



**EUROBANK ERGASIAS S.A.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED**

**30 SEPTEMBER 2012**

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|                                                                                                          | <u>Note</u> | Nine months ended<br>30 September |                   | Three months ended<br>30 September |                   |
|----------------------------------------------------------------------------------------------------------|-------------|-----------------------------------|-------------------|------------------------------------|-------------------|
|                                                                                                          |             | 2012<br>€ million                 | 2011<br>€ million | 2012<br>€ million                  | 2011<br>€ million |
| Net interest income                                                                                      |             | 1,158                             | 1,482             | 358                                | 496               |
| Net banking fee and commission income                                                                    |             | 152                               | 209               | 47                                 | 73                |
| Net insurance income                                                                                     |             | 16                                | 24                | 8                                  | 6                 |
| Income from non banking services                                                                         |             | 24                                | 22                | 8                                  | 7                 |
| Dividend income                                                                                          |             | 4                                 | 6                 | 2                                  | 3                 |
| Net trading income                                                                                       |             | 83                                | (9)               | (24)                               | (9)               |
| Gains less losses from investment securities                                                             |             | (21)                              | (34)              | (2)                                | 37                |
| Other operating income                                                                                   |             | 1                                 | 0                 | 0                                  | 0                 |
| <b>Operating income</b>                                                                                  |             | <b>1,417</b>                      | <b>1,700</b>      | <b>397</b>                         | <b>613</b>        |
| Operating expenses                                                                                       |             | (799)                             | (835)             | (256)                              | (271)             |
| <b>Profit from operations before impairment on loans and advances and non recurring valuation losses</b> |             | <b>618</b>                        | <b>865</b>        | <b>141</b>                         | <b>342</b>        |
| Impairment losses on loans and advances                                                                  | 12          | (1,213)                           | (984)             | (419)                              | (330)             |
| Impairment and other losses on Greek sovereign exposure                                                  | 6           | (554)                             | (830)             | -                                  | -                 |
| Other non recurring valuation losses                                                                     | 13          | (160)                             | -                 | -                                  | -                 |
| Share of results of associates and joint ventures                                                        |             | (0)                               | (1)               | 0                                  | (0)               |
| <b>Profit/(loss) before tax</b>                                                                          |             | <b>(1,309)</b>                    | <b>(950)</b>      | <b>(278)</b>                       | <b>12</b>         |
| Income tax                                                                                               | 10          | 275                               | 195               | 58                                 | 1                 |
| <b>Profit/(loss) for the period from continuing operations</b>                                           |             | <b>(1,034)</b>                    | <b>(755)</b>      | <b>(220)</b>                       | <b>13</b>         |
| Profit/(loss) for the period from discontinued operations                                                | 11          | (51)                              | 189               | (0)                                | 2                 |
| <b>Net profit/(loss) for the period</b>                                                                  |             | <b>(1,085)</b>                    | <b>(566)</b>      | <b>(220)</b>                       | <b>15</b>         |
| Net profit for the period attributable to non controlling interest                                       |             | 10                                | 9                 | 3                                  | 2                 |
| <b>Net profit/(loss) for the period attributable to shareholders</b>                                     |             | <b>(1,095)</b>                    | <b>(575)</b>      | <b>(223)</b>                       | <b>13</b>         |
|                                                                                                          |             | €                                 | €                 | €                                  | €                 |
| <b>Earnings/(losses) per share</b>                                                                       |             |                                   |                   |                                    |                   |
| -Basic and diluted earnings/(losses) per share                                                           | 9           | (1.63)                            | (1.19)            | (0.41)                             | (0.03)            |
| <b>Earnings/(losses) per share from continuing operations</b>                                            |             |                                   |                   |                                    |                   |
| -Basic and diluted earnings/(losses) per share                                                           | 9           | (1.54)                            | (1.54)            | (0.41)                             | (0.03)            |

Notes on pages 8 to 19 form an integral part of these condensed consolidated interim financial statements

|                                                            | <b>Note</b> | <b>30 September<br/>2012<br/>€ million</b> | <b>31 December<br/>2011<br/>€ million</b> |
|------------------------------------------------------------|-------------|--------------------------------------------|-------------------------------------------|
| <b>ASSETS</b>                                              |             |                                            |                                           |
| Cash and balances with central banks                       |             | 1,865                                      | 3,286                                     |
| Loans and advances to banks                                |             | 5,187                                      | 6,988                                     |
| Financial instruments at fair value through profit or loss |             | 483                                        | 503                                       |
| Derivative financial instruments                           |             | 1,853                                      | 1,818                                     |
| Loans and advances to customers                            |             | 43,827                                     | 48,094                                    |
| Investment securities                                      | 14          | 10,607                                     | 11,383                                    |
| Property, plant and equipment                              |             | 1,312                                      | 1,304                                     |
| Intangible assets                                          |             | 446                                        | 465                                       |
| Deferred tax asset                                         |             | 2,050                                      | 1,726                                     |
| Other assets                                               | 16          | 1,687                                      | 1,255                                     |
| Assets of disposal group classified as held for sale       | 11          | 2,021                                      | -                                         |
| <b>Total assets</b>                                        |             | <b>71,338</b>                              | <b>76,822</b>                             |
| <b>LIABILITIES</b>                                         |             |                                            |                                           |
| Secured borrowing from banks                               |             | 34,031                                     | 34,888                                    |
| Other deposits from banks                                  |             | 1,127                                      | 1,043                                     |
| Derivative financial instruments                           |             | 2,929                                      | 3,013                                     |
| Due to customers                                           |             | 28,927                                     | 32,459                                    |
| Debt issued and other borrowed funds                       | 17          | 1,383                                      | 2,671                                     |
| Other liabilities                                          |             | 1,813                                      | 1,873                                     |
| Liabilities of disposal group classified as held for sale  | 11          | 1,532                                      | -                                         |
| <b>Total liabilities</b>                                   |             | <b>71,742</b>                              | <b>75,947</b>                             |
| <b>EQUITY</b>                                              |             |                                            |                                           |
| Ordinary share capital                                     | 18          | 1,226                                      | 1,226                                     |
| Share premium                                              | 18          | 1,438                                      | 1,439                                     |
| Other reserves                                             |             | (4,662)                                    | (3,763)                                   |
| Preference shares                                          | 19          | 950                                        | 950                                       |
| Preferred securities                                       | 20          | 368                                        | 745                                       |
| Non controlling interest                                   |             | 276                                        | 278                                       |
| <b>Total</b>                                               |             | <b>(404)</b>                               | <b>875</b>                                |
| <b>Total equity and liabilities</b>                        |             | <b>71,338</b>                              | <b>76,822</b>                             |

Notes on pages 8 to 19 form an integral part of these condensed consolidated interim financial statements

|                                                                                       | Nine months ended<br>30 September |         |                   |       | Three months ended<br>30 September |       |                   |       |
|---------------------------------------------------------------------------------------|-----------------------------------|---------|-------------------|-------|------------------------------------|-------|-------------------|-------|
|                                                                                       | 2012<br>€ million                 |         | 2011<br>€ million |       | 2012<br>€ million                  |       | 2011<br>€ million |       |
| Profit/(loss) for the period                                                          | <u>(1,085)</u>                    |         | <u>(566)</u>      |       | <u>(220)</u>                       |       | <u>15</u>         |       |
| Other comprehensive income:                                                           |                                   |         |                   |       |                                    |       |                   |       |
| Cash flow hedges                                                                      |                                   |         |                   |       |                                    |       |                   |       |
| - net changes in fair value, net of tax                                               | (95)                              |         | (12)              |       | (7)                                |       | (4)               |       |
| - transfer to net profit, net of tax                                                  | <u>26</u>                         | (69)    | <u>(8)</u>        | (20)  | <u>6</u>                           | (1)   | <u>(4)</u>        | (8)   |
| Available for sale securities                                                         |                                   |         |                   |       |                                    |       |                   |       |
| - net changes in fair value, net of tax                                               | 86                                |         | (141)             |       | 47                                 |       | (63)              |       |
| - impairment losses on Greek sovereign debt transfer to net profit, net of tax        | -                                 |         | 209               |       | -                                  |       | -                 |       |
| - impairment losses on other investment securities transfer to net profit, net of tax | 33                                |         | -                 |       | 3                                  |       | -                 |       |
| - transfer to net profit, net of tax                                                  | <u>(1)</u>                        | 118     | <u>(41)</u>       | 27    | <u>(2)</u>                         | 48    | <u>(64)</u>       | (127) |
| Foreign currency translation                                                          |                                   |         |                   |       |                                    |       |                   |       |
| - net changes in fair value, net of tax                                               | (42)                              |         | (36)              |       | (5)                                |       | (9)               |       |
| - transfer to net profit, net of tax                                                  | <u>-</u>                          | (42)    | <u>4</u>          | (32)  | <u>-</u>                           | (5)   | <u>-</u>          | (9)   |
| Other comprehensive income for the period                                             | <u>7</u>                          |         | <u>(25)</u>       |       | <u>42</u>                          |       | <u>(144)</u>      |       |
| Total comprehensive income for the period attributable to:                            |                                   |         |                   |       |                                    |       |                   |       |
| Shareholders                                                                          |                                   |         |                   |       |                                    |       |                   |       |
| - from continuing operations                                                          | (1,045)                           |         | (754)             |       | (182)                              |       | (125)             |       |
| - from discontinued operations                                                        | <u>(42)</u>                       | (1,087) | <u>154</u>        | (600) | <u>1</u>                           | (181) | <u>(6)</u>        | (131) |
| Non controlling interest                                                              |                                   |         |                   |       |                                    |       |                   |       |
| - from continuing operations                                                          | 9                                 |         | 9                 |       | 3                                  |       | 2                 |       |
| - from discontinued operations                                                        | <u>0</u>                          | 9       | <u>(0)</u>        | 9     | <u>0</u>                           | 3     | <u>(0)</u>        | 2     |
|                                                                                       | <u>(1,078)</u>                    |         | <u>(591)</u>      |       | <u>(178)</u>                       |       | <u>(129)</u>      |       |

