EUROBANK ERGASIAS S.A.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

30 SEPTEMBER 2014

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Interim Income Statement

	Note	Nine months ended 30 September		Three months ended 30 September	
		2014	2013	**2014**	2013
		€ million	€ million	**€ million**	€ million
Net interest income		**739**	474	**246**	170
Net banking fee and commission income		**46**	63	**16**	20
Income from non banking services		**4**	4	**1**	1
Dividend income		**60**	3	**40**	2
Net trading income		**7**	(21)	**2**	9
Gains less losses from investment securities		**31**	16	**15**	0
Net other operating income		**1**	(40)	**1**	0
Operating income		**888**	499	**321**	202
Operating expenses	8	**(529)**	(451)	**(172)**	(148)
Profit from operations before impairments and non recurring income/(expenses)		**359**	48	**149**	54
Impairment losses on loans and advances	9	**(1,270)**	(1,037)	**(442)**	(343)
Other impairment losses	10	**(67)**	43	**(39)**	(14)
Other non recurring income/(expenses)	10	**56**	(85)	**1**	(5)
Profit/(loss) before tax		**(922)**	(1,031)	**(331)**	(308)
Income tax	11	**248**	257	**72**	75
Non recurring tax adjustments	11	**244**	585	**167**	(6)
Net profit/(loss) from continuing operations		**(430)**	(189)	**(92)**	(239)
Net profit/(loss) from discontinued operations	12	**(52)**	1	**-**	-
Net profit/(loss) attributable to shareholders		**(482)**	(188)	**(92)**	(239)

The income statement for the nine months ended 30 September 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 31 form an integral part of these condensed interim financial statements

Interim Balance Sheet

	Note	30 September 2014 € million	31 December 2013 € million
ASSETS			
Cash and balances with central banks		**1,091**	651
Loans and advances to banks		**5,717**	8,098
Financial instruments at fair value through profit or loss		**70**	62
Derivative financial instruments		**1,905**	1,260
Loans and advances to customers	13	**35,374**	37,468
Investment securities	14	**14,532**	15,008
Shares in subsidiary undertakings		**3,136**	2,907
Property, plant and equipment		**302**	314
Investment property		**57**	57
Intangible assets		**61**	71
Deferred tax assets	11	**3,544**	3,024
Other assets	16	**1,707**	1,749
Total assets		**67,496**	70,669
LIABILITIES			
Due to central banks	17	**9,068**	16,887
Due to other banks	17	**13,389**	12,196
Derivative financial instruments		**2,216**	1,554
Due to customers	18	**34,748**	33,952
Debt issued and other borrowed funds	19	**1,280**	1,461
Other liabilities	20	**504**	617
Total liabilities		**61,205**	66,667
EQUITY			
Ordinary share capital	21	**4,412**	1,641
Share premium	21	**6,682**	6,669
Reserves and retained earnings		**(6,151)**	(5,656)
Preference shares	22	**950**	950
Total equity attributable to shareholders of the Bank		**5,893**	3,604
Hybrid capital	23	**398**	398
Total equity		**6,291**	4,002
Total equity and liabilities		**67,496**	70,669

Notes on pages 6 to 31 form an integral part of these condensed interim financial statements

Interim Statement of Comprehensive Income

	Nine months ended 30 September				Three months ended 30 September			
	2014 € million		2013 € million		2014 € million		2013 € million	
Net profit/(loss)		**(482)**		(188)		**(92)**		(239)
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	**(10)**		24		**(6)**		(1)	
- transfer to net profit, net of tax	**14**	**4**	45	69	**4**	**(2)**	9	8
Available for sale securities								
- net changes in fair value, net of tax	**(4)**		6		**(22)**		5	
- impairment losses on investment securities transfer to net profit, net of tax	**7**		(2)		**7**		0	
- transfer to net profit, net of tax	**(24)**	**(21)**	(4)	(0)	**(13)**	**(28)**	1	6
Other comprehensive income		**(17)**		69		**(30)**		14
Total comprehensive income attributable to shareholders:								
- from continuing operations	**(447)**		(120)		**(122)**		(225)	
- from discontinued operations	**(52)**	**(499)**	1	(119)	**-**	**(122)**	-	(225)

