March 7th, 2019

# FY2018 Financial Results

- **Net profit[1] €200m, up 8.0% y-o-y**
- **Core pre-provision income €848m, up 1.4% y-o-y**
- **Operating expenses down 3.5% y-o-y in Greece and 1.7% for the Group**
- **International operations net profit[1] €145m, up 11.8% y-o-y**
- **NPE formation -€920m in 2018 compared to -€687m in 2017**
- **NPE stock down €3.5bn in 2018**
- **NPE ratio down 550bps against 2017 to 37.0%**
- **Provisions over NPEs at 53.2%**
- **Deposits up by €4.2bn in Greece and €5.2bn for the Group**
- **ELA funding elimination**
- **CET1 at 16.2%[2] and CAD at 18.7%[2]**
- **Transformation plan to strengthen the Bank and produce substantial benefits to shareholders and customers - execution on track**

[1] Before discontinued operations and restructuring costs after tax.
[2] Pro-forma for the Grivalia merger.

"Eurobank's results for 2018 provide a solid basis for the timely and successful execution of the milestone transformation plan we have announced to restore all key metrics to levels comparable to our European peers.

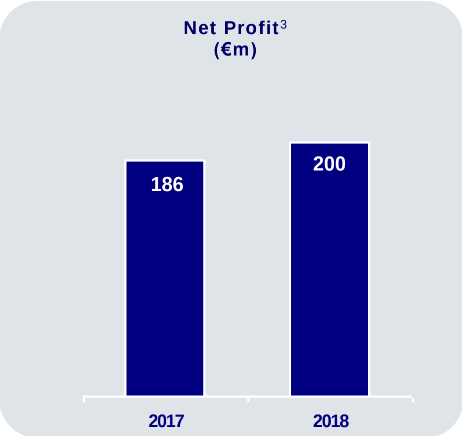
The bank showed a robust organic profitability with a net profit of €200 million and a strong contribution from our international franchises, while outperforming, for a second straight year, on the targets relating to the reduction of NPEs. The NPE stock decreased by €3.5bn in 2018, with the relevant ratio down by 550bps to a best-in-class 37%. The upcoming legislation on primary residence, providing that the concerns of all stakeholders are addressed, could accelerate the curing of non-performing residential mortgages and the reduction of the Law 3869/2010 backlog.

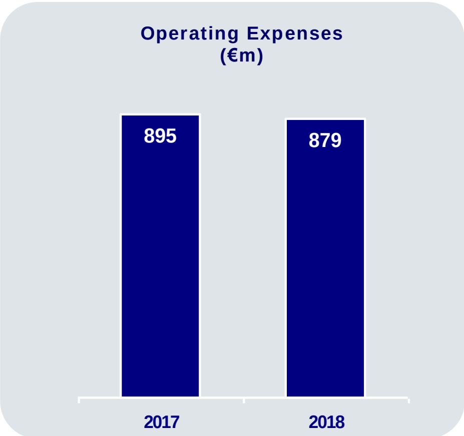
The bank's results were particularly strong on liquidity, where a steep increase of deposits by more than €5 billion, mainly coming from Greece, allowed us to eliminate the use of the ELA facility. Our loan book (before write offs and sales) expanded in 2018, on the back of increased demand for business loans.

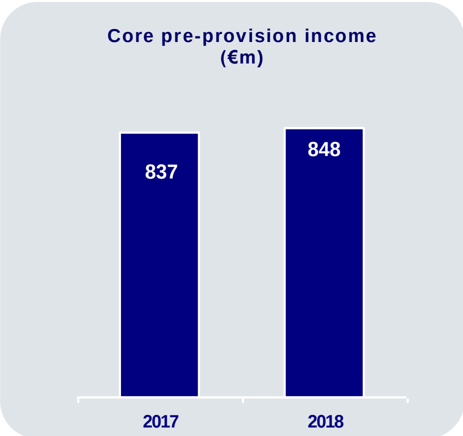
Resilient profitability, improved asset quality and robust deposit increase signal that our business model is solid and has the potential to further perform as the Greek economy, our main market, shows signs of sustainable growth and restores market access with bond issues, as evidenced by the successful issuance of a 10-year reference bond, the first after nine years.

