# EFG EUROBANK ERGASIAS S.A.

## CONDENSED INTERIM FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED

## 30 SEPTEMBER 2009

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Company Registration No: 6068/06/B/86/07

**Index to the Condensed Interim Financial Statements**

| | Note | Nine months ended 30 September | | Three months ended 30 September | |
|---|---|---|---|---|---|
| | | **2009** | 2008 | **2009** | 2008 |
| | | **€ million** | € million | **€ million** | € million |
| Net interest income | | **973** | 1,197 | **390** | 389 |
| Net banking fee and commission income | | **186** | 190 | **95** | 62 |
| Income from non banking services | | **3** | 3 | **1** | 1 |
| Dividend income | | **39** | 106 | **22** | 14 |
| Net trading income/(loss) | | **(11)** | (45) | **18** | 19 |
| Gains less losses from investment securities | | **43** | 47 | **5** | (19) |
| Other operating income | | **10** | 22 | **-** | 15 |
| **Operating income** | | **1,243** | 1,520 | **531** | 481 |
| Operating expenses | | **(660)** | (693) | **(224)** | (229) |
| **Profit from operations before impairment losses on loans and advances** | | **583** | 827 | **307** | 252 |
| Impairment losses on loans and advances | 5 | **(582)** | (322) | **(216)** | (110) |
| **Profit before tax** | | **1** | 505 | **91** | 142 |
| Income tax | | **13** | (84) | **(4)** | (27) |
| **Net profit for the period attributable to shareholders** | | **14** | 421 | **87** | 115 |

*Notes on pages 8 to 13 form an integral part of these condensed interim financial statements*

## Interim Balance Sheet

| | Note | 30 September 2009 € million | 31 December 2008 € million |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances with central bank | | **979** | 2,535 |
| Loans and advances to banks | | **49,311** | 31,695 |
| Financial instruments at fair value through profit or loss | | **2,105** | 1,310 |
| Derivative financial instruments | | **1,388** | 1,659 |
| Loans and advances to customers | | **41,248** | 43,570 |
| Investment securities | 6 | **8,145** | 8,783 |
| Investments in subsidiary undertakings | 7 | **2,860** | 2,416 |
| Investments in associated undertakings | 8 | **32** | 32 |
| Property, plant and equipment | | **378** | 399 |
| Intangible assets | | **92** | 87 |
| Other assets | | **989** | 579 |
| **Total assets** | | **107,527** | 93,065 |
| | | | |
| **LIABILITIES** | | | |
| Due to other banks | | **20,148** | 15,115 |
| Repurchase agreements with banks | | **15,416** | 12,548 |
| Derivative financial instruments | | **2,062** | 2,792 |
| Due to customers | | **46,913** | 44,467 |
| Other borrowed funds | 9 | **16,909** | 13,859 |
| Other liabilities | | **620** | 389 |
| **Total liabilities** | | **102,068** | 89,170 |
| | | | |
| **EQUITY** | | | |
| Share capital | 10 | **1,481** | 1,379 |
| Share premium | 10 | **1,450** | 1,110 |
| Other reserves | | **838** | 701 |
| **Ordinary shareholders' equity** | | **3,769** | 3,190 |
| Preference shares | 11 | **950** | - |
| Hybrid capital | 12 | **740** | 705 |
| **Total** | | **5,459** | 3,895 |
| | | | |
| **Total equity and liabilities** | | **107,527** | 93,065 |

*Notes on pages 8 to 13 form an integral part of these condensed interim financial statements*

**Interim Statement of Comprehensive Income**
**for the nine months ended 30 September 2009**

| | Nine months ended 30 September | | | | Three months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|
| | 2009 € million | | 2008 € million | | 2009 € million | | 2008 € million | |
| **Profit for the period** | | **14** | | 421 | | **87** | | 115 |
| **Other comprehensive income:** | | | | | | | | |
| **Cash flow hedges** | | | | | | | | |
| - net changes in fair value, net of tax | **(24)** | | 20 | | **(12)** | | (15) | |
| - transfer to net profit, net of tax | **(3)** | **(27)** | (10) | 10 | **(8)** | **(20)** | (8) | (23) |
| **Available for sale securities** | | | | | | | | |
| - net changes in fair value, net of tax | **127** | | (320) | | **66** | | (34) | |
| - transfer to net profit, net of tax | **17** | **144** | (39) | (359) | **4** | **70** | (40) | (74) |
| **Foreign currency translation** | | | | | | | | |
| - net changes in fair value, net of tax | **1** | | (4) | | **(2)** | | - | |
| - transfer to net profit, net of tax | **-** | **1** | - | (4) | **-** | **(2)** | - | - |
| **Other comprehensive income for the period** | | **118** | | (353) | | **48** | | (97) |
| **Total comprehensive income for the period** | | **132** | | 68 | | **135** | | 18 |

