

## Second Quarter 2016 Financial Results<sup>1</sup>

- Net profit at €46m in 2Q2016 and €106m in 1H2016
- Net interest income up 1.3% q-o-q to €388m
- Fee and commission income up 5.1% q-o-q to €71m
- Operating expenses down 2.0%<sup>2</sup> y-o-y
- Core pre-provision income up 5.8% in 2Q2016 and 16.6% in 1H2016
- First quarter of negative 90dpd formation (-€16m)
- Cost of risk 2.0% in 1H2016
- Deposits up by €677m in Greece and €1.1bn in total in 2Q2016
- ELA funding decreases by €4.6bn March-to-date
- Common Equity Tier 1 Ratio at 17.0%<sup>3</sup>
- Consistently profitable international operations: Net profit at €30m in 2Q2016

"The Greek economy is on a path of gradual stabilization, which must be strengthened and accelerated. Greece is no longer a factor of instability, but the international environment is deteriorating, marred by multiple uncertainties. Developments in the banking sector in Italy require major decisions at European level, as does Britain's smooth exit from the eurozone, while the refugee crisis and the ongoing upheaval in our geographical region underline the importance of stability and European cooperation.

Greece has already completed most of the necessary adjustments, which now needs to translate into renewed international credibility. The banking sector is at a turning point and restoring confidence is of critical importance for the Greek sovereign to gradually return to international markets. In this context, full implementation of the new, more stringent regulatory requirements for the quality of corporate governance is a priority for Eurobank. Greek banks, while adequately capitalized, face the challenge of managing non-performing loans, improving liquidity and attracting deposits, subject to better macroeconomic conditions. In a normalized environment, the banking system has the ability to support the recovery of the productive base of the economy, attract international investments and assist the return to positive growth rates."

*Nikolaos Karamouzis, Chairman of BoD*

"A second consecutive quarter of profitability enables Eurobank to focus on its strategic objectives. Our main priority is the active management of NPLs at an accelerated pace. It is particularly encouraging that 90 days past due formation came negative in the previous quarter, for the first time in recent years. In this area we will further intensify our efforts, devoting additional resources, in order to reduce our stock of NPLs at a fast pace, through all means available within the current legal framework.

Deposit increase by €1.1bn., mainly driven by Greece, demonstrates the ability of the Bank to significantly strengthen its deposit base, if the general economic conditions improve. At the same time, the reduction of ELA funding and the repayment of Pillar II bonds continues at a fast pace.

Eurobank's capital position strengthened by 50 basis points to 17% (CET1), as a result of profit generation and the completion of the sale of Eurolife insurance, in which we maintain a substantial stake. Finally, the robust performance of our international business is of particular importance for the Group, and we expect a steady strong contribution to Eurobank results from international activities, as countries where we operate have returned to satisfactory growth levels with a positive medium-term outlook."

*Fokion Karavias, CEO*

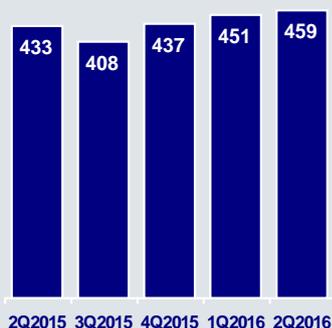
<sup>1</sup> Insurance business is accounted as held for sale in 4Q2015.

<sup>2</sup> On a comparable basis: 1H2015 expenses include ½ of €30m contribution to the new Single Resolution Fund (BRRD) booked in 4Q2015 and €14.1m due to the reclassification of part of NPL expenses from loan loss provisions to operating expenses.

<sup>3</sup> Pro-forma for the disposal of Eurolife Insurance.

## Second Quarter 2016 Results Analysis

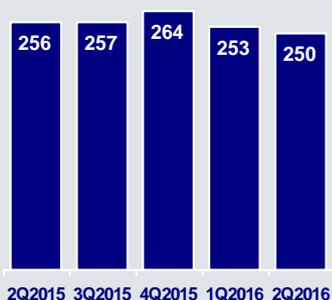
**Core Income**  
(€m)



Eurobank recorded a positive performance in the second quarter 2016 (2Q2016), as net profit reached €46m at a Group level.

In more detail, **net interest income** grew by 1.3% q-o-q to €388m in 2Q2016, mainly driven by lower eurosystem funding cost. In addition, net interest margin expanded further to 2.19% in 2Q2016, from 2.15% in 1Q2016.

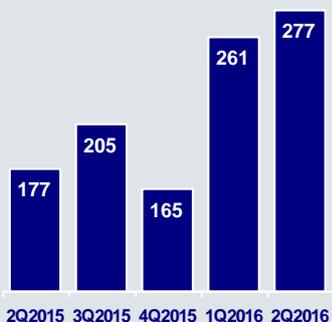
**Operating Expenses**  
(Like-for-like, €m)



**Net fee and commission income** increased by 5.1% q-o-q to €71m in 2Q2016, mostly due to lower expenses from pillar II bonds utilization.

