Saturday, May 5, 2018

Press Release

2018 Stress Test Results

Eurobank announces the successful completion of the Stress Test (ST) conducted by the European Central Bank (ECB). Based on feedback received by the Single Supervisory Mechanism (SSM), the ST outcome along with other factors have been assessed by its Supervisory Board (SB), pointing to no capital shortfall and no capital plan needed as a result of the exercise.

Under the adverse scenario, Eurobank's total capital adequacy ratio (CAD), including the effect of Tier 2 securities, issued in January 2018, is 9.5%, and the Core Tier 1 Capital (CET1) ratio is 6.8%. These ratios would be ca. 40 bps higher, at 9.9% and 7.2% respectively, if the positive impact from the sale of Bancpost Romania (closed in April 2018) was taken into account[1]. The capital depletion stood at €3.4 billion (8.7ppts)[2].

Under the baseline scenario, the Bank is capital accretive, with CAD and CET1 ratios increasing at 19.3% and 16.6%, respectively. These ratios would be ca. 40 bps higher if the positive impact from the sale of Bancpost was included.

Eurobank CEO Fokion Karavias said:

"We are particularly satisfied with the Bank's performance in the Stress Test. The ECB exercise confirms that notwithstanding the strict assumptions of the adverse scenario, Eurobank remains resilient to external shocks.

The present ST result follows a multi-year period of turbulence in the Greek banking sector. Eurobank's total capital, at the high end of the sector, and its overall solid performance, allow us to streamline all our efforts in order to implement and deliver on our business priorities. We mainly focus on two pillars: First, to effectively manage and rapidly decrease our stock of non-performing exposures, in line with our plans. Second, to provide financing to our clients, both households and businesses, to the Greek economy and the region".

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[1] Due to the ST static balance sheet assumption, divestments not completed before 2017 year-end have not been taken into account in the ST, even if they had already been agreed and the relevant impairment recorded by that date. This resulted to lower CAD and CET1 ratios, as compared to the one that would have been calculated if these divestments had been taken into consideration.

[2] Excluding the technical effect of 250 bps capital depletion related to the grandfathering of preference shares ended in 1/1/2018.