

## Fourth Quarter 2015 Trading Update<sup>1</sup>

- Core pre-provision income at €188m<sup>2</sup> in 4Q2015, compared to €166m in 3Q2015.
- Net interest income up 4.3% q-o-q to €375m.
- Fee and commission income recovers to €62m in 4Q2015, from €48m in 3Q2015.
- Operating expenses down 5.8%<sup>2</sup> y-o-y in 2015.
- 90dpd coverage at 64.8%.
- Deposits up €1.4bn q-o-q. Eurosystem funding off-peak by €9.0bn at €24.3bn.
- Common Equity Tier Ratio at 17.0%, following the €2.0bn share capital increase.
- Remarkable turnaround of international operations, net recurring income rises to €67m in 2015, against losses of €182m in 2014.
- Bottom-line result for the Group at -€175m in 4Q2015 and -€1.2bn in 2015.

"Despite the successful recapitalization of the banking system, economic conditions in Greece remain challenging, as the global downturn weighs in. The prolonged negotiations on the first review of the current economic program and the major refugee crisis add to uncertainty and undermine the efforts to restore faith in the prospects of the Greek economy. Tackling both issues swiftly, in cooperation with our European partners, can prove a turning point for restoring stability, enhancing liquidity and attracting foreign capital, which is necessary to cover a sizeable gap in local savings and investment, awaiting the start of the discussions for a further debt relief agreement.

If these conditions are met, the Greek economy has the potential to return to growth in 2016, after six long years and to start creating new jobs, a prerequisite for social and economic recovery. It is of vital importance to immediately kickstart this positive chain of events, as economic and geopolitical headwinds gather pace and risk an immediate impact on the economy.

With a spirit of cooperation in the face of national challenges and with converging political support on a common strategy to exit the crisis, the current year can well witness the beginning of a virtuous circle for the Greek economy."

*Nikolaos Karamouzis, Chairman of BoD*

"Eurobank's performance in adverse conditions confirms our strategic planning, which we execute at an accelerating pace. The improvement in net interest income, the recovery of commissions and the increase in deposits in the fourth quarter 2015 stand out as the most positive elements of our results. Operating expenses were down by 5.8% in FY2015 on a like-for-like basis. The robust increase in deposits at a Bank and Group level enhanced our liquidity position and contributed to the notable reduction in eurosystem funding exposure and to a further decrease in our funding cost. International operations registered a remarkable turnaround and were profitable on an annual basis for the first time since 2011. This performance shows the prospects and the substantial contribution they may have to our results. For 2016, our main priorities remain the active management of NPLs, taking advantage of our internal infrastructure and the important legislative changes that have taken place, aiming to substantially reduce their stock in due course, the return of deposits, the financing of new healthy business oriented projects and further cost control.

Despite the existence of capital controls in Greece and most importantly the delay in the conclusion of the program review, which act as a halt to economic expansion and business activity, our primary target is the Bank to return to profitability in the current year, through further expansion of pre-provision income, substantial reduction in credit provisions and strengthening of our international business profits."

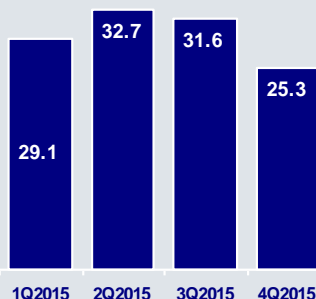
*Fokion Karavias, CEO*

<sup>1</sup> Insurance business is accounted as held for sale in 4Q2015. All quarters of 2015 have been restated accordingly for comparability purposes.

<sup>2</sup> Like-for-like: Excluding €30m contribution to the new Single Resolution Fund (BRRD) and €12m one-off contribution to the resolution of a cooperative bank.

## Fourth Quarter 2015 Results Analysis

**Eurosystem Funding Exposure (€bn)**

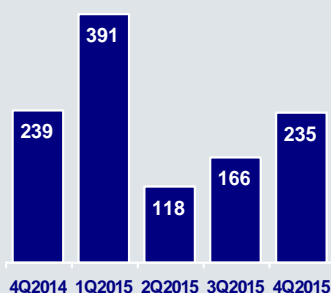


The fourth quarter 2015 was a period of positive developments for Eurobank, as the €2.0bn recapitalization was successfully concluded, exclusively from the markets, and deposits recorded a substantial increase, contributing to a reduction in Eurosystem funding.

In more detail, the recent share capital increase strengthens further the capital base of the Bank, as the phased-in **Common Equity Tier I capital** (CET1- Basel III) stands at quite high levels and accounts for 17.0% of risk weighted assets at the end of 2015, from 12.1% in September.

