

## Third Quarter 2016 Financial Results

- Net profit at €85m in 3Q2016 and €192m in 9M2016
- Net interest income up 0.3% q-o-q to €389m
- Fee and commission income up 7.1% q-o-q to €76m
- Operating expenses in Greece down 4.4%<sup>1</sup> y-o-y
- Core pre-provision income up 4.3% in 3Q2016 and 24.9%<sup>1</sup> in 9M2016
- NPE formation in Greece down 70% q-o-q
- Second quarter of negative 90dpd formation
- Cost of risk at 1.9% in 3Q2016
- Deposits up by €394m in 3Q2016 and €1.9bn in 9M2016
- Eurosystem funding decreases by €6.0bn June-to-date
- Organic strengthening of fully-loaded CET1 ratio by 70bps in 9M2016
- Consistently profitable international operations: Net profit at €25m in 3Q2016

<sup>1</sup> On a comparable basis: 9M2015 expenses include ¼ of €30m contribution to the new Single Resolution Fund (BRRD) booked in 4Q2015 and €21.1m due to the reclassification of part of NPL expenses from loan loss provisions to operating expenses.

“The Greek economy shows a number of positive signs, including the stabilization of the economic environment, the expected return to positive growth rates and a smooth deliberation with international creditors. In this context, the successful and timely conclusion of the second review, within the frame of the Third Economic Adjustment Program is the top priority. The wrap-up of the second assessment will allow for specification on the debt relief framework. In this case, the ECB may consider the inclusion of Greek bonds in the QE program, which in turn would lead to a de-escalation of interest rates, a swift lifting of the capital controls and sovereign access to the debt capital markets.

All these developments can send a strong signal to international and local investors on the positive prospects of the Greek economy, triggering the inflow of foreign capital and investments necessary for liquidity improvement and economic activity recovery. The start of a virtuous circle of investment, growth, higher expectations and increase in asset prices will contribute to addressing the macroeconomic challenges, as unemployment, social inequality, debt sustainability and, critically, NPL management. Eurobank has a clear strategic plan and vision, focused on supporting Greek businesses, households and the economy. Thanks to the qualities, strength and commitment of a unique workforce, the Bank has all it takes to both contribute and make the most of the return of the Greek economy to positive growth.”

*Nikolaos Karamouzis, Chairman of BoD*

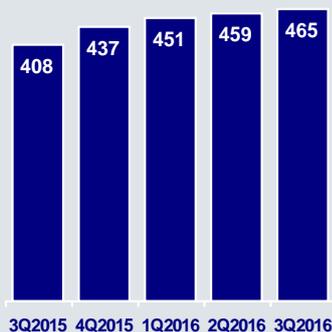
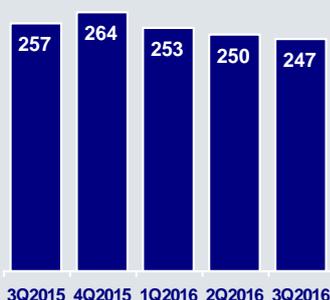
“Our Q3 results prove that Eurobank is on track to reach the 2016 targets. The overall result remained positive for a third successive quarter with net profits of €85m, while the capital adequacy ratio strengthened organically by 70bps since the beginning of the year.

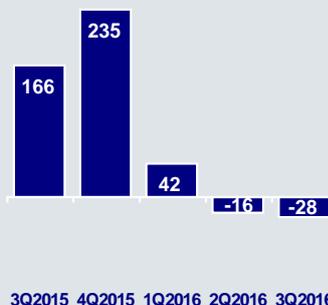
Both net interest income and fees improved, while operational cost decreased, leading to a 4.3% increase in core pre-provision income. International activities were once again a key driver of this performance. The pre-provision income reached €249m.

Active and effective management of the NPL stock remains Eurobank’s top priority for the next quarters. The plan for decreasing NPEs has been submitted to the SSM last September and is under way. In this frame, the shrinking of the NPE formation by 70% q-o-q in Greece and the negative formation of NPLs for a second quarter are particularly encouraging signs, reflected in the lower credit cost, which was €191m or 1.9% of net loans. The expected further strengthening of the institutional framework and the return of the economy to positive growth will enhance the bank’s ability to actively manage NPLs.