Notes on pages 6 to 31 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 € 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)	-	-	-	(188)	-	-	(188)
Other comprehensive income	-	-	69	-	-	-	69
Total comprehensive income for the nine months ended 30 September 2013	-	-	69	(188)	-	-	(119)
Share capital decrease by reducing the ordinary shares' par value	(1,211)	-	1,211	-	-	-	-
Share capital increase following recapitalisation, net of expenses	1,136	4,537	-	-	-	-	5,673
Share capital increase following LME, net of expenses	62	254	-	-	-	-	316
Share capital increase following acquisition of NHPB, net of expenses	426	431	-	-	-	-	857
(Purchase)/sale of Hybrid capital, net of tax	-	-	-	(15)	-	(290)	(305)
Hybrid capital's dividend paid, net of tax	-	-	-	(16)	-	-	(16)
Share-based payment:							
- Value of employee services	-	-	(0)	-	-	-	(0)
	413	5,222	1,211	(31)	-	(290)	6,525
Balance at 30 September 2013	1,641	6,670	2,270	(6,820)	950	398	5,109
Balance at 1 January 2014	**1,641**	**6,669**	**3,457**	**(9,113)**	**950**	**398**	**4,002**
Net profit/(loss)	-	-	-	(482)	-	-	**(482)**
Other comprehensive income	-	-	(17)	-	-	-	**(17)**
Total comprehensive income for the nine months ended 30 September 2014	**-**	**-**	**(17)**	**(482)**	**-**	**-**	**(499)**
Share capital increase, net of expenses	2,771	13	-	(6)	-	-	**2,778**
(Purchase)/sale of treasury shares and Hybrid capital, net of tax	-	-	-	11	-	-	**11**
Share-based payment:							
- Value of employee services	-	-	(1)	-	-	-	**(1)**
	2,771	**13**	**(1)**	**5**	**-**	**-**	**2,788**
Balance at 30 September 2014	**4,412**	**6,682**	**3,439**	**(9,590)**	**950**	**398**	**6,291**
	Note 21	Note 21			Note 22	Note 23	

Notes on pages 6 to 31 form an integral part of these condensed interim financial statements

Interim Cash Flow Statement

	Note	Nine months ended 30 September 2014 € million	2013 € million
Cash flows from operating activities			
Profit/(loss) before income tax		**(922)**	(1,031)
Adjustments for :			
Impairment losses on loans and advances		**1,270**	1,037
Other impairment losses and provisions/ (reversal)		**(26)**	1
Depreciation and amortisation		**40**	33
Other (income)/losses on investment securities	25 (b)	**(109)**	(34)
(Income)/losses on debt issued		**3**	0
(Gain)/ losses on sale of subsidiaries, associates and joint ventures		**38**	26
Dividends from subsidiaries, associates and joint ventures		**(59)**	-
Other adjustments		**(1)**	-
		234	32
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**45**	(312)
Net (increase)/decrease in financial instruments at fair value through profit or loss		**(8)**	31
Net (increase)/decrease in loans and advances to banks		**1,795**	4,070
Net (increase)/decrease in loans and advances to customers		**1,001**	966
Net (increase)/decrease in derivative financial instruments		**(27)**	(171)
Net (increase)/decrease in other assets		**67**	(122)
Net increase/(decrease) in due to banks		**(6,627)**	(2,989)
Net increase/(decrease) in due to customers		**795**	35
Net increase/(decrease) in other liabilities		**(82)**	(18)
		(3,041)	1,490
Net cash from/(used in) operating activities		**(2,807)**	1,522
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		**(21)**	(11)
(Purchases)/sales and redemptions of investment securities		**444**	1,036
Acquisition of subsidiaries, associated undertakings, joint ventures and participations in capital increases		**(404)**	(50)
Disposal of holdings in subsidiaries		**140**	0
Dividends from investment securities, subsidiaries, associated undertakings and joint ventures		**60**	3
Net cash from/(used in) investing activities		**219**	978
Cash flows from financing activities			
(Repayments)/proceeds from debt issued and other borrowed funds		**(166)**	(226)
Proceeds from share capital increase		**2,864**	316
Expenses paid for share capital increases		**(115)**	(73)
Purchase of preferred securities		**-**	(298)
Preferred securities' dividend paid		**-**	(22)
Net cash from/(used in) financing activities		**2,583**	(303)
Net increase/(decrease) in cash and cash equivalents		**(5)**	2,197
Cash and cash equivalents at beginning of period	25 (a)	**1,218**	1,398
Cash and cash equivalents at end of period	25 (a)	**1,213**	3,595

Notes on pages 6 to 31 form an integral part of these 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 7 November 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 Board of Directors (BoD) of the Bank assessed the going concern issue of the Bank as part of the preparation of the Interim Financial Statements.

While there are still uncertainties in the macroeconomic environment which remains volatile but with early signs of recovery, the facts (a) that the Bank has strengthened significantly its capital position through the May 2014 share capital increase and (b) the Group has practically no capital shortfall as per the Comprehensive Assessment performed by European Central Bank (ECB) in cooperation with European Banking Authority (EBA) and the National Competent Authorities (NCAs) (note 7), reinforce the BoD's position that the financial statements of the Bank must be prepared on a going concern basis.

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 amendment restricts 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.

It also includes 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.

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 IFRS 11 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 IFRS 12 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 amendments 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, which are those regarded by Management as the most important in applying the Bank's accounting policies.

Further information about key assumptions and sources of estimation uncertainty are set out in the notes on the financial statements.

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).