Our strategic initiatives, which were announced on November 26th 2018, are our top priority for the current year. Our transformation plan has entered the execution phase, with the merger with Grivalia expected to be completed by the end of April. By the end of the first half of 2019, first we aim to close a €2 billion mortgage securitization, on which there is significant interest, second to receive binding offers for the sale of a majority stake on our loan servicer subsidiary FPS and third the €7.5 billion multi-asset securitization. Based on our results and the current execution pace, we remain confident that we can deliver on the full plan on schedule, by the end of the year."

Fokion Karavias, CEO




## 2018 Results Analysis

2018 was a year of positive developments for Eurobank, as all operational targets have been met. The Group enhanced its profitability, reduced substantially its non-performing exposures (NPEs), improved its liquidity profile and maintained adequate capital buffers. In more detail, **net profit**[3] grew by 8.0% y-o-y and reached €200m in 2018, while profit before tax[3] increased by 51.3% y-o-y to €294m.

- **Net interest income** receded by 3.3% y-o-y to €1.4bn.

- **Net fee and commission income** were up by 16.4% y-o-y to €311m, mainly on the back of higher fees from capital markets, asset management, lending activities and elimination of Pillar II guarantees. Net fee and commission income accounted for 54 basis points of total assets in 2018.

- The increase in fee and commission income offset the reduction in interest income, thus **Core income** remained stable y-o-y to €1.7bn.

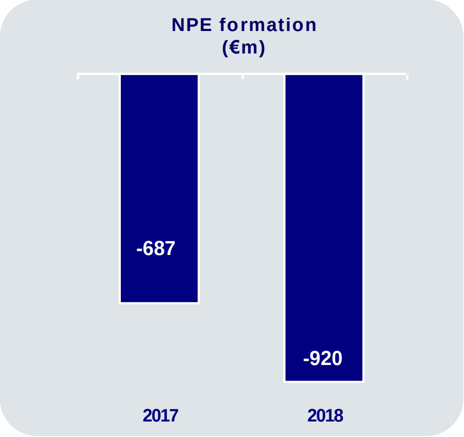
- **Total operating income** fell by 1.9% y-o-y to €1.8bn, due to lower other income.

- **Operating expenses** decreased by 1.7% y-o-y for the Group and 3.5% y-o-y in Greece. **The cost / income** ratio for the Group was 47.6% in 2018.

- **Core pre-provision income** increased by 1.4% y-o-y to €848m, while **pre-provision income** receded by 2.1% y-o-y to €966m.

- The **NPE formation** was negative for a second consecutive year at -€920m in 2018. The **NPE ratio** decreased by 550 basis points against 2017 to 37.0%. The **stock of NPEs** was down by €3.5bn in 2018, including the disposal of €1bn consumer loans. **Provisions over** NPEs reached 53.2% at the end of 2018.

[3] Before discontinued operations and restructuring costs after tax.





- **Loan loss provisions** came down by 9.3% in 2018 to €680m and accounted for 189 basis points of the average net loans.

- **International operations** remained profitable, as net profit[4] rose to €145m in 2018, from €130m in 2017.

- **Common Equity Tier I ratio** (CET1) stood at 14.2% of risk weighted assets and total CAD reached 16.7% at the end of 2018. Pro-forma for the Grivalia merger, the respective ratios stand at 16.2% and 18.7% respectively and compare to 2019 CET1 OCR of 10.25% and total CAD OCR of 13.75%.

- **Current ELA funding** is zero.

- **Customer deposits** were up by €4.2bn in Greece and €5.2bn for the Group in 2018. **Group loans**[5] increased by €0.6bn y-o-y. The **loans to deposits ratio** improved to 92.6%, from 109.6% in 2017.

2019 will be a landmark year for the Bank. The execution of the **transformation plan** is on track and it is of major importance, as it is anticipated to enhance Eurobank's position and produce substantial benefits to shareholders and customers. The merger with Grivalia creates a bank with the highest total capital ratio in Greece, the NPE ratio is expected to be reduced to 16% in 2019 and single-digit by 2021, while the substantially lower cost of risk as of 2020 is expected to drive strong sustainable earnings per share.

[4] Before discontinued operations and restructuring costs after tax.
[5] Before write-offs, FX impact and sales.

