

Third Quarter 2014 Financial Results

- Core pre-provision income up by 8.0% in the third quarter 2014.
- Operating expenses further down by 3.7% q-o-q and 11.4% y-o-y on a comparable basis.
- Accelerated provisioning in the third quarter 2014 boosted the 90dpd loans coverage ratio by 250 basis points to 53.6%.
- Continued decline in 90dpd formation in Greece to €231m, the lowest level since the third quarter 2008.
- Deposits expanded by €772m q-o-q and the loans to deposits ratio decreased further from 103.4% to 99.8%.
- Common Equity Tier I ratio (CET1) at 16.1%.
- Successful outcome of the ECB Comprehensive Assessment with no capital shortfall.

"Following the successful outcome of the stress tests, the Greek banking system's priority is to finance the Greek economy.

Eurobank will rise to this challenge. The return of the Greek economy to a growth trajectory gives us the opportunity to provide financing to sound businesses, especially those with an innovative and extrovert aspect.

Having the necessary liquidity and a loans to deposits ratio below 100%, we can finance our customers, households and businesses. The results of the third quarter 2014 lay the foundations for Eurobank's return to profitability in 2015."

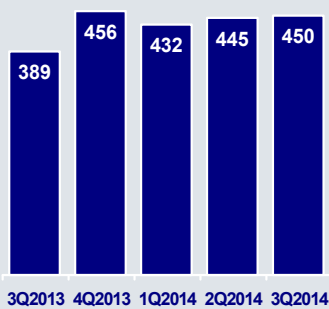
Christos Megalou – CEO

Financial Results Analysis

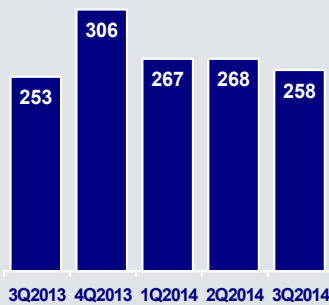
Pre-Provision Income
(€m)



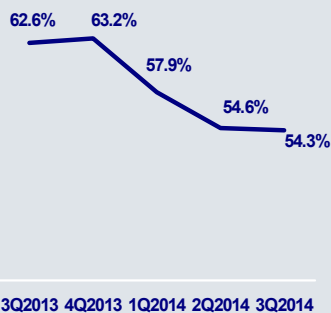
Core Income
(€m)



Operating Expenses
(€m)



Cost to Income



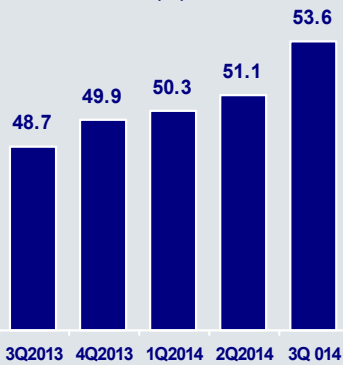
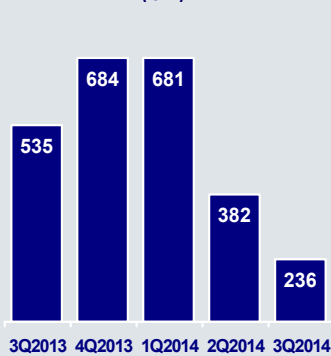
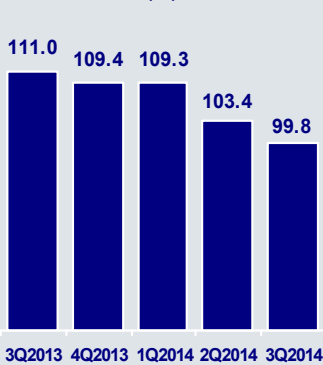
The operational performance improvement of Eurobank in 2014 was reflected in the results of the third quarter, through the expansion of core income and the continued containment of operating expenses. **Core pre-provision income** (net interest and commission income less expenses) grew by 8.0% to €193m, whereas total pre-provision income slightly decreased to €217m in the third quarter 2014, due to lower income on weaker trading activity.