(b) Second stream - bonds guaranteed by the Hellenic Republic
As at 30 September 2014, the government guaranteed bonds, of face value of € 11,140 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, September and October 2014 the Bank proceeded with the cancellation of government guaranteed bonds of face value of € 1,910 million, € 550 million and 1,300 million, respectively (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 September 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 September 2014, the total carrying value of Greek sovereign major exposures amounted to € 4,350 million (31 December 2013: € 5,878 million). This includes (a) Treasury Bills of € 1,349 million (31 December 2013: € 2,574 million), (b) Greek Government Bonds (GGBs) of € 1,481 million (31 December 2013: € 868 million), (c) derivatives with the Greek State of € 972 million (31 December 2013: € 634 million), (d) exposure of € 203 million relating with Greek Sovereign risk financial guarantee (31 December 2013: € 195 million), (e) loans guaranteed by the Greek State of € 224 million (31 December 2013: € 238 million), (f) loans to Greek local authorities and public organizations of € 104 million (31 December 2013: € 132 million) and (g) other receivables of € 17 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

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 assets 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:

(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 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 assets, non controlling interests and participation in insurance companies.

As at 30 September 2014, the Group's and Bank's Common Equity Tier I ratio (Basel III (CRDIV) rules estimate) stands at 16.9% and 18.1%, respectively.

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 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

On 26 October 2014, the European Central Bank (ECB) and the European Banking Authority (EBA) announced the results of the Comprehensive Assessment (CA) of the European Union's (EU) systemically important banks, which was conducted in cooperation with National Competent Authorities (NCAs) and the EBA. The CA was undertaken prior to the transfer of full responsibility for banking supervision from national authorities to the ECB in November 2014 under the Single Supervisory Mechanism (SSM).

The CA assesses the resilience of each bank, using a common methodology and applying it consistently across all participating banks. The results have been derived taking into account the combined effect of the following two main pillars:

a) An Asset Quality Review (AQR) – to enhance the transparency of bank balance sheets, by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions;
b) A Stress Test (ST) – performed in cooperation with the EBA to examine the resilience of banks' balance sheets to two stress test scenarios: baseline and adverse.

Capital adequacy was assessed over a three-year time period (2014-2016) against a Common Equity Tier I (CET 1) ratio benchmark of 8.0% and 5.5% in the baseline and adverse scenario, respectively. Furthermore, the CA was carried out on both the Static and Dynamic balance sheet assumptions. According to the Static balance sheet assumption, the actual balance sheet as of 31 December 2013 was used as reference, thus not taking into account any subsequent capital action and/or executed capital raising as well as structural operating performance improvement. According to the Dynamic balance sheet assumption, the effect of measures announced and committed in the Restructuring Plan (RP) approved by the European Commission for the 2014-2016 period, have been incorporated. These were then stress-tested under the baseline and adverse scenario.

The CA represents an unprecedented exercise, given the wide, rigorous and detailed review of 130 banks and a key milestone in the harmonization and strengthening of the European financial system. This exercise will also contribute to the enhancement of the financial stability of the EU banking system and provide confidence in the resilience of all tested banks. In particular, in the case of Eurobank, under the AQR, 84% of the Bank's total loan portfolio was reviewed. Specifically regarding the Greek corporate portfolio, credit file reviews and collateral valuation on € 9.9 bn loans were performed, representing 64% of the relevant portfolio.

CA results for Eurobank

The following tables summarize the CA results for Eurobank under the Static and Dynamic baseline and adverse scenario, excluding the impact of the new regulatory treatment of the deferred tax assets:

AQR Results

	€ million	Ratio %
2013 CET1	4,049	10.6
AQR impact	(1,070)	(2.8)
AQR adjusted CET1	2,979	7.8
AQR adjusted CET1 post € 2.9 bn share capital increase	**5,843**	**15.3**

CA Results

	Static		**Dynamic**	
	Baseline	Adverse	**Baseline**	**Adverse**
AQR + ST adjusted CET1, %	2.0	(6.4)	**15.1**	**5.5**
Surplus/(Shortfall), € million	(2,282)	(4,628)	**2,403**	**(18)**
Surplus/(Shortfall) post € 2.9 bn share capital increase, € million	582	(1,764)	**2,403**	**(18)**

Eurobank's assessment of the CA results

Taking into account the € 2.9 billion raised pursuant to the share capital increase completed in May 2014, the results determine that Eurobank meets the capital benchmark set out for the purpose of the AQR, resulting in a CET1 ratio of 15.3% post AQR impact, compared to an 8% benchmark. It is noted that, the capital shortfall under the Static adverse scenario is associated with the 2013 reference point, which was a year in which the Group's operating performance was adversely affected due to systemic and idiosyncratic reasons.

The ECB stated that the Dynamic scenario will be taken into consideration for assessing the Group's capital position and has also stated that Eurobank has 'practically no shortfall'. As a result, the Group meets the CA benchmarks in both baseline and adverse scenario and no capital shortfall arises from such extensive exercise.