*Notes on pages 8 to 13 form an integral part of these condensed interim financial statements*

| | Attributable to ordinary shareholders of the Bank | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital € million | Share premium € million | Special reserves € million | Retained earnings € million | Total € million | Preference shares € million | Hybrid capital € million | Total € million |
| **Balance at 1 January 2008** | 1,434 | 1,340 | 901 | 235 | 3,910 | - | 777 | 4,687 |
| Other comprehensive income for the period | - | - | (349) | (4) | (353) | - | - | (353) |
| Profit for the period | - | - | - | 421 | 421 | - | - | 421 |
| Total comprehensive income for the nine months ended 30 September 2008 | - | - | (349) | 417 | 68 | - | - | 68 |
| Distribution of free shares to executive directors, management and staff | 4 | 23 | - | - | 27 | - | - | 27 |
| Share capital increase due to re-investment of dividend | 4 | 20 | - | - | 24 | - | - | 24 |
| Purchase/Sale of hybrid capital | - | - | - | - | - | - | (39) | (39) |
| Hybrid capital's dividend paid | - | - | - | (17) | (17) | - | - | (17) |
| Final dividend for 2007 | - | - | - | (257) | (257) | - | - | (257) |
| Share-based payments: | | | | | | | | |
| - Value of employee services | - | - | 15 | - | 15 | - | - | 15 |
| Purchase of treasury shares | (45) | (235) | - | - | (280) | - | - | (280) |
| | (37) | (192) | 15 | (274) | (488) | - | (39) | (527) |
| **Balance at 30 September 2008** | 1,397 | 1,148 | 567 | 378 | 3,490 | - | 738 | 4,228 |
| **Balance at 1 January 2009** | 1,379 | 1,110 | 580 | 121 | 3,190 | - | 705 | 3,895 |
| Other comprehensive income for the period | - | - | 117 | 1 | 118 | - | - | 118 |
| Profit for the period | - | - | - | 14 | 14 | - | - | 14 |
| Total comprehensive income for the nine months ended 30 September 2009 | - | - | 117 | 15 | 132 | - | - | 132 |
| Distribution of free shares to staff | 2 | 5 | (0) | - | 7 | - | - | 7 |
| Issue of preference shares, net of expenses | - | (10) | - | - | (10) | 950 | - | 940 |
| Purchase/Sale of hybrid capital | - | - | - | 172 | 172 | - | (259) | (87) |
| Issue of hybrid capital | - | - | - | - | - | - | 294 | 294 |
| Hybrid capital's dividend paid | - | - | - | (17) | (17) | - | - | (17) |
| Dividends paid in the form of free shares | 28 | - | - | (31) | (3) | - | - | (3) |
| Share-based payments: | | | | | | | | |
| - Value of employee services | - | - | 8 | - | 8 | - | - | 8 |
| Purchase of treasury shares | (1) | (1) | - | - | (2) | - | - | (2) |
| Sale of treasury shares | 73 | 346 | - | (127) | 292 | - | - | 292 |
| | 102 | 340 | 8 | (3) | 447 | 950 | 35 | 1,432 |
| **Balance at 30 September 2009** | **1,481** | **1,450** | **705** | **133** | **3,769** | **950** | **740** | **5,459** |
| | Note 10 | Note 10 | | | | Note 11 | Note 12 | |

*Notes on pages 8 to 13 form an integral part of these condensed interim financial statements*

