



EUROBANK ERGASIAS S.A.

**FINANCIAL REPORT
for the six months ended
30 June 2014**

According to Article 5 of the Law 3556/2007

Table of Contents

- I. Statements of the members of the Board of Directors
(according to the article 5, par.2 of the Law 3556/2007)***
- II. Interim Directors' Report***
- III. Auditor's Report on Review of Interim Financial Information***
- IV. Condensed Consolidated Interim Financial Statements for the six
months ended 30 June 2014***
- V. Condensed Interim Financial Statements for the six months ended
30 June 2014***
- VI. Financial Data and Information for the period from 1 January 2014 to
30 June 2014***
- VII. Use of Proceeds from the Share Capital increase in cash for the six
months ended 30 June 2014***

***I. Statements of the members of the Board of Directors
(according to the article 5, par.2 of the Law 3556/2007)***

**Statements of the members of the Board of Directors
(according to the article 5, par.2 of the Law 3556/2007)**

We declare that to the best of our knowledge:

- the financial statements of Eurobank Ergasias S.A. (the Bank) and the consolidated financial statements of the Bank and its subsidiaries (the Group) for the six months ended 30 June 2014 comply with applicable accounting standards, and present fairly the financial position and the results of the Bank and the Group, and
- the report of the Directors for the same period presents fairly the information required under paragraph 6 of article 5 of Law 3556/2007.

Athens, 29 August 2014

Panayotis – Aristidis A. Thomopoulos
I.D. No AB - 615435
CHAIRMAN OF THE BOARD OF DIRECTORS

Christos I. Megalou
I.D. No AE - 011012
CHIEF EXECUTIVE OFFICER

Fokion C. Karavias
I.D. No AI - 677962
EXECUTIVE DIRECTOR

II. Interim Directors' Report

The directors present their report together with the accounts for the six months ended 30 June 2014.

Profit or Loss Attributable

The loss after tax attributable to Eurobank (or “the Bank”) shareholders for the first half of 2014 amounted to €508m (first half 2013: €44m profit, including an one-off deferred tax income of €596m, following the change in tax legislation) as set out in the consolidated income statement on page 1.

Eurobank’s Share Capital Increase and Capital Management

The capital needs of Eurobank Group (or “the Group”) were assessed by the Bank of Greece (BoG) based on the credit loss projections from BlackRock’s 2013 diagnostic review and the estimated future ability of internal capital generation for the period June 2013-December 2016, based on a conservative adjustment of the Bank’s restructuring plan submitted in November 2013. For this exercise, BlackRock assessed highly granular data for the banks’ domestic loan portfolios, and also provided an evaluation of the loan books of the major foreign subsidiaries of Greek banks. The methodology used for the capital needs assessment was conservative and, the capital needs were estimated using a minimum Core Tier I threshold of 8% for the baseline scenario and 5.5% for the adverse scenario, while the regulatory value of the deferred tax asset was limited to 20% of Core Tier I. On 8 April 2014, the BoG following a) the assessment of Eurobank’s capital needs amounting to €2,945m under the baseline scenario, concluded on 6 March 2014 and b) the capital enhancement plan submitted by the Bank on 24 March 2014, whereby the Bank: i) revised its capital actions providing for an additional positive impact on regulatory capital of €81m and proposed to adjust the restructuring plan accordingly and ii) stated that it intends to cover the remaining capital needs through a share capital increase, notified the Bank that its Core Tier I capital should increase by €2,864m.

On 30 March 2014 the Greek Parliament under Law 4254/2014 that amended Law 3864/2010, reformed the framework for the recapitalization of credit institutions operating in Greece, introducing significant amendments regarding the rights and discretions of the Hellenic Financial Stability Fund (HFSF) (note 7 to the consolidated accounts).

Following the assessment of the Bank’s capital needs by the BoG and according to the new recapitalisation framework, on 12 April 2014 the Bank’s Extraordinary Shareholders’ General Meeting approved the increase of the share capital of the Bank up to €2,864m through payment in cash or/and contribution in kind, the cancellation of the preemption rights of the Bank’s ordinary shareholders, including HFSF, and the only preference shareholder, namely the Greek State, and the issuance of up to 9,546,666,667 new ordinary registered shares, of a nominal value of €0.30 each.

On 29 April 2014, the Bank announced that both the public offering of new ordinary registered shares to the public in Greece and the private placement of new ordinary registered shares to investors outside Greece were oversubscribed and the offer price set at €0.31 per offered new ordinary registered share. As a result, the share capital of the Bank increased by €2,771,612,903.10 and an aggregate of 9,238,709,677 new ordinary registered shares, each having a nominal value of €0.30, were issued, whereas the total above par value of €92,387,097.00 was credited to the Bank’s own funds account “Difference from the issuance of shares above par”. The new shares have been listed on the main market of the Athens Exchange and their trading commenced on 9 May 2014. The proceeds were used to increase the Tier I Capital according to 8 April 2014 resolution of the BoG. The successful completion of the Bank’s capital increase constitutes a step towards further strengthening its capital position and enhances its ability to support the Greek economy.

As at 30 June 2014, the Common Equity Tier I ratio (proforma with the implementation of Basel III IRB credit risk methodology to New Hellenic Postbank’s (NHPB) mortgage portfolio and the disposal of Ukrainian operations) stood at 17.8%, well above the statutory limit.

During the last years the Group focused on the organic strengthening of its capital position by active derisking of lending portfolios through tighter credit policies and change in the portfolio mix in favour of more secured loans as well as by proceeding to several strategic initiatives to internally generate capital.

In addition, the Group is examining a number of additional initiatives for enhancing its capital base, associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets.

Following the completion of the Bank's share capital increase in May 2014, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%, while in the context of the Law 3864/2010 (the 'HFSF Law') as amended by Law 4254/2014, the HFSF's voting rights in the Bank's General Assembly have been switched to restricted ones. Accordingly, as of early May, the HFSF is no more the controlling shareholder of the Group but is considered to have significant influence over it. Eurobank became the first Greek bank with majority of private shareholding, mainly constituted of international institutional investors (note 33 to the consolidated accounts).

Restructuring Plan

On 29 April 2014, the European Commission (EC) approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. The Hellenic Republic has committed that the Bank will implement in particular specific measures and actions and will achieve objectives which are integral part of said restructuring plan.

Principal commitments to be implemented by the end of 2018 relate to (a) the reduction of the total costs and the net loan to deposit ratio for the Group's Greek activities, (b) the reduction of the Bank's cost of deposits, (c) the reduction of the Group's foreign assets, (d) the decrease of the shareholding in specific non banking subsidiaries, (e) the securities portfolio deleveraging, and (f) restrictions on the capital injection to the Group's foreign subsidiaries unless the regulatory framework of each relevant jurisdiction requires otherwise, the purchase of non investment grade securities, the staff remuneration, the credit policy to be adopted and other strategic decisions.

The plan, adapted to the needs of, and the new conditions prevailing in, the Greek and international banking markets, will enable the further enhancing of Eurobank's capital base, allowing it to retain and increase its corporate value, its access to international markets and prompt return to organic profitability; in so doing, it will safeguard the Bank's ability to play a leading role in the national effort to exit the crisis and return to positive growth.

ECB's Comprehensive Assessment

The European Central Bank (ECB), in the context of preparation of the Single Supervisory Mechanism (SSM) is conducting a comprehensive assessment comprising of a supervisory risk assessment, asset quality review (AQR) and stress test.

The Comprehensive Assessment encompasses the Eurozone's most significant banks and is carried out jointly with national competent authorities (NCAs) and the European Banking Authority (EBA).

The objective of the European Union (EU) -wide stress test is to assess the resilience of the financial institutions in the EU to adverse market developments and assess the potential of systemic risk to increase in stress situations. The evaluation is based on consistency and comparability of the outcomes across banks.

The EU-wide stress test will assess the resilience of EU banks under a baseline and an adverse macroeconomic scenario developed in close cooperation with the NCAs, EC, and the ECB. The exercise is carried out on the basis of the consolidated year-end 2013 figures and the scenarios will be applied over a period of three years (from 2014 to 2016).

Regarding the definition of capital, the impact of the EU-wide stress tests will be assessed in terms of Common Equity Tier I (CET I), as defined in CRR/CRD IV Regulation, including the applicable transitional arrangements for the stress test period.

The following hurdle rates are applied as a minimum across all participating banks: 8% CET I for the baseline scenario and 5,5% CET I for the adverse scenario.

The EU wide stress test is conducted on the assumption of a static balance sheet. The zero growth and stable business mix assumption applies for both the baseline and the adverse scenario. However, the impact of restructuring plans already agreed with the EC, as well as the realized capital actions and pre-provision profitability for 2014 (actually the difference with the pre-provision profit predicted for the same year in the stress test scenario), will be taken into account in the capital plans to be submitted, subsequent to the disclosure of the results.

The comprehensive assessment of banks in the euro area is under progress: the major blocks of the AQR are being completed, the methodology for the join-up of the AQR and the stress test has been finalized and the quality assurance process of stress test templates by ECB and NCAs is in advanced progress.

Upon publication of the results in the second half of October 2014, banks facing a capital shortfall will be requested to submit capital plans within a period of two weeks, which will then be evaluated by the SSM. The ECB-led SSM Joint Supervisory Teams will closely track the implementation of these plans as of 4 November 2014. Banks will be expected to cover shortfalls arising from the AQR, or the baseline scenario of the stress test within six months and shortfalls arising from the adverse scenario of the stress test within nine months.

In this context, Eurobank follows a vigorous implementation of the Restructuring Plan agreed with the EC on 29 April 2014, both in terms of pre-provision profitability and of executed capital actions. Finally, the Bank as of the 2nd half of 2013 steadily increases its provision coverage of delinquent receivables and strengthens the management of trouble assets, including non-performing loans, through a number of initiatives.

Monitoring Trustee

The Memorandum of Economic and Financial Policies of the Second Adjustment Program for Greece between the Hellenic Republic, the EC, the International Monetary Fund (IMF) and the 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 monitors compliance with commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and reports to the EC.

Transaction on Eurobank Properties R.E.I.C.

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 R.E.I.C. ("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.

Pursuant to the aforementioned investment agreement, on 21 January 2014, Fairfax's subsidiaries acquired from Eurobank the 33,888,849 pre-emption rights regarding the share capital increase of Eurobank Properties for a total consideration of €19,994,420.91, i.e. €0.59 per pre-emption right.

The share capital increase of Eurobank Properties amounting to €193m was fully covered through payment in cash, and on 6 February 2014, 40,260,000 new common shares were issued. As a result, the Group is deemed to have disposed of a 21.99% of its interest that was held in Eurobank Properties.

REPORT OF THE DIRECTORS

On 25 June 2014, the Bank disposed of 13,636,848 of common shares with voting rights of Eurobank Properties to institutional investors, which correspond to 13.47% of its interest that was held in Eurobank Properties. The trades were executed at the price of €8.75 per share.

Following the completion of the aforementioned transactions, the Group's ownership interest in Eurobank Properties and its subsidiaries decreased from 55.94% to 20.48% without loss of control. Control was retained by the Group by virtue of the agreement with Fairfax, which provided the Group with the ability to direct the significant activities of Eurobank Properties (note 32 to the consolidated accounts).

International Activities

Eurobank has established a substantial presence in 7 countries outside of Greece. In Cyprus, it offers Wholesale Banking, Private Banking and Asset Management services, in Luxembourg it provides Private Banking operations, in Romania, Bulgaria, Serbia and Ukraine offers Retail, Corporate, Asset Management, Insurance, and Investment Banking services through a network of more than 500 retail and corporate units. It has also a presence in London.

Transaction on operations in Ukraine

On 14 August 2014, Eurobank entered into an agreement with entities of the Ukrainian Delta Bank Group for the disposal of its Ukrainian subsidiary "PJSC Universal Bank" and the transfer of Ukrainian assets for a total consideration of €95m. The transaction, which is subject to the necessary approvals by the competent authorities as well as conditions relating to the political and economic situation in Ukraine, is expected to close within 2014 (note 14 to the consolidated accounts).

Financial Results Review

The Greek sovereign debt crisis, which has severely impacted the Greek economy, and the negative consequences from the European debt crisis have adversely affected the Group's operations. The uncertainty in markets, mainly in Greece but also in the Eurozone, and the negative sentiment among the Group's clients and counterparties have created a difficult market environment, despite the stabilization signals that became substantially stronger since the 2nd half of 2013. In this particularly challenging context, the Group's operations were aimed to adjust to the prevailing conditions. As at 30 June 2014 total assets, following the assets' deleveraging, amounted to €74.8bn (Dec. 2013: €77.6bn).

At the end of June 2014 gross customer loans reached €51.8bn (Dec. 2013: €52.9bn¹) of which €44bn in Greece and €7.8bn in international operations. Business loans amounted to €26.3bn (Dec. 2013: €26.8bn¹) and accounted for 51% of total Group loans, while loans to households stood at €25.5bn (Dec. 2013: €26.1bn¹), with mortgage portfolio constituting 36% and consumer loans 13% of the total portfolio. During the 1st semester of 2014, Group deposits increased by €0.7bn¹ to €41.9bn significantly driven by increased balances from International operations amounting to €8.8bn (Dec. 2013: €8.3bn¹). As a result, the (net) loan-to-deposit (L/D) ratio for the Group improved substantially to 103% from 109% six months ago, while International Operations reduced further their L/D ratio to 78% (Dec. 2013: 86%¹). The strengthening of its liquidity position, resulting from the completion of the share capital increase in May 2014, the deposit inflows, the assets deleveraging and the re-access of senior debt markets has enabled the Group to reduce its dependence from the Eurosystem from €16.9bn in December 2013 to €10.6bn six months later, eliminating funding from the Emergency Liquidity Assistance. On 19 June 2014, Eurobank accessed international debt capital markets with an issue of €500m senior unsecured bond, aiming to raise medium term funds for the Bank's general liquidity purposes. The issue was in euro, with a tenor of 4 years and an annual fixed coupon of 4.25%. The bond was priced at 99.55. The issue was over-subscribed by more than 2 times and indicates the gradual restoration of the Group's access to the international capital markets at a reasonable cost.

¹ Comparative figures have been adjusted to exclude Ukraine operations, since they have been classified as held for sale as of March 2014.

REPORT OF THE DIRECTORS

Within a still difficult macroeconomic environment, the six months' Pre-Provision Income (PPI) increased to €416m² from €190m¹ in the 1st half of 2013. Net interest income (NII) stood at €743m² (1st half 2013: €564m¹), positively affected by the decreased cost of funding (due to the lower cost of deposits and the exit from the "Emergency Liquidity Assistance" mechanism). Net interest margin (NIM) stood at 1.96%² (1st half 2013: 1.69%¹), with 2nd quarter reaching 2%. Fees and commissions resisted to the weakened economic and credit activity in Greece and amounted to €134m² (1st half 2013: €130m¹) with improved capital markets fees and property income, whereas other trading activities, incl. initiatives for disposal of listed shares, recorded €74m² gain (1st half 2013: €24m¹ loss). Cost containment efforts continued and operating expenses amounting to €535m² (1st half 2013: €480m¹) were 10.7% lower year-on-year, on a like for like basis (adjusting 2013 comparatives with NHPB and New Proton), mainly from reduced personnel, premises, other office and insurance and advertising costs. In the 2nd quarter of 2014, the Group has completed the operational merger with the NHPB, further contributing to the synergies achieved from the integration of two banks. The cost to income (C/I) ratio for the Group declined significantly to 56.2%² (1st half 2013: 71.6%¹), while International Operations reduced further their C/I ratio to 51.4% (1st half 2013: 55.7%¹).

In this challenging environment, the Group continued strengthening its accumulated loan provisions and increasing the coverage of delinquent loans. Loan provisions reached €934m² in the 1st half of 2014 or 4.22%² of average net loans (1st half 2013: €836m¹ or 4.02%¹), driving the coverage ratio for 90 days past due portfolio to 51.1% (Dec. 2013: 49.9%¹). As at 30 June 2014, 90d past due loans stood at 31.8% of gross loans (end 2013: 29.4%¹). During the 1st half of 2014 the new 90d past due loans (formation) amounted to €1,063m² (2nd quarter: €382m), compared to €1,318m¹ in the 1st half of 2013 and €1,219m¹ in the 2nd half of last year.

As of March 2014 the Group classified its operations in Ukraine as held for sale and after measuring the disposal group at the lower of its carrying amount and fair value less costs to sell, recorded a loss of €175m for the period mainly reflecting the uncertainty in the economic and political conditions in the country, escalating during the first half of 2014. In determining the fair value, the Group also considered the sale agreement for the largest part of the disposal group signed on 14 August 2014. In addition, in April 2014, an agreement was reached with RBI and the Group received an additional amount of €30m in settlement of the remaining consideration receivable of € 100m for the disposal of its Polish operations, while the relating provision recognized in 2013 was released accordingly. Furthermore, the Group recognised in the first half of 2014 impairment/ valuation losses amounting to €64m, of which €38m related to investment property portfolio and repossessed assets and €24m to available for sale corporate bonds. Finally the Group recorded non recurring tax adjustments amounting to €82m income, of which €43m related to reversal of provisions for withholding tax claims against the State following a favourable Supreme Court decision and €37m deferred tax income following the Circular 1143/15.05.2014 by the Ministry of Finance, providing clarification that the accumulated losses from shares and derivatives, which had been recognised in accordance with the former tax Law 2238/1994, are added to the Bank's carried forward tax losses.

Overall, despite the economic recession and unprecedented business conditions, the Group continues to increase steadily its Pre-Provision Income, swiftly adjusting to the new requirements and supported by proven cost containment competencies. Net loss attributable to shareholders amounted to €508m² (1st half 2013: profit €44m, including the deferred tax income of €596m following the change in tax legislation as to the increase in corporate tax rate to 26% as of 1 January 2013), while International operations loss amounted to €207m (1st half 2013 loss: €21m).

Going forward, the Group expects to return to its profitability based on initiatives and actions, already completed or under implementation, in the following areas:

- a) Further cost and revenue synergies from the acquisition of NHPB and New Proton Bank,

² Including the results of New TT Hellenic Postbank group and New Proton Bank, which are incorporated in the Group's financial statements from 1 September 2013 prospectively.

REPORT OF THE DIRECTORS

- b) Continued cost containment efforts, such as the Voluntary Exit Scheme completed in the 4th quarter 2013, the Greek retail network rationalization, the centralization of supporting functions and the streamlining of product portfolio and processes,
- c) Further time deposit cost reduction, as a result of the macroeconomic environment improvement and the banking system consolidation,
- d) Fee and commission income recovery from the improved markets performance,
- e) Normalization of cost of risk supported by further enhancing the remedial / NPL management and
- f) Selective lending of competitive industry sectors.

Ordinary Share Capital

As at 30 June 2014 the ordinary share capital amounted and amounts up to date to €4,412,362,962.60, divided into 14,707,876,542 ordinary voting shares of a nominal value of €0.30 each, which represented 82.28% of the total share capital of the Bank.

All ordinary shares are registered, listed on the Athens Exchanges and incorporate all the rights and obligations set by the Greek legislation (note 25 to the consolidated accounts).

It is noted that, following the successful share capital increase of the Bank in the 2nd quarter of 2014 and in the context of the Law 3864/2010 as amended by Law 4254/2014, HFSF has restricted voting rights in the Bank's General Assembly.

Preference Share Capital

As at 30 June 2014, the preference share capital amounted and amounts up to date to €950,125,000 divided into 345,500,000 registered non-voting preference shares with nominal value €2.75 each, issued under Law 3723/2008, which represent 17.72% of the total share capital of the Bank. All the preference shares are tangible, non-listed, non-transferable and confer upon the Hellenic Republic (as exclusive owner) the following rights: a) the right to collect a non-cumulative coupon of 10% of the subscribed by the Hellenic Republic capital, b) the right to preferential reimbursement, in priority to all other shareholders and *pari passu* with the HFSF (under Law 3864/2010), from the proceeds of the Bank's liquidation, in the event the Bank is liquidated, c) the right to participate in the Bank's BoD via a representative who may be appointed as an additional member of the Board and has the following rights: i) veto strategic decisions and decisions which alter substantially the legal or financial position of the Bank and require the General Meeting's approval or veto decisions related to the distribution of dividends and the remuneration policy towards the members of the BoD and the General Managers and their deputies pursuant to a relevant resolution of the Minister of Finance or in the event such representative judges that the decision may jeopardize the interests of the depositors or materially affect the solvency and the orderly operation of the Bank; ii) attend the General Meetings of shareholders and veto discussions and decisions regarding the aforementioned issues and iii) freely access to the Bank's books and records, the restructuring and recovery plans, the plans for Bank's mid-term finance needs and data regarding the level of loans granting in real economy (note 26 to the consolidated accounts).

Greek Economy Liquidity Support Program (law 3723/2008)

Eurobank participates in the program for the support of liquidity in the Greek economy under Law 3723/2008, as in force (note 5 to the consolidated accounts).

Dividends

Based on relevant legislation, the banks participating in the Greek Economy Liquidity Support Program were not allowed to declare a cash dividend to their ordinary shareholders from 2008 to 2013. Based on the 2013 results and Law 3723/2008 (as in force) in combination with article 44a of Company Law

2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted (note 34 to the consolidated accounts).

Business Outlook and Risks

In May 2010 the Greek Government entered into an agreement named the First Economic Adjustment Programme (FEAP), with the EC, the ECB and the IMF for a three-year €110bn refinancing and restructuring programme designed to cover Greece's funding needs until mid-2012.

Due to unfavourable developments and implementation issues, the FEAP was abandoned and Greece entered into a new funding and restructuring programme named the Second Economic Adjustment Programme (SEAP), with the EC, the ECB and the eurozone member-states, as agreed in the Eurogroup meeting of 21 February 2012. The programme included new funding of €164.5bn aimed at bringing the country's public debt-to-GDP ratio below 120% by 2020.

The implementation of the SEAP stalled by April 2012 while developments on the public debt front were not encouraging either. On the back of the above, and after the implementation/ legislation of a long list of structural reforms and fiscal austerity measures by the Greek Government, the Eurogroup on 26/27 November 2012 permitted the disbursement of €49.1bn conditional on the implementation of an additional series of structural reforms and at the same time reached an agreement on a set of new actions for the reduction of Greek public debt to 124% of GDP by 2020 and below 110% of GDP in 2022. This debt path was consistent with debt sustainability levels required by the IMF. By the end of April 2013 the Greek government, after completing the prerequisites received the last tranche of the €49.1bn.

The successful completion of the 3rd and 4th reviews of the SEAP permitted the respective disbursements by the European Stability Mechanism (ESM) and the IMF. According to the Eurogroup's statement on Greece issued on 1 April 2014 following the summit held in Athens, the conclusion of the 5th review of the SEAP, as well as Law 4254/2014, which includes, among other things, the relevant structural reforms agreed with the Troika, permitted the disbursement of the ESM instalment of €8.3bn in three tranches. The three tranches (of €6.3bn and €1bn and €1bn respectively) have been disbursed already after being approved by the Eurogroup Working Group and the ESM's Board of Directors, following the full implementation of a list of milestones agreed between the Greek Government and the Troika and the finalisation of Member States' relevant national procedures. The IMF instalment of approximately €3.5bn was disbursed in early June 2014 following the May 30th 2014 IMF's decision to continue the financing of the SEAP until mid-2015. There is not, however, an explicit plan for resolving the fiscal gap for 2015–2016 already observed in the SEAP and discussions are expected to conclude together with discussions regarding Greece's 2015 budget. Conditional on the continuation of the implementation of the SEAP, additional funding of approximately €8.9bn (€1.9bn by the ESM and €7.0bn by the IMF) will be available by the end of 2014. Under the SEAP, the ESM funding ends in mid-2014. The IMF funding continues until February 2016 with a total amount of €9.0bn. Again, funds will be disbursed on a quarterly basis subject to successful evaluation by the lenders' representatives and conditional on the successful solution of the 2015-16 fiscal gap.