Furthermore, the following factors create a capital buffer of € 1.4 bn, increasing the stressed CET 1 ratio under the Dynamic adverse scenario from 5.5% to 9.5%:

a) Positive impact of € 315 million deriving from the difference in the 9 months ended 30 September 2014 pre provision income versus the pre provision income assumed in the Dynamic adverse scenario, resulting in an increase in the CET 1 ratio under the Dynamic adverse scenario of 90 basis points;

b) In addition, the regulatory treatment of the deferred tax asset as per recent legislative action, following the approval of opt-in to the scheme by the Extraordinary General Meeting on 7 November 2014, has a positive impact in the Dynamic adverse scenario of € 1.1 bn, or 318 basis points (note 11).

Moreover, the Group has filed for approval the transition of the mortgage portfolio acquired from New Hellenic Postbank (€ 4.9 bn) to the Internal Ratings-Based (IRB) approach, which is expected to further improve its capital position.

The AQR is a prudential exercise using a uniform standardized approach set by the ECB. The impact of € 1,070 million net of tax as disclosed above relates mainly to provisions adjustments for loans and advances to customers and was determined according to the ECB methodology. The methodology was specifically developed for the purpose of the CA in order to ensure consistency across banks without introducing greater prescription into the accounting rules outside of the supervisory mechanisms.

The results of the AQR had no effect on the accounting policies, related with the recognition of impairment losses on loans and advances to customers, applied by the Bank for the period ended 30 September 2014, which are described in note 3. Furthermore, in applying these accounting policies, estimates and judgments are constantly evaluated and calibrated based on the latest available information.

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. Operating expenses

	30 September 2014 € million	30 September 2013 € million
Staff costs	**(299)**	(275)
Administrative expenses	**(155)**	(110)
Depreciation and impairment of property, plant and equipment	**(28)**	(22)
Amortisation of intangible assets	**(12)**	(11)
Operating lease rentals	**(35)**	(33)
Total	**(529)**	(451)

The average number of employees of the Bank during the period was 8,936 (30 September 2013: 7,188). As at 30 September 2014, the number of branches of the Bank amounted to 540.

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 September 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]	**466**	**214**	**258**	**305**	**1,243**
Recoveries of amounts previously written off	**0**	**-**	**4**	**-**	**4**
Amounts written off	**(50)**	**-**	**(146)**	**(80)**	**(276)**
NPV unwinding	**(62)**	**(43)**	**(8)**	**(68)**	**(181)**
Foreign exchange differences and other movements	**31**	**(9)**	**(30)**	**(9)**	**(17)**
	2,787	**1,126**	**2,135**	**1,446**	**7,494**
Adjustment for reclassified loans (note 13)	**400**	**-**	**-**	**-**	**400**
Balance at 30 September	**3,187**	**1,126**	**2,135**	**1,446**	**7,894**

[1] *Credit cards balances are included.*

[2] *Impairment losses on loans and advances as presented in interim income statement for the period ended 30 September 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).*

In the third quarter of 2014, the Bank calibrated its provisioning model in relation to the mortgage portfolio to reflect decreased expected recoveries. This change in accounting estimates resulted in an increase of the quarterly provisioning charge by around € 35 million.

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

	30 September 2014 € million	30 September 2013 € million
Valuation losses on repossessed property	**(8)**	(8)
Impairment losses on bonds [1]	**(49)**	(18)
Impairment losses on mutual funds and equities	**(10)**	(6)
Reversal of impairment on Greek sovereign exposure	**-**	75
Other impairment losses	**(67)**	43
Reversal of provision/(provision) for claims in dispute (note 26)	**103**	(40)
Integration and restructuring costs	**(9)**	(5)
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)	**56**	(85)
Total	**(11)**	(42)

[1] *Includes an amount of € 23 million for corporate bonds held by a Group's subsidiary and guaranteed by the Bank.*

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 of 30 June 2013, the Bank incorporated the overnight index swap curve for cash collateralised derivatives. As at the date of change, the valuation losses recognised were € 23 million.

11. Income tax and non recurring tax adjustments

	30 September 2014 € million	30 September 2013 € million
Current tax	**(8)**	(5)
Deferred tax	**256**	262
Income tax	**248**	257
Change in nominal tax rates	**-**	591
Reversal of provisions for withholding tax claims	**43**	-
Recognition of DTA following Circular 1143/15.05.2014	**34**	-
Losses from tax litigations	**-**	(6)
Recognition of DTA for New Proton's loan impairment	**167**	-
Non recurring tax adjustments	**244**	585
Total tax (charge)/income from continuing operations	**492**	842
Total tax (charge)/income from discontinued operations	**18**	-
Total	**510**	842

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, during the period ended 30 September 2014, the Bank recognised in income statement a one off deferred tax asset of € 34 million.

During the period ended 30 September 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. In addition, in the third quarter of 2014 the Bank recognised a deferred tax asset of € 167 million on loan impairment of New Proton's acquired, through merger, portfolio, following its assessment that these impairment losses can be utilized in future periods based on the Bank's business plan.

