Eurobank

August 30, 2017

Second Quarter 2017 Financial Results[1]

- **Net profit €40m in 2Q2017 and €76m in 1H2017**
- **Core pre-provision income up 4.6% q-o-q and 9.1% y-o-y**
- **Operating expenses down 2.6% y-o-y**
- **International operations net profit €42m in 2Q2017**
- **Third quarter of negative NPE formation (-€193m)**
- **NPEs stock down by €781m in 1H2017**
- **Loans up by €348m in 2Q2017**
- **Deposits in Greece up by €0.7bn q-o-q and €0.3bn in 1H2017**
- **Current ELA funding down by €2.5bn from 2017 peak**
- **CET1 ratio at 17.4%**[2]
- **Eurobank plans to redeem €950 of preference shares with Tier II bonds**

[1] Grivalia Properties classified as held for sale. All previous quarters accordingly restated.
[2] Pro-forma for Grivalia Properties disposal.

“A significant decrease of uncertainties over the economic and political prospects in Greece facilitates the country’s recovery from the prolonged economic crisis. A number of recent positive developments, after the successful second review of the adjustment program, has resulted in improved macroeconomic conditions and market sentiment, as it was confirmed by the first issuance of sovereign debt after a long absence from the international capital markets.

These developments mark an important step forward, yet time, consistency in policies and credible efforts will be needed to fully restore market confidence. Greece needs to kickstart a cycle of solid and sustainable growth, which in turn requires continued cooperation with the country’s international creditors, consistent and timely implementation of the agreements and reforms and the boosting of a pro-business environment and framework, to attract the necessary foreign investment.

In an improving climate, the Greek banking system can focus better on its main priorities, to fund the economy, improve liquidity conditions and effectively manage the stock of non-performing loans. Greek banks are gradually regaining public confidence and the slow return of deposits improves their ability to fund their clients. Within this framework, Eurobank delivers positive results and it has the trained and committed human resources and the strategic plan to deal with the challenges, support its corporate and consumer financial needs and contribute to the return of the country to positive economic growth.”

Nikolaos Karamouzis, Chairman of BoD

“The quantitative and qualitative improvement of Eurobank’s fundamentals gathered steam in Q2 2017.

The bank remained profitable for a sixth consecutive quarter, mainly on the back of a 9% increase of core pre – provision income (y-o-y), with a sharp 19% rise in fees and commissions. Operational cost was lower, especially in Greece (by 3.5% y-on-y), leading to an improved cost to income ratio. International operations contribute steadily to the positive results, and we expect the trend to continue in the future.

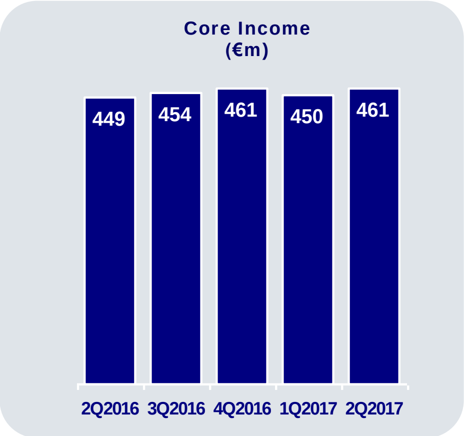
The gradual return of deposits enhanced liquidity and our capacity to support our clients. Financing households and primarily businesses as the Greek economy recovers is a strategic priority for the Bank which was confirmed by a positive credit growth in Q2 2017.

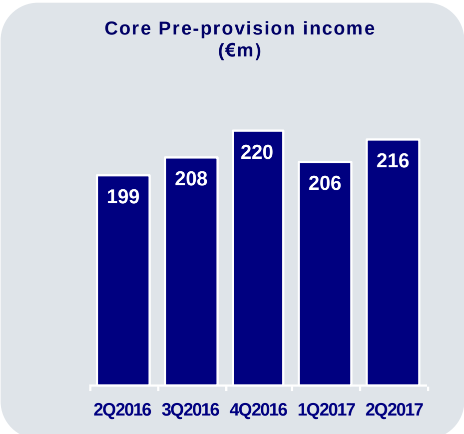
The bank’s performance in the area of non-performing loans is particularly encouraging. The main indicator of Non-Performing Exposures (NPEs) remained in negative territory for a third consecutive quarter. NPE stock reduction by €0.8bn in H1 2017 is a clear sign that our portfolio consolidation strategy is working and we are delivering on all the targets agreed with the supervisory authorities.

