EUROBANK ERGASIAS S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

30 SEPTEMBER 2013

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	Note	Nine months ended 30 September		Three months ended 30 September	
		2013 € million	2012 € million	2013 € million	2012 € million
Net interest income		**901**	1,158	**323**	358
Net banking fee and commission income		**146**	152	**50**	47
Net insurance income		**30**	16	**13**	8
Income from non banking services		**26**	24	**8**	8
Dividend income		**3**	4	**1**	2
Net trading income/(losses)		**(29)**	83	**11**	(24)
Gains less losses from investment securities		**34**	(21)	**3**	(2)
Other operating income/(losses)	10	**(15)**	1	**0**	0
Operating income		**1,096**	1,417	**409**	397
Operating expenses	11	**(758)**	(799)	**(261)**	(256)
Profit from operations before impairments and non recurring losses		**338**	618	**148**	141
Impairment losses on loans and advances	12	**(1,260)**	(1,213)	**(419)**	(419)
Impairment and other losses on Greek sovereign exposure	6	**75**	(554)	**-**	-
Other impairment losses	13	**(60)**	(149)	**(31)**	-
Non recurring losses	13	**(85)**	(11)	**(5)**	-
Share of results of associated undertakings and joint ventures		**(1)**	(0)	**(0)**	0
Profit/(loss) before tax		**(993)**	(1,309)	**(307)**	(278)
Income tax	14	**244**	275	**69**	58
Non recurring tax adjustments	14	**535**	-	**(44)**	-
Profit/(loss) for the period from continuing operations		**(214)**	(1,034)	**(282)**	(220)
Profit/(loss) for the period from discontinued operations	15	**(18)**	(51)	**-**	(0)
Net profit/(loss) for the period		**(232)**	(1,085)	**(282)**	(220)
Net profit for the period attributable to non controlling interest		**9**	10	**3**	3
Net profit/(loss) for the period attributable to shareholders		**(241)**	(1,095)	**(285)**	(223)

	Note	€	€	€	€
Earnings/(losses) per share					
-Basic and diluted earnings/(losses) per share	9	**(0.13)**	(16.34)	**(0.06)**	(4.14)
Earnings/(losses) per share from continuing operations					
-Basic and diluted earnings/(losses) per share	9	**(0.12)**	(15.42)	**(0.06)**	(4.13)

Notes on pages 8 to 30 form an integral part of these condensed consolidated interim financial statements

	Note	30 September 2013 € million	31 December 2012 € million
ASSETS			
Cash and balances with central banks		**2,354**	2,065
Loans and advances to banks		**2,824**	4,693
Financial instruments at fair value through profit or loss		**301**	710
Derivative financial instruments		**1,343**	1,888
Loans and advances to customers	16	**47,086**	43,171
Investment securities	17	**18,927**	9,469
Property, plant and equipment		**798**	690
Investment property	18	**717**	616
Intangible assets		**407**	406
Deferred tax asset	14	**3,028**	2,106
Other assets	20	**2,275**	1,839
Total assets		**80,060**	67,653
LIABILITIES			
Due to central banks	21	**17,904**	29,047
Due to other banks	21	**9,918**	2,772
Derivative financial instruments		**1,727**	2,677
Due to customers	22	**42,282**	30,752
Debt issued and other borrowed funds	23	**856**	1,365
Other liabilities	24	**1,918**	1,695
Total liabilities		**74,605**	68,308
EQUITY			
Ordinary share capital	25	**1,641**	1,222
Share premium	25	**6,670**	1,451
Other reserves		**(4,170)**	(4,922)
Preference shares	26	**950**	950
Total equity attributable to shareholders of the Bank		**5,091**	(1,299)
Preferred securities	27	**77**	367
Non controlling interest		**287**	277
Total equity		**5,455**	(655)
Total equity and liabilities		**80,060**	67,653

Notes on pages 8 to 30 form an integral part of these condensed consolidated interim financial statements

	Nine months ended 30 September				Three months ended 30 September			
	2013 € million		2012 € million		2013 € million		2012 € million	
Profit/(loss) for the period		**(232)**		(1,085)		**(282)**		(220)
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss:								
Cash flow hedges								
- net changes in fair value, net of tax	**23**		(95)		**1**		(7)	
- transfer to net profit, net of tax	**45**	**68**	26	(69)	**9**	**10**	6	(1)
Available for sale securities								
- net changes in fair value, net of tax	**22**		86		**17**		47	
- impairment losses on investment securities transfer to net profit, net of tax	**(2)**		33		**-**		3	
- transfer to net profit, net of tax	**(5)**	**15**	(1)	118	**1**	**18**	(2)	48
Foreign currency translation								
- net changes in fair value, net of tax	**(17)**	**(17)**	(42)	(42)	**(12)**	**(12)**	(5)	(5)
Other comprehensive income for the period		**66**		7		**16**		42
Total comprehensive income for the period								
Shareholders								
- from continuing operations	**(157)**		(1,045)		**(269)**		(182)	
- from discontinued operations	**(18)**	**(175)**	(42)	(1,087)	**-**	**(269)**	1	(181)
Non controlling interest								
- from continuing operations	**9**		9		**3**		3	
- from discontinued operations	**-**	**9**	0	9	**-**	**3**	0	3
		(166)		(1,078)		**(266)**		(178)

Notes on pages 8 to 30 form an integral part of these condensed consolidated interim financial statements

	Total equity attributable to shareholders of the Bank							
	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Preferred securities € million	Non controlling interest € million	Total € million
Balance at 1 January 2012, as previously reported	1,226	1,439	1,276	(5,039)	950	745	278	875
Adjustments due to retrospective application of IAS 19 Amendment (note 3)	-	-	16	(16)	-	-	-	-
Balance at 1 January 2012, as restated	1,226	1,439	1,292	(5,055)	950	745	278	875
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 undertakings	-	-	-	0	-	-	(0)	(0)
(Purchase)/sale of preferred securities, net of tax	-	-	-	212	-	(377)	-	(165)
Preferred securities' dividend paid, net of tax	-	-	-	(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)
Balance at 30 September 2012	1,226	1,438	1,300	(5,962)	950	368	276	(404)
Balance at 1 January 2013, as previously reported	**1,222**	**1,451**	**1,191**	**(6,113)**	**950**	**367**	**277**	**(655)**
Adjustments due to retrospective application of IAS 19 Amendment (note 3)	-	-	21	(21)	-	-	-	**-**
Balance at 1 January 2013, as restated	**1,222**	**1,451**	**1,212**	**(6,134)**	**950**	**367**	**277**	**(655)**
Other comprehensive income for the period	-	-	66	-	-	-	(0)	**66**
Profit/(loss) for the period	-	-	-	(241)	-	-	9	**(232)**
Total comprehensive income for the nine months ended 30 September 2013	**-**	**-**	**66**	**(241)**	**-**	**-**	**9**	**(166)**
Share capital decrease by reducing the ordinary shares' par value	(1,211)	-	1,211	-	-	-	-	**-**
Share capital increase following recapitalisation, net of expenses	1,136	4,537	-	-	-	-	-	**5,673**
Share capital increase following LME, net of expenses	62	254	-	-	-	-	-	**316**
Share capital increase following acquisition of NHPB, net of expenses	426	431	-	-	-	-	-	**857**
Acquisition of NHPB group and NPB, (note 31)	-	-	2	(259)	-	-	1	**(256)**
(Purchase)/sale of preferred securities, net of tax	-	-	-	(15)	-	(290)	-	**(305)**
Preferred securities' dividend paid, net of tax	-	-	-	(10)	-	-	-	**(10)**
Share-based payment:								
- Value of employee services	-	-	(1)	-	-	-	-	**(1)**
Purchase of treasury shares	(0)	(0)	-	-	-	-	-	**(0)**
Sale of treasury shares, net of tax and related expenses	6	(3)	-	(1)	-	-	-	**2**
	419	**5,219**	**1,212**	**(285)**	**-**	**(290)**	**1**	**6,276**
Balance at 30 September 2013	**1,641**	**6,670**	**2,490**	**(6,660)**	**950**	**77**	**287**	**5,455**
	Note 25	Note 25			Note 26	Note 27		

Notes on pages 8 to 30 form an integral part of these condensed consolidated interim financial statements

	Note	Nine months ended 30 September 2013 € million	2012 € million
Cash flows from continuing operating activities[1]			
Profit/(loss) before income tax from continuing operations		**(993)**	(1,309)
Adjustments for :			
Impairment losses on loans and advances		**1,260**	1,213
Other impairment losses and provisions		**30**	572
Depreciation and amortisation		**72**	82
Other (income)/losses on investment securities	29	**(138)**	(137)
(Income)/losses on debt issued	29	**8**	(32)
Other adjustments		**2**	(0)
		241	389
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(196)**	1,246
Net (increase)/decrease in financial instruments at fair value through profit or loss		**325**	(170)
Net (increase)/decrease in loans and advances to banks		**1,636**	1,224
Net (increase)/decrease in loans and advances to customers		**2,014**	1,253
Net (increase)/decrease in derivative financial instruments		**(179)**	(168)
Net (increase)/decrease in other assets		**(248)**	(467)
Net increase/(decrease) in due to banks		**(5,933)**	3
Net increase/(decrease) in due to customers		**240**	(2,636)
Net increase/(decrease) in other liabilities		**23**	69
		(2,077)	743
Income taxes paid		**(13)**	(25)
Net cash from/(used in) continuing operating activities		**(2,090)**	718
Cash flows from continuing investing activities			
Purchases of property, plant and equipment and intangible assets		**(85)**	(103)
Proceeds from sale of property, plant and equipment and intangible assets		**5**	2
(Purchases)/sales and redemptions of investment securities		**2,299**	456
Acquisition of subsidiary undertakings net of cash acquired		**114**	-
Disposal of foreign operations		**9**	-
Dividends from investment securities, associated undertakings and joint ventures		**3**	4
Net cash from/(used in) continuing investing activities		**2,345**	359
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt issued and other borrowed funds		**(551)**	(1,256)
Proceeds from share capital increase		**316**	-
Expenses paid for share capital increase		**(73)**	-
Purchase of preferred securities		**(298)**	(160)
Preferred securities' dividend paid		**(15)**	(31)
(Purchase)/sale of treasury shares		**2**	(0)
Net contributions by non controlling interest		**-**	(11)
Net cash from/(used in) continuing financing activities		**(619)**	(1,458)
Effect of exchange rate changes on cash and cash equivalents		**(3)**	(20)
Net increase/(decrease) in cash and cash equivalents from continuing operations		**(367)**	(401)
Net cash flows from discontinued operating activities		**-**	(281)
Net cash flows from discontinued investing activities		**-**	240
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**-**	(41)
Cash and cash equivalents at beginning of period	29	**2,214**	3,124
Cash and cash equivalents at end of period	29	**1,847**	2,682

[1]The Group has changed the method of presentation of operating cash flows from direct to indirect for the period ended 30 September 2013 (see note 29).

Notes on pages 8 to 30 form an integral part of these condensed consolidated interim financial statements

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.

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 November 2013.

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 2012. 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 (BoG).

Capital needs of the Group were assessed in November 2012 by BoG at the level of € 5,839 million, in order to be able to achieve the level of Core Tier I capital of 9% throughout the period to end of 2014. This assessment took into account, inter alia, the PSI impairment losses, the results of Blackrock's diagnostic review and the Group's business plan which also included certain capital strengthening actions.

The Hellenic Financial Stability Fund (HFSF) has contributed to the Bank EFSF notes of total € 5,839 million for its participation in the share capital increase of the Bank, which qualifies as Tier I capital (note 7).

