Eurobank

ANNUAL REPORT 2017

Empathy. Drive. Cooperation. Innovation. Trust.

Values that are strongly aligned with our core identity. Not only do they shape the way we think, they frame our operating model which ensures our effectiveness.

Our operating model has been created to serve our customers' needs to the best of our ability, and in the process, forges relationships of trust.

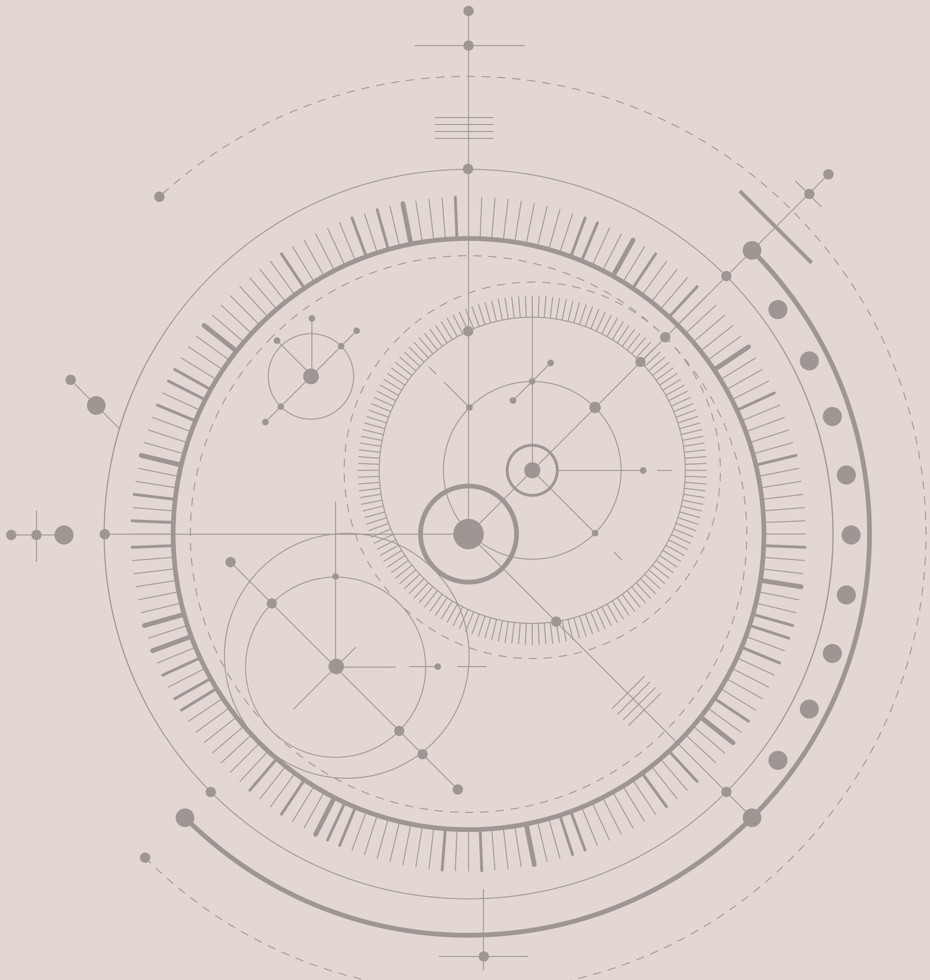
Furthermore, our operating model sets in motion the plans, ideas and the ambitions of those who place their trust in us, which in turn, contributes momentum to the Greek economy.

For us, at Eurobank, people are always our primary focus and that's why we put people first, every single day.

Eurobank

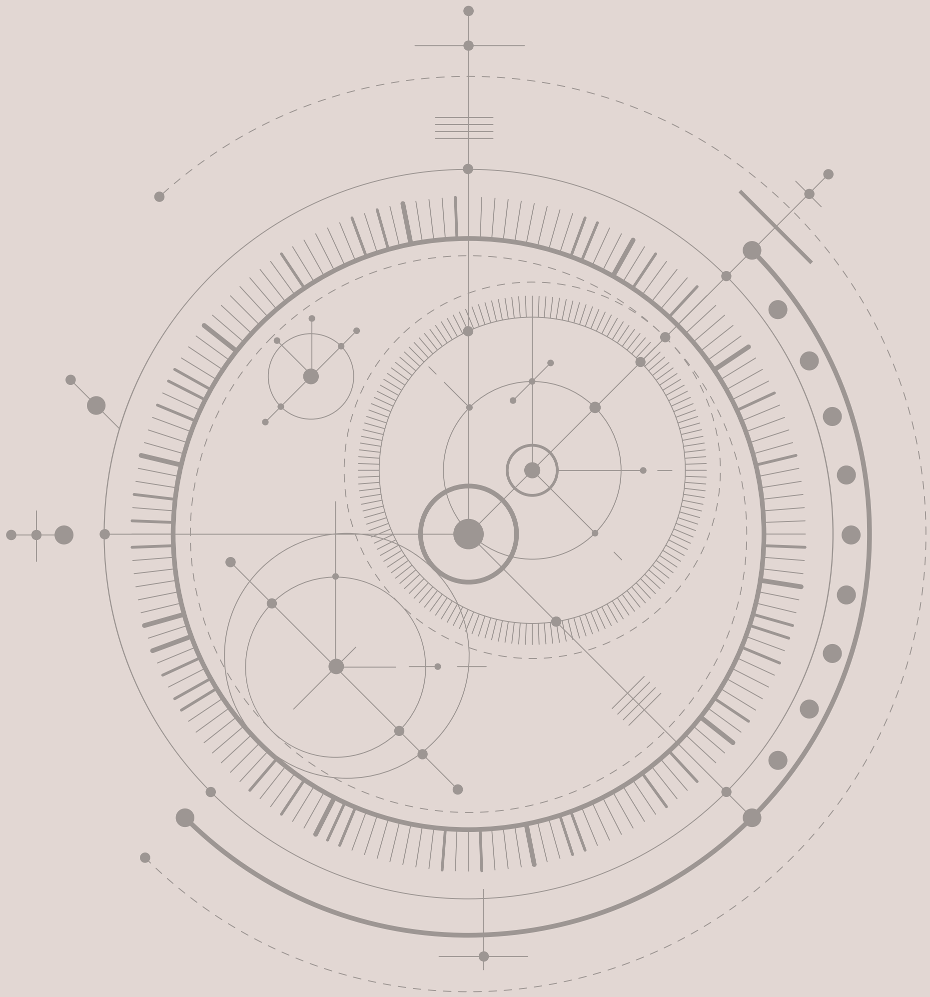
ANNUAL REPORT 2017

CONTENTS



CONTENTS

HISTORICAL MILESTONES



1990

Establishment of Euromerchant Bank S.A., specialising in Investment Banking and Private Banking.

1994

Acquisition of 75% of EFG Private Bank (Luxembourg) S.A.

1997

Eurobank-Interbank merger.

Acquisition of the branch network of Credit Lyonnais Grèce S.A.

Euromerchant Bank is renamed EFG Eurobank S.A.

1999

Completion of the mergers between EFG Eurobank, and the Bank of Athens and the Bank of Crete (Cretabank).

EFG Eurobank is listed on the Athens Stock Exchange.

2000

EFG Eurobank-Ergobank merger; the new bank is renamed EFG Eurobank Ergasias S.A.

Acquisition of a 19.25% participation in Banc Post S.A. Romania.

2002

Completion of the merger with Telesis Investment Bank.

Acquisition of a 43% participation in Post Bank Bulgaria.

2003

Acquisition of a 90.8% stake in Postbanka AD Serbia, which is renamed EFG Eurobank AD Beograd.

Acquisition of a majority stake in Banc Post Romania.

2004

Acquisition of Intertrust M.F.M.C.

Increase of the Bank's participation in Post Bank Bulgaria to 96.74%.

2006

Organic growth in the banking market of Poland, through Polbank EFG.

Completion of the 100% acquisition of Nacionalna štedionica Banka Serbia, which is merged with EFG Eurobank AD Beograd.

Acquisition of an equity stake of more than 90% in DZI Bank Bulgaria.

2007

Launch of greenfield operation in Cyprus.

Acquisition of 70% of Tekfenbank Turkey, which is renamed to Eurobank Tekfen.

Completion of the acquisition of Universal Bank Ukraine.

Post Bank-DZI merger in Bulgaria.

2012

Eurobank Tekfen is sold to Burgan Bank.

A 70% stake in Polbank EFG is transferred to Raiffeisen Bank International.

Change of Group legal name and the Bank's corporate name to "Eurobank Ergasias S.A."

2013

Eurobank is recapitalised by the HRSF.

The Group grows further, through the acquisitions of New TT Hellenic Postbank and New Proton Bank.

The operational integration of New Proton Bank is completed in December.

2014

Following the completion of a € 2,864 million Share Capital Increase in May, 64.6% of the Bank's common shares are held by institutional and individual investors.

The operational merger with New TT Hellenic Postbank is completed in May. The Bank maintains its branch network as a distinct network, under the "New TT Branch Network" brand name.

2015

Acquisition of the operations of Alpha Bank's Bulgarian Branch by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria AD ("Postbank").

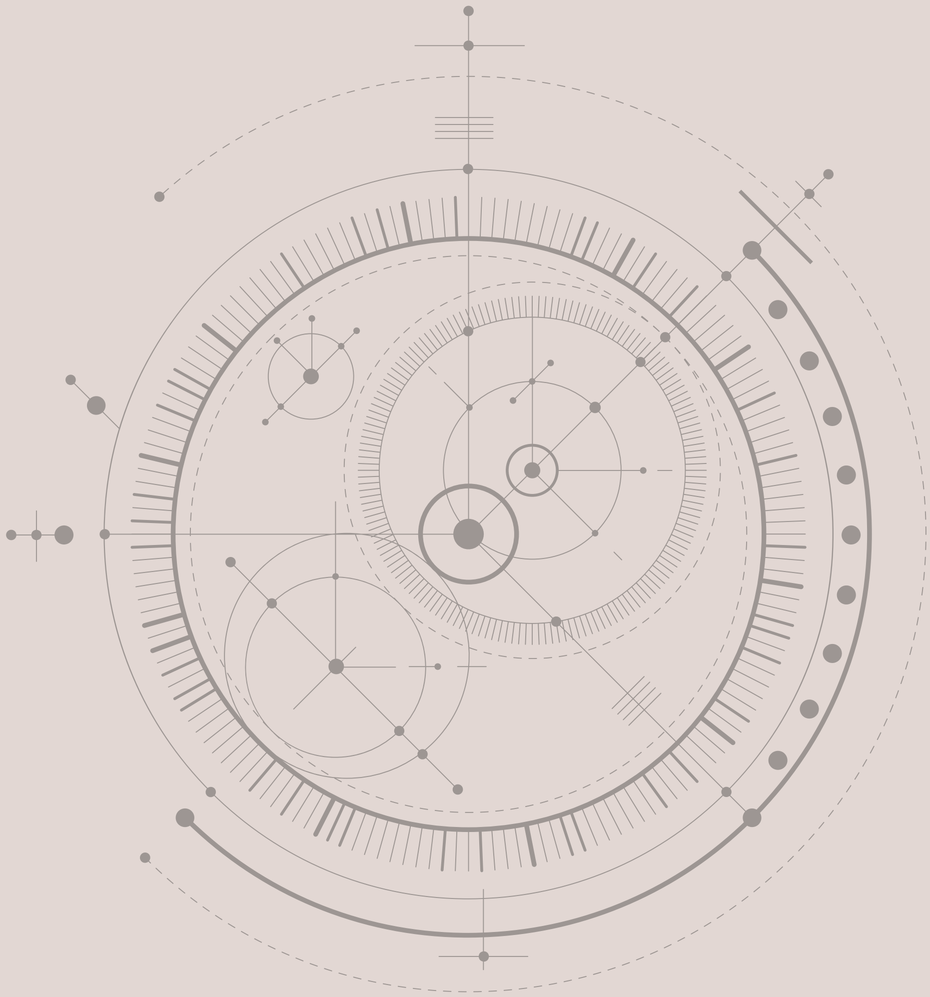
Following the completion of the Share Capital Increase of €2,039 million in November exclusively through the private sector, 97.62% of the ordinary shares are held by institutional and retail investors.

2016

Completion of the sale of 80% of Eurolife ERB Insurance Group Holdings S.A.

Acquisition of Eurobank's Ukrainian subsidiary, Universal Bank by TAS Group.

EUROBANK FINANCIAL FIGURES



Key Financial Results[1]	2017	2016	Change
Net Interest Income	€1,464m	€1,463m	0.1%
Net Fee & Commission Income	€268m	€234m	14.5%
Total Operating Income	€1,882m	€1,907m	(1.3)%
Total Operating Expenses	€894m	€903m	(0.9)%
Core Pre-Provision Income	€837m	€793m	5.4%
Pre-Provision Income	€987m	€1,004m	(1.7)%
Loan Loss Provisions	€750m	€741m	1.2%
Net Result after tax before discontinued operations & restructuring costs	€186m	€240m	(22.5)%
Net Result after tax, discontinued operations & restructuring costs	€104m	€235m	(55.8%)

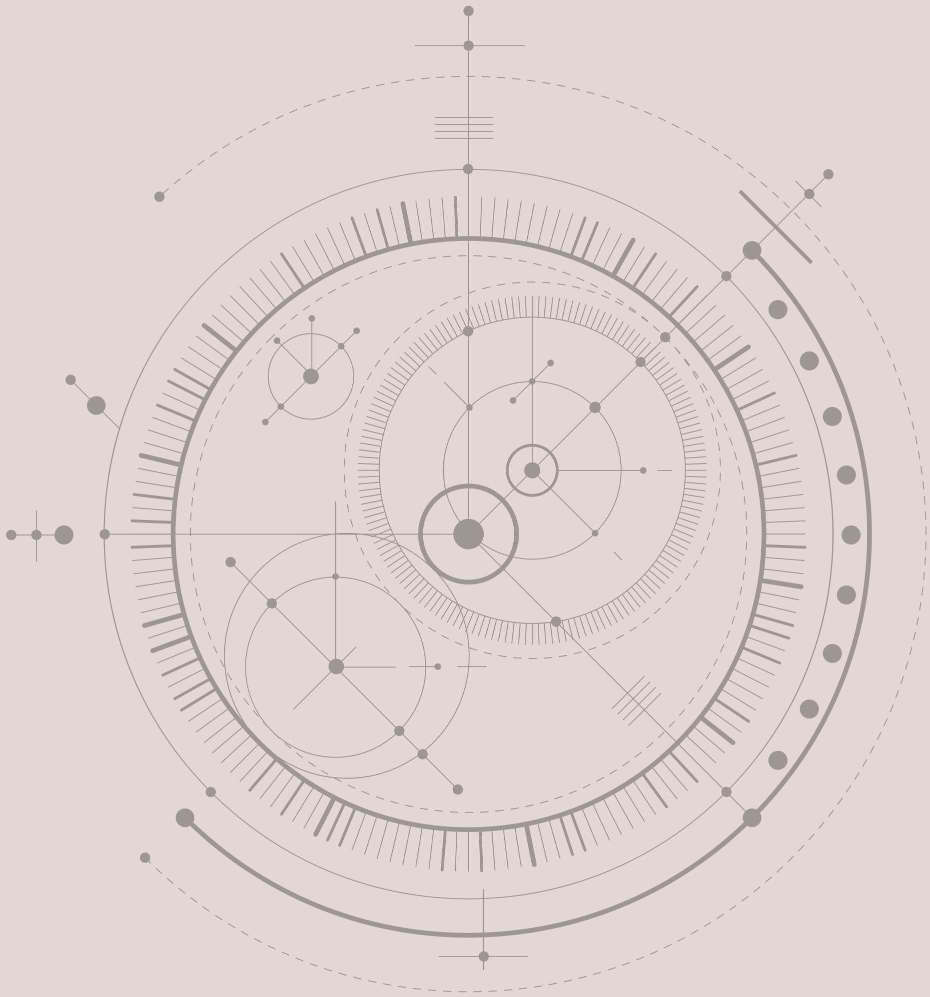
Balance Sheet Highlights[1]	2017	2016
Consumer Loans	€5,248m	€5,983m
Mortgages	€16,657m	€17,311m
Small Business Loans	€6,973m	€6,991m
Large Corporates & SMEs	€18,339m	€18,876m
Total Gross Loans	€47,242m	€49,195m
Total Customer Deposits	€33,843m	€32,093m
Total Assets	€60,029m	€66,432m

4Q2017	3Q2017	2Q2017	1Q2017
€373m	€369m	€364m	€357m
€70m	€67m	€67m	€64m
€494m	€464m	€465m	€459m
€226m	€223m	€223m	€222m
€217m	€213m	€208m	€199m
€267m	€240m	€242m	€237m
€206m	€178m	€182m	€184m
€53m	€61m	€37m	€34m
€43m	(€15)m	€40m	€37m

Financial Ratios[1]	2017	2016
Net Interest Margin	2.41%	2.22%
Cost to Income	47.5%	47.4%
Non-Performing Exposures (NPEs)	42.6%	46.0%
90 Days Past Due Loans (90dpd)	33.4%	35.3%
NPEs Coverage	50.4%	50.6%
90dpd Coverage	64.3%	66.0%
Provisions to average Net Loans	2.0%	1.9%
Common Equity Tier 1 (CET1)	15.8%[2]	17.6%

[1] *Romania classified as held for sale.*
[2] *Pro-forma for the redemption of €950 million preference shares with Tier II bonds and the disposal of Romania.*

LETTER TO SHAREHOLDERS



Dear shareholders, for Eurobank, 2017 was a year of robust results overall, during which we met all our core strategic and business targets, achieving satisfactory performances in crucial areas. The Bank remained profitable throughout the year, with improved organic growth results. The capital base was strengthened, while we managed to take a major step towards exiting the crisis, by redeeming the preference shares held by the Greek State and preparing for the issuance of Tier 2 bonds of corresponding value in favour of the Greek State, completed at the beginning of this year. Moreover, in 2017 Eurobank returned to international capital markets for finance, through the issuance of a covered bond, which also constitutes a landmark for gradually returning to normal liquidity conditions and facilitating the decrease of the Bank's dependency on the Emergency Liquidity Assistance (ELA) mechanism of the Bank of Greece. In the area of non-performing exposures (NPE), which was and still remains one of our top priorities, the decrease in NPE stock exceeded the annual target agreed with the European supervisory authorities, while, during the year, we proceeded with the sale of a non-performing loan portfolio – the first to take place in Greece. Simultaneously, we especially focused on financing the real economy, by increasing lending overall to small, medium and large-sized enterprises.

All the targets we had set as landmarks in our business planning for 2017 were steadily achieved, thus enabling us throughout the year to devote a significant part of our operations to broader issues, which will shape the image and character of the Bank in the years to come. These include unveiling a set of Values for the organisation, but also introducing substantial changes in our operation and structure, starting with the radical restructuring of retail banking.

Macroeconomic Developments

In 2017, the macroeconomic environment remained favourable, which was also buoyed by the ECB's steadily accommodative monetary policy. For the first time in several years, Greece's economy, i.e. the primary market where we operate, entered into a course of real growth. Real GDP growth of 1.4%, a substantial improvement in the economic sentiment indicator, and the drop in unemployment, despite the fact that it remains exceptionally high (exceeding 20%), are factors indicating steady improvement in the prospect of successfully completing the economic adjustment programmes. Relations between Greece and its European partners and lenders have remained unhindered, which has led to the visible recovery in the confidence of the international markets in the country, expressed in the issuance of a bond by the Greek State. This signaled Greece's return to international markets for the first time since 2012. In fact, the decline in Greek bond yields was a further, clear indication of improved credibility in the Greek economy. Equally positive was the picture in regard to our international operations. All countries in which we operate have maintained high growth rates, which we expect to continue in the years to come.

Sustainable Profitability

Our course over 2017 reflects the set of principles and values that we believe in, as well as the successful implementation of the Bank's strategic planning. Within a generally more favourable economic environment, which was not marked by the negative external factors of the previous years, Eurobank proved that its business planning is well targeted and is able to produce positive results. Total net profit amounted to €186 million, while the Bank maintained profitability in all four quarters in 2017. Core pre-provision income reached €837 million, up by 5.4% compared to the previous year. Net interest income remained unchanged, at

€1.5 billion. The lower lending income was offset by the decline in the Eurosystem funding cost. Core income increased by 2.1%, to €1.7 billion, while total income was slightly lower by 1.3%, reaching €1.9 billion.

Cost Reduction

On the cost side, operating expenses decreased by about 1% on an annual basis, amounting to €894 million for the Group, while in Greece in particular, they decreased by 2%. The cost/income ratio remained below the 50% mark, at 47.5%.

Improved Liquidity Position

With regard to liquidity, market conditions continued to improve considerably in 2017. Within this climate, the Bank seized the emerging opportunities, to implement a series of initiatives to increase access to the interbank market. These efforts culminated with Eurobank returning to the money markets for the first time since 2014, through the successful issuance of covered bonds on the primary market, amounting to €500 million. This attracted particularly high international investment interest from almost 20 countries.

In total, in 2017, Eurobank's General Division of International Capital Markets managed to: (a) considerably increase the volume of repos transactions with international credit institutions, (b) significantly reduce the cost of obtaining liquidity, and further disperse financing sources, (c) fully eliminate the Bank's participation in the second stream of the Greek Economy Liquidity Support Programme (Article 2 of L. 3723/2008), and (d) considerably reduce our ELA dependence, with its funding steadily decreasing throughout the year. The total decline for 2017 was around €4 billion, and this course has also steadily continued in the first months of the current year. As a result, at the end of the first quarter, ELA funding decreased by two thirds in relation to the high levels of 2017, and by less than half in relation to the end of the year. At the same time, the repatriation of deposits into the Greek banking system has been gradual, albeit slow. The crisis in confidence that culminated in fund transfers abroad in the first half of 2015 is not over yet; however, there are some encouraging signs. In 2017, customer deposits increased by €1.2 billion in Greece, to a level which is similar to, or slightly better than, the Bank's market share. At Group level, the increase reached €1.8 billion, resulting in the loan-to-deposit ratio improving by 8%, to 109.6%.

Organic Capital Base Enhancement – Redemption of Preference Shares

Sustainable profitability strengthened the Bank's capital base organically and, as a result, common equity tier I ratio (CET1) stood at 15.8% of risk weighted assets at the end of 2017, and total capital adequacy ratio (total CAD) stood at 17.9%, one of the highest in the Greek banking system. Both ratios have increased by 220 and 450 basis points respectively within the last two years. Having strengthened the Bank in terms of its core capital, we proceeded to redeem the preference shares held by the Greek state, amounting to €950 million. At the same time, a few days before the end of the year, the issuance of Tier 2 bonds of the same amount took place, in favour of the Greek State. These bonds count in the total regulatory capital of the Bank. The result of all these actions and initiatives was particularly important since the stress tests of the European Central Bank – carried out in the first quarter of 2018 for the four systemic banks of Greece – were based on the static balance sheet assumption of 31 December 2017. It is common knowledge that the outcome of these stress tests was positive for Eurobank, as no capital needs emerged while performing said tests, nor was the Bank invited to submit a capital support plan.

Targets Exceeded in NPEs

The results in the area of managing non-performing exposures (NPEs) were particularly important and encouraging. In total, NPEs decreased by €2.5 billion on an annual basis, thus exceeding the set target. The new NPE net formation was negative for all quarters in 2017, and the reduction amounted to €687 million for 2017. The provisions-to-NPE ratio reached 50.4%, while by implementing the new IFRS9 accounting standard and the consequent increase in the provisions by €1.1 billion, said ratio further improved by more than 500 basis points, reaching 55.5%.

In 2017, Eurobank was the first Greek bank to sell a portfolio of non-performing consumer loans, thus contributing substantially to the creation of a secondary market for loan portfolios in Greece, which constitutes a substantial condition for addressing the problem of NPE stock in the banking system. Following a transparent international tender process, and a financially and capital-neutral transaction, the company Intrum was selected to purchase this portfolio. The loan portfolio servicing was undertaken by our dedicated subsidiary, Eurobank Financial Planning Services (FPS), which received one of the first licenses granted by the Bank of Greece to servicers of non-performing loans during the year. It is currently the largest company in the sector, both in terms of number of employees and value of assets under management.

Note that in the last quarter of 2017, performance in NPE stock reduction and negative NPE formation reached a historical high. This tendency may be attributed, at least to a considerable extent, to the change in the legislative framework and the spirit of determination shown in implementing online auctions. Having a more functional legal and institutional arsenal available to deal with strategic bad debtors, and being able to capitalise on it for the first time for a full financial year, we are convinced that in 2018, the Bank can meet and exceed the new, even more ambitious, targets set in partnership with the European supervisory authorities.

Corporate and Retail Banking

Despite some upward trends, liquidity conditions remained restrictive for yet another year. Eurobank continued to support its corporate and household customers, as well as the economy, in an environment where demand, particularly in the Greek market, was weak. As a result, total loan balances to enterprises in Greece increased by about €300 million in comparison to the previous year.

We especially focused on securing adequate liquidity, but also favourable financing resources for small, large and medium enterprises. To this end, we work with a considerable number of international partners, mainly organisations that have an international presence and expertise, such as the European Investment Bank (EIB), the European Investment Fund (EIF), which is the financial arm of the EIB for small and medium-sized enterprises, the European Bank for Reconstruction and Development (EBRD), and the International Finance Corporation (IFC), a member of the World Bank. By means of these programmes, small and medium-sized enterprises can secure financing for their development, export credit, and also working capital at competitive rates and limited demands in relation to the provision of guarantees, since part of the credit risk is covered by these international organisations.

In the corporate banking sector the Bank's performance remained strong. Our strategic aim is for Eurobank to become the bank of choice of robust enterprises, which will play a leading role in the cycle of development in Greece, but also the bank of choice of robust enterprises in the wider region.

As part of our commitment to enhance and support Greek exporting companies, Eurobank organised the Go in Crete Business Delegation on the island of Crete. More than 2,430 scheduled meetings took place and more than 100 Greek exporters had the opportunity to come into contact with over 50 leading international buyers. Moreover, in the forum that took place as part of the Go in Crete event, a strategic agreement was announced between Eurobank and Santander, which gives the opportunity to the Greek and Cypriot corporate members of Exportgate.gr to enter the Eurobank Trade Club, a reliable network of companies which focuses on international trade. In this way, companies may expand their commercial activities beyond the Greek and Cypriot borders. This is the first global digital network for enterprises where Eurobank participates as a founding member. The network is supported by international banks such as Banco Santander, Nordea, Rabobank and KBC. Many other major banks, each in its own country, as well as and in the wider region (Attijariwafa, Industrial Bank of Korea (IBK), SIAM, Banco BPM, etc.) already participate in the project. As a result the network currently covers almost 30 countries and a very wide range of markets and sectors.

Eurobank not only supports but also aspires to promote modern and healthy Greek businesses, which may pave the way towards production, investment restructuring and sustainable development. In this context, through the 2017 Growth Awards for development and entrepreneurship, Eurobank, in partnership with Grant Thornton, awarded six enterprises which, despite the crisis, managed to stand out and be commended for their outward-looking stance, robust economic performance, transparency, modern corporate governance and social responsibility.

In the shipping finance sector, we are steadily and rapidly increasing our presence and our market share. In 2017, the increase in our shipping portfolio exceeded 25%. As a result, the Bank now has the largest ever shipping portfolio.

The year 2017 signalled a landmark for the Bank's retail network. At the beginning of the year we changed our operational structure, which forms the foundation for formulating all future strategic planning in the field. At the heart of the changes was the decision to concentrate our efforts on customers we maintain or will shape stronger bonds with; customers who have a substantial and wide portfolio consisting of multiple products and services. After about 12 months of implementing the changes in the Bank's retail network, the first signs leave no doubt as to how correct our strategic intent was – as the results are already evident. At the same time, through merging the network branches, we strove to optimise the quantitative and geographical breakdown; this effort was concluded at the beginning of 2018, with about 350 retail branches in Greece.

Eurobank supports its customers and their family needs. In this context, we significantly expanded our operations in the area of bancassurance products, with the Eurolife Group as our strategic partner. Apart from the very positive financial results of this partnership, which we intend to both continue and expand further, we have been given the opportunity to meet the growing needs of households for all types of insurance cover, based on their means and capabilities. The impressive increase in customer satisfaction indices in relation to bancassurance services confirms the social dynamics of said demand, as well as affirms the correct targeting of the planning set by Eurobank and Eurolife to match the expectations of households that place their trust in us.

Global Markets and Wealth Management

One of the most significant economic developments of the year in Greece was the revival of the corporate bond market. Apart from the aforementioned international capital market activity to boost the Group's liquidity, Eurobank had a universal and central presence in the formation of Greek Companies' Bond market, and in the successful disposal of the bonds to the investment community. Eurobank actively participated, either as an Advisor or as a Co-Lead Manager, in almost all the bond issuances (OPAP, Mytilinaios Group, Sunlight, Terna Energy). Total demand in these issuances exceeded €1 billion, and the capital raised from the respective companies exceeded €600 million.

In the area of Private Banking & Asset Management, for yet another year in 2017, Eurobank maintained its position as a leading force both in terms of the funds under management and its profitability. In the area of Private Banking, total assets under management at Group level stood at €5.6 billion, demonstrating a slight positive change in relation to the previous year. Through Private Banking in Greece, and our subsidiaries in Luxembourg, London and Cyprus, we offer our customers services which constitute the benchmark for the sector in Greece, through multiple dedicated service centres. With regard to our subsidiary, Asset Management, in 2017, the assets under management stood at €3.8 billion, with a market share of over 30% in mutual funds. Thus, Asset Management maintained the leading position held for a number of years in the area of private and institutional portfolio management in Greece and Cyprus.

