Eurobank

May 30th, 2019

# 1Q2019 Financial Results

- **Net profit[1] €27m in 1Q2019**
- **Core pre-provision income €191m**
- **Negative NPE formation by €115m q-o-q**
- **NPE stock down €150m q-o-q**
- **NPE ratio down to 36.7%**
- **Provisions over NPEs up to at 53.8%**
- **Deposits up by €340m q-o-q**
- **CET1 at 15.7%[2] and CAD at 18.2%[2]**
- **Timely execution of transformation and NPE reduction acceleration plan: Merger with Grivalia completed and bids received for €9.5bn securitizations**

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

“Full and timely implementation of our accelerated plan for the cleanup of our balance sheet remains our top priority. The merger with Grivalia, the first milestone of our roadmap, has recently been completed, seamlessly and without any delay. The merger brings our total CAD ratio to a best-in-class 18.2%, which will serve as a springboard for the rest of our announced initiatives.

Regarding the next steps, we have received binding offers for a ca. €2bn securitization of residential mortgage NPEs (code name Pillar) and non-binding offers for the first mutli-asset-class NPE securitization of ca €7.5 bn (code name Cairo) and the sale of a majority stake to our market-leading loan servicer FPS. Furthermore, DBRS announced provisional rating for the Pillar senior note, making it the first Greek NPE securitization transaction with a public rating. Having secured keen investor interest, we are moving forward in the next phase to get binding offers for Cairo and FPS within July and to select the preferred bidder for all three transactions.

Our Q1 results are supportive of our efforts. The bank is on a solid profitability course, with pre-provision profit of €205m and a net profit of €27m for the quarter, despite persisting challenges. Liquidity continued to improve, as we added a further €340m to our deposit base, mainly driven from the Greek market and our international activities which are a constant contributor to the Bank’s profitability. On NPEs stock, the total portfolio was reduced by €150 m on the back of continuing negative formation, bringing the NPE ratio lower to 36.7%, the lowest among local peers, and the coverage ratio higher to 53.8%.

On the back of continuing solid performance, we are confident that we will be able to deliver on all parts of our plan within the time schedule we have outlined and to restore the Bank’s key metrics to levels fully comparable to our European peers’ at the end of 2021, as per our target. As our accelerated plan for the cleanup of our balance sheet is executed on a timely manner, the focus will gradually shift more and more towards the financing of the economy, the growth of our loan book, business development across all areas which support fee and commission income and further cost containment.”

Fokion Karavias, CEO

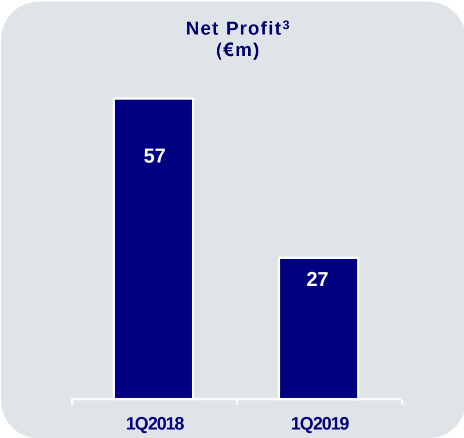
# 1Q2019 Results Analysis

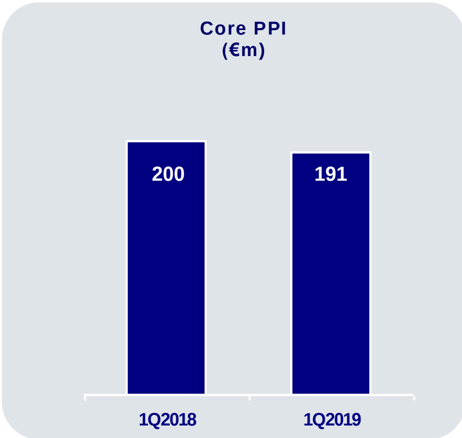
2019 is a landmark year for Eurobank, as the corporate transformation and the acceleration plan for the reduction of NPEs is executed on a timely manner. The first phase of the plan, which is the merger with Grivalia, has already been completed. It enhances substantially the capital position of the Bank, creates value to shareholders and enables the faster clean-up of the balance sheet. The second phase of the plan, the NPE reduction acceleration, is being executed: Binding offers have been received for the €2bn mortgage securitization and non-binding offers for the €7.5bn multi-asset securitization and the sale of the subsidiary company FPS which services NPEs.

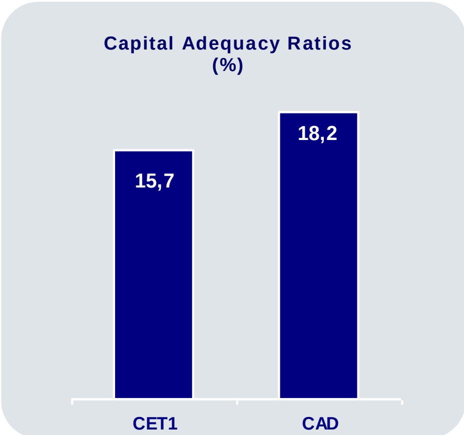
In terms of operating performance, Eurobank demonstrated a positive performance in 1Q2019, as **net profit**[3] at a Group level reached €27m.