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, forged 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 certificates 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 finalized.

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 September 2014 € million
Balance at 1 January	**3,024**
Income statement credit/(charge) from continued operations	**457**
Income statement credit/(charge) from discontinued operations	**18**
Available for sale investment securities	**6**
Cash flow hedges	**(2)**
Costs directly attributable to equity transactions	**30**
Other	**11**
Balance at 30 September	**3,544**

Deferred income tax assets are attributable to the following items:

	30 September 2014 € million
PSI+ tax related losses	**1,223**
Loan impairment	**1,828**
Unused tax losses	**293**
Costs directly attributable to equity transactions	**73**
Cash flow hedges	**29**
Changes in fair value accounted through the income statement & other temporary differences	**98**
Net deferred income tax asset	**3,544**

Included above an increase in deferred tax assets on loan impairment of €104 million by a decrease of an equivalent amount in deferred tax assets on changes in fair value through income statement, following the reclassification of certain corporate bond loans from Available for Sale portfolio to Loans and advances to customers (note 13).

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

	30 September 2014 € million
Loan impairment	471
Unused tax losses	(18)
Tax deductible PSI+ losses	(34)
Change in fair value and other temporary differences	56
Deferred income tax (charge)/credit	**475**

As at 30 September 2014, the Bank recognized net deferred tax assets amounting to € 3.54 bn as follows:

(a) € 1,223 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) € 1,828 million refer to temporary differences arising from loan impairment that can be utilized in future periods with no specified time limit and according to current tax legislation;

(c) € 293 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2018;

(d) € 200 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 utilized, 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 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 normalization 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.

A Greek law provision (Law 4303/2014) introduced a number of measures which apply to Greek financial institutions, including leasing and factoring companies, with the purpose of allowing the conversion of certain Deferred Tax Assets (DTAs) into directly enforceable credits against the Greek State (DTCs). Entering (or exiting from) the conversion mechanism is optional and is subject to preapprovals (including decisions for the creation of a special reserve, issuance of capital conversion rights attributable to the State, increase of share capital resulting from capital conversion rights exercise, etc.) to be received from the Shareholders' General Meeting, following the Board of Directors' relevant recommendation. In addition, for the opt out, regulatory pre-approval is required.

In this regard, under certain preconditions (e.g. triggering event is the accounting loss of a respective year – starting from accounting year 2015 and onwards), DTAs related to unamortized losses resulting from the participation in PSI+ and the Greek State Debt Buyback Program and provisions for impairment of loans (excluding the ones raised for Group Companies or connected parties) with respect to loans existing on 31 December 2014 and included in the Financial Statements of the respective year, could be converted into DTCs according to a predetermined formula [i.e. DTC = eligible accumulated DTA X (net loss of the year/ equity excl. net loss of the year)]. The above created DTC is subject to an audit to be performed by the State's tax authorities.

As a result of the above mechanism, DTAs could be converted into DTCs from accounting year 2015 onwards and allow the Bank to offset these DTCs against its corporate income tax liability. Remaining non-offsetable DTCs held by the Bank give rise to a direct refund right from the State. In this case only, the Bank is required to issue and deliver, without a consideration, capital conversion rights in favor of the State. Capital conversion rights attributable to the State correspond to Bank's common shares representing 110% of the non-offsetable DTCs. To implement the above, the Bank should proceed with the creation of a special reserve (corresponding to 110% of non-offsetable DTCs) to be then incorporated into its share capital exclusively for the purpose of exercising the conversion rights attributable to the State.

Post balance sheet event

On 7 November 2014, in the context of the abovementioned Law 4303/2014, the Extraordinary General Meeting of the Shareholders of the Bank: (a) decided, in case the assumptions described in the relevant law become effective, for the formation of a special reserve and free of charge issuance of securities representing the right to acquire common shares (conversion rights) in favor of the Greek State and (b) granted authorization to the Board of Directors to proceed to the necessary actions for the implementation of the above decisions.

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 had 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 September 2014 € million	Adjustment for reclassified loans € million	30 September 2014 (after adjustment for reclassified loans) € million	31 December 2013 € million
Wholesale lending	**14,481**	**400**	**14,881**	15,071
Mortgage lending	**16,791**	**-**	**16,791**	17,019
Consumer lending [(1)]	**5,300**	**-**	**5,300**	5,722
Small business lending	**6,296**	**-**	**6,296**	6,377
	42,868	**400**	**43,268**	44,189
Less: Impairment allowance (note 9)	**(7,494)**	**(400)**	**(7,894)**	(6,721)
	35,374	**-**	**35,374**	37,468

[(1)] *Credit cards balances are included.*

As of 30 September 2014, in accordance with IAS 39, the Bank has elected to reclassify certain impaired corporate bond loans from the 'Available-for-sale' portfolio to 'Loans and advances to customers' portfolio that meet the definition of loans and receivables and the Bank has the intention and ability to hold them for the foreseeable future or until maturity. The reclassifications were made with effect from 30 September 2014 at the loans' fair value of € 150 million (gross amount of € 550 million less fair value adjustment of € 400 million), which became their amortized cost at the reclassification date.