A Regional Banking Group

For yet another year international operations contributed significantly to the Bank's results. In 2017 we sold Bancpost, our Romanian subsidiary, to Banca Transilvania. With this transaction we essentially completed the reduction in the Bank's foreign footprint, as agreed with the European Commission and described in the restructuring plan we had submitted. This now allows us to focus our attention on the markets where we will increase our strategic presence, such as Cyprus, where Eurobank Cyprus stands out as the top performer in the banking system on the island; Bulgaria, where Postbank is one of the five leading banks; and Serbia, where we have been established for the last 15 years. Eurobank is the only Greek bank which remains an international banking group with profitable operations and contributes to several economies in its geographical region. This has emerged as a result of our recapitalisation in 2015, exclusively through private funds, which, in our opinion, constitutes a major strategic advantage for Eurobank, as we can offer services locally to our corporate customers who operate in more than one country. International operations remained steadily profitable this year, and net profits for 2017, before extraordinary results and discontinued activities, amounted to €130 million. We anticipate similar or even better results in the years to come. The prospects for development for the countries in the region, subject to unforeseen external events, are optimistic. Consumers are benefiting from increasing real salaries, low inflation and historically low levels of interest rates.

A Digital Future

During 2017, there was substantial progress in our planning for the transition of the bank to the digital age. There is no doubt that the future of banking will be based on the adoption and incorporation of new digital technologies into the operation of financial organisations. To prepare Eurobank to successfully respond to these new circumstances and new demands, we have a comprehensive and ambitious plan in place, based on two pillars. The first concerns the digital experience we wish to offer our customers by providing innovative services and, principally, an integrated experience customers will enjoy whenever they carry out a transaction with the Bank, whether in person or digitally. A milestone in this plan was the launch of our new website. The new eurobank.gr not only redesigned and upgraded the first point of contact between the Bank and existing or new customers, given the consumer demands of our age, it also introduced many new functionalities. Furthermore, as it is based on the idea of a uniform consumer experience, it will have a multiplier effect, since we will soon offer our customers other digital gifts, such as the new e-Banking and new Eurobank Mobile Banking. We have selected top international partners with excellent experience and success on a universal scale to help us in this effort, and the response by users to the relatively small part of the services that have already been made available to them already proves the quality and functionality of our new digital tools. At the same time, we invested considerably in the radical upgrading of the Bank's technological infrastructure. The digital age implies that not only do we use technologies externally, i.e. towards our customers, but we also help the Bank transform into a more rationally structured organisation. The cost of investment in upgrading our technological infrastructure is considerable and necessary. The capital expenditure for 2017 amounted to about €43 million, amid conditions that demanded a reduction in overall costs. However, we are convinced that it must be the Bank's top priority to secure and use the best technologies available on a universal scale, as a necessary condition for the Bank's image, its business prospects and its profitability in the future.

Transparency and Corporate Governance

Over the years, Eurobank has undertaken a series of initiatives for adopting and incorporating into the organisation optimal international practices with regard to corporate governance, auditing, accountability and transparency. 2017 was the first year in which all the processes and innovations that had been introduced were fully implemented, confirming their substantial contribution to the smooth and effective operation of the organisation.

As of 2016, during the last Board of Directors' meeting for the year, the discussion also encompasses the Bank's annual planning and the strategic planning for the next three years.

A week-long tour of Management executives and the last meeting of the Board of Directors for 2017 took place in Thessaloniki in mid-December 2017. All Greek and non-Greek Board Members attended this last meeting. Thessaloniki, and northern Greece in general, plays a pivotal role in the Bank's choices, as it is home to a large share of Greek production, with significant growth prospects.

Apart from meetings with local bodies, business community representatives, customers and executives in Thessaloniki, the Management participated in a series of events with retail and corporate clients, while it also hosted a dinner attended by 150 corporate clients and all the Board Members.

In an ever more demanding regulatory environment, Eurobank fulfils all the conditions and requirements of European and local supervisory authorities. Through the support of its largest shareholders, the Bank has an internationally diverse Board of Directors with broad experience and knowledge of the banking sector in Greece, in the countries of the region and on a global scale. The Board is the supreme company body for shaping the Bank's strategic planning. Throughout the year, and following redemption of the preference shares held by the Greek State, the Greek State representative resigned from the Board of Directors.

Eurobank Values – Principles and Targets of the Strategic Transformation

We have repeatedly underlined that Eurobank is connected to its people. It is they who support the organisation; they are the foundation of every effort that is undertaken. However, this relationship between the Bank and its people is based on a specific set of principles. This was unveiled in a set of 5 Values which shape the way we work and eventually constitute the collective identity of the organisation.

Our values are: Trust, Empathy, Drive, Innovation, and Cooperation. Trust is both a condition and an aim in the relationship between Bank employees, and in the relationship with our customers. Empathy is a vehicle to build trust, by putting ourselves in the place of our colleagues or customers, and considering the expectations we would have if we were in their place. Drive has marked Eurobank throughout its history, as has Innovation. We are an organisation which embraces innovation; we pursue the new and integrate change, making it an element of daily life and the springboard for our performance. Finally, Cooperation is not simply a professional choice, but a necessity. In this area, the Bank has taken some very important steps over the last years, and acknowledging collective responsibility, as a main principle of the Bank's structure and operation, is a priority for the Bank's Management.

We have described the strategic transformation of Eurobank into a more effective and customer-friendly Bank, the idea being to achieve a more simplified and targeted approach. The future and the developments which are already influencing the sector on a global level demand a bank that operates in a simplified fashion. Simplified internal procedures mean greater transparency and a better working relationship with customers. They also require constant personnel training and commitment to the organisation, while working in a more pleasant and productive work environment. We have already taken major steps in view of the operational simplification of the Bank. We are re-checking and simplifying many procedures, we are unifying auxiliary tasks, and we are centralising our services. All these initiatives will not only contribute to reducing costs but also to strengthening the organization, as it will allow us to free up resources and to focus on our core activities. Making use of technology to the fullest is the safest vehicle for achieving this aim.

A simplified bank also means a leaner organisational structure. Big and complex structures, with multiple administrative levels, overlapping responsibilities and time-consuming procedures are practices that belong in the past. We must eradicate bureaucracy; we need fewer corporate titles and fewer levels of hierarchy, but more substance and more flexibility. All these require additional knowledge and greater personal responsibility.

Finally, our business planning will be more targeted. Eurobank will continue to offer all banking services, as always. However, we will clearly focus on the sectors and the customers we can provide our best services to; our working relationship with them will contribute substantially to our operations.

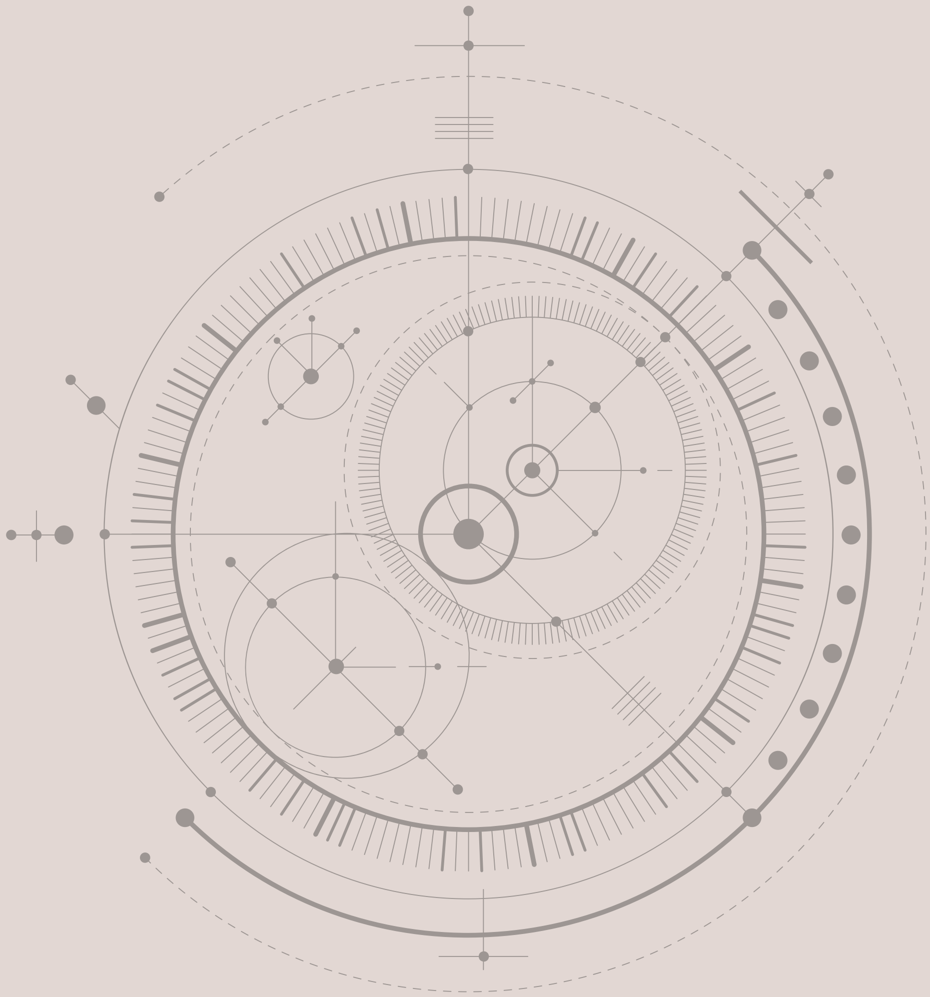
Dear Shareholders,

little of the above would have been possible without your continual support. Both the Management and all employees feel deeply obliged that you remain constantly by our side. Our target remains a common target for us all: to put our commitment that our customers constitute our core priority into practice; to make a clear and positive contribution to the economy; to be the first who will take the necessary steps forward; to be the organisation which will attract the most talented people in the market and will provide them with an environment to develop their skills and creativity; to be the benchmark in our sector, by always implementing optimal practices; and to be the bank of first choice for households and businesses alike. These can be achieved by forging deep and lasting relationships of trust, meeting our clients' personal, family and professional needs and contributing substantially to the growth of the communities and the progress of the countries where we operate.

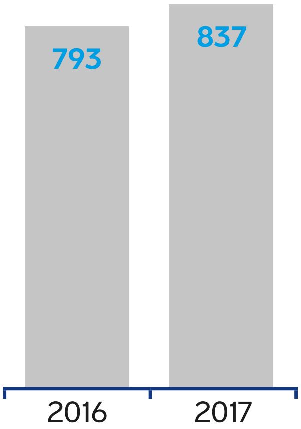
Nikolaos V. Karamouzis
Chairman of the Board of Directors

Fokion C. Karavias
Chief Executive Officer

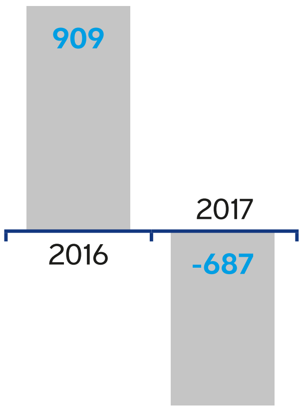
FINANCIAL REVIEW



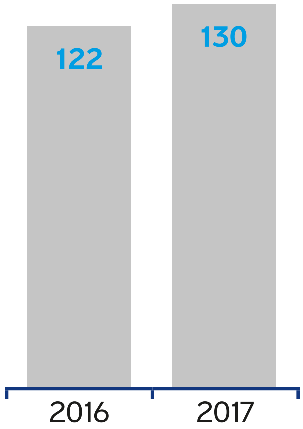
Core Pre-provision income
(€m)



NPE formation
(€m)

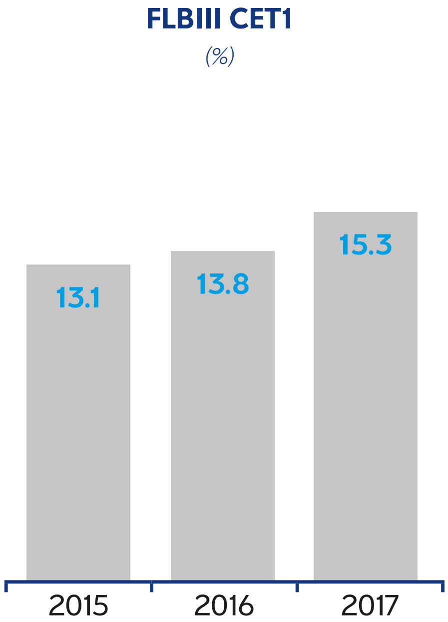


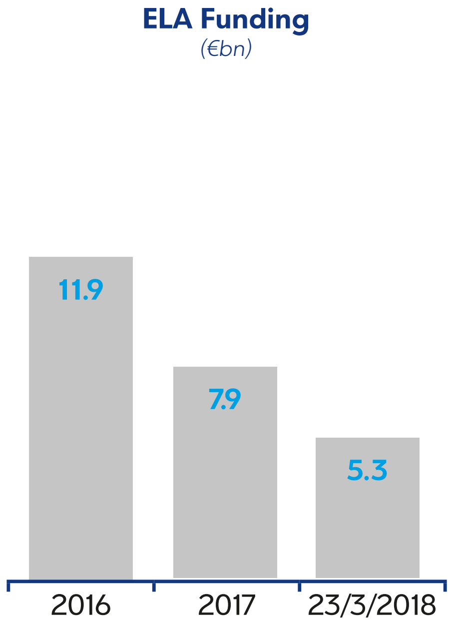
International Operations Net Profit
(before discontinued operations & restructuring costs, €m)



2017 was a positive year for Eurobank, as it improved its core operating performance, enhanced its capital and liquidity position and reduced the stock of non performing exposures (NPEs), exceeding the annual target. Specifically:

- **Net profit** before discontinued operations and restructuring costs reached €186 million in 2017.
- **Net interest income** remained flat y-o-y to €1.5 billion, as the reduction in Eurosystem funding and Pillar II utilization cost offset lower income from loans.
- **Net interest margin** improved by 19 basis points against 2016 to 2.41%.
- **Net fee and commission income** rose by 14.5% y-o-y to €268 million, mainly due to lower government guarantee cost.
- **Core income** expanded by 2.1% in 2017, whereas **other operating income** receded by 28.4% y-o-y to €151 million.
- **Total operating income** came lower by 1.3% y-o-y to €1.9 billion.
- **Operating expenses** decreased by 0.9% y-o-y to €894 million, with costs in Greece down by 2.0% y-o-y. **The cost / income** ratio for the Group remained below the 50% mark at 47.5%.
- **Core pre-provision income** was up by 5.4% versus 2016 to €837 million, whereas **pre-provision income** declined by 1.7% y-o-y to €987 million.





- The **NPE formation** was negative for all quarters in 2017 and totaled -€687 million for the year. The **NPE ratio** decreased by 340 basis points y-o-y to 42.6%, from 46.0% in 2016, while the **stock of NPEs** was down by €2.5 billion in 2017, exceeding the initial target by €0.7 billion. The **coverage of NPEs** reached 50.4% at the end of 2017. Pro-forma for IFRS9 first-time adoption, the NPE coverage improved by more than 500 basis points to 55.5%, due to the increase in the provisions stock by €1.0 billion.

- **International operations** remained profitable, as net profit before discontinued operations and restructuring costs totaled €130 million in 2017.

- **Common Equity Tier I ratio** (CET1) stood at 15.8% of risk weighted assets at the end of 2017. Fully-loaded Basel III CET1 (FLBIII) amounted to 15.3% and was up by 150 basis points y-o-y and 220 basis points since 2015 and total CAD stood at 17.9%[1], up 450 basis points against 2015. Pro-forma for IFRS9 first-time adoption, FLBIII CET1 comes to 12.4%.

- **Current ELA funding** stands at €5.3 billion and is €7.2 billion down from 2017 peak.

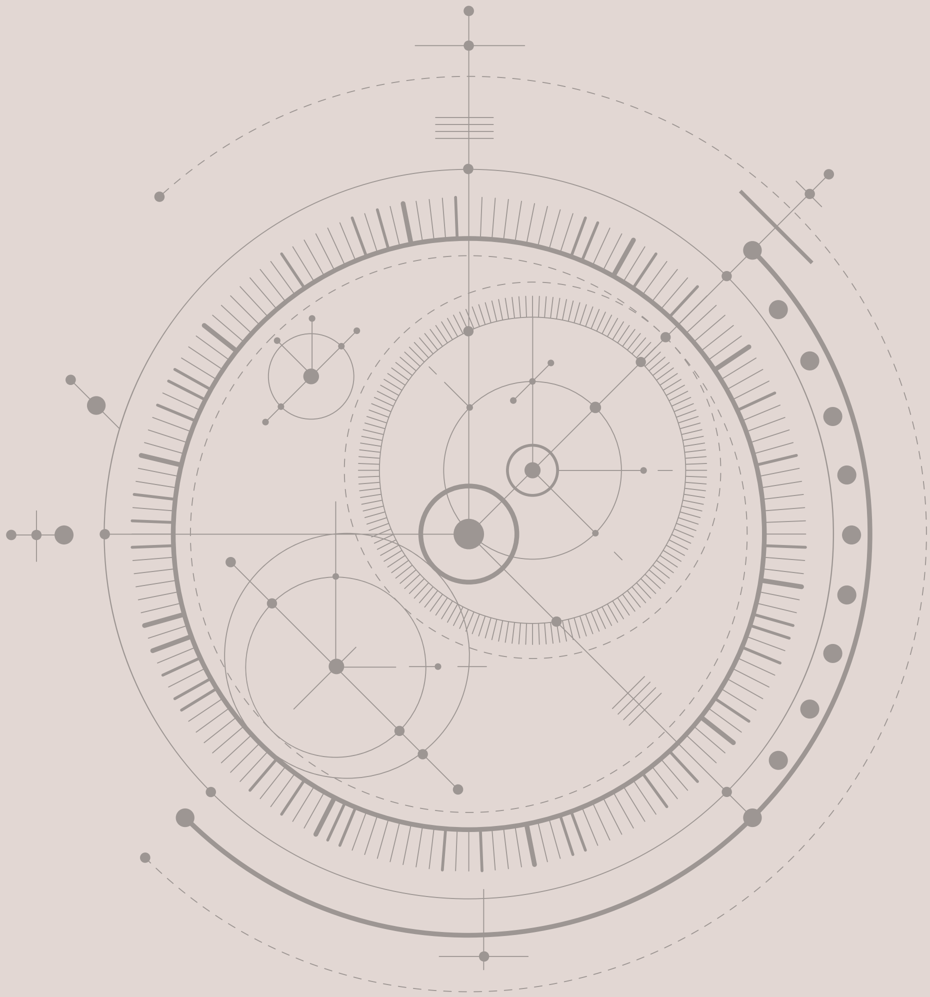
- **Customer deposits** were up by €1.2 billion y-o-y in Greece and €1.8 billion at a Group level in 2017.

- **Gross loans** (before write-offs, FX impact and sales) increased by €0.4 billion during the year.

- The **loans to deposits ratio** improved to 109.6% in 2017, from 117.6% a year ago.

[1] *Pro-forma for the redemption of €950 million preference shares with Tier II bonds and the disposal of Romania.*
[2] *Pro-forma for the disposal of Romania.*

STRATEGIC TRANSFORMATION PROGRAMME



In 2017, the implementation of the second phase of the Strategic Transformation Programme of the Bank continued; it is a comprehensive, integrated programme launched in 2013 focusing on 3 key pillars:

a) Optimizing Risk management and remedial/NPE management.

b) Improving the customer service model to maximize revenues and liquidity.

c) Re-designing the Bank's operating model to increase efficiency and reduce costs.

Optimizing Risk management and remedial/NPL management

- The strategy and procedures for handling corporate Non Performing Exposures (NPEs) of the Troubled Assets Group General Division were redesigned;
- The organizational structure and functions of the Collateral Recovery Sector of the Troubled Assets Group General Division were redesigned, in order for the Bank to become more efficient and focused in late NPE management.
- A new segmentation model for individuals' NPEs and for selecting the optimal settlement solution was designed.
- A new Division for out-of-court settlement for individual debtors was created; its organizational structure and the procedures for case handling were prepared.

Improving the customer service model to maximize revenues and liquidity

- In Retail Banking, the new footprint of the Branch Network was implemented by creating 90 regions, each one structured around a central branch («Hub & Spoke» model) to achieve deeper penetration in local markets and optimal customer servicing.
- A large-scale reorganization of the Retail Banking central units was completed, to align with the customer-centric model: 3 integrated Segments were created (Personal Banking, Individual Banking and Business Banking) overall responsible for the strategy, commercial policy and customer service standards, supported by unified units for product development, credit and operational risk management, performance monitoring and operations design, while a new unit for managing all external sale networks was set up.
- In Corporate Banking, a new loan pricing model was introduced, for systematic and tailored pricing based on the credit and commercial profile of each enterprise, to accurately reflect its credit risk and value for the Bank.

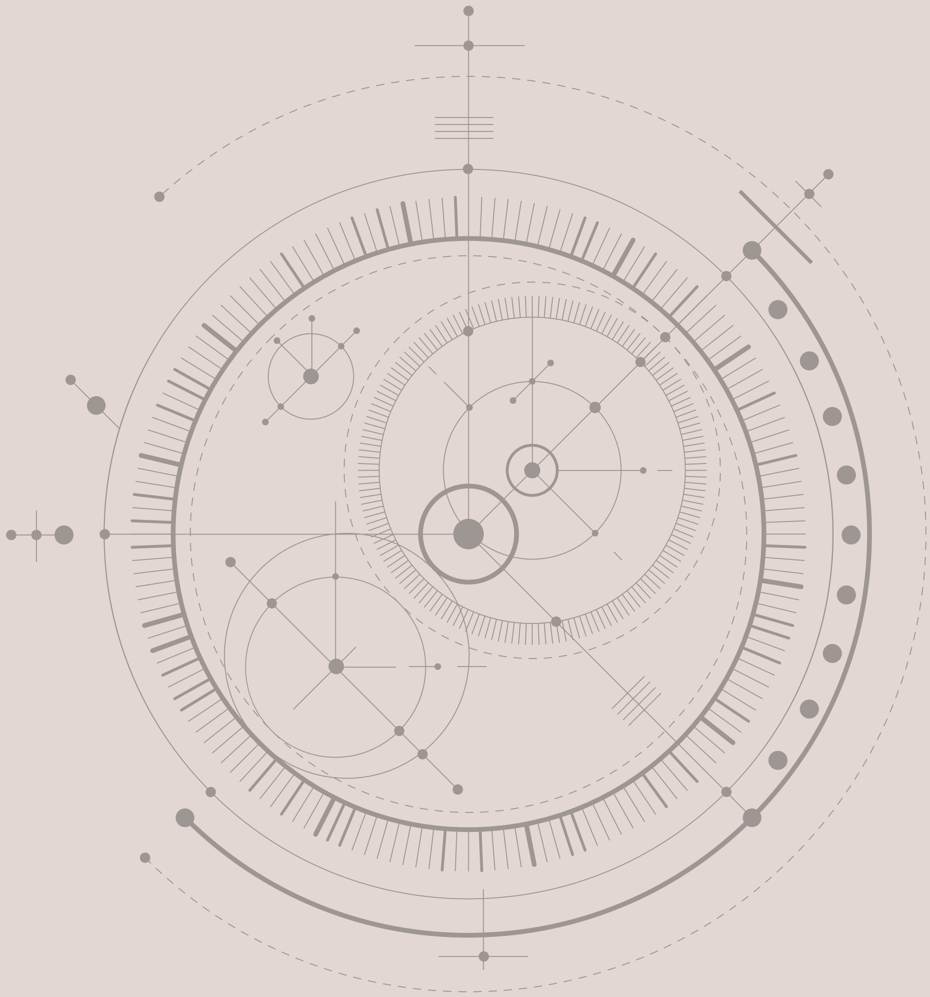
Re-designing the Bank's operating model to increase efficiency and reduce costs

In 2017, the new organizational and operational model of the General Division of Information Technology was designed and is being gradually implemented, aiming to adjust to technology advances, enhance performance and support the Bank's business units, as well as to achieve cost reduction. Furthermore, our programme to centralize operations and automate processes continued, in order to achieve economies of scale.

The implementation of the Strategic Transformation Programme will continue, focusing on operating model optimization, customer centricity and digitization. In this context, some of the planned actions include:

- Detailing the implementation of Retail Banking new organizational structure to enhance the new operating model.
- Extending customer segmentation to better address customer service and needs.
- Enhancing data analytics as the main pillar for an integrated customer service model.
- Digitization and automation together with improvements in technology infrastructure.
- Timely design and implement new initiatives for adjusting to upcoming regulatory
- and technological changes (e.g. PSD II)
- Focused re-design of operations and functions to simplify procedures and improve customer service.

CORPORATE GOVERNANCE



Transparency, credibility, social responsibility and accountability are fundamental corporate governance principles in the contemporary corporate and social environment. These principles define the framework for the achievement of the Group's objectives, govern the organization, operations, and activities of the Group, and reflect Eurobank's values, safeguarding the interests of shareholders and of all other stakeholders. The Corporate Governance Code describes the corporate governance principles and practices that have been adopted, in accordance with Greek law, the international best practices on corporate governance, and the Bank's contractual obligations to the Hellenic Financial Stability Fund (HFSF). The corporate governance principles applied by the Bank and the Group ensure that:

- The composition and operation of the Board of Directors (Board) ensure transparency, credibility, and consistency during the decision making process.
- All shareholders enjoy equal treatment and protection of their interests. They all have access to adequate and timely information on the course of business of the Bank and the Group.
- The Bank's Internal Governance Control Manual, the Internal Governance Regulations of the Bank's subsidiaries, as well as the organizational structure of the Bank and its subsidiaries lead to a clear and distinct distribution of responsibilities and competencies, and to the establishment of a concrete environment of internal control.
- Conflicts of interest situations are being prevented.

Finally, in order to ensure constant and optimal implementation of the corporate governance principles throughout the scope of its business, Eurobank has set up a Group Company Secretariat Sector.

Board of Directors - Board Committees - Senior Management Bodies

Board of Directors

The Bank is headed by a Board of Directors, which is collectively responsible for the long-term success of the Bank. The Board exercises its responsibilities effectively and in accordance with Greek legislation, international best practices and the Bank's contractual obligations to the HFSF, under the Relationship Framework Agreement (RFA) signed between the Bank and the HFSF.

The members of the Board are elected by the General Meeting of the Shareholders, which is the Bank's supreme body and also determines the precise number of the Board members, within the limits of the Law and the Articles of Association, their term in office, and designates the independent, non-Executive members.

The Board's term of office, following the resolution of the Bank's Annual General Meeting held on June 26, 2015, expires on 27 June 2018, by which the date the Bank's Annual General Meeting for the year 2018 will take place.

The Executive Directors have responsibility for the day-to-day management and control of the Group, and the implementation of its strategy. The non-Executive Directors are responsible for the overall promotion and safeguarding of the Bank's interests. In addition, they must constructively challenge and help develop proposals on strategy and approve, revise and oversee the implementation of the remuneration policy both at Bank and Group level.

The Board meets regularly every quarter, as well as on an ad hoc basis whenever required. During 2017, the Board held eighteen meetings (compared to twenty six meetings in 2016), and the average ratio of the Directors attendance was 95% (same as 2016). Decisions are taken following discussions, which complete the agenda items to the satisfaction of all Directors present.

Board of Directors - Board Committees - Senior Management Bodies

The current Board of Directors of the Bank, following the Board's decisions is as follows:

Board of Directors
NIKOLAOS V. KARAMOUZIS, Chairman, Non-Executive Director
FOKION C. KARAVIAS, Chief Executive Officer, Executive Director
STAVROS E. IOANNOU, Deputy Chief Executive Officer, Executive Director
THEODOROS A. KALANTONIS, Deputy Chief Executive Officer, Executive Director
ANDRONIKI E. BOUMI, Non-Executive Director
GEORGE K. CHRYSSIKOS Non-Executive Director
RICHARD P. BOUCHER Independent Non-Executive Director
STEPHEN L. JOHNSON Independent Non-Executive Director
BRADLEY PAUL L. MARTIN Independent Non-Executive Director
JAWAID A. MIRZA Independent Non-Executive Director
GEORGE E. MYHAL Independent Non-Executive Director
LUCREZIA REICHLIN Independent Non-Executive Director
AIKATERINI K. BERITSI, Representative of the Hellenic Financial Stability Fund under Law 3864/2010, Non-Executive Director

Board Committees

The Board is assisted in carrying out its duties by Board Committees to which it delegates some of its responsibilities, and approves their mandate and composition, save for the composition of the Audit Committee whose members are appointed at the General Meeting.

The Board receives regular and ad hoc reports from the Audit Committee, Board Risk Committee, Nomination Committee, Remuneration Committee, and Strategic Planning Committee, and assesses their performance as per the provisions of the Bank's Board and Board Committees Evaluation Policy.

Audit Committee

The primary function of the Audit Committee is to assist the Board in carrying out its oversight responsibilities primarily relating to the review of the adequacy of the Internal Control and Risk Management systems, and the compliance with rules and regulations monitoring process, the review of the financial reporting process and satisfaction as to the integrity of the Bank's Financial Statements, the External Auditors selection, performance and independence, the effectiveness and performance of the Internal Audit and Compliance.

The Shareholders' General Meeting appoints the Audit Committee members upon the Board's proposal to the General Meeting, following the recommendation of the Nomination Committee to the Board. The tenure of the Committee members coincides with the tenure of the Board members, with the option to renew their appointment, but in any case the service on the Committee should not be more than twelve (12) years in total. The Audit Committee, as a whole, possesses the necessary skills and experience to carry out its duties.

The Audit Committee meets at least eight times per year or more frequently, as circumstances require, reports to the Board on a quarterly basis on its activities, submits the minutes of its meetings to the Board, and submits annually an Activity Report of the Audit Committee to the Board. During 2017 the Audit Committee held seventeen meetings (compared to twenty in 2016) and the average attendance was 93% (compared to 94% in 2016).

