

ECB Greek Comprehensive Assessment Results

1 November 2015

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- Shortfall of €2.1bn in Adverse scenario against 8.0% CET1 threshold and €0.3bn in Baseline scenario against 9.5% threshold
- Lowest shortfall in Adverse scenario and lowest NPE reclassifications across Greek peer banks*
- 2015 Comprehensive Assessment more conservative than the 2014 exercise
- More than 80% of €1.9bn additional AQR provisions booked by Q3 2015, resulting Q3 provisions stock at 97% of post-AQR implied level

AQR

- Bottom-up Asset Quality Review approach in line with 2014 ECB Assessment, covering 98% of Eurobank's ("Bank") Greek portfolio
- AQR Impact of €1.9bn mainly driven by Residential Real Estate Collective Provisioning and Corporate Credit File Review
 - €700m residential real estate collective provision impact
 - €705m corporate asset classes provision impact
- Lowest NPE reclassifications and lowest AQR-implied NPE ratio amongst Greek peer banks

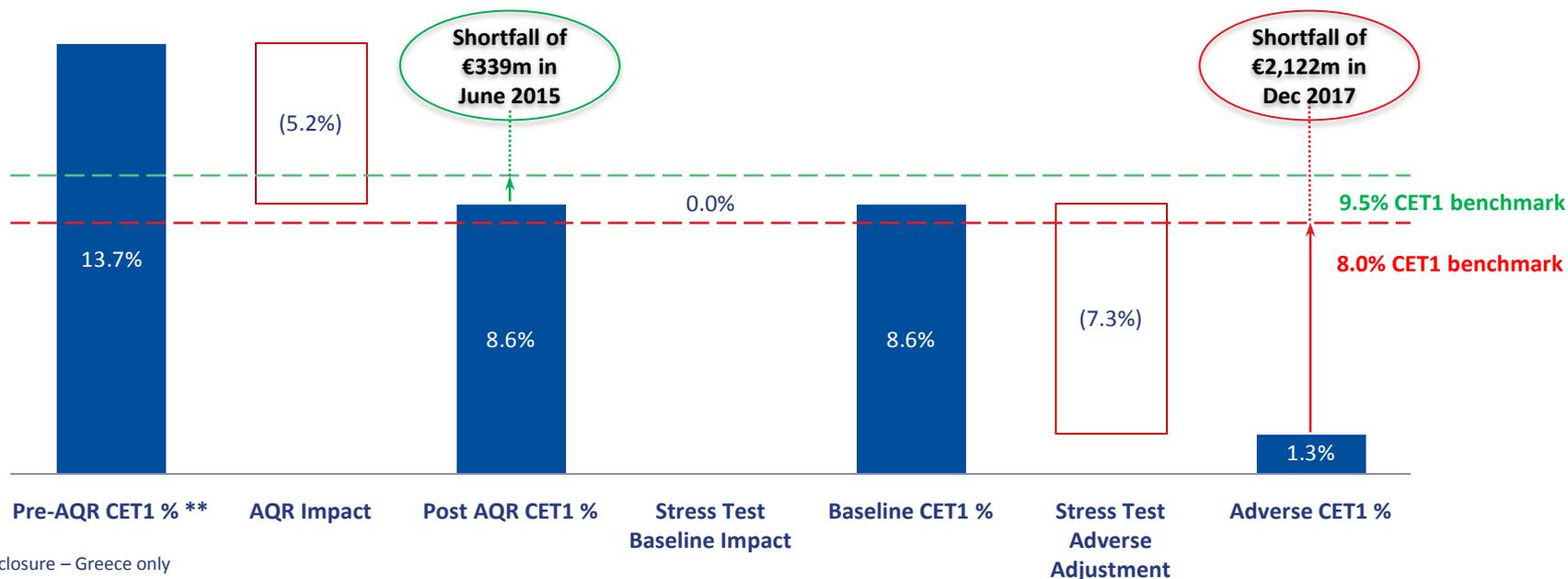
Stress Test

- Baseline shortfall due to AQR adjustment as of June 2015 – the only Greek peer bank with capital accretive Baseline forecast over Stress Test horizon
- Adverse scenario shortfall of €2.1bn vs. €0.3bn in Baseline scenario
 - Assumed cumulative GDP drop of 6.8% drives €1.6bn increase in impairment charges (2x Baseline)
 - Adverse scenario PPI is c. 56% below H1 2015 run-rate, driven by lower NII (c. €1bn below Baseline)

Shortfall of €2.1bn in Adverse scenario against 8.0% CET1 threshold and €0.3bn in Baseline scenario against 9.5% threshold

- The Comprehensive Assessment (“CA”) consisted of:
 1. Asset Quality Review (“AQR”) to assess the carrying value of the banks’ assets and adjust the starting Common Equity Tier 1 (“CET1”)
 2. Stress Test (“ST”) to assess evolution of CET1 ratio over H2 2015-2017 horizon
- The exercise resulted in shortfall of €0.3bn in the Baseline scenario (9.5% threshold) as of June 2015 and €2.1bn in the Adverse scenario (8.0% threshold) in December 2017
 - With 2014 CA thresholds of 8% in Baseline scenario and 5.5% in Adverse scenario shortfalls would have been €0 and €1.33bn* respectively

Comprehensive Assessment Results Overview



Source: ECB disclosure – Greece only

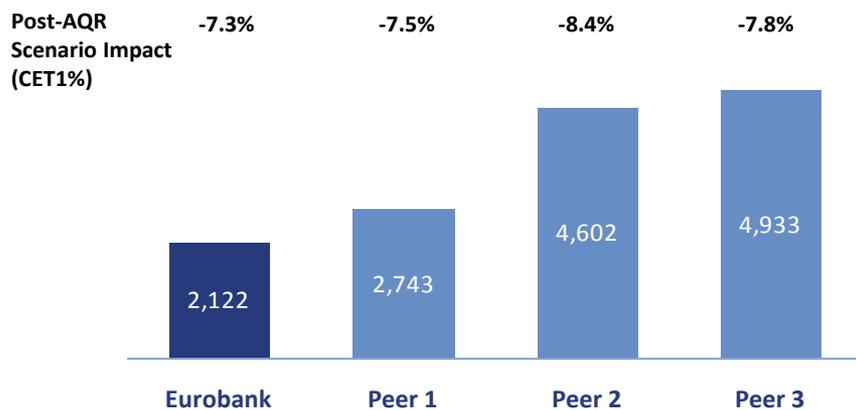
* CET1 shortfall estimated using implied ECB 2017 Adverse scenario RWA of €31,672m

** CET1 ratio as of 30 June 2015 according to CRDIV/CRR definition (Article 92.1a CRR) including transitional arrangements as of 30 June 2015 (Article 50 CRR). RWA are pre-AQR as of 30 June 2015 according to CRDIV/CRR definition (Article 92.3 CRR) including transitional arrangements as of 30 June 2015. CET1 Capital = €5.4bn, RWA = €39.2bn.