Deposits in Greece inched higher, in line with the general stabilization trend. Liquidity dependence on the Eurosystem has shrunk considerably by €6bn since last June to €15.5bn. The swift completion of the second program review and the eventual inclusion of Greek bonds to the ECB’s QE program will strengthen confidence to the banking system and provide a boost to our efforts to increase our deposits.”

*Fokion Karavias, CEO*

**Third Quarter 2016 Results Analysis**
**Core Income**  
(€m)

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

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

**90dpd formation**  
(€m)


Eurobank net profit stood at €85m in the third quarter 2016 (3Q2016), from €46m the second quarter of the current year, including €55m gain on the disposal of Eurolife ERB.

In more detail, **net interest income** grew by 0.3% q-o-q to €389m in 3Q2016, from €388m in 2Q2016, driven by continued eurosystem funding cost reduction. In addition, net interest margin expanded further to 2.24% in 3Q2016, from 2.19% in 2Q2016.

**Net fee and commission income** increased by 7.1% q-o-q to €76m in 3Q2016, compared to €71m in 2Q2016. This increase was mainly due to lower expenses from pillar II bonds utilization. Net fee and commission income accounted for 44 basis points of total assets in 3Q2016, against 26 basis points the same quarter a year ago.

As a result, **core income** rose by 1.4% q-o-q to €465m in 3Q2016, while other operating income came at €31m, from €67m in 2Q2016. Thus, **total operating income** declined by 5.7% q-o-q to €497m, due to lower non-core income.

**Operating expenses** decreased by 2.5%<sup>1</sup> y-o-y to €750m at a Group level and by 4.4%<sup>1</sup> y-o-y in Greece. **The efficiency ratio (cost / income)** improved to 49.8% in 3Q2016, from 55.6% in 3Q2015.

**Core pre-provision income** grew by 4.3% q-o-q and 24.9%<sup>1</sup> in 9M2016, while **pre-provision income** rose by 39.9%<sup>1</sup> in 9M2016 to €787m.

Positive results were also achieved in the management of NPLs. 90 days past due (**90dpd**) formation was negative for a second consecutive quarter to €28m q-o-q, while **NPE formation** in Greece was down 70% q-o-q. **90dpd loans** accounted for 34.8% of total loans in 3Q2016, while the **coverage of 90dpd loans** increased to 65.5% in 3Q2016, from 65.0% the previous quarter.

**Loan loss provisions** reached €191m in 3Q2016 and accounted for 1.9% of net loans.

**International operations** remained at a consistently profitable path, as net profit stood at €25m in 3Q2016 and €83m in 9M2016, against losses of €32m in 9M2015.

**Eurosystem Funding Exposure (€bn)**


**Common Equity Tier I capital (CET1)** increased by 40 basis points q-o-q to 17.4% of risk weighted assets at the end of September 2016. On a fully-loaded basis, CET1 increased organically by 70 basis points in 9M2016 to 13.8%.

**Total Eurosystem funding** decreased by €6.0bn June-to-date to €15.5bn. **ELA funding** was down by €2.7bn during the same period to €13.1bn, due to deposit inflows, increased repo transactions and the reinstatement of the waiver for Greek Government bonds and T-bills by the ECB.

**Loans to Deposits (%)**


**Customer deposits** were up by €315m in Greece and €394m at a Group level in 3Q2016 versus 2Q2016, reflecting the gradual normalization of conditions and the restoration of clients' confidence towards the banking system. It is noted that Eurobank deposits have increased by €1.9bn since the end of 2015.

**Gross loans** reached €50.6bn at the end of 3Q2016, with loans to businesses and households amounting to €26.4bn and €24.2bn respectively. The **loans to deposits ratio** improved to 117.2% in 3Q2016, from 119.9% in 2Q2016.