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|                                                                                           | Ordinary<br>share<br>capital<br>€ million | Share<br>premium<br>€ million | Special<br>reserves<br>€ million | Retained<br>earnings<br>€ million | Preference<br>shares<br>€ million | Preferred<br>securities<br>€ million | Non<br>controlling<br>interest<br>€ million | Total<br>€ million |
|-------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------|----------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|---------------------------------------------|--------------------|
| Balance at 1 January 2011                                                                 | 1,478                                     | 1,440                         | 644                              | 469                               | 950                               | 791                                  | 322                                         | 6,094              |
| Other comprehensive income for the period                                                 | -                                         | -                             | (25)                             | -                                 | -                                 | -                                    | 0                                           | (25)               |
| Profit/(loss) for the period                                                              | -                                         | -                             | -                                | (575)                             | -                                 | -                                    | 9                                           | (566)              |
| Total comprehensive income for the nine months ended 30 September 2011                    | -                                         | -                             | (25)                             | (575)                             | -                                 | -                                    | 9                                           | (591)              |
| Acquisitions/changes in participating interests in subsidiary and associated undertakings | 73                                        | (6)                           | -                                | (23)                              | -                                 | -                                    | (48)                                        | (4)                |
| Share capital decrease by reducing the ordinary shares' par value                         | (326)                                     | -                             | 79                               | 247                               | -                                 | -                                    | -                                           | -                  |
| Purchase/sale of preferred securities                                                     | -                                         | -                             | -                                | 18                                | -                                 | (37)                                 | -                                           | (19)               |
| Preference shares' and preferred securities' dividend paid                                | -                                         | -                             | -                                | (105)                             | -                                 | -                                    | -                                           | (105)              |
| Dividends distributed by subsidiaries attributable to non controlling interest            | -                                         | -                             | -                                | -                                 | -                                 | -                                    | (9)                                         | (9)                |
| Share-based payment:                                                                      |                                           |                               |                                  |                                   |                                   |                                      |                                             |                    |
| - Value of employee services                                                              | -                                         | -                             | (0)                              | -                                 | -                                 | -                                    | -                                           | (0)                |
| Purchase of treasury shares                                                               | (4)                                       | 1                             | -                                | -                                 | -                                 | -                                    | -                                           | (3)                |
| Sale of treasury shares, net of tax and related expenses                                  | 3                                         | 1                             | -                                | (7)                               | -                                 | -                                    | -                                           | (3)                |
|                                                                                           | (254)                                     | (4)                           | 79                               | 130                               | -                                 | (37)                                 | (57)                                        | (143)              |
| Balance at 30 September 2011                                                              | 1,224                                     | 1,436                         | 698                              | 24                                | 950                               | 754                                  | 274                                         | 5,360              |
| <b>Balance at 1 January 2012</b>                                                          | <b>1,226</b>                              | <b>1,439</b>                  | <b>1,276</b>                     | <b>(5,039)</b>                    | <b>950</b>                        | <b>745</b>                           | <b>278</b>                                  | <b>875</b>         |
| Other comprehensive income for the period                                                 | -                                         | -                             | 8                                | -                                 | -                                 | -                                    | (1)                                         | 7                  |
| Profit/(loss) for the period                                                              | -                                         | -                             | -                                | (1,095)                           | -                                 | -                                    | 10                                          | (1,085)            |
| Total comprehensive income for the nine months ended 30 September 2012                    | -                                         | -                             | 8                                | (1,095)                           | -                                 | -                                    | 9                                           | (1,078)            |
| Acquisitions/changes in participating interests in subsidiary and associated undertakings | -                                         | -                             | -                                | 0                                 | -                                 | -                                    | (0)                                         | (0)                |
| Purchase/sale of preferred securities                                                     | -                                         | -                             | -                                | 212                               | -                                 | (377)                                | -                                           | (165)              |
| Preferred securities' dividend paid                                                       | -                                         | -                             | -                                | (24)                              | -                                 | -                                    | -                                           | (24)               |
| Dividends distributed by subsidiaries attributable to non controlling interest            | -                                         | -                             | -                                | -                                 | -                                 | -                                    | (11)                                        | (11)               |
| Share-based payment:                                                                      |                                           |                               |                                  |                                   |                                   |                                      |                                             |                    |
| - Value of employee services                                                              | -                                         | -                             | (0)                              | -                                 | -                                 | -                                    | -                                           | (0)                |
| Purchase of treasury shares                                                               | (1)                                       | 0                             | -                                | -                                 | -                                 | -                                    | -                                           | (1)                |
| Sale of treasury shares, net of tax and related expenses                                  | 1                                         | (1)                           | -                                | -                                 | -                                 | -                                    | -                                           | 0                  |
|                                                                                           | (0)                                       | (1)                           | (0)                              | 188                               | -                                 | (377)                                | (11)                                        | (201)              |
| <b>Balance at 30 September 2012</b>                                                       | <b>1,226</b>                              | <b>1,438</b>                  | <b>1,284</b>                     | <b>(5,946)</b>                    | <b>950</b>                        | <b>368</b>                           | <b>276</b>                                  | <b>(404)</b>       |
|                                                                                           | Note 18                                   | Note 18                       |                                  |                                   | Note 19                           | Note 20                              |                                             |                    |

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|                                                                                                 | Nine months ended<br>30 September |           |
|-------------------------------------------------------------------------------------------------|-----------------------------------|-----------|
|                                                                                                 | 2012                              | 2011      |
|                                                                                                 | € million                         | € million |
| <b>Cash flows from operating activities</b>                                                     |                                   |           |
| Interest received and net trading receipts                                                      | 2,554                             | 2,863     |
| Interest paid                                                                                   | (1,684)                           | (1,585)   |
| Fees and commissions received                                                                   | 539                               | 417       |
| Fees and commissions paid                                                                       | (331)                             | (104)     |
| Other income received                                                                           | 0                                 | 1         |
| Cash payments to employees and suppliers                                                        | (690)                             | (652)     |
| Income taxes paid                                                                               | (25)                              | (47)      |
| Cash flows from continuing operating profits before changes in operating assets and liabilities | 363                               | 893       |
| <b>Changes in operating assets and liabilities</b>                                              |                                   |           |
| Net (increase)/decrease in cash and balances with central banks                                 | 1,246                             | (972)     |
| Net (increase)/decrease in financial instruments at fair value through profit or loss           | (149)                             | 108       |
| Net (increase)/decrease in loans and advances to banks                                          | 1,255                             | 1,191     |
| Net (increase)/decrease in loans and advances to customers                                      | 1,579                             | 1,209     |
| Net (increase)/decrease in derivative financial instruments                                     | 42                                | (500)     |
| Net (increase)/decrease in other assets                                                         | (448)                             | (213)     |
| Net increase/(decrease) in due to banks                                                         | (24)                              | 6,894     |
| Net increase/(decrease) in due to customers                                                     | (3,002)                           | (7,469)   |
| Net increase/(decrease) in other liabilities                                                    | (144)                             | (280)     |
| <b>Net cash from/(used in) continuing operating activities</b>                                  | 718                               | 861       |
| <b>Cash flows from investing activities</b>                                                     |                                   |           |
| Purchases of property, plant and equipment and intangible assets                                | (103)                             | (139)     |
| Proceeds from sale of property, plant and equipment and intangible assets                       | 2                                 | 4         |
| (Purchases)/sales and redemptions of investment securities                                      | 456                               | 50        |
| Acquisition of subsidiary undertakings net of cash acquired and associated undertakings         | -                                 | (1)       |
| Disposal of foreign operations, net of cash and cash equivalents disposed                       | -                                 | 388       |
| Dividends from investment securities and associated undertakings                                | 4                                 | 5         |
| <b>Net cash from/(used in) continuing investing activities</b>                                  | 359                               | 307       |
| <b>Cash flows from financing activities</b>                                                     |                                   |           |
| (Repayments)/proceeds from debt issued and other borrowed funds                                 | (1,256)                           | (2,263)   |
| Purchase of preferred securities                                                                | (160)                             | (30)      |
| Proceeds from sale of preferred securities                                                      | -                                 | 11        |
| Preference shares' and preferred securities' dividend paid                                      | (31)                              | (128)     |
| Purchase of treasury shares                                                                     | (0)                               | (3)       |
| Proceeds from sale of treasury shares                                                           | 0                                 | 4         |
| Net contributions by non controlling interest                                                   | (11)                              | (10)      |
| <b>Net cash from/(used in) continuing financing activities</b>                                  | (1,458)                           | (2,419)   |
| Effect of exchange rate changes on cash and cash equivalents                                    | (20)                              | (15)      |
| <b>Net increase/(decrease) in cash and cash equivalents from continuing operations</b>          | (401)                             | (1,266)   |
| Net cash flows from discontinued operating activities                                           | (281)                             | 159       |
| Net cash flows from discontinued investing activities                                           | 240                               | 39        |
| <b>Net increase/(decrease) in cash and cash equivalents from discontinued operations</b>        | (41)                              | 198       |
| Cash and cash equivalents at beginning of period                                                | 3,124                             | 4,044     |
| <b>Cash and cash equivalents at end of period</b>                                               | 2,682                             | 2,976     |

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## 1. General information

Eurobank Ergasias S.A. (the "Bank") and its subsidiaries (the "Group") are active in retail, corporate and private banking, asset management, insurance, treasury, capital markets and other services. The Bank is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Group operates mainly in Greece and in Central, Eastern and Southeastern Europe. The Bank's corporate name was amended on 2 August 2012 from "EFG Eurobank Ergasias S.A." to Eurobank Ergasias S.A., following the Annual General Meeting's resolution on 29 June 2012.

These condensed consolidated interim financial statements were approved by the Board of Directors on 21 December 2012.

## 2. Basis of preparation of condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and they should be read in conjunction with the Group's published consolidated annual financial statements for the year ended 31 December 2011. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

### Going concern considerations

The financial statements have been prepared on a going concern basis. In making its assessment of the Group's ability to continue as a going concern, the Board of Directors has taken into consideration the impact of the following factors:

#### Solvency risk

The Group has incurred substantial impairment losses as a result of the Hellenic Republic's debt restructuring (PSI+). Such losses had a respective impact on the accounting and regulatory capital of the Group as of 31 December 2011, which fell below the minimum capital requirements as determined by the Bank of Greece.

Capital needs of the Group were assessed by the Bank of Greece (BoG) at the level of € 5,839 million, in order to be able to achieve the level of EBA Core Tier I capital of 9% throughout the period to end of 2014. This assessment takes into account, inter alia, the PSI impairment losses, the results of Blackrock's diagnostic review and the Group's business plan which also includes certain capital strengthening actions.