On 28 March 2013, the BoG issued an Executive Committee Act (13/28.03.2013) bringing the limit for the Core Tier I capital to 9% of Risk Weighted Assets and for Equity Core Tier I to 6%, effective from 31 March 2013. According to the new definition of Core Tier I capital, AFS reserve is fully recognised, while the deferred tax asset's recognition is limited to 20% of Core Tier I capital. According to the Group's capital adequacy figures at 30 September 2013, the minimum ratio of 9%, pursuant to the new definition, is not met. The Group is examining or already implementing a number of additional initiatives for complying with the new capital adequacy regulation, such as the transaction with Fairfax Holdings Limited (note 32), the implementation of Basel II IRB credit risk methodology to New TT Hellenic Postbank S.A. (NHPB) and New Proton Bank S.A. (New Proton), or transactions associated with the restructuring, transformation or optimisation of operations, in Greece and abroad that will generate or release capital and/or reduce Risk Weighted Assets. In addition, the implementation of a solid integration program for NHPB and New Proton (note 31), the acquisition of which was completed on 30 August 2013, is expected to provide substantial synergies further enhancing the capital base of the Group. Finally, the Bank announced on 14 November 2013, the initiation of the process to raise approximately € 2 bn through a capital increase. The final amount of the capital increase will be determined by the Bank and HFSF, taking into account the publication of the capital needs currently being assessed by the BoG for the Greek banking sector.

Liquidity risk

The difficulty 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. Although the dependence on Eurosystem funding has significantly decreased compared to its peak levels, as a result of access to the repo markets, deleveraging and deposit inflows, these conditions pose a significant ongoing liquidity challenge for the Group and the Greek Banking system in general. The Group expects, as also confirmed in the latest Troika's progress report on the second adjustment program for Greece published in July 2013, that the European Central Bank (ECB) and BoG will preserve sufficient banking system liquidity in line with Eurosystem rules, which stipulate, inter alia, that access to direct ECB, as opposed to other Eurosystem funding, is subject to the Bank maintaining a minimum level of regulatory capital. In addition, following the completion of acquisition of NHPB and New Proton, the Group has further lowered its dependency on Eurosystem funding and improved its benchmark liquidity ratios.

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, political instability and reform fatigue in Greece. The attraction of new investments and the revival of economic growth remain key challenges for the Greek economy. On the other hand, as Greece has taken effective action towards fiscal consolidation, has made progress in the budgetary area and with reforms in other key sectors of the economy, upside potential also exists. Particularly if, privatisation efforts, associated with the rapid improvement of the investment climate and the restoration of confidence, show resilience and are accompanied by sustained strong policy implementation.

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. These conditions may further challenge the Group's capital adequacy position over the foreseeable future.

Notwithstanding the conditions and uncertainties mentioned above, the Directors, having considered the mitigating factors set out below, have a reasonable expectation that the Group will complete within a specific timeframe all actions and initiatives scheduled to bring regulatory capital above minimum required. Hence they are satisfied that the financial statements of the Group can be prepared on a going concern basis:

(a) that the Group continues the implementation of its medium term internal capital generating plan, which includes initiatives generating or releasing Core Tier I capital and/or reducing Risk Weighted Assets,

(b) should they become necessary, the availability of additional recapitalisation funds from the official sector that can support any capital needs on top of the amounts already provided by HFSF through the recent share capital increase,

(c) 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,

(d) the Greek authorities' commitment to support the banking system and create a viable and well capitalised private banking sector, and

(e) 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 2012, except as described below.

(a) The following accounting policy has been added, compared to the principal accounting policies of the Group applied to the annual financial statements for the year ended 31 December 2012:

<u>Business combinations involving entities under common control</u>

Pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", since business combinations between entities under common control are excluded from the scope of IFRS 3 "Business Combinations", such transactions are accounted for in the Group's financial statements by using the pooling of interests method (also known as merger accounting), with reference to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework and comply with the IFRS general principles, as well as accepted industry practices.

Under the pooling of interests method, the Group incorporates the assets and liabilities of the acquiree at their pre-combination carrying amounts without any fair value adjustments. Any difference between the cost of the transaction and the carrying amount of the net assets acquired is recorded in Group's equity.

The Group accounts for the cost of such business combinations at the fair value of the consideration given, or if that cannot be reliably measured, the consideration received.

(b) The following standards and amendments to standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), are effective from 1 January 2013:

- IAS 1, Amendment - Presentation of Items of Other Comprehensive Income
The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The adoption of the amendments did not have a material impact on presentation of other comprehensive income in the Group's consolidated financial statements.

- IAS 12, Amendment - Deferred tax: Recovery of Underlying Assets
The amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when investment property is measured using the fair value model in IAS 40 "Investment Property". This amendment has no impact on the Group's consolidated financial statements.

- IAS 19, Amendment - Employee Benefits
The amendment, which has been applied by the Group retrospectively from 1 January 2012, introduces several changes to the accounting for employee benefits including the recognition of actuarial gains and losses in other comprehensive income and their permanent exclusion from profit or loss. As a result of the application of the amendment, the Group's retained earnings were decreased and special reserves were increased by € 16 million, net of tax, as at 1 January 2012 and by a further € 5 million, net of tax, as at 1 January 2013, having no impact on total Group's net assets. The adoption of this amendment had no impact on neither consolidated Interim Income Statement, Balance Sheet, Statement of Comprehensive Income and Cash Flow Statement as at 30 September 2013 nor on their comparatives.

Other changes introduced by the amendment, having no material impact on the Group's consolidated financial statements, include the replacement of the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, used to discount post employment benefit obligation, as well as the requirement to recognise past service cost immediately in profit or loss.

- IFRS 7, Amendment - Disclosures, Offsetting Financial Assets and Financial Liabilities
The amendment requires disclosure of the effect or potential effects of netting arrangements on an entity's financial position. In particular, it requires information about all recognised financial instruments that are set off, according to IAS 32 "Financial Instruments: Presentation", as well as about those recognised financial instruments that, although they are not set off under IAS 32 "Financial Instruments: Presentation", are subject to an enforceable master netting arrangement or similar agreement. The above disclosures did not have impact on the Group's interim consolidated financial statements.

- IFRS 13, Fair Value Measurement
IFRS 13 establishes a single framework for measuring fair value, provides a revised definition of fair value and introduces more comprehensive disclosure requirements on fair value measurement. The disclosure requirements of IFRS 13 do not require comparative information to be provided for periods prior to initial application (1 January 2013). There was no material impact on the consolidated financial statements of the Group from the adoption of the measurement requirements of IFRS 13. New disclosures and enhancements to existing disclosures are provided in note 28.

- Annual Improvements to IFRSs 2009–2011 Cycle
Improvements to IFRSs comprise amendments to a variety of individual IFRS standards aiming to clarify:
-the requirements for comparative information in IAS 1 "Presentation of Financial Statements";
-when certain types of equipment are classified as property, plant and equipment in IAS 16 "Property Plant and Equipment";
-the accounting for the tax effect of distributions to holders of equity instruments in IAS 32 "Financial Instruments: Presentation";
-interim financial reporting requirements regarding total segment assets and liabilities in IAS 34 "Interim Financial Reporting".

The above improvements to IFRSs did not have a material impact on the Group's consolidated financial statements.

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 2012.

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, 3965/2011 and 4093/2012 and extended by Ministerial decision 30089/B.1785/8.7.2013, 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 26).

(b) Second stream - bonds guaranteed by the Hellenic Republic
As at 30 September 2013, the government guaranteed bonds, totalling to € 13,932 million, were fully retained by the Bank and its subsidiaries. In February 2013, government guaranteed bonds amounting to € 2,344 million, matured (note 23).

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, 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, 4063/2012 and 4144/2013, banks participating in the Greek Economy Liquidity Support Program are not allowed to declare a cash dividend to their ordinary shareholders for 2008 to 2012, 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

Under the Group's participation in the Greek Government Bond exchange program (PSI+), 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 with an impact of € 5.8 bn losses recorded in 2011 financial statements. 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, due to its participation in the PSI+ exchange program, the Group incurred additional costs (extra funding cost, cost related with old GGBs hedging instruments) amounting to € 12 million, while other losses on Greek sovereign exposure amounting to € 115 million recognized by the Group in 2012, related with valuation losses for derivatives with the Greek State and for a Greek sovereign risk related financial guarantee.

Greek State's debt buyback program in 2012

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.

Greek sovereign exposure

As at 30 September 2013, the total carrying value of Greek sovereign major exposures amounted to € 6,702 million (31 December 2012: € 6,056 million). This includes a) Treasury Bills of € 3,354 million (31 December 2012: € 3,053 million), b) GGBs of € 1,193 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" (31 December 2012: € 904 million). These GGBs are expected to be repaid in full, c) other non PSI+ exchanged GGBs of € 856 million (31 December 2012: € 832 million), d) derivatives with the Greek State of € 662 million (31 December 2012: € 724 million), e) exposure of € 192 million relating with Greek Sovereign risk financial guarantee (31 December 2012: € 187 million), f) loans guaranteed by the Greek State of € 230 million (31 December 2012: € 182 million), g) loans to Greek public sector of € 149 million (31 December 2012: € 154 million), h) nGGBs of € 9 million included in trading portfolio (31 December 2012: € 5 million) and i) other receivables € 57 million (31 December 2012: € 15 million).

As at 30 August 2013, the total carrying value of Greek sovereign exposures acquired from NHPB and New Proton amounted to € 1,544 million.

In view of a) the increasing prospects of stabilization and improvement of the Greek economy leading to Greece's recent credit rating upgrade, b) the continuous increase in the market value of Greek bonds signalling the significant improvement of the credit spread, and c) considering that no credit event has occurred since the PSI+ on Greek Government obligations, in the first quarter of 2013 the Group proceeded with the reversal of an impairment loss of € 75 million, which was initially recognized in 2011, for a non-PSI exchanged Greek Government bond.

7. Greek Banks' recapitalisation

Recapitalisation framework and process

Given the severity of the impact of the 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 were directed to the Hellenic Financial Stability Fund (HFSF) whose mandate has been extended and enhanced accordingly. € 39 bn of these funds were remitted to Greece in 2012 and the final € 11 bn in 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 (ECB) 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 PSI+ was such that they required a temporary financial support from the HFSF, subject to the requirements provided by law and the presubscription agreement signed by each bank, the HFSF and the European Financial Stability Fund (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 in the capital increases for any non-subscribed part.

Banks considered viable were given the opportunity to apply for and receive Core Tier I-eligible capital from the HFSF under a certain process, ruled by Law 3864/2010 and Cabinet Act 38/9.11.2012. According to that legal framework, 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 were only available if private investors contributed 10% of the capital raising at the rights issue. The voting rights of the HFSF for the ordinary shares it holds, if the 10% threshold mentioned above is met, is 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. The HFSF is obliged to dispose, fully or partly, of all the shares it acquires 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 the Minister of Finance. Cabinet Act 38/9.11.2012, agreed in consultation with the Troika (European Commission, ECB and IMF), provided the technical details of the banks' recapitalisation framework.

Non viable Banks were 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, the Bank of Greece has initiated, as committed, a follow-up capital needs exercise, based on macro assumptions and performance until June 2013, using a methodology determined in consultation with the Troika (European Commission, ECB, IMF) and taking into consideration the results from the BlackRock asset quality review, currently in progress. The process is expected to be concluded by end-December 2013.