Lowest shortfall in Adverse scenario across Greek peer banks

- Smallest shortfall in Adverse scenario, compared to largest shortfall in 2014 CA
- Second lowest shortfall in Baseline scenario, driven by AQR impact as of June 2015
- No negative impact from Baseline Stress Test post AQR
- The only Greek bank with capital accretive Baseline forecast

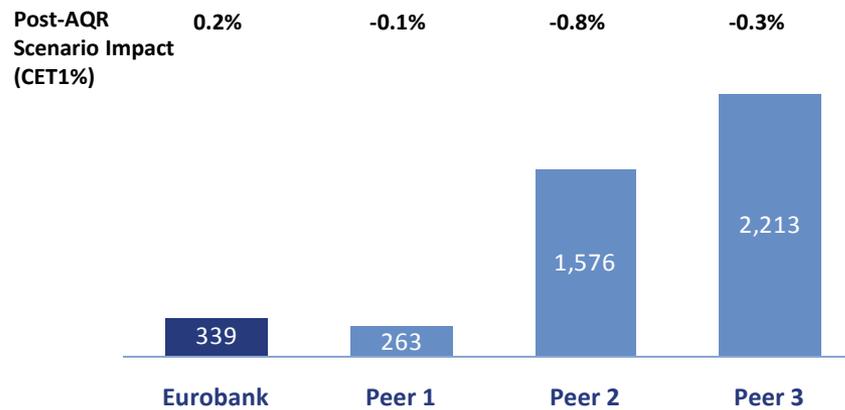
ST Adverse Scenario Shortfall (€m)



2015 ranking: Eurobank (1st), Peer 1 (2nd), Peer 2 (3rd), Peer 3 (4th)

Source: ECB disclosure

ST Baseline Scenario Shortfall (€m)



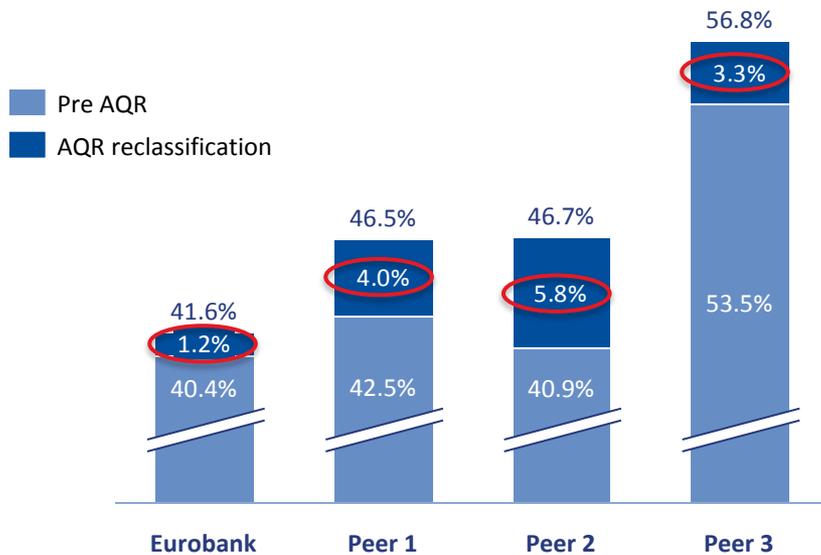
2015 ranking: Eurobank (2nd), Peer 1 (1st), Peer 2 (3rd), Peer 3 (4th)

Source: ECB disclosure

Lowest post-AQR implied NPE ratio, lowest NPE re-classifications across Greek peer banks

- Lowest post AQR implied NPE ratio across banks
- Lowest NPE reclassifications from AQR
- Second lowest EUR AQR adjustment

Post-AQR implied NPE ratio*

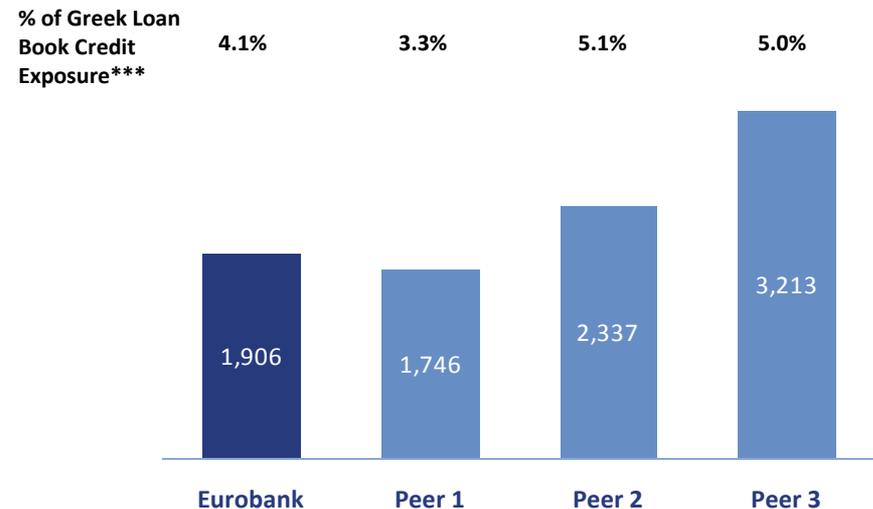


2015 ranking**

1 st	3 rd	4 th	2 nd
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Source: ECB disclosure

AQR Adjustment (€m)



2015 ranking

2 nd	1 st	3 rd	4 th
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Source: ECB disclosure

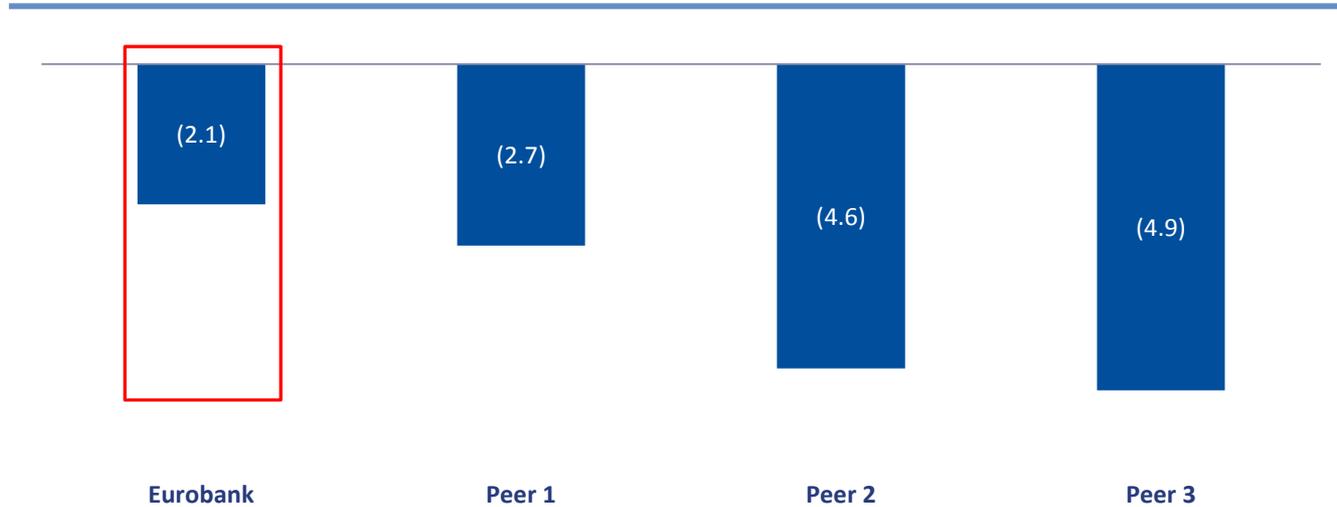
* Based on Simplified EBA definition.