HFSF (Hellenic Financial Stability Fund) has already advanced to the Bank EFSF notes of total € 3.97 bn (face value) and signed a presubscription agreement for the advance to the Bank of EFSF notes of € 1.34 bn (total € 5.31 bn) as advance payment of its participation in the future share capital increase of the Bank. The said advance qualifies as Tier I capital and brings the EBA Core Tier I capital above the current minimum level of 9%. In addition, HFSF provided to the Bank a commitment letter for additional capital support of € 0.53 bn up to the total level of recapitalisation needs of € 5,839 million.

#### Liquidity risk

The inability of the Greek banks to gain access to the international capital and money markets and the reduction of deposits due to heightened sovereign risk and deterioration of the Greek economy led to an increased reliance of the Group to Eurosystem financing facilities. These conditions pose a significant ongoing liquidity challenge for the Group and the Greek Banking system in general. The Group expects that the ECB and Bank of Greece facilities will continue to be available, until the normalization of market conditions.

#### Other economic uncertainties

The continued deterioration of the Greek economy has adversely affected the Group's operations and presents significant risks and challenges for the years ahead. Currently, there are a number of material economic and market risks and uncertainties that impact the Greek Banking system. The main risks stem from the adverse macroeconomic environment, the developments on the eurozone sovereign debt crisis and the success, or otherwise, of the significant fiscal adjustment efforts and their impact on the Greek economy. The significant progress made to date could be compromised by external shocks from the global economy as well as implementation risks and reform fatigue in Greece. The restoration of confidence, after the approval of the next EFSF disbursement amounting to € 43.7 bn by the Eurogroup on 13 December 2012, the attraction of new investments and the revival of economic growth remain key challenges of the Greek economy.

Continuation of the recession could adversely affect the region and could lead to lower profitability, deterioration of asset quality and a further reduction of deposits. In addition, increased funding cost remains a significant risk, as it is dependent on both the level of sovereign spreads as well as on foreign exchange rate risk, due to the unstable nature of some currencies.

Notwithstanding the conditions and uncertainties mentioned above, the Directors, having considered the mitigating factors set out below, have a reasonable expectation that the recapitalisation of the Group will be promptly and successfully completed and hence are satisfied that the financial statements of the Group can be prepared on a going concern basis:

- Bank of Greece (BoG) recommendation of 18 April 2012 and 23 May 2012 for the Group's accession to the provisions of article 6 par. 8 and 10 respectively of Law 3864/2010 as amended (Establishment of the Hellenic Financial Stability Fund-HFSF and Recapitalisation of Greek financial institutions),
- the HFSF's advance contributions of € 3.97 bn and € 1.34 bn (total € 5.31 bn) and the HFSF's commitment letter for € 0.53 bn, following the relevant applications submitted by the Group and the confirmation received by the BoG about the viability and credibility of the Group's business plan, in order to ensure that the Group is sufficiently capitalized to the current minimum level of 9% (EBA Core Tier I),
- the availability of additional recapitalisation funds from the official sector that can support any capital needs on top of the amounts already committed by HFSF,
- the existence of the comprehensive financial support program of the EC/ECB/IMF (including the € 50 bn recapitalisation facility), aiming to correct Greece competitiveness gap and restore growth, employment and public debt sustainability and secure the banking system's stability,
- the Greek authorities' commitment to support the banking system and create a viable and well capitalised private banking sector, and
- the Group's continued access to Eurosystem funding (ECB and ELA liquidity facilities) over the foreseeable future.

## 3. Principal accounting policies

The accounting policies and methods of computation in these condensed consolidated interim financial statements are consistent with those in the published consolidated annual financial statements for the year ended 31 December 2011.

The following amendments to standards and interpretations are effective from 1 January 2012, but currently, they do not have a significant effect to the Group's financial statements:

- IFRS 7, Amendment - Disclosures, Transfers of Financial Assets

#### 4. Critical accounting estimates and judgements in applying accounting policies

In preparing these condensed consolidated interim financial statements, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published consolidated annual financial statements for the year ended 31 December 2011.

#### 5. Greek Economy Liquidity Support Program

The Bank participates in the Greek Government's plan to support liquidity in the Greek economy under Law 3723/2008, as amended by Laws 3844/2010, 3845/2010, 3872/2010 and 3965/2011 and extended by Ministerial decision 32252/B.1132/17.07.2012, as follows:

- (a) First stream - preference shares  
345,500,000 non-voting preference shares with nominal value of € 950 million were subscribed to by the Hellenic Republic on 21 May 2009 (note 19).
- (b) Second stream - bonds guaranteed by the Hellenic Republic  
As at 30 September 2012, the government guaranteed bonds, totalling to € 17,776 million, were fully retained by the Bank and its subsidiaries (note 17). In November 2012, government guaranteed bonds amounting to € 1,500 million, matured.
- (c) Third stream - lending of Greek Government bonds  
Liquidity obtained under this stream must be used to fund mortgages and loans to small and medium-size enterprises. As of 29 December 2011, there were no special Greek Government bonds borrowed by the Bank.

Under Law 3723/2008, as amended by Law 3965/2011, for the period the Bank participates in the program through the preference shares or the guaranteed bonds (streams (a) and (b) above), the Government is entitled to appoint its representative to the Board of Directors, veto strategic decisions, decisions which alter substantially the legal or financial position of the Bank and require the General Assembly's approval and dividend distributions as well as restrict management remuneration.

In addition, under Law 3756/2009, as amended by Law 3844/2010 and supplemented by Laws 3965/2011 and 4063/2012, banks participating in the Greek Economy Liquidity Support Program are not allowed to declare a cash dividend to their ordinary shareholders for 2008 to date, and are not allowed to acquire treasury shares under article 16 of the Company Law.

#### 6. Credit exposure to Greek sovereign debt

##### Greek Government bonds exchanged under PSI+ in 2012

On 21 February 2012, Euro Area finance ministers agreed on a bail out program for Greece, including financial assistance from the official sector and a voluntary debt exchange agreed with the Private Sector.

The key terms and conditions of the final voluntary debt exchange package (PSI+) were as follows:

- (a) For every bond selected to participate in PSI+, 53.5% of the face amount was forgiven, 31.5% of the face amount was exchanged with new bonds of equal face amount issued by Greece and the remaining 15% was exchanged with short-term securities issued by the European Financial Stability Facility (EFSF),
- (b) The coupon on the new Greek Government Bonds (nGGBs) is 2% from 2012 to 2015, rising to 3% from 2015 to 2020, 3.65% for 2021 and 4.3% until 2042,
- (c) Accrued interest on the exchanged bonds was settled through the issue of short-term EFSF securities,
- (d) The nGGBs were issued in 20 separate tranches with staggered bullet maturities commencing in 2023 and ending in 2042 to replicate an amortisation of 5% per annum on the aggregate amount of the nGGBs,
- (e) The nGGBs rank pari passu with the EFSF € 30 bn loan to Greece contributing to the PSI+ exercise,
- (f) nGGBs are subject to English Law,
- (g) Each new bond is accompanied by a detachable GDP-linked security of the same notional amount as the face amount of the new bond.

The support program aimed at ensuring debt sustainability and restoring competitiveness, allowing Greece to achieve strict fiscal consolidation targets and the implementation of privatization plans and structural reforms.

The invitation for tender was launched on 24 February 2012 and the bonds invited to participate in PSI+ had an aggregate outstanding face amount of approximately € 206 bn. Greek and foreign law bonds of approximately € 199 bn were eventually exchanged.

Under Law 4046/2012, the tax losses arising from the bond exchange under the PSI+ program will be tax deductible in equal instalments over the life of the new bonds received, irrespective of the holding period of the bonds.

The exchange program of Greek Government bonds and other eligible securities (PSI+) provides evidence of a concession granted to the borrower (the Greek State) by the lender relating to the borrower's financial difficulty that the lender would not otherwise consider. Therefore, following the Bank's participation in the program, the Group recognised an impairment loss of € 5,779 million before tax, as of 31 December 2011, for GGBs and other securities of face value € 7,336 million exchanged in 2012 under PSI+.

Under this exchange, in March/April 2012, the Group received a) new Greek government bonds (nGGBs) with face value equal to 31.5% of the face amount of the old bonds, b) EFSF notes having a face amount of 15% of the face value of the old bonds and c) GDP-linked securities. All exchanged bonds were derecognised and the new GGBs, classified in the Held to Maturity portfolio, recognised at fair value. In 2012 and, following the international financial community's view that the market for nGGBs is active, the Group recognised an additional valuation loss of € 427 million based on market quotes at the date of recognition. GDP-linked securities were classified as derivatives. Furthermore, the Group incurred additional costs (extra funding cost, cost relating to old GGBs hedging instruments) amounting to € 12 million due to its participation in the PSI+ exchange program. As at 30 September 2012, and considering 2011 impact, total loss from PSI+ has amounted to € 6.2 bn. As at 30 September 2012, the carrying value of nGGBs amounted to € 607 million.

##### Post balance sheet event

Following the Eurogroup's decisions on 27 November 2012 as part of debt reduction measures, the Greek State announced on 3 December 2012 an invitation to eligible holders of nGGBs to submit offers to exchange such securities for six months zero coupon notes to be issued by the European Financial Stability Fund (EFSF). On 18 December 2012, pursuant to the above invitation, nGGBs of aggregate face amount of € 31.9 bn were eventually exchanged for EFSF notes of face amount of € 11.3 bn.

Under its participation to the Greek state's debt buyback program, the Group submitted for exchange the 100% of its nGGBs portfolio of total face value € 2.3 bn (carrying amount € 0.6 bn) and received EFSF notes of total face value € 0.8 bn. The transaction resulted in a pre tax gain of € 192 million to be recorded in the fourth quarter of 2012.

## 6. Credit exposure to Greek sovereign debt (continued)

### Other Greek sovereign exposure

As at 30 September 2012, the total carrying value of other Greek sovereign exposure amounted to € 5,722 million. This includes Treasury Bills of € 3,066 million and GGBs of € 910 million maturing in 2014 and issued for the Greek State's subscription to the Preference Shares issued under Law 3723/2008 "Greek Economy Liquidity Support Program".

Other losses on Greek sovereign exposure further include € 115 million valuation losses for derivatives with the Greek State and for a Greek sovereign risk related financial guarantee.

