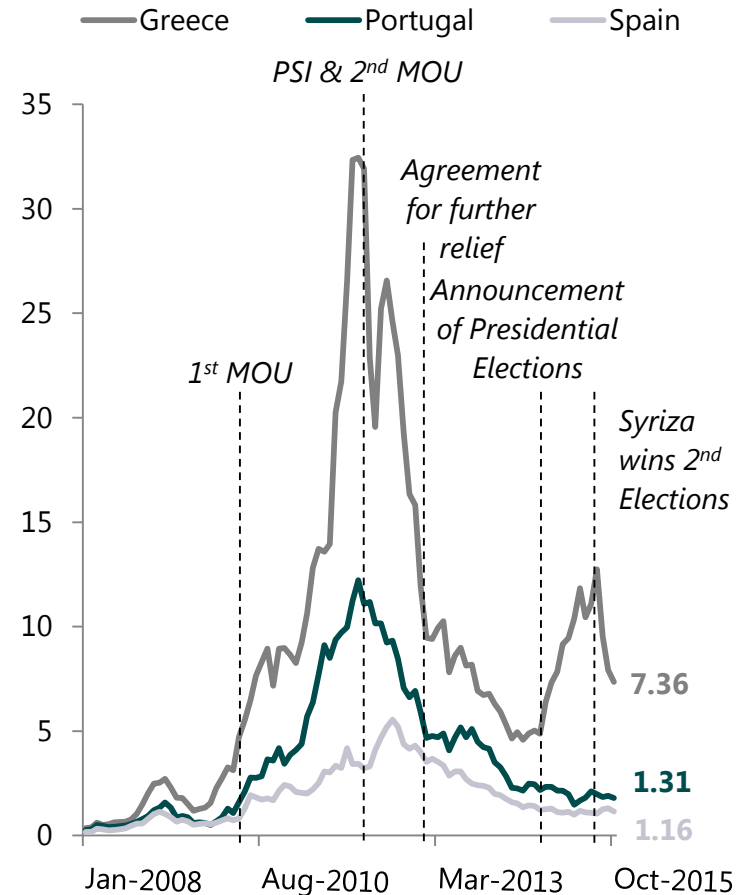
- Successful Completion of the 1st programme Review
- Bank recapitalisation with gradual restoration of confidence paving the way for a material easing of capital controls
- Reinstatement of the waiver on Greek securities by the ECB and participation in the QE programme
- A new round of OSI aiming to ensure long-term sustainability

## Funding uses of the new programme

▪ **New programme along with EU/EIB funds set the stage for a gradual normalisation of liquidity**

- €47bn for Fully Covering Greek Government's Debt Servicing Needs Until Mid-2018
- €14bn for Domestic Fiscal Needs (Including Arrears Clearance and Rebuilding of Liquidity Buffers)
- Up to €25bn for Bank Recapitalisation
- Another €19bn are Available From EU Structural Funds & EIB Loans Until 2018

## 10yr Government bond spreads over bund



## Restored Competitiveness

- New Programme focuses on further enhancing Greece's competitive advantages while progress in resetting external competitiveness is already notable:
  - Cumulative reduction in wages of 23% since 2010; Greek labour market is now among the most flexible and well educated in the Eurozone
  - Exports as % of GDP at historical highs in early 2015 (from 19% of GDP in 2009 to 32% in 2015)

## Robust Liquidity and Limited Funding Risks

- The new programme covers Greece's debt servicing needs over the next three years while further bolstering liquidity in the system through the funding of various fiscal needs (i.e. arrears clearance)
- The recapitalisation of the banking sector will be a significant milestone in Greece's path towards sustainable recovery
- Successful implementation of the new programme would permit the banking system to take advantage of ECB's expansionary stance including outright purchases of Greek financial assets

## Recovery of Consumption and Private Investment

- Following 7 years of economic uncertainty and deep recessionary pressures, it is expected that Greece's investment and consumption rates will start converging towards the EU average again, especially as confidence in the economy and the banking system is restored
- Potential to reverse the severe disinvestment of previous years and reallocate the existing productive capital towards more profitable uses
- The Juncker initiative and EIB loans could offer a restart to the Greek economy

## Reformed and Modernised Economy

- The new program requires that Greece implements reforms that will address key structural economic issues for investors including:
  - Push forward with planned privatisations
  - Increase in labour market flexibility
  - Upgrade public sector efficiency and comprehensive opening of services and goods market to competition
  - Completion of pension reform with a view to ensuring long-term viability
  - Improve cost of doing business and support entrepreneurship



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## Additional financial information