The continued de-escalation of the cost of deposits in Greece and eurosystem funding contributed to the expansion of **net interest income** for a second consecutive quarter to €379m, from €375m in the second quarter 2014. Net interest income rose both in Greece and in international operations (by 0.6% and 1.7% q-o-q respectively) and improved by 26.9% y-o-y to €1,121m in the nine months 2014. Net interest margin also expanded to 2.04% in the third quarter 2014, from 2.00% in the second quarter 2014 and 1.73% in the third quarter 2013.

Total fees and commissions advanced by 1.5% q-o-q to €71m in the third quarter 2014 and by 3.1% y-o-y to €2015m in the nine months 2014, mainly driven by asset management, rental and branch network fees.

Core income (net interest income and net fee and commission income) rose by 1.0% q-o-q to €450m in the third quarter 2014 and by 22.5% y-o-y in the nine months 2014, whereas other income receded to €25m in the third quarter 2014, from €45m in the second quarter 2014 on weaker trading activity. As a result, **total operating income** fell by 3.1% q-o-q to €475m, but was higher by 32.7% compared to the nine months 2013.

Operating expenses decreased by 3.7% q-o-q to €258m and by 11.4% y-o-y on a comparable basis. In more detail, costs were down in Greece by 4.9% in the third quarter 2014 and 13.2% in the nine months 2014 and in international operations were reduced by 0.3% and 5.9% respectively. The cost to income ratio improved further to 54.3% in the third quarter 2014, from 54.6% in the second quarter 2014 and 62.6% in the third quarter 2013.

Coverage of 90dpd Loans (%)

Gross 90dpd formation (€m)

Loans to Deposits (%)


The Bank accelerated **credit provisioning** in the third quarter 2014 to €558m, from €414m in the second quarter 2014, to strengthen further the balance sheet and increase faster the coverage of non-performing loans. Accumulated provisions reached €9.2bn at the end of third quarter 2014, accounting for 17.7% of total loans. Despite write-offs of €331m in the nine months 2014, the coverage of 90 days past due loans (90dpd) increased by 250 basis points to 53.6%, from 51.1% in second quarter. It is worth noting that the increase in the stock of provisions in the nine months 2014 is in line with the Asset Quality Review (AQR) findings of the European Central Bank (ECB).

New 90dpd formation in Greece was further down by 22.7% q-o-q to €231m in the third quarter 2014, compared to €299m in the second quarter 2014, the lowest level since the third quarter 2008. Similarly, the formation of new 90dpd loans in international operations substantially receded, driving the total new 90dpd formation lower by 38.4% q-o-q to €236m. The 90dpd ratio reached 33.0%, from 31.8% at the end of June 2014.

Gross customer loans reached €51.8bn, with loans to businesses accounting for 50.9% (€26.4bn) and loans to households for 49.1% (€25.3bn) of the total portfolio.

Deposits expanded by €772m and amounted to €42.7bn in the third quarter 2014, driving the **loans to deposits ratio** below 100%, from 109.3% to 99.8% at the end of June 2014.

Eurosystem funding decreased to €9.0bn at the end of October, from €10.7bn in June 2014.

The **Common Equity Tier I capital** (CET1- Basel III) reached €6.4bn and accounted for 16.1% of risk weighted assets in the third quarter 2014. It is noted that Eurobank met the capital benchmarks set out for the purpose of the **Comprehensive Assessment** conducted by the ECB and the European Banking Authority in both Baseline and Adverse Dynamic Scenario with no capital shortfall.

Eurobank Financial Results

Major Financial Figures¹	3Q2014	2Q2014	Change	1Q2014	4Q2013²	3Q2013³
Net Interest Income	€379m	€375m	0.9%	€367m	€386m	€320m
Net Fee & Commission Income	€71m	€70m	1.5%	€65m	€70m	€69m
Total Operating Income	€475m	€490m	-3.1%	€461m	€484m	€404m
Total Operating Expenses	€258m	€268m	-3.7%	€267m	€306m	€253m
Pre-Provision Income	€217m	€222m	-2.3%	€194m	€178m	€151m
Credit Loss Provisions	€588m	€455m	29.4%	€479m	€647m	€417m
Net Income before non-recurring items	-€355m	-€205m		-€227m	-€450m	-€231m
Net Result after non-recurring items	-€187m	-€301m		-€207m	-€913m	-€285m

