Eurobank Holdings

August 31, 2021

1H2021 Financial Results

- ✓ **Net profit[1] up by 10.7% in 1H2021 to €195m**
  - **Net profit[2] of SEE operations at €73m**
- ✓ **Core pre-provision income up by 2.4% y-o-y to €446m**
- ✓ **NPE ratio 7.3% pro-forma for "Mexico" securitization**
- ✓ **Provisions over NPEs at 63.3%, up 140 bps q-o-q**
- ✓ **New loan disbursements in Greece €3.4bn in 1H2021**
- ✓ **Customer Deposits up by €2.4bn in 1H2021**
- ✓ **Total CAD 15.6% and CET1 13.2%**
- ✓ **Strengthening international presence through the agreement to merge Eurobank Beograd with Direktna Bank in Serbia and the acquisition of a 12.6% stake in Hellenic Bank in Cyprus**
- ✓ **Successful completion of the 2021 SSM Stress Test: Capital depletion in terms of FL CET 1 ratio at 433bps as at the end of 2023, among the lowest between European banks**

[1] Adjusted net profit.
[2] Adjusted net profit.

“The economy, globally and in our main markets, has largely adapted to the pandemic conditions. Despite the spread of the delta variant, sentiment remains positive, as shown by domestic economic activity indicators. Deposits keep increasing in the banking system, real estate prices are moving upwards and the asset quality trends remain resilient. Foreign direct investments are accelerating across different sectors and economic activity recovers. The most impressive instance is tourism, as in Greece, revenue estimates now exceed 50% of 2019. It appears that the strong growth will extend into the 2021-2026 period, for which we expect annual growth of 3.5-4.0%, on average, underpinned by the Resilience & Recovery EU Funds. Eurobank is ready to take advantage of this opportunity, provide financing and support its clients.

In the second quarter of 2021, our diversified business model produced another set of solid results. We continued financing the economy with new loan disbursements of 3.4bn euro in the first half of the year. Core pre-provision income was up, mainly on the back of increased fee and commission income. The better than expected asset quality trend continued with NPE formation being negative. Net profit grew to near 200m euro for the first half of 2021, once again with a distinct contribution of our international subsidiaries.

Overall, we keep delivering in a consistent way on all our priorities: profitability is in line with our expectations, the NPE ratio is reaching single-digit, close to 8%, by year-end, and capital will be strengthened further, above the initial target. At the same time, we announced two agreements to increase our regional presence, in Serbia with the merger of our local subsidiary with Direktna Bank and in Cyprus with the acquisition of a 12.6% stake in Hellenic Bank. We will continue to explore opportunities to further expand our core markets, both organically and non-organically.

As the signs of climate change intensify, the need to integrate and implement ESG criteria in every aspect of economic activity becomes more pronounced. ESG is a cornerstone of our business. In response to the wildfires that hit Greece, Eurobank committed to an array of actions to mitigate the social and environmental impact.”

Fokion Karavias, CEO

1H2021 Financial Results

Adjusted net profit increased by 10.7% to €195m in 1H2021, from €176m the respective period of 2020, with net profit after restructuring costs and other one-off items reaching €190m, against losses a year ago. More specifically:

- **Net interest income** fell by 2.8% in 1H2021 to €670m, but grew marginally (+0.1%) against 1Q2021 to €335m. **The net interest margin** receded to 1.94% in 1H2021, from 2.09% the respective period of 2020.

- **Net fee and commission income** expanded by 16.0% y-o-y in 1H2021 to €209m, mainly due to fees from Network activities, rental income and lending business. Fee and commission income rose by 11.8% q-o-q to €110m and accounted for 63 basis points of total assets in 2Q2021.

- The increase in fee and commission income more than offset net interest income reduction, thus **core income** rose by 1.1% y-o-y to €879m in 1H2021. **Other income** amounted to €45m in 1H2021, compared to €66m in 1H2020. **Total operating income** reached €924m in 1H2021, down 1.2% y-o-y.