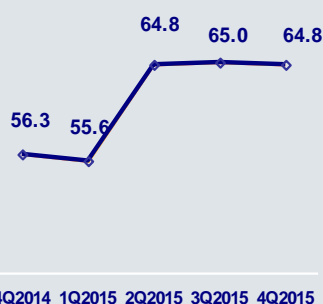
At the same time, **customer deposits** in Greece recorded a notable increase of €643m, while Group deposits rose by €1.4bn q-o-q, also driven by deposit inflows in the countries outside of Greece. The increase in deposits and Repo transactions in the interbank market contributed to the reduction in **Eurosystem funding** to €24.3bn at the end of February 2016, from €31.6bn at the end of September 2015.

**Gross 90dpd formation (€m)**



90 days past due (**90dpd**) formation in Greece stood at €206m in 4Q2015, from €164m in 3Q2015, driven by business loans, with Group 90dpd formation reaching €235m, versus €166m in 3Q2015. **Total 90dpd loans** accounted for 35.2% of the portfolio at the end of 2015, compared to 35.0% at the end of September. **Coverage of 90dpd loans** remained high at 64.8% at the end of December.

**90dpd Coverage Ratio (%)**

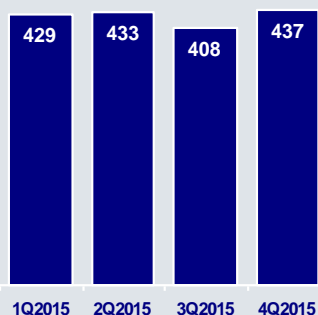


At an operational level, **net interest income** grew by 4.3% q-o-q to €375m in 4Q2015, mainly driven by the reduction in the cost of deposits in Greece by 17 basis points for the total book against 3Q2015. Net interest margin expanded to 2.09% in 4Q2015, from 1.99% in 3Q2015.

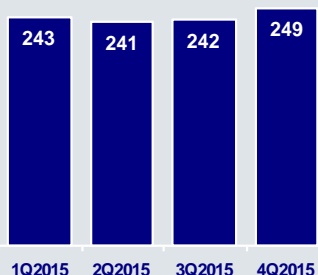
**Net fee and commission income** recovered from the 3Q2015 lows and increased to €62m in 4Q2015, due to higher income from lending, asset management and branch network activities.

**Core income** grew by 7.2% q-o-q and reached €437m in 4Q2015, while **total operating income** receded by 6.9% q-o-q to €430m, as trading and other income swung to -€8m, from €54m gains in 3Q2015 due to sovereign rates volatility.

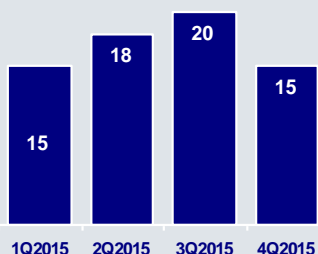
**Core Income**  
(€m)



**Operating Expenses**  
(€m)



**International Operations**  
**Net Recurring Profit (€m)**



**Operating expenses**, on a like-for-like basis<sup>3</sup>, decreased by 5.8% y-o-y and amounted to €911m. Specifically, staff expenses were down by 5.5% y-o-y to €529m, administrative by 3.8% y-o-y to €363m and depreciation by 15.7% y-o-y to €83m.

**Core pre-provision income** grew to €188m<sup>3</sup> in 4Q2015, from €166m in 3Q2015, whereas **pre-provision income**<sup>3</sup> receded to €181m in 4Q2015, from €219m in 3Q2015, due to trading losses.

**Bad debt provisions** increased further to €271m in 4Q2015, compared to €256m in 3Q2015. On an annual basis, bad debt provisions rose by 17.7% to €2,665m, from €2,264m in FY2014, accounting for 6.50% of net loans. Elevated provisions weighed on the **bottom-line result**, which reached -€175m in 4Q2015 and -€1.2bn in FY2015.

**International operations** registered a remarkable turnaround, as they turned profitable on an annual basis for the first time since 2011. In more detail, net recurring income stood at €67m in FY2015, versus losses of €182m in FY2014. Net recurring income amounted to €15m in 4Q2015.

**Gross loans** for the Group remained flat q-o-q to €51.7bn. Loans to businesses and households amounted to €26.8bn and €24.8bn respectively at the end of 4Q2015. The loans to deposits ratio improved to 126.9%, from 133.0% in the nine-months of 2015.

<sup>3</sup> Like-for-like: Excluding €30m contribution to the new Single Resolution Fund (BRRD) and €12m one-off contribution to the resolution of a cooperative bank.