**Interim Cash Flow Statement**
**for the nine months ended 30 September 2009**

| | Note | Nine months ended 30 September 2009 € million | Nine months ended 30 September 2008 € million |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest received and net trading receipts | | **3,602** | 3,638 |
| Interest paid | | **(2,500)** | (2,790) |
| Fees and commissions received | | **229** | 311 |
| Fees and commissions paid | | **(70)** | (139) |
| Other income received | | **(13)** | 20 |
| Cash payments to employees and suppliers | | **(562)** | (559) |
| Income taxes paid | | **-** | (22) |
| Cash flows from operating profits before changes in operating assets and liabilities | | **686** | 459 |
| | | | |
| **Changes in operating assets and liabilities** | | | |
| Net (increase)/decrease in cash and balances with central bank | | **(343)** | (29) |
| Net (increase)/decrease in financial instruments at fair value through profit or loss | | **(830)** | (318) |
| Net (increase)/decrease in loans and advances to banks | | **(8,734)** | (1,119) |
| Net (increase)/decrease in loans and advances to customers | | **1,969** | (5,553) |
| Net (increase)/decrease in derivative financial instruments | | **(577)** | (59) |
| Net (increase)/decrease in other assets | ` | **(190)** | (32) |
| Net increase/(decrease) in due to other banks and repurchase agreements | | **7,899** | 5,090 |
| Net increase/(decrease) in due to customers | | **2,316** | 6,475 |
| Net increase/(decrease) in other liabilities | | **120** | (386) |
| **Net cash from/(used in) operating activities** | | **2,316** | 4,528 |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchases of property, plant and equipment and intangible assets | | **(45)** | (71) |
| Proceeds from sale of property, plant and equipment and intangible assets | | **9** | 4 |
| Purchases of investment securities | | **(1,335)** | (6,754) |
| Proceeds from sale/redemption of investment securities | | **2,847** | 6,016 |
| Acquisition of subsidiary undertakings and participation in capital increases | | **(444)** | (518) |
| Proceeds from sale of associated undertakings | | **-** | 5 |
| Dividends from investment securities, subsidiary and associated undertakings | | **18** | 106 |
| **Net cash from/(used in) investing activities** | | **1,050** | (1,212) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from other borrowed funds | 9 | **4,267** | 3,770 |
| Repayments of other borrowed funds | 9 | **(1,190)** | (416) |
| Purchases of hybrid capital | | **(92)** | (42) |
| Proceeds from sale/issue of hybrid capital | | **298** | 3 |
| Hybrid capital's dividend paid | | **(18)** | (17) |
| Dividends paid, net of dividend re-invested | | **-** | (233) |
| Expenses for issue of bonus shares | | **-** | (1) |
| Expenses for issue of preference shares | | **(10)** | - |
| Purchases of treasury shares | | **(1)** | (280) |
| Proceeds from sale of treasury shares | | **250** | - |
| **Net cash from/(used in) financing activities** | | **3,504** | 2,784 |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **6,870** | 6,100 |
| Cash and cash equivalents at beginning of period | | **23,849** | 13,025 |
| **Cash and cash equivalents at end of period** | | **30,719** | 19,125 |

*Notes on pages 8 to 13 form an integral part of these condensed interim financial statements*

## 1. General information

EFG Eurobank Ergasias S.A. (the “Bank”) is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Bank is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Bank operates mainly in Greece and in Central, Eastern and Southeastern Europe (New Europe).

These condensed interim financial statements were approved by the Board of Directors on 23 November 2009.

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

These condensed 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 Bank's published annual financial statements for the year ended 31 December 2008. 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.

These condensed interim financial statements are the separate statements of the Bank prepared in accordance with the requirements of Capital Market Commission. The Bank also prepares consolidated financial statements which include the financial statements of the Bank and its subsidiaries.

## 3. Principal accounting policies

The accounting policies and methods of computation in these condensed interim financial statements are consistent with those in the published annual financial statements for the year ended 31 December 2008.

The Bank has adopted the revised International Accounting Standard (IAS 1) "Presentation of Financial Statements" and has elected to present all non-owner changes in equity in two statements.

The following amendments to standards and interpretations are effective from 1 January 2009, but currently, they do not have a significant effect to the Bank's financial statements:
- IAS 23, Amendment - Borrowing costs
- IAS 32 and IAS 1, Amendment - Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRS 2, Amendment - Vesting Conditions and Cancellations
- IFRS 8, Operating Segments
- IFRIC 13, Customer Loyalty Programmes
- Amendments to various Standards that form part of IASB's Annual Improvement Project

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

In preparing these condensed interim financial statements, the significant judgements made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published annual financial statements for the year ended 31 December 2008.