The government remains firmly on track to meet its 2014 target for a primary surplus of 1.6% of GDP. The achievement of a primary surplus of 0.8% of GDP for 2013 – for the first time since 2002 – and one year earlier than initially expected by the SEAP, opens the door for additional debt-relief measures from official lenders, in line with the explicit commitments provided at the 26/27 November 2012 Eurogroup. The primary balance target mentioned above is expressed in SEAP more strict terms than in ESA95 terms used by Eurostat (i.e. excluding support for financial institutions and revenues from the ECB's Securities Markets Programme and Eurosystem's Agreement on Net Financial Assets holdings etc.)

The external imbalance continues to adjust rapidly, assisted by strong tourism revenue, income from the shipping industry, the ongoing contraction of imports and the beneficial impact of earlier debt-relief measures on the income account. The current account according with the BoG data, recorded a surplus of 0.7% of GDP in 2013 – for the first time since official records are available (1948) – against a deficit of 3.4%, 9.9%, 10.1% and 11.2% of GDP for 2012, 2011, 2010 and 2009 respectively. The current account is expected at surplus of 0.7% of GDP in 2014.

Considerable risks continue to surround the near-term domestic economic outlook. Yet, the apparent stabilization of seasonally unadjusted real output dynamics in the 2nd quarter of 2014 (GDP contraction at 0.2% in Q2 2014 compared with a contraction of 1.1%, 2.3%, 3.2%, 4.0% and 6.0% in Q1 2014, Q4 2013, Q3 2013, Q2 2013 and Q1 2013 respectively) and the on-going improvement in a range of real activity and sentiment indicators signal a more broad-based bottoming out of the domestic recession in the period ahead. According with the SEAP real GDP growth for 2014 is expected positive – for the first time after 5 years in recession – at 0.6% of GDP.

The Troika on 19 March 2014 stated that the Greek authorities are committed to taking all necessary action to ensure that Greek banks remain healthy and adequately capitalised and are in a position to support the economic recovery in Greece. The Troika further stated that the Greek authorities are also committed to significantly strengthening the private sector debt resolution framework and facilitating the orderly and swift workout of impaired bank assets, and called upon the BoG to maintain its vigilant oversight of the banking system by requiring Greek banks to quickly work out their large stock of problem assets. Noting the results of the BoG's updated stress test results and capital needs estimates, the Troika emphasised the need for the Greek authorities and banking sector to urgently and efficiently address the high level of non-performing loans. Finally, the Troika announced that the buffers in the HFSF should be retained to meet future adverse contingencies.

The dramatic events in Ukraine have served to highlight the links of the New Europe region to Russia and the risks and uncertainties to recovery. The case of recovery for the economies of continental South-Eastern Europe (Bulgaria, Romania and Serbia) is less convincing vis-à-vis the rest of the region for a number of reasons. Although links with Ukraine are less pronounced, the interconnection with the German industrial base is equally weak, thereby limiting positive spill-overs from German growth; these countries' export manufacturing capacity is still feeble in general. In addition, political risks are lingering and legacies of the past still matter. Bulgaria will most probably record another year of subdued and below potential GDP growth as structural reforms have stalled and political uncertainties remain, while only recently the Central Bank addressed successfully the liquidity issues of two banks. Serbia is confronted with a new round of recession-the third in the last five years- stemming from the catastrophic floods in last spring and the need to contain public spending further. Only Romania is expected to stand out of the pack in 2014 on robust exports performance, sustained fiscal discipline, improved consumer sentiment and EU funds absorption.

The adjustment programme in Cyprus is on track. The over-performance in quantitative fiscal targets, the recapitalisation of the domestically regulated banking system and the milder than forecasted output contraction recorded so far has sent positive signals to the international investment community. Thus, the Cypriot Republic has been able to tap the international markets again after four years. Despite the improvement in the economic outlook and sentiment, significant downside risks remain. The immediate focus now shifts on the implementation of structural reforms in the welfare state, the privatisation program and the removal of external capital controls. In the medium term, authorities have to deal with the high stock of NPLs, credit scarcity and the surge of unemployment, while ensuring high primary surpluses.

In Ukraine, following the political and financial markets turbulence in early 2014, the new government has made some progress in addressing some emergent issues. An IMF programme, complemented by assistance from multilateral and bilateral donors and IFIs is now in place to provide financial support to the country. Nevertheless, the tensions between Russia and Ukraine remain a source of concern. Ukraine's macro fundamentals have been extremely weak even before the recent dramatic developments. As a result of an inappropriate macro policy mix which resulted in the accumulation of fiscal and external imbalances in the past, Ukraine now is going through a very painful adjustment process that most probably will entail sharp and deep output losses in the short-term and may also result in a restructuring of its debt.

Regarding the outlook for the next 12 months, main risks in Greece stem from the macroeconomic environment, the developments on the eurozone economy, the impact of the significant fiscal adjustment efforts on the real economy and the implementation of the structural reforms agenda including privatizations. To date, satisfactory results have been registered, but progress could be compromised by significant delays in official financing, external shocks from the global economy as well as implementation

REPORT OF THE DIRECTORS

risks, political instability, reform fatigue, deflationary pressure that exceeds the respective SEAP forecasts, and delays in the implementation of the privatization programme due to legal / regulatory issues or pressure from various interest groups. The restoration of confidence, the attraction of new investments and the revival of economic growth remain key challenges.

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 depends on both the level of sovereign spreads as well as on foreign exchange rate risk, due to the unstable nature of some currencies. Finally, the Group holds positions in the bond, stock and foreign exchange markets and consequently is exposed to the risk of losses if market valuations decrease. These conditions may further challenge the Group's capital adequacy position over the foreseeable future.

Board Membership

On 28 June 2014, the General Meeting elected seven new Board members; on the same date, at the wish of four Board members, their term of office was terminated and the Board was constituted as a body. The term of office of the new Board members expires concurrently with the term of office of the other members, i.e. at the Annual General Meeting that will take place in 2016. The BoD of Eurobank is set out in note 31 to the consolidated accounts. Personal details of the Directors are available on the website (www.eurobank.gr).

Related party transactions

All transactions with related parties are entered into the normal course of business and are conducted on an arm's length basis. See also note 33 to the consolidated accounts.

29 August 2014

Panayotis - Aristidis Thomopoulos
Chairman

Christos Megalou
Chief Executive Officer

III. Auditor's Report on Review of Interim Financial Information



Report on Review of Interim Financial Information

To the Shareholders of EUROBANK ERGASIAS S.A.

Introduction

We have reviewed the accompanying condensed company and consolidated balance sheet of EUROBANK ERGASIAS S.A.(the “Bank”) and its subsidiaries (“the Group”) as of 30 June 2014 and the related condensed company and consolidated statements of income and comprehensive income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, that comprise the interim condensed financial information and which form an integral part of the six-month financial report as required by L.3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard “IAS 34”). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

*ΠΡΑΙΣΓΟΥΩΤΕΡΧΑΟΥΣΚΟΥΠΕΡΣ Ανώνυμη Ελεγκτική Εταιρεία, Λεωφ. Κηφισίας 268, 15232 Χαλάνδρι
T: +30 210 6874400, Φ: +30 210 6874444, www.pwc.gr*

*Λεωφ. Κηφισίας 260 & Κόδρου, 15232 Χαλάνδρι, T: +30 210 6874400, Φ: +30 210 6874444
Εθνικής Αντίστασης 17, 55134 Θεσσαλονίκη, T: +30 2310 488880, Φ: +30 2310 459487*

Reference to Other Legal and Regulatory Requirements

Our review has not revealed any inconsistency or discrepancy of the other information of the six-month financial report, as required by article 5 of L.3556/2007, with the accompanying interim condensed financial information.



PricewaterhouseCoopers
Certified Auditors
268 Kifissias Avenue
152 32 Halandri
SOEL Reg. No. 113

Athens, 29 August 2014

The Certified Auditor Accountant

Despina Marinou
SOEL Reg. No. 17681

IV. Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2014



EUROBANK ERGASIAS S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2014

8 Othonos Street, Athens 105 57, Greece
www.eurobank.gr, Tel.: (+30) 210 333 7000
Company Registration No: 000223001000

Index to the Condensed Consolidated Interim Financial Statements	Page
Consolidated Interim Income Statement	1
Consolidated Interim Balance Sheet.....	2
Consolidated Interim Statement of Comprehensive Income	3
Consolidated Interim Statement of Changes in Equity	4
Consolidated Interim Cash Flow Statement	5
 Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements	
1. General information	6
2. Basis of preparation of condensed consolidated interim financial statements	6
3. Principal accounting policies.....	7
4. Critical accounting estimates and judgments in applying accounting policies	8
5. Greek Economy Liquidity Support Program.....	8
6. Credit exposure to Greek sovereign debt.....	9
7. Capital management.....	9
8. Segment information	12
9. Earnings per share	15
10. Operating expenses	15
11. Impairment allowance for loans and advances	16
12. Other impairment losses and non recurring income/(expenses)	16
13. Income tax and non recurring tax adjustments.....	17
14. Discontinued operations and disposal groups.....	19
15. Loans and advances to customers	21
16. Investment securities.....	21
17. Investment property.....	22
18. Shares in subsidiary undertakings	23
19. Other assets	25
20. Due to central banks.....	25
21. Due to other banks	26
22. Due to customers.....	26
23. Debt issued and other borrowed funds.....	26
24. Other liabilities	27
25. Ordinary share capital, share premium and treasury shares.....	27
26. Preference shares	28
27. Preferred securities	29
28. Fair value of financial assets and liabilities	29
29. Cash and cash equivalents and other information on Interim Cash Flow Statement.....	33
30. Contingent liabilities and other commitments	33

31. Board of Directors.....	34
32. Other significant and post balance sheet events.....	34
33. Related parties.....	35
34. Dividends	37

Consolidated Interim Income Statement

	Note	Six months ended 30 June		Three months ended 30 June	
		2014	2013	2014	2013
		€ million	€ million	€ million	€ million
Net interest income		743	564	376	294
Net banking fee and commission income		95	94	49	49
Net insurance income		17	17	8	6
Income from non banking services		22	18	12	10
Dividend income		2	2	2	2
Net trading income		13	(41)	7	(37)
Gains less losses from investment securities		55	31	33	26
Net other operating income		4	(15)	3	(15)
Operating income		951	670	490	335
Operating expenses	10	(535)	(480)	(268)	(240)
Profit from operations before impairments and non recurring income/(expenses)		416	190	222	95
Impairment losses on loans and advances	11	(934)	(837)	(455)	(420)
Other impairment losses	12	(64)	46	(24)	(21)
Other non recurring income/(expenses)	12	92	(80)	(8)	(63)
Share of results of associated undertakings and joint ventures		0	(1)	0	(1)
Profit/(loss) before tax		(490)	(682)	(265)	(410)
Income tax	13	137	174	60	104
Non recurring tax adjustments	13	82	579	5	(4)
Net profit/(loss) from continuing operations		(271)	71	(200)	(310)
Net profit/(loss) from discontinued operations	14	(227)	(21)	(95)	(18)
Net profit/(loss)		(498)	50	(295)	(328)
Net profit/(loss) attributable to non controlling interests		10	6	6	3
Net profit/(loss) attributable to shareholders		(508)	44	(301)	(331)
		€	€	€	€
Earnings/(losses) per share					
-Basic and diluted earnings/(losses) per share	9	(0.06)	0.04	(0.03)	(0.26)
Earnings/(losses) per share from continuing operations					
-Basic and diluted earnings/(losses) per share	9	(0.03)	0.07	(0.02)	(0.25)

The consolidated income statement for the first half of 2014 includes the results of New TT Hellenic Postbank group and New Proton Bank, which are incorporated in the Group's financial statements from 1 September 2013 prospectively.

Notes on pages 6 to 37 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Balance Sheet

	Note	30 June 2014 € million	31 December 2013 € million
ASSETS			
Cash and balances with central banks		2,098	1,986
Loans and advances to banks		2,472	2,567
Financial instruments at fair value through profit or loss		328	375
Derivative financial instruments		1,675	1,264
Loans and advances to customers	15	43,357	45,610
Investment securities	16	17,036	18,716
Property, plant and equipment		743	770
Investment property	17	871	728
Intangible assets		249	266
Deferred tax asset	13	3,322	3,063
Other assets	19	2,277	2,241
Assets of disposal group classified as held for sale	14	345	-
Total assets		74,773	77,586
LIABILITIES			
Due to central banks	20	10,596	16,907
Due to other banks	21	10,057	10,192
Derivative financial instruments		2,003	1,558
Due to customers	22	41,926	41,535
Debt issued and other borrowed funds	23	920	789
Other liabilities	24	1,900	2,082
Liabilities of disposal group classified as held for sale	14	217	-
Total liabilities		67,619	73,063
EQUITY			
Ordinary share capital	25	4,412	1,641
Share premium	25	6,681	6,669
Reserves and retained earnings		(5,621)	(5,095)
Preference shares	26	950	950
Total equity attributable to shareholders of the Bank		6,422	4,165
Preferred securities	27	77	77
Non controlling interests	32	655	281
Total equity		7,154	4,523
Total equity and liabilities		74,773	77,586

Notes on pages 6 to 37 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Statement of Comprehensive Income

	Six months ended 30 June				Three months ended 30 June			
	2014		2013		2014		2013	
	€ million		€ million		€ million		€ million	
Net profit/(loss)	<u>(498)</u>		<u>50</u>		<u>(295)</u>		<u>(328)</u>	
Other comprehensive income:								
Items that are or may be reclassified subsequently to profit or loss:								
Cash flow hedges								
- net changes in fair value, net of tax	(2)		22		1		16	
- transfer to net profit, net of tax	<u>10</u>	8	<u>36</u>	58	<u>4</u>	5	<u>18</u>	34
Available for sale securities								
- net changes in fair value, net of tax	58		5		34		3	
- impairment losses on investment securities transfer to net profit, net of tax	-		(2)		-		(4)	
- transfer to net profit, net of tax	<u>(43)</u>	15	<u>(6)</u>	(3)	<u>(28)</u>	6	<u>(13)</u>	(14)
Foreign currency translation								
- net changes in fair value, net of tax	<u>(7)</u>	<u>(7)</u>	<u>(5)</u>	<u>(5)</u>	<u>2</u>	<u>2</u>	<u>(16)</u>	<u>(16)</u>
Other comprehensive income	<u>16</u>		<u>50</u>		<u>13</u>		<u>4</u>	
Total comprehensive income attributable to:								
Shareholders								
- from continuing operations	(258)		115		(194)		(305)	
- from discontinued operations	<u>(234)</u>	<u>(492)</u>	<u>(21)</u>	94	<u>(94)</u>	<u>(288)</u>	<u>(21)</u>	(326)
Non controlling interests								
- from continuing operations	10		6		6		2	
- from discontinued operations	<u>(0)</u>	<u>10</u>	<u>(0)</u>	6	<u>(0)</u>	<u>6</u>	<u>(0)</u>	2
	<u>(482)</u>		<u>100</u>		<u>(282)</u>		<u>(324)</u>	

Notes on pages 6 to 37 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Statement of Changes in Equity

	Total equity attributable to shareholders of the Bank							Total € million
	Ordinary share capital	Share premium	Special reserves and ordinary shares under issue	Retained earnings	Preference shares	Preferred securities	Non controlling interests	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
Balance at 1 January 2013	1,222	1,451	1,212	(6,134)	950	367	277	(655)
Net profit/(loss)	-	-	-	44	-	-	6	50
Other comprehensive income	-	-	50	-	-	-	(0)	50
Total comprehensive income for the six months ended 30 June 2013	-	-	50	44	-	-	6	100
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
Shares under issue following LME, net of expenses	-	-	316	-	-	-	-	316
(Purchase)/sale of preferred securities, net of tax	-	-	-	(12)	-	(290)	-	(302)
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	6	(3)	-	(1)	-	-	-	2
	(69)	4,534	1,526	(23)	-	(290)	-	5,678
Balance at 30 June 2013	1,153	5,985	2,788	(6,113)	950	77	283	5,123
Balance at 1 January 2014	1,641	6,669	3,658	(8,753)	950	77	281	4,523
Net profit/(loss)	-	-	-	(508)	-	-	10	(498)
Other comprehensive income	-	-	16	-	-	-	0	16
Total comprehensive income for the six months ended 30 June 2014	-	-	16	(508)	-	-	10	(482)
Share capital increase, net of expenses	2,771	12	-	-	-	-	-	2,783
Acquisition/changes in participating interests in subsidiary and associated undertakings (note 32)	-	-	-	(45)	-	-	376	331
(Purchase)/sale of treasury shares and preferred securities, net of tax	(0)	(0)	-	11	-	-	-	11
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(12)	(12)
Share-based payment:								
- Value of employee services	-	-	(0)	-	-	-	-	(0)
	2,771	12	(0)	(34)	-	-	364	3,113
Balance at 30 June 2014	4,412	6,681	3,674	(9,295)	950	77	655	7,154
	Note 25	Note 25			Note 26	Note 27		

Notes on pages 6 to 37 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Cash Flow Statement

		Six months ended 30 June	
		2014	2013
			Adjusted ⁽¹⁾
Note		€ million	€ million
Cash flows from continuing operating activities			
Profit/(loss) before income tax from continuing operations		(490)	(682)
Adjustments for :			
Impairment losses on loans and advances		934	837
Other impairment losses and provisions/(reversal)		(35)	(3)
Depreciation and amortisation		52	46
Other (income)/losses on investment securities	29 (b)	(126)	(144)
(Income)/losses on debt issued		(25)	6
Other adjustments		6	0
		316	60
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		180	(207)
Net (increase)/decrease in financial instruments at fair value through profit or loss		14	142
Net (increase)/decrease in loans and advances to banks		(201)	1,382
Net (increase)/decrease in loans and advances to customers		845	1,289
Net (increase)/decrease in derivative financial instruments		2	(51)
Net (increase)/decrease in other assets		(32)	(205)
Net increase/(decrease) in due to banks		(6,415)	(4,280)
Net increase/(decrease) in due to customers		676	(582)
Net increase/(decrease) in other liabilities		(89)	(54)
		(5,020)	(2,566)
Income taxes paid		(31)	(7)
Net cash from/(used in) continuing operating activities		(4,735)	(2,513)
Cash flows from continuing investing activities			
Purchases of property, plant and equipment and intangible assets		(199)	(60)
Proceeds from sale of property, plant and equipment and intangible assets		12	2
(Purchases)/sales and redemptions of investment securities		1,783	2,270
Acquisition of associated undertakings and joint ventures		-	(0)
Disposal of subsidiaries		139	-
Dividends from investment securities, associated undertakings and joint ventures		1	1
Net cash from/(used in) continuing investing activities		1,736	2,213
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt issued and other borrowed funds		155	(435)
Proceeds from share capital increase and ordinary shares under issue		2,864	316
Expenses paid for share capital increases		(104)	(67)
Purchase of preferred securities		-	(295)
Preferred securities' dividend paid		-	(14)
(Purchase)/sale of treasury shares		0	2
Net contributions by non controlling interests		180	0
Net cash from/(used in) continuing financing activities		3,095	(493)
Effect of exchange rate changes on cash and cash equivalents		4	(2)
Net increase/(decrease) in cash and cash equivalents from continuing operations		100	(795)
Net cash flows from discontinued operating activities		(7)	25
Net cash flows from discontinued investing activities		2	(11)
Net increase/(decrease) in cash and cash equivalents from discontinued operations		(5)	14
Cash and cash equivalents at beginning of period	29 (a)	1,951	2,214
Cash and cash equivalents at end of period	29 (a)	2,046	1,433

⁽¹⁾ Comparative information has been adjusted due to the adoption of indirect method on the presentation of operating cash flows.

Notes on pages 6 to 37 form an integral part of these condensed consolidated interim financial statements

Selected Explanatory Notes to the 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 August 2014.

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 2013. 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. The Board of Directors has taken into consideration the following factors:

(a) the material economic and market risks and uncertainties that impact the Greek Banking system. The main risks stem from the domestic macroeconomic and political environment, the impact of the significant fiscal adjustment efforts on the Greek economy and the implementation of the structural reforms agenda. The significant progress made to date could be compromised by significant delays in official financing, as well as implementation risks, political instability, reform fatigue in Greece, external shocks from the global economy, deflationary pressures and delays in the implementation of the privatization programme. The restoration of confidence, 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, privatization 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. The recent interest expressed from international investors for the Greek banks’ share capital increases and the corporate bonds’ issuance, constitute, together with the gradual normalisation of 10Yr-bond spreads early signs of improved confidence. The recent quarterly GDP data provided by the Greek statistical authority point towards a narrowing of the recession, at 0.2% of GDP in the second quarter of 2014 from 4% in the second quarter of 2013. Continuation of the recession could adversely affect the region and could lead to lower pre-provision profitability, deterioration of asset quality and reduction of deposits. These conditions may impair the Group’s capital adequacy position over the foreseeable future.

(b) the reliance on Eurosystem financing facilities, although it is persistently decreasing, is an ongoing liquidity challenge for the Group. As at 30 June 2014, the Group’s borrowing from Eurosystem was € 10.6 bn (31 December 2013: € 16.9 bn).

(c) the ECB comprehensive assessment of eurozone’s most significant banks currently carried out jointly with the respective national competent authorities (NCAs) and European Banking Authorities (EBA), which may lead to different capital needs for the Bank, as compared with the recently concluded capital needs exercise carried out by BoG in cooperation with BlackRock (note 7).

Notwithstanding the conditions and uncertainties mentioned above, the Directors, having considered the successful completion of the recent share capital increase of the Bank and the mitigating factors set out below, are satisfied that the financial statements of the Group can be prepared on a going concern basis:

(i) as at 30 June 2014, the Common Equity Tier I ratio (proforma with the implementation of Basel III IRB credit risk methodology to NHPB’s mortgage portfolio and the disposal of Ukrainian operations) stands at 17.8 %, well above the statutory limit (note 7);

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

(iii) should they become necessary, the availability of additional recapitalisation funds from HFSF that can support any capital needs on top of the amounts already provided;

(iv) the Group’s continued access to Eurosystem funding over the foreseeable future.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

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 2013, except as described below.

New standards and interpretations adopted by the Group

The following new standards and amendments to standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2014:

IAS 27, Amendment - Separate Financial Statements

The amendment is issued concurrently with IFRS 10 'Consolidated Financial Statements' and together they supersede IAS 27 'Consolidated and Separate Financial Statements'. The amendment prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IAS 28, Amendment - Investments in Associates and Joint Ventures

The amendment replaces IAS 28 'Investments in Associates'. The objective of the amendment is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures following the publication of IFRS 11. An exemption from applying the equity method is provided, when the investment in associate or joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment –linked insurance funds. In this case, investments in those associates and joint ventures may be measured at fair value through profit or loss.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities

The amendment clarifies the requirements for offsetting financial assets and financial liabilities.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IAS 36, Amendment - Recoverable Amount Disclosures for Non-Financial Assets

The amendments restrict the requirement to disclose the recoverable amount of an asset or cash generating unit only to periods in which an impairment loss has been recognized or reversed.