## Eurobank Financial Figures

<b>Key Financial Results</b>	<b>3Q2016</b>	<b>2Q2016</b>	<b>Change</b>
Net Interest Income	€389m	€388m	0.3%
Net Fee & Commission Income	€76m	€71m	7.1%
Total Operating Income	€497m	€527m	(5.7%)
Total Operating Expenses	€247m	€250m	(1.0%)
Core Pre-Provision Income	€218m	€209m	4.3%
Pre-Provision Income	€249m	€277m	(9.8%)
Loan Loss Provisions	€191m	€222m	(14.1%)
Net Result after tax	€85m	€46m	84.8%

<b>Balance Sheet Highlights</b>	<b>3Q2016</b>	<b>2Q2016</b>
Consumer Loans	€6,323m	€6,268m
Mortgages	€17,904m	€18,055m
Small Business Loans	€7,125m	€7,191m
Large Corporates & SMEs	€19,253m	€19,485m
Total Gross Loans	€50,645m	€51,039m
Total Customer Deposits	€33,368m	€32,974m
Total Assets	€68,200m	€72,652m

<b>Financial Ratios</b>	<b>3Q2016</b>	<b>2Q2016</b>
Net Interest Margin	2.24%	2.19%
Cost to Income	49.8%	47.5%
90 Days Past Due Loans (90dpd)	34.8%	34.7%
90dpd Coverage	65.5%	65.0%
Provisions to average Net Loans	1.94%	2.24%
Common Equity Tier 1 (CET1)	17.4%	17.0% <sup>2</sup>

<sup>2</sup> Pro-forma for the sale of Eurolife Insurance.

**CONSOLIDATED BALANCE SHEET**

	In € million	
	30 Sep 2016	31 Dec 2015
<b>ASSETS</b>		
Cash and balances with central banks	1,670	1,798
Due from credit institutions	2,852	2,808
Derivative financial instruments	2,197	1,884
Loans and advances to customers	39,117	39,893
Investment securities	13,576	16,291
Property, plant and equipment	645	666
Investment property	913	925
Intangible assets	138	127
Deferred tax assets	4,876	4,859
Other assets	2,127	2,251
Assets of disposal groups classified as held for sale	89	2,051
<b>Total assets</b>	<b>68,200</b>	<b>73,553</b>
<b>LIABILITIES</b>		
Due to central banks	16,829	25,267
Due to credit institutions	7,147	4,516
Derivative financial instruments	2,753	2,359
Due to customers	33,368	31,446
Other liabilities	766	892
Liabilities of disposal groups classified as held for sale	101	1,941
<b>Total liabilities</b>	<b>60,964</b>	<b>66,421</b>
<b>EQUITY</b>		
Ordinary share capital	656	656
Share premium, reserves and retained earnings	4,923	4,814
Preference shares	950	950
<b>Total equity attributable to shareholders of the Bank</b>	<b>6,529</b>	<b>6,420</b>
Preferred securities	43	43
Non controlling interests	664	669
<b>Total equity</b>	<b>7,236</b>	<b>7,132</b>
<b>Total equity and liabilities</b>	<b>68,200</b>	<b>73,553</b>

**CONSOLIDATED INCOME STATEMENT**

	In € million	
	1 Jan - 30 Sep 2016	1 Jan - 30 Sep 2015
Net interest income	1,159	1,088
Net banking fee and commission income	175	143
Income from non banking services	40	39
Net trading income	(4)	39
Gains less losses from investment securities	99	13
Net other operating income	68	10
<b>Operating income</b>	<b>1,537</b>	<b>1,332</b>
Operating expenses	(750)	(725)
<b>Profit from operations before impairments and restructuring costs</b>	<b>787</b>	<b>607</b>
Impairment losses on loans and advances	(588)	(2,394)
Other impairment losses	(24)	(49)
Restructuring costs	(48)	(46)
Share of results of associated undertakings and joint ventures	(2)	0
<b>Profit/(loss) before tax</b>	<b>125</b>	<b>(1,882)</b>
Income tax	(27)	514
Tax adjustments	31	432
<b>Net profit/(loss) from continuing operations</b>	<b>129</b>	<b>(936)</b>
Net profit/(loss) from discontinued operations	77	(51)
<b>Net profit/(loss)</b>	<b>206</b>	<b>(987)</b>
Net profit/(loss) attributable to non controlling interests	14	19
<b>Net profit/(loss) attributable to shareholders</b>	<b>192</b>	<b>(1,006)</b>

**Note:**

The Interim Financial Statements for the nine months ended 30 September 2016 will be published by 17 November 2016.