## 7. Greek Banks' recapitalisation

### Recapitalisation framework and process

Given the severity of the impact of the Greek Government Bond exchange program (PSI+), on 21 February 2012 the Euro Area finance ministers allocated a total of € 50 bn of the second support program for Greece specifically for the recapitalisation of the Greek banking system. These funds are directed to the Hellenic Financial Stability Fund (HFSF) whose mandate has been extended and enhanced accordingly. € 23 bn of these funds were remitted to Greece in April 2012, € 16 bn in December 2012 and the final € 11 bn is expected in January 2013.

The Bank of Greece (BoG) has assessed the viability of each Greek bank and estimated its capital needs based on the more demanding of (a) a minimum Core Tier I ratio of 9% under the baseline scenario and (b) 7% under the adverse stress scenario, throughout the period to end of 2014. Capital needs of each bank were assessed based on, inter alia, the impact of its participation in the PSI+ program, the results from the BlackRock loan diagnostic exercise, the viability of its business plan, and a detailed timetable of mitigating actions to restore solvency. BoG and the European Central Bank assessed that the € 50 bn is adequate to cover the capital needs, as above, of the viable Greek Banks and the resolution of the non viable ones.

In the meantime, the impact of Greek banks participation in the Greek Government Bonds exchange program (PSI+) is such that they require a temporary financial support from the Hellenic Financial Stability Fund (HFSF), subject to the requirements provided by law and the presubscription agreement signed by each bank, the HFSF and the EFSF (see below).

The HFSF was established in 2010, in order to maintain the stability of the Greek banking system through ensuring that adequate resources are available to support viable banks' recapitalisation needs and participating to the capital increases for any non-subscribed part.

Banks considered viable have been given the opportunity to apply for and receive EBA-Core Tier I-eligible capital from the HFSF under a certain process. Capital may take the form of ordinary shares, contingent convertible financial instruments or ordinary shares with restricted voting rights. Ordinary shares with restricted voting rights will only be available if private investors contribute 10% of the capital raising at the rights issue. The voting rights of the HFSF for the ordinary shares it holds, subject to the 10% threshold mentioned above, will be strictly limited to specific strategic decisions on the condition that the bank adheres to its restructuring plan and as long as contingent convertible financial instruments (CoCos) are not mandatorily converted to ordinary shares (see below under (b)). HFSF is obliged to dispose, fully or partly, all the shares it acquired within five years from the initial rights issue covered by HFSF, if the required 10% private participation is met and within two years if not. In both cases the disposal period may be extended by Minister of Finance decision.

A Cabinet Act on 9 November 2012, agreed in consultation with the Troika (European Commission, ECB and IMF), provided the technical details of the banks' recapitalisation framework, as follows:

- (a) Issue of ordinary shares in order to reach, as a minimum, Core Tier I capital 6%, without including, for the purpose of this calculation the preference shares issued under Law 3723/2008 and the contingent convertible financial instruments issued under the current Act (see (b) below). The new shares, the uncovered part of which will be covered by HFSF, will be priced at the lower of i) the average price of the last 50 trading days prior to the date the offering price of the shares is determined, discounted by 50% and ii) the market price at the last date prior to the date the offering price of the shares is determined. The rights issue is expected to be completed by April 2013.
- (b) Issue of contingent convertible financial instruments (CoCos) in order to cover the gap between the rights' issue amount and the total capital needs of the Bank as set by BoG. The CoCos will be fully paid by the HFSF and will give banks the right to call the issue at par plus interest subject to the relevant approval by BoG, following capital action or capital surplus. The CoCos will carry an annual interest rate of 7%, which will increase by 0.5% per annum. If consolidated profits for the previous year do not suffice and BoG assesses that payment may jeopardize CAD ratios, coupon will be payable in kind through issuance of ordinary shares at average market price of the last 50 trading days prior to the payment date.  
The CoCos will convert immediately to ordinary shares if the required 10% private participation in rights issue is not met, at 50% of the average market price of the last 50 trading days prior to the issue of the CoCos, provided that their issue will take place prior to the issue of ordinary shares. On the assumption that 10% private participation is met, the CoCos will convert to ordinary shares under the following conditions: i) if the Bank decides not to pay coupon, at 65% of average market price of the last 50 trading days prior to the interest cut off date, ii) if Core Tier I or Basel III Common Equity Tier I falls below 7% or 5.125% respectively, at 50% of the price of the initial rights issue covered by HFSF and iii) after five years, at 50% of the price of the initial rights issue covered by HFSF. The issue of CoCos is expected in January 2013.
- (c) Issue of warrants on all ordinary shares acquired by HFSF provided that the requirement for 10% private participation in rights issue is achieved. The warrants are issued to the private participants in the rights' issue and are listed and tradable instruments which provide the shareholders/ warrant holders i) the right to purchase the shares from HFSF within 4.5 years, twice a year at a strike price equal to the principal amount plus 4%, which steps up by 1% per annum (warrant strike price), ii) the pre-emption right to purchase from HFSF the shares at the lower of warrant strike price and market value of last 50 days from HFSF's notice, in case HFSF intends to sell them, following a 3 year minimum holding period.

Non viable Banks will be resolved by the HFSF, in an orderly manner and at the lowest cost to the State, in a way that ensures financial stability.

To ensure that the system remains well-capitalized, by the second quarter of 2013, the Bank of Greece will conduct a follow-up stress-test exercise, based on end of 2012 market values and using a methodology determined in consultation with the Troika (European Commission, ECB, IMF).

### Eurobank's capital requirements

BoG, after assessing the business plan and the capital needs of Eurobank (the "Bank") has concluded on 19 April 2012 that Eurobank is a viable bank and, on 8 November 2012, notified the Bank that its Tier I capital should increase by € 5,839 million by April 2013. The Bank, the HFSF and the European Financial Stability Facility ("EFSF") signed on 28 May 2012 and on 21 December 2012 a trilateral presubscription agreement for the advance to the Bank of EFSF notes of face value of € 3.97 bn and € 1.34 bn respectively (total € 5.31 bn) as advance payment of its participation in the future share capital increase of the Bank. In addition, HFSF provided to the Bank a commitment letter for additional capital support of € 0.53 bn up to the total level of recapitalisation needs of € 5,839 million. Proforma with the full recapitalisation amount of € 5,839 million, on 30 September 2012 the Group's regulatory capital stands at € 4.7 bn, the EBA Core Tier I capital at € 4.4 bn, its Capital Adequacy ratio at 11.8% and the EBA Core Tier I ratio at 10.9%. The disposal of the Turkish operations, which was agreed in April 2012 and is expected to complete in December 2012, will further increase Eurobank's capital ratios by approximately 50 bps.

The Group continues the implementation of its medium term internal capital generating plan, which includes initiatives which generate or release EBA equity capital and/or reduce Risk Weighted Assets. In addition, the Group is preparing for a capital raising whose timing and structure will depend on the outcome of National Bank of Greece S.A. voluntary tender offer (note 23).

## 8. Segment information

Management has determined the operating segments based on the internal reports reviewed by the Strategic Planning Group (SPG) that are used to allocate resources and to assess its performance in order to make strategic decisions. The SPG considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business in Greece and other countries in Europe (International). Greece is further segregated into retail, wholesale, wealth management, and global and capital markets while International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

With the exception of Greece no other individual country contributed more than 10% of consolidated net income. The Group is organized in the following reportable segments:

- **Retail:** incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- **Corporate:** incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities.
- **Wealth Management:** incorporating private banking services, including total wealth management, to medium and high net worth individuals, insurance, mutual fund and investment savings products, and institutional asset management.
- **Global and Capital Markets:** incorporating investment banking services including corporate finance, merger and acquisitions advice, custody, equity brokerage, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialised financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- **International:** incorporating operations in Romania, Bulgaria, Serbia, Cyprus, Ukraine, Turkey and Luxembourg. During the period, the Strategic Planning Group (SPG) decided the monitoring of the Group's operations in all European countries in one business segment "International". The new segment includes the Group's foreign operations in eastern and southeastern Europe (New Europe) and in Luxembourg, previously monitored as part of Greece segment. For the nine months ended 30 September 2012, the profit before tax of the Group's operations in Luxembourg was € 19 million (30 September 2011: € 20 million). Comparative figures have been adjusted accordingly.

Other operations of the Group comprise mainly of investing activities, including property management and investment and the management of unallocated capital.

The Group's management reporting is based on International Financial Reporting Standards (IFRS). The accounting policies of the Group's operating segments are the same with those described in the principal accounting policies.

Revenues from transactions between business segments are allocated on a mutually agreed basis at rates that approximate market prices.