# Eurobank Financial Figures

| Key Financial Results | 2018 | 2017 | Change |
|---|---|---|---|
| Net Interest Income | €1,416m | €1,464m | (3.3%) |
| Net Fee & Commission Income | €311m | €268m | 16.4% |
| Total Operating Income | €1,845m | €1,882m | (1.9%) |
| Total Operating Expenses | €879m | €894m | (1.7%) |
| Core Pre-Provision Income | €848m | €837m | 1.4% |
| Pre-Provision Income | €966m | €987m | (2.1%) |
| Loan Loss Provisions | €680m | €750m | (9.3%) |
| Net Result after tax before discontinued operations & restructuring costs | €200m | €185m | 8.0% |
| Net Result after tax, discontinued operations & restructuring costs | €91m | €104m | (12.2%) |

| Balance Sheet Highlights | 2018 | 2017 |
|---|---|---|
| Consumer Loans | €3,987m | €5,248m |
| Mortgages | €16,253m | €16,657m |
| Small Business Loans | €6,420m | €6,973m |
| Large Corporates & SMEs | €18,290m | €18,339m |
| Total Gross Loans | €45,032m | €47,242m |
| Total Customer Deposits | €39,083m | €33,843m |
| Total Assets | €57,984m | €60,029m |

| Financial Ratios | 2018 | 2017 |
|---|---|---|
| Net Interest Margin | 2.47% | 2.41% |
| Cost to Income | 47.6% | 47.5% |
| Non-Performing Exposures (NPEs) | 37.0% | 42.6% |
| Provisions / NPEs | 53.2% | 50.4% |
| Provisions to average Net Loans | 1.89% | 2.00% |
| Common Equity Tier 1 (CET1) | 14.2% | 15.8% |
| Total Capital Adequacy (CAD) | 16.7% | 18.4% |

# Glossary

**Commission income**: The total of Net banking fee and commission income and Income from non-banking services of the reported period.

**Other Income**: The total of net trading income, gains less losses from investment securities and other income/ (expenses) of the reported period.

**Core Pre-provision Income (Core PPI)**: The total of Net interest income, Net banking fee and commission income and Income from non-banking services minus the operating expenses of the reported period.

**Pre-provision Income (PPI)**: Profit from operations before impairments, provisions and restructuring costs as disclosed in the financial statements for the reported period.

**Net Interest Margin**: The net interest income of the reported period, annualised and divided by the average balance of continued operations' total assets (the arithmetic average of total assets, excluding assets classified as held for sale, at the end of the reported period and at the end of the previous period.

**Cost to Income ratio**: Total operating expenses divided by total operating income.

**Cost of Risk**: Impairment losses on Loans and Advances charged in the reported period, annualized and divided by the average balance of Loans and Advances to Customers at amortised cost (the arithmetic average of Loans and Advances to Customers at amortised cost at the end of the reported period and at the end of the previous period).

**Provisions/Gross Loans**: Impairment Allowance for Loans and Advances to Customers including impairment allowance for credit related commitments (off balance sheet items)-divided by Gross Loans and Advances to Customers at amortised cost at the end of the reported period.

**90dpd ratio**: Gross Loans at amortised cost more than 90 days past due divided by Gross Loans and Advances to Customers at amortised cost at the end of the reported period.

**Provisions/90dpd loans**: Impairment Allowance for Loans and Advances to Customers, including impairment allowance for credit related commitments (off balance sheet items) divided by Gross Loans at amortised cost more than 90 days past due at the end of the reported period.

**90dpd formation**: Net increase/decrease of 90 days past due gross loans at amortised cost in the reported period excluding the impact of write offs, sales and other movements.

**Non Performing Exposures (NPEs)**: Non Performing Exposures (in compliance with EBA Guidelines) are the Group's material exposures which are more than 90 days past-due or for which the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or the number of days past due. The NPEs, as reported herein, refer to the gross loans at amortised cost, except as otherwise indicated.

**NPE ratio**: Non Performing Exposures (NPEs) at amortised cost divided by Gross Loans and Advances to Customers at amortised cost at the end of the relevant period.