The composition of the current Audit Committee is as follows:

	Audit Committee
Chairman	**JAWAID A. MIRZA** Independent Non-Executive Director
Vice Chairman	**STEPHEN L. JOHNSON** Independent Non-Executive Director
Members	**RICHARD P. BOUCHER** Independent Non-Executive Director
	BRADLEY PAUL L. MARTIN Independent Non-Executive Director
	AIKATERINI K. BERITSI, Non-Executive Director, Representative of the HFSF

Board of Directors - Board Committees - Senior Management Bodies

Board Risk Committee

The Board Risk Committee's purpose is to assist the Board in the following risk-related issues:

- to ensure that the Group has a well-defined risk strategy and risk appetite in line with its business/restructuring plan, and that the risk appetite is articulated in a set of qualitative and quantitative statements and risk tolerance levels for all relevant risks;
- to ensure that the Group has developed an appropriate risk management framework which is embedded in the decision making process (e.g. new product and services introduction, risk adjusted pricing, risk adjusted performance measures and capital allocation) of the Group;
- to define the Group risk management principles and ensure that the Bank has the appropriate methodologies, modeling tools, data sources, and a sufficient and competent staff to identify, assess, monitor and mitigate risks;
- to review and assess the Group's risk profile and the effectiveness of its risk management policies, and to advise the Board accordingly (this review is supported by the Management Risk Committee regular reporting, including aspects of operational risk and reputational risk);
- to ensure that appropriate stress tests are performed, at least on an annual basis, in relation to all major Group risks,
- to assess, at least on an annual basis, compliance with the approved risk appetite and risk tolerance levels, the appropriateness of risk limits, the adequacy of provisions and, in general, the capital adequacy in relation to the risks undertaken by the Group, through, amongst others, the annual report prepared by the Group Risk Management General Division and relevant extract of the report prepared by the Internal Audit Division;
- to keep the Board and Audit Committee updated on relevant risk matters, and recommend to the Board the future risk strategy.

The Board Risk Committee members are appointed by the Board in accordance with the legal and regulatory framework where applicable and the tenure of the Committee's members coincides with the tenure of the Board members with the option to renew their appointment, but in any case, the service in the Committee should not be more than twelve (12) years in total. The Board Risk Committee meets at least on a monthly basis and reports to the Board, on a quarterly basis.

During 2017, the Risk Committee held sixteen meetings (compared to thirteen in 2016) and the average attendance was 91% (compared to 90% in 2016).

The composition of the current Board Risk Committee is as follows:

	Board Risk Committee
Chairman	**RICHARD P. BOUCHER** Independent Non-Executive Director
Vice Chairman	**BRADLEY PAUL L. MARTIN** Independent Non-Executive Director
Members	**NIKOLAOS V. KARAMOUZIS** Chairman BoD, Non-Executive Director
	JAWAID A. MIRZA Independent Non-Executive Director
	AIKATERINI K. BERITSI, Non-Executive Director, Representative of the HFSF

Remuneration Committee

The Board has delegated to the Remuneration Committee the responsibilities (a) to provide specialized and independent advice for matters relating to remuneration policy and its implementation at Bank and Group level, and for the incentives created while managing risks, capital and liquidity, (b) to safeguard the proper exercise of its duties and responsibilities, the efficient alignment of the personnel's remuneration with the risks that the Bank undertakes and manages, and the required alignment between the Bank and the Group and, (c) to approve, or propose for approval, all exposures of the key management personnel. The non-executive Board members have the responsibility to approve and periodically review the Bank's remuneration policy, and to oversee its implementation both at Bank and Group level.

The Remuneration Committee members are appointed by the Board. The tenure of the members of the Committee coincides with the tenure of the Board members with the option to renew their appointment, but in any case, the service in the Committee should not be more than twelve (12) years in total.

The Remuneration Committee meets at least twice a year. During 2017 the Remuneration Committee held eight meetings (compared to eleven in 2016) and the average attendance was 88% (compared to 90% in 2016).

The composition of the current Remuneration Committee is as follows:

	Remuneration Committee
Chairman	**LUCREZIA REICHLIN** Independent Non-Executive Director
Vice Chairman	**BRADLEY PAUL L. MARTIN** Independent Non-Executive Director
Members	**STEPHEN L. JOHNSON** Independent Non-Executive Director
	AIKATERINI K. BERITSI, Non-Executive Director, Representative of the HFSF

Board of Directors - Board Committees - Senior Management Bodies

Nomination Committee

The Board has delegated to the Nomination Committee the responsibilities (a) to lead the process for Board and Board Committees appointments, (b) to identify, nominate and recommend candidates for appointment to the Board and (c) to consider matters related to the Board's adequacy, efficiency and effectiveness, for all executives of the Bank at the level of General Manager and above, as well as the Heads of General Divisions.

The Nomination Committee members are appointed by the Board and the tenure of the members of the Committee coincides with the tenure of the Board members with the option to renew their appointment, but in any case, the service in the Committee should not be more than twelve (12) years in total.

The Committee meets at least twice a year. During 2017 the Nomination Committee held ten meetings (compared to eleven in 2016) and the average attendance was 95% (compared to 88% in 2016).

The composition of the current Nomination Committee is as follows:

	Nomination Committee
Chairman	**LUCREZIA REICHLIN** Independent Non-Executive Director
Vice Chairman	**BRADLEY PAUL L. MARTIN** Independent Non-Executive Director
Members	**NIKOLAOS V. KARAMOUZIS** Chairman, Non-Executive Director
	STEPHEN L. JOHNSON Independent Non-Executive Director
	GEORGE E. MYHAL Independent Non-Executive Director
	AIKATERINI K. BERITSI, Non-Executive Director, Representative of the HFSF

Strategic Planning Committee

The Strategic Planning Committee's is established by the Board and its purpose is to assist the Board's Executive Officers in planning, developing and implementing the Group's Strategy and recommend to the Board certain initiatives in relation to the Group's Strategy.

The Strategic Planning Committee members are appointed by the Board, on the recommendation of its Chairperson, following the proposal by the Nomination Committee. The Committee's members are appointed for a term of three (3) years that can be renewed up to three times.

The Strategic Planning Committee meets biweekly or ad hoc when necessary, and reports to the Board on a quarterly basis and whenever required. During 2017 the Strategic Planning Committee held forty one meetings (compared to forty two in 2016) and the ratio of attendance was 91% (compared to 88% in 2016).

The composition of the current Strategic Planning Committee is as follows:

	Strategic Planning Committee
Chairman	**NIKOLAOS V. KARAMOUZIS** Chairman BoD, Non-Executive Director
Members	**FOKION C. KARAVIAS,** Chief Executive Officer
	STAVROS E. IOANNOU, Deputy Chief Executive Officer, Group Chief Operating Officer (Group COO) & International Activities
	THEODOROS A. KALANTONIS, Deputy Chief Executive Officer, Troubled Assets Group
	CHRISTOS N. ADAM General Manager Group Risk Management, Group Chief Risk Officer (Group CRO)
	KONSTANTINOS V. VASSILIOU General Manager Group Corporate & Investment Banking
	HARRIS V. KOKOLOGIANNIS General Manager Group Finance, Group Chief Financial Officer (Group CFO)
	CONSTANTINOS A. VOUSVOUNIS Senior Advisor, Group Risk Management

Board of Directors - Board Committees - Senior Management Bodies

Senior Management Bodies

The Bank's Chief Executive Officer establishes Committees to assist him as required. The most important Committees established by the CEO are the Executive Board, the Management Risk Committee, the Group Asset and Liability Committee, the Central Credit Committees (I & II) and the Troubled Assets Committee.

Executive Board

The Executive Board manages the implementation of the Group's strategy, as developed by the Strategic Planning Committee, in line with the Board's guidance. The Executive Board meets on a weekly basis or ad hoc when necessary.

The composition of the current Executive Board is as follows:

	Executive Board
Chairman	**FOKION C. KARAVIAS** Chief Executive Officer
Members	**STAVROS E. IOANNOU** Deputy Chief Executive Officer, Group Chief Operating Officer (Group COO) & International Activities
	THEODOROS A. KALANTONIS Deputy Chief Executive Officer, Troubled Assets Group
	CHRISTOS N. ADAM General Manager Group Risk Management, Group Chief Risk Officer (Group CRO)
	DIMOSTHENIS I. ARHODIDIS General Manager Global Markets & Wealth Management Head of Group Real Estate Asset Management
	KONSTANTINOS V. VASSILIOU General Manager Group Corporate & Investment Banking
	IAKOVOS D. GIANNAKLIS General Manager Retail Banking
	CHRISTINA TH. THEOFILIDI General Manager Retail Products
	APOSTOLOS P. KAZAKOS General Manager Group Strategy
	HARRIS V. KOKOLOGIANNIS General Manager Group Finance, Group Chief Financial Officer (Group CFO)
	ANASTASIOS L. PANOUSSIS General Manager Retail Remedial Management
	CONSTANTINOS A. VOUSVOUNIS Senior Advisor, Group Risk Management
	MICHALIS L. LOUIS Head of International Activities General Division

Board of Directors - Board Committees - Senior Management Bodies

Executive Management Risk Committee

The Management Risk Committee oversees the risk management framework of the Bank. The Management Risk Committee ensures that material risks are identified and promptly escalated to the Board Risk Committee and that the necessary policies and procedures are in place to prudently manage risk and to comply with regulatory requirements.

The Committee reviews the Bank's and its subsidiaries' risk profile vis-a-vis its declared risk appetite, and examines any proposed modifications to the risk appetite. The Committee reviews and approves the methodology, the parameters and results of the Bank's stress testing programme, and determines the appropriate management actions which are discussed and presented to the Executive Board and then are submitted to the Board Risk Committee for approval and maintains at all times a pro-active approach to Risk Management. The Committee meets on a monthly basis or ad hoc when necessary.

The composition of the current Executive Management Risk Committee is as follows:

	Executive Management Risk Committee
Chairman	**CHRISTOS N. ADAM** General Manager Group Risk Management, Group Chief Risk Officer (Group CRO)
Vice Chairman	**HARRIS V. KOKOLOGIANNIS** General Manager Group Finance, Group Chief Financial Officer (Group CFO)
Members	**FOKION C. KARAVIAS** Chief Executive Officer **STAVROS E. IOANNOU** Deputy Chief Executive Officer, Group Chief Operating Officer (Group COO) & International Activities **THEODOROS A. KALANTONIS** Deputy Chief Executive Officer, Troubled Assets Group **DIMOSTHENIS I. ARHODIDIS** General Manager Global Markets & Wealth Management Head of Group Real Estate Asset Management **KONSTANTINOS V. VASSILIOU** General Manager Group Corporate & Investment Banking **CONSTANTINOS A. VOUSVOUNIS** Senior Advisor, Group Risk Management

Group Asset and Liability Committee

The Group Asset and Liability Committee's (G-ALCO) primary mandate is to formulate, implement and monitor as may be appropriate, the Group's a) liquidity and funding strategies and policies, b) interest rate guidelines, c) the Group's capital investments, as well as FX exposure and hedging strategy and d) the Group's business initiatives and/or investments that meaningfully affect the Bank's market and liquidity risk profile, and to approve or recommend changes to these policies so that they conform with the Bank's risk appetite and levels of exposure as determined by the Board Risk Committee and the Management, while complying with the framework established by the regulatory and supervising bodies.

G-ALCO convenes once a month and/or whenever required.

The composition of the current Group Asset and Liability Committee is as follows:

	Group Asset and Liability Committee
Chairman	**HARRIS V. KOKOLOGIANNIS** General Manager Group Finance, Group Chief Financial Officer (Group CFO)
Members	**STAVROS E. IOANNOU** Deputy Chief Executive Officer, Group Chief Operating Officer (Group COO) & International Activities
	THEODOROS A. KALANTONIS Deputy Chief Executive Officer, Troubled Assets Group
	CHRISTOS N. ADAM General Manager Group Risk Management, Group Chief Risk Officer (Group CRO)
	DIMOSTHENIS I. ARHODIDIS General Manager Global Markets & Wealth Management Head of Group Real Estate Asset Management
	KONSTANTINOS V. VASSILIOU General Manager Group Corporate & Investment Banking
	IAKOVOS D. GIANNAKLIS General Manager Retail Banking
	ANASTASIOS C. IOANNIDIS General Manager Global Markets & Treasury
	IOANNIS A. SYNODINOS Assistant General Manager, Head of Group Market and Counterparty Risk Sector

Board of Directors - Board Committees - Senior Management Bodies

Central Credit Committee

The main objective of the Central Credit Committee I (CCC I) is to ensure objective credit underwriting for all Greek corporate portfolios of performing customers as defined in the Credit Policy Manual - Performing Exposures, so that the risk that is undertaken can be effected in a balanced way between satisfactory return on equity and credit quality.

Central Credit Committee I

The CCC I convenes at least once a week. The Chair of CCC I is a Management Consultant and its members are the Bank's Senior Managers.

The main duty and responsibility of CCC I is to assess and approve all credit requests of the Greek wholesale performing portfolio, for total exposure above €50 million and unsecured exposure above €35 million. For total exposure exceeding €75 million and unsecured exposure exceeding €50 million, additional signature from the Group Chief Risk Management Officer is required, while for total exposure exceeding €150 million and an unsecured exposure exceeding €100 million, an additional signature from the Chief Executive Officer is required.

Furthermore, for exposures higher than 10% of the Bank's regulatory capital the additional approval of the Executive Board is required.

Central Credit Committee II

The main objective of the Central Credit Committee II (CCC II) is the same as for CCC I for lower levels of exposure.

The CCC II convenes at least once a week. The Chair of CCC II is a Management Consultant and its members are the Bank's Senior Managers.

The main duty and responsibility of CCC II is to assess and approve all credit requests of the Greek wholesale performing portfolio for total exposure up to €50 million and unsecured exposure up to €35 million.

Troubled Assets Committee

The Troubled Assets Committee (TAC) is established according to the provisions of the Bank of Greece (BoG) Executive Committee Act No. 42/30.5.2014. TAC's main responsibility is to provide strategic guidance and monitor troubled assets management, ensuring independence from business and compliance with the requirements of BoG Act 42.

The Committee meets at least once per month, and informs the Board and relevant committees on the results of its activities at least quarterly.

The composition of the current Troubled Assets Committee is as follows:

	Troubled Assets Committee
Chairman	**CONSTANTINOS A. VOUSVOUNIS** Senior Advisor, Group Risk Management
Members	**HARRIS V. KOKOLOGIANNIS** General Manager Group Finance, Group Chief Financial Officer (Group CFO)
	ANASTASIOS L. PANOUSSIS General Manager Retail Remedial Management
	GEORGIOS I. NIKOLAKOPOULOS Deputy General Manager, Head of Corporate Remedial Management General Division
	AIKATERINI M. LYGEROU Assistant General Manager, Head of Collateral Recoveries Sector
	ANASTASIOS NIKOLAOU Assistant General Manager, Head of Credit Control Sector

System of Internal Control

Principles of Internal Controls

The Management has established a System of Internal Controls based on international best practices; its design reasonably ensures achievement of objectives in the following categories: efficient and effective operations; reliability and completeness of both financial statements and management disclosures; compliance with the legal and regulatory framework in force.

Internal Audit

The primary role of the Internal Audit Group ("IAG") is to assist the Board and the Audit Committee by providing reasonable assurance, in the form of independent opinion, as to the adequacy, efficiency and effectiveness of the internal control framework of the Bank and its subsidiaries. The areas in scope of the Internal Audit Group include the Bank and its subsidiaries in Greece and abroad. A direct reporting line to the Audit Committee strengthens the function of IAG and safeguards its independence. The Chief Audit Executive also holds separate private meetings with the Audit Committee. IAG is independent of the Bank units with operational responsibilities, while for administrative issues, IAG reports to the CEO. IAG follows a risk-based methodology which examines the existence and adequacy of control mechanisms that are necessary to cover the relevant risks. Risk assessment covers all units, functions, processes and IT systems of the Bank, and constitutes the basis for the preparation of the audit plan which leads to the execution of the audit assignments. The outcome of the internal audit assignments is captured in the audit reports that are distributed to the Management, the Audit Committee and the external auditors. IAG holds regular meetings with Senior Management to discuss audit findings and progress, and prepares quarterly submissions to the Audit Committee. IAG in Greece has 81 professionals with significant banking and audit experience. The majority of the IAG staff possesses professional qualifications from internationally recognized professional bodies such as ICAEW, ACCA, CIA and CISA. IAG complies with the Institute of Internal Auditors' ("IIA") Framework for the Professional Practice of Internal Auditing and has been certified for the performance of audits in accordance with the IIA Standards.

External Auditors

The Annual General Meeting of the shareholders that convened on 16.6.2017 assigned the statutory audit of the Bank's annual financial statements (consolidated and non-consolidated) for the fiscal year 2017, to "PricewaterhouseCoopers Auditing Company S.A." which appointed its member, Mr. Konstantinos I. Michalatos, certified auditor (SOEL Reg. No 17701), as the statutory auditor, while appointing its partner, Mr. Fotios G. Smyrnis, certified auditor (SOEL Reg. No 52861), as his substitute in case of impediment of the statutory auditor. In order to safeguard the independence of external auditors, the Bank has been consistently implementing a policy on external auditors' independence, as well as a policy with regards to the tendering process followed by the Bank for the assignment of the statutory audit of its financial statements to external auditors. As part of the policy on external auditors' independence, the rules concerning the services provided by external auditors are founded on three key principles, the violation of which could affect the auditors' independence: (1) an auditor may not audit his or her own work; (2) an auditor may not perform any administrative role and (3) an auditor may not provide any services prohibited by the Law or the Bank's policy. Regarding the tendering policy that the Bank follows to assign the statutory audits of its financial statements to external auditors, the main objective is to define the framework by which the Bank receives offers from candidate auditing firms on a periodic basis in order to ensure that (a) the auditors' independence is not compromised and (b) the most appropriate auditors are selected to carry out the Group's statutory audit through a transparent and objective selection process.

Group Compliance

Group Compliance supports the Audit Committee of the Board of Directors and Management in managing regulatory risk and contributes to the establishment of a corporate culture which promotes compliance with applicable laws and regulations as well as best practice standards. To this end, Group Compliance supervises, monitors, coordinates and evaluates compliance of Eurobank and all the Group's subsidiaries in Greece and abroad, with the applicable regulatory framework, the requirements of the Supervisory Authorities, as well as the internal policies and procedures.

Group Compliance operates independently from the business units that it controls. In order to safeguard its independence, Group Compliance reports directly to the Audit Committee of the Board of Directors of Eurobank and to the Chairman of the Board of Directors. Within the framework of its activities, Group Compliance:

- Monitors the regulatory developments, and ensures that the Audit Committee of the Board of Directors and the Management are regularly updated concerning the impact these developments may have on the Group.
- Ensures that the Group has in place, the necessary system of internal controls to deal with regulatory risks, in order to align its operations with the regulatory requirements and the internal rules of conduct.
- Assesses the implementation of the existing mechanisms to deal with regulatory risks and advises the Management and the units involved with regards to their optimization.
- Identifies, investigates, assesses and reports to the Supervisory Authorities any suspicious customer transactions. Furthermore, it supports the business units in monitoring and identifying suspicious transactions by providing specialized training and guidance.
- Supervises and coordinates compliance of the Group's Greek and international subsidiaries with the regulatory requirements applicable in each country.

To facilitate implementation of the UN Global Compact's 10th principle against corruption, the Bank has adopted:

- A Staff Code of Conduct and an Anti-bribery Working Instruction.
- Specialized staff training courses on regulatory compliance and anti-fraud issues.
- Control mechanisms, procedures and IT systems to prevent and suppress money laundering, as well as fraud detection systems.

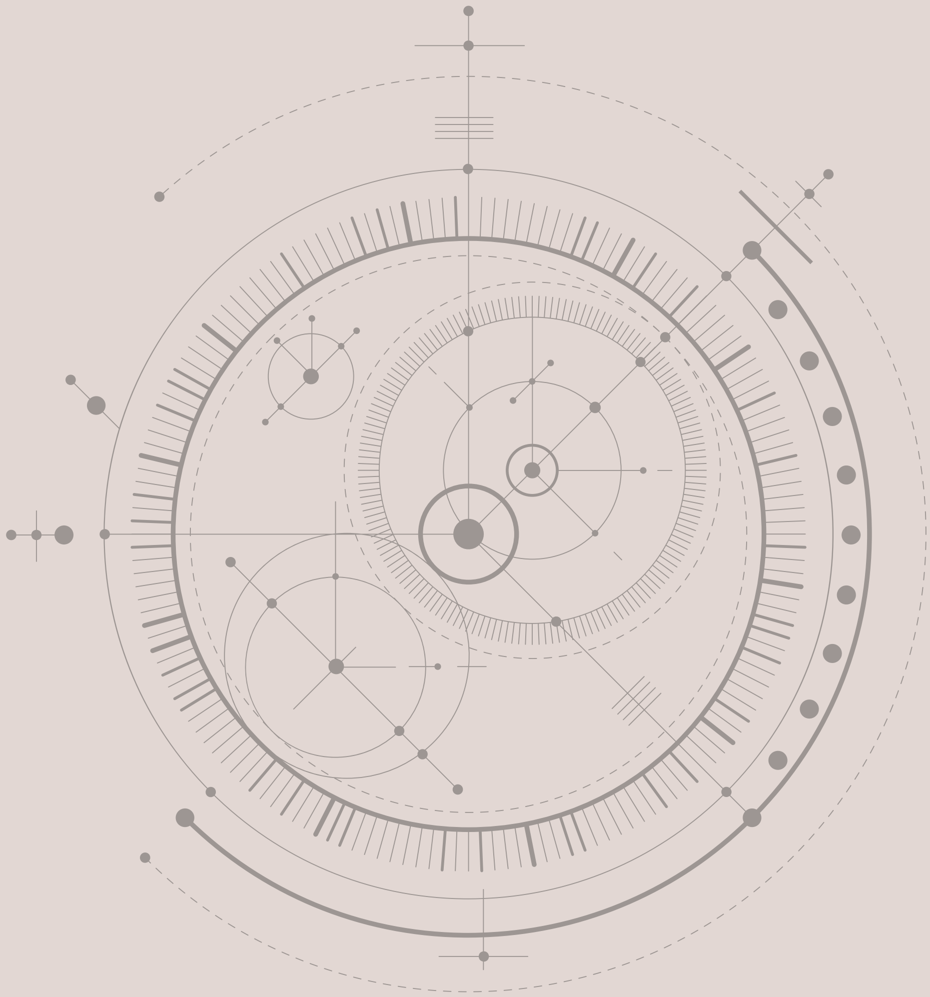
In the context of all the above, in 2017, Group Compliance focused on the following:

- Financial crime (including laws and regulations concerning anti-money laundering, financing of terrorism and tax-evasion), adopting the necessary policies and processes, and monitoring their implementation.
- The integrity of the markets in financial instruments, by developing policies and processes in accordance with the regulatory framework for market manipulation, unlawful disclosure of inside information and MiFID regulatory provisions.
- The protection of personal data and banking secrecy, through the collaboration with other units of the Group, aiming at compliance with the applicable regulatory framework.
- Consumer protection, by ensuring compliance with the regulations to protect consumers, and by following up on the handling of complaints that have been escalated to the regulatory authorities.
- The regulatory framework for the Deposit and Investments Guarantee Fund (TEKE), ensuring the quality of information submitted thereto.
- The communication with the Supervisory Authorities, monitoring the timely response to their requests, and confirming that all the units of the Bank abide by their obligations for the timely submission of reports.
- The internal rules of conduct, preparing, inter alia, the updated Code of Professional Conduct incorporating the Group's Principles, Values, and Vision.
- The management of regulatory compliance risk, setting the foundations for the establishment of a Comprehensive Framework for Assessing Regulatory Risk.

For 2018, Group Compliance shall place emphasis on the following:

- To fully align the Group with the regulatory changes that will come into force in 2018, including, among others, the changes in legislation concerning Anti-Money Laundering (incorporating the 4th AML Directive), and the Markets on Financial Instruments (MiFID II, MIFIR).
- To update the Group's Regulatory Compliance Policy.
- To further develop the methodology to assess the risk of regulatory compliance, through the use of specialized tools and control mechanisms.
- To update the IT systems supporting the identification of unusual and suspicious transactions.
- To develop or update internal policies regarding the professional conduct of the Bank's personnel, such as, among others, the Policy on External Employment and the Anti-Bribery Working Instruction.
- To expand the training curriculum in order to enhance the personnel's knowledge on issues of regulatory compliance.

RISK MANAGEMENT



The Group acknowledges that taking risks is an integral part of its operations in order to achieve its strategic and business objectives. Therefore, the Group's Management has established adequate mechanisms to identify and monitor those risks at an early stage, while assessing their potential impact on the achievement of the corporate objectives. The Board of Directors (BoD) has entrusted the Board Risk Committee with specific tasks regarding the design and formulation of the risk management strategy, the management of assets and liabilities, and the establishment of effective mechanisms to identify, assess and manage risks that emanate from the Group's overall activities. The Board Risk Committee is comprised of five non-executive BoD members, convenes on a monthly basis and reports to the BoD on a quarterly basis. The Group's Management has allocated adequate means for upgrading its policies, methods and infrastructure, in order to ensure compliance of the Group with the requirements of the European Central Bank (ECB), the Single Supervisory Mechanism (SSM), the Single Resolution Mechanism (SRM), the guidelines of the European Banking Authority (EBA) and the Basel Committee for banking supervision, as well as with the best international banking practices.

Risk Appetite Framework

The maximum risk which the Group is willing to assume while pursuing its strategic objectives is articulated in an internal document entitled "Risk Appetite Framework", by means of quantitative and qualitative statements which also include specific tolerance levels, both in terms of each risk type and overall. The basic objectives that determine the risk appetite are compliance with the regulatory requirements, safeguarding the Group's ability to smoothly continue its activities, and balancing a strong capital adequacy with high returns on equity.

Risk appetite framework is communicated throughout the Group and determines risk culture throughout the organization, forming the basis on which risk Policies and risk limits are established both at an overall level and per business activity. The Group's Risk Appetite Framework comprises the following components:

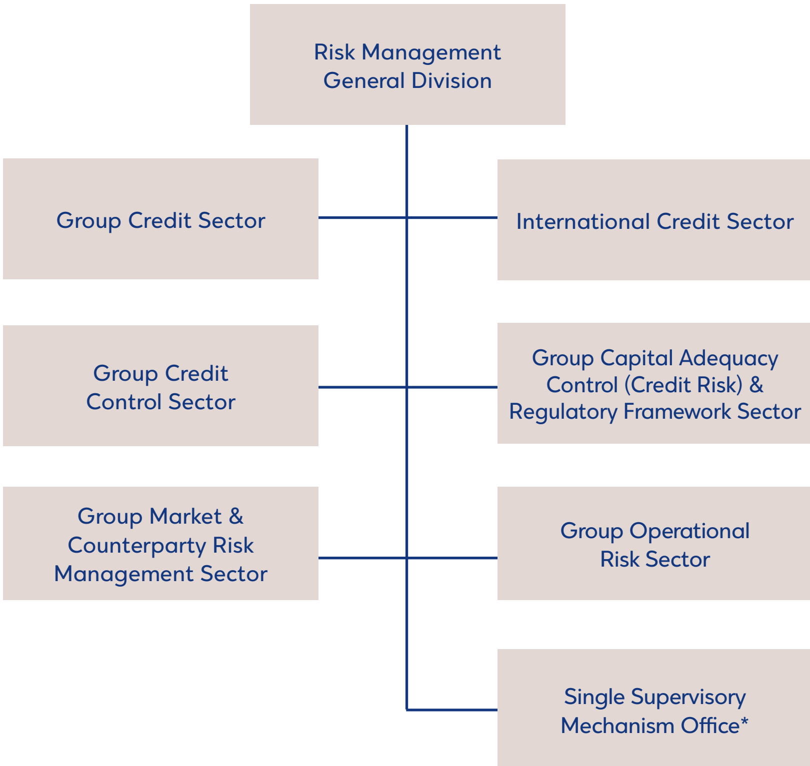
- Risk Bearing Capacity – this reflects the maximum level of risk which the Group can assume, given the supervisory and operating constraints (capital adequacy limitations, liquidity limitations and other obligations).
- Risk Appetite – this reflects the maximum level of risk that the Group is willing to assume in pursuit of its strategic and business objectives.
- Risk Limits – these reflect values clearly set out, determined per risk type, which are the maximum risk exposures that the Bank is willing to take.

The Risk Appetite Framework is duly documented. The Board Risk Committee of the Bank's BoD reviews and approves the risk appetite statements and thresholds on an annual basis, to ensure that they are consistent with the Group's strategy and business environment.

The Group's Management has established adequate mechanisms to monitor the risk appetite framework and the related limits. In cases where these limits have been exceeded, the Group implements clearly defined procedures of escalating actions in order to take the necessary decisions and actions as the case may be.

Risk Management Structure

The Group's Risk Management General Division, which is headed by the Group Chief Risk Officer (GCRO), is independent of the Business Units, and fully responsible for the monitoring of credit, market, operational and liquidity risks. It consists of the Credit Sector, the International Credit Sector, the Credit Control Sector, the Capital Adequacy Control (Credit Risk) & Regulatory Framework Sector, the Market & Counterparty Risk Management Sector, the Operational Risk Sector and the Single Supervisory Mechanism Office.



** The SSM Office also reports to the Group Chief Financial Officer.*

Credit Risk

Definition of Credit Risk

Credit risk is the risk that a counterparty will be unable to fully meet its contractual loan obligations when due. Credit risk also includes risks such as those of country of residence/ head office / of counterparty's activity, as well as risks emerging from dilution of rights and settlement risk.