As a result, **core income** rose to €459m in 2Q2016, from €451m in 1Q2016, while other operating income increased to €67m, from €64m in 1Q2016. Thus, **total operating income** stood at €527m, registering an increase of 2.4% q-o-q.

**Pre-provision income**  
(Like-for-like, €m)

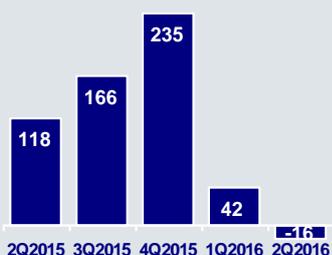


**Operating expenses** decreased by 2.0%<sup>4</sup> y-o-y and amounted to €503m in 1H2016, while in Greece they were down by 4.0%<sup>4</sup> y-o-y. **The efficiency ratio (cost / income)** substantially improved and was down to 47.5% in 2Q2016, from 49.2% in 1Q2016.

**Core pre-provision income** grew by 5.8% q-o-q and 16.6% in 1H2016 versus 1H2015. **Pre-provision income** rose by 5.9% q-o-q to €277m, against €261m in 1Q2016.

Good progress was achieved in the management of NPLs, as 90 days past due (**90dpd**) **formation** was negative by €16m q-o-q for the first time the last years. **90dpd loans ratio** receded from 34.8% in 1Q2016 to 34.7% in 2Q2016, while the **coverage of 90dpd loans** remained at a high 65.0%.

**90dpd formation**  
(€m)



**Loan loss provisions** increased to €222m in 2Q2016 and €398m in 1H2016 and accounted for 2.0% of net loans at the end of June.

**International operations** remained at a consistently profitable path, as net profit increased to €30m, from €27m in 1Q2016. Operating income rose by 9.9% q-o-q to €154m and pre-provision income registered a remarkable increase of 16.3% to €87m in 2Q2016.

<sup>4</sup> On a comparable basis: 1H2015 expenses include ½ of €30m contribution to the new Single Resolution Fund (BRRD) booked in 4Q2015 and €14.1m due to the reclassification of part of NPL expenses from loan loss provisions to operating expenses.

**Eurosystem Funding Exposure  
(€bn)**


Capital adequacy remained at high levels, as the **Equity Tier I capital** (CET1), pro-forma for the disposal of 80% of Eurolife Insurance, accounted for 17.0% of risk weighted assets at the end of June 2016.

**ELA funding** registered a notable decrease of €4.6bn March 2016-to-date to €13.7bn, due to deposit inflows and increased repo transactions. **Customer deposits** were up by €677m in Greece and €1.1bn at a Group level q-o-q, reflecting the gradual normalization of conditions and the restoration of clients' confidence towards the banking system.

**Gross loans** reached €51.0bn at the end of 2Q2016, with loans to businesses and households amounting to €26.7bn and €24.3bn respectively. The loans to deposits ratio improved to 119.9%, from 125.1% in 1Q2016.

## Eurobank Financial Figures

| <b>Key Financial Results<sup>5</sup></b> | <b>2Q2016</b> | <b>1Q2016</b> | <b>Change</b> |
|--|---------------|---------------|---------------|
| Net Interest Income                      | €388m         | €383m         | 1.3%          |
| Net Fee & Commission Income              | €71m          | €68m          | 5.1%          |
| Total Operating Income                   | €527m         | €514m         | 2.4%          |
| Total Operating Expenses                 | €250m         | €253m         | (1.2%)        |
| Pre-Provision Income                     | €277m         | €261m         | 5.9%          |
| Loan Loss Provisions                     | €222m         | €175m         | 27.0%         |
| Net Result after tax                     | €46m          | €60m          | (23.2%)       |

| <b>Balance Sheet Highlights</b> | <b>2Q2016</b> | <b>1Q2016</b> |
|---------------------------------|---------------|---------------|
| Consumer Loans                  | €6,268m       | €6,486m       |
| Mortgages                       | €18,055m      | €18,172m      |
| Small Business Loans            | €7,191m       | €7,217m       |
| Large Corporates & SMEs         | €19,485m      | €19,407m      |
| Total Gross Loans               | €51,039m      | €51,323m      |
| Total Customer Deposits         | €32,974m      | €31,828m      |
| Total Assets                    | €72,652m      | €72,938m      |

| <b>Financial Ratios</b>         | <b>2Q2016</b>      | <b>1Q2016</b> |
|---------------------------------|--------------------|---------------|
| Net Interest Margin             | 2.19%              | 2.15%         |
| Cost to Income                  | 47.5%              | 49.2%         |
| 90 Days Past Due Loans (90dpd)  | 34.7%              | 34.8%         |
| 90dpd Coverage                  | 65.0%              | 64.3%         |
| Provisions to average Net Loans | 2.24%              | 1.76%         |
| Common Equity Tier 1 (CET1)     | 17.0% <sup>6</sup> | 16.5%         |

<sup>5</sup> Eurobank operations in Ukraine and Insurance operations are classified as held for sale.