- **Operating expenses** decreased by 0.4% in Greece and 0.1% at a Group level against 1H2020 to €433m. The **cost to income ratio** remained well below the 50% threshold at 46.9%.

- **Core pre-provision income** were up by 2.4% y-o-y and 4.5% q-o-q. **Pre-provision income** declined by 2.1% in 1H2021 due to lower other income but grew by 12.5% in 2Q2021.

- **Loan loss provisions** reached €224m in 1H2021 and corresponded to 120 basis points of the average net loans.

- SEE operations were profitable, as **the adjusted net profit** reached €73m in 1H2021, compared to €82m in 1H2020. Core pre-provision income increased by 3.9% y-o-y to €127m. Eurobank is strengthening international presence through the agreement to merge Eurobank Beograd with Direktna Bank in Serbia and the acquisition of a 12.6% stake in Hellenic Bank in Cyprus. Both transactions are in line with Eurobank's strategy to further expand its international activities and create additional value for its shareholders via targeted acquisitions, mergers or joint ventures.

- In terms of asset quality, the **NPE ratio** fell to 14.0% or 7.3% pro-forma for "Mexico" securitization in 1H2021. The **stock of NPEs** decreased by €110m in 2Q2021 to €5.7bn. The **NPE formation** was negative by €43m in 2Q2021. **Provisions over** NPEs increased by 140 basis points q-o-q to 63.3% at the end of June 2021. The **"Mexico" securitization** is progressing according to the timeline with a binding offer received by DoValue[3] in August. The estimated impact of the transaction on phased-in total CAD is well below initial expectations (of 50bps) at 10bps. Closing and de-consolidation of NPEs will take place in 4Q2021. The 1H2021 performance combined with the "Mexico" securitization confirm the target for a single-digit NPE ratio at the end of the current year.

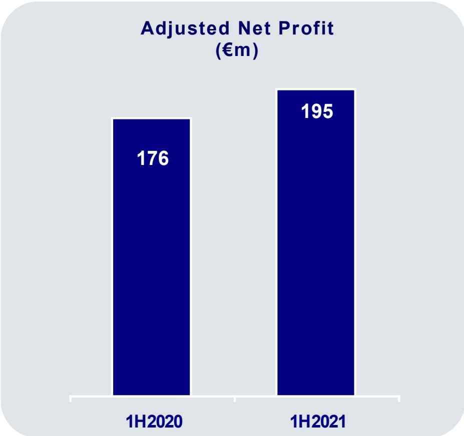
- **CET1** and total **CAD** reached 13.2% and 15.6% at the end of 1H2021 against total SREP capital requirements of 6.2% and 11.0% respectively. The fully-loaded Basel III CET1 increased by 20 basis points q-o-q to 12.1% in 1H2021. **RWAs** amounted to €41.2bn in 1H2021.

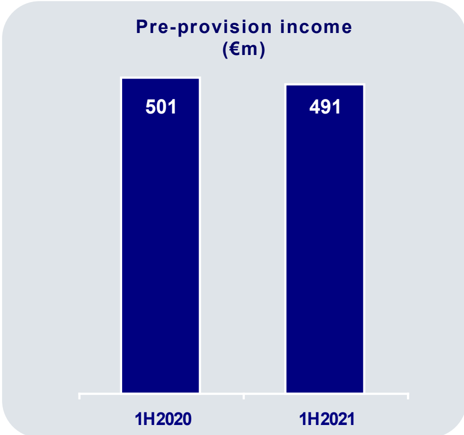
- Eurobank completed successfully the 2021 **SSM Stress Test** (ST), which was coordinated and conducted by the European Central Bank. Under the **Baseline scenario**, the Group was capital accretive by 290bps over the 3-year ST horizon, reaching, on a fully-loaded basis, total CAD ratio of 17.5%, and CET 1 ratio of 14.9% as at the end of 2023. Under the **Adverse scenario,** the capital depletion in terms of FL CET 1 ratio amounted to 433bps as at the end of 2023, among the lowest between European banks, and to 517bps at the year with the highest impact (2021). Accordingly, the FL CET 1 ratio stood at 7.6% as at the end of 2023 and at 6.8% at the year with the highest impact (2021). On a transitional basis, the CET 1 ratio at the end of 2023 stood at 8%.