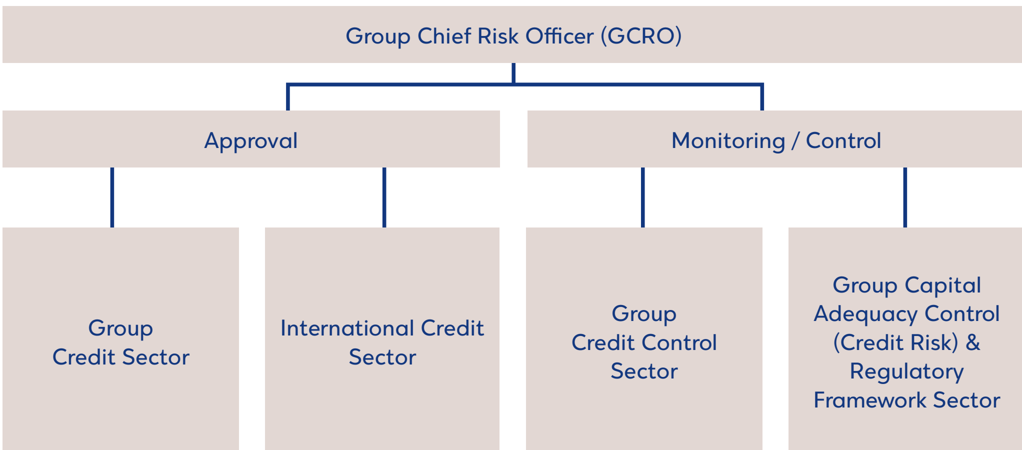
Credit risk derives predominantly from the corporate and retail loan portfolios of the Group, including credit facilities, such as financial guarantees and letters of credit. The Group is also exposed to credit risk arising from other activities such as investments in debt securities, trading activities and settlement activities.

Credit risk is managed and monitored by centralized specialized risk Sectors, reporting to the Group Chief Risk Officer.

Credit Risk Management Organization

The diagram below depicts the Bank's organization for the management of credit risk. Similar structure for credit risk management is followed by the subsidiary Banks abroad (Bulgaria, Serbia, Cyprus, and Luxembourg).

All subsidiary banks follow the same control procedures as the parent Bank. The Heads of Risk Management of the subsidiary Banks report directly to Group Chief Risk Officer. Credit risk policies and procedures are approved and monitored by the Bank's Credit Risk Management Sectors, ensuring therefore their consistent implementation across the entire Group. In addition, the procedures for credit approval and for the evaluation of creditworthiness are centralized at country level. A fundamental principle of the Bank is to ensure that the responsible for the customer relationship units are independent to those responsible for the approval, disbursement and monitoring of the credit facility over its entire life.



The approval of corporate lending is granted by escalating approval levels by the below committees:

- Credit Committees authorized to approve new credit limits, renewals or amendments to the existing limits, in accordance with their approval authorities, taking into account the customer's creditworthiness, risk classification (i.e. high, medium or low), as well as the value and type of the provided collateral.
- Special Handling Credit Committees authorized to decide about credit issues and the handling of high risk / problematic customers.
- International Credit Committees authorized to approve new lending limits, renew or modify existing, as well as to decide on the handling of distressed corporate borrowers of the subsidiaries abroad, when exposures exceed the approved limits set out by each country.

In addition, other specialized committees have been established, in order to monitor specific portfolios (e.g. staff loans). All Committees convene on a weekly basis, or more frequently if required.

Group Credit Sector

Group Credit Sector is assessing credit proposals from large and medium sized corporate entities and specialized portfolios, as well as credit proposals for individual banking customers (small businesses and retail banking loans) in cases where the total risk exposure exceeds a set limit. Group Credit Sector participates with voting rights in the Credit Committees, and plays an active role in the supervisory / regulatory and external audits of the Bank. Through the specialized Early Warning Unit (EWU), the sector is responsible to assess the corporate portfolio and detect possible distress signals for specific borrowers by using a multivariable application (Early Warning System) which operates in parallel to the Bank's rating systems.

International Credit Sector

The International Credit Sector's main objective is to actively participate in the design, implementation and review of the credit process for the corporate borrowers of the subsidiary Banks. Moreover, the International Credit Sector advises and supports Risk Management Divisions of the subsidiaries abroad. The Head of the Sector chairs the Subsidiaries' Risk Committees, while the Sector is responsible for the operational support of International Credit Committees where its officers participate with voting rights.

Group Credit Control Sector

The quality of the Group's loan portfolios (business, consumer and mortgage loans in Greece and abroad) is monitored and assessed by the Group Credit Control Sector. The Group Credit Control Sector operates independently of the other units of the Bank and conducts field reviews and follow ups at the Bank's (corporate and retail) business units. During 2017, a total of 18 controls were carried out for all units dealing with the management of performing or non-performing lending relationships.

The Sector is also responsible for the formation and review of credit policies for all loan portfolios, as well as for the revision / update of the respective provisioning policies (in accordance with the new accounting standard IFRS 9). Apart from the formation of provisioning policies, the Group Credit Control Sector is also responsible for the calculation of the provisions on a monthly basis concerning loan portfolios, both on the basis of a Collective and of an Individual Assessment.

Credit Risk

Finally, the Sector is responsible for the regular issuance of many supervisory reports concerning credit risk. It also prepares specialized reports addressed to the Management of the Bank on a regular basis, and offers specialized knowledge and expertise to other Divisions of the Bank, in relation to business and credit procedures, collateral policies, new loan products and debt restructuring schemes.

Group Capital Adequacy Control (Credit Risk) & Regulatory Framework Sector

The main responsibilities of the Group Capital Adequacy Control (Credit Risk) & Regulatory Framework Sector are to develop and implement the IRB approach in accordance with the Basel framework and the Capital Requirements Directive (CRD) for the lending portfolios of the Group. The Sector is also responsible for validating, on an annual basis, the credibility of the models used by the Bank, for measuring and monitoring risk parameters and the capital requirements of the lending portfolios. The Sector is also responsible for managing credit risk and regulatory related issues, such as Asset Quality Reviews (AQR) and stress tests.

During 2017, the supervisory authorities carried out a check of the IRB models (Targeted Review of Internal Models – TRIM) with regards to the Mortgage portfolio, while models were developed for the adoption of the Bank to the requirements of IFRS 9 (staging criteria, assessment of risk parameters throughout the life of the loan, for instance lifetime PD).

Measurement of Capital Requirements of Credit Risk

As of 1.1.2008 the Group implements:

- The Foundation Internal Ratings-based Approach (Foundation IRB) for calculating risk-weighted assets for the Bank's corporate credit facilities granted to large and medium-sized enterprises in Greece.
- The Advanced Internal Ratings-based Approach (Advanced IRB) for the majority of the Bank's retail lending portfolio, e.g. mortgage loans, small business loans, credit cards and revolving consumer loans.

The implementation of IRB covers 76.9% of the Group's lending portfolio excluding portfolio segments which are immaterial in terms of size and risk profile, as well as other permanent exemptions. The Bank is in the process of reviewing the IRB roll out plan. The revised roll out plan will be subject to ECB/SSM approval, within 2018.

Rating Systems

The Bank uses various rating systems to assess corporate customers - borrowers, in order to more accurately determine the risks associated with customers who have different characteristics. These systems are:

Rating of Large and Medium- sized Enterprises

- Corporate lending: Moody's Risk Advisor (MRA)/Internal credit rating (ICR) system for those customers that cannot be rated by the MRA.
- Specialized lending (shipping, real estate and project finance): slotting methodology.

The MRA and ICR gather quantitative and qualitative information on companies, in order to assess their creditworthiness and determine their credit rating.

In addition, the Bank performs an overall assessment of corporate customers, based both on the rating of the customer's creditworthiness (MRA or ICR) and on the collateral and guarantees provided against the credit facility, using a fourteen-grade scale.

In case of specialized lending portfolios, i.e. for which the primary source of repayment is the income generated by the financed assets, the Bank applies the slotting method.

The rating systems described above are an integral part of the corporate lending decision making and risk management procedures for large and medium-sized enterprises (corporate portfolio):

- The credit approval process, at both origination and renewal and in the impairment assessment process for the value of loans.
- The calculation of the Economic Value Added of a lending relationship.
- The Risk Adjusted Pricing.

Retail Lending Ratings

The Bank assesses the credit risk of loans extended to retail customers on the basis of statistical models, both at origination and on an ongoing basis, using behavioral scorecards.

These models have been developed to predict, on the basis of the available information, the probability of default, loss given default, and exposure at default. They cover the entire range of retail banking products (credit cards, consumer loans, car loans, mortgage loans, and financing of small and medium-sized enterprises / small business banking).

The models are widely used in several processes, such as the approval process, credit limit management, collections, risk-based segmentation of customers, risk-based pricing as well as calculation of necessary provisions.

The rating systems used by the Bank meet the requirements of the Basel III Internal Rating-Based (IRB) Approach. The Bank's policy is to validate credit risk assessment models and risk parameters by using qualitative and quantitative criteria, in accordance with the best international practices and regulatory requirements.

Overdue Debts Management

The Troubled Assets Group General Division has the overall responsibility for the management of the Group's non-performing loans, and ensures close monitoring, strict control, and adjustment of programs, acknowledging and taking into account the macroeconomic developments, the supervisory and legislative framework, best international practices, and new advanced internal demands.

The Troubled Assets Group General Division collaborates with the Group's Risk Management General Division, in order to mutually understand and develop the necessary methodology, in relation to the assessment of risks emerging from any type of restructuring (and default category), per loan portfolio. The proposals and reports of the General Division, addressed to the Risk Committee, are also submitted to the Head of the Group's Board Risk Management on a 3-month basis or more frequently if necessary.

Credit Risk

Loans and Advances

The following table presents the geographical and industry breakdown of the Group's loans and claims by customers, on 31.12.2017, as disclosed for IFRS purposes.

	31 December 2017								
	Greece			Rest of Europe			Other Countries		
	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million
Retail Lending	**26,251**	**12,839**	**(6,159)**	**2,636**	**629**	**(304)**	**4**	**0**	**(0)**
- Mortgage	15,295	6,153	(2,204)	1,368	303	(114)	4	-	(0)
- Consumer	3,225	2,003	(1,607)	588	47	(27)	0	0	(0)
- Credit cards	1,320	609	(439)	118	4	(3)	0	-	(0)
- Small business	6,411	4,074	(1,909)	562	275	(160)	-	-	-
Wholeshale Lending	**12,610**	**5,626**	**(3,018)**	**3,231**	**846**	**(506)**	**1,847**	**164**	**(137)**
- Commerce and services	5,764	2,730	(1,631)	1,316	353	(201)	638	103	(96)
- Manufacturing	2,802	1,033	(519)	438	74	(47)	10	-	(0)
- Shipping	94	31	(18)	160	68	(61)	973	60	(40)
- Construction	2,265	1,250	(658)	934	317	(178)	90	1	(1)
- Tourism	1,478	570	(181)	143	2	(1)	0	-	(0)
- Energy	196	9	(11)	51	17	(5)	11	-	(0)
- Other	11	2	(0)	188	15	(14)	125	-	(0)
Public Sector	**661**	**1**	**(10)**	**2**	**-**	**-**	**-**	**-**	**-**
Total	**39,522**	**18,465**	**(9,187)**	**5,869**	**1,475**	**(810)**	**1,851**	**164**	**(137)**

Loan Portfolio Quality

At the end of the year, accumulated provisions amounted to €10.13 billion, covering 64.3% of the loans with more than 90 days past due (dpd), which represent 33.4% of the total lending portfolio. With reference to Non- Performing Exposures (NPEs), the respective ratios are 50.4% & 42.6%. The tables below present the Group's loan portfolio quality:

31 December 2017			
	>90 dpd (% on Ttl loans)	>90dpd (in € bil)	90+ coverage ratio (%)
Consumer	43.5	2.3	91.1
Mortgage	30.0	5.0	46.4
Small business	52.6	3.7	56.3
Wholesale	26.3	4.8	76.2
Total	**33.4**	**15.8**	**64.3**

31 December 2017				
	NPE balances	Total Provisions	NPE (% on Ttl Loans)	NPE coverage ratio (%)
Consumer	2.66	2.08	50.8	78.0
Mortgage	6.46	2.32	38.7	35.9
Small business	4.35	2.07	62.2	47.6
Wholesale	6.64	3.67	36.2	55.3
Total	**20,105**	**10.13**	**42.6**	**50.4**

Market, Counterparty and Liquidity Risk

Market Risk

The Group is exposed to market risks which arise from open positions in interest rates, foreign exchange and equity products, or combinations thereof, which are affected by general and specific market volatility conditions.

Definitions and Policies

In order to ensure that the monitoring of market risks that emanate from the Group's overall activities is efficient, the Group adheres to certain principles and policies in order to:

- establish an effective market risk monitoring and management framework at Group level.
- ensure compliance with the existing regulatory and institutional framework.
- take advantage of the benefits arising from the more accurate and effective assessment of the risks assumed.

Internal Models

The Bank uses its own internal Value at Risk (VaR) model, which has been approved by the Bank of Greece since 2005, for the calculation of its capital requirements for market risk in its trading portfolio, for its activities in Greece. In addition, the Bank employs respective internal models in order to calculate and manage market risk of its trading portfolio as well as of its investment portfolio. The VaR model calculates a possible negative change in the market value of a portfolio at a specific confidence level and for a predetermined duration. VaR models are designed to measure market risk under normal market circumstances; it is assumed that any changes occurring to the risk factors and affecting normal market conditions will follow the normal distribution. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to specific limitations. Given this, actual outcomes are monitored regularly, via back testing process, in order to check the validity of the assumptions and parameters used in the VaR calculation.

Average VaR per risk category (trading and investment portfolio) – Greece and Cyprus

	2017 Average € million	2016 Average € million
Interest Rate Risk[1]	17	17
Foreign Exchange Risk	1	1
Equities Risk	1	2
Total VaR	**18**	**18**

[1]Interest rate volatility applied to all portfolios.
Credit Spread volatility applied to Trading and Available-for-sale positions.

Default risk and downgrade risk in the trading portfolio

Default risk and downgrade risk of the debt securities included in the trading portfolio are also considered part of market risk. The Bank uses Credit VaR methodology in order to calculate additional capital requirements for that risk (Incremental Risk Charge - IRC). This methodology calculates the possible negative change in the market value of a securities portfolio associated with default or downgrade events for a medium-term period, typically one year.

Standardized Approach for Market Risk

The Bank employs the Standardized Approach for the measurement of market risk exposure and for the calculation of capital requirements of its subsidiaries in Greece and abroad. The following table summarizes the capital requirements for market risk per risk factor, based on the Standardized Approach, as of 31.12.2017 and as of 31.12.2016:

	2017 € million	2016 € million
General risk of debt securities	1	1
Specific risk of debt securities		
General and specific equities' risk	2	1
Credit Valuation Adjustment (CVA) Risk	11	9
Foreign Exchange Risk	4	6
Total	**18**	**17**

It is worth mentioning that in 2017 the Bank participated in TRIM (Targeted Review of Internal Models). During the TRIM, the supervisory authorities reviewed all models used by the Bank for the measurement and management of market risk, default risk and downgrade risk in the trading portfolio.

Standardized approach for credit risk of investment portfolio

The Bank uses the Standardized Approach for the measurement of credit risk in its investment portfolio and for the calculation of the respective capital requirements which are summarized in the below table:

	2017 € million	2016 € million
Debt securities	53	56
Equities	17	19
Total	**70**	**75**

Market, Counterparty and Liquidity Risk

Counterparty Risk

Definition

Counterparty risk refers to the risk that a counterparty in an off-balance sheet transaction (e.g. a transaction in a derivative product) defaults prior to maturity of this transaction while the Bank has a claim over this counterparty (the current market value of the position is positive for the Bank).

Monitoring of Counterparty Risk

The current exposure as at 31.12.2017 is presented in the following table:

31 December 2017

	Current exposure before netting € million	*Current exposure after netting € million*	*Netting effect € million*	*Collateral received/ (paid) € million*	*Total exposure after netting and collateral exchange € million*
Contracts under ISDA and CSA (derivatives)	1,887	1,288	599	(132)	216
Contracts under GMRA (repos and reverse repos)	1,536	1,536	-	(32)	1,568
Other contracts (derivatives and repos outside ISDA, CSA, GMRA)	78	78	-	-	78
Total	**3,501**	**2,902**	**599**	**(164)**	**1,862**

Notes:
1. *Netting and collateral posting is applied per counterparty only for contracts under ISDA, CSA and GMRA.*
2. *Repos and reverse repos with central banks (Bank of Greece, European Central Bank, etc) are excluded.*
3. *In case of exposure calculation on transactions under GMRA, haircuts are taken into account and increase the exposure.*
4. *In case of exposure calculation on transactions under CSA threshold & independent amounts are taken into account and increase the exposure.*
5. *In the* "Collateral received/ (paid)" column, *we include greek Treasury bills received as collateral through the CSA signed with Public Debt Management Agency (PDMA).*

Liquidity Risk

Liquidity risk management is of critical importance for the smooth operation and profitability of a banking group. In Eurobank Group, the management of liquidity risk is organized as follows:

- The Board Risk Committee has the overall responsibility for the determination of the liquidity management strategy.
- Group Assets and Liabilities Committee (G-ALCO) is responsible for the formation and monitoring of the application of liquidity policies, as well as for the periodic (monthly) monitoring of the liquidity at Group level.
- Group Treasury is responsible for the implementation of the Group's liquidity strategy, as well as for the daily management of the Group's liquidity.
- Group Market and Counterparty Risk Sector is responsible for measuring and monitoring the liquidity of the Group, as well as to prepare regular and ad-hoc internal and supervisory reports.

The Bank submits to the supervisory authorities on an annual basis the ILAAP (Internal Liquidity Adequacy Assessment Process). In ILAAP, all issues related to the management of liquidity as well as the details that depict the current situation concerning liquidity, are fully described.

Operational Risk

Governance

Operational risk is embedded in every business activity undertaken by the Group. The primary goal of operational risk management is to ensure the integrity of the Group's operations and its reputation by mitigating its impact. However, by nature, it cannot be fully eliminated. To best manage operational risk, the Group has established a formal Operational Risk Management Framework to define its approach to identifying, assessing, managing, monitoring and reporting operational risk.

Governance responsibility for operational risk management stems from the Board of Directors (BoD) through the Executive Board and Senior Management to the Heads and staff of every business unit. The BoD establishes the mechanisms by which the Group manages operational risk by setting the tone and expectations from the top and delegating authority. The Board Risk Committee (BRC) and the Audit Committee (AC) monitor the operational risk level and profile of the Group including the level of operational losses, their frequency and severity.

The Group Chief Risk Officer is the sponsor of operational risk related initiatives and ensures implementation of the Operational Risk Management Framework. The Group Chief Risk Officer has the overall responsibility and oversight of the Operational Risk Units in the countries that the Bank operates. The Operational Risk Committee is a management committee that assesses the operational risks arising from the activities of the Group, ensures that each business entity has appropriate policies and procedures for the control of its operational risk and that prompt corrective action is taken whenever a high risk area is identified.

Group Operational Risk Sector (GORS) is responsible for establishing and maintaining the Group's Operational Risk Management Framework and for operational risk oversight. An Operational Risk Unit operates in every subsidiary of the Group, being responsible for implementing the Group's operational risk framework. GORS is responsible for:

- Defining the methodology for the identification, assessment and reporting of operational risk.
- Implementing regulatory requirements and Group guidelines.
- Monitoring the operational risk level and profile and reporting thereon to the BRC; and
- Defining and rolling out the methodology for the calculation of the regulatory capital charge for operational risk.

The Heads of each business and functional unit (risk owners) have the primary responsibility for the day-to-day management of operational risk arising in their units and for the adherence to relevant controls. To this end, every business unit:

- Identifies, evaluates and monitors its operational risks and implements risk mitigation controls and techniques.
- Assesses control efficiency.
- Reports all relevant issues and
- Has access to and uses the common methods and tools introduced by the GORS, in order to facilitate the identification, evaluation and monitoring of operational risk.

Operational Risk

An OpRisk Partner is assigned in each business unit and is responsible for coordinating the internal operational risk management efforts of the business unit while acting as a liaison to the local Operational Risk Unit. Certain business units have established a dedicated Anti-Fraud Unit or Function, according to the fraud risk to which their operations are exposed. Their main objective is to continuously identify fraud risks and to undertake all appropriate actions in addressing and mitigating those risks in a timely manner.

Operational Risk Management Framework

The Group Operational Risk Framework is built on four elements:

- Principles
- Governance & Organization
- Processes
- Infrastructure

Operational risk processes consist of risk identification, assessment (including measurement and valuation), control management, risk mitigation, risk reporting and performance improvement. These processes are supported by and implemented with the operational risk tools/methods, which are the following:

- **Risk & Control Self-Assessment (RCSA)**
  RCSA is a team-based technique aiming to identify, assess and ultimately mitigate operational risk. Its outcome is a portfolio of operational risks per business unit, summarised into operational risk profiles.
- **Key Risk Indicators (KRIs)**
  KRIs are metrics based on historical data and are relevant to specific and measurable activities indicating operational risk exposures. KRIs are quantifiable and expressed as an amount, a percentage or a ratio, assigned to specific operational risks and linked with tolerance.
- **Operational Risk Events**
  Operational Risk Events are identified and reported with the purpose of populating the internal operational risk events database.
- **Operational Risk Scenarios**
  Operational Risk Scenario analysis assesses the exposure to a range of significant operational risks through the examination of extreme or catastrophic yet plausible future events. Scenarios take into account the current and projected business, economic, social and geo-political environment.

- **Operational Risk Reporting**
  Operational risk reports are produced for internal and regulatory purposes.
- **Operational Risk Management and Mitigation**
  The primary strategy utilized by the Group to control its exposure to operational risk is the maintenance of an effective control environment. In addition, the Group implements specific risk mitigation activities for key operational risks, including fraud, outsourcing, cyber risk and business disruption risks. Finally, risk transfer mechanisms are in place in the form of the Group's insurance policies, bought through the London Market, covering its operations.
- **Operational Risk Culture**
  Operational Risk Culture encompasses employee risk awareness as well as the attitude and behavior of employees to the taking of appropriate risk and the adherence to controls. A strong Operational Risk Culture underpins all operational risk management activity. The Group continuously seeks to improve its Operational Risk Culture.
- **Fraud Risk Management**
  Fraud risk management constitutes a major commitment of the Group to mitigate fraud risk and reduce fraud losses.

Operational Risk Capital Requirements Calculation

As required by Basel III for the use of the Standardised Approach, the Group's business activities have been divided into eight business lines and the annualized gross operating income for 2015, 2016 and 2017 is calculated for each business line. The required business line beta factors are then applied to the relevant business line gross operating income, to establish the required regulatory capital per business line; with these numbers summed together to establish the overall Pillar 1 regulatory capital requirements for operational risk. The relevant amount as of 31.12.2017 was € 250 million.

Single Supervisory Mechanism

The Single Supervisory Mechanism (SSM) refers to the system of banking supervision in Europe. It comprises the ECB and the national supervisory authorities of the participating countries. Its main aims are to:

- ensure the safety and soundness of the European banking system
- increase financial integration and stability
- ensure consistent supervision

As an independent EU institution, the ECB oversees banking supervision from a European perspective by:

- establishing a common approach to day-to-day supervision
- taking harmonised supervisory actions and corrective measures
- ensuring the consistent application of regulations and supervisory policies

The ECB, in cooperation with the national supervisors, is responsible for ensuring European banking supervision is effective and consistent.

The ECB has the authority to:

- conduct supervisory reviews, on-site inspections and investigations
- grant or withdraw banking licences
- assess banks' acquisition and disposal of qualifying holdings
- ensure compliance with EU prudential rules
- set higher capital requirements ("buffers") in order to counter any financial risks

The SSM is one of the two pillars of the EU banking union. The other pillar is the Single Resolution Mechanism (SRM) the main purpose of which is to ensure the orderly resolution of failing banks, with minimum impact on the real economy and the public finances of the participating EU countries and others. The SRM consists of the Single Resolution Board (SRB), which constitutes the resolution authority of the significant banks and other cross-border groups within the banking union, and the National Resolution Authorities. As a supervisor, the ECB has an important role in deciding whether a bank is failing or likely to fail.

The main tasks of the Single Resolution Board are the following:

- establish standard rules & procedures for the resolution of entities
- take decisions on resolution within the Banking Union according to a standard process - this helps maintain market confidence
- establish credible & feasible arrangements for resolution
- remove obstacles to resolution, to make the banking system in Europe safer
- minimise resolution costs & avoid destruction of value unless necessary to achieve the resolution objectives
- provide key benefits for taxpayers, banks & deposit-holders
- promote EU-wide financial & economic stability

In this context, a "single rulebook" has been established, which is a set of rules that provides legal and administrative standards to regulate, supervise and govern the financial sector in all EU countries more efficiently. It includes rules on capital requirements, recovery and resolution processes and a system of harmonised national Deposit Guarantee Schemes.

Aiming to respond efficiently to the increased requirements of the supervisory authorities, the Bank established the Single Supervisory Mechanism Office (SSM Office) in 2015. The SSM Office has a coordinating and supervisory role of projects and initiatives associated with the SSM and the SRM perimeter and it constitutes the primary link between the Bank and the supervisory authorities, aiming to enhance the relationship and timely response of the Bank to the supervisory requirements.

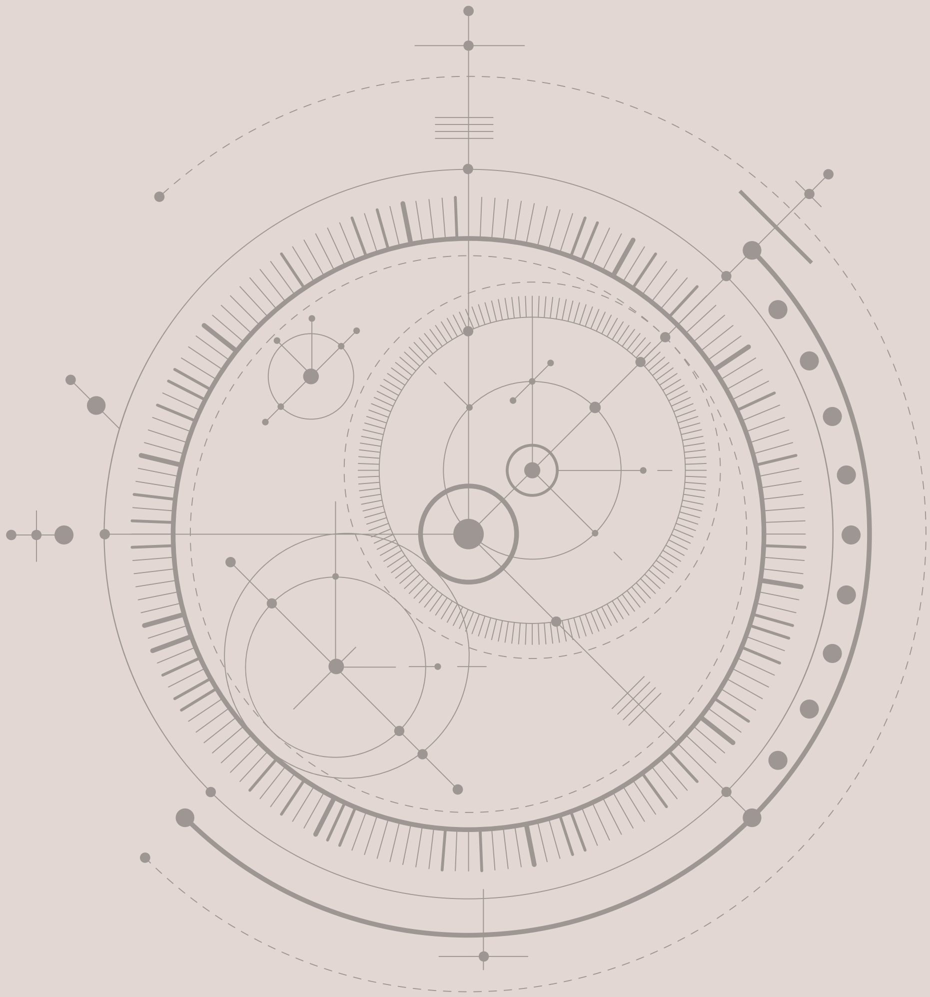
The Single Supervisory Mechanism Office Director ("SSM Office Director") reports to the Group CRO and to the Group CFO. As part of its duties, the SSM Office cooperates closely with all the Group's Sectors that report to the Group CRO and to the Group CFO, as well as with Group Strategy General Division, and the Group's banking subsidiaries abroad.

The SSM Office main responsibilities are the following:

- Enhancing the relationship with the supervisory authorities and ensuring the Bank's prompt and efficient response to the supervisory requirements (ECB, BoG, SRB)
- Monitoring the regulatory framework and the relevant guidelines, documents for consultation, announcements etc., issued by the Single Supervisory Mechanism, the Single Resolution Mechanism and the European Banking Authority, and assessing their impact on the Bank
- Identifying promptly any regulatory requirement with which the Bank should comply, informing the Management and directly supporting the Group CRO and Group CFO to align the Bank's strategy with such requirements
- Organizing and internally managing projects that relate to supervisory requirements, such as:

    - The Internal Capital Adequacy Assessment Process and the Internal Liquidity Adequacy Assessment Process
    - The Recovery Plan
    - The Risk Appetite Framework
    - The Risk and Capital Strategy
    - The stress testing exercises
    - The information required by the Single Resolution Board

ACTIVITY PILLARS



Retail Banking

2017 was an important year for Retail Banking, with a series of remarkable achievements that stemmed from the collaboration, team spirit, dedication to the set targets and professionalism shown by its executives. Within an unstable economic environment of ever-changing financial conditions, Retail Banking focused on customer needs and on building relationships of trust and mutual benefit:

- It applied a new management and operation model across its branch network, giving priority to customers and their needs, and greatly increasing productivity in all measurable areas. At the same time, through introducing digital services, such as e-signature and digitisation of documents, it significantly improved the day-to-day banking of its customers.