## 5. Provision for impairment losses on loans and advances to customers

| | Total<br>€ million |
|---|---|
| At 1 January 2009 | 1,184 |
| Impairment losses on loans and advances charged in the period | 582 |
| Loans written off during the period as uncollectible | (515) |
| Foreign exchange differences and other movements | (16) |
| **At 30 September 2009** | **1,235** |

## 6. Investment securities

| | 30 September 2009<br>€ million | 31 December 2008<br>€ million |
|---|---|---|
| Available-for-sale investment securities | **2,351** | 3,033 |
| Debt securities lending portfolio | **3,352** | 3,187 |
| Held-to-maturity investment securities | **2,442** | 2,563 |
| | **8,145** | 8,783 |

In 2008 and in accordance with the amendments to IAS 39, the Bank reclassified eligible debt securities from the "Available-for-sale" portfolio to "Debt Securities Lending" portfolio carried at amortized cost. Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method.

The carrying amount of the reclassified securities as at 30 September 2009 is € 2,392 million (fair value: € 2,075 million). If the financial assets had not been reclassified, changes in the fair value for the period to 30 September 2009 would have resulted in € 199 million gains net of tax, which would have been recognized in the available-for-sale revaluation reserve.

## 7. Shares in subsidiary undertakings

**(a) Be-Business Exchanges S.A., Greece**
In July 2009, the Bank decided the liquidation of Be-Business Exchanges S.A. In August 2009, the Bank increased its participation in Be-Business Exchanges S.A. from 97.26% to 98.01%.

**(b) EFG Internet Services S.A., Greece**
In June 2009, the Bank decided the absorption of the 100% owned subsidiary "EFG Internet Services S.A." with completion expected by year end.

**(c) Eurobank EFG Bulgaria A.D., Bulgaria**
During the period, the Bank decreased its participation in Eurobank EFG Bulgaria A.D. from 63.56% to 34.56%.

**(d) NEU Property Holdings Ltd., Cyprus**
In September 2009, the Bank established, as a 100% subsidiary, NEU Property Holdings Ltd, a holding company operating in Cyprus.

**(e) Bancpost S.A., Romania**
During the period, the Bank increased its participation in Bancpost S.A. from 77.56% to 93.29%.

**(f) Anaptyxi SME II, United Kingdom**
In February 2009, the Bank established Anaptyxi SME II 2009-1 Plc, Anaptyxi SME II APC Limited and Anaptyxi SME II Holding Ltd, special purpose entities, as part of the second securitization of wholesale loans.

## 8. Investments in associated undertakings

During the period the Bank increased its participation in Dias S.A. from 24.99% to 25.36%.

## 9. Debt issued and other borrowed funds

During the nine months ended 30 September 2009, the following new issues and repayments/repurchases of debt issued and other borrowed funds took place:

| | New issues € million | Repayments/ Repurchases € million |
|---|---|---|
| **Short-term debt** | | |
| Short-term notes guaranteed by the Hellenic Republic | | |
| - fixed rate | 500 | - |
| Other short-term notes | | |
| - fixed rate | 467 | (403) |
| **Long-term debt** | | |
| Medium-term notes (EMTN) | | |
| - fixed rate | - | (25) |
| Securitised | | |
| - floating rate | 3,300 | (762) |
| **Total** | **4,267** | **(1,190)** |

In February 2009, the Bank issued a € 500 million Bond, guaranteed by the Hellenic Republic, with an annual 2.85% fixed rate coupon. This bond was issued under the second pillar of the Greek Government's Liquidity Support Program. The Bond matured in November 2009.

In February 2009, the Bank proceeded with the securitisation of receivables arising from overdraft accounts by Anaptyxi SME II 2009-1 PLC, a special purpose entity. As at 30 September 2009 the liability amounted to € 3 billion.

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

The par value of the Bank's shares is € 2.75 per share. All shares are fully paid. The movement of 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 |
|---|---|---|---|---|---|---|
| At 1 January 2009 | 1,451 | (72) | 1,379 | 1,455 | (345) | 1,110 |
| Distribution of free shares to staff | 2 | - | 2 | 5 | - | 5 |
| Issue of preference shares, expenses | - | - | - | (10) | - | (10) |
| Share capital increase due to the distribution of dividend in the form of free shares | 28 | - | 28 | - | - | - |
| Purchase of treasury shares | - | (1) | (1) | - | (1) | (1) |
| Sale of treasury shares | - | 73 | 73 | - | 346 | 346 |
| **At 30 September 2009** | **1,481** | **-** | **1,481** | **1,450** | **-** | **1,450** |