Eurobank's share capital increase and capital management

The Bank of Greece, after assessing the business plan and the capital needs of Eurobank (the "Bank") 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. The Bank, the HFSF and the EFSF signed on 28 May 2012, on 21 December 2012 and on 30 April 2013 a trilateral presubscription agreement (PSA) for the advance to the Bank of EFSF notes of face value of € 3,970 million, € 1,341 million and € 528 million, respectively (total € 5,839 million), as advance payment of its participation in the share capital increase of the Bank.

7. Greek Banks' recapitalisation (continued)

Eurobank's share capital increase and capital management (continued)

On 7 April 2013, the relevant regulatory authorities, with the consent of the management of both banks, decided that National Bank of Greece (NBG) and Eurobank will be independently recapitalized in full. As a consequence, the merger process of the two Banks was suspended (note 33). Following the above decision, the Board of Directors evaluated the specificities of the exercise in relation with the attraction of capital from private investors and, in particular, the uncertainty regarding the completion or not of the merger with NBG, the ensuing inability of properly assessing the investment proposal, as well as the absence of tens of thousands of Eurobank's traditional shareholders who were substituted, due to the Voluntary Tender Offer, by NBG's stake of approximately 85% in the Bank's capital. As a consequence, the Board of Directors proposed to the Extraordinary General Meeting on 30 April 2013 that the share capital increase of € 5,839 million be fully subscribed by the HFSF.

On 30 April, the Extraordinary General Meeting approved the increase of the share capital of the Bank, in accordance with the provisions of Law 3864/2010 and Act of Cabinet 38/9.11.2012, in order to raise € 5,839 million by issuing 3,789,317,358 new ordinary shares, covered entirely by the HFSF with the contribution of bonds issued by the EFSF and owned by the HFSF (note 25). The capital increase was certified on 31 May and the listing of the new shares was completed on 19 June 2013 after obtaining the relevant approvals from Greek regulatory authorities.

On 28 March 2013, the BoG issued an Executive Committee Act (13/28.03.2013) bringing the limit for the Core Tier I capital to 9% of Risk Weighted Assets and for Equity Core Tier I to 6%, effective from 31 March 2013. According to the new definition of Core Tier I capital, AFS reserve is fully recognised, while deferred tax asset's recognition is limited to 20% of Core Tier I capital. As at 30 September 2013, the Core Tier I ratio stood at 6.8% and proforma with the completion of transaction with Fairfax Financial Holdings Limited and the implementation of Basel II IRB credit risk methodology to NHPB and New Proton at 8.1%.

Capital position pro-forma

	Pro-forma[1] 30 September 2013 € million	Pro-forma [2] 31 December 2012 € million
Total equity attributable to shareholders of the Bank	**5,037**	4,574
Add: Regulatory non-controlling interest	**418**	209
Less: Goodwill	**(258)**	(258)
Less: Other regulatory adjustments	**(2,250)**	(423)
Core Tier I capital	**2,947**	4,102
Add: Preferred securities	**77**	367
Less: Other regulatory adjustments	**-**	(48)
Total Tier I capital	**3,024**	4,421
Tier II capital-subordinated debt	**267**	290
Less: Other regulatory adjustments	**(41)**	(290)
Total Regulatory Capital	**3,251**	4,421
Risk Weighted Assets	**36,573**	37,999
Ratios:	**%**	%
Core Tier I	**8.1**	10.8
Tier I	**8.3**	11.6
Capital Adequacy Ratio	**8.9**	11.6

[1] pro-forma with the completion of transaction with Fairfax Financial Holdings Limited and the implementation of Basel II IRB credit risk methodology to NHPB and New Proton

[2] pro-forma with recapitalisation amount of € 5.8 bn

The Group has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the European Union and the Bank of Greece in supervising the Bank.

During the last years the Group focused on the organic strengthening of its capital position and, excluding the impact of PSI+, managed to maintain capital ratios at levels comfortably above minimum required. This was achieved by active derisking of lending portfolios through tighter credit policies and change in the portfolio mix in favour of more secured loans. In addition, it proceeded to several strategic initiatives, namely the disposal of Polish and Turkish operations (note 15), the liability management exercise of buying back preferred securities and Lower Tier II unsecured subordinated notes and the merger with Dias S.A., which have created/released a total capital of € 1.9 bn, as well as the transaction with Fairfax Financial Holdings Limited and the implementation of Basel II IRB credit risk methodology to NHPB and New Proton.

The Group is examining a number of additional initiatives for enhancing its capital base, associated with the restructuring, transformation or optimisation of operations, in Greece and abroad, that will generate or release capital and/or reduce Risk Weighted Assets.

Eurobank's re-privatisation plan-Initial Public Offering (IPO)

As stated in the Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece published in July 2013, the Hellenic Republic will undertake to place a substantial part of the equity stake in Eurobank held by HFSF to a privately owned strategic international investor by end of March 2014. In this context, a number of intermediary milestones are also provided.

On 14 November 2013, the Bank announced the initiation of the process to raise approximately € 2 bn through a capital increase. The final amount of the capital increase will be determined by the Bank and HFSF, taking into account the publication of the capital needs currently being assessed by the BoG for the Greek banking sector. The proposed capital increase constitutes a step towards further strengthening Eurobank's capital position and enhances the bank's ability to support the Greek economy. The proposed capital increase will be effected through a marketed equity offering.

Restructuring plan

The 28 May 2012 PSA (see above) was assessed as State Aid by the European Commission. Therefore, along with the other viable banks, on 31 October 2012, Eurobank submitted a draft five year restructuring plan to the HFSF, the Ministry of Finance and the European Commission. Following completion of the recapitalisation process, the European Commission has asked that the Greek banks' plans, are revisited and resubmitted for approval. These plans should cover a period until end 2018. The approval process is in progress and should be completed by end-December 2013. In connection with the approval of the restructuring plan, Hellenic Republic will commit that the Bank will implement in particular specific measures and actions and will achieve objectives which are integral part of said restructuring plan.

7. Greek Banks' recapitalisation (continued)

Monitoring Trustee

The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund (IMF) and the European Central Bank (ECB) provides for the appointment of a monitoring trustee in all banks under State Aid.

On 22 February 2013, the Bank appointed Grant Thornton as its Monitoring Trustee (MT). The MT will monitor compliance with commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and report to the European Commission.

8. Segment information

Management has determined the operating segments based on the internal reports reviewed by the Executive Board (which replaced the Strategic Planning Group (SPG) from 2 August 2013) that are used to allocate resources and to assess its performance in order to make strategic decisions. The Executive Board 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, global and capital markets, while the operations of NHPB and New Proton are monitored as a separate segment until their operational integration with Eurobank. 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.

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.
- NHPB and New Proton: incorporating the operations of NHPB group and New Proton which were acquired by the Bank on 30 August 2013. The table below presents the post combination income and expenses and the assets and liabilities of the acquired entities (after the elimination of intercompany balances) as at 30 September 2013 (note 31).
- International: incorporating operations in Romania, Bulgaria, Serbia, Cyprus, Ukraine and Luxembourg.

Other operations of the Group comprise mainly 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 2013							
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	NHPB group and New Proton € million	International € million	Other and Elimination centre € million	Total € million
Net interest income	395	280	40	(92)	13	303	(38)	901
Net commission income	20	41	18	(2)	0	70	(1)	146
Other net revenue	1	6	62	(35)	2	21	(8)	49
Total external revenue	416	327	120	(129)	15	394	(47)	1,096
Inter-segment revenue	65	16	(46)	(26)	0	1	(10)	-
Total revenue	481	343	74	(155)	15	395	(57)	1,096
Operating expenses	(321)	(75)	(41)	(44)	(17)	(251)	(9)	(758)
Impairment losses on loans and advances	(686)	(404)	(4)	(0)	(0)	(166)	(0)	(1,260)
Profit/(loss) before tax from continuing operations before one-offs	(526)	(136)	29	(199)	(2)	(22)	(66)	(922)
One offs (notes 6 and 13)	-	(21)	0	49	-	(28)	(70)	(70)
Profit/(loss) before tax from continuing operations[1]	(526)	(157)	29	(150)	(2)	(51)	(136)	(993)
Profit/(loss) before tax from discontinued operations	-	-	-	-	-	-	(18)	(18)
Non controlling interest	-	-	0	-	0	(1)	(9)	(10)
Profit/(loss) before tax attributable to shareholders, after one-offs	(526)	(157)	29	(150)	(2)	(52)	(163)	(1,021)
Profit/(loss) before tax attributable to shareholders, before one-offs	(526)	(136)	29	(199)	(2)	(24)	(93)	(951)
Segment assets	20,170	12,889	1,537	7,594	13,852	13,238	10,780	80,060
Segment liabilities	13,716	2,367	4,296	28,387	13,941	11,345	553	74,605

8. Segment information (continued)

The International segment is further analysed as follows:

	For the nine months ended 30 September 2013						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	International € million
Net interest income	107	92	34	36	17	17	303
Net commission income	22	21	9	12	3	3	70
Other net revenue	10	1	2	0	1	7	21
Total external revenue	139	114	45	48	21	27	394
Inter-segment revenue	0	0	0	0	0	1	1
Total revenue	139	114	45	48	21	28	395
Operating expenses	(98)	(63)	(37)	(19)	(25)	(9)	(251)
Impairment losses on loans and advances	(87)	(43)	(15)	(12)	(7)	(2)	(166)
Profit/(loss) before tax from continuing operations before one-offs	(46)	8	(7)	17	(11)	17	(22)
One offs (notes 6 and 13)	(7)	(21)	-	-	-	-	(28)
Profit/(loss) before tax from continuing operations(1)	(54)	(13)	(7)	17	(11)	17	(51)
Non controlling interest	(1)	0	(0)	-	0	-	(1)
Profit/(loss) before tax attributable to shareholders, after one-offs	(55)	(13)	(7)	17	(11)	17	(52)
Profit/(loss) before tax attributable to shareholders, before one-offs	(48)	8	(7)	17	(11)	17	(24)
Segment assets(2)	3,923	3,234	1,581	2,902	735	1,068	13,238
Segment liabilities(2)	3,458	2,840	1,166	2,508	729	849	11,345

	For the nine months ended 30 September 2012						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination centre € million	Total € million
Net interest income	519	302	47	54	303	(67)	1,158
Net commission income	25	43	21	(11)	75	(1)	152
Other net revenue	(1)	(2)	26	38	25	21	107
External revenue	543	343	94	81	403	(47)	1,417
Inter-segment revenue	55	18	(39)	(29)	2	(7)	-
Total revenue	598	361	55	52	405	(54)	1,417
Operating expenses	(345)	(78)	(43)	(48)	(273)	(12)	(799)
Impairment losses on loans and advances	(854)	(172)	(3)	(0)	(184)	(0)	(1,213)
Profit/(loss) before tax from continuing operations before one-offs	(601)	111	9	4	(52)	(66)	(595)
One offs (notes 6 and 13)	-	-	(9)	(596)	-	(109)	(714)
Profit/(loss) before tax from continuing operations(1)	(601)	111	-	(592)	(52)	(175)	(1,309)
Profit/(loss) before tax from discontinued operations	-	-	-	-	11	(74)	(63)
Non controlling interest	-	-	0	-	(1)	(10)	(11)
Profit/(loss) before tax attributable to shareholders, after one-offs	(601)	111	0	(592)	(42)	(259)	(1,383)
Profit/(loss) before tax attributable to shareholders, before one-offs	(601)	111	9	4	(42)	(150)	(669)

	31 December 2012						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination centre € million	Total € million
Segment assets	21,270	14,269	2,078	11,710	14,155	4,171	67,653
Segment liabilities	13,445	3,158	4,735	34,220	12,214	536	68,308

8. Segment information (continued)

The International segment is further analysed as follows:

	For the nine months ended 30 September 2012						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	105	84	37	35	22	20	303
Net commission income	24	22	8	16	3	2	75
Other net revenue	23	1	1	0	0	0	25
Total external revenue	152	107	46	51	25	22	403
Inter-segment revenue	(11)	4	3	0	2	4	2
Total revenue	141	111	49	51	27	26	405
Operating expenses	(111)	(67)	(39)	(19)	(29)	(8)	(273)
Impairment losses on loans and advances	(100)	(57)	(15)	(5)	(7)	(0)	(184)
Profit/(loss) before tax from continuing operations[1]	(70)	(13)	(5)	27	(9)	18	(52)
Profit/(loss) before tax from discontinued operations	-	-	-	-	-	-	11
Non controlling interest	(1)	(0)	(0)	-	0	-	(1)
Profit/(loss) before tax attributable to shareholders	(71)	(13)	(5)	27	(9)	18	(42)

	31 December 2012						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	International € million
Segment assets[2]	4,095	3,216	1,623	3,497	741	1,351	14,155
Segment liabilities[2]	3,596	2,786	1,216	3,117	722	1,146	12,214

[1] Income/(loss) from associated undertakings and joint ventures is included

[2] Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.