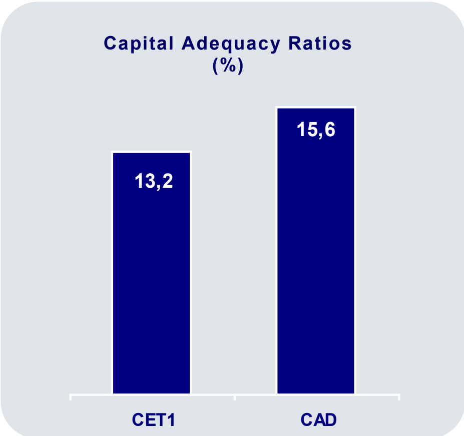
- **New loan disbursements in Greece** reached €3.4bn in 1H2021 and €1.8bn in 2Q2021. **Total gross loans** amounted to €41.1bn at the end of June, including €3.5bn senior notes. Corporate loans amounted to €22.6bn, mortgages to €11.5bn and consumer loans to €3.4bn.

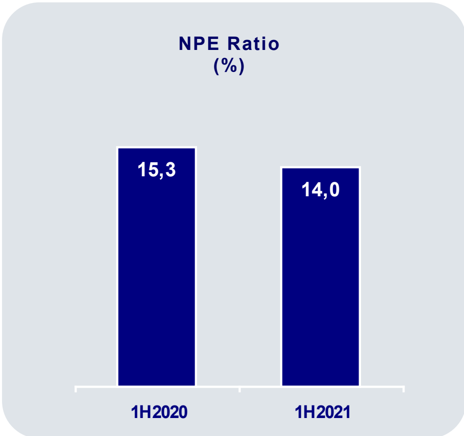
- **Customer deposits** rose by €2.4bn in 1H2021. Savings and sight deposits amounted to €35.6bn, while time and other deposits stood at €14.1bn. The **loans to deposits ratio** further improved to 75.4%, from 77.7% in 1Q2021. The **liquidity coverage ratio** also improved to 166.4% in 2Q2021, from 140.6% in 1Q2021.

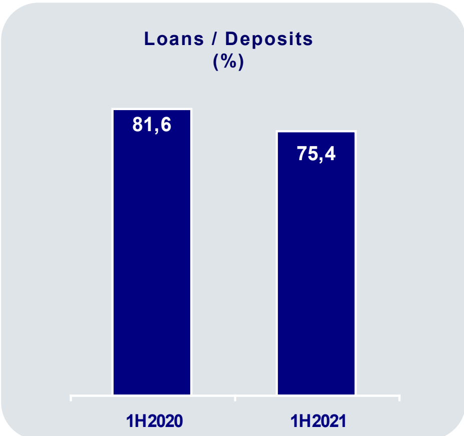
[3] Subject to certain conditions, including HAPS and SRT approval.