They also include detailed disclosure requirements applicable when an asset or cash generating unit's recoverable amount has been determined on the basis of fair value less costs of disposal and an impairment loss has been recognized or reversed during the period.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IAS 39, Amendment - Novation of derivatives and continuation of hedge accounting

The amendment provides relief from discontinuing hedge accounting when, as a result of laws and regulations, a derivative designated as a hedging instrument is novated to effect clearing with a central counterparty and specific criteria are met.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IFRS 10, Consolidated Financial Statements

IFRS 10 replaces the part of IAS 27 'Consolidated and Separate Financial Statements' that deals with consolidated financial statements and SIC 12 'Consolidation-Special Purpose Entities'. Under IFRS 10, there is a new definition of control, providing a single basis for consolidation for all entities. This basis is built on the concept of power over the investee, variability of returns from the involvement with the investee and their linkage, replacing thus focus on legal control or exposure to risks and rewards, depending on the nature of the entity.

The adoption of IFRS 10 had no impact on the consolidation of investments held by the Group nor on the Group's condensed consolidated interim financial statements.

IFRS 11, Joint Arrangements

IFRS 11 replaces IAS 31 'Interests in Joint Ventures' and SIC-13 'Jointly Controlled Entities- Non – monetary Contributions by Ventures' and establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Under IFRS 11, there are only two types of joint arrangements, joint operations and joint ventures and their classification is based on the parties' rights and obligations arising from the arrangement, rather than its legal form.

The equity method of accounting is now mandatory for joint ventures. The option to use the proportionate consolidation method to account for joint ventures, which was not applied by the Group, is no longer allowed. In joint operations, each party that has joint control of the arrangement recognizes in its financial statements, in relation to its involvement in the joint operation, its assets, liabilities and transactions, including its share in those arising jointly.

The adoption of this standard had no impact on the Group's condensed consolidated interim financial statements.

IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 specifies the disclosures required in annual financial statements to enable users of financial statements to evaluate the nature of and risks associated with the reporting entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Accordingly, the Group will apply the aforementioned disclosures in the Consolidated Financial Statements for the year ending 31 December 2014.

IFRS 10, 11 and 12 Amendments - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The amendments clarify the transition guidance in IFRS 10 and provide additional transition relief in IFRS 10, 11 and 12, requiring adjusted comparative information to be limited only to the preceding comparative period. In addition, for disclosures related to unconsolidated structured entities, the requirement to present comparative information for periods before IFRS 12 is first applied, is removed.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IFRS 10, 12 and IAS 27 Amendments - Investment Entities

The amendments require that 'investment entities', as defined below, account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss. The only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. Under the amendments an 'Investment entity' is an entity that:

- (a) obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The amendments also set out disclosure requirements for investment entities.

The adoption of the amendments had no impact on the Group's condensed consolidated interim financial statements.

4. Critical accounting estimates and judgments in applying accounting policies

In preparing these condensed consolidated interim financial statements, the significant judgments 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 2013.

5. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic'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, 4021/2011 and 4093/2012 and extended by a Ministerial decision issued on 3 July 2014, 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 June 2014, the government guaranteed bonds, of face value of € 11,690 million, were fully retained by the Bank and its subsidiaries. In May 2014, government guaranteed bonds of face value of € 332 million matured. Furthermore, in June 2014 the Bank proceeded with the cancellation of government guaranteed bonds of face value of € 1,910 million (note 23).

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

(c) Third stream - lending of Greek Government bonds

Liquidity obtained under this stream must be used to fund mortgages and loans to small and medium-size enterprises. As at 30 June 2014, the Bank had borrowed special Greek Government bonds of € 1,918 million.

Under Law 3723/2008, for the period the Bank participates in the program through the preference shares or the guaranteed bonds, the Hellenic Republic is entitled to appoint its representative to the Board of Directors with the right to veto strategic decisions or decisions which alter substantially the legal or financial position of the Bank and require the General Assembly's approval or decision for the dividends' distribution and the remuneration policy towards the members of the Board of Directors and the General Managers and their deputies pursuant to a relevant resolution of the Minister of Finance or in the event such representative judges that the decision may jeopardize the interests of the depositors or materially affect the solvency and the orderly operation of the Bank.

In addition, under Law 3756/2009, as amended by Law 3844/2010, and supplemented by Laws 3965/2011, 4063/2012, 4144/2013 and 4261/2014, any distribution of profits to ordinary shareholders of the banks participating in the first stream of the Greek Economy Liquidity Support Program for the financial years 2008 to 2013 could only take place in the form of ordinary shares, other than treasury shares. In addition, under Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

6. Credit exposure to Greek sovereign debt

As at 30 June 2014, the total carrying value of Greek sovereign major exposures amounted to € 4,720 million (31 December 2013: € 6,473 million). This includes a) Treasury Bills of € 2,083 million (31 December 2013: € 3,164 million), b) GGBs of € 1,129 million (31 December 2013: € 868 million), c) derivatives with the Greek State of € 932 million (31 December 2013: € 634 million), d) exposure of € 198 million relating with Greek Sovereign risk financial guarantee (31 December 2013: € 195 million), e) loans guaranteed by the Greek State of € 220 million (31 December 2013: € 238 million), f) loans to Greek local authorities and public organizations of € 113 million (31 December 2013: € 137 million), g) other receivables of € 45 million (31 December 2013: € 40 million). The GGBs issued for the Greek State's subscription to the Preference Shares, under Law 3723/2008 "Greek Economy Liquidity Support Program", matured in May 2014 (31 December 2013: € 1,197 million).

7. Capital management

Eurobank's share capital increase and capital management

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

The capital needs of the Group were assessed by the Bank of Greece (BoG) based on the credit loss projections from BlackRock's 2013 diagnostic review and the estimated future ability of internal capital generation for the period June 2013-December 2016, based on a conservative adjustment of the Bank's restructuring plan submitted in November 2013. For this exercise, BlackRock assessed highly granular data for the banks' domestic loan portfolios, and also provided an evaluation of the loan books of the major foreign subsidiaries of Greek banks. The methodology used for the capital needs assessment was conservative and the capital needs were estimated using a minimum Core Tier I threshold of 8% for the baseline scenario and 5.5% for the adverse scenario, while the regulatory value of the deferred tax asset was limited to 20% of Core Tier I. On 8 April 2014, the BoG following (a) the assessment of Eurobank's capital needs amounting to € 2,945 million under the baseline scenario, concluded on 6 March 2014 and (b) the capital enhancement plan submitted by the Bank on 24 March 2014, whereby the Bank: (i) revised its capital actions providing for an additional positive impact on regulatory capital of € 81 million and proposed to adjust the restructuring plan accordingly and (ii) stated that it intends to cover the remaining capital needs through a share capital increase, notified the Bank that its Core Tier I capital should increase by € 2,864 million.

On 30 March 2014, the Greek Parliament under the Law 4254/2014 that amended Law 3864/2010, reformed the framework for the recapitalization of credit institutions operating in Greece. The most significant amendments made pursuant to Law 4254/2014 are set out below:

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

(a) The disposal of shares held by the HFSF may be conducted by selling shares of the credit institutions to the public or specific investors or group of investors;

(b) The HFSF may reduce its participation in the credit institutions through a share capital increase, by waiving its preemption rights or by selling them;

(c) The HFSF may determine the offer price and the minimum price of the share capital increase based on two valuation reports issued by two independent financial advisors of international standing and experience in similar matters and in particular valuations of credit institutions. The aforementioned specified prices may be lower than the acquisition price by the HFSF or the current market price of the shares;

(d) The HFSF will have restricted voting rights in the Bank's General Assembly in case the private participation in the first capital increase to take place after the publication of Law 4254/2014 is at least equal to the 50% threshold set by this Law. Under this framework, the HFSF will cast its votes in the General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or reduction of the capital or the corresponding authorization to the board, the mergers, divisions, conversions, revivals, extension of term or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring increased majority as provided for in the company Law 2190/1920.

Following the assessment of Bank's capital needs by BoG and according to the new recapitalisation framework, on 12 April 2014 the Bank's Extraordinary Shareholders' General Meeting approved the increase of the share capital of the Bank up to € 2,864 million through payment in cash or/and contribution in kind, the cancellation of the preemption rights of the Bank's ordinary shareholders, including HFSF, and the only preference shareholder, namely the Greek State, and the issuance of up to 9,546,666,667 new ordinary registered shares, of a nominal value of € 0.30 each.

On 29 April 2014, the Bank announced that both the public offering of new ordinary registered shares to the public in Greece and the private placement of new ordinary registered shares to investors outside Greece were oversubscribed and the offer price set at € 0.31 per offered new ordinary registered share. As a result, the share capital of the Bank increased by € 2,771.6 million and an aggregate of 9,238,709,677 new ordinary registered shares were issued, which have been listed on the main market of the Athens Exchange and their trading commenced on 9 May 2014. The proceeds were used to increase the Tier I Capital according to 8 April 2014 resolution of the BoG. The successful completion of the Bank's capital increase constitutes a step towards further strengthening its capital position and enhances its ability to support the Greek economy.

Capital position

	Pro-forma^{(1),(3)}		Pro-forma⁽²⁾
	30 June 2014	30 June 2014 ⁽³⁾	31 December 2013
	€ million	€ million	€ million
Total equity attributable to shareholders of the Bank	6,422	6,422	4,165
Add: Regulatory non-controlling interest	521	521	415
Less: Goodwill	(23)	(23)	(116)
Less: Other adjustments	(378)	(463)	(281)
Common Equity Tier I Capital/Core Tier I Capital for 2013	6,542	6,457	4,183
Add: Preferred securities	62	62	77
Less: Other regulatory adjustments	(62)	(62)	-
Total Tier I Capital	6,542	6,457	4,260
Tier II capital-subordinated debt	170	170	267
Less: Other adjustments	(28)	(85)	(9)
Total Regulatory Capital	6,684	6,542	4,518
Risk Weighted Assets	36,683	37,987	37,166
Ratios:	%	%	%
Common Equity Tier I/Core Tier I for 2013	17.8	17.0	11.3
Tier I	17.8	17.0	11.5
Capital Adequacy Ratio	18.2	17.2	12.2

⁽¹⁾ pro-forma with the implementation of Basel III IRB credit risk methodology to NHPB's mortgage portfolio and the disposal of Ukrainian operations.

⁽²⁾ pro-forma with the completion of transaction with Fairfax Financial Holdings Limited and the implementation of Basel III IRB credit risk methodology to NHPB's mortgage portfolio.

⁽³⁾ based on CRD IV Regulation 2013/575/EU.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

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. As of 1 January 2014 the capital adequacy calculation is based on Basel III (CRDIV) rules. Main differences of the new framework compared to Basel II concern the treatment of deferred tax asset, non controlling interests and participation in insurance companies.

During the last years the Group focused on the organic strengthening of its capital position by active derisking of lending portfolios through tighter credit policies and change in the portfolio mix in favour of more secured loans as well as by proceeding to several strategic initiatives to internally generate capital.

Finally, 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 further capital and/or reduce Risk Weighted Assets.

Restructuring plan

On 29 April 2014, the European Commission approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. The Hellenic Republic has committed that the Bank will implement in particular specific measures and actions and will achieve objectives which are integral part of said restructuring plan.

Principal commitments to be implemented by the end of 2018 relate to (a) the reduction of the total costs and the net loan to deposit ratio for the Group's Greek activities, (b) the reduction of the Bank's cost of deposits, (c) the reduction of the Group's foreign assets, (d) the decrease of the shareholding in specific non banking subsidiaries, (e) the securities portfolio deleveraging, and (f) restrictions on the capital injection to the Group's foreign subsidiaries unless the regulatory framework of each relevant jurisdiction requires otherwise, the purchase of non investment grade securities, the staff remuneration, the credit policy to be adopted and other strategic decisions.

European Central Bank's Comprehensive Assessment

The European Central Bank (ECB), in the context of preparation of the Single Supervisory Mechanism (SSM) is conducting a comprehensive assessment comprising of a supervisory risk assessment, asset quality review (AQR) and stress test.

The Comprehensive Assessment encompasses the Eurozone's most significant banks and is carried out jointly with national competent authorities (NCAs) and EBA.

The objective of the EU-wide stress test is to assess the resilience of the financial institutions in the EU to adverse market developments and assess the potential of systemic risk to increase in stress situations. The evaluation is based on consistency and comparability of the outcomes across banks.

The EU-wide stress test will assess the resilience of EU banks under a baseline and an adverse macroeconomic scenario developed in close cooperation with the NCAs, European Commission, and the ECB. The exercise is carried out on the basis of the consolidated year-end 2013 figures and the scenarios will be applied over a period of three years (from 2014 to 2016).

Regarding the definition of capital, the impact of the EU-wide stress tests will be assessed in terms of Common Equity Tier I (CET I), as defined in CRR/CRD IV Regulation, including the applicable transitional arrangements for the stress test period.

The following hurdle rates are applied as a minimum across all participating banks: 8% CET I for the baseline scenario and 5.5% CET I for the adverse scenario.

The EU wide stress test is conducted on the assumption of a static balance sheet. The zero growth and stable business mix assumption applies for both the baseline and the adverse scenario. However, the impact of restructuring plans already agreed with the European Commission, as well as the realized capital actions and pre-provision profitability for 2014 (actually the difference with the pre-provision profit predicted for the same year in the stress test scenario), will be taken into account in the capital plans to be submitted, subsequent to the disclosure of the results.

The comprehensive assessment of banks in the euro area is under progress: the major blocks of the AQR are being completed, the methodology for the join-up of the AQR and the stress test has been finalized and the quality assurance process of stress test templates by ECB and NCAs is in advanced progress.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Upon publication of the results in the second half of October 2014, banks facing a capital shortfall will be requested to submit capital plans within a period of two weeks, which will then be evaluated by the SSM. The ECB-led SSM Joint Supervisory Teams will closely track the implementation of these plans as of 4 November 2014. Banks will be expected to cover shortfalls arising from the AQR, or the baseline scenario of the stress test within six months and shortfalls arising from the adverse scenario of the stress test within nine months.

In this context, Eurobank follows a vigorous implementation of the Restructuring Plan agreed with the European Commission on 29 April 2014, both in terms of pre-provision profitability and of executed capital actions. Finally, the Bank as of the 2nd half of 2013 steadily increases its provision coverage of delinquent receivables and strengthens the management of trouble assets, including non-performing loans, through a number of initiatives.

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 monitors compliance with commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and reports to the European Commission.

8. Segment information

Management has determined the operating segments based on the internal reports reviewed by the Executive Board that are used to allocate resources and to assess their 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. During the first quarter of 2014, certain NHPB's key functions have already been integrated with those of Eurobank and therefore as of that period, NHPB's operating results, assets and liabilities have been incorporated into and presented within the other Group segments in Greece. 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.
- 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.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Operating segments

	For the six months ended 30 June 2014						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	238	155	22	128	200	(0)	743
Net commission income	12	31	14	(4)	42	(0)	95
Other net revenue	1	1	53	13	27	18	113
Total external revenue	251	187	89	137	269	18	951
Inter-segment revenue	38	10	(28)	(6)	2	(16)	-
Total revenue	289	197	61	131	271	2	951
Operating expenses	(243)	(50)	(29)	(42)	(143)	(28)	(535)
Impairment losses on loans and advances	(510)	(292)	(3)	(0)	(129)	(0)	(934)
Profit/(loss) before tax from continuing operations before one-offs	(464)	(145)	29	89	(1)	(26)	(518)
One-offs (note 12)	-	(22)	-	(2)	(33)	85	28
Profit/(loss) before tax from continuing operations ⁽¹⁾	(464)	(167)	29	87	(34)	59	(490)
Profit/(loss) before tax from discontinued operations	-	-	-	-	(183)	(70)	(253)
Non controlling interests	-	-	0	-	(1)	(10)	(11)
Profit/(loss) before tax attributable to shareholders, after one-offs	(464)	(167)	29	87	(218)	(21)	(754)
Profit/(loss) before tax attributable to shareholders, before one-offs	(464)	(145)	29	89	(185)	(106)	(782)
Segment assets	24,936	12,543	1,546	12,882	12,613	10,253	74,773
Segment liabilities	23,780	3,518	4,442	24,236	11,016	627	67,619

The International segment is further analysed as follows:

	For the six months ended 30 June 2014						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	65	60	37	30	-	8	200
Net commission income	12	14	6	8	-	2	42
Other net revenue	22	4	1	0	-	0	27
Total external revenue	99	78	44	38	-	10	269
Inter-segment revenue	0	0	0	0	-	2	2
Total revenue	99	78	44	38	-	12	271
Operating expenses	(58)	(41)	(25)	(13)	-	(6)	(143)
Impairment losses on loans and advances	(62)	(42)	(17)	(8)	-	0	(129)
Profit/(loss) before tax from continuing operations before one-offs	(21)	(5)	2	17	-	6	(1)
One-offs	(13)	(20)	-	(0)	-	-	(33)
Profit/(loss) before tax from continuing operations ⁽¹⁾	(34)	(25)	2	17	-	6	(34)
Profit/(loss) before tax from discontinued operations	-	-	-	-	(183)	-	(183)
Non controlling interests	(1)	(0)	(0)	-	-	-	(1)
Profit/(loss) before tax attributable to shareholders, after one-offs	(35)	(25)	2	17	(183)	6	(218)
Profit/(loss) before tax attributable to shareholders, before one-offs	(22)	(5)	2	17	(183)	6	(185)

	30 June 2014						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	International € million
Segment assets ⁽²⁾	3,460	2,976	1,510	3,313	345	987	12,613
Segment liabilities ⁽²⁾	3,054	2,618	1,098	2,901	399	762	11,016

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

	For the six months ended 30 June 2013						Total € million
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	
Net interest income	294	203	26	(95)	174	(38)	564
Net commission income	13	28	12	(3)	45	(1)	94
Other net revenue	1	5	47	(71)	29	1	12
External revenue	308	236	85	(169)	248	(38)	670
Inter-segment revenue	42	10	(28)	(18)	1	(7)	-
Total revenue	350	246	57	(187)	249	(45)	670
Operating expenses	(216)	(50)	(27)	(31)	(151)	(5)	(480)
Impairment losses on loans and advances	(480)	(245)	(4)	(0)	(107)	(1)	(837)
Profit/(loss) before tax from continuing operations before one-offs	(346)	(49)	26	(218)	(9)	(51)	(647)
One-offs (note 12)	-	(16)	-	49	(11)	(56)	(34)
Profit/(loss) before tax from continuing operations ⁽¹⁾	(346)	(65)	26	(169)	(21)	(107)	(682)
Profit/(loss) before tax from discontinued operations	-	-	-	-	(4)	(18)	(22)
Non controlling interests	-	-	-	-	(0)	(6)	(6)
Profit/(loss) before tax attributable to shareholders, after one-offs	(346)	(65)	26	(169)	(25)	(131)	(710)
Profit/(loss) before tax attributable to shareholders, before one-offs	(346)	(49)	26	(218)	(14)	(75)	(676)

	31 December 2013							Total € million
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	NHPB group € million	International € million	Other and Elimination center € million	
Segment assets	19,923	12,776	1,494	8,523	6,575	12,987	15,308	77,586
Segment liabilities	14,437	2,795	4,336	29,306	10,390	11,152	647	73,063

	For the six months ended 30 June 2013						Total € million
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	
Net interest income	66	53	23	22	-	10	174
Net commission income	14	14	6	9	-	2	45
Other net revenue	20	0	1	0	-	8	29
Total external revenue	100	67	30	31	-	20	248
Inter-segment revenue	0	0	0	0	-	1	1
Total revenue	100	67	30	31	-	21	249
Operating expenses	(66)	(42)	(25)	(13)	-	(5)	(151)
Impairment losses on loans and advances	(58)	(29)	(10)	(8)	-	(2)	(107)
Profit/(loss) before tax from continuing operations before one-offs	(24)	(4)	(5)	10	-	14	(9)
One-offs	-	(11)	-	-	-	-	(11)
Profit/(loss) before tax from continuing operations ⁽¹⁾	(25)	(15)	(5)	10	-	14	(21)
Profit/(loss) before tax from discontinued operations	-	-	-	-	(4)	-	(4)
Non controlling interests	(0)	(0)	(0)	-	-	-	(0)
Profit/(loss) before tax attributable to shareholders, after one-offs	(25)	(15)	(5)	10	(4)	14	(25)
Profit/(loss) before tax attributable to shareholders, before one-offs	(25)	(4)	(5)	10	(4)	14	(14)

	31 December 2013						Total € million
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	
Segment assets ⁽²⁾	3,853	3,068	1,591	2,955	665	1,106	12,987
Segment liabilities ⁽²⁾	3,425	2,688	1,178	2,556	671	884	11,152

⁽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.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

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.

		Six months ended 30 June		three months ended 30 June	
		2014	2013	2014	2013
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	(508)	28	(301)	(340)
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	(281)	50	(206)	(321)
Weighted average number of ordinary shares in issue	Number of shares	8,275,822,320	682,677,619	11,051,797,478	1,304,520,313
Weighted average number of ordinary shares in issue for diluted earnings/(losses) per share	Number of shares	8,275,822,320	682,677,619	11,051,797,478	1,304,520,313
Earnings/(losses) per share					
- Basic and diluted earnings/(losses) per share	€	(0.06)	0.04	(0.03)	(0.26)
Earnings/(losses) per share from continuing operations					
- Basic and diluted earnings/(losses) per share	€	(0.03)	0.07	(0.02)	(0.25)

Basic and diluted losses per share from discontinued operations for the period ended 30 June 2014 amounted to € 0.03 (30 June 2013: € 0.03 losses).

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 ended 30 June 2014. The Series D of preferred securities (note 27), were not included in the calculation of diluted earnings per share, as their effect would have been anti-dilutive.

10. Operating expenses

	30 June 2014 € million	30 June 2013 € million
Staff costs	(291)	(274)
Administrative expenses	(164)	(130)
Depreciation and impairment of property, plant and equipment	(36)	(31)
Amortisation of intangible assets	(16)	(15)
Operating lease rentals	(28)	(30)
Total from continuing operations	(535)	(480)
Total from discontinued operations	(11)	(17)
Total	(546)	(497)

The average number of employees of the Group during the period was 18,528 of which the employees of Ukraine subsidiaries was 838 (June 2013: 17,292 of which the employees of Ukraine subsidiaries was 889). As at 30 June 2014, the number of branches of the Group was 1,093 of which the branches of Ukraine subsidiaries was 51.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

11. Impairment allowance for loans and advances

The movement of the impairment allowance for loans and advances to customers by product line is as follows:

	30 June 2014				
	Wholesale € million	Mortgage € million	Consumer ⁽¹⁾ € million	Small business € million	Total € million
Balance at 1 January	2,927	1,080	2,368	1,513	7,888
Impairment loss for the period	378	116	192	248	934
Allowance for discontinued operations	(43)	(45)	(2)	(36)	(126)
Recoveries of amounts previously written off	0	0	4	0	4
Amounts written off	(43)	(5)	(30)	(51)	(129)
NPV unwinding	(46)	(31)	(6)	(60)	(143)
Foreign exchange differences and other movements	27	(2)	(23)	(2)	0
Balance at 30 June	3,200	1,113	2,503	1,612	8,428

⁽¹⁾ Credit cards balances are included

12. Other impairment losses and non recurring income/(expenses)

	30 June 2014 € million	30 June 2013 € million
Impairment losses on investment property	(30)	(11)
Valuation losses on repossessed property	(8)	-
Impairment losses on bonds	(24)	(13)
Impairment losses on goodwill	(2)	-
Reversal of impairment on Greek sovereign exposure	-	75
Impairment losses on mutual funds and equities	-	(5)
Other impairment losses	(64)	46
Reversal of provision/(provision) for claims in dispute (note 30)	103	(40)
Integration and restructuring costs	(11)	-
Valuation losses on derivative financial instruments	-	(23)
Expenses relating with NBG Voluntary Tender Offer	-	(17)
Restructuring costs and other non recurring income/(expenses)	92	(80)
Total	28	(34)

Following the continuous market uncertainty in the South-Eastern Europe, the close monitoring and the detailed review of the investment property portfolio in the relevant countries, the Group has recognised an impairment loss of € 30 million in the first quarter of 2014.