** Ranking based on lowest NPE reclassification

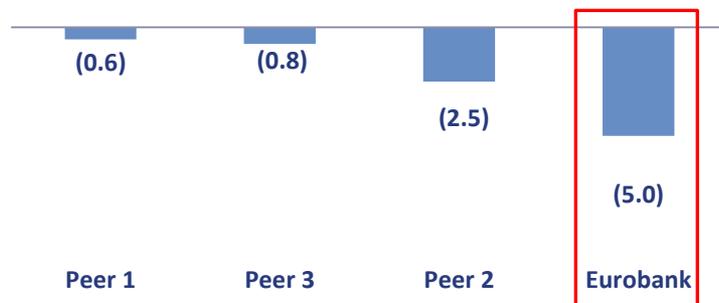
*** Denominator = Retail and Corporate credit exposure from ECB disclosure; numerator = total AQR adjustment

Total capital needs for Greek banks according to different stress tests 2013-2015 (Adverse scenario)

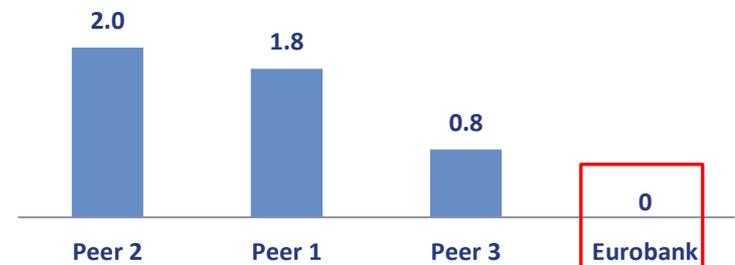
2015 ECB Stress Test (€bn) – Adverse scenario



2013 Bank of Greece Stress Test (€bn) – Adverse scenario



2014 ECB Stress Test (€bn) – Dynamic Adverse scenario



No capital needs for the Greek banking system for the 2014 Stress test

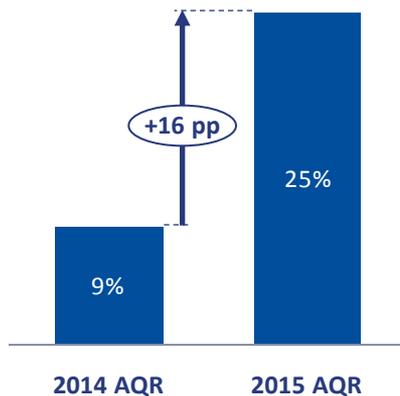
2015 Comprehensive Assessment more conservative than 2014 exercise

Higher thresholds used to determine shortfalls – 150bps increase for Baseline (9.5% vs. 8.0%) and 250bps increase for Adverse (8.0% vs. 5.5%)

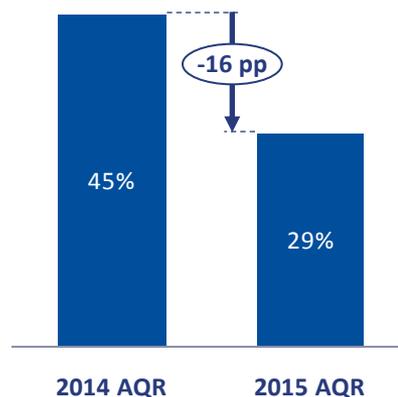
Asset Quality Review Examples

- Increased forced sale discount from 9% to 25% for Residential Real Estate (“RRE”)
- Rejection of clients’ business plans leading to going-concern exposures analysed through liquidation value approach in Corporate credit file review
- 64% aggregate reduction in collateral values* in Corporate credit file review vs. 53% in 2014 CA

RRE Forced Sale Discount



Going-Concern % of NPE Exposure Reviewed

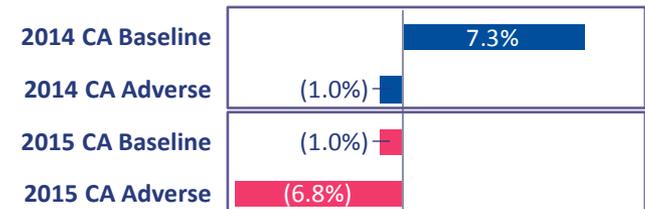


Source: ECB disclosure – Greece only

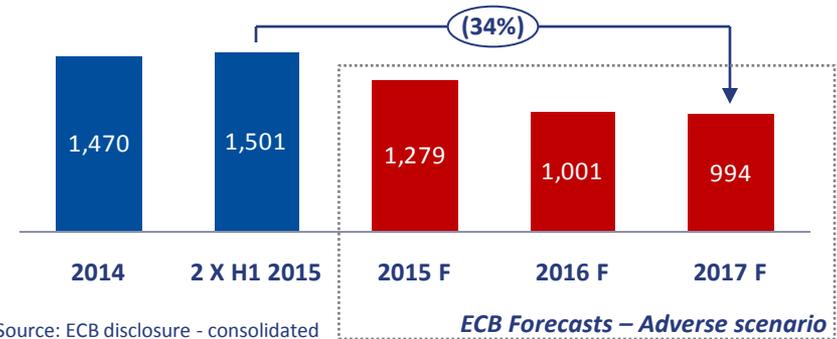
Stress Test Examples

- Baseline cumulative GDP growth in line with 2014 Adverse scenario
- Net Interest Income (“NII”) reduced in the adverse scenario by c. 30% vs. historical run-rate

Cumulative GDP Growth 2014 vs. 2015 CA



NII Historical vs. Stress Test Forecast (€m)



Source: ECB disclosure - consolidated

* Cumulative effect of indexation of collateral to June 2015, re-valuation adjustment (where applicable) as of June 2015, forward indexation to time of liquidation, forced sale discount, liquidation costs and recovery cash flow discounting effect