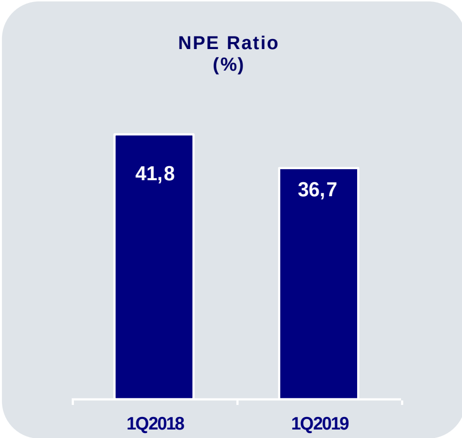
- **Net interest income** receded by 3.4% y-o-y to €343m.
- **Net fee and commission income** were up by 2.7% y-o-y to €66m, driven by higher fees from the Branch Network activities.
- **Core income** amounted to €409m, against €419m in 1Q2018, whereas **total operating income** fell to €423m, from €452m the respective quarter last year, mainly due to lower other income.
- **Operating expenses** decreased by 0.6% y-o-y for the Group and 2.1% y-o-y in Greece.
- **Core pre-provision income** declined by 4.6% y-o-y to €191m and **pre-provision income** receded by 12.0% y-o-y to €205m.
- The **NPE formation** was negative by €115m in 1Q2019. The **NPE ratio** decreased by 30 basis points q-o-q to 36.7%. The **stock of NPEs** was down by €150m in 1Q2019 and **provisions over** NPEs increased by 60 basis points q-o-q to 53.8%.
- **Loan loss provisions** came down by 1.5% y-o-y to €165m and accounted for 182 basis points of the average net loans.
- **International operations** remained profitable, as net profit[4] rose by 7.6% y-o-y to €36m in 1Q2019.
- **CET1 and CAD**, pro-forma for the Grivalia merger, reached 15.7% and 18.2% respectively and compare to 2019 CET1 OCR of 10.25% and total CAD OCR of 13.75%.
- **Group loans**[5] **and customer deposits** increased q-o-q by €54m and €340m respectively, while the **loans to deposits ratio** improved further to 91.7%, from 92.6% at the end of 2018.

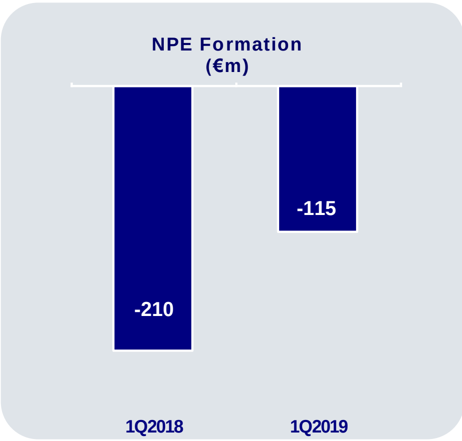
[3] Before discontinued operations and restructuring costs after tax.
[4] Before discontinued operations and restructuring costs after tax.
[5] Before write-offs, FX impact and sales.

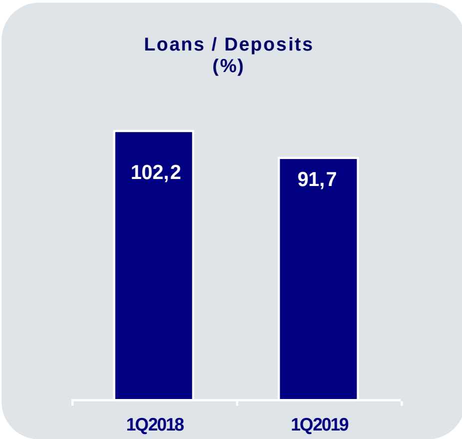

Net Profit[3]
(€m)
57
27
1Q2018
1Q2019


Core PPI
(€m)
200
191
1Q2018
1Q2019


Capital Adequacy Ratios
(%)
15,7
18,2
CET1
CAD


NPE Ratio
(%)
41,8
36,7
1Q2018
1Q2019


NPE Formation
(€m)
-210
-115
1Q2018
1Q2019


Loans / Deposits
(%)
102,2
91,7
1Q2018
1Q2019

May 30th, 2019

# Eurobank Financial Figures

| Key Financial Results | 1Q2019 | 1Q2018 | Change |
|---|---|---|---|
| Net Interest Income | €343m | €355m | (3.4%) |
| Net Fee & Commission Income | €66m | €64m | 2.7% |
| Total Operating Income | €423m | €452m | (6.5%) |
| Total Operating Expenses | €218m | €219m | (0.6%) |
| Core Pre-Provision Income | €191m | €200m | (4.6%) |
| Pre-Provision Income | €205m | €233m | (12.0%) |
| Loan Loss Provisions | €165m | €167m | (1.5%) |
| Net Result after tax before discontinued operations & restructuring costs after tax | €27m | €57m | (52.3%) |
| Net Result after tax, discontinued operations & restructuring costs after tax | €20m | €35m | (42.9%) |