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 (Series D). 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 30 September		Three months ended 30 September	
		2013	2012	**2013**	2012
Net profit/(loss) for the period attributable to ordinary shareholders (after deducting dividend attributable to preferred securities holders and after including gains/(losses) on preferred securities)	*€ million*	**(262)**	(903)	**(290)**	(228)
Net profit/(loss) for the period from continuing operations (after deducting dividend attributable to preferred securities holders and after including gains/(losses) on preferred securities)	*€ million*	**(244)**	(852)	**(290)**	(228)
Weighted average number of ordinary shares in issue for basic and diluted earnings/(losses) per share	*Number of shares*	***1,996,248,523***	*55,230,857*	***4,539,368,265***	*55,237,737*
Earnings/(losses) per share					
- Basic and diluted earnings/(losses) per share	*€*	**(0.13)**	(16.34)	**(0.06)**	(4.14)
Earnings/(losses) per share from continuing operations					
- Basic and diluted earnings/(losses) per share	*€*	**(0.12)**	(15.42)	**(0.06)**	(4.13)

Basic and diluted losses per share from discontinued operations for the period ended 30 September 2013 amount to € 0.01 (30 September 2012: € 0.92).

Basic and diluted losses per share for 2012 have been adjusted taking into account the reverse split of the ordinary shares at a ratio of 10 existing shares for a new share in accordance with the decisions of the Extraordinary General Meeting held on 30 April 2013.

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 of preferred securities (note 27), were not included in the calculation of diluted earnings per share for the period, as their effect would have been anti-dilutive.

10. Other operating income/(losses)

During the period, the Group proceeded with the sale of loans to banks amounting to € 840 million at a discount of 1.6%, with a resulting loss of € 13 million. This initiative enhanced the Group's Core Tier I ratio by reducing the Risk Weighted Assets and improved its liquidity position.

11. Operating expenses

	30 September 2013 € million	30 September 2012 € million
Staff costs	(432)	(451)
Administrative expenses	(254)	(266)
Depreciation and amortisation	(72)	(82)
Total from continuing operations	(758)	(799)
Total from discontinued operations	-	(58)
Total	(758)	(857)

The average number of employees of the Group (including those of NHPB and New Proton) during the period was 17,565 (30 September 2012: 17,729, excluding the employees of Turkish subsidiaries). As at 30 September 2013, the number of branches of the Group (including those of NHPB and New Proton) amounted to 1,239.

In November 2013, the Bank launched a Voluntary Exit Scheme for its staff and the staff for most of its subsidiaries in Greece (note 32).

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:

	30 September 2013				
	Wholesale € million	Mortgage € million	Consumer € million	Small business € million	Total € million
Balance at 1 January	1,182	425	1,846	1,217	4,670
Arising from acquisitions	1,083	346	253	38	1,720
Impairment losses on loans and advances charged in the period	477	196	287	300	1,260
Amounts recovered during the period	4	0	15	2	21
Loans written off during the period as uncollectible	(41)	(0)	(18)	(8)	(67)
Foreign exchange differences and other movements	(52)	(41)	(70)	(79)	(242)
Balance at 30 September	2,653	926	2,313	1,470	7,362

13. Other impairment and non recurring losses

	30 September 2013 € million	30 September 2012 € million
Impairment losses and valuation losses on investment property and repossessed properties	(36)	-
Impairment losses on bonds	(18)	(100)
Impairment losses on mutual funds and equities	(6)	(49)
Other impairment losses	(60)	(149)
Provision for claims in dispute	(40)	-
Valuation losses on derivative financial instruments	(23)	(11)
Expenses relating with NBG Voluntary Tender Offer	(17)	-
Expenses relating with the acquisition of NHPB and New Proton	(5)	-
Non recurring losses	(85)	(11)
	(145)	(160)

As of 30 June 2013, the Group has incorporated the overnight index swap curve for cash collateralised derivatives. As at the date of change, the valuation losses recognised amounted to € 23 million. As at 30 September 2012, the Group recognised credit valuation losses amounting to € 11 million related with derivative financial instruments conducted with corporate clients.

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

14. Income tax

	30 September 2013 € million	30 September 2012 € million
Current tax	**(33)**	(19)
Deferred tax	**291**	305
Overseas taxes	**(14)**	(11)
Change in nominal tax rates	**596**	-
Losses from tax litigations	**(44)**	-
Other non recurring tax adjustments	**(17)**	-
Total tax (charge)/income from continuing operations	**779**	275
Total tax (charge)/income from discontinued operations	**0**	12
Total	**779**	287

According to Law 4110/2013, the nominal Greek corporate tax rate increased to 26% for income generated in accounting years 2013 and onwards. In addition, dividends distributed based on General Meetings held within 2013 are subject to 25% withholding tax, while dividends distributed based on General Meetings held as of 1 January 2014 onwards are subject to 10% withholding tax. The increase of the corporate tax rate mentioned above resulted in the adjustment of the Group's cumulative deferred tax as of 30 September 2013 by € 608 million, compared to that recorded as of 1 January 2013, out of which € 596 million have been recorded in 30 September 2013 income statement and € 12 million in other comprehensive income.

The nominal corporate tax rates in the countries that the Group's subsidiaries operate were changed as follows: Cyprus 12.5% (2012: 10%), Serbia 15% (2012: 10%), Ukraine 19% (2012: 21%). The effect on deferred tax asset from the above changes in the applicable tax rates was immaterial.

The Group recognized in the third quarter of 2013 a non recurring tax charge of € 44 million in relation to tax litigations, of which € 6 million referred to the Bank and € 33 million and € 5 million to its wholly owned subsidiaries Eurobank Asset Management Mutual Fund Mngt Company and Eurobank Equities, respectively.

Following the recalculation of subsidiaries' deferred tax asset, the Group recognised on 30 September 2013 income statement a non recurring loss amounting to € 17 million.

The Bank has been audited by tax authorities up to 2009, has not been audited for 2010 and has obtained by external auditors unqualified tax certificate for years 2011 and 2012, in accordance with article 82 of Law 2238/1994. Greek subsidiaries which are subject to statutory audit by external auditors have also obtained unqualified tax certificate for years 2011 and 2012. New Proton Bank S.A. has obtained an unqualified tax certificate with a matter of emphasis for its first tax year ended 31 December 2012. The open tax years of foreign Group's bank subsidiaries are as follows: i) Bancpost S.A. (Romania), 2011-2012, (ii) Eurobank Cyprus Ltd, 2010-2012, (iii) Eurobank Bulgaria A.D., Eurobank A.D. Beograd (Serbia) and Eurobank Private Bank Luxembourg S.A., 2008-2012. The remaining of the Group's subsidiaries (including Greek subsidiaries), associates and joint ventures (notes 19 and 20), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 1 to 9 open tax years.

Deferred income taxes

The movement on net deferred income tax is as follows:

	30 September 2013 € million
Balance at 1 January	**2,098**
Income statement credit/(charge)	**870**
Available-for-sale revaluation reserve	**(2)**
Cash flow hedges	**(20)**
Effect in other comprehensive income from the change in nominal tax rates	**12**
Share capital increase and LME expenses	**61**
Other	**1**
Balance at 30 September	**3,020**

Deferred income tax asset/(liability) is attributable to the following items:

	30 September 2013 € million
PSI+ tax related losses (tax deductible over a period of thirty years)	**1,269**
Loan impairment	**1,223**
Unused tax losses	**190**
Changes in fair value accounted through the income statement	**173**
Share capital increase and LME expenses	**47**
Cash flow hedges	**32**
Other	**86**
Net deferred income tax	**3,020**

The net deferred income tax is analysed as follows:

	30 September 2013 € million
Deferred income tax asset	**3,028**
Deferred income tax liability (note 24)	**(8)**
Net deferred income tax	**3,020**

Deferred income tax (charge)/credit in the income statement is attributable to the following items:

	30 September 2013 € million
Changes in fair value	**(74)**
Loan impairment	**230**
Unused tax losses	**142**
Change in nominal tax rates	**596**
Tax deductible PSI+ losses	**(33)**
Other	**9**
Deferred income tax (charge)/credit	**870**

15. Discontinued operations

Disposal of Turkish operations

On 21 December 2012, the Group disposed Eurobank Tekfen A.S. and its subsidiaries to Burgan Bank of Kuwait, following the approvals from all competent authorities. The Group recognized a loss of € 31 million, before tax, arising from the recyclement of losses previously recognized in other comprehensive income (currency translation and available for sale reserve) to the income statement. Turkish operations for 2012 are presented in the International segment.

As at 30 September 2013, the Group recognized an additional loss of € 17 million, before tax, based on the Net Asset Value of Eurobank Tekfen A.S. and its subsidiaries at the closing of the transaction.

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, on 30 April 2012 the Group exercised its put option on its remaining 13% stake in Raiffeisen Polbank. In October 2012, following the completion of the relevant transfer of shares, the Group received € 126 million in cash. As at 30 September 2012, the gain on the disposal of Polish operations was adjusted with € 74 million losses, before tax (€ 51 million losses, after tax).

The results of the Group's discontinued operations are set out below. The income statement distinguishes discontinued operations from continuing operations.

	30 September 2013 € million	30 September 2012 € million
Net interest income	**-**	69
Net banking fee and commission income	**-**	10
Other income from discontinued operations	**-**	7
Operating expenses	**-**	(58)
Impairment losses on loans and advances	**-**	(17)
Profit/(loss) before tax from discontinued operations	**-**	11
Income tax	**-**	(2)
Profit/(loss) before gain on disposal	**-**	9
Gain/(loss) on disposal before tax	**(18)**	(74)
Income tax	**0**	14
Net profit/(loss) from discontinued operations	**(18)**	(51)
Net profit from discontinued operations attributable to non controlling interest	**-**	0
Profit/(loss) for the period from discontinued operations attributable to shareholders	**(18)**	(51)

16. Loans and advances to customers

	30 September 2013 € million	31 December 2012 € million
Wholesale lending	**20,378**	19,742
Mortgage lending	**19,105**	14,221
Consumer lending	**7,516**	6,378
Small business lending	**7,449**	7,500
Gross loans and advances to customers	**54,448**	47,841
Less: Provision for impairment losses (note 12)	**(7,362)**	(4,670)
	47,086	43,171
Included in gross loans and advances are:		
Past due more than 90 days	**15,102**	10,919

As at 30 August 2013, gross loans and advances to customers acquired from NHPB group and New Proton amounted to € 8,908 million (wholesale: € 2,255 million, mortgage: € 5,064 million, consumer: € 1,465 million, small business lending: € 124 million, note 31).