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, which is expected to be repaid in full, after assessing the quantitative and qualitative information available till the publication date of the interim financial statements for the period ended 31 March 2013.

As at 30 June 2013, the Group recognised valuation losses on derivative financial instruments of € 23 million due to the incorporation of the overnight index swap curve for cash collateralised derivatives.

13. Income tax and non recurring tax adjustments

	30 June 2014 € million	30 June 2013 € million
Current tax	(19)	(20)
Deferred tax	164	204
Overseas taxes	(8)	(10)
Income tax	137	174
Change in nominal tax rates	-	596
Reversal of provisions for withholding tax claims	43	-
Recognition of deferred tax asset following Circular 1143/15.05.2014	37	-
Refund of 2009's special tax contribution	2	-
Other non recurring tax adjustments	-	(17)
Non recurring tax adjustments	82	579
Total tax (charge)/income from continuing operations	219	753
Total tax (charge)/income from discontinued operations	26	1
Total	245	754

According to Law 4172/2013, the nominal Greek corporate tax rate is 26% for income generated in accounting years 2014 and onwards. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 10% withholding tax. In May 2014, the Ministry of Finance with its Circular 1143/15.05.2014 provided clarifications for the application of tax Law 4172/2013. In particular, with the said Circular, it was clarified that the accumulated losses from shares and derivatives which had been recognised in accordance with the former tax Law 2238/1994 can be utilised for tax purposes (i.e. are added to carried forward tax losses). Hence, as at 30 June 2014, the Group recognised in income statement an one off deferred tax asset of € 37 million.

As at 30 June 2014, following a favourable Supreme Court decision, the Group recognised a non recurring tax income of € 43 million due to reversal of provisions in relation to withholding tax claims against the state.

For the year ended 31 December 2011 and onwards, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, are required to obtain an "Annual Tax Certificate" provided for in article 82 of Law 2238/1994 (article 65a of Law 4174/2013 applies for the years commencing from 1 January 2014), which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. 18 months after the issuance of a tax unqualified certificate, provided that no tax issues have been identified from the tax authorities' potential re-audits, the tax audit is considered finalised. Further tax audits may be effected only in cases of tax offences that have been identified by the Ministry of Finance audits (i.e. breaches of the money laundering legislation, forced or fictitious invoices, transactions with non-existent companies or breaches of transfer pricing rules).

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 - 2013. Greek subsidiaries which are subject to statutory audit by external auditors have obtained unqualified tax certificate for years 2011 - 2013. In accordance with the aforementioned tax legislation and considering related preconditions, tax audit of the year 2011 for the Bank and the said subsidiaries is considered finalised.

The open tax years of foreign Group's bank subsidiaries are as follows: (a) Bancpost S.A. (Romania), 2011-2013, (b) Eurobank Cyprus Ltd, 2012-2013, (c) Eurobank Bulgaria A.D. and Eurobank A.D. Beograd (Serbia), 2008-2013, and (d) Eurobank Private Bank Luxembourg S.A., 2009-2013. The remaining of the Group's subsidiaries (including Greek subsidiaries), associates and joint ventures (notes 18 and 19), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 2 to 10 open tax years.

Deferred income taxes are calculated on all temporary differences under the liability method as well as for unused tax losses at the rate in effect at the time the reversal is expected to take place.

The movement on deferred income tax is as follows:

	30 June 2014 € million
Balance at 1 January	3,055
Income statement credit/(charge) from continued operations	201
Income statement credit/(charge) from discontinued operations	26
Available for sale investment securities	(9)
Cash flow hedges	(2)
Costs directly attributable to equity transactions	28
Other	9
Balance at 30 June	3,308

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

	30 June 2014 € million
PSI+ tax related losses	1,234
Loan impairment	1,363
Unused tax losses	399
Costs directly attributable to equity transactions	75
Cash flow hedges	29
Changes in fair value accounted through the income statement & other temporary differences	208
Net deferred income tax	3,308

The net deferred income tax is analysed as follows:

	30 June 2014 € million
Deferred income tax asset	3,322
Deferred income tax liability (note 24)	(14)
Net deferred income tax	3,308

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

	30 June 2014 € million
Loan impairment	130
Unused tax losses	50
Tax deductible PSI+ losses	(22)
Change in fair value and other temporary differences	69
Deferred income tax (charge)/credit	227

As at 30 June 2014, the Group recognized net deferred tax assets amounting to € 3.3 billion as follows:

- (a) € 1,234 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;
- (b) € 1,363 million refer to temporary differences arising from loan impairment that can be utilised in future periods with no specified time limit and according to current tax legislation of each jurisdiction;
- (c) € 399 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2018;
- (d) € 312 million refer to other temporary differences the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

The recognition of the above presented deferred tax assets is based on management's assessment that it is expected that the respective Group entities will have sufficient taxable profits against which the unused tax losses and the deductible temporary differences can be utilized.

In particular, for tax losses for which there is a time constraint to be utilised, the management expects, in accordance with its 5-year period business plan, that the Group will have sufficient taxable profits to offset them. The key drivers of Group's future taxable profits refer to the expected decrease of the cost of funding and the operating expenses, following the completion of VES (voluntary exit scheme) as well as the closing of branches within the framework of its network rationalization. In addition, the estimated synergies from the integration of NHPB and New Proton, as well as the gradual decrease of the cost of risk, following the normalisation of macroeconomic conditions and the strategic priority of the Bank to the remedial management are expected to be significant contributors to the increase of future taxable profits.

14. Discontinued operations and disposal groups

Disposal of Polish operations

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

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) and exercised its put option on its remaining 13% stake in Raiffeisen Polbank. As of 30 April 2012, Polbank and RBI Poland (RBI's Polish banking subsidiary) were combined. The consideration receivable was subject to a) adjustments based on the Net Asset Value of Polbank at the closing of the transaction and b) the credit performance of the disposed mortgage loan portfolio.

By the end of March 2014 the Group has received € 814 million in cash, of which € 178 million in February 2014. In April 2014, an agreement was reached with RBI and the Group received an additional amount of € 30 million in settlement of the remaining consideration receivable of € 100 million. Hence, as at 31 March 2014 the gain on the disposal of Polish operations was adjusted with € 70 million losses, before tax (€ 52 million losses, after tax), while the relating provision recognized in 2013 based on management's estimates of the final amount of the consideration to be received was released accordingly.

Operations in Ukraine classified as held for sale

In March 2014, management committed to a plan to sell the Group's operations in Ukraine (including Public J.S.C. Universal Bank and ERB Property Services Ukraine LLC). The sale was considered highly probable, therefore, the Group's operations in Ukraine were classified as a disposal group held for sale. The Group's operations in Ukraine are presented in the International segment.

Following the classification of the disposal group as held for sale, in accordance with IFRS 5, impairment losses of € 169 million after tax were recognised from measuring the disposal group at the lower of its carrying amount and fair value less costs to sell, reflecting the uncertainty in the economic and political conditions in the country, escalating during the first half of 2014. In determining the fair value less costs to sell, the Group also considered the sale agreement for the largest part of the disposal Group signed on 14 August 2014, as described below. The impairment losses were allocated to the non-current assets (€ 24 million), loans and advances to customers (€ 136 million) and deferred tax asset (€ 9 million) of the disposal group.

Post Balance sheet event

On 14 August 2014, Eurobank entered into an agreement with entities of the Ukrainian Delta Bank Group for the disposal of its Ukrainian subsidiary "Public J.S.C. Universal Bank" and the transfer of Ukrainian assets for a total consideration of € 95 million. Upon completion of the transaction, no additional losses are expected to arise other than the recycling of losses previously recognized in other comprehensive income (currency translation and available for sale reserve) to the income statement. As at 30 June 2014, cumulative losses related to the Ukrainian held for sale operations recognised in other comprehensive income amounted to € 56 million (30 June 2013: € 44 million). The transaction, which is subject to the necessary approvals by the competent authorities as well as conditions relating to the political and economic situation in Ukraine, is expected to close within 2014.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

The results of the Group's held for sale and discontinued operations for 2014 are set out below. Comparative figures have been restated.

	Six months ended 30 June	
	2014 € million	2013 € million
Net interest income	8	14
Net banking fee and commission income	1	2
Other income	6	1
Operating expenses	(11)	(17)
Impairment and remeasurement losses on loans and advances	(163)	(4)
Profit/(loss) before tax from discontinued operations	(159)	(4)
Income tax ⁽¹⁾	8	1
Profit/(loss) after tax from discontinued operations	(151)	(3)
Gain/(loss) on disposal before tax (Polish and Turkish operations)	(70)	(18)
Loss on the remeasurement of non-current assets of disposal group	(24)	-
Income tax (Polish and Turkish operations)	18	0
Net profit/(loss) from discontinued operations	(227)	(21)
Net profit from discontinued operations attributable to non controlling interests	(0)	-
Net Profit/(loss) from discontinued operations attributable to shareholders	(227)	(21)

⁽¹⁾ For the period ended 30 June 2014 the amount refers to income tax from remeasurement

The above result includes € 148 million losses after tax, associated with the part of the disposal group that is subject to the sale agreement signed on 14 August 2014 and € 27 million losses after tax, associated with the other Ukrainian assets held for sale.

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

	30 June 2014 € million
Cash and balances with central banks	21
Loans and advances to banks	15
Trading and investment securities	73
Loans and advances to customers	233
Other assets	3
Total assets of disposal group classified as held for sale	345
Due to banks	8
Due to customers	207
Other liabilities	2
Total liabilities of disposal group classified as held for sale	217
Net Group funding associated with assets included in the sale agreement of 14 August 2014	161
Net Group funding associated with other Ukraine assets held for sale	21
	182
Net assets of disposal group classified as held for sale	(54)

15. Loans and advances to customers

	30 June 2014 € million	31 December 2013 € million
Wholesale lending	18,901	19,748
Mortgage lending	18,623	18,980
Consumer lending ⁽¹⁾	6,998	7,341
Small business lending	7,263	7,429
	51,785	53,498
Less: Impairment allowance (note 11)	(8,428)	(7,888)
	43,357	45,610
Included in gross loans and advances are:		
Past due more than 90 days	16,480	15,753

⁽¹⁾ Credit cards balances are included

16. Investment securities

	30 June 2014 € million	31 December 2013 € million
Available-for-sale investment securities	4,753	3,113
Debt securities lending portfolio	11,568	14,862
Held-to-maturity investment securities	715	741
	17,036	18,716

In May 2014, the GGBs of € 1.2 bn, issued for the Greek State's subscription to the Preference Shares under Law 3723/2008 "Greek Economy Liquidity Support Program", matured.

As of 30 June 2014, the Group proceeded with a restatement of certain Greek Government treasury bills, which were acquired in the 1st quarter 2014 and presented within the debt securities lending portfolio as of 31 March 2014, so that they are appropriately classified and presented within the Available for sale portfolio in line with the Group's designation. As a result, the interim financial information for the three month period ended 31 March 2014, is restated as follows: the carrying amount of the Available for sale portfolio as of 31 March 2014 increased by € 996 million with a respective decrease in the carrying amount of the Debt securities lending portfolio by € 992 million, an increase in the AFS reserve by 2.8 million net of tax and a decrease in the net deferred tax asset by € 1 million. The above restatement had no impact on the annual financial statements of 2013 nor on the interim financial information for the six months ended 30 June 2014 as a whole.

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 June 2014, the carrying amount of the reclassified securities was € 1,089 million. If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 30 June 2014 would have resulted in € 332 million losses net of tax, which would have been recognised in the available-for-sale revaluation reserve.

	30 June 2014			
	Available- for-sale securities € million	Debt securities lending portfolio € million	Held-to- maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,072	-	10,072
- Greek government bonds	216	907	-	1,123
- Greek government treasury bills	2,082	-	-	2,082
- Other government bonds	1,675	397	301	2,373
- Other issuers	407	192	414	1,013
	4,380	11,568	715	16,663
Equity securities	373	-	-	373
Total	4,753	11,568	715	17,036

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

	31 December 2013			
	Available- for-sale securities € million	Debt securities lending portfolio € million	Held-to- maturity securities € million	Total € million
Debt securities				
- EFSF bonds	107	10,080	-	10,187
- Greek government bonds	4	2,052	-	2,056
- Greek government treasury bills	1,079	2,083	-	3,162
- Other government bonds	1,190	400	305	1,895
- Other issuers	379	247	436	1,062
	<u>2,759</u>	<u>14,862</u>	<u>741</u>	<u>18,362</u>
Equity securities	<u>354</u>	<u>-</u>	<u>-</u>	<u>354</u>
Total	<u>3,113</u>	<u>14,862</u>	<u>741</u>	<u>18,716</u>

17. Investment property

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

	30 June 2014 € million
Cost:	
Balance at 1 January	779
Transfers from/to repossessed assets	19
Additions	174
Disposals and write-offs	(10)
Impairments	(31)
Exchange adjustments	(1)
Discontinued	(4)
Balance at 30 June	926
Accumulated depreciation:	
Balance at 1 January	(51)
Transfers	(0)
Disposals and write-offs	1
Charge for the year	(5)
Exchange adjustments	(0)
Discontinued	0
Balance at 30 June	(55)
Net book value at 30 June	871

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements
18. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 30 June 2014:

<u>Name</u>	<u>Note</u>	<u>Percentage holding</u>	<u>Country of incorporation</u>	<u>Line of business</u>
Be-Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services		98.01	Greece	Business-to-business e-commerce, accounting and tax services
Cloud Hellas S.A.	a	20.48	Greece	Real estate
ERB Insurance Services S.A.		100.00	Greece	Insurance brokerage
Eurobank Asset Management Mutual Fund Mngt Company S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Business Services S.A.		100.00	Greece	Payroll and advisory services
Eurobank Equities S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing S.A.		100.00	Greece	Leasing
Eurobank Factors S.A.		100.00	Greece	Factoring
Eurobank Financial Planning Services S.A.		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.	a	20.48	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.		50.00	Greece	Credit card management and other services
Hellenic Postbank - Hellenic Post Mutual Funds Mngt		51.00	Greece	Mutual fund management
T Credit S.A.		100.00	Greece	Vehicle and equipment leasing
T Leasing S.A.		100.00	Greece	Leasing
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
Foramonio Ltd	b	100.00	Cyprus	Real estate
NEU 03 Property Holding Ltd		100.00	Cyprus	Holding company
NEU II Property Holdings Ltd		100.00	Cyprus	Holding company
NEU BG Central Office Ltd	c	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.	a	20.48	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.		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

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Name	Note	Percentage holding	Country of incorporation	Line of business
Eulife 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.	a	20.48	Romania	Real estate
Seferco Development S.A.	a	20.48	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.	a	20.48	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		-	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, Proton Mutual Funds Management Company S.A, are dormant/under liquidation subsidiary undertakings not consolidated due to immateriality.

(a) Eurobank Properties R.E.I.C., Greece

Following the completion of the transaction with Fairfax Financial Holdings Limited and with institutional investors (note 32), the Group's ownership interest to Eurobank Properties decreased from 55.94% to 20.48% without loss of control. Therefore, the Group's ownership interest to Cloud Hellas S.A., Greece; Eliade Tower S.A., Retail Development S.A., Seferco Development S.A., Romania; Reco Real Property A.D., Serbia, which are subsidiaries of Eurobank Properties, decreased accordingly without loss of control.

(b) Foramonio Ltd, Cyprus

In May 2014, the Group acquired Foramonio Ltd, a real estate company incorporated in Cyprus.

(c) NEU BG Central Office Ltd, Cyprus

In March 2014, the name of NEUIII Property Holdings Ltd was changed and the new name of the entity is "NEU BG Central Office Ltd".

Post Balance sheet event

Public J.S.C. Universal Bank, Ukraine

In August 2014, Eurobank entered into an agreement with entities of the Ukrainian Delta Bank Group for the disposal of its Ukrainian subsidiary "PJSC Universal Bank" and the transfer of Ukrainian assets (note 14).

Andromeda Leasing I Holdings Ltd and Andromeda Leasing I Plc, United Kingdom

In July 2014, the liquidation of Andromeda Leasing I Holdings Ltd and Andromeda Leasing I Plc was completed.

ERB Leasing E.A.D and ERB Auto Leasing E.O.O.D., Bulgaria

In August 2014, ERB Leasing E.A.D merged with ERB Auto Leasing E.O.O.D.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

19. Other assets

	30 June 2014 € million	31 December 2013 € million
Receivable from Deposit Guarantee and Investment Fund	663	657
Reposessed properties and relative prepayments	551	558
Pledged amount for a Greek sovereign risk financial guarantee	252	250
Income tax receivable	288	223
Prepaid expenses and accrued income	60	67
Investments in associated undertakings and joint ventures	6	6
Other assets	457	480
	2,277	2,241

As at 30 June 2014, other assets amounting to € 457 million (31 December 2013: € 480 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 June 2014:

<u>Name</u>	<u>Country of incorporation</u>	<u>Line of business</u>	<u>Percentage Holding</u>
Rosequeens Properties SRL	Romania	Real estate company	33.33
Cardlink S.A.	Greece	POS administration	50.00
Tefin S.A.	Greece	Motor vehicle sales financing	50.00
Sinda Enterprises Company Ltd	Cyprus	Special purpose investment vehicle	48.00
Femion Ltd	Cyprus	Special purpose investment vehicle	66.45
Unitfinance S.A.	Greece	Financing company	40.00
Rosequeens Properties Ltd	Cyprus	Special purpose investment vehicle	33.33
Odyssey GP S.a.r.l.	Luxembourg	Special purpose investment vehicle	20.00

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

20. Due to central banks

	30 June 2014 € million	31 December 2013 € million
Secured borrowing from ECB and BoG	10,596	16,887
Secured borrowing from other central banks	-	20
	10,596	16,907

As at 30 June 2014, the Group has lowered its dependency on Eurosystem financing facilities to € 10.6 bn as a result of the completion of the Bank's share capital increase (note 25), selective assets deleveraging, issue of senior debt, as well as deposits gathering.

21. Due to other banks

	30 June 2014 € million	31 December 2013 € million
Secured borrowing from other banks	9,467	9,359
Secured borrowing from international financial institutions	267	293
Other borrowing from international financial institutions	145	225
Interbank takings	145	287
Current accounts and settlement balances with banks	33	28
	10,057	10,192

22. Due to customers

	30 June 2014 € million	31 December 2013 € million
Term deposits	25,126	25,850
Savings and current accounts	14,679	13,678
Repurchase agreements	1,547	1,408
Unit linked products	486	479
Other term products	88	120
	41,926	41,535

23. Debt issued and other borrowed funds

	30 June 2014 € million	31 December 2013 € million
Medium-term notes (EMTN)	509	288
Subordinated	218	206
Securitised	193	295
	920	789

Medium-term notes (EMTN)

In June 2014, the Group proceeded with the issue of medium term notes under its EMTN Program of face value of € 500 million, out of which 33 million were retained by the Bank and its subsidiaries. The notes have a four year maturity and pay fixed annual coupon of 4.25%.

During the period, medium term notes of face value of € 247 million, issued under the EMTN Program through the Group's special purpose entities, matured.

Subordinated (Lower TIER II)

In March 2014, the Board of Directors of the Bank decided the substitution of the issuer ERB Hellas (Cayman Islands) LTD with the Bank in relation to the Lower Tier II unsecured subordinated notes.

Asset Backed Securities

During the period, the Group proceeded with the repurchase of residential mortgage backed securities of face value of € 56 million, issued through its special purpose entities.

During the period, the Group proceeded with the redemption of securitized notes of face value of € 26 million acquired from NHPB, at their carrying amount.

Government guaranteed and Covered bonds

As at 30 June 2014, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 5), as well as the covered bonds, of face value of € 11,690 million and € 3,550 million respectively, were fully retained by the Bank and its subsidiaries.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

In May 2014, government guaranteed bonds of face value of € 332 million matured. Furthermore, in June 2014 the Group proceeded with the cancellation of government guaranteed bonds of face value of € 1,910 million.

In March 2014, the Group proceeded with the redemption of covered bonds of face value of € 250 million.

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 June 2014 € million	31 December 2013 € million
Insurance reserves	1,200	1,189
Other provisions	79	202
Deferred income and accrued expenses	117	79
Initial recognition adjustment of sovereign risk financial guarantee	54	55
Settlement balances with customers	65	72
Income taxes payable	19	59
Standard legal staff retirement indemnity obligations	29	27
Deferred tax liability (note 13)	14	8
Other liabilities	323	391
	1,900	2,082

As at 30 June 2014, other provisions amounting to € 79 million consist of amounts for (a) outstanding litigations of € 52 million (note 30), (b) operational risk events of € 17 million, (c) untaken vacation indemnity of € 4 million and (d) other provisions of € 6 million.

As at 30 June 2014, other liabilities amounting to € 323 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 2013: € 0.30). 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 2014	1,641	(0)	1,641	6,669	(0)	6,669
Share capital increase, net of expenses	2,771	-	2,771	12	-	12
Purchase of treasury shares	-	(1)	(1)	-	(0)	(0)
Sale of treasury shares	-	1	1	-	0	0
Balance at 30 June 2014	4,412	(0)	4,412	6,681	(0)	6,681

The following is an analysis of the movement in the number of shares issued by the Bank:

	Number of shares		
	Issued ordinary shares	Treasury shares	Net
Balance at 1 January 2014	5,469,166,865	(173,600)	5,468,993,265
Share capital increase	9,238,709,677	-	9,238,709,677
Purchase of treasury shares	-	(3,118,780)	(3,118,780)
Sale of treasury shares	-	2,379,135	2,379,135
Balance at 30 June 2014	14,707,876,542	(913,245)	14,706,963,297

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

On 12 April 2014, the Extraordinary Shareholders General Meeting:

(a) approved the increase of the share capital of the Bank up to its capital requirements, as these had been specified from the BoG, namely up to € 2,864 million, through payment in cash or/and contribution in kind, the cancellation of the pre-emption rights of the Bank's ordinary shareholders, including HFSF, and the only preference shareholder, namely the Greek State, and the issuance of up to 9,546,666,667 new common shares, of a nominal value of € 0.30 each, at an offer price of not less than the nominal value and the minimum price that the General Council of the HFSF would specify in accordance with Law 3864/2010;

(b) approved the New Shares to be offered via a private placement outside of Greece (the "International Offering") and through a public offer to the public in Greece (the "Public Offering");

(c) authorized the BoD to determine the offer price, the amount of the nominal increase and the number of new shares, to further specify and finalize the structure and the terms of the increase and the offering of the new shares, to adjust, by its resolution for the certification of the share capital Increase, articles 5 and 6 of the Bank's articles of association, and generally, to carry out at its discretion any act or action which is needed, necessary or appropriate to implement the resolutions of the EGM and completion of the increase.

Pursuant to the aforementioned resolutions of the EGM as well as the 29 April and 6 May 2014 Board resolutions:

(i) the share capital of the Bank is increased by € 2,771.6 million by issuing 9,238,709,677 new shares, of which 8,314,838,710 were allocated to investors participating in the International Offering and 923,870,967 to investors participating in the Public Offering, with a nominal value of € 0.30 each; and

(ii) The share premium is increased by € 92 million.

Incremental costs directly attributable to the aforementioned capital increase of € 2,864 million amounted to € 80 million, net of tax.

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 June 2014	31 December 2013
	€ million	€ million
345,500,000	950	950

On 12 January 2009 the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 "Greek Economy Liquidity Support Program", to be fully subscribed to and paid by the Greek State with bonds of equivalent value. The proceeds of the issue total € 940 million, net of expenses, and the transaction was completed on 21 May 2009. In accordance with the current legal and regulatory framework, the issued shares have been classified as Common Equity 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 2013 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.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements
27. Preferred securities

The outstanding amount of preferred securities issued by the Group through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 June 2014 is analyzed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
At 30 June 2014	2	5	49	21	77

The rate of preferred dividends for the Tier I Issue series A has been determined at 1.909% for the period 18 March 2014 to 17 March 2015.