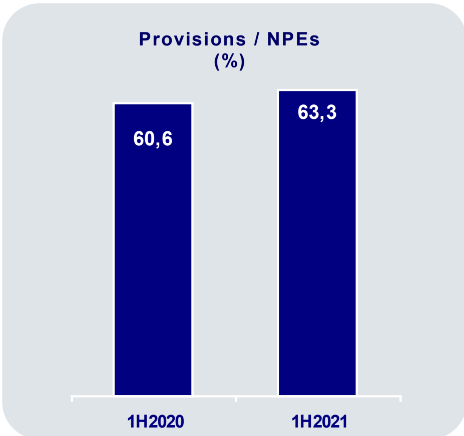

Adjusted Net Profit
(€m)
176
195
1H2020
1H2021


Pre-provision income
(€m)
501
491
1H2020
1H2021


Capital Adequacy Ratios
(%)
13,2
15,6
CET1
CAD


NPE Ratio
(%)
15,3
14,0
1H2020
1H2021


Loans / Deposits
(%)
81,6
75,4
1H2020
1H2021


Provisions / NPEs
(%)
60,6
63,3
1H2020
1H2021

August 31, 2021

Eurobank Holdings Financial Figures

Key Financial Results	1H2021	1H2020	Change
Net Interest Income	€670m	€689m	-2.8%
Net Fee & Commission Income	€209m	€180m	16.0%
Total Operating Income	€924m	€935m	-1.2%
Total Operating Expenses	€433m	€434m	-0.1%
Core Pre-Provision Income	€446m	€435m	2.4%
Pre-Provision Income	€491m	€501m	-2.1%%
Loan Loss Provisions	€224m	€271m	-17.3%
Adjusted Net Profit	€195m	€176m	10.7%
Net Income after tax	€190m	-€1,166m	

Balance Sheet Highlights	1H2021	1H2020
Consumer Loans	€3,421m	€3,456m
Mortgages	€11,488m	€11,777m
Small Business Loans	€4,501m	€4,117m
Large Corporates & SMEs	€18,136m	€17,686m
Senior Notes	€3,503m	€3,498m
Total Gross Loans	€41,083m	€40,582m
Total Customer Deposits	€49,742m	€45,157m
Total Assets	€70,866m	€66,965m

Financial Ratios	1H2021	1H2020
Net Interest Margin	1.94%	2.09%
Cost to Income	46.9%	46.4%
Non-Performing Exposures (NPEs)	14.0%	15.3%
Provisions / NPEs	63.3%	60.6%
Provisions to average Net Loans (Cost of Risk)	1.20%	1.44%
Common Equity Tier 1 (CET1)	13.2%	13.0%
Total Capital Adequacy (CAD)	15.6%	15.5%

Glossary - Definition of Alternative Performance Measures (APMs) and other selected financial measures/ ratios

- **Adjusted net profit:** Net profit/loss from continuing operations after deducting restructuring costs, goodwill impairment, gains/losses related to the transformation plan and income tax adjustments.
- **Basic Earnings per share (EPS):** Net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.
- **Common Equity Tier 1 (CET1):** Common Equity Tier I regulatory capital as defined by Regulation (EU) No 575/2013 as in force, based on the transitional rules for the reported period, divided by total Risk Weighted Assets (RWA).
- **Core Pre-provision Income (Core PPI):** The total of net interest income, net banking fee and commission income and income from non banking services minus the operating expenses of the reported period.
- **Cost to Income ratio:** Total operating expenses divided by total operating income.
- **Fees and commissions:** The total of net banking fee and commission income and income from non banking services of the reported period.
- **Fully loaded Common Equity Tier I (CET1):** Common Equity Tier I regulatory capital as defined by Regulation No 575/2013 as in force, without the application of the relevant transitional rules, divided by total RWA**.**
- **Income from trading and other activities:** The total of net trading income, gains less losses from investment securities and other income/ (expenses) of the reported period.
- **Loans to Deposits ratio:** Loans and advances to customers at amortised cost divided by due to customers at the end of the reported period.
- **Liquidity Coverage Ratio (LCR):** The total amount of high quality liquid assets over the net liquidity outflows for a 30-day stress period.
- **Net Interest Margin (NIM):** The net interest income of the reported period, annualised and divided by the average balance of continued operations' total assets (the arithmetic average of total assets, excluding discontinued operations' assets, at the beginning and the end of the reported period as well as at the end of interim quarters).
- **Non-performing exposures (NPEs):** Non Performing Exposures (in compliance with EBA Guidelines) are the Group's material exposures which are more than 90 days past-due or for which the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or the number of days past due. The NPEs, as reported herein, refer to the gross loans at amortised cost except for those that have been classified as held for sale.
- **NPEs formation:** Net increase/decrease of NPEs in the reported period excluding the impact of write offs, sales and other movements.
- **NPEs Coverage ratio:** Impairment allowance for loans and advances to customers, including impairment allowance for credit related commitments (off balance sheet items), divided by NPEs at the end of the reported period.
- **NPEs ratio:** Non Performing Exposures (NPEs) divided by gross loans and advances to customers at amortised cost at the end of the reported period.
- **Pre-Provision Income (PPI):** Profit from operations before impairments, provisions and restructuring costs as disclosed in the financial statements for the reported period.
- **Provisions (charge) to average Net Loans ratio (Cost of Risk):** Impairment losses relating to loans and advances charged in the reported period, annualised and divided by the average balance of loans and advances to customers at amortised cost (the arithmetic average of loans and advances to customers at amortised cost, including those that have been classified as held for sale, at the beginning and the end of the reported period, as well as at the end of interim quarters).