17. Investment securities

	30 September 2013			
	Available-for-sale securities € million	**Debt securities lending portfolio € million**	**Held-to-maturity securities € million**	**Total € million**
Debt securities				
- EFSF bonds	**107**	**10,105**	**-**	**10,212**
- Greek government bonds	**5**	**2,044**	**-**	**2,049**
- Greek government treasury bills	**1,581**	**1,773**	**-**	**3,354**
- Other government bonds	**1,153**	**400**	**303**	**1,856**
- Other issuers	**434**	**248**	**445**	**1,127**
	3,280	**14,570**	**748**	**18,598**
Equity securities	**329**	**-**	**-**	**329**
Total	**3,609**	**14,570**	**748**	**18,927**

17. Investment securities (continued)

	31 December 2012			
	Available--for-sale securities € million	Debt securities lending portfolio € million	Held-to--maturity securities € million	Total € million
Debt securities				
- EFSF bonds	181	-	-	181
- Greek government bonds	10	1,726	-	1,736
- Greek government treasury bills	706	2,347	-	3,053
- Other government bonds	1,590	543	473	2,606
- Other issuers	387	281	916	1,584
	2,874	4,897	1,389	9,160
Equity securities	309	-	-	309
Total	3,183	4,897	1,389	9,469

As at 30 August 2013, investment securities acquired from NHPB group and New Proton amounted to € 5,868 million (EFSF bonds: € 4,248 million, Greek government bonds: € 281 million, Greek government treasury bills: € 1,160 million, other bonds: € 86 million and equities: € 93 million, note 31).

During 2013, the Bank, in the context of its recapitalisation (note 7) received from the Hellenic Financial Stability Fund (HFSF) EFSF notes of € 5,839 million. The aforementioned notes are categorised under the Debt Securities Lending portfolio.

During 2013, the Group proceeded with the downsizing using selective sales of its "Held-to-Maturity" investment securities amounting to € 339 million (face value), as a response to the significant increase in the regulatory capital requirements of the banking industry, imposed by the Bank of Greece bringing the limit for the Core Tier I capital to 9% of Risk Weighted Assets and for Equity Core Tier I to 6%, effective from 31 March 2013 (note 7). The sale of the securities did not trigger tainting rules of the Group's "Held-to-Maturity" portfolio, as the significant increase in the regulatory requirements of the industry is a non-recurring event beyond the Group's control that could not have been reasonably anticipated upon initial classification of those securities.

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 2013, the carrying amount of the reclassified securities was € 1,110 million. If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 30 September 2013 would have resulted in € 347 million losses net of tax, which would have been recognised in the available-for-sale revaluation reserve.

18. Investment property

The movement of investment property (net book value) is as follows:

	30 September 2013 € million
Net book value:	
Balance at 1 January	**616**
Transfers from repossessed assets	**90**
Additions	**58**
Transfers to property, plant and equipment	**(8)**
Disposals and write-offs	**(5)**
Depreciation for the period	**(7)**
Impairments	**(27)**
Balance at 30 September	**717**

19. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries as at 30 September 2013:

Name	Note	Percentage Holding	Country of incorporation	Line of business
New Proton Bank S.A.	a	100.00	Greece	Banking
New TT Hellenic Postbank S.A.	a	100.00	Greece	Banking
Be-Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services	b	98.01	Greece	Business-to-business e-commerce, accounting and tax services
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.		100.00	Greece	Management of overdue loans
Eurobank Household Lending Services S.A.		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.		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
Hellenic Post Credit S.A.	a	50.00	Greece	Credit card management and other services
Hellenic Postbank - Hellenic Post Mutual Funds Mngt Company S.A.	a	51.00	Greece	Mutual fund management
T Credit S.A.	a	100.00	Greece	Vehicle and equipment leasing
T Leasing S.A.	a	100.00	Greece	Leasing

19. Shares in subsidiary undertakings (continued)

Name	Note	Percentage Holding	Country of incorporation	Line of business
Eurobank Bulgaria A.D.		99.99	Bulgaria	Banking
Bulgarian Retail Services A.D.		100.00	Bulgaria	Rendering of financial services and credit card management
ERB Auto Leasing E.O.O.D.		100.00	Bulgaria	Vehicle leasing and rental
ERB Property Services Sofia A.D.		80.00	Bulgaria	Real estate services
ERB Leasing E.A.D.		100.00	Bulgaria	Leasing
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
ERB 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 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
Eliade Tower S.A.		55.94	Romania	Real estate
ERB IT Shared Services S.A.		100.00	Romania	Informatics data processing
ERB Leasing IFN S.A.		100.00	Romania	Leasing
ERB Retail Services IFN S.A.		100.00	Romania	Credit card management
ERB ROM Consult S.A.	c	100.00	Romania	Consultancy services
Eurobank Finance S.A.		100.00	Romania	Investment banking
Eurobank Property Services S.A.		80.00	Romania	Real estate services
Eurolife ERB Asigurari De Viata S.A.		100.00	Romania	Insurance services
Eurolife ERB Asigurari Generale S.A.		100.00	Romania	Insurance 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
Seferco Development S.A.		55.94	Romania	Real estate
Eurobank A.D. Beograd		99.98	Serbia	Banking
ERB Asset Fin d.o.o. Beograd		100.00	Serbia	Asset management
ERB Leasing A.D. Beograd		99.99	Serbia	Leasing
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
EFG Istanbul Holding A.S.		100.00	Turkey	Holding company
Public J.S.C. Universal Bank		99.97	Ukraine	Banking
ERB Property Services Ukraine LLC		100.00	Ukraine	Real estate services
Anaptyxi II Holdings Ltd (1)		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi II Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi SME I Holdings Ltd (1)		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi SME I Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Andromeda Leasing I Holdings Ltd (1)		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Andromeda Leasing I Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Byzantium Finance Plc	d	-	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 (1)		-	United Kingdom	Special purpose financing vehicle (SIC 12)
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Karta II Holdings Ltd (1)		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Karta II Plc		-	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 (1)		-	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 (1)		-	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)

(1) *not consolidated due to immateriality*

Note: (i) Enalios Real Estate Development S.A., Global Fund Management S.A., Hotels of Greece S.A., Athens Insurance Brokerage Ltd, Security Services Systems Ltd are dormant/under liquidation subsidiary undertakings not consolidated due to immateriality. (ii) On 30 August 2013, following the acquisition of New Proton Bank S.A., the Group acquired 99.91% of Proton Mutual Funds Management Company S.A. The entity is under liquidation and is not consolidated due to immateriality.

19. Shares in subsidiary undertakings (continued)

(a) New Proton Bank S.A., New TT Hellenic Postbank S.A., Hellenic Post Credit S.A., Hellenic Postbank - Hellenic Post Mutual Funds Mngt Company S.A., T Credit S.A. and T Leasing S.A., Greece
On 30 August 2013, following the binding agreements signed between the Bank and the Hellenic Financial Stability Fund (HFSF) on 15 July 2013, the Bank acquired by HFSF 100% of the shares and voting rights of New TT Hellenic Postbank S.A. (NHPB) and New Proton Bank S.A. (New Proton), after receiving all necessary regulatory approvals. Thus, as of the said date, NHPB and New Proton became 100% subsidiaries of the Bank. The Group acquired, through its participation in NHPB, 50% of Hellenic Post Credit S.A., 51% of Hellenic Postbank - Hellenic Post Mutual Funds Mngt Company S.A., and 100% of T Credit S.A. and T Leasing S.A. (note 31).

(b) Be-Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services, Greece
In October 2013, the name of Be-Business Exchanges S.A. was changed and its activities were expanded. The new name of the entity is "Be-Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services" and provides additionally accounting and tax services.

(c) ERB ROM Consult S.A., Romania
In March 2013, the name and activity of "Eurobank Securities S.A." were changed. The new name of the entity is "ERB ROM Consult S.A." and it provides consultancy services.

(d) Byzantium Finance Plc, United Kingdom
In August 2013, following the acquisition of New TT Hellenic Postbank S.A., the Group acquired Byzantium Finance Plc, a special purpose entity for the issuance of mortgage backed notes.

(e) Anaptyxi 2006-1 Plc, Anaptyxi APC Ltd, Anaptyxi Holdings Ltd and Anaptyxi Options Ltd, United Kingdom
In January 2013, the companies were liquidated.

(f) Best Direct S.A., Greece
In February 2013, the company was liquidated.

(g) Eurobank EFG Ukraine Distribution LLC, Ukraine
In June 2013, the Group disposed of Eurobank EFG Ukraine Distribution LLC.

(h) EFG Business Services d.o.o. Beograd, Serbia
In September 2013, the company was liquidated.

20. Other assets

	30 September 2013 € million	31 December 2012 € million
Receivable from Deposit Guarantee and Investment Fund	**649**	330
Repossessed properties	**559**	523
Income tax receivable	**239**	179
Pledged amount for a Greek sovereign risk financial guarantee	**247**	246
Receivable from HFSF	**57**	-
Prepaid expenses and accrued income	**51**	44
Investments in associated undertakings and joint ventures (see below)	**7**	8
Prepaid expenses for Bank's recapitalisation	**-**	154
Other assets	**466**	355
	2,275	1,839

As at 30 August 2013, total other assets include receivables acquired from NHPB group and New Proton amounting to € 447 million (of which receivable from deposits guarantee and investment fund: € 304 million, receivable from public entities: € 36 million, income tax receivable: € 20 million).

As at 30 September 2013, other assets amounting to € 466 million mainly consist of receivables from a) settlement balances with customers, b) guarantees, c) public entities, d) fraudulent and legal cases and e) insurance and brokerage activity.

The following is a listing of the Group's associated undertakings and joint ventures as at 30 September 2013:

Name	Note	Percentage Holding	Country of incorporation	Line of business
Femion Ltd		66.45	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		33.33	Cyprus	Special purpose investment vehicle
Rosequeens Properties SRL		33.33	Romania	Real estate company
Odyssey GP S.a.r.l.	a	20.00	Luxembourg	Special purpose investment vehicle

Note: Filoxenia S.A. is a dormant and under liquidation associated undertaking not consolidated due to immateriality.

Odyssey GP S.a.r.l. is the Group's associated undertaking.

(a) Odyssey GP S.a.r.l., Luxembourg
In February 2013, the Group acquired 20% of Odyssey GP S.a.r.l., a special purpose investment vehicle incorporated in Luxembourg.

(b) Omega Insurance and Reinsurance Brokers S.A., Greece
On 30 August 2013, following the acquisition of New Proton Bank S.A., the Group acquired 26.05% of Omega Insurance and Reinsurance Brokers S.A., the investment in which was fully impaired. The Group is not represented in the Board of Directors of the company, therefore does not exercise significant influence over it and does not account for it as an associate but as an available-for sale financial investment.

