Eurobank Holdings

March 10, 2021

Business Update 2021-2022 & FY2020 Financial Results

- **Business Update 2021-2022**
  - ✓ **Balance sheet clean-up completed despite the pandemic**
  - ✓ **New securitization of ~€3.3bn in 2021 ("Mexico") leads to**
    - **NPE ratio ~9.0% in 2021, including the Covid-19 impact and ~6.0% in 2022**
    - **1st bank in Greece with a single-digit NPE ratio in 2021**
  - ✓ **ROTBV[1] ~7% in 2021 and ~10% in 2022**
  - ✓ **CAD ~ 16.0% in 2021 and ~ 16.6% in 2022**
  - ✓ **Organic capital generation more than 100 basis points per annum post 2022 paves the way for dividend distribution**

- **FY2020 Financial Results**
  - ✓ **Net profit[1] up to €544m in 2020 from €257m in 2019**
  - ✓ **Core pre-provision increases by 4.2% y-o-y to €865m against target of €840m**
  - ✓ **NPE ratio down by 15.2ppts y-o-y to 14.0%, the lowest in the Greek banking system**
  - ✓ **NPE stock down by €7.3bn in 2020 to €5.7bn**
  - ✓ **Provisions over NPEs up by 660 basis points in 2020 to 61.9%**
  - ✓ **Business loans disbursements in Greece of €6.4bn in 2020. Performing loans organic increase for the Group at €2.1bn in 2020**
  - ✓ **Deposits grow by €2.4bn versus 2019**
  - ✓ **Total CAD 16.3% and CET1 13.9%**

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[1] Adjusted net profit.

“Despite the adverse developments of the Covid-19 pandemic, Eurobank is moving forward with a plan to complete the cleanup of the balance sheet and become the first bank in Greece to bring the NPE ratio to single digit, within 2021. Having delivered timely on our 2019 plan, we are now able to further accelerate the disposal of legacy NPE stock with a new securitization to the tune of €3.3bn. As a result, the NPE ratio will decline below 9% by year-end, even including the impact of the pandemic, and further down to circa 6% in 2022, converging to European peers. Sustained revenues and a lower cost of risk, support a solid profitability this year, increasing to double-digit return of equity, next year, in line with our pre-pandemic estimates.

In 2020, a year of unique challenges, the bank operations remained resilient. Core-PPI of €865m beat estimates, confirming the sustainability of our diversified business model that also includes two systemic banks in South-East Europe and a high-return investment property portfolio. Strong and resilient organic profits coupled with internal capital-enhancing actions are enabling us to complete the plan while retaining a solid capital base.

We supported the economy to withstand the headwinds, throughout a year of disruption in economic activity. We responded to increased demand for liquidity participating to all state support programs for businesses and household and extending our own performing loan book. Loan disbursements to businesses amounted to €6.4bn for 2020 in Greece alone, reaching a 10-yr record credit expansion. In our other core markets the hit suffered was milder and we expect a strong recovery across the region.

For all the above, I would like to thank our employees who performed exceptionally well under extremely adverse conditions.

Growth will be on top of the global agenda post-pandemic and Eurobank’s mission is to be a growth enabler. However, it is equally important to prioritize sustainability. We are speeding up the introduction of ESG criteria in all our activities and processes.

Overall, Eurobank, as a leader in the domestic market, will take advantage of the upward cycle to deliver value to its employees, clients and shareholders.”

Fokion Karavias, CEO

FY2020 Financial Results

Undoubtedly, 2020 was a challenging year with the spread of the Covid-19 pandemic worldwide. Despite the adversity, Eurobank successfully responded to the new conditions, setting as high priorities the support of its customers and the protection of its staff. The business targets set at the beginning of the year were achieved with absolute consistency both in the context of cleaning the balance sheet and enhancing organic profitability. The completion of the Cairo securitization in combination with other actions led to the reduction of non-performing exposures by €7.3bn in 2020 compared to 2019, with the NPE ratio falling to the lowest level among domestic systemic banks (14%). At the same time, core pre-provision income reached €865m in 2020 and exceeded by almost 3% the initial expectations of €840m. Specifically:

- The **NPE ratio** decreased by 15.2 percentage points to 14.0% at the end of 2020, from 29.2% in 2019. The **stock of NPEs** fell by €7.3bn y-o-y to €5.7bn at December-end. **Provisions over** NPEs increased by 660 basis points y-o-y to 61.9% at the end of 2020 and include €400m provision overlays in anticipation of the Covid-19 impact. The **Texas ratio** substantially improved by 30 percentage points y-o-y, from 92% in 2019 to 63% in 2020.

