

FY2016 Financial Results

- Net profit at €230m in 2016 against losses of €1.2bn in 2015
- Core pre-provision income up 26.8%¹ in 2016 and 5.0% in 4Q2016
- Net interest income up 5.8% y-o-y
- Fee and commission income up 22.2% in 2016 and 7.6% in 4Q2016
- Operating expenses in Greece down 5.5%¹ y-o-y
- First quarter of negative NPE formation (-€108m)
- NPE ratio down by 40 basis points q-o-q
- Cost of risk at 1.96% in 2016
- Deposits up by €2.6bn in 2016 and €664m in 4Q2016
- ELA funding decreases by €8.1bn in 2016
- Fully-loaded CET1 ratio up by 70bps in 2016
- International operations net profit² at €123m in 2016 versus €67m in 2015

¹ On a comparable basis: 2015 expenses include €30m contribution to the new Single Resolution Fund (BRRD) and €29m due to the reclassification of part of NPL expenses from loan loss provisions to operating expenses and exclude €12m one-off contribution to the resolution of a cooperative bank.

² Before discontinued operations and restructuring costs.

“A gradual return to normality prevailed throughout 2016. The Greek banking system confirmed that it can perform even in a challenging environment, if the conditions are improving, the impact of a negative juncture remains manageable and uncertainties are limited.

However, Q4 and then the beginning of the new year was marked by a relapse of uncertainties, which undermines the efforts for the Greek economy to leave behind the recurring crises. As a consequence, the positive developments in 2016 were reversed in the fields of deposits and NPL formation. The deliberations between Greece and its creditors are inherently difficult; nevertheless, the longer the duration of the talks, the more difficult their conclusion becomes, taking a toll on economic activity. An eventual agreement will allow a gradual enhancement of trust and Greece’s credibility towards international markets and its own citizens, which is a condition for return to a strong growth path and for the inflow of the necessary capital and investments.

As the European regulators recently confirmed, the Greek banks have enough capital and a significant stock of provisions, which allow the active management of the NPE stock amassed during the prolonged crisis. On the back of the above, given an improving climate, the Greek banks can finance Greek businesses and abet the return of the economy in positive growth rates.

Return to growth is the economic and political foundation for countering Greece’s main problems: unemployment, poverty, high public debt, a pile of non-performing loans, a society of limited opportunities and prospects, economic stagnation and scarcity of investment. In a positive juncture, Eurobank with its solid management, its strong and stable shareholder basis, its high quality human resources, and a business model fit for the new challenges, can be at the forefront of the growth trend, committed to the principles of transparency and efficiency and delivering on the needs of our clients and the communities we serve.”

Nikolaos Karamouzis, Chairman of BoD

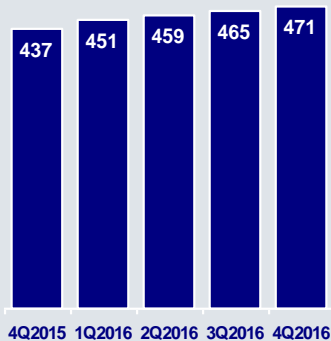
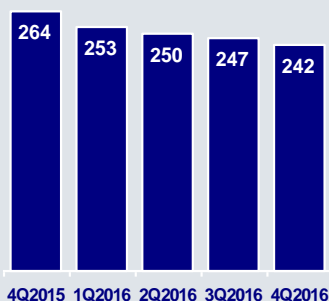
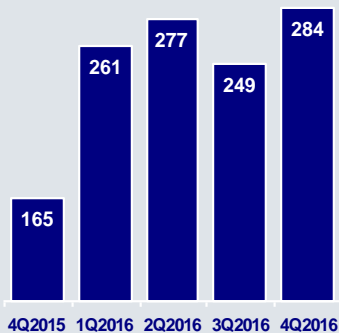
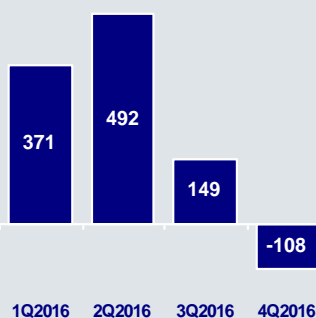
“In our 2016 results, we report the first profitable and capital accretive year for Eurobank since the eruption of the Greek sovereign crisis, with net profit of €230 million. Return to profitability was our absolute priority and we are delighted to have been able to deliver last year on all our strategic targets.

The increase of the core pre-provision income by more than 25%, along with the increase in deposits by more than €2.5bn and the decrease of ELA liquidity by €8.1bn year-on-year confirm that Eurobank has a robust business, an effective operating model and a solid client basis that can perform even in a challenging environment, when circumstances are not completely forbidding. The fourth quarter of 2016 was the first of negative NPE formation. Furthermore, as part of our NPE reduction plan, a €150m corporate loan was disposed. Overall, asset quality improvement accelerated in the second half of 2016.