21. Due to central and other banks

	30 September 2013 € million	31 December 2012 € million
Secured borrowing from ECB and BoG	**17,893**	28,938
Secured borrowing from other central banks	**11**	31
Other borrowing from central banks	**-**	78
Due to central banks	**17,904**	29,047
Secured borrowing from other banks	**9,233**	1,983
Secured borrowing from international financial institutions	**265**	336
Other borrowing from international financial institutions	**230**	252
Interbank takings	**165**	168
Current accounts and settlement balances with banks	**25**	33
Due to other banks	**9,918**	2,772
	27,822	31,819

As at 30 September 2013, the Bank has lowered its dependency on Eurosystem financing facilities to € 17.9 bn as a result of access to the repo markets, assets deleveraging, deposit gathering as well as the funding synergies from the acquisition of NHPB and New Proton.

As at 30 August 2013, due to other banks include repos and interbank takings acquired from NHPB group and New Proton amounting to € 2,540 million (note 31).

22. Due to customers

	30 September 2013 € million	31 December 2012 € million
Term deposits	**26,787**	20,947
Savings and current accounts	**13,385**	8,490
Repurchase agreements	**1,519**	378
Unit linked products	**461**	583
Other term products	**130**	354
	42,282	30,752

As at 30 August 2013, due to customers include customer deposits from NHPB group and New Proton acquisition amounting to € 11,297 million (term deposits: € 7,013 million, saving and current accounts: € 4,284 million, note 31).

23. Debt issued and other borrowed funds

	30 September 2013 € million	31 December 2012 € million
Medium-term notes (EMTN)	**284**	772
Subordinated	**206**	217
Securitised	**361**	376
Other loan notes	**5**	-
	856	1,365

As at 30 August 2013, debt issued and other borrowed funds include notes from NHPB group and New Proton acquisition amounting to € 34 million (securitised: € 29 million and other loan notes: € 5 million).

During the period, notes amounting to € 475 million, issued under the EMTN Program through the Group's special purpose entities, matured.

As at 30 September 2013, 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 € 13,932 million respectively, were fully retained by the Bank and its subsidiaries. In February 2013, government guaranteed bonds amounting to € 2,344 million, matured.

In the context of the liability management exercise ("LME") decided by the Board of Directors of the Bank on 29 April 2013, the subordinated medium term notes tendered by the holders and accepted by the Group were € 22 million, including those held by the Group's clients which were presented within Due to customers (notes 25 and 27).

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

24. Other liabilities

	30 September 2013 € million	31 December 2012 € million
Insurance reserves	**1,187**	1,159
Other provisions	**133**	22
Deferred income and accrued expenses	**90**	56
Income taxes payable	**57**	17
Recognition of sovereign risk financial guarantee at fair value	**55**	59
Standard legal staff retirement indemnity obligations	**35**	33
Settlement balances with customers	**27**	15
Deferred tax liability (note 14)	**8**	8
Other liabilities	**326**	326
	1,918	1,695

24. Other liabilities (continued)

As at 30 August 2013, total "other liabilities" include liabilities from NHPB group and New Proton acquisition amounting to € 135 million (of which provisions for legal cases: € 42 million, provisions for letters of guarantee: € 23 million, voluntary retirement scheme liability: € 14 million).

As at 30 September 2013, other liabilities amounting to € 326 million mainly consist of payables relating with a) suppliers and creditors, b) bank checks and remittances, c) contributions to insurance organisations, d) duties and other taxes, e) credit card transactions under settlement and f) liabilities from insurance activity.

25. Ordinary share capital, share premium and treasury shares

The par value of the Bank's shares is € 0.30 per share (31 December 2012: € 2.22). All shares are fully paid. The movement of ordinary share capital, share premium and treasury shares is as follows:

	Ordinary share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January 2013	**1,228**	**(6)**	**1,222**	**1,448**	**3**	**1,451**
Share capital decrease by reducing the ordinary shares' par value	(1,211)	-	**(1,211)**	-	-	**-**
Share capital increase following recapitalisation, net of expenses	1,136	-	**1,136**	4,537	-	**4,537**
Share capital increase following LME, net of expenses	62	-	**62**	254	-	**254**
Share capital increase following acquisition of NHPB, net of expenses	426	-	**426**	431	-	**431**
Purchase of treasury shares	-	(0)	**(0)**	-	(0)	**(0)**
Sale of treasury shares	-	6	**6**	-	(3)	**(3)**
Balance at 30 September 2013	**1,641**	**(0)**	**1,641**	**6,670**	**(0)**	**6,670**

	Number of shares		
	Issued ordinary shares	Treasury shares	Net
Balance at 1 January 2013	**552,948,427**	**(2,587,872)**	**550,360,555**
Share capital decrease through reverse split (10 old shares for each 1 new share)	(497,653,584)	-	**(497,653,584)**
Share capital increase following recapitalisation	3,789,317,358	-	**3,789,317,358**
Share capital increase following LME	205,804,664	-	**205,804,664**
Share capital increase following acquisition of NHPB	1,418,750,000	-	**1,418,750,000**
Purchase of treasury shares	-	(191,439)	**(191,439)**
Sale of treasury shares	-	2,714,911	**2,714,911**
Balance at 30 September 2013	**5,469,166,865**	**(64,400)**	**5,469,102,465**

On 30 April 2013, the Extraordinary General Meeting approved:

(a) the decrease of the share capital of the Bank by means of the parallel (i) increase of the nominal value of each ordinary share with voting rights and decrease of the total number of the existing ordinary shares thereof through reverse split, at a ratio of 10 old shares for each 1 new share, and (ii) decrease of the nominal value of the ordinary share of the Bank (as it resulted after the reverse split) to € 0.30, for the purpose of forming a special reserve of an equal amount of € 1,211 million, pursuant to article 4 par. 4a of Law 2190/1920. In addition, it authorized the Board of Directors to liquidate, as soon as possible, the shares formed from the aggregation of the fractional balances that may result from the reverse split and distribute to the beneficiaries the proceeds of such sale.

(b) the recapitalisation of the Bank, in accordance with the provisions of Law 3864/2010 and the Act of the Cabinet 38/9.11.2012, of € 5,839 million. The share capital increase is covered entirely by the HFSF with the contribution of bonds, issued by the EFSF and owned by the HFSF, as follows:

(i) the share capital of the Bank is increased by € 1,136.8 million by issuing 3,789,317,358 new ordinary shares with a nominal value of € 0.30 each, and

(ii) the share premium is increased by € 4,702 million.

On 27 June 2013, the Annual General Meeting approved the increase of the Bank's share capital with the amount of € 62 million, by payment in cash of € 317 million in total and the issue of new common shares, of a nominal value of € 0.30 each, via private placement to the holders of five series of preferred securities (Lower Tier I – Series A, B, C, D and E) and one series of subordinated debt instruments (Lower Tier II), with abolition of the pre-emptive rights in favour of existing common and preferred shareholders. Following the aforementioned decision of the AGM, the certification of the payment in cash of the said share capital increase by the Bank's Board of Directors at its meeting on 27 June 2013 and the filing with GEMH of the Ministry of Development and Competitiveness approval decision on 3 July 2013:

(i) the share capital of the Bank is increased by € 62 million by issuing 205,804,664 new ordinary shares with a nominal value of € 0.30 each, and

(ii) the share premium is increased by € 255 million.

On 26 August 2013, the Extraordinary Shareholders General Meeting approved the increase of the Bank's share capital and share premium by € 426 million and € 255 million, respectively, by issuing 1,418,750,000 new ordinary shares with a nominal value of € 0.30 each and offer price of € 0.48 each, subscribed totally by way of contribution in kind by the HFSF and specifically by the contribution of the total number of shares of the "New TT Hellenic Postbank S.A." (NHPB) owned by HFSF, having a value of € 681 million, as derived from their valuation according to article 9, par. 4 of Law 2190/1920. The fair value of the newly issued Bank's ordinary shares was adjusted to € 860 million at the time NHPB shares were acquired, 30 August 2013, based on Eurobank's share market price of € 0.606 at the same date (note 31).

Incremental costs directly attributable to the aforementioned share capital increases amounted to € 170 million, net of tax, mainly comprising the lump sum payment to HFSF imposed by Law 4093/2012 amounting to € 114 million, net of tax and the 1% subscription fee amounting to € 35 million, net of tax, on EFSF notes advanced to the Group by HFSF on account for the subsequent recapitalisation of the Bank.

25. 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.

26. Preference shares

	Preference Shares		
	Number of shares	30 September 2013 € million	31 December 2012 € 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 2012 results and Law 3723/2008 in combination with article 44a of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted.

27. Preferred securities

	Series A € million	Series B € million	Series C € million	Series D € million	Series E € million	Total € million
Balance at 1 January 2013	**17**	**7**	**59**	**225**	**59**	**367**
Purchase of preferred securities (LME)	(16)	(2)	(10)	(208)	(59)	**(295)**
Issue costs transferred to retained earnings upon buy back	1	0	0	4	-	**5**
Balance at 30 September 2013	**2**	**5**	**49**	**21**	**-**	**77**

The rate of preferred dividends for the Tier I Issue series A has been determined at 1.89% for the period 18 March 2013 to 17 March 2014.

As at 30 September 2013, the dividend attributable to preferred securities' holders amounted to € 10 million (30 September 2012: € 26 million).

On 29 April 2013, the Board of Directors of the Bank decided to proceed with a liability management exercise ("LME") in respect of the five series of preferred securities (Lower Tier I-Series A,B,C,D,E) and the single subordinated medium term note (Lower Tier II) (the "Securities") issued by the Bank through its special purpose entities. In particular, the Board of Directors decided to execute the LME on a voluntary basis as follows:

(a) repurchase by the Bank of the tendered Securities at their nominal value; and

(b) undertaking by holders tendering Securities to participate in the new share capital increase, for cash, with the proceeds of the repurchase, at a share issue price equal to the issue price of the share capital increase of € 5,839 million which was fully subscribed by the HFSF, within the framework of Law 3864/2010, i.e. € 1.54091078902977 per share.

On 27 June 2013, the Annual General Meeting approved the aforementioned increase of the Bank's share capital with the amount of € 62 million, by payment in cash of € 317 million in total and the issue of new common shares, of a nominal value of € 0.30 each, via private placement to the holders of five series of preferred securities (Lower Tier I – Series A, B, C, D and E) and one series of subordinated debt instruments (Lower Tier II) (note 25).

On 22 July 2013, ERB Hellas Funding Ltd announced that, in accordance with the terms of Series D and E non-cumulative guaranteed non-voting exchangeable preferred securities, the non-cumulative preferred dividend on these preferred securities, which would otherwise had been payable on 29 July 2013 and 28 August 2013, respectively, was not declared and was not paid.

Post Balance sheet event

On 24 October 2013, ERB Hellas Funding Ltd announced that, in accordance with the terms of Series D and E non-cumulative guaranteed non-voting exchangeable preferred securities, the non-cumulative preferred dividend on these preferred securities, which would otherwise had been payable on 29 October 2013 and 28 November 2013, respectively, was not declared and was not paid.

On 24 October 2013, ERB Hellas Funding Ltd announced that, in accordance with the terms of Series B non-cumulative guaranteed non-voting preferred securities, the non-cumulative preferred dividend on these preferred securities, which would otherwise had been payable on 4 November 2013, was not declared and was not paid.

28. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price). When a price for an identical asset or liability is not observable, fair value is measured using valuation techniques, that are appropriate in the circumstances, and maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

28. Fair value of financial assets and liabilities (continued)

Financial instruments carried at fair value

Trading assets, derivatives and other transactions undertaken for trading purposes, as well as available-for-sale securities and assets and liabilities designated at fair-value-through-profit-or-loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, the fair values are estimated using valuation techniques.