### 10. Ordinary share capital, share premium and treasury shares (continued)

| | Number of shares | | |
|---|---|---|---|
| | Issued ordinary shares | Treasury shares special scheme | Net |
| At 1 January 2009 | 527,591,242 | (26,011,770) | 501,579,472 |
| Distribution of free shares to staff | 772,330 | - | 772,330 |
| Share capital increase due to the distribution of dividend in the form of free shares | 10,231,383 | - | 10,231,383 |
| Purchase of treasury shares | - | (241,719) | (241,719) |
| Sale of treasury shares | - | 26,253,489 | 26,253,489 |
| **At 30 September 2009** | **538,594,955** | **-** | **538,594,955** |

In June 2009, the Annual General Meeting approved the following:

(a) the distribution of 772,330 free shares to the employees of the Bank.

(b) the distribution, in compliance with laws 3723/2008 and 3756/2009 (see note 14) of a scrip dividend by capitalizing taxed profits of the financial year 2008. In particular 10,231,383 ordinary shares were distributed to existing shareholders in the ratio of 2 new shares for every 98 held. The new shares were listed on the Athens Stock Exchange in the first week of August.

**Treasury shares under special scheme**

As resolved by the Annual General Meeting in April 2008, the Bank established a special scheme, for the acquisition of up to 5% of the Bank's shares under Article 16 of Company Law, to optimise on a medium and long term basis the Group's equity, profits per share, dividends per share and capital adequacy ratios, as well as for use in a possible acquisition. The program expires in twenty four months (April 2010); the shares may be acquired within the price range of the nominal value (currently € 2.75) and € 34 per share.

According to the 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.

On September 10, 2009 the Bank sold to international investors, through a private placement, all of the 26.3 million treasury shares held under special scheme, representing 4.87% of the Bank's issued common voting shares at € 9.55 per share.

### 11. Preference shares

The movement of preference shares is as follows:

| | Preference Shares | |
|---|---|---|
| | Number of shares | Par Value € million |
| At 1 January 2009 | - | - |
| 21 May 2009:<br>-Issue of preference shares | 345,500,000 | 950 |
| **At 30 September 2009** | **345,500,000** | **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 1 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 C.L. 2190/1920 and the approval of the Annual General Meeting. Five years after the issue of the preference shares and in case the Bank does not satisfy the minimum capital adequacy ratios as set by the Bank of Greece, the shares may be converted to ordinary shares, subject to the approval of the Bank of Greece and the Ministry of Economy and Economics.

The above recapitalisation scheme was approved by the European Union (“EU”) on 19 November 2008. On 15 January 2009, the EU issued relevant application guidelines, clarifying that although the recapitalisation measures aim to enhance the capital adequacy of the banking sector and should not have the characteristics of debt, they should also contain appropriate incentives for State capital to be redeemed when the market and the regulator so allows.

In the context of the above EU guidelines and the practices adopted by other EU member states and in order for the accounting treatment to align with the regulatory classification as well as with the core principles and the stated terms of Law 3723/2008 , the Greek State expressed, through a letter addressed to the Bank of Greece, its intention to proceed to the necessary amendments of the legal framework and introduce “coupon step-up” features to the preference shares of those banks which, at the end of the five year period, do not proceed in their redemption. Furthermore, in the letter, the Greek State re-confirmed its initial intention, as it was clearly expressed in Law 3723/2008, for considering the preference shares as capital rather than as a form of debt, which would have necessitated the recognition of interest expense instead of dividend.

Therefore, in consideration of the above and in accordance with IFRS, the Bank classified the preference shares as equity.

As at 30 September 2009, the dividend attributable to preference shares amounted to € 34.6 million.

## 12. Hybrid capital

The movement of hybrid capital issued by the Bank through its Special Purpose Entity, EFG Hellas Funding Limited, is as follows:

| | Series A € million | Series B € million | Series C € million | Series D € million | Total € million |
|---|---|---|---|---|---|
| At 1 January 2009 | 142 | 370 | 193 | - | 705 |
| Purchase of hybrid capital | (42) | (196) | (20) | (5) | (263) |
| Sale of hybrid capital | 1 | 1 | 2 | - | 4 |
| Issue of hybrid capital | - | - | - | 294 | 294 |
| **At 30 September 2009** | **101** | **175** | **175** | **289** | **740** |

The rate of hybrid capital for the Tier 1 Issue series A has been determined at 3.61% for the period March 18, 2009 to March 17, 2010.