International activities continue to bear positively to our results. We expect this trend to sustain as regional economies are forecast to remain on a path of growth over the medium term.

In 2017 our main goal is to remain profitable, despite the downturn in the economic climate and a relapse of uncertainties that negatively affect economic activity, and strengthen further our capital basis with organic capital generation. Above all, we are focusing on the challenge of reducing the NPE stock to the levels agreed with the regulators. We are shifting resources; we are investing all the time and effort necessary; and, therefore, we have no doubt that the results will be fully in line with our commitments. It is obvious that a swift conclusion of the second program review will not only secure the above objectives but it would also unleash the significant growth potential of the Greek economy.”

Fokion Karavias, CEO

Core Income
(€m)

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

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

NPE formation
(€m)


FY2016 Results Analysis

Eurobank turned profitable in 2016, recording robust operating results. Net profit stood at €230m, against losses of €1.2bn in 2015, with the fourth quarter 2016 (4Q2016) bottom-line result reaching €38m.

In more detail, **net interest income** increased by 5.8% y-o-y to €1,548m, driven by the reduction in eurosystem funding cost, while it was stable q-o-q to €389m. Net interest margin expanded on an annual basis by 23 basis points to 2.25%.

Net fee and commission income grew by 22.2% y-o-y and 7.6% q-o-q. This was mainly due to the €42m decrease of pillar II bond expenses in 2016 versus 2015. Net fee and commission income accounted for 49 basis points of total assets in 4Q2016, against 34 basis points the same quarter in 2015.

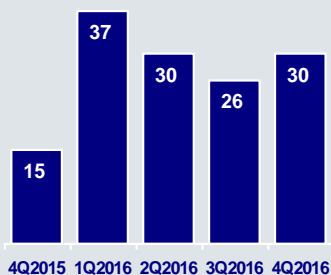
As a result, **core income** rose by 8.2% y-o-y and 1.2% q-o-q, reflecting improved business performance. **Other operating income** came at €217m in 2016 and included €73m EFSF bond gains. Thus, **total operating income** increased by 17.1% y-o-y to €2,063m and by 5.9% q-o-q to €526m.

Operating expenses decreased by 4.0%³ in 2016 to €992m and 2.1% to €242m in 4Q2016. In Greece, expenses were down by 5.5%³ y-o-y, as a result of consistent cost rationalization efforts. **The cost / income** improved by 1,006 basis points³ y-o-y to 48.1% and 380 basis points q-o-q to 46.0%.

Core pre-provision income grew by 26.8%³ y-o-y to €854m and 5.0% q-o-q to €229m. **Pre-provision income** rose by 47.2%³ y-o-y to €1,071m and by 13.9% in 4Q2016.

Positive results were also achieved in the management of NPLs. Both non-performing exposures (**NPEs**) and 90 days past due (**90dpd**) formation was negative in 4Q2016 by €108m and €85m respectively. The **NPE ratio** decreased by 40 basis points q-o-q to 45.2% of total loans, whereas the **90dpd ratio** was down to 34.7%, from 34.8% in 3Q2016 and 35.2% at the end of 2015. The **coverage of NPEs and 90dpd loans** improved by 70 and 60 basis points respectively and reached 50.7% and 66.1% at 2016-end. **Loan loss provisions** came at €775m in 2016 and accounted for 1.96% of net loans.

³ On a comparable basis: 2015 expenses include €30m contribution to the new Single Resolution Fund (BRRD) and €29m due to the reclassification of part of NPL expenses from loan loss provisions to operating expenses and exclude €12m one-off contribution to the resolution of a cooperative bank.

International Operations Net Profit⁴
(€m)


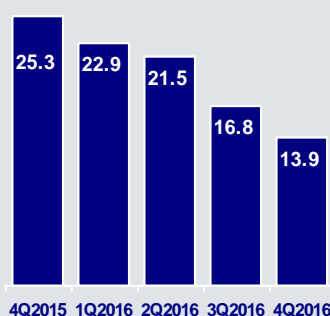
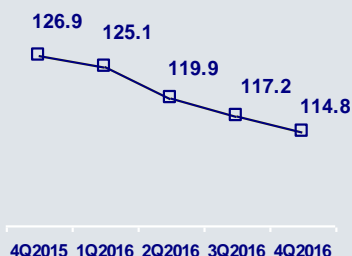
International operations remained at a consistently profitable path, as net profit⁴ stood at €30m in 4Q2016, from €26m in 3Q2016. On an annual basis, net profit⁴ increased to €123m, from €67m in 2015.

Common Equity Tier I ratio (CET1) amounted to 17.6% of risk weighted assets at the end of 2016. On a fully-loaded basis, CET1 stood at 13.8%, up 70 basis points against 2015.

ELA funding decreased by €8.1bn y-o-y in 2016, while **total Eurosystem funding** declined by €11.4bn to €13.9bn, due to deposit inflows and increased repo transactions. From September-end 2016 to March 21st 2017, ELA funding was down by €0.9bn to €12.2bn.