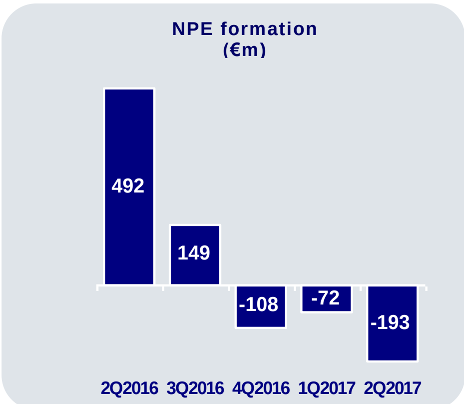
During the first half of the year our fully-loaded Basel III CET1 capital increased by 60 basis points. Furthermore, the repayment of the €950m preference shares, by issuing Tier II bonds, improves our capital structure with a positive effect of 250 bps on our fully-loaded Basel III capital ratio (pro forma) to 17.1%.

Eurobank’s positive quarterly result in terms of profitability, NPE reduction and streamlined capital basis confirms that the bank is on track to achieve all the strategic and business targets that have been set for 2017.”

Fokion Karavias, CEO







2Q2017 Results Analysis

Eurobank net profit rose by 8.8% q-o-q to €40m in 2Q2017 and €76m in 1H2017. In more detail:

Net interest income increased by 2.0% in 2Q2017 to €389m, mainly due to loan margin; and was stable y-o-y at €770m**. Net interest margin** improved to 2.43% in 2Q2017, from 2.34% in 1Q2017.

Net fee and commission income rose to €72m in 2Q2017, from €69m in 1Q2017, driven by asset management and network fees. On a y-o-y basis, net fee and commission income expanded by 19.4% to €141m due to lower government guarantee cost.

Core income grew by 2.3% q-o-q to €461m, while **other operating income** was down from €40m in 1Q2017 to €35m in 2Q2017. Thus, **total operating income** reached €496m in 2Q2017, against €491m in 1Q2017.

Operating expenses in 1H2017 decreased by 2.6% y-o-y to €489m, whereas costs in Greece were down by 3.5% y-o-y to €355m. **The cost / income** ratio improved by 30 basis points to 49.4% in 2Q2017.

Core pre-provision income was up by 4.6% q-o-q to €216m and 9.1% y-o-y to €422m. **Pre-provision income** increased by 1.9% q-o-q to €251m, but was down by 3.9% y-o-y to €498m in 1H2017.

The **NPE formation** was negative by €193m for a third consecutive quarter, driving the **NPE ratio** down by 90basis points q-o-q to 44.1% at the end of June. At the same time, **the stock of NPEs** was reduced by €0.5bn q-o-q and €0.8bn in 1H2017. The 90 days past due **(90dpd) formation** was positive (€91m) in 2Q2017, albeit lower by 40.9% versus 1Q2017. The **coverage of NPEs** improved by 30 basis points to 51.1%, while **loan loss provisions** came at €184m in 2Q2017 and accounted for 1.90% of net loans.

International operations remained profitable, as net profit[3] rose by 47.8% q-o-q to €42m in 2Q2017, from €28m in 1Q2017, with all countries being profitable.

Common Equity Tier I ratio (CET1) stood at 17.4%[4] of risk weighted assets at the end of June 2017. On a fully-loaded basis, CET1 rose by 50

[3] Before discontinued operations and restructuring costs.
[4] Pro-forma for the disposal of Grivalia Properties.

basis points q-o-q to 14.4%[4]. Eurobank plans to redeem €950m of preference shares through issuance of Tier II bonds.

Current ELA funding stands at €9.9bn, €2.5bn down from 2017 peak.

Customer deposits in Greece were up by €0.7bn q-o-q and €0.3bn in 1H2017. **Gross loans** (before write-offs and FX impact) grew by €0.3bn in 2Q2017. The **loans to deposits ratio** improved to 113.8% at the end of June 2017, from 115.1% at the end of March.

August 30, 2017

Eurobank Financial Figures

Key Financial Results[5]	2Q2017	1Q2017	Change	4Q2016	3Q2016	2Q2016
Net Interest Income	€389m	€382m	2.0%	€390m	€389m	€388m
Net Fee & Commission Income	€72m	€69m	4.5%	€71m	€66m	€61m
Total Operating Income	€496m	€491m	1.1%	€517m	€486m	€516m
Total Operating Expenses	€245m	€244m	0.4%	€242m	€247m	€250m
Core Pre-Provision Income	€216m	€206m	4.6%	€220m	€208m	€199m
Pre-Provision Income	€251m	€247m	1.9%	€275m	€239m	€266m
Loan Loss Provisions	€184m	€188m	(2.4%)	€186m	€191m	€222m
Net Result after tax	€40m	€37m	8.8%	€38m	€85m	€46m

Balance Sheet Highlights	2Q2017	1Q2017
Consumer Loans	€6,253m	€6,275m
Mortgages	€17,457m	€17,711m
Small Business Loans	€7,125m	€7,142m
Large Corporates & SMEs	€19,252m	€19,051m
Total Gross Loans	€50,116m	€50,210m
Total Customer Deposits	€34,101m	€33,660m
Total Assets	€64,015m	€65,657m

Financial Ratios[5]	2Q2017	1Q2017
Net Interest Margin	2.43%	2.34%
Cost to Income	49.4%	49.7%
Non-Performing Exposures (NPEs)	44.1%	45.0%
90 Days Past Due Loans (90dpd)	34.6%	34.8%
NPEs Coverage	51.1%	50.8%
90dpd Coverage	65.3%	65.5%
Provisions to average Net Loans	1.90%	1.94%
Common Equity Tier 1 (CET1)	17.4%[6]	17.3%

[5] Grivalia Properties classified as held for sale. All previous quarters accordingly restated.
[6] Pro-forma for the disposal of Grivalia Properties.