- For yet another year, via Business Banking, it targeted the backbone of Greek entrepreneurship, i.e. small and medium-sized enterprises, ranking 1st in terms of new funding in the context of the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) programme, supported by COSME LGF, a financial tool in the form of a mechanism guaranteeing financing. Specifically, COSME funding is possible through the guarantee provided by COSME and the European Fund for Strategic Investments (EFSI), established as part of Investment Plan for Europe. The aim of the EFSI is to contribute to financing and carrying out investments in production within the European Union, and to secure increased access to financing. Also, for a 7th consecutive year, Retail Banking supported one of the pillars of the Greek economy, namely Tourism, through the Tourism Business Banking initiative.

- It targeted farmers and the agricultural businesses of Greece, instituting the Business Banking – Agricultural Sector initiative to provide steady and flexible support, given the intricacies of the sector, taking into account their needs, the seasonality of their work and the unpredictable factors they face.

- It supported vulnerable groups and youth entrepreneurship, in partnership with AFI, by providing micro-credit facilities.

- It introduced the innovative v-Banking service. Aided by technology, it offers SMEs the possibility of receiving banking services at their place of business or anywhere else through video-conferencing.

- For the 10th anniversary of Personal Banking personalized services of the highest standards continued to be offered to high net worth Eurobank and New TT customers, by introducing new and exclusive non- banking services.

- It stood by its individual customers, offering them comprehensive solutions through specially designed programmes. Along with the €pistrofi card loyalty programme, with more than 8,000 partner retailers, it also gave its customers the opportunity to benefit from gaining even more €pistrofi euros from their purchases.

- It established its position in the area of General Government and NGOs, more than doubling the number of customers now choosing Eurobank as the Bank of their organisation.

- It supported customers facing difficulties in paying off their loans, treating each case with sensitivity and a deep sense of respect, seeking optimum sustainable solutions.

- With regard to operational procedures, it launched an ambitious Simplification Programme (LEAN), the ultimate aim being to reduce costs and increase engagement time between bank officers and high net worth customers.

- It managed to increase household deposit balances, in line with the primary objective of the Bank, which is to ensure adequate liquidity, as well as to safeguard and improve profitability.

- It contributed to an increase in market share in terms of issuing new credit and debit cards, as well as personal loans.

All these efforts have been recognised by reputable organisations, with awards such as Best Corporate/Institutional Digital Bank in Greece for a 6th consecutive year by Global Finance magazine, and Best Retail Bank in Greece for a 4th consecutive year by World Finance magazine.

Armed with this arsenal, and led by values such as trust, empathy, drive, innovation, cooperation, i.e. the set of values the Bank is committed to, Retail Banking is gradually shaping the role it is called to play in terms of its efforts to help society and households recover, always putting customers first.

Branch Networks

The following were carried out in the Eurobank and New TT branch networks in 2017:

- The restructuring of the branch network was completed, laying the foundations and infrastructure for updating and rationalising the service model. The new model is an administrative system giving priority to customers and their needs, and is based on the operation of branches with an organisational structure in regional markets. Each regional market is defined by geographical criteria and includes a branch that functions as the main and up to 5 branches that report to the Director of the main. The regional market branches cater to the needs of all individual customers, while at the same time the branches that are headquarters have dedicated advisors who serve Personal Banking and Business Banking customers (professionals and SMEs). The rest of the branches provide services to individual customers, aiming at engaging with them and persuading them to use the digital networks. The first results from this model showed a major increase in productivity, while, by introducing digital services, such as e-signature and digitisation of documents, the day-to-day tasks of branch officers have considerably improved.

Retail Banking

- Given that enterprises are at the heart of the effort to exit the crisis, priority was given to enterprises and professionals, focusing on addressing their needs as thoroughly as possible.

- Actions were taken to facilitate loan repayments, especially for customers facing difficulties in fulfilling their obligations. These actions focused on finding a sustainable solution, depending on the particular needs of each customer.

- The restructuring of the branch networks continued, greatly focusing on improving customer services. At the same time, operational expenses dropped.

- For yet another year, the Bank invested in special training programmes for branch network officers, aiming at introducing modern methods concerning customer-centric approaches and services.

Finally, in 2017, there was visible improvement compared to previous years with regard to the NPS (Net Promoter Score), which traces customer intention to recommend the Bank, confirming that all these actions met one of the Bank's central aims, customer satisfaction:

- The market share in new secured loans (mortgages and business loans) amounted to 40%.
- In the area of Bancassurance products, turnover increased by more than 10%, clearly above the market average.

Hellenic Post (ELTA) Branch Network

The Bank has an exclusive cooperation agreement with Hellenic Post (ELTA), which allows the Bank's customers to enjoy core banking services throughout the Hellenic Post branch network. With more than 680 branches and 102 ATMs throughout Greece, the Hellenic Post network provides extensive nationwide service, both in urban and in remote areas, where banking presence is limited or non-existent.

In 2017, the Bank focused on improving banking operations at the Hellenic Post network of branches, primarily supporting geographical areas with growth potential and prospects. Working closely with the Hellenic Post Management, the Bank, coordinated by the Division responsible for fostering relationships between the two organisations, continued to promote simple savings and deposit products throughout 2017, while supporting non-cash transactions by use of POS terminals.

Deposit and Savings Solutions

As of 31.12.2017 the Bank's deposit balances stood at €26.4 million, up 5% compared to the previous year, with the Bank's market share for all corporate and household deposits standing at 17.8%. With a view to reducing interest rates on time deposits and as part of the Bank's constant effort to rationalise pricing on first demand accounts, the average interest rate of the Bank's deposit base dropped by 9 basis points in 2017, which contributed to the Bank's improved results.

The design and launch of new products and services was not affected by the adverse economic environment, and mainly focused on shaping the right context and infrastructure to support the Bank's future development in the area of deposits. In this context, numerous initiatives were implemented in 2017 in relation to the Bank's deposit products, with a view to simplifying the Bank's product range and activating all available channels for the efficient management of deposit accounts. At the same time, the Bank continued to promote products intended to expand its deposit base and increase deposit balances. Specifically:

- Deposit products were simplified, resulting in fewer products and greater flexibility.

- In harmonisation with the new trends in digital banking, the Bank undertook additional actions to facilitate access of its customers to deposit products through e-Banking. Specifically:
  - The new "Time Deposit for All Live with €pistrofi" was designed, allowing customers to secure privileged returns by combining interest and rewards in €pistrofi euros, which may be redeemed by customers when they use their cards in more than 8,000 partner retailers who have joined the €pistrofi card loyalty programme.
  - Live Account was further promoted, with a privileged interest rate of 0.70% for amounts exceeding €3,000.

- The €pistrofi deposit reward campaigns continued. These campaigns were very popular among customers with different savings capacities.

- Actively supporting the savings efforts of Greek households, the Bank now offers the products *ApotamievoTT* (TT Regular Savings Account) and *Megalono TT* (TT Growing Up Account), also via the Eurobank branches. These products can cover the savings needs of each family member, depending on each person's life stage. Specifically, the following are offered:

  - *Megalono TT* (TT Growing Up Account) savings account, designed for children and adolescents up to 18 years of age, which provides an extra boost to their savings through prize draws, giving them the chance to double their account balances up to €50,000. The account holder also takes part in an annual draw, on the occasion of World Savings Day; the prize is 200% of the balance of the account, up to the amount of €500,000. During 2017, 172 children doubled their savings, as the Bank credited their accounts with approximately €274,400 in total.
  - *Apotamievo TT* (TT Regular Savings Account) rewards clients that save, with particularly high returns for available funds.

Retail Banking

Mortgage and Consumer Loans

Despite the prolonged adverse economic conditions, for yet another year the Bank managed to increase new lending in all categories of loan products targeted at individuals, while keeping its leading position in the mortgage sector.

2017 also saw a rise in the number of new mortgages, up 27% compared to the previous year, while at the same time the Bank continued to promote green home loans through the Intermediate Saving at Home Programme. The Bank's mortgage lending portfolio in Greece stood at €15.3 billion in total.

In the consumer credit sector, disbursements of amortising personal loans stood at €35.3 million, up 17% compared to 2016, the leading product being Payroll Personal Loan, which increased by 28.6% compared to the previous year, accounting for 61% of total disbursements.

Accordingly, car loans were up 39% compared to 2016, standing at €113.3 million. This increase is surely due to the purchase of new cars, which constitutes the largest part of such lending; new lending amounted to €81 million, an increase of 45% compared to 2016. The Bank's personal lending portfolio in Greece amounted to €3.2 billion in total.

Credit and Debit Cards

In 2017 the Bank remained focused on the principle of a customer-centric model as a key strategic pillar for developing its cards. In this context, and with the aim of facilitating and helping customers smoothly adapt to the new conditions (obligation to accept payments via cards and to acquire POS terminals, tax deductions through digital payments, etc.), the Bank adopted a series of actions, such as direct card issuing, Tax Deduction Calculator and customer alerts. At the same time, the Bank continued and strengthened personalised communication and reward programmes, as well as the €pistrofi card loyalty programme, throughout the year. As a result, the Bank's debit card turnover had a 60% increase in purchases via POS terminals, compared to 2016, reaching new, historically high levels both in the number of customers and transactions, as well as in terms of total value.

In the area of credit cards, the Bank maintained its leading position and continued to invest in targeted actions, both through the €pistrofi card loyalty programme and through powerful co-branded initiatives around all key areas of the everyday (but not limited to that) life of its customers (supermarkets, telephony, malls, luxury shopping, charitable foundations), with very positive results. Total turnover increased by almost 14% year-on-year, whereas the Bank's market share on credit card balances remained at 30%, according to the data provided by the Bank of Greece.

In 2017, performance of the €pistrofi card loyalty programme remained robust. Its network currently comprises over 8,000 partner retailers nationwide, while the programme continues to forge new strategic partnerships.

At the same time, the value of transactions has risen by 40% and the value of redemptions by 70%. Moreover, the upgraded €pistrofi app for smartphones offers users new functionalities and exclusive offers, and remains the leading app in terms of downloads (among all bank card loyalty programmes), counting over 260,000 unique (active & registered) users. The €pistrofi app continues to be awarded both in Greece and abroad, winning 5 gold awards in 2017.

In the POS acquiring sector, Eurobank had a turnover of €6.39 billion, i.e. a 38% increase compared to 2016. This performance allowed the Bank to maintain its leading market share (27% according to information from VISA and Mastercard). Moreover, there was a 12.5% increase in gross revenues from commission fees, reaching €51 million compared to 2016. Furthermore, Eurobank proceeded in adopting new procedures which, coupled with the POS Now service (direct acquisition of terminals from branches), helped the Bank deliver 90% of the requests filed on the same day, during the time the State Directive on compulsory use of POS terminals was implemented. Thus, a total of 98,000 new POS terminals were installed in 2017, doubling, compared to 2016, the number of POS terminals owned by businesses, currently amounting to 208,000.

Retail Transaction Banking

In 2017 the Bank supported its customers, both individuals and small businesses, providing services covering all their transaction needs. At the same time, targeted actions were planned to promote the Bank's alternative networks. With regard to e-Banking in particular, the Bank focused on increasing the use of this channel by existing customers, while at the same time, achieved a considerable increase in new customers.

Bancassurance

In 2017, the Bank's bancassurance activity focused on developing regular premium insurance policies, and on increasing the Bank's insured customers.

The results justified the efforts, since the sales of single premium insurance policies were of about the same value as last year, while there was a 140% increase in regular premium insurance policies, as well as more than 80,000 new insurance policies, creating a basis of 320,000 insured customers.

With a view to raising public awareness regarding the importance of prevention costs (financial, emotional or moral), having better quality of life, following one's dreams, and providing protection for loved ones, Eurobank offered new insurance products, such as supplementary pension plans, insurance for everyday activities, and group health and pension plans.

Moreover, in collaboration with Eurolife ERB Insurance, the Bank's exclusive partner for insurance products, Eurobank launched an advertising campaign aiming at informing the public about the need for personal initiative regarding the creation of a supplementary pension.

Individual Banking

Individual Banking, which represents 90% of Retail Banking (4.4 million customers), remained focused on implementing its customer-centric model and on creating flexible and customised programmes and solutions. Its activities cover the entire range of Retail Banking products and services, so as to efficiently meet the needs of individual customers in deposit and investment products, cards, household lending, transactional services, bancassurance products and loyalty programmes.

Retail Banking

As part of this approach, in 2017 Individual Banking focused on designing an integrated development strategy for each particular segment of individual customers, based on their particular traits and needs. Integrated programmes with special offers and product discounts were created ("For me" programme for pensioners, "Privilege Payroll" programme for employees of the private and public sector, "Eurobank Youth Project" for young people over 18 years old) in order to attract service experience through all available channels. Particular emphasis was placed on the effort to increase the market share of Group Sales customers of the Bank (public or private sector employees / pensioners) and to further develop their relationship with the Bank. Thus, a new programme was launched, called "Everyday Allies" for uniformed personnel of the Armed and Security Forces, acknowledging their value and contribution to the country.

By meeting the needs of its individual customers in the best possible way, Eurobank aims to become their main cooperation bank and the bank of first choice in terms of acquiring new banking products and services – a bank where individual customers will create strong and long-term bonds.

Acknowledging that individual customers constitute one of the key pillars of the Bank's growth strategy, Individual Banking is seeking synergies with all Retail Banking units, focusing on customers with increased potential through proper analysis tools and methodologies, so as to develop all significant business opportunities.

Personal Banking

In 2017 Eurobank Personal Banking celebrated its 10-year presence, always dedicated to its goal of providing personal banking service of the highest standard. As part of the 10-year anniversary, a number of events and initiatives were organised for the Personal Banking clients, acknowledging the relationship of loyalty they have developed with the Bank over the years.

At the same time, in 2017, a new model of the network's operation was launched, and as a result, the Personal Banking Relationship Managers were able to exclusively focus on meeting the entire range of the customers' banking, transactional and investment needs. Moreover, the integration of affluent customers from the New TT Branch Network into the Personal Banking customer base was successfully completed. Giving priority to the individual needs of the customers, the service was enhanced with a series of privileges for making the best use of their free time, while providing dedicated travel, real estate management services and other unique non-banking benefits.

Personal Banking contributed significantly to keeping Eurobank Asset Management in the leading position, with a market share at 31.15%, while it also contributed 74.17% to the Bank's new life insurance premiums. At year end, Personal Banking managed to keep its customer base intact with a simultaneous increase in deposits.

Business Banking

Eurobank's strategic choice in 2017 to focus on Small Business Banking was proven to be successful. Investing in larger companies with growth perspective while simultaneously implementing the new operational model for the branch network, resulted in enhancing profitability, despite the adverse economic environment. This positive development is evident both in the improvement of basic key figures and the considerable improvement of customer satisfaction and service indicators. In 2017, the Bank focused particularly on a series of strategic initiatives concerning SMEs:

- For a 7th consecutive year, the Bank implemented the Tourism Business Banking initiative, a holistic programme of products and services under preferential terms, with a view to supporting SMEs which operate in the tourism industry. Note that the Bank won the Tourism Marketing Award for Tourism Business Banking at the 2017 Marketing Excellence Awards.

- Moreover, the Bank launched the Business Banking – Agricultural Sector programme, covering agricultural enterprises and farmers, fulfilling their most basic banking needs while extending to the most complex ones (liquidity, investment, funding), through a line of products and services adjusted to the special needs of the sector.

- As part of those programmes, conferences and large-scale sectoral exhibitions were organised throughout Greece, with the SBB unit participating, in those aiming to deepen the relationship with customers operating in those regional areas.

- Business Check Up service, a concrete methodology fully addressing customers needs is now available online, through the Bank's upgraded website. Via a simple and accessible application, users are able to explore the tool, while at the same time, they may contact their Relationship Manager to thoroughly explore the needs of their business.

- SBB has successfully responded to the challenges of the new digital era for technological development and provision of quality services by inaugurating the v-Banking Division. The innovation lies in the combination of a modern electronic way of interactive video communication with the direct nature of personalized advice through offering consulting directions along with active transaction services and portfolio management for businesses and private entrepreneurs.

- The signing with the European Investment Fund, in the context of COSME, of an extension of the original agreement has secured total funds of €650 million for new financings. More specifically, through the COSME Loan Guarantee Facility, it has provided the possibility for extrovert action, attracting new healthy partnering relations and has served businesses imminently seeking liquidity with reduced security requirements.

Retail Banking

- SBS took advantage of the recent legislative initiatives of the government and specifically the implementation of the new legal framework and adopted a dynamic role in regards to the issuance of Business Debit MasterCard cards, greatly developing payroll accounts and POS acquiring business.

Specifically, note that in the area of POS acquiring, Eurobank achieved a 42% increase in relation to 2016 for SMEs, with a turnover of €2.96 billion.

Adopting the aforementioned strategy, we had a very positive impact on the segment's Basic figures. For a second consecutive year, business is profitable after a six- year period. Furthermore, total deposits increased by €501 million. This increase was the result of targeted actions aimed at the deepening of customer relationships, as well as, combining actions for promoting initiatives and sectoral programs and services. Moreover, total disbursements of new loans in 2017 amounted to €325 million, an increase of 81% in relation to 2016, which represents a record performance since 2010, and €300 million above the target set for this year. At the same time, the approval rate concerning new loans further increased and stood at 73% (in comparison to 66% in 2016), confirming the quality of applications submitted by financially healthy enterprises, despite the unstable business conditions. Also, commission income increased by 8%, mainly due to a 16% rise in income from POS transactions, an increase in income from platform fees by the same percentage, and an increase in income from exports by 9%. Finally, and with regard to qualitative values, such as customer service, there was a 27% improvement of the total average time of loan disbursements in relation to last year, and a 20% improvement in the average time to reach a final decision concerning new loans. In 2018, the Bank shall remain focused on its strategy, paying particular attention to the key sectors of the economy, driven by an outward-looking spirit and by the need to adapt its services to the new digital era.

v-Banking

2017 was a landmark year for v-Banking, since it was successfully integrated into the Bank’s digital channels.

The aim of this innovative personalized communication and service channel is for customers to have their personal Business Banking Officer available at the premises of their Business, as often as they wish, swiftly and safely, with technical features that help simplify the day-to-day issues experienced by modern entrepreneurs.

Being essentially the only integrated video communication channel operating in Greece, v-Banking upgraded Banking practices to the next level, combining the innovation of a digital experience with the directness of face-to-face human contact. Moreover, the Bank introduced the notion of the personal Business Banking Officer to customers who were not accustomed to such practices. Through v-Banking, customers may:

- Enjoy seamless communication with the Bank from their place of business.
- Set up a future meeting (appointment) with their Business Banking Advisor, by directly accessing the interactive calendar 24/7.
- Realise video calls between 9:00 and 17:00.
- Create a personal storage room, where they may send and receive (upload) files.
- Co-browse and co-edit Bank forms.
- Get an interactive presentation of the Bank's products and services, through simultaneous browsing (document & URL push).
- Participate in video conferencing with a supervisor or an expert on the issue (expert assist).

In 2017, in just 3 months since the service was implemented, there was an increase in the deposits made by entrepreneurs, and a 103% increase in the number of the customers who engaged in video sessions, while more than 3,800 video calls were made to 1,480 customers and more than 10,000 phone calls were made to the 7,000 customers assigned to this service. At the same time, 9% of the total business check-ups of the assigned SME portfolio were realised through the v-Banking service, while both digital POS applications and the first remote financing application were submitted, and the first remote disbursement took place. Furthermore, through v-Banking, it has been possible to approach customers in areas where no branches operate, and customers who do not visit their branches frequently. At the same time, one-day events were organised around Greece (Ioannina, Corfu), to provide training to the Bank's personnel on new technologies and the use of the new service, and raise awareness among customers.

This effort was recognised by the Hellenic Institute of Customer Service at their annual awards, where v-Banking participated as a finalist in the Customer Innovation category.

Lean Retail

In the context of simplifying Retail Banking operations, in 2017 the Bank implemented the Lean Six Sigma principles and methodology on a large part of the bank's internal procedures, with a view to streamlining processes and reducing time-consuming management procedures. Moreover, aiming to expand this methodology, a coordinated training programme was developed, with representatives from all Bank departments participating in it.

Group Corporate and Investment Banking

Group Corporate and Investment Banking's main objective is to provide fully-integrated business solutions and excellent customer service to its clients, consisting of large and complex corporate customers and medium-sized enterprises both in Greece and in the region of South Eastern Europe.

The structure of Group Corporate and Investment Banking has been designed and constantly adapts to respond to the expectations and meet the needs of corporate clients. The main customer service pillars are: the Large Corporate Unit, responsible for the provision of integrated business solutions to very large clients covering their complex financing needs; the Commercial Banking Unit, responsible for providing services to large and medium-sized enterprises; and the specialised units — Project Finance, Commercial Real Estate, Leverage Finance, Hotels & Leisure, and Shipping — which ensure efficient provision of services, based on their industry expertise and know-how.

Being fully aware of the challenges that corporate clients face within a complex and demanding economic environment, Group Corporate and Investment Banking continued in 2017 to implement its customer-centric strategy, which is based on three pillars:

1. Financial support to healthy business groups
   Consistent with its philosophy to support business plans that bolster the economy, Group Corporate and Investment Banking continued to cover the financing needs of healthy business groups, focusing on export oriented companies supporting substantially their investment plans and their growth strategies.

2. Actions to support the Greek economy
   Through designing and developing programmes such as the Exportgate trade portal, participating in the Trade Club Alliance, forging a strategic partnership with Banco Santander and cooperating with other major international banks, Group Corporate and Investment Banking seeks to enhance outward-looking potential and support the exporting activity of Greek companies to new markets. In this context, Eurobank successfully organised the Go in Crete Business Delegation, with the participation of 22 countries. During this 6th Business Delegation, more than 100 Greek exporters had the opportunity to reach commercial agreements with foreign groups. Finally, the Bank continued to support one of the most significant pillars of the Greek economy, Tourism, and actively participated in the initiatives undertaken by the Greek Tourism Confederation (SETE), Eurobank's strategic partner.

3. Development Programmes
   The Bank sustained the utilisation of development programmes as an alternative source of capital for its clients and actively supported outward-looking sectors of the Greek economy, undertaking various initiatives and channeling funds to export-oriented companies. In particular, through the Bank's agreements with the European Investment Bank (EIB) and the European Investment Fund (EIF), the Bank secured credit lines to finance SME clients.

This successful, targeted and methodical strategy, in combination with the high level of executives of Group Corporate and Investment Banking, won recognition through important awards granted by the most prestigious international entities.

Large Corporate

Large Corporate (LC) is responsible for meeting the financial and banking needs of very large corporate clients of the Bank, both in Greece and in Southeast Europe.

LC serves as the main point of contact for all financial solutions and products included in the Bank's portfolio for major clients. At the end of 2017, the portfolio managed by the Bank amounted to €2.8 billion, and included more than 100 groups, mainly operating in the energy, manufacturing, retail, service, health and construction industries. In 2017, LC continued to support strategic sectors of the Greek economy and finance robust business plans.

Commercial Banking

The main objective of Commercial Banking (CB) is to build a strong holistic relationship with medium-sized enterprises as well as MidCaps, by providing both standard and tailor-made financing solutions, as well as the full spectrum of banking services (e.g. Global Transaction Banking, Insurance Service, Treasury, etc.). The caliber and drive of experienced Relationship Managers, comprising the CB team are key to providing prompt delivery and quality service to the Bank's clients. The CB lending portfolio amounted to €3.2 billion in 2017. The Commercial Banking Network is responsible for managing relationships with MidCaps nationwide, through a network of 14 business centres (4 flagships) at the end of 2017. This structure aims at ensuring proximity and quality of services, closer monitoring of client performance, and proactive risk management aiming to maintain the Bank's asset quality.

In 2017 CB actively supported medium-sized Greek enterprises – the backbone of the Greek economy – as well as MidCaps, by extending credit facilities of €223.2million in cooperation with the European Investment Bank (EIB), the European Investment Fund (EIF) and the Institution for Growth in Greece (IfG).

Structured Finance

Structured Finance (SF) offers full and integrated services through four dedicated departments: Project Finance, Commercial Real Estate Finance, Leverage Finance and Special Situations and Hotel and Leisure Finance.

Based on their know-how and expertise, Structured Finance departments coordinate the actions of all Group companies, both within and outside Greece. The Unit is responsible for handling both performing and non-performing loans, the latter under the supervision of the Troubled Assets Group General Division. The Unit's portfolio stands at €2.1 billion, with new loans amounting to €440 million in 2017.

Group Corporate and Investment Banking

Project Finance

The Project Finance (PF) Unit provides a broad range of services, primarily involving financial consulting, structuring and arrangement of complex financing for major infrastructure and energy projects in Greece and the countries of Southeast Europe, as well as public private partnerships (PPPs). In 2017, Project Finance focused on providing advisory services for infrastructure and development projects, such as the privatisation of regional airports and the extension of the concession agreement of the Athens International Airport, where the Bank acts as advisor to the Hellenic Republic Asset Development Fund (HRADF), as well as on managing and enriching a robust lending portfolio. With regard to new loans, emphasis was placed on the completion of new financing deals in the renewable energy sector, under terms that reflected the volatile market conditions, thus enabling experienced groups operating within the particular industry to implement their investment plans. The Unit also explored and executed selective secondary market trades related to motorway concessions in Greece. Finally, the portfolio performance was positive, with very few nonperforming loans (less than 1% of the portfolio).

Commercial Real Estate Finance

In the area of Commercial Real Estate Finance, the Bank is active in structuring and arranging complex financing for all types of large commercial real estate, such as office buildings, malls and mixed-used complexes, while large-scale housing complexes and industrial buildings also fall within its scope of operation. In 2017, particular emphasis was placed on handling the non-performing part of the portfolio, resulting in the implementation of several restructurings, while a specific strategy for the entire portfolio was formulated, with substantial results in terms of the targets set by the Bank. As part of its activities, the Unit also manages real estate companies (usually SPVs), coming into the possession of the Bank through share transfer or following the execution of contractual rights of the Bank.

At the same time, a number of new transactions was completed while new potential financings were prepared, aiming at further developing the healthy part of the portfolio in Greece, Bulgaria and Cyprus. Commercial Real Estate Finance focuses on building long-term relationships with its clients offering tailor-made financing solutions aimed at meeting client needs, while also introducing unique and innovative solutions. The Bank was awarded as the Best Real Estate Bank Overall in Greece for the 2nd consecutive year in 2017, in all categories relating to Real Estate Finance (Loan Finance, Equity Finance, Debt Capital Markets, M&A Advisory), in the annual Euromoney magazine competition.

Leverage Finance and Special Situations

Leverage Finance and Special Situations (LF & SS) is a unit responsible for structuring and arranging complex leverage finance transactions concerning company acquisitions and complex/structured financing deals. The Leverage Finance and Special Situations Unit has become a benchmark in the Greek market, also offering assistance to other units of the Bank as an internal advisor, for structuring complex transactions and restructurings. In 2017, LF & SS carried out a series of transactions for the Sani Group/IKOS Resorts, and financed the public offer for the acquisition of the free floating shares of Kleemann Hellas and FHL KYRIAKIDIS. The Unit maintains open channels of communication with the investor community in Greece and abroad with regard to new transactions, while, through its role as a Special Situations Department, it works closely with other departments within the Bank to complete a number of restructurings and complex financing deals, with the most complex for 2017 being MEVGAL's debt restructuring. Finally, the Unit completed two other major restructurings, so that the portfolio is now almost entirely restructured.

Hotel and Leisure Finance

With tourism being one of the main pillars of Eurobank's strategy, the Bank aims to play a key role in supporting the industry. Having identified, well before any competition, the industry's prospects and the need for improved customer service, the Bank established in 2013, a dedicated Unit, unique in Greece, namely Hotel & Leisure Finance. The vast majority of the investments financed by the Bank concern 4-and 5-star hotels and are mainly located in three of the most popular holiday destinations in Greece: 26% in Crete, 38% in Rhodes and 16% in Kos. This Unit's core strategy is based on three main pillars:

- Financing new projects relating to investments in existing or new hotels. In 2017, a substantial number of financings was completed, creating the conditions for an increased volume of transactions, which, given the industry's growth rate, are expected to be completed in 2018.

- Restructuring potentially reversible troubled accounts, including a series of operational, financing and capital restructuring arrangements, coupled with attracting strategic investors, aiming at rebuilding their relationship on a sustainable and sound basis. Significant progress has been recorded in this pillar, with a number of borrowers not only restructuring but also passing the first year's probation tests.

- Terminating and liquidating troubled relationships with non-cooperating borrowers or cases which are not feasible to turn around under the existing shareholding structure.

Within this context, for yet another year, the Bank, along with the Greek Tourism Confederation (SETE), continued to promote Greek tourism through multiple actions.

Loan Syndications & Debt Capital Markets

The Loan Syndications and Debt Capital Markets Division is responsible for organising, structuring and monitoring (Agency) a broad range of specialised and highly structured financing deals. The Unit undertakes the role of lead arranger and agent for corporate syndicated bond loans, convertible bond loans, merger and acquisition financing, as well as debt restructuring, holding, over the last five years, a leading position in the syndicated loan market in Greece and acting as mandated lead arranger and coordinator in some of the most prominent transactions. Eurobank maintained its leading position in the market, participating in the majority of the transactions in the Greek syndicated market, with transaction volumes reaching €2.4 billion. In 2016, the Bank acted as an agent in 23 new transactions, increasing the number of syndicated relationships under its management to 93. The unit is also responsible for secondary loan trading, further reinforcing Eurobank's position in the market, contributing to the Group's capital adequacy and liquidity.

Group Corporate and Investment Banking

Shipping

Eurobank has maintained a steady presence in shipping finance for more than 25 years cooperating with traditional, privately owned shipping companies with solid credentials and a long track record. Shipping finance is extended solely to companies representing Greek interests, with large or medium fleets, for financing the purchase of second-hand vessels and construction of new buildings.