Customer deposits grew by €2.6bn in 2016 against 2015. On a quarterly basis, deposits increased by €664m, of which €257m in Greece.

Gross loans reached €50.7bn at the end of 2016, with loans to businesses and households amounting to €26.5bn and €24.2bn respectively. The **loans to deposits ratio** improved to 114.8% in 2016, from 126.9% in 2015.

Eurosystem Funding Exposure
(€bn)

Loans to Deposits
(%)


⁴ Before discontinued operations and restructuring costs.

Eurobank Financial Figures

Key Financial Results	4Q2016	3Q2016	Change	2016	2015	Change
Net Interest Income	€389m	€389m	(0.1%)	€1,548m	€1,463m	5.8%
Net Fee & Commission Income	€82m	€76m	7.6%	€298m	€244m	22.2%
Total Operating Income	€526m	€497m	5.9%	€2,063m	€1,761m	17.1%
Total Operating Expenses	€242m	€247m	(2.1%)	€992m	€1,034m ⁵	(2.4%)
Core Pre-Provision Income	€229m	€218m	5.0%	€854m	€673m ⁵	26.8%
Pre-Provision Income	€284m	€249m	13.9%	€1,071m	€728m ⁵	47.2%
Loan Loss Provisions	€186m	€191m	(2.4%)	€775m	€2,636m	(70.6%)
Net Result after tax	€38m	€85m	(55.1%)	€230m	(1,181€m)	

Balance Sheet Highlights	2016	2015
Consumer Loans	€6,323m	€6,565m
Mortgages	€17,835m	€18,249m
Small Business Loans	€7,149m	€7,246m
Large Corporates & SMEs	€19,314m	€19,584m
Total Gross Loans	€50,655m	€51,683m
Total Customer Deposits	€34,031m	€31,446m
Total Assets	€66,393m	€73,553m

Financial Ratios	2016	2015
Net Interest Margin	2.25%	2.02%
Cost to Income	48.1%	58.7% ⁵
Non-Performing Exposures (NPEs)	45.2%	43.8%
90 Days Past Due Loans (90dpd)	34.7%	35.2%
NPEs Coverage	50.7%	52.1%
90dpd Coverage	66.1%	64.8%
Provisions to average Net Loans	1.96%	6.43%
Common Equity Tier 1 (CET1)	17.6%	17.0%

⁵ 2015 expenses include €30m contribution to the new Single Resolution Fund (BRRD) and €29m due to the reclassification of part of NPL expenses from loan loss provisions to operating expenses and exclude €12m one-off contribution to the resolution of a cooperative bank.

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.

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.

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	
	31 Dec 2016	31 Dec 2015
ASSETS		
Cash and balances with central banks	1,477	1,798
Due from credit institutions	2,759	2,808
Derivative financial instruments	1,980	1,884
Loans and advances to customers	39,058	39,893
Investment securities	12,463	16,291
Property, plant and equipment	638	666
Investment property	905	925
Intangible assets	145	127
Deferred tax assets	4,945	4,859
Other assets	2,023	2,251
Assets of disposal groups classified as held for sale	-	2,051
Total assets	66,393	73,553
LIABILITIES		
Due to central banks	13,906	25,267
Due to credit institutions	7,780	4,516
Derivative financial instruments	2,441	2,359
Due to customers	34,031	31,446
Other liabilities	880	892
Liabilities of disposal groups classified as held for sale	-	1,941
Total liabilities	59,038	66,421
EQUITY		
Ordinary share capital	655	656
Share premium, reserves and retained earnings	5,067	4,814
Preference shares	950	950
Total equity attributable to shareholders of the Bank	6,672	6,420
Preferred securities	43	43
Non controlling interests	640	669
Total equity	7,355	7,132
Total equity and liabilities	66,393	73,553

CONSOLIDATED INCOME STATEMENT

	In € million	
	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
Net interest income	1,548	1,463
Net banking fee and commission income	244	192
Income from non banking services	53	52
Net trading income	17	28
Gains less losses from investment securities	135	15
Net other operating income	65	12
Operating income	2,062	1,762
Operating expenses	(992)	(1,017)
Profit from operations before impairments, provisions and restructuring costs	1,070	745
Impairment losses on loans and advances	(775)	(2,665)
Other impairment losses and provisions	(65)	(87)
Restructuring costs	(66)	(79)
Share of results of associated undertakings and joint ventures	(4)	0
Profit/(loss) before tax	160	(2,086)
Income tax	49	604
Tax adjustments	31	432
Net profit/(loss) from continuing operations	240	(1,050)
Net profit/(loss) from discontinued operations	9	(105)
Net profit/(loss)	249	(1,155)
Net profit/(loss) attributable to non controlling interests	19	26
Net profit/(loss) attributable to shareholders	230	(1,181)

Note:

The Annual Financial Report for the year ended 31 December 2016 will be published by 31 March 2017.