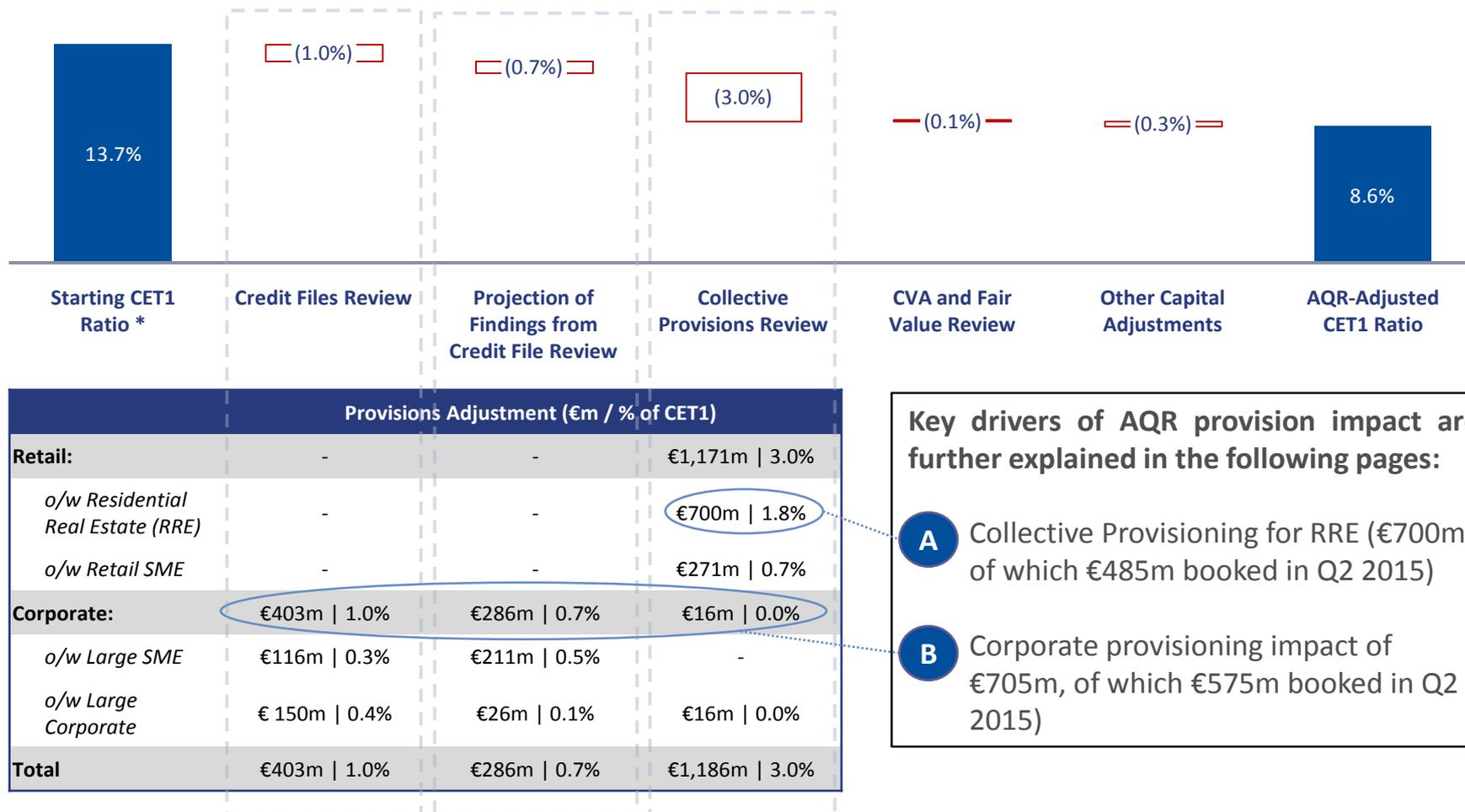
Asset Quality Review

Detailed Asset Quality Review included loan level data analysis, credit file review and collateral re-valuation

	Workstream	Description
<ul style="list-style-type: none"> ▪ In scope portfolios covered 98% of the Greek loan book 	Data Integrity Validation	<ul style="list-style-type: none"> ▪ Data integrity verification runs automated checks to ensure accuracy, consistency and completeness of dataset for the purposes of the AQR
<ul style="list-style-type: none"> ▪ 971 individual exposures analysed during credit file review, of which: <ul style="list-style-type: none"> – 658 files / €9bn in the corporate portfolio (58% portfolio coverage) – 313 files in the RRE portfolio 	Sampling	<ul style="list-style-type: none"> ▪ Statistical risk-based sampling approach to select a representative credit file sample to be reviewed for relevant portfolios. c. 90% overlap with 2014 AQR sample
	Credit File Review	<ul style="list-style-type: none"> ▪ Review NPE classification of sampled exposures ▪ Re-assess individual provisions for non-performing corporate exposures
	Collateral and Real Estate Valuation	<ul style="list-style-type: none"> ▪ For corporate exposures sampled in credit file review, independent collateral re-valuation is performed to support provisioning assessment ▪ For RRE exposures, collateral appraisers to perform valuation to determine potential haircuts to bank's valuation
<ul style="list-style-type: none"> ▪ 996 collateral re-valuations 	Projection of Findings of the Credit File Review	<ul style="list-style-type: none"> ▪ Extrapolation of (i) NPE (re-) classification and (ii) impairment provisioning assessment from the sample to the rest of the portfolio
<ul style="list-style-type: none"> ▪ Collective provisioning and data integrity review was based on loan-level data across portfolios 	Collective Provision Analysis	<ul style="list-style-type: none"> ▪ Review banks' collective provisioning models across asset classes ▪ Derive "challenger model" provisioning and compare to bank's assessment
	Determine Pro-forma CET1% Ratio	<ul style="list-style-type: none"> ▪ Adjust the bank's CET1 ratio based on findings of the AQR. The adjusted CET1 would be used as starting point for the Stress Test

AQR impact of €1.9bn mainly driven by RRE Collective Provisioning and Corporates Credit File Review

AQR Adjustments by Workstream and Portfolio



Source: ECB disclosure, ECB Supervisory Dialogue session presentation as of 15 October 2015, and Eurobank estimations - CET1 impact of each component of the Stress Test has been estimated assuming constant (consolidated) RWA pre-AQR adjustments (Greece only) as of 30 June 2015.

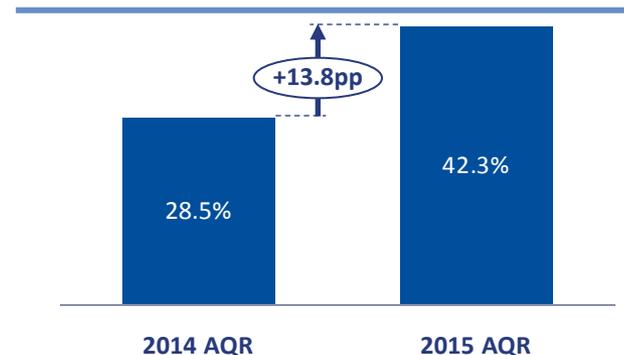
* CET1 ratio as of 30 June 2015 according to CRDIV/CRR definition (Article 92.1a CRR) including transitional arrangements as of 30 June 2015 (Article 50 CRR). RWA are pre-AQR as of 30 June 2015 according to CRDIV/CRR definition (Article 92.3 CRR) including transitional arrangements as of 30 June 2015. CET1 Capital = €5.4bn, RWA = €39.2bn.

€700m RRE collective provision impact driven by more conservative assumptions – Bank reflected €485m as of Q2 2015

€700m of RRE additional provisions required are mainly driven by more conservative assumptions made in the 2015 AQR exercise:

- House Price Index (“HPI”): cumulative drop of property prices of 13%, implying peak-to-trough of 45%*
- Forced Sale Discount: increased to 25% from 9% in the 2014 AQR
- Time to Sale: increased to 4 years from 3 years in the 2014 AQR
- Liquidation assumption: AQR collective provisioning methodology assumes all defaults to be resolved through collateral liquidation
 - Eurobank NPE management strategies are focused on long term modifications and out-of-court solutions

Assumed Collateral Value Reduction 2014 vs. 2015 CA **



Historical HPI Cum Drop 2008 – 2014: 37%

As of Q2 2015 Eurobank booked €485m additional provisions corresponding to 69% of RRE AQR provisions adjustment (€700m)

AQR Provisioning Adjustment for RRE (€m)



€215m of remaining provisions result from differences between Bank assumptions and 2015 AQR:

Assumption	Eurobank	2015 AQR
Forced Sale Discount	20%	25%
HPI (cum. reduction)	(6.8%)*	(13%)

** 4 Greek Pillar banks' Chief Economist Adverse consensus*

Source: ECB and Eurobank disclosure – Greece only

* Eurobank estimate based on the House Price Index of Bank of Greece and ECB disclosure

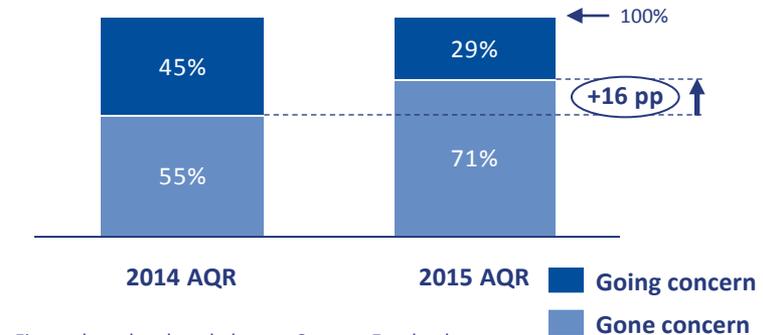
** Eurobank estimate includes projected HPI over stress test horizon, liquidation costs, forced sale haircut and discounting of recoveries effect.