| For the nine months ended 30 September 2012                                    |                     |                        |                                   |                                             |                    |                            |                                    |                    |
|--------------------------------------------------------------------------------|---------------------|------------------------|-----------------------------------|---------------------------------------------|--------------------|----------------------------|------------------------------------|--------------------|
|                                                                                | Retail<br>€ million | Corporate<br>€ million | Wealth<br>Management<br>€ million | Global &<br>Capital<br>Markets<br>€ million | Other<br>€ million | International<br>€ million | Elimination<br>center<br>€ million | Total<br>€ million |
| External revenue                                                               | 543                 | 343                    | 94                                | 81                                          | (47)               | 403                        | -                                  | 1,417              |
| Inter-segment revenue                                                          | 55                  | 18                     | (39)                              | (29)                                        | 23                 | 2                          | (30)                               | -                  |
| Total revenue                                                                  | 598                 | 361                    | 55                                | 52                                          | (24)               | 405                        | (30)                               | 1,417              |
| Profit before tax from<br>continuing operations before<br>one-offs (see note)  | (601)               | 111                    | 9                                 | 4                                           | (66)               | (52)                       | -                                  | (595)              |
| One-offs                                                                       | -                   | -                      | (9)                               | (596)                                       | (109)              | -                          | -                                  | (714)              |
| Profit before tax from<br>discontinued operations                              | -                   | -                      | -                                 | -                                           | (74)               | 11                         | -                                  | (63)               |
| Non controlling interest                                                       | -                   | -                      | 0                                 | -                                           | (10)               | (1)                        | -                                  | (11)               |
| Profit before tax attributable<br>to shareholders, after one-<br>offs          | (601)               | 111                    | 0                                 | (592)                                       | (259)              | (42)                       | -                                  | (1,383)            |
| Profit before tax attributable<br>to shareholders, before one-<br>offs         | (601)               | 111                    | 9                                 | 4                                           | (150)              | (42)                       | -                                  | (669)              |
| For the nine months ended 30 September 2011                                    |                     |                        |                                   |                                             |                    |                            |                                    |                    |
|                                                                                | Retail<br>€ million | Corporate<br>€ million | Wealth<br>Management<br>€ million | Global &<br>Capital<br>Markets<br>€ million | Other<br>€ million | International<br>€ million | Elimination<br>center<br>€ million | Total<br>€ million |
| External revenue                                                               | 837                 | 423                    | 64                                | 24                                          | (131)              | 483                        | -                                  | 1,700              |
| Inter-segment revenue                                                          | 76                  | (3)                    | (25)                              | (35)                                        | 14                 | 5                          | (32)                               | -                  |
| Total revenue                                                                  | 913                 | 420                    | 39                                | (11)                                        | (117)              | 488                        | (32)                               | 1,700              |
| Profit before tax from<br>continuing operations excl.<br>impairment on GGBs    | (136)               | 235                    | (4)                               | (57)                                        | (183)              | 25                         | -                                  | (120)              |
| Impairment on GGBs                                                             | -                   | -                      | (62)                              | (666)                                       | (102)              | -                          | -                                  | (830)              |
| Profit before tax from<br>discontinued operations                              | -                   | -                      | -                                 | -                                           | 220                | 8                          | -                                  | 228                |
| Non controlling interest                                                       | -                   | -                      | 0                                 | -                                           | (9)                | (1)                        | -                                  | (10)               |
| Profit before tax attributable<br>to shareholders, after<br>impairment on GGBs | (136)               | 235                    | (66)                              | (723)                                       | (74)               | 32                         | -                                  | (732)              |
| Profit before tax attributable<br>to shareholders, excl.<br>impairment on GGBs | (136)               | 235                    | (4)                               | (57)                                        | 28                 | 32                         | -                                  | 98                 |

Note: One-off items include impairment losses on Greek sovereign debt and other non recurring valuation losses.

**9. Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders 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.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Group has two categories of potentially dilutive ordinary shares: share options and convertible, subject to certain conditions, preferred securities. In order to adjust the weighted average number of shares for the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Bank's shares for the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is added to the weighted average number of ordinary shares in issue in order to determine the weighted average number of ordinary shares used for the calculation of the diluted earnings per share.

|                                                                                                                                                                                                                                 |                  | Nine months ended<br>30 September |             | Three months ended<br>30 September |             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------------------|-------------|------------------------------------|-------------|
|                                                                                                                                                                                                                                 |                  | 2012                              | 2011        | 2012                               | 2011        |
| Net profit/(loss) for the period attributable to ordinary shareholders (after deducting dividend attributable to preference shares and preferred securities holders and after including gains/(losses) on preferred securities) | € million        | (903)                             | (648)       | (228)                              | (15)        |
| Net profit/(loss) for the period from continuing operations (after deducting dividend attributable to preference shares and preferred securities holders and after including gains/(losses) on preferred securities)            | € million        | (852)                             | (837)       | (228)                              | (17)        |
| Weighted average number of ordinary shares in issue                                                                                                                                                                             | Number of shares | 552,308,571                       | 544,240,991 | 552,377,372                        | 552,089,417 |
| Weighted average number of ordinary shares for diluted earnings per share                                                                                                                                                       | Number of shares | 552,308,571                       | 544,240,991 | 552,377,372                        | 552,089,417 |
| <b>Earnings/(losses) per share</b>                                                                                                                                                                                              |                  |                                   |             |                                    |             |
| - Basic and diluted earnings/(losses) per share                                                                                                                                                                                 | €                | (1.63)                            | (1.19)      | (0.41)                             | (0.03)      |
| <b>Earnings/(losses) per share from continuing operations</b>                                                                                                                                                                   |                  |                                   |             |                                    |             |
| - Basic and diluted earnings/(losses) per share                                                                                                                                                                                 | €                | (1.54)                            | (1.54)      | (0.41)                             | (0.03)      |

Basic and diluted losses per share from discontinued operations for the period ended 30 September 2012 amount to € 0.09 (30 September 2011: earnings € 0.35).

No dividend attributable to preference shares was included in the EPS calculation for the period ended 30 September 2012 (30 September 2011: € 57 million) (note 19).

Share options did not have an effect on the diluted earnings per share, as their exercise price exceeded the average market price of the Bank's shares for the period. The Series D and Series E of preferred securities (note 20), were not included in the calculation of diluted earnings per share, as their effect would have been anti-dilutive.

**10. Income tax**

On 14 February 2012, Law 4046/2012 was enacted and provided that the tax losses arising from the bond exchange under the PSI+ program (note 6) will be tax deductible in equal instalments over the life of the new bonds received, irrespective of the holding period of the bonds.

The nominal Greek corporate tax rate is 20%. In addition, dividends distributed as of 2012 are subject to a 25% withholding tax.

**11. Discontinued operations and disposal groups****Disposal of Polish operations**

Based on the terms of the Investment Agreement signed with Raiffeisen Bank International AG (RBI) in February 2011, the Group recorded the disposal of its Polish operations as of 31 March 2011 for a total consideration of € 718 million.

On 30 April 2012, the Group transferred 70% of its Polish banking subsidiary (Polbank) to RBI after obtaining the relevant approvals from the Polish Financial Supervision Authority (KNF). As of 30 April 2012, Polbank and RBI Poland (RBI's Polish banking subsidiary) are combined. The Group received € 460 million in cash, while the remaining consideration receivable is subject to adjustments based on the Net Asset value of Polbank at the closing of the transaction.

Moreover, Eurobank exercised on 30 April 2012 its put option on its remaining 13% stake in Raiffeisen Polbank. In October 2012, the relevant transfer of shares was completed.

**Turkish operations classified as held for sale**

In 2011 the Group publicly announced that it was reviewing strategic options involving the sale of a controlling stake in Eurobank Tekfen A.S. As of 1 January 2012, the execution of a sale transaction was considered to be highly probable and Eurobank Tekfen was classified as held for sale. On 9 April 2012, a Share Purchase Agreement with Burgan Bank of Kuwait was agreed which is expected to be completed before the year end. Turkish operations are presented in the International segment.

The results of the Group's Turkish operations and Polish operations are set out below. The income statement distinguishes discontinued operations from continuing operations. Comparative figures have been restated.

**11. Discontinued operations and disposal groups (continued)**

|                                                                                               | Nine months ended<br>30 September |                   |
|-----------------------------------------------------------------------------------------------|-----------------------------------|-------------------|
|                                                                                               | 2012<br>€ million                 | 2011<br>€ million |
| Net interest income                                                                           | 69                                | 88                |
| Net banking fee and commission income                                                         | 10                                | 23                |
| Other income from discontinued operations                                                     | 7                                 | 3                 |
| Operating expenses                                                                            | (58)                              | (96)              |
| Impairment losses on loans and advances                                                       | (17)                              | (20)              |
| <b>Profit/(loss) before tax from discontinued operations</b>                                  | <b>11</b>                         | <b>(2)</b>        |
| Income tax                                                                                    | (2)                               | 1                 |
| <b>Profit/(loss) before gain on disposal</b>                                                  | <b>9</b>                          | <b>(1)</b>        |
| Gain/(loss) on disposal before tax                                                            | (74)                              | 230               |
| Income tax                                                                                    | 14                                | (40)              |
| <b>Net profit/(loss) from discontinued operations</b>                                         | <b>(51)</b>                       | <b>189</b>        |
| Net profit from discontinued operations attributable to non controlling interest              | 0                                 | 0                 |
| <b>Profit/(loss) for the period from discontinued operations attributable to shareholders</b> | <b>(51)</b>                       | <b>189</b>        |

The major classes of assets and liabilities classified as held for sale, are as follows:

|                                                                        | 30 September<br>2012<br>€ million |
|------------------------------------------------------------------------|-----------------------------------|
| Cash and balances with central banks                                   | 154                               |
| Loans and advances to banks                                            | 58                                |
| Trading and investment securities                                      | 215                               |
| Loans and advances to customers                                        | 1,540                             |
| Other assets                                                           | 54                                |
| <b>Total assets of disposal group classified as held for sale</b>      | <b>2,021</b>                      |
| Due to banks                                                           | 169                               |
| Due to customers                                                       | 1,311                             |
| Other liabilities                                                      | 52                                |
| <b>Total liabilities of disposal group classified as held for sale</b> | <b>1,532</b>                      |
| Net Group funding associated with assets held for sale                 | 199                               |
| <b>Net assets of disposal group classified as held for sale</b>        | <b>290</b>                        |

Cumulative losses related to held for sale operations recognised in other comprehensive income as at 30 September 2012 amounted to € 33 million (30 September 2011: losses € 118 million).

**12. Provision for impairment losses on loans and advances to customers**

The movement of the provision for impairment losses on loans and advances is as follows:

|                                                                   | € million    |
|-------------------------------------------------------------------|--------------|
| <b>Balance at 1 January 2012</b>                                  | <b>3,397</b> |
| Impairment losses on loans and advances charged in the period     | 1,213        |
| Amounts recovered during the period                               | 19           |
| Loans written off during the period as uncollectible              | (53)         |
| Foreign exchange differences and other movements                  | (190)        |
| Accumulated impairment losses related to held for sale operations | (36)         |
| <b>Balance at 30 September 2012</b>                               | <b>4,350</b> |

**13. Other non recurring valuation losses**

|                                                             | 30 September<br>2012<br>€ million |
|-------------------------------------------------------------|-----------------------------------|
| Impairment losses on bonds                                  | 100                               |
| Impairment losses on mutual funds and equities              | 49                                |
| Credit valuation losses on derivative financial instruments | 11                                |
|                                                             | <b>160</b>                        |

As at 30 September 2012, the Group has recognized an impairment loss amounting to € 100 million on subordinated debt issued by Agricultural Bank of Greece (ABG) whose license was revoked in July 2012 and has since been put in liquidation.

As at 30 September 2012, the Group has recognized impairment losses amounting to € 49 million on equity securities (including mutual funds), for which the decline in fair value below cost is considered to be significant and/or prolonged, as a result of the continuing deterioration in the equity markets.