**Provisions/NPEs ratio**: Impairment Allowance for Loans and Advances to Customers, including impairment allowance for credit related commitments (off balance sheet items) divided by NPEs at amortised cost at the end of the reported period.

**NPE formation**: Net increase/decrease of NPEs at amortised cost in the reported period excluding the impact of write offs, sales and other movements.

**Loans to Deposits**: Loans and Advances to Customers at amortised cost divided by Due to Customers at the end of the reported period.

**Risk-weighted assets (RWAs)**: Risk-weighted assets are the Group's assets and off-balance-sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013, taking into account credit, market and operational risk.

**Phased in Common Equity Tier I (CET1)**: Common Equity Tier I regulatory capital as defined by Regulations No 575/2013 and No2395/2017 based on the transitional rules for the reported period, divided by total Risk Weighted Assets (RWAs).

**Fully loaded Common Equity Tier I (CET1)**: Common Equity Tier I regulatory capital as defined by Regulations No 575/2013 and No 2395/2017 without the application of the relevant transitional rules, divided by total Risk Weighted Assets (RWAs).

**EUROBANK ERGASIAS S.A.**
General Commercial Registry No: 000223001000

## CONSOLIDATED BALANCE SHEET

| | In € million 31 Dec 2018 | 31 Dec 2017 |
|---|---|---|
| **ASSETS** | | |
| Cash and balances with central banks | **1,924** | 1,524 |
| Due from credit institutions | **2,307** | 2,123 |
| Derivative financial instruments | **1,871** | 1,878 |
| Loans and advances to customers | **36,232** | 37,108 |
| Investment securities | **7,772** | 7,605 |
| Property, plant and equipment | **353** | 390 |
| Investment property | **316** | 277 |
| Intangible assets | **183** | 152 |
| Deferred tax assets | **4,916** | 4,859 |
| Other assets | **2,090** | 1,929 |
| Assets of disposal groups classified as held for sale | **20** | 2,184 |
| **Total assets** | **57,984** | 60,029 |
| **LIABILITIES** | | |
| Due to central banks | **2,050** | 9,994 |
| Due to credit institutions | **6,376** | 3,997 |
| Derivative financial instruments | **1,893** | 1,853 |
| Due to customers | **39,083** | 33,843 |
| Debt securities in issue | **2,707** | 549 |
| Other liabilities | **844** | 684 |
| Liabilities of disposal groups classified as held for sale | **-** | 1,959 |
| **Total liabilities** | **52,953** | 52,879 |
| **EQUITY** | | |
| Ordinary share capital | **655** | 655 |
| Share premium, reserves and retained earnings | **4,334** | 5,499 |
| Preference shares | **-** | 950 |
| Preferred securities | **42** | 43 |
| Non controlling interests | **0** | 3 |
| **Total equity** | **5,031** | 7,150 |
| **Total equity and liabilities** | **57,984** | 60,029 |

## CONSOLIDATED INCOME STATEMENT

| | In € million 1 Jan - 31 Dec 2018 | 1 Jan - 31 Dec 2017 |
|---|---|---|
| Net interest income | **1,416** | 1,464 |
| Net banking fee and commission income | **298** | 258 |
| Income from non banking services | **13** | 10 |
| Net trading income | **37** | 67 |
| Gains less losses from investment securities | **83** | 73 |
| Other income/(expenses) | **(2)** | 10 |
| **Operating income** | **1,845** | 1,882 |
| Operating expenses | **(879)** | (895) |
| **Profit from operations before impairments, provisions and restructuring costs** | **966** | 987 |
| Impairment losses relating to loans and advances to customers | **(680)** | (750) |
| Other impairment losses and provisions | **(21)** | (50) |
| Restructuring costs | **(62)** | (13) |
| Share of results of associates and joint ventures | **29** | 7 |
| **Profit before tax** | **232** | 181 |
| Income tax | **(76)** | (5) |
| **Net profit from continuing operations** | **156** | 176 |
| Net loss from discontinued operations | **(65)** | (61) |
| **Net profit** | **91** | 115 |
| Net profit attributable to non controlling interests | **0** | 11 |
| **Net profit attributable to shareholders** | **91** | 104 |

**Note:**

The Annual Financial Report for the year ended 31 December 2018 will be published by 1 April 2019.