- The effort to clean up further the balance-sheet will continue in 2021. Based on the new plan, Eurobank aims to proceed within the current year with a **new NPE securitization** of circa €3.3bn total size under the code name **"Mexico"**. Pro-forma for this transaction, the NPE ratio decreases from 14.0% to 6.7%. Taking into account the impact of the Covid-19 pandemic, the NPE ratio is expected to reach circa 9.0% in 2021, the lowest among Greek banks and 6.0% in 2022, thus converging to the European average.

- **Core pre-provision income** beat by 2.9% to €865m initial expectations of €840m and was 4.2% higher compared to 2019. **Pre-provision income** grew by 39.2% y-o-y to €1,312m in 2020.

  In more detail:

  - **Net interest income** fell by 2.0% in 2020 to €1,349m, mainly due to the deconsolidation of the NPE loans of Pillar and Cairo securitizations. The net interest margin receded by 21 basis points against 2019 to 2.03%.

- **Net fee and commission income** expanded by 8.6% in 2020 to €384m, mainly due to rental income (+45.6%) and fees from capital markets (+93.7%). Fee and commission income accounted for 58 basis points of total assets in 2020.

- The expansion of fee and commission income offset lower net interest income, thus **Core income** remained almost flat (+0.1% y-o-y) to €1,733m in 2020. **Total operating income** rose by 18.3% y-o-y to €2,181m in 2020 driven by trading gains mostly related to GGBs.

- **Operating expenses** decreased by 6.0% in Greece and 3.6% at a Group level in 2020 to €689m. The cost to income ratio improved to 39.8% in 2020 from 48.9% in 2019. The branch network in Greece was contained from 350 in 2019 to 301 in 2020 and the number of domestic employees was reduced by almost 1,800 people, following also the voluntary exit scheme completion.

- **Loan loss provisions** amounted to €572m in 2020 and corresponded to 152 basis points of the average net loans, against a pre-Covid-19 target of 90 basis points.

➢ **Net profit**[2] amounted to €544m in 2020, from €257m in 2019. The **net result** of Eurobank Holdings was negative at €1,213m in 2020 and included the loss from Cairo & FPS of €1,334m, Grivalia goodwill impairment of €160m, DTA write-off of €160m and the voluntary exit scheme cost of €97m.

➢ **SEE operations** remained profitable, as **net profit**[3] reached €128m in 2020, compared to €168m in 2019. Core pre-provision income receded by 10.9% y-o-y to €241m on the back of lower core income by 4.3% to €467m and higher operating expenses by 3.9% following the acquisition of Piraeus Bank Bulgaria. As far as asset quality is concerned, the **NPE ratio** improved to 6.7% in 2020, from 8.0% in 2019 and the **NPEs coverage ratio** increased to 47.4%, against 43.2% in 2019.

➢ The **diversified business model** of Eurobank includes, apart from the Greek banking operations, two systemic banks in the SEE region (Bulgaria & Cyrpus) and the investment property portfolio, which generated overall a **return on tangible book value** of close to 10% in 2020.

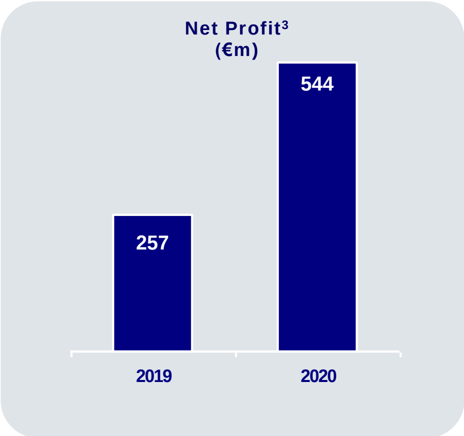
[2] Adjusted net profit.
[3] Adjusted net profit.

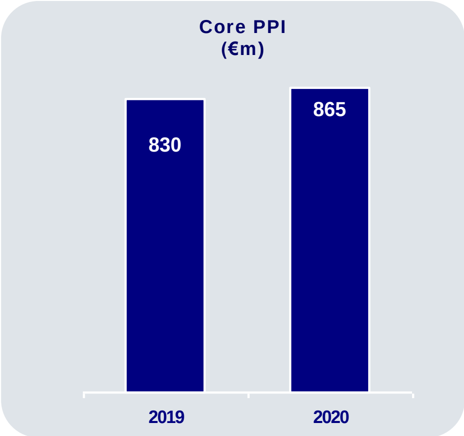
- **CET1** and total **CAD** reached 13.9% and 16.3% at the end of 2020 and compare with 2021 total SREP capital requirements (TSCR) of 6.2% and 11.0% respectively. The fully-loaded Basel III CET 1 stood at 12.0% in 2020.