Glossary

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

Other Income: The total of Dividend income, Net trading income, Gains less losses from investment securities and net other operating income of the reported period.

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

Pre-provision Income: Profit from operations before impairments and restructuring costs as disclosed in the financial statement for the reported period.

Net Interest Margin: The net interest income of the reported period, annualised and divided by the average balance of total assets. The average balance of total assets is the arithmetic average of total assets at the end of the reported period and of total assets at the end of the previous period.

Fees/Assets: Calculated as the ratio of annualized Commission income divided by the average balance of total assets. The average balance of total assets is calculated as the arithmetic average of total assets at the end of the period under review and of total Assets at the end of the previous period.

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

Cost of Risk: Impairment losses on Loans and Advances charged in the reported period, annualized and divided by the average balance of Loans and Advances to Customers. The average balance of Loans and Advances to Customers is calculated as the arithmetic average of Loans and Advances to Customers at the end of the reported period and of total assets at the end of the previous period.

Provision/Gross Loans: Impairment Allowance for Loans and Advances to Customers divided by Gross Loans and Advances to Customers at the end of the reported period.

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

90dpd Coverage: Impairment Allowance for Loans and Advances to Customers divided by loans more than 90 days past due at the end of the reported period.

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

Non Performing Exposures (NPEs): Non Performing Exposures (in compliance with EBA Guidelines) are the Bank's material exposures which are more than 90 days past-due or for which the debtor is assessed as Unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or the number of days past due.

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

NPE Coverage ratio: Impairment Allowance for Loans and Advances to Customers divided by NPEs at the end of the reported period.

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

Loans to Deposits: Net Loans and Advances to Customers (net of Impairment Allowance) divided by Due to Customers at the end of the reported period.

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

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

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

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

CONSOLIDATED BALANCE SHEET

	In € million	
	30 June 2017	31 Dec 2016
ASSETS		
Cash and balances with central banks	**1,372**	1,477
Due from credit institutions	**2,339**	2,759
Derivative financial instruments	**1,681**	1,980
Loans and advances to customers	**38,812**	39,058
Investment securities	**11,106**	12,463
Investment in associates and joint ventures	**118**	101
Property, plant and equipment	**400**	638
Investment property	**340**	905
Intangible assets	**156**	145
Deferred tax assets	**4,897**	4,945
Other assets	**1,859**	1,922
Assets of disposal groups classified as held for sale	**935**	-
Total assets	**64,015**	66,393
LIABILITIES		
Due to central banks	**13,839**	13,906
Due to credit institutions	**5,584**	7,780
Derivative financial instruments	**2,074**	2,441
Due to customers	**34,101**	34,031
Other liabilities	**783**	880
Liabilities of disposal groups classified as held for sale	**76**	-
Total liabilities	**56,457**	59,038
EQUITY		
Ordinary share capital	**655**	655
Share premium, reserves and retained earnings	**5,273**	5,067
Preference shares	**950**	950
Total equity attributable to shareholders of the Bank	**6,878**	6,672
Preferred securities	**43**	43
Non controlling interests	**637**	640
Total equity	**7,558**	7,355
Total equity and liabilities	**64,015**	66,393

CONSOLIDATED INCOME STATEMENT

	In € million	
	1 Jan - 30 June 2017	1 Jan - 30 June 2016
Net interest income	**771**	771
Net banking fee and commission income	**135**	112
Income from non banking services	**5**	5
Net trading income	**30**	(8)
Gains less losses from investment securities	**44**	71
Net other operating income	**1**	68
Operating income	**986**	1,019
Operating expenses	**(489)**	(502)
Profit from operations before impairments, provisions and restructuring costs	**497**	517
Impairment losses on loans and advances	**(372)**	(398)
Other impairment losses and provisions	**(25)**	(7)
Restructuring costs	**(1)**	(47)
Share of results of associates and joint ventures	**3**	(0)
Profit before tax	**102**	65
Income tax	**(26)**	(13)
Tax adjustments	**-**	31
Net profit from continuing operations	**76**	83
Net profit from discontinued operations	**11**	31
Net profit	**87**	114
Net profit attributable to non controlling interests	**11**	8
Net profit attributable to shareholders	**76**	106

Notes:

In June 2017, Grivalia subgroup operations have been presented as discontinued operations; comparative information for the income statement has been adjusted accordingly.

The Financial Report for the six months ended 30 June 2017 will be available on the Bank's website on 31 August 2017.