Considering that the reclassified bond loans are impaired, the fair value adjustment of € 400 million represents incurred credit losses already recognised by the Bank as of the reclassification date. Accordingly, for the purpose of monitoring and reporting credit risk, the aforementioned reclassified loans are presented within Loans and advances to customers on a gross basis and therefore the gross balance of Loans and advances to customers and the impairment allowance reported in the notes to the financial statements have increased by the fair value adjustment of € 400 million. As a result, the gross amount of corporate bond loans transferred to wholesale lending amounted to € 550 million of which € 528 million refers to loans past due more than 90 days.

For the period ended 30 September 2014, impairment losses on the reclassified financial assets of € 26 million (30 September 2013 € 15 million), were recognized in the income statement prior to the reclassification; there were no amounts recognized in OCI with respect of these loans.

As at 30 September 2014, the 90 days past due loans (gross) amounted to € 14,694 million.

14. Investment securities

	30 September 2014 € million	31 December 2013 € million
Available-for-sale investment securities[1]	2,422	1,219
Debt securities lending portfolio	11,718	13,375
Held-to-maturity investment securities	392	414
	14,532	15,008

[1] *For the reclassification of certain corporate bond loans from the 'Available-for-sale' portfolio to 'Loans and advances to customers' portfolio refer to note 13 above.*

In May 2014, the Greek Government Bonds 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.

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 amortized cost. Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method. As at 30 September 2014, the carrying amount of the reclassified securities was € 937 million. If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 30 September 2014 would have resulted in € 342 million losses net of tax, which would have been recognised in the available-for-sale revaluation reserve.

	30 September 2014			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,088	-	10,088
- Greek government bonds	614	859	-	1,473
- Greek government treasury bills	1,346	-	-	1,346
- Other government bonds	162	377	89	628
- Other issuers	171	394	303	868
	2,293	11,718	392	14,403
Equity securities	129	-	-	129
Total	2,422	11,718	392	14,532

	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

GRIVALIA PROPERTIES R.E.I.C., Greece (former Eurobank Properties R.E.I.C.)

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. In September 2014, Eurobank Properties R.E.I.C. was renamed to GRIVALIA PROPERTIES R.E.I.C.

Eurolife ERB Insurance Group Holdings S.A., Greece

In September 2014, the Bank established a wholly owned subsidiary, Eurolife ERB Insurance Group Holdings S.A. (hereafter 'Company'). The initial capital contribution consisted of: (a) the 100% of directly held equity shares in its Greek Insurance subsidiaries: Eurolife ERB Life Insurance S.A., Eurolife ERB General Insurance S.A., ERB Insurance Services S.A., including the indirectly held shareholdings (through its Greek subsidiaries) in Romanian Insurance subsidiaries: Eurolife ERB Asigurari de Viata S.A. and Eurolife ERB Asigurari Generale S.A.; and b) an additional amount in cash of € 3.7 million. The valuation of the aforementioned contribution in kind, pursuant to article 9, par. 4 of Law 2190/1920, amounted to € 346.3 million and thus the total initial share capital of the 'Company' amounted to € 350 million.

The investment in the Company was recognized at the previous carrying amount of the transferred shareholdings after taking into account the relevant IFRS principles regarding the transfers of subsidiaries to newly established subsidiaries and the substance of the transaction. Therefore, the transaction had no impact in the financial statements of the Bank.

Eurobank Ergasias Leasing S.A., Greece

In July 2014, the share capital of Eurobank Ergasias Leasing S.A increased by € 260 million, of which € 259 million refers to Bank's participation.

Eurobank Holding (Luxembourg) S.A., Luxembourg

In September 2014, the share capital of Eurobank Holding (Luxembourg) S.A. increased by € 144 million.

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.

Acquisition of Herald Greece 1 and Herald Greece 2, Greece

In September 2014, the Bank acquired for a € 1 cash consideration 100% of the shares and voting rights of the real estate companies Herald Greece Real Estate Development and Services Company 1 (Herald Greece 1) and Herald Greece Real Estate Development and Services Company 2 (Herald Greece 2). Herald Greece 1 runs 'Escape' shopping center in Ilion, Athens while Herald Greece 2 owns 'Veso Mare' shopping center in Patras.