B €705m Corporate provision impact driven by more conservative assumptions – Bank reflected €575m as of Q2 2015

The provisioning adjustment for the Corporate portfolios was largely driven by the 2015 AQR conservative approach:

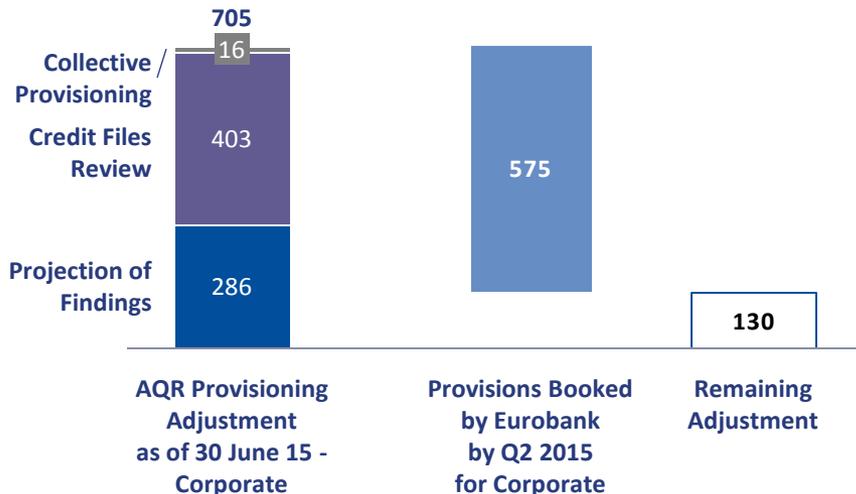
- 56% of Business plans were rejected in the credit file review – Bank estimates €270m of provisions impact, of which €100m from extrapolation
- Use of gone-concern approach was increased from 55% in 2014 to 71% in 2015 AQR
- Aggregate collateral value reduction applied to Bank values for gone-concerns was 64%, 11 points higher than in the 2014 AQR

Use of Going and Gone Concern vs 2014 AQR



Figures based on loan balances. Source : Eurobank

AQR Provisioning Adjustment for Corporate (€m)

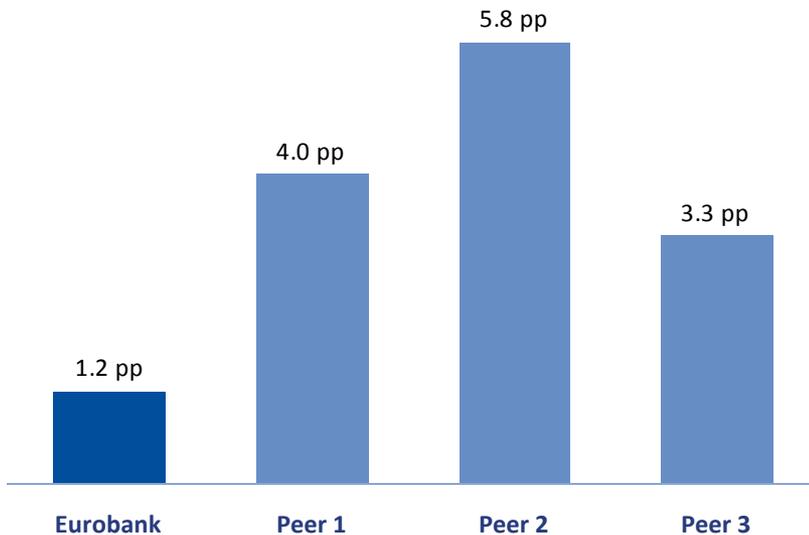


As of Q2 2015 Eurobank booked €575m additional provisions, which reflects full credit file review effect from AQR and 60% of the extrapolation impact

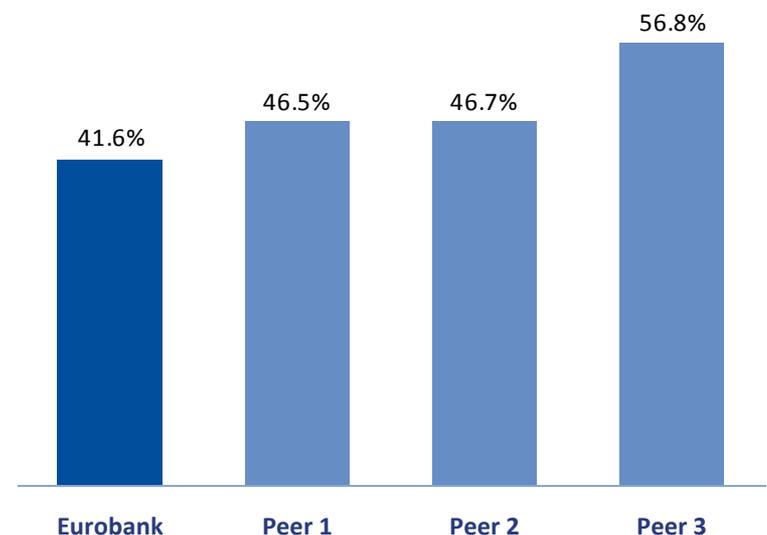
- €130m of remaining provisions adjustment derives mainly from extrapolation of provision findings

- No NPE ratio adjustments Post-AQR from Retail portfolios credit file reviews due to Eurobank's more stringent NPE definition
- Some adjustments to NPE ratio stemming from Corporate portfolios credit file reviews, primarily driven by reclassification of exposures
 - modified within the last 3 years
 - with DSCR* below 1.1 (driven mainly by limited usage of business plans)
- Lowest NPE reclassification and lowest resulting NPE ratio across Greek peer banks

NPE Reclassifications



Post-AQR implied NPE ratio**



Source: ECB disclosure 2014 AQR and 2015 AQR

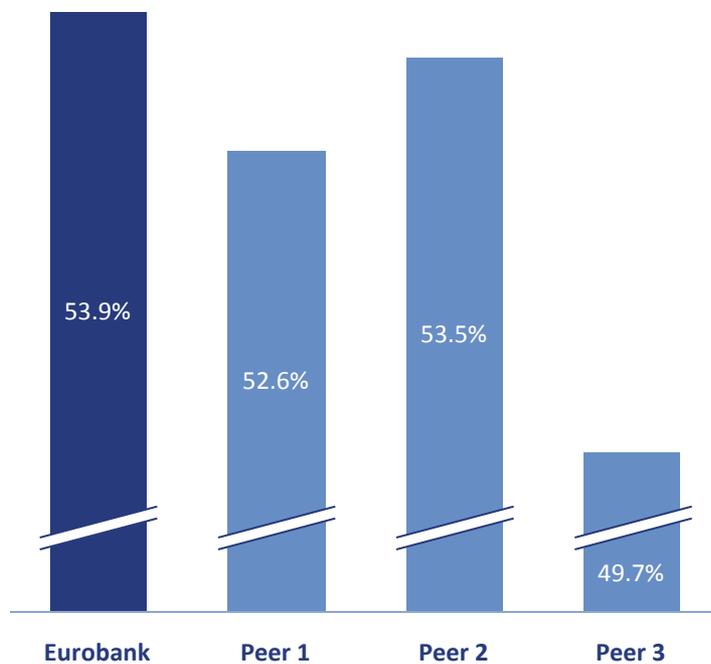
* Debt Service Coverage Ratio = EBITDA / (debt principal repayment + net interest expense)