- **Return on tangible book value (RoTBV):** Adjusted net profit divided by average tangible book value.
- **Tangible Book Value (TBV)**: Total equity excluding preference shares, preferred securities and non controlling interests minus intangible assets.
- **Tangible Book Value/Share (TBV/S):** Tangible book value divided by outstanding number of shares as at period end excluding own shares.
- **Texas Ratio:** Non-performing exposures (NPEs) divided by the sum of impairment losses relating to loans and advances and Common Equity Tier 1.
- **Total Capital Adequacy ratio:** Total regulatory capital as defined by Regulation (EU) No 575/2013 as in force, based on the transitional rules for the reported period, divided by total Risk Weighted Assets (RWA). The RWA are the Group's assets and off-balance-sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013, taking into account credit, market and operational Risk.

EUROBANK ERGASIAS SERVICES and HOLDINGS S.A.
General Commercial Registry No: 000223001000

CONSOLIDATED BALANCE SHEET

	In € million	
	30 Jun 2021	31 Dec 2020
ASSETS		
Cash and balances with central banks	**9,822**	6,637
Due from credit institutions	**2,538**	3,336
Derivative financial instruments	**2,106**	2,552
Loans and advances to customers	**37,511**	37,424
Investment securities	**9,362**	8,365
Property and equipment	**803**	778
Investment property	**1,479**	1,459
Goodwill and other intangible assets	**265**	254
Deferred tax assets	**4,465**	4,526
Other assets	**2,515**	2,397
Total assets	**70,866**	67,728
LIABILITIES		
Due to central banks	**8,763**	7,999
Due to credit institutions	**1,262**	1,502
Derivative financial instruments	**2,302**	2,939
Due to customers	**49,742**	47,290
Debt securities in issue	**2,014**	1,556
Other liabilities	**1,330**	1,197
Total liabilities	**65,413**	62,483
EQUITY		
Share capital	**816**	815
Share premium, reserves and retained earnings	**4,637**	4,430
Total equity	**5,453**	5,245
Total equity and liabilities	**70,866**	67,728

CONSOLIDATED INCOME STATEMENT

	In € million	
	1 Jan - 30 Jun 2021	1 Jan - 30 Jun 2020
Net interest income	**670**	689
Net banking fee and commission income	**161**	140
Income from non banking services	**48**	40
Gains less losses from investment securities	**50**	49
Other income/(expenses)	**(5)**	236
of which gain on "FPS" disposal		*219*
Operating income	**924**	1,154
Operating expenses	**(433)**	(434)
Profit from operations before impairments, provisions and restructuring costs	**491**	720
Impairment losses relating to loans and advances to customers	**(224)**	(1,780)
of which loss on "Cairo" transaction		*(1,509)*
Other impairment losses and provisions	**(10)**	(18)
Restructuring costs	**(7)**	(11)
Share of results of associates and joint ventures	**6**	7
Profit/(loss) before tax	**256**	(1,082)
Income tax	**(66)**	(84)
Net profit/(loss) attributable to shareholders	**190**	(1,166)

Note:
The Interim Financial Report for the six months ended 30 June 2021, including the Independent Auditor's Report on Review of Condensed Interim Financial Information, will be published by 3 September 2021.