As at 30 June 2014, the Series E of preferred securities amounting to € 100 million were fully retained by the Group.

On 23 December 2013, ERB Hellas Funding Ltd announced the non payment of the non-cumulative preferred dividend on the preferred securities of Series A, Series C and Series D, which otherwise would have been paid on 18 March 2014, 9 January 2014 and 29 January 2014, respectively.

On 26 March 2014, ERB Hellas Funding Ltd announced the non payment of the non-cumulative preferred dividend on the preferred securities of Series C and Series D, which otherwise would have been paid on 9 April 2014 and 29 April 2014, respectively.

On 23 June 2014, ERB Hellas Funding Ltd announced the non payment of the non-cumulative preferred dividend on the preferred securities of Series C and Series D, which otherwise would have been paid on 9 July 2014 and 29 July 2014, respectively.

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 quoted 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.

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 fair value hierarchy as at 30 June 2014 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 that an entity can access at the measurement date. 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, equity and derivative instruments traded on exchanges, as well as mutual funds and unit-linked products that have regularly and frequently published quotes.
- 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.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

- 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 equities, bond loans and certain OTC derivatives.

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

	30 June 2014			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets measured at fair value:				
Financial instruments held for trading	99	1	0	100
Financial instruments designated at fair value through profit or loss	228	-	-	228
Derivative financial instruments	0	1,671	4	1,675
Available-for-sale investment securities	4,408	91	254	4,753
Total financial assets	4,735	1,763	258	6,756
Financial liabilities measured at fair value:				
Derivative financial instruments	0	2,003	-	2,003
Due to customers:				
- Structured deposits	-	13	-	13
- Unit linked products	238	248	-	486
Debt issued and other borrowed funds:				
- Structured notes	-	38	-	38
Trading liabilities	10	-	-	10
Total financial liabilities	248	2,302	-	2,550

	31 December 2013			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets measured at fair value:				
Financial instruments held for trading	142	26	0	168
Financial instruments designated at fair value through profit or loss	207	-	-	207
Derivative financial instruments	0	1,264	-	1,264
Available-for-sale investment securities	2,702	131	280	3,113
Total financial assets	3,051	1,421	280	4,752
Financial liabilities measured at fair value:				
Derivative financial instruments	1	1,557	-	1,558
Due to customers:				
- Structured deposits	-	16	-	16
- Unit linked products	212	267	-	479
Debt issued and other borrowed funds:				
- Structured notes	-	34	-	34
Trading liabilities	0	-	-	0
Total financial liabilities	213	1,874	-	2,087

The Group recognizes 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. There were no transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the period ended 30 June 2014.

Following the management's review of the fair value hierarchy categorisation, the Group transferred during the period ended 30 June 2014 derivative instruments of € 7 million from Level 2 to Level 3, which are valued using valuation techniques, where the CVA calculation is based on unobservable inputs that result in a CVA adjustment significant to the entire fair value of the derivative.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Reconciliation of Level 3 fair value measurements

	30 June 2014 € million
Balance at 1 January	280
Transfers into Level 3	7
Total gain/(loss) for the period included in profit or loss	(23)
Total gain/(loss) for the period included in other comprehensive income	(0)
Additions, net of disposals and redemptions	(8)
Foreign exchange differences and other	2
Balance at 30 June	258

Of the total loss of € 23 million for the period ended 30 June 2014, € 22 million are presented in line 'Other impairment losses' and € 1 million in line 'Net trading income' in the Group's income statement.

Group's valuation processes

The Group uses widely recognized valuation models for determining the fair value of common financial instruments, such as interest and cross currency swaps, that use only observable market data and require little management estimation and judgment. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, 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. Fair values estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty, where appropriate.

Global Market Counterparty Risk Sector establishes the processes and procedures governing the fair valuations, in line with the Group's accounting policies. Some of the specific valuation controls include: verification of observable pricing, re-performance of model valuations, a review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc. Where third parties' valuations are used for fair value measurement, these are reviewed in order to ensure compliance with the requirements of IFRS 13.

Valuation techniques

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Group and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in circumstances, the Group considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Group applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorized as Level 3 in the fair value hierarchy. The main unobservable input used in their valuation is the recovery rate which was 55% for the period ended 30 June 2014. A reasonably possible change of 3% in the recovery rate used would not have a significant effect on their fair value measurement.

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.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

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 mainly (i) using third parties' valuation reports based on investees' net assets, where management does not perform any further significant adjustments, and (ii) net assets' valuations, adjusted where considered necessary.

The fair values of unquoted available-for-sale bond loans are estimated by discounting the future cash flows, over the time period they are expected to be recovered, including the realisation of any collateral held. In valuing these loans, the Group makes assumptions on expected recoverable amounts and timing of collateral realisation. The main unobservable input used in their valuation is the recovery rate which on average was 50% for the period ended 30 June 2014. A reasonably possible change of 3% in the recovery rate used would not have a significant effect on their fair value measurement.

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 June 2014	
	Carrying amount € million	Fair value € million
Financial assets		
Loans and advances to customers	43,357	43,540
Investment securities		
- Debt securities lending portfolio	11,568	11,128
- Held-to-maturity securities	715	697
Financial liabilities		
Debt issued and other borrowed funds	882	825

	31 December 2013	
	Carrying amount € million	Fair value € million
Financial assets		
Loans and advances to customers	45,610	45,930
Investment securities		
- Debt securities lending portfolio	14,862	14,410
- Held-to-maturity securities	741	693
Financial liabilities		
Debt issued and other borrowed funds	755	637

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:

- 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 estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Group makes assumptions on expected prepayments, product spreads and timing of collateral realisation. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

- 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.

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

29. Cash and cash equivalents and other information on Interim Cash Flow Statement
(a) Cash and cash equivalents

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

	30 June 2014 € million	31 December 2013 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	1,337	1,021
Loans and advances to banks	665	875
Financial instruments at fair value through profit or loss	44	55
	<u>2,046</u>	<u>1,951</u>

As at 30 June 2014, an amount of € 48 million, included above, is presented within "Assets of disposal group classified as held for sale".

(b) Adjustments for other (income)/losses on investment securities

	30 June 2014 € million	30 June 2013 € million
Amortisation of premiums/discounts and accrued interest	(70)	(43)
(Gains)/losses from sales	(55)	(100)
Dividends	(1)	(1)
	<u>(126)</u>	<u>(144)</u>

30. Contingent liabilities and other commitments

	30 June 2014 € million	31 December 2013 € million
Guarantees and standby letters of credit	644	679
Other guarantees and commitments to extend credit	748	1,007
Documentary credits	73	62
Capital expenditure	13	8
	<u>1,478</u>	<u>1,756</u>

Legal Proceedings

As at 30 June 2014, there were a number of legal proceedings outstanding against the Group for which a provision of € 52 million was recorded (31 December 2013: € 154 million). As at 31 March 2014, the Group proceeded with the release of the provision of € 103 million, recognized in 2013 based on the management's estimates of the final amount of the consideration to be received for the disposal of Polish operations (note 14).

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

31. Board of Directors

On 28 June 2014, the General Meeting elected seven new Board members; on the same date, at the wish of four Board members, their term of office was terminated and the Board was constituted as a body. The term of office of the new Board members expires concurrently with the term of office of the other members, i.e. at the Annual General Meeting that will take place in 2016:

P.A. Thomopoulos	Chairman, Non-Executive (nominated as Chairman on 28 June 2014)
G. David	Chairman, Non-Executive (until 28 June 2014)
G. Gondicas ⁽¹⁾	Honorary Chairman, Non-Executive (until 28 June 2014)
S. Lorentziadis	Vice Chairman, Non-Executive Independent (nominated as Vice Chairman on 28 June 2014)
E. G. Arapoglou	Vice Chairman, Non-Executive Independent (until 28 June 2014)
C. Megalou	Chief Executive Officer
F. Karavias	Executive (appointed as of 28 June 2014)
W. S. Burton	Non-Executive (appointed as of 28 June 2014)
G. Chrysikos	Non-Executive (appointed as of 28 June 2014)
J. S. Haick	Non-Executive Independent (appointed as of 28 June 2014)
B. P. Martin	Non-Executive Independent (appointed as of 28 June 2014)
J. Seegopaul	Non-Executive Independent (appointed as of 28 June 2014)
D. Papalexopoulos	Non-Executive Independent (until 28 June 2014)
D. Georgoutsos	Non-Executive (Greek State representative under Law 3723/2008)
K. H. Prince – Wright	Non-Executive (HFSF representative under Law 3864/2010)

⁽¹⁾ Mr. Gondicas maintains the position of the Board's Honorary Chairman.

32. Other significant and post balance sheet events

Transactions with non-controlling interests

(i) Transaction with Fairfax Financial Holdings Limited on Eurobank Properties R.E.I.C.

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 R.E.I.C. ("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:

- Eurobank Properties would proceed with a share capital increase (the "Rights Issue") to raise € 193 million, approximately, with pre-emption rights in favour of Eurobank Properties' existing shareholders (the "Rights") at an offer price of € 4.80 per new share;
- 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 would increase its participation in Eurobank Properties to approximately 41% (from approximately 19% held at 31 December 2013) and the Bank would hold approximately 33.5% assuming that all other shareholders of Eurobank Properties would exercise their Rights; and
- Eurobank and Fairfax would 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 does not fall below 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.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Pursuant to the aforementioned investment agreement, on 21 January 2014, Fairfax's subsidiaries acquired from the Bank the 33,888,849 pre-emption rights regarding the share capital increase of Eurobank Properties for a total consideration of € 19,994,420.91, i.e. € 0.59 per pre-emption right.

The share capital increase of Eurobank Properties amounting to € 193 million was fully covered through payment in cash, and on 6 February 2014, 40,260,000 new common shares were issued. As a result, the Group is deemed to have disposed of a 21.99% of its interest that was held in Eurobank Properties.

(ii) Transaction with institutional investors on Eurobank Properties

On 25 June 2014, the Bank disposed of 13,636,848 of common shares with voting rights of Eurobank Properties, which correspond to 13.47% of its interest that was held in Eurobank Properties. The trades were executed at the price of euro 8.75 per share.

Following the completion of the transactions (i) and (ii), the Group's ownership interest in Eurobank Properties and its subsidiaries: Cloud Hellas S.A., Greece; Eliade Tower S.A., Retail Development S.A., Seferco Development S.A., Romania; Reco Real Property A.D., Serbia, ("ERB properties group"), decreased from 55.94% to 20.48% without loss of control. Control was retained by the Group by virtue of the agreement with Fairfax, which as described in point (c) above, provided the Group with the ability to direct the significant activities of Eurobank Properties. Hence, the transactions were recorded as equity transactions with non-controlling interests which were increased by € 376 million. The effect of the transactions on the equity attributable to shareholders of the Bank and the regulatory capital is summarised as follows:

	30 June 2014 € million
Carrying amount of interest in Eurobank properties group disposed of ⁽¹⁾	(376)
Consideration received from non - controlling shareholders ⁽²⁾	331
Decrease in shareholder's equity	(45)
Increase in Group's regulatory capital	256

⁽¹⁾ Including deemed disposal through the aforementioned ERB properties' share capital increase.

⁽²⁾ Consideration is presented net of costs attributable to the aforementioned transactions.

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

Note 14 – Discontinued operations and disposal groups

Note 18 – Shares in subsidiary undertakings

Note 33 – Related parties

33. Related parties

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. 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.

Following the completion of the Bank's share capital increase (note 25), fully covered by private, institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%. In addition, in the context of the Law 3864/2010 (the 'HFSF Law') as amended by Law 4254/2014, the HFSF's voting rights in the Bank's General Assemblies have been switched to restricted ones (note 7). Accordingly, as of early May, the HFSF is no more the controlling shareholder of the Group but is considered to have significant influence over it. Therefore, the HFSF is considered to be a related

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

party to the Group, whereas Greek Banks significantly influenced by HFSF, within the context of the Greek Banks' recapitalisation, are not regarded as such.

For the period for which HFSF was the controlling shareholder of the Bank, the transactions between the Group and Greek Banks significantly influenced by HFSF, were not significant.

In addition, in the context of the amended HFSF Law, HFSF has undertaken (a) to enter into a new relationship framework agreement with Eurobank and (b) not to sell any shares that it holds in Eurobank for a period of 6 months after the offering. Following the completion of the Bank's share capital increase, on 28 August 2014 HFSF entered into a new relationship framework agreement with Eurobank, similar to that of the other systemic 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 outstanding balances of the said related party transactions and the relating income and expenses are as follows:

	30 June 2014			31 December 2013		
	Key management personnel (KMP) ⁽¹⁾ € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million	Key management personnel (KMP) ⁽¹⁾ € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million
Loans and advances to customers net of provision	4	14	-	3	16	0
Other assets ⁽²⁾	0	-	2	0	-	2
Due to customers	4	9	0	7	8	0
Other liabilities	0	-	-	1	-	-
Guarantees received	0	-	-	0	-	-
	six months ended 30 June 2014			six months ended 30 June 2013		
Net interest income	(0)	0	0	(0)	0	(0)
Net banking fee and commission income	0	-	-	0	0	-
Impairment losses on loans and advances	-	(2)	-	-	-	-
Other operating income/(expense)	(0)	-	(0)	(0)	(0)	-

⁽¹⁾Key management personnel includes directors and key management personnel of the Group and HFSF (until early May 2014) and their close family members. For the period ended 30 June 2014, the amounts of income and expenses in relation with transactions with directors and key management personnel of HFSF and their close family members are immaterial.

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

During the period ended 30 June 2014 an impairment loss of € 1.5 million (30 June 2013: nil) has been recorded against loan balances with a Group's joint venture increasing the respective impairment allowance to € 10 million (31 December 2013: € 8.5 million).

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 € 2.78 million (30 June 2013: € 3.1 million) and long-term employee benefits (excluding share-based payments) of € 0.35 million (30 June 2013: € 0.3 million). Additionally, income of € 0.12 million relating with forfeited share options has been recognized in income statement as at 30 June 2014 (30 June 2013: € 0.1 million).

34. 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, 4144/2013 and 4261/2014, any distribution of profits to ordinary shareholders of the banks participating in the first stream of the Greek Economy Liquidity Support Program for the financial years 2008 to 2013 could only take place in the form of ordinary shares, other than treasury shares. Based on the 2013 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 August 2014

Panayotis - Aristidis A. Thomopoulos

I.D. No AB - 615435

CHAIRMAN
OF THE
BOARD OF DIRECTORS

Christos I. Megalou

I.D. No AE - 011012

CHIEF
EXECUTIVE
OFFICER

Harris V. Kokologiannis

I.D. No AK - 021124

GENERAL MANAGER
GROUP FINANCE & CONTROL
(CHIEF FINANCIAL OFFICER)

George D. Xifaras

I.D. No T - 125995

DEPUTY GENERAL MANAGER
GROUP FINANCE & CONTROL

V. Condensed Interim Financial Statements for the six months ended 30 June 2014



EUROBANK ERGASIAS S.A.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2014

8 Othonos Street, Athens 105 57, Greece
www.eurobank.gr, Tel.: (+30) 210 333 7000
Company Registration No: 000223001000

Index to the Condensed Interim Financial Statements	Page
Interim Income Statement	1
Interim Balance Sheet.....	2
Interim Statement of Comprehensive Income	3
Interim Statement of Changes in Equity.....	4
Interim Cash Flow Statement	5
 Selected Explanatory Notes to the Condensed Interim Financial Statements	
1. General information	6
2. Basis of preparation of condensed interim financial statements	6
3. Principal accounting policies.....	7
4. Critical accounting estimates and judgments in applying accounting policies	8
5. Greek Economy Liquidity Support Program.....	8
6. Credit exposure to Greek sovereign debt.....	9
7. Capital management.....	9
8. Operating expenses	12
9. Impairment allowance for loans and advances	12
10. Other impairment losses and non recurring income/(expenses)	12
11. Income tax and non recurring tax adjustments.....	13
12. Discontinued operations.....	15
13. Loans and advances to customers	15
14. Investment securities.....	15
15. Shares in subsidiary undertakings	16
16. Other assets	17
17. Due to central and other banks	17
18. Due to customers.....	17
19. Debt issued and other borrowed funds.....	18
20. Other liabilities	18
21. Ordinary share capital and share premium	19
22. Preference shares	19
23. Hybrid capital.....	20
24. Fair value of financial assets and liabilities	20
25. Cash and cash equivalents and other information on Interim Cash Flow Statement.....	24
26. Contingent liabilities and other commitments	25
27. Board of Directors.....	25
28. Other significant and post balance sheet events.....	25
29. Related parties.....	26
30. Dividends	28

Interim Income Statement

	Note	Six months ended 30 June		Three months ended 30 June	
		2014	2013	2014	2013
		€ million	€ million	€ million	€ million
Net interest income		493	304	250	153
Net banking fee and commission income		30	43	15	24
Income from non banking services		3	3	1	2
Dividend income		20	1	20	1
Net trading income		5	(30)	(3)	(10)
Gains less losses from investment securities		16	16	9	7
Net other operating income		0	(40)	1	(40)
Operating income		567	297	293	137
Operating expenses	8	(357)	(303)	(179)	(150)
Profit from operations before impairments and non recurring income/(expenses)		210	(6)	114	(13)
Impairment losses on loans and advances	9	(828)	(694)	(408)	(333)
Other impairment losses	10	(28)	57	(18)	(10)
Other non recurring income/(expenses)	10	55	(80)	4	(63)
Profit/(loss) before tax		(591)	(723)	(308)	(419)
Income tax	11	176	182	83	103
Non recurring tax adjustments	11	77	591	-	-
Net profit/(loss) from continuing operations		(338)	50	(225)	(316)
Net profit/(loss) from discontinued operations	12	(52)	1	-	1
Net profit/(loss) attributable to shareholders		(390)	51	(225)	(315)

The income statement for the first half of 2014 includes the results of New TT Hellenic Postbank and New Proton Bank, which are incorporated in the Bank's financial statements from 1 September 2013, prospectively.

Notes on pages 6 to 28 form an integral part of these condensed interim financial statements

Interim Balance Sheet

	Note	30 June 2014 € million	31 December 2013 € million
ASSETS			
Cash and balances with central banks		1,137	651
Loans and advances to banks		5,986	8,098
Financial instruments at fair value through profit or loss		66	62
Derivative financial instruments		1,664	1,260
Loans and advances to customers	13	35,990	37,468
Investment securities	14	14,896	15,008
Shares in subsidiary undertakings		2,730	2,907
Property, plant and equipment		307	314
Investment property		57	57
Intangible assets		62	71
Deferred tax asset	11	3,295	3,024
Other assets	16	1,795	1,749
Total assets		67,985	70,669
LIABILITIES			
Due to central banks	17	10,596	16,887
Due to other banks	17	12,833	12,196
Derivative financial instruments		2,003	1,554
Due to customers	18	34,383	33,952
Debt issued and other borrowed funds	19	1,279	1,461
Other liabilities	20	478	617
Total liabilities		61,572	66,667
EQUITY			
Ordinary share capital	21	4,412	1,641
Share premium	21	6,681	6,669
Reserves and retained earnings		(6,028)	(5,656)
Preference shares	22	950	950
Total equity attributable to shareholders of the Bank		6,015	3,604
Hybrid capital	23	398	398
Total equity		6,413	4,002
Total equity and liabilities		67,985	70,669

Notes on pages 6 to 28 form an integral part of these condensed interim financial statements

Interim Statement of Comprehensive Income

	Six months ended 30 June				Three months ended 30 June			
	2014		2013		2014		2013	
	€ million		€ million		€ million		€ million	
Net profit/(loss)	(390)		51		(225)		(315)	
Other comprehensive income:								
Items that are or may be reclassified subsequently to profit or loss:								
Cash flow hedges								
- net changes in fair value, net of tax	(4)		25		(1)		19	
- transfer to net profit, net of tax	10	6	36	61	5	4	18	37
Available for sale securities								
- net changes in fair value, net of tax	18		1		1		4	
- impairment losses on investment securities transfer to net profit, net of tax	-		(2)		-		(4)	
- transfer to net profit, net of tax	(11)	7	(5)	(6)	(7)	(6)	(9)	(9)
Other comprehensive income	13		55		(2)		28	
Total comprehensive income attributable to shareholders:								
- from continuing operations	(325)		105		(227)		(288)	
- from discontinued operations	(52)	(377)	1	106	-	(227)	1	(287)

Notes on pages 6 to 28 form an integral part of these condensed interim financial statements

Interim Statement of Changes in Equity

	Total equity attributable to shareholders of the Bank						
	Ordinary share capital € million	Share premium € million	Special reserves and ordinary shares under issue € million	Retained earnings € million	Preference shares € million	Hybrid capital € million	Total € million
Balance at 1 January 2013	1,228	1,448	990	(6,601)	950	688	(1,297)
Net profit/(loss)	-	-	-	51	-	-	51
Other comprehensive income	-	-	55	-	-	-	55
Total comprehensive income for the six months ended 30 June 2013	-	-	55	51	-	-	106
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
Shares under issue following LME, net of expenses	-	-	316	-	-	-	316
(Purchase)/sale of Hybrid capital, net of tax	-	-	-	(12)	-	(290)	(302)
Hybrid capital's dividend paid, net of tax	-	-	-	(15)	-	-	(15)
Share-based payment:							
- Value of employee services	-	-	(1)	-	-	-	(1)
	(75)	4,537	1,526	(27)	-	(290)	5,671
Balance at 30 June 2013	1,153	5,985	2,571	(6,577)	950	398	4,480
Balance at 1 January 2014	1,641	6,669	3,457	(9,113)	950	398	4,002
Net profit/(loss)	-	-	-	(390)	-	-	(390)
Other comprehensive income	-	-	13	-	-	-	13
Total comprehensive income for the six months ended 30 June 2014	-	-	13	(390)	-	-	(377)
Share capital increase, net of expenses	2,771	12	-	(6)	-	-	2,777
(Purchase)/sale of treasury shares and Hybrid capital, net of tax	-	-	-	11	-	-	11
Share-based payment:							
- Value of employee services	-	-	(0)	-	-	-	(0)
	2,771	12	(0)	5	-	-	2,788
Balance at 30 June 2014	4,412	6,681	3,470	(9,498)	950	398	6,413
	Note 21	Note 21			Note 22	Note 23	

Notes on pages 6 to 28 form an integral part of these condensed interim financial statements

Interim Cash Flow Statement

		Six months ended 30 June	
		2014	2013
			Adjusted ⁽¹⁾
Note	€ million	€ million	€ million
Cash flows from operating activities			
Profit/(loss) before income tax from operations		(591)	(723)
Adjustments for :			
Impairment losses on loans and advances		828	694
Other impairment losses and provisions/ (reversal)		(71)	(14)
Depreciation and amortisation		28	23
Other (income)/losses on investment securities	25 (b)	(58)	(78)
(Income)/losses on debt issued		2	2
(Gain)/ losses on sale of subsidiaries, associates and joint ventures		38	25
Dividends from subsidiaries, associates and joint ventures		(19)	-
Other adjustments		0	(1)
		157	(72)
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		97	(245)
Net (increase)/decrease in financial instruments at fair value through profit or loss		(5)	19
Net (increase)/decrease in loans and advances to banks		1,711	3,798
Net (increase)/decrease in loans and advances to customers		679	712
Net (increase)/decrease in derivative financial instruments		10	(36)
Net (increase)/decrease in other assets		3	(98)
Net increase/(decrease) in due to banks		(5,655)	(4,369)
Net increase/(decrease) in due to customers		431	(895)
Net increase/(decrease) in other liabilities		(82)	(75)
		(2,811)	(1,189)
Net cash from/(used in) operating activities		(2,654)	(1,261)
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(14)	(8)
(Purchases)/sales and redemptions of investment securities		212	1,037
Acquisition of subsidiaries, associated undertakings, joint ventures and participations in capital increases		(0)	(50)
Disposal of subsidiaries		139	0
Dividends from investment securities, subsidiaries, associated undertakings and joint ventures		7	0
Net cash from/(used in) investing activities		344	979
Cash flows from financing activities			
(Repayments)/proceeds from debt issued and other borrowed funds		(171)	(209)
Proceeds from share capital increase and ordinary shares under issue		2,864	316
Expenses paid for share capital increases		(104)	(67)
Purchase of preferred securities		-	(295)
Preferred securities' dividend paid		-	(19)
Net cash from/(used in) financing activities		2,589	(274)
Net increase/(decrease) in cash and cash equivalents		279	(556)
Cash and cash equivalents at beginning of period	25 (a)	1,218	1,398
Cash and cash equivalents at end of period	25 (a)	1,497	842

⁽¹⁾ Comparative information has been adjusted due to the adoption of indirect method on the presentation of operating cash flows.