** Based on Simplified EBA definition

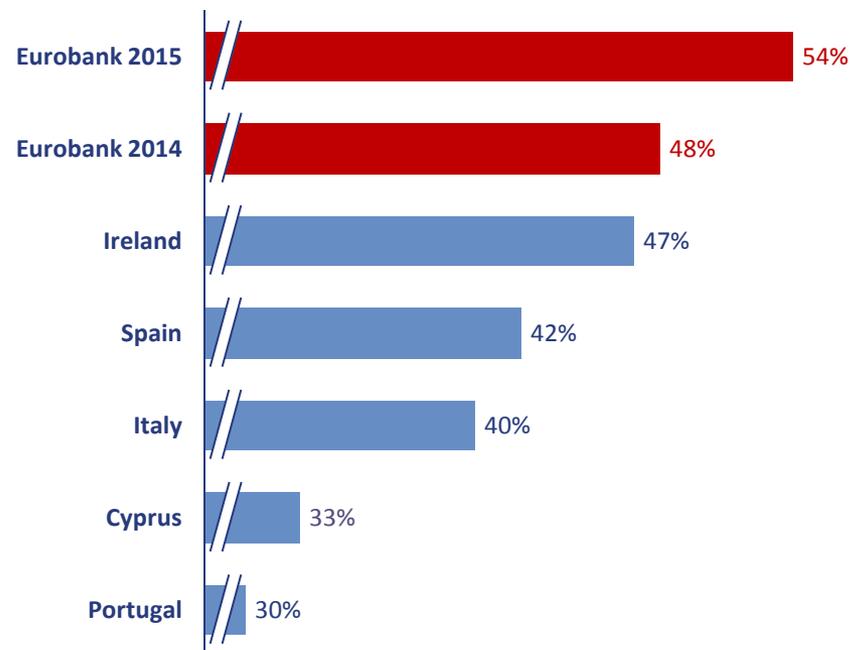
54% implied NPE coverage ratio post-AQR – higher than other Greek banks and peripheral Europe countries

- Highest AQR-implied provision coverage ratio across Greek banks
- Coverage among highest in peripheral Europe

Implied AQR NPE Coverage Ratio*



NPE Coverage Benchmarking: Average NPE Coverage ratio by country per 2014 AQR



Source: ECB disclosure 2014 AQR and 2015 AQR

* AQR-adjusted coverage ratio of Greek non-performing exposure classified as NPE before the AQR (ECB disclosure definition)

Stress Test

Approach

- CET1 ratio benchmark in Baseline and Adverse scenario higher than in 2014 CA

Scenario	2014 CA	2015 CA
Baseline	8.0%	9.5%
Adverse	5.5%	8.0%

- Capital adequacy was assessed over a 2.5-year time period (H2 2015-2017)
- No further DTA creation was allowed in either the AQR or the Stress Test
- The CET1 ratio projections fully reflect CRD IV phase in requirements
- Capital shortfall is calculated against the lowest capital level estimated over the Stress Test time horizon
- Baseline and Adverse scenario results centrally derived by the ECB
- Residential House Price Index implied peak-to-trough of 45% in Baseline and 51% in Adverse scenario over Stress Test horizon

Macro Assumptions

Variable	Baseline Scenario				Adverse Scenario			
	(%)	2015	2016	2017	Cum.	2015	2016	2017
Real GDP Growth	(2.3%)	(1.3%)	2.7%	(1.0%)	(3.3%)	(3.9%)	0.3%	(6.8%)
Residential House Prices	(7.5%)	(5.0%)	(1.0%)	(13.0%)	(7.8%)	(8.8%)	(7.8%)	(22.5%)
Commercial Real estate Prices	(3.4%)	(1.2%)	1.1%	(3.5%)	(3.6%)	(3.4%)	(2.1%)	(8.8%)
Inflation	(0.4%)	1.5%	0.9%	2.0%	(0.7%)	0.6%	(1.0%)	(1.1%)
Unemployment Rate	26.9%	27.1%	25.7%	n.a.	27.3%	28.1%	27.5%	n.a.

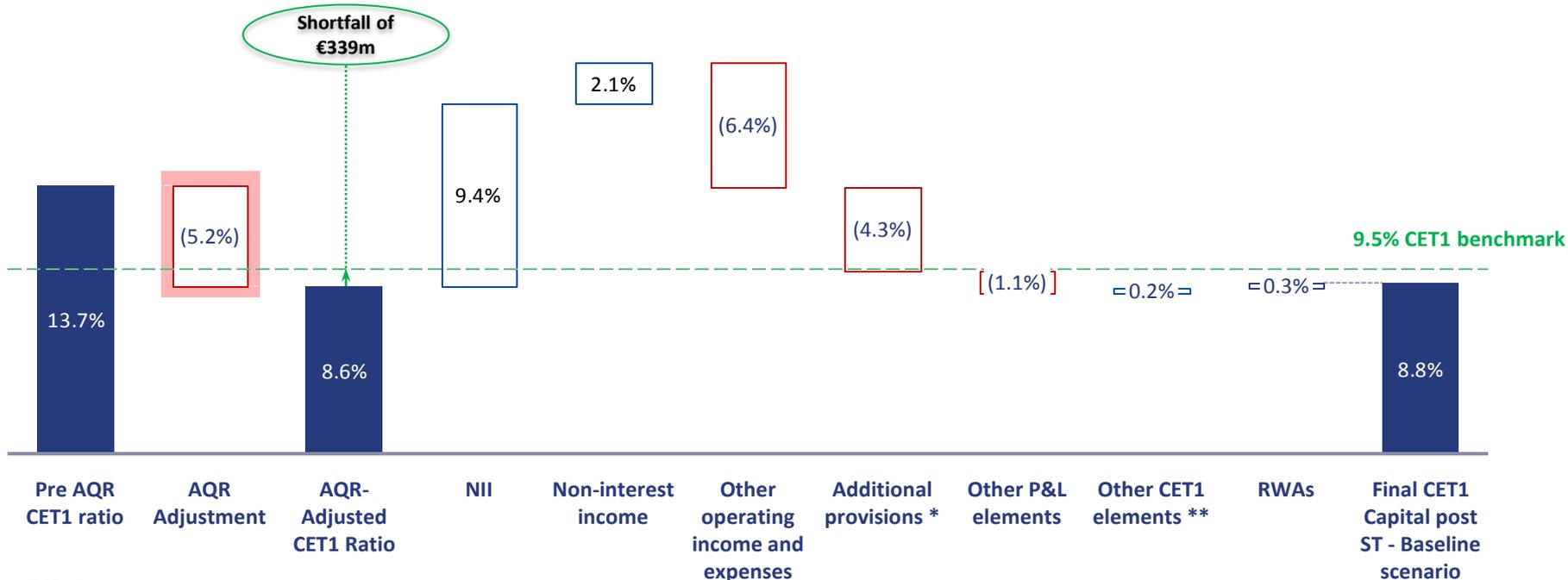
Source: ECB disclosure

Note: Level deviation from baseline (2017) for unemployment rate (end-of-year,%) is given in percentage points, otherwise level deviation from baseline (2017) is given in percent relative to baseline.