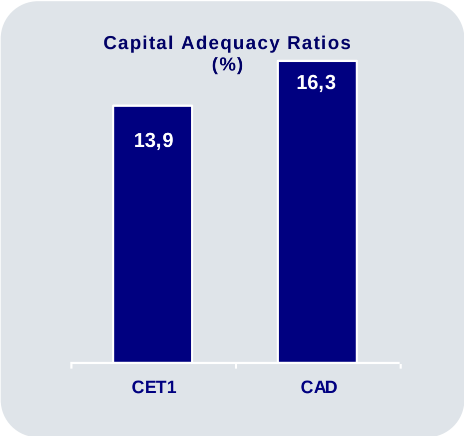
- Business loans disbursements in Greece reached €6.4bn in 2020. **Performing loans for the Group** grew organically by €2.1bn in 2020. **Total gross loans** reached €40.9bn, including the €3.5bn senior notes of the Cairo & Pillar securitizations. Consumer loans accounted for 8.3% of total loans, mortgages 28.5%, small business loans 10.9% and loans to large and medium-sized corporates 52.3%.

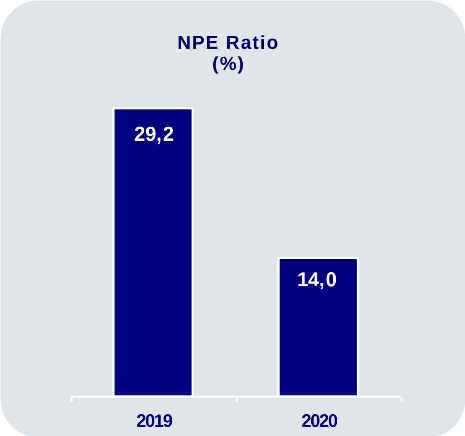
- **Customer deposits** rose by €2.4bn in 2020. Savings and sight deposits amounted to €31.7bn, while time and other deposits stood at €15.6bn. The **loans to deposits ratio** further improved to 79.1%, from 83.2% in 2019. The **liquidity coverage ratio** also improved to 124% in 4Q2020, from 107% in 2Q2020.

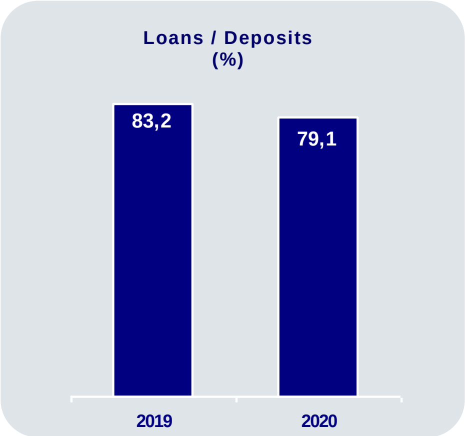
- **Eurosystem funding** amounted to €8.0bn, through the TLTRO III program. **Interbank repos** receded by €3.6bn y-o-y to €0.7bn at December-end.

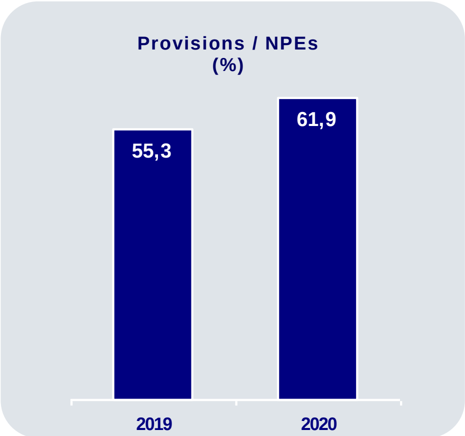

Net Profit[3]
(€m)
257
544
2019
2020


Core PPI
(€m)
830
865
2019
2020


Capital Adequacy Ratios
(%)
13,9
16,3
CET1
CAD


NPE Ratio
(%)
29,2
14,0
2019
2020


Loans / Deposits
(%)
83,2
79,1
2019
2020


Provisions / NPEs
(%)
55,3
61,9
2019
2020

Business Update 2021-2022

Having successfully completed the Cairo securitization in 2020, Eurobank moves ahead with a new business plan for the period 2021-2022, which includes further clean-up of the loan portfolio and strengthening of profitability. A new NPE securitization of circa €3.3bn size is scheduled for 2021 under the code name "Mexico", which accounting also for the Covid-19 impact, will lead the NPE ratio to a single-digit level of circa 9.0% this year, the lowest among Greek Banks and 6.0% in 2022, converging to the European average. The cost of risk is anticipated to be reduced from 152 basis points in 2020 to circa 130 in 2021 and 60 in 2022, enabling the enhancement of profits and the achievement of double-digit return on tangible book value in 2022. Earnings per share is anticipated to reach €0.10 in 2021 and €0.15 in 2022. Despite the capital impact from "Mexico", the fully-loaded Basel III CET 1 ratio is expected to increase from 12.0% in 2020 to 12.8% in 2021 and 13.7% in 2022. At the same time, total capital adequacy ratio is forecasted to increase organically by more than 100 basis points per annum post 2022, paving the way for dividend distribution. 2021-2022 financial goals are as follows:

	2021	**2022**
Return on Tangible Book Value (ROTBV) [4]	~7%	~10%
EPS[4]	~€0.10	~€0.15
TBV/S[4]	~€1.40	~€1.50
Cost / Income	~50%	~50%
Cost of Risk	~1.30%	~0.60%
NPEs ratio	~9.0%	~6.0%
Total CAD	~16.0%	~16.6%
FLB3 CET1	~12.8%	~13.7%

[4] Adjusted net profit.