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# 6



## Group

€ m	1H15	1H14	yoy%	2Q15	1Q15	qoq%
NII	1 529	1 511	+1%	750	779	-4%
Net fees	257	266	-3%	126	131	-4%
Insurance income	63	37	+69%	30	32	-5%
Trading & other income	8	24	-67%	68	(61)	-
<b>Income</b>	<b>1 856</b>	<b>1 838</b>	<b>+1%</b>	<b>974</b>	<b>881</b>	<b>+11%</b>
<b>Operating Expenses</b>	<b>(1 065)</b>	<b>(1 010)</b>	<b>+5%</b>	<b>(541)</b>	<b>(524)</b>	<b>+3%</b>
<b>Pre-Provision Income</b>	<b>790</b>	<b>828</b>	<b>-5%</b>	<b>434</b>	<b>357</b>	<b>+22%</b>
Provisions	(2 872)	(705)	>100%	(2 426)	(446)	>100%
<b>Operating Profit</b>	<b>(2 082)</b>	<b>123</b>	<b>-</b>	<b>(1 992)</b>	<b>(89)</b>	<b>&gt;100%</b>
Minorities, non cash charges & other impairments	(166)	(41)	>100%	(119)	(47)	>100%
Taxes	504	26	>100%	525	(21)	-
<b>PAT (before one-offs)</b>	<b>(1 743)</b>	<b>109</b>	<b>-</b>	<b>(1 586)</b>	<b>(157)</b>	<b>&gt;100%</b>
Other one-offs	(30)	1 037	-99%	(28)	(2)	-2%
<b>Attributable PAT</b>	<b>(1 773)</b>	<b>1 146</b>	<b>-</b>	<b>(1 614)</b>	<b>(159)</b>	<b>&gt;100%</b>

## Greece

€ m	1H15	1H14	yoy%	2Q15	1Q15	qoq%
NII	792	832	-5%	379	414	-9%
Net fees	11	25	-56%	5	6	-18%
Insurance income	61	37	+66%	29	32	-10%
Trading & other income	(63)	43	-	54	(118)	-
<b>Income</b>	<b>801</b>	<b>937</b>	<b>-15%</b>	<b>467</b>	<b>334</b>	<b>+40%</b>
<b>Operating Expenses</b>	<b>(508)</b>	<b>(518)</b>	<b>-2%</b>	<b>(256)</b>	<b>(252)</b>	<b>+2%</b>
<b>Pre-Provision Income</b>	<b>293</b>	<b>419</b>	<b>-30%</b>	<b>210</b>	<b>83</b>	<b>&gt;100%</b>
Provisions	(2 625)	(517)	>100%	(2 302)	(323)	>100%
<b>Operating Profit</b>	<b>(2 332)</b>	<b>(98)</b>	<b>&gt;100%</b>	<b>(2 091)</b>	<b>(241)</b>	<b>&gt;100%</b>
Minorities, non cash charges & other impairments	(161)	(33)	>100%	(116)	(45)	>100%
Taxes	540	67	>100%	543	(2)	-
<b>PAT before one-offs</b>	<b>(1 953)</b>	<b>(62)</b>	<b>&gt;100%</b>	<b>(1 665)</b>	<b>(288)</b>	<b>&gt;100%</b>
Other one-offs	8	1 037	-99%	10	(2)	-
<b>Attributable PAT</b>	<b>(1 945)</b>	<b>975</b>	<b>-</b>	<b>(1 656)</b>	<b>(290)</b>	<b>&gt;100%</b>

## Turkey

TL m	1H15	1H14	yoy%	2Q15	1Q15	qoq%
NII	1 635	1 547	+6%	850	785	+8%
Net fees	566	579	-2%	284	283	+0%
<b>Core Income</b>	<b>2 201</b>	<b>2 126</b>	<b>+4%</b>	<b>1 134</b>	<b>1 068</b>	<b>+6%</b>
Trading & other income	187	(67)	-	55	132	-58%
<b>Income</b>	<b>2 389</b>	<b>2 059</b>	<b>+16%</b>	<b>1 189</b>	<b>1 200</b>	<b>-1%</b>
<b>Operating Expenses</b>	<b>(1 222)</b>	<b>(1 101)</b>	<b>+11%</b>	<b>(642)</b>	<b>(580)</b>	<b>+11%</b>
<b>Pre-Provision Income</b>	<b>1 167</b>	<b>959</b>	<b>+22%</b>	<b>547</b>	<b>620</b>	<b>-12%</b>
Provisions	(545)	(407)	+34%	(285)	(260)	+10%
<b>Operating Profit</b>	<b>622</b>	<b>551</b>	<b>+13%</b>	<b>262</b>	<b>360</b>	<b>-27%</b>
Taxes	(87)	(112)	-22%	(44)	(43)	+4%
Minorities & other one offs	(108)	(2)	>100%	(108)	(1)	>100%
<b>Attributable PAT</b>	<b>427</b>	<b>438</b>	<b>-2%</b>	<b>111</b>	<b>317</b>	<b>-65%</b>