These financial instruments carried at fair value are categorised into the three levels of the IFRS fair value hierarchy at 30 September 2013 based on whether the inputs to the fair values are observable or unobservable, as follows:

a) Level 1 – Financial instruments measured based on quoted prices in active markets for identical financial instruments. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. These include actively quoted debt instruments, as well as equity and derivative instruments traded on exchanges.

b) Level 2 – Financial instruments measured using valuation techniques with the following inputs: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognised market data providers and iv) may also include other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments mainly include over-the-counter (OTC) derivatives and less-liquid debt instruments.

c) Level 3 – Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equity instruments.

The fair value hierarchy classification of the Group's financial assets and liabilities carried at fair value is presented in the following table:

	30 September 2013			
	Level 1 € million	**Level 2 € million**	**Level 3 € million**	**Total € million**
Financial assets measured at fair value:				
Financial instruments held for trading	**115**	**1**	**-**	**116**
Financial instruments designated at fair value through profit or loss	**185**	**-**	**-**	**185**
Derivative financial instruments	**0**	**1,343**	**-**	**1,343**
Available-for-sale investment securities	**3,296**	**241**	**72**	**3,609**
Total financial assets	**3,596**	**1,585**	**72**	**5,253**
Financial liabilities measured at fair value:				
Derivative financial instruments	**0**	**1,727**	**-**	**1,727**
Due to customers:				
- Structured deposits	**-**	**10**	**-**	**10**
- Unit linked products	**185**	**276**	**-**	**461**
Debt issued and other borrowed funds:				
- Structured notes	**-**	**32**	**-**	**32**
Trading liabilities	**1**	**-**	**-**	**1**
Total financial liabilities	**186**	**2,045**	**-**	**2,231**

	31 December 2012			
	Level 1 € million	Level 2 € million	Level 3 € million	€ million
Financial assets measured at fair value:				
Financial instruments held for trading	428	4	-	432
Financial instruments designated at fair value through profit or loss	278	-	-	278
Derivative financial instruments	0	1,888	-	1,888
Available-for-sale investment securities	2,870	313	-	3,183
Total financial assets	3,576	2,205	-	5,781
Financial liabilities measured at fair value:				
Derivative financial instruments	1	2,676	-	2,677
Due to customers:				
- Structured deposits	-	22	-	22
- Unit linked products	290	293	-	583
Debt issued and other borrowed funds:				
- Structured notes	-	29	-	29
Trading liabilities	3	-	-	3
Total financial liabilities	294	3,020	-	3,314

The Group recognises transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. Other than the reclassification of € 3 million available-for-sale bonds from Level 1 to Level 2 effected in the 3rd quarter 2013, due to decrease in the level of market activity, there were no other transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the period.

Following management review of the fair value hierarchy classification, the Group transferred certain unquoted available-for-sale equity instruments in Level 3 due to the significance of the unobservable inputs used in their fair value measurement.

<u>Group's valuation processes</u>

Where valuation techniques are used to determine the fair values of financial instruments, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices.

Global Market Counterparty Risk Sector establishes the processes and procedures governing the fair valuations, in line with the Group's accounting policies.

28. Fair value of financial assets and liabilities (continued)

Financial instruments carried at fair value (continued)

Valuation techniques

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. For the period ended 30 September 2013, the Group has switched from libor discounting to overnight index swap (OIS) discounting for collateralized derivatives (note 13). Fair values take account of the credit risk of the Group and the counterparty, where appropriate.

The Group determines fair values for debt securities held using quoted market prices in active markets for securities with similar credit risk, maturity and yield or by using discounted cash flows method.

For debt securities issued by the Group and designated at FVTPL, fair values are determined by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

The fair values of unquoted available-for-sale equity instruments are estimated using third parties' valuation reports based mainly on investees' net assets, where management does not perform any further significant adjustments and net assets' valuations, adjusted where considered necessary.

Reconciliation of Level 3 fair value measurements

	30 September 2013 € million
Balance at 1 January	-
Transfers into Level 3	48
Level 3 arising on acquisition	25
Total gain/(loss) for the period included in profit or loss	(1)
Total gain/(loss) for the period included in other comprehensive income	0
Purchases/(sales)	-
Balance at 30 September	72

Financial instruments not carried at fair value

The following table presents the carrying amounts and fair values of financial assets and liabilities which are not carried at fair value on the balance sheet:

	30 September 2013	
	Carrying amount € million	Fair value € million
Financial assets		
Loans and advances to customers	47,086	47,375
Investment securities		
- Debt securities lending portfolio	14,570	14,071
- Held-to-maturity securities	748	672
Financial liabilities		
Debt issued and other borrowed funds	825	641

	31 December 2012	
	Carrying amount € million	Fair value € million
Financial assets		
Loans and advances to customers	43,171	43,700
Investment securities		
- Debt securities lending portfolio	4,897	4,193
- Held-to-maturity securities	1,389	1,225
Financial liabilities		
Debt issued and other borrowed funds	1,337	1,031

The assumptions and methodologies underlying the calculation of fair values of financial instruments not carried at fair value on the balance sheet date are in line with those used to calculate the fair values for financial instruments carried at fair value and are as follows:

a) Loans and advances to customers: for loans and advances to customers quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are determined using generally accepted valuation techniques with current market parameters. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates.

b) Investment securities carried at amortised cost: the fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield or by using the discounted cash flows method.

c) Debt issued and other borrowed funds: the fair values of the debt issued and other borrowed funds are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

d) For other financial instruments which are short term (cash and balances with central banks, loans and advances to banks, due to central banks and other banks) or re-price at frequent intervals (due to customers), the carrying amounts represent reasonable approximations of fair values.

29. Notes on interim cash flow statement

Following the acquisition of NHPB and New Proton, the Bank considered a) the most appropriate method of incorporation of cash flows of acquired entities as of 1 September 2013 and b) the best practice applied by the banking industry and decided to change the method of presentation of operating cash flows of combined Group from direct to indirect for the period ended 30 September 2013. Comparative information for the period ended 30 September 2012 has been adjusted accordingly.

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days maturity:

	30 September 2013 € million	31 December 2012 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**1,001**	1,076
Loans and advances to banks	**789**	997
Financial instruments at fair value through profit or loss	**57**	141
	1,847	2,214

Certain adjustments presented in operating activities are analysed as follows:

Other (income)/losses on investment securities	30 September 2013 € million	30 September 2012 € million
Amortisation of premiums/discounts	**(95)**	(105)
Adjustment for accrued interest	**(6)**	(49)
(Gains)/losses from sale	**(34)**	21
Dividends	**(3)**	(4)
	(138)	(137)

(Income)/losses on debt issued	30 September 2013 € million	30 September 2012 € million
Adjustment for accrued interest	**(27)**	9
Valuation and other adjustments	**35**	(41)
	8	(32)

30. Contingent liabilities and other commitments

As at 30 September 2013, the Group's contingent liabilities in terms of guarantees, standby letters of credit and commitments to extend credit amounted to € 1,556 million (31 December 2012: € 1,627 million) and the Group's documentary credits amounted to € 55 million (31 December 2012: € 78 million).

The Group's capital commitments in terms of property, plant and equipment amounted to € 10 million (31 December 2012: € 8 million).

Legal Proceedings

As at 30 September 2013, there were a number of legal proceedings outstanding against the Group. The Group's provision for outstanding litigations and claims in dispute amounted to € 88 million, of which € 42 million related with the acquired entities (note 31). In almost every case where a provision had been made proper remedies have been filed by the Group. Other than the aforementioned amount, no significant impact is expected on the Group's financial position from the outcome of pending lawsuits and cases in arbitration process.

31. Acquisition of New TT Hellenic Postbank S.A. and New Proton Bank S.A.

On 15 July 2013, the Group signed a binding agreement with the Hellenic Financial Stability Fund (''HFSF'') to acquire 100% of the shares and voting rights of the New TT Hellenic Postbank (''NHPB'') for a consideration of € 681 million in the form of newly issued Eurobank ordinary shares with a minimum of 1,418,750,000 shares.

On the same day, the Group also signed a binding agreement with HFSF to acquire 100% of the shares and voting rights of the New Proton Bank S.A. ("New Proton") for a € 1 cash consideration. Prior to completion of the transaction, the HFSF covered the capital needs of New Proton by contributing € 395 million in cash.

On 30 August 2013, following the above binding agreements, the Group acquired from HFSF 100% of the shares and voting rights of NHPB and New Proton, after receiving all necessary regulatory approvals. Thus, as of the said date, NHPB and New Proton became 100% subsidiaries of the Bank.

Both transactions were approved by the Extraordinary General Meeting of Eurobank shareholders, which took place on 26 August 2013. Furthermore, on the same day the Extraordinary General Meeting of Eurobank shareholders approved the increase of the share capital of the Bank through the issuance of 1,418,750,000 new ordinary shares of a nominal value of € 0.30 and issue price € 0.48 each, subscribed by way of contribution in kind from HFSF of the total number of NHPB's shares, amounting to € 681 million. The number of the new ordinary shares issued was the minimum number of shares to be issued to HFSF pursuant to the binding agreement.

Both before and after 30 August 2013, the Group, NHPB and New Proton were all under the control of HFSF, therefore both transactions were business combinations involving entities under common control which are excluded from the scope of IFRS 3 "Business Combinations". Hence, in accordance with the Group's accounting policy, the acquisitions of NHPB and Proton were accounted for by using the pooling of interests method (also known as merger accounting).

Although the acquisition of a subsidiary in exchange for the issuance of shares in a common control transaction is not specifically addressed in IFRS, the Group has recorded the issuance of 1,418,750,000 new ordinary shares, being the consideration for the acquisition of NHPB, with reference to Eurobank's share market price as at the combination date, 30 August 2013, in accordance with IFRS definitions and principles on related areas. Accordingly, the Group has accounted for the share capital increase at the price of € 0,606 amounting to € 860 million and the difference with the nominal value amounting to € 434 million has been recorded in the share premium account.

Based on the finalised Net Asset Value of NHPB at the completion date and in accordance with the terms of the binding agreement, the consideration was reduced by € 57 million, of which € 55 million were paid by HFSF in cash in November 2013.

31. Acquisition of New TT Hellenic Postbank S.A. and New Proton Bank S.A. (continued)

In order to achieve consistency of accounting policies and presentation, certain reclassifications were made to the balance sheets of NHPB group and New Proton as of the date of the business combination, which did not have an effect on the net assets acquired. The assets and liabilities of NHPB group and New Proton were recorded at their book values upon the acquisition. The book values of net assets of Eurobank Group, NHPB group and New Proton at the date of the combination were € 5,002 million, € 412 million and € 135 million respectively, resulting in combined equity of € 5,606 million (including the aforementioned consideration adjustment of € 57 million).

The results of both NHPB group and New Proton were incorporated in the Group's financial statements prospectively, as of 1 September 2013. Comparative information is not restated in the Group's consolidated financial statements.

The effect on consolidated reserves resulting from the acquisitions of NHPB group and New Proton is presented in the following table:

	NHPB group € million	New Proton € million	Total € million
Consideration after adjustments	803	0	803
Net assets acquired	411	135	546
Merger difference	(392)	135	(257)
Share capital increase	860	-	860
Net effect on shareholders' equity	468	135	603
Post combination result (1/9 - 30/9/2013)	(2)	(0)	(2)

The net effect on shareholders' equity from the merger with NHPB would not have been different, had the new shares been recorded at the issue price of € 0.48, amounting to a total of € 681 million, as the consideration and the share premium would have been equally decreased (the change in merger difference would have been offset by the change in share premium account).