Baseline scenario results in a shortfall of €0.3bn (91bps of CET1%) against 9.5% threshold

- No further impact on the AQR-Adjusted CET1 Ratio from the Stress Test under the Baseline scenario
- CET1 ratio of 8.6% resulting from the AQR is the lowest over Stress Test horizon
- Net Interest Income, Additional Provisions, and Operating Expenses represent the main drivers of adjustment to AQR-Adjusted CET1 Ratio over the Stress Test time horizon

Baseline Scenario Stress Test Result (Cumulative Impact H2 2015-2017)



Source: ECB disclosure

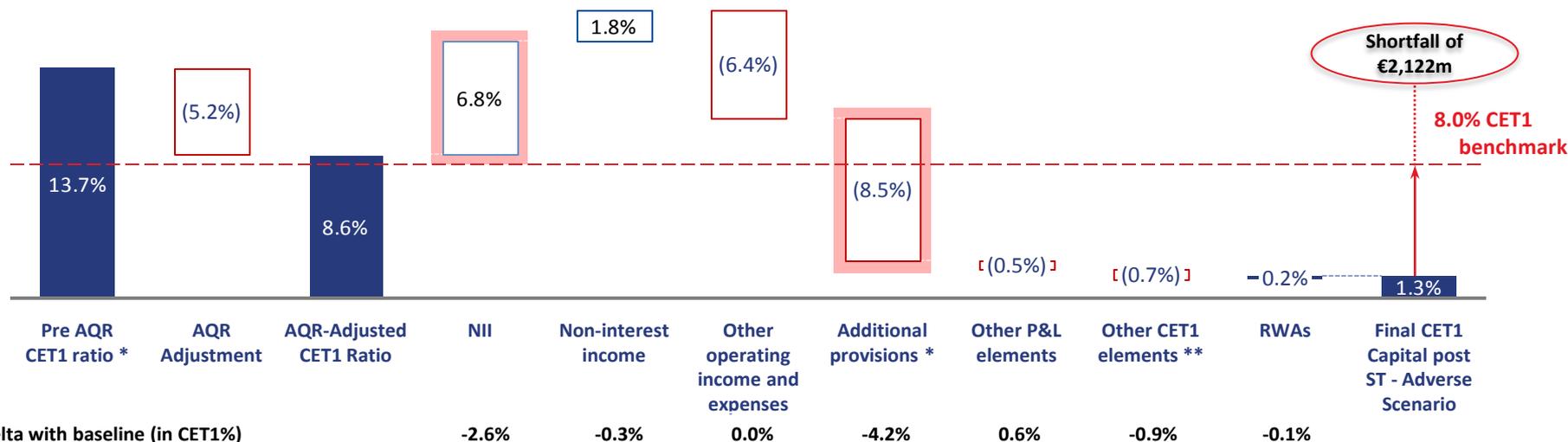
* Including financial and non-financial assets

** Include the impact of capital actions as per existing commitments

Significant further adjustments from Baseline in Adverse scenario resulting in €2.1bn shortfall (670bps of CET1%) against 8% threshold

Component	Key Adjustments	Adverse vs. Baseline
Net Interest Income	<ul style="list-style-type: none"> Increase of default flow More conservative funding assumptions No income on >180 days past due non-performing exposures (except for RRE portfolio – 25% haircut applied) 	€957m lower than Baseline
Additional Provisions	<ul style="list-style-type: none"> Due to increased default flow and provision coverage resulting from deterioration of macro environment assumed in the Adverse scenario 	€1,519m higher than Baseline

Adverse Scenario Stress Test Result (Cumulative Impact H2 2015-2017)



Source: ECB disclosure

* Including financial and non-financial assets

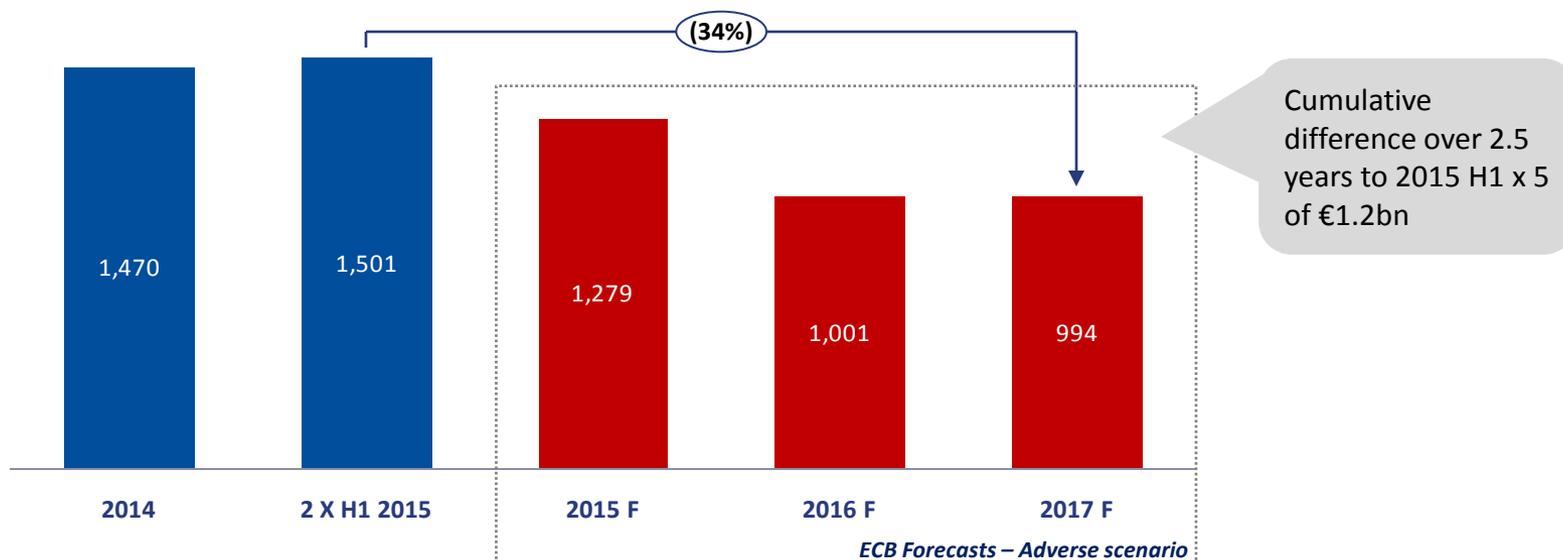
** Include the impact of capital actions as per existing commitments

Adverse scenario Net Interest Income is c. 34% below H1 2015 run-rate

NII is mainly driven by the following adjustments:

- Higher default flows resulting in higher NPE stock
- Funding cost and composition
- NPE Income - no income on NPE that are >180 days past due (except for RRE portfolio where 25% haircut applied)
- Lower margin on performing loans compared to history