## 14. Investment securities

|                                          | 30 September<br>2012<br>€ million | 31 December<br>2011<br>€ million |
|------------------------------------------|-----------------------------------|----------------------------------|
| Available-for-sale investment securities | 3,592                             | 3,185                            |
| Debt securities lending portfolio        | 4,971                             | 5,992                            |
| Held-to-maturity investment securities   | 2,044                             | 2,206                            |
|                                          | <b>10,607</b>                     | <b>11,383</b>                    |

In 2008 and 2010, in accordance with the amendments to IAS 39, the Group reclassified eligible debt securities from the "Available-for-sale" portfolio to "Debt securities lending" portfolio carried at amortised cost. Interest on the reclassified securities continued to be recognised in interest income using the effective interest rate method. As at 30 September 2012, the carrying amount of the reclassified securities was € 1,612 million. If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 30 September 2012 would have resulted in € 578 million losses net of tax, which would have been recognised in the available-for-sale revaluation reserve.

Reclassified Greek Government bonds of € 1.4 bn as at 31 December 2011, exchanged with new bonds under the PSI plan in 2012, were derecognised (note 6).

Under its participation to the Greek state's debt buyback program, the Group submitted for exchange the 100% of its nGGBs portfolio of total face value € 2.3 bn (carrying amount € 0.6 bn) and received EFSF notes of total face value € 0.8 bn (see note 6).

## 15. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries as at 30 September 2012:

| Name                                                    | Note | Percentage<br>Holding | Country of<br>incorporation | Line of business                           |
|---------------------------------------------------------|------|-----------------------|-----------------------------|--------------------------------------------|
| Be-Business Exchanges S.A.                              |      | 98.01                 | Greece                      | Business-to-business e-commerce            |
| Best Direct S.A. <sup>(1)</sup>                         |      | 100.00                | Greece                      | Sundry services                            |
| Enalios Real Estate Developments S.A. <sup>(2)</sup>    |      | 100.00                | Greece                      | Real estate                                |
| ERB Insurance Services S.A.                             |      | 100.00                | Greece                      | Insurance brokerage                        |
| Eurobank Asset Management Mutual Fund Mngt Company S.A. |      | 100.00                | Greece                      | Mutual fund and asset management           |
| Eurobank Business Services S.A.                         |      | 100.00                | Greece                      | Payroll and advisory services              |
| Eurobank Equities S.A.                                  |      | 100.00                | Greece                      | Capital markets and advisory services      |
| Eurobank Ergasias Leasing S.A.                          |      | 100.00                | Greece                      | Leasing                                    |
| Eurobank Factors S.A.                                   |      | 100.00                | Greece                      | Factoring                                  |
| Eurobank Financial Planning Services S.A.               | d    | 100.00                | Greece                      | Management of overdue loans                |
| Eurobank Household Lending Services S.A.                | d    | 100.00                | Greece                      | Promotion/management of household products |
| Eurobank Properties R.E.I.C.                            |      | 55.94                 | Greece                      | Real estate                                |
| Eurobank Property Services S.A.                         |      | 100.00                | Greece                      | Real estate services                       |
| Eurobank Remedial Services S.A.                         | d    | 100.00                | Greece                      | Notification to overdue debtors            |
| Eurolife ERB General Insurance S.A.                     |      | 100.00                | Greece                      | Insurance services                         |
| Eurolife ERB Life Insurance S.A.                        |      | 100.00                | Greece                      | Insurance services                         |
| Global Fund Management S.A. <sup>(1)</sup>              |      | 99.50                 | Greece                      | Investment advisors                        |
| Eurobank EFG Bulgaria A.D.                              |      | 99.99                 | Bulgaria                    | Banking                                    |
| Bulgarian Retail Services A.D.                          |      | 100.00                | Bulgaria                    | Credit card management                     |
| EFG Auto Leasing E.O.O.D.                               |      | 100.00                | Bulgaria                    | Vehicle leasing and rental                 |
| EFG Leasing E.A.D.                                      |      | 100.00                | Bulgaria                    | Leasing                                    |
| EFG Property Services Sofia A.D.                        |      | 80.00                 | Bulgaria                    | Real estate services                       |
| IMO 03 E.A.D.                                           |      | 100.00                | Bulgaria                    | Real estate services                       |
| IMO Central Office E.A.D.                               |      | 100.00                | Bulgaria                    | Real estate services                       |
| IMO Property Investments Sofia E.A.D.                   |      | 100.00                | Bulgaria                    | Real estate services                       |
| IMO Rila E.A.D.                                         |      | 100.00                | Bulgaria                    | Real estate services                       |
| ERB Hellas (Cayman Islands) Ltd                         |      | 100.00                | Cayman Islands              | Special purpose financing vehicle          |
| Berberis Investments Ltd                                |      | 100.00                | Channel Islands             | Holding company                            |
| ERB Hellas Funding Ltd                                  |      | 100.00                | Channel Islands             | Special purpose financing vehicle          |
| Eurobank Cyprus Ltd                                     |      | 100.00                | Cyprus                      | Banking                                    |
| CEH Balkan Holdings Ltd                                 |      | 100.00                | Cyprus                      | Holding company                            |
| Chamia Enterprises Company Ltd                          |      | 100.00                | Cyprus                      | Special purpose investment vehicle         |
| EFG New Europe Funding III Ltd                          |      | 100.00                | Cyprus                      | Finance company                            |
| NEU II Property Holdings Ltd                            |      | 100.00                | Cyprus                      | Holding company                            |
| NEU III Property Holdings Ltd                           |      | 100.00                | Cyprus                      | Holding company                            |
| NEU Property Holdings Ltd                               |      | 100.00                | Cyprus                      | Holding company                            |
| Eurobank Private Bank Luxembourg S.A.                   |      | 100.00                | Luxembourg                  | Banking                                    |
| Eurobank Fund Management Company (Luxembourg) S.A.      |      | 100.00                | Luxembourg                  | Fund management                            |
| Eurobank EFG Holding (Luxembourg) S.A.                  |      | 100.00                | Luxembourg                  | Holding company                            |
| ERB New Europe Funding B.V.                             |      | 100.00                | Netherlands                 | Finance company                            |
| ERB New Europe Funding II B.V.                          |      | 100.00                | Netherlands                 | Finance company                            |
| ERB New Europe Holding B.V.                             |      | 100.00                | Netherlands                 | Holding company                            |
| Bancpost S.A.                                           |      | 99.11                 | Romania                     | Banking                                    |
| Eurobank Property Services S.A.                         |      | 80.00                 | Romania                     | Real estate services                       |
| EFG IT Shared Services S.A.                             |      | 100.00                | Romania                     | Informatics data processing                |
| Eliade Tower S.A.                                       |      | 55.94                 | Romania                     | Real estate                                |
| ERB Leasing IFN S.A.                                    |      | 100.00                | Romania                     | Leasing                                    |
| ERB Retail Services IFN S.A.                            |      | 100.00                | Romania                     | Credit card management                     |
| Eurobank Finance S.A.                                   |      | 100.00                | Romania                     | Investment banking                         |
| Eurobank Securities S.A.                                |      | 100.00                | Romania                     | Capital markets services                   |
| IMO Property Investments Bucuresti S.A.                 |      | 100.00                | Romania                     | Real estate services                       |
| IMO-II Property Investments S.A.                        |      | 100.00                | Romania                     | Real estate services                       |
| Retail Development S.A.                                 |      | 55.94                 | Romania                     | Real estate                                |
| Eurolife ERB Asigurari de Viata S.A.                    |      | 100.00                | Romania                     | Insurance services                         |
| Eurolife ERB Asigurari Generale S.A.                    |      | 100.00                | Romania                     | Insurance services                         |
| Seferco Development S.A.                                |      | 55.94                 | Romania                     | Real estate                                |

## 15. Shares in subsidiary undertakings (continued)

| <u>Name</u>                                     | <u>Note</u> | <u>Percentage Holding</u> | <u>Country of incorporation</u> | <u>Line of business</u>                    |
|-------------------------------------------------|-------------|---------------------------|---------------------------------|--------------------------------------------|
| Eurobank A.D. Beograd                           |             | 99.98                     | Serbia                          | Banking                                    |
| EFG Business Services d.o.o. Beograd            |             | 100.00                    | Serbia                          | Payroll and advisory services              |
| EFG Leasing A.D. Beograd                        |             | 99.99                     | Serbia                          | Leasing                                    |
| ERB Asset Fin d.o.o. Beograd                    |             | 100.00                    | Serbia                          | Asset management                           |
| ERB Property Services d.o.o. Beograd            |             | 80.00                     | Serbia                          | Real estate services                       |
| IMO Property Investments A.D. Beograd           |             | 100.00                    | Serbia                          | Real estate services                       |
| Reco Real Property A.D.                         |             | 55.94                     | Serbia                          | Real estate                                |
| Eurobank Tekfen A.S.                            | a           | 99.26                     | Turkey                          | Banking                                    |
| EFG Finansal Kiralama A.S.                      | a           | 99.26                     | Turkey                          | Leasing                                    |
| EFG Istanbul Equities Menkul Degerler A.S.      | a           | 99.26                     | Turkey                          | Capital market services                    |
| EFG Istanbul Holding A.S.                       |             | 100.00                    | Turkey                          | Holding company                            |
| EFG Istanbul Portfoy Yonetimi A.S.              | a           | 99.26                     | Turkey                          | Mutual fund management                     |
| Public J.S.C. Universal Bank                    | b           | 99.97                     | Ukraine                         | Banking                                    |
| ERB Property Services Ukraine LLC               |             | 100.00                    | Ukraine                         | Real estate services                       |
| Eurobank EFG Ukraine Distribution LLC           |             | 100.00                    | Ukraine                         | Sundry services                            |
| Anaptyxi 2006-1 Plc                             |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Anaptyxi APC Ltd                                |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Anaptyxi Holdings Ltd <sup>(2)</sup>            |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Anaptyxi II Holdings Ltd <sup>(2)</sup>         |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Anaptyxi II Plc                                 |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Anaptyxi Options Ltd <sup>(2)</sup>             |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Anaptyxi SME I Holdings Ltd <sup>(2)</sup>      |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Anaptyxi SME I Plc                              |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Anaptyxi SME II 2009-1 Plc                      | e           | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Anaptyxi SME II APC Ltd                         | e           | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Anaptyxi SME II Holdings Ltd <sup>(2)</sup>     | e           | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Andromeda Leasing I Holdings Ltd <sup>(2)</sup> |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Andromeda Leasing I Plc                         |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Daneion 2007-1 Plc                              |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Daneion APC Ltd                                 |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Daneion Holdings Ltd <sup>(2)</sup>             |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| ERB Hellas Plc                                  |             | 100.00                    | United Kingdom                  | Special purpose financing vehicle          |
| Karta 2005-1 Plc                                | e           | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Karta APC Ltd                                   | e           | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Karta Holdings Ltd <sup>(2)</sup>               | e           | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Karta II Holdings Ltd <sup>(2)</sup>            |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Karta II Plc                                    |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Karta LNI 1 Ltd                                 | e           | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Karta Options Ltd <sup>(2)</sup>                | e           | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Themeleion II Mortgage Finance Plc              |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Themeleion III Holdings Ltd <sup>(2)</sup>      |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Themeleion III Mortgage Finance Plc             |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Themeleion IV Holdings Ltd <sup>(2)</sup>       |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Themeleion IV Mortgage Finance Plc              |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |
| Themeleion Mortgage Finance Plc                 |             | -                         | United Kingdom                  | Special purpose financing vehicle (SIC 12) |