## Eurobank Financial Figures

<b>Major Financial Figures<sup>4</sup></b>	<b>4Q2015</b>	<b>3Q2015</b>	<b>Δ</b>	<b>2015</b>	<b>2014</b>
Net Interest Income	€375m	€360m	4.3%	€1,463m	€1,470m
Net Fee & Commission Income	€62m	€48m	29.3%	€244m	€253m
Total Operating Income	€430m	€461m	(6.9)%	€1,761m	€1,796m
Total Operating Expenses	€249m <sup>5</sup>	€242m	2.8%	€975m <sup>5</sup>	€1,035m
Pre-Provision Income	€181m <sup>5</sup>	€219m	(17.5)%	€787m <sup>5</sup>	€761m
Credit Loss Provisions	€271m	€256m	5.7%	€2,665m	€2,264m
Net Income before non-recurring items	-€98m	€30m		-€1,453m	-€1,230m
Net Result after non-recurring items	-€175m	€406m		-€1,181m	-€1,219m

<b>Balance Sheet Items</b>	<b>2015</b>	<b>2014</b>
Consumer Loans	€6.565m	€6.759m
Mortgages	€18.249m	€18.335m
Small Business Loans	€7.246m	€7.282m
Large Corporates & SMEs	€19.584m	€19.447m
Total Gross Loans	€51.683m	€51.881m
Total Customer Deposits	€31.446m	€40.385m
Total Assets	€73.553m	€75.518m

<b>Financial Ratios</b>	<b>4Q2015</b>	<b>3Q2015</b>
Net Interest Margin	2.09%	1.99%
Cost to Income	57.9% <sup>5</sup>	52.5%
90 Days Past Due Loans (90dpd)	35.2%	35.0%
90dpd Coverage	64.8%	65.0%
Provisions to average Net Loans	2.71%	2.53%
Common Equity Tier I (CET1)	17.0%	12.1%

<sup>4</sup> Ukraine and Insurance operations classified as held for sale.

<sup>5</sup> Like-for-like: Excluding €30m contribution to the new Single Resolution Fund (BRRD) and €12m one-off contribution to the resolution of a cooperative bank.

**Eurobank****EUROBANK ERGASIAS S.A.**

Company Registration No: 000223001000

**CONSOLIDATED BALANCE SHEET**

	In € million	
	31 Dec 2015	31 Dec 2014
<b>ASSETS</b>		
Cash and balances with central banks	1,798	1,948
Due from credit institutions	2,808	3,059
Financial instruments at fair value through profit or loss	100	360
Derivative financial instruments	1,884	2,134
Loans and advances to customers	39,893	42,133
Investment securities	16,291	17,849
Property, plant and equipment	666	702
Investment property	925	876
Intangible assets	127	150
Deferred tax assets	4,859	3,894
Other assets	2,151	2,143
Assets of disposal group classified as held for sale	2,051	270
<b>Total assets</b>	<b>73,553</b>	<b>75,518</b>
<b>LIABILITIES</b>		
Due to central banks	25,267	12,610
Due to credit institutions	4,516	10,256
Derivative financial instruments	2,359	2,475
Due to customers	31,446	40,878
Debt securities in issue	150	811
Other liabilities	742	2,020
Liabilities of disposal group classified as held for sale	1,941	164
<b>Total liabilities</b>	<b>66,421</b>	<b>69,214</b>
<b>EQUITY</b>		
Ordinary share capital	656	4,412
Share premium, reserves and retained earnings	4,814	197
Preference shares	950	950
<b>Total equity attributable to shareholders of the Bank</b>	<b>6,420</b>	<b>5,559</b>
Preferred securities	43	77
Non controlling interests	669	668
<b>Total equity</b>	<b>7,132</b>	<b>6,304</b>
<b>Total equity and liabilities</b>	<b>73,553</b>	<b>75,518</b>

**CONSOLIDATED INCOME STATEMENT**

	In € million	
	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
Net interest income	1,463	1,470
Net banking fee and commission income	192	205
Income from non banking services	52	48
Net trading income	28	(9)
Gains less losses from investment securities	15	72
Net other operating income	12	10
<b>Operating income</b>	<b>1,762</b>	<b>1,796</b>
Operating expenses	(1,017)	(1,035)
<b>Profit from operations before impairments and non recurring income/(expenses) and provisions</b>	<b>745</b>	<b>761</b>
Impairment losses on loans and advances	(2,665)	(2,264)
Impairment losses on intangible assets	-	(100)
Other impairment losses	(87)	(205)
Non recurring income/(expenses) and provisions	(79)	57
<b>Profit/(loss) before tax</b>	<b>(2,086)</b>	<b>(1,751)</b>
Income tax	604	484
Non recurring tax adjustments	432	246
<b>Net Profit/(loss) from continuing operations</b>	<b>(1,050)</b>	<b>(1,021)</b>
Net Profit/(loss) from discontinued operations	(105)	(175)
<b>Net profit/(loss)</b>	<b>(1,155)</b>	<b>(1,196)</b>
Net profit/(loss) attributable to non controlling interests	26	23
<b>Net profit/(loss) attributable to shareholders</b>	<b>(1,181)</b>	<b>(1,219)</b>

**Note:**

The Annual Financial Report for the year ended 31 December 2015 will be published by 31 March 2016.