As at 30 September 2009, the dividend attributable to hybrid capital holders amounted to € 23.6 million (30 September 2008: € 27.7 million).

On 29 July 2009, the Bank, through its Special Purpose Entity, EFG Hellas Funding Limited, issued € 300 million preferred securities which represent Tier 1 capital for the Bank. This is in accordance with the decision of the Annual General Meeting on 30 June 2009 which allows the Bank to issue in tranches up to € 500 million of such securities. The preferred securities have no fixed redemption date and give the issuer the right to call the issue after 29 October 2014 and quarterly thereafter. In addition, the securities, subject to certain conditions, are convertible at the option of the bondholder and the issuer after 29 October 2014 into Eurobank EFG ordinary shares at a 12% discount to the share market price during the period preceding the exchange. All obligations of the issuer in respect of the preferred securities are guaranteed on a subordinated basis by the Bank. The securities pay fixed non-cumulative dividend on a quarterly basis at a rate of 8.25% per annum. The preferred dividend must be declared and paid if the Bank declares a dividend. The preferred securities are listed on the London Stock Exchange.

## 13. Contingent liabilities and capital expenditure commitments

As at 30 September 2009 the Bank's contingent liabilities in terms of guarantees and standby letters of credit amounted to € 18,970 million (31 December 2008: € 19,360 million) and the Bank's documentary credits amounted to € 25 million (31 December 2008: € 44 million).

The Bank's capital commitments in terms of property, plant and equipment amounted to € 5 million (31 December 2008: € 14 million).

## 14. Greek Economy Liquidity Support Program

EFG Eurobank Group participates in the Greek Government's € 28 bn plan to support liquidity in the Greek economy under Law 3723/2008. The program consists of three streams which enable the Bank to raise more than € 5 bn additional liquidity. The Board of Directors resolved in December 2008 to participate in all three streams which are as follows:

(a) First stream - preference shares for which the law allocates € 5 bn.
On 12 January 2009 the Bank's Extraordinary General Meeting approved a share capital increase of € 950 million, through the issuance of 345,500,000 non-voting preference shares, to be subscripted to and fully paid by the Greek State with bonds of equivalent value. The transaction was completed on 21 May 2009.

(b) Second stream - bonds guaranteed by the Hellenic Republic, for which the law allocates € 15 bn.
The Bank may issue up to € 3,155 million of bonds guaranteed by the Hellenic Republic, with duration up to 3 years. The Bank has issued bonds of € 0.5 bn in January 2009, which matured in November 2009.

(c) Third stream - lending of Greek Government bonds for which the law allocates € 8 bn.
The Bank may obtain additional liquidity of up to € 1,368 million in order to fund mortgages and loans to small and medium-size enterprises by borrowing newly issued Greek Government bonds. As at 30 September 2009 the Bank has obtained liquidity of € 0.9 bn.

According to the above law, for the period the Bank participates in the program through the preference shares or the guaranteed bonds (streams (a) and (b) above), the Government is entitled to appoint its representative to the Board of Directors, veto dividend distributions and restrict management remuneration.

In addition, according to Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program were not allowed to declare a cash dividend to their ordinary shareholders for 2008, and are not allowed to acquire treasury shares under Article 16 of the Company Law.

## 15. Related party transactions

### Ultimate Parent Company

The Bank is a member of the EFG Group, which consists of banks and financial services companies, whose ultimate parent company is Private Financial Holding Limited ("Parent Company"). All voting rights at the General Meetings of the Parent Company are held by members of the Latsis family. As at 30 September 2009, the parent company held 44.1% of the ordinary shares of the Bank through its 100% controlled subsidiaries. Each ordinary share of Eurobank EFG confers the right to cast one vote unless the share is held by Eurobank EFG (treasury shares under special scheme), in which case the right is suspended. The remaining ordinary shares are held by institutional and retail investors.

Private Financial Holding Limited became the ultimate parent company on 6 August 2009, after the restructuring of EFG Group. Until then the ultimate parent company was EFG Bank European Financial Group.

After EFG Group's restructuring on 6 August 2009, the Bank's consolidated financial statements are fully consolidated in European Financial Group EFG (Luxembourg) S.A. consolidated financial statements. The latter company is a 100% controlled subsidiary of Private Financial Holding Limited.