The condensed Balance Sheets of the acquired entities as at the date of the business combination were as follows:

	NHPB group € million	New Proton € million
ASSETS		
Cash and balances with central banks	214	17
Loans and advances to banks	259	419
of which intercompany balances with Eurobank Group	*205*	*406*
Loans and advances to customers	6,678	512
Trading and investment securities	5,783	85
Property, plant and equipment	110	13
Other assets	414	66
Total assets	13,458	1,112
LIABILITIES		
Due to customers	10,354	954
of which intercompany balances with Eurobank Group	-	*11*
Due to other banks	2,538	5
of which intercompany balances with Eurobank Group	*3*	-
Other liabilities	154	18
Total liabilities	13,046	977
Shareholders' equity	411	135
Non controlling interest	1	-
Total equity and liabilities	13,458	1,112

The acquisition of NHPB significantly improves the asset quality, liquidity and the capital base of Eurobank Group and strengthens its strategic position in the Greek banking sector, thus enhancing its capacity to support Greek businesses and households. In addition, the significant synergies creation makes Eurobank's investment proposition more attractive, facilitating its re-privatisation to the benefit of the Greek State and economy.

32. Other significant and post balance sheet events

Board of Directors

The three year term of the Board of Directors expired at the Annual General Meeting of the Shareholders of 27 June 2013. The General Meeting elected a new Board, the term of office of which was set to three years and expires at the Annual General Meeting which will take place in 2016:

G. A. David	Chairman, Non Executive
G. C. Gondicas	Honorary Chairman, Non executive
E. G. A. Arapoglou	Vice Chairman, Non Executive Independent
C. I. Megalou	Chief Executive Officer
M. H. Colakides	Deputy Chief Executive Officer (until 30 October 2013)
S. L. Lorentziadis	Non Executive Independent
D. T. Papalexopoulos	Non Executive Independent
D. A. Georgoutsos	Non Executive (Greek State representative under Law 3723/2008)
K. H. K. Prince – Wright	Non Executive (HFSF representative under Law 3864/2010)

32. Other significant and post balance sheet events (continued)

Eurobank's Voluntary Exit Scheme

A Voluntary Exit Scheme (VES) was designed and implemented for the Group’s employees in Greece, having as a main objective to increase the operating efficiency. The VES was offered to all employees of Eurobank and most of its subsidiaries in Greece as well as to New Proton Bank employees, with Group service of more than 1.5 years. The total cost for the VES, which is expected to be finalized by year end, is estimated at approximately € 86 million, net of provisions for retirement benefits. Moreover, the Group will have an estimated annual saving, as a result of the scheme, amounting to € 61 million.

Fairfax Financial Holdings Limited

On 19 June 2013, Eurobank and Fairfax Financial Holdings Limited (“Fairfax”) announced that they agreed on the principal terms of a proposed transaction aiming to further strengthen their relationship as shareholders of Eurobank Properties S.A. (“Eurobank Properties”) and broaden in parallel considerably the ability and resources of Eurobank Properties to become the leading real estate company in Greece and the surrounding region.

On 17 October 2013, Eurobank and Fairfax concluded final binding documentation and received certain key regulatory approvals regarding their cooperation as shareholders of Eurobank Properties.

Under the basic terms of the agreement:

(a) Eurobank Properties will proceed with a share capital increase (the “Rights Issue”) to raise € 193 million, approximately, with preemption rights in favour of Eurobank Properties’ existing shareholders (the “Rights”) at an offer price of € 4.80 per new share,

(b) Fairfax undertook to purchase Eurobank’s Rights at an aggregate cash consideration of approximately € 20 million and to exercise the purchased Rights as well as its own Rights, thereby investing approximately € 144 million in the Rights Issue. As a result of the Rights exercise, Fairfax will increase its participation in Eurobank Properties to approximately 41% (from approximately 19% that it currently holds) and Eurobank will hold approximately 33.5% assuming that all other shareholders of Eurobank Properties will exercise their Rights; and

(c) Eurobank and Fairfax will cooperate so that, until 30 June 2020, Eurobank will retain management control and will fully consolidate Eurobank Properties, while Fairfax will be represented in the board of directors of Eurobank Properties and hold customary veto rights for transactions of this type. These agreements will be in force for as long as Eurobank’s participation in Eurobank Properties remains above 20%; following which management control will automatically pass to Fairfax and Eurobank will retain customary veto rights depending on the level of its shareholding in Eurobank Properties.

The transaction has received all necessary regulatory approvals with the exception of the Rights Issue which is subject to obtaining Hellenic Capital Markets Commission and the Athens Exchange approvals. The transaction is expected to close within the first quarter of 2014.

When finalised, the agreement will result in the change in the Group's ownership interest without loss of control. Therefore, it will be recorded as an equity transaction with non-controlling interests.

Group's operations in Cyprus

On 25 March 2013, the Cypriot government reached an agreement with Troika (European Central Bank, European Commission and International Monetary Fund) on a new financial assistance program that was endorsed by the Eurogroup. The program contains a bail-out assistance package of up to € 10 bn and a bail-in scheme from unsecured depositors at specific banks, and aims to restore the viability of the domestic financial sector and facilitate the return of the Cypriot economy to a sustainable economic growth and sound public finances over the coming years.

The Group operates in Cyprus through its subsidiary, Eurobank Cyprus Ltd. The subsidiary's operations are currently carried out through a network of seven banking centres, focusing in Wholesale Banking and International Business Banking.

The total assets of the subsidiary stand at € 3.7 bn, out of which, € 1.4 bn, only, relate to assets in Cyprus. The capital base of the subsidiary amounts to € 573 million, while the capital adequacy ratio as at 30 September 2013, stood at the very strong levels of 40.02%, which, combined with the good quality of the loan portfolio, strengthen the shield toward the risks of the current economic conditions.

On 30 September 2013, the deposits of the subsidiary amounted to € 2.5 bn, while the amount of loans to € 1.1 bn, out of which, € 0.4 bn is fully cash collateralised. The subsidiary maintains strong liquidity, with cash invested in low risk short-term investments, outside Cyprus, amounting to € 1.8 bn. The subsidiary maintains high liquidity rates and buffers, significantly above the minimum regulatory limits, which enables it to withstand, even in extreme scenarios of deposits’ decrease.

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

Note 7- Greek Banks' recapitalisation
Note 27- Preferred securities
Note 31-Acquisition of New TT Hellenic Postbank S.A. and New Proton Bank S.A.

33. National Bank of Greece S.A. (NBG) Voluntary Tender Offer (VTO) and merger

On 15 February 2013, the National Bank of Greece SA (NBG) acquired 84.35% of Eurobank’s voting shares following the completion of a Voluntary Tender Offer (VTO) launched on 11 January 2013. The VTO would have been followed by the merger of the two banks, the process of which initiated on 19 March 2013.

On 28 March 2013, BoG sent letters to all viable banks, including the Bank and NGB, stating that each bank should proceed with its recapitalization by the end of April 2013 and requesting them to proceed with the relevant necessary actions. On 7 April 2013, as the joint banks’ request for the extension of the recapitalization process up to 20 June 2013 was not granted, the relevant regulatory authorities with the consent of the management of both banks decided that the Bank and NBG will be independently recapitalized in full. As a consequence, the merger process of the two banks was suspended.

In this respect, the Extraordinary General Meeting of shareholders of the Bank, convened on 30 April 2013, decided the increase of the Bank’s ordinary share capital, in order to raise € 5,839 million, subscribed by way of contribution in kind from HFSF, in accordance with Law 3864/2010 and Act of Cabinet 38/9.11.2012. As a result of the above mentioned share capital increase of the Bank (note 25), the percentage of the voting rights held by NBG as at 30 September 2013 was reduced below 5%.

34. Related party transactions

EFG Group was the controlling shareholder of the Bank, holding 44.70% of the Bank's ordinary shares and voting rights until 23 July 2012 (see also note 33 above). In May 2013, following its full subscription in the Bank's recapitalisation of € 5,839 million, the HFSF became the controlling shareholder and a related party of the Bank (note 7). On 19 June 2013, HFSF acquired 3,789,317,358 Bank's ordinary shares with voting rights, representing 98.56% of its ordinary share capital. Following the issuance of 205,804,664 new ordinary shares in July, as resolved at the Annual General Meeting of the Shareholders on 27 June 2013, the percentage of the voting rights held in Eurobank by HFSF decreased to 93.55%. Following the share capital increase approved by the Extraordinary General Meeting of 26 August 2013, the percentage of the voting rights held by HFSF increased to 95.23%.

On 12 July 2013, Eurobank signed with HFSF, a relationship framework agreement (RFA) that determines covenants governing the relationship between the Bank and the HFSF and the matters related with, amongst others, the corporate governance of the Bank and the development and approval of the Restructuring Plan. On 26 August 2013, the RFA was approved by the Extraordinary General Meeting in accordance with Law 2190/1920 article 23a. Subject to this agreement, the Bank's decision making bodies will continue to determine independently, amongst others, the Bank's commercial strategy and policy (including business plans and budgets) in compliance with the Restructuring Plan and the decision on day-to-day operation of the Bank will continue to rest with the Bank's competent bodies and officers, as the case may be, in accordance with their statutory, legal and fiduciary responsibilities.

The Group regards other Greek Banks controlled, jointly controlled or significantly influenced by HFSF, within the context of the Greek Banks' recapitalization, as well as the members of key management personnel of HFSF, as related parties. The Group's transactions with HFSF's related Greek banks are made in the ordinary course of business, are carried out on market terms, are not influenced by the HFSF as the controlling shareholder of the Bank and are not included in the table presented below.

Other than the aforementioned transactions with HFSF related Greek banks, 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 the said related party transactions and outstanding balances at the period/year-end are as follows:

	30 September 2013			31 December 2012		
	Key management personnel (KMP)[1] € million	**Entities controlled by KMP, associates & joint ventures € million**	**HFSF € million**	Key management personnel (KMP)[1] € million	Entities controlled by KMP, associates & joint ventures € million	EFG Group € million
Loans and advances to customers	**5**	**24**	**-**	11	26	-
Other assets[2]	**-**	**-**	**57**	-	-	-
Due to customers	**6**	**8**	**0**	12	20	-
Other liabilities	**1**	**-**	**-**	1	-	-
Guarantees issued	**-**	**-**	**-**	-	1	-
Guarantees received	**0**	**-**	**-**	0	-	-
	nine months ended 30 September 2013			nine months ended 30 September 2012		
Net interest income	**(0)**	**0**	**(0)**	(0)	1	1
Net banking fee and commission income	**0**	**0**	**-**	0	0	(0)
Other operating income/(expense)	**(0)**	**(0)**	**-**	(1)	(0)	(0)

[1]Key management personnel includes directors and key management personnel of the Group and its controlling shareholder and their close family members. As at 30 September 2013, the volume of transactions and outstanding balances with key management personnel of HFSF is immaterial.

[2]Receivable from HFSF due to the consideration adjustment for the acquisition of NHPB pursuant on the terms of the relevant binding agreement (note 31).

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 € 4.7 million (30 September 2012: € 5.2 million) and long-term employee benefits (excluding share-based payments) of € 0.4 million (30 September 2012: € 0.4 million). Additionally, income of € 0.1 million relating with forfeited share options has been recognized in income statement as at 30 September 2013 (30 September 2012: € 0.1 million expense).

35. 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, 4063/2012 and 4144/2013, banks participating in the Greek Economy Liquidity Support Program are not allowed to declare a cash dividend to their ordinary shareholders for 2008 to 2012. Based on the 2012 results and Law 3723/2008 in combination with article 44a of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted (note 26).

Athens, 29 November 2013

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