

*Athens, June 28, 2011*

### **Press Release**

“Greece’s economy and the society at large are facing extreme conditions of fiscal crisis and economic impasse, along with a deep recession and risks of international marginalization for the country”. The remarks were made by **EFG Eurobank Ergasias’ CEO Mr. Nicholas Nanopoulos**, addressing the Annual Regular General Meeting of the Bank’s Shareholders, today (June 28, 2011). Mr. Nanopoulos said that “our European partners are willing to show their solidarity and to extend once again a helping hand – under specific conditions, of course. The new program of economic assistance to Greece will contribute to ensure the sustainability of the Greek debt over the medium term, giving us time and substantial potential to implement the necessary reforms and adjustments. Thus, we will be able to stabilize the economy as well as to formulate a new frame of sustainable growth, based on investment and private entrepreneurship. A responsible and decisive attitude on our behalf, demonstrated by voting in the Medium-Term Program and the relevant Implementing Law, and subsequently by rigorously implementing both, without any further hesitations or delays, is a prerequisite for the provision of the European economic assistance. Actions required by the Medium-Term Program include a radical reform of the structure and function of the public sector, deep institutional and structural reforms, privatizations and full use of state assets, as well as measures of fiscal consolidation in order to stabilize the budget deficit and the public debt. Those measures will be painful, and possibly sometimes unfair, but the alternative, a course of denial or idleness, not only does not constitute a solution to the problem, but on the contrary would lead the country to isolation and unpredictable developments. Unfortunately, we do not have either time or alternatives, as there are no easy solutions or magic recipes”.

The next step that has to be taken, after stabilizing the economy, Mr. Nanopoulos stressed, is “to restart growth, building on privatizations, FDIs, and the absorption of EU funds. The structural reforms, the private entrepreneurship and private investment, with the country’s banking system as an ally, will add a kickstart effect.”

According to Mr. Nanopoulos, for such a challenging plan to bear fruit, it would be of paramount importance to achieve broader political and social consensus. The image of a country that rallies around this major effort would enhance our negotiating leverage and credibility, and would constitute the most convincing answer to all those questioning Greece, hasting to predict failure. “We believe that ultimately the Greek people and the political system will show they are aware of what is really at stake and, with a sense of responsibility, will raise themselves to the requirements of the juncture, offering the country the only way out”.

**Eurobank EFG Group Chairman Mr. Efthymios Christodoulou** stressed that “if our country does not understand how to manage our growth policy, how to overcome the crisis, and if we stick on parameters that have already been outdated, we run the risk of wasting the very scarce resources we still hold. Therefore, we need to keep our perspectives broad, to understand the importance of innovation, and to adapt to developments, if we are to maintain, as much as possible, a standard of living well adjusted to the new conditions. Not many institutions have developed such a line of thinking. Instances of the recent period,

where a large part of the population could not come to terms with the idea that our living standards well exceeded our production capacity, and were based on loans, or at least on one-off capital inflows, show that we need at the fastest possible pace to adjust our thinking, and then our economic activities, to a more realistic assessment of the situation”.

In reference to the Greek banking system, Mr. Christodoulou underscored that “almost in its entirety, it had followed a wise and conservative policy, which generally kept it strong and solid, allowing it to avoid, at first instance, the repercussions of the international crisis, which created the trends that still formulate developments in the global economy. As we all know, currently our banking system is struggling to cope with the inevitable impact of the general crisis we are facing”.

Referring to the current status of the Greek banking system, Mr Nanopoulos noted that: “our banking system has exhibited resilience, adaptability and the capability to manage adversities, at a time when the markets remain closed, recession is deep and our country’s credibility is questioned. The Greek banking system is characterised by low leverage and strong capital structure. The ongoing support of the European Central Bank provides the liquidity that the system requires. Since early 2007, the Greek banks have raised more than €12 bn capital, in the form of capital increases or strategic initiatives. The systemic position that Greek banks have established in the wider region of Southeastern and Central Europe still constitutes a major advantage. The steady improvement of macroeconomic conditions and the economic recovery taking place in the region, amplify this advantage, as these countries constitute alternative sources of income and profitability. Operations abroad are, in fact, a major asset, which Greek banks need to safeguard in the future.”

On the 2010 performance of the Eurobank EFG group, Mr Nanopoulos stressed that, in this challenging environment, the Group remained profitable throughout the entire year, even after the one-off tax contribution. Total net profits stood at €13 million, markedly down from 2009, as expected. Subsidiaries in Central and Southeastern Europe recovered dynamically, contributing €32 million to total profitability. Due to the unfavorable economic conditions, Mr Nanopoulos said, Group 2010 results were burdened by increased bad debt provisions of €1.273m., up 17% compared to 2009. However, the increased provisions, along with the Group’s conservative risk management policy, shield the loan book against potential credit losses which may materialize due to the crisis.”

The Group’s CEO also referred to Eurobank EFG’s priorities for this year, which remain adopted to the harsher realities and ongoing challenges. Specifically, the Group aims:

- To retain its strong capital position.
- To secure comfortable liquidity levels.
- To manage risks even more efficiently and stringently
- To maintain high pre-provision earnings
- To streamline operations further and to contain costs at all levels.
- To support Eurobank EFG clients, turning the current crisis into an opportunity for the Group to develop comprehensive relationships of mutual trust and collaboration

In his concluding statement, Mr Nanopoulos stressed that: “our strongly capitalised and fortified banking Group, recognizing its institutional obligation, will remain involved in the

front line of key developments and actively contribute to Greece's great national effort to exit the crisis and build a future of growth and prosperity".

The General Meeting of the Shareholders approved the annual financial statements for the year 2010, no distribution of dividends to ordinary shareholders and the payment to the Hellenic Republic of the 10% cumulative return on the preference shares it holds, amounting to €5m. The discussion on the 6<sup>th</sup> item of the Agenda (Decrease of the nominal value of the ordinary shares in order to form a special reserve pursuant to article 4, par. 4a of L.2190/1920 and offset transformation losses and losses carried forward. Subsequent decrease of the share capital of the Bank and amendment of article 5 of the Bank's Articles of Association), as well as on the 7<sup>th</sup> item of the Agenda (Amendment of the terms of the decision of the General Meeting of Shareholders on 30.6.2009, regarding the issuance of a callable convertible bond, through private placement, foregoing pre-emption rights of existing shareholders), was postponed due to lack of quorum, and will be held at the Repeat Annual General Meeting of the Shareholders to be convened on Monday, 11<sup>th</sup> July 2011, at 10 a.m. at "Bodossakis Foundation Building" (conference room "John S. Latsis Hall"), Amalias Av. 20, Athens, according to the 6.6.2011 invitation.-