## 15. Related party transactions (continued)

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arms length basis. These include loans, deposits, guarantees and derivatives. 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 volumes of related party transactions and outstanding balances at the period/year-end are as follows:

| | 30 September 2009 | | | |
|---|---|---|---|---|
| | Subsidiaries € million | EFG Group € million | Key management personnel € million | Other € million |
| Loans and advances to banks | **43,468** | **-** | **-** | **-** |
| Financial instruments at fair value through profit or loss | **1,778** | **2** | **-** | **-** |
| Investment securities | **-** | **83** | **-** | **18** |
| Derivative financial instruments assets | **295** | **-** | **-** | **-** |
| Loans and advances to customers | **468** | **130** | **8** | **32** |
| Other assets | **107** | **-** | **-** | **-** |
| Due to other banks | **19,837** | **55** | **-** | **-** |
| Derivative financial instruments liabilities | **51** | **-** | **-** | **-** |
| Due to customers | **10,308** | **13** | **46** | **238** |
| Other borrowed funds | **13,934** | **-** | **-** | **-** |
| Other liabilities | **27** | **0** | **-** | **-** |
| Guarantees issued | **12,066** | **393** | **2** | **1** |
| Guarantees received | **-** | **407** | **20** | **-** |
| | **nine months ended 30 September 2009** | | | |
| Net interest income/(expense) | **(111)** | **3** | **(1)** | **(2)** |
| Net banking fee and commission income/(expense) | **34** | **0** | **-** | **0** |
| Dividend income | **33** | **-** | **-** | **-** |
| Other operating income/(expense) | **(16)** | **(2)** | **-** | **-** |
| Impairment losses on loans and advances to customers | **(17)** | **-** | **-** | **-** |

| | 31 December 2008 | | | |
|---|---|---|---|---|
| | Subsidiaries € million | EFG Group € million | Key management personnel € million | Other € million |
| Loans and advances to banks | 27,410 | 1 | - | - |
| Financial instruments at fair value through profit or loss | 933 | - | - | - |
| Investment securities | 205 | 77 | - | - |
| Derivative financial instruments assets | 241 | - | - | - |
| Loans and advances to customers | 2,028 | 118 | 8 | 51 |
| Other assets | 25 | 1 | - | - |
| Due to other banks | 13,348 | 131 | - | - |
| Derivative financial instruments liabilities | 62 | - | - | - |
| Due to customers | 11,868 | 7 | 33 | 229 |
| Other borrowed funds | 10,751 | - | - | - |
| Other liabilities | 19 | 2 | - | - |
| Guarantees issued | 14,336 | 395 | 1 | 1 |
| Guarantees received | - | 408 | 27 | - |
| | nine months ended 30 September 2008 | | | |
| Net interest income/(expense) | (104) | (7) | 0 | (1) |
| Net banking fee and commission income/(expense) | (11) | 0 | - | 0 |
| Dividend income | 92 | - | - | 3 |
| Other operating income/(expense) | (20) | (2) | - | - |
| Impairment losses on loans and advances to customers | (12) | - | - | - |

## 15. Related party transactions (continued)

### Key management compensation (including directors)

Key management personnel includes directors and key management personnel of the Bank and its parent, and their close family members.

In relation to the guarantees issued to the Bank's subsidiaries, the Bank had received cash collateral € 7,374 million as at 30 September 2009 and € 10,089 million as at 31 December 2008, which is included in due to customers.

No provisions have been recognised in respect of loans given to related parties (2008: Nil)

Key management personnel are entitled to compensation in the form of short-term employee benefits totalling € 4.8 million (30 September 2008: € 10.1 million) out of which € nil (30 September 2008: € 2.3 million) are share-based payments, and in the form of long-term employee benefits totalling € 2.3 million (30 September 2008: € 3.1 million) out of which € 2 million (30 September 2008: € 2.9 million) are share-based payments.

**Athens, 23 November 2009**

| **Xenophon C. Nickitas** | **Nicholas C. Nanopoulos** | **Paula Hadjisotiriou** | **Harris V. Kokologiannis** |
|---|---|---|---|
| I.D. No Θ - 914611 | I.D. No AE - 586794 | I.D. No T - 005040 | I.D. No AH 609305 |
| CHAIRMAN OF THE BOARD OF DIRECTORS | CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | HEAD OF GROUP FINANCE & CONTROL |