The financed fleet includes vessels of the main shipping sectors: dry bulk, wet and containers. Moreover, the Shipping Unit offers comprehensive services in the areas of liquidity and funds management for shipping companies and also private banking services.

The Bank's main objective is to maintain the high standards of its shipping portfolio and to develop further, by engaging with new shipping groups that meet the Bank's lending criteria. 2017 was yet another challenging year for the shipping industry; however, the Bank managed to enhance its portfolio by extending new financing (to existing and new customers) amounting to approx. USD 400 million in total. At the same time, the effective management of the existing portfolio continued, by implementing proactive and prudent credit monitoring. As a result profitability rose and the high credit quality of the Bank's lending portfolio was maintained.

The Bank's Shipping Unit is located in Piraeus and operates as a "hub" for financing the shipping companies through the Bank's subsidiaries, Eurobank Cyprus and Eurobank (Private) Bank Luxembourg SA. In 2017, total shipping loans at Group level amounted to about USD 1.5 billion. Eurobank's traditional support of the Greek shipping industry remains a strategic choice and contributes to the Group's deposit base, as well as a base for cross-selling services and products with other Bank's units. In 2017, the Shipping Unit participated in the 3rd Shipping Conference organised by Naftemporiki newspaper as a gold sponsor, as well as in the Lloyd's List Greek Shipping Awards 2017, where Mrs Christina Margelou, head of Shipping Finance, received the Shipping Financier of the Year award. The Shipping Unit received a similar distinction in 2015, demonstrating its steady and successful course, its professionalism and the growing position of the Bank in financing Greek shipping.

Investment Banking

Investment Banking offers strategic financial advisory services to a wide range of corporate clients and their shareholders, regarding mergers and acquisitions, divestitures and capital restructurings. In addition, Investment Banking offers strategic financial advisory services regarding capital markets and capital raising needs. The Principal Capital Strategies Department manages the Bank's investments in corporate and investment vehicles, currently amounting to approx. €30 million.

Throughout 2017, Investment Banking continued to provide strategic advisory services to a number of corporate clients, such as the main shareholders of listed company FHL. KYRIAKIDIS, for the acquisition of all remaining shares of the company (management buyout), as well as the public offer for Grivalia and Ioniki Xenodocheiaki. Moreover, Investment Banking, in partnership with Structured Finance, offered advisory services to the Hellenic Republic Asset Development Fund for the extension of the concession agreement concerning the Athens International Airport. In the hotel sector, Investment Banking acted as advisor to Eurobank

Ergasias Leasing for the sale of the former Capsis Hotel in Rhodes, as well as advisor to the Bank for the sale of the King George Hotel in Athens. At the same time, Investment Banking provided advisory services to other companies in the sector.

In the capital markets sector, Investment Banking acted as a process advisor in the merger of companies Mytilinaios - METKA Aluminium of Greece / Protergia, as well advisor and lead underwriter for the public offering of bonds amounting to €200 million and their listing on the Athens Exchange. Moreover, it provided lead underwriter services in the public offering of bonds for Mytilinaios Holdings (amounting to €300 million), Terna Energeiaki (amounting to €60 million) and Sunlight (amounting to €50 million). The capital market sector provided underwriter services for the listing of BriQ Properties on the Athens Exchange, while it also supported the share capital increase of Nikas and Frigoglass.

Leasing

In 2017, Eurobank Ergasias Leasing S.A. a subsidiary of the Bank, increased its new business by 35% (compared to 2016), with new loans reaching €83.6 million. The new loans primarily related to production equipment, vehicles and, in select cases, real estate. These loans were primarily granted to new customers who, despite the crisis, managed to stand out for their positive financial performance, their robustness and their outward-looking potential in the areas of manufacturing, commerce and tourism. At the same time, the company continued its policy to support cooperating borrowers through restructurings, enabling, in many cases, the smooth continuation of operations of major manufacturing companies.

Furthermore, the company speeded up the exploitation of its movable and immovable assets through commercial lease agreements and sales of property, vehicles and movable equipment.

In 2017, the company continued efforts to improve its operational performance by restructuring and upgrading its methodologies and procedures, cutting down on operating costs.

All these actions, combined with the high level of technical expertise and experience of the subsidiary's executives, have made the company the first choice for customers seeking financial leases.

Factoring

2017 was yet another excellent year for Eurobank Factors S.A. marked by increased growth rates in turnover (total assigned receivables), client loans and high profitability. The company maintained its leading position in the Greek market overall, but also in the individual categories of both domestic and export factoring, being the only company in Greece that continues to provide import factoring services.

Eurobank Factors is also a pioneer and a point of reference in Southeast Europe in the area of Reverse Factoring / Suppliers' Financing, applying a streamlined approach, which allows the company to efficiently manage a large volume of transactions.

Group Corporate and Investment Banking

The quality of the Eurobank Factors loan portfolio remains high, which is also evident by its successful management during the economic crisis. Eurobank Factors was ranked the 3rd Export Factoring company in the world by associate correspondents – all members of Factors Chain International (FCI). This ranking placed the company yet once more among the leading 400 companies worldwide, capitalising on its long-standing and successful partnerships and bolstering its reputation as a two-time world leader. This ranking was announced at the 49th annual FCI International Conference held in Lima, Peru.

Transactional Banking

Through the provision of high-quality services and by properly addressing clients' transactional banking needs, Eurobank has been building trustful relationships with its corporate clients in Greece, and remains the preferred domestic cash management partner for a substantial number of international banks. In 2017, the Bank received international awards in all sectors of transactional banking. The Bank was awarded "Best Domestic Cash Manager in Greece" for the 7th consecutive year and "Best Domestic Trade Finance Provider" by the internationally acclaimed Euromoney magazine, "Best Corporate/Institutional Digital Bank 2017 in Greece" for the 8th year; "Best Treasury & Cash Management Provider 2017 in Greece"; "Best Securities Services Provider in Greece 2017" by Global Finance magazine for the 11th time in the last 12 years; and "Top-Rated Custodian for Institutional Investors in Greece" by Global Custodian magazine for the 12th consecutive year.

The increase in electronic transactions and the promotion of innovative services continued apace in 2017, despite the challenging, ever-changing economic conditions. Particular emphasis was placed on supporting customers in the importing sector. Moreover, in line with the Bank's broader strategy to support export-oriented Greek enterprises, Eurobank organised the 6th Go in Crete Business Delegation, where more than 100 Greek exporters had the chance to meet potential buyers from 22 countries. During the three-day event, held in the context of the Go International Programme, more than 2,430 scheduled business meetings took place.

In 2017, a strategic alliance between Eurobank and Banco Santander was announced and Eurobank joined the "Trade Club Alliance", the first global digital business inter-connection network supported by seven banking groups in 22 countries with Exportgate - an innovative digital platform that focuses on international trade. In 2018, 12 international banking groups covering more than 35 countries are expected to be included in the network. Through the Trade Club, Greek and Cypriot companies / Bank clients gain access to 11,500 companies / international banks clients, while this number is expected to reach 100,000 in the next 3 years and cover the most significant markets worldwide.

In 2017, the Bank continued to provide pre- and post-trade financing to selected exporters. Moreover, the Transactional Banking Sector was actively involved in providing liquidity to customers through its participation in the Extroversion (Exostrefia) Programme, run by the Export Credit Insurance Organization, as well as in facilitating imports, mainly of raw materials. At the same time, the Bank further enhanced its collaboration with the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC), in order to facilitate the promotion of important trade tools such as confirmed letters of credit and letters of guarantee.

Major Initiatives

Growth Awards

In 2016, Eurobank, in partnership with Grant Thornton, established the Growth Awards to award business excellence and competitiveness as a growth leverage of the Greek economy. The awards are becoming one of the leading ways of acknowledging business excellence and supporting the growth of robust enterprises in Greece. The Growth Awards award enterprises that manage to combine high financial performance with a successful modern corporate history, and have the potential to contribute to shaping the new corporate and work culture landscape. Starting from a database of published financial statements for more than 8,000 companies that operate in Greece, and using key financial indicators from Grant Thornton's Financial Growth/Health Matrix evaluation model and Eurobank's credit rating tools, 200 leading companies stood out. The excellent financial performance of these companies was accompanied by stories worth spreading, submitted by the 200 candidates to the dedicated awards website: www.growthawards.gr.

The winners emerged through a 3-step procedure:

1. The evaluation procedure carried out by the research team was based on the use of financial reviews and indicators, which depicted the financial position and performance of each company.
2. 200 companies emerged from the evaluation, which were then invited to send additional financial and qualitative details, to be evaluated by the Nomination Committee.
3. The Nomination Committee shortlisted 21 companies. Their files were passed on to the Award Committee, which decided on the 6 winners, after thorough examination of all the candidates. The Award Committee consisted of distinguished individuals from the Greek business and academic arena, including Nikolaos Karamouzis and Vassilios Kazas.

Upon completion of the evaluation procedure by the Award Committee, the 6 winners with the highest performance in the following categories were:

1. Special Business Excellence Award – TITAN GROUP
2. Operating/Business Improvement – DEMO S.A.
3. Market/Product Development – SYSTEMS SUNLIGHT S.A.
4. Human Resources and Work Culture – DIAMANTIS MASOUTIS S.A.
5. Investments – ELVIAL S.A.
6. Corporate Social Responsibility – GENESIS PHARMA S.A.

The 2nd Growth Awards finalists were announced during an official award ceremony held at the Athens Concert Hall on 6 February 2018. More than 2,000 guests attended the award ceremony, including representatives of Greece's political and financial life, as well as members of the academic and business arena.

Group Corporate and Investment Banking

Exportgate

Exportgate, the innovative international trade portal for enhancing the outward-looking potential of Greek and Cypriot companies by bringing them into contact with international partners, constitutes an institutional initiative of Eurobank, in partnership with the three main Greek export and business organizations, the Panhellenic Exporters Association (PSE), the Greek International Business Association (SEVE) and the Exporters' Association of Crete (EAC), as well as the Hellenic Federation of Enterprises (SEV). The portal offers an International Trade e - Library and promotes networking of Greek and Cypriot companies across the globe. Through the e-library, the Exportgate members discover all the latest market trends and developments, macroeconomic commercial and statistical information, and other useful tools, for more than 180 countries. At the same time, the Exportgate members also have access to databases of more than 150,000 importers from 32 countries, and financial reports for more than 200 million companies globally.

In 2017, Eurobank, in strategic partnership with Banco Santander, joined the Trade Club Alliance, the first global digital business network, supported by international banks. Now, selected Greek and Cypriot businesses – members of Exportgate – that meet certain criteria, can expand their business by participating in an electronic network that is comprised of thousands of businesses and supported by 7 international banking groups in 22 countries. In 2018, the network is expected to expand to more than 30 countries, in partnership with additional international banks, covering a wide range of target markets worldwide.

The "Trade Club" members may receive an additional credit limit of up to €1,000,000 in order to finance their international trade transactions. The limit shall refer both to the issuance of Letters of Credit or Letters of Guarantee and to supply chain financing, e.g., payment of import invoices. As for exporting companies, it will be applicable to preshipment and post shipment financing.

Go in Crete

With a view to enhancing and supporting Greek exporting enterprises, Eurobank organised, in Crete, from 24 to 26 March 2017, the "Go in Crete" Business Delegation, as part of its "Go International" initiative. More than 2,430 pre-arranged meetings were held during "Go in Crete" and more than 100 Greek exporters were offered the opportunity to get in touch with over 50 major international buyers from the USA, the UK, Canada, Russia, Germany, France, Spain, Italy, Sweden, Belgium, the Netherlands, Cyprus, the United Arab Emirates, Qatar, Lebanon, Bahrain, Poland, Romania, Serbia, Ukraine, Estonia and Bulgaria.

At the same time, in the forum held in the context of "Go in Crete", Eurobank announced its strategic cooperation agreement with the International banking group Banco Santander, under which Greek and Cypriot Exportgate member companies will be able, subject to certain conditions, to join the Trade Club Alliance, a reliable network of companies that focuses on international trade.

The "Go in Crete" initiative is part of large-scale actions focusing on enhancing the Greek economy's extroversion which has been a strategic choice for Eurobank since 2009. "Go in Crete" was held under the auspices of the Hellenic Ministry of Foreign Affairs and was jointly organised by Eurobank and the Exporters' Association of Crete (SEK), the Panhellenic Exporters Association (PEA), the Greek International Business Association (SEVE), the Hellenic Federation of Enterprises (SEV) and the Greek Tourism Confederation (SETE), with the support of the Spanish banking group Banco Santander, the European Bank for Reconstruction Development (EBRD) and the Export Credit Insurance Organisation (ECIO).

Digital Banking and Innovation

Customer Experience Management

In line with the Bank's customer-centric approach, the effort has always been to improve and develop the customer's overall experience. In this respect, the Bank has introduced the following:

- Customer Journey Mapping & Feedback Management aims at optimising the customers' interaction with the Bank, through different service channels (branches, EuroPhone Banking, digital channels, etc.). A series of new customer journeys have been mapped and 257 improvement actions have gradually started being implemented; these actions emerged both from all the designed customer journeys and from the collection of feedback from customers. More specifically, through the Voice of the Customer (VoC), the experience of 75,160 customers with regard to products and services was evaluated, while at the same time 16,500 comments were collected from all available sources, analysed and turned into 228 improvement actions. Moreover, as part of the VoC methodology, senior Bank executives contacted 600 customers who participated in measurements to thank them for their trust or inform them of actions planned by the Bank to improve their banking experience.

- In 2017, User Experience formed an integral part of the Bank's digital restructuring. To secure optimum user experience through all available digital resources of the Bank, the Unit participated in projects, such as designing the new eurobank.gr website, the Koumparoupoli app and the Lefkoma TT app, which were unveiled to the public in 2017. Many more are scheduled to be delivered in 2018. Representing the Voice of the Customer, the Bank carried out personal interviews, research, user tests (such as tree tests, guerrilla tests, preference tests, etc.), and collected and processed 4,600 different user opinions, used to shape the new banking experience designed by the Bank.

The centralised Retail Complaints Unit aims at directly handling complaints as soon as they arise, through a more people-centric approach.

In 2017, there was a 6% increase in incoming complaints by Retail customers compared to 2016. This increase coincided with the improvement of key indicators monitored by the Unit. Specifically, the average time to resolve complaints from Retail customers was 24.4 calendar days in 2017, down by about 7 days compared to 2016. The rate of 2-day resolutions for 2017 amounted to 30.9%, an 80% improvement in relation to 2016.

Moreover, in 2017, the Retail Complaints Unit initiated a series of actions, such as issuing monthly reports, conducting monthly surveys etc.; these actions helped other Retail Banking units become aware of customer complaints with regard to their products and services, and monitored the relevant indicators and actions undertaken by the Retail Complaints Unit to moderate their impact.

Digital Channels

Aiming to offer premium quality services and innovative solutions with a view to facilitating the day-to-day banking needs of its customers, for yet another year Eurobank invested in upgrading and developing its digital services. In 2017, the Bank's initiatives and projects in the Digital Banking sector were implemented based on the mobile first strategy, both when designing the new services and when promoting them. As an acknowledgment of the efforts expended in the Digital Banking sector, the Bank received major distinctions and awards in Greece and abroad.

Eurobank e-Banking and Eurobank Mobile App

In 2017, e-Banking registrations doubled, resulting in 680,000 Bank customers using e-Banking throughout the year (+35% compared to the previous year). Of these, 40% (270,000 customers) also used mobile banking, doubling the number of transactions carried out via smartphones.

In 2017, the contribution of e-Banking to the total cash transactions within Eurobank reached 33%, up by 5% compared to the previous year, and 75% compared to corresponding transactions (91% in international payments, 92% in fund transfers, 60% in payments). Thus, for the first time ever, the digital channels acquired the largest transaction share within the Bank, surpassing the branch and ATM network.

At the same time, new innovative digital services were introduced in 2017. The most significant of these included: the tax deduction calculator, informing Bank customers of the total amount of transactions carried out through Eurobank accounts and cards that count towards their tax deductions; v-Banking, a personalised online service for selected SMEs; PaF Business, offering customers the option of paying businesses via mobile phone; and the Eurobank | Masterpass digital wallet.

Furthermore, businesses may now apply for POS devices online or use ejira to complete import requests online.

2017 was also the year when the foundations were laid for the future launch of the new e-Banking platform and the new Eurobank Mobile App, which will offer omni-channel experiences to customers, available to the public in 2018.

Finally, the Bank received 10 awards for its digital services in 2017 by national and international organisations, the most important being the double award by Global Finance magazine, naming Eurobank the best digital bank in Greece for consumers and enterprises.

EuroPhone Banking

EuroPhone Banking is a modern banking call centre in Greece, which has received significant awards at the Teleperformance Hellas CRM Grand Prix contest for the services it offers. As a service channel, it offers all modern communication tools to customers, such as phone calls, emails, personal messages, Click2Call & Click2Chat, and a large number of banking transactions, 24/7.

Digital Banking and Innovation

In 2017, approx. 3.13 million calls were placed by customers, up by about 21% compared to 2016; the number of transactions increased by 9%, and total volume respectively increased by 14%. At the same time, based on measurements carried out by the automated customer surveys that were successfully launched in the last quarter of the year, total customer satisfaction from the services provided was particularly high (the percentage of customers stating "very satisfied and extremely satisfied" reached 87.9%). The NPS ratio, which depicts the possibility of recommending the bank to friends/acquaintances based on their experience, reached 44.5%.

The call centre's well-trained team made a major contribution in achieving the Bank's goals, as EuroPhone Banking is one of the key channels for promoting Eurobank products and services; it also participates in other promotional activities with impressive results.

ATMs & Automated Payment Systems

The Self-Service Banking Terminal network consists of 1,379 service points, including 425 ATMs and 503 Automated Payment Systems (APSs) located in the network branches, as well as another 348 ATMs located outside branches, in central points, tourist areas etc., and 103 ATMs located in Hellenic Post branches. Through these service points, customers may carry out banking transactions easily, quickly and securely, 24/7. By the end of the year, 52.7 million transactions had been carried out through ATMs and APSs.

Moreover, more than 270 ATMs were replaced with new advanced ones. The new ATMs now have larger high definition touch screens and upgraded systems for secure transactions. The increase of Branch BNA ATMs from 18% to 66% is considered the factor that most contributed to the impressive 77% increase in deposits. After roll-out, 35% of the network acquired a new, modern look and feel, contributing to the Bank's promotion and upgrade.

Business Exchanges SA

2017 marked the 16th year of operations for Business Exchanges SA in the area of B2B services: e-Auction, e-Procurement and e-Invoicing. During the year, the subsidiary successfully conducted 977 e-Auctions for the Eurobank Group, private sector companies and public sector organisations. In the area of e-Procurement, transaction volume effectively doubled in 2017 for the Eurobank Group, standing at €102.1 million from €46.2 million in 2016. Finally, in the area of e-Invoicing, turnover related to the digital filing and management of invoices increased by 5.77% compared to 2016.

Innovation Centre

The Bank's Innovation Centre monitors and evaluates all international digital age and Financial Technology (FinTech) developments and identifies opportunities, best practices, new technologies, advanced solutions and services, used to develop innovative products and services that improve the customer experience. The Centre promotes systematic internal innovation throughout the Bank, while at the same time it cultivates Open Collaborative Innovation, through the Startup Ecosystem. Specifically, the Innovation Centre:

- Systematically monitors and evaluates all international FinTech advancements in order to identify good practices, new technologies, advanced solutions and services, and in partnership with the appropriate units, come up with the best solutions for new products and services.

- Creates the infrastructure and organises integrated actions for the promotion of a new model of open innovation, seeking talent within and outside the Bank, so as to create, by way of synergies, new innovative products and services in the area of FinTech, which will transform the customer experience.
- Designs training programmes in partnership with Human Resources, aiming at encouraging creativity, and cultivating, in terms of mentality and practice, the notion of intra-enterprise, transforming ideas into actual products and services.
- Establishes partnerships, training structures, financial tools, infrastructure, and any other effective method and technological tool with associates abroad, while it stands by every idea worth being transformed into an enterprise in the area of FinTech, and in need of the Bank's support.
- Develops actions to support innovation in youth FinTech entrepreneurship.

FinTech Beyond Hackathon Contest

In 2017, Eurobank's Innovation Centre organised the 2nd Regional FinTech Beyond Hackathon Competition in Greece, supported by global leaders in technology and financial services, the Eurobank Group, Greek businesses and academic institutions. During the Competition, the teams developed their ideas, which they presented to the Award Committee (comprised of businessmen, venture capitalists and senior executives of the Bank) and competed for one of the three Competition prizes (€5,000, €3,000 or €2,000). It also developed an innovative app for smartphones, Koumparoupoli, aiming to transform the traditional piggy bank into a digital one, while adding educational and entertainment elements. At the same time, Eurobank's Innovation Centre organises events to encourage creativity and to provide the means for fostering innovation and promoting the intra-enterprise spirit throughout the Bank, such as the Digital Transformation Is in Order event, held in September 2017.

Eurobank's Digital Presence on the Internet and Social Media

In 2017, the digital transformation of the Bank continued, by use of the omni-channel approach and in line with best international practices. Aiming at establishing a customer-centric approach and improving the overall customer experience, the Bank upgraded its digital presence. To achieve the best possible digital presence for the Bank, the Digital Presence Unit implemented major infrastructure projects and achieved important distinctions:

New eurobank.gr

- Launch of the new eurobank.gr: the new Eurobank website was launched on one of the most advanced platforms (Sitecore), featuring new functionalities and tools, and a new IA design, which reflects the Bank's customer-centric approach. It is easily accessible (mobile, tablet or computer), and helps visitors make their everyday lives easier, get informed about their banking needs, and apply for new products and services. Modern, yet simple and equipped with special digital tools, the new site is the first step in the new digital image and digital transformation of the Bank. With regard to businesses, the online Business Check-up tool was designed to help companies measure their performance and seek solutions for their short-term financing needs.

Digital Banking and Innovation

Digital Analytics

- Eurobank is one of the first companies in Greece that invested heavily in advanced digital technologies and measurement tools, such as Google Analytics 360, DoubleClick, Google Optimize, Klipfolio, Hotjar and Alexa, aiming at improving user experience and increasing efficiency of its websites and applications, to achieve the Bank's business objectives. In 2017, the biggest project was the new eurobank.gr, with more than 1000 lines of code, while the Bank became a case study by Google in relation to the proper use of the Google Optimize tool.

- Technical implementations and onsite optimisation at SEO level with the Bank now targeting more than 1,459 keywords. The following numbers were recorded after the launch of the new eurobank.gr:
  - 72.74% increase in total organic traffic.
  - 31% increase in organic traffic from mobile devices.
  - 43.24% increase in ranking the Bank first in Google's organic search results.

Social Media

- Giving a fresh boost to the €pistrofi card loyalty programme, Eurobank created an official Facebook page, taking advantage of all the new features that Facebook provides to promote the programme, with an extroverted, people-centric profile.

- The Bank also joined the Instagram platform for the first time ever, aiming at connecting with the younger generation to promote The Great Moment for Education – a corporate responsibility initiative through which the Bank has been supporting the new generation and education for the last 15 years – and establishing a new communication platform, which brings together students, graduates and young people in general.

- More than 28 digital campaigns were launched through Facebook, YouTube, Google Search and Google Display Network, and new advertising formats were used, contributing to the Bank's high advertising recall (ranked 2nd in the banking sector). These campaigns highlighted the Bank's strong presence in the digital environment, and helped the Bank promote strategic initiatives, products and services, while it received 22 top awards for its digital initiatives.

Customer Analytics

In 2017, the Bank continued its transformation into an organisation that offers its customers a high value experience and a wide range of analytics and automated services.

This year, the Bank introduced the Strategic Defaulter analysis, the new Index on Cross Selling Index, and the use of Machine Learning algorithms to support targeted actions.

These actions, with its lists deriving from Advanced Analytics methodologies, have resulted in at least a 50% higher performance compared to actions based on even the most successful empirical rules. An innovative survey was conducted using these tools, in an effort to identify customers who do not use Eurobank as their main bank. This information gives a strategic edge to customer development, as it highlights shortfalls in the customers' relationship with the Bank.

Nowadays, management of all direct marketing tasks is performed centrally by our Customer Analytics Division, with more than 1,000 actions taken. Email campaigns have been used for actions such as the Voice of the Customer (VoC) and Net Promoter Score (NPS), with their results being analysed using text mining techniques. Recurring event-based campaigns have been automated by 80%, reducing the required work accordingly.

Lastly, the new Power BI system was launched and adopted by the Bank as a central Business Intelligence & Visualisation tool. Significant interactive reports have been designed and developed, providing an overview of the customers in terms of existing relationships and the potential of developing them further. These reports fully supported a customer-centric approach as well as the need for digital transformation. Now, all staff managing customer relationships, but also the executives who make decisions about the Bank's strategic direction, have direct access to information, even on their mobile screen. Finally, it is estimated that at least 100 different reports have been narrowed down to just 20, thanks to these methodologies.

Wealth Management

In 2017 financial conditions improved both in Greece and in international markets; this resulted of an increase in trading activity and better management of investment portfolios. In this context, the priority of the Wealth Management services provided by Eurobank has remained to provide quality and innovative choices, aiming at the optimal management of the customers' wealth. In particular, the Bank focused on:

- Creating international wealth management conditions which meet the current financial conditions. In this context, M&G Investments, an investment company, was added to the Open Architecture platform thus expanding the investment choices available to customers. At the same time, Eurobank Asset Management MFMC began to offer outsourcing services to 2 new mutual funds of ERB Funds VCIC Plc, an open-ended investment company located in Cyprus.

- Preserving and increasing the assets under management, by offering customers the option of using the Private Banking services offered by the Group in Luxembourg, Cyprus and the United Kingdom.

- Offering comprehensive support to Wealth Management customers, through the following strategies: (a) Further promotion of Discretionary Asset Management, whereby customers enjoy professional management of their funds; note that in 2017, the performance of said portfolios exceeded the benchmark indicators, with improved quality risk features; (b) Expansion of the Advisory Services to areas such as Virtual Advisory, offering advisory services to customers with investment portfolios in other banks; and (c) Regular and timely customer updates on the current financial environment, mainly through presentations made by the Bank's dedicated executives and prominent international asset managers in the context of the Eurobank Private Circle Events.

- Maintaining the Bank's leading position in the area of Wealth Management, where both Private Banking and Eurobank Asset Management MFMC maintained their long-standing leadership in the Greek market. In 2017, Eurobank's Private Banking received international awards for a 12th year. It was ranked the Best Private Bank in Greece by three international entities – prominent magazines: Global Finance, PWM The Banker and World Finance. At the same time, Eurobank Asset Management MFMC remained, for the tenth consecutive year, the No. 1 company in terms of assets under management in Greece (ranking is based on total assets in UCITS and institutional portfolios under management, according to Hellenic Fund and Asset Management Association data as of 31.12.2017), with total assets under management and fund selection standing at €3.9 billion, of which €2.14 billion are mutual funds under management, €842 million are institutional and private investor portfolios under management, and €900 million refer to fund selection services in UCITS undertakings managed with global investment companies, such funds being distributed through Eurobank's Private Banking and other sub-distributors. The company's leading position is also confirmed by the awards received for yet another year from Citywire Global, the international financial information and manager rating house, and Morningstar®, the international rating agency.

Asset Management

In 2017, Eurobank Asset Management MFMC, a wholly owned subsidiary of the Bank, remained the leader in the management of mutual funds and institutional portfolios in Greece for the 10th consecutive year, according to the Hellenic Fund and Asset Management Association. As of 31 December 2017, total funds under management amounted to €3.9 billion.

Mutual Funds Management

In the area of mutual fund management, Eurobank Asset Management MFMC maintained the 1st position in the ranking of asset management companies based on size, with assets of €2.4 billion. The 14% decrease in assets compared to the end of 2016 which led to a market share of 31.15% was mainly due to a flight to deposits, as trust in the Greek financial system was gradually restored and to negative interest rates in the Eurozone that resulted in a decline in the holdings of money-market funds. This trend contributed significantly to the rationalisation of the mix of mutual funds offered through our distribution channels, with greater emphasis being given to mutual fund options corresponding to unit-holders' investment profiles thus underpinning the importance of investments in a medium to long-term horizon.

In this context, the outflows from money-market funds and the proceeds from maturing special purpose funds were largely transformed into inflows in asset allocation funds as well as fixed income and equity funds of Greek and global geographical orientation. The increase in the assets of such mutual funds, supported also by low volatility levels and the strong growth of capital markets worldwide, was also accompanied by significant returns. More specifically, the Eurobank I (LF) Greek Government Bond Fund had a return of 38.54%, while Eurobank I (LF) Equity – Greek Equities Fund had a return of 25.06%. In the space of developed markets equity funds, Eurobank I (LF) Equity – Global Equities Fund ranked second, with a return of 9.60%. It is worth noting that in the complex Absolute Return fund category, used as a hedging vehicle in an integrated portfolio, the Eurobank (LF) Absolute Return fund with a 1.58% return, attracted major inflows. During the same period, all of the mutual funds in the Fund of Funds category, managed to overperform their respective benchmarks.

The quality of the investment management results was acknowledged by Morningstar®, the international fund rating agency, which awarded five stars to the Interamerican Money Market Fund and four stars to the Eurobank Balanced Blend Fund of Funds and to the Eurobank I (LF) Fund of Funds – Balanced Blend Global. At the same time, the expertise of Eurobank Asset Management MFMC's investment management team in the area of European and Eurozone fixed income was recognized by Citywire, the international financial information and manager rating house, which awarded the Silver distinction based on cumulative risk-adjusted returns for the period 31/12/2010-31/12/2017.

These awards, the distribution agreements with international fund platforms and the promotion of select mutual funds through the participation in European fund selector conferences, continue to constitute the main pillars of the company's strategic external positioning.