Notes on pages 6 to 28 form an integral part of these condensed interim financial statements

Selected Explanatory Notes to the Condensed Interim Financial Statements

1. General information

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 through its subsidiaries in Central, Eastern and Southeastern Europe.

These condensed interim financial statements were approved by the Board of Directors on 29 August 2014.

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 2013. 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. The Board of Directors has taken into consideration the following factors:

(a) the material economic and market risks and uncertainties that impact the Greek Banking system. The main risks stem from the domestic macroeconomic and political environment, the impact of the significant fiscal adjustment efforts on the Greek economy and the implementation of the structural reforms agenda. The significant progress made to date could be compromised by significant delays in official financing, as well as implementation risks, political instability, reform fatigue in Greece, external shocks from the global economy, deflationary pressures and delays in the implementation of the privatization programme. The restoration of confidence, 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, privatization 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. The recent interest expressed from international investors for the Greek banks' share capital increases and the corporate bonds' issuance, constitute, together with the gradual normalisation of 10Yr-bond spreads early signs of improved confidence. The recent quarterly GDP data provided by the Greek statistical authority point towards a narrowing of the recession, at 0.2% of GDP in the second quarter of 2014 from 4% in the second quarter of 2013. Continuation of the recession could adversely affect the region and could lead to lower pre-provision profitability, deterioration of asset quality and reduction of deposits. These conditions may impair the Bank's capital adequacy position over the foreseeable future.

(b) the reliance on Eurosystem financing facilities, although it is persistently decreasing, is an ongoing liquidity challenge for the Bank. As at 30 June 2014, the Bank's borrowing from Eurosystem was € 10.6 bn (31 December 2013: € 16.9 bn).

(c) the ECB comprehensive assessment of eurozone's most significant banks currently carried out jointly with the respective national competent authorities (NCAs) and European Banking Authority (EBA), which may lead to different capital needs for the Bank, as compared with the recently concluded capital needs exercise carried out by BoG in cooperation with BlackRock (note 7).

Notwithstanding the conditions and uncertainties mentioned above, the Directors, having considered the successful completion of the recent share capital increase of the Bank and the mitigating factors set out below, are satisfied that the financial statements of the Bank can be prepared on a going concern basis:

(i) as at 30 June 2014, the Group's Common Equity Tier I ratio (proforma with the implementation of Basel III IRB credit risk methodology to NHPB's mortgage portfolio and the disposal of Ukrainian operations) stands at 17.8%, well above the statutory limit (note 7);

(ii) that the Bank continues the implementation of its medium term internal capital generating plan, which includes initiatives generating or releasing Common Equity Tier I capital and/or reducing Risk Weighted Assets;

(iii) should they become necessary, the availability of additional recapitalisation funds from HFSF that can support any capital needs on top of the amounts already provided;

(iv) the Bank's continued access to Eurosystem funding over the foreseeable future.

Selected Explanatory Notes to the Condensed Interim Financial Statements

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 2013, except as described below.

New standards and interpretations adopted by the Bank

The following new standards and amendments to standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2014:

IAS 27, Amendment - Separate Financial Statements

The amendment is issued concurrently with IFRS 10 'Consolidated Financial Statements' and together they supersede IAS 27 'Consolidated and Separate Financial Statements'. The amendment prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

IAS 28, Amendment - Investments in Associates and Joint Ventures

The amendment replaces IAS 28 'Investments in Associates'. The objective of the amendment is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures following the publication of IFRS 11. An exemption from applying the equity method is provided, when the investment in associate or joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment –linked insurance funds. In this case, investments in those associates and joint ventures may be measured at fair value through profit or loss.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities

The amendment clarifies the requirements for offsetting financial assets and financial liabilities.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

IAS 36, Amendment - Recoverable Amount Disclosures for Non-Financial Assets

The amendments restrict the requirement to disclose the recoverable amount of an asset or cash generating unit only to periods in which an impairment loss has been recognized or reversed.

They also include detailed disclosure requirements applicable when an asset or cash generating unit's recoverable amount has been determined on the basis of fair value less costs of disposal and an impairment loss has been recognized or reversed during the period.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

IAS 39, Amendment - Novation of derivatives and continuation of hedge accounting

The amendment provides relief from discontinuing hedge accounting when, as a result of laws and regulations, a derivative designated as a hedging instrument is novated to effect clearing with a central counterparty and specific criteria are met.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

IFRS 10, Consolidated Financial Statements

IFRS 10 replaces the part of IAS 27 'Consolidated and Separate Financial Statements' that deals with consolidated financial statements and SIC 12 'Consolidation-Special Purpose Entities'. Under IFRS 10, there is a new definition of control, providing a single basis for consolidation for all entities. This basis is built on the concept of power over the investee, variability of returns from the involvement with the investee and their linkage, replacing thus focus on legal control or exposure to risks and rewards, depending on the nature of the entity.

The adoption of IFRS 10 had no impact on the Bank's condensed interim financial statements.

IFRS 11, Joint Arrangements

IFRS 11 replaces IAS 31 'Interests in Joint Ventures' and SIC-13 'Jointly Controlled Entities- Non – monetary Contributions by Ventures' and establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.

Selected Explanatory Notes to the Condensed Interim Financial Statements

Under IFRS 11, there are only two types of joint arrangements, joint operations and joint ventures and their classification is based on the parties' rights and obligations arising from the arrangement, rather than its legal form.

The equity method of accounting is now mandatory for joint ventures. The option to use the proportionate consolidation method to account for joint ventures is no longer allowed. In joint operations, each party that has joint control of the arrangement recognizes in its financial statements, in relation to its involvement in the joint operation, its assets, liabilities and transactions, including its share in those arising jointly.

The adoption of this standard had no impact on the Bank's condensed interim financial statements.

IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 specifies the disclosures required in annual financial statements to enable users of financial statements to evaluate the nature of and risks associated with the reporting entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

IFRS 12 does not apply to separate financial statements, unless the entity prepares them as its only financial statements, in which case IFRS 12 disclosures should be included.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

IFRS 10, 11 and 12 Amendments - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The amendments clarify the transition guidance in IFRS 10 and provide additional transition relief in IFRS 10, 11 and 12, requiring adjusted comparative information to be limited only to the preceding comparative period. In addition, for disclosures related to unconsolidated structured entities, the requirement to present comparative information for periods before IFRS 12 is first applied, is removed.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

IFRS 10, 12 and IAS 27 Amendments - Investment Entities

The amendments require that 'investment entities', as defined below, account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss. The only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. Under the amendments an 'Investment entity' is an entity that:

- (a) obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The amendments also set out disclosure requirements for investment entities.

The adoption of the amendments had no impact on the Bank's condensed interim financial statements.

4. Critical accounting estimates and judgments in applying accounting policies

In preparing these condensed interim financial statements, the significant judgments 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 2013.

5. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic'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, 4021/2011 and 4093/2012 and extended by a Ministerial decision issued on 3 July 2014, 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 22).

Selected Explanatory Notes to the Condensed Interim Financial Statements

(b) Second stream - bonds guaranteed by the Hellenic Republic

As at 30 June 2014, the government guaranteed bonds, of face value of € 11,690 million, were fully retained by the Bank and its subsidiaries. In May 2014, government guaranteed bonds of face value of € 332 million matured. Furthermore, in June 2014, the Bank proceeded with the cancellation of government guaranteed bonds of face value of € 1,910 million (note 19).

(c) Third stream - lending of Greek Government bonds

Liquidity obtained under this stream must be used to fund mortgages and loans to small and medium-size enterprises. As at 30 June 2014, the Bank had borrowed special Greek Government bonds of € 1,918 million.

Under Law 3723/2008, for the period the Bank participates in the program through the preference shares or the guaranteed bonds, the Hellenic Republic is entitled to appoint its representative to the Board of Directors with the right to veto strategic decisions or decisions which alter substantially the legal or financial position of the Bank and require the General Assembly's approval or decision for the dividends' distribution and the remuneration policy towards the members of the Board of Directors and the General Managers and their deputies pursuant to a relevant resolution of the Minister of Finance or in the event such representative judges that the decision may jeopardize the interests of the depositors or materially affect the solvency and the orderly operation of the Bank.

In addition, under Law 3756/2009, as amended by Law 3844/2010, and supplemented by Laws 3965/2011, 4063/2012, 4144/2013 and 4261/2014, any distribution of profits to ordinary shareholders of the banks participating in the first stream of the Greek Economy Liquidity Support Program for the financial years 2008 to 2013 could only take place in the form of ordinary shares, other than treasury shares. In addition, under Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

6. Credit exposure to Greek sovereign debt

As at 30 June 2014, the total carrying value of Greek sovereign major exposures amounted to € 4,561 million (31 December 2013: € 5,878 million). This includes a) Treasury Bills of € 1,988 million (31 December 2013: € 2,574 million), b) GGBs of € 1,069 million (31 December 2013: € 868 million), c) derivatives with the Greek State of € 932 million (31 December 2013: € 634 million), d) exposure of € 198 million relating with Greek Sovereign risk financial guarantee (31 December 2013: € 195 million), e) loans guaranteed by the Greek State of € 220 million (31 December 2013: € 238 million), f) loans to Greek local authorities and public organizations of € 109 million (31 December 2013: € 132 million) and g) other receivables of € 45 million (31 December 2013: € 40 million). The GGBs issued for the Greek State's subscription to the Preference Shares, under Law 3723/2008 "Greek Economy Liquidity Support Program", matured in May 2014 (31 December 2013: € 1,197 million).

7. Capital management

Eurobank's share capital increase and capital management

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

The capital needs of the Group were assessed by the Bank of Greece (BoG) based on the credit loss projections from BlackRock's 2013 diagnostic review and the estimated future ability of internal capital generation for the period June 2013-December 2016, based on a conservative adjustment of the Bank's restructuring plan submitted in November 2013. For this exercise, BlackRock assessed highly granular data for the banks' domestic loan portfolios, and also provided an evaluation of the loan books of the major foreign subsidiaries of Greek banks. The methodology used for the capital needs assessment was conservative and the capital needs were estimated using a minimum Core Tier I threshold of 8% for the baseline scenario and 5.5% for the adverse scenario, while the regulatory value of the deferred tax asset was limited to 20% of Core Tier I. On 8 April 2014, the BoG following (a) the assessment of Eurobank's capital needs amounting to € 2,945 million under the baseline scenario, concluded on 6 March 2014 and (b) the capital enhancement plan submitted by the Bank on 24 March 2014, whereby the Bank: (i) revised its capital actions providing for an additional positive impact on regulatory capital of € 81 million and proposed to adjust the restructuring plan accordingly and (ii) stated that it intends to cover the remaining capital needs through a share capital increase, notified the Bank that its Core Tier I capital should increase by € 2,864 million.

Selected Explanatory Notes to the Condensed Interim Financial Statements

On 30 March 2014, the Greek Parliament under the Law 4254/2014 that amended Law 3864/2010, reformed the framework for the recapitalization of credit institutions operating in Greece. The most significant amendments made pursuant to Law 4254/2014 are set out below:

- (a) The disposal of shares held by the HFSF may be conducted by selling shares of the credit institutions to the public or specific investors or group of investors;
- (b) The HFSF may reduce its participation in the credit institutions through a share capital increase, by waiving its preemption rights or by selling them;
- (c) The HFSF may determine the offer price and the minimum price of the share capital increase based on two valuation reports issued by two independent financial advisors of international standing and experience in similar matters and in particular valuations of credit institutions. The aforementioned specified prices may be lower than the acquisition price by the HFSF or the current market price of the shares;
- (d) The HFSF will have restricted voting rights in the Bank's General Assembly in case the private participation in the first capital increase to take place after the publication of Law 4254/2014 is at least equal to the 50% threshold set by this Law. Under this framework, the HFSF will cast its votes in the General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or reduction of the capital or the corresponding authorization to the board, the mergers, divisions, conversions, revivals, extension of term or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring increased majority as provided for in the company Law 2190/1920.

Following the assessment of Bank's capital needs by BoG and according to the new recapitalisation framework, on 12 April 2014 the Bank's Extraordinary Shareholders' General Meeting approved the increase of the share capital of the Bank up to € 2,864 million through payment in cash or/and contribution in kind, the cancellation of the preemption rights of the Bank's ordinary shareholders, including HFSF, and the only preference shareholder, namely the Greek State, and the issuance of up to 9,546,666,667 new ordinary registered shares, of a nominal value of € 0.30 each.

On 29 April 2014, the Bank announced that both the public offering of new ordinary registered shares to the public in Greece and the private placement of new ordinary registered shares to investors outside Greece were oversubscribed and the offer price set at €0.31 per offered new ordinary registered share. As a result, the share capital of the Bank increased by €2,771.6 million and an aggregate of 9,238,709,677 new ordinary registered shares were issued, which have been listed on the main market of the Athens Exchange and their trading commenced on 9 May 2014. The proceeds were used to increase the Tier I Capital according to 8 April 2014 resolution of the BoG. The successful completion of the Bank's capital increase constitutes a step towards further strengthening its capital position and enhances its ability to support the Greek economy.

The Bank has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank'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. As of 1 January 2014 the capital adequacy calculation is based on Basel III (CRDIV) rules. Main differences of the new framework compared to Basel II concern the treatment of deferred tax asset, non controlling interests and participation in insurance companies.

During the last years the Bank focused on the organic strengthening of its capital position by active derisking of lending portfolios through tighter credit policies and change in the portfolio mix in favour of more secured loans as well as by proceeding to several strategic initiatives to internally generate capital.

As at 30 June 2014, the Group's Common Equity Tier I ratio (Basel III (CRDIV) rules estimate) stands at 17.0% and proforma with the implementation of Basel III IRB credit risk methodology to NHPB's mortgage portfolio and the disposal of Ukrainian operations at 17.8% (Bank's Common Equity Tier I ratio: 18.4%).

Finally, the Bank 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 further capital and/or reduce Risk Weighted Assets.

Restructuring plan

On 29 April 2014, the European Commission approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. The Hellenic Republic has committed that the Bank will implement in particular specific measures and actions and will achieve objectives which are integral part of said restructuring plan.

Selected Explanatory Notes to the Condensed Interim Financial Statements

Principal commitments to be implemented by the end of 2018 relate to (a) the reduction of the total costs and the net loan to deposit ratio for the Group's Greek activities, (b) the reduction of the Bank's cost of deposits, (c) the reduction of the Group's foreign assets, (d) the decrease of the shareholding in specific non banking subsidiaries, (e) the securities portfolio deleveraging, and (f) restrictions on the capital injection to the Bank's foreign subsidiaries unless the regulatory framework of each relevant jurisdiction requires otherwise, the purchase of non investment grade securities, the staff remuneration, the credit policy to be adopted and other strategic decisions.

European Central Bank's Comprehensive Assessment

The European Central Bank (ECB), in the context of preparation of the Single Supervisory Mechanism (SSM) is conducting a comprehensive assessment comprising of a supervisory risk assessment, asset quality review (AQR) and stress test.

The Comprehensive Assessment encompasses the Eurozone's most significant banks and is carried out jointly with national competent authorities (NCAs) and EBA.

The objective of the EU-wide stress test is to assess the resilience of the financial institutions in the EU to adverse market developments and assess the potential of systemic risk to increase in stress situations. The evaluation is based on consistency and comparability of the outcomes across banks.

The EU-wide stress test will assess the resilience of EU banks under a baseline and an adverse macroeconomic scenario developed in close cooperation with the NCAs, European Commission, and the ECB. The exercise is carried out on the basis of the consolidated year-end 2013 figures and the scenarios will be applied over a period of three years (from 2014 to 2016).

Regarding the definition of capital, the impact of the EU-wide stress tests will be assessed in terms of Common Equity Tier I (CET I), as defined in CRR/CRD IV Regulation, including the applicable transitional arrangements for the stress test period.

The following hurdle rates are applied as a minimum across all participating banks: 8% CET I for the baseline scenario and 5.5% CET I for the adverse scenario.

The EU wide stress test is conducted on the assumption of a static balance sheet. The zero growth and stable business mix assumption applies for both the baseline and the adverse scenario. However, the impact of restructuring plans already agreed with the European Commission, as well as the realized capital actions and pre-provision profitability for 2014 (actually the difference with the pre-provision profit predicted for the same year in the stress test scenario), will be taken into account in the capital plans to be submitted, subsequent to the disclosure of the results.

The comprehensive assessment of banks in the euro area is under progress: the major blocks of the AQR are being completed, the methodology for the join-up of the AQR and the stress test has been finalized and the quality assurance process of stress test templates by ECB and NCAs is in advanced progress.

Upon publication of the results in the second half of October 2014, banks facing a capital shortfall will be requested to submit capital plans within a period of two weeks, which will then be evaluated by the SSM. The ECB-led SSM Joint Supervisory Teams will closely track the implementation of these plans as of 4 November 2014. Banks will be expected to cover shortfalls arising from the AQR, or the baseline scenario of the stress test within six months and shortfalls arising from the adverse scenario of the stress test within nine months.

In this context, Eurobank follows a vigorous implementation of the Restructuring Plan agreed with the European Commission on 29 April 2014, both in terms of pre-provision profitability and of executed capital actions. Finally, the Bank as of the 2nd half of 2013 steadily increases its provision coverage of delinquent receivables and strengthens the management of trouble assets, including non-performing loans, through a number of initiatives.

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 monitors compliance with commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and reports to the European Commission.

Selected Explanatory Notes to the Condensed Interim Financial Statements
8. Operating expenses

	30 June 2014 € million	30 June 2013 € million
Staff costs	(203)	(184)
Administrative expenses	(104)	(74)
Depreciation and impairment of property, plant and equipment	(20)	(15)
Amortisation of intangible assets	(8)	(8)
Operating lease rentals	(22)	(22)
Total from continuing operations	(357)	(303)

The average number of employees of the Bank during the period was 8,959 (30 June 2013: 7,201). As at 30 June 2014, the number of branches of the Bank amounted to 548.

9. Impairment allowance for loans and advances

The movement of the impairment allowance for loans and advances to customers by product line is as follows:

	30 June 2014				
	Wholesale € million	Mortgage € million	Consumer ⁽¹⁾ € million	Small business € million	Total € million
Balance at 1 January	2,402	964	2,057	1,298	6,721
Impairment loss for the period ⁽²⁾	302	99	177	223	801
Recoveries of amounts previously written off	-	-	2	-	2
Amounts written off	(32)	-	(26)	(40)	(98)
NPV unwinding	(40)	(26)	(6)	(48)	(120)
Foreign exchange differences and other movements	25	(4)	(20)	-	1
Balance at 30 June	2,657	1,033	2,184	1,433	7,307

⁽¹⁾ Credit cards balances are included

⁽²⁾ Impairment losses on loans and advances as presented in interim income statement for the period ended 30 June 2014 include an amount of € 27 million which has been provided against the interbank placement with the Bank's indirect subsidiary "PJSC Universal Bank" in Ukraine (note 29).

10. Other impairment losses and non recurring income/(expenses)

	30 June 2014 € million	30 June 2013 € million
Impairment losses on bonds ⁽¹⁾	(22)	(13)
Valuation losses on repossessed property	(6)	-
Reversal of impairment on Greek sovereign exposure	-	75
Impairment losses on mutual funds and equities	-	(5)
Other impairment losses	(28)	57
Reversal of provision/(provision) for claims in dispute (note 26)	103	(40)
Integration and restructuring costs	(10)	-
Loss on disposal of Eurobank Properties (note 28)	(38)	-
Valuation losses on derivative financial instruments	-	(23)
Expenses relating with NBG Voluntary Tender Offer	-	(17)
Restructuring costs and other non recurring income/(expenses)	55	(80)
Total	27	(23)

⁽¹⁾ Includes an amount of € 13 million for corporate bonds held by a Group's subsidiary and guaranteed by the Bank

Selected Explanatory Notes to the Condensed Interim Financial Statements

In the first quarter of 2013, the Bank 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, which is expected to be repaid in full, after assessing the quantitative and qualitative information available till the publication date of the interim financial statements for the period ended 31 March 2013.

As at 30 June 2013, the Bank recognised valuation losses on derivative financial instruments of € 23 million due to the incorporation of the overnight index swap curve for cash collateralised derivatives.

11. Income tax and non recurring tax adjustments

	30 June 2014 € million	30 June 2013 € million
Current tax	(4)	(3)
Deferred tax	180	185
Income tax	176	182
Change in nominal tax rates	-	591
Reversal of provisions for withholding tax claims	43	-
Recognition of deferred tax asset following Circular 1143/15.05.2014	34	-
Non recurring tax adjustments	77	591
Total tax (charge)/income from continuing operations	253	773
Total tax (charge)/income from discontinued operations	18	-
Total	271	773

According to Law 4172/2013, the nominal Greek corporate tax rate is 26% for income generated in accounting years 2014 and onwards. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 10% withholding tax.

In May 2014, the Ministry of Finance with its Circular 1143/15.05.2014 provided clarifications for the application of tax Law 4172/2013. In particular, with the said Circular, it was clarified that the accumulated losses from shares and derivatives which had been recognised in accordance with the former tax Law 2238/1994 can be utilised for tax purposes (i.e. are added to the Bank's carried forward tax losses). Hence, as at 30 June 2014, the Bank recognised in income statement an one off deferred tax asset of € 34 million.

As at 30 June 2014, following a favourable Supreme Court decision, the Bank recognised a non recurring tax income of €43 million due to reversal of provisions in relation to withholding tax claims against the state.

For the year ended 31 December 2011 and onwards, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, are required to obtain an "Annual Tax Certificate" provided for in article 82 of Law 2238/1994 (article 65a of Law 4174/2013 applies for the years commencing from 1 January 2014), which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. 18 months after the issuance of a tax unqualified certificate, provided that no tax issues have been identified from the tax authorities' potential re-audits, the tax audit is considered finalised. Further tax audits may be effected only in cases of tax offences that have been identified by the Ministry of Finance audits (i.e. breaches of the money laundering legislation, forced or fictitious invoices, transactions with non-existent companies or breaches of transfer pricing rules).

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 - 2013. In accordance with the aforementioned tax legislation and considering related preconditions, tax audit of the year 2011 for the Bank is considered finalised.

Deferred income taxes are calculated on all temporary differences under the liability method, as well as for unused tax losses at the rate in effect at the time the reversal is expected to take place.