<sup>6</sup> Pro-forma for the disposal of Eurolife Insurance.

**Eurobank**

EUROBANK ERGASIAS S.A.

General Commercial Registry No: 000223001000

**CONSOLIDATED BALANCE SHEET**

|  | In € million  |               |
|--|---------------|---------------|
|  | 30 Jun 2016   | 31 Dec 2015   |
| <b>ASSETS</b>  |               |               |
| Cash and balances with central banks                         | 1,794         | 1,798         |
| Due from credit institutions                                 | 3,128         | 2,808         |
| Financial instruments at fair value through profit or loss   | 74            | 100           |
| Derivative financial instruments                             | 2,260         | 1,884         |
| Loans and advances to customers                              | 39,545        | 39,893        |
| Investment securities  | 14,992        | 16,291        |
| Property, plant and equipment                                | 657           | 666           |
| Investment property  | 917           | 925           |
| Intangible assets  | 135           | 127           |
| Deferred tax assets  | 4,870         | 4,859         |
| Other assets   | 2,121         | 2,151         |
| Assets of disposal groups classified as held for sale        | 2,159         | 2,051         |
| <b>Total assets</b>  | <b>72,652</b> | <b>73,553</b> |
| <b>LIABILITIES</b>   |               |               |
| Due to central banks   | 21,485        | 25,267        |
| Due to credit institutions                                   | 5,497         | 4,516         |
| Derivative financial instruments                             | 2,838         | 2,359         |
| Due to customers   | 32,974        | 31,446        |
| Debt securities in issue                                     | 93            | 150           |
| Other liabilities  | 688           | 742           |
| Liabilities of disposal groups classified as held for sale   | 1,876         | 1,941         |
| <b>Total liabilities</b>                                     | <b>65,451</b> | <b>66,421</b> |
| <b>EQUITY</b>  |               |               |
| Ordinary share capital                                       | 656           | 656           |
| Share premium, reserves and retained earnings                | 4,903         | 4,814         |
| Preference shares  | 950           | 950           |
| <b>Total equity attributable to shareholders of the Bank</b> | <b>6,509</b>  | <b>6,420</b>  |
| Preferred securities   | 43            | 43            |
| Non controlling interests                                    | 649           | 669           |
| <b>Total equity</b>  | <b>7,201</b>  | <b>7,132</b>  |
| <b>Total equity and liabilities</b>                          | <b>72,652</b> | <b>73,553</b> |

**CONSOLIDATED INCOME STATEMENT**

|  | In € million           |                        |
|--|------------------------|------------------------|
|  | 1 Jan -<br>30 Jun 2016 | 1 Jan -<br>30 Jun 2015 |
| Net interest income  | 771                    | 728                    |
| Net banking fee and commission income                                    | 112                    | 109                    |
| Income from non banking services   | 27                     | 25                     |
| Net trading income   | (8)                    | (12)                   |
| Gains less losses from investment securities                             | 71                     | 11                     |
| Net other operating income   | 68                     | 9                      |
| <b>Operating income</b>  | <b>1,041</b>           | <b>870</b>             |
| Operating expenses   | (503)                  | (484)                  |
| <b>Profit from operations before impairments and restructuring costs</b> | <b>538</b>             | <b>386</b>             |
| Impairment losses on loans and advances                                  | (398)                  | (2,138)                |
| Other impairment losses  | (14)                   | (71)                   |
| Restructuring costs  | (47)                   | (3)                    |
| <b>Profit/(loss) before tax</b>  | <b>79</b>              | <b>(1,826)</b>         |
| Income tax   | (17)                   | 450                    |
| Tax adjustments  | 31                     | -                      |
| <b>Net profit/(loss) from continuing operations</b>                      | <b>93</b>              | <b>(1,376)</b>         |
| Net profit/(loss) from discontinued operations                           | 21                     | (25)                   |
| <b>Net profit/(loss)</b>   | <b>114</b>             | <b>(1,401)</b>         |
| Net profit/(loss) attributable to non controlling interests              | 8                      | 11                     |
| <b>Net profit/(loss) attributable to shareholders</b>                    | <b>106</b>             | <b>(1,412)</b>         |

**Note:**

The Financial Report for the six months ended 30 June 2016 will be published by 2 September 2016.

Athens, 31 August 2016