16. Other assets

	30 September 2014 € million	31 December 2013 € million
Receivable from Deposit Guarantee and Investment Fund	**665**	657
Repossessed properties and relative prepayments	**352**	340
Pledged amount for a Greek sovereign risk financial guarantee	**256**	250
Income tax receivable	**219**	203
Prepaid expenses and accrued income	**36**	50
Investment in associated undertakings and joint ventures	**5**	6
Other assets	**174**	243
	1,707	1,749

As at 30 September 2014, other assets amounting to € 174 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 September 2014 € million	31 December 2013 € million
Secured borrowing from ECB and BoG	**9,068**	16,887
Secured borrowing from other banks	**11,682**	10,551
Interbank takings	**1,355**	1,332
Secured borrowing from international financial institutions	**233**	237
Current accounts and settlement balances with banks	**119**	76
	22,457	29,083

As at 30 September 2014, the Bank has lowered its dependency on Eurosystem financing facilities to € 9.1 bn as a result of the completion of the Bank's share capital increase (note 21), assets deleveraging, issue of senior debt, as well as deposits gathering.

18. Due to customers

	30 September 2014 € million	31 December 2013 € million
Term deposits	**22,082**	21,899
Savings and current accounts	**10,991**	10,646
Repurchase agreements	**1,675**	1,407
	34,748	33,952

19. Debt issued and other borrowed funds

	30 September 2014 € million	31 December 2013 € million
Securitised	**993**	1,117
Subordinated	**219**	-
Medium-term notes (EMTN)	**68**	344
Government guaranteed bonds	**0**	0
Covered bonds	**0**	0
	1,280	1,461

Asset Backed Securities

During the period, the Bank proceeded with the repurchase of residential mortgage backed securities of face value of € 61 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 September 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 € 11,140 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, September and October 2014 the Bank proceeded with the cancellation of government guaranteed bonds of face value of € 1,910 million, € 550 million and € 1,300 million, respectively.

In March 2014, the Bank proceeded with the redemption of covered bonds of face value of € 250 million. Furthermore, in October 2014 the Bank proceeded with the redemption of covered bonds of face value of € 400 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 September 2014 € million	31 December 2013 € million
Provision for financial guarantees	**96**	75
Other provisions	**64**	185
Deferred income and accrued expenses	**98**	56
Standard legal staff retirement indemnity obligations	**24**	21
Other liabilities	**222**	280
	504	617

As at 30 September 2014, other provisions amounting to € 64 million consist of amounts for (a) outstanding litigations of € 49 million (note 26), (b) operational risk events of € 12 million, (c) untaken vacation indemnity of € 2 million and (d) other provisions of € 1 million.

As at 30 September 2014, other liabilities amounting to € 222 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	13	9,238,709,677
Balance at 30 September 2014	**4,412**	**6,682**	**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 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 increased by € 92 million.

Incremental costs directly attributable to the aforementioned capital increase of € 2,864 million amounted to € 85 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	
Number of shares	30 September 2014 € million	31 December 2013 € 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.

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 September 2014 is analyzed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
At 30 September 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 September 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.

On 22 September 2014, ERB Hellas Funding Ltd announced the non payment of the non-cumulative preferred dividend on the preferred securities of Series B, Series C and Series D, which otherwise would have been paid on 2 November 2014, 9 October 2014 and 29 October 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 September 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.

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 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 tables:

	30 September 2014			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets measured at fair value:				
Financial instruments held for trading	28	42	0	70
Derivative financial instruments	-	1,903	2	1,905
Available-for-sale investment securities	2,349	4	69	2,422
Total financial assets	2,377	1,949	71	4,397
Financial liabilities measured at fair value:				
Derivative financial instruments	0	2,216	-	2,216
Due to customers:				
- Structured deposits	-	150	-	150
Trading liabilities	4	-	-	4
Total financial liabilities	4	2,366	-	2,370

	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 September 2014.

Following the management's review of the fair value hierarchy categorisation, the Bank transferred during the period ended 30 September 2014 derivative financial 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 September 2014 € million
Balance at 1 January	**250**
Total gain/(loss) for the period included in profit or loss	**(27)**
Total gain/(loss) for the period included in other comprehensive income	**(0)**
Transfers to loans and advances to customers (note 13)	**(150)**
Transfers into Level 3	**7**
Additions, net of disposals and redemptions	**(11)**
Foreign exchange differences and other	**2**
Balance at 30 September	**71**

Of the total loss of € 27 million for the period ended 30 September 2014, € 26 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. A reasonably possible change in the main unobservable input, (i.e. the recovery rate), used in their valuation, would not have a significant effect on their fair value measurement.

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 that were reclassified to loans and advances to customers as at 30 September 2014 (note 13), were 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 made assumptions on expected recoverable amounts and timing of collateral realisation. A reasonably possible change in the main unobservable input (i.e. the recovery rate) used in their valuation, 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 September 2014	
	Carrying amount € million	Fair value € million
Financial assets		
Loans and advances to customers	**35,374**	**35,260**
Investment securities		
- Debt securities lending portfolio	**11,718**	**11,315**
- Held-to-maturity securities	**392**	**366**
Financial liabilities		
Debt issued and other borrowed funds held by third party investors	**399**	**340**

	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
Financial liabilities		
Debt issued and other borrowed funds held by third party investors	295	237

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

a) Loans and advances to customers: for loans and advances to customers quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are 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.