Balance Sheet Items	3Q2014	2Q2014
Consumer Loans	€6,822m	€6,983m
Mortgages	€18,524m	€18,597m
Small Business Loans	€7,191m	€7,263m
Large Corporates & SMEs	€19,187m	€18,883m
Total Gross Loans	€51,783m	€51,785m
Total Customer Deposits	€42,698m	€41,926m
Total Assets	€74,264m	€74,773m

Financial Ratios	3Q2014	2Q2014
Net Interest Margin	2.04%	2.00%
Cost to Income	54.3%	54.6%
90 Days Past Due Loans (90dpd)	33.0%	31.8%
90dpd Coverage	53.6%	51.1%
Provisions to average Net Loans	5.47%	4.15%
Common Equity Tier I (CET1)	16.1%	17.0% ⁴

¹ Ukraine reclassified as held for sale as of 1Q2014.

² Includes TT & Proton for 3 months.

³ Includes TT & Proton for 1 month.

⁴ CET1 ratio adjusted from 17.7% to 17.0% due to Ukraine's RWAs and non-inclusion of the NHPB's portfolio migration to IRB approach.

CONSOLIDATED BALANCE SHEET

	In € million	
	30 Sep 2014	31 Dec 2013
ASSETS		
Cash and balances with central banks	2,045	1,986
Loans and advances to banks	2,600	2,567
Financial instruments at fair value through profit or loss	380	375
Derivative financial instruments	1,918	1,264
Loans and advances to customers	42,620	45,610
Investment securities	16,745	18,716
Property, plant and equipment	733	770
Investment property	893	728
Intangible assets	248	266
Deferred tax assets	3,574	3,063
Other assets	2,182	2,241
Assets of disposal group classified as held for sale	326	-
Total assets	74,264	77,586
LIABILITIES		
Due to central banks	9,068	16,907
Due to other banks	10,311	10,192
Derivative financial instruments	2,219	1,558
Due to customers	42,698	41,535
Debt issued and other borrowed funds	847	789
Other liabilities	1,968	2,082
Liabilities of disposal group classified as held for sale	202	-
Total liabilities	67,313	73,063
EQUITY		
Ordinary share capital	4,412	1,641
Share premium and other reserves	850	1,574
Preference shares	950	950
Total equity attributable to shareholders of the Bank	6,212	4,165
Preferred securities	77	77
Non controlling interests	662	281
Total equity	6,951	4,523
Total equity and liabilities	74,264	77,586

CONSOLIDATED INCOME STATEMENT

	In € million	
	1 Jan - 30 Sep 2014	1 Jan - 30 Sep 2013
Net interest income	1,121	884
Net banking fee and commission income	146	143
Net insurance income	25	30
Income from non banking services	34	26
Dividend income	2	3
Net trading income	16	(31)
Gains less losses from investment securities	75	34
Net other operating income	7	(15)
Operating income	1,426	1,074
Operating expenses	(792)	(732)
Profit from operations before impairments and non recurring income/(expenses)	634	342
Impairment losses on loans and advances	(1,523)	(1,253)
Other impairment losses	(105)	15
Other non recurring income/(expenses)	93	(85)
Share of results of associated undertakings and joint ventures	0	(1)
Profit/(loss) before tax	(901)	(982)
Income tax	201	243
Non recurring tax adjustments	249	535
Net profit/(loss) from continuing operations	(451)	(204)
Net profit/(loss) from discontinued operations	(226)	(28)
Net profit/(loss)	(677)	(232)
Net profit/(loss) attributable to non controlling interests	18	9
Net profit/(loss) attributable to shareholders	(695)	(241)

Note: The consolidated income statement for the nine months ended 30 September 2014 includes the results of New TT Hellenic Postbank group and New Proton Bank, which are incorporated in the Eurobank group's financial statements from 1 September 2013 prospectively.