In addition to these developments, Eurobank Asset Management MFMC completed two strategic projects. The first one relates to the provision of external management services to two Cyprus domiciled funds under the umbrella of ERB Funds VCIC Plc, aiming at contributing to the

Wealth Management

newly established UCITS industry in Cyprus and in offering professional wealth management services to the clients of Eurobank Cyprus. The second project relates to the launch of two Lifecycle funds with target maturities through Eurobank Fund Management Company Lux S.A., aiming at delivering comprehensive retirement solutions to complement the decreasing level of pensions offered by the main pension pillars.

Institutional Asset Management

2017 was a particularly constructive year for institutional asset management, both in terms of absolute and relative portfolio returns, and in terms of inflows in existing portfolios and in new institutional mandates. During the year, the company participated in numerous RFPs in Greece and Cyprus, strategically focusing on mandates with a remuneration reflecting the complexity of the agreed investment guidelines and ensuring the maintenance of high quality investment management and client servicing. Total funds under management were in excess of €450 million, through 19 segregated mandates.

The funds managed by the company on behalf of Private Banking customers in Greece, Cyprus and Luxembourg amounted to €391 million, through 870 distinct portfolios.

Finally, total funds under distribution to Eurobank's private banking clients in the three countries reached €0.9 billion in 2017 supported by the services offered by Eurobank Asset Management MFMC for the analysis, evaluation, classification and selection of UCITS funds managed by the 15 co-operating international investment houses.

Private Banking

2017 was a very positive year for Private Banking. Both national and international risk markets were highly supportive, and the result was that customer portfolios increased their quota in investment positions, as well as transactional activity.

Despite the fact that funds under management remained at the same levels as last year, performance in terms of profitability per unit increased considerably. At the same time, once again, 2017 saw positive results from the continuous implementation of a multiannual cost-cutting plan, and a plan to increase synergies and rationalise the Private Banking network in Greece. Eurobank's Private Banking consistently seeks to provide customers with a wide range of choices that guarantee world-class wealth management services and match the prevailing financial conditions each time. This was the driving force behind the initiatives undertaken by Eurobank Private Banking during 2017, which included:

- Continuing to develop the Open Architecture strategy, which provides customers with access to third-party funds, with the new addition of M&G Investments – one of the biggest international investment companies, with over 80 years of experience in managing funds, for institutional and individual customers; M&G Investments is also the founder of the mutual fund market in Great Britain.

- Further promoting Discretionary Asset Management, which is offered through Eurobank Asset Management MFMC and enables customers to enjoy professional asset management by the leading company in Greece. Nowadays, 12% of funds under management are placed in this service. Its importance was clearly demonstrated for yet another period, since the performance was higher than the corresponding benchmark indicators, and the other quality risk features clearly improved compared to past periods.

- Promoting the possibility of using the services offered by the Group's subsidiaries in Luxembourg and Cyprus, aiming at retaining and increasing customer assets under management.

- Expanding the Advisory Service to areas such as Virtual Advisory, offering advisory services to customers with investment portfolios held by other banks.

- Continuously focusing on providing customers with timely and accurate updates on the global economic and financial environment. In this context, under the umbrella of Eurobank Private Circle Events, multiple presentations took place by product specialists, as well as events with the participation of international Asset Managers.

- Providing top-quality services to its customers as the Bank's strong commitment, culminating in the awards received by to the Bank's Private Banking. In 2017, the Bank received the Best Private Bank in Greece award from three prominent international players at the same time, magazines Global Finance, PWM & The Banker and World Finance, thus winning a total of 17 awards in 12 years.

Global Markets and Treasury

Global Markets Trading Sector

The Eurobank Group operates in the primary and secondary markets of the Greek State, as well as in the corporate and state bond market of developed and developing countries. It is also present in the derivative, interest rate and currency markets.

With regard to own account trading, the Group applies strict limits, which are monitored daily by the Risk Management Division. Trading limits include:

- The amount of exposure to counterparty risk, according to the credit risk assessment for each counterparty.
- The level of exposure.
- The concentration limits of various maturities.
- The monitoring of Value-at-Risk (VaR).

The trading audit system supports monitoring and managing Eurobank's positions in a precise and efficient manner.

Products Sales and Structuring

The Sales Division was distinguished in 2017 for the quality services provided, its mentality and its important contribution to the Bank's performance.

The continuous development and promotion of the Bank's products through new service channels, which culminated with the launch of e-FX for Business, a service offered through e-Banking, has rendered the Bank a pioneer in the Greek market, and was warmly welcomed by the Bank's customers. The Division is committed to continue to develop new technologies, with a view to managing resources more efficiently.

Also note the remarkable effort to attract or manage liquidity, focusing on the provision of alternative deposit products or bonds. Finally, in 2017 the Division was actively involved in the structuring and distribution of most of bonds issued by Greek corporates with spectacular results.

Treasury

In 2017, market conditions continued to improve considerably and allowed the return of the Greek Sovereign, as well as systemic Greek banks, to primary capital markets. In this environment, the Bank's Treasury Division capitalised on the emerging opportunities to launch a series of initiatives that culminated with the successful issuance of 500mm covered bonds in the primary market (the first such issue for the Bank), which attracted investment interest from almost 20 countries. Specifically, Treasury continued its efforts to:

- Increase the volume of repo transactions with international banks, while achieving significant cost reduction, liquidity benefits, and further dispersion of financing resources.
- Optimise the use of available eligible assets to raise liquidity.
- Increase the bank’s liquidity buffer (and thus eliminated the Bank’s participation in the second pillar of the Greek Economy Liquidity Support Programme Article 2 of Law 3723/2008).
- Increase the volume of transactions with international banks aiming to secure financing for the Bank, and support its customers’ needs, in foreign currencies.

To summarize, Treasury managed the Bank's balance sheet and liquidity efficiently, drastically reduced the Bank's dependency on the Eurosystem, and increased the number of international banks that are counterparties of the Bank thus broadening its market access.

Global Markets International – Subsidiaries

The Global Markets and Treasury Division offers an integrated and standardised approach to the countries of Southeast Europe, based on a central management and supervision model that is run from Greece. The Eurobank Group’s strategic objective is to preserve and develop its important regional footprint in the areas of liquidity management, foreign exchange, interest rates, bonds and derivative trading, as well as the sale of financial and investment products in the local markets.

In 2017, the Group managed to:

- Significantly increase the subsidiaries’ liquidity and ensure its efficient use within the Group.
- Increase interbank limits and the number of international counterparties trading directly with the Group’s subsidiaries, despite the adverse international environment and ongoing capital controls.
- Continue to drastically decrease the cost of deposits, along with an overall increase in deposit volumes in terms of international operations.
- Preserve the bond portfolio and the respective risks assumed, while maintaining a leading role in the primary and secondary market dealership for local government bonds, providing liquidity to local and international counterparties (in the securities and currency markets) as well as quality services and treasury products to a diverse customer base (retail customers, corporate, and institutional customers & investors).

Equities Brokerage

Eurobank Equities S.A. is the broker of choice for tens of thousands of private investors for their trading in Greek and international shares, derivatives and bonds, carrying out their transactions through the company's service network and online through the upgraded eurobanktrader platform. In 2017, Eurobank Equities maintained its leading position among Greek equity brokerage services, ranking 1st for the 9th consecutive year with a 17.7% market share, and executing orders exceeding €5 billion in value.

Moreover, Eurobank Equities constitutes the first choice both for national and international institutional investors due to the professionalism of its executives, the services provided and the seamless execution of their transactions through the Athens Exchange. An important competitive edge for the Company is also its award-winning Financial Analysis, which covers 80% of the capitalisation of companies listed on the Athens Exchange.

Also note the important contribution of the Market Making Division of the company, which provides liquidity to 24 listed equities and 35 derivative products. In addition, in 2017, Eurobank Equities played the leading role in the primary market for corporate bonds of the Athens Exchange, often as an Underwriter, an Arranger, and a member of the Electronic Book Building.

During the year, the company launched the new electronic trading platform, eurobanktrader.gr, allowing customers to trade in Greek derivatives, and Greek and international equities online. Particular emphasis has been placed on the ease of use and the technical analysis tools, while the platform is accessible from any device, whether a smartphone, a computer or a tablet.

Other Activities

Real Estate – Eurobank Property Services S.A.

Eurobank Property Services S.A. is Eurobank Group's dedicated real estate arm and one of the leading companies in the real estate sector in Greece. The company offers a wide range of quality real estate services, operating in line with cutting-edge standards. It is staffed by a team of experienced and qualified associates holding TEGoVA (European Group of Valuers' Associations) and RICS (Royal Institute of Chartered Surveyors) certifications.

The company has been certified to ISO 9001:2008 and 14001:2004, and the quality of its services is evaluated by the Royal Institution of Chartered Surveyors – RICS. The company is listed in the Register of Certified Valuers of the Greek Ministry of Finance.

As part of its operations, the company:

- Mediates in property sale, leasing and management.
- Offers advisory services in developing and managing properties, corporate and private, and upgrading the energy efficiency of buildings, as well as on other matters arising from the use, operation and management of building facilities of any kind, including the management of joint-use facilities.
- Provides comprehensive technical due diligence services, e.g. inspects buildings, offers advisory services for town planning, and values electromechanical equipment and facilities.
- Issues energy performance certificates.

In the context of providing digital services, the company's Research and Analysis Department has developed an integrated residential property portfolio risk management and real-estate market monitoring system – the EPS analytics platform. This allows its users to design their own investment strategy and make instant decisions as to the management of their portfolios. This particular platform includes a comprehensive range of tools, such as residential and commercial property market indices, forecasts, automated valuation models (AVMs), value at risk (VaR) models, as well as market reports. These tools have enabled the company to accurately update the value of over 60,000 properties in the countries where Eurobank Property Services SA operates (Greece, Romania, Bulgaria and Serbia).

In September 2017, the company launched its new website, eurobankpropertyservices.net, where one can find all properties belonging to the Group and/or third customers that are offered for sale/lease, as well as general information about the companies and the services provided.

Moreover, as part of the 2017 Environmental Awards, the company received a silver award in the category Energy Management for Building & Business Infrastructure category, and a silver award in the Energy-Saving Investments category along with Eurobank.

Other Activities

Securities Services

In 2017, the Securities Services Division focused on providing a complete range of post-trade services to the Group's institutional clients in Greece and the countries of Southeast Europe where it operates. In this context, the Group focused on restructuring operations, by applying centralised, customer-centric processes and modern technologies. These initiatives ensure high level of customer service and optimisation of services provided by our experienced and highly qualified personnel. Moreover, the Group, and more specifically the Securities Services Division, proceeded promptly in implementing a series of regulatory changes, providing new products and services, as well as innovative solutions, in response to the investors' ever-changing needs.

In addition, in 2017, the quality of the Group's post-trade services was internationally recognised. In the Greek market, Eurobank Ergasias SA received the Best Securities Services Provider award for 2017 by Global Finance magazine for the 11th time over the last 12 years. Also, since 2006, the Bank has been receiving top awards in the annual survey carried out by internationally renowned Global Finance magazine, addressed to the providers of custodian services in the Greek market.

Finally, in the context of the 2018 Global Excellence Award by Global Finance magazine, Eurobank was awarded as one of the three leading banks in the categories Leading Client Awards – Southern Europe (along with Santander and Société Generale) and Global Excellence Award for Proxy Voting Services (along with Commerzbank and Mizuho Bank).

Similarly, in 2017 Eurobank Ergasias SA in Cyprus and Eurobank Bulgaria AD in Bulgaria maintained their distinctions as Top Rated Custodians for Institutional Investors, according to the annual survey carried out by Global Custodian magazine.

Public Sector Banking

Working with public sector entities, fortifying their work and supporting the functions offered to the citizens by the State constitute a strategic priority for the Bank. The dedicated Public Sector Division aims at creating integrated solutions that meet the special and complex needs of such entities, covering the entire range of their economic activities. In 2017, the Public Sector Banking Division responded to over 200 calls for expression of interest, offering a comprehensive cooperation package that included: competitive treasury solutions, comprehensive trading services, innovative e-Banking solutions, customised real estate management proposals, a broad range of insurance products, flexible financing solutions and privileged payroll packages.

During 2017, the Division achieved some important results. Specifically, the Division managed to increase its market share in the General Government by 39 basis points annually, in particular in the sub-categories of public hospitals (271 basis points) and local-government authorities (417 basis points). By activating and making use of all available networks and product units of the Group, General Government deposits increased by 10%, the Bank's position in strategic sectors of government organisations was enhanced, and its geographic presence was expanded, now serving over 2,000 customers that form part of this specific sector.

Troubled Assets Management

Since the establishment of the Troubled Assets Group General Division, back in July 2014, the Bank has proceeded with a number of initiatives to effectively manage exposures in arrears and non-performing loans. The Troubled Assets Group General Division (TAG), with a direct reporting line to the CEO, has the overall responsibility for the Group's troubled assets management from the early stage of delinquency to the stage of legal actions.

The Deputy CEO and Executive Member of the Board of Directors is specifically entrusted with the close monitoring of the troubled assets management strategy.

The General Division consists of the Retail Remedial General Division, the Corporate Remedial General Division, the Collaterals Recovery Sector, the TAG Risk Management & Business Policies Sector and the TAG Business Planning Sector. For the effective management of the troubled portfolio, c. 2,700 employees are involved across the Bank, of whom c. 1,200 are dedicated in the operating units of the General Division.

The Retail Remedial General Division includes Eurobank Financial Planning Services S.A. (FPS), a subsidiary company responsible for the remedial management of Retail products. In March 2017, FPS received a license for remedial management under the Law 4354/15.

In line with the continuous effort to address the short and medium-term challenges of the banking system, and with a view to attaining the strategic objectives, the Bank has set as a key priority the active management and remediation of the NPL portfolio, and the leverage of its human resources and relevant infrastructure (procedures, systems and products).

Through the independent management of non-performing loans by the Troubled Assets Group General Division, a dynamic and robust governance model emerged, that not only complies with the existing regulatory requirements, but also meets the best international standards.

In addition, the Troubled Assets Committee (TAC), which reports to the Board Risk Committee, monitors the efficient implementation of the Bank's troubled assets management strategy.

Within a volatile economic environment, business initiatives have continued, in compliance with regulatory requirements of Executive Committee's Act No. 42/30.05.2014 (as amended by Executive Committee's Acts 47/9.2.2015 and 102/30.8.2016 of the Bank of Greece), which detail the management of exposures in arrears and non-performing loans.

The objective of the General Division is to contribute to the Bank's profitability in a socially responsible manner, through the establishment and use of tailored strategies, the contribution of its experienced personnel and the use of all necessary technical means. To achieve this objective, the main actions taken by the Troubled Assets Group General Division in 2017, both on a strategic and an operational level, are the following:

- The annual reduction of the total balance of non-performing exposures (NPEs) during 2017 by 2.4 Billion (YtY), exceeding by €0.3 billion the relevant revised target that had been submitted to the supervisory authorities.

- Submission to the Single Supervisory Mechanism of an updated 3-year comprehensive management strategy and operational targets in relation to NPEs. This submission relied on the application of a specialized model, monitoring the achievements of specific targets on a quarterly basis per portfolio, through a specific combination of actions. The regulatory targets have been fully impeded in the Bank's business and operational model.

- The accomplishment of the NPE reduction targets and compliance with the regulatory requirements, constitute a key strategic priority of the Bank. The Phanaios Programme was set up for the purpose of supporting and monitoring all actions and initiatives serving this priority in a structured manner. In particular, projects and initiatives included in the Programme intend to:
  a) Upgrade business practices through new strategic and more efficient segmentation of TAG's customer base, along with offering new solutions to borrowers.
  b) Establish a more efficient and effective operational model of involved units.
  c) Promote active involvement in inter-bank business initiatives.
  d) Ensure compliance with the regulatory framework.

- Completion of a comprehensive capacity planning exercise of the General Division Units, with a view to enforcing NPE management actions and teams.

- Development of a set of dynamic decision-support systems, in the context of managing troubled portfolios, aiming at improving decision making, facilitating the proposal for the best solutions and limiting uncertainty.

- Ensure harmonization of the Troubled Asset Management framework across all Bank units.

- Deployment of timely preventive actions and development of early warning signals to reduce the growth rate of new delinquencies and to calculate the probability of an account turning to default status.

- Targeted measures taken to ensure reduction of the portfolio's credit risk.

- Perform quality assurance exercises via self-assessment as to the effectiveness of granted solutions and reduction of operational risk.

- Provision of guidance and support to TAG Units of Southeast Europe.

- Additional training programmes and e-learning courses were introduced throughout the year, to further develop the skills of the personnel.

Troubled Assets Management

- Completion of transformation of the Troubled Assets Group General Division from a Cost Centre into a Profit Centre with its own Balance Sheet and Income Statement, so that in the future it may be monitored as a distinct unit in the Bank's financial results.

- Active involvement in interbank initiatives under the coordination of the Hellenic Bank Association (HBA), aiming to improve the operational framework of non-performing loans.

Retail Troubled Assets Management

Particularly in the Retail Troubled Assets segment (mortgages, consumer loans and Small Business loans), the following strategies and operational actions in 2017 were preeminent:

- The successful completion of a consumer portfolio sale to a Fund for the first time in recent years in Greece, while Eurobank FPS (subsidiary of Eurobank), a servicer company for NPE management licensed by the Bank of Greece under the Law 4354/2015, initiated the service of a portfolio on behalf of the new investor.

- Assignment to Eurobank FPS of the entire Retail Troubled Assets portfolio and reinforcement of the company's structure for the effective management, through the establishment of specialized units, according to regulatory and business needs, and staffed by experienced employees on management and collections of mortgages, consumer loans, and SBB/business loans, as well as bankruptcy procedures for individuals (Law 3869).

- Design and implementation of new modification programmes, including voluntary surrender with the aim of finding an amicable solution with the debtors prior to auction. The operational model was redesigned, through the implementation of an innovative front line tool that strengthens the negotiation ability of the network, call centres and Relationship Managers in mortgage portfolios.

- Establishment of the of Out-of-Court Work Out Mechanism (OCW) Division, mainly aiming at unified customer management by all Bank units.

- At branch network level, the strategy of the Bank became NPE driven, focusing on the monitoring of NPEs per branch/region/sector. A new role was established, the "Loan Management Advisor", who is exclusively dedicated to achieving the strategic targets set by the General Division of Retail Troubled Assets Management, while at the same time, a new service for a direct legal support of the network was created.

- The operating model of legal actions was upgraded for all portfolios, a new denouncement procedure was adopted, and a management policy for strategic defaulters was created through innovative data analysis applications.

- Implementation of holistic management for all customers protected under the provisions of Law 3869. Specifically, for debtors without final court decision actions are performed by means of targeted policies.

Corporate Troubled Assets Management

In Corporate Remedial General Division, the following strategies and business actions took place in 2017:

- Setting business objectives by documenting the strategy for the entire portfolio in detail, and closely monitoring inflows and outflows with a view to substantially reducing NPEs by 2019.

- Continuous focus of strategy on long-term and sustainable restructuring solutions, by offering a mixture of products.

- Internal restructuring and enhancement of activities of the Corporate Remedial General Division, by incorporating functions of the former Corporate Special Handling sector, aiming at an end-to-end NPE management through modification, restructuring, closure solutions, and legal actions.

- Participation in the establishment of a dedicated inter-bank platform for the timely and coordinated treatment and restructuring of non-performing SME loans.

- Participation in inter-bank initiatives to jointly address large corporate non-performing loans.

- Participating in initiatives involving both inter-bank employees and external contractors, by forming a structured framework of cooperation, aiming at the optimum and most efficient management of its portfolio.

Communication Strategy

Eurobank's communication strategy for 2017 focused on designing and implementing communication actions that are consistent with its vision, strengthens its image and support its business targets.

In 2017, the Bank designed and carried out actions that highlighted its effectiveness, flexibility and human-centric approach, their central objective being to respond successfully to the operational and technological challenges of our times by continuing to provide quality services to its customers.

Focus on the human-centric approach was a common denominator for all communication actions during 2017. This year, the strategic pillars of the Economy (Entrepreneurship, Tourism and Extroversion), Innovation and Society were supported, by maintaining the corporate promise of "putting you first"; this promise was kept by adopting specific initiatives and actions under an integrated communication platform.

Economy / Entrepreneurship

Eurobank constantly supports entrepreneurship and the outward-looking approach of Greek enterprises, adopting initiatives that become established institutions. In terms of communication, in 2017, the Bank focused on supporting youth entrepreneurship, by promoting the egg – enter•grow•go innovative, youth entrepreneurship programme. This initiative, which has been one of the most successful business accelerators in Greece, aims at supporting innovative youth entrepreneurship, while enhancing the prospects of sustainable employment of the country's human resources, in particular the younger generation.

At the same time, Eurobank actively promotes extroversion of Greek enterprises by undertaking 2 important initiatives: (a) the "Go International" Business Delegation initiative and (b) the Exportgate b2b trade portal. Go International aims at bringing together Greek exporting companies with potential foreign buyers. Every Business Delegation includes b2b business meetings, as well as business collaboration forums, attended by representatives from the Greek government and the host country, the business community, as well as the media. In 2017, the Business Delegation took place in Crete where, in the context of "Go in Crete" event, more than 2,430 scheduled meetings took place, and more than 100 Greek exporters had the opportunity to get in touch with more than 50 leading international buyers.

Exportgate is an innovative internet portal dedicated to enhancing the outward-looking potential of Greek enterprises by bringing them into contact with foreign buyers. In the forum that took place in the context of the Go in Crete event, the strategic agreement with Banco Santander was announced before executives from the International banking group, signalling the inclusion of Eurobank in the Trade Club Alliance. By means of this strategic agreement, Greek and Cypriot companies that are members of Exportgate can now become members of the Eurobank Trade Club, which is now part of the first global digital business interconnection network, supported in turn by international banks and focusing on global trade.

In 2017, Eurobank, in a strategic agreement with Banco Santander, announced the inclusion of Exportgate in the Trade Club Alliance, the first global digital business interconnection network, supported by international banks.

The Bank actively participates in initiatives that relate to one of the most significant pillars of entrepreneurship in Greece, namely Tourism. True to this, it continues to actively support tourism businesses as a strategic partner of the Greek Tourism Confederation (SETE), as well as with the special business programmes available through the Business Banking Tourism Sector programme.

Communication Strategy

Moreover, the Bank attempted to reach out to farmers and the country's agricultural businesses through the Business Banking – Agricultural Sector programme, to support them in the intricacies that mark their sector.

In 2017, Eurobank actively supported Greek entrepreneurship through various programmes. Through the "Growth Awards" for development and entrepreneurship, Eurobank partnered with Grant Thornton and awarded six enterprises, which, despite the crisis, managed to stand out for their outward-looking spirit, robust financial performance, transparency, modern corporate governance and corporate social responsibility.

Starting from a database of published financial statements of more than 8,000 companies that operate in Greece, and using key financial indicators from Grant Thornton's Financial Growth/Health Matrix evaluation model and Eurobank's credit rating tools, 200 leading companies stood out. The excellent financial performance of these companies was accompanied by stories worth spreading, submitted by the 200 candidates to the dedicated awards website: www.growthawards.gr. 20 candidates were shortlisted by the Nomination Committee, and upon completion of the 3rd phase of assessment by the Award Committee, 6 companies received the award.

Needs / Customers Reward

Carefully looking into the needs of its customers, Eurobank was the first to assess and communicate the importance of building a tax deduction threshold. The Bank designed a new, innovative tool to calculate tax deductions, accessible to customers via the Eurobank Mobile App and e-Banking. It gave customers quick and easy updates on their tax deductions based on their expenses.

Rewarding customers constitutes a strategic pillar for the Bank; the actions with regard to the €pistrofi card rewards programme were communicated both to the wider public and specific segments. At the same time, the programme expanded further, with over 8,000 partner retailers from all market sectors joining, offering customers the chance to get cashback rewards by collecting even more €pistrofi euros as they shop.

In 2017, Personal Banking celebrated its 10th anniversary, remaining dedicated to its goal to provide high-level personal banking services. As part of the celebrations, a number of events and actions were organised for Private Banking customers, in recognition of the relationship of trust that they have developed with the Bank for so many years.

Innovation

For Eurobank, innovation means providing the tools that simplify the everyday lives of customers. Eurobank focused its communication strategy on the Eurobank Mobile App – the Bank's mobile banking app – as well as on the innovative v-Banking service, used by businesses to communicate via video conference with their Relationship Manager from their place of business, without being required to physically visit the branch.

Aiming to offer innovative solutions with a view to facilitating the day-to-day lives of its customers, Eurobank continued to invest in customised digital communication with its customers. By making the most of digital channels and communication media, and taking into account the diverse needs of its customers, the Bank designed special products.

In 2017, the new and re-designed eurobank.gr was launched, entirely in tune with the human-centric and personalised approach adopted by the Bank. Apart from presenting the products and services offered by the Bank, the new site was designed to also focus on the needs of the customers, presenting integrated proposals based on each customer's life stage.

Society

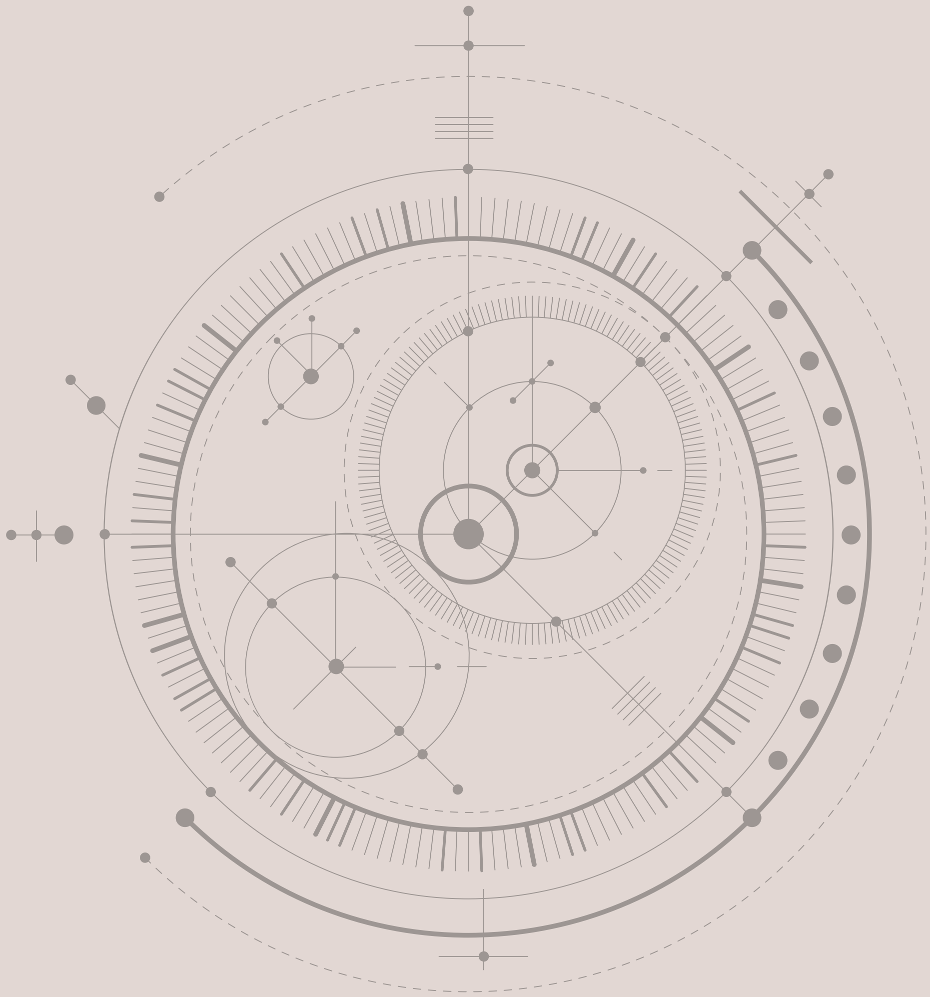
True to its belief that a responsible organisation should contribute to the stability of society and the economy, Eurobank consistently undertakes a series of initiatives to support society and meet the conditions that will create the necessary prerequisites for progress and growth. In this context, the Bank rewards excellence through "The Great Moment for Education", organised for the 15th consecutive year. The Bank also traditionally supports Greek sports by sponsoring all National Basketball Teams through the National Basketball Federation. It also promotes culture, by undertaking specific initiatives and actions. At the same time in 2017 the Bank remained committed to supporting vulnerable social groups, with a range of actions, such as donating goods, sending out a message of solidarity and hope.

Acknowledging the significant social efforts of Apostoli, the NGO of the Holy Archdiocese of Athens, in 2017, Eurobank continued to support the "Apostoli supports Students" initiative. Implemented in partnership with the Greek Ministry of Education, Research and Religious Affairs, it provides assistance to families of primary and secondary-school children who are deprived of food, in a way that ensures their anonymity and dignity and does not disturb their relationships in the context of the school environment. With the help of the exclusive sponsorship of Eurobank, Apostoli distributed over 43,780 food parcels, covering a small yet essential part of the daily nutritional needs of students and their families.

The aim of all these communication actions is to improve the positive image and identity of the Bank, and are based on market research, conducted at regular intervals. The Bank's strategic priorities and Corporate Social Responsibility actions are aimed at targeted groups, through Public Relations actions. Finally, the promotion of products and services takes place principally through targeted marketing activities aimed at specific Bank customer segments each time.

Eurobank operates based on its value system, placing customers at the centre of attention. Being consistent in its human-centric approach and keeping apace with the fundamental promise of "putting you first", the Bank will continue to focus on the individual and diverse needs of its customers, to make their daily lives simpler and offer them choices tailored to their needs.

TECHNOLOGY



Technology

Technology is a strategic priority for Eurobank in the new digital era. In 2017, its role was further enhanced with a view to integrating technology across all banking operations and optimising the use of digital channels.