<sup>(1)</sup> dormant/under liquidation entities not consolidated as of 31 December 2011 due to immateriality<sup>(2)</sup> In July 2012, the Bank obtained full ownership of Enalios Real Estate Developments S.A., a dormant entity not consolidated due to immateriality<sup>(3)</sup> not consolidated due to immateriality**(a) Eurobank Tekfen A.S., Turkey**

On 9 April 2012, the Group entered into a sale agreement for the disposal of Eurobank Tekfen A.S. and its subsidiaries to Burgan Bank of Kuwait. The completion of the sale is expected before the year end. All regulatory approvals by the competent authorities were obtained in December 2012. Under the terms of the transaction, Burgan Bank will acquire 99.3% of Eurobank Tekfen, from Eurobank and the Tekfen Group, for an upfront cash consideration of TRY 641 million (1x Book Value). The consideration may be adjusted, depending on the Net Asset Value of Eurobank Tekfen as at the closing date. The transaction will increase Eurobank's Core Tier I capital ratio by approximately 50 bps (or capital equivalent of almost € 200 million) and will improve its liquidity position by € 500 million.

**(b) Public J.S.C. Universal Bank, Ukraine**

In May 2012, the Group increased its participation in Public J.S.C. Universal Bank from 99.96% to 99.97%.

**(c) EFG Hellas II (Cayman Islands) Ltd, Cayman Islands**

In March 2012, the company was liquidated.

**Post Balance sheet events****(d) Eurobank Financial Planning Services S.A. (previously Open 24 S.A.), Eurobank Household Lending Services S.A. (previously Eurobank Cards S.A.) and Eurobank Remedial Services S.A. (previously Eurobank Financial Planning Services S.A.), Greece**

In November 2012, "Eurobank Cards S.A." changed its name into "Eurobank Household Lending Services S.A." and it operates in promotion and management of loan/ insurance products to households. "Eurobank Financial Planning Services S.A." was renamed to "Eurobank Remedial Services S.A." and operates in notification to overdue debtors.

In December 2012, the name and the activity of "Open 24 S.A." were changed. The new name of the entity is "Eurobank Financial Planning Services S.A." and it operates in the management of overdue consumer and mortgage loans.

**(e) Anaptyxi SME II 2009-1 Plc, Anaptyxi SME II APC Ltd, Anaptyxi SME II Holdings Ltd, Karta 2005-1 Plc, Karta APC Ltd, Karta Holdings Ltd, Karta LNI 1 Ltd and Karta Options Ltd, United Kingdom**

In October 2012, the companies were liquidated.

## 16. Other assets

As at 30 September 2012, investments in associates and joint ventures amounted to € 7 million (31 December 2011: € 8 million, 30 September 2011: € 14 million) and are presented within "Other Assets".

The following is a listing of the Group's joint ventures as at 30 September 2012:

| <u>Name</u>                   | <u>Note</u> | <u>Percentage Holding</u> | <u>Country of incorporation</u> | <u>Line of business</u>            |
|-------------------------------|-------------|---------------------------|---------------------------------|------------------------------------|
| Femion Ltd                    |             | 66.67                     | Cyprus                          | Special purpose investment vehicle |
| Cardlink S.A.                 |             | 50.00                     | Greece                          | POS administration                 |
| Tefin S.A.                    |             | 50.00                     | Greece                          | Motor vehicle sales financing      |
| Sinda Enterprises Company Ltd |             | 48.00                     | Cyprus                          | Special purpose investment vehicle |
| Unitfinance S.A.              |             | 40.00                     | Greece                          | Financing company                  |
| Rosequeens Properties Ltd     | a           | 33.33                     | Cyprus                          | Special purpose investment vehicle |
| Rosequeens Properties SRL     | a           | 33.33                     | Romania                         | Real estate company                |

(a) **Rosequeens Properties Ltd, Cyprus and Rosequeens Properties SRL, Romania**

In August 2012, the Group acquired 33.33% of Rosequeens Properties Ltd, a special purpose investment vehicle incorporated in Cyprus, which controls 100% of Rosequeens Properties SRL, a real estate company incorporated in Romania.

## 17. Debt issued and other borrowed funds

|                          | <b>30 September 2012</b><br><b>€ million</b> | <b>31 December 2011</b><br><b>€ million</b> |
|--------------------------|----------------------------------------------|---------------------------------------------|
| Medium-term notes (EMTN) | 760                                          | 1,606                                       |
| Subordinated             | 218                                          | 300                                         |
| Securitized              | 405                                          | 765                                         |
|                          | <b>1,383</b>                                 | <b>2,671</b>                                |

During the period, notes amounting to € 522 million, issued under the EMTN Program through the Group's special purpose entities, matured.

During the period, the Group proceeded with the repurchase of € 309 million of notes issued under the EMTN program and € 236 million of residential mortgage backed securities. All securities were issued through the Group's special purpose entities.

In February 2012, the Group invited the holders of Lower Tier II unsecured subordinated notes to tender existing bonds. The Group has repurchased notes amounting to € 106 million, generating a gain for the Group and increasing Core Tier I capital by € 53 million.

As at 30 September 2012, the covered bonds and government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 5), totalling € 3,800 million and € 17,776 million respectively, were fully retained by the Bank and its subsidiaries. In May 2012, covered bonds amounting to € 650 million, matured. In November 2012, government guaranteed bonds amounting to € 1,500 million, matured.

Financial disclosures required by the Act 2620/28.08.2009 of the Bank of Greece in relation to the covered bonds issued, are available on the Bank's website.

## 18. Ordinary share capital, share premium and treasury shares

The par value of the Bank's shares is € 2.22 per share (31 December 2011: € 2.22). All shares are fully paid. The movement of ordinary share capital, share premium and treasury shares is as follows:

|                                     | <b>Ordinary share capital</b><br><b>€ million</b> | <b>Treasury shares</b><br><b>€ million</b> | <b>Net</b><br><b>€ million</b> | <b>Share premium</b><br><b>€ million</b> | <b>Treasury shares</b><br><b>€ million</b> | <b>Net</b><br><b>€ million</b> |
|-------------------------------------|---------------------------------------------------|--------------------------------------------|--------------------------------|------------------------------------------|--------------------------------------------|--------------------------------|
| <b>Balance at 1 January 2012</b>    | 1,228                                             | (2)                                        | 1,226                          | 1,448                                    | (9)                                        | 1,439                          |
| Purchase of treasury shares         | -                                                 | (1)                                        | (1)                            | -                                        | 0                                          | 0                              |
| Sale of treasury shares             | -                                                 | 1                                          | 1                              | -                                        | (1)                                        | (1)                            |
| <b>Balance at 30 September 2012</b> | <b>1,228</b>                                      | <b>(2)</b>                                 | <b>1,226</b>                   | <b>1,448</b>                             | <b>(10)</b>                                | <b>1,438</b>                   |

  

|                                     | <b>Number of shares</b>       |                        |                    |
|-------------------------------------|-------------------------------|------------------------|--------------------|
|                                     | <b>Issued ordinary shares</b> | <b>Treasury shares</b> | <b>Net</b>         |
| <b>Balance at 1 January 2012</b>    | 552,948,427                   | (809,010)              | 552,139,417        |
| Purchase of treasury shares         | -                             | (340,321)              | (340,321)          |
| Sale of treasury shares             | -                             | 390,431                | 390,431            |
| <b>Balance at 30 September 2012</b> | <b>552,948,427</b>            | <b>(758,900)</b>       | <b>552,189,527</b> |

In June 2009, the Annual General Meeting approved the issue, within certain parameters, the terms and timing of which are at the Board of Directors discretion, either in total or gradually in tranches, of a callable bond of up to € 500 million, convertible to ordinary shares of the Bank (note 20, Series D and E). In July 2011, the repeat Annual General Meeting decided the amendment of the terms of the callable bonds approved by the Annual General Meeting in June 2009 for the amount of € 150 million not yet issued/allotted and the increase of the bonds total amount by up to € 100 million under certain conditions.

**18. Ordinary share capital, share premium and treasury shares (continued)****Treasury shares**

Under Law 3756/2009, banks participating in the Government's Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

In the ordinary course of business, subsidiaries of the Group may acquire and dispose of treasury shares; the majority of which relates to life insurance activity.

**19. Preference shares**

| Preference Shares   |                      |                     |
|---------------------|----------------------|---------------------|
|                     | 30 September<br>2012 | 31 December<br>2011 |
| Number of<br>shares | € million            | € million           |
| 345,500,000         | 950                  | 950                 |

On 12 January 2009 the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 "Greek Economy Liquidity Support Program", to be fully subscribed to and paid by the Greek State with bonds of equivalent value. The proceeds of the issue total € 940 million, net of expenses, and the transaction was completed on 21 May 2009. In accordance with the current legal and regulatory framework, the issued shares have been classified as Tier I capital.

The preference shares pay a non-cumulative coupon of 10%, subject to meeting minimum capital adequacy requirements, set by Bank of Greece, availability of distributable reserves in accordance with article 44a of Company Law 2190/1920 and the approval of the Annual General Meeting. According to Law 3723/2008, as in force, five years after the issue of the preference shares or earlier subject to the approval of the Bank of Greece, the Bank may redeem the preference shares at their nominal value. In case of non redemption at the expiration of the five year period, the coupon is increased by 2% each year.