## SEE & other

€ m	1H15	1H14	yoy%	2Q15	1Q15	qoq%
NII	164	155	+6%	82	82	-0%
Net fees	49	45	+6%	26	23	+8%
<b>Core Income</b>	<b>212</b>	<b>200</b>	<b>+6%</b>	<b>108</b>	<b>105</b>	<b>+3%</b>
Trading & other income	5	7	-29%	(4)	10	-
<b>Income</b>	<b>218</b>	<b>206</b>	<b>+6%</b>	<b>104</b>	<b>114</b>	<b>-9%</b>
<b>Operating Expenses</b>	<b>(132)</b>	<b>(122)</b>	<b>+8%</b>	<b>(68)</b>	<b>(64)</b>	<b>+6%</b>
<b>Pre-provision income</b>	<b>86</b>	<b>85</b>	<b>+2%</b>	<b>36</b>	<b>50</b>	<b>-28%</b>
Provisions	(56)	(51)	+10%	(27)	(29)	-5%
<b>Operating Profit</b>	<b>31</b>	<b>34</b>	<b>-10%</b>	<b>9</b>	<b>22</b>	<b>-58%</b>
Other impairment	(1)	(7)	-82%	(0)	(1)	-70%
Taxes	(6)	(4)	+63%	(3)	(3)	-19%
Minority	(1)	(1)	+23%	(1)	(1)	0%
<b>Attributable PAT</b>	<b>23</b>	<b>22</b>	<b>+1%</b>	<b>6</b>	<b>17</b>	<b>-66%</b>



## Balance Sheet | Group

€ m	1H15	1H14	yoy%	2Q15	1Q15	qoq%
Cash & Reserves	4 649	5 156	-10%	4 649	5 367	-13%
Interbank placements	3 761	2 926	+29%	3 761	3 438	+9%
Securities	25 693	24 909	+3%	25 693	26 896	-5%
Loans (Gross)	73 282	70 417	+4%	73 282	73 945	-1%
Provisions	(13 126)	(9 197)	+43%	(13 126)	(10 981)	+20%
Goodwill & intangibles	1 674	1 752	-5%	1 674	1 770	-5%
Tangible assets	2 039	2 061	-1%	2 039	2 113	-4%
Other assets	15 556	13 157	+18%	15 556	16 719	-7%
<b>Total assets</b>	<b>113 526</b>	<b>111 181</b>	<b>+2%</b>	<b>113 526</b>	<b>119 266</b>	<b>-5%</b>
Interbank liabilities	32 011	18 525	+73%	32 011	28 475	+12%
Due to customers	55 681	65 446	-15%	55 681	60 416	-8%
Debt securities	6 063	5 418	+12%	6 063	6 298	-4%
Other liabilities	11 475	10 198	+13%	11 475	13 738	-17%
Hybrids	83	80	+4%	83	83	-0%
Minorities	714	707	+1%	714	783	-9%
Equity	7 500	10 807	-31%	7 500	9 473	-21%
<b>Total liabilities and equity</b>	<b>113 526</b>	<b>115 464</b>	<b>+2%</b>	<b>113 526</b>	<b>119 266</b>	<b>-5%</b>

## Summary Balance Sheet | Turkey

TL m	1H15	1H14	yoy%	2Q15	1Q15	qoq%
Cash & Reserves	7 710	8 272	-7%	7 710	9 521	-19%
Interbank placements	2 167	484	>100%	2 167	300	>100%
Securities	9 344	9 218	+1%	9 344	9 938	-6%
Loans (net)	57 229	48 658	+18%	57 229	55 052	+4%
Goodwill and intangibles	249	230	+8%	249	245	+2%
Tangible assets	1 523	1 505	+1%	1 523	1 488	+2%
Other assets	6 793	3 934	+73%	6 793	6 394	+6%
<b>Total assets</b>	<b>85 015</b>	<b>72 302</b>	<b>+18%</b>	<b>85 015</b>	<b>82 937</b>	<b>+3%</b>
Interbank liabilities	9 623	6 646	+45%	9 623	9 393	+2%
Due to customers	42 582	37 725	+13%	42 582	42 040	+1%
Debt securities	15 192	12 931	+17%	15 192	14 986	+1%
Other liabilities	6 987	5 202	+34%	6 987	6 046	+16%
Minorities	184	170	+8%	184	183	+0%
Equity	10 446	9 628	+9%	10 446	10 289	+2%
<b>Total liabilities and equity</b>	<b>85 015</b>	<b>72 302</b>	<b>+18%</b>	<b>85 015</b>	<b>82 937</b>	<b>+3%</b>



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