Selected Explanatory Notes to the Condensed Interim Financial Statements

The movement on deferred income tax is as follows:

	30 June 2014 € million
Balance at 1 January	3,024
Income statement credit/(charge) from continued operations	214
Income statement credit/(charge) from discontinued operations	18
Available for sale investment securities	0
Cash flow hedges	(2)
Costs directly attributable to equity transactions	30
Other	11
Balance at 30 June	3,295

Deferred income tax asset is attributable to the following items:

	30 June 2014 € million
PSI+ tax related losses	1,234
Loan impairment	1,378
Unused tax losses	377
Costs directly attributable to equity transactions	75
Cash flow hedges	29
Changes in fair value accounted through the income statement & other temporary differences	202
Net deferred income tax asset	3,295

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

	30 June 2014 € million
Loan impairment	125
Unused tax losses	66
Tax deductible PSI+ losses	(22)
Change in fair value and other temporary differences	63
Deferred income tax (charge)/credit	232

As at 30 June 2014, the Bank recognized net deferred tax assets amounting to € 3.3 billion as follows:

- (a) € 1,234 million refer to losses resulted from the Bank's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;
- (b) € 1,378 million refer to temporary differences arising from loan impairment that can be utilised in future periods with no specified time limit and according to current tax legislation;
- (c) € 377 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2018;
- (d) € 306 million refer to other temporary differences the majority of which can be utilized in future periods with no specified time limit and according to current tax legislation.

The recognition of the above presented deferred tax assets is based on management's assessment that it is expected that the Bank will have sufficient taxable profits against which the unused tax losses and the deductible temporary differences can be utilized.

In particular, for tax losses for which there is a time constraint to be utilised, the management expects, in accordance with its 5-year period business plan, that the Bank will have sufficient taxable profits to offset them. The key drivers of Bank's future taxable profits refer to the expected decrease of the cost of funding and the operating expenses, following the completion of VES (voluntary exit

Selected Explanatory Notes to the Condensed Interim Financial Statements

scheme) as well as the closing of branches within the framework of its network rationalization. In addition, the estimated synergies from the integration of NHPB and New Proton, as well as the gradual decrease of the cost of risk, following the normalisation of macroeconomic conditions and the strategic priority of the Bank to the remedial management are expected to be significant contributors to the increase of future taxable profits.

12. Discontinued operations

Disposal of Polish operations

Based on the terms of the Investment Agreement signed with Raiffeisen Bank International AG (RBI) in February 2011, the Bank recorded the disposal of its Polish operations as of 31 March 2011.

On 30 April 2012, the Bank transferred 70% of its Polish banking subsidiary (Polbank) to RBI after obtaining the relevant approvals from the Polish Financial Supervision Authority (KNF) and exercised its put option on its remaining 13% stake in Raiffeisen Polbank. As of 30 April 2012, Polbank and RBI Poland (RBI's Polish banking subsidiary) were combined. The consideration receivable was subject to a) adjustments based on the Net Asset Value of Polbank at the closing of the transaction and b) the credit performance of the disposed mortgage loan portfolio.

By the end of March 2014 the Bank has received € 814 million in cash, of which € 178 million in February 2014. In April 2014, an agreement was reached with RBI and the Bank received an additional amount of € 30 million in settlement of the remaining consideration receivable of € 100 million. Hence, as at 31 March 2014 the gain on the disposal of Polish operations was adjusted with € 70 million losses, before tax (€ 52 million losses, after tax), while the relating provision recognized in 2013 based on management's estimates of the final amount of the consideration to be received was released accordingly.

13. Loans and advances to customers

	30 June 2014 € million	31 December 2013 € million
Wholesale lending	14,650	15,071
Mortgage lending	16,854	17,019
Consumer lending ⁽¹⁾	5,441	5,722
Small business lending	6,352	6,377
	43,297	44,189
Less: Impairment allowance (note 9)	(7,307)	(6,721)
	35,990	37,468

⁽¹⁾ Credit cards balances are included

As at 30 June 2014, the 90 days past due loans (gross) amounted to € 14,082 million.

14. Investment securities

	30 June 2014 € million	31 December 2013 € million
Available-for-sale investment securities	2,825	1,219
Debt securities lending portfolio	11,678	13,375
Held-to-maturity investment securities	393	414
	14,896	15,008

In May 2014, the GGBs of € 1.2 bn, issued for the Greek State's subscription to the Preference Shares under Law 3723/2008 "Greek Economy Liquidity Support Program", matured.

As of 30 June 2014, the Bank proceeded with a restatement of certain Greek Government treasury bills, which were acquired in the 1st quarter 2014 and presented within the debt securities lending portfolio as of 31 March 2014, so that they are appropriately

Selected Explanatory Notes to the Condensed Interim Financial Statements

classified and presented within the Available for sale portfolio in line with the Bank's designation. As a result, the interim financial information for the three month period ended 31 March 2014, is restated as follows: the carrying amount of the Available for sale portfolio as of 31 March 2014 increased by € 996 million with a respective decrease in the carrying amount of the Debt securities lending portfolio by € 992 million, an increase in the AFS reserve by 2.8 million net of tax and a decrease in the net deferred tax asset by € 1 million. The above restatement had no impact on the annual financial statements of 2013 nor on the interim financial information for the six months ended 30 June 2014 as a whole.

In 2008 and 2010, 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 amortised cost. Interest on the reclassified securities continued to be recognised in interest income using the effective interest rate method. As at 30 June 2014, the carrying amount of the reclassified securities was € 943 million. If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 30 June 2014 would have resulted in € 327 million losses net of tax, which would have been recognised in the available-for-sale revaluation reserve.

	30 June 2014			
	Available- -for-sale securities € million	Debt securities lending portfolio € million	Held-to- -maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,072	-	10,072
- Greek government bonds	156	907	-	1,063
- Greek government treasury bills	1,987	-	-	1,987
- Other government bonds	189	370	80	639
- Other issuers	305	329	313	947
	2,637	11,678	393	14,708
Equity securities	188	-	-	188
Total	2,825	11,678	393	14,896

	31 December 2013			
	Available- -for-sale securities € million	Debt securities lending portfolio € million	Held-to- -maturity securities € million	Total € million
Debt securities				
- EFSF bonds	6	10,080	-	10,086
- Greek government bonds	4	2,052	-	2,056
- Greek government treasury bills	489	554	-	1,043
- Other government bonds	192	371	79	642
- Other issuers	311	318	335	964
	1,002	13,375	414	14,791
Equity securities	217	-	-	217
Total	1,219	13,375	414	15,008

15. Shares in subsidiary undertakings
Eurobank Properties R.E.I.C., Greece

Following the completion of the transaction with Fairfax Financial Holdings Limited and with institutional investors (note 28), the Bank's ownership interest to Eurobank Properties decreased from 55.56% to 20% without loss of control.

Selected Explanatory Notes to the Condensed Interim Financial Statements
Post Balance sheet event
Andromeda Leasing I Holdings Ltd and Andromeda Leasing I Plc, United Kingdom

In July 2014, the liquidation of Andromeda Leasing I Holdings Ltd and Andromeda Leasing I Plc, was completed.

16. Other assets

	30 June 2014 € million	31 December 2013 € million
Receivable from Deposit Guarantee and Investment Fund	663	657
Reposessed properties and relative prepayments	351	340
Pledged amount for a Greek sovereign risk financial guarantee	252	250
Income tax receivable	251	203
Prepaid expenses and accrued income	37	50
Investment in associated undertakings and joint ventures	5	6
Other assets	236	243
	1,795	1,749

As at 30 June 2014, other assets amounting to € 236 million (31 December 2013: € 243 million) mainly consist of receivables from (a) settlement balances with customers, (b) guarantees, (c) public entities and (d) fraudulent and legal cases.

17. Due to central and other banks

	30 June 2014 € million	31 December 2013 € million
Secured borrowing from ECB and BoG	10,596	16,887
Secured borrowing from other banks	11,241	10,551
Interbank takings	1,298	1,332
Secured borrowing from international financial institutions	219	237
Current accounts and settlement balances with banks	75	76
	23,429	29,083

As at 30 June 2014, the Bank has lowered its dependency on Eurosystem financing facilities to € 10.6 bn as a result of the completion of the Bank's share capital increase (note 21), selective assets deleveraging, issue of senior debt, as well as deposits gathering.

18. Due to customers

	30 June 2014 € million	31 December 2013 € million
Term deposits	21,792	21,899
Savings and current accounts	11,044	10,646
Repurchase agreements	1,547	1,407
	34,383	33,952

Selected Explanatory Notes to the Condensed Interim Financial Statements
19. Debt issued and other borrowed funds

	30 June 2014 € million	31 December 2013 € million
Securitised	1,006	1,117
Subordinated	218	-
Medium-term notes (EMTN)	55	344
Government guaranteed bonds	0	0
Covered bonds	0	0
	<u>1,279</u>	<u>1,461</u>

Asset Backed Securities

During the period, the Bank proceeded with the repurchase of residential mortgage backed securities of face value of € 56 million, issued through its special purpose entities.

During the period, the Bank proceeded with the redemption of securitized notes of face value of € 26 million acquired from NHPB, at their carrying amount.

Subordinated (Lower TIER II)

In March 2014, the Board of Directors of the Bank decided the substitution of the issuer ERB Hellas (Cayman Islands) LTD with the Bank in relation to the Lower Tier II unsecured subordinated notes.

Medium-term notes (EMTN)

During the period, the Bank proceeded with the redemption of notes of face value of € 289 million, issued under its EMTN Program.

Government guaranteed and Covered bonds

As at 30 June 2014, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 5), as well as the covered bonds, of face value of € 11,690 million and € 3,550 million respectively, were fully retained by the Bank and its subsidiaries.

In May 2014, government guaranteed bonds of face value of € 332 million matured. Furthermore, in June 2014 the Bank proceeded with the cancellation of government guaranteed bonds of face value of € 1,910 million.

In March 2014, the Bank proceeded with the redemption of covered bonds of face value of € 250 million.

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.

20. Other liabilities

	30 June 2014 € million	31 December 2013 € million
Provision for financial guarantees	87	75
Other provisions	62	185
Deferred income and accrued expenses	84	56
Standard legal staff retirement indemnity obligations	24	21
Other liabilities	221	280
	<u>478</u>	<u>617</u>

As at 30 June 2014, other provisions amounting to € 62 million consist of amounts for (a) outstanding litigations of € 47 million (note 26), (b) operational risk events of € 12 million, (c) untaken vacation indemnity of € 2 million and (d) other provisions of € 1 million.

Selected Explanatory Notes to the Condensed Interim Financial Statements

As at 30 June 2014, other liabilities amounting to € 221 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 and (e) credit card transactions under settlement.

21. Ordinary share capital and share premium

The par value of the Bank's shares is € 0.30 per share (31 December 2013: € 0.30). All shares are fully paid.

The movement of ordinary share capital, share premium and the number of shares issued by the Bank, is as follows:

	Ordinary share capital € million	Share premium € million	Number of issued ordinary shares
Balance at 1 January 2014	1,641	6,669	5,469,166,865
Share capital increase, net of expenses	2,771	12	9,238,709,677
Balance at 30 June 2014	4,412	6,681	14,707,876,542

On 12 April 2014, the Extraordinary Shareholders General Meeting:

(a) approved the increase of the share capital of the Bank up to its capital requirements, as these had been specified from the BoG, namely up to € 2,864 million, through payment in cash or/and contribution in kind, the cancellation of the pre-emption rights of the Bank's ordinary shareholders, including HFSF, and the only preference shareholder, namely the Greek State, and the issuance of up to 9,546,666,667 new common shares, of a nominal value of € 0.30 each, at an offer price of not less than the nominal value and the minimum price that the General Council of the HFSF would specify in accordance with Law 3864/2010;

(b) approved the New Shares to be offered via a private placement outside of Greece (the "International Offering") and through a public offer to the public in Greece (the "Public Offering");

(c) authorized the BoD to determine the offer price, the amount of the nominal increase and the number of new shares, to further specify and finalize the structure and the terms of the increase and the offering of the new shares, to adjust, by its resolution for the certification of the share capital Increase, articles 5 and 6 of the Bank's articles of association, and generally, to carry out at its discretion any act or action which is needed, necessary or appropriate to implement the resolutions of the EGM and completion of the increase.

Pursuant to the aforementioned resolutions of the EGM as well as the 29 April and 6 May 2014 Board resolutions:

(i) the share capital of the Bank is increased by € 2,771.6 million by issuing 9,238,709,677 new shares, of which 8,314,838,710 were allocated to investors participating in the International Offering and 923,870,967 to investors participating in the Public Offering, with a nominal value of € 0.30 each; and

(ii) The share premium is increased by € 92 million.

Incremental costs directly attributable to the aforementioned capital increase of € 2,864 million amounted to € 86 million, net of tax, including € 6 million, net of tax intragroup costs.

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.

22. Preference shares

Preference Shares		
	30 June 2014	31 December 2013
Number of shares	€ million	€ million
345,500,000	950	950

On 12 January 2009 the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 "Greek

Selected Explanatory Notes to the Condensed Interim Financial Statements

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 Common Equity 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 2013 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.

23. Hybrid capital

The outstanding amount of hybrid capital issued by the Bank, in the form of preferred securities, through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 June 2014 is analyzed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
At 30 June 2014	72	151	154	21	398

The rate of preferred dividends for the Tier I Issue series A has been determined at 1.909% for the period 18 March 2014 to 17 March 2015.

As at 30 June 2014, the Series E of preferred securities amounting to € 100 million were fully retained by the Bank.

On 23 December 2013, ERB Hellas Funding Ltd (Eurobank's SPV) announced the non payment of the non-cumulative preferred dividend on the preferred securities of Series A, Series C and Series D, which otherwise would have been paid on 18 March 2014, 9 January 2014 and 29 January 2014, respectively.

On 26 March 2014, ERB Hellas Funding Ltd announced the non payment of the non-cumulative preferred dividend on the preferred securities of Series C and Series D, which otherwise would have been paid on 9 April 2014 and 29 April 2014, respectively.

On 23 June 2014, ERB Hellas Funding Ltd announced the non payment of the non-cumulative preferred dividend on the preferred securities of Series C and Series D, which otherwise would have been paid on 9 July 2014 and 29 July 2014, respectively.

24. 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 quoted 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.

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 fair value hierarchy as at 30 June 2014 based on whether the inputs to the fair values are observable or unobservable, as follows:

- Level 1 – Financial instruments measured based on quoted prices in active markets for identical financial instruments that an entity can access at the measurement date. 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

Selected Explanatory Notes to the Condensed Interim Financial Statements

and regularly occurring transactions. These include actively quoted debt instruments, equity and derivative instruments traded on exchanges, as well as mutual funds and unit-linked products that have regularly and frequently published quotes.

- 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 equities, bond loans and certain OTC derivatives.

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

	30 June 2014			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets measured at fair value:				
Financial instruments held for trading	25	41	0	66
Derivative financial instruments	-	1,660	4	1,664
Available-for-sale investment securities	2,583	5	237	2,825
Total financial assets	2,608	1,706	241	4,555
Financial liabilities measured at fair value:				
Derivative financial instruments	0	2,003	-	2,003
Due to customers:				
- Structured deposits	-	149	-	149
Trading liabilities	10	-	-	10
Total financial liabilities	10	2,152	-	2,162

	31 December 2013			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets measured at fair value:				
Financial instruments held for trading	25	37	0	62
Derivative financial instruments	0	1,260	-	1,260
Available-for-sale investment securities	962	7	250	1,219
Total financial assets	987	1,304	250	2,541
Financial liabilities measured at fair value:				
Derivative financial instruments	1	1,553	-	1,554
Due to customers:				
- Structured deposits	-	152	-	152
Trading liabilities	0	-	-	0
Total financial liabilities	1	1,705	-	1,706

The Bank recognizes 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. There were no transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the period ended 30 June 2014.

Selected Explanatory Notes to the Condensed Interim Financial Statements

Following the management's review of the fair value hierarchy categorisation, the Bank transferred during the period ended 30 June 2014 derivative instruments of € 7 million from Level 2 to Level 3, which are valued using valuation techniques, where the CVA calculation is based on unobservable inputs that result in a CVA adjustment significant to the entire fair value of the derivative.

Reconciliation of Level 3 fair value measurements

	30 June 2014 € million
Balance at 1 January	250
Transfers into Level 3	7
Total gain/(loss) for the period included in profit or loss	(10)
Total gain/(loss) for the period included in other comprehensive income	(0)
Additions, net of disposals and redemptions	(8)
Foreign exchange differences and other	2
Balance at 30 June	241

Of the total loss of € 10 million for the period ended 30 June 2014, € 9 million are presented in line 'Other impairment losses' and € 1 million in line 'Net trading income' in the Bank's income statement.

Bank's valuation processes

The Bank uses widely recognized valuation models for determining the fair value of common financial instruments, such as interest and cross currency swaps, that use only observable market data and require little management estimation and judgment. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, 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. Fair values estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and the counterparty, where appropriate.

Global Market Counterparty Risk Sector establishes the processes and procedures governing the fair valuations, in line with the Bank's accounting policies. Some of the specific valuation controls include: verification of observable pricing, re-performance of model valuations, a review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc. Where third parties' valuations are used for fair value measurement, these are reviewed in order to ensure compliance with the requirements of IFRS 13.

Valuation techniques

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Bank and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in circumstances, the Bank considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Bank applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorized as Level 3 in the fair value hierarchy. The main unobservable input used in their valuation is the recovery rate which was 55% for the period ended 30 June 2014. A reasonably possible change of 3% in the recovery rate used would not have a significant effect on their fair value measurement.

Selected Explanatory Notes to the Condensed Interim Financial Statements

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

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

The fair values of unquoted available-for-sale bond loans are estimated by discounting the future cash flows, over the time period they are expected to be recovered, including the realisation of any collateral held. In valuing these loans, the Bank makes assumptions on expected recoverable amounts and timing of collateral realisation. The main unobservable input used in their valuation is the recovery rate which on average was 50% for the period ended 30 June 2014. A reasonably possible change of 3% in the recovery rate used would not have a significant effect on their fair value measurement.

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 June 2014	
	Carrying amount € million	Fair value € million
Financial assets		
Loans and advances to customers	35,990	35,980
Investment securities		
- Debt securities lending portfolio	11,678	11,241
- Held-to-maturity securities	393	375
Total financial assets	48,061	47,596
Financial liabilities		
Debt issued and other borrowed funds held by third party investors	411	354
Total financial liabilities	411	354

	31 December 2013	
	Carrying amount € million	Fair value € million
Financial assets		
Loans and advances to customers	37,468	37,530
Investment securities		
- Debt securities lending portfolio	13,375	12,916
- Held-to-maturity securities	414	371
Total financial assets	51,257	50,817
Financial liabilities		
Debt issued and other borrowed funds held by third party investors	295	237
Total financial liabilities	295	237

Selected Explanatory Notes to the Condensed Interim Financial Statements

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:

- 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 estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Bank makes assumptions on expected prepayments, product spreads and timing of collateral realisation. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate.
- 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.
- Debt issued and other borrowed funds held by third party investors: 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.

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

25. Cash and cash equivalents and other information on Interim Cash Flow Statement

(a) Cash and cash equivalents

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

	30 June 2014 € million	31 December 2013 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	1,027	444
Loans and advances to banks	470	773
Financial instruments at fair value through profit or loss	-	1
	1,497	1,218

(b) Adjustments for other (income)/losses on investment securities

	30 June 2014 € million	30 June 2013 € million
Amortisation of premiums/discounts and accrued interest	(41)	1
(Gains)/losses from sales	(16)	(78)
Dividends	(1)	(1)
	(58)	(78)

Selected Explanatory Notes to the Condensed Interim Financial Statements
26. Contingent liabilities and other commitments

	30 June 2014 € million	31 December 2013 € million
Guarantees and standby letters of credit	2,710	2,851
Other guarantees and commitments to extend credit	552	645
Documentary credits	15	13
Capital expenditure	8	4
	3,285	3,513

Legal Proceedings

As at 30 June 2014, there were a number of legal proceedings outstanding against the Bank for which a provision of € 47 million was recorded (31 December 2013: € 149 million). As at 31 March 2014, the Bank proceeded with the release of the provision of € 103 million, recognized in 2013 based on the management's estimates of the final amount of the consideration to be received for the disposal of Polish operations (note 12).

27. Board of Directors

On 28 June 2014, the General Meeting elected seven new Board members; on the same date, at the wish of four Board members, their term of office was terminated and the Board was constituted as a body. The term of office of the new Board members expires concurrently with the term of office of the other members, i.e. at the Annual General Meeting that will take place in 2016:

P.A. Thomopoulos	Chairman, Non-Executive (nominated as Chairman on 28 June 2014)
G. David	Chairman, Non-Executive (until 28 June 2014)
G. Gondicas ⁽¹⁾	Honorary Chairman, Non-Executive (until 28 June 2014)
S. Lorentziadis	Vice Chairman, Non-Executive Independent (nominated as Vice Chairman on 28 June 2014)
E. G. Arapoglou	Vice Chairman, Non-Executive Independent (until 28 June 2014)
C. Megalou	Chief Executive Officer
F. Karavias	Executive (appointed as of 28 June 2014)
W. S. Burton	Non-Executive (appointed as of 28 June 2014)
G. Chryssikos	Non-Executive (appointed as of 28 June 2014)
J. S. Haick	Non-Executive Independent (appointed as of 28 June 2014)
B. P. Martin	Non-Executive Independent (appointed as of 28 June 2014)
J. Seegopaul	Non-Executive Independent (appointed as of 28 June 2014)
D. Papalexopoulos	Non-Executive Independent (until 28 June 2014)
D. Georgoutsos	Non-Executive (Greek State representative under Law 3723/2008)
K. H. Prince – Wright	Non-Executive (HFSF representative under Law 3864/2010)

⁽¹⁾ Mr. Gondicas maintains the position of the Board's Honorary Chairman.

28. Other significant and post balance sheet events
Transactions on Eurobank Properties

- (i) Transaction with Fairfax Financial Holdings Limited on Eurobank Properties R.E.I.C.

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 R.E.I.C. ("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.

Selected Explanatory Notes to the Condensed Interim Financial Statements

Under the basic terms of the agreement:

- (a) Eurobank Properties would proceed with a share capital increase (the “Rights Issue”) to raise € 193 million, approximately, with pre-emption 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 would increase its participation in Eurobank Properties to approximately 41% (from approximately 19% held at 31 December 2013) and the Bank would hold approximately 33.5% assuming that all other shareholders of Eurobank Properties would exercise their Rights; and
- (c) Eurobank and Fairfax would 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 does not fall below 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.

Pursuant to the aforementioned investment agreement, on 21 January 2014, Fairfax’s subsidiaries acquired from the Bank the 33,888,849 pre-emption rights regarding the share capital increase of Eurobank Properties for a total consideration of € 19,994,420.91, i.e. € 0.59 per pre-emption right. Accordingly, the carrying amount of the Bank’s participation in Eurobank Properties decreased by € 69 million (i.e. the deemed cost of the said pre-emption rights) and a loss of € 49 million was recognized in the income statement.

The share capital increase of Eurobank Properties amounting to € 193 million was fully covered through payment in cash, and on 6 February 2014, 40,260,000 new common shares were issued. As a result, the Bank is deemed to have disposed of a 22.09% of its interest that was held in Eurobank Properties.

(ii) Transaction with institutional investors on Eurobank Properties

On 25 June 2014, the Bank disposed of 13,636,848 of common shares with voting rights of Eurobank Properties, which correspond to 13.47% of its interest that was held in Eurobank Properties. The trades were executed at the price of euro 8.75 per share. Accordingly, the carrying amount of the Bank’s participation in Eurobank Properties decreased by € 109 million and a gain of € 11 million was recognized in the income statement.

Following the completion of the transactions (i) and (ii), the Bank’s ownership interest in Eurobank Properties decreased from 55.56% to 20%, while Group’s ownership decreased from 55.94% to 20.48% without loss of control.