| Balance Sheet Highlights | 1Q2019 | 4Q2018 |
|---|---|---|
| Consumer Loans | €3,946m | €3,987m |
| Mortgages | €16,174m | €16,253m |
| Small Business Loans | €6,462m | €6,420m |
| Large Corporates & SMEs | €18,369m | €18,290m |
| Total Gross Loans | €45,036m | €45,032m |
| Total Customer Deposits | €39,424m | €39,083m |
| Total Assets | €58,834m | €57,984m |

| Financial Ratios | 1Q2019 | 1Q2018 |
|---|---|---|
| Net Interest Margin | 2.35% | 2.51% |
| Cost to Income | 51.6% | 48.5% |
| Non-Performing Exposures (NPEs) | 36.7% | 41.8% |
| Provisions / NPEs | 53.8% | 56.1% |
| Provisions to average Net Loans | 1.82% | 1.86% |
| Common Equity Tier 1 (CET1) | 15.7%[6] | 15.1% |
| Total Capital Adequacy (CAD) | 18.2%[6] | 17.8% |

[6] Pro-forma for the merger with Grivalia.

# 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 (NIM)**: The net interest income of the reported period, annualized 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.

**NPEs ratio**: Non Performing Exposures (NPEs) at amortized cost divided by gross loans and advances to customers at amortized cost at the end of the reported period.

**NPEs Coverage ratio 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 amortized cost at the end of the reported period.

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

**90dpd ratio**: Gross loans at amortized cost more than 90 days past due divided by gross loans and advances to customers at amortized cost at the end of the reported period.

**90dpd Coverage ratio 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 amortized 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 amortized cost in the reported period excluding the impact of write offs, sales and other movements.

**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 amortized cost (the arithmetic average of loans and advances to customers at amortized cost at the end of the reported period and at the end of the previous period).

**Loans to Deposits**: Loans and advances to customers at amortized cost divided by due to customers at the end of the reported period.

**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 amortized cost, except as otherwise indicated.

**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.

**Total Capital Adequacy ratio**: Total regulatory capital as defined by Regulations (EU) No 575/2013 and No 2395/2017 based on the transitional rules for the reported period, divided by total Risk Weighted Assets (RWA). The RWA 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 Mar 2019** | 31 Dec 2018 |
| **ASSETS** | | |
| Cash and balances with central banks | **2,102** | 1,924 |
| Due from credit institutions | **2,614** | 2,307 |
| Derivative financial instruments | **2,057** | 1,871 |
| Loans and advances to customers | **36,214** | 36,232 |
| Investment securities | **7,568** | 7,772 |
| Property, plant and equipment | **708** | 353 |
| Investment property | **309** | 316 |
| Intangible assets | **186** | 183 |
| Deferred tax assets | **4,920** | 4,916 |
| Other assets | **2,156** | 2,090 |
| Assets of disposal groups classified as held for sale | **-** | 20 |
| **Total assets** | **58,834** | 57,984 |
| **LIABILITIES** | | |
| Due to central banks | **1,250** | 2,050 |
| Due to credit institutions | **6,662** | 6,376 |
| Derivative financial instruments | **2,290** | 1,893 |
| Due to customers | **39,424** | 39,083 |
| Debt securities in issue | **2,918** | 2,707 |
| Other liabilities | **1,211** | 844 |
| **Total liabilities** | **53,755** | 52,953 |
| **EQUITY** | | |
| Ordinary share capital | **656** | 655 |
| Share premium, reserves and retained earnings | **4,381** | 4,334 |
| Preferred securities | **42** | 42 |
| **Total equity** | **5,079** | 5,031 |
| **Total equity and liabilities** | **58,834** | 57,984 |

## CONSOLIDATED INCOME STATEMENT

| | In € million | |
|---|---|---|
| | **1 Jan - 31 Mar 2019** | 1 Jan - 31 Mar 2018 |
| Net interest income | **343** | 355 |
| Net banking fee and commission income | **63** | 61 |
| Income from non banking services | **3** | 3 |
| Net trading income/(loss) | **(0)** | 8 |
| Gains less losses from investment securities | **12** | 24 |
| Other income/(expenses) | **2** | 1 |
| **Operating income** | **423** | 452 |
| Operating expenses | **(218)** | (219) |
| **Profit from operations before impairments, provisions and restructuring costs** | **205** | 233 |
| Impairment losses relating to loans and advances to customers | **(165)** | (167) |
| Other impairment losses and provisions | **(6)** | (2) |
| Restructuring costs | **(6)** | (36) |
| Share of results of associates and joint ventures | **1** | 12 |
| **Profit before tax** | **29** | 40 |
| Income tax | **(6)** | (8) |
| **Net profit from continuing operations** | **23** | 32 |
| Net profit/(loss) from discontinued operations | **(3)** | 3 |
| **Net profit attributable to shareholders** | **20** | 35 |

**Note:**

The Interim Consolidated Financial Statements for the three months ended 31 March 2019 will be available on the Bank's website on 31 May 2019.