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 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 September 2014 € million	31 December 2013 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**929**	444
Loans and advances to banks	**284**	773
Financial instruments at fair value through profit or loss	**-**	1
	1,213	1,218

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

	30 September 2014 € million	30 September 2013 € million
Amortisation of premiums/discounts and accrued interest	**(77)**	(15)
(Gains)/losses from sales	**(31)**	(16)
Dividends	**(1)**	(3)
	(109)	(34)

26. Contingent liabilities and other commitments

	30 September 2014 € million	31 December 2013 € million
Guarantees and standby letters of credit	**2,468**	2,851
Other guarantees and commitments to extend credit	**613**	645
Documentary credits	**16**	13
Capital expenditure	**8**	4
	3,105	3,513

Legal Proceedings

As at 30 September 2014, there were a number of legal proceedings outstanding against the Bank for which a provision of € 49 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 GRIVALIA PROPERTIES R.E.I.C (former Eurobank Properties R.E.I.C.)

(i) Transaction with Fairfax Financial Holdings Limited on GRIVALIA PROPERTIES R.E.I.C (former 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:

(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 GRIVALIA PROPERTIES R.E.I.C (former Eurobank Properties R.E.I.C.)

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 5 – Greek Economy Liquidity Support Program

Note 7 – Capital management

Note 11 – Income tax and non recurring tax adjustments

Note 19 – Debt issued and other borrowed funds

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 determined 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 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 undertook (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 September 2014				31 December 2013			
	Subsidiaries	Key management personnel (KMP)[(1)]	Entities controlled or jointly controlled by KMP, associates & joint ventures	HFSF	Subsidiaries	Key management personnel (KMP)[(1)]	Entities controlled or jointly controlled by KMP, associates & joint ventures	HFSF
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Loans and advances to banks	3,616	-	-	-	5,964	-	-	-
Financial Instruments at fair value through P&L	48	-	-	-	36	-	-	-
Derivative Financial instruments assets	12	-	-	-	16	-	-	-
Investment Securities	269	-	-	-	136	-	-	-
Loans & advances to customers, net of provision	1,555	6	4	0	1,899	3	16	0
Other assets[(2)]	17	-	-	2	17	-	-	2
Due to banks	3,405	-	-	-	2,514	-	-	-
Derivative Financial instruments liabilities	4	-	-	-	3	-	-	-
Due to customers	1,780	3	9	0	1,710	6	8	0
Debt issued and other borrowed funds	881	-	-	-	1,166	-	-	-
Other liabilities [(2)]	20	-	-	9	19	-	-	-
Guarantees issued	1,959	-	-	-	2,217	-	-	-
Guarantees received	-	0	-	-	-	0	-	-

	nine months ended 30 September 2014				nine months ended 30 September 2013			
Net interest income	(18)	(0)	(0)	(0)	(22)	(0)	0	(0)
Net banking fee and commission income	4	-	-	-	19	0	0	-
Dividend income	59	-	-	-	2	-	-	-
Net trading income	(3)	-	-	-	(5)	-	-	-
Other operating income/(expense)	(13)	-	(0)	-	(14)	-	(0)	-
Impairment losses on loans and advances and collectors fees	(41)	-	(8)	-	(15)	-	-	-

(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 until early May 2014, the amounts of income and expenses in relation with transactions with directors and key management personnel of HFSF and their close family members were immaterial.

(2) Receivable from/payable to HFSF pursuant to the terms of the relevant binding agreement for the acquisition of NHPB.

During the period ended 30 September 2014, the Bank has recorded impairment losses of (a) € 27 million against the interbank placement with its indirect subsidiary 'PJSC Universal Bank' in Ukraine, which has been classified as held for sale operations in Group's financial statements as of March 2014, (b) €8 million against loan balances with a Group's joint venture and (c) € 1 million against loan balances with the newly acquired subsidiaries (note 15). As at 30 September 2014, the impairment allowance for loan balances with Bank's subsidiaries and joint ventures amounted to €95 m (31 December 2013: €59 m).

In relation to the Letters of Guarantee issued as at 30 September 2014, the Bank has received cash collateral of € 562 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 € 4.12 million (30 September 2013: € 4.4 million) and long-term employee benefits (excluding share-based payments) of € 0.48 million (30 September 2013: € 0.4 million). Additionally, income of € 0.11 million relating with forfeited share options has been recognized in income statement as at 30 September 2014 (30 September 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, 7 November 2014

Panayotis - Aristidis A. Thomopoulos	**Christos I. Megalou**	**Harris V. Kokologiannis**
I.D. No AB - 615435	I.D. No AE - 011012	I.D. No AK - 021124
CHAIRMAN	CHIEF	GENERAL MANAGER
OF THE	EXECUTIVE	GROUP FINANCE & CONTROL
BOARD OF DIRECTORS	OFFICER	(CHIEF FINANCIAL OFFICER)