NII Analysis (€m) – Historical vs. Adverse Scenario

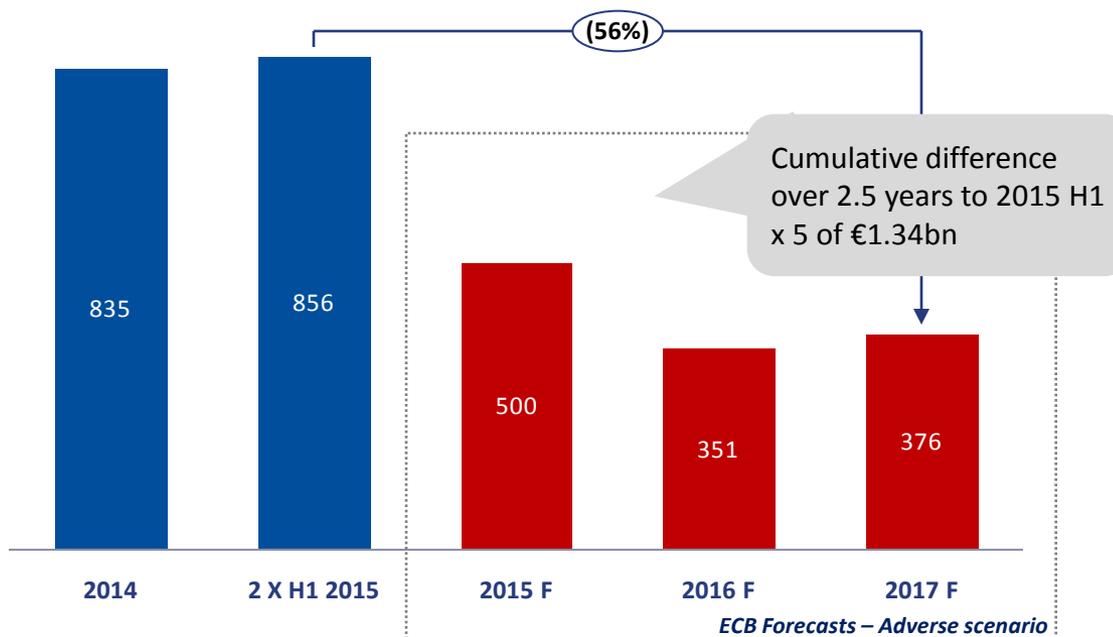


Source: ECB and Eurobank disclosure - consolidated

Adverse scenario PPI is c. 56% below H1 2015 run-rate

- Adverse scenario Pre-Provision Income (“PPI”) is €1.34bn below H1 2015 run-rate x 5 – mainly driven by reduction in NII
- 2017 PPI 56% below H1 2015 actual x2

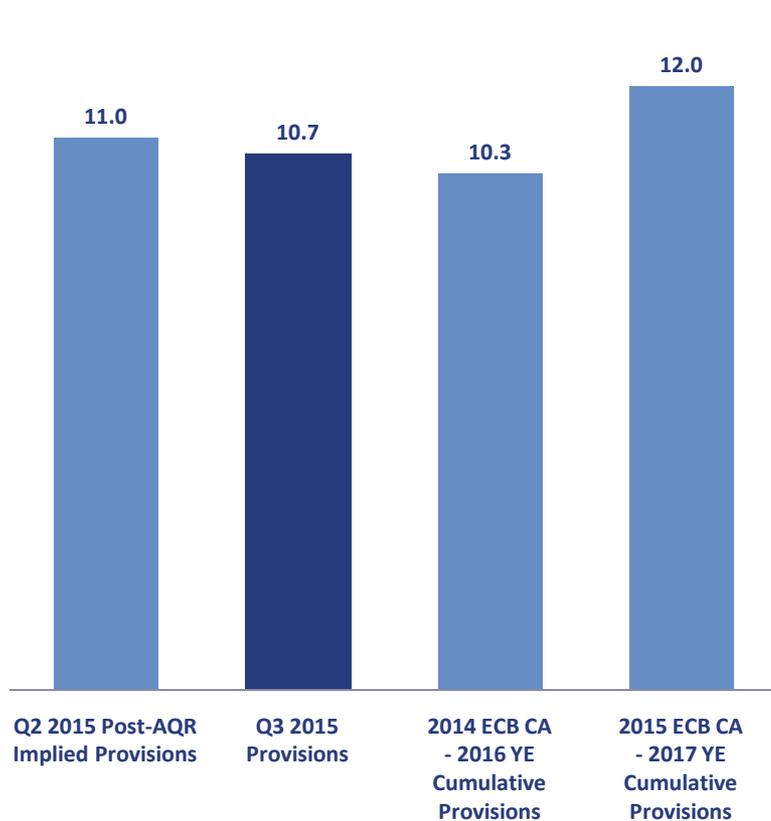
PPI Analysis (€m) – Historical vs. Adverse Scenario



Source: ECB disclosure and Eurobank estimations - consolidated

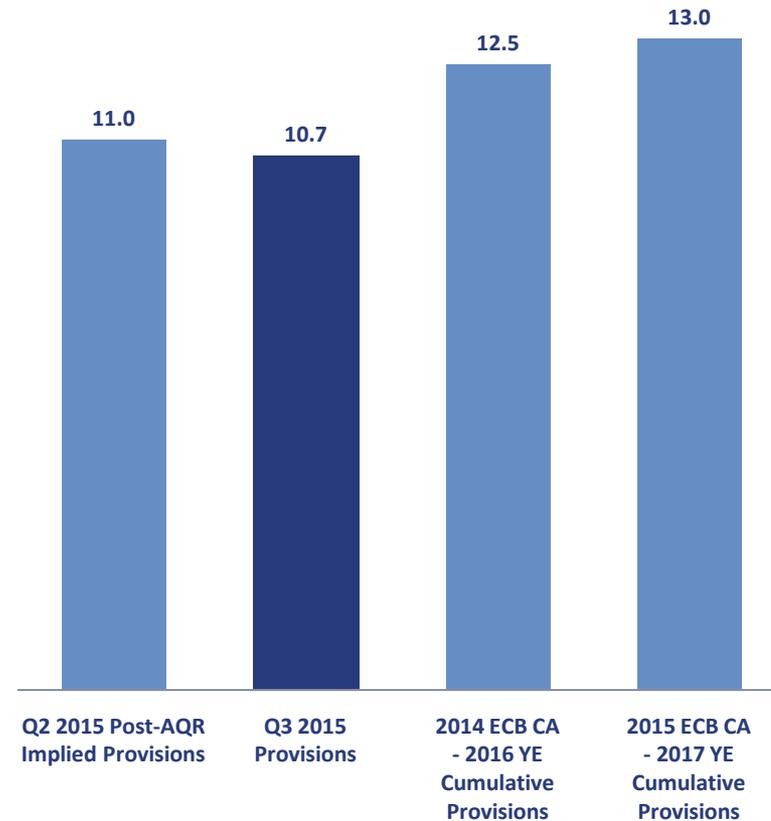
Q3 2015 provisions stock at 97% of post-AQR implied level

Baseline scenario (€bn, Greece only)



Source: ECB and Eurobank disclosure, Eurobank estimations – Greece only

Adverse scenario (€bn, Greece only)



Source: ECB and Eurobank disclosure, Eurobank estimations – Greece only

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