March 10, 2021

Eurobank Holdings Financial Figures

Key Financial Results	2020	2019	Change
Net Interest Income	€1,349m	€1,377m	-2.0%
Net Fee & Commission Income	€384m	€354m	8.6%
Total Operating Income	€2,181m	€1,844m	18.3%
Total Operating Expenses	€869m	€901m	-3.6%
Core Pre-Provision Income	€865m	€830m	4.2%
Pre-Provision Income	€1,312m	€943m	39.2%
Loan Loss Provisions	€572m	€624m	-8.2%
Adjusted Net Profit	€544m	€257m	>100%
Net Income after tax	-€1,213m	€127m	-

Balance Sheet Highlights	2020	2019
Consumer Loans	€3,406m	€3,836m
Mortgages	€11,641m	€13,974m
Small Business Loans	€4,476m	€6,480m
Large Corporates & SMEs	€17,832m	€19,034m
Senior Notes	€3,505m	€1,062m
Total Gross Loans	€40,901m	€44,464m
Total Customer Deposits	€47,290m	€44,841m
Total Assets	€67,728m	€64,761m

Financial Ratios	2020	2019
Net Interest Margin	2.03%	2.24%
Cost to Income	39.8%	48.9%
Non-Performing Exposures (NPEs)	14.0%	29.2%
Provisions / NPEs	61.9%	55.3%
Provisions to average Net Loans (Cost of Risk)	1.52%	1.70%
Common Equity Tier 1 (CET1)	13.9%	16.7%
Total Capital Adequacy (CAD)	16.3%	19.2%

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 Regulations (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 Regulations 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 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 Regulations (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	
	31 Dec 2020	31 Dec 2019
ASSETS		
Cash and balances with central banks	**6,637**	4,679
Due from credit institutions	**3,336**	3,007
Derivative financial instruments	**2,552**	2,262
Loans and advances to customers	**37,424**	37,365
Investment securities	**8,365**	7,951
Property and equipment	**778**	746
Investment property	**1,459**	1,184
Goodwill and other intangible assets	**254**	378
Deferred tax assets	**4,526**	4,766
Other assets	**2,397**	2,423
Total assets	**67,728**	64,761
LIABILITIES		
Due to central banks	**7,999**	1,900
Due to credit institutions	**1,502**	5,022
Derivative financial instruments	**2,939**	2,726
Due to customers	**47,290**	44,841
Debt securities in issue	**1,556**	2,406
Other liabilities	**1,197**	1,199
Total liabilities	**62,483**	58,094
EQUITY		
Share capital	**815**	852
Share premium, reserves and retained earnings	**4,430**	5,813
Preferred securities	**-**	2
Total equity	**5,245**	6,667
Total equity and liabilities	**67,728**	64,761

CONSOLIDATED INCOME STATEMENT

	In € million	
	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Net interest income	**1,349**	1,377
Net banking fee and commission income	**298**	294
Income from non banking services	**86**	60
Gains less losses from investment securities	**430**	78
Other income/(expenses)	**238**	35
of which gain on "FPS" disposal	*219*	
Operating income	**2,401**	1,844
Operating expenses	**(869)**	(901)
Profit from operations before impairments, provisions and restructuring costs	**1,532**	943
Impairment losses relating to loans and advances to customers	**(2,081)**	(624)
of which loss on "Cairo" transaction	*(1,509)*	
Impairment losses on goodwill	**(160)**	(62)
Other impairment losses and provisions	**(43)**	(32)
Restructuring costs	**(145)**	(88)
Share of results of associates and joint ventures	**21**	23
Profit/(loss) before tax	**(876)**	160
Income tax	**(337)**	(31)
of which write-down of deferred tax assets	*(160)*	
Net profit/(loss) from continuing operations	**(1,213)**	129
Net profit/(loss) from discontinued operations	**-**	(2)
Net profit/(loss) attributable to shareholders	**(1,213)**	127

Note:
The above information for 2020 is unaudited. The Annual Financial Report for the year ended 31 December 2020, including the Independent Auditor's Report, will be published by mid-April 2021.