Based on the 2011 results and article 44a of Company Law 2190/1920, the Shareholders' Annual General Meeting approved the non distribution of a dividend to either ordinary or preference shareholders.

**Post Balance sheet event**

Under Law 3723/2008, as amended by Law 4093/2012, the Banks are required to pay the 10% coupon on preference shares notwithstanding the provisions of Law 2190/1920, with the exception of article 44a, and provided that the relevant payment does not jeopardise the minimum capital adequacy requirements.

**20. Preferred securities**

The movement of preferred securities issued by the Group through its Special Purpose Entity, EFG Hellas Funding Limited, is as follows:

|                                  | Series A<br>€ million | Series B<br>€ million | Series C<br>€ million | Series D<br>€ million | Series E<br>€ million | Total<br>€ million |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|
| Balance at 1 January 2012        | 90                    | 155                   | 166                   | 275                   | 59                    | 745                |
| Purchase of preferred securities | (73)                  | (148)                 | (107)                 | (49)                  | -                     | (377)              |
| Sale of preferred securities     | -                     | -                     | -                     | -                     | -                     | -                  |
| Balance at 30 September 2012     | 17                    | 7                     | 59                    | 226                   | 59                    | 368                |

In February 2012, the Group invited the holders of preferred securities, series A, B and C to tender existing securities. The Group has repurchased an aggregate principal amount of € 325 million (Series A: € 71 million, Series B: € 147 million, Series C: € 107 million). The repurchase of preferred securities has generated a gain for the Group, net of related expenses, increasing its Core Tier I capital by € 188 million.

The rate of preferred dividends for the Tier I Issue series A has been determined at 2.50% for the period 18 March 2012 to 17 March 2013.

As at 30 September 2012, the dividend attributable to preferred securities' holders amounted to € 26 million (30 September 2011: € 37 million).

As at 30 September 2012, total gain from the redemption of preferred securities amounted to € 212 million (30 September 2011: € 18 million).

**21. Advance contribution of Hellenic Financial Stability Fund**

On 28 May 2012 the HFSF advanced to the Group EFSF notes of face value of € 3.97 bn on account for the impending recapitalisation of the Bank. Under the terms of the relevant presubscription agreement (PSA), the entire transaction was recorded as a securities lending agreement. On 21 December 2012, the Bank, the HFSF and the EFSF signed a similar PSA for the advance to the Bank of further EFSF notes of face value of € 1.34 bn (see note 7).

**22. Contingent liabilities and other commitments**

As at 30 September 2012, the Group's contingent liabilities in terms of guarantees, standby letters of credit and commitments to extend credit amounted to € 1,903 million (31 December 2011: € 2,239 million) and the Group's documentary credits amounted to € 121 million (31 December 2011: € 161 million).

Included above are contingent liabilities related to held for sale operations amounted to € 386 million as at 30 September 2012.

The Group's capital commitments in terms of property, plant and equipment amounted to € 8 million (31 December 2011: € 7 million).

**23. National Bank of Greece S.A. voluntary tender offer**

On 5 October 2012, the National Bank of Greece (NBG) announced its intention to launch a voluntary exchange offer to acquire all Eurobank's shares offering 58 new shares of NBG for every 100 shares of Eurobank tendered. NBG also stated that, Eurobank shareholders holding 43.6% of Eurobank's ordinary share capital have committed to tender their shares in the tender offer. The offer is subject to regulatory approvals. On 23 November 2012, the General Meeting of the shareholders of NBG, approved the increase of NBG's share capital, and the issue of new ordinary shares to be offered to Eurobank's ordinary shareholders who will accept NBG's voluntary tender offer at the said exchange ratio.

**23. National Bank of Greece S.A. voluntary tender offer (continued)**

The Bank announced that the exchange offer falls within the context of the on-going consolidation of the Greek banking system. Eurobank's board will further evaluate, in a constructive spirit, the merits of the business combination in the interest of all stakeholders, including employees, customers, shareholders and the Greek economy.

After the offer is launched, following the approval of relevant offering documentation by the Greek Capital Market Committee, the Bank's Board of Directors, with the assistance of its financial advisers, will consider the merits, the terms and conditions of the exchange offer and express its opinion thereon as required by Law 3461/2006.

**24. Other significant and post balance sheet events**

On 22 May 2012, the Second Repeat Extraordinary Shareholders' Meeting of Alpha Bank aborted the merger procedure with Eurobank and recalled Alpha Bank's General Meeting decisions on 15 November 2011.

Under Law 3864/2012 as amended by Law 4093/2012, that was enacted in November 2012, the banks receiving financial support from HFSF are required to make a lump sum payment to HFSF totalling to € 556 million. According to the relevant presubscription agreement signed with HFSF on 21 December 2012, Eurobank's portion was determined at € 154 million.

Details of significant post balance sheet events are also provided in the following notes:

Note 5-Greek Economy Liquidity Support Program

Note 6-Credit exposure to Greek sovereign debt

Note 7-Greek Banks' recapitalisation

Note 11-Discontinued operations and disposal groups

Note 15-Shares in subsidiary undertakings

Note 19-Preference shares

Note 21-Advance contribution of Hellenic Financial Stability Fund

**25. Related party transactions**

Until 23 July 2012, the Bank was a member of the EFG Group, having as operating parent company the "European Financial Group EFG (Luxembourg) S.A." and ultimate parent company the "Private Financial Holdings Limited", the latter owned and controlled indirectly by members of the Latsis family. In particular, the EFG Group held 44.70% of the Bank's ordinary shares and voting rights, through wholly owned subsidiaries of the ultimate parent company and the remaining ordinary shares and voting rights were held by institutional and retail investors, none of which, to the knowledge of the Bank, held 5% or more.

On 23 July 2012, 43.55% of the ordinary shares and voting rights held by EFG Group were transferred to ten legal entities, each of which acquired approximately 4.4%, while the EFG Group retained the remaining 1.15%. These entities have formally stated they are independent from each other. As a result, from 23 July 2012, onwards, Eurobank ceased to be under EFG Group's control and will no longer be consolidated in the financial statements of the EFG Group. In addition, the Bank's corporate and trade name have already been amended in order to no longer include the "EFG" suffix.

In the context of the separation of the Eurobank Group from the EFG Group, the five EFG Group nominated Board members of Eurobank resigned from the Board. On 21 September 2012 the Board elected Mrs. Angeliki Frangou and Messrs. George David and Nicholas Stassinopoulos as new BoD members, with a term equal to the remaining term of the resigned members.

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. These include loans, deposits and guarantees. In addition, as part of its normal course of business in investment banking activities, the Group at times may hold positions in debt and equity instruments of related parties. The volume of related party transactions and outstanding balances at the period/year-end are as follows:

|                                                | 30 September 2012                   |                                               |                                           | 31 December 2011                    |                                               |                                           |
|------------------------------------------------|-------------------------------------|-----------------------------------------------|-------------------------------------------|-------------------------------------|-----------------------------------------------|-------------------------------------------|
|                                                | EFG Group                           | Key management personnel (KMP) <sup>(2)</sup> | Entities controlled by KMP and associates | EFG Group                           | Key management personnel (KMP) <sup>(2)</sup> | Entities controlled by KMP and associates |
|                                                | € million                           | € million                                     | € million                                 | € million                           | € million                                     | € million                                 |
| Derivative financial instruments assets        | -                                   | -                                             | -                                         | -                                   | -                                             | 1                                         |
| Investment securities                          | -                                   | -                                             | -                                         | 82                                  | -                                             | 7                                         |
| Loans and advances to customers <sup>(1)</sup> | -                                   | 11                                            | 25                                        | 1                                   | 15                                            | 335                                       |
| Due to banks                                   | -                                   | -                                             | -                                         | 54                                  | -                                             | -                                         |
| Due to customers <sup>(1)</sup>                | -                                   | 13                                            | 20                                        | 4                                   | 42                                            | 345                                       |
| Other liabilities                              | -                                   | 1                                             | -                                         | 0                                   | 1                                             | 0                                         |
| Guarantees issued                              | -                                   | -                                             | 1                                         | 272                                 | -                                             | 2                                         |
| Guarantees received                            | -                                   | 0                                             | -                                         | 271                                 | 0                                             | 50                                        |
|                                                | nine months ended 30 September 2012 |                                               |                                           | nine months ended 30 September 2011 |                                               |                                           |
| Net interest income                            | 1                                   | (0)                                           | 1                                         | 4                                   | (1)                                           | (3)                                       |
| Net banking fee and commission income          | (0)                                 | 0                                             | 0                                         | 1                                   | 0                                             | 0                                         |
| Other operating income/(expense)               | (0)                                 | (1)                                           | (0)                                       | (3)                                 | (0)                                           | (1)                                       |

<sup>(1)</sup>As at 30 September 2012, loans and advances to customers are covered by cash collateral amounting to € nil (31 December 2011: € 211 million).

<sup>(2)</sup>Key management personnel includes directors and key management personnel of the Group and its parent and their close family members.

No provisions have been recognised in respect of loans given to related parties.

**Key management compensation (directors and other key management personnel of the Group)**

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 5.2 million (30 September 2011: € 5.3 million), and long-term employee benefits of € 0.5 million out of which € 0.1 million are share-based payments (30 September 2011: € 1.4 million and € 1 million respectively).

## 26. Dividends

Final dividends are not accounted for until they have been ratified by the Annual General Meeting.

Under Law 3756/2009, as amended by Law 3844/2010 and supplemented by Laws 3965/2011 and 4063/2012, banks participating in the Greek Economy Liquidity Support Program are not allowed to declare a cash dividend to their ordinary shareholders for 2008 to date. Based on the 2011 results and article 44a of Company Law 2190/1920, the Shareholders Annual General Meeting approved the non distribution of a dividend to either ordinary or preference shareholders (see also note 19).

Athens, 21 December 2012

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CHAIRMAN OF THE BOARD  
OF DIRECTORS

**Nicholas C. Nanopoulos**  
I.D. No AE - 586794  
CHIEF EXECUTIVE  
OFFICER

**Paula N. Hadjisotiriou**  
I.D. No AK - 221300  
CHIEF FINANCIAL  
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**Harris V. Kokologiannis**  
I.D. No AK - 021124  
HEAD OF GROUP FINANCE  
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