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

Note 15 – Shares in subsidiary undertakings

Note 29 – Related parties

29. Related parties

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. 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.

Selected Explanatory Notes to the Condensed Interim Financial Statements

Following the completion of the Bank's share capital increase (note 21), fully covered by private, institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%. In addition, in the context of the Law 3864/2010 (the 'HFSF Law') as amended by Law 4254/2014, the HFSF's voting rights in the Bank's General Assemblies have been switched to restricted ones (note 7). Accordingly, as of early May, the HFSF is no more the controlling shareholder of the Bank but is considered to have significant influence over it. Therefore, the HFSF is considered to be a related party to the Bank, whereas Greek Banks significantly influenced by HFSF, within the context of the Greek Banks' recapitalisation, are not regarded as such.

For the period for which HFSF was the controlling shareholder of the Bank, the transactions between the Bank and Greek Banks significantly influenced by HFSF, were not significant.

In addition, in the context of the amended HFSF Law, HFSF has undertaken (a) to enter into a new relationship framework agreement with Eurobank and (b) not to sell any shares that it holds in Eurobank for a period of 6 months after the offering. Following the completion of the Bank's share capital increase, on 28 August 2014 HFSF entered into a new relationship framework agreement with Eurobank, similar to that of the other systemic 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 Bank at times may hold positions in debt and equity instruments of related parties. The outstanding balances of the said related party transactions and the relating income and expenses are as follows:

	30 June 2014				31 December 2013			
	Subsidiaries € million	Key management personnel (KMP) ⁽¹⁾ € million	Entities controlled by KMP, associates & joint ventures € million	HFSF € million	Subsidiaries € million	Key management personnel (KMP) ⁽¹⁾ € million	Entities controlled by KMP, associates & joint ventures € million	HFSF € million
Loans and advances to banks	3,988	-	-	-	5,964	-	-	-
Financial Instruments at fair value through P&L	42	-	-	-	36	-	-	-
Derivative Financial Instruments assets	12	-	-	-	16	-	-	-
Investment Securities	205	-	-	-	136	-	-	-
Loans & advances to customers, net of provision	1,852	4	14	-	1,899	3	16	0
Other assets ⁽²⁾	32	-	-	2	17	-	-	2
Due to banks	3,105	-	-	-	2,514	-	-	-
Derivative Financial Instruments liabilities	4	-	-	-	3	-	-	-
Due to customers	1,854	4	9	0	1,710	6	8	0
Debt issued and other borrowed funds	868	-	-	-	1,166	-	-	-
Other liabilities	24	-	-	-	19	-	-	-
Guarantees issued	2,018	-	-	-	2,217	-	-	-
Guarantees received	-	0	-	-	-	0	-	-
	six months ended 30 June 2014				six months ended 30 June 2013			
Net interest income	3	(0)	(0)	-	(14)	(0)	0	(0)
Net banking fee and commission income	3	-	-	-	15	-	-	-
Dividend income	19	-	-	-	-	-	-	-
Net trading income	(1)	-	-	-	(3)	-	-	-
Other operating income/(expense)	(9)	-	(0)	-	(9)	-	(0)	-
Impairment losses on loans and advances and collectors fees	(36)	-	(2)	-	(10)	-	-	-

⁽¹⁾ Key management personnel includes directors and key management personnel of the Bank and HFSF (until early May 2014) and their close family members. For the period ended 30 June 2014, the amounts of income and expenses in relation with transactions with directors and key management personnel of HFSF and their close family members are immaterial.

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

During the period ended 30 June 2014 an impairment loss of € 1.5 million (30 June 2013: nil) has been recorded against loan balances with a Group's joint venture. The total impairment allowance against loan balances with Group's subsidiaries and joint ventures as at 30 June 2014 amounted to € 60 million (31 December 2013: € 58.5 million).

In addition, during the period ended 30 June 2014 an impairment loss of € 27 million has been recorded against the interbank placement with the Bank's indirect subsidiary "PJSC Universal Bank" in Ukraine. The said impairment loss was recognized considering the agreement signed, in August 2014, between Eurobank and entities of the Ukrainian Delta Bank Group for the disposal of the aforementioned subsidiary and the transfer of Ukrainian assets for a total consideration of € 95 million.

Selected Explanatory Notes to the Condensed Interim Financial Statements

In relation to the Letters of Guarantee issued as at 30 June 2014, the Bank has received cash collateral of € 627 million (31 December 2013: €475 million) which is included in Due to Customers.

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 2.72 million (30 June 2013: € 2.9 million) and long-term employee benefits (excluding share-based payments) of € 0.33 million (30 June 2013: € 0.3 million). Additionally, income of € 0.12 million relating with forfeited share options has been recognized in income statement as at 30 June 2014 (30 June 2013: € 0.1 million).

30. 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, 4144/2013 and 4261/2014, any distribution of profits to ordinary shareholders of the banks participating in the first stream of the Greek Economy Liquidity Support Program for the financial years 2008 to 2013 could only take place in the form of ordinary shares, other than treasury shares. Based on the 2013 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 22).

Athens, 29 August 2014

Panayotis - Aristidis A. Thomopoulos
I.D. No AB - 615435
CHAIRMAN
OF THE
BOARD OF DIRECTORS

Christos I. Megalou
I.D. No AE - 011012
CHIEF
EXECUTIVE
OFFICER

Harris V. Kokologiannis
I.D. No AK - 021124
GENERAL MANAGER
GROUP FINANCE & CONTROL
(CHIEF FINANCIAL OFFICER)

George D. Xifaras
I.D. No T - 125995
DEPUTY GENERAL MANAGER
GROUP FINANCE & CONTROL

VI. *Financial Data and Information for the period from 1 January 2014 to 30 June 2014*



EUROBANK ERGASIAS S.A.

Company Registration No: 000223001000 - 8 Othonos Street, Athens 105 57

FINANCIAL DATA AND INFORMATION FOR THE PERIOD
from 1 January to 30 June 2014

(as stipulated by the Decision 4/507/28.04.2009 of the Capital Market Commission)

The information listed below aims to provide a general overview about the financial position and the financial results of Eurobank Ergasias S.A. and its Group. Consequently, readers are strongly advised to visit the website of the Bank, where the interim financial statements prepared under International Financial Reporting Standards (IFRS) are available, before any investment decision or transaction with the Bank is entered into.

COMPANY'S DATA

Company's website:

Date of approval of the interim financial statements by BoD:

Certified Public Accountant - Auditor:

www.eurobank.gr

29 August 2014
Despoina Marinou

Audit Firm:

Auditors' report:

Issue Date of Auditor's report:

PricewaterhouseCoopers S.A.

Unqualified

29 August 2014

INCOME STATEMENT Amounts in Euro million

Bank				Group			
1 Jan- 30 Jun 2014	1 Jan- 30 Jun 2013	1 Apr- 30 Jun 2014	1 Apr- 30 Jun 2013	1 Jan- 30 Jun 2014	1 Jan- 30 Jun 2013	1 Apr- 30 Jun 2014	1 Apr- 30 Jun 2013
493	304	250	153	743	564	376	294
30	43	15	24	95	94	49	49
-	-	-	-	17	17	8	6
3	3	1	2	22	18	12	10
20	1	20	1	2	2	2	2
5	(30)	(3)	(10)	13	(41)	7	(37)
16	16	9	7	55	31	33	26
0	(40)	1	(40)	4	(15)	3	(15)
567	297	293	137	951	670	490	335
(357)	(303)	(179)	(150)	(535)	(480)	(268)	(240)
210	(6)	114	(13)	416	190	222	95
(828)	(694)	(408)	(333)	(934)	(837)	(455)	(420)
(28)	57	(18)	(10)	(64)	46	(24)	(21)
55	(80)	4	(63)	92	(80)	(8)	(63)
-	-	-	-	0	(1)	0	(1)
(591)	(723)	(308)	(419)	(490)	(682)	(265)	(410)
176	182	83	103	137	174	60	104
77	591	-	-	82	579	5	(4)
(338)	50	(225)	(316)	(271)	71	(200)	(310)
(52)	1	-	1	(227)	(21)	(95)	(18)
(390)	51	(225)	(315)	(498)	50	(295)	(328)
-	-	-	-	10	6	6	3
(390)	51	(225)	(315)	(508)	44	(301)	(331)
(0.0471)	0.0410	(0.0204)	(0.2510)	(0.0614)	0.0421	(0.0272)	(0.2603)
(0.0408)	0.0397	(0.0204)	(0.2517)	(0.0340)	0.0733	(0.0187)	(0.2461)

BALANCE SHEET Amounts in Euro million

Bank		Group	
30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
1,137	651	2,098	1,986
5,986	8,098	2,472	2,567
66	62	328	375
1,664	1,260	1,675	1,264
35,990	37,468	43,357	45,610
2,825	1,219	4,753	3,113
393	414	715	741
11,678	13,375	11,568	14,862
2,730	2,907	-	-
5	6	6	6
307	314	743	770
57	57	871	728
62	71	249	266
3,295	3,024	3,322	3,063
1,790	1,743	2,271	2,235
-	-	345	-
67,985	70,669	74,773	77,586
10,596	16,887	10,596	16,907
12,833	12,196	10,057	10,192
2,003	1,554	2,003	1,558
34,383	33,952	41,926	41,535
1,279	1,461	920	789
478	617	1,900	2,082
-	-	217	-
61,572	66,667	67,619	73,063
4,412	1,641	4,412	1,641
950	950	950	950
6,681	6,669	6,681	6,669
-	-	(0)	(0)
(6,028)	(5,656)	(5,621)	(5,095)
6,015	3,604	6,422	4,165
398	398	77	77
-	-	655	281
6,413	4,002	7,154	4,523
67,985	70,669	74,773	77,586

STATEMENT OF COMPREHENSIVE INCOME Amounts in Euro million

Bank				Group			
1 Jan- 30 Jun 2014	1 Jan- 30 Jun 2013	1 Apr- 30 Jun 2014	1 Apr- 30 Jun 2013	1 Jan- 30 Jun 2014	1 Jan- 30 Jun 2013	1 Apr- 30 Jun 2014	1 Apr- 30 Jun 2013
(390)	51	(225)	(315)	(498)	50	(295)	(328)
13	55	(2)	28	23	55	11	20
-	-	-	-	(7)	(5)	2	(16)
(377)	106	(227)	(287)	(482)	100	(282)	(324)
(325)	105	(227)	(288)	(258)	115	(194)	(305)
(52)	1	-	1	(234)	(21)	(94)	(21)
-	-	-	-	10	6	6	2

STATEMENT OF CHANGES IN EQUITY Amounts in Euro million

Bank		Group	
1 Jan- 30 Jun 2014	1 Jan- 30 Jun 2013	1 Jan- 30 Jun 2014	1 Jan- 30 Jun 2013
4,002	(1,297)	4,523	(655)
(390)	51	(498)	50
13	55	16	50
2,777	5,673	2,783	5,673
-	316	-	316
-	-	331	-
-	-	(12)	-
11	(317)	11	(310)
(0)	(1)	(0)	(1)
6,413	4,480	7,154	5,123

CASH FLOW STATEMENT Amounts in Euro million

Bank		Group	
1 Jan- 30 Jun 2014	1 Jan- 30 Jun 2013	1 Jan- 30 Jun 2014	1 Jan- 30 Jun 2013
(2,654)	(1,261)	(4,735)	(2,513)
344	979	1,736	2,213
2,589	(274)	3,095	(493)
-	-	4	(2)
279	(556)	100	(795)
-	-	(7)	25
-	-	2	(11)
-	-	(5)	14
1,218	1,398	1,951	2,214
1,497	842	2,046	1,433

Notes:

- The accounting policies applied for the preparation of the financial statements as at 30 June 2014 are consistent with those stated in the published annual financial statements of the Bank and the Group for the year ended 31 December 2013, after taking into consideration the amendments stated in note 3 of the financial statements.
- The fixed assets of the Bank and the Group are free of material charges or encumbrances.
- A list of companies consolidated on 30 June 2014 is mentioned in notes 18 and 19 of the consolidated financial statements, where information on the percentage of Group's holding, the country of incorporation, as well as, the consolidation method applied is reported. (a) The companies that were included in consolidated financial statements on 30 June 2014 but not consolidated on 30 June 2013, were: (i) New Hellenic Postbank S.A. ("NHPB") subsidiaries namely, Hellenic Post Credit S.A., Hellenic Postbank - Hellenic Post Mutual Funds Management Company S.A, T Leasing S.A., T Credit S.A. and Byzantium Finance Plc (ii) Cloud Hellas S.A. which was acquired in December 2013, (iii) NEU 03 Property Holdings Ltd which was established in November 2013 and (iv) Foramorio Ltd which was acquired in May 2014 (b) On 30 June 2014 EFG Business Services d.o.o. Beograd is not included in the consolidated financial statements since it was liquidated in the third quarter of 2013. The companies that are not consolidated on 30 June 2014 and the reasons for their exclusion are mentioned in notes 18 and 19 of the Group's financial statements.
- The consolidated income statement for the first half year of 2014 includes the results of NHPB group and New Proton Bank, which were incorporated in the Eurobank group's financial statements, from 1 September 2013 prospectively.
- As at 30 June 2014, there were a number of legal proceedings outstanding against the Bank and the Group for which a provision of € 47m and € 52m respectively has been recorded. The outcome of the aforementioned lawsuits is not expected to have significant impact on the Bank's and the Group's financial position.
- 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 2011-2013 in accordance with article 82 of Law 2228/1994 (article 65a of Law 4174/2013 applies as of 1 January 2014). In line with the said law and considering related preconditions, tax audit of 2011 is considered finalised. Information in relation to open tax years of Group's companies is provided in note 13 of the Group's financial statement.
- The total number of employees as at 30 June 2014 was 8,901 for the Bank (30 June 2013: 7,187) and 18,393 for the Group (30 June 2013: 17,166).
- The number of treasury shares held by subsidiaries of the Bank as at 30 June 2014 was 913,245 at a cost of € 349 th.
- The Group's related party transactions, excluding the key management personnel ("KMP"), are as follows: receivables € 16m, liabilities € 9m, expenses € 1.73m and revenues € 0.03m. The Bank's related party transactions, excluding the KMP, are as follows: receivables € 6,147m, liabilities € 5,864m, guarantees issued € 2,018m, expenses € 131m and revenues € 108m. The transactions of the Group with the KMP are as follows: compensation € 3.11m, receivables € 3.86m, liabilities € 4.59m, guarantees received € 0.11m, expenses € 0.11m and revenues € 0.05m. The transactions of the Bank with the KMP are as follows: compensation € 3.05m, receivables € 3.84m, liabilities € 3.51m, guarantees received € 0.11m, expenses € 0.05m and revenues € 0.02m (notes 29 and 33 of the Bank's and the Group's financial statements, respectively).
- On 21 January 2014, in the context of the relevant agreement with Fairfax Financial Holdings Limited ("Fairfax"), Fairfax's subsidiaries acquired from the Bank 33,888,849 pre-emption rights regarding the share capital increase of Eurobank Properties for a total consideration of € 20m. The said share capital increase was fully covered through the payment in cash and amounted to € 193 m. In addition, on 25 June 2014, the Bank disposed of 13,636,848 of common shares with voting rights of Eurobank Properties to institutional investors, which correspond to 13.47% of its interest that was held in Eurobank Properties. Following the completion of the aforementioned transactions, the Group's ownership interest to Eurobank Properties decreased from 55.94% to 20.48%. Control was retained by the Group by virtue of the agreement with Fairfax. The basic terms of the agreement, as well as the effect of the said transactions on income statement and equity are provided in notes 28 and 32 of the Bank's and the Group's financial statements, respectively.
- In March 2014, management committed to a plan to sell the Group's operations in Ukraine. The sale was considered highly probable, therefore, the Group's operations in Ukraine were classified as a disposal group held for sale. On 14 August 2014, Eurobank entered into an agreement with entities of the Ukrainian Delta Bank Group for the disposal of its Ukrainian subsidiary "PJSC Universal Bank" and the transfer of Ukrainian assets for a total consideration of € 95m. The transaction, which is subject to the necessary approvals by the competent authorities as well as conditions relating to the political and economic situation in Ukraine, is expected to close within 2014 (note 14 of the Group's financial statements).
- Following the assessment of Bank's capital needs by BOG and according to the new recapitalisation framework, on 12 April 2014 the Bank's Extraordinary Shareholder's General Meeting (EGM) approved the increase of the share capital of the Bank up to € 2,864m. Pursuant to the resolutions of the aforementioned EGM as well as the 29 April and 6 May 2014 Board resolutions: (i) the share capital of the Bank is increased by € 2,771.6m by issuing 9,238,709,677 new shares, with a nominal value of € 0.30 each, and (ii) the share premium is increased by € 92m (notes 21 and 25 of the Bank's and the Group's financial statements, respectively).
- Following the completion of the aforementioned Bank's share capital increase, fully covered by private, institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%. In addition, in the context of the L. 3864/2010 as recently amended by L. 4254/2014, the HFSF's voting rights in the Bank's General Assembly are no longer full but have been switched to restricted ones. As a result of the above, the HFSF is no more the controlling shareholder of the Group but is considered to have significant influence over it (notes 29 and 33 of the Bank's and the Group's financial statements, respectively).
- On 28 June 2014, the General Meeting elected seven new Board members; on the same date, at the wish of four Board members, their term of office was terminated and the Board was constituted as a body (notes 27 and 31 of the Bank's and the Group's financial statements, respectively).
- The European Central Bank (ECB), in the context of preparation of the Single Supervisory Mechanism (SSM) is conducting a comprehensive assessment of the Eurozone's most significant banks jointly with national competent authorities (NCAs) and EBA, the results of which will be published in the second half of October 2014. As at 30 June 2014, the Group's Common Equity Tier 1 ratio (based on CRD IV Regulation 2013/575/EU) stands at 17% and proforma with the implementation of Basel III IRB credit risk methodology to NHPB's mortgage portfolio and the disposal of Ukrainian operations at 17.8%, well above the statutory limit (note 7 of the financial statements).

Athens, 29 August 2014

Panayotis - Aristidis A. Thomopoulos
I.D. No AB - 615435
CHAIRMAN
OF THE
BOARD OF DIRECTORS

Christos I. Megalou
I.D. No AE - 011012
CHIEF
EXECUTIVE
OFFICER

Harris V. Kokologiannis
I.D. No AK - 021124
GENERAL MANAGER
GROUP FINANCE & CONTROL
(CHIEF FINANCIAL OFFICER)

George D. Xifaras
I.D. No T - 125995
DEPUTY GENERAL MANAGER
GROUP FINANCE & CONTROL

VII. *Use of Proceeds from the Share Capital increase in cash for the six months ended 30 June 2014*

EUROBANK ERGASIAS S.A.

Company Registration No. 000223001000 D.O.Y. F.A.E. ATHENS

HEAD OFFICE: 8 OTHONOS STR., 105 57 ATHENS

USE OF PROCEEDS FROM THE SHARE CAPITAL INCREASE IN CASH, RESOLVED BY THE EXTRAORDINARY GENERAL SHAREHOLDERS MEETING HELD ON 12.04.2014

Eurobank Ergasias S.A. (hereafter “Bank” or “Eurobank”) announces that the Stock Markets Steering Committee of the “Hellenic Exchanges – Athens Stock Exchange S.A.”, during its session on 07.05.2014, approved the admission to trading of 9,238,709,677 new common registered with voting rights shares of the Bank, following the share capital increase through payment in cash and the cancellation of the preemption rights resolved by the Extraordinary General Shareholders Meeting held on 12.04.2014. The funds raised from the offering amount to € 2,864 million. The trading of the new shares on the Athens Exchange commenced on 09.05.2014. The certification of the share capital increase by the Bank’s Board of Directors took place on 06.05.2014.

TABLE OF USE OF PROCEEDS FROM THE OFFERING REALIZED THROUGH THE CANCELLATION OF THE PRE-EMPTION RIGHTS

	Total funds raised	Total funds used as at 30.06.2014	Unused funds as at 30.06.2014
Amounts in € millions	2,864	2,864	-

Note:

The total funds raised from the offering were fully used, according to the purpose of the share capital increase as stated in the respective Offering Memorandum of 17.04.2014, as follows: a) the amount of € 116.7 million for expenses of the share capital increase and b) the amount of € 2,747.3 million to increase the Core Tier I capital in the context of the baseline scenario of the stress testing conducted by the Bank of Greece for the period 2013-2016, in order Eurobank to cope with possible future developments regarding the risks it has or might be exposed, as referred into the 109/08.04.2014 decision of the Credit and Insurance Committee of the Bank of Greece. Thus, the use of funds raised was completed within the period ended on 30.06.2014.

Athens, 29 August 2014

Panayotis-Aristidis A. Thomopoulos CHAIRMAN OF THE BOARD OF DIRECTORS	Christos I. Megalou CHIEF EXECUTIVE OFFICER	Harris V. Kokologiannis GENERAL MANAGER GROUP FINANCE & CONTROL (CHIEF FINANCIAL OFFICER)	George D. Xifaras DEPUTY GENERAL MANAGER GROUP FINANCE & CONTROL
---	--	--	--

Report of factual findings in connection with the Table of Use of Proceeds

To the Board of Directors of Eurobank Ergasias S.A. (hereafter “Bank”)

We have performed the procedures prescribed and agreed with the Board of Directors of the Bank and enumerated below with respect to the use of proceeds from the Share Capital Increase through payment in cash and the cancellation of the pre-emption rights **(the “Table of Use of Proceeds”)** resolved by the Extraordinary General Shareholders Meeting held on 12.04.2014. The Bank’s management is responsible for preparing this Table of Use of Proceeds. Our engagement was undertaken in accordance with: the regulatory framework of the Athens Stock Exchange; the relevant legal framework of the Hellenic Capital Market Committee; and the International Standard on Related Services 4400 applicable to agreed-upon-procedures engagements. Our responsibility is solely for performing the procedures described below and for reporting to you on our findings.

Procedures:

1. We compared the amounts referred to as use of funds in the accompanying Table of Use of Proceeds with the relevant amounts recorded in the Bank’s accounting books and records in the respective timeframe.
2. We examined the completeness of the Table of Use of Proceeds and the consistency of its content with what is referred to in the respective Offering Memorandum issued by the Bank for this purpose and other relevant Bank’s decisions and announcements.

We report our findings below:

1. The amounts which appear, per usage of funds, as disbursements in the accompanying Table of Use of Proceeds are derived from the Bank’s accounting books and records in the relevant timeframe.
2. The content of the Table of Use of Proceeds includes the information which is at minimum required for this purpose from the regulatory framework of the Athens Stock Exchange and the relevant legal framework of the Hellenic Capital Market Committee and is consistent with what is referred to in the respective Offering Memorandum and the relevant Bank’s decisions and announcements.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Table of Use of Proceeds beyond what we have referred to above. Had we performed additional procedures or had we performed an audit or review, other matters might have come to our attention that would have been reported to you, in addition to the ones reported above.

Our report is solely for the purpose set forth in the first paragraph of this report and is addressed exclusively to the Board of Directors of the Bank, so that the latter can fulfill its responsibilities in accordance with the legal framework of the Athens Stock Exchange and the relevant regulatory framework of the Hellenic Capital Market Committee. This report is not

to be used for any other purpose, since it is limited to what is referred to above and does not extend to the financial information prepared by the Bank for the period from January 1, 2014 to June 30, 2014, for which we have issued a separate review report as of August 29, 2014.



PricewaterhouseCoopers S.A.
268 Kifissias Avenue
152 32 Halandri
SOEL Reg. No. 113

Athens, 29 August 2014
THE CERTIFIED AUDITOR

Despina Marinou
SOEL Reg. No. 17681