In 2017, following the completion of its strategic planning until 2020, Eurobank substantially increased investments in technology, aiming to improve customer experience, support its operations more efficiently and make use of innovative technologies, with a view to transforming into a digital, customer-oriented Bank. In line with these objectives, the General Division of Information Technology mainly focused on the following areas:

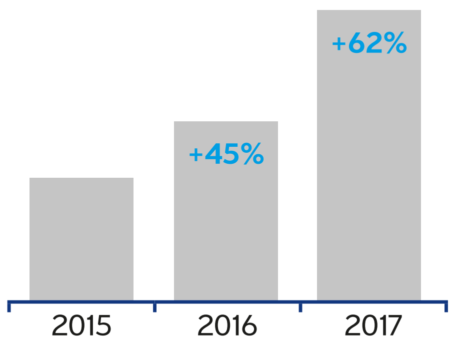
- Managing non-performing exposures (NPEs)
- Developing the new operational model for the branch network
- Developing the digital channels
- Simplifying and streamlining banking operations
- Complying with the regulatory framework

In addition, the Bank enhanced its technology and security infrastructure, introduced new methods to develop agile projects (Nexus, Scrum at scale) and completed the planning of strategic initiatives for 2018.

Information Systems Development

The General Division of Information Technology is a main pillar of the Bank's operational support and development. In 2017, the Division completed over 250 projects, with availability of all IT services exceeding 99.97%, while the Help Desk responded to more than 62,000 phone requests. Moreover, IT investment increased considerably for a third consecutive year, to meet major business needs.

Investments in IT projects 2015 - 2017



Troubled assets management

Technology constitutes a catalyst for the efficient management of the Bank's troubled assets. In this light, in 2017, the Bank launched initiatives for developing new debt settlement products; streamlining processes; developing tools that deliver solutions to customers and assist in analysing and monitoring claims more efficiently; and taking measures to ensure compliance of the Bank to the regulatory authorities. Moreover, the General Division of Information Technology actively supported the Bank in settling debts out-of-court, transforming FPS into a single-purpose entity to service claims from loans and credits (servicer), and transferring non-performing unsecured personal loans to the company Intrum.

Alternative Channels

In 2017, Eurobank continued the plan to offer a unified digital experience to its customers via all service channels. The Bank completed the first phase of the omni-channel plan, and launched the new eurobank.gr portal, the new Eurobank Property Services real estate platform, and the new EurobankTrader III platform for trading transactions. Also in 2017, it introduced new e-products, aiming at providing new functionalities to more than 680,000 active e-Banking users (an increase of more than 25% compared to 2016). Specifically, it developed v-Banking, allowing customers to communicate and carry out transactions with the Bank via video; it introduced the Masterpass Digital Wallet, in partnership with Mastercard; and it developed new services for the Automated Teller Machines (ATM) and the Automated Payment Systems (APS) – the latter now approaching 1,380 systems. Also, Eurobank was the first bank in Greece which offered its customers the Tax Deduction Calculator, in the context of Law 4446/22.12.2016.

Operational redesign of the branch network

The Bank continued the major operational redesign project for its branch network. In 2017, the General Division of Information Technology developed key initiatives to activate the MicroMarkets model. At the same time, it completed and offered new transactions to customers that make banking faster, such as barcode reader transactions and use of e-signature for customer transactions (monetary and not). Also, the customer document archiving process was automated and digitised.

Regulatory Compliance

For yet another year, the Bank was required to align with many regulatory directives. The General Division of Information Technology carried out the necessary actions and system modifications to fulfil regulatory obligations that arise both from the Greek and the EU regulatory authorities, such as FATCA (Foreign Account Tax Compliance Act), MiFID II (600/2014/EU), International Financial Reporting Standard 9 (IFRS 9), AnaCredit Regulation (ECB/2016/13) and OECD Common Reporting Standard (CRS). Furthermore, the General Division of Information Technology supported and concluded a series of actions to meet ECB, EBA and stress test requirements. At the same time, the General Division of Information Technology undertook initiatives to strengthen the Enterprise Data Warehouse, with a view to meeting future business needs more efficiently.

Transaction Banking

The Bank made the first critical steps in preparing the strategic plan to reinforce Transaction Banking. The General Division of Information Technology completed the planning and launched the project to upgrade the Payment and Trade Finance infrastructure. Moreover, in line with European Directive 2015/2366 – PSD2, the Bank is developing the necessary functionalities to facilitate interconnection between the Bank and other companies and organisations (known as APIs). The General Division of Information Technology implemented and keeps developing the Eurobank API, consisting of a substantial number of APIs, to achieve better connectivity with third-party service providers.

Infrastructure Evolution

Aiming at continuous and smooth operation and constant improvement of the Bank's services in terms of performance and availability, over 140 improvements were made to the Bank's systems. The most important included:

i. Upgrading network infrastructure and installing new unified communication platforms.
ii. Upgrading end-user terminals and central infrastructure operational systems.
iii. Making targeted improvements to the main systems, aiming to increase infrastructure capacity so as to process a much greater volume of transactions.
iv. Consolidating infrastructure to virtualised environments.

Security of information systems

Acknowledging the significance of Information Security, the General Division of Information Technology and the Bank overall, which is certified to ISO/IEC 27001:2013, work closely with the Group Corporate Security Division to provide secure services and efficient data protection (both personal and corporate). In this context, major projects were implemented or completed in 2017. The most important included:

(i) Upgrading the infrastructure to combat sophisticated and persistent cyber-attacks.
(ii) Upgrading the infrastructure for safe access to corporate data from mobile devices.
(iii) Completing the planning and launching projects to improve security for the wired and wireless corporate network.
(iv) Upgrading the existing protection mechanism against malicious content in the Bank's onsite email infrastructure.
(v) Conducting a substantial number of penetration tests on critical information systems and infrastructure.

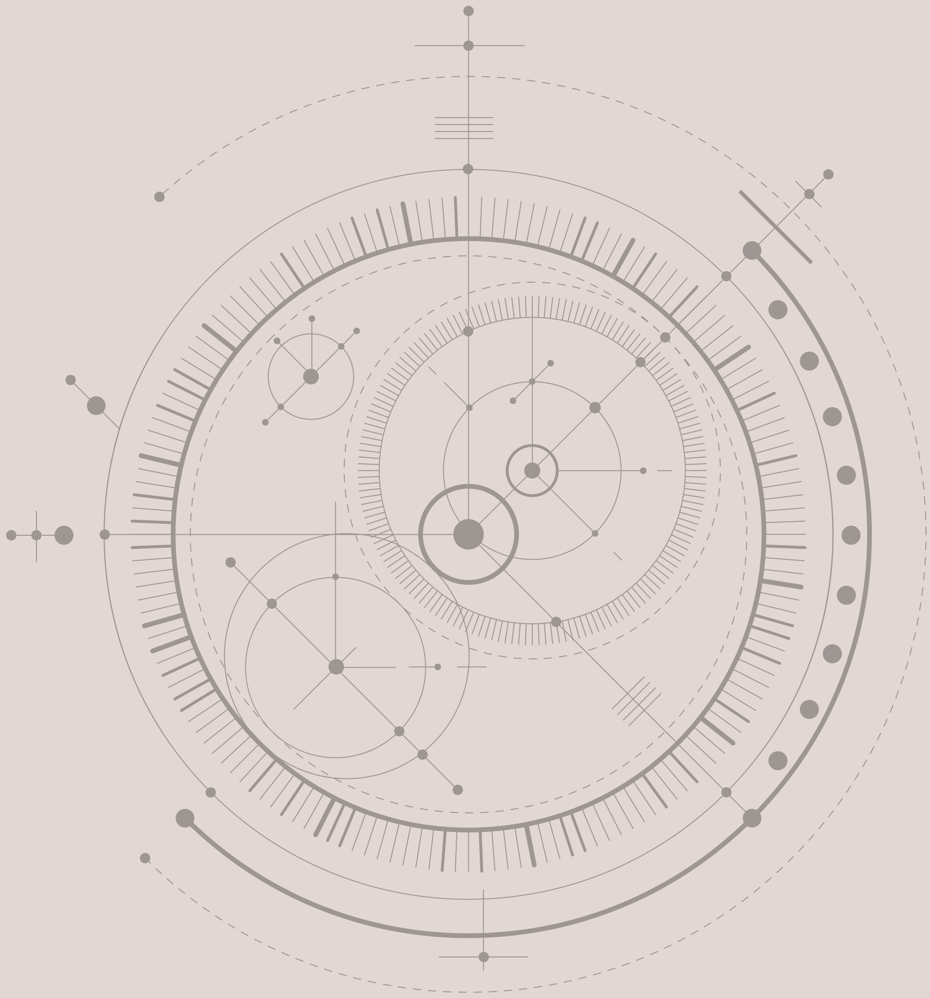
Operating model

Eurobank is one of the few banks in Europe that is certified to ISO/IEC 20000 for the management of all IT services. Striving to constantly improve its operational model, in 2017, the General Division of Information Technology improved and updated many internal processes, to efficiently manage the IT project portfolio across the Bank. Moreover, following successful introduction of the agile Scrum methodology for developing new products and services, the Bank implemented the Nexus operating framework for the efficient management of major agile projects.

Forging Ahead

Being a strategic partner of the business units, the General Division of Information Technology is dedicated to carrying out the strategic planning until 2020. 2018 will be a demanding year, and many important initiatives will be completed. Significant products will be implemented to monitor and manage non-performing exposures more efficiently, while the omni-channel journey will continue. The second phase includes the launch of the new e-Banking platform and the new Eurobank Mobile App, offering customers a new user experience. Transaction Banking will move to a modern transaction platform. We will continue to simplify and digitise our processes, and to improve our infrastructure to respond to the increasing demands and challenges of the new emerging economic environment.

INTERNATIONAL PRESENCE



The Eurobank Group operates in eurozone member states (Cyprus and Luxembourg), EU member states (Bulgaria) and accession states (Serbia).

On 31.12.2017, the Group held a total loans and advances portfolio of €5.8 billion before provisions, while deposits amounted to €9.3 billion in the countries where it operates. It also runs a total of 254 branches and 26 business centres. The Eurobank Group shows strong commitment in the countries where it operates. The main pillar of its strategy is to support real economy, focusing on sectors that have a multiplier effect on the growth of local communities.

The Group's international operations continued on a profitable course in 2017, recording profit after tax from continuing operations, excluding other restructuring expenses, of €129.5 million, compared to €122.2 million in 2016, i.e. a 6% annual increase.

The Group maintains long-standing partnerships with international financial organisations, such as the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC) and the European Investment Bank (EIB), to channel credit facilities aiming at supporting small and medium-sized enterprises through its subsidiaries in Bulgaria, Serbia and Cyprus. The Group also provides Private Banking services at the London branch through its subsidiary in Luxembourg. The existing partnerships, coupled with dedicated trade finance facilities with these organisations, constitute a strategic choice for the Group, aiming at better seizing any opportunities arising worldwide for supporting local economies and businesses.

On 26.11.2015, the European Union approved the Group's updated restructuring plan, which includes a commitment to reduce its foreign asset portfolio (defined as the operations outside Greece, regardless of the country where such operations were entered in the books), at a maximum limit of €8.77 billion by 30.06.2018. In November 2017, the Eurobank Group reached an agreement with Banca Transilvania (BT) for the sale of its stake in Romanian subsidiaries Bancpost SA, ERB Retail Services IFN S.A. and ERB Leasing IFN S.A.

Bulgaria

For a 3rd consecutive year, the Bulgarian economy maintained high growth rates. In 2017, according to preliminary information by the Hellenic Statistical Authority, the growth rate stood at 3.6% (3.9% in 2016). The steady growth rate of the last 3 years demonstrates that the country's economy has overcome the aftermath of the crisis. The macroeconomic framework remains solid and several indicators are reaching the pre-crisis levels. The 4.5% increase in consumption, compared to 2016, made a significant contribution to development in 2017, since macroeconomic stability, the drop in unemployment and higher disposable income encouraged households to consume more. It was yet another robust year for the country's banking system, despite the fact that competition continued to have an eroding effect on banking profits. Lending increased with total loans up by 3% on an annual basis, while deposits increased by 6% compared to the previous year.

Based on its assets, Eurobank Bulgaria AD (Postbank) is the fourth largest bank in Bulgaria and plays a leading role in the country's banking market. Postbank holds a strategic position in Retail and Corporate Banking in Bulgaria. It is among the market leaders in credit and debit cards, household lending, savings products, and products for business customers – from small companies to large international corporations that operate in the country. The Bank has one of the most developed branch networks, new innovative products, as well as modern alternative service channels.

The Group's activities in Bulgaria generated a net profit of €46.5 million. The steady organic development of the lending portfolio, especially in the Corporate Banking sector, and the continuous decrease in deposit costs counterbalanced the impact of the lower interest rates for new loans, which was the result of fierce competition in the banking market. Provisions decreased, while the quality of the lending portfolio improved considerably. Postbank maintains robust capital adequacy and liquidity ratios. Common Equity Tier I (CET1) stood at 21.8%, while the liquidity ratio stood at 39%, supported by a 10% increase in deposits compared to 2016. Eurobank Bulgaria AD is fully self-financed, with a loan-to-deposit ratio of 81%.

In June 2017, the Bulgarian Credit Rating Agency (BCRA) confirmed Postbank's long-term rating at BB+, and the short-term rating at B, demonstrating Postbank's positive growth prospects. During the same period, Postbank was rated at A-(BG) on a national level, with positive long-term growth prospects.

Postbank continued to develop new banking products and services, unique to the market, offering additional benefits to its customers. Following the example of innovative practices in other sectors of its operations, and guided by the expectations of contemporary consumers, in September 2017, Postbank invested in developing Momento: a brand new and innovative lending channel for individuals, for convenient, swift and tailor-made services, which will continue to grow in 2018.

Postbank was among the first banks in the Bulgarian market to adopt e-signature technology throughout the entire branch network.

In 2017, Postbank was awarded by Western Union, the world leader in money transfers, in the Business Development category.

Global Custodian, the internationally acclaimed magazine known for its annual surveys which constitute a benchmark in the area of custodian services, awarded Postbank in the Best Bank category for the 6th consecutive year. Postbank is the leading custodian servicer in Bulgaria. It supports the largest amount of collective investment groups and is the exclusive representative of Clearstream Banking Luxembourg in Bulgaria.

Postbank expanded its business lending prospects under favourable terms, after signing a guarantee agreement with the European Investment Fund (EIF) amounting to €70 million, under the auspices of the Operational Programme SME Initiative. According to the agreement, EIF guarantees to cover 60% of the Bank's new loans.

Serbia

In 2017, the Serbian economy had an average 1.8% growth rate, while it reached 2.5% in the last quarter of the year, as a result of recovery in the area of investments and private expenditure. The increase is expected to be about 3 to 3.5% in the next two years due to the further forecasted development in the private sector. The lower than forecasted economic growth was due to the drop in agricultural production in 2017, as a result of adverse weather conditions. Inflation remained steady at 3%, within the annual limit of 3.0±1.5% set by the National Bank of Serbia. Core inflation amounted to 1.3%, confirming the small inflationary pressures which allowed the NBS to proceed with a further decrease in the base interest rate (key policy rate) from 4% to 3.5%, in the context of a more relaxed monetary policy.

The 3-year fiscal consolidation plan has been implemented successfully and all fiscal policy indicators were within the quantitative targets. The government balance recorded a small 0.5% surplus, signalling improvement in the macroeconomic outlook. Collaboration with the International Monetary Fund (IMF) may possibly be extended into the following year, but not at the level of financing. Public debt amounted to about 62.5%, down by 10% compared to the previous year.

Lending activity increased by about 9% compared to the previous year, mainly supported by household loans. Eurobank AD Beograd (Eurobank Serbia) remains one of key players in the Serbian banking market, ranking 8th among 30 banks. It further increased its assets by 9%, holding a 4.5% market share in terms of assets, with 80 branches and 6 business centres.

Despite continuing pressures on the profit margins, in 2017, Eurobank Serbia recorded an operational profit of €31 million before provisions, and net profit after tax of €16.6 million. Retail Banking was the main driver of profitability for Eurobank Serbia in 2017, due to the ongoing increase in loan demand. In the Corporate sector, some signs of recovery are evident. Eurobank Serbia has focused its efforts on expanding its lending portfolio, in particular in relation to large businesses, and also on preserving healthy relations with its customers. At the same time, it has expanded its range of services to respond to even the most demanding customers and the ever increasing demand for online banking services.

Cyprus

In 2017, Eurobank Cyprus LTD celebrated 10 years of operation, and concluded yet another satisfactory year both in terms of profitability and in strengthening its position within the local banking market. Net profit amounted to €57.8 million compared to €49.1 million in 2016, posting an increase of 18%. Customer deposits stood at €4.3 billion as opposed to €3.9 billion in 2016.

Loan-to-deposit ratio (excluding cash collateral loans) amounted to 28% as opposed to 25% in the previous year. The Capital Adequacy Ratio (regulatory capital / risk-weighted assets) amounted to 26.6% and CET1 to 26.6%. Based on the new regulations by the European Banking Authority (EBA), the Bank's NPE ratio stood at 5%.

The ongoing positive performance of Eurobank Cyprus over the years demonstrates its steady upward trend, based on a customer-centric strategy model along with prudent risk management.

The Bank's financial strength has contributed in consolidating its leading position in the areas of International Business Banking, Wealth Management, Corporate & Commercial Banking and Capital Markets.

Luxembourg

Eurobank Private Bank Luxembourg S.A. is an autonomous and operationally independent bank incorporated in 1986 under Luxembourg Law. It also operates a branch in London and a representative office in Athens.

The Bank offers a comprehensive range of products and customised services in Private Banking, Wealth Management and Investment Fund services, as well as selected Corporate Banking services. Through a wide spectrum of innovative products and services, and highly qualified and experienced staff, the Bank follows a targeted business model along with a conservative approach with regard to risk assumption. As a leading financial hub with a AAA credit rating and well-functioning institutions, Luxembourg offers the Bank an excellent environment to further expand its operations.

During 2017, the Bank maintained its profitability levels and continued to attract new clients, while at the same time maintaining its capital adequacy and liquidity at very high levels.

At the end of 2017, the capital adequacy ratio (under Basel III) stood at 45.15%, and the loan-to-deposit ratio (excluding cash collateral loans) stood at 48.4%.

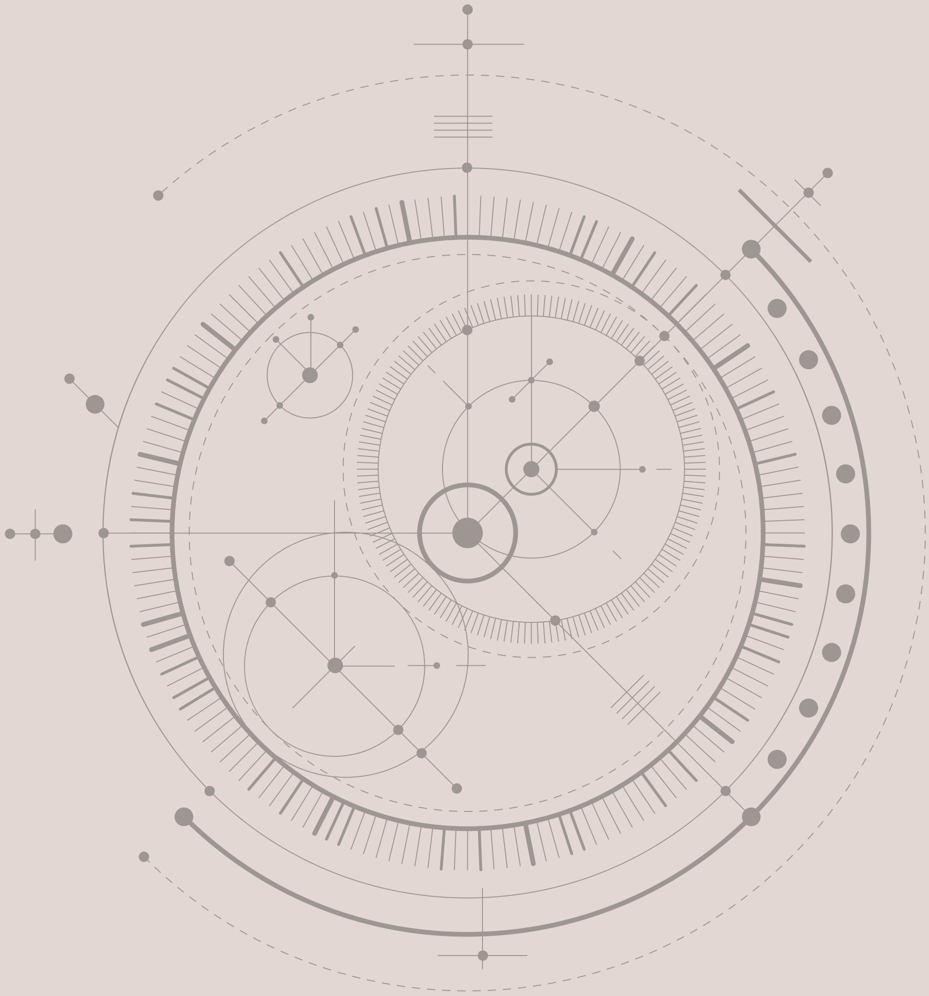
In 2017, despite pressures on profit margins due to negative interest rates, through the increase in lending portfolios and the high returns in the real estate sector, the Bank achieved a healthy increase in gross revenues by 5.6%, also maintaining a positive annual 5% increase in commissions.

In the area of Private Banking, the Bank expanded its operations during 2017 and increased its clients by 10%. Moreover, Luxembourg's position as a leading financial hub and eurozone's centre of excellence for Wealth Management and Investment Funds, coupled with London's global reach, will continue to be key factors attracting new clients for the Bank. Furthermore, the Family Office, established under the regulatory framework of Luxembourg, ensures international Wealth Management conditions.

Working along with the Bank's dedicated Investment Advisory and Wealth Structuring teams, Eurobank Private Bank Luxembourg offered its clients investment products that comply with the new and more demanding regulatory framework, which has been significantly affecting the broader financial environment.

Revenues from Investment Fund services increased, as a result of a major increase (>100%) in the assets under management of non-Group international clients, resulting in a 60% rise in commission fees compared to 2016.

Finally, customer service and overall experience are expected to improve even further once the ongoing projects are completed by the 1st half of 2018. These include redesigning the Bank's online platform and expanding online applications (e-Banking).



EUROBANK ERGASIAS S.A.

SELECTED FINANCIAL DATA
FOR THE YEAR ENDED 31 DECEMBER 2017

The complete Annual Financial Report for the year 2017 is available on the Group's website www.eurobank.gr

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General Commercial Registry No: 000223001000

EUROBANK ERGASIAS S.A.
CONSOLIDATED INCOME STATEMENT

	Year Ended 31 December	
	2017	2016 Restated[1]
	€ million	€ million
Interest income	**2,164**	2,274
Interest expense	**(700)**	(811)
Net interest income	**1,464**	1,463
Banking fee and commission income	**372**	349
Banking fee and commission expense	**(114)**	(126)
Net banking fee and commission income	**258**	223
Income from non-banking services	**10**	11
Net trading income	**67**	18
Gains less losses from investment securities	**73**	120
Other income/(expenses)	**10**	72
Operating income	**1,882**	1,907
Operating expenses	**(895)**	(903)
Profit from operations before impairments, provisions and restructuring costs	**987**	1,004
Impairment losses on loans and advances	**(750)**	(741)
Other impairment losses and provisions	**(50)**	(55)
Restructuring costs	**(13)**	(66)
Share of results of associates and joint ventures	**7**	(5)
Profit before tax	**181**	137
Income tax	**(5)**	54
Tax adjustments	**-**	31
Net profit from continuing operations	**176**	222
Net profit/ (loss) from discontinued operations	**(61)**	32
Net profit	**115**	254
Net profit attributable to non-controlling interests	**11**	19
Net profit attributable to shareholders	**104**	235
	€	€
Earnings per share		
-Basic and diluted earnings per share	**0.05**	0.11
Earnings per share from continuing operations		
-Basic and diluted earnings per share	**0.08**	0.10

[1] The comparative information has been adjusted with: a) the restatement due to change in accounting policy (note 52 of the consolidated financial statements) and b) the presentation of operations of Romanian disposal group and Grivalia subgroup (until June 2017) as discontinued.

The complete Annual Financial Report for the year 2017 is available on the Group's website www.eurobank.gr

EUROBANK ERGASIAS S.A.
CONSOLIDATED BALANCE SHEET

	31 December	
	2017	2016 Restated[1]
ASSETS	**€ million**	€ million
Cash and balances with central banks	**1,524**	1,477
Due from credit institutions	**2,123**	2,759
Financial instruments at fair value through profit or loss	**49**	71
Derivative financial instruments	**1,878**	1,980
Loans and advances to customers	**37,108**	39,058
Investment securities	**7,605**	12,518
Investments in associates and joint ventures	**156**	101
Property, plant and equipment	**390**	638
Investment property	**277**	905
Intangible assets	**152**	145
Deferred tax assets	**4,859**	4,929
Other assets	**1,724**	1,851
Assets of disposal groups classified as held for sale	**2,184**	-
Total assets	**60,029**	66,432
LIABILITIES		
Due to central banks	**9,994**	13,906
Due to credit institutions	**3,997**	7,780
Derivative financial instruments	**1,853**	2,441
Due to customers	**33,843**	34,031
Debt securities in issue	**549**	102
Other liabilities	**684**	778
Liabilities of disposal groups classified as held for sale	**1,959**	-
Total liabilities	**52,879**	59,038
EQUITY		
Ordinary share capital	**655**	655
Share premium	**8,055**	8,055
Reserves and retained earnings	**(2,556)**	(2,949)
Preference shares	**950**	950
Total equity attributable to shareholders of the Bank	**7,104**	6,711
Preferred securities	**43**	43
Non-controlling interests	**3**	640
Total equity	**7,150**	7,394
Total equity and liabilities	**60,029**	66,432

[1] *The comparative information has been restated due to change in accounting policy (note 52 of the consolidated financial statements).*

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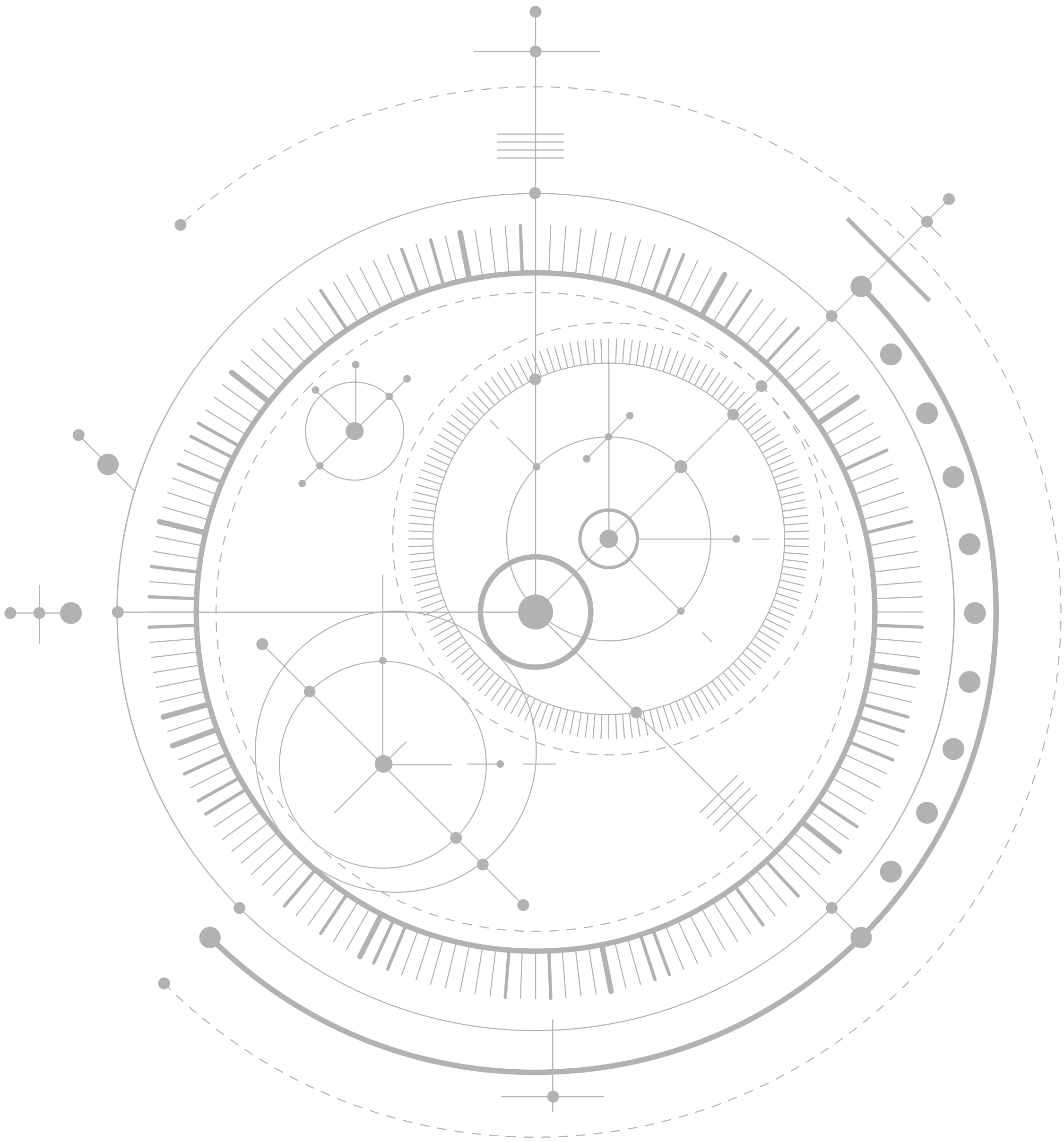

www